

# Philippines-People's Republic of China: Trade, Economic Cooperation, and Prospects for Policy Research

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***Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas***

**Table 1: Key Demographic and Economic Indicators, Philippines and China, 2015**

Indicator	Philippines	China
Land area (sq km.)	298,170	9,388,211
Total population	100,699,395	1,371,220,000
GDP (current US \$)	291.97 billions	10.87 trillions
Agriculture (% of GDP)	10.3%	9.0%
Industry (% of GDP)	30.9%	40.5%
Services (% of GDP)	58.8%	50.5%
GDP per capita (current US \$)	2,899.40	7,924.70
GDP growth rate	5.8	6.9
Inflation rate	1.4%	1.4%
Consumer price index (2010 = 100)	117.4	114.9
Exports of goods and services (current US \$)	71.44 billions	2.43 trillions
Imports of goods and services (current US \$)	88.90 billions	2.04 trillions
Net trade in goods and services (current US \$)	-17.45 billions	384.64 billions
Unemployment rate	6.3%	4.05%

Source of data: The World Bank, World Development Indicators

Table 2: Philippine Trade Performance with China, 2006-2015 (Million US \$, FOB)

Year	Value	Growth rate	Percent share to total trade
2006	8,275	-	9.3
2007	9,751	18%	9.2
2008	9,714	0%	9.2
2009	6,741	-31%	8.3
2010	10,352	54%	9.7
2011	12,322	19%	11.3
2012	12,850	4%	11.3
2013	15,098	17%	12.7
2014	18,337	21%	14.4
2015	17,646	-4%	13.6

Source of data: Philippine Foreign Trade Statistics (Various Years)

## Table 3: Philippine Major Trading Partners, 2015 (Million US \$, FOB)

	Total Trade		Exports to		Imports from		Balance of Trade
	Value	% Share	Value	% Share	Value	% Share	Value
<b>Total of Top Ten Countries</b>	101,928	100.0	48,294	100.0	53,634	100.0	-5,340
1. Japan <sup>1</sup>	18,669	14.4	12,301	20.9	6,369	9.0	5,932
<b>2. People's Republic of China</b>	<b>17,646</b>	<b>13.6</b>	<b>6,175</b>	<b>10.5</b>	<b>11,471</b>	<b>16.1</b>	<b>-5,296</b>
3. United States of America <sup>2</sup>	16,491	12.7	9,023	15.3	7,468	10.5	1,554
4. Singapore	8,806	6.8	3,801	6.5	5,005	7.0	-1,205
5. Hongkong, China	8,231	6.3	6,391	10.9	1,840	2.6	4,551
6. Taiwan (Rep. of China)	7,850	6.0	2,012	3.4	5,839	8.2	-3,827
7. Thailand	7,274	5.6	2,330	4.0	4,944	7.0	-2,614
8. Republic of Korea	7,084	5.5	2,426	4.1	4,657	6.6	-2,231
9. Germany	5,233	4.0	2,632	4.5	2,601	3.7	32
10. Malaysia <sup>3</sup>	4,645	3.6	1,204	2.0	3,441	4.8	2,236

Notes:

<sup>1/</sup> includes Okinawa; <sup>2/</sup> includes Alaska and Hawaii; <sup>3/</sup> includes Sabah and Sarawak

Details may not add up due to rounding

Source: Philippine Foreign Trade Statistics (2015)

**Table 4: Philippine Exports to Major Trading Partners, 2015 (Million US \$, FOB)**

Country/Commodity	Value	% Share
<b>Total Exports</b>	<b>58,827</b>	<b>100.00</b>
<b>1. Japan</b>	<b>12,301</b>	<b>100.0</b>
Electronic Products	3,721	30.2
Woodcrafts Furniture, Furniture	2,853	23.2
Other Manufactures	981	8.0
Ignition Wiring Sets	874	7.1
Machinery & Transport Equipment	676	5.5
<b>2. United States of America</b>	<b>9,023</b>	<b>100.0</b>
Electronic Products	3,557	39.4
Articles of Apparel	1,014	11.2
Ignition Wiring Sets	621	6.9
Coconut Oil	535	5.9
Other Manufactures	531	5.9
<b>3. Hongkong</b>	<b>7,025</b>	<b>100.0</b>
Electronic Products	5,534	78.8
Machinery & Transport Equipment	163	2.3
Other Manufactures	142	2.0
Others	93	1.3
Fish, Fresh or Preserved of Which: Shrimps & Prawn	83	1.2
<b>4. People's Republic of China</b>	<b>6,175</b>	<b>100.0</b>
Electronic Products	3,388	54.9
Other Mineral Products	683	11.1
Chemicals	443	7.2
Other Manufactures	398	6.4
Machinery & Transport Equipment	165	2.7
<b>5. Singapore</b>	<b>3,801</b>	<b>100.0</b>
Electronic Products	3,256	85.7
Other Manufactures	160	4.2
Petroleum Products	95	2.5
Electronic Eqpt. & Parts	57	1.5
Machinery & Transport Equipment	44	1.2

- **China ranked 4<sup>th</sup>** among the countries where the Philippines export to.
- The largest exports to China were **Electronic Products** at \$3,388 million forming 54.9 percent of the Philippines' exports to China.
- **Other Mineral Products** followed with total receipts of \$683 million or 11.1 percent of the Philippines' exports to China.
- Other exports were **chemicals, other manufactures, and machinery and transport equipment**.

Source of data: Philippine Foreign Trade Statistics (2015)

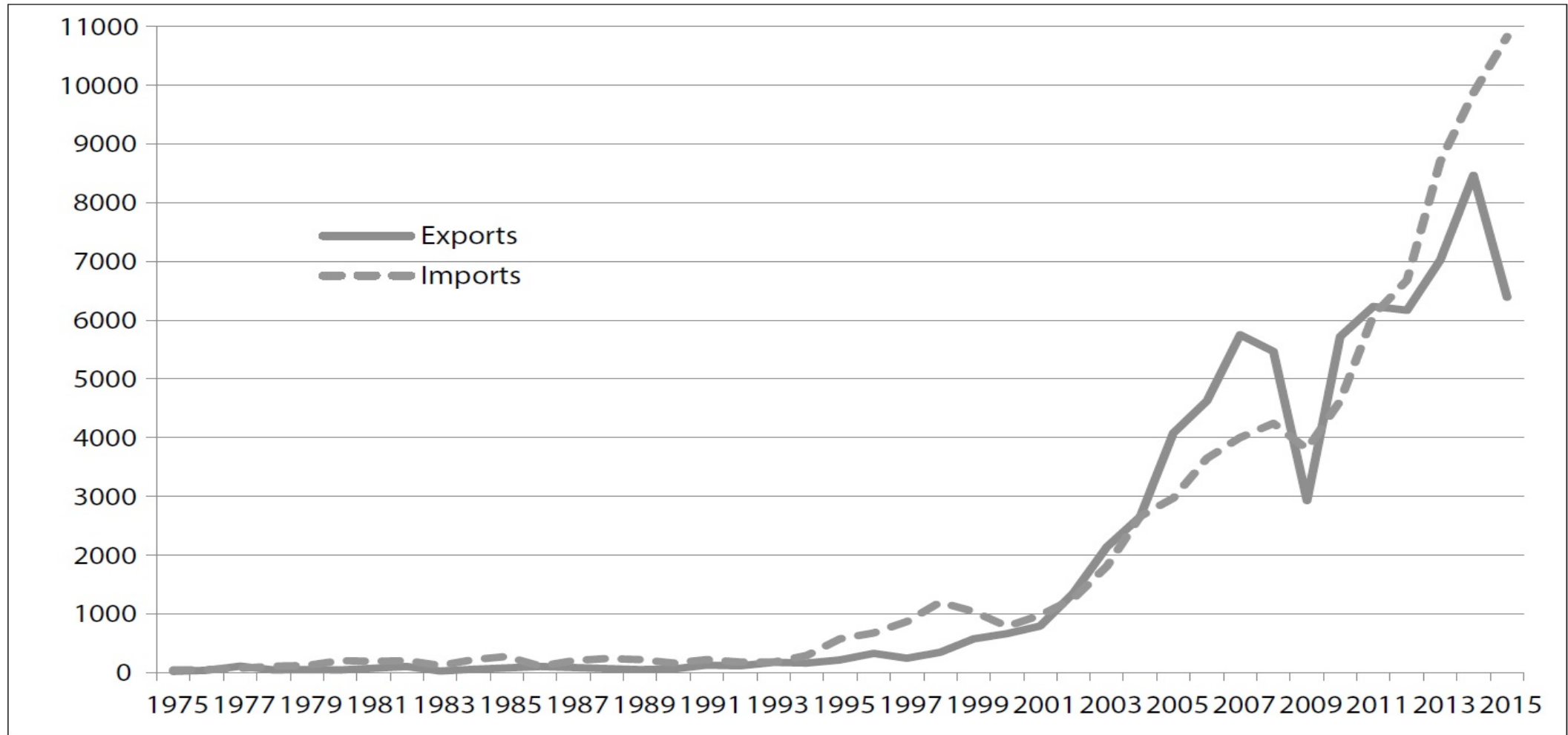
## Table 5: Philippine Imports from Major Trading Partners, 2015 (Million US \$, FOB)

Country/Commodity	Value	% Share
<b>Total Imports</b>	<b>71,067</b>	<b>100.0</b>
<b>1. People's Republic of China</b>	<b>11,471</b>	<b>100.0</b>
Electronic Products	2,418	21.1
Iron and Steel	1,823	15.9
Industrial Machinery and Equipment	832	7.3
Miscellaneous Manufactured Articles	672	5.9
Mineral Fuels, Lubricants and Related Materials	567	4.9
<b>2. United States of America</b>	<b>7,468</b>	<b>100.0</b>
Electronic Products	3,322	44.5
Feeding Stuff for Animals (not including Unmilled Cereals)	716	9.6
Cereals and Cereal Preparations	637	8.5
Transport Equipment	367	4.9
Other Foods & Live Animals	350	4.7
<b>3. Japan</b>	<b>6,369</b>	<b>100.0</b>
Electronic Products	2,193	34.4
Transport Equipment	963	15.1
Industrial Machinery and Equipment	837	13.1
Telecommunication Eqpt. & Elect. Mach.	370	5.8
Iron and Steel	302	4.7
<b>4. Taiwan</b>	<b>5,839</b>	<b>100.0</b>
Electronic Products	3,188	54.6
Mineral Fuels, Lubricants and Related Materials	1,068	18.3
Industrial Machinery and Equipment	227	3.9
Power Generating & Specialized Machines	212	3.6
Iron and Steel	187	3.2
<b>5. Singapore</b>	<b>5,005</b>	<b>100.0</b>
Electronic Products	2,306	46.1
Mineral Fuels, Lubricants and Related Materials	807	16.1
Other Foods & Live Animals	308	6.1
Industrial Machinery and Equipment	288	5.8
Plastics in Primary and Non-Primary Forms	197	3.9

- For imports, China is the top source of imports of the Philippines.
- Imported goods from China consisted of **Electronic Products** worth \$2,418 million or 21.1 percent of the country's total imports from China.
- **Iron and Steel** followed with imports of \$1,823 million or a share of 15.9 percent.

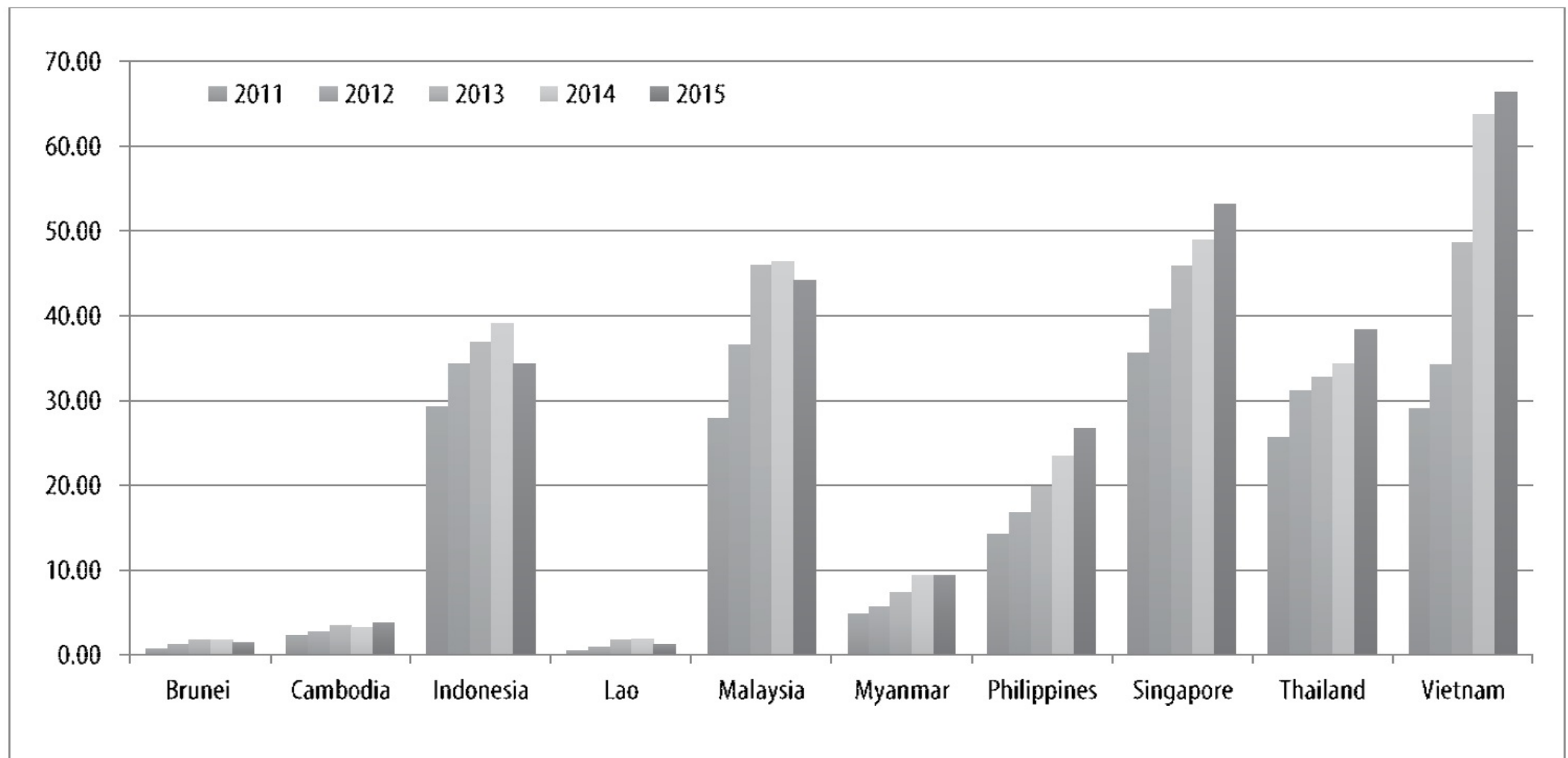
Source of data: Philippine Foreign Trade Statistics (2015)

Figure 1: Philippines Exports to and Imports from China, 1975-2014 (Million US \$, FOB)



Source: Clemente (2016)

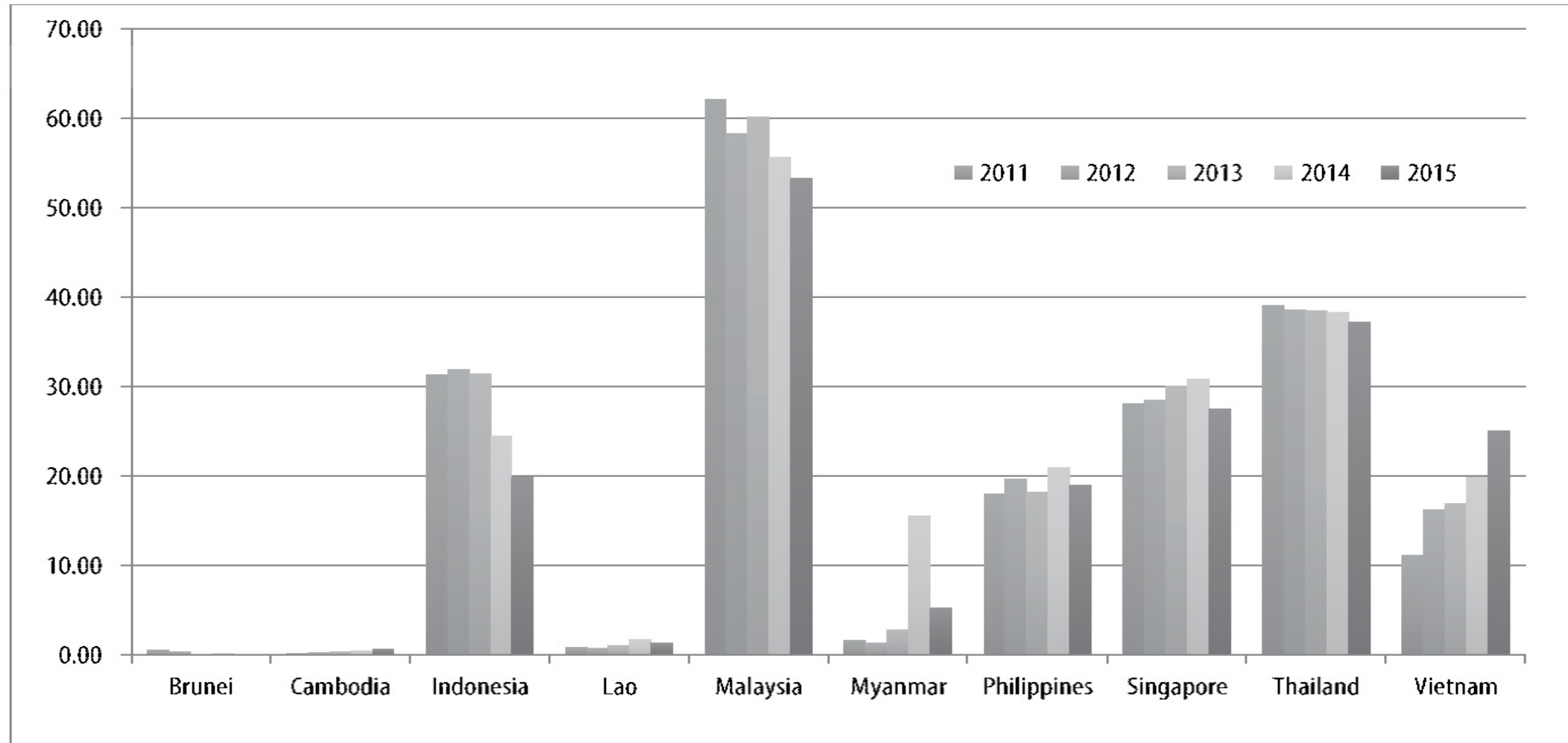
Figure 2: China's Exports to ASEAN Countries, 2011- 2015 (Billion US\$)



Source: Clemente (2016)

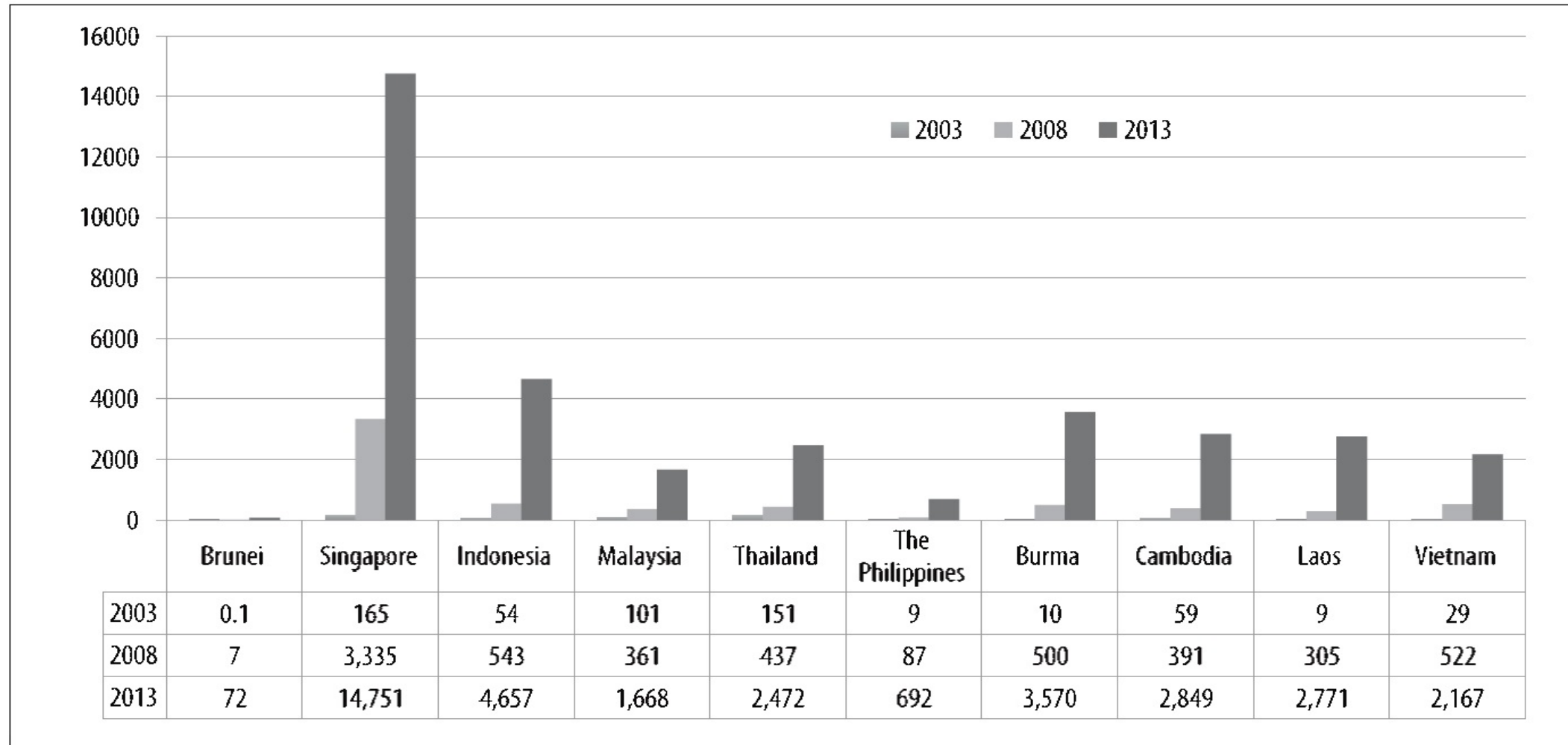


Figure 3: China's Imports from ASEAN Countries, 2011- 2015 (Billion US\$)



Source: Clemente (2016)

Figure 4: Chinese Foreign Direct Investment in ASEAN countries, 2003, 2008 & 2012 (Million US\$)



Source: Clemente (2016)

Table 6: Total Official Development Assistance to the Philippines by Development Partners, as of December 2014 (Million US\$)

<i>Development Partner</i>	<i>Loan Amount</i>	<i>Grant Amount</i>	<i>Total ODA</i>	<i>Per Cent Share</i>	<i>Rank</i>
World Bank	4,453.27	84.88	4,538.15	31.59	1
Japan	3,159.11	166.55	3,325.66	23.15	2
Asian Development Bank	2,231.70	118.24	2,349.94	16.36	3
United States of America	—	1,148.56	1,148.56	7.99	4
United Nations System	75.29	608.48	683.77	4.76	5
South Korea	524.75	93.84	618.59	4.31	6
Australia	—	587.02	587.02	4.09	7
France	436.95	0.54	437.49	3.04	8
Germany	55.30	124.66	179.96	1.25	9
European Union	—	174.55	174.55	1.21	10
China	115.33	5.70	121.03	0.84	11
OPEC Fund for International Development	70.00	—	70.00	0.49	12
Canada	—	54.74	54.74	0.38	13
Italy	34.21	3.84	38.05	0.26	14
Austria	25.64	—	25.64	0.18	15
Spain	—	9.34	9.34	0.07	16
Norway	—	4.34	4.34	0.03	17
New Zealand	—	0.69	0.69	0.00	18
Total	11,181.55	3,185.97	14,367.52	100.00	

Source: Clemente (2016)

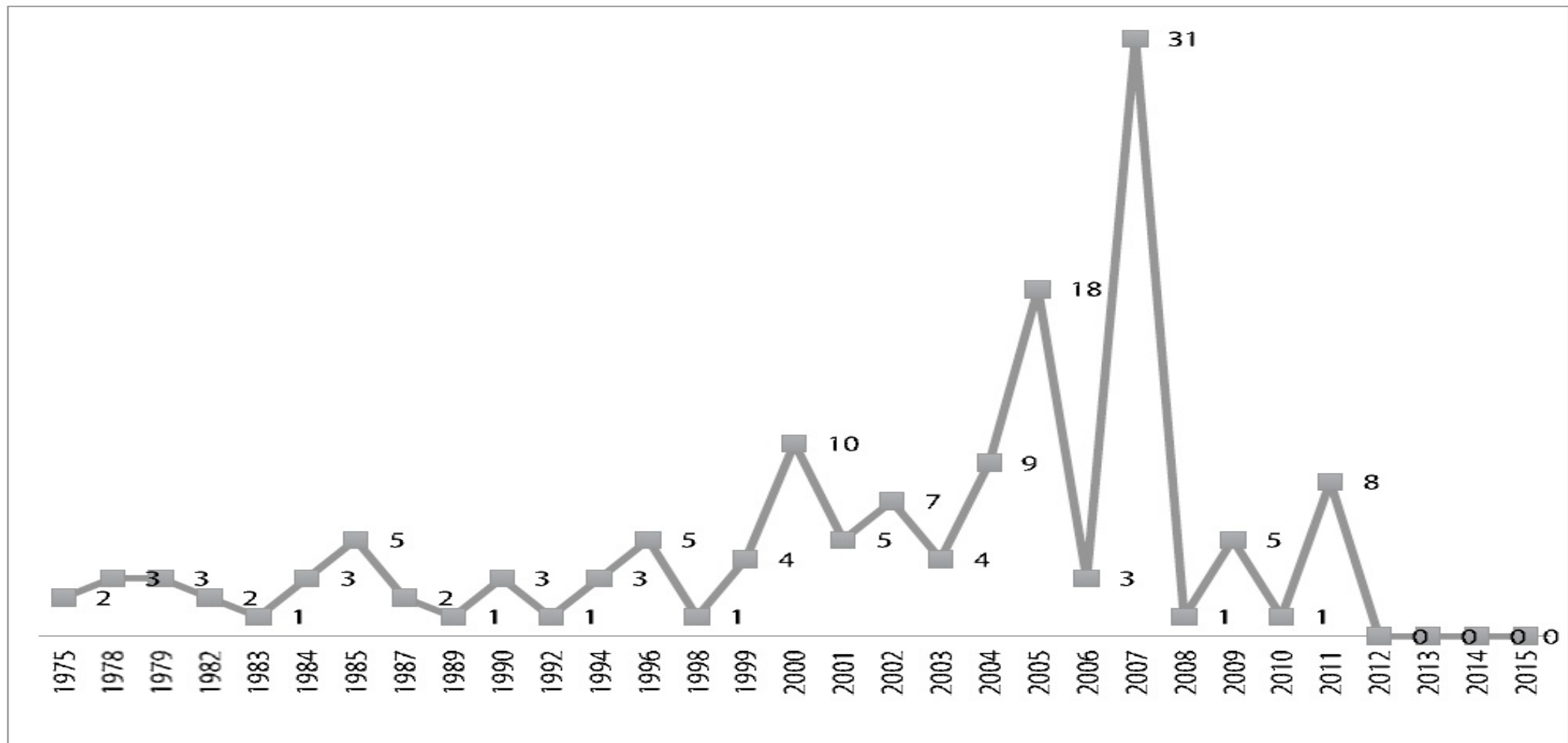
Table 7: Historical New ODA Loans by Selected Development Partners, 2003 – 2012 (Billion US\$)

<i>DPs</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>Total</i>
ADB	0.22	–	0.39	0.65	0.28	0.62	0.56	0.40	0.20	0.71	4.03
China	–	0.40	–	0.05	0.60	–	0.09	0.12	–	–	1.26
JICA	0.12	–	–	–	0.25	0.27	0.61	0.38	0.52	0.94	3.09
Others	0.02	0.05	0.28	0.24	0.32	0.44	0.32	0.6	0.01	0.35	2.63
WB	0.11	0.06	0.09	0.41	0.39	0.44	0.12	0.74	0.76	0.33	3.45
Total	0.47	0.51	0.76	1.35	1.85	1.77	1.70	2.24	1.50	2.32	

Note: DPs – Development Partners, ADB – Asian Development Bank, JICA – Japan International Cooperation Agency, WB – World Bank.

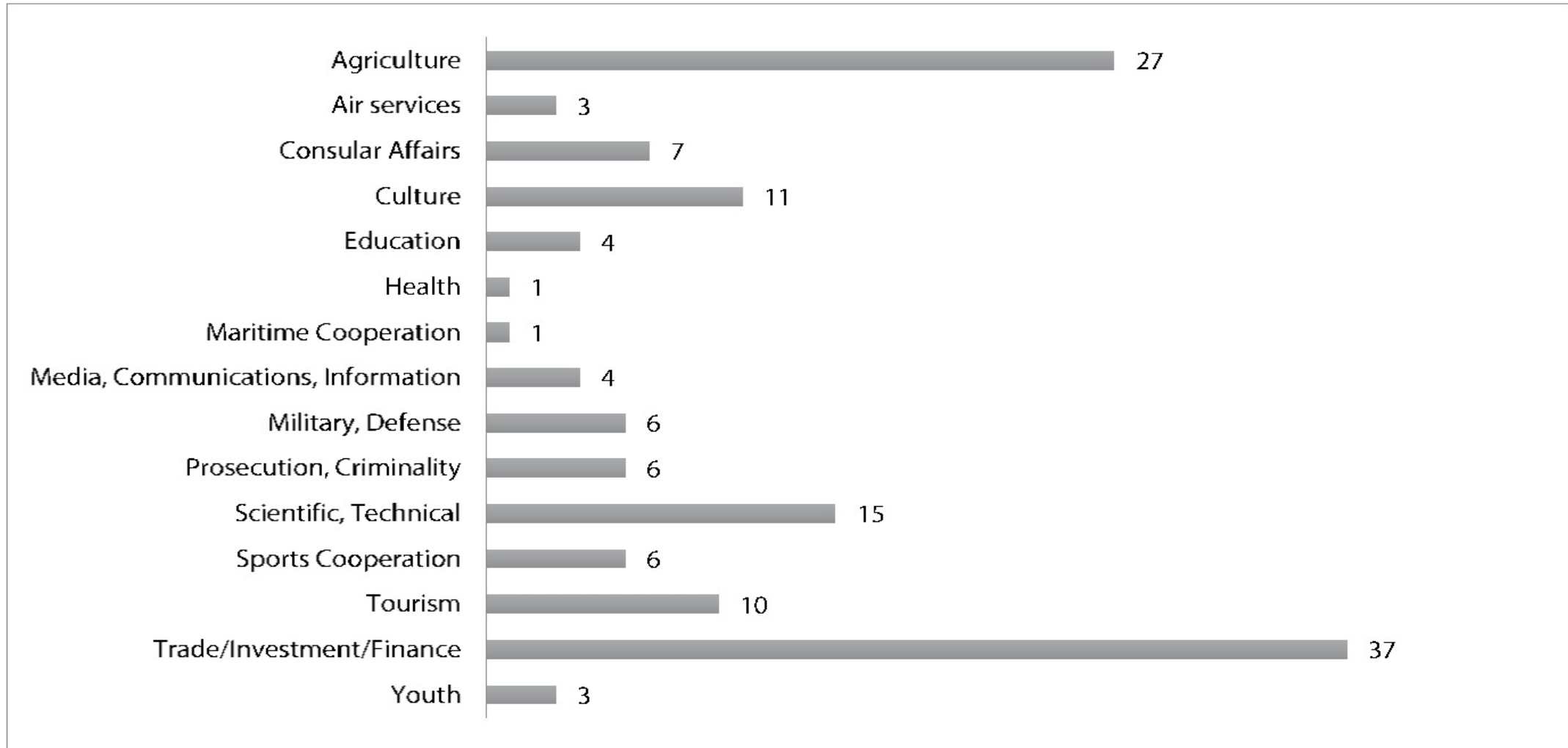
Source: Clemente (2016)

Figure 5: Number of Bilateral Agreements between Philippines and China, 1975-2015

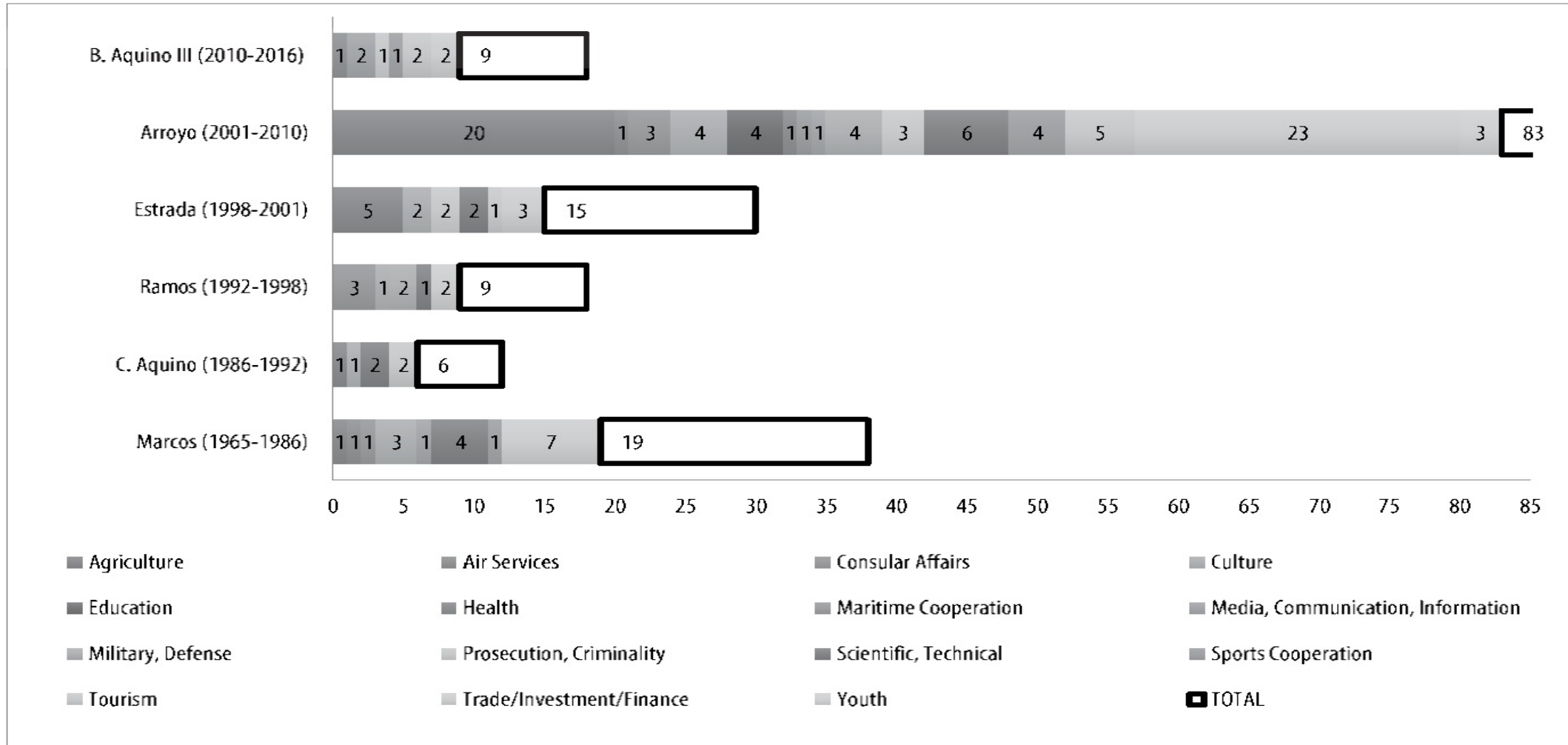


Source: Clemente (2016)

Figure 6: Frequency of Each Area of Concern in 138 Bilateral Agreements between the Philippines and China



# Figure 7: Number of Agreements Signed in Each Presidential Term, by Area of Concern



## List 1: Agreements signed between Philippines and China during the Visit of President Rodrigo Duterte to China on October 18 – 21, 2016

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1. Agreement on Economic and Technical Cooperation between the Government of the Republic of the Philippines and the Government of the People's Republic of China.
2. Memorandum of Understanding between the National Economic and Development Authority of the Republic of the Philippines and the National Development and Reform Commission of the People's Republic of China for Developing Cooperation on Production Capacity and Investment.
3. Memorandum of Understanding between the Department of Transportation and the Department of Public Works and Highways of the Republic of the Philippines and the National Development and Reform Commission of the People's Republic of China on Transportation Infrastructure Cooperation Project List
4. Memorandum of Understanding between the Department of Trade and Industry of the Republic of the Philippines and the Ministry of Commerce of the Government of the People's Republic of China on Strengthening Bilateral Trade, Investment and Economic Cooperation



## List 1 continued...

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5. Memorandum of Understanding between the National Economic and Development Authority of the Republic of the Philippines and the Ministry of Commerce of the People's Republic of China on Formulation of the Development Program for Economic Cooperation.
6. Memorandum of Understanding between the Department of Finance of the Republic of the Philippines and the Ministry of Commerce of the People's Republic of China on Supporting the Conduct of Feasibility Studies for Major Projects
7. Action Plan on Agricultural Cooperation between the Department of Agriculture of the Republic of the Philippines and the Ministry of Agriculture of the People's Republic of China 2017-2019
8. Memorandum of Agreement between the State Council Information Office of the People's Republic of China and the Presidential Communications Operations Office of the Government of the Republic of the Philippines on News and Information Exchange, Training and for other Purposes

## List 1 continued...

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9. Memorandum of Understanding between the Department of Agriculture of the Republic of the Philippines and the General Administration of Quality Supervision Inspection and Quarantine of the People's Republic of China on Cooperation of Animal and Plant Inspection and Quarantine.
10. Memorandum of Understanding between the Philippine Coast Guard and the China Coast Guard on the Establishment of a Joint Coast Guard Committee on Maritime Cooperation
11. Implementation Program of the Memorandum of Understanding on Tourism Cooperation between the Department of Tourism of the Republic of the Philippines and the National Tourism Administration of the People's Republic of China 2017-2022
12. Protocol on Cooperation between the Philippines Drug Enforcement Agency and the Narcotics Control Bureau of the Ministry of Public Security of the People's Republic of China.
13. Memorandum of Understanding on Financing Cooperation between the Export-Import Bank of China and the Government of the Republic of the Philippines, represented by the Department of Finance

# PIDS Research Agenda

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## A. Long-Term Vision

## B. Economic Policy Choices

- B1. Fiscal Issues
- B2. Agricultural Policies
- B3. Land Policy and Agrarian Reform
- B4. Poor Performance of Manufacturing, and Trade and Industrial Policies
- B5. Competition Policy
- B6. Small and Medium Enterprises
- B7. Geopolitics of the Region
- B8. Regulatory Structures
- B9. Infrastructure

## PIDS Research Agenda (Continued)

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- B10. Environment and Natural Resources
- B11. Labor Market Issues: Emphasis on OFWs and the Economy
- B12. Metropolitan Issues
- B13. Local Governance

### C. Policies for Sustainable Human Development

- C1. CCT and Social Protection
- C2. Education Issues
- C3. Health Sector Policies

### D. Better Institutions

## Emerging Agenda: Helping Build Resilient Systems

## Conclusions

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**“The South China Sea dispute is not the sum total of our relations with China. We can deal with it separately but, at the same time, we can develop and strengthen our other areas of cooperation with China including trade, investment, tourism, people-to-people exchanges” (DFA of the Philippines 2016).**

**In addition to the above, this presentation asserts that cooperation in development research, particularly in the field of economic and policy analysis, should be actively explored as well. The coverage of this research can expand from the bilateral into the multilateral involving other countries, including those outside the membership of the ASEAN.**



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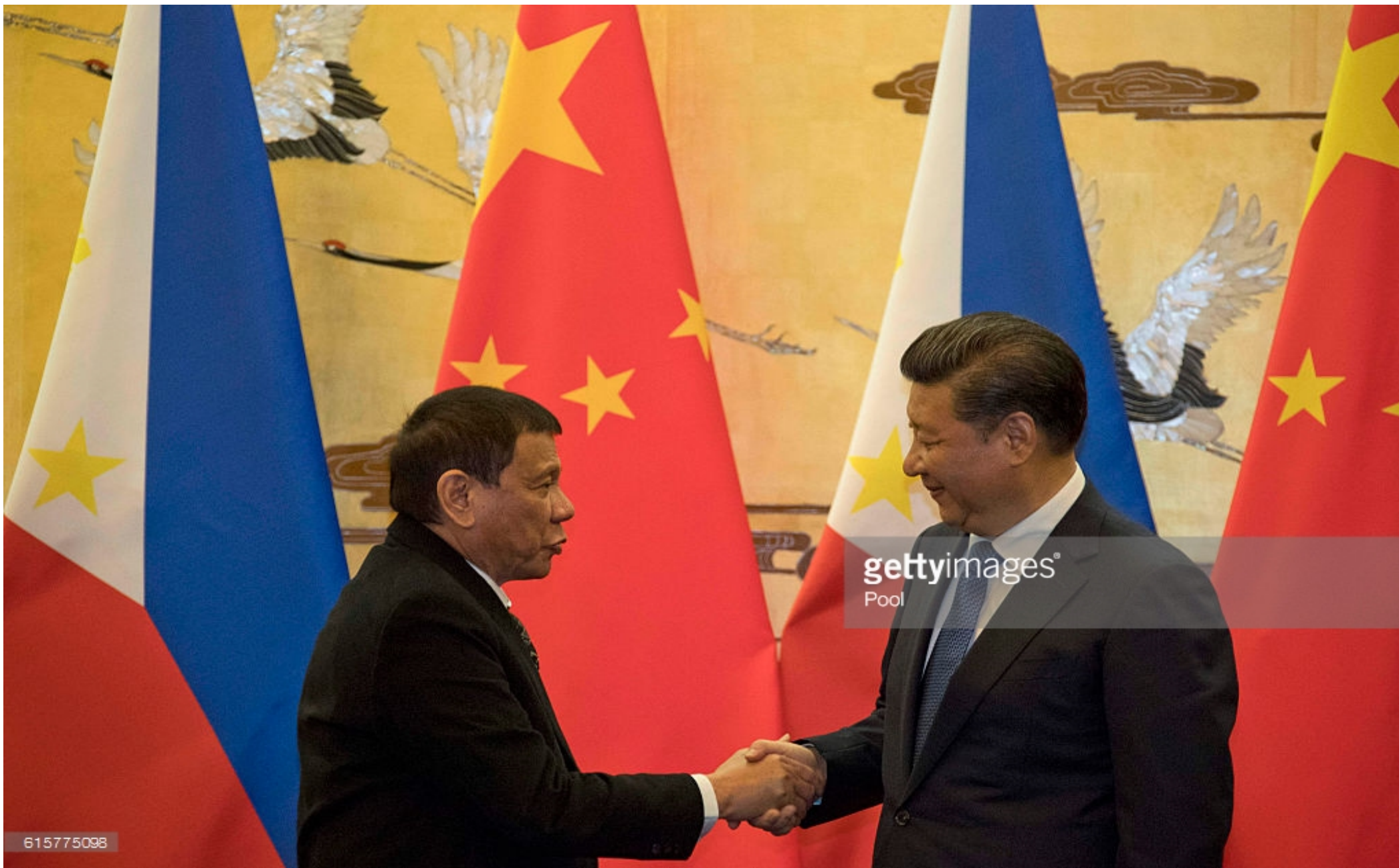
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good day!

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