



KEYNOTE MESSAGE

PHILIPPINE ECONOMIC BRIEFING TORONTO

BENJAMIN E. DIOKNO
SECRETARY OF FINANCE

July 13, 2023

An aerial view of a city skyline, likely Manila, Philippines, featuring several prominent skyscrapers and dense urban development. The image is overlaid with a semi-transparent blue and red gradient, with the blue being more prominent at the top and the red at the bottom.

The deep people-to-people ties between the Philippines and Canada serves a solid foundation and launchpad for an even more vibrant economic partnership



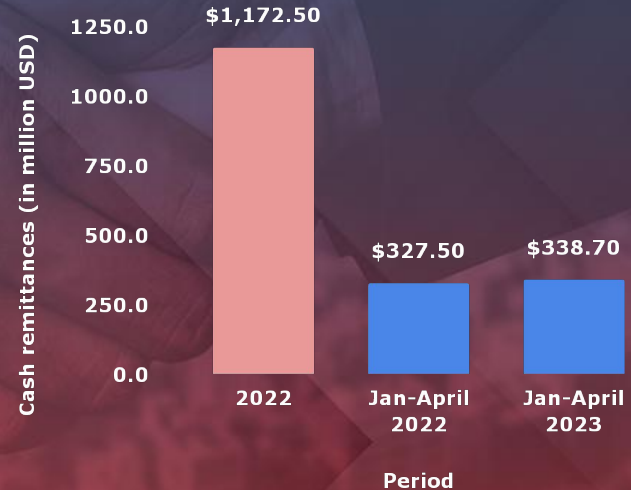
Filipino immigrants in Canada remain a strong force in both our economies



Around 960k

Filipinos living in Canada

Cash Remittances from Overseas Filipinos in Canada





The Philippines and Canada have uncharted waters to explore in terms of trade and investments

PH-CA Bilateral Merchandise Trade 2020 - 2022 (in million USD)

Year	Total	Exports	Imports
2020	925.68	400.09	525.59
2021	1,272.26	491.46	780.80
2022	1,527.53	635.57	891.96

Source: Department of Trade and Industry



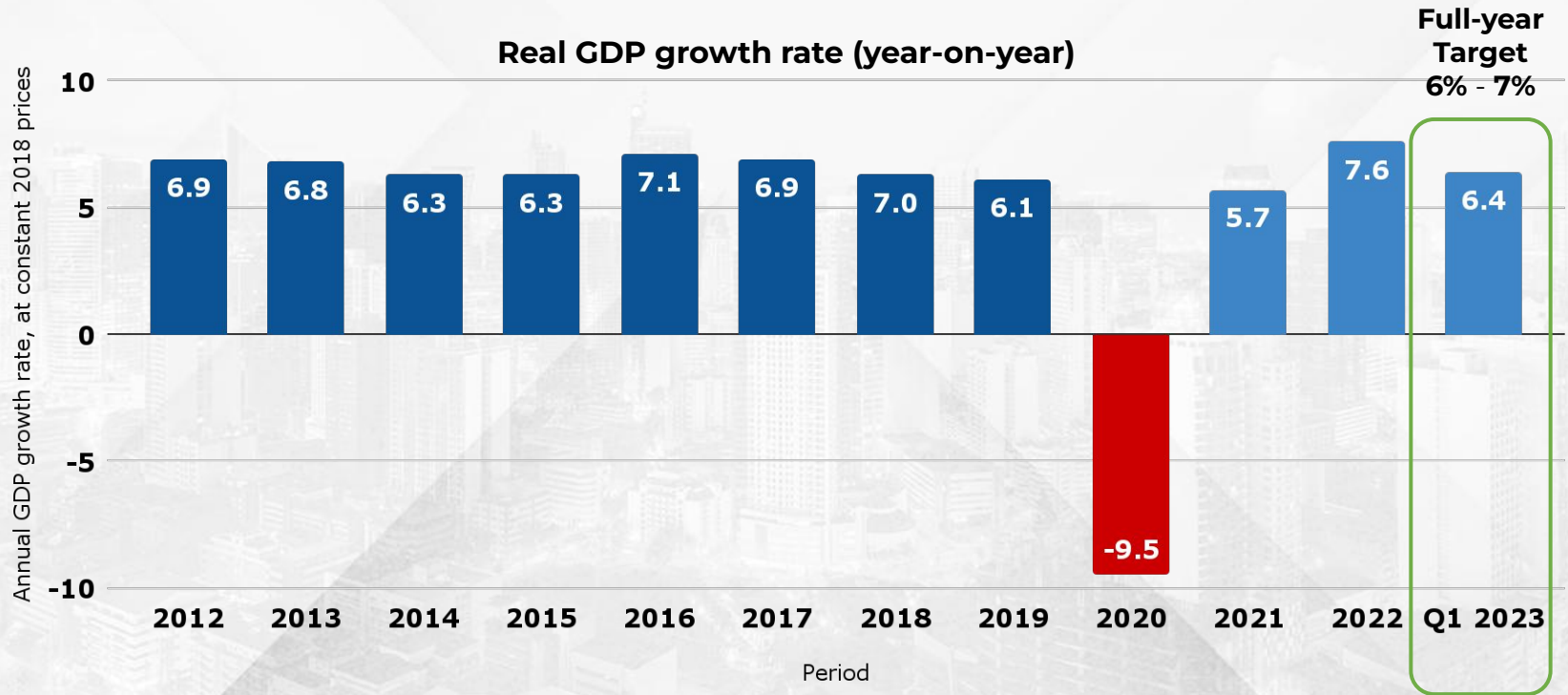
20th

MAJOR TRADING PARTNER IN 2022

An aerial view of a city skyline, likely Manila, Philippines, with a blue and red gradient overlay. The text is centered and reads:

**Amid an uncertain global environment,
Year One of President Ferdinand Marcos, Jr.'s
administration demonstrated the Philippine
economy's remarkable ability to rise above the
tide and grow beyond expectations**

Continued rapid growth amid a slowing world economy



Source: Philippine Statistics Authority

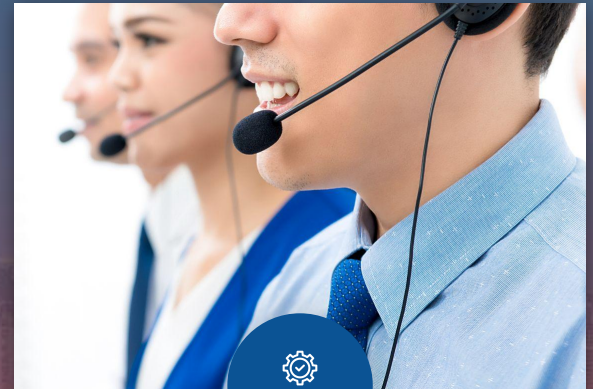
Growth was broad-based



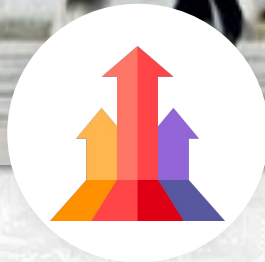
2.2%
AGRICULTURE



3.9%
INDUSTRY



8.4%
SERVICES

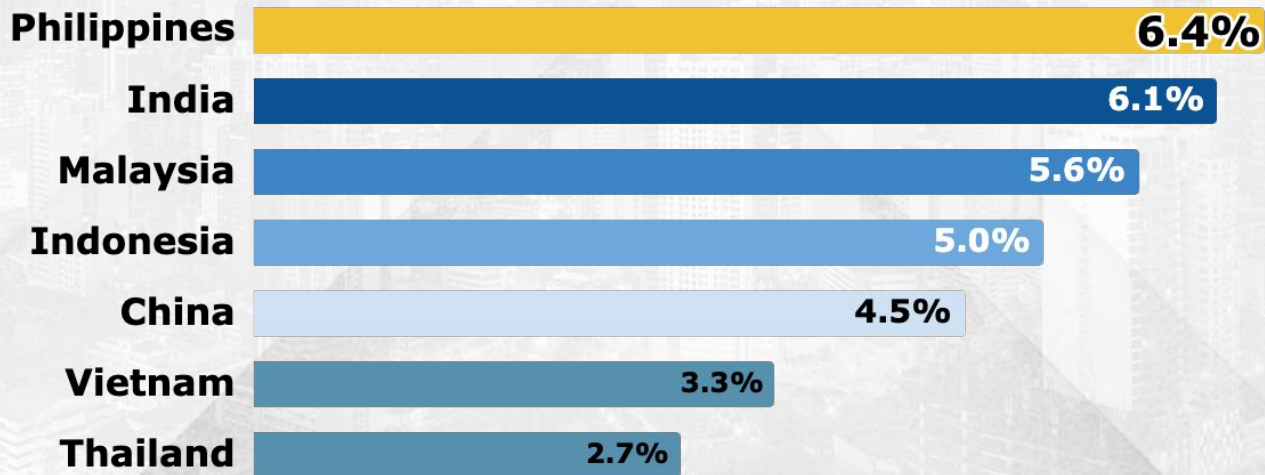


Domestic demand underpins robust growth

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

Philippine economic growth in Q1 2023 outpaced emerging Asian economies

Major Emerging Economies in Asia Q1 2023 GDP*



Growth outlook on the Philippines remains optimistic



Development Budget Coordination Committee Growth Assumptions

*(in percentage)
As of June 9, 2023*

2023	6.0 - 7.0
2024-2028	6.5 - 8.0



WORLD BANK GROUP

6.0%

June 2023

(from 5.6% in April)



6.0%

April 2023

(from 5.0% in January)

PH MAINTAINS INVESTOR-GRADE CREDIT RATINGS



FitchRatings

Fitch Ratings

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



Japan Credit Rating Agency

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



S&P Global Ratings

Affirmation
of BBB+,
Stable Outlook
(November
2022)



MOODY'S

Moody's

Affirmation
of Baa2 rating,
Stable Outlook
(September
2022)



R&I

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

Consistently low levels of unemployment while labor force participation remains high

May 2023 Employment Situation (year-on-year)

4.3% ↓

Unemployment rate



65.3% ↑

Labor force participation rate



95.7% ↑

Employment rate



11.7% ↓

Underemployment rate



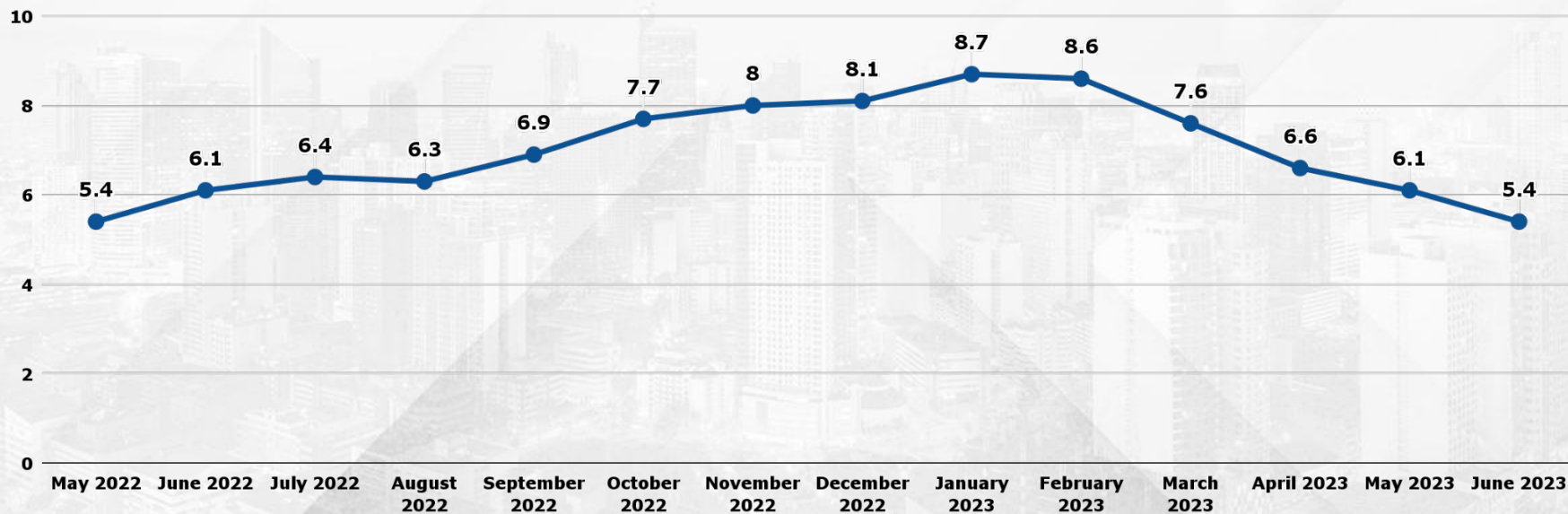
AMPLE GROSS INTERNATIONAL RESERVES




US\$99.8 BILLION

As of end-June 2023
Equivalent to 7.4 months' worth of import cover

Headline inflation eased for the 5th consecutive month in June 2023





The Philippine economy draws strength from its sound fiscal policy framework and gathers momentum from structural reforms enacted over the years

Sound fiscal management through 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 accelerate investment and trade

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



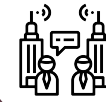
**Amendments to the
Foreign Investments Act**



**Amendments to the
Retail Trade
Liberalization Act**



**Amendments to the
Public Service Act**



Revised Renewable Energy Act IRR

An economy more open to foreign direct investment



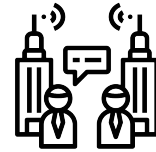
Amendments to the Retail Trade Liberalization Act

- 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.

Competitive corporate income tax regime and a fiscal incentives system attuned to PH strategic investment priorities

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

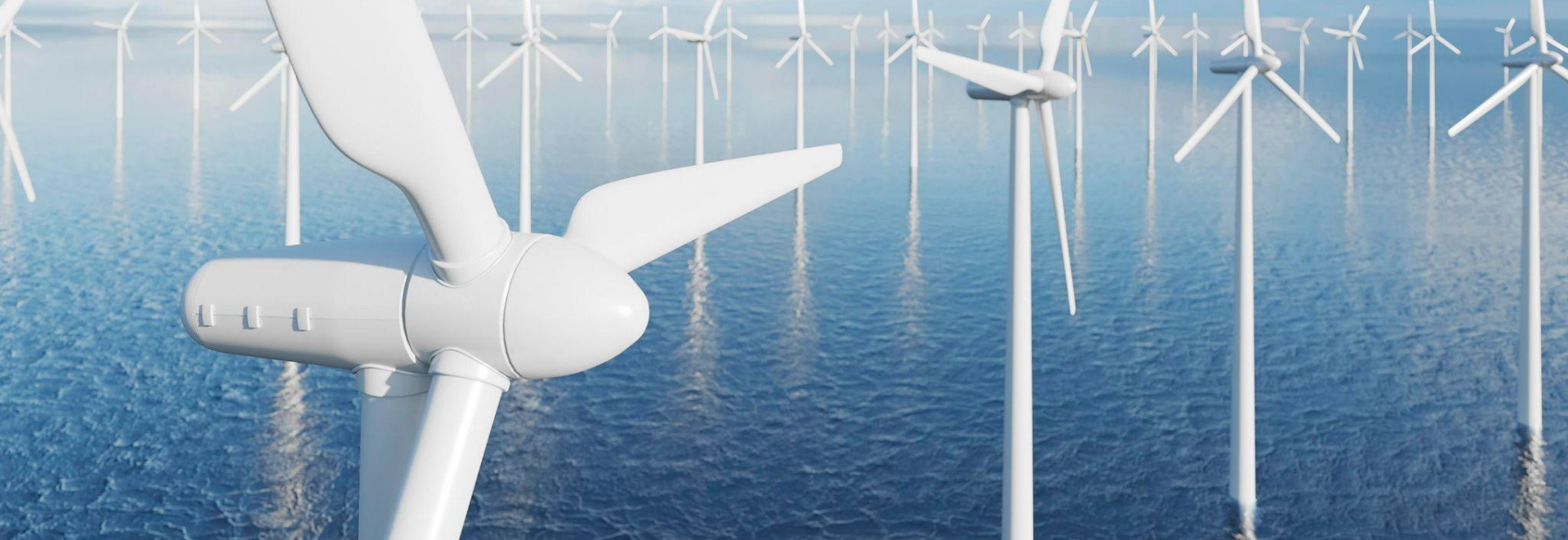


Provides an enhanced incentives package that is performance-based, time-bound, targeted, and transparent

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



We are building better and building more with higher public investment coupled with expanded private sector participation

Upgrading infrastructure through strategic co-investments in priority sectors



A policy environment conducive to effective public-private partnerships

Revised IRR of
Build-Operate-
Transfer Law



Revised ICC
Guidelines



Public-Private
Partnership Act



Revised NEDA
Joint Venture
Guidelines





With the Philippines' solid foundation for growth and clear vision of a dynamic economic future, this is the right time to build better more – together



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