

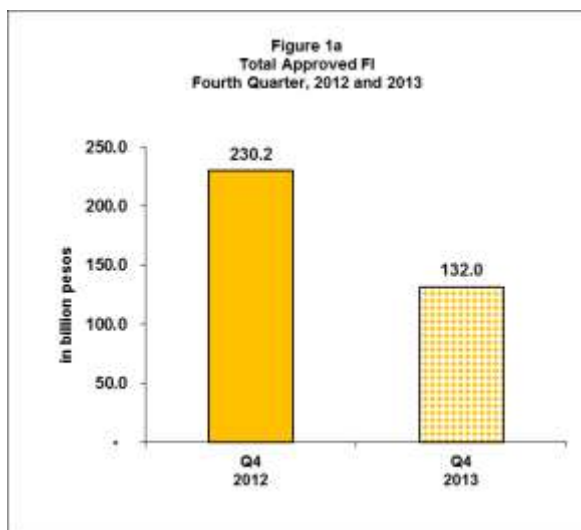
## Foreign Investments in the Philippines Fourth Quarter and Annual 2013

### SUMMARY

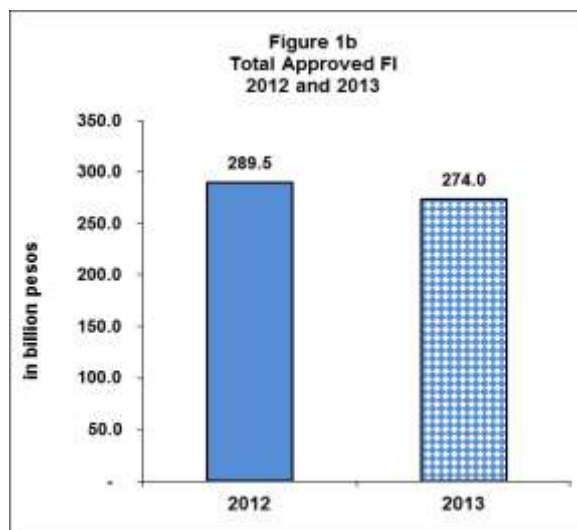
#### Total Approved Foreign Investments (FI), Q4 and Annual 2013

Total foreign investments (FI)<sup>1</sup> approved in the fourth quarter of 2013 by seven investment promotion agencies (IPAs), namely Board of Investments (BOI), Clark Development Corporation (CDC), Philippine Economic Zone Authority (PEZA), and Subic Bay Metropolitan Authority (SBMA) as well as Authority of the Freeport Area of Bataan (AFAB), BOI-Autonomous Region of Muslim Mindanao (BOI-ARMM), and Cagayan Economic Zone Authority (CEZA), amounted to 132.0 billion, 42.7 percent lower than PhP 230.2 billion investment commitments in the fourth quarter of 2012.

Meanwhile, total approved FI for the year 2013 reached PhP 274.0 billion, down by 5.4 percent from PhP 289.5 billion pledges recorded in the previous year (Figures 1a and 1b and Part II – Tables 1a, 1b and 1c).



Source: AFAB, BOI, BOI-ARMM, CDC, CEZA, PEZA, SBMA



Source: AFAB, BOI, BOI-ARMM, CDC, CEZA, PEZA, SBMA

#### About This Report

This report is the 66<sup>th</sup> of a series on quarterly statistics on foreign investments (FI) in the Philippines, integrating the quarterly statistical reports on FI submitted by the government's investments promotion, administration and regulation agencies. It provides an analysis of the:

- (a) *Foreign investments (FI) and investments by Filipinos approved* by the Board of Investments (BOI), Clark Development Corporation (CDC), Philippine Economic Zone Authority (PEZA), Subic Bay Metropolitan Authority (SBMA), Authority of the Freeport Area of Bataan (AFAB), BOI-Autonomous Region of Muslim Mindanao (BOI-ARMM), and Cagayan Economic Zone Authority (CEZA). Approved foreign investments represent investment commitments and pledges by foreigners regardless of the percentage of ownership of the ordinary shares, which may be realized in the near future.
- (b) *Foreign direct investments (FDI)* as presented in the Balance of Payments (BOP) by the Bangko Sentral ng Pilipinas (BSP). FDI refers to actual foreign investments generated, with the foreign investors owning 10 percent or more of the ordinary shares.

Annex A presents the technical notes on the data and compilation methodology while Annex B gives a brief background on the Foreign Investment Information System (FIIS) that generates the FI statistics presented in this report.

Notes: (a) Starting with the Q3 2012 Report, foreign investments approved and registered by the investment promotion agencies (IPAs) is termed "approved foreign investments," replacing the term "approved foreign direct investments" used in the previous reports. This is to distinguish clearly the approved foreign investments from the FDI being released by the BSP.

(b) Revisions in the previous quarters' data are based on the updates provided by the investment promotion agencies.

<sup>1</sup> Approved FI represents the amount of **proposed** contribution or share of foreigners to various potential projects in the country as approved and registered by the IPAs. This consists of equity, loans and reinvested earnings. (See Annex A – Technical Notes)

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British Virgin Islands was the top source of approved FI in Q4 2013 as it contributed 35.0 percent or PhP 46.1 billion of the total FI commitments. Japan and the Netherlands occupied the second and third places, pledging PhP 29.4 billion or 22.3 percent and PhP 14.4 billion or 10.9 percent, respectively, of the total approved FI during the quarter (Part II - Table 2a).

Top investing countries for 2013 were British Virgin Islands, the United States of America (USA), and Japan, sharing 33.9 percent, 20.2 percent, and 16.3 percent, respectively, of the total approved FI. Investment pledges from the three countries totaled PhP 192.9 billion (Part II - Table 2b).

Projects in the transportation and storage industry garnered the largest amount of FI pledges for Q4 2013 as it stood to receive PhP 53.1 billion or 40.2 percent. Manufacturing came in second with investment pledges valued at PhP 51.7 billion, accounting for 39.2 percent of the total FI, followed by administration and support service activities at PhP 14.5 billion or 11.0 percent share. Meanwhile, manufacturing received the largest amount of FI commitments for the whole year of 2013, contributing PhP 77.6 billion or 28.3 percent of total approved FI (Part II – Tables 3a and 3b).

### **Foreign Direct Investments in the Balance of Payments (BOP)<sup>2</sup>, Q4 and Annual 2013**

Foreign direct investments (FDI) in the Balance of Payments (BOP) as compiled by the Bangko Sentral ng Pilipinas (BSP) recorded net inflows of US\$ 726.0 million in October to December 2013, higher by 56.1 percent than US\$ 465.0 million recorded in the same period of the previous year (Part II – Table 14a). Meanwhile, net FDI inflows in 2013 amounted to US\$ 3.9 billion, registering an increase of 38.0 percent from US\$ 2.8 billion posted in 2012 (Part II – Table 14b).

In peso terms, FDI in the BOP for October to December 2013 posted a net inflow of PhP 31.6 billion, 65.0 percent higher than PhP 19.2 billion in the same period of the previous year (Part II – Table 13a). For the year 2013, FDI in the BOP increased by 35.5 percent, with a net inflow of PhP 162.0 billion from a net inflow of PhP 119.6 billion in 2012 (Part II – Table 13b).

### **Approved Investments of Foreign and Filipino Nationals, Q4 and Annual 2013**

Approved investments of foreign and Filipino nationals in the fourth quarter of 2013 totaled PhP 235.7 billion, 28.6 percent lower than PhP 330.1 billion registered in the same period of the previous year. Pledges from Filipino nationals stood at PhP 103.7 billion which accounted for 44.0 percent of the total approved investments during the quarter (Part II – Table 6a).

Summing all quarters, investment pledges of foreign and Filipino nationals amounted to PhP 754.0 billion in 2013, up by 8.0 percent from PhP 698.2 billion committed a year ago. (Part II – Table 6b).

### **Projected Employment from Approved Investments of Foreign and Filipino Nationals, Q4 and Annual 2013**

Foreign and Filipino ventures approved by the seven IPAs during the fourth quarter of 2013 are expected to create 46,997 jobs, inching up by 4.0 percent from previous year's projected employment of 45,198 jobs. Out of these anticipated jobs, 82.1 percent or 38,567 jobs would come from projects with foreign interest (Part II – Tables 4a & 8a).

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<sup>2</sup> Refers to net FDI flows consisting of non-residents' net equity capital (placements less withdrawals) plus reinvestment of earnings plus debt instruments (net intercompany borrowings).

Projected employment from approved foreign and Filipino investments for 2013 totaled 161,998 jobs, an increase of 9.8 percent from 147,482 jobs recorded in the same period a year ago (Part II – Table 8b).

### **Approved Investments of Foreign and Filipino Nationals in Information and Communications Technology (ICT), Q4 and Annual 2013**

Total investment pledges in information and communications technology (ICT) of foreign and Filipino nationals in the fourth quarter of 2013 totaled PhP 17.1 billion, lower by 59.7 percent compared to the PhP 42.4 billion recorded in Q4 2012. Projects in ICT accounted for 7.3 percent of total approved investments of foreign and Filipino nationals during the quarter (Part II – Tables 6a and 9a).

Foreign nationals remained as the major source of investment pledges in ICT for Q4 2013, committing PhP 16.1 billion or 94.3 percent of the total pledges in ICT. Foreign investments in ICT accounted for 12.2 percent of the total FI approved during the period (Part II – Tables 9a and 10a).

Proposed investments of foreign and Filipino nationals in ICT in 2013 reached PhP 31.0 billion from PhP 49.7 billion in 2012 or a decline of 37.6 percent (Part II – Table 9b).

## Part I – ANALYSIS

### A. Approved Foreign Investments (FI)

#### A.1 Total Approved FI

##### A.1.1 Fourth Quarter 2013

Foreign investment applications received and approved in the fourth quarter of 2013 by the Authority of the Freeport Area of Bataan (AFAB), Board of Investments (BOI), Cagayan Economic Zone Authority (CEZA), Clark Development Corporation (CDC), Philippine Economic Zone Authority (PEZA), and Subic Bay Metropolitan Authority (SBMA) declined by 42.7 percent, to PhP 132.0 billion in the fourth quarter of 2013 from PhP 230.2 billion in the same period of the previous year.

Among the investment promotion agencies (IPAs), CEZA posted the highest increase in FI commitments, which is 21 times the PhP 20.2 million in Q4 2012, resulting to PhP 438.8 million in Q4 2013. FI approvals from AFAB, meanwhile, increased by almost nine folds to PhP 2.0 billion in Q4 2013 from PhP 224.8 million in Q4 2012. However, FI approvals by PEZA, CDC, and SBMA, suffered double-digit declines of 56.7 percent, 56.0 percent, and 47.1 percent, respectively. Investment pledges approved by BOI also dipped by 4.0 percent (Table A and Part II – Table 1b).

The bulk of FI applications came from PEZA, cutting in 56.1 percent or PhP 74.1 billion pesos of the total FI. Trailing far behind is BOI sharing 40.9 percent or PhP 54.0 billion worth of investments. AFAB contributed 1.5 percent or PhP 2.0 billion, while CDC, CEZA, SBMA and BOI-ARMM had a combined share of 1.4 percent of the total FI.

**Table A**  
**Total Approved FI by Investment Promotion Agency (in million pesos)**  
**Fourth Quarter, 2012 and 2013**

Agency	Approved FI		Percent to Total Q4 2013	Growth Rate Q4 2012 - Q4 2013
	Q4 2012	Q4 2013		
AFAB	224.8	2,012.0	1.5	795.2
BOI	56,201.6	53,960.7	40.9	(4.0)
BOI ARMM	-	322.0	0.2	-
CDC	2,331.1	1,026.7	0.8	(56.0)
CEZA	20.2	438.8	0.3	2072.5
PEZA	171,221.0	74,084.5	56.1	(56.7)
SBMA	216.7	114.6	0.1	(47.1)
<b>Total</b>	<b>230,215.4</b>	<b>131,959.3</b>	<b>100.0</b>	<b>(42.7)</b>

Sources of data: AFAB, BOI, BOI-ARMM, CDC, CEZA, PEZA, SBMA

### A.1.2 January to December 2013

Foreign investment applications approved in 2013 reached PhP 274.0 billion, down by 5.4 percent from PhP 289.5 billion in 2012. PEZA bested all other IPAs as it shared 53.9 percent or PhP 147.7 billion of the total approved FI. BOI and AFAB came in second and third with PhP120.6 billion worth of investments or 44.0 percent and PhP 2.1 billion or 0.8 percent, respectively. CDC accounted for 0.7 percent or PhP 2.0 billion while SBMA shared PhP 668.8 million worth of investments.

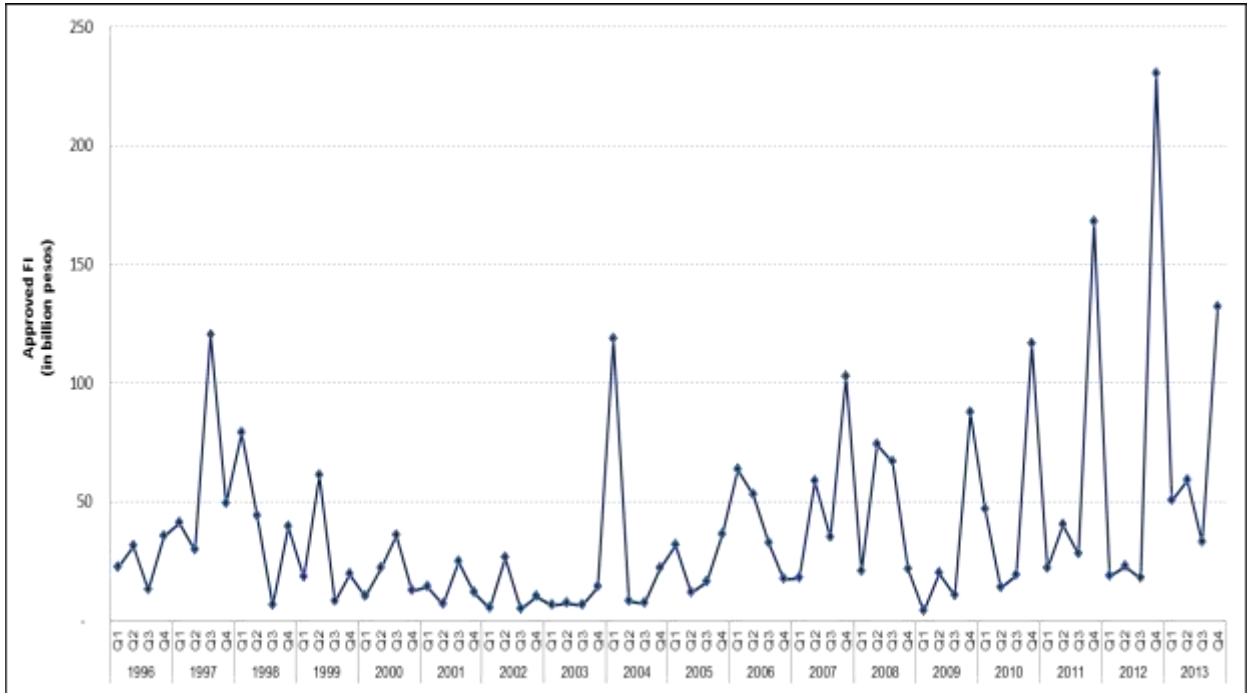
AFAB registered the highest increase in FI approvals, around five times the PhP 390.6 million approved in 2012, followed by CEZA, expanding by four folds from PhP 128.9 million to PhP 599.8 million in 2013. Likewise, FI approvals by BOI and SBMA also increased by 62.9 percent and 2.4 percent, respectively. Meanwhile, FI commitments approved by CDC and PEZA suffered double-digit declines of 55.9 percent and 29.5 percent, respectively (Table B and Part II – Table 1c).

**Table B**  
**Total Approved FI by Investment Promotion Agency (in million pesos)**  
**January-December 2012 and 2013**

Agency	Approved FI		Percent to Total 2013	Growth Rate 2012 -2013
	2012	2013		
<b>AFAB</b>	390.6	2,120.7	0.8	442.9
<b>BOI</b>	74,064.8	120,646.3	44.0	62.9
<b>BOI ARMM</b>	426.8	322.0	0.1	(24.5)
<b>CDC</b>	4,504.4	1,986.0	0.7	(55.9)
<b>CEZA</b>	128.9	599.8	0.2	365.2
<b>PEZA</b>	209,376.6	147,670.8	53.9	(29.5)
<b>SBMA</b>	652.3	668.0	0.2	2.4
<b>Total</b>	<b>289,544.4</b>	<b>274,013.5</b>	<b>100.0</b>	<b>(5.4)</b>

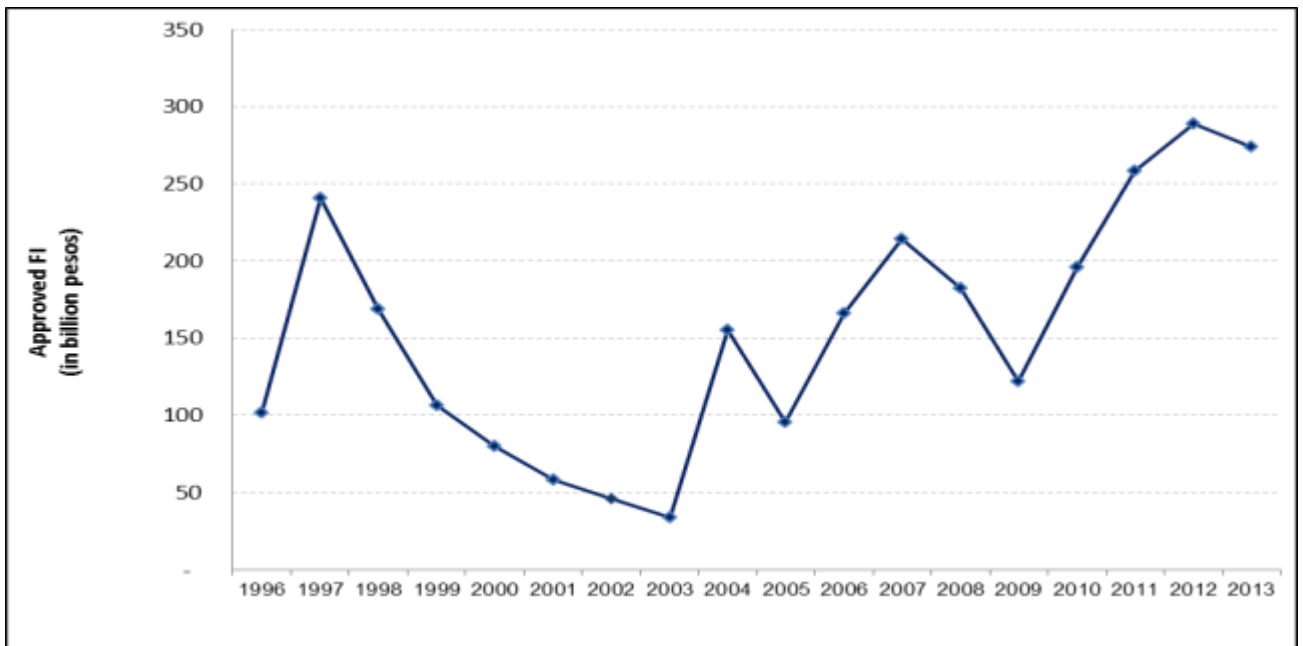
Sources of data: AFAB, BOI, BOI-ARMM, CDC, CEZA, PEZA, SBMA

**Figure 2a**  
**Total Approved Foreign Investments (in billion pesos)**  
**First Quarter 1996 to Fourth Quarter 2013**



Sources of data: AFAB, BOI, BOI-ARMM, CDC, CEZA, PEZA, SBMA

**Figure 2b**  
**Total Approved Foreign Investments (in billion pesos)**  
**1996 to 2013**



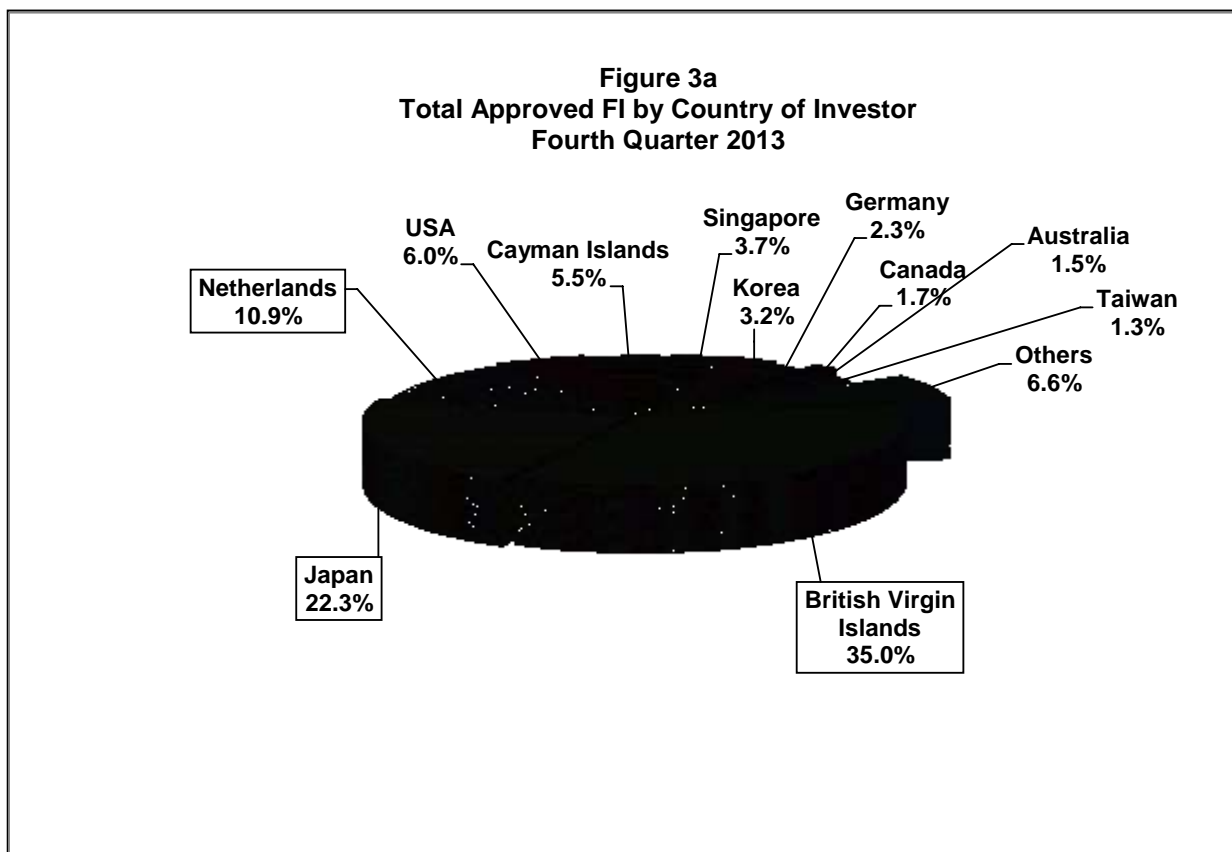
Sources of data: AFAB, BOI, BOI-ARMM, CDC, CEZA, PEZA, SBMA

## A.2 Top Performing Countries

### A.2.1 Fourth Quarter 2013

Top prospective investing countries for the fourth quarter of 2013 include British Virgin Islands, Japan, and the Netherlands. British Virgin Islands is the first on the list, committing PhP 46.1 billion or 35.0 percent of the total approved FI in Q4 2013. The amount is more than 14 times the PhP 3.1 billion it pledged in the same period of the previous year (Figure 3a and Part II - Table 2a). British Virgin Islands' prospective ventures are mostly in transportation and storage, administrative and support service activities, and manufacturing.

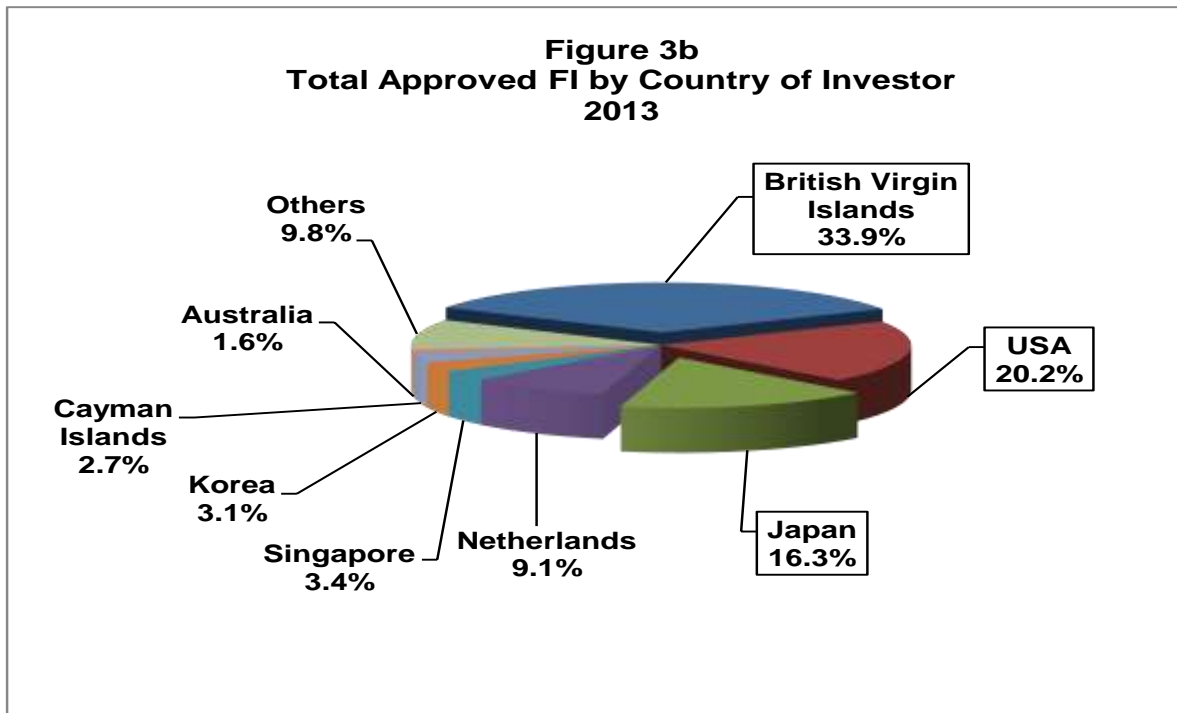
Japan and the Netherlands accounted for 22.3 percent or PhP 29.4 billion, and 10.9 percent or PhP 14.4 billion, respectively, majority of which are intended to finance projects in manufacturing, transportation and storage, electricity, gas and air conditioning supply, and administrative and support service activities.



Sources of data: AFAB, BOI, BOI-ARMM, CDC, CEZA, PEZA, SBMA

### A.2.2 January to December 2013

For the year 2013, the hefty investments of PhP 92.8 billion pledged by British Virgin Islands placed it at number one, with a share of 33.9 percent, followed by USA, committing PhP 55.3 billion or 20.2 percent, and Japan cutting in PhP 44.8 billion or 16.3 percent. British Virgin Islands also registered the highest increase in FI commitments, from PhP 3.7 billion in 2012 (Figure 3b below and Part II – Table 2b).



Sources of data: AFAB, BOI, BOI-ARMM, CDC, CEZA, PEZA, SBMA

### A.3 Top Performing Industries

#### A.3.1 Fourth Quarter 2013

Around 40.2 percent of the total FI approved in Q4 2013 are intended to fund projects in the transportation and storage sector. The foreign investments for the said sector, valued at PhP 53.1 billion, were 6.2 percent higher than the amount committed in Q4 2012. Joining transportation and storage among the top recipients of approved FI were manufacturing, which accounted for 39.2 percent of FI for the quarter, receiving PhP 51.7 billion, followed by administrative and support service activities with a committed amount of PhP 14.5 billion or 11.0 percent share. The sector which registered the fastest growth in Q4 2013 was electricity, gas, steam and air conditioning supply, which grew by eight folds to PhP 5.6 billion from PhP 671.9 million in Q4 2012. (Table C and Part II – Table 3a).



**Table C**  
**Total Approved FI by Industry<sup>3</sup> (in million pesos)**  
**Fourth Quarter, 2012 and 2013**

Industry	Approved FI		Percent to Total Q4 2013	Growth Rate Q4 2012 - Q4 2013
	Q4 2012	Q4 2013		
A. Agriculture, forestry and fishing	2,328.2	2,649.6	2.0	13.8
B. Mining and quarrying	-	175.0	0.1	-
C. Manufacturing	136,787.4	51,711.8	39.2	(62.2)
D. Electricity, gas, steam and air conditioning supply	671.9	5,567.8	4.2	728.7
E. Water supply; sewerage, waste management and remediation activities	350.1	130.5	0.1	(62.7)
F. Construction	1,108.4	-	0.0	(100.0)
G. Wholesale and retail trade; repair of motor vehicles and motorcycles	82.6	41.1	0.0	(50.2)
H. Transportation and storage	49,987.6	53,087.2	40.2	6.2
I. Accommodation and food service activities	6,338.3	308.4	0.2	(95.1)
J. Information and communication	14,470.3	1,098.8	0.8	(92.4)
K. Financial and insurance activities	6.6	8.6	0.0	30.0
L. Real estate activities	5,720.3	1,832.5	1.4	(68.0)
M. Professional, scientific and technical activities	153.6	622.9	0.5	305.5
N. Administrative and support service activities	11,340.7	14,462.3	11.0	27.5
O. Public administration and defense; compulsory social security	8.2	8.8	0.0	7.4
P. Education	450.3	242.9	0.2	(46.1)
Q. Human health and social work activities	0.8	-	0.0	(100.0)
R. Arts, entertainment and recreation	410.0	4.7	0.0	(98.9)
S. Other service activities	-	6.3	-	-
<b>Total</b>	<b>230,215.4</b>	<b>131,959.3</b>	<b>100.0</b>	<b>(42.7)</b>

Sources of data: AFAB, BOI, BOI-ARMM, CDC, CEZA, PEZA, SBMA

<sup>3</sup> Starting with Q1 2012 FDI report, the 2009 Philippine Standard Industrial Classification (PSIC) has been adopted in classifying the industries.

## A.3.2 January to December 2013

FI commitments intended for projects in the manufacturing industry accounted for more than a quarter or 28.3 percent of the total investment pledges in 2013, receiving the highest pledges among the industries, for a total of PhP 77.6 billion. However, FI for manufacturing declined by 54.3 percent from PhP 169.5 billion in 2012 (Table D and Part II – Table 3b).

The industry which received the second highest amount of FI approvals was the electricity, gas, steam, and air conditioning supply, which received a total of PhP 74.5 billion in 2013, contributing 27.2 percent. Investment pledges for this sector grew by more than 13 times compared to the PhP 5.7 billion the industry received in 2012. Projects in the transportation and storage sector received the third largest amount of FI commitments for 2013 at PhP 55.5 billion or 20.2 percent of the total FI.

**Table D**  
**Total Approved FI by Industry<sup>3</sup> (in million pesos)**  
**January - December 2012 and 2013**

Industry	Approved FI		Percent to Total 2013	Growth Rate 2012 - 2013
	2012	2013		
A. Agriculture, forestry and fishing	4,514.3	2,678.8	1.0	(40.7)
B. Mining and quarrying	229.6	1,976.7	0.7	761.1
C. Manufacturing	169,531.2	77,557.6	28.3	(54.3)
D. Electricity, gas, steam and air conditioning supply	5,716.5	74,497.3	27.2	1,203.2
E. Water supply; sewerage, waste management and remediation activities	1,087.4	132.2	0.0	(87.8)
F. Construction	3,931.9	8.7	0.0	(99.8)
G. Wholesale and retail trade; repair of motor vehicles and motorcycles	280.5	155.0	0.1	(44.7)
H. Transportation and storage	53,032.8	55,468.1	20.2	4.6
I. Accommodation and food service activities	8,049.0	25,380.8	9.3	215.3
J. Information and communication	15,441.2	3,560.8	1.3	(76.9)
K. Financial and insurance activities	80.7	48.6	0.0	(39.9)
L. Real estate activities	9,997.0	6,434.7	2.3	(35.6)
M. Professional, scientific and technical activities	182.8	632.0	0.2	245.8
N. Administrative and support service activities	16,313.6	24,567.6	9.0	50.6
O. Public administration and defense; compulsory social security	164.0	31.6	0.0	(80.7)
P. Education	540.1	254.7	0.1	(52.8)
Q. Human health and social work activities	0.8	1.2	0.0	38.7
R. Arts, entertainment and recreation	414.5	579.6	0.2	39.8
S. Other service activities	36.4	47.8	0.0	31.2
<b>Total</b>	<b>289,544.3</b>	<b>274,013.5</b>	<b>100.0</b>	<b>(5.4)</b>

Sources of data: AFAB, BOI, BOI-ARMM, CDC, CEZA, PEZA, SBMA

## **A.4 Projected Employment from Approved FI**

### **A.4.1 Fourth Quarter 2013**

Foreign investment projects approved by the IPAs in the fourth quarter of 2013 are seen to generate 38,567 jobs, 23.1 percent higher than the 31,342 jobs expected in the same period a year ago (Part II – Table 4a).

PEZA-approved FI projects recorded the most number of prospective jobs at 29,907, accounting for 77.5 percent of the total jobs expected for the quarter. Projects approved by the BOI accounted for 4,848 jobs or 12.6 percent while CDC shared 2,574 jobs or 6.7 percent. FI projects from AFAB, BOI-ARMM, CEZA and SBMA jointly accounted 3.2 percent of the total jobs to be generated in Q4 2013.

Among the IPAs, CEZA posted the highest increase in the projected employment, about three times the 54 jobs recorded in Q4 2012, resulting to 180 jobs in Q4 2013. Likewise, expected employment from PEZA and CDC-approved projects, meanwhile, grew by 22.1 percent and 86.5 percent, respectively. Projected employment from SBMA and BOI, meanwhile, declined by 32.3 percent and 8.4 percent, respectively.

### **A.4.2 January to December 2013**

A total of 132,700 jobs are expected to be generated from the FI projects approved in 2013, up by 18.5 percent from previous year's projected employment of 111,953. PEZA consistently topped the IPAs in terms of projected employment from FI projects, accounting for 80.0 percent or 106,219 new jobs. The prospective jobs from PEZA rose by 28.0 percent compared to 83,079 jobs committed in 2012. Meanwhile, BOI-approved FI projects are seen to generate 15,778 jobs or 11.9 percent, followed by CDC with 6,429 jobs or 4.8 percent of the projected employment. SBMA, CEZA, BOI-ARMM and AFAB have the combined share of 4,274 jobs during the period (Part II - Table 4b).

CDC recorded the highest increase at 176.5 percent in terms of job generation, from 2,325 jobs in 2012 to 6,429 jobs. While AFAB, CEZA, and SBMA also posted increases, projected employment from BOI-approved projects declined by 32.3 percent.

## **B. Approved Investments of Foreign and Filipino Nationals**

### **B.1 Total Approved Investments of Foreign and Filipino Nationals**

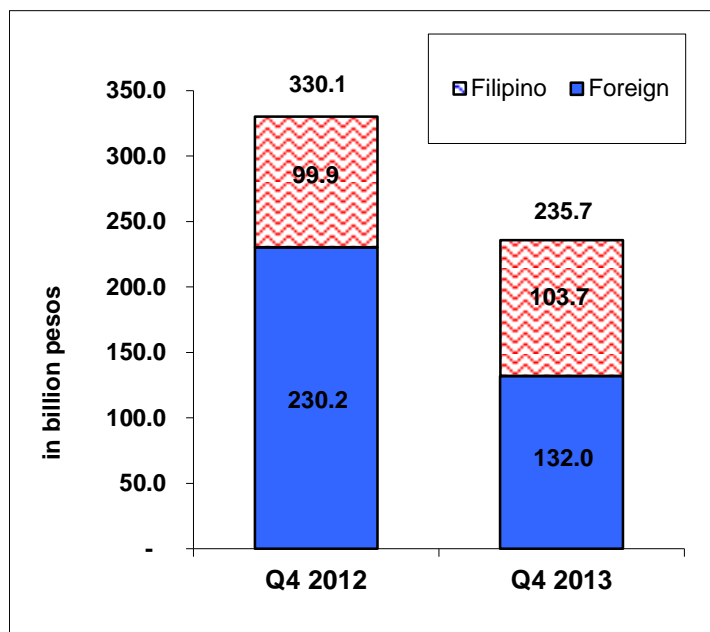
#### **B.1.1 Fourth Quarter 2013**

Approved investments of Filipino and foreign nationals reached PhP 235.7 billion in the fourth quarter of 2013, a decline of 28.6 percent from PhP 330.1 billion committed in the same period in 2012. About 44.0 percent of this amount would be supplied by ventures from Filipino investors. Investments of Filipino nationals approved in Q4 2013, valued at PhP 103.7 billion, increased by 3.8 percent from PhP 99.9 billion in Q4 2012. On the other hand, approved foreign investments during the period went down by 42.7 percent (Figure 4 and Part II – Table 6a).

More than half or 57.9 percent of investment commitments made by foreign and Filipino nationals for the quarter were coursed through PEZA, which approved PhP 136.5 billion worth of investment pledges. The amount, however, was 36.0 percent lower than PhP 213.4 billion approved in Q4 2012 (Part II - Table 5a).

Investment pledges of foreign and Filipino nationals approved by the BOI and CDC also declined by 16.6 percent and 50.2 percent, respectively. Meanwhile, FI projects approved by AFAB and SMBA grew by 216.8 percent and 4.4 percent, respectively.

**Figure 4**  
**Total Approved Investments of Foreign and Filipino Nationals**  
**Fourth Quarter 2012 and 2013**



Sources of data: AFAB, BOI, BOI-ARMM, CDC, CEZA, PEZA, SBMA

### B.1.2 January to December 2013

Investment commitments from both foreign and Filipino nationals amounted to PhP 754.0 billion, up by 8.0 percent from PhP 698.3 billion in the previous year. The bulk or 63.7 percent of investments approved during the period came from Filipino investors valued at PhP 480.0 billion. While approved investments from Filipino nationals went up by 17.4 percent during the year, amount of committed foreign investments decreased by 5.4 percent (Part II – Table 6b).

In terms of share, BOI received PhP 466.0 billion worth of investment pledges, accounting for 61.8 percent, followed by PEZA with 36.6 percent or PhP 276.1 billion. AFAB, BOI-ARMM CDC, SBMA, and CEZA would get a total of PhP 11.9 billion or 1.6 percent during the period (Part II – Table 5b).

## B.2 Total Approved Investments of Foreign and Filipino Nationals by Industry

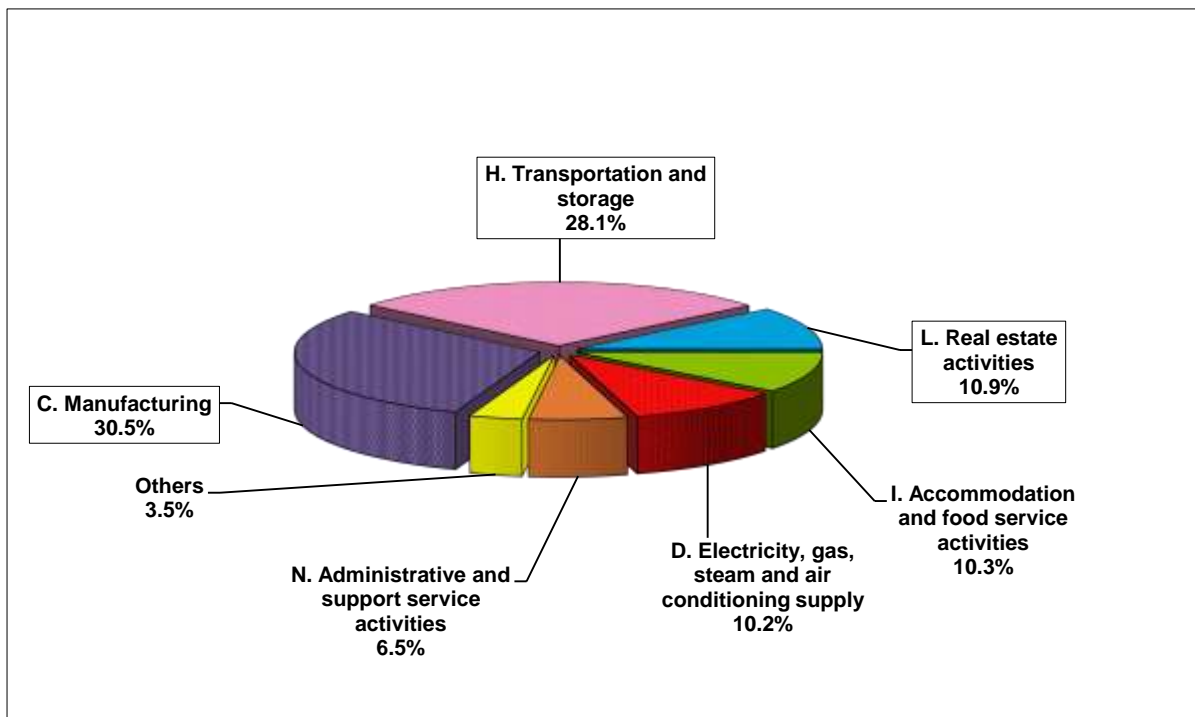
### B.2.1 Fourth Quarter 2013

Bulk of the investment pledges of foreign and Filipino nationals committed in the fourth quarter of 2013 were intended to fund projects in the manufacturing industry, estimated at PhP 71.8 billion or 30.5 percent of the total approved investments. Of this amount, 28.0 percent or PhP 20.1 billion would come from Filipino investors.

The transportation and storage sector would receive 28.1 percent of the total investments for the quarter or PhP 66.2 billion, 19.9 percent of which would come from Filipino investors. Real

estate activities ranked third with investment pledges from foreign and Filipino nationals amounting to PhP 25.7 billion, accounting for 10.9 percent (Figure 5a and Part II – Tables 3a and 7a).

**Figure 5a**  
**Total Approved Investments of Foreign and Filipino Nationals, by Industry**  
**Fourth Quarter 2013**

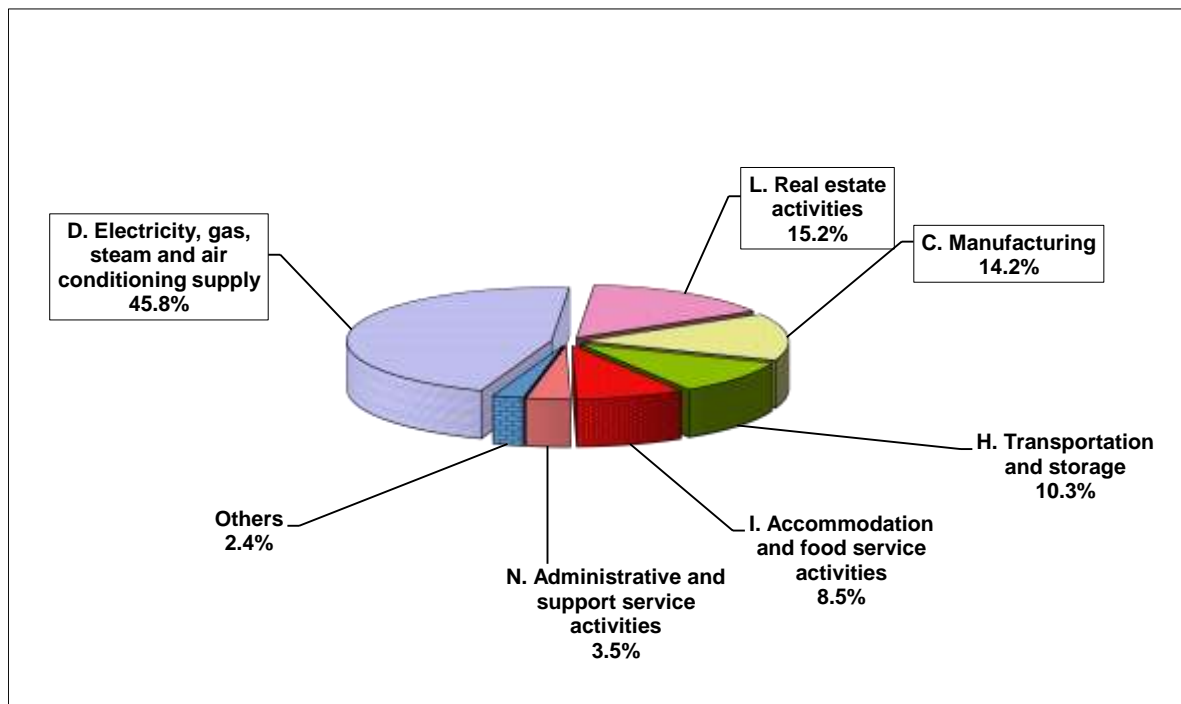


Sources of data: AFAB, BOI, BOI-ARMM, CDC, CEZA, PEZA, SBMA

### B.2.2 January to December 2013

Topping the list of recipients of investment intentions from both foreign and Filipino nationals during the year 2013 was electricity, gas, steam and air conditioning supply sector, with a share of 45.8 percent of the total investments or PhP 345.7 billion, followed by real estate activities with 15.2 percent or 114.7 billion. Investments in manufacturing accounted for the third largest amount with PhP 107.3 billion or 14.2 percent of total investments. Potential investments for electricity, gas, steam and air conditioning supply grew by 120.4 percent while investments for both the real estate activities and manufacturing declined by 4.4 percent and 47.3 percent, respectively (Figure 5b and Part II – Table 7b).

**Figure 5b**  
**Total Approved Investments of Foreign and Filipino Nationals, by Industry**  
**2013**



Sources of data: AFAB, BOI, BOI-ARMM, CDC, CEZA, PEZA, SBMA

### **B.3 Projected Employment from Approved Investments of Foreign and Filipino Nationals**

#### **B.3.1 Fourth Quarter 2013**

Projects from foreign and Filipino investors approved in the fourth quarter of 2013 are seen to generate 46,997 jobs, 4.0 percent higher than the 45,198 potential jobs in 2012. Of the projected employment during the quarter, 67.7 percent would come from PEZA with 31,797 prospective jobs. BOI would supply 23.1 percent or 10,860 jobs while SBMA, CDC, AFAB BOI-ARMM and CEZA are expected to jointly generate 4,340 prospective jobs (Part II – Table 8a).

CEZA registered the highest increase in potential jobs, increasing by 159.3 percent, followed by CDC and PEZA, with projected employment growing by 76.5 percent and 26.2 percent, respectively.

#### **B.3.2 January to December 2013**

For the year 2013, a total of 161,998 jobs are expected to be generated from approved investments of foreign and Filipino nationals. About two-thirds or 67.8 percent or 109,914 jobs would come from investment pledges coursed through PEZA, followed by BOI at 23.5 percent or 38,100 jobs. CDC would account for 4.4 percent or 7,073 jobs while AFAB and SBMA would account for 1.5 percent or 2,408 jobs and 1.3 percent or 2,170 jobs, respectively. Meanwhile, BOI-ARMM and CEZA would jointly share 1.4 percent or 2,333 jobs (Part II – Table 8b).

## B.4 Projected Employment from Approved Investments of Foreign and Filipino Nationals by Industry

### B.4.1 Fourth Quarter 2013

Of the 46,997 potential jobs expected from foreign and Filipino projects approved during the quarter, manufacturing would supply 40.9 percent or 19,241 jobs, followed by administrative and support service activities at 35.1 percent or 16,500 new jobs. Approved investments in the real estate activities are expected to bring in 4,694 jobs or 10.0 percent of the total expected jobs. Of the three industries, administrative and support service activities grew the fastest in terms of employment generation, expanding by 71.8 percent in Q4 2013. Projected employment in manufacturing grew by 31.8 percent while expected employment in real estate activities declined by 32.9 percent (Table E).

**Table E**  
**Projected Employment from Total Approved Investments by Industry**  
**Fourth Quarter, 2012 and 2013**

Industry <sup>1</sup>	Projected Employment		Percent to Total Q4 2013	Growth Rate Q4 2012 - Q4 2013
	Q4 2012	Q4 2013		
A. Agriculture, forestry and fishing	331	1,910	4.1	477.0
B. Mining and quarrying	-	500	-	-
C. Manufacturing	14,597	19,241	40.9	31.8
D. Electricity, gas, steam and air conditioning supply	328	321	0.7	(2.1)
E. Water supply; sewerage, waste management and remediation activities	28	28	0.1	0.0
F. Construction	1,150		0.0	(100.0)
G. Wholesale and retail trade; repair of motor vehicles and motorcycles	251	566	1.2	125.5
H. Transportation and storage	616	1,116	2.4	81.2
I. Accommodation and food service	971	1,606	3.4	65.4
J. Information and communication	9,675	185	0.4	(98.1)
K. Financial and insurance activities	1	6	0.0	500.0
L. Real estate activities	6,991	4,694	10.0	(32.9)
M. Professional, scientific and technical activities	280	13	0.0	(95.4)
N. Administrative and support service activities	9,603	16,500	35.1	71.8
O. Public administration and defense; compulsory social security	-	-	-	-
P. Education	61	43	0.1	(29.5)
Q. Human health and social work activities	7	25	0.1	257.1
R. Arts, entertainment and recreation	308	207	0.4	(32.8)
S. Other service activities	-	36	-	-
<b>Total</b>	<b>45,198</b>	<b>46,997</b>	<b>98.9</b>	<b>4.0</b>

Sources of data: AFAB, BOI, BOI-ARMM, CDC, CEZA, PEZA, SBMA

## B.4.2 January to December 2013

Out of the 161,998 potential jobs from prospective projects of foreign and Filipino investors approved in 2013, manufacturing, administrative and support service activities, and real estate activities are expected to supply 39.8 percent, 30.3 percent and 12.4 percent, respectively (Table F). The number of expected jobs grew by 13.2 percent for manufacturing, 37.0 percent for administrative and support services, and declined by 5.2 percent for real estate activities. The rest of the potential jobs totaling 28,414 or 17.5 percent is shared by the other industries, such as agriculture, forestry and fishing; mining and quarrying; electricity, gas, steam and air conditioning supply; water supply, sewerage, waste management and remediation activities; construction; wholesale and retail trade and repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service activities; public administration and defense; compulsory social security; information and communication; financial and insurance activities; professional, scientific and technical activities; education; human health and social work activities; arts, entertainment and recreation; and other service activities.

**Table F**  
**Projected Employment from Total Approved Investments by Industry**  
**January - December 2012 and 2013**

Industry <sup>1</sup>	Projected Employment		Percent to Total 2013	Growth Rate 2012 - 2013
	2012	2013		
A. Agriculture, forestry and fishing	2,321	3,508	2.2	51.1
B. Mining and quarrying	1,024	1,347	0.8	31.5
C. Manufacturing	56,924	64,416	39.8	13.2
D. Electricity, gas, steam and air	1,536	2,587	1.6	68.4
E. Water supply; sewerage, waste	859	73	0.0	(91.5)
F. Construction	2,181	75	0.0	(96.6)
G. Wholesale and retail trade; repair of motor vehicles and motorcycles	1,028	1,402	0.9	36.4
H. Transportation and storage	3,835	4,824	3.0	25.8
I. Accommodation and food service activities	3,668	7,057	4.4	92.4
J. Information and communication	15,797	6,297	3.9	(60.1)
K. Financial and insurance activities	11	78	0.0	609.1
L. Real estate activities	21,173	20,078	12.4	(5.2)
M. Professional, scientific and technical activities	410	150	0.1	(63.4)
N. Administrative and support service activities	35,820	49,090	30.3	37.0
O. Public administration and defense; compulsory social security	2	-	0.0	(100.0)
P. Education	192	141	0.1	(26.6)
Q. Human health and social work activities	31	181	0.1	483.9
R. Arts, entertainment and recreation	386	449	0.3	16.3
S. Other service activities	284	245	0.2	(13.7)
<b>Total</b>	<b>147,482</b>	<b>161,998</b>	<b>100.0</b>	<b>9.8</b>

Sources of data: AFAB, BOI, BOI-ARMM, CDC, CEZA, PEZA, SBMA



## C. Approved Investments in the Information and Communications Technology (ICT) Industry

### C.1 Total Approved FI in ICT

#### C.1.1 Fourth Quarter 2013

Foreign investments in ICT declined by 44.1 percent to PhP 16.1 billion in Q4 2013 from PhP 28.8 billion in Q4 2012. Projects in ICT committed by foreign investors accounted for 12.2 percent of the total approved FI in the fourth quarter of 2013 (Part II – Table 10a).

PEZA remained as the top recipient of FI in ICT in Q4 2013, receiving 99.8 percent of the total FI pledges in ICT (Part II – Tables 9a).

#### C.1.2 January to December 2013

Potential foreign investments in ICT in 2013 went down by 17.6 percent, to PhP 28.6 billion in 2013 from PhP 34.8 billion in 2012 (Part II – Table 9b).

Foreign investments in ICT accounted for 10.5 percent of the total FI approved during the period (Part II – Tables 10b and 1c).

### C.2 Total Approved Investments in ICT of Foreign and Filipino Nationals

#### C.2.1 Fourth Quarter 2013

Pledges in ICT investments made by foreign and Filipino nationals declined by 59.7 percent to PhP 17.1 billion in Q4 2013, from PhP 42.4 billion in the same quarter of 2012. Foreign nationals remained as the major source of investment pledges in ICT, accounting for 94.3 percent of the total investments in ICT of foreign and Filipino nationals. Meanwhile, Filipino investors committed PhP 982.4 million or 5.7 percent of the total ICT investments (Table G and Part II – Table 9a).

Prospective ventures in ICT by foreign and Filipino nationals accounted for 7.3 percent of total approved investments in Q4 2013 (Part II – Tables 9a and 5a).

**Table G**  
**Total Approved Investments in ICT by Foreign and Filipino Nationals**  
**Fourth Quarter 2012 and 2013**  
**(in million pesos)**

Nationality	Approved Investments in ICT		Percent to Total Q4 2013	Growth Rate Q4 2012 - Q4 2013
	Q4 2012	Q4 2013		
<b>Filipino</b>	13,596.6	982.4	5.7	(92.8)
<b>Foreign</b>	28,841.7	16,127.3	94.3	(44.1)
<b>Total</b>	<b>42,438.3</b>	<b>17,109.7</b>	<b>100.0</b>	<b>(59.7)</b>

Sources of data: AFAB, BOI, BOI-ARMM, CDC, PEZA, SBMA, CEZA

### **C.2.2 January to December 2013**

Prospective ventures in ICT committed by foreign and Filipino nationals declined by 37.6 percent or PhP 31.0 billion in 2013 from PhP 49.7 billion worth of pledges in 2012. (Part II - Table 9b). Potential investments in ICT by foreign nationals accounted for 92.3 percent while ICT investments by Filipinos accounted for 7.7 percent.

Of the total amount of investments committed by foreign and Filipino nationals in 2013, share of ICT would be 4.1 percent (Part II - Tables 9b and 5b).

### **C.3 Total Approved Investments in ICT of Foreign and Filipino Nationals by ICT Sub-Industry**

#### **C.3.1 Fourth Quarter 2013**

Projects in IT Services became the main recipient of investment pledges in ICT of foreign and Filipino nationals in Q4 2013 as it stood to receive PhP 16.4 billion of total ICT projects or 93.6 percent. Information and communication and manufacturing accounted for 5.7 percent and 0.7 percent, respectively. (Part II – Table 11a).

#### **C.3.2 January to December 2013**

Of the PhP 31.5 billion committed by foreign and Filipino investors to fund projects in ICT in 2013, 86.0 percent or PhP 27.1 billion would go to IT services. Information and communication came in second at PhP 4,273.2 billion, accounting for 13.6 percent. Trailing behind were manufacturing and trade with a combined share of 0.4 percent or PhP 123.0 million of the total ICT pledges committed in 2013 (Part II – Table 11b).

### **C.4 Projected Employment from Approved Investments in ICT of Foreign and Filipino Nationals by ICT Sub-Industry**

#### **C.4.1 Fourth Quarter 2013**

Approved investments of foreign and Filipino nationals in ICT are anticipated to create 16,628 new jobs in Q4 2013, lower by 13.0 percent than the 19,109 jobs expected in Q4 2012. IT services is expected to supply 16,488 new jobs or 99.2 percent of total employment in ICT or (Table H below and Part II – Table 12a).

Projected employment from ICT industry accounted for 35.4 percent of total jobs expected from the investment projects of foreign and Filipino nationals approved in the fourth quarter of 2013 (Part II – Tables 12a and 8a).

**Table H**  
**Projected Employment from Approved Investments in ICT by ICT Sub-Industry**  
**Fourth Quarter 2012 and 2013**

ICT Sub-industry	Projected Employment in ICT		Percent to Total Q4 2013	Growth Rate Q4 2012 - Q4 2013
	Q4 2012	Q4 2013		
Information and communication	9,675	140	0.8	<b>(98.6)</b>
IT Services	9,434	16,488	99.2	<b>74.8</b>
Manufacturing	-	-	-	-
Trade	-	-	-	-
<b>Total</b>	<b>19,109</b>	<b>16,628</b>	<b>100.0</b>	<b>(13.0)</b>

Sources of data: AFAB, BOI, BOI-ARMM, CDC, CEZA, PEZA, SBMA

#### **C.4.2 January to December 2013**

Projected employment from ICT projects in 2013 totaled 54,749 jobs, 6.4 percent higher than the 51,448 jobs expected in the previous year. IT services is expected to absorb 48,488 jobs or 88.6 percent of the expected employment while 6,254 jobs or 11.4 percent would be from information and communication (Part II – Table 12b).

### **D. Actual Foreign Direct Investments in the Balance of Payments<sup>4</sup>**

#### **D.1 Total BOP FDI in US Dollars and Philippine Pesos<sup>5</sup>**

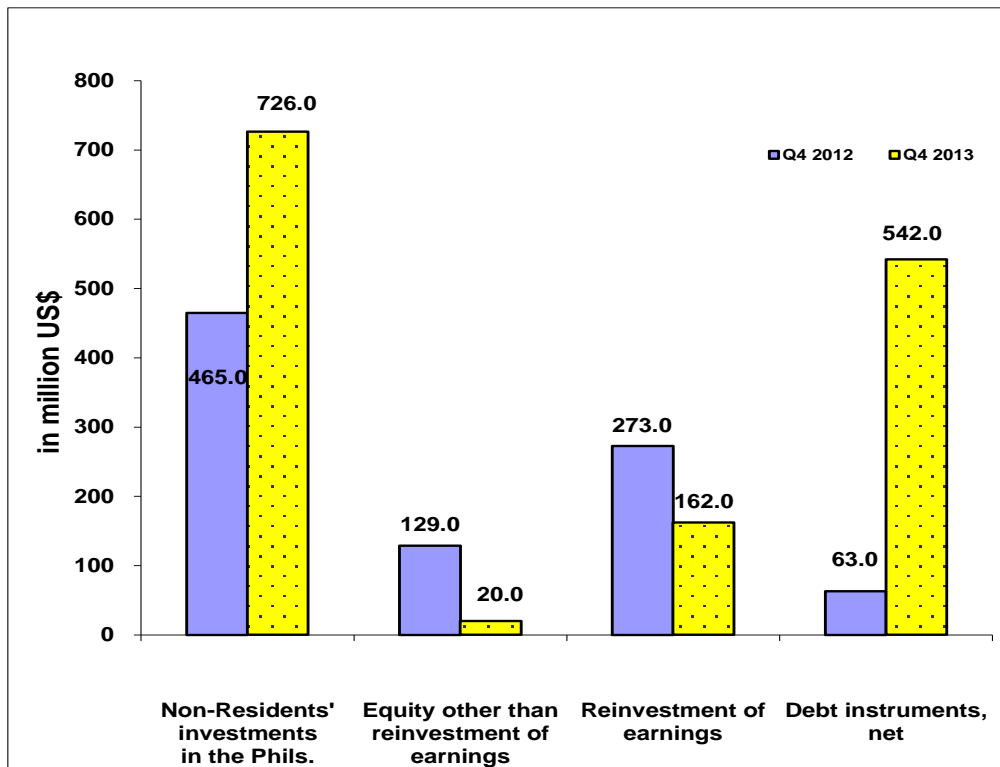
##### **D.1.1 October to December 2013**

As reported by the BSP, net Foreign Direct Investments (FDI) inflows for Q4 2013 reached US\$ 726.0 million. The amount was 56.1 percent higher than the net inflows of US\$ 465.0 million recorded in the same period of the previous year. Equity other than reinvestment of earnings posted positive balances of US\$ 20.0. On the other hand, reinvestment of earnings and net debt instruments recorded positive US\$ 162.0 million and US\$ 542.0 million, respectively (Part II – Table 14a).

<sup>4</sup> BSP media release dated March 10, 2014

<sup>5</sup> Using monthly averages: Pesos per US Dollar Rate downloaded from BSP website

**Figure 6a**  
**Balance of Payments FDI (in million US\$)**  
**October to December 2012 and 2013**



Source: BSP

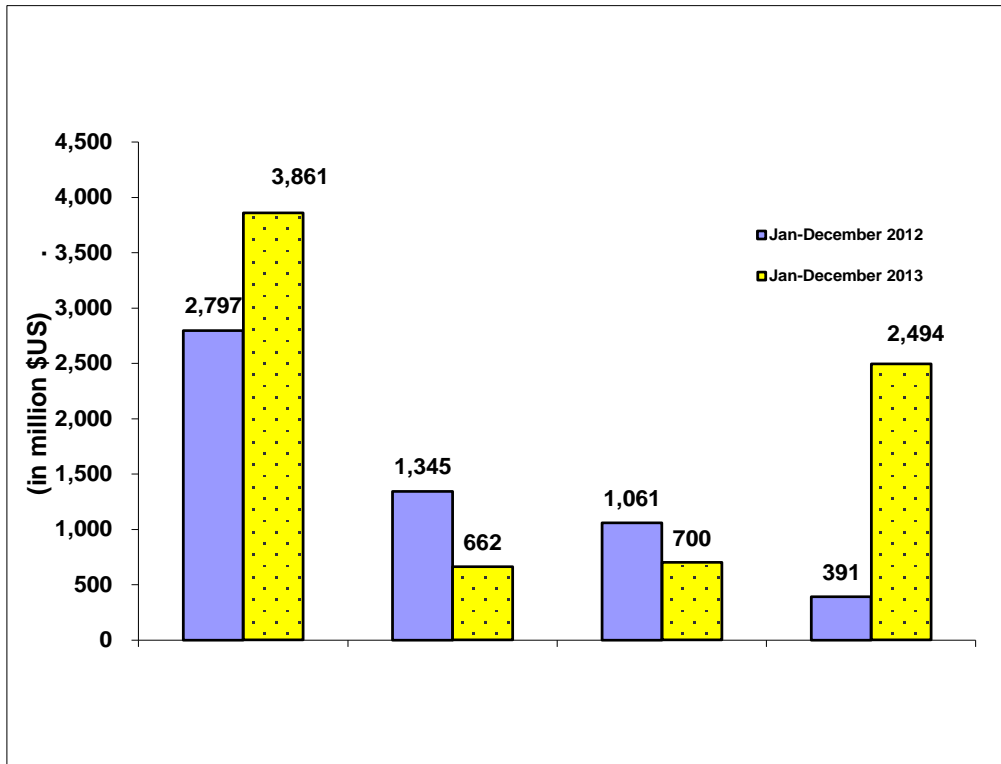
In peso terms, FDI net inflows for the period October to December 2013 amounted to PhP 31.6 billion, 65.0 percent higher than the net inflow of PhP 19.2 billion in the same period of the previous year (Part II – Table 13a).

#### **D.1.2 January to December 2013**

Net FDI inflows during the 12 months of 2013 amounted to US\$ 3.9 billion, higher by 38.0 percent from US\$ 2.8 billion net inflows posted in 2012. Equity other than reinvestment of earnings during the period reached US\$ 662.0 million, lower by 50.8 percent or US\$ 1.3 billion in the previous year (Part II – Table 14b). The bulk of investments came from Mexico, Japan, USA and British Virgin Islands. Industries that mainly benefitted from the investments include manufacturing; water supply, sewerage, waste management and remediation; financial and insurance activities; real estate; and mining and quarrying.

Net inflows of reinvestment of earnings reached US\$ 700.0 million, lower by 34.0 percent than US\$ 1.1 billion posted in the year. Meanwhile, net debt instruments registered an inflow of positive US\$ 2.5 billion in the 2013.

**Figure 6b**  
**Balance of Payments FDI (in million US\$)**  
**January – December 2012 and 2013**



Source: BSP

In peso terms, FDI in the BOP for January to December 2013 recorded a net inflow of PhP 162.0 billion, expanding by 35.5 percent from a net inflow of PhP 119.6 billion in the same period last year (Part II – Table 13b).