

Philippines

An overview on economy and business environment



Philippines is an island country of Southeast Asia in the western Pacific Ocean. It is an archipelago consisting of approximately 7,100 islands and islets lying about 500 miles (800 km) off the coast of Vietnam, but the majority of its population lives on just 11 of them.

Also in the Philippines, like in most countries worldwide, the Covid-19 pandemic has been having a deep impact on the economy. However, it seems that the deepest economic impact of the pandemic caused by the broad shutdown of economies throughout the region is over. Asian Development Bank Country Director for the Philippines Kelly Bird said that they believe the worst is now over and that the contraction in GDP bottomed out in May or June this year. The package of measures the government rolled out such as income support to families, relief for small businesses, and support to agriculture in the second quarter all helped the economy to bottom out. They expect the recovery to be slow and fragile for the rest of this year, and growth to accelerate in 2021 on the back of additional fiscal support and an accommodative monetary policy stance.



Generally speaking, and before the spread of the Covid-19, the Philippines' economy was considered as one of the most dynamic economies in East Asia and the Pacific.

The Philippine economy is forecast to contract by 7.3% in 2020 amid the COVID-19 pandemic before growth returns to 6.5% in 2021, according to a new report from the Asian Development Bank (ADB) released on 15th September 2020.

The Philippines can be classed as a newly industrialized country, having transitioned from reliance on agriculture towards instead services and manufacturing sectors. The Philippines' economy is based on food processing, production of cement, iron, and steel, telecommunications.

The agricultural sector employs 25% of the labor force but contributes only 9.3% of GDP and it shows signs of stagnation as it suffers from low productivity, weak economies of scale and inadequate infrastructure.

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The country is the world's largest producer of coconuts and pineapples. It is the 8th largest rice producer in the world, a crop key to its own food supply. It's also one of the world's largest rice importers and one of the world's largest sugar producers. As for mining, Philippines is one of the richest countries of the world in terms of minerals with an unexploited mineral wealth estimated at more than USD 840 billion (Inquirer). The Philippines reserves of copper, gold and zinc are also among the largest in the world.

The industry sector contributes 30.7% of GDP and employs 18.4% of the population. Industrial food processing is one of the Philippines' main manufacturing activities. The big industries are dominated by production of cement, glass, chemicals products and fertilizers, iron, steel and refined oil products. In 2018, the growth rate for the industrial sector was 6.7%. By 2010, the Philippines also became the fourth largest shipbuilding country, exporting many of the vessels it produces. It has natural deep seaports which aid its ship production, construction and repair.



The tertiary sector - which represents 59.9% of GDP and employs 56.7% of the country's workforce - has developed substantially, particularly in telecommunications, call centres and finance. Service sectors government goals include attracting investments in human resource development, design, R&D, finance, and infrastructure. Business process outsourcing (BPO) to foreign firms is also a key part of this country's economy. It surpassed India in 2008 as the world's leader in BPO and most of the US top ten BPO companies operate out of the Philippines. A further income that significantly contributes to the country's economy is its workforce which travels abroad for employment. Overseas Filipino Workers (OFWs) are credited as contributing to recent growth.

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The top export partners are United States, Japan, China, Hong Kong, Singapore, South Korea, Thailand and Germany and the top exported goods are electrical machinery and equipment, machinery including computers, Fruits and nuts, Optical, technical and medical apparatus, Gems and precious metals, Copper, Ores, slag and ash, Vehicles, Mineral fuels including oil, Plastics and plastic articles.

The main import countries are China, Japan, South Korea, United States, Indonesia and Thailand while the top import goods are electrical machinery, mineral fuels including oil, machinery including computers, vehicles, iron, steel, plastics and plastic articles, cereals, aircraft, spacecraft, optical, technical and medical apparatus, articles of iron or steel.



In the Philippines there are approx. 335,000 active companies. All corporations and partnerships registered with the Securities & Exchange Commission (SEC) are obliged to file financials (approximately 70,000 companies). Financial statements must be filed within 4 months after financial year end, but companies located in provincial areas can have longer filing process and it can take up to 15-16 months.



Especially in this period it is important to assess business partners and get in-depth information on any potential and actual partner, but only local providers have the specific knowledge and tools to provide the most reliable and accurate information.

Thanks to SkyMinder and its expert providers, you will be able to order in depth and high quality reports compiled by the most expert providers in the Philippines.

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- Directors and company structure: board of directors, shareholders and related companies
- Financials: balance sheet and profit and loss (if companies are obliged to disclose).
- Credit rating and suggested credit limit
- Number of employees
- Activity details: sector and industry of the company, when possible also information on import and export activities.
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