

BOARD OF INVESTMENTS

Basic Facts for Investors



A GLIMPSE OF THE PHILIPPINES

Socio-Political Economic Facts

OFFICIAL NAME	: Republic of the Philippines
AREA	: 300,000 sq kilometers (115, 830 sq miles)
POPULATION	: 100.98 Million (2015)
CAPITAL	: Manila
LOCAL TIME	: GMT+ 8 hours
PEOPLE	: Filipinos are predominantly of Malay descent, although many have mixed ancestries such as Chinese and Spanish.
LANGUAGES	: Filipino (derivative of Tagalog) and English are official languages, including some 150 more native languages, vernaculars, and dialects
MONETARY UNIT	: Philippine peso (with multi-currency acceptance for local transactions)
GOVERNMENT	: Presidential (executive) with Bicameral Congress and Independent Judiciary
HEAD OF STATE AND HEAD OF GOVERNMENT	: President (also Commander-in-Chief of Armed Forces)

ECONOMIC SNAPSHOT

Open for Business

- Within 4 hours flying time from major Asian cities
- Competitive FDI growth among ASEAN
- Priority Sectors:
 - Manufacturing
 - IT-BPM
 - Tourism
 - Infrastructure
 - Agri-business

Demographic Advantage

- PH in a demographic sweet spot
- 62.3% of population between 15-64 years old
- 500,000 university and college graduates per year
- Population of 100.98 million in 2015 and projected to hit 141 million by 2050
 - *UN World Population Prospects Report*

Southeast Asia's Fastest Growing Economy

- 6.8% GDP growth in 2016, fastest in Asia
 - *NEDA*
- Home to the world's 3rd most confident consumers – Nielsen Consumer Confidence Index 1Q 2014



Sound Macroeconomic Fundamentals

- Low and stable inflation: 2.5% in 2016 and within target for 5 consecutive years as of 2016
- Stable banking system that solely enjoys “positive outlook” from *Moody’s Investors Service*
- Robust external account: ample foreign exchange reserves, 11 consecutive years of current account surplus and creditor to the IMF
- Healthy fiscal position: 3 consecutive years of primary surplus, above 11% annual revenue growth since 2011, general government debt/GDP at 39.2% in 2013 from 68.1% a decade ago, more fiscal space available for inclusive development with biggest share going to social services

Good Governance is Good Economics

- Secured investment grade from Fitch, S&P and Moody’s in 2013
- Obtained further upgrade from S&P to BBB from BBB- in May 2014; “most upgraded sovereign credit in the region in recent years” – *J.P. Morgan*
- 40-notch jump in Transparency International’s Corruption Perception Index since 2010
- 36-notch jump in IFC’s Doing Business survey since 2010
- 26-notch jump in the World Economic Forum’s Competitiveness Index since 2010





GROWTH AREAS

Manufacturing

- Major driver of growth
- Generates quality jobs for low, semi-skilled and high skilled workers
- Highest multiplier effect to the economy
- Supports the development of human capital
- Labor costs and supply constraints are rising fast in competing regional economies
- Regional relocation of major manufacturing companies is moving millions of jobs from rising- cost to lower-cost locations in Asia



Tourism

- Creator of Jobs and wealth
 - 1.23 million jobs generated directly in 2013 – *World Travel and Tourism Council (WTTC) Philippine Country Report 2014*
 - 7.4 million jobs seen generated by 2016 – *Department of Tourism*
 - “PH One of the 15 Hottest Destinations” – *Travel + Leisure 2013*
- Fast growing industry
 - Tourist arrivals of 4.7 million in 2013
 - Travel receipts of USD 4.40 billion in 2013
- World’s 100 Best Beaches – El Nido, Puka Beach, Palau Island – *CNN Travel*
- Open for Foreign Participation
 - 100% foreign ownership for hotels, restaurants, and tourism facilities
 - 10 million international visitors by 2016 (DOT)
 - 5,057 rooms in the pipeline from global and local hotel chains
 - Massive investments in tourism infrastructure
 - Roads and bridges (PHP12 billion in 2013 and PHP14.4 billion in 2014)
 - 9 international and 20 domestic airports
 - New roads: 94km Subic-Clark-Tarlac Expressway, 8km North Luzon Expressway, 42km STAR Tollway and Cavite Expressway (CAVITEX)
 - Category 1 status under the United States Federal Aviation Authority
 - Philippine carriers can now access EU
 - Direct contribution of Travel & Tourism to GDP:
 - 2013: PHP472.3 billion
 - 2014 Forecast: PHP490.2 billion
 - 2024 Forecast: PHP843.3 billion





Infrastructure

- Massive Infrastructure Development
 - Total infrastructure spending for 2013-2016: USD56 billion or 53% of public investment program – a demonstration of government's commitment to provide critical infrastructure
 - Increase public infrastructure spending to 5% of GDP by 2016 to maximize the country's productive capacity
 - More competitive and transparent bidding processes generated USD545 million in savings from July 2010 – December 2013
- Building Better
 - Ungraded design standards for more disaster-resilient roads, bridges, ports and public buildings
- Smarter, Cleaner Projects
 - USD40 million to upgrade railway ticketing system to facilitate efficient passenger transfer
 - 323 service contracts to tap solar, geothermal, hydro, wind and biomass potential of the country
 - 1 million e-vehicles by 2020

- Open for Foreign, Private Participation
 - Most PPP-ready country in the ASEAN – *ADB*
 - The Philippines is the only country in the ASEAN to have successfully bid out PPP projects in the last 3 years – *ADB*
 - 8 awarded PPP projects since July 2010 (PPP, November 2014)
 - Over 45 road, water, mass transit, airports, ICT and social infrastructure projects worth over USD20 billion in the pipeline under the PPP Program
 - Reforms to facilitate participation of foreign contractors in infrastructure projects

- Big Ticket Opportunities
 - Metro Manila business districts subway
 - 11.7km extension of Metro Manila rail to service southern Manila (LRT Line 1 Cavite Extension)
 - 47km expressway South of Metro Manila (Cavite-Laguna Expressway)
 - 47km expressway dike South of Metro Manila (Laguna Lakeshore Expressway Dike)
 - 56km commuter rail between North - South Luzon Railway Project (South Line) of Metro Manila Integrated Luzon Railway





IT-Business Process Management (BPM)

- World's No. 1 Call Center Hub
- Menu of Services: Voice BPM, Non-voice BPM/Knowledge Processing Outsourcing, Information Technology Outsourcing, Health Information Management, Engineering Services, Animation and Game Development
- Competitive Advantages:
 - 3rd largest English speaking country
 - 40+ million workforce
 - 500,000+ college graduates per year
 - 5,000+ CPAs annually
 - Affinity with Western culture
 - Cost competitiveness – labor costs for English-speaking professionals for voice, non-voice and IT services among the lowest in the world
 - Telecom infrastructure throughout the archipelago
- IT-BPM Hubs:
 - Four (4) Centers of Excellence (Manila, Cebu, Clark, Bacolod) spread out throughout the country
 - More than 34 Next Wave Cities identified as additional locations due to availability of workforce, infrastructure support, connectivity, and low cost
- Skilled and Competitive workforce
- No. 1 in Business English Proficiency-Global English Corporation's study of 76 countries
- "Most attractive global provider of IT-BPO services in Asia" – *The Economist Corporate Network Survey 2012*
- "The Manila hub will allow us to tap large, well-educated workforce" – *Alex Thursby, CEO of ANZ Asia Pacific, Europe and America*

Mindanao

- Historic Deal for Real and Lasting Peace
 - After 17 years of negotiations, PH Government and Moro Islamic Liberation Front (MILF) signed peace agreement in March 2014
 - Bangsamoro, an autonomous political entity, to be established by 2016
 - Comprehensive socio-economic initiatives to uplift Bangsamoro communities
 - PHP212.9 million initial package of livelihood and infrastructure projects by Department of Agriculture
 - **Sajahatra Bangsamoro** Program assists Moro Islamic Liberation Front (MILF) members to start a new life, e.g. 11,000 beneficiaries will receive temporary employment under the Cash for Work Program; 11,000 beneficiaries will be enrolled in Philhealth
- Unleashing Mindanao's Growth Potential
 - Second largest island in the Philippines rich in natural resources
 - Accounts for 30% of the country's food output
 - PH is the 5th mineralized in the world, 3rd in gold reserves, 4th in copper, and 5th in Nickel. More than half of the estimated mineral wealth of the Philippines is found in Mindanao – *Department of Environment and Natural Resources*
 - Mindanao is the trade gateway to Brunei, Indonesia, Malaysia and Philippines East ASEAN Growth Area (BIMP-EAGA)
 - Growing Halal Industry with potential to cater to BIMP-EAGA and other markets
 - Accelerating infrastructure development: PHP8.78bn for Autonomous Region of Muslim Mindanao and PHP37.58 billion (24.9% of the 2014 budget) for Mindanao
- Mindanao's % share of the Philippines' total production
 - Rubber – 100%
 - Pineapple – 88.8%
 - Banana – 81.9%
 - Coffee – 73.6%
 - Coconut – 59.5%
 - Corn – 49.9%

(Source: Bureau of Agricultural Statistics 2012)



At the Board of Investments, we offer total investment management solutions

- Supplying knowledge-based market information
 - Analyzing your business feasibility
 - Handholding your concerns
 - Linking you to the service chain
- Matching you with foreign and local businesses
- Nurturing your expansion and diversification
 - Profiling industries