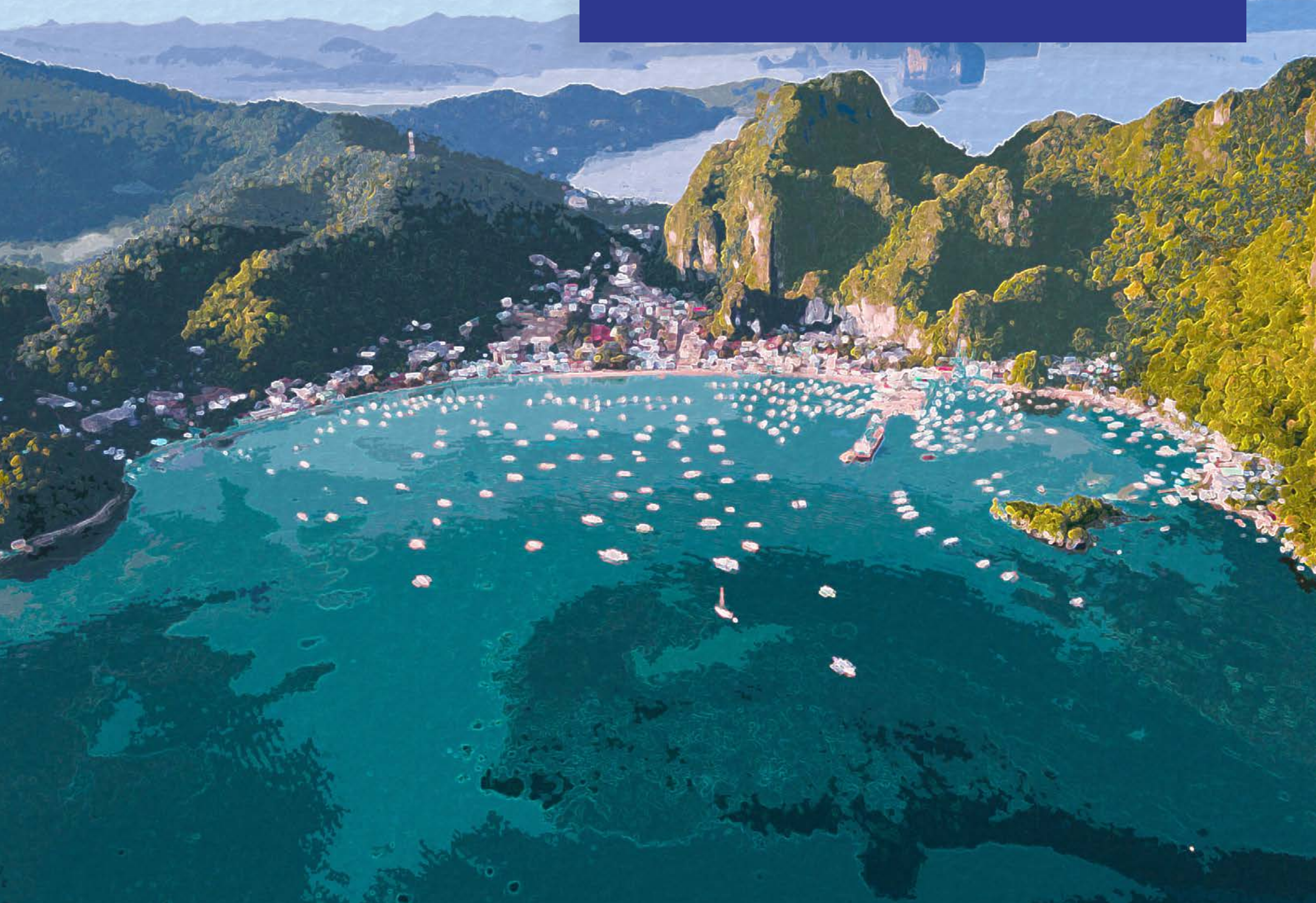
ASEAN BRIEFING

From Dezan Shira & Associates

Issue 25 • May 2023 | www.aseanbriefing.com

Opportunities for Foreign Investors in the Philippines



Introduction

ALBERTO VETTORETTI
Partner
Dezan Shira & Associates

The Philippines was among the world's fastest growing emerging markets in 2022, recording a GDP of 7.6 percent. This also represented the country's fastest growth since 1976.

The Southeast Asian nation is working to reduce its reliance on overseas remittances and has gradually developed its domestic industries to move up global value chains in select industries thereby presenting foreign investors with newfound opportunities. Some of the most dynamic sectors in Philippines are business process outsourcing and semiconductor manufacturing, which are slowly contributing to a larger portion of the GDP.

The latest issue of ASEAN Briefing magazine features an overview of the incorporation process in the Philippines, along with a discussion of the key economic reforms initiated by the government to enhance the business climate for foreign investors. The magazine also highlights the investment prospects in key industries in the country.

With offices located across Southeast Asia and years of experience helping foreign enterprises set up operations in Asia, Dezan Shira & Associates is well positioned to assist your company in entering ASEAN markets. For more information, please email us at **asia@dezshira.com**.

With kind regards,

Alberto Vettoretti

Credits

Publisher - Asia Briefing Media Ltd.
Lead Editor - Melissa Cyrill
Editor - Ayman Falak Medina
Designers - Aparajita Zadoo, Miguel Enrico Anciano

Opportunities for Foreign Investors in the Philippines

Contents

Annual Subscription

ASEAN Briefing Magazine is published four times a year. To subscribe, please visit **www.asiabriefing.com/store**. And please explore the clickable resources below.

Strategic Advisory and Commentary
info@dezshira.com

Professional Services
www.dezshira.com/services

Asiapedia
www.dezshira.com/library

Legal, Tax, Accounting News
www.aseanbriefing.com/news

Magazines, Guides, Reports
www.asiabriefing.com/store

Podcast and Webinar
www.dezshira.com/library/search?type=podcast&language

Reference

ASEAN Briefing and related titles are produced by Asia Briefing Ltd., a wholly owned subsidiary of Dezan Shira Group. Content is provided by Dezan Shira & Associates.

For queries regarding the content of this magazine, please contact:
editor@asiabriefing.com

Asia Briefing Ltd. Unit 507, 5/F, Chinachem Golden Plaza, 77 Mody Road, Tsim Sha Tsui East Kowloon, Hong Kong.

Follow us

Connect with us for the latest news, events and insights across Asia.

Like *ASEAN Briefing* on Facebook

Follow *ASEAN Briefing* on Twitter

Connect with *Dezan Shira & Associates* on Linkedin

View *Dezan Shira & Associates* on Youtube

Scan the QR code to follow us on WeChat and gain access to the latest investor news and resources

Choosing the Right Business Setup

There exists a variety of entry modes when considering making a business investment in the Philippines. Each mode operates under distinct regulations and, therefore, is well-suited for specific functions and business models.

Ayman Falak Medina
Author

There are a range of entry modes to choose from when investing in the Philippines. Each one is governed by different rules and, as such, each is suitable for different functions and business models.

There are three main methods of entry:

- Corporation;
- Branch office; and
- Representative office (RO).

Corporation

One option to enter the Philippines is establishing a corporation. This means registering a new legal entity with the Securities and Exchange Commission (SEC).

The structure of a corporation is such that the individual assets of the owners are legally separate from those of the company. Corporations come in two forms:

- Filipino corporation – minimum of 60 percent Filipino equity ownership; or
- Foreign-owned domestic corporation – greater than 40 percent foreign equity ownership.

Most sectors are open to foreign ownership although foreign investors are advised to check the country's Negative Investment List.

Foreign investment negative list

In June 2022, then-president Rodrigo Duterte signed an executive order promulgating the Philippines' Twelfth Regular Foreign Investment Negative List (RFINL).

The negative list provides an update to regulations and specifications governing foreign investment in the Philippines.

The RFINL is split into two areas – List A and List B. List A enumerates the areas of activities that are subject to foreign equity restrictions under the Philippine Constitution and specific laws. Meanwhile, List B contains areas of activity that are restricted for reasons of security, defense, the risk to health and morals, as well as for the protection of small-and medium-scale enterprises.

Capital requirements

The minimum paid-up capital requirements for a domestic corporation that has more than 40 percent foreign ownership is US$200,000.

If the corporation has less than 40 percent foreign ownership, then the minimum capital requirement is only PHP 5,000 (US$91.90).

The paid-up capital is at least 25 percent of the subscribed capital.

There are several ways for foreign corporations to reduce the US$200,000 minimum paid-up:

- If the company is 60 percent owned by a Filipino, then the paid-up capital is PHP 5,000 (US$91.90).
- If the company exports at least 70 percent of their products, then the minimum paid-up capital requirement is PHP 5,000 (US$91.90).
- If the company employs at least 50 locals then the minimum paid-up capital requirement is reduced to US$100,000; and
- If the company can prove that it utilizes advanced technology (subject to approval by the Department of Science and Technology), then the paid-up capital requirement is reduced to US$100,000.

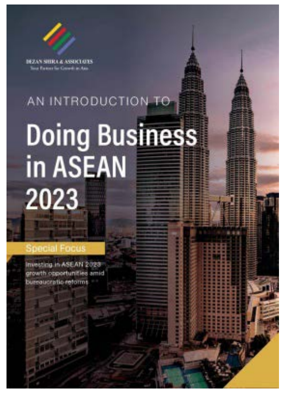
Setup requirements

The applicant will need to adhere to the following steps in their registration process:

1. Submit the company name Securities and Exchange Commission (SEC);
2. Submit the company's articles of association;
3. Submit bank certificate showing paid-up capital;
4. Register with the Bureau of Internal Revenue;
5. Procure business permits and licenses; and
6. Register with employee-related government agencies.

RELATED READING

An Introduction to Doing Business in ASEAN 2023



ASEAN is home to more than 600 million people (larger than the EU and North America) and has the third-largest labor force behind India and China. Since its inception, the bloc has seen growth in myriad sectors, such as manufacturing, retail, transportation, and telecommunications. The bloc is expected to become the world's fourth largest economy by 2030 with domestic consumption expecting to reach US$4 trillion.

This publication, designed to introduce the fundamentals of investing in ASEAN, was compiled by experts at Dezan Shira & Associates, a specialist foreign direct investment practice, providing corporate establishment, business intelligence, tax advisory and compliance, accounting, payroll, due diligence and financial review services to multinationals investing in emerging Asia.

READ MORE

As part of the corporate structure, corporations require a:

- President – acts as a signatory of the company and they must also be a director and shareholder of the company;
- Corporate secretary – must be a Filipino citizen and is responsible for administrative tasks such as preserving records and taking minutes of meetings; and
- Treasurer – responsible for the company's financial matters, such as financial statements and annual reports.

Branch office

A branch office is a profit-oriented subsidiary of a foreign enterprise that engages in the activities of its parent company in the Philippines. This is the typical structure for business process outsourcing, such as call centers or back offices for multinational firms.

Capital requirements

As with a corporation, the minimum capital requirement for a branch office is US$200,000. However, as with a corporation, this can be reduced to US$100,000 if the branch office hires at least 50 local employees or utilizes advanced technology.

Further, if the branch office plans to be an export-oriented business, then it only needs to pay PHP 5,000 (US$91.90) in minimum paid-up capital.

Setup requirements

1. Submit the company name to the Securities and Exchange Commission (SEC);
2. Submit the company's articles of association;
3. Submit bank certificate showing paid-up capital;
4. Register with the Bureau of Internal Revenue;
5. Procure business permits and licenses; and
6. Register with employee-related government agencies.

Representative office

An RO differs from a branch office in that it is not legally allowed to derive income. The minimum paid-in capital for a representative office is a US$30,000 remittance from the parent company, which must be used for operational expenses.

Setup requirements

To open an RO, the parent company will need to submit the following documents to the SEC:

- The parent company's financial statements;
- Details of the person managing the RO office; and
- The parent company's article of associations.

Key Economic Reforms in the Philippines

The Philippine government is implementing reforms and leveraging economic liberalization laws to build trust and confidence among foreign investors, aiming to attract investments and create a thriving business environment.

Ayman Falak Medina
Author

Over the last three years, the Philippines has implemented several key reforms to improve the business climate for foreign investors. Under former President Duterte's administration, the CREATE Act came into effect in 2021. The Act provided the largest fiscal stimulus for businesses in the country's history by gradually reducing corporate income tax and providing income tax holidays.

The government made further reforms in 2022, which include amendments to the Foreign Investment Act — allowing first-time foreign investors to fully own domestic enterprises in the Philippines, the Retail Trade Liberalization Act — reducing the minimum paid-up capital requirements for foreign retail enterprises, and the Public Services Act — whereby foreign investors can now own 100 percent of public services projects in the country. Finally, under the current administration of President Ferdinand Marcos Jr, the Philippines has allowed the full foreign ownership of renewable energy projects.

We provide an overview of these reforms and their key benefits for foreign investors in the following sections.

The Corporate Recovery and Tax Incentives for Enterprises Act

The Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Act) was passed into law in March 2021. The Act's purpose is to grant tax relief for companies in financial need, provide transparent tax provisions, and further increase the competitiveness of the Philippines.

Reduction in the corporate income tax rate

The CREATE Act steadily reduced the corporate income tax rate (CIT). From July 2020 to 2022, foreign companies were eligible for a reduction in the CIT rate to 25 percent compared to the regular rate of 30 percent — the highest in ASEAN. From 2022 to 2027, the 25 percent CIT steadily declined by one percent per year, to finally reach 20 percent in 2027 for foreign companies.

Income tax incentives

There are also income tax holidays of between four to seven years for investments in certain locations and industries. This is followed by a special CIT rate of five percent based on gross income earned, as well as enhanced deductions for 10 years for exporters. Moreover, there are enhanced deductions for labor, power, R&D, and training expenses.

Greater flexibility to grant incentives

The CREATE Act has attributed more powers to the President and the Fiscal Incentives Review Board (FIRB) to facilitate the issuance of incentives. The FIRB will make recommendations for companies that add significant value to the economy, meaning companies undertaking "highly desirable projects" or "very specific industrial activities" (as specified by the Department of Finance).

The President can then choose to approve and grant these incentives for the activities mentioned above, which may last up to 40 years.

Foreign Investment Act

On March 2, 2022, Republic Act No. 11647 (Act 11647) was signed, which amends the Foreign Investment Act (FIA), also known as Republic Act No. 7042. The amendments aim to promote and attract foreign investments by allowing, for the first time, international investors to set up and fully own domestic enterprises (including micro and small enterprises) in the Philippines.

Foreign ownership of small and medium-sized enterprises

Under the FIA, micro, small, and medium-sized enterprises (MSME) with paid-in capital of less than US$200,000 are reserved for Philippine nationals. However, under the amendments, foreign nationals can own an MSME with a minimum paid-in capital of US$100,000 provided that the enterprises meet the following conditions:

1. Utilize advanced technology (to be determined by the Department of Science and Technology);
2. Are endorsed as startup enablers or as a startup in accordance with the Innovative Startup Act; or
3. The company hires no less than 15 Filipino employees, a reduction from the previous requirement of 50.

The new Inter-Agency Investment Promotion Coordination Committee

Under the amended FIA, the government has created the Inter-Agency Investment Promotion Coordination Committee (IIPCC), which is a body that integrates all the promotion and facilitation efforts to encourage foreign investments.

The President has the power to suspend, prohibit, or limit foreign investments

To safeguard national interests, the amened FIA gives the President of the Philippines power to order the IIPCC to review foreign investments that may threaten the safety, security, and well-being of Filipinos. Examples include foreign investments involving cyberinfrastructure, military-related industries, and pipeline transportation, among others.

Understudy or skills development program for foreign nationals

Foreign businesses employing foreign nationals and that have access to fiscal incentives must devise an understudy or skills development program that benefits Filipino workers. This ensures that local workers receive the knowledge and skills from their foreign colleagues.

Foreign ownership of public services

The Philippines government has issued the implementing rules and regulations to the Public Service Act in late March 2023, which is set to impact foreign ownership of public services in the Philippines.

The Public Service Act allows the 100 percent foreign ownership of public services in the Philippines. However, the Act, was amended in February 2022 to clearly define the difference between public services and public utilities, since under the 1987 Constitution, only firms that were 60 percent Filipino-owned, were allowed to operate public utilities. Further, foreign ownership in public services classified as critical infrastructure such as telecommunications, airlines, railways, and subways, was limited to 40 percent.

The Act has since been revised again in March 2023 following extensive reviews with the public, legislators, and other key stakeholders.

What are the implementing rules and regulations?

100 percent foreign ownership of select public services

Starting April 1, 2023, select sectors such as railways, airports, expressways, and telecommunications are now open to 100 percent foreign ownership. Previously, these sectors were limited to 40 percent foreign ownership.

Restrictions on public utilities

The following public utilities have foreign ownership limited to 40 percent:

- Electricity distribution;
- Electricity transmission;
- Seaports;
- Water pipeline distribution and sewerage; and
- Public utility vehicles.

These systems are deemed vital and would have a debilitating impact on national security if they were incapacitated or destroyed.

Safeguarding national security

The government have placed several safeguards to guard national security. Among them is providing the President with the power to prohibit or suspend any foreign investments in a public service upon the recommendation and review of a state agency.

There are also restrictions on foreign state-owned enterprises on owning capital stock in a public utility or critical infrastructure. Moreover, there is a reciprocal clause in the Act that prevent foreign nationals from owning a majority share in critical infrastructure unless their country accords the same to the Philippines.

Another safeguard is for businesses engaging in the telecommunications sector. They are obligated to meet the relevant ISO standards. operating public services will be mandated to perform annual audits to assess the company's costs and quality of services.

Retail Trade Liberalization Act

In December 2021, the Retail Trade Liberalization Act (RTLA), or Republic Act No. 11595, was amended. The bill reduces the minimum paid-up capital requirements for foreign retail enterprises, removes the requirement for a certificate of pre-qualification to the Philippine Board of Investments

(BOI), and lowers the investment requirements for each store owned by a foreign enterprise.

Reduction in the minimum paid-up capital requirements

The Philippines' retail industry was exclusively limited to Filipino citizens until 2000 when the RTLA was first introduced. The RTLA allowed foreign investors to engage in the local retail industry but imposed high minimum paid-up capital requirements. Under Republic Act No. 11595, a foreign-owned enterprise engaged in the Philippines retail trade now only requires PHP 25 million (US$500,000) as the minimum paid-up capital.

Reduction in the minimum investment required for each store

Foreign retailers that want to open more than one physical store must invest a minimum of PHP 10 million (US$200,000) per store. This is a reduction from the previous requirement of US$830,000 per store. This minimum investment covers tangible and intangible assets, such as buildings, furniture, and storage facilities, among others.

Removal of the requirement of the public offering of shares

Retail enterprises that are foreign owned were previously required to offer a minimum of 30 percent equity through any stock exchange in the Philippines, within eight years from the start of their operations. This has now been removed under Republic Act No. 11595, meaning newly established foreign retail enterprises can remain privately owned.

Preferential use of Filipino labor

Republic Act No. 11595 mandates that foreign retail enterprises must hire Filipino workers before engaging the services of a foreign national.

Promotion of locally manufactured products

The Act encourages foreign retailers to keep a stock inventory of locally manufactured products.

Foreign ownership of renewable energy projects

In November 2022, the Philippines' Department of Energy (DOE) issued Circular No. 2022-11-0034. The circular amended 2008's Renewable Energy Act to remove stipulations that required Filipino ownership of certain renewable energy resources. With the change, foreign investors can now hold 100 percent equity in the exploration, development, and utilization of solar, wind, hydro, and ocean or tidal energy resources.

The policy change comes as the Philippines seeks to attract foreign investment to boost its renewable energy sector and meet its long-term climate targets. Further, with foreign investors now able to own 100 percent equity in these projects, those currently operating in a joint venture with a Filipino partner may also now take a controlling stake in such ventures.

Promising Sectors for Investment in the Philippines

Following significant reforms in 2022, the Philippines is poised to attract crucial capital and technology from foreign investors. Specific sectors and industries are expected to thrive and benefit, including electronics manufacturing and digital economy enterprises.

Ayman Falak Medina
Author

Despite the Philippines not yet reaching its pre-COVID-19 growth rates, the country did see GDP expand to 7.6 percent in 2022, the fastest since 1976, and making it one of the fastest growing emerging market for that year. This pent-up demand has been attributed to economic activities such as a rise in employment, an increase in tourism, and 'revenge' spending following the lifting of pandemic curbs.

As such, opportunities exist for foreign investors across a variety of sectors in the Philippines, ranging from electronics and semiconductor manufacturing, the digital economy, and business outsourcing (BPO), among many others.

Business process outsourcing

The BPO industry in the Philippines is an important for the country's economy, and contributed around US$32.5 billion in 2022, an increase of 10 percent from 2021. The industry has improved its capacity to offer non-call center outsourcing solutions and is ripe for investments into more value-added level of outsourcing, namely knowledge process outsourcing (KPO). This comprises of IT outsourcing, animation game development, financial research, software development, and data analytics, among others.

The economic contribution of the Philippines' BPO industry is expected to further outpace remittances sent from Filipinos working abroad. Remittances was an important stabilizing factor for the country's economy during the height of the pandemic in 2020 and 2021, contributing to some 10 percent of GDP, making the Philippines the country with the highest remittances to GDP ratio in Southeast Asia. Remittances to the Philippines hit a record high of US$36 billion in 2022.

However, it is expected that the ratio of remittances will begin to decrease as revenue from local industries such as BPO begin to fill the gap. For instance, revenue from BPO activities now contributes to approximately 11 percent of GDP.

The Philippines now controls between 10-15 percent of the global BPO market, employing over 1.3 million Filipinos in over 1,000 BPO companies, including Accenture, Wipro, and Simens. The industry has thrived since the 1990s – the workforce's proficiency in speaking American-accented conversational English being instrumental to the industry's success. Further, tax incentives and low operating costs are frequently cited as reasons why the BPO industry has boomed in the Philippines, to a point where the country is recognized as the 'call center capital of the world'.

Industry experts expect annual BPO revenues to reach US$59 billion by 2028, at an annual growth rate of approximately 10.4 percent.

The KPO industry

The KPO sub-sector in the Philippines has become a major contributor to the development of the country's BPO industry. Further, as special economic zones (SEZs) permitted the work-from-home setup for BPO companies, they have been able to expand their scope of services to clients – opening the door for investments into high-value KPO sub-sectors like game animation, IT services, banking and financial services, legal services, and data analytics, among many others. Higher value KPO services will increasingly become more attractive investments as the outsourcing industry braces for the automation of voice-based services.

As such, the KPO industry allows companies to find and work with highly trained professionals combined with top-tier technology to help businesses grow. Importantly, KPO services helps businesses become more flexible by allowing them to scale up or down depending on industry demands.

Skills upgrade programs are also being implemented across BPO sectors amid the threat of robotic process automation and artificial intelligence (AI). Further, BPO companies could also utilize AI tools to deliver more value for their clients.

Electronics and semiconductors

The Philippines' electronics sector is one of the biggest contributors and the backbone of the country's manufacturing output.

The export of electronics and semiconductors are expected to reach US$50 billion in exports for 2023, rising from US$45.92 billion in 2022. The electronics industry is classified into 73 percent semiconductor manufacturing services and 27 percent electronics

The BPO Industry in the Philippines

Revenue in 2022
US$32.5 billion, increase of 10.3% from 2021

Sub-sectors with most growth
Healthcare, retail, technology, financial services and telecommunications

2023 workforce target
1.57million

BPO staff count in 2022
1.57 million, 8.4% increase from 2021

Revenue target for 2023
US$35.9 billion

Revenue target for 2028
US$59 billion

Source: Nikkei Asia

manufacturing. The export of semiconductors makes up 47 percent of the total goods exported from the Philippines, or the equivalent of US$29.2 billion.

Through greater foreign investments, the Philippines is also aiming to attract investments that will move up the global value chain. There is a need to upgrade the industry's global value chain participation, especially in areas with high growth potential such as consumer electronics, power electronics, biomedical electronics, and auto electronics. Some of the leading companies in this industry include Fastech Synergy Philippines Inc, Amkor Technology, and Megachip Semicon Electronics Corp.

Further, through the passing of the CHIPS Act in the United States, the Philippines can become a hub for semiconductor assembly and test manufacturing. Although the CHIPS Act incentivizes microchip manufacturers to produce in the US, there are aspects of the semiconductor supply chain such as assembly, testing, and packaging which can be done more cost-effectively outside the US.

In addition, the Philippines has an established pool of skilled talent in the areas of information technology and engineering. Coupled with a low-cost labor force and government incentives, the country is an attractive destination for investors seeking to expand their semiconductor operations.

The Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI), the largest organization of foreign and Filipino electronic businesses in the country, expects the electronics industry to reach a six percent annual export growth and hit US$50 billion in exports by 2030.

Agriculture

The value of the top 10 agricultural exports in the Philippines was valued at US$6.49 billion in 2022, or 95 percent of the total agricultural export revenue. The country's main agricultural products include rice, coconuts, sugarcane, corn, bananas, pineapples, and mangos.

The sector also contributes to an estimated 8.9 percent of GDP in 2022 and employs 24 percent of the local workforce. However, agriculture has only grown around two percent per year in real terms, compared with the economy's five percent growth. Further, the sector is plagued with low levels of mechanization and the country has one of the region's oldest farmers with the average of 57.

The Philippines, being one of the most disaster-prone countries in the world due to its location in the Pacific ring of fire and subject to typhoons every year, has gradually shifted to high-value and high-yielding crops to boost production totals. The country is encouraging investments in areas like AgriTech to not only drive-up yields but also improve irrigation and infrastructure to reduce export related costs and food wastage.

A three-year agriculture development program is currently in the works with the aim to promote agricultural productivity, particularly on rice, corn, high-value crops, poultry, fisheries, and livestock. Moreover, the Philippines aims to achieve rice self-sufficiency by 2025 with areas not competitive in rice production to be converted to crops such as bananas and coconuts.

In line with this program, investors can also offer their expertise in logistics improvement, research and development, and postharvest and processing.

The digital economy

The Philippines' digital economy had a gross merchandise value (GMV) of US$20 billion in 2022, at a compound annual growth rate (CAGR) of 22 percent. The GMV is expected to rise to US$35 billion in 2025 and between US$100 billion to US$150 billion by 2030.

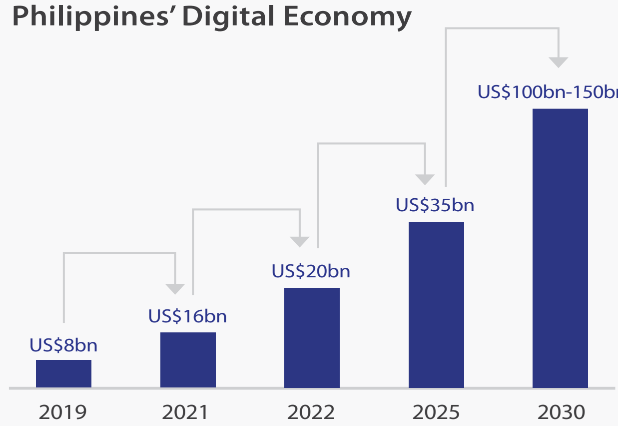
There are significant opportunities for foreign investors in the Philippines' e-commerce sector, which has been the main growth driver of the country's digital economy. Lazada and Shopee recorded over 100 million visits combined in 2022.

The industry recorded a GMV of US$14 billion in 2022 and this is predicted to increase to US$22 billion in 2025. As such, digital technologies has the potential unlock significant economic value in the Philippines especially since between 68 to 72 percent of the population has access to the internet and some 86 million use smartphones, or roughly 77 percent of the population.

Foreign investors can also provide solutions in cloud computing, financial technology (FinTech), the Internet of Things, and big data for various Filipino industries. Importantly, FinTech can help improve financial inclusivity in the country, serving the underbanked and unbanked population. The country's central bank estimates that 56 percent of the population has a bank account; however, some 30 million are still unbanked. FinTech firms can make financial services more affordable and accessible for the unbanked and underbanked population.

The Philippines has a growing startup ecosystem with a strong focus on digital payments, lending, and remittances, which are all areas of high demand in the country.

Gross Merchandise Value (GMV) of the Philippines' Digital Economy



Source: e-Conomy 2022 Report

Moreover, many micro, small, and medium-sized businesses have little access to formal financing from banks because many are operating in the informal sector, and as a result, they do not pass the stringent requirements from banks. FinTech firms can plug this gap for financing by providing microloans which can be disbursed within 24 hours and the terms and maturity are small and short – usually less than US$100.

Renewable energy

The Philippines has an estimated 246,000 megawatts (MW) of untapped renewable energy. It has the world's third-largest geothermal capacity at 1,900 MW with Indonesia in second and the US on top.

The country's current mix of renewable energy consists of 4.3 gigawatts (GW) of hydropower, 896 MW from solar energy, and wind 427 MW. The Philippines adopted an ambitious plan to increase the share of renewable energy in the power generation mix to 35 percent by 2030 and 50 percent by 2040.

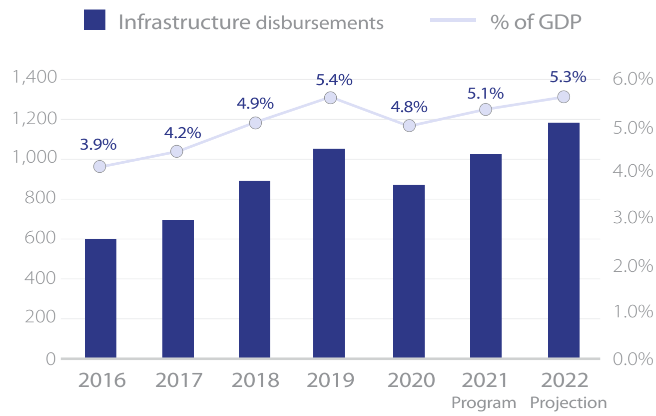
This involves increasing geothermal capacity by 75 percent, expanding hydropower capacity by 160 percent, increasing wind power capacity to 2,345 MW, and adding an additional 277 MW of biomass power. The Department of Energy estimates the country needs US$120 billion by 2040, presenting ample opportunities for foreign investors.

Infrastructure

The Philippines has for decades struggled with inadequate infrastructure to serve its 113 million people, resulting in the country having the highest logistic costs in ASEAN. Traffic in Manila alone costs the economy US$17.5 billion annually.

Previous President Duterte promised to usher in the country's 'golden age of infrastructure' with his centerpiece US$162 billion 'Build, Build, Build (BBB) program. Through the program, his administration was able to increase infrastructure spending from only 3.9 percent of GDP when his term started in 2016 to 5.3 percent at the end of his tenure in 2022.

Public Spending on Infrastructure



Source: Philippines Senate

Moreover, under the program, more than 40,000km of roads were built, rebuilt, broadened, and preserved, including 3,101km of tourism roads, while 6,854 bridges were built. Some 11 airports were built, expanded, or upgraded, and three new seaports were built.

There are key opportunities for foreign infrastructure firms for over 3,700 projects worth some US$372 billion through to 2028. These projects include airports, railways, hydropower plants, and digital infrastructure.

Halal food exports

The growing demand for global Halal products – especially food items – presents opportunities for Halal food industry in the Philippines, enabling the industry to propel not only in Southeast Asia but also the wider international Halal good market. Out of the US$2.6 trillion global Halal market, some 62 percent is accounted for food and beverages.

The Zamboanga City Special Economic Zone — a special economic zone located in Zamboanga City in Mindanao — is developing the Asian Halal Center, a 100-hectare estate that houses prospective manufacturers of Halal food. The Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), an autonomous region in the Philippines has the largest concentration of Muslims in the country.

The BARMM is strategically located in the southern part of the country near Muslim markets of Indonesia, Malaysia and Brunei. Further, the Muslims of the BARMM also share cultural, historical, and economic ties with these three countries.

As the world's most populous Muslim country, Indonesian Muslim consumers spend over US$200 billion annually on Halal products and services, representing the largest Halal consumer market in the world. Moreover, the country imports some US$10 billion worth of Halal products yearly, showcasing its importance as an export market for Filipino players in the Halal industry.