



KEYNOTE MESSAGE

BENJAMIN E. DIOKNO
SECRETARY OF FINANCE

PHILIPPINE ECONOMIC BRIEFING LONDON
JANUARY 26, 2023



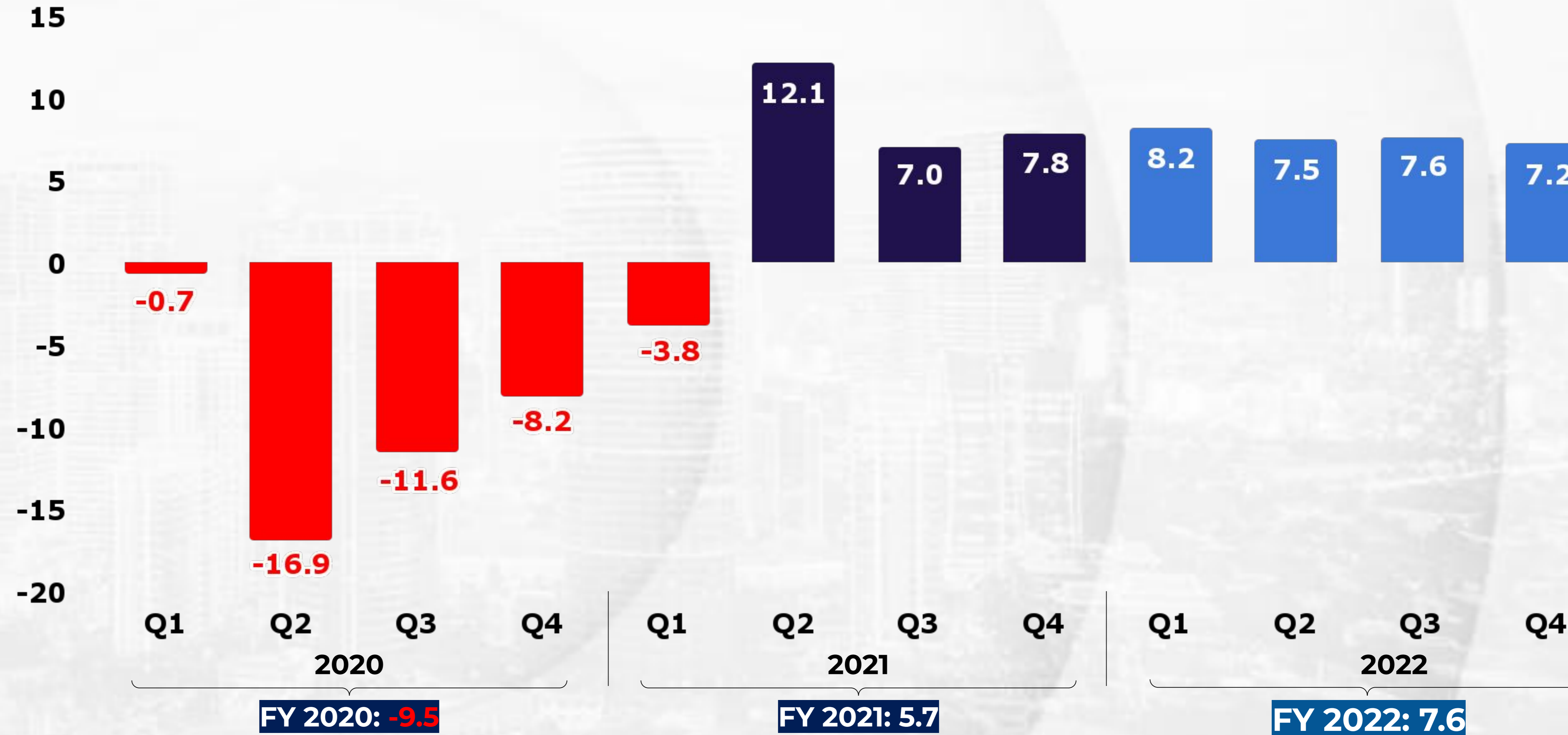
**The Philippines
emerged from the pandemic
with an important story to tell.**

The background features a city skyline at dusk, with buildings and lights reflected in the water. A large blue semi-circle is on the right side. On the left, there is a colorful geometric graphic consisting of overlapping triangles in shades of orange, green, and blue.

Our strong macroeconomic fundamentals and structural reforms have allowed us to weather the pandemic and position the Philippines as one of the fastest rising economies in the Asia Pacific region.

Philippine economic performance in 2022 exceeded expectations

Philippines' Real GDP growth rate (year-on-year)

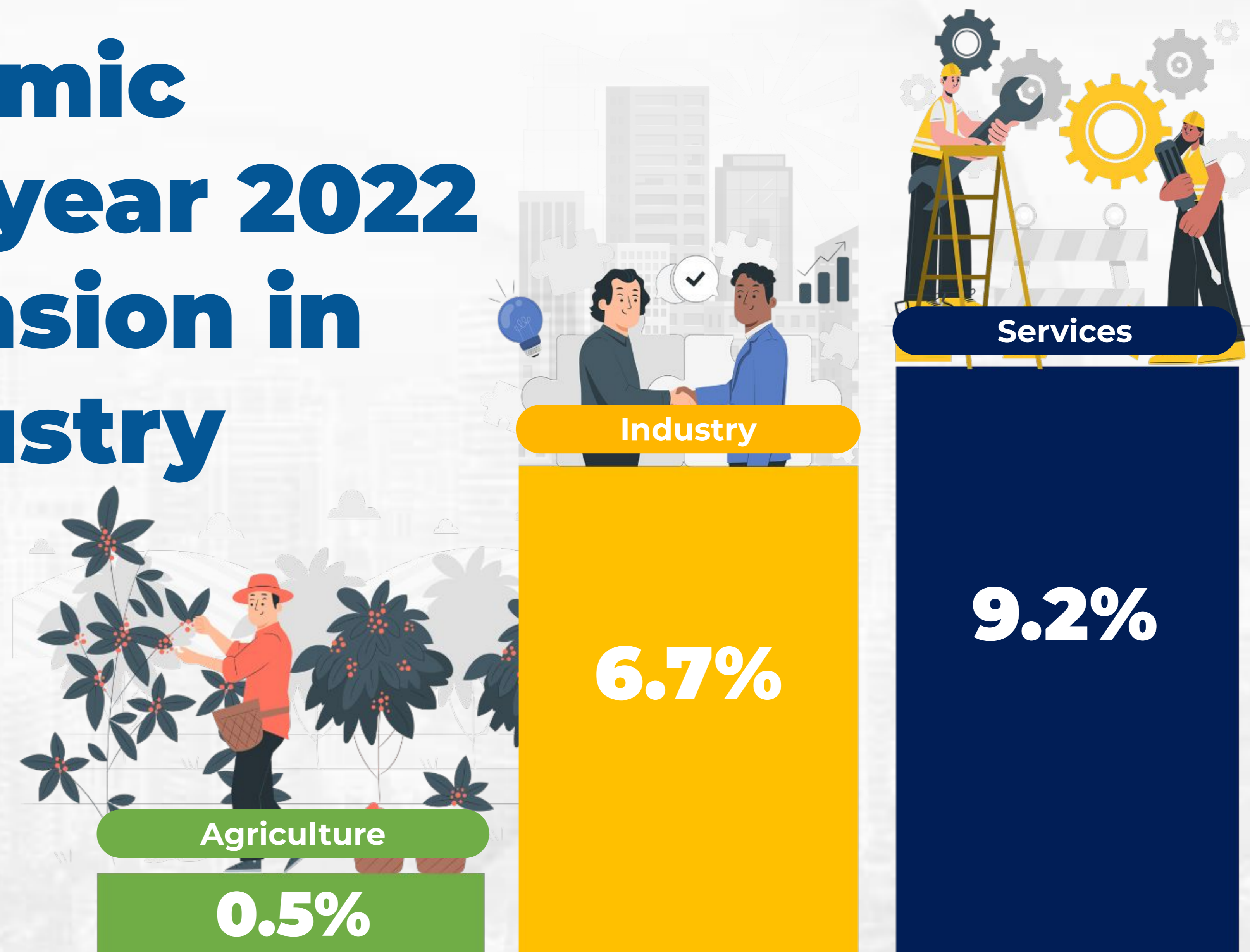


7.6% GDP growth

Full-year 2022

Our robust fourth quarter performance reflected strong domestic demand driven by household consumption and investments.

The Philippine economic performance for full-year 2022 was backed by expansion in the services and industry sectors



RECORD-LOW UNEMPLOYMENT RATE

November 2022 Employment Situation

Unemployment Rate

4.2% ↓

Employment Rate

95.8% ↑

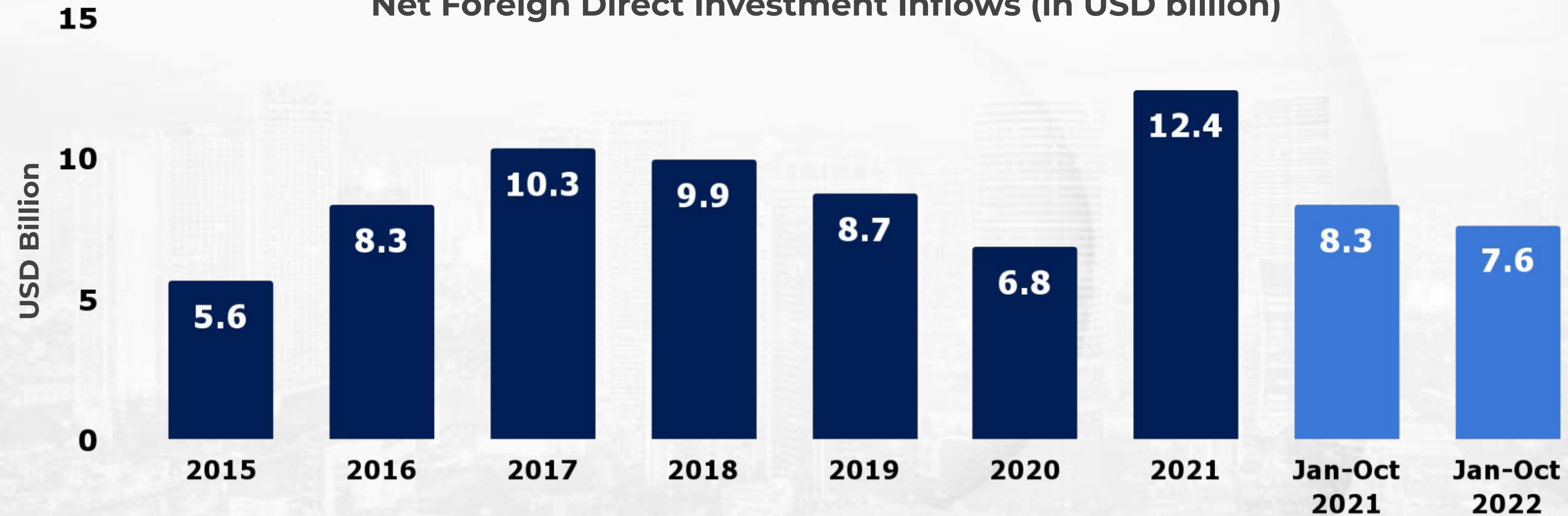
**Labor Force
Participation Rate**

67.5% ↑



Foreign direct investments are soaring

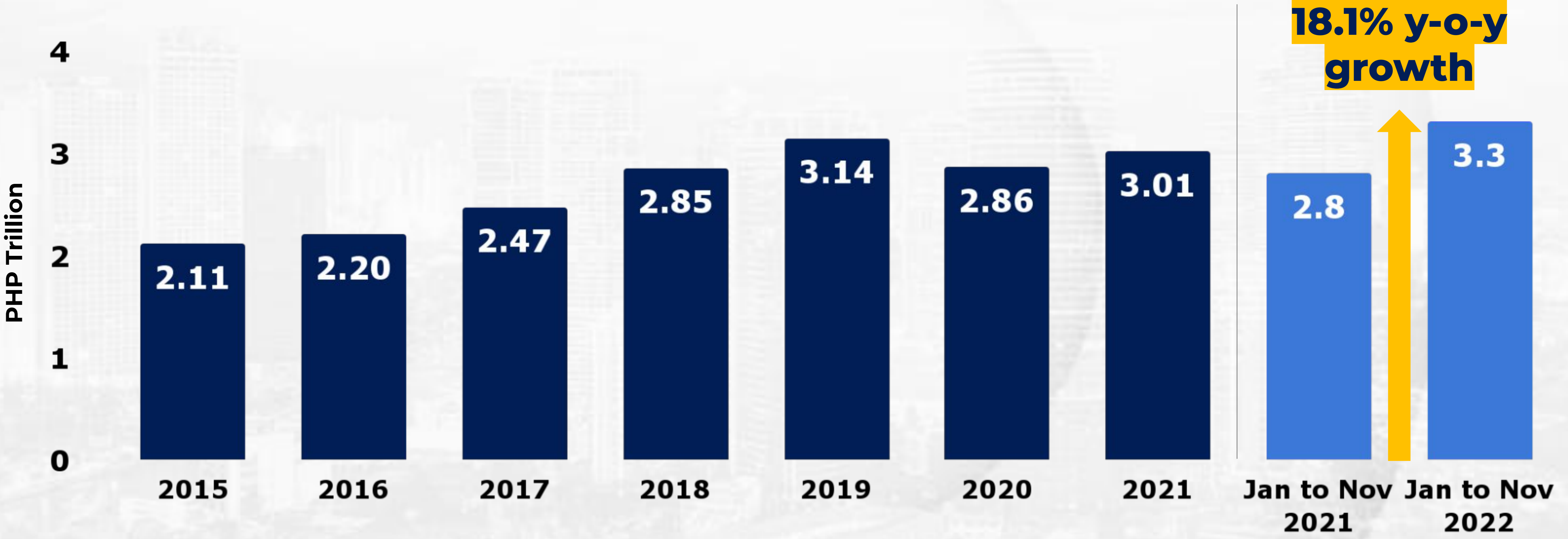
Net Foreign Direct Investment Inflows (in USD billion)




Data Source: BSP
*Jan-Oct 2022

We are poised to overshoot our revenue targets

Total Revenue Collection (in PHP Trillion)



Data Source: BTR

The background features a city skyline at dusk, with buildings and lights reflected in the water. A large, semi-transparent blue circle is overlaid on the right side of the image. On the left side, there is a large, stylized white arrow pointing to the right, composed of several overlapping, semi-transparent geometric shapes in shades of blue, green, and orange. The text is centered within the blue circle.

Our dramatic recovery was the result of deliberate, well-crafted structural reforms and the resolve to recalibrate policies during times of crises.

The Philippine government is highly attuned to ongoing global risks



Slowing world economy

Analysts predict a global recession in 2023. The IMF expects one third of the world economy to be in recession.



Geopolitical tensions

Tensions such as the prolonged war in Ukraine pose socioeconomic consequences on a global scale



Stubbornly high inflation

Global prices of fuel, food, and other commodities are rising due to supply chain constraints



Post-pandemic scarring

The pandemic's lingering effects on education, labor market, and pandemic-stricken industries



Monetary tightening



Improved production



Temporary relaxation of trade restrictions



Continued linkages of farmers and fishers to consumers



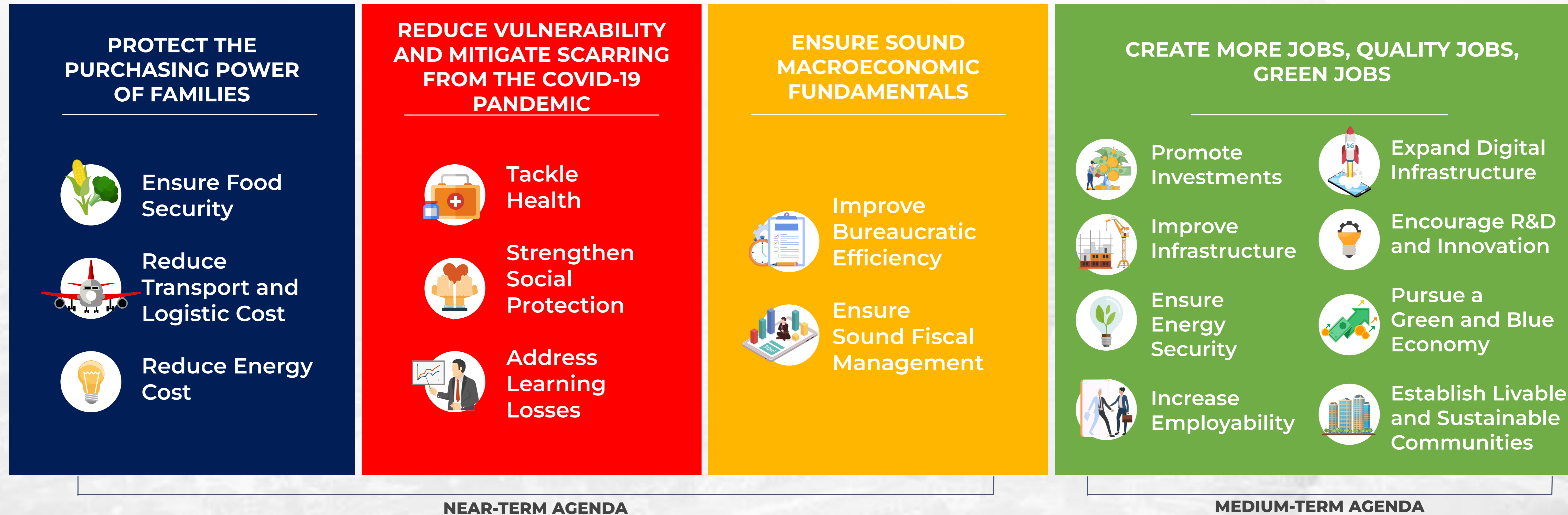
Targeted support to vulnerable sectors

The Development Budget Coordination Committee's revised growth assumptions remain ambitious and achievable

Year	Growth Assumptions (% of GDP)
2022	6.5 to 7.5
2023	6.0 to 7.0
2024 - 2028	6.5 to 8.0

Marcos administration's 8-point socioeconomic agenda in the near and medium term

ROBUST ECONOMY, INCLUSIVE, AND RESILIENT SOCIETY



PHILIPPINE DEVELOPMENT PLAN 2023-2028

A Plan for Economic and Social Transformation

The PDP aims to **reinvigorate job creation and accelerate poverty reduction** by steering the economy back to its high-growth trajectory and effect economic and social transformation for a **prosperous, inclusive, and resilient society.**



Medium-Term Fiscal Framework



Reduce the fiscal deficit.

Bring down the deficit-to-GDP ratio to 3.0 percent by 2028.



Promote fiscal sustainability.

Debt-to-GDP ratio will be reduced from the current 63.7 percent to less than 60 percent by 2025



Enable robust economic growth.

With its high multiplier effects, we will sustain high infrastructure spending at 5 to 6 percent of GDP annually.

Structural reforms to open the economy, improve ease of doing business, and allow modern, transformative industries to take root and grow

Corporate Recovery and Tax Incentives for Enterprises Act



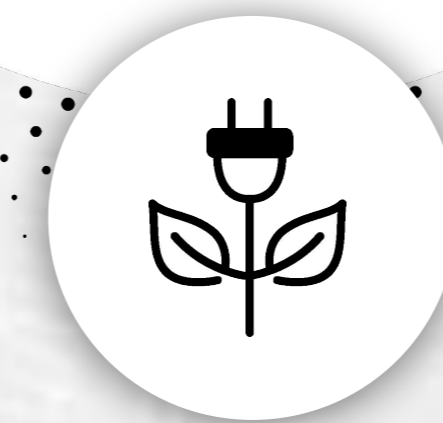
Amendments to the Foreign Investments Act



Amendments to the Retail Trade Liberalization Act

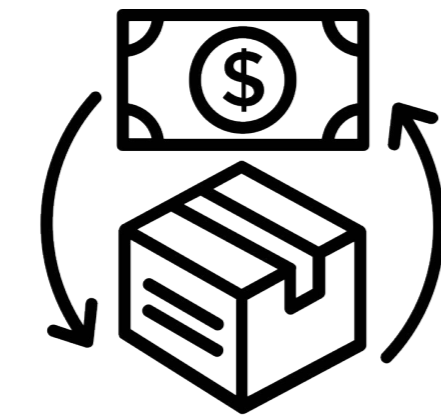


Amendments to the Public Service Act



Renewable Energy Sector Liberalization

Economic liberalization measures now open up key sectors to international participation



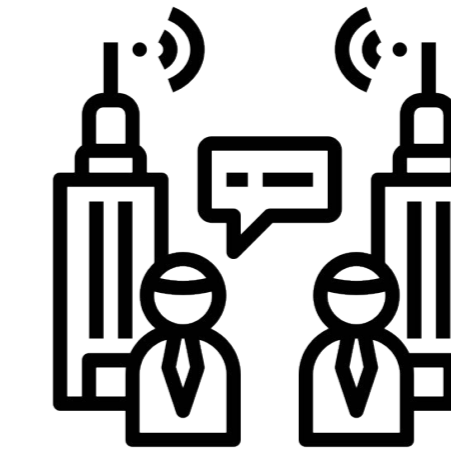
Amendments to the Retail Trade Liberalization Act

- Lowered the minimum paid-up capital requirement for foreign corporations from USD 2.5 million to USD 500,000.
- Simplified the qualification requirements of foreign retailers.



Amendments to the Foreign Investments Act

- Mandated a review of the Foreign Investment Negative List every two years.
- Liberalized the practice of professions.
- Enhanced transparency in monitoring foreign investments.



Amendments to the Public Service Act

- Opened up public services to 100 percent foreign ownership, and retain public utilities as majority Filipino-owned, subject to the 60-40 ownership rule.

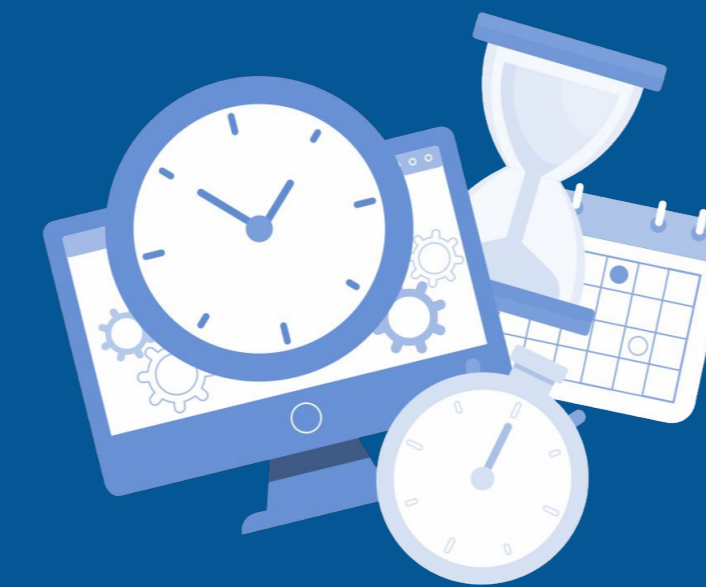
The Corporate Recovery & Tax Incentives for Enterprises Act transformed the structure of our corporate income tax system

Provides hefty corporate income tax rate cuts



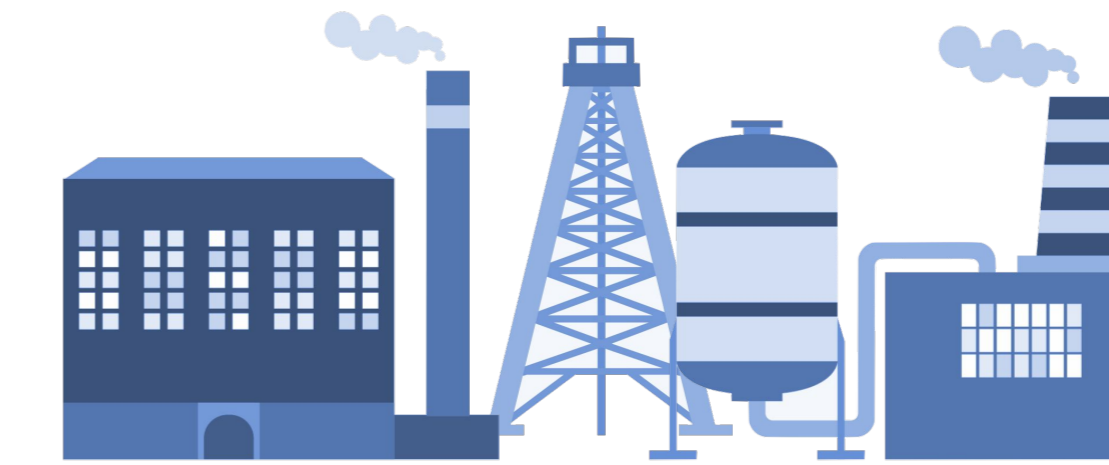
Provides 10-ppt cut in the corporate income tax rate of domestic MSMEs (from 30 percent to 20 percent), and 5-ppt reduction (from 30 percent to 25 percent) for other corporations

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



Provides an enhanced incentives package that is performance-based, time-bound, targeted, and transparent

Incentivizes innovation, R&D, and advanced tech

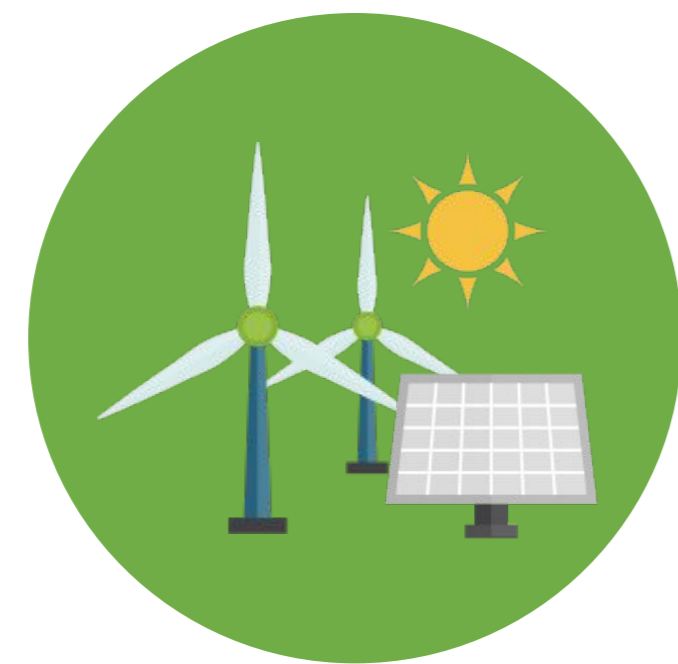


Identifies priority industries, projects, and activities that can be granted fiscal incentives through the Strategic Investment Priority Plan

We have created a more competitive and enabling environment
for **public-private partnerships.**

The revised IRR of the **Build-Operate-Transfer Law** will allow us to leverage PPPs and direct more public resources to critical areas of development and governance.

The renewable energy sector is now open to full foreign ownership



Increase share of renewable energy in power mix

We target to achieve 35 percent and 50 percent share of renewable energy in the power generation mix by 2030 and 2040, respectively.



ASEAN Plan of Action on Energy Cooperation

In the second phase of the APAEC, the Department of Energy will focus on cross-cutting issues such as decarbonization, energy transition, and digitalization of the energy sector.

Key targets

- Developing a common gas market
- Reducing energy intensity by 32 percent in 2025
- Increasing renewable energy share to 23 percent in total primary energy supply and to 35 percent in installed power generation capacity to 35 percent by 2025



**Explore opportunities in
telecommunications, airports,
toll roads, agribusiness, renewable
energy, and shipping**



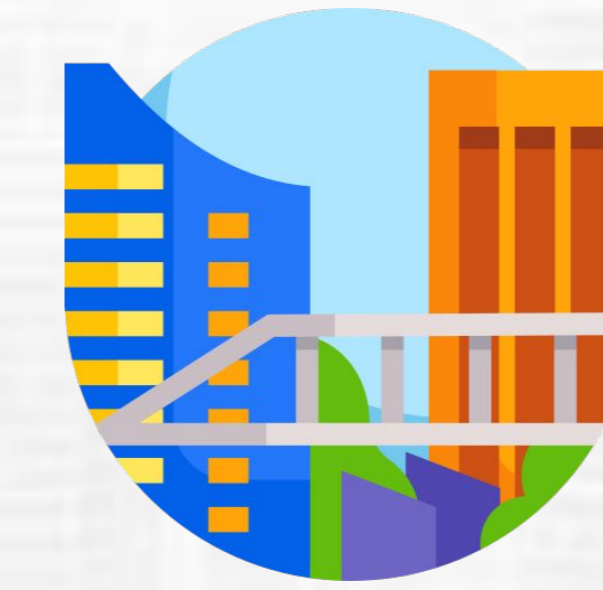
MAHARLIKA INVESTMENT FUND

The Philippines' first sovereign wealth fund

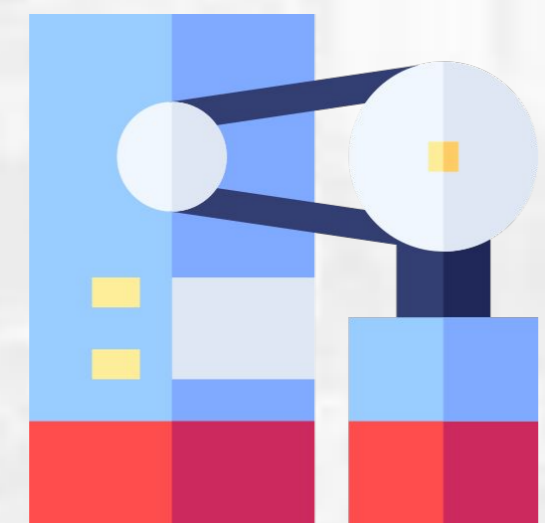
The Maharlika Investment Fund will serve as an investment vehicle for funds from both public and private sectors in the Philippines and abroad



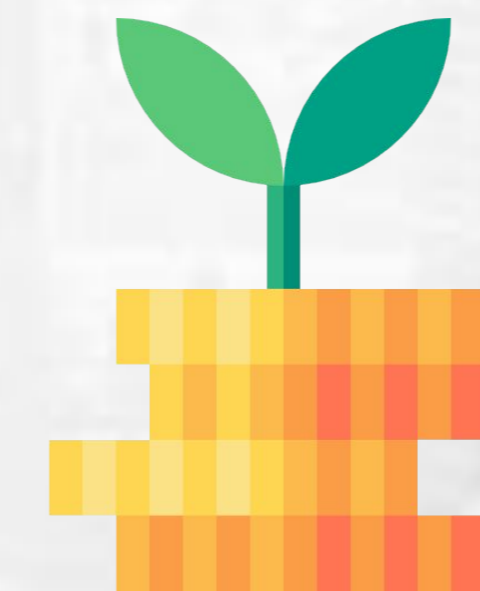
Tool to diversify PH financial portfolio



Utilized for infrastructure development



Commercially viable projects to create jobs, increase incomes, and promote growth



Consistent and stable investment returns for the future generations



Our strong economic base is a fertile ground for your investments.

Join us in this transformative journey and become a part of the Philippine growth story.



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