

# EU-PHILIPPINES

trade and investment  
factfile 2015



**EU-PHILIPPINES**  
Trade and Investment Factfile 2015

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**The Delegation of European Union to the Philippines**

30th Floor, Tower II, RCBC Plaza  
6819 Ayala Ave., 1200 Makati City, Philippines  
Tel.: (+63-2) 859-5100 • Fax: (+63-2) 859-5109  
E-mail: [Delegation-Philippines@eeas.europa.eu](mailto:Delegation-Philippines@eeas.europa.eu)  
Website: <http://eeas.europa.eu/delegations/philippines>

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## Message from the EU Trade Commissioner

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*The commercial and political ties between the European Union (EU) and the Philippines have existed for centuries and have grown into today's substantial relationship with trade in goods and services at historical highs of €12.5 billion and €3.1 billion respectively. Our relationship is an essential one: The European Union is the world's largest economy and the rise of Asia is the most important economic and political story of our time. And the Philippines is playing its part in it.*

*ASEAN, taken together, is the European Union's third trading partner outside Europe. And, if we exclude ASEAN's internal trade, the EU is this region's second largest partner, after China but before Japan and the United States. But we need to make this relationship even stronger, especially with the Philippines where the EU, despite being the largest investor and now the third trading partner, could be more present to the benefit of both our economies.*

*I became EU Trade Commissioner in November last year, convinced that one of my central priorities would be to reinforce Europe's trade ties with Asia. In this regard, I see it as a clear goal to create a free trade zone between the European Union and ASEAN. We should get rid of tariffs and free up services, investment and procurement markets. We should set up strong common rules in areas like intellectual property, investment protection and sustainable development. This would strengthen the economy and business environment on both sides.*

*Bilateral free trade agreements with individual ASEAN countries, not the least the Philippines can become the building blocks of such a region-to-region agreement. The Philippines is providing very positive signals in terms of performance on economic reforms, growth and improved business climate and I look forward to a deeper engagement, also towards an effective implementation of the recently granted GSP+ tariff preferences that would further help increase our bilateral trade and investment in the coming years.*

*I hope that this booklet will serve as a useful source of information for businesses and other stakeholders to strengthen further the already strong relationship between the EU and the rest of the world.*



A handwritten signature in black ink, which appears to read 'Cecilia Malmström'.

Cecilia Malmström  
EU Trade Commissioner

# Overview

In 2014, EU – Philippines trade in goods increased to historic highs by 16% to €12.5 billion, while trade in services increased even stronger, by 17%, to €3.1 billion. This trade resulted in a surplus of €1.1 billion in goods for the EU and a surplus in services' trade of more than €300 million for the Philippines. This impressive growth puts the EU at par with the US as the Philippines' third trading partner, after Japan and China.

EU's exports of goods to the Philippines continued its strong growth which started in 2011 (total accumulated export growth of 70% since) and made the EU in 2014 the second source of imports (after China) by the Philippines. This was, to a large extent, thanks to major airline orders from the two large carriers in the Philippines but also following the continued strong growth of the Philippines (6.1% in 2014, 6.7% projected for 2015).

Philippines' growth is driven by sound macro-economic policies as evidenced by ratings and indices upgrades, continued population and middle class growth, economic reforms (liberalising financial and other sectors) and more government spending on infrastructure. The stronger economic recovery in the EU (1.4% growth) likewise meant an increased demand for products from the Philippines as well as a new surge of reported Foreign Direct Investment to the Philippines (over €800 million, or 26% of total inflows into the Philippines in 2014, and adding to the 450,000 jobs already provided by current investors).

In 2014, EU key exports to the Philippines included electronics, chemical products, industrial equipment, transport equipment, metal products, paper products, cereals, meat, dairy, and animal feeds, while the Philippines main exports to the EU included electronics, coconut oil, transport equipment, clothing and textiles, fishery products, metal products, industrial equipment, and fruit products. Trade in services is dominated by transport (sea and air) as well as business processing outsourcing and finance.

In 2014, the EU became the 4th largest source of tourists to the Philippines, overtaking China with a record number of 400,000 tourists. In 2014, the European Union also became the fourth largest host of land-based migrant Filipinos and the largest employer of Filipino seafarers. Filipino migrants living and working in the EU as well as Filipino seafarers manning European ships sent \$3.35 billion back to the Philippines in 2014, making the EU the second largest source of remittances to the Philippines.

With the recent granting of further trade preferences under GSP+ and parties preparatory work to explore the possibility of a future bilateral free-trade agreement, EU-Philippines trade relations are expected to deepen in the years to come.



# 1 Trade Relations

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## 1.1. Trade in goods: main trends 2014

In 2014, EU-Philippines trade increased by 16% to €12.5 billion, mostly following the strong economic growth of the Philippines (+6.1%) and a keen interest of EU industry in the country. In addition, the EU economy posted recovery, leading to an increase of Philippines exports to the EU as well. Overall, EU exports of €6.8 billion and imports of €5.7 billion led to a trade surplus in favour of the EU of €1.1 billion.

*In 2014, EU trade with the Philippines reached a historic high*

**Table 1: Trade in goods between the EU and the Philippines**

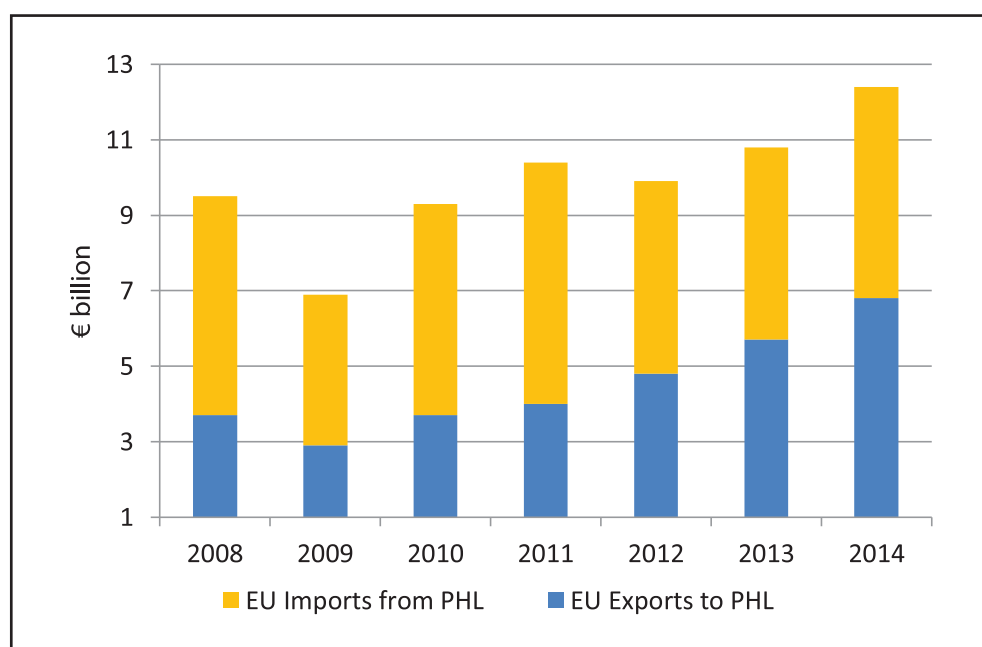
Source: Eurostat

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>EU exports to PHL (€ bn)</b>	3.6	3.6	3.7	4.0	3.7	2.9	3.7	4.0	4.8	5.7	6.8
Annual growth rate (%)	6.6	0.6	3.2	6.2	-5.4	-21.6	27.5	6.6	20.6	18.9	19.3
<b>EU imports from PHL (€ bn)</b>	6.9	6.5	6.8	6.0	5.8	4.0	5.6	6.4	5.1	5.1	5.7
Annual growth rate (%)	-3.1	-5.5	4.1	-11.3	-3.8	-31.1	40.7	13.9	-19.7	-0.9	11.8
<b>Total Trade (€ bn)</b>	10.5	10.2	10.5	10.0	9.6	6.9	9.4	10.4	10.0	10.8	12.5
Annual growth rate (%)	0.0	-3.4	3.8	-5.1	-4.4	-27.4	35.1	11.0	-4.3	8.7	15.7
<b>EU Trade Balance (€ bn)</b>	-3.3	-2.9	-3.1	-2.1	-2.1	-1.1	-1.9	-2.4	0.33	0.6	1.1

*Trade in goods rebounded and almost doubled in five years' time, from €6.9 billion to €12.5 billion*

**Figure 1: Trade in goods between the EU and the Philippines**

Source: Eurostat



## 1.2. Trade in services

*Trade in Services increased by 17% - with a surplus for the Philippines of €300 million*

Total trade in services in 2013 (latest available data)<sup>1</sup> amounted to €3.1 billion, an increase of 17% resulting in a surplus for the Philippines of over €300 million.

EU services imports from the Philippines remain dominated by transportation (33% or €551 million; most of which is sea transport services (€470 million), followed by travel services (€464 million), and telecommunication (€158 million). 'Other business services', a category including Business Process Outsourcing (BPOs) amounted to €346 million in 2013. Philippines is ranked 2nd only to India as a business process off shoring destination, taking advantage of the outsourcing trends over the last decade – a trend that is set to grow with companies from Europe (representing the largest offshoring market of the world and the second largest BPO export market of the Philippines) expressing continued interest in the sector. EU services exports to the Philippines remains dominated by IT and telecom services (€305 million) and transport (€206 million), notably sea (€109 million) and air (€80 million) transport. Financial services and services related to IPR amounted to over €70 million each.

**Table 2: Trade in services between the EU and the Philippines**

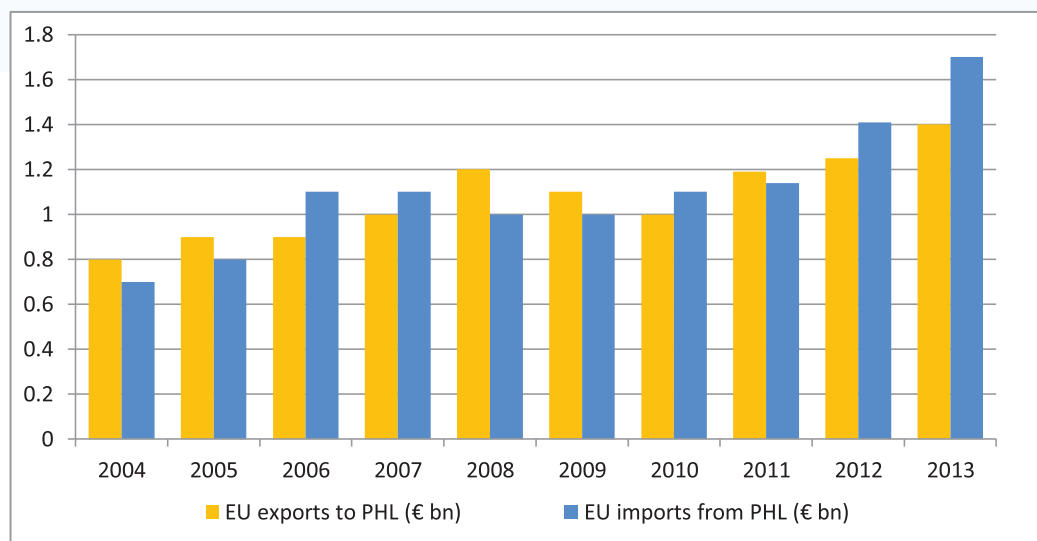
Source: Eurostat

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>EU exports to PHL (€ bn)</b>	<b>0.8</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>	<b>1.2</b>	<b>1.1</b>	<b>1.0</b>	<b>1.2</b>	<b>1.3</b>	<b>1.4</b>
Annual growth rate (%)	-14.7	15.9	5.1	10.6	18.6	-7.3	-13.1	16.9	5%	12%
<b>EU imports from PHL (€ bn)</b>	<b>0.7</b>	<b>0.8</b>	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>	<b>1.0</b>	<b>1.1</b>	<b>1.1</b>	<b>1.4</b>	<b>1.7</b>
Annual growth rate (%)	0.7	22.5	33.4	-1.3	-6.3	-1.6	13.7	-0.1	24%	21%
<b>Total Trade (€ bn)</b>	<b>1.4</b>	<b>1.7</b>	<b>2.0</b>	<b>2.1</b>	<b>2.2</b>	<b>2.1</b>	<b>2.1</b>	<b>2.3</b>	<b>2.7</b>	<b>3.1</b>
Annual growth rate (%)	-8.2	18.9	18.6	4.2	5.9	-4.7	-0.6	7.8	14.5	17%
<b>EU Trade Balance (€ bn)</b>	<b>0.1</b>	<b>0.1</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.2</b>	<b>0.1</b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.3</b>

<sup>1</sup>Note that figures for 2013 are provisional and calculated according to the new BPM6 methodology.

**Figure 2: Trade in services between the EU and the Philippines**

Source: Eurostat



### 1.3. Rankings: imports, exports and overall trade volume

In 2014 the Philippines ranked as the 44th EU trading partner (up two places from 2013). The country was the 38th exporting partner of the EU (44 in 2013), having overtaken Vietnam while it was EU's 43rd importing partner (45 in 2013). Rankings indicate the more substantial trade and investment relationship, though the Philippines is still lagging behind its potential and other ASEAN middle-income countries. Philippines share of total EU imports was 0.3%, while EU exports to the Philippines represented 0.4% of overall EU exports.

*The Philippines moved up two places in terms of the EU's trading partners*

**Table 3: The EU's leading trade partners in 2014**

Source: Eurostat

N°	Total EU Trade with...	million euro	share (%)	EU Imports from...	million euro	share (%)	EU Exports to...	million euro	share (%)
	<b>EXTRA-EU28</b>	<b>3,383,395</b>	<b>100.0</b>	<b>EXTRA-EU28</b>	<b>1,680,542</b>	<b>100.0</b>	<b>EXTRA-EU28</b>	<b>1,702,854</b>	<b>100.0</b>
1	USA	515,727	15.2	China	302,504	18.0	USA	310,861	18.3
2	China	467,235	13.8	USA	204,866	12.2	China	164,731	9.7
3	Russia	285,095	8.4	Russia	181,805	10.8	Switzerland	140,349	8.2
4	Switzerland	236,907	7.0	Switzerland	96,557	5.7	Russia	103,291	6.1
5	Norway	134,144	4.0	Norway	83,964	5.0	Turkey	74,632	4.4
6	Turkey	128,902	3.8	Japan	54,569	3.2	Japan	53,303	3.1
7	Japan	107,871	3.2	Turkey	54,270	3.2	Norway	50,180	2.9
8	South Korea	82,183	2.4	South Korea	39,045	2.3	South Korea	43,138	2.5
9	India	72,501	2.1	India	37,047	2.2	United Arab Emirates	42,772	2.5
10	Brazil	68,056	2.0	Brazil	31,128	1.9	Brazil	36,928	2.2
11	Saudi Arabia	63,866	1.9	Algeria	29,384	1.7	India	35,455	2.1
12	Canada	59,026	1.7	Saudi Arabia	28,734	1.7	Saudi Arabia	35,132	2.1
13	Algeria	52,762	1.6	Nigeria	28,165	1.7	Hong Kong	34,683	2.0
14	United Arab Emirates	50,897	1.5	Canada	27,361	1.6	Canada	31,665	1.9
15	Mexico	46,706	1.4	Kazakhstan	23,897	1.4	Australia	29,576	1.7
16	Hong Kong	45,337	1.3	Taiwan	23,195	1.4	Mexico	28,476	1.7
17	Singapore	45,093	1.3	Vietnam	22,071	1.3	Singapore	28,247	1.7
18	South Africa	41,781	1.2	Malaysia	19,722	1.2	Algeria	23,378	1.4
19	Taiwan	40,163	1.2	Thailand	18,538	1.1	South Africa	23,340	1.4
20	Nigeria	39,716	1.2	South Africa	18,441	1.1	Morocco	18,224	1.1
21	Australia	38,685	1.1	Mexico	18,230	1.1	Not specified - Extra	17,670	1.0
22	Not specified - Extra	34,504	1.0	Singapore	16,846	1.0	Ukraine	17,143	1.0
23	Malaysia	33,703	1.0	Not specified - Extra	16,833	1.0	Israel	16,983	1.0
24	Thailand	30,984	0.9	Indonesia	14,398	0.9	Taiwan	16,968	1.0
25	Ukraine	30,907	0.9	Ukraine	13,764	0.8	Egypt	16,948	1.0
26	Kazakhstan	30,651	0.9	Azerbaijan	13,159	0.8	Stores and provision	16,512	1.0
27	Israel	30,067	0.9	Israel	13,084	0.8	Malaysia	13,981	0.8
28	Morocco	29,236	0.9	Libya	12,477	0.7	Thailand	12,446	0.7
29	Vietnam	28,252	0.8	Bangladesh	12,311	0.7	Nigeria	11,551	0.7
30	Egypt	25,516	0.8	Iraq	11,629	0.7	Tunisia	10,987	0.6
31	Indonesia	23,888	0.7	Morocco	11,013	0.7	Serbia	10,374	0.6
32	Tunisia	20,342	0.6	Hong Kong	10,654	0.6	Indonesia	9,490	0.6
33	Libya	17,793	0.5	Angola	9,381	0.6	Qatar	8,400	0.5
34	Serbia	17,487	0.5	Tunisia	9,355	0.6	Argentina	8,262	0.5
35	Azerbaijan	16,641	0.5	Australia	9,108	0.5	Belarus	7,464	0.4
36	Stores and provision	16,512	0.5	Chile	8,730	0.5	Chile	7,388	0.4
37	Iraq	16,306	0.5	Egypt	8,568	0.5	Gibraltar	6,974	0.4
38	Angola	16,119	0.5	Colombia	8,127	0.5	<b>Philippines</b>	<b>6,802</b>	<b>0.4</b>
39	Chile	16,118	0.5	United Arab Emirates	8,125	0.5	Kazakhstan	6,754	0.4
40	Argentina	15,968	0.5	Argentina	7,706	0.5	Angola	6,738	0.4
41	Qatar	15,888	0.5	Qatar	7,488	0.4	Lebanon	6,552	0.4
42	Colombia	14,478	0.4	Serbia	7,113	0.4	Iran	6,418	0.4
43	Bangladesh	14,328	0.4	<b>Philippines</b>	<b>5,699</b>	<b>0.3</b>	Colombia	6,351	0.4
44	<b>Philippines</b>	<b>12,501</b>	<b>0.4</b>	Pakistan	5,502	0.3	Vietnam	6,181	0.4
45	Belarus	10,892	0.3	Kuwait	5,452	0.3	Libya	5,316	0.3
46	Kuwait	10,536	0.3	Peru	4,936	0.3	Kuwait	5,084	0.3
47	Pakistan	9,587	0.3	Costa Rica	3,774	0.2	Bosnia-Herzegovina	5,026	0.3
48	Bosnia-Herzegovina	8,357	0.2	Equat. Guinea	3,651	0.2	Togo	4,758	0.3
49	Peru	8,172	0.2	Venezuela	3,529	0.2	Iraq	4,677	0.3
50	Gibraltar	8,142	0.2	Belarus	3,428	0.2	New Zealand	4,494	0.3

#### 1.4. Comparison of EU-Philippines trade with other partners

*Among the ASEAN trading partners, EU trade with the Philippines grew fastest in 2014*

According to Eurostat in 2014, the Philippines outperformed other ASEAN middle income countries in terms of increases in trade in goods. Trade with some of the neighbouring countries declined, whereas the Philippines outperformed Vietnam in terms of growth (15% against 4%) and also in terms of absolute export value (€6.8 billion against €6.1 billion). Still, when comparing Philippines' share in EU-ASEAN trade, there is considerable scope for further growth from today's 7% share.



**Table 4: EU's trade with selected ASEAN Member States in 2014**

Source: Eurostat

	ASEAN	Malaysia	Thailand	Vietnam	Indonesia	Philippines
EU exports (€ bn)	78.58	13.98	12.45	6.18	9.49	6.8
EU imports (€ bn)	100.93	19.72	18.54	22.07	14.4	5.7
Total Trade (€ bn)	<b>179.51</b>	<b>33.7</b>	<b>30.98</b>	<b>28.25</b>	<b>23.89</b>	<b>12.5</b>
EU Trade Balance (€ bn)	-22.35	-5.7	-6.1	-15.9	-4.9	1.1
Cover rate (exports/imports)	78%	71%	67%	28%	66%	119%

Looking at the importance of the EU as a trading partner for the Philippines, trade with the EU has reached new records not only in absolute terms, but also in terms of rankings compared to other partners. According to data from Philippine Statistics Authority, trade with the EU reached US\$ 14.28 billion in 2014, behind Japan (US\$ 19.11 billion) and China (US\$17.72 billion) but very close to the US (US\$ 14.35 billion). Trade with the EU grew at 13%, next to only China with 17%, and represented 11% of total Philippines' trade.

*EU-Philippines total trade in goods is 7% of EU's trade with ASEAN but growth of trade was strongest in the region*

*For the Philippines, trade with the EU grew second fastest after China*

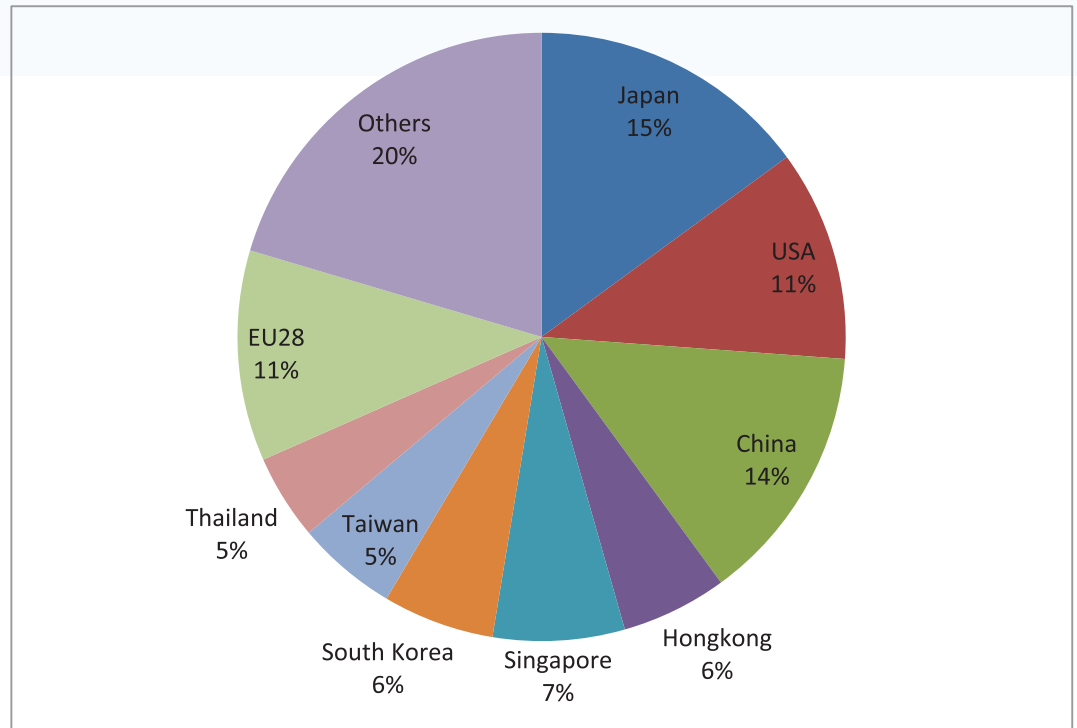
**Table 5: Philippines' trade with its main partners in 2014**

Source: Philippine Statistics Authority

	Japan	USA	China	EU
<b>PHL exports (\$bn)</b>	<b>13.92</b>	<b>8.72</b>	<b>8.03</b>	<b>6.73</b>
Annual growth rate (%)	16%	5%	14%	2%
<b>PHL imports (\$bn)</b>	<b>5.19</b>	<b>5.63</b>	<b>9.69</b>	<b>7.55</b>
Annual growth rate (%)	-1%	-20%	20%	26%
<b>Total Trade (\$bn)</b>	<b>19.11</b>	<b>14.35</b>	<b>17.72</b>	<b>14.28</b>
Annual growth rate (%)	11%	-6%	17%	13%
<b>PHL Balance (\$bn)</b>	<b>8.73</b>	<b>3.09</b>	<b>-1.66</b>	<b>-0.82</b>

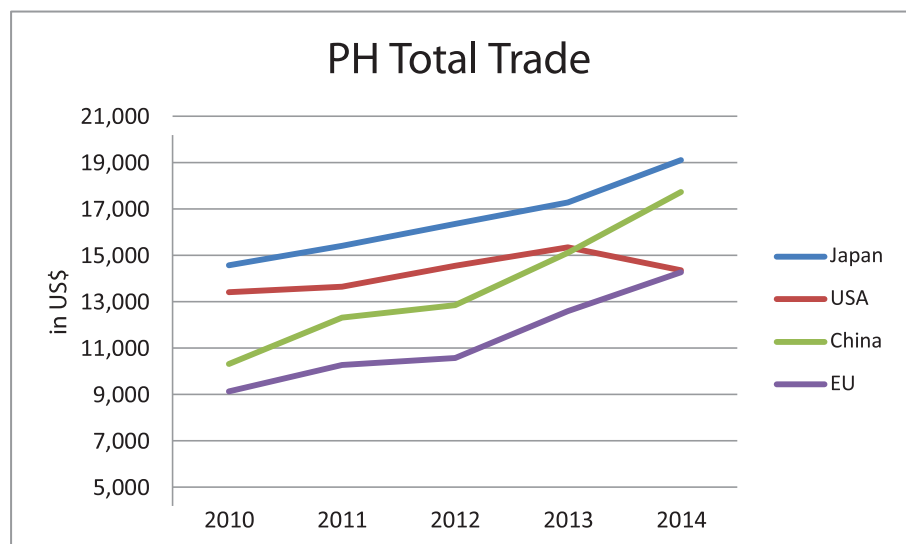
**Figure 3: Share of Philippines' trade in 2014**

Source: Philippine Statistics Authority



**Figure 4: Philippines' trade with its main partners**

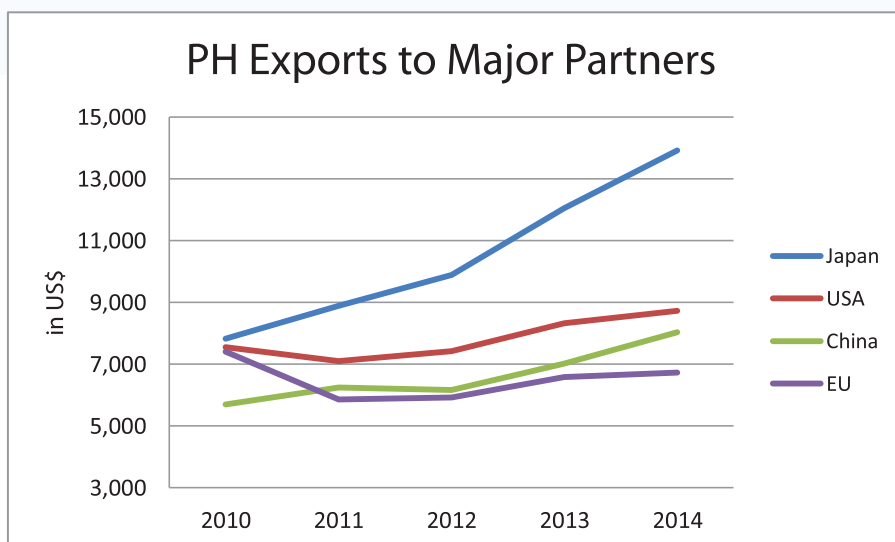
Source: Philippine Statistics Authority



In terms of Philippine exports, the EU remained the Philippines' fourth largest export market accounting for 8% of total Philippine exports behind Japan (17%), the US (11%), and China (10%).

**Figure 5: Philippines' exports to its main partners**

Source: Philippine Statistics Authority

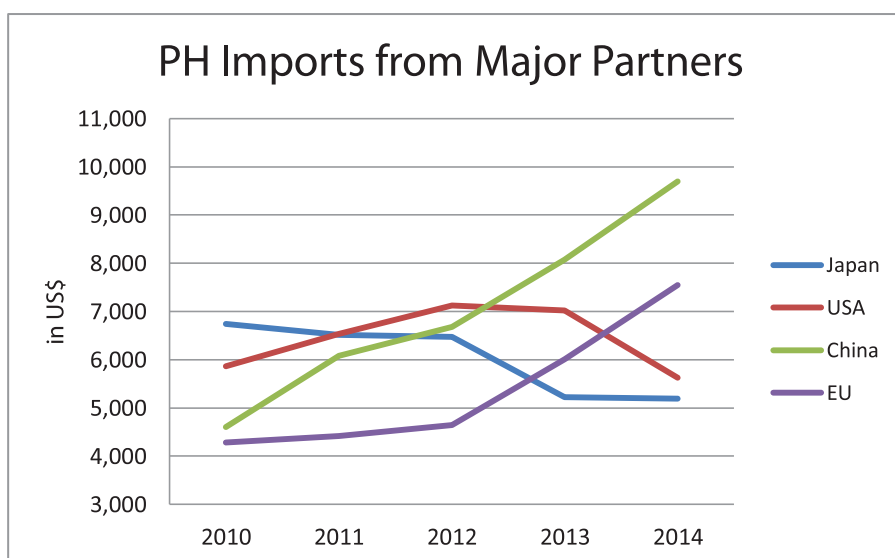


With regard to Philippine imports, the EU became the second largest supplier to the Philippines, overtaking the US. Imports from China continued to increase substantially, making China today by far the most important source of imports to the Philippines, almost equalling imports from Japan and the US together.

*The EU became the 2nd largest supplier of goods to the Philippines*

**Figure 6: Philippines' imports to its main partners**

Source: Philippine Statistics Authority



### 1.5. Philippines' trade with EU Member States

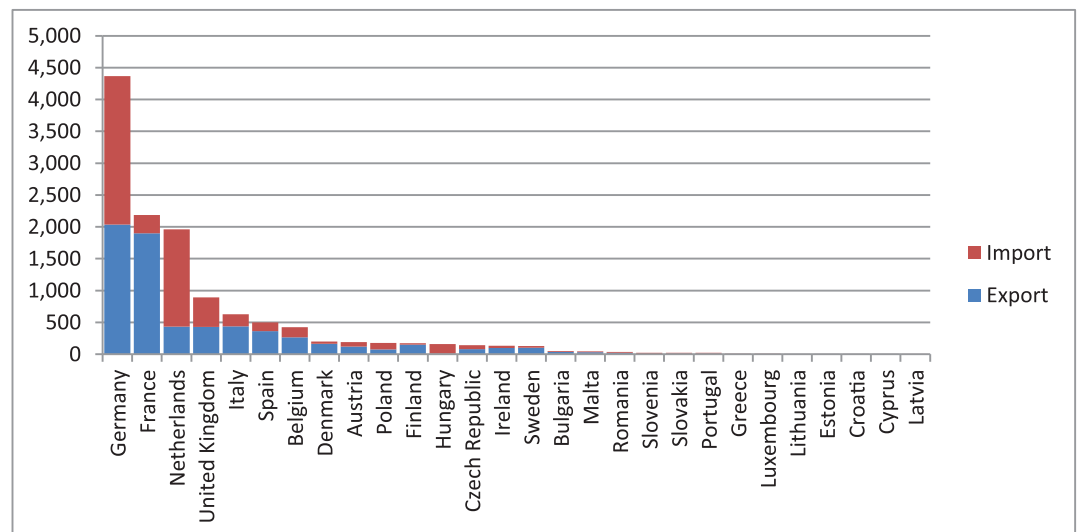
The EU's single market with its free movement of goods, services and capital means that specific trade flows between the EU and non-EU economies are not fully attributable to a particular EU Member State and the various flows should be seen in that context.

*Eight EU member states concentrate 90% of EU-Philippines trade*

Germany is the Philippines' largest trading partner within the EU, followed by France, the Netherlands, the UK, Italy, Spain, Belgium and Denmark. Together these countries account for almost 90% of EU-Philippine trade. Meanwhile, most, if not all, of the other EU member states are investing in expanding trade with the Philippines.

**Figure 7: Trade volume between the EU-28 and the Philippines in 2014**

Source: Eurostat



**Table 6: EU Member States' trade with the Philippines**

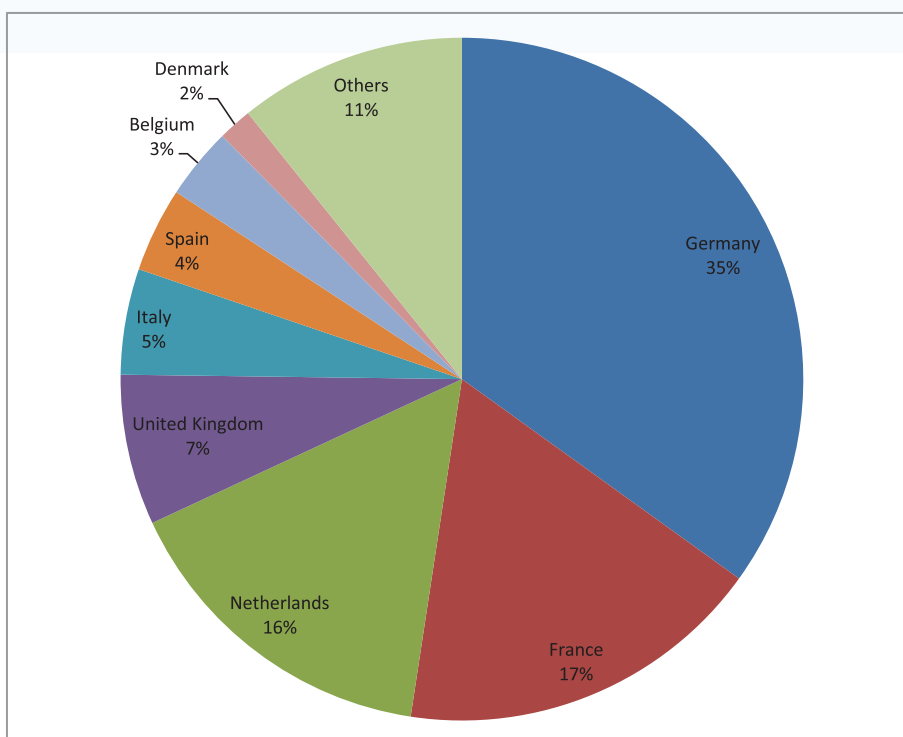
Source: Eurostat

	EU Exports (EUR Mn)		EU Imports (EUR Mn)		Total Trade (EUR Mn)	
	2014	2013	2014	2013	2014	2013
	2014	2013	2014	2013	2014	2013
Germany	2,036	1,729	2,330	1,982	4,366	3,711
France	1,897	1,460	287	308	2,184	1,768
Netherlands	433	390	1,527	1,322	1,960	1,712
United Kingdom	430	398	461	422	891	820
Italy	439	422	187	179	626	601
Spain	363	307	138	127	501	434
Belgium	266	267	158	133	424	400
Denmark	165	83	35	36	200	119
Austria	118	100	73	72	191	172
Poland	78	41	99	59	177	100
Finland	150	139	21	34	171	173
Hungary	9	7	153	140	162	147
Czech Republic	81	79	60	65	141	144
Ireland	99	80	35	32	134	112
Sweden	103	110	26	52	129	162
Bulgaria	36	34	13	38	49	72
Malta	32	27	13	26	45	53
Romania	23	15	14	14	37	29
Slovenia	7	8	18	15	25	23
Slovakia	8	3	16	9	24	12
Portugal	8	6	13	13	21	19
Greece	7	5	5	7	12	12
Luxembourg	6	5	6	4	12	9
Lithuania	3	3	2	2	5	5
Estonia	1	0	4	3	5	3
Croatia	3	8	1	3	4	11
Cyprus	1	2	1	1	2	3
Latvia	0	0	2	1	2	1
EU 28	6,802	5,728	5,698	5,099	12,500	10,827



**Figure 8: Share of EU trade volume with the Philippines in 2014**

Source: Eurostat



### 1.6. Structure and trends by product

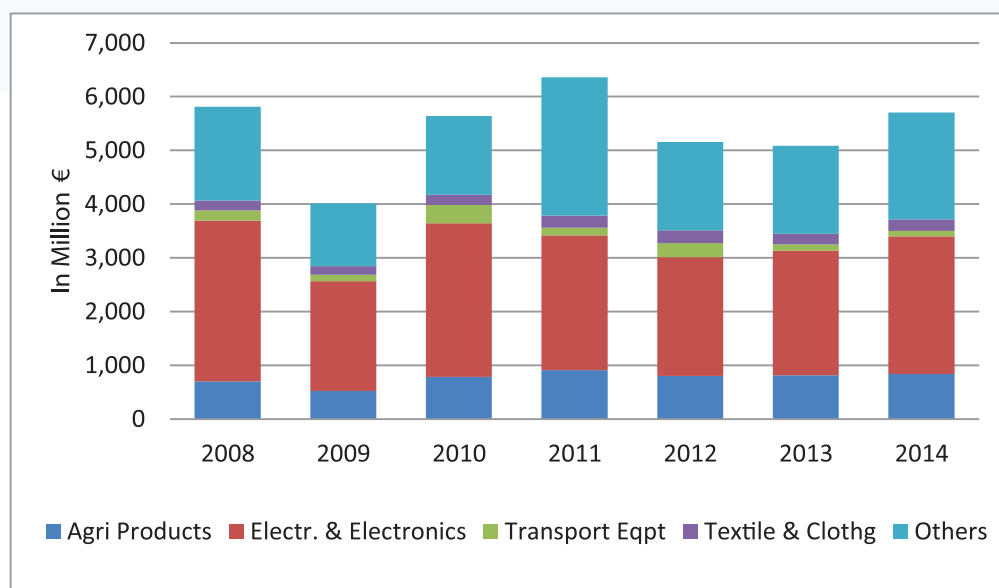
*84% of Philippines' exports to the EU are manufactures*

The Philippines seeks to diversify its exports base. While succeeding in reducing the share of its (dominant) IT sector, exports are still highly concentrated in that sector, dominated by electronics (45% of total exports), largely assembly and testing operations linked to regional and global production networks. Trade in other manufactured products (22% share) as well as agricultural products (15% share) has increased substantially as well. Agricultural trade increased to €840 million (EU imports) and € 950 million (EU exports) respectively, while trade in manufactures expanded by 14% (EU imports).

Other important manufactured exports include transport equipment (€100 million), garments and textiles (€208 million), and industrial equipment (€168 million).

**Figure 9: Major EU imports from the Philippines**

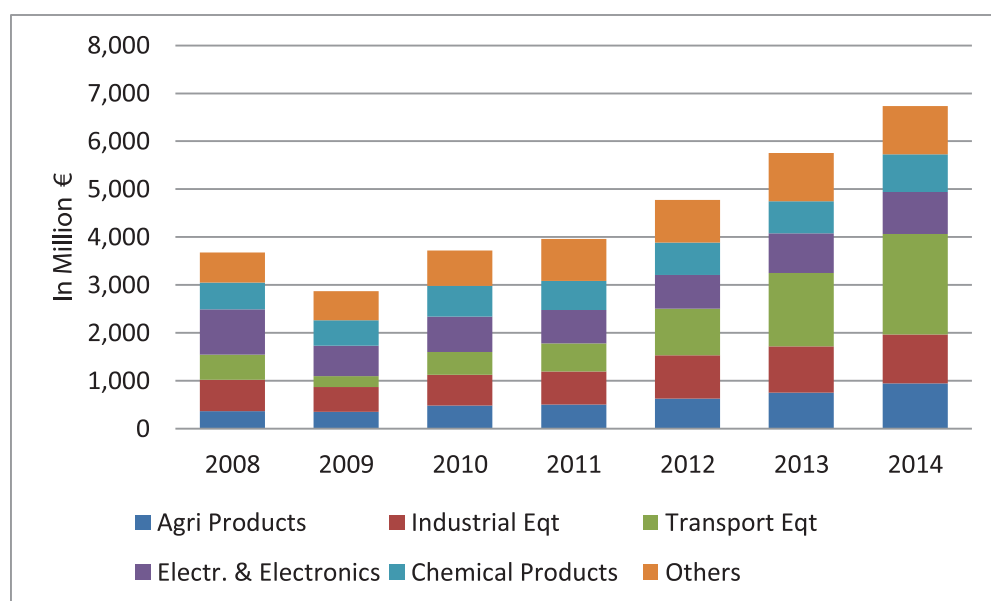
Source: Eurostat



Philippine imports are more diverse which includes €2.1 billion in transport equipment, including planes and automotive. Philippines also imported industrial equipment (14% or €812 million) and chemical products (14% or €785 million).

**Figure 10: Major EU exports to the Philippines**

Source: Eurostat



## 1.7. EU preferential trade with the Philippines

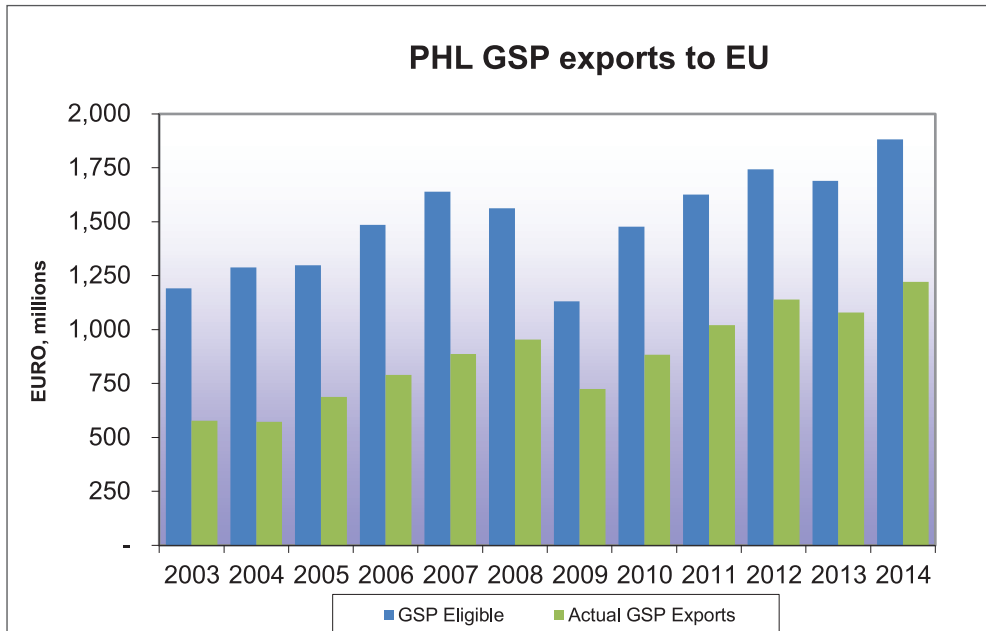
*In 2014, the Philippines increased its use of trade preferences awarded through the Generalised Scheme of Preferences (GSP); GSP+ will greatly expand those opportunities*

The European Union has granted trade preferences to developing countries through the Generalised Scheme of Tariff Preferences (GSP scheme) since 1971. It is part of its common commercial policy in accordance with the general provisions governing the EU's external action. The special incentive arrangement for sustainable development and good governance ('GSP+') provides additional tariff preferences when exporting to the European Union to developing countries which are vulnerable due to lack of diversification and insufficient integration within the international trading system. The GSP+ scheme supports beneficiary countries to assume the special responsibilities resulting from the ratification of 27 core international conventions on human and labour rights, environmental protection and good governance as well as from their effective implementation.

About 65% of Philippine exports to the EU already benefit from duty-free treatment on an MFN basis. In addition, the Philippines was already a beneficiary to EU's Generalized Scheme of Preferences. Total exports to the EU that were eligible for tariff reductions under GSP in 2013 amounted to €1.69 billion or 33% of total exports. Actual utilization of these preferences was around 64% or €1.08 billion. These figures improved in 2014, with a total of €1.88 billion of exports eligible under the GSP of which 65% was utilised. Actual exports under GSP thereby increased by 13%, covering 22% of all its exports.

GSP preferences and utilisation were most substantive in vegetable (coconut) oil (€280 million), machinery (€188 million), optical instruments (€115 million), and chemicals (€114 million).

With the granting of GSP+ to the Philippines on 25 December 2014, tariffs of over 6200 products have been eliminated, and will likely lead to substantial increase of exports in 2015, notably in agricultural sectors (fish, processed food), garments and shoe-ware.

**Figure 11: Philippines' exports under the EU GSP scheme***Source: Eurostat*

# 2 Investment flows and stocks

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Foreign direct investment statistics are difficult to compile in a globalised world, where businesses do not necessarily have clear-cut geographical roots. For this reason, investment statistics must be treated with caution. A change in methodology also resulted in a revision of figures.

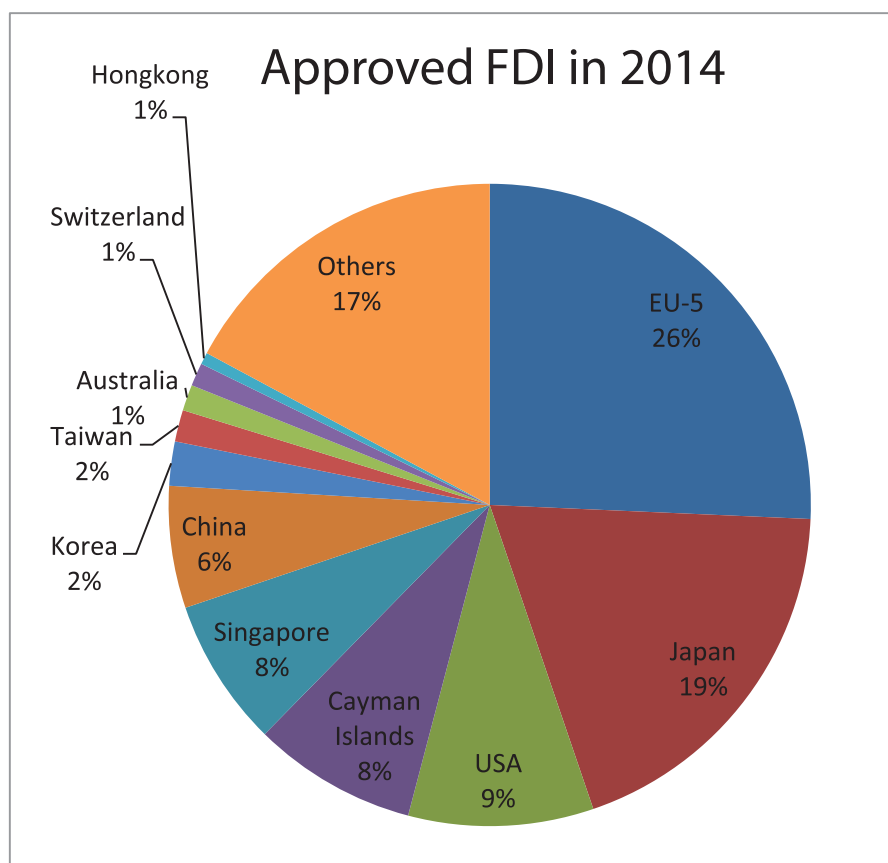
## 2.1. The EU's FDI in the Philippines

*With 26% of new reported investments in the Philippines coming from the EU, the EU remains the top investor in the Philippines*

According to Philippines' statistics, the EU was in 2014 again the largest investor in the Philippines with a total of PHP 48 billion (€ 814 million), a growth of 58% (from PHP 30 billion in 2013). From the data released by the National Statistical Coordination Board (NSCB), 26% of the total approved FDI in 2014 came from 5 EU Member States specifically Netherlands, UK, Germany, Denmark, and France.

**Figure 12: Major sources of approved FDI in the Philippines, 2014**

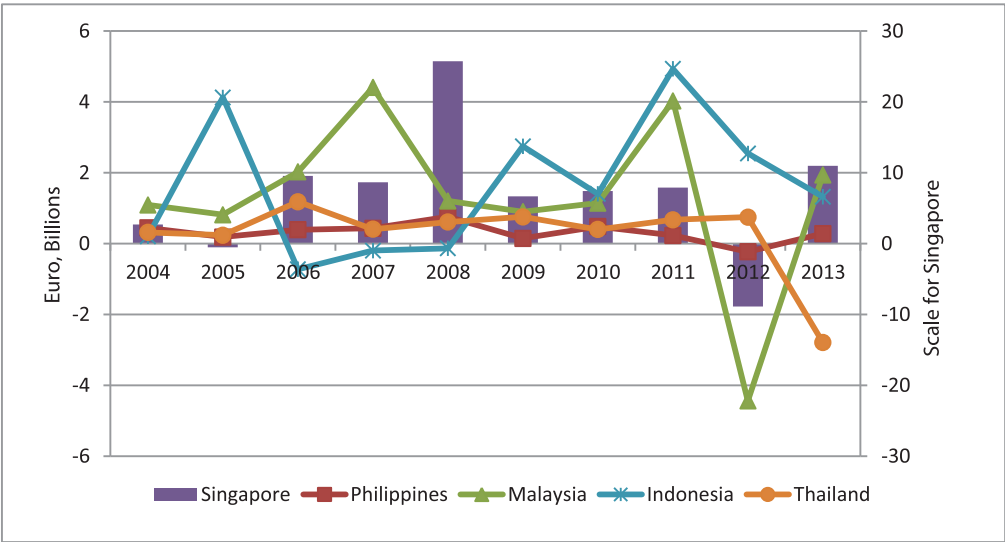
Source: NSCB





Despite this strong growth in reported investments of the EU into the Philippines, potential of the Philippines attracting a larger share of EU FDI remains high, given its relatively low levels compared to the rest of the ASEAN region.

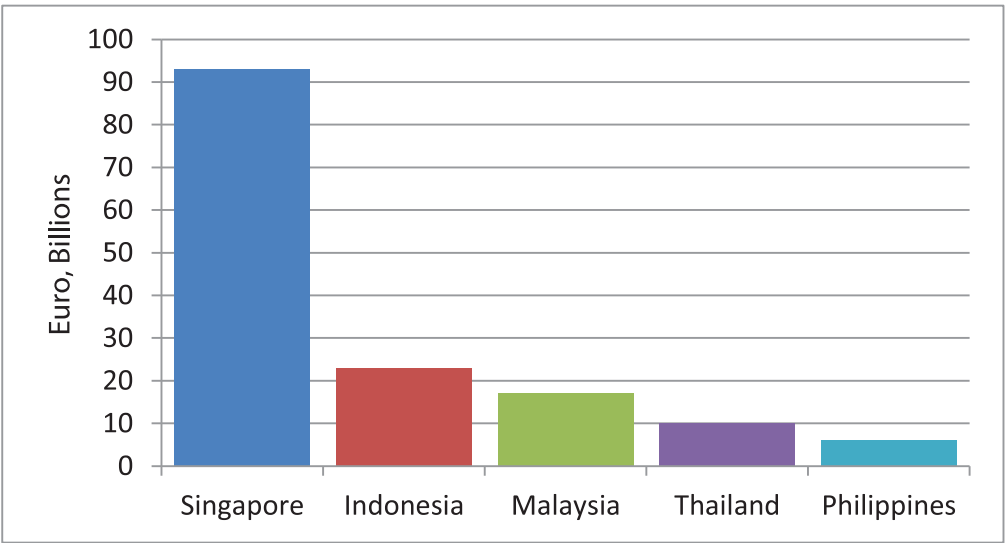
**Figure 13: Inflows of EU FDI into selected ASEAN Member States**  
Source: Eurostat



However, there remains substantial scope for boosting EU-Philippines investment relations as the Philippines had received less than 4% of the €156 billion stock of EU direct investments in the ASEAN region as of 2013.

*EU FDI in the Philippines account for only 3% of the total in ASEAN*

**Figure 14: Stock of EU FDI in selected ASEAN Member States, 2013**  
Source: Eurostat



## 2.2. Philippines' FDI in the EU

*The Philippines invested some € 400 million in the EU in 2013.*

Meanwhile, due to a change of methodology implemented since 2012,<sup>2</sup> Eurostat reported FDI has been adjusted for 2012 and showed a reduction of FDI, both from the EU into the Philippines as for the Philippines in the EU, reporting €6.2 billion and €600 million respectively.

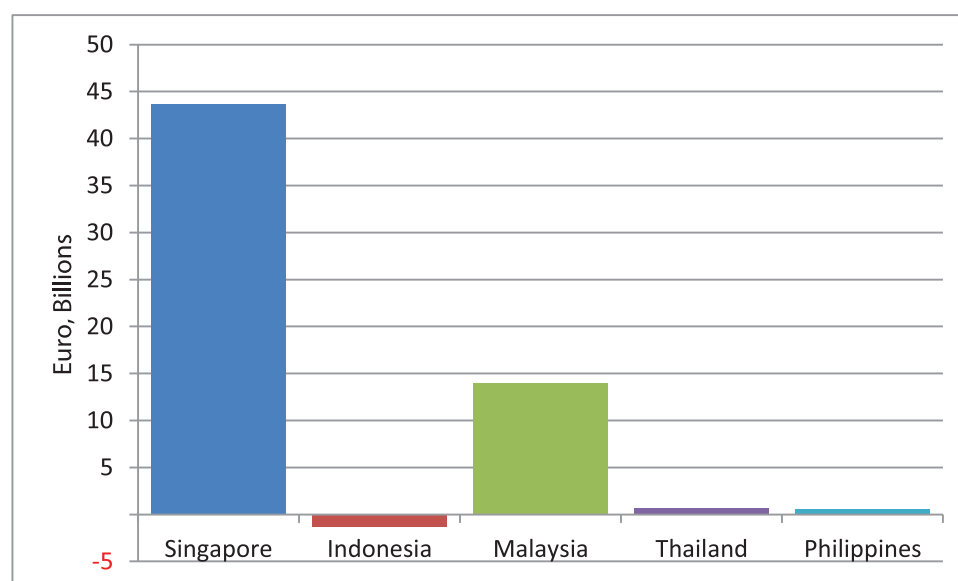
**Table 7: EU FDI stock with the Philippines (PHL)**

Source: Eurostat

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU FDI stock in PHL (€ bn)	3.9	4.7	5.9	6.0	7.3	6.4	7.4	7.4	7.0	6.2
Annual growth rate (%)	13.8	19.0	25.0	2.6	22.1	-12.9	15.5	0.6	-5	-18.4
EU FDI stock from PHL (€ bn)	1.0	1.1	1.0	1.1	1.2	1.5	1.6	1.2	1.4	0.6
Annual growth rate (%)	10.7	10.7	-12.1	10.3	7.9	24.8	10.2	-26.6	14.5	-40

**Figure 15: Stock of ASEAN Member States' FDI in the EU, 2013**

Source: Eurostat



<sup>2</sup>The IMF released its sixth edition of its Balance of Payments and International Investment Position Manual (BPM6) in 2009. Three major factors influenced the revision, namely globalisation (increased use of cross-border production processes, complex international company structures and international labour mobility), an increasing focus on balance sheets (reflected in the international investment position), and financial innovation (more and more complex financial instruments). The changeover to the new BPM6 methodology was implemented by ECB and Eurostat, since 2012, following the adoption by the Governing Council of the ECB to adopted Guidelines to implement the BPM6 late 2011.

# 3

## People-to-people exchanges

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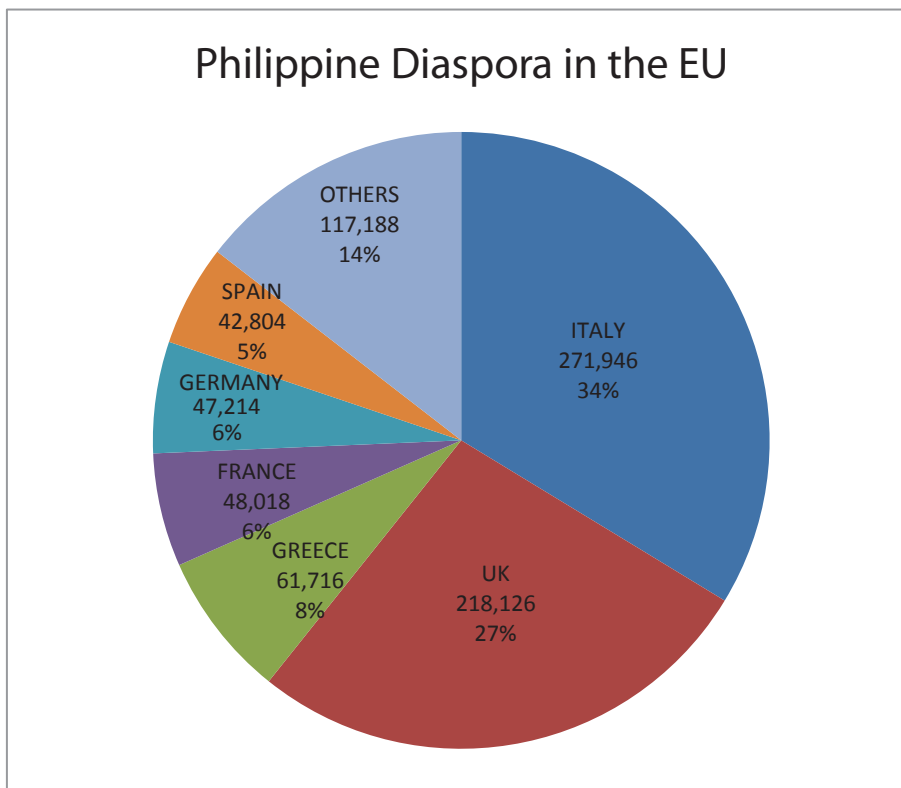
### 3.1. Migrant Filipinos in the EU and their remittances

Official Philippine government's estimates of the Filipino diaspora puts the total number of Filipinos abroad at 10.2 million in 2013 (latest data available), a reduction of 2.4% compared to the preceding year. Out of these, 4.9 million have permanent jobs. The number of seafarers remained the same as the year before with around 370,000.

*The number of Filipinos living in the EU grew by 14% to over 800,000*

While overall numbers reduced, the number of Filipinos living in the EU increased substantially, by 14% to 807,000, accounting for 7.8% of the total. Migrant Filipinos are present in all EU Member states but Italy (34% of EU total), the UK (27%), and Greece (8%) remain the most popular destinations.

**Figure 16: Philippine diaspora in the EU in 2013**  
Source: Eurostat

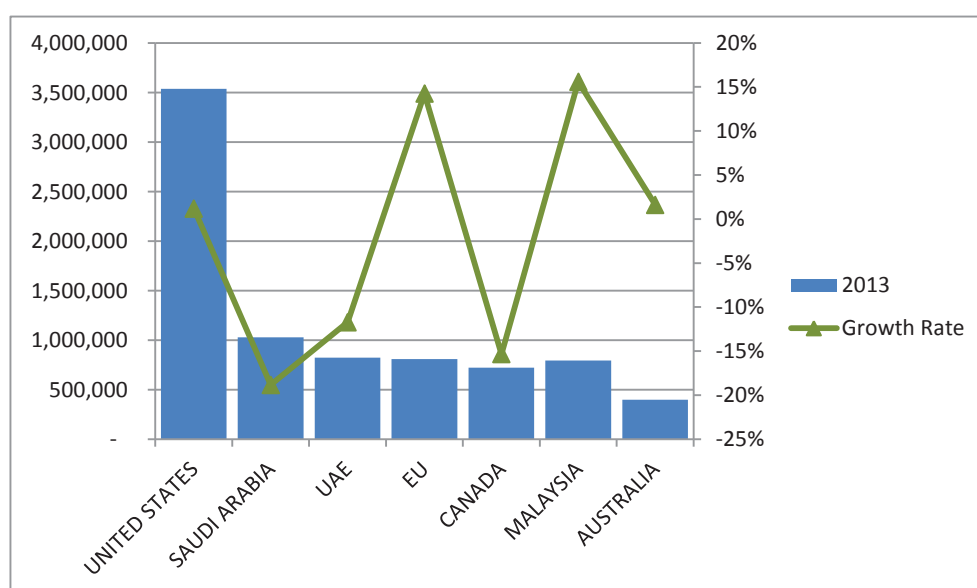


*The EU became the 4th largest host of (land-based) migrant Filipinos, after the US, Saudi Arabia and UAE*

According to 2014 Philippine data, the most popular destinations for OFW's in 2014 were Saudi Arabia, accounting for 24.8% of OFW's, followed by the UAE with 15.6%. Both countries overtook the US (accounting for 6.5%) followed by the EU who is now the fourth largest host of migrant Filipinos.

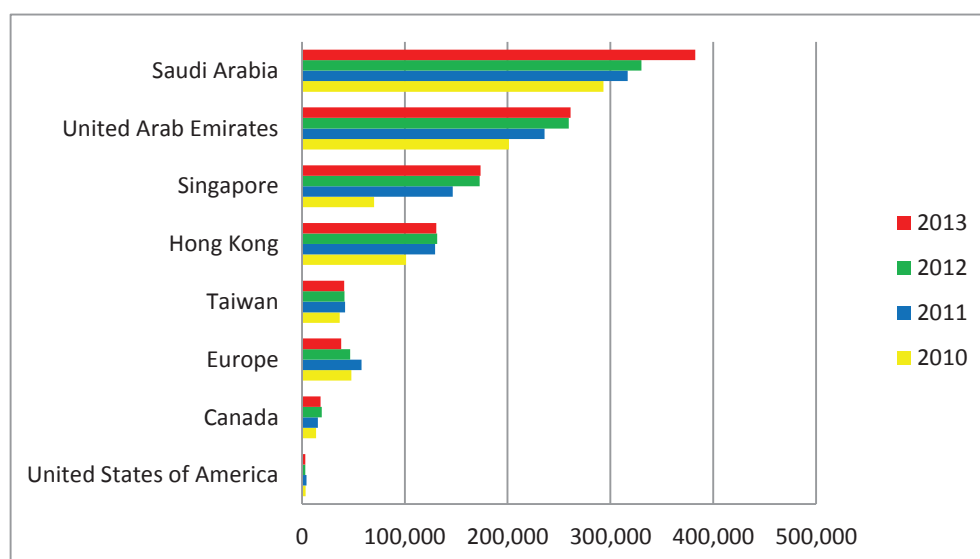
**Figure 17: Major hosts of land-based overseas Filipinos, 2013**

Source: Commission on Filipinos Overseas

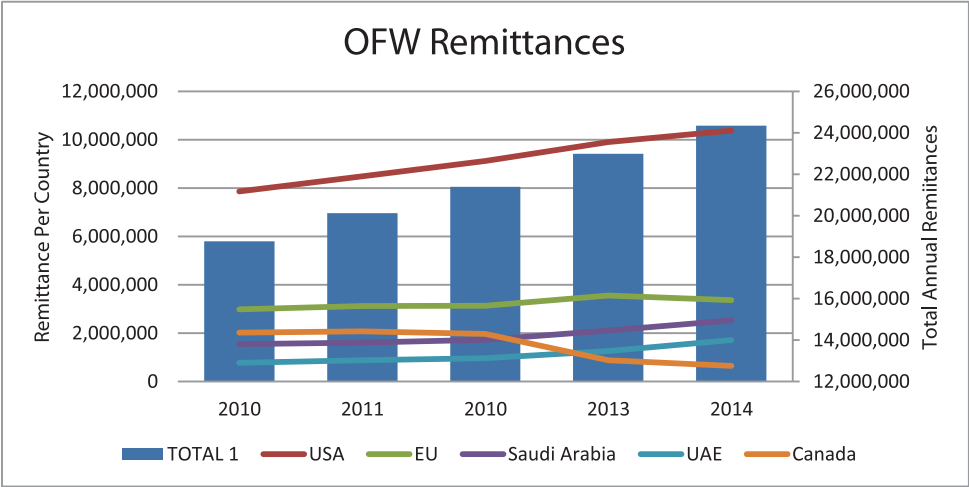


**Figure 18: Deployed overseas Filipino Workers**

Source: Philippine Overseas Employment Administration



**Figure 19: Major sources of remittances from overseas Filipinos**  
Source: Bangko Sentral ng Pilipinas (US\$)



The total remittances sent from OFW's into the Philippines in 2014 amounted to US\$ 24.3 billion. Once again, the EU maintained its position as the second largest source of remittances into the Philippines accounting for 13.8% throughout 2014, putting the EU second to the US (accounting for a 42.6% share) and followed by Saudi Arabia accounting for 10.3% of the remittances into the Philippines.

*The EU remains the 2nd largest source of remittances into the Philippines*

**3.2. EU tourists to the Philippines**

Tourism is a sector of growing economic importance for the Philippines and in 2013, the Philippines managed to attract more tourists, which reached a record 4.5 million, up 10% from the previous year. As a source of tourists the EU became the 4th source of tourism, totalling close to 400,000 and at par with China.

*The EU became the 4th largest source of tourists to the Philippines*



**Figure 20: Major sources of tourists to the Philippines**

Source: Philippines' Department of Tourism

