

DETERMINED TO GROW

FINANCE SECRETARY CARLOS G. DOMINGUEZ
INTER-PACIFIC BAR ASSOCIATION
MARCH 14, 2018; SHANGRI-LA THE FORT



ASIA'S FASTEST GROWING ECONOMIES (2017)

6.9%



6.8%



6.7%



This year, we expect to grow our economy by 7 percent or better on the back of profound policy reforms and an aggressive infrastructure program

Source: NEDA

HEALTHY EXTERNAL FINANCES SHIELD ECONOMY FROM EXTERNAL SHOCKS

Reserve buffer provides protection against external payments shocks

International reserves (USD bn) and months of import cover



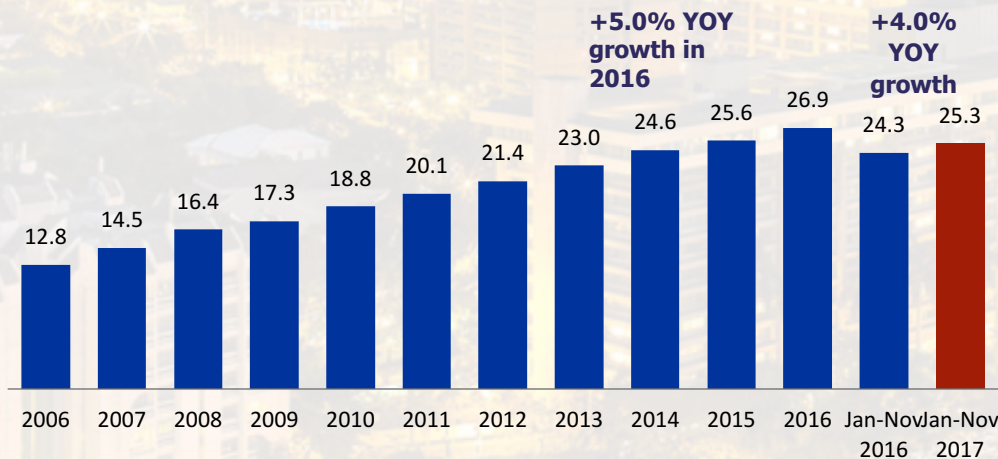
Sustained decline in external debt-to-GDP ratio underscores the health of external finances

External debt (USD bn) and external debt/GDP (%)



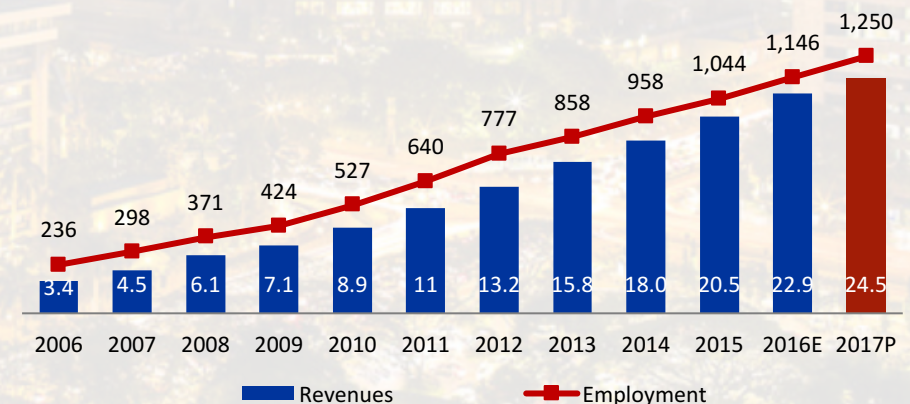
Sustained growth of remittances over the years

Overseas Filipinos' cash remittances (USD bn)



BPO – a strong driver of employment and revenues

BPO employment ('000s) and revenues (USD bn)



Source: BSP; IBPAP

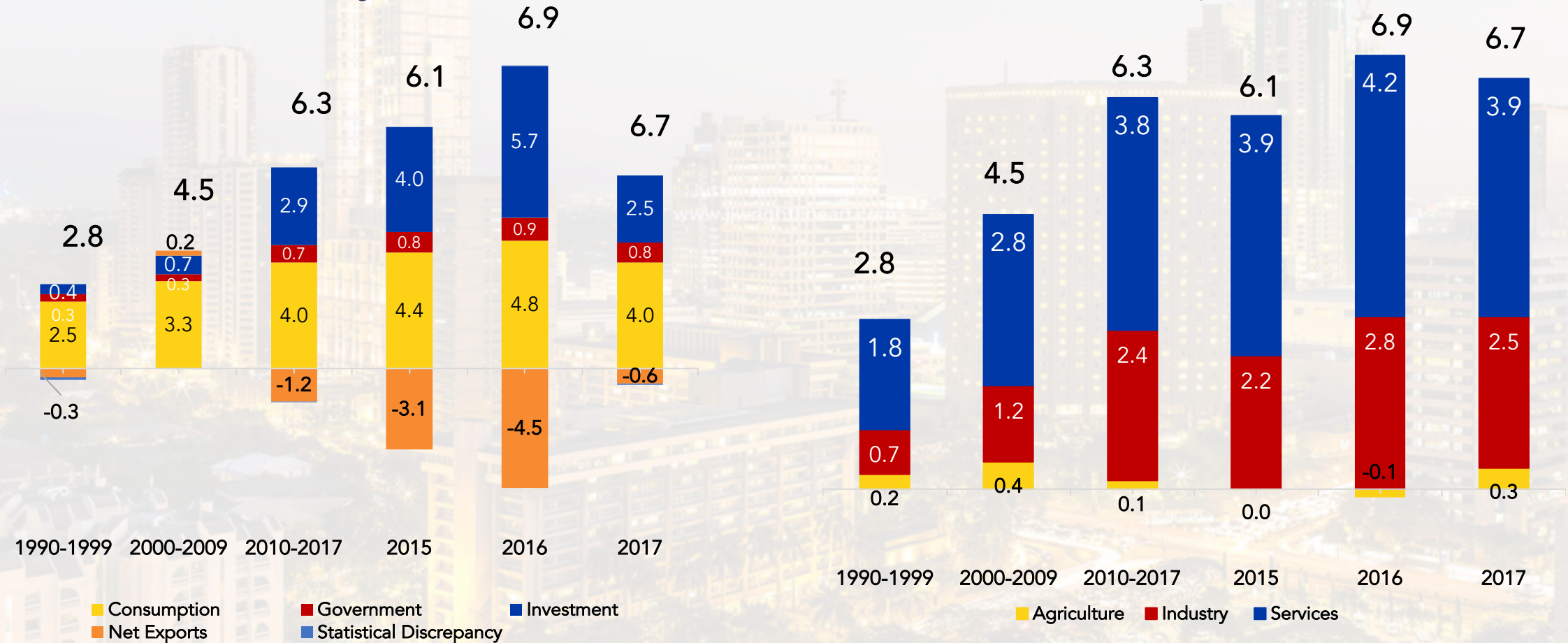
ECONOMIC GROWTH MORE BROAD-BASED

Consumption, services and industry as major drivers of growth

GDP breakdown by component

Contribution to growth: demand (%)

Contribution to growth: supply side (%)



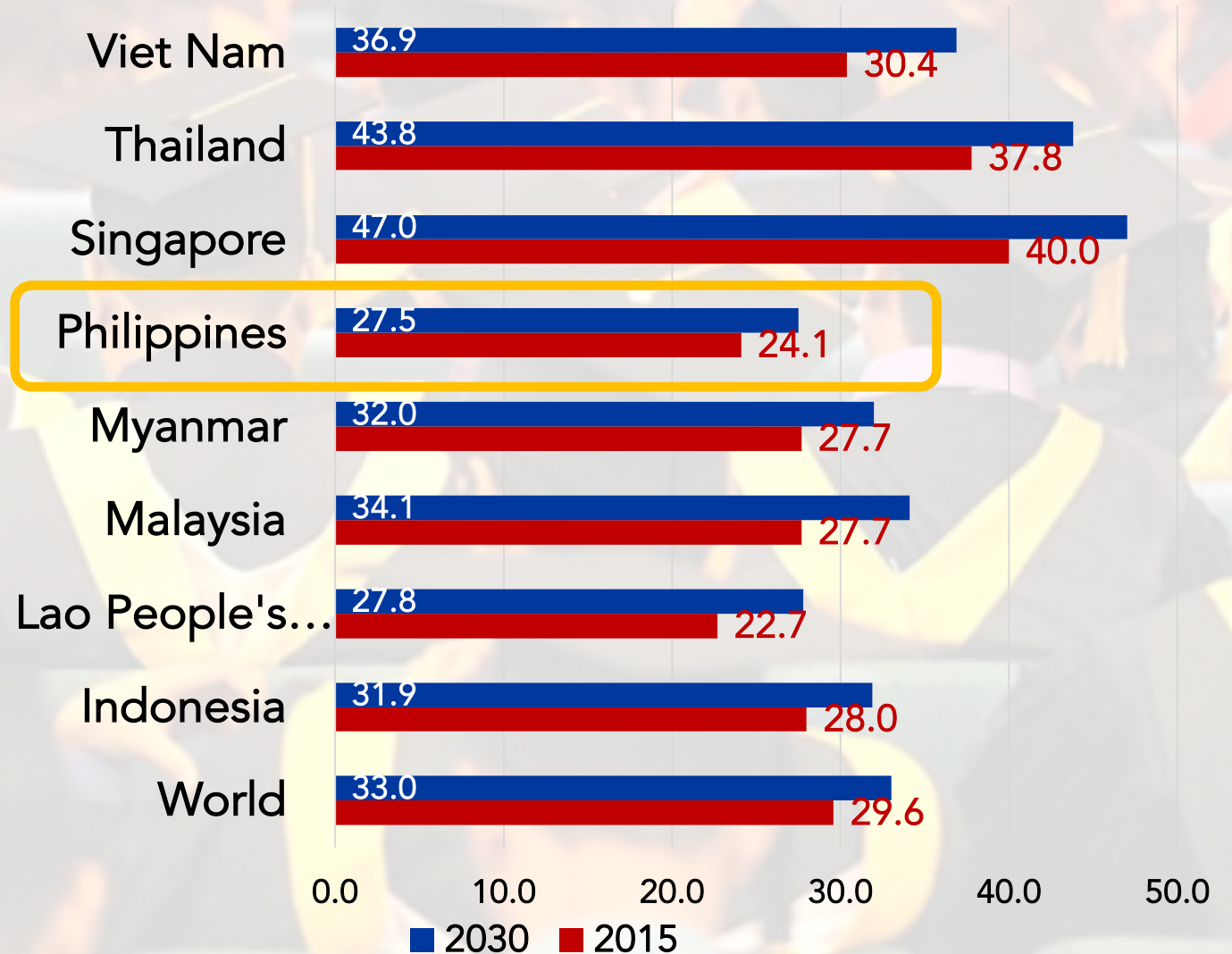
• Source: PSA National Accounts

• Note: Numbers may not add up due to rounding

YOUNG AND SKILLED WORKFORCE SUPPORTS THE ROBUST ECONOMIC MOMENTUM

Youngest labor force in Southeast Asia
*Median age of the total population
(years)*

The Philippines has the youngest compared to neighbors and the rest of the world even up to 2030



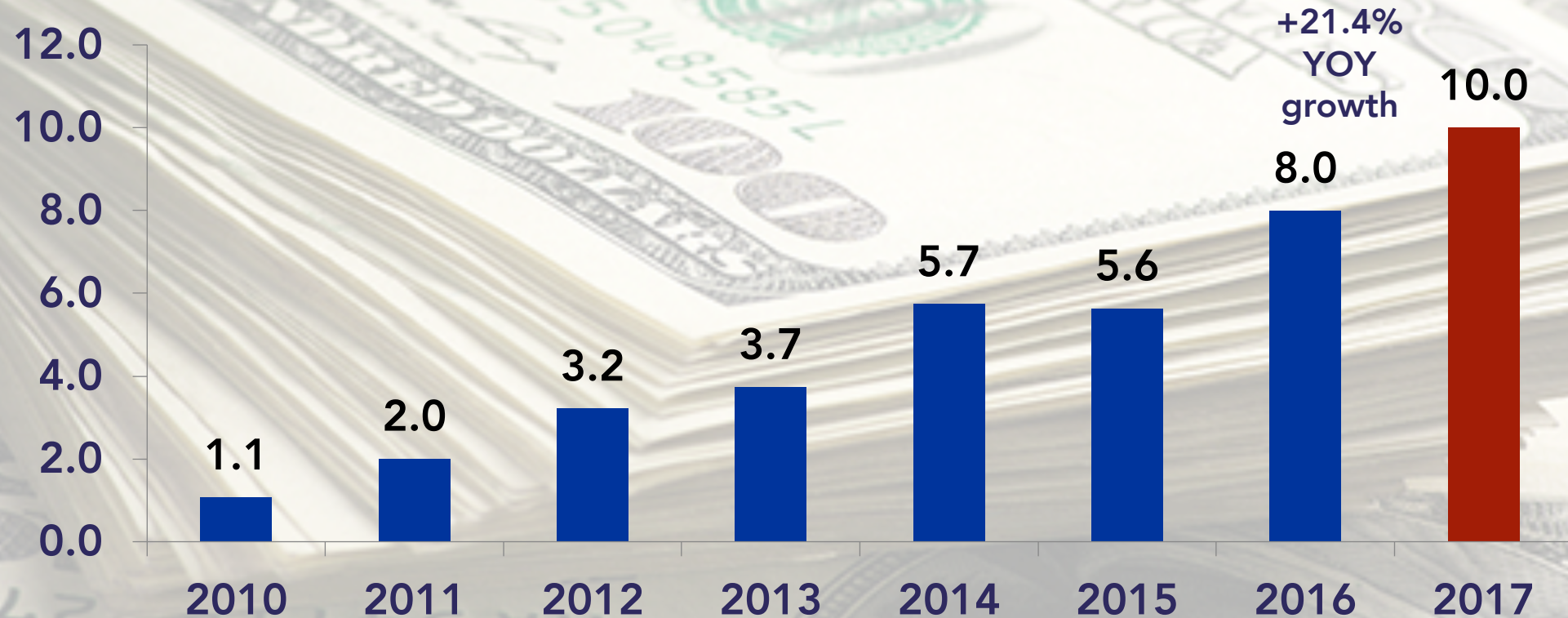
THE PHILIPPINES IS NOW THE #1 COUNTRY TO INVEST IN*



***ACCORDING TO A REPORT RELEASED BY U.S. NEWS. SCORED AND RANKED USING A MODEL DEVELOPED BY Y&R'S BAV GROUP AND THE WHARTON SCHOOL OF THE UNIVERSITY OF PENNSYLVANIA.**

RISING INVESTMENTS HIGHLIGHT CONFIDENCE IN THE PHILIPPINES' GROWTH PROSPECTS

Foreign Direct Investment (FDI) Flows* (USD Billion)





“ The reforms in place to improve on the ease of doing business in the country include **cutting red tape, eradicating corruption and deploying new information technologies** to reduce friction in trade and financial transactions ”

Recently, a Philippine delegation headed by the Department of Finance went to Hangzhou, China and took part in a lecture series prepared by the Alibaba Group designed to gain a wider understanding of the digital technologies that can be employed to improve the Philippines' nascent online payment system



Other reforms in place to improve on the ease of doing business in the country

Lift certain restrictions on business ownership

Further level the playing field for businesses

Eradicate tax incentives that distort competition

**Make our revenue policies simpler
and more transparent**

TAX REFORM FOR ACCELERATION AND INCLUSION

The first package of our comprehensive tax reform program passed late last year, along with complementary measures, is expected to raise

P128.8 billion in additional revenues



In the first two months of this year since the TRAIN was passed, we are actually collecting more revenues than expected

(In Billion Pesos)

	Jan-Feb 2018 Collection	Jan-Feb 2017 Collection	Growth
BUREAU OF INTERNAL REVENUE	280.60	253.30	10.8%
BUREAU OF CUSTOMS	85.63	66.80	26.5%

PACKAGE 2

- Corporate taxation and fiscal incentives

PACKAGE 2 plus

- Taxes on tobacco, alcohol, and mining

PACKAGE 3 and 4

- Property taxation and valuation
- Passive income and financial taxes



BUILD

BUILD

BUILD

MORE RAILWAYS,
MASS URBAN TRANSPORT,
AIRPORTS AND SEAPORTS

MORE BRIDGES AND
ROADS

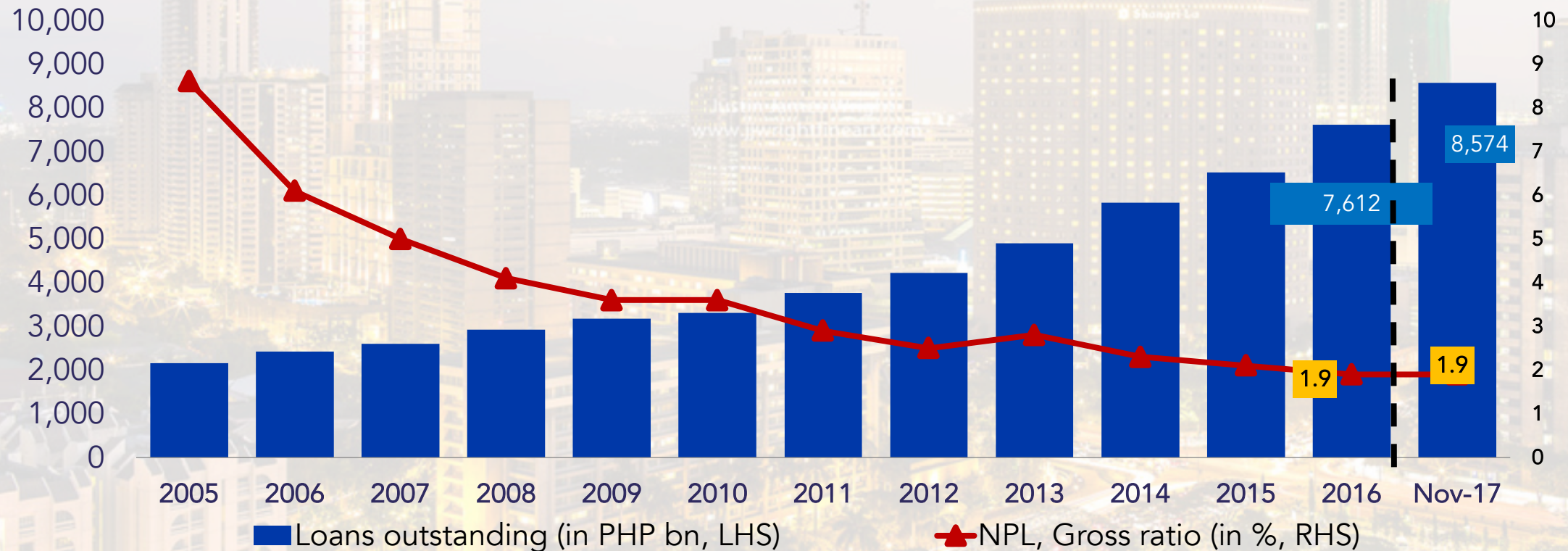
NEW AND BETTER
CITIES

An aerial view of a city skyline at dusk, featuring numerous skyscrapers and buildings with illuminated windows. The scene is overlaid with a semi-transparent text box containing a quote in a dark blue, bold font. The quote reads: "Reformist policies to help deepen our capital markets will enable more Filipinos to participate in investments and help grow capital to enable businesses to expand."

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IMPROVED QUALITY OF LOAN PORTFOLIO

Total Loan Portfolio (PHP billion) and NPL coverage ratio (%)

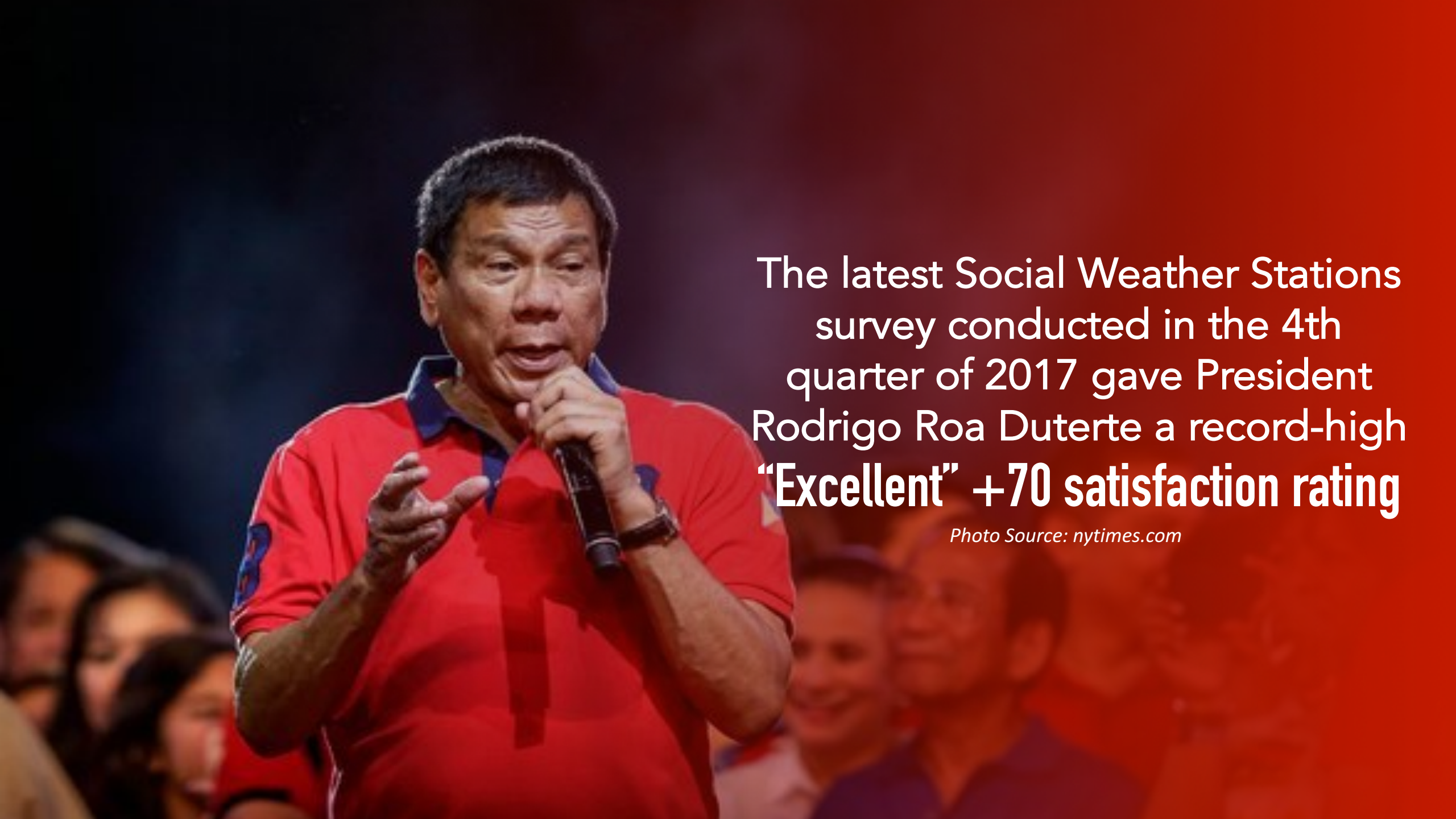


An aerial view of a city skyline at dusk, featuring numerous skyscrapers and buildings with lights on. The sky is a mix of blue and orange. A quote is overlaid in the center in a dark blue, bold font.

“The solid steps taken towards creating a single Southeast Asian market have begun to bear fruit. ”

An aerial view of a city skyline at dusk or dawn, with numerous skyscrapers and buildings illuminated. The sky is a pale, hazy blue. The quote is centered over the image in a large, bold, dark blue font.

“ The sanctity of contracts is the keystone of improved business confidence. ”



The latest Social Weather Stations survey conducted in the 4th quarter of 2017 gave President Rodrigo Roa Duterte a record-high **“Excellent” +70 satisfaction rating**

Photo Source: nytimes.com

An aerial photograph of a modern city skyline at dusk, featuring several tall skyscrapers and a dense urban landscape. The image is overlaid with a semi-transparent yellow filter. The text "The Philippines is the best place to invest in" is centered in white, bold font. A small watermark "www.jwwrightinart.com" is visible in the middle ground.

The Philippines is the best place to invest in

Photo Source: Justin James Wright (gettyimages)

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