



Keynote Speech

Manila Overseas Press Club

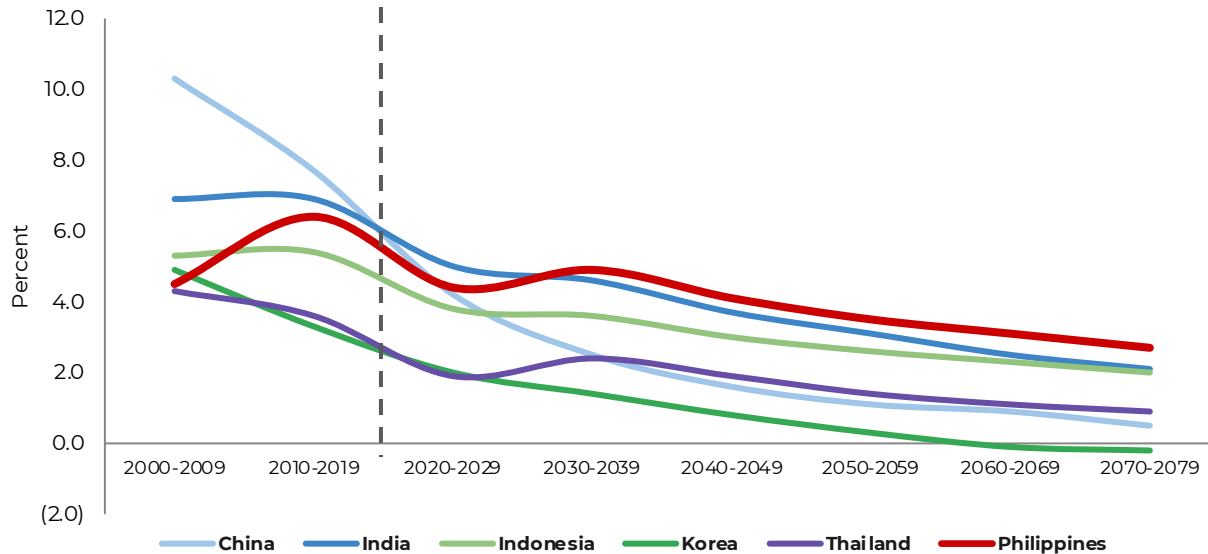
Finance Night

RALPH G. RECTO
SECRETARY OF FINANCE

March 20, 2024
FAIRMONT MAKATI HOTEL
















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




Actual and Projected GDP Growth of Selected Asian Countries



The Philippines will be the 14th largest economy worldwide by 2075, with an average GDP growth rate surpassing Asia and the World

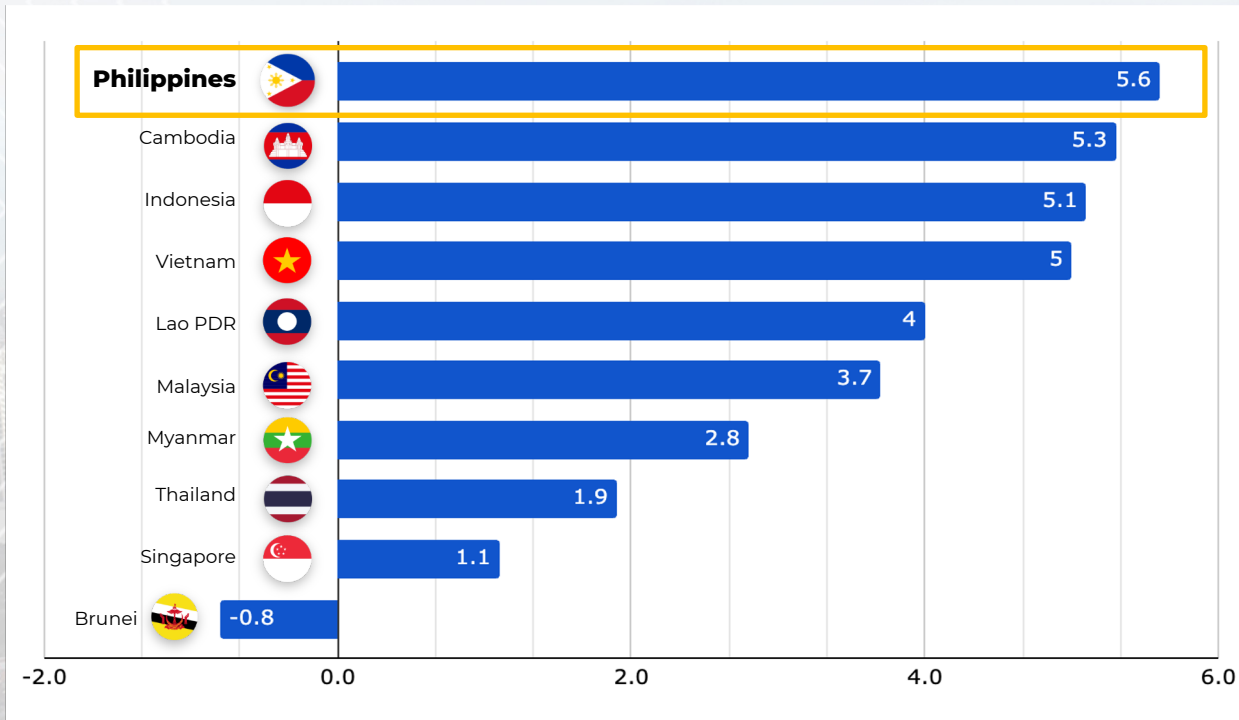
World's Top 15 Largest Economies by 2075

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

Average GDP Growth Rate 2020-2075 <i>Conservative Estimate</i>	
 Philippines	3.9%
 Asia	2.6%
 World	2.2%

The Philippines is the fastest-growing economy in ASEAN

Actual GDP Growth Performance of ASEAN in 2023 (in percent)



Multilateral organizations affirm the strength of the Philippine economy, projecting it to be a frontrunner in ASEAN in 2024

Philippines' 2024 GDP Growth Forecasts of Various Multilateral Organizations

6.3%



**ASEAN+3
Macroeconomic
Research Office
(AMRO)**

6.2%



**Asian Development
Bank**

6.0%



**International
Monetary Fund**

5.8%



The World Bank

The Philippines' economic dynamism is anchored in strong consumer demand supported by a vibrant labor market

January 2024 Employment Situation (YoY), unless otherwise stated

7.0% ↑
Average Annual
Growth of Consumer
Spending Post-
Pandemic



95.5% ↑
Employment rate
*67.1% of employed
individuals are wage and
salary workers*

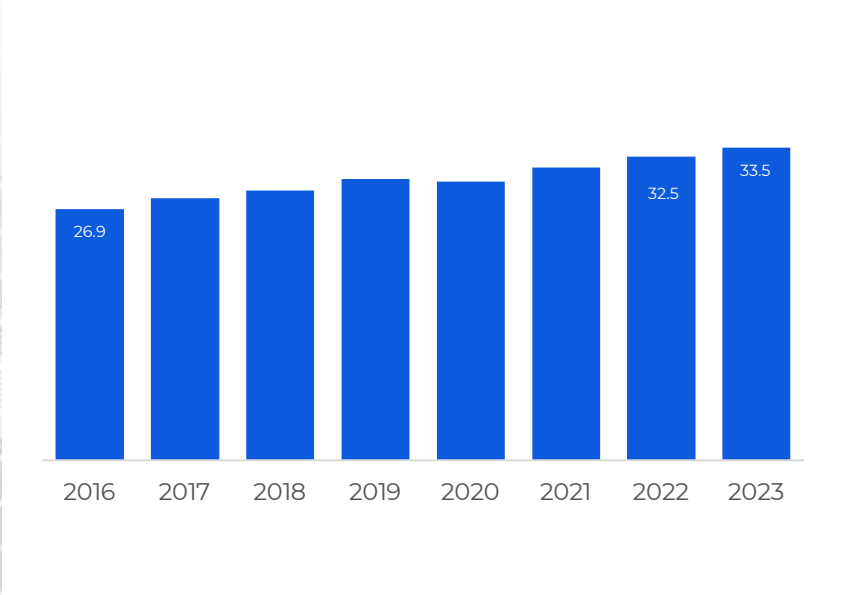
13.9% ↓
Underemployment
rate



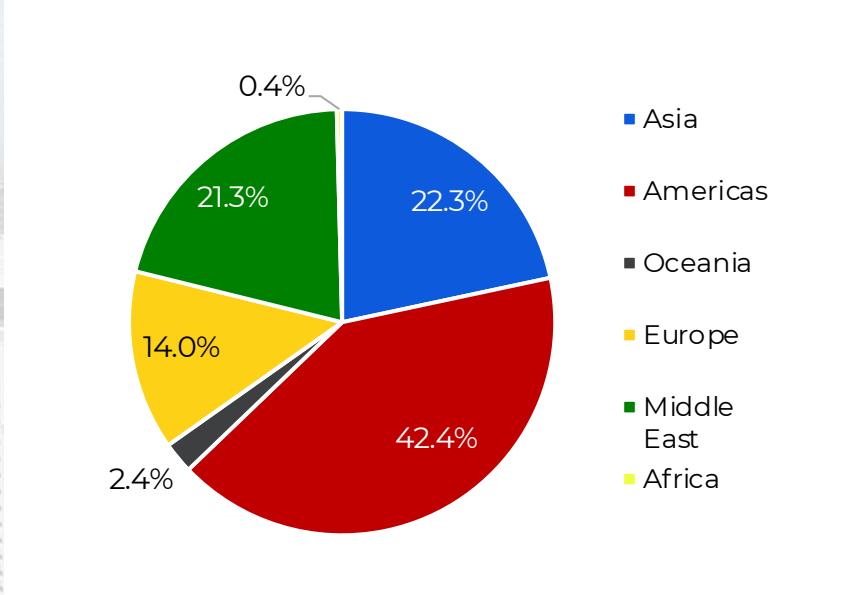
4.5% ↓
Unemployment rate

The robust remittance inflows from our overseas Filipino workforce also sustain domestic consumer demand

**Overseas Filipino Cash Remittances
(in USD Billion)**



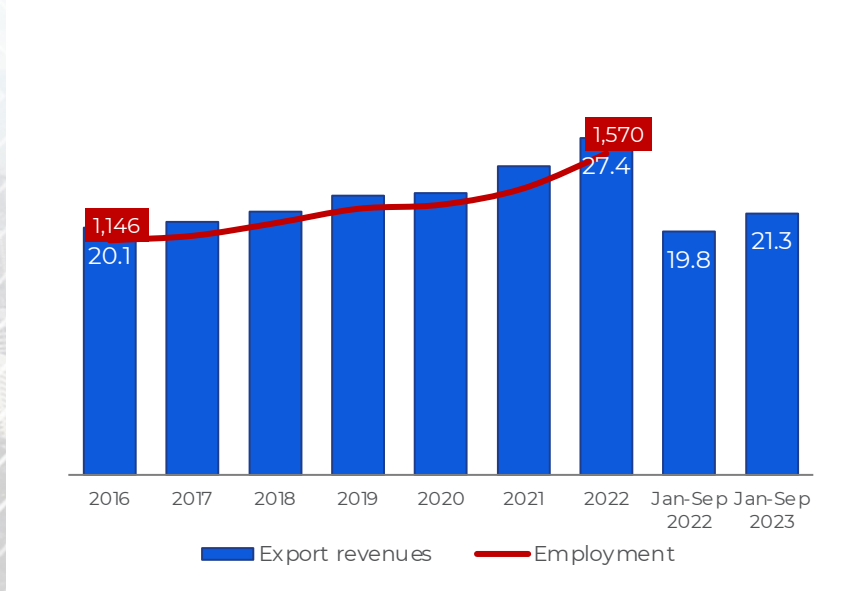
**Overseas Filipino Cash Remittances by Source
(2012-2023 Average % share to total)**



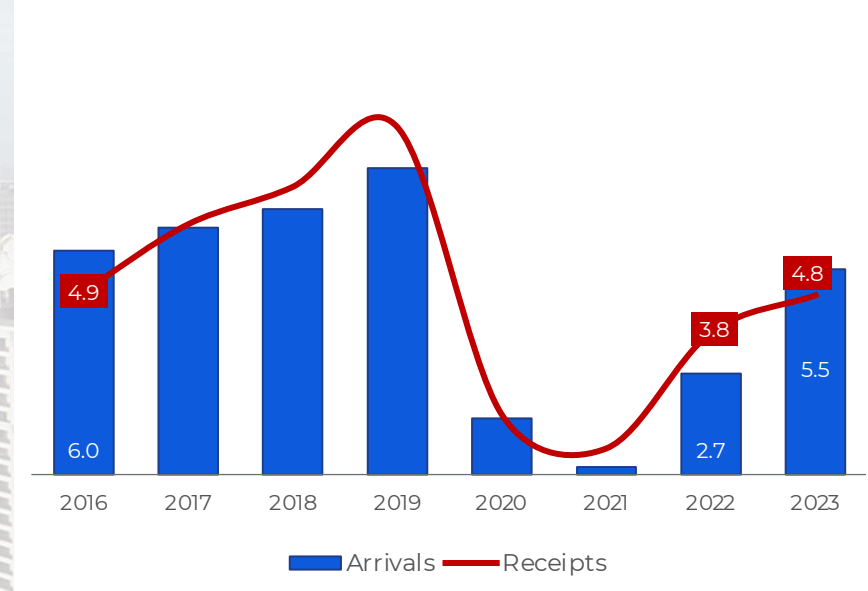
Source: Bangko Sentral ng Pilipinas

BPO provides hefty export revenues, tourism industry posts strong rebound post-pandemic

BPO employment ('000s) and export revenues (In USD Billion)

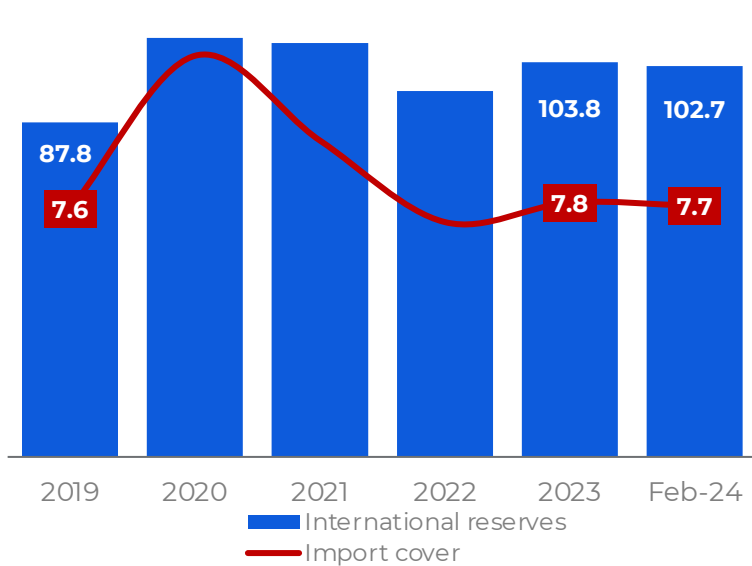


International visitor receipts (In USD Billion) and arrivals (in Million)

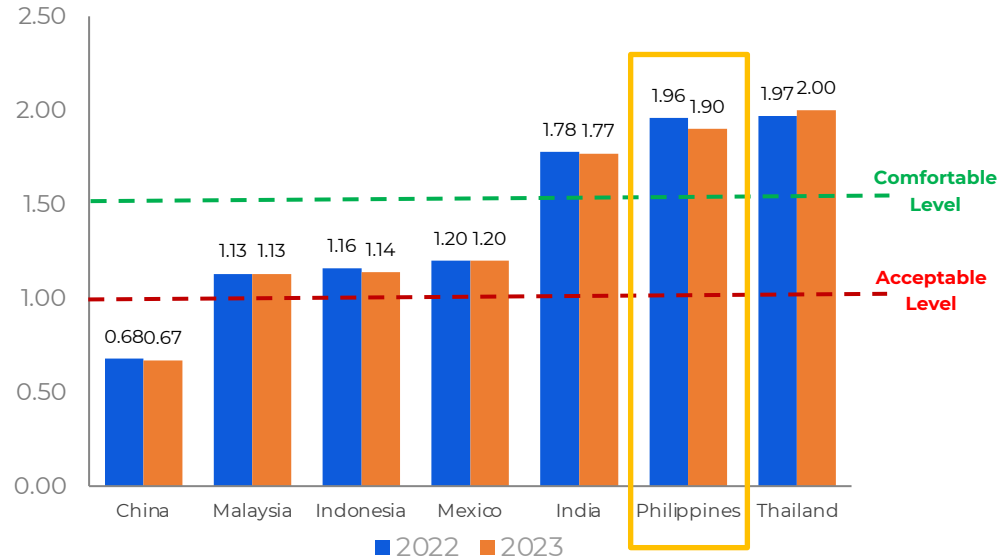


The Philippines' external position remains robust and stable, with level of reserves exceeding the recommended level

Philippines' International Reserves (in USD Billion) and Import Cover (in Months)

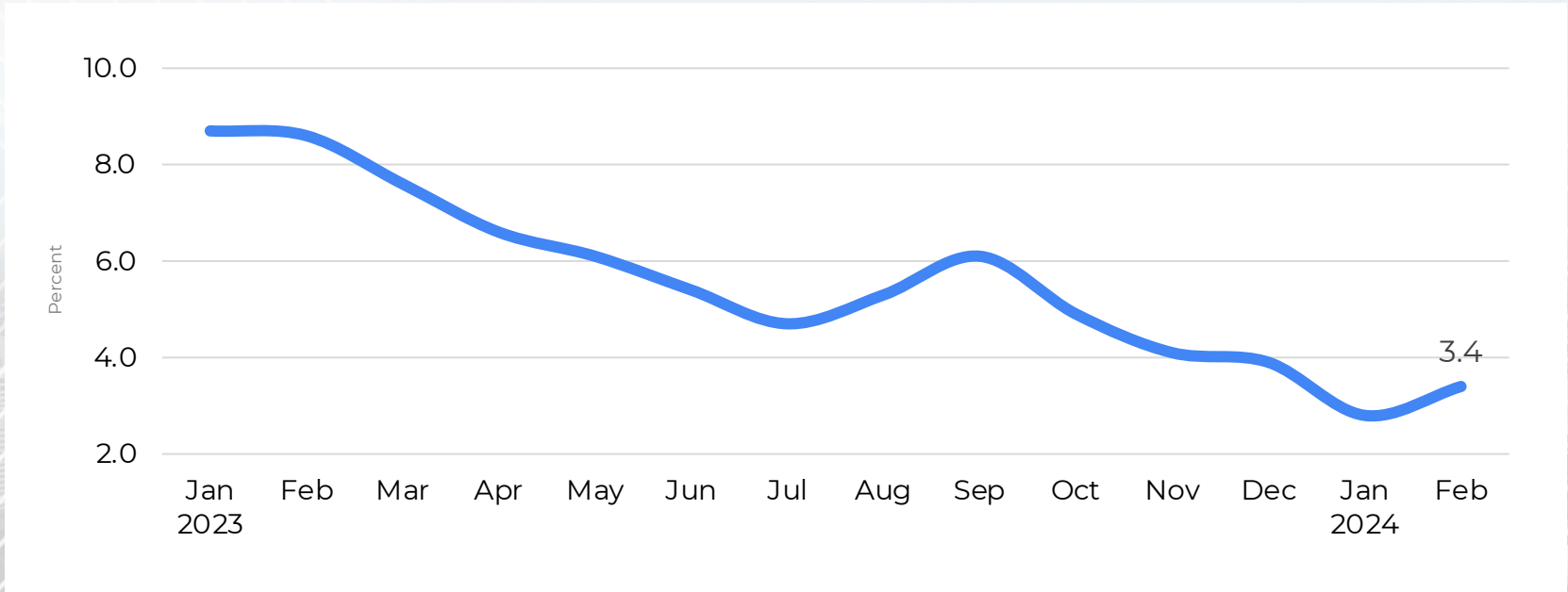


Ratio of Reserve/ Assessing Reserve Adequacy Ratio (ARA) Metric



Philippine inflation rate is well under control, Feb 2024 rate is within the target band of 2%-4%

Headline Inflation Rates in the Philippines, All Items



The Reduce Emerging Inflation Now (REIN) plan will ensure that inflation remains within our target range

Government strategies to ensure food security amid the looming threat of El Niño



Expeditious execution of the 2024 national budget to enable the timely implementation of measures aimed at enhancing agricultural production



Continue the distribution of Fertilizer Discount Vouchers (FDVs) as measures to sustain crop production



Continue to explore more rice trade agreements to ensure a stable supply of rice



Accelerate the implementation of the El Niño Mitigation and Adaptation Plan



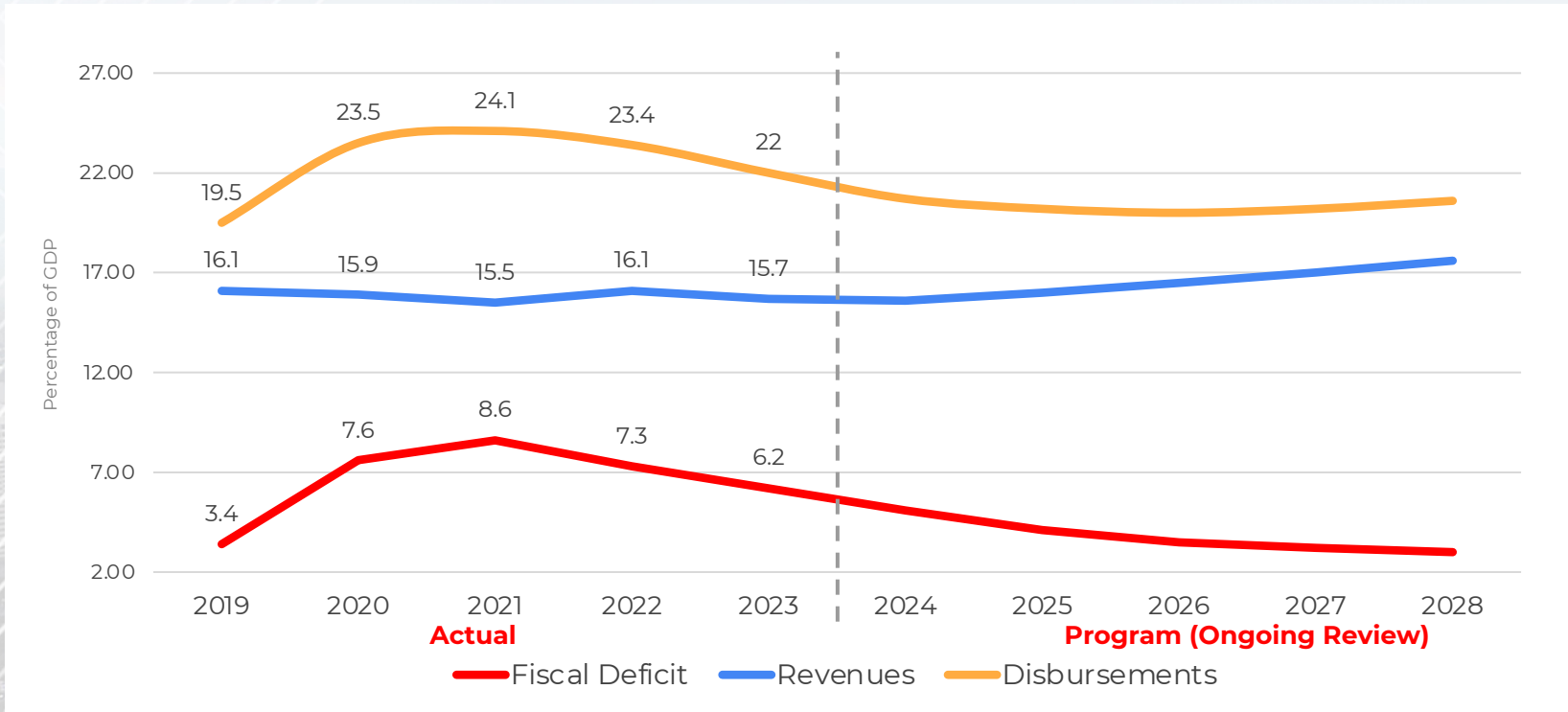
Ensure timely and sufficient imports of key commodities based on more frequent analysis of demand and supply conditions while combating anti-competitive practices



Release the guidelines for the implementation of the toll rate hike exemption for trucks catering to agricultural goods

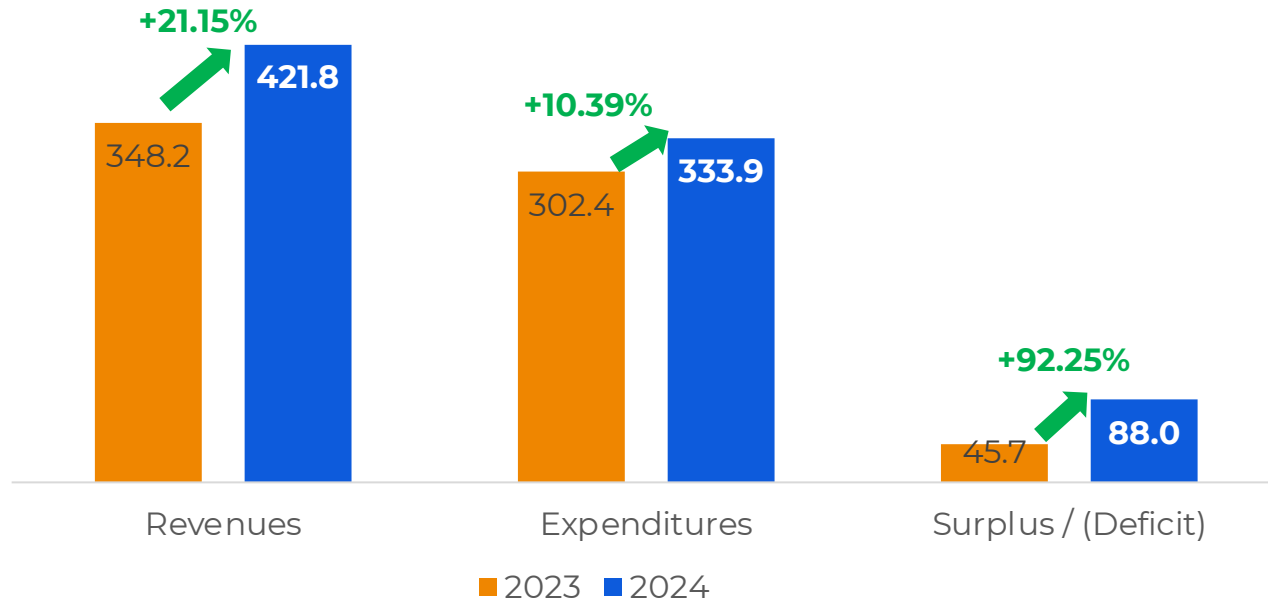
The fiscal deficit has continued to narrow down from its peak at the height of the pandemic

Fiscal Performance As Percentage of GDP



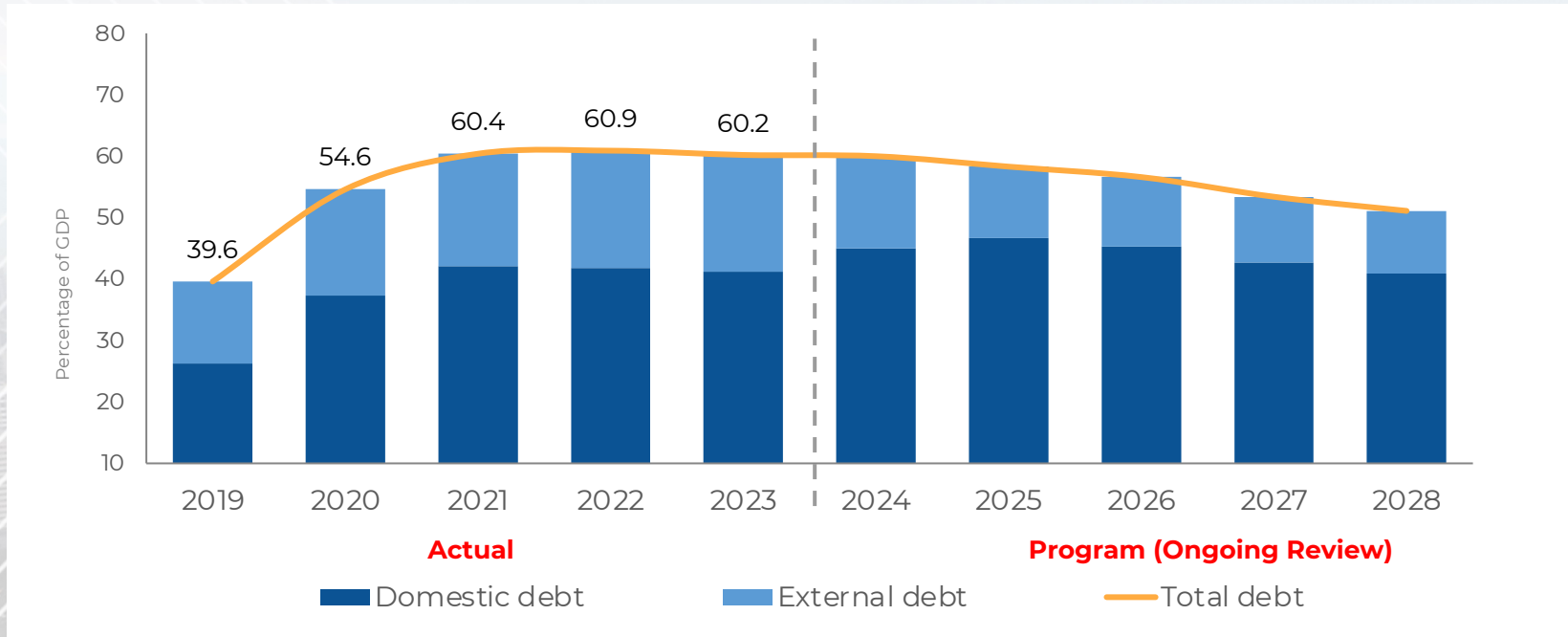
The national government posted a larger budget surplus of PHP 88 billion in January 2024, higher by 92.25% yoy

Cash Operations Report for January 2024 (in PHP Billion)



The national government debt is on a downward trend after its peak at the height of the pandemic

National Government Debt As Percentage of GDP



Our adherence to fiscal discipline and prudent debt management allowed us to maintain our high credit ratings amid the sea of downgrades globally



S&P Global Ratings

Affirmation of BBB+, Stable Outlook (November 2023)

FitchRatings

Fitch Ratings

Affirmation of BBB rating, Stable Outlook (November 2023)



R&I

Affirmation of BBB+ rating, Revised Outlook from Stable to Positive (August 2023)



Japan Credit Rating Agency

Affirmation of A- rating, Stable Outlook (March 2023)

MOODY'S

Moody's

Affirmation of Baa2 rating, Stable Outlook (September 2022)

Along with digitalization to enhance tax administration efficiency, the DOF is pursuing tax reform measures to improve revenue mobilization and modernize the tax system



VAT on Digital Transactions

Seeks to level the playing field between local and foreign digital service providers by clarifying that services provided by the latter in the country are subject to VAT.



Passive Income and Financial Intermediaries Taxation

Seeks to redesign financial sector taxation to be simpler, fairer, and more globally competitive, with the end goal of deepening our capital markets.



Excise Tax on Single-Use Plastics

Designed to curb overconsumption of single-use plastics while raising funds for the government.



Motor Vehicle User's Charge

Aims to update the rates by introducing a 2-tier taxation scheme applicable to all vehicles to simplify tax administration and lowering compliance cost.



Rationalization of the Mining Fiscal Regime

Provides a simplified and predictable fiscal regime for the extractives sector, while ensuring that the government collects its fair share of revenues.

We will focus on growing our revenues further by plugging tax leaks, improving tax administration, and preventing wasteful expenditures



BIR and BOC are expediting digitalization programs for enhanced tax and customs administration



The Ease of Paying Taxes Act already streamlined processes and taxpayers can now file and pay their taxes electronically anywhere in the country



Efficiently execute the 2024 budget while improving the quality of expenditures

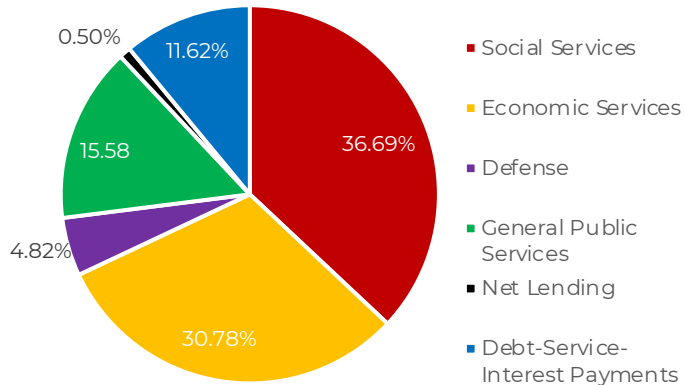


Strategically maximize potential revenues from non-traditional sources, focusing particularly on non-tax revenues

We are harnessing the energy and talent of millions of young and well-educated Filipinos by investing in education and social services

2024 National Budget

PHP 5.767 Trillion



37 percent of the 2024 national budget was allocated to education, health, and social protection programs



We are running full speed ahead of the President's Build Better More program to create more jobs



SCAN TO VIEW
THE LIST OF
PROJECTS



The Marcos, Jr. administration has put greater emphasis on Public-Private Partnerships to deliver much-needed infrastructure development

Ninoy Aquino International Airport



Total cost: PHP 170.6 billion
Scope: Rehabilitate, operate, and expand the country's main gateway

Laguindingan International Airport



Total Cost: PHP 12.75 billion
Scope: Upgrade, expansion, operation, and maintenance of Northern Mindanao's main gateway

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

Proposed Amendments to the Corporate Recovery and Tax Incentives for Enterprises Act

Further tailor fits incentives to investors



Amendments to the Foreign Investments Act

Promotes FDIs and eases restrictions on professions



Amendments to the Retail Trade Liberalization Act

Lowers minimum paid-up capital requirement for foreign corporations



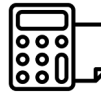
Amendments to the Public Service Act

Allows 100 percent foreign ownership in public services



Ease of Paying Taxes Act

Modernizes tax administration and adopts best practices



Public Private Partnership Code

Offers a stable, predictable, and competitive environment for PPPs



Amendments to the Renewable Energy Act of 2008

Allows full foreign ownership of renewable energy projects



Amendments to the CREATE Act will make the country's tax regime competitive

Income tax rates will be

20 percent

for domestic and resident
foreign corporations elected
to be under the enhanced
deductions regime.

Provides VAT refund reforms



Provides for expedited refund
lane through minimal
documentary requirements
and reduced processing time
for low-risk claims, and
establishment of a streamlined
tax refund system for RBEs.

**Ultimate goal:
Cut poverty incidence
to single digits or 8 to 9
percent by 2028.
This means lifting 14
million Filipinos out of
poverty.**





I urge you to communicate the complete picture of our economic story and the reasons behind our optimism.



The Marcos, Jr. administration is building an economy that will allow Filipinos' many talents to blossom.



It is an economy that all our people rightfully deserve, that results in comfortable lives, and that secures the future of the next generation of Filipinos.



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