



Economic Report 2022

PHILIPPINES

31 JULY 2023

Executive Summary

- GDP grew by 7.6% largely fuelled by increased activities in services by 3.8% and agriculture by 0.8%. While the Philippines is remarkably one of the fastest growing emerging markets in the world, domestic situation is arguably challenging given 5.8% average inflation rate in 2022.
- Aside from full reopening of all sectors, the present administration continues to build more infrastructure projects under public financing and private-public partnerships with about 194 priority infrastructure projects in the pipeline.
- Bilateral trade in goods without gold between Switzerland and the Philippines increased by 16% from CHF 540.2 million in 2021 to CHF 626.5 million in 2022. Swiss imports grew by 22.4% to CHF 284.1 million with machines, appliances, and electronics as top imported products. Meanwhile, Swiss exports expanded by 11.1% to CHF 342.4 million with products of the chemical and pharmaceutical industry as the top export to the Philippines.
- Net foreign direct investments (FDI) of the Philippines contracted by 23% from USD 12.0 billion in 2021 to USD 9.2 billion in 2022 due to extended global slowdown and high inflation. Further, Swiss FDI to the Philippines is up by 233.7% to USD 20.0 million, which makes Switzerland as the third largest investor from Europe.

TABLE OF CONTENTS

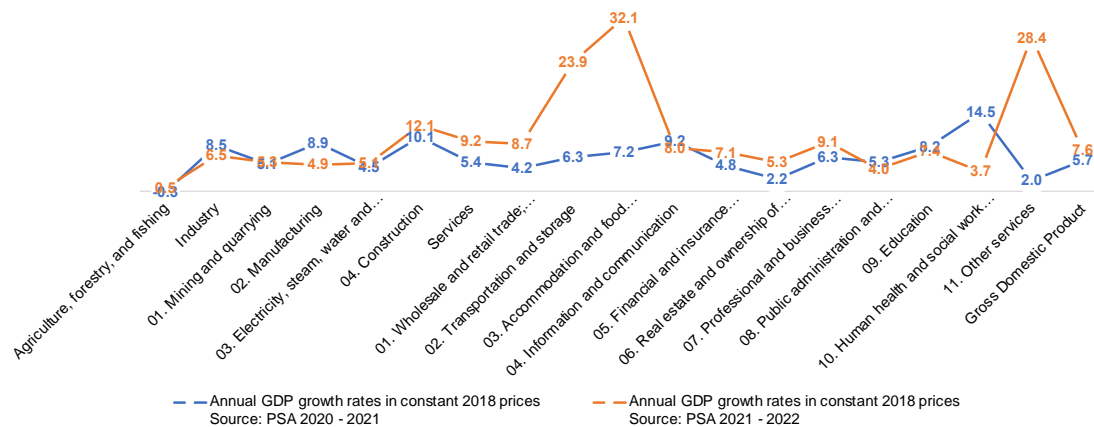
1	ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS	3
2	PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES	5
3	FOREIGN ECONOMIC POLICY	7
3.1	Host country's policy and priorities	7
3.2	Outlook for Switzerland (potential for discrimination or comparative advantage)	8
4	FOREIGN TRADE	8
4.1	Developments and general outlook	8
4.1.1	<i>Trade in goods</i>	8
4.2	Bilateral trade	9
4.2.1	<i>Trade in goods</i>	9
5	DIRECT INVESTMENTS	10
5.1	Developments and general outlook	10
5.2	Bilateral investment	10
6	ECONOMIC AND TOURISM PROMOTION	11
6.1	Swiss foreign economic promotion instruments	11
6.2	The host country's interest in Switzerland	11
	ANNEX 1 – Economic structure	12
	ANNEX 2 – Main economic data	13
	ANNEX 3 – Trade partners	14
	ANNEX 4 – Bilateral trade	15
	ANNEX 5 – Main investing countries	16

1 ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

Post-pandemic recovery performance of the Philippines has been on the relatively positive spectrum despite challenges with high inflation rates and tempered consumption due to high interest rates. GDP grew by 7.6% compared to 5.7% in 2021 largely fuelled by increased activities in services by 3.8% and agriculture by 0.8% but reduced performance in industry by -2.0%. This full-year growth exceeds the government's target and is the highest growth since 1976. National Economic Development Authority (NEDA) Secretary Arsenio Balisacan attributed this to 'the resumption of face-to-face classes, the boost in the activities of small and large enterprises alike, and the resurgence of local tourism causing ripple effects towards the recovery of all the other sectors affected by the pandemic'.¹ This is also due to the fact that the country's economy comes back from a very low point as the pandemic measures were drastically lifted due to decline in COVID-19 infections, and mass vaccinations. Another factor is election spending, which typically boosts GDP during election years for the past 25 years, and the 2022 national elections was no different.²

Our disaggregated data shows that without pandemic-level movement restrictions, transportation and storage services peaked to 23.9%, accommodation and food service activities jumped to 32.1%, and other services to 28.4%. Due to these positive indications, government focused on reviving local tourism and aggressively resumed halted infrastructure projects. However, this is not the case for manufacturing, which underperformed by -4.0% primarily due to slower annual increase in the index of transport equipment.³

ANNUAL GDP GROWTH RATES IN CONSTANT 2018 PRICES: PHILIPPINES (2021-22)



While the Philippines is remarkably one of the fastest growing emerging markets in the world⁴, domestic situation is arguably challenging given 5.8% average inflation rate in 2022. Average food and non-alcoholic beverages were up by 1.7% especially towards the last quarter of 2022 where inflation ranges from 6.9%-8.1%. For instance, Philippine red onion had been touted as a luxury item with price more expensive than meat and three times more expensive than its average global price⁵ – this effect is directly felt at the household level since onions are considered regular ingredients for typical Filipino dishes. Another development is the low

¹ De Leon, S 2023, 'PH posts 7.6% GDP in 2022, highest since 1976', *Philippine Information Agency*, 26 January 2023, <<https://pia.gov.ph/news/2023/01/26/ph-posts-76-gdp-in-2022-highest-since-1976>>, accessed 9 July 2023.

² Baclig, C 2022, '2022 election spending: will it boost PH GDP amid COVID?', *Philippine Daily Inquirer*, 3 January 2022, <<https://newsinfo.inquirer.net/1535453/2022-election-spending-will-it-boost-ph-gdp-amid-covid>>, accessed 9 July 2023.

³ Cabuenas, V 2023, 'Philippine manufacturing growth slowed in December 2022', *GMA News*, 9 February 2023, <<https://www.gmanetwork.com/news/money/economy/860186/philippine-manufacturing-growth-slowed-in-december-2022/story/>>, accessed 9 July 2023.

⁴ Biswas, R 2023, 'Philippines amongst world's fastest growing emerging markets', *S&P Market Intelligence*, 10 March 2023, <<https://www.spglobal.com/marketintelligence/en/mi/research-analysis/philippines-amongst-worlds-fastest-growing-emerging-markets-mar23.html>>, accessed 9 July 2023.

⁵ Cruz, JP 2022, 'Most expensive globally: Filipinos cry over onion prices at PHP 300 per kilo', *Philippine Star*, 1 December 2022, <https://interaksyon.philstar.com/trends-spotlights/2022/12/01/236235/most-expensive-globally-filipinos-cry-over-onion-price-at-p300-per-kilo>, accessed 9 July 2023.

supply of rice despite lifting import restrictions that pushes its price upward resulting to a big chunk of average daily minimum wage income expense. The sugar crises⁶ certainly did not help ease consumer expenses on basic commodities on top of fluctuations in oil prices. Filipino consumers likewise felt the 3.9% increase in housing, water, electricity, gas, and other fuels, and 3.6% increase in transport costs. As of 1Q 2023, these surge in prices of basic commodities have resulted to an average inflation of 7.9% already, with prospects not entirely easing at least in succeeding quarters.

In terms of employment, the resumption of economic activities contributed to more establishments absorbing their temporary laid-off workers, which resulted to a pre-pandemic unemployment rate of 5.4% (about 2.4 million people). Notably, the National Capital Region (NCR) has the highest unemployment rate at 7.2%, which is expected since most workers are concentrated in this region for employment prospects. About 6.68 million workers are considered underemployed, who aspired to get additional jobs due to high inflation. On the other hand, about 10 million Filipinos who live and work abroad, have consistently increased remittances despite global slowdown contributing approximately USD 32 billion in 2022.

External debt to GDP ratio of the Philippines is at 27.5% or approximately USD 111 billion in 2022 mostly coming from bonds (USD 41 billion), multilateral institutions (USD 31.5 billion), and bilateral loans from Japan (USD 8.4 billion), China (USD 2.1 billion), and France (USD 889 million). Moreover, most of these loans or grants are directed towards infrastructure projects for which the government itself has allocated about 5-6% of its GDP since Aquino III (2010-2016) presidency.

At the helm of these various challenges is the newly elected President Ferdinand Marcos Jr. who took office at noon of 30th June 2022, and has laid his economic priorities during his first state of the nation address, which include (a) accelerating reopening of travel and economy, (b) provide legal and regulatory support for public-private partnerships, (c) implement the 'Build Better More' infrastructure programs of the government following the 'Build, build, build' programme of former President Duterte, (d) improve efficiency and collection of taxes, and targeted spending to narrow budget deficit, (e) transparent governance, (f) set-up national broadbands and improve internet connectivity, (g) reduce bureaucracy to boost local power generation capacity, (h) upskill workforce and digital education to improve employability, (i) establish a National Centre for Communicable Disease Control and Prevention for improved analytics and better healthcare coverage for low-income Filipinos, and (j) increase productivity in agriculture.⁷ The present administration gives special attention to agriculture, which the President himself currently heads, in order to avert food crises and lessening the effect of inflation particularly for farmers and fisherfolks.

As of 25 May 2023, the House of Representatives passed 31 out of 42 priority legislation of the present administration with some of the most critical ones (pending for several administrations) include the following:

- i. 2023-2052 National Infrastructure Program (also refer to energy, water resources, information and technology, agri-fisheries, food and logistics);
- ii. National land use act;
- iii. SIM registration act;
- iv. Condonement of unpaid loans obtained by thousands of agrarian reform beneficiaries together with their penalties;
- v. Maharlika Investment or Sovereign Fund;
- vi. Department of Water Services and Resources, etc.

The present administration is one year in office, and most of these proposed measures are at various stages of enactment.

⁶ Cabuenas, J 2022, 'Sugar prices surge past PHP 100/kilo in Metro Manila markets', *GMA News*, 2 October 2022, <<https://www.gmanetwork.com/news/money/economy/846751/sugar-prices-surge-past-p100-kilo-in-metro-manila-markets/story/>>, accessed 9 July 2023.

⁷ See the president's economic priorities here: <<https://pbpm.com.ph/priorities/>>, accessed 9 July 2023.

2 PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES

Aside from national reopening of all sectors, the present administration continues to build more infrastructure projects under public financing and private-public partnerships. Through NEDA, the government approved the Infrastructure Flagship Projects (IFPs) under the 'Build Better More' program⁸. The IFP list consists of 194 projects, which included IFPs from the Duterte administration, major infrastructure plans under the Public Investment Program 2023-28⁹ and the Three-Year Rolling Infrastructure Program (TRIP),¹⁰ and the list of PPPs.

IFPs by sector

Sector	Project Count	Percent Share by Count (in %)	Indicative Cost (in PHP B)	Percent Share by Cost (in %)
Physical Connectivity	119	61.34	6,899.53	83.12
Water Resources	44	22.68	679.42	8.18
Agriculture	14	7.22	355.62	4.28
Health	6	3.09	198.06	2.39
Digital Connectivity	5	2.58	115.05	1.39
Other Infrastructure	5	2.58	43.04	0.52
Power and Energy	1	0.52	10.19	0.12
Total	194	100.00	8,300.91	100.00

Distribution of IFPs by status

Status/Milestone	Project Count	Percent Share by Count (in %)	Indicative Cost (in PHP B)	Percent Share by Cost (in %)
Ongoing	68	35.05	3,366.38	40.55
Approved for implementation	25	12.89	1,242.60	14.97
For government approval	9	4.64	265.75	3.20
Under project preparation	52	26.80	1,994.62	24.03
Pre-project preparation	40	20.62	1,431.56	17.25
Total	194	100.00	8,300.91	100.00

As these projects are currently in the pipeline, the Swiss Embassy in Manila in collaboration with Switzerland Global Enterprises published **Business Opportunity Reports** on (a) digital health, (b) rail, (c) renewable energy, (d) financial technology, and (e) electronic commerce.¹¹

A. Business Opportunities in Digital Health. A distinctive characteristic of the country's digital health market is the popularity of wearable devices particularly smartwatches and fitness trackers aside from the lack of doctors in proportion to its population and geographical location. The application of robotic solutions has witnessed similar growth

⁸ See briefing notes on infrastructure flagship projects under the Build Better More, <<https://www.bsp.gov.ph/Pages/Briefer%20on%20the%20IFPs.pdf>>, accessed 19 July 2023.

⁹ See Public Investment Program (PIP) of the Philippine government, <<https://neda.gov.ph/public-investment-programs/>>, accessed 19 July 2023.

¹⁰ See DBM and NEDA Joint Circular No 2016-01, <<https://pipol.neda.gov.ph/storage/tripguidelines.pdf>>, accessed 19 July 2023.

¹¹ See published copies at <https://www.s-ge.com/en/non-sbh>

as well especially during the pandemic to help minimise human-to-human interaction in the hospitals and quarantine facilities. Some of the key opportunities include:

- i. Swiss companies supplying cancer-related digital equipment;
- ii. Solutions related to augment healthcare personnel such as the use of robots and drones;
- iii. Mobile health applications and health insurance products;
- iv. Wearable equipment and gadgets;
- v. Solutions related to develop e-health architecture big data, and data management; etc.

B. Business Opportunities in Rail Transport. The present administration has embarked on various infrastructure projects including rail. For Swiss companies, it may aid in training and improving the quality of human capital needs for operation and maintenance of the railway systems, participation in the project components of the Mindanao Railway System and other lines that are about to be created/on-going rail projects in Luzon and Visayas.

C. Business Opportunities in Renewable Energy. With a high renewable energy capacity, the Philippines planned to achieve 15.3GW of RE by 2030 focusing on solar, wind, biomass, hydropower, and geothermal. Swiss companies may invest directly in any of those sectors since incentives are available; participate in indirect financial tools like green bonds and loans; and provide expertise towards technology transfer.

D. Business Opportunities in Financial Technology. This sector has plenty of room for development due to confluence of various factors such as the fast-growing use of mobile banking, enabling regulatory environment, and high number of unbanked and financially underserved Filipinos, which is about 70% of the adult population. The Bangko Sentral ng Pilipinas (Central Bank of the Philippines) is a crucial enabler of this growth, and it has recently launched its Digital Payment Transformation Roadmap 2020-23, which targets to increase the country's adoption of digital financial services. Some opportunities for Swiss companies may include:

- i. Collaboration with banks in accelerating their digitalisation efforts and increasing their allocation of funds for IT-related expenditures;
- ii. Solutions and services related to digital payments and remittances to increase financial inclusion to at least majority of the population;
- iii. Alternative financing particularly for those segments of population that are unable to secure bank loans due to complicated application and approval processes;
- iv. Virtual assets (e.g., cryptocurrencies and play-to-earn gaming schemes)
- v. Cybersecurity solutions and services.

E. Business Opportunities in Electronic Commerce. E-commerce is a rapidly growing sector for the Philippines as highlighted during the pandemic. The Department of Trade and Industry (DTI) intends to increase the number of e-commerce businesses from 500,000 in 2020 to one million by 2022. It has also published the country's E-Commerce Roadmap that aims to promote e-commerce adoption among SMEs. Some highlights of this report include:

- i. Swiss companies could take advantage of the country's shift towards e-commerce to access the market, sell their products, and communicate directly with potential local buyers through e-commerce platforms;
- ii. Increase in e-commerce spending has been noted across multiple product categories. Swiss companies should take note that the strongest growths are expected to be realised by the food and fashion segments;
- iii. Solutions and services in expanding e-payment infrastructure; etc.

3 FOREIGN ECONOMIC POLICY

The Philippine Central Bank and private sector associations have been active in promoting digitalization initiatives. Both sectors have been attending the annual gathering of industry and government players on fintech, crypto assets, and blockchain technology at the Point Zero Forum in Zurich and the Singapore Fintech Festival. The Swiss Federal Finance Administration and the Monetary Authority of Singapore have some of the most innovative digital regulatory frameworks globally recognized, and the City of Zug is known as Crypto Valley as it hosts several companies in the development and application of blockchain technology. Hence, Swiss companies have potential to collaborate with Filipino tech firms in these areas especially so that the Philippines have improved two spots from its previous ranking (56th out of 64 countries) in terms of digital competitiveness in the IMD World Competitiveness Index.¹²

However, the same ranking has rated the Philippines weak in terms of business efficiency (39th to 40th), infrastructure (57th to 58th), and government efficiency (48th to 52nd). Some challenges cited include strengthening social protection and healthcare systems, addressing learning gaps to improve local education system, investment in sustainable infrastructure to reduce climate change, and reinforcing efficient public management strategies to support fiscal responsibility. Of the key attractive indicators, skilled workforce received the highest rating at 90.8% followed by open and positive attitudes (65.4%), and dynamism of the economy (60.8%).

3.1 Host country's policy and priorities

Due to the challenges above, some economic reforms have been instituted to advance a sustained economic development of the country- most of which affect foreign players as the Philippines seems to be more aggressive in attracting foreign direct investments. For instance, the lower house of Congress stated that it passed 31 out of 42 priority bills under the present administration. Some of which include the 2023-53 National Infrastructure Program, which not only cover roads, bridges, and highways but also water, energy, agro-fisheries, among others, the National Land Use Act to institutionalise land use policy, E-Government Act, National Disease Prevention Management Authority, and E-Commerce Act.¹³

Despite several controversies, the sovereign fund (Maharlika Investment Fund¹⁴) was signed into law by President Marcos recently under Republic Act 11954. The MIF is meant to support financing requirements of the 194 flagship infrastructure projects.

Moreover, the Legislative Economic Development Council (LEDAC) has identified specific measures¹⁵ for institutional reforms and some economic bills to be pursued are:

- amendments to the Build-Operate-Transfer Law/ Public-Private Partnership bill;
- Internet Transactions Act/E-Commerce Law
- Revitalizing the Salt Industry
- Tax Reform Package 3: Valuation Reform and Tax Reform Package 4: Passive Income and Financial Intermediary Taxation Act (PIFITA)
- E-Government/E-Governance Act
- Waste-to-Energy bill
- Amendments to the Electric Power Industry Reform Act (EPIRA)

¹² See the 2023 IMD World Competitiveness Index at <<https://worldcompetitiveness.imd.org/countryprofile/PH/wcy/#attractiveness>>, accessed 19 July 2023.

¹³ See press release by the House of Representatives, <<https://www.congress.gov.ph/press/details.php?pressid=12516>>, accessed 19 July 2023.

¹⁴ Mateo, J & Romero, A 2023, 'Marcos signs Maharlika Investment Fund bill into law', 19 July 2023, *Philippine Star*, <<https://www.philstar.com/headlines/2023/07/19/2282096/marcos-signs-maharlika-investment-fund-bill-law>>, accessed 19 July 2023.

¹⁵ See complete list of LEDAC priorities at <http://ledac.neda.gov.ph/wp-content/uploads/2023/05/List-of-LEDAC-CLA-19th-Congress_asofMarch2023.pdf>, accessed 19 July 2023.

3.2 Outlook for Switzerland (potential for discrimination or comparative advantage)

Swiss companies may take advantage of the on-going projects cited above either through direct bidding or third-party suppliers of products and services particularly in the field of digital trade, e-commerce, renewables, railway transport systems, and financial technology solutions.

4 FOREIGN TRADE

4.1 Developments and general outlook

As more countries focused on various recovery measures to regain pre-pandemic growth levels (or more), it is expected that trade will gradually increase and general outlook turns positive save other external geopolitical factors like the war in Ukraine, which continues to disturb food and energy prices in Europe and elsewhere, and the stability in Taiwan strait and South China Sea as this is closer to the Philippines.

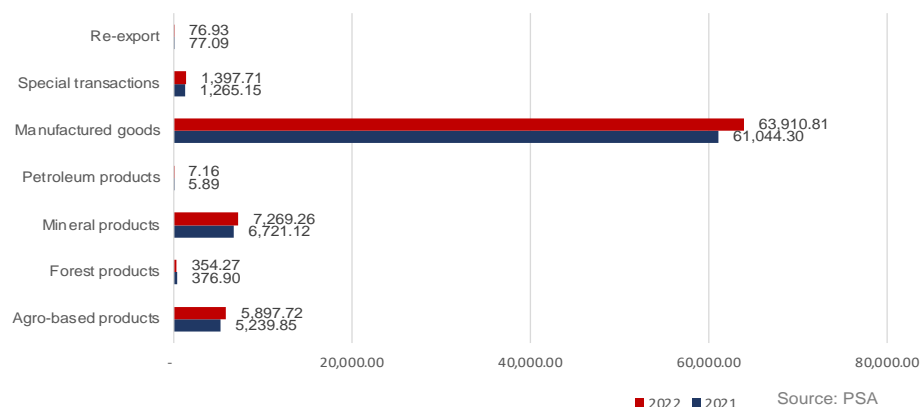
4.1.1 Trade in goods

Philippine exports rose by 5.6% from USD 74.6 billion in 2021 to USD 78.8 billion in 2022 -bulk of this exports were manufactured goods accounting for USD 63.9 billion, followed by mineral products (USD 7.3 billion) and agro-based products (USD 5.9 billion).

Within manufactured goods, top product classification exported were electronics, which grew by 7.2% from USD 42.5 billion to USD 45.6 billion, followed by others with USD 5.2 billion, other electronics with USD 3.5 billion, and machinery and transport equipment with USD 2.3 billion.

Top three electronic products were semiconductors (components/device) with USD 35.4 billion (+13.6%), electronic data processing with USD 6.0 billion (-17.4%), and consumer electronics with USD 966.4 million (-7.1%). Highest growth was recorded by telecommunication with 31.4% increase in 2022.

Philippine Exports by Major Type of Goods in Million USD (2021-22)



In terms of import performance, the Philippines recorded a growth of 17.3% from USD 166.9 billion to USD 137.2 billion in 2022; majority of which were raw materials and intermediate goods (USD 52.4 billion) such as chemical (USD 14.2 billion), manufactured goods (USD 15.6 billion), and materials/accessories for the manufacture of electronic equipment (USD 11.9 billion). Mineral fuels, lubricants, and related materials got the highest percentage increase by 74.6% amounting to USD 23.8 billion from USD 13.6 billion in 2021.

Hence, the country's trade deficit widened by 38% to USD 58.3 billion, which is double that of the previous year.

4.2 Bilateral trade

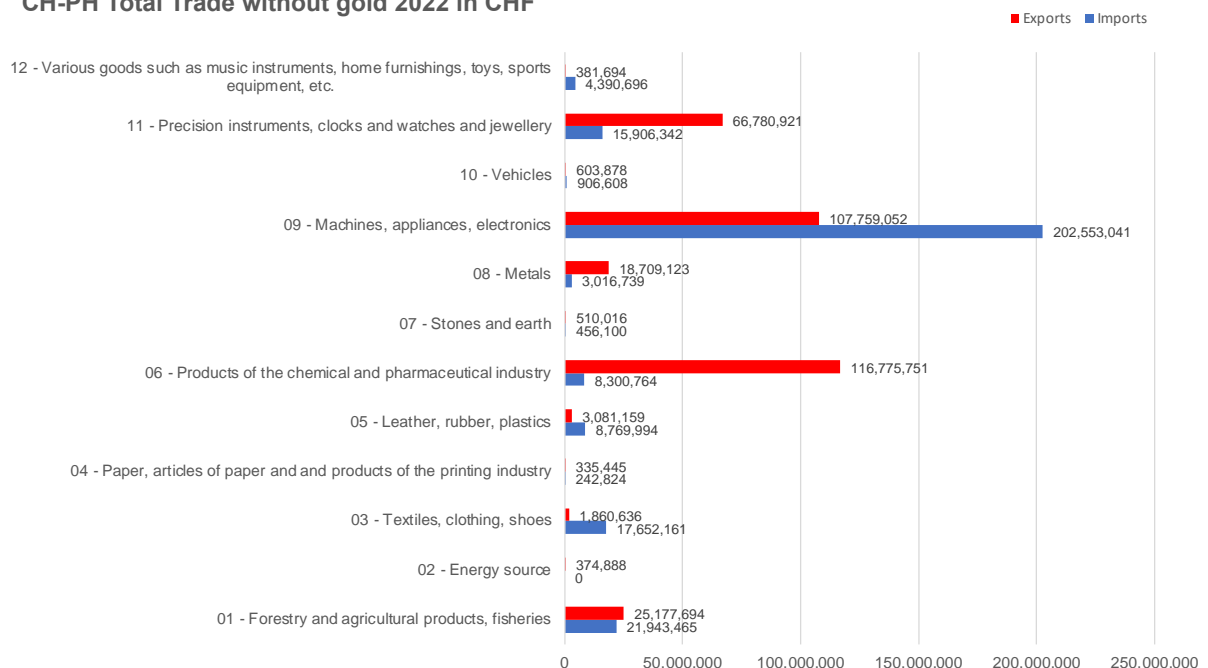
4.2.1 Trade in goods

Data from the Swiss Federal Customs revealed total bilateral trade in goods between Switzerland and the Philippines increased by 16% from CHF 540.2 million in 2021 to CHF 626.5 million in 2022.¹⁶ This is a strong indication of the resumed commercial activities between the two countries post-pandemic scenario. Note however that if we include gold bars and other precious metals, coins, precious stones, and gems as well as works of arts and antiques, total trade between the two countries is CHF 4.0 billion, which is 313% increase from CHF 957.7 million in 2021.¹⁷

Swiss imports from the Philippines grew by 22.4% from CHF 232.0 million in 2021 to CHF 284.1 million in 2022. Top 5 importations include machines, appliances, and electronics with CHF 202.6 million followed by forestry and agricultural products and fisheries with CHF 21.9 million, then textiles, clothing, and shoes with CHF 17.7 million. Fourth and fifth largest import products were precision instruments, clocks and watches, and jewellery with CHF 15.9 million, and leather, rubber, and plastics with CHF 8.8 million.

On Swiss exports to the Philippines, it expanded by 11.1% from CHF 308.2 million to CHF 342.4 million. Top exported were products of the chemical and pharmaceutical industry amounting to CHF 116.8 million followed by machines, appliances, and electronics with CHF 107.8 million, and precision instruments, clocks and watches, and jewellery with CHF 66.8 million. Forestry and agricultural products ranked fourth with CHF 25.2 million, and fifth were metal products with CHF 18.7 million.

CH-PH Total Trade without gold 2022 in CHF



¹⁶ Total trade is without gold bars and other precious metals, coins, precious stones and gems as well as works of arts and antiques. For more information, see Federal Office for Customs and Border Security, <<https://www.gate.ezv.admin.ch/swissimpex/>>, accessed 23 July 2023.

¹⁷ About CHF 3.6 billion of this is Swiss imports from Philippines (PH export to Switzerland).

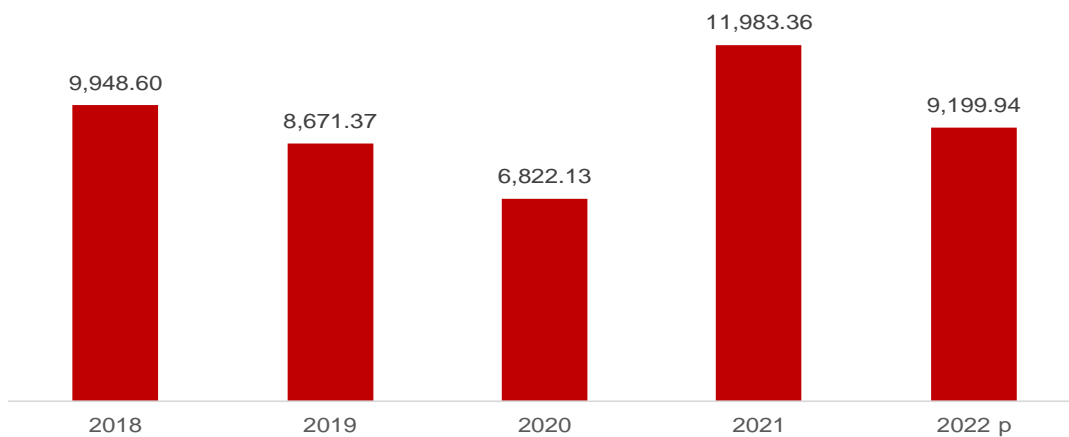
5 DIRECT INVESTMENTS

5.1 Developments and general outlook

Net foreign direct investments (FDI) of the Philippines contracted by 23% from USD 12.0 billion in 2021 to USD 9.2 billion in 2022. Bangko Sentral ng Pilipinas (BSP) explained that this is due to 'extended global slowdown and high inflation, which adversely affect investor decisions'.¹⁸ Most of which came from debt instruments at USD 6.3 billion, equities other than reinvestment of earnings at USD 1.7 billion, and reinvestment of earnings at USD 1.2 billion, whereas manufacturing and quarrying accounted only for about USD 752.6 million.¹⁹

Top five FDI sources of the Philippines are Japan with USD 598.0 million, Singapore with USD 491.5 million, United States with USD 250.4 million, Malaysia with USD 108.7 million, and Germany with USD 67.0 million. Meanwhile, FDI from China is USD 15.7 million and Hong Kong and Taiwan ROC recorded USD 20.5 million and USD 24.8 million respectively.²⁰

Philippines' Net FDI 2018-22 (in million USD)



Source: BSP

5.2 Bilateral investment

Swiss FDI to the Philippines is up by 233.7% resulting to USD 20.0 million in 2022 from USD 5.98 million in 2021, which makes Switzerland as the third's largest investor from Europe.²¹

Meanwhile, the Swiss National Bank showed a 25.2% increase in capital stocks to CHF 2.9 billion in 2021 from CHF 2.4 billion in 2020.²²

¹⁸ Domingo, R 2023, 'Philippines' foreign direct investment inflows shrank by 23% to \$ 9.2 billion in 2022', 10 March 2023, *Philippine Daily Inquirer*, < <https://business.inquirer.net/390300/philippines-foreign-direct-investment-inflows-shrank-by-23-to-9-2-b-in-2022#>>, accessed 23 July 2023

¹⁹ Net Foreign Direct Investments (BPM6 concept) by Industry, Bangko Sentral ng Pilipinas, < <https://www.bsp.gov.ph/statistics/external/Table%2009.pdf> > accessed 23 July 2023.

²⁰ Net Foreign Direct Investments (BPM6 concept) by Country, Bangko Sentral ng Pilipinas, < <https://www.bsp.gov.ph/Statistics/External/Table%2010.pdf> > accessed 23 July 2023.

²¹ First is Germany (USD 67 million) and second is United Kingdom (USD 26 million).

²² See Swiss National Bank statistics (capital stocks by country and country group), < [https://data.snb.ch/en/topics/aube/cube/fdiausbla?fromDate=2017&toDate=2021&dimSel=d0\(PH\)](https://data.snb.ch/en/topics/aube/cube/fdiausbla?fromDate=2017&toDate=2021&dimSel=d0(PH))>, accessed 23 July 2023

6 ECONOMIC AND TOURISM PROMOTION

6.1 Swiss foreign economic promotion instruments

The Swiss Embassy is an active agent, unrelenting in spearheading events that foster Swiss economic and tourism prospects. This involvement stems from its robust alliances with various government offices, non-profit organizations, and private sector institutions of the Philippines.

The Economic Section within the Embassy acts as a vital support system for Swiss enterprises seeking to penetrate the Philippine market. By offering regulatory counsel and representation, performing exhaustive market research, smoothing trade processes, and providing comprehensive assistance, the Section bolsters MSMEs and budding businesses in their pursuit of economic growth.

To explore and seize novel opportunities within the Philippines, the Embassy engages in persistent communication with the Swiss representatives at the Asian Development Bank. This coordinated effort aims to uncover fresh possibilities and partnerships across a variety of sectors including railway infrastructure, renewable energy, and financial technology.

In strengthening economic structures and reinforcing the business presence in both nations, the Swiss Embassy partners strategically with the Swiss Chamber of Commerce of the Philippines (SwissCham Philippines) and the European Chamber of Commerce of the Philippines (ECCP). Our partnership with SwissCham Philippines cut across various initiatives as we cater to the same Swiss business community. SwissCham Philippines has also renewed its Service Performance Agreement (SPA) with Switzerland Global Enterprise (S-GE). This pact empowers Swiss corporations to access the expertise of SwissCham members, partake in business networking undertakings, and champion industry advocacies. S-GE has also published multiple studies pinpointing business opportunities within the Philippines, ranging from e-commerce and digital health to railway transport, renewable energy, and financial technology.

The Embassy keeps a close eye on the State Secretariat for Economic Affairs (SECO)'s projects in the Philippines, such as the Global Quality and Standards Programme (GQSP) and the Sustainability Reporting for Responsible Business (SRRB) program. While the former assists the country in producing medical personal protective equipment (PPEs), the latter, in conjunction with the Global Reporting Initiative (GRI), advances sustainability reporting for export enterprises. The Embassy was instrumental in establishing a Memorandum of Agreement (MOA) with the Philippine Economic Zone Authority (PEZA) to bolster the development of such reporting. In 2021, about 39 Swiss companies were registered in PEZA.

6.2 The host country's interest in Switzerland

The Philippines, aiming to widen its economic and trade interests, places high value on gaining preferential treatment and market access to Europe. This is primarily pursued through the European Union's Generalised Scheme of Preferences (EU GSP+) and the Philippines-European Free Trade Association Free Trade Agreement (PH-EFTA FTA). With bilateral FTAs currently limited to Japan and EFTA, Switzerland, as a member of EFTA, is a significant trade partner for the Philippines. Further underlining its commitment to expand trade ties, the Philippines has established trade offices in Geneva within the World Trade Organization, which currently covers as well commercial and economic initiatives undertaken by the Philippine Embassy in Bern, Switzerland.

ANNEX 1 – Economic structure

Economic structure of the Philippines

Gross Domestic Product (2017, 2022), % Share to GP at Current Prices

Industry	2017	2022
Agriculture, forestry, and fishing	10.2	9.5
Industry	30.1	29.2
01. Mining and quarrying	0.9	1.3
02. Manufacturing	19.5	17.2
03. Electricity, steam, water and waste management	3.1	3.4
04. Construction	6.7	7.3
Services	59.7	61.2
01. Wholesale and retail trade; repair of motor vehicles and motorcycles	17.7	18.1
02. Transportation and storage	3.8	3.7
03. Accommodation and food service activities	2.1	1.8
04. Information and communication	3.0	3.2
05. Financial and insurance activities	8.0	10.1
06. Real estate and ownership of dwellings	6.5	5.7
07. Professional and business services	6.7	6.1
08. Public administration and defense; compulsory social activities	3.9	5.1
09. Education	3.9	4.0
10. Human health and social work activities	1.7	1.9
11. Other services	2.3	1.7
Gross Domestic Product	100.0	100.0

Source(s): Philippine Statistics Authority, Annual National Accounts Linked Series 2020-21 at Current Prices, <<https://psa.gov.ph/national-accounts/base-2018/data-series>>, accessed 23 July 2023.

Sector/Occupation/Class of Worker	January 2022 ^f	October 2022 ^p	December 2022 ^p	January 2023 ^p
EMPLOYED PERSONS Number (in thousands)	43,266	47,105	49,002	47,352
SECTOR	100.0	100.0	100.0	100.0
Agriculture	21.7	22.5	24.0	22.2
Industry	19.4	18.3	17.1	17.1
Services	58.9	59.2	58.9	60.7

Source(s): Philippine Statistics Authority, Employed Persons by Sector, <<https://psa.gov.ph/statistics/survey/labor-and-employment/labor-force-survey/table>>, accessed 23 July 2023.

ANNEX 2 – Main economic data

Philippines' main economic data

	2021	2022	2023
GDP (USD bn)*	394.09	404.26	440.9
GDP per capita (USD)*	3, 580	3, 620	3,910
Growth rate (% of GDP)*	5.7	7.6	6
Inflation rate (%)*	3.9	5.8	6.3
Unemployment rate (%)*	7.8	5.4	5.3
Fiscal balance (% of GDP)*	-8.6	-7.6	-6.1
Current account balance (% of GDP)*	-1.5	-4.4	-2.5
Total external debt (% of GDP)***	27.0	27.5	29.0
Debt-service ratio (% of exports)***	2.3	2.1	1.3
Gross Reserves (USD bn)**	108.8	96.2	105.4

* Source: IMF, World Economic Outlook (indicate the month and year of publication)

- www.imf.org/external/pubs/ft/weo

** Source: IMF, Article IV Consultation (or host country statistics) [indicate the date of the Art. IV Consultation report]

- www.imf.org/external/country/index.htm
- IMF Country Report No. 22/369, December 2022
< <https://www.imf.org/en/Publications/CR/Issues/2022/12/15/Philippines-2022-Article-IV-Consultation-Press-Release-and-Staff-Report-526983>>, accessed 23 July 2023.

*** Source: Bangko Sentral ng Pilipinas (BSP)

- Selected External Debt Ratios
<https://www.bsp.gov.ph/Statistics/External/Table%2006.pdf?>, accessed 23 July 2023

ANNEX 3 – Trade partners

Trade partners of the host country Year: 2022

Country	Exports (FOB in USD mil)	Share %	Growth Rate %	Country	Imports (FOB in USD mil)	Share %	Growth Rate %
1 USA	12,341.71	15.7	4.2	1 China PRC	28,203.50	20.6	5.2
2 Japan	11,128.55	14.1	3.8	2 Indonesia	13,182.70	9.6	56.1
3 China PRC	10,965.04	13.9	-5.1	3 Japan	12,349.70	9.0	11.2
4 Hong Kong	10,477.22	13.3	5.5	4 USA	8,912.68	6.5	15.0
5 Singapore	4,908.76	6.2	17.0	5 S. Korea	12,316.41	9.0	31.7
6 Thailand	3,374.30	4.3	-2.2	6 Thailand	7,331.88	5.3	5.5
7 S. Korea	3,126.76	4.0	21.5	7 Singapore	8,115.38	5.9	16.8
8 Taiwan	2,964.31	3.8	17.4	8 Taiwan	6,799.00	5.0	18.0
9 Netherlands	2,941.01	3.7	30.5	9 Malaysia	6,378.24	4.7	20.2
10 Germany	2,778.68	3.5	-5.4	10 Australia	2,804.24	2.0	75.4
11 Malaysia	2,443.50	3.1	29.1	11 Vietnam	4,460.42	3.3	6.3
12 Vietnam	1,722.31	2.2	5.1	12 Hong Kong	3,100.90	2.3	-5.1
13 Mexico	856.85	1.1	20.7	13 Saudi Arabia	2,125.17	1.5	41.6
14 Indonesia	725.82	0.9	-16.4	14 India	2,100.86	1.5	-6.6
15 India	719.27	0.9	-2.2	15 Germany	1,930.81	1.4	-5.7
16 Canada	599.70	0.8	22.1	16 UAE	1,533.39	1.1	104.9
17 Australia	556.35	0.7	4.8	17 Kuwait	203.37	0.1	352.4
18 Switzerland	554.97	0.7	5.1	18 Brazil	1,461.72	1.1	24.4
19 UK	542.56	0.7	14.2	19 Italy	976.42	0.7	17.3
20 Ireland	278.82	0.4	6.1	20 Argentina	573.48	0.4	71.8
21 Others	4,830.45	6.1	6.8	21 Others	12,294.74	9.0	17.4
TOTAL EXPORTS	78,836.93	100	5.6	TOTAL IMPORTS	137,155.01	100	17.3

Source(s): See Tables 8 and 15 of PSA statistical tables for December 2022 IMTS, <https://psa.gov.ph/statistics/foreign-trade/fts-table-id/168720>, accessed 23 July 2023

ANNEX 4 – Bilateral trade

Bilateral trade between Switzerland and the Philippines

	Export (CHF million)	<i>Change (%)</i>	Import (CHF million)	<i>Change (%)</i>	Balance (in million)	Volume (in million)
2017	322.4	-12	199.7	14.6	122.3	522.1
2018	343.3	6.6	216.8	8.3	126.5	560.1
2019	328.5	-4.3	241.0	11.4	87.5	569.5
2020	295.0	-10.2	206.5	-14.3	88.5	501.5
2021 <i>(Total 1)*</i>	308.1	4.4	232.1	12.4	76.0	540.2
2022 (I-VI)**	342.4	11.1	284.1	22.4	58.3	626.5

*) 'Economic' total (total 1): not including gold bars and other precious metals, currencies, precious stones and gems, works of art and antiques

***) Change (%) from the previous year

Exports	2021 (% of total)	2022 (% of total)
1. Products of the chemical & pharmaceutical industry	36.8	34.1
2. Machines, appliances, electronics	30.5	31.5
3. Precision instruments, clocks & watches, jewellery	20.6	19.5
4. Forestry & agricultural products, fisheries	6.4	7.4

Imports	2021 (% of total)	2022 (% of total)
1. Machines, appliances, electronics	66.4	71.3
2. Precision instruments, clocks & watches, jewellery	7.7	5.6
3. Textiles, clothing, shoes	7.6	6.2
4. Leather, rubber, plastics	7.2	3.1

Source: Federal Office for Customs and Border Security

<https://www.gate.ezv.admin.ch/swissimpex/> accessed 23 July 2023.

ANNEX 5 – Main investing countries

Main investing countries in the Philippines

Year: 2022

Rank	Country	Direct investment 2022 (USD, stock)	Share	Variation (stock)	Inflows over past year 2021 (USD)
1	Japan	597.98	35.06	0.67	597.31
2	Singapore	491.45	28.81	-2,057.69	2,549.14
3	USA	250.39	14.68	98.74	151.65
4	Malaysia	108.65	6.37	90.7	17.95
5	Germany	66.90	3.92	30.49	36.41
6	Kuwait	38.34	2.25	38.31	-0.03
7	UK	26.00	1.52	8.96	17.04
8	Russia	25.43	1.49	25.22	0.21
9	Hong Kong	24.84	1.46	-41.44	66.28
10	Taiwan	21.18	1.24	-29.29	50.47
...	EU	28.82	1.69	92.5	-121.32
11	<i>Switzerland</i>	19.97	1.17	13.99	5.98
	Total	9,199.94	100%	-2,783.42	11,983.36

Source(s): Bangko Sentral ng Pilipinas, Net Foreign Direct Investment Flows (BPM6),
<https://www.bsp.gov.ph/Statistics/External/Table%2010.pdf?>, accessed 23 July 2023