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SPECIAL POINTS OF INTEREST

UPCOMING EVENT

WHILE REGIONAL FORECAST RAISED: World Bank keeps PH growth outlook at 5.3 %

October 08, 2025 | Ruelle Castro | Malaya Business Insight

The World Bank has maintained its 2025 growth forecast for the Philippines at 5.3 percent in its October 2025 East Asia and Pacific Economic Update released Tuesday.

The outlook for the East Asia and Pacific region, however, has been upgraded to 4.8 percent in the latest update from a previous 4 percent issued in April.

Although the new forecast for the East Asia and Pacific region has been revised upward, nevertheless the region's outlook still points to a slight slowdown from last year's 5 percent growth, reflecting easing momentum in several economies, the bank said.

Vietnam is projected to lead growth at 6.6 percent, followed by Mongolia at 5.9 percent and the Philippines at 5.3 percent. China, Cambodia, and Indonesia are each forecast to grow at 4.8 percent, while Pacific Island countries are expected to post 2.7 percent growth and Thailand, 2 percent.

The World Bank said the region's GDP growth remains above the global average despite the deceleration. "Retail sales are increasing, but consumer confidence has not recovered to pre-COVID levels.

Industrial production is strong, but business confidence is low. "Exports accelerated ahead of recent tariff hikes, but new export orders are weak," it said.

Jobs paradox

The report warned that East Asia's development model is facing new structural headwinds, with recent job creation concentrated in low-productivity, often informal service work that offers few opportunities for upward mobility.

"The region faces a jobs paradox—relatively strong economic growth alongside insufficient creation of quality jobs," Carlos Felipe Jaramillo, World Bank vice president for East Asia and the Pacific, said.

The bank noted that while 25 million people are expected to escape poverty between 2025 and 2026, the share of the population vulnerable to slipping back into poverty now exceeds the size of the middle class in most countries.

Young people continue to face difficulties finding jobs, and women's labor force participation remains low, underscoring the fragility of inclusive growth in the region.

Jaramillo urged governments to undertake "bolder reforms" to remove barriers to competition and firm entry, and to unlock private capital that can fuel more dynamic job creation. "The World Bank remains a steadfast partner to the region's commitment to inclusive growth that matches the ambition of its people," he said.

Trade protection

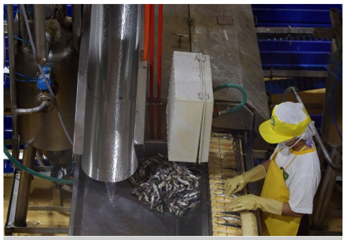
Aaditya Mattoo, World Bank chief economist for East Asia and the Pacific, said that while export-oriented, labor-intensive growth lifted a billion people out of poverty over the past three decades, the region now faces "twin challenges of trade protection and job automation."

He stressed that reforms to the business climate and education systems could help trigger "a virtuous cycle between opportunity and capacity," leading to higher growth and better jobs over the medium term.

Source: https://malaya.com.ph/business/business-news/while-regional-forecast-raised-world-bank-keeps-ph-growth-outlook-at-5-3/

PHL manufacturing output expands in August

October 08, 2025 | Isa Jane D. Acabal | BusinessWorld



A worker is seen inside a manufacturing plant in Sto. Tomas, Batangas, March 1, 2023. — PHILIPPINE STAR/KRIZ JOHN ROSALES

FACTORY OUTPUT expanded in August, driven by higher production of food products, machinery and equipment, and a slower annual decline in basic metals, the Philippine Statistics Authority (PSA) reported.

Preliminary results of the PSA's latest Monthly Integrated Survey of Selected Industries showed factory output, as measured by the volume of production index (VoPI), rose by 1.4% year on year in August. This was slightly faster than the 1.3% growth in the same month last year, and a turnaround from the 1.8% drop in July.

The August reading was the fastest growth since the 1.6% expansion in June.

In the eight months to August, factory output growth averaged 0.5%, slower than the 2.5% average in the same period last year.

On a monthly basis, August's output picked up by 0.1%, slower than 2.6% in July. Stripping out seasonality factors, it fell by 3.2%.

According to the PSA, the faster year-on-year growth rate of VoPI for manufacturing in August was primarily driven by food products, which jumped by 20.2% from 11.4% in July.

There was also an uptick in machinery and equipment except electrical (6.7% in August from 3.1% in July), and a slower annual decline in basic metals (-9.6% from -26.8%).

Nine other divisions recorded expansions, while 10 saw declines.

The PSA also said that the top three industry divisions that contributed to the overall year-on-year growth in the VoPI were food products, transport equipment (6.5% in August from 9.5% in July), and electrical equipment (19.5% from 21.2%).

Average capacity utilization, or the extent to which industry resources are used in producing goods, averaged 77.3% in August. This was a tad higher than the revised 77.2% in July and the 75.6% posted last year.

In comparison, the Philippines in the S&P Global Manufacturing Purchasing Managers' Index (PMI) expanded to 50.8 in August from 50.9 in July.

PMI is a leading indicator for factory activity, reflecting the volume of materials purchased in advance of manufacturing operations weeks or months down the line. A reading above 50 separates expansion from contraction.

Ruben Carlo O. Asuncion, chief economist at Union Bank of the Philippines, said the expansion in food production can be attributed to producers' anticipation of strong holiday demand.

"Inflation was still relatively low overall, so consumer purchasing power remained intact, supporting demand for processed food," he said in a Viber message.

Mr. Asuncion also said the immediate impact of the US tariffs on the Philippines was limited as food and machinery production is mostly domestic-focused or exempted from tariffs.

"However, exports slowed significantly, and US-bound shipments fell, signaling that the tariff's full effect will likely hit in the fourth quarter 2025. Sectors like garments and footwear faced pressure, but they contribute less to overall manufacturing output compared with food and machinery," he said.

US President Donald J. Trump imposed a 19% tariff on Philippine goods, which took effect on Aug. 7.

Sergio R. Ortiz-Luis, Jr., president of the Philippine Exporters Confederation, Inc., said in a phone interview that manufacturers may have ramped up production ahead of the implementation of US tariffs.

"For food products, there was frontloading for the US tariff… Double time in manufacturing food products," he said.

Meanwhile, Mr. Asuncion said manufacturing output is expected to "grow moderately" in the remaining months of the year, driven by food demand ahead of the holidays, infrastructure-linked machinery production, and further monetary easing by the central bank.

"However, risks remain from US tariffs, global trade slowdown, weather-related disruptions, and local political risks. If BSP delivers another rate cut and fiscal spending accelerates, output could rebound toward yearend despite external and internal headwinds," he said.

Source: bworldonline.com/top-stories/2025/10/08/703589/phl-manufacturing-output-expands-in-august/

Construction group backs PCAB leadership

October 08, 2025 | Isa Jane D. Acabal | BusinessWorld

Laborers are seen working in a construction site along Road 10 in Navotas City on June 22, 2024.

The STAR / Ryan Baldemor

MANILA, Philippines — The Philippine Constructors Association Inc. (PCA), representing the collective voice of the construction industry, hereby expresses its unequivocal support for Pericles Dakay as chairman of the Philippine Contractors Accreditation Board (PCAB).

Dakay has consistently demonstrated the highest standards of integrity and credibility in his professional and public service.

His leadership is marked by a steadfast commitment to transparency, accountability and the continuous improvement of the PCAB's regulatory functions, in line with the principles enshrined in Republic Act 4566 (Contractors' License Law) and its Implementing Rules and Regulations.

As a reformist, Dakay has championed initiatives that promote efficiency, inclusivity and good governance within the PCAB, ensuring that the accreditation process remains fair, efficient and responsive to the evolving needs of the construction industry.

His efforts have contributed significantly to the professionalization of the industry and has been an indispensable partner of the PCA in our shared commitment to the development of the construction industry.

The PCA also commends Dakay's active cooperation and support for the initiatives of the Senate Blue Ribbon Committee, particularly in upholding the values of transparency and accountability in public service, support for the crusade against corruption and the budget reform agenda. His willingness to engage with legislative oversight and to implement necessary reforms reflects his dedication to the highest ideals of public administration.

In view of the foregoing, the PCA reiterates its full confidence in the leadership of Dakay and affirms its continued support for his ongoing efforts to advance the interests of the construction industry and the Filipino people.

Source: https://www.philstar.com/business/2025/10/08/2478236/construction-group-backs-pcab-leadership

DICT: Private sector could help fund use of blockchain technology to ensure transparency in government budget

October 07, 2025 | Isa Jane D. Acabal | BusinessWorld

The Department of Information and Communications Technology (DICT) could get grants from the private sector to fund blockchain technology and use it to ensure transparency in the national budget.

In a press briefing in Malacañang last Tuesday, DICT Secretary Henry R. Aguda said using the technology, which makes use of decentralized and immutable digital ledger, in the government's budget process is feasible.

He said they are now planning to develop an application of the blockchain in government systems as a proof of concept before they officially request for budget from Congress for its large-scale implementation.

However, the DICT chief said they are now faced with a funding dilemma since they want to implement the initiative as early as next year.

"Because I told them, you know the 2026 budget, it hasn't come out yet, so it's like we're going around – before we get a budget, 2026 has to come out first, but how can I put 2026 [budget] on the blockchain if I don't have a budget [for it] yet," Aguda said.

To address the issue, Aguda they are now eyeing getting funding from private donors to finance the initiative.

He said there are already two donors, who have expressed interest, in providing DICT with the said funding.

The said grants, he said, will go through the necessary vetting and governance before they accept the said donations.

"So, we won't have a problem with funding, we won't use the public funds; industry and the private sector will help fund that [instead]," Aguda said.

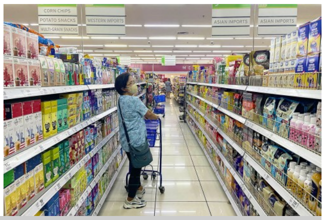
There are currently two bills in the 20th Congress for the adoption of blockchain in government processes: Senate Bill 1330 or the proposed Philippine National Budget Blockchain Act and its counterpart bill in the House of Representatives.

No less than President Ferdinand Marcos has expressed interest in tapping blockchain technology to boost accountability in the use of public funds.

Source: https://businessmirror.com.ph/2025/10/07/dict-private-sector-could-help-fund-use-of-blockchain-technology-to-ensure-transparency-in-government-budget/

Scrapping VAT may trigger crisis— analysts

October 09., 2025 | Aubrey Rose A. Inosante | BusinessWorld



A woman shops for canned goods at a supermarket in Mandaluyong, Aug. 10, 2023. — PHILIPPINE STAR/MIGUEL DE GUZMAN

ECONOMISTS and tax experts warned that scrapping the value-added tax (VAT) may trigger a fiscal or even an economic crisis, as the Bureau of Internal Revenue (BIR) collected P487 billion in the first eight months of 2025.

"Abolishing VAT will put the country in fiscal crisis, drive up inflation, constrain government spending for social welfare and other vital programs, and cause a ratings downgrade," Foundation for Economic Freedom President Calixto V. Chikiamco told *BusinessWorld* in a Viber message.

"Feasible but insane."

VAT is a 12% tax slapped on sales, leases, barters, and imports of goods and services in the Philippines. VAT collections account for around a fifth of the BIR's total revenues.

Cavite Rep. Francisco A. Barzaga filed a bill on Monday seeking to remove the 12% VAT on goods and services, citing its disproportionate impact on low- and middle-income households amid elevated inflation and rising cost of living.

Mr. Barzaga had suggested that any revenue shortfalls could be offset by imposing "wealth taxes" and increasing excise duties on "nonessential and luxury goods," including cigarettes, alcoholic drinks, vehicles and gambling activities.

Filomeno S. Sta. Ana III, coordinator of Action for Economic Reforms, said Mr. Barzaga's "incredulous" proposal will result in an economic collapse.

"Removing VAT will not just result in a fiscal crisis. It would lead to an economic crisis," he said in a Viber message.

Raymond "Mon" Abrea, chairman and chief executive officer of the Asian Consulting Group called the lawmaker's proposal "reckless and populist."

"The real issue is not the tax, but the billions lost to leakages and fake exemptions, including an estimated P88 billion abuses of PWD (persons with disability) perks in 2023," he said in social media post on Tuesday.

Mr. Abrea said the "more prudent approach" would be trimming the VAT rate to 10% while eliminating unnecessary exemptions such as broadening the tax base, curbing abuse, and safeguarding fiscal stability without placing additional burden on consumers.

He earlier estimated that a 2% VAT reduction could cost the government around P200 billion annually, while saving households roughly P7,000 per year.

Mr. Abrea's proposal to cut the VAT rate to 10% aligns with the bill filed by Batangas Rep. Leandro Antonio L. Leviste, who argued that the current tax system is "regressive."

However, Mr. Chikiamco said lowering VAT will still have the "same bad effects although to a lesser degree."

Eleanor L. Roque, a tax principal of P&A Grant Thornton, said abolishing VAT altogether is not feasible as the government relies on the VAT as a major source of tax collection.

"Congress can look at lowering the VAT rate and compare it with our peers in the ASEAN (Association of Southeast Asian Nations) region if they are looking for ways to help the taxpayers," she said in a Viber message.

The Philippines' 12% VAT rate is relatively higher compared with Southeast Asian countries. For instance, Indonesia's VAT is at 12%, while Cambodia, Malaysia, Vietnam and Laos are at 10%; Singapore at 9% and Thailand at 7%.

Jose Enrique "Sonny" A. Africa, executive director at think tank IBON Foundation, said scrapping VAT would "ease the disproportionate tax burden on ordinary Filipinos."

"Abolishing it and compensating with stronger billionaire wealth, corporate and wealthy family income taxes will make the tax system much fairer and more equitable," he said in a Viber message. *[Cont. page 5]*

Scrapping VAT may trigger crisis— analysts

[Cont. from page 4]

Mr. Africa said that implementing a "billionaire wealth tax" could yield P500 billion to P600 billion in government revenues annually, and would be enough to supplement the funding shortfalls from the removal of VAT.

However, proposals to abolish VAT or amend the VAT law are unlikely to get the support of Finance Secretary Ralph G. Recto, who authored the legislation that raised the VAT rate to 12% in 2005.

Meanwhile, the BIR said it collected P487.12 billion in VAT as of end-August period, up 8.87% from P447.42 billion a year ago. However, this was 1.64% short of the BIR's P495.26-billion VAT collection goal for the January-to-August period.

VAT collection accounted for 22.77% of the agency's total revenues of P2.14 trillion during the eight-month period.

In an e-mailed document to *BusinessWorld*, the BIR said VAT collection from "government investments in healthcare, infrastructure and agriculture" helped drive overall revenue collection so far this year.

The BIR is expected to collect P796.87 billion from net of VAT refunds this year, climbing to P1.3 trillion by 2028, the latest Budget of Expenditures and Sources of Financing said.

Meanwhile, the Bureau of Customs is projected to generate P589.5 billion from VAT on imports in 2025, with collections reaching P695.77 billion by 2028.

Earlier, the World Bank said that the Philippines can boost its revenue collections by expanding its VAT base and improving tax administration.

World Bank Country Director for the Philippines, Malaysia, and Brunei Zafer Mustafaoğlu said the country has "substantial space to increase VAT revenues by improving compliance and reducing exemptions and special rates." — *with* **Kenneth Christiane L. Basilio**

Source: https://www.bworldonline.com/top-stories/2025/10/09/703885/scrapping-vat-may-trigger-crisis-analysts/

DOE: No number coding for electric, hybrid, plug-in vehicles

October 07, 2025 | Gabriell Christel Galang | Manila Bulletin

The Department of Energy (DOE) on Wednesday, Oct. 8, clarified that all electric vehicles (EVs) are exempt from the number coding scheme following an erroneous citation issued by the Metropolitan Manila Development Authority's (MMDA) system.

(Photos by John Louie Abrina I MB)

In a statement, the DOE cited Section 25 of Republic Act No. 11697, known as the Electric Vehicle Industry Development Act (EVIDA), which grants the exemption.

The law specifies that all types of EVs—including Battery Electric Vehicles (BEVs), Hybrid Electric Vehicles (HEVs), Plug-in Hybrid Electric Vehicles (PHEVs), and Light Electric Vehicles (LEVs)—are excluded from the mandatory Unified Vehicular Volume Reduction Program (UVVRP).

The exemption, an incentive under EVIDA to promote green mobility, is currently set to last until 2030.

The UVVRP, which the MMDA enforces to manage vehicular volume in Metro Manila, restricts private vehicles based on the last digit of their license plates on weekdays: 1 and 2 on Mondays; 3 and 4 on Tuesdays; 5 and 6 on Wednesdays; 7 and 8 on Thursdays; and 9 and 0 on Fridays.

The issue was thrust into the spotlight when the MMDA's reinstated No-Contact Apprehension Policy (NCAP) system flagged an EV for an alleged coding violation on Sunday, Oct. 5. The citation, which reportedly captured a vehicle with a distinctive green EV license plate, caused public confusion and raised questions about the NCAP system's reliability.

While the MMDA immediately dismissed the citation after the owner contested the error, the DOE moved quickly to address the lapse. The agency convened an urgent meeting with industry stakeholders on Tuesday, Oct. 7, to iron out implementation issues surrounding the EVIDA law.

"The DOE remains committed to the effective and harmonized implementation of the EVIDA Law and continues to collaborate with partner agencies," the department said. *[Cont. page 6]*

DOE: No number coding for electric, hybrid, plug-in vehicles

[Cont. from page 5]

Among the agencies involved in the discussions were the Land Transportation Office (LTO), the MMDA, the Philippine National Police–Highway Patrol Group (PNP-HPG), the Department of the Interior and Local Government (DILG), and various local government units (LGUs).

The DOE highlighted its recent efforts to fortify the EV sector, noting it amended the EV Recognition Guidelines last month. The updated policy, which took effect on Sept. 20, aims to establish a clearer framework to streamline the industry and help accelerate the growth of the local EV fleet.

Under the amended guidelines, industry stakeholders are mandated to submit a quarterly EV Charge Monitoring Form to ensure that market data is current. Furthermore, non-promotional EVs must submit a notice to be granted either a Provisional Certificate or a Non-Marketing Certificate.

As of Oct. 1, the DOE officially recognized approximately 780 BEVs, 113 HEVs, 99 PHEVs, and 88 LEVs.

Source: https://mb.com.ph/2025/10/08/doe-no-number-coding-for-electric-hybrid-plug-in-vehicles

[UPCOMING EVENT]

The Korean Chamber of Commerce Philippines (KCCP) invites **interested sponsors (Table or Raffle Sponsors)** to join its **Christmas Party on November 24, 2025, at the Makati Sports Club**. This festive event will bring together Korean and Filipino business leaders to celebrate the yuletide season. If you have any questions or need additional information, please do not hesitate to contact the ff:

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