DOF Economic Bulletin on Foreign Direct Investments (FDI)

· Total Foreign Direct Investments (FDI) for July 2018 reached US$913.7 million, summing up FDI for the year-to-date (YTD) to US$ 6.7 billion, a significant 52.1% increase.

· The top 3 main contributors to FDI are in: manufacturing (US$860.53 million), financial and insurance activities (US$374.18 million), and real estate activities (US$208.73 million).

· In terms of country of origin, larger shares are from: Singapore (US$790.61 million), Hong Kong (US$250.11 million), China (US$174.11 million), Japan (US$153.68 million), Taiwan (US$116.80 million), and USA (US$85.71 million).

DOF View:

· FDI continues to grow despite volatilities in the global market and the high number (36) of sectors off limits to full FDI participation. Liberalization of foreign participation in domestic businesses will further boost FDI entry, provide much needed domestic competition, dampen inflation and release the full potential of the economy. The government should continue working on removing restrictions for foreign investments in the country. The newly signed shortened negative list is seen to further improve FDI figures.

· Policies and reforms should lean towards ease of doing business for businesses. The newly enacted EODB law is seen to boost both local and foreign businesses.

Table 1. Net Foreign Direct Investment by Industry (in US$ Million)

INDUSTRY/SECTOR	Jul-17	Jan-Jul 2017 p	Jul-18	Jan-Jul 2018 p	YOY %
MINING AND QUARRYING	0.14	2.49	-0.38	2.61	5.1%
MANUFACTURING	112.95	143.59	103.55	860.53	499.3%
ELECTRICITY, GAS, STEAM AND AIRCONDITIONING SUPPLY	2.29	54.05	0.00	104.36	93.1%
CONSTRUCTION	0.78	9.28	5.40	22.30	140.4%
WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	13.07	-106.32	19.77	39.25	-136.9%
TRANSPORTATION AND STORAGE	0.16	2.22	0.06	4.08	83.4%
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	0.03	3.61	8.10	15.99	343.6%
INFORMATION AND COMMUNICATION	-12.53	6.13	-0.03	3.30	-46.1%
FINANCIAL AND INSURANCE ACTIVITIES	2.27	86.47	78.85	374.18	332.7%
REAL ESTATE ACTIVITIES	19.58	115.98	26.69	208.73	80.0%

PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	-2.07	10.06	3.09	9.61	-4.5%
ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	0.20	-11.02	15.11	12.21	-210.7%
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	0.00	17.29	0.27	1.18	-93.2%
ARTS, ENTERTAIMENT AND RECREATION	0.14	3.28	0.00	186.23	5576.8%
EQUITY OTHER THAN R.E., NET	**137.00**	338.00	**260.62**	**1,845.18**	445.9%
REINVESTMENT OF EARNINGS	**70.77**	487.20	**69.12**	**488.95**	0.4%
DEBT INSTRUMENTS	**136.42**	3,560.19	**584.01**	**4,334.92**	21.8%
T O T A L	**344.19**	4,385.39	**913.74**	**6,669.06**	52.1%

Table 2. Net Foreign Direct Investment by Country of Origin (in US$ Million)

Net Foreign Direct Investment by Country of Origin	Jul-17	Jan-Jul 2017 p	Jul-18	Jan-Jul 2018 p	YOY %
Singapore	76.41	122.77	106.07	790.61	544.0
Hong Kong	-1.72	40.79	7.83	250.11	513.2
China	0.14	3.49	6.06	174.71	4,910.7
Japan	13.97	-20.02	28.43	153.68	-867.6
Taiwan (ROC)	7.63	25.99	41.84	116.80	349.4
USA	9.85	30.93	23.12	85.71	177.1
Luxembourg	0.38	0.45	0.00	73.11	16,098.2
Netherlands	18.62	14.03	7.59	55.87	298.1
South Korea (ROK)	0.75	7.89	31.23	43.35	449.4
United Kingdom	1.14	6.16	0.17	36.54	493.6
Germany	4.15	23.68	1.89	33.90	43.1
France	0.23	8.12	0.10	0.88	-89.1
Indonesia	0.01	1.84	-0.03	0.70	-62.0
Thailand	1.54	8.52	0.06	0.15	-98.2
Malaysia	0.02	13.61	0.24	0.12	-99.1
Canada	-0.36	-2.49	-0.30	-4.12	65.4
ASEAN	78.01	147.80	106.35	792.06	435.9
EQUITY OTHER THAN REINVESTMENT OF EARNINGS, NET	137.00	338.00	260.62	1,845.18	445.9
REINVESTMENT OF EARNINGS **	70.77	487.20	69.12	488.95	0.4
DEBT INSTRUMENTS**	136.42	3,560.19	584.01	4,334.92	21.8
T O TA L	344.19	4,385.39	913.74	6,669.06	52.1

Source: BSP

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