



# KEYNOTE MESSAGE PHILIPPINE ECONOMIC BRIEFING SINGAPORE

*Unfolding New Chapters in the  
Philippines' Growth Story*

**BENJAMIN E. DIOKNO**  
SECRETARY OF FINANCE






June 15, 2023



# Singapore holds a special place in the PH growth story

**Top source of FDIs**

**Major trading partner**

Country of Origin	Net FDI Inflows (2018-2022)
 <b>Singapore</b>	<b>USD 4.8 billion</b>
 Japan	USD 2.3 billion
 USA	USD 1.0 billion
 China	USD 568.9 million
 Hong Kong	USD 440.8 million



**7th**

**LARGEST TRADING PARTNER**

Source: *Bangko Sentral ng Pilipinas*

Source: *Department of Trade and Industry*



# Singapore holds a special place in the PH growth story

Major source of Overseas Filipino remittances



**Around 200k**

Filipino workers and residents in Singapore

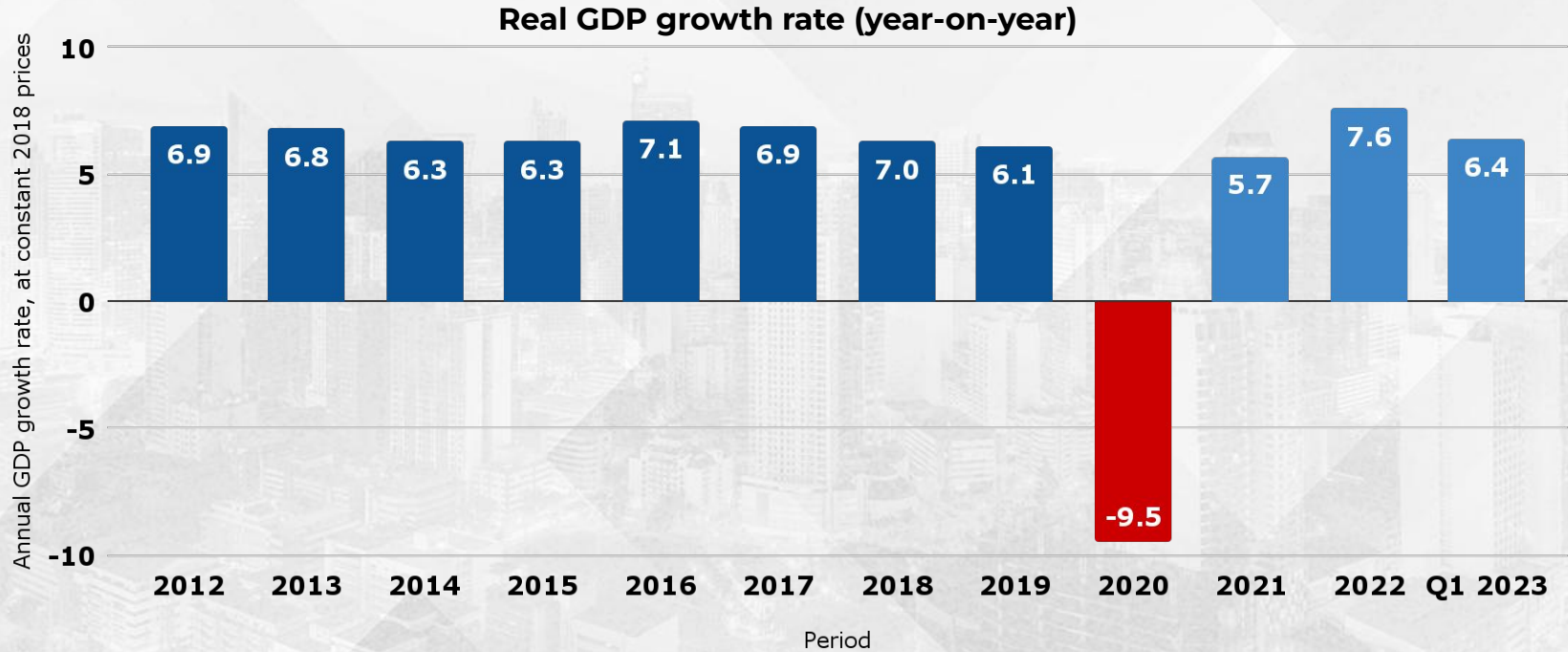


**US\$2.3 billion**

2022 OF Cash Remittances from Singapore

**As we unfold new chapters in the Philippines' growth story, allow me to share with you our economic prospects, strategies, and opportunities for mutually beneficial investments**

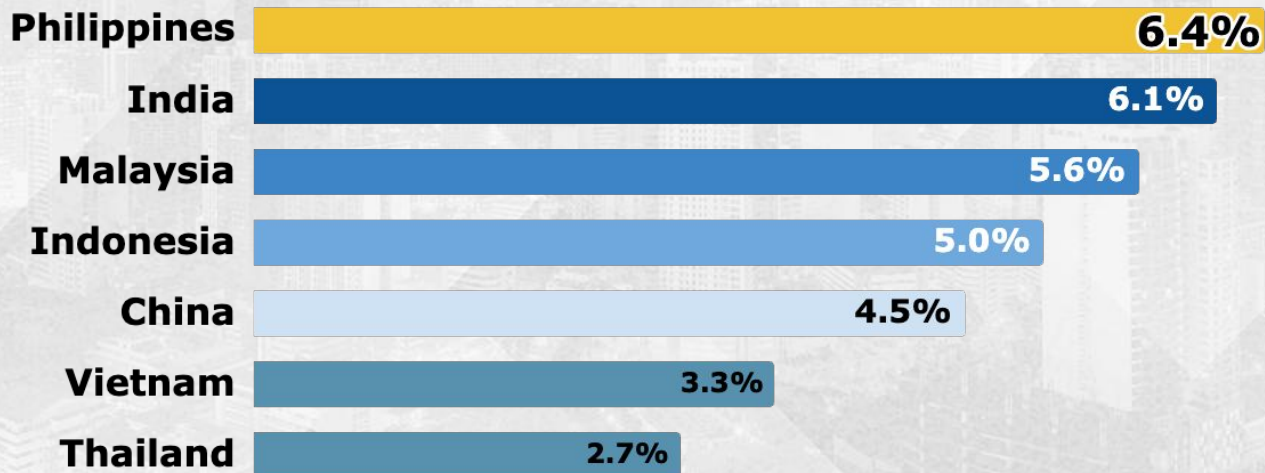
# Philippine economic performance continues to be robust



Source: Philippine Statistics Authority

# Philippine economic growth in Q1 2023 outpaced emerging Asian economies

## Major Emerging Economies in Asia Q1 2023 GDP\*



# Despite weak external conditions, growth was broad-based



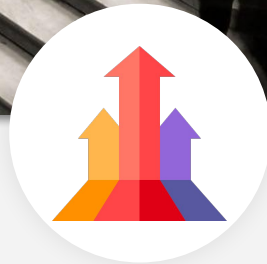
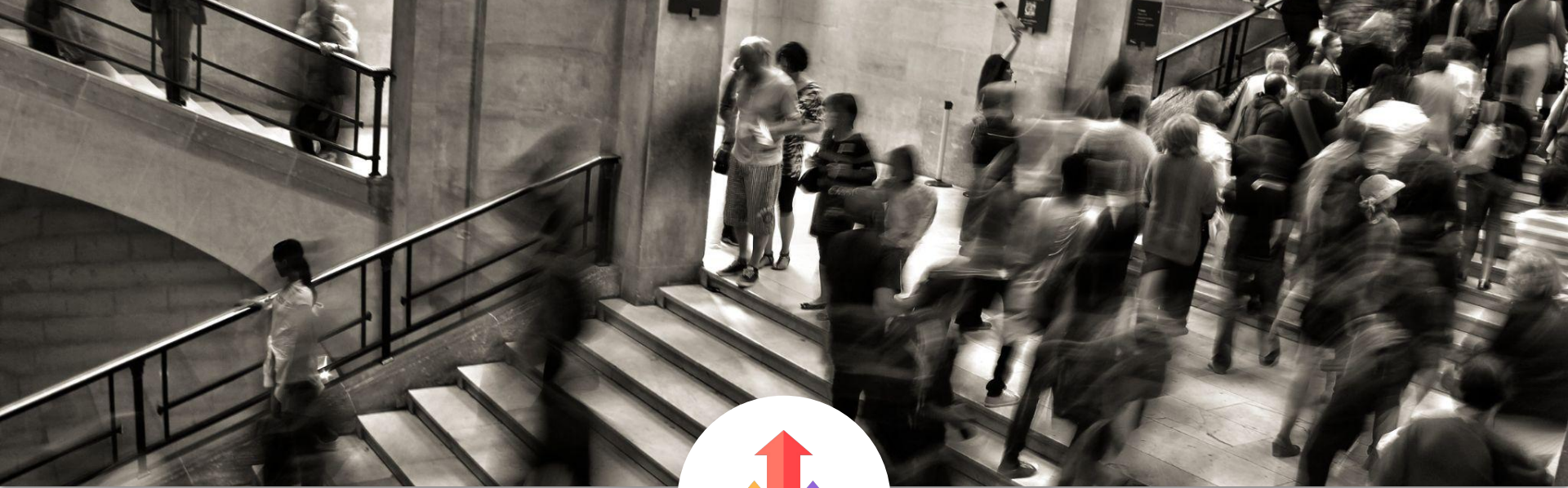
**2.2%**  
AGRICULTURE



**3.9%**  
INDUSTRY




**8.4%**  
SERVICES



## **Robust domestic demand continues to drive growth**

Household consumption expanded by 6.3 percent, while investments grew by 12.2 percent.





**The unrelenting strength of the Philippines' economic performance, along with the rest of Asia, is a bright spot amid an uncertain global outlook**

# The World Bank and the IMF upgraded their 2023 growth outlook on the Philippines



**WORLD BANK GROUP**

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**6.0%** ↑

**June 2023**

**WB Philippine Economic Update**  
(from 5.6% in April)



**6.0%** ↑

**April 2023**

**IMF World Economic Outlook**  
(from 5.0% in January)

# PH MAINTAINS INVESTOR-GRADE CREDIT RATINGS



FitchRatings

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## Fitch Ratings

Affirmation  
of BBB rating,  
Revised Outlook  
from Negative to  
Stable (May 2023)



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## Japan Credit Rating Agency

Affirmation  
of A- rating,  
Stable Outlook  
(March 2023)



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## S&P Global Ratings

Affirmation  
of BBB+,  
Stable Outlook  
(November  
2022)



MOODY'S

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## Moody's

Affirmation  
of Baa2 rating,  
Stable Outlook  
(September  
2022)



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## R&I

Affirmation  
of BBB+ rating,  
Stable Outlook  
(April 2022)

## PH ON TRACK TO ACHIEVING GROWTH TARGETS

Year	GDP Growth Target
<b>2023</b>	6.0 - 7.0 percent
<b>2024 to 2028</b>	6.5 - 8.0 percent

# CONTINUED LABOR MARKET IMPROVEMENTS

April 2023 Employment Situation (year-on-year)

**4.5%** ↓  
Unemployment rate



**65.1%** ↑  
Labor force participation rate



**95.5%** ↑  
Employment rate

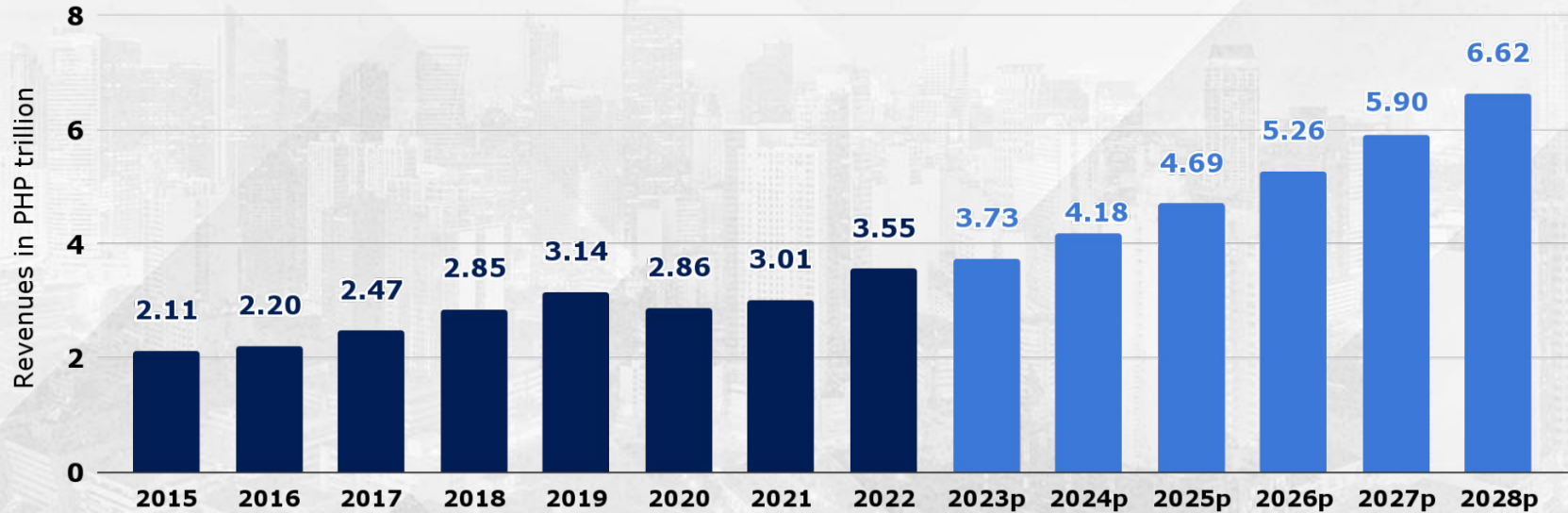


**12.9%** ↓  
Underemployment rate



# FISCAL PERFORMANCE IS ROBUST

Total Revenue Collection (in PHP Trillion)



Source: Revised Medium-Term Revenue Program, 185th DBCC Meeting on June 9, 2023

# YEAR-TO-DATE FDI NET INFLOWS AT USD2.0B

**US\$548  
million**



**March 2023**

**Year-to-date**

**US\$2  
billion**



**January to March 2023**

# AMPLE GROSS INTERNATIONAL RESERVES

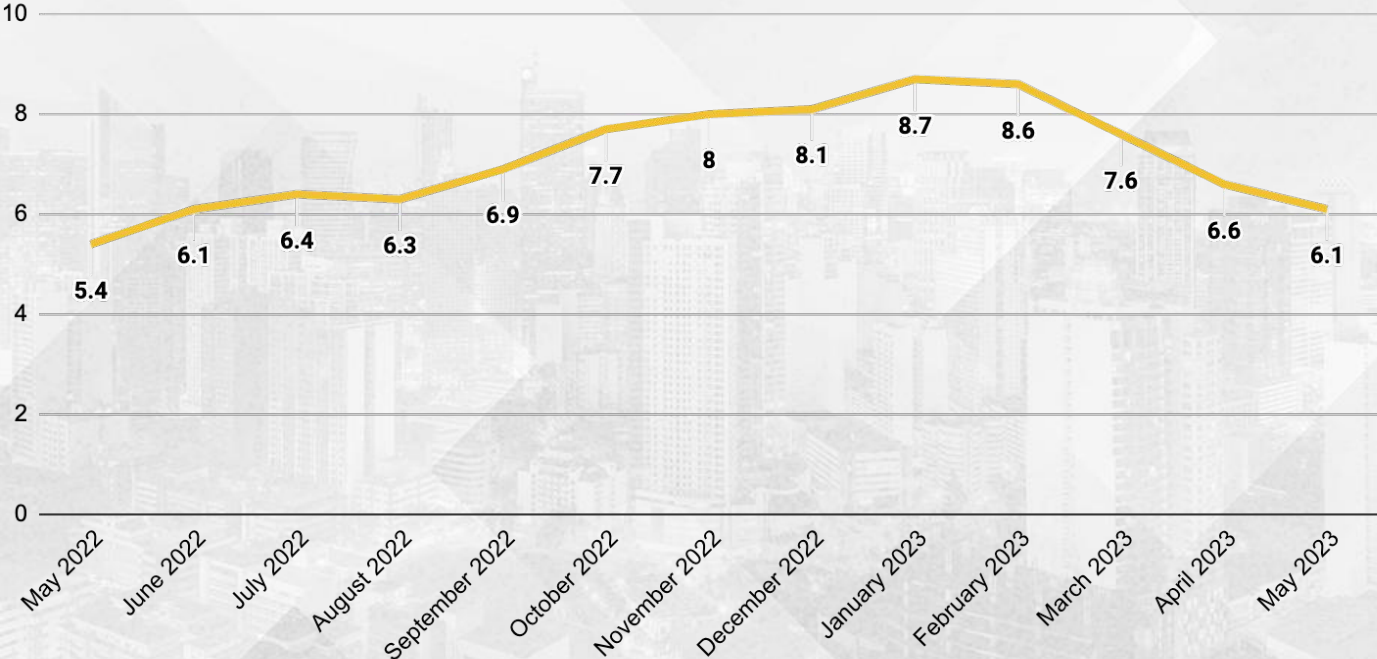


**US\$101.3 BILLION**

As of end-May 2023  
Equivalent to 7.6 months' worth of import cover



# Headline inflation eased for the fourth consecutive month in May 2023



Source: Philippine Statistics Authority



# **We are determined to achieve price stability through appropriate monetary and fiscal measures**

Strategies are focused on addressing supply-side constraints in food, energy, water, and other essential commodities

**The Philippine economy is endowed with stable macroeconomic fundamentals, grounded on **fiscal prudence, agile risk management, and groundbreaking structural reforms.****

# Strong fiscal management through the full implementation of the 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 increase the flow of investment and trade

**Corporate Recovery and  
Tax Incentives for  
Enterprises Act**



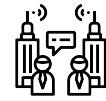
**Amendments to the  
Foreign Investments Act**



**Amendments to the  
Retail Trade  
Liberalization Act**



**Amendments to the  
Public Service Act**



**Revised Renewable Energy Act IRR**



# Structural reforms to increase the flow of investment and trade



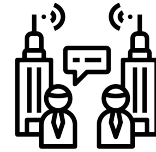
## Amendments to the Retail Trade Liberalization Act

- 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.

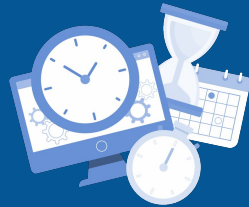
# The CREATE Act enhanced the competitiveness of our corporate income tax rates and fiscal incentives system

## 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



## **Renewable energy sector open to full foreign ownership**

The Revised Renewable Energy Act IRR was amended to liberalize the renewable energy sector, particularly in solar, wind, hydro, and tidal or ocean energy





## Regional Comprehensive Economic Partnership



**Benefits: Expanded trade, increased export coverage, and deeper economic integration**



**As we now run our leg of the race,  
we will continue to move forward  
with **bolder structural reforms** and  
**strategic public investments****

**Smart, sustainable, and resilient infrastructure** is key to enhancing connectivity within our regions and with the rest of the world, boosting overall productivity, and establishing livable communities

We are **building better** and **building more**



# We will maintain high public spending on infrastructure and harness private capital to upgrade PH infrastructure



# We are establishing a fertile policy environment for public-private partnerships

Revised IRR of  
Build-Operate-  
Transfer Law



Revised ICC  
Guidelines



Public-Private  
Partnership Act



Revised NEDA  
Joint Venture  
Guidelines



# MAHARLIKA INVESTMENT FUND

Designed to advance our long-term development goals through the effective intergenerational management of government financial assets

Designed to accelerate investments in high-impact infrastructure and development projects





**We look forward to  
writing the next chapters of the  
Philippine growth story with you**



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