

A STRONGER PARTNERSHIP

FINANCE SECRETARY CARLOS G. DOMINGUEZ
US-PHILIPPINES SOCIETY ECONOMIC FORUM
FEBRUARY 19, 2018; MANILA PENINSULA

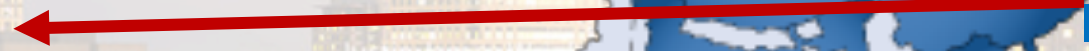


FASTEST GROWING MAJOR ASIAN ECONOMY (2017)

6.9%



6.8%



6.7%



The Philippines is the third fastest growing economy in East Asia after China and Vietnam

Source: NEDA

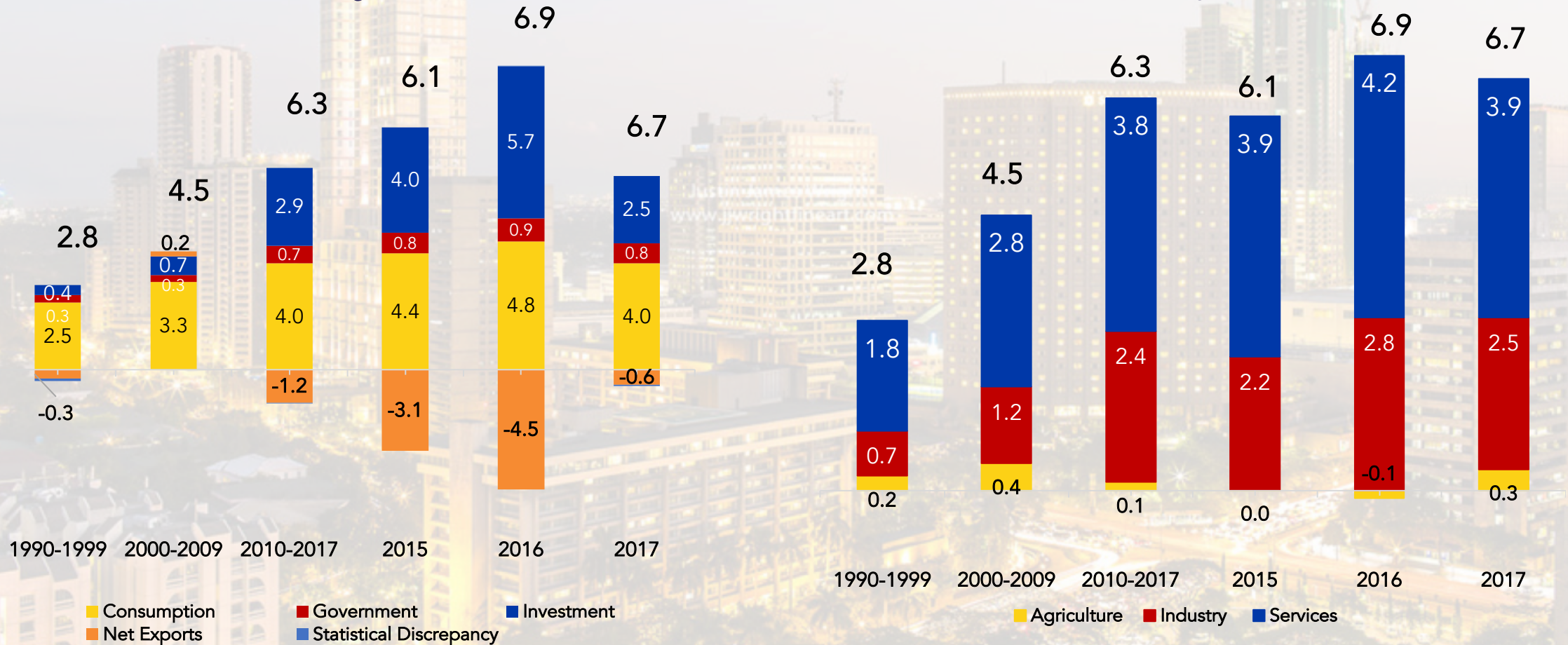
ECONOMIC GROWTH MORE BROAD-BASED

Consumption, services and industry as major drivers of growth

GDP breakdown by component

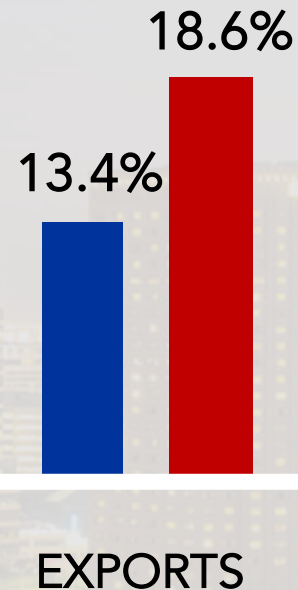
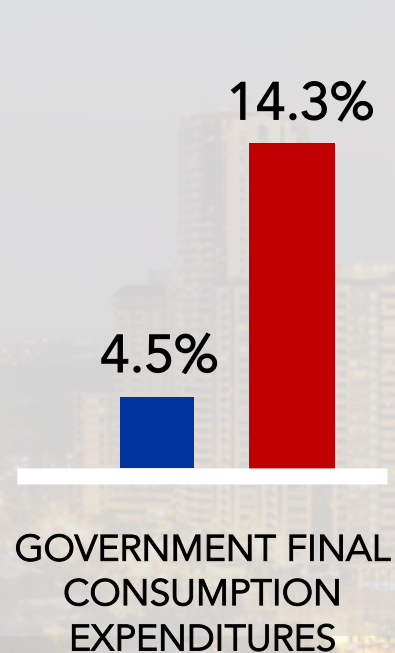
Contribution to growth: demand (%)

Contribution to growth: supply side (%)



Source: PSA National Accounts
 Note: Numbers may not add up due to rounding

YEAR-ON-YEAR GROWTH RATES BY EXPENDITURE SHARES

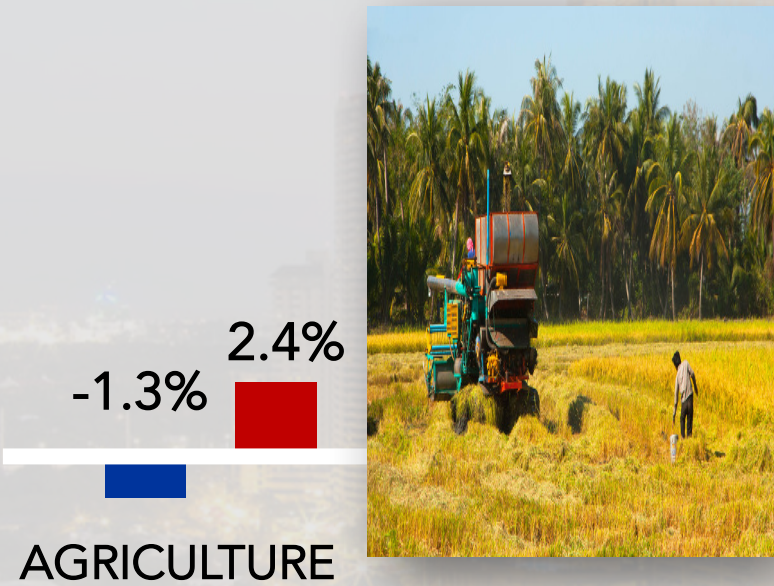


The increase in government expenditures reflects more effective budget utilization. The growth in our exports likewise expanded significantly over the previous year

■ Q4 2016 ■ Q4 2017

Source: PSA

YEAR-ON-YEAR GROWTH RATES BY INDUSTRIAL ORIGIN



The growth on our supply side indicates a broadening base for the economy

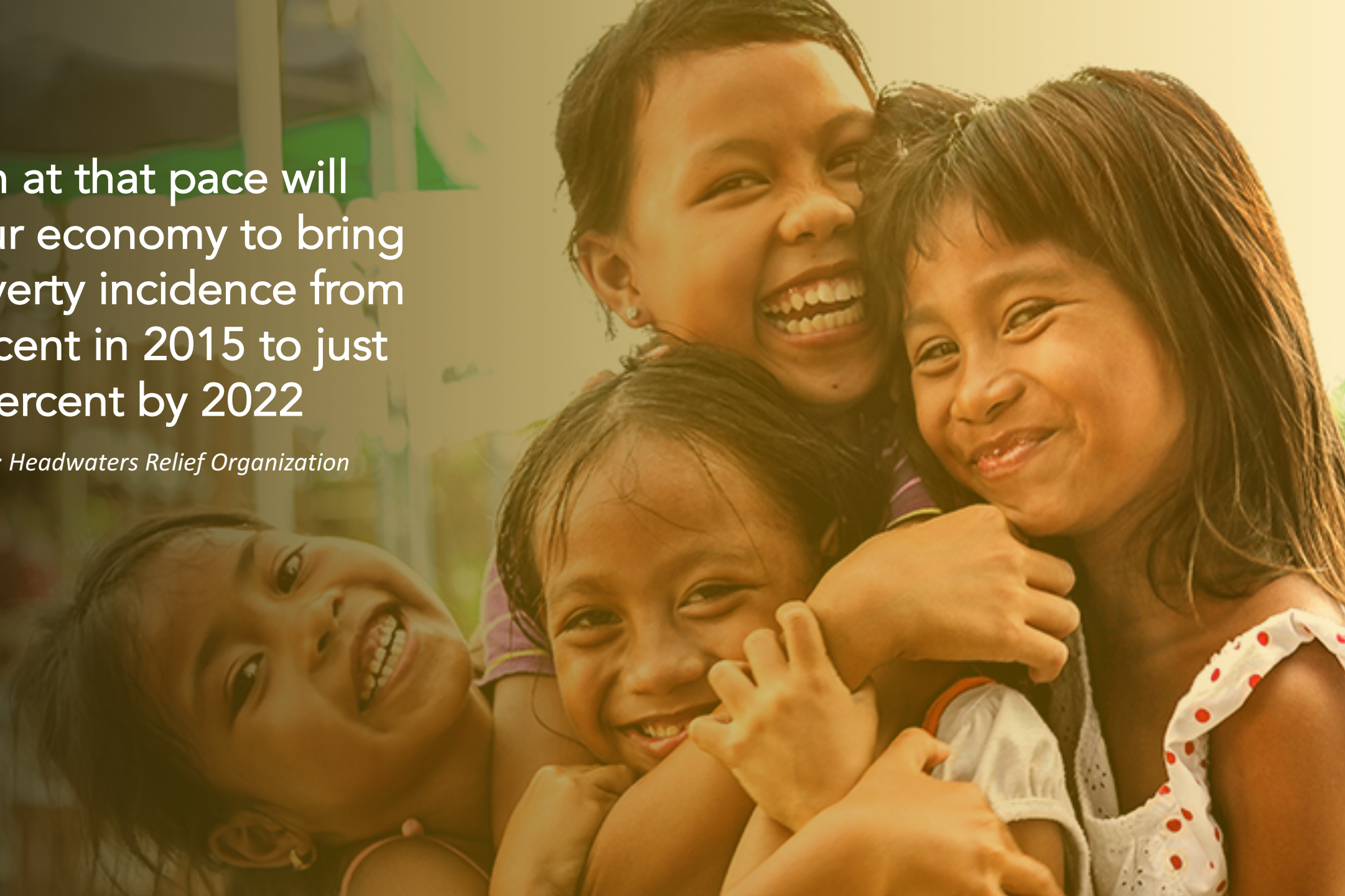
■ Q4 2016 ■ Q4 2017

Source: PSA

“ We are confident that revenue reforms, sustained fiscal discipline, better spending efficiency and massive investments in infrastructure will enable us to escalate growth to between 7 to 8 percent in the near term ”

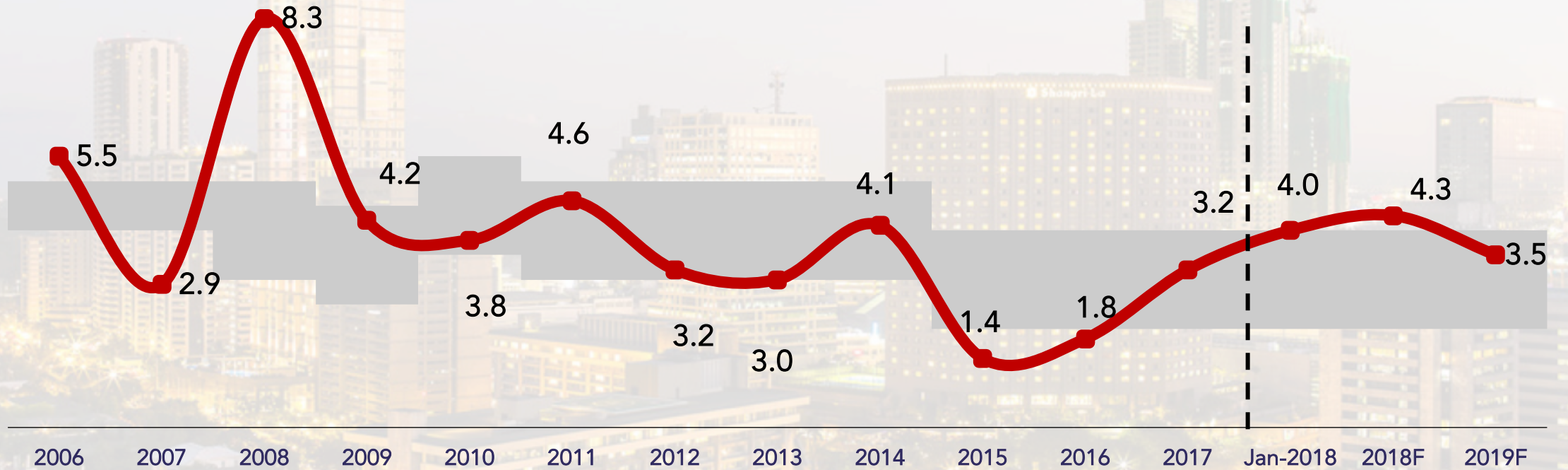
Growth at that pace will
enable our economy to bring
down poverty incidence from
21.6 percent in 2015 to just
14 percent by 2022

Photo Source: Headwaters Relief Organization



SUSTAINED MANAGEABLE INFLATION ENVIRONMENT

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

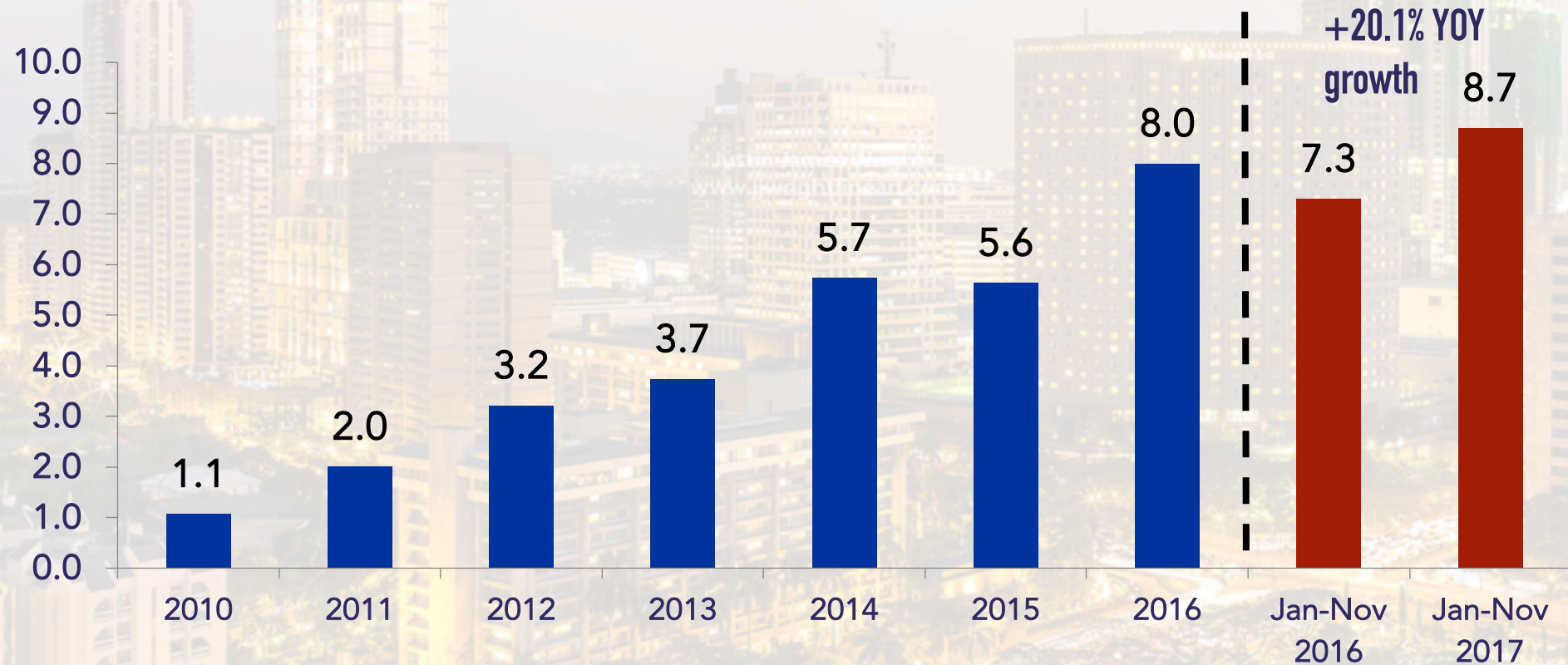


Inflation Target Band

● Headline CPI

RISING INVESTMENTS HIGHLIGHT CONFIDENCE IN THE PHILIPPINES' GROWTH PROSPECTS

Net Foreign Direct Investment (FDI) Flows* (USD Billion)



HEALTHY EXTERNAL FINANCES SHIELD ECONOMY FROM EXTERNAL SHOCKS

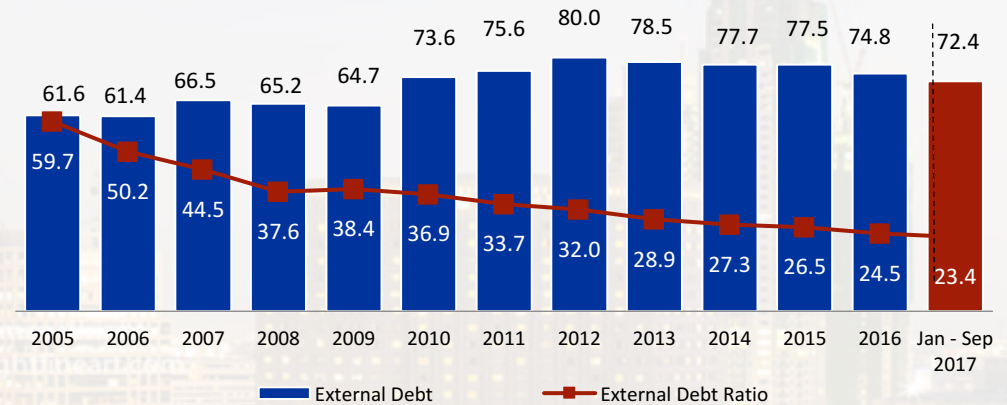
Reserve buffer provides protection against external payments shocks

International reserves (USD bn) and months of import cover



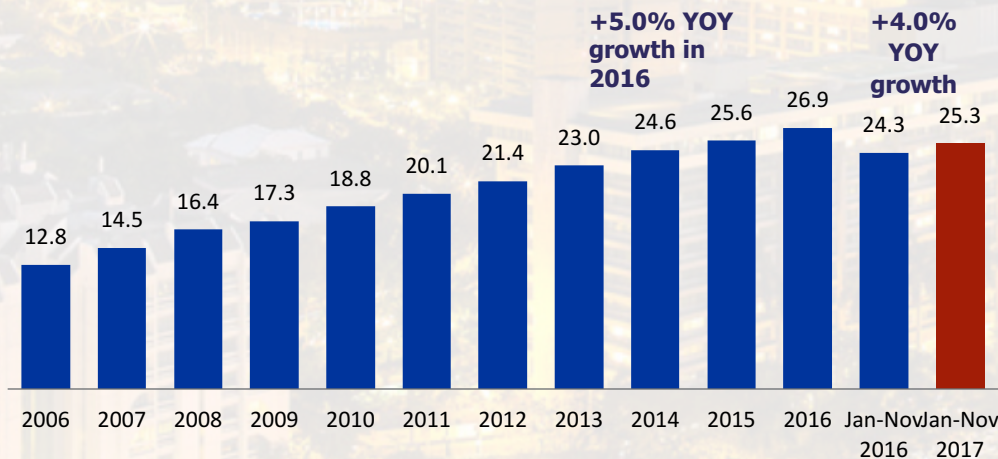
Sustained decline in external debt-to-GDP ratio underscores the health of external finances

External debt (USD bn) and external debt/GDP (%)



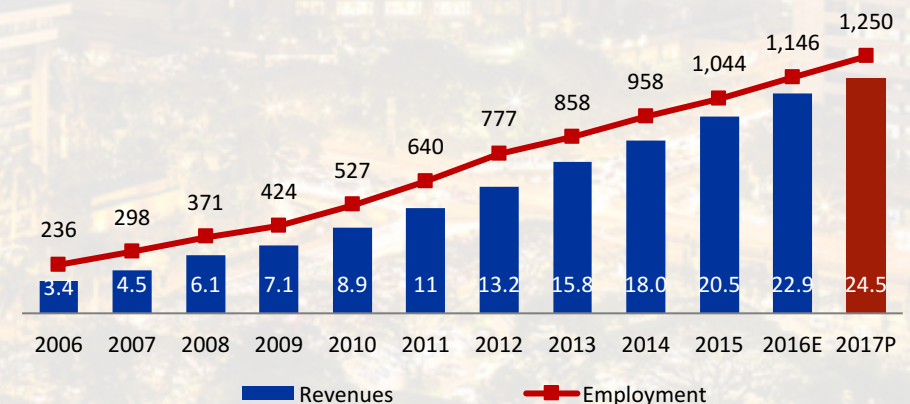
Sustained growth of remittances over the years

Overseas Filipinos' cash remittances (USD bn)



BPO – a strong driver of employment and revenues

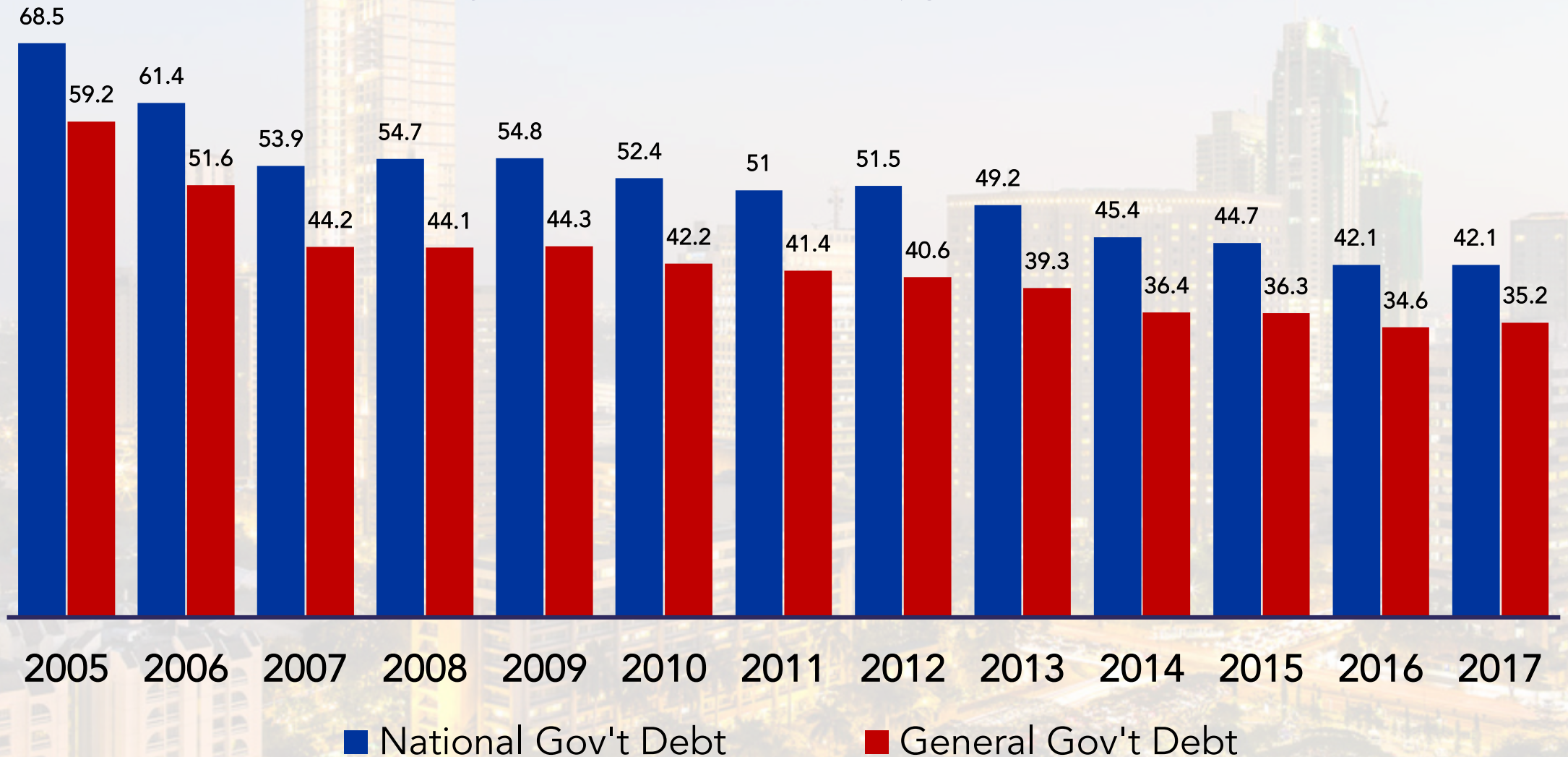
BPO employment ('000s) and revenues (USD bn)



Source: BSP; IBPAP

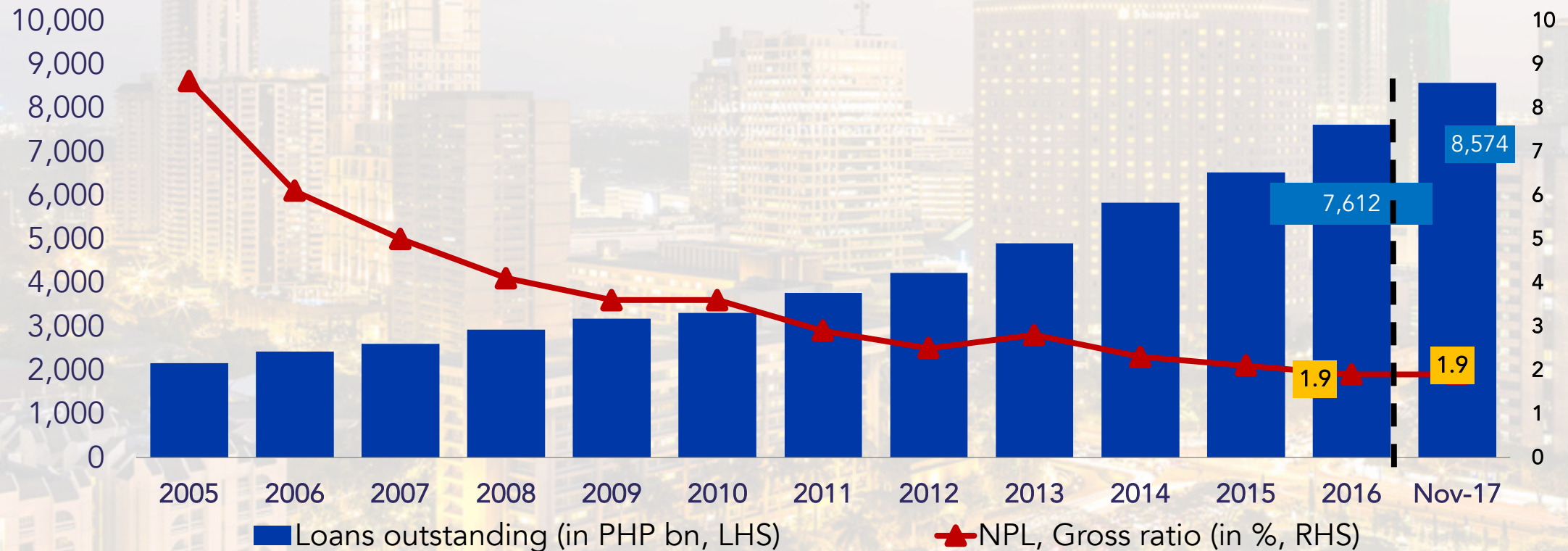
DEBT-TO-GDP RATIO

Sustained decline in debt/GDP ratio



IMPROVED QUALITY OF LOAN PORTFOLIO

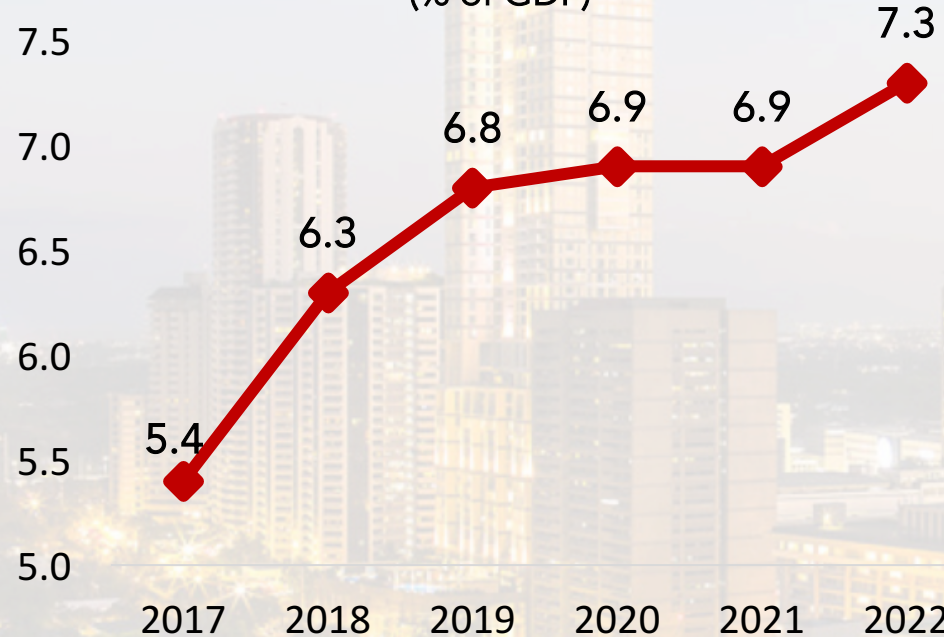
Total Loan Portfolio (PHP billion) and NPL coverage ratio (%)



ROBUST PIPELINE OF CRITICAL INFRASTRUCTURE PROJECTS

Rapid administrative response for infrastructure development Build Build Build

Infrastructure Spending Program
(% of GDP)



75 FLAGSHIP

INFRASTRUCTURE PROJECTS

- 23 projects worth over USD20bn have been approved by the NEDA Board

Agency	Type of Project	No. of Projects	Amount (USD mn)
DPWH	Roads, Bridges and Flood control	31	17,386.2
DOTr	Airport, Rail, Mass Transit & Ports	14	22,357.9
NIA	Water	8	1,140.8
DA	Ports	3	298.7
BCDA	New Cities, Mass Transit, Rail & Airport	5	3,536.3
DOE	Energy	2	14.8
MWSS, CPA, ARMM	Water, Ports, Roads	3	595.1
Sub-Total		66	45,329.7
Cost to be Determined			
DPWH	Roads, Bridges and Flood control	5	TBD
BCDA	New Cities	1	TBD
DOTr	Airport, Rail, Mass Transit & Ports	1	TBD
DOE	Energy	2	TBD
Sub-Total		9	TBD

Select NEDA Board Approved Flagship Infrastructure Projects

69.5km Malolos-Clark Railway Project /PNR North 2 (USD4,186.4mn)

25km Metro Manila Subway Project (USD7,041.4mn)

72km PNR South Commuter Line Tutuban-Los Baños (USD2,457.4mn)

581km PNR Long-haul from Los Baños to Bicol, Sorsogon, Batangas (USD3,471.3mn)

Improving Growth Corridors in Mindanao Road Sector Project (USD419.7mn)

102.3km Mindanao Railway: Tagum-Davao City-Digos (TDD) Segment (USD698.2mn)

TAX REFORM FOR ACCELERATION AND INCLUSION

The first package of our comprehensive tax reform program passed late last year, along with complementary measures, is expected to raise

P128.8 billion in additional revenues



PACKAGE 2

- Corporate taxation and fiscal incentives

PACKAGE 2 plus

- Taxes on tobacco, alcohol, mining, coal, and casinos

PACKAGE 3 and 4

- Property taxation and valuation
- Passive income and financial taxes



BUILD

BUILD

BUILD

**MORE RAILWAYS,
MASS URBAN TRANSPORT,
AIRPORTS AND SEAPORTS**

**MORE BRIDGES AND
ROADS**


**NEW AND BETTER
CITIES**

RAPID ADMINISTRATIVE RESPONSE FOR INFRASTRUCTURE DEVELOPMENT

BUILD BUILD BUILD

Infrastructure Spending Program
(% of GDP)



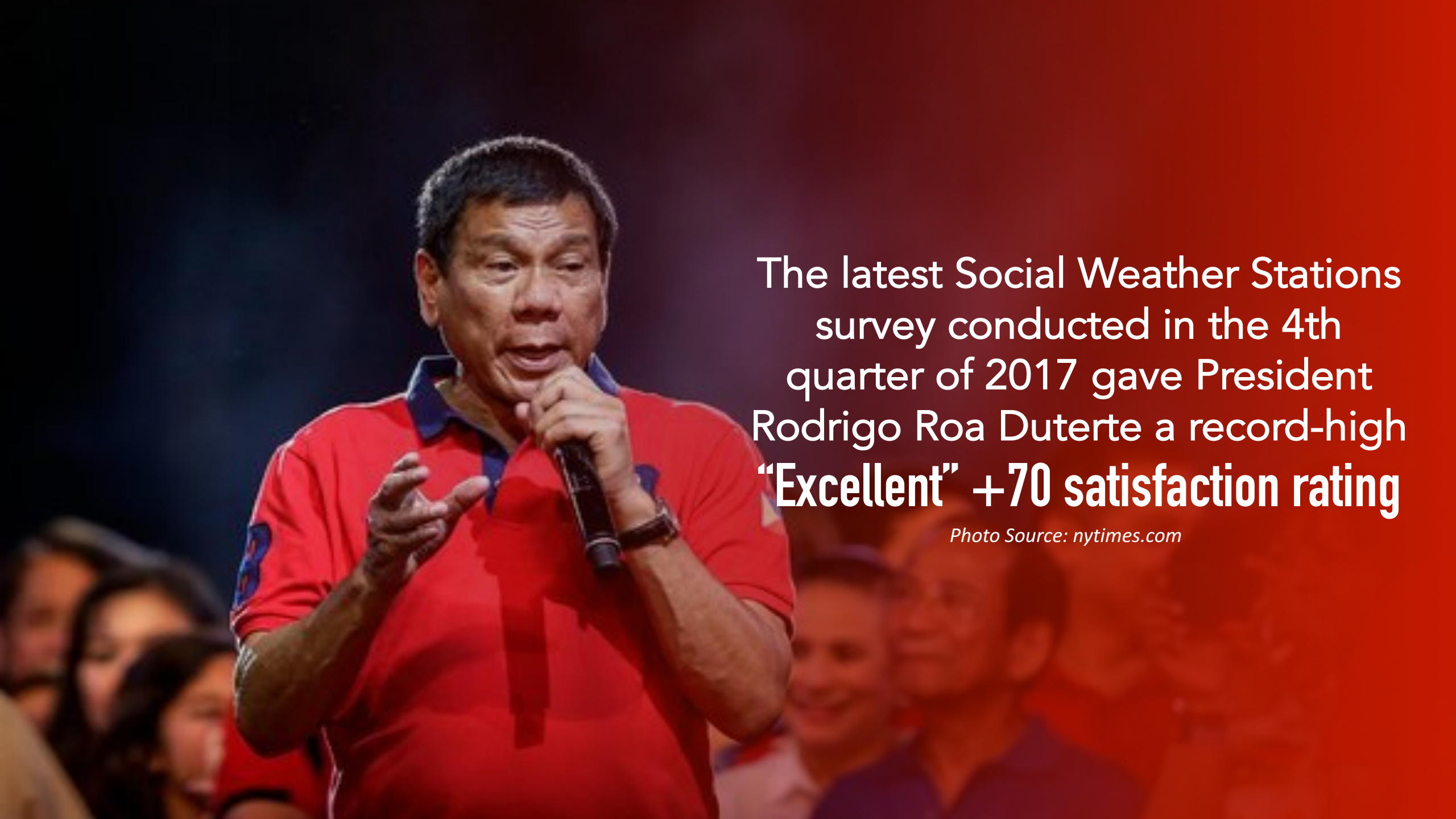


The Philippines now looks forward to what has been called a “demographic sweet spot”

Photo Source: Philippine Star

An aerial view of a city skyline at dusk, featuring numerous skyscrapers and buildings with illuminated windows. The sky is a mix of blue and orange, suggesting sunset or sunrise. The text is overlaid on the center of the image.

“ With reforms in other areas, such as drastically **reducing red tape and **cutting the Foreign Investments Negative List (FINL)**, we expect the dawn of a truly competitive economy for our country ”**



The latest Social Weather Stations survey conducted in the 4th quarter of 2017 gave President Rodrigo Roa Duterte a record-high **“Excellent” +70 satisfaction rating**

Photo Source: nytimes.com

An aerial photograph of a city skyline at dusk, featuring several tall skyscrapers and a dense urban landscape. The image is overlaid with a semi-transparent yellow filter. The text "I invite you to be part of Asia's next economic powerhouse" is centered in white. A small watermark "www.jwrightinart.com" is visible in the middle ground.

I invite you to be part of
Asia's next economic
powerhouse

Photo Source: Justin James Wright (gettyimages)

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