

# EXPANDING REGIONAL CONNECTIONS, CREATING NEW OPPORTUNITIES



EVERGREEN LAUREL HOTEL

TAICHUNG

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## INVESTMENT CLIMATE AND BUSINESS OPPORTUNITIES IN THE PHILIPPINES

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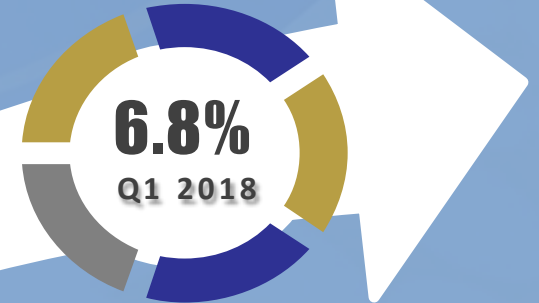
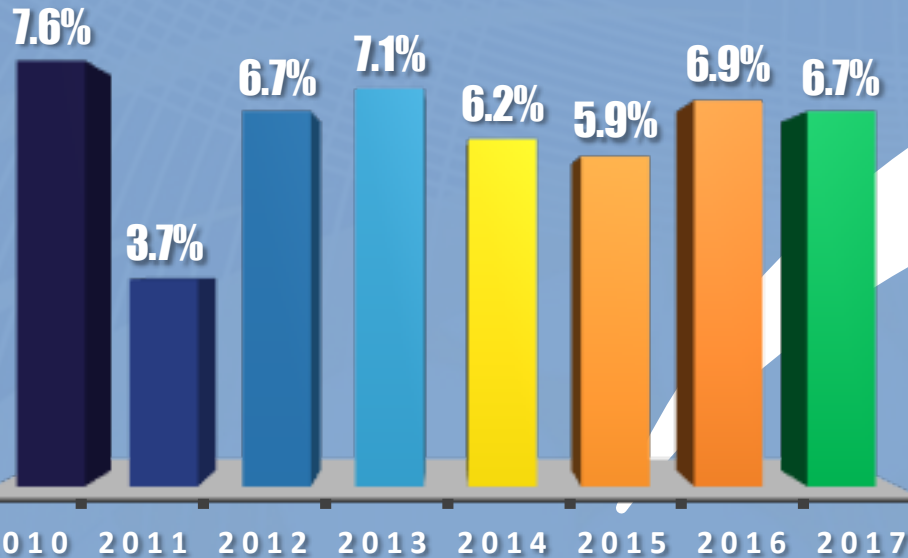
MANILA ECONOMIC AND CULTURAL OFFICE

# Sustained Economic Growth

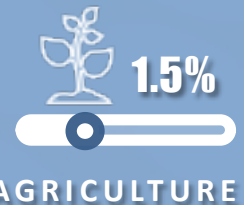
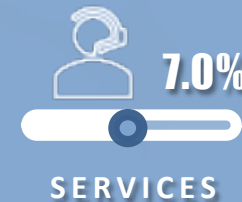
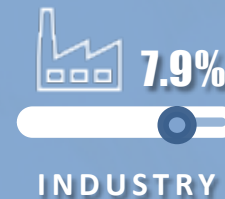


With solid macroeconomic fundamentals, **Philippines** remains as a Bright Spot in Asia

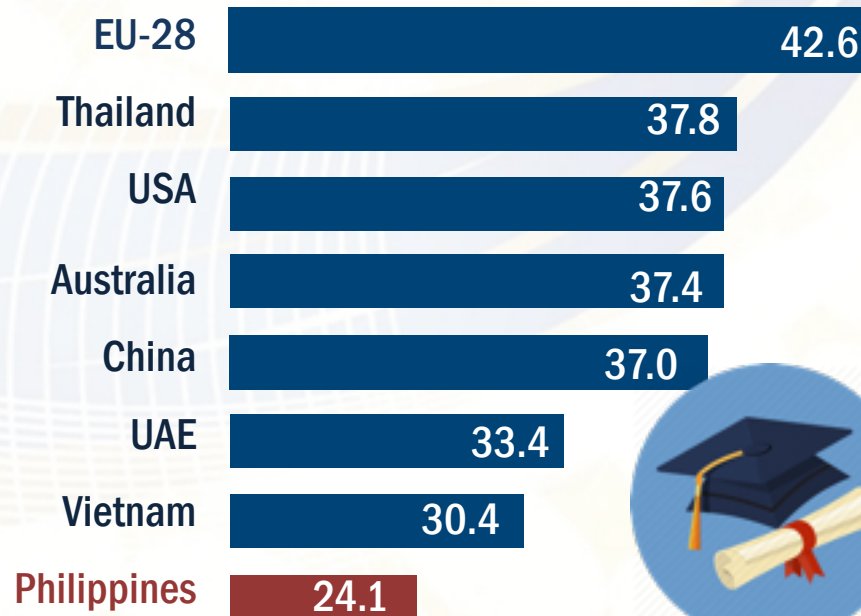
PHILIPPINE ECONOMIC GROWTH, 2010 - 2017



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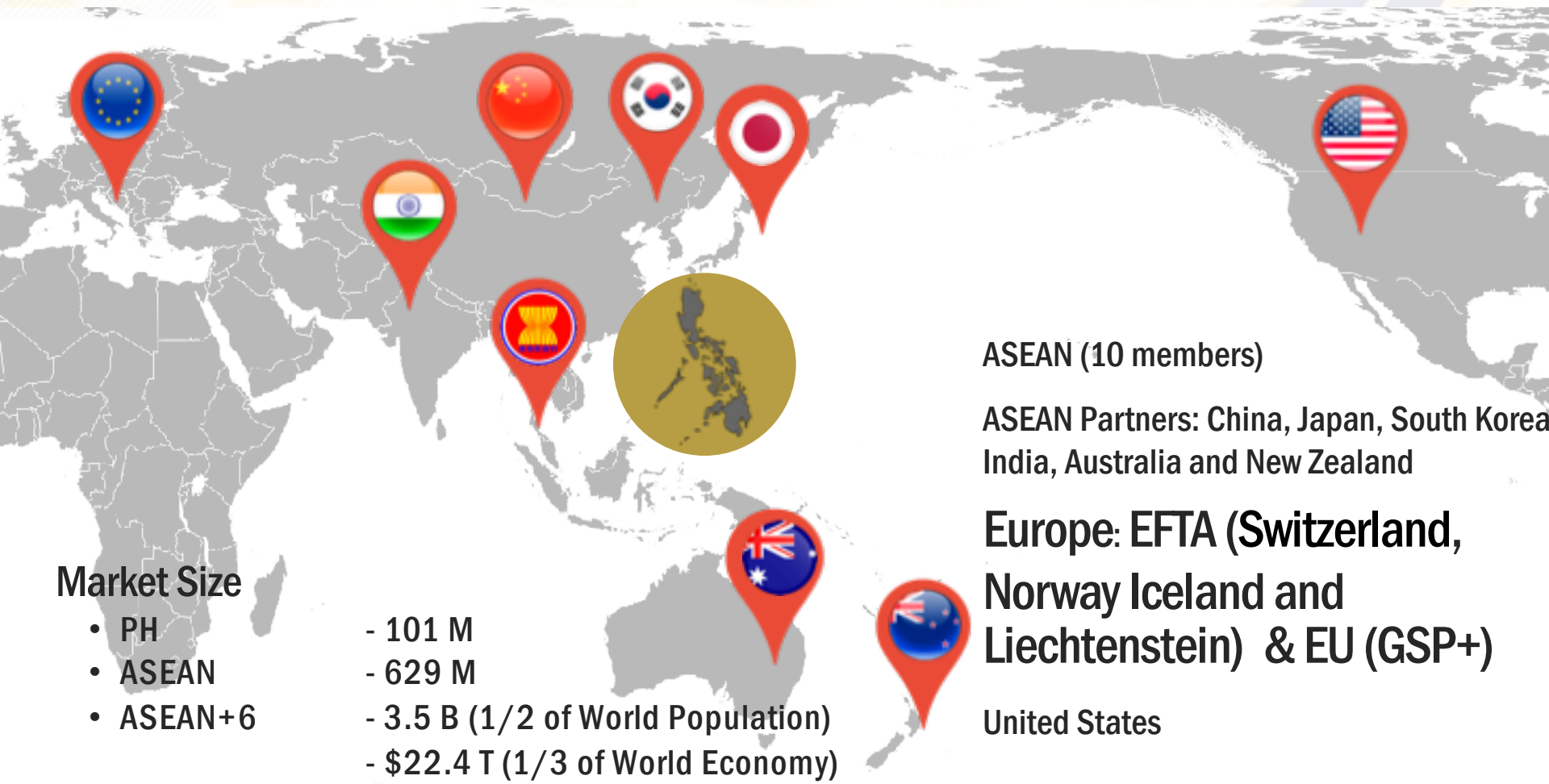
# PH in Demographic Sweet Spot



## 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



## Market Size

- PH - 101 M
- ASEAN - 629 M
- ASEAN+6 - 3.5 B (1/2 of World Population)
- \$22.4 T (1/3 of World Economy)

ASEAN (10 members)

ASEAN Partners: China, Japan, South Korea  
India, Australia and New Zealand

Europe: EFTA (Switzerland,  
Norway Iceland and  
Liechtenstein) & EU (GSP+)

United States

# 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)

# 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) |

# Top 12 Priorities for Both Domestic & Export Markets



**Electrical & Electronics**



**Aerospace Parts**



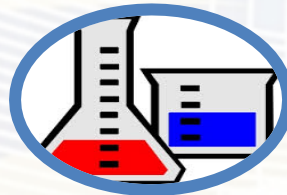
**Auto & Auto Parts**



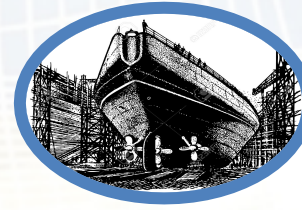
**IT BPM, E-Commerce**



**Tool & Die, Iron & Steel**



**Chemicals**



**Shipbuilding, RORO**



**Transport, Logistics, Construction**



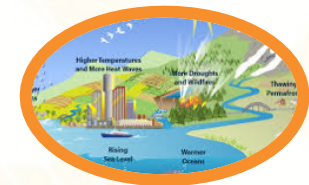
**Furniture, Garments, Creative**



**Agri-business**



**Innovation, R&D**



**Inclusive Business, Climate Change**

# PH Integrated Circuit Design Industry



To position the Philippines as a **key player** in the **global IC Design Industry Ecosystem** through **becoming a home base of competitive IC Design companies** to provide services to the worldwide IC ecosystem and the **Philippines to be an attractive destination** for foreign IC Design related companies to locate activities in the Philippines

## Philippine Strengths in IC Design

- ✓ Strong Electronics and Semiconductor Industry
- ✓ Export Oriented Industry
- ✓ Service oriented Capabilities
- ✓ Competent and trainable Engineering workforce
- ✓ Emerging International Company's existing IC Design footprint in the country
- ✓ Labor Cost Competitiveness
- ✓ Strong downstream industries (Automotive and Aerospace)

## Existing IC Design Players

- Xinx Design ( Filipino Owned)
- Analog Devices Inc
- Lattice Semiconductor
- Maxim Integrated



# PH Integrated Circuit Design Industry



## Opportunities in the IC Design

- ❖ The Philippines is largely dominated by the Semiconductor (SMS)
- ❖ Linkage between IC Design and existing Original Design Manufacturers (ODMs) in the country
- ❖ Establishment of IC Design Center to support the industry
- ❖ Increasing Higher Education Institutes (HEIs) offering IC Design courses

## Government Support to the IC Design

- ❖ Preferred Activity in the 2017 Investments Priorities Plan
- ❖ Existing Support Facilities (PIIC, ADMATEL, EPDC)
- ❖ Priority in the Electronics Roadmap/Strategy

## PH – Taiwan Cooperation on IC Design

- ❖ Five (5) IC Design Workshop (2008 – 2014)
- ❖ IC Design Faculty Immersion (2017) with National Sun Yat Sen University
- ❖ IC Design Workshop (2017)

# Aerospace Manufacturing



The Philippines is supplying **the world's largest aircraft manufacturers** with flight control actuation systems to galleys and interior fit-outs.

**USD 736 million**  
Exports of Aerospace parts 2016

**42%**  
CAGR of PH exports of aircraft/spacecraft products, 2012-2016

**↑ 30 Places**  
Aerospace Manufacturing Attractiveness Index Rank in 2017



# Your Business, Our People

## Aerospace Manufacturing

### Capabilities

Sheet Metal Works and  
Composite Repair

Machining

AS9100-certified

Special Processing

NADCAP-certified

### Products

#### Avionics

- Electronic components

#### Interiors

- Seat parts
- Galley inserts
- Galley structures
- Lavatories

#### Flight Controls

- Servo actuators

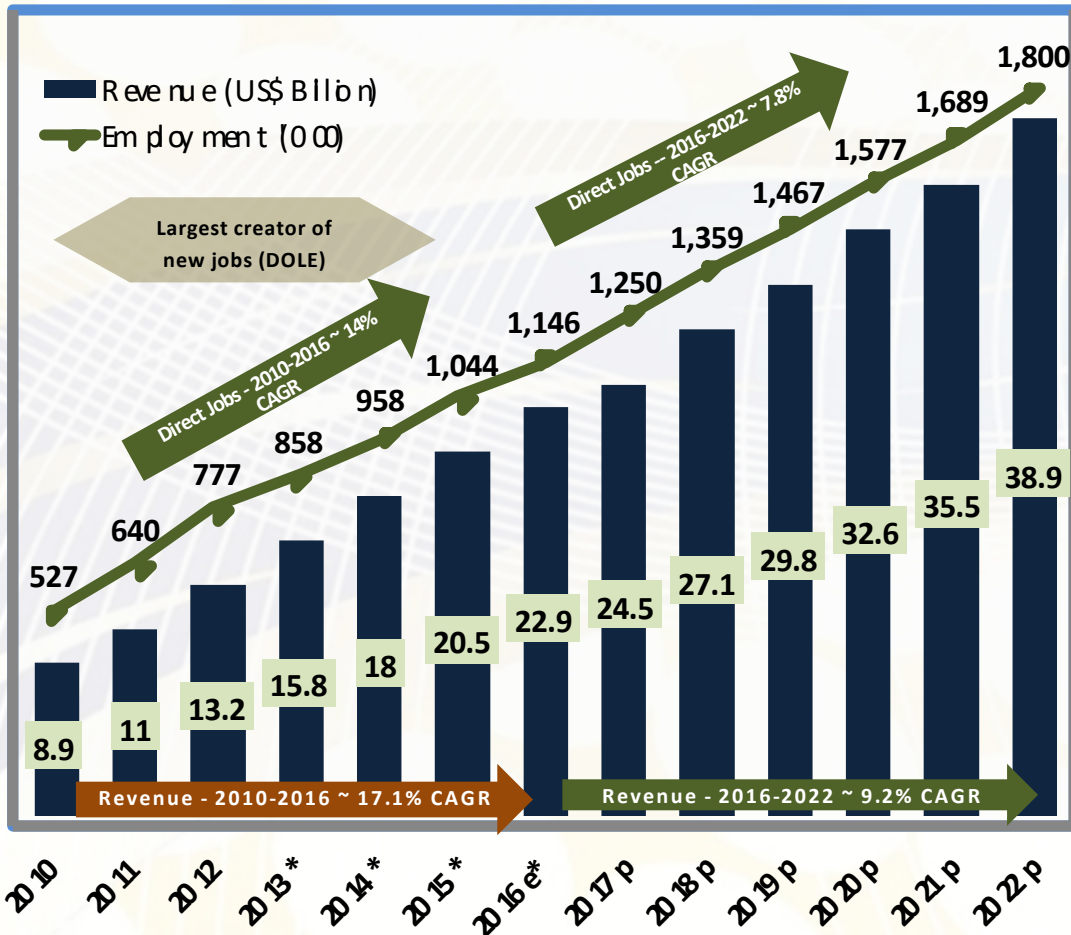
#### Composite Panels

- Honeycomb

#### Final Aircraft

- 2-seater seaplanes

# IT-BPM Sector



IT-BPM Industry is the **BIGGEST CREATOR OF JOBS** in the country today

**DIRECT**  
1.15 MILLION JOBS  
\*(as of 2016)

**INDIRECT**  
3.67 MILLION JOBS  
\*(as of 2016)



\*For every 1 IT-BPM job, there are 3 more INDIRECT jobs

\*NOTE: Numbers from 2013 onwards have been calibrated to be consistent with definitions and assumptions

# 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)**



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**Philippines**  
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