

## S. Korea, US, Japan main focus of tourism efforts amid restrictions on visas for Chinese visitors

THE Department of Tourism (DoT) said on Wednesday that it is focusing its efforts on South Korea, the US, and Japan due to restrictions on issuing visas to Chinese nationals.

“With a more stringent visa policy towards Chinese travelers, I don’t think we can expect a flourishing market from that jurisdiction,” Tourism Secretary Ma. Esperanza Christina G. Frasco told reporters on the sidelines of an event.

The Philippines is currently embroiled in a territorial dispute with China in the West Philippine Sea.

“That is why the DoT, respectful of these realities on the ground, is actively pursuing (promotional activities in) our top source markets, including South Korea, the US, and Japan,” she said.

Ms. Frasco added that the DoT sees the India market as a “massive opportunity.”

The industry is projecting demand for 456,055 hotel rooms by 2028, according to the Philippine Hotel Industry Strategic Action Plan 2023-2028, prepared by the DoT and the Philippine Hotel Owners Association, Inc.

Ms. Frasco noted “challenges” in meeting the projections “in light of external factors

that include geopolitical stresses upon these arrivals, over which we have little control.”

She also noted that Philippine visa policy is less liberal compared to its Association of Southeast Asian Nations neighbors.

“That is why we continue to advocate for a liberalized visa system to be instituted by the Department of Foreign Affairs in partnership with the Bureau of Immigration,” she said.

Ms. Frasco added that the President’s order to establish an electronic visa system could unlock markets like India. — **Aubrey Rose A. Inosante**

# Bol confident it will exceed P1.6-trillion investment goal

THE Board of Investments (BoI) said it expects to breach the P1.6 trillion upper limit of its target range for investment approvals this year due to the volume of big-ticket infrastructure and renewable energy (RE) projects.

On the sidelines of the Investment Policy Forum on Wednesday, Trade Undersecretary and BoI Managing Head Ceferino S. Rodolfo said the project pipeline is fueling confidence at the BoI.

“We are confident that we will breach P1.6 trillion because there are infrastructure projects coming in,” he told reporters.

“And this is in addition to the RE projects that are coming in, as you can see in our pipeline for green lanes,” he added, referring to the system of granting expedited permits for strategic projects.

The BoI had previously set an internal target of approving P1.25 trillion to P1.5 trillion in invest-

ments this year. The upper limit of the target was adjusted to P1.6 trillion in August.

As of September, the BoI said it endorsed P4.3 trillion worth of investments to the One-Stop Action Center for Strategic Investments, which is set to evaluate 158 projects.

RE projects still account for the bulk of the list, with P3.91 trillion of the green lane-certified projects. Such RE projects number 128.

Six digital projects worth P346.33 billion were also endorsed for green-lane treatment, while 22 projects related to food security worth P13.5 billion were also endorsed.

Meanwhile, two manufacturing projects worth P29.61 billion were also given green-lane status.

In terms of approvals, the BoI has greenlit P1.35 trillion worth of investment pledges as of mid-September.

This represents an 82% increase from the P741.98-billion approved investments in the same period last year and surpassed the P1.26-trillion full-year investment approvals in 2023.

He said the main driver for BoI’s investment approvals performance was the removal of the restrictions on foreign equity on RE projects.

“We are already at P1.35 trillion (investment approvals), but not all of that is because of promotions ... the most critical piece of the puzzle that led to that was the removal of equity restrictions,” he said.

Investments in RE projects increased after the government allowed full foreign ownership in the sector, which was previously capped at 40%.

The event Mr. Rodolfo appeared at was the International Institute for Sustainable Devel-

opment (IISD)’s 16<sup>th</sup> edition of the Investment Policy Forum. The three-day summit aims to put together investment negotiators and policymakers from developing and emerging countries.

“It is the first time in the Philippines for this event. In terms of the number of participants, we have around 95 participants coming from countries from Latin America, Africa, and Asia, but we also have institution representatives,” IISD Director Suzy H. Nikiéma said.

She said that more than 40 countries are represented at this year’s event.

“We created this event because we realized we didn’t have a platform where investment policy makers can meet together from developing countries and emerging economies to share the challenge to discuss ideas, strategize, and build coalitions,” she said. — **Justine Irish D. Tabile**

## German envoy says defense talks with PHL could conclude this year

THE PHILIPPINES and Germany are looking to sign a defense agreement outlining areas of security cooperation by the end of the year, according to Germany’s Ambassador to Manila.

On the sidelines of the German-Philippine Chamber of Commerce and Industry briefing on Tuesday, Ambassador Andreas Michael Pfaffernschke said that the two parties are still negotiating the terms of the agreement.

“I think it’s a general agreement on how to work together on security issues in the future,” Mr.

Pfaffernschke told reporters late Tuesday.

“The real content is still subject to negotiation, but it will include training like it’s already done for the Philippine Armed Forces in Germany; it might include equipment; and it will include joint exercises and many more,” he added.

He described the agreement’s scope would not reach the level of a Visiting Forces Agreement (VFA).

“It’s a Security Cooperation Agreement. I don’t think there’s an interest, neither of Philippine troops to be stationed in Germany

nor of German troops to be stationed in the Philippines in the future. So we do not aim for a VFA but for something lower,” he added.

He said there is a working draft for the agreement, subject to further negotiation.

“For this agreement, Defense Secretary Gilberto C. Teodoro, Jr. and my Defense Minister in principle had agreed to (conduct negotiations until) the end of this year,” he said.

“But you know, once you have agreed on a text, there are still the legal checking procedures in the ministries, and that might again

take time. So, I’m still hopeful that we will get there by the end of the year,” he added.

Asked for his outlook on trade and investment between the two countries, he said it will depend on whether the Philippines undertakes measures that are attractive to foreign direct investment (FDI) and removes any obstacles.

“If so, then I have every reason to advertise for more FDI to come to the Philippines. But it also depends on the government, and it is hard to predict what will come out of that,” he said. — **Justine Irish D. Tabile**

## East Asia-Pacific among most exposed to climate shocks — WB

THE East Asia and Pacific Region is the second most exposed to climate-related shocks globally, which could push part of its populations to extreme poverty, the World Bank (WB) said.

In a report, the Washington-based bank said the 67.9% of the East Asia and Pacific’s population is exposed to extreme weather events. It found South Asia (88.1%) to be the most exposed.

Less than one-tenth of the East Asia and Pacific population is at high risk to climate shocks, while the Sub-Saharan Africa has the highest share of its population both exposed and at risk to climate shocks (39.2% and 37.3% respectively).

“The pandemic has shown how shocks can have a long-lasting effect on welfare. Shocks are expected to increase with more frequent and severe extreme weather events,” the World Bank said.

The bank also noted that while the global distribution of income has improved since 1990, a large portion of the world’s population lives close to the poverty line. This indicates that moderate shocks can rapidly push people back into extreme poverty, it said.

Nearly one in five people is likely to experience a severe climate shock in their lifetime that they will struggle to recover from, the bank said. These climate-related hazards include floods, heat, drought, and cyclones.

Climate shocks will likely intensify as the three main anthropogenic greenhouse gases — carbon dioxide, methane, and nitrous oxide, trapped 50% more heat in 2022 since 1990, the bank said.

Greenhouse gas emissions, which cause global warming, impact the occurrence and severity of extreme weather events. The bank also noted the slower progress globally in reducing greenhouse gas emissions per unit of growth.

Ending extreme poverty and boosting shared prosperity re-

quires delivering faster and inclusive growth, and increasing protection from climate shocks, according to the World Bank.

Around 8.5% of the global population is living in extreme poverty this year. This also means that 692 million people worldwide live on less than \$2.15 per person per day.

Factors that hinder poverty reduction include slow economic growth and shocks such as the COVID-19 pandemic, inflation, and increased conflict and fragility.

The World Bank also noted that the Sustainable Development Goal of ending extreme poverty in all countries by 2030 will not be achieved.

“Between now and 2030, only 69 million people are projected to escape extreme poverty,” the bank said, noting that 7.3% of the global population will live in extreme poverty by the end of the decade.

“If economic growth continues to be slow and inequality remains unchanged, the 3% goal will remain out of reach for decades.”

The multilateral lender classified the Philippines as a “high inequality” economy with a Gini index of 40.7.

The World Bank projects that around 40% of the global population (or more than 3 billion people) will live on less than \$6.85 a day, the poverty threshold for middle-income countries. It also noted that less than 20% will have less than \$3.65 a day.

“This means that poverty at the higher lines is projected to decline at rates similar to the ones achieved in the beginning of this century, while progress in reducing extreme poverty is slowing significantly,” World Bank said.

“This projection reflects several factors, including differences in where the poor at the various lines live and the associated countries’ projected growth rates over the next half-decade.” — **Beatriz Marie D. Cruz**

### CORRECTIONS

IN THE ARTICLE “Smaller nuclear power plants deemed more suitable for PHL” published Oct. 13, the text has been modified online to more faithfully reflect the source’s assessment of the baseload nature of nuclear power.

In the article “Waste-to-energy seen as balancing act between disposal, increased emissions” published Sept. 25, the text has been modified online to reflect the critical importance of WTE plants complying with global standards and the Clean Air Act of 1999.

*BusinessWorld* regrets the failure to incorporate the proper context in both articles.

### OPINION

## The ‘BuZ’ is coming: Establishing the Bulacan Ecozone

Aside from traveling the world, my bucket list includes going to live concerts of my favorite artists. I’m sure most people my age are the same. In the Philippines, fans are lucky to have concert venues that can accommodate a large scale audience, which makes our country appealing to concert organizers. When it comes to concert venues, I’m pretty sure the Philippine Arena and Philippine Sports Stadium are among those that come to mind. These are the two largest event venues in the country which are both located in Bulacan.

In the coming years, however, Bulacan will not only be on the minds of concert goers but also of foreign investors.

In June, the bill creating the Bulacan Special Economic Zone and Freeport lapsed into law as Republic Act No. 11999 and took effect on July 13. This law establishes the Bulacan Ecozone or “the BuZ.” The purpose of this new ecozone is to attract foreign investment that will generate employment and increase productivity and individual, as well as family, incomes.

The BuZ covers: (a) the Airport Project and the Airport City Project of San Miguel Aerocity, Inc., which includes the development of a new Manila International Airport in Bulacan, Bulacan; and (b) land of certain cities and municipalities in Bulacan that are not yet included as component parts of

### TAXWISE OR OTHERWISE NESTINE P. BUISAN

the Airport Project and the Airport City Project.

The law also establishes the Bulacan Special Economic Zone and Freeport Authority (BEZA). The purpose of BEZA is to manage and operate the BuZ, in accordance with the provisions of the law; and to establish the general framework for land use, planning and development for the BuZ. The BEZA is to be organized within 180 days from the effectivity of the law.

Let’s discuss the salient features of the BuZ.

#### REGISTRATION WITH BEZA

Prospective locators within the BuZ may register with BEZA and qualify for business incentives in accordance with Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE). However, the Airport Project and the Airport City Project remains covered by its specific franchise granted under Republic Act No. 11506, including the incentives and regulatory regime provided by that law.

The management and operations of any existing Philippine Economic Zone Authority (PEZA)-supervised economic

zones in the BuZ will remain with PEZA. Any existing PEZA-registered locators within the BuZ will have the option to register with PEZA or the BEZA. The capitalization requirement and incentives granted by the two Investment Promotion Agencies (IPA) are basically the same.

The BuZ also allows foreign citizens and companies owned by non-Filipinos to set up enterprises in the BuZ in any sector of industry, international trade and commerce subject to existing laws, rules and regulations on foreign equity restrictions.

#### SPECIAL CUSTOMS TERRITORY

The BEZA will operate and manage the BuZ as a separate customs territory. As such, BEZA is to establish a permanent customs control or customs office at its perimeter to enhance revenue collection and prevent imports of prohibited goods into the customs territory. On the other hand, exports or removal of goods from the BuZ to other parts of the Philippines are subject to customs duties and taxes.

#### INCENTIVES FOR ECOZONE ENTERPRISES/INVESTORS

Registered enterprises operating within the BuZ may apply for fiscal incentives granted under CREATE, and such other fiscal incentives as may be provided by law (e.g., R.A. No. 11506). This includes an income tax holiday, the special cor-

porate income tax rate (SCIT) of 5% or enhanced deductions, VAT and duty exemption on imports, and VAT zero-rating on local purchases, among others. The grant of fiscal incentives by the concerned IPA shall only be to the extent of the approved registered project or activity of the registered business enterprise.

Foreign nationals, who either intend to invest in the BuZ or possess highly specialized skills, can apply for a special resident visa within the territorial coverage of the BuZ while the investment subsists.

A Special Skills Visa is available to foreign executives and foreign technicians with highly specialized skills which no Filipino possesses. Applications are to be sponsored by the registered enterprises that require the expertise of the applicants. The law also requires that such enterprises formulate and undertake an understudy or skills development program to ensure the transfer of technology or skills to Filipino workers.

An Investors Visa, on the other hand, is available to any foreign national who invests \$250,000, either in cash and/or equipment, in a BEZA-registered enterprise.

#### REVENUE SHARING

The revenue from the 5% SCIT to be collected from the registered enterprises will be allocated as follows — 40% to the National Government, 20% to BEZA, and 40% to local government units.

#### IMPLEMENTING RULES AND REGULATIONS

The implementing rules and regulations (IRR) are due within 90 days from the effectivity of the law. The draft IRR as of Sept. 27 has been released on the website of the Board of Investments for public comment.

The creation of the Bulacan Ecozone is expected to generate revenue from investments, exports, and taxes that will boost the economy. The ecozone will also provide more job opportunities. It is hoped that investors will be sufficiently enticed and not miss the BuZ.

Personally, I look forward to the creation of the new airport as it will attract more tourists and international artists to perform in the country. Who knows? Maybe we can finally have a Taylor Swift and BTS concert here.

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