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ADB lowers PH growth forecast to 5% as infra funding freeze slows GDP

December 11, 2025 | Ruelle Castro | Malaya Business Insight

The Asian Development Bank (ADB) said it has lowered its growth forecast for the Philippines this year to 5 percent from a 5.6 percent projection made in September.

Its 2026 growth forecast was likewise revised downward to 5.3 percent, from 5.7 percent previously.

In its Asian Development Outlook (ADO) released on Wednesday, the multilateral lender said the downgrade reflects reduced public infrastructure spending, particularly as flood-control projects undergo investigations and tighter scrutiny.

“GDP growth slowed to 4 percent in the third quarter, averaging 5 percent for the year up to that period, mainly due to lower government spending on flood control projects amid investigations and stricter controls,” the ADB said.

Areas of resilience

Even so, the bank noted areas of resilience. Private construction expanded, while the October Purchasing Managers’ Index indicated continued growth in services (50.8) and retail/wholesale trade (51.3).



The S&P Global manufacturing PMI, however, dipped to 47.4 from 50.1 in October, signaling renewed contraction, though the ADB noted that sentiment over the next 12 months remains positive “with firms expecting higher output.”

The ADB said low inflation and ongoing monetary easing should help sustain domestic demand, supporting stronger growth in 2026. “However, uncertainties arising out of investigations of publicly-funded infrastructure projects and weather-related disruptions pose downside risks,” it added.

The bank expects Philippine inflation to average 1.8 percent this year before rising to 3 percent in 2026 — still within the Bangko Sentral ng Pilipinas’ 2–4 percent target band.

ADB I A1

Southeast Asia upgraded

The Philippines’ growth downgrade contrasts with the ADB’s upgrade of Southeast Asia’s outlook, raising the regional forecast to 4.5 percent from 4.3 percent, driven by strong third-quarter performance in Indonesia, Malaysia, Singapore and Vietnam.

“The outlook in the subregion varies with the different influences of global and domestic factors on economies, with some benefiting from resurgent exports and sectoral growth and others facing constraints from high household debt, slowing investment, and infrastructure bottlenecks,” the ADB said.

Risks to the region

It warned that global uncertainty, climate-related disruptions, and domestic political developments continue to pose risks to the region.

Despite these headwinds, the ADB said Southeast Asia remains resilient, with prospects hinging on sustained policy support and flexible economic strategies.

Source: <https://malaya.com.ph/business/adb-lowers-ph-growth-forecast-to-5as-infra-funding-freeze-slows-gdp/>

Biz chambers call for power to be VAT-exempt

December 10, 2025 | Justine Irish D. Tabile | BusinessWorld



ROBERT LINDER-UNSPLASH

THE exemption of electricity from value-added tax (VAT) will help ease the burden on consumers and improve Philippine competitiveness, business groups said.

“Electricity is a basic and indispensable input affecting households, small and large enterprises, and key industries,” the Philippine Chamber of Commerce and Industry (PCCI) said in a statement on Wednesday.

“Exempting electricity from VAT would provide immediate relief to consumers,” it added.

In particular, the PCCI, with the Philippine Exporters Confederation, Inc., expressed support for House Bill No. 6740.

Written by Trade Union Congress of the Philippines Rep. Raymond Democrito C. Mendoza, the bill seeks to exempt electricity sales from VAT.

“This is not only an economic measure; it is a social protection that safeguards workers and families,” he said.

“The benefits of cheaper power for both small entrepreneurs and major industries to grow, attract more investment, and generate decent employment for our people do not merely offset but far outweigh the cost to the government,” he added.

PCCI President Enunina V. Mangio said that high power costs remain a barrier to competitiveness, especially in the manufacturing sector.

“Removing VAT on electricity would reduce operating costs, helping factories expand production, attract new investments, and increase the sector’s contribution to gross domestic product and job creation,” she said.

“If we want to attract investors and grow our industrial base, we must address power costs head-on ... Removing VAT on electricity is a concrete step toward making the Philippines more competitive,” she added.

PCCI Chairman George T. Barcelon said lower power costs could also support the creation of new jobs.

“With more affordable power, industries can scale up operations, while micro, small and medium enterprises can better manage rising expenses and sustain employment,” he said.

The groups also noted that lower power costs would help attract energy-intensive projects in data centers, advanced manufacturing, and digital infrastructure.

“The proposed VAT exemption should be viewed not as a loss in revenue, but as a strategic investment – one that will yield returns through stronger economic activity, increased business confidence, and broader tax bases in the long run,” they said.

“By reducing the cost of electricity, the government empowers industry to grow, enhances productivity, and creates a more dynamic and resilient economy,” they added.

Source: <https://www.bworldonline.com/economy/2025/12/10/717889/biz-chambers-call-for-power-to-be-vat-exempt/>

House panel okays imposition of national minimum wage

December 10, 2025 | Jovee Marie N. de la Cruz | BusinessMirror

THE House Committee on Labor and Employment has approved the consolidated proposal creating a National Minimum Wage System—advancing a long-sought reform aimed at ending wage inequalities across regions.

Party-list Rep. Ramon B. Revilla III of Agimat, Committee on Labor and Employment chairman, described the approval as a “major breakthrough” in the decades-long effort to “dismantle the fragmented wage-setting structure.”

“With the Committee’s approval, we are one step closer to ending decades of unfair wage disparities among Filipino workers,” Revilla said. “This National Minimum Wage bill reflects our commitment to ‘equal pay for equal work’, no matter where a worker lives or is employed.” [Cont, page 3]

House panel okays imposition of national minimum wage

December 09, 2025 | Joann Villanueva | Philippine News Agency

The substitute bill—consolidating House Bills 55, 94, 3266, 4102, and 5924—proposes to replace the current regional wage system with a single National Minimum Wage (NMW). The initial NMW will be pegged to the highest prevailing regional rate upon effectivity and may not fall below the NCR minimum wage, ensuring no worker is left behind in the transition.

To ease the shift, the measure mandates a three-year transition period during which regional wages will gradually converge with the national rate. Regions must close at least 30 percent of the wage gap in the first year, 35 percent in the second, and the remaining balance in the third year, after which full alignment becomes mandatory.

A key reform in the bill is the abolition of the Regional Tripartite Wages and Productivity Boards (RTWPBs). Once the NMW is fully implemented, wage-setting powers will be centralized under a reorganized and strengthened National Wages and Productivity Commission (NWPC), which will set the annual NMW, issue temporary wage adjustments during economic disruptions, and convene a national tripartite wage conference.

RTWPB personnel will be absorbed, reassigned, or provided proper separation or retirement benefits under civil service rules.

The bill also seeks to balance worker protection with business viability. Micro-enterprises with valid BMBE certification will be exempted from the NMW. Wage increases granted under collective bargaining agreements within three months before the law’s effectivity may be credited.

Enforcement provisions under the Department of Labor and Employment (DOLE) will be strengthened, including mandatory worker or union representation during inspections. Violators face penalties of twice the amount of unpaid wages and imprisonment of one to two years.

Revilla said the measure marks a “historic step toward fairness and dignity” for Filipino workers, noting that harmonized wages will improve families’ quality of life, enhance labor mobility, and support long-term national growth.

Source: <https://businessmirror.com.ph/2025/12/10/house-panel-okays-imposition-of-national-minimum-wage/>

Investments in PEZA up 2.99% in end-November 2025

December 09, 2025 | Joan Villanueva | Philippine News Agency

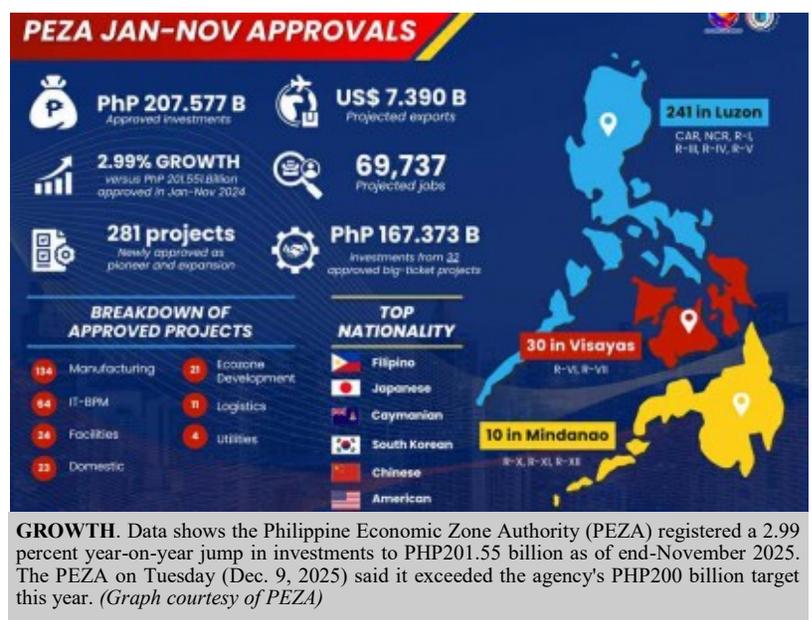
MANILA – Investments in areas under the Philippine Economic Zone Authority (PEZA) rose 2.99 percent year-on-year to PHP207.58 billion as of end-November this year, exceeding its PHP200 billion target for the year.

Data released by PEZA on Tuesday showed that total investments in the same period last year were PHP201.55 billion.

It said the growth is a 17.57 percent jump in new and expansion projects from the 239 same period last year and an 89.19 percent rise in projected exports, amounting to USD7.39 billion.

These investments provided 69,737 direct jobs, it said in a press release.

For November this year alone, the PEZA Board approved 38 new and expansion projects amounting to PHP32.21 billion, with USD1.741 billion in projected exports and an estimated 9,802 direct jobs for Filipinos. *[Cont. page 4]*



Investments in PEZA up 2.99% in end-November 2025

[Cont. from page 3]

Included in these investments are 38 projects involved in export manufacturing, facilities development, the Information Technology and Business Process Management (IT-BPM) sector, economic zone logistics service enterprise (ELSE), domestic market-oriented activities, and ecozone development.

These projects are based in Calabarzon, National Capital Region, Central Luzon, Ilocos Region, Bicol Region, Central Visayas, Northern Mindanao, and Davao Region.

"This dispersion reflects a deliberate push toward regionally balanced development and allows more provinces to benefit from job creation, industrial expansion, and increased economic activity," PEZA said.

"Even amid external shocks and a challenging global investment climate, the ecozone industry remains undeterred. Our consistent growth reflects the trust of investors in the Philippines' competitiveness, coupled with PEZA's brand of service. We will continue to champion measures that strengthen our investment ecosystem and position the country as a prime hub for sustainable, technology-driven, and resilient industries," PEZA Director General Tereso Panga said. **(With a report from Joann Villanueva/PNA)**

Source: <https://www.pna.gov.ph/articles/1264881>

Philippine foreign investment back to Covid-19 lockdown levels

December 10, 2025 | Derco Rosal | Manila Bulletin



Foreign investment levels haven't been this low since the strictest pandemic lockdown.

Largely due to a mix of onshore concerns stemming from the flood-control graft scandal, net inflows of brick-and-mortar foreign direct investments (FDI) in the Philippines dropped to \$320 million in September—the lowest level since the \$313.8 million recorded in April 2020, when the most stringent Covid-19 lockdowns were first imposed.

The latest preliminary data from the Bangko Sentral ng Pilipinas (BSP) on Wednesday, Dec. 10, showed that September FDI inflows fell by over a quarter from \$432 million in the same month last year.

Japan emerged as the primary source of FDIs during the month, with the manufacturing sector receiving the largest inflows.

Japan was likewise the top source of equity capital placements since January, followed by the United States (US) and Singapore.

"Industries that received most of these investments were manufacturing, wholesale and retail trade, and real estate," the BSP said.

As of end-September, net FDI inflows dropped 22.2 percent to \$5.54 billion from \$7.12 billion in the same period in 2024. It can be noted that year-to-date inflows were lower year-on-year since January.

Measured against the Philippines' FDI target of \$10 billion this year, the nine-month total now stands at 55.4 percent.

This year's target is higher than last year's \$9.44 billion in attracted investments.

FDI refers to cross-border investments where a nonresident investor owns at least 10 percent of the equity in a local enterprise and may take the form of equity capital, reinvested earnings, or intercompany borrowings.

FDI net inflows as of end-September, the BSP said, were equivalent to 1.6 percent of the country's gross domestic product (GDP) during the period.

Private-sector economists believe the decline in FDIs could be attributed to both global and local developments.

Philippine Institute for Development Studies (PIDS) senior research fellow John Paolo Rivera argued that while global uncertainty is a contributing factor, a more serious drag stems from onshore developments "due to the corruption scandal that stalled government spending, weaker-than-expected GDP growth, and the resulting dip in investor confidence." [Cont. page 5]

Philippine foreign investment back to Covid-19 lockdown levels

[Cont. from page 4]

“These created hesitation among foreign firms, especially those assessing long-term projects in manufacturing, infrastructure, and services,” Rivera said, adding that the wild swings of the peso, compounded by delays in project approvals, contributed another layer of cautiousness to sentiment.

SM Investments Corp. (SMIC) group economist Robert Dan Roces said the over-five-year-low FDIs could be attributed to investors’ cautiousness amid slower economic growth domestically and still-elevated global interest rates.

Growth slowed sharply to four percent in the third quarter of the year due to dampened business sentiment and tightened government spending. GDP expansion averaged five percent in the first three quarters of 2025, below the government’s 5.5- to 6.5-percent goal.

Jonathan Ravelas, senior adviser at Reyes Tacandong & Co., said the decline reflects “global uncertainty, high borrowing costs, and lingering policy gaps,” noting that a strong rebound in the last quarter is needed to hit the central bank’s target.

Looking ahead, Ravelas expects “modest inflows in manufacturing and real estate if confidence improves.” He also asserted that “now” is the appropriate time for businesses to “push clarity and competitiveness to attract capital.”

Roces believes inflows to the country remain “positive, but momentum will likely stay moderate until borrowing costs ease and reforms gain traction.”

Rivera said the drop implies that “investors are waiting for clearer governance signals, more stable policy execution, and stronger economic momentum before committing fresh capital.”

<https://mb.com.ph/2025/12/10/foreign-direct-investments-sink-to-over-5-year-low-in-september-amid-flood-control-corruption-scandal>

BOI Oks P26.4B in new investments

December 12, 2025 | Logan Kal-El M. Zapanta | Philippine Daily Inquirer

MANILA, Philippines — The Board of Investments (BOI) has approved an additional P26.43 billion in new investments, with 13 projects receiving the green light and boosting the agency’s year-to-date tally as the year draws to a close.

These projects are expected to generate 2,632 jobs nationwide, the BOI said on Friday.

A significant share of the approvals went to IT-BPM service export ventures, with facilities planned for Luzon and projected to employ about 2,300 jobs. Mass housing projects accounted for nearly P1.8 billion and roughly 200 jobs.

Renewable energy projects also contributed to the mix, with more than P23 billion worth of large-scale solar and wind power projects set to add more than 320 megawatts of generation capacity.

Source: <https://business.inquirer.net/564036/boi-oks-p26-4b-in-new-investments>



Budget transparency bill to enhance investor confidence, AmCham says

December 11, 2025 | Justine Irish D. Tabile | BusinessWorld



AMCHAM PHILIPPINES
The American Chamber of Commerce of the Philippines, Inc.

THE proposed Citizen Access and Disclosure of Expenditures for National Accountability (CADENA) Act will help strengthen investor confidence, the American Chamber of Commerce of the Philippines (AmCham) said.

“Greater public access to budget information is a critical step in strengthening trust in public institutions, and this measure will help to strengthen investor confidence, unlock greater economic opportunities, and attract more investment,” Steve Winkates, Arangkada project director at AmCham, said in a statement on Thursday. [Cont. page 6]

Budget transparency bill to enhance investor confidence, AmCham says

[Cont. from page 5]

Filed by Senator Paolo Benigno Aquino IV, Senate Bill No. 1506 seeks to establish a digital budget portal that will allow the public to access information on budget planning and preparation, legislation and authorization, pro-curement, budget execution, and fund management.

According to the Senate website, the bill was approved on second reading on Dec. 10.

On Tuesday, President Ferdinand R. Marcos, Jr. urged Congress to prioritize the proposed CADENA Act along with the bills on the Anti-Dynasty Law, the Independent People's Commission Act, and the Party-List System Reform Act.

"The prioritization of the CADENA Act is an encouraging signal that transparency is being taken seriously, and we look forward to working with the government on this and other important reforms," Mr. Winkates said.

AmCham has consistently backed measures that strengthen transparency and accountability in governance, including the Freedom of Information Act, ease of doing business reforms, amendments to the Bank Secrecy Act, and stronger oversight of public institutions.

"These reforms are essential to creating a business environment that is fair, predictable, and conducive to sustained growth," AmCham said.

Meanwhile, British Chamber of Commerce Philippines (BCCP) Executive Chair Chris Nelson expressed concern on Wednesday about how the investigation on the public works scandal is affecting the passage of key reforms.

"I think the Marcos administration has seen our messages of legislation, which we have supported," he said.

"One of my concerns, obviously, with what is going on with flood control, is the fact that a lot of time and effort are going into those investigations, and that slows down the passage of legislation," he added.

For the 20th Congress, the BCCP hopes to see the passage of the Cybersecurity Act, the Digital Payments Act, and the Blue Economy Act.

The government is investigating a multi-billion public works scandal involving government officials, legislators, and private contractors.

Source: bworldonline.com/economy/2025/12/11/718266/budget-transparency-bill-to-enhance-investor-confidence-amcham-says/

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