



KEYNOTE MESSAGE

PHILIPPINE ECONOMIC BRIEFING

BENJAMIN E. DIOKNO
SECRETARY OF FINANCE

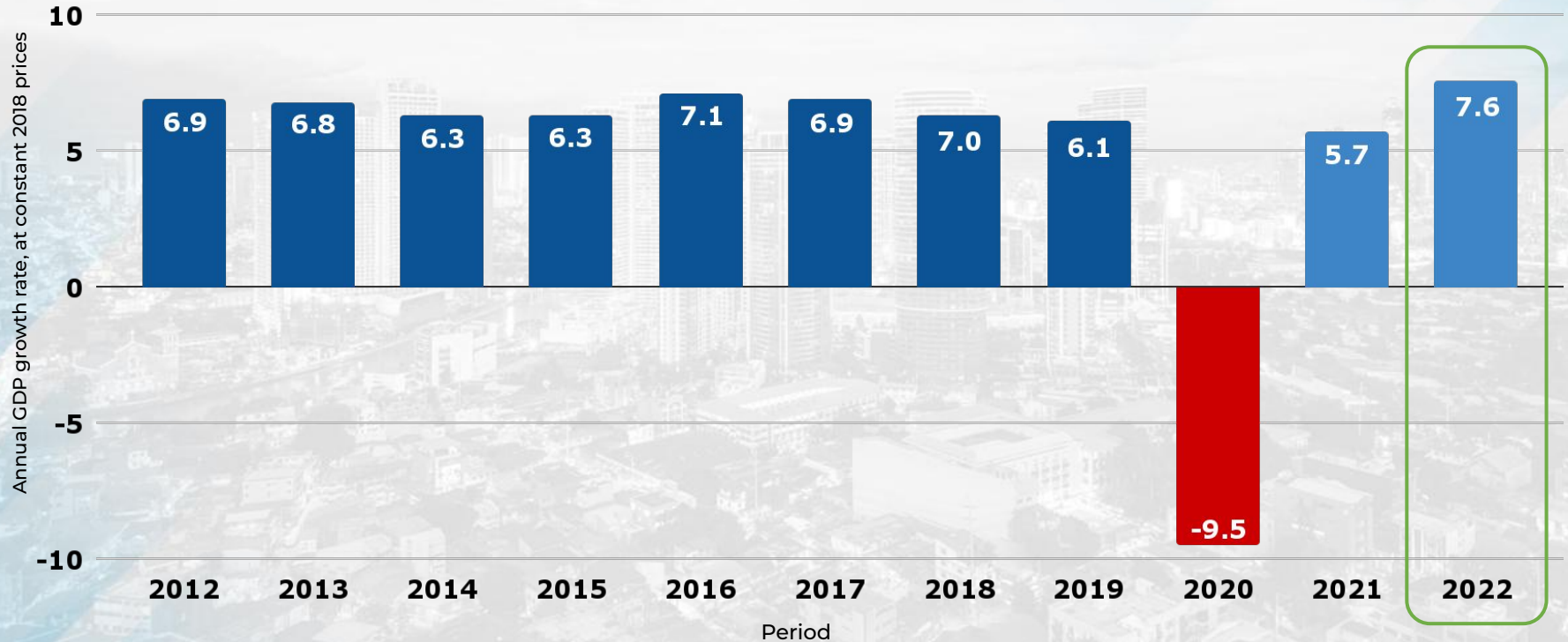
WASHINGTON, D.C.
APRIL 12, 2023

Amid a challenging global environment, the Philippine economy has managed to weather the storms and stay the course towards sustainable economic growth.

This confidence is grounded in the country's firm macroeconomic fundamentals and continuously improving economic performance.

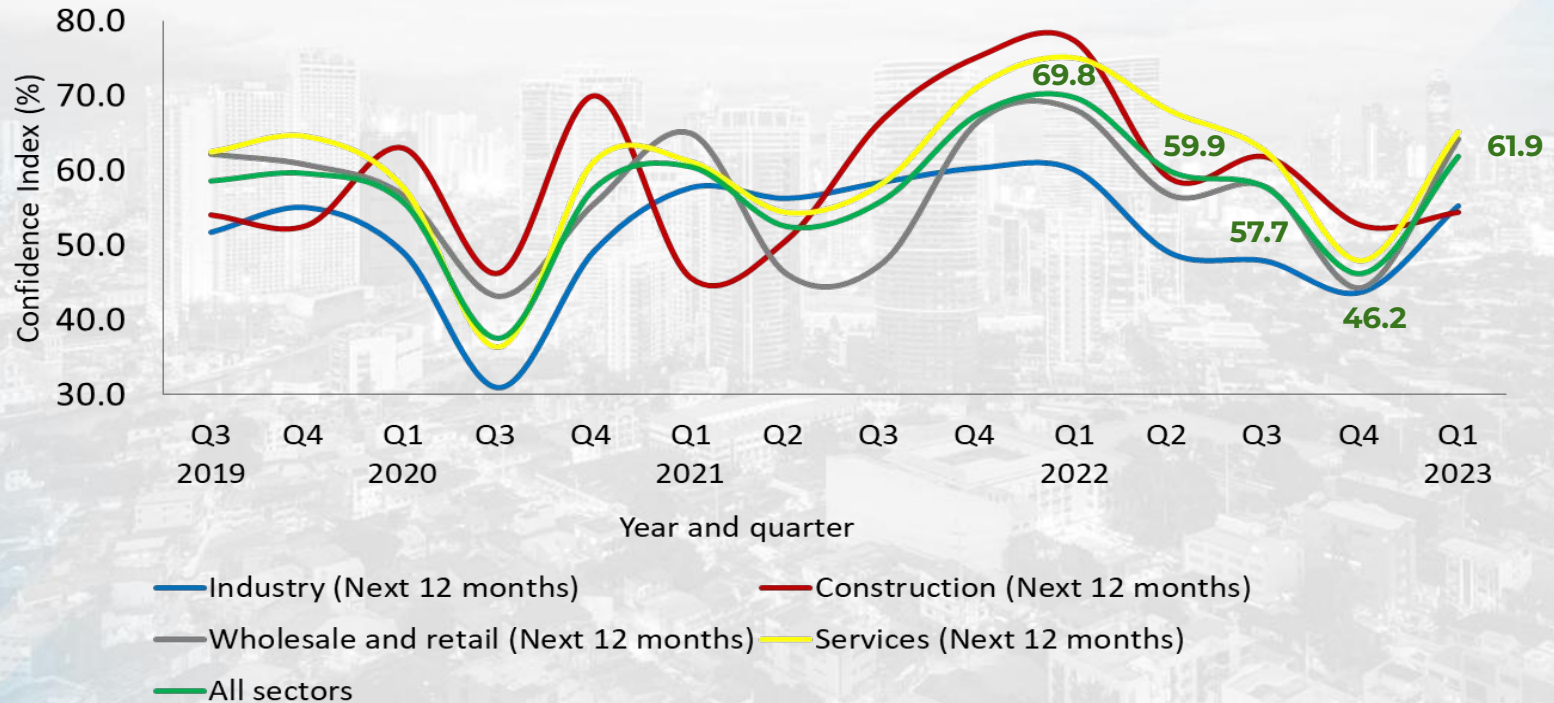
The Philippine economy posted record-high growth in 2022

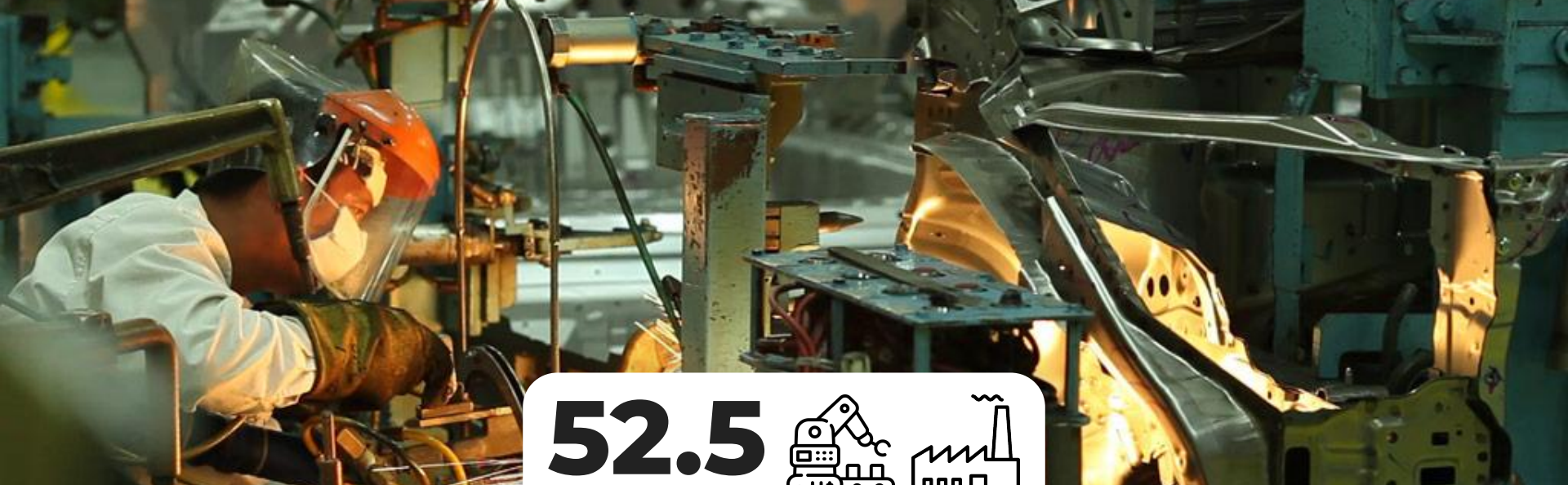
The Philippines' Real GDP growth rate (year-on-year)



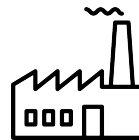
Business outlook is upbeat

Business outlook index by sector in the next 12 months Q3 2019 to Q1 2023





52.5



**S&P Global's
Purchaser's Manager Index**

Strong and resilient manufacturing sector

The **S&P Global PMI** reading for **March 2023** was recorded at **52.5**, marking the **19th consecutive month** that the index has registered **above the 50 index point threshold**. This signals strong growth and resilience across the Philippine manufacturing sector.

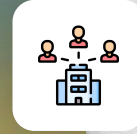
LABOR MARKET REFLECTS RISING BUSINESS ACTIVITY

February 2023 Employment Situation

4.8% ↓
Unemployment Rate



66.6% ↑
Labor force participation Rate



95.2% ↑
Employment Rate

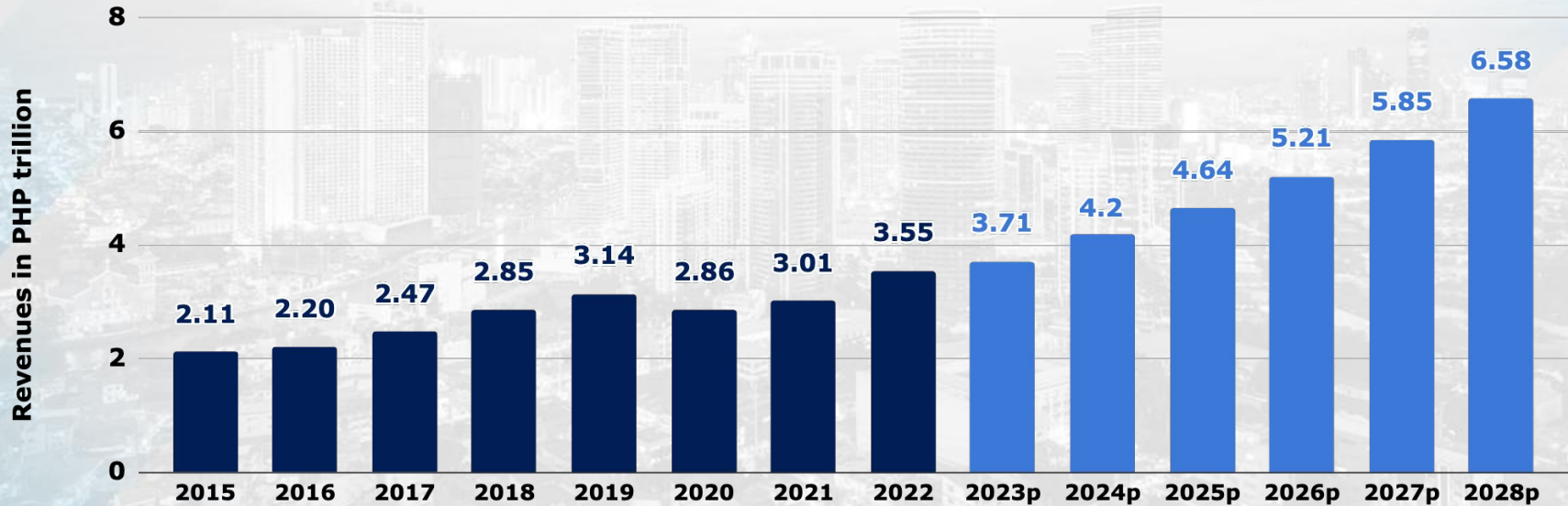


12.9% ↓
Underemployment Rate



Fiscal performance remains strong

Total Revenue Collection (in PHP Trillion)





The Philippines' impressive economic performance is the result of years of interconnected structural reforms.



**We are now unfurling our sails
to journey towards shared and
sustainable prosperity.**

An economic strategy guided by clear agenda frameworks



8-point Socioeconomic Agenda

Strategic interventions to reinvigorate job creation and reduce poverty by steering the economy back to its high-growth path



Philippine Development Plan 2023-2028

Overall blueprint in development planning to achieve deep economic and social transformation



Medium-Term Fiscal Framework

First-of-its-kind fiscal consolidation strategy to attain macro-fiscal stability and sustainable growth

Medium-Term Fiscal Framework



Reduce the fiscal deficit

Bring down the deficit-to-GDP ratio to 3.0 percent by 2028



Promote fiscal sustainability

Reduce the debt-to-GDP ratio to less than 60 percent by 2025, then further down to 51.2 percent by 2028

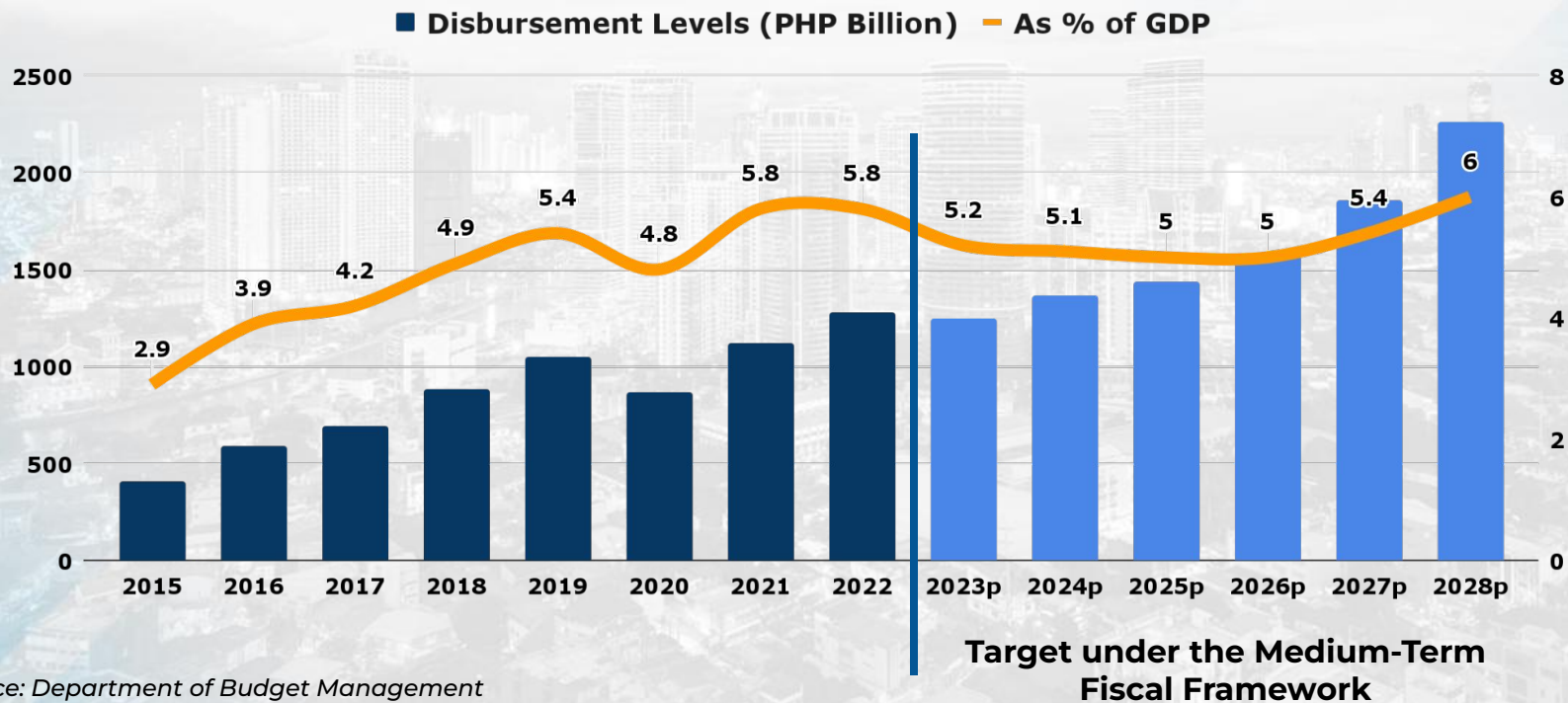


Enable robust economic growth

With its high multiplier effects, sustain high infrastructure spending at 5 to 6 percent of GDP annually

We are determined to reverse the Philippines' decades-long underinvestment in infrastructure

Infrastructure disbursements as percentage of GDP



Data Source: Department of Budget Management and Development Budget Coordination Committee

We are strengthening the public-private partnerships mechanism to boost infrastructure investments

Revised IRR of
Build-Operate-
Transfer Law



Revised ICC
Guidelines



Public-Private
Partnership Act



Revised NEDA
Joint Venture
Guidelines



Approval of 194 high-impact Infrastructure Flagship Projects worth 9 trillion pesos



We have introduced structural reforms to liberalize key high-growth sectors

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



Renewable Energy Sector Liberalization

Economic liberalization measures now open up key sectors to international participation



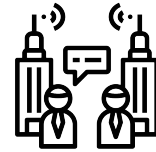
Amendments to the Retail Trade Liberalization Act

- 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.



Liberalized renewable energy sector

The renewable energy sector is now open to full foreign ownership, particularly in solar, wind, hydro, and tidal energy.

The Corporate Recovery & Tax Incentives for Enterprises Act transformed the structure of 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

The Philippines' globally competitive workforce will drive industry growth

**Young, with
a median
age of 25**



Tech-savvy



**Highly-skilled and
educated**



English-proficient

**This is an exciting time to do
business in the Philippines.**

**Let us expand our trade and
investment partnerships even
further in the years to come.**



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