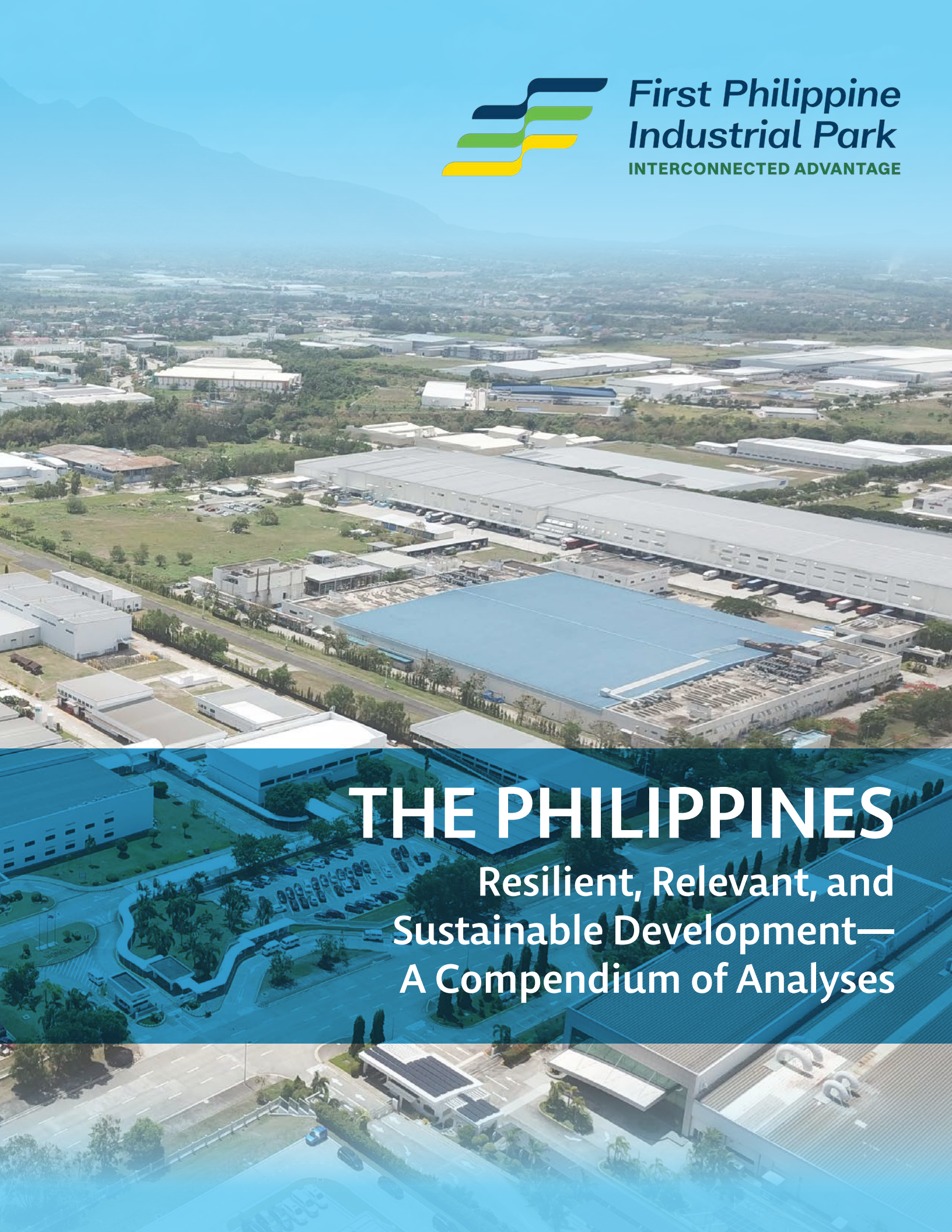




**First Philippine
Industrial Park**
INTERCONNECTED ADVANTAGE



THE PHILIPPINES

Resilient, Relevant, and
Sustainable Development—
A Compendium of Analyses

Contents

List of Tables and Figures	3
Abbreviations	4
Executive Summary	8
The Philippines	11
Economic Overview	11
The Macroeconomy	12
Prospects and Potentials	13
Demographics	18
Population	18
Income and Expenditures	18
Physical infrastructure	19
Technology	19
Laws and Intellectual Property	24
Business Registration, Licensing, and Permits Taxation	25
Labor, Skills, and Employment	26
Accounting and Reporting	30
Philippine Investment Climate Initiatives	32
Regional and Global Integration and the Philippines	33
Approved Foreign Direct Investments	34
First Philippine Industrial Park	36
Upholding World-Class Standards	37
Options to Optimize Your Business	37
Benchmark for Park Development and Management	38
Commercial Offering	40
Our Locators	42
Appendixes	44
References	55

List of Tables and Figures

Table 1: Higher Education Enrollment by Program Level and Sex (AY 2019-2020) 26

Table 2: Top 5 Disciplines in terms of Enrollment (AY 2019-2020) 27

Figure 1: Vigorously Advancing Science, Technology, and Innovation 20

Figure 2: Largest industries in the Philippines in 2020, by value of approved investments 35



Abbreviations

AFAB	Authority of the Freeport Area of Bataan
AHS	average household size
AONCR	areas outside NCR
ASEAN	Association of Southeast Asian Nations
BARMM	Bangsamoro Autonomous Region in Muslim Mindanao
BIR	Bureau of Internal Revenue
BOI	Board of Investment
BOT	build-operate-transfer
BPO	business process outsourcing
BSP	Bangko Sentral ng Pilipinas
BTRCP	Bureau of Trade Regulation and Consumer Protection
CAR	Cordillera Administrative Region
CDC	Clark Development Corporation
CEZA	Cagayan Economic Zone Authority
CREATE	Corporate Recovery and Tax Incentives for Enterprises
DOLE	Department of Labor and Employment
EFPS	Electronic Filing and Payment System
FDI	foreign direct investment
FI	foreign investments



FIA	Foreign Investment Act
FINL	Foreign Investment Negative List
FIST	Financial Institutions Strategic Transfer
FTA	free trade agreement
GDP	gross domestic product
GID	governance and institutions development
GUIDE	Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery
IPC	Intellectual Property Code of the Philippines
IPO	Intellectual Property Office
LFPR	Labor Force Participation Rate
NCR	national capital region
NEDA	National Economic and Development Authority
ODA	official development assistance
PEU	Philippines Economic Update
PEZA	Philippine Economic Zone Authority
PPP	public-private partnership
RCEP	Regional Comprehensive Economic Partnership
RFINL	Regular Foreign Investment Negative List
RHQ	regional or area headquarters
ROHQ	regional operating headquarters
SBMA	Subic bay Metropolitan Authority
SEC	Securities and Exchange Commission
SRCD	social reform and community development
TTA	technology transfer arrangements
US	United States



**First Philippine
Industrial Park**
INTERCONNECTED ADVANTAGE

First Philippine Industrial Park, Inc. (FPIP) is one of the Philippines' largest and fastest-growing premier industrial parks today. With over 600 hectares of prime industrial land, it is now the preferred location of over a hundred world-class locators.

FPIP was established in 1996 in response to the government's call for private sector assistance in catalyzing industrial growth. Today, FPIP continues to work with its locator partners in contributing to national development and economic growth by helping generate tens of thousands of local jobs and billions of pesos in annual export earnings.

FPIP brings over two decades of operational excellence and an even longer history of multifaceted industry experience through its partners and parent companies.

FPIP is a joint venture between First Philippine Holdings (FPH) and Sumitomo Corporation of Japan. FPH brings leading and pioneering experience in energy, power generation and distribution, transformer manufacturing, commercial and residential estate development and management, construction and engineering, as well as education and healthcare.

Sumitomo Corporation's experience in industrial park development and management aids FPIP in offering integrated services and world-class experience to locators all over the world. Sumitomo Corporation is a leading industrial park developer and operator in Vietnam, Indonesia, Myanmar, India, Bangladesh, and the Philippines.

Executive Summary

The Philippines

The Philippine Statistics Authority states that the country's gross domestic product (GDP) grew to 7.2 percent in the fourth quarter of 2022, resulting to a 7.6 percent full-year growth in 2022.

The PSA press release states that the main contributors to the fourth quarter 2022 growth were: Wholesale and retail trade; repair of motor vehicles and motorcycles, 8.7 percent; Financial and insurance activities, 9.8 percent; and Manufacturing, 4.2 percent. For annual 2022, the industries which contributed the most to the annual growth were: Wholesale and retail trade; repair of motor vehicles and motorcycles, 8.7 percent; Manufacturing, 5.0 percent; and Construction, 12.7 percent.

Among the major economic sectors, Industry and Services posted positive growths in the fourth quarter of 2022 with 4.8 percent and 9.8 percent, respectively. Meanwhile, Agriculture, forestry, and fishing (AFF) posted a contraction of -0.3 percent. On an annual basis, AFF, Industry, and Services all posted positive growths with 0.5 percent, 6.7 percent, and 9.2 percent, respectively.

The Gross National Income (GNI) grew by 9.3 percent in the fourth quarter of 2022 and 9.9 percent for full-year 2022.

The Philippine government promotes partnership with the private sector to enable and enhance the latter's participation in developing infrastructure and services in the country. It has adopted the innovative build-operate-transfer (BOT) scheme, a model now being followed by other countries due to its success.

The country has opened its economy by allowing 100% foreign ownership in almost all sectors. It has strengthened its capital markets and has deregulated banking, insurance, and the shipping and telecommunication sectors, therefore removing most, if not all of the monopoly structures in the Philippine market economy.

Attractive incentive packages are available to qualified enterprises in the country's numerous Special Economic Zones and Industrial Estates. The Special Economic Zones have become balanced hubs of agricultural, industrial, and recreational activity.

The Philippines is the most strategic location for firms that aspire to gain access to the large ASEAN market. It has complied with WTO, APEC, and AFTA agreements and has reduced tariff rates on manufactured goods. The Philippines has enhanced and primed up various areas of business for investors and offers a dynamic consumer market accustomed to an array of product choices created by a competitive domestic economy.

The Philippines offers state-of-the-art telecommunications facilities and an adequate uninterrupted power supply. Specialized IT zones offer ready-to-occupy offices and production facilities, computer security and building monitoring systems, as well as complete office services.

In the Philippines, a minimum wage earner receives a monthly pay ranging from US\$169.99 to US\$287.24 depending on which area or region the worker is employed. Indonesia (US\$90.71 to US\$227.55) and Vietnam (US\$143.20 to US\$161.74), on the other hand, provides a monthly minimum wage lower than the Philippines.

The Philippines is powered by its vast talent pool of young, skilled, and English-speaking workforce. The median age of population is 25 years while the labor force participation rate in the country was placed at 64.6% as of May 2021, equivalent to 48.45 million individuals.

The Philippines has one of the highest literacy rates in the Association of Southeast Asian Nations (ASEAN) region with about 91.6% Filipinos 10 to 64 years functionally literate in 2019. It has highly qualified managers, information technology staff, and engineers. About 94% of the population is capable of being trained for essential skills and competencies. It is also the third-largest English-speaking country in the world and the top-ranked country in the world for Business English.

The Philippines has one of the highest literacy rates in the region, with 93.9% of the population capable of being trained for essential skills and competencies. The country's unique edge comes from the high level of English proficiency of Filipinos.

Even after the time of the COVID-19 global pandemic, the country has been benefitting from the reforms enacted and already implemented (e.g., Rice Tariffication Law, Sin Tax Reform Law, Ease of Doing Business and Efficient Government Service Delivery Act, Tax Reform for Acceleration and Inclusion, Telecommuting Act, Social Security Act of 2018, Balik Scientist Act, etc.).

The Philippines was on track to becoming an upper middle-income economy, until the coronavirus disease 2019 (COVID-19) pandemic disrupted the country's economic growth momentum and development trajectory. The unprecedented challenges brought by the pandemic prompted a shift in sourcing and utilizing Official Development Assistance (ODA) financing in the new normal, from project-specific to quick-disbursing program loans.

The Regional Comprehensive Economic Partnership (RCEP) is an agreement between the member states of the Association of Southeast Asian Nations (ASEAN) and its free trade agreement (FTA) partners. The pact aims to create an integrated market with 16 countries, making it easier for the participating countries to commence trade of products and services. In summary, the RCEP aims to lower tariffs, open up trade in services and promote investments, and reduce costs for companies by allowing them to export a product within participating countries without meeting separate requirements for each country. The Philippine's participation in the RCEP is seen to be beneficial to business owners and investors in multiple ways. First, the manufacturers in the country can get cheaper imported goods, raw materials, and other products from other member countries of the RCEP. Second, it will be convenient to do business as the RCEP simplified the rules for businesses and investors. Third, in the RCEP region, participating countries will have uniform rules for protecting intellectual property rights. Lastly, the RCEP will complement the ongoing reforms and existing programs and initiatives of the government, especially on the resurgence of the manufacturing sector in the country.

The Philippines remains as an emerging market for Foreign Direct Investments (FDIs). FDIs in the Philippines have grown significantly in the past few years and have remained steady despite the unfortunate effects of the COVID-19 pandemic. Despite the decreasing global trend in FDI flows in 2020, the Philippines was able to counter the trend gaining 29% increase in FDIs with the approved foreign investments in the country reaching a total of Php36.5 billion in the fourth quarter of 2020. Total approved foreign investments in the second quarter of 2021 reached Php 22.5 billion, 45% higher compared with the Php 15.46 billion in the same quarter in 2020.

Majority of the country's approved foreign investments (FIs) were pledges from six investment promotion agencies (IPAs) named the Board of Investments (BOI), Philippine Economic Zone Authority (PEZA), Clark Development Corporation (CDC), Subic bay Metropolitan Authority (SBMA), Authority of the Freeport Area of Bataan (AFAB), and Cagayan Economic Zone Authority (CEZA).

Information and Communication industry bested all other industries as it stands to receive PhP 12.53 billion or 55.7% of the total FI pledges. Construction came in second with investment commitments valued at PhP 3.62 billion or 16.1% share, followed by Manufacturing with PhP 2.27 billion or 10.1% FI contribution.

Based on research by Statista.com, in 2020, the highest approved investment value among the leading industries by the Board of Investments of the Philippines was the construction and infrastructure sector, amounting to approximately 557.3 billion Philippine pesos. The electricity, gas, steam and air cooling supply industry followed with about 200.7 billion Philippine pesos of investments.



The Philippines

The Philippines is an archipelago of about 7,100 islands in Southeast Asia. It is bounded by the South China Sea on the west and the Pacific Ocean on the east. It has a total land area of about 300,000 square kilometers, the largest islands being Luzon, Mindanao, Palawan, Negros Island, Cebu, Samar Island, Panay Island, Mindoro Island, and Leyte.

The Philippines has no land boundaries. Its neighbors are Taiwan to the north, Malaysia and Indonesia to the south, Vietnam to the west, and China to the northwest.

The Philippines is flanked by two major trade routes—the Pacific Ocean and the South China Sea. It serves as a base for business and provides an entry point to over 600 million people within the Association of Southeast Asian Nations.

Economic Overview¹

The Philippine Statistics Authority states that the country's gross domestic product (GDP) grew to 7.2 percent in the fourth quarter of 2022, resulting to a 7.6 percent full-year growth in 2022.

The PSA press release states that the main contributors to the fourth quarter 2022 growth were: Wholesale and retail trade; repair of motor vehicles and motorcycles, 8.7 percent; Financial and insurance activities, 9.8 percent; and Manufacturing, 4.2 percent. For annual 2022, the industries which contributed the most to the annual growth were: Wholesale and retail trade; repair of motor vehicles and motorcycles, 8.7 percent; Manufacturing, 5.0 percent; and Construction, 12.7 percent.

Among the major economic sectors, Industry and Services posted positive growths in the fourth quarter of 2022 with 4.8 percent and 9.8 percent, respectively. Meanwhile, Agriculture, forestry, and fishing (AFF) posted a contraction of -0.3 percent. On an annual basis, AFF, Industry, and Services all posted positive growths with 0.5 percent, 6.7 percent, and 9.2 percent, respectively.

The Gross National Income (GNI) grew by 9.3 percent in the fourth quarter of 2022 and 9.9 percent for full-year 2022.

According to the Philippines Economic Update (PEU) from the World Bank, government spending on infrastructure is expected to propel growth, aided by the steady progress in vaccination leading to greater people mobility and the revival of businesses. Household consumption is also projected to recover in 2022, based on rising remittances and improving incomes as more people regain or find new jobs.

In 2022, the phased economic reopening is expected to benefit the services sector especially transportation, domestic tourism, and wholesale and retail trade. Sustained public investment will continue to support construction activities. FPIP sees the ICT industry as an attractive and untapped industry and is currently studying future offerings that will cater to the various needs of BPO/shared services to support regional operations.

The PEU flags that despite encouraging trends, the COVID-19 pandemic remains a major risk to the country's growth prospects. The report notes that even in countries with high vaccination rates, infections have continued to spread, albeit with greatly reduced severity of illness, hospitalization, and mortality. Variants of concern, breakthrough cases, and waning vaccine efficacy have highlighted the complexity of economic reopening.

¹ Philippine Statistics Authority. 2022. *GDP Expands by 7.2 Percent in the Fourth Quarter of 2022, and by 7.6 Percent in Full-year 2022*. Manila; <https://psa.gov.ph/national-accounts/sector3/Gross%20Domestic%20Product> World Bank. 2021. *Philippines Economic Update (PEU) titled Regaining Lost Ground, Revitalizing the Filipino Workforce*. Washington, DC; World Bank. 2021. *Philippines: Boosting Private Sector Growth Can Strengthen Recovery, Create More Jobs*. Press Release. 7 December. Washington, DC.



The Macroeconomy²

The following paragraphs provide an analysis of the country's economy in 2022, based on the Asian Development Bank's *Asian Development Outlook 2022*:

Investment and household consumption were the major growth drivers in 2022. Investment rebounded by 19.0% on rising private and public investment, reversing 2020's 34.4% contraction. Private construction picked up from the second quarter, although it still contracted by 2.0% over the full year. Public construction grew by 37.4% as the government accelerated large infrastructure projects, including railways, ports, and expressways. Outlays for machinery and transport equipment rose by 11.9%.

Household consumption, accounting for three-fourths of GDP, rose by 7.3% year on year in the second half and by 4.2% for the whole year. The unemployment rate eased; it peaked at 17.6% in April 2020 but had fallen to 6.6% in December 2021,

still above the pre-pandemic level of 5.1% in 2019. Remittances from Filipinos working overseas—up by 5.1% year on year to \$34.9 billion in 2021, equivalent to 8.9% of GDP—continued to support household consumption.

All major sectors contributed to growth in 2021 except agriculture, which marginally contracted on lower pork production. Services were the main contributor to the rebound in growth, with the sector expanding by 5.3%, reversing 2020's 9.2% contraction. Trade, finance, information and communication, and business services were the main contributors. Industry, accounting for 30% of GDP, also rebounded, on 8.2% growth. Manufacturing, comprising two-thirds of industry, grew by 8.6%, lifted by stronger domestic demand and the recovery in exports. Growth was largely driven by food processing, which accounts for nearly half of total manufacturing output, and construction materials, computers, and electronic products. Construction grew 9.8% on relaxed mobility restrictions.

² ADB. 2022. *Asian Development Outlook 2022*. Manila.

The country's headline inflation accelerated to 4.0 percent in March 2022, from 3.0 percent in February 2022. This brings the national average inflation from January to March 2022 at 3.4 percent. In March 2021, inflation was higher at 4.1 percent.³

The government has taken steps to address the inflationary pressures brought about by the Russia-Ukraine conflict.⁴ Policy interventions to manage supply and prices of key commodities include the following:

- Expanding supply and reducing prices of pork by extending the lower tariff of 15 percent in quota and 25 percent out quota with minimum access volume of 200,000 metric tons until December 2022;
- Accelerating the release of imported pork from cold storages;
- Passing the proposed Livestock Development and Competitiveness Law and pursuing the livestock value chain reform to address rising corn and feeds prices;
- Accelerating the release of Sanitary and Phytosanitary Import Clearance from the National Meat Inspection Service's cold storage warehouses to push up chicken inventory; and
- Removing all non-tariff barriers.

Prospects and Potentials⁵

GDP growth is forecast at 6.0% in 2022 and 6.3% in 2023. Among the prospects for the economy, based on the *Asian Development Outlook*, include: (i) Economic growth will pick up in 2022 and 2023 on strengthening domestic demand, (ii) the fiscal deficit is programmed to narrow further in 2023 and 2024, (iii) reforms will improve mobilizing tax revenue, (iv) there is a pickup in manufacturing in early 2022, (v) lending growth continued to accelerate after pulling out of a slump in mid-2021.

Ongoing reforms will promote investment and support economic recovery. Approved in March 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act will reduce the corporate income tax rate from 30% to 20% for small, medium-sized businesses

³ Philippine Statistics Authority.

⁴ National Economic and Development Authority (NEDA).

⁵ ADB. 2022. *Asian Development Outlook 2022*. Manila.

and 25% for all other businesses. In February 2021, the government approved the Financial Institutions Strategic Economic trends and prospects in developing the Asia Transfer Act, which will allow banks and other financial institutions to dispose of nonperforming loans and assets through asset management companies. This will allow them to clear out their bad loans and free up liquidity for lending.

Based on the Philippine Development Plan, 2023-2028,⁶ the following are the targets for the country by 2028:

- **Maintain annual economic growth rate between 6.0 to 7.0 percent in 2023 and between 6.5 to 8.0 percent from 2024 to 2028.**
- **Create more, better, and more resilient jobs.** By 2028, the unemployment rate shall be within 4.0 to 5.0 percent, and the percentage of wage and salary workers in private establishments to total employed shall be within 53 to 55 percent.
- **Enforce fiscal discipline.** To ensure the sustainability of growth, the national government deficit to GDP ratio will be gradually reduced from 6.5 percent during the first half of 2022 to 3.0 percent in 2028. Outstanding government debt GDP ratio will also be reduced from 63.7 as of September 2022 to 48 to 53 percent by end of 2028.
- **Transform the production sectors through innovation.** The Philippines aims to continue its progress among the innovation achievers of the region by ranking higher and within the top 33 percent of the Global Competitiveness Index by 2028.
- The strategies are expected to **reduce poverty incidence from 18 percent in 2021 to between 8 to 9 percent by 2028.**

The following are the highlights of the domestic trade statistics in the country, as of end 2022.⁷

- Total external trade decreased. In January 2023, the country's total external trade in goods amounted to USD 16.20 billion, which indicates an annual

⁶ Government of the Republic of the Philippines. *Philippine Development Plan, 2023-2028*. Manila.

⁷ Philippine Statistics Authority. 2023. *Highlights of the Philippine Export and Import Statistics January 2023*. 15 March. <https://psa.gov.ph/content/highlights-philippine-export-and-import-statistics-january-2023-preliminary>.

decline of -2.4 percent from its level in the same period of the previous year. In December 2022, its annual decrease was recorded at -8.9 percent, while in January 2022, it expanded at an annual rate of 18.8 percent.

- Trade deficit posted an annual increase. The balance of trade in goods (BoT-G) is the difference between the value of export and import. The BoT-G in January 2023 amounted to USD -5.74 billion, indicating a trade deficit with an annual increase of 27.2 percent. The trade deficit in the previous month recorded an annual decline of -11.9 percent, while it posted an annual increase of 57.0 percent in January 2022.
- Sales from export posted a negative growth. The country's total export sales in January 2023 amounted to USD 5.23 billion, reflecting further an annual decrease of -13.5 percent from a decrement of -7.7 percent in the previous month. In January

2022, the total export sales grew at an annual rate of 8.9 percent.

- Of the top 10 major commodity groups in terms of FOB value of exports, six commodity groups recorded annual decreases in January 2023. These were coconut oil (-39.1%), cathodes and sections of cathodes, of refined copper (-39.0%), metal components (-19.8%), electronic products (-19.2%), chemicals (-14.6%), and other manufactured goods (-11.9%).
- By commodity group, electronic products continued to be the country's top export in January 2023 with total earnings of USD 2.83 billion, which accounted for 54.2 percent of the total exports during the period. This was followed by other mineral products with an export value of USD 290.17 million (5.5%); and other manufactured goods, which amounted to USD 282.22 million (5.4%).



- By major type of goods, exports of manufactured goods contributed the largest to the country's total exports in January 2023 amounting to USD 4.17 billion (79.8%). This was followed by mineral products with a share of USD 541.87 million (10.4%); and total agro-based products, which contributed USD 373.14 million (7.1%).
- By major trading partner, exports to Japan comprised the highest export value amounting to USD 866.25 million or a share of 16.6 percent to the country's total exports during the month.
- Completing the top five major export trading partners with their export values and percent shares to the total exports were:
 - a. United States of America (USA), USD 738.26 million (14.1%);
 - b. People's Republic of China, USD 666.99 million (12.7%);
 - c. Hong Kong, USD 530.16 million (10.1%); and
 - d. Singapore, USD 318.47 million (6.1%).
- By economic bloc, majority of the country's merchandise exports in January 2023 went to the Asia-Pacific Economic Cooperation (APEC) countries with a share of USD 4.32 billion (82.6%) to the total exports. This was followed by East Asia, valued at USD 2.49 billion (47.6%), and the Association of Southeast Asian Nations (ASEAN) at USD 948.12 million (18.1%).
- By geographic region, Eastern Asia comprised the highest export value in January 2023 amounting to USD 2.49 billion (47.6%). This was followed by Southeastern Asia with an export value of USD 948.16 million (18.1%) and Northern America with USD 770.00 million (14.7%) worth of export value.
- Electronic products accounted for the highest import value among commodity groups. Most of the imported goods in January 2023 were electronic products with an import value of USD 2.44 billion or a share of 22.2 percent to the total imports. This was followed by mineral fuels, lubricants and related materials, which was valued at USD 2.06 billion (18.8%); and transport equipment, which amounted to USD 890.00 million (8.1%).
- By major type of goods, imports of raw materials and intermediate goods accounted for the largest share to the country's total imports amounting to USD 3.91 billion (35.6%). Imports of capital goods ranked second with a share of USD 3.16 billion (28.8%), followed by mineral fuels, lubricants and related materials with an import value of USD 2.06 billion (18.8%).
- Imports of mineral fuels, lubricants and related materials recorded a positive annual growth rate of 70.6 percent compared with its value of USD 1.21 billion in the same month of the previous year.
- The People's Republic of China was the country's biggest supplier of imported goods valued at USD 2.32 billion or 21.1 percent of the total imports in January 2023.
 - a. Indonesia, USD 1.16 billion (10.6%);
 - b. Japan, USD 958.70 million (8.7%);
 - c. Republic of Korea, USD 866.19 million (7.9%); and
 - d. USA, USD 696.99 million (6.4%).

The economy is expected to grow over the medium term, supported by the global economic rebound and recovery in domestic activity. Economic policy is expected to remain supportive of the recovery, but policy space is narrowing.⁸

The following are the observations and outlook, based on the World Bank's PEU.

- The growth projection for 2022 is revised upward in light of stronger-than-expected Q3 performance.

⁸ World Bank. 2021. *Philippines Economic Update (PEU) titled Regaining Lost Ground, Revitalizing the Filipino Workforce*. Washington, DC.

Imports

- The total imported goods in January 2023 amounted to USD 10.97 billion, indicating an annual increase of 3.9 percent. In December 2022, it recorded an annual reduction of -9.6 percent, while in January 2022, it exhibited a double-digit annual increase of 25.3 percent.



- The external environment has further deteriorated with the realization of key downside risks.
- The economy is projected to grow slower at an average of 5.7 percent in 2023–2025.
- Global commodity prices have eased, but inflation is expected to remain above target range in 2022–2023 due to currency depreciations.
- The fiscal deficit is expected to decline in the medium term in line with the government's medium term fiscal program.

Government

The Philippines has a presidential form of government, where the president is the head of state. Heads of executive departments (secretaries) are appointed by the president.

The Philippines' lawmaking body is the Congress, which comprises the Senate, composed of 24 senators; and the House of Representatives, with about 250 congressmen elected by their constituencies, as well as representatives from marginalized sectors. The Supreme Court is the country's highest judicial tribunal, with a Court of Appeals and numerous trial courts performing as the courts of a preliminary resort or first instance.

The country is divided into local government units (i.e., provinces, municipalities, cities, barangays), with each unit headed by a local chief executive. Local government units have considerable power and authority by the central government, in line with its program of spreading development activities in the countryside.

TO IMPROVE TRADE PERFORMANCE



Sustain the easing of inflation along with another policy rate cut from the Bangko Sentral ng Pilipinas (BSP) to further expand production capacities of firms amidst global uncertainties and risks.



Fast-track the systems of Bureau of Customs (BoC) for the Philippines to be able to join the ASEAN Single Window (ASW) live operations this year. The operationalization of the TradeNet platform will minimize the cost of doing business and cut the processing time for the issuance of import and export permits.



Actively engage the implementing agencies and stakeholders in the updating of the Philippine Development Plan (PDP) 2017-2022 to refine strategies and ensure that the same are responsive to growth over the near term.



Push forward with the negotiations under the proposed Philippines-Korea Free Trade Agreement and review the Philippines-Japan Economic Partnership Agreement to further expand the country's exports in both markets. The Philippines can also serve as an alternative source for products affected by the trade spat between Korea and Japan.



Implement Republic Act No. 11293 or the Philippine Innovation Act with the issuance of the Implementing Rules and Regulations (IRR) for the institutionalization of a coordinated and inclusive approach in promoting innovation in micro, small, and medium enterprises (MSMEs).



Accelerate the implementation of infrastructure projects under the Build, Build, Build (BBB) program to enhance trade facilitation and provide ample logistical support to improve competitiveness of manufacturers and exporters.

Source of Data: Philippine Statistics Authority

Demographics

Population⁹

Based on the 2020 Census of Population and Housing (2020 CPH), the total population of the Philippines as of 01 May 2020 is at 109,035,343. The Philippine population increased by 8,053,906 from 100,981,437 in 2015, which translates to an annual population growth rate (PGR) of 1.63 percent. By comparison, the rate at which the country's population grew during the period 2010 to 2015 was higher at 1.72 percent.

Of the 17 administrative regions, Region IV-A (CALABARZON) had the biggest population in 2020 with 16,195,042, followed by the National Capital Region (NCR) with 13,484,462 and Region III (Central Luzon) with 12,422,172. The combined population of these three regions accounted for about 38.6 percent of the Philippine population in 2020. The three least populated regions were the Cordillera Administrative Region (CAR) with 1,797,660; Region XIII (Caraga) with 2,804,788; and MIMAROPA Region with 3,228,558.

The region that gained the most in population since the 2015 Census of Population (POPCEN 2015) was Region IV-A (CALABARZON), with an increase of 1,780,268 persons in 2020 from its population in 2015. The fastest-growing region since the POPCEN 2015, meanwhile, was the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) with an annual PGR of 3.26 percent from 2015 to 2020. Region VIII (Eastern Visayas) posted the lowest PGR of 0.50 percent.

⁹ Philippine Statistics Authority. 2021. <https://psa.gov.ph/content/2020-census-population-and-housing-2020-cph-population-counts-declared-official-president>

Income and Expenditures¹⁰

The following are results on income and expenditure survey of the Philippine Statistics Authority:

- Average family income in the first half of 2021 is estimated at Php 149.98 thousand. The average income of Filipino families from January to June 2021 was estimated at Php 149.98 thousand. This is higher by 0.2 percent from the PhP 149.71 thousand in the same period of 2018. Average income of families in the first income decile to the eight income decile grew in the first half of 2021 compared to that of the same period in 2018. Looking at the average income of the families in the lowest income decile groups in the first half of 2021, the average income of those in the first and second income decile both grew by 5.5 percent. On the other hand, average income of the families in the ninth and tenth income decile declined by -1.5 percent and -5.5 percent, respectively.
- Wages and salaries remained to be the primary source of family income. In the first half of 2021, 51.4 percent of total family income was from wages and salaries. In 2018, this was estimated at 49.5 percent.
- The expenditure on food items remained to have the highest share on total expenditures in the first half of 2021.
- The top five expenditure items with the highest share to total income were the following:
 - a. Food expenditure (42.9%);
 - b. Housing, Water, Electricity, Gas, and other Fuels (25.1%);
 - c. Insurance and Miscellaneous Activities (7.3%);
 - d. Transport (5.7%); and
 - e. Health (3.3%).

¹⁰ Philippine Statistics Authority. 2021. <https://psa.gov.ph/content/highlights-preliminary-results-2021-family-income-and-expenditure-survey-fies-visit-1>

- Among the income sources, wages and salaries, entrepreneurial activities, cash receipts from abroad, imputed rent, and cash receipts from domestic source remained to be the highest contributor to total family income.

Physical infrastructure¹¹

In light of the COVID-19 pandemic, the government has prioritized development interventions that will have the most impact on the economy, guided by recovery and resiliency measures. The government has carefully revisited the Build-Build-Build Program and the Infrastructure Flagship Projects (IFPs) to assess emerging priorities.

The government is fast-tracking its efforts in shifting into the digital economy and contactless society and enhancing the country's digital infrastructure and broadband internet. Additional investments will be placed on social infrastructure services in light of healthcare systems. The delivery of quality education through blended learning will also be pursued in the improvement of education facilities. Appropriate housing and resettlement will also be supported through the *Balik Probinsya, Bagong Pag-asa Program*. Access to

safe and adequate water supply and sanitation will be given priority, especially to help mitigate the spread of COVID-19 and other diseases through proper hygiene. The development and maintenance of irrigation facilities will also be necessary to support the food security goals of the country.

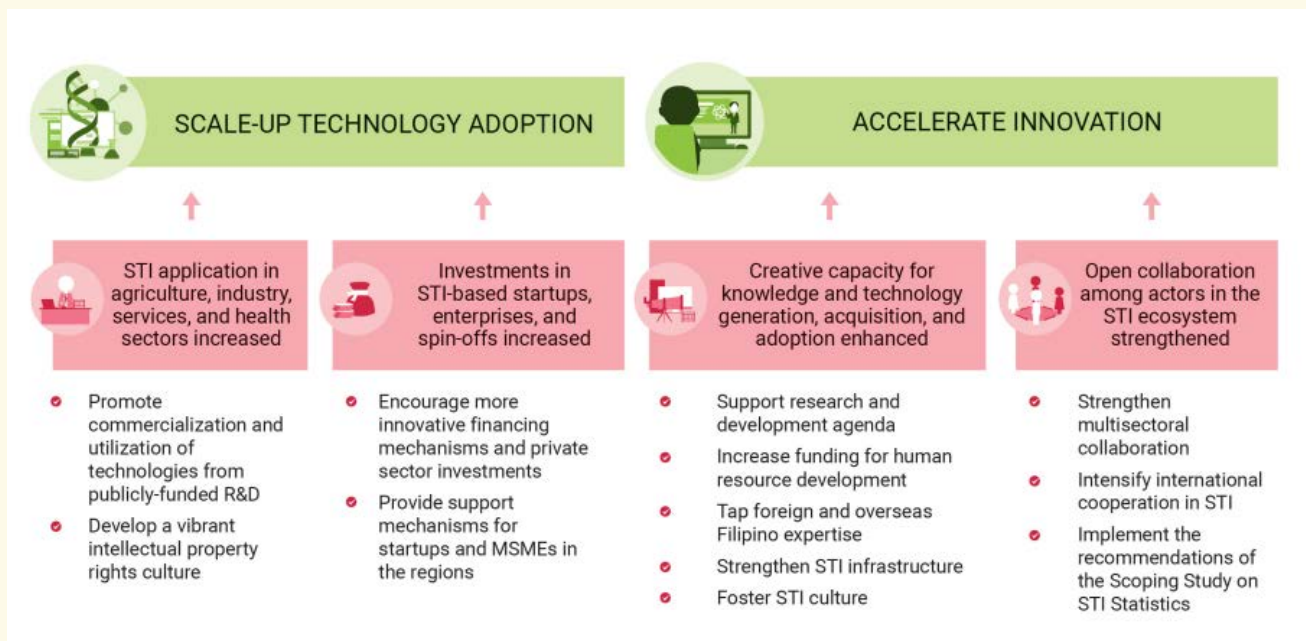
Electrification efforts will be accelerated, particularly in off-grid areas, to support the energy requirements under the digital economy and contribute to providing security and promoting lasting peace.

The private sector is expected to play an important role in supplementing government efforts and augmenting public resources. Through public-private partnerships (PPP), government resources may be freed up for urgently needed health and social recovery programs.

Technology

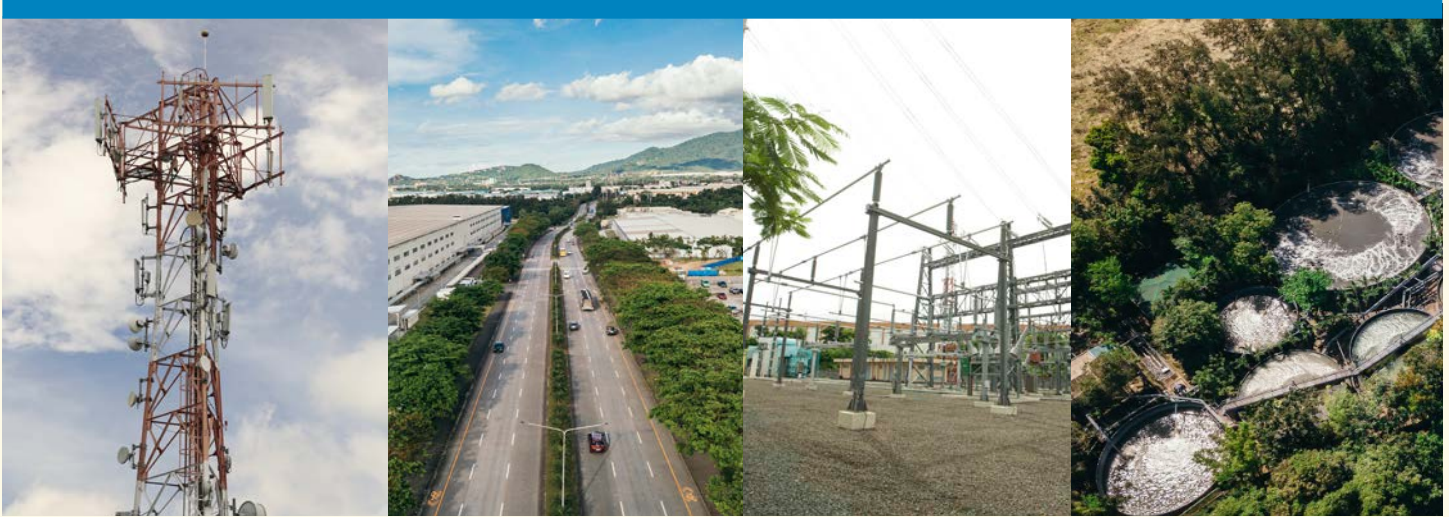
The increased use of wireless devices (Bluetooth, satellite services, et al.) and wireless networks (3G and 4G wireless networks, et al.) in telecommunications have improved overall communications and logistics in terms of real-time communication of needs and services.

FIGURE 1: VIGOROUSLY ADVANCING SCIENCE, TECHNOLOGY, AND INNOVATION



Source: NEDA. Enhanced Philippine Development Plan 2017-2022 Results Matrices Midterm Update. Updated as of 14 March 2022.

¹¹ Updated Philippine Development Plan, 2017-2020.



To keep up with the rapid global technological trends and developments, the Philippines will engage in more collaborative R&D activities and invest in infrastructure buildup to develop its capabilities and maximize the use of the following core and emerging technologies:

- information and communications technology;
- biotechnology for industry, agriculture, health, and environment;
- nanotechnology;
- genomics;
- nuclear science for energy, health, agriculture, and industry;
- artificial intelligence;
- space technology; and
- disaster risk reduction and climate change adaptation, and mitigation.

Based on *AmBisyon 2040*, public investments will be channeled to cybersecurity and other technology-related ventures. Investments will be made in support of the goal of Self-Reliant Defense Posture, which develops a local defense industry to sustain the material and non-material requirements of the defense forces. Innovation activities in the sectors covered by industry roadmaps will be supported. These road maps will use the results of researches and their R&D requirements.

Based on a World Bank report,¹² rapid adoption of digital technologies can help the Philippines overcome the impact of the Covid-19 pandemic, recover from the crisis, and achieve its vision of becoming a middle-class society free of poverty.

The report says that the use of digital technologies such as digital payments, e-commerce, telemedicine, and online education, is rising in the Philippines and has helped individuals, businesses, and the government cope with social distancing measures, ensure business continuity, and deliver public services during the pandemic.

The use of digital technologies in the Philippines, however, is still below its potential, with the country's digital adoption generally trailing behind many regional neighbors. The "digital divide" between those with and without internet leads to unequal access to social services and life-changing economic opportunities.

Where internet services are available, Filipino consumers experience slow download speeds. At 16.76 megabytes per second (Mbps), the Philippines's mobile broadband speed is much lower than the global average of 32.01 Mbps. In the region, the 3G/4G mobile average download speed stands at 13.26 Mbps compared to only seven (7) Mbps in the Philippines.

¹² World Bank. 2020. *Philippine Digital Economy Report: A Better Normal Under COVID-19 Digitalizing the Philippine Economy Now*. Washington, DC.

Efforts to enhance digital infrastructure in the Philippines are hindered by a lack of competition as well as restrictions on investment in the telecommunications markets, according to the report. These restrictions include the public utility designation of telecommunications, which limits foreign ownership and places a cap on the rate of return.

Encouraging wider participation on digital payments is best supported by public agencies going digital themselves. Two key entry points identified in the report are expanding the use of e-signatures among government agencies and mandating the acceptance of e-invoices and e-receipts in government transactions.

According to World Bank Economist Kevin Chua, lead author of the report, increasing digital adoption by the government, businesses, and citizens is critical, not only to help the Philippines adapt to the post-COVID-19 world, but also to achieve its vision of becoming a society free of poverty by 2040.

Fostering innovation and improving the business environment in the country will be critical in supporting the digital economy. Recent government efforts to speed up the rollout of mobile network infrastructure through a common tower policy are steps towards the right direction.³³

³³ World Bank. 2020. Harnessing Digital Technologies Can Help Philippines Overcome Impact of Pandemic, Hasten Recovery. *Press Release*. 5 October.

The Philippine Business Environment

Wages in the Philippines are low, typically less than a fifth of those in the United States. Local costs for communication, electricity and housing are also 50% lower compared to U.S. rates. Foreign companies that are now outsourcing programming and business processes to the Philippines estimate approximately 40% of savings in business costs, 15% to 30% for call center services, and 35% to 50% for software development.

The Philippine government promotes partnership with the private sector to enable and enhance the latter's participation in developing infrastructure and services in the country. It has adopted the innovative build–operate–transfer (BOT) scheme, a model now being followed by other countries due to its success.

The country has opened up its economy by allowing 100% foreign ownership in almost all sectors. It has strengthened its capital markets and has deregulated banking, insurance, and the shipping and telecommunication sectors, therefore removing most, if not all of the monopoly structures in the Philippine market economy.

Attractive incentive packages are available to qualified enterprises in the country's numerous Special Economic Zones and Industrial Estates. The Special Economic Zones have become balanced hubs of agricultural, industrial, and recreational activity.

The Philippines is the most strategic location for firms that aspire to gain access to the large ASEAN market. It has complied with WTO, APEC, and AFTA agreements and has reduced tariff rates on manufactured goods. The Philippines has enhanced and primed up various areas of business for investors and offers a dynamic consumer market accustomed to an array of product choices created by a competitive domestic economy.

The Philippines offers state-of-the-art telecommunications facilities and an adequate uninterrupted power supply. Specialized IT zones offer ready-to-occupy offices and production facilities, computer security and building monitoring systems, as well as complete office services.

The following is a review of the current state of the Philippine business environment (as of end-2021) from PEU.

- The economic rebound gained momentum in the third quarter of 2021.
- Private domestic demand, albeit improving, remained generally weak
- Economic activity was supported by growth in the industry and services sectors

Laws and Intellectual Property

The signing into law of the Ease of Doing Business Act or RA 11032 in May 2018 is expected to help the business sector. This measure aims to simplify the requirements and streamlines procedures in starting and opening a business in the country. This will result in enhanced business competitiveness, lessened bureaucracy, and reduced opportunities for corruption, while more foreign businesses are attracted to invest in the country.

Similarly, the signing of Executive Order No. 65 promulgating the Eleventh Regular Foreign Investment Negative List or RFINL is also a boost to the country's business competitiveness. Liberalizing more sectors for foreign investment in the country opens the country for new technology and innovation.

RA 8293 (Intellectual Property Code of the Philippines)

The Intellectual Property Code of the Philippines (IPC) provides a legal framework that secures the intellectual property rights of authors, inventors, scientists, engineers, artists, writers, and composers, among others.

Under the IPC, the intellectual property consists of copyright and related rights; trademarks and service marks; geographic indications; industrial designs; patents; layout designs or topographies of integrated circuits, and protection of undisclosed information. The Intellectual Property Office (IPO) is tasked to administer and implement the provisions of the IPC within the Philippines.

The IPC espouses a principle of reciprocity, whereby any person who is a national or is domiciled or has a real and effective industrial establishment, in a country which is a party to any convention, treaty, or agreement relating to intellectual property rights or the repression of unfair competition, to which the Philippines is also a party, or extends reciprocal rights to Philippine nationals by law, shall be entitled to the benefits under such convention, treaty, or reciprocal law. Conversely, the IPC also provides for reverse reciprocity. This principle states that any condition, restriction, or limitation imposed by a foreign country's law on Philippine nationals seeking protection of intellectual property rights in that foreign country shall reciprocally be enforceable upon nationals of a said country within the Philippine jurisdiction.

The IPC regulates technology transfer arrangements (TTA) and requires that TTAs be registered with the Documentation, Information, and Technology Transfer Bureau of the IPO. A TTA is a contract or agreement involving the transfer of systematic knowledge for the manufacture of a product, the application of a process, or the rendering of service including management contracts, and the transfer, assignment, or licensing of all forms of intellectual property rights, including licensing of the software except computer software developed for the mass market.

The initiative to improve patent applications performance through the Patent Incentive Package will be strengthened. Likewise, the provision of the Philippine Technology Transfer Act of 2009 particularly on ownership and revenue sharing will be institutionalized. Aggressive and sustained advocacy to increase the appreciation and understanding of IPR shall be undertaken to

leverage intellectual property protection as an essential component of the innovation ecosystem. The government will also conduct information campaigns on the importance of intellectual property rights to strengthen public awareness and create an intellectual property culture.

Business Registration, Licensing, and Permits Taxation

Fiscal and non-fiscal incentives

As soon a business application is granted and the individual or firm becomes registered, it shall be entitled to several fiscal and non-fiscal incentives granted to registered enterprises. These incentives generally include:

1. Tax exemptions, credits, and deductions
 - a. Income tax holidays
 - Six (6) years for pioneer firms
 - Four (4) years for non-pioneer firms
 - Six (6) years, if a non-pioneer firm is located in a less developed area.
 - No income tax holiday for registered firms located within Metro Manila, unless they are:
 - Within a government industrial estate
 - Service-type projects with no manufacturing facilities
 - Power-generating plants
 - Exporters with expansion projects
 - b. Tax credit on raw materials, supplies, and semi-manufactured products
 - c. Additional deduction from taxable income for the labor expense
 - d. Additional deduction from taxable income for necessary and major infrastructure works
 - e. Tax and duty exemptions on imported capital equipment

- f. Tax credit on domestic capital equipment
 - g. Exemption from contractor's tax
 - h. Tax exemption on importation of breeding stocks and genetic materials
 - i. Tax credit on domestic breeding stocks and genetic materials
 - j. Exemption from wharfage dues and any export tax, duty, impost, and fee
2. Non-fiscal incentives
- a. Employment of foreign nationals A registered enterprise may be allowed to employ foreign nationals in supervisory, technical, or advisory positions for a period not exceeding five (5) years from its registration (which may be extended upon the Board of Investment's (BOI) discretion). However, when the majority of the capital stock of a registered enterprise is owned by foreign investors, the positions of president, treasurer, and general manager or their equivalents may be retained by foreign nationals beyond the five years.
 - b. Simplification of customs procedure
 - c. Unrestricted use of equipment
 - d. Access to bonded manufacturing/trading warehouse system

Subject to certain conditions, BOI-registered enterprises may also enjoy the following fiscal and non-fiscal incentives:

- Income tax holiday for 6 years from the start of commercial operations for pioneer firms and 4 years for non-pioneer firms
- Exemption from any wharfage due, and export tax, duty, impose, and fees of exports by a registered enterprise of its non-traditional export products
- Exemption from local business taxes for 6 years from registration for pioneer firms and 4 years in the case of non-pioneer firms
- Tax- and duty-free importation of capital equipment and accompanying spare parts of new and expanding BOI-registered enterprise
- Tax- and duty-free importation of breeding stocks and genetic materials within 10 years from the date of registration or commercial operation of the enterprise

- Additional deduction from taxable income of 50% of the wages corresponding to the increment in the number of direct labors for skilled and unskilled worker, for the first 5 years from registration
- Tax credit equal to the national internal revenue taxes and customs duties paid on the supplies, raw materials, and semi-manufactured products used in the manufacture, processing, or production of its export products and forming part thereof
- Simplified customs procedures
- Access to the utilization of the bonded warehousing system in all areas required by the project
- Employment of foreign nationals

For PEZA-registered export-oriented enterprises, the following fiscal and non-fiscal incentives are available:

- Corporate income tax holiday for 6 years from the start of commercial operations for newly-registered pioneer firms and 4 years for non-pioneer firms
- Upon the expiration of the initial income tax holiday, a special tax rate of 5% on gross income in lieu of all local and national taxes
- Exemption from wharfage dues and any export tax-imposed fees
- VAT zero-rating on local purchases
- Tax- and duty-free importation of raw materials, supplies, capital equipment, machineries, spare parts, breeding stocks, and genetic materials
- Tax credit on domestic capital equipment, spare parts, breeding stocks, and genetic materials
- Tax credit for import substitution
- Deduction from taxable income of training expenses for both labor and management
- Simplified customs procedures
- Unrestricted use of consigned equipment
- Employment of foreign nationals



Through the CREATE Law, export enterprises and domestic market enterprises are also entitled to the following enhanced deductions:

- Additional 10% for buildings and 20% for machineries and equipment depreciation allowance of the assets acquired for the production of goods and services (qualified capital expenditure)
- Additional 50% deduction on labor expenses
- Additional 100% deduction on research and development expenses
- Additional 100% deduction on training expenses
- Additional 50% deduction on domestic input expenses
- Additional 50% deduction on power expenses
- Up to 50% deduction for reinvestment allowance for manufacturing enterprises
- Enhanced net operating loss carry-over (NOLCO)

The law allows foreign personnel of regional headquarters of multinational companies and their respective spouses and unmarried children under 21 years of age to be issued multiple-entry special visas

which shall be valid for three (3) years. Income derived from their work shall be subject to a preferential income tax rate of 15%, provided that the same rate shall be imposed on Filipino employees occupying similar positions.

Expatriates shall be entitled to tax and duty-free importation of personal and household effects and exempted from travel tax and special immigration fees and requirements.

Corporate income tax

Domestic corporations, or those established under the laws of the Philippines, are taxed at 32% on their net taxable income derived from all sources. The same tax rate is imposed on foreign corporations, whether or not engaged in trade or business in the Philippines, on their income derived in the Philippines. However, a foreign corporation engaged in trade or business in the Philippines, called a resident foreign corporation, computes its income tax liability based on its net income and has the option to pay 15% tax on gross income. A non-resident foreign corporation, which is a foreign corporation not engaged in trade or business in the Philippines, is taxed on its gross income.

The corporate income tax rate has been reduced to 30%, with companies located in economic zones/ export zones subject only to a 5% overall tax rate.

Taxes on individuals

In the case of individual taxpayers, the worldwide income of resident Filipino citizens is subject to Philippine income tax, while only the Philippine-sourced income of resident aliens and non-resident aliens are subject to the said tax. The tax rates imposed on individual taxpayers are graduated from 5% to 33%, with the top rate imposed on persons with taxable incomes above PhP500,000.00 per year. However, in the case of individual non-resident aliens whose stay in the Philippines does not exceed 180 days in a calendar year, they are taxed at 25% of their gross income from Philippine sources.

Under the provisions of the E-Commerce Act, the Bureau of Internal Revenue (BIR) allows taxpayers to avail of the Electronic Filing and Payment System (EFPS) in the filing of returns and the payment of taxes (BIR Revenue Regulations 9-2001; 03 August 2001). A taxpayer who is interested in e-file his tax returns and e-pay the tax due may enroll with the BIR and any of its authorized agent banks.

See Appendix A for more tax information

Labor, Skills, and Employment¹⁴

In the Philippines, a minimum wage earner receives a monthly pay ranging from US\$169.99 to US\$287.24 depending on which area or region the worker is employed. Indonesia (US\$90.71 to US\$227.55) and Vietnam (US\$143.20 to US\$161.74), on the other hand, provides a monthly minimum wage lower than the Philippines.¹⁵

The Philippines is powered by its vast talent pool of young, skilled, and English-speaking workforce. The median age of population is 25 years while the labor force participation rate in the country was placed at 64.6% as of May 2021, equivalent to 48.45 million individuals.

The Philippines has one of the highest literacy rates in the Association of Southeast Asian Nations (ASEAN)

region with about 91.6% Filipinos 10 to 64 years functionally literate in 2019. It has highly qualified managers, information technology staff, and engineers. About 94% of the population is capable of being trained for essential skills and competencies. It is also the third-largest English-speaking country in the world and the top-ranked country in the world for Business English.

The Philippines has one of the highest literacy rates in the region, with 93.9% of the population capable of being trained for essential skills and competencies. The country's unique edge comes from the high level of English proficiency of Filipinos. The Philippines is the third-largest English-speaking country in the world and the top-ranked country in the world for Business English.

Under the current education system, the government offers free primary (6 years) and secondary education (6 years, divided into junior and senior high school), and reasonable yet competitive tertiary/collegiate education (4 years). English and Filipino are the primary languages used as media of instruction, with English as the official medium for business communication.

The statistics¹⁶ below show the enrollment by program level and top 5 disciplines in terms of enrollment:

TABLE 1: HIGHER EDUCATION ENROLLMENT BY PROGRAM LEVEL AND SEX (AY 2019-2020)

Program Level	Male	Female	Total
Pre-baccalaureate	47,548	34,942	82,490
Baccalaureate	1,404,028	1,644,290	3,048,318
Post Baccalaureate	4,404	9,021	13,425
Master's	59,886	161,973	231,859
Doctorate	12,268	20065	32,333
Grand Total	1,538,134	1,870,291	3,408,425

– Based on the submission of higher education institutions, as compiled by OPRKM-Knowledge Management Division

– Includes pre-baccalaureate up to doctoral programs

– as of October 8, 2020

¹⁴ Philippine Statistics Authority. 2021.

¹⁵ <https://psa.gov.ph/content/unemployment-rate-january-2023-estimated-48-percent>.

¹⁶ Government of the Philippines. Commission on Higher Education. Facts and Figures.

TABLE 2: TOP 5 DISCIPLINES IN TERMS OF ENROLLMENT (AY 2019-2020)

Discipline Group	Enrollment
Business Administration and Related	878,661
Education Science and Teacher Training	671,421
Engineering and Tech	442,064
IT-Related Disciplines	324,696
Other Disciplines	252,824
Medical and Allied	234,204

– Based on the submission of higher education institutions, as compiled by OPRKM-Knowledge Management Division

– Includes pre-baccalaureate up to doctoral programs

– as of October 8, 2020

Unemployment rate in January 2023 was estimated at 4.8 percent, translating to 2.37 million unemployed Filipinos. This estimated rate is lower than the unemployment rate reported in the same month in 2022 at 6.4 percent.

The country's employment rate was registered at 95.2 percent in January 2023, an increase from the 93.6 percent in January 2022. In terms of magnitude, employed persons increased by 4.09 million in January 2023 estimated at 47.35 million from 43.27 million in January 2022. The number of employed persons in January 2023 was also higher than the reported 47.11 million employed persons in October 2022.

The labor force participation rate (LFPR) increased to 64.5 percent in January 2023, equivalent to 49.72 million Filipinos in the labor force. The reported LFPR in January 2023 was higher than the reported LFPR in January 2022 and in October 2022 at 60.5 percent and 64.2 percent, respectively.

The number of underemployed persons or the employed persons who expressed the desire to have additional hours of work in their present job or to have additional job, or to have a new job with longer hours of work was registered at 6.65 million, translating to an underemployment rate of 14.1 percent in January 2023. This was lower than the reported rate in January 2022 (14.9%) and in October 2022 (14.2%).

The average weekly hours worked by an employed person in January 2023 was estimated at 39.5 hours, from 40.2 and 41.8 hours per week in October 2022 and January 2022, respectively.

By broad industry group, services sector continued to account for the largest share of employed person with 60.7 percent of the total employed persons in January 2023. The agriculture sector and industry sectors accounted for 22.2 percent and 17.1 percent of the total employed persons, respectively.

The following are the top five sectors with the highest year-on-year increase in the number of employed person in January 2023:

- Wholesale and retail trade, repair of motor vehicles and motorcycles (1.53 million);
- Agriculture and forestry (960 thousand);
- Accommodation and food service activities (549 thousand);
- Transportation and storage (303 thousand); and
- Other service activities (203 thousand).

In contrast, the three sectors that exhibited drop in the number of employed persons from January 2022 to January 2023 were as follows:

- Construction (-334 thousand);
- Water supply; sewerage, waste management and remediation activities (-34 thousand); and
- Professional, scientific and technical activities (-19 thousand).

In terms of quarter-on-quarter changes in the number of employed persons from October 2022 to January 2023, the top five sub-sectors with the highest increase were the following:

- Accommodation and food service activities (206 thousand);
- Wholesale and retail trade, repair of motor vehicles and motorcycles (178 thousand);
- Public administration and defense, compulsory social security (125 thousand);
- Transportation and storage (95 thousand); and
- Information and communication (79 thousand).

On the other hand, the following are the top five sub-sectors with biggest drop in the number of employed persons from October 2022 to January 2023:

- a. Construction (-557 thousand);
- b. Fishing and aquaculture (-54 thousand);
- c. Agriculture and forestry (-38 thousand);
- d. Mining and quarrying (-20 thousand); and
- e. Financial and insurance activities (-7 thousand). (Table B)

Wage and salary workers contributed the largest share of employed persons with 62.3 percent in January 2023. This was followed by self-employed persons without any paid employee at 27.1 percent and unpaid family workers at 8.1 percent. Employer in own family-operated farm or business has the lowest share at 2.6 percent.

Among wage and salary workers, employed persons in private establishments made up 48.5 percentage points, followed by employed in government and government-owned and controlled corporations at 9.2 percentage points. (Table 1)

Six regions recorded LFRP higher than the national average of 64.5 percent in January 2023. These were

Bangsamoro Autonomous Region in Muslim Mindanao (73.2%), Caraga (70.1%), Region XII (69.1%), Region X (68.6%), Region IX (65.2%), and Region VII (65.0%).

By region, five regions registered unemployment rates higher than the national rate of 4.8 percent in January 2023, namely: Region V (6.6%), CALABARZON (5.9%), National Capital Region (5.7%), Region VI (5.6%), and Caraga (5.0%). (Table 4)

Youth LFPR in January 2023 increased to 34.8 percent from 32.0 percent reported in January 2022. Employment rate among youth increased by 3.0 percentage points from 86.2 percent in January 2022 to 89.2 percent in January 2023. Employed youth worked on the average of 33.7 hours per week in January 2023, a decline from the 39.1 hours worked per week in January 2022.

Labor market and the pandemic.²⁷ The labor market has shown improvements with increased labor force participation and accelerated job creation, but challenges on the quality of jobs persist. The labor force participation rate has been on the rise since Q4 2020, and peaked at 65.0 percent in June 2021.

²⁷ World Bank. 2021. *Philippines Economic Update (PEU) titled Regaining Lost Ground, Revitalizing the Filipino Workforce*. Washington, DC.



It declined to 59.8 in July and levelled off around 63.3 percent in August and September. The high labor force participation, which has been far more prominent for women, continued despite the reimposition of enhanced quarantine measures. The unemployment rate reached 8.9 percent in September, significantly higher than that of pre-pandemic levels. Net increases in elementary occupations continued whereas managerial and professional jobs were lost between April and September, raising the jobs quality concern. Underemployment spiked at 20.9 percent in July 2021, up from 16–18 percent in the first quarter of 2021. The pandemic has reduced the number of hours worked, as the share of part-time workers remains higher than before the pandemic.

The COVID-19 pandemic disrupted the jobs market in the Philippines. A large number of jobs have returned as the economy rebounded, but most tend to be concentrated in the low skilled service sector. Wage employment has greatly declined, indicating weak recovery among firms and subdued confidence in hiring workers. Increases in the share of self-employment, subsistence business and agriculture could reverse progress in structural transformation and further expand informality. The impact of the pandemic on jobs is uneven, varying by sectors, occupations and tasks, workers, and characteristics.

The unprecedented shock of the pandemic has had significant impacts on the Philippine jobs market. During the initial period of the pandemic, strict quarantine measures resulted in the shedding of nearly 8.8 million (equivalent to 20 percent of total jobs in the economy) between January and April 2020. As lockdown measures were gradually relaxed, the jobs market appeared to be rebounding and the levels of employment and LFPR approached their pre-pandemic levels. However, other labor market indicators showed the fragility with high under-employment of workers and under-capacity operations of firms. Between April and October 2021, the Philippines has oscillated between episodes of harsh mobility restrictions to curb infection surges and easing of restrictions to enable economic activities. In November, the country may be entering a new phase of pandemic as it witnesses declining COVID-19 cases and increasing vaccination, which will help bring jobs back.

a. Labor standards

The 1987 Philippine Constitution recognizes and guarantees the following rights of workers:

- Self-organization, collective bargaining and negotiations, and peaceful concerted activities, including the right to strike in accordance with the law
- Security of tenure, humane conditions of work, and a living wage
- Participation in policy- and decision-making processes affecting the workers' rights and benefits as provided by the law
- A just share in the fruits of production vis-à-vis the right of the employer to reasonable returns on investments.

At the same time, the 1987 Philippine Constitution expressly recognizes the right of employers to reasonable returns on investments and expansion and growth. In this connection, management has the prerogative to manage, control, and use its property and conduct its business in the manner it deems best. It likewise has the right to prescribe reasonable rules and regulations, to select its workers, and to transfer, reduce or lay off workers depending on the needs of its business, provided the said rights are exercised in good faith and in accordance with applicable Philippine law and subsisting contract.

b. Labor relations¹⁸

The right of employees to self-organization is embodied in the 1987 Philippine Constitution. Furthermore, it is the policy of the Philippines to promote the free and responsible exercise of the right to self-organization. Employees generally have the right to self-organization and the right to form, join or assist labor unions for purposes of collective bargaining.

Managerial employees and confidential employees are not eligible to form, join or assist labor unions. Supervisory employees are not eligible for membership in the collective bargaining unit of rank-and-file employees but may join, assist or form separate collective bargaining units and/or labor unions of their own. While the formation of labor unions is encouraged, the activities of labor unions are regulated.

Labor unions are prohibited from, among other things: (i) restraining or coercing employees in the exercise of their

¹⁸ https://www.bakermckenzie.com/-/media/files/insight/publications/2017/02/guide-to-philippine-employment-laws/qrg_ap_philippineemploymentlaws_feb17.pdf?la=en

right to self-organization; (ii) causing or attempting to cause an employer to discriminate against an employee; and (iii) asking for or accepting negotiation fees from the employer as part of the settlement of any issue in collective bargaining.

A labor union has to be registered with the DOLE for it to enjoy all the rights granted by law to labor unions. It may register as an independent labor union or as a charter of a federation or national union. Also, it has to be recognized or certified as the exclusive bargaining representative of the employees of the bargaining unit for it to represent them in collective bargaining.

The Labor Code and its implementing rules and regulations define the registration process and specify the recognition or certification process and the manner of collective bargaining. Republic Act No. 9481, amending the Labor Code, made it simpler for a labor union to acquire a legal personality for purposes of filing a petition for certification election.

As to collective bargaining agreement, it shall, insofar as the representation aspect is concerned, be for a term of five years. All other provisions, such as economic provisions, should be renegotiated not later than three years after its execution. Furthermore, within 30 days from the execution of a collective bargaining agreement, the parties to the agreement should submit copies of the same directly to the Philippine Bureau of Labor Relations or the appropriate DOLE regional office for registration.

Aside from labor unions, the Labor Code also allows the formation of labor-management councils in private companies to provide a venue for labor and management representatives to discuss company and personnel policies. The Labor Code and its implementing rules and regulations specify the organizational structure and procedures in forming such councils.

Accounting and Reporting

Foreign Equity Restrictions

Before a foreign corporation can open an office in the Philippines, it must first secure the necessary licenses or registration certificates from appropriate government bodies. Generally, the registration process of new entities starts with the Securities and Exchange Commission (SEC). *See Appendix C.*

If the proposed project or activity qualifies for incentives, the foreign investor may file its application with the BOI or with the Philippine Economic Zone Authority (PEZA) for registration under the 1987 Omnibus Investments Code Executive Order No. 226 or Republic Act 7916.

Under the 1987 Constitution, foreign investors are given the same constitutional rights and privileges accorded to local investors. These privileges are provided for in the Omnibus Investments Code of 1987:

Right to repatriate investments

This pertains to the right of a foreign investor to repatriate the entire proceeds of his liquidated investments. He can remit said proceeds in the currency in which the investment was originally made. The exchange rate to be used is that prevailing at the time of repatriation.

Right to remit earnings

This pertains to the right of a foreign investor to remit his earnings in the same currency at the time he invested. Furthermore, with the liberalization of foreign exchange, the foreign investor is free to source foreign currency in the open market and remit the same abroad.

Right against expropriation

The principles of public use or welfare and of just compensation that are accorded to local investors are also applied to foreign ones. Additionally, said foreign investors can remit the proceeds of the expropriation in the currency in which the investment was originally made, pegged at the exchange rate prevailing at the time of remittance.

Right to service foreign loans and contracts

This pertains to the right of a foreign investor to remit any amount necessary to comply with its obligation to meet interest and principal payments on foreign loans and obligations arising from technological assistance contracts.

Right to non-requisition of investment

This right pertains to the right of a foreign investor to exclude his investments or property from being requisitioned by the government, except in cases of war or national emergency and only for the duration of those particular eventualities.

In the case where his property or investments have been validly requisitioned, the proceeds (just compensation) can be remitted by the foreign investor in the currency in which the investment was originally made, pegged at the exchange rate prevailing at the time of remittance.

RA 7042, as amended (Foreign Investments Act of 1991)

Under the Foreign Investments Act of 1991 (FIA) a foreign investor is generally allowed to own 100% of any local business enterprise. However, in cases where the enterprise is a financial institution, public utility, or one engaged in defense, mass media (except the recording industry), practice of licensed profession, cooperative and small-scale mining, advertising, and real estate, ownership by foreigners are either limited to a particular percentage of equity or absolutely prohibited. The Foreign Investment Negative List usually provides for a comprehensive list of investment areas where foreign ownership is limited by mandate of the Constitution and specific laws (called the List A), and where it is limited for reasons of security, defense, the risk to health and morals and protection of small- and medium-scale enterprises

No foreign-ownership restrictions are imposed on export enterprises (i.e., manufacturers, processors, or service enterprises) where at least 60% of output is exported, or traders that purchase products domestically and export at least 60% of such purchases. Foreign-owned firms catering mainly to the domestic market are encouraged to undertake measures that gradually increase Filipino participation in their business by taking in Filipino partners, electing Filipinos to the board of directors, implementing technology transfer to Filipinos, generating more employment for the economy, and enhancing skills of Filipino workers.

Former natural-born Filipinos are granted the same investment rights as a Philippine citizens based on existing investment and related laws. However, former natural-born Filipinos are restricted in some areas such as defense-related activities, the exercise of profession, activities covered by the Retail Trade Act, Small Scale

Mining Act, Rice and Corn Industry Act, and other laws. Also, all industrial enterprises, regardless of the citizenship of owners, are required to comply with existing environmental standards.

Without the need of prior approval, a non-Philippine national not otherwise disqualified by law may, upon registration with the Philippine Securities and Exchange Commission (SEC) or with the Bureau of Trade Regulation and Consumer Protection (BTRCP) of the Department of Trade and Industry (in case of sole proprietorships), may do business in the Philippines or invest in domestic enterprise up to 100% of its capital, unless participation of non-Philippine nationals is totally or partially proscribed by existing laws.

An investor is considered a non-Philippine national in the following instances:

1. Citizen of a country other than the Philippines;
2. Partnership or association not wholly owned by Filipino citizens;
3. In the case of corporations:
 - a. Organized under foreign laws, of which less than 60% of the outstanding capital stock and entitled to vote is owned and held by Filipino citizens;
 - b. Organized under foreign laws and registered as doing business in the Philippines under the Corporation Code of which less than 100% of the outstanding voting capital stock is owned by Filipinos.

Note that under the FIA, any enterprise seeking to avail of incentives under the Omnibus Investments Code of 1987 must apply for registration with the BOI, and such application must comply with the criteria set forth in the said Code

RA 8756 (incentives to Corporations establishing Regional Headquarters or Offices)

Seeking to encourage wider foreign participation in the country's economic activities, the Philippine legislature enacted Republic Act 8756, granting incentives and providing for terms and conditions for the establishment and operation of Regional or Area Headquarters (RHQ) and Regional Operating Headquarters (ROHQ) of multinational companies.

An RHQ is an office whose purpose is to act as an administrative branch of a multinational company engaged in international trade which principally serves as supervision, communication, and coordination center for its subsidiaries, branches, or affiliates in the Asia-Pacific region and other foreign markets. It does not earn or derive income in the Philippines. An ROHQ is a foreign business entity that is allowed to derive income in the Philippines by performing qualifying services to its affiliates, subsidiaries, or branches in the Philippines, in the Asia-Pacific region and other foreign markets. These qualifying services include the following:

1. General administration and planning;
2. Business planning and coordination;
3. Sourcing and procurement of raw materials and components;
4. Corporate finance advisory services;
5. Marketing control and sales promotion;
6. Training and personnel management;
7. Logistic services;
8. Research and development services and product development;
9. Technical support and maintenance;
10. Data processing and communication; and
11. Business development

Philippine Investment Climate Initiatives

Government

The Philippine government's immediate response when the COVID-19 pandemic struck was to save lives by first restricting social and economic activities to limit the spread of the virus while improving the country's health system capacity. The health system's capacity has since been substantially improved. However, the social and economic restrictions had adverse social and economic consequences. The challenge at hand is to muster, as quick as possible, an economic turnaround. A lot of this depends on being able to manage the risks and transition to the "new normal."

Even after time of the COVID-19 global pandemic, the country has been benefitting from the reforms enacted and already implemented (e.g., Rice Tariffication Law, Sin Tax Reform Law, Ease of Doing Business and Efficient Government Service Delivery Act, Tax Reform for Acceleration and Inclusion, Telecommuting Act, Social Security Act of 2018, Balik Scientist Act, etc.).

A more accelerated timeline concerning the other reforms would have substantially built up the country's resilience (e.g., PhilSys Act, Universal Health Care Act, Philippine Innovation Act, entry of a third telecommunications provider, Free Internet in Public Spaces Act, etc.). This pandemic also lends urgency to crucial reform initiatives that will encourage strategic industries to locate in the country (e.g., amendments to the Foreign Investment Act, Public Service Act, Retail Trade Liberalization Act, and the Corporate Recovery and Tax Incentives for Enterprises [CREATE]).

Development Sector¹⁹

Official development assistance (ODA) is defined as government aid that promotes and specifically targets the economic development and welfare of developing countries.²⁰ ODA has become an important financing resource to achieve accelerated infrastructure investment and to improve the effectiveness and efficiency of public goods and services delivery. Development partners have increased efforts to coordinate activities.²¹

The Philippines was on track to becoming an upper middle-income economy, until the coronavirus disease 2019 (COVID-19) pandemic disrupted the country's economic growth momentum and development trajectory. The unprecedented challenges brought by the pandemic prompted a shift in sourcing and utilizing Official Development Assistance (ODA) financing in the new normal, from project-specific to quick-disbursing program loans.

In 2020, the government entered into several quick-disbursing program loans to deliver critical policy reforms in priority sectors, particularly on improving

¹⁹ NEDA. 2021. *Official Development Assistance Portfolio Review Report*. Manila.

²⁰ OECD. Official Development Assistance. The DAC adopted ODA as the "gold standard" of foreign aid in 1969 and it remains the main source of financing for development aid. ODA data is collected, verified and made publicly available by the OECD.

²¹ ADB. 2019. *Philippines: Country Partnership Strategy 2017-2023*. Manila.

the country's health system capacity and addressing the fiscal and economic impacts of the pandemic. The government also re-affirmed its commitment to ramp up spending on public infrastructure as one of the major drivers of economic recovery, given its multiplier effect in job generation and other economic activities.

The active ODA portfolio of the Philippines in 2020 amounted to USD30.69 billion, representing a 46.63 percent increase from USD20.93 billion in 2019. It consists of 30 program loans, 76 project loans, and 251 grants. Among these, 20 program loans, 14 project loans, and 25 grants were signed in 2020. Of the 106 loans, program loans increased by 136 percent, from USD5 billion (14 program loans) in 2019 to USD11.81 billion (30 program loans) in 2020. Project loans increased by 20 percent, from USD14.29 billion (67 project loans) in 2019 to USD17.19 billion (76 project loans) in 2020.

To support various programs and projects for COVID-19 response, the government entered into a total of 25 ODA loan agreements worth USD9.08 billion (USD8.16 billion for 20 program loans and USD915 million for 5 project loans). The infrastructure development sector recorded the largest share amounting to USD14.55 billion (47%) of the active ODA portfolio in 2020, followed by the governance and institutions development (GID) sector (24%), and the social reform and community development (SRCD) sector (20%).

Top donors

Japan remained the top provider of ODA to the country with USD11.18 billion (36.44%) worth of loans and grants, followed by the Asian Development Bank (ADB) (28.52%) and World Bank (WB) (20.97%).

Regional and Global Integration and the Philippines

Regional integration is a dynamic process where a group of neighboring countries cooperates to achieve common goals for mutual benefit. Depending on the purpose and goal, a multitude of regional integration initiatives have emerged globally; and Asia is no exception. Regional integration can encompass many different facets—such as promoting trade and investment, developing infrastructure, improving people's mobility, strengthening the provision of regional public goods, and providing the legal and institutional basis for international policy cooperation. Often, the dynamic effects of regional

integration support economic growth and development, particularly when accompanied by increased market size, exploitation of economies of scale, enhanced competition, increased investment, and technical or technology transfer. As a result, regional integration has become a useful development strategy for many global and regional institutions. For example, the United Nations recognized regional integration as an important tool to support national efforts in implementing the 2030 Agenda for Sustainable Development.

Recovery continues to gain momentum in developing Asia, but recent outbreaks of COVID-19, driven in part by new variants, drag on growth in several economies. Even as the pandemic persists, developing Asia is forecast to sustain its strong rebound. The regional economy is projected to grow by 7.2% in 2021. The biggest risks to the outlook would be continued COVID-19 outbreaks, driven by new variants, and enabled by delayed vaccine rollout, which could once again disrupt mobility and economic activity, stalling recovery.

The Regional Comprehensive Economic Partnership²²

The Regional Comprehensive Economic Partnership (RCEP) is an agreement between the member states of the Association of Southeast Asian Nations (ASEAN) and its free trade agreement (FTA) partners. The pact aims to create an integrated market with 16 countries, making it easier for the participating countries to commence trade of products and services. In summary, the RCEP aims to lower tariffs, open up trade in services and promote investments, and reduce costs for companies by allowing them to export a product within participating countries without meeting separate requirements for each country.

The Philippine's participation in the RCEP is seen to be beneficial to business owners and investors in multiple ways. First, the manufacturers in the country can get cheaper imported goods, raw materials, and other products from other member countries of the RCEP. Second, it will be convenient to do business as the RCEP simplified the rules for businesses and investors. Third, in the RCEP region, participating countries will have uniform rules for protecting intellectual property rights. Lastly, the RCEP will complement the ongoing reforms and existing programs and initiatives of the government, especially on the resurgence of the manufacturing sector in the country.

²² https://pcoo.gov.ph/news_releases/dti-rcep-beneficial-to-ph-quick-economic-recovery-from-covid-19-pandemic/

Approved Foreign Direct Investments

The strength of South-East Asia as a Foreign Direct Investment (FDI) engine remains evident. South East Asia's announced greenfield investment contracted more moderately (-14%) than in other developing regions²³. The region has also registered more than USD70 billion in new greenfield investment projects.

The Philippines remains as an emerging market for Foreign Direct Investments (FDIs). FDIs in the Philippines have grown significantly in the past few years and have remained steady despite the unfortunate effects of the COVID-19 pandemic. The global FDI trend is expected to remain weak in 2021 and possibly in the coming years due to the COVID-19 pandemic. Despite the decreasing global trend in FDI flows in 2020, the Philippines was able to counter the trend gaining 29% increase in FDIs with the approved foreign investments in the country reaching a total of Php36.5 billion in the fourth quarter of 2020. Total approved foreign investments in the second quarter of 2021 reached Php 22.5 billion, 45% higher compared with the Php 15.46 billion in the same quarter in 2020. However, the pace of the roll-out of vaccination programs and economic support packages, fragile macroeconomic situations in major emerging markets, and uncertainty about the global policy environment for investment are all seen to continue to affect FDIs in 2021 and the coming years.

Highlights from the ASEAN+2 *Regional Economic Outlook 2021*²⁴ include the following:

- ASEAN+3 economies demonstrated their resilience to the health and economic impact of the COVID-19 pandemic, with a V-shaped rebound in the latter part of 2020. AMRO staff's baseline forecast is for the regional economy to expand by 6.7 percent in 2021, following a slight contraction in 2020. The risks to a sustained recovery are now focused largely on those arising from the longerlasting consequences of the pandemic—the inevitable "scarring" of segments of the economy, and their ultimate implications on financial stability and sovereign debt. Meanwhile, the future of US–China trade relations continues to simmer in the background.

- Rapid digitalization as a result of the pandemic has fundamentally transformed economies by permanently changing the way companies do business, individuals work, and consumers consume. Some segments of the economy will rebound quickly with the turnaround in manufacturing, from innovation in technology, or benefit from pent-up savings and robust domestic demand, while others will remain under pressure and must adapt, move on, or reinvent themselves to survive. Employment prospects will also depend on the recovery of the services sector, which accounts for a large share of all jobs, including in the more vulnerable informal and smaller business segments.
- Trade in the highly export-oriented ASEAN+3 region was adversely affected by the pandemic, just as it had started to recover from the US–China trade conflict, and the outlook is expected to remain complicated. While export contraction troughed in mid-2020, improvements have been uneven across the region and sectors—some have benefitted from pandemic-driven demand, while the more traditional export sectors and goods have continued to lag. Trade in services, a cushion to goods trade in 2019, has been devastated as the pandemic has shut down the travel and tourism industry and other close contact services, and the deployment of vaccines will play a key role in their revival.
- Markets have posted positive returns—indeed, equity markets have soared— as unprecedented policy stimuli and, more recently, the development of highly efficacious vaccines, have motivated a sharp rally in asset prices. In contrast, concerns are rising as to what corporate and household—and hence bank—balance sheets could reveal about economic scarring when the stimulus policy measures are eventually removed.

The Philippines also continues to address investment constraints. In late 2018, the Foreign Investment Negative List (FINL) was updated, which enumerates investment areas where foreign ownership or investment is banned or limited. The most significant changes permit foreign companies to have 100% investment in internet businesses (not a part of mass media), insurance adjustment firms, investment houses, lending and finance companies, and wellness centers. It also allows foreigners to teach higher educational levels, provided the subject is not professional nor requires bar

²³ Global investment Trend Monitor, No. 38

²⁴ <https://www.amro-asia.org/asean3-regional-economic-outlook-2021-full-report/>

examination/government certification. The latest FINL allows 40% foreign participation in construction and repair of locally funded public works, up from 25%. The FINL, however, is limited in scope since it cannot change prior laws relating to foreign investments, such as Constitutional provisions which bar investment in mass media, utilities, and natural resource extraction.

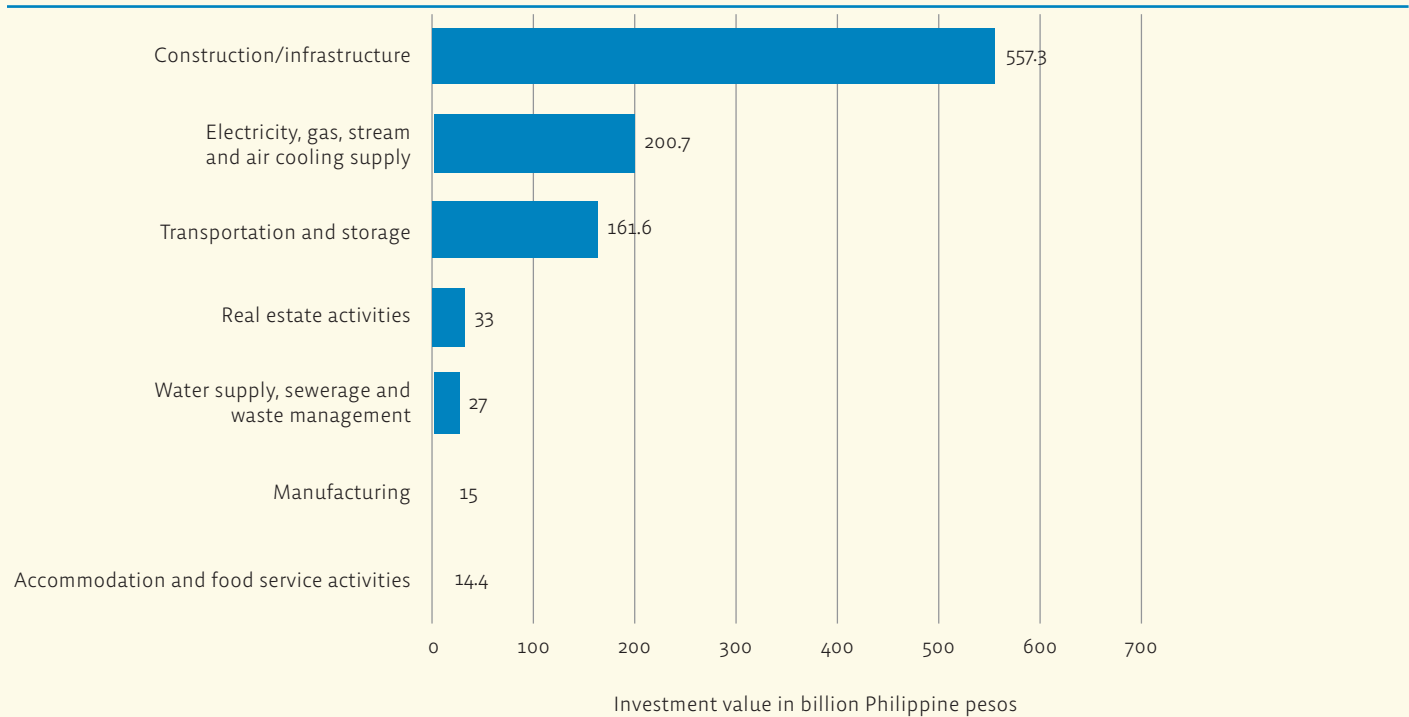
Top investment industries²⁵

Majority of the country’s approved foreign investments (FIs) were pledges from six investment promotion agencies (IPAs) named the Board of Investments (BOI), Philippine Economic Zone Authority (PEZA), Clark Development Corporation (CDC), Subic bay Metropolitan Authority (SBMA), Authority of the Freeport Area of Bataan (AFAB), and Cagayan Economic Zone Authority (CEZA).

Information and Communication industry bested all other industries as it stands to receive PhP 12.53 billion or 55.7% of the total FI pledges. Construction came in second with investment commitments valued at PhP 3.62 billion or 16.1% share, followed by Manufacturing with PhP 2.27 billion or 10.1% FI contribution.

Based on research by Statista.com, in 2020, the highest approved investment value among the leading industries by the Board of Investments of the Philippines was the construction and infrastructure sector, amounting to approximately 557.3 billion Philippine pesos. The electricity, gas, steam and air cooling supply industry followed with about 200.7 billion Philippine pesos of investments.²⁶

FIGURE 2: LARGEST INDUSTRIES IN THE PHILIPPINES IN 2020, BY VALUE OF APPROVED INVESTMENTS (IN BILLION PHILIPPINE PESOS)



²⁵ Philippine Statistics Authority. 2021.

²⁶ <https://www.statista.com/statistics/1040636/philippines-largest-industries-by-value-investments/>



First Philippine Industrial Park

First Philippine Industrial Park (FPIP) is one of the largest and fastest-growing premium industrial parks in the Philippines. With over 500 hectares of prime industrial land, it is the preferred location of the world's largest companies with more than 140 world-class locators, all contributing to national development, jobs creation, and economic growth. These locators include industry giants such as Brother, Canon, Murata, Collins Aerospace, Honda, Philip Morris, and Nestle, among others.

Established in 1996, FPIP is a 500+ hectare special economic zone (SEZ) located in the thriving industrial CALABARZON area south of Metro Manila. Considered the most prime investment location in the country today, it is host to a growing number of global leaders in diverse sectors such as aerospace, automotive, consumer goods, electronics, medical devices, and office equipment, among others.

FPIP offers locators best-in-class infrastructure and utilities, while providing industry-leading park management and support to its locator partners. Alongside special incentives in form of tax holidays and lower tax rates,* the unique FPIP experience assures locators ease of doing business, safety and security, and the consistency of a first-world manufacturing environment. These enable locators to focus on increasing their competitiveness in the global marketplace.

* For eligible enterprises.

FPIP brings over two decades of operational excellence, and an even longer history of multifaceted industry experience through its partners and parent companies.

FPIP is a joint venture between the local conglomerate First Philippine Holdings (FPH) and the Japanese conglomerate Sumitomo Corporation (SC). FPH brings leading and pioneering experience in energy, power generation and distribution, transformer manufacturing, commercial and residential estate development and management, construction and engineering, as well as education and healthcare.

On the other hand, Sumitomo Corporation's experience in industrial park development and management aids FPIP in offering integrated services and world-class experience to locators all over the world. Its network and sales arm are instrumental in helping FPIP attract a significant number of Japanese locators, which are more than half of the locators inside the park. Sumitomo Corporation is also a leading industrial park (IP) developer and operator in Vietnam, Indonesia, Myanmar, and India as well as an IP sales agent in Indonesia, Thailand, and Cambodia.

FPIP and its locator-partners have created about 70,000 jobs to date, transforming the host communities of Sto. Tomas and Tanauan in Batangas into a thriving industrial hub. FPIP also supports the local educational and health systems, and contributes significantly to local infrastructure development to help improve overall living conditions and uplift the lives of residents in the area.

Upholding World-Class Standards

FPIP is a multi-awarded, ISO-certified, and a PEZA Hall of Fame Awardee.

Among over 400 ecozones in the country, FPIP is one of the only two recipients of PEZA's first Green, Health, Smart and Sustainable Award due to its notable commitment to promoting healthy industrialization and sustainably designed, smart, and green economic zones.

FPIP achieved the Investors in People Silver recognition from 2016 to 2019, the international benchmark for companies that aim for business improvement through people management.

For 3 years (2018, 2019, 2021), FPIP was recognized and awarded by the DENR- Environmental Management Bureau of the CALABARZON region for being an active partner in the protection of fragile natural resources



through the implementation of Republic Act No. 9003, or the Ecological Solid Waste Management Act of 2000, and for its sustainable practice of using Best Environmental Technology (BET) and Best Available Practice (BAP) governance.

FPIP has also been the recipient of other awards over the past 25 years in recognition of its support for the community and the environment. Other awards given by various sources include the "Outstanding Community Project Award" granted by PEZA; the "Game Changer Communities Award" conferred by DENR-EMB; the "Gawad Kalasag Plaque of Recognition" awarded by NDRRMC; and the "Outstanding Environmental Performer Award" given by PEZA, among others.

Options to Optimize Your Business

Industrial Offerings

FPIP envisions to be the manufacturing location of choice of high-quality export-oriented locators seeking to grow their businesses, and in the process, help build industries and create jobs. FPIP provides best-in-class infrastructure, highly reliable utilities, and industry-leading park management. FPIP has dedicated teams of engineers and technical staff to ensure that the park is safe, clean, and operating efficiently to serve the needs of its locators, employees, and visitors.

Industrial Land

FPIP's prime-grade and site-developed lots are ideal for manufacturing operations of light and medium

industries. Strategic location, various lot sizes and options, and access to supporting facilities and services enable seamless construction and expansion of small, medium, and large-scale facilities.

Ready-Built Factories (RBFs)

FPIP's locator-ready, shell-type factory buildings cater to the needs of smaller-scale light to medium industries, as well as serve the back-end business of various industries such as assembly and contract manufacturing, and support/allied industries. This enables RBF locators to quickly establish efficient operations near their partners and prospective customers. This will allow the suppliers or partners of multinational and local companies to be located near their customers, an important requirement to enhance the coordination between buyers and suppliers.

FPIP continues to increase the leasable area of its ready-built factories, with over 180,000 square meters in leasable RBF space to date. FPIP's newest RBF clusters are now configured to accommodate solar panel installations. To complement the RBF specification customization that FPIP offers to meet the unique requirements of locators, FPIP also practices regular predictive and preventive maintenance to ensure that the facilities and equipment are in top condition.

Built-to-suit RBFs

Apart from FPIP's standard RBF offerings, FPIP offers built-to-suit RBFs to cater to a prospective locator's specific needs and requirements. FPIP's in-house teams of engineers and technical staff can provide expertise on refurbishment

and renovations based on the locator's preferred handover conditions. Value-added services such as mechanical, sanitary/plumbing, and electrical engineering assistance are also offered, ensuring that locators receive the best customizable menu package available.

Benchmark for Park Development and Management

Best-in-class Infrastructure and Utilities with the Highest Reliability

FPIP provides high-quality infrastructure and utilities to assure locators of stable power and water supplies, reliable communication services, and accessibility. The park also boasts a centralized wastewater treatment facility and a solar-powered bridge as part of the park's sustainability efforts.

Power Supply

FPIP provides the most stable and reliable power supply to its locators via its exclusive on-site 115 kV substation with redundancy via three separate circuits and exposure to minimal inclement weather risk due to the presence of an underground power distribution grid.

FPIP also offers its locators the choice to get energy supply from clean and renewable sources through affiliates First Gen Corporation (FGen) and Energy Development Corporation (EDC). Both FGen and EDC have Retail Electricity Supply and Renewable Energy Supply licenses that allow partners to switch to 100% green and good power.



FPIP strives to deliver resilient and compelling energy solutions that promote energy productivity, empowering its customers to make the right choices and to do more with less energy, while simultaneously reducing their carbon footprints. By offering this option to locators, FPIP contributes to its group's mission of forging collaborative pathways for a decarbonized and regenerative future.

Industrial Water

FPIP has abundant industrial water through its fifteen deep wells and above-ground reservoirs, a 24/7 water supply to locators via a centralized distribution system backed by full-scale generators, and modern wastewater and centralized sewerage collection and treatment facilities.

Centralized Wastewater Treatment

As part of the park's sustainability efforts and waste management, FPIP treats domestic effluents in its Centralized Wastewater Treatment Facility (CWTF). Wastewater from park locators is treated in the CWTF and becomes available for recycling or reuse. With this, groundwater extraction is reduced, and groundwater resources are preserved.

Telecommunications

FPIP ensures fast, consistent, and reliable internet services, capable of supporting video, voice, and data transmissions, through its wireless underground fiber

optic and copper cables. It also offers a wide choice of telecommunication services through partnerships with multiple leading providers.

Road Network

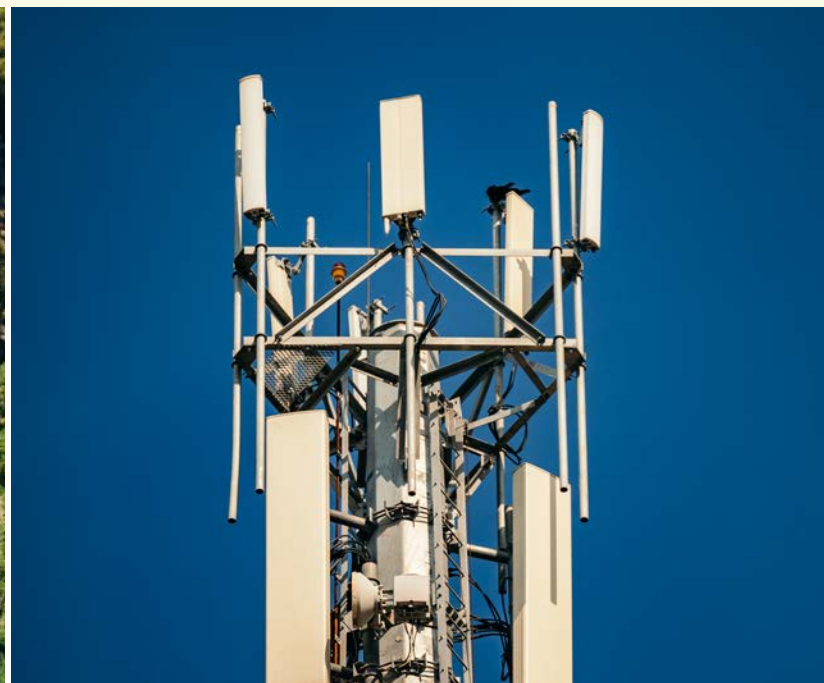
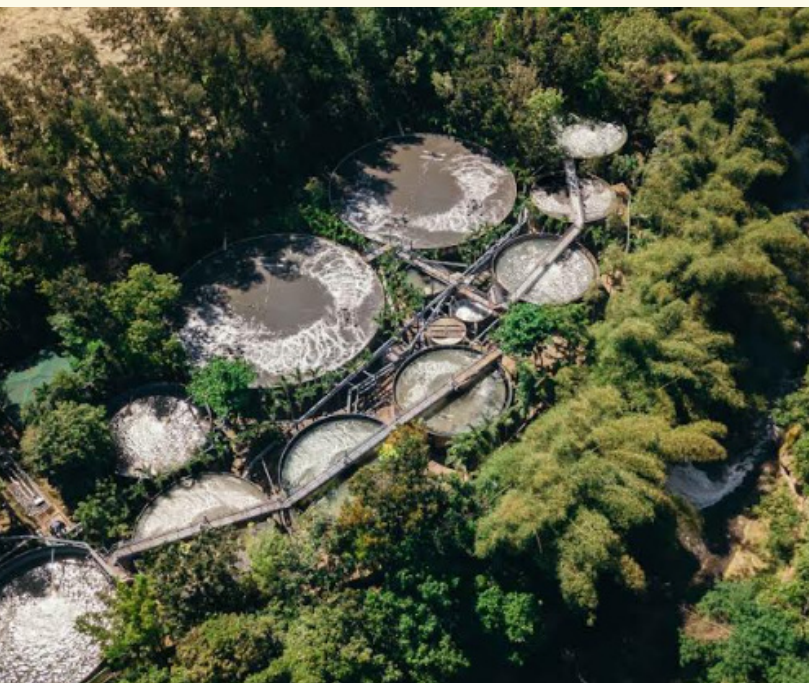
FPIP provides a network of wide, well-paved, and properly spaced roads, with broad, concrete, 6-lane/40-meter right-of-way (ROW) main roads, 23m secondary roads, as well as newly installed dedicated bike lanes to ensure ease of mobility around the park. It offers a flood-free environment through an extensive underground drainage system and also remains environment and pedestrian-friendly with its well-lit pedestrian and bicycle lanes.

Solar-Powered Bridge

FPIP's newly constructed bridge is powered by solar energy and symbolizes the company's commitment to energy efficiency, sustainability, and low carbon emissions as it connects the industrial park with its expansion areas.

Laboratory Services

FPIP offers environmental laboratory services to locators, including monitoring services for wastewater to ensure compliance with environmental regulations. These efforts are also expected to result in increased convenience, lower costs, and faster response time for FPIP locators. FPIP is also increasing capacity





by purchasing additional laboratory equipment, while adding qualified chemists, and ensuring strict compliance with external regulatory bodies.

Commercial Offering

FPIP offers not just space for industrial businesses, but office and commercial spaces as well.

Oasis Commercial Center

The Oasis Commercial Center is primed for office and commercial lease requirements. The three-story building offers office and retail spaces, and includes a school, retail establishments, banks, and a multi-purpose sports facility, among other amenities.

A Growing Variety of Commercial Facilities and Amenities FPIP offers a wide range of facilities and amenities for its locators and visitors to enjoy.

SanTomas Suites and Microtel Hotels

Business, leisure travels, and lodging are also made more convenient and comfortable at FPIP through the presence of SanTomas Suites and Microtel located within the industrial park.

- **SanTomas Suites** is a 40-room business hotel that serves as the perfect place for overnight or extended stays. It comes with all the essential

amenities that ensure comfort and functionality, including a king-sized bed, high-speed internet access, work desk with lounge chair, and an energy-efficient airconditioning system.

- **Microtel Suites** is a 78-room hotel centrally located at FPIP which offers warm hospitality and smartly designed rooms. Each room offers the best value and amenities such as an individually controlled airconditioning unit, and a fully automated fire safety system.

Restaurants

Restaurants within FPIP that offer a wide range of cuisines include Minori-Tei (authentic Japanese food), Jongro Korean restaurant (authentic Korean cuisine) and Millie's (all-day continental and local dining), and are open for breakfast, lunch, and dinner. These restaurants also offer delivery services.

Consuelo Park

The new Consuelo Park, named after the matriarch of the Lopez family, aims to provide a space for relaxation, reinvigoration, well-being, and enjoyment to all those who visit. With its eco-trails, 600-person capacity amphitheater, bamboo grove, play fields, and pond feature, this community park is also envisioned to heighten social inclusivity and environmental responsibility.

Consuelo Park Residences

FPIP offers locator-employees the experience of relaxed community living with the Consuelo Park Residences, FPIP's first residential dormitory complex. Consuelo Park Residences features six (6) dormitory buildings and common facilities. Situated at the heart of the industrial hub and alongside Consuelo Park, residents enjoy easy access to work and recreational facilities as well as experience convenient and comfortable living through common facility provisions such as a dining hall, laundry shop, pocket gardens, walkways, bike racks, and the availability of internet and air conditioning units upon request. Safety and security of the place is also ensured with its gated premises and 24/7 security and CCTV surveillance.

Oasis Multi-purpose Covered Court

The facility also includes the Oasis Multi-Purpose Covered Court, a covered twin court for different sports and recreational activities such as basketball, volleyball, tennis, badminton, darts, and table tennis. The venue may be leased for different company activities and events.



School: FIRST College

FPH established FIRST College in 2018 with a vision to create a school that will deliver real-world, relevant, up-to-date, and practical technical training. The goal was to develop students whose technical training and education is truly useful to modern industries—in a way that companies would want to hire students immediately after graduation.

It is the first college located inside an industrial park, and the first to offer a Bachelor of Science in Industrial Operations and Management program in the Philippines. FIRST College is committed to cultivating graduates that have both the technical and leadership skills needed to succeed in the 21st Century workplace.

Our Locators

FPIP is the preferred location of more than 140 world-class manufacturing facilities and support services. Today, FPIP is home to global and industry-leading businesses from various industries such as leading consumer electronic manufacturers Brother, Canon and Murata, leading aircraft interior manufacturer Collins Aerospace, bicycle parts manufacturer Shimano, motorcycle manufacturer Honda, tobacco giant Philip Morris, and leading food and beverage producers Nestlé and D&L, among others.

Through their partnership with FPIP, FPIP locators also gain access to the expertise and resources of the subsidiary companies of First Philippine Holdings (FPH), one of FPIP's parent companies. FPH's subsidiary companies offer end-to-end solutions, expertise, and experience in energy, power generation and distribution, transformer manufacturing, construction and engineering, commercial and residential estate development and management, as well as education and healthcare.



First Industrial Township

First Industrial Township (FIT), formerly known as Philtown Industrial Estate, is FPIP's sister company. It was acquired by First Philippine Holdings (FPH) and Sumitomo Corporation in January 2015 with the goal of expanding the industrial estate portfolio and increasing the reserve of land area for incoming locators.

FIT offers industrial land for lease, and investment solutions tailored to various locators' needs. FIT's offerings also include utilities and infrastructure with site developed lots in a variety of sizes and reliable facilities to ensure that locators will have everything they need to efficiently run their businesses.



FOR INDUSTRIAL PROPERTY INQUIRIES



Ms. Kazumi Sekiya
Senior Sales & Marketing
Manager,
Industrial Business Group
smd@fpip.com



Ms. Allen Medrana
Sales Associate,
Industrial Business Group
smd@fpip.com

FOR COMMERCIAL PROPERTY INQUIRIES



Ms. Ella Blaquera-Calug
Commercial Leasing Lead,
Commercial Properties Group
commercial.leasing@fpip.com



Mr. Joemari M. Barrion
Commercial Leasing Associate,
Commercial Properties Group
commercial.leasing@fpip.com

Appendixes

A. Tax Tables

National Tax	Local Tax
<p>Generally, 12% value-added tax (VAT) imposed on:</p> <ul style="list-style-type: none">• Importation of goods• Sale, barter, exchange, or lease of goods, properties, services in the Philippines, with certain exceptions <p>Gross receipt tax on the following endeavors:</p> <ul style="list-style-type: none">• 0%–5%, on bank and other non-bank financial intermediaries• 5%, on insurance companies• 3%, on common passenger carriers• 2%, on electric, gas, and water utilities• 3%–30%, on other business <p>Excise tax on certain products (e.g., tobacco, alcohol, mineral and petroleum products, jewelry, automobiles, etc)</p> <p>Documentary stamp tax</p> <p>Overseas communication tax</p>	<p>Real estate tax</p> <p>On manufacturers, wholesales, exporters, and contractors:</p> <ul style="list-style-type: none">• Percentage tax on sales or gross receipts, imposable rate depending on the place where the business is situated <p>Percentage tax on banks and other financial institutions</p>

Individual Taxpayer	Local Tax
<p>15% tax rate imposed on income (salaries, annuities, honoraria allowances, etc.) of aliens</p> <ul style="list-style-type: none"> Regional or area headquarters or regional operating headquarters of multinational corporations Representative offices Offshore banking units Petroleum service contractors/subcontractors <p>Capital gains tax on sales of shares of domestic stocks:</p> <ul style="list-style-type: none"> 5% on the first PhP100,000.00 gains and 10% on excess over PhP100,000.00, if the stock is not traded in the Philippine Stock Exchange (PSE) 1/2 of 1% of the gross selling price or gross value in money of the stock sold, if stock sold is listed in the PSE <p>Tax on stocks sold or disposed at initial public offering</p> <ul style="list-style-type: none"> Tax rate (1%, 2%, 4%) varies according to the proportion of the shares sold or disposed to the total outstanding shares after listing <p>Capital gains tax of 6% based on the gross selling price or fair market value, whichever is lower, on the sale of real property</p> <p>Tax on passive income (e.g., interest, dividends, prizes, royalties, and other winnings)</p> <p>Final tax of 32%, imposed on the individual employer, on the grossed-up monetary value of fringe benefits given to employees, except rank-and file unless the fringe benefit is required by the nature of the trade, business, or profession of the employer</p>	<p>10% tax on net taxable income:</p> <ul style="list-style-type: none"> Proprietary educational institutions and non-profit hospitals <p>Final tax of 10%:</p> <ul style="list-style-type: none"> For foreign currency deposit units and offshore banking units, on their income from foreign currency transactions with local commercial banks, authorized branches of foreign banks, and depository banks under the foreign currency deposit system <p>15% branch profits remittance tax:</p> <ul style="list-style-type: none"> Excluding those registered with PEZA <p>General tax of 30% imposed on dividends declared by a domestic corporation to its parent company:</p> <ul style="list-style-type: none"> If country of the recipient foreign corporation grants a tax credit of 15% as tax deemed paid in the Philippines, tax is reduced to 15% <p>Capital gains tax on sales of shares of domestic stocks:</p> <ul style="list-style-type: none"> 5% on the first PhP100,000.00 gains and 10% on the excess over PhP100,000, if the stock is not traded in the Philippine Stock Exchange (PSE) 1/2 of 1% of the gross selling price or gross value in money of the stock sold, if stock sold is listed in the PSE <p>Tax on passive income, such as dividends and royalties:</p> <ul style="list-style-type: none"> Exempt from tax are dividends received by a domestic corporation and a resident foreign corporation from a domestic corporation <p>Final tax of 32%, imposed on the corporated employer, on the grossed-up monetary value of fringe benefits given to employees, except rank-and-file, unless the fringe benefit is required by the nature of the trade, business, or profession of the employer</p>

B. Business Checklist

Checklist for Utilities and Pre-Operation Requirements	
Requisite	Agency
Securing Tax Identification Number (TIN)	Bureau of Internal Revenue (BIR)
Securing locational clearance/business permit for firms locating in Metro Manila	Metro Manila Development Authority (MMDA) City Hall/Municipal Offices in the localities where the business will be set up
Securing an employer's SSS number	Social Security System (SSS)
Securing membership in the government health care benefits system	Philippine Health Insurance Corporation
Securing electric services connections	Manila Electric Co. (MERALCO) <ul style="list-style-type: none"> for businesses within the MERALCO franchise area Local electric utility firms for companies locating in non-MERALCO franchise area
Securing water services	Maynilad Water Works and/or Manila Water Company <ul style="list-style-type: none"> for firms locating in Metro Manila Local Water Utilities Administration (LWUA) <ul style="list-style-type: none"> for firms locating outside in Metro Manila
Securing telephone services	Philippine Long Distance Telephone Co. (PLDT), Bayantel, Digitel, Smart and Globelines

Checklist of Requirements for Setting up Business in the Philippines

Requisite	Agency
Registration of corporations and partnerships	Securities and Exchange Commission (SEC)
Registration of business name/single proprietorship	Department of Trade and Industry - NCR (DTI-NCR)
Registration for incentives availment under Executive Order 226	Board of Investment (BOI)
Registration with other Investment Promotion Agencies for incentive availment	Philippine Economic Zone Authority (PEZA)
	Subic Bay Metropolitan Authority (SBMA)
	Clark Development Corporation (CDC)
	Cagayan Export Processing Zone
	Philvidec Industrial Authority
	Zamboanga Economic Zone Authority
Registration of foreign investments for purposes of capital repatriation and profit remittances	Ban Sentral ng Pilipinas (BSP)

C. Licensing Requirements for Regional Headquarters in the Philippines

Licensing Requirements for Regional or Area Headquarters (RHQs)	Licensing Requirements for Regional Operating Headquarters (ROHQs)
<p>Secure License with the Philippine Securities and Exchange Commission (SEC), upon favorable recommendation of the Board of Investments (BOI)</p> <p>Minimum requirements:</p> <ol style="list-style-type: none"> 1. Certification from the Philippine Consulate Embassy, or duly authenticated certification from the Philippine Dept. of Trade and Industry or its equivalent in the foreign firm's home country that the firm is engaged in international trade with affiliates, subsidiaries, or branches in the Asia-Pacific region and other foreign markets 2. Certification from the principal officer of the firm that the firm has been authorized by its Board of Directors to establish its RHQ in the Philippines, specifying the following: <ol style="list-style-type: none"> a. Activities of the RHQ shall be limited to acting as a supervisory, communication, and coordinating center for its subsidiaries, branches, and affiliates in the region b. RHQ will not derive any income from sources within the Philippines c. RHQ shall notify the BOI and the SEC of any decision to close down or suspend its operations 15 days before the same is effected 3. An undertaking that the multinational company will remit into the Philippines such amount of money as may be necessary to cover RHQ's operations but which amount shall not be less than US\$50,000.00 or its equivalent in other foreign currencies 4. An undertaking that any violation of the Omnibus Investments Code shall constitute sufficient cause for the cancellation of RHQs license to operate 	<p>Secure License with the Philippine SEC, upon favorable recommendation of the BOI</p> <p>However, ROHQs of banking and financial institutions are required to secure licenses from both the SEC and the Bangko Sentral ng Pilipinas (BSP).</p> <p>Minimum requirements:</p> <ol style="list-style-type: none"> 1. Certification from the Philippine Consulate Embassy, or duly authenticated certification from the Philippine Dept. of Trade and Industry or its equivalent in the foreign firm's home country that the firm is engaged in international trade with affiliates, subsidiaries, or branches in the Asia-Pacific region and other foreign markets 2. Certification from the principal officer of the firm that the firm has been authorized by its Board of Directors to establish its ROHQ in the Philippines, specifying the following: <ol style="list-style-type: none"> a. ROHQ may engage in any of the following qualifying services <ul style="list-style-type: none"> • General administration and planning • Business planning and coordination • Sourcing and procurement of raw materials and components • Corporate finance advisory services • Marketing control and sales promotion • Training and personnel management • Logistic services • Research and development services and product development • Technical support and maintenance • Data processing and communication • Business development b. ROHQ is prohibited from offering qualifying services to entities other than its affiliates, branches, or subsidiaries c. ROHQ shall notify the BOI, the SEC, and the BSP, as the case may be, of any decision to close down or suspend its operations 15 days before the same is effected 3. An undertaking that the multinational company will remit into the Philippines such amount of money as may be necessary to cover ROHQ's operations but which amount shall not be less than US\$200,000.00 or its equivalent in other foreign currencies 4. An undertaking that any violation of the Omnibus Investments Code and its implementing rules and regulations shall constitute sufficient cause for the cancellation of ROHQ's license to operate

List B

Up to 40% foreign equity

- Manufacture, repair, storage, and/or distribution of products and/or ingredients requiring Philippine National Police clearance:
 - a. Firearms (handguns to handguns), parts of firearms ammunition therefore, instruments or implements usedd or intended to be used in the manufacture of firearms
 - b. Gunpowder
 - c. Dynamite
 - d. Blasting supplies
 - e. Ingredients used in making explosives:
 1. Chlorates of potassium and sodium
 2. Nitrates of ammonium, sodium, barium, Copper (11), lead (11), calcium, and cuprite
 3. Nitric acid
 4. Nitrocellulose
 5. Perchlorates of ammonium, potassium, and sodium
 6. Dinitrocellulose
 7. Glycerol
 8. Amorphous phosphorus
 9. Hydrogen peroxide
 10. Strontium nitrate powder
 11. Toluence
 - l. Telescopic sights, sniper, scope, and other similar devices. However, the manufacture or repair of these items may be authorized by the Chie of the PNP to non-Philippine nationas, provided that a substantial percentage of output, as determined by the said agency, is exported. Provided further that the extent of foreign equity ownership allowed shall be specified in the said authority/clearance
- Manufacture, repair, storage and/or distribution of products requiring Defense Department clearance:
 - a. Guns and ammunitions for warfare
 - b. Military ordinance and parts thereof
 - c. Gunnery, bombing, and fire control systems and components
 - d. Guided missiles/missile systems and components
 - e. Tactical aircrafts, parts and components thereof
 - f. Space vehicles and component systems
 - g. Combat vessels
 - h. Weapons repair and maintenance equipment
 - i. Military communications equipment
 - j. Night vision equipment
 - k. Simulated coherent radiation devices, components and accessories
 - l. Armament training devices
 - m. Others as may be determined by the Defense Secretary
- However, the manufacture or repair of these items may be authorized by the Secreatary of the DND to non-Philippine nations, provided that a sustantial percentage of output, as determined by the said agency, is exported. Provided further that the extent of foreign equity ownership allowed shall be specified in the said authority/clearance
- Manufacture and distribution of dangerous drugs
- Sauna and steam bathhouses, massage clinics, and other like activities regulated by law because of risks posed to public health and morals
- All forms of gambling (e.g., racetrack operation)
- Domestic market enterprises with pain-in equity capital of less than the equivalent of US\$200,000.00
- Domestice market enterprises which involve advanced technology or emply at least fifty (50) direct employees with paid-in equity capital of less than the equivalent of US\$100,000.00

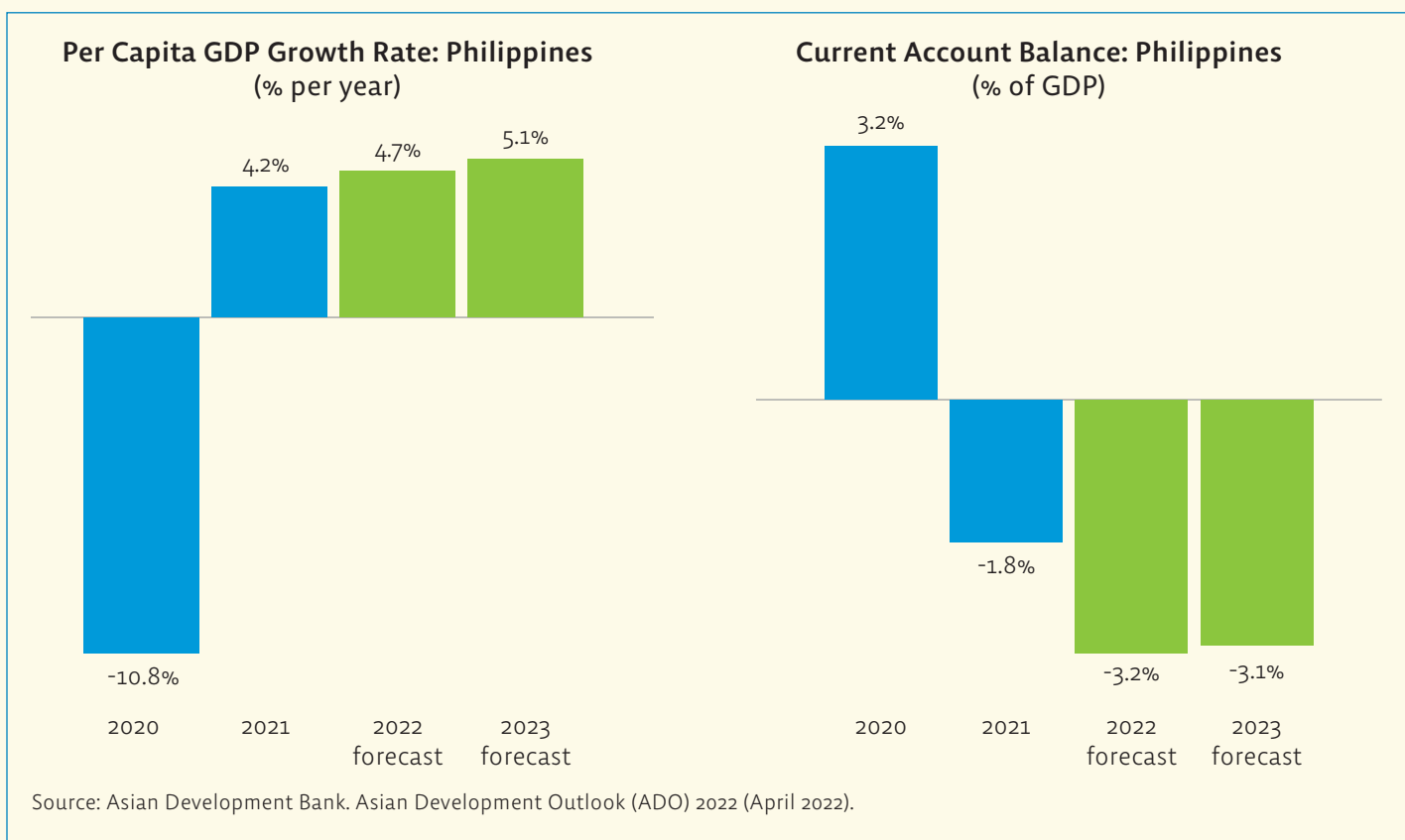
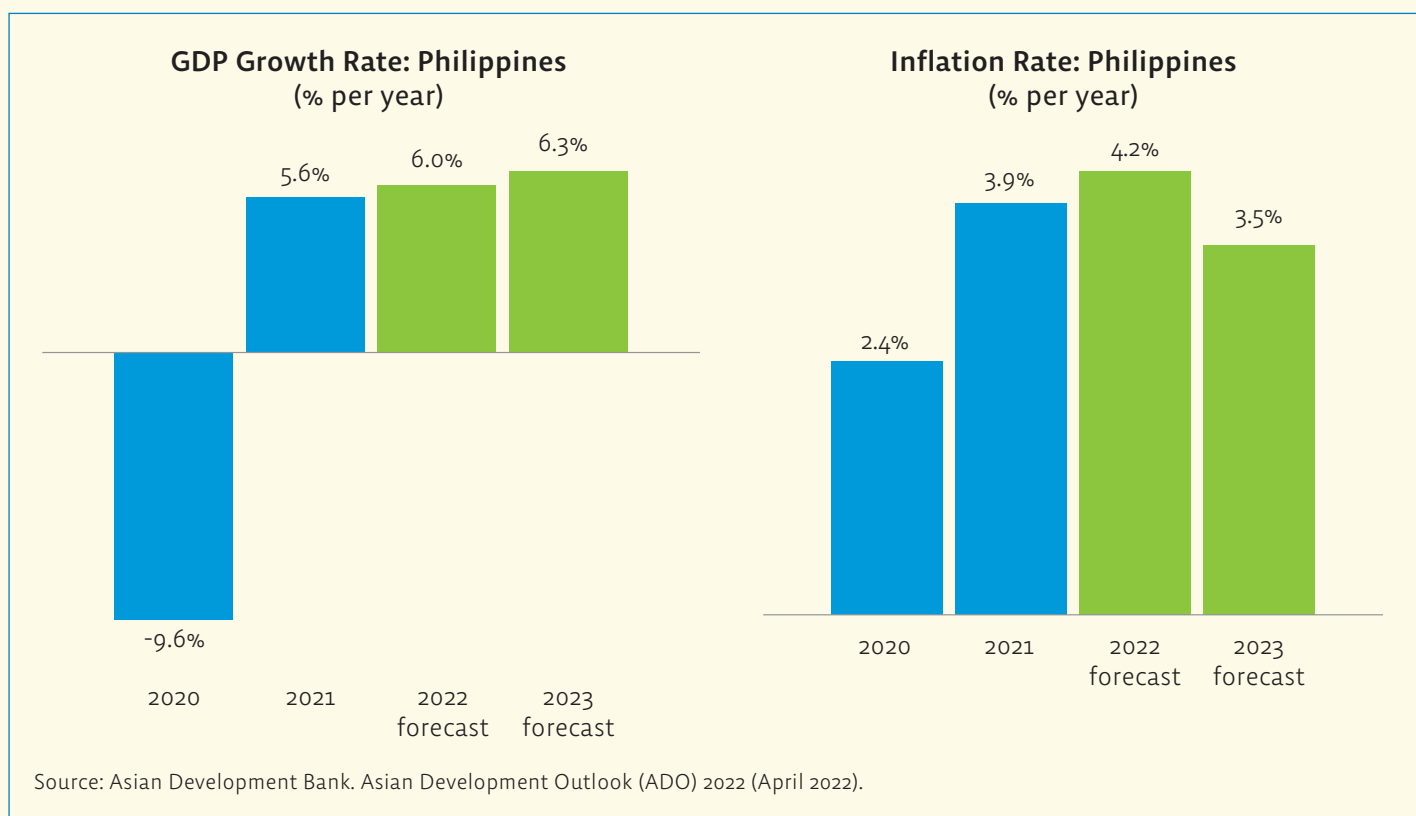
D. List of Business Associations

Business Associations In The Philippines

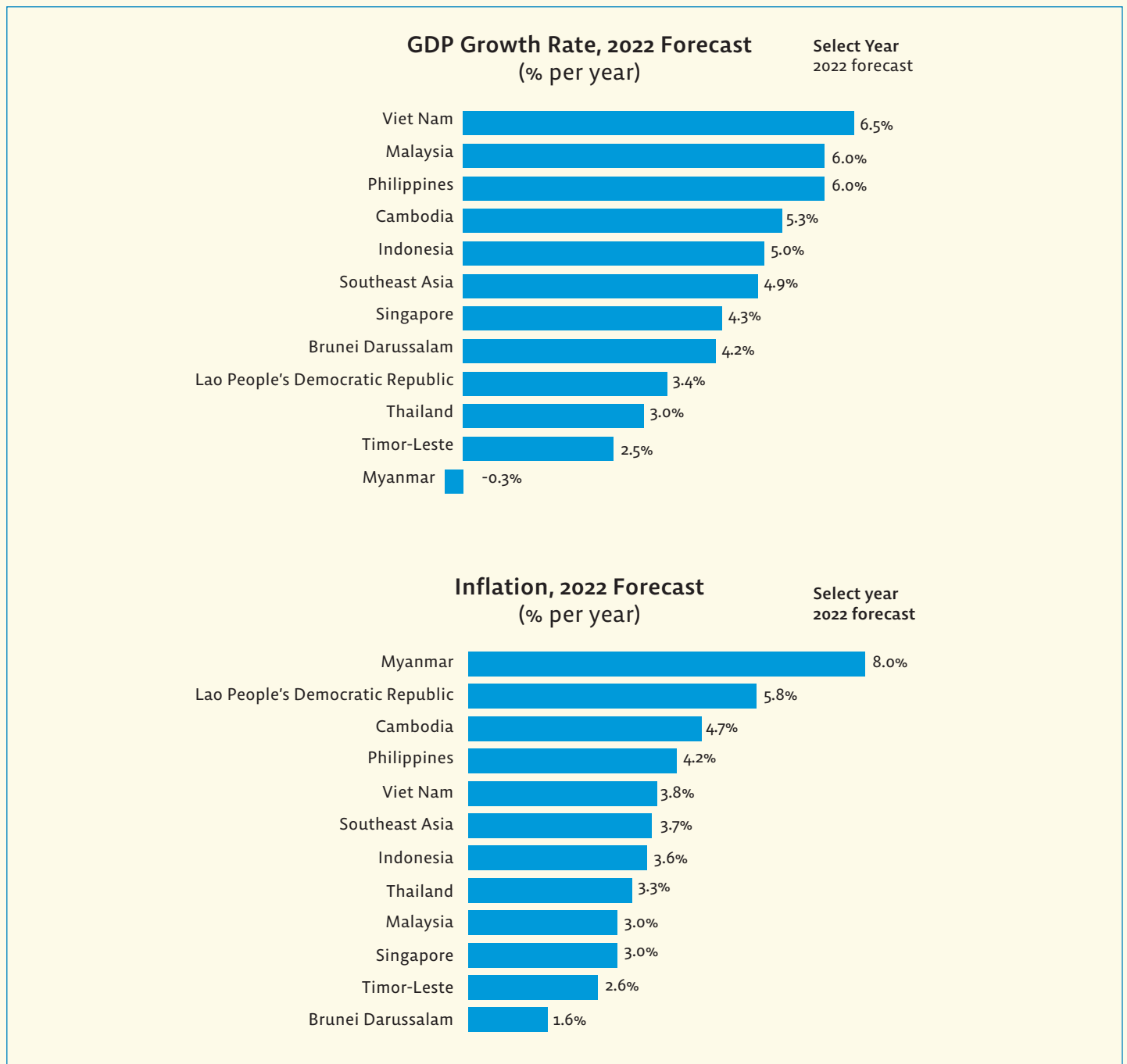
NO.	ASSOCIATION NAME
1	ACTUARIAL SOCIETY OF THE PHILIPPINES (ASP)
2	ADVERTISING SUPPLIERS ASSOCIATION OF THE PHILIPPINES (ASAP)
3	AMERICAN CHAMBER OF COMMERCE OF THE PHILIPPINES INC. (AMCHAM)
4	ASSOCIATION OF ACCREDITED ADVERTISING AGENCIES (4AS)
5	ASSOCIATION OF CARRIERS & EQUIPMENT LESSORS INC (ACEL)
6	ASSOCIATION OF FILIPINO FRANCHISERS INC. (AFFI)
7	ASSOCIATION OF MAKATI INDUSTRIES INC.
8	AUSTRALIAN-NEW ZEALAND CHAMBER OF COMMERCE PHILS. INC. (ANZCHAM)
9	BRITISH CHAMBER OF COMMERCE
10	BULACAN CHAMBER OF COMMERCE AND INDUSTRY
11	CANADIAN CHAMBER OF COMMERCE OF THE PHILIPPINES INC. (CANCHAM)
12	CHAMBER OF FURNITURE INDUSTRIES OF THE PHILIPPINES
13	CONFEDERATION OF FILIPINO CONSULTING ORGANIZATION OF THE PHILIPPINES (COFILCO)
14	DAVAO CITY CHAMBER OF COMMERCE AND INDUSTRY INC.
15	DIRECT SELLING ASSOCIATION OF THE PHILIPPINES
16	DRUGSTORES ASSOCIATION OF THE PHILIPPINES (DSAP)
17	EUROPEAN CHAMBER OF COMMERCE OF THE PHILIPPINES (ECCP)
18	FEDERATION OF INDIAN CHAMBER OF COMMERCE OF THE PHILIPPINES INC.
19	FILIPINO-CHINESE BAKERY ASSOCIATION, INC.
20	FILIPINO INTERNATIONAL FRANCHISE ASSOCIATION
21	FOOD CATERERS ASSOCIATION OF THE PHILIPPINES
22	FRENCH CHAMBER OF COMMERCE AND INDUSTRY IN THE PHILIPPINES
23	ILOILO BUSINESS CLUB INC.
24	INVESTMENT HOUSE ASSOCIATION OF THE PHILIPPINE
25	INVESTMENT HOUSE ASSOCIATION OF THE PHILIPPINES
26	ISRAEL CHAMBER OF COMMERCE OF THE PHILIPPINES

27 [JAPANESE CHAMBER OF COMMERCE AND INDUSTRY OF THE PHILIPPINES INC.](#)
28 [METRO ANGELES CHAMBER OF COMMERCE AND INDUSTRY INC.](#)
29 [MEYCAUAYAN JEWELRY INDUSTRY ASSOCIATION INC.](#)
30 [OUTDOOR ADVERTISING ASSOCIATION OF THE PHILIPPINES \(OAAP\)](#)
31 [PACKAGING INSTITUTE OF THE PHILIPPINES \(PIP\)](#)
32 [PHILIPPINE ASSOCIATION OF ELECTRICAL INDUSTRIES INC](#)
33 [PHILIPPINE ASSOCIATION OF NATIONAL ADVERTISERS \(PANA\)](#)
34 [PHILIPPINE ASSOCIATION OF SERVICE EXPORTERS INC. \(PASEI\)](#)
35 [PHILIPPINE CHAMBER OF COMMERCE AND INDUSTRY \(PCCI\)](#)
36 [PHILIPPINE CHAMBER OF COMMERCE AND INDUSTRY \(PCCI\)](#)
37 [PHILIPPINE ECONOMIC SOCIETY](#)
38 [PHILIPPINE EXPORTERS CONFEDERATION INC \(PHILEXPORT\)](#)
39 [PHILIPPINE FRANCHISE ASSOCIATION \(PFA\)](#)
40 [PHILIPPINE INSTITUTE FOR SUPPLY MANAGEMENT](#)
41 [PHILIPPINE MARKETING ASSOCIATION \(PMA\)](#)
42 [PHILIPPINE RETAILERS ASSOCIATION](#)
43 [PHILIPPINE RURAL ELECTRIC COOPERATIVES ASSOCIATION INC.](#)
44 [PHILIPPINE STATISTICAL ASSOCIATION](#)
45 [TRUST OFFICERS ASSOCIATION OF THE PHILIPPINES](#)

E. Economic Indicators, Philippines

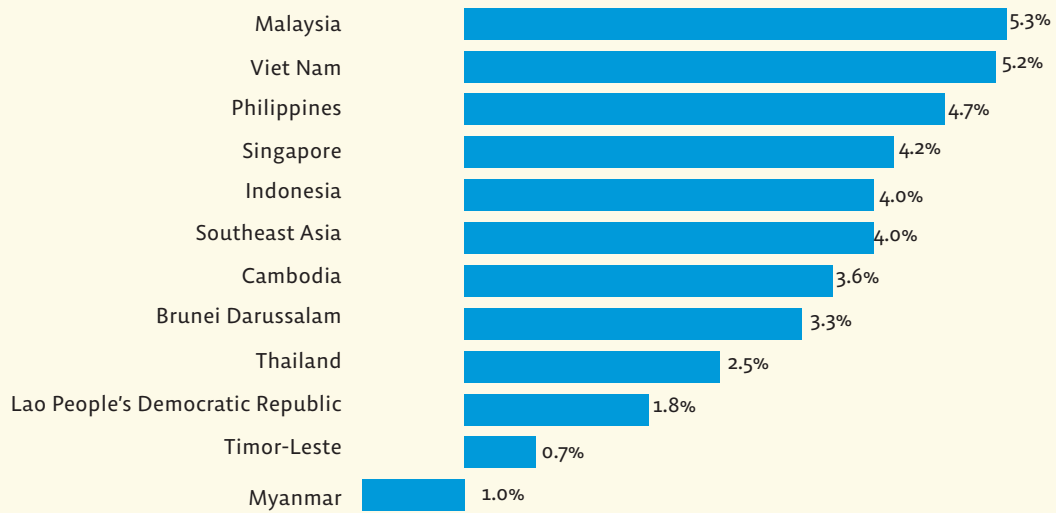


Comparative Economic Forecasts



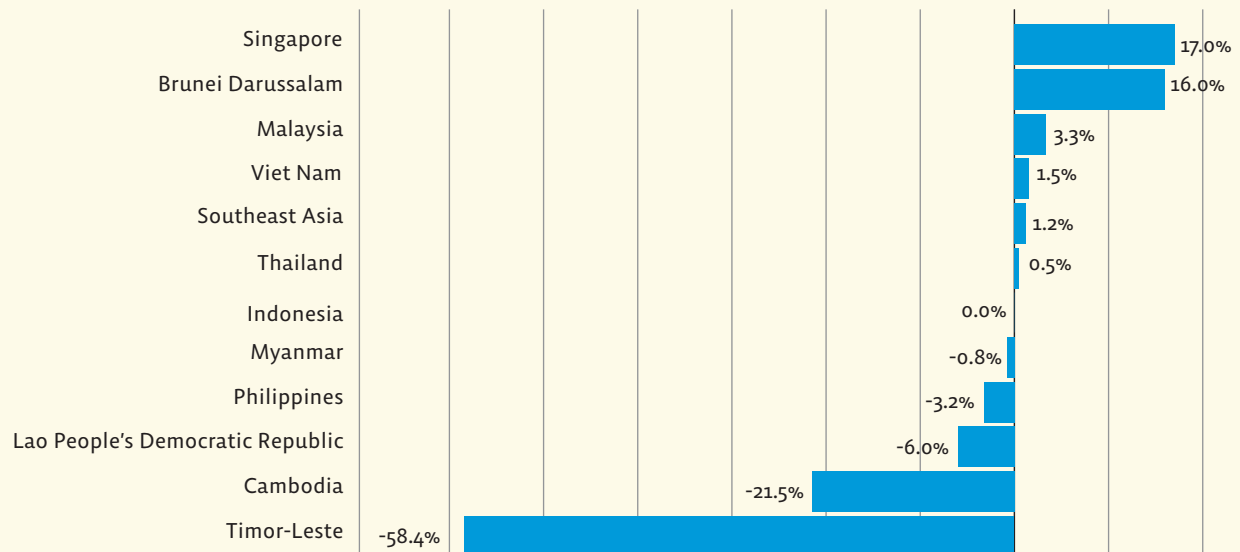
Per Capita GDP Growth Rate, 2022 Forecast (% per year)

Select Year
2022 forecast



Current Account Balance, 2022 Forecast (% of GDP)

Select Year
2022 forecast



References

1. <https://elegal.ph/philippine-e-investment/index.php/ii-country-profile/>
2. <http://elegal.ph/philippine-e-investment/index.php/iv-business-legal-environment/#general-considerations-in-investing-in-the-philippines>
3. <http://www.neda.gov.ph/2018/12/14/2018-year-end-statement-of-socioeconomic-planning-secretary-ernesto-m-pernia/>
4. <https://www.tpb.gov.ph/marketing-and-promotions/meetings-incentives-conventions-events-m-i-c-e/directory-of-associations-based-in-the-philippines/alpha-listing/?discipline=commercebusiness>
5. https://aric.adb.org/pdf/aeir/AEIR2018_complete.pdf
6. [Philippine Statistics Authority](#)
7. [Asian Development Outlook](#)
8. [National Economic Development Authority](#)
9. [Updated Philippine Development Plan 2017-2022](#)



**First Philippine
Industrial Park**
INTERCONNECTED ADVANTAGE

Head Office
Barangay Sta. Anastacia, Sto. Tomas Batangas, 4234
Philippines

Tel. : (+63) (43)405-6020 (Trunk Line)
(+63) (43)405-6029 (Marketing Direct Line)
Fax : (+63) (43)405-6031

For Industrial Property Inquiries:
Email: smd@fpip.com

For Commercial Property Inquiries:
Email: commercial.leasing@fpip.com

Liaison Office
5th floor Rockwell Business Center Tower 3
Ortigas Avenue Pasig City 1604 Philippines
Trunkline : (+632)8405-69-33

www.fpip.com