

Foreign Direct Investment in the Philippines in 2017

by Pinnacle.PH

The Philippine Foreign Direct Investment (FDI) inflow has reached a record high of 10.05bb USD in 2017, 21% higher than the recorded FDI in 2016. The FDI was boosted by the 1.2bb USD August inflow, as well as the 16-month high 2bb USD recorded in October. The BSP attributed the all-time high FDI to positive investor sentiment on the Philippine economy.

2017 Inflow

Despite the astounding nominal figure, the 2017 FDI inflow was generally slower than that of the growth recorded in 2016. July 2017 recorded the lowest monthly level since June 2016, which was caused by the decline in the investment in debt instrument to 136mm USD from 406mm USD in the same month the previous year. The decline was then offset by the 1.5bb USD equity investment that came in during the month of October, totalling the Net FDI 1.9bb USD for the month, the highest since the recorded inflow of 2.26bb USD recorded in April 2016.

Looking back, the April 2016 inflow was notably backed by the 37bb PHP partnership between the Bank of Tokyo-Mitsubishi UFJ and Security Bank Corporation. The October 2017 boost was attributed to the amount of equity investment that poured in that month. Further, the 1.3bb USD deal between Energy Development Corporation and Philippines Renewable Energy Holdings Corp. (consortium of Macquarie Infrastructure and Real Assets (Mira) and Arran Investment Private Limited), as well as the 1bb USD acquisition of Bulacan-based Mighty Corporation by Japan Tobacco helped boost FDI in 2017.

FDI (in million USD)

2017	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Debt	458	264	472	911	564	756	136	569	490	332	724	335
RE	71	66	56	81	71	72	71	59	59	57	56	59
Equity	58	62	9	70	43	-67	134	652	258	1529	210	305
Total	587	392	537	1062	678	761	341	1280	807	1918	990	699

Source: Bangko Sentral ng Pilipinas

FDI by Type

It should be noted that 60% of the FDI came from the expansion in debt instruments (the intercompany borrowings from foreign direct investors by their subsidiaries/affiliates in the country), while 8% were listed as reinvestment of earnings. This leaves only 32%, or 3.26bb USD, as direct equity investment for local companies.

the same sectors to be the leading beneficiaries of investments in the coming months, to be followed by a surge in the real estate sector.

Foreign Direct Investment (in million USD)

TYPE	Foreign Direct Investment (in million USD)			Growth Rate	
	2015	2016	2017	2016	2017
Debt	3,076.13	4,977.30	6,009.96	61.80%	20.75%
RE	746.85	710.19	776.16	-4.91%	9.29%
Equity (net)	1,816.18	2,592.05	3,263.24	42.72%	25.89%
Total	5,639.16	8,279.55	10,049.37	46.82%	21.38%

Source: Bangko Sentral ng Pilipinas

FDI by Industry

BSP data showed that equity from the United States, Singapore, Kuwait, Germany, and Netherlands were placed in electricity, gas, steam and air-conditioning supply activities; manufacturing; construction; real estate; as well as wholesale and retail trade. The sudden shift in the placements into these sectors may have well been the indication that the Build, Build, Build (BBB) Program of the current administration is underway. This program would in turn pave way for new opportunities for the real estate sector and therefore boost investor confidence. With this sentiment, we can only expect

FDI by Industry (in million USD)	2016	2017	Growth
Electricity, Gas, Steam, and AC	-83.1	1383.71	1765.04%
Manufacturing	334.25	1149.9	244.02%
Real Estate Activities	121.88	247.82	103.32%
Construction	8.77	161.19	1737.68%
Financial and Insurance	1,126.05	138.46	-87.70%
Professional Services	17.55	62.72	257.45%
Transportation and Storage	7.84	48.47	518.44%
Information and Communication	-2.61	35.7	1465.45%
Arts, Entertainment and Recreation	575.03	27.85	-95.16%
Human Health and Social Work	35.24	21.3	-39.54%
Agriculture	0.25	19.58	7764.28%
Mining	50.43	8.94	-82.27%
Education	0.51	1.36	166.54%
Water Supply	0.12	1.34	970.53%
Other Service Activities	-0.01	0.08	679.44%
Public Administration and Defense	0	0	--
Households as Employer	0	0	--
Extraterritorial Organizations	0	0	--
Others	0.98	0	-100%
Wholesale and Retail	208.19	-3.11	-101.49%
Administrative and Support Services	22.48	-7.56	-133.64%
Accommodation and Food Services	168.21	-34.52	-120.52%

Source: Bangko Sentral ng Pilipinas



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- Legal Administration
- Investor Accounting and Reporting
- Project Management (Community Mortgage, Redevelopment)

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- Corporate Leasing
- Residential Sales and Leasing
- Leisure and Hospitality

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- Portfolio Valuation
- BIR NAV Valuations
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