Keynote Speech
Philippine Economic Briefing

RALPH G. RECTO
SECRETARY OF FINANCE

May 27, 2024
Philippine International Convention Center

Our economic outlook is the brightest it has ever been

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

2024

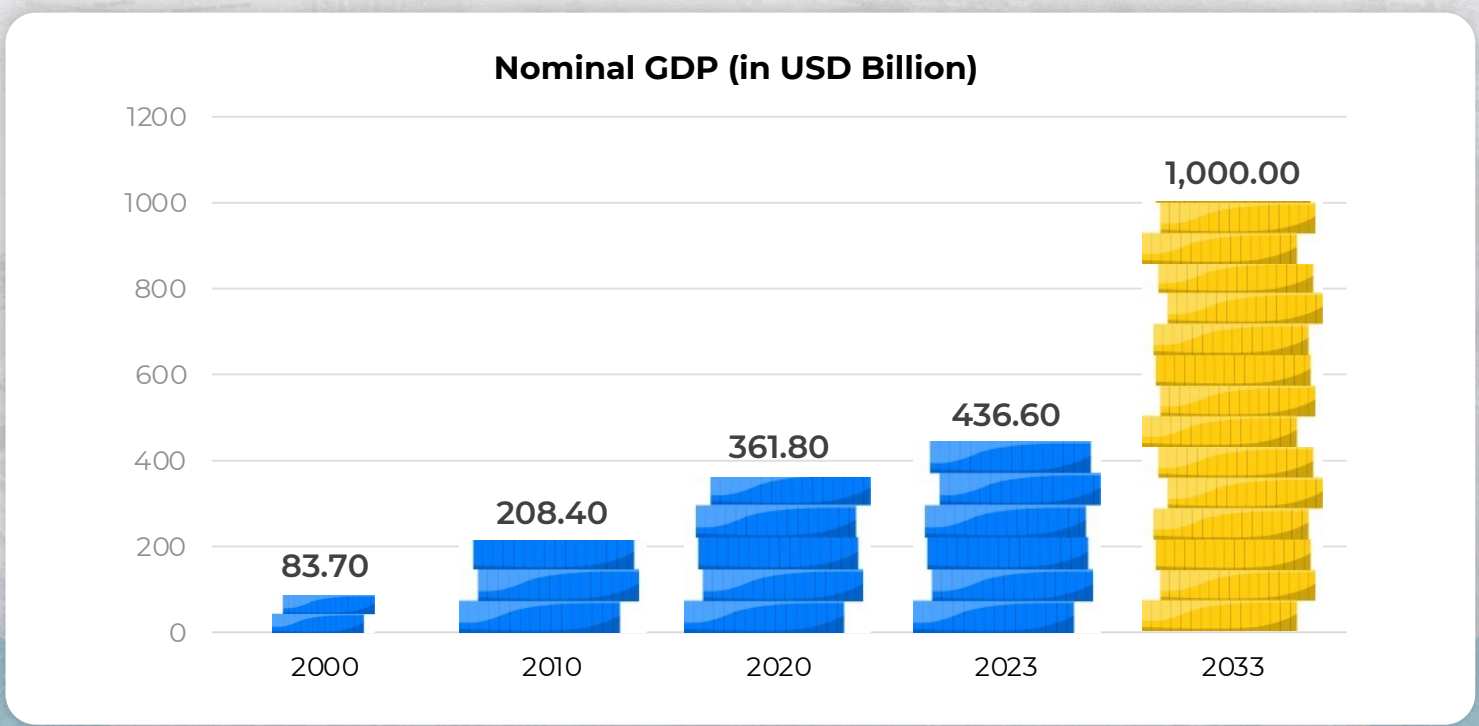
- **5.8%** — The World Bank
- **6.0%** — Asian Development Bank
- **6.2%** — International Monetary Fund
- **6.3%** — ASEAN+3 Macroeconomic Research Office (AMRO)

2025

- **5.9%** — The World Bank
- **6.2%** — Asian Development Bank
- **6.2%** — International Monetary Fund
- **6.5%** — ASEAN+3 Macroeconomic Research Office (AMRO)

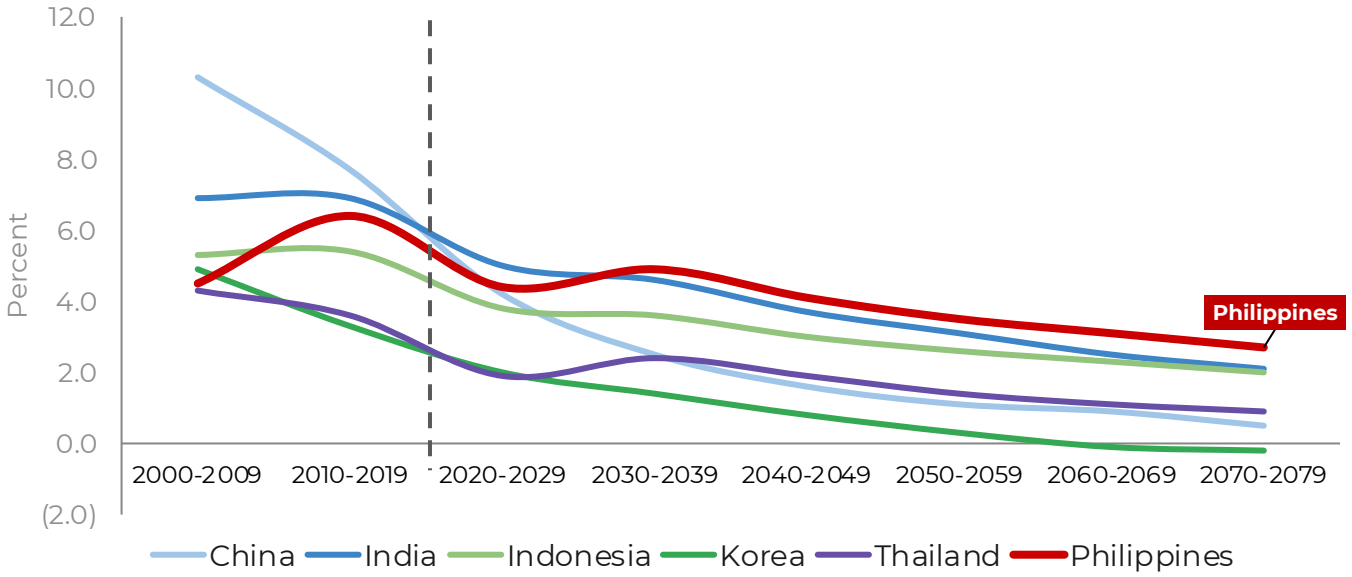
Source: Multilateral Organizations

In less than a decade, the Philippines will become a trillion-dollar economy, joining the ranks of economic giants like China, Japan, India, and South Korea



Source: S&P (2023) and IHS Markit (2022)

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



Source: Goldman Sachs (2022)

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)

With our arsenal of growth-enhancing strategies, this administration has the right policy tools and determination to take us there

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

Jan-April 2024
3.4%

Government Target
2%-4%

IMF Projections	2024	2025
Philippines	**3.6%**	**3.0%**
World (Average)	5.9%	4.5%
Emerging market and developing economies (Average)	8.3%	6.2%

Source: International Monetary Fund (IMF)

Our economy's dynamism is anchored in strong consumer demand supported by a vibrant labor market

March 2024 Labor Force Survey (YoY), unless otherwise stated

76.5% ↑

Share of Consumer Spending to GDP as of Q1 2024

64.2% ↑

Share of wage and salary workers to total employed individuals

11.0% ↓

Underemployment rate

3.9% ↓

Unemployment rate

Source: Philippine Statistics Authority

The Philippine domestic market has a huge capacity for local and foreign businesses to thrive

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

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

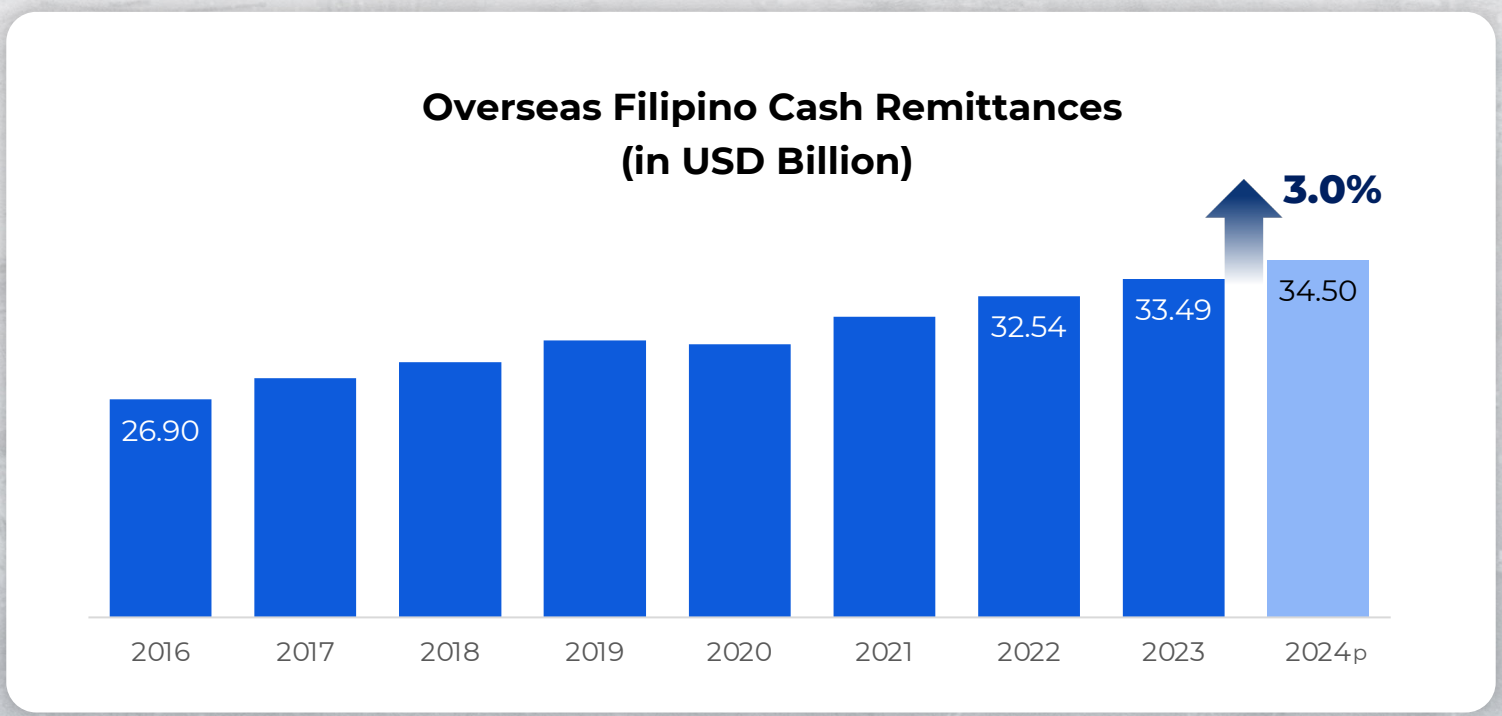
PH will have a total of 79 million consumers in 2030 from 41 million in 2020.

PH per capita GDP to nearly double by 2030

Average income per person in PH will rise from U$ 3,541 in 2023 to U$ 6,500 by 2030.

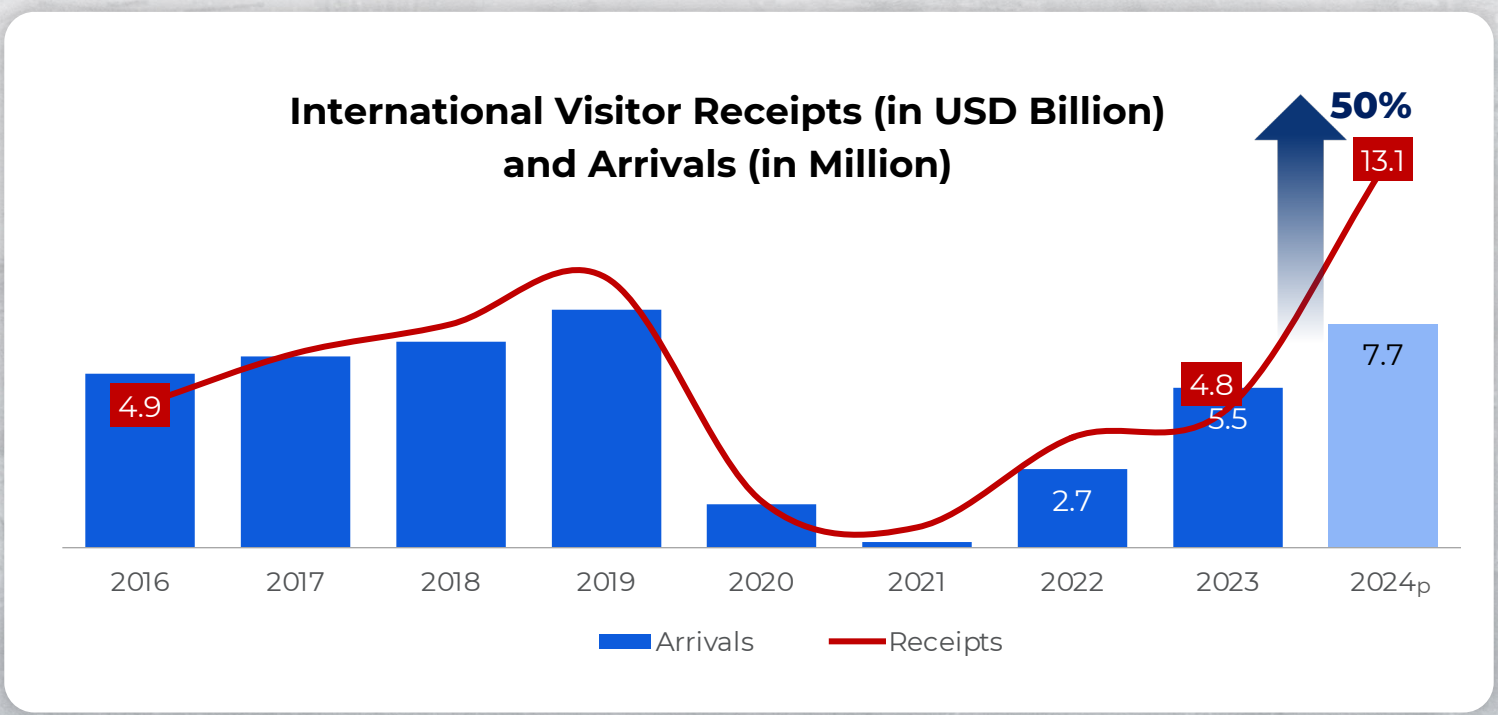
Source: World Bank, S&P (2023) and IHS Markit (2022)

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



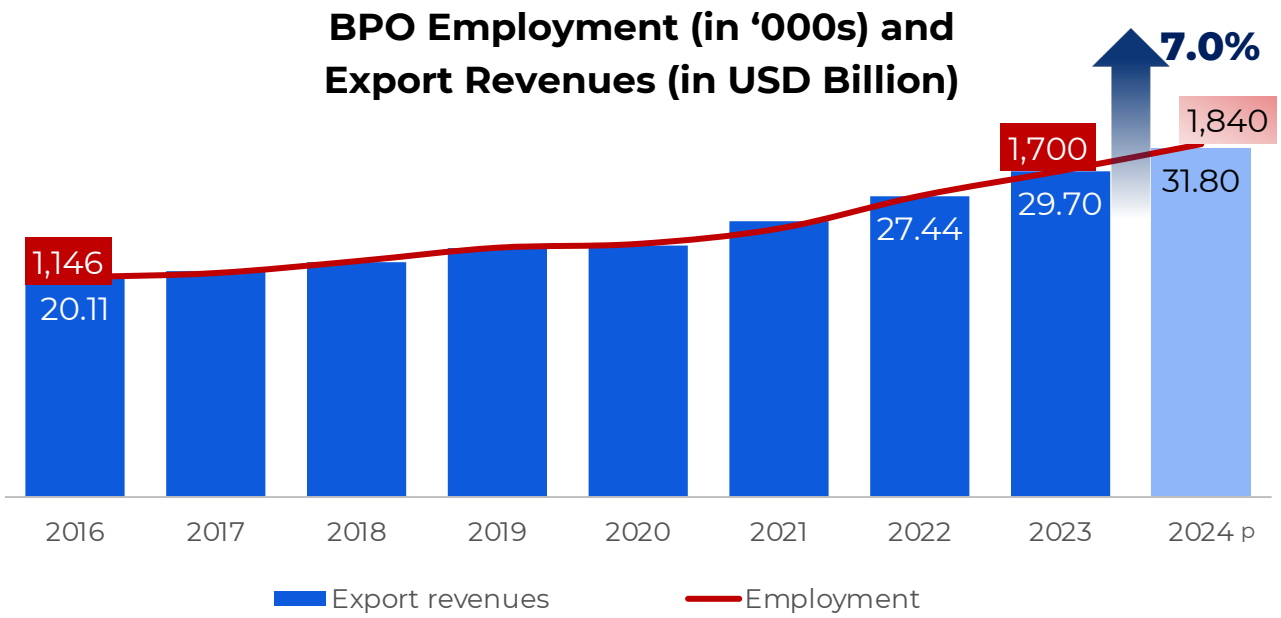
Source: Bangko Sentral ng Pilipinas

The tourism industry strongly rebounded from the pandemic, posting sustained increases in tourist arrivals and tourism receipts



Source: Bangko Sentral ng Pilipinas, Department of Finance-Office of the Chief Economist

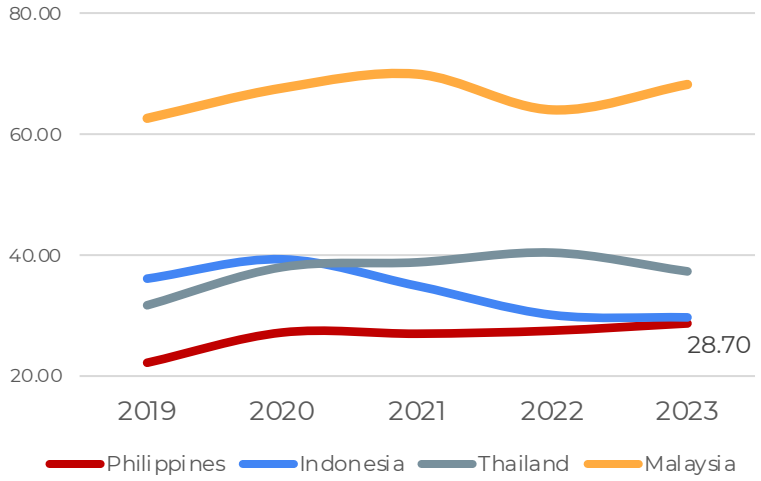
The Philippines' business process outsourcing remains a strong driver of employment and export revenues



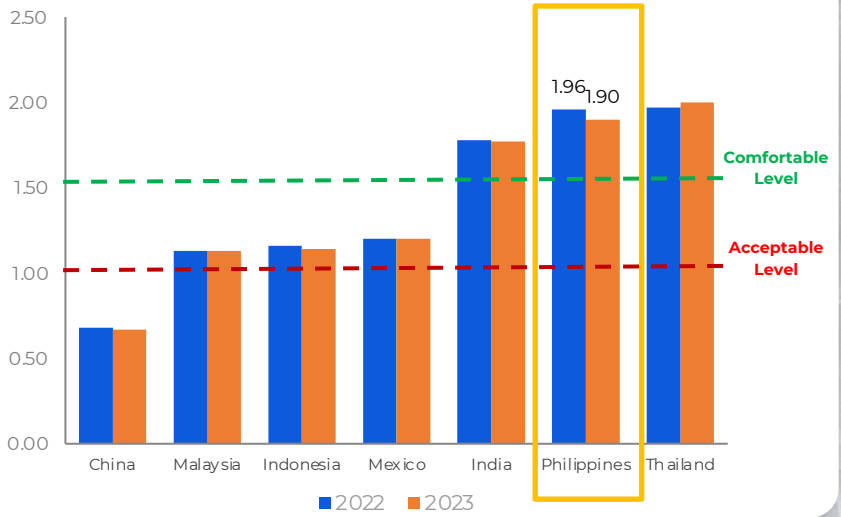
Source: Bangko Sentral ng Pilipinas, Department of Finance-Office of the Chief Economist

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)

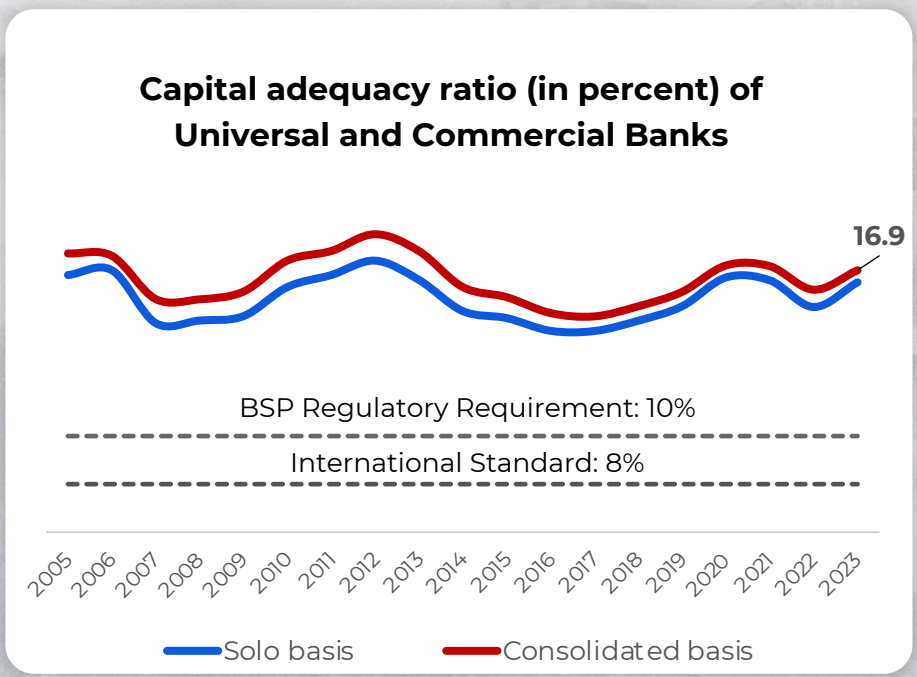


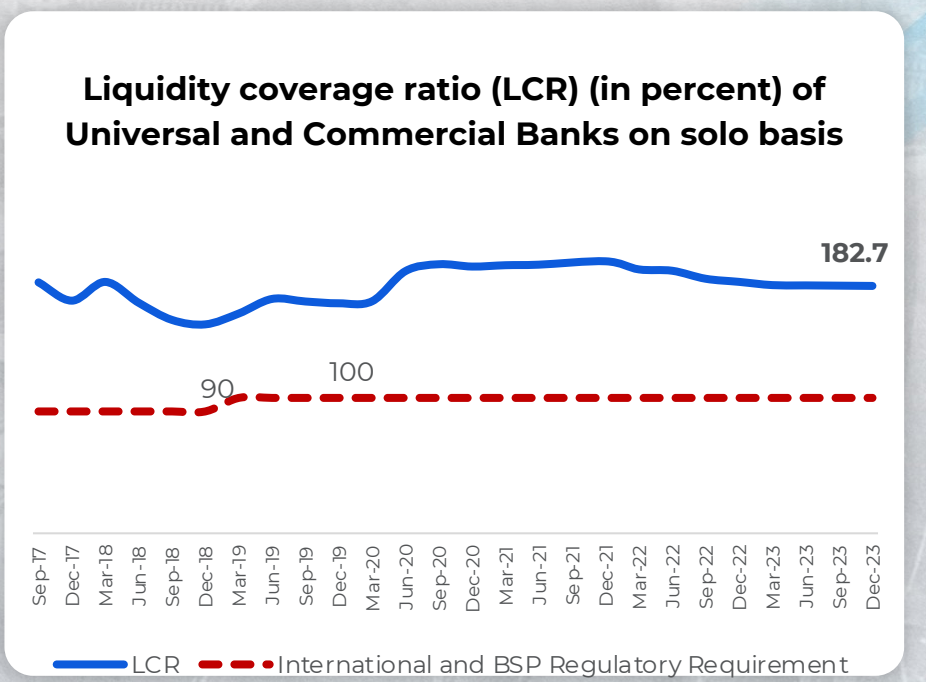
Ratio of Reserve/ Assessing Reserve Adequacy Ratio (ARA) Metric of Select Countries



Source: Bangko Sentral ng Pilipinas

The banking system is strong and stable, capable of providing more lending support to businesses and individuals

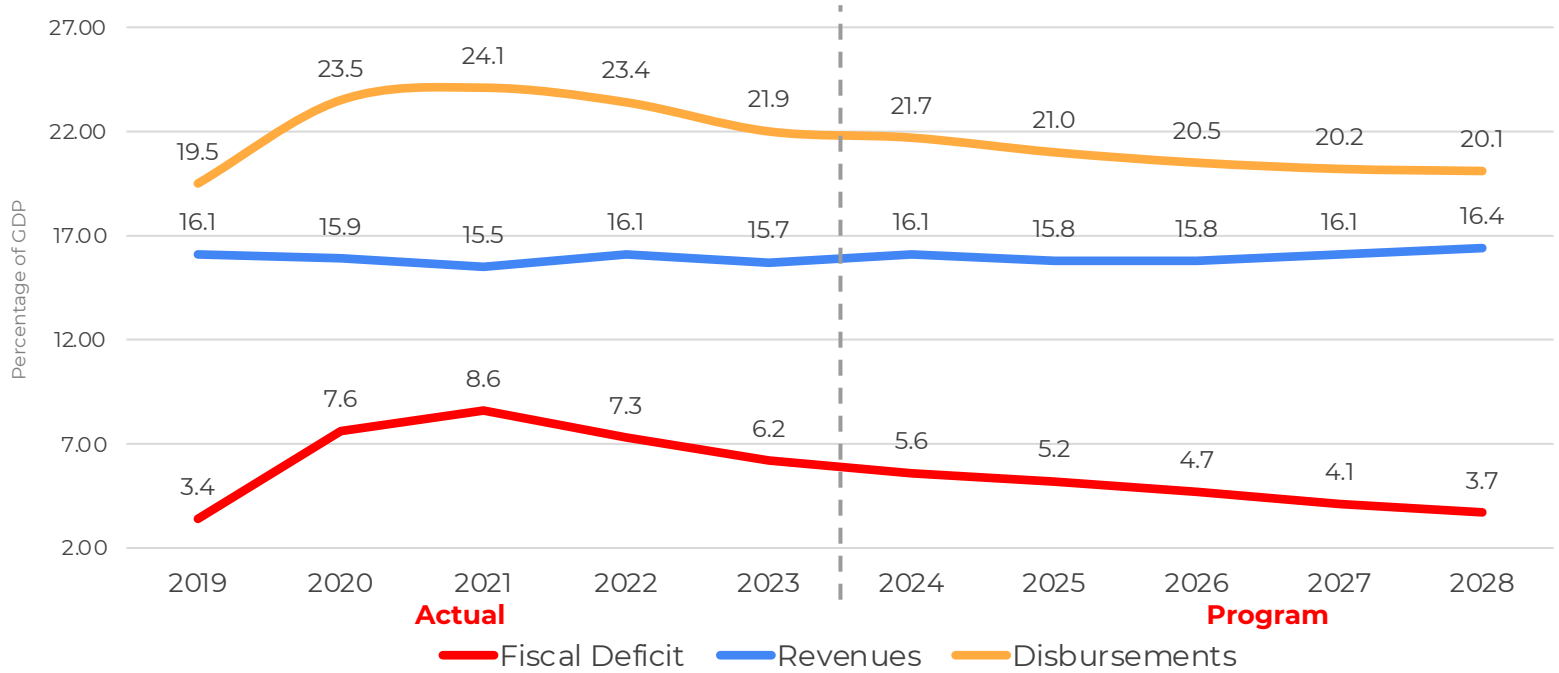




Source: Bangko Sentral ng Pilipinas

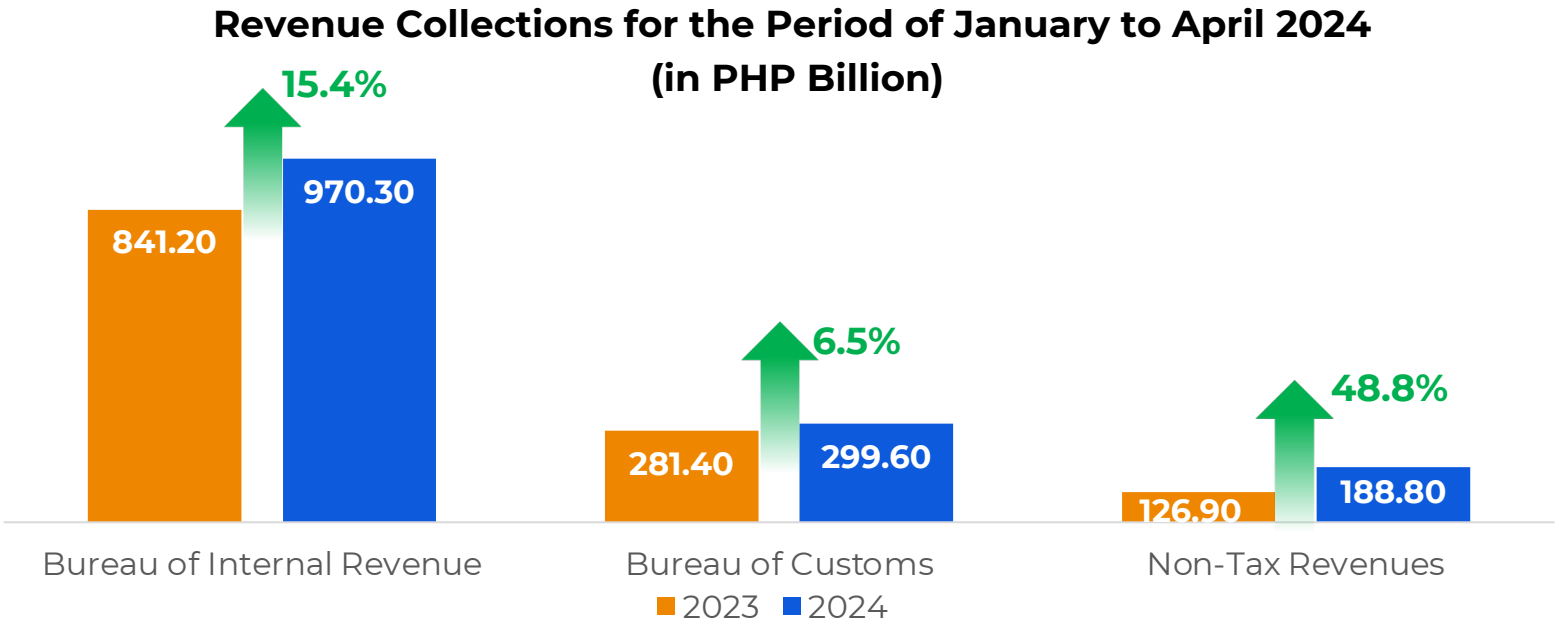
The new fiscal targets are realistic, pragmatic, and proactive, accounting for various domestic and external factors

Fiscal Performance As Percentage of GDP



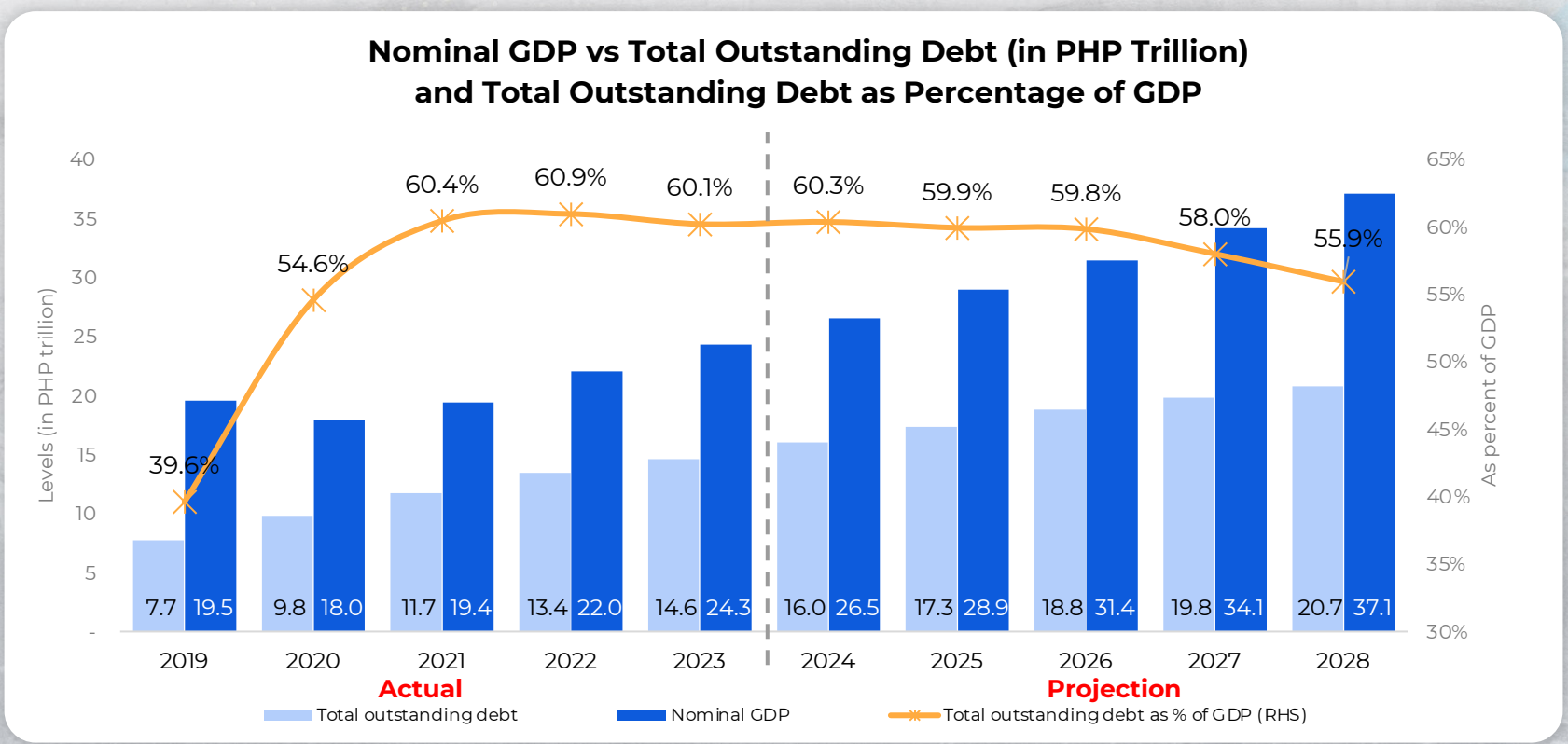
Source: Bureau of the Treasury (BTR) and Development Budget Coordination Committee (DBCC)

With total revenues already reaching PHP 1.5 trillion as of end-April, we are on track to meet our collection target of PHP 4.3 trillion



Source: Bureau of the Treasury (BTR)

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



Source: DOF Fiscal Policy and Monitoring Group

The Philippines recently obtained USD 2 Billion in financing from the global bond market at exceptionally historic low rates

10-year tranche

- T+80 basis points (bps), 40 bps tighter than the initial price guidance
- The tightest among the government's similar issuances since 2022
- Spread of the 10-year issuance of A-rated Chile: 120 bps (2023); A-minus-rated Poland: 120 bps (2024)

25-year sustainability tranche

- T+99.8 bps, 45 bps tighter than the initial price guidance
- The second-best rate in the government's history
- Spread of the 30-year issuance of A-rated Chile: 148 bps (2023); A-minus-rated Poland: 130 bps (2024)

Source: Bureau of the Treasury (BTR)

Metro Manila Subway

Third tranche of financing provided by the Japan International Cooperation Agency (JICA):
JPY 150 billion (about PHP 55 billion) signed on March 26, 2024

Carries an interest rate of

0.30% per annum

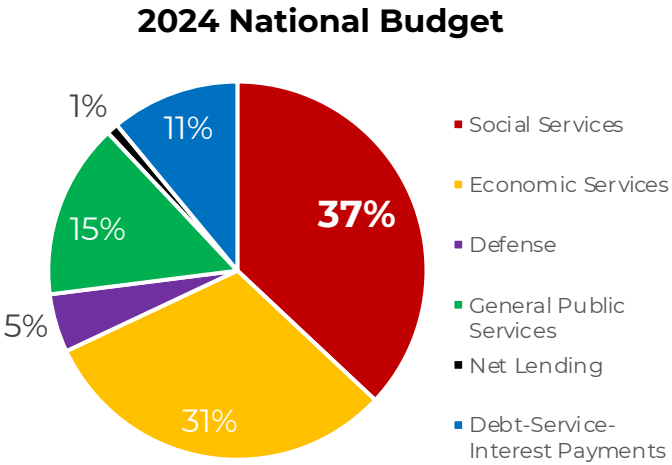
for non-consulting services and

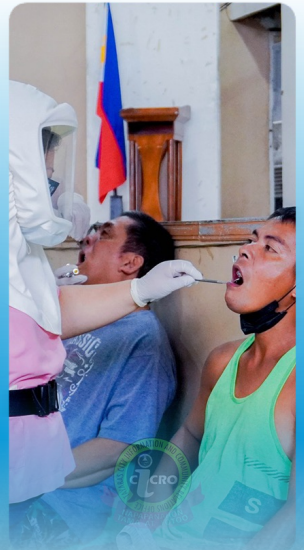
0.20% per annum

for consulting services, to be repaid in 40 years, inclusive of a 10-year grace period

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

The biggest chunk of the PHP 5.767 trillion 2024 national budget was allocated to education, health, and social services





Source: Department of Budget and Management (DBM)

The Build Better More Program features 185 big-ticket infrastructure projects worth PHP 9.5 Trillion

Physical connectivity
134 projects
PHP 8.3 trillion

Water Resources
29 projects
PHP 713.8 billion

Agriculture
9 projects
PHP 213.6 billion

Power and Energy
1 project
PHP 10.2 billion

Health
5 projects
PHP 91.9 billion

Digital Connectivity
3 projects
PHP 164.8 billion

Other Infrastructure
3 projects
PHP 28.2 billion

Education
1 project
PHP 30.6 billion

SCAN TO VIEW THE LIST OF PROJECTS

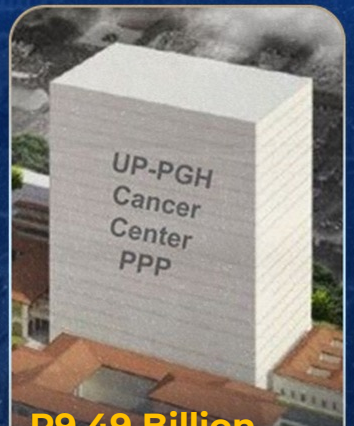
With the Public-Private Partnership Code in place, we expect to speed up the delivery of critical infrastructure projects nationwide

We currently have 125 PPP projects in the pipeline.
Five are already in advanced stages and are slated for awarding this year.

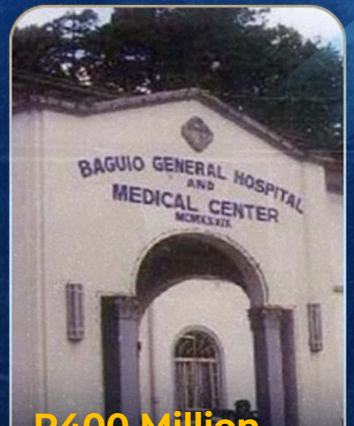
P23.40 Billion
Tarlac-Pangasinan-La Union Expressway Extension

P12.75 Billion
Laguindingan Airport

P4.53 Billion
New Bohol International Airport



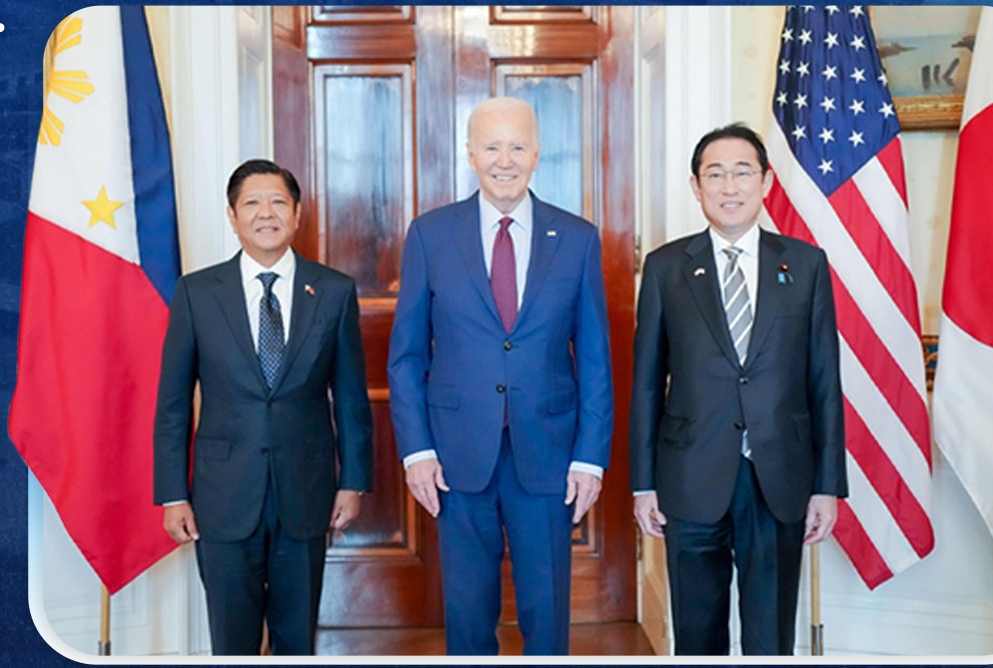
P9.49 Billion
University of the Philippines-Philippine General Hospital (UP-PGH) Cancer Center



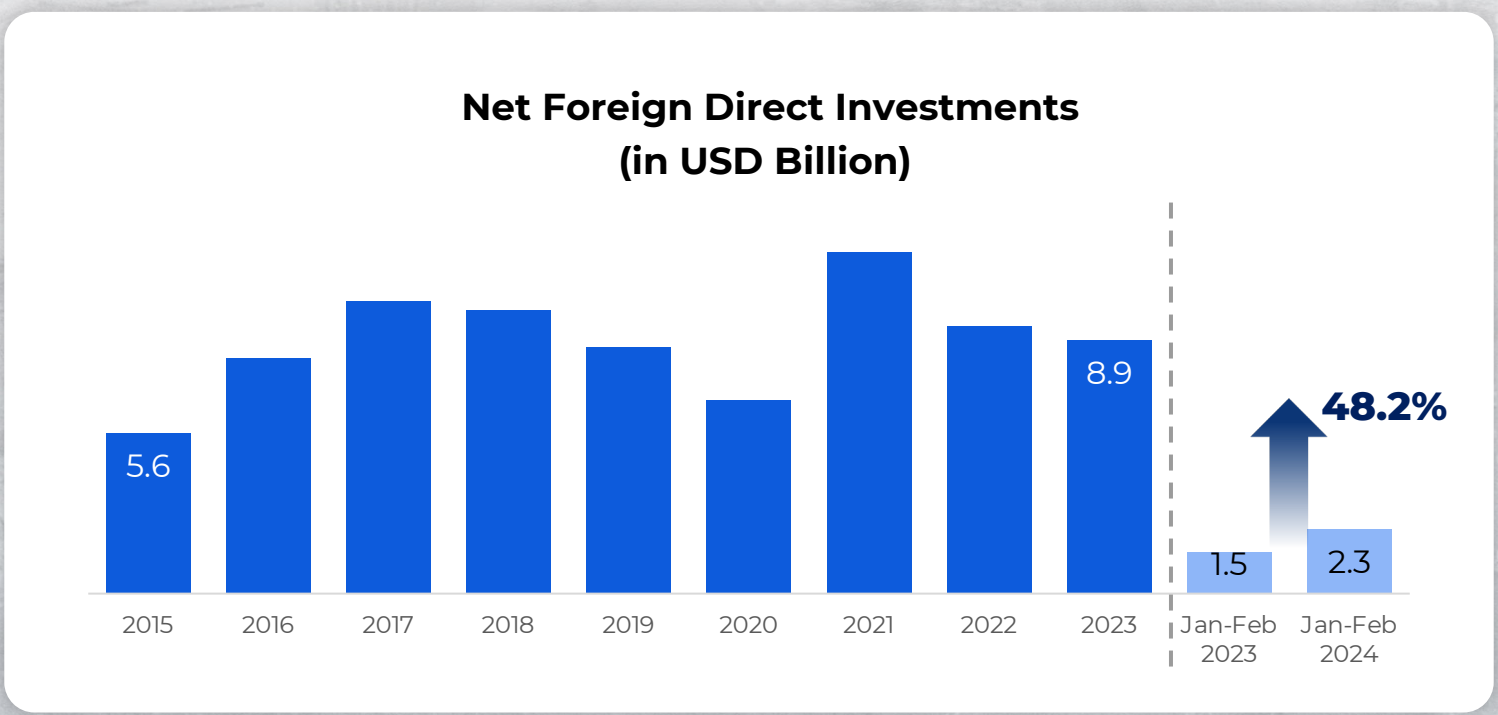
P400 Million
Dialysis Center PPP Project for the Renal Center Facility of the Baguio General Hospital and Medical Center

The current policy landscape for investments in the Philippines 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



President Marcos, Jr.'s proactive diplomacy has yielded continued inflows of foreign direct investments, indicating confidence in our long-term growth prospects



Source: Bangko Sentral ng Pilipinas

The President's world engagements alone have generated **USD 72.2 billion-worth of investment pledges** as of December 2023

Source: Department of Trade and Industry

We are aggressively addressing bottlenecks and expediting processes to realize these investment pledges in high-priority sectors

We have new game-changing reforms replacing red tape with a red carpet to boost investments-led growth

EO 18: Constituting Green Lanes for Strategic Investments

Streamlines approval and registration processes as well as addresses investor concerns

Ease of Paying Taxes Act

Simplifies tax compliance procedures, reduces red tape, and embraces technology to make it easier for taxpayers to fulfill their obligations

CREATE MORE Bill

Enhances fiscal and non-fiscal incentives and incentivizes investments in priority industries within the special economic and freeport zones

AO 23: Digital and Integrated System for Pre-border Technical Verification and Cross-border Electronic Invoicing

Expedites the inspection of all imported commodities entering the Philippines through digital means

All of our growth-enhancing strategies are designed to harness the talents of our young workforce and build a nation where every Filipino can thrive, secure decent jobs, and create better lives for themselves.

All of these are aimed at providing pathways out of poverty for about 14 million Filipinos, or cutting poverty incidence to 9 percent, by the end of the President's term or sooner.

We have all the makings of a prosperous economy — and we have a bold and decisive leader to fully realize that potential.

Keynote Speech
Philippine Economic Briefing

RALPH G. RECTO
SECRETARY OF FINANCE

May 27, 2024
Philippine International Convention Center