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Foreword

Economic opportunities around the world, due to their sheer number, complexity, and dynamic nature can prove difficult to harness. This is especially true for those tasked with promoting Philippine economic interests abroad. As global market conditions evolve, Philippine economic agents are expected to respond by properly matching what the world needs with what the Philippines can offer, and vice versa.

To ensure that economic diplomacy initiatives are reflective of the country’s priorities and realities, the appropriate information must be readily available. However, while facts about the Philippine economy can be obtained from a plethora of available sources, the most common question for those in the frontlines of economic diplomacy is “how to identify what to promote, and to whom?”

The Philippine International Economic Outlook 2019 is the first in an annual series of reports that aims to provide stakeholders with an evidence-based perspective on the Philippine economy and its standing in the international community. Designed as both an academic and operational reference, this report aims to stimulate discussions on international economic matters, with the end goal of collaboratively crafting a long-term strategy for the Second Pillar of the Philippines’ Foreign Policy, “The Promotion and Attainment of Economic Security.” As such, this report can be viewed as a starting point where Foreign Service Posts and other economic agents can derive priorities for their economic intelligence reporting and economic diplomacy initiatives.

I wish to congratulate the Office of International Economic Relations for its efforts in undertaking this initiative. Likewise, I enjoin the different Offices and Foreign Service Posts under the Department of Foreign Affairs to fully utilize the information contained herein and express their views on how such information applies to different contexts and purviews.
The **Philippine International Economic Outlook 2019** is a modest attempt to provide Philippine economic agents and practitioners a comprehensive, impactful, and easily understandable outlook on Philippine international economic realities. This outlook is in response to the felt need by Philippine Foreign Service Posts (FSPs) and other stakeholders for a reflective view on international economic matters.

This report is divided into four sections: Section I provides a snapshot of the Philippine market by summarizing key government plans and priorities and relevant economic performance measures, while highlighting the progress made through the Duterte Administration’s 10-Point Socioeconomic Agenda. The succeeding sections provide insights on the Philippine market’s relationship with the global community. In particular, Section II outlines selected key information on foreign trade and global trading blocks, foreign direct investments, tourism, and foreign aid. Sections III and IV, respectively, provide an initial perspective on several emerging bilateral and multilateral trade partners, and feature special topics on international economics. Section V outlines several key references for reference and further study.

Given the complexity and volume of information available on the global market, this report is not meant to be exhaustive. Topics were selected based on academic research and the assessed needs of the Department’s Economic Diplomacy program. While the authors of this report underscore the primacy of evidence-based discussions, inputs from those responsible for operationalizing the Philippines’ foreign policy and other stakeholders will be very much critical in strengthening future editions. Thus, readers are very much encouraged to give their feedback or recommend future subjects, which, based on their assessment, warrants further attention and discussion. The authors hope that this publication will eventually be an institutionalized product of the Department.
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I. The Philippine Economy

Ambisyon Natin 2040

Duterte Administration’s goals are aligned with the Ambisyon Natin 2040, a long-term development vision for the Philippines. Contains the results of a nation-wide study on what Filipinos wish to achieve for themselves by the year 2040.

Most (79%) Filipinos aspire for a simple and comfortable life, some (17%) an affluent one, and few (4%) a rich one, as defined in the succeeding table.

The long term goal is for the Philippines to become a high income country by 2040 (GNI per capita of not less than USD 12,506).

PH in 2017: USD 3,660

Philippine Development Plan (PDP) 2017 to 2022

The government’s medium-term development plan.

Official guide on all matters pertaining to the country’s socioeconomic development.

Operationalizes Ambisyon Natin 2040 through various indicators and targets that different agencies use to align their socioeconomic development initiatives.

PDP Key Targets by 2022

1. Economic expansion by around 50%
2. Per Capita income increase to USD 5,000 from USD 3,550 in 2015
3. Poverty Rate Decline from 21.6% (2015) to 14.0%
4. High level of human development
5. Unemployment decrease from 5.5 to 3.5%
6. Top 1/3 of Global Innovation Index 2018 rank is 73rd/124

Source: National Economic Development Authority (2016)
Duterte Administration’s 10-POINT SOCIOECONOMIC AGENDA

The Economic Reform Initiatives of the Duterte Administration

A list of top priority areas that operationalize the Philippines’ vision to triple per capita income in 25 years, to achieve a “high-income country” status

Outline 10 priority areas of development and highlight the Philippines’ economic progress through selected key performance indicators.

**Agenda 1. Continue and maintain current macroeconomic policies, including fiscal, monetary, and trade policies.**

The Duterte administration has built on the economic gains of the previous administrations by continuing and improving macroeconomic policies. It has adopted the strategies and targets highlighted in the Ambisyon Natin 2040, and PDP 2017 to 2022.

### THE PHILIPPINE ECONOMY IN NUMBERS

- **GDP at current (2017) prices**: USD 313.6 B
  - The Philippines has one of the fastest growing economies in Asia in 2017

- **GDP at constant 2000 prices**: 171.9 B
  - Philippines GDP per capita is 6th largest in ASEAN

#### Fastest Growing Economies in Asia

- India: 8.0%
- Vietnam: 7.3%
- China: 6.8%
- Philippines: 6.7%
- Indonesia: 5.2%

**World: 3.2%**

#### 2017 Per Capita GDP (USD)

- Singapore: $93,909
- Brunei: $29,836
- Malaysia: $17,671
- Thailand: $10,264
- Indonesia: $1,342
- Laos: $2,032
- Vietnam: $6,775
- Myanmar: $4,002
- Cambodia: $2,707

#### Economic Growth Rates and Projections

<table>
<thead>
<tr>
<th>Year</th>
<th>Philippines</th>
<th>Developing East Asia and Pacific</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>6.1</td>
<td>6.6</td>
</tr>
<tr>
<td>2016</td>
<td>6.8</td>
<td>6.9</td>
</tr>
<tr>
<td>2017</td>
<td>6.7</td>
<td>6.6</td>
</tr>
<tr>
<td>2018*</td>
<td>6.5</td>
<td>6.5</td>
</tr>
<tr>
<td>2019*</td>
<td>6.7</td>
<td>6.5</td>
</tr>
<tr>
<td>2020*</td>
<td>6.6</td>
<td>6.6</td>
</tr>
</tbody>
</table>

---

**Drivers of Growth**
- Increased infrastructure spending
- Increased investments in equipment and construction
- Strong private consumption
- Inflow of OFW remittances
- Steady Job market

**Moderators of Growth**
- Chronic underperformance of agricultural sector
- Moderation in global demand of electronics (largest PH exports)
- Global monetary tightening
- High Inflation

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*Projected (World Bank)

Developing EA&P includes: Cambodia, China, Fiji, Indonesia, Lao PDR, Malaysia, Papua New Guinea, Philippines, Solomon Islands, Thailand, Timor-Leste, and Vietnam

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DFA - Office of International Economic Relations | 2
Size by Industry (Agriculture, Industry, Services)

Services still comprise the largest industry share of the economy.

Industry size and % share of GDP

<table>
<thead>
<tr>
<th>Industry</th>
<th>Size</th>
<th>% Share of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>30.2B</td>
<td>(9.7%)</td>
</tr>
<tr>
<td>Industry</td>
<td>95.5B</td>
<td>(30.5%)</td>
</tr>
<tr>
<td>Services</td>
<td>187.8B</td>
<td>(59.9%)</td>
</tr>
</tbody>
</table>

Industry experienced the highest growth from 2016 to 2017.

Industries Growth Rate (2016-2017)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Growth Rate (2016-2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>4.0%</td>
</tr>
<tr>
<td>Industry</td>
<td>7.2%</td>
</tr>
<tr>
<td>Services</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

Philippine Peso to USD Exchange Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Exchange Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>47.6</td>
</tr>
<tr>
<td>2010</td>
<td>45.1</td>
</tr>
<tr>
<td>2011</td>
<td>43.3</td>
</tr>
<tr>
<td>2012</td>
<td>42.2</td>
</tr>
<tr>
<td>2013</td>
<td>42.4</td>
</tr>
<tr>
<td>2014</td>
<td>44.4</td>
</tr>
<tr>
<td>2015</td>
<td>47.2</td>
</tr>
<tr>
<td>2016</td>
<td>50.4</td>
</tr>
<tr>
<td>2017</td>
<td>59.4</td>
</tr>
</tbody>
</table>

Inflation

<table>
<thead>
<tr>
<th>Year</th>
<th>Inflation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2.6%</td>
</tr>
<tr>
<td>2014</td>
<td>3.6%</td>
</tr>
<tr>
<td>2015</td>
<td>0.7%</td>
</tr>
<tr>
<td>2016</td>
<td>1.3%</td>
</tr>
<tr>
<td>2017</td>
<td>2.9%</td>
</tr>
<tr>
<td>2018</td>
<td>5.3%</td>
</tr>
<tr>
<td>2019*</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

8 Philippine Statistics Authority (2018). National accounts of the Philippines
Medium term outlook: Peso to remain stable

Factors to Stability | Factors to Instability
--- | ---
OFW Remittances, BPO revenues, high investment grade, FDI, tourism income | Protectionism, rise in US interest rates, faster credit growth in China, weak global demand

Uptick in inflation recorded in 2018

BSP raised benchmark interest rates several times resting at 4.75% in November, from 3.0% from the start of the year.

Credit Rating (2017)

PH Credit Rating remains stable

Standard & Poor’s: BBB

Fitch’s: BBB

Moody’s: BAA2

External Debt to GDP Ratio in 2017:

23.3

Fiscal Deficit

Fiscal Deficit (total government revenue minus expenditure) in 2017 was -2.3% of GDP, below the government ceiling of 3.0%.

Key Policies of the Administration for Macroeconomic Stability

<table>
<thead>
<tr>
<th>Fiscal (Government Spending)</th>
<th>Monetary (Money Supply)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase infrastructure spending</td>
<td>Maintain flexible exchange rate</td>
</tr>
<tr>
<td>Reform Tax Scheme</td>
<td>Inflation targeting (2-4%)</td>
</tr>
<tr>
<td>Maintain fiscal deficit within 3% of GDP</td>
<td>Management of Foreign Currency Reserves</td>
</tr>
</tbody>
</table>

Factors to Instability

Fiscal Deficit

<table>
<thead>
<tr>
<th>Fiscal Deficit</th>
<th>Fiscal Deficit Ceiling: 3.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deficit: 3.0%</td>
<td>Deficit Ceiling: 3.0%</td>
</tr>
</tbody>
</table>

Some Key Effects of Currency Fluctuation

<table>
<thead>
<tr>
<th>Appreciation</th>
<th>Depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>More Expensive Imports</td>
<td>Less Expensive Exports</td>
</tr>
<tr>
<td>Less competitive Exports</td>
<td>More competitive Imports</td>
</tr>
<tr>
<td>Less buying power Remittances</td>
<td>More buying power Inflows</td>
</tr>
<tr>
<td>Decrease Inflation</td>
<td>Increase Capital (Portfolio)</td>
</tr>
<tr>
<td>Inflow</td>
<td>Outflow</td>
</tr>
</tbody>
</table>

Credit Rating

- Standard & Poor’s: BBB
- Fitch’s: BBB
- Moody’s: BAA2

2. Institute progressive tax reform and more effective tax collection, indexing taxes to inflation

One of the leading thrusts of the Duterte Administration is reforming the tax system by introducing four (4) successive legislations.

<table>
<thead>
<tr>
<th>Source: Department of Finance</th>
</tr>
</thead>
</table>
Summary

Package 1: TRAIN

Republic Act 109633 (Tax Reform for Acceleration and Inclusion [TRAIN] Law) was signed in December 2017. Objectives: maximize tax revenues, eliminate deadweight losses from tax system inefficiencies, and appropriately adjust tax income brackets.

Package 2: TRABAHO Bill

Second set of tax reforms which aims to cut corporate income taxes from 30 percent to 25 percent and take away redundant fiscal incentives.

Proposed Key Reforms:

1. Reduce Corporate Income Tax (CIT) Rate from 30% to 25% by 2022
2. Rationalize investment tax incentives
   2.A Broaden Tax Base by consolidating 123 special laws on investment tax incentives into a single omnibus law

3. Increase competitiveness and ease of doing business

The government is poised on sharpening the Philippines’ competitiveness in the international market by implementing measures to increase the ease of doing business and capacitate local industries. Below are some indicators to monitor for progress:

World Economic Forum (WEF) Global Competitiveness Index (GCI) 4.0 Ranking (2018):

The GCI 4.0 is a “composite indicator” with 98 indicators distributed across 12 Pillars. The Philippines ranked 56th overall out of 140 countries included, a double-digit jump from its 68th ranking in the previous year.

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- PH 5th out of the 9 covered ASEAN countries:

<table>
<thead>
<tr>
<th>Pillar</th>
<th>Score (100 best)</th>
<th>Rank out of 140</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>62.1</td>
<td>56th</td>
</tr>
<tr>
<td>Institutions</td>
<td>48.3</td>
<td>101st</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>59.4</td>
<td>92nd</td>
</tr>
<tr>
<td>ICT adoption</td>
<td>54.8</td>
<td>67th</td>
</tr>
<tr>
<td>Macroeconomic Stability</td>
<td>90.0</td>
<td>43rd</td>
</tr>
<tr>
<td>Health</td>
<td>67.6</td>
<td>101st</td>
</tr>
<tr>
<td>Education and Skills</td>
<td>62.9</td>
<td>67th</td>
</tr>
<tr>
<td>Product Market</td>
<td>56.9</td>
<td>60th</td>
</tr>
<tr>
<td>Labor Market</td>
<td>64.5</td>
<td>36th</td>
</tr>
<tr>
<td>Financial System</td>
<td>67.9</td>
<td>39th</td>
</tr>
<tr>
<td>Market Size</td>
<td>67.9</td>
<td>32nd</td>
</tr>
<tr>
<td>Business Dynamism</td>
<td>65.8</td>
<td>39th</td>
</tr>
<tr>
<td>Innovation Capacity</td>
<td>37.2</td>
<td>67th</td>
</tr>
</tbody>
</table>

Ease of Doing Business Ranking (EODB)

The Philippines still needs to improve the ease of doing business in the country. The World Bank’s Ease of Doing Business Report 2019 ranks the Philippines 124th out of 190 countries, (within the upper 60% of countries in terms of ease of doing business.)

<table>
<thead>
<tr>
<th>Country/Region</th>
<th>Rank(out of 190)</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>15</td>
<td>80.6</td>
</tr>
<tr>
<td>Thailand</td>
<td>27</td>
<td>78.5</td>
</tr>
<tr>
<td>Indonesia</td>
<td>73</td>
<td>67.96</td>
</tr>
<tr>
<td>East Asia &amp; Pacific</td>
<td>NA</td>
<td>63.4</td>
</tr>
<tr>
<td>Philippines</td>
<td>124</td>
<td>57.7</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>154</td>
<td>51.3</td>
</tr>
</tbody>
</table>

Country/Region: Malaysia, Thailand, Indonesia, East Asia & Pacific, Philippines, Lao PDR

Score: 80.6, 78.5, 67.96, 63.4, 57.7, 51.3

Pillar: Overall Ease of Doing Business, Starting a Business, Dealing with Construction permits, Getting Electricity, Registering Property, Getting Credit, Protecting Minority Investors, Paying Taxes, Trading Across Borders, Enforcing Contracts, Resolving Insolvency

Score: 56.7, 72.0, 68.6, 87.5, 57.5, 5.0, 43.3, 71.8, 69.9, 46.0, 55.2

Rank out of 190: 124, 166, 94, 29, 116, 184, 132, 94, 104, 151, 63


Republic Act No. 11032 (Ease of Doing Business and Efficient Government Service Delivery Act), an amendment of the Anti-Red Tape Act of 2007 is one of the primary initiatives in increasing competitiveness and fostering an environment more conducive for business.

**Intent:** provide a “whole-of-government” approach to (1) simplify transactions and processes; (2) institute regulatory mechanisms; and (3) ensure quick processing of business applications.

**Some Key Initiatives:**

1. **Cutting “Red Tape”**

Republic Act No. 11032 (Ease of Doing Business and Efficient Government Service Delivery Act), an amendment of the Anti-Red Tape Act of 2007 is one of the primary initiatives in increasing competitiveness and fostering an environment more conducive for business.

**Key Updated Provisions of RA No. 110321**

1. “Zero contact policy” established between processor and applicant, save for preliminary processing of transaction.
2. Increased accountability for receiving officers through the assignment of a unique ID that ensure traceability.
3. Standardization of processing times for simple or complex transactions.

2. **Prioritization of MSMEs**

**Local Initiatives**

- **Negosyo Centers**
  As of 2017, 981 “Negosyo Centers” (centers that help business registration and facilitate access to business services) nationwide have been established nationwide, assisting approximately 600 thousand micro and small entrepreneurs.2

- **Pondo sa Pagbabago at Asenso**
  Microfinance Program for informal lending at lower interest rates

- **Kapatid Me Mentor Program**
  Mentoring and online training for MSMEs

**International Initiatives**

- **ASEAN - ASEAN Strategic Action Plan for MSME Development**
  - create globally competitive, resilient and innovative MSMEs by 2025 through:
    1. Technology and Innovation
    2. Access to finance
    3. Market access
    4. Policy and Regulation
    5. Entrepreneurship and capital development

- **Asia-Pacific Economic Cooperation - Philippine initiative:** MSME Marketplace - online platform for MSMEs to connect with wider business world. The Philippines has the highest number of active users.3 Boracay action agenda also launched in 2015 (goal is internationalization of MSMEs)

- **World Trade Organization - PH delegation insisted on the need for special and differential treatment for MSMEs of developing countries.

**Key Statistics on Employment and Productivity**

The Philippines has a young and strong workforce:

- Average annual population growth rate (PGR) of 1.7% from 2010 to 2015

<table>
<thead>
<tr>
<th></th>
<th>LUZON</th>
<th>VISAYAS</th>
<th>MINDANAO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>56.9%</td>
<td>19.2%</td>
<td>23.9%</td>
</tr>
</tbody>
</table>

**The Philippines’ still has one of the highest unemployment rates in the region.**

**2nd Qtr 2017 Unemployment Rate**

<table>
<thead>
<tr>
<th></th>
<th>Phillips</th>
<th>Singapore</th>
<th>Vietnam</th>
<th>Indonesia</th>
<th>Malaysia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phillips</td>
<td>5.7%</td>
<td>2.9%</td>
<td>7.3%</td>
<td>5.3%</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

In comparison with neighboring markets, the Philippines still ranks among the highest when it comes to the cost of labor.

**Average Annual Cost of Labor in 2014 (In USD)**

<table>
<thead>
<tr>
<th>Country</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>24,228</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>21,360</td>
</tr>
<tr>
<td>Malaysia</td>
<td>15,862</td>
</tr>
<tr>
<td>Philippines</td>
<td>14,902</td>
</tr>
<tr>
<td>Vietnam</td>
<td>12,004</td>
</tr>
<tr>
<td>Indonesia</td>
<td>7,812</td>
</tr>
<tr>
<td>Cambodia</td>
<td>2,364</td>
</tr>
<tr>
<td>Laos</td>
<td>2,196</td>
</tr>
<tr>
<td>Thailand</td>
<td>10,000</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>1,800</td>
</tr>
</tbody>
</table>

**Average annual population growth rate (PGR) of 2010 to 2015**

- Philippines: 2.9%
- Vietnam: 3.7%
- Malaysia: 1.6%
- Singapore: 0.6%
- Hong Kong: 0.1%
- China: 0.7%

**Average annual labor force participation rates of selected countries in 2017**

- Philippines: 95.0%
- Vietnam: 96.5%
- China: 97.0%
- Malaysia: 86.2%
- Singapore: 96.0%
- Hong Kong: 95.0%

**Average annual population growth rate of 2010 to 2015**

- Philippines: 1.7%
- Vietnam: 1.5%
- Malaysia: 1.2%
- Singapore: 0.4%
- Hong Kong: 0.1%
- China: 0.5%

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**Average annual labor force participation rates of selected countries in 2017**

- Philippines: 95.0%
- Vietnam: 96.5%
- China: 97.0%
- Malaysia: 86.2%
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4. Accelerate annual infrastructure spending to account for 5% of GDP, with Public-Private Partnerships playing a key role.

Duterte Administration Flagship Infrastructure Program: “Build Build Build”

- Acceleration of spending on infrastructure to account for 5% of GDP through mobilization of public and private partnerships, and foreign aid.
- Share of expenditure allotted to public works is set to increase from 13.3% in 2018 to 14.8% in 2019.
- As of 2017, there are 75 flagship infrastructure projects.
- Proposed national budget in 2019 is PhP 3.76 trillion for infrastructure and education.

Image Source: NEDA and PH APEC National Secretariat (2018)
5. Promote rural and value chain development toward increasing agricultural and rural enterprise productivity and rural tourism.

**Agriculture Sector Performance**

Cambodia is one of the leading countries in terms of agriculture's share in overall production. The Philippines experienced decline in value added of agriculture from 2009 onward.1

<table>
<thead>
<tr>
<th>Agriculture</th>
<th>Value of Production (billion USD)</th>
<th>Growth (Jan-March '17 to '18)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>4.1</td>
<td>1.8%</td>
</tr>
<tr>
<td>Crops</td>
<td>2.2</td>
<td>2.1%</td>
</tr>
<tr>
<td>Livestock</td>
<td>0.7</td>
<td>5.7%</td>
</tr>
<tr>
<td>Poultry</td>
<td>0.7</td>
<td>5.2%</td>
</tr>
<tr>
<td>Fisheries</td>
<td>0.6</td>
<td>-4.6%</td>
</tr>
</tbody>
</table>

*The gross output in agriculture recorded a 3.96 percent expansion in 2017. All subsectors posted general output gains, except for fisheries.*33

The 2017 Investment Priorities Plan (link at the end of report) Details the agricultural areas recommended for investments. Some of these areas are commercial production of agricultural, fishery, and forestry products, improvement in infrastructure such as cold chain storage, packing centers, ice plants, and AAA slaughterhouses.34

**The Philippine Rural Development Project**

The World Bank gave a satisfactory rating to the Philippine Rural Development Project (PRDP) of the Department of Agriculture. Under PRDP are strategic plans that regulate and consolidate the value chain commodities that will benefit Philippine provinces especially in meeting the demands of agriculture and fisheries sector.

The PRDP has launched 424 approved rural infrastructure sub-projects, 140 of which have already been completed. These include 84 Farm-to-Market Roads (FMRs) with an overall length of 355.59 Kilometers, 3 bridges, and 5 potable water supply systems.

6. Ensure security of land tenure to encourage investments, and address bottlenecks in land management and titling agencies

**INITIATIVES:**

**6.A National Land Summit**

The inaugural National Land Summit was organized by the Department of Environment and Natural Resources (DENR). Around 500 land management and titling agencies signed a Declaration of Support and Commitment, aiming to solve the bottlenecks in land administration and management.

**6.B Rapid Land Tenure Appraisal (RLTA)**

- Implemented by the DENR-Land Management Bureau
- critical tool for achieving success on the socio-economic agenda number 6
- aims to assess land tenure situation in each barangay to determine number of workable lots for titling”
- aided by the use of a Consolidated Cadastral map (CCM), a digitalized map showing all the lots in a barangay based on approved survey records

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7. Invest in human capital development, including health and education systems, and match skills and training to meet the demand of businesses and the private sector.

7.A. Quality of Education System

Republic Act No. 10931 or the Universal Access to Quality Tertiary Education Act was signed by President Duterte in 2017, granting free tertiary education to students in more than 112 State Colleges and Universities. For 2018, P40 billion is provided under the GAA for the implementation of the law.

Grants/Modalities under RA 109311
Free tuition and other school fees (including miscellaneous fees) for all Filipino students in state Universities and colleges, local universities and colleges, and state-run technical vocational institutions (TVIs) pursuing post-secondary studies.
Tertiary Education Subsidy to support cost of tertiary education or any part or portion thereof.
National Student Loan Program for all Filipino students in private and public higher education institutions (HEIs).

7.B Skills

The Technical Education and Skills Development Authority (TESDA) has adopted a 17-Point Reform and Development Agenda as its strategy to develop human capital and reduce social inequity. This strategy takes special focus on providing technical and skills training scholarships to marginalized sectors particularly for inmates and drug dependents, and links with other educational institutions and the agro-industry.

7.C Health

Universal Health Coverage Bill

The Duterte Administration certified as urgent the Universal Health Coverage Bill, which is already in advance stages of the legislative process.

The law is expected to improve access to health care and even reduce out-of-pocket expenses for health once approved.


Image source: Department of Health

Worldwide IT-BPM sourcing market projected to be worth USD 249.4 billion in 2022 (5.8% growth from 2015 to 2022)

<table>
<thead>
<tr>
<th>Philippines’ Competitive Edge in IT-BPM</th>
<th>Geographic Summary: Philippine IT-BPM Industry (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3rd largest English-speaking country, 12th most populous</td>
<td>Supply</td>
</tr>
<tr>
<td>Reliable power and building 100%-200% back-up</td>
<td>Latin America 9%</td>
</tr>
<tr>
<td>Labor cost among lowest in the world. No.1 in Voice: customer care, tech, financial services, sales, collections</td>
<td>Europe 11%</td>
</tr>
<tr>
<td>Offers a number of tax incentives for qualifying firms</td>
<td>Asia Pacific 73%</td>
</tr>
<tr>
<td>Analytics and Knowledge Process Outsourcing capabilities</td>
<td></td>
</tr>
</tbody>
</table>

3rd largest English-speaking country, 12th most populous
500,000+ college graduates per year, 93% literacy rate

Office Space Cost in 2014 in USD

<table>
<thead>
<tr>
<th>Country</th>
<th>Cost (in USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1,027/991</td>
</tr>
<tr>
<td>Brazil</td>
<td>235</td>
</tr>
<tr>
<td>India</td>
<td>469/395</td>
</tr>
<tr>
<td>Indonesia</td>
<td>343/306</td>
</tr>
<tr>
<td>Poland</td>
<td>289</td>
</tr>
<tr>
<td>Malaysia</td>
<td>258</td>
</tr>
<tr>
<td>Mexico</td>
<td>235</td>
</tr>
<tr>
<td>Chile</td>
<td>235</td>
</tr>
<tr>
<td>Thailand</td>
<td>235</td>
</tr>
<tr>
<td>Philippines</td>
<td>235</td>
</tr>
</tbody>
</table>

Source: IBPAP 2017

Manpower Projections

8. Promote science, technology, and the creative arts to enhance innovation and creative capacity towards self-sustaining, inclusive development.

8.A Science and Technology

- The Duterte Administration continues to champion the country’s science and technology sector.
- Harmonized National Research and Development Agenda by the Department of Science and Technology (DOST), health, agriculture, natural resources, industry, energy and other sectors are fully supported through research and development (R&D).
- As of 2017, 1,154 R&D projects are being managed by DOST. R&D Centers are also being established in different regions across the country to help ensure nationwide access.
- The Philippines is also continuously developing its Space Technology Program, which launched its first satellite, Diwata 1 in 2016. Another launch is scheduled in 2018 for the country’s second satellite, Diwata 2.
- Republic Act 11035 otherwise known as the “Balik Scientist Act of 2016” was signed on 15 June 2018. The law provides for a comprehensive program to encourage Filipino experts in the fields of sciences and technology to return to the Philippines to do short to long term projects.

8.B Innovation

The Global Innovation Index

The Global Innovation Index (GII) aims to capture the multi-dimensional facets of innovation, promoting long-term output growth, improved productivity, and job growth. The figure (right) shows its composites and corresponding scores for the Philippines, which ranked 73rd out of 126 economies.

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46 Flemming, T. The Philippine Creative Economy: Toward a Baseline and a Programme. Tom Flemming Creative Consultancy
Status of Philippine Creative Industry

- No formal definition for Creative Industries yet for the Philippines.
- Creative industry initiatives largely remain decentralized with programs from both the private and public sector.
- Data and information on creative market not yet established. Most relevant measure is the Annual Survey of Philippine Business and Industry (ASPBPI) - Arts, Entertainment and Recreation Sector by the PSA.
- There were three previous data consolidation attempts by the NCCA, DTI and IPOPHIL to measure the industry as defined in the table to the right.
- In a Philippine government inter-agency meeting in 2018, representatives enumerated the following sectors under creative industry: “advertising, arts, architecture, design, fashion, film, music, performing arts, publishing, research & development, software, toys, games, TV, radio and video games, crafts and folk art, gastronomy arts, literature, media and many others.”
- The DFA, in coordination with the National Commission for Culture and the Arts (NCCA) takes the lead in the promotion of the Creative Industry abroad. This is done through food, films, arts and visuals programs.
- As of 2018, the DTI, with help from private sector partners, is developing a Creative Industry Roadmap.

9. Improve social protection programs, including the government’s Conditional Cash Transfer program, to protect the poor against instability and economic shocks.

9.A POVERTY ALLEVIATION IN THE PHILIPPINES: HOW WE COMPARE

Poverty Rates in Selected East Asian Countries

The Philippines experienced reduction in both poverty and extreme poverty, although at a slower pace compared to its neighbors. For the Philippines, the World Bank attributes these to three pivotal factors:

1. The lower pace and less pro-poor pattern of growth
2. High inequality of income and wealth
3. Adverse impacts of natural disasters and conflict

Source: World Bank estimates

<table>
<thead>
<tr>
<th>Country</th>
<th>Start Year</th>
<th>End Year</th>
<th>Start Year</th>
<th>End Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>China (2005-2012)</td>
<td>18.8</td>
<td>1.9</td>
<td>43.5</td>
<td>20.2</td>
</tr>
<tr>
<td>Indonesia (2006-2015)</td>
<td>27.5</td>
<td>7.5</td>
<td>65.6</td>
<td>34.0</td>
</tr>
<tr>
<td>Philippines (2006-2015)</td>
<td>14.5</td>
<td>6.6</td>
<td>38.4</td>
<td>27.0</td>
</tr>
<tr>
<td>Thailand (2006-2013)</td>
<td>0.7</td>
<td>0.0</td>
<td>6.2</td>
<td>1.1</td>
</tr>
<tr>
<td>Viet Nam(2006-2014)</td>
<td>19.5</td>
<td>2.8</td>
<td>51.3</td>
<td>11.6</td>
</tr>
</tbody>
</table>

47 Mercado, P. (2018). Electronic Communication (Email), 13 September 2018
9.B KEY PH SOCIAL SAFETY NET PROGRAMS

9.B.1 Pantawid Pamilyang Pilipino Program or 4Ps

The Duterte Administration has continued to build on the gains of the past administration by championing the government’s conditional cash transfer program also known as “Pantawid Pamilyang Pilipino Program” (4Ps).

- Continues to be bedrock of administration’s social safety net
- Coverage expanded from 5 percent to more than 20 percent of the population since 2010
- Branded as “satisfactory” by the World Bank Group.
- In 2017, increased its monetary and non-monetary allotments (rice sacks) for its beneficiaries.\(^5\)

**Estimated General Impact\(^5\):**
- **1.5 million less poor Filipinos** or an estimated poverty reduction impact of 1.4 percentage points per year
- 87% of 4Ps parents are now more optimistic about their situation and their children’s futures
- Household heads, spouses, and other adults are more encouraged to work and set up their own businesses

9.B.2 Unconditional Cash Transfer Program (UCT)

In 2018, the government implemented the **Unconditional Cash Transfer** program, which provides a P200 monthly subsidy for the poorest families to mitigate the rising prices of goods and services as the initial impact of the Tax Reform for Acceleration and Inclusion (TRAIN) Law. The subsidy will increase to PhP 300 a month for 2019 and 2020.\(^5\)

10. Strengthen implementation of the Responsible Parenthood and Reproductive Health Law

- The Duterte Administration signed Executive Order No. 12 (EO.12): “Attaining and Sustaining ‘Zero Unmet Need for Modern Family Planning’ through the strict implementation of Republic Act 10354, or the ‘Reproductive Health Law’.
- Operationalized by the Department of Health (DOH) through its various programs and initiatives.
- According to the DOH, “Despite some setbacks in the implementation of the RA 10354, the modern Contraceptive Prevalence Rate (mCPR) rose from 43% in 2015 to 45% in 2016 or 5.7 million women using modern Family Planning methods in 2016” and “intensifies and accelerates the implementation of critical actions necessary to address the unmet need of Filipinos for modern family planning (mFP)”.
- From the 3rd quarter of 2016 to the 1st quarter of 2017 alone, approximately 3.4 million Family Planning users have benefited from the program.