

COVID-19 Status: Government secures vaccines and takes action against new COVID-19 variant

PH Government continues to secure COVID-19 vaccines

- ▶ The Philippine government, together with the private sector, has secured 2.6 million doses of AstraZeneca vaccine, which will benefit around 1.5 million people. The supply is expected to arrive around the second quarter of 2021.
- ▶ US Pharmaceutical firms Moderna and Arcturus Therapeutics have also committed to provide 4 to 25 million doses of their vaccines by the third quarter of 2021.

Travel ban imposed on around 28 countries affected by new COVID-19 variant

- ▶ To prevent the spread of the new COVID-19 variant, the Philippines has imposed a travel ban that will last until January 15, covering around 28 countries, including Hong Kong, Singapore, United States, and United Kingdom.
- ▶ Foreign diplomats, dignitaries, returning Filipino citizens, and foreign spouses/children of Filipinos coming from restricted countries are exempted but are required to have a negative RT-PCR test result and undergo a 14-day quarantine period.

Macroeconomic Updates: Policy support and infrastructure spending

PH Senate approves the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

- ▶ CREATE will immediately cut the corporate income tax (CIT) rate to 25% from the current 30%. Domestic corporations with total assets of not more than PHP 100 mn and with net taxable income of PHP 5 mn and below will benefit from a lower CIT rate of 20%.
- ▶ Newly registered business enterprises benefit from fiscal incentives such as an income tax holiday for four to seven years, followed by a special corporate income tax of 5%, based on gross income earned, for 10 years.

Infrastructure projects to prioritize key sectors in the country

- ▶ Infrastructure expenditure in 2021 is projected to reach USD 23 bn, 30% higher than the previous year's target, and is estimated to provide 1.7 million direct and indirect jobs.
- ▶ The government's flagship infrastructure projects include sectors under health, information technology, energy, transportation, urban development, and water resources.

Deal Spotlight: CVC Capital locks in investment in the Philippines

CVC Capital acquires stake in Philippines logistics firm, FAST

- ▶ The investment amounts to around USD 125mn for a 40% stake and will be used to expand FAST's logistics operations in the country.
- ▶ Previously, CVC Capital, through Asia Outsourcing Gamma Limited, acquired Philippine outsourcing firm SPi Holdings in 2013. The company was later sold for USD 300mn in 2017.

Industry Insight: Digital Economy and Financial Services

Study by Bain, Google, and Temasek sees a booming Philippine internet sector

- ▶ According to e-Economy SEA 2020, the Philippine digital economy gross merchandise value (GMV) will grow by a CAGR of 30% between 2020 and 2025 to USD 28 bn, the fastest in Southeast Asia. E-commerce and online media posted strong growth in 2020, while transport, food, & online travel are expected to bounce back in the following years.
- ▶ The study found that 37% of digital economy consumers are new to the service. 95% of new consumers are expected to continue taking advantage of digital services post-COVID-19.

Philippines ranks 2nd in Asia, behind India and 8th overall out of 55 countries based on financial inclusion initiatives

ASEAN Countries	Overall Ranking	Government Policy and Support	Stability and Integrity	Products and Outlets	Consumer Protection	Infrastructure
Philippines	8 th					
Indonesia	10 th					
Thailand	15 th					
Vietnam	44 th					

Highest Lowest