Philippines emerging as winner in FDI

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MANILA, Philippines - The Philippines is emerging as a clear winner among members of the Association of Southeast Asian Nations (ASEAN) in attracting foreign direct investments (FDIs) as China becomes a less attractive destination for inflows, Credit Suisse said in a report.

The investment bank said FDI inflow in the Philippines is now at a multi-decade high of $8 billion as of end-April, up from $6 billion in 2015 and $1 billion just five years ago.

This helped the Philippines surpass the FDI inflows in Thailand.

It added Japan and the US are key drivers behind the increase, while inflows are concentrated in the manufacturing and the finance industry.

Credit Suisse said Vietnam also continued to be an FDI magnet, attracting manufacturing investments especially from South Korea on the back of generous tax incentives and still relatively cheap labor.

Likewise, it added Malaysia's FDI inflows remained surprisingly resilient despite political uncertainty in recent years. However, Malaysia is likely to sustain the robust inward FDI due to the lack of reform momentum.

Credit Suisse noted weakening trend in Indonesia, Singapore and Thailand.

"The previous FDI favorites, including Indonesia, Singapore and Thailand, saw some weakening trends," it said.

FDI inflows in Thailand is now down to $3 billion as of end-April after peaking at $15 billion in 2014, while inflows to Indonesia reached $30 billion on a rolling basis.

On the other hand, FDI inflows in Singapore reached $60 billion in the first quarter of the year from $68 billion in 2013.

Many observers have projected a strong increase in FDI inflows in ASEAN as China becomes a less attractive FDI destination due to political tensions with Japan, rising wages and moderating domestic demand.

However, Credit Suisse said ASEAN saw a decline in FDI inflows, reflecting a broader macro trends including the still weak outlook for exports and investments globally.

The Bangko Sentral ng Pilipinas sees FDI inflows rising to $6.3 billion this year amid the country's strong macroeconomic fundamentals and the implementation of much needed infrastructure projects under the public private partnership scheme.

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