UNDER EMBARGO UNTIL 12.00 HRS., BANGKOK TIME, THURSDAY, 28 APRIL 2016

PHILIPPINES

GDP (current US$, billions):	$284.78	Population (thousands):	99,139
Share of GDP in developing Asia-Pacific:	1.3%	GDP per capita (current US$):	$2,872.51
Share of GDP in South-East Asia:	10.9%	Average inflation (2015)	1.4%

- Economic growth moderated slightly to 5.8% in the Philippines in 2015, from an average of 6.7% in the preceding three years.

- Exports contracted by almost 6% compared with 2014 owing to subdued shipments of manufactured, agro-based and mineral items. Workers' remittances, which are equivalent to 10% of GDP, also grew at a slower pace. Nonetheless, the current account surplus of 3% of GDP was maintained, as weak exports and remittances were partly offset by lower fuel imports and continued strong performance of business process outsourcing.

- Domestic demand was more buoyant. Private consumption benefited from low inflation, at 1.4% in 2015, and favourable labour market conditions. Adequate domestic financial liquidity also supported credit growth for consumers despite some moderation in loan growth in the real estate sector due to macroprudential measures.

- Economic growth is projected to rebound to 6% in 2016 and 6.2% in 2017 largely driven by strong domestic demand.

- Monetary policy remains accommodative, with the policy interest rate kept unchanged at 4%, while an expansionary 2016 national budget contains significant social and infrastructure spending.

- As in 2015, consumer spending would continue to benefit from mild price rises and a low jobless rate. Strong investment growth is also expected, as private participation in infrastructure increases and FDI inflows strengthen, albeit from a low base. However, part of business investment may be held back in the election year as investors wait to see what would be the new administration's policies.

- The year 2016 will mark the last year of the current five-year Philippines Development Plan 2011-2016, in which inclusive growth and acceleration of infrastructure development are emphasized.

- Given the rapid growth of the country's labour force, a priority is to ensure strong job creation of the productive and remunerative kind that will lead to poverty reduction. A concern is that employment generation has been concentrated on services and construction rather than manufacturing. Also, while the unemployment rate has declined, underemployment and youth employment remain a challenge.

- The Government has launched several initiatives to tackle workers' skill deficiencies, such as programmes under the Technical Education and Skills Development Authority. The Government could further mainstream productive employment into industry road maps.