

THE PHILIPPINES

Asia's roaring investment hub

The US-Philippine relationship that encompasses close cultural, security and economic ties has become substantially stronger in the last two years

The US's multifaceted alliance with the Philippines is its oldest in the Indo-Pacific region and the close relationship has been gaining in strength under Ferdinand Marcos Jr.'s administration. Since he was elected president in 2022, there has been "a steady drumbeat of very high-level engagements between our countries that are covering the full range of issues and opportunities that bring us together," noted Secretary Antony J. Blinken while on a trip to Manila in July 2024.

The US controlled the country from 1898 until it became independent in 1946. As a result of that history, its population of 119 million speaks English and the nations share deep cultural and personal ties. Nearly 700,000 US citizens live in the archipelago, while over 4 million Filipino Americans are in the US, with Philippine citizens working there transferring \$15.2 billion back to their home nation in 2023.

Defense is another longstanding and increasing area of collaboration, as the Philippines is a crucial partner for the US in maintaining the region's stability and ensuring freedom of navigation in the South China Sea, one of the world's busiest maritime routes.

Immense potential for investments

In addition, the US is working to boost trade and investment links with a country boasting a thriving economy that expanded by 5.6% in 2023. "We are one of the fastest-growing economies in the world, we are committed to fostering and continuing this momentum ... Investment pledges have also soared, reflecting a healthy pipeline of inward foreign direct investment," revealed Marcos in May 2024 at the Indo-Pacific Business Forum (IPBF), the US government's annual commercial event for the region, which was held in Manila this year.

The two countries shared an estimated \$34.9 billion in goods and services trade in 2023, with two notable Philippine export sectors being business process outsourcing and electronics. For example, the nation is responsible for 20% of global assembly, testing and packaging of semiconductors. Exporters benefit from free trade agreements, such as the US's Generalized System of Preferences and membership of the Association of Southeast Asian Nations. "The Philippines occupies a strategic position in the Indo-Pacific," Marcos said at IPBF. "With this region accounting for over one-third of global economic activity, this presents immense opportunities."

US businesses also make up one of the largest foreign investor bases in the Philippines. Hundreds of American companies are operating in the country and the number keeps rising: during a trade delegation led by Commerce Secretary



President Joe Biden and President Ferdinand Marcos Jr. at the White House in May 2023



Ferdinand Marcos Jr.
President of The Philippines

Gina Raimondo in March 2024, over \$1 billion in investment commitments were recorded.

Marcos' goal is for the country to be a hub for smart and sustainable manufacturin and services with a strong position in global value chains. The US government is a robust supporter of that. For instance, in April 2024, President Biden, President Marcos and Japan's Prime Minister Kishida

met in Washington for a US-Japan-Philippines trilateral summit. Among the main agenda items were expanding economic ties with the Philippines in the semiconductor supply chain, telecommunications and green energy.

Biden also announced the development of a major economic corridor on the island of Luzon as part of the G7's Partnership for Global Infrastructure and Investment. "It means more investment in sectors critical to our future: clean energy, ports, railroads, agriculture and much more," he said. Most of the Philippines' export, manufacturing and high-tech industries are based on the archipelago's biggest island and the corridor's upgraded infrastructure will make the country a regional center for agribusiness and logistics.

The Marcos government's wider \$160-billion Build Better More infrastructure program encompasses 185 flagship initiatives across the whole country, many connected to transport, digital and energy infrastructure. "We invite foreign investors to participate in this endeavor through public-private partnerships, engineering, procurement and construction contracts, and for feasibility studies," he said.

To encourage investments into these and other opportunities the government has established a sovereign wealth fund; a new public-private partnership code; legislation that makes it eas-

ier to do business, streamlines investments and enhances incentives; and it has opened up sectors like renewables to foreign ownership. "Our renewable energy potential, with over 491,821 megawatts from sources like geothermal, hydro-power, solar and wind, is ready to be harnessed," Marcos affirmed. The US has also made it simpler for its companies to invest in the country, with both the International Development Finance Corporation and the US Trade and Development Agency setting up offices in Manila.

FERDINAND MARCOS JR.
PRESIDENT

"We are one of the fastest-growing economies in the world, we are committed to fostering and continuing this momentum."

"We are continuing to formulate transformative reforms to ensure a conducive business environment, cultivate a skilled and competitive workforce, and drive industrial transformation," Marcos told potential investors at IPBF. "We extend our hand in partnership and stand ready to provide any assistance that you may require."

An immersive tropical paradise for tourists

Beyond being the world's top beach and diving destination, the Philippines offers diverse natural, cultural and historic experiences

The Philippines is a premier tourist destination for its multi-awarded beaches, diving spots, and a rich blend of natural, cultural and historical experiences. Manila, the nation's capital, was recently honored as Asia's leading city for tourism, while the country received distinctions as the world's best beach and dive destination at the World Travel Awards and Asia's best cruise destination at the World Cruise Awards.

In 2023, the country welcomed 5.45 million visitors, contributing \$8.6 billion to the economy, with tourism accounting for 8.6% of the country's gross domestic product. By August 2024, 4.08 million tourists had visited, generating \$6.5 billion. US travelers, who made up 16.57% of visitors last year, are particularly drawn to the Philippines due to cultural ties and the nation's strong English proficiency. Department of Tourism (DOT) Secretary Christina Garcia Frasco sees the country on the path to becoming a tourism powerhouse in Asia. "The Philippines offers more than just scenic vacations. Visitors get to savor our local flavors, engage with our vibrant communities and witness cultural performances that have been passed down through generations. As a country, we are determined to offer every visitor an experience that reflects the soul of the Philippines — genuine, captivating and undeniably world-class," she says.

As one of only 18 mega-biodiverse nations in the world, the Philippines' sprawling topography of 7,641 islands is home to 500 species of hard corals, 10 families of soft corals and 2,300 fish species. Apart from its thriving marine ecosystem and globally recognized dive sites — there are 526 in the Philippines, where 229 are reef dives, 195 are ocean dives and 102 are wall dives — the country showcases endless wonders through its



Christina Garcia Frasco
Tourism Secretary

mountains, rainforests, beaches, surf breaks and historical sites.

In Luzon, travelers can explore historical gems such as the centuries-old Binondo Chinatown and the Spanish-era Intramuros district, home to landmarks like Fort Santiago, San Agustin Church and Casa Manila. Ilocos draws visitors to the Baroque Paoay Church, the Malacañang of the North, and the Bangui windmills, while the UNESCO World Heritage City of Vigan is a glimpse into the 16th century with its cobblestone streets and well-preserved colonial architecture. To the southwest, Palawan is famous for its UNESCO-listed Puerto Princesa Underground River, Coron Reefs and the ancient Tabon Caves, which hosted evidence of life from 24,000 years ago.

In the Visayas, Boracay is famed for its pow-



The Intramuros district in Manila is home to Spanish-era landmarks

dery white sand, turquoise waters and vibrant nightlife. Recognized as the World's Best Island by Condé Nast Traveler in 2018 and Asia's Leading Luxury Island Destination in 2024, Boracay is a staple in global "Best Beach" lists, attracting millions of visitors each year. Beyond its beaches, guests can enjoy the island's vibrant culinary scene, from local food markets featuring Filipino street food to upscale beachfront dining that blends Filipino and international flavors.

Cebu, known as the "Queen City of the South," offers a rich mix of history, culture and coastal beauty. Tourists can explore Sumilon Island's beaches, dive with thresher sharks in Malapascua, relax in the serene sunsets of Bantayan Island, and visit historical landmarks such as Magellan's Cross and the Basilica Minore del Santo Niño. Nearby, Bohol adds to the Visayan experience with the UNESCO-listed Chocolate Hills, the Tarsier Sanctuary and centuries-old churches like Baclayon Church. A peaceful cruise along the Loboc River enhances the region's charm.

In Mindanao, travelers are drawn to a mix of adventure and cultural experiences. Siargao is famous for its surf breaks at Cloud 9, along with its stunning lagoons, mangroves and island-hopping excursions. In Zamboanga, the pink sands of Great Santa Cruz Island is a unique beach destination to celebrate life milestones, while Camiguin Island features hot springs, waterfalls and

the stunning White Island sandbar. Nearby, Samal Island is known for its beaches and the Monfort Bat Sanctuary, home to the world's largest fruit bat colony. Adventure seekers can also ride Southeast Asia's longest zipline in Lake Sebu and engage with its indigenous T'boli community. Travelers looking for a challenge can hike Mount Apo, the country's highest peak, or visit Tinuy-an Falls and the mystical Hinatuan Enchanted River.

CHRISTINA GARCIA FRASCO
TOURISM SECRETARY

"As a country, we are determined to offer every visitor an experience that reflects the soul of the Philippines."

With its stunning landscapes, vibrant culture and unmatched hospitality, the Philippines beckons travelers from around the world to experience the magic of its 7,641 islands. Whether you are chasing adventure, seeking serenity, or yearning for a profound connection with history and tradition, Luzon, Visayas and Mindanao offer life-changing moments that linger long after your journey ends.

Come and love the Philippines.

THE PHILIPPINES' TOURISM SECTOR IN NUMBERS



7,641 unique and diverse tropical islands to explore within the archipelago



One of only **18** mega-biodiverse nations worldwide



526 dive sites, **500** hard coral species, **10** soft coral families and **2,300** fish specie



5.45 million international tourists in 2023, with nearly a million coming from the US



FDIs of **\$8.9** billion from public and private sector stakeholders in 2023



The Philippines is an ideal destination for relaxation and rejuvenation



Stunning Siargao is famous for its surf breaks, lagoons and mangroves

Pioneering approach toward ensuring sustainability

The Philippine tourism sector exemplifies the country's dedication to safeguarding its natural resources while advancing its economy

In 2023, the Philippines was presented with the World Travel Awards' inaugural Global Tourism Resilience Award, a testament to the pioneering approach it has taken to addressing the sector's long-term sustainability. "Sustainable tourism serves as the umbrella principle of our National Tourism Development Plan so that we are not only able to offer unforgettable experiences now, but also for generations to come," explains Tourism Secretary Christina Garcia Frasco. "The Department of Tourism (DOT) is working closely with other stakeholders to ensure tourism's development allows for the advancement of infrastructure, as well as the destinations' promotion and sustainability. We're seeking, for example, to diversify offerings to avoid over-tourism in well-known locations and drive it in emerging ones."

One priority is investing in infrastructure that allows easier access and faster connectivity to lesser-known destinations, which will help tourists explore more of the country's many treasures. In 2023 alone, over 210 miles of roads were constructed, while bridges are continuously being built, and airports and seaports enhanced.

The Tourist Rest Area project is also being introduced to support travelers on journeys to more remote regions. "We've completed 10 TRAs

so far and at least 22 more will be forthcoming this year. They include information and souvenir centers showcasing local products, clean restrooms, showers, breastfeeding rooms and lounges. Each TRA is solar-powered," she reveals.

Other initiatives include the Philippine Experience Program that immerses tourists in local communities, promoting environmental and cultural conservation; hop-on, hop-off city bus tours; a multiplatform tourist assistance call center; and the "Travel Philippines' mobile app for easy access to destination information. "Furthermore, we are ensuring the heart and soul of the Philippine tourism industry shine bright in our tourism frontliners by continuing with our Filipino Brand of Service Excellence Program that provided capacity-enhancement training to 127,000 tourism personnel in 2023. An essential component of this is respect for the environment, one of the values of Filipino hospitality."

According to Maria Margarita Montemayor Nograles, chief operating officer of the Tourism Promotions Board (TPB) Philippines, DOT's marketing and promotion arm: "We will continue to leverage technology and prioritize sustainability to enhance our tourism promotion efforts, and showcase the best of the Philippines and our people to the world."



Maria Margarita Montemayor Nograles
Chief Operating Officer
Tourism Promotions Board Philippines

The Philippine tourism industry is diversifying beyond its famed beaches and vibrant festivals, exploring emerging markets such as wellness and golf tourism. For wellness travelers, the Philippines offers an ideal destination for relaxation and rejuvenation. DOT is making significant strides in establishing the country as a premier location for health and wellness tourism, encompassing various sectors including medical, wellness, dental and aesthetics tourism. This initiative is strengthened by the globally renowned expertise and compassion of the country's healthcare professionals.

Scenic destinations such as Cebu, Palawan and Siargao feature luxury resorts and spas offering holistic therapies, traditional healing and yoga retreats. Moreover, DOT has accredited ten premier hospitals, positioning the Philippines as a hub for international medical travelers seeking excellent care. The natural beauty of the country complements the wellness experience, providing the perfect backdrop for transformative health retreats. Through the Filipino Brand of Wellness Program, DOT has integrated local elements like the traditional hilot massage and sensory experiences grounded in Filipino culture.

Golf tourism is another growing sector. The Philippines boasts over a hundred world-class

golf courses designed by renowned architects, offering challenging layouts and first-rate facilities. In 2023, the first Philippine Golf Tourism Summit was held, providing a platform for industry leaders to discuss sustainable practices and the economic impact of golf tourism. Following this, the country joined the International Association of Golf Tour Operators in 2024.

Familiarization tours like the Cebu Swing have showcased the country's top golf courses, fostering partnerships with global stakeholders. Several prestigious tournaments have also been supported, such as the Philippine Airlines Inter-club Golf Championships and the Dapitan Rizal Cup. Looking ahead, the country will be hosting international tournaments, including the 2025 LIV Golf and the Ladies European Tour. There are also plans to launch a Philippine Golf Invitational, a comprehensive roadmap of golf tourism and the Philippine Golf Tourism Circuit — all of which aim to elevate the country's standing as a prime destination in this niche market.

These emerging tourism products showcase the Philippines' ability to cater to evolving traveler preferences, while maintaining the warmth and hospitality that Filipinos are famous for. This

MARIA MARGARITA MONTEMAYOR NOGRALES
CHIEF OPERATING OFFICER
TOURISM PROMOTIONS BOARD PHILIPPINES
"We will continue to leverage technology and prioritize sustainability to enhance our tourism promotion efforts."

capability was recognized at this year's World Travel Awards for Asia and Oceania, where the country picked up eight prestigious trophies.

At the ceremony, Nograles said: "For the Philippines to win multiple awards is an indication of our growing influence in the global tourism landscape. It reaffirms that our marketing efforts to promote our major and off-the-beaten-path destinations, along with our focus on other aspects of tourism such as food, wellness and cultural immersions, resonate with travelers and stakeholders alike."

Medical tourism services rooted in compassion

A select number of hospitals have made the Philippines a rising star in healthcare provision

The Philippines ranks 24th globally in the most recent Medical Tourism Index and its status in the sector is rising. According to the Department of Tourism, 30,524 international tourists visited the islands for medical treatments in 2023 and more are arriving every year, with patients increasingly seeking out the top-quality, competitively priced services supplied by English-speaking professionals that are available in the country.

"Advanced treatments, specialist care and highly trained expert physicians are predominantly available in the private sector and concentrated in major urban centers, such as Metro Manila and Metro Cebu," advises Dr. Saturnino Javier, medical director and interim co-president and CEO of Makati Medical Center (MakatiMed), which is located at the heart of Metro Manila's business district.

Regarded as one of the best medical facilities in Southeast Asia, MakatiMed has a 55-year track record as a leading multidisciplinary, multi-specialty tertiary hospital providing advanced care, which has driven the sector forward, with its founders having played essential

roles in establishing major medical societies like the Philippine Heart Association and the Philippine Association of Surgeons.

"Known as the hospital with a heart, we pride ourselves on the heartfelt, compassionate and personalized service we offer to all our patients," says Javier. "MakatiMed is one of only a few hospitals in the country with accreditation from the prestigious Joint Commission International, having successfully renewed it four times, which aligns us with top healthcare institutions globally. Our ISO accreditations are also notable and we're honored to have received the Philippine Department of Health's Hall of Fame distinction for four consecutive years."

The 600-bed state-of-the-science facility is among just a handful of hospitals to have been accredited by the country's Department of Tourism as a tertiary care facility for medical tourism. "MakatiMed offers visitors a wide range of services, from dermatology and aesthetics to complex procedures like kidney transplantations," Javier explains. "We have a medical concierge service to facilitate communication and we're open to exploring collabora-



Makati Medical Center in Metro Manila offers cutting-edge technology

tions and discussing how we can accommodate various treatments. While insurance coverage and specific details need to be worked out, we're ready to engage in preliminary discussions and formalize partnerships as needed."

Excellent and innovative services
Committed to delivering superior and holistic practices, the hospital is particularly renowned for its excellence in cardiology, oncology, neurology, gastroenterology and orthopedics. This year, for instance, it launched the Makati Medical Center Heart Institute, through which all the hospital's centers that specialize in different aspects of that area are being integrating, which will redefine cardiovascular care in the Philippines.

"Cardiovascular disease is the leading cause of death and morbidity in our region and it has been a core focus at MakatiMed since its inception. Over the years, we've significantly advanced this field," he discloses. "As a cardiologist myself, I felt it was time to consolidate our expertise in congenital heart disease, arrhythmias and congestive heart failure into a comprehensive program."

As an indication of the hospital's pioneering prowess in cardiology, in 2024 it performed a successful leadless pacemaker implantation, an innovative efficient technology that presents lower risks and reduced complications for patients in comparison with wire-based traditional pacemakers. The hospital as a whole is equipped with cutting-edge technology, including advanced positron emission tomography, computed tomography and magnetic resonance imaging scanners, as well as robotics.

"Surgery is increasingly focused on less invasive precision approaches and MakatiMed is at the forefront with our minimally invasive and robotic technologies. We recently acquired the latest DaVinci Xi surgical system, which has been operational since May and is delivering excellent results. This technology benefits various fields, including urology, gynecology and colorectal surgery, with potential future applications in otolaryngology and thoracic surgery," Javier says. "Additionally, MakatiMed is among



Dr. Saturnino Javier
Medical Director and Interim Co-President and CEO, Makati Medical Center

the few hospitals in the country with full Department of Health accreditation for stem cell therapy, which provides new options for patients."

To ensure it continues to offer outstanding and innovative medical services, MakatiMed carries out substantial clinical research and is developing next-generation skills in its staff, offering around 20 specialty training courses and over 30 fellowships. At present, for example, it is partnering with South Korea's Asan Medical Center on training designed to fully prepare doctors and nurses for the hospital's upcoming introduction of a liver transplant program. "We also prioritize community impact by extending training opportunities to healthcare professionals from provincial parts of the Philippines, which is helping to address the expertise gap in underserved regions of the country," he adds.

Given MakatiMed's reputation for quality healthcare, it is no surprise that some of its services are occasionally oversubscribed. Javier reveals a potential solution: "Due to space limitations, we're exploring the possibility of expanding vertically or opening a new facility, either within or outside Makati City. Expanding is crucial for us to serve more patients."

Bolstering the nation's reputation in health tourism

St. Luke's Medical Center is at the vanguard of medical treatments for both visitors and the Philippine population

In July 2024, Tourism Secretary Christina Garcia Frasco revealed that the Philippine government is introducing new measures to further bolster the nation's reputation as a health tourism hub. Among other schemes, it will be establishing a dedicated concierge and lounge in Manila's Ninoy Aquino International Airport for medical tourists and expediting their arrival and departure procedures.

Garcia also announced that the Department of Tourism had accredited a lead facility in the country for medical tourism: St. Luke's Medical Center, a healthcare provider that represented at least 40% of the sector's patients and revenues in 2023, according to the department's data. SLMC has been a spearhead for end-to-end stress-free health tourism services for some years, offering foreign patients everything from airport-to-hospital transportation and hotel bookings, to hosting conference calls with patients' doctors in their own countries to guarantee continuity of care when they return home.



Dr. Dennis P. Serrano
President and CEO, St. Luke's Medical Center

"We've developed special programs for medical tourists to anticipate and provide tailored care upon their arrival through their departure, whether they are here for urgent, elective or cosmetic treatments. This initiative has set a precedent in Philippine healthcare service, endorsed by our Department of Tourism as a showcase of what the nation's hospitals can offer," asserts SLMC's president and CEO, Dr. Dennis P. Serrano.

As well as welcoming many medical tourists from the US, St. Luke's is a preferred choice for expatriates in the Philippines seeking high-quality treatment and a key healthcare provider for those living in Pacific Islands, such as Guam, Micronesia, Marshall Islands and Papua New Guinea. "We're accredited by Joint Commission International (JCI), the leading international accrediting body, which ensures strong partnerships with major US insurance

DR. DENNIS P. SERRANO
PRESIDENT AND CEO
ST. LUKE'S MEDICAL CENTER
"We're accredited by Joint Commission International, the leading international accrediting body, which ensures strong partnerships with US insurance providers."

providers, including Kaiser Permanente, Cigna and Tricare, as well as local insurers, enabling seamless healthcare coverage," Serrano states.

SLMC operates two hospitals: one in Quezon City, just northeast of the capital, and the other in Bonifacio Global City, a central financial district in Metro Manila. Together, they contain 1,146 patient rooms that can offer bespoke services, such as individual menus and private butlers. In addition to being recognized by JCI, both facilities are accredited by the European body Temos for excellence in medical tourism and quality in international patient care.

In October 2024, SLMC started to construct its third hospital, St. Luke's Asiana near Ma-

nila Bay in the south of Metro Manila, which is scheduled to open in 2029 and will provide another 450 beds.

"This expansion aims to elevate healthcare standards across our hospitals. At St. Luke's, we take pride in being among the top hospitals in the Philippines, if not the top. By leading advancements in private sector care, we intend to set a new benchmark that inspires other hospitals to match our level of excellence nationwide," he explains. "Our commitment extends to preventive healthcare, including pioneering nutrigenomics to predict and prevent future diseases through personalized dietary strategies based on genetic testing. Our goal is to demonstrate what is achievable in healthcare and to benefit everyone from patients to healthcare providers."

Advancing the boundaries of science
SLMC's overall mission is to deliver cutting-edge healthcare to Filipinos and make sure it remains cost accessible. Serrano states: "Over the past few decades, we've bridged the gap in medical technology and reduced the need for residents to travel abroad for treatments. St. Luke's provides world-class advanced options in critical areas, such as cancer, cardiac diseases and gastrointestinal health that are comparable to leading hospitals in the West. We're also known for pediatrics. Children are increasingly affected by developmental diseases, like coronary artery disease and diabetes mellitus, which pose challenges that demand our attention."

Among other sectors of expertise, SLMC has the only hospital-based in-vitro fertilization unit in the Philippines, a center for living and deceased organ transplantation, and a multidisciplinary rapid response team for the treatment of strokes, which was the first unit of its kind to be accredited by JCI worldwide.

One of the technological areas in which SLMC has notably aligned with Western medical standards is minimally invasive surgeries. "St. Luke's leads in laparoscopic and robotic surgeries nationwide. We pioneered the Da Vinci robotic system and have utilized it for 14 successful years in nearly 3,000 cases," he says. "Both our hospitals offer advanced robotic and laparoscopic surgeries in segments such as gy-



St. Luke's Medical Center provides bespoke services in its 1,146 patient rooms

necology, urology, thoracic, cardiac and general surgery, and we envision a future where minimally invasive procedures are standard."

Further illustrations include the fact that the healthcare provider has invested in state-of-the-art cardiac catheterization equipment for coronary interventions like heart stenting. It is also a trailblazer in trans-aortic valve replacements, and it regularly performs advanced image-guided surgeries on brains, spines, ears, noses, throats and for orthopedic procedures.

Furthermore, SLMC is currently setting up the country's most advanced molecular laboratory for cancer care and paving the way for precision medicine. "Through next-generation sequencing, we aim to tailor treatments based on genetic profiles and ensure targeted therapies for each patient's cancer. St. Luke's is also pioneering theranostics in nuclear medicine, which utilizes microscopic radioligands to diagnose and treat cancers. For instance, we can use prostate-specific membrane antigen radioligands to effectively target and eradicate prostate cancer metastases," discloses Serrano.

In order to continue pushing forward the boundaries of medical science, SLMC has a robust research and biotechnology department, which includes the only biobank in the Philippines for storing and analyzing tissue samples for DNA research. It is also pioneering the use of artificial intelligence in hospital processes. "We employ rapid AI technology in our radiology department for some initial readings, which clinicians use as a basis for decisions, always verified by a radiographer. In healthcare, the role of a doctor is irreplaceable, despite advancements in technology," he declares.

The future St. Luke's Asiana will integrate the latest AI advancements and connect with the Quezon City and Bonifacio Global City facilities to form a network of smart hospitals. According to Serrano, "This vision emphasizes automation and data-driven decision-making, while preserving personalized, human-centered care."

Healthcare beyond SLMC's walls
In addition to its other activities, SLMC is a national leader in healthcare education. About 30 years ago, it established the renowned St. Luke's College of Medicine at its Quezon City campus, which graduates between 150 and 180 students a year. Its hospitals also offer residency and fellowship programs across various specialties and it has an in-house healthcare academy for the continuous upskilling of its workforce.

St. Luke's is committed to investing in education, despite the country suffering from brain drain. "The Philippines is a major supplier of healthcare personnel, with our nurses, technologists and other specialists being highly sought after in the US and Europe. However, this challenge presents opportunities — for example, we provide scholarships to nursing students, which fosters a steady influx of new professionals," he reveals.

"Rather than dwelling on challenges like nurse migration, SLMC focuses on pioneering solutions. These aren't just confined to our hospitals, but aim to inspire public policy changes that address broader Philippine healthcare

needs. I see ample room for innovation and unconventional thinking on a national scale."

In 2023, St. Luke's launched the SLMC Health Equity and Research (HERE) Foundation, which is dedicated to finding comprehensive solutions to a priority issue for the country: disparities in access to healthcare across the islands. "By conducting research and collaborating with the government, alongside our SLMC Foundation, HERE aims to influence policy-making and program development, elevating healthcare standards beyond our hospital walls to benefit the entire nation," Serrano states.

The SLMC Foundation is St. Luke's decades-old corporate social responsibility arm that, among other initiatives, carries out medical and surgical missions in remote parts of the Philippines. "These missions have a meaningful impact in areas with limited healthcare access and align with our vision to extend high-quality care outside our facilities," he comments.

DR. DENNIS P. SERRANO
PRESIDENT AND CEO
ST. LUKE'S MEDICAL CENTER
"By leading advancements in private sector care, we intend to set a new benchmark that inspires other hospitals to match our level of excellence."

Serrano is keen to stress that the Philippines' healthcare system has made significant strides toward achieving world-class standards in recent years, with a number of the country's hospitals now rivaling the best in the US. Efforts by the Department of Health and the Philippine Health Insurance Corporation have also had a positive impact on access to healthcare and the imminent introduction of universal healthcare will result in a further expansion of the sector.

Given that dynamic environment, "Investors exploring the Philippine healthcare industry will find abundant opportunities, especially in areas like hospital waste management to reduce carbon footprint, state-of-the-art diagnostic and imaging technologies, information technology and healthcare apps," he observes.

With regard to SLMC in particular, there is immense potential for external contributions, particularly in relation to digital innovation. "In 2023, our two hospitals handled over 2 million patient visits, including both inpatient and outpatient encounters. Managing such a high volume requires continual improvement in our daily operations, and so we embrace technology solutions like smart queuing systems and patient navigators to enhance patient experience and operational efficiency," Serrano states.

"While our goal is to evolve into a smart hospital gradually, we're committed to adopting impactful apps and efficiency measures from the outset. These enhancements will optimize throughput, expand patient capacity and accelerate service delivery. We welcome collaborations on innovative technologies to further advance these initiatives."

St. Luke's Medical Center: A Leading Healthcare Facility in the Philippines

St. Luke's Medical Center (SLMC) is your gateway to world-class healthcare in the heart of the Philippines. It is renowned for its state-of-the-art facilities, highly skilled medical professionals, and comprehensive services that are at par with international standards. As the country's premier medical institution, SLMC caters to patients from around the globe seeking quality healthcare.

World-Class Facilities and Technology

St. Luke's Medical Center's reputation is built on advanced medical technologies and good clinical outcomes, at par with leading hospitals in the United States and Europe. From its top-of-the-line diagnostic imaging systems to its minimally invasive surgical techniques, SLMC is equipped to handle complex medical cases with precision and care. With specialized centers like the Heart Institute, Cancer Institute, and Transplant Center, SLMC offers a full spectrum of services, ensuring the highest level of care.

Highly Skilled Medical Professionals

A cornerstone of SLMC's success is its team of highly skilled and experienced medical professionals. The hospital's diverse doctors, nurses, and specialists, many of whom have received training and certifications from prestigious international institutions, ensure patients receive compassionate, high-quality care. SLMC's commitment to continuous education and its affiliations with global educational and research institutions keep it at the forefront of medical advancements and best practices.

Comprehensive and Integrated Services

St. Luke's Medical Center offers comprehensive medical services, ensuring patients receive all necessary treatments under one roof, from preventive healthcare and wellness programs to specialized treatments for chronic and acute conditions. Its patient-centered approach includes personalized treatment plans developed by multidisciplinary teams, ensuring holistic care and optimal outcomes.

Medical Tourism Excellence

SLMC's position at the forefront of medical tourism is supported by its commitment to providing an exceptional patient experience. The hospital offers services tailored for international patients, including travel arrangements, accommodation, and translation services. This focus on patient convenience and comfort has made SLMC a preferred destination for those seeking medical care abroad.

St. Luke's offers specialized medical treatments and procedures such as:

- Da Vinci Robotic Surgery System (Xi) for Gynecologic and Prostatic Surgery
- High-Intensity Focused Ultrasound (HIFU) for Uterine Fibroids/Myoma
- Image-Guided Surgery (IGS) for Brain, Spine, ENT and Orthopedic
- 3-Tesla MRI
- PSMA and Dotatate Therapy (Lu-177 and Gallium-68)
- Halcyon LINAC Machine
- 1152-slice CT Scan and Dual-source CT Scan
- Position Emission Tomography (PET) and Cyclotron
- Outpatient Cancer Center for Adult and Pediatric
- HIPEC
- Intrathecal Chemotherapy using Ommaya Reservoir
- Computerized Linear Accelerator
- Total Body Irradiation (TBI)
- SRT- Head and Body
- HDR Brachytherapy
- Big Bone CT Simulator
- Radiotherapy Planning (ADCT and PET-CT)
- Same Day Discharge Coronary Care Program
- Flat-panel CathLab
- Cryoablation
- Stent-assisted Coiling
- Implantable Loop Recorder
- Leadless Pacemaker
- Renal Denervation
- Intravascular Ultrasound (IVUS) with Virtual Histology
- RFA of Liver
- Enteroscopy
- Flapless LASIK (SMILE)
- MOHS Micrographic Surgery

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Robust and prudent fiscal management

Investor confidence in the country is growing, thanks to lower inflation and interest rates alongside increasing government revenues

Like the rest of the world, the Philippine economy is facing challenges due to conflicts that have impacted supply chains, inflation and interest rates. Despite this, its gross domestic product grew by roughly 6.2% over the last two years, one of the highest rates in the Association of Southeast Asian Nations region. The Department of Finance expects growth of around 6% for 2024 and the International Monetary Fund predicts 6.2% in 2025.

The economy is forecast to carry on outpacing others in Asia, even though, as Finance Secretary Ralph Recto notes, “We’ve adjusted our growth and revenue targets within our medium-term fiscal framework to be more conservative, acknowledging the external environment.” Prudence is also evident in his department’s approach to debt. “Initially, our medium-term fiscal framework aimed to reduce our debt-to-GDP ratio from 61% to 51%, but we thought it best to reduce the ratio at a more strategically controlled pace, aiming for 55.9% by the end of 2028 to support economic growth,” he reveals.

Recto is optimistic that the country will meet its GDP and fiscal expectations, as are international investors: in August, the Philippines issued a \$2.5 billion tranche of global bonds that attracted strong demand at some of the tightest return rates seen in the region in 2024.

One reason for the optimism is falling inflation. The Bangko Sentral ng Pilipinas (BSP) central bank has forecast it will drop to 3.3% by the end of 2024 and 2.9% in 2025. Government measures are encouraging this, including a large reduction of its tariffs on rice. “Our inflation is heavily influenced by rice prices: in May, rice inflation accounted for over 50% of headline inflation for average consumers,” he explains. “With more than 70% of our economy driven by household consumption, we expect these measures to improve growth numbers moving forward.”



Ralph Recto
Finance Secretary

A second factor is that BSP entered an interest rate easing cycle in August, starting with a 0.25% cut that took its benchmark rate to 6.25%, which heralds lower borrowing costs for businesses. A third element is rising government revenues, with the Department of Finance being on course to reach its target of about \$76 billion for 2024. The Bureau of Internal Revenue (BIR) is tasked with collecting roughly 70% of this, the Bureau of Customs (BOC) about 23% and the Bureau of the Treasury the remaining non-tax revenues.

In the first six months of 2024, BIR and BOC brought in 10% more tax revenues than they had over the same period in 2023. The government is fostering continued double-digit annual percentage growth in tax inflows, with much of its efforts being directed at digitalization. “For example, an enhancement of the existing National Single Window for customs is on track. I have also recently discussed a pre-border inspection



Rizal Commercial Bank is the fastest-growing financial entity in the country

RALPH RECTO
FINANCE SECRETARY
“We have a new public-private partnership code for financing infrastructure projects.”

system and electronic invoicing with BOC and other agencies. This will enhance trade facilitation, improve ease of doing business and ensure proper revenue collection,” Recto reveals. “Next, we’re focusing on BIR. Our goal is to make tax payment easier, as we believe that simplifying the process and digitalizing tax payments will encourage compliance.”

A substantial proportion of revenues raised are being used to bolster economic growth and attract more investors. As an illustration, the government is spending about 5% of the country’s GDP every year on infrastructure, including transportation, power and digital networks. Recto points out: “We have a new public-private

partnership code for financing infrastructure projects. For instance, a Ninoy Aquino International Airport project, worth around \$3 billion, was successfully procured through a PPP to modernize and double its capacity.”

A further attraction for investors is the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy bill that should soon be enacted. “We plan to exempt export-oriented enterprises from paying VAT. The CREATE MORE bill also offers income tax holidays for exporters, a 5% gross revenue tax rate and special corporate income tax options for domestic enterprises,” he discloses.

Recto sees the US as a crucial collaborator in the country’s ongoing economic development. “I’d particularly like to thank our fellow Filipinos in the US, who provide the largest source of cash remittances from overseas Filipino workers, contributing about 40% of a total \$33.5 billion in 2023. The Philippines is also an excellent partner for US investors and now is the time to invest, as there are many opportunities to profit from.”

The second-oldest exchange in the Association of Southeast Asian Nations region’s trading volumes have been growing, while its benchmark PSEi index rose from about 6,550 at the start of January 2024 to over 7,450 in October. This buoyancy is mainly due to central bank interest rate cuts, record earnings for listed firms, and a concerted effort from the exchange to enhance its liquidity and broaden its product portfolio.

PSE has introduced a range of programs to boost domestic retail investor participation, for example. “One significant measure is that we tied up with the Philippines’ biggest e-wallet company GCash in 2023, so its subscribers could invest in stocks through its mobile app. We’ve gained at least 500,000 retail investors from this already, taking our total to over 1.9 million,” states PSE president and CEO Ramon Monzon.

A competitive stock exchange

PSE has successfully lobbied to make the exchange more competitive for international investors. “Our new president is very market savvy. The Philippines passed a Capital Market Efficiency Promotions Act in March that reduces our stock transaction tax from 0.6% to 0.1% and reduces non-residents’ tax on dividends to 10%, the same as for residents. SEC also issued a memorandum scrapping the minimum commission for brokers we had,” he says.

In addition, short selling was approved in 2023 and PSE is collaborating with the Hong Kong exchange to develop derivatives. Monzon notes: “The ASEAN exchanges work closely together to attract international investors to our region. For instance, we will be launching global depository receipts at an ASEAN level, so that Philippine stocks can be traded in the other exchanges and regional stocks can be traded here.”



Emilio Aquino
Chairperson and CEO, Securities and Exchange Commission

Among initiatives to expand PSE’s listings, it has liberalized rules and fees for small and medium-sized applicants, and introduced a program for companies interested in IPOs. “We handhold them through any structural and accounting system changes they need to make and, when they’re ready, we introduce them to investment houses, underwriters and lawyers that will handle their IPO,” he states.

“To help non-index listed firms raise more capital, we partnered with Bloomberg on the PSE STAR program. Every quarter, we choose 12 non-index companies to present their earnings performance, projects and plans to about 275 analysts, investors and fund managers. That’s around ten times the number of attendees a large company would get for a typical earnings call.”



Lynette V. Ortiz
President and CEO, LANDBANK

through a physical network of 607 branches and branch-lite units that is complemented by automated teller and cash deposit machines. On top of this, the bank offers a wide range of digital banking products, including mobile banking, payroll and government payments solutions. In 2023, those products facilitated 92.9 million transactions worth around \$155 billion.

“Digital is key to providing banking access for all and we invested early in our digital capabilities,” she says. “We continuously aim to improve customer experience and enhance our digital product suite. For instance, we’re implementing an omnichannel marketing strategy that is set to launch early next year, which aims to improve client journeys. We’re investing in backend productivity and cybersecurity to protect our systems and transactions for nearly 10 million customers as well.”

Among other advances, accounts can now be opened through the bank’s mobile app via facial recognition, and it is working on digitalizing loan applications. “We’re also enhancing our mobile banking app to include investments such as unit investment trust funds. Currently, our app allows purchases of retail treasury bonds in both US dollar and Philippine peso,” Ortiz adds.

A second priority for the bank is sustainability and it provides extensive capital for projects connected to environmental, social and sustainable development, including renewable energy, climate-resilient technologies, greenhouses and the shift to electric vehicles. “Recently, we launched a sustainable time deposit product featuring tiered interest rates as high as 4.25% per annum. Deposited funds will further boost LANDBANK’s thrust of sustainable financing, focusing on eco-friendly initiatives and investments. Funds will also be allocated for community-centric programs,” she says. “Overall, we integrate sustainability into our balance sheet, investments, loans, funding and daily operations. Soon, we aim to issue sustainable bonds both onshore and in the dollar market.”

As well as domestic investors, LANDBANK is a central supporter of international investors. “We see ourselves as strategic partners for investors, offering not only capital but also assistance in navigating the landscape, and working with local government units and agencies. We provide various financing and advisory services, including valuation and funding assessment, and leverage our strong relationships as a policy and government bank,” Ortiz asserts. “We also facilitate connections between investors and our clients, exploring collaborative opportunities where local partners can contribute their own capital alongside ours. Our comprehensive support makes us a one-stop shop for partnerships.”



The retail sector is one of the biggest engines of the Philippine economy

‘Explore the abundant opportunities’

Local business leaders highlight the potential in sectors such as advanced manufacturing, green industries, IT and business process outsourcing

Over the past decade, the Philippines’ gross domestic product expanded by an average of 4.9% per year. Beyond tourism, three industries contributed the most to that performance: wholesale and retail trade, manufacturing, and finance and insurance. “Other notable drivers include professional and business services, transportation, accommodation and food activities, and construction,” discloses Bobby Batungbacal, executive director of the Makati Business Club, an influential association that works with the government and others to bolster nationwide competitiveness, inclusivity, sustainability and democracy.

BOBBY BATUNGBACAL
EXECUTIVE DIRECTOR
MAKATI BUSINESS CLUB

“The Philippines can provide future-ready talent for advanced manufacturing, green industries and it excels in educating digital workers.”

Among many investment opportunities available, Batungbacal mentions the Philippines’ pivotal role in the global semiconductor sector. “Semiconductor assembly and testing constitute nearly half of the country’s total exports. US companies have historically led investments

in this sector, which is evolving to boost supply chain resiliency,” states Batungbacal. “Furthermore, there’s growing interest in battery production for electric vehicles and renewable energy due to the Philippines’ rich nickel resources.”

The islands also contain copious supplies of more essential minerals for carbon reduction. “This unique position offers US businesses the chance to explore, refine and integrate these materials into sustainable transportation, energy and other decarbonization initiatives,” he says. “With our government’s supportive policies, the Philippines can provide future-ready talent for advanced manufacturing, green industries and it excels in educating digital workers, amongst others.”

That excellence helps explain how the nation has become the world’s second-largest information technology and business process outsourcing hub. Jack Madrid, president and CEO of the IT and Business Process Association of the Philippines (IBPAP), explains: “Our industry has been a key economic driver for more than 20 years, ending 2023 with 1.7 million employees and over \$35 billion in revenues.”

Major growth segments in the diverse industry include healthcare, banking and financial services, creative fields and traditional contact centers. “Over the past three years, we’ve created 260,000 new jobs, a testament to skilled Filipino talent known for strong communication skills, cultural affinity with Western markets and unparalleled ability to deliver digital customer



Makati City is among the country’s most vibrant business districts



Bobby Batungbacal
Executive Director, Makati Business Club

experiences,” he states. “IBPAP’s battle cry is to reach 2.5 million jobs and \$59 billion in revenues by 2028.”

The trade association is helping to realize these goals by, for instance, collaborating with education institutions. “We’re addressing the critical need for workforce development, ensuring our young demographic is equipped for evolving job demands, particularly with advancements like artificial intelligence. We’re also prioritizing infrastructure readiness nationwide,” he says.

The sector currently contains over 1,000 firms and many US companies are involved, including giants such as Amazon, Google, American Express, Apple, IBM and Microsoft. Madrid declares: “For those considering establishing here, I urge you to explore the abundant opportunities available. With our ongoing growth, favorable business environment and open stance for investment, there’s no better time.”



The Philippine fintech ecosystem contains more than 330 players

Evolution in fintec

Uptake of digital banking products is growing exponentially, helped by supportive regulators

According to Lito Villanueva, chairman of the Fintech Alliance PH trade body, “The Philippine fintech landscape has evolved significantly in recent years, achieving exponential growth in its mission to expand inclusive digital finance.”

Over 330 fintech entities currently operate in the country, while 50% of all Philippine retail payments by value and 67% by volume were digital in 2023. Fintech Alliance PH has had a central role in achieving this performance as the financial industry’s leading digital association that represents over 95% of the nation’s digital retail financial transactions. Villanueva explains: “Fintech Alliance PH is an ecosystem organization, including not only fintech players and traditional banks, but also stakeholders operating in the country like Amazon AWS, Salesforce, Google, Ernst & Young and KPMG.”

Progressive environment for innovation

The association’s close cooperation with regulatory bodies and government agencies has been vital in transitioning the Philippines toward a sustainable digital economy. Villanueva praises the central bank Bangko Sentral ng Pilipinas for its contribution: “BSP is progressive, forward-looking and has consistently provided an enabling regulatory framework that promotes digitalization and innovation.” During the COVID pandemic, the bank released several key regulations, such as frameworks for open finance, digital bank licensing and a regulatory sandbox, as well as regulations on digital assets.

“The BSP’s advocacy for open finance aims to educate industry players, especially traditional banks, to embrace innovation for the benefit of consumers. This empowers consumers to instruct their banks to share data with other financial entities,” he states. “The BSP has issued six digital bank licenses and is monitoring their progress to ensure the licensees meet their man-

MAIN SECTORS IN THE PHILIPPINES



The islands’ diverse tourism sector currently generates around **8.6%** of the country’s GDP



Wholesale and retail trade contribute about **18%** of Philippine GDP



As a sign of the nation’s skill in manufacturing, semiconductors make up about **50%** of its exports



The Philippines is the world’s **2nd**-largest IT-BPO services hub

Unique bank facilitates socioeconomic progress

LANDBANK is driving advances in agriculture, fisheries and rural development value chain

The Philippines’ banking industry that is made up of about 44 universal and commercial banks is a robust enabler of domestic and international investment in the country. One of the sector’s most important institutions in that regard is the state-owned LANDBANK, which was established over six decades ago and ranks as one of the nation’s three biggest banks with around \$58 billion in assets.

Focused on advancing agriculture, fisheries and rural development, “Our mandate as a policy bank is unique, aligning with the country’s socioeconomic development goals. We drive and

enable capital provision for projects and companies that foster economic growth,” says LANDBANK’s president and CEO, Lynette V. Ortiz.

The Philippines’ largest development finance institution has a diverse client base that includes individuals, businesses, institutions, local governments and government agencies. Despite its ownership, it has to meet the same metrics as any private bank. Ortiz explains: “Our strategy prudently manages risks through careful diversification, which allows us to provide concessional loans and subsidies while ensuring decent returns from private sector investments.”

As of August 2024, LANDBANK had supplied loan funding of nearly \$13 billion to support the agriculture, fisheries and rural development value chains, from farmers and fishers to product processors and many infrastructure projects. Within its loan portfolio, Ortiz highlights a program offering preferential rates to registered farmers. “This is also available to other stakeholders in the agriculture sector, including cooperatives and associations, large enterprises and anchor firms,” she states. “Likewise, we provide credit assistance to cooperatives and rural banks, supporting not only farmers but also micro, small and medium-sized enterprises. With 99% of businesses in the country qualifying as MSMEs, this is crucial to prevent reliance on high-cost informal sector loans.”

One of the bank’s top priorities is financial inclusion. It currently covers 88% of the coun-



dates. The sandbox encourages innovation by allowing experimentation without fear of penalties. These actions illustrate how our regulator is a partner in growth, not a barrier.”

Despite the impressive progress made so far, there is still plenty of space for fintech to expand, with around 30% of Philippines still unbanked. The sector also continues to evolve, with some of its focuses at the moment being artificial intelligence in digital payments, open banking and shared electronic know-your-customer systems.

“The US is the center of technological innovation and we’re looking to the US for collaboration and learning, with many of our members being US-based,” Villanueva notes. “I invite everyone to explore opportunities for collaboration with the Philippine fintech and digital industry. The Fintech Alliance PH will be your strategic partner in unlocking opportunities, promoting investments and developing the industry to serve the underserved market.”

Extensive incentives for investors

The Philippines offers many advantages that make it a profitable destination for investments

Foreign direct investment flows into the Philippine economy are thriving, with net FDI of over \$4.4 billion being recorded in the first half of 2024, 7.9% up on the same period in 2023. The central bank forecasts a total of \$9.5 billion for the year as a whole and \$10.5 billion in 2025.

There are a number of reasons why the country is an increasing target for investors, according to former Trade and Industry Secretary Alfredo Pascual. “Our robust economic growth is an attraction. We have a growing middle class and a low unemployment rate, so there’s spending power for driving consumption,” he says. Substantial government investment in infrastructure is enticing in international developers, as well as supporting investors looking to produce goods and services for the domestic market and exports.

“Philippine exports hit a record high \$103.6 billion in 2023, a 4.8% increase from 2022. We’re in a strategic location. The Philippines can serve as a gateway to over 600 million people in the

ALFREDO PASCUAL
FORMER TRADE AND INDUSTRY SECRETARY
“The Philippines can serve as a gateway to over 600 million people in the Association of Southeast Asian Nations.”

Association of Southeast Asian Nations region, and we’re at the crossroads of international shipping routes,” Pascual states. “An additional factor is the presence of a skilled, tech-savvy and English-speaking workforce.” Indeed, the Philippines has the youngest population in its region with a median age of around 26 and it produces about 900,000 new graduates every year.

“Another critical aspect is the government’s commitment to create an enabling environment. It made several policy reforms in the past few years. For example, it liberalized many important sectors that are now open to 100% foreign ownership, including telecommunications, railways, toll roads, shipping, airports and renewable energy,” he discloses. “It also introduced many reform measures to improve the ease of doing business.”

Ceferino Rodolfo is Trade and Industry Undersecretary and managing head of the Board of Investments (BOI), the country’s main investment promotion and development agency. He explains: “Investment incentives include an



A new international container terminal is being constructed at the port of Cebu



Alfredo Pascual
Former Trade and Industry Secretary

income tax holiday that runs from four to seven years and 10 years of special corporate income tax of just 5% if you are export-oriented.” Investors can also be offered up to 50% enhanced deductions on costs related to power, labor and domestic inputs, and 100% for training, research and development expenses. “If a project breaches \$1 billion or employs more than 10,000 workers, the government has been authorized to negotiate up to 40 years of incentive availment period,” he adds.

On top of this, in February 2023 the government launched a “green lane” program to fast-track investments in vital sectors, a crucial element of which is a new One-Stop Action Center



Ceferino Rodolfo
Trade and Industry Undersecretary and Managing Head, Board of Investments

for Strategic Investments. By July 2024, that center had facilitated 83 domestic and international investor projects worth around \$43 billion.

Sectors with potential for investors include tourism and information technology and business process management. “Manufacturing also presents an opportunity for companies that want to diversify their production supply chains. We’ve seen a large increase in FDI going into our manufacturing sector, particularly from Japan and the US,” Rodolfo reveals.

Most manufacturing is based on Luzon island south of Manila, an area that could soon run out of space. To encourage more investors, the government is developing a new Luzon economic

corridor north of Manila, an initiative supported by its US and Japanese counterparts. This will interconnect Subic and Batangas seaports, Clark International Airport and an extended railway with new industrial parks and the capital.

Pascual says: “We’re creating a major agri-business hub along that corridor and expect numerous manufacturers to set up there, including in semiconductors and electronics, which contribute around half of our exports today. We currently carry out integrated circuit design, assembly, packaging and testing of chips, but we don’t produce chips and would welcome the establishment of a production plant.”

CEFERINO RODOLFO
TRADE AND INDUSTRY UNDERSECRETARY
AND MANAGING HEAD, BOARD
OF INVESTMENTS

“We’ve seen a large increase in foreign direct investment going into our manufacturing sector, particularly from Japan and the US.”

Another opportunity is manufacturing batteries. Rodolfo says: “Some countries think the battery supply chain is too focused on China and they would like to diversify. A good starting point would be where the nickel for the batteries is coming from and it’s coming from us. Since Indonesia banned the export of nickel ore, we’re the number one source globally.”

Fostering sustainability and innovation

As he points out: “Overall, our ambition is to transform the economy into the regional hub for smart and sustainability-driven manufacturing and services, leveraging our strengths to attract high-value investments that foster economic growth and innovation.” The country appears to be on route to achieving that. In the first nine months of 2024, BOI approved investment projects valued at \$23.7 billion, surpassing its record \$22.2 total for 2023. “The investments are in sectors that are transforming the Philippine economy, most significantly in renewable energy, telecommunications towers and data centers.”

Renewable energy accounted for almost 80% of BOI’s total investment approvals in 2023, with the country’s current focus being offshore wind and floating solar. Meanwhile, the opening up of telecommunications to 100% foreign ownership has encouraged major investments from, among others, US players such as SBA Communications, SpaceX and Google. “In addition, hyperscaler data centers are now expanding to the Philippines. We offer them the ability to be powered by renewable energy,” Rodolfo states.

Pascual’s message to any potential investor is: “The Philippines is ready and eager to be your partner in success. Whether you’re looking to expand your business, tap into new markets or invest in promising opportunities, the Philippines offers a wealth of potential and a supportive environment to help you achieve your goals.”

423 economic zones in prime locations

PEZA has created ideal bases for companies looking to gain a strong foothold in the Asia-Pacific region or to de-risk supply chains

Among the country’s biggest advantages for investors are the facilities and services offered by the Philippine Economic Zone Authority (PEZA), a corporation attached to the Department of Trade and Industry that oversees 423 diverse economic zones in prime locations across the nation.

“We’re a microcosm of the Philippine economy. We support service, industrial and agricultural sectors with agro-processing zones, manufacturing zones and information technology parks that provide ideal ecosystems for investors,” says Tereso Panga, PEZA’s director general.

PEZA currently hosts over 4,000 companies that account for 17% of the country’s gross domestic product and more than 50% of its exports. The number is constantly growing. Between January and September 2024, the authority attracted 179 investment projects, 24% up on the figure for the same period in 2023. Valued at \$2 billion, the projects will create nearly 36,000 jobs.

The US is PEZA’s second-largest international investor, with 355 US businesses operating in its zones today, including Texas Instruments, Collins Aerospace, Analog Devices, Concentrix, MOOG, Teradyne, and JP Morgan Chase Bank. More are expected to join them soon. In 2024, PEZA received three US delegations led by Secretary of State Antony Blinken, Secretary of Commerce Gina Raimondo and Matt Murray, the Asia-Pacific Economic Cooperation’s senior official. During his visit, Blinken discussed plans to invest \$1 billion in the Philippine tech and semiconductor sectors. As Panga explains, “Electronics and IT are two of our strongest sectors and the Philippines has been identified as one of the key beneficiaries of the US Chips and Science Act, which seeks to reduce US reliance on Taiwan for chip manufacturing.”

Through PEZA, US investors can access many other sectors with potential. “We’re focusing on attracting high-value products and research and development — our new innovation, science and technology parks foster collaboration between industries and academia. Integrated steel manufacturing is one bright prospect, as are the processing of green ores, electric vehicle battery production and car assembly,” he reveals.

“We’re also looking into biopolymers to replace fossil-based plastics, regenerative agriculture and agro-based products, such as developing coconut husks into aviation fuel, biomass, particle boards and activated carbon. Additionally, we welcome power generation, renewable energy, waste-to-energy and district cooling companies that will find ready off-takers for



Tereso Panga
Director General, PEZA

their technology.” Following the World Bank’s eco-industrial park model, PEZA promotes smart and green technologies, while its zones are energy-efficient, low-carbon and embrace circularity through industrial symbiosis.

Another compelling reason for investors to partner with PEZA is the quality of its one-stop services, with the US Department of State having highlighted its regulatory transparency and ease of doing business. “Companies only deal with PEZA for all permits, bypassing other national and local government agencies. Our approach streamlines processes and ensures comprehensive support,” Panga says. “Our motto has always been ‘no red tape, only red carpet,’ a sentiment echoed by the Philippines’ current president.”



The country wants renewables to contribute 50% of its power mix by 2040

The Philippines unleashes its plan to build better more

The private sector is considered a vital and valued partner in infrastructure projects

As part of President Ferdinand Marcos Jr.’s Build Better More program, the Philippine government has approved plans for 185 infrastructure flagship projects with a value of around \$166 billion.

Public-private partnerships are considered a key financing avenue for the majority of these. Transportation Secretary Jaime Bautista states: “We’ve enacted a new PPP framework to encourage more investments. It prioritizes investor protection through incentives and fair regulations.” Furthermore, the government has embraced privatization and opened up sectors like transportation and renewable energy to 100% foreign ownership. “Opportunities abound for US investors, contractors and consultants,” Bautista asserts.

The Department of Transportation is overseeing 65 of the flagship projects and many other opportunities. A major focus for the department is air transport. “Aviation is crucial for our archipelagic country of 7,600 islands, so we’re prioritizing airport infrastructure development. We have 45 airports serving commercial airlines and we’re upgrading all of them,” he discloses.

A significant step in this process came in September, when the country’s main air gateway, Ninoy Aquino International Airport, was privatized. The deal will see San Miguel Corporation invest in doubling the airport’s capacity to 62 million. “We’re going to privatize operations at 15 more airports, with a few already open for bids,” Bautista says. Airports are being built from scratch too, including the \$13-billion New Manila International Airport. “We’re also relocating four airports from congested urban areas to new sites to improve efficiency and accommodate increased traffic,” he adds.

Many of the country’s 700-plus seaports require improvements as well. “Our focus is on enhancing cargo handling efficiency to reduce logistics costs and working closely with the pri-

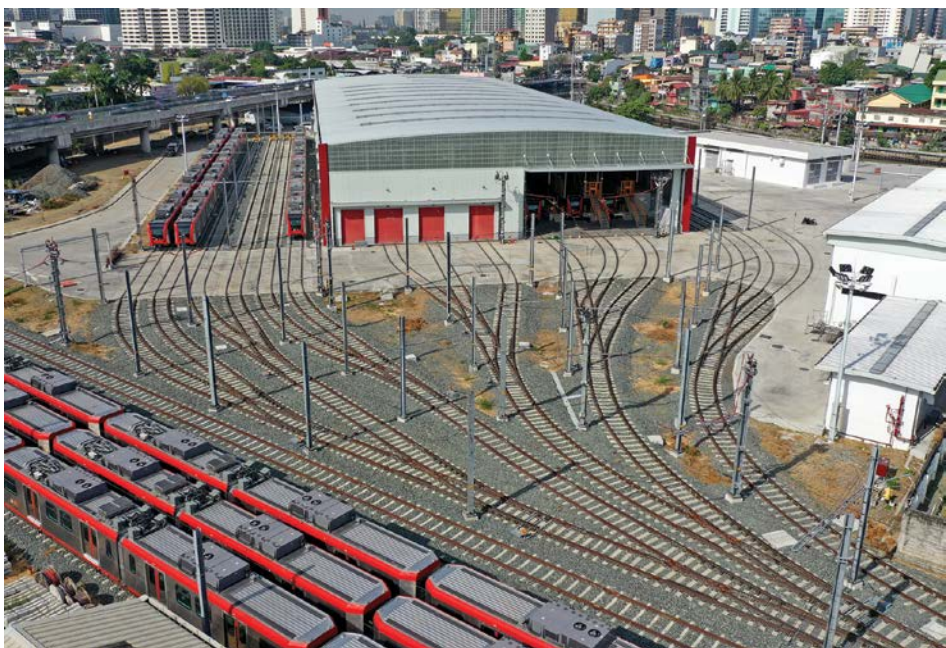
ivate sector to operate more ports. While some ports are already privatized, many remain untapped,” Bautista reveals. “For example, we’re finalizing the construction of Cebu International Container Port Terminal, which will be capable of accommodating two 2,000 twenty-foot equivalent unit vessels.”

In rail, “We’re moving toward privatizing operations and maintenance across all lines,” he says. The oldest of the country’s three Metro Manila light metro rail transit (MRT) lines has been privatized and is undergoing modernization and expansion. “We’re currently finalizing the business case for MRT3 with the Asian Development Bank before inviting bids. We’re also collaborating with ADB on plans for an MRT4 network,” he comments. “Additionally, construction is underway on the \$15.6-billion North-South Com-

RAFAEL LOTILLA
ENERGY SECRETARY
“Supporting the country’s economic growth targets requires a 5.2% annual increase in power supply.”

muter Railway project, a 91-mile elevated system that will reduce travel time from Clark International Airport to Laguna and Manila’s airport. Construction of the Philippines’ first subway, an \$8.5-billion project, is also progressing.”

On top of this, his department is preparing a feasibility study for a new 155-mile Subic-Clark-Manila-Batangas freight rail line, an initiative backed by the US, among others. This is intended to act as a logistics corridor linking airports, seaports and manufacturing zones in central Luzon. Major road infrastructure projects are the responsibility of the Department of Public



The government’s infrastructure program includes major rail projects



Raphael Lotilla
Energy Secretary

Works and Highways, which has a multi-billion-dollar project pipeline that includes improving, extending and constructing highways, expressways and bridges.

Stimulating investment in energy

Energy is another priority for a nation consuming around 36 million tons of oil equivalent energy a year, a figure that is rapidly rising. According to Energy Secretary Raphael Lotilla, “Supporting the country’s economic growth targets requires a 5.2% annual increase in power supply.”

In 2022, the Marcos administration inherited electricity and energy systems that were struggling to meet demands. “Our priorities included freeing up unused generation capacity that was hindered by transmission constraints. On Mindanao, for example, we had up to 800 megawatts of excess power. We completed interconnection projects to transfer that to islands where it is needed,” says Lotilla. “We’re focusing on the availability of transmission lines to accommodate new conventional and renewable power sources as well. At the Association of Southeast Asian Nations level, we’re working on interconnecting the region’s power grids.”

The government has also introduced reforms to stimulate investment in the electricity sector, which is privately owned and market-driven, and power generation. To boost national energy security, “We’re incentivizing natural gas exploration, seeing it as a vital transition to clean energy. This complements our new liquefied natural gas import and regasification facilities,” he states. However, the government’s main goal regarding energy sources is to harness the nation’s extensive solar, wind, geothermal, hydropower, ocean energy and biomass resources. In 2023, 22.3% of the Philippines’ power generation mix came from renewables, 35% is the target for 2030 and 50% for 2040.



Jaime Bautista
Transportation Secretary

“Our Renewable Energy Act and related investment laws provide liberal incentives for investors in generation, spurring considerable interest in offshore wind and floating solar in particular,” Lotilla reveals. Investors are flocking into the sector: in the first nine months of 2024, renewable energy investments valued at \$22.5 billion were approved, with some of the most eye catching being a \$3.2-billion solar and battery storage project, a \$5.2-billion hydroelectric scheme and a \$2-billion offshore wind package.

JAIME BAUTISTA
TRANSPORTATION SECRETARY
“We’re going to privatize operations at 15 more airports, with a few already open for bids.”

Among geothermal projects, “US companies are collaborating with local firms to maximize geothermal use by exploring abandoned steam wells and utilizing secondary heat from power generation,” he says. “In addition, we’ve signed an agreement with the US facilitating US nuclear technology exports to the Philippines. The agreement focuses on providing scholarships and training for personnel involved in nuclear projects, and conducting policy studies on cleaner technologies, including small modular nuclear options to ensure informed decision-making, especially within the private sector.”

More US involvement in the country’s infrastructure development areas would be welcomed. Bautista says: “This government values the essential role of private sector players in our program’s execution and we’re confident their investments will yield favorable returns. It’s a win-win opportunity.”



Clark International Airport can handle 8 million passengers a year

The logistics capital

Clark International Airport will be a key node in the US-backed Luzon economic corridor

Sixty miles southeast of the capital by Manila Bay lies the Clark International Airport complex. Previously one of the US’s largest foreign airbases, today it contains a thriving commercial airport, civil aviation ecosystem, freeport and special economic zone, and it hosts more than 1,000 companies operating in services and manufacturing, including Texas Instruments, FedEx, UPS, Hilton and Marriott.

Covering over 9 square miles, the site “offers significant potential,” says Arrey Perez, former president and CEO of Clark International Airport Corporation (CIAC), the public sector body responsible for managing and developing the complex. At the heart of the site is a modern airport. “Clark is well-connected from north to south of Luzon, thanks to expressways and a new railway project funded by the US government. We inherited a runway designed for the space shuttle and the terminal building was expanded in 2022 to support 8 million passengers a year, part of a longer-term master plan aiming for 80 million passengers annually,” he states. “We adopted a hybrid public-private partnership model, with the government funding construction and privatizing airport operations.”

The site has ample free space for diverse developments. “Currently, 123,000 people are employed in Clark and the master plan aims to multiply this by four or five with upcoming projects,” Perez reveals. Those projects include a vast new innovation park and a data center co-location plant, plus large events and entertainment facilities. The core of CIAC’s vision, however, is to cement the complex’s position as the country’s capital for civil aviation, logistics, freight and cargo.

“CIAC is attracting maintenance, repair and overhaul companies to support our aerospace industry, which is in high demand, and it plans to establish an aviation training campus,” he notes. CIAC is also developing a \$148-million National Food Hub that will generate substantial cargo traffic. “Central Luzon is a prime location for this, being the Philippines’ food basket. The hub will aggregate farmers into cooperatives, supported by the government to ensure high yields and standards. By centralizing trading in Clark, we’re reducing the costs of supplying North America and Asia,” he says.

Perez observes that the US is a big backer of the complex’s ongoing transformation: “CIAC is supported by USAID for logistics feasibility studies and is working with the United States Trade and Development Agency on Clark International Airport’s expansion, including a new terminal and runway.”



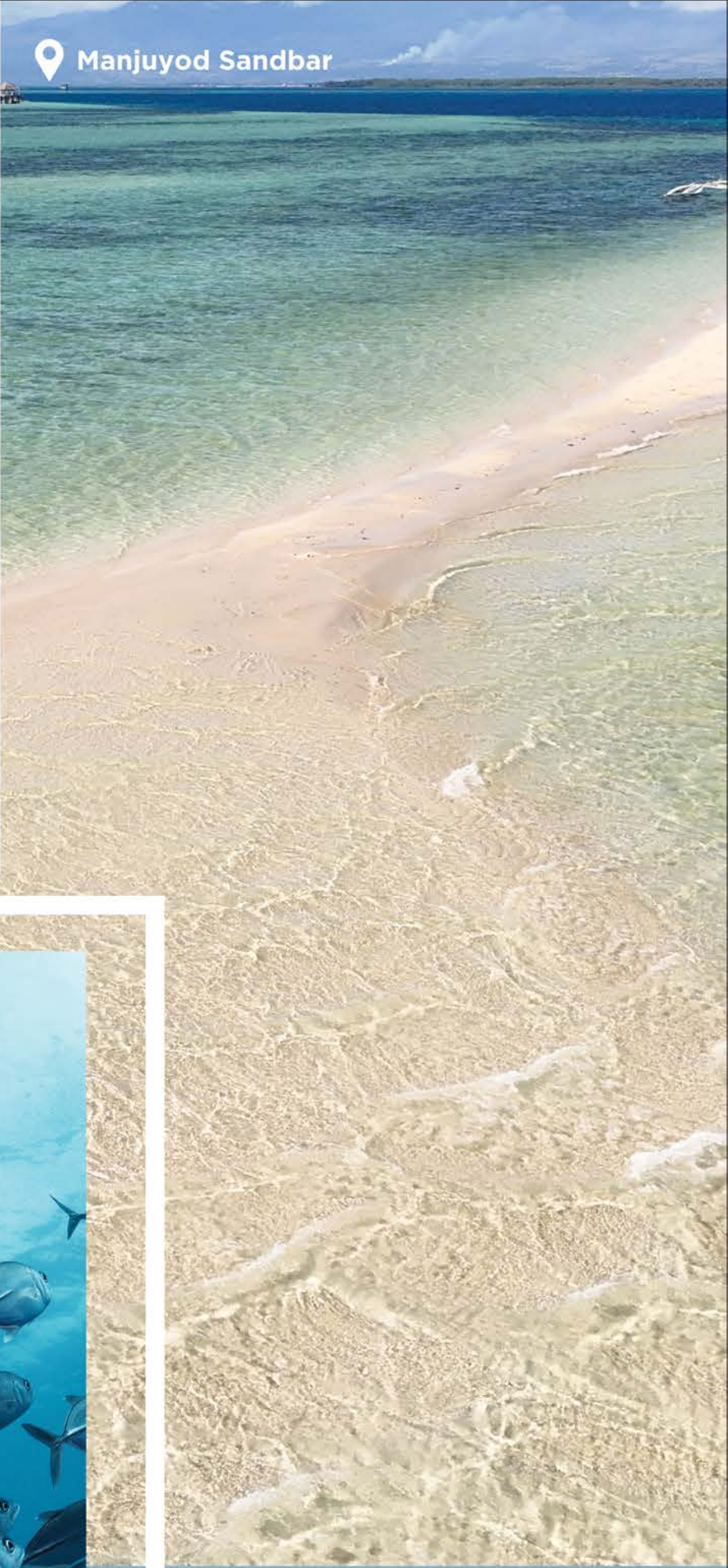
Manuel Pangilinan
Managing Director and CEO, First Pacific

this year. To help achieve MPTC’s ambitious expansion goals, it is merging with another major player and has secured a highly regarded new president and CEO, Arrey Perez, who was previously at the helm of the state-owned Clark International Airport Corporation, which is developing one of the country’s most dynamic investment zones.

MPIC is investing in healthcare as well. “There’s lots of room for growth. We have 24 hospitals and are hoping to get up to 40 or 50 in three to five years,” Pangilinan reveals. First Pacific sees potential in telecommunication too. “PLDT’s mobile networks currently serve 90% of the population and we’re trying to get that up to 100%. We’re also expanding our fiber network, the longest in the country, and we’re pushing data centers and enterprise solutions,” he says. “Furthermore, we’re doubling down on our mining investments and opening a new copper and gold mine with significant processing capability next year.”



 Boracay



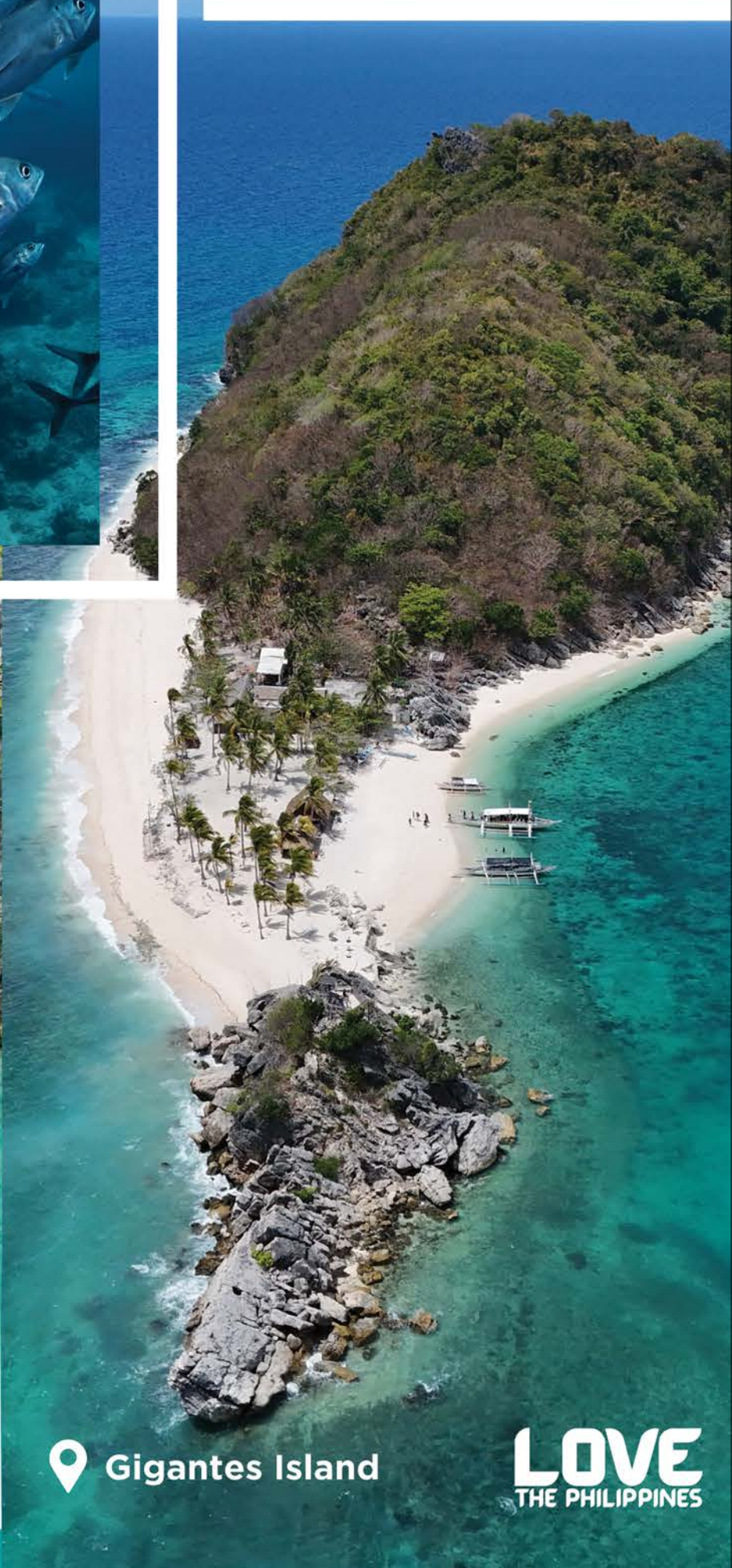
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