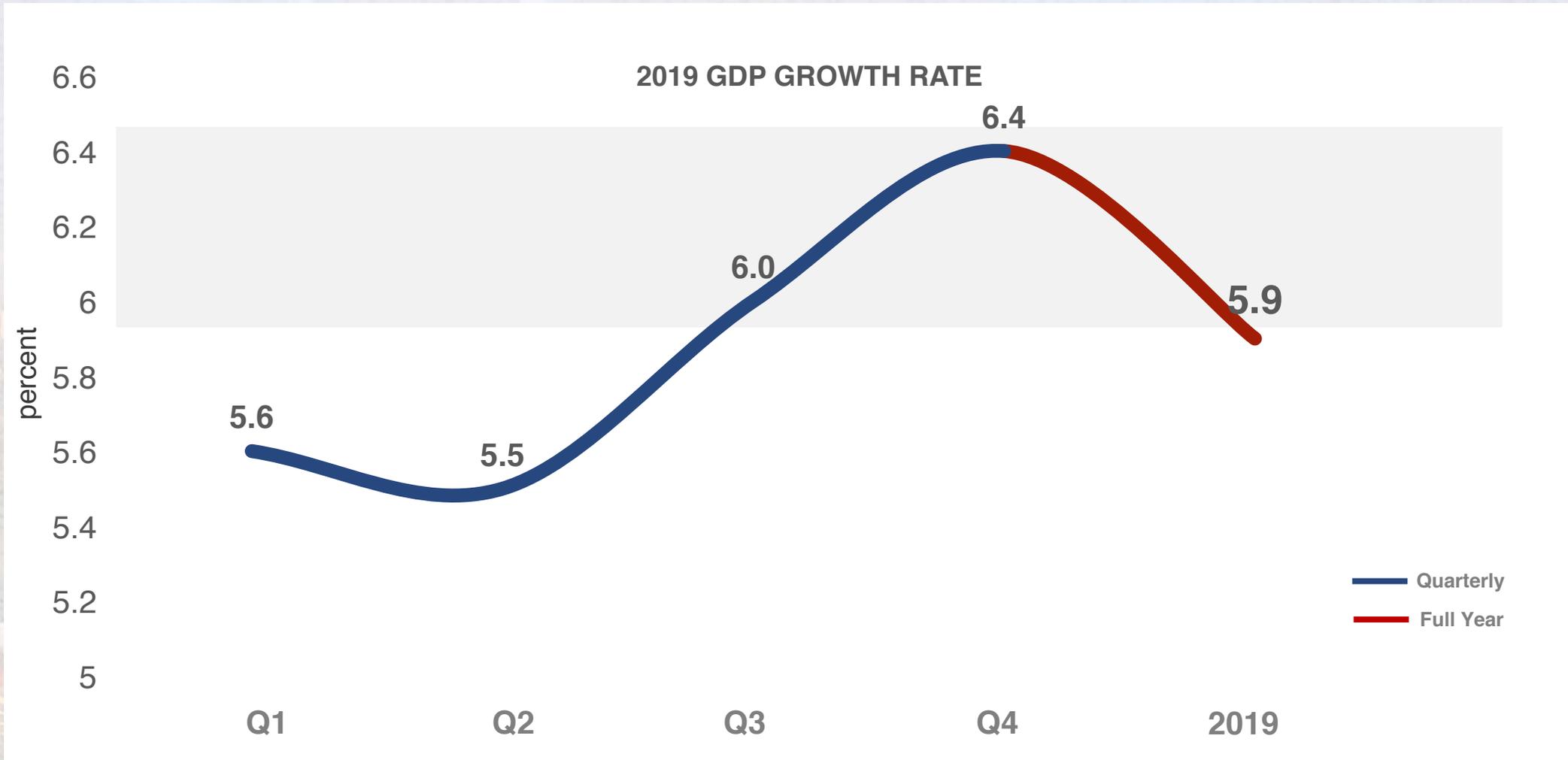


KEYNOTE SPEECH

FINANCE SECRETARY CARLOS G. DOMINGUEZ
FOREIGN CORRESPONDENTS ASSOCIATION OF THE PHILIPPINES
JANUARY 30, 2020

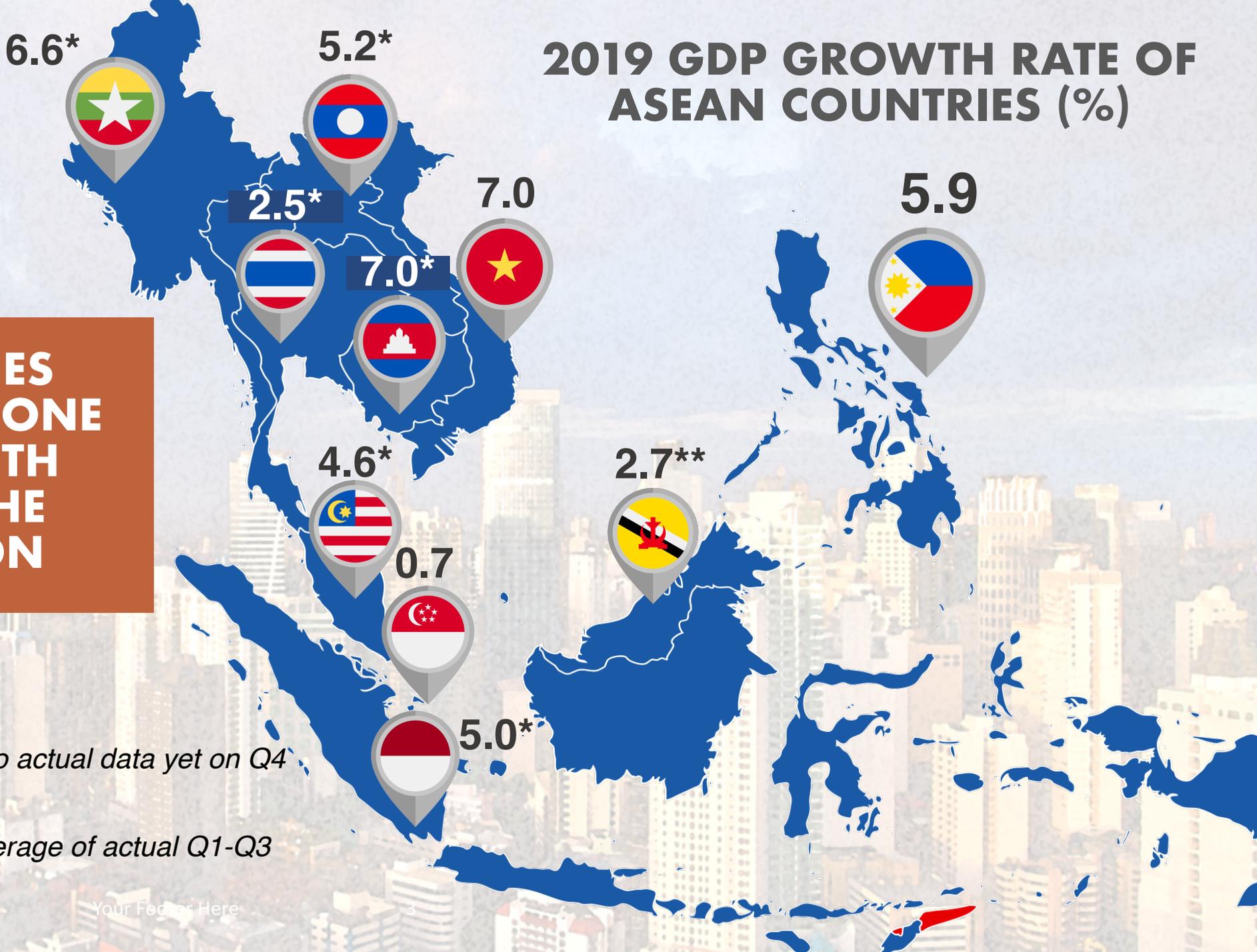


THE OFFICIAL GROWTH NUMBER FOR THE ECONOMY'S PERFORMANCE LAST YEAR IS NOT A SURPRISE



Source: Philippine Statistics Authority

2019 GDP GROWTH RATE OF ASEAN COUNTRIES (%)

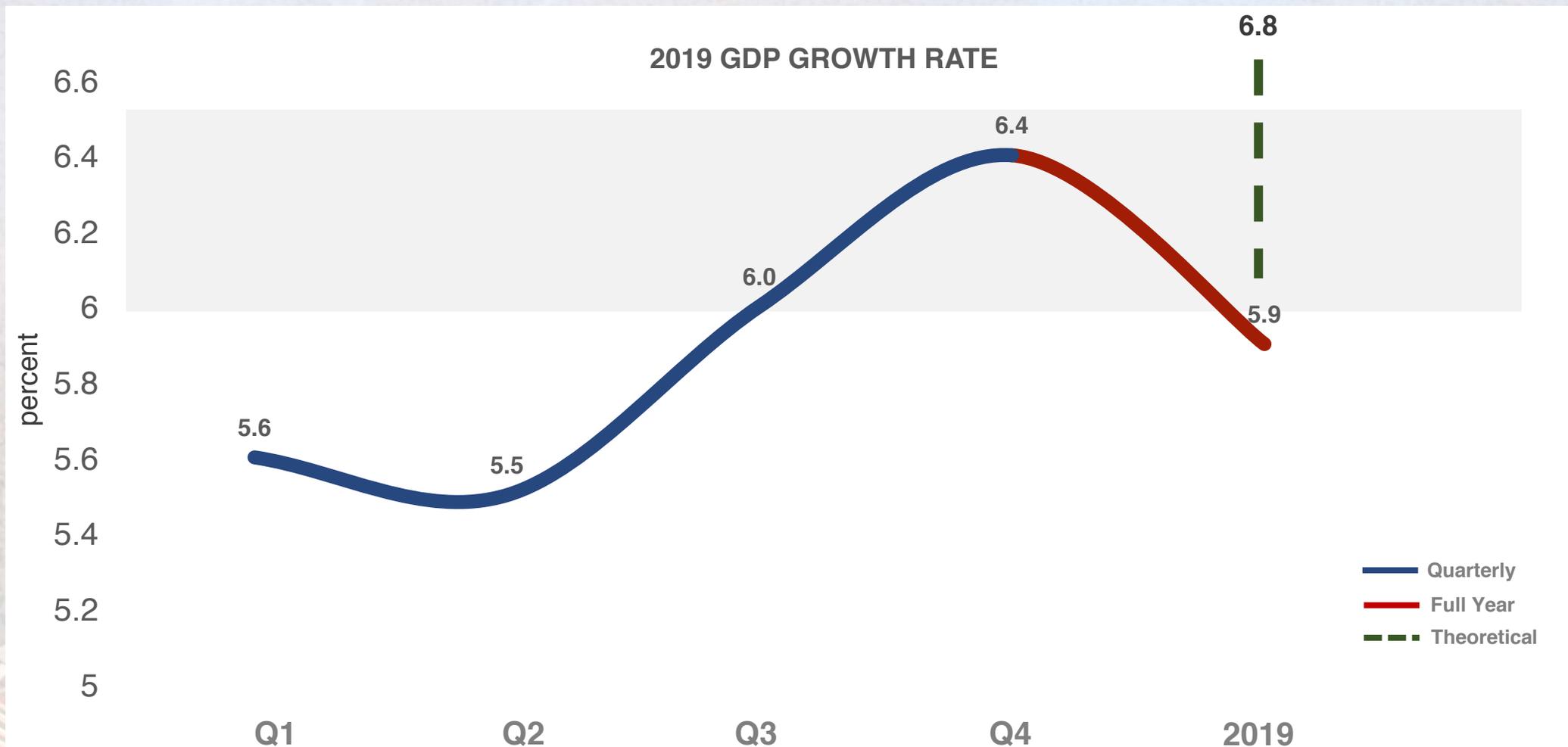


**THE PHILIPPINES
REMAINS TO BE ONE
OF THE GROWTH
LEADERS IN THE
ASEAN REGION**

**Estimates from World Bank (no actual data yet on Q4 economic growth)*

***2019 data is based on the average of actual Q1-Q3 2019 economic growth.*

HAD THE 2019 NATIONAL BUDGET BEEN PASSED ON SCHEDULE, OUR FULL YEAR GDP GROWTH RATE FOR LAST YEAR SHOULD HAVE BEEN AT 6.8%



Source: Philippine Statistics Authority and DOF Office of the Chief Economist

An aerial photograph of a city with a white rectangular text box in the center. The city features a mix of high-rise buildings and lower residential structures, with greenery interspersed. The sky is a clear, light blue. The text is bold and black, centered within the white box.

**A BUDGET DELAYED IS
DEVELOPMENT DELAYED**

2020 BEGINS WITH GOOD NEWS!



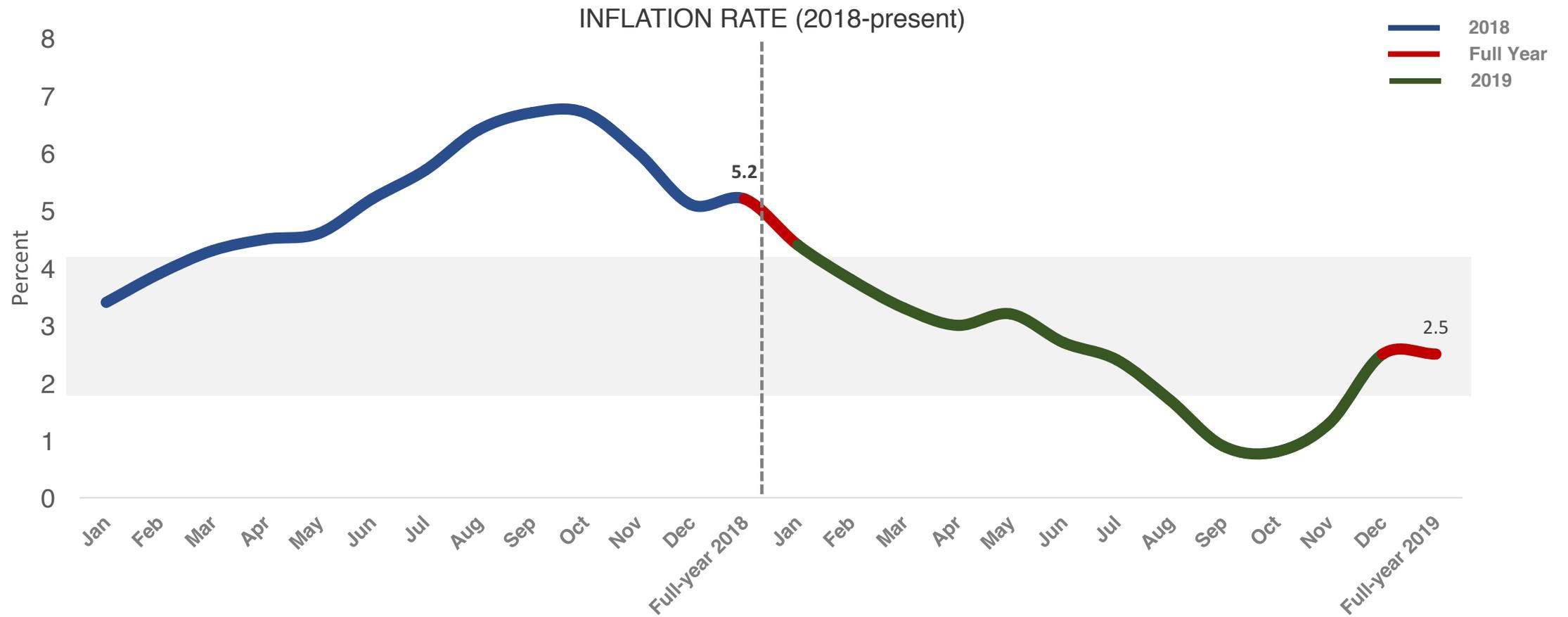
President Duterte signed into law the General Appropriations Act (GAA) of 2020 during a ceremony at the Malacañan Palace on January 6, 2020.

[REPUBLIC ACT No. 11464]

AN ACT EXTENDING THE AVAILABILITY OF THE 2019 APPROPRIATIONS TO DECEMBER 31, 2020, AMENDING FOR THE PURPOSE SECTION 65 OF THE GENERAL PROVISIONS OF REPUBLIC ACT NO. 11260, THE GENERAL APPROPRIATIONS ACT OF FISCAL YEAR 2019

President Duterte signed Republic Act (RA) No. 11464 on December 20, 2019, extending the validity of all appropriations in the 2019 national budget until the end of 2020.

2019 FULL YEAR INFLATION RATE IS WELL WITHIN OUR TARGET





RICE TARIFFICATION LAW (R.A. 11203)

Signed into law on February 14, 2019



Promotes **food security** by lowering the price of rice for every Filipino family.



Promotes **competition** by opening up the rice market to both imports and domestic production.



Supports **domestic rice production** as it mandates the National Food Authority (NFA) to source the emergency buffer stock solely from local farmers.

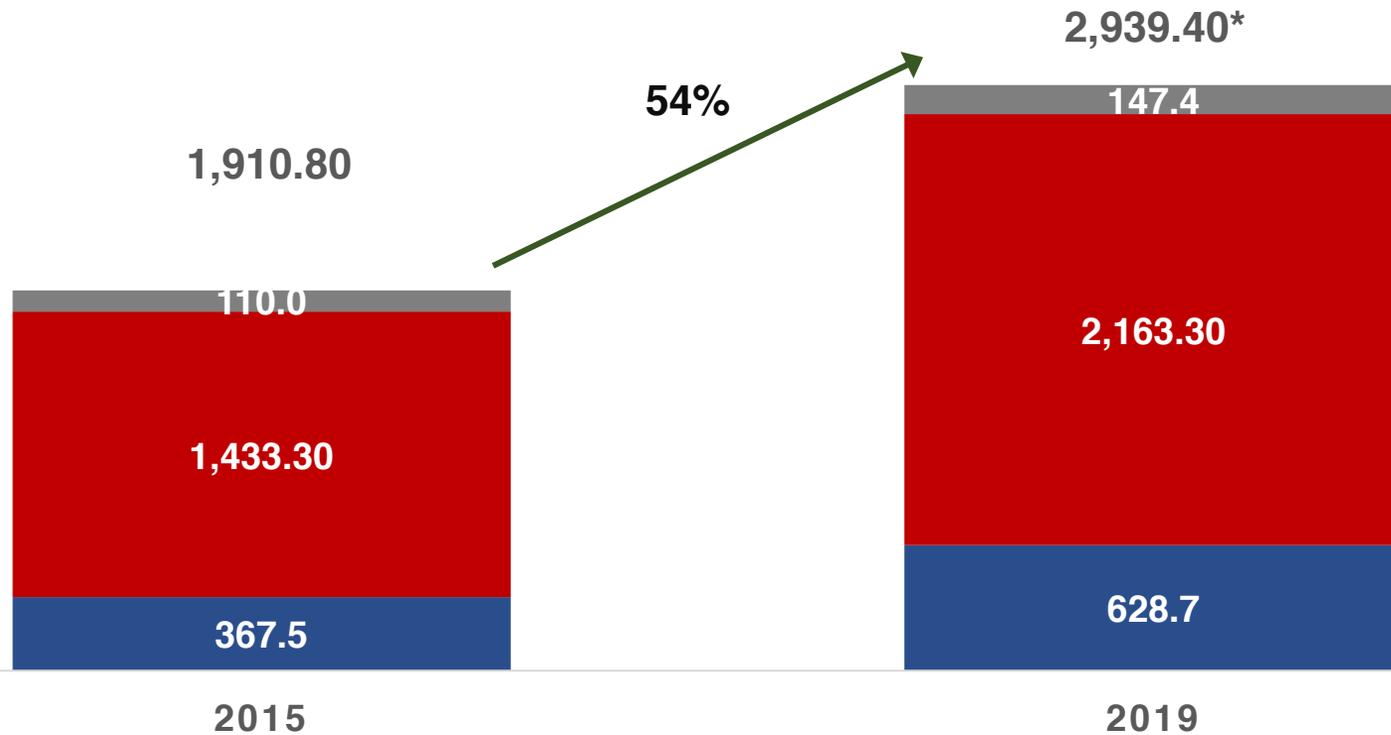


Provides funds for farmer education and mechanization to **improve productivity**.

THE GOVERNMENT CONTINUES TO POST REMARKABLE REVENUE GAINS

REVENUE COLLECTIONS IN 2019 VS 2015 (in PHP Billion)

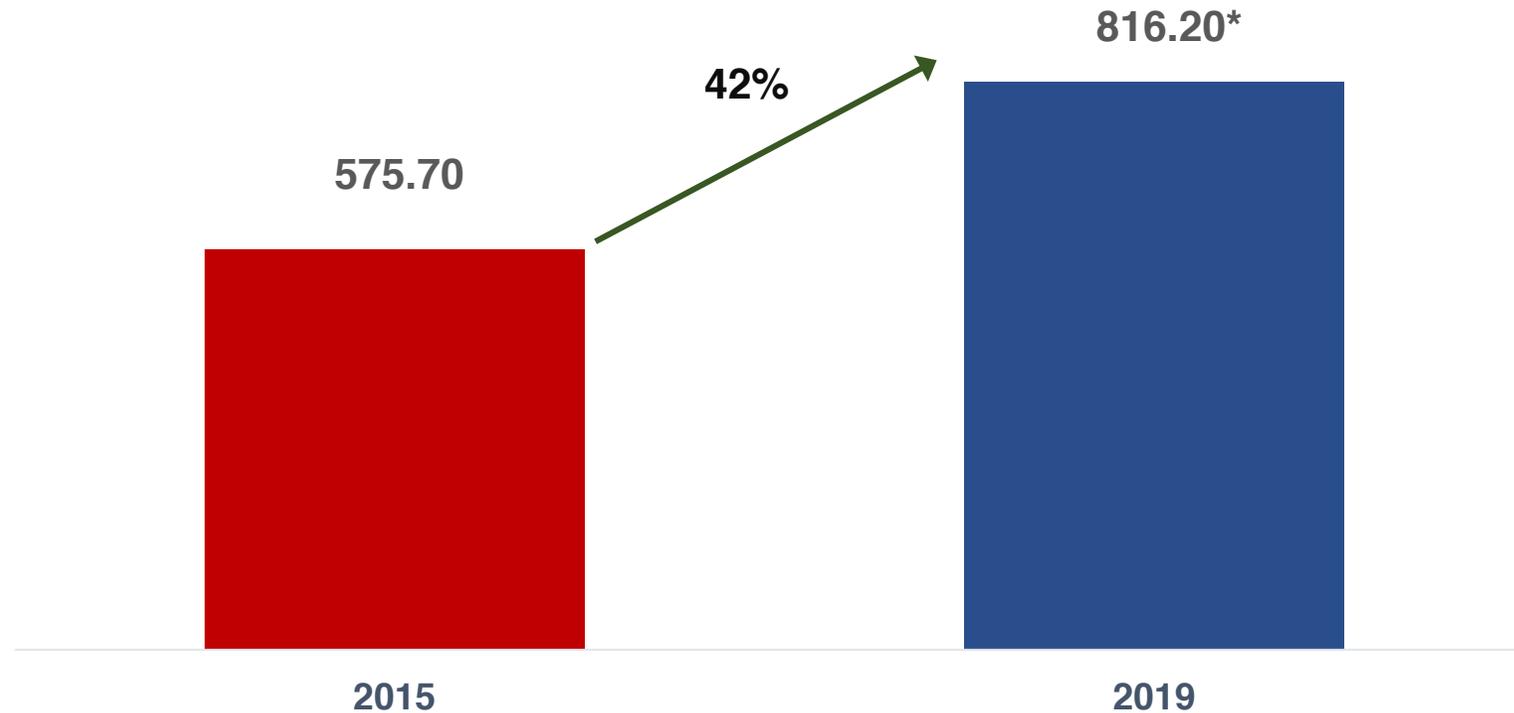
■ Bureau of Customs ■ Bureau of Internal Revenue ■ Bureau of the Treasury



*Preliminary data
Source: Bureau of the Treasury

IMPROVED REVENUE FLOWS TRANSLATE INTO GREATER ECONOMIC INVESTMENTS

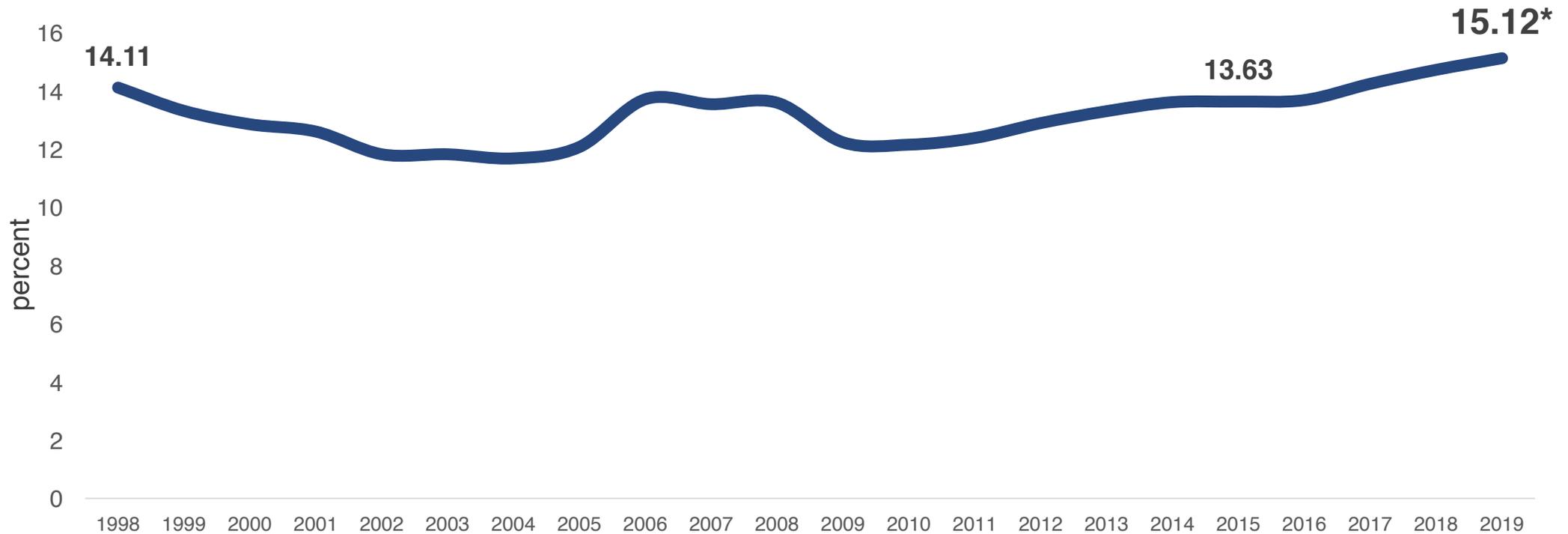
INFRASTRUCTURE SPENDING IN 2019 VS 2015 (in PHP Billion)



**Programmed expenditures on infrastructure for 2019 from DBM
Source: DOF Domestic Finance Group and DBM*

2019 TAX EFFORT IS THE HIGHEST RATE WE HAVE ACHIEVED IN 22 YEARS

TAX REVENUES AS % OF GDP (1998-2019)

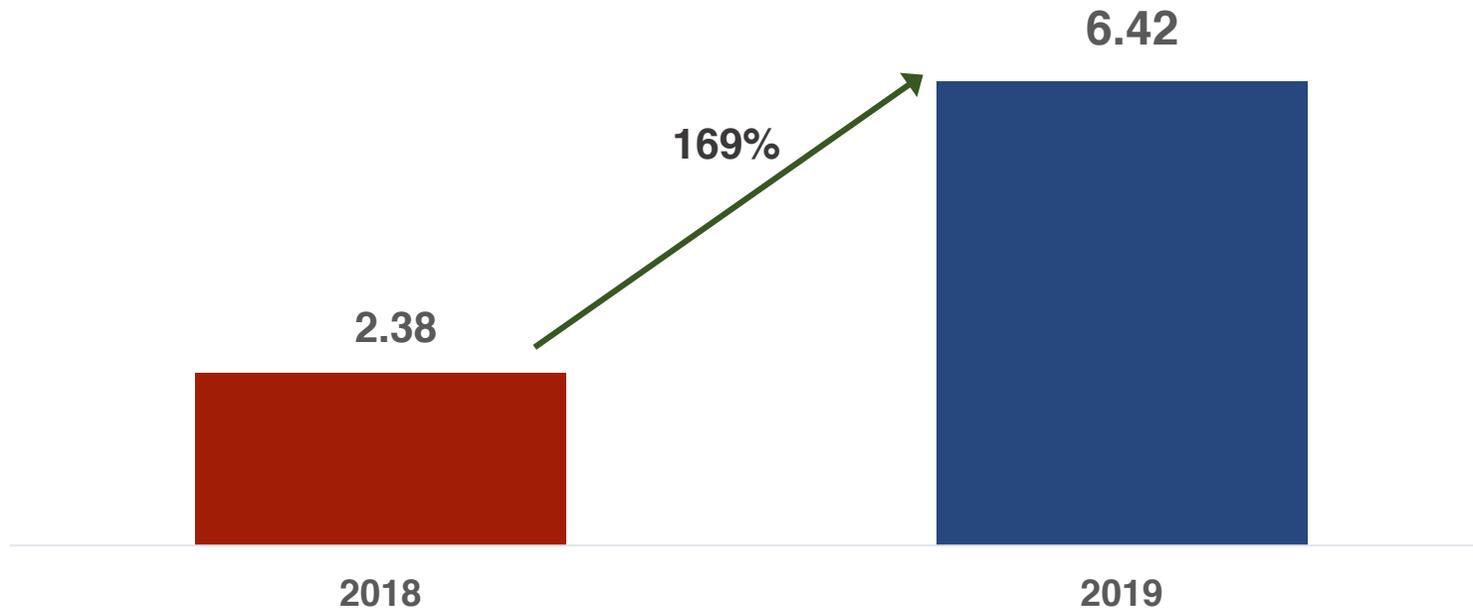


**Preliminary Data*

Source: DOF Office of the Chief Economist

INTENSIFIED CAMPAIGN VS ERRANT POGOS YIELDS P6.42-BILLION TAXES IN 2019

TAX COLLECTIONS FROM PHILIPPINE OFFSHORE GAMING OPERATORS
(in PHP Billion)



Source: Bureau of Internal Revenue

WE ARE THE ONLY ADMINISTRATION THAT RAISED TOBACCO EXCISE TAXES TWICE



On July 25, 2019, President Duterte signed into law **Republic Act (RA) 11346**, which raised the excise tax on tobacco products.

A NEW SET OF SIN TAXES ON ELECTRONIC CIGARETTES (E-CIGARETTES) AND ALCOHOL WILL BE IMPOSED THIS YEAR TO DETER SMOKING AND BINGE DRINKING

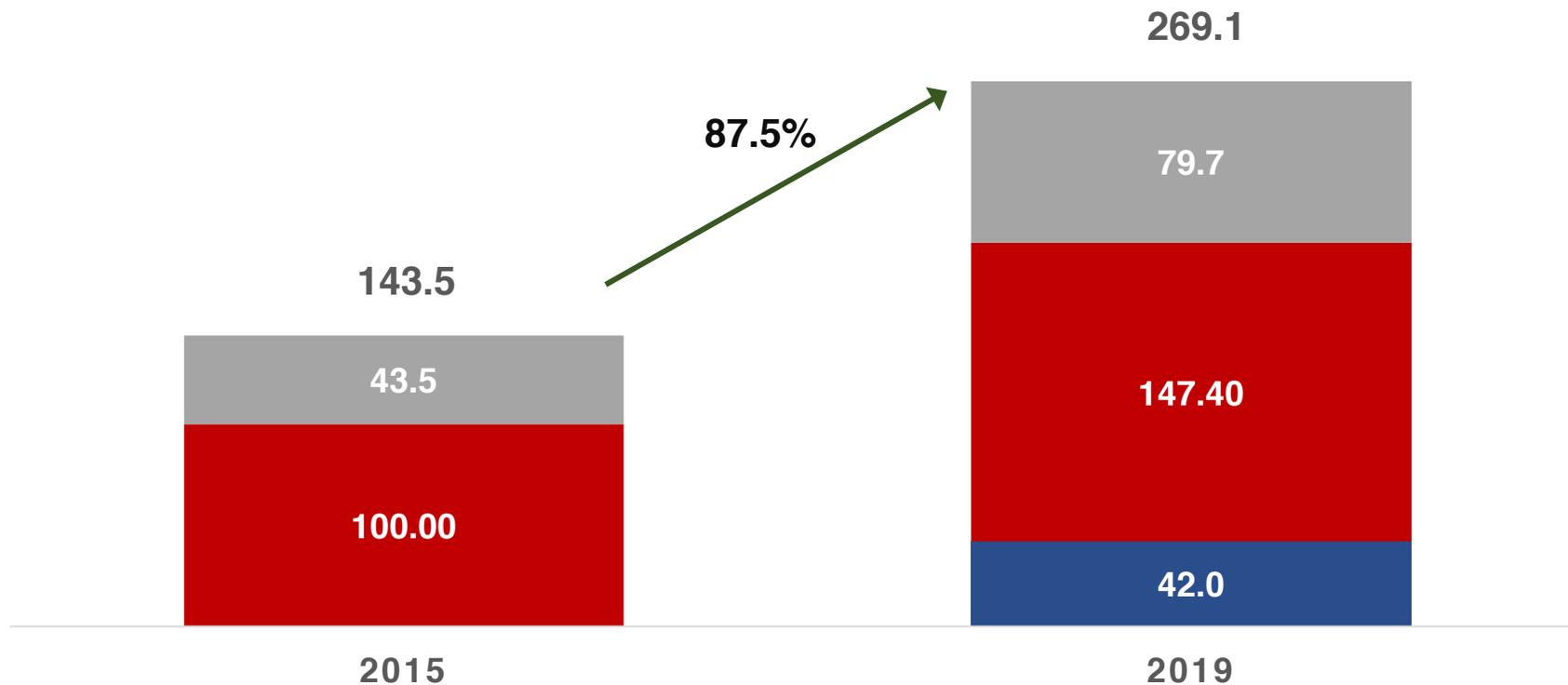


President Rodrigo Duterte signed into law **Republic Act 11467** on January 22, 2020, which hikes the excise taxes on alcohol and imposes new duties on heated tobacco and vapor products effective January 1, 2020.

SIN TAX COLLECTIONS ALMOST DOUBLE IN 2019 VS 2015

TOTAL SIN TAX COLLECTIONS IN 2019 VS 2015
(in PHP Billion)

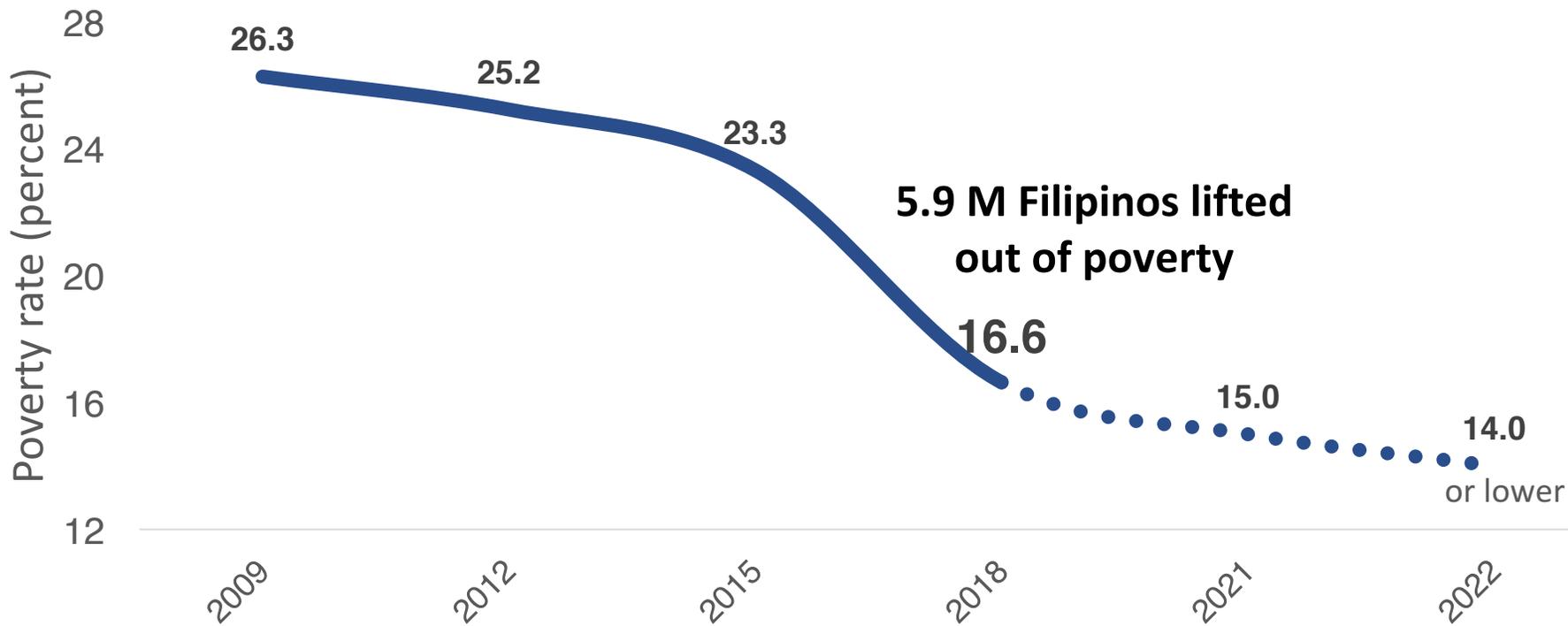
■ Sweetened Beverages ■ Tobacco ■ Alcohol



Source: DOF Strategy, Economics, and Results Group

POVERTY INCIDENCE DECLINED TO 16.6 PERCENT IN 2018 FROM 23.3 PERCENT IN 2015

FULL-YEAR POVERTY ESTIMATES AMONG THE POPULATION



Source: PSA

Note: Poverty rates for 2021 to 2022 represent government targets.

LOWER INCOME HOUSEHOLDS EXPERIENCED THE HIGHEST INCREASE IN MEAN PER CAPITA INCOME FROM 2015 TO 2018

GROWTH IN MEAN PER CAPITA INCOME (FROM 2015 TO 2018)



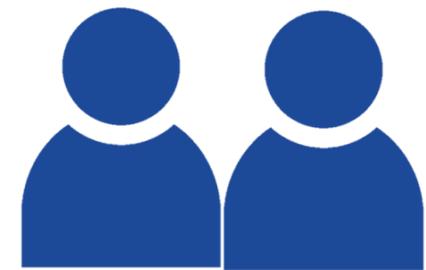
↑ **20.9%**

ALL INCOME GROUP



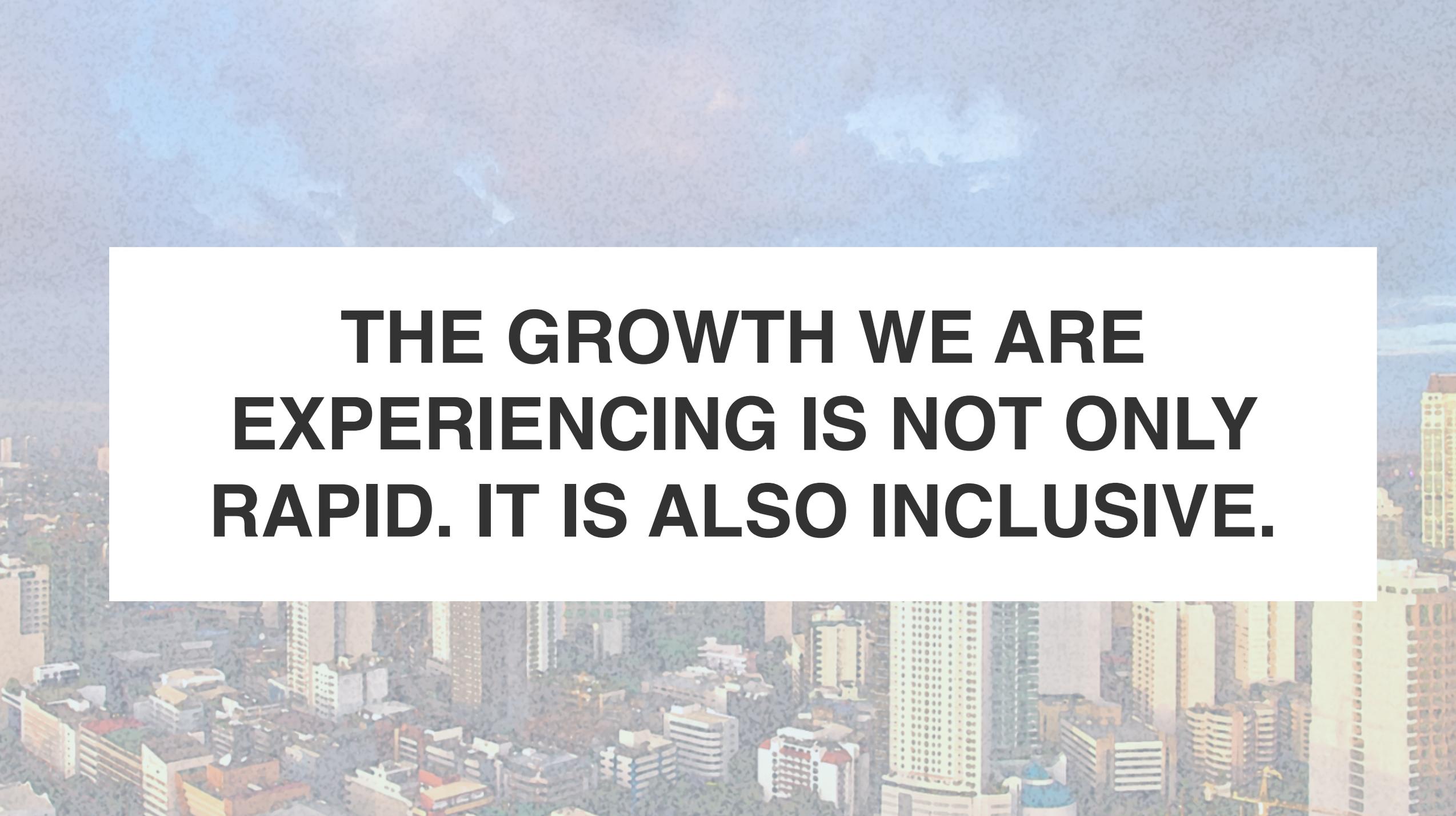
↑ **32.0%**

**LOWEST 30 PERCENT
OF THE POPULATION**



↑ **18.0%**

**HIGHEST 20 PERCENT
OF THE POPULATION**

An aerial photograph of a city, likely Manila, Philippines, showing a dense urban landscape with numerous high-rise buildings and a mix of modern and older structures. The sky is a clear, bright blue. A large white rectangular box is superimposed over the center of the image, containing bold black text.

**THE GROWTH WE ARE
EXPERIENCING IS NOT ONLY
RAPID. IT IS ALSO INCLUSIVE.**

THE COMPREHENSIVE TAX REFORM PROGRAM WILL DRAMATICALLY ALTER THE BUSINESS ENVIRONMENT IN THE COUNTRY



Package 1 TRAIN



Package 2 CITIRA



Package 2+ Sin Taxes



Package 1B Tax Amnesty



Package 3 Property
Valuation



Package 4 PIFITA

CITIRA WILL BRING HUGE BENEFITS TO OUR MSMES

More savings to grow your business!



The reduction of the corporate income tax rate will allow businesses to reinvest more of their earnings, expand and create more jobs.

This will benefit more than 99% of companies, most of which are micro, small and medium enterprises or MSMEs, who employ the majority of Filipinos.

CITIRA WILL RATIONALIZE OUR BADLY TANGLED TAX INCENTIVES SYSTEM TO CREATE A LEVEL PLAYING FIELD FOR BUSINESS

Superior Menu of Tax Investments



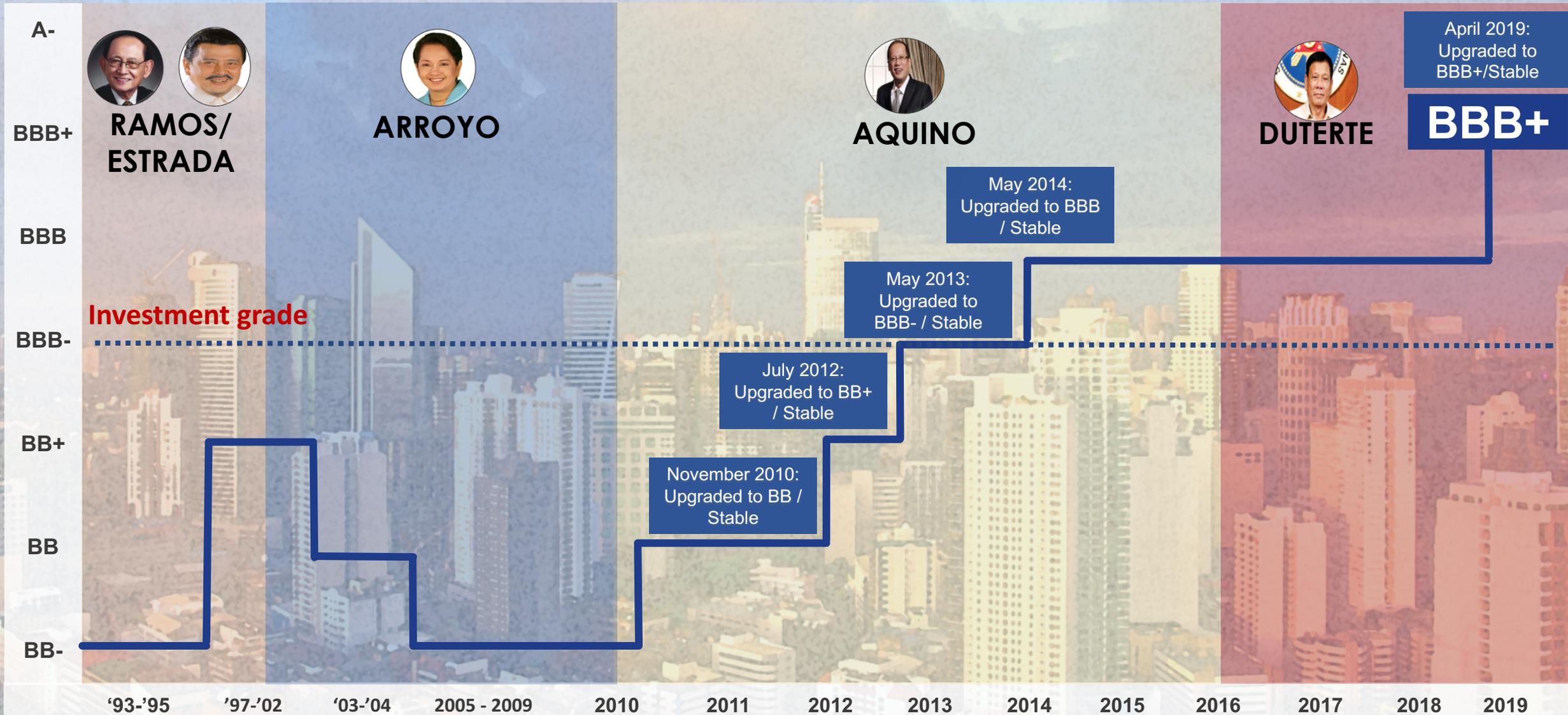
The country seeks to attract investments that will **enhance domestic value chains**, drive research and development, as well as create quality jobs and upskill the workforce.

REIT IS A POWERFUL FINANCIAL INSTRUMENT TO FUND PROPERTY DEVELOPMENT AND DRIVE THE ECONOMY FORWARD



The **Real Estate Investment Trust (REIT)** will boost investments in property development in the country as well as democratize wealth by opening access to thousands of small investors wanting to be shareholders in secure and profitable real estate projects.

S&P RAISED OUR SOVEREIGN RISK RATING FROM BBB TO BBB PLUS



SUCCESSFUL ISSUANCE OF PREMYO BONDS



The wider public patronized the first-time sale of Premyo Bonds, enabling us to raise **4.96 billion pesos** or over 65 percent more than the initial issue size of 3 billion pesos.

These bonds open yet another channel for ordinary Filipinos to be included in the financial mainstream.

THE PHILIPPINES ISSUED ITS FIRST EVER ZERO-COUPON EURO GLOBAL BOND IN THE INTERNATIONAL CAPITAL MARKETS

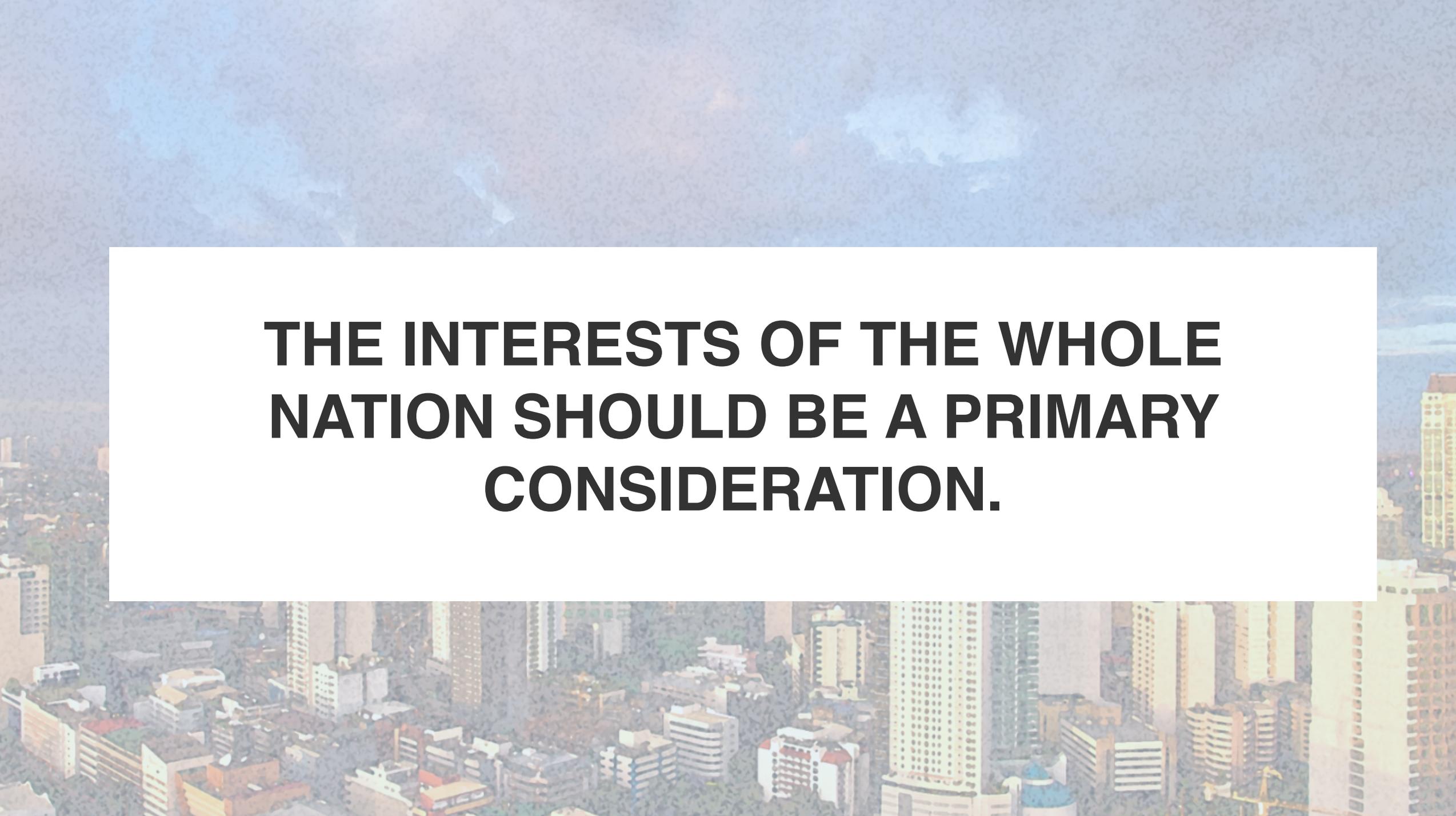


Source: Business World/ ROBERT ANASCH/UNSPLASH

The overwhelming response from the market for our **3- and 9-year global bond issuance worth 1.2 billion Euros** underscores the international investor community's deepening confidence in the Philippine economy.

An aerial photograph of a city with a white rectangular text box in the center. The city features a mix of high-rise buildings and lower residential structures, with greenery interspersed. The sky is a clear, light blue. The text is centered within the white box and reads:

**THE CONTINUING REVIEW OF GOVERNMENT
CONTRACTS IS AN EFFORT TO PROTECT
TAXPAYERS AND ORDINARY CITIZENS FROM
ONEROUS PROVISIONS.**

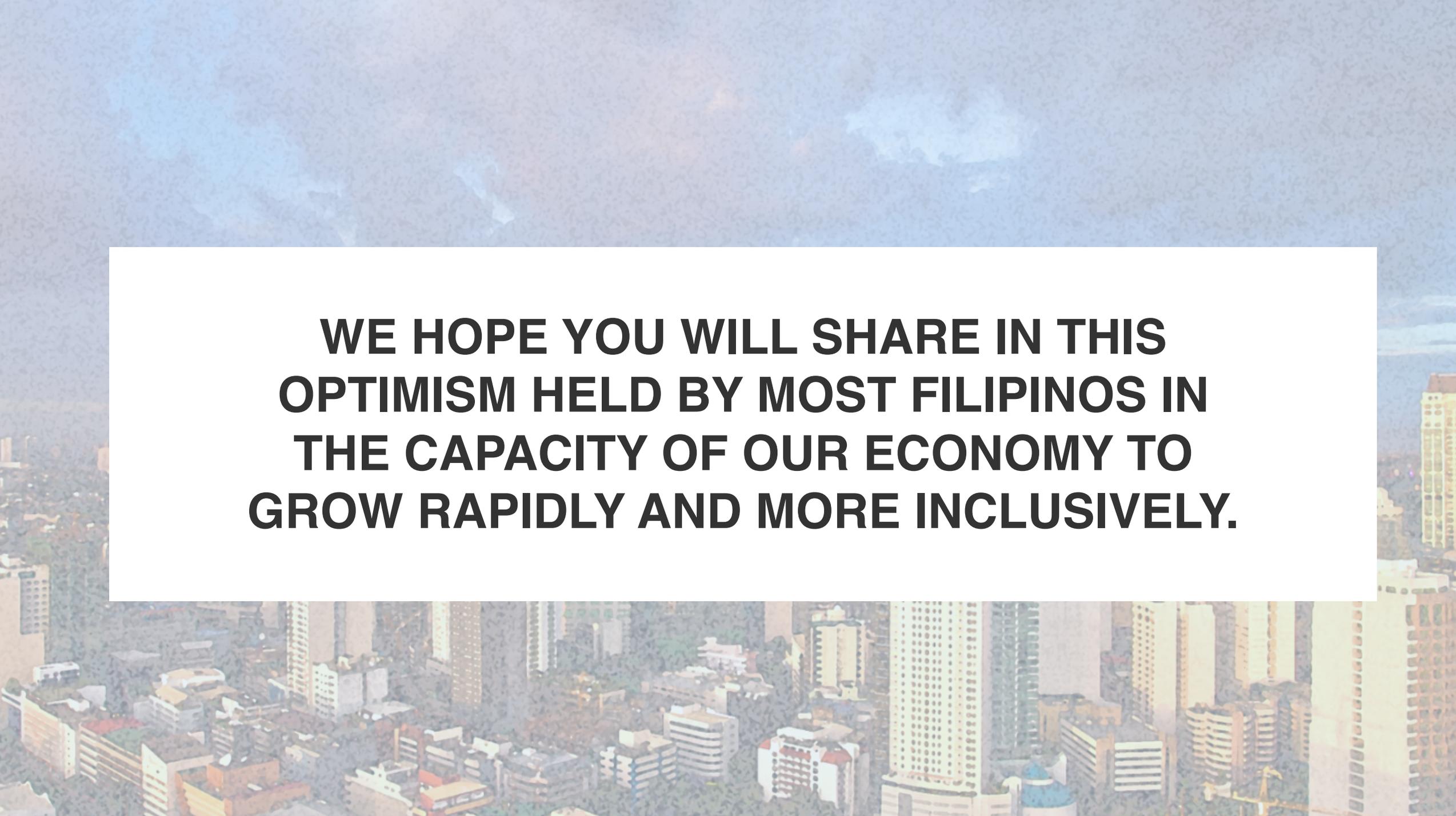
An aerial photograph of a city with a white rectangular text box in the center. The city below is densely packed with buildings of various heights and colors, interspersed with green trees. The sky above is a clear, bright blue. The text is centered within the white box and reads:

**THE INTERESTS OF THE WHOLE
NATION SHOULD BE A PRIMARY
CONSIDERATION.**

**PRESIDENT RODRIGO
DUTERTE ENJOYS
UNPRECEDENTED
PERFORMANCE
APPROVAL RATINGS
DURING THE SECOND
HALF OF HIS TERM.**

Photo Source: Build, Build, Build Website



An aerial photograph of a city skyline, likely Manila, Philippines, showing a dense cluster of high-rise buildings and skyscrapers. The sky is a clear, bright blue. A large white rectangular box is superimposed over the center of the image, containing bold black text.

**WE HOPE YOU WILL SHARE IN THIS
OPTIMISM HELD BY MOST FILIPINOS IN
THE CAPACITY OF OUR ECONOMY TO
GROW RAPIDLY AND MORE INCLUSIVELY.**

KEYNOTE SPEECH

FINANCE SECRETARY CARLOS G. DOMINGUEZ
FOREIGN CORRESPONDENTS ASSOCIATION OF THE PHILIPPINES
JANUARY 30, 2020

