

# Joint Foreign Chambers of the Philippines

American Chamber of Commerce of the Phils., Inc. ♦ Australian-New Zealand Chamber of Commerce (Phils.), Inc.  
Canadian Chamber of Commerce of the Phils., Inc. ♦ European Chamber of Commerce of the Phils., Inc.  
Japanese Chamber of Commerce & Industry of the Phils., Inc. ♦ Korean Chamber of Commerce of the Phils., Inc.  
Philippine Association of Multinational Companies Regional Headquarters, Inc.

January 17, 2019

## STATEMENT FOR THE FOREIGN CORRESPONDENTS ASSOCIATION OF THE PHILIPPINES ON PROSPECTS FOR FOREIGN INVESTMENT IN THE PHILIPPINES

Increasingly, the Philippines is being recognized by foreign multinational firms, as well as smaller foreign companies, as a country on the road to realizing its high potential to be among the top tier of economies globally. Within ASEAN, it is forecast to have the third largest GDP, after Indonesia and Thailand by 2023. The population will grow from 107 million in 2018 to 142 million in 2045. The economy has had positive growth since 1998 and is maintaining sustained GDP growth above 6%. The resulting rising per capita income supports an enlarging middle class and reduces the long-standing high level of poverty.

Over the years, most of our member firms have reinvested in the country. FDI reached record levels in 2017 and 2018 in the range of US\$10 billion per annum, mostly in intercompany borrowings by investors already in the country. In 2017 and 2018, this level came close to the FDI volume received by ASEAN neighbor Malaysia and more than Thailand, whereas in past years Philippine FDI was comparatively very small. The prospects are high that, with continued political and economic stability, FDI will be above US\$ 10 billion in 2019.

However, the Philippines is just beginning to catch up with the Asian tiger economies that it slipped behind during past periods of political instability and weak governance. The Philippine economy has yet to run on all cylinders. If and when it does, we expect it will grow at even higher growth rates—even double digit—and can create millions of better jobs that will give Filipinos an option to working abroad.

We expect the creative, infrastructure, manufacturing, and tourism sectors to grow in 2019 at a solid rate. Creative Industries—which includes media and publishing—is the country's newest sunrise industry. The Build, Build, Build program, continuing policies of the previous administrations has achieved much higher levels of public sector spending on infrastructure, without which the economy would regress. In manufacturing, which is being prioritized, there are new opportunities from rising costs in China and the US-China trade “war” to attract significant new investors to locate in Philippine export zones, depending on the future menu of tax incentives that compensate for the country's lagging basic infrastructure. International tourism is growing steadily, albeit hampered by airport and road congestion and still far behind Indonesia, Malaysia, Singapore, Thailand, and Vietnam, each of which hosts at least twice as many visitors annually as the Philippines.

The agribusiness, BPO, and mining sectors each face challenges to higher growth. Major agricultural reforms will unlock higher growth for the rural sector, where 30% of the population and 70% of poorer Filipinos live and work. The current BPO model faces challenges of rapid automation, available skills, and altered fiscal incentives. An environmentally and socially responsible mining sector has high unexploited potential, yet remains stalled by controversy. The economy can increase its exports to levels much closer to Indonesia, Malaysia, Thailand, and Vietnam if challenges facing these industries are resolved.



**AMCHAM**  
**PHILIPPINES**

AMERICAN



AUSTRALIAN-NEW ZEALAND



CANADIAN



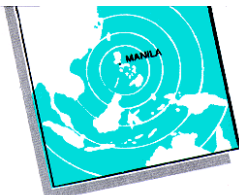
EUROPEAN



JAPANESE



KOREAN



PAMURI

We are hopeful that in 2019 the Philippines will reverse the slide in some of its international competitive rankings, such as Doing Business, the E-Government Readiness Survey, and the World Competitiveness Yearbook. Activation of the Anti-Red Tape Authority and implementation of RA 11032, the Ease of Doing Business Act, is needed to produce the anticipated results of this important reform.

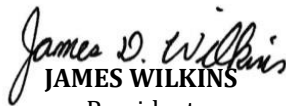
The country should expand its access to foreign markets by continuing its negotiations with the European Union and by initiating talks to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) as well as for a trade and investment agreement with the United States.

We urge the Congress to pass reforms that will lead to many tens of billions of additional foreign investment, better technology and jobs, and more competition, including amendments to the Foreign Investment Act, Open Access in Data Transmission bill, Public Services Act, Retail Trade Act, constitutional restrictions on foreign investment, and to revisit Comprehensive Tax Reform (TRAIN 2) in a manner not to discourage export-oriented investors. Details of the reforms we advocate can be found at the *Arangkada* Philippines website at [www.arangkadaphilippines.com](http://www.arangkadaphilippines.com) in our ten policy briefs, seven policy notes, and various statements. Additional materials can be seen at [www.eccp.com/advocacypapers](http://www.eccp.com/advocacypapers).

Overall, we are hopeful that with continued politico-economic and regulatory stability, 2019 will be a year of more high growth, tempering inflation, and high FDI for the Philippines. We invite foreign firms that have not located in the country to come, take a look, and join us.

The JFC is a coalition of the American, Australian-New Zealand, Canadian, European, Japanese, and Korean chambers, and PAMURI. We represent over 3,000 member companies engaged in over US\$100 billion worth of trade in goods and services and some US\$ 30 billion in investment in the Philippines. The JFC supports and promotes open international trade, increased foreign investment, and improved conditions for business to benefit both the Philippines and the countries the JFC members represent.


Regards,

  
**JAMES WILKINS**  
 President

American Chamber of Commerce of the Philippines, Inc.

  
**DANIEL ALEXANDER**  
 President

Australian-New Zealand Chamber of Commerce of the Philippines

  
**JULIAN PAYNE**  
 President

Canadian Chamber of Commerce of the Philippines

  
**NABIL FRANCIS**  
 President

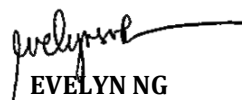
European Chamber of Commerce of the Philippines

  
**NAOTO TAGO**  
 President

Japanese Chamber of Commerce and Industry of the Philippines, Inc.

  
**HOIK LEE**  
 President

Korean Chamber of Commerce of the Philippines

  
**EVELYN NG**  
 President

Philippine Association of Multinational Companies Regional Headquarters, Inc.



AMERICAN



AUSTRALIAN-NEW ZEALAND



CANADIAN



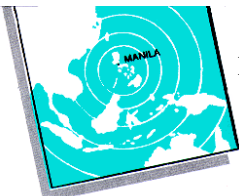
EUROPEAN



JAPANESE



KOREAN



PAMURI