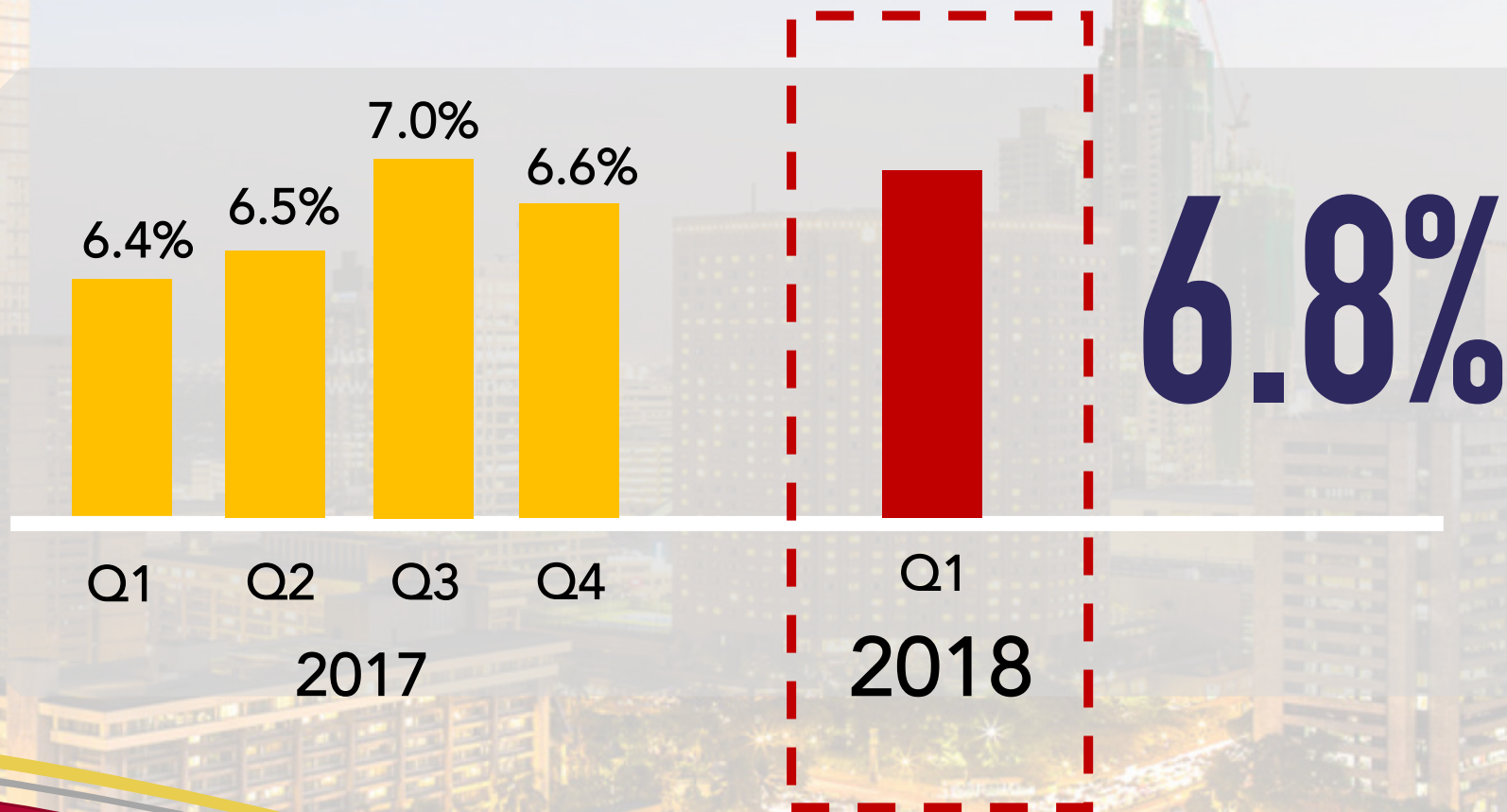


THE PHILIPPINES' GROWTH STORY

FINANCE SECRETARY CARLOS G. DOMINGUEZ
PHILIPPINE ECONOMIC BRIEFING IN TOKYO, JAPAN
JUNE 19, 2018 | IMPERIAL HOTEL



Q1 2018 GROSS DOMESTIC PRODUCT GROWTH



The latest growth numbers cap 77 consecutive quarters of sustained expansion. Over the last 10 quarters, we achieved growth rates of 6.5 percent or better.

Source: Philippine Statistics Authority

Q1 ECONOMIC PERFORMANCE BY SECTOR

6.5% 7.9%



INDUSTRY



7.7% 8.0%



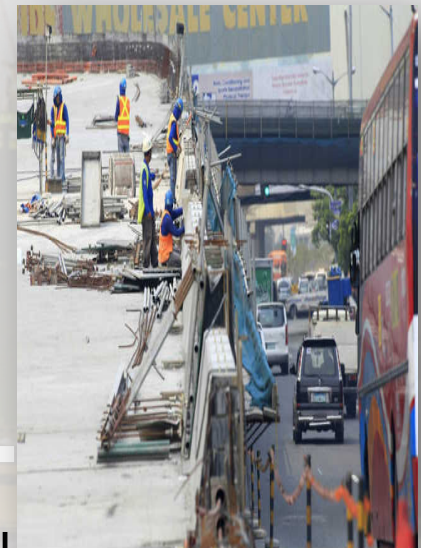
MANUFACTURING



9.7% 9.3%



CONSTRUCTION



The dynamism of these sectors has been due to more robust investment flows.



Q1 2017



Q1 2018

Source: Philippine Statistics Authority

COMPREHENSIVE TAX REFORM PROGRAM



The first package of this tax reform program, also known as the **TAX REFORM FOR ACCELERATION AND INCLUSION (TRAIN)**, took effect at the start of the year. While benefitting **OVER 99 PERCENT OF FILIPINOS** through a reduction in personal income tax rates, revenues in the first quarter this year exceeded expectations.

In the first quarter of 2018, tax effort rose by 0.9 percentage point, from 13.4 percent of GDP to 14.3 percent, the highest first quarter tax effort ever achieved in the past 25 years

	1st Quarter 2017	1st Quarter 2018
REVENUE EFFORT	14.9%	15.8%
TAX EFFORT	13.4%	14.3%
EXPENDITURE EFFORT	17.2%	20.0%
FISCAL BALANCE	-2.3%	-4.1%

Source: Bureau of the Treasury

FISCAL PERFORMANCE

(In Billion Pesos)

Particulars	January to May 2017	January to May 2018	% Growth
TOTAL REVENUES	996.52	1,185.71	19%
Tax Revenues	900.77	1,067.96	19%
BIR	716.77	830.92	16%
BOC	174.86	229.34	31%
Other Offices	9.13	7.70	-16%
Non-Tax Revenues	95.75	117.75	23%
BTR	48.03	56.58	18%
Other Offices	47.72	61.17	28%

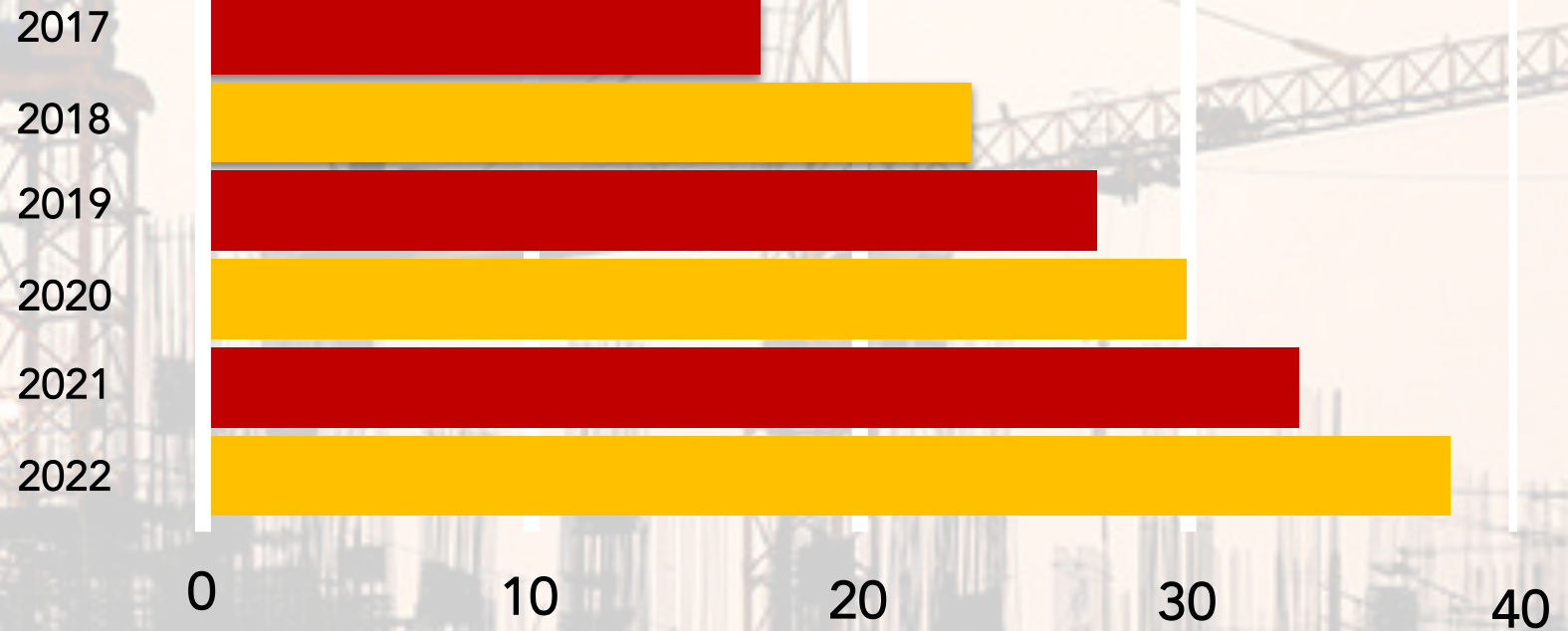
Source: Bureau of the Treasury

OTHER TAX REFORM PACKAGES

Package 1B	Package 2	Package 2 Plus	Package 3	Package 4
<ul style="list-style-type: none">• Estate and general tax amnesty• Motor Vehicle Users Charge• Bank secrecy law• Automatic exchange of information	<ul style="list-style-type: none">• Corporate taxation• Fiscal incentives	<ul style="list-style-type: none">• Taxes on tobacco, alcohol, mining, coal, and casinos	<ul style="list-style-type: none">• Property taxation	<ul style="list-style-type: none">• Passive income and financial taxes

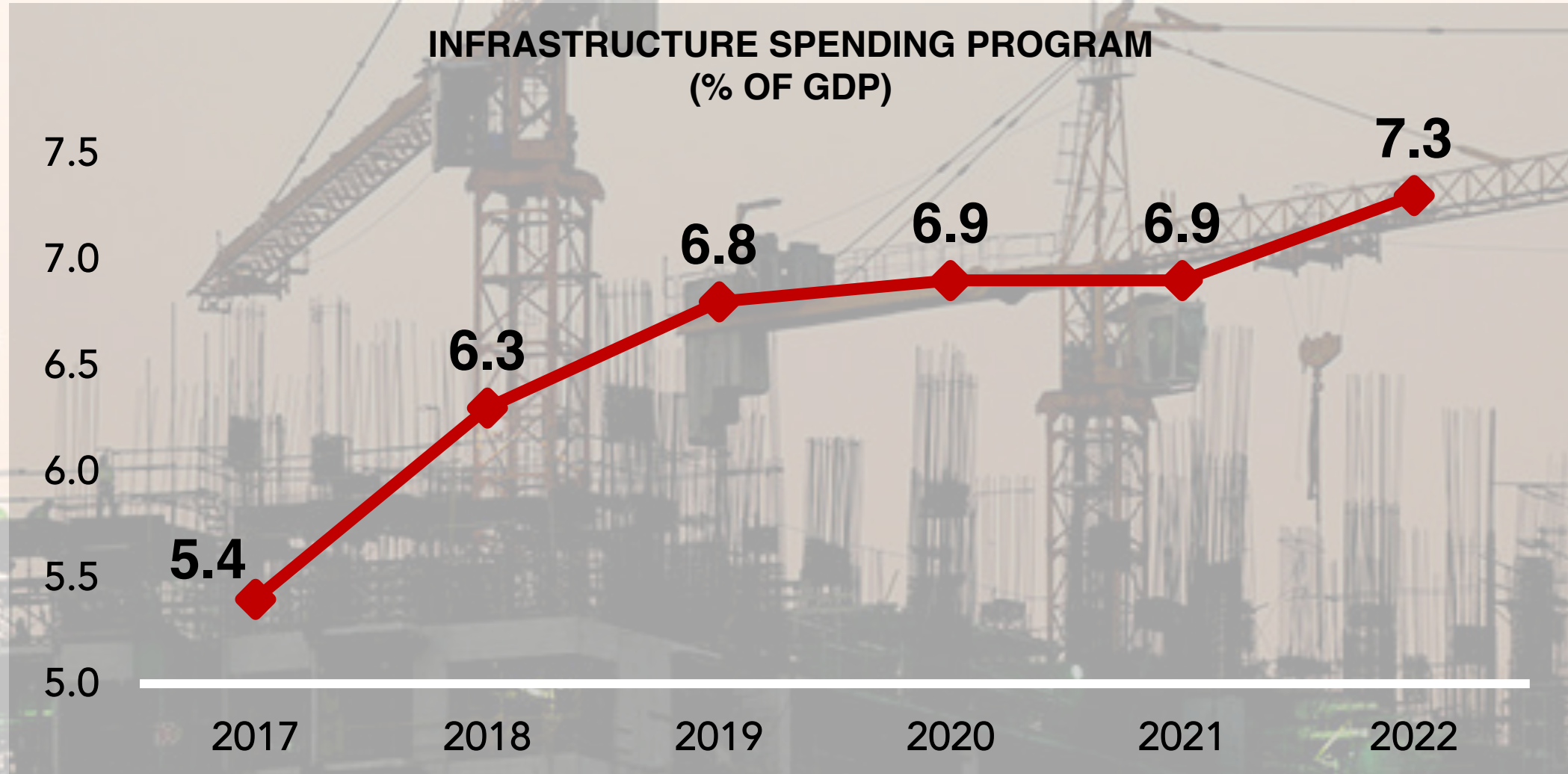
BOLDEST, MOST AMBITIOUS INFRASTRUCTURE PROGRAM IN HISTORY (in US \$ BILLION)

US\$ 170B IN 6 YEARS



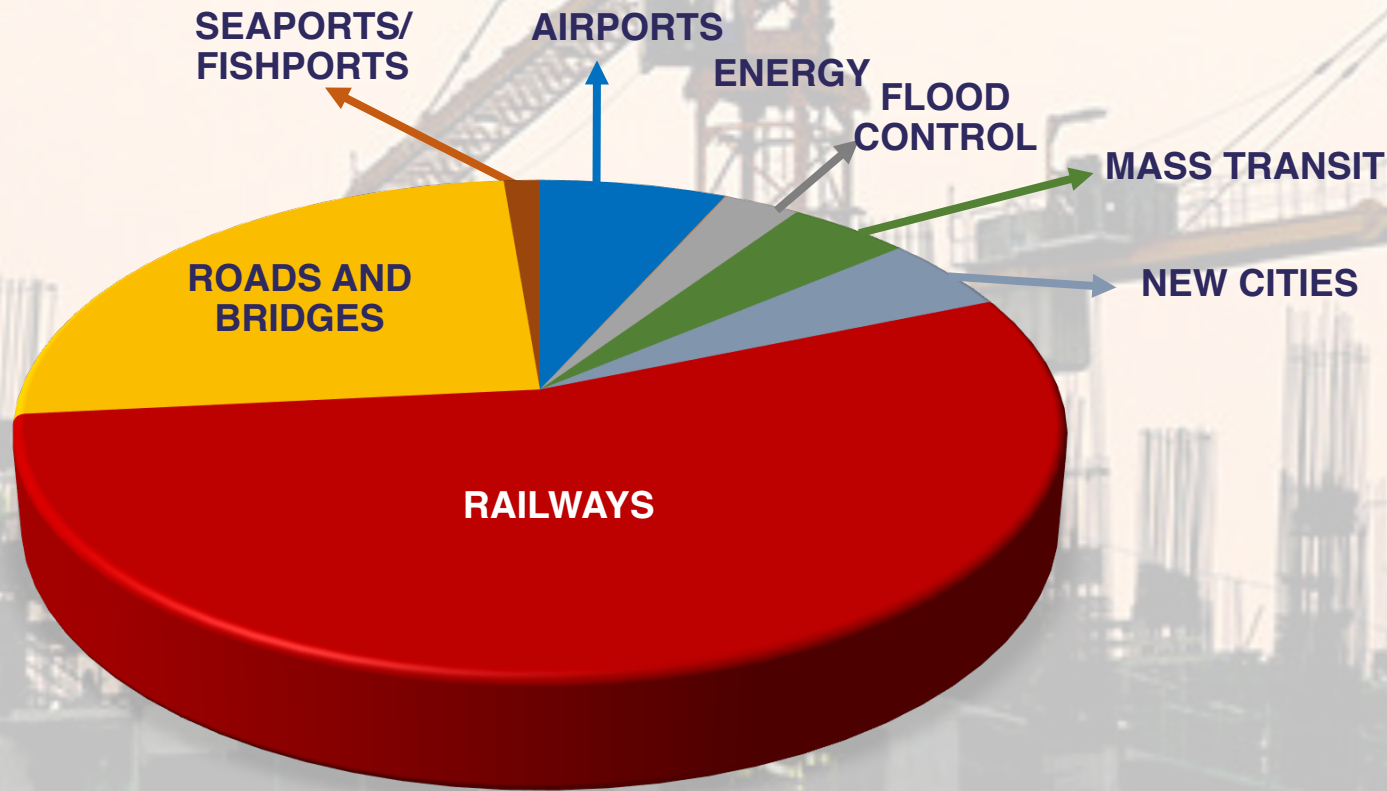
The Philippines is looking to spend about 20Billion USD per year through the medium term to build the urgently needed infrastructure







RAPID ADMINISTRATIVE RESPONSE FOR INFRASTRUCTURE DEVELOPMENT



75 FLAGSHIP INFRASTRUCTURE PROJECTS

(of which 35 projects have been approved by the NEDA Board)

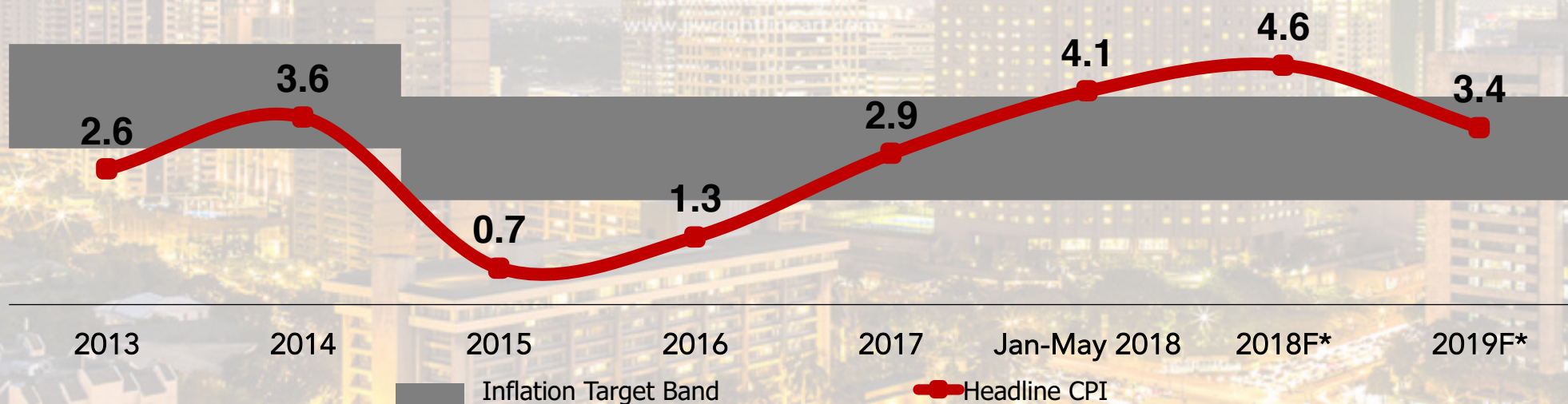


	69.5km PNR North 2/Malolos-Clark Airport-New Clark City Rail (USD4,186.6mn)
	25.3km Metro Manila Subway Project - Phase 1 (USD7,068.6mn)
	72km PNR South Commuter Line Tutuban-Los Baños (USD2,458.3mn)
	581km PNR Long-haul Manila-Bicol (USD3,471.6mn)
	Davao International Airport Development Project (USD803.4mn)
	102.3km Mindanao Railway: Tagum-Davao City-Digos Segment (USD698.2mn)

**Select NEDA Board Approved
Flagship Infrastructure Projects**

SUSTAINED MANAGEABLE INFLATION ENVIRONMENT

Inflation remains manageable demonstrating monetary policy credibility
Headline CPI (yoy, %)



*BSP forecast (FY) as of 10 May '18

Source: BSP Investor Relations Office

GLOBAL BONDS

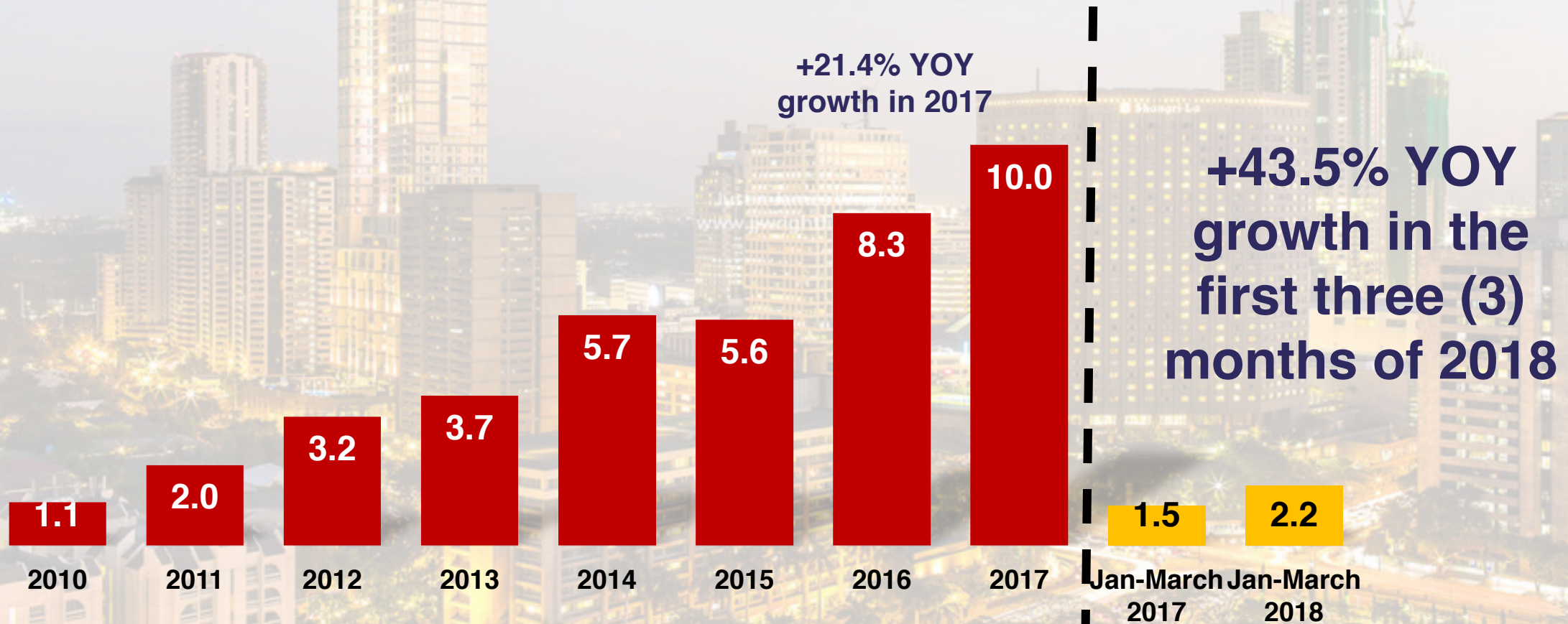
- USD2 billion new 10-year global bonds
- The transaction marks the first time the Philippines has issued a 10-year USD bond since 2014
- Offered concurrently with a 1-day Accelerated Switch Tender Offer for 14 of the Philippines' outstanding USD-denominated bonds maturing between 2019 to 2037
- Priced at par with a coupon of 3.000%, tighter than the initial pricing guidance of 3.300% area and a final spread of 37.8 bps over UST

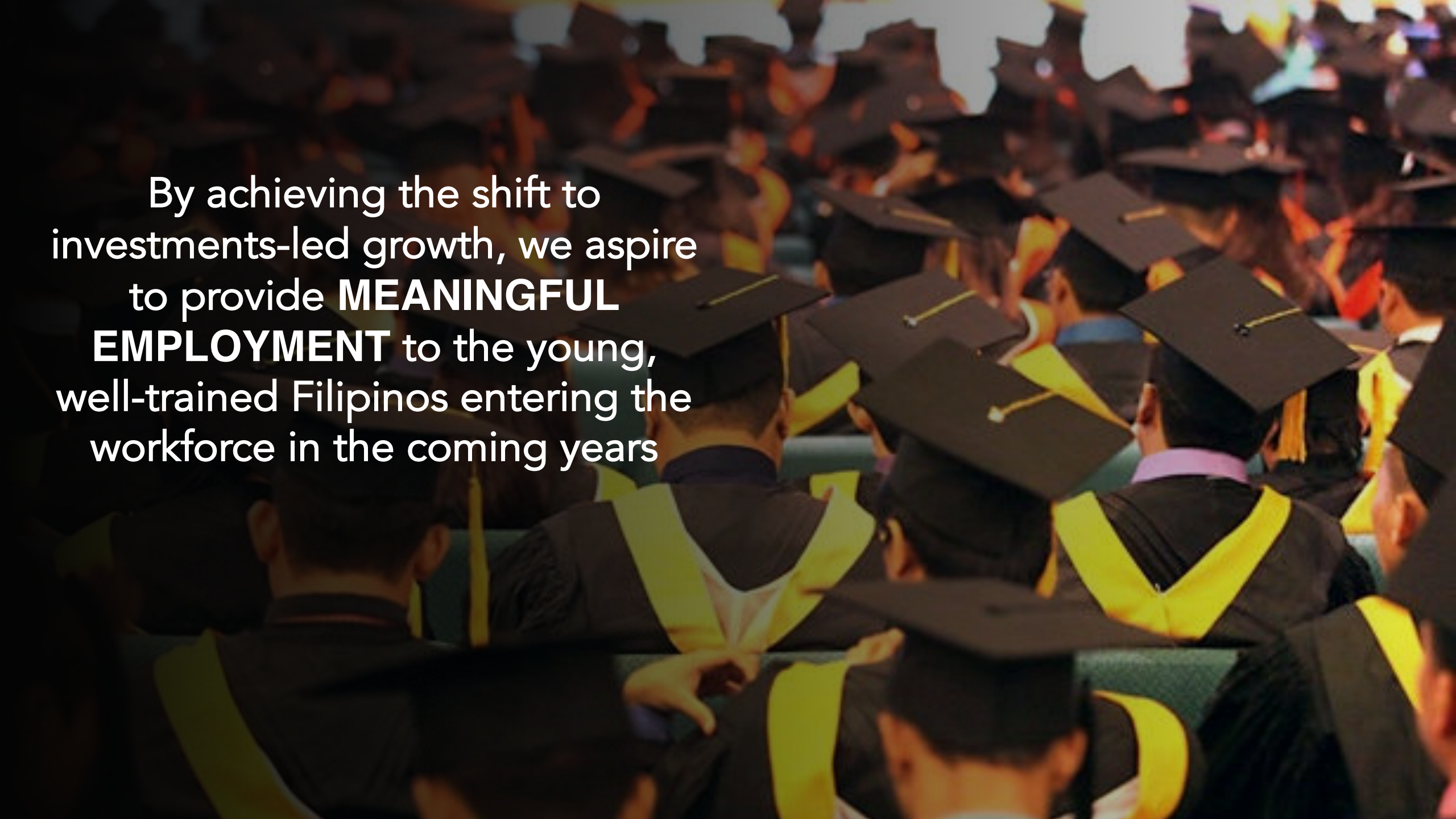
PANDA BONDS

- With a tight spread of 35 bps above benchmark
- Fetched a coupon rate of 5.00%
- With oversubscription hitting about 6.32 times, the all-time largest coverage for any Panda sovereign issuer
- Bids reached RMB 9.22 billion compared with the Philippine government's debt offering of RMB 1.46 billion
- Rated "AAA" by China's Lianhe Credit Rating Co. Ltd

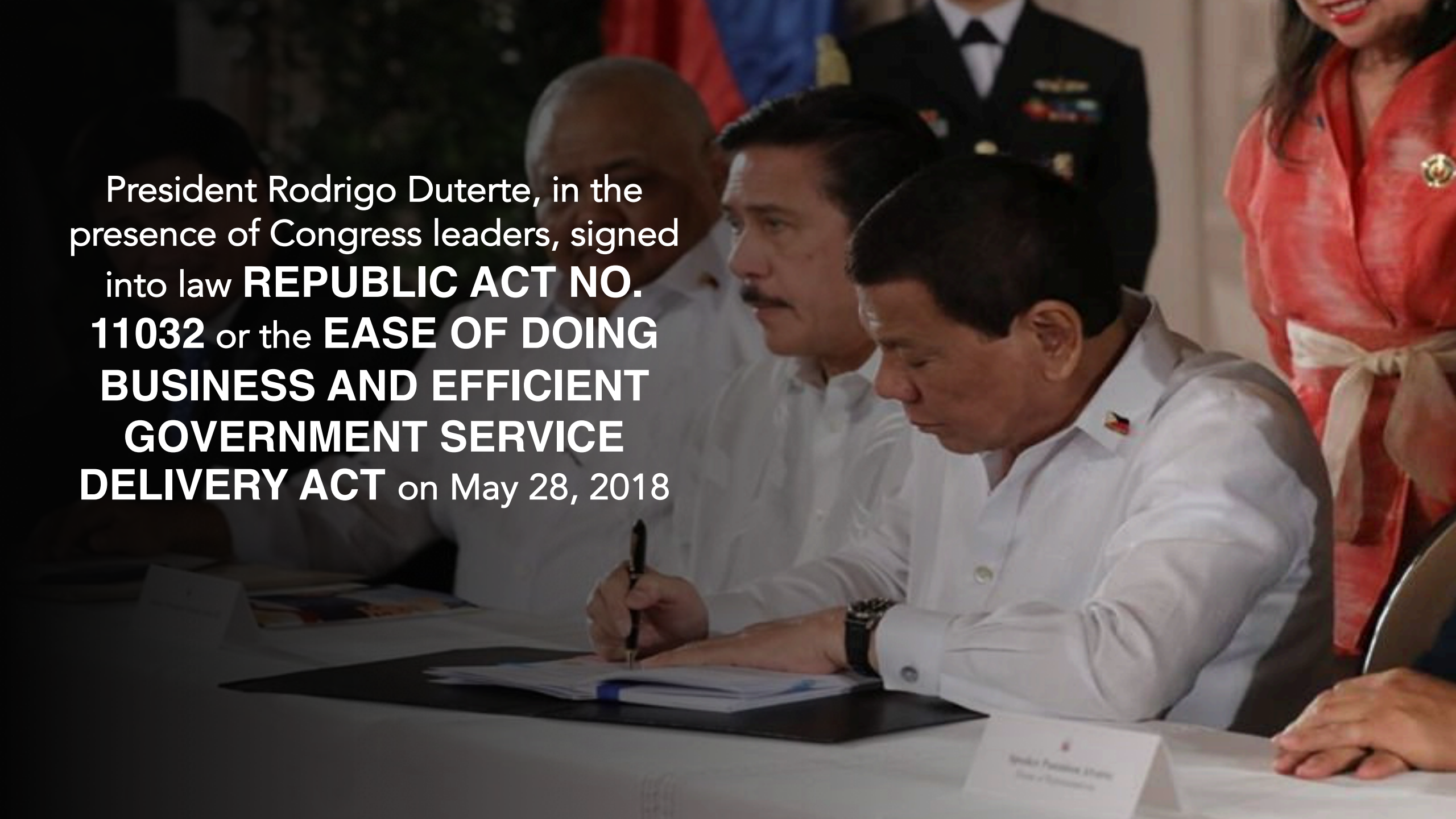
NET FOREIGN DIRECT INVESTMENT (FDI) FLOWS

(In US \$ Billion)





By achieving the shift to investments-led growth, we aspire to provide **MEANINGFUL EMPLOYMENT** to the young, well-trained Filipinos entering the workforce in the coming years

A photograph showing President Rodrigo Duterte in a white shirt signing a document at a table. He is surrounded by other officials, including a man in a dark uniform with medals and a woman in a red dress. The scene is set in a formal environment with flags in the background.

President Rodrigo Duterte, in the presence of Congress leaders, signed into law **REPUBLIC ACT NO. 11032** or the **EASE OF DOING BUSINESS AND EFFICIENT GOVERNMENT SERVICE DELIVERY ACT** on May 28, 2018

THE PHILIPPINE NATIONAL POLICE REPORTS A SIGNIFICANT DECREASE IN CRIME VOLUME SINCE THE START OF THE DUTERTE ADMINISTRATION

CRIME VOLUME

July 2014
to April 2016


1,231,978

July 2016
to April 2018

962,721

21.86%





Our measure of success is
achieving **ZERO ABSOLUTE
POVERTY RATES** and becoming a
HIGH-INCOME SOCIETY BY 2040

Photo Source: Headwaters Relief Organization



The **JAPAN** is playing a major role in the Philippines' economic emergence

Japan has pledged to the Philippines about **JPY 1 TRILLION** in assistance. Of this amount, approximately **JPY 137.3 BILLION** has already been formalized through loan agreements and grants



CAVITE INDUSTRIAL AREA FLOOD RISK MANAGEMENT PROJECT

Aims to control and mitigate flooding in several areas in Cavite that host economic zones and residential communities. This stands to benefit some 8,000 households as well as manufacturing plants in two cities and three municipalities of Cavite

Build
Build
Build



www.build.gov.ph | #PartnersForChange | #BuildBuildBuild

The JPY15.93 billion-loan agreement for this project was signed on November 13, 2017 by Finance Secretary Carlos Dominguez and JICA Chief Representative to the Philippines Susumu Ito in the presence of President Rodrigo Duterte and Japan Prime Minister Shinzo Abe

ARTERIAL ROAD BYPASS PROJECT

PHASE III

This will ease traffic congestion in Bulacan and spur economic growth in the province's rural areas. The Phase III involves the upgrading and expansion of the existing bypass road from 2-lanes to a 4-lane carriageway national road.

Build Build Build



DPWH



BCDA

www.build.gov.ph | #PartnersForChange | #BuildBuildBuild

The JPY 9.399 billion-loan agreement for this project was signed on February 28, 2018 by Finance Secretary Carlos Dominguez and JICA Chief Representative to the Philippines Susumu Ito.

MEGA MANILA SUBWAY PROJECT

(PHASE I)

The construction of the first phase of the Metro Manila Subway will stretch from Mindanao Avenue in Quezon City to the Food Terminal Inc. (FTI) area in Taguig City, and will continue up to the Ninoy Aquino International Airport (NAIA).

Build
Build
Build



DPWH



BCDA

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The JPY 104.53 billion-loan was signed on March 16, 2018 by Finance Secretary Carlos Dominguez and JICA chief representative Yoshio Wada. This loan represents the first tranche of the total loan financing requirement of JPY 573.73 billion pledged by JICA for the 1st phase of the subway project, which is the biggest amount it has ever committed to any country.



EMIL K. SADAIN
Undersecretary, DPWH

CARLOS G. DOMINGUEZ
Secretary, DOF

YOSHIO WADA
Chief Representative, JICA

Finance Secretary Carlos Dominguez and JICA chief representative Yoshio Wada signed on May 15, 2018 the **JPY 2 BILLION-GRANT AGREEMENT** from Japan to support ongoing efforts for the reconstruction and rehabilitation of the devastated city of Marawi in Mindanao

PHILIPPINES' BILATERAL TRADE WITH JAPAN

(IN US \$ BILLION)

YEAR	TOTAL	EXPORTS	IMPORTS	BALANCE
2014	19.11	13.92	5.19	8.73
2015	18.77	12.38	6.38	6.00
2016	21.55	11.67	9.88	1.79
2017	20.79	10.23	10.56	(0.33)

Source: Department of Trade and Industry

JAPAN HAS BEEN THE PHILIPPINES' 4TH LARGEST SOURCE OF TOURISTS FOR THE PAST THREE YEARS

TOURIST ARRIVALS FROM JAPAN

2017

584,180

2016

535,238


2015

495,662


Source: Department of Tourism



We are impressed with the **COMMITMENT TO EXCELLENCE** that imbues the Japanese corporate culture



On our part, we commit to
**IMPROVE THE EASE OF DOING BUSINESS,
RESPECT THE SANCTITY OF CONTRACTS,** and
**PROMOTE A MORE CONDUCTIVE CLIMATE FOR
INVESTMENTS**



We thank **JAPAN**, and especially its **TAXPAYERS**, for continuing to support the Philippines in its **ECONOMIC EMERGENCE**

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