UK, Philippines close to signing P375-billion export finance deal

By Justine Irish D. Tabile
Reporter

THE PHILIPPINES and the UK are expected to sign an export finance agreement within three months, the British ambassador said, involving an allocation for the Philippines of about 5 billion pounds (P375 billion).

Ambassador Laure Beaufils said late Wednesday that UK Export Finance will support British firms' participation in infrastructure projects like bridges, railroads, offshore wind farms, and ports.

"We hope that (the agreement) will happen over the course of the next three months. We are very hopeful of that," Ms. Beaufils told reporters.

"It is really about supporting British exports to the Philippines... (the financing) can take the form of guarantees or support a loan from a bank; it can take a lot of different forms to enable the Philippines to basically buy British products," she said.

"Our export finance offer (requires that) only 20% of the project has British content. You can have a big project with only 20% British content" that can be financed, she added.

She called Philippine interest in joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) a "great development."

"More important and interesting for us is the possibility of the Philippines joining CPTPP, which could be a great development because we see it as the gold standard of trade agreements. And I know the Philippines has been looking at that as a possibility," she said.

"For us that would be great because then the Philippines would accede to that existing big family of trading partners that are using the gold standard," she added.

She said that joining the CPTPP makes more sense for the Philippines than negotiating bilateral free trade agreements with the members of the partnership.

Regarding US tariffs, she said the Philippines will have some difficulty attracting companies seeking to relocate from high-tariff countries.

"The challenge for the Philippines is that the cost of energy is so high and it doesn't really have a manufacturing base that's ready right now. And that's going to be the challenge in terms of whether the Philippines can benefit from higher tariffs on other ASEAN countries," she said.

"It won't happen overnight, I suspect," she added.

However, she said there is a lot of interest from British tech and cyber companies as well as companies providing financial services.

According to the ambassador, the UK's new trade envoy, George Freeman, will be visiting the Philippines in May.

"I think that's going to be a really exciting moment in our trade as well because he's going to try to really dig down on some of these sectors. And in particular, tech, because he's an expert in science and tech, to see what more we can do to turbocharge our relationship," she added.

Franchise industry sees growth slowing this year

THE franchising industry is expected to post more modest growth of about 8% this year, the Philippine Franchise Association (PFA) said.

"I think (growth will be) a bit more muted... at about 8-10%," PFA Chairman Sam Christopher Lim said on the sidelines of the Franchise Asia Philippines 2025 Conference and Expo.

The association had projected 10-12% growth was for 2024.

"We do know there are a lot of headwinds around the world, and we do not know where inflation or interest rates are going," he added.

He said US tariffs will have an effect on brands most exposed to the US market.

"But even that will be a bit muted because I think in the franchise sector, they've been diversifying their supply base, and a lot are actually localized," he added.

In terms of value, PFA Director Joey Alvero said the industry's value is "much bigger now" compared to the P538 billion estimated in 2022.

"I think if in the past years it has been growing by about 8-10%, (at a compounded rate) it is going to be about P800 billion," he said.

Mr. Lim said that food remains the biggest segment for the franchising industry.

"But services is actually one of the faster-growing sectors. As the market matures, service franchising actually becomes an equally important sector. But food will still drive most of it," Mr. Lim said.

He said that the growth will also be driven by the demand from more people getting into franchising.

"We see a lot of people really wanting to be their own boss. Especially people in the provinces — they want to be based back there and create their own opportunities there," he added.

He also cited the Department of Trade and Industry's support for the franchising industry through financing.

However, Mr. Lim said the industry needs policy support in the area of ease of doing business.

"If there's something that will help the industry, it's ease of doing business, cutting red tape, and really trying to standardize the rules across the local government units because sometimes they differ," he added. — **Justine Irish D. Tabile**

ADB 2024 Philippine package tops $6 billion

THE PHILIPPINES received $6.02 billion in financial assistance from the Asian Development Bank (ADB) in 2024, the second-biggest recipient among the bank's partner countries after India with $7.26 billion.

The other top recipients were Indonesia ($3.28 billion), Bangladesh ($3.21 billion), Pakistan ($2.99 billion), and Uzbekistan ($2.35 billion).

In its annual report released on Thursday, the bank reported that commitments to the Philippines, consisting of loans, grants, and co-financing programs, fell 28.16% year on year.

The Philippines had been the biggest recipient of financial assistance from the ADB in 2023.

Among the approved loans last year were the $1.19-billion first tranche of the Laguna Lakeshore Road Network facility and the $500-million support for the subprogram 1 of the public financial management (PFM) reform program.

The nearly 30-kilometer Laguna Lakeshore expressway aims to cut travel time between Taguig City and Calamba, Laguna.

Meanwhile, the PFM program is expected to improve national budget frameworks, boost local government capacity, and establish a PFM system in the Bangsamoro Autonomous Region in Muslim Mindanao.

Other loans include $474.6 million for subprogram 2 of the Climate Change Action Program and $30 million for the Project Development and Monitoring Facility managed by the Public-Private Partnership (PPP) Center to develop up to 35 new projects by 2029.

The climate-related policy-based loan will "finance the deployment of climate technologies and mobilize investments in renewable energy, energy efficiency, climate-resilient agriculture, and nature-based solutions."

Another PPP-related program was the $2.1 billion support for the modernization of the Ninoy Aquino International Airport.

In addition, the Philippines also received $1.55 billion for co-financing projects and $6.6 million for technical assistance from the ADB last year.

In response to the housing shortage, the ADB committed a nonsovereign loan of $5 million for the property technology platform Lhoopa, Inc. to build affordable housing in Cebu, Davao, and Luzon.

The ADB also said that it launched new country partnership strategies for the Philippines, Cambodia, and Laos.

"Extending to 2029, the Philippine strategy prioritizes human development, economic competitiveness, quality infrastructure, and disaster resilience," it said.

ADB Philippines Country Director Pavit Ramachandran has said the bank is hoping to approve loans worth $4 billion for 2025.

In the same report, the ADB said its overall commitments amounted to $24.30 billion, with $14.87 billion for co-financing. — **Aubrey Rose A. Inosante**

Condo oversupply a sign of policy disconnect as affordable housing backlog widens

PHILIPPINE HOUSING policy is likely to be encouraging the wrong activities, judging by the condominium oversupply, which is taking place simultaneously with a backlog in affordable housing, a government think tank said.

"About 64% of Filipinos are between the ages 15 to 64. This is an opportunity for government to come up with a framework on how to serve the housing needs of this population," according to Marife M. Ballesteros, vice-president at the Philippine Institute for Development Studies.

"We have a rising backlog in the midst of the oversupply of condominiums and problems with vacancy rates in socialized housing. And therefore, the question is: are we doing the right thing in terms of policies?" she said at a virtual briefing.

The Philippines faces a housing deficit of 6.5 million units, which could rise to 22 million by 2040 if not addressed, according to UN Habitat.

On the other hand, mid-market and upscale condominiums in the Philippine capital are in oversupply, with 81,400 unoccupied units, Leechiu Property Consultants said.

In their "Demographic Trends and Housing Patterns in the Philippines" study, Ms. Ballesteros and co-authors Jenica A. Ancheta and Tatum P. Ramos cited the need to address the demand for affordable housing.

"The difficulty to access housing also implies a slowdown in the rate of new household formation. Children, relatives staying longer in parental homes can lead to congestion as larger sized homes are even more difficult to attain in the market."

Heads of household aged 25 to 34 have declined from 28% in 1980 to 20% in 2020. In contrast, households headed by those aged 35 to 64 have increased.

"From a housing perspective, these are households that own rather than rent, and have a lower demand for large-sized housing," according to the authors.

Single-person households also saw a significant increase, more than doubling from 2.9% in 1990 to 9.1% in 2020.

"The housing problem in cities actually can endanger family institutions and impact children's psychosocial development, which could be a cause of rising health and social problems in society," Ms. Ballesteros said. — **Beatriz Marie D. Cruz**

YouTube Shopping launches in Philippines

YOUTUBE and Shopee launched YouTube Shopping in the Philippines on Thursday, making it the sixth Southeast Asian market where the feature has been made available.

Sapna Chadha, vice-president for Southeast Asia and South Asia Frontier at Google Asia-Pacific, said video now consists of about a fifth of e-commerce.

"We've actually also seen that 20% of all e-commerce is video. So that is 20% of the entire e-commerce market," she said.

"That is the big driver of our investment into this space, and we've also seen that profits are on the rise in this space," she added.

She said the creator economy in Southeast Asia is driving the trend.

"YouTube creators are seen as not just entrepreneurs and influencers, but are seen as trusted advisors," she added, noting that 98% of users globally are likely to trust YouTube creator recommendations.

Vincent Lee, head of Shopee Philippines, said YouTube and Google are among the most trusted platforms by e-commerce shoppers in the Philippines.

"The way it integrates provides a very seamless experience for the buyers. So, the creators can tag the products now, and the buyers now have a seamless experience and reliable experience for checkout," he said.

He added that the feature is particularly important for categories that naturally require a lot of testimony or product try-on.

"Beauty, skincare, technology, and gadgets... are all natural categories where people want to have a look and feel and have an experience looking at the product in an authentic way," he said.

"The content creator plays a big role in helping the buyers to make these decisions," he added.

Asked if the partnership could be a growth driver for Shopee, he said, "Yes, of course. I think overall because of the reach of Google and YouTube, we do believe that this allows not just Shopee but also brands and sellers and creators to reach more audiences." — **Justine Irish D. Tabile**

Electric vehicles, infotainment systems vulnerable to cyberattacks — Trend Micro

CYBERSECURITY needs to be upgraded for electric vehicles (EVs) and in-vehicle infotainment systems, according to cybersecurity company Trend Micro.

"The Philippines faces cybersecurity gaps due mainly to a lack of strict regulations and security frameworks for connected vehicles and EV infrastructure. The EV ecosystem continues to expand, and with it, its attack surface," Myla Pilao, director of Trend Research, said in an e-mail.

About 4% of the estimated 500,000 vehicle purchases this year are expected to be EVs, Chamber of Automotive Manufacturers of the Philippines President Rommel R. Gutierrez said in February.

As more countries adopt EVs, attackers are likely target EV components and in-vehicle infotainment. This could lead to compromised vehicle controls, data breaches, and potential financial losses.

"Attackers will most likely target personal data, GPS (global positioning system) location, payment credentials, and remote access controls, which are the tip of the iceberg regarding the data collected by used modern vehicles," Ms. Pilao said.

In the last decade, about 83% of reported automotive-related vulnerabilities worldwide involved onboard components like operating systems and chipsets, according to a report by VicOne, a subsidiary of Trend Micro.

To gain unauthorized access, attackers usually exploit weak authentication, outdated software, or unsecured communication protocols to gain unauthorized access, Ms. Pilao said.

Once inside, attackers can deploy malicious code to control vehicle functions, steal sensitive data, or disrupt operations, while remaining undetected.

Artificial intelligence (AI) can also be used to attack EVs and in-vehicle infotainment systems.

"While AI can enhance security, researchers have found that AI-powered threats could manipulate sensor data in autonomous vehicles and bypass security measures," according to Ms. Pilao.

Car companies and vendors must deploy stricter supplier evaluations, and conduct security assessments and vulnerability scans, Trend Micro said.

For their part, vehicle owners must ensure regular software updates and multi-factor authentication.

EV charging stations are also vulnerable as they are connected online, and interact with payment systems and power grids.

"If not properly secured, they could be exploited to access in-vehicle systems, steal payment information, and disrupt charging processes," the company said in its Trend Micro Security Predictions for 2025 report.

Derrick John Tolentino, vice-president and general manager at EV solution startup EVOxCharge, said it is implementing robust security measures through multiple protection layers.

"While industry frameworks like the NIST Cybersecurity Framework and ISO 21434 provide guidance, the rapid expansion of charging networks introduces new security challenges," he said in an e-mail.

EVOxCharge is a unit of logistics company Transnational Diversified Group. It supplies, operates and maintains EV charging infrastructure. — **Beatriz Marie D. Cruz**