


COUNTRY PROFILE



Philippines

GLOBAL RANK: 52nd= of 104  

Tied at 52nd with Trinidad and Tobago, the Philippines' consistent scores across the indicators leave it ranked similarly in Economic Competitiveness (53rd) and Comparative Liveability (56th). Its low levels of capital, weak innovation scores and low income are balanced by a warm climate and high levels of religious belief.

● **BACKGROUND**

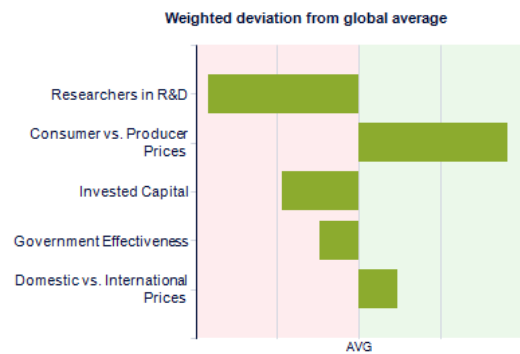
This modernising Southeast Asian economy possesses a large agricultural sector and an important electronics manufacturing industry. Its educated English-speaking workforce has made it a popular base for business outsourcing. However, income distribution is highly uneven, and as much as 10% of GDP is accounted for by remittances from Filipinos overseas. Government reluctance to encourage contraception in this majority Catholic country has led to high population growth and fears of food shortages. The Philippines is democratic but unstable, with a history of coup attempts, endemic corruption among elites, and organised crime. The military continues to wage a long-running war against Communist insurgents in the south.

FAST FACTS

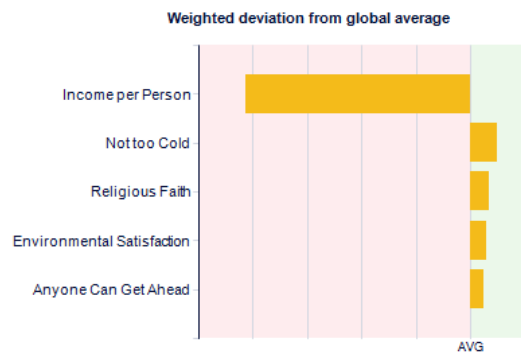
Population:	92.7 million (2008 est.)	FDI (net inflow):	1.36% (2006 est.)
Life Today	4.9 (2007 est.)	Exports	40.33% (2006 est.)
GDP (PPP)	\$299.6 billion (2007 est.)	Imports	46.00% (2006 est.)
GDP (Growth)	7.3% (2007 est.)	Unemployment:	7.3% (2007 est.)
GDP (per Capita)	\$3,400 (2007 est.)	Life Expectancy	70.8 years (2008 est.)
Political System:	Republic		
Foreign Aid:	0.28% (2006 est.)		

● **KEY SCORE DRIVERS**

ECONOMIC COMPETITIVENESS



COMPARATIVE LIVEABILITY



The United States and Japan remain the largest trading partners for the Philippines, as a result of the political alignments of the Cold War and Japan's economic success. These countries absorb most of the Philippines' primary exports: low-value-added electronics and semiconductors. The Philippines exports a large quantity of high-tech exports, but high-level human capital is not abundant, as indicated by weak innovation and research scores.

Significant progress has been made in improving governance and living standards since President Ferdinand Marcos was removed from power through democratic protest in 1986. However, life satisfaction remains inhibited by the low levels of income, and inequality and poverty remain high. The UNDP estimates that 14.8% of the population lives on under \$1 a day, and 75% of the poor live in rural areas.

Political instability and weaknesses in governance remain a hindrance to growth, but improvements to the regulatory environment, such as clarifying the legality of foreign ownership in key sectors, are attracting investment in mining, particularly from

High levels of unemployment and underemployment are one of the factors driving economic migration to urban centres and overseas. One million people, 3% of the workforce, left the Philippines in 2006 alone, which reflects poorly on domestic opportunities. Only 30% of

China and Australia. The privatisation of the telecommunications sector should also attract foreign capital and promote efficiency, both of which are currently lacking.

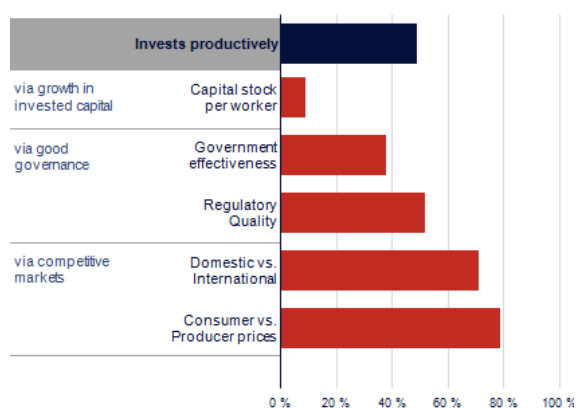
The Philippines' economy has healthy domestic consumption and, although it remains somewhat reliant on overseas remittances, the country has escaped its previous dependence on foreign aid. According to the U.S. Reference Bureau, around 11% of Filipinos are economic migrants, mainly in the United States, Saudi Arabia and Malaysia. Movements in pricing suggest an improving level of competitiveness, although this may be in part created by competitive devaluation policies.

companies are estimated to implement the minimum wage, with exemptions extending to government employees. Nevertheless, there is evident optimism: 95%⁹ of Filipinos think that they can get ahead through hard work.

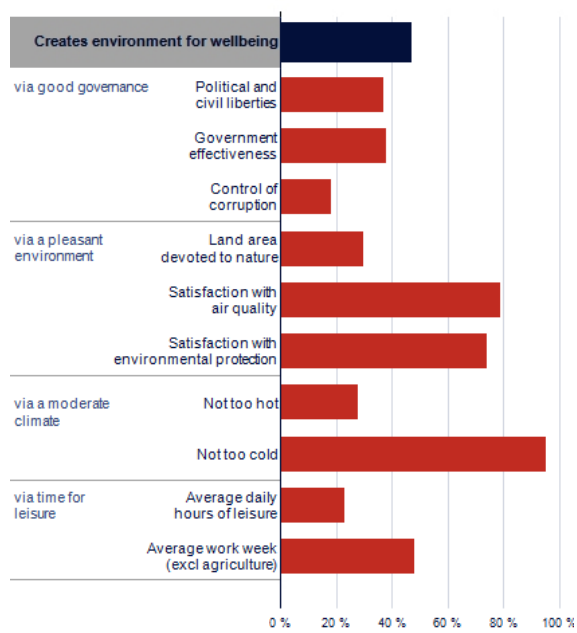
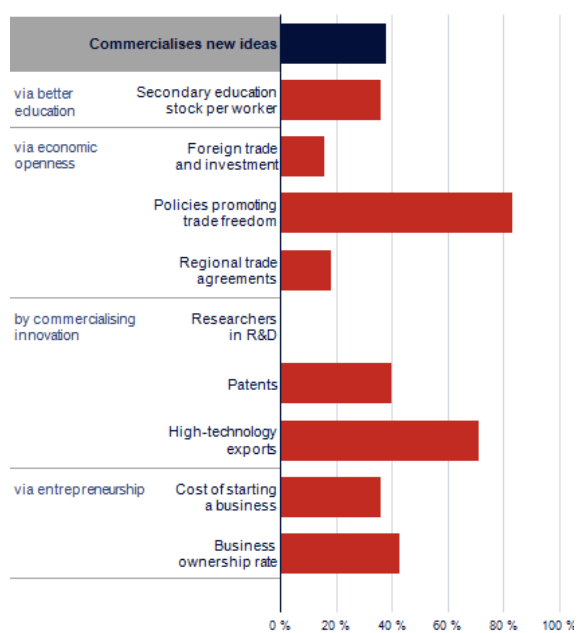
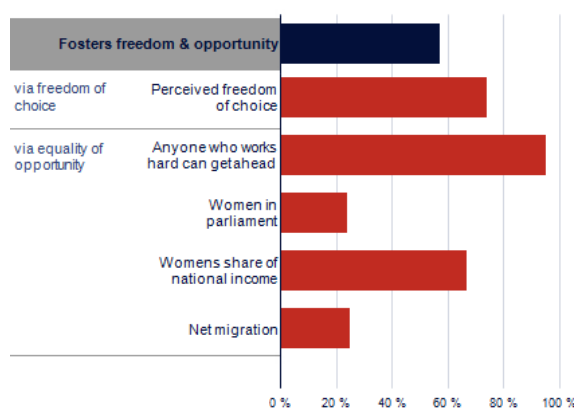
There are a number of other positive indicators. Positive scores for social factors in the Philippines include significant satisfaction with freedom of choice, according to Gallup, as well as high levels of religious faith, reported on the World Values Survey. However, the family and community life statistics present a mixed picture, with low levels of social trust contrasted with high levels of volunteering.

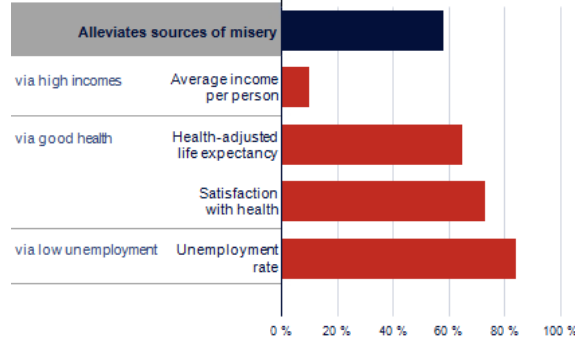
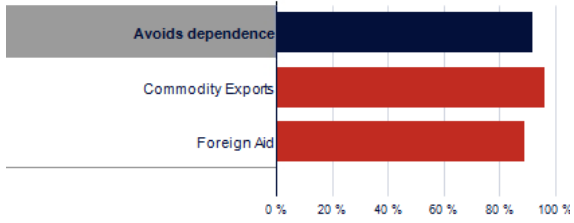
The United Nations Environmental Programme designates the Philippines as 'megadiverse' in flora and fauna. The government is planning to protect threatened species and habitats by contributing to the international Biodiversity Action Plan, and Filipinos report high levels of satisfaction with environmental preservation. The Philippines also scores well for its warm climate.

ECONOMIC COMPETITIVENESS: SCORECARD

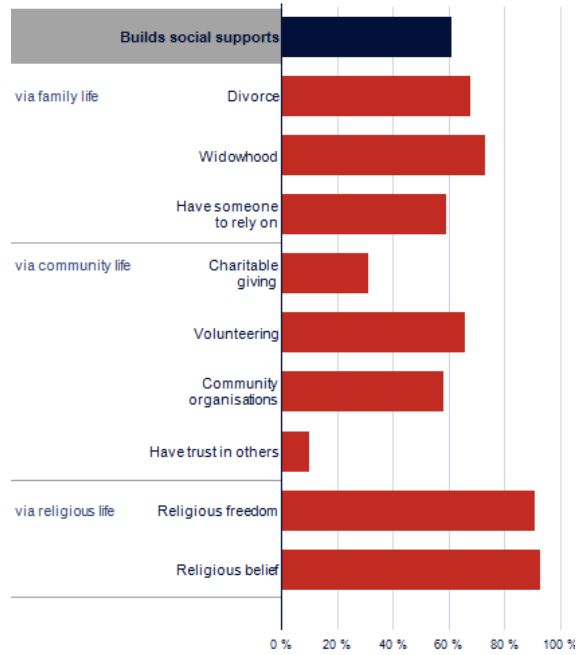


COMPARATIVE LIVEABILITY: SCORECARD





All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



References:

^{9, w} See www.prosperity.com/references.aspx for further details including date of survey, sample size, and margin of error.