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SPECIAL POINTS OF INTEREST

UPCOMING EVENT

Philippines may take 70 years to catch up with Singapore

November 10, 2025 | Bless Aubrey Ogerio| BusinessMirror

The Philippine economy is at risk of further falling behind its Southeast Asian neighbors, an economist said, noting it may take two years to catch up with Vietnam and up to 70 years to catch up with Singapore.

High-rise buildings dominate the skyline of Makati City's central business district. -- The Philippine Star/ Ryan Baldemor

"(T)he Philippines could find itself lagging behind if alleged public spending issues continue to divert attention and resources away from the structural reforms needed to accelerate economic development," Bank of the Philippine Islands (BPI) Lead Economist Emilio S. Neri, Jr. said in a commentary on Wednesday.

In the third quarter, Philippine gross domestic product (GDP) grew by 4%, its slowest pace in over four years amid slower household and public infrastructure spending as the flood control scandal dampened investor and con-sumer sentiment.

In the nine months to September, GDP growth averaged 5%, putting the government's 5.5%-6.5% full-year growth target further out of reach.

"The Philippine economy is growing, but not enough to close the economic gap with other countries," Mr. Neri said.

He noted the Philippine GDP per capita is lower compared with other economies in the region. Citing International Monetary Fund (IMF) data, he said the Philippines' GDP per capita stood at $4,078 in 2024.

"At the current growth rate, it would take the Philippines two years to catch up with the GDP per capita of Vietnam, 4 years with Indonesia, 14 years with Thailand, 26 years with Malaysia, and 70 years with Singapore, assuming their incomes remain stagnant. In reality, their GDP per capita continues to grow, which means the gap could persist or even widen," Mr. Neri said.

The Philippines lagged behind Singapore which had a GDP per capita of $90,674 in 2024, followed by South Korea ($36,128), Japan ($32,498), China ($13,312), Malaysia ($12,540), Thailand ($7,491), Indonesia ($4,958) and Vietnam ($4,535).

"Before the pandemic, the Philippines had a higher GDP per capita than Vietnam, but has since been overtaken. At current trends, it would take the Philippines two years to catch up with Vietnam, but that gap could increase to 13 years by 2044," Mr. Neri said.

The BPI economist said the Philippines needs structural reforms to accelerate growth in order to close the widening gap with its neighbors.

"The current economic model of the country is not enough, as shown by the country's inability to grow faster than 6% in recent years," he said.

Mr. Neri said the economy has been "too reliant" on consumer spending, driven by overseas Filipino worker (OFW) remittances and the business process outsourcing industry.

"There is a need to diversify its sources of growth. The economy must improve in terms of production, especially in agriculture and manufacturing, as they will allow the economy to be more self-sufficient and to reach foreign markets. These industries have been critical to Vietnam's success and could play a similar role for the Philippines," he said. *[Cont. page 2]*

Philippines may take 70 years to catch up with Singapore

[Cont. from page 1]

However, Mr. Neri said implementing these reforms will be hard if the government lacks focus.

"Public spending issues divert fiscal resources and policymaking focus away from long-term development priorities. Efforts to strengthen safeguards against potential issues in government spending are essential, enabling the country to work on structural reforms that could improve the economy," he said.

Mr. Neri said the Philippines will likely depend on monetary policy to sustain economic growth, with the Bangko Sentral ng Pilipinas (BSP) expected to continue rate cuts until mid-2026.

"Excessive rate cuts could lead to an overshoot, as monetary policy might be used disproportionately to compensate for weaker growth performance," he said.

"While inflation is expected to remain manageable in the coming months, there is a significant chance it will move higher in 2026 as favorable base effects from rice prices fade. If the BSP cuts its rates too much and inflationary pressures suddenly rise, the central bank could be forced to reverse course abruptly, hiking rates faster than the ideal pace," Mr. Neri added.

In October, the BSP trimmed the key policy rate by 25 basis points (bps) to a three-year low of 4.75%, citing benign inflation and downbeat business sentiment amid the flood control mess. It has now slashed borrowing costs by a total of 175 bps since it began its easing cycle in August 2024.

BSP Governor Eli M. Remolona, Jr. has also hinted at potentially two more 25-bp cuts at the Monetary Board's last meeting this year on Dec. 11 and by early next year to support the economy.

MORE DOVISH?
Meanwhile, the BSP could deliver more interest rate cuts than expected as fiscal tightening due to the flood control scandal dampened economic growth, Nomura Global Markets Research said.

In its latest Global Economic Outlook Monthly, Nomura said the substantial impact of the graft scandal could prompt the BSP to lower borrowing costs by over 50 bps until next year.

"The inadvertent fiscal tightening due to the ongoing corruption controversy is substantial, hurting short-run growth prospects materially and keeping BSP dovish for longer," Nomura research analysts Euben Paracuelles and Yiru Chen said.

They noted that a sharper global growth slowdown and a slower resolution of the corruption controversy pose downside risks to growth.

GlobalSource Partners Country Analyst Diwa C. Guinigundo said the latest growth print and stable inflation should support the monetary authorities' dovish stance.

"This clear growth deceleration, coupled with steady headline inflation at 1.7% in both September and October, strengthens the case for the Bangko Sentral ng Pilipinas to sustain a monetary accommodation stance through late 2025 and possibly into early 2026," Mr. Guinigundo said in a note dated Nov. 11.

Headline inflation steadied month on month at 1.7% in October, but eased from 2.3% a year ago. This brought the 10-month inflation to average 1.7%, matching the BSP's full-year forecast.

"Seasonal holiday spending and remittance-driven demand could nudge prices up, but any uptick may be tempered by available monetary policy space — possibly leaving room for another rate cut," Mr. Guinigundo said.

However, Nomura said emerging risks could push the BSP to reduce interest rates more than it has indicated.

"BSP sounded more dovish and signaled that it sees scope for a more accommodative stance, citing the need to support domestic demand after the corruption scandal was exposed," Mr. Paracuelles and Ms. Chen said.

Meanwhile, Mr. Guinigundo said growing political instability, weak stock market and peso, as well as declining foreign investments complicate the BSP's policy path.

Mr. Guinigundo noted that "premature or excessive" monetary policy easing could lead to capital outflows and further weaken the local currency.

"In this environment, a measured pause in policy rates could send a constructive signal — that the BSP remains data-driven, vigilant, and risk-conscious, choosing to balance growth support with the need to preserve macroeconomic credibility and market confidence," he added. — **KKC**

Source: https://www.bworldonline.com/top-stories/2025/11/13/711937/philippines-may-take-70-years-to-catch-up-with-singapore/

PBBM names new BIR chief

November 10, 2025 | Samuel P. Medenilla | BusinessMirror

President Ferdinand Marcos has named former Finance Undersecretary Charlito Martin R. Mendoza as the new commissioner of the Bureau of Internal Revenue (BIR).

Acting Presidential Communications Office Secretary Dave M. Gomez made the confirmation to Palace reporters last Wednesday.

Mendoza will replace Romeo D. Lamagui as head of one of the revenue generating arm of the Department of Finance (DOF).

He is currently DOF's undersecretary for its Revenue Operations Group (ROG), which manages requests for tax exemptions, and reviews tax rulings and revenue and customs regulations for issuance.

The ROG oversees the BIR and the Bureau of Customs.

Malacañang has yet to disclose the reason for Lamagui's replacement as of press time.

The change in BIR's leadership comes after it announced it may miss its target P3.219-trillion revenue collection this year.

Source: https://businessmirror.com.ph/2025/11/12/pbbm-names-new-bir-chief/

Approved investment pledges plunge 49% in Q3

November 14, 2025 | Aubrey Rose A. Inosante | BusinessWorld

US one-dollar banknotes are seen in this illustration taken on Feb. 8, 2021. -- REUTERS/Dado Ruvic/ Illustration/File Photo

APPROVED foreign investment pledges plunged nearly 50% in the third quarter as investor sentiment soured due to the corruption scandal involving government infrastructure projects, the local statistics agency said.

Preliminary data from the Philippine Statistics Authority (PSA) showed the value of foreign commitments approved by investment promotion agencies (IPAs) fell by 48.7% to P73.68 billion in the July-to-September period from P143.74 billion in same period last year.

However, this was the highest amount of investment pledges since the third quarter of 2024.

Ser Percival K. Peña-Reyes, director of the Ateneo Center for Economic Research and Development, said the decline in approved investments can be attributed to the weaker investor sentiment.

"Tingin ko. Wala pang nakukulong eh (I think so. No one has been imprisoned yet)," he said in a Viber message, when asked if this sharp slump in approved investments will likely persist in the fourth quarter until 2026.

Quarter on quarter, the approved pledges rose by 9.34% from P67.38 billion in the second quarter.

Singapore was the top source of foreign investment pledges in the third quarter with P20.26 billion (27.5%), followed by Japan with P13.59 billion (18.4%) and Cayman Islands with P13.14 billion (17.8%).

Investment commitments from South Korea stood at P5.57 billion (7.6%), while those from China stood at P4.51 billion (6.1%)

PSA data showed the investment pledges were approved by seven IPAs — the Authority of the Freeport Area of Bataan, Bases Conversion and Development Authority (BCDA), Board of Investments (BoI), Clark Development Corp., Clark International Airport Corp., Philippine Economic Zone Authority (PEZA), and Subic Bay Metropolitan Authority.

The PEZA approved foreign investment pledges worth P47.29 billion, accounting for the bulk or 64.2% of the total in the third quarter.

Meanwhile, BoI approved P20.22 billion worth of pledges (27.4% share), followed by BCDA with P5.1 billion (6.9% share). *[Cont. page 4]*

Approved investment pledges plunge 49% in Q3
[Cont. form page 3]

In the July-to-September period, the Bangsamoro Board of Investments, Cagayan Economic Zone Authority, John Hay Management Corp., the Poro Point Management Corp., Tourism Infrastructure and Enterprise Zone Authority, and Zamboanga City Special Economic Zone Authority did not approve any investment pledges.

In addition, the PSA said about 49% or P36.12 billion of the approved foreign investments will go to the manufacturing industry, while 24.4% or P17.98 billion will be invested in the electricity, gas, steam and air-conditioning supply sector.

The real estate sector cornered P11.86 billion or about 16.1% of the total pledges.

By region, Calabarzon received P28.23 billion or 38.3% of investment pledges, followed by Central Luzon with P16.42 billion (22.3% share) and Bicol Region with P13.03 billion (17.7% share).

Meanwhile, the PSA said investment pledges from both foreign and Filipino nationals in the third quarter fell by 36.1% to P343.77 billion from the P538.36 billion a year earlier.

Of the total, Filipino nationals contributed P270.1 billion or 78.6% of investment pledges.

This brought total approved investments to P343.77 billion, down 36.1% year on year.

If these materialize, around 27,605 jobs are expected to be created from these investments.

The PSA data on foreign investment commitments, which may materialize in the near future, differ from actual foreign direct investments tracked by the Bangko Sentral ng Pilipinas for the balance of payments. The central bank's monitoring goes beyond the projects and includes other items such as reinvested earnings and lending to Philippine units via their debt instruments.

Source: https://www.bworldonline.com/top-stories/2025/11/14/712208/approved-investment-pledges-plunge-49-in-q3/

Marcos bets on speedy economic recovery
November 14, 2025 | Bella Cariaso - The Philippine Star

"The reason that we had that is that there really was a downturn in economic activity. You have to remember it's not only because of these (anomalous flood control projects), the storm, the working days lost in our economy because of climate change," Marcos said at a press conference.

STAR / File

MANILA, Philippines — President Marcos said yesterday that he expects the economy to recover after the country's gross domestic product (GDP) grew at its slowest pace in four years in the third quarter, as the flood control controversy weighed on consumer and investor confidence.

"The reason that we had that is that there really was a downturn in economic activity. You have to remember it's not only because of these (anomalous flood control projects), the storm, the working days lost in our economy because of climate change," Marcos said at a press conference.

The peso depreciated to a new low on Wednesday, closing at 59.17 against the dollar amid market concerns over sluggish economic growth and governance issues.

"You have to also remember the situation, the global situation. We are not the only ones suffering the shocks that come from the new trade structure that has been imposed on the rest of the world," Marcos said.

National Statistician Dennis Mapa said the country's GDP grew by four percent in the third quarter, slower than the previous quarter's 5.5 percent expansion and the 5.2 growth posted in the third quarter last year.

This also marked the lowest growth since the 3.8-percent contraction in the first quarter of 2021 during the COVID pandemic.

The latest growth outturn brought average growth from January to September to just five percent, below the government's growth target of 5.5 to 6.5 percent for this year.

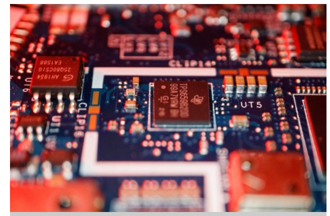
"We are all adjusting to that. That's why the growth rates of all groups all around the world are falling. But we have taken a lot of measures because the public spending now will be increased to make sure that by the end of the year, the levels of public spending are according to our original plan, so we will recover what was lost in the third quarter," Marcos said.

Source: https://www.philstar.com/business/2025/11/14/2487036/marcos-bets-speedy-economic-recovery

SEIPI urges gov't to help sector as it loses competitiveness

November 14, 2025 | Justine Irish D. Tabile | BusinessWorld

THE Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI) is seeking government support for the sector as it loses its competitiveness amid new US trade deals with Southeast Asian neighbors.



Semiconductor chips are seen on a circuit board of a computer in this illustration picture taken on Feb. 25, 2022. — REUTERS/ FLORENCE LO/ ILLUSTRATION

SEIPI President Danilo C. Lachica said the Philippines lost its edge when the US reciprocal tariff rates on other electronics exporter-countries were lowered.

"What you're up against is the power cost, the logistics cost, the water cost, and the aggressiveness of the government," he told BusinessWorld on the sidelines of the PASIAWORLD 2025 Annual Supply Chain Conference on Thursday.

"Our edge was the reciprocal tariff. But now, it's a level playing field in terms of the tariff," he added.

In August, the US began imposing a 19% tariff on most goods from the Philippines, Malaysia and Thailand, while a 20% tariff is charged on Vietnam.

Asked if the final agreements between the US and other members of the Association of Southeast Asian Nations (ASEAN) could further impact the competitiveness of the country, he said that it will remain "business as usual" until new rates are announced for the Philippines.

"Well, what we tell our (SEIPI) members for now is to take that as gospel truth. For now, that's our reciprocal tariff. If that changes because of the US Supreme Court decision that challenges its legality, or Trump announces a new tariff, then we respond," he said.

"You can't afford to have analysis paralysis, and you will not do anything. So, just do your normal business," he added.

For now, semiconductors and some electronics manufacturing services products are exempt from the reciprocal tariff.

"Am I secure with our 0% tariff for now? Yes, but I'm not going to hold my breath. Like I said, it just depends on how the wind blows in Washington, DC, but we'll see," he said.

"I think by the first or second quarter we should have some resolution there, and hopefully it's favorable for the Philippines," he added.

However, he said that there is a need for the Philippines to find new markets for its exports amid the US reciprocal tariff.

"We really need to look at new markets… whether it is ASEAN, African, or European. Especially in Europe, not many have heard of the capabilities of the Philippines," he said.

"The interesting thing is, Latin American countries like Panama are inquiring, and Canada is also inquiring, so we really have to diversify our markets," he added.

Mr. Lachica said that the Philippines must already establish its own wafer fabrication facility to remain competitive.

"If we don't do this, we are probably just going to compete with Timor-Leste or Laos, while our more advanced neighbors are still going to grow their semiconductor and electronics industry," he said.

Despite the challenges faced by the sector, he said recent trade numbers show the possibility that the exports of semiconductors and electronics will have modest growth.

"It's becoming clearer that we will exceed flat growth. You would be pleasantly surprised. It is doing better than we expected," he said. "What is driving it is artificial intelligence and the internet of things, so it is really advanced technology."

In the first nine months, the country exported $33.52 billion worth of electronic products, up 9.5% from $30.6 billion a year prior.

Meanwhile, Mr. Lachica said that the corruption scandal has been sending a bad signal to multinational companies.

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SEIPI urges gov't to help sector as it loses competitiveness

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"As you know, multinationals don't tolerate that kind of problem. If ever there's anything uncovered, they fire the executive," he said.

In particular, Mr. Lachica said some companies are seeking assurance from local partners on how they can be shielded from the effects of corruption.

"There is interest. Continuous? I hope. Significant? I hope. But there are also major concerns," he added.

Mr. Lachica said businesses want to see the results of the Independent Commission for Infrastructure's (ICI) probe on the alleged graft and corruption in government projects.

"The problem is, the ICI investigation has been going on for months, but no one is convicted. The credibility and sense of urgency, I don't see it. I hope we get some conviction soon because it sends a bad message," he said.

Source: https://www.bworldonline.com/top-stories/2025/11/14/712121/seipi-urges-govt-to-help-sector-as-it-loses-competitiveness/

Asian equities over $10B in foreign outflows

November 14, 2025 | By Reuters | The Manila Times

The Manila Times®

ASIAN equities witnessed steep cross-border outflows in the first week of November as investors booked profits on caution over lofty tech valuations and uncertainty about the sustainability of an extended market rally.

Foreigners divested approximately $10.18 billion worth of stocks in Taiwan, South Korea, India, Thailand, Indonesia, Vietnam and the Philippines for the week ended Nov. 7 in a turnaround from $2.28 billion worth of net purchases in October, data compiled by LSEG showed.

South Korean stocks witnessed roughly $5.05-billion net foreign outflows last week, reversing $4.21-billion inflows for the prior month.

Taiwan stocks saw $3.86-billion net cross-border sales, exceeding $3.21-billion outflows for October.

"Foreign outflows in Korea and Taiwan equities are primarily driven by the weakness in leading AI (artificial intelligence) -related companies, which is consistent with the global headwinds across other markets such as Japan and the US," said Jason Lui, the head of APAC equity and derivative strategy at BNP Paribas.

The MSCI's Asia ex-Japan information technology sector index lost 4.23 percent last week after registering 62.5-percent gains in the six-month period through October. The MSCI's global information technology sector index shed 4.38 percent in the previous week.

"Renewed worries over elevated tech valuations have triggered volatility, but solid fundamentals suggest current levels are justified," said Mark Haefele, chief investment officer, UBS Global Wealth Management.

"We forecast an earnings growth of 15 percent for global tech this year, followed by a solid 12.5-percent increase in 2026."

LSEG data showed that the MSCI Asia Pacific ex-Japan index had a 12-month forward PE ratio of 15.81, as of end-October, the highest since June 2021.

Indian equities, meanwhile, saw a net $1.42-billion foreign outflows last week after securing $1.66 billion in inflows in October.
"India is now the biggest underweight in GEM portfolios and only a quarter of funds we track are overweight India vs their benchmark," according to an HSBC report last Friday.

"We see India as a good AI hedge and provides diversification for those who feel uncomfortable with the AI rally. India will be an outsized beneficiary of any additional money coming into the EM region," the report said.

Vietnam and Thai stocks also saw foreign outflows of $95 million and $40 million, respectively, while Indonesia and the Philippines attracted inflows of $207 million and $77 million, respectively, in the previous week.

Source: https://www.manilatimes.net/2025/11/14/business/top-business/asian-equities-see-over-10b-in-foreign-outflows/2223457

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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