Resurgent economy

AMBASSADOR INSIGHT

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IRELAND and the Philippines share values in many aspects of life such as work, family and community, as well as a common dominant faith.

Now is a good time for Irish firms to consider establishing operations in Philippine economic zones as a springboard for the massive export market in Asia, most particularly the ASEAN, which will be a single economic community by the end of 2015.

The Philippines is an ideal location to establish offshore operations, as well as manufacturing operations for export into the ASEAN community due to its many comparative advantages, including the young, dynamic, productive labour force with a high level of education and its use of the English language as the business medium.

Otherwise, Irish firms have tremendous opportuntities in the following sectors in the Philippines: information technology/business process management (IT/BPM), particularly in the field of financial and accounting services, software and mobile application development; knowledge process outsourcing, particularly in the areas of engineering, architectural design and other creative services; renewable energy; manufacturing in agri-business and food processing; aerospace, including maintenance, repair and overhaul; and public-private partnerships, infrastructure projects, wearables and apparel sourcing.

The Philippines remains one of the largest export markets for food products from Ireland. On our part, we recommended the opening of the Irish market to more Philippine products such as fresh fruits and vegetables, processed foods, and organics.

The other sectors that offer the most opportunity to Philippine businesses in Ireland are electronics, information technology, tourism, renewable energy, and garments and wearables.

The Philippines government has increased the education sector's budget by almost 20pc for 2015 to comprehensively cover, among others, infrastructure and facilities, instructional materials, and modernisation programmes.

The country produces around 700,000 college and university graduates a year, providing many opportunities in technical, training and post-graduate co-operation.

The factors that will have most effect on the Philippine economy in 2015 are: 'rebalancing' of the economy to reduce vulnerability to regional/global shocks and generate more and higher quality jobs; infrastructure spending growth; the focus on improving health, education and disaster risk reduction services; US economic recovery; the hosting of APEC; the implementation of ASEAN economic integration at the end of 2015; decline of global oil prices; recent credit rating upgrades; and the passage of key legislation.

ECONOMIC OVERVIEW

The resurgent Philippine economy has continued to go from strength to strength. It grew by 6.9pc in the last quarter of 2014, pushing average full year growth to 6.1pc percent and maintaining the country's high growth trajectory.

The Philippine economy posted the highest growth in Southeast Asia and remained second only to China in Asia for the period. The latest quarter of expansion marked the Philippines' 64th consecutive quarter of uninterrupted growth overall.

Many factors have been cited for the Philippine economy's robust performance: dynamic business and private sector activity, sound fiscal management, solid economic fundamentals, and a stable political environment.

The sustained growth figures are likewise attributed to improved governance under the administration of President Benigno Aquino III, whose economic policies have set forth a programme of institutional reforms, the passage of landmark laws, promotion of transparency and accountability, and support for broad-based growth.

Ratings agencies Fitch, Standard & Poor's and Moody's likewise recognised the country's strengths and all upgraded the Philippines to investment grade status in 2013.

Reflecting such improved governance and dynamism, the Philippines has over the past four years significantly climbed and been one of the world's best performers in global competitiveness rankings, including: World Bank – IFC Ease of Doing Business Report (+53); World Economic Forum's Global Competitiveness Report (+33); and the Heritage Foundation's Economic Freedom Index (+39).

The Philippines is better positioned and has avoided the pitfalls of other economies, making itself structurally stronger, better prepared and more resilient against market volatility and external shocks.

NATIONAL FLAG

The sun represents independence, and its eight rays represent the first eight provinces that revolted against Spanish colonial rule. The three stars represent the country's three main geographic regions: Luzon, Visayas and Mindanao. The white triangle represents equality. The blue field represents patriotism and the red field valour.

- **NATIONAL DAY: 12 June (Independence Day)**
- **DIPLOMATIC RELATIONS ESTABLISHED WITH IRELAND: 9 July 1946**

Key facts...

- **National population:** 97.35 million (2013 projection)
- **Top five cities by population:**
  - Quezon City: 2.76 million
  - City of Manila: 1.65 million
  - Caloocan City: 1.49 million
  - Davao City: 1.45 million
  - Cebu City: 866,000
- **Area:** approximately 300,000 sq km
- **Timezone:** GMT + 8 hours
- **Currency:** Philippine peso
- **Religions:** Roman Catholic (82.9pc), Protestant (5.4pc), Islam (4.6pc), Philippine Independent Church (2.6pc), Iglesia ni Cristo (2.3pc)
- **Languages:** two official languages: Filipino and English. Filipino, which is based on Tagalog, is the national language. English is also widely used and is the medium of instruction in education. There are eight major dialects spoken by majority of the Filipinos: Tagalog, Cebuano, Ilocano, Hiligaynon or Ilonggo, Bicol, Waray, Pampango, and Pangasinense.
- **Bilateral trade with Ireland:** US$375,880,000 (2012)
- **Irish exports to the Philippines:** US$347,280,000 (2012)
- **Philippine exports to Ireland:** US$28,600,000 (2012)
- **GDP:** US$292.2bn (2014 estimate)
- **GDP (purchasing power parity (PPP):** US$493bn (2014 estimate)
- **Real GDP growth:** 7.6pc (2010), 3.9pc (2011), 6.8pc (2012), 7.2pc (2013), 6.1pc (2014) 7–8pc (2015 and 2016 projected)
- **GDP per capita (current prices):** US$2,765 (2013)
- **GDP per capita (PPP):** US$4,700 (2013)
- **GDP share of world total:** 0.53pc (2013)
- **GDP sector breakdown:** services 57pc, industry 32pc, agriculture 11pc

profile THE PHILIPPINES

Banking on development

Manila-based Asian Development Bank has released a report that bodes well for developing Asia from an economic perspective

DEVELOPING ASIA will maintain its strong economic growth in 2015 and 2016 supported by soft commodity prices and recovery in the major industrial economies, according to an Asian Development Bank (ADB) report released in March.

Based in Manila in the Philippines, the ADB is dedicated to reducing poverty in Asia and the Pacific through inclusive economic growth, environmentally sustainable growth, and regional integration.

Established in 1966, it is owned by 67 members – 48 of which are from the region.

ADB's flagship annual economic publication, Asian Development Outlook 2015 (ADO), forecasts developing Asia will achieve GDP growth of 6.3pc in both 2015 and 2016. The region grew 6.3pc in 2014.

"Developing Asia is making a strong contribution to global economic growth," said ADB chief economist Shang-Jin Wei.

"Falling commodity prices are creating space for policy-makers across the region to cut costly fuel subsidies or initiate other structural reforms. This is a key opportunity to build frameworks that will support more inclusive and sustainable growth in the longer term."

From the trough of the global financial crisis in 2009, developing Asia has contributed 2.3 percentage points to global GDP growth – nearly 60pc of the world's annual 4pc pace.

Eight economies in the region posted growth exceeding 7pc in nearly every year of the post-crisis period, including the People's Republic of China (PRC), the Lao People's Democratic Republic and Sri Lanka.

With improving external demand for the region's outputs, an expected pick-up in India and in most members of the Association of Southeast Asian Nations, could help balance gradual deceleration in the PRC, the region's largest economy, according to the ADO.

India is forecast to overtake the PRC in terms of growth as the initial phase of government efforts to remove structural bottlenecks is lifting investor confidence, the ADB notes.

Across the sub-regions, economic growth in East Asia will slow to 6.5pc in 2015 and 6.3pc in 2016 reflecting the moderation in the PRC. The sub-region grew 6.6pc in 2014. Mongolia will see growth decelerate sharply in 2015 as foreign direct investment dries up and fiscal and monetary policies are tightened.

Growth in South Asia accelerated to 6.9pc in 2014 and is projected to trend higher to 7.2pc in 2015 and 7.6pc in 2016, reflecting the strong performance anticipated in India.

Both Bangladesh and Pakistan are following through with wide-ranging economic reforms that include efforts to overcome power shortages, though political challenges may limit progress in 2015.

Following a sub-regional drop of 4.4pc in 2014, Southeast Asia is poised for a growth rebound in 2015, the ADO (Asian Development Outlook) predicts.

Aggregate growth is seen rebounding to 4.9pc in 2015 and 5.3pc in 2016 as recovery in Indonesia and Thailand leads the way, and with most of the sub-region expected to benefit from rising exports and lower inflation.