

**PRESIDENT FERDINAND ROMUALDEZ MARCOS JR.'s  
SPEECH AT THE PHILIPPINE BUSINESS OPPORTUNITIES FORUM  
Tokyo, Japan  
February 10, 2023**

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Thank you very much and good afternoon. Almost good evening to all. Please take your seats.

I would like to greet some of the members of the Philippine delegation that have accompanied us to this trip in Japan. We have with us the former president, former President Gloria Macapagal Arroyo, now our deputy speaker. [applause] With us also is the senate president, the president of our higher --- the Upper House of the Philippines legislature, Senate President Migz Zubiri. [applause] Also here is the Speaker of the House of Representatives, Speaker Martin Romualdez. [applause] I would like to greet the Minister Yasutoshi Nishimura of the Ministry of Economy, Trade and Industry. And I thank him for his involvement in this forum. Mr. Nubohiko Sasaki, the Chairman and CEO of Japan External Trade Organization; Mr. Teruo Asada, the co-chairman of the Japan-Philippines Economic Cooperation Committee; Dr. Kunihiro Hirabayashi, chairman of the Philippines Society of Japan, Incorporated; Mr. Makoto Katsura, president of the Philippines Society of Japan, Incorporated; my colleague in government and all of those who have shown an interest in the Philippines by coming this evening to join us in this forum where we discussed the different possibilities that we have now available in the Philippines for investment; and the other distinguished guests; ladies and gentlemen, good evening.

I am reliably informed that we have an overflow of delegates who have come to join us for this forum and I thank you. As I said, I thank you very much for your interest in the Philippines and we hope that in this, we are able to have exchanged our views on what are the possibilities. Beyond our economic managers explaining what it is that we have done in the Philippines in the past few months to improve the environment for investment in our country, but also to listen to our friends and partners

here in Japan to tell us what it is that they feel we can do to improve the investment climate in our country.

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And I think in that regard this has been a very successful meeting. And it warms my heart to see a roomful of many of our friends from Japan who are here to hear about the latest updates on our economy. Japan has been a steadfast partner of the Philippines, being one of the largest sources of trade, of investment, of official development assistance and of remittances.

In return, on top of the world-class hospitality, the Philippines has accorded Japanese investors a reliable and high-quality workforce and a stable macroeconomic environment conducive to growth. Let us nurture this mutually beneficial partnership. The Cabinet members that are here with us, together with our Central Bank Governor, earlier provided you with updates on the economic performance of the Philippines as well as the investment opportunities in infrastructure and various priority industries.

Allow me to summarize the discussion by offering three main reasons why you should consider growing your businesses with us in the Philippines.

First, we point to macroeconomic strength. The Philippines has demonstrated a remarkable rebound from the COVID-19 crisis. After expanding by 5.7 percent in 2021, the country's gross domestic product grew by 7.6 percent last year. This growth, which exceeds expectations and given our targets --- was broad-based, reflecting high government spending and robust domestic demand driven by consumption and by private investment.

Inflation, which is a pressing global issue, remains manageable in the Philippines. Although it is still one of the problems that we have to deal with. Estimates as of December 15 from the Central Bank of the Philippines, indicates that inflation should ease to four and a half percent this year and 2.8 percent by next year and within our target range of 2.0 to 4.0 percent.

Aided by industrialization and a job-creation strategy, we expect the Philippine economy to graduate from lower-middle-income to upper-middle-income status by 2024, if not sooner. This will keep us on track in achieving our high-income status by 2040. Against this backdrop, we envision poverty incidence in the Philippines to be slashed by half --- from what is now 18.1 percent in 2021 to nine percent by 2028. Last month, I signed an Executive Order formally adopting the

Philippine Development Plan, or PDP, for 2023 to 2028. Under this medium-term plan, we aim for consistently high economic growth to enable a prosperous, more inclusive and resilient society.

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This plan is founded on my administration's 8-point socioeconomic agenda, which include the following: investment promotion; infra-structure development; energy efficiency; increased employability of our workforce; expansion of digital infrastructure; innovation, research and development; the pursuit of a green and blue economy; and the establishment of livable and sustainable communities.

Our demographic advantage --- particularly our young, educated, hardworking, English-speaking workforce --- is among the best in the world --- that puts us in a strong position on the global stage. This complements Japan's development strategy, given its older demographic, of tapping human resources from outside its borders to meet the labor requirements for its enterprises. We are harnessing this strength by investing more in education and social services for our people.

As we have heard in many of these fora before, the concept of upskilling and reskilling our labor and our workforce is becoming an extremely important aspect of our adjustments and transformation for the new post-pandemic society. We will continue to exercise fiscal discipline as we pursue this socioeconomic agenda. The budget deficit is down to six and a half percent in the first 11 months of last year from the pandemic spending-induced 8.6 percent in 2021.

Under our medium-term fiscal program, we target to reduce the budget deficit to three percent by the end of my term in 2028. Prudent debt management will be critical to achieving this goal. We will reduce government debt as a percent of GDP from 60.9 percent as of end-2022 to 51.2 percent by 2028.

The second strong point of the Philippines is our enabling policy environment. The Philippines and Japan have very strong solid economic ties. For instance, our cooperation in the fields of information and communication technology, or ICT; in space sciences; and agriculture promises mutually beneficial economic gains. Having said this, there is room for our partnership to grow even further. The Philippines has a great deal more to offer Japanese investors.

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Recently, we have removed major barriers to foreign investments through landmark legislation. With the amended Foreign Investments Act, investors from other countries bringing in advanced technology to the

Philippines may now fully own micro and small domestic enterprises in our country. With the amended Public Service Act, foreign investors are now allowed up to 100 percent ownership of public services, such as telecommunications, airways, railways, shipping, expressways.

This same law retains up to 40 percent ownership of other major services considered public utilities, including electricity transmission and distribution, transmission and distribution systems for petroleum and petroleum products, water distribution, wastewater pipeline systems, and public utility vehicles. And with the amended Retail Trade Liberalization law, the minimum paid-up capital for foreign retailers was reduced from two and a half million dollars US, to just half a million dollars US.

Moreover, under our Strategic Investment Priority Plan, we are offering generous incentives for a wide range of activities, such as manufacturing, for innovation, infrastructure, logistics, renewable energy, research and development on advanced digital production technologies, green ecosystems, health, defense, industrial value chain and food security.

Under manufacturing, for instance, the Philippines aims to become a regional hub for vehicles and parts manufacturing in Asia, supported by a strong domestic supplier base. Japanese participation in the Philippine automotive industry supply chain, such as in fabrication of auto-components and parts, particularly next generation wiring harness parts and components, will prove strategic to the fulfillment of that goal.

In addition, the Philippines, with our 110-million dynamic and growing population and a rising middle class, is a lucrative market for electric vehicles. Worth noting is that recently passed legislation encourages the shift to electric vehicles in the Philippines. Aided by our liberal trade policies, investors in the Philippines are able to enjoy preferential access to key markets. For instance, 70 percent of Philippine exports enter the United States duty-free under the US Generalized System of Preferences, or GSP. The Philippines also has duty-free access to the European Union market for over 6,000 tariff lines under EU's GSP Plus program.

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And of course, being in the ASEAN free-trade area, the Philippines enjoys preferential tariffs from neighboring countries in Southeast Asia. But we are not stopping here. This administration is pushing for the congressional ratification, which I am promised will be coming soon --- of the Philippines' participation in the Regional Comprehensive Economic Partnership or RCEP. This free-trade agreement among Southeast Asian economies, plus Japan, China, South Korea, Australia and New Zealand,

will result in greater market access for 92 percent of products from the Philippines.

At the same time, promising opportunities have opened for the Philippines following our participation as a founding member of the Indo-Pacific Economic Framework. Launched by the United States in May last year, the IPEF seeks to advance resilience, sustainability, inclusiveness, economic growth, fairness and competitiveness among member-economies. The IPEF discussions on the following pillars have begun: they are on trade, on supply chains, clean energy, decarbonization and infrastructure and tax and anti-corruption.

The third and the last point is the Philippines' massive infrastructure development agenda. This is something that I expect you know quite well, with Japan being one of the most active partners in the fulfillment of our country's infrastructure program.

Jumping off from the efforts of the past, we are building better and we are building more. We want even faster mobility for our people and goods. As such, infrastructure spending will be maintained at 5 to 6 percent of GDP and this will be the annual figure from now until the year 2028.

We welcome private partners. We have over 200 infrastructure projects under the public-private partnership scheme, or PPP that are in various stages of implementation and there are more in the pipeline.

We have made it easier for private investors to engage in infrastructure initiatives. And last year, we revised the implementing rules and regulation for the Build-Operate-Transfer law, or BOT law, to improve the financial viability of PPP projects. On top of this, one of the priority legislations is to amend the BOT law to provide an even more competitive environment for PPPs.

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With more roads, airports, railways, along with investments in sustainable initiatives, we are shaping a prosperous future for our people and for our investors. With the efforts we have made towards maintaining a sound macroeconomic profile, providing business-enabling policies and investing in big-ticket infrastructure projects, I hope we are sending the clear message that the Philippines is open for business and that the Philippines means business.

In closing, I would like to thank Japan for being the longstanding economic and strategic partner that you have been and Japan as a friend for the Philippines. You have played a major role in the Philippines' socioeconomic transformation over the past decades.

As we go along our development journey, I invite all of you to continue and enhance that partnership. When you “think growth, think Philippines” so that together, we will reap the benefits of robust, sustainable and inclusive growth for our businesses and for our peoples.

Let's make it happen in the Philippines! Domo arigato gozaimasu.  
[applause]

Mabuhay po tayong lahat. Thank you very much and good evening to you all. [applause]

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