



# PHILIPPINE INVESTMENT AND FINANCIAL BRIEFING

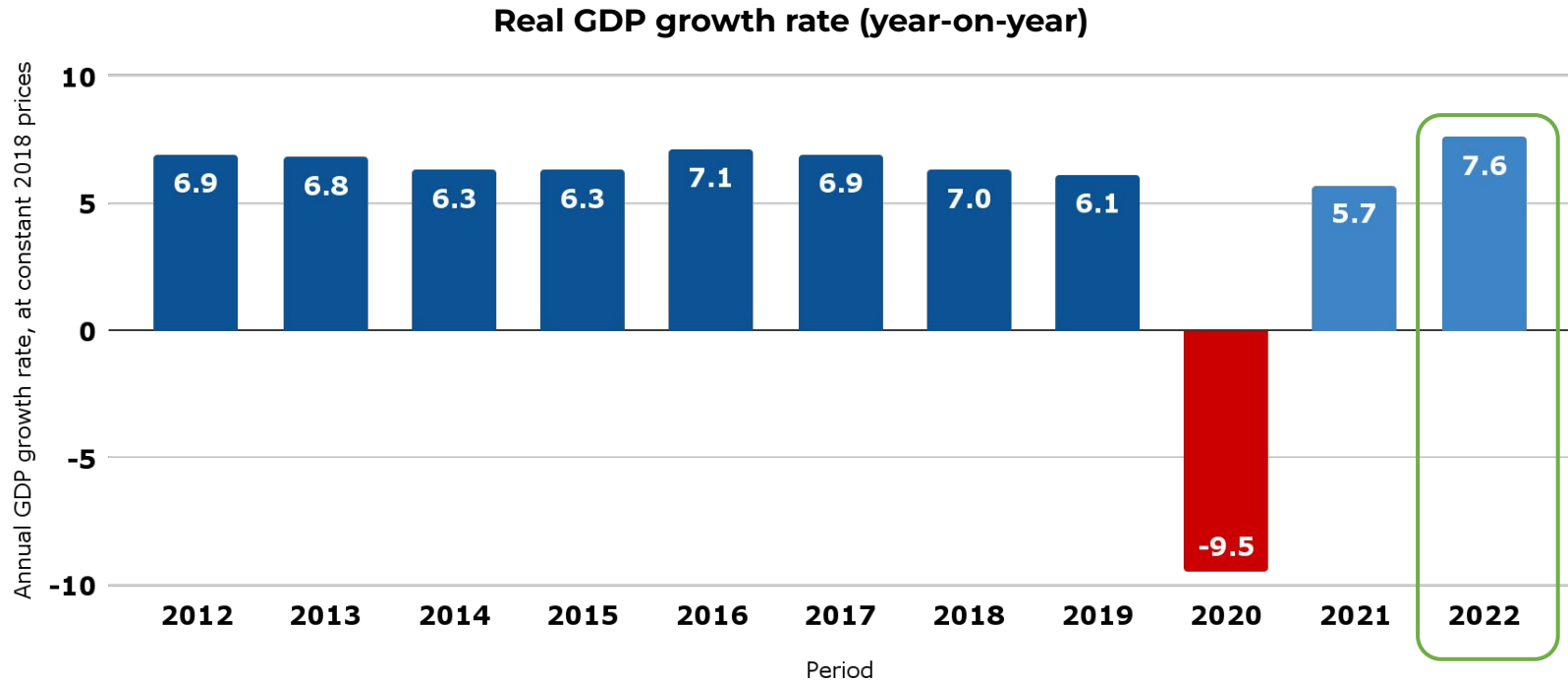
**BENJAMIN E. DIOKNO**

SECRETARY OF FINANCE

August 23, 2023







# The Philippines registered its highest full-year GDP growth in 46 years





# PHILIPPINE ECONOMIC OUTLOOK

(in percent)

Particulars	2023		2024	
	Previous	Latest	Previous	Latest
 <b>International Monetary Fund</b>	6.0 <sup>a/</sup>	<b>6.2<sup>b/</sup></b>	5.8 <sup>a/</sup>	5.5 <sup>b/</sup>
 <b>Asian Development Bank</b>	6.0 <sup>a/</sup>	6.0 <sup>b/</sup>	6.2 <sup>a/</sup>	6.2 <sup>b/</sup>
 <b>ASEAN+3 Macroeconomic Research Office</b>	6.2 <sup>a/</sup>	6.2 <sup>b/</sup>	6.5 <sup>a/</sup>	6.5 <sup>b/</sup>
 <b>World Bank</b>	5.6 <sup>a/</sup>	<b>6.0<sup>c/</sup></b>	5.9 <sup>d/</sup>	5.9 <sup>c/</sup>

Sources: IMF World Economic Outlook (WEO) Update April 2023; IMF WEO Update July 2023; Asian Development Outlook (ADO) April 2022; ADO July 2023; AMRO ASEAN+3 Regional Economic Outlook (REO) April 2023; AMRO SEAN+3 REO July 2023; World Bank Global Economic Prospects (GEP) January 2023; World Bank East Asia and Pacific (EAP) Economic Update April 2023; World Bank Philippines Economic Update June 2023; World Bank Global Economic Prospects June 2023

Notes: a/ as of April 2023; b/ as of July 2023; c/ as of June 2023; d/as of January 2023

Revised forecasts are in bold text.

# PH MAINTAINS INVESTOR-GRADE CREDIT RATINGS

**Fitch**Ratings

## **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,  
Revised  
Outlook from  
Stable to  
Positive  
(August 2023)





# Q1, Q2, and S1 2023 GDP growth of ASEAN-6 countries

Countries	Q1 2023 growth (in %)	Q2 2023 growth (in %)	S1 2023 growth (in %)
Singapore	0.4	0.7	0.55
Thailand	2.7	-	-
Vietnam	3.3	4.1	3.70
Malaysia	5.6	2.9	4.25
Indonesia	5.0	5.2	5.10
<b>Philippines</b>	<b>6.4</b>	<b>4.3</b>	<b>5.35</b>



**2023**  
**Real GDP growth rate**  
*(in percent)*

<b>First quarter</b>	<b>6.4</b>
<b>Second quarter</b>	<b>4.3</b>
<b>First half</b>	<b>5.3</b>

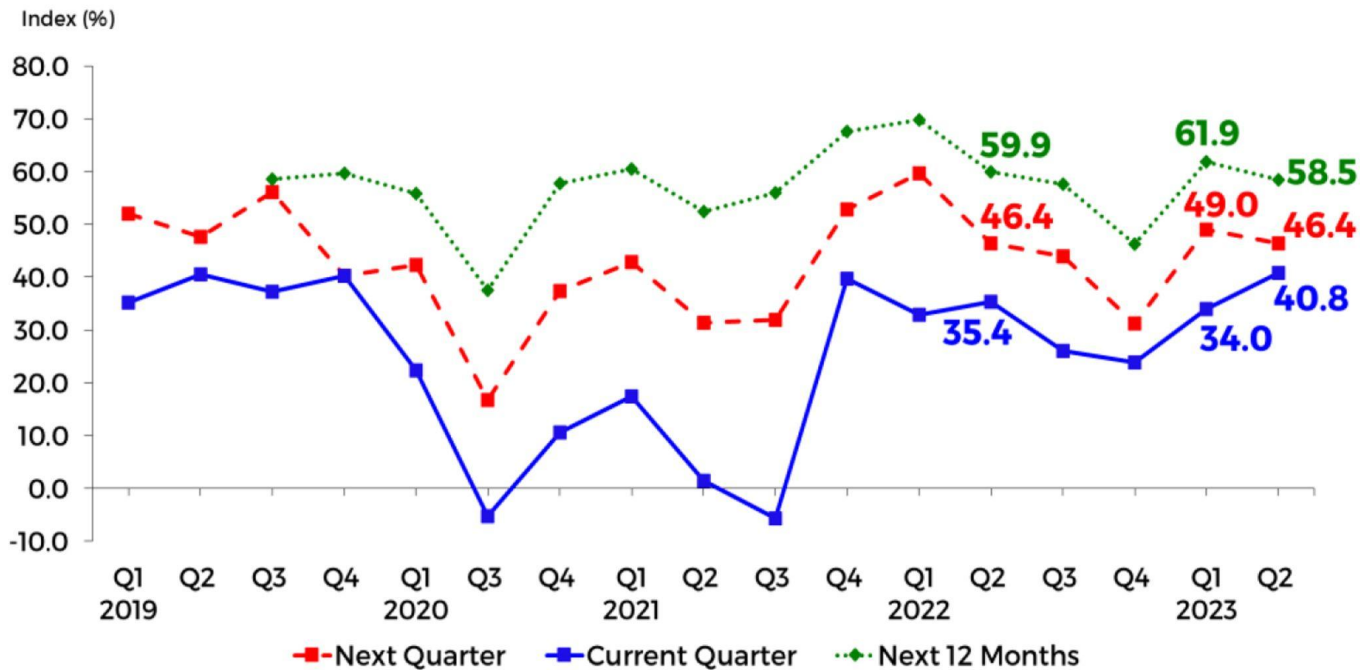
**Development Budget**  
**Coordination Committee**  
**Growth Assumptions**  
*(in percent)*

*As of June 9, 2023*

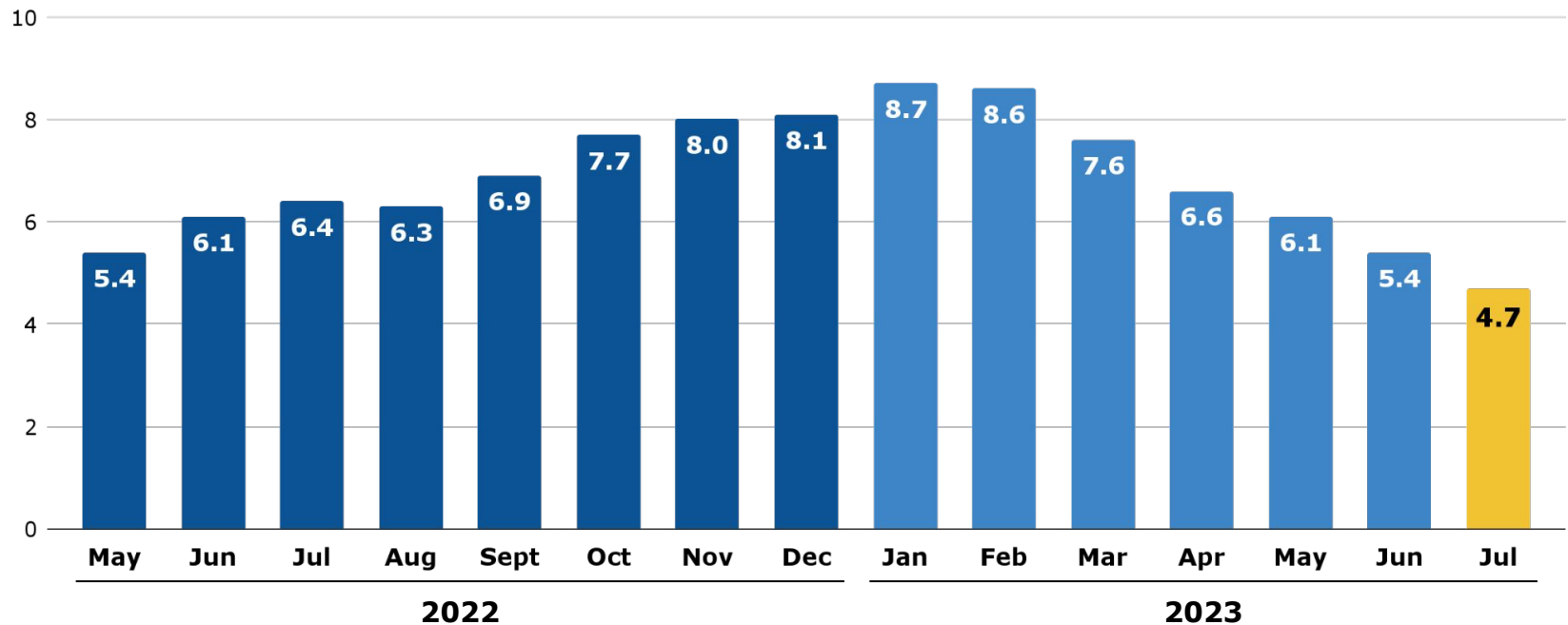
<b>2023</b>	<b>6.0 - 7.0</b>
<b>2024-2028</b>	<b>6.5 - 8.0</b>



# BUSINESS OUTLOOK IS UPBEAT



# Headline inflation moderates to 4.7% in July, slowing down for 6<sup>th</sup> consecutive month





# JOBS MARKET IS STEADILY RECOVERING

June 2023 Employment Situation (year-on-year)

**4.5%** ↓

Unemployment rate

↑ **66.1%**

Labor force participation rate

**95.5%** ↑

Employment rate

↓ **12.0%**

Underemployment rate



# Downside risks still loom large over our economies

## Weak global growth

Economies are still reeling from the series of shocks that wreaked havoc in the global economy



## Geoeconomic fragmentation

Developing economies that are more reliant on an integrated global economy will bear the brunt of a world split into rival blocs



## Climate change

Lackluster climate action will leave developing countries more vulnerable to climate risks



## Persistent inflation

Advanced and developing nations continue to grapple with soaring prices of key commodities





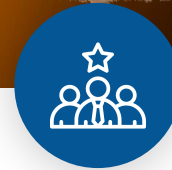
# We are determined to cover all bases for a strong and inclusive economic recovery



**Public  
Infrastructure**



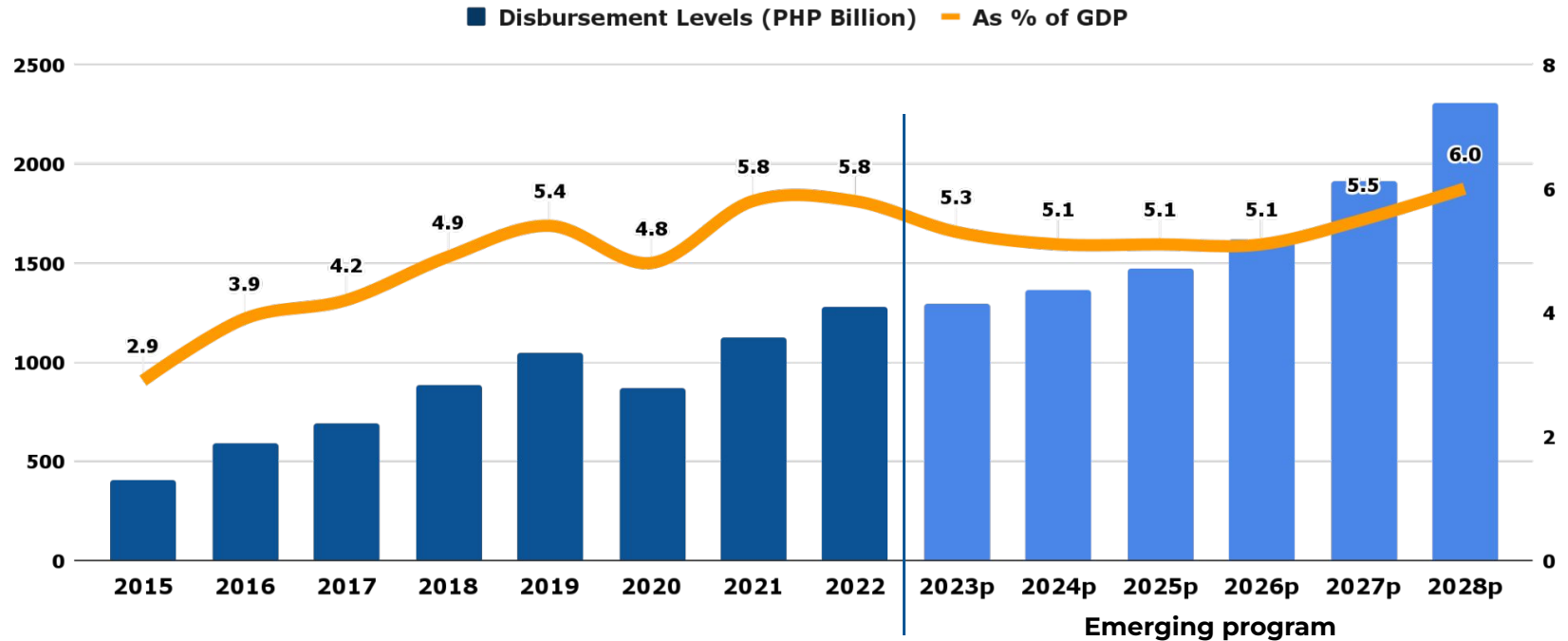
**Digital  
Transformation**



**Human Capital  
Development**

# We are determined to lift infrastructure spending to 5% to 6% of GDP

## Infrastructure disbursements as percentage of GDP





# We are building a fertile business and investment ecosystem for public-private partnerships

Revised IRR of  
Build-Operate-  
Transfer Law



Revised ICC  
Guidelines



Public-Private  
Partnership Act



Revised NEDA  
Joint Venture  
Guidelines





# Infrastructure Flagship Projects worth approximately USD 154.9 billion





# DIGITAL PHILIPPINES

BIR DX Program



Digital Payments Transformation Roadmap



BOC Customs Modernization Project



Online purchase of government securities



E-Governance Act and eGov Super App



Electronic filing, application, and registration



National ID System



Overseas Filipino Bank





# The Corporate Recovery and Tax Incentives for Enterprises or CREATE Act modernized 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

# Strategic Investment Priority Plan

## List of Priority Activities

### TIER 1



**COVID-19 QUALIFIED  
ACTIVITIES**



**AGRICULTURE, FISHERY,  
FORESTRY**



**HEALTHCARE**



**INNOVATION DRIVERS**



**INCLUSIVE BUSINESS (IB)  
MODELS**



**ENVIRONMENT**



**ENERGY**



**SPECIAL LAWS**

### TIER 2



**GREEN ECOSYSTEMS**



**HEALTH-RELATED  
ACTIVITIES**



**DEFENSE-RELATED  
ACTIVITIES**



**INDUSTRIAL  
VALUE-CHAIN GAPS**



**FOOD SECURITY-  
RELATED ACTIVITIES**

### TIER 3



**RAD ACTIVITIES  
ADOPTING ADVANCED  
DIGITAL PRODUCTION  
TECHNOLOGIES OF THE  
FOURTH INDUSTRIAL  
REVOLUTION**



**HIGHLY TECHNICAL  
MANUFACTURING AND  
PRODUCTION OF  
INNOVATIVE PRODUCTS  
AND SERVICES**



**ESTABLISHMENT OF  
INNOVATION SUPPORT  
FACILITIES**

*Other preferred activities include investments in activities, subject to the determination by the Board, supporting of programs that will generate employment opportunities outside of congested urban areas.*



# Executive Order No. 18

# GREEN LANES FOR STRATEGIC INVESTMENTS

Mandates concerned agencies to establish a “green lane” to expedite and streamline the process and requirements for issuing permits and licenses, including resolving issues concerning strategic investments, clearing the pathway to make the Philippines competitive with other Southeast Asian nations in attracting foreign direct investments





# Our economic liberalization laws will transform the way we do business with the rest of the world

Amendments to the Foreign Investments Act



Amendments to the Public Service Act



Amendments to the Retail Trade Liberalization Act



Amendment to the Renewable Energy Act IRR





# MAHARLIKA INVESTMENT FUND

The Philippines' first-ever sovereign investment fund designed to serve as a vehicle for driving long-term economic development through increased investments in high-impact sectors







# Regional Comprehensive Economic Partnership





All these developments point  
to **fresh opportunities** for  
**closer cooperation** between  
the Philippines and Indonesia







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