

# **CREATE from the lens of Trade and Industry**

SANDRA MARIE S. RECOLIZADO

DIRECTOR

INVESTMENT POLICY AND PLANNING SERVICE

# REBUILD PH! “BUILD BACK BETTER”

## NERs

Save MSMEs &  
Companies

JOB / INCOME



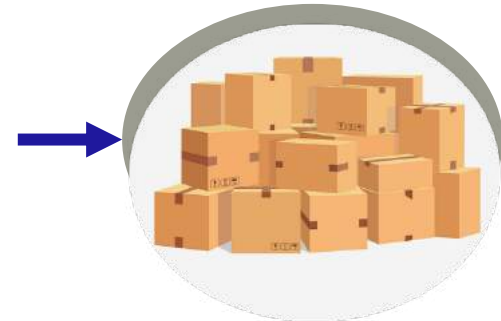
To strengthen

DEMAND



To entice companies  
to produce more  
(manufacturing & services)

SUPPLY



INDUSTRY DEVELOPMENT

# REBUILD PH! “BUILD BACK BETTER”

Revitalizing **B**usinesses, **I**nterests, **L**ivelihoods and **D**omestic **D**emand

## DEMAND

**C+I+G+X-M**

Revitalize consumption

## SUPPLY

**A+I+S**

Empower production capacities  
to capture demand

## VISION

To create a better future  
for Filipinos in a Modern,  
Dynamic and  
Responsible Philippines

## OBJECTIVES

To contribute to socio-  
economic development (in  
particular on infra, health,  
poverty, employment,  
environment)

To have a modernized and  
integrated industrial  
capacity

To integrate PH high-value  
products and services in  
global value chains

## GOALS

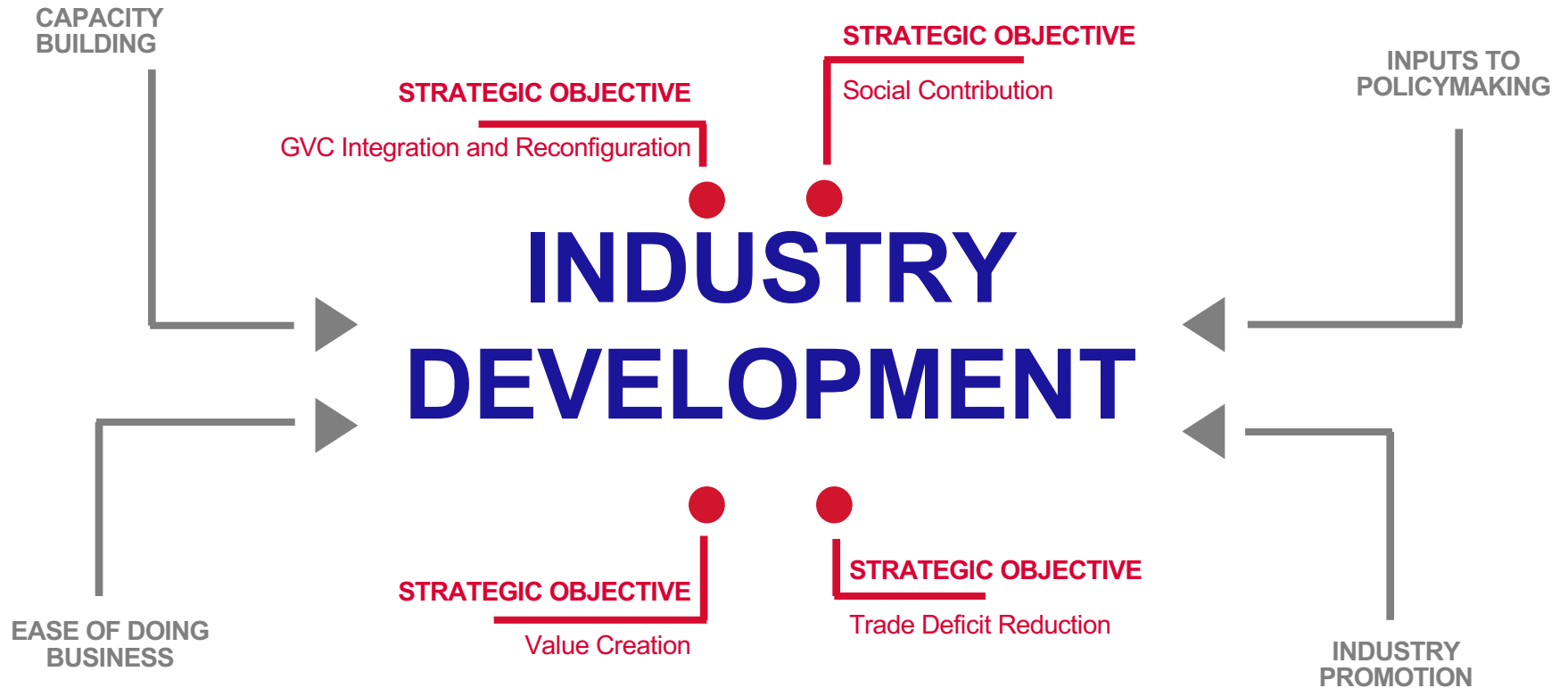
Reduce trade deficit

Increase value creation

Increase backward and  
forward linkages

Modernize Philippine  
Industries

**Industry Development is the overarching framework for an inclusive post-pandemic economic recovery and industry promotion initiatives of BOI.**



The pandemic provides the Philippines an opportunity to rethink how we participate in GVCs.

# INDUSTRY

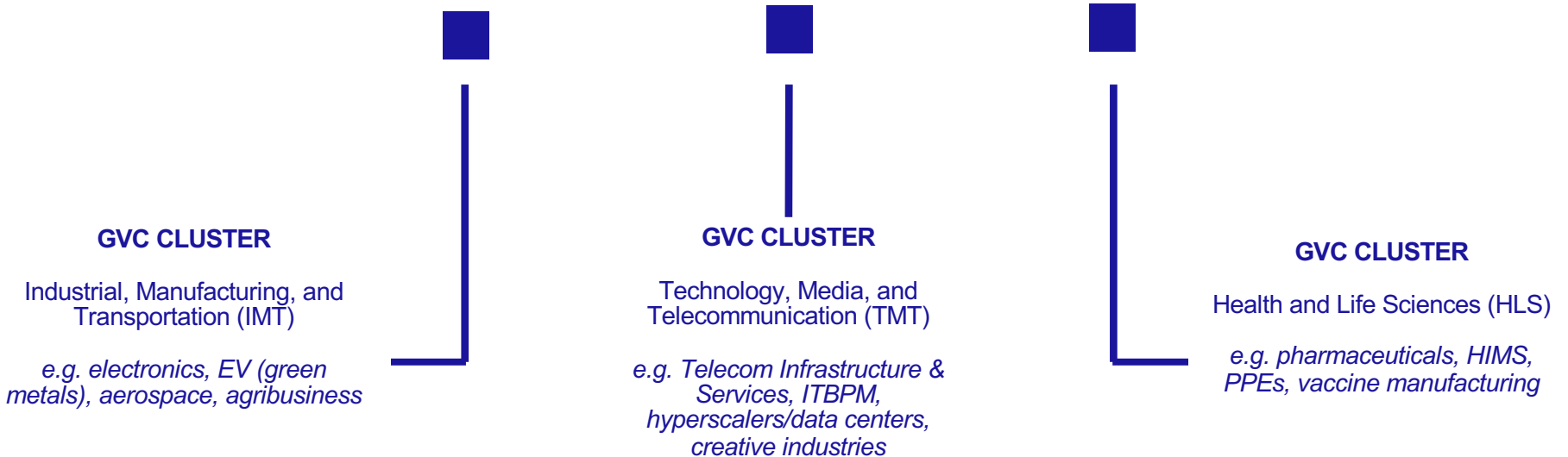
STRATEGIC  
OBJECTIVES



# DEVELOPMENT



STRATEGIC  
INITIATIVES



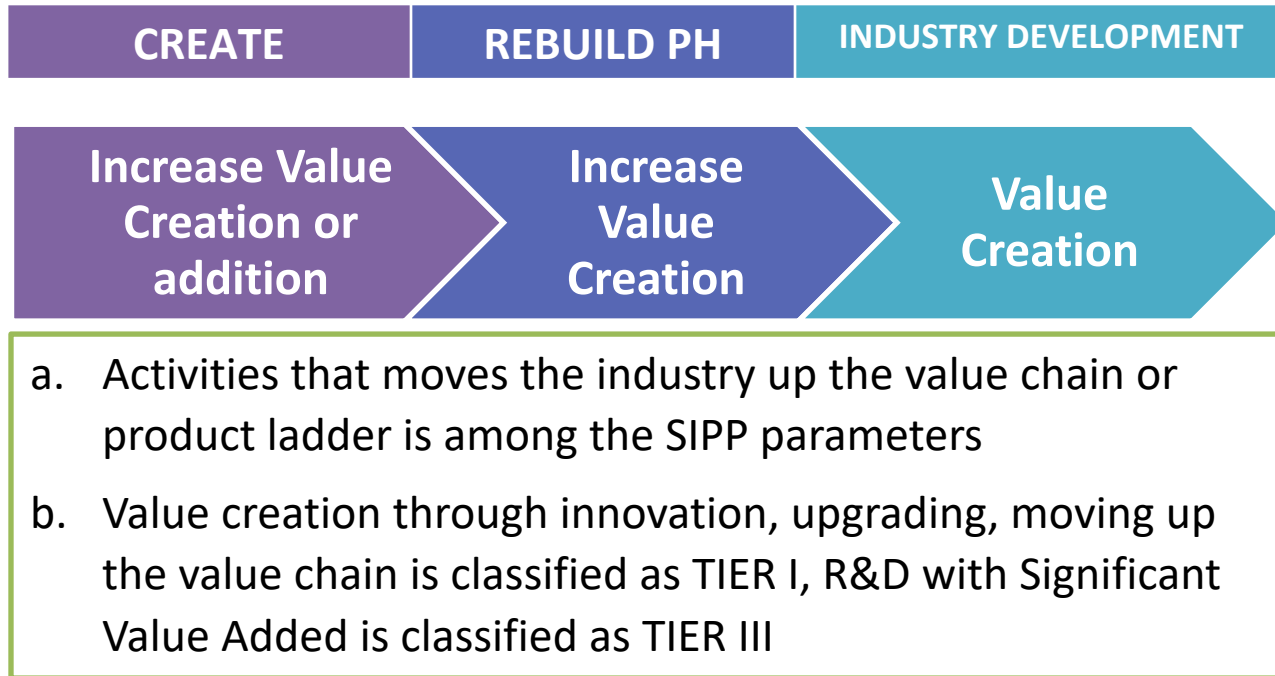
**GVC clustering recognizes the interdependence of our industries and how they contribute to the development of one another. This, in turn, informs our post-pandemic plans/strategies.**

# Support of CREATE Act to Industry Development

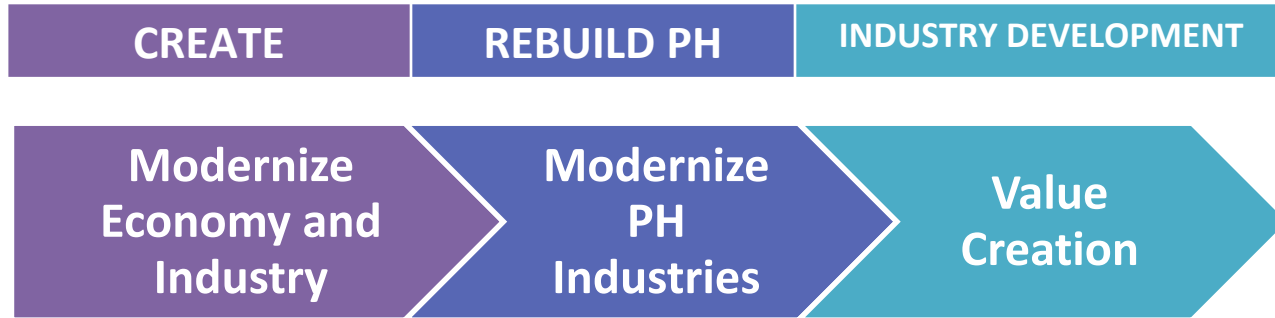


- Encourage integration of supply and value chains and incentivize import substitution given identified supply chain gaps are considerations in the SIPP
- CREATE offers longer period of incentives since import substitution is under TIER II description, under provision of basic goods & services are TIER I
- Encourage domestic purchases instead of imports given the 50% additional deduction on domestic input expense

# Support of CREATE Act to Industry Development



# Support of CREATE Act to Industry Development



- a. Incentivize activities using new technology and increasingly sophisticated products and services are two SIPP parameters that support this goal
- b. TIER III, that provides the longest period of availment emphasizes Research and Development and new Intellectual Properties
- c. 100% additional deduction on R&D expenses



The passage of CREATE was timely as we switched our approach to industry development through GVC reconfiguration. By elevating our incentives regime, CREATE facilitated our transition to clustering.

TECHNOLOGY, MEDIA  
AND  
TELECOMMUNICATION  
(TMT)

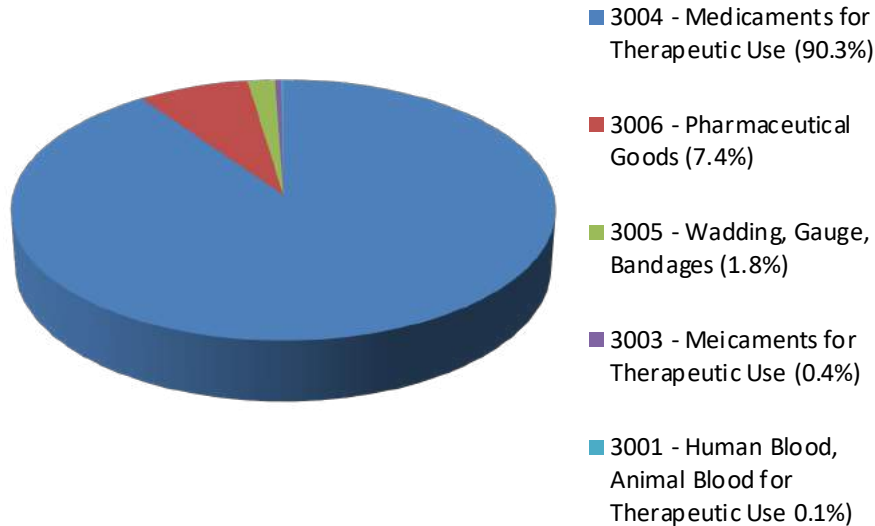
INDUSTRIAL,  
MANUFACTURING AND  
TRANSPORTATION (IMT)

HEALTH AND  
LIFE SCIENCES  
(HLS)

Through CREATE, we provide incentives to priority industries for the improvement of physical and digital infrastructure, ensure continued supply of power and utilities, encourage innovation and commercialization of new technologies and locally generated intellectual properties, and improve movement of goods.

# Industry Overview

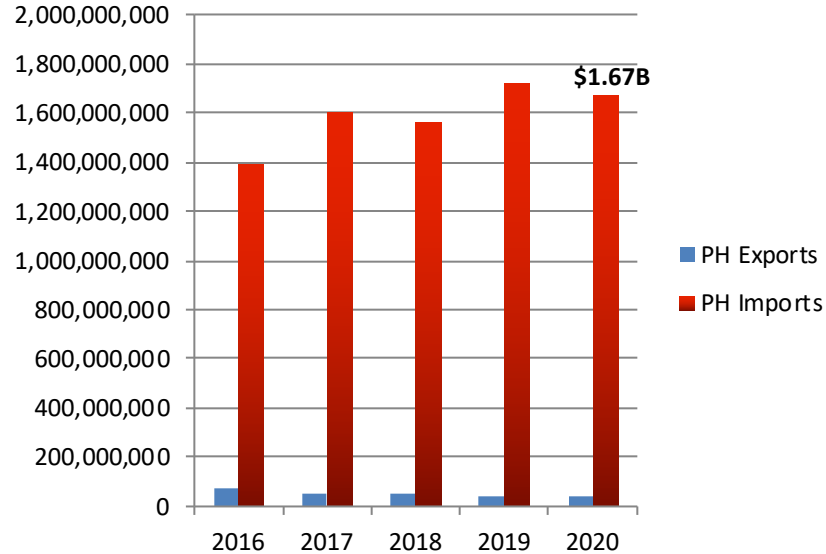
## Pharmaceuticals



**US\$ 42.18 M**

**2020 PH Exports  
Pharmaceutical  
Products to the World**

Source: Tradeline Philippines

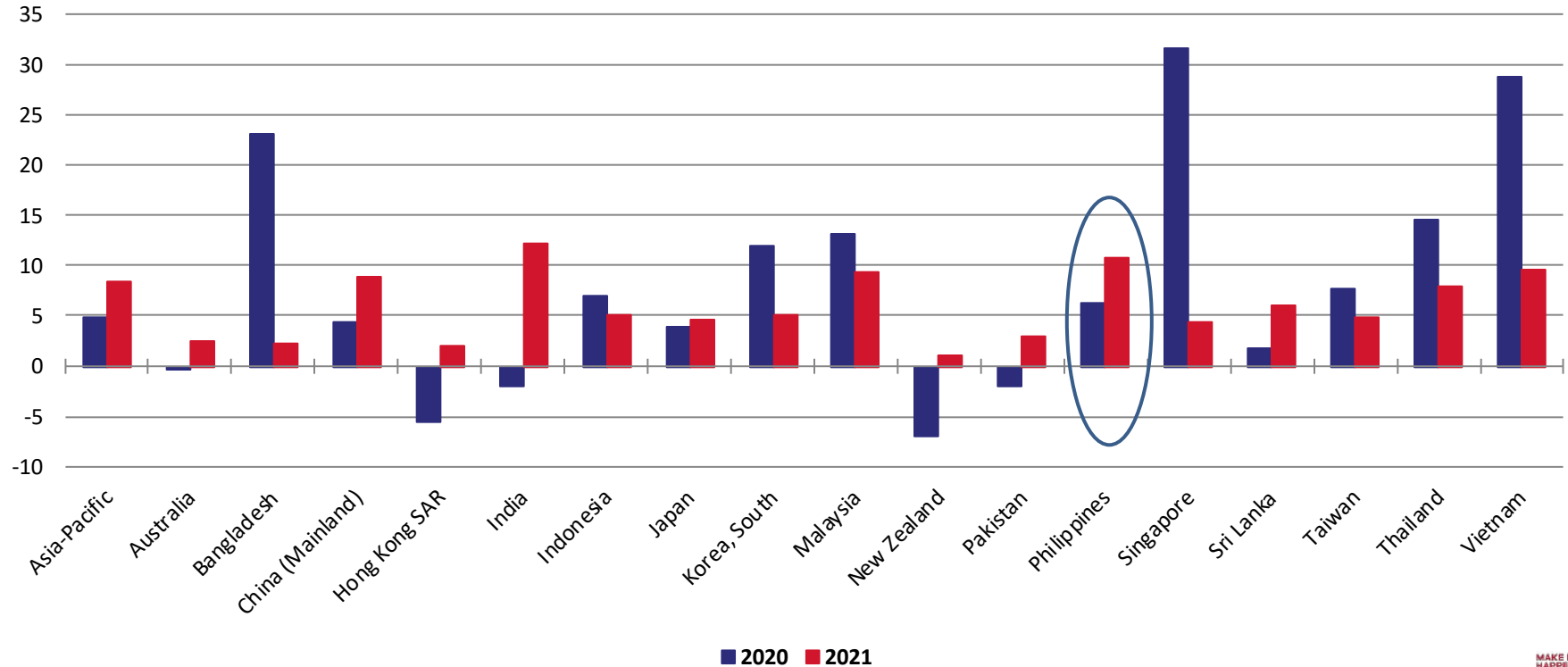


**2020 PH Imports of  
Pharmaceutical  
Products from the  
World**

**US\$ 1.67 B**

# Philippine Pharmaceutical Industry, Sales Growth

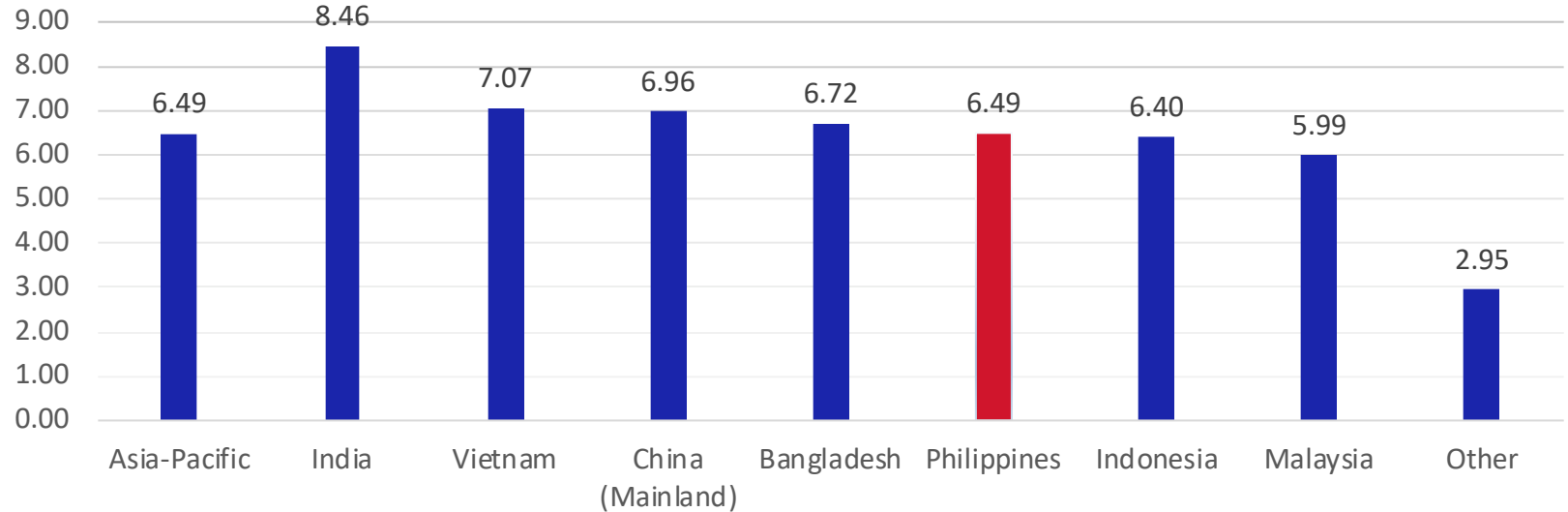
Pharmaceuticals, Asia-Pacific - Percent change, based in real US\$



Source: IHS Markit

# Philippine Pharmaceutical Industry, Long-term Sales Growth (% CAGR)

Long Term Sales Growth, 2021-2029  
Pharmaceuticals, Asia-pacific - Compound Annual Growth Rate,  
Percent



# Manufacture of Essential Medicines, Biologics, and Vaccines

## • Research and Development

- Oral and topical dosages
- Research on natural / herbal & synthetic drugs
- Basic pharmaceutical products
- Formulation development
- Clinical studies through 3<sup>rd</sup> party
- Pilot scale production to commercial production

## PHILIPPINE CAPABILITIES



## • Services

- Multispecialty Clinics
- Diagnostic Laboratories
- Medical Imaging
- Physical Rehabilitation Center
- Dialysis Center
- Pharmacy
- Warehousing, Logistics, Distribution (including cold storage)
- Pharmaceutical waste treatment through plasma gasification plant

## • Manufacturing

- Oral solid dosages
- Liquid oral preparations
- Liquids and semi-solids topical preparations
- Small and big volume parenterals (injectables) except vaccines
- Dry powder inhalers and effervescent
- Injectable facility (fill-finish) for pre-filled syringes (PFS) and ampoule vials
- Toll Manufacturing of pharmaceutical products

# Investment Opportunities on PH Pharma Manufacturing

## Essential Medicines and APIs



Production and supply of essential medicines and active pharmaceutical ingredients

## Biologics and Vaccines



Vaccine manufacturing such as fill and finish, form and fill, and/or seed culture technology



## Investment opportunities for the PH pharma industry R&D activities

- Research and Development on herbal and essential medicines
- Extraction of high-value active pharmaceutical ingredients (API) from PH indigenous flora
- Local manufacturing capacity for Biologics and vaccines
- R&D initiatives on bioequivalence tests
- IP flexibilities and strengthening of technology transfer policies
- Collaboration with the Department of Science and Technology (DOST) on the different R&D programs

Manufacture  
of essential  
medicines  
and APIs

Manufacture  
of biologics,  
and vaccines

Technology  
transfer to  
increase R&D  
activities and  
facilities

Conduct and  
participation in  
clinical trials  
and  
establishment  
of laboratories



Manufacturing



Research and  
Development



Clinical Trials

# Investments Opportunities in the Philippine Pharmaceutical Industry



# Can CREATE support the development of Pharmaceuticals in the Philippines?

Inclusion in the Strategic Investment Priority Plan (SIPP) as a Priority Activity

4. USE OF MODERN, ADVANCE, OR NEW TECHNOLOGY

6. ADDRESSING MISSING LINKS AND OTHER GAPS IN THE SUPPLY OR VALUE CHAIN OR OTHERWISE MOVING UP THE VALUE CHAIN OR PRODUCT LADDER

8. ENHANCEMENT OF THE CAPABILITIES OF FILIPINO ENTERPRISES AND PROFESSIONALS TO PRODUCE AND OFFER INCREASINGLY SOPHISTICATED PRODUCTS AND SERVICES



# Can CREATE support the development of Pharmaceuticals in the Philippines?

BOI is ready to formulate and help deliver an attractive 'development package' which can include:

Incentives Package for qualified pharmaceutical projects:

- Income Tax Holiday (ITH)
- 5% Special Corporate Income Tax (SCIT) based on Gross Income Earned, for 10 years, in lieu of all national and local taxes
- Enhanced Deductions
  - Depreciation Allowance of Assets - additional 10% for buildings; and additional 20% for machineries and equipment
  - Additional Deduction on Labor Expense, R&D Expense, Training Expense, Domestic Input Expense, Power Expense, and Reinvestment Allowance to Manufacturing Industry; Enhanced Net Operating Loss Carry Over (NOLCO)
- Duty exemption on importation of Capital Equipment, raw materials, spare parts, or accessories
- VAT exemption on importation and VAT Zero-rating on local purchases



# Can CREATE support the development of Pharmaceuticals in the Philippines?

## Possible Period of Incentives Availment

### Tier III

- R&D with Significant Value Added, Higher Productivity, Breakthroughs in Science and Health and High Paying Jobs
- Generation of new knowledge & IP registered or licensed in PH
- Commercialization of patents, industrial designs, copyrights, & utility models
- Highly technical manufacturing
- **Critical to structural transformation of the economy**

	EXPORT MARKET ACTIVITIES	DOMESTIC MARKET ACTIVITIES
LOCATION	TIER III	TIER III
National Capital Region	<b>16</b> (6 years of ITH and 10 Years of ED/SCIT)	<b>11</b> (6 years of ITH and 5 Years of ED)
Metropolitan Areas or Areas Contiguous and Adjacent to NCR	<b>17</b> (7 years of ITH and 10 Years of ED/SCIT)	<b>12</b> (7 years of ITH and 5 Years of ED)
All other areas	<b>17</b> (7 years of ITH and 10 Years of ED/SCIT)	<b>12</b> (7 years of ITH and 5 Years of ED)



# Thank you!



STAY CONNECTED WITH BOI



[www.boi.gov.ph](http://www.boi.gov.ph)



[boiphilippines](#)



[boardofinvestmentsphilippines](#)



[philippines.business@boi.gov.ph](mailto:philippines.business@boi.gov.ph)



+639616805445



[boi.gov.ph](http://boi.gov.ph)



385 Senator Gil  
Puyat Avenue, Makati  
City