

WORLD RANK: **77** | REGIONAL RANK: **14**

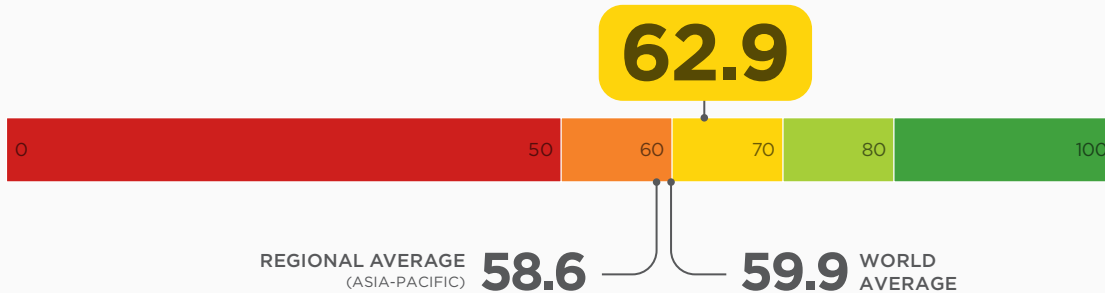
ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

PHILIPPINES

The Philippines' economic freedom score is 62.9, making its economy the 77th freest in the 2026 *Index of Economic Freedom*. Its rating has increased by 2.3 points from last year, and the Philippines is ranked 14th out of 39 countries in the Asia-Pacific region. The country's economic freedom score is higher than the world and regional averages. The Philippines' economy is considered "moderately free" according to the 2026 *Index*.

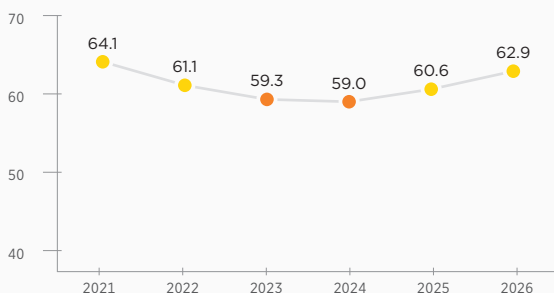
The government has pursued legislative reforms to improve the entrepreneurial environment and develop a stronger private sector to generate broader-based job growth. Overall advancement and modernization include enhanced regulatory efficiency. In 2025, the Investors' Lease Act was amended to allow foreign investors to lease private land for up to 99 years to attract long-term industrial projects. Institutional challenges persist. Despite some progress, corruption continues to undermine long-term economic development. The Philippine economy has expanded steadily amid the challenging global economic environment.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): +7.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
111.9 million

GDP (PPP):
\$1.4 trillion
5.4% growth in 2025
3-year average growth rate: 5.5%
\$12,920 per capita

UNEMPLOYMENT:
2.2%

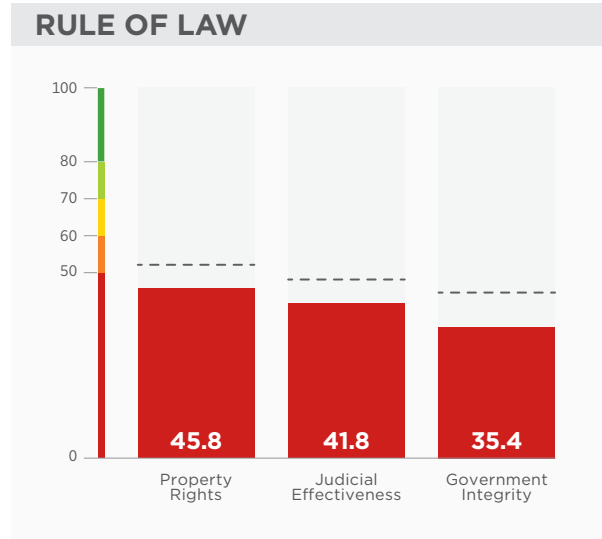
INFLATION (CPI):
3.2%

TRADE AS % OF GDP: 65.9%

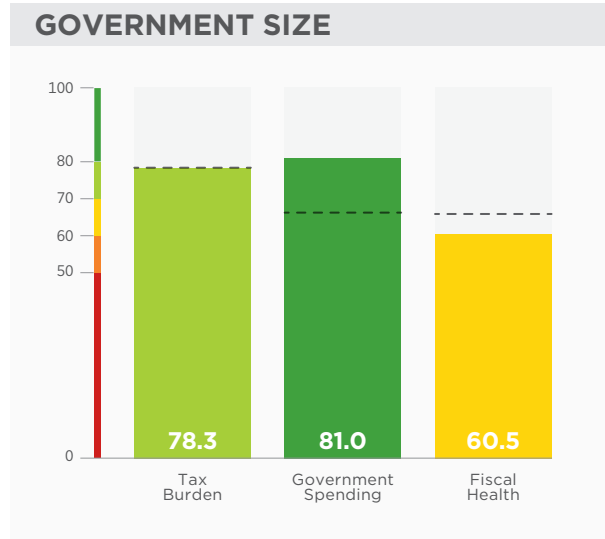
PUBLIC DEBT:
56.6% of GDP

2025 data unless otherwise noted. Data compiled as of January 2026.

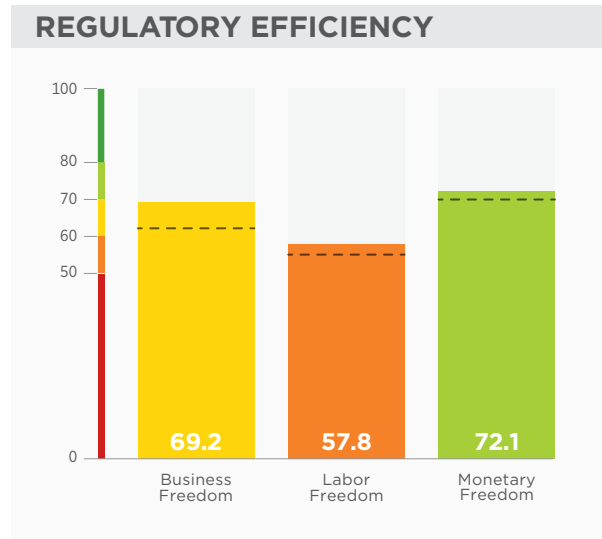
12 ECONOMIC FREEDOMS | PHILIPPINES



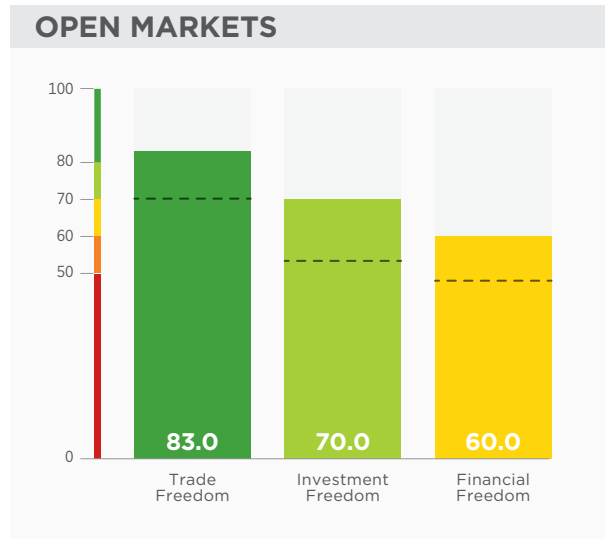
The overall rule of law is weak in the Philippines. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 25 percent. The tax burden equals 17.9 percent of GDP. Three-year government spending and budget balance averages are, respectively, 25.2 percent and -4.5 percent of GDP. Public debt amounts to 56.6 percent of GDP.



The Philippines' overall regulatory environment is relatively well institutionalized but lacks efficiency. The country's business freedom score is above the world average; its labor freedom score is above the world average; and its monetary freedom score is above the world average.



The trade-weighted average tariff rate is 6.0 percent. Foreign investment is generally welcome, and the investment code treats foreign investors the same as it treats domestic investors. The financial sector is dominated by banking and relatively stable, but capital markets are underdeveloped.