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DTI chief: Implementation of CREATE tax law expected to generate 2 Million Jobs

February 9, 2021 | Elijah Felice Rosales | Business Mirror

The Department of Trade and Industry (DTI) is banking on the new tax law to generate 2 million jobs at a time roughly 4 million Filipinos were left unemployed by the Covid-19 pandemic.

In a news statement issued on Monday, Trade Secretary Ramon M. Lopez said the government is pinning its hopes of a job rebound on the implementation of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act. He argued the measure would encourage multinationals to locate in the Philippines, and their investments should, in turn, create employment opportunities.



DTI chief Ramon Lopez

The landmark tax and incentives reform bill that we expect to be signed by the President is expected to bring in massive inflow of investments that will create more jobs, especially as we focus efforts in the national employment recovery during this period of the pandemic and beyond," Lopez said.

The trade chief added the CREATE Act is seen to remove the business uncertainties in the country that would allow investors to carry out their expansion plans stalled by the deliberations of the measure.

Policy-makers estimate the CREATE Act can add up to 2 million jobs once signed into law.

"Based on our estimate and those from Cong. Joey Salceda, CREATE can bring in over P200 billion of new investments that can generate 1.4 million to 2 million incremental jobs," the trade chief disclosed.

The CREATE Act brings down corporate income tax (CIT) charged on firms to 25 percent, from 30 percent, the highest rate among Southeast Asian nations. Further, CIT paid by firms earning below P5 million yearly was pegged at 20 percent.

The measure also introduces new fiscal incentives to replace those enjoyed by investors now, and institutes deductions on operational costs depending on the preference of the firm.

"The bill will certainly encourage more investments with the lowering of the corporate income taxes rate from 30 percent to 20 percent for MSMEs and 25 percent for large corporations. Modernizing the incentives system likewise makes the incentives such as income tax holiday, special corporate income tax rates or enhanced deductions, available to industries considered strategic, critical or export oriented," Lopez said.

Under the CREATE Act, new investments will be granted with up to seven years of tax break, and investors can apply for five years of extension for incentives based on the industry they belong to.

"The passing of CREATE will unleash the growth potential of investments by removing uncertainties during the period that the bill was under deliberation," the trade chief added.

Employment generation is at the peak of priorities for the Duterte administration in the face of job losses incurred during the Covid-19 lockdowns. In October the Philippine Statistics Authority reported at least 3.8 million Filipinos are unemployed in the heat of an economic recession. 30

Source: <https://businessmirror.com.ph/2021/02/09/dti-chief-implementation-of-create-tax-law-expected-to-generate-2-million-jobs/>

Salceda urges gov't to boost agri dev't to survive economic woes

February 8, 2021 | Mar Serrano | Philippine News Agency



Albay 2nd district Representative Joey (File photo)

LEGAZPI CITY – For the country to survive the probability of an economic disaster due to high inflation, low growth, and unemployment spawned by the coronavirus disease 2019 (Covid-19) pandemic, the government is urged to boost agriculture development.

Albay Rep. Joey Salceda in an interview on Monday said one of the government programs that could address these problems of “stagflation” is the rapid implementation of “Plant, Plant, Plant”, the Department of Agriculture's flagship project.

Salceda, an economist, said investments in agriculture create jobs, improve output, and lower price pressures. “It is one of those rare economic instruments that can address all three economic problems of inflation, low growth rate, and unemployment triggered by the pandemic,” he said.

Stagflation is the triple whammy of these concerns, he noted.

“It’s a problem for economic policymakers because the usual levers of fiscal and monetary policy have tradeoffs. For example, if we lower interest rates to enable growth, we also help accelerate price increases. If you have these three problems happening in scale all at the same time, you are in a bind as a policymaker,” Salceda said.

He stressed, however, that the situation has not yet reached an alarming level. “I don’t think we’re in stagflation just yet. You have to remember that low growth in the country is not due to some cyclical reason or some commodity shock, but because of Covid-19 alone,” he said.

“We have to accelerate vaccine rollout for sure so we can return to more normal levels of output,” he added.

The lawmaker said the country’s economy has not yet reached the alarming levels of aggregate inflation, although higher food prices are already hitting the poor harder.

Inflation target was 3-5 percent, and the country is well within that range, Salceda said.

He, however, said economic managers have to do something about the price increases in pork, vegetables, and fruits, because food price increases tend to have a cascading effect over time. They increase pressures for wage increases.

“The earlier you solve food inflation pressures, the shorter the cascading effect will be,” he said. (PNA)

Source: <https://www.pna.gov.ph/articles/1129987>

House leaders urged to prioritize ‘pandemic bills,’ set aside Charter change

February 9, 2021 | Jovee Marie de la Cruz | Business Mirror



Former Speaker Alan Peter Cayetano

Members of the independent majority bloc on Monday urged the leadership of the House of Representatives to approve bills that will immediately provide assistance to Filipinos amid the Covid-19 pandemic.

Former Speaker Alan Peter Cayetano and Camarines Sur Rep. Luis Raymund Villafuerte issued separate statements following the filing of the proposed Bayanihan to Arise As One Act (Bayanihan 3) and the next week plenary deliberations of Charter-change proposal.

“Many of our countrymen are already suffering and they cannot wait while the bill [Bayanihan 3] is being debated upon,” said Cayetano.

Cayetano said the Bayanihan 3 being forwarded by his fellow lawmakers in Congress might not be approved in time to help those who need it the most.

“I have always believed that the Filipino family deserves the best, and this [Bayanihan 3] is a step in that direction. But the reality is, it might not come soon enough for those who are struggling to make ends meet now,” Cayetano said.

Speaker Lord Allan Velasco and Marikina City 2nd District Rep. Stella Luz Quimbo had filed House Bill 8628 on February 4 to provide a P420-billion fund to help the country recover from the economic ravages of the Covid-19 pandemic. [Cont.]

[Cont.] House leaders urged to prioritize ‘pandemic bills,’ set aside Charter change

But Cayetano noted that while several such proposals have been filed both in the House and in the Senate, the country’s economic managers and the Executive department “still have a few concerns and objections about the package, especially on its fiscal impact.”

He said the proposed bill would also have to face a long series of discussions in the House. Instead, Cayetano urged his fellow lawmakers to tackle House Bill 8597, or the proposed Bangon Pamilyang Pilipino (BPP) Assistance Program, which would provide P10,000 cash assistance per family.

The bill, which Cayetano and his allies filed on February 1, aims to provide the beneficiaries with additional assistance amid the effects of the pandemic, the economic setbacks, and the hardships brought by the previous year.

Put Off

Meanwhile, Villafuerte said the apparent hesitation among many Filipinos to get inoculated against Covid-19, as reflected in opinion surveys and even admitted by key government officials, proves that the time and energy to be wasted on the planned plenary debates about Charter change should be spent instead on helping the government carry out a nationwide public information drive to persuade adults to take part in the upcoming mass vaccination program.

Villafuerte said proponents of the move in the House to amend the Constitution, which is set to be discussed in the plenary next week, should realize their misplaced priorities and focus instead on helping educate their respective constituents on the need to get immunized against the deadly virus.

He said a nationwide information campaign is needed at this point to send the message across to the people that vaccines are safe, would protect us from the highly contagious coronavirus and let us fully reopen the economy, which, in turn, would lead to a quick recovery from the global economic chaos Covid-19 unleashed last year.

“Why don’t they ask local officials if they still have time to tell people about Cha-cha while they are too busy with measures to contain the spread of Covid-19 in their communities and convincing people to get vaccinated to fight the disease?” Villafuerte said.

The CamSur lawmaker recalled that a former fellow congressman, Navotas City Mayor Toby Tiangco, was quoted in news reports as saying that local government executives do not have the time to even talk or think about Cha-cha, much less promote it among their constituents as they have their hands full in dealing with the Covid-19 pandemic.

Villafuerte said Cha-cha would only polarize the country at this point when national unity in fighting Covid-19 is of paramount importance, as shown by the opposition to Cha-cha by 10 business groups led by the Makati Business Club (MBC) and the Philippine Chamber of Commerce and Industry (PCCI) during the public hearings of the House constitutional amendments committee on the issue.

He said legislators should also work with the Executive department in crafting or passing economic stimulus measures to further energize growth and speed up economic recovery.

Villafuerte said these measures should include the “doables” endorsed recently by Finance Secretary Carlos Dominguez and Trade Secretary Ramon Lopez, particularly the Corporate Recovery and Tax Incentives for Enterprises Act and the Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery Act, along with the bills amending the Foreign Investment Act, Retail Trade Liberalization Act and the Public Service Act.

Source: <https://businessmirror.com.ph/2021/02/09/house-leaders-urged-to-prioritize-pandemic-bills-set-aside-charter-change/>

Export slowdown threatens global manufacturing growth

February 9, 2021 | Czeriza Valencia | The Philippine Star

MANILA, Philippines — Global manufacturing has remained resilient, but stalling export growth threatens to weaken production capacity, an international research firm said.

In a new research report, London-based market intelligence firm IHS Markit said even as output had been holding up last month, factories worldwide have been reporting that exports and purchases continued to be dogged by supply delays. [Cont.]

[Cont.] Export slowdown threatens global manufacturing growth

This was worsened further by logistics delays and transportation issues, it said.

The global Purchasing Managers' Index (PMI) edged lower from 53.8 in December to 53.5 in January, indicating that conditions are still stable with increases in output and new orders although at slightly slower rates.

"Global manufacturing remained encouragingly resilient in January despite rising COVID-19 infection rates and fresh lockdown measures in many countries, according to the latest PMI survey data," said IHS Markit.

"However, export growth slowed close to stalling, dampening production growth compared to prior months, with an especially notable renewed fall in exports out of mainland China."

The Philippine manufacturing sector returned to growth territory in January, supported by recovery in domestic demand.

The headline Philippine PMI rose from 49.2 in December to 52.5 in January, the highest reading in 25 months and firmly above the neutral 50 mark that separates expansion from contraction.

Respondents to the PMI survey mentioned that a recovery in domestic demand drove the uptick because orders from overseas contracted due to strict pandemic restrictions in key export destinations.

In January, the Philippines was among the handful of countries that saw renewed growth in the manufacturing sector.

As of December, official data showed that Philippine exports contracted anew in December after registering positive growth in November, reflecting slower global economic recovery.

The Philippine Statistics Authority reported that the country's total export sales declined at an annual rate of 0.2 percent in December to \$5.74 billion, coming from a four percent growth in November during which exports were valued at \$5.8 billion.

Month-on-month, earnings from outbound shipments declined by 1.9 percent in December.

Economists attributed the renewed decline in exports amid the Christmas season to the slower recovery in the global economy, especially in major markets after spikes in new COVID-19 cases in the latter part of 2020 led to lockdowns.

Exports to China, one of the country's largest trade partners, also weakened during the period.

"An area of concern is export growth, which came close to stalling after four months of expansion, suggesting that trade has become less of a driving force for the global manufacturing economy," said IHS Markit.

"However, much of the weakening export performance could be attributable to mainland China."

IHS Markit said anecdotal evidence showed that weakness in China's exports may stem partly from "widespread shipping container shortages," and virus-related restrictions.

Source: <https://www.philstar.com/business/2021/02/09/2076247/export-slowdown-threatens-global-manufacturing-growth>

Updates on Inbound Travel of Foreign Nationals in the Philippines

February 9, 2021 | Ronald Mark C. Lleno, IL Young Choi, Ramon I. Rocha IV, and Paolo Dominic G. Macariola | SyCip Salazar Hernandez & Gatmaitan

The Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF) recently announced that the effectivity of the travel restriction on foreign nationals coming from areas with confirmed cases of the new COVID-19 variants will not be extended. Further, on January 28, 2021, the IATF issued Resolution No. 97, series of 2021, which provides that, effective February 1, 2021, only foreign nationals with valid and existing visas at the time of entry shall be allowed to enter the Philippines.

[Cont.] Updates on Inbound Travel of Foreign Nationals in the Philippines

Inbound travel restrictions on foreign travelers have been in place since March 22, 2020. In a Travel Advisory dated March 22, 2020, the Department of Foreign Affairs (DFA) suspended the visa-free privileges of foreign nationals and the issuance of entry visas for visa-required foreign nationals. In addition, foreign employees with existing visas (e.g., 9[g] visa) who traveled abroad during the pandemic were not allowed to return to the Philippines. However, under Foreign Service Circular No. 29-2020, the DFA may exempt, on a case-by-case basis, foreign nationals otherwise covered by the travel ban. Employers and their foreign employees must seek an endorsement for a travel ban exemption (TBE) with the Department of Trade and Industry (DTI), or the Philippine Economic Zone Authority (PEZA) for PEZA-registered entities, which is a prerequisite before a TBE is issued by the DFA.

On December 17, 2020, the IATF issued Resolution No. 89, series of 2020, implemented by the Bureau of Immigration's (BI's) Advisory dated December 18, 2020, which provides that 9(g) visa holders who departed on December 17, 2020 or later will be allowed entry into the Philippines without the need to secure a TBE. On the other hand, the BI's Advisory dated January 30, 2021 clarified that a TBE from the DFA must still be obtained by 9(g) visa holders if they departed the country before December 17, 2020.

Considering that the total travel ban due to the new COVID19 variants has not been extended beyond January 31, 2021, 9(g) visa holders coming from affected areas and who departed on or after December 17, 2021, may enter the Philippines even without a TBE as of February 1, 2021. Their entry, however, is subject to newly imposed health protocols, such as having a pre-booked accommodation for at least seven nights in an accredited quarantine hotel/facility and the mandatory COVID-19 testing on the sixth day from the date of arrival in the Philippines, pursuant to IATF Resolution No. 97, series of 2021.

On February 4, 2021, the IATF issued Resolution No. 98, series of 2021, which provides that beginning February 16, 2021, foreign travelers with visas issued as of March 20, 2020, and still valid and existing at the time of entry, and who were not permitted to enter the country under previous IATF resolutions, shall be included in the list of foreign nationals allowed to enter the Philippines.

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