



KCCI - Country Wrap: PHILIPPINES (NOV.'17)



Philippines – a brief overview

In 1942 the self-governing commonwealth islands - Philippines fell under Japanese occupation during World War II. On 4 July 1946 the Republic of the Philippines attained its independence. President Aquino's administration worked 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 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 overseas Filipino workers, and a rapidly expanding business process outsourcing industry. With a population of around 104 million people, the Philippines is the 8th most populated country in Asia and the 13th most populated country in the world. More than 12 million Filipinos live overseas, comprising one of the world's largest diasporas.

Key Industries of Philippines

Key industries of Philippines are electronics assembly, garments, footwear, pharmaceuticals, chemicals, wood products, food processing, petroleum refining, fishing.

Philippine's major trading commodities and partners

The major export partners of Philippines are Japan 19%, US 14.2%, China 11.8%, Singapore 9.4%, Hong Kong 9.2%, South Korea 5.5%, Thailand 4.7%. The import partners of Philippines include USA 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%.

Economic Relations between Pakistan and Philippines

Pakistan and Philippines share cordial bilateral relations and efforts have been made to further strengthen the relation between the two countries. Pakistan-Philippines Business Council was created to promote trade and investment opportunities between the two countries. Moreover, Pakistan and Philippines have signed Memorandum of Understanding (MoU) serving as a legal framework to facilitate cooperation and inter-operability between the security, intelligence and law enforcement agencies of the two countries. Agreements were signed during the state visit of President Pervez Musharraf in Manila on 18-20 April 2005, including MoU on Cooperation to Combat Terrorism and Certain Other Crimes; Visa Waiver Agreement for Diplomatic Passport Holders; Cultural Exchange Programme; and MoU between the Philippines Trading International Corporation (PITC) and the United Marketing on the Importation of Medicines from Pakistan. At present, more than 3,000 Filipinos are working as domestic helpers in Pakistan.

Bilateral Trade Relations between Pakistan and Philippines

During Fiscal Year 2017, Pakistan exported goods to Philippines of worth \$ 134.87Mn as against exports of \$ 83.77Mn in FY16 showing 61% increase. Pakistan's import from Philippines dropped 48% to \$ 16.63Mn from \$ 31.70Mn year ago.

Opening of TRG Pakistan in Philippines

During 2006, TRG Pakistan Ltd, Pakistan's largest IT-enable company, launched TRG Philippines' Manila operations. In Manila, TRG's resources include a 36,000-square-foot facility with 850 workstations. This facility offers state-of-the-art information technology infrastructure.

Philippine - Pakistan Business Council (PPBC)

Philippine - Pakistan Business Council (PPBC) is a duly organized association, existing under the sponsorship of the Philippine Chamber of Commerce and Industry (PCCI). PPBC was formally launched during September 2004. The Council intends to establish a strong channel of communications and strengthened network linkages with prospective business counterparts in Pakistan through the organization of events such as trade promotion conferences and seminars, exchange of business missions, participation in trade among others.

Potential for enhancing bilateral trade relations between Philippines and Pakistan

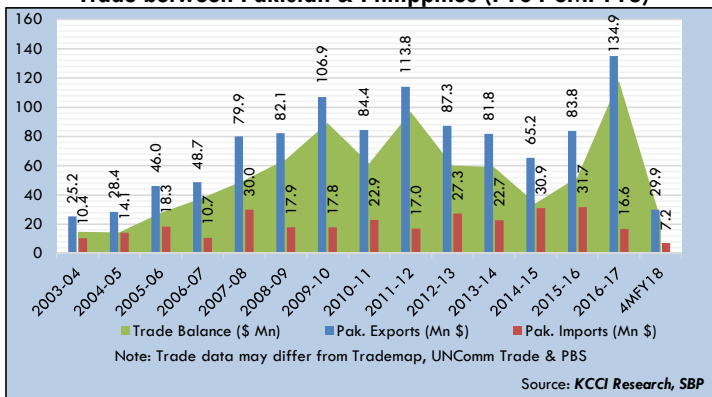
There is significant potential between the two countries in various fields like agriculture products, furniture, IT services and electronic items to increase trade. The business communities of the two sides should join hands for joint ventures as well as chambers of commerce of both nations must interact with each other for trade promotion. Philippines emerged as one of the best performers in services exports as well as in semi-conductor area which provide opportunities for Pakistan to enhance trade with it.

Economic Indicators

Indicators	Unit	2015	2016	Change
GDP (PPP)	\$ Bn	744.6	806.3	8.29%
GDP per Capita	\$	7,400	7,700	4.05%
GDP growth	%	6.1	6.9	0.80%
Forex Reserves	\$ Bn	80.67	80.69	0.02%
External Debt	\$ Bn	77.7	75.0	-3.50%
Exports of Goods	\$ Bn	43.20	43.44	0.56%
Imports of Goods	\$ Bn	66.51	77.52	16.55%
Trade Balance	\$ Bn	-23.31	-34.08	-46.20%
Current Account	\$ Bn	7.27	0.60	-91.73%
FDI - at Home	\$ Bn	58.52	64.25	9.79%
FDI - at Abroad	\$ Bn	41.0	45.4	10.63%
CPI	%	1.4	1.80	0.40%
Prime Lending Rate	%	5.58	5.64	0.00%
Population	Mn	N/A	104.26	N/A
Unemployment	%	6.3	5.5	-0.80%
Litarcy Rate	%	N/A	96	N/A

Sources: KCCI Research, CIA Factbook

Trade between Pakistan & Philippines (FY04-3MFY18)



Philippines's Trade - Commodity Wise (2016)

Top 10 Exports Items	(\$ Mn)	Top 10 Imports Items	(\$ Mn)
Elect. mach, equip., parts	25,225	Elect. mach, equip., parts	20,701
Machinery, mech. Apps	7,769	Machinery, mech. Apps	11,681
wood charcoal	2,875	Mineral fuels, oils	8,377
Optical, photographic, measuring	2,472	Vehicles other than railway	7,608
Vehicles other than railway	1,418	Plastics & Artcl. Thereof	3,062
Ores, slag and ash	1,255	Iron and steel	3,037
Animal/veg. fats,oils	1,181	Aircraft, spacecraft, parts	1,817
Edible fruit, nuts	1,128	Optical, photographic, measuring	1,574
Ships, boats, floating structures	1,040	Cereals	1,464
Pearls, precious stones, metals	757	Pharmaceuticals	1,430

Pakistan's Trade with Philippines - Commodity Wise (2016)

Pakistan's Top Export Items	(\$ Mn)	Pakistan's Top Import Items	(\$ Mn)
Beverages, spirits, vinegar	22.33	Machinery, mech. Apps	8.20
Pharmaceuticals	15.40	Preparations of cereals, flour	5.47
Edible fruit and nuts	9.13	Preparations of veg., fruit, nuts	4.37
Cotton	6.02	Paper, paperboard	3.67
Other made-up textile articles	5.12	Iron & steel	2.33
Raw hides, skins	3.52	Soap, organic surface agents	2.07
Optical, photographic, measuring,	3.41	Vehicles other than railway	2.00
Paper and paperboard	2.98	Misc. chemicals	1.36
Knit Apparel & cloth Articles	1.65	Elect. mach, equip., parts	1.33
Wadding, felt and nonwovens	1.57	Animal/veg. fats, oils	1.21

Sources: KCCI Research, Trademap