

# Aligned economic priorities usher in fresh investment opportunities

Singapore investors have a window to enter the Philippines in areas from consumer goods and infrastructure to startups and renewable energy. BY TEH SHI NING

FIFTY-FOUR years of “robust, vibrant and multi-faceted” diplomatic relations between Singapore and the Philippines have yielded much cooperation in areas from the economy, defence and security, to tourism and people-to-people ties, says the Philippine Ambassador to Singapore, Medardo G Macaraig.

One is an island-state and the other an archipelago of more than 7,000 islands, but as South-east Asian neighbours, Singapore and the Philippines share similar priorities—particularly economic ones.

“The Philippines and Singapore have aligned priorities on investment (aerospace, renewable energy and startups) and trade (electronics, processed food and beverages, and creative and strategic services),” says Macaraig in an interview with *The Business Times*.

“Both countries can leverage each other’s competitive advantages to help each other reach their respective goals. Both countries are also on the same page when it comes to the important role of culture in pushing economic agendas,” he says.

## Strong trade and investment flows

Singapore was the Philippines’ top source of foreign direct investment (FDI) inflows in 2022. In fact, the US\$2.4 billion in “approved investment commitments” from Singapore last year—as registered by the government’s investment promotion agencies—made up more than half of all approved foreign investment commitments into the Philippines.

And this was in a year when the Philippines’ net inflow of FDI slowed amid high inflation and the global economic slowdown.

As the Philippines’ new ambassador to Singapore, Macaraig sees it as one of his priorities to ensure that the strong flow continues and contributes to matching the record US\$10.5 billion in FDI that the Philippines at-



There is much potential for economic cooperation between Singapore and the Philippines in the development of New Clark City in Central Luzon. ILLUSTRATION: SURBANA JURONG

tracted in 2021.

The flow of goods and services between the two economies has remained strong. In 2022, Singapore was the Philippines’ seventh-largest trading partner out of 231. Of the 213 markets that the Philippines exports to, Singapore ranked fifth. Singapore was also the sixth-largest supplier of imports out of 216.

Macaraig believes more opportunities will arise for Singapore investors in sectors they are already familiar with—real estate and hospitality, telecommunications, transport and logistics, utilities and consumer goods.

With a population of more than 113 million—expected to swell to 127 million by 2030—the Philippines has emerged as the second-largest consumer market in South-east Asia. Consumer goods and retail growth can only swing upwards.

“Following the pandemic, malls remain integral hubs for social gatherings, being deeply ingrained in our Filipino culture. If you’re considering expanding your food or retail business to the Philippines, it would be worthwhile exploring new growth opportunities even beyond Metro Manila, by establishing a presence in these developments as well as online to reach the increas-

ingly digitally savvy and e-commerce-oriented Filipino population,” the Philippine envoy says.

The Philippines has moved to liberalise the retail sector and woo foreign investors. For instance, in January 2022, it lowered the minimum paid-up capital requirement for foreign companies keen to enter the consumer market, to US\$500,000.

Processed food and beverage products from the Philippines have sparked keen interest here too, finding homes on Singapore’s supermarket shelves and e-market platforms, as well as in local hotels, restaurants and cafes. Banana chips, ube (purple yam), and ube liquor have been identified by the Philippine Trade and Investment Centre as ones with huge market potential in Singapore.

Infrastructure is another key economic sector that continues to attract Singapore investors, Macaraig says. The Philippine government is pressing on with public-private partnerships and allocating 5 per cent to 6 per cent of annual national gross domestic product to infrastructure spending—from bridges, rails and roads, to energy and water.

“The pandemic shed light on the necessity of enhancing Internet and digital connec-



Philippine Ambassador to Singapore, Medardo G Macaraig, believes more opportunities will arise for Singapore investors in sectors they are already familiar with. PHOTO: EMBASSY OF THE PHILIPPINES IN SINGAPORE

tivity and fostering the adoption of digital solutions. As a result, there is an emerging need to develop infrastructure in these areas to facilitate seamless connectivity and enable the widespread use of digital technologies,” says Macaraig.

Protected sectors such as telecommunications, shipping, air carrier, railways and subways, airports and toll roads, have been liberalised. A previous cap of 40 per cent on foreign equity in such sectors has been removed, to allow 100 per cent foreign ownership.

This change also applies to the exploration, development and utilisation of renewable energy technologies—solar, wind, hydro and ocean or tidal energy resources—another key investment space aligned with Singapore’s own transition to a green economy.

Of the varied areas of economic cooperation between Singapore and the Philippines, Macaraig sees significant promise in two.

First, the startup ecosystem. “The startup and innovation system in the Philippines is experiencing rapid growth, driven by increasing interest from Filipino corporations,” he says. Businesses are now forging partnerships with startups to capitalise

on the pandemic-catalysed digital shift, and several conglomerates now have dedicated venture arms and accelerators to support innovation initiatives across their organisations.

This has spurred dynamism to the Philippines’ startup community, even as more startups secure the backing of the likes of Sequoia, Wavemaker, e27 and OpenSpace in the private equity and venture capital space.

Singapore-based players show growing interest, says Macaraig. Innovate 360, an accelerator focused on investing in and growing food startups, has expressed interest in partnering with the embassy to identify high-potential companies.

Kerubin Capital signed a letter of intent to invest US\$20 million in the development of the Philippines’ startup ecosystem, with a focus on women. Plug and Play Tech Center has also pledged US\$20 million to an innovation platform for accelerating 50 Philippine and international tech startups.

## Brimming with potential

A second area Macaraig sees as brimming with potential is the development of New Clark City.

The city, envisioned to be a smart, sustainable and inclusive one that will accelerate economic growth in Central Luzon, is a 9,540-hectare greenfield development inside the Clark Special Economic Zone. Surbana Jurong is the development manager for the project.

The Philippines’ Bases Conversion and Development Authority (BCDA) signed a memorandum of understanding with Enterprise Singapore during President Ferdinand Marcos Jr’s visit to Singapore in September 2022, to raise the investment footprint of Singapore companies in New Clark City.

Since then, BCDA has met with companies offering diversified environmental services, engineering, information and communications technology, aviation solutions and smart-city technologies. The pitching of New Clark City projects—such as ones relating to ICT infrastructure, data centre colocation facilities, affordable housing, facilities management and sports facilities management—mean fresh business opportuni-

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PhilCham Singapore founders join the Filipino community in welcoming President Ferdinand Marcos Jr to Singapore. PHOTO: PHILIPPINE CHAMBER OF COMMERCE IN SINGAPORE

# Gearing up to be a business catalyst

One year in, the Philippine Chamber of Commerce in Singapore is ready to provide insights, make connections and advocate for businesses with an interest in the Philippines. BY TEH SHI NING

INSIGHT, connection and advocacy – these are the three pillars of the Philippine Chamber of Commerce in Singapore’s (PhilCham Singapore) mandate of promoting trade, investment and industry growth between Singapore and the Philippines.

Its first year was devoted to building the infrastructure needed “to ensure continuity and sustainability”, said founding president Cristy Mendoza Vicentina, who is also the Philippine National Bank’s region head for Asia and Oceania, and the general manager of PNB Singapore.

Now, the foundation has been laid for the chamber to hoist those three pillars.

Medardo G Macaraig, the Philippines’ Ambassador to Singapore, said: “We envision PhilCham Singapore serving as an essential catalyst for economic growth, trade promotion and cultural exchange.

“It should play a pivotal role in connecting Philippine businesses with international markets, advocating for favourable business conditions, and fostering mutually beneficial relationships between the Philippines and Singapore.”

While PhilCham Singapore’s founding members – all volunteers – spent the first year setting up the chamber’s financial, operating and recruitment processes, they also launched a series of webinars on investments, taxes, franchising, and corporate and labour laws in the Philippines.

“We aim to be an active, relevant platform and resource for Singapore-based companies who want to do business in the Philippines,” said Tina Di Cicco, chair of events and education at the chamber, and one of its founding members.

“And this mission stands on strong legs – Singapore is the Philippines’ fifth-largest

trading partner globally, and its largest in Asean. We think that speaks volumes of the economic relations between our countries,” she added.

### Top source of investment

In 2022, Singapore was the Philippines’ top source of investments – based on data from government agencies – with a total of US\$2.4 billion in investment commitments. The city-state was also the Philippines’ seventh-largest trading partner last year.

The chamber aims to deepen these ties by working closely with the Philippine Embassy to share business insights with companies in Singapore, and link local businesses to opportunities in the Philippines. Such opportunities abound – par-

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ties for Singapore investors too.

“With its proximity to Metro Manila and connectivity to the region thanks to the Clark International Airport, New Clark City is poised to become the next big metropolis and sports tourism destination,” says Macaraig. He led the first business mission from Singapore to New Clark City in April, on Cebu Pacific’s inaugural flight between the two cities.

### The new chancery

Even as he busies himself with seeking out fresh partnerships and opportunities, Macaraig also oversees a key project of the Philippine government in Singapore this year and next – the redevelopment of the chancery at Nassim Road.

Its previous form – a residential building with just 270 square metres (sq m) for customer service and another 462 sq m of office space – was no longer sufficient for the embassy’s work of serving the 200,000 Filipinos who now reside and work in Singapore. The aim is to have a “modern, inclusive, secure, sustainable and energy-effi-

cient building on par with the standards of Singapore”, Macaraig says.

The new building will be a venue not just for events among Filipinos, but also with Singaporeans and other members of the expatriate community who wish to learn more about Philippine culture.

This year is a significant one for the Philippines, as it celebrates its 125th year of independence and nationhood. As part of its celebrations, the embassy is launching a Philippine Food Trek in June to showcase Filipino restaurants, products, entrepreneurs, and individuals working in related industries. “We hope to reinvigorate our tourism and people-to-people exchanges, which would surely contribute to our economic recovery too,” the ambassador says.

To him, the new chancery will serve as a tangible representation of the relationship between Singapore and the Philippines.

“It is stable yet vibrant, honours the past but looks forward to the future, and with a good and solid foundation borne out of its common goal for economic prosperity – not only for our two countries, but also for the whole of Asean, of which Philippines and Singapore are founding members.”

### Investing in a range of sectors

Singapore-based companies have committed to investing billions of dollars in a range of sectors – from solar and renewable energy to the blue economy, startup technology to infrastructure planning. Here are some examples:

**Macquarie Green Investment Group** – committed to invest US\$1.2 billion in the region’s largest floating solar project. It is expected to generate a capacity of 1.3 gigawatts, 10,500 construction jobs and 1,700 offshore and marine jobs.

**OceanPixel consortium** (which includes HSL, Hitachi, Altum Green Energy Operations, Aquatera, Oceantera and other partners) – committed to invest US\$10 million to US\$100 million by 2030 in the “blue economy” space.

**Kerubin Capital** – to invest S\$20 million towards developing the Philippines’ startup ecosystem, particularly on the underserved category of investing in women.

**Plug and Play Tech Center** (which has regional headquarters in Singapore) – committed to invest US\$20 million to create an “Innovation Platform” to invest in and accelerate up to 50 Philippine and international startup technology companies.

**Evolution Data Centres** – to invest up to US\$200 million in project phase 1, and support (both directly and indirectly) some 300 full-time equivalent jobs by 2025.

**Sweetspot Payments** – a joint venture with Philippines-based Crescendo Digital Innovation, Mavenhive, and TMM Asia Consulting to implement a full e-tricycle ecosystem programme for Pasay City, estimated at US\$5 billion.



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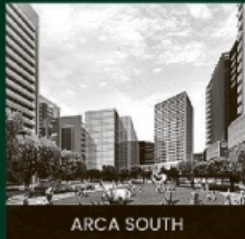
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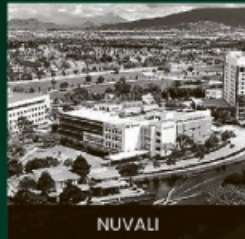
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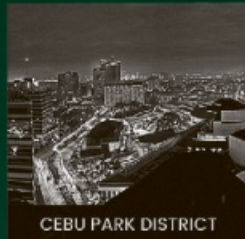
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# Gearing up to be a business catalyst

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ticularly in the sectors of tourism and hospitality, financial services, agribusiness and food processing, infrastructure development, and education and training, said Rose Sharon Tordesillas, assistant head of PhilCham Singapore's membership committee.

For instance, in the area of financial services, players within the Philippines' rapidly growing financial sector could learn from Singapore's expertise in banking, fintech, insurance and asset management. The Republic's financial institutions may find opportunities to expand their operations and services in the Philippines as well, said Tordesillas, who is also country manager at LBC Singapore.

Similarly fruitful partnerships could emerge in the agribusiness sector. The Philippines' agricultural sector is thriving, while Singapore has advanced proficiency in food processing and distribution.

Sharing knowledge on value-added processing and the transfer of technology could boost productivity, and enable businesses to better capture growing demand for high-quality agricultural products, said Tordesillas.

### An advocate for businesses

Advocacy is the third pillar of the chamber's work. Di Cicco believes PhilCham Singapore will become a champion of activities and causes that strengthen trade relations between the two nations.

"We aim to be actively involved in building a pro-business environment, and in advocating business and policy issues on behalf of our members," she said.

Chamber president Vicentina said the top challenges that Philippine businesses face are not unique to them.

Singapore's highly competitive business environment, for instance, is tough for local and foreign companies alike. New entrants often face stiff competition from well-established firms, and struggle to differentiate their products and services to clinch market share.

"Adhering to Singapore's strict regulatory framework can be a challenge for for-



Founding members of PhilCham Singapore with the Philippines' Ambassador to Singapore, Medardo G Macaraig (centre).  
PHOTO: PHILIPPINE CHAMBER OF COMMERCE IN SINGAPORE

eign businesses, including those from the Philippines," she said.

Companies need to navigate tax regulations, employment laws, licensing requirements and other compliance obligations that may differ from those in the Philippines.

Then, there are the perennial issues of Singapore's high living and business costs – rental, operating and labour expenses, as well as other overheads, can be significantly higher compared to what would be incurred in the Philippines.

There is also the challenge of attracting and retaining top talent.

"It is important to conduct thorough research, seek expert advice, and stay updated with the latest developments to address these challenges effectively," said Vicentina,

adding: "Consulting with industry associations, trade offices, or business consultants with expertise in the Singapore market can provide valuable insights or guidance for Philippine businesses."

Singapore businesses entering the Philippine market may encounter challenges too.

"The Philippine business landscape is governed by numerous regulations, permits and licences at the national, regional and local levels," noted Vicentina. Hence, local expertise is often needed to ensure compliance with taxation laws, labour regulations and other industry-specific requirements.

Within Singapore, there are several Philippine organisations – such as financial entities and small and medium-sized en-

terprises – with varying areas of focus, from culture to migrant workers.

PhilCham Singapore will serve the trade, investment and industry relationship between the two countries, said Di Cicco.

The chamber intends to continue holding events under its Doing Business series, with the aim of building a larger and stronger business community.

It also plans to facilitate trade missions in areas that are of common interest to both countries.

"For example, in aviation and aerospace – where Singapore is the region's leading player – the Philippines can be a strong partner in the manufacturing value chain," said Di Cicco, pointing out that SIA Engineering "already has a sophisticated"

maintenance, repair and operations setup in the Philippines.

PhilCham Singapore is interested in the development of the startup ecosystem as well.

"Many Philippine-based startups have a presence in Singapore, and we see Singapore startups involved in healthcare, agri-tech, fintech and digital acceleration in the Philippines," said Di Cicco, who has co-founded two travel technology companies and leads Avaya Ventures, an advisory focused on travel tech, aviation, and scaling up business in South-east Asia.

The Philippines' huge and growing consumer economy ought to be attractive to many Singapore-based entities too, she added. "We hope to be a conduit for the economic and commercial success of these businesses."

### An inclusive chamber

The chamber also envisions forming a knowledge source team that can provide support to aspiring entrepreneurs, "to empower a larger population of our society", said Vicentina.

PhilCham Singapore is wholly volunteer-run at the moment, partly to keep membership fees modest.

"We don't want to be representing only the elite or large, established businesses. We hope to be more inclusive and invite smaller businesses to join us too," said the president.

The chamber's founding members are from a tight-knit group in the Filipino business community in Singapore, she shared. In the past, they initiated projects of their own, such as pooling resources to improve corporate social responsibility.

"We see each other on weekends for various activities and sports organised by the (Philippine) Embassy, and other Philippine organisations here... We might be working for competitors in the Philippines, but when you're overseas, you become close. We're like a family."

This spirit of collaboration is what the founders brought to PhilCham Singapore, and what they hope will benefit businesses large and small with links to both countries' markets.



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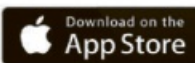
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