Current Economic Situation

An archipelago surrounded by the Philippine Sea, South China Sea, Sulu Sea and Celebes Sea, the Philippines is one of the most populous economies with more than 102 million residents. The Filipino economy is driven by its large service industry, as well as its main exports of semiconductors, electronics, and transport equipment. In 2010, Philippine GDP increased 7.3%, due to increases in consumer demand, exports and investments, and election-related spending. The Philippine economy endured the recent economic crisis better than surrounding economies in the region. The economy’s resilience to the economic downturn is due to its lower dependence on exports, consistent domestic consumption, and a growing outsourcing industry. However, the economy’s Ease of Doing Business rank relatively low with an index of 144 out of 183. The issue of poverty is still a major issue in the Philippine economy. Approximately 32.9% of the population lives in poverty.

APEC Relations

APEC relations are of paramount concern for the Republic of the Philippines, with exports and imports to and from member countries making up 80 and 78 percent, respectively, of its total trade. In 2010, exports totaled $50.72 billion. In addition to being a member of APEC, the Philippines is also a member of Association of Southeast Asian Nations (ASEAN) and the World Trade Organization (WTO). The Philippines also has 51 commitments within the WTO’s General Agreement in Trade and Services. Other APEC members have raised concerns about the Philippines’ trade policies, which can be prohibitive, as indicated by its poor ranking in terms of the ease of doing business. The U.S. Trade Representative has been working with the Philippines, through the U.S. and Philippines’ Trade and Investment Framework Agreement, to address issues involving intellectual property rights and particularly stringent policies in the banking and financial service sectors. In addition, the Philippines’ Foreign Investment Act restricts investment and ownership, prohibiting foreigners from owning land. The Philippines contends that it is still a developing country and therefore cannot be expected to make the same kind of commitments as more developed countries within the region.

Energy and Environmental policy

Proposed in 2009, the Philippines Energy Plan (PEP) aims for the development of energy as a means of improving quality of life. With a span of 20 years, the plan has three basic principles: 1) to ensure energy security, 2) pursue energy sector reforms and 3) implement social mobilization and cross-sector monitoring mechanisms. In terms of energy security, the Department of Energy hopes to develop energy infrastructure and explore and develop domestic natural resources. To pursue reforms, the department is monitoring the implementation of laws. A part of this plan is social mobilization, which the government hopes to use to gain cooperation from the public and other sectors.

Free Trade Agreements

ASEAN FTA (which includes agreements with China, Japan, Korea, ANZ, and India)

Under negotiation:

ASEAN-EU

Photo courtesy of State Department

KEY FACTS

GDP: $188.7 billion (est. 2010)
GDP per capita: $3,500 (est. 2010)
Balance of payments: $3.897 billion
Commercial Services BOP: $1.6 billion
Government: Republic