필리핀 한국 상공회의소 뉴스
# KOREAN CHAMBER OF COMMERCE PHILIPPINES NEWSLETTER

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## SPECIAL POINTS OF INTEREST



**UPCOMING EVENT**



## PHL anticipates stronger trade flows from key ASEAN deals

October 27, 2025 | Chloe Mari A. Hufana | BusinessWorld


MALAYSIA'S Prime Minister Anwar Ibrahim (right) greets Philippine President Ferdinand R. Marcos, Jr. and his wife Liza as they arrive to attend the 47th Association of Southeast Asian Nations (ASEAN) Summit in Kuala Lumpur, Malaysia, Oct. 26. — RAFIQ MAQBOOL/ POOL VIA REUTERS

KUALA LUMPUR — The Philippines expects stronger regional trade and investment flows as two key trade pacts — the Association of Southeast Asian Nations (ASEAN)-China Free Trade Area (ACFTA) 3.0 Upgrade and the Second Protocol to Amend the ASEAN Trade in Goods Agreement (ATIGA) — promise to modernize economic cooperation across the regional bloc.

At a news briefing here on Sunday, Palace Press Officer Clarissa A. Castro quoted Special Assistant to the President for Investment and Economic Affairs Frederick D. Go as saying the ATIGA upgrade will keep the intra-ASEAN trade pact relevant amid evolving global trade conditions.

"The enhanced agreement offers significant benefits, particularly through improvements in trade facilitation measures, transparency provisions, dispute settlement mechanisms, and the inclusion of new and emerging trade elements," she said.

The amended ATIGA was inked by Trade Secretary Ma. Cristina A. Roque on Saturday and was turned over to the ASEAN leaders on Sunday.

Ms. Castro said the new provisions, including mutual recognition of Authorized Economic Operators, will allow certified traders faster cargo clearance throughout ASEAN.

The agreement also promotes self-declaration of origin, electronic certification (e-form B), and the acceptance of digital documentation, making cross-border trade easier for Philippine businesses.

"Businesses will find it easier to comply with administrative requirements self-declaration of origin, the implementation of the Electronic Certificate of Origin (e-Form D), and the acceptance of digital documentation," Ms. Castro added.

Meanwhile, the Philippines and Canada aim to finish free trade agreement negotiations by 2026, vowing to accelerate talks following a bilateral meeting at the 47th ASEAN Summit between President Ferdinand R. Marcos, Jr. and Canadian Prime Minister Mark Joseph Carney.

They talked about efforts to deepen a trade relationship valued at more than $3 billion, covering sectors such as manufacturing, defense, and both conventional and clean energy.

Mr. Carney, in a separate statement, outlined Canada's strategy to double its non-US exports over the next decade, positioning Southeast Asia as a key partner in that effort.

*[Cont. page 2]*

## PHL anticipates stronger trade flows from key ASEAN deals

*[Cont. from page 1]*

Canada and the Philippines agreed to fast-track negotiations on a bilateral free trade agreement, with the goal of completing talks by 2026.

They also committed to advancing a broader Canada-ASEAN free trade pact, which they aim to conclude during the Philippines' ASEAN chairmanship the same year.

The two leaders also welcomed the prospect of a bilateral visit "at the earliest opportunity" and agreed to maintain close coordination as both countries look to expand trade and investment cooperation.

Meanwhile, Ms. Castro said the ACFTA 3.0 upgrade will make the ASEAN-China partnership "more modern, more comprehensive, and better aligned with today's global realities."

Citing Foreign Affairs Secretary Ma. Theresa P. Lazaro, Ms. Castro said the revised framework will deepen cooperation in digital and green economies, enhance sustainable supply-chain connectivity, and promote the empowerment of micro, small and medium enterprises (MSMEs) within regional value chains.

The ACFTA 3.0 Upgrade expands the original pact, which was signed in 2002, by introducing provisions on competition, consumer protection, digital economy, green economy, and supply-chain connectivity, on top of trade in goods, customs procedures, and investment cooperation.

The pact with China was ASEAN's first FTA outside the bloc and remains one of the most important partnerships of the bloc.

Beijing is the largest trading partner of the bloc since 2019, reaching $507.9 billion in 2019, according to ASEAN's website.

The ASEAN-China FTA in 2005 quadrupled the trade between the two.

ASEAN studies lecturer at De La Salle-College of St. Benilde Josue Raphael J. Cortez said the upcoming signing of the ACFTA 3.0 Upgrade underscores ASEAN's commitment to strengthening ties with major global powers while ensuring its economies remain adaptable and competitive.

The enhanced pact reflects the bloc's readiness to address global trade challenges, green transition, and sustainable growth — priorities shared with key partners such as China, the US, and the European Union, he added.

"With China showing further commitment to embrace green prosperity, we may expect that this partnership will signal deepened ties between the 11-country membership and Beijing not just on tech transfer, but also in devising ways on how we may effectively navigate green transition together," he said via Facebook Messenger.

"At the same time, in recognition of the integral role MSMEs play in bolstering the Southeast Asian economies, this may also be a way for the sector to gradually embrace digitalization, which is now the name of the game in conducting business."

*https://www.bworldonline.com/top-stories/2025/10/27/707924/phl-anticipates-stronger-trade-flows-from-key-asean-deals/*

## Steady GDP growth seen despite moderation in H2

October 27, 2025 | Keisha Ta-Asan | The Philippine Star

BSP Deputy Governor Zeno Abenoja said the country's gross domestic product (GDP) expanded by 5.5 percent in the first half of 2025 and may continue to grow at a similar pace in the coming quarters despite some headwinds.

STAR / File

MANILA, Philippines — The Bangko Sentral ng Pilipinas (BSP) expects the Philippine economy to remain on a firm footing this year despite potential moderation in the second half, with inflation projected to stay below target and monetary policy remaining supportive of growth.

BSP Deputy Governor Zeno Abenoja said the country's gross domestic product (GDP) expanded by 5.5 percent in the first half of 2025 and may continue to grow at a similar pace in the coming quarters despite some headwinds.

"I think given the weather disturbance and the disruptions in the quarter, there could be some moderation in the near term, but it will still be a good number," Abenoja told reporters in a chance interview.

The economy grew by 5.4 percent in the second quarter, bringing first-half growth to 5.5 percent. Abenoja said it remains uncertain whether the third-quarter expansion would slow from the previous quarter, but "it's possible." *[Cont. page 3]*

## Steady GDP growth seen despite moderation in H2

*[Cont. from page 2]*

He noted that the BSP still expects GDP growth to reach at least 5.5 percent this year and six percent in 2026, supported by resilient domestic demand, steady labor market conditions and improving private investment activity.

Abenoja said recent indicators suggest some cooling in manufacturing and services, citing a slowdown in the purchasing managers index (PMI) and fewer companies planning to expand operations.

Still, consumer sentiment remains upbeat. “We don’t see a marked decline in consumer sentiment,” Abenoja said, noting continued improvement in labor market conditions, with unemployment hovering around four percent or lower, better than pre-pandemic levels.

The Philippines also remains among Asia’s fastest-growing economies.

“There are only three economies in this region that will be growing at least five percent consistently for the next three years – India, Vietnam and the Philippines,” he said, citing International Monetary Fund forecasts.

He added that the country’s current account deficit remains manageable as it reflects higher investments rather than consumption.

The BSP official also said inflation is expected to stay benign for the rest of the year, averaging below two percent, before returning to around the three percent midpoint of the BSP’s target in 2026 and 2027.

“For this year, we think that it will continue to be benign. Mostly, it will be below two percent,” he said, adding that “there could be some volatility, but overall, we see inflation to be not a big problem right now.”

Headline inflation eased to 1.7 percent in September, below the BSP’s two to four percent target range, driven largely by falling rice prices and lower energy costs. Core inflation, which strips out volatile items, also remained stable at below two percent.

However, Abenoja acknowledged that temporary price pressures could emerge toward year-end due to weather disturbances. “It’s possible, but we think it’s below (target). We don’t discount moving closer to two percent in the near term since there may be disruptions because of the weather,” he said.

Since August 2024, the BSP has cut policy rates by a cumulative 175 basis points, alongside a reduction in banks’ reserve requirements that infused an estimated P650 billion into the system.

“These measures reduce intermediation costs and allow banks to expand their operations more efficiently,” Abenoja said. “Hopefully, it will also translate to better transmission of monetary policy moving forward.”

SM Investments Corp. chief economist Dan Roces shared a similar view, saying that while global headwinds could temper growth in the near term, domestic fundamentals remain sound.

“If we are to be conservative about it, we think growth next year is expected to stay steady. That’s being conservative. Not a surge, but a sustained climb supported by resilient consumers and hopefully the return of private investment,” he said.

Roces noted that inflation “is now low enough to permit easing by the BSP,” giving policymakers more room to support recovery. “Credit conditions are improving and households get a bit more breathing space for discretionary spending,” he said.

*Source: https://www.philstar.com/business/2025/10/27/2482724/steady-gdp-growth-seen-despite-moderation-h2*

## DOF may raise worker’s tax exempt cap

October 27, 2025 | Ruelle Castro | Malaya Business Insight


The government has floated the idea of raising the ceiling on tax-exempt benefits for both public and private sector workers, taking into account inflation and the cost of living, according to the Department of Finance.

Under the plan, employees in both the private and government sectors will enjoy higher non-taxable allowances and benefits, thereby enhancing their competitive edge across industries.

The tax-exempt ceiling for monetized unused vacation leave credits for private employees will be increased from 10 to 12 days, while the current uncapped benefit for government employees’ monetized vacation and sick leave will be retained. *[Cont. page 4]*

## DOF may raise worker's tax exempt cap

*[Cont. from page 3]*

The limit on medical cash allowances for dependents will also be increased from P1,500 to P2,000 per semester, while rice subsidies will increase from P2,000 to P2,500 per month or its market equivalent.

"Similarly, the non-taxable threshold for uniform and clothing allowance will increase from P7,000 to P8,000 per year," the DOF said.

Other proposed adjustments include increasing the ceiling for actual medical assistance from P10,000 to P12,000 per year, laundry allowance from P300 to P400 per month, employee achievement awards from P10,000 to P12,000 per year, and Christmas or anniversary gifts from P5,000 to P6,000 per year.

The tax-free limit on meal allowance for overtime or night-shift work, meanwhile, will be raised from 25 percent to 30 percent of the minimum wage. At the same time, the combined ceiling for collective bargaining agreement (CBA) and productivity incentives will be adjusted from P10,000 to P12,000 per year.

"These changes are not just about numbers—they are about fairness and dignity in the workplace. Every Filipino worker deserves to benefit from the nation's growth," President Marcos, Jr. said in his departure statement before flying to Malaysia for the 47th ASEAN Summit and Related Summits on October 25, 2025.

Finance Secretary Ralph Recto stressed that the adjustments will have minimal impact on the government's revenues.

Recto, meanwhile, said that he has instructed the Bureau of Internal Revenue (BIR) to explore possible exemptions for specific taxpayer segments from the obligation to withhold and remit creditable withholding taxes.

The DOF and the BIR are also studying ways to simplify and lower the applicable withholding tax rates to reduce compliance costs for taxpayers, he said.

*Source: https://malaya.com.ph/business/corporate/dof-may-raise-workers-tax-exempt-cap/*

## ASEAN, South Korea launch FTA upgrade talks

October 28, 2025 | Chloe Mari A. Hufana | BusinessWorld


Philippine President Ferdinand R. Marcos, Jr. (eighth from left) poses for a photo with South Korea's President Lee Jae Myung (sixth from left) and other leaders from the Association of Southeast Asian Nations (ASEAN) during the 26th ASEAN-Korea Summit in Kuala Lumpur, Malaysia, Oct. 27. — COURTESY OF PRESIDENTIAL COMMUNICATIONS OFFICE (PCO) FACEBOOK PAGE

KUALA LUMPUR — Philippine President Ferdinand R. Marcos, Jr. on Monday pushed for an expanded free trade deal between the Association of Southeast Asian Nations (ASEAN) and South Korea, saying this would keep markets open and counter growing protectionist trends in the global economy.

Mr. Marcos said a review of the ASEAN-Korea Free Trade Agreement (AKFTA) marks a "shared determination" to ensure the partnership remains relevant amid global economic uncertainty.

"The Philippines welcomes the launch of the negotiations to upgrade the ASEAN-Korea Free Trade Area, a timely step in strengthening ASEAN-Korea economic ties and ensuring that our partnership remains relevant in today's rapidly changing global economy," he said during the 26th ASEAN-Republic of Korea Summit in Kuala Lumpur.

The President added that enhancing the trade pact would reaffirm both sides' commitment to transparency, fairness and cooperation in trade.

Trade between ASEAN and South Korea reached $187.1 billion in 2023, according to the South Korean Ministry of Foreign Affairs.

Seoul is the regional bloc's second-largest trading partner, while ASEAN is South Korea's second-largest investment destination, with foreign direct investment inflows reaching $10.8 billion in 2022 and $7.31 billion in 2023.

ASEAN Studies lecturer at De La Salle-College of St. Benilde Josue Raphael J. Cortez said the review of the AKFTA underscores the need for trade partnerships to adapt to current geoeconomic challenges.

As ASEAN's second-largest trading partner, South Korea plays a key role in ensuring mutual economic resilience amid global shifts, he noted. *[Cont. page 5]*

## ASEAN, South Korea launch FTA upgrade talks

*[Cont. from page 4]*

“This strengthening of partnership is undoubtedly a win-win situation, especially since trade diversification is not an alternative anymore today, but is an imperative that every nation-state must embrace,” he said via Facebook Messenger.

If realized, the upgraded FTA would boost trade in agriculture and machinery, enhance tourism-driven growth, and attract more South Korean investments to the region, he added.

For the Philippines, the deal could strengthen its electronics exports and provide alternative sources of oil, petroleum, and agricultural goods, supporting both energy stability and food security, Mr. Cortez noted.

**RCEP**

During the 5th Regional Comprehensive Economic Partnership (RCEP) Leaders’ Summit on Monday, Mr. Marcos urged the member states to accelerate the accession process to expand the bloc’s membership and ensure that businesses, especially micro, small, and medium enterprises (MSMEs), fully benefit from the world’s largest free trade agreement.

He noted that early expansion would deepen regional integration, reinforce supply-chain resilience, and reaffirm ASEAN’s central role in shaping Asia’s economic future.

“It is in our collective interest to advance the accession process without delay,” Mr. Marcos said.

The RCEP brings together the ASEAN member states along with China, Japan, South Korea, Australia and New Zealand, covering nearly a third of global gross domestic product (GDP) and trade.

“RCEP exemplifies ASEAN’s commitment to a rules-based trading system — our strongest anchor amid today’s global uncertainties,” the Philippine president said.

“It provides a stable and predictable framework for trade and investments, allowing our economies to grow and develop together in an environment of trust, fairness, and transparency.”

Mr. Marcos called on all RCEP parties to enhance cooperation on awareness-building and capacity development, enabling MSMEs to utilize the pact’s benefits better.

He added that Manila is ready to collaborate with other members on a regional campaign to promote the pact and facilitate dialogue, business matching and cross-border collaboration.

“To further demonstrate our commitment, the Philippines will be pleased to host this International Trade Forum in November next year,” he said.

The President also underscored the need for RCEP to evolve with global trends, highlighting the importance of cooperation in digital trade, the creative economy, green transition, and innovation.

According to Mr. Cortez, the President’s remarks highlighted the Philippines’ openness to collaborate with other nations and underscore the importance of multilateral approaches to today’s economic challenges.

He noted the regional trade pact offers a framework for both developed and developing members to protect their economic interests amid global market volatility and geopolitical uncertainty.

“One has to bear in mind that trade is not merely affected by skyrocketing tariffs, but also political and armed conflicts. With every part of the world today seemingly challenged by political uncertainty, trade disruptions are inevitable,” Mr. Cortez said.

“Hence, it is in the best interest of RCEP not only to devise collective frameworks, but also to widen its membership as these new signatories, in one way or another, will always be an alternative should the need arise.” *[Cont. page 6]*

## ASEAN, South Korea launch FTA upgrade talks

*[Cont. from page 5]*

He urged the bloc to expand its focus beyond traditional industries to emerging sectors like the creative economy and innovation — while ensuring such progress does not disadvantage low-skilled workers, in line with RCEP's founding principles.

**TARIFF TALKS CONTINUE**

Palace Press Officer Clarissa A. Castro quoted Special Assistant to the President for Investment and Economic Affairs Frederick D. Go as saying the tariff negotiations between Manila and Washington continue.

This as Malaysia and Cambodia signed trade pacts with the US over the weekend, while framework trade agreements with Vietnam and Thailand were also inked.

"There are also some issues that we can describe as comprehensive, particularly concerning trade rules and regulations, as well as nontariff measures like services and investments," Ms. Castro said in Filipino during a briefing at the Kuala Lumpur Convention Center on Monday.

"These involve issues related to protecting our country's interests, especially in sectors such as agricultural products — like coconuts, pineapples, sugar, cocoa — and electronic products," Ms. Castro said, noting these are among the areas Manila cannot easily address at the moment.

Since Aug. 7, the US has imposed a 19% duty on many goods from the Philippines, Cambodia, Malaysia, Thailand and Indonesia.

"ASEAN values its partnership with the United States and seeks to build practical, strategic, and forward-looking collaboration that delivers concrete outcomes for our businesses and citizens alike," Mr. Marcos said during the 13th ASEAN-US Summit on Sunday.

*Source: https://www.bworldonline.com/top-stories/2025/10/28/708263/asean-south-korea-launch-fta-upgrade-talks/*

## Fitch Ratings: Political jitters, corruption woes to cloud PHL outlook

October 28, 2025 | Reine Juvierre S. Alberto | BusinessMirror


POLITICAL uncertainty and governance issues could cloud the Philippines's investment outlook, after allies of President Ferdinand Marcos Jr. underperformed in the midterm elections and a corruption scandal rattled confidence, according to Fitch Ratings.

In a peer credit analysis, Fitch Ratings said the Philippines' economy could grow by 5.6 percent this year, within the government's target of 5.5 to 6.5 percent.

This will be driven by public infrastructure investments, services exports and remittance-fueled private consumption. Private demand, meanwhile, will be supported by easing inflation and interest rates.

"However, domestic political uncertainty could affect investment, with allies of President Ferdinand Marcos doing worse than we expected in the recent mid-term elections and a recent corruption scandal," Fitch Ratings said.

In addition, Fitch Ratings said global trade tensions will likely drag on the country's growth, particularly through weaker global demand.

While acknowledging progress in fiscal consolidation, the credit watcher noted that governance standards remain weaker than those of other "BBB"-rated economies.

Still, Fitch Ratings said they expect a downward path for government debt-to-GDP over the medium term, given strong nominal GDP growth. *[Cont. page 7]*

## Fitch Ratings: Political jitters, corruption woes to cloud PHL outlook

*[Cont. from page 6]*

Fitch Ratings said a downgrade could be triggered by a failure to maintain debt stability, particularly if fiscal consolidation is scaled back to support growth or spending pressures rise.

A loss of confidence in medium-term growth prospects or a deterioration in foreign-currency reserves due to persistent current account deficits could also strain the country's external position and credit profile.

Meanwhile, positive rating drivers could emerge if the government delivers sustained reductions in debt ratios through tax reforms or more efficient spending without undermining growth.

The credit watcher also cited the possibility of an upgrade if the Philippines achieves stronger medium-term growth, maintains sound macroeconomic policies or strengthens governance standards closer to those of higher-rated peers.

In a broader regional perspective, the ASEAN+3 Macroeconomic Research Office (AMRO) said that persistent trade frictions and global uncertainty could dampen growth across Asia's emerging markets.

The ASEAN+3 region comprises members of the Association of Southeast Asian Nations (ASEAN) and China; Hong Kong, China; Japan; and Korea.

AMRO Director Yasuto Watanabe said at the 28th ASEAN Plus Three Summit that trade measures will weigh more next year and headwinds are building.

Watanabe said that while ASEAN has made commendable strides in trade liberalization, with tariffs close to zero, intra-ASEAN trade has remained "stagnant" at just over 20 percent of total trade for decades.

"The way forward is to move beyond trade measures," Watanabe said. "ASEAN needs a deliberate investment strategy built on two pillars: leveraging global value chains to accelerate domestic upgrading and supporting the internationalization of ASEAN firms."

Watanabe said that deeper ASEAN integration is not an alternative to global openness but a critical complement. "By broadening our sources of growth, we can strengthen the resilience of all ASEAN+3 economies."

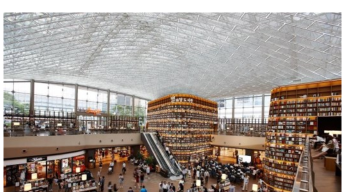
AMRO projects growth to reach 4.1 percent in 2025 and slow to 3.8 percent in 2026 for ASEAN+3.

Meanwhile, inflation will remain slow and stable, underpinned by sound macroeconomic policies across the region, according to AMRO.

*Source: https://businessmirror.com.ph/2025/10/28/fitch-ratings-political-jitters-corruption-woes-to-cloud-phl-outlook/*

## Exports, consumption boost South Korea growth in third quarter

October 28, 2025 | Agence-France-Presse | Philippine Daily Inquirer



Starfield COEX Mall, Seoul

SEOUL, South Korea — South Korea's economy grew 1.2 percent in the third quarter, preliminary data from the central bank showed Tuesday, with consumption boosted by government vouchers and exports remaining strong despite global trade tensions.

Gross domestic product (GDP) rose 1.2 percent during the July–September period compared to the previous quarter, according to the Bank of Korea.

"Private consumption grew by 1.3 percent, as expenditures on both goods and services increased," the bank said in a statement.

Compared to the same quarter last year, the economy grew 1.7 percent, it added.

*[Cont. page 8]*

## Exports, consumption boost South Korea growth in third quarter

*[Cont. from page 7]*

**Gov't vouchers**

That sparked the fastest growth in consumer spending in three years, with a 1.3 percent quarter-on-quarter increase.

President Lee Jae Myung's administration issued vouchers this year worth at least 150,000 won ($104) per person, regardless of income level, aimed at boosting waning consumption.

"Consumption is likely to ease soon as the government vouchers expire at the end of November," said Shivaan Tandon, an analyst at research firm Capital Economics.

Asia's fourth-largest economy had expanded by 0.7 percent in the second quarter.

**Trade deal in the works**

The latest data comes as Seoul works to finalize a trade deal with Washington to avoid steep US tariffs and implement South Korea's pledge to invest $350 billion in the United States.

South Korea, which is heavily reliant on exports, saw outbound shipments rise by 1.5 percent quarter-by-quarter, driven by sustained demand in the semiconductor sector.

The country recorded its highest-ever monthly semiconductor exports in September, totalling $16.6 billion, despite mounting pressure from US tariffs and other restrictions on the key industry.

The September figure was up more than a fifth year-on-year, according to data from the industry ministry.

That surge was fuelled by strong demand for high-value memory chips such as HBM, used in AI servers, the ministry said.

The central bank has set a target of 0.9 percent annual growth.

*Source: https://business.inquirer.net/554990/exports-consumption-boost-south-korea-growth-in-third-quarter*

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**[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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