INVESTMENTS IN MANUFACTURING: MANAGING THROUGH A POSITION OF STRENGTH
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There are two ways by which a country manages its state of affairs: from a position of weakness or a position of strength. While the latter is ideal, it is not always possible. Some countries operate from a position of weakness depending on the circumstances they face or on the leaders who manage them.

When a country is an archipelago, it is usually a major exporter of marine products. The Philippines has the 2nd longest coastline in the Asia-Pacific region and the 5th in the world, and yet it imports fish and various marine products for its domestic needs. As a tropical country, it would have been a top producer of rice, sugar, vegetables, and fruits. Unfortunately, it also imports all of these products periodically instead of exporting them. Consequently, the country has a negative trade balance where imports are far greater than exports.

With a large population who are of working age, the Philippines should be the first destination for foreign investors who want to get their products manufactured at a lower cost. Instead, Filipinos go overseas in search for work as some Philippine companies outsource their production to foreign enterprises.

For decades, the Philippines has been a consumer-driven economy – with household consumption accounting for over 70% of the country’s gross national product (GDP) – fueled in large part by remittances sent in by overseas Filipino workers (OFWs). According to the World Bank, the Philippines was the fourth biggest recipient of remittance flows in 2021 as personal remittances that came into the country accounted for 9.3% of GDP.

Not being trade-driven, the Philippine economy, on average, has been insulated somewhat from global economic downturns. This was despite the fact that the Philippine economy posted the deepest fall in GDP in Southeast Asia in 2020 due to the COVID-19 pandemic, with -16.9% in the second quarter. Its full-year GDP in 2020 contracted by 9.6% – the lowest in its economic history – although it also bounced back in 2021 due to the low base effect.

This paper highlights the pressing need for the Philippines to extend support to both local and foreign investors to venture into manufacturing activities that can cater to the needs of not only the international market but also the growing domestic market. Carving the path towards a more investment-led growth, particularly in the manufacturing sector, coupled with human capital development, that could generate jobs for many Filipinos and ultimately serve as the foundation for long-term economic growth and development.
The temporary relief from not being trade driven was a matter of luck in timing. Sooner or later, the Philippine economy will need to be trade-driven in order to have a sustainable economic growth. In fact, according to the Global Risks Report 2023 of the World Economic Forum (WEF), a cost-of-living crisis looms as the most severe global risk in the next two years, especially with inflationary pressures that affect consumption.

In order to mitigate such risk and achieve a more sustainable and inclusive growth, the economy has to be investment-led, whether it is foreign investment or domestic investment.

THE PHILIPPINE MANUFACTURING SECTOR

According to the Philippine Statistics Authority (PSA), the manufacturing sector accounted for 16.0% of the country’s GDP in the third quarter of 2022. In recent years, the sector’s share to GDP ranged between 16.0% and 21.0% (Figure 1). Services continue to represent a huge portion of the GDP, accounting for around 60.0%.

In 2021, there were 129,436 establishments engaged in manufacturing activities that were in operation in the Philippines (Figure 2), based on the latest PSA data. This accounted for around 12.0% of the total 1.08 million establishments operating in the country. Notably, majority of the manufacturing establishments were located in Region IV-A (CALABARZON), with 19,491 establishments that accounted for around 15.1% of the total establishments in the manufacturing sector. Closely trailing behind CALABARZON were the National Capital Region (NCR) and Region III (Central Luzon), which each represented around 14.1% of the total. Altogether, the manufacturing establishments operating in the country employed a total of almost 1.51 million workers, most of which were in the three aforementioned regions (Figure 3).
The PSA's 2019 Annual Survey of Philippine Business and Industry (ASPBI) registered a total of 23,861 establishments in the formal sector of the economy that were engaged in manufacturing activities. Around one-third of these establishments were engaged in the manufacture of other food products (32.4%) – which employed the greatest number of workers (Figure 4) – followed by the manufacture of beverages (11.1%), printing and service activities related to printing (8.7%), and the manufacture of grain mill products, starches, and starch products (5.0%).

The 2019 ASPBI also shows that the manufacturing sector generated a total revenue of PHP 5.96 trillion and incurred total expenses amounting to PHP 5.21 trillion. Specifically, the manufacture of electronic components had the greatest share to total revenues amounting to PHP 551.01 billion (or 9.2% of the total) as well as to total expenses at PHP 511.50 billion (or 9.8% of the total).

Based on the latest data from the Bangko Sentral ng Pilipinas (BSP), net inflows of foreign direct investment (FDI) to the Philippine manufacturing sector in the first nine months of 2022 amounted to USD 386.46 million (Figure 5), which accounted for around 35.3% of total net FDI inflows during the period.

Meanwhile, it is also crucial to consider the investments that are yet to materialize. According to the most recent data from the PSA, total investment pledges of both foreign and Filipino nationals in manufacturing activities that were approved by investment promotion agencies (IPAs) in the third quarter of 2022 amounted to PHP 10.78 billion (Figure 6). This accounted for 6.8% of the total investment pledges during the quarter and was 73.6% lower than the PHP 40.78 billion recorded in the same quarter in 2021. The majority of the investment commitments in the third quarter of 2022 will be channeled to electricity, gas, steam, and air conditioning supply activities (79.1%), followed by real estate activities (8.2%). It is important to note that approved investments refer to the investment
commitment and pledges by Filipino and foreign nationals that may be realized in the future.

The Philippine manufacturing sector can expand to reach its full potential if properly supported by the government. These activities can, in turn, become a force multiplier that boosts the country’s productivity and increases output while generating more jobs, providing income security, alleviating poverty, and revitalizing consumer spending that would keep the economy running strong.

In fact, data from the PSA\(^2\) indicate that the Philippines has been running a trade deficit in recent years, which became more pronounced starting in 2016 (Figure 7). From January to November 2022 alone, the trade deficit amounted to USD 53.69 billion, thus impacting the country’s gross international reserves and exchange rate. During the same period, imports continued to dominate the Philippines’ external trade as it accounted for over 60% of the total, greatly exceeding the country’s exports. If the country cannot export more due to its inability to compete with imported products, the government can at least help increase the production of goods needed by the domestic market.

In this light, there is an opportunity for the Philippines to increase its domestic production and reduce its reliance on imports by encouraging more investments in the manufacturing sector. This will contribute to increasing the country’s productivity and cater to the needs of the growing domestic market.
POLICY ENVIRONMENT FOR THE GROWTH OF INVESTMENTS

In recent years, the Philippine government has been undertaking significant initiatives to make the country more competitive by encouraging the entry of more foreign investments, especially those relocating from China. These initiatives included game-changing policies such as the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act and the amendments to the Retail Trade Liberalization Act, Foreign Investments Act, and the Public Service Act. These measures have been widely supported by the country’s business community, who acknowledge that these reforms are crucial to the country’s path to post-pandemic recovery. The influx of more investments into the country will ultimately create a domino effect as it contributes to job creation, income security, provision of better and cheaper goods and services, as well as greater competition and innovation.

On top of these, there were also moves to create a more conducive regulatory environment for doing business in the country. In particular, Republic Act No. 11032, otherwise known as the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, streamlines the procedures and systems of government services by reducing the number of days needed to process permits and licenses for business-related transactions. This law also provides for the creation of the Anti-Red Tape Authority (ARTA), which is mandated to monitor and ensure compliance with the national policy on anti-red tape and ease of doing business in the country.

Despite the sweeping efforts to transform the Philippine economy into a more viable investment destination and an important player in the global supply chain, the country’s current policy environment somehow hinders the growth of domestic-oriented enterprises as export-oriented enterprises enjoy more benefits from the government. As the government has primarily prioritized economic reforms and offered incentives targeting foreign investments, it has left out opportunities for investments from local investors who cater to the domestic market. While export-oriented enterprises generate millions of dollars into the country, equally important are the domestic-oriented enterprises that, despite being non-dollar generating, provide the basic needs of the larger population. Domestic-oriented enterprises are crucial in that their ability to supply the demand of the local market ultimately helps control inflation.

CORPORATE RECOVERY AND TAX INCENTIVES FOR ENTERPRISES (CREATE) ACT

RA 11534, also known as the CREATE Act, aims to develop a more responsive and globally competitive tax incentives regime that is performance-based, targeted, time-bound, and transparent, intended to attract investments into the country. Specifically, it aims to cut the corporate income tax (CIT) rate from 30% to 25%, retroactive to July 1, 2020. The CIT will be reduced further by 1% annually in the following years, eventually reaching 20% by the year 2027 onwards. Additionally, under the law, the tax incentives such as income tax holidays may be granted to registered projects or activities.

The Fiscal Incentives Review Board (FIRB) or the investment promotion agencies (IPAs) will grant the appropriate tax incentives to registered business enterprises to the extent of their approved registered project or activity under the Strategic Investment Priority Plan (SIPP). The determination of the category will be based on both location (prioritized according to the level of development) and industry (prioritized according to the SIPP) of the registered project or activity (Tables 1 and 2).

<table>
<thead>
<tr>
<th>Location</th>
<th>Tier I</th>
<th>Tier II</th>
<th>Tier III</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Capital Region (NCR)</td>
<td>Export</td>
<td>Domestic</td>
<td>Export</td>
</tr>
<tr>
<td></td>
<td>14</td>
<td>(4 ITH + 10 ED/SCIT)</td>
<td>15</td>
</tr>
<tr>
<td>Metropolitan areas or areas contiguous and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>adjacent to NCR</td>
<td>15</td>
<td>(5 ITH + 10 ED/SCIT)</td>
<td>16</td>
</tr>
<tr>
<td>All other areas</td>
<td>16</td>
<td>(6 ITH + 10 ED/SCIT)</td>
<td>17</td>
</tr>
</tbody>
</table>

SOURCE: REPUBLIC ACT NO. 11534 (CORPORATE RECOVERY AND TAX INCENTIVES FOR ENTERPRISES ACT)
### Table 2. Industry Tiers Under the CREATE Act

<table>
<thead>
<tr>
<th>Tier I</th>
<th>Tier II</th>
<th>Tier III</th>
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</thead>
<tbody>
<tr>
<td>Activities that (1) have high potential for job creation, (2) take place in sectors with market failures resulting in the under-provision of basic goods and services, (3) generate value creation through innovation, upgrading or moving up the value chain, (4) provide essential support to sectors that are critical to industrial development, and (5) emerging owing to potential comparative advantage</td>
<td>Activities that produce supplies, parts and components, and intermediate services that are not locally produced but are critical to industrial development and import-substituting activities, including crude oil refining</td>
<td>Activities shall include (1) research and development, (2) generation of new knowledge and intellectual property registered and/or licensed in the Philippines, (3) commercialization of patents, industrial designs, copyrights, and utility models owned or co-owned by a registered business enterprise, (4) highly technical manufacturing, and (5) are critical to the structural transformation of the economy and require substantial catch-up efforts</td>
</tr>
</tbody>
</table>

Source: Republic Act No. 11534 (Corporate Recovery and Tax Incentives for Enterprises Act)

### Table 3. Objectives of the Philippine Development Plan 2023-2028

<table>
<thead>
<tr>
<th>Develop and Protect Capabilities of Individuals and Families</th>
<th>Transform Production Sectors to Generate More Quality Jobs and Competitive Products</th>
<th>Foster an Enabling Environment Encompassing Institutions, Physical and Natural Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Boost Health</td>
<td>• Modernize Agriculture and Agribusiness</td>
<td>• Ensure Macroeconomic Stability and Expand Inclusive and Innovative Finance</td>
</tr>
<tr>
<td>• Improved Education and Life-long Learning</td>
<td>• Revitalize Industry and Services</td>
<td>• Expand and Upgrade Infrastructure</td>
</tr>
<tr>
<td>• Establish Livable Communities</td>
<td>• Advance Research and Development, Technology, and Innovation</td>
<td>• Ensure Peace and Security and Enhance Administration of Justice</td>
</tr>
<tr>
<td>• Reduce Vulnerabilities and Protect Purchasing Power</td>
<td>• Promote Trade and Investments</td>
<td>• Practice Good Governance and Improve Bureaucratic Efficiency</td>
</tr>
<tr>
<td>• Increase Income-Earning Ability</td>
<td>• Promote Competition and Improve Regulatory Efficiency</td>
<td>• Accelerate Climate Action and Strengthen Disaster Resilience</td>
</tr>
</tbody>
</table>

Source: Philippine Development Plan 2023-2028

The Philippine Development Plan (PDP) 2023-2028

In December 2022, President Ferdinand “Bongbong” Marcos Jr. approved the Philippine Development Plan (PDP) 2023-2028, which will serve as the country’s blueprint for socioeconomic development over the medium term. Anchored on the administration’s 8-point socioeconomic agenda, the PDP aims to stimulate job creation and boost poverty reduction by revitalizing the economy and steering it towards a high-growth path for inclusive economic and social transformation. Notably, the PDP is aligned with Ambisyon Natin 2040, the country’s long-term vision of Filipinos enjoying a strongly rooted, comfortable, and secure life by 2040.

The PDP has three objectives: (1) to develop and protect capabilities of individuals and families; (2) to transform production sectors to generate more quality jobs and competitive products; and (3) foster an enabling environment encompassing institutions, physical and natural environment (Table 3).

Among the specific desired outcomes of the PDP is to expand domestic production and supplier base, specifically those corresponding to the value chains of the following industry clusters: (1) industrial, manufacturing, and transport (IMT); (2) technology, media, and telecommunication (TMT); (3) health and life sciences (HLS); and (4) modern basic needs (MBN). According to the PDP, this will entail “enhancing business-matching activities and intensifying support through the provision of common service facilities, marketing assistance and even time-bound performance-based incentives.” Servicification, which covers the adoption of Industry 4.0, will also be promoted by co-locating industry and service enterprises as well as by creating more platforms for closer collaboration with other stakeholders, such as the academe.
According to National Economic and Development Authority (NEDA) Director-General and Socio-economic Planning Secretary Arsenio Balisacan, the PDP introduces six cross-cutting strategies to be applied to almost all sectors in order to achieve each objective: (1) digitalization of government processes and public services; (2) improving the local and global connectivity of markets and the integration of leading and lagging regions; (3) servitization or building ICT, creative, tourism, and logistics ecosystems around manufacturing clusters; (4) building a dynamic innovation ecosystem; (5) harnessing the private sector’s resources, technologies, and potential for scale economies through public-private partnerships (PPPs); and (6) ensuring the effective devolution of critical social services to local governments.

Shortly after the approval of the PDP 2023-2028, the NEDA disclosed that a draft Executive Order (EO) seeking to mandate all government agencies to align their respective programs, projects, and activities with the PDP has been submitted to the Office of the President. But then again, formulating plans and roadmaps is one thing; implementation is another. If these are not executed or utilized properly, the desired outcomes and targets laid out in the PDP might not be attained.

### Key Challenges

Members of the business community have said that Philippine-based producers do not have the appetite to invest more in the country due to the absence of helpful policies to supplement business growth. They noted that the government does not offer incentives to companies that are willing to invest in millions of pesos – and ultimately provide jobs to Filipinos – unless they dedicate a certain percentage of their products to be exported.

Another issue cited by businesses is the inadequate trade and investment facilitation from the Bureau of Customs (BOC) and the Philippine Ports Authority (PPA) to further promote trade and investment. The Philippines also has restrictive policies and safeguard measures for imported products to protect the local industries, while access to raw materials such as wheat, sugar, salt, corn, and coffee has been unstable.

Micro, small, and medium enterprises (MSMEs), which may complement the production of raw materials and essential components in certain sectors, lack access to capital that could otherwise help them actualize their growth potential. A study by Raquia (2021) found that the MSME sector continues to face low productivity and growth even though policies and programs intended to promote and develop the sector are in place, such as the Magna Carta for Micro, Small and Medium Enterprises or RA 9501. She observed that access to credit remains to be among the major hindrances to the development of the MSME sector. Moreover, budgetary support extended to government agencies that are responsible for MSME development has been inadequate.

The MSME Development Plan 2017-2022 also identified other challenges that hamper the growth and development of the sector. It noted that banks generally prefer prioritizing larger corporate borrowers due to expected higher gains, perceived lower credit risk, and the availability of collateral, among others. On top of this, some government procedures and requirements are still generally numerous, repetitive, time consuming, and therefore costly to businesses. There is also poor coordination among concerned agencies, particularly national government agencies and local government units. Market access has likewise been a detriment to MSMEs as they are faced with difficulties in penetrating – and

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**Figure 8. Philippines: Ease of Doing Business Scores (2019-2020)**

Source: The World Bank (2020)
eventually sustaining – their presence in other markets as well as in participating in the global value chain due to the lack of technical knowledge and low skill levels. Hence, MSMEs are unable to innovate. The high costs of electricity and inputs, coupled with inadequate infrastructure, were also cited as factors that hinder the MSME sector from reaching its full potential.

Manufacturing activities do not necessarily need to be big scale all the time. In order to achieve market stability, it is better to have small-and-medium scale producers of various items dispersed across the country. Encouragingly, according to the World Bank’s *Ease of Doing Business* 2020, which looks at domestic small and medium-size companies, the Philippines obtained an overall score of 62.8 out of 100, ranking 95th out of 190 countries (Figure 8). This is higher than its 2019 score of 57.7, where it ranked 124th out of 190 countries. The 2020 report noted some improvements in the country in terms of starting a business (i.e., abolished the minimum capital requirements for domestic companies), dealing with construction permits (i.e., improved coordination and streamlined the process for obtaining an occupancy certificate), and protecting minority investors (i.e., required greater disclosure of transactions with interested parties and enhanced director liability for transactions with interested parties).

**Generating Opportunities with the Philippines’ Inherent Sweet Spots**

The Philippines has many inherent strengths. First is its geographical location. Its distance from mainland Asia insulates it from regional economic issues, depending on how the national policymakers manage the situation to the country’s advantage. Second is its abundant natural resources and raw materials that could allow various industries to flourish. Third, with English being an official language of the Philippines, communication in the world’s de facto business language becomes an added advantage in terms of establishing quick connections with sources of capital and technology as well as in reaching global markets, to ensure that the Philippines is able to maintain diversified supply chains. In the Philippines, English is the language of instruction, and is also the official language used in employment contracts, legal documents, and the courts of law. Last is the demographic profile of the Philippine population. While the populations of other Asian countries are growing old fast, the Philippine population is in a demographic sweet spot, where the median age is around 25 years old, according to the PSA.

The PSA’s latest *Census of Population and Housing* shows that the Philippines had a total population of 109.04 million persons in the year 2020. Notably, 33.4 million (30.7%) of the population were under 15 years of age while those in the 15-64-year-old bracket – or those who are considered as working age or the economically active population – totaled 69.40 million (63.9%). The remaining 5.86 million (5.4%) were 65 years old and older (Figure 9).

In comparison to its neighbors in the Southeast Asian region, the Philippines stands to have the second-largest population size behind Indonesia, which has the largest total population at over 250 million. The Philippines’ working-age population is the largest age group across the ASEAN member states’ population (Figure 10), based on 2021 data from the World Bank.
According to the World Bank, the Philippines ranked 13th in the world in terms of population size in 2021. Indeed, the country has entered a demographic golden age that is likely to last at least five decades, assuming that the current population growth rate prevails. Despite this, however, only around 51.88 million Filipinos – or 67% of the labor force – is active as of November 2022. The PSA’s Annual Poverty Indicators Survey also indicates that in 2020, around 21.2% of the population 5 years old and over finished high school or junior high school, while 11.3% had a college degree or higher. The top reason cited for not attending school was employment (22.2%). The NCR had the highest proportion for college graduates or higher (17.5%). This means that there is enough supply of workforce for sectors such as construction, manufacturing, and entrepreneurial activities.

Due to several blockages and insufficiency in resources to obtain higher education among poor Filipinos, skills development becomes a pressing need for the country’s education sector. Ultimately, a lack of adequate education and training hinders individuals from contributing to economic productivity.

However, it is important to note that some countries around the Philippines – Indonesia and Vietnam, for example – are now also entering their own demographic golden age. Given the aggressive strides that these countries are pursuing to date, their workers might one day take over jobs that Filipinos may not be qualified to do. Recent findings of international organizations indicate that Filipino children have done poorly in terms of basic reading, mathematics, and related skills, indicating a general failure on the part of the Department of Education (DepEd). Furthermore, as the COVID-19 pandemic widened the skills and education gap that threaten to split the world to recover in different rates and trajectories, it is imperative for the Philippines to ensure that its human capital will be competitive and not lag behind its peers in the global arena.
To make this young group of Filipinos more productive as workers in the coming years, it is necessary that government agencies take a more aggressive stance to reverse their shortcomings. In collaboration with the private sector, government agencies like the Technical Education and Skills Development Authority (TESDA) and Department of Labor and Employment (DOLE) may unlock the potentials of these prospective Filipino workers through continuous training in the areas of manufacturing, construction, and even in business process outsourcing (BPO), which are all equally crucial sectors that drive the Philippine economy and keep it running strong. Hence, public-private partnership can be expanded to cover the area of human capital development.

If the challenges on human capital are not addressed early on, the country’s relatively young population today will, over time, grow old without having contributed positively to national development as the median age of the population continues to rise. This will certainly strain the delivery of social services in the future.

**Policy Recommendations**

In economics, there is a situation where a middle-income country has difficulty competing internationally in the production of labor-intensive goods because its wages have become relatively high. On the other hand, it also has difficulty competing in higher value-added activities on a broader scale because its overall productivity is relatively too low. This is called the middle-income trap.

The Philippines is one of many countries caught in the middle-income trap. To break free from this trap, the course of action is to innovate and improve the national state of affairs, as Japan, Singapore and South Korea did decades back. Failure to do so will lead to a prolonged economic impasse. Hence, the crucial step is to operate from a position of strength. Fortunately, the Philippines has many of these strong points.

**Human Capital as Catalyst for Development**

To date, when the national government issues bonds to fund its spending programs, it severs around 70% of its borrowings from domestic sources. That alone shows that internally, there is a viable source of funding from domestic sources, which could be corporate or individual. However, there could be yet-unmapped individuals who may be prospective sources of more domestic investments. These range from overseas Filipino workers (OFWs), retirees, professionals, or just private citizens who have accumulated wealth over the years. Without any government initiatives, these people will likely just spend for various consumer items. It may be beneficial to the economy if these consumer spenders were organized into active domestic investors, either as owners of stocks of existing companies or as owners of businesses that produce goods or services to fill in the needs of the domestic market. But first, they have to be incentivized to make that shift.

When inflation is high, an economy that is driven by consumer spending will likely experience a decline because inflation forces consumer spenders to tighten their belts. The other dark reality is that a heavy reliance on foreign remittances, which fuels the consumer spending, indicates that there has been a brain drain, where the foreign economy is able to maximize the benefits of the productive imported labor force instead of the other way around.

Thus, given the country’s demographics, investments from foreign and domestic sources will benefit tremendously from a large pool of domestic young workers who, through re-skilling, upskilling, and acquisition of lifelong learning, can become the major force for the country’s shift to production and investment-led economic growth anchored on manufacturing, supported by similar ventures in construction, tourism, agriculture, trading/entrepreneurship, food production and even business process outsourcing (BPO). By effectively training the workforce and preparing them for the future, Filipino workers will have better access to industry-relevant education and industry-recognized upskilling programs and be flexible to the evolving business environment.

A closer look at the huge supply of workers in the Philippines underscores two self-reinforcing advantages in the drive to grow foreign and domestic investments in the Philippines, particularly in the area of manufacturing. By making these workers better trained and more economically productive, they can become an important catalyst for the growth of domestic-oriented investors and enterprises that, despite not being dollar-generating, nevertheless provide affordable and accessible goods and services to a huge chunk of the country’s consumer base. At the same time, this population can keep the domestic economy running through increased consumer spending.

**Reinvigorating the Manufacturing Sector Through a More Investment-Led Growth**

Digging deeper into the country’s policy environment over the years, the trend indicates a national preference towards export-oriented industries instead of equally targeting those that mainly serve the needs of the domestic market.

Hence, it is about time that the country’s manufacturing sector was optimally strengthened by equally providing foreign and local investors that cater to both the international and domestic markets with the right incentives. Investors, especially those engaged in manufacturing,
should be encouraged to be more inward-looking to provide the domestic consumer market – which makes up a huge chunk of the population – with more affordable and accessible goods.

As these domestic-oriented enterprises play a crucial role in spurring economic growth, the government will do well to extend support to them by giving them incentives enjoyed by its export-oriented counterparts, such as income tax holidays. This will enable greater in-country production and temper the need for unnecessary imports. The government could likewise encourage bringing in pioneer technology that could help the country to become more competitive. Another direction that could be taken into consideration is the provision of incentives to green investments in manufacturing to ensure that economic productivity is promoted without compromising the environment. These investments include plastic waste infrastructure that could support companies’ recyclable packaging initiatives. Banks should be encouraged to finance green investments in manufacturing.

With this focus of carving the path towards a more investment-led growth in the manufacturing sector, there will be a strong multiplier effect in the form of better opportunities to form new markets targeting this demographic. This will, in turn, generate higher consumption, create jobs and livelihood opportunities, and allow for greater prospects for upward mobility.

Thus, government support in policy development and incentives is strongly needed to enable an effective economic transition. Issues commonly faced by manufacturers in ease of doing business, trade facilitation, access to raw materials, and labor productivity should be addressed urgently while time is on our side.

The government should take full advantage of the existing sweet spots enjoyed by the country in the areas of demographics, natural resources, geographical location, and language facility because these advantages power up the country’s position of strength. With these inherent strengths, the Philippines will find it easy to build the momentum for long-term growth and development – provided that it focuses on getting its house in order through good governance and adherence to the rule of law.
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9. ibid.


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ABOUT

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