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Growth goal still 'attainable' — DBM

October 17, 2025 | Aubrey Rose A. Inosante | BusinessWorld

THE PHILIPPINE ECONOMY can still grow within the 5.5-6.5% target this year as spending is expected to "normalize" in the fourth quarter, Department of Budget and Management (DBM) Secretary Amenah F. Pangandaman said.

Ms. Pangandaman, who also chairs the Development Budget Coordination Committee (DBCC), said the gross domestic product (GDP) growth target of 5.5-6.5% for this year "remains attainable."

"Spending is expected to catch up and normalize toward the latter part of the year," she told *BusinessWorld* in a Viber message on Oct. 15.

"Momentary slowdown in public infrastructure spending is expected as agencies do due diligence, especially DPWH (Department of Public Works and Highways) as it reviews and evaluates its roster of projects," she said.

Finance Secretary Ralph G. Recto earlier this week said economic growth likely cooled in the third quarter, adding that the slowdown may continue until early 2026 as heightened scrutiny over anomalous projects dampens government expenditure.

President Ferdinand R. Marcos, Jr. had flagged anomalous flood control projects during his State of the Nation Address in late July. This sparked several investigations into alleged corruption involving lawmakers, government officials, and private contractors.



A vendor sells Halloween decorations at a market in Quezon City, Oct. 13. — PHILIPPINE STAR/ MIGUEL DE GUZMAN

Earlier, Economy Secretary Arsenio M. Balisacan said the DBCC will wait for third-quarter data to be released on Nov. 7 before revising growth targets.

However, he noted that achieving the full-year growth goal has "become harder" due to a likely slowdown in government spending.

In the first half, GDP growth averaged 5.4%, slower than 6.2% a year ago.

Ms. Pangandaman said the economic team remains "vigilant and proactive" in managing fiscal risks while staying aligned with the medium-term fiscal framework.

In June, the DBCC tempered its growth forecast to 5.5-6.5% for 2025 and 6-7% for 2026, mainly due to "heightened global uncertainties" arising from the Middle East conflict and US tariffs.

Ms. Pangandaman said the country's growth momentum will be supported by key factors, including sound macroeconomic fundamentals, easing inflation, and a lower interest rate environment.

She also cited favorable credit and financial markets, stronger private sector momentum, and more efficient public spending as driving economic growth.

[Cont. page 2]

Growth goal still 'attainable' – DBM*[Cont. from page 1]*

In a separate statement on Thursday, Mr. Recto said the economy is expected to post stronger economic growth ahead, citing improved governance and institutional reforms following the flood control mess.

"Growth is being supported by low inflation, easing policy rates, strong consumer spending, and a vibrant labor market," he said.

Headline inflation averaged 1.7% in the first nine months of the year, matching the forecast of the Bangko Sentral ng Pilipinas.

John Paolo R. Rivera, a senior research fellow at the Philippine Institute for Development Studies, said the DBCC may need to revise its macroeconomic assumptions to reflect more realistic conditions amid persistent global headwinds, fragile consumer confidence, and fiscal constraints.

The economic managers should also prioritize targeted stimulus and institutional reforms to support resilience, he said.

"It will be challenging but not impossible, despite the third-quarter slowdown," Mr. Rivera said in a Viber message on Thursday.

"Growth will depend on whether domestic consumption and investment rebound during the holiday season, if government spending accelerates, and if inflation remains within target," he added.

Ser Percival K. Peña-Reyes, director of the Ateneo Center for Economic Research and Development, said the DBCC should revise its growth targets in light of the corruption scandal over flood control projects.

"Corruption scandals have had a chilling effect on investor sentiment," he said in a Viber message on Thursday.

Mr. Peña-Reyes said the economy likely expanded by 5.6% in the third quarter, accelerating from 5.2% growth in the same period a year earlier.

For the full-year, growth will likely settle at 5.5%, matching the lower end of the government's target range but slower than the revised 5.7% in 2024.

Foundation for Economic Freedom President Calixto V. Chikiamco said the Philippine economy's performance is likely to "disappoint" this year given the headwinds facing the Philippines.

"The picture could be worse next year when the Trump tariffs start to bite and global slowdown occurs," he said in a Viber message.

RECTO REJECTS VAT REDUCTION

In addition, Mr. Recto warned against some lawmakers' proposals to lower the value-added tax (VAT) rate to 10%, saying this move could result in "massive revenue losses" and force the government to borrow to fund basic operations.

"The entire VAT collection for 2025 of P1.39 trillion can only fund nine months' worth of payroll, premium, and pension of active and retired government workers," said Mr. Recto, who authored the measure that hike the VAT rate in 2005.

Several lawmakers have filed bills seeking to either scrap or cut the 12% VAT rate. VAT collections account for about a fifth of the Bureau of Internal Revenue's total revenues.

Mr. Recto said excise tax collections, projected at P576 billion this year, would not be enough to cover the P965-billion budget for basic, tertiary, and technical-vocational education programs.

Source: <https://www.bworldonline.com/top-stories/2025/10/17/706153/growth-goal-still-attainable-dbm/>

'Top FDI sources of PHL must include EU'

October 17, 2025 | Andrea E. San Juan | BusinessMirror

The European Chamber of Commerce of the Philippines (ECCP) said the European Union is aiming to become one of the Philippines's top five sources of foreign investments and urged the Southeast Asian nation to improve the implementation of reforms.

"When it comes to FDI [foreign direct investments], Europe is not the top five. It's our goal to bring Europe to the top five," ECCP President Paolo Duarte said during the European-Philippines Business Dialogue forum on Thursday in Makati City. *[Cont. page 2]*

'Top FDI sources of PHL must include EU'

[Cont. from page 2]



A vendor sells Halloween decorations at a market in Quezon City, Oct. 13. — PHILIPPINE STAR/ MIGUEL DE GUZMAN

Evariste Cagatan, Board of Investments (BOI) Executive Director for Investment Promotion Services, said during the same forum that investment promotion agencies (IPAs) greenlit investments of more than P480 billion in the first half of 2025.

Of the total investments in the pipeline in 2025, however, Cagatan said about 20 percent were from Singapore, South Korea, the United States, China, and Japan.

"While we have introduced the necessary reforms to support the implementation of the strategy, what needs to be done now is we execute and harvest the fruits of those policy reforms," said Cagatan.

She acknowledged that the Philippines still needs to attract investments from European firms, saying "because it's not as much as we would want to."

"But you have seen the complementation between our target priority growth areas and where Europe is very strong," she added.

Duarte pointed out the importance of the "execution" part of the existing reforms of the Philippines which aim to liberalize the economy to make it more attractive for investors.

"So, we are not asking for more reforms. We are asking for the execution of the existing reforms. I think that's where we need to make the biggest effort," he said.

"Out of the European investments in Asean, only 4 percent landed in the Philippines," he added.

The ECCP chief called on the Philippine government and the private sector to make this 4 percent a "bigger number."

In pursuit of growing European-sourced investments in the Philippines, Duarte underscored the importance of the free trade agreement (FTA) between the Philippines and the EU.

Next week, the EU and the Philippines will have their fourth round of negotiations for the EU-PH FTA.

Duarte said the EU side will be flying to Cebu next week to give their feedback, to provide the "real sentiment of the European industries in the country."

"To see where we have opportunities, where we see the reforms being executed, where we see also the pain points. There are pain points that we need to address, because to advance the FTA, we need to be transparent," added the ECCP President.

Data from the BOI showed that total trade between the Philippines and the EU amounted to \$15.54 billion in 2024. Of which, \$8.07 billion are Philippine exports to the 27-member bloc while \$7.46 billion are imports from the EU.

Image credits: AP/Omar Havana

Source: <https://businessmirror.com.ph/2025/10/17/top-fdi-sources-of-phl-must-include-eu/>

Central Luzon wage increase starts 30 October

October 15, 2025 | Jonas Reyes | Daily Tribune

Central Luzon workers with minimum wage will have a wage increase of P50 to P80 starting 30 October 2025, as part of the new wage order issued by the Regional Tripartite Wages and Productivity Board (RTWPB) III.

The RTWPB III issued Wage Order No. RBIII-26 that increases the daily minimum wage rates for private sector workers in the region by P50 to P80, and will be implemented in two tranches.



King Rodriguez

[Cont. page 4]

Central Luzon wage increase starts 30 October

[Cont. from page 3]

RTWPB III Chairperson and Department of Labor and Employment Regional Director Geraldine Panlilio said the first tranche, ranging from P20 to P40, will take effect on 30 October, while the second tranche, ranging from P30 to P40, will follow on 16 April 2026.

She added that in Bataan, Bulacan, Nueva Ecija, Pampanga, Tarlac, and Zambales, the first tranche will set the minimum wage at P570 for the non-agriculture sector, P540 for the agriculture sector, and P560 for the retail and service sector. When the second tranche takes effect, these wages will further adjust to P600 for the non-agriculture sector, P570 for the agriculture sector, and P590 for the retail and service sector.

In Aurora, the first tranche will raise the daily minimum wage to P530 for the non-agriculture sector, P515 for the agriculture sector, and P475 for the retail and service sector. When the second tranche is implemented, these will go up to P560 for the non-agriculture sector, P545 for the agriculture sector, and P515 for the retail and service sector w

Panlilio also noted that kasambahay or domestic workers in Central Luzon will benefit from Wage Order No. RBIII-DW-05, which grants a P500 increase in the monthly minimum wage, bringing it to P6,500 starting 30 October.

The newly issued wage orders, according to RTWPB III, were formulated following public hearings that gathered inputs from both labor and management sectors, alongside a review of the region's socio-economic conditions, employers' capacity to pay, and enterprise productivity levels.

Source: <https://tribune.net.ph/2025/10/15/central-luzon-wage-increase-starts-30-october>

IMF sees steady growth for Philippines

October 16, 2025 | Keisha Ta-Asan | The Philippine Star



MANILA, Philippines — The International Monetary Fund (IMF) expects the Philippines to sustain moderate economic growth over the next two years while gradually narrowing its current account deficit, reflecting resilience despite external headwinds and weaker global trade.

In its October 2025 World Economic Outlook (WEO), the IMF projected the country's current account deficit to narrow to 3.8 percent of gross domestic product (GDP) in 2025 and 3.5 percent in 2026 from four percent in 2024.

The improvement signals easing pressures on the balance of payments as imports normalize and remittance inflows remain steady.

The IMF said global protectionist trade measures "have had a limited impact on economic activity and prices," adding that growth in many economies, including the Philippines, "held up in the first half."

It noted that inflation in the Philippines, alongside India, Malaysia and Thailand, "surprised on the downside" relative to earlier forecasts.

For 2025, the IMF kept its GDP growth projection for the Philippines at 5.4 percent, before rebounding to 5.7 percent in 2026. The multilateral lender's forecast is below the government's targets of at least 5.5 percent this year and six percent next year.

Inflation, meanwhile, is expected to fall to 1.6 percent in 2025 from 3.2 percent in 2024, settling well below the government's two to four percent target range, before rising to 2.6 percent in 2026.

The unemployment rate is projected to hover at 3.9 percent in both 2025 and 2026, close to the government's current estimate of 3.8 percent for 2024.

Among the Association of Southeast Asian Nations (ASEAN)-5 economies, the Philippines is projected to remain one of the fastest-growing in the region in 2025 and 2026, outpacing its neighbors.

The IMF sees Indonesia expanding by 4.9 percent in both years, Malaysia by 4.5 percent in 2025 and 4 percent in 2026, Singapore by 2.2 percent and 1.8 percent as well as Thailand by two percent and 1.6 percent, respectively.

[Cont. page 5]

IMF sees steady growth for Philippines

[Cont. from page 4]

Based on the IMF WEO report, global growth is projected to slow to 3.2 percent in 2025 and 3.1 percent in 2026 from 3.3 percent in 2024, with advanced economies growing around 1.5 percent and emerging market and developing economies just above four percent.

"Risks are tilted to the downside. Prolonged uncertainty, more protectionism and labor supply shocks could reduce growth. Fiscal vulnerabilities, potential financial market corrections and erosion of institutions could threaten stability," the IMF said.

Source: <https://www.philstar.com/business/2025/10/16/2480112/imf-sees-steady-growth-philippines>

DoE clarifies coal moratorium rules; allows new capacity only in exceptional cases

October 17, 2025 | Sheldeen Joy Talavera | BusinessWorld

THE Department of Energy (DoE) has clarified the implementation of its coal moratorium policy, saying that new capacity from on-grid coal-fired power plants may be allowed only under "exceptional circumstances."

In an Oct. 14 advisory signed by Energy Secretary Sharon S. Garin, the agency laid out additional conditions and exemptions governing the processing of applications for endorsements for new coal-fired power projects.

The advisory was issued pursuant to guidance from the Office of the President and addresses inquiries about the moratorium's applicability to self-generating or own-use facilities, as well as to new capacities in both on-grid and off-grid areas.

The DoE said the 2020 moratorium halted the processing of applications for new or "greenfield" coal projects, except for those "falling under the conditions for non-coverage," noting that increased requests for clarification prompted the formal advisory.

EXCEPTIONAL CASES, EXEMPTIONS

Under the updated policy, the DoE said new capacity from on-grid coal plants may be allowed "solely under exceptional circumstances, such as during a declared or imminent power crisis, or when there is an imminent shortage of electricity supply that, if unaddressed, may lead to severe impacts in specific areas or regions."

The agency also identified other categories of coal projects that may qualify for non-coverage under the moratorium. These include industrial parks planning to develop and use coal-fired power plants for their own operations, "provided that locators registered as Philippine Economic Zone Authority (PEZA) industrial park locators secure endorsement from the PEZA," according to the advisory.

Coal-fired power projects in off-grid areas are also explicitly exempt, as are own-use coal plants supplying power for mining and processing of critical minerals essential to energy transition projects.

Developers of projects that fall under these instances are required to apply with the DoE for a "letter of acknowledgment of non-coverage," the advisory said.

Proponents of coal-fired projects with existing letters of acknowledgment of non-coverage must commit to a guaranteed delivery or commercial operations date (COD), with any changes subject to DoE review and approval.

"All coal-fired power plants with a letter of acknowledgment of non-coverage shall have a time-bound transition plan to renewable or clean energy sources, with retirement or conversion to clean fuel alternatives not later than Dec. 31, 2060, whichever comes earlier," the advisory read.

"This does not preclude such power plants from being retrofitted or converted for continued operation using clean fuel alternatives to coal."

The DoE said the updated advisory supports the Philippines' energy transition goals while maintaining energy security.

It will also study and determine a specific timeline for the retirement or transition of all existing coal-fired power plants, taking into account "the economic life span of the power plants, access to financing mechanisms, and the need to ensure sufficient and stable energy sources to replace coal." [Cont. page 6]



PIXABAY

DoE clarifies coal moratorium rules; allows new capacity only in exceptional cases

[Cont. from page 5]

EFFECTIVITY

The advisory, addressed to all concerned stakeholders including the Energy Regulatory Commission (ERC) and PEZA, took effect immediately upon posting on the DoE website.

"The Department of Energy remains committed to balancing energy security, affordability, and sustainability in line with the country's clean energy transition," the agency said.

Source: <https://www.bworldonline.com/corporate/2025/10/17/706162/doe-clarifies-coal-moratorium-rules-allows-new-capacity-only-in-exceptional-cases/>

Marcos economic team bullish on 'A' credit rating upgrade on reform gains

October 16, 2025 | Derco Rosal | Manila Bulletin



The Philippines' economic managers in consultation at the Development Budget Coordination Committee (DBCC) meeting: (from left) Economy, Planning, and Development Secretary Arsenio M. Balisacan, Special Assistant to the President for Investment and Economic Affairs Secretary Frederick D. Go, Finance Secretary Ralph G. Recto, and Budget Secretary Amenah F. Pangandaman at the Development Budget Coordination Committee meeting. (DOF photo)

At A Glance

- Marcos' administration's economic team is optimistic that the Philippines is on track to securing a single-A sovereign credit rating by 2028, citing fast and promising gains in the government's growth-supportive reforms.

The Marcos Jr. administration's economic team is optimistic that the Philippines will secure an "A" sovereign credit rating by 2028, citing rapid and promising gains from the government's growth-supportive reforms.

Based on the midterm update of the country's Medium-Term Fiscal Framework (MTFF) 2022-2030, published on Oct. 9, the Cabinet-level Development Budget Coordination Committee (DBCC) said the outlook remains positive, noting that the Philippines is "on track to achieve a single-A credit rating."

This comes after Finance Secretary Ralph G. Recto revealed to reporters last Tuesday, Oct. 14, that debt watcher S&P Global Ratings scrapped its planned credit rating upgrade for the Philippines this year due to the eruption of cases involving alleged corruption in the government's flood control budget.

S&P Global has held back on upgrading the Philippines' BBB+ credit rating to A-, as the flood control fiasco raised a red flag for credit rating agencies.

"The country is in a strong position due to the fast implementation of ongoing structural reforms, sustained economic growth, and efforts to open key sectors to greater foreign ownership and investments," the DBCC report read.

Late last year, the Department of Finance (DOF) pushed for the swift enactment of measures it said would "fast-track the entry of more foreign investors into the Philippines."

Among these measures are the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act and the Public-Private Partnership (PPP) Code.

The CREATE MORE Act is forecast to reduce tax collections by ₱300 million this year, with forgone revenues rising incrementally to ₱1 billion in 2026, ₱1.7 billion in 2027, ₱2.9 billion in 2028, ₱3.6 billion in 2029, and ₱3.5 billion in 2030.

In August, President Ferdinand R. Marcos Jr. signed Republic Act (RA) No. 12252, allowing foreign investors to lease private land for up to 99 years, revising the previous 50-year limit. The law amends the Investors' Lease Act to ensure more reliable long-term lease contracts and promote a stable investment climate.

It covers industrial estates, factories, agro-industrial projects, tourism, agriculture, agroforestry, and ecological ventures.

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Marcos economic team bullish on 'A' credit rating upgrade on reform gains

[Cont. from page 6]

"Additionally, the continued diversification of the economy will enhance resilience and flexibility over time, paving the way toward a single-A rating," the DBCC said.

However, the economic team lamented the heavy toll the Covid-19 crisis had on the country's credit standing.

"The Philippines would have been likely upgraded if not for the Covid-19 pandemic, given its good track record of revenue mobilization and fiscal consolidation before the crisis," the DBCC said.

Revenue effort—or the national government's revenue-to-gross domestic product (GDP) ratio—from 2025 to 2029 is projected to be weaker than the 2024 level of 16.7 percent, which stands as the highest since 2000. It is expected to be slightly topped by 2030 at 16.8 percent.

Before the pandemic, the record high was 16.1 percent in 2019 before it dropped to 15.9 percent in 2020, further to 15.5 percent in 2021. It recovered to 16.1 percent in 2022 but declined again to 15.7 percent in 2023.

Recto, who serves as the current administration's chief economic manager, cautioned that Congress' attempt to lower the current 12-percent value-added tax (VAT) to 10 percent could hurt the country's credit rating. VAT accounted for the bulk of the Bureau of Customs' (BOC) revenue as of end-June.

Reducing the existing VAT rate would erode government revenue collections, which the DOF estimates would drop by an average of ₱300 billion annually—equivalent to about one percent of the country's economic output.

Credit ratings assess a government's creditworthiness and reflect the stability of its finances, which is closely linked to overall economic performance. As such, credit ratings serve as a proxy indicator of the economy's health.

An investment-grade credit rating enables the government to secure loans at lower interest rates, which can, in turn, reduce borrowing costs for consumers and businesses. This is because banks often use government-issued debt as a benchmark for setting interest rates on loans.

The Philippines currently enjoys investment-grade credit ratings from the so-called "big three" debt watchers: Fitch Ratings, Moody's Ratings, and S&P.

The Marcos Jr. administration aims to achieve "A" ratings from all three major credit rating agencies before it steps down in 2028.

Source: <https://mb.com.ph/2025/10/16/marcos-economic-team-bullish-on-a-credit-rating-upgrade-on-reform-gains>

Govt' to create group to address tax, non-tax concerns

October 15, 2025 | Anna Leah Gonzales | Philippine News Agency



Department of Finance facade (File photo)

MANILA – Finance Secretary Ralph Recto ordered the creation of a multi-sectoral working group to address tax and non-tax concerns through digital solutions.

The multi-sectoral working group will be led by the Department of Finance with private sector partners, which aims to strengthen the country's investment climate and generate more jobs for Filipinos.

In a statement Wednesday, the DOF said the directive came during a dialogue with the Makati Business Club (MBC) on Tuesday, where business leaders discussed key policy concerns and offered insights to help strengthen the Marcos administration's efforts in improving the country's investment environment.

Among the companies present were Mondelez Philippines, Unilever, SGV & Co., PepsiCo Philippines, the American Chamber of Commerce of the Philippines (AmCham), Texas Instruments, and Shopee.

The DOF said among the key issues raised was the implementation of Revenue Memorandum Circular (RMC) No. 5-2024, which clarifies the taxation of cross-border services involving non-resident foreign corporations. [Cont. page 8]

Govt' to create group to address tax, non-tax concerns*[Cont. from page 7]*

During the meeting, Recto affirmed the government's commitment to working with the business sector in reviewing existing tax circulars and identifying potential digital solutions that will make the tax assessment more transparent and efficient for stakeholders.

BIR Commissioner Romeo Lumagui Jr. also shed light on the issues raised on the said RMC.

The DOF said Lumagui agreed with Recto's proposal for the MBC and the BIR to collaborate on proposed amendments to clarify key provisions.

Recto assured business leaders that the government is intensifying its digitalization efforts across the board to eliminate corruption and increase efficiency in the delivery of public services.

He encouraged the private sector's participation in accelerating the DOF's digital transformation program, particularly in the Bureau of Internal Revenue, the Bureau of Customs and the Bureau of the Treasury.

According to the DOF, MBC chairperson Edgar Chua vowed to support the government by providing inputs and technology.

Source: <https://www.pna.gov.ph/articles/1261053>

UPCOMING EVENT

The Korean Chamber of Commerce Philippines (KCCP) invites **interested sponsors (Table or Raffle Sponsors)** to join our **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 following:

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