



KEYNOTE ON THE PHILIPPINE ECONOMIC OUTLOOK

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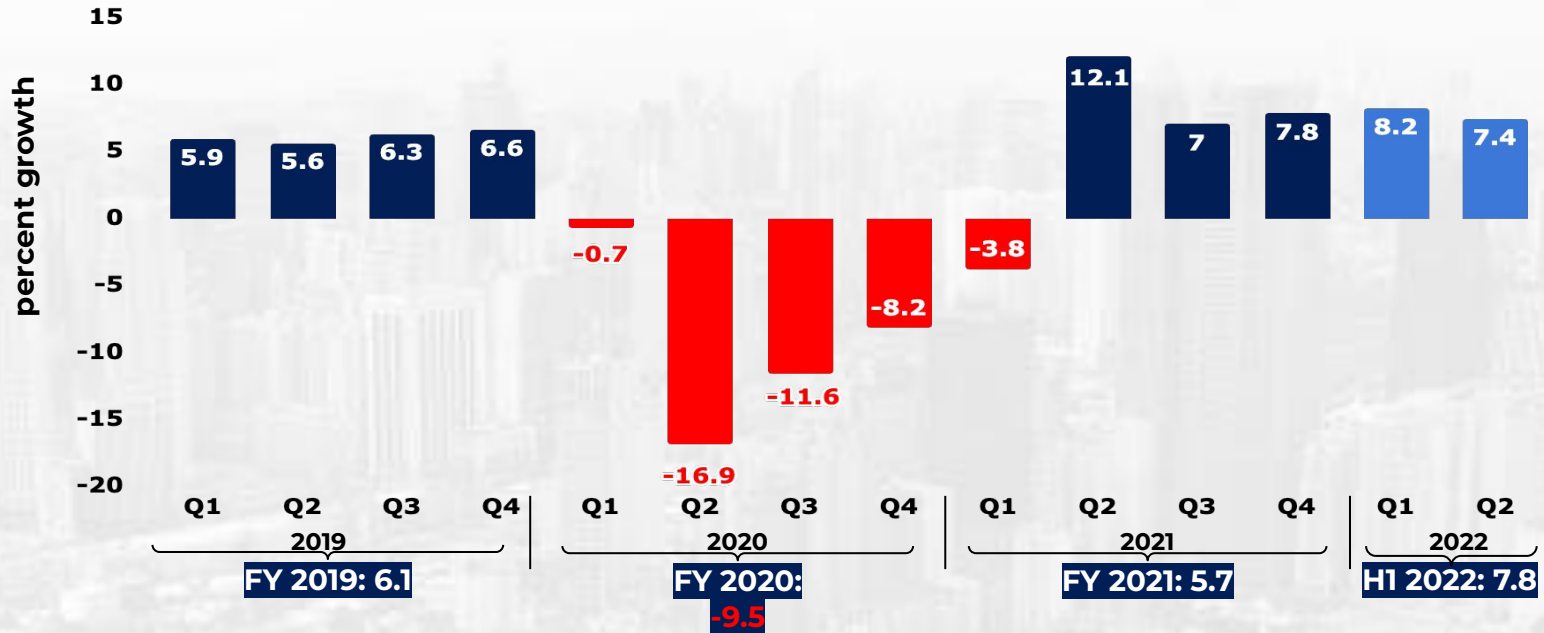
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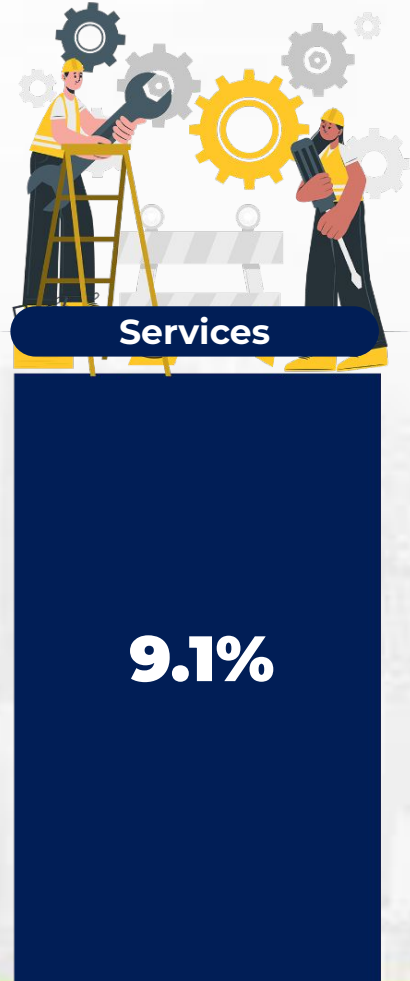
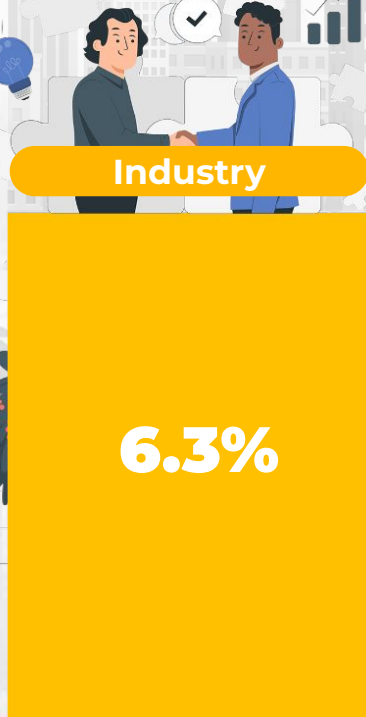
**The Philippines' high economic activity
and rising investor confidence point to
a rapid recovery and robust growth**

Q2 2022 GDP growth shows that we are on a steady path to a strong rebound and expansion

Philippines' Real GDP growth rate (year-on-year)

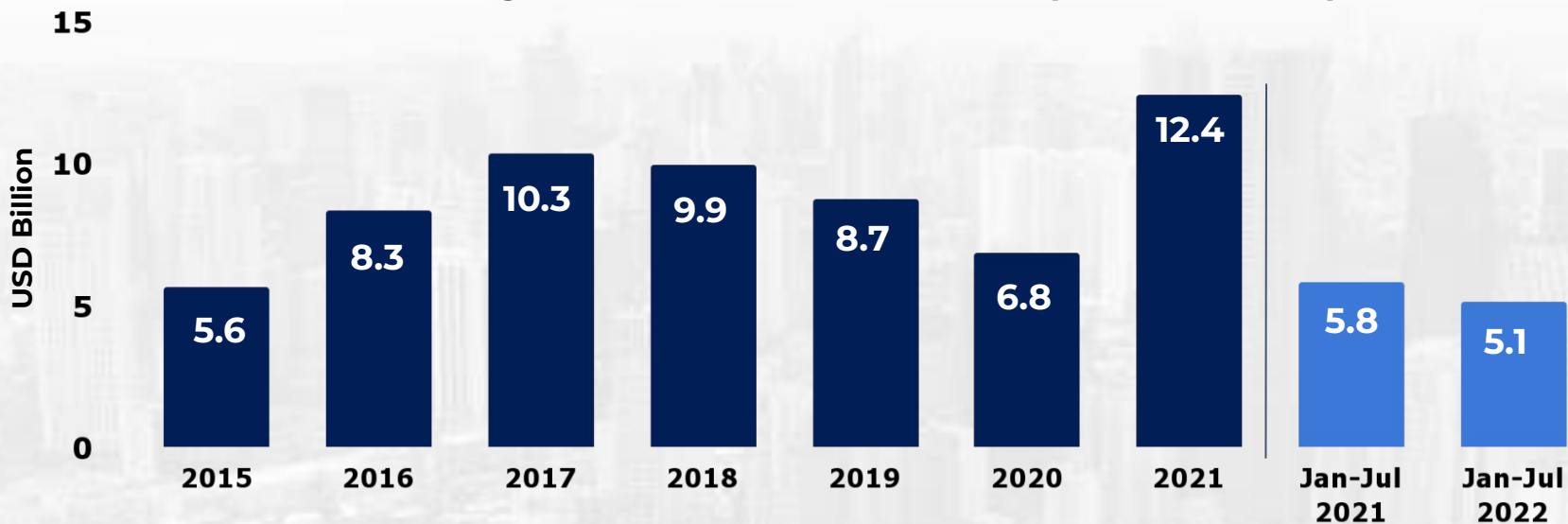


The Philippine economic expansion in the second quarter of the year was broad-based



Investment inflows reflect confidence in the Philippines' long-term economic prospects

Net Foreign Direct Investment Inflows (In USD billions)

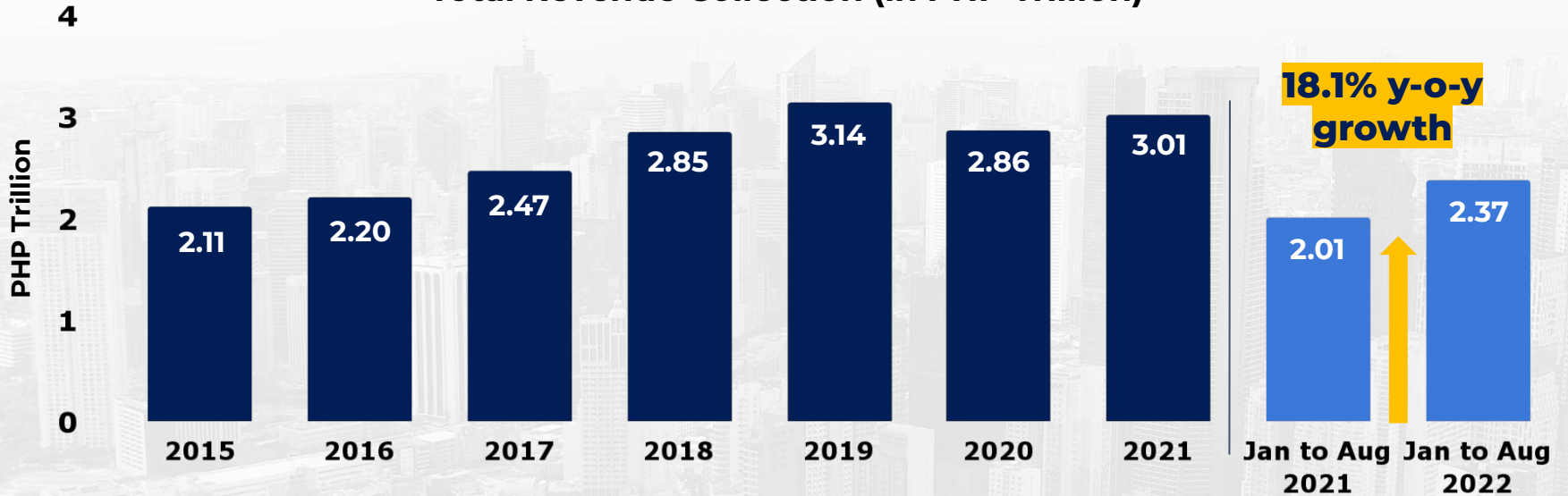


Data Source: BSP

*Jan-Jun 2022 FDI data is preliminary

Revenues continue to increase due to robust economic activity

Total Revenue Collection (in PHP Trillion)



The jobs market has continued to improve

	August 2021	August 2022
Labor force participation	63.6%	66.1%
Employment	91.9%	94.7%
Unemployment	8.1%	5.3%

The Philippines is fully prepared to address geopolitical risks and shifting economic landscape

Key challenges ahead:



Elevated inflation
rate along with
rest of the world

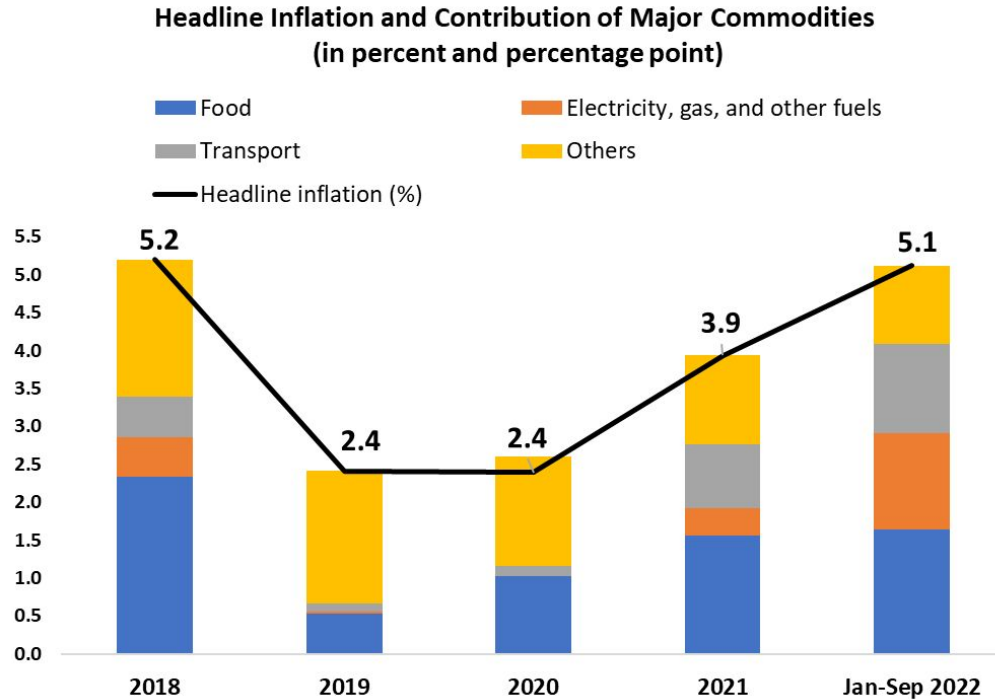


Lingering effects of
the pandemic



Unpredictable
global political
economy

High inflation environment continues



Source: Philippine Statistics Authority

Note: Figures of 2018 (2012=100) and 2019 to 2022 (2018=100)

Government measures to address inflation



**Improvement of local
production**

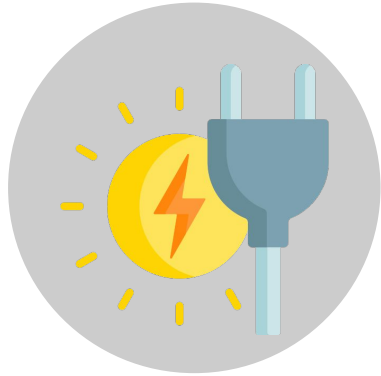


**Timely importation of
goods**



**Improvement in
distribution efficiency**

Government measures to address inflation



Ensure adequate power supply



Careful consideration of any wage and transport fare hike petitions

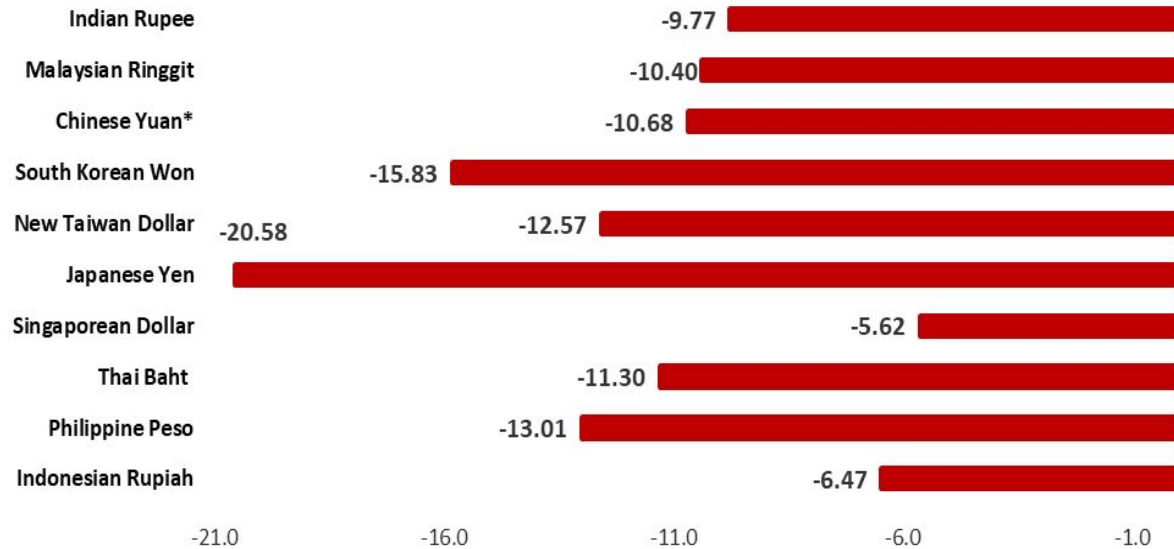
Monetary policy tightening in Advanced Economies contributes to peso depreciation



Source: Bangko Sentral ng Pilipinas

Peso movements in line with regional currencies

Year-to-date Appreciation (+)/Depreciation (-) of Asian Currencies against the US dollar
(in percent, as of 7 October 2022)



Note: Based on last done deal transaction (closing price) as of 4:00pm, Manila Time

*As of 30 September 2022

Marcos administration's 8-point socioeconomic agenda in the near and medium term

ROBUST ECONOMY, INCLUSIVE AND RESILIENT SOCIETY

PROTECT THE PURCHASING POWER OF FAMILIES



Ensure Food Security



Reduce Transport and Logistics Cost



Reduce Energy Cost

REDUCE VULNERABILITY AND MITIGATE SCARRING FROM THE COVID-19 PANDEMIC



Tackle Health



Strengthen Social Protection



Address Learning Losses

ENSURE SOUND MACROECONOMIC FUNDAMENTALS



Improve Bureaucratic Efficiency



Ensure Sound Fiscal Management

CREATE MORE JOBS, QUALITY JOBS, GREEN JOBS



Promote Investments



Expand Digital Infrastructure



Improve Infrastructure



Encourage R&D and Innovation



Ensure Energy Security



Pursue a Green and Blue Economy



Increase Employment



Establish Livable and Sustainable Communities

NEAR-TERM AGENDA

MEDIUM-TERM AGENDA

The 8-point socioeconomic agenda will allow us to lift people out of poverty and improve the quality of life of Filipinos

**Cut poverty incidence to
9 percent by 2028**



**Attain upper middle-income
country status by 2024**



The country's first-ever Medium-Term Fiscal Framework serves as our blueprint to steer the economy back to high growth trajectory

Particulars	Target
Real GDP Growth	6.5 -7.5 percent in 2022 6.5-8.0 percent in 2023-2028
Poverty Rate	9.0 percent by 2028
Deficit-to-GDP Ratio	3.0 percent by 2028
Debt-to-GDP Ratio	60.0 percent by 2025
Infrastructure Spending-to-GDP Ratio	5.0-6.0 percent annually between 2023 to 2028
Gross Net Income Per Capita	At least USD 4,256.0 or attainment of upper-middle-income status

The Medium-Term Fiscal Framework proposes measures that will enhance the fairness and efficiency of our tax system

1. Promote efficient tax administration through digitalization



2. Put in place measures that will help our tax system catch up with the digital economy



3. Introduce tax measures that will promote environmental sustainability to address climate change



4. Pursue the remaining tax reform packages of the Duterte administration



The Medium-Term Fiscal Framework will promote sustainable long-term growth and solid fiscal management



**Bring down our
debt-to-GDP
ratio to less than
60 percent by
2025, and 51.2
percent by 2028**



**Reduce fiscal
deficit GDP to
3.0 percent of
GDP by 2028**



**Maintain high
investment in
infrastructure at
5 to 6 percent of
GDP annually**

We will take advantage of the structural reforms already set in place to attract beneficial foreign investments

**Corporate Recovery and
Tax Incentives
for Enterprises Act**



**Amendments to the
Foreign Investments Act**



**Amendments to the
Retail Trade
Liberalization Act**



**Amendments to the Public
Service Act**



The Marcos administration is faithfully implementing the Corporate Recovery and Tax Incentives for Enterprises Act

Largest fiscal stimulus program for enterprises in the country's history



Provides nearly USD 2 billion worth of tax relief annually to the corporate sector

Provides hefty corporate income tax rate cuts



Provides 10-ppt cut in the corporate income tax rate of domestic MSMEs (from 30 percent to 20 percent), and 5-ppt reduction (from 30 percent to 25 percent) for other corporations

Provides more flexibility in the grant of fiscal and non-fiscal incentives



Provides an enhanced incentives package that is performance-based, time-bound, targeted, and transparent

Our new economic liberalization laws widen the space for international firms to invest in previously protected sectors



Amendments to the Retail Trade Liberalization Act

- Lowered the minimum paid-up capital requirement for foreign corporations from USD 2.5 million to USD 500,000.
- Simplified the qualification requirements of foreign retailers.



Amendments to the Foreign Investment Act

- Mandated a review of the Foreign Investment Negative List every two years.
- Liberalized the practice of professions.
- Enhanced transparency in monitoring foreign investments.



Amendments to the Public Service Act

- Opened up public services to 100 percent foreign ownership, and retain public utilities as majority Filipino-owned, subject to the 60-40 ownership rule.

**With decisive leadership,
a well-calibrated fiscal strategy, and a
more open economy, the Philippines is
primed for a **bright economic future****



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