



Republic of the Philippines
DEPARTMENT OF FINANCE

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**DOF Economic Bulletin on Foreign Direct Investment,
First Semester of 2021**

- Foreign direct investment (FDI) for the month of June posted a 60.5% growth year-on-year, from \$519 million last year to \$833 million in 2021. (Table 1)
- FDI for the first semester of the year was at \$4.30 billion, 40.7% higher than the \$3.05 billion recorded in the same period last year, and 5.9% higher than the \$4.06 billion in the first six months of 2019. Year-on-year increases in reinvestment of earnings and net debt instruments of 7.7% and 86.5%, respectively, mitigated the 8.9% decline in net equity capital investments for the period. (Table 2)
- Net equity capital investments for the period were primarily in the manufacturing, electricity, gas, steam, and airconditioning, financial and insurance, and real estate industries.

DOF View

The year-on-year recovery of FDI during the first semester of the year suggests that the Philippines' long-term prospects remain positive.

A prudent and calibrated response to the risks posed by the COVID-19 pandemic and continuing the vaccination drive will be important in safely reopening the economy.

Moving forward, programs to make doing business easier and infrastructure investments will be key in attracting more investment into the country. Recently passed reforms such as the CREATE law, along with reforms still in the legislature, such as amendments to the Foreign Investment Act (FIA), the Commonwealth-era Public Service Act (PSA), and the Retail Trade Liberalization Act (RTLTA) will be instrumental in mobilizing more foreign capital into the country and introduce more dynamism in the economy.

	Jan	Feb	Mar	Apr	May	Jun	Total
2019	608	745	647	1,011	393	653	4,057
2020 _r	680	621	342	320	572	519	3,054
2021 _p	961	608	808	654	433	833	4,297

YoY Change (%)	41.3	(2.1)	136.3	104.4	(24.3)	60.5	40.7
% Change vs 2019 Level	58.1	(18.4)	24.9	(35.3)	10.2	27.6	5.9

Source of Basic Data: Bangko Sentral ng Pilipinas (BSP)

**Net FDI flows refer to non-residents' net equity capital (i.e., placements less withdrawals) + reinvestment of earnings + debt instruments (i.e., net intercompany borrowings).*

Notes: p – preliminary; r - revised

	Jan-Jun 2020 _r	Jan-Jun 2021 _p	YoY Change (%)
Equity and Investment Fund Shares	1,550	1,493	(3.7)
Equity other than reinvestment of earnings, net	1,066	971	(8.9)
Manufacturing	617	298	(51.6)
Electricity, Gas, Steam, and Air-conditioning Supply	-38	245	-
Financial and Insurance Activities	53	215	309.8
Real Estate Activities	96	71	(25.4)
Others	339	141	(58.3)
Reinvestment of Earnings	484	522	7.7
Debt Instruments, net	1,504	2,805	86.5
Total	3,055	4,298	40.7

Source of Basic Data: BSP

Notes: p – preliminary; r - revised

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