



## **Santiago, Chile**

### **October 13, 2014**

#### **1. Current economic, political situation and labour situation in the country**

##### **Economy**

The Bangko Sentral ng Pilipinas (BSP) or Central Bank of the Philippines has raised its interest rates on overnight borrowing and lending, as well as on special deposit accounts (SDA) by 25 basis points (bps) in an aggressive stance to ward off inflation risks.

The Monetary Board (MB), the central bank's policy-setting body, hiked last September 11, 2014 the overnight borrowing and lending rates to 4 per cent and 6 per cent, respectively. In a briefing following the MB meeting, it was announced that the rate hike was dictated by dangers of strong inflation pressures in 2015 and 2016.

In the meantime, the Philippine Stock Exchange index (PSEi) tumbled for the third consecutive session as the market continued its consolidation process following recent gains. The PSEI slipped 0.15 per

cent or 10.72 points to close at 7,202.06 despite ending the afternoon session 0.20 or 14.63 points higher. The broader all shares index, meanwhile, inched up slightly by 0.04 per cent or 1.55 points to 4,256.70.

The government plans to offer a lower tax rate on net income for a period of 10 years to investors instead of income tax holidays (ITH) under the proposal to rationalize fiscal incentives, a cabinet official said. A 15 per cent tax on net income instead of ITH is seen to entice investors to go to the Philippines since it is the lowest rate in the region.

### **Political situation**

With widespread blackouts looming next year due to shrinking energy sources, Pres. Benigno C. Aquino III is asking Congress to give him emergency powers so he can stave off a potential crisis that can push back economic growth and shatter his administration's gains.

An energy crisis in 2015 is also expected to complicate efforts by the administration to win votes in the general elections the following year.

“To be more efficient and impactful in our efforts, very soon we will formally ask Congress for a joint resolution that will authorize the national government

to contract an additional generating capacity to address the 300-megawatt projected deficit and, on top of that, to have sufficient regulating reserves equivalent to 4 per cent of peak demand, for another 300 megawatts,” Aquino said in a speech during the launching of the 420-megawatt Pagbilao III power plant project in Makati City.

## **Labour Situation**

The employment rate in July 2014 is estimated at 93.3 per cent. This estimate is based on the July 2014 round of the Latest Report from Labour Force Survey (LFS) which did not cover the province of Leyte. The employment rate for the same month of 2013, computed using data from the July 2013 LFS that includes the province of Leyte, was 92.7 per cent. Using data from the same LFS round, but excluding data from the province of Leyte, the employment rate for July 2013 is also estimated at 92.6 per cent.

## **2. HR challenges**

The 3 main challenges facing the HR profession in the Philippines at present are still:

- Leadership development

- Talent management
- Succession management

### **3. PMAP projects and initiatives**

#### Bill to Professionalize and Regulate the HR Practice

The PMAP Board are introducing a bill to professionalize and regulate the Philippine HR practice by requiring all HR professionals to take a written examination to be administered by the Professional Regulatory Commission. The reasons given are to standardize the HR practice and to prepare HR professionals for the eventual Asean integration. There are some quarters opposing the bill, citing reasons such as, government intervention is not the logical way of regulating the practice. Instead, self-regulation is the preferred method. They also said that it will discourage People Managers from other functional areas to practice HR and passing the bill into law will go against the practice of multinational corporations to freely assign and rotate their HR Directors from one Asean country to the Philippines or vice versa.

#### **4. Annual Conference**

- 51<sup>th</sup> PMAP Annual Conference  
September 17-19, 2014  
Cebu Waterfront Hotel, Cebu City, Philippines

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