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PRESS BRIEFING OF MS. DAPHNE OSEÑA-PAEZ
WITH DEPARTMENT OF FINANCE SECRETARY BENJAMIN DIOKNO
November 28, 2023 [11:42 A.M. – 12:35 P.M.]

MS. OSEÑA-PAEZ: Magandang umaga, Malacañang Press Corps, and welcome sa ating press briefing ngayong araw, November 28.

During the sectoral meeting led by President Ferdinand Marcos Jr. this morning, Finance Secretary Benjamin Diokno gave an overview of the country's economic performance this year. He also discussed the economic prospects for 2024.

And to tell us more about this, we have with us Finance Secretary Benjamin Diokno. Good morning, Secretary Diokno.

DOF SEC. DIOKNO: Good morning and magandang umaga sa inyong lahat. I will show you the complete set of deck that I presented this morning and so I will just elaborate on it. I will try to tone down the discussion, okay.

So the first one is, this slide: It says the economic growth in Q3, that's third quarter at 5.9% is broad-base because all sectors grew 'no, tawag namin broad-base – services grew by 6.8%; the industrial sector grew by 5.5%; and then the agriculture sector by 0.9%.

The economic growth continues to be underpinned by robust domestic demand – this is now on the demand side 'no so iyong final consumption – magkano iyong demand, magkano iyong in-import, mga export investment, et cetera. So, that's the second slide.

Third slide: Now, if you look at the performance of the Philippines compared to other ASEAN countries, including China here, we are the fastest growing economies in Asia, okay – 5.9%, that's the third quarter growth; and then compared to Vietnam is 5.3%, Indonesia is 4.9%; 4.9% for China; Malaysia 3.3%; and Singapore, 0.7%.

Now, if you take the first three quarters – Q1 to Q3 – the Philippines is still the fastest growing. So the average growth rate from the first to third quarter is 5.5% followed by China - 5.2%, Indonesia - 5.1%, and then so forth and so on. So, as you can see... if you consider Asia is the fastest growing region in the world – we are the fastest growing economy in the fastest growing region in the world. Okay.

So, next slide: So even the international financial institutions agree 'no. In fact their outlook is that the economy, the Philippine economy will grow the fastest 'no. Globally, the economy will actually slow down. So, they are saying that the economy will grow by 3% - the global economy will grow by 3% this year, but it will slow down to 2.9% next year. In the case of the Philippines, we will... they say, the IMF says 5.3% this year; 6% next year and so forth and so on. Okay.

So, you have the ADB, you have the ASEAN Plus Three Macroeconomic Office... although there's a headline, I think sa Manila... one of the news daily, it has been adjusted 'no – the AMRO

(ASEAN+3 Macroeconomic Research Office) growth has been adjusted to 5.6% from 5.9%, that's still the highest 'di ba. okay... and so forth.

And next slide, please. But if you'd look at the bigger picture compared with the other countries... So you have the growth projection from 2023 to 2024. So, the World Bank expects the Philippine economy to outgrow its East Asia and Pacific peers 'no – this is broader list of countries – they expect the economy to grow at 5.6%.

Now, next slide. So, we are confident that the economy will grow by around 6%, that's the lower end of our growth target of 6 to 7 percent this year and we will continue to grow at around 6.5% to 8% for the rest of President Marcos' term. So, that's the meaning of that slide.

Now, another important metric that I showed the president is that the Philippines has the lowest external debt-to-GDP ratio. So, this is external 'no. I will show you later iyong tinatawag na total debt which is external plus domestic. So if you noticed, the Philippines has an external debt of 37.5%, okay. Compare that with Indonesia's 30%; and then Thailand's 40%; and then Malaysia is more than 60%.

This supports the view that the Philippines has a relatively strong external position as it is less vulnerable to adverse external shock. So, in case magka—ang problema kasi ng external debt is kapag nag-devalue iyong currency mo, then you have a bigger problem, right. So, in terms of external debt, we don't face adverse external shock. And this is supported by the investor credit rating. So this is the most recent investor credit ratings from Fitch, JCR, S&P Moody's, R&I of Japan.

So, recently or just this month, Fitch Ratings affirmed the Philippines' BBB rating with stable outlook – BBB is... that's investment grade. And then this comes on the heels of the rating agencies upgraded outlook on the Philippines from negative to stable in May 2023. Now in August 2023, R&I, a Japanese credit rating agency affirmed the country's BBB+ rating and revised its outlook from stable to positive. Okay. So, that's as of August 2023.

This is very important, iyong ratings 'no. Because of the pandemic, I think more than one-third of economies in the world were downgraded, na-downgrade. Tayo naman, they maintained our ratings plus may upgrade pa tayo, iyong outlook. Even the US was downgraded kasi masama iyong kanilang debt situation.

Now, as we recognized, iyong rating naman natin will have some what we call "domestic risk" and "external risk". Ano iyong domestic risk? Number one is the elevated prices due to inadequate food supply brought about by typhoons and natural disasters; stronger than expected El Niño – iyong El Niño may last until June 2024 so middle of next year; and of course, the spread of highly infectious animal diseases – ito pa rin iyong sa pork 'no, ASF.

Now, waning of pent-up demand. So, the consensus is that iyong pent-up demand ng Pilipinas baka mag-slowdown na siya and of course, iyong impact ng high interest rates. If you noticed, the Central Bank erased the interest rates although I think it will be steady now for the next cycle 'no. And then, limited absorptive capacity of implementing agencies and LGUs – ang ibig sabihin niyan, marami silang pera pero hindi nila nagagastos 'no. So, this applies both to some government corporations and some LGUs, local government units.

Now, we consider the following as external risks: Elevated international commodity and input prices – this is the result of iyong Russia's invasion of Ukraine and then iyong higher fertilizer cost

because both countries are into fertilizer, high oil prices; now, lower global demand and possible US recession kasi tinaas ng mga bansa iyong interest rates nila, that means it's more difficult to borrow money, [inaudible] to borrow money so there will be less borrowing, magkakaroon ng recession. And I think that's happening now in Europe and in many Latin American countries.

And in China naman, there's a slowdown in China. And then, geopolitical and trade tensions – ito pa rin iyong nangyayari ngayon sa Israel and of course still sa Russia; and iyong trade tensions, maraming bansa kasi na gusto na ngayon nila na... to protect their own—for example India, ayaw na niya mag-export ng rice masyado; I think that's partly because may eleksiyon na hinaharap sila sa... so hanggang next year medyo restricted pa rin iyong exports nila.

And then the fourth possible external risk, I'm sure naririnig ninyo na ito, is iyong outbreak of pneumonia in China and we don't know yet the extent of the problem; and the other problem in China is the so-called property crisis – iyong mga... kasi ang China is kind of decentralized, so iyong mga probinsiya nila nagpautang nang nagpautang nang nagpautang on properties and so now they are facing a crisis. Okay.

Next slide. So iyong sabi ko, we are still hoping that we will meet the six percent growth. And what are we doing to do that? Number one, we should continue our anti-inflation drive kasi lower inflation means more purchasing power for consumers; and then, iyong efficient budget execution. Siguro natatandaan ninyo noong second quarter ay talagang nag-slowdown ang budget implementation but we were able to recover in the third quarter and we expect to continue the recovery in the fourth quarter.

Navigate external headwinds. So we monitor what's happening in the world and there's an inter-agency committee na minu-monitor iyong what's happening in the world.

And then we have to implement structural reforms. Narinig na ninyo that during the crisis, during the pandemic, we did not wait for the virus to subside; we implemented some structural reforms like iyong PSA. What is the PSA? Public Service Act, where we opened many sectors of the economy like telco, airports, shipping, toll roads – we open these up. We allow the 100% investment or ownership of those who will invest in these areas.

And in addition, we opened up the renewable energy, all types of renewable energy – solar, wind, and so on and so forth. So we want to make sure that we are able to implement them 'no.

Now, on inflation, as you know, our headline inflation eased to 4.9% in October from 6.1% in September. Iyong 4.9 is even lower than the forecast of BSP which is 5.1 to 5.9 percent or midpoint, 5.5. So we are hoping that on December, the inflation rate will continue to slowdown.

The forecast of BSP is that inflation will be within the range, two to four percent, by the first quarter of next year. And then, it will be around four percent by the second quarter because of the base ... what is called, base effect – kasi if you compare the April, March ... April, May and June inflation last year, medyo mababa, so ito iyong tinatawag na base effect – so baka tumaas ulit. But it will end up midpoint between two to four percent by 2024 and 2025. So that means, conclusion: Inflation is going to be managed well. It will be within the target range of two to four percent for the next two years.

So ito iyong ginagawa namin: The so-called, Inter-Agency Committee on Inflation and Market Outlook, this is chaired by the Secretary of Finance and the Secretary of NEDA. So we are implementing these measures to make sure that we are able to mitigate inflation. So what are

these? We want to improve the production and fill the domestic supply gap through timely and adequate importation based on ex ante supply and demand analysis. So we are applying science to anticipate the gap between magkano ba iyong kailangan ng ekonomiya at magkano ang kailangan nating angkatin. And so we have to do that in a timely manner so hindi maaapektuhan iyong presyo masyado.

Kasi in the past, walang science doon sa importation. Nag-i-import ka, tapos darating iyong importation mo at the time na nagha-harvest naman, so mali ang timing.

So, second, we are going to monitor and assess market developments including the use of remote sensing technology. So with the use of the satellite, we can see ano bang ... gaano ba talaga iyong naka-plant na corn and rice so na-anticipate natin kung magkano iyong supply.

Now, we will fast-track the response to address the impact of recent and typhoons and the implementation of the El Niño mitigation and adaptation plan. And then, of course, protect ... ito lang, protect the vulnerable sector including the agriculture and transport sectors. Ang importante rito is targeted intervention, targeted subsidy for those who will be affected by the inflation. So these are usually the farmers, the fisherfolks and the transport sector.

In other countries, what they apply is what is called, generalized subsidy. So what does that mean? For example, kung tumataas iyong presyo ng gasolina, they cut the tax so everybody benefits – rich, poor, middle income. Tayo naman, we target. So tumaas ... hindi tayo nagka-cut ng tax sa fuel but tina-target natin sino iyong mga naapektuhan. And that is the appropriate approach according to the World Bank and the IMF.

So, next measure is that we support the extension of the reduced MFN tariff rates for rice, corn and pork under Executive Order # 10. We request a timely completion of transmission projects. Ito, malaking problema talaga itong ... iyong grid natin which is, if I remember right, if you examine your bill, a big part of that is because of the grid, iyong cost ng grid. Hanggang ngayon, hindi pa rin naka-link iyong Mindanao and Visayas, iyong grid. Why is it that important? Kasi ang Mindanao has excess power; ang Visayas naman ay deficient power. Kung ma-link sana iyon, then the power of Mindanao can be brought to the Visayas. So matagal nang problema iyan and so, we are requesting the president to use his office to head the timely completion of these projects.

And the support energy conservation measures being promoted by the national government; there is a proposal by the DOE on how to conserve energy and we hope this will be acted upon soon.

Next slide. Okay, again, back to the budget execution. Pursue the catch-up plan in Q4 2023 and avoid underspending in the first semester of next year.

And these are the measures that we want them to do. And kasama na diyan iyong tinatawag na early procurement activity. Kasi under the present situation, basta nag-submit ang presidente ng budget sa Congress which is around July or August, dapat puwede nang mag-procure, short of award, ang mga ahensiya so that by January 1st, ia-award na lang nila. So we are going to implement that.

Next. So these are the 197 infrastructure projects that the Marcos administration will implement. So when Mr. Marcos took over, he inherited many ready-to-implement projects, that is not like the situation when President Duterte took power from President Aquino, okay. Kasi it takes a while before you can prepare a project. Mayroong pre-feasibility, feasibility study, detailed engineering,

sometimes it takes about two years to prepare that. So suwerte tayo na noong pumasok si president, mayroon nang 197 infrastructure projects.

In fact, in the past, before President Duterte, I looked at the numbers and looked at infrastructure as a percent of GDP, that was only two percent, okay, two percent. That's not sustainable and that's very low compared to our ASEAN neighbors. Kaya kapag kinu-compare tayo sa Singapore, Malaysia, Indonesia, parang kawawang-kawawa tayo kasi hindi tayo talaga nag-i-invest sa infrastructure. Ngayon nakikita naman ninyo, nag-i-invest na tayo 'di ba. So that's the one.

Okay, we have physical connectivity. So lagi kong sinasabi iyan, hindi lang physical connectivity but also digital connectivity kasi kailangan i-connect natin lahat iyong 2,000—ilan ba ang islands natin? Seven thousand two hundred islands, 'di ba? So, we have to inter-connect all these to make really an economic giant 'no. So iyan – physical connectivity, 121 projects out of 197. But itong Build Better More ni Presidente Marcos has a twist 'no, this time we will use public-private partnership, we will involve the private sector.

And so, next slide. Sa next slide, makita mo iyan 'no. Out of 197 projects worth 8.7 trillion pesos, iyong public-private partnership—there are some 41 projects which are called public-private partnership. So, kasi alam naman namin na hindi naman kaya ng gobyerno lahat iyong 8.7 trillion within that., so we are involving the private sector. And the way to do that is by improving the public-private partnership framework.

Next slide please, okay. But before that we go to this debt-to-GDP ratio, kasi lagi nating tinitingnan iyong “Ang laki-laki na ng utang ng Pilipinas,” ganoon. Actually, hindi naman masamang mangutang if you are going to invest it on the right places 'no, so kung magpapatayo ka ng mga highways, mga bridges, subway, train – ganiyan, okay naman mangutang. But still our debt-to-GDP ratio is manageable, okay. Ang rule of thumb is it's 60 percent is okay, manageable iyon. In fact our debt-to-GDP ratio before the pandemic was only 39.6 percent. But because of the pandemic humina iyong ekonomiya tapos kailangan tayong bumili ng mga injections 'di ba, kailangan nating magbigay ng ayuda so the debt-to-GDP ratio went up; but it's going down. In fact, the debt-to-GDP ratio right now is 60.2 percent – that is lower than the medium-term forecast of 61.2 percent. So, we are managing our debt well.

Our deficit-to-GDP ratio again as a result of the pandemic—Before the pandemic our deficit to debt-to-GDP was only three percent but because bumaba nga because of the pandemic, humina ang ekonomiya, hindi tayo nakakolekta ng buwis and then we have to spend a lot of money so tumaas iyan, but it's now going down also. Our medium term forecast is that deficit-to-GDP ratio will be around three percent by the end of the president's term, okay.

Next. Ito iyong narrowing of the fiscal deficit during the post-pandemic led to stabilization of debt-to-GDP ratio. So, makikita ninyo we are borrowing more domestically iyong blue, iyong dark blue versus iyong light blue which is foreign, okay – sinadya namin iyon, that's really a strategy because we don't want to borrow heavily from abroad kasi iyan na nga – that the risk, iyong tinatawag na foreign exchange risk – if you are heavily indebted abroad maaapektuhan ka kapag nag-devalue iyong currency mo, okay so we are doing well.

Next. So, we ask the president to act on the following request, these are some tax measures – VAT on digital services; excise tax on single-use plastic – this is for climate change proposal. Ito namang VAT on digital services – this is based on fairness kasi kung bibili ka sa brick-and-mortar store or regular store nagbabayad ka ng VAT, bakit hindi ka na lang magbayad sa digital service?

So, next. So, we requested also the president to encourage local government units to expand its revenue sources and boost spending to support local and national growth. So, ang message dito is that it's really a whole-of-government approach 'no, hindi lang national government ang gagastos but also the government corporations including GSIS and SSS but also the local governments kasi ang situation ng local governments ngayon is they are in a surplus position – surplus sila; ang national government, deficit. The LGUs continue to be dependent on the national transfers despite its broad powers to raise sources of revenue – lagi silang nakaasa sa transfer from the national government and hindi nila..., ang tawag namin low absorptive capacity to improve the quality of public goods and services that they are supposed to deliver. So, kumbaga sinasabi natin sa LGUs “Bilis-bilisan naman ninyo ang paggastos ng pera.”

Next. So these are the proactive responses to external developments – so, iyong RCEP, et cetera, et cetera. So, more free trade agreements et cetera.

Next. And then, ito na iyong sinasabi ko na iyong public-private partnership, hindi pala, ano ito mga amendments for the implementation of structural reforms – these are the structural reforms that we implemented at the height of the crisis, okay.

All right next. So, we've been meeting with—ipinagmamalaki ko ito lagi na during the height of the crisis we didn't sit idly by and wait for the virus to subside 'no – we did our homework. So, we did some of these reforms but ang tanong natin “So, na-reform natin ito, nariyan ang batas, na-implement ba siya?” So, it turned out na some of them are not yet being implemented kasi kailangan pa ng IRR, ng mga [inaudible]. So, parang “Teka muna, ipinagmamalaki ko ito hindi pa pala gumagalaw,” so, ngayon gumagalaw na siya.

Next. So, iyong ano—let me go back, wala dito sa slide. Iyong sa public-private partnership – karamihan doon, about 1/3 of the 197 projects are actually to be implemented through public-private partnership and mabilis na ang proseso ngayon. And in fact we just passed a new law Public-Private Partnership Code na mas magpapabilis pa ng implementation niyan. It takes many years for public-private partnership – mga two years, at least mabilis na iyong two years. Pero there are some projects under this administration na we were able to implement rather quickly. For example, iyong Ninoy Aquino International Airport – we were able to do that in 11 weeks. So, bubuksan na iyong bid niyan by December and then mababago na natin iyong Ninoy Aquino International Airport. There's another project which we were able to complete within seven weeks iyong extension ng TPLEX iyong mga papuntang Baguio 'di ba – mayroon kang SCTEX, TPLEX ie-extend iyon hanggang La Union – again that was completed in seven weeks. So, mabilis na ngayon talaga iyong public-private partnership and we hope to implement those hand-in-hand with the other projects.

So, I will stop here.

MS. OSEÑA-PAEZ: Okay. Thank you so much, Secretary Diokno for presenting the current state of the Philippine economy which looks very optimistic under the Marcos administration.

Are there any questions? Okay, let's start with Eden Santos, Net 25.

EDEN SANTOS/NET 25: Secretary, thank you po sa inyong briefing. Doon lang po ako sa mas malapit sa sikmura ng ating mga kababayan. Ano po iyong aasahan ng mga Pilipino sakaling matamo po iyong target na two to four percent na inflation na binabanggit po ninyo, paano po ito mararamdaman kasi sa ngayon ay patuloy pa ring mataas iyong presyo ng mga bilihin at may

panukala pa nga po na gawing per kilo ang itlog? Ano po iyong mararamdaman ng ating mga kababayan kapag natamo po natin iyong two to four percent na inflation rate?

DOF SEC. DIOKNO: Unang-una, wala dito sa deck. Kasi iyong employment situation natin really is also very bright 'no. Ang unemployment natin ngayon at the moment is 4.5 percent – mababa na iyon compared sa other years and in fact it's lower than what is in the medium-term economic program ni Presidente. And also, the quality of employment has improved 'no. Iyong dati na tinatawag na underemployment rate – ano ba ang ibig sabihin ng underemployment rate? Ang underemployment rate, ang ibig sabihin noon, may trabaho ka na, pero tatanungin ka, are you looking for a better job? Kapag sinabi mong 'yes', underemployed ka. That used to be 26%, ngayon lowest ever – 10.4%. So, gumanda na iyong employment situation, iyan ang makakatulong sa mga kababayan natin. Kung may trabaho ka, hindi mo na masyadong mapapansin iyong 2 to 4% na inflation, 'di ba? Kasi may trabaho ka naman eh, 'di ba?

EDEN SANTOS/NET25: Sir, are we expecting po na malalagdaan ni PBBM iyong 2024 national budget bago po iyong trip niya sa Japan?

DOF SEC. DIOKNO: Kailan ba ang trip niya sa Japan?

EDEN SANTOS/NET25: December 15? 16?

DOF SEC. DIOKNO: Malamang, kasi I was talking to the liaison officer. Na-approve na kasi iyong budget eh, so they will go into conference, conference committee by December 1st, and so there is enough time bago umalis si Presidente.

MARICEL HALILI/TV5: Sir, magandang umaga po. Sir, just a clarification. What was the reaction of the president when you asked him, when you requested him to certify as urgent iyong apat na bills natin para sa revenue?

DOF SEC. DIOKNO: Wala naman siyang specific reaction doon sa mga tax measures na nabanggit ko. May reaction siya doon sa LGUs, mga ganoon. So, in general okay naman iyong report, it's like a brief on the state of the economy. So, I am not expecting the president to have a specific reaction to that.

MARICEL HALILI/TV5: But how should we interpret this, sir, will he certify these measures as urgent?

DOF SEC. DIOKNO: That you have to ask the president. I don't have the power to certify, okay. Thank you, Maricel.

IVAN MAYRINA/GMA 7: Secretary, the first full year of the Marcos administration is about to come to a close. How are we doing in terms on ensuring that the investment pledges actually translate – from the foreign trip, sir – that investment pledges actually translate to actual investments and creates actual jobs? Perhaps you can give us an example kung ano iyong nag-materialize, na pinaka-significant?

DOF SEC. DIOKNO: Actually my job is at the macro level. Ang talagang specific investment will be coming from DTI and Board of Investments. And I understand, there are a lot of interests, in fact they are coming here and talking to the right people. In fact, iyong mga Saudi naman, ang sabi nila, dalhin na ninyo dito iyong tao na gusto naming makausap and then, specify iyong mga

projects. So, there are a lot of interests, hindi naman mangyayari iyan within one year, ganoon 'di ba. In fact iyong datos ng BOI, I think will show na there's a lot of investments going on.

IVAN MAYRINA/GMA 7: Follow-up, there is an upcoming trip this week, sir. And you said, you were, you are going to be part of the delegation. Ano po ang magiging mission natin dito sa trip na ito? I know it's a Climate Change Forum, but as finance secretary, are there specific goals that you have set for this particular trip?

DOF SEC. DIOKNO: I think, mas interesado tayo doon sa tinatawag na damage and loss activity provision, kasi matagal nang pinag-uusapan iyan eh, 15 years na iyang COP (Conference of the Parties) and it was first brought up in 2017, I understand and it was also touched upon last COP 2017, so mas doon tayo interesado. Kasi tayo as one of the most vulnerable countries eh, so there's got to be compensation, okay. So, iyon iyang interest namin at the moment.

MS. OSEÑA-PAEZ: It's in the climate financing for countries that are most vulnerable to climate change and it operates on principles on loss and damage.

JEAN MANGALUZ/ [INQ.NET](#): Good morning, Sec. Can you explain why LGUs are not spending as much as they should? Have you identified which LGUs have low spending?

DOF SEC. DIOKNO: That has always been the problem. Ever since I can remember, the LGUs are in a surplus position, whereas the national government is in a deficit position. And noong time namin, I think one of the reasons is that the LGUs by nature or LGU officials by nature are kind of shy to invest in some projects. In fact, the LGUs can borrow money but they are not borrowing money and ang reason nila, is iyong term of office nila is three years. So, you spend one year preparing your feasibility study, et cetera, tapos ipi-present mo iyon sa bangko, year two, so tatakbo naman siya ng re-election wala pa siyang napapakita, pero may utang siya. So iyon, mga baka ganoong isyu.

Secondly, there are some LGU officials na hindi talaga, they are not inclined to invest in some activities, so iyon. And then, there is also a problem in hiring, sabi nila, "We need people to run some activities but it's hard to attract them." So, iyon ang mga sinasabi nilang rason. So, in response, I think we are going to tap the Development Academy of the Philippines and the Local Government Academy to train people who may actually be instrumental in investing in some local government activities.

KYLE ATIENZA/BUSINESS WORLD: Sir, there are initiatives from many companies including those that are based in the US to decouple their global supply chain, sir, from China. And Vietnam have had emerged as early winner in supply chain ship, sir. Has the Philippines benefitted from this and how do we plan to?

DOF SEC. DIOKNO: Yeah, maraming ganoon. I think they have chosen Vietnam and Indonesia and siguro makakasama tayo doon sa grupo na iyon. Ang grupo na iyon ang tawag namin VIP – Vietnam, Indonesia and the Philippines. So, in my last trip to San Francisco, there's a funding agency in national government and they said, we are very much interested in the Philippines, kasi nag-invest na sila sa Vietnam at saka sa Indonesia. And we gave them that list, iyong 197 priority projects, we gave them the list and in fact, darating na iyong isa doon, he will come here sometime in December to really scout, among investment opportunities sa Pilipinas.

KYLE ATIENZA/BUSINESS WORLD: How does the Philippines plan to play a bigger role, sir, in the US semi-conductor value chain?

DOF SEC. DIOKNO: Siguro tanungin ninyo si Secretary Pascual, iyong mga ganiyan, mga very specific industry groups, si Secretary Pascual.

PIA GUTIERREZ/ABS-CBN: Sir, follow-up lang doon sa LGUs. Ano po iyong mga nakikita ninyong other possible revenue sources that LGUs can tap into considering iyong mga challenges nga po na nabanggit ninyo kanina like the very short term of office of local government officials?

DOF SEC. DIOKNO: Ang talagang bread and butter ng LGUs is iyong real property tax and if you are a politician, you are not inclined to adjust the real property tax, hindi ba. Kasi, maybe you don't want to tax yourself. Baka you own half of the town 'di ba, mga ganoon. But now, with the new law, iyong valuation will now be done through the Department of Finance, hindi na by the local government, so every three years ia-adjust namin iyong valuation. So, I think that will help increase the revenue yield of LGUs.

Kasi ang current practice ngayon is they pass an ordinance eh, adjusting the real property tax; siyempre walang gumagalaw noon, wala gumagawa. Mayroon naman pero may resistance in general na i-adjust 'di ba. Now, with the new law, we will just adjust the zonal value of the real property in that place and automatic na iyon i-implement.

PIA GUTIERREZ/ABS-CBN: Sir, on another topic, sir. Sir, can you react to the appointment of Rafael Consing as President and CEO of the Maharlika Investment Corporation since his appointment was marred with issues such as iyong alleged revision daw po ng IRR to accommodate him and his previously dismissed cases?

DOF SEC. DIOKNO: That has been adequately explained; it's not for me to react to the appointment.

SAM MEDENILLA/BUSINESS MIRROR: Good morning, sir. What would be the drivers to reach the lower end of 6% full-year GDP growth, since think tanks are saying we will not be able to hit it? FMIC is forecasting 5.8, while AMRO is 5.6%?

DOF SEC. DIOKNO: Iyong pinakita kong slide, iyong we are—iyong make-up. Hindi mo ba nakita iyong ano, iyong anong slide ba iyon? Nasa series of slide I've showed 'no, iyong—that's how we hope to...

SAM MEDENILLA/BUSINESS MIRROR: Sir, another topic. May update rin po kaya sila kung may aksiyon na si President doon sa proposal nilang extension for Executive Order 66, iyong para po sa tariff?

DOF SEC. DIOKNO: I think that's Executive Order 10, if I'm not mistaken. Now, there will be a hearing to be conducted by the Tariff Commission on the December 1st. Yeah, iyon na.

SAM MEDENILLA/BUSINESS MIRROR: Sir, iyong sa slide, sir?

OSMEÑA-PAEZ: Which slide?

DOF SEC. DIOKNO: Okay, parang nawawala iyong slide eh, binawasan ninyo ba ang slide ko? Hindi iyan eh, next, next sige i-run muna lang, run, run...next slide.

OSMEÑA-PAEZ: We will furnish you with the entire deck, how about that?

DOF SEC. DIOKNO: Ito iyong page 14 – iyong Stop Inflation, Efficient Budget Execution, Navigate headwinds, Implement Structural Reforms. Iyan, okay?

SAM MEDENILLA/BUSINESS MIRROR: Sir, last. Sir, may i-add lang po ako, iyong doon sa 2024 GAA po, earlier na-mention ni President iyong Fuel Subsidy Reforms, naipasok po ba iyon doon sa final version ng 2024 budget?

DOF SEC. DIOKNO: Okay, under the law, he can give subsidy after 3 months consecutive higher than 80 dollars I think per barrel 'no. Is that what you referring to? He wants to be reduced to 1 month 'no. So, I don't know, wala akong access doon sa—kung pumasok na siya sa Senate version. Kasi it's not in the House version 'di ba, and then from there magkakaroon pa ng conference committee. So, I'm not sure—I'm not privy to what's happening there.

OSMEÑA-PAEZ: Alexis Romero, Philippine Star.

ALEXIS ROMERO/PHILIPPINE STAR: Secretary, if I'm not mistaken, the Philippines is eyeing a 1.499 trillion deficit for this year, is that target iyon pa rin pa ba?

DOF SEC. DIOKNO: Kung ano iyong sinabmit (submit) ni Presidente sa BSF, iyon pa rin.

ALEXIS ROMERO/PHILIPPINE STAR: So, the same?

DOF SEC. DIOKNO: I have no idea kung iyon. But, whatever is submitted by the president that is still the deficit target. We have not revised it.

ALEXIS ROMERO/PHILIPPINE STAR: Okay. Given iyong recent development, is there a chance na we're going to revise it pa, kasi 'di ba maaaring—you're mentioning iyong improvement in tax collection, puwede pa ba itong maging mas mababa than expected for the [inaudible]?

DOF SEC. DIOKNO: May we—usually, we stick to the president's budget. Then during implementation, we have a series of reviews every quarter so we might adjust them depending on the actual situation. So, based on first quarter performance, we adjust. So, it's not casting stones, but we respond to changes in economic numbers.

OSMEÑA-PAEZ: Harley Valbuena.

HARLEY VALBUENA/DZME: Hello, good afternoon Secretary. Sir, going back on the Maharlika Fund. Sir, sitting as the chairperson in an ex officio capacity of the Maharlika Investment Corporation, may update na po ba regarding doon sa vacant executive or directorial positions ng MIC. May na-submit na po bang list of nominees iyong advisory body?

DOF SEC. DIOKNO: I understand that the advisory body has submitted a list, but I don't think there has been an appointment. There two more appoint—two independent—two regular directors, with a term of three years and then 3 independent directors. Wala pa akong nalalaman na-appoint.

HARLEY VALBUENA/DZME: Sir, are we still confident po that we can make the Maharlika Fund operational by the end of the year, kahit po by this time hindi pa kumpleto iyong list of positions?

DOF SEC. DIOKNO: I'm confident that, it will be operational before the end of the year.

OSMEÑA-PAEZ: Alexis Romero, again.

ALEXIS ROMERO/PHILIPPINE STAR: Secretary, may we just get details. Nag-meet na ba kayo ni Mr. Consing, recently. And may we get iyang information on [inaudible]?

DOF SEC. DIOKNO: Yeah we met, together with the advisory council at my office, the Department of Finance, and he explained what are his ideas. So, we've met last week.

ALEXIS ROMERO/PHILIPPINE STAR: So, what—ano po iyang napagkasunduan or..?

DOF SEC. DIOKNO: I cannot tell you, okay.

OSMEÑA-PAEZ: Okay, thank you. Secretary Diokno, at the meeting today, the president emphasized the relevance of the structural reforms that the DOF is putting in place. A lot of these reforms will take time and some of them maybe we won't see the effect of it until even after this administration. But, how important are these structural reforms, let say, he also mentioned some amendments in the DA, Department of Agriculture and Energy as well?

DOF SEC. DIOKNO: Yeah, the president mentioned possible—not possible, but his spending part of the flood control money for DA, so that they can actually do their own activities and this will actually, change the direction of a DA within the last, I guess that we're moving towards the last two months, right. So iyon, iyon lang naman; more on post-harvest facilities et cetera and so forth and so on.

OSMEÑA-PAEZ: Okay, last question.

EDEN SANTOS/ NET 25-DZEC: Opo, last question lang. Secretary, kanina po nabanggit ninyo, parang hindi masyadong—hindi na maramdaman ng mga mamamayan iyang mataas na presyo ng mga bilihin, sabi ninyo po, kung mayroon silang maayos at dekalidad na trabaho. Pero, kailan po kaya iyon magkakatotoo, magiging totoo? Ngayon po ang hinaing ng mga manggagawa ay iyon pong mababang sahod, ang sabi po nila “dapat ang entry daw or iyang pinaka-minimum ay 33,000 pesos a month para lang po ito masabing living wage o iyang nakabubuhay na sahod.” Ano po iyang take ninyo dito?

DOF SEC. DIOKNO: Iyang employment is happening right now. Sabi ko nga that's based on the most recent data, iyang 4.5%. And even the so called labor force participation rate, ang taas kasi it's around 65% 'no, in other words marami talagang gusto mag-join ng labor force and they are able to find jobs 'no.

EDEN SANTOS/ NET 25-DZEC: Pero iyang suweldo po kasi ang sinasabi nilang hindi pasok doon sa tinatawag na living wage. Dapat daw po 33,000 a month ang sasahurin para lang magkaroon ng maayos na buhay at pamumuhay iyang isang pamilya na may limang miyembro po?

DOF SEC. DIOKNO: Dapat binabalanse mo rin iyang concern ng mga industrialist at saka iyang mga workers, 'di ba? Baka naman hindi affordable sa mga industrialist iyang—baka kailangan magsara nila para lang maka-accommodate sila ng ganoon klaseng suweldo, 'di ba.

EDEN SANTOS/ NET 25-DZEC: Wala po bang kasamang wage increase sa 2024 national budget? Kung nabigyan po iyang sa social services, pabahay. Ang dagdag-sahod po ba bakit hindi nabigyan [inaudible]?

DOF SEC. DIOKNO: I think continuous naman iyong review ng wage board for the salary increase. In fact, I think except for 1 or 2 regions, nabigyan nila ng salary increase iyong mga workers.

OSMEÑA-PAEZ: Okay, Alexis Romero.

ALEXIS ROMERO/PHILIPPINE STAR: Secretary, just asking for update doon sa pin-float nating sukuk bonds, how much was raise po doon kasi [inaudible] ..?

DOF SEC. DIOKNO: Hindi pa siya nari-raise actually. We will raise it maybe middle of this December. So, in-announce pa lang iyon.

ALEXIS ROMERO/PHILIPPINE STAR: Announcement.

DOF SEC. DIOKNO: Kaka-announce pa lang. It will be—ang preference namin is ang maturity niya is 5.5 years, rather than 5 years.

ALEXIS ROMERO/PHILIPPINE STAR: Walang target ang mga for..?

DOF SEC. DIOKNO: If I remember right, mga around 1 billion US dollars.

ALEXIS ROMERO/PHILIPPINE STAR: Thank you, Sec.

OSMEÑA-PAEZ: Okay, we have one more question there, from UNTV, Kyle Atienza.

KYLE ATIENZA/ UNTV: Sir, a bill seeking to amend the CREATE Act has already been filed at the House, sir, with the author, Congressman Salceda saying that it should also consider the impact, the impossible impact of the 15% global minimum—global minimum for corporate tax, sir. What's your comment on this, sir?

DOF SEC. DIOKNO: Iyong 15% global minimum corporate income tax, ano iyan eh, it's an advocacy by OECG 'no. Hindi natin alam kung matutuloy iyan dahil right now our corporate income tax is 25 to— 20, 25 'no. So, baka it's too early to go to mid-15%. But, that's a good floor. Alam mo ang importante ng 15% is the—tinatawag nilang raise to the bottom, kasi ayaw naman ng mga bansa na magpapapabaan sila ng rate to attract investors, kasi mawawalan sila ng revenues 'no, so that's a floor.

KYLE ATIENZA/ UNTV: Sir, some economies who were supportive of the original CREATE Law, sir, have warned that further lowering taxes under the Build, Build, Build do more harm than good, sir. Any comment on that, sir?

DOF SEC. DIOKNO: Kaya nga, you have to weigh whether you can really afford the 15% 'no. At saka in any event, an investor will go to a country not necessarily because only of the tax regime 'no, they look at the economic opportunities being made available to them. Another factor will be the availability of labor, napakaganda noong, ano natin, we have the youngest populations in this part of the world; 25 years old is a median age, so that's very attractive.

So, that those are the factors na tinitingnan nila 'no, ease-of-doing business, tinitingnan din nila iyon; tinitingnan din nila iyong power cost 'no, and iyon ang one of our disadvantages, napakataas

ng power dito because in other Asian countries, sina-subsidize ng gobyerno iyong power cost. So these are the considerations, hindi lang tax system ang tinitingnan nila.

OSMEÑA-PAEZ: Well, thank you so much, Secretary Diokno. Thank you for briefing us on the Philippine economy's resiliency, it being the fastest economy and the fastest growing region in the world, right? Very optimistic! Thank you. This concludes our press briefing. Thank you Malacañang Press Corps. Good afternoon.

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