



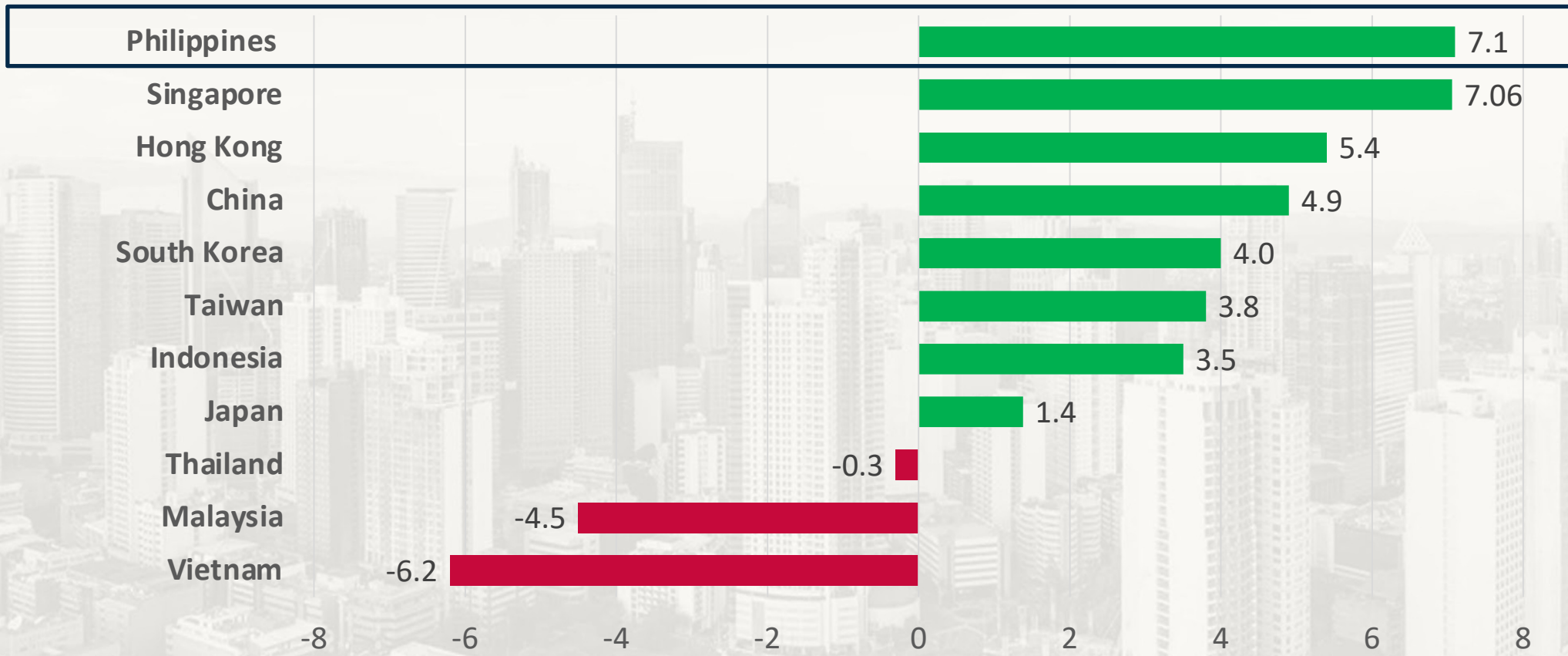
KEYNOTE SPEECH

CARLOS G. DOMINGUEZ
Secretary of Finance

Philippine Economic Briefing for Foreign Chambers
November 26, 2021

In Q3 2021, the Philippine economy grew by 7.1 percent. That not only exceeded forecasts, but it also overshadowed the performance of our peers in the region.

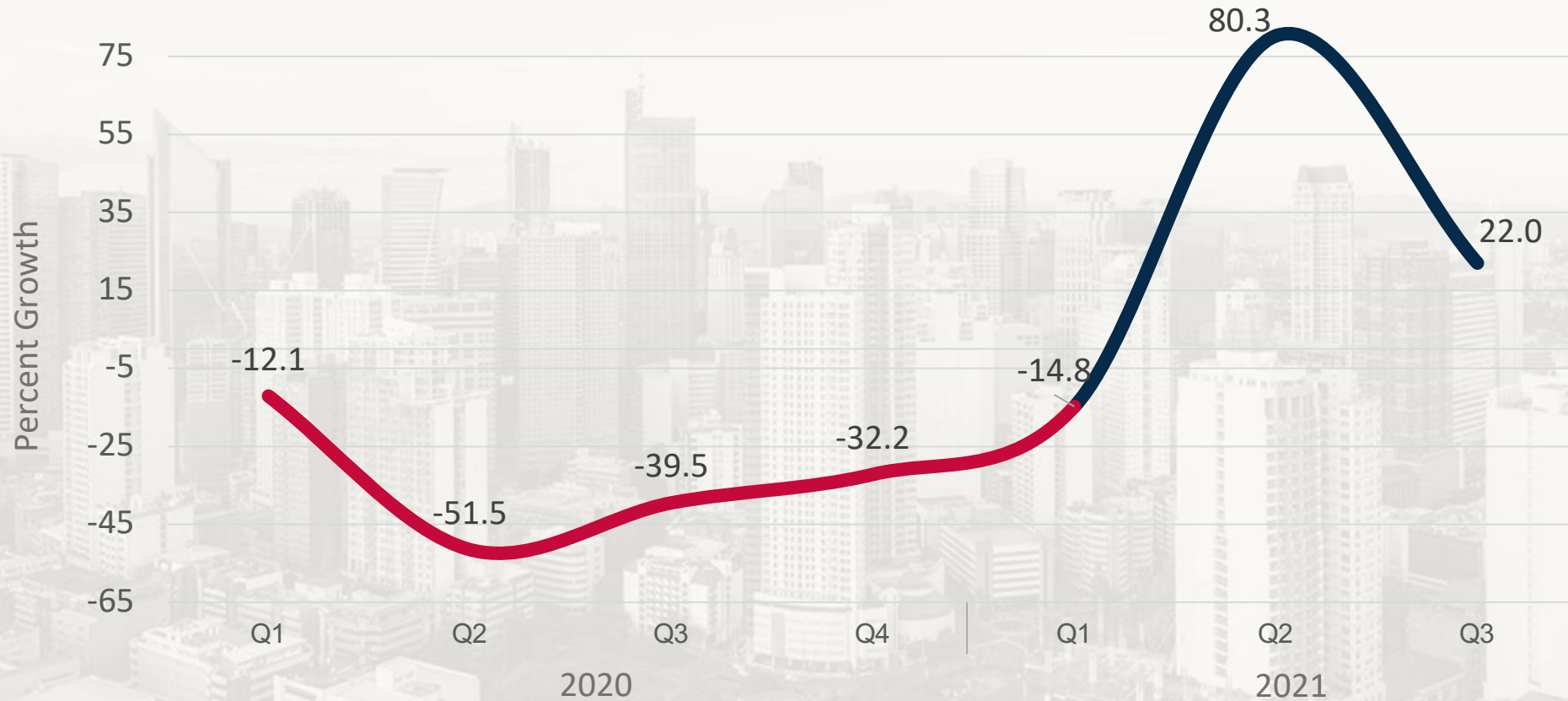
Q3 GDP Growth in Asia-Pacific



Source: NEDA, Country Statistic Offices

Total investments increased by 22 percent in the third quarter of 2021, driven by public construction.

Year-on-Year Growth Rates of Capital Formation



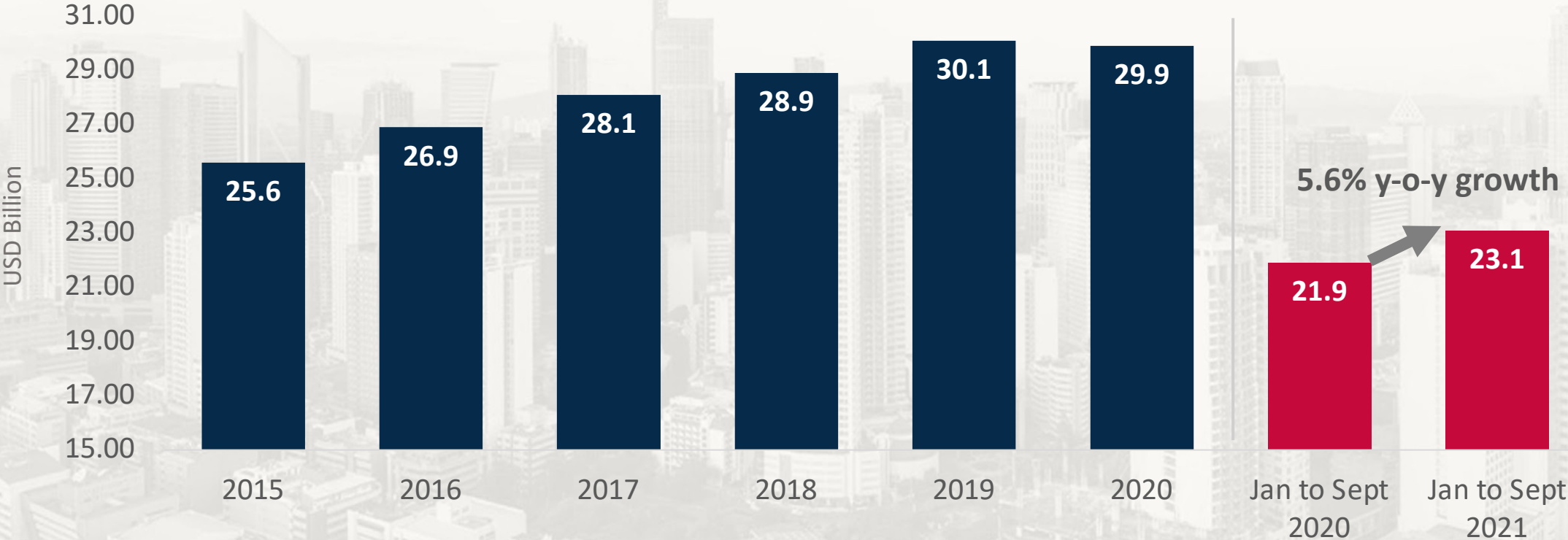
Investment inflows reflect confidence on economic recovery.

Net Foreign Direct Investment Inflows (in USD Billion)



Overseas Filipinos' remittances remained resilient amid the pandemic.

Overseas Filipinos' Cash Remittances (in USD Billion)



Source: BSP

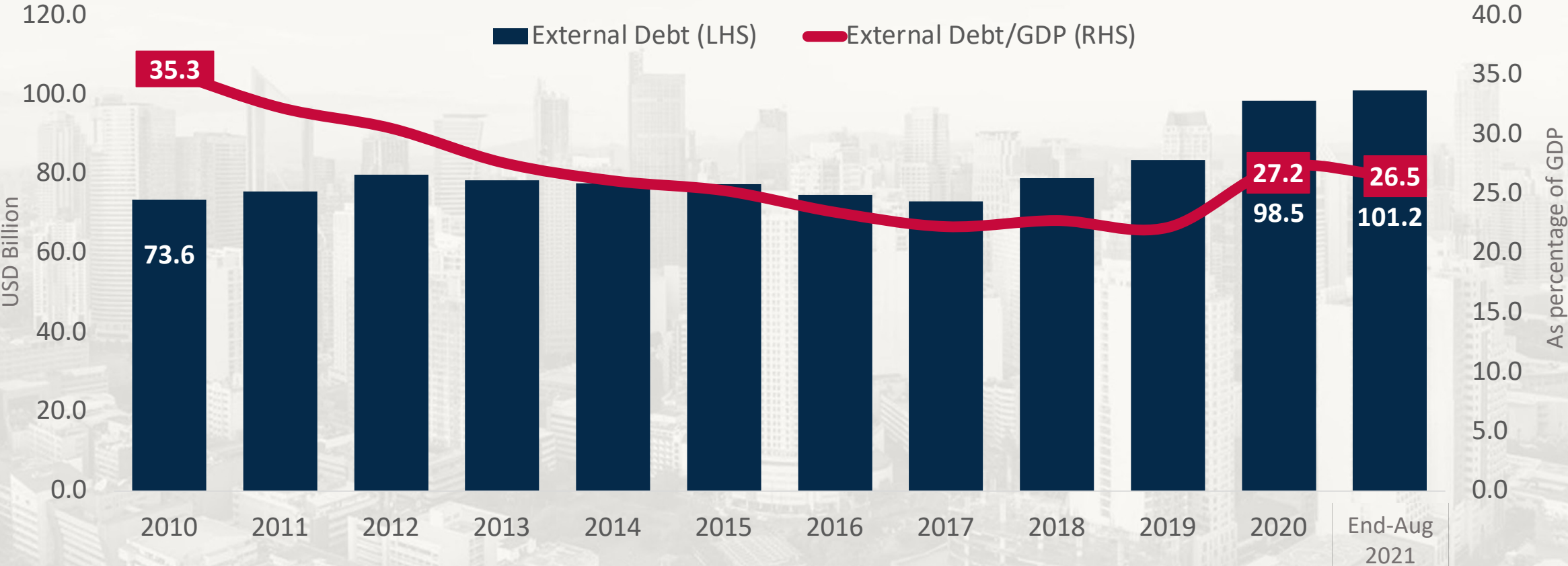
We have adequate external liquidity buffers.

International reserves (USD Billion) and months of import cover



Our international reserves exceed our total external debt obligations.

External Debt (USD Billion) and External Debt/GDP (%)

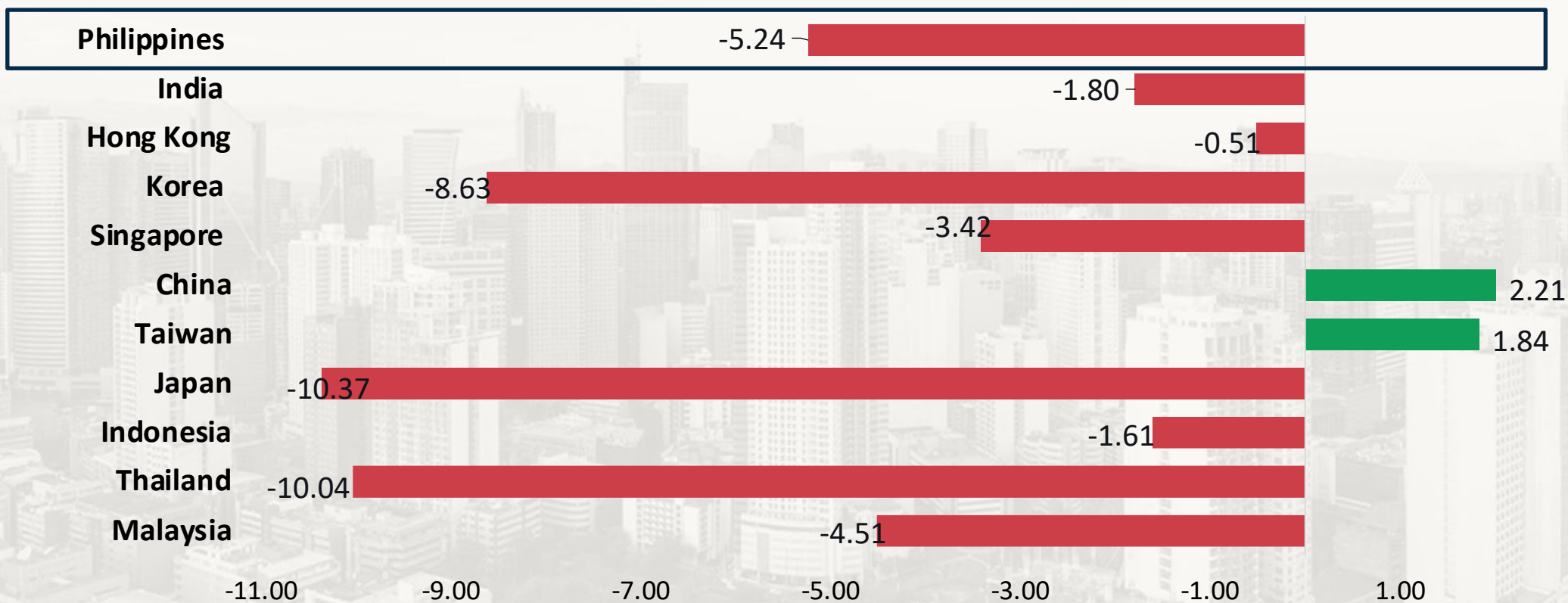


Source: BSP

Peso performance is broadly in line with regional currencies.

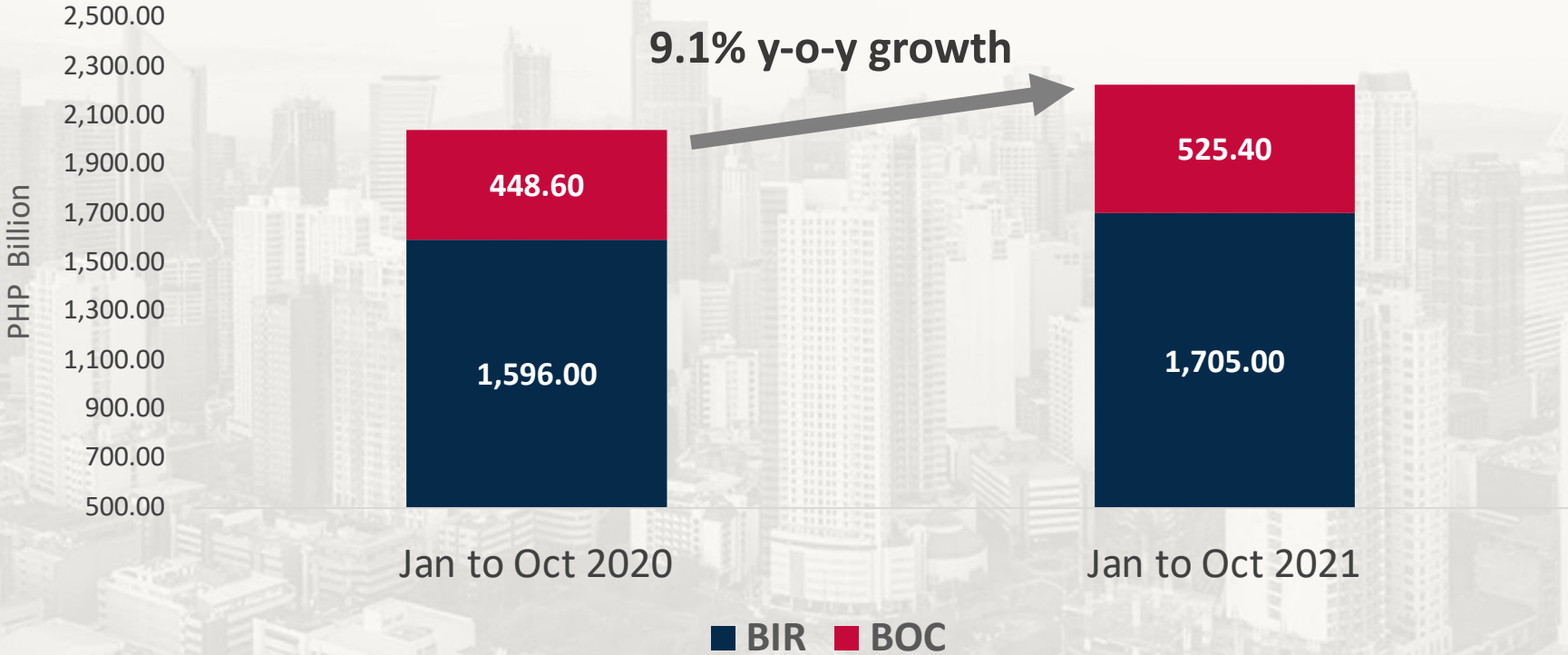
Year-to-date Appreciation (+)/Depreciation (-) (in percent)

As of November 24, 2021



Level of tax collections have been exactly as projected.

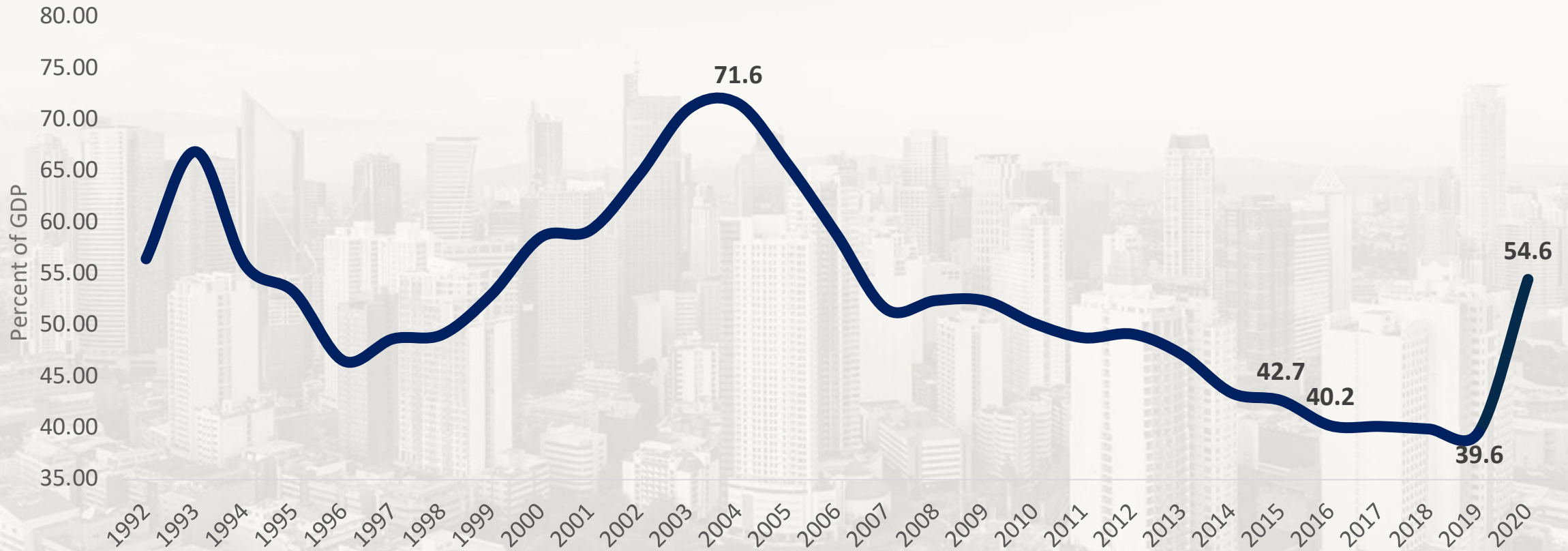
Combined Tax Collections of the Bureau of Internal Revenue and the Bureau of Customs (PHP Billion)



Source: BTR

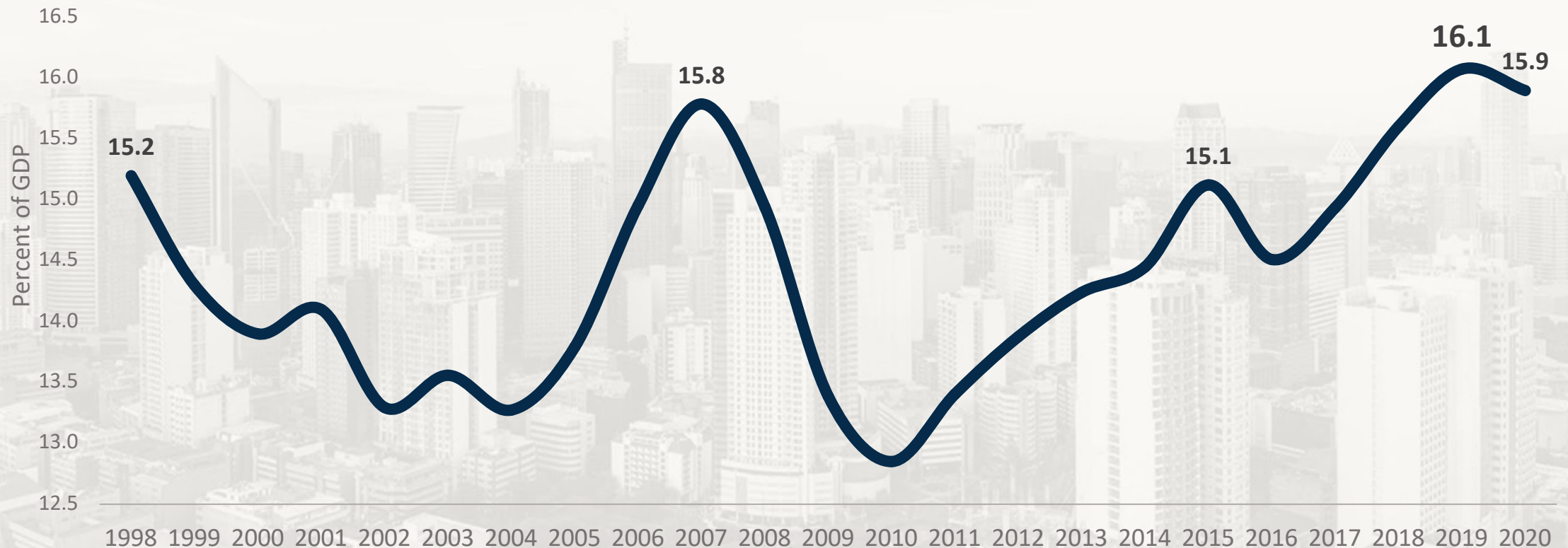
The Philippines had brought its national government debt-to-GDP ratio to a historic low of 39.6 percent in 2019.

National Government Debt-to-GDP Ratio (%)



We entered 2020 with a two-decade high revenue effort at 16.1 percent of GDP. Despite the pandemic, revenue effort remained high at 15.9 percent of GDP.

Revenues as Percentage of GDP (%)



With our high credit ratings, it was not difficult to engage in emergency financing with concessional rates.

Lianhe Credit Rating Co. Ltd.

Affirmation of AAA, Stable Outlook (July 2021)

Japan Credit Rating Agency

Upgrade from BBB+ to A-, Stable Outlook (June 2020)

R&I

Affirmation of BBB+, Stable Outlook, (April 2021)

S&P Global Rating

Affirmation of BBB+ rating, Stable Outlook (May 2021)

Fitch Ratings

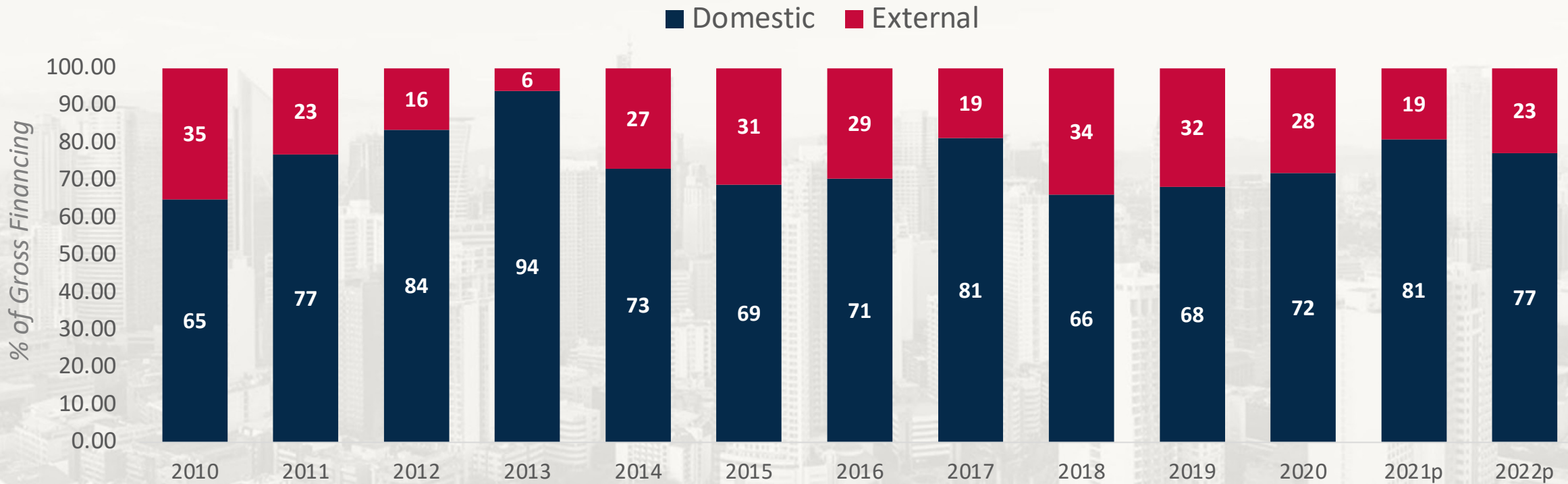
Affirmation of BBB rating, Revised Outlook to Negative (July 2021)

Moody's

Affirmation of Baa2 rating, Stable Outlook (July 2020)

Following the pattern of the past few years, more than two-thirds of our borrowings are locally sourced.

Domestic to Foreign Financing Mix (in %)



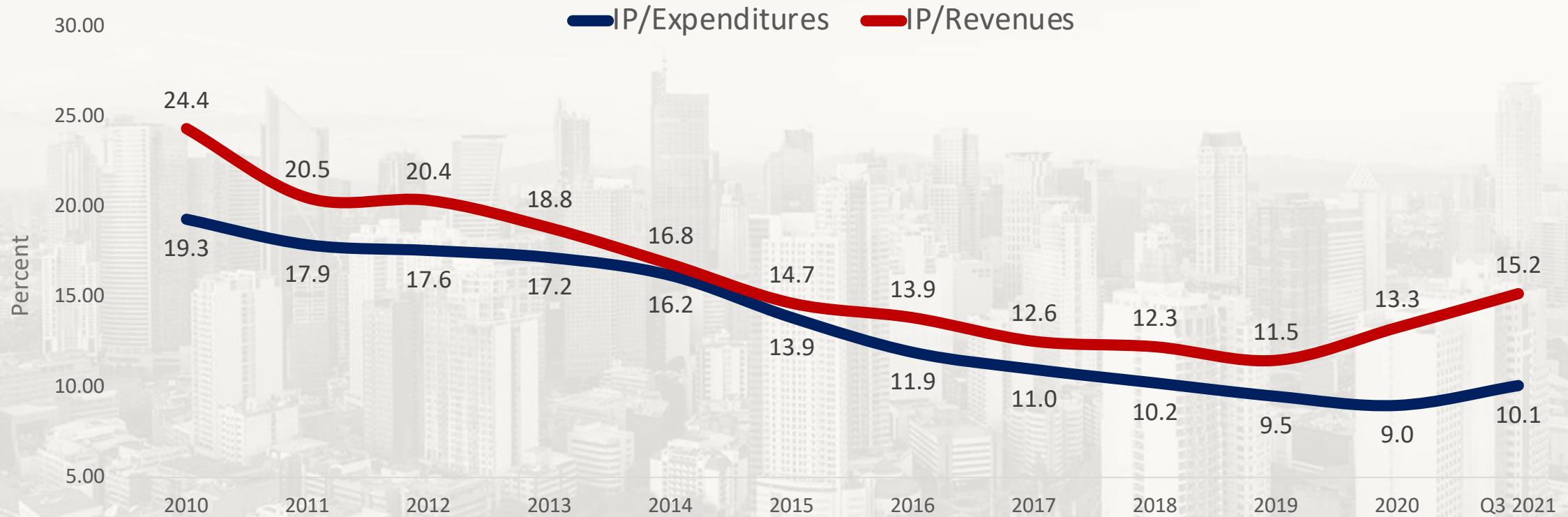
Our average annual interest rate on domestic and external debt has been declining.

Weighted Average Annual Interest Rate (%)



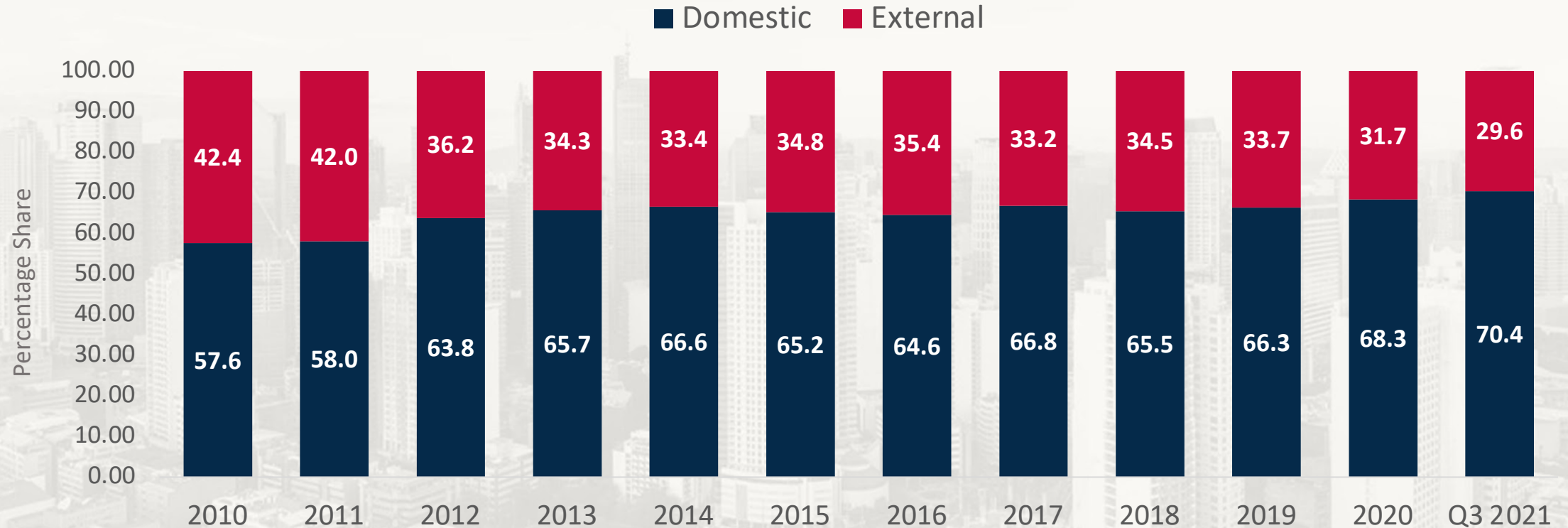
The affordability of our debt remains well-manageable.

Interest Payments/Revenues and Interest Payments/Expenditures (%)



The risk of peso depreciation inflating the debt level has been significantly reduced.

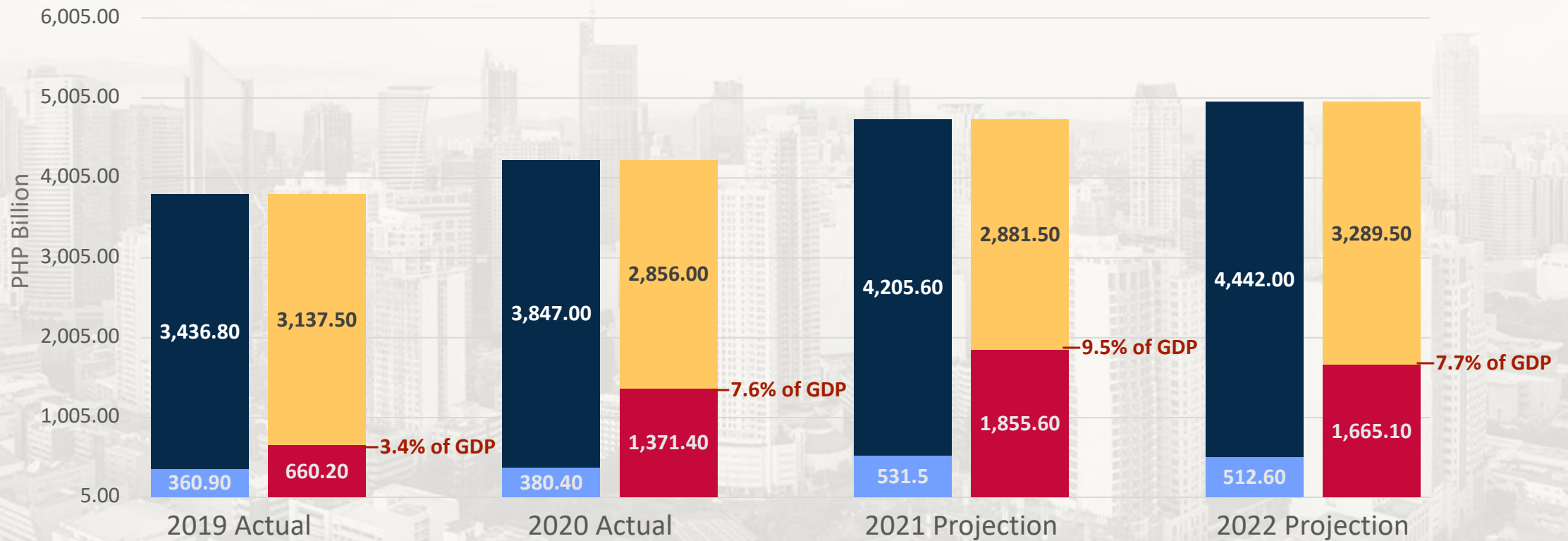
Outstanding Debt by Currency Composition (%)



Under our fiscal program, our revenue collections will return to pre-pandemic levels next year.

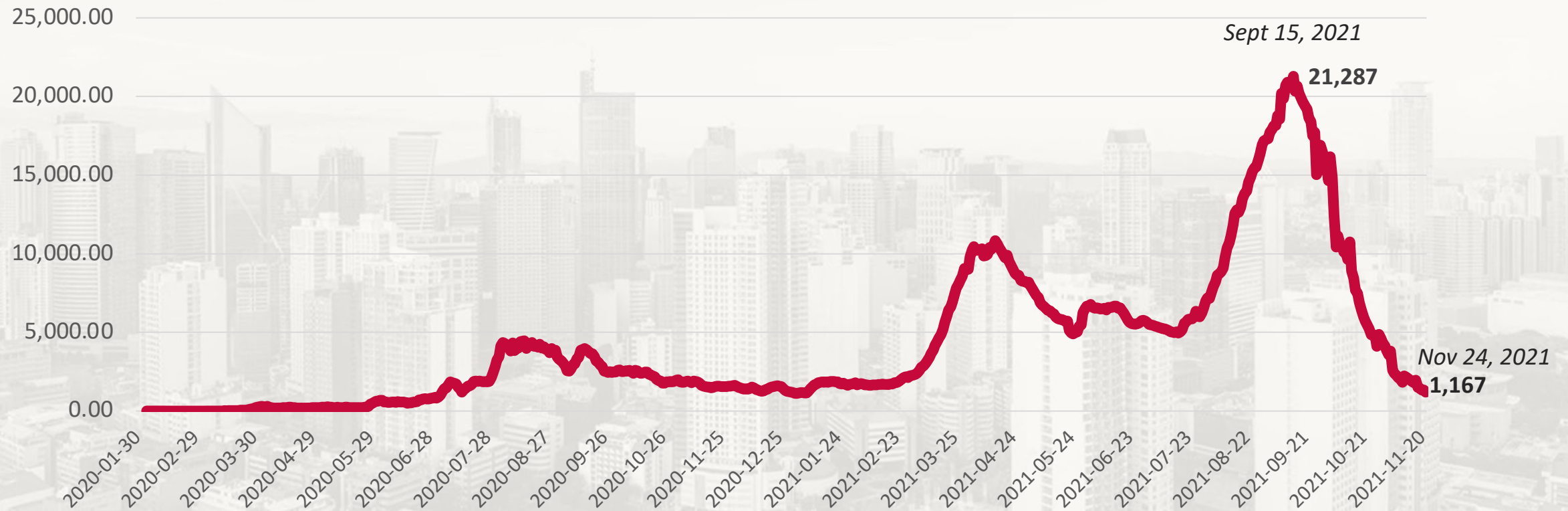
Fiscal Performance and Program (in PHP Billion)

Primary Expenditures Interest Payments Total Revenues Deficit



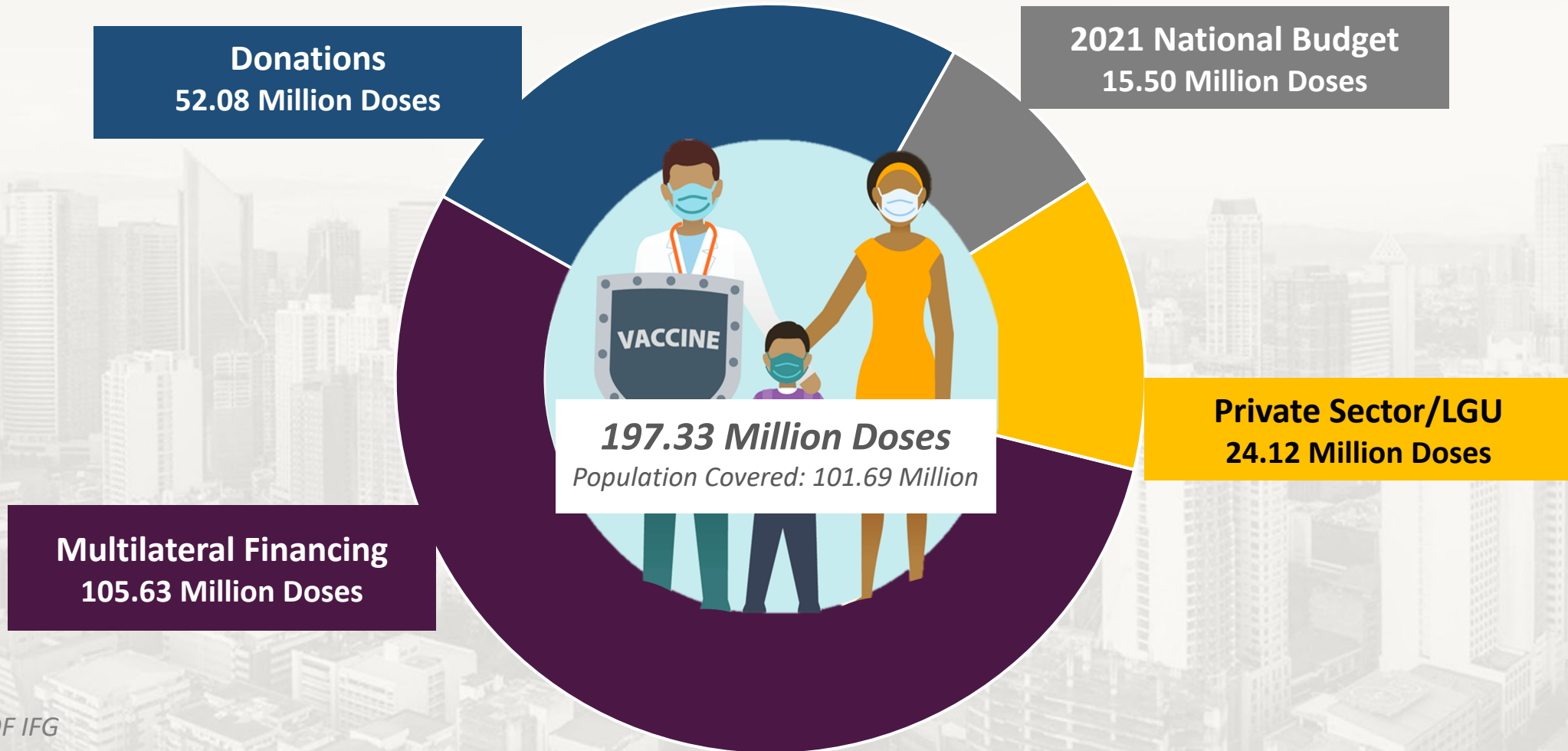
We will continue easing restrictions as our infection rates continue their step decline.

7-Day Average Daily New COVID-19 Cases in the Philippines



We have quickly secured all the vaccines we need.

Summary of Vaccine Doses Secured By Source



We have been receiving steady supplies of vaccines and inoculating our people apace.




139.4 Million Doses

Total COVID-19 Vaccine Doses That
Arrived in the Country
As of November 25, 2021



79.6 Million Shots

Total Number of Vaccine Doses
Administered
(First Dose: 44.5 M; Fully Vaccinated: 35 M)
As of November 25, 2021

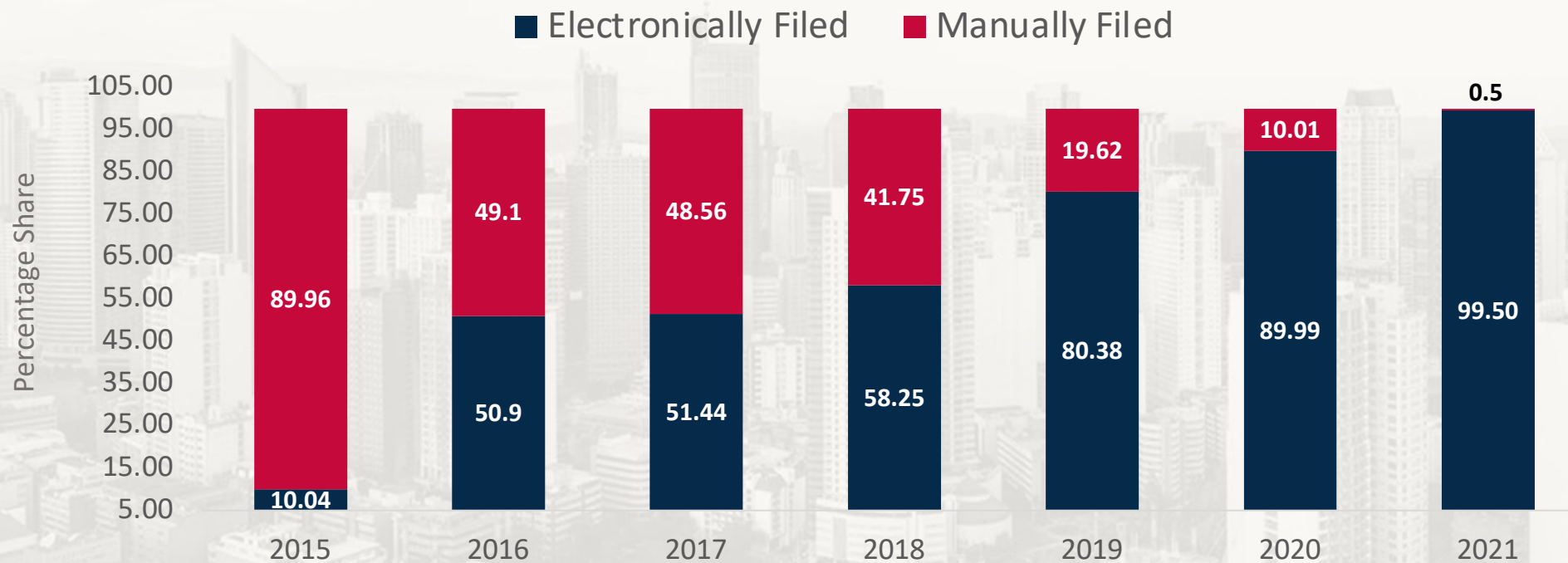


**With current trends, we expect to achieve
the full reopening of the economy by
the onset of the New Year.**

We are ready for a strong recovery.

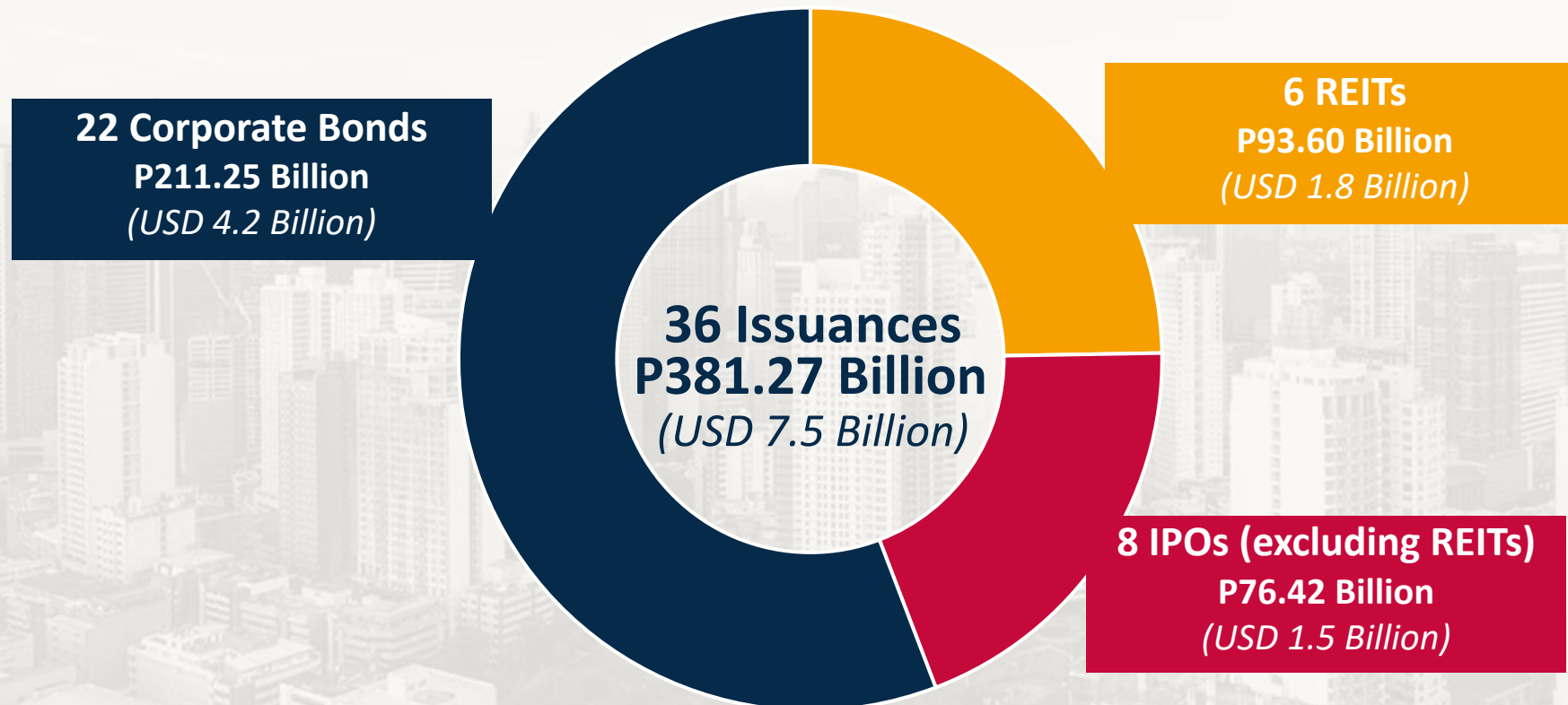
The electronic channels in place even before the pandemic enabled our main revenue-generating agencies to consistently over-perform and collect more revenues.

Manually vs Electronically Filed Annual Income Tax Returns (AITR)



Digital technology has paved the way for a host of market issuances, from real estate investment trusts, initial public offerings, to corporate bonds.

Number of REITs, IPOs, and Corporate Bond Issuances in the Capital Markets Since March 2020 (Onset of the Pandemic) and Total Amount Raised



The Bureau of the Treasury has floated a series of government securities, including our first-ever Retail Dollar Bonds.

Government Bond Issuances since March 2020

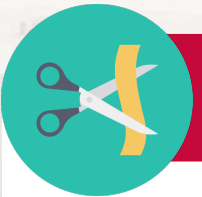
Bond Issuances	Initial Target (in PHP billions)	Amount Raised (in PHP billions)
Retail Treasury Bond (RTB) 24	30.0 <i>(USD 592 Million)</i>	516.3 <i>(USD 10.2 Billion)</i>
RTB 25	30.0 <i>(USD 592 Million)</i>	463.3 <i>(USD 9.1 Billion)</i>
RTB 26	30.0 <i>(USD 592 Million)</i>	Offer period ongoing
Premyo Bonds 2	3.0 <i>(USD 59 Million)</i>	6.6 <i>(USD 130 Million)</i>
Retail Dollar Bonds	20.0 <i>(USD 400 Million)</i>	80.0 <i>(USD 1.6 Billion)</i>

The President signed into law the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act on March 26, 2021.



Largest fiscal stimulus program for enterprises in the country's history

This gives out **almost USD 2 billion worth of tax relief annually** to the corporate sector to sustain employment or use for investments.



Provides hefty corporate income tax rate cuts

The law provides an immediate 10 percentage point cut in the corporate income tax rate of domestic MSMEs (from 30 percent to 20 percent), while the rest of the corporations enjoy a 5-percentage point reduction (from 30 percent to 25 percent).




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

The law rationalizes fiscal incentives, creating an enhanced incentives package that is performance-based, time-bound, targeted, and transparent.

Within the first eight months since the CREATE law was passed, the Fiscal Incentives Review Board already approved incentives for four big-ticket projects.

Project	Location	Description of Activity	Tax incentives granted	Estimated project cost (in PHP Billion)
Mass housing	Leganes, Iloilo	New developer of economic and low-cost housing project	4 years income tax holiday (ITH) and tax exemption on importations	1.4 <i>(USD 28 Million)</i>
Cement Manufacturer 1	Porac, Pampanga	Cement producer expanding operations	2 years ITH, 5 years of enhanced deduction, and duty exemption on importations	3.1 <i>(USD 61 Million)</i>
Cement Manufacturer 2	Calatagan, Batangas	New producer of cement	6 years ITH, 5 years of enhanced deduction, and duty exemption on importations	24.9 <i>(USD 491 Million)</i>
Rail operations of subway project	City of Makati, Metro Manila	Construction, operation, management, and maintenance of the rail project	4 years ITH, 5 years enhanced deductions, and duty exemption on capital equipment, raw materials, spare parts, or accessories	80.1 <i>(USD 1.6 Billion)</i>

An aerial view of a city skyline, likely New York City, with numerous skyscrapers and buildings. The image is semi-transparent, allowing the text to be clearly visible over it. At the bottom left, there is a small graphic element consisting of three colored squares: yellow, blue, and red.

With CREATE, we see opportunities to strengthen investment and business partnerships with your countries especially in the areas of **manufacturing, digital technology, renewable energy, and research and development activities.**

We are taking full advantage of the demographic sweet spot the Philippines enjoys.

A young and talented population profile means we will have a workforce prepared to swiftly adjust to the transformations taking place in our economy.

List of economic priorities before the end of President Duterte's term:

Digitalization and Infrastructure



Continue the ongoing digital reforms



Continue the infrastructure program

Economic Liberalization Bills



Amendments to the Foreign Investments Act



Amendments to the Public Service Act



Amendments to the Retail Trade Liberalization Act

Remaining Tax Reform Packages



Tax Reform Package 3:
Property Valuation Reform



Tax Reform Package 4: Passive
Income and Financial
Intermediary Taxation

Climate Change Action



Practical Adaptation and Mitigation
Projects on the Ground

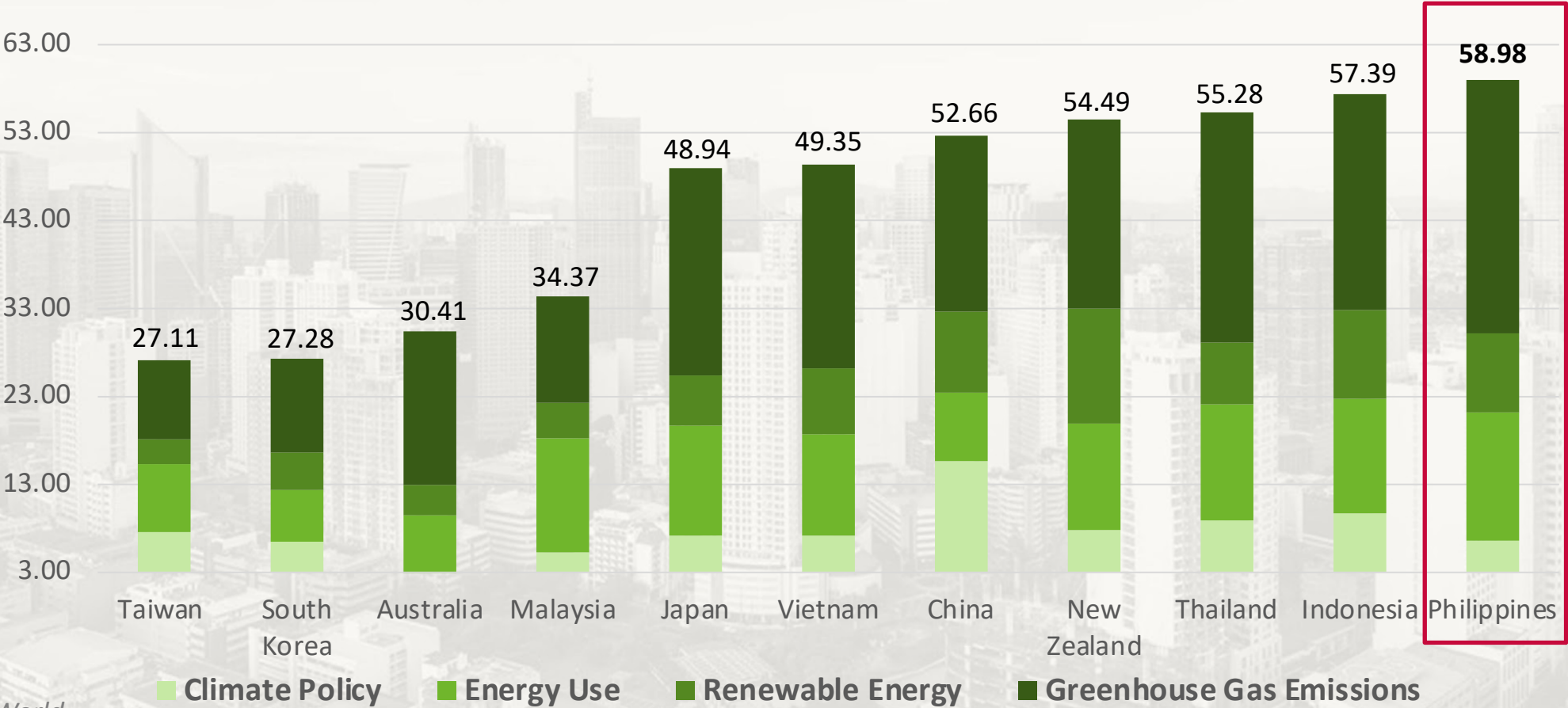
Capital Markets Reform



Capital Market Development
Act of 2021

The Philippines has outperformed its peers in the Asia Pacific Region in climate protection performance.

Overall Score of the Asia-Pacific Region in the 2022 Climate Change Performance Index



Source: BusinessWorld

The Philippines has shifted global discussions on climate change from focusing on general scientific findings to undertaking practical actions that may immediately be undertaken on the ground.

Climate Change Mitigation and Adaptation Projects



Put together a group of experts to prepare and execute localized action plans



Launched the Sustainable Finance Roadmap to encourage public and private investment in green projects




Currently pushing for a law banning single-use plastics



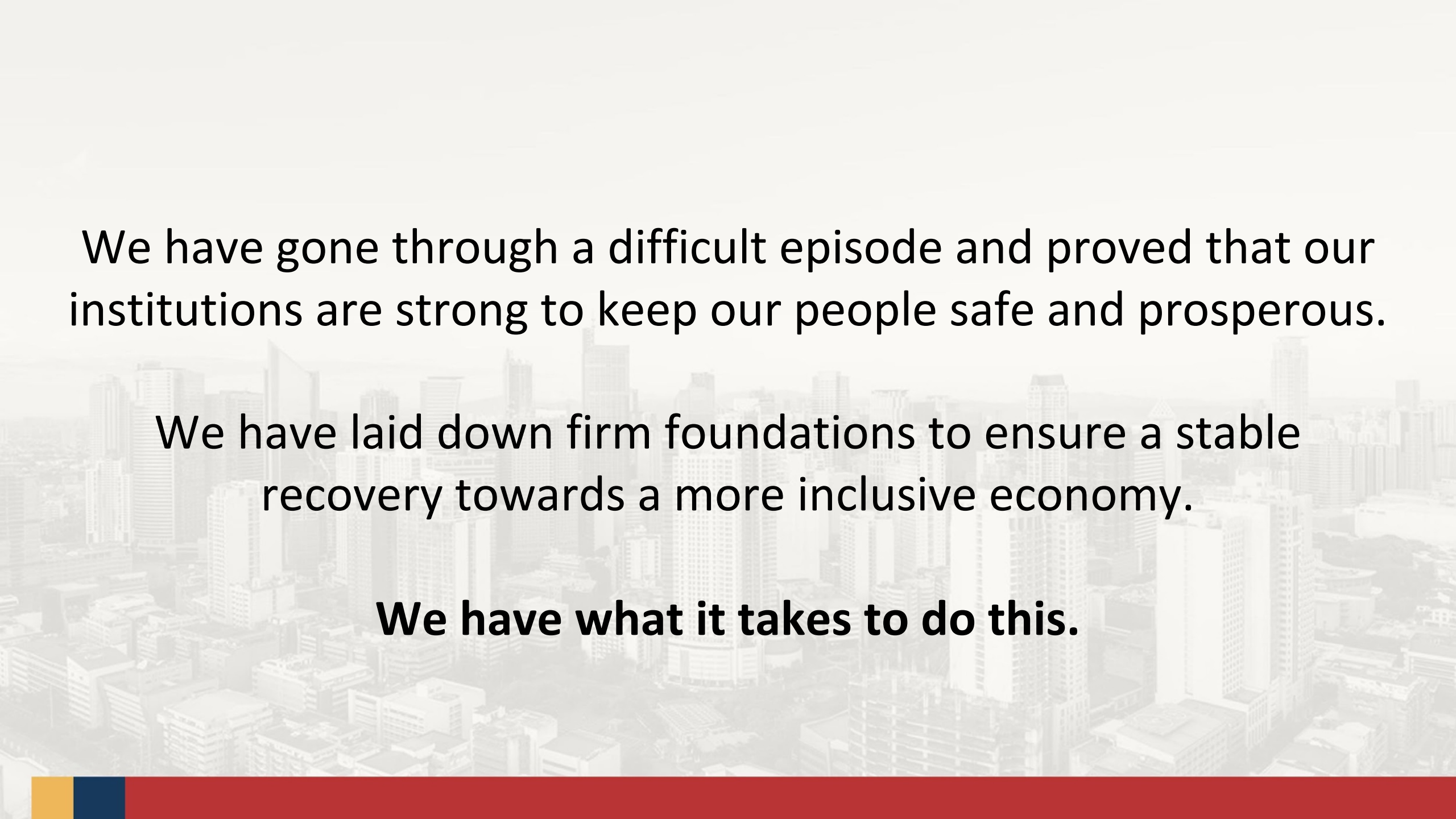
Embarking on a project with ADB to accelerate the PH's transition from coal to clean energy



Finalizing a sustainable finance framework for the issuance of PH's first-ever sovereign green bonds



**We look forward to your continued support
and to working with you more closely in achieving
a sustainable and better future for the Filipino people.**



We have gone through a difficult episode and proved that our institutions are strong to keep our people safe and prosperous.

We have laid down firm foundations to ensure a stable recovery towards a more inclusive economy.

We have what it takes to do this.



An aerial view of a city skyline, likely Manila, Philippines, with a semi-transparent white overlay. The text is centered in the middle of the image.

**The Philippines is more than ready
for the new and better normal.**



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