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**From:** Emil Pevtsov  
**Sent:** Tuesday, April 19, 2022 2:00 AM  
**Subject:** [Press Release] Japanese Debt Watcher Affirms Philippines' Investment Grade Credit Rating: R&I Cites Progress of Economic Recovery

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**JAPANESE DEBT WATCHER AFFIRMS PHILIPPINES' INVESTMENT GRADE CREDIT RATING  
R&I CITES PROGRESS OF ECONOMIC RECOVERY**

Japan-based debt watcher Rating and Investment Information, Inc. (R&I) has maintained the Philippines' credit rating at BBB+ with a "stable" outlook, citing the economy's solid growth recovery, healthy government finances, rising investments, and a stable banking sector, among other favorable indicators.

BBB+ is two notches higher than the minimum investment grade, while a "stable" outlook indicates that the rating is likely to stay the same over the near term.

In a statement released on April 18, R&I said that while the world continues to face the challenges of the pandemic, "The Philippine economy has been demonstrating solid growth since the second quarter of 2021" and that "the government debt ratio is expected to stabilize in the near term, supporting the country's economic recovery."

The Philippine economy grew by 5.7 percent last year, reversing the previous year's pandemic-driven recession. The rebound was punctuated by the rise in foreign direct investments to a historic high of USD 10.5 billion last year.

Moreover, while government debt has risen following massive spending on the COVID-19 response, the debt level remains manageable at 60.5 percent (debt-to-gross domestic product ratio) as of end-2021 compared to a number of the country's rating peers.

Finance Secretary Carlos G. Dominguez welcomed the latest assessment from R&I: "With this development, the Philippines maintains its streak of affirmations of our investment grade credit ratings throughout the pandemic amid the wave of rating downgrades globally. This is a testament to our ability to strike a careful balance between supporting economic recovery, such as through relief for vulnerable sectors and infrastructure investments, and maintaining order in our fiscal house," Dominguez said.

"We are committed to achieving full economic recovery within the soonest possible time, while mindful of staying within the boundaries of fiscal discipline, so that the debt burden from the COVID-19 crisis is not passed on to future generations. We are optimistic about the economy's prospects — our COVID situation has improved and the latest economic reforms are seen to bring in more job-generating investments for the Filipino people," the country's finance chief added.

“R&I’s affirmation, in our view, reflects confidence in the country’s sound policy framework, which augurs well for the next administration to pursue further structural reforms that are necessary to sustaining high and inclusive growth,” he added,

For his part, Bangko Sentral ng Pilipinas (BSP) Governor Benjamin E. Diokno said the coordinated approach to recovery — with the central bank’s monetary measures complementing the national government’s fiscal response — has worked well for the economy.

“On top of the national government’s measures, the BSP’s proactive COVID-19 response — including historic-low policy rates that supported credit activities, time-bound financing support to the national government, and a long list of regulatory relief measures for banks so that they may continue serving their customers — has helped achieve a holistic approach to Philippine economic recovery”, Diokno added.

This year, the government expects the economy to achieve full recovery and post growth between 7.0 and 9.0 percent.

The Philippines’ daily COVID-19 cases has significantly declined from a high of 39,000 cases in mid-January this year to 272 as of April 10. Moreover, as of the same day, 74.0 percent of the country’s target population (90 million) had already been inoculated.

Meanwhile, newly enacted legislative amendments that further open the economy to foreign investors — the Retail Trade Liberalization Act, Foreign Investments Act, and Public Service Act — are paving the way for increased economic activities, which bode well for job generation and income growth moving forward.

The investment grade credit rating from R&I signals to Japanese and other foreign investors that the Philippines, given its sound macroeconomic fundamentals, is investment worthy.

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