Keynote Speech

4th Philippine-Singapore Business and Investment Summit

RALPH G. RECTO
SECRETARY OF FINANCE

September 19, 2024
Shangri-La Singapore

Singapore is more than just a friend to the Philippines.

You are a trusted ally and a dependable neighbor who we look up to with admiration.

Singapore is a crucial pillar in the Philippines' own story of progress

8th largest trading partner:

USD 10.62 billion (2023)

6th largest investor in PEZA:

USD 107.27 billion (As of June 2024)

2nd biggest contributor to Net FDIs:

USD 182.65 million (2023)

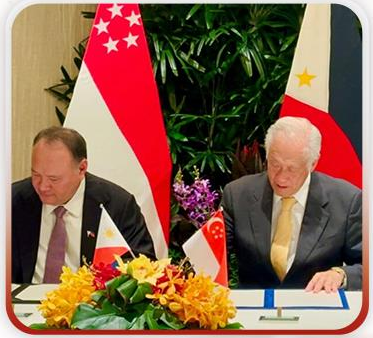
9th top source of tourist arrivals:

149,230 (2023)

Sources: PSA, BSP, DOT, and DTI

We share mutual respect.

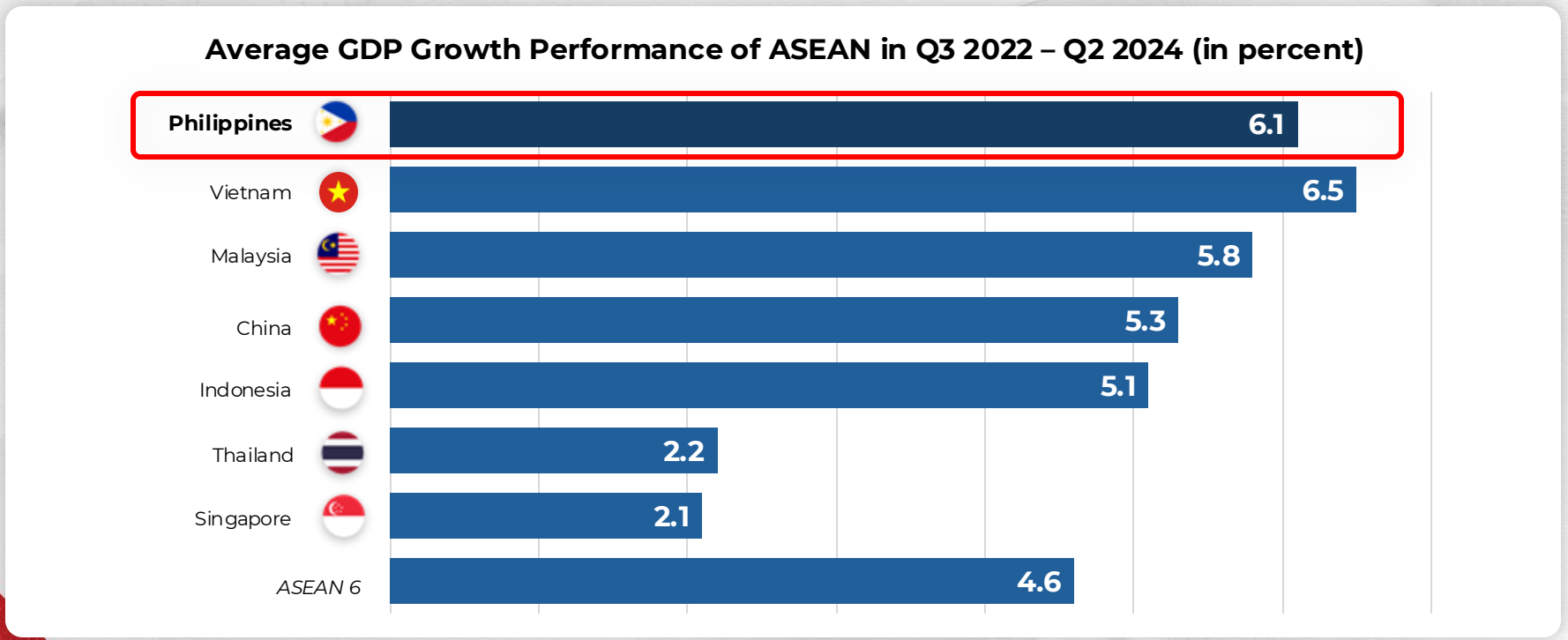
We both understand that harmony and security are crucial to achieving prosperity.



In July 2024, a Memorandum of Understanding (MOU) on defense cooperation was signed between the Philippines and Singapore, allowing both countries' militaries to broaden their engagement for the region's peace and stability.

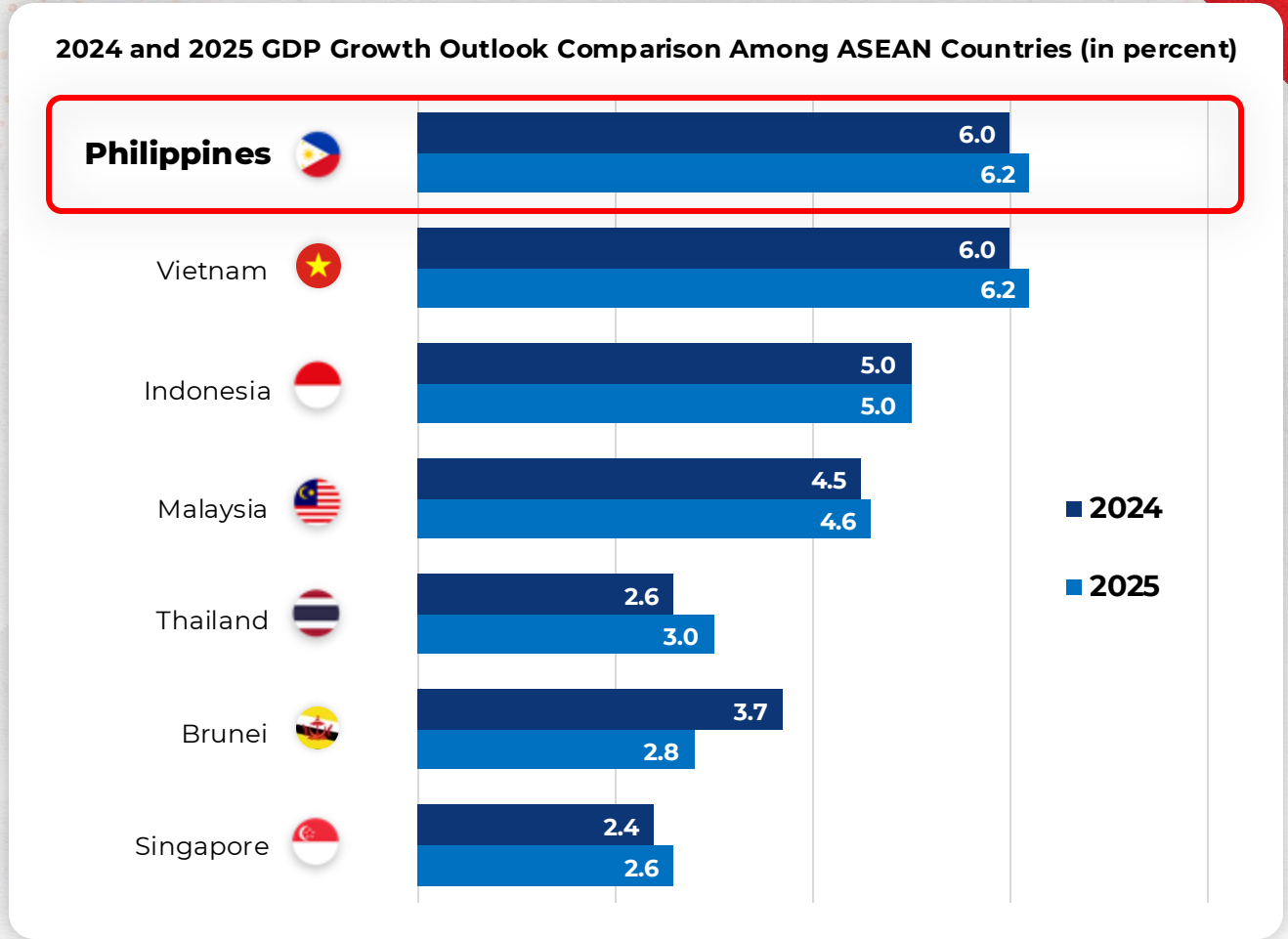
The Philippines is booming and has all the makings of a tiger economy

The Philippines is a rising economic superstar in ASEAN



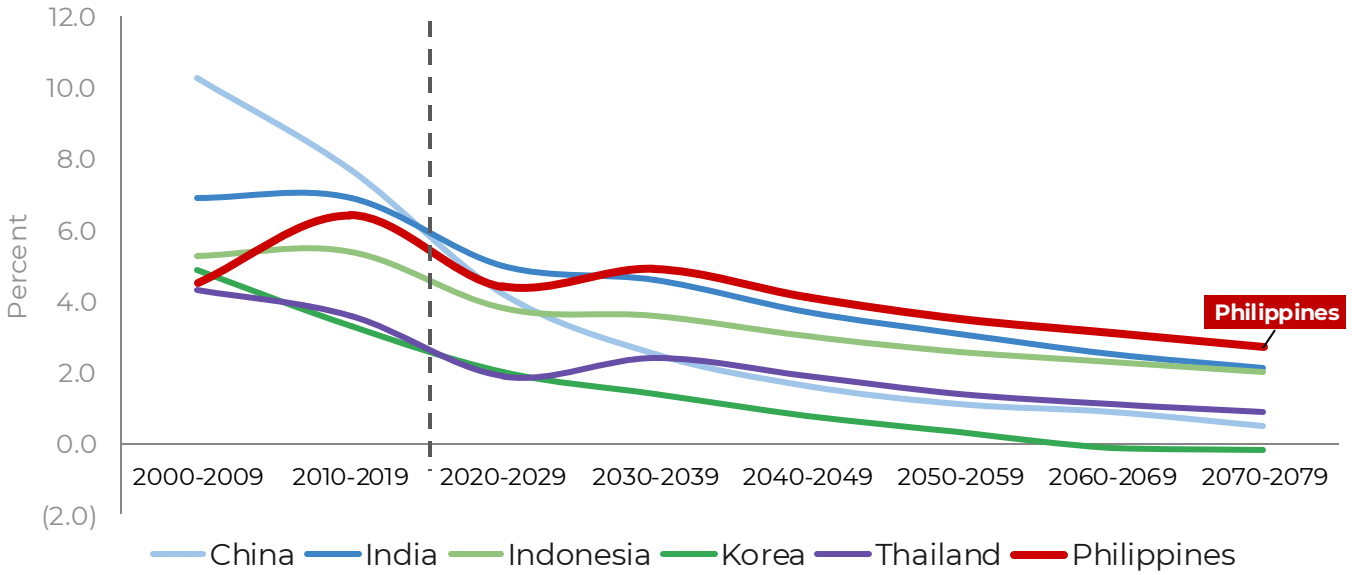
Sources: IMF WEO Reports for July 2024
Note: Average annual growth rates were divided into seven quarters for the period Q3 2022 - Q2 2024.

The Philippines will continue to be a frontrunner in ASEAN



Source: ADB

Global growth will be led by Asia's powerhouses for the next decades, notably by the Philippines



Source: Goldman Sachs (2022)

The Philippines will be the 14th largest economy worldwide by 2075

World's Top 15 Largest Economies by 2075

Rank	Country	2075 Real GDP (In USD Trillion)
1	China	57.0
2	India	52.5
3	USA	51.5
4	Indonesia	13.7
5	Nigeria	13.1
6	Pakistan	12.3
7	Egypt	10.4
8	Brazil	8.7
9	Germany	8.1
10	United Kingdom	7.6
11	Mexico	7.6
12	Japan	7.5
13	Russia	6.9
14	**Philippines**	**6.6**
15	France	6.5

Average GDP Growth Rate 2020-2075 *Conservative Estimate*	
Philippines	**3.9%**
Asia	**2.6%**
World	**2.2%**

Source: Goldman Sachs (2022)

The Philippines' inflation rate remains manageable, significantly lower than the global average

Jan - Aug 2024
3.6%

Government Target
3% - 4%

IMF Projections	2024	2025
Philippines	**3.4%**	**3.0%**
World (Average)	5.9%	4.5%
Emerging market and developing economies (Average)	8.3%	6.2%

Source: IMF

Our robust domestic consumption shields us against external factors contributing to slow global growth

Expenditures Percent Share to GDP in First Semester 2024
(at Constant 2018 Prices)

71.0%
Household Consumption

15.5%
Government Consumption

24.7%
Gross Capital Formation

(10.8%)
Net Exports (Exports-Imports)

Source: PSA
Note -0.4% stat discrepancy

The Philippine domestic market has a **huge capacity** for Singaporean enterprises to thrive

PH is expected to ascent to upper middle-income-status in 2025

An upper middle-income country means having a gross national income (GNI) per capita ranging between USD 4,516 and USD 14,005 for 2025.

PH is forecasted to be world's 13th largest consumer market by 2030

PH will have a total of 79 million consumers in 2030 from 41 million in 2020.

Source: World Bank

The country's strong labor force fuels the dynamism of our economy

July 2024 Labor Force Survey Results

63.5% ↑
Labor Force Participation Rate

63.8% ↑
Share of wage and salary workers to total employed individuals

12.1% ↓
Underemployment rate

4.7% ↓
Unemployment rate

Source: PSA

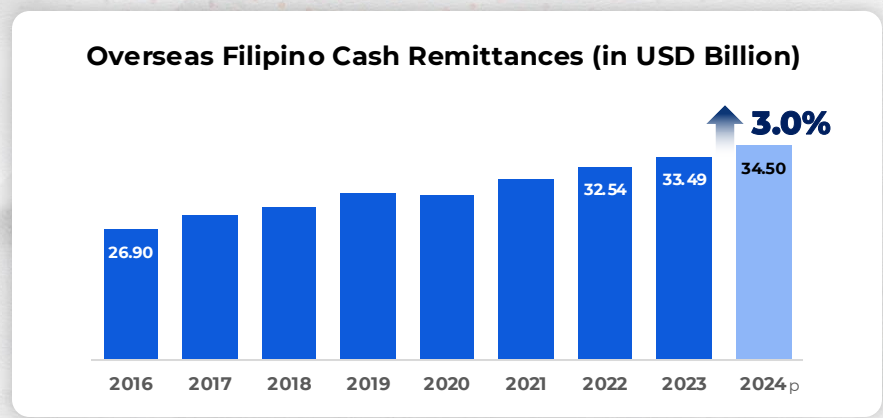
The Philippines and Singapore should become demographic partners

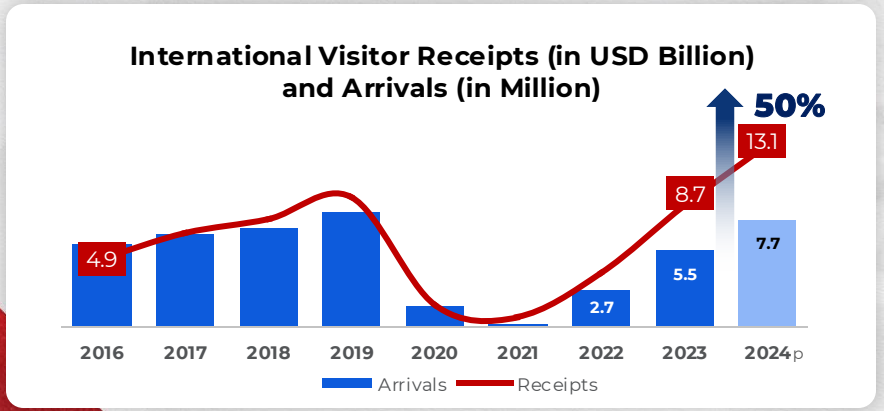
Median Age of Select Countries as of 2023

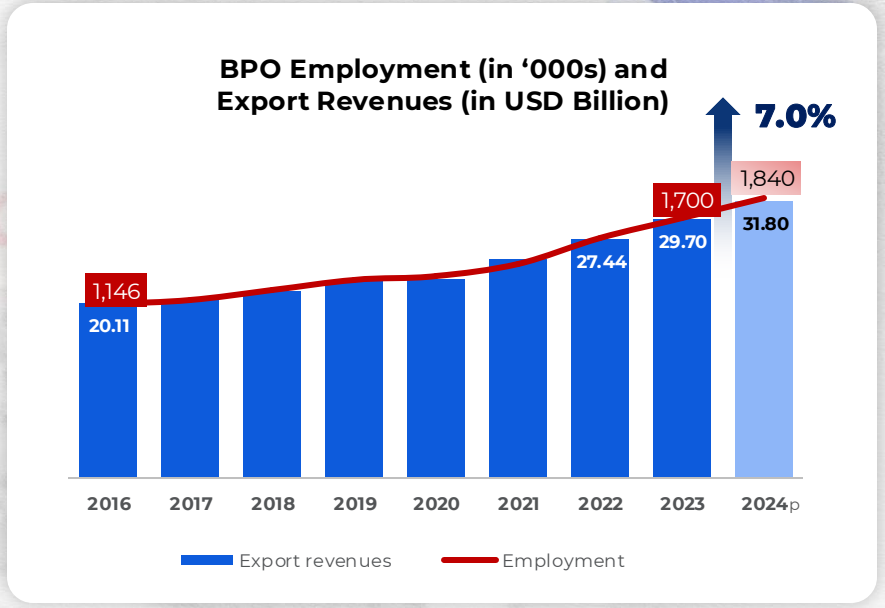
Philippines	**25.3**
Singapore	35.1
Japan	49.0
Europe	42.2
Thailand	39.7
China	39.1
United States	38.0
Australia	37.8
Vietnam	32.4
Brunei	31.8
Malaysia	30.1
Indonesia	29.8
Myanmar	29.5
India	28.1
Cambodia	25.8
Lao PDR	24.3
East Timor	21.0

Source: United Nations Revisions of World Population Prospects 2024

Singaporean investors can find assurance in the Philippines' resilience to trade wars due to its solid external accounts



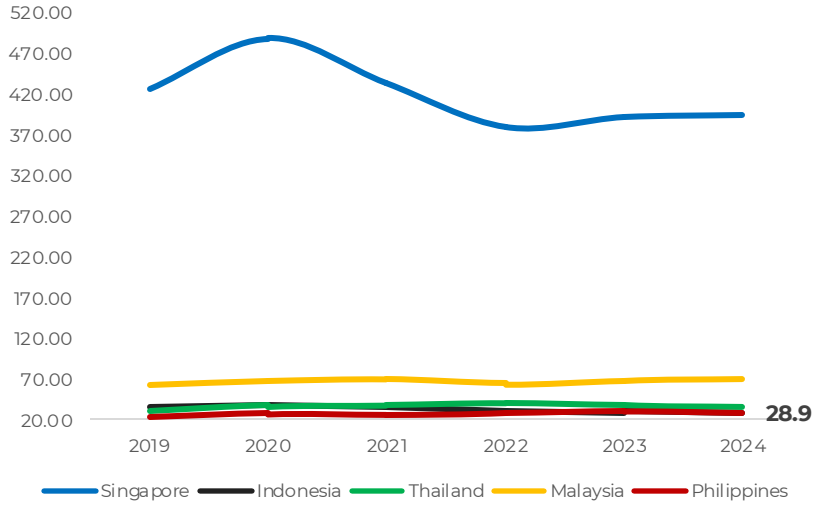




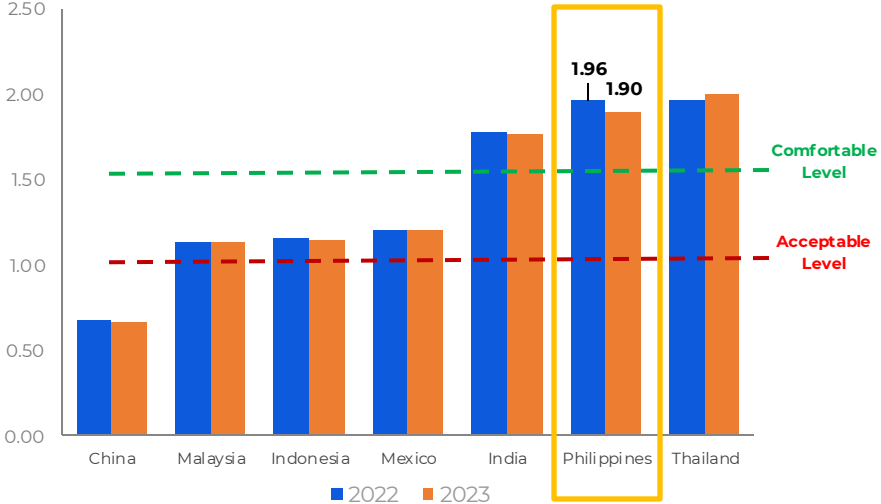
Source: BSP

The Philippines continues to have the **lowest external debt-to-GDP among ASEAN**, and its level of reserves are significantly higher than peers

External Debt Among ASEAN-5 Countries (as percentage of GDP)



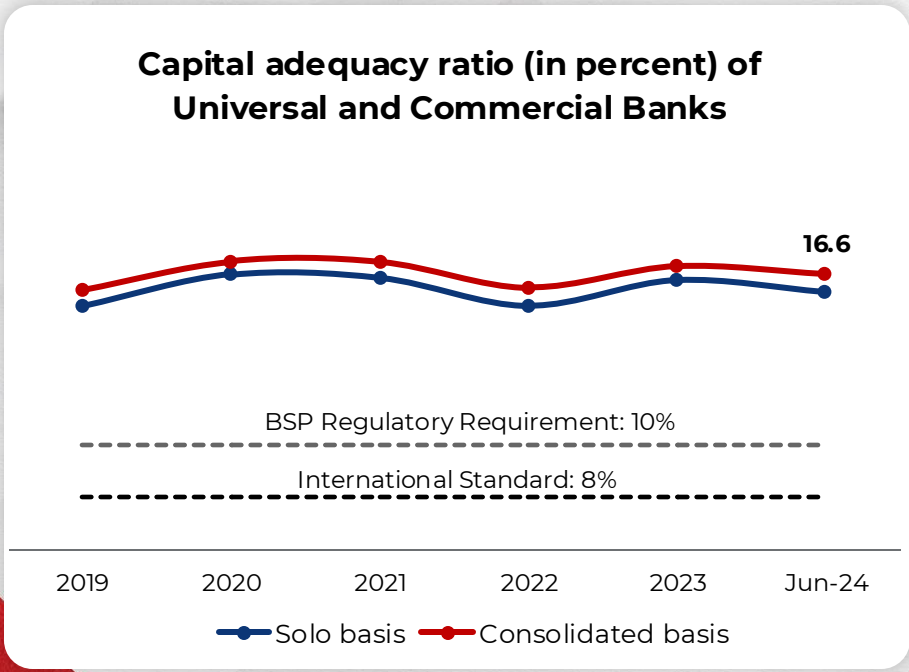
Ratio of Reserve / Assessing Reserve Adequacy Ratio (ARA) Metric of Select Countries

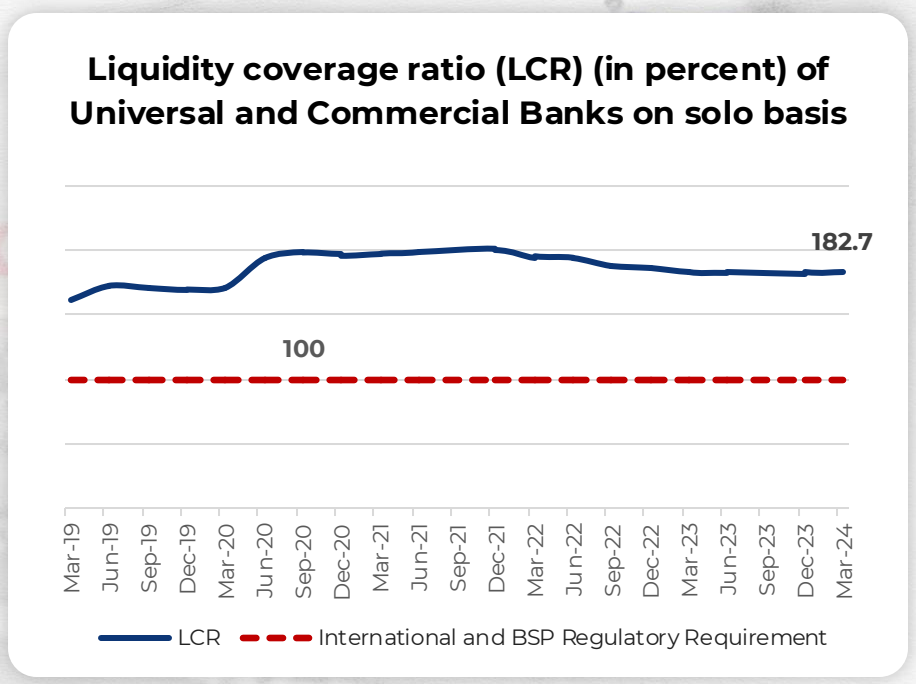


Source: BSP

*External Debt-to-GDP: PH as of S1 2024, others as of Q1 2024

The Philippine banking system is strong and stable





Source: BSP

The Philippine government's commitment to prudent fiscal management

ensures stability for Singaporean businesses

Our refined Medium-Term Fiscal Program ensures the following:

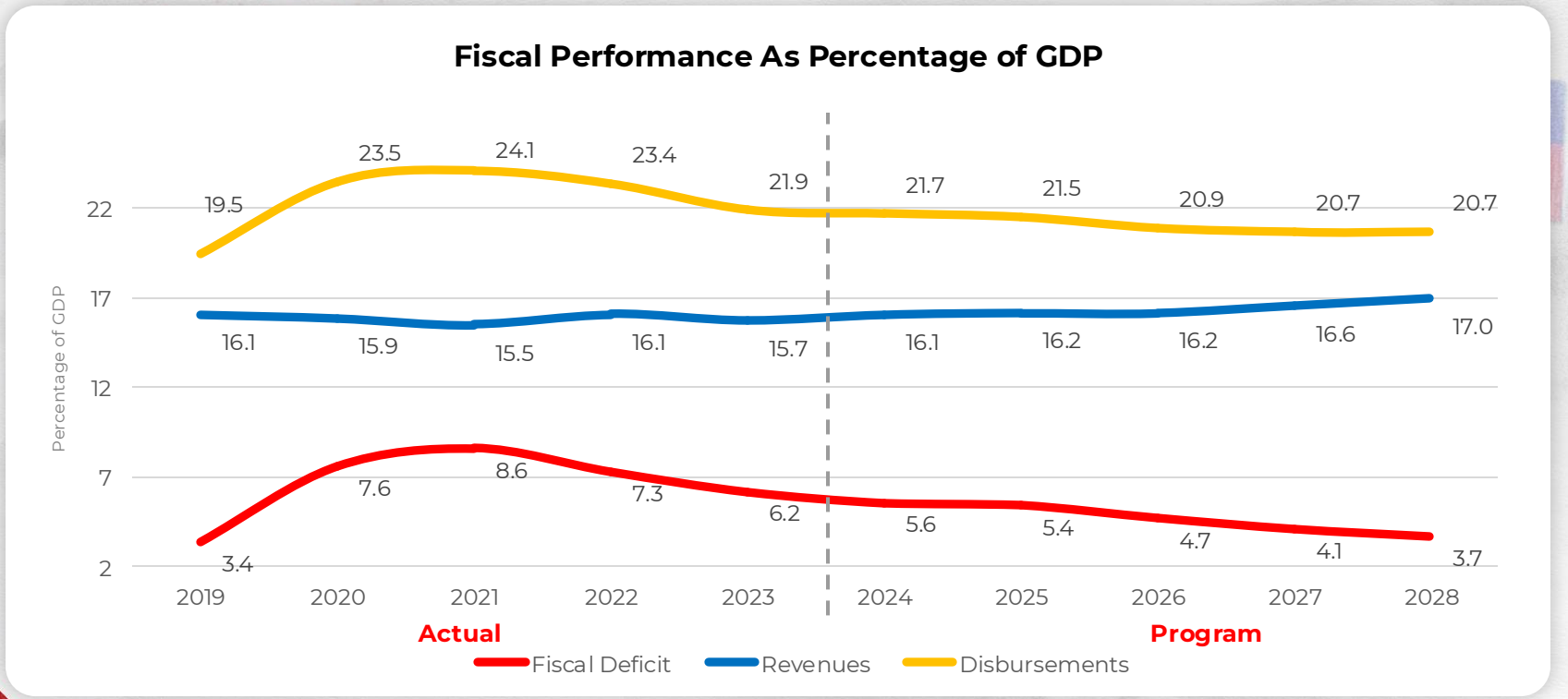
Reduce debt and deficit gradually in a realistic manner

Create more and better jobs

Increase people's income

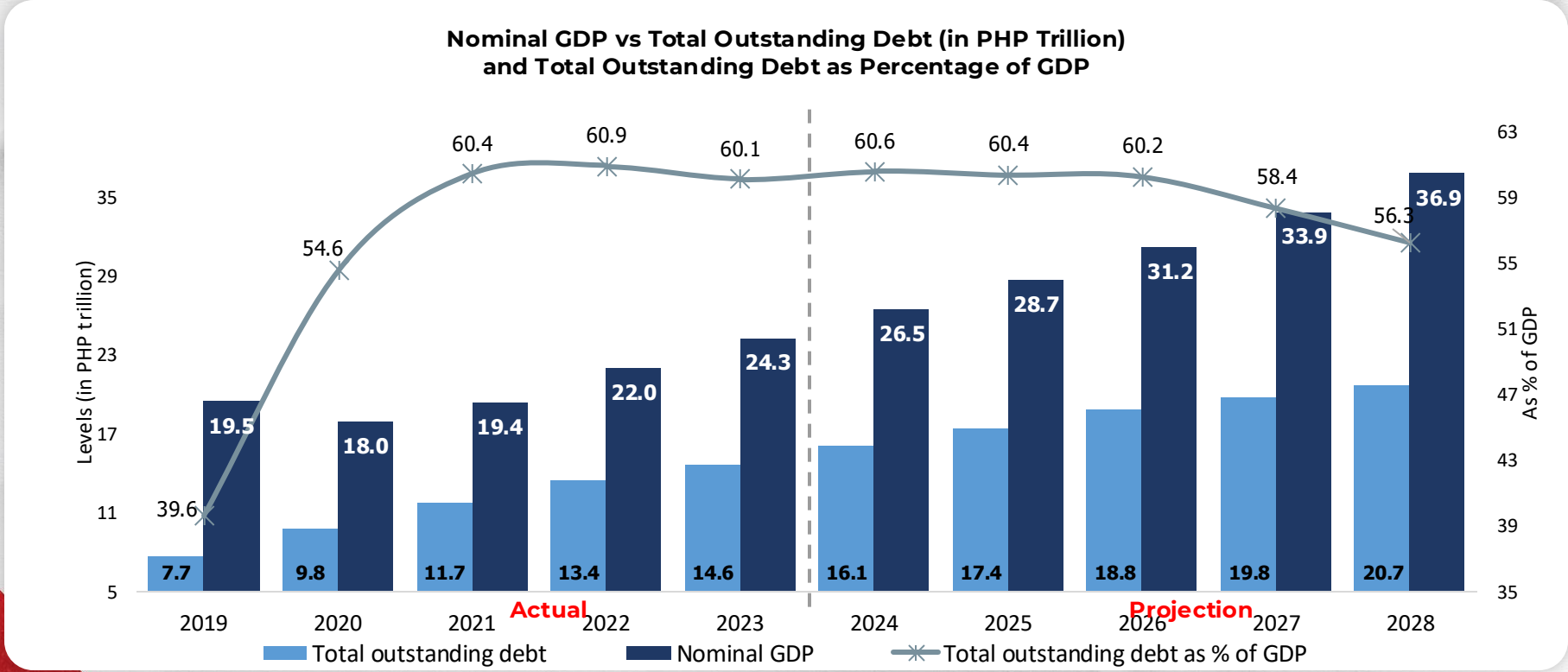
Reduce the poverty rate

The new fiscal targets are realistic, pragmatic, and proactive, accounting for various domestic and external factors



Sources: BTR and DBCC

Our fiscal consolidation plan ensures that the economy will continue to outgrow our debt in the medium term

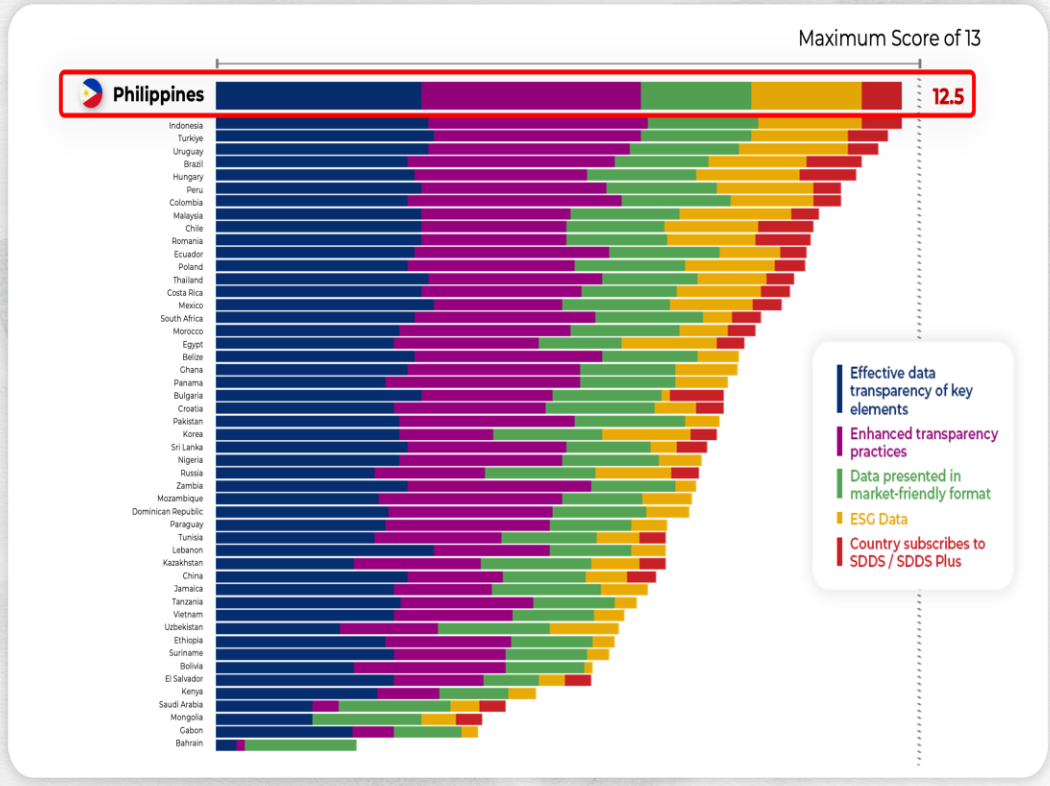


Sources: BTR and DBCC

The Philippines takes the number 1 spot out of 50 countries in debt transparency

12.5

DEBT TRANSPARENCY SCORE OUT OF 13



Source: Institute of International Finance (IIF)

Our adherence to fiscal discipline and prudent debt management allowed us to achieve high credit ratings

R&I

A- rating
Stable Outlook
(August 2024)

Japan Credit Rating Agency

A- rating
Stable Outlook
(March 2024)

S&P Global Ratings

BBB+ rating
Stable Outlook
(November 2023)

Fitch Ratings

BBB+ rating
Positive Outlook
(June 2024)

Moody's

Baa2 rating
Stable Outlook
(August 2024)

The Philippines has a stable political environment and an investment landscape that has never been more open and liberalized.

President Ferdinand Marcos, Jr. himself has been our **primary marketer**, actively engaging with leaders and investors around the world to strengthen partnerships and form alliances.

The Build Better More Program features 186 big-ticket infrastructure projects worth USD 171.0 Billion

Physical connectivity
135 projects
USD 148.4 Billion

Health
5 projects
USD 1.7 Billion

Water Resources
29 projects
USD 13.0 Billion

Digital Connectivity
4 projects
USD 2.9 Billion

Agriculture
9 projects
USD 3.8 Billion

Other Infrastructure
2 projects
USD 379.8 Million

Power and Energy
1 project
USD 181.9 Million

Education
1 project
USD 545.7 Million

SCAN TO VIEW THE LIST OF PROJECTS

Source: NEDA (as of June 2024)

We are looking for more participation from top-tier partners from Singapore like the Changi Airport Group, which has excelled in managing and operating the Clark International Airport.

Singapore has been instrumental in crafting a smart, modern, and sustainable urban and infrastructure blueprint for the New Clark City.

The Luzon Economic Corridor is a perfect hub for Singaporean investors

Subic Bay, Zambales

Clark, Pampanga

Manila

Batangas

CREATE MORE offers Singaporean investors access to an **attractive, streamlined, and cost-effective investment environment**

Improve ease of doing business by enhancing provisions of the Tax Code, as amended by the CREATE Act

Clarify VAT rules to address concerns on VAT incentives availment

Enhance the tax incentive competitiveness through better and more competitive incentive packages

Strengthen governance and accountability in the grant and administration of incentives

Clarify transitory rules for registered business enterprises (RBEs)

We are actively **addressing bottlenecks** and **streamlining processes** to clear the way for Singaporean investors' participation in high-priority sectors

We are replacing red tape with a red carpet to boost investments-led growth

Public-Private Partnership Code
Offers a stable, predictable, and competitive environment for PPPs

Amendments to the Foreign Investments Act
Promotes FDIs and eases restrictions on professions

Digital Connectivity Projects
Positions PH as as an attractive host for technology-centric businesses

Amendments to the Retail Trade Liberalization Act
Lowers minimum paid-up capital requirement for foreign corporations

Green Lane Endorsement
Streamlines approval and registration processes

Amendments to the Public Service Act
Allows full foreign ownership in public services

Amendments to the Renewable Energy Act of 2008
Allows full foreign ownership of renewable energy projects

Proposed Rationalization of the Fiscal Mining Regime
Brings predictability to PH's mining policy

We are committed to working non-stop

until good becomes better and better becomes the best for business.

There is

predictability, stability, and sustainability

of doing business in the Philippines.

We are very eager to work closely with you and forge new partnerships to shape an exciting shared future for both Filipinos and Singaporeans.

SEE YOU IN THE PHILIPPINES!

Keynote Speech

4th Philippine-Singapore Business and Investment Summit

RALPH G. RECTO
SECRETARY OF FINANCE

September 19, 2024
Shangri-La Singapore