

CHAPTER 1

COUNTRY PROFILE: PHILIPPINES

Strategic Location, skilled and highly trainable human resources, a stable democratic government and vibrant free enterprise economy make the Philippines an attractive investment destination.

1.1 Investor considerations

The Philippines, with its strategic location, is a gateway to the huge Asian market. Its considerable attractions as an investment destination include:

- A pool of English-speaking people who are highly trainable. Their capabilities and merits as blue-collar workers, technicians, professionals and managers have been confirmed in postings with foreign firms operating in the Philippines and overseas.
- A large potential market for consumer goods on account of its fast-growing population. Its ASEAN affiliation provides further opportunities for access to the ASEAN Free Trade Area (AFTA).
- The foreign-investor friendly posture of government. It has manifested its commitment to create conditions that attract foreign investments. Liberalized policies and regulations on foreign investments continue to be put in place.
- A conducive location for Asia-Pacific expansion programmers & production facilities, further supported by the governments' grants of fiscal concessions.
- The opening of industries previously restricted like the telecommunications industry, transportation, banking, retail trade energy & post extractive petroleum processing & distribution industry, for the participation of foreign investors.
- The many opportunities foreign investors can avail of, given their wealth of experience, in pursuing activities related to the development of the country backed up by available incentives for enterprises.
- The potential growth construction enterprises can attain in the country because of the implemented build-operate-transfer (BOT) scheme by the government. The said scheme provides for the development opportunity of construction enterprises, investors funding the construction, operates the facility for a fixed term, recover their investments plus adequate rate of return and fees then transfer the facility to the government.
- Availability and accessibility of special economic zones and free ports in various parts of the country where infrastructure supports are adequately provided and locators are granted fiscal and non-fiscal incentives.
- The competitive edge the information and communications technology (ICT) industry has which includes call centers. The said industry is

booming in the country and is generating employment opportunities for local citizens.

→ A highly developed legal system.

1.2 Geography and climate

The Philippines is an archipelago of approximately 7,100 islands, located in Southeast Asia. It is surrounded in the north by Japan, Hongkong, Taiwan and South Korea; in the south by Singapore, Malaysia and Indonesia; and in the west by Thailand. To the east is the vast expanse of the Pacific Ocean, which earned for the country the title, "gateway of the west to Asia".

The total land area of the country is approximately 300,000 square kilometers, about the size of Italy or the state of Arizona in the United States. The country has a tropical climate and two seasons: rainy, from June to November, and dry, between December and May. It is rich in natural resources such as vast arable lands, fishing grounds, forests and extensive mineral reserves.

From north to south, it is divided into the three major island groupings of Luzon, Visayas and Mindanao and for administrative purposes, into 16 regions: 7 in Luzon, 3 in the Visayas and 6 in Mindanao.

1.3 History and leadership

The Philippines was colonized by Spain for almost 400 years and then by the United States of America for the next 50 years. It proclaimed its independence from Spain on June 12, 1898. As an American ally, it was occupied for 4 years by the Japanese Imperial Army during World War II.

It gained its independence from American forces in 1946 and enjoyed 26 years of democratic rule until Martial Law was established in 1972. The 14-year Martial Law rule was toppled by a peaceful "people power" rally in 1986 and a democratic government was installed, with Ms. Corazon Aquino as president. Peaceful elections held in May 1992 and in May 1998 ushered in the governments of Presidents Fidel V. Ramos and Joseph E. Estrada, respectively. Another peaceful "people power" took place resulting in the step down of Joseph E. Estrada on the account of failed impeachment trial on plunder charges, graft and corruption.

Replacing Joseph E. Estrada was Gloria Macapagal-Arroyo, thus becoming the 14th president of the Republic. Winning the May 10, 2004 elections gave her a fresh mandate to take holds her post until 2010.

1.4 Political system and administrative structure

The Philippines is a democratic republican state whose system of government is the presidential form patterned after the American model.

There are 21 departments in the executive branch, more than 200 congressmen and 24 senators in the bicameral legislative branch, and 15 justices in the Supreme Court (judicial branch).

The government is currently contemplating the adoption of a parliamentary-federal form of government.

Philippine law is a consolidation of Anglo-American, Roman and Spanish laws and the indigenous customs and traditions of Filipinos. The 1987 Constitution is the fundamental law of the land. Other sources of Philippine law are the Civil Code, Penal Code, National Internal Revenue Code, Labor Code and Code of Commerce. Judicial decisions and pronouncements, letters of instructions, administrative rules and regulations as well as orders issued by the three branches of the government constitute part of the law of the land.

1.5 Government's thrusts and programs

For the past several years, the government has been continuously undertaking stabilization efforts. It has been working towards the attainment of an impressive economic growth to uplift the economic well-being of the greater mass of its constituents through a modified social market environment and through a policy of self-determination by the regions.

The national government veered away from undue intervention in the market place and its historic centric posturing through the privatization of some government owned and controlled corporations. It promoted an environment conducive to greater private sector participation and responsibility in the economic and social development of the country. Likewise, it devolved government powers to the local units and pursued the dispersal of economic activities to the countryside.

People empowerment has been pursued through the continued implementation of policies such as: (1) the Comprehensive Agrarian Reform Program (CARP) which gives farmers ownership over the land they till; (2) the policy to encourage labor-intensive and export-oriented industries; and (3) the take-over by non-government organizations (NGOs) of market intervention activities to protect the interests of the general public.

Addressing the need for infrastructure development, the government has implemented the build-operate-transfer (BOT) scheme with its variants prioritizing on the telecommunications industry aiming for a high speed productivity at low cost, the establishment of road targeting tourist destinations, agriculture modernization through infrastructure, Metro Manila mass transport infrastructure, commuter and transport system dispersion towards Subic, Clark & Calabarzon, and North Expressway Expansion. Aside from that Subic & Clark will be developed into the best international

service and logistic center in the region, which is also part of the President's 10-point agenda.

The government has addressed hindrances to productivity like high cost of power, investments & agricultural deterrence by way of confrontational labor management relations and corruption and red tape.

Recently enacted laws include: E-procurement, Offshore Banking Units' (OBUs) and foreign currency deposit units (FCDUs) tax exemption, reformed VAT Law, and the extended Special Purpose Vehicle Act (SPV) as well as the Anti-Money Laundering Act.

Addressing the reforms on the Philippine Capital Market, the Securitization Act was enacted into a law, with the President pushing for the streamlining of the Investment Company Act & Securities Regulation Code. The proposed incentives are currently reviewed for simplification.

In order to address the unemployment in the country, promotion of ample, high value jobs in fast growing industries like the information communication technology or ICT was done, resulting in the increase of call centers in the country and is one of the 2 countries preferred to be a destination for contact centers and data management.

Addressing concerns in the quality of education offered, upgrading the math and science teaching in basic education was tackled by the government. Apart from the edge Philippines has in the ICT industry, the country has also an edge in the tourism industry, banking on its natural wonders and hospitable people.

1.6 Peace initiatives

In terms of fostering peace efforts, Philippines has negotiated peace on 2 fronts namely the Moro Islamic Liberation Front (MILF) and National Democratic Front (NDF) and has approved UN Conventions against terrorism.

The government, in an attempt to restore those that were ruined in the ensuing conflicts with MILF, has asked for assistance from US to alleviate further conflicts and obliterate the causes of war in Mindanao. With the approval of the Senate Visiting Forces Agreement in May 26, 1999, the US troops conducted their military training together with their Filipino counterparts in the Philippines. The said exercises aim to bolster Philippine-US bilateral partnership and promote economic and political stability.

1.7 Sociocultural environment

Population

The country's total population is estimated to reach 90.5 million in 2008 (estimate for 2006 is 86 million and for 2007 it's 88.7 million) based on the latest annual growth rate released by the National Statistical Coordination Board (NSCB). Based from NSCB, the country's population average exponential growth rate from 2000-2005 is projected to be 2.05% and forecasts that for the next five years, the population would increase by 1.95%. Most of these Filipinos are of Indo-Malay, Chinese and Spanish background. As of 2005 the population is approximately 65% 15 years old and above and by 2010, it is forecasted to grow by 67%. The highest concentration of people is in the National Capital Region or Metro Manila, Region IV - Southern Tagalog, Region III - Central Luzon and Region VI - Western Visayas.

Labor force

About 64.5% of the total population is of working age of which 92.6% are employed as of second quarter of 2007. Approximately 500,000 persons enter the labor force every year. Filipino labor is highly trainable and is preferred for its English-speaking ability. A natural attribute of Filipinos is their artistic and creative bent, which is the reason why they have been successful in design and related enterprises.

Language

Most Filipinos are bi-lingual, speaking English and Filipino, both of which have been considered as the country's official languages. Other than that, there are also 168 dialects or native tongues spoken like Ilocano or Cebuano. A small percentage of the population speaks Chinese or Spanish.

Religion

The Philippines is the only predominantly Christian country in Asia. About 83% are Roman Catholic, 12% are Protestant or members of other Christian denominations and 5% are Muslims. The latter are mainly concentrated in Mindanao.

Education

The Filipinos value education highly as they look at it as a vehicle for a better future. The government provides free education at the primary and secondary levels bringing about a high basic literacy rate of 94%. The Philippines reportedly has one of the highest numbers of Masters in Business Administration (MBA) graduates in the world. There are 130 MBA schools in country, among which is the Asian Institute of Management (AIM).

Health

The average life expectancy of the Filipino male is 66 years while that of the Filipino female is 71 years.

The press

There are 645 national and local newspapers, at least 667 cable television networks distribution and 397,659 licensed radio stations all over the country, a situation which is reflective of the extent of press freedom in the Philippines.

1.8 **Economic environment**

General market structure

The Philippines adheres to the principle of free enterprise and recognizes the indispensable role of the private sector in the economic development of the country. Among the structural reforms initiated are liberalization of imports, deregulation of vital industries, relaxation of investment rules, privatization of government owned or controlled corporations, etc. The resurgence of democratic sentiments and the realization that the domestic market needs to be more competitive and outward looking in order to survive the onslaught of market globalization, have triggered the opening up of the economy.

The Philippines' membership in the World Trade Organization (WTO) and participation in the ASEAN Free Trade Agreement (AFTA) and the General Agreement on Tariff and Trade (GATT) are further manifestations of the government's commitment to open trade.

Major economic indicators

The economy in 2006 remained strong with Gross Domestic Product (GDP) growing by 5.45%. Over the last three years, the economy has been able to maintain a growth of at least 5%.

The Gross National Product (GNP) in 2006 grew by 6.10% due to an increase in the Net Factor Income from Abroad (NFIA) valued at 13.33% of total GNP. GNP growth in the first quarter of 2007 was at 6.6%, owing to the continuous inflow of OFW remittances which posted a 14% growth during the quarter.

In the first quarter of 2007, the GDP grew by 7.05%, its fastest rate in the last 17 years. It was an improvement from last year's first quarter GDP growth rate of 5.69%.

NFIA plays a significant role in boosting the national economy since a large portion of it comes from remittances made by Overseas Filipino Workers (OFWs). Through their compensation, OFWs contribute significantly to the nation's economic growth and development. NFIA stood at Php 70 billion as of first semester 2007 as against Php 60.5 billion of the same semester last year, or a 15.59% increase.

Agriculture

The main agricultural products of the country are rice, corn, coconut, sugar, bananas, mangoes and pineapple. The Philippines is one of the largest exporters of coconut oil and sugar but this comparative advantage has declined over the years due to the development of substitutes and the increase in number of other exporting countries. Nevertheless, the combined agriculture, fishery and forestry sector grew to Php 119.02 billion during the first semester of 2007 from Php 114.42 billion of the same quarter last year, or a 4.02% growth. The said industry has accounted for 18.11%, on average, of the entire GNP from 2001 to 2006 yearend.

Mining

The Philippines is rich in mineral resources. For this reason, mining continues to be among the most promising potentials of the country (particularly gold and copper). The Philippine Mining Act of 1995 liberalized the industry, paving the way for the entry of foreign mining firms with a package of incentives, among which are net operating loss carry-over and accelerated depreciation. The mining & quarrying industry grew by 7.20% during the first semester of 2007 outdoing the 4.86% growth last 2006. The percentage of the mining industry to the entire industrial sector remains at an average of 4.47% for 5 years.

Energy demand and resources

From 2000 to 2009, Philippine Energy Plan forecasts the growth of the energy demand by 6.3% on an annual average rate, or from 256 million barrels of fuel oil to 445 million in 2009.

To achieve a 60% self-sufficiency level by 2010, the Department of Energy aims to:

- Increase indigenous oil and gas reserves
- Develop renewable energy resources
- Increase alternative fuels usage
- Form strategic alliances with the other countries
- Promote a strong energy efficiency & conservation program

Utilities

Within the Plan period, electricity demand is expected to grow at an annual rate of 8.9% and will be supplied mainly by cheaper non-oil alternatives. The share of oil to total power generation is expected to decrease from 10% in 2000 to 5% in 2009. The Utilities sector posted a 5.17% growth during the 1st semester of 2007, or growing to 20.8 billion from 19.8 billion of 2006 first semester. It has, on average, for the past 5 years been 9.65% of the entire industrial sector.

Manufacturing

The manufacturing industry remains to be the biggest contributor to the growth of the entire industrial sector accounting for 73.64% of the aforementioned sector. Since 2001, the percentage of manufacturing to the whole industrial sector averages from 72.2% to 73.3%. In the first semester of 2007, the manufacturing industry grew to Php 149.96 billion from first semester 2006's Php 144.4 billion, or a 3.85% growth.

Accounting for the industry's growth is the stable increase of its sub-sectors like the, furniture & fixtures, petroleum & coal products, chemical & chemical products and miscellaneous manufacturers.

Construction

Growing demand on middle and high-end housing and commercial office space from call centers, big & small retailers' expansion and infrastructure projects had the private consumption outdo its minimal growth of 0.9% in 2004-05. Boosting construction spending was the North Expressway rehabilitation and the completion of Metro Light Rail Transit (LRT). As of 2007 first semester, the construction industry stood at Php 29.9 billion from last year's Php 24.8 billion, or a growth of 20.62%, due to such projects. The construction industry, on average and for the past 5 years, has accounted for 13.11% of the industrial sector.

Transportation, communications and storage

The service sector, piloted by the transport, communications and storage sector, is the economy's key player. Through the aggressive

expansion and diversification of major telecommunications companies' products as well as investments in call centers and business process outsourcing (BPOs), growth of the said industry was made possible. Another thing that led to such growth of the industry is the big rise in the number of subscribers and increase in internet connection and cable services.

Due to the various tourism promotion activities, travel-related activities improved the air transport. During the first semester of 2007, the transportation, communications and storage industry stood at Php 60.4 billion, from 2006 first semester of Php 54.85 billion, or a 10.11% increase. On average, the said industry is around 17.45% of the service sector and has been increasing since 2001.

Banking and finance

65 head offices of universal and commercial banks (14 of which are full branches and 4 subsidiaries of foreign banks), 84 thrift banks and 754 rural and cooperative banks comprise the Philippine banking system. Bolstering the finance sector was the growth of the banking sector's assets and the fall of its non-performing loans ratio. Despite the Asian Financial Crisis, interest rates have remained unwavering.

In the aims of maintaining the banking system's reliability, continuous improvements have been promulgated by the Bangko Sentral ng Pilipinas governor. The banking system is well-capitalized, and is evidenced by the posting of capital adequacy ratios that are above the international standards.

The Philippines has implemented anti-money laundering measures as an answer to deficiencies previously mentioned, which led to the removal of the country in the list of Non-cooperative Countries and Territories by the Financial Action Task Force (FATF) in February 2005. As of first semester of 2007, the banking/finance industry stood at Php 40.48 billion compared to last year of the same semester of Php 35.74 billion, or a 13.25% increase. The said industry accounts for 10.67% of the entire service sector for 5 years and has been on the rise since 2004.

Services, in general

The export of consultancy services is one area where the Philippines is considered to have a competitive advantage. Specific areas are (a) information technology (IT); (b) computer software services (customized software consultancy, contract programming, training and documentation services, systems integration and data entry/data processing services); (c) consultancy engineering (infrastructure and industrial development projects in the following sectors: power,

transportation, telecommunications, water supply, oil, gas, and petrochemicals, industrial estates and processing plants); and (d) contracting services. Significant opportunities were created for contractors by the government's policy on privatization and the enactment of the BOT law. As of first semester 2007, private and government services stood at Php 56.4 billion and Php 29.26 billion respectively, both posted a growth of 8.52% for the former and 2.57% for the latter. For the past 5 years, the private services sector has been, on average 16.71% of the entire service sector whilst the government sector is 9.74%, although both have been increasing together with the increase of the service sector itself.

Wage rate

The minimum wage of Filipino labor is Php 362 (inclusive of P50.00 cost of living allowance) per 8-hour workday in the National Capital Region (NCR). The wage rate outside NCR is slightly lower and is considered one of the most competitive in the region.

Inflation and foreign exchange rates

The average core inflation rate as of first semester 2007 was 2.6% (2000 based) while interest rates on treasury bills have been averaging 2.97% in the first semester of 2007.

In the first nine months of the year 2007, the peso appreciated by 10.12 percent compared to the same period a year ago. At Php 45.0630 to the dollar by end of September 2007, it is significantly higher from its year-ago level of Php 50.3870/\$1. The strengthening of the peso is largely due to the strong dollar inflows brought about by OFW remittances.

The value of the peso from January-July 2007 appreciated to a cumulative average of Php 45.6110 to a US\$, thus, the peso remains to be the strongest performing currency in Asia.

Foreign Trade

The Philippines' major exports are industrial manufactures like electronics, machineries/transport equipment / apparatus and parts; consumer manufactures like garments; processed foods; and resource-based products like coconut oil. Its major imports are capital goods and intermediate goods like petroleum products and textile yarns.

While the Philippines is a net importing country, exports remain a major stimulus of its economic growth. In addition to physical goods,

the export of non-factor services has largely contributed to the expansion of exports over the years.

Trade has been liberalized through, among others, the removal of quantitative restrictions, the simplification of the tariff table, and the removal of other trade barriers. The ASEAN Free Trade Agreement (AFTA), which has been implemented since January 1, 1993, further reduced tariffs on intra-ASEAN trade to not more than 5% in 2002. By 2003, Most Favored Nation (MFN) rates were given to the most imported articles which fell under 0%, 3%, 5%, 7%, or 10%. The government aims to cut tariff rates on imported articles to around 0-5% although this is pending because temporary relief is given to sensitive agricultural product manufacturers and allow them to become globally competitive.

Foreign investments

The Philippines attracts foreign investors as an investment site in the region. In order to bring in more foreign investors, the government has relaxed certain investment restrictions in most business activities subject to certain conditions. As an example, a domestic market enterprise (DME) needs to have a paid-up capital of US\$200,000 for the enterprise to be fully owned by a foreign investor but if the enterprise is engaged in advanced technology activities or is directly employing at least 50 Filipino employees, the paid-up capital is only US\$100,000. Also, retailing is opened to foreign retail companies and is subject as well to certain conditions.

As of yearend 2006, total approved direct investments stood at Php 357 billion. Majority of it came from BOI (Php 187.6 billion) and PEZA (Php 83.8 billion) which represent around 76% of the total investment pledges for the period.

As of first quarter of 2007, foreign direct investments have kept its optimistic trend, posting a net inflow of US\$48 million. The said increase brought the cumulative three-month level to US\$710 million and inevitably posted an 18.5% annual growth. Net portfolio investments increased by 71% and reached US\$838 million.

Growth centers

The urban centers of Metro Manila, Metro Cebu and Davao City, as well as the government-owned and private special economic zones, are magnets of economic activities. The Philippine Assistance Program is helping in the acceleration of regional development by sponsoring projects in Calabarzon (Cavite, Laguna, Batangas, Rizal and Quezon Provinces), Iloilo, Samar, the Iligan-Cagayan de Oro corridor and General Santos. The Calabarzon Project has resulted in

the proliferation of privately owned industrial estates to address the needs of foreign investors.

Locations with excellent infrastructures were converted into special economic zones like the Subic Naval Air Base in Olongapo City, Clark Air Base in Angeles City and other former US military bases with the Bases Conversion Development Authority taking over in installing and implementing its master plans for the said location. The outcome of the said plans was the Subic Bay Freeport & Clark Economic Zone, though it is still being developed.

Investors' interest in these areas has been tremendous and is perceived to be sustainable over the next 5 to 10 years. The main factors for increased investors' interest in these areas include fiscal incentives, full administration support for the development of these areas, strategic location and excellent infrastructure, particularly the presence of an excellent harbor (Subic) and international airports that meet global standards in both Subic and Clark.

The government has promoted the country as a feasible destination for information technology (IT).

As of May 2007, there are 107 IT Parks and IT Buildings (from 19 in 2003 and 27 in 2006) which have been proclaimed as IT Ecozones by the President of the Philippines and are now registered with PEZA.

1.9 Hints for the business visitor

Visitor's Visa

Only a visitor's visa is required when one enters the Philippines. Non-resident foreign nationals are allowed entry "visa-free" for 21 days if they have passports that are valid for at least 6 months after the contemplated period of stay in the country and a valid plane ticket for return journey to their own country or to the next country destination. The 21 day visa-free stay can be extended for up to 38 days and for the following requests of extension it can be for 1 or 2 months. Non-resident foreign national can secure as well a visitor's visa for 59 days from the Philippine Embassy/Consulate located in either the country of origin or residence.

Entry is denied to visiting restricted foreign nationals (nationals of Arab countries, communist states, former communist states and India) if they do not have a valid 9(a) visitor's visa issued by the Philippine Embassy/Consulate in their country of origin or residence. The visa has a maximum period of 59 days.

Visitor's Visa holders can opt to extend their stay in the Philippines, monthly basis for restricted foreign nationals, every 2 months for non-restricted foreign nationals provided their stay in the country will not go beyond one (1) year. Without the necessary Alien Employment Permit and Working visa, visitors cannot work in the country.

Currency, exchange, and banks

The Philippine peso (Php) is the unit of currency. It is divided into centavos. Currency denominations are: Php 1,000, Php 500, Php 200, Php 100, Php 50, Php 20 and Php 10 for notes and Php 10, Php 5, Php 1 and Php 0.25 for coins. With the deregulation of foreign exchange transactions, moneychangers and authorized agent banks (AABs) are allowed to sell and purchase foreign exchange without prior approval of the BSP, save for some exceptions. There is no restriction on the amount of foreign exchange that can be imported subject however to certain regulatory requirements under the Anti-Money Laundering Act of 2001. Moreover, foreign currency may be freely bought and sold outside the banking system. However, the import/export of Philippine currency is limited to Php 10,000. Any amount exceeding this will require the authorization of the BSP.

International time

The Philippine time is eight hours ahead of Greenwich Mean Time (GMT) and thirteen hours ahead of U.S. Eastern Standard Time (EST).

Business hours

Government and private offices are generally open from 8 a.m. to 5 p.m., Mondays to Fridays, with lunch break from noon to 1 p.m. However, government agencies engaged in the delivery of critical frontline services and public transactions are encouraged to operate a six-day work week from 7 a.m. to 7 p.m., Mondays to Saturdays, continuously without a lunch break. Some private offices are also open on Saturdays. Generally, commercial banks transact business from 9 a.m. to 3 p.m. and savings banks from 9 a.m. to 5 p.m. Mondays to Fridays.

Statutory holidays

Statutory holidays are January 1 (New Year's Day), April 9 (Araw ng Kagitingan), May 1 (Labor Day), June 12 (Independence Day), last Sunday of August (National Heroes' Day), November 1 (All Saints' Day), End of Ramadhan, movable date usually held in November (Eidul-Fitr), November 30 (Andres Bonifacio Day), December 25

(Christmas Day), December 30 (Rizal Day) and December 31 (last day of the year). Maundy Thursday and Good Friday are also regular holidays. Also included in the list of nationwide special non-working days are the following: February 25 (Anniversary of EDSA People Power Revolution); Black Saturday; and August 21 (Martyrdom of Benigno Aquino).

Weights and measures

The Philippines is on the metric system and uses the International System unit as the sole standard of weights and measures.

Clothing

For official meetings, business attire usually consists of a blouse and skirt or dress with a blazer for women, and a business suit and tie or "barong" (Filipino shirt) for men. Otherwise, it is acceptable to be in casual attire owing to the hot and humid weather.

Hotel and travel

In Metro Manila and most large provinces, a wide selection of deluxe, standard, first-class and economy-type accommodations is available. As of June 2007, Metro Manila has 7,353 available rooms in 17 deluxe hotels; 2,237 rooms in 9 first class hotels; 394 rooms in 9 economy hotels and 3,740 rooms in 41 standards hotels all accredited by the Department of Tourism (DOT). There are around 30,000 DOT licensed hotel rooms throughout the country.

Communications

Communication links within Metro Manila and key business areas are adequate. Apart from the hotel business centers which service the needs of foreign businessmen, private companies also offer similar services in all urban centers. Cellular phones and paging systems have substantially augmented existing landlines.

The number of cellular mobile telephone subscribers had grown enormously from 32.9 million in 2004 to 42.8 million in 2006.