



# Keynote Speech

## Philippine Economic Briefing in London

**RALPH G. RECTO**  
SECRETARY OF FINANCE

October 31, 2024  
Goldman Sachs Auditorium





If there is one country that can  
stand witness to the best that  
the Philippines can give the world,  
it is most probably the  
**United Kingdom.**





Let us not forget, it was a **Filipina nurse** in the UK who administered the world's first COVID-19 vaccine.

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*This is a powerful symbol of what happens whenever and wherever you open an opportunity for Filipinos, **we will always deliver.***





# The Philippines and the UK's strong partnership is **continuously growing**

21st largest trading partner:

**GBP 996.35  
million**

(2023)

Largest contributor to  
Net FDIs:

**GBP 585.74  
million**

(As of July 2024)

5th largest source of  
OF remittances:

**GBP 1.21  
billion**

(2023)

8th top source of  
tourist arrivals:

**154,698**

(2023)





If you are looking for a place to grow your  
business and make more money, I'd say

**Choose the Philippines.**

**Make it happen in  
the Philippines.**



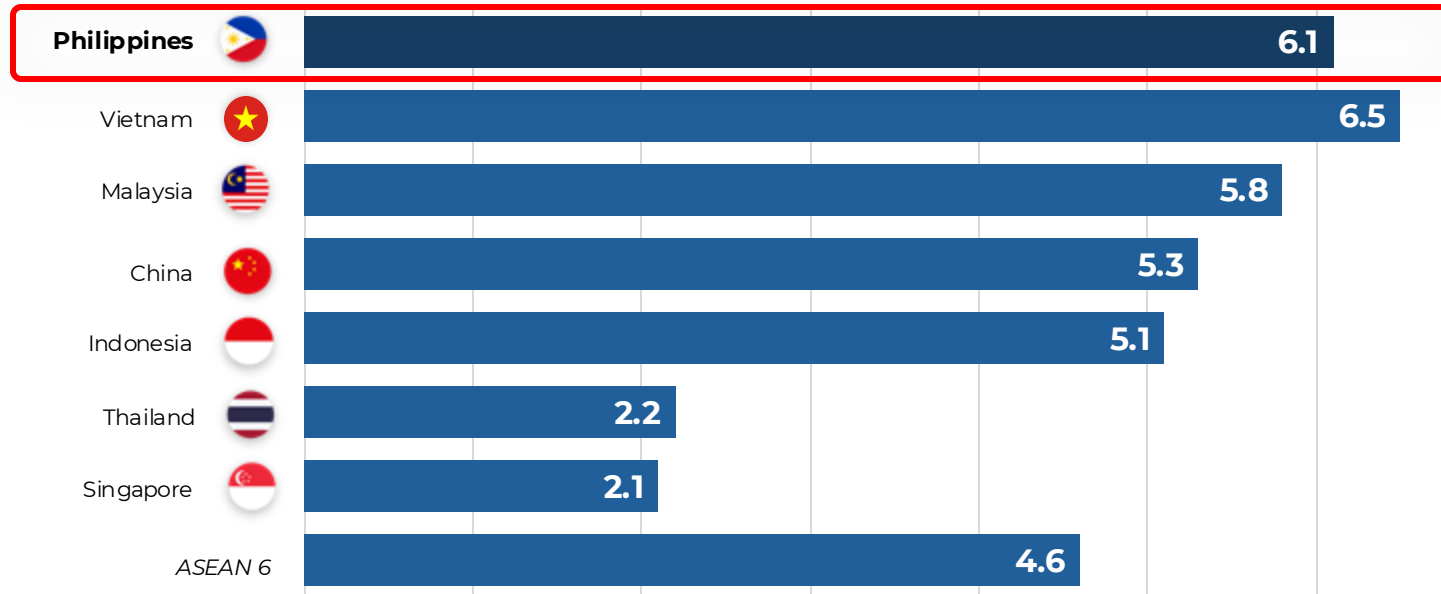


The Philippines is booming and  
has all the makings of a  
**tiger economy**



# The Philippines is a rising economic superstar in ASEAN

Average GDP Growth Performance of ASEAN in Q3 2022 – Q2 2024 (in percent)



Sources: IMF WEO Reports for July 2024

Note: Average annual growth rates were divided into seven quarters for the period Q3 2022 - Q2 2024.

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

2024 and 2025 GDP Growth Outlook Comparison Among ASEAN Countries (in percent)

**Philippines**



6.3

6.1

Vietnam



6.6

6.2

Indonesia



5.2

5.1

Malaysia



4.9

4.7

Thailand



3.3

2.8

Singapore



2.0

2.4

■ 2025  
■ 2024



# Our credit ratings have been **upgraded or affirmed** by leading global credit agencies



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**R&I**

A- rating  
Stable Outlook  
(August 2024)



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**Japan Credit  
Rating Agency**

A- rating  
Stable Outlook  
(March 2024)



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**S&P Global  
Ratings**

BBB+ rating  
Stable Outlook  
(November 2023)

FitchRatings

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**Fitch Ratings**

BBB rating  
Stable Outlook  
(June 2024)

MOODY'S

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**Moody's**

Baa2 rating  
Stable Outlook  
(August 2024)

The Philippines offers clear, undeniable  
opportunities for British enterprises to  
**grow and prosper**  
in our expanding domestic market.





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

August 2024 Labor Force Survey Results

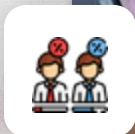
**64.8%** ↑

**Labor Force  
Participation Rate**



**11.2%** ↓

**Underemployment  
Rate**



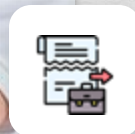
**62.4%** ↑

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












**4.0%** ↓

**Unemployment Rate**



# The Philippines and the UK should become demographic partners

## Median Age of Select Countries as of 2023

	<b>Philippines</b>	<b>25.3</b>
	United Kingdom	39.8
	Singapore	35.1
	Japan	49.0
	Europe	42.2
	Thailand	39.7
	China	39.1
	United States	38.0
	Australia	37.8

	Vietnam	32.4
	Brunei	31.8
	Malaysia	30.1
	Indonesia	29.8
	Myanmar	29.5
	India	28.1
	Cambodia	25.8
	Lao PDR	24.3
	East Timor	21.0



# The Philippines' inflation rate reached its lowest level in four years, the full-year projection is significantly lower than the global average


Sept 2024

**1.9%**

**YTD: 3.4%**

**Government Target**

**3% - 4%**

IMF Projections	2024	2025
 <b>Philippines</b>	<b>3.3%</b>	<b>3.0%</b>
World (Average)	5.9%	4.5%
Emerging market and developing economies (Average)	8.3%	6.2%

**With our favorable domestic inflation outlook,  
the Philippine Central Bank was the first in ASEAN  
to start its monetary policy easing**

Reduced policy interest  
rates to a total of

**50 basis points  
(6.0%)**

Slashed reserve  
requirements across all  
financial intermediaries by

**250 basis points  
(7.0%)**





# The Philippine domestic market has a **huge capacity** for British 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 ranging between USD 4,516 and USD 14,005 for 2025.*








**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 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%**



**Our commitment to prudent  
economic and fiscal  
management ensures stability  
for **British enterprises.****



# Our refined Medium-Term Fiscal Program ensures the following:



**Reduce debt-to-GDP ratio and deficit-to-GDP ratio gradually in a realistic manner**

*(Debt: from 60.1% in 2023 to 56.3% in 2028)*

*(Deficit: from 6.2% in 2023 to 3.7% in 2028)*



**Create more and better jobs**



**Increase people's income**



**Reduce poverty rate to single-digit or 9% by 2028**



# We must increase our financial integration, especially as we enter into JP Morgan's Bond Index soon

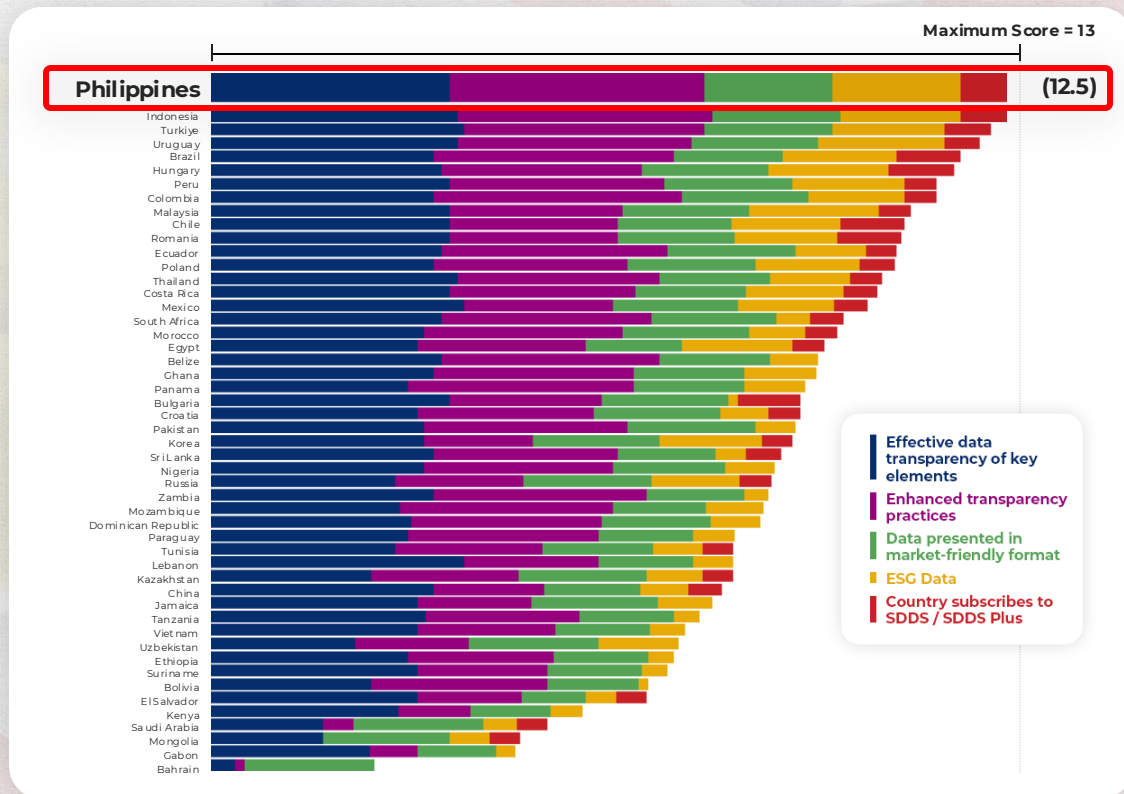
## The Philippines' EUR Issuances

Year	Tenor (Years)	Volume (million EUR)	Coupon (%)	Issue Spread	Year	Tenor (Years)	Volume (million EUR)	Coupon (%)	Issue Spread
2021 Largest EUR transaction	4	650	0.250%	75 bps	2020 Lowest coupon EUR issuance	3	600	0.000%	40 bps
	12	650	1.200%	105 bps		9	600	0.700%	70 bps
First-ever triple-tranche EUR offering	20	800	1.750%	135 bps	First-ever zero-coupon EUR issuance				
					2019	8	750	0.875%	70 bps

# The Philippines takes the **number 1 spot** out of **50 countries** in debt transparency

# 12.5

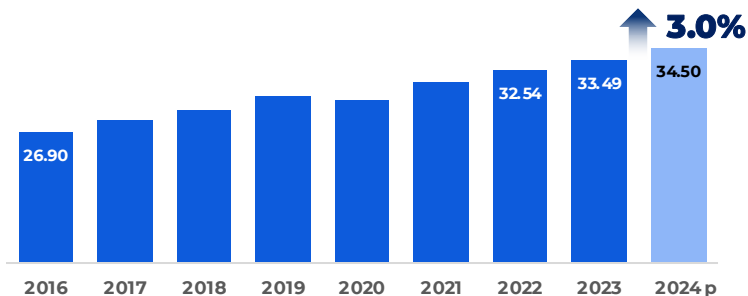
## DEBT TRANSPARENCY SCORE OUT OF 13



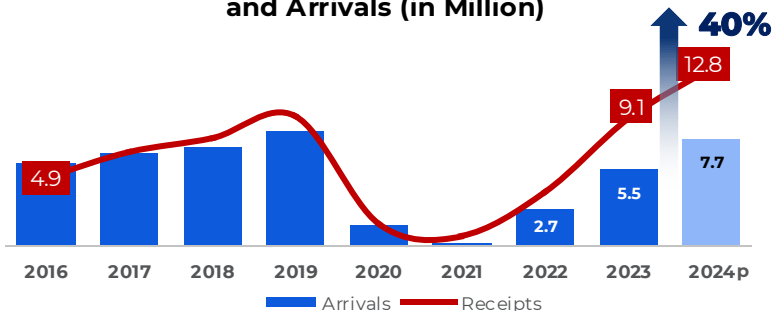


# British investors can find assurance in the Philippines' resilience to trade wars due to its **solid external accounts**

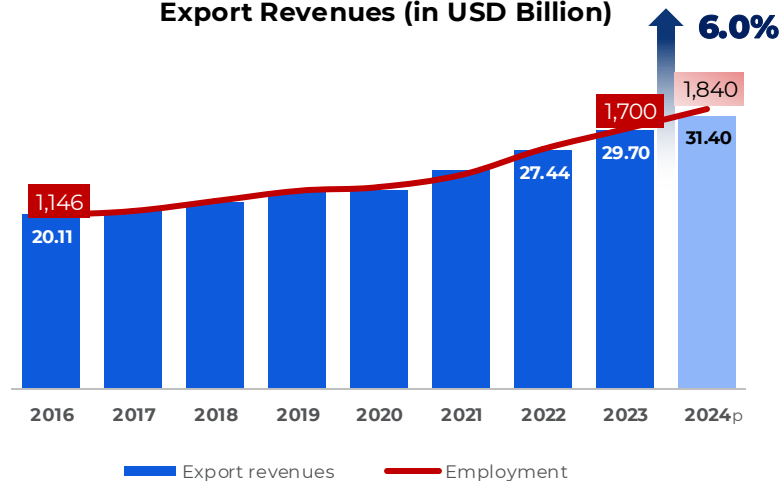
Overseas Filipino Cash Remittances (in USD Billion)



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

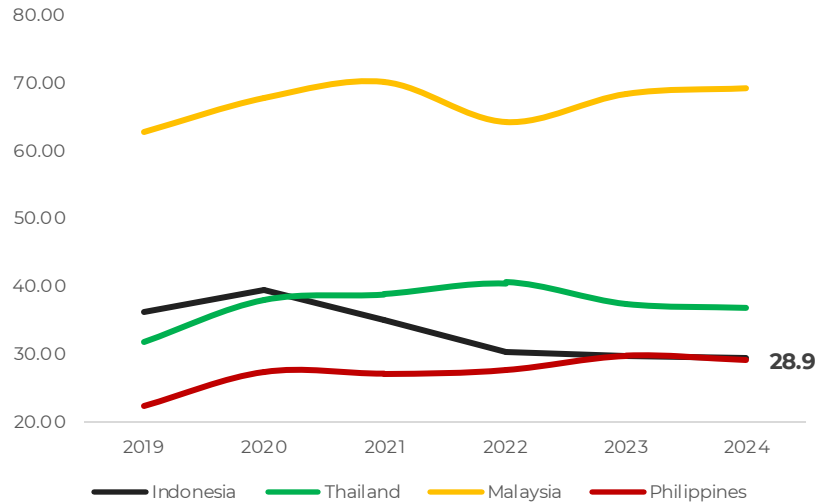


BPO Employment (in '000s) and Export Revenues (in USD Billion)

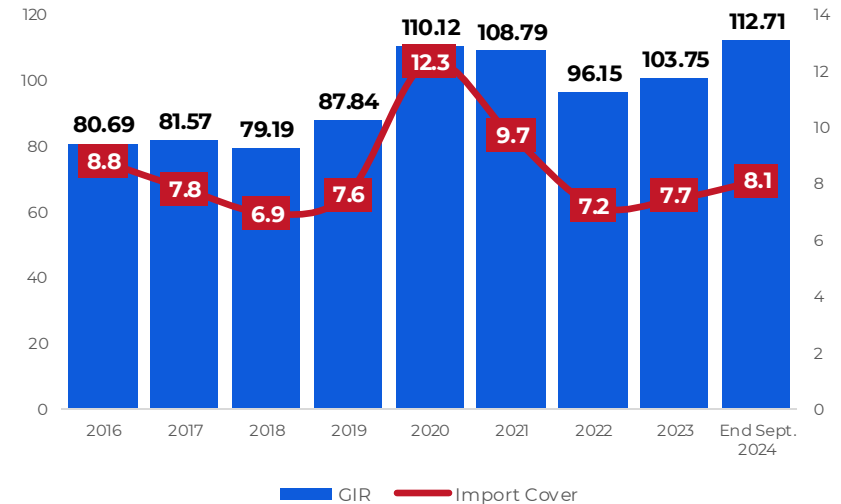


# The Philippines continues to have the lowest external debt-to-GDP among ASEAN, and its level of reserves reached an all-time high

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



## Gross International Reserves (in USD Billion) and Import Cover (in Months)



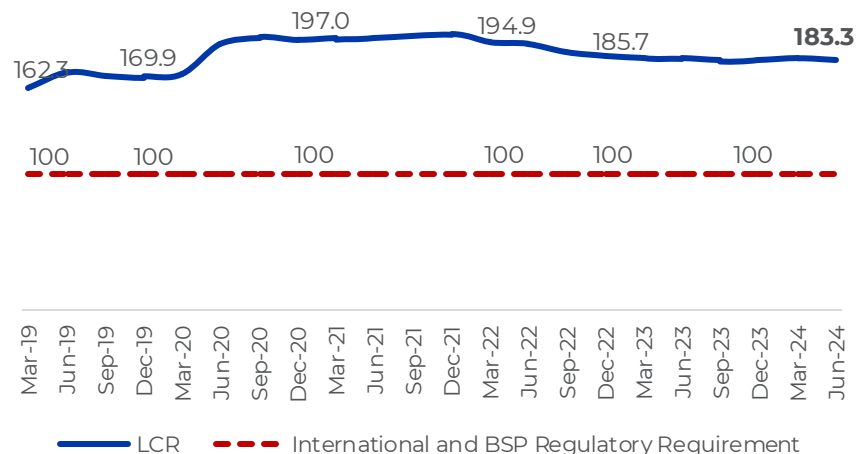


# The Philippine banking system is strong and stable

## Capital adequacy ratio (%) of U/KBs



## Liquidity coverage ratio (LCR) (%) of U/KBs on solo basis



President Ferdinand Marcos, Jr. himself has been our **primary marketer**, actively engaging the rest of the world to form alliances.





# The Build Better More Program features **186 big-ticket infrastructure projects** worth **GBP 127.87 Billion**

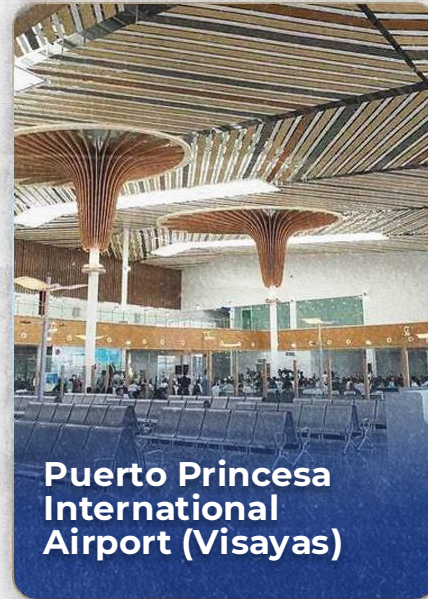
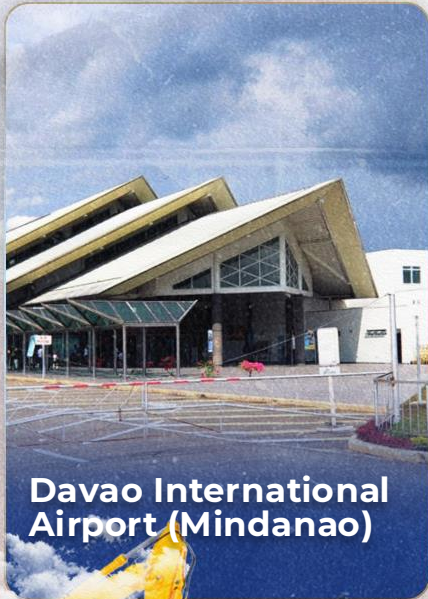


SCAN TO VIEW  
THE LIST OF  
PROJECTS



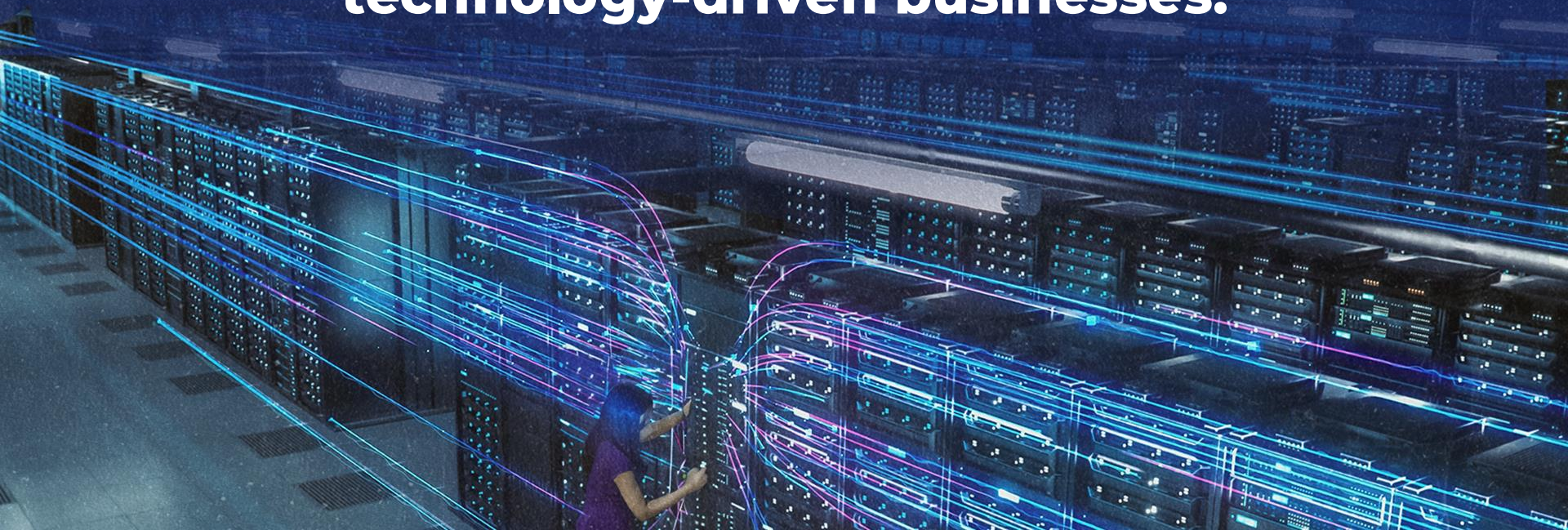


**After the success of our PPP for the Ninoy Aquino International Airport, **we are set to privatize at least four more airports in 2025**—each presenting excellent opportunities for British investors**





With the **Philippine Digital Infrastructure Project and the National Broadband Program**, we are ready to become the hotspot for UK technology-driven businesses.



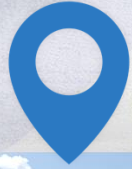


# We are replacing red tape with a red carpet to boost investments-led growth

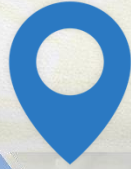




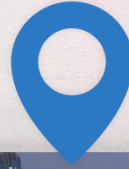
# **The Luzon Economic Corridor is a perfect hub for British investors**



**Subic Bay,  
Zambales**



**Clark,  
Pampanga**



**Manila**



**Batangas**



# **CREATE MORE offers British investors access to an attractive, streamlined, and cost-effective investment environment**



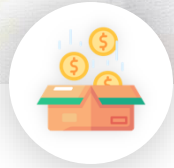
## **Improves ease of doing business**

by enhancing provisions of the Tax Code, as amended by the CREATE Act



## **Clarifies VAT rules**

to address concerns on VAT incentives availment



## **Enhances the tax incentive competitiveness**

through better and more competitive incentive packages



## **Strengthens governance and accountability**

in the grant and administration of incentives



## **Clarifies transitory rules**

for registered business enterprises (RBEs)



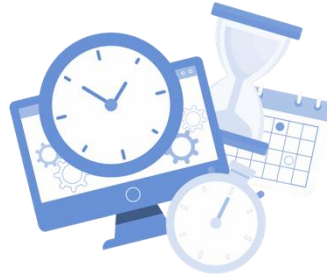
# CREATE MORE introduces an enhanced tax incentive package to **improve competitiveness**

**Provides corporate income tax rate cuts for select RBEs**



Provides 5% cut in the corporate income tax rate of RBEs under the enhanced deduction regime (from 25% to 20%)

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



Maximum duration tax incentives to 27 years (from 17 years)

Allows up to 10-year extension for labor-intensive projects

**Expands tax deduction to support manufacturing and tourism**



100% deduction for power expense

Additional 50% deduction for tourism reinvestments and trade missions expense

# More reforms in the Philippine capital markets are underway



**Reduction**  
of the tax on stock  
transactions from  
**0.6% to just 0.1%**



**Harmonization and  
simplification**  
of our tax structure on  
passive income,  
financial products,  
and its transactions





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



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





**Bet on us!**

**Make the wise decision to  
invest in the Philippines.**

**And we will deliver.**



**SEE YOU IN  
THE PHILIPPINES!**







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