



Republic of the Philippines
DEPARTMENT OF FINANCE

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**DOF Economic Bulletin on Foreign Direct Investment,
January to October 2021**

- Foreign direct investment (FDI) for the month of October posted a 98.9% growth year-on-year, from US\$430 million last year to US\$855 million in 2021. This was 11.9% larger than the 2019 level of \$764 million. (Table 1)
- Cumulatively, the FDI level for the first ten months of 2021 totaled US\$8.1 billion, 48.1% higher than the US\$5.5 billion recorded in the same period last year (in fact, close to a quarter higher than the 2020 full-year FDI of US\$6.6 billion), and 22.8% higher than the US\$6.6 billion in the first ten months of 2019. Year-on-year increases in reinvestment of earnings and net debt instruments of 11.9% and 78.6%, respectively, mitigated the 5.2% 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 air conditioning, financial and insurance, and real estate industries.

DOF View

The continued year-on-year recovery of FDI during the first 10 months of the year suggests that the Philippines' long-term prospects remain positive in the eyes of investors. Sustaining the pace of our vaccination drive and responding appropriately to risks posed by the virus and its variants will be key in maintaining investor confidence.

The considerable year-on-year increase in net debt instruments continue to significantly contribute to the growth in FDI observed in the first 10 months of the year.

The proposed Capital Markets Development Act (HB 9343) will increase demand for financial securities and support the continued growth of FDI. Additionally, the recently passed amendments to the Retail Trade Liberalization Act, along with other economic liberalization reforms such as the amendments to the Foreign Investment Act (FIA) and the Public Service Act (PSA), if passed, will be instrumental in mobilizing more investments into the country and resume the path to an investment-led growth.

Table 1. Net Foreign Direct Investment*, Monthly, US\$M											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep t	Oct	Total
2019	608	745	647	1,011	393	653	608	588	612	764	6,631
2020p	680	621	342	320	572	519	831	677	506	430	5,498
2021p	982	618	809	659	448	965	1,281	866	660	855	8,143
YoY Change (%)	44.4	(0.5)	136.6	106.3	(21.7)	85.9	54.2	27.9	30.4	98.9	48.1
% Change vs 2019 Level	61.5	(17.1)	25.0	(34.8)	13.9	47.7	110.6	47.3	7.7	11.9	22.8

Source of Basic Data: 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).

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Table 2, Net Foreign Direct Investment, January to October, US\$M			
	Jan-Oct 2020p	Jan-Oct 2021p	YoY Change (%)
Equity and Investment Fund Shares	2,174	2,205	1.4
Equity other than reinvestment of earnings, net	1,332	1,263	(5.2)
Manufacturing	689	436	(36.8)
Electricity, Gas, Steam, and Airconditioning Supply	-44	294	-
Financial and Insurance Activities	67	189	183.4
Real Estate Activities	162	122	(24.5)
Others	459	223	(51.4)
Reinvestment of Earnings	842	942	11.9
Debt Instruments, net	3,324	5,937	78.6
Total	5,498	8,143	48.1

Source of Basic Data: BSP

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