

SONA 2023 Highlights

2022 RECAP: WHAT WERE THE PLANS?

In the previous year's SONA, the Marcos administration officially laid down its 8-point socioeconomic agenda to attain a robust, inclusive, and resilient economy, and to combat the challenges the country was facing, including elevated prices, lingering effects of the pandemic, and unpredictable global economy:

8-POINT SOCIOECONOMIC AGENDA

Near-Term	Medium-Term
<p>A. Protect the purchasing power of families</p> <ol style="list-style-type: none"> 1. Ensure food security 2. Reduce transport and logistic cost 3. Reduce energy cost <p>B. Reduce vulnerability and mitigate scarring from the COVID-19 pandemic</p> <ol style="list-style-type: none"> 4. Tackle health 5. Strengthen social protection 6. Address learning losses <p>C. Ensure sound macroeconomic fundamentals</p> <ol style="list-style-type: none"> 7. Improve bureaucratic efficiency 8. Ensure sound fiscal management 	<p>D. Create more jobs, quality jobs, green jobs</p> <ol style="list-style-type: none"> 1. Promote investments 2. Improve infrastructure 3. Ensure energy security 4. Increase employability 5. Expand digital infrastructure 6. Encourage R&D and innovation 7. Pursue a green and blue economy 8. Establish livable and sustainable communities



Target

- Cut poverty incidence to 9% by 2028
- Attain upper-middle income status by 2024

2023 SONA HIGHLIGHTS: PROGRESS REPORT

Yesterday's SONA highlighted the accomplishments of the Marcos administration in its first year in office, particularly achievements in combating inflation, improved fiscal space, continued and supplemented infrastructure projects, and headways in strengthening the jobs sector.

Economy	Fiscal Space
<ul style="list-style-type: none"> • Continued growth despite bleak global prospects. 7.6% real GDP growth in 2022, and 6.4% in Q1 2023 falling within 6%-7% target of the government. • Strong financial system indicated by Banks' strong capital and liquidity positions • Easing inflation as prices of basic goods have stabilized 	<ul style="list-style-type: none"> • Economic and Social Services are top budget priorities (70% allocation in the national budget) • Improved revenue collection driven by BIR, BOC, PAGCOR, and PCSO • Tax and revenue efforts to further increase, to up to 16.9% and 17.3% by 2028
Infrastructure	Employment
<ul style="list-style-type: none"> • Build Better More flagship projects cover investments in the areas of physical connectivity, water resources, agriculture, health, digital connectivity, and energy. Physical connectivity infrastructure – such as roads, bridges, seaports, airports, and mass transport – accounts for 83% of this program • Anchor of infrastructure development is economic efficiency, linking roads and islands to mobilize goods and services and prioritizing inter-modal connectivity. 	<ul style="list-style-type: none"> • Improved employment rate: 95.7% as of May 2023 • As a “service export powerhouse”, government to nurture the growth of the services sector further, particularly the Information Technology-Business Process Management (IT-BPM) sector and the tourism industry. • Foreign employment will be driven by choice not by necessity. • Reintegration of returning OFWs back to the economy.

Research and Business Analytics Department

SONA 2023 Highlights

The SONA further emphasized improvement in various sectors such as agriculture, energy, and tourism, as well as bright prospects on the investment space and enabling environment that shall boost the ease of doing business and trade with and within the country.

ON INDUSTRIES, INVESTMENT SPACE, TRADE & ENABLING ENVIRONMENT

Agriculture

- 2.2% growth in Agriculture, Fisheries and Forestry in Q1 2023.
- 7,000 KADIWA stores employed around the country that generated almost P700M revenues, to be expanded across the country.
- Farm and fisheries clustering and livestock multiplier farms to be organized into cooperatives.
- Knowledge support to farmers on new technologies, locally-made bio-fertilizers, and high-quality seeds.
- El Niño readiness and preparation, titled lands granted to agrarian reform beneficiaries.

Energy

- 8 new power plants built increasing energy production by 1,174 megawatts.
- Renewable energy is the way forward to achieve 35% share in the mix by 2030 and 50% by 2040.
- 126 renewable energy contracts with 31,00 MW have been awarded.
- Malampaya project renewal and more gas exploration in other parts of the country.

Tourism

- From January to June this year, 3 million international visitors have been received by the country, already 62% of the 4.8-million target for the entire year.
- The tourism sector is headed for a rebound due to revenge travel and reopening of the economy.

Investments

- Maharlika Investment Fund can be looked at for strategic financing of high-priority projects without the added debt burden.
- Foreign economic missions have yielded an estimated total investment value of 3.9 trillion pesos or 71 billion US dollars with a potential to generate 175,000 jobs.

Foreign Policy and Trade

- Existing bilateral and multilateral trade agreements, notably within the ASEAN framework, and with Japan, and with Europe, allow us to leverage our competitive advantages and reap economic benefits.

Enabling Environment

- Digitalization efforts will be linked to payment systems; digital payments accounted for 42% of total retail payments made in 2022.
- Launching of eGov PH app integrating all government services in a centralized app with the National ID system at its core.
- Internet speed improved, with PH placing 11 ranks higher than last year.

Environment

- Adoption of the circular economy concept
- Commitment to global decarbonization goals and reduction of carbon footprint.

Further, President Marcos appealed to the lawmakers in congress to prioritize and enact certain bills that shall help realize the plans under the medium-term fiscal framework and provide a stronger enabling environment for all priority sectors.

APPEALS TO CONGRESS

Priority Bills

- Essential tax measures under the Medium-Term Fiscal Framework, such as:
 - Excise tax on single-use plastics
 - VAT on digital services
 - Rationalization of mining fiscal regime
 - Motor vehicle user's charge/road user's tax
 - Military and Uniformed Personnel Pension
- Amendment of the Fisheries Code
- Amendment of the Anti-Agricultural Smuggling Act;

- Amendment of the Cooperative Code;
- New Government Procurement Law;
- New Government Auditing Code;
- Anti-financial accounts scamming;
- Tatak-Pinoy law;
- The Blue Economy law;
- Ease of paying taxes;
- LGU income classification; and
- The Philippine Immigration Act.