



Keynote Speech

Philippine Dialogue

RALPH G. RECTO
SECRETARY OF FINANCE

April 17, 2024
The Ritz-Carlton, Washington, D.C.



Over the years, the Philippines and the US have enjoyed a strong economic partnership that helped uplift the lives of Filipinos



3rd Largest Trading Partner of PH

USD 19.9 Billion total trade in 2023



4th Biggest Contributor of Net FDIs to PH

USD 113.14 million total FDIs in 2023



2nd Largest Source of Tourist Arrivals

903,299 arrivals recorded in 2023



Top Provider of grants

USD 577.72 million total grants provided to PH as of Sept 2023



Top Source of OF remittance

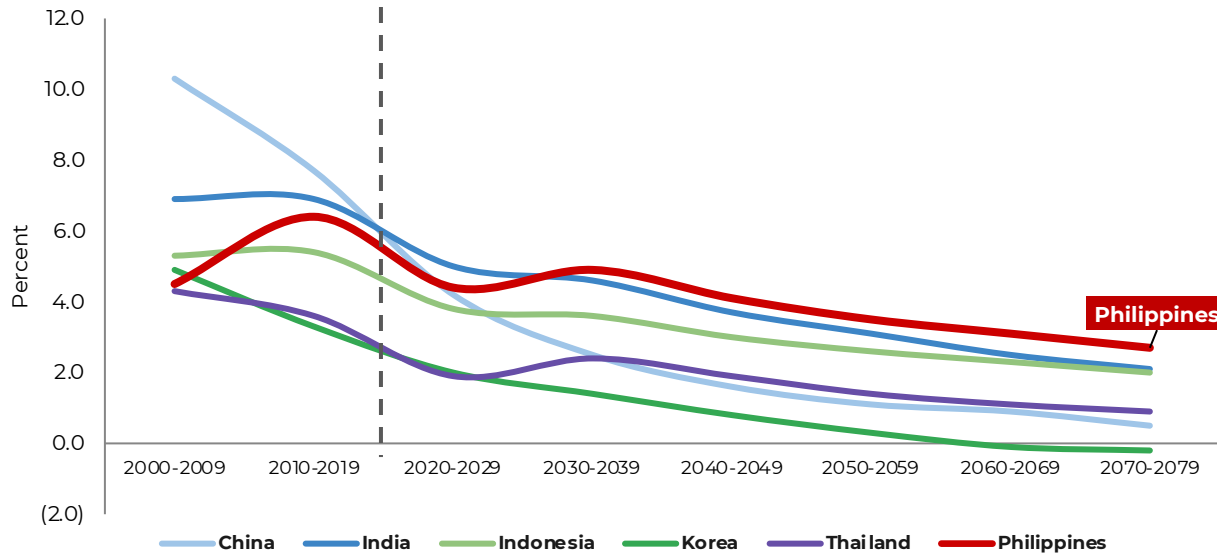
USD 13.71 billion overseas Filipino remittances from the US in 2023



**You are teaming up with
the fastest-growing economy in ASEAN
and soon-to-be one of the largest
economies in the world.**

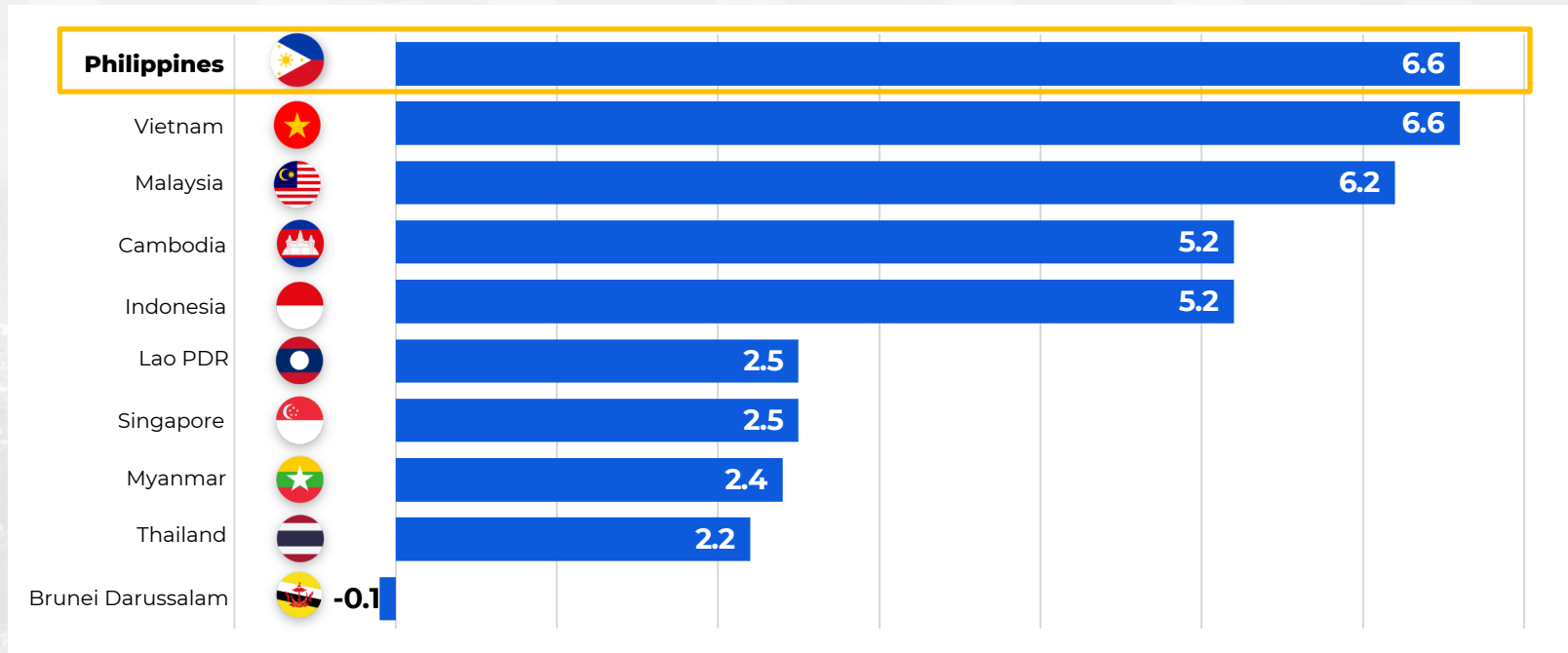
Global growth will be led by Asia's powerhouses for the next decades, notably by the Philippines

Actual and Projected GDP Growth of Selected Asian Countries



The Philippines is the fastest-growing economy in ASEAN

Actual Average GDP Growth Performance of ASEAN in 2022-2023 (in percent)



*Projections by IMF for Cambodia, Lao PDR, and Myanmar

Sources: Philippine Statistics Authority (PSA), Bangko Sentral ng Pilipinas (BSP) and various news websites

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








Philippines' GDP Growth Forecasts of Various Multilateral Organizations



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 Trillion USD) |
|------|---|---------------------------------|
| 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 |

| Rank | Country | 2075 Real GDP (In Trillion USD) |
|-----------|--|---------------------------------|
| 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%**

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

2023 Labor Force Survey (YoY), unless otherwise stated



76.5% ↑

Share of Consumer Spending to GDP



62.5% ↑

Share of wage and salary workers to total employed individuals



12.3% ↓

Underemployment rate



4.3% ↓

Unemployment rate



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

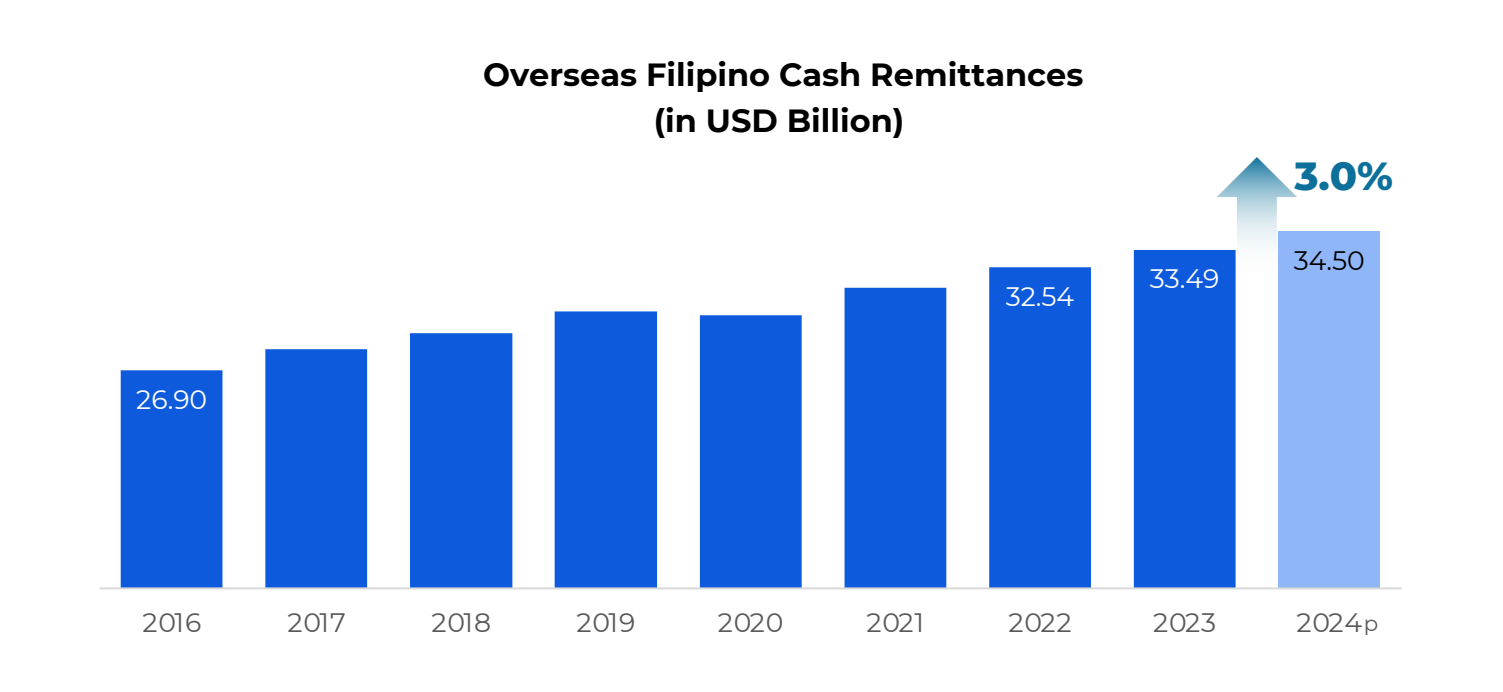
PH is expected to ascent to upper middle-income-status in 2025

An upper middle-income country means having a gross national income (GNI) per capita income range of U\$4,466 to U\$13,845.

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. By then, more than two-thirds of the Filipino population will spend more than U\$11 per day.

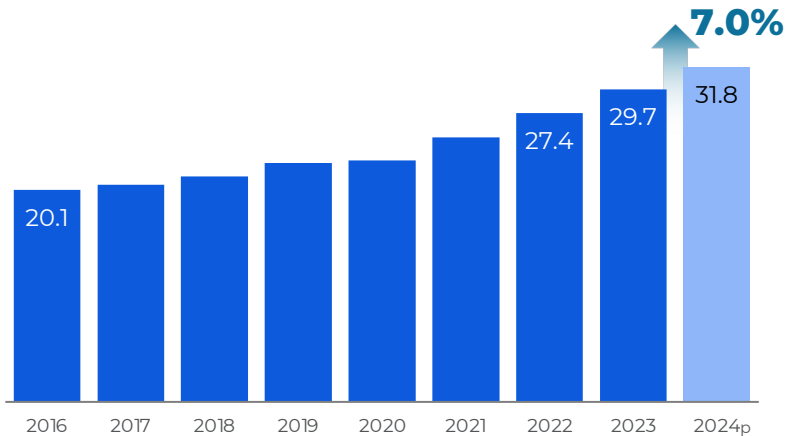
The robust remittance inflows from our overseas Filipino workforce also sustain domestic consumer demand



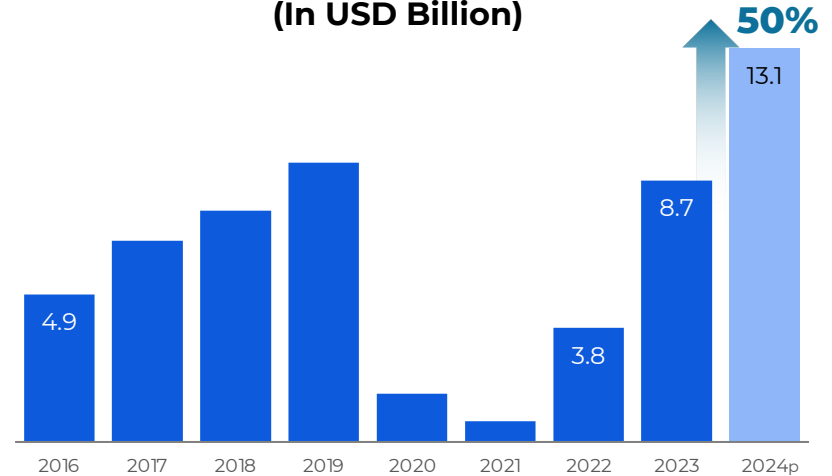
Source: Bangko Sentral ng Pilipinas

Business Process Outsourcing (BPO) provides hefty revenues, tourism industry posts strong rebound post-pandemic

**BPO export revenues
(In USD Billion)**

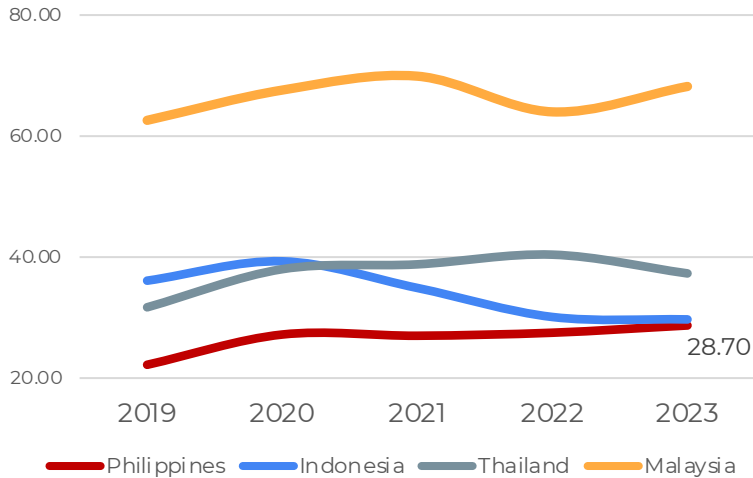


**International visitor receipts
(In USD Billion)**

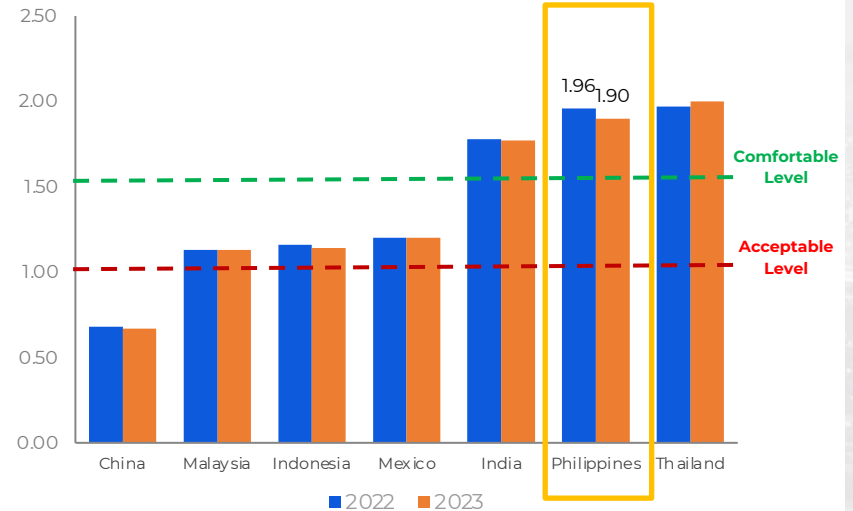


The Philippines continues to have the lowest external debt-to-GDP among ASEAN, and its level of reserves are significantly higher than peers

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



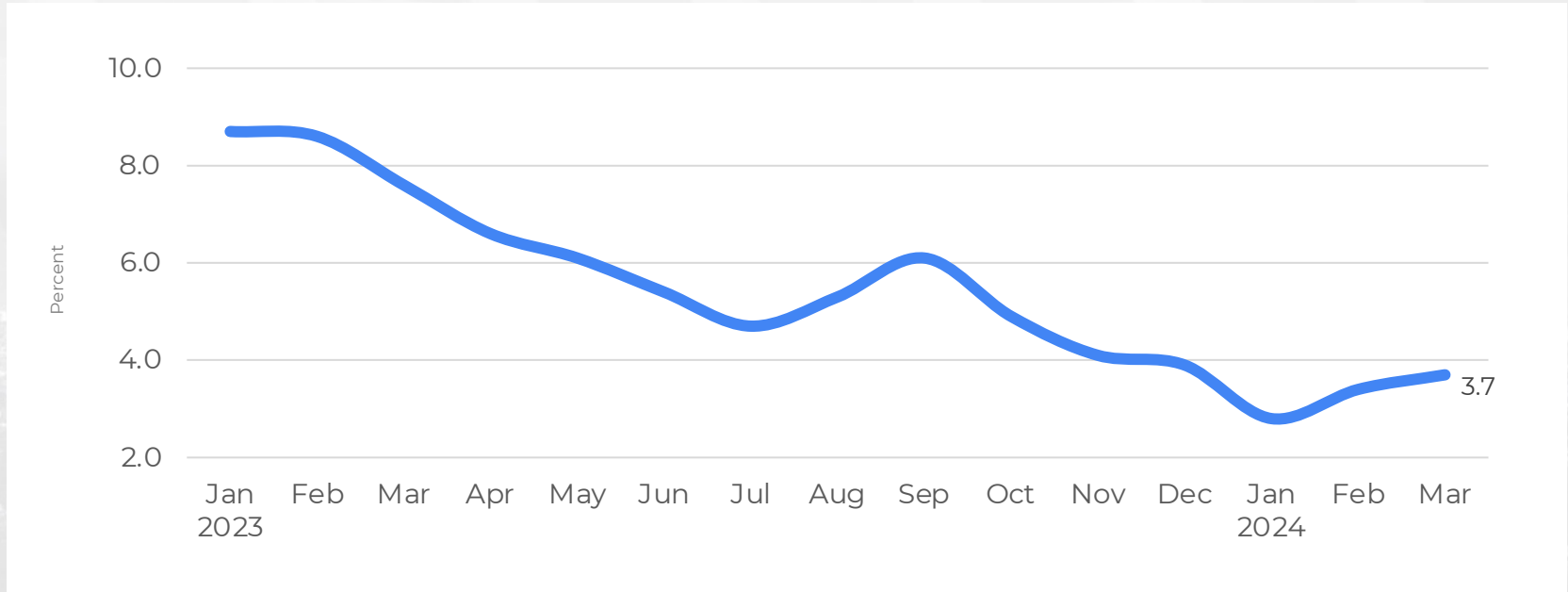
**Ratio of Reserve/ Assessing Reserve Adequacy
Ratio (ARA) Metric of Select Countries**



*Thailand covers Q1-Q3
Source: Bangko Sentral ng Pilipinas

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

Headline Inflation Rates in the Philippines, All Items



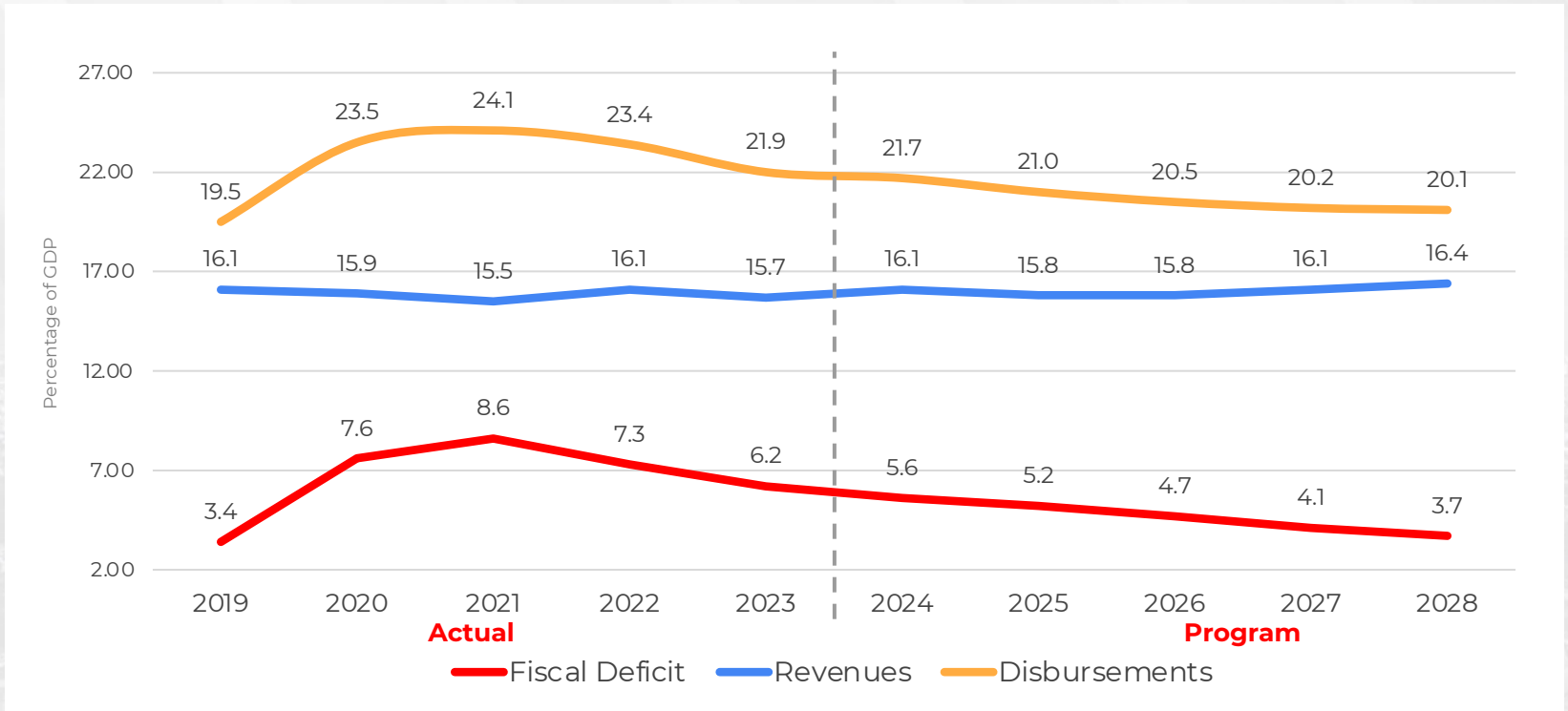


**We are committed to ensuring
business stability through prudent
fiscal management.**



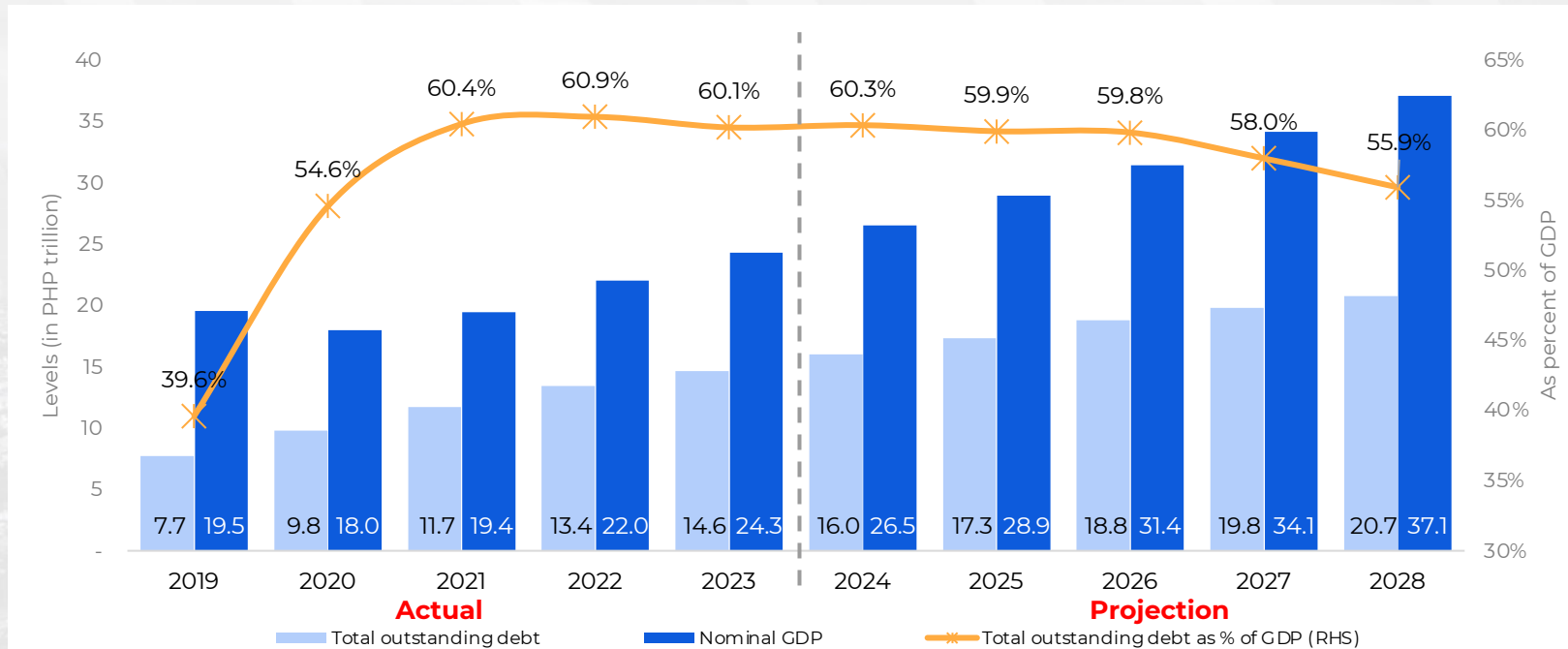
The fiscal deficit has continued to narrow down from its peak at the height of the pandemic

Fiscal Performance As Percentage of GDP



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

Nominal GDP vs Total Outstanding Debt (in PHP Trillion) and Total Outstanding 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

BBB+ rating
Stable Outlook
(November 2023)



Fitch Ratings

BBB rating
Stable Outlook
(November 2023)



R&I

BBB+ rating
Positive Outlook
(August 2023)



Japan Credit Rating Agency

A- rating
Stable Outlook
(March 2024)



Moody's

Baa2 rating
Stable Outlook
(September 2022)



We have a President with decisive political leadership and a foreign policy that is friendly, independent, and peace-oriented.

Under President Ferdinand R. Marcos, Jr.'s guidance, the Philippine government has rolled out a red carpet of pro-business policies to welcome investors with open arms.

The Philippine government has a strong commitment to foster more robust collaboration with the private sector

THE PUBLIC-PRIVATE PARTNERSHIP CODE OF THE PHILIPPINES



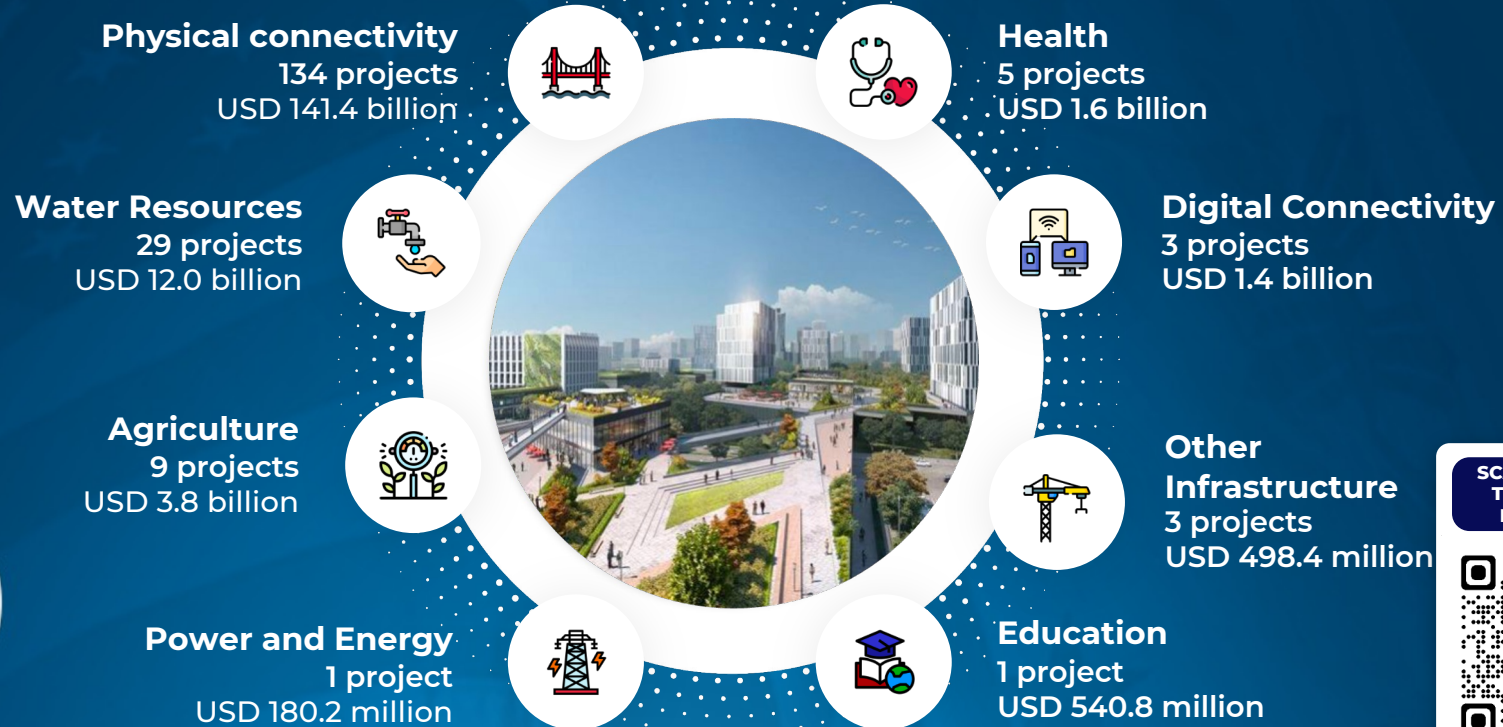
Rolls out a red carpet to investors, offering a stable, predictable, and competitive environment in which high-quality PPP investments can thrive



Integrates global best practices to streamline processes, reduce costs, and enhance ease of doing business for PPPs



The Philippines' Build Better More Program features **185 big-ticket infrastructure projects** worth **USD 161 billion** open for PPPs



SCAN TO VIEW
THE LIST OF
PROJECTS



The Philippine Government acts fast and efficient on investments

Ninoy Aquino International Airport (NAIA) Solicited Public-Private Partnership Project



Total estimated project cost:
USD 3 Billion



Scope: Rehabilitate the country's main international gateway



Project Approved on July 19, 2023:
Evaluated by the government within a record-breaking six weeks — the fastest approved PPP proposal in Philippine history



Awarding of Private Sector Contract on February 16, 2024:
The deal is aggressively forecasted to generate around **USD 16 billion** in revenues for the national government in the course of its entire concession period (15 years with 10 years extension)



MAHARLIKA INVESTMENT FUND

The Philippines' first sovereign wealth fund provides an opportunity for the private sector to participate in funding big-ticket infrastructure projects.



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

Ease of Paying Taxes Act

Modernizes tax administration and adopts best practices



Amendments to the Retail Trade Liberalization Act

Lowers minimum paid-up capital requirement for foreign corporations

Green Lane Endorsement

Streamline approval and registration processes



Amendments to the Public Service Act

Allows 100 percent foreign ownership in public services



Amendments to the Renewable Energy Act of 2008

Allows full foreign ownership of renewable energy projects




















Another critical factor that makes us more advantageous and globally competitive is our very young and well-educated population.



The Philippines and the US should become demographic partners

Median Age of Select Countries as of 2022

| | | | |
|--|-------------|--|------|
|  Philippines | 24.5 |  Cambodia | 26.5 |
|  US | 37.7 |  Indonesia | 29.4 |
|  Australia | 41.0 |  Lao PDR | 23.8 |
|  Europe | 44.1 |  Malaysia | 29.9 |
|  China | 37.9 |  Myanmar | 29 |
|  Japan | 48.4 |  Brunei | 31.8 |
|  India | 27.6 |  Thailand | 39.3 |
|  Singapore | 41.8 |  East Timor | 20.3 |
| | |  Vietnam | 32 |

Sources: United Nations, World Population Prospects 2022 and Eurostat (for Europe)
Notes: 1950 to 2021 show historical estimates. From 2022 the UN projections (medium variant) are shown.

**Ultimate goal:
Cut poverty incidence
to a single digit
or 9% by 2028.
This means lifting 14
million Filipinos out of
poverty.**





We eagerly look forward to the US becoming a key player in realizing our development goals by strengthening our long-standing alliance with more forward-looking business partnerships.





Join us in building an economy that will allow the Filipino people's many talents to blossom and secure a better future for our children.





Keynote Speech

Philippine Dialogue

RALPH G. RECTO
SECRETARY OF FINANCE

April 17, 2024
The Ritz-Carlton, Washington, D.C.