

OUR PARTNERSHIP WILL BE STRONGER

FINANCE SECRETARY CARLOS G. DOMINGUEZ
PHILIPPINE ECONOMIC BRIEFING
SEPTEMBER 29, 2017 | SHANGHAI, CHINA

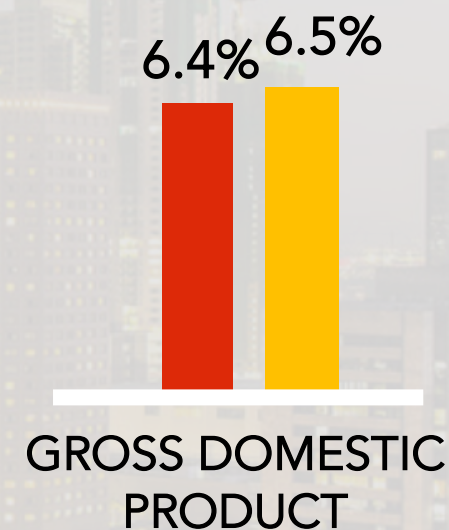
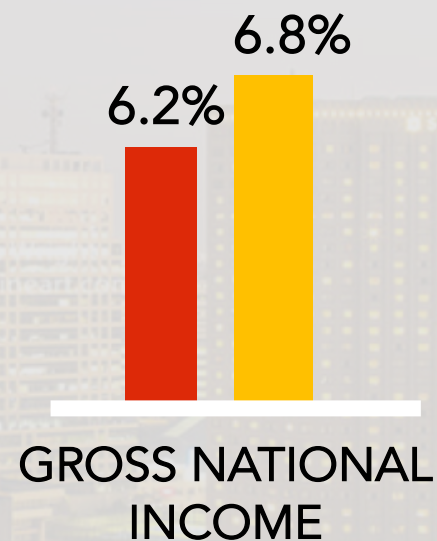
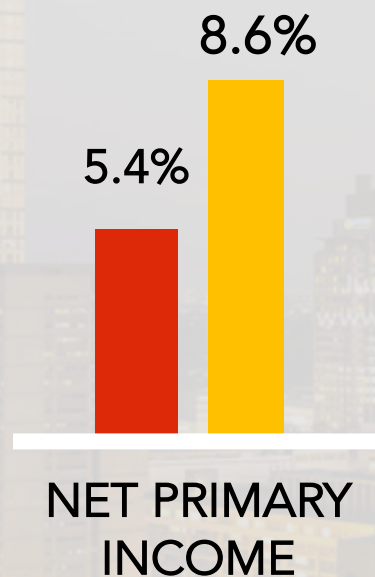


An aerial night view of a city skyline, likely Manila, Philippines, featuring several prominent skyscrapers and illuminated buildings. The image is overlaid with a semi-transparent yellow filter. The text "The Philippine economy is delivering the performance we anticipated" is centered in white. A small watermark "www.jwwrightinart.com" is visible in the middle ground. The photo source credit is located at the bottom right.

The Philippine economy is
delivering the performance
we anticipated

Photo Source: Justin James Wright (gettyimages)

Q2 2017 PHILIPPINE ECONOMIC PERFORMANCE

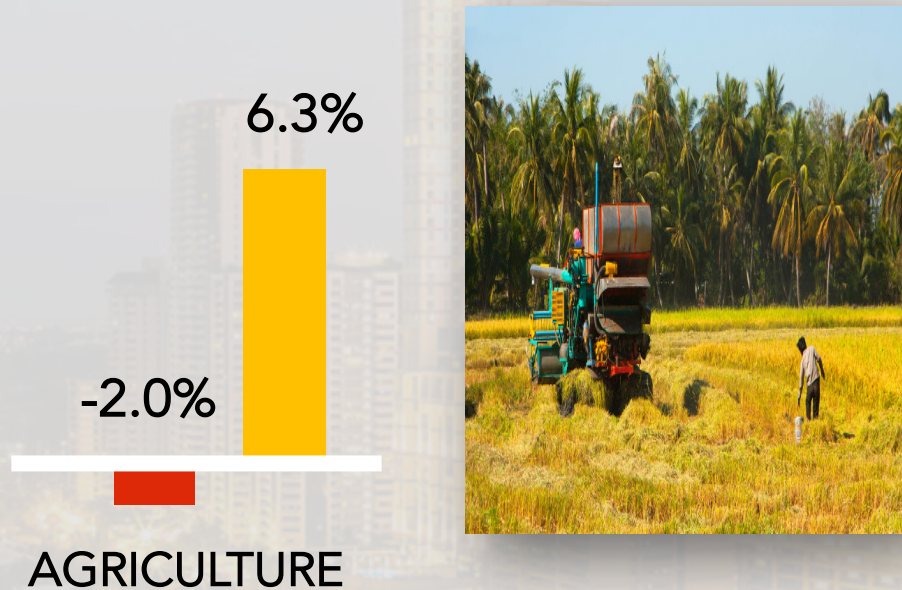


This performance is well on track in meeting the full-year target growth rate of 6.5% to 7.5%

■ Q1 2017 ■ Q2 2017

Source: PSA

YEAR-ON-YEAR GROWTH RATES BY INDUSTRIAL ORIGIN

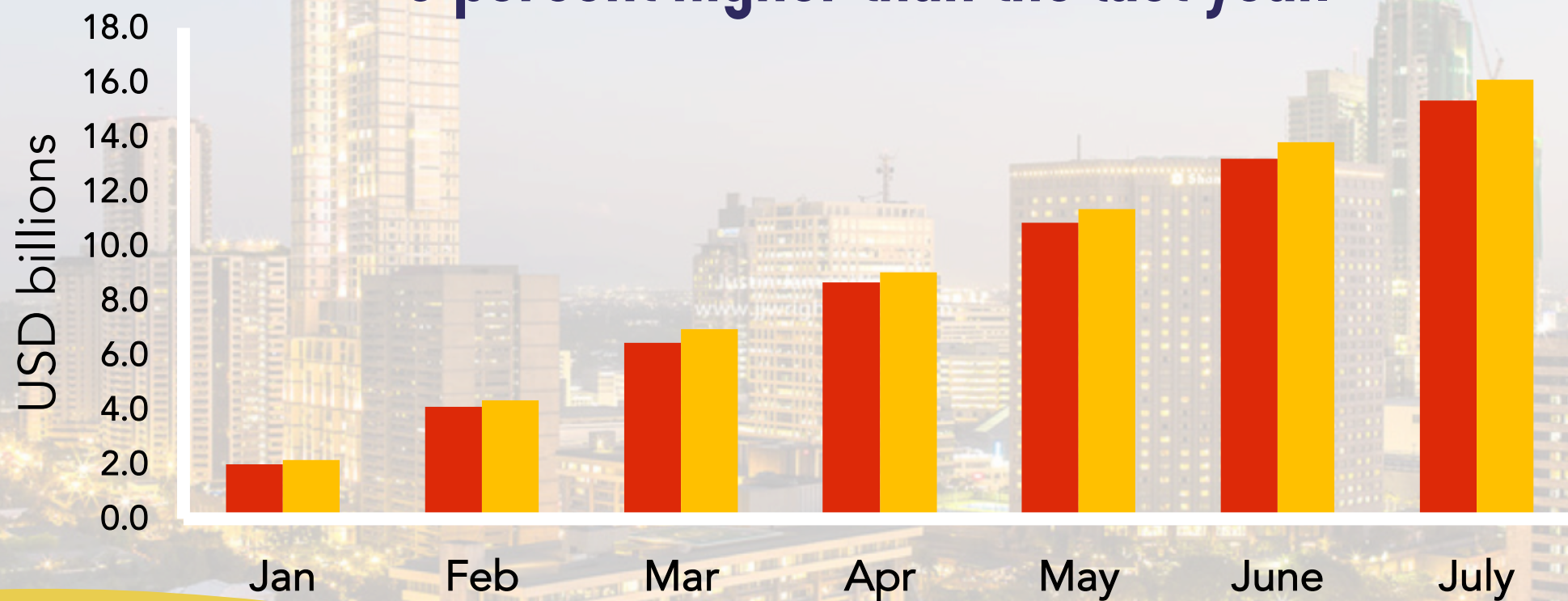


This is a departure from the earlier pattern where growth was led by the services sector.

■ Q2 2016 ■ Q2 2017

Source: PSA

Cash remittances as of July reached USD 16.1 billion which is 5 percent higher than the last year.



Remittances from our foreign-based workers now account for about a tenth of GDP.

2016 2017

Source: BSP

We are expecting more
investments coming in as we
modernize our infrastructures and
reform our economic policies to
spur business activity

Photo Source: BCDA



An aerial night photograph of a city skyline, likely Singapore, showing a dense cluster of illuminated skyscrapers and a complex highway interchange in the foreground. The city lights create a vibrant contrast against the dark night sky.

Investment-led growth will
make our domestic
economy more inclusive
and create quality jobs
for our people

Photo Source: Randy Competente Asia

0-10 POINT SOCIO-ECONOMIC AGENDA OF THE DUTERTE ADMINISTRATION



Peace and Order Stability



Continue macroeconomic policies



Tax Reform



Ease of Doing Business



Infrastructure Building



Rural Development



Land Administration



Human Capital Development



Science and Technology



Social Protection Program



Reproductive Health

Our entire economic strategy seeks to bring down poverty incidence from the current 21% to 14% by 2022



BUILD BUILD BUILD



**MORE RAILWAYS,
MASS URBAN TRANSPORT,
AIRPORTS AND SEAPORTS**



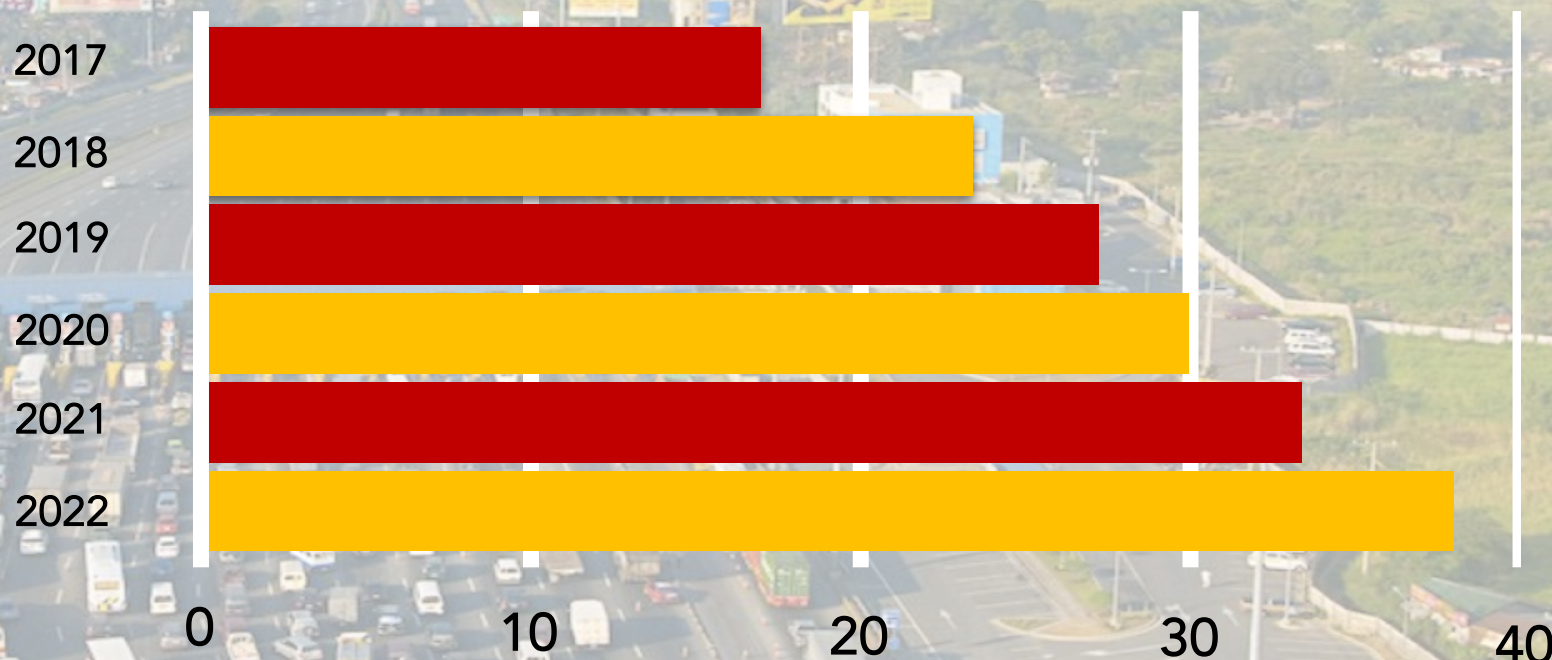
**MORE BRIDGES AND
ROADS**



**NEW AND BETTER
CITIES**

BOLDEST, MOST AMBITIOUS INFRASTRUCTURE PROGRAM IN HISTORY (in US \$ BILLION)

US\$ 170B IN 6 YEARS



The Philippines is looking to spend about 20Billion USD per year through the medium term to build the urgently needed infra

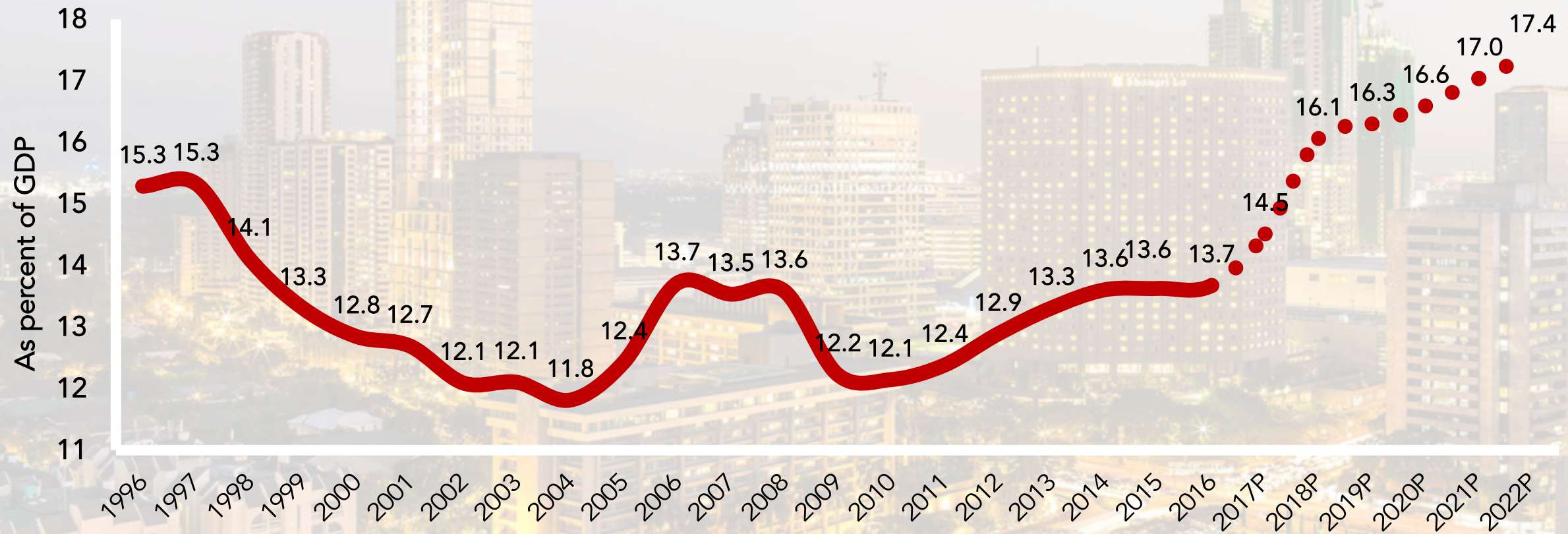
TAX REFORM FOR ACCELERATION AND INCLUSION

We are redesigning our tax system to become:



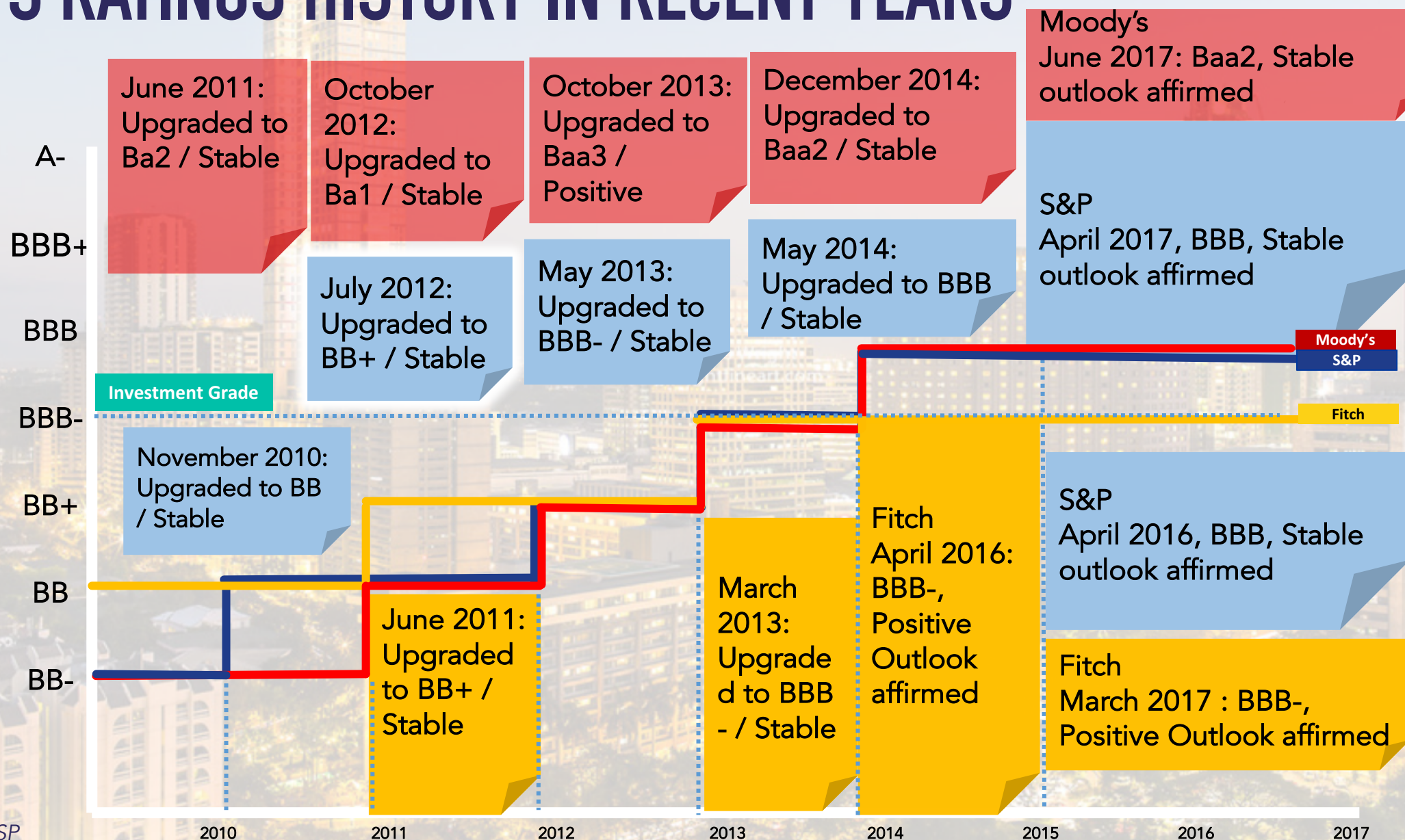
while also raising the resources needed to invest in our infrastructure and people

The Philippine Government's tax effort will go beyond 15% of GDP by 2018 because of the passage of tax reform



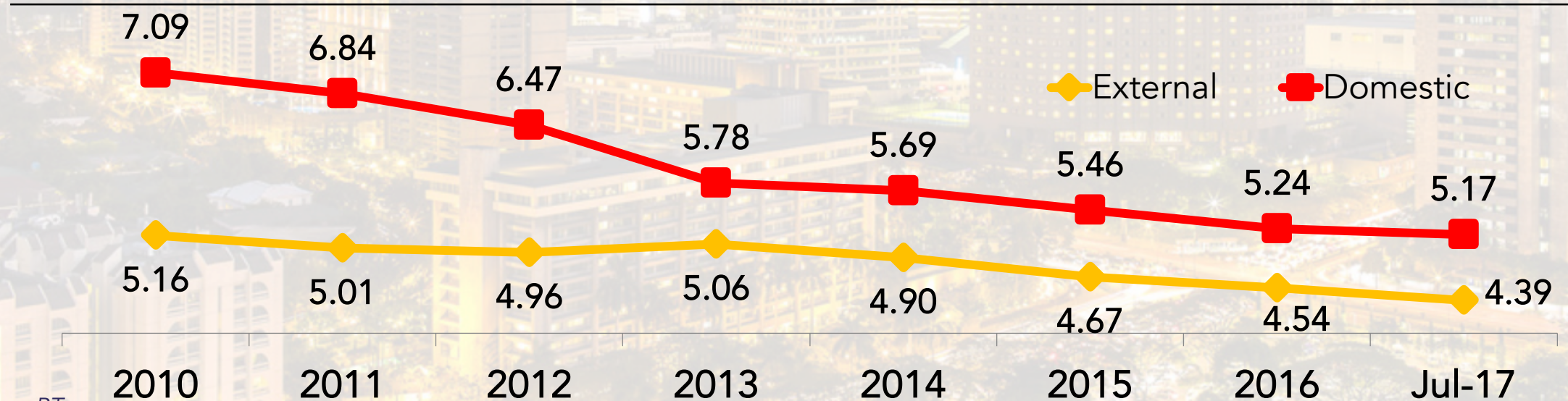
Source: DOF SERG

ROP'S RATINGS HISTORY IN RECENT YEARS



DECLINING BORROWING COST

	2012	2013	2014	2015	2016	Jul 2017
Average Interest Rates						
External	5.0%	5.1%	4.9%	4.7%	4.54%	4.39%
Domestic	6.5%	5.8%	5.7%	5.5%	5.24%	5.17%
Total	5.9%	5.6%	5.4%	5.2%	4.99%	4.90%



The price impact of tax reform is estimated to be 0.9 ppt thus, overall inflation in 2018 is expected to be 3.9%

Commodity	Share of CPI (%)	CPI 2016	Share of petroleum products as input (%) ¹	Net impact of excise to prices (%) ^{2,3}				Inflation rate (%) ^{4,5,6}
				Diesel	Gasoline	LPG	Kerosene	
Food	36	163	10	1.1	0.6	0.7	0.9	0.9
Transportation	6	128	30	3.3	1.9	2.0	2.7	2.8
Electricity	7	124	7	0.8	0.4	0.5	0.6	0.7
Others	51	135	6	0.7	0.4	0.4	0.6	0.6
Total	100	144						0.9

Notes:

1. Transportation share is the daily average of jeepney and bus operation in Metro Manila based on the National Tax Research Center computation. Electricity share is based on the Department of Energy power statistics.
2. The net impact of the excise is obtained by multiplying the share of oil as input and the price increase as a result of the excise.
3. The increase in the price of the petro products as a result of an increase in excise tax using the petro prices in Metro Manila in 2016
4. Weighted net impact of the increase in excise tax on each commodity computed based on weights below using HECS 2011
5. Overall inflation computed from the weighted average of commodity inflation based on the share of CPI
6. Percentage point on top of the BSP projected inflation.



As a matter of policy, we are maintaining an

80% to 20% BORROWING

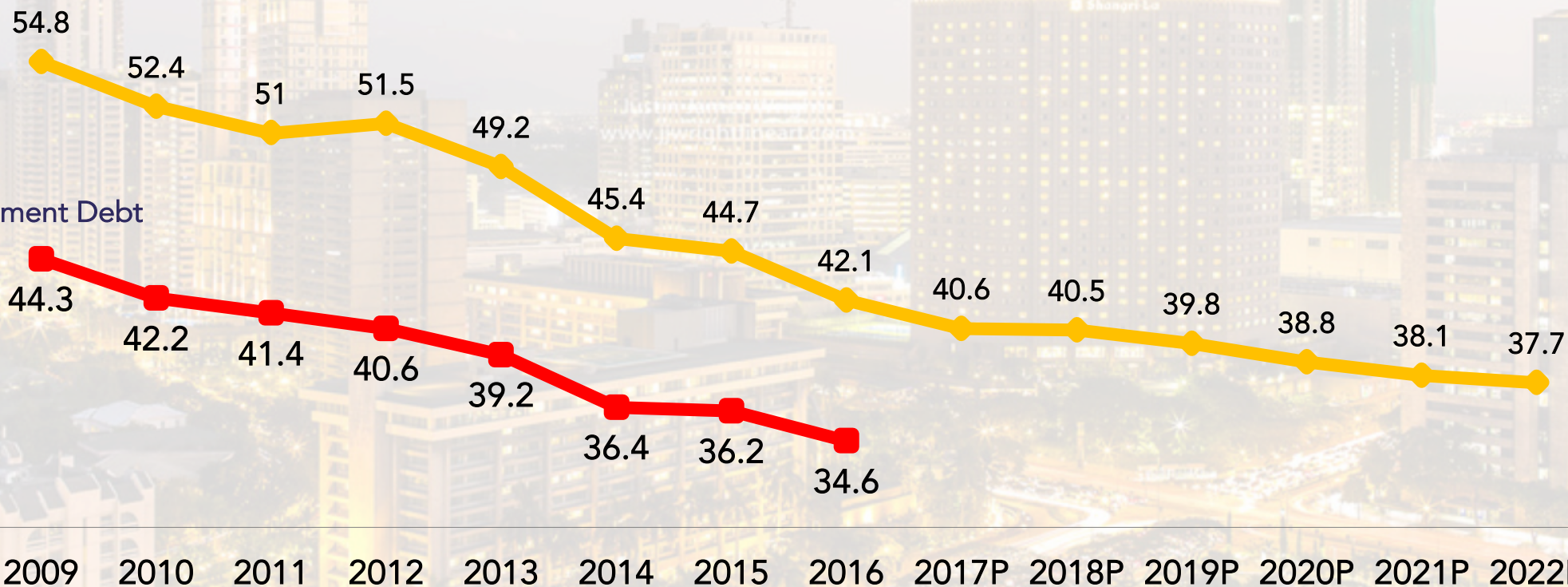
favoring meeting our financing needs
through domestic borrowing

*This will lessen the exchange risks as we
pursue an expansionary economic strategy*

Prudent and effective liability management to sustain downward trajectory of Debt-to-GDP

National and General Government Debt (% to GDP)

National Government Debt



Source: BTr



From 2010 to 2016, the Philippines moved up 49 notches in the World Bank's Ease of Doing Business Index. We improved 57 notches in the Heritage Foundation's Index of Economic Freedom.



The Philippines now looks forward to what has been called a “demographic sweet spot”

Photo Source: Philippine Star

Great strides have been
achieved towards building
a common market among
the ASEAN economies.

Photo Source: seatca.org



An aerial photograph of a city skyline at dusk or night. The image shows numerous high-rise buildings, some with lights on, and a network of roads below. A semi-transparent white rectangular box is overlaid on the upper half of the image, containing text. At the bottom of the image, there are decorative wavy lines in yellow, red, and blue.

The closer relationship between China and the Philippines occurs after some important initiatives: namely, the **Chinese initiative to build a distinct financial community for the region** and the **One Belt, One Road initiative**

OBOR initiative is considered the largest and most comprehensive cooperation project of this century

PNR SOUTH RAILWAY

MANILA - BICOL

BUILD
BUILD BUILD



DPWH



BCDA
Government Authority

Build
Build Build

2 BRIDGES IN MANILA

BINONDO-INTRAMUROS

ESTRELLA-PANTALEON

An aerial photograph of a city skyline at dusk or dawn. The sky is a pale blue, and the city lights are beginning to glow. Several tall skyscrapers are visible, including one with a distinctive stepped top. The text is overlaid on the center of the image in a dark blue, sans-serif font. The text is arranged in four lines, with the first line being the longest and the last line being the shortest. The text is bold and clear, standing out against the background. The overall tone of the image is professional and modern.

These bilateral mechanisms are the
scaffoldings helping us build a
truly functional bilateral relationship

*Philippines and China have developed numerous
bilateral mechanisms that will allow closer
coordination between our two countries across a
broad range of issues and concerns*

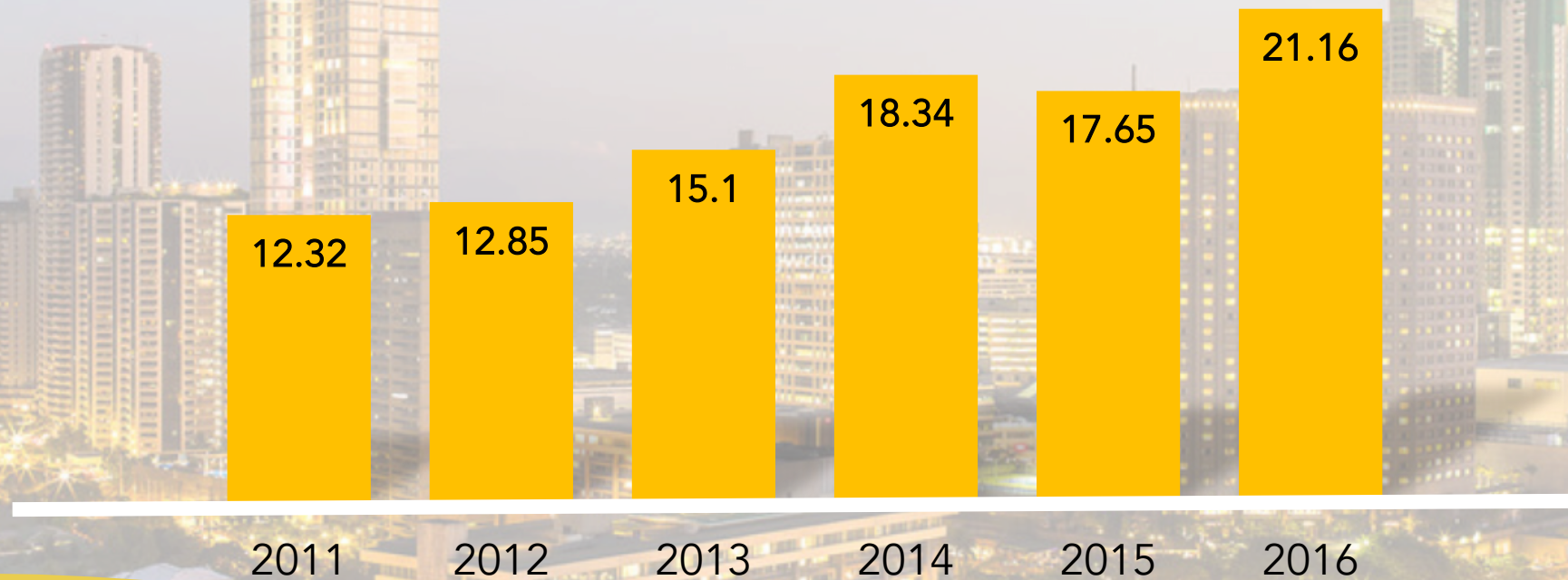
TOURIST ARRIVALS FROM CHINA



Source: DFA and DOT

China was 4th largest tourist market of the PH from 2011 to 2015, For 2016, China moved up as PH's 3rd largest tourist market

BILATERAL TRADE BETWEEN THE PHILIPPINES AND CHINA (IN US\$ BILLION)



Source: DFA, DTI, PH-CN Trade and
Investment Relations

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The economic cooperation between
our two peoples will function as a
driver of growth in the region

*There is much ground for optimism in
the vitality of this partnership*

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