Keynote Speech

Philippine Economic Briefing in London

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SECRETARY OF FINANCE

October 31, 2024
Goldman Sachs Auditorium

If there is one country that can stand witness to the best that the Philippines can give the world, it is most probably the United Kingdom.

Let us not forget, it was a **Filipina nurse** in the UK who administered the world's first COVID-19 vaccine.

This is a powerful symbol of what happens whenever and wherever you open an opportunity for Filipinos, we will always deliver.

The Philippines and the UK's strong partnership is continuously growing

21st largest trading partner:

GBP 996.35 million

(2023)

Largest contributor to Net FDIs:

GBP 585.74 million

(As of July 2024)

5th largest source of OF remittances:

GBP 1.21 billion

(2023)

8th top source of tourist arrivals:

154,698

(2023)

Sources: PSA, BSP, DOT, and DTI

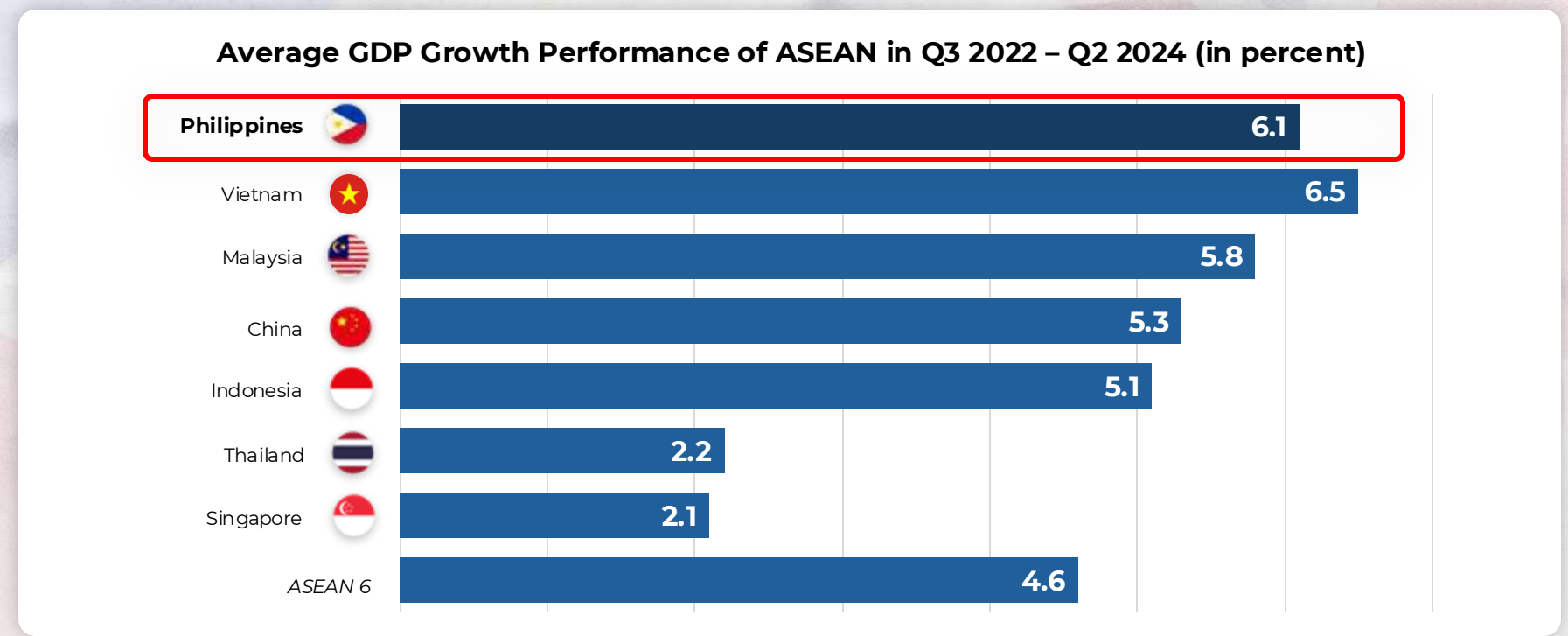
If you are looking for a place to grow your business and make more money, I'd say

Choose the Philippines.

Make it happen in the Philippines.

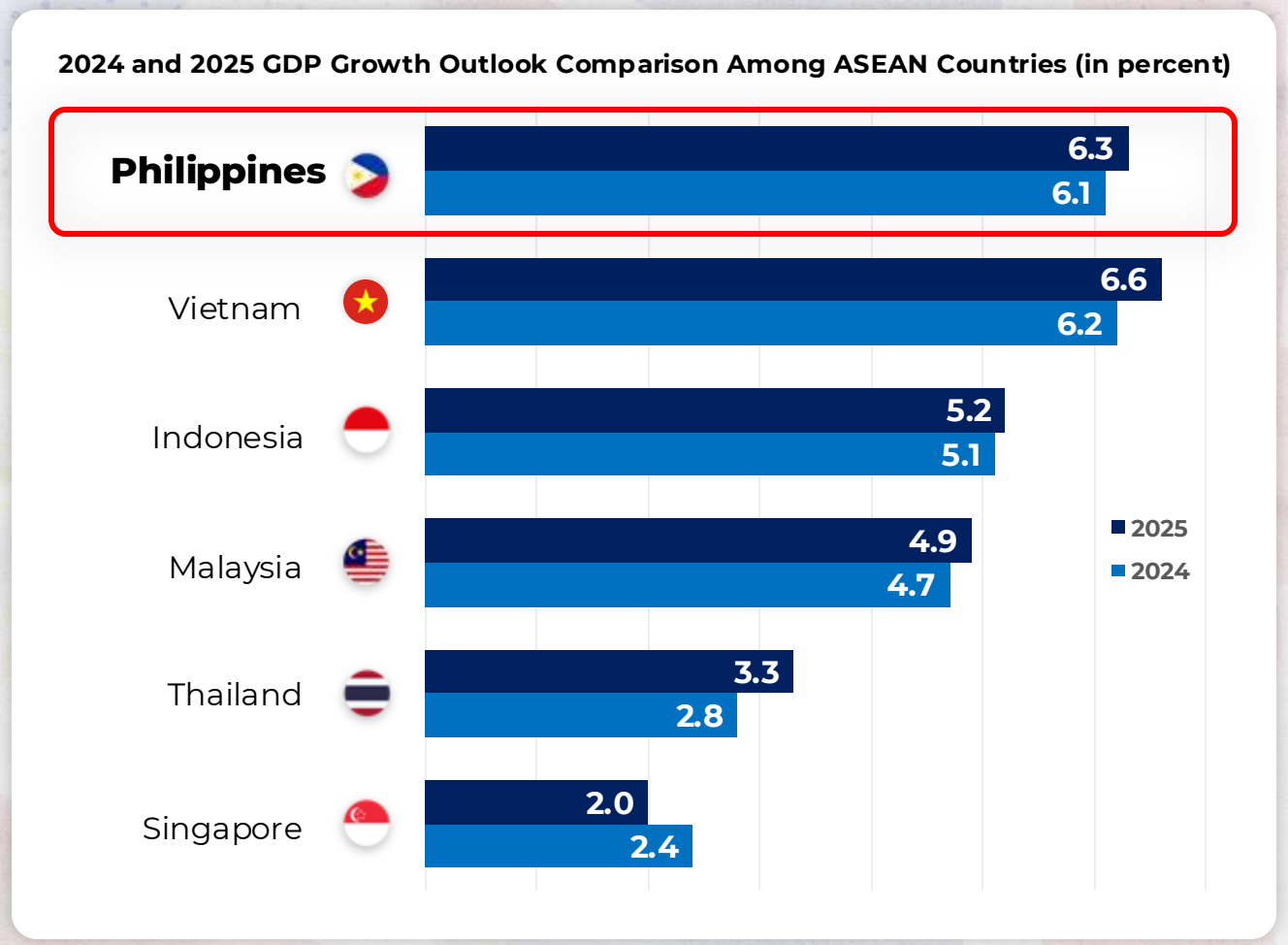
The Philippines is booming and has all the makings of a **tiger economy**

The Philippines is a rising economic superstar in ASEAN



Sources: IMF WEO Reports for July 2024
Note: Average annual growth rates were divided into seven quarters for the period Q3 2022 - Q2 2024.

The Philippines will continue to be a frontrunner in ASEAN



Source: AMRO

Our credit ratings have been upgraded or affirmed by leading global credit agencies

R&I

A- rating
Stable Outlook
(August 2024)

Japan Credit Rating Agency

A- rating
Stable Outlook
(March 2024)

S&P Global Ratings

BBB+ rating
Stable Outlook
(November 2023)

Fitch Ratings

BBB rating
Stable Outlook
(June 2024)

Moody's

Baa2 rating
Stable Outlook
(August 2024)

Source: BSP

The Philippines offers clear, undeniable opportunities for British enterprises to

grow and prosper

in our expanding domestic market.

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

August 2024 Labor Force Survey Results

64.8% ↑
Labor Force Participation Rate

62.4% ↑
Share of wage and salary workers to total employed individuals

11.2% ↓
Underemployment Rate

4.0% ↓
Unemployment Rate

Source: PSA

The Philippines and the UK should become demographic partners

Median Age of Select Countries as of 2023

Philippines	**25.3**
United Kingdom	39.8
Singapore	35.1
Japan	49.0
Europe	42.2
Thailand	39.7
China	39.1
United States	38.0
Australia	37.8

Vietnam	32.4
Brunei	31.8
Malaysia	30.1
Indonesia	29.8
Myanmar	29.5
India	28.1
Cambodia	25.8
Lao PDR	24.3
East Timor	21.0

Source: United Nations Revisions of World Population Prospects 2024

The Philippines' inflation rate reached its lowest level in four years, the full-year projection is significantly lower than the global average

Sept 2024
1.9%
YTD: 3.4%

Government Target
3% - 4%

IMF Projections	2024	2025
Philippines	**3.3%**	**3.0%**
World (Average)	5.9%	4.5%
Emerging market and developing economies (Average)	8.3%	6.2%

Source: BSP and IMF

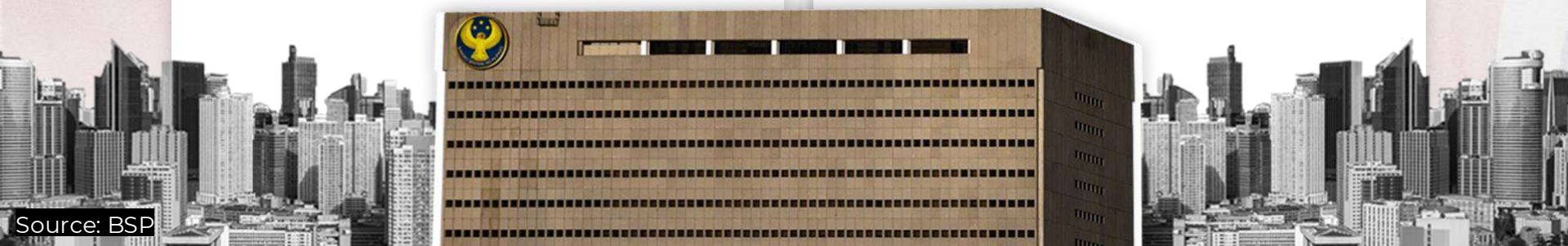
With our favorable domestic inflation outlook, the Philippine Central Bank was the first in ASEAN to start its monetary policy easing

Reduced policy interest rates to a total of

50 basis points (6.0%)

Slashed reserve requirements across all financial intermediaries by

250 basis points (7.0%)



Source: BSP

The Philippine domestic market has a **huge capacity** for British 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 ranging between USD 4,516 and USD 14,005 for 2025.

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.

Source: World Bank

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 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
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%**

Source: Goldman Sachs (2022)

Our commitment to prudent economic and fiscal management ensures stability for British enterprises.

Our refined Medium-Term Fiscal Program ensures the following:

Reduce debt-to-GDP ratio and deficit-to-GDP ratio gradually in a realistic manner

(Debt: from 60.1% in 2023 to 56.3% in 2028)

(Deficit: from 6.2% in 2023 to 3.7% in 2028)

Create more and better jobs

Increase people's income

Reduce poverty rate to single-digit or 9% by 2028

We must increase our financial integration, especially as we enter into JP Morgan's Bond Index soon

The Philippines' EUR Issuances

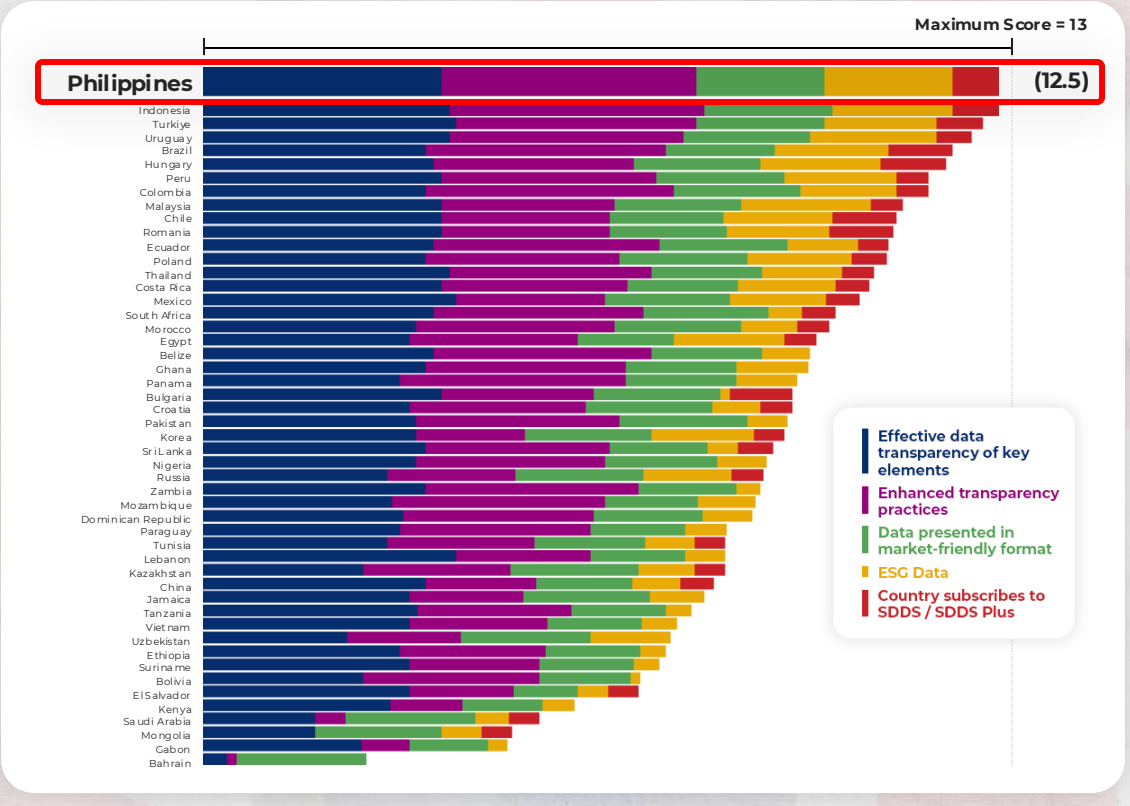
Year	Tenor (Years)	Volume (million EUR)	Coupon (%)	Issue Spread
2021 **Largest EUR transaction** **First-ever triple-tranche EUR offering**	4	650	0.250%	75 bps
	12	650	1.200%	105 bps
	20	800	1.750%	135 bps

Year	Tenor (Years)	Volume (million EUR)	Coupon (%)	Issue Spread
2020 **Lowest coupon EUR issuance** **First-ever zero-coupon EUR issuance**	3	600	0.000%	40 bps
	9	600	0.700%	70 bps
2019	8	750	0.875%	70 bps

The Philippines takes the number 1 spot out of 50 countries in debt transparency

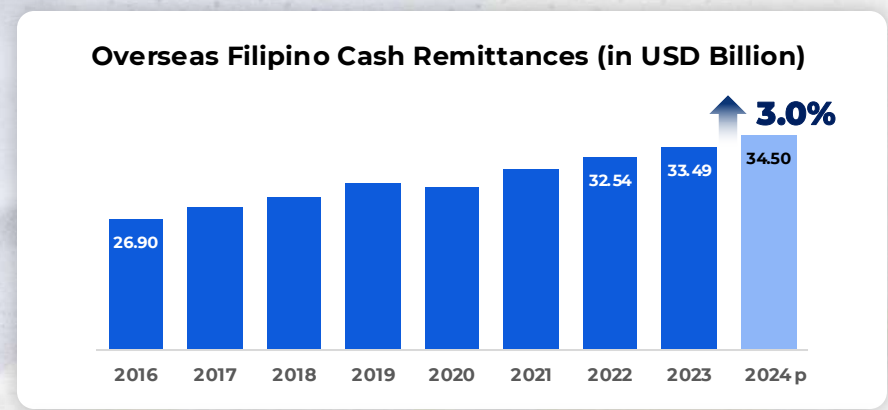
12.5

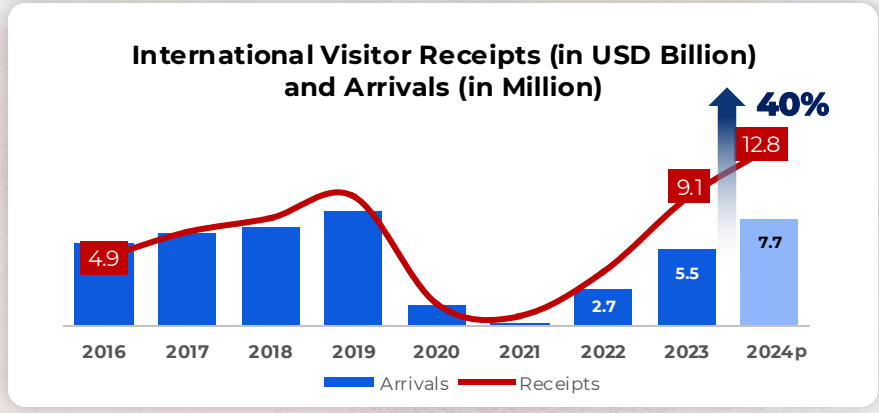
DEBT TRANSPARENCY SCORE OUT OF 13

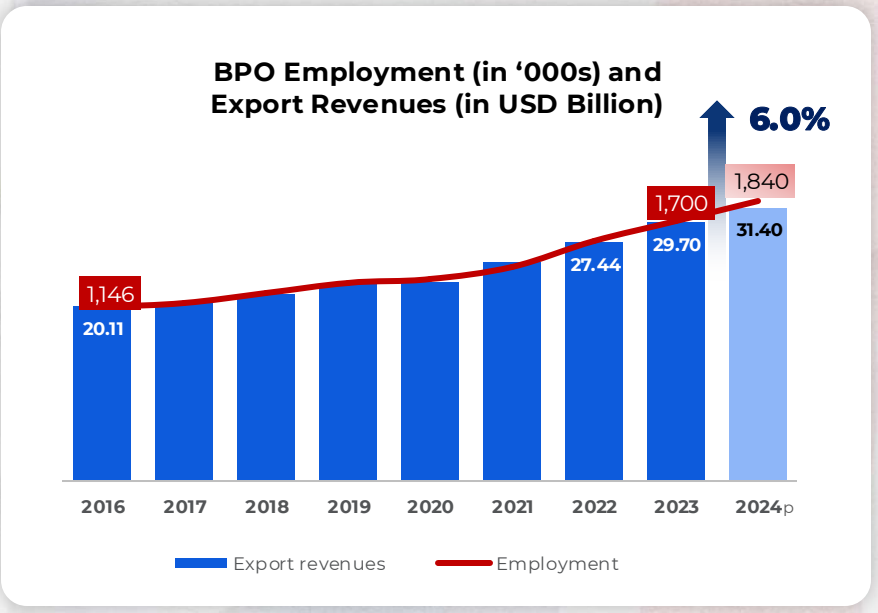


Sources: Institute of International Finance (IIF)

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

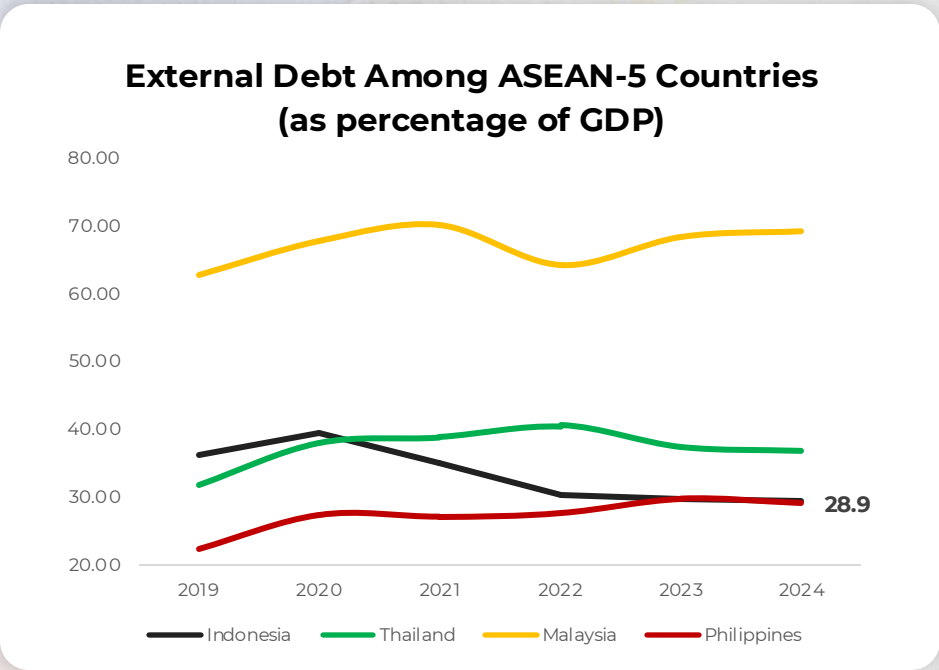


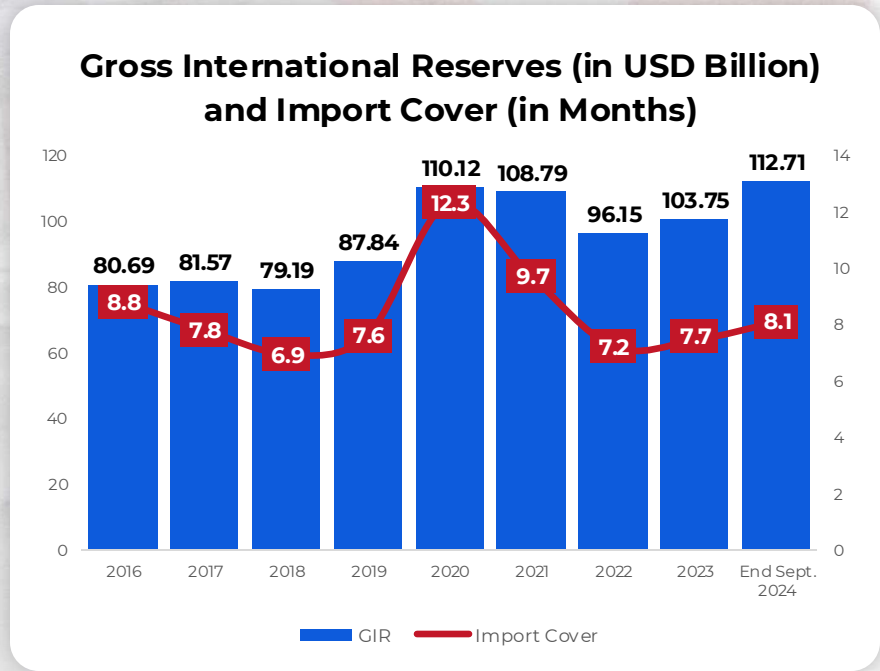




Source: BSP

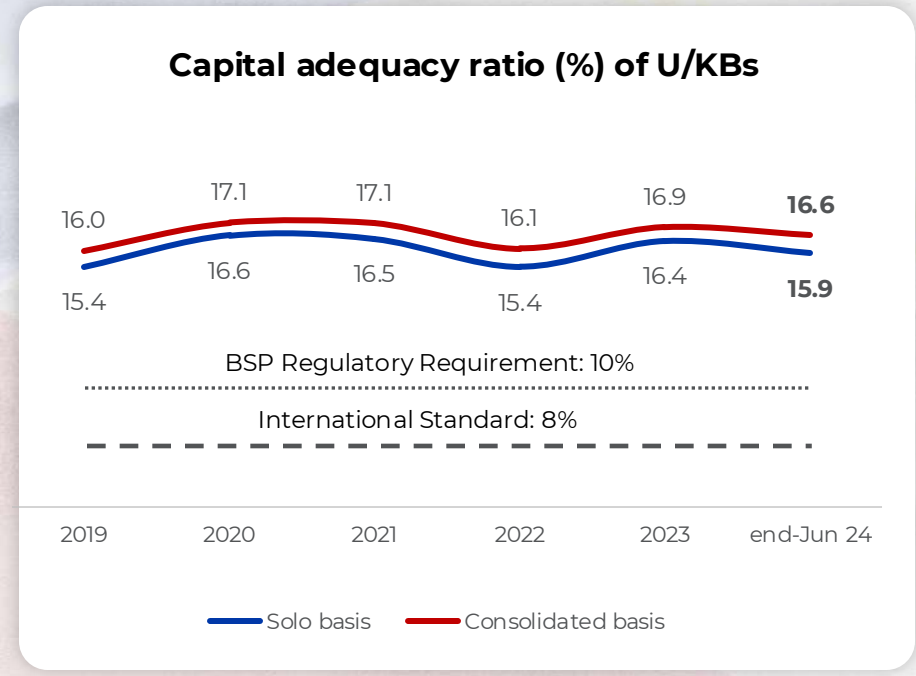
The Philippines continues to have the lowest external debt-to-GDP among ASEAN, and its level of reserves reached an all-time high

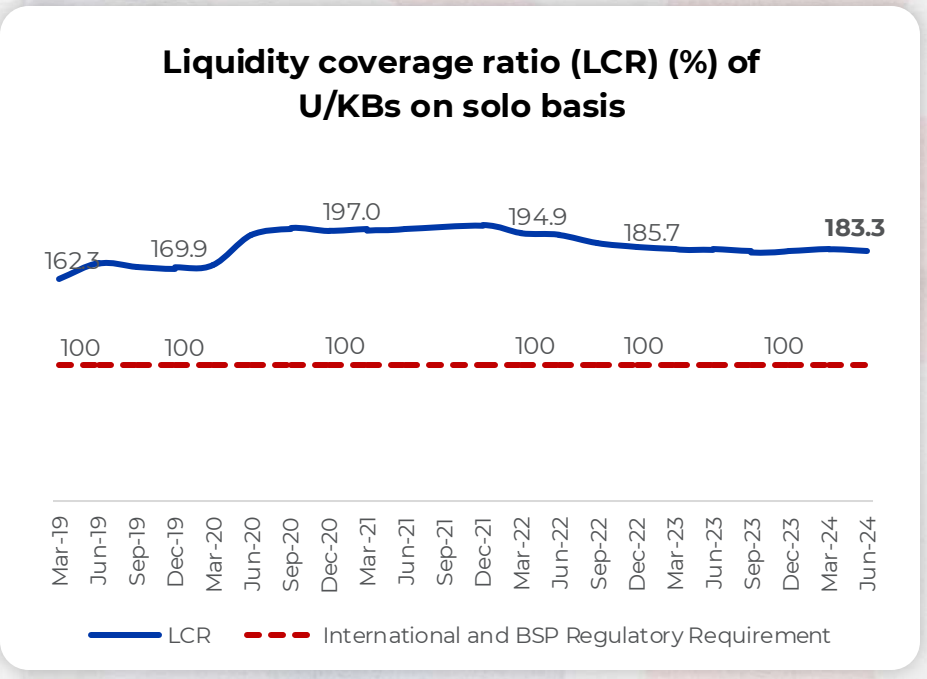




Source: BSP
*External Debt-to-GDP: PH as of S1 2024, others as of Q1 2024

The Philippine banking system is strong and stable





Source: BSP

President Ferdinand Marcos, Jr. himself has been our **primary marketer**, actively engaging the rest of the world to form alliances.

The Build Better More Program features 186 big-ticket infrastructure projects worth GBP 127.87 Billion

Physical connectivity
135 projects
GBP 110.82 Billion

Health
5 projects
GBP 1.27 Billion

Water Resources
29 projects
GBP 9.77 Billion

Digital Connectivity
4 projects
GBP 2.40 Billion

Agriculture
9 projects
GBP 2.85 Billion

Other Infrastructure
2 projects
GBP 283.72 Million

Power and Energy
1 project
GBP 135.87 Million

Education
1 project
GBP 407.60 Million

SCAN TO VIEW THE LIST OF PROJECTS

Source: NEDA (as of June 2024)

After the success of our PPP for the Ninoy Aquino International Airport, we are set to privatize at least four more airports in 2025—each presenting excellent opportunities for British investors

Davao International Airport (Mindanao)

Iloilo International Airport (Visayas)

Puerto Princesa International Airport (Visayas)

Kalibo International Airport (Visayas)

With the Philippine Digital Infrastructure Project and the National Broadband Program, we are ready to become the hotspot for UK technology-driven businesses.

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

Digital Connectivity Projects
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
Streamlines 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

The Luzon Economic Corridor is a perfect hub for British investors

Subic Bay, Zambales

Clark, Pampanga

Manila

Batangas

CREATE MORE offers British investors access to an **attractive, streamlined, and cost-effective investment environment**

Improves ease of doing business by enhancing provisions of the Tax Code, as amended by the CREATE Act

Clarifies VAT rules to address concerns on VAT incentives availment

Enhances the tax incentive competitiveness through better and more competitive incentive packages

Strengthens governance and accountability in the grant and administration of incentives

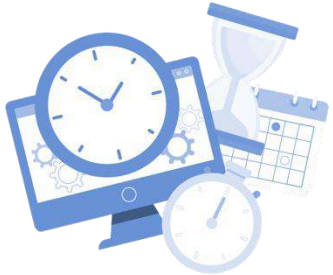
Clarifies transitory rules for registered business enterprises (RBEs)

CREATE MORE introduces an enhanced tax incentive package to improve competitiveness

Provides corporate income tax rate cuts for select RBEs

Provides 5% cut in the corporate income tax rate of RBEs under the enhanced deduction regime (from 25% to 20%)

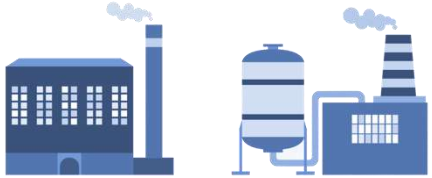
Provides more flexibility in the grant of fiscal and non-fiscal incentives



Maximum duration tax incentives to 27 years (from 17 years)

Allows up to 10-year extension for labor-intensive projects

Expands tax deduction to support manufacturing and tourism



100% deduction for power expense

Additional 50% deduction for tourism reinvestments and trade missions expense

More reforms in the Philippine capital markets are underway

Reduction
of the tax on stock transactions from
0.6% to just 0.1%

Harmonization and simplification
of our tax structure on passive income, financial products, and its transactions

We are committed to working non-stop until

good becomes better and better becomes the best

for business.

There is

predictability, stability, and sustainability

of doing business in the Philippines.

Bet on us!

Make the wise decision to invest in the Philippines.

And we will deliver.

SEE YOU IN THE PHILIPPINES!

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