FTA upgrade,
from S1/1

As ASEAN's second-largest trading partner, South Korea plays a key role in ensuring mutual economic resilience amid global shifts, he noted.

"This strengthening of partnership is undoubtedly a win-win situation, especially since trade diversification is not an alternative anymore today, but is an imperative that every nation-state must embrace," he said via Facebook Messenger.

If realized, the upgraded FTA would boost trade in agriculture and machinery, enhance tourism-driven growth, and attract more South Korean investments to the region, he added.

For the Philippines, the deal could strengthen its electronics exports and provide alternative sources of oil, petroleum, and agricultural goods, supporting both energy stability and food security, Mr. Cortez noted.

RCEP

During the 5th Regional Comprehensive Economic Partnership (RCEP) Leaders' Summit on Monday, Mr. Marcos urged the member states to accelerate the accession process to expand the bloc's membership and ensure that businesses, especially micro, small, and medium enterprises (MSMEs), fully benefit from the world's largest free trade agreement.

He noted that early expansion would deepen regional integration, reinforce supply-chain resilience, and reaffirm ASEAN's central role in shaping Asia's economic future.

"It is in our collective interest to advance the accession process without delay," Mr. Marcos said.

The RCEP brings together the ASEAN member states along with China, Japan, South Korea, Australia and New Zealand, covering nearly a third of global gross domestic product (GDP) and trade.

"RCEP exemplifies ASEAN's commitment to a rules-based trading system — our strongest anchor amid today's global uncertainties," the Philippine president said.

"It provides a stable and predictable framework for trade and investments, allowing our economies to grow and develop together in an environment of trust, fairness, and transparency."

Mr. Marcos called on all RCEP parties to enhance cooperation on awareness-building and capacity development, enabling MSMEs to utilize the pact's benefits better.

He added that Manila is ready to collaborate with other members on a regional campaign to promote the pact and facilitate dialogue, business matching and cross-border collaboration.

"To further demonstrate our commitment, the Philippines will be pleased to host this International Trade Forum in November next year," he said.

The President also underscored the need for RCEP to evolve with global trends, highlighting the importance of cooperation in digital trade, the creative economy, green transition, and innovation.

According to Mr. Cortez, the President's remarks highlighted the Philippines' openness to collaborate with other nations and underscore the importance of multilateral approaches to today's economic challenges.

He noted the regional trade pact offers a framework for both developed and developing members to protect their economic interests amid global market volatility and geopolitical uncertainty.

"One has to bear in mind that trade is not merely affected by skyrocketing tariffs, but also political and armed conflicts. With every part of the world today seemingly challenged by political uncertainty, trade disruptions are inevitable," Mr. Cortez said.

"Hence, it is in the best interest of RCEP not only to devise collective frameworks, but also to widen its membership as these new signatories, in one way or another, will always be an alternative should the need arise."

He urged the bloc to expand its focus beyond traditional industries to emerging sectors like the creative economy and innovation — while ensuring such progress does not disadvantage low-skilled workers, in line with RCEP's founding principles.

FULL STORY
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Monetary Board's Diokno sees more easing as graft woes weigh

THE PHILIPPINE central bank may cut its key interest rate again in December and further next year, as the economic fallout from a corruption scandal may linger through the end of 2026, an official said.

"I would expect another 25-basis-point cut" at the next meeting in December, Bangko Sentral ng Pilipinas (BSP) Monetary Board member Benjamin E. Diokno said in an interview with Bloomberg Television's Avril Hong on Monday.

Further rate cuts are possible "maybe sometime next year," as policymakers assess economic growth and employment data, with inflation under control, according to Mr. Diokno.

The BSP reduced its benchmark interest rate by a quarter point this month as a corruption scandal in the government's flood control projects has threatened the country's economic outlook. Its next rate-setting meeting is scheduled for Dec. 11.

Mr. Diokno, who once helmed the central bank as well as the finance and budget departments, said the economy may "slow down a bit" due to the corruption controversy and trade uncertainties. He said 2026 will be "a transition period" as President Ferdinand R. Marcos, Jr. fixes the problem.

In July, Mr. Marcos exposed corruption in flood control projects worth billions of pesos. Many of the projects were either substandard or nonexistent, leading to investigations that have implicated key public works officials and several lawmakers, who have denied wrongdoing. The allegations fueled a broad exit by foreign investors in the stock market.

"We will probably be able to recover from this mess by the end of next year. And in 2027 and 2028, we'll be back on track," Mr. Diokno said.

The Philippine peso last week fell to its lowest level against the dollar since February. It was little changed at P58.635 at 11:05 a.m. in Manila on Monday. The benchmark stock index was down 1.3%.

Mr. Diokno said the central bank will only intervene in the foreign exchange market if the peso's weakness affects the BSP's inflation target range of 2% to 4%. "The BSP does not target a specific rate," he said. — ***Bloomberg***

Fitch,
from S1/1

"The 'BBB' rating and 'stable' outlook reflect the Philippines' strong medium-term growth, which supports a gradual reduction in government debt/GDP, and the large size of the economy relative to 'BBB' peers," it said. "The rating is constrained by low GDP per head, despite an upward trend."

In the first half, the Philippine economy grew by an average 5.4%, slower than 6.2% seen in the same period last year.

For his part, Department of Budget and Management (DBM) Undersecretary and Principal Economist Joselito R. Basilio said third-quarter GDP will likely remain within target, driven by private consumption.

"(The GDP is) most likely on target," he told reporters on the sidelines of the 2025 Fiscal Policy Conference on Monday. "The target range is low, right? So, it can be reached very easily," he added referring to the 5.5-6.5% government target.

The third-quarter GDP data will be released on Nov. 7.

Mr. Basilio said that private consumption might have picked up in the third quarter amid easing inflation and interest rates.

"So, *maaasahan natin ngayon 'yung* private sector driven growth (So, we can now rely on private sector-driven growth)," he added.

Mr. Basilio said he expects GDP growth to remain on target until yearend as the government plans to boost its spending in the coming months.

The Development Budget Coordination Committee is scheduled to meet between late November to early December to review its macroeconomic targets, he added.

'CORRUPTION KILLS GROWTH'

Meanwhile, GlobalSource Partners' analysts said massive corruption in flood control projects have weighed on Philippine economy, preventing it from growing over 6%.

"These funds — siphoned through fraudulent contracts and padded budgets — could have built schools, improved hospitals, and created up to 266,000 jobs. The resulting drag on productivity meant economic growth of 5.5-5.7%, when the economy could have expanded closer to over 6%," GlobalSource country analysts Diwa C. Guinigundo and Wilhelmina C. Mañalac said in an Oct. 23 commentary.

Finance Secretary Ralph G. Recto earlier said the economy may have lost up to P118.5 billion between 2023 and 2025 due to these anomalous projects.

"The moral indictment is clear: corruption kills growth, weakens resilience, and erodes trust. When infrastructure becomes a source of private enrichment rather than public service, the entire development agenda collapses," they added.

For a developing country like the Philippines, they said good governance is an "economic necessity," not a "moral luxury."

"Every peso lost to corruption is a peso withheld from productive investment. When public works are marred by inefficiency and fraud, they not only waste resources but also weaken the very foundations of inclusive growth: connectivity, productivity, and resilience," they said.

"Unmasking corruption in public works, therefore, is more than an anti-graft exercise — it is a strategy for resilience and growth. In the final analysis, the most enduring infrastructure a nation can build is good governance itself: a system sturdy enough to withstand both earthquakes and temptations." — **Katherine K. Chan**

Carriers,
from S1/1

AirAsia Philippines said it is working closely with the government and industry partners to explore options to address adjustments in airport operational costs, including terminal enhancement fees.

AirAsia Philippines Communications and Public Affairs Head Steve F. Dailisan said in a Viber message that the airline supports initiatives that "enhance the overall customer journey."

"I fully agree (with this move). It is indeed more inconvenient for passengers to pay separate fees for so many things related to their travel — everything should be incorporated to the cost of the ticket and paid only once," Nigel Paul C. Villarete, senior adviser on public-private partnership (PPP) at Libra Konsult, Inc., said via Viber on Monday.

Mr. Villarete said it is understandable why airlines would want to collect it as a separate fee, but deciding to tuck it in the base fare would be the best option.

"I understand that the airlines don't like this and will oppose it, but this is the way to go and the best option. Airlines can print the breakdown in the tickets for the passengers to see," he said.

"It is a very convenient move, to hide the additional cost in the base fare. Blame will then be attributed to airlines, not the terminal operator. To the public, it is the same impact," said Rene S. Santiago, an international consultant on transport development and former president of the Transportation Science Society of the Philippines.

Starting September this year, NNIC has also started collecting higher passenger service charge or terminal fee to P950 from P550 for international departures. The terminal fee for domestic departures was raised to P390 from P200.

AIR TALKS

Meanwhile, Mr. Arcilla said CAB has also signed an agreement with Thailand which allowed local carriers like AirAsia Philippines to continue operating there through a third-country code-sharing agreement.

The recently signed deal amends the Philippines and Thailand's existing air service agreement, Mr. Arcilla said.

A third-country code-sharing agreement involves carriers in two countries selling flights on a third country's airline.

"Philippines AirAsia is 100% foreign owned but it is still a local carrier," Mr. Arcilla said, adding that under the current air service agreement only locally controlled airlines are allowed to operate in Thailand.

In June, CAB said that the Philippines is also working on a code-sharing agreement with South Korean and Japanese carriers to expand connectivity between Manila and the US.

Remittances,
from S1/1

"Given that the US is a major source of Philippine remittances, these developments could make it harder to hit the BSP's 3% growth target for remittances," he added.

VISA ISSUE

Meanwhile, the International Monetary Fund (IMF) said the US government's move to impose a $100,000 fee on new H-1B visas may pose a risk to remittances from the US.

"The fee on H-1B visas could impact remittances from the US, but we do not have specific estimates at this point," an IMF spokesperson told *BusinessWorld* in an e-mail, adding that they will monitor further developments and evaluate its impact once additional information becomes available.

In September, Mr. Trump issued a proclamation that required employers who are sponsoring foreign-born workers through the H-1B work visa to pay a one-time fee of $100,000 fee to the US government.

H-1B visas allow foreign workers to temporarily work for US companies in industries such as science, information technology, engineering and finance. The fees are typically shouldered by employers.

Angelo B. Taningco, research head and chief economist at Security Bank, said stricter US immigration and visa policies may have a moderate to minimal effect on overseas Filipino workers (OFWs) remittances.

"I think OF remittance flows from US to the Philippines would be moderately impacted by restrictive US immigration policy, but minimally affected by the hefty $100k H-1B visa fee because there are not many Filipino H-1B visa applicants," he told *BusinessWorld* in an e-mail.

Workers from India account for the majority or about 70% of the total H-1B visa approvals.

On the other hand, Filipinos hold less than 1% of the total number of H-1B visas, according to IT & Business Process Association of the Philippines President and CEO Jonathan R. Madrid.

Nonetheless, Mr. Rivera said the new visa fee could reduce future remittance inflows by discouraging new applicants.

"The new $100,000 fee on new H-1B visa petitions raises the cost of working legally in the US, which could discourage new entrants or slow the growth of that skilled migrant stock, thus dampening future remittance volumes," he said.

Reinielle Matt M. Erece, an economist at Oikonomia Advisory and Research, Inc., noted that lower remittances could hit the economy as it might limit household spending.

"Lower remittances may show lower disposable income of families with OFWs, thus lower disposable income may result in lower spending," he said in a Viber message. "Lower spending results in slower jobs and income growth within the domestic economy."

Mr. Rivera also said weaker inflows could also put a strain on foreign exchange reserves as well as put more pressure on the peso and external balance.

"The Filipino diaspora in the US is still the largest globally — by far — so I highly doubt that making it difficult for new entrants to come into the country in the future will instantly affect the US' position as the largest origin market for remittance inflows," Mr. Chanco said.