

EXPANDING REGIONAL CONNECTIONS, CREATING NEW OPPORTUNITIES

TAIPEI INTERNATIONAL CONVENTION CENTER
17 JULY 2018



INVESTMENT CLIMATE AND BUSINESS OPPORTUNITIES IN THE PHILIPPINES

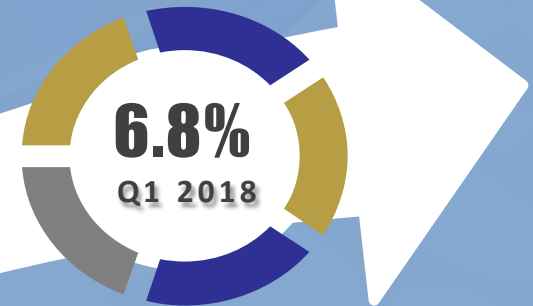
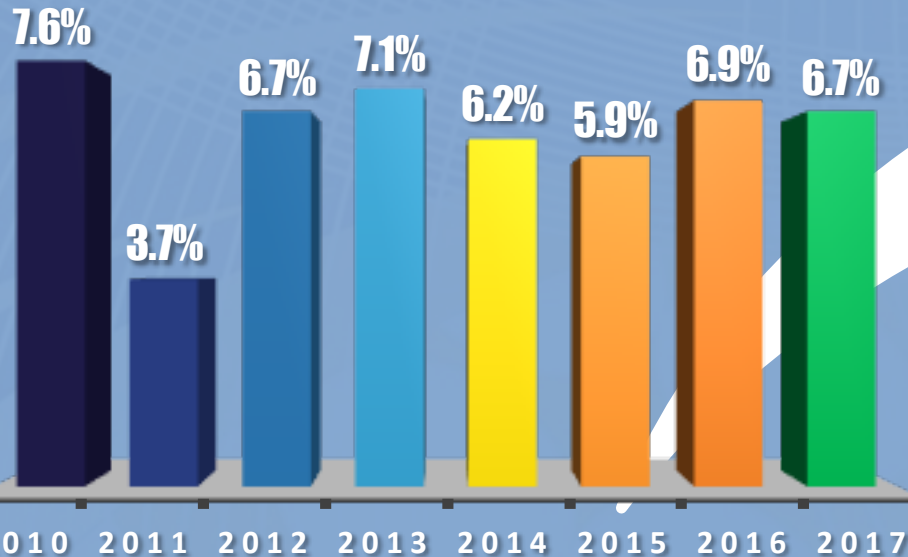
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VICE CHAIRMAN AND CHIEF FINANCE OFFICER
MANILA ECONOMIC AND CULTURAL OFFICE

Sustained Economic Growth

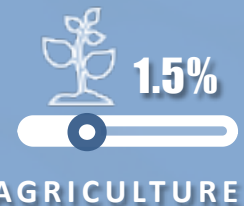
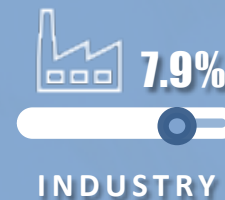


With solid macroeconomic fundamentals, **Philippines** remains as a Bright Spot in Asia

PHILIPPINE ECONOMIC GROWTH, 2010 – 2017



DRIVEN BY:



Steady Export Growth

Merchandise Exports

2017: US\$63.23 billion
(10.13% higher than 2016)

(electronic products as top export with almost 50.3% share of total exports)

2016: US\$57.41 billion

Service Exports

2017: US\$35.605 billion
(14.1% higher than 2016)

(other business services as top export with 47.4% share of total exports)

2016: US\$31.204 billion

The Gross International Reserves reached approximately **US\$81.5 billion** in 2017

Source: DTI and BSP

Credit Ratings

INVESTMENT GRADE RATINGS

STANDARD
& POOR'S

BBB

Positive

***UPGRADED!**
(April 2018)

MOODY'S

Baa2

Stable

FitchRatings

BBB

Stable

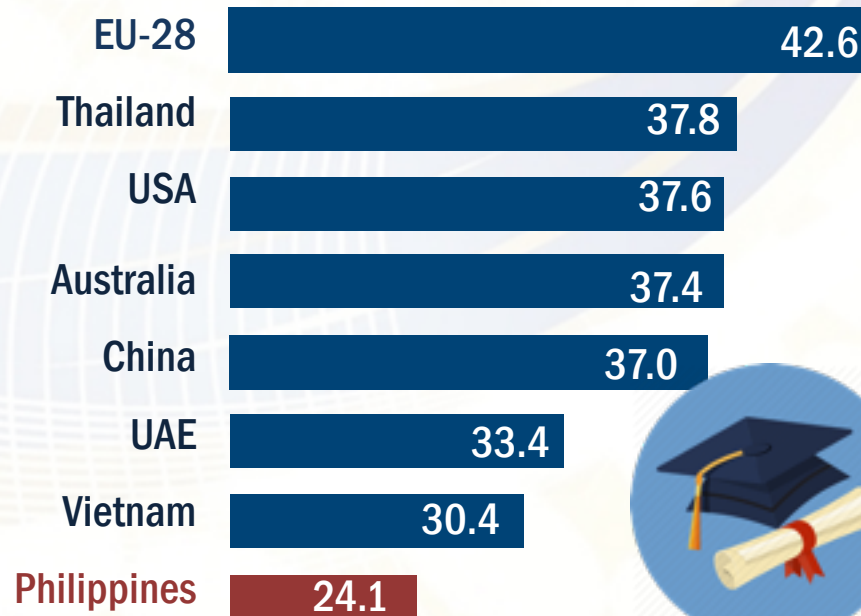
JCR

日本格付研究所

BBB+

Stable

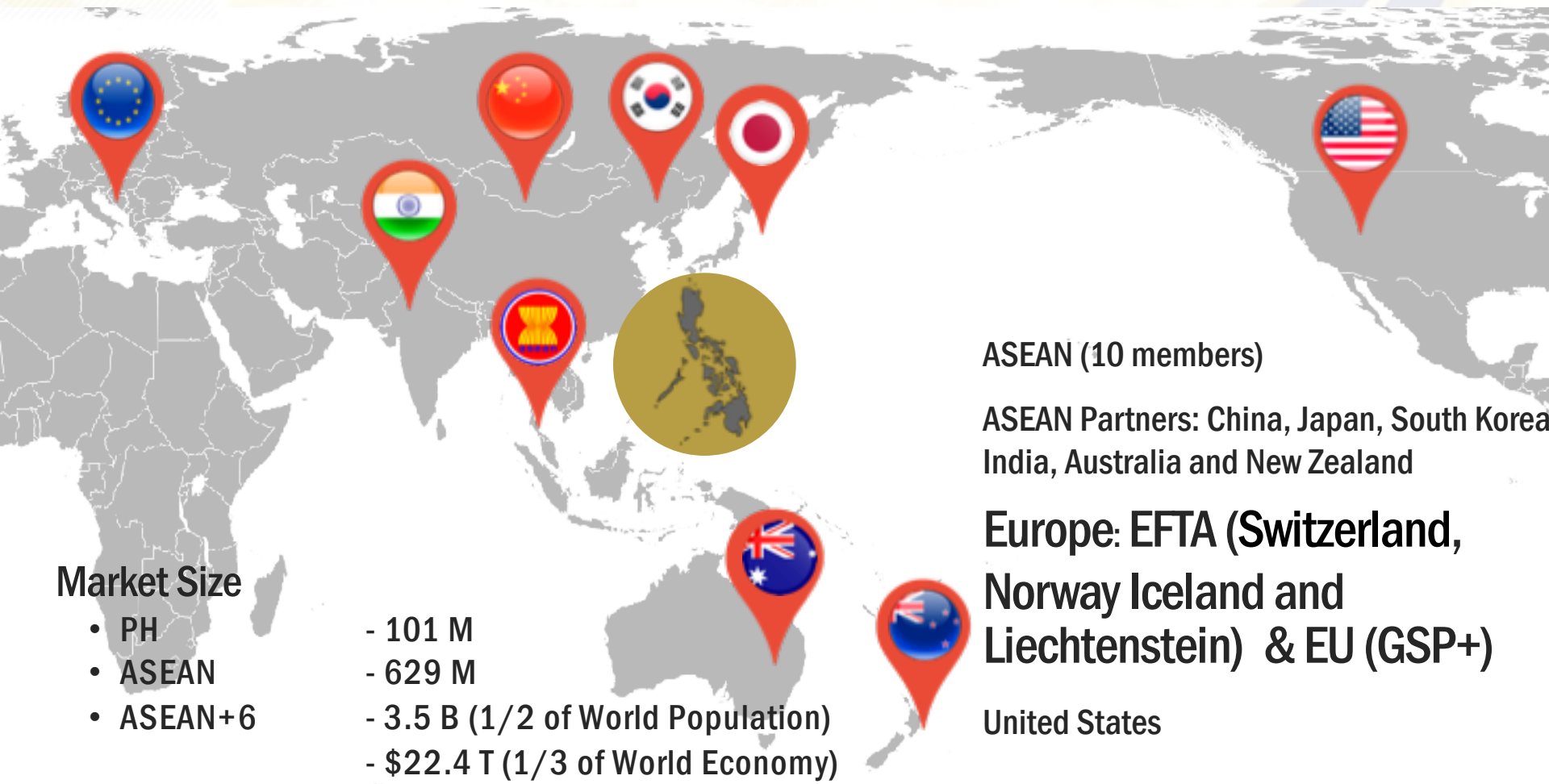
PH in Demographic Sweet Spot



FILIPINOS ARE YOUNGER COMPARED TO THE REST OF THE WORLD

The median age in the Philippines is 24.1 years old. This is equivalent to the age of someone who recently graduated from college.

Unrivaled Access to Key Markets



Access to EU & the US

- EU - duty-free access for 6,274 tariff lines under GSP+ Program
- PH, only ASEAN country with GSP+
- US – 70% of PH exports enter the US duty-free (GSP & MFN)

Top 12 Priorities for Both Domestic & Export Markets



Electrical & Electronics



Aerospace Parts



Auto & Auto Parts



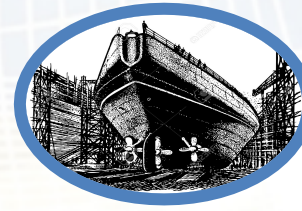
IT BPM, E-Commerce



Tool & Die, Iron & Steel



Chemicals



Shipbuilding, RORO



Transport, Logistics, Construction



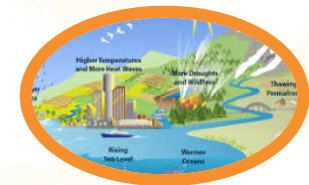
Furniture, Garments, Creative



Agri-business



Innovation, R&D



Inclusive Business, Climate Change

Competitive Investment Incentives



INCENTIVE	Board of Investments (BOI) (Executive Order No. 226, as amended)	Philippine Economic Zone Authority (PEZA) (Republic Act No. 7916, as amended)
Income Tax Holiday (ITH)	4 – 6 years (max of 8 years)	
ITH Bonus	3 years provided the firm meets certain conditions	
Special Tax Rate of 5% on Gross Income	None	Special Tax Rate of 5% on Gross Income
Importation of Capital Equipment, Spare Parts and Supplies	0% Duty	Tax and Duty-Free
Importation of Raw Materials & Supplies used in Export	Tax Credit	Tax & Duty-Free
Value Added Tax	Zero Rating for Exports	0%
Employment of Foreign Nationals	Special Non-Immigrant Working Visa within 5 years from project's registration including spouse and unmarried children under 21 years of age	

Foreign Ownership



WITHOUT INCENTIVES (under RA 7042 of Foreign Investments Act of 1991)

I. Export Market

- | | |
|------------------------------|--------------------------|
| - Equity Ownership | Up to 100% foreign owned |
| - Minimum Equity Requirement | Php5,000 |
| - Minimum Export Requirement | 60% |

II. Domestic Market

- | | |
|------------------------------|--|
| - Equity Ownership | Up to 100% foreign owned (except in activities listed in the FINL) |
| - Minimum Equity Requirement | US\$200,000 (can be lowered to US\$100,000 if activity involves advance technology or employs 50 direct employees) |

Business Registration Process

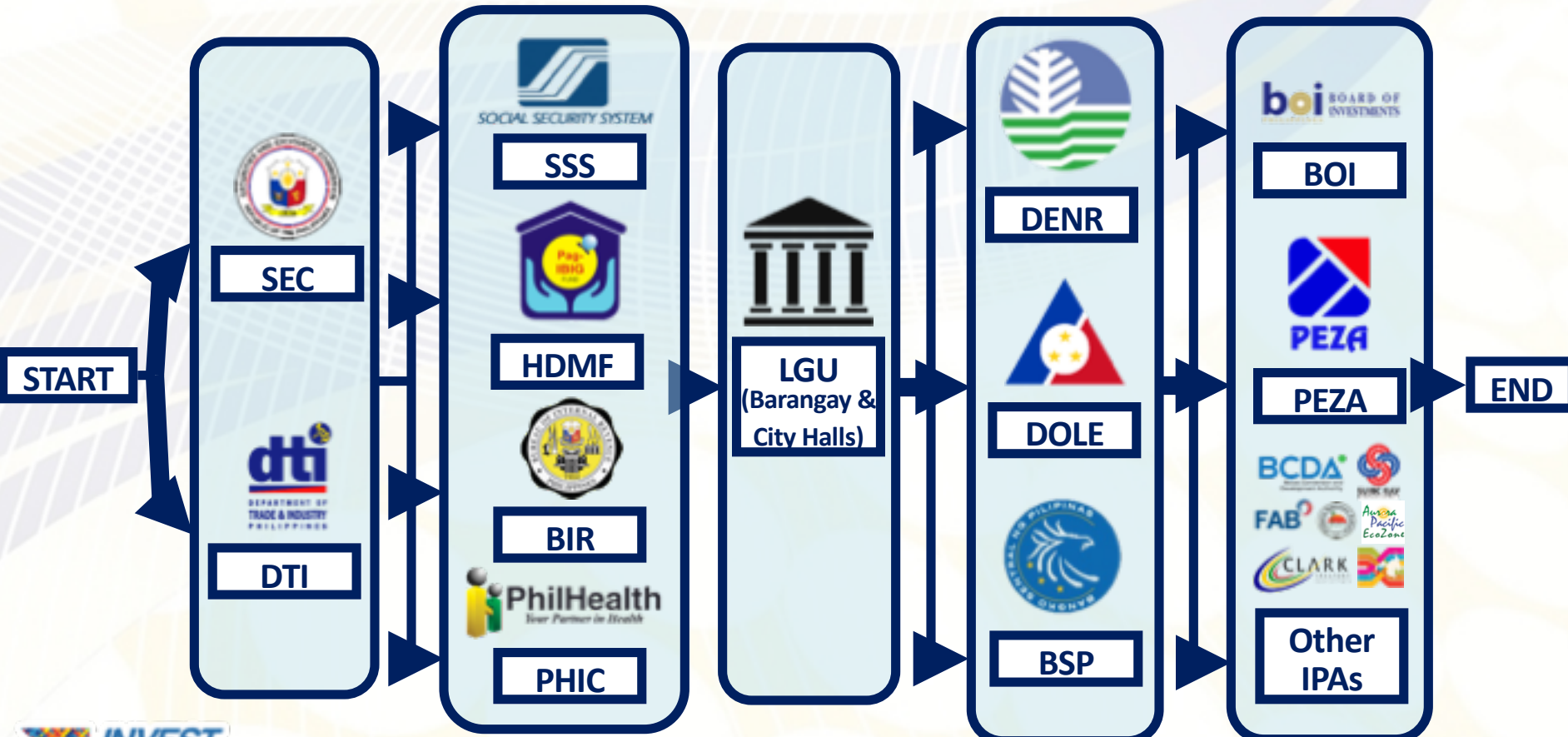
Firm Name Registration

Mandatory Registration

Business Permit

Other Licenses and Permits*

Optional Registration for Incentives



*Depending on the type of business

Strategic Initiatives



Reforms to improve the Business Environment

- **Philippine Competition Act (Anti-Trust/Competition Policy)**
- **Ease of Doing Business and Efficient Delivery of Government Services Act of 2018 (an amendment of the Anti-Red Tape Act of 2007)**
 - Promotes transparency and simplified requirements and procedures to reduce red tape and expedite business and non-business related transactions in the government
 - Prescribed processing time for transactions— **3 days: Simple, 7 days: Complex, 20 days: Highly Technical**
 - Maximum of three (3) signatures in any document
 - Zero-contact policy
 - Penalty – 2-strike policy
- **Proposed Policy Reforms**
 - **Retail Trade Liberalization Act**
 - **Tax Reform Act (Package 2)**
 - **Public Service Act**
 - **Foreign Investments Negative List (FINL)**

Key take-aways



The Philippine economy is in a position of strength to weather a difficult global environment



Current landscape provides plentiful opportunities for domestic and foreign investors, alike.




The Philippine government remains committed to staying the course



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