

Foreign Labor Trends

Philippines



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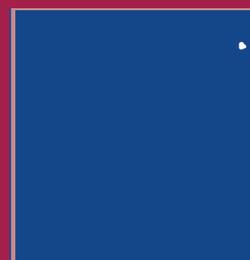
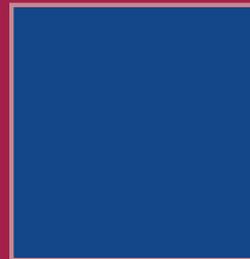
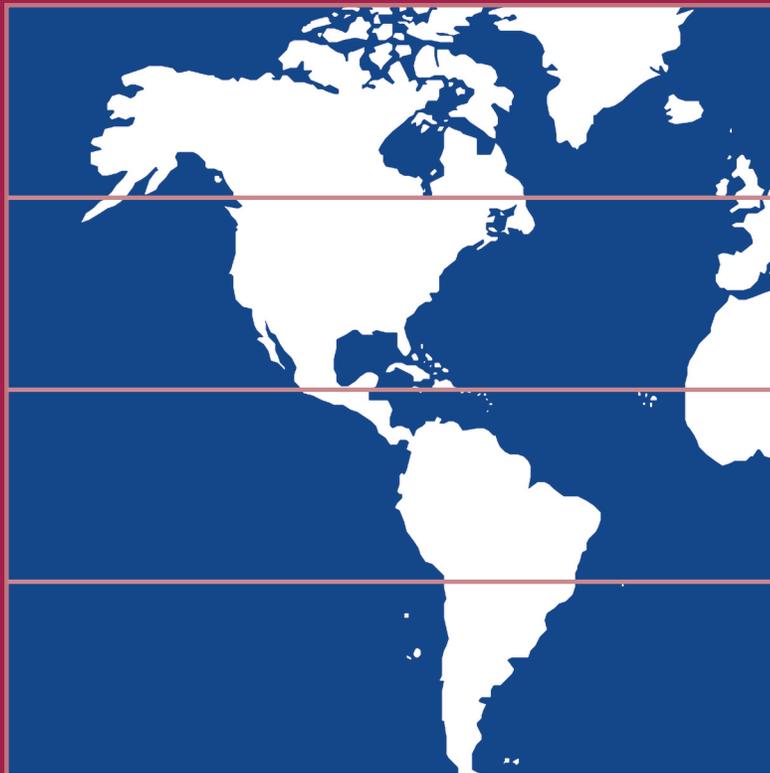


TABLE OF CONTENTS

	Page
KEY LABOR INDICATORS	1
SUMMARY	4
BACKGROUND	4
DESCRIPTION OF THE LABOR SCENE	5
TRADE UNIONS	5
THE ECONOMY AND LABOR	7
FOREIGN INVESTMENT POTENTIAL	7
SPECIAL ECONOMIC ZONES	8
SOCIAL SAFETY NET	8
LABOR STANDARDS AND WORKER RIGHTS	9
THE RIGHT OF ASSOCIATION	9
THE RIGHT TO ORGANIZE AND BARGAIN COLLECTIVELY	9
PROHIBITION OF FORCED OR COMPULSORY LABOR	10
STATUS OF CHILD LABOR PRACTICES AND MINIMUM AGE FOR EMPLOYMENT	10
DISCRIMINATION IN EMPLOYMENT	10
ACCEPTABLE CONDITIONS OF WORK	11
TRAFFICKING IN PERSONS	12
DIRECTORY OF LABOR CONTACTS	13
KEY SOURCES	22

KEY LABOR INDICATORS

Philippines 2003

<u>Indicator</u>	<u>2001</u>	<u>2002</u>	<u>% Change</u>
	<u>2000</u>	<u>2001</u>	
1. Per capita GDP, current prices (US\$) ¹	954	893	-6.4
2. —, in agriculture (%) ²	20	20	0.0
3. —, in manufacturing (%)	32	32	0.0
4. —, in services (%)	48	48	0.0
5. —, (pesos)	42,117	45,490	8.0
6. Population, total (millions)	82.8	84.5	2.1
7. Major ethnic groups (%)	<u>2001</u>	<u>2002</u>	
—, Christian Malay	91.5	91.5	0.0
—, Muslim Malay	4.0	4.0	0.0
—, Chinese	1.5	1.5	0.0
—, other	3.0	3.0	0.0
8. —, in major urban areas (millions)	n/a	n/a	~
9. Birth rate (per thousand population)	27.37	26.88	-1.8
10. Life expectancy at birth, total	67.8	68.12	0.5
11. —, male	64.96	65.26	0.5
12. —, female	70.79	71.12	0.5
13. Adult literacy rate ³	94.6	94.6	0.0
	<u>2000</u>	<u>2001</u>	
14. Labor force, civilian, total (millions)	30.9	33.4	8.1
15. —, male (%)	19.2	20.2	5.2
16. —, female (%)	11.7	13.1	12.0
17. —, in informal economy (millions)	n/a	n/a	~
18. Employment, civilian and governmental, total (%)	27.80	30.10	8.3
19. —, in industry (millions)	4.44	4.68	5.4
20. —, in special economic zones (millions)	n/a	n/a	~

¹ Source: Economic and Social Commission for Asia & the Pacific (www.unescap.org/pop/database/index.htm); Ibid. for indicator #5.

² Source: The World Factbook, 2002 and 2001. Ibid. for indicators #3, 4, 6, 7, 9-13 and 43.

³ Ibid. The adult literacy rate is defined as the percentage of persons ages 15 and over who can read and write.

Philippines 2003

<u>Indicator</u>	<u>2001</u>	<u>2002</u>	<u>% Change</u>
	<u>2000</u>	<u>2001</u>	
21. —, in agriculture (millions)	10.4	11.3	8.7
22. —, in services (millions)	12.9	14.2	10.1
23. Unemployment rate (%)	10.1	n/a	~
24. Underemployment rate (%)	19.9	16.6	-16.6
25. Labor productivity, manufacturing (%)	34.4	32.8	-4.7
26. Work related accidents and illnesses	n/a	n/a	~
27. Days lost from industrial disputes (000, man-days)	32	14	-56.25
28. Minimum wage rate (pesos, per hour)	31.25	31.25	0.0
29. —, (US\$)	n/a	n/a	~
30. Average earnings by major industry	n/a	n/a	~
31. Avg. comp. costs for prod. workers in manufacturing	n/a	n/a	~
32. Avg. monthly wage rate, mining and quarrying (pesos)	<u>1999</u>		
—, miners and quarry workers	6,106	n/a	~
—, mining plant operators	8,855	n/a	~
—, stone processing plant operators	5,701	n/a	~
—, well drillers and borers and related workers	9,202	n/a	~
33. Avg. monthly wage rate, mfr. of wearing apparel (pesos)			
—, fiber preparers	5,335	n/a	~
—, tailors, dressmakers and hatters	5,422	n/a	~
—, sewers, embroiderers and related workers	5,192	n/a	~
—, leather tanners	5,402	n/a	~
—, shoemakers and related workers	5,093	n/a	~
—, leather preparing machine operators	6,456	n/a	~
—, shoemaking and related machine operators	5,192	n/a	~
34. Avg. monthly wage rate, construction (pesos)			
—, carpenters and joiners	5,826	n/a	~
—, masons and related concrete finishers	5,749	n/a	~
—, plumbers, pipefitters and related workers	6,036	n/a	~
—, structural metal preparers and related workers	5,839	n/a	~
35. Avg. monthly wage rate, hotel & restaurant wrkrs (pesos)			
—, housekeepers and related workers	7,787	n/a	~
—, cooks	7,949	n/a	~
—, waiters, waitresses and bartenders	7,083	n/a	~
—, helpers and cleaners	6,509	n/a	~
36. Avg. mnthly wage rate, computer & related wrkrs (pesos)			
—, electronics technicians	7,909	n/a	~
—, computer assistants	5,397	n/a	~
—, computer equipment operators	5,528	n/a	~
—, data entry operators	6,135	n/a	~

Philippines 2003

<u>Indicator</u>	<u>2001</u>	<u>2002</u>	<u>% Change</u>
37. Supplementary benefits as % of manufacturing earnings	n/a	n/a	~
	<u>2000</u>	<u>2001</u>	
38. Average hours worked per week (full-time employees)	42.1	40.5	-3.8
39. Unionization of labor (% of workforce)	12.3	11.5	-6.5
40. Average personal income per year (US\$)	850.34	n/a	~
41. Average disposable income after taxes and withholding (\$US)	775.82	n/a	~
42. Percentage of population beneath poverty level	39.4	n/a	~
43. Consumer prices (inflation rate) (%) ⁴	n/a	n/a	~

n/a = not available

Exchange rate: US\$ 1 = 50.32 pesos (June 2002); 50.993 (2001); 44.192 (2000); 39.089 (1999).

⁴ The consumer price index change between 2000 and 2001 was 6 percent.

SUMMARY

Independent since 1946, the Philippines is a democratic republic with a government that is modeled on the U.S. system and includes a bicameral legislature and an independent judiciary. The Senate is composed of 24 members who are elected at-large. Of the 250 possible members of the Lower House, 208 are elected from single-member districts, while the remaining seats are designated through a complex "party list" system. Structurally, the Government is a mirror image of the U.S. system. Operationally, however, it is characterized by a great deal of tolerance for corruption, inefficiency, and personality-based politics. In January 2001, the Philippine people made history with "People Power 2," the non-violent ouster of President Joseph Estrada and the ushering-in of then-Vice President Gloria Macapagal-Arroyo.

The Constitution and the 1996 Labor Code allow all private and public sector workers, with the exception of the military and police, to freely associate and to form and join unions. In practice, however, many industries using extralegal methods are successful in preventing the formation of unions, especially in the special economic zones (SEZs). The Constitution allows for the right to bargain collectively and is buttressed by the 1996 Labor Code, nonetheless, only 14.5 percent of the workforce, or approximately 540,000 workers, are covered by collective bargaining agreements.

Forced or compulsory labor is prohibited by the Constitution, though bonded labor of children is known to occur. Approximately 3.7 million children are economically active, and at least 2 million are working in hazardous conditions. In law, but not always in practice, women have most of the rights and protections accorded to men. Unemployment rates for women are consistently higher than for men. In 2002, there was no anti-trafficking in persons law, and trafficking was a problem. Penalties for trafficking are severe under other relevant laws.

Export firms in labor-intensive industries exert pressure on wage levels by threatening to relocate. The standard workweek is set at 48 hours for most industries and at 40 hours for government workers. Occupational safety and health laws are comprehensive and relatively adequate. Enforcement of the laws, however, is lacking.

BACKGROUND

The Arroyo administration is generally popular and is viewed as having a more liberal stance than previous administrations. In the wake of September 11th, 2001, and in the midst of the global economic uncertainty, President Arroyo's poverty and development goals have taken a back seat to economic uncertainty, and will not fully be realized. While gains made on the internal security and counter-terrorism fronts will have poverty-alleviation benefits in the future, the immediate situation of the poor in most areas has not improved. Unemployment was near 10 percent in 2001.

President Arroyo quickly emerged as a staunch supporter of the U.S.-led war on terror, and has followed words with actions to ensure that the Philippines does not become an outpost for international terrorists. In November 2001, the U.S. and Philippine Governments agreed to expand annual joint military training to include a six-month exercise designed to improve the ability of the Armed Forces of the Philippines (AFPP) to combat terrorism.

Other internal security concerns include a larger, armed separatist movement in central Mindanao, and a persistent communist insurgency in rural areas throughout the country. In

May 2001, the Government reached a cease-fire agreement and re-opened formal peace talks with the Moro Islamic Liberation Front (MILF), the largest armed separatist group in Mindanao. Thus far, negotiations have been deadlocked, and positions remain far apart. Another area of concern is the 32-year-old Communist insurgency, led by the loosely organized New Peoples Army (NPA). In various regions throughout the country the NPA is responsible for sporadic violence, occasional clashes between insurgents and government troops, and assassinations of elected officials, civil servants and police figures. Peace talks with the Communist Party of the Philippines (CPP), the political wing of the NPA, formally resumed in mid-2001. Given the uncompromising stance of the CPP, they are not expected to yield any breakthroughs.

DESCRIPTION OF THE LABOR SCENE

Even before the tragedy of September 11th, the Philippine economy was feeling the effects of the global economic slow down. The depressed global economic scene, coupled with internal security issues, has hit the economy hard. Foreign direct investment (FDI) has stalled. Foreign debt has risen to more than US\$ 52 billion and exports have fallen 15.6 percent. All of this equates to fewer jobs and higher unemployment.

Certain communist labor groups, setting the example for others, have propagated a more militant style of operation. The more militant approach of some groups, combined with the higher cost of labor and general political instability in the Philippines, has caused some foreign investors, particularly the Japanese, to reconsider operating in the Philippines. After recent strikes at Yokohama and Toyota, the Japanese Chamber of Commerce in the Philippines warned that they would pull out a large majority of their interest if industrial peace within the country could not be reached.

Trade Unions

Trade union activity in the country can be traced back to the time of Spanish occupation over a century ago. The Philippine people are united and organize well. The first large unions represented workers in industries of the period, including munitions manufacturing, stevedoring, and commercial printing. In 2001, approximately 3.6 million individuals, 11 percent of the country's private-sector workers, were represented by 176 registered labor federations and some 9,700 private sector unions. Nearly 200,000 public sector employees were represented through 875 unions in 2001, up from 631 in 2000.

The Trade Union Congress of the Philippines (TUCP) is affiliated with the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) via the International Confederation of Free Trade Unions (ICFTU). The TUCP has worked closely with AFL-CIO's Solidarity Center in pursuit of social reform and labor education programs. The "Pambansang Diwang Manggagawang Pilipino (PDMP)," or "National Consciousness of Filipino Workers," is a TUCP offshoot, and counts port, seamen, and public service unions among its affiliates. Although the PDMP is not internationally affiliated, many of its constituent unions are members of relevant International Trade Secretariats (ITSS).

The Labor Advisory Consultative Council (LACC) is comprised of three major groups: (1) Lakas Manggagawa "Worker's Power Labor Center" (LMLC), (2) Federation of Free Workers (FFW), and (3) Trade Union of the Philippines and Allied Services (TUPAS). LMLC is aligned with the Roman Catholic Church and has public service and financial sector unions among its constituents. It is affiliated with the World Federation of Trade Unions (WFTU). The FFW was established in the

early 1950s under the influence of a labor education program at the Jesuits' Ateneo University in Manila. It is affiliated with the World Confederation of Labor (WCL) and with the WCL's Brotherhood of Asian Trade Unions. TUPAS is affiliated with the WFTU and has moved from a left-of-center to a centrist position, actively participating in tripartite bodies.

The "Kilusang Mayo Uno (KMU)," or "May 1 Movement," represented by the National Democratic Front (NDF), retains close ties with the Communist movement. The union leadership has coordinated NDF political strategies although KMU rank-and-file membership has pressed for a greater focus on the achievement of more immediate "bread-and-butter" goals for union locals. National Confederation of Labor (NCL) leaders broke formal ties with the KMU in 1992-93 to form a confederation loosely aligned with populist reform movements. Its affiliates number many farm and textile worker unions.

The Alliance of Progressive Labor (APL) represents a left-of-center grouping whose leaders are aligned with Akbayan, a social democratic reform movement, which supported an APL leader as a "party list" congressional candidate in the May 1998 national elections. Hotel and restaurant worker unions are among its key local affiliates.

Besides these traditionally-organized unions, new types of labor organizations have appeared in recent years. The "Kapatiran ng mga Pangulo ng unyon sa Pilipinas (KPUP)," or Brotherhood of Union Presidents in the Philippines, was formed in 1996, as an organization of local union presidents from both independent unions and those affiliated with the major confederations. The KPUP's stated goal is to facilitate the consultation of leaders at the local level by providing support services and a venue. However, KPUP leaders are candid about their implicit goal of using the organization as a vehicle for more unity in the Philippine labor movement. KPUP local leaders pledge respect for other unions' pickets, and cooperate across confederation lines.

Among key KPUP leaders are representatives of the Philippine Airlines (PAL) ground-crew union and the president of a tobacco industry local that is affiliated with the NCL. The latter entered Congress in 1998 as the sole labor movement member elected under the new "party list" system. Some observers express concern that some KPUP leaders have personal political agendas. The "Bukluran Ng Manggagawang Filipino (BMP)", or Union of Filipino Workers, is another splinter group of the KMU, and is active within the KPUP. This group retains ties to Communist movement figures and has a stated mission of being an honest broker in labor disputes while providing resources to the striking union. Many large and small local unions occasionally form tactical alliances with the BMP. Prominent among these are the unions representing workers in the major electrical-power-distribution firm, Meralco, and some unions in the power-generation sector.

Three international organizations are involved with labor issues in the Philippines. The Manila office of the American Center for International Labor Solidarity (ACILS) has worked with TUCP to foster a democratic trade union movement. The Friedrich-Ebert-Stiftung works with numerous labor groups in promoting worker rights and labor standards. The Konrad Adenauer Foundation reduced its direct support to FFWs in 1996, but continues to occasionally support seminars on labor-related topics. Various international trade federations (ITFs) also sustain programs to strengthen health and safety practices in certain industries, including mining and construction. Other ITFs focus on improving unions' organizing strategies in labor-intensive industries like export garment production.

THE ECONOMY AND LABOR

The Philippines is second only to Mexico in the number of citizens who work abroad. In contrast to the concentration of Mexican workers in the US, the 7 million overseas Filipino workers (OFWs, half of them women) are scattered throughout every region of the world. A fourth of the world's seamen (800,000) are Filipino. More than 60,000 OFWs are employed as domestic help in Hong Kong alone. Often remittances from these workers modestly support large families back home, who otherwise would likely be indigent. Remittances of OFWs are also critical as a source of funds for creating small businesses. Ninety-one percent of all business operations (750,000) are small enterprises with 10 or fewer employees. Many of these businesses are initially funded with the remittances of OFWs.

The US\$ 7 billion in annual remittances from the U.S. was a key factor in the 3.4 percent growth of GNP and 3.4 percent increase in consumer spending in 2001. Despite falling by 11 percent in 2001, 45 percent of all money traveling through Philippine banks comes from OFWs. Tracking incoming OFW cash flow is difficult, and an increased reliance on non-bank businesses for converting U.S. dollars to cash will make it more difficult to ascertain the exact flow. Regardless, remittances will continue to be a major source of foreign exchange.

The Philippine Overseas Employment Agency (POEA) is responsible for registering recruiters and keeping track of Filipino workers in foreign lands. The Philippines has a very reasonable recruitment fee that could be used as a model for the rest of the world.

FOREIGN INVESTMENT POTENTIAL

The Philippines has fared better than many of its neighbors since the Asian Financial Crisis of 1997, and the prolonged global economic downturn. Despite this general stagnation and a decrease in FDI, multinational corporations are confident that the Philippines will continue to be a suitable place to conduct business operations. This optimism stems from a generally healthy financial and macro-economic structure, a highly trainable, English-speaking workforce, and a wealth of natural resources. The workforce is suited to manufacturing enterprises, and is also capable of learning the skills necessary for technical jobs, such as the staffing of international call centers. In a survey conducted in the U.S. by the META Group, the Philippine workforce ranked fourth among Asian nations in labor quality, and first worldwide in competency in knowledge-based jobs. The Philippines is the biggest copper producer in Southeast Asia and one of the top 10 gold producers in the world. Geographically, the country is ideally located between the two most significant trade routes in the world: the China Sea and the Pacific Ocean.

In 2000 and 2001, the Government created new legislation and took other steps to stimulate the economy. To attract more FDI the Government relaxed taxation of foreign investment and provided greater investment security by strengthening banking and securities regulations. The Medium-Term Philippine Development Plan (MTPDP) indicates that the service sector will be the leading source of economic growth. Other legislation that has been put in place to help the sluggish economy includes retail and e-commerce trade laws.

The June 2001 Electric Power and Industry Reform Act opened the retail trade sector and the grain-milling business to foreign investors and requires the National Power Corporation (NPC) to privatize at least 70 percent of its assets within 3 years. The President has also appointed

envoys to promote trade and foreign investment, and has eased restrictions on the ownership of banks and insurance companies by foreign entities.

Despite these measures, the effects of the prolonged global downturn have been felt. The electronics sector, which is the largest earner of foreign exchange, went from double-digit gains in recent years to negative growth in 2001. The decline in FDI and Philippine products has led to a weakening of the peso and a stagnation of the economy, which in tandem with a 1.5 percent population growth rate has meant higher poverty levels. Investment potential continues to exist, but significant increases in interest are not likely until the world economy begins to rebound from its slump.

Special Economic Zones

Special economic zones (SEZs) have played a key role in attracting new investors to the country. Within these zones, investors enjoy tax incentives for new plant investment, low corporate income tax rates, and direct access to governmental administrative services. Under the Ramos Administration the number of SEZs increased from 19 to 35. Since this expansion, the number has almost doubled to 69 SEZs and an equal number in the planning or development stage.

These zones have been instrumental in creating new jobs, but Philippine labor leaders often deplore the poor working conditions and argue that local SEZ administrators inhibit the emergence of unions. A combination of local political pressures and restricted access to the SEZs often prevent union progress. In addition, a close screening of applicants through a system of recommendations from local community officials has made some SEZ employees reluctant to support union organizing. Young, newly-hired workers are insecure in their positions, and are not prepared to support union organization.

The SEZs normally have their own labor centers that assist investors to recruit staff, mediate disputes, and coordinate with the Department of Labor and Employment (DOLE) and other agencies. The jurisdictional nature of the zones, combined with unclear legislation causes confusion over which national labor laws apply and which agency has enforcement responsibility. SEZ officials claim that the enabling legislation gives them primary authority to regulate labor conditions, while in some cases national labor authorities feel obligated to step in. Generally, foreign firms entering the SEZ sign a covenant in which they commit to use SEZ labor in exchange for the coordinating services provided by the labor office. Administrators sometimes use their hold on labor market information as a political tool, as they did in the Subic Bay SEZ until 1998. Some foreign firms, seeking to avoid dependence on the labor centers for job referrals, recruit workers through more direct means.

SOCIAL SAFETY NET

There is no statutory unemployment insurance and firms frequently fail to comply with the requirement of a half-month severance pay for each year of service. The unemployed generally resort to the informal sector of vending, personal services and home-based workshops in order to earn income to meet basic needs. To assist the jobless with their modest "livelihood" businesses, various government agencies operate low-interest loan programs. Additionally, the Technical Education and Skills Development Administration (TESDA) provides re-training for laid off workers by placing them in 6-month apprenticeship programs that pay 75 percent of the minimum rate.

The Social Security System (SSS) offers a viable retirement fund for workers of larger firms that meet the requirement for paying into the system. The SSS also offers a limited program for low-interest, short-term loans of up to US\$ 250 for recently unemployed workers with sufficient SSS credits.

A key feature of the social safety net is the frequent reliance on overseas employment. Since the 1970s, Philippine government agencies and a flourishing recruitment industry have helped the jobless seek work abroad. Exporting labor not only frees up jobs within the country, but also results in the repatriation of funds that often assist unemployed and elderly family members.

LABOR STANDARDS AND WORKER RIGHTS

The Right of Association

The Constitution and the 1996 Labor Code allow all private and public sector workers, with the exception of the military and police, to freely associate and to form and join unions. The constitution also provides workers the right to strike once they have demonstrated just cause and exhausted all methods of outside arbitration and mediation. Generally, trade unions are free of partisan control although there are some political affiliations.

In practice, many industries using extralegal methods are successful in preventing the formation of unions. On the more positive side, some technology/electronics firms, mainly in the SEZs, realize that keeping their workforce content by heading off any potential labor disputes is a legal way to keep out the unions. These companies realize that it is often profitable to provide sufficient benefits and rights to their highly trained workforce, thereby curtailing the call for union representation. Another way in which employers prevent unionization and evade labor regulations is to hire employees on a contractual basis. By law, a contract employee is not afforded the same rights as a permanent worker, and unions will usually not accept them as members. There are certain regulations regarding how long employers can keep an employee on a contractual basis before they graduate to permanent status, but like other labor regulations, these are poorly enforced by the Government and widely ignored by employers.

The Right to Organize and Bargain Collectively

The Constitution allows for the right to bargain collectively and is buttressed by the 1996 Labor Code, which stipulates that a company must bargain with unions that have been organized and are compliant with Labor Code procedures. The union must provide a strike notice, respect a mandatory cooling-off period, obtain the approval of a majority of its members, and exhaust all means of conciliation before calling a strike. The National Conciliation and Mediation Board (NCMB) reported 43 strikes during 2001. This was 17 less than the previous year and meant that 50,000 fewer workdays were lost. Some of this success is attributed to the more active role of the NCMB in mediating disputes and averting strikes, particularly in high-profile multinational cases. The Labor Code applies uniformly throughout the country and in the SEZ. However only 14.5 percent of the workforce, or approximately 540,000 workers, are covered by

collective bargaining agreements. Workers have reported receiving retaliation for being involved in union organizing.

Prohibition of Forced or Compulsory Labor

Forced or compulsory labor is prohibited by the Constitution, though the law does not specifically forbid the bonded labor of children, which is known to occur. In countries throughout the world, there has been significant exploitation of Philippine workers by unscrupulous recruiters. The Philippines, however, has been recognized as having one of the best systems of recruitment and deployment of overseas workers. Unlike many other countries that have recruitment fees that are so high that the arrangements often border on indentured servitude or bonded labor, the Philippines has a very reasonable recruitment fee, and its system could stand as a model for the rest of the world.

Status of Child Labor Practices and Minimum Age for Employment

Approximately 3.7 million children are economically active, and at least 2 million are working in hazardous conditions.

Child labor is prohibited by the Constitution when it affects normal development or interferes with the education of the child. The 1996 Labor Code raised the minimum age that a child, with parental consent, could begin working from 12 to 14. It also stipulates that children may not work more than six hours a day and may not work at night. Although these regulations are in place, they are rarely enforced.

Child labor cases are handled as criminal charges and require the child to be the complainant. Such cases are rarely filed and seldom result in the prosecution and conviction of employers. Most settle out of court with the child's parents. In late 1998, the DOLE Secretary proposed a revision to the child labor code that would impose stiffer penalties on the employers and parents of illegally employed children. Government and industry groups are working closely with the International Labor Organization (ILO) to address child labor issues in a transparent way.

There are several U.S. Department of Labor technical assistance projects in the Philippines: the Statistical Information and Monitoring Program on Child Labor (SIMPOC); combating child labor in the fishing sector in Indonesia and the Philippines; combating child labor in the footwear sector in Southeast Asia; and the Timebound child labor program. The Timebound program was launched in June 2002 to expand awareness and knowledge of child labor issues, facilitate the action plan for implementation of ILO Convention 182, and promote high-level political commitment.

Discrimination in Employment

In law, but not always in practice, women have most of the rights and protections accorded to men. Unemployment rates for women are consistently higher than for men. Women's salaries averaged approximately 47 percent lower than their male counterparts. However, more women than men enter secondary and higher education. The National Commission on the role of

Filipino Women, composed of 10 government officials and 10 NGO leaders appointed by the President, acts as an oversight body whose goal is to press for effective implementation of programs benefiting women.

The Government estimates that there were as many as 200,000 street children nationwide, half of them in the Manila area. There are reports of discrimination against children of single parents at some private Catholic schools. In April 2002, the Secretary of Education ordered all private schools to discontinue their practice of refusing admission to children of single or separated parents. A number of NGOs actively promote children's rights.

The law provides for equal physical access for persons with disabilities (estimated to be one to three and half million persons) to all public buildings and establishments and for "the rehabilitation, self-development, and self-reliance of disabled (physical and mental) persons and their integration into the mainstream of society." The Department of Labor and Employment's (DOLE's) Bureau of Local Employment (BLE) maintains registers of persons with disabilities, indicating their skills and abilities. BLE monitors private and public places of employment for violations of labor standards regarding persons with disabilities and promotes the establishment of cooperatives and self-employment projects for them.

Although no specific laws discriminate against indigenous people, the remoteness of the areas that many inhabit and cultural bias prevents their full integration into society. Indigenous children suffered from lack of basic services, health, and education.

Acceptable Conditions of Work

Minimum Wage

The first minimum wage standards were put into effect in the 1950's after Philippine independence and the general adoption of labor relations based on democratic principles. According to a 1989 law, tripartite (government/business/labor) wage boards set minimum rates in each of the country's 15 administrative regions. In establishing different regional wage levels, the 15 boards consider regional factors such as local prices and rates of inflation, the need to attract manufacturing investment, and the economic stability of the region.

Export firms in labor-intensive industries exert pressure on wage levels by threatening to relocate to lower-wage countries if workers press for raises. This limits the ability of the poor to maintain a reasonable standard of living, as minimum wage raises have lagged behind increases in the cost of living. The cost of basic necessities in the Philippines is among the highest in developing Asia, and real per-capita income has not increased in the last 15 years.

Arguing that the system of regional tripartite wage boards fails to serve workers' interests, mainstream labor leaders are critical of arguments that the economic downturn has justified the stagnation, or even depreciation, of the value of wages. However, by late 1998, the same labor groups appeared to bow to economic pressures and chose to delay petitioning for wage board hikes in light of the continuing economic problems and job losses. Large numbers of workers, especially in the informal sector, work below the minimum wage set for their region.

Hours Worked

The standard workweek is set at 48 hours for most industries and at 40 hours for government workers. Work beyond 8 hours in any given day requires payment of 125 percent of the regular wage. There is no limit on the number of overtime hours, but the law does stipulate that one full day of rest be provided each week.

Occupational Safety and Health

The occupational safety and health laws are comprehensive and relatively adequate. Enforcement of the laws, however, is lacking. Regulations are rarely followed, leading to dangerous working environments, a high number of occupational safety accidents and deaths, and exposure to toxic substances that can lead to long-term damage.

In mid-1998, the DOLE Secretary ordered that construction bids must include the itemized cost of required safety equipment and preventive measures. This measure was designed to compel contractors to avoid hazardous practices. The enforcement of this administrative measure, and the related construction site inspections needed to guarantee operational implementation, have not been institutionalized. Frustrated by the dysfunctional system, the mayor of Makati, a municipality in Metro-Manila, banned further high-rise construction work for a short period in response to a spate of worker deaths in early 1998.

That year, the Occupational Safety and Health Council (OSHC) researched Filipino worker deaths related to the "Stevens-Johnson Syndrome" in both Philippine and Taiwanese electronics plants. Site visits helped OSHC determine that the victims' extreme allergic reactions were likely the result of undue exposure to toxic chemicals. As a result, OSHC advised the tightening of safety conditions.

Trafficking in Persons

In 2002, there was no anti-trafficking law and trafficking was a problem. However, penalties are severe under other relevant laws, five of them that relate to illegal commerce. When the crime involves three or more victims, the perpetrators can be charged with economic sabotage, which carries a maximum penalty of life imprisonment. The maximum penalty for child trafficking under the child abuse law is also life imprisonment.

Traffickers targeted the many persons seeking overseas employment. Most recruits were girls and young women ages 15 to 22, from poor farming families, with an average of 6 to 10 siblings. The traffickers generally were private employment recruiters and their partners in organized crime. Many recruiters targeted persons from their own hometowns. The primary method used to approach victims was the promise of a respectable and lucrative job. There is no credible (but anecdotal) evidence that some officials (such as customs officers, border guards, immigration officials, local police and others) received bribes from traffickers or otherwise assisted in their operations.

Numerous governmental agencies and officials, as well as NGOs and international organizations, launched vigorous public information campaigns against trafficking. The Government supported other programs such as promotion of women's participation in economic decision-making, and efforts to keep children in schools. The Government provided skills training to women, lessening the need for them to go to urban centers or overseas for employment.

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Undersecretary for Employment, Promotion & Manpower Development: Felicisimo O. Joson, Jr.
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Undersecretary for Workers' Protection and Welfare: Jose M. Espanol, Jr.
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Undersecretary for Labor Relations and General Administration: Rosalinda D. Baldoz
Phone: 527-3559/3429/3512 (DL); TeleFax: 527-3515

OIC, Assistant Secretary for Policy and International Affairs: Reydelus D. Conferido
Ground Floor, Room 105
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Bureau of Labor and Employment Statistics

DOLE Executive Building, 3rd Floor
Intramuros, Manila
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Fax: 527-3579
Director: Hector B. Morada

Information and Publication Service

DOLE Executive Building, 6th Floor
Intramuros, Manila
Phone: 527-3502
Fax: 527-3446
Director: Quinciano T. Ataviado

International Labor Affairs Service

DOLE Executive Building, Ground Floor
Intramuros, Manila
Phone: 527-3561/3506/3565/3587
Fax: 527-3505/2132
Director: Chona Sienes Yap

National Conciliation & Mediation Board

DOLE Executive Building, Ground Floor
Intramuros, Manila
Phone: 527-3467/3588
Fax: 527-3421/3496/3474
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National Labor Relations Commission

PPSTA Building, 7th Floor
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Phone: 743-3407/3408
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Chairman: Rogelio I. Rayala, Esq.

Occupational Safety and Health Center

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Fax: 929-6030
Executive Director: Dr. Dulce P. Estrella-Gust

Overseas Workers Welfare Administration

OWADEC Building
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Administrator: Eleuterio N. Gardiner (4/F)
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Philippine Overseas Employment Administration

POEA Building
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Philippine Economic Zone Authority

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Institute for Labor Studies

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EMPLOYERS' ORGANIZATIONS**Employers Confederation of the Philippines**

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Fax: 895-8576

Transunion Group of Companies

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Makati City
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President: Miguel B. Varela

Philippine Chamber of Commerce

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Federation of Free Workers*

1943 Taft Avenue
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President Emeritus: Juan C. Tan

Labkas Manggagawa Labor Center*

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National President: Roberto M. Oca, Jr.

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General Secretary: Ernesto F. Herrera
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Trade Union of the Philippines & Allied Service*

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****Component of Labor Advisory Consultative Council in the Tripartite Industrial Peace Council***

Airline Pilots Association of the Philippines

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Associated Marine Officers & Seamen's Union of the Philippines

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General Secretary: Concepcion G. Dodd

Confederation for Unity, Reform and Advancement of Government Employees (COURAGE)

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National President: Florante G. Reyes

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Phone: 0918-80000-091
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Metropolitan Waterworks and Sewerage System/Kaisahan at Kapatironn Ng Mga Manggagawa at Kawanisa MWSS

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National Association of Trade Unions

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Philippine Airlines Employees Association

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Philippine Long Distance Workers Union

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Fax: 531-2109
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Pinag-Isang tinig at Lakas Ng Anakpawis

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Public Sector Labor Integrative Center

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KEY SOURCES

Philippine Economic Zone Authority (<http://www.peza.gov.ph>).

Philippine Board of Investments (<http://www.boi.gov.ph>).

U.S. State Department, Country Commercial Guides and Country Reports on Human Rights Practices (<http://www.state.gov>).

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