Maharlika expected to generate 100,000 jobs

THE Maharlika Investment Fund (MIF) is expected to generate 100,000 direct and indirect jobs as its initial capitalization becomes fully paid in over the first 10 years of operations, the Department of Finance (DoF) said.

The MIF is also expected to contribute 0.07 percentage point (ppt) to gross domestic product (GDP) each year over the same period, the DoF said, also citing data from the National Economic and Development Authority (NEDA).

"Due to spillover effects, the value added generated through investment activities in the first 10 years of the Fund is expected to still contribute 0.01 ppt annually to growth over the next 11-20 years," it added.

The sovereign wealth fund will be managed by the Maharlika Investment Corp. (MIC), which will have authorized capital stock of P500 billion.

The MIC's initial P125-billion funding will come from the National Government (P50 billion), the Land Bank of the Philippines (P50 billion) and Development Bank of the Philippines (P25 billion).

Under a scenario in which the MIF is not established and the government keeps the P125 billion, the retained initial capitalization is expected to contribute 0.06 ppt to growth.

"There are no spillover effects expected in this scenario," the DoF added.

A further scenario has the MIF generating 0.2 ppt in GDP growth annually if "in addition to co-investments generated with other parties, the P500-billion authorized capital stock of the corporation can be fully paid in over the course of the first 10 years of operations."

"Job creation, both direct and indirect, is projected at 350,000," it added.

Spillover effects from this scenario are also expected to contribute 0.05 ppt annually to growth over the next 11 to 20 years.

"NEDA also approximates when the impact of the investments in the following will be felt in the capital markets (in the) first few years (and) sectoral investments (in) five to seven years," it added.

Meanwhile, Finance Secretary Benjamin E. Diokno clarified that the president and chief executive officer (CEO) of the Maharlika Investment Corp. (MIC) needs to be Filipino.

"I know the head of the MIC should be Pinoy. But independent directors (can be foreigners)," he said.

The implementing rules and regulations (IRR) of the Maharlika law do not explicitly state that the MIC president and CEO should be Filipino.

The MIC president and CEO is only required to hold an advanced degree (MBA, MA, MSc, PhD) in finance, economics, business administration, or any related field from a reputable university.

It also requires a minimum of 10 years in a senior leadership role in a "reputable financial institution or public or private sector organization."

On the other hand, regular directors must be Filipino citizens and at least 35 years old.

Regular and independent directors are also both required to have a master's degree in finance, economics, business administration and have at least 10 years' experience in finance, investment, economics, business, or any related field.

The Bureau of the Treasury has started accepting nominations and applications for the president and CEO, independent directors, and regular directors.

The deadline for nominations and applications is on Sept. 27. — **Luisa Maria Jacinta C. Jocson**

BoI, PEZA hit 72% of 2023 investment targets

THE two main investment promotion agencies (IPAs) — the Board of Investments (BoI) and Philippine Economic Zone Authority (PEZA) — said they have to date hit 72% of their 2023 investment targets.

The BoI said approved investments in the first eight months amounted to P720 billion, slightly behind the year-earlier pace.

Marjorie O. Ramos-Samaniego, governor of the BoI, said at a forum on Thursday: "We see now a recent positive BoI investment approval performance. (As of) August of 2023, the BoI approved P720 billion in investment projects. This actually amounted to 72% of our original P1-trillion investment target," she said.

Last year, the BoI approved an estimated P729 billion worth of new investments, which is 11% higher than the P655.4 billion approved in 2021.

In February, the BoI raised its investment target by 50% to P1.5 trillion for 2023. Registered investments at the end of August now account for 48% of the new target.

Ms. Ramos-Samaniego said that the recently amended implementing rules and regulations of the Renewable Energy Act drove the growth of investments.

She said that the amendment allowed 100% foreign ownership in renewable energy projects such as wind, solar, hydro, tidal, and ocean energy.

"With the recent registrations with BoI, we see now that the opening up of these renewable energy projects actually contributed to the growth of our investment projects," she added.

Meanwhile, PEZA said investments between January and Sept. 7 amounted to P111.21 billion, almost three times the year-earlier level of P39.63 billion.

The approved investments were generated by 144 projects, against 148 projects from a year earlier.

"With our approved investment pledges as of September, we have achieved 72% of our P154.77-billion investment target for 2023," said PEZA Director General Tereso O. Panga in a statement on Saturday.

"We are confident that we will exceed our conservative 10% growth target this year given the increasing number of ecozone applications filed with our office as well as big-ticket projects that we expect to register in the last quarter of 2023," he added.

Mr. Panga attributed the performance to macroeconomic stability of the country and the attraction to investors of the forecast 6-7% gross domestic product growth. — **Justine Irish D. Tabile**

FROM THE PHILIPPINES TO THE ASEAN: President Ferdinand Marcos Jr. joined ASEAN Business Advisory Council Philippines Chairman Joey Concepcion as they led the Philippine delegation to the ASEAN Business Investment Summit last September 5, 2023 in Jakarta, Indonesia. With them in the delegation are DTI Sec. Alfredo Pascual; House Speaker Martin Romualdez; members of the diplomatic corps led by Jose Manuel Romualdez, Gina Jamoralin and Delia Albert; ASEAN BAC's George Barcelon; the heads of the big-brother Philippine agriculture companies led by Dr. William Dar; members of the private sector including Frederick Go and Martha Sazon; along with the Philippines winners of the 2023 ASEAN Business Awards.

AN ASEAN FIRST: REGION-WIDE PRIVATE SECTOR MOUS ON AGRI AND MSME DEVELOPMENT SEEN TO ENHANCE COOPERATION

The Philippines private sector signed last September 5, 2023 in Jakarta, Indonesia MOUs with counterparts in the ASEAN countries. ASEAN Business Advisory Council (BAC) Philippines Chair Joey Concepcion shared that this will mark the beginning of several partnerships within the ASEAN.

"This is the start of us in the ASEAN working together in areas where we need to cooperate. This is the true essence of ASEAN," said Concepcion. "These agri-MSME development partnership agreements try and address common problems among and between our countries and aim to use innovative solutions that we, as a region, can all actively participate in," he added.

Philippines President Ferdinand Marcos Jr. and Cambodian Prime Minister Hun Manet were present to witness the signing of separate Memoranda of Understanding for Partnership in Agriculture and MSME Development with the ASEAN BACs of Brunei, Cambodia, Singapore, Laos, Myanmar, Malaysia, and Indonesia, with Thailand and Vietnam also expected to join soon. The MOUs are for exploring joint partnerships in knowledge and technology development; trade and investment opportunities; research and development; and strategies in sustainable agriculture, among others. Malaysia had earlier signed its MOU last July 27, and the rest of the ASEAN countries private sector bodies signed in time to coincide with the ASEAN Business Investment Summit.

The MOU signing was held during the Indonesia-Philippines Roundtable Discussion with the ASEAN BAC Indonesia, led by its chair Arsjad Rasjid, where private sector representatives from both countries explored possible mutually beneficial partnerships on nanopreneurship, value-added mineral, and agriculture and MSME development. The ASEAN-BAC Philippines also held a bilateral meeting with ASEAN BAC Malaysia Circle (ABMC), led by ABMC Chair Tan Sri Nazir Razak. It was attended by Malaysia and the Philippines' big businesses, including those in the agriculture industry.

Philippines President Ferdinand Marcos Jr. and Cambodian Prime Minister Hun Manet witness the signing of the historic MOUs on Agriculture and MSME Development. With them are (standing, from left) ASEAN BAC Philippines Chairman Joey Concepcion, Philippines House Speaker Martin Romualdez, and ASEAN BAC Cambodia's Kith Meng.

The MOUs explore collaborations for potential agriculture, agriculture technology, food security, agripreneurship business models and value chain development among small, medium and large farmers, enterprises, and with government entities. The partnerships are patterned after the Kapatid Angat Lahat sa Agri Program (KALAP) which aims to integrate small farmers into the value chain of large agri companies, also called "big-brother companies" under the KALAP program. Concepcion said that the MOUs open up more possibilities beyond agriculture and into other areas where each country can benefit from an exchange in technology and knowledge.

This would not be the first time the ASEAN BAC Philippines implemented a region-wide cooperative program. The ASEAN Mentorship for Entrepreneurs Network (AMEN), its legacy project from the Philippines chairmanship in 2017, has successfully completed its first two phases and is now getting ready for Phase 3. The mentoring program is patterned after Go Negosyo and DTI's Kapatid Mentor ME program, and received funding from the Japan–ASEAN Integration Fund.

"With AMEN, we helped the region's MSEs access the three M's– money, markets and mentoring–which are essential to successful entrepreneurship," said Concepcion, adding that online sessions helped in its region-wide implementation, "AMEN is a powerful way to help the region's MSEs scale up and create jobs for their respective communities, ultimately helping all of us in the ASEAN grow," he said.

PEZA sees trade deal helping South Korea climb FDI rankings

THE Philippine Economic Zone Authority (PEZA) said it expects South Korea to become a top-four source of foreign direct investment (FDI) after the recently signed free trade agreement (FTA).

"If they are currently number five right now, they might be number four," PEZA Director General Tereso O. Panga said on the sidelines of a Philippine Information Agency briefing on Friday.

"If you look at the numbers, from January to September we saw a strong increase in Korean investment," he said.

PEZA estimates that South Korean FDI in the January-Sept. 7 period was P1.41 billion.

Japan topped the list with P22.61 billion approved investments, followed by Singapore (P15.4 billion), the Cayman Islands (P11.63 billion) and the UK (P2.75 billion).

Mr. Panga said the FTA with South Korea is expected to drive increased FDI in electronics, agro-processing, renewable energy, automotive, and frontier technology.

Trade Undersecretary and Board of Investments managing head Ceferino S. Rodolfo said that the FTA, signed on Thursday, will correct tariff disadvantages hindering major Philippine exports to South Korea.

The Philippines was able to secure tariff elimination on 1,531 lines of agricultural goods, of which 1,417 lines will be removed upon entry into force (EIF) of the bilateral FTA.

Bananas, which are currently charged a 30% tariff, are set to go to zero tariffs over five years, while tariffs on processed pineapples, which are currently charged 36%, will obtain tariff elimination in seven years.

For industrial goods, the FTA led to tariff elimination for 9,909 lines, of which 9,747 lines are set for tariff elimination upon EIF.

Ateneo de Manila economics professor Leonardo A. Lanzona said in an e-mail that the FTA will likely lead to large domestic companies forging tie-ups with their Korean counterparts.

"It is crucial then also that the micro, small, and medium enterprises (MSMEs) are made to link with the domestic companies that are going to be tied to the multinational Korean companies," Mr. Lanzona said.

"(The Korea FTA) is a welcome development. The more free trade agreements there are, the better," he said.

"To maximize the benefits from these FTAs, we need to support more MSMEs and upgrade the skills of the workers to give them opportunities to participate in these activities," he added.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said the FTA will boost trade and FDI in the Philippines.

The Philippines can be positioned as "an alternative manufacturing hub as well as hedge (against disruptions of) the global supply chain for the international operations of South Korean global companies," he said.

In turn, the FTA could also encourage the hiring of Filipino workers in South Korea, in view of improved economic ties, Mr. Ricafort said.

"Thus, the FTA will boost gross domestic product growth in view of the increase in external trade and investment," he said.

He added that the agreement may also boost tourism from South Korea, already a leading source of visitors for the Philippines.

However, Ateneo's Mr. Lanzona cited the need to amend the Constitution with the expansion of FDI to more industries.

"The Constitutional provision that limits foreign ownership of firms to 40% needs to be revised. Greater flexibility in our trade agreements is needed as long as greater production with more and better jobs are achieved," he said. — **Justine Irish D. Tabile**

Hotel industry feeling staffing pressures from 'brain drain'

THE hotel industry is losing some of its best staff to foreign employers as well as to Philippine call centers, an industry association said.

"The brain drain within the hospitality group, it's happening," Hotel Sales and Marketing Association (HSMA) Philippines President Loleth G. So said, describing the losses as taking place "within the country" as well as "out of the country."

Speaking at a news conference last week in Pasay City, Ms. So said domestic rivals competing for hotel workers include the business process outsourcing (BPO) industry, while foreign companies like the cruise industry employers are also hiring away its workers.

Agnes Pacis, HSMA director for membership, said the competition for talent is also affecting hotel sales and marketing personnel.

"We are experiencing it ourselves as practitioners. It used to be that we're competing with other hotels. But now we're competing with other industries like banks and BPOs," Ms. Pacis said. — **Revin Mikhael D. Ochave**

FULL STORY

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