The Philippines

RISK & COMPLIANCE REPORT

DATE: January 2017

KNOWYOURCOUNTRY.COM

Executive Summary - Philippines	
Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	Compliance with FATF 40 + 9 recommendations US Dept of State Money Laundering assessment Not on EU White list equivalent jurisdictions Corruption Index (Transparency International & W.G.I.)) Failed States Index (Political Issues)(Average Score) Offshore Finance Centre
Medium Risk Areas:	World Governance Indicators (Average Score)

Major Investment Areas:

Agriculture - products:

sugarcane, coconuts, rice, corn, bananas, cassavas, pineapples, mangoes; pork, eggs, beef; fish

Industries:

electronics assembly, garments, footwear, pharmaceuticals, chemicals, wood products, food processing, petroleum refining, fishing

Exports - commodities:

semiconductors and electronic products, transport equipment, garments, copper products, petroleum products, coconut oil, fruits

Exports - partners:

Japan 19%, US 14.2%, China 11.8%, Singapore 9.4%, Hong Kong 9.2%, South Korea 5.5%, Thailand 4.7% (2012)

Imports - commodities:

electronic products, mineral fuels, machinery and transport equipment, iron and steel, textile fabrics, grains, chemicals, plastic

Imports - partners:

US 11.5%, China 10.8%, Japan 10.4%, South Korea 7.3%, Singapore 7.1%, Thailand 5.6%, Saudi Arabia 5.6%, Indonesia 4.4%, Malaysia 4% (2012)

Investment Restrictions:

The Government of the Philippines (GPH) actively seeks foreign investment to promote economic development.

Foreign companies should note that foreign investment is restricted or limited in many sectors of the economy. Companies can consult the Department of Trade and Industry to see a full list of restrictions on foreign investment.

The 1991 Foreign Investment Act (FIA) requires the GPH to publish the Foreign Investment Negative List (FINL), which outlines sectors in which foreign investment is restricted or limited.

The broad scope of the FINL contributes to the poor Philippine record in attracting foreign investment, particularly compared to its ASEAN counterparts. The FINL is comprised of two parts. Part A details sectors in which foreign equity participation is restricted by the Constitution or laws. Part B lists areas in which foreign ownership is limited (generally to 40%) for reasons of national security, defense, public health, morals, and the protection of small and medium enterprises (SMEs).

Foreign investment is highly restricted in the retail trade industry. Retail trade enterprises with paid-up capital of less than US$2.5 million, or less than US$250,000 for retailers of luxury goods, are reserved for Filipinos. Foreign investors are prohibited from owning stock in lending, financing or investment companies unless the investor's home country affords the same reciprocal rights to Filipino investors. Foreign ownership in enterprises engaged in financing and securities underwriting that are regulated by the SEC is limited to 60%. Changes in the ninth FINL cap foreign ownership at 49% for lending companies.

Other specific limits on foreign investment include: private radio communications networks (20%); employee recruitment and locally-funded public works construction and repair (25%); advertising agencies (30%); natural resource exploration, development, and utilization (40%, with exceptions); educational institutions (40%); operation and management of public utilities (40%); operation of commercial deep sea fishing vessels (40%); Philippine government procurement contracts (40% for supply of goods and commodities; 25% for construction of locally-funded public works, with some exceptions); adjustment companies (40%); operations of Build-Operate-Transfer (BOT) projects in public utilities (40%); ownership of private lands (40%); rice and corn processing (40%, with some exceptions); financing companies and investment houses (60%).

The Philippines limits foreign ownership for reasons of national security, defense, and public health. Industries such as the manufacturing of explosives, firearms, and military hardware, as well as the operation of massage clinics, are generally limited to 40% foreign equity.

Foreign ownership in SMEs is also limited to 40% in non-export firms. The SEC expects to release implementing rules and regulations in 2013 that will enable it to monitor, investigate, and impose penalties on corporations that do not comply with foreign ownership equity requirements of sectors covered by the FINL.

Foreign ownership in the banking sector is restricted by the 1994 Foreign Bank Liberalization Act. The Act limits at 10 the number of new foreign banks that could open full-service branches in the Philippines, and those licenses have already been issued. The banks are limited to six branch offices, each. In addition, each of the four foreign banks operating in the Philippines prior to 1948 is allowed to open up to six branches each. Publicly-listed foreign banks with national or global rankings may own up to 60% of a locally-incorporated subsidiary. Foreign banks that do not meet these requirements are limited to a 40% stake.

The 1987 Constitution prohibits foreign nationals from owning land in the Philippines. The Investors' Lease Act of 1994 (ILA) allows foreign investors to lease a contiguous parcel up to 1000 hectares for 50 years, renewable once for 25 additional years.

Contents

Section 1 - Background

The Philippine Islands became a Spanish colony during the 16th century; they were ceded to the US in 1898 following the Spanish-American War. In 1935 the Philippines became a self-governing commonwealth. Manuel QUEZON was elected president and was tasked with preparing the country for independence after a 10-year transition. In 1942 the islands fell under Japanese occupation during World War II, and US forces and Filipinos fought together during 1944-45 to regain control. On 4 July 1946 the Republic of the Philippines attained its independence. A 20-year rule by Ferdinand MARCOS ended in 1986, when a "people power" movement in Manila ("EDSA 1") forced him into exile and installed Corazon AQUINO as president. Her presidency was hampered by several coup attempts that prevented a return to full political stability and economic development. Fidel RAMOS was elected president in 1992. His administration was marked by increased stability and by progress on economic reforms. In 1992, the US closed its last military bases on the islands. Joseph ESTRADA was elected president in 1998. He was succeeded by his vice-president, Gloria MACAPAGAL-ARROYO, in January 2001 after ESTRADA's stormy impeachment trial on corruption charges broke down and another "people power" movement ("EDSA 2") demanded his resignation. MACAPAGAL-ARROYO was elected to a six-year term as president in May 2004. Her presidency was marred by several corruption allegations but the Philippine economy was one of the few to avoid contraction following the 2008 global financial crisis, expanding each year of her administration. Benigno AQUINO III was elected to a six-year term as president in May 2010. The Philippine Government faces threats from several groups, some of which are on the US Government's Foreign Terrorist Organization list. Manila has waged a decades-long struggle against ethnic Moro insurgencies in the southern Philippines, which has led to a peace accord with the Moro National Liberation Front and ongoing peace talks with the Moro Islamic Liberation Front. The decades-long Maoist-inspired New People's Army insurgency also operates through much of the country. The Philippines faces increased tension with China over disputed territorial and maritime claims in the South China Sea.

CHINA
Taiwan
120
124
0 100 200 km
0 100 200 mi
Luzon Strait
BABUYAN ISLANDS
20
South China Sea
Aparri
Philippine Sea
Baguio
16
Luzon
Angeles
Quezon City
MANILA
Batangos
Legaspi
Mindoro
Samar
12
Panay
Iloilo
Bacolod
Leyte
Cebu City
Palawan
Guimaras Island
Surigao
Puerto Princesa
Negros
Butuan
Iligan
Cagayan de Oro
Sulu Sea
8
Mindanao
Davao
Zamboanga
Mount Apo
Jolo
Basilan Island
MALAYSIA
4
Celebes Sea
INDONESIA

Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

The Philippines is no longer on the FATF List of Countries that have been identified as having strategic AML deficiencies

Latest FATF Statement - 21 June 2013

The FATF welcomes the Philippines' significant progress in improving its AML/CFT regime and notes that the Philippines has established the legal and regulatory framework to meet its commitments in its Action Plan regarding the strategic deficiencies that the FATF had identified in October 2010. The Philippines is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. The Philippines will work with the APG as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report, in particular, regulating the casino sector in the Philippines for AML/CFT purposes and making it subject to AML/CFT requirements.

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in the Philippines was undertaken by the Financial Action Task Force (FATF) in 2009. According to that Evaluation, the Philippines was deemed Compliant for 4 and Largely Compliant for 11 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for 5 of the 6 Core Recommendations.

Key Findings from latest Mutual Evaluation Report (2009):

The Government of the Philippines has taken some significant steps to address the AML/CFT concerns highlighted in the earlier assessment conducted in 2003. These reforms were no doubt challenging in terms of demands on resources and given the composite range of issues faced by authorities. It should be recognized that the Philippines continues to be an active participant in global AML/CFT efforts, a valid contributor to APG initiatives, and an active member of the Egmont Group.

Key components of an AML/CFT regime are in place, and the amount of progress achieved so far surely deserves to be duly noted. However, several issues remain to be tackled to achieve proper compliance with legal standards, and true effectiveness in implementation.

The main shortcomings in the legal AML/CFT framework are the absence of several offenses from the predicate crimes list, the failure to make terrorism financing a stand alone offense, and the deficient implementation of UNSC resolutions. Notably the trafficking in human - beings, terrorism financing, and sexual exploitation are not as yet predicate offences for money laundering. The absence of terrorism financing as a standalone offense has an impact on multiple TFrelated issues, including the lack of authority for the local FIU and LEAs to conduct TF investigations. Authorities have been able to freeze and confiscate terrorist funds on the basis of ancillary offences to terrorism, albeit on a legally tentative basis.

The current decisional process within the Anti-Money Laundering Council (i.e. the local FIU), is seriously affecting the ability of the agency to perform its core responsibilities, namely intelligence analysis and dissemination. The Anti-Money Laundering Council is the decisionmaking body for virtually all AMLC functions, including the day-to-day operations of the AMLC Secretariat, in charge of intelligence gathering, analysis and ML investigations. The need for Council approval for a wide range of actions by the FIU makes the timely provision of information to outside partners and the referral of cases to judicial authorities quite difficult.

The AMLC's limited authority to gain direct access to bank records is an equally challenging impediment to the fulfillment of the agency's tasks. As a result of a recent Supreme Court ruling (AMLC vs. Eugenio) the submission of court orders ex parte allowing bank inquiries by the FIU is excluded outside a small group of predicate crimes, which renders identification and tracing of assets much more difficult.

Procedures for access to bank records for law enforcement agencies (LEAs).are cumbersome, and the involvement of these agencies in the financial component of predicate investigations is extremely limited. Whenever criminal investigators seek to gather evidence on predicate crimes via bank records, they have to refer the matter to the AMLC and thus add an additional step to an already wieldy process. In some instances it took several months to obtain the requested information. In addition, the engagement of LEAs in financial investigations is also minimal, leaving the AMLC as the sole agency managing all aspects of all ML cases on the national territory, even though their resources are already spread very thinly.

Financial Institutions (FIs) are the only entities subject to full AML provisions in the domestic financial market. With a few exceptions, DNFBPs are still not covered by the Anti-Money Laundering Act (AMLA) provisions, although a draft bill currently before Congress – if enacted – would address this issue.

The limited integrity of the national government ID system seriously undermines customer identity verification efforts by covered entities. The ease with which clients can obtain fraudulent identification documents renders implementation of CDD measures more difficult. Applicable rules on the inclusion of originator information when performing wire transfers will also need to be amended in order to achieve full compliance with international standards.

A generic issue faced by most agencies involved within the AML/CFT framework is the current mismatch between their resources and the tasks assigned to them by law. This shortcoming has been identified with reference to the AMLC, the main law enforcement agencies, and the Central Bank units in charge of bank supervision and examination. In all these cases, both human and physical resources at the disposal of the agency or body in question were not commensurate to their mandated tasks.

US Department of State Money Laundering assessment (INCSR)

The Philippines was deemed a Jurisdiction of Primary Concern by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

The Republic of the Philippines is integrated into the international financial system but is not a regional financial center. The Philippines is increasingly becoming an important financial player in Asia, with an economy growing steadily at 6 percent annually. Money laundering is a serious concern due to the Philippines' international narcotics trade, high degree of corruption among government officials, trafficking in persons, and the high volume of remittances from Filipinos living abroad. The Philippines faces challenges from sophisticated transnational drug trafficking organizations (DTOs), such as the "Hong Kong triads," who use the Philippines as a drug transit country for cocaine and methamphetamine. These DTOs use the Philippine banking system, commercial enterprises, and particularly casinos, to transfer drug proceeds from the Philippines to offshore accounts. Other transnational criminal organizations, including groups based in Africa, are expanding their presence throughout East Asia and will likely continue to exploit the Philippine financial system to launder and transfer drug trafficking proceeds. Insurgent groups in the Philippines' south engage in money laundering through ties to organized crime, deriving funding from kidnapping for ransom and arms trafficking, and potentially narcotics.

The Philippine Amusement and Gaming Corporation (PAGCOR), a government-owned entity, issues licenses to operators and regulates the rapidly expanding Philippine gaming industry. PAGCOR uniquely operates its own casinos in addition to serving as the industry's overseer. PAGCOR reported gross revenues equivalent to about $920 million for calendar year 2014. Regionally, organized crime groups, such as Chinese triads, have infiltrated casino operations and have facilitated prostitution, narcotics trafficking, loan-sharking, and suspect junket and VIP gaming tours. International experts and observers note that the Philippine casino industry is a weak link in the country's AML/CFT regime.

The high volume of formal and informal remittances from overseas Filipinos provides a channel for money laundering. Cash remittances, from the more than 10 million Filipinos working and/or residing abroad, are equivalent to 8 to 9 percent of the gross domestic product (GDP) of the Philippines. Improvements in the financial services industry now enable banks and official money remitters to capture approximately 90 percent of the remittances sent by the diaspora.

The Philippines is a leader in the use of cell phone technology for funds transfers. The Government of the Philippines uses this technology for government-to-persons payments, such as its Conditional Cash Transfer Program, and supports its development for broader financial inclusion efforts. The technology systems that telecommunications firms use to facilitate financial transfers are subject to Philippine Central Bank study and approval.

The Philippine Economic Zone Authority (PEZA) regulates about 326 economic zones throughout the country (216 of these are classified as “IT Parks and Centers” due to the Philippines’ status as a haven for call centers). Local governmental units, the government-owned Bases Conversion Development Authority, and the Subic Bay Metropolitan Authority regulate a handful of other zones. The PEZA economic zones are well regulated; however, smuggling is a concern for the locally-regulated zones. In addition, the Philippine Central Bank exercises regulatory supervision over three offshore banking units and requires them to comply with reporting provisions and other banking rules and regulations.

According to Global Financial Integrity, the Philippines is ranked number eight in the world regarding the amount of illicit outflows primarily due to abusive trade mis-invoicing, a form of trade-based money laundering (TBML). Under-invoicing or undervaluation of imports is also a significant problem in the Philippines. Recently, there also have been instances of over-valuation of imports in the Philippines.

Do financial institutions engage in currency transactions related to international narcotics trafficking that include significant amounts of US currency; currency derived from illegal sales in the U.S.; or illegal drug sales that otherwise significantly affect the U.S.: YES

Criminalization of money laundering:

“All serious crimes” approach or “list” approach to predicate crimes: List approach

Are legal persons covered: criminally: YES ***civilly:*** YES

Know-your-customer (KYC) rules:

Enhanced due diligence procedures for PEPs: Foreign: YES ***Domestic:*** YES

KYC covered entities: Universal, commercial, thrift, rural, and cooperative banks; offshore banking units and quasi-banks; pawn shops and dealers in precious metals and stones; insurance, reinsurance, and pre-need companies, agents, and brokers; mutual benefit associations and holding companies controlling any authorized insurer; trust funds/entities; securities broker/dealers, sales representatives, consultants, and managers; investment houses and mutual funds; foreign exchange dealers, money changers, remittance/transfer agents, and electronic money issuers; entities dealing in currency, financial derivatives, cash substitutes, and similar monetary instruments; and lawyers and accountants

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 133,046: January 1 - October 31, 2015

Number of CTRs received and time frame: 30,844,366: January 1 - October 31, 2015

STR covered entities: Universal, commercial, thrift, rural, and cooperative banks; offshore banking units and quasi-banks; pawn shops and dealers in precious metals and stones; insurance, reinsurance, and pre-need companies, agents, and brokers; mutual benefit associations and holding companies controlling any authorized insurer; trust funds/entities; securities broker/dealers, sales representatives, consultants, and managers; investment houses and mutual funds; foreign exchange dealers, money changers, remittance/transfer agents, and electronic money issuers; entities dealing in currency, financial derivatives, cash substitutes, and similar monetary instruments; and lawyers and accountants

money laundering criminal Prosecutions/convictions:

Prosecutions: 0: January 1 - October 31, 2015

Convictions: 0: January 1 - October 31, 2015

Records exchange mechanism:

With U.S.: MLAT: YES ***Other mechanism:*** YES

With other governments/jurisdictions: YES

The Philippines is a member of the Asia/Pacific Group on Money Laundering (APG), a FATF-style regional body.

Enforcement and implementation issues and comments:

The Anti-Money Laundering Council (AMLC), the Philippines' financial intelligence unit, continued its efforts throughout 2015 to secure passage of an amendment to include casinos in the Anti-Money Laundering Act (AMLA). Progress has been slow as national elections near and because of extensive lobbying from the casino industry. Considering unsuccessful attempts in the past, the inclusion of casinos under the Philippines' AML/CFT regime may not occur absent sustained international pressure.

The Philippine Congress did not approve the inclusion of real estate agents in the expanded list of covered institutions under amendments to the AMLA. Instead, a provision authorizes the AMLC to require reports and other documents from the government's Land Registration Authority and the Registries of Deeds. The AMLC and the government agencies concerned have yet to finalize operational and technical details/arrangements to implement reporting of real estate transactions.

The AMLC has pursued efforts to collect additional information from dealers of precious stones and metals. However, despite inclusion as covered entities in the 2013 AMLA amendments, these dealers have not begun sending reports to AMLC. There is no single government authority regulating jewelry dealers. The industry's current status poses challenges for coordinating, monitoring, and enforcing their obligations under the AMLA. AMLC continues to consult with the industry association on operational and technical details/arrangements to implement reporting and other requirements.

As a form of customs fraud, TBML severely impacts revenue collection. TBML is also commonly used around the world in various forms of underground financial systems. According to a 2015 survey, the Philippines Bureau of Customs is believed to have major corruption issues. Corruption undoubtedly enables some fraudulent trading practices. The Philippines has a new Trade Transparency Unit (TTU) that uses data and analytics to spot anomalies in trade that could be used to trigger TBML investigations.

The Bureau of Customs remains a paper-driven organization. The Bureau of Customs' lack of automation for import transactions continues to foster an organization rife with corruption.

The customs brokers operate within the seaport facility with impunity. Change within the Bureau of Customs has been slow as there are underlying forces, both internal and external, to prevent any substantive changes.

The non-profit sector remains without effective oversight as there is no single supervisory authority. Consequently, monitoring is weak due to insufficient coordination and limited resources of regulatory bodies.

Limited human and financial resources coupled with corruption and lack of will constrain enforcement. Only 49 AML cases have been filed since the AMLC began operating in 2001. Historically, the volume of prosecutions and convictions has been virtually nil, and once again in 2015, there were no prosecutions or convictions. Philippine agencies charged with AML/CFT authority continue to receive assistance to build institutional and technical capabilities for monitoring, investigation, prosecution, and enforcement. The Government of the Philippines should demonstrate its political will to advance its AML/CFT regime by enforcing its laws, including by taking steps to enforce reporting and other AML/CFT requirements for real estate agents, precious metals and stones dealers, and jewelers. The government should include casinos and other forms of gaming in its AMLA. The Philippines also should provide effective supervision of non-profit organizations. The Government of the Philippines should combat corruption within customs and provide the necessary resources and mandate to its TTU.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Philippines does not conform with regard to the following government legislation: -

Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

EU White list of Equivalent Jurisdictions

The Philippines is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

To view historic Governance Indicators Ctrl + Click here and then select country

Failed States Index

To view Failed States Index Ctrl + Click here

Offshore Financial Centre

The Philippines was on the original IMF list of Offshore Financial Centres

US State Dept Narcotics Report 2015 (introduction):

The Government of the Philippines continues to wage an ongoing struggle against drug abuse and drug trafficking. Reported usage of “shabu,” the street name of methamphetamine, continues to grow as the nation’s most widely trafficked narcotic, and shabu addiction remains the most significant drug problem in the Philippines. Marijuana is the second most abused drug and limited cannabis cultivation takes place within the country, mostly for local consumption. Cocaine is rare in the Philippines, due to high prices and limited demand, but club drugs, such as MDMA (ecstasy) and controlled pharmaceuticals have become more prevalent. Inhalants are also widely abused. Endemic poverty, corrupt government officials, and extremely porous borders create an environment where drug trafficking is very lucrative, with a relatively low risk of successful interdiction or prosecution.

International organized crime groups have established operational elements throughout the urban areas of the Philippines. In 2015, the Philippine Drug Enforcement Agency (PDEA), the lead counternarcotics enforcement agency in the country, reported that 8,629 villages or barangays (approximately 20 percent of the country’s villages) reported drug-related crimes.

Philippine law enforcement and justice sector agencies lack sufficient resources, staff, and effective investigative tools to identify, investigate, and prosecute transnational drug trafficking organizations. Restrictions imposed by the Anti-Wiretapping Act of 1965 continue to bar the use of judicially authorized interception of criminal communications, and procedures such as plea bargaining and drug-related asset forfeitures are rarely used. Many drug-related cases are dismissed for failure to follow the strict evidentiary procedures in the Comprehensive Dangerous Drugs Act of 2002. Reforms to the law remain pending. Prosecution and adjudication of drug-related cases continue to face significant procedural delays.

US State Dept Trafficking in Persons Report 2014 (introduction):

The Philippines is classified a Tier 2 country - a country whose government does not fully comply with the Trafficking Victims Protection Act’s minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

The Philippines is a source country and, to a much lesser extent, a destination and transit country for men, women, and children subjected to sex trafficking and forced labor. A significant number of the estimated 10 million Filipino men, women, and children who migrate abroad for skilled and unskilled work are subsequently subjected to sex trafficking and forced labor, including through debt bondage, in factories, at construction sites, on fishing vessels, on agricultural plantations, as engineers or nurses, and in the shipping industry, as well as in domestic work, janitorial service, and other service sector jobs in Asia, throughout the Middle East, and increasingly in Europe. Many victims exploited overseas and domestically experience physical and sexual abuse, threats, inhumane living conditions, non-payment of salaries, and withholding of travel and identity documents.

Forced labor and sex trafficking of men, women, and children within the country also remains a significant problem. Women and children from rural communities, areas affected by disaster or conflict, and impoverished urban centers are subjected to domestic servitude, forced begging, forced labor in small factories, and sex trafficking principally in Manila, Cebu, Angeles, and cities in Mindanao, as well as within other urban areas and tourist destinations such as Boracay, Olongapo, Puerta Galera, and Surigao. Men are subjected to forced labor and debt bondage in agriculture, including on sugar cane plantations, and in fishing and other maritime industries. Hundreds of victims are subjected to sex trafficking in well-known and highly-visible business establishments that cater to Filipinos' and foreign tourists' demand for commercial sex acts. Child sex trafficking, which remains a serious problem, also occurs in private residences, facilitated by taxi drivers who have knowledge of clandestine locations. Child sex tourists include citizens from Australia, New Zealand, and countries in Northeast Asia, Europe, and North America. Increasingly, very young Filipino children are coerced to perform sex acts for internet broadcast to paying foreign viewers. The government and NGOs reported an increasing prevalence of boys becoming victims of sex trafficking.

Traffickers, at times in partnership with local organized crime syndicates and corrupt government officials, recruit family and friends from villages and urban neighborhoods, sometimes masquerading as representatives of government-registered employment agencies. Traffickers increasingly use email and social networking sites to fraudulently recruit Filipinos for overseas work. Fraudulent recruitment practices and the institutionalized practice of paying recruitment fees leave workers vulnerable to trafficking. Illicit recruiters used student, intern, and exchange program visas to circumvent the Philippine government and destination countries' regulatory frameworks for foreign workers. Recruiters employ various methods to avoid government-run victim detection units at airports and seaports. Organized crime syndicates transported sex trafficking victims from China through the Philippines en route to third-country destinations.

In November 2013, Typhoon Haiyan caused widespread damage in the Philippine provinces of Leyte and Samar, impoverished areas which are known to be source locations for victims of trafficking, and resulted in the displacement of more than four million people. Although the full extent of the typhoon's effect on trafficking in the Philippines is unknown, media sources reported isolated allegations of trafficking and illegal recruiting, and the Department of Justice (DOJ) investigated at least two suspected cases of typhoon-related trafficking.

Children and adults in conflict-afflicted areas were particularly vulnerable to trafficking; a violent crisis between the government and the Moro National Liberation Front (MNLF) in Zamboanga City and Basilan Province in September 2013 resulted in the displacement of more than 120,000 people and increased the vulnerability of children to recruitment by the MNLF, including for use as human shields. The UN reported that other armed militia groups operating in the Philippines, including the Moro Islamic Liberation Front, the New People's Army, the Abu Sayyaf Group, and the Bangsamoro Islamic Freedom Fighters recruited and used children, at times through force, for use in combat and noncombat roles during the reporting period. The UN noted concerns that the Armed Forces of the Philippines occasionally forced children—including those intercepted from armed groups—to act as guides and informants during military operations.

The Government of the Philippines does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. The government nearly doubled its funding for the Inter-Agency Council Against Trafficking (IACAT) to the equivalent of approximately $2.4 million in 2013 and continued efforts to implement anti-trafficking laws and policies at the national, regional, and provincial levels. It undertook notable efforts to prevent the trafficking of overseas workers though training and awareness campaigns for government officials, prospective overseas workers, and members of the public and to proactively identify and rescue victims exploited within the country. The government obtained 31 trafficking convictions, including its first two convictions in Pampanga, a province known to have a high prevalence of trafficking. It did not, however, make significant progress in ensuring victims could access specialized services. Protection for male victims—a growing population—remained severely limited. Corruption at all levels of government, including in Philippine diplomatic missions abroad, enabled traffickers and undermined the government's overall efforts to combat trafficking.

US State Dept Terrorism Report 2015

The Southern Philippines is currently identified by the US Secretary of State as a Safe Haven for International Terrorism.

Overview: The Philippines, in cooperation with the United States and other international partners, continued to make progress against international terrorism in 2015. Terrorist groups, including U.S.-designated Foreign Terrorist Organizations such as the Abu Sayyaf Group (ASG), Jemaah Islamiya (JI), and the Communist People's Party/New People's Army (CPP/NPA), as well as other militant groups such as the Bangsamoro Islamic Freedom Fighters (BIFF), were unable to conduct major attacks on civilian targets in metropolitan areas due to sustained pressure from Philippine counterterrorism and law enforcement efforts, although sporadic fighting did displace locals.

Members of these groups were suspected, however, to have carried out attacks against government, public, and private facilities, primarily in the central and western areas of Mindanao in the southern Philippines, while others were linked to extortion operations in other parts of the country. In addition, terrorist and rebel groups in the southern Philippines retained the capability and intent to conduct bomb-making training, small-scale shootings, and ambushes.

The Philippine government's Comprehensive Agreement on the Bangsamoro (CAB) with the Moro Islamic Liberation Front, which creates a new Bangsamoro autonomous government in Mindanao, is aimed at providing a peaceful resolution to the 40-year-old conflict in Mindanao. The peace plan, negotiated between the Philippine government and Moro political leaders dominated by the Moro Islamic Liberation Front, is intended to reduce tensions in the South and diminish the attraction of violent extremist groups by providing greater political and economic autonomy for Muslim-majority areas of Mindanao.

Since the March 2014 signing of the CAB, clashes with the BIFF and other Moro splinter groups have continued in central Mindanao, indicating that violent opposition to the peace process remains. At the same time, continued heavy military and police presence, including active ongoing operations against the ASG, JI, the NPA, and other violent extremist groups with ties to terrorists such as the BIFF, resulted in the displacement of local populations and disruption of civilian livelihoods.

The Government of the Philippines continued to make modest progress in implementing its 2011–2016 Internal Peace and Security Plan, which calls for the transition of internal security functions from the Armed Forces of the Philippines (AFP) to the Philippine National Police (PNP). The increasing role and capability of the police in maintaining internal security in conflict-affected areas will permit the AFP to shift its focus to enhance the country's maritime security and territorial defense capabilities. This transition continued to be slow, in part due to uncertainty over the implementation of the CAB, lack of capacity in the police force, and shifting priorities ahead of a national election in May 2016. Continued violent extremist activity, as well as counterterrorism capability gaps between the AFP and PNP, meant that the AFP continued to lead counterterrorism efforts in the Philippines.

The Philippine government submitted to Congress draft legislation known as the "Bangsamoro Basic Law" (BBL) in 2014 to establish the new autonomous government entity in the Southern Philippines, as stipulated by the CAB. The BBL was expected to pass Congress in 2015, but progress was largely derailed by the fallout over a counterterrorism operation in Mindanao that resulted in the death of 44 PNP Special Action Force troops in January. In the backlash against the peace process resulting from that clash, two additional separate versions of the BBL have been authored, one by each house of Congress, that vary significantly from the originally negotiated law. To date, none of those bills have progressed in the Congress and the law has missed several key implementation deadlines. Both the government and the Moro Islamic Liberation Front leadership confirmed their intent to press forward with a peaceful settlement at numerous points throughout the year.

The Government of the Philippines recognizes the potential threat posed by radicalized Philippine citizens supporting the Islamic State of Iraq and the Levant (ISIL) and the risk of ISIL elements traveling to the Philippines to promote violent extremism in the country or seek safe haven. Members of numerous groups – including ASG, the Ansarul Khilafah Philippines (AKP), and BIFF – have publicly pledged allegiance to ISIL. In 2015, these groups displayed ISIL-affiliated images and conducted some of ISIL's most reprehensible practices – including the beheading of hostages. Reports continued to emerge that ISIL was attempting to recruit Filipinos, but there was no strong evidence of any significant number of Filipinos traveling to the Middle East to join their ranks.

The government increased efforts to monitor the possibility of ISIL-affiliated terrorists seeking safe haven in the Southern Philippines. The President's Anti-Terrorism Council (ATC) heads an interagency technical working group on persons of interest in conflict areas. That group meets regularly and has taken steps to tighten passport issuance, increase Bureau of Immigration screening at major departure points, and enhance monitoring of online extremist-related activity through the intelligence services and the PNP. At year's end, the ATC was reportedly preparing an Executive Order or other administrative policy document to formalize this process.

2015 Terrorist Incidents: There were dozens of small arms and IED attacks, kidnappings for ransom, and extortion efforts by suspected members of terrorist groups in the Philippines in 2015. Representative examples of specific incidents included:

- On February 19 in Cotabato City, members of the BIFF, who entered and occupied at least seven villages in Pikit town, North Cotabato Province, burned 20 houses in a rampage linked to competition with the Moro Islamic Liberation Front.

- On May 5 in Zamboanga City, six armed men wearing military uniforms seized two Philippine Coast Guard (PCG) personnel and a local barangay captain on an island resort off Dapitan City in Zamboanga del Norte. The barangay captain was later beheaded by his captors.

- On October 2 in South Cotabato, four people were killed and 11 others were injured in a roadside bombing attack on the convoy of a local official in Isabela City, Basilan.

- On November 17 in Sulu, a Malaysian hostage held by the ASG was beheaded after ransom demands were not met. The hostage had been captured in Malaysia and transported to the Southern Philippines.

- On November 23 in Samal, ASG-affiliated gunmen kidnapped two Canadian tourists, a Norwegian employee, and a Filipina from a luxury resort on Samal Island in Davao del Norte.

Legislation, Law Enforcement, and Border Security: The 2007 Human Security Act (HSA) remained the principal counterterrorism legislation of the Philippines. The law defines terrorism and provides methods for law enforcement to conduct investigations of terrorist suspects. Many aspects of the law have not been used due to a number of strict procedural requirements in the law. These limitations include notification to subjects of surveillance before activities can begin and damages of approximately US $12,000 for every day of detention if an individual accused of terrorism is ultimately acquitted. In 2015, the Philippines Department of Justice obtained its first ever conviction under the HSA. Most convictions are made under other criminal legislation. In September, the Isabela City Regional Trial Court in Basilan designated ASG as a terrorist organization under the HSA. This is the first designation of a terrorist group in the Philippines under the HSA.

Philippine units with a specialized counterterrorism focus, including the National Bureau of Investigation (NBI) and the PNP Special Action Force (SAF), have improved their investigative, crisis response, and border security capacity. However, multiple agencies have jurisdiction over counterterrorism efforts, creating duplication and inefficiency in leading investigations and in response to terrorism incidents. Roles and responsibilities between law enforcement and military units that have a counterterrorism mission were often not well-delineated, and command and control arrangements were often dependent on interpersonal relationships between incident commanders. Specialized law enforcement units possessed some necessary equipment, but numerous unfulfilled needs remained, and sustainment and maintenance of complex equipment often exceeded fiscal and human resources. Law enforcement units had a mixed record of accountability and respect for human rights. The ATC provided guidance to agencies responsible for enforcing terrorism laws, but its capacity to enforce cooperation and coordination between agencies was limited.

The approximately 150,000-strong PNP maintained legal responsibility for ensuring peace and security throughout the county, which included arresting terrorists and conducting terrorism investigations. In conflict-affected areas, the PNP often relied upon the AFP to conduct counterterrorism operations, and coordination between the two services improved, but more work remained to be done. The PNP SAF is the national operational support unit for law enforcement counterterrorism efforts.

The Department of State's Antiterrorism Assistance (ATA) program in the Philippines assisted the PNP's SAF, Anti-Kidnapping Group, Anti-Cybercrime Group, Explosive Ordnance Disposal/K9 units and other law enforcement units in Mindanao by providing counterterrorism-related training and specialized equipment and explosive detector K-9 dogs. This assistance strengthened the PNP's capacity to respond to terrorism-related incidents. In 2015, the ATA Program conducted 35 courses with 897 participants from the Philippines.

The Philippines issues "e-passports", which make up more than 65 percent of all valid passports in circulation. At the main international airport in Manila, the Philippines participated in the INTERPOL Border Management Program.

The first phase of the Automated Fingerprint Identification System (AFIS) was completed in 2014, which included the build-out of the physical AFIS facility at NBI headquarters and the digitization of 850,000 fingerprint records. No funding was available from either the Philippine government budget or U.S. assistance funding to complete the second phase of the AFIS program in 2015.

In 2015, the U.S. Transportation Security Administration (TSA) partnered with State's ATA program to deliver an Airport Security Managers course to several Philippine government agencies that focused on implementation and oversight of international aviation security standards.

The Philippine government has also successfully procured advanced screening technologies such as body imagers to mitigate the evolving threat of non- or low-metallic IEDs.

With assistance from the United States, security in the Sulu Archipelago Tri-Border area of the Philippines, Malaysia, and Indonesia was being improved through efforts to enhance the capacity of the PNP Maritime Group, Maritime Special Operations Units (MSOU). MSOU and Philippine Coast Guard (PCG) operational and training capacity has been upgraded through provision of varied courses of instruction by the DOJ International Criminal Investigative Training Assistance Program (ICITAP), using the Global Security Contingency Fund; this training enhanced the capacity of the MSOUs and the PCG to integrate operations in the border region.

In addition to its cooperation with the United States, the Philippines received counterterrorism assistance from Australia, the UK, Canada, and Japan. This work focuses generally on capacity building for investigation, detection and removal of explosive ordnance and demolition, forensics, case management, intelligence, and special operations training with the PNP and the AFP.

The U.S. Coast Guard's (USCG's) International Port Security (IPS) Program has been actively engaged in the Philippines since 2004 to assist with and assess the country's implementation of counterterrorism measures at international port facilities. In 2015, the USCG continued its capacity building and assessment efforts to stimulate and enhance the country's implementation of the International Ship and Port Facility Security Code by conducting four training seminars and numerous port facility assessments. The Philippine government is making incremental but steady improvement in terms of implementing counterterrorism measures.

In 2015, the United States continued to work with the Government of the Philippines to monitor and investigate groups engaged in or supporting terrorist activities in the Philippines. The Joint Special Operations Task Force–Philippines, under Operation Enduring Freedom, was successfully concluded in June 2015 after more than a decade. The government launched numerous operations, particularly in the Southern Philippines, to make arrests and disrupt organizations like the ASG, JI, BIFF, and NPA, with the ultimate goal of prosecuting terrorist suspects and organizations. Specific examples of counterterrorism operations included:

- On January 25 in Maguindanao, "OPLAN Exodus," a plan to serve an arrest warrant on internationally-wanted Malaysian JI bomb-maker Zulkifli bin Amir, or "Marwan" (number one on the Philippines most wanted list and also wanted by the United States) was launched against a safehouse inside Moro Islamic Liberation Front-controlled areas in Mamasapano, Mindanao, and conducted by the PNP's Special Action Force. Marwan was killed in the course of the raid when he resisted arrest; there was a seven-hour running firefight with several hundred BIFF, Moro Islamic Liberation Front, and private armed force fighters, killing 44 SAF troops, 15 Moro Islamic Liberation Front fighters, and eight civilians. On March 15 in General Santos City, senior BIFF military leader Mohamad Ali Tombako was arrested in a joint operation between PNP and AFP forces, just weeks after leading BIFF forces in a clash with troops in Maguindanao that left four AFP soldiers dead.

- On May 1 in Maguindanao, BIFF and Moro Islamic Liberation Front bomb-maker Abdul Basit Usman was killed during an AFP operation to detain him in Mindanao.

- On May 10 in Basilan, AFP troops overran a major bomb-making camp and seized a large amount of bomb-making materials during offensive operations against the ASG.

- On November 20 in Sultan Kudarat, Philippine Marines overran a camp operated by the Ansarul Khilafah Philippines (AKP), killing eight members of the group, which had associated itself with ISIL and claimed to represent the group in the Philippines. Among those killed was one of the suspects in the 2002 Bali bombings. A combined military and police team intended to serve a warrant of arrest for the group's leader, Mohamad Jaafar Sabiwang Maguid (popularly known as "Kumander Tokboy") when it was fired upon by the group. Tokboy is believed to have escaped in the fighting.

- On November 27 in Jolo, a joint task force of Philippine military and PNP troops captured ASG figure Saddam Jailani, who was suspected in the beheading of a Malaysian hostage and the death of a South Korean hostage.

In 2015, the Philippines continued coordinating with U.S. law enforcement authorities, especially regarding wanted U.S. fugitives and suspected terrorists. On November 18, three men were convicted in Regional Trial Court 15 of kidnapping and sentenced to life imprisonment in connection with the 2011 abduction of American Gerfa Yeatts Lunsmann, her son Kevin, and cousin Romnick Jakaria (other suspects remained at-large). Additionally, hearings continued in Cebu in the prosecution of four defendants accused of murdering two U.S. soldiers and one Philippine Marine in an IED attack in Kagay, Jolo, in September 2009.

On November 16, 2015, ASG financier Khair Mundos and three others were convicted and sentenced to life imprisonment by Zamboanga City Regional Trial Court Branch 87 for abducting nurse Preciosa Feliciano in Zamboanga City in 2008. The suspects held Feliciano captive for four months after allegedly receiving a ransom payment.

Although these successes were important, an under-resourced and understaffed law enforcement and judicial system, coupled with widespread official corruption, continued to limit domestic investigations and resulted in a small number of prosecutions and lengthy trials of terrorism cases. Philippine investigators and prosecutors lacked necessary tools to build strong cases, including clear processes for requesting judicially-authorized interception of terrorist communications, entering into plea bargains with key witnesses, and seizing assets of those suspected of benefiting from terrorism. The Philippines, with the assistance of the UN Office on Drugs and Crimes (UNODC), has developed a Training Manual for collaboration among the intelligence, investigation, and prosecution sectors.

Countering the Financing of Terrorism: The Philippines is a member of the Asia/Pacific Group (APG) on Money Laundering, a Financial Action Task Force-style regional body, and its Anti-Money Laundering Council is a member of the Egmont Group. In recent years, the Philippines significantly improved its financial regulatory regime and remained focused on effective implementation of international standards.

The U.S. government works directly with the Joint Terrorist Financing Investigation Group (JTFIG), a joint interagency taskforce with members from the ATC; the Anti-Money Laundering Council (AMLC); and the PNP's Directorate of Intelligence (DI), Anti-Kidnapping Group (AKG), and SAF to pursue terrorism finance cases in 2015. The JTFIG acts as an "intelligence fusion center" to complement the other intelligence groups tasked with investigating terrorism and terrorism financing. In 2015, Philippine agencies participating in the JTFIG pursued several investigations into suspected terrorism financing. In March, a bank account of an arrested ASG member was frozen by the AMLC after six months of investigation. This is the first financial account frozen under the Financial Terrorism Law.

In implementation of UNSCR 2199 and the UN 1267/1989/2253 ISIL (Da'esh) and al-Qa'ida sanctions regime, the AMLC has frozen the assets of six members of ISIL and al-Nusrah Front. Under Section 8 of the Terrorist Financing Prevention and Suppression Act, all transactions with the named individuals designated by AMLC are prohibited. The AMLC freezes assets of those listed at the UN 1267/1989/2253 ISIL (Da'esh) and al-Qa'ida, and 1988 (Taliban) sanctions regimes through AMLC Resolution TF-01.

Countering Violent Extremism: In 2015, the Philippine government continued its counter-radicalization efforts through the Resilient Communities in Conflict Affected Communities program. During the year, the Philippines worked with the Global Counterterrorism Forum to apply the Rome Memorandum on Good Practices for Rehabilitation and Reintegration of Violent Extremist Offenders. Government offices, including the President's Law Enforcement and Security Integration Office and the Philippine Center for Transnational Crime, led interagency collaboration on countering violent extremism (CVE) through counter-radicalization and de-radicalization initiatives.

The PNP's Directorate for Police Community Relations (DPCR), through the Salaam Police Center (SPC) and Salaam Police personnel in regional, provincial, and city police offices, regularly conducted peacebuilding and counter-radicalization efforts in respective areas of responsibilities targeting students, youth, women, Muslim elders, and religious and community leaders to foster dialogue and clear up misconceptions that could lead to violent extremism. The DPCR, through its Information Operation and Research Center (IORC), is strengthening its information operation strategies to weaken the narratives of violent extremism.

Philippine officials participated in several CVE initiatives throughout the year. In February, members of the ATC and civil society representatives attended the White House Summit on Countering Violent Extremism in Washington, D.C. In April, Philippine government and civil society members attended a Regional CVE seminar hosted by Singapore. In May, the Philippine government, in cooperation with the U.S. Pacific Command's Military Information Support Team (MIST), inaugurated the Combined Special Outreach Group, a joint AFP-PNP community engagement group to share best practices and combine strategies for public messaging on peace and order and CVE outreach. The group meets roughly every two weeks and has coordinated several efforts to increase community and educational CVE engagement in support of the peace process. On July 29, Philippine officials from the ATC attended the Rome CVE Summit Process Senior Officials Meeting.

In February, Philippine officials facilitated the 3rd Multi-Lateral CVE Conference "Youth and Terrorism: Countering the Narrative" in Puerto Princesa City, Palawan, and a Seminar Workshop on CVE Narratives in Zamboanga City in October.

Training on rehabilitation and reintegration of violent extremist offenders, implemented by the International Centre for Counter-Terrorism-The Hague, continued and included Philippine experts from different agencies and the private sector. The Philippine government also continued to support a counter-radicalization program in the Bureau of Jail Management and Penology (BJMP) facilities housing ASG or other terrorist suspects pending trial. The PNP DPCR SPC coordinated with the BJMP to conduct visitation of inmates relating to violent extremism. In 2015, the government also launched a policy to expand the Special Intensive Care Areas of the BJMP in the Manila region and to introduce a modernized Inmate Counseling and Classification Unit (ICCU) to improve identification of inmates vulnerable to further radicalization while on trial – a large number of alleged ASG, BIFF, and MNLF fighters are incarcerated as their trials proceed in Manila courts.

International and Regional Cooperation: The Philippines views counterterrorism as a regional challenge and participated in numerous regional CT coordination activities. In 2015, Philippine government representatives were involved in trainings, workshops, dialogues, and working group meetings through the ASEAN-Japan Counterterrorism Dialogue, Australian-ASEANAPOL, INTERPOL, UNODC, UNICRI, and the Global Counterterrorism Forum.

Philippine counterterrorism, intelligence, and CVE officials participated in several international conferences throughout the year focused on stemming the flow of foreign terrorist fighters. These included the Foreign Terrorist Fighter Conference in Indonesia (March), the UNODC-sponsored Regional Conference on Effective Responses to the Phenomenon of Foreign Terrorist Fighters in Thailand (June), and the Regional Technical Workshop on Responding to the Threat of Returning Foreign Fighters in Manila (August), which was co-sponsored by UNICRI and the Philippines.

A representative from the ATC serves as the 2015-2016 Chair of the APEC Counter-Terrorism Working Group (CTWG) and has been supportive of U.S. efforts to sponsor self-funded counterterrorism capacity-building workshops under the auspices of APEC, particular initiatives designed to help implement the APEC Consolidated Counter-Terrorism and Secure Trade Strategy. In January 2015 in Subic Bay, the Philippines hosted an APEC CTWG Secure Finance Workshop on Countering the Financing of Terrorism with New Payment Systems (NPS), which provided working-level financial crimes policy and operational representatives from APEC member economies' regulatory, investigative, and enforcement units the opportunity to develop and reinforce capacities to counter the illicit use of new payment systems, or NPS, especially in financing terrorism. In August 2015 in Cebu, they hosted an APEC CTWG Secure Travel Workshop on Countering Foreign Terrorist Fighter Travel, which highlighted the threat that foreign terrorist fighter travel poses to the Asia-Pacific region and explained why advance passenger information systems are effective at helping mitigate that threat. The Philippines also participated in a series of INTERPOL Integrated Border Management Task Force projects sponsored by Canada.

On May 26-27, the Philippines hosted a conference on kidnapping for ransom that was attended by representatives from INTERPOL, Colombia, Australia, and the U.S. FBI. The event was funded by the Australian Embassy.

International Sanctions

None applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	35
World Governance Indicator – Control of Corruption	42

US State Department

Corruption is a pervasive and long-standing problem in the Philippines. Recent government efforts have improved the country's ranking in Transparency International's Corruption Perceptions Index from 105 in 2012 to 94 in 2013. Nevertheless, corruption ranked second among the most problematic factors for doing business in the World Economic Forum's 2013-2014 Global Competitiveness Report, with inadequate supply of infrastructure ranked first.

The Philippines continues to implement anti-corruption reforms outlined in the Philippine Development Plan 2011-2016. Its 2012-2016 Good Governance and Anti-Corruption Cluster Plan further identifies specific measures to curb corruption through greater transparency and accountability in government transactions. Several bills supporting anti-corruption efforts are currently filed in Philippine Congress, including: freedom of information rights, whistle-blower protection, and strengthening the country's witness protection program. Since President Aquino took office in 2010, corruption charges have been filed against several high-profile public officials, including a former President and the Supreme Court Chief Justice, but there have been no convictions to date. Recent allegations against several lawmakers for misappropriating monies distributed as part of the Priority Development Assistance Fund (PDAF), commonly referred to as "pork barrel," have garnered strong public criticism and spurred mass protests. In 2013, the Supreme Court declared the PDAF "unconstitutional" and ordered the prosecution of lawmakers involved in the illegal disbursement of pork barrel funds.

The Philippine Revised Penal Code, the Anti-Graft and Corrupt Practices Act, and the Code of Ethical Conduct for Public Officials aim to combat corruption and related anti-competitive business practices. The Office of the Ombudsman (http://www.ombudsman.gov.ph/) investigates and prosecutes cases of alleged graft and corruption involving public officials. Cases against high-ranking officials are brought before the special anti-corruption court, the "Sandiganbayan", while cases against low-ranking officials are filed before regional trial courts. The Office of the President can directly investigate and hear administrative cases involving presidential appointees in the executive branch and government-owned and controlled corporations. Soliciting, accepting and/or offering/giving a bribe are criminal offenses punishable by imprisonment, a fine, and/or disqualification from public office or business dealings with the government.

The Philippines ratified the United Nations Convention against Corruption in 2003. It is not a signatory to the OECD Anti-Bribery Convention.

Corruption and Government Transparency - Report by Global Security

Political Climate

In May 2010, Benigno Simeon Cojuangco Aquino III won the presidential elections by a wide margin. President Aquino was elected based on a campaign platform promising to tackle the country's high levels of corruption and deep-seated poverty by boosting foreign investment, reining in wasteful government spending, improving the civil service and investing in education. However, the New York Times reports in August 2013 that the Aquino government is now facing great pressure from citizens for failing its promise of fighting rampant corruption in the country after several high-profile corruption scandals have been exposed. One of the most recent corruption scandals came to light when a wealthy Manila businesswoman, Janet Lim-Napoles, was found guilty of diverting USD 140 million from poverty-reduction programs into her own and other politicians' pockets. The article reports that Ms Lim-Napoles established a fake organisation to receive the funds, and the relatives of some politicians have been involved in authorizing the payments. The same news article also reports that the Philippine Center for Investigative Journalism found that 504 members in the May national elections have been involved in different types of corrupt practices and 17 of them had been convicted. More strikingly, half of them were elected.

Former President Gloria Macapagal-Arroyo became deeply unpopular after vote rigging and abuse of power during her nearly 10 years in the government. In September 2007, former President Joseph Estrada (president before Ms Arroyo) was found guilty of corruption and malfeasance charges, only to be given a full pardon by former President Arroyo a few weeks later. According to Freedom House 2013, this pardon fuelled speculations of a secret deal between the two politicians, after it was revealed that the pardon was granted following a promise by Mr Estrada not to run for office again. In late 2011, Ms Arroyo faced charges of election fraud, and according to a BBC News article from July 2012, if convicted, Ms Arroyo could face life imprisonment. In a separate case, Ms Arroyo was accused of misusing USD 8.8 million in state lottery funds while in office, according to The Washington Post 2012. BBC News later reports in October 2012 that Ms Arroyo has been arrested in the hospital, and it was reported that she had tried to leave the country for medical treatment. In July 2010, Mr Aquino signed the Executive Order No. 1 (EO No. 1) establishing the Truth Commission, which will investigate corruption cases that flourished under former President Arroyo and her administration. However, in December 2010, the Supreme Court declared that EO No. 1 creating the Truth Commission was unconstitutional, as the Commission violates the Equal Protection Clause of the Constitution, as reported in a May 2011 news article by The Philippine Star.

The Philippines has a history of corruption and practically every government has had to struggle with the problem. Corruption in the Philippines is characterised by a combination of societal factors, institutional factors and an incentives system that contribute to corruption. According to a 2012 report released by Global Financial Integrity, due to illicit activities, such as corruption and tax evasion, the Philippines lost about USD 138 billion between 2001 and 2010. As an effort to tackle the problem of tax evasion, the Aquino Administration launched a high-profile campaign against tax evaders and smugglers to expose one case per week. Nevertheless, according to a 2010 news article by ABS-CBN News, these cases involve rather small amounts and none have thus far been brought to court. In January 2012, President

Aquino approved the Good Governance and Anti-Corruption Cluster (GGAC) plan for 2012-2016, which will focus on transparency, accountability in government operations and citizen engagement. According to Global Corruption Barometer 2013, public officials/civil servants and the police are the two categories most prone to corruption. Furthermore, 31% of the households from the same survey perceive that the level of corruption in the Philippines has increased a lot in the past two years, and only 30% of the households perceive the government's efforts in fighting corruption as 'effective'. According to another household survey, Social Weather Stations' Survey Review 2012, 65% of the surveyed households stated that they are confident that the government can run without corruption, while 33% stated that corruption is part of the way the government works.

Business and Corruption

According to the World Economic Forum's Global Competitiveness Report 2013-2014, companies identify corruption as the second most problematic factor for doing business in the Philippines. Corruption is often encountered when interacting with public officials, according to the US Department of State 2013. According to Social Weather Stations' Survey of Enterprises on Corruption 2012, surveyed enterprises consider that there is a significant improvement in the government's fight against corruption between 2009 and 2012. Moreover, the surveyed business managers perceive that the level of corruption in the private sector to be lower than in the public sector; however, the level of corruption in the public sector fell significantly, while in the private sector the situation remains more or less unchanged. The level of corruption is more widespread at the national level than at the local level. In 2012, the most common type of private sector corruption was bribing local government officials in return for licenses and permits. However, the proportion of surveyed business executives solicited for different types of bribes fell from 60% in 2009 to 48% in 2012. It is also reported that the solicitation of bribes in relation to getting local and national government permits and licences has decreased.

According to the Social Weather Stations' 2012 survey, the majority of the surveyed business executives state that the level of transparency in bidding for a government contract had increased. For instance, the percentage of surveyed enterprises saying that it is very common to bribe government officials in order to secure contracts fell from 48% in 2009 to 41% in 2012. It is also reported that the solicitation of bribes in relation to getting local and national government permits and licences has decreased. Nevertheless, business executives surveyed by the Global Competitiveness Report 2013-2014 report that government officials often favour well-connected companies and individuals when deciding on policies and contracts and that public funds are often diverted to companies, individuals or groups due to corruption. Freedom House 2013 also notes that corruption and cronyism remains prevalent in business and government. This is also supported by the Bertelsmann Foundation 2012, which notes that the concentration of wealth within a small group of elite families, coupled with political donations, has led to concerns about their undue influence on both Philippine politics and business life. Given these reasons, companies are recommended to use a specialised public procurement due diligence tool in order to help mitigate the costs and risks of corruption involving public procurement processes in Ukraine.

Companies that are planning to invest in or are already doing business in the Philippines are highly recommended to implement integrity systems and conduct extensive due diligence when entering into business partnerships or contracting agents to facilitate business transactions in the country. The Philippine private sector acknowledges that corruption is a major problem that companies will need to deal with. This is indicated in Social Weather Stations' 2012 survey, where companies state that they are willing to spend 5% of their net income on anti-corruption programs. In addition, in March 2013, 1,700 companies signed an integrity pledge with the government, aiming to promote and abide by ethical and business standards, as reported by European Chamber of Commerce of the Philippines.

Regulatory Environment

The Philippines is characterised by cumbersome bureaucracy. Business executives surveyed in the World Economic Forum's Global Competitiveness Report 2013-2014 perceive the level of government administrative requirements as very burdensome. Although the establishment of a one-stop shop at the municipal level has eased the process of starting up a business, the average complexity and cost are still higher when setting up a company in the Philippines than in the rest of the East Asia and Pacific region. Starting a company requires 16 procedures and 36 days, at a cost of 18.1% of the GNI per capita, as illustrated in the World Bank & IFC's Doing Business 2013. According to Social Weather Stations' Survey of Enterprises on Corruption 2012, 71% of the surveyed enterprises consider that the current government administration is less corrupt compared with the 2011 survey. Foreign companies should note that foreign investment is restricted or limited in many sectors of the economy. Companies can consult the Department of Trade and Industry to see a full list of restrictions on foreign investment. The government has set up a Board of Investments (BOI) in an effort to promote foreign investment. The BOI offers investors regulatory and incentive system guidance. The Philippines is a member of the World Customs Organization (WCO) in an effort to improve its administration of customs. According to the World Bank & IFC's Doing Business 2013, the Philippine customs administration has become more efficient since the government improved the electronic customs system by adding functions, such as electronic payments and online submission of declarations, reducing the time and cost of trade compared to previous years.

Business executives surveyed in the Global Competitiveness Report 2013-2014 indicate that it is a challenge to obtain information about changes in government policies and regulations affecting their industries. The level of corruption in dealing with inspectors from various government agencies is fairly high in the Philippines. According to the United Nations Asia and Far East Institute's Corruption Control in Public Procurement July 2008, despite the passage of the Procurement Reform Law, public procurements, such as infrastructure projects and hospital supplies, have been exposed to corruption, therefore, companies should note that a lack of transparency still prevails in public procurement processes. Although the Philippine Government Electronic Procurement System (PhilGEPS) has been set up to increase transparency of the procurement regime, companies are, nonetheless, recommended to conduct extensive due diligence during the procurement process in order to mitigate the corruption risks associated with public procurement in the Philippines.

According to the US Department of State 2013, foreign investors generally cite the Philippine judicial system as uncertain and inefficient, largely due to understaffing, corruption and long delays of court cases. Serious concerns have been raised concerning the sanctity of contracts and of property rights, based on allegations that judges accept bribes to rule in favour of one or the other party in a trial. Many foreign companies view the judiciary as a disincentive to investing in the Philippines, since settling an investment dispute may take up to several years before reaching a final settlement. Therefore, many companies seek out alternative dispute resolution possibilities. The Philippines is a member of the International Centre for the Settlement of Investment Disputes (ICSID) and a signatory to the New York Convention 1958. Nevertheless, it is reported that Philippine courts are disinclined to abide by the arbitration process and that the enforcement of decisions may take several years. Several disputes have been raised over water rights in relation to agricultural and industrial production. Access the Lexadin World Law Guide for a collection of legislation in the Philippines.

Section 3 - Economy

The economy has weathered global economic and financial downturns better than its regional peers due to minimal exposure to troubled international securities, lower dependence on exports, relatively resilient domestic consumption, large remittances from four- to five-million overseas Filipino workers, and a rapidly expanding business process outsourcing industry. The current account balance had recorded consecutive surpluses since 2003; international reserves are at record highs; the banking system is stable; and the stock market was Asia's second best-performer in 2012. Efforts to improve tax administration and expenditure management have helped ease the Philippines' tight fiscal situation and reduce high debt levels. The Philippines has received several credit rating upgrades on its sovereign debt, and has had little difficulty tapping domestic and international markets to finance its deficits. Economic growth in the Philippines averaged 4.5% during the MACAPAGAL-ARROYO administration, but poverty worsened during her term. Growth has accelerated under the AQUINO government, but with limited progress thus far in bringing down unemployment, which hovers around 7%, and improving the quality of jobs. Underemployment is nearly 20% and more than 40% of the employed are estimated to be working in the informal sector. The AQUINO administration has been working to boost the budgets for education, health, cash transfers to the poor, and other social spending programs, and is relying on the private sector to help fund major infrastructure projects under its Public-Private Partnership program. Long term challenges include reforming governance and the judicial system, building infrastructure, improving regulatory predictability, and the ease of doing business, attracting higher levels of local and foreign investments. The Philippine Constitution and the other laws continue to restrict foreign ownership in important activities/sectors (such as land ownership and public utilities).

Agriculture - products:

sugarcane, coconuts, rice, corn, bananas, cassavas, pineapples, mangoes; pork, eggs, beef; fish

Industries:

electronics assembly, garments, footwear, pharmaceuticals, chemicals, wood products, food processing, petroleum refining, fishing

Exports - commodities:

semiconductors and electronic products, transport equipment, garments, copper products, petroleum products, coconut oil, fruits

Exports - partners:

Japan 19%, US 14.2%, China 11.8%, Singapore 9.4%, Hong Kong 9.2%, South Korea 5.5%, Thailand 4.7% (2012)

Imports - commodities:

electronic products, mineral fuels, machinery and transport equipment, iron and steel, textile fabrics, grains, chemicals, plastic

Imports - partners:

US 11.5%, China 10.8%, Japan 10.4%, South Korea 7.3%, Singapore 7.1%, Thailand 5.6%, Saudi Arabia 5.6%, Indonesia 4.4%, Malaysia 4% (2012)

Banking

As of September 2010, the banking sector was comprised of 38 commercial banks, 72 thrift banks, and 656 rural and cooperative banks, with combined assets of approximately US$ 145 billion (PhP6,419 billion). Although fewer in number, commercial banks dominate the banking sector as they account for almost 90% of total banking system resources. Nineteen (19) commercial banks (referred to as ―universal banks‖) have an ―expanded‖ commercial banking license, which allows them to perform the functions of an investment house (such as securities underwriting) in addition to regular commercial banking activities. Sixteen (16) commercial banks are licensed to engage in derivatives activities. Seventeen (17) of the commercial banks in the Philippines are foreign-controlled (14 foreign branch banks and three majority foreign-owned, domestically-incorporated subsidiaries). Additionally, there are four offshorebanking units (OBUs) in the country, as well as 13 foreign bank representative offices.

Four main types of banks operate in the Philippines: universal banks (UBs), commercial banks (KBs), thrift banks (TBs) and rural banks (RBs). Islamic banks are also operating in selected regions of the country.

Since 1997, the Central Bank has implemented policies to beef up loan loss provisions, tighten disclosure and reporting requirements, and increase minimum capitalization levels. The Central Bank continues to promote mergers/consolidation through regulatory incentives and a moratorium on the issuance of new bank licenses. It has also demonstrated greater resolve in weeding out weak financial institutions, especially in the less-capitalized thrift and rural banking sectors.

Stock Exchange

Membership in the Philippine Stock Exchange (PSE) is open to foreign-controlled stock brokerages incorporated under Philippine law. Offshore companies not incorporated in the Philippines may underwrite Philippine issues for foreign markets, but not for the domestic market. The Lending Company Regulation Act of 2007 requires majority Philippine ownership for such enterprises, to establish a regulatory framework for credit enterprises that do not clearly fall under the scope of existing laws. Current law also restricts membership on boards of directors for mutual fund companies to Philippine citizens.

Investments in any publicly-listed firm on the PSE are governed by foreign ownership ceilings stipulated in the Constitution and other laws. In 2010, the ten most actively-traded companies accounted for about 44 percent of trading value and 44 percent of domestic market capitalization. To encourage publicly-listed companies to widen their investor base, the PSE introduced reforms in 2006 to include trading activity and free float criteria in the selection of companies comprising the stock exchange index. The 30 companies included in the benchmark index are subject to review every six months.

Hostile takeovers are not common because most company shares are not publicly listed and controlling interest tends to remain with a small group of parties. Cross-ownership and interlocking directorates among listed companies also lessen the likelihood of hostile takeovers.

The Securities Regulation Code of 2000 strengthened investor protection by requiring full disclosure in the regulation of public offerings, and implementing stricter rules on insider trading, mandatory tender offer requirements, and the segregation of broker-dealer functions. The Code also significantly increased sanctions for securities violations, and mandated steps to improve the internal management of the stock exchange and future securities exchanges. Moreover, the Code expressly prohibits any one industry group (including brokers) from controlling more than 20 percent of the stock exchange's voting rights, though the PSE has yet to fully comply.

The enforcement of these strengthened laws is mixed. While there has been some progress from the creation of special commercial courts, the prosecution of stock market irregularities can be subject to delays and uncertainties of the Philippine legal system.

Section 4 - Investment Climate

Executive Summary

The Philippines' growing middle class, strong domestic demand, and stable political environment, paired with gross domestic product (GDP) growth of 7.2% in 2013 make the country an increasingly attractive destination for Foreign Direct Investment (FDI). FDI rose in 2013 and is expected to continue with the Government of the Philippines (GPH) emphasizing job creation and inclusive economic growth. Thanks to a relatively large, educated, English-speaking workforce, the Business Process Outsourcing (BPO) and tourism industries have experienced growth in recent years and these trends are likely to continue. Under the administration of President Benigno Aquino, the Philippines has implemented reforms to improve the investment climate, making strides in good governance, transparency, and accountability.

Restrictions on foreign ownership rules, poor infrastructure, and corruption continue to be significant concerns for investors. Strengthening the rule of law is important as a complex and slow judicial system inhibits the timely and fair resolution of commercial disputes. In general, the Philippines lags behind its Asian neighbors in attracting foreign direct investment (FDI) because many sectors of the economy are limited to foreign investment. The Philippines has recently liberalized some of its industries to stimulate investments, specifically infrastructure, insurance, banking, telecommunications, and power industries. Invest Philippines (*www.investphilippines.gov.ph/*) is the GPH's network of investment promotion agencies.

Investors generally report that Philippine bureaucracy is non-discriminatory, but describe business registration and procedures as slow and burdensome.

Overall, however, the investment climate of the Philippines has improved. If the country can maintain its reform momentum, its prospects for investment will continue to brighten.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude Toward FDI

The Philippines actively seeks foreign investment to promote economic development. The Philippine investment landscape has noteworthy advantages, such as its free trade zones, including the Philippine Economic Zone Authority (PEZA) (http://www.peza.gov.ph/) and its relatively large, educated English-speaking Filipino workforce. Philippine law treats foreign investors the same as their domestic counterparts, except in sectors reserved for Filipinos by mandate of the Philippine Constitution and Foreign Investment Act (detailed below). However, legal restrictions, regulatory inconsistency, inadequate public investment in physical and social infrastructure, and lack of transparency hinder foreign investment. Philippine regulatory authority remains ambiguous in many sectors of the economy and corruption is a significant problem. A complex and slow judicial system inhibits the timely and fair resolution of commercial disputes.

Other Investment Policy Reviews

The World Trade Organization conducted a Trade Policy Review of the Philippines in March 2012. It is available at: http://www.wto.org/english/tratop_e/tpr_e/tp361_e.htm.

Laws/Regulations of FDI

The 1987 Omnibus Investments Code (OIC) mandates that the Board of Investments (BOI) (http://www.boi.gov.ph/) regulates and promotes investments in the Philippines. The annual Investment Priorities Plan (IPP) identifies preferred economic activities that are approved by the President. Government agencies are encouraged to adopt policies and implement programs consistent with the IPP.

The 1991 Philippine Foreign Investment Act (FIA) requires the publishing of the Foreign Investment Negative List (FINL), which outlines sectors in which foreign investment is restricted or limited. The FINL is comprised of two parts. Part A details sectors in which foreign equity participation is restricted by the Philippine Constitution or laws. Part B lists areas in which foreign ownership is limited (generally to 40%) for reasons of national security, defense, public health, morals, and the protection of small and medium enterprises (SMEs). The FINL is updated every two years. The ninth FINL was published in October 2012.

The 1995 Special Economic Zone Act allows PEZA to regulate and promote investments in export-oriented manufacturing and service facilities inside special economic zones. PEZA facilitates granting of fiscal and non-fiscal incentives to investors operating within these zones.

Industrial Strategy

The Investment Priorities Plan (IPP) enumerates promoted investment areas entitled to incentives. The 2013 IPP seeks to increase exports, create jobs, raise revenue, advance technology, and spur countryside development. It includes: agriculture/agribusiness and fisheries; infrastructure; motor vehicles; green projects; research and development; disaster prevention, mitigation and recovery; creative industries; business process outsourcing and IT and IT-enabled services; shipbuilding; mass housing; energy; iron and steel; hospital/medical services; and strategic projects. The BOI reviews projects to determine the extent of entitlement to incentives.

The Aquino administration established a Public Private Partnership (PPP) Center (http://ppp.gov.ph/) to promote transparency and oversee project development and approval. The Build-Operate-Transfer (BOT) law provides the legal framework for the PPP program. The PPP program has been slow in approving contracts, however, and as of March 2014, only six out of 52 PPP projects/contracts had been awarded.

Limits on Foreign Control

Foreigners are prohibited from owning land under the 1987 Constitution, although the 1993 Investors' Lease Act allows foreign investors to lease a contiguous parcel of up to 1,000 hectares for 50 years, renewable once for 25 additional years. The 2003 Dual-Citizenship Act allows dual citizens full rights to possess land. Yet, ownership deeds continue to be difficult to establish, and the court system is slow to resolve land disputes.

The FINL restricts foreign investment in the following areas: mass media (except recording); small-scale mining; private security; utilization of marine resources, including small-scale utilization of natural resources in rivers, lakes, and lagoons; and the manufacture of firecrackers and pyrotechnic devices.

Only Philippine citizens can practice the following licensed professions: engineering, medicines, accounting, architecture, interior design, chemistry, environmental planning, social work, teaching, law, real estate services, respiratory therapy, and psychology. Companies that register with the BOI may employ foreign nationals in supervisory, technical, or advisory positions for five years from the date of registration, which is possibly extendable upon request. Top positions and elective officers of majority foreign-owned BOI-registered enterprises (i.e., president, general manager, and treasurer, or their equivalents) are exempt from the five-year limitation.

Other areas carry lower limits on foreign investment: private radio communications networks (20%); employee recruitment and locally-funded public works construction and repair (25%); advertising agencies (30%); natural resource exploration, development, and utilization (40%, with exceptions); educational institutions (40%); operation and management of public utilities (40%); operation of commercial deep sea fishing vessels (40%); Philippine government procurement contracts (40% for supply of goods and commodities; 25% for construction of locally-funded public works, with some exceptions); adjustment companies (40%); operations of Build-Operate-Transfer (BOT) projects in public utilities (40%); ownership of private lands (40%); rice and corn processing (40%, with some exceptions); financing companies and investment houses (60%).

For reasons of national security, defense and public health, the Philippines limits foreign ownership to 40% in the following industries: manufacturing of explosives, firearms, military hardware, and massage clinics.

Retail trade enterprises with capital of less than $2.5 million, or less than $250,000 for retailers of luxury goods, are reserved for Filipinos. Foreign investors are prohibited from owning stock in lending, financing or investment companies unless the investor's home country affords the same reciprocal rights to Filipino investors. Foreign ownership is limited to 60% for enterprises engaged in financing and securities underwriting, which are regulated by the SEC.

The 1994 Foreign Bank Liberalization Act limits foreign ownership in the banking sector. Only 10 new foreign banks can open full-service branches in the Philippines, and those licenses have already been issued to major international banks. The banks are limited to six branch offices. Foreign ownership limits also apply for locally incorporated banking institutions. A foreign bank that meets the Bangko Sentral ng Pilipinas (Philippine Central Bank) (http://www.bsp.gov.ph/) selection guidelines is limited to owning 60% of the voting stock in a banking subsidiary. Since 1999, the Central Bank has imposed a moratorium on the issuance of new bank licenses, although micro-finance institutions are exempt. Philippine law also requires that majority Filipino-owned banks control at least 70% of total banking resources in the country.

The 2007 Lending Company Regulation Act, which established a regulatory framework for credit enterprises that do not clearly fall under the scope of existing laws, requires majority Philippine ownership for such enterprises.

Privatization Program

The GPH's privatization program is managed by the Privatization Management Office (PMO) (http://www.pmo.gov.ph/) under the Department of Finance (DOF) (http://www.dof.gov.ph/). Apart from restrictions in the FINL there are no regulations that discriminate against foreign buyers and the bidding process appears to be transparent.

Screening of FDI

Corporations or partnerships must register with the SEC and sole proprietorships must register with the Bureau of Trade Regulation and Consumer Protection (BTRCP) in the Department of Trade and Industry (DTI) (http://www.dti.gov.ph/). A foreign enterprise seeking incentives under the OIC must apply for registration with the BOI, while export-oriented manufacturing and service enterprises within the economic zones must register with PEZA. Investors report that Philippine bureaucracy is nondiscriminatory, but slow to process business requirements.

Competition Law

The Philippines does not have a general competition law, rather there are several laws dealing with competition. The Department of Justice (DOJ) (http://www.doj.gov.ph/) is responsible for enforcement of and the investigation of cases involving competition laws.

Investment Trends

The Philippine investment climate continues to make progress as a result of reforms undertaken by the government. In 2012, FDI in the Philippines was $2.7 billion, the highest level since 2007. The majority of investment inflows are in: manufacturing, retail, real estate, mining, and the information and communication sectors. In 2013, Fitch, Standard & Poor's, and Moody's upgraded the Philippines' sovereign credit ratings to investment grade, attributing the upgrade to robust economic performance, continued fiscal and debt consolidation efforts, and improved governance. The Philippines inched up 25 spots in the World Bank's Doing Business Report in 2013, although it still remains in the bottom 50%.

Inadequate infrastructure, regulatory inconsistency, corruption, and a slow and complex judicial process remain major constraints to investments. Restrictions on foreign investment contribute significantly to a poor Philippine record of attracting foreign investment, particularly compared to its ASEAN counterparts. According to the United Nations Conference on Trade and Development (UNCTAD), the Philippines ranked sixth among ASEAN's ten countries in terms of FDI flows in 2012.

Table 1: The following chart summarizes several well-regarded indices and rankings.

Measure	**Year**	**Rank or Value**	**Website Address**
TI Corruption Perceptions Index	2013	94 of 177	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom Index	2014	89 of 178	http://www.heritage.org/index/ranking
World Bank's Doing Business	2014	108 of 189	http://doingbusiness.org/rankings

Report "Ease of Doing Business"			
Global Innovation Index	2013	90 of 142	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	2,500 USD	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

Table 1B - Scorecards: The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a 2012 per capita gross national income (GNI) or $4,085 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: http://www.mcc.gov/pages/selection/scorecards.

Details on each of the MCC's indicators and a guide to reading the scorecards are available here: http://www.mcc.gov/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf.

2. Conversion and Transfer Policies

Since 2007, the Central Bank has accelerated efforts to relax and streamline the Philippine foreign exchange regulatory framework. There are no restrictions on the full and immediate transfer of funds associated with foreign investments, foreign debt servicing, or payment of royalties, lease payments, and similar fees.

Central Bank regulations provide specific requirements for foreign exchange purchases from banks and their subsidiary foreign exchange corporations and from non-bank foreign exchange dealers, money changers, and remittance agents. There is no mandatory foreign exchange surrender requirement imposed on export earners or other foreign currency earners such as overseas workers. The Central Bank follows a market-determined exchange rate policy, with scope for intervention targeted mainly at smoothing excessive foreign exchange volatility.

3. Expropriation and Compensation

Philippine law allows expropriation of private property for public use or in the interest of national welfare or defense, and offers fair market value compensation at the time of expropriation. In the event of expropriation, foreign investors have the right to remit sums received as compensation in the currency in which the investment was originally made and at the exchange rate at the time of remittance. However, agreeing on a mutually-acceptable price can be a protracted process under the Philippine courts.

There are no recent cases of actual expropriation involving U.S. companies in the Philippines. Since the implementation of the Build-Operate-Transfer (BOT) law in 1990, some BOT contractors in the energy sector, including U.S. firms, have reported disputes with local government units (LGUs) on real property tax assessments. Some LGUs initiated auction and/or confiscation proceedings on the contractors' assets, which the companies have challenged in court.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The Philippine judicial system is a separate and independent branch of the government, composed of the Supreme Court (http://sc.judiciary.gov.ph/) and lower courts. The Supreme Court is the highest court and sole constitutional body created by the Philippine Constitution. The lower courts are composed of (a) trial courts with limited jurisdictions (i.e. Municipal Trial Courts, Metropolitan Trial Courts, etc.); (b) Regional Trial Courts (RTCs); (c) Shari'ah District Courts (Muslim courts); and (d) Court of Appeals (appellate court). Special courts include the "Sandiganbayan" (anti-graft court for public officials) and Court of Tax Appeals. Several RTCs have been designated as Special Commercial Courts (SCC) to hear intellectual property (IP) cases, with four SCCs recently authorized to issue writs of search and seizure on IP violations enforceable nationwide.

Under Philippine law, a separate action must be filed for foreign judgments to be recognized or enforced. Philippine law also does not recognize or enforce foreign judgments that run counter to existing laws, particularly those relating to public order, public policy, and good customs.

Bankruptcy

The 2010 Philippine bankruptcy and insolvency law provides a predictable framework for the rehabilitation and liquidation of distressed companies. Rehabilitation may be initiated by debtors or creditors under court-supervised, pre-negotiated, or out-of-court proceedings. The law also sets the conditions for voluntary (debtor-initiated) and involuntary (creditor-initiated) liquidation. It also recognizes cross-border insolvency proceedings in accordance with the UNCTAD Model Law on Cross-Border Insolvency, allowing courts to recognize proceedings in a foreign jurisdiction involving a foreign entity with assets in the Philippines. Regional trial courts designated by the Supreme Court have jurisdiction over insolvency and bankruptcy cases.

According to the International Finance Corporation (IFC)'s 2014 Ease of Doing Business report, the Philippines ranks 100 of the 189 economies in resolving insolvency and bankruptcy cases, compared to 164 in 2013.

Investment Disputes

Foreign investors describe the inefficiency and uncertainty of the judicial system as a significant disincentive to investment. Many investors are discouraged to file dispute cases in court because of slow, costly litigation processes and corruption among judiciary personnel. Stakeholders also report inefficiency when confronted with complex issues such as technology, science, trade, and intellectual property cases.

To decongest the court's clogged dockets, several laws on alternative dispute resolution (ADR) mechanisms (i.e., arbitration, mediation, negotiation, and conciliation) were passed as part of judicial reform. In 2012, the government issued an executive order requiring all government contracts involving public private partnerships to include ADR provisions. The goal is to make resolving disputes less expensive, tedious, and time-consuming, particularly for large-scale capital-intensive infrastructure and development contracts.

International Arbitration

The Philippines is a member of the International Center for the Settlement of Investment Disputes (ICSID) and has adopted the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, or the "New York Convention." However, Philippine courts have shown a reluctance to abide by the process or its resulting decisions, meaning enforcing an arbitral award in the Philippines can take years.

Duration of Dispute Resolution

Investment disputes can take years to resolve due to systemic problems in the Philippine judicial system. Lack of resources, understaffing, and corruption makes court processes protracted and expensive. ADR mechanisms offer shorter periods for out-of-court dispute resolutions.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

The Philippines currently has no measures reportedly violating WTO-TRIMS commitments.

Investment Incentives

There are about 180 fiscal incentives laws in the Philippines. The Investment Priorities Plan (IPP) lists promoted investment areas entitled to incentives. For companies seeking incentives, screening for legitimacy and regulatory compliance appears to be nondiscriminatory, but the application process can be complicated. Incentives granted by the BOI often depend on action by other agencies such as the Department of Finance (DOF) (http://www.dof.gov.ph/), including its Bureau of Customs (BOC) (http://customs.gov.ph/).

BOI-registered enterprises that locate in less-developed areas are entitled to "pioneer" incentives and can deduct 100% of the cost of the necessary infrastructure work and labor expenses from its taxable income. Pioneer status can be granted to enterprises producing: new products or using new methods, goods deemed highly essential to the country's agricultural self-sufficiency program, or goods utilizing non-conventional fuel sources.

An enterprise with more than 40% foreign equity that exports at least 70% of its production may be entitled to incentives even if the activity is not listed in the IPP. Export-oriented firms with at least 50% of their revenues derived from exports may register for additional incentives under the 1994 Export Development Act. Philippine law also provides incentives for multinational enterprises to establish regional or area headquarters, and regional operating headquarters, in the Philippines. Regional operating headquarters enjoy many of the same incentives as regional headquarters. Multinational entities that establish regional warehouses for the supply of spare parts, manufactured components, or raw materials for foreign markets also enjoy incentives on imports that are re-exported, including exemption from customs duties, internal revenue taxes, and local taxes.

Performance Requirements

Investors who receive incentives must adhere to certain requirements. Philippine law gives preference to local products and/or Filipino-controlled enterprises in the bid process for public sector purchases of goods and supplies. The 2003 Government Procurement Reform Act (GPRA) requires the public sector to procure goods, supplies, and consulting services from enterprises that are at least 60% Filipino-owned and infrastructure services from enterprises with at least 75% Filipino interest. Although Philippine law outlines objective criteria for a selection of a single portal electronic procurement system, U.S. and other foreign companies continue to raise concerns about irregularities in government procurement and inconsistent implementation.

The Philippines is not a signatory to the WTO Agreement on Government Procurement.

6. Right to Private Ownership and Establishment

Philippine law recognizes the private right to acquire and dispose of property or business interests, subject to foreign nationality caps specified in the Constitution and other laws.

7. Protection of Property Rights

Real Property

The Land Registration Authority (LRA) (http://www.lra.gov.ph/) and the Register of Deeds, which facilitates the registration and transfer of property titles, are responsible for land administration. The Philippines recognizes and protects property rights, but the laws are weakly implemented due to a poor and complex land administration system. Multiple agencies are involved in property administration, which results in overlapping procedures for land valuation and titling processes. Property registration is tedious and costly. Record management is weak due to a lack of funds and trained personnel. Corruption is also prevalent among land administration personnel and the court system is slow to resolve land disputes. The Philippines ranked 121 out of 189 economies in terms of ease of property registration in the 2014 World Bank Doing Business Report.

Intellectual Property Rights

In 2014, the Philippines was taken off the United States Trade Representative's (USTR) Special 301 Watch List, which identifies countries not offering adequate protection for intellectual property rights (IPR). While there have been significant improvements in the Philippine IPR environment in the recent years, U.S. rights holders report concerns about increasing internet-based piracy, cable signal piracy, and provisions in the patent law that may preclude the issuance of patents on certain chemical forms unless the applicant demonstrates increased efficacy. The availability of pirated and counterfeit goods and a judiciary lacking adequate experience in enforcing IPR are additional concerns.

The Intellectual Property (IP) Code provides the legal framework for IPR protection, particularly in the key areas of patents, trademarks, and copyright. In 2013, the Philippines passed amendments to the IP Code and the Philippine Intellectual Property Office (IPOPHL) (http://www.ipophil.gov.ph/) issued the law's implementing regulations, covering: (a) new enforcement functions granted to IPOPHL; (b) accreditation of collective management organizations (CMOs); and (c) copyright registrations and deposits.

The 2000 Electronic Commerce Act extends the legal framework established by the IP Code to the Internet. The 2013 Anti-Cable Television and Internet Tapping Act criminalize theft of cable television and cable internet signals. Other important laws defining intellectual property rights include: the 2002 Plant Variety Protection Act, which provides plant breeders intellectual property rights consistent with the 1991 Union for the Protection of New Varieties of Plants Convention, and the 2001 Integrated Circuit Act, providing WTO-consistent protection for layout designs of integrated circuits.

The Philippines generally has strong patent and trademark laws. Its first-to-file patent system grants patents that are valid for 20 years from the date of filing. The holder of a patent is guaranteed an additional right of exclusive importation of the invention. However, the Cheaper Medicines Act limits patent protection for pharmaceuticals and significantly liberalizes the grounds for compulsory licensing of pharmaceutical products. IPOPHL reported that it has not received an application for compulsory licensing since the law passed in 2008.

The Philippines is a contracting party to the Madrid Protocol, an agreement that facilitates the protection of trademarks in a large number of countries by obtaining an international registration. IPOPHL also utilizes the Industrial Property Automation System (IPAS), an integrated IP administration system developed by the World Intellectual Property Organization (WIPO) that automates processing of trademarks, patents, industrial designs, and utility model applications. The trademark law protects well-known marks, which do not need to be in actual use or registered to be protected under the law. Prior use of a trademark in the Philippines is not required to file a trademark application.

The IP Code also recognizes industrial designs, performers' rights, and trade secrets. There are no codified rules on the protection of trade secrets, but Philippine officials assert that existing civil and criminal statutes protect trade secrets and confidential information.

Philippine law also protects computer software as literary work, and exclusive rental rights may be offered in several categories of works and sound recordings. Terms of protection for sound recordings, audiovisual works, newspapers, and periodicals are compatible with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The enactment of the Anti-Camcording Act in 2010 provided stringent penalties for illegal camcording of motion pictures in theaters, and has helped to significantly reduce unlawful camcording incidents in the country.

IPOPHL seeks to expand cooperation between the government and rights-holders to strengthen enforcement. The amended IP Code mandates creation of an IP enforcement office under IPOPHL that reviews IPR-related complaints requiring enforcement actions. It also authorizes IPOPHL to conduct visits to establishments reportedly engaged in IPR-related violations. Joint efforts to combat IPR violations between the private sector and the National Bureau of Investigation (NBI) (http://www.nbi.gov.ph/), Philippine National Police (PNP) (http://www.pnp.gov.ph/), Bureau of Customs (BOC) ((http://www.customs.gov.ph/), Optical Media Board (OMB) (http://www.omb.gov.ph/), and several LGUs resulted in successful enforcement actions.

Enforcement actions are often not followed by successful prosecutions. IP infringement is not considered a major crime in the Philippines and takes lower priority in court proceedings. Philippine officials noted the private sector's preference for settling cases is a deterrent in obtaining IPR-related convictions. Many stakeholders opt for out-of-court settlements rather than filing a lawsuit that may take years to resolve through Philippine courts. Stakeholders also report that Philippine judges lack the experience needed to handle complicated IPR disputes, resulting in slow and unpredictable decision-making. In 2011, the Philippine Supreme Court approved the "Rules of Procedure for IPR Cases" that: streamlined procedures to expedite cases and rules of evidence for IPR cases; designated regional IP commercial courts; and assigned four courts with national jurisdiction to issue search warrants.

IPOPHL has jurisdiction to resolve certain disputes concerning alleged infringement and licensing through its Arbitration and Mediation Center (AMC). The AMC facilitates IP disputes for review, resolution, and settlement through mediation and arbitral proceedings.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Contact at Mission:

- David Whiting, Deputy Economic Counselor
- Economic Section, U.S. Embassy Manila
- Telephone: (+632) 301.2000
- Email: ManilaEcon@state.gov

Local lawyers list: http://manila.usembassy.gov/service/information-for-travelers/legal-assistance/lawyers2.html

8. Transparency of the Regulatory System

Philippine agencies are required by law to develop implementing rules and regulations (IRRs) through a public consultation process that includes public hearings. New regulations must be published in national newspapers or in the government's official gazette before taking effect.

Regulatory enforcement is often weak, inconsistent, and unpredictable. Regulatory agencies are generally not statutorily independent, but are attached to cabinet departments or the Office of the President and, therefore, subject to political pressure. Many U.S. investors describe business registration, customs, immigration, and visa procedures as burdensome and a source of frustration. To counter this, several agencies have established express lanes or "one-stop shops" to reduce bureaucratic delays.

9. Efficient Capital Markets and Portfolio Investment

Money and Banking System, Hostile Takeovers

The Philippines supports the entry of foreign investments in local and foreign-issued equities listed on the Philippine Stock Exchange (PSE) (hhtp://www.pse.com.ph). Registration with the Central Bank is required if the foreign exchange is for repatriation and remittance purposes and will be sourced from authorized banks or their subsidiary foreign exchange corporations. There are minimal requirements for the divestment of portfolio investments and the subsequent repatriation of capital.

The securities market is growing, but remains dominated by government bills/bonds. Private sector issuances have steadily increased and constitute an important source of financing for major Philippine enterprises. Positive rating actions by major, international credit rating agencies have contributed to a more robust expansion of the capital market in recent years.

Philippine Stock Exchange

Membership in the PSE is open to foreign-controlled stock brokerages incorporated under Philippine law. Investments in any publicly-listed firm on the PSE are governed by foreign ownership ceilings stipulated in the Constitution and other laws. Although growing, the Philippine stock market lags behind many of its neighbors in size, product offerings, and trading activity. Important milestones in 2013 included: the introduction of exchange-traded funds and the launching of index options at the Singapore Exchange, with hopes for a reciprocal initiative in the Philippines.

There are less than 260 listed firms on the PSE. In 2013, ten of the most actively-traded companies accounted for 47% of trading value and 31% of domestic market capitalization. The PSE has worked to enhance the quality of its indices to encourage publicly-listed companies to widen their investor base, better reflect corporate actions in a timely manner, and elevate index standards towards international best practices. The 30 companies included in the benchmark Philippine Stock Exchange Index (PSEi) are subject to review every six months. In 2010, the PSE reinstated a policy for listed companies to maintain at least 10% public ownership of their issued and outstanding shares to promote greater market liquidity and more transparent and fair stock pricing.

Hostile takeovers are not common because most companies' shares are not publicly listed and controlling interest tends to remain with a small group of parties. Cross-ownership and interlocking directorates among listed companies also decrease the likelihood of hostile takeovers.

The 2000 Securities Regulation Code strengthened investor protection by requiring full disclosure in the regulation of public offerings and implementing stricter rules on insider trading, mandatory tender offer requirements, and the segregation of broker-dealer functions. The Code also significantly increased sanctions for securities violations, and mandated steps to improve the internal management of the stock exchange and future securities exchanges. It expressly prohibits any industry group (including brokers) from controlling more than 20% of the stock exchange's voting rights, though the PSE has yet to fully comply.

The enforcement of these strengthened laws is mixed. The prosecution of stock market irregularities can be subject to delays and uncertainties of the Philippine legal system, although there has been some progress with the creation of special commercial courts.

Banking

The Central Bank has worked to strengthen banks' capital bases, reporting requirements, corporate governance, and risk management systems. There is ample liquidity in the banking system, with the liquid assets-to-deposits ratio estimated at more than 59%.

Commercial banks constitute more than 90% of the total assets of the Philippine banking industry. As of 2013, the five largest commercial banks represented about 52% of the total resources of the commercial banking sector.

The 2000 General Banking Law paved the way for the Philippine banking system to phase in internationally accepted risk-based capital adequacy standards. Since 2011, the Central Bank has broadly revised its risk-based capital framework in step with adjustments in the Basel Committee on Banking Supervision capital adequacy rules. In July 2007, the Philippines adopted the Basel II capital adequacy framework for commercial banks and their bank/quasi-bank subsidiaries, expanding coverage from credit and market risks to include operational risks and enhancing the risk-weighting framework and disclosure of capital adequacy and risk management systems. The full implementation of Basel III capital standards for commercial banks and their banking/quasi bank subsidiaries commenced on January 1, 2014 – four years ahead of the timeline set by the Basel Committee on Banking Supervision.

Thrift, rural, and cooperative banks that are not subsidiaries of commercial banks are covered by a modified, risk-based capital framework, which stems from Basel 1.5 and consists of Basel I with some elements of Basel II, such as new capital adequacy requirements for operational risks and enhanced disclosure.

Other important provisions of the General Banking Law strengthened transparency, bank supervision, and bank management. Some impediments remain in the way of more effective bank supervision and prompt corrective action, including stringent bank deposit secrecy laws and inadequate liability protection for Central Bank officials and bank examiners.

Credit is generally granted on market terms and foreign firms are able to obtain credit from the domestic market. However, some laws require financial institutions to set aside loans for certain preferred sectors, which may translate into increased costs and/or credit risks. Banks must set aside 25% of loanable funds for agricultural credit, with at least 10% earmarked for agrarian reform programs and beneficiaries.

To help promote lending at competitive rates to small borrowers and Micro, Small, and Medium Enterprises (MSMEs) with limited or non-existing collateral, the Philippines enacted the Credit Information System Act, which established the legal and regulatory framework for a centralized credit information system that collects and disseminates fair and accurate information about the track record of borrowers and the credit activities of entities participating in the financial system. The system is in place, but not yet operational.

Anti-Money Laundering and Information Exchange

The Paris-based Financial Action Task Force (FATF) continues to monitor implementation of the Philippine Anti-Money Laundering Act through the Anti-Money Laundering Council (AMLC). Covered institutions include foreign exchange dealers and remittance agents, which are required to register with the Central Bank and must comply with its various regulations and requirements related to the implementation of the Philippines' anti-money laundering law. The Philippines is a member of the Egmont Group, the international network of financial intelligence units, and the Asia Pacific Group on Money Laundering.

The Philippines has worked to address “strategic deficiencies” that pose potential risks to the international financial system, as identified by the Asia Pacific Group on Money Laundering. In 2013, the FATF removed the Philippines from its “watch list” following the enactment of key laws: allowing *ex parte* inquiry into bank deposits/investments; making terrorist financing a stand-alone crime; broadening the definition of the crime of money laundering to meet international standards; and expanding the scope of predicate crimes and covered institutions.

With the enactment of the Exchange of Information on Tax Matters in 2010, the Organization for Economic Cooperation and Development (OECD) upgraded the Philippines from its tax standards “blacklist” to those that “have substantially implemented the internationally agreed tax standard” for the exchange of information. The OECD evaluated the Philippines to be largely compliant with the standards following a more recent peer review process.

Accounting Standards

In 2005, the Philippines adopted Philippine Financial Reporting Standards, which were patterned after the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). In 2010, the Philippines also adopted the IFRS for Small- and Medium-sized Entities which, except for limited circumstances, apply to enterprises that do not have public accountability and with total assets ranging from approximately $75,000 to $8.75 million or liabilities ranging from approximately $75,000 to $6.25 million.

The Philippine SEC requires an entity's Chairman of the Board, Chief Executive Officer, and Chief Financial Officer assumes management responsibility and accountability for financial statements. Financial statements are examined by independent auditors in accordance with Philippine Standards on Auditing, which are based on international auditing standards. The SEC reviews and revises guidelines on the accreditation of auditing firms and external auditors to promote quality control and discipline in the financial reporting environment. Certain regulatory agencies, such as the Central Bank, Insurance Commission (http://www.insurance.gov.ph/), and Bureau of Internal Revenue (BIR) (http://www.bir.gov.ph/) enforce separate accreditation rules.

A number of local accountancy firms are affiliated with the "Big Four" international accounting firms, namely KPMG, PricewaterhouseCoopers, Ernst & Young, and Deloitte.

Outward Investments

There are generally no restrictions on outward investments by Philippine residents, although foreign exchange purchases from banks and foreign exchange subsidiaries/affiliates above $60 million per investor or per fund per year require prior approval from the Central Bank.

10. Competition from State-Owned Enterprises

Private and state-owned enterprises generally compete equally with some clear exceptions. In 2002, the National Food Authority (NFA) (http://www.nfa.gov.ph/) first allowed the private sector to import rice. In 2013, the NFA ceded 75% of all rice importation to the private sector.

The Philippines has also intervened to cap or control pricing in some private markets, specifically during heavy typhoons and flooding when temporary price controls on gasoline and basic goods may be imposed. Under Philippine law, the President may freeze prices on basic goods for a period of 60 days under a state of emergency or calamity.

11. Corporate Social Responsibility

Corporate social responsibility (CSR) is regularly practiced in the Philippines. U.S. companies report strong and favorable responses to CSR programs among employees and within local communities. Many CSR programs focus on poverty alleviation efforts, environment protection, health initiatives, shelter, education, and disaster relief. The Philippine Tax Code provides CSR-related incentives to corporations, such as tax exemptions and deductions. Under the 2013 IPP, registered companies are encouraged to develop sustainable CSR projects.

12. Political Violence

Terrorist groups and criminal gangs operate in some regions of the country. The Department of State publishes a consular information sheet at http://travel.state.gov and advises all Americans living in or visiting the Philippines to review this information periodically. A travel warning is in place for those U.S. citizens contemplating travel to the Philippines: http://travel.state.gov/travel/cis_pa_tw/tw/tw_6026.html. The State Department strongly encourages Americans in the Philippines to register with the Consular Section of the U.S. Embassy through the State Department's travel registration website found at the Smart Traveler Enrollment Program (STEP) at https://step.state.gov/step/.

The Philippines continues to experience significant human rights issues, including: extrajudicial killings and enforced disappearances undertaken by security forces; a dysfunctional criminal justice system notable for poor cooperation between police and investigators, few prosecutions and lengthy procedural delays; and improving but nonetheless widespread official corruption and abuse of power.

The Philippines conducted two major nationwide elections in 2013: the May 13 midterm elections for both house of congress, provincial governors, and local government officials, and the October 28 elections of members of village councils. International and national observers viewed the elections as generally free and fair, but reported that instances of vote buying were widespread and dynastic political families continued to monopolize elective offices at the national and local level. Election related violence persisted in both elections.

In March 2014, the Philippines and the Moro Islamic Liberation Front (MILF) signed the Comprehensive Agreement on the Bangsamoro (CAB), which paves the way for the creation of a new, autonomous political entity by 2016 that will replace the existing and inadequate Autonomous Region in Muslim Mindanao (ARMM). As of the reporting period, the Bangsamoro Transition Commission, a body consisting of Philippine and MILF representatives, have completed a draft of a Bangsamoro Basic Law, which the President plans to submit to Congress for review, followed by a region-wide plebiscite for approval.

The New People's Army (NPA), the military arm of the Communist Party of the Philippines, is responsible in some parts of the country for general civil disturbance through assassinations of public officials, sporadic attacks on military and police forces, bombings, and other tactics. It frequently demands "revolutionary taxes" from local and, at times, foreign businesses. To enforce its demands, the NPA attacks infrastructure such as power facilities, telecommunications towers, and bridges, mostly in Mindanao. Peace talks have stalled between the central government and the National Democratic Front (NDF), an umbrella organization that includes the Communist Party and its allies. The NDF has not targeted foreigners in recent years but could threaten U.S. citizens engaged in major business or property management activities.

Terrorist groups, including the Abu Sayaaf Group (ASG) and Jema’ah Islamiyah (JI), including an MILF splinter group called the Bangsamoro Islamic Freedom Fighters (BIFF), periodically attack civilian targets in Mindanao, kidnap civilians-- including foreigners-- for ransom, and engage in armed skirmishes with government security forces. So far these groups have carried out such activities mostly in western and central regions of Mindanao, including the Sulu Archipelago and its surrounding waters.

13. Corruption

Corruption is a pervasive and long-standing problem in the Philippines. Recent government efforts have improved the country's ranking in Transparency International's Corruption Perceptions Index from 105 in 2012 to 94 in 2013. Nevertheless, corruption ranked second among the most problematic factors for doing business in the World Economic Forum's 2013-2014 Global Competitiveness Report, with inadequate supply of infrastructure ranked first.

The Philippines continues to implement anti-corruption reforms outlined in the Philippine Development Plan 2011-2016. Its 2012-2016 Good Governance and Anti-Corruption Cluster Plan further identifies specific measures to curb corruption through greater transparency and accountability in government transactions. Several bills supporting anti-corruption efforts are currently filed in Philippine Congress, including: freedom of information rights, whistle-blower protection, and strengthening the country's witness protection program. Since President Aquino took office in 2010, corruption charges have been filed against several high-profile public officials, including a former President and the Supreme Court Chief Justice, but there have been no convictions to date. Recent allegations against several lawmakers for misappropriating monies distributed as part of the Priority Development Assistance Fund (PDAF), commonly referred to as "pork barrel," have garnered strong public criticism and spurred mass protests. In 2013, the Supreme Court declared the PDAF "unconstitutional" and ordered the prosecution of lawmakers involved in the illegal disbursement of pork barrel funds.

The Philippine Revised Penal Code, the Anti-Graft and Corrupt Practices Act, and the Code of Ethical Conduct for Public Officials aim to combat corruption and related anti-competitive business practices. The Office of the Ombudsman (http://www.ombudsman.gov.ph/) investigates and prosecutes cases of alleged graft and corruption involving public officials. Cases against high-ranking officials are brought before the special anti-corruption court, the "Sandiganbayan", while cases against low-ranking officials are filed before regional trial courts. The Office of the President can directly investigate and hear administrative cases involving presidential appointees in the executive branch and government-owned and controlled corporations. Soliciting, accepting and/or offering/giving a bribe are criminal offenses punishable by imprisonment, a fine, and/or disqualification from public office or business dealings with the government.

The Philippines ratified the United Nations Convention against Corruption in 2003. It is not a signatory to the OECD Anti-Bribery Convention.

14. Bilateral Investment Agreements

The Philippines does not have a bilateral investment agreement with the United States. As of 2013, however, the Philippines had bilateral investment agreements with 40 partner countries: Argentina, Australia, Austria, Bahrain, Bangladesh, Belgium and Luxembourg, Burma, Cambodia, Canada, Chile, China, the Czech Republic, Denmark, Equatorial Guinea, Finland, France, Germany, India, Indonesia, Iran, Italy, Japan, Republic of Korea, Kuwait, Laos, Mongolia, Netherlands, Pakistan, Portugal, Romania, Russian Federation, Spain, Sweden, Switzerland, Syria, Taiwan, Thailand, Turkey, United Kingdom, and Vietnam.

The Philippines is a member of four regional free trade agreements that include an investment chapter: the ASEAN Comprehensive Investment Agreement; the ASEAN-Australia-New Zealand Free Trade Agreement; the Agreement on Investment under the Framework Agreement on Comprehensive Economic Cooperation among Governments of ASEAN and

Republic of Korea; and the Agreement on Investment under the Framework Agreement on Comprehensive Economic Cooperation among Governments of ASEAN and China.

U.S. – Philippines Tax Treaty

The Philippines has a tax treaty with the United States to avoid double taxation, provide procedures for resolving interpretative disputes, and enforce taxes in both countries. The treaty encourages bilateral trade and investment by allowing the exchange of capital, goods and services under clearly defined tax rules and, in some cases, preferential tax rates or tax exemptions.

U.S. recipients of royalty income qualify for preferential tax rates (currently 10%) under the most favored nation clause of the United States-Philippines tax treaty. Philippine courts reportedly have denied the application of the preferential tax treaty rates on dividends, interests, and royalties paid or payable to U.S. residents. An entity must obtain a tax treaty relief ruling from the BIR to qualify for preferential tax treaty rates and treatment. However, the requirements for tax treaty relief applications are burdensome. Stricter regulations issued in 2010 disqualify late filings from preferential tax rates. In 2013, the Philippine Supreme Court ruled the BIR erred in denying taxpayers benefits due to late filings because the treaties should be considered self-executory and, therefore, not encumbered by additional BIR requirements. The BIR has filed a motion for reconsideration. The volume of tax treaty relief applications has resulted in processing delays, with most applications reportedly pending for over a year.

The BIR appears to be altering its position on taxing gains through liquidation. Previously, it consistently applied United States-Philippines Tax Treaty provisions exempting foreign companies from capital gains and corporate income tax on profit from the redemption and sale of shares by Philippine affiliates/subsidiaries being liquidated. However, since 2009, a number of rulings involving foreign companies held that such gains were subject to corporate income tax but not to capital gains tax, and in other cases, the gains were subject to a tax on dividends. A number of transactions involving partial liquidations through shares redemption are reportedly on hold because of this unresolved issue. Tax lawyers maintain that any gains from partial or full liquidation should be exempt under the Unites States-Philippines Tax Treaty.

The BIR rules and regulations for tax accounting have not been fully harmonized with the Philippine Financial Reporting Standards, which are patterned after standards issued by the International Accounting Standards Board. The disparities between reports for financial accounting and tax accounting purposes are common issues in tax assessments and are an irritant between taxpayers and tax collectors. The BIR requires taxpayers to maintain records reconciling figures presented in financial statements and income tax returns.

15. OPIC and Other Investment Insurance Programs

Pursuant to the U.S.-Philippines Investment Incentive Agreement that enables the Overseas Private Investment Corporation (OPIC) to support investment in the country, OPIC is able to offer the following:

***Investment Insurance*:** The Philippine government does not provide guarantees against losses due to inconvertibility of currency, expropriation or damage caused by war. OPIC can provide U.S. investors with political risk insurance against risks of expropriation, inconvertibility and transfer, and political violence.

Financing: OPIC financing is available for creditworthy projects and companies with substantial U.S. investment or participation and where sufficient or appropriate financing is not available from local or other private sector financial institutions.

16. Labor

Managers of U.S.-based companies report that Philippine labor is low cost, highly motivated, and possess strong English language skills. In 2013, the Philippine labor force was estimated at 37.9 million, with an unemployment rate at 7.3%. This figure includes employment in the informal sector and does not capture the substantial rates of underemployment in the country.

Multinational managers report that compensation packages in the Philippines tend to be comparable with those in neighboring countries. In the call center industry, the average labor cost is between $2.22 and $3.74 per hour. Regional Wage and Productivity Boards meet periodically in each of the country's 16 administrative regions to determine minimum wages, with the National Capital Board setting the national trend. The non-agricultural daily minimum wage in Metro Manila is PhP456 (approximately $10.74), although some private sector workers receive less. Cost of living allowances are given across the board. Most regions set their minimum wage significantly lower than Metro Manila. Regional Boards may grant various exceptions to the minimum wage, depending on the type of industry and number of employees at a given firm.

Violation of minimum wage standards is common, especially non-payment of social security contributions, bonuses, and overtime. Philippine law provides for a comprehensive set of occupational safety and health standards, although workers do not have a legally-protected right to remove themselves from dangerous work situations without risking loss of employment. The Department of Labor and Employment (DOLE) (http://www.dole.gov.ph/) has responsibility for safety inspection, but a shortage of inspectors has made enforcement difficult.

Literacy in both English and Filipino is high, although there have been concerns in the business and education communities that English proficiency is on the decline. The Department of Education (http://www.deped.gov.ph/), under its National English Proficiency Program, continues to strengthen English language training, including school-based mentoring programs for public elementary and secondary school teachers aimed at improving their English language skills.

The Philippine Constitution enshrines the right of workers to form and join trade unions. The mainstream trade union movement recognizes that its members' welfare is tied to the productivity of the economy and competitiveness of firms. Frequent plant closures often make many unions more willing to accept productivity-based employment packages. The trend among firms of using temporary contract labor continues to grow. The DOLE Secretary has the authority to end strikes and mandate a settlement between the parties in cases involving the national interest, including cases where companies face strong economic or competitive pressures.

In 2013, DOLE amended its rules concerning disputes, specifying industries vital to national interest. Vital sectors include: hospitals, electric power industry, water supply services (excluding small bottle suppliers), air traffic control, and other industries as recommended by the National Tripartite Industrial Peace Council (NTIPC). Economic zones often offer on-site labor centers to assist investors with recruitment. These centers coordinate with DOLE and the Social Security Agency and offer services such as mediating labor disputes. Although labor laws apply equally to economic zones, unions have noted some difficulty organizing inside the zones.

The Philippines is a signatory to all International Labor Organization (ILO) conventions on worker rights but has faced challenges enforcing them. Unions allege that companies or local officials use illegal tactics to prevent them from organizing workers. The quasi-judicial National Labor Relations Commission reviews allegations of intimidation and discrimination in connection with union activities. In 2009, the Philippines cooperated with a high-level ILO mission to investigate labor rights violations in the country. The ILO mission noted issues relating to violence, intimidation, threat, and harassment of trade unionists and the absence of convictions in relation to those crimes. It also observed obstacles to the effective exercise in practice of trade union rights. In response to the ILO mission recommendations, the Philippines created the National Tripartite Industrial Peace Council (NTIPC) to monitor the application of international labor standards and proposed several legislative measures to address weaknesses in the Philippine Labor Code.

Two new labor laws were passed in 2013: a) Republic Act 10395, or the Tripartism law, that institutionalized tripartism in labor relations as a state policy, allowing employers and workers to become part of policy-making bodies of the government, and b) Republic Act 10396, or Strengthening of Conciliation-Mediation Law, that formalized the Single Entry Approach (SENA) of DOLE and mandated that all issues affecting labor and employment shall be subjected to a mandatory conciliation-mediation for one month. Various union leaders criticized the law for adding another layer of bureaucracy that delays the delivery of justice to workers.

There have been some reports of forced labor in the Philippines in connection with human trafficking in the commercial sex, domestic service, agriculture, and fishing industries.

17. Foreign Trade Zones/Free Ports

Businesses enjoy preferential tax treatment when located in export processing zones, free trade zones, and certain industrial estates, collectively known as economic zones, or "ecozones". Businesses located in ecozones are considered outside the customs territory and are allowed to import capital equipment and raw material free of customs duties, taxes, and other import restrictions. Goods imported into ecozones may be stored, repacked, mixed, or otherwise manipulated without being subject to import duties and are exempt from the Selective Pre-shipment Advance Classification Scheme. While some ecozones are designated as both export processing zones and free trade zones, individual businesses within them are only permitted to receive incentives under a single category.

Philippine Economic Zone Authority (PEZA)

There are 300 operating ecozones in the Philippine Economic Zone Authority (PEZA), composed primarily of manufacturing, IT, tourism, medical tourism, logistics/warehousing, and agro-industrial sectors. PEZA manages three government-owned export-processing zones (Mactan, Baguio, and Cavite) and administers incentives to enterprises located in the other 297 privately-owned and operated ecozones. Any person, partnership, corporation, or business organization, regardless of nationality, control and/or ownership, may register as an export, IT, tourism, medical tourism, or agro-industrial enterprise with PEZA, provided that the enterprise physically locates its activity inside any of the proclaimed ecozones. PEZA administrators have earned a reputation for maintaining a clear and predictable investment environment within the zones of their authority.

Bases Conversion Development Authority (BCDA)

The ecozones located inside former U.S. military bases are independent of PEZA and subject to the Bases Conversion and Development Authority (BCDA) (http://www.bcda.gov.ph/). Enterprises already receiving incentives under the BCDA law are disqualified to receive incentives and benefits offered by other laws. BCDA-administered zones include the Clark Freeport Zone (Angeles City, Pampanga), the John Hay Special Economic Zone (Baguio), the Poro Point Freeport Zone (La Union), the Bataan Technology Park (Morong, Bataan), and the Subic Bay Freeport Zone (Subic Bay, Zambales). These ecozones offer incentives comparable to those offered by PEZA. Additionally, both Clark and Subic have their own international airports, power plants, telecommunications networks, housing complexes, and tourist facilities.

Other Zones

The Phividec Industrial Estate (Misamis Oriental, Mindanao) is governed by the Phividec Industrial Authority (PIA), a government-owned and controlled corporation. Incentives available to investors are comparable to those offered by PEZA and also include special low rates for land lease. Two lesser-known ecozones are the Zamboanga City Economic Zone and Freeport (Zamboanga City, Mindanao) and the Cagayan Special Economic Zone and Freeport (Santa Ana, Cagayan Province). The incentives available to investors in these zones are similar to PEZA incentives, but they are administered independently. In addition to offering export incentives, the Cagayan Economic Zone Authority is authorized to grant gaming licenses.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic data, U.S. FDI in host country

	Host Country Statistical Source		*USG or International Statistical Source*		*USG or International Source of Data*
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross	2012	250,182	2012	250,200	http://www.worldbank.org/en/country/philippines

Domestic product (GDP) *(Millions U.S. Dollars)*					
Foreign Direct Investment	*Host Country Statistical Source*		*USG or International Statistical Source*		*USG or International Source of Data*
U.S. FDI in partner country *(Millions U.S. Dollars, stock positions)*	Published data by country not available		2012	4,591	http://www.bea.gov/iTable/iTable.cfm?ReqID=2&step=1#reqid=2&step=10&isuri=1&208=2&209=52&205=1,2&203=30&204=10&202=1&207=43&200=1&201=1
Host Country's FDI in the United States *(Millions U.S. Dollars, stock positions)*	Published data by country not available		2012	Not Shown	http://www.bea.gov/iTable/iTable.cfm?ReqID=2&step=1#reqid=2&step=10&isuri=1&202=1&203=22&204=10&205=1,2&207=43&208=2&209=52&200=2&201=1
Total inbound stock of FDI as % host GDP	2012	*11.5 %	2012	12.4%	http://unctadstat.unctad.org/TableViewer/tableView.aspx

*Based on International Investment Position submitted for IMF's Dissemination

Standards Bulletin, BPM-6 Concept

Host Country Statistical Sources:

http://www.nscb.gov.ph/sna/DataCharts.asp

http://www.bsp.gov.ph/statistics/sdds/iip_bpm6_liabilities.htm

Table 3: Sources and Destination of FDI

Philippines, 2012

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	28,438	100%	Total Outward	3,339	100%
Netherlands	6,318	22%	Cayman Islands	1,263	38%
Japan	4,948	17%	Virgin Islands, British	723	22%
United States	4,700	17%	China, P.R.: Mainland	545	16%
Singapore	2,873	10%	China, P.R.: Hong Kong	181	5%
China, P.R.: Hong Kong	2,111	7%	United States	76	2%
"0" reflects amounts rounded to +/- USD 500,000					

Source: http://cdis.imf.org

The Philippine Central Bank does not publish or post inward and outward FDI stock broken down by country. Total stock figures are reported under the "International Investment Position" data that the Central Bank publishes and submits to the International Monetary Fund's (IMF) Dissemination Standards Bulletin Board (DSBB). The DSBB FDI stock figures posted on the Central Bank's website show inward direct investments (i.e., liabilities) at $28,687 million and outward direct investments (assets) at $9,549 million as of 2012. The published DSBB submission on the outward direct investment stock is substantially larger than the total for all countries per Table 3 above. Central Bank officials cited conceptual differences between the DSBB and CDIS submissions. The DSBB figures conform with the latest (6th) Balance of Payments Manual and also reflect other complementary data sources for external account reporting purposes which the IMF's prescribed CDIS survey forms do not capture.

Host Country Statistical Sources:

http://www.bsp.gov.ph/statistcis/sdds/sdds.htm

http://www.bsp.gov.ph/statistics/sdds/iip_bpm6_assets.htm

http://www.bsp.gov.ph/statistics/sdds/iip_bpm6_liabilities.htm

Table 4: Sources of Portfolio Investment

Philippines, 2012

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
All Countries	6,787	100%	All Countries	88	100%	All Countries	6,699	100%
United States	2,439	36%	United States	37	42%	United States	2,402	36%
Indonesia	1,022	15%	Luxembourg	23	26%	Indonesia	1,022	15%
Korea, Republic of	481	7%	Singapore	7	8%	Korea, Republic of	479	7%
China, P.R.: Mainland	369	5%	Netherlands	7	8%	China, P.R.: Mainland	367	5%
United Kingdom	342	5%	Australia	3	3%	United Kingdom	342	5%

Source: http://cpis.imf.org/

While it disaggregates data into equity and debt securities, the Philippine Central Bank does not publish or post the stock of portfolio investment assets broken down by country. Total foreign portfolio investment stock figures are reported under the "International Investment Position" data that the Central Bank publishes and submits for the International Monetary Fund's (IMF) Dissemination Standards Bulletin Board (DSBB). The DSBB portfolio investment stock figures posted on the Central Bank's web site showed inward portfolio investments (i.e., assets) at $9,054 million as of 2012 ($92 million in equity securities and $8,962 million in debt securities), larger than the total for all countries per Table 4 above. Central Bank officials cited differences in data coverage between the DSBB and CPIS submissions. The IMF's prescribed CPIS survey forms do not capture complementary sources of data used by the Philippine Central Bank for external account reporting purposes.

Host Country Statistical Sources:

http://www.bsp.gov.ph/statistcis/sdds/sdds.htm

http://www.bsp.gov.ph/statistics/sdds/iip_bpm6_assets.htm

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments

Legal system:

mixed legal system of civil, common, Islamic, and customary law

International organization participation:

ADB, APEC, APT, ARF, ASEAN, BIS, CD, CICA (observer), CP, EAS, FAO, G-24, G-77, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IFAD, IFC, IFRCS, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, MINUSTAH, NAM, OAS (observer), OPCW, PCA, PIF (partner), UN, UNCTAD, UNDOF, UNESCO, UNHCR, UNIDO, Union Latina, UNISFA, UNMIL, UNMISS, UNMIT, UNMOGIP, UNOCI, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

The Bangko Sentral ng Pilipinas (BSP) administers the exchange control laws of the Philippines including establishing minimum and maximum rates for the foreign exchange dealings of banks. However, banks may set their own rates for trading foreign exchange with the public. The value of the peso generally floats freely, although intervention by the BSP does occur when deemed necessary.

Treaty and non-treaty withholding tax rates

Philippines has signed **41 agreements** (**41 DTC** agreements) providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Australia	DTC	11 May 1979	17 Jun 1980	Yes	No
Austria	DTC	9 Apr 1981	1 Apr 1982	No	No
Bahrain	DTC	7 Nov 2001	14 Oct 2003	Yes	No
Bangladesh	DTC	8 Sep 1997	24 Oct 2003	Unreviewed	No
Belgium	DTC	2 Oct 1976	9 Jul 1980	Yes	No
Brazil	DTC	29 Sep 1983	7 Oct 1991	No	No
Canada	DTC	11 Mar 1976	21 Dec 1977	Yes	No
China	DTC	18 Nov 1999	23 Mar 2001	Yes	No
Czech Republic	DTC	13 Nov 2000	23 Sep 2003	Yes	No
Denmark	DTC	30 Jun 1995	24 Dec 1997	Yes	No
Finland	DTC	13 Oct 1978	1 Oct 1981	Yes	No
France	DTC	9 Jan 1976	24 Aug 1978	Yes	Yes
Germany	DTC	22 Jul 1983	14 Dec 1984	No	No
Hungary	DTC	13 Jun 1997	7 Feb 1998	Yes	No
India	DTC	12 Feb 1990	21 Mar 1994	Yes	No
Indonesia	DTC	18 Jun 1981	20 May 1982	Yes	No
Israel	DTC	9 Jun 1992	27 May 1997	Yes	No
Italy	DTC	5 Dec 1980	15 Jun 1990	Yes	No
Japan	DTC	13 Feb 1980	20 Jul 1980	Yes	No
Korea, Republic of	DTC	21 Feb 1984	9 Nov 1985	Yes	No
Malaysia	DTC	27 Apr 1982	27 Jul 1984	No	No
Netherlands	DTC	9 Mar 1989	20 Sep 1991	No	No
New Zealand	DTC	29 Apr 1980	14 May 1981	Yes	No
Nigeria	DTC	30 Sep 1997	not yet in force	Unreviewed	No
Norway	DTC	9 Jul 1987	23 Oct 1997	Yes	No
Pakistan	DTC	22 Feb 1980	24 Jun 1981	Unreviewed	No

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Poland	DTC	9 Sep 1992	7 Apr 1997	Yes	No
Qatar	DTC	14 Dec 2008	11 May 2011	Yes	No
Romania	DTC	18 May 1994	27 Nov 1997	Unreviewed	No
Russian Federation	DTC	26 Apr 1995	12 Sep 1997	Yes	No
Singapore	DTC	1 Aug 1977	16 Dec 1977	No	No
Spain	DTC	14 Mar 1989	12 Sep 1994	Yes	No
Sri Lanka	DTC	11 Dec 2000	not yet in force	Unreviewed	No
Sweden	DTC	24 Jun 1998	1 Nov 2003	Yes	No
Switzerland	DTC	24 Jun 1998	30 Apr 2001	No	No
Thailand	DTC	14 Jul 1982	11 Apr 1983	Unreviewed	No
Thailand	DTC	21 Jun 2013	not yet in force	Unreviewed	No
United Arab Emirates	DTC	21 Sep 2003	2 Oct 2008	Yes	No
United Kingdom	DTC	10 Jun 1976	23 Jan 1978	Yes	No
United States	DTC	1 Oct 1976	16 Oct 1982	Yes	No
Viet nam	DTC	14 Nov 2001	29 Sep 2003	Unreviewed	No

Methodology and Sources

Section 1 - General Background Report and Map

(Source: CIA World Factbook)

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	**Medium Risk**	**Higher Risk**
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: CIA World Factbook)

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: US State Department)

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: CIA World Factbook / https://www.cia.gov/library/publications/world-leaders-1/index.html)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: OECD Global Forum on Transparency and Exchange of Information for Tax Purposes PKF International)

DISCLAIMER

Part of this report contains material sourced from third party websites. This material could include technical inaccuracies or typographical errors. The materials in this report are provided "as is" and without warranties of any kind either expressed or implied, to the fullest extent permissible pursuant to applicable law. Neither are any warranties or representations made regarding the use of or the result of the use of the material in the report in terms of their correctness, accuracy, reliability, or otherwise. Materials in this report do not constitute financial or other professional advice.

We disclaim any responsibility for the content available on any other site reached by links to or from the website.

RESTRICTION OF LIABILITY

Although full endeavours are made to ensure that the material in this report is correct, no liability will be accepted for any damages or injury caused by, including but not limited to, inaccuracies or typographical errors within the material, Neither will liability be accepted for any damages or injury, including but not limited to, special or consequential damages that result from the use of, or the inability to use, the materials in this report. Total liability to you for all losses, damages, and causes of action (in contract, tort (including without limitation, negligence), or otherwise) will not be greater than the amount you paid for the report.

RESTRICTIONS ON USE

All Country Reports accessed and/or downloaded and/or printed from the website may not be distributed, republished, uploaded, posted, or transmitted in any way outside of your organization, without our prior consent. Restrictions in force by the websites of source information will also apply.

We prohibit caching and the framing of any Content available on the website without prior written consent.

Any questions or queries should be addressed to: -

Gary Youinou

Via our Contact Page at KnowYourCountry.com