



Keynote Speech

Philippine Economic Briefing

RALPH G. RECTO
SECRETARY OF FINANCE

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Tokyo, Japan



**Japan is the
Philippines'
best friend
in the region**



Japan is the Philippines' **best friend** in the region

2nd largest trading partner:

**USD 20.74
Billion** (2023)

Top contributor of
Net FDIs:

**USD 849.36
Million** (2023)

Top provider of official
development assistance:

**USD 12.27
Billion** (as of 2023)

3rd biggest source of
tourist arrivals:

305,580 (2023)



Metro Manila will have its first underground subway up and running by 2029, **thanks to Japan.**



Japan is the **largest investor** in the Philippines' economic zones



No. of Locator Companies:

806



Investments:

PHP 578.75 B

27.93% of PEZA's total investments



Employment Created:

330,017

** As of April 2024*



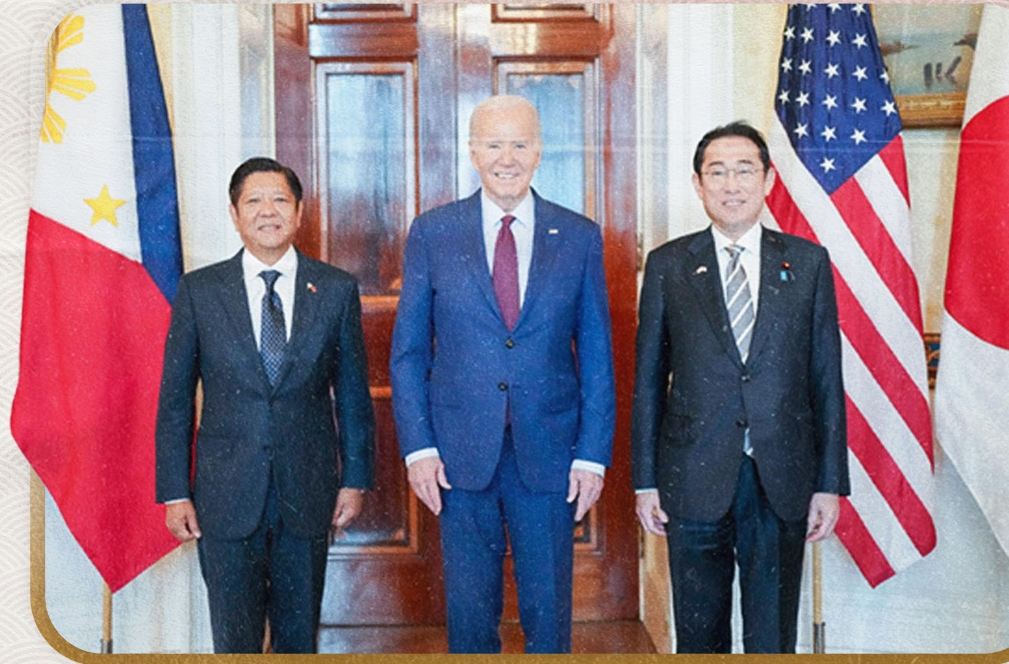
Exports:

USD 15.97 B

** Jan – April 2024*

**We share
mutual
respect.**

*We both understand
that harmony and
security are crucial to
achieving prosperity.*



Philippines-Japan-United States Trilateral Alliance

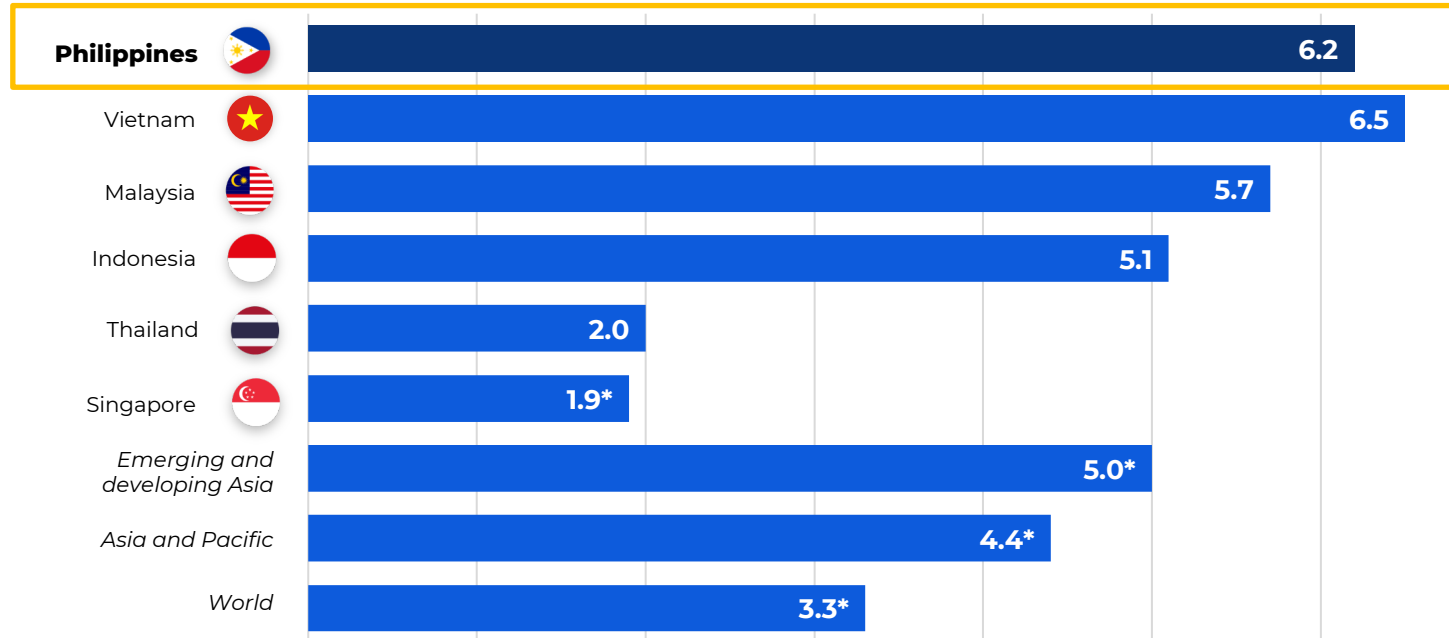


The Philippines is booming
and has all the makings of a
tiger economy



Since President Marcos, Jr. took office in 2022, the Philippines has consistently become an economic superstar in ASEAN

Average GDP Growth Performance of ASEAN in Q3 2022 - Q1 2024 (in percent)

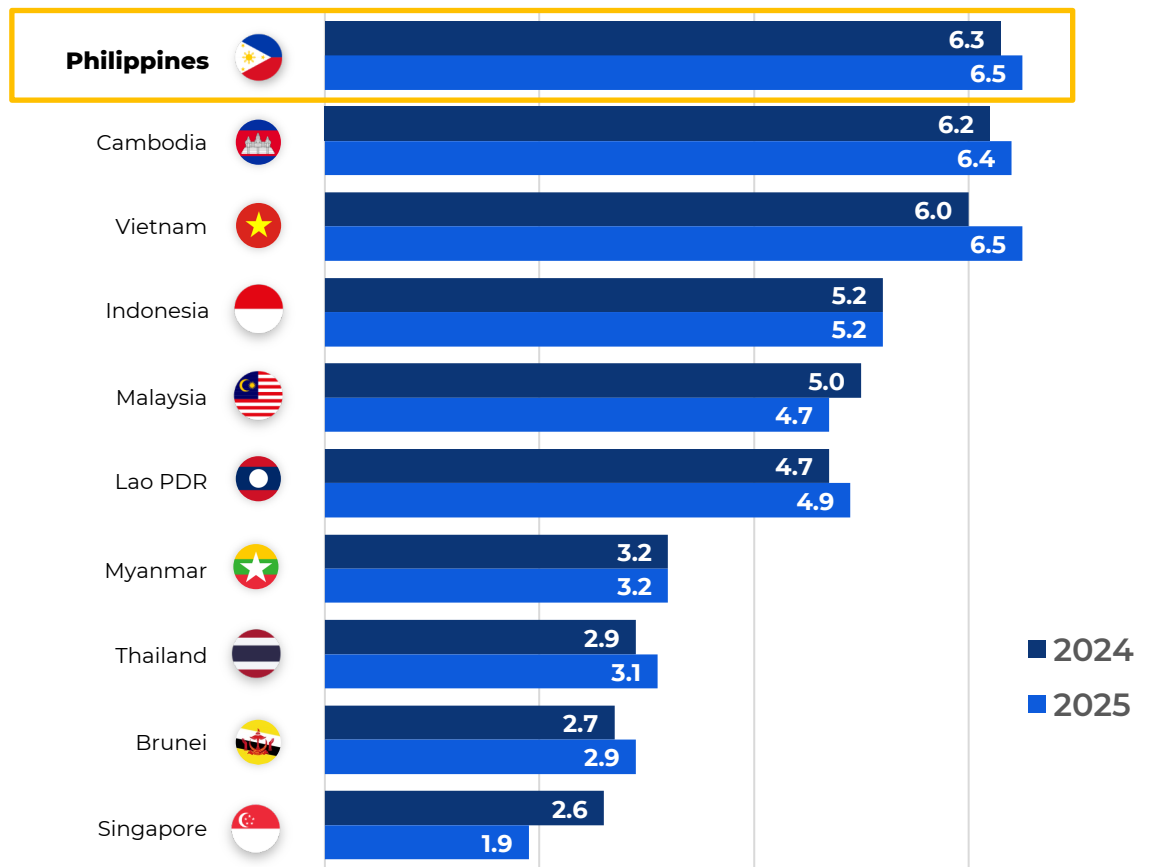


* Average for 2022 and 2023 based on IMF country groupings

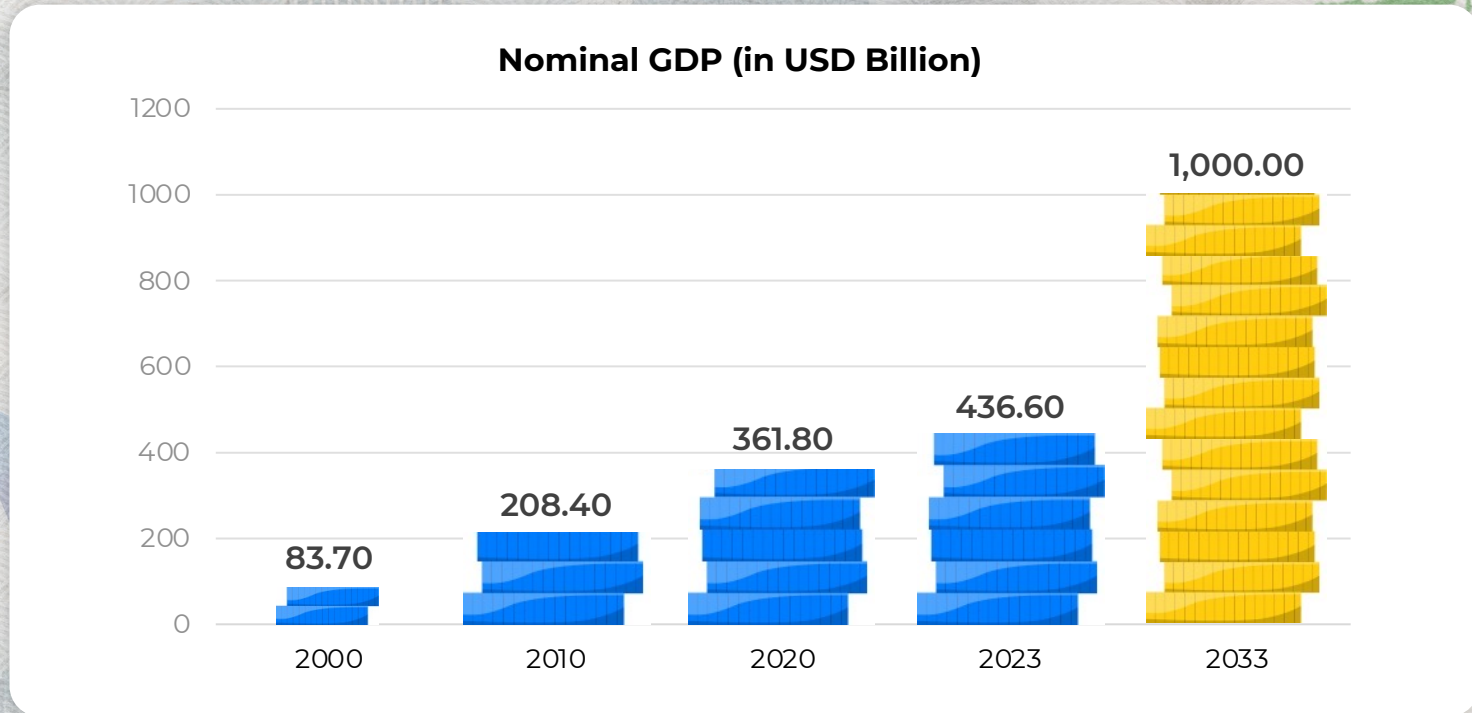
Sources: Bangko Sentral ng Pilipinas, Asian Development Bank, International Monetary Fund, World Bank, and DOF-OCE estimate

The
Philippines
will continue
to be a
frontrunner
in ASEAN

AMRO's 2024 to 2025 GDP Growth Outlook Comparison Among ASEAN Countries

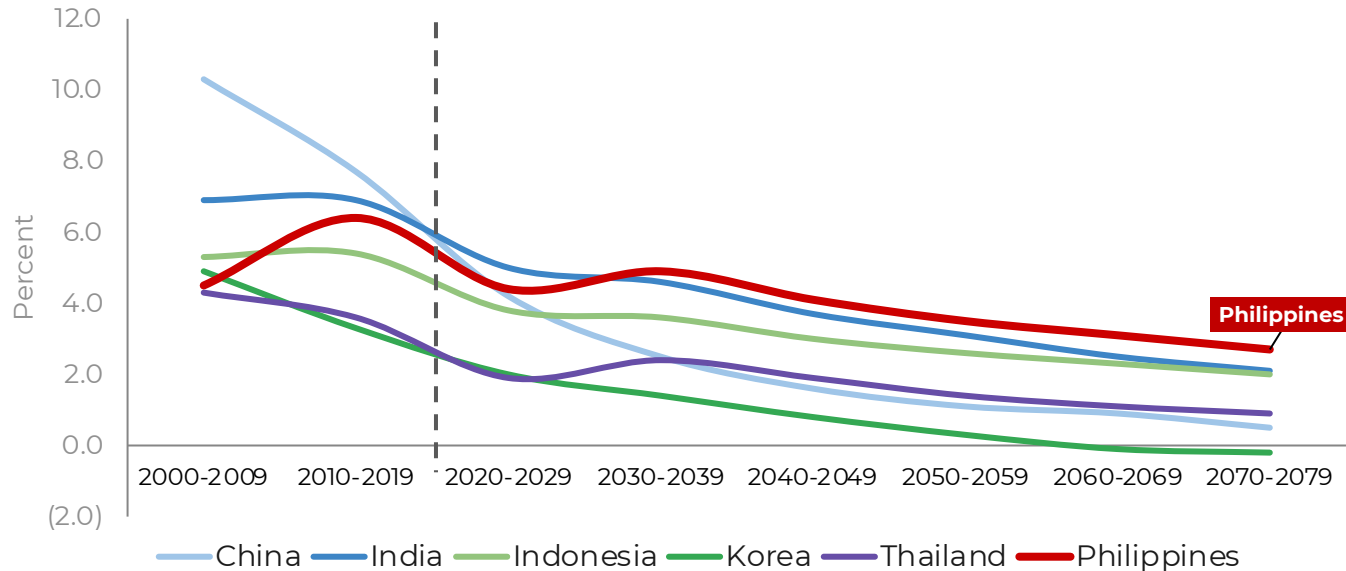


In less than a decade, the Philippines will become a trillion-dollar economy



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



Philippines will be the 14th largest economy worldwide by 2075

World's Top 15 Largest Economies by 2075

Rank	Country	2075 Real GDP (In USD Trillion)
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 USD Trillion)
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%


Inflation remains manageable and is expected to settle within the government's target, significantly lower than the global average

Jan-May 2024

3.5%

Government Target

2%-4%

IMF Projections	2024	2025
 Philippines	3.4%	3.0%
World (Average)	5.9%	4.5%
Emerging market and developing economies (Average)	8.3%	6.2%

Our **robust domestic consumption** shields us against external factors contributing to slow global growth

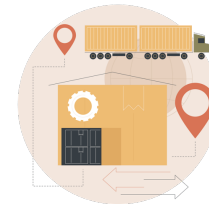
Expenditures Percent Share to GDP at Constant 2018 Prices



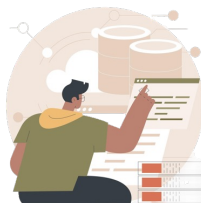
74.5%
Household Consumption



14.1%
Government
Consumption



28.5%
Export of Goods
and Services



22.1%
Gross Capital
Formation



39.1%
Import of Goods
and Services

The Philippine domestic market has a **huge capacity** for Japanese 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.

The country's **strong labor force** fuels the dynamism of our economy

April 2024 Labor Force Survey Results

64.1%

Labor Force Participation Rate



63.6%

Share of wage and salary workers to total employed individuals



14.6%

Underemployment rate











4.0%

Unemployment rate



The Philippines and Japan should become demographic partners

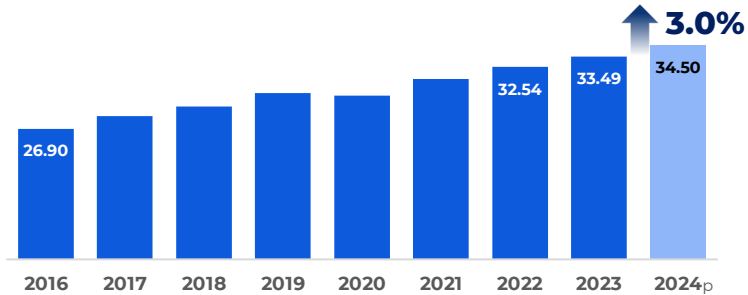
Median Age of Select Countries as of 2022

	Philippines	24.5
	Japan	48.4
	Europe	44.1
	Singapore	41.8
	Australia	41.0
	Thailand	39.3
	China	37.9
	US	37.7

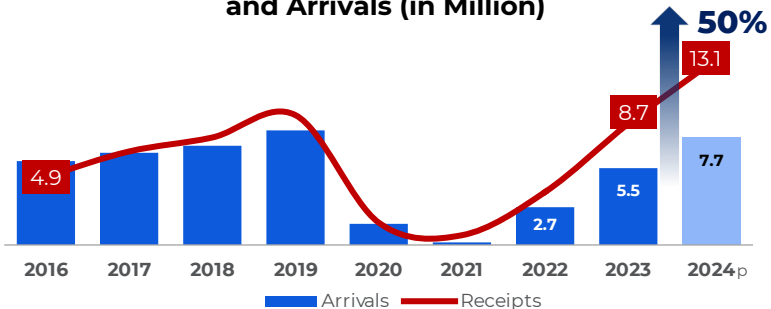
	Vietnam	32.0
	Brunei	31.8
	Malaysia	29.9
	Indonesia	29.4
	Myanmar	29.0
	India	27.6
	Cambodia	26.5
	Lao PDR	23.8
	East Timor	20.3

Japanese investors can find assurance in the Philippines' resilience to trade wars due to its **solid external accounts**

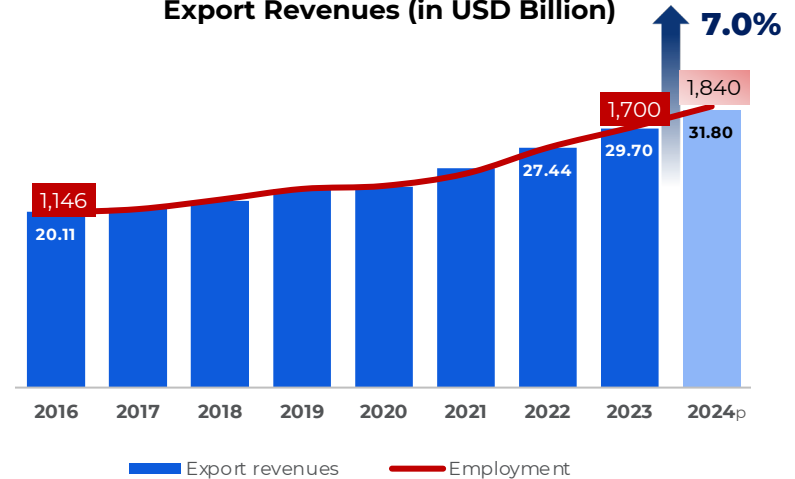
Overseas Filipino Cash Remittances (in USD Billion)



International Visitor Receipts (in USD Billion) and Arrivals (in Million)

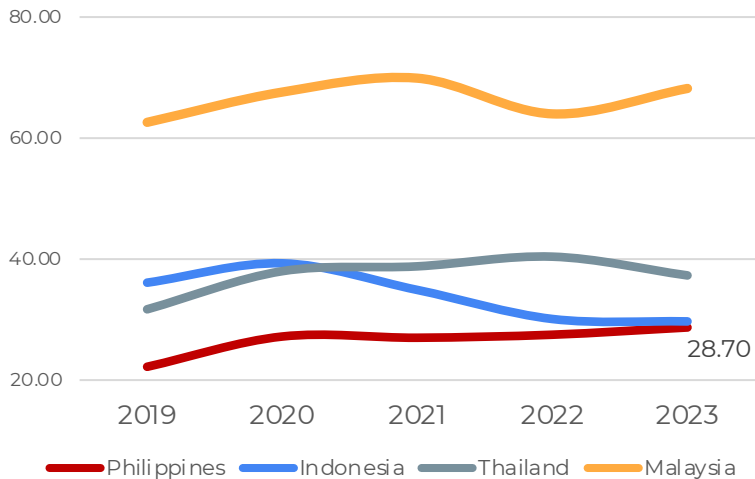


BPO Employment (in '000s) and Export Revenues (in USD Billion)

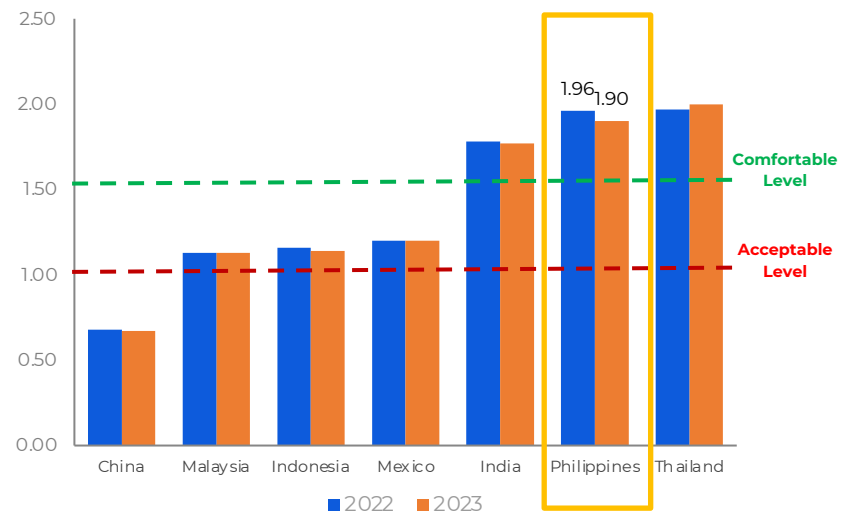


The Philippines continues to have the **lowest external debt-to-GDP among ASEAN,** and its **level of reserves are significantly higher than peers**

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

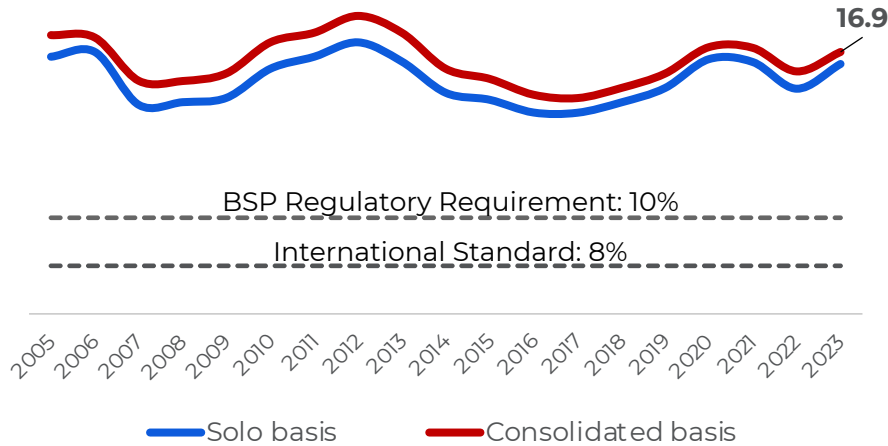


Ratio of Reserve/ Assessing Reserve Adequacy Ratio (ARA) Metric of Select Countries

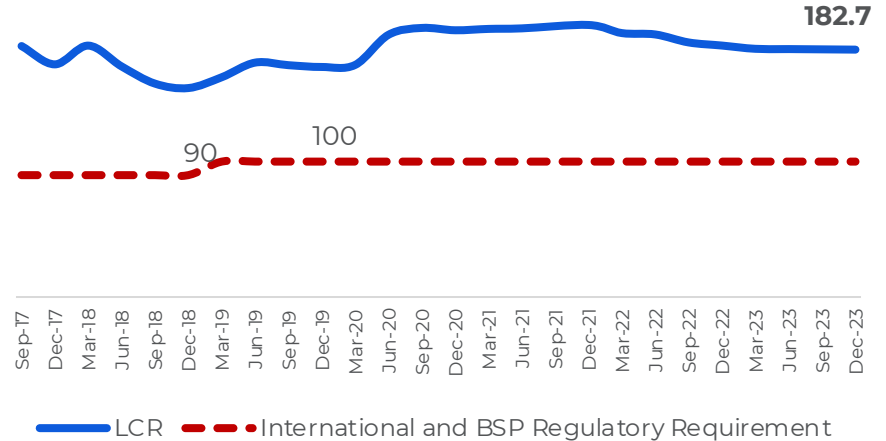


The Philippine banking system is **strong and stable**

**Capital adequacy ratio (in percent) of
Universal and Commercial Banks**



**Liquidity coverage ratio (LCR) (in percent) of
Universal and Commercial Banks on solo basis**



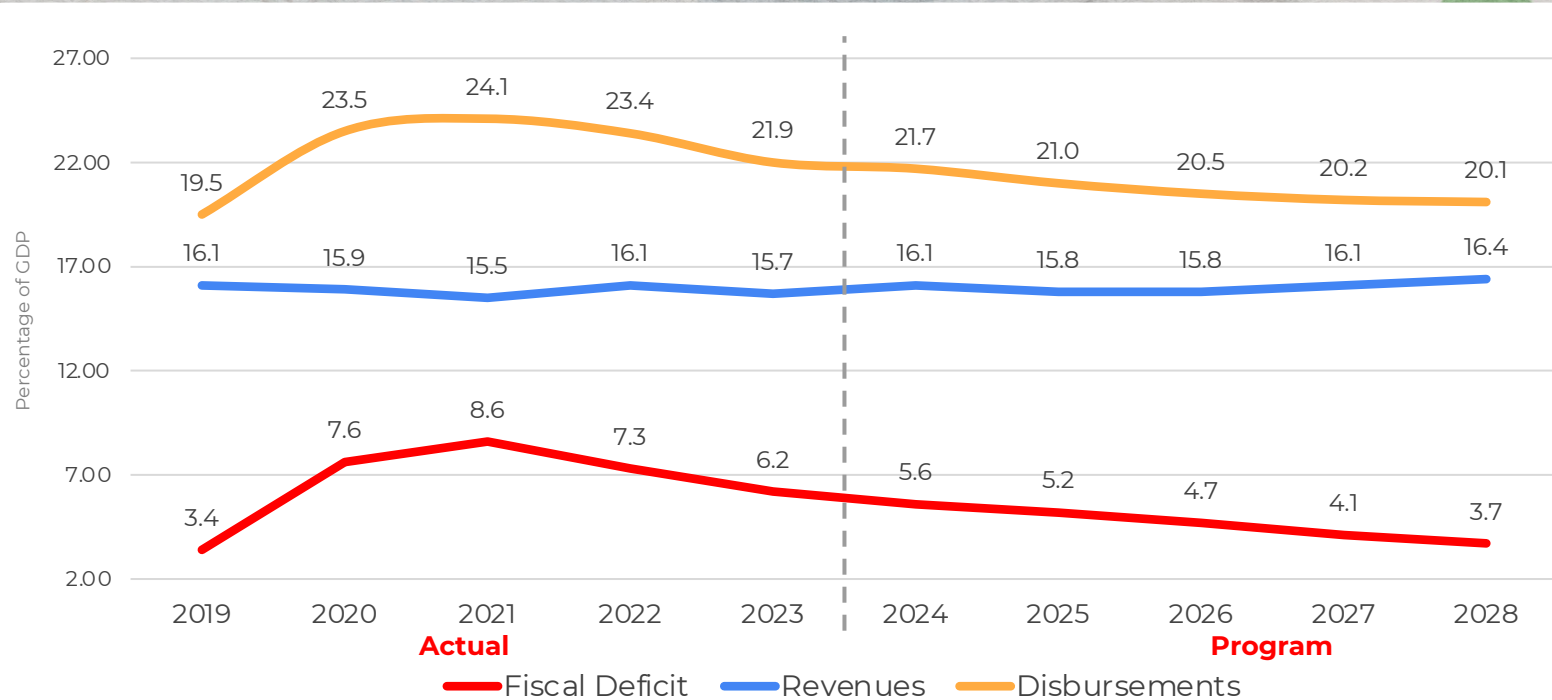
The Philippine government's commitment
to prudent fiscal management

**ensures stability for
Japanese businesses**



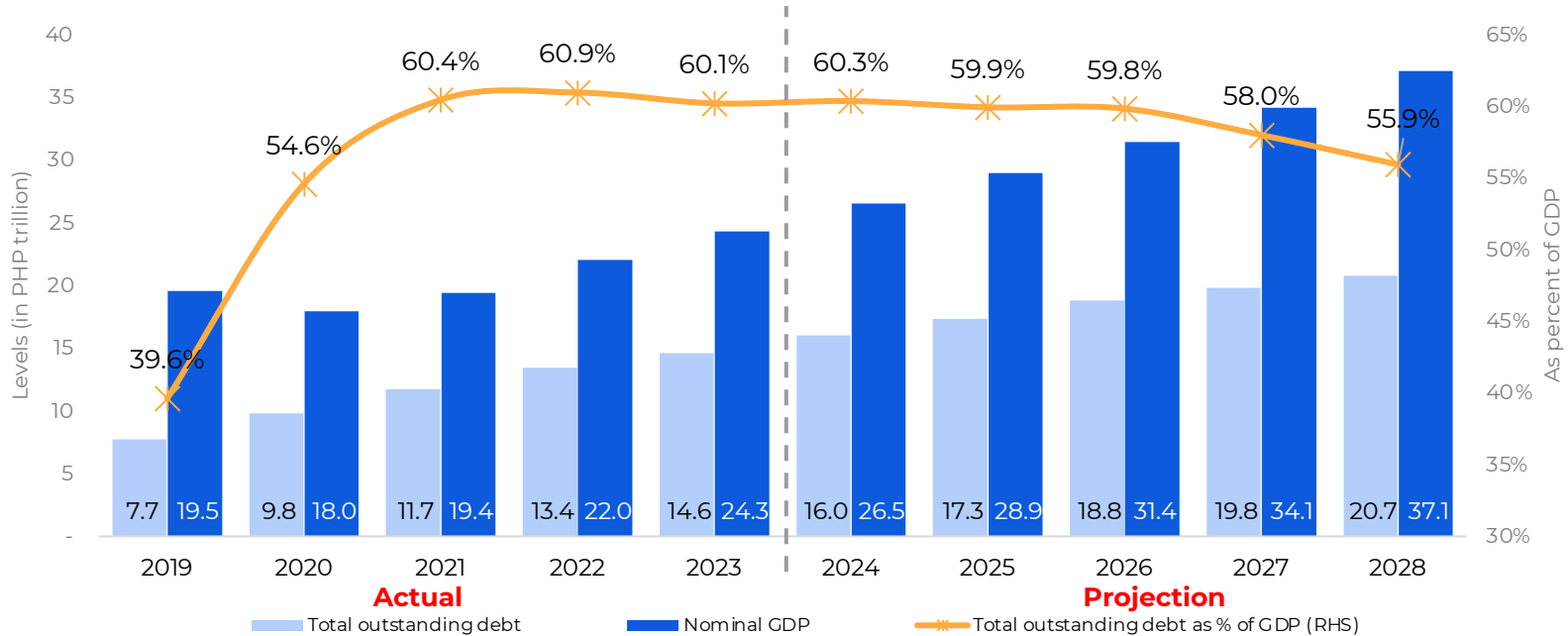
The new fiscal targets are **realistic, pragmatic, and proactive**, accounting for various domestic and external factors

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



The **Samurai market** remains a viable option for our fundraising activities

Landmark Samurai Bond Issuances of the Republic of the Philippines

First-ever ASEAN Sustainability Samurai Bond JPY 70.1 billion multi-tranche bond

Year	Tenor	Volume	Coupon	Issue Spread
April 2022	5-year	JPY 52 billion	0.76%	60 bps
	7-year	JPY 5 billion	0.95%	70 bps
	10-year	JPY 7 billion	1.22%	85 bps
	20-year	JPY 6 billion	1.83%	115 bps

First zero-coupon Samurai bond JPY 55 billion 3-year bond

Year	Tenor	Volume	Coupon	Issue Spread
March 2021	3-year	JPY 55 billion	0.00%	21 bps

Our adherence to fiscal discipline and prudent debt management allowed us to maintain our high credit ratings

FitchRatings

Fitch Ratings

BBB rating
Stable Outlook
(June 2024)



**Japan Credit
Rating Agency**

A- rating
Stable Outlook
(March 2024)



**S&P Global
Ratings**

BBB+ rating
Stable Outlook
(November 2023)



R&I

BBB+ rating
Positive Outlook
(August 2023)

MOODY'S

Moody's

Baa2 rating
Stable Outlook
(September 2022)

The Philippines has a **stable political environment** and an investment landscape that has **never been more open and liberalized**



President Ferdinand Marcos, Jr. himself has been our **primary marketer**, actively engaging with leaders and investors around the world to strengthen partnerships and form alliances



The Build Better More Program features 185 big-ticket infrastructure projects worth JPY 25.4 Trillion

Physical connectivity

134 projects
JPY 22.2 trillion



Health

5 projects
JPY 246.1 billion

Water Resources

29 projects
JPY 1.9 trillion



Digital Connectivity

3 projects
JPY 441.2 billion

Agriculture

9 projects
JPY 571.8 billion



Other Infrastructure

3 projects
JPY 75.4 billion

Power and Energy

1 project
JPY 27.3 billion



Education

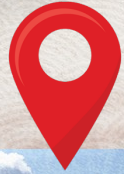
1 project
JPY 81.8 billion



SCAN TO VIEW
THE LIST OF
PROJECTS



The Luzon Economic Corridor **is a perfect hub for Japanese investors**



**Subic Bay,
Zambales**



**Clark,
Pampanga**



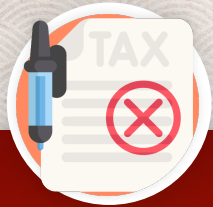
Manila



Batangas



CREATE MORE enhances both fiscal and non-fiscal incentives while addressing key concerns of Japanese investors



Exempts export-oriented enterprises from paying value-added tax (VAT)



Enhances VAT refund mechanism; Existing and potential Japanese investors can expect to fully enjoy VAT zero-rating incentives



Provides a more attractive incentive package for registered projects or activities with an investment capital exceeding JPY 40 billion



We are actively **addressing bottlenecks and streamlining processes** to clear the way for Japanese investors' participation in high-priority sectors



Renewable Energy and Power

A photograph showing several solar panels in the foreground and several wind turbines in the background under a bright, hazy sky.



Critical Minerals

A photograph of an open-pit mine with a large conveyor belt system and a yellow vehicle in the foreground.



Infrastructure, Transport, and Logistics

A photograph of a construction worker in a white hard hat and a high-visibility vest, holding a clipboard and looking at a construction site with a crane in the background.



Financial Services

A photograph of two people in business attire looking at a tablet computer together, with a pen and a notebook nearby.




Healthcare

A close-up photograph of a person wearing blue medical scrubs and a stethoscope around their neck.



Consumer and Retail

A photograph of a busy retail store with many people, including children, and shopping carts filled with goods.



Manufacturing

A photograph of several workers in a factory setting, wearing blue hairnets and masks, operating sewing machines.



IT-BPM

A photograph of two call center agents sitting at desks with multiple computer monitors, wearing headsets and working.

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

Public-Private Partnership Code

Offers a stable, predictable, and competitive environment for PPPs



Amendments to the Foreign Investments Act

Promotes FDIs and eases restrictions on professions



Philippine Domestic Submarine Cable Network

Positions PH as an attractive host for technology-centric businesses



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 full foreign ownership in public services



Amendments to the Renewable Energy Act of 2008

Allows full foreign ownership of renewable energy projects



Proposed Rationalization of the Fiscal Mining Regime

Brings predictability to PH's mining policy





**We are committed to working non-stop
until good becomes better
and better becomes the best
for business**



There is

**predictability, stability,
and sustainability**

in doing business in the Philippines

**We are very eager to work closely with
you and forge new partnerships to shape
an exciting shared future for both the
Filipino and Japanese people**





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