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SPECIAL POINTS OF INTEREST

BSP: Geopolitical risks to require RCEP action

January 24, 2026 | Andrea E. San Juan | BusinessWorld

MEMBER economies of the Regional Comprehensive Economic Partnership (RCEP) should "proactively manage" geopolitical risks to safeguard regional integration as heightened tensions in the global arena reduce goods trade and cross-border investments, according to a Discussion Paper published by the Bangko Sentral ng Pilipinas (BSP).

The BSP's study, authored by Hazel C. Parcon-Santos and Jose Adlai M. Tancangco, examined the impact of geopolitical differences on trade and investment among members of what the paper dubbed an "economically cooperative" bloc.

"Using bilateral trade and investment data from 2010 to 2023 and applying an augmented gravity model, the analysis finds that heightened geopolitical tensions reduce goods trade and cross-border investments within the Regional Comprehensive Economic Partnership," the BSP paper said.

However, the study pointed out that effects are "asymmetric," further noting that trade is more resilient to geopolitical frictions than investments, particularly portfolio investments, which are more sensitive than direct investments.

The paper said portfolio investment positions are "more sensitive to geopolitical distance" than direct investments. BSP said in its paper that the "asymmetric impact" of geopolitical distance on portfolio and direct investments can be attributed to the nature of the two investment types.

"Portfolio investments are often made with the goal of earning short- to medium-term returns through interests, dividends, and capital gains," the Central Bank's study noted, adding, these investments are "generally more liquid and can be easily withdrawn or transferred."

Thus, it pointed out that they are more sensitive to factors that cause market fluctuations, including geopolitical tensions.

"In contrast, direct investments are strategic and long-term commitments. These often involve equity ownership of 10 percent or more, such as through foreign subsidiaries, joint ventures, or controlling stakes in local firms," the BSP paper said as it cited the International Monetary Fund (IMF).

Thus, direct investments are considered "sticky" in that they are less likely to be reversed quickly in response to short-term fluctuations, said BSP.

"As with trade in goods and services, sustained or escalating geopolitical tensions could magnify the estimated effects on portfolio and direct investments, potentially leading to more pronounced cumulative declines in both investment types," the study noted.

The research highlighted that even within a "cooperative bloc," geopolitical tensions can significantly disrupt economic activity. *[Cont. page 2]*

BSP: Geopolitical risks to require RCEP action

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The paper pointed out that within the RCEP region, cross-border investment is generally more responsive to geopolitical tensions than trade flows.

“Geopolitical uncertainty tends to increase perceived risks and can significantly alter expected returns on investments. Portfolio investors particularly reallocate their holdings more rapidly in response to shifting geopolitical conditions,” the BSP study noted.

In contrast, it said goods trade is often supported by “deeply embedded” production networks and established supply chains; unlike services trade, which is less exposed to traditional trade barriers and, in many cases, can be delivered digitally.

As such, the study underscored the importance of “proactively managing geopolitical risks to safeguard regional integration and economic stability” among RCEP-member economies.

The Regional Comprehensive Economic Partnership is the largest trading bloc in the world, accounting for approximately 28 percent of global GDP and 26 percent of global exports of goods and services as of end-2023.

It comprises 15 economies in the Asia-Pacific region: the 10 Asean member states, namely, Brunei, Cambodia, Indonesia, Lao People’s Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam, along with Australia, China, Japan, New Zealand and the Republic of Korea.

RCEP was established in 2020 and came into force in 2022.

Source: https://businessmirror.com.ph/2026/01/24/bsp-geopolitical-risks-to-require-rcep-action/

BIR enlists private sector to finalize tighter tax audit rules

January 26, 2026 | By Manila Bulletin Newsroom | Manila Bulletin

Photo shows the skyline at the Ortigas Business Center in Pasig.

The Bureau of Internal Revenue (BIR) is preparing to lift its suspension on tax audits, introducing tightened framework aimed at curbing examiner discretion and restoring private-sector confidence in the nation’s tax administration.

In a statement on Monday, Jan. 26, the BIR said the bureau secured broad support for the proposed reforms during recent consultations with the country’s largest business groups.

The new guidelines, drafted by a technical working group led by Deputy Commissioner Marissa O. Cabreros, seek to address perennial complaints regarding inflated assessments and the inconsistent application of tax laws.

Once finalized, these rules will govern all new investigations conducted by the agency.

A cornerstone of the reform package is the “single-instance audit” rule. Under the draft order, taxpayers will generally be subject to only one electronic Letter of Authority (eLA) per taxable year. This single eLA will cover all internal revenue taxes, effectively ending the practice of multiple, overlapping investigations that have historically burdened businesses.

Any secondary eLAs issued for the same taxpayer and period will be automatically consolidated, though taxpayers retain a limited window to request non-consolidation under specific criteria.

BIR Commissioner Charlito Martin R. Mendoza said the overhaul is a primary pillar of the agency’s “D.A.R.E.S.” agenda, which focuses on digital transformation and accountability.

By shifting non-mandatory audits to a risk-based, system-assisted selection process using anonymized taxpayer lists, the bureau aims to remove the human element from the initial stages of audit selection.

This move is intended to reduce the “indiscriminate” targeting of companies that has long stifled the local investment climate. *[Cont. page 3]*

BIR enlists private sector to finalize tighter tax audit rules

[Cont, from page 2]

The private sector, represented by organizations including the Philippine Chamber of Commerce and Industry (PCCI), the Management Association of the Philippines, and the Financial Executives Institute of the Philippines, expressed no objection to the resumption of audits under these new safeguards.

Ruben Pascual, secretary general of the PCCI, noted that the reforms target the “bloated initial assessments” that have previously forced many taxpayers into lengthy and expensive disputes.

To ensure compliance within its own ranks, the BIR is introducing standardized audit checklists and stricter supervisory reviews. Revenue officers who deviate from the new protocols will face sanctions, a measure Department of Finance Undersecretary Rolando Ligon Jr. said is necessary to boost investor optimism.

The technical working group is now incorporating final feedback from 20 private-sector organizations before the formal lifting of the audit suspension in the coming weeks. (Jun Ramirez)

https://mb.com.ph/2026/01/26/bir-enlists-private-sector-to-finalize-tighter-tax-audit-rules

PEZA planning seamless process for export, investor-visa documentation

January 25, 2026 | Justine Irish D. Tabile | BusinessWorld

THE Philippine Economic Zone Authority (PEZA) said it will streamline documentation requirements further in the first half of the year, with plans to integrate its permit processes with those of the bureaus of Customs (BoC) and Immigration (BI).

PEZA Director General Tereso O. Panga added that the recent reforms announced by the government will help boost the competitiveness of the Philippines as an investment destination in the region.

“For PEZA, these reforms are treated as operational imperatives. In fact, we go beyond our integrity pledge by embedding PEZA’s integrity framework in our operating systems,” he said in a social media post.

“In support of these big bold reforms, PEZA will formally roll out this month our export documentation under the permit management system (PMS) module of the PEZA One Portal System,” he added.

In the first half, Mr. Panga expects the module to also include its ecozone transfer system to be bundled with the e-LoA (letter of authority).

“(This will) make our electronic permitting and monitoring systems seamless with the Bureau of Customs,” he added.
In the first quarter, PEZA is also set to launch the PEZA Visa Online System with the Bureau of Immigration.

“(This will) make the issuance of PEZA visas for foreign nationals and their dependents faster, more predictable, and investor-friendly,” he added.

The agency will also be working with the Bureau of Internal Revenue (BIR) for the establishment of a dedicated registered business enterprise taxpayer service.

PEZA will also be working with the Board of Investments (BoI) for the implementation of the Comprehensive Automotive Resurgence Strategy (CARS) and the Revitalizing the Automotive Industry for Competitiveness Enhancement (RACE) programs.

“Big reforms matter, and PEZA is ready to execute and partner with other government agencies to create synergies that ensure outcomes that create a better ecosystem for domestic and international investors within and outside of the ecozones,” he said.

He said that if the Philippines maintains its status as one of the fastest-growing economies in the Association of Southeast Asian Nations (ASEAN), the country “can aspire to be number 2 or 3 in ASEAN in terms of foreign direct investment, exports, and real gross domestic product.

Source: https://www.bworldonline.com/economy/2026/01/25/726310/peza-planning-seamless-process-for-export-investor-visa-documentation/

NCR domestic workers to get P800 monthly pay hike

January 22, 2026 | Erika Mae P. Sinaking | BusinessWorld


MACROVECTOR/FREEPIK

DOMESTIC WORKERS in the National Capital Region (NCR) are set to receive a salary adjustment after the regional wage board approved an P800 increase in their minimum monthly pay.

The Regional Tripartite Wages and Productivity Board – National Capital Region raised the monthly minimum wage for *kasambahays* to P7,800, up from the previous rate of P7,000. The increase was effected via Wage Order No. NCR-DW-06.

The Department of Labor and Employment announced the adjustment in a social media post on Thursday, noting that the new rate will take effect 15 days after formal publication.

The wage adjustment applies to all domestic workers across Metro Manila, covering those on live-in or live-out arrangements. The order specifically covers general househelps, nannies, cooks, gardeners, and those performing laundry services.

The increase does not cover other service providers, family drivers, or individuals performing domestic work on an occasional or sporadic basis.

The decision followed a public hearing held on Jan. 12.

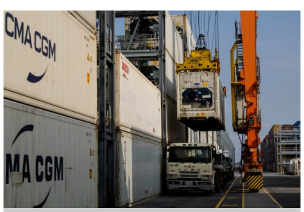
"After a thorough review and evaluation of the results of the public hearing, existing socio-economic conditions in the region, the needs of the domestic workers and their families, as well as the employers' capacity to pay, the Board deemed it necessary to increase the prevailing minimum wage rates for domestic workers," the National Wages and Productivity Commission said.

The last increase for NCR domestic workers took effect on Jan. 4, 2025 as authorized by Wage Order No. NCR-DW-05, which had set the rate at P7,000.

Source: https://www.bworldonline.com/economy/2026/01/22/725985/ncr-domestic-workers-to-get-p800-monthly-pay-hike/

Trade deficit narrows to 4-year low in 2025

January 27, 2026 | Abigail Marie P. Yraola, *Deputy Research Head* | BusinessWorld


A truck is loaded with a container at the Manila International Container Terminal at the Port of Manila in Manila, Philippines, Aug. 11, 2025. REUTERS/Eloisa Lopez

The Philippines' trade-in-goods deficit narrowed to a four-year low in 2025, as exports grew by double-digits and imports picked up, the Philippine Statistics Authority (PSA) reported on Tuesday.

Preliminary data from the PSA showed the country's trade deficit fell by 9.5% year on year to $49.17-billion deficit in 2025, smaller than the $54.33-billion gap a year earlier.

The latest reading marked the smallest trade gap in four years or since the $42.19-billion deficit in 2021.

In 2025, merchandise exports jumped by 15.2% to $84.41 billion, better than the 2% decline expected by the government.

This was also a turnaround from the 0.5% contraction in 2024 when export value reached $73.27 billion.

Electronic products, which accounted for 54.4% of the total exports, grew by 17.6% to $45.96 billion.

Semiconductors, which accounted for the bulk of electronic product sales, climbed 18.7% to $34.62 billion.

In 2025, the United States was the was the top export destination for locally made products last year with a 15.9% share worth $13.44 billion.

China, which accounted for a 14.6% share ($12.32 billion) of exports, followed by Japan with 13.7% share ($11.57 billion).

Meanwhile, imports grew by 4.7% year on year to $133.57 billion last year. Import growth also surpassed the 3.5% growth target set by the government. *[Cont. page 5]*

Trade deficit narrows to 4-year low in 2025

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Imports growth in 2025 was faster than the 1.1% gain in 2024 when it reached $127.60 billion.

During the period, electronic products made up most manufactured goods with 23.9% share. The said commodity jumped by 16.7% to $31.94 billion while semiconductors grew by 20.1% to $22.22 billion.

China was the country's biggest source of imports in 2025 with a 28.6% share worth $38.22 billion. South Korea followed with a 7.9% share ($10.58 billion), and Japan with a 7.% share as well ($10.52 billion).

Source: https://www.bworldonline.com/top-stories/2026/01/27/726663/trade-deficit-narrows-to-4-year-low-in-2025/

Investments recovery key to growth rebound

January 27, 2026 | Niña Myka Pauline Arceo | The Manila Times

The Manila Times®

A REBOUND in public and private investments could lead to gradual economic gains for the Philippines and a return to 6.0-percent growth, a senior Asian Development Bank (ADB) official said.

"I guess the main variable for 2026 is how fast does the public investment recover," ADB Country Director Andrew Jeffries told reporters on the sidelines of the Bangko Sentral ng Pilipinas' (BSP) Annual Reception for the Banking Community last Friday.

"[W]e were thinking maybe two quarters," he added, with the last six months of this year setting the stage for a stronger expansion in 2027.

For 2026, he said: "Imagine a slower quarter one and maybe a little better quarter two and then maybe a little better quarter three and a good quarter four."

A return to 6.0-percent growth is possible, but Jeffries stressed that "high investment, public and private... would be, to me, the key driver... the other things seem to be going pretty well."

He also said that exports would have to improve for long-term economic growth and economic resiliency, which will require sustained reforms, stronger investment promotion, and improvements in the business environment.

"It's not something that happens overnight," he said. "But, you know, neighbors have done it, and the Philippines can do that."

Citing "reduced public infrastructure spending," the Manila-based lender last month lowered its 2025 and 2026 growth forecasts for the Philippines to 5.0 percent and 5.3 percent, respectively, from 5.6 percent and 5.7 percent.

The country enjoyed a run of above 6.0-percent growth before the Covid-19 pandemic hit, leading to a 9.5-percent plunge in 2020. It saw a recovery in the following two years, recording a spike of 7.6 percent in 2022, but then posted below-target results of 5.5 percent and 5.7 percent in 2023 and 2024.

A 5.5- to 6.5-percent expansion was targeted for 2025, and despite a middling start to the year, officials expressed hope of a return to target. A massive flood control project scandal, however, led to a marked third-quarter slowdown that likely extended to the rest of the year.

A third straight growth miss and a marked full-year slowdown to below 5.0 percent are expected to be announced this Thursday.

BSP Governor Eli Remolona Jr. has said that 2025 growth could have slowed to 4.6 percent, while Socioeconomic Planning Secretary Arsenio Balisacan has predicted a 4.8- to 5.0-percent outcome.

Earlier this month, Remolona said the corruption scandal would have "a long impact" on economic growth, with the loss of confidence among investors and households possibly extending up to the first half of 2026.

Still, he expects a recovery to 5.4 percent this year and a further improvement to 6.0–6.2 percent in 2027, within the downwardly-revised targets of 5.0–6.0 percent and 5.5–6.5 percent.

Source: https://www.manilatimes.net/2026/01/27/business/top-business/investments-recovery-key-to-growth-rebound/2265293

PH gains in ASEAN integration, but still trails — think tank

January 27, 2026 | Ruelle Castro | Malaya Business Insight

PIDS urges PH to strengthen intra-ASEAN economic ties

The Philippines has made gains from deeper ASEAN integration, but a new study by a state-funded policy think tank cited uneven benefits as competitiveness gaps, digital readiness weaknesses, and missed targets blunt the payoff for Filipino workers and companies.

In a discussion paper, "ASEAN Economic Community through the Years: Benchmarking, Emerging Trends, and Future Pathways," the Philippine Institute for Development Studies (PIDS) found that the country's integration into the ASEAN Economic Community (AEC) is marked by "persistent gaps that could limit broader benefits for Filipinos."

Mixed landscape

"The progress toward ASEAN Economic Community (AEC) integration reveals a mixed landscape for the Philippines," the authors said, citing advances in trade liberalization and regional cooperation but lingering weaknesses in competitiveness, digital readiness, and inclusive growth.

The study said translating regional commitments into stronger domestic outcomes remains a challenge, even as a more integrated ASEAN economy is expected to generate tangible benefits for Filipino workers, consumers and businesses.

The paper is authored by PIDS Senior Research Fellow Francis Mark Quimba, Supervising Research Specialist Mark Anthony Barral, and former Research Analyst Alliah Mae Salazar.

Using indicators under the AEC Blueprint 2025, the study said about 46 percent of targets under the Philippine Development Plan (PDP) 2023–2028 are unlikely to be met, particularly in agriculture, infrastructure, peace and security, and social protection. These were described as critical to regional and global competitiveness.

While the PDP is broadly aligned with AEC pillars, the study said gaps remain in turning that alignment into results.

A global ASEAN: missed opportunity

"There is no clear ownership or champion for 'A Global ASEAN'—a missed opportunity to frame global competitiveness, diplomacy, and sustainability under one coherent agenda," it added.

The authors noted that Philippine trade and investment within ASEAN have fluctuated in recent years. Exports fell in 2020, rebounded in 2022, but slipped again in 2023, reducing the country's share of intra-ASEAN trade to 22 percent from 29 percent, placing the Philippines sixth among member states.

Imports accounted for nearly 78 percent of total trade, the highest share in the region, the study said.

While tariffs across ASEAN are already near zero, PIDS said persistent non-tariff measures—such as regulatory inconsistencies, technical standards, and border procedures—have emerged as the main barriers to deeper trade integration within the bloc.

Weakness in productivity, innovation

The study also flagged structural weaknesses in productivity and innovation. Philippine labor productivity remains behind Singapore, Brunei, Malaysia, Thailand, and Indonesia, while research and development spending, though rising slightly to 0.32 percent of gross domestic product in 2018, remains low by regional standards.

"Connectivity and sectoral cooperation also need improvement. Intra-ASEAN tourism and broadband subscriptions remain low, and transport volumes fell sharply during the pandemic, with only a gradual recovery since," the study said.

Youth labor force participation in the Philippines slipped to 45 percent in 2024 from 49 percent in 2015, PIDS said, signaling challenges in engaging young workers despite narrowing income gaps across ASEAN.

The study said that while the Philippines reduced import tariffs for ASEAN Free Trade Agreement partners to 1.05 percent in 2022, extra-ASEAN trade relative to gross domestic product (GDP) remains low. *[Cont. page 7]*

PH gains in ASEAN integration, but still trails — think tank

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Hopes up for RCEP

Looking ahead, PIDS said the Regional Comprehensive Economic Partnership (RCEP) is a key driver of potential future gains, with the agreement expected to strengthen regional value chains and support growth.

The study also pointed to the ASEAN Digital Economy Framework Agreement as a major lever for the bloc's next growth phase, provided connectivity gaps and skills constraints are addressed.

To better leverage ASEAN integration, PIDS said the Philippines should strengthen intra-ASEAN economic linkages by reducing trade costs, increasing micro, small and medium enterprise participation in regional production networks, reviewing non-tariff measures, and developing targeted investment corridors.

It also called for faster adoption of digital economy measures through improved regulation, stronger rural connectivity, expanded digital skills programs, and enhanced interoperability across government systems.

The private sector, the study said, is encouraged to deepen participation in regional supply chains, foster innovation, align with ASEAN sustainability frameworks, and support the green transition of supply chains.

"To fully reap the benefits of a more connected regional economy, the country must strengthen governance, boost innovation, and invest in people-centered policies," PIDS said.

"How the country navigates these gaps will shape not only its role in ASEAN but also the everyday opportunities and livelihoods of its citizens," it added.

Source: https://malaya.com.ph/business/business-news/ph-gains-in-asean-integration-but-still-trails-think-tank/

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