



# Keynote Speech

## Philippine Economic Briefing

**RALPH G. RECTO**  
SECRETARY OF FINANCE

June 21, 2024  
Tokyo, Japan



**Japan is the  
Philippines'  
best friend  
in the region**





# Japan is the Philippines' **best friend** in the region

2<sup>nd</sup> largest trading partner:

**USD 20.74  
Billion (2023)**

Top contributor of  
Net FDIs:

**USD 849.36  
Million (2023)**

Top provider of official  
development assistance:

**USD 12.27  
Billion (as of 2023)**

3<sup>rd</sup> biggest source of tourist  
arrivals:

**305,580 (2023)**





**Metro Manila will have its  
first underground subway  
up and running by 2029,  
thanks to Japan.**





# Japan is the **largest investor** in the Philippines' economic zones



No. of Locator Companies:

**806**



Investments:

**PHP 578.75 B**

*27.93% of PEZA's total investments*



Employment Created:

**330,017**

*\* As of April 2024*



Exports:

**USD 15.97 B**

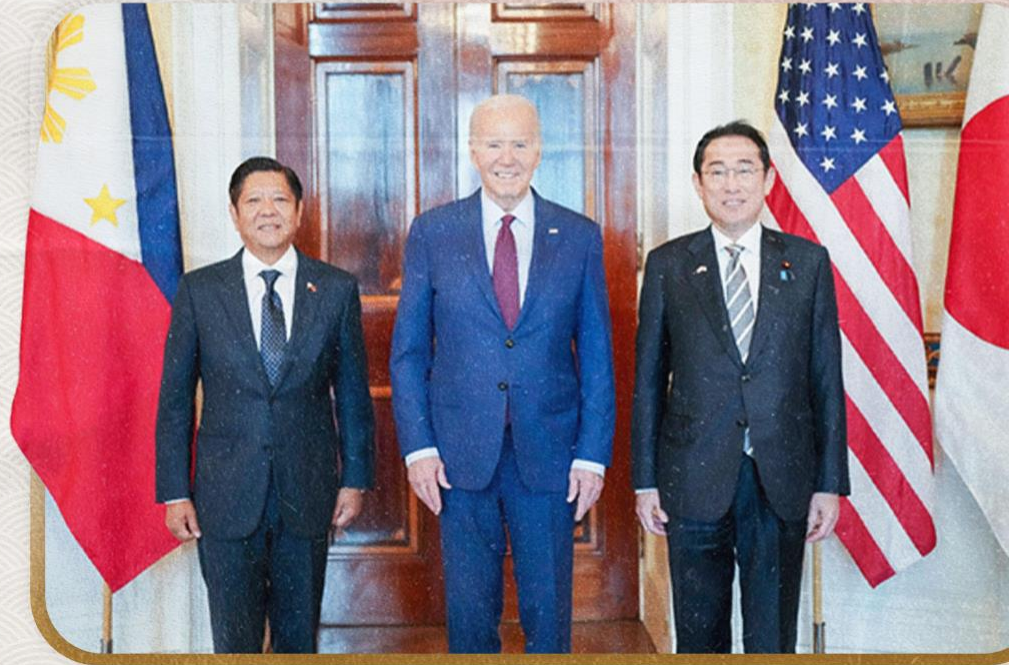
*\* Jan – April 2024*





# **We share mutual respect.**

*We both understand  
that harmony and  
security are crucial to  
achieving prosperity.*





# Philippines-Japan-United States Trilateral Alliance

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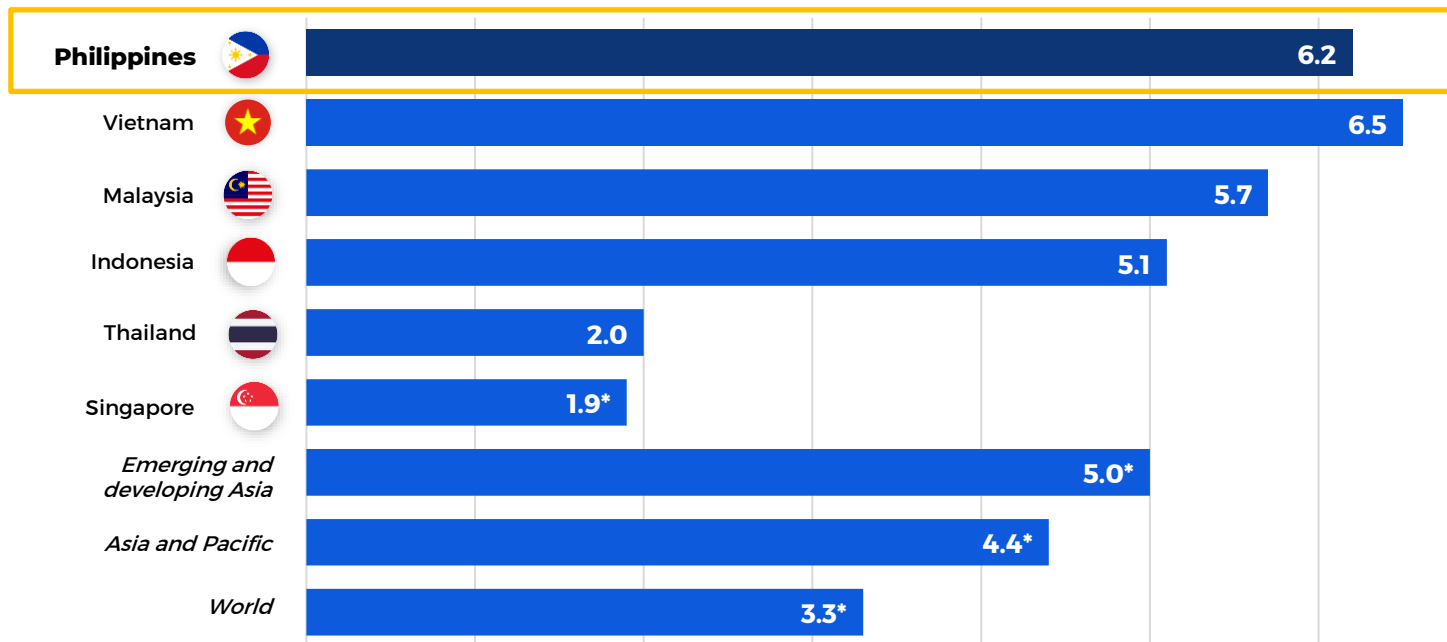


The Philippines is booming  
and has all the makings of a  
**tiger economy**



# Since President Marcos, Jr. took office in 2022, the Philippines has consistently become **an economic superstar in ASEAN**

Average GDP Growth Performance of ASEAN in Q3 2022 - Q1 2024 (in percent)



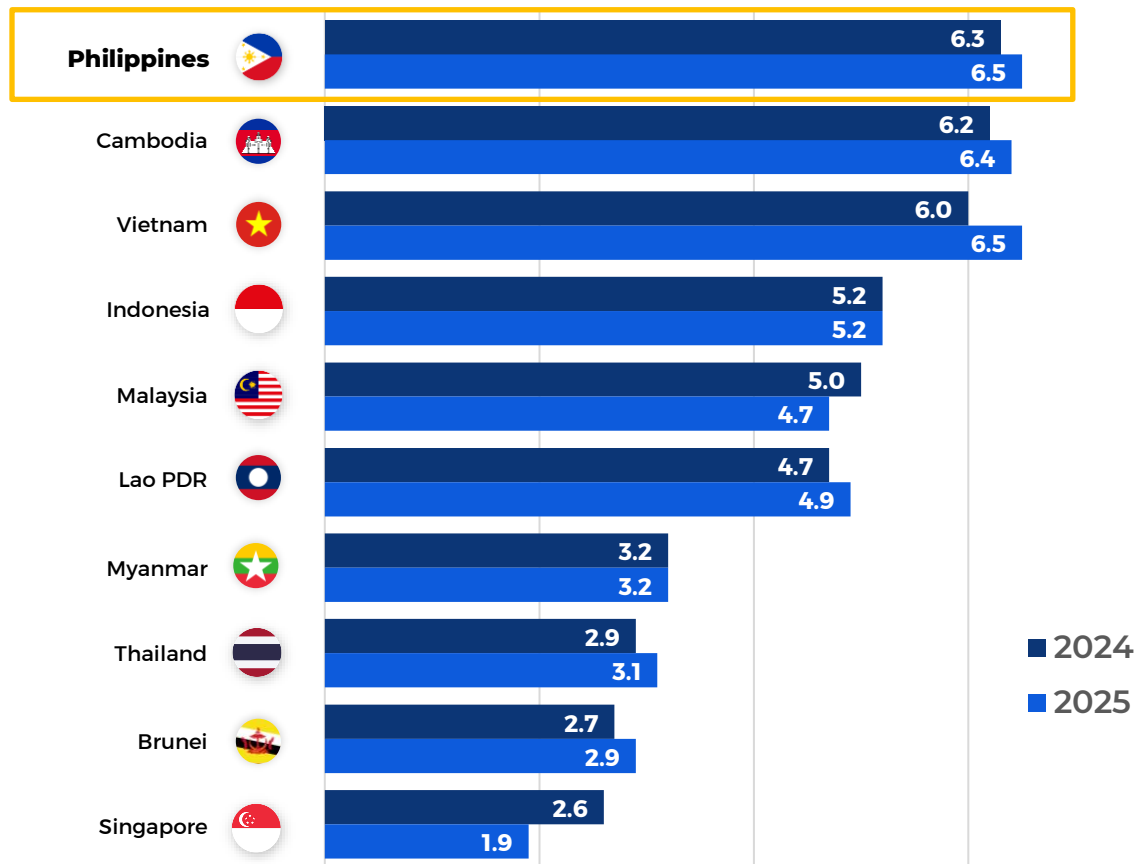
\* Average for 2022 and 2023 based on IMF country groupings

Source: Bangko Sentral ng Pilipinas, Asian Development Bank, International Monetary Fund, World Bank, and DOF-OCE estimate



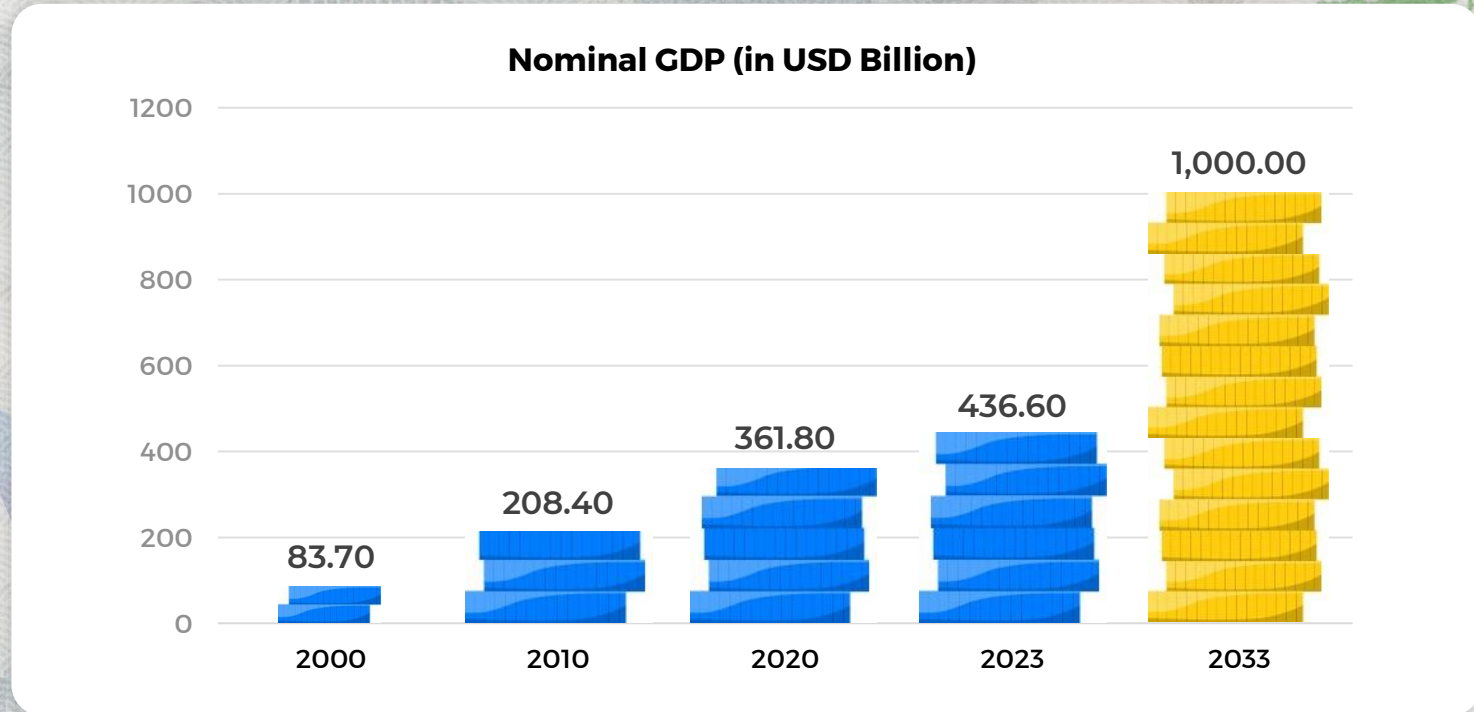
**The  
Philippines  
will continue  
to be a  
frontrunner  
in ASEAN**

**AMRO's 2024 to 2025 GDP Growth Outlook Comparison Among ASEAN Countries**





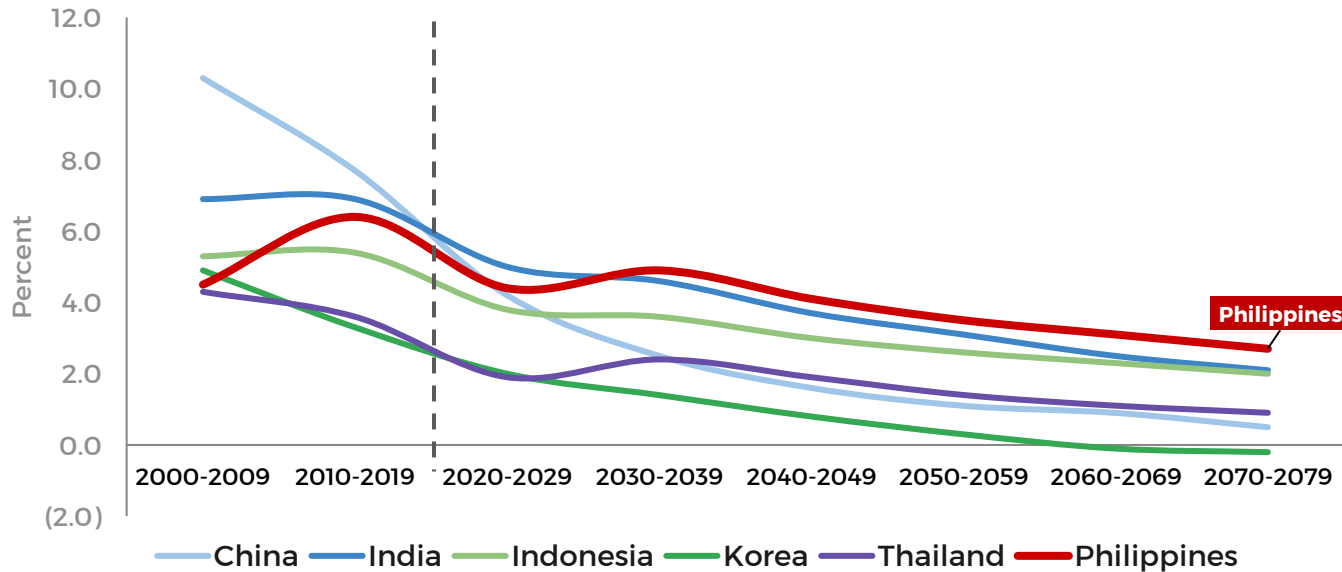
# In less than a decade, the Philippines will become **a trillion-dollar economy**





# Global growth will be led by Asia's powerhouses for the next decades, notably by the Philippines

Actual and Projected GDP Growth of Selected Asian Countries












# Philippines will be the 14th largest economy worldwide by 2075

## World's Top 15 Largest Economies by 2075

Rank	Country	2075 Real GDP (In USD Trillion)
1	 China	57.0
2	 India	52.5
3	 USA	51.5
4	 Indonesia	13.7
5	 Nigeria	13.1
6	 Pakistan	12.3
7	 Egypt	10.4
8	 Brazil	8.7

Rank	Country	2075 Real GDP (In USD Trillion)
9	 Germany	8.1
10	 United Kingdom	7.6
11	 Mexico	7.6
12	 Japan	7.5
13	 Russia	6.9
<b>14</b>	 <b>Philippines</b>	<b>6.6</b>
15	 France	6.5

### Average GDP Growth Rate 2020-2075

*Conservative Estimate*

 **Philippines** **3.9%**

 **Asia** **2.6%**

 **World** **2.2%**



**Inflation remains manageable and is expected to settle within the government's target, significantly lower than the global average**

**Jan-May 2024**

**3.5%**

**Government Target**

**2%-4%**

**IMF Projections**

**2024**

**2025**



**Philippines**

**3.4%**

**3.0%**

World (Average)

5.9%

4.5%

Emerging market  
and  
developing  
economies  
(Average)

8.3%

6.2%



# Our **robust domestic consumption** shields us against external factors contributing to slow global growth

Expenditures Percent Share to GDP at Constant 2018 Prices



**74.5%**  
Household Consumption



**14.1%**  
Government Consumption



**28.5%**  
Export of Goods and Services



**22.1%**  
Gross Capital Formation



**39.1%**  
Import of Goods and Services



# The Philippine domestic market has a **huge capacity** for Japanese enterprises to thrive

**PH is expected to ascent to upper middle-income-status in 2025**

*An upper middle-income country means having a gross national income (GNI) per capita income range of U\$4,466 to U\$13,845.*

**PH is forecasted to be world's 13<sup>th</sup> largest consumer market by 2030**

*PH will have a total of 79 million consumers in 2030 from 41 million in 2020.*



# The country's **strong labor force** fuels the dynamism of our economy

April 2024 Labor Force Survey Results

**64.1%**

**Labor Force  
Participation Rate**



**63.6%**

**Share of wage and  
salary workers to  
total employed  
individuals**



**14.6%**

**Underemployment  
rate**



**4.0%**









**Unemployment rate**





# The Philippines and Japan should become demographic partners

## Median Age of Select Countries as of 2022

	<b>Philippines</b>	<b>24.5</b>
	Japan	48.4
	Europe	44.1
	Singapore	41.8
	Australia	41.0
	Thailand	39.3
	China	37.9
	US	37.7

	Vietnam	32.0
	Brunei	31.8
	Malaysia	29.9
	Indonesia	29.4
	Myanmar	29.0
	India	27.6
	Cambodia	26.5
	Lao PDR	23.8
	East Timor	20.3

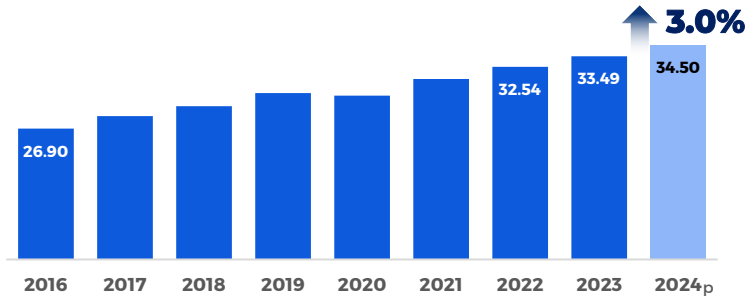
Sources: United Nations, World Population Prospects 2022 and Eurostat (for Europe)

Classification: GENERAL Historical estimates. From 2022 the UN projections (medium variant) are shown.

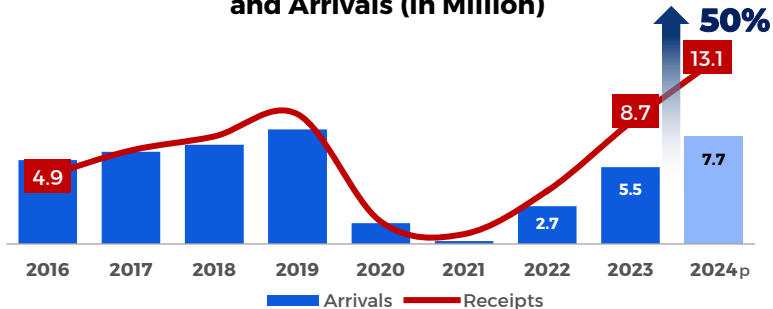


# Japanese investors can find assurance in the Philippines' resilience to trade wars due to its **solid external accounts**

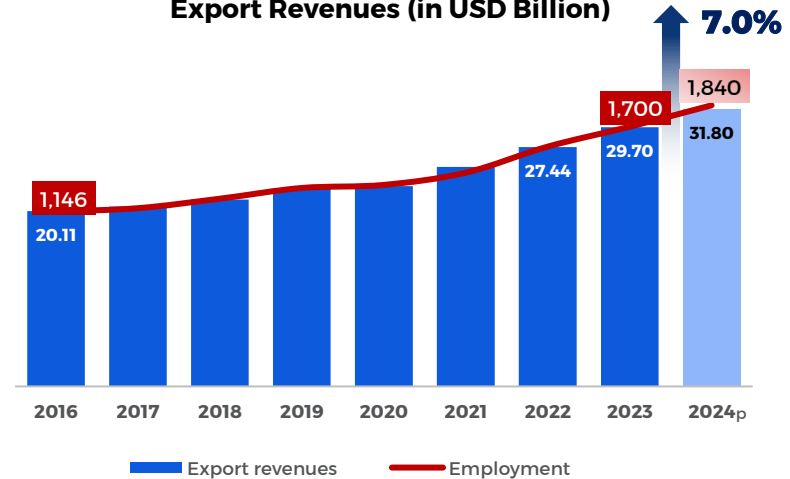
Overseas Filipino Cash Remittances (in USD Billion)



International Visitor Receipts (in USD Billion) and Arrivals (in Million)



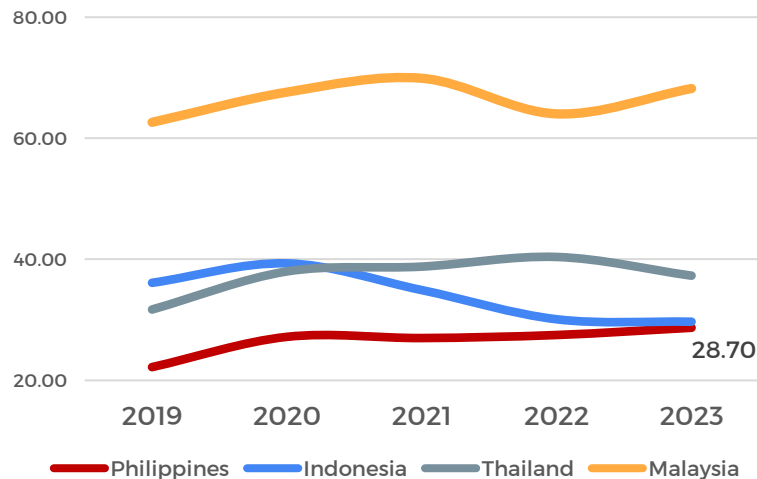
BPO Employment (in '000s) and Export Revenues (in USD Billion)



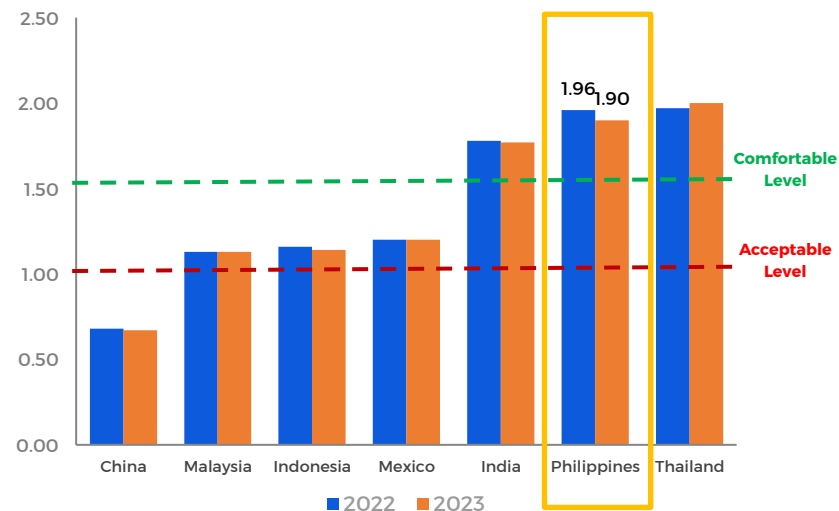


**The Philippines continues to have the lowest external debt-to-GDP among ASEAN, and its level of reserves are significantly higher than peers**

**External Debt Among ASEAN-5 Countries  
(as percentage of GDP)**



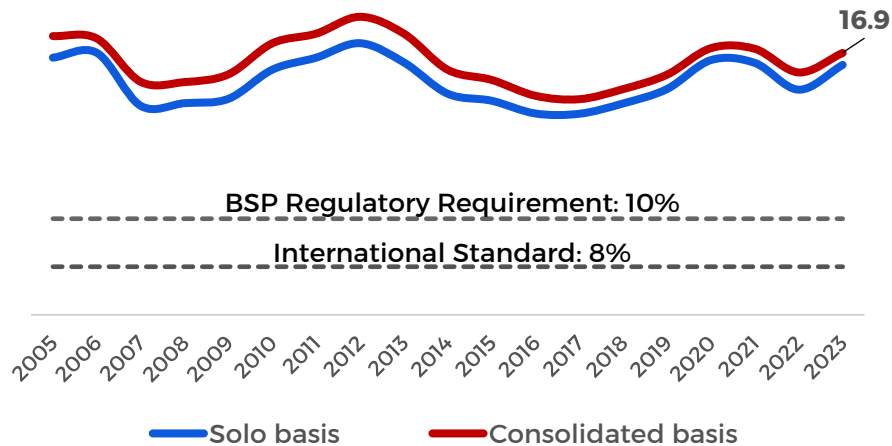
**Ratio of Reserve/ Assessing Reserve Adequacy  
Ratio (ARA) Metric of Select Countries**



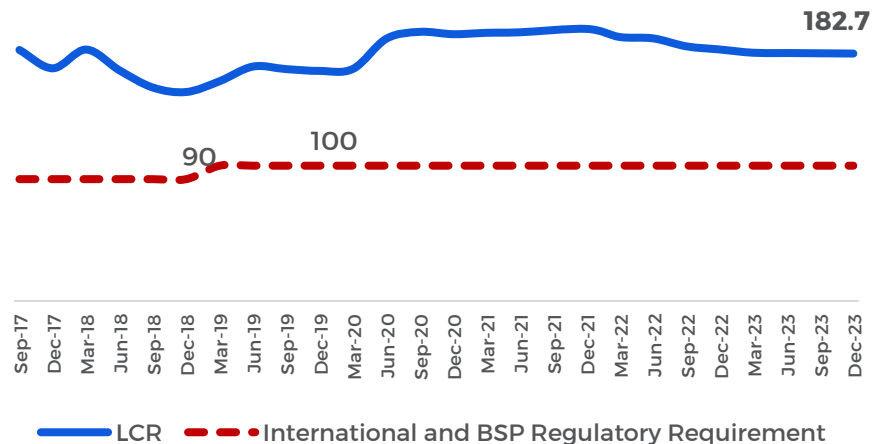


# The Philippine banking system is **strong and stable**

**Capital adequacy ratio (in percent) of  
Universal and Commercial Banks**



**Liquidity coverage ratio (LCR) (in percent) of  
Universal and Commercial Banks on solo basis**





**The Philippine government's commitment to  
prudent fiscal management**

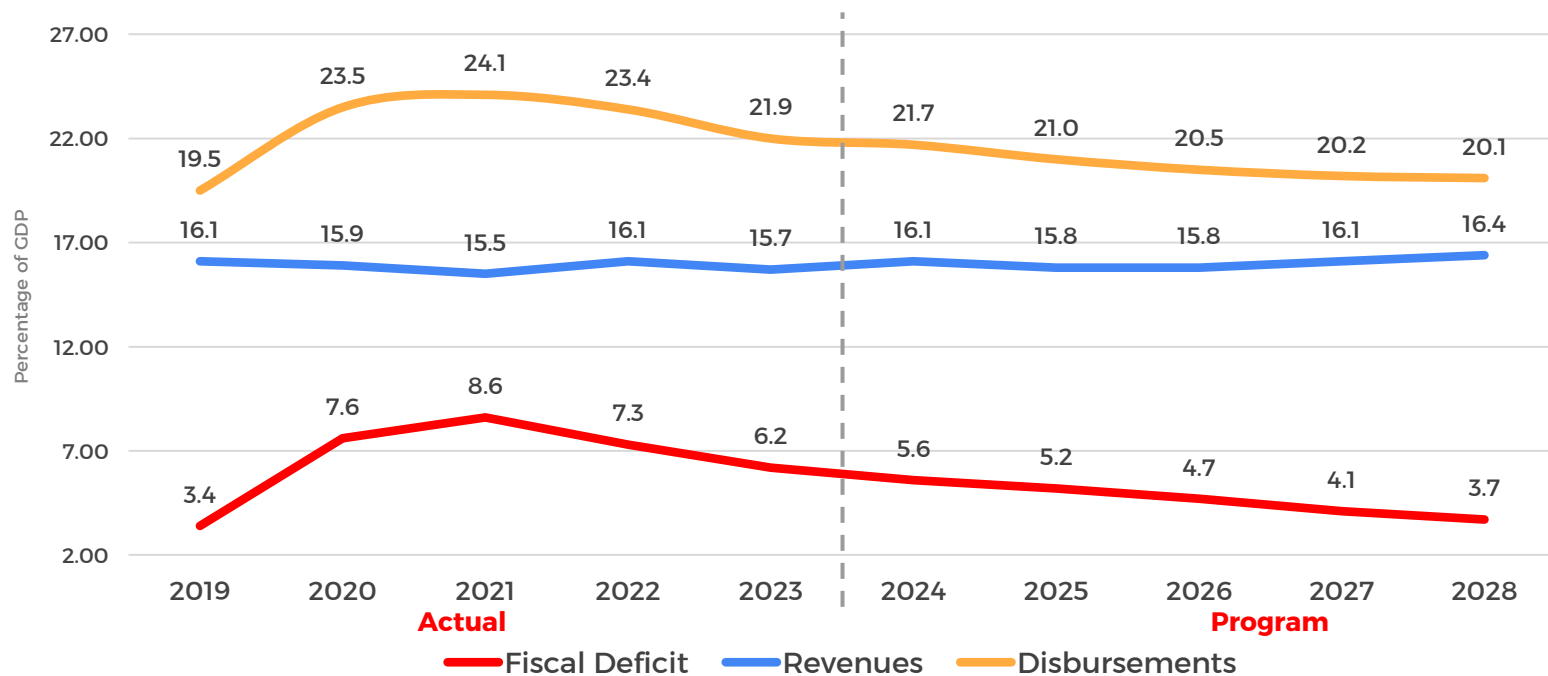
**ensures stability for  
Japanese businesses**





# The new fiscal targets are **realistic, pragmatic, and proactive**, accounting for various domestic and external factors

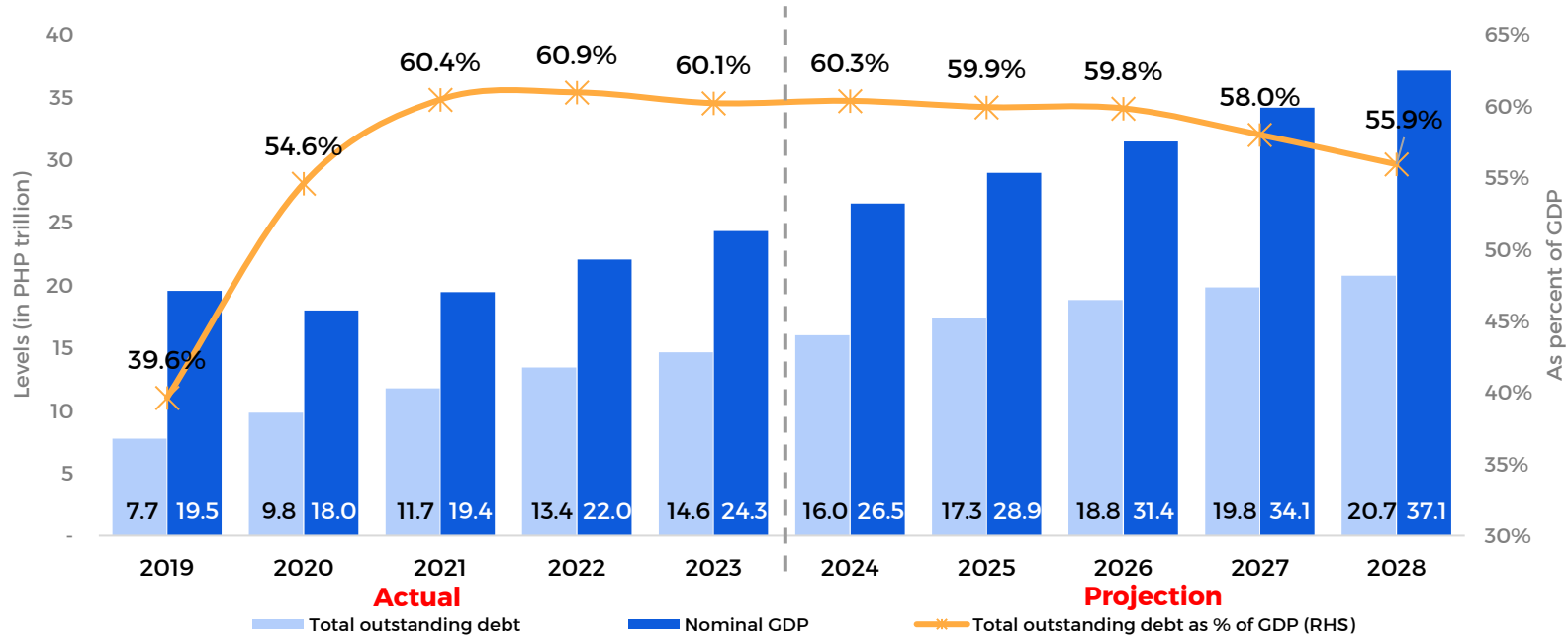
Fiscal Performance As Percentage of GDP





# Our fiscal consolidation plan ensures that the economy **will continue to outgrow our debt in the medium term**

**Nominal GDP vs Total Outstanding Debt (in PHP Trillion)  
and Total Outstanding Debt as Percentage of GDP**





# The **Samurai market** remains a viable option for our fundraising activities

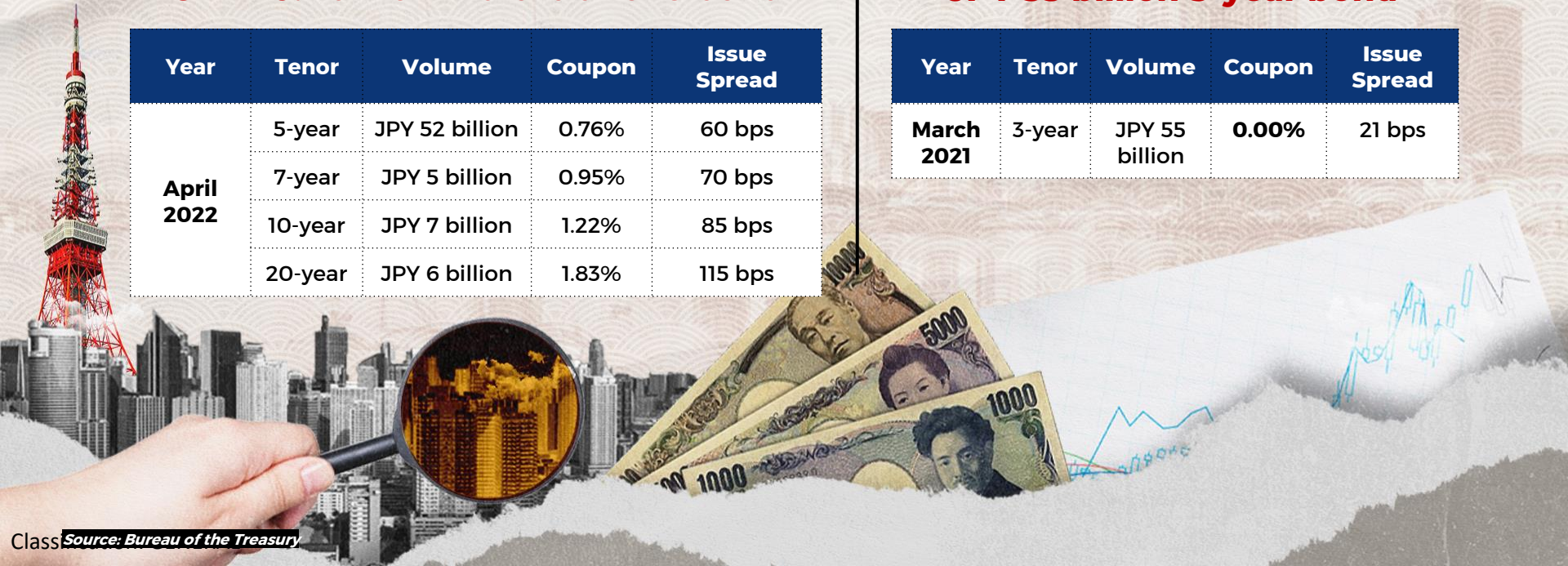
## Landmark Samurai Bond Issuances of the Republic of the Philippines

### First-ever ASEAN Sustainability Samurai Bond JPY 70.1 billion multi-tranche bond

Year	Tenor	Volume	Coupon	Issue Spread
April 2022	5-year	JPY 52 billion	0.76%	60 bps
	7-year	JPY 5 billion	0.95%	70 bps
	10-year	JPY 7 billion	1.22%	85 bps
	20-year	JPY 6 billion	1.83%	115 bps

### First zero-coupon Samurai bond JPY 55 billion 3-year bond

Year	Tenor	Volume	Coupon	Issue Spread
March 2021	3-year	JPY 55 billion	0.00%	21 bps





**Our adherence to fiscal discipline and prudent debt management allowed us to maintain our high credit ratings**



# Moody's

## Fitch Ratings

**BBB rating  
Stable Outlook  
(June 2024)**

## Japan Credit Rating Agency

**A- rating  
Stable Outlook  
(March 2024)**

## S&P Global Ratings

**BBB+ rating  
Stable Outlook  
(November 2023)**



**BBB+ rating  
Positive Outlook  
(August 2023)**

# Moody's

**Baa2 rating  
Stable Outlook  
(September 2022)**



The Philippines has a **stable political environment** and an investment landscape that has **never been more open and liberalized**





President Ferdinand Marcos, Jr. himself has been our **primary marketer**, actively engaging with leaders and investors around the world to strengthen partnerships and form alliances



Classification: GENERAL



# The Build Better More Program features 185 big-ticket infrastructure projects worth JPY 25.4 Trillion

**Physical connectivity**  
134 projects  
JPY 22.2 trillion



**Health**  
5 projects  
JPY 246.1 billion

**Water Resources**  
29 projects  
JPY 1.9 trillion



**Digital Connectivity**  
3 projects  
JPY 441.2 billion

**Agriculture**  
9 projects  
JPY 571.8 billion



**Other Infrastructure**  
3 projects  
JPY 75.4 billion

**Power and Energy**  
1 project  
JPY 27.3 billion



**Education**  
1 project  
JPY 81.8 billion

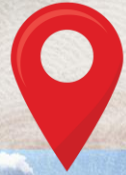


SCAN TO VIEW  
THE LIST OF  
PROJECTS





# **The Luzon Economic Corridor** **is a perfect hub for Japanese investors**



**Subic Bay, Zambales**



**Clark,  
Pampanga**



**Manila**



**Batangas**





# **CREATE MORE** enhances both fiscal and non-fiscal incentives while addressing key concerns of Japanese investors



Exempts export-oriented enterprises from paying value-added tax (VAT)



Enhances VAT refund mechanism; Existing and potential Japanese investors can expect to fully enjoy VAT zero-rating incentives



Provides a more attractive incentive package for registered projects or activities with an investment capital exceeding JPY 40 billion





# We are actively **addressing bottlenecks and streamlining processes** to clear the way for Japanese investors' participation in high-priority sectors

A photograph showing several wind turbines and solar panels under a bright, hazy sky.

Renewable  
Energy and  
Power

A photograph of a large-scale open-pit mine with terraced levels and industrial equipment.

Critical  
Minerals

A photograph of a construction worker in a hard hat and safety vest looking at a clipboard on a construction site.

Infrastructure,  
Transport, and Logistics

A photograph of hands using a tablet and a pen, with financial charts and documents visible.


Financial  
Services

A photograph of a person in blue medical scrubs with a stethoscope around their neck.

Healthcare

A photograph of a busy retail store with many customers and shopping carts.

Consumer  
and Retail

A photograph of workers in a factory setting, wearing masks and blue hairnets, operating machinery.

Manufacturing

A photograph of call center agents wearing headsets and working at computers.

IT-BPM



# We are replacing red tape with a red carpet to boost investments-led growth

## Public-Private Partnership Code

*Offers a stable, predictable, and competitive environment for PPPs*



## Amendments to the Foreign Investments Act

*Promotes FDIs and eases restrictions on professions*

## Philippine Domestic Submarine Cable Network

*Positions PH as an attractive host for technology-centric businesses*



## Amendments to the Retail Trade Liberalization Act

*Lowers minimum paid-up capital requirement for foreign corporations*



## Green Lane Endorsement

*Streamline approval and registration processes*



## Amendments to the Public Service Act

*Allows full foreign ownership in public services*



## Amendments to the Renewable Energy Act of 2008

*Allows full foreign ownership of renewable energy projects*



## Proposed Rationalization of the Fiscal Mining Regime

*Brings predictability to PH's mining policy*





The background of the slide features a stylized map of Asia. Japan is highlighted in green in the upper right, and the Philippines is highlighted in orange in the lower right. The rest of the map is rendered in a light grey tone. The entire background is overlaid with a pattern of small, concentric, semi-transparent circles in various colors (orange, green, grey) that create a textured, ripple-like effect.

**We are committed to working non-stop  
until good becomes better  
and better becomes the best  
for business**





**There is**  
**predictability, stability,**  
**and sustainability**  
**in doing business in the Philippines**



**We are very eager to work closely with  
you and forge new partnerships to shape  
an exciting shared future for both the  
Filipino and Japanese people**







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SECRETARY OF FINANCE

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