

Philippine Investment Opportunities

**Philippine Business Dialogue
Amsterdam, Netherlands**

Dr. Ceferino S. Rodolfo
January 2025



THE PHILIPPINES MAKE IT HAPPEN

The Philippines' Investment Opportunities: Ideal for Growth and Expansion

Dr. Ceferino S. Rodolfo
DTI Undersecretary and BOI Managing Head
16 December 2022

The Philippines



Population

110 Million

Median Age

25.7

GDP
2021 in USD

394 Billion

Per Capita GDP
2021 in USD

3,500

The Netherlands



17.5 Million

43.3

1.018 Trillion

58,061

COMPLEMENTARY ECONOMIES

The Philippines and the Netherlands are both pursuing a greener and more sustainable future.

The Netherlands' advanced technology may complement Philippines innovation and digitalization efforts.

The Filipino population, whose median age is 25.7 years old, is well-positioned to support the Netherlands' aging populace. PH has a dynamic workforce composed of creative and highly intelligent talent pool, which can merge productively with Dutch companies.

Priority Industry Clusters : 2022-2028

Growing Globally Competitive & Innovative Industries

Global Reconfiguration



Industrial, Manufacturing and Transport (IMT)

- Aerospace manufacturing and maintenance, repair and overhaul (MRO)
- **Automotive and Electric Vehicles & Parts Manufacturing**
- Semiconductor manufacturing services and Electronic manufacturing services
- Green metals (Nickel, Cobalt, Copper) processing
- Advanced manufacturing technologies



Technology, Media, And Telecommunications (TMT)

- IT-BPM, Hyperscale data centers
- Creative economy and digital economy
- Products/services using AI, robotics, Augmented/Virtual/Mixed Reality, 5G, and Internet of Things
- Smart home and building technology
- Disaster and Resilient technology
- Audio, video, education technology,
- **Vehicle technology**
- E-Gaming
- Metaverse



Health and Life Sciences (HLS)

- Life sciences and biotechnology sector
- Pharmaceuticals
- Medical devices
- Healthcare services
- Digital health products and services such as personal health wellness technology products, smart watches, lighter health wearables, more precise sensors, therapeutic systems addressing chronic diseases, telemedicine solutions and AI assisted diagnoses



Modern Basic Needs, Resilient Economy

- Food security, agriculture and agro-industrial, fishing
- Infrastructure, education, shelter, sanitation
- Integrated steel
- Textile
- Chemicals and Plastics
- Renewable Energy
- Energy efficiency
- Green ecosystems

KEY MESSAGES

- **PH and NL complement each other and can leverage existing strategic partnership.**
- **PH is an ideal regional hub for sustainable and innovation-driven manufacturing and services, complementing Dutch technological expertise particularly in green agriculture, infrastructure and renewable energy.**
- **The PH Business Services, Software Development and Animation sectors serve as the engines of the country's manufacturing and services sectors, which can viably support Dutch businesses' global operations.**
- **PH is in a steady path towards strong recovery and economic expansion; supported by game-changing policy reforms to support Dutch investments.**



PHILIPPINE INVESTMENT PERFORMANCE

Strong Pipeline of Inward Investments

Board of Investments (BOI) Approvals

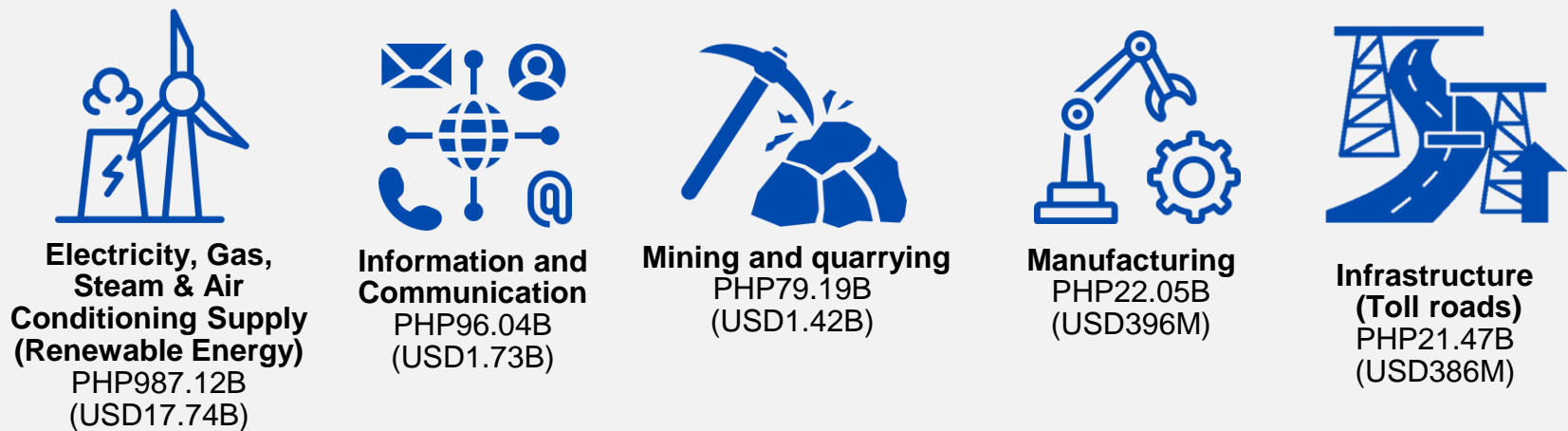
2023

PHP 1.26 T
(USD 22.65B)

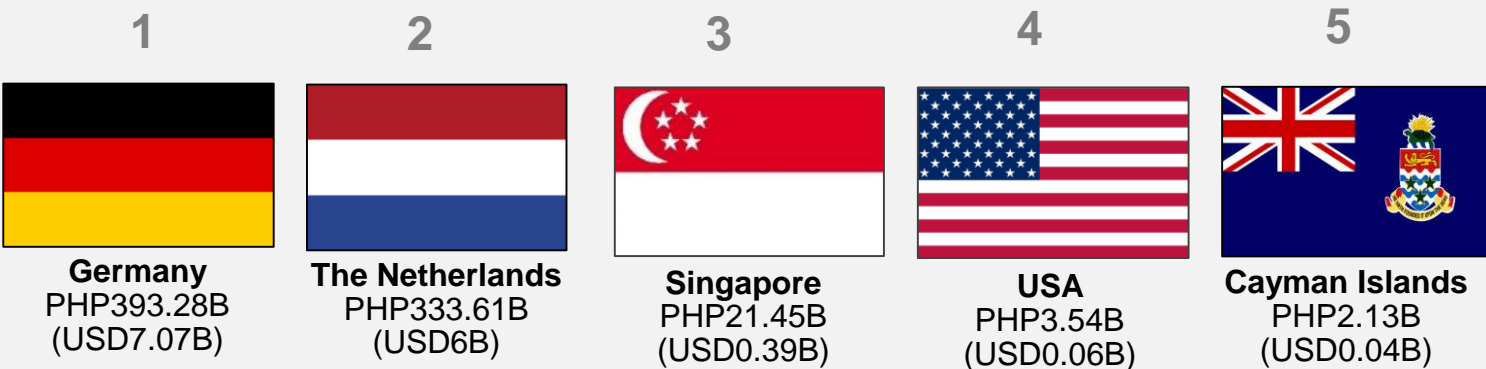
Highest in
then 56-year
BOI history

73% increase from 2022

TOP INDUSTRIES



TOP COUNTRY SOURCES



2024

PHP 1.62 T
(USD 27.69B)

Highest in
57-year BOI
history

28% increase from 2023

TOP INDUSTRIES



TOP COUNTRY SOURCES





Six (6) Priority Actions to Overtake VN and ID in FDI level

EXECUTIVE ACTIONS

- 1. Issue EO on Investment Projects of National Significance (by Dec. 2022)**
 - Endorsed by the Inter-Agency Investment Promotion Coordinating Committee (e.g those in SIPP and those generated thru PVs)
 - Regular reporting of Progress (and Non-progress) to the President
- 2. Review of CREATE IRR and BIR Memo Circulars (by Dec. 2022)**
 - Focus in the next 3 years should be in expanding business activity and widen tax base, rather than on further squeezing tax collection from already

Six (6) Priority Actions to Overtake VN and ID in FDI flows

- 3. Amend Renewable Energy IRR (Dec. 2022) to allow 100% Foreign Ownership and Issue regulations for RE especially Offshore Wind Projects (March 2023) and Nuclear (Dec. 2023)**
- 4. Restrict Exports of raw minerals e.g. Nickel ore (March 2023)**

LEGISLATIVE ACTION

- 1. Urge Senate ratification of RCEP (March 2023); Double-Taxation Agreement with Taiwan (Dec. 2023); FTA with South Korea (for signing Nov. 2023, may need Senate Ratification)**
- 2. Amend Government Procurement Act to allow Advance Commitment in Health (e.g. vaccines) and Defense (Dec. 2023)**

rters' supply chain
s especially in relation to "a priori" Cost Benefit Analysis



Policy-driven Investment Promotion

1. EO creating Greenlanes for Strategic Projects (Feb. 2023)
2. Passage of CREATE MORE (Nov. 2024)
3. DOE Department Circular (DC) No. 2022-11-0034 (Nov. 2022)
4. President's directive – paved the way to the positioning strategy
5. RCEP entered-into-force (Jan. 2022); PH-KR FTA entered-into-force Dec. 31, 2024; PH-TW Double Taxation Agreement now feasible with CREATE MORE provision
6. Tatak Pinoy Act (Feb. 2024); Self-Reliant Defense Posture Revitalization Act (Oct. 2024)

As December 05, 2024, the One-Stop Action Center for Strategic Investments has certified a total of **173** projects worth **Php 4.51 Trillion** with break down as follows:

Sector	No. of Certified Projects	Total Project Cost (in Php B)	Total Project Cost (in USD B)	Foreign Equity (in Php B)
Renewable Energy	139	4.11 T	69.99 B	1.35 T
Digital Infrastructure	8	352.13 B	6.00 B	283.56 B
Food Security	22	13.95 B	0.24 B	10.55 B
Manufacturing	4	36.91 B	0.63 B	2.30 B
Total	173	Php 4.51 T	USD 76.87 B	Php 1.65 T

*BSP exchange rate USD to PhP as of 05 December 2024

NEWS

Pres. Marcos gives go light to green lanes

Published on: February 28, 2023

By Kate Shiene Austria



Executive Order No. 18, s. 2023
CONSTITUTING GREEN LANES FOR STRATEGIC INVESTMENTS

Comparative Net ASEAN FDIs

Country	2022	2023	Growth
	USD Billion		
Singapore	141.3	175.2	▲ 17.7
Indonesia	25.5	21.7	▼ 12.2
Vietnam	22.4	18.5	▲ 3.3
Philippines	9.4	9.1 ^r	▼ 3.96
Malaysia	17.1	8.3	▼ 43.8
Thailand	11.2	3.0	▼ 73.6

PHL decline in Net FDIs in 2023, less than the large negative growth experienced by Malaysia, Thailand, and Indonesia.

Thus, for 2023, PH has overtaken Malaysia and Thailand in Net FDI levels.

Comparative Net ASEAN FDIs

Country	2022	2023	Growth
	USD Billion		
Singapore	141.3	175.2	▲ 17.7
Indonesia	25.5	21.7	▼ 12.2
Vietnam	22.4	18.5	▲ 3.3
Philippines	9.4	9.1 ^r	▼ 3.96
Malaysia	17.1	8.3	▼ 43.8
Thailand	11.2	3.0	▼ 73.6

China, Mineral
(Nickel)
Processing;
recently KR in
Batteries; Mfg for
domestic market

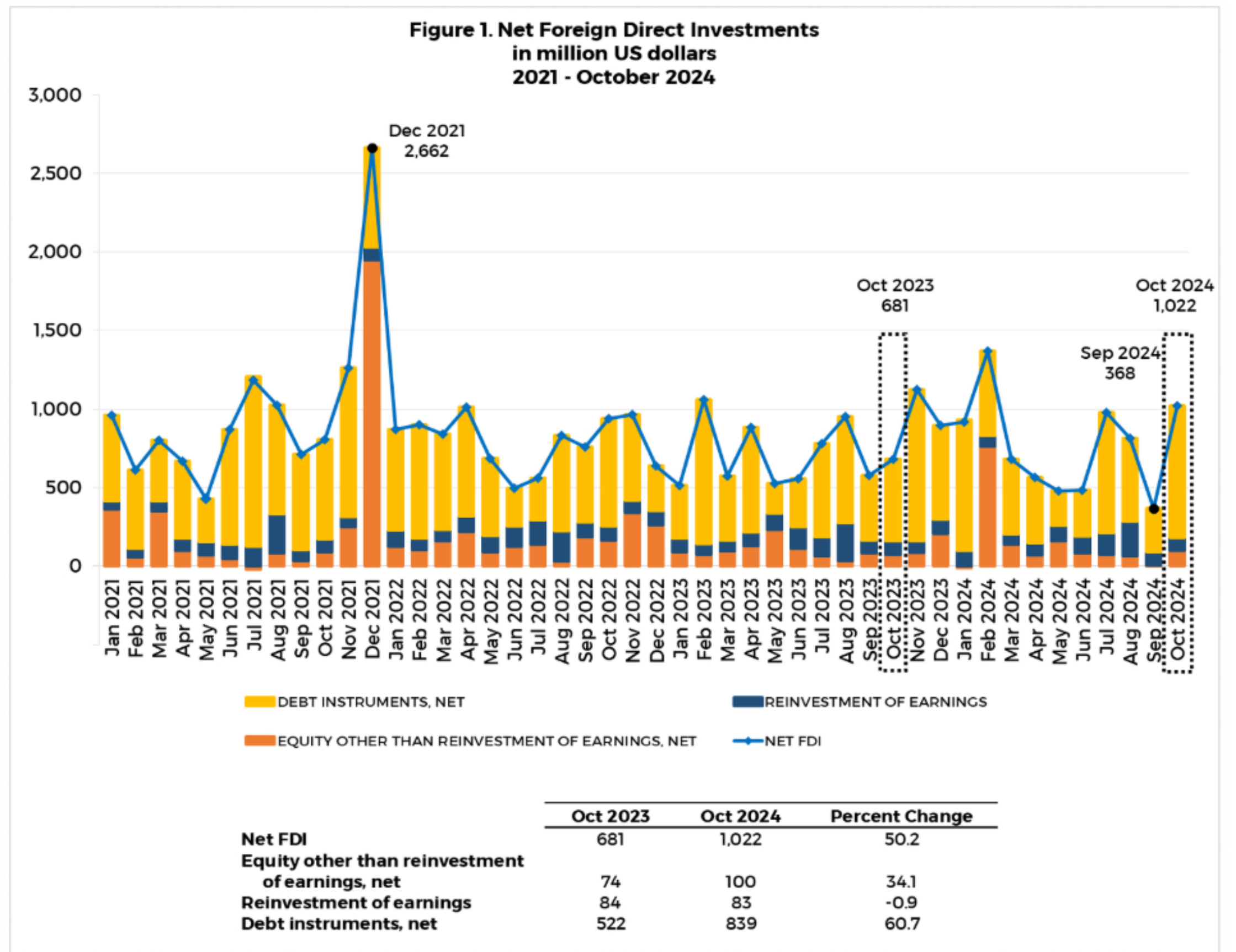
TW, KR,
Export Mfg.
(CN +1)

PHL decline in Net FDIs in 2023, less than the large negative growth experienced by Malaysia, Thailand, and Indonesia.

Thus, for 2023, PH has overtaken Malaysia and Thailand in Net FDI levels.

PH FDI (October 2024)

FDI Net Inflows Rise by 50.2 Percent in October 2024; YTD Level Reaches US\$7.7 Billion



EO 18 -
Greenlane
(Permitting)

CREATE
BOI Registration
(Incentives)

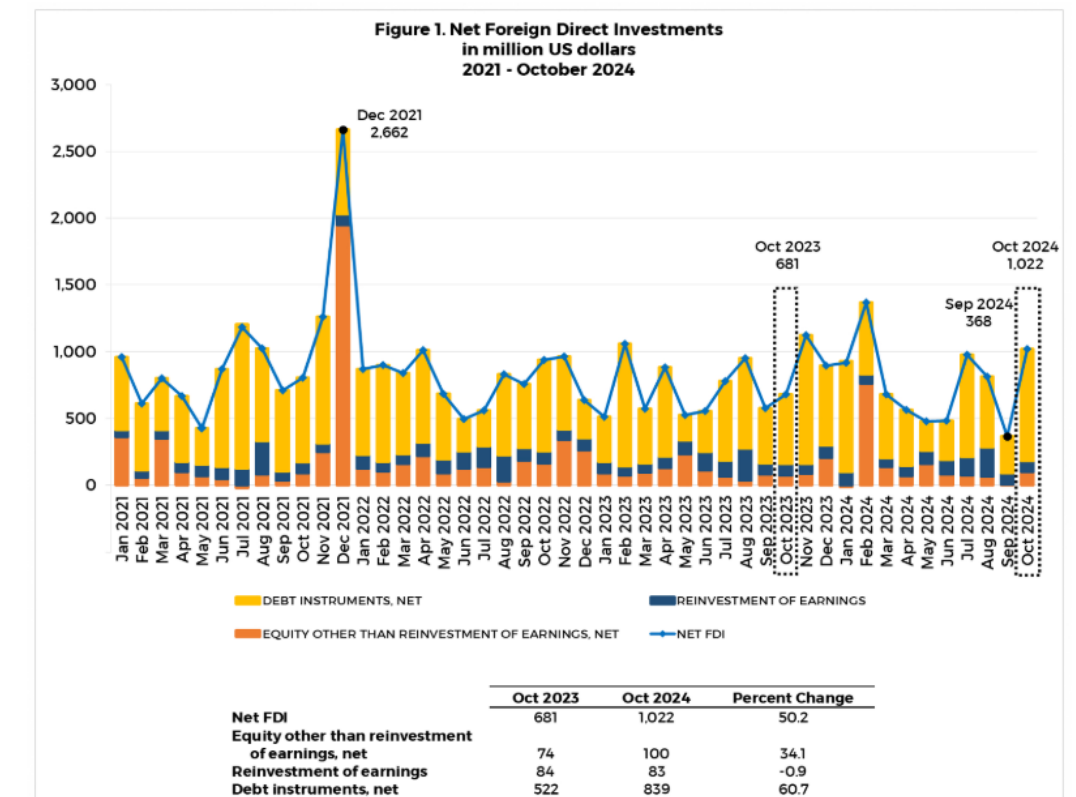
Net FDI flows



FDI Net Inflows Rise by 50.2 Percent in October 2024; YTD Level Reaches US\$7.7 Billion

January 10, 2025

Foreign direct investment (FDI) net inflows grew by 50.2 percent to US\$1.0 billion in October 2024 from US\$681 million in October 2023 (Figure 1).^{1,2}



An illustration based on an actual project -

World’s biggest in-land solar power project

EO 18 -
Greenlane
(Permitting)

CREATE
BOI Registration
(Incentives)

Foreign
Investment



Biggest Solar Energy project happens in the Philippines.

(From left:) MGen president and CEO Emmanuel Rubio, Meralco chairperson and CEO Manny Pangilinan, Board of Investments chair and Trade Undersecretary Ceferino Rodolfo, and BoI Governor Marjorie Ramos-Samaniego at the Green Lane Certificate Awarding of Terra Solar Project last 5 August. photograph courtesy of BoI

BUSINESS

MVP’s Terra Solar gets green lane from BoI

Raffy Ayeng

Published: 13th Aug, 2024 at 9:50 PM



S&P Global Philippines Manufacturing PMI®

The Philippines manufacturing sector closes 2024 on a high note

Philippines Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 5-16 December 2024.

“...signalled a strong improvement in the health of the Filipino manufacturing sector, and was the **joint-strongest since November 2017** (alongside that seen in April 2022).”

“Sharp expansions in both new orders and output were reported, supported by anecdotal evidence of robust underlying demand trends, product diversification, and **new client acquisitions**. Additionally, there was a **renewed rise in demand from international markets**, marking the first increase in new export orders in five months.”

Policy-driven Investment Promotion

1. EO creating Greenlanes for Strategic Projects (Feb. 2023)
2. Passage of CREATE MORE (Nov. 2024)
3. DOE Department Circular (DC) No. 2022-11-0034 (Nov. 2022)
4. President's directive – paved the way to the positioning strategy
5. RCEP entered-into-force (Jan. 2022); PH-KR FTA entered-into-force Dec. 31, 2024; PH-TW Double Taxation Agreement now feasible with CREATE MORE provision
6. Tatak Pinoy Act (Feb. 2024); Self-Reliant Defense Posture Revitalization Act (Oct. 2024)

- Nickel Processing (vs. Indonesia model)
- Semiconductor and Electronics (vs. Vietnam model)

INDONESIA MODEL



**Export Ban of
Raw Unprocessed
Mineral Commodities**



Nickel (2020)



Bauxite (2022)



Copper (2023)

**Increase in Export Value of
Nickel Derivative Products:**

**3-4 years ago
US\$ 1,1 B**



**2021 (Estimate)
US\$ 20 B**



**Natural Resources Based
(Primary) Economy**

Exploiting and
Exporting Natural
Resources; such
as Nickel,
Bauxite, Copper



**Value-Added
Based Economy**



Processing the
Mineral
(Downstream
Industry)
in Indonesia

Electric Vehicles Ecosystem Development in Indonesia

UPSTREAM

DOWNSTREAM

Mining

Smelter/
RefineryPrecursor/
Cathode

Battery Cell

Battery
PackEV 4W, EV 2W,
E-bus, ESSCharging
Station

Recycling


 MIND ID

 MIND ID

 LG Chem

 LG Chem
National
Private
 HYUNDAI
MOTOR GROUP

 PLN

 nhl
Nasional Energi Listrik

 antam

 antam

 IBC

 IBC

 IBC

 IBC

 华友钴业
HUAYOU COBALT

 HYUNDAI
MOTOR GROUP

 EV

GESITS

 PENTAMINA

 PUQING

 LG Chem

 LG Chem

 BASF
We create chemistry

 CATL

 eraMet

 华友钴业
HUAYOU COBALT

 CATL

 CATL

 eraMet

 CATL
Buli (East Halmahera, North Maluku) and North
Konawe (Southeast Sulawesi)KIT Batang
(West Java)10 Gwh (Karawang,
West Java) and 20
GWh (TBC)

TBC

West Java,
Central Java, and
East JavaSpread in various
regionPuqing Recycling
(Morowali, Central
Sulawesi)

PH Nickel Exports – Ore/Concentrates vs. MHP

Nickel Ore & Concentrates

- PH is the biggest exporter of **Nickel Ore / Concentrate**, accounting for more than ¼ of global supply
 - Next to PH is New Caledonia, 17%; then Russia, 11%
- More than **98% of our exports go to China**; followed by Japan, 1%.
- **China sources more than 80%** (by volume; 60% by value) of its nickel imports from PH
- **Indonesia imports 99.7% from PH**, increasing by 30% average in past 5yrs.

Nickel MHP –

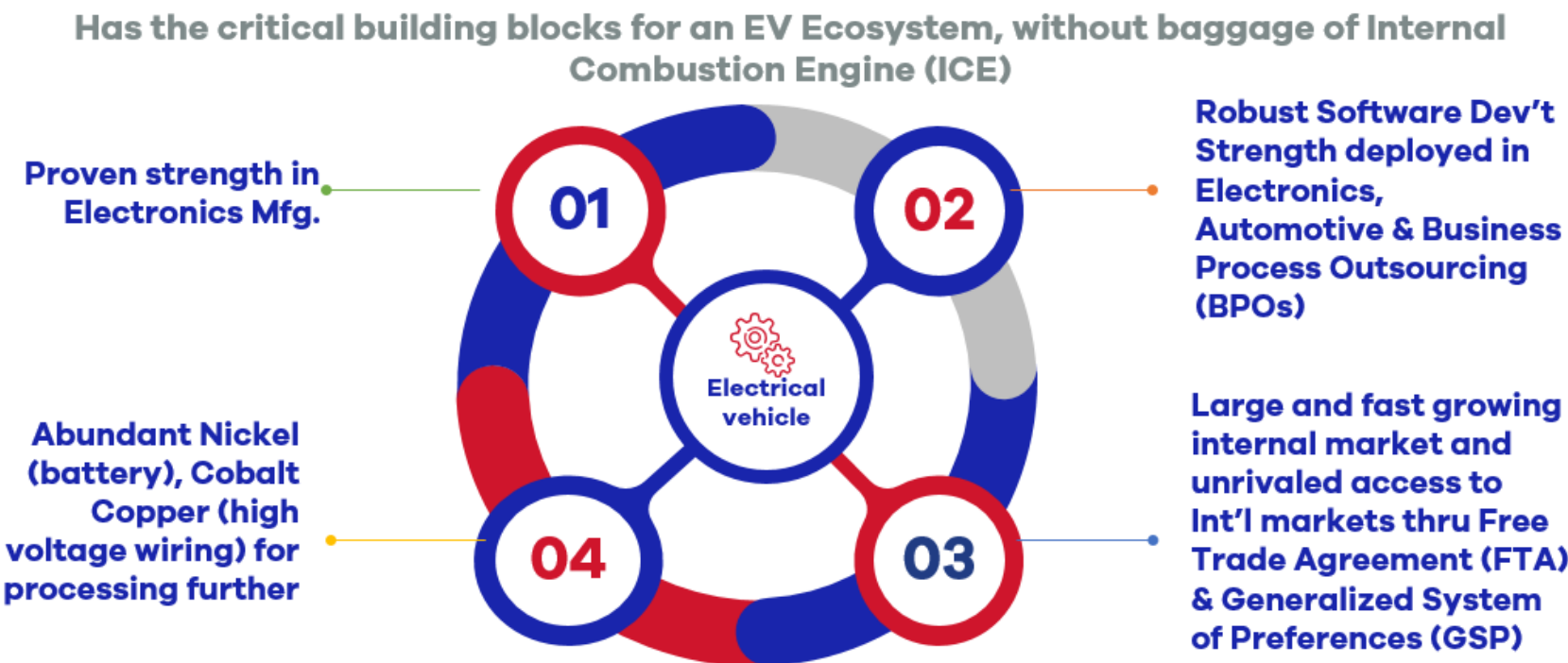
- Sumitomo Metal Mining Co. has 2 High Pressure Acid Leaching (HPAL) plants in PH
- 98% goes to JP, then turned into Batteries and then used in Tesla cars in the US

Macro Effects: IMIP, Resource Nationalism, and Indonesia's Renewable Energy Transition

Part of the reason the environmental and social impacts of Chinese investment have become so prominent in Indonesia is also connected to the macro dynamics of IMIP and other industrial parks. Indonesia's decision to adopt an export ban in 2014 meant that, in just a few years, IMIP and other large Chinese-invested industrial parks became the largest buyers of Indonesia's nickel products. Since domestic mining companies could no longer sell to overseas buyers, these large industrial parks created an oligopsony—a market situation in which each one of a few buyers exerts a disproportionate influence on the market due to the distortion generated by the export ban.³⁴ This allowed the Chinese players to monopolize the demand for Indonesian nickel, and meant they could pressure the country's domestic miners to sell at prices below the market average. This then led the Indonesian companies to cut corners on environmental and safety practices to make up for their profit loss.³⁵ Some of these companies complained against the ban, which was partially relaxed in 2017, but the regulation itself remained in place and was reinstated in 2019 to further Indonesia's developmental strategy aimed at increasing value-added production.³⁶ The result is that because it has access to

Electric Vehicles and Green Metals

Why Philippines for EV?



- Government policy for EV development in place (EV Industry Dev't. Act)
- Incentives regime, highly competitive

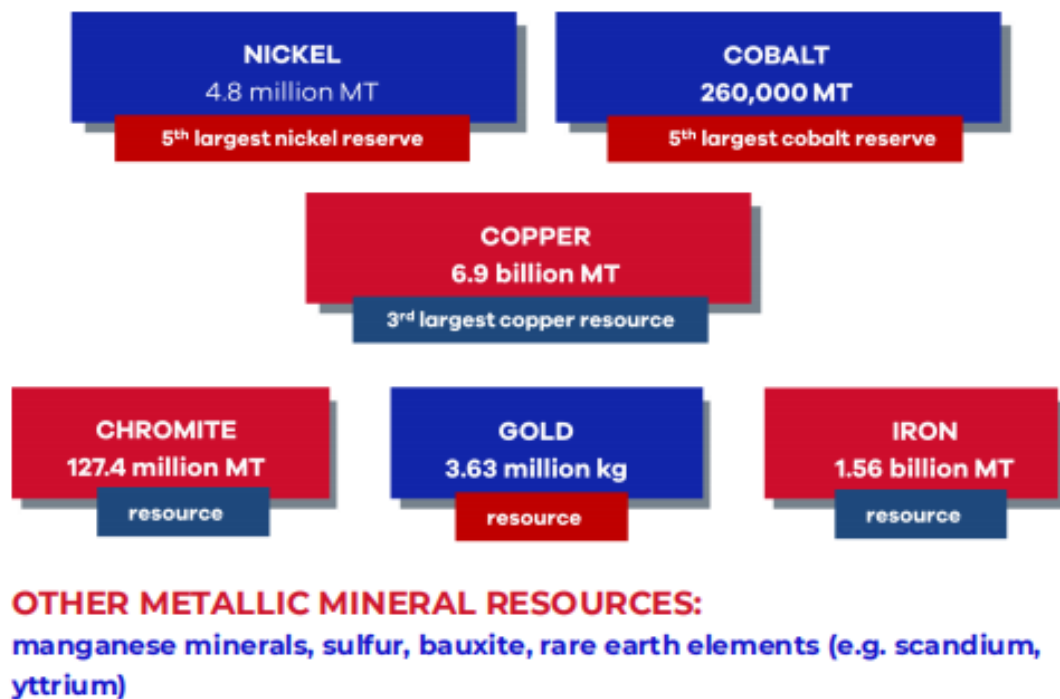
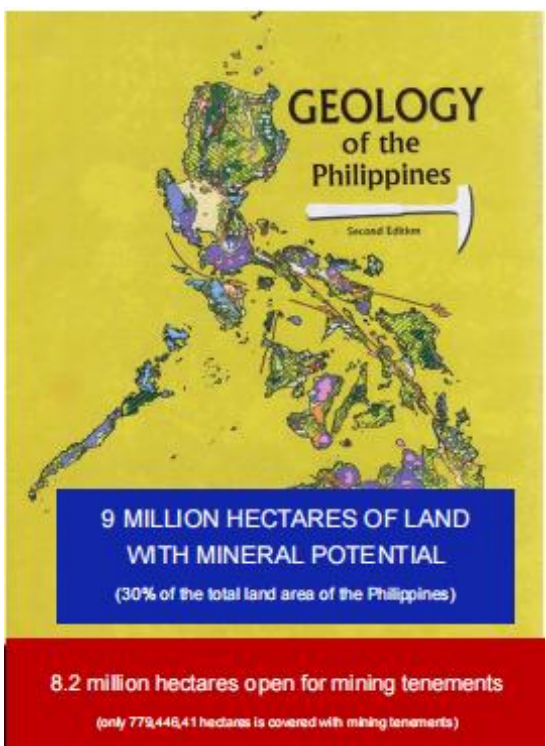
The Philippine Advantage (GEMS)

- **Green Metals** that are in abundant supply as inputs to Batteries;
- **Electronics Manufacturing** expertise needed in developing the Supply Chain for Electric Vehicle Parts;
- **Market size** and demand for Electric Vehicle Products;
- **Software Development** talent pool for developing Battery Management Systems as well as other Software to integrate the different functions of an Electric Vehicle.

Opportunities in the Green Metals Sector

1. Exploration and development of additional mineral resources
2. Mineral processing
3. Battery precursor production
4. Battery production
5. Growing demand for EVs

Green Mineral Potential and Supply



The Philippines' huge reserves of green metals and pursued direction towards EV present valuable investment opportunities

PHILIPPINE ADVANTAGE

Green Metals that are in abundant supply as inputs to Batteries;

2022 Exports		
38.4 million MT Nickel DSO	110,863 MT Copper Concentrates	209,848 MT Copper Cathode

Electronics Manufacturing expertise needed in developing the Supply Chain for Electric Vehicle Parts;

USD 49.09 billion (6.8% ↑) total export value in 2022	About 500 electronics and semiconductor companies in the Philippines
Electronics Industry as top contributor to PH's total exports with 62.27% share	USD 49.09 billion total export value in 2022

Market size and demand for Electric Vehicle Products; and

Huge domestic market with 113 million young and dynamic population in 2022	Preferential access in major markets through our Free Trade Agreements (FTAs) and Generalized System of Preference (GSP)
125 million population by 2030	8% average growth rate Vehicle Market Sales in 10 Years (2013-2022)

Software Development talent pool for developing Battery Management Systems as well as other Software to integrate the different functions of an Electric Vehicle.

86,000 Engineering & Technology Graduates (average past three school years)
78,000 IT-related Graduates (average past 3 school years)

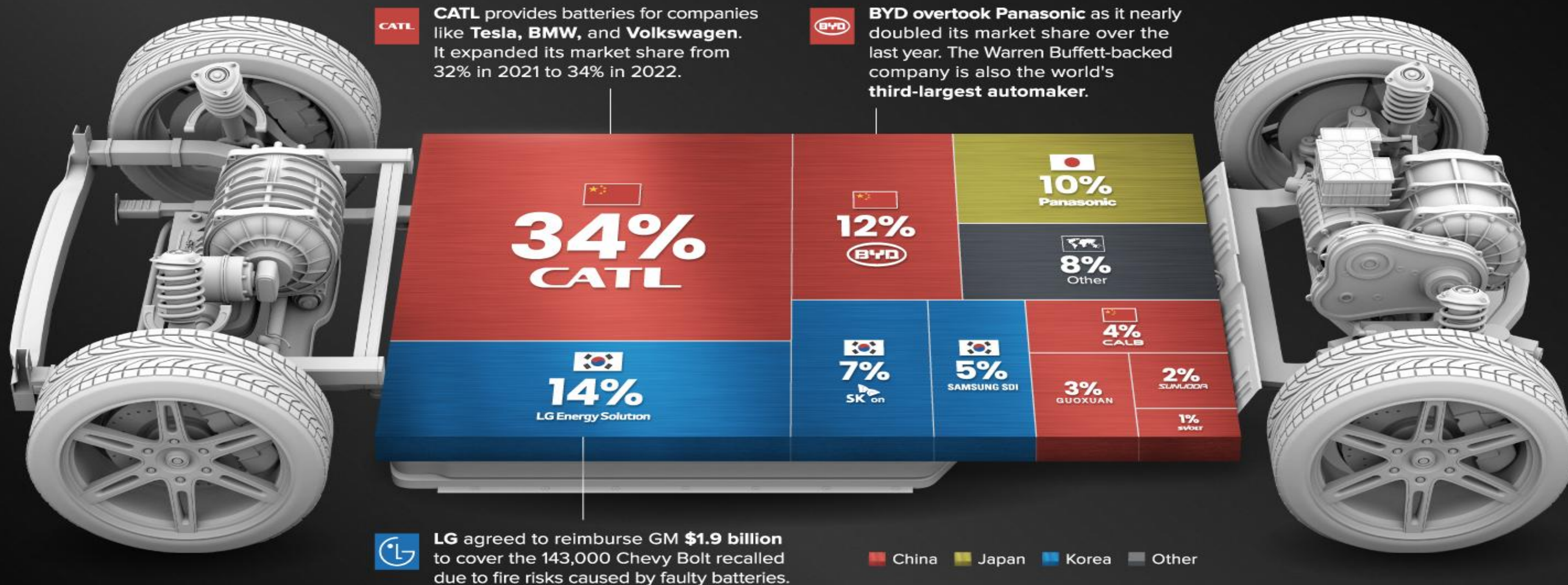
The Top 10

EV BATTERY MANUFACTURERS

in 2022

The EV battery market is expected to grow from \$17 billion in 2019 to \$95 billion by 2028.

Here are the world's biggest battery manufacturers in 2022.

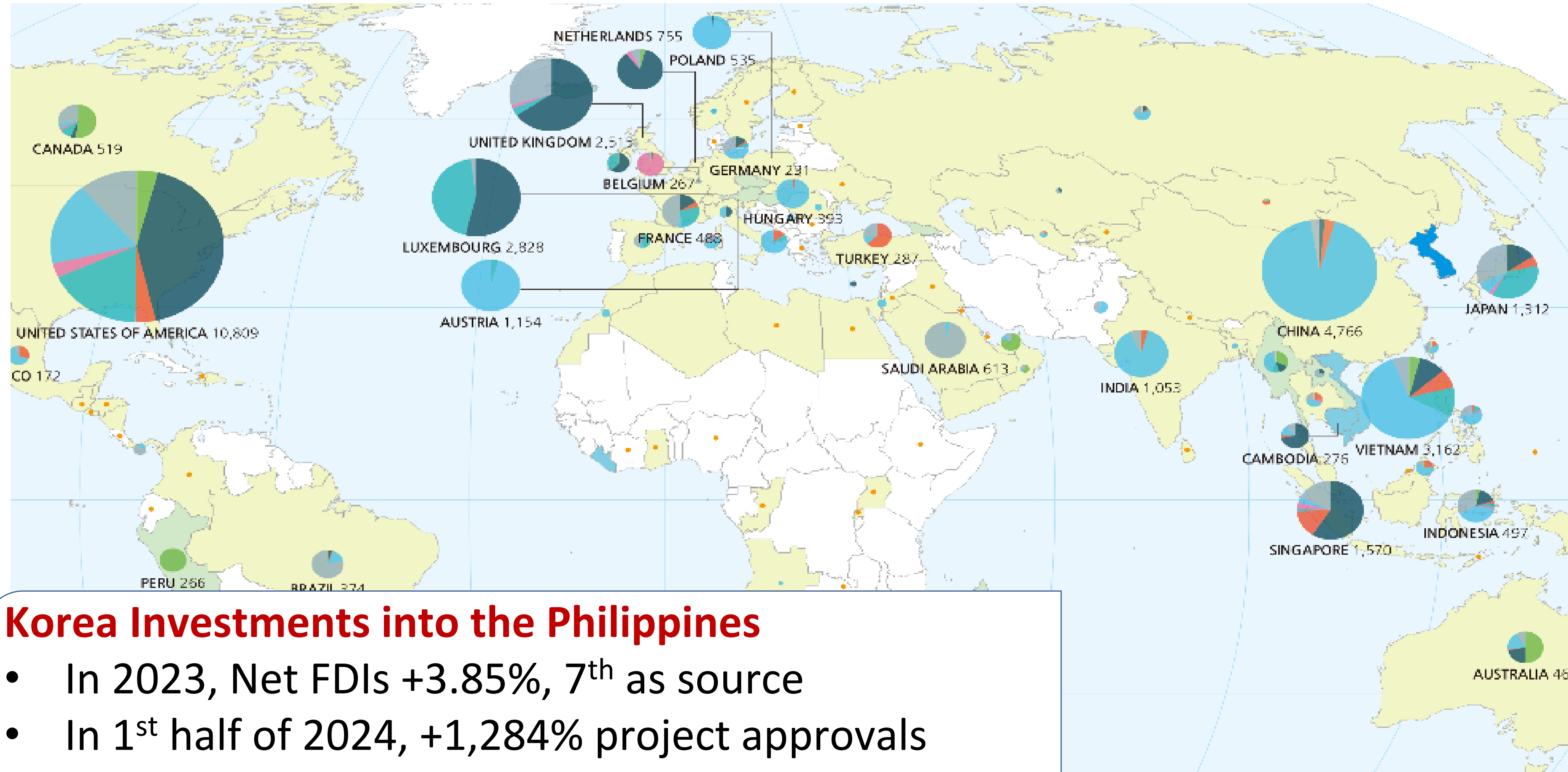


Source: SNE Research via Bloomberg

Relevant Natural Resources - example Nickel

- PH biggest exporter of Nickel Ore / Concentrate, accounting for more than ¼ of global supply
 - Next to PH is New Caledonia, 17%; next is Russia, 11%
- More than 98% of our exports go to China; followed by Japan, 1%.
- China sources more than 80% (by volume; 60% by value) of its nickel imports from PH
- Indonesia imports 99.7% from PH, increasing by 30% average in past 5yrs.
- S. Korea is World No.3 importer of Nickel Ore / Concentrate, next to China and Canada; and followed by Japan. New Caledonia
- Share of S.Korea in PH exports. 0.4%; Share of PH in S.Korea imports, 5%.
- For past 5years. S.Korea total imports (from World) increasing at ave. of 14%.
- S.Korea imports 54% of its Nickel oxides / hydroxides from China, 23% from Japan, 18% Taiwan.

Korea FDI's Globally: 1 - US, 2 - China, 3 - VN



Korea Investments into the Philippines

- In 2023, Net FDI's +3.85%, 7th as source
- In 1st half of 2024, +1,284% project approvals (Php20Bn vs. Php1.5Bn)

Concentration of KR investments in VN

- **Entry of Samsung in 2009**
- **VN – KR FTA in 2015**

* Indonesia – South Korea Comprehensive Partnership Agreement in 2023

WHY SAMSUNG GROUP OPTED TO LOCATE IN VIETNAM OVER THE PHILIPPINES AND INDONESIA

Samsung Group is the largest foreign investor in Vietnam and accounts for almost a quarter of Vietnam's total export of US\$ 214 billion in 2017. The Samsung group has invested US\$ 17.3 billion in eight factories and one research and development center in Vietnam, turning the country as its global hub for its mobile phones.¹ The group's subsidiaries' in Vietnam produce almost a third of the firm's global output, making Vietnam the second biggest exporter of smart phones in the world, after China.

Samsung chose to locate in Vietnam instead of in the Philippines or Indonesia due primarily to:

1) Rental subsidy for large tract of lands

Vietnam aggressively lured investors by providing large tracks of lands to large manufacturers, such as Samsung. It is believed that as part of the incentive in relocating to Vietnam, the rent of land is subsidized by the government (rent-free).

2) Preferential tax rate for fifty (50) years

Vietnam's government said Samsung's smartphone assembly lines would not need to pay corporate taxes for four years, and only half the normal rate for the following nine years should the firm meet the terms set out in its investment applications. The project was given the following preferential tax rates: years 1-4 (0% CIT), 5-16 (5% CIT), 17-50 (10% CIT).

Other incentives are the following:

Samsung Group is the largest foreign investor in Vietnam and accounts for almost a quarter of Vietnam's total export of US\$ 214 billion in 2017.

1) Rental subsidy for large tract of lands

Vietnam aggressively lured investors by providing large tracks of lands to large manufacturers, such as Samsung. It is believed that as part of the incentive in relocating to Vietnam, the rent of land is subsidized by the government (rent-free).

2) Preferential tax rate for fifty (50) years

Vietnam's government said Samsung's smartphone assembly lines would not need to pay corporate taxes for four years, and only half the normal rate for the following nine years should the firm meet the terms set out in its investment applications. The project was given the following preferential tax rates: years 1-4 (0% CIT), 5-16 (5% CIT), 17-50 (10% CIT).

Other incentives are the following:

Import Tax & VAT: zero

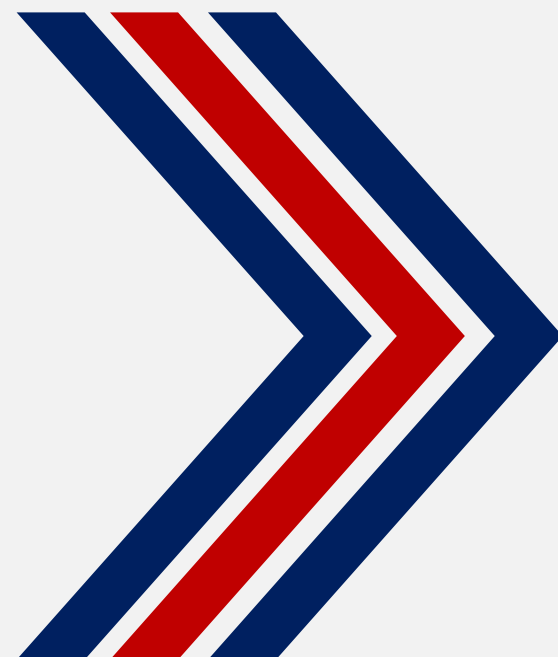
Electric, Water, Tele-communication: 50% reduction

Labor Union: none

OUR POSITIONING STRATEGY

OUR GOAL

Not just growth as we are already the fastest growing countries in one of the fastest growing regions



Transform the economy in order to enter a virtuous cycle of sustained economic growth

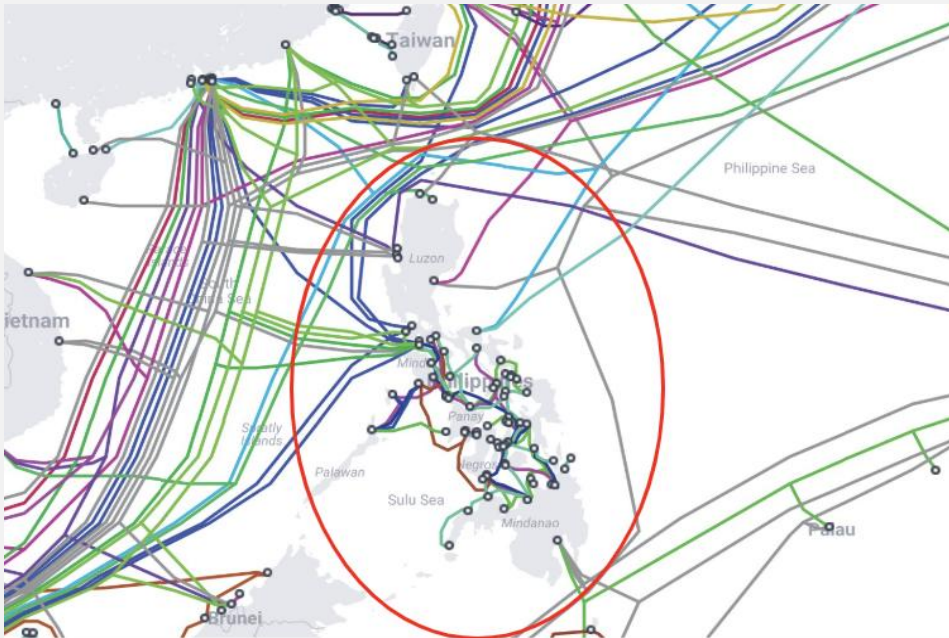
To **transform** the Philippines to be South East Asia's hub for **smart** and **sustainable** manufacturing & services by empowering the **Private Sector** thru **market-based tools**.

**Being Market-based
Necessitates Active and Not Passive
Government involvement!**

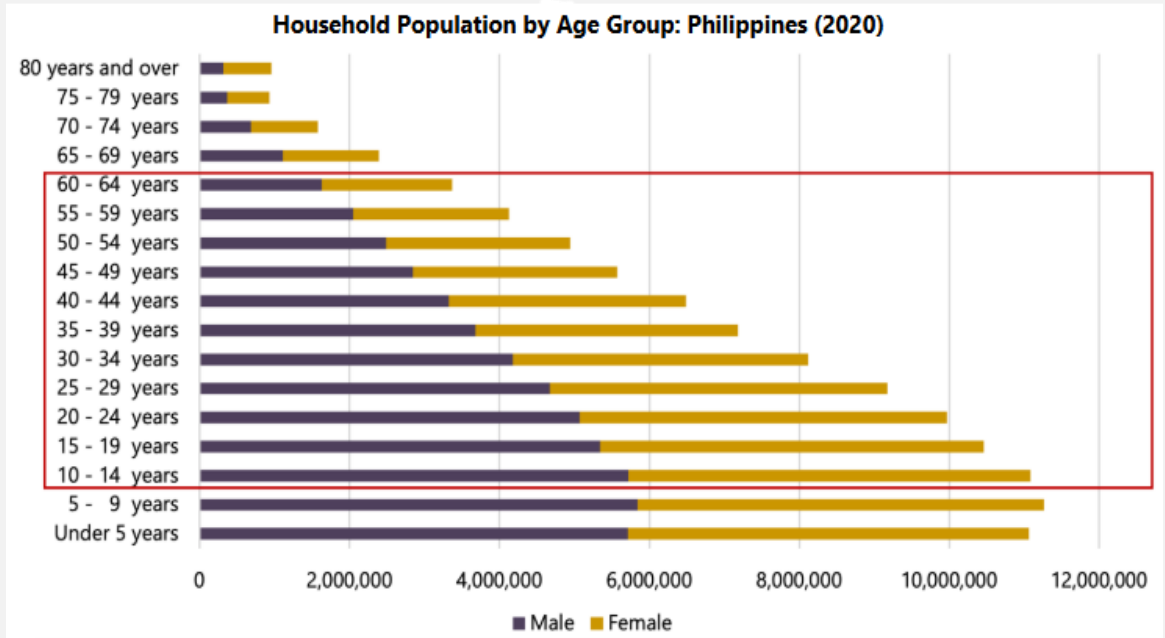
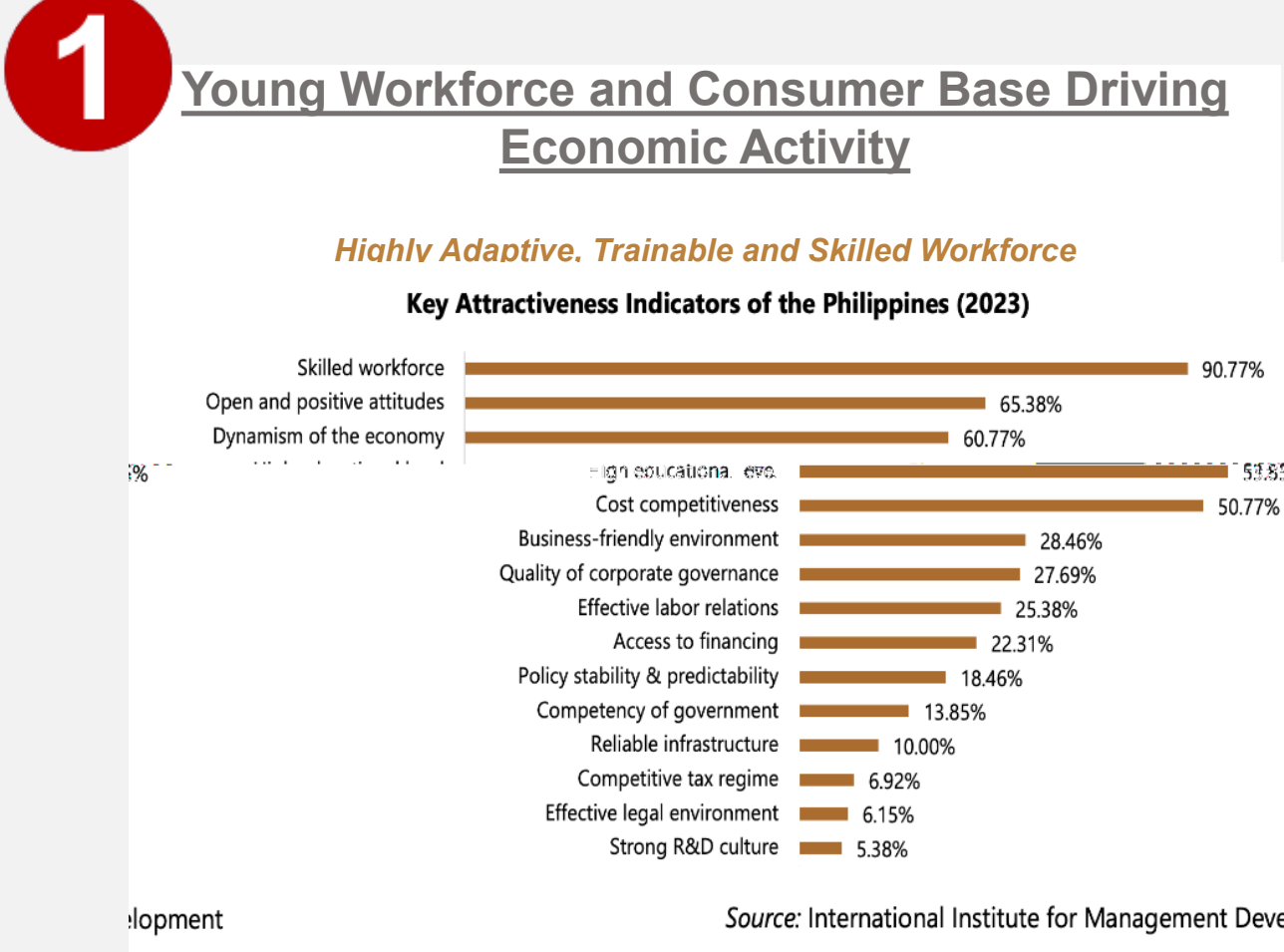
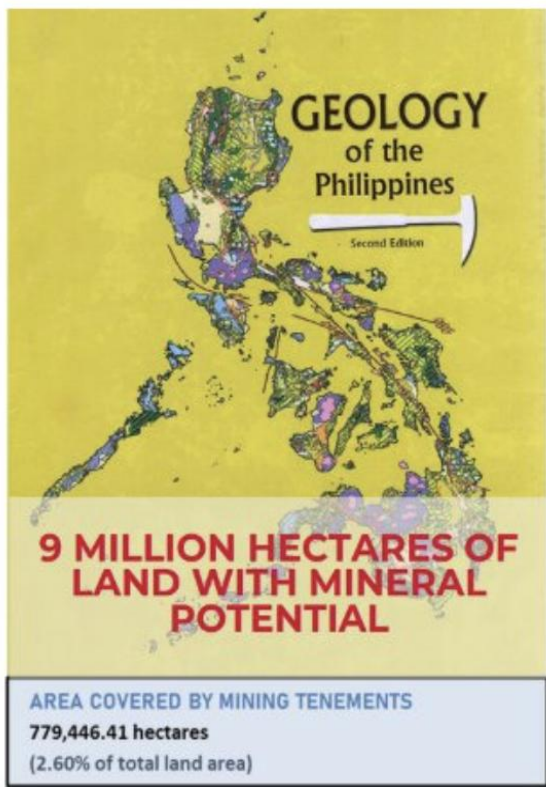
Positioning the Philippines for Investment: Core Advantages



Map: Generated by Stratbase ADR Institute from the United Nations Conference on Trade and Development (UNCTAD) Handbook of Statistics 2023.



Source: TeleGeography – Submarine Cable Map (as of November 2024)



Source: Philippine Statistics Authority (PSA)

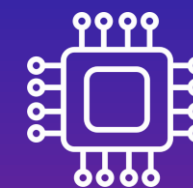
POSITIONING STRATEGY: PRIORITY SECTORS



**ELECTRIC
VEHICLES**



**SMART
MANUFACTURING**
(e.g., PHARMA, STEEL,
SHIP BLDG.)



**SEMICONDUCTORS
& ELECTRONICS**



**GREEN
METALS**



**FOOD &
AGRICULTURE**



TOURISM



RENEWABLE ENERGY
including
ENERGY STORAGE SYSTEM



**DATA CENTERS/TELCO
INFRASTRUCTURE including
CYBERSECURITY**

1

**Young, Talented
Workforce &
118Mn Consumers**

2

**Rich in relevant Natural
resources**

3

Strategic Location

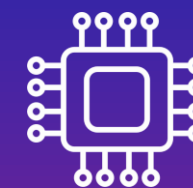
POSITIONING STRATEGY: PRIORITY SECTORS



**ELECTRIC
VEHICLES**



**SMART
MANUFACTURING**
(e.g., PHARMA, STEEL,
SHIP BLDG.)



**SEMICONDUCTORS
& ELECTRONICS**



**GREEN
METALS**



**FOOD &
AGRICULTURE**



TOURISM



RENEWABLE ENERGY
including
ENERGY STORAGE SYSTEM



**DATA CENTERS/TELCO
INFRASTRUCTURE including
CYBERSECURITY**

1

**Young,
Talented
Workforce**

2

**Rich in relevant Natural
resources**

3

Strategic Location

Rich Talent Pool & Demographic Sweet Spot

49.9 million
human resource pool

Highly-educated and English Language Proficient
Strongly customer-oriented
Technology Savvy
Highly trainable with fast learning curve
Adaptable to universal cultures
High level of commitment and loyalty

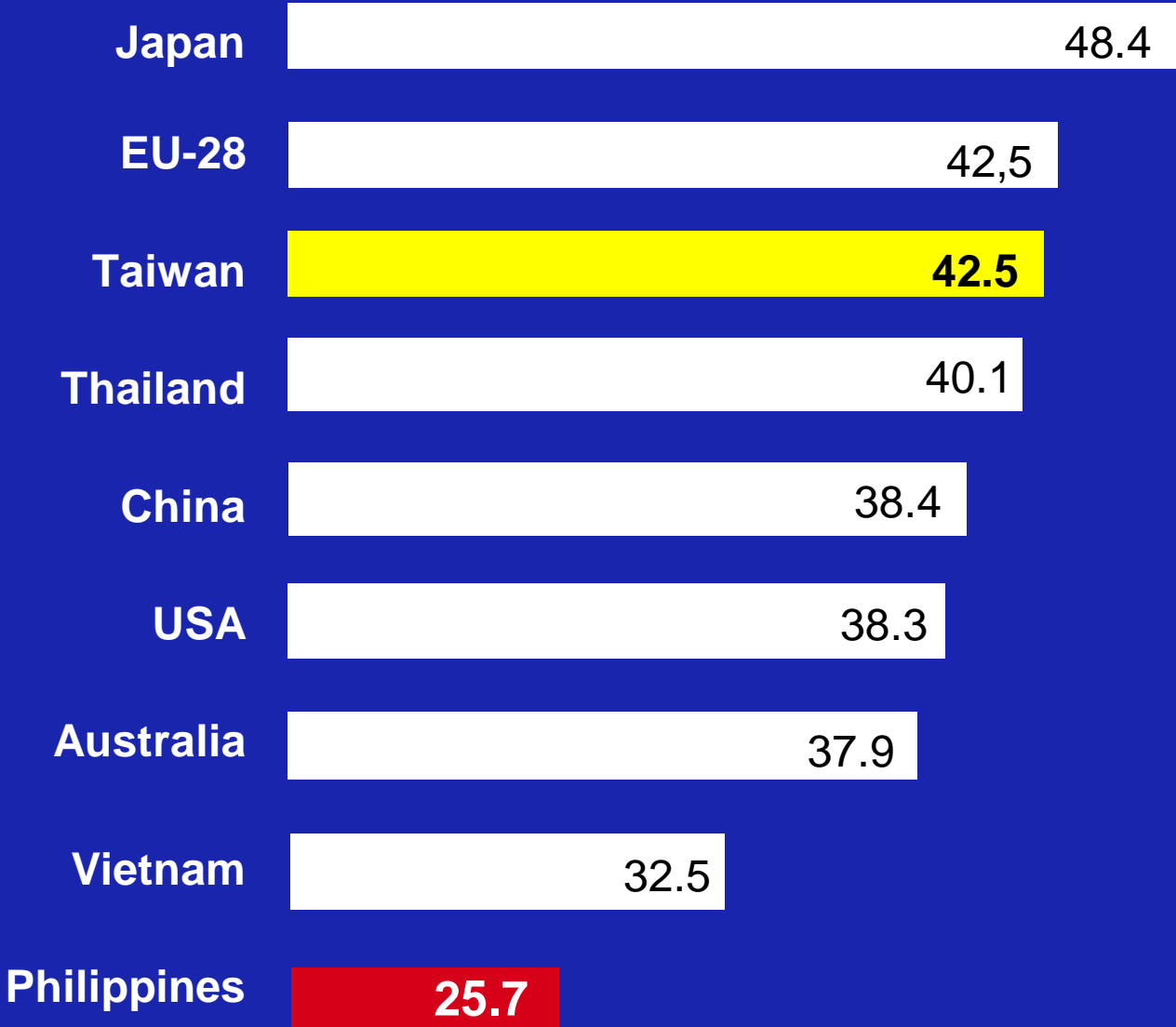
average of
800,000 graduates
annually across a wide range
of disciplines

Sources: UNDP, CHED, Country Sources



Filipinos are younger compared to the rest of the world

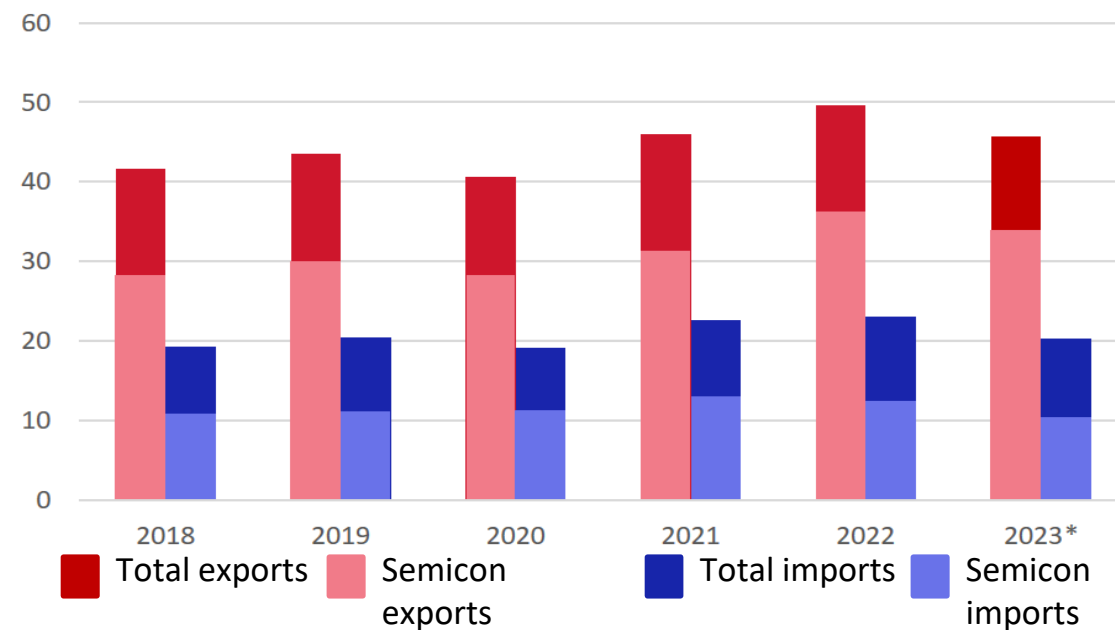
The median age in the Philippines is 25.7 years old. This is equivalent to the age of someone who recently graduated from college.



Netherlands – 41.5

Electronics and Semiconductor Industry

Trade Data of Electronics and Semiconductor Products (2018 - 2023)



*Preliminary

Source: Export Management Bureau; BOI-MIS

The PH electronics industry is the **TOP CONTRIBUTOR** to PH total exports around 60%, US\$ 45.64B in 2023.

Enabling innovation and technology driven sectors

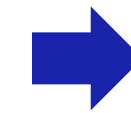
- ✓ **World class center for OSAT** – Outsourced Semiconductor Assembly and Test with exceptional design capabilities
- ✓ A **successful hub for Electronics Manufacturing Services (EMS)** with strengths in complex PCB assembly, box build and systems integration with growing capabilities in Design and Development and Original Design Manufacturing (ODM)
- ✓ **Deep intellectual talent pool** with an unparalleled command of English to support the research and development and manufacturing activities right across the well-established electronics ecosystem

PH Semiconductor Industry

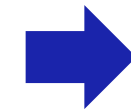
73%



Semiconductor Manufacturing Services (SMS)



27%



Electronics Manufacturing Services (EMS)

Specializing on Back-End of Chip Fabrication:

- **Testing** (Wafer Probing, In-Circuit Testing, Functional Testing, RF Testing, Flying Probe, etc.)
- **Assembly and Packaging**

NEW INITIATIVE TO OPEN MORE INVESTMENT OPPORTUNITIES:

Establishment of Science and Technology Center (STC) which will house the IC Design Training Laboratory, R&D Lab and a Lab-scale Wafer Fab

2033

GOALS & TARGETS THE PHILIPPINE SEMICONDUCTOR AND ELECTRONICS INDUSTRY

USD 106.4B

ELECTRONICS AND ELECTRICAL EXPORTS



128K

S&E-RELATED ENGINEERS AND TECHNICIANS



TOP 10 NICHE PRODUCTS & TECHNOLOGIES

- Drones
- Autonomous vehicles
- Smart home devices
- Virtual reality devices
- Digital health devices
- Microsatellite
- Wearable Solar Devices
- Augmented Medical Devices
- 3D Printer
- Collaborative Robots



Source: Philippine Export Development Plan (PEDP), BOI, Product and Technology Holistic Strategy (PATHS)

Philippine Investment Priorities, Opportunities in the Semiconductor Industry

Dr. CEFERINO S. RODOLFO

DTI Undersecretary for Industry Development and Investment Promotions Group
Board of Investments Managing Head

September 2024

 PHILIPPINES

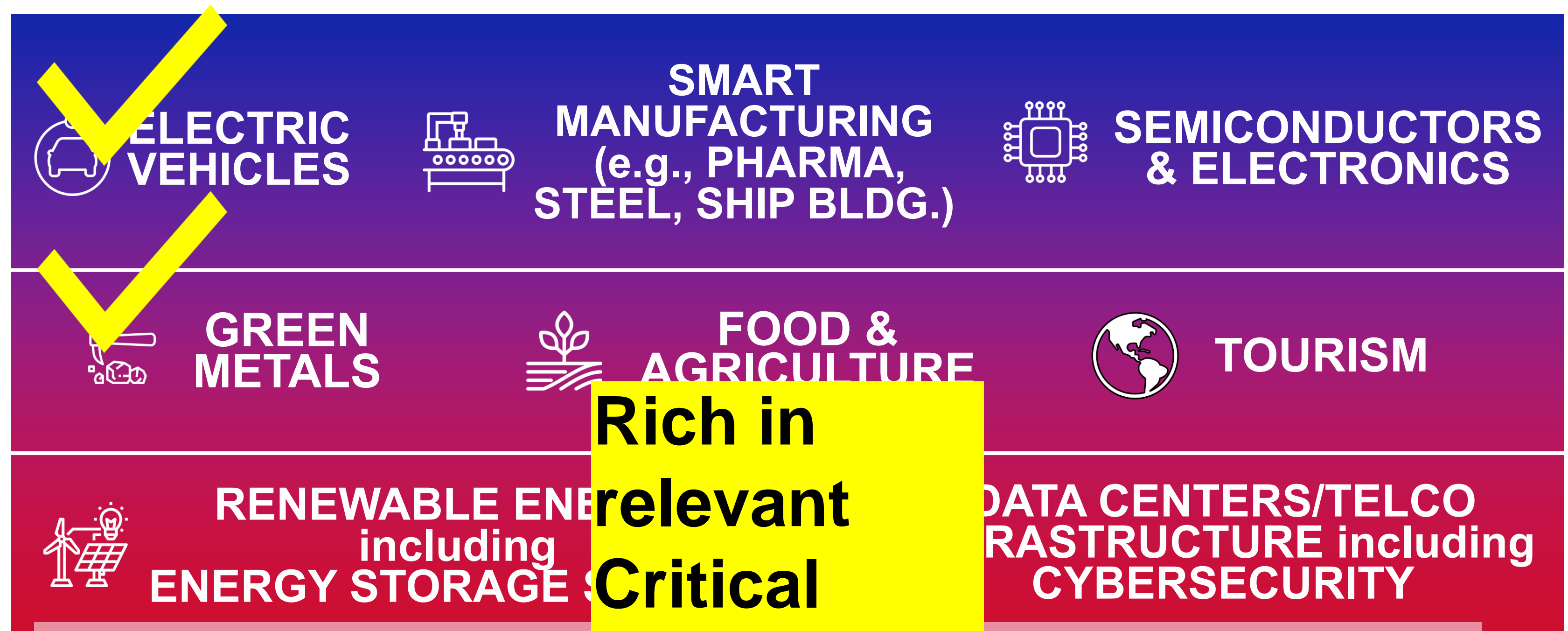
The US side: Our Understanding

- Global supply disruptions highlight risk of overconcentration of production in a few source-countries
- US CHIPS Act to move production to the US (mostly to Arizona)
- Manufacturing needs back-end Assembly-Testing-Packaging (ATP)
- Shoring-up ATP capacity in preferred countries thru ITSI Fund and partnership with Arizona State University
 - Labor conditions
 - Near-to-market
- Critical Drivers: People (Workforce Development) and Policy (to attract more Investments)
- To Add: **Partnerships** and **Promotions**

Guideposts for the PH Strategy

1. Priority Segments
2. **People & Workforce Development**
3. Policies for attracting Investments, including Incentives
4. (Facilitative) Processes
5. Promoting careers in Semiconductor & Electronics
6. Place and Location (that address constraints)
7. Partnerships with Key Countries

POSITIONING STRATEGY: PRIORITY SECTORS



1 Young, Talented Workforce

2 **Rich in relevant Critical Natural resources**

3 Strategic Location

The Philippines is rich in green metals



NICKEL
2.1 billion MT



COPPER
6.9 billion MT



COBALT
260,000 MT

No. 1 exporter of Nickel DSO in the world

GREEN, GREEN METALS!

NICKEL

2.1 billion MT

CHROMITE

127.4 million MT

COPPER

6.9 billion MT

GOLD

3.63 million kg

COBALT

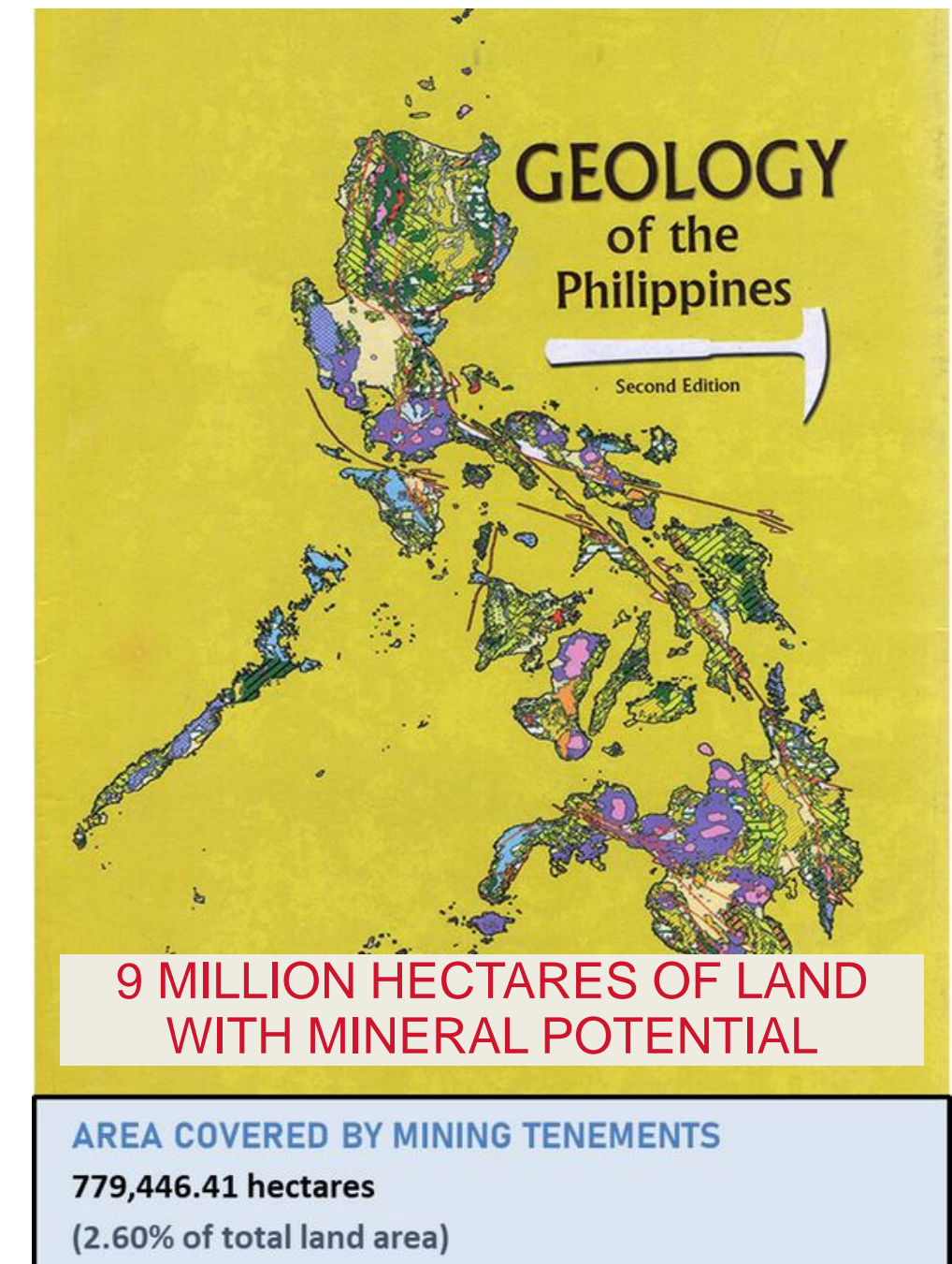
260,000 MT

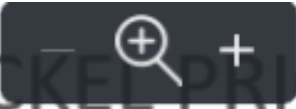
IRON

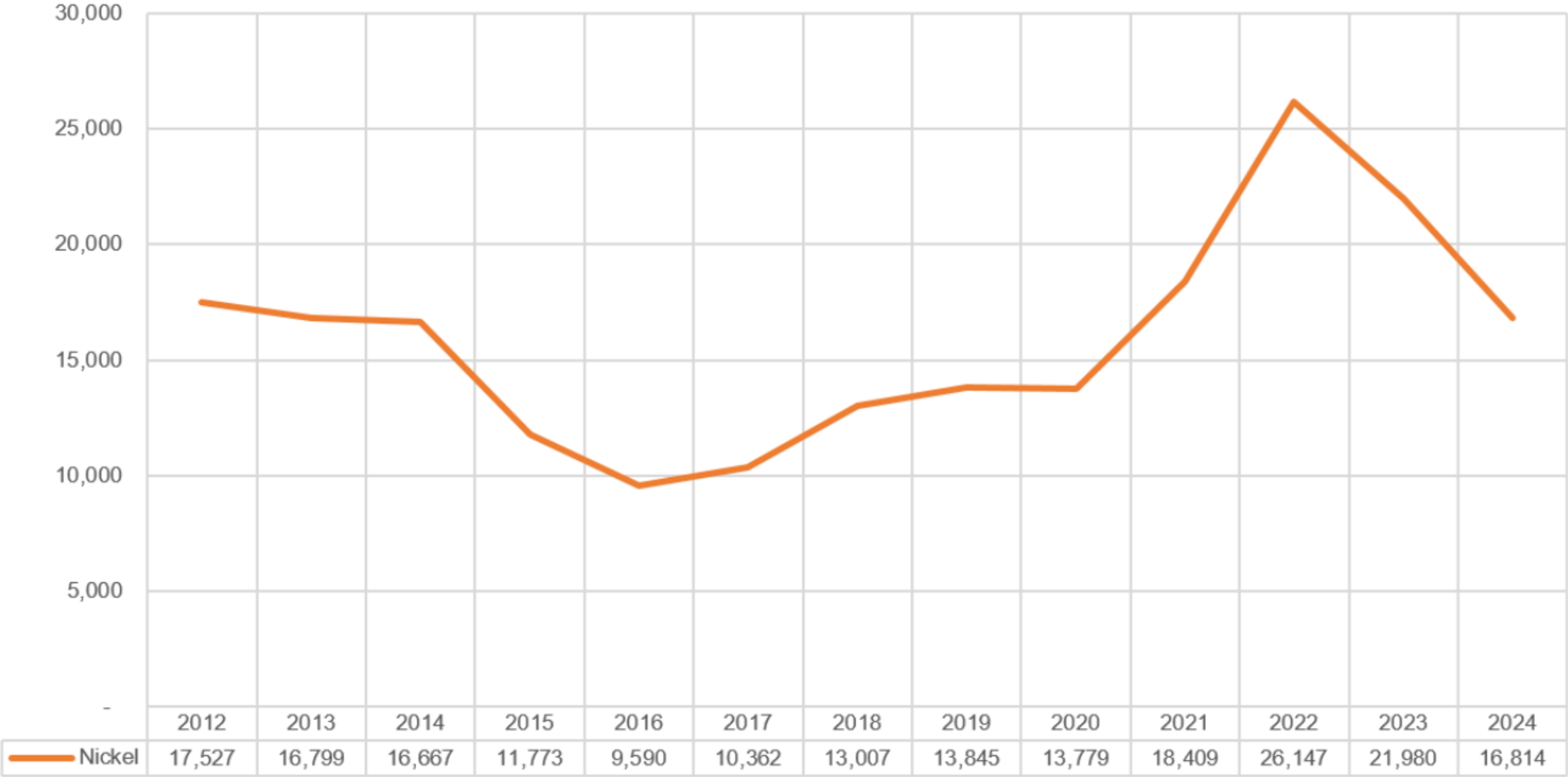
1.56 billion MT

OTHER METALLIC MINERAL RESOURCES:
manganese minerals, sulfur minerals, bauxite

Including
MINERALS
relevant for
BATTERIES



 HISTORICAL AVERAGE NICKEL PRICE (USD/ton), 2012-2024
Source: LME



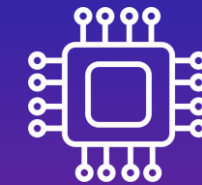
POSITIONING STRATEGY: PRIORITY SECTORS



**ELECTRIC
VEHICLES**



**SMART
MANUFACTURING**
(e.g., PHARMA,
STEEL, SHIP BLDG.)



**SEMICONDUCTORS
& ELECTRONICS**



**GREEN
METALS**



**FOOD &
AGRICULTURE**



TOURISM



RENEWABLE ENERGY
including
ENERGY STORAGE SYSTEM



**DATA CENTERS/TELCO
INFRASTRUCTURE including
CYBERSECURITY**

1

**Young, Talented
Workforce**

2

**Rich in relevant Natural
resources**

3

**Strategic
Location**



Strategic Importance of the Philippines in the Geoeconomics of the Indo-Pacific:
Economic Cooperation, Supply Chains Diversification, Data Connectivity, Critical Minerals and the Green Transition

Locating
supply-chains:

BEFORE—

Proximity to
China
(Manufacturing
Center)

NOW—

Proximity to US
(Re-shoring &
Friend-shoring
for Resiliency &
Security)



Illustrative Anchor Projects: Luzon Economic Corridor



PH-TW MOU on Economic Corridor: complements the PH-US-JP Luzon Economic Corridor

- Started as Kaohsiung-Subic-Clark Corridor
- Replicates key features of an FTA, including Asean-level Rules of Origin for selling to PH market; facilitated Customs-Immigration-Quarantine (CIQ) procedures
- Expanded to include other Investment Promotion Authorities (Areas) in the (Luzon) . . .

PH

1. PEZA
2. Subic (SBMA)
3. Clark (CDC)
4. BCDA
5. Bataan (AFAB)
6. Poro Point (PPMC)
7. Cagayan (CEZA)
8. John Hay (JHMC)
9. Aurora (APECO)
10. Clark International Airport (CIAC)
11. Tourism Infrastructure (TIEZA)

TW

1. Industrial Development Bureau in Taiwan (IDB)
2. Export Processing Zone Administration in Taiwan (EPZA)



Illustrative Anchor Projects – Central Luzon

Developing CENTRAL LUZON into the next CALABARZON

- **Clark (New Clark City)** / Pampanga & Tarlac
 - BCDA and Korean Partners – e.g. Urban Dev't., Smart City Infrastructure
 - Hotels and Tourism-related Facilities
 - Healthcare Products & Services – Vaccine Mfg, Biotechnology
 - High-tech, Light Manufacturing
 - Semiconductor & Electronics
- **New Manila International Airport** (Bulacan) – San Miguel Corp. & Incheon Airport
 - The **Bulacan Economic Zone Authority (BEZA)**
- Subic / Zambales – Hyundai Heavy Industries
- Zambales / Bulacan – Modern Agro-processing; Fresh & Processed Fruits (mangoes)
- Bataan – Battery Manufacturing, Electric Vehicle Assembly; Defense-related; Garments

PROSPECTS UNDER THE TRUMP ADMINISTRATION



November 13, 2017

DONALD J. TRUMP (1ST TERM)

45th President of the United States: 2017 - 2021

Joint Statement by President Trump and President Rodrigo Duterte of the Philippines

10. The two countries recognized the importance of regular discussions under the United States-Philippines Trade and Investment Framework Agreement (TIFA) to strengthen the trade relationship, including by continuing to make progress in the areas of market access related to agricultural products, intellectual property, customs and labor, among others. **The United States welcomed the Philippines' interest in a bilateral free trade agreement and both sides agreed to discuss the matter further through the United States-Philippines TIFA.**

TRADE WAR

US sees Philippines as next candidate for FTA

Trump envoy Lighthizer also expects talks with Japan within 30 days



U.S. Trade Representative Robert Lighthizer testifies at a hearing of the Senate Committee on Appropriations.

ARIANA KING, Nikkei staff writer

July 27, 2018 06:38 JST

NEW YORK -- The U.S. is scouting out favorable terrain for free trade agreements and sees the Philippines as possibly the next candidate, Trade Representative Robert Lighthizer said at a congressional hearing in Washington on Thursday.

"We are close to beginning negotiations," Lighthizer told senators, adding that a number of East Asian countries are interested in an FTA with the U.S. **"One that we particularly liked is the Philippines. I think it would be a good first agreement."** He noted that the country was in a good location and "there are a lot of advantages."

Lighthizer said the U.S. is also looking to Japan for an FTA, though he added that the Japanese government has so far not been receptive to the idea.

"Right now it is the Japanese position that they don't want to enter a new FTA agreement with the United States," Lighthizer said. "But they're willing to work through a variety of issues, and that's something that we would expect to do."

JUL 12, 2024 | PRESS RELEASES

RUBIO INTRODUCES BILL TO STRENGTHEN U.S.-PHILIPPINE SECURITY PARTNERSHIP

Specifically, this bill would:

- Direct State to negotiate a critical minerals agreement with the Philippines;
- Amend the *BUILD Act* to explicitly support investments in critical minerals and energy products in Southeast Asia;
- Require an interagency plan on U.S. support for infrastructure development in the Philippines;
- Direct State to support multilateral engagement between the U.S., the Philippines, Korea, and Japan;
- Codify a Bilateral Strategic Dialogue with the Philippines.

U.S. Trade Deficit with Asian Partners (2023)

- China (US\$300Bn)
- Viet Nam (\$109Bn)
- Japan (\$75Bn)
- Korea (55Bn)
- Taiwan (\$50Bn)
- India (\$47Bn)
- Thailand (\$43Bn)
- Malaysia (\$28Bn)
- Indonesia (\$18Bn)
- Cambodia (\$11Bn)
- Bangladesh (\$6Bn)
- **Philippines (\$4Bn)**

USTR Releases Findings in Section 301 Investigation of Vietnam's Acts, Policies, and Practices Related to Currency Valuation

January 15, 2021

Washington, DC – The U.S. Trade Representative has issued findings in the Section 301 investigation of Vietnam's acts, policies, and practices related to currency valuation, concluding that Vietnam's acts, policies, and practices including excessive foreign exchange market interventions and other related actions, taken in their totality, are unreasonable and burden or restrict U.S. commerce. In making these findings, USTR has consulted with the Department of the

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

[Docket Number USTR-2020-0037]

Determination on Action and Ongoing Monitoring: Vietnam's Acts, Policies, and Practices Related to Currency Valuation

AGENCY: Office of the United States Trade Representative.

ACTION: Notice.

SUMMARY: Based on an agreement reached between the Department of the Treasury (Treasury) and the State Bank of Vietnam (SBV) regarding Vietnam's currency practices, the U.S. Trade

"The new tariffs are one of the biggest concerns for the Korean industry in Vietnam," Hong Sun, head of South Korea's chamber of commerce in Vietnam, told the conference. South Korea's Samsung Electronics ([005930.KS](#)) is a major exporter of smartphones and electronic devices to the U.S. from Vietnam

Vietnam Won Big in Donald Trump's First Trade War. Now, It's a Target.

Once described by Trump as the 'single worst abuser' on trade, Vietnam attracted manufacturers wanting to avoid China tariffs during his term

By [Liza Lin](#) [Follow](#) in Hanoi, [Jason Douglas](#) [Follow](#) in Singapore and [Rebecca Feng](#) [Follow](#) in Hong Kong

Updated Dec. 16, 2024 12:50 am ET

[Share](#)

[Resize](#)

[121](#)

[Listen \(1 min\)](#)





**Congressional
Research Service**

Informing the legislative debate since 1914

INSIGHT

Vietnam's Nonmarket Economy (NME) Status

Updated August 29, 2024

Shortly after [extending normal trade relations \(NTR\) status](#) to Vietnam in 2001, the United States designated Vietnam as a “[nonmarket economy](#)” (NME) for the purposes of antidumping (AD) and countervailing duty (CVD) investigations. The government of Vietnam has [long sought to remove](#) the designation, [arguing](#) it may hinder closer bilateral ties. During President Joseph Biden’s September 2023 visit to Hanoi, where he and then-Communist Party of Vietnam (CPV) Secretary-General Nguyen Phu Trong elevated the U.S.-Vietnam relationship to a “[comprehensive strategic partnership](#),” Biden agreed to review Vietnam’s request to review its NME status. The following month, the Department of Commerce [initiated an official review](#). During the review period, [some Members of Congress raised concerns](#) over whether Vietnam meets the conditions to be designated as a market economy. On August 2, 2024, [Commerce announced its decision](#) to sustain Vietnam’s NME designation, citing the Vietnamese government’s involvement in the economy, despite “substantive reforms,” as a factor for not lifting the designation.

Indonesia blocks Apple iPhone 16 sales over lack of investment

Marketing and sale of model
prohibited after tech giant fails to
meet rule 40% of phones be made
from local parts

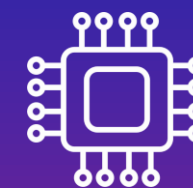
POSITIONING STRATEGY: PRIORITY SECTORS



**ELECTRIC
VEHICLES**



**SMART
MANUFACTURING**
(e.g., PHARMA, STEEL,
SHIP BLDG.)



**SEMICONDUCTORS
& ELECTRONICS**



**GREEN
METALS**



**FOOD &
AGRICULTURE**



TOURISM



RENEWABLE ENERGY
including
ENERGY STORAGE SYSTEM



**DATA CENTERS/TELCO
INFRASTRUCTURE** including
CYBERSECURITY

1

**Young, Talented
Workforce &
118Mn Consumers**

2

**Rich in relevant Natural
resources**

3

Strategic Location

In Summary:

POLICIES - International

- PH-KR FTA
- DTA with Taiwan
- PH-EU FTA Negotiation [other FTAs – Canada, Chile, UAE, India (PTA)]
- Proposed FTA, CMA with the US

Domestic

- Mining Fiscal Regime
- Mining Permitting Process, based on Sustainability

PROJECTS

- Luzon Economic Corridor
- New Clark City
- Leyte Ecological Industrial Zone
- Bulacan Economic Zone Authority

SECTORS

1. **Renewable Energy** – Implementation & Ease of Doing Business (Greenlane)
2. **Semiconductors & Electronics** – Workforce Dev't; Geopolitics-based Investment movement
3. **Mining & Mineral Processing** – Fiscal Regime & Permitting process, Non-China supply-chain
4. **EV Components & Assembly** – domestic demand & infrastructure, minerals dev't.

Thank You!