



# KEYNOTE MESSAGE

**BENJAMIN E. DIOKNO**  
SECRETARY OF FINANCE

**PHILIPPINE ECONOMIC BRIEFING LONDON**  
JANUARY 26, 2023



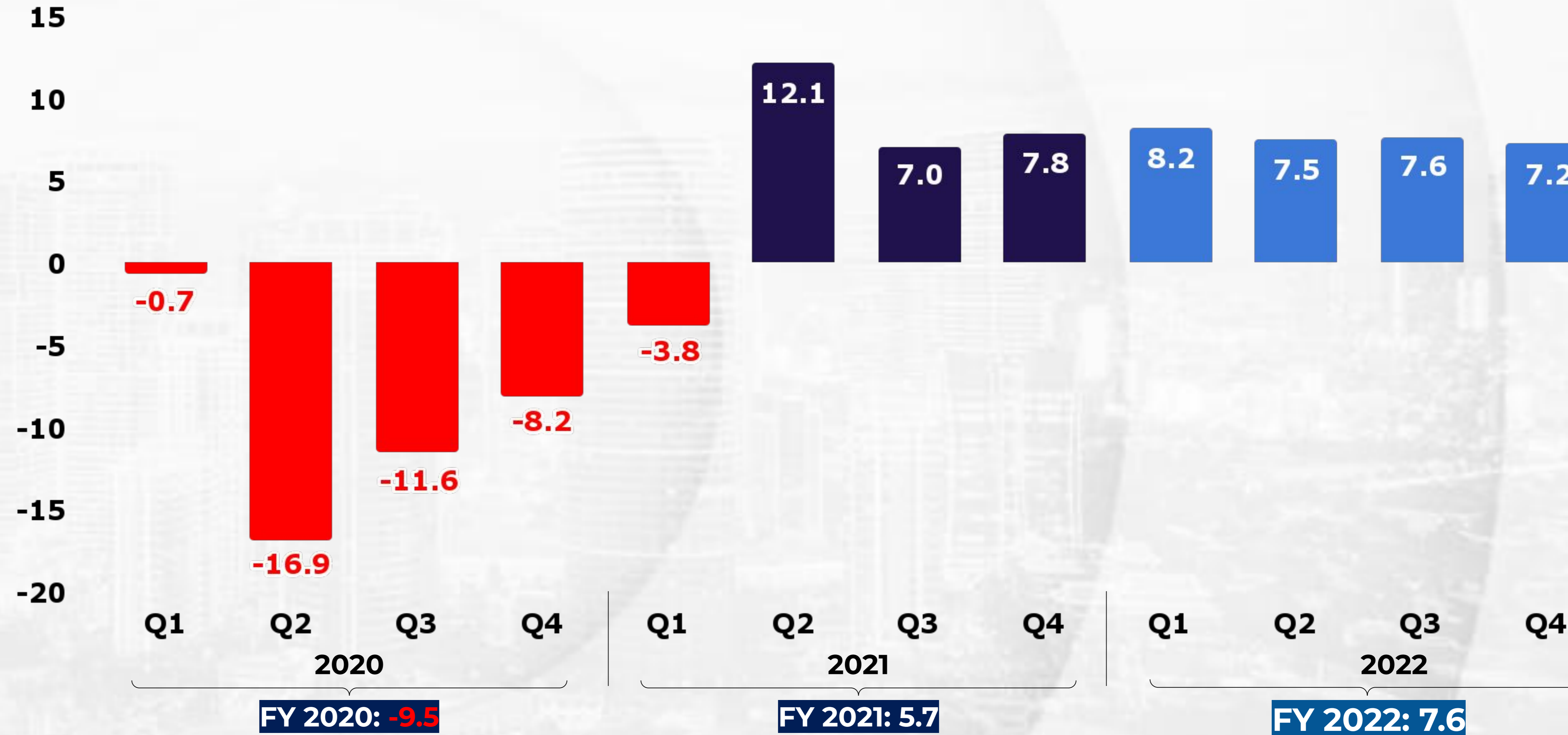
**The Philippines  
emerged from the pandemic  
with an important story to tell.**

The background features a city skyline at dusk, with buildings and lights reflected in the water. A large blue semi-circle is on the right side. On the left, there is a colorful geometric graphic consisting of overlapping triangles in shades of orange, green, and blue.

**Our strong macroeconomic fundamentals and structural reforms** have allowed us to weather the pandemic and position the Philippines as one of the fastest rising economies in the Asia Pacific region.

# Philippine economic performance in 2022 exceeded expectations

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

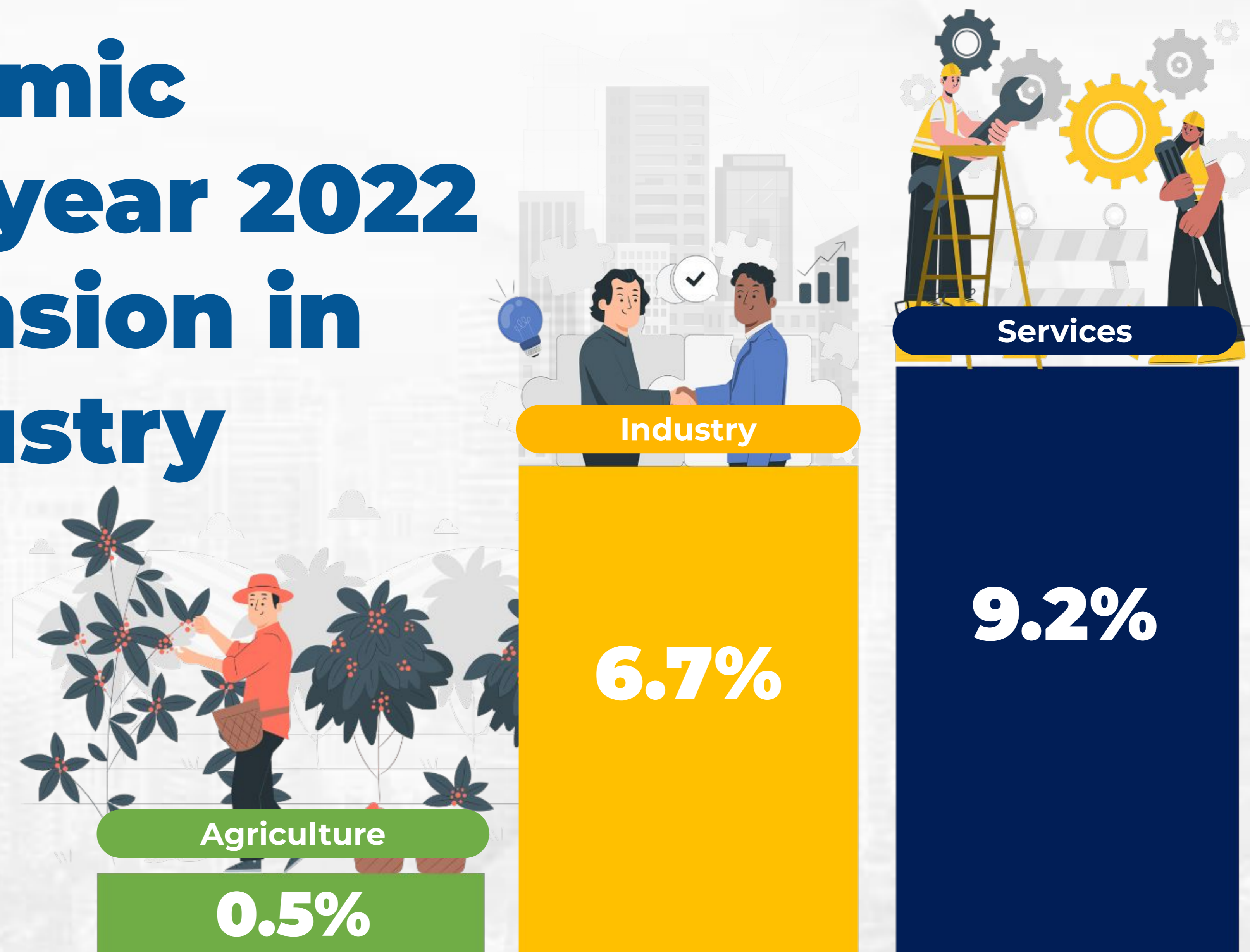


**7.6% GDP growth**

**Full-year 2022**

**Our robust fourth quarter performance reflected strong domestic demand driven by household consumption and investments.**

# The Philippine economic performance for full-year 2022 was backed by expansion in the services and industry sectors



# RECORD-LOW UNEMPLOYMENT RATE

November 2022 Employment Situation

**Unemployment Rate**

**4.2%** ↓

**Employment Rate**

**95.8%** ↑

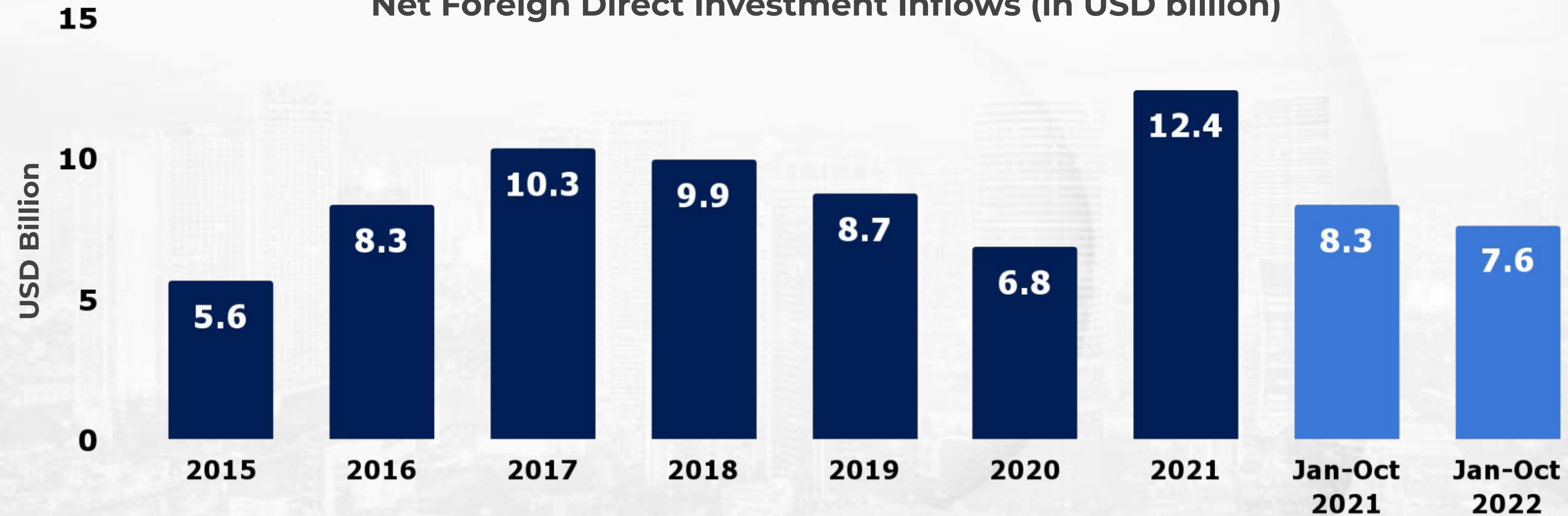
**Labor Force Participation Rate**

**67.5%** ↑



## Foreign direct investments are soaring

Net Foreign Direct Investment Inflows (in USD billion)

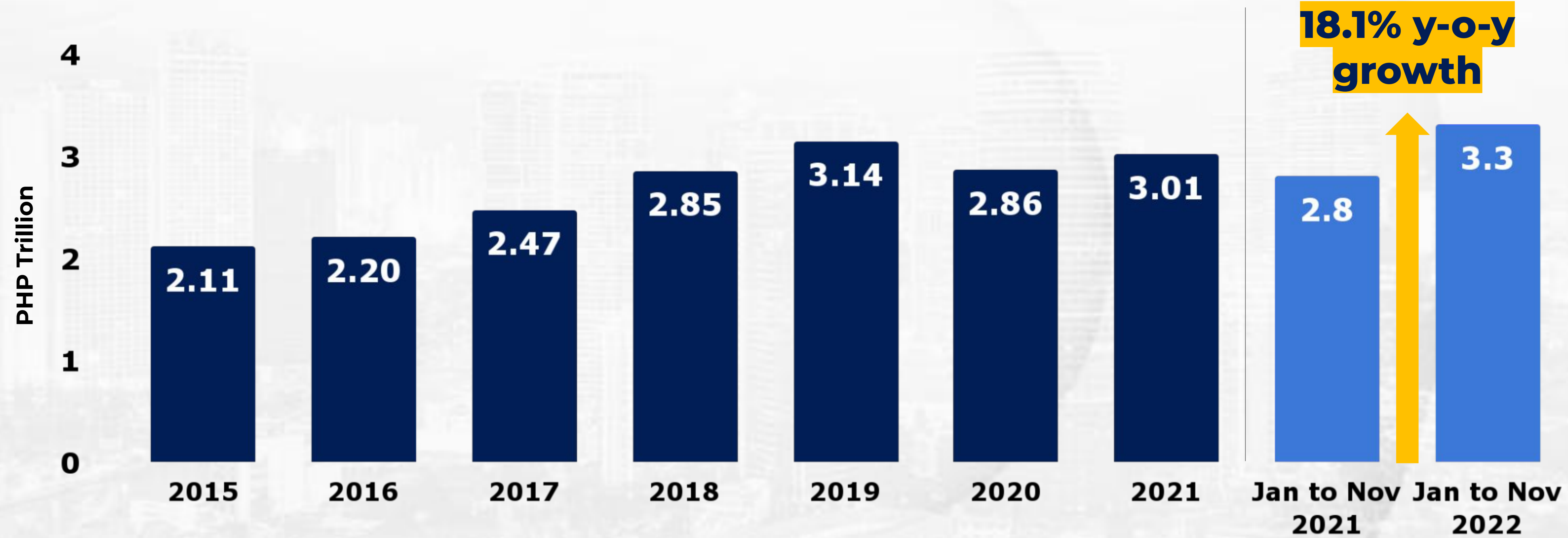


Data Source: BSP  
\*Jan-Oct 2022




# We are poised to overshoot our revenue targets

## Total Revenue Collection (in PHP Trillion)



Data Source: BTR

The background features a city skyline at dusk, with buildings and a harbor. A large, semi-transparent blue circle is overlaid on the right side of the image. On the left side, there is a large, stylized white arrow pointing to the right, composed of several overlapping, semi-transparent layers in shades of blue, green, and orange. The text is centered within the blue circle.

**Our dramatic recovery was the result of deliberate, well-crafted structural reforms and the resolve to recalibrate policies during times of crises.**

# The Philippine government is highly attuned to ongoing global risks



## Slowing world economy

Analysts predict a global recession in 2023. The IMF expects one third of the world economy to be in recession.



## Geopolitical tensions

Tensions such as the prolonged war in Ukraine pose socioeconomic consequences on a global scale



## Stubbornly high inflation

Global prices of fuel, food, and other commodities are rising due to supply chain constraints



## Post-pandemic scarring

The pandemic's lingering effects on education, labor market, and pandemic-stricken industries



**Monetary tightening**



**Improved production**



**Temporary relaxation of trade restrictions**



**Continued linkages of farmers and fishers to consumers**



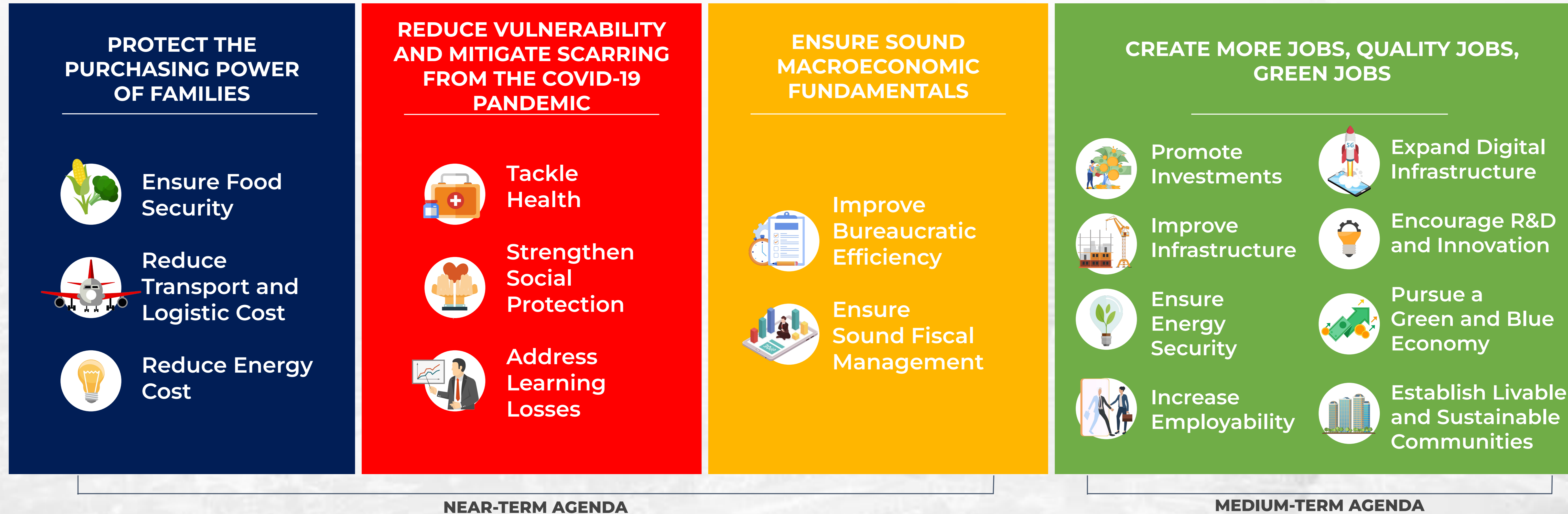
**Targeted support to vulnerable sectors**

# **The Development Budget Coordination Committee's revised growth assumptions remain ambitious and achievable**

<b>Year</b>	<b>Growth Assumptions (% of GDP)</b>
<b>2022</b>	<b>6.5 to 7.5</b>
<b>2023</b>	<b>6.0 to 7.0</b>
<b>2024 - 2028</b>	<b>6.5 to 8.0</b>

# Marcos administration's 8-point socioeconomic agenda in the near and medium term

## ROBUST ECONOMY, INCLUSIVE, AND RESILIENT SOCIETY



# PHILIPPINE DEVELOPMENT PLAN 2023-2028

A Plan for Economic and Social Transformation

The PDP aims to **reinvigorate job creation and accelerate poverty reduction** by steering the economy back to its high-growth trajectory and effect economic and social transformation for a **prosperous, inclusive, and resilient society**.

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# 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 open the economy, improve ease of doing business, and allow modern, transformative industries to take root and grow

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



**Amendments to the Foreign Investments Act**



**Amendments to the Retail Trade Liberalization Act**

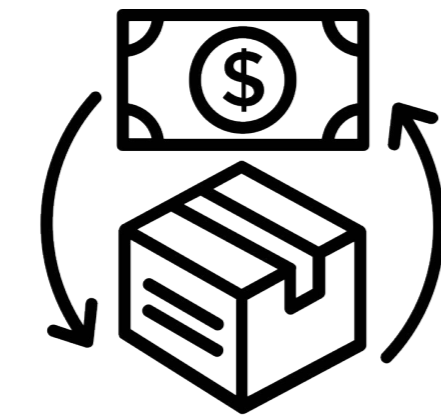


**Amendments to the Public Service Act**



**Renewable Energy Sector Liberalization**

# Economic liberalization measures now open up key sectors to international participation



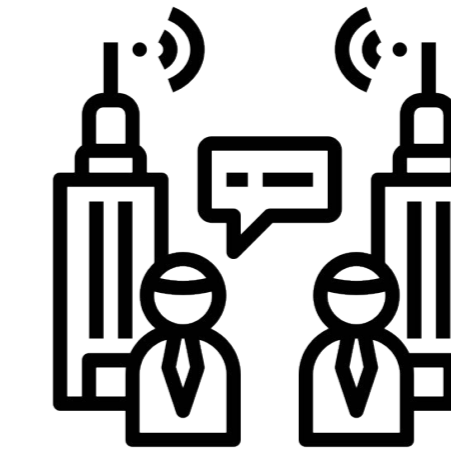
## Amendments to the Retail Trade Liberalization Act

- 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.

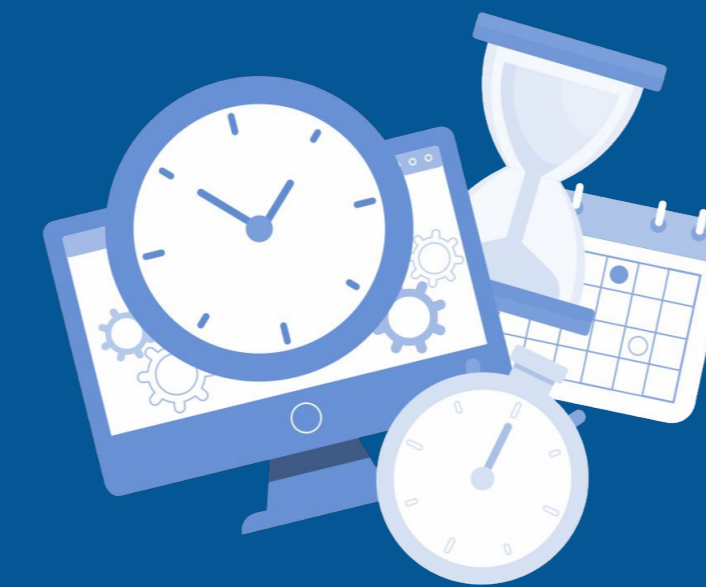
# The Corporate Recovery & Tax Incentives for Enterprises Act transformed the structure of our corporate income tax system

## Provides hefty corporate income tax rate cuts



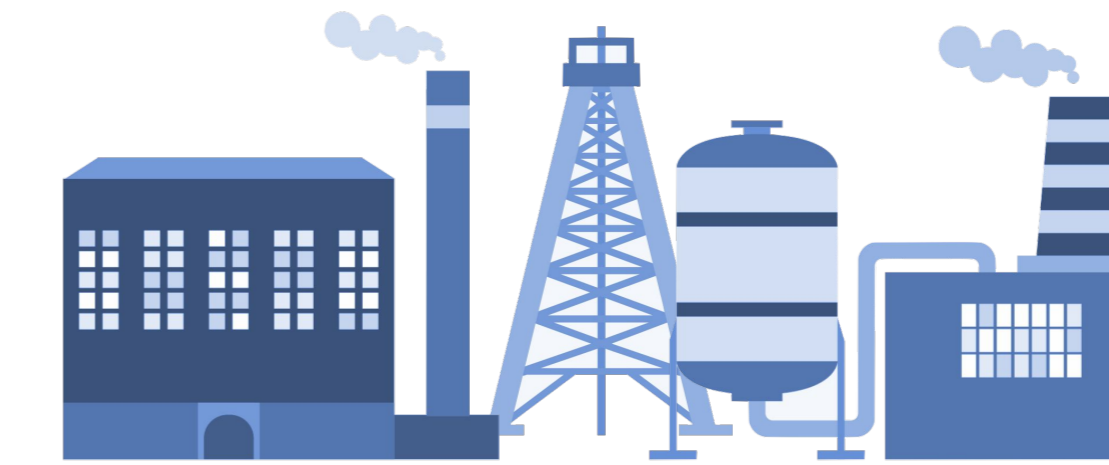
Provides 10-ppt cut in the corporate income tax rate of domestic MSMEs (from 30 percent to 20 percent), and 5-ppt reduction (from 30 percent to 25 percent) for other corporations

## 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

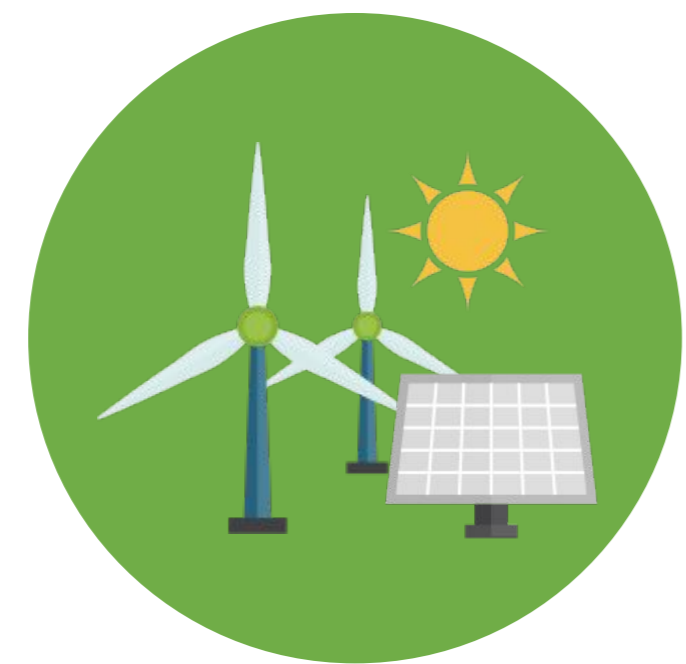


Identifies priority industries, projects, and activities that can be granted fiscal incentives through the Strategic Investment Priority Plan

We have created a more competitive and enabling environment  
for **public-private partnerships.**

The revised IRR of the **Build-Operate-Transfer Law** will allow us to leverage PPPs and direct more public resources to critical areas of development and governance.

# The renewable energy sector is now open to full foreign ownership



## Increase share of renewable energy in power mix

We target to achieve 35 percent and 50 percent share of renewable energy in the power generation mix by 2030 and 2040, respectively.



## ASEAN Plan of Action on Energy Cooperation

In the second phase of the APAEC, the Department of Energy will focus on cross-cutting issues such as decarbonization, energy transition, and digitalization of the energy sector.

## Key targets

- Developing a common gas market
- Reducing energy intensity by 32 percent in 2025
- Increasing renewable energy share to 23 percent in total primary energy supply and to 35 percent in installed power generation capacity to 35 percent by 2025



**Explore opportunities in  
telecommunications, airports,  
toll roads, agribusiness, renewable  
energy, and shipping**



# MAHARLIKA INVESTMENT FUND

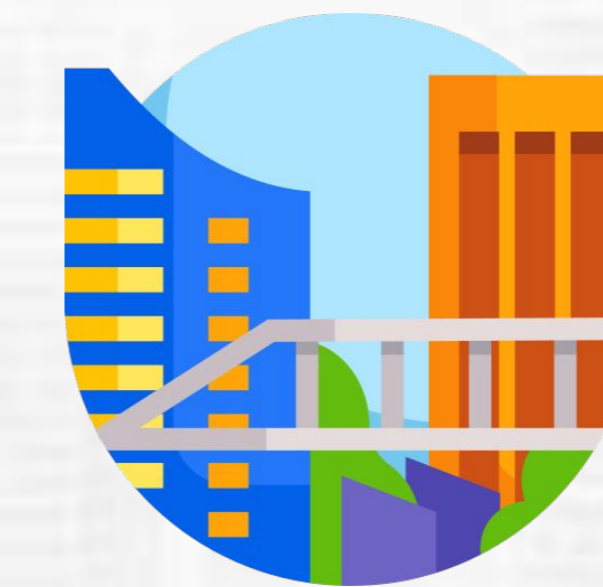
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The Philippines' first sovereign wealth fund

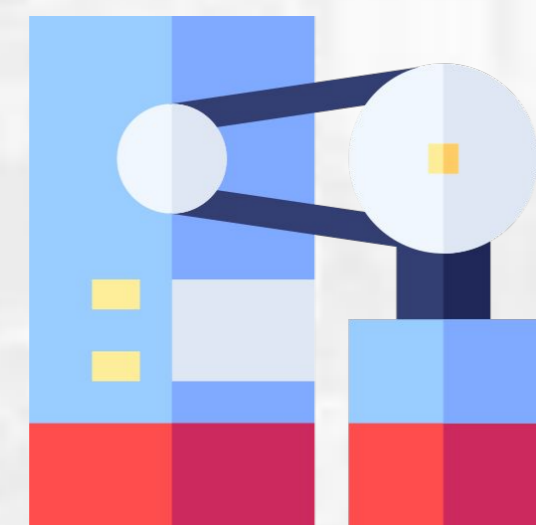
# **The Maharlika Investment Fund will serve as an investment vehicle for funds from both public and private sectors in the Philippines and abroad**



**Tool to diversify PH financial portfolio**



**Utilized for infrastructure development**



**Commercially viable projects to create jobs, increase incomes, and promote growth**



**Consistent and stable investment returns for the future generations**





**Our strong economic base is a fertile ground for your investments.**

**Join us in this transformative journey and become a part of the Philippine growth story.**



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