



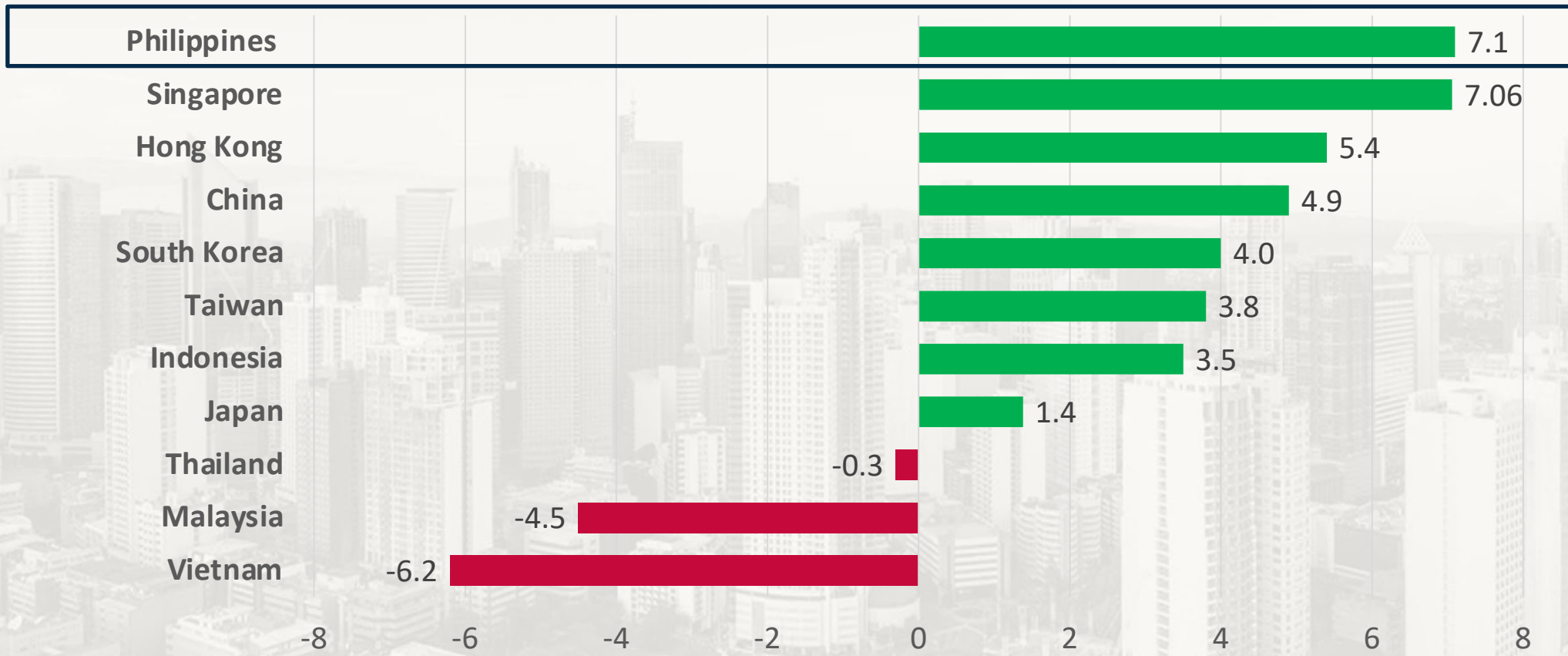
# KEYNOTE SPEECH

**CARLOS G. DOMINGUEZ**  
**Secretary of Finance**

*Philippine Economic Briefing for Foreign Chambers*  
*November 26, 2021*

In Q3 2021, the Philippine economy grew by 7.1 percent. That not only exceeded forecasts, but it also overshadowed the performance of our peers in the region.

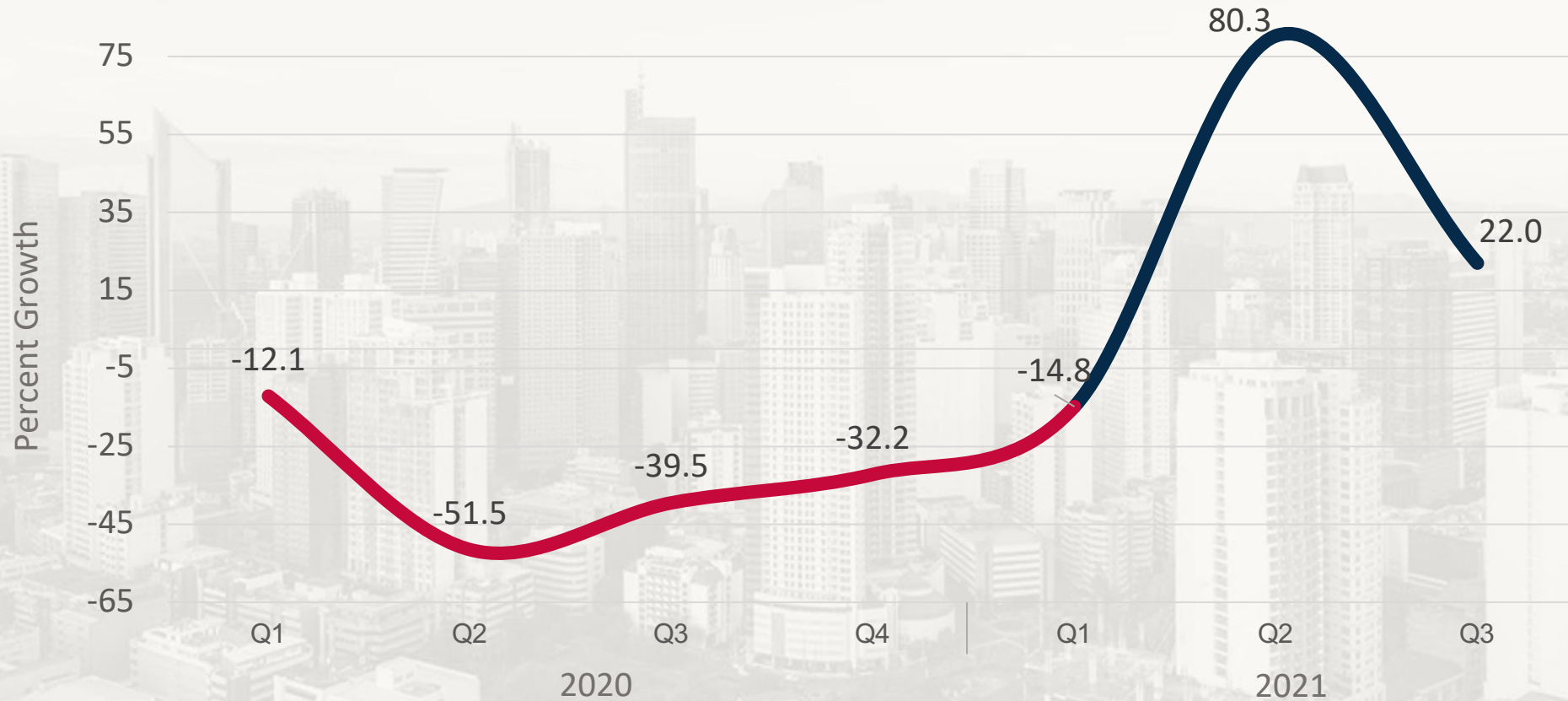
### Q3 GDP Growth in Asia-Pacific



Source: NEDA, Country Statistic Offices

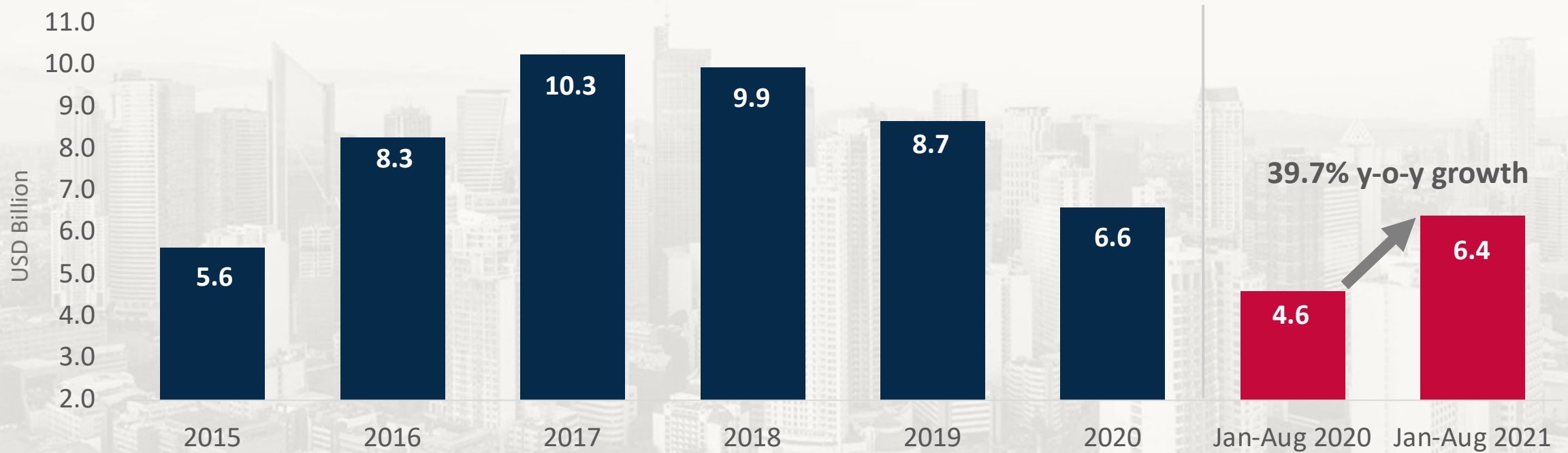
**Total investments increased by 22 percent in the third quarter of 2021, driven by public construction.**

### Year-on-Year Growth Rates of Capital Formation



**Investment inflows reflect confidence on economic recovery.**

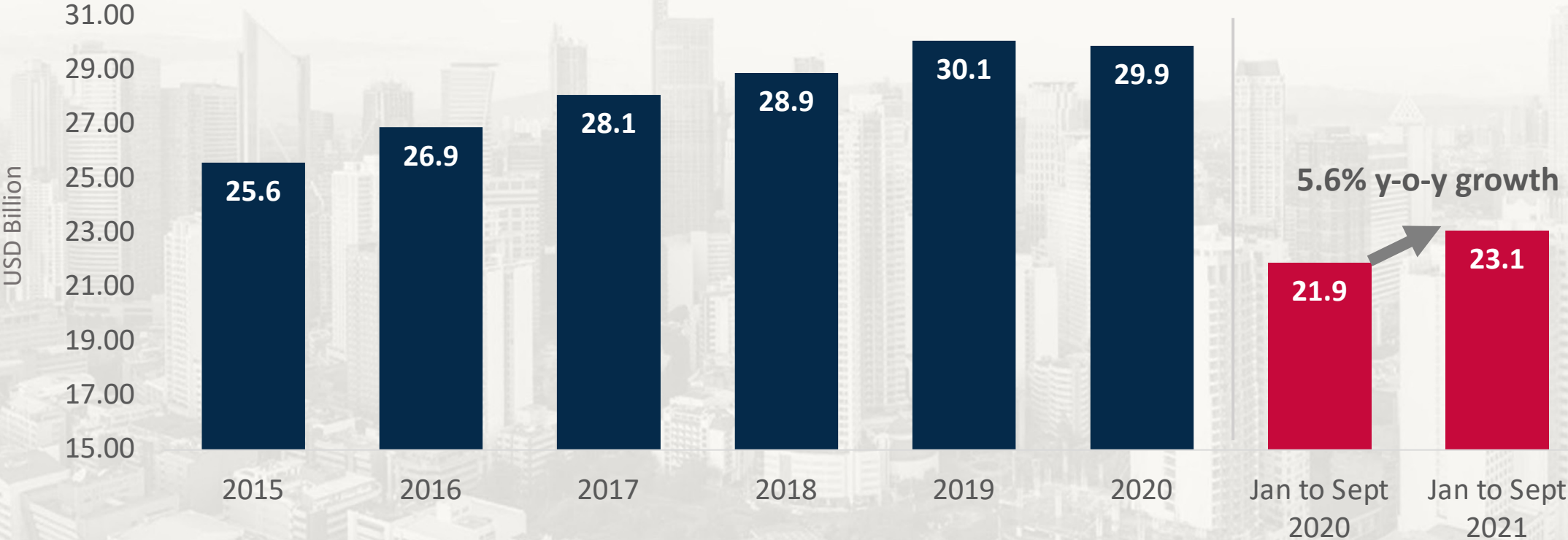
### Net Foreign Direct Investment Inflows (in USD Billion)





# Overseas Filipinos' remittances remained resilient amid the pandemic.

## Overseas Filipinos' Cash Remittances (in USD Billion)



Source: BSP

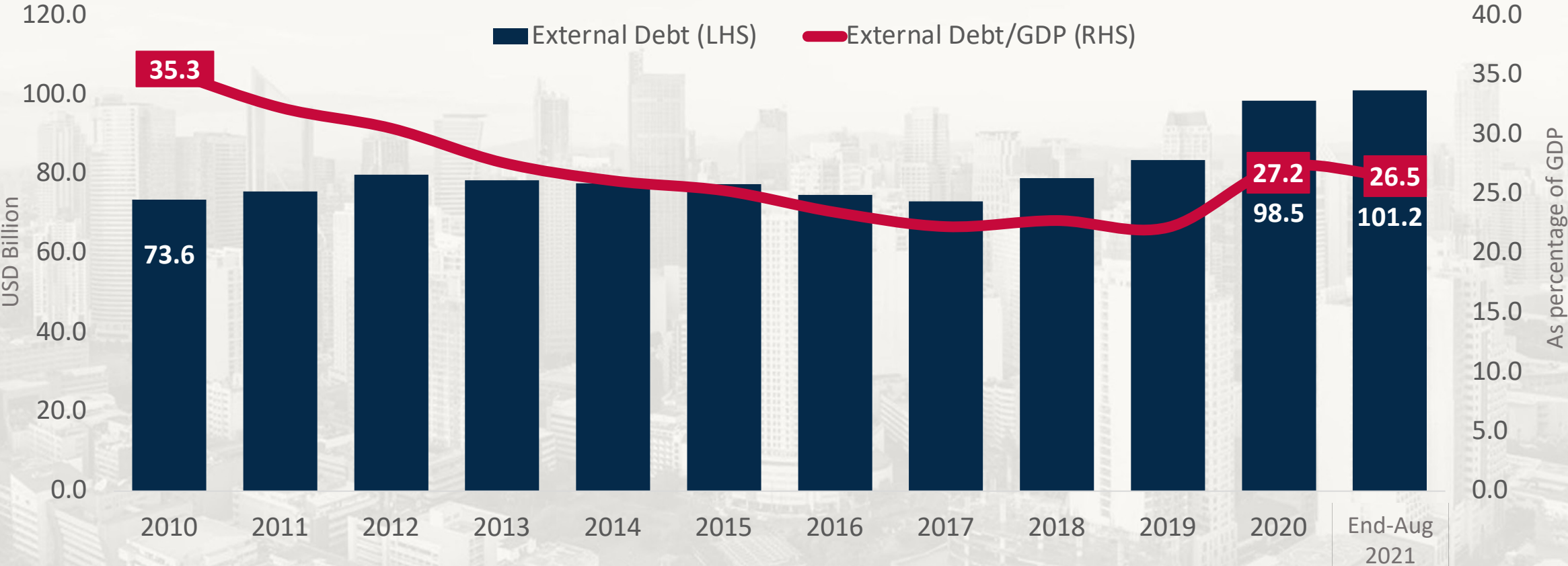
**We have adequate external liquidity buffers.**

## International reserves (USD Billion) and months of import cover



**Our international reserves exceed our total external debt obligations.**

### External Debt (USD Billion) and External Debt/GDP (%)

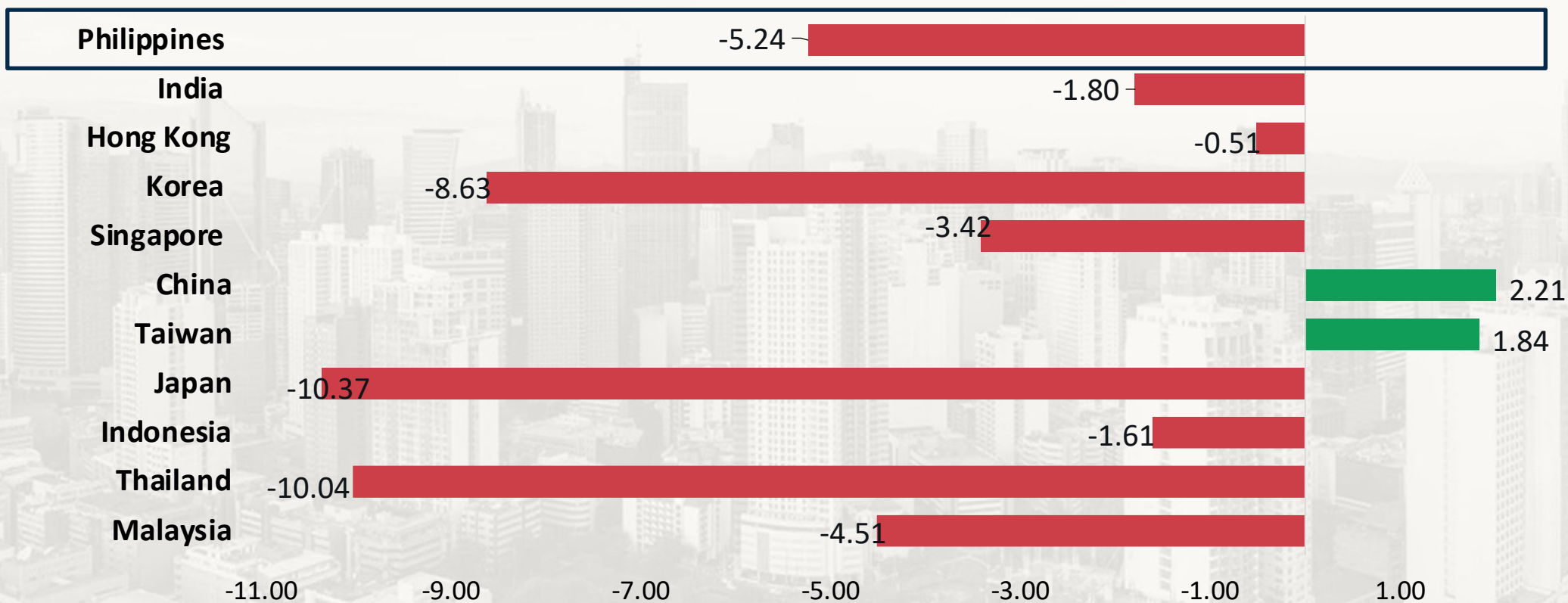


Source: BSP

# Peso performance is broadly in line with regional currencies.

## Year-to-date Appreciation (+)/Depreciation (-) (in percent)

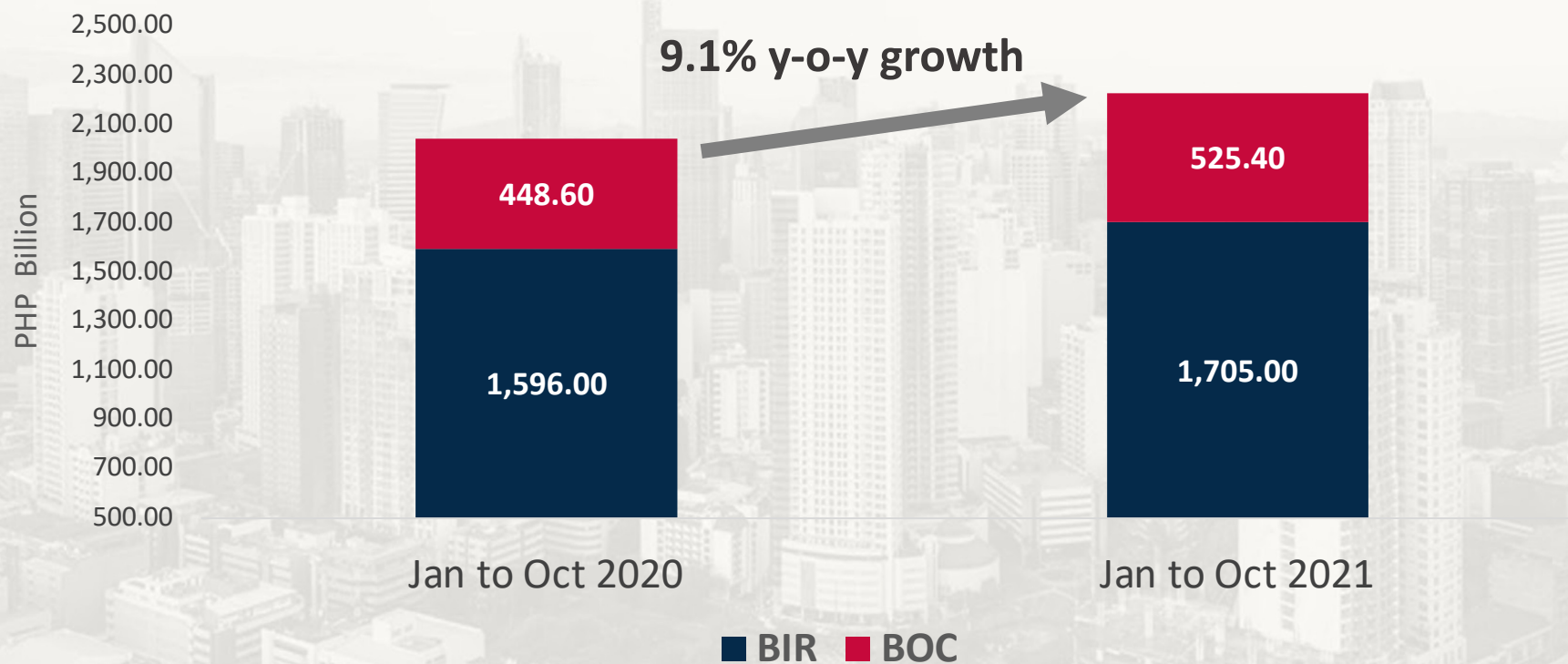
*As of November 24, 2021*





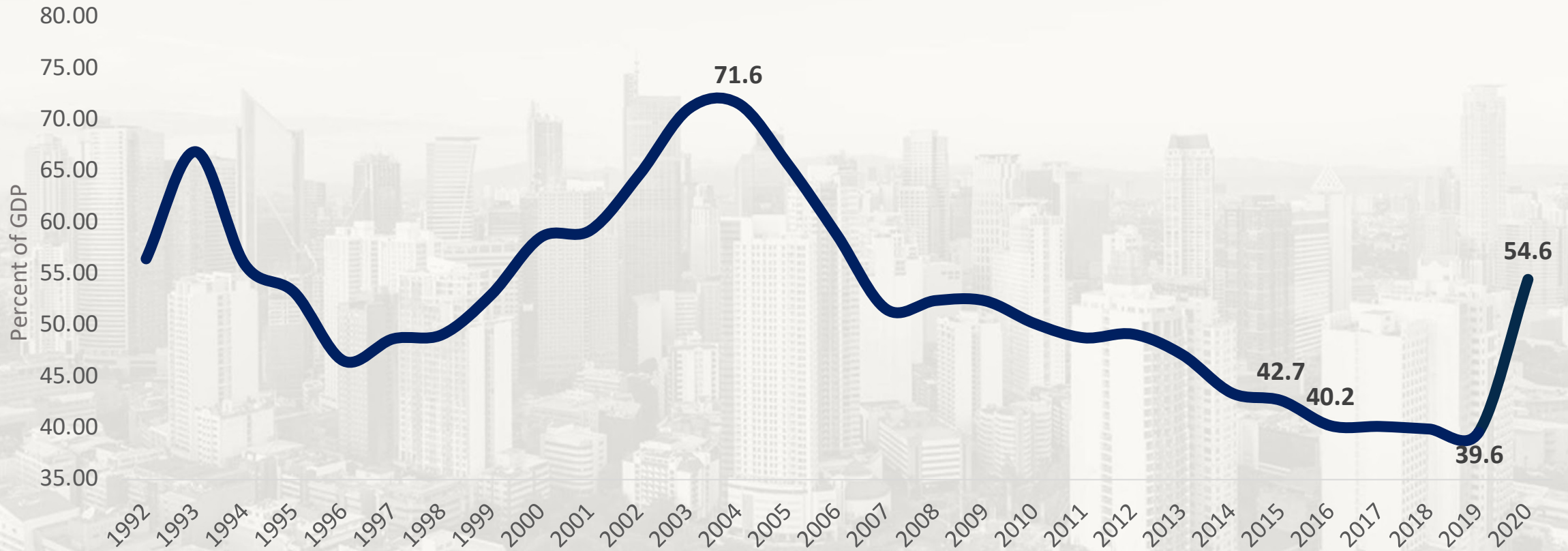
**Level of tax collections have been exactly as projected.**

### Combined Tax Collections of the Bureau of Internal Revenue and the Bureau of Customs (PHP Billion)



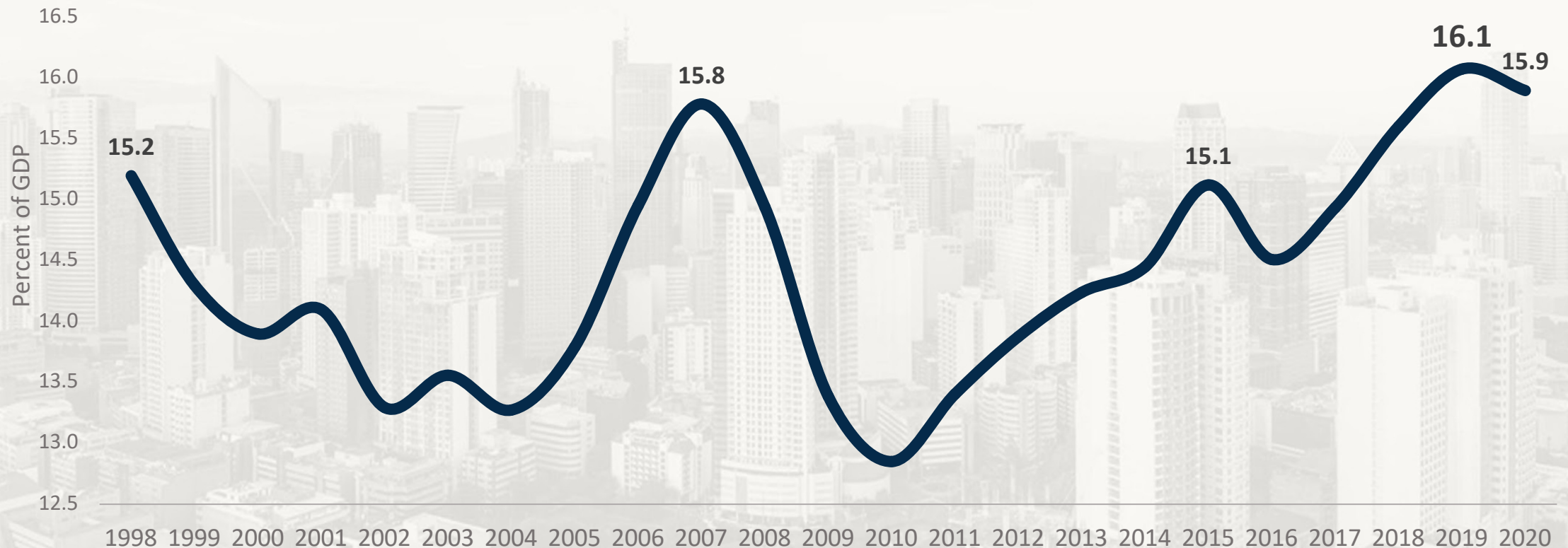
The Philippines had brought its national government debt-to-GDP ratio to a historic low of 39.6 percent in 2019.

## National Government Debt-to-GDP Ratio (%)



**We entered 2020 with a two-decade high revenue effort at 16.1 percent of GDP. Despite the pandemic, revenue effort remained high at 15.9 percent of GDP.**

### Revenues as Percentage of GDP (%)



**With our high credit ratings, it was not difficult to engage in emergency financing with concessional rates.**

**Lianhe Credit Rating Co. Ltd.**

Affirmation of AAA, Stable Outlook (July 2021)

**Japan Credit Rating Agency**

Upgrade from BBB+ to A-, Stable Outlook (June 2020)

**R&I**

Affirmation of BBB+, Stable Outlook, (April 2021)

**S&P Global Rating**

Affirmation of BBB+ rating, Stable Outlook (May 2021)

**Fitch Ratings**

Affirmation of BBB rating, Revised Outlook to Negative (July 2021)

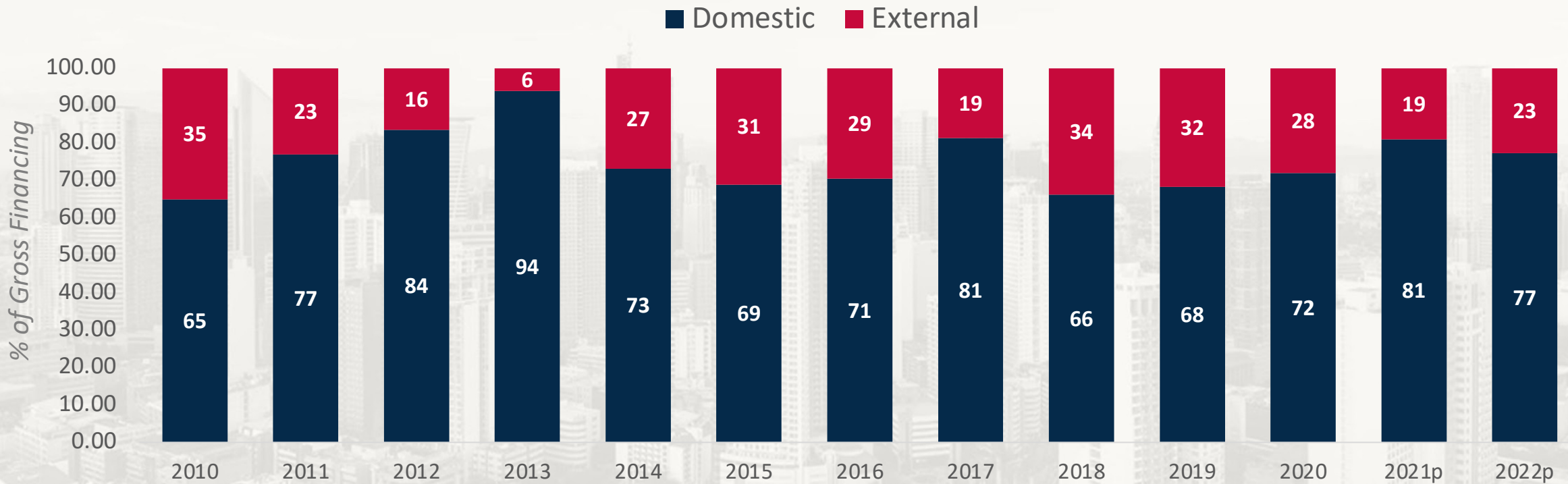
**Moody's**

Affirmation of Baa2 rating, Stable Outlook (July 2020)



Following the pattern of the past few years, more than two-thirds of our borrowings are locally sourced.

## Domestic to Foreign Financing Mix (in %)



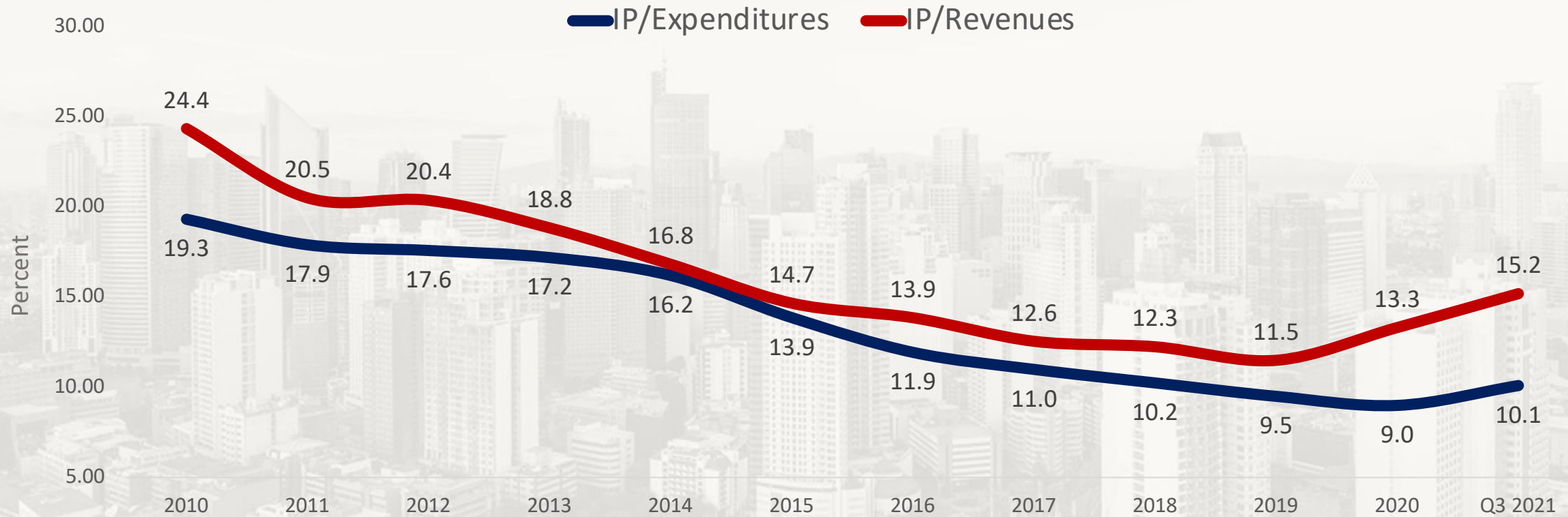
**Our average annual interest rate on domestic and external debt has been declining.**

## Weighted Average Annual Interest Rate (%)



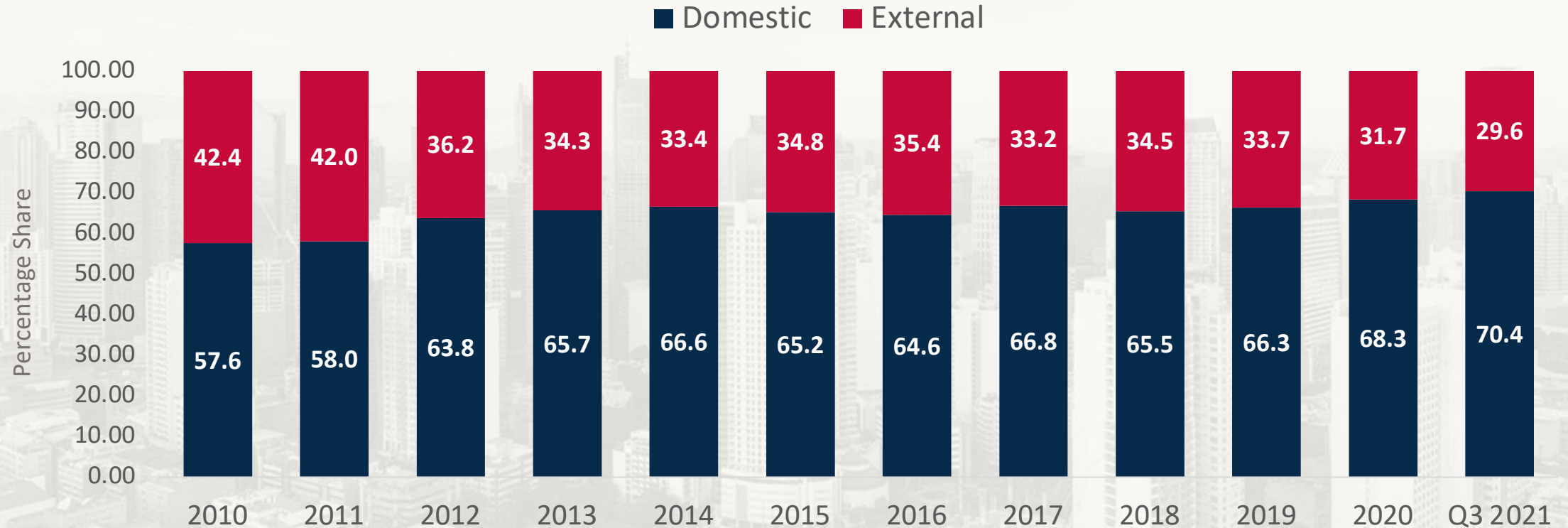
# The affordability of our debt remains well-manageable.

## Interest Payments/Revenues and Interest Payments/Expenditures (%)



The risk of peso depreciation inflating the debt level has been significantly reduced.

## Outstanding Debt by Currency Composition (%)

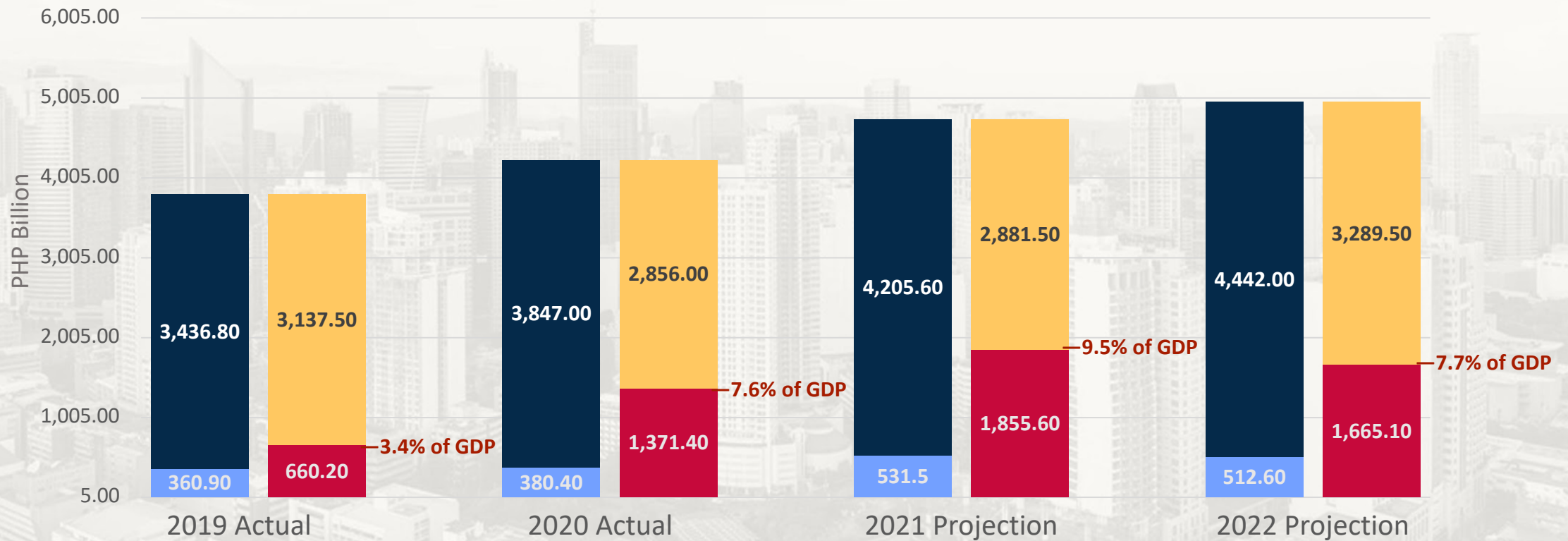




Under our fiscal program, our revenue collections will return to pre-pandemic levels next year.

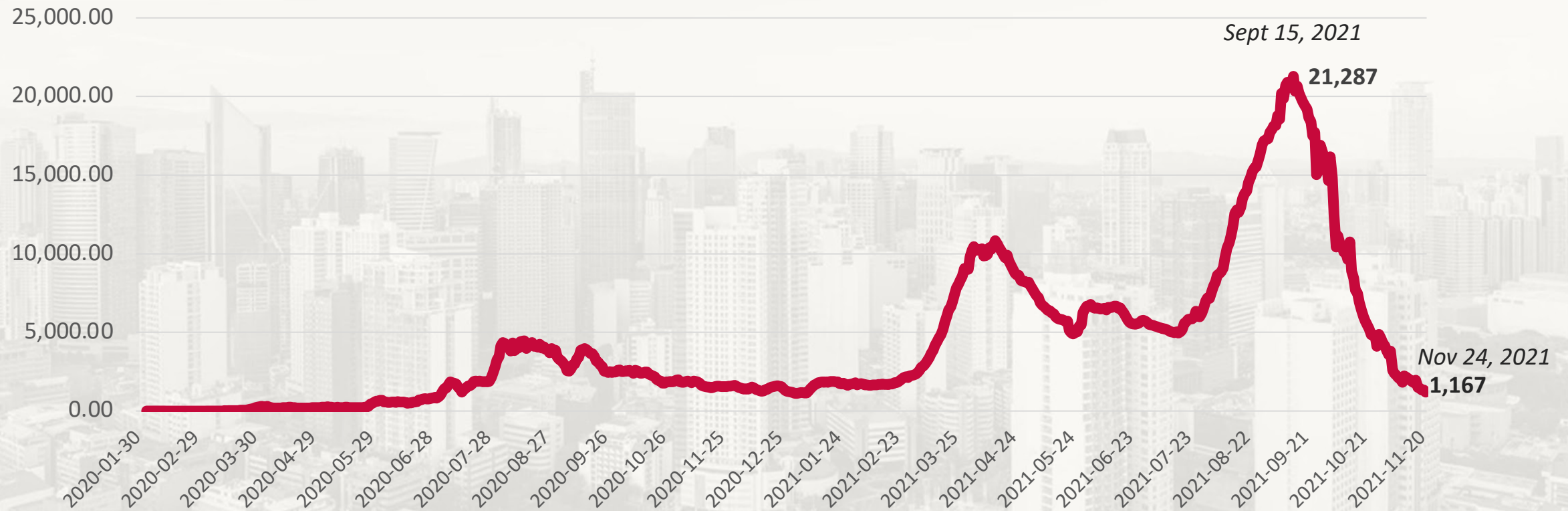
## Fiscal Performance and Program (in PHP Billion)

Primary Expenditures Interest Payments Total Revenues Deficit



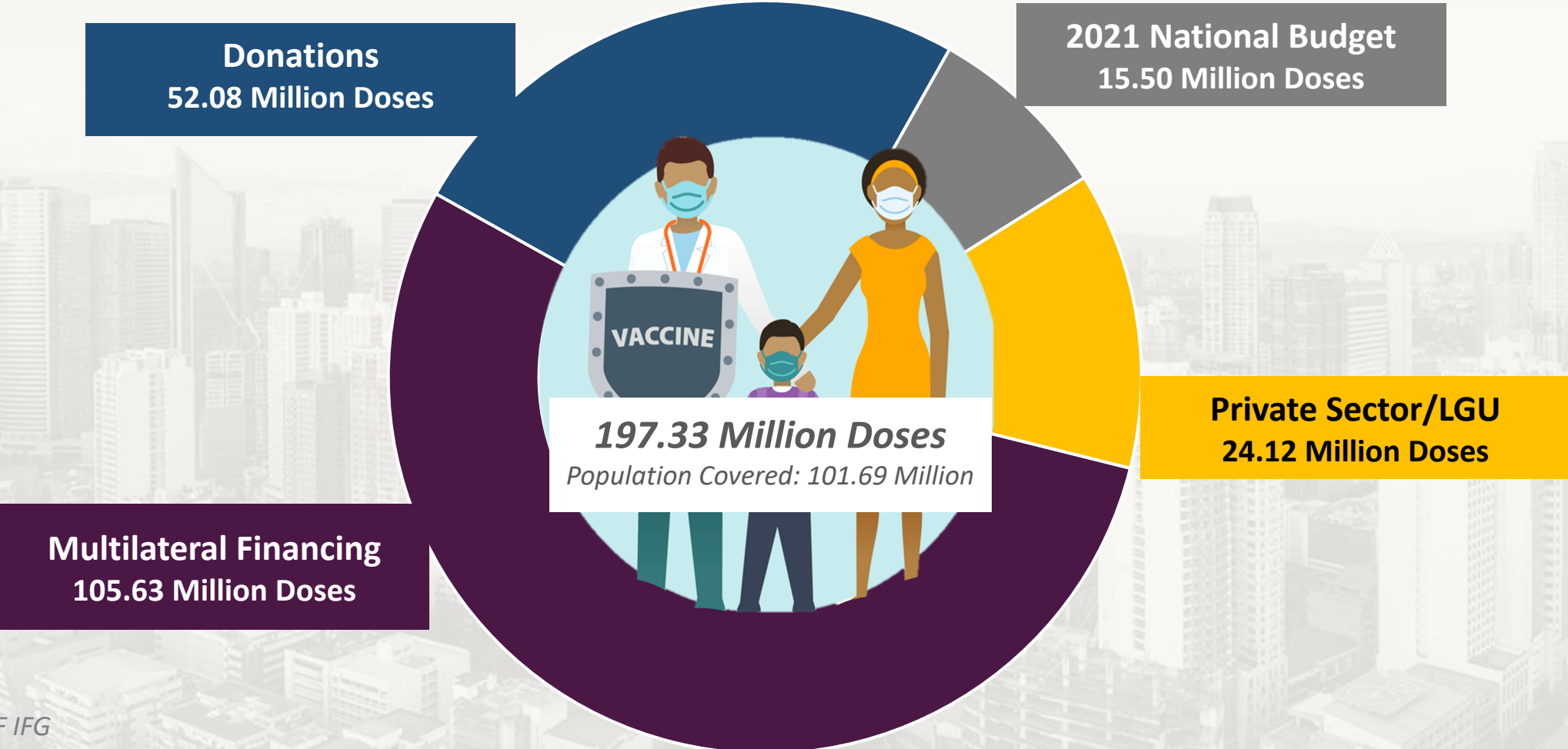
We will continue easing restrictions as our infection rates continue their step decline.

## 7-Day Average Daily New COVID-19 Cases in the Philippines



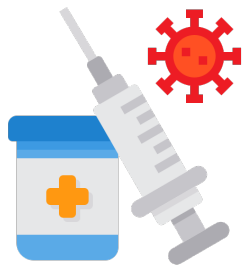
**We have quickly secured all the vaccines we need.**

**Summary of Vaccine Doses Secured By Source**



Source: DOF IFG

We have been receiving steady supplies of vaccines and inoculating our people apace.



**139.4 Million Doses**


Total COVID-19 Vaccine Doses That  
Arrived in the Country  
*As of November 25, 2021*



**79.6 Million Shots**

Total Number of Vaccine Doses  
Administered  
*(First Dose: 44.5 M; Fully Vaccinated: 35 M)*  
*As of November 25, 2021*



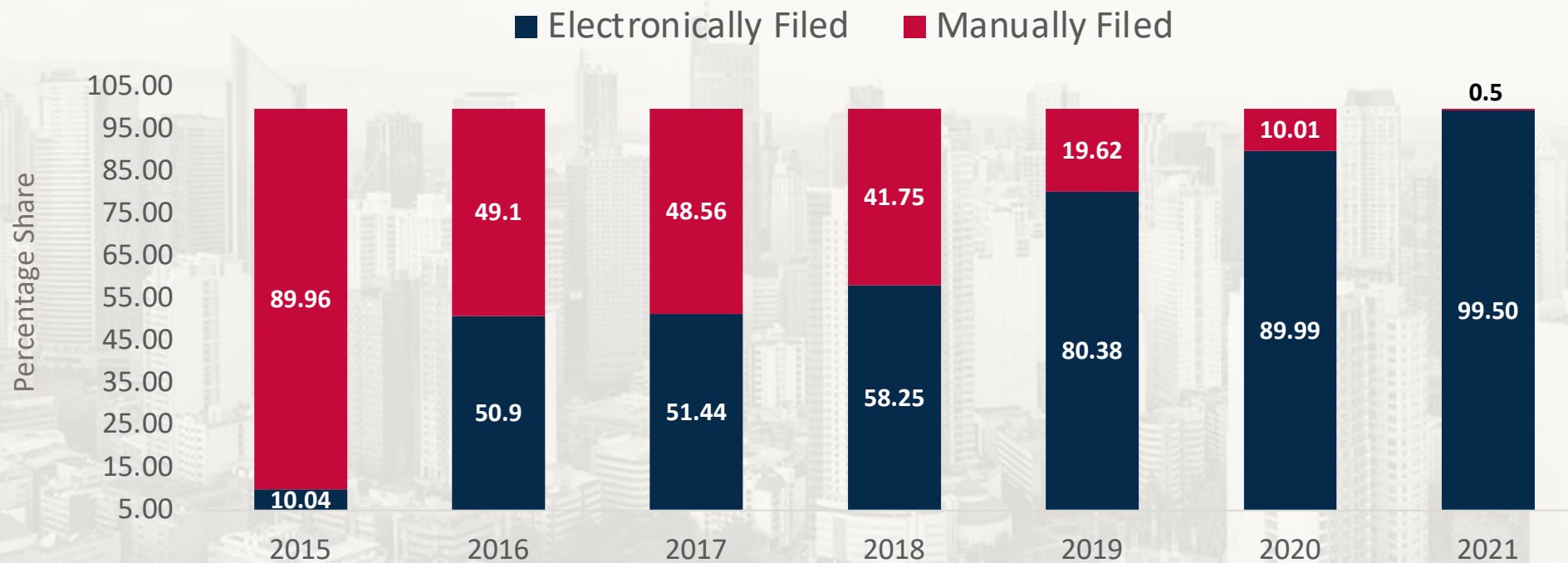


**With current trends, we expect to achieve  
the full reopening of the economy by  
the onset of the New Year.**

**We are ready for a strong recovery.**

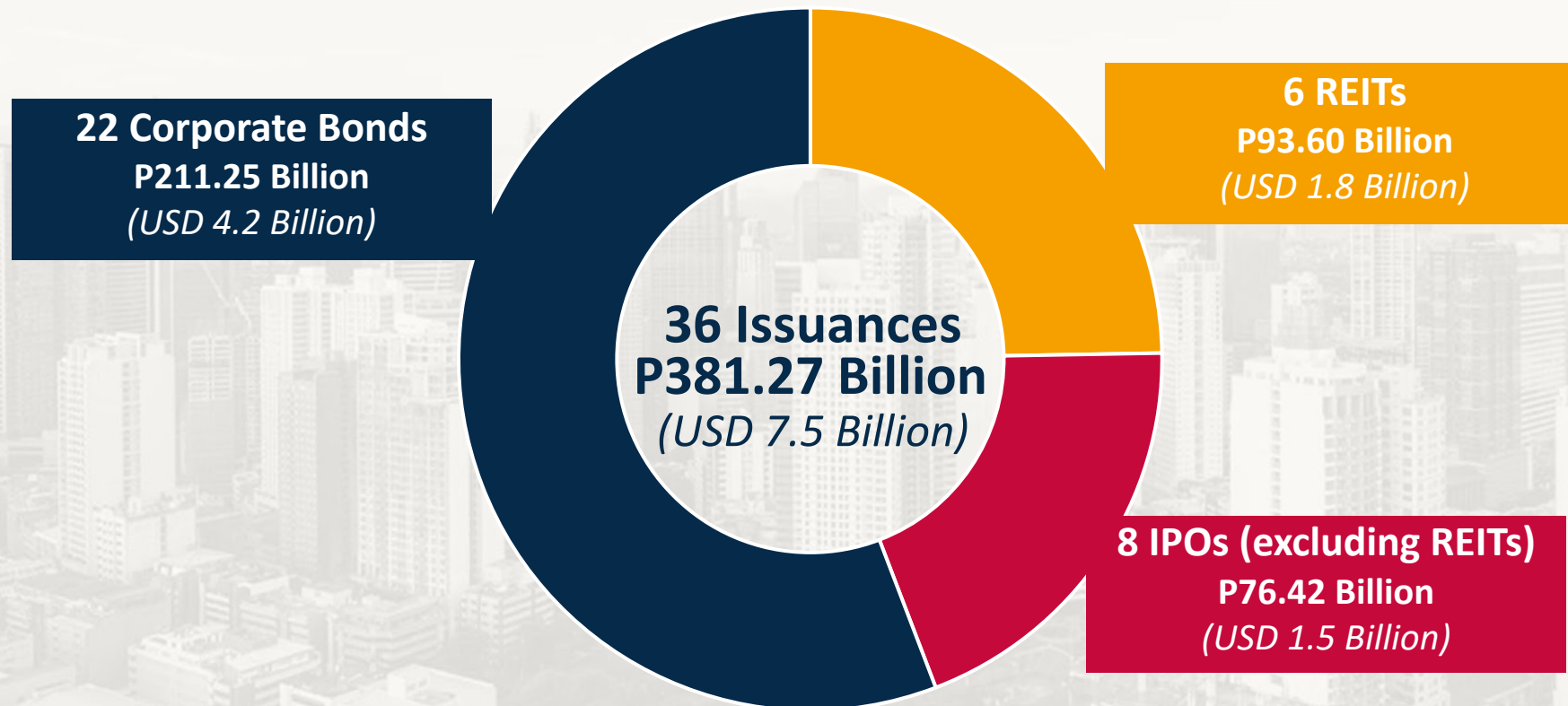
The electronic channels in place even before the pandemic enabled our main revenue-generating agencies to consistently over-perform and collect more revenues.

### Manually vs Electronically Filed Annual Income Tax Returns (AITR)



**Digital technology has paved the way for a host of market issuances, from real estate investment trusts, initial public offerings, to corporate bonds.**

**Number of REITs, IPOs, and Corporate Bond Issuances in the Capital Markets Since March 2020 (Onset of the Pandemic) and Total Amount Raised**



The Bureau of the Treasury has floated a series of government securities, including our first-ever Retail Dollar Bonds.

### Government Bond Issuances since March 2020

Bond Issuances	Initial Target (in PHP billions)	Amount Raised (in PHP billions)
Retail Treasury Bond (RTB) 24	30.0 <i>(USD 592 Million)</i>	516.3 <i>(USD 10.2 Billion)</i>
RTB 25	30.0 <i>(USD 592 Million)</i>	463.3 <i>(USD 9.1 Billion)</i>
RTB 26	30.0 <i>(USD 592 Million)</i>	Offer period ongoing
Premyo Bonds 2	3.0 <i>(USD 59 Million)</i>	6.6 <i>(USD 130 Million)</i>
Retail Dollar Bonds	20.0 <i>(USD 400 Million)</i>	80.0 <i>(USD 1.6 Billion)</i>



# The President signed into law the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act on March 26, 2021.



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

This gives out **almost USD 2 billion worth of tax relief annually** to the corporate sector to sustain employment or use for investments.



## Provides hefty corporate income tax rate cuts

The law provides an immediate 10 percentage point cut in the corporate income tax rate of domestic MSMEs (from 30 percent to 20 percent), while the rest of the corporations enjoy a 5-percentage point reduction (from 30 percent to 25 percent).




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

The law rationalizes fiscal incentives, creating an enhanced incentives package that is performance-based, time-bound, targeted, and transparent.

**Within the first eight months since the CREATE law was passed, the Fiscal Incentives Review Board already approved incentives for four big-ticket projects.**

<b>Project</b>	<b>Location</b>	<b>Description of Activity</b>	<b>Tax incentives granted</b>	<b>Estimated project cost (in PHP Billion)</b>
<b>Mass housing</b>	Leganes, Iloilo	New developer of economic and low-cost housing project	4 years income tax holiday (ITH) and tax exemption on importations	1.4 <i>(USD 28 Million)</i>
<b>Cement Manufacturer 1</b>	Porac, Pampanga	Cement producer expanding operations	2 years ITH, 5 years of enhanced deduction, and duty exemption on importations	3.1 <i>(USD 61 Million)</i>
<b>Cement Manufacturer 2</b>	Calatagan, Batangas	New producer of cement	6 years ITH, 5 years of enhanced deduction, and duty exemption on importations	24.9 <i>(USD 491 Million)</i>
<b>Rail operations of subway project</b>	City of Makati, Metro Manila	Construction, operation, management, and maintenance of the rail project	4 years ITH, 5 years enhanced deductions, and duty exemption on capital equipment, raw materials, spare parts, or accessories	80.1 <i>(USD 1.6 Billion)</i>



With CREATE, we see opportunities to strengthen investment and business partnership with your countries especially in the areas of **manufacturing, digital technology, renewable energy, and research and development activities.**

**We are taking full advantage of the demographic sweet spot the Philippines enjoys.**

A young and talented population profile means we will have a workforce prepared to swiftly adjust to the transformations taking place in our economy.



# List of economic priorities before the end of President Duterte's term:

## Digitalization and Infrastructure



Continue the ongoing digital reforms



Continue the infrastructure program

## Economic Liberalization Bills



Amendments to the Foreign Investments Act



Amendments to the Public Service Act



Amendments to the Retail Trade Liberalization Act

## Remaining Tax Reform Packages



Tax Reform Package 3:  
Property Valuation Reform



Tax Reform Package 4: Passive  
Income and Financial  
Intermediary Taxation

## Climate Change Action



Practical Adaptation and Mitigation  
Projects on the Ground

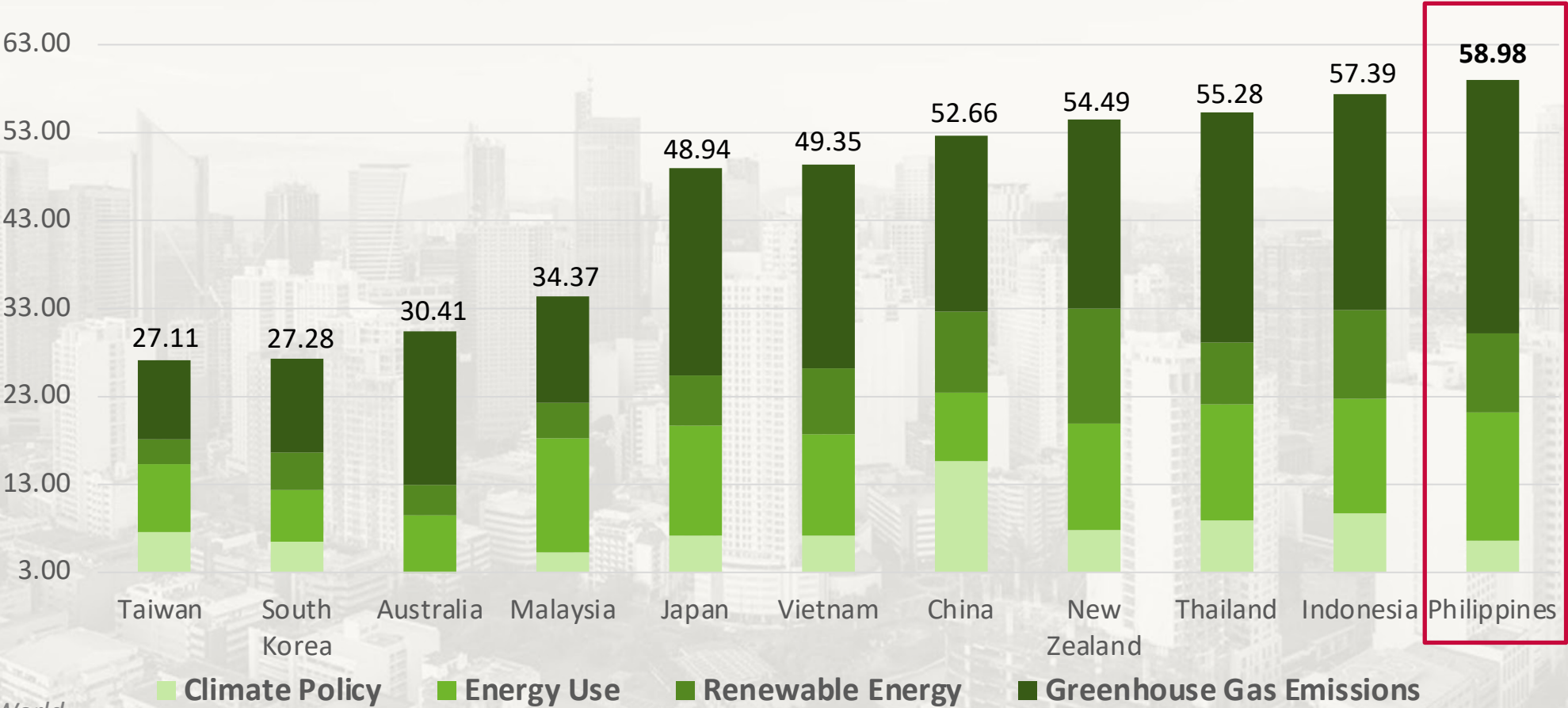
## Capital Markets Reform



Capital Market Development  
Act of 2021

# The Philippines has outperformed its peers in the Asia Pacific Region in climate protection performance.

## Overall Score of the Asia-Pacific Region in the 2022 Climate Change Performance Index



Source: BusinessWorld

The Philippines has shifted global discussions on climate change from focusing on general scientific findings to undertaking practical actions that may immediately be undertaken on the ground.

## Climate Change Mitigation and Adaptation Projects



Put together a group of experts to prepare and execute localized action plans



Launched the Sustainable Finance Roadmap to encourage public and private investment in green projects



Currently pushing for a law banning single-use plastics



Embarking on a project with ADB to accelerate the PH's transition from coal to clean energy

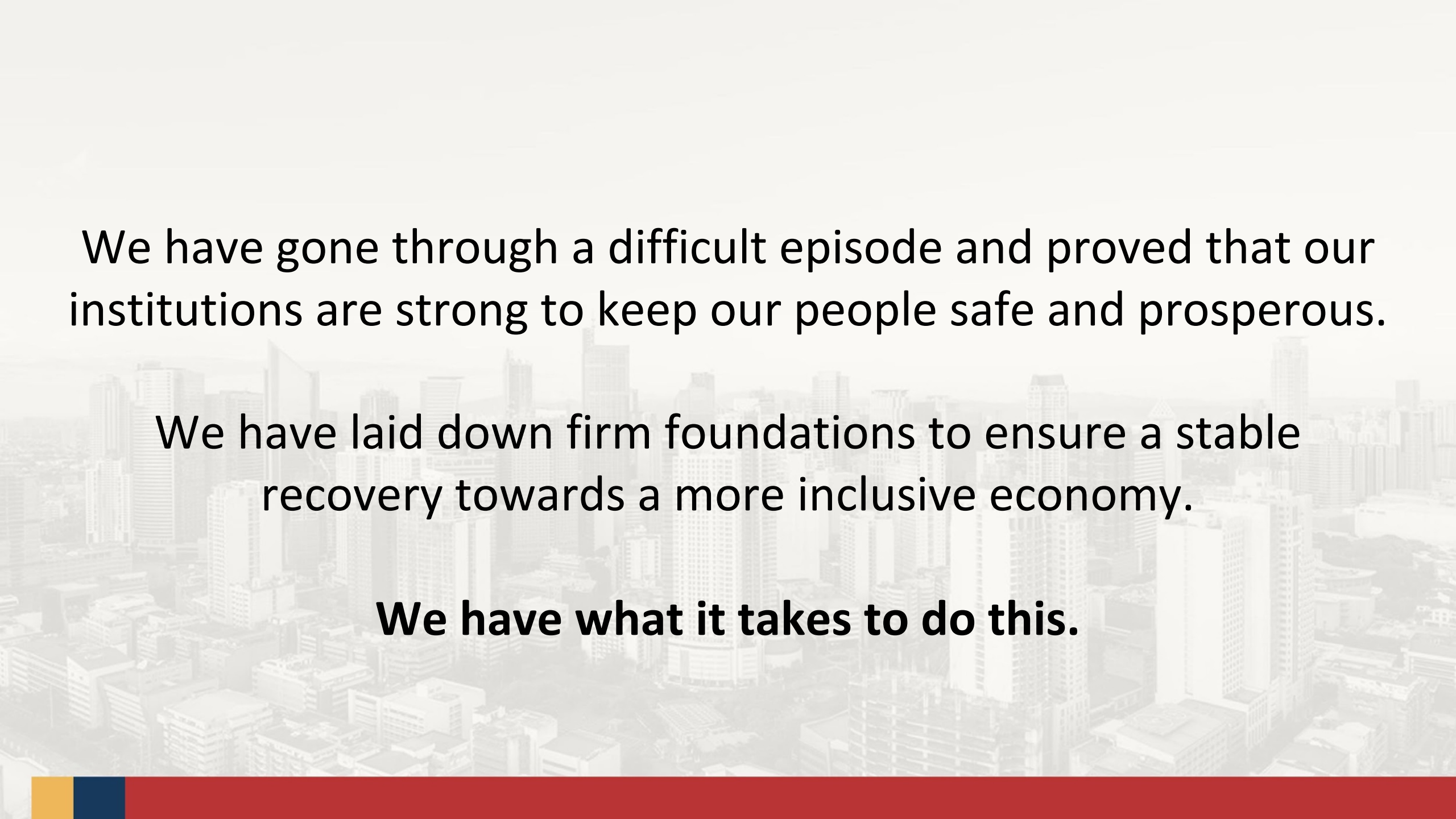


Finalizing a sustainable finance framework for the issuance of PH's first-ever sovereign green bonds



**We look forward to your continued support  
and to working with you more closely in achieving  
a sustainable and better future for the Filipino people.**





We have gone through a difficult episode and proved that our institutions are strong to keep our people safe and prosperous.

We have laid down firm foundations to ensure a stable recovery towards a more inclusive economy.

**We have what it takes to do this.**



An aerial view of a city skyline, likely Manila, Philippines, with a semi-transparent white overlay. The text is centered in the middle of the image.

**The Philippines is more than ready  
for the new and better normal.**



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