



THE EUROPEAN UNION AND THE PHILIPPINES



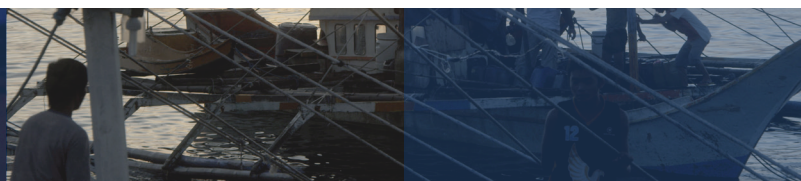
WE INSPIRE EACH OTHER



„The Philippines’ relations with Europe are historically deep and long. Today, the Philippines can boast the fastest growing economy in Asia. It is an engine of growth in its region and will progressively raise millions of people from poverty“.

Herman van Rompuy Former president of the European Council, 2014

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THE EUROPEAN UNION

who we are and what we stand for

The EU is a unique, deep economic and political partnership between 28 countries covering much of the European continent. It is home to 500 million people.

Created in the aftermath of the Second World War it first pursued economic cooperation inspired by the idea that countries that trade with one another become economically interdependent and less likely to descend into conflict. It now covers almost all areas of government from trade and foreign policy to energy and development cooperation.

Today the EU is the largest single market in the world, with the euro as the common currency of 19 member states. It has delivered half a century of peace, stability, and prosperity and dramatically raised living standards through a social market model that links economic progress to the protection of the rights of workers, consumers and the environment.

Thanks to the abolition of border controls between EU countries, EU citizens can travel freely throughout most of the continent to settle, study and work.

The EU is based on the rule of law. This means that everything that it does is founded on treaties, voluntarily and democratically agreed by all member countries. The EU remains focused on making its governing institutions more transparent and democratic and giving European citizens more channels to take part in the political process.

One of its main goals is to promote human rights both internally and around the world. Human dignity, freedom, democracy, equality, the rule of law and respect for human rights are core values of the EU.



EU MEMBER STATES

The 28 EU Member States of the EU are Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.

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Institutions of the European Union



Martin Shultz is the President of the European Parliament which is directly elected by the citizens of the European Union. It adopts the EU budget and co-legislates with EU Member States.



Donald Tusk is the President of the European Council which gathers the Heads of State and Government of EU Member States and gives political direction to the European Union.



Jean-Claude Juncker is the President of the European Commission which is the executive arm of the Union and proposes European legislation for adoption by the European Parliament and Member States.



Federica Mogherini is the Union High Representative for Foreign and Security Policy. She leads the diplomatic service of the Union (European External Action Service) and chairs the Foreign Affairs Council where EU foreign and security policy actions are agreed. She is also Vice-President of the European Commission.

The European Court of Justice resolves any questions relating to the interpretation of EU law, while the European Court of Auditors oversees the correct expenditure of EC budget resources.

EU diplomatic presence in the Philippines

The Delegation of the European Union to the Philippines is one of almost 140 diplomatic missions that represent the EU across the globe. The Delegation in Manila is headed by the Ambassador of the European Union and aims to strengthen EU-Philippine relations in particular through:

- Promoting strong economic and trade ties.
- Developing EU-Philippines dialogue through the Partnership and Cooperation Agreement that is being ratified.
- Supporting the Government in its peace efforts in Mindanao
- Working with the Philippine Administration to reach the UN Millennium Development Goals.
- Several Member States of the European Union also maintain Embassies and Consulates in the Philippines.



EUROPEAN UNION

The European Union

- is the world's largest economy.
- is the world's biggest exporter and the second-largest importer.
- is the world's biggest foreign investor and recipient of foreign investment.
- is the world's most generous donor of development assistance.
- is the world's biggest investor in the Philippines.
- has a population of 500 million consumers looking for quality goods.

The EU-Philippines Partnership and Cooperation Agreement

The signature in July 2012 of the EU-Philippines Partnership and Cooperation Agreement (PCA) cemented a relationship that goes back decades. It marked a maturing of a partnership which has broadened and deepened remarkably in recent years.

The new PCA will intensify the EU-Philippine bilateral relationship by focusing on a modern policy agenda supported by an appropriate institutional framework. The agreement covers political, security, economic and social affairs as well as issues of specific interest such as human rights, counter-terrorism and migration.

Europe's dialogue with ASEAN began in the late 1970s, and was formalised with the signature of an EC-ASEAN co-operation agreement in 1980. Discussions and periodic reviews on economic and political issues, at both the

ministerial and official level have been held regularly ever since.

The PCA with the Philippines is an important component of the EU's broader ambition to deepen its engagement with Asia and enhance its political, trade and economic partnership with the region. In doing so the EU also brings to the table proven expertise in the provision on non-traditional security assistance including disaster preparedness, conflict prevention, emergency aid, post-crisis reconstruction, policing assistance, energy, climate change, product safety and maritime security.

PARTNERS FOR PEACE AND DEVELOPMENT IN MINDANAO

Building peace is at the heart of the European project and based on that experience the EU has set itself the goal of promoting peace in other parts of the world including in the Philippines.

Since 2007, the EU promotes and supports the Mindanao Peace Process for the settlement of the longstanding conflict in Mindanao by supporting the Government of the Philippines and the Moro Islamic Liberation Front in monitoring and implementing the concluded agreements.

The EU funds the operational costs of the Third Party Monitoring Team (TPMT) whose mandate is to monitor, review and assess the implementation of all agreements between the Parties. As a member of the International

Monitoring Team since 2011, the EU has documented reports of human rights violations and protected civilians threatened by violence.

The EU support for the implementation of the agreements is ensured through the provision of technical expertise, material support to brokers to implement the politically-negotiated agreements, and confidence building measures to help deliver peace dividends. Specific projects in support of the Regional Human Rights Commission, Mine-risk Awareness and female involvement in Transitional Justice have also been funded.

Based on the belief that peace is the precondition for sustainable development while eventually development will help to make peace in the Philippines sustainable, the EU has been present in Mindanao since the 90s' providing more than 10 billion PESO of development assistance.

With Sweden, the EU is the largest contributor to the "Mindanao Trust Fund-Reconstruction and Development Programme" which from 2007 has benefitted more than 500,000 people through community-driven development projects spread across the conflict-affected areas.



ERASMUS MUNDUS

The European Union has a scholarship programme called ERASMUS MUNDUS which financially supports Filipino students, academics and researchers to pursue their higher education at European universities. It also supports Filipino higher education institutions and universities that engage in partnerships with their counterparts in the European Union.

About 25 new scholarships are awarded every year. The scholarship covers air travel to Europe, tuition fees and a monthly living allowance of between Php 80,000 and-Php120,000. In the Philippines, a total of 217 students and lecturers have benefitted from an Erasmus Mundus Scholarship thanks to EU spending of more than €4 million or Php 228 million since 2004. Some of the country's best Universities such as the Ateneo de Manila University, the University of the Philippines and the Visayas

State University have concluded partnerships with top European Universities.

ec.europa.eu/education/study-in-europe



Development Cooperation – at the heart of EU external action



RMP-NMR Coordinator Sr. Ma. Famita N. Somogod, MSM and Datu Boy 'Mansuladlad' Amado join hands planting Lawaan seedlings as a symbol of their unity in the European Union-funded project "Healing the Hurt" at Balit, San Luis, Agusan del Sur.

The EU, together with its 28 Member States, is the world's most generous provider of official development aid, accounting for over 50% of the total. The EU development policy affirms that the fundamental objective of poverty reduction is closely associated with the complementary objectives of promoting good governance, democracy and the respect for human rights, which are shared values for all EU Member States.

Over the past four decades, the EU has been a major partner of the Philippines and has contributed more than a billion Euro (more than 50 billion PHP) of grants to combating poverty and raising standards of living for the poor. EU development assistance provided is closely aligned with the Philippines Development Plan 2011-2016.

The new Multi Annual Indicative Programme for the Philippines for 2014-2020 will focus on two key areas: (a) The rule of law and (b) Inclusive growth through sustainable energy and job creation with more than a proportional amount going to Mindanao as part of its contribution to the Peace Process. Under the new support strategy the EU will more than double its grant assistance to the Philippines from € 130M (PHP 6.5Billion) to €325M (PHP 16.5 Billion). Most of the EU funds are given as grants making the EU jointly with Member States the largest grant donor in the Philippines.

The EU is also a key development partner in the health sector and provides trade-related technical assistance. Philippine civil society organisations also receive funding to address specific priority issues such as social issues, the environment, indigenous peoples, human rights and migration.

In the aftermath of Haiyan/Yolanda, European Governments and regular citizens showed their solidarity with the population of the Philippines by providing an emergency and reconstruction Aid of more than €500M (PHP 25 Billion).

CLIMATE CHANGE

Climate change is high on the agenda of the European Union and the Philippines and it is an area where we are working together closely. The EU is currently funding a large capacity building project to promote low emission growth jointly with the Climate Change Commission. The EU has also been supporting disaster preparedness efforts in the Philippines, in coordination with its Member States' bilateral agencies. On the political front, the EU and the Philippines consult each other regularly on crucial international climate negotiations. For instance, the need for an ambitious and legally binding agreement under the United Nations Framework Convention on Climate Change (UNFCCC) in Paris in December 2015 is a shared priority for both the EU and the Philippines.

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EUROPEAN UNION

a major trade and investment partner of the Philippines

The Philippines is a beneficiary of trade preferences granted by the EU under the standard Generalised Scheme of Preferences (GSP). In December 2014 it was granted further preferences under GSP+ which translates into zero-rate tariffs for over 6200 tariff lines as part of a special incentive arrangement for sustainable development and good governance.

Meanwhile both parties agreed to undertake preparatory work to explore the possibility to further deepen EU-Philippines trade relations through a bilateral free-trade agreement, following the pause of EU-ASEAN FTA negotiations in 2009.

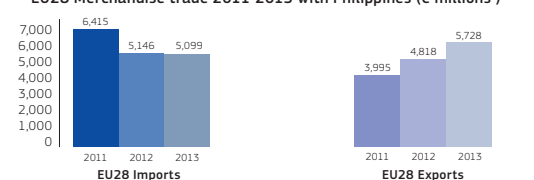
Issues of mutual interest and concerns are being discussed through regular meetings, "Trade and Investment Working Groups" – the 9th of which was most recently held in Manila in June 2014.

- In 2013, EU-Philippines trade in goods was worth roughly € 11 billion, with over € 5.7 billion in exports from the EU to the Philippines. This makes the EU the 4th largest trading partner of the Philippines. The EU key exports to the Philippines include 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 are electronics, coconut oil, transport equipment, clothing and textiles, fishery products, metal products, industrial equipment, and fruit products.
- The EU is also the largest investment partner of the Philippines, with an FDI stock of around €8 billion (2013), or about 30% of total FDI stock in the Philippines.
- European companies are estimated to employ around

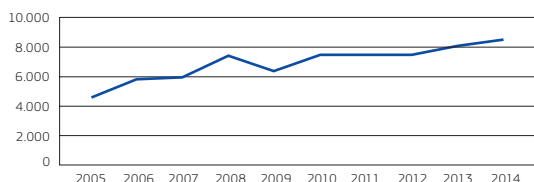
450,000 Filipinos, a great contribution to the economy. EU FDI flows to the Philippines went up by more than 150% in the first half of 2014. Likewise, Philippine investors have invested some €1.4 billion in the EU

- Filipino migrants living and working in the EU as well as Filipino seafarers manning European ships sent €2.3 billion back to the Philippines in 2013, making the EU the second largest source of remittances to the Philippines and the largest employer of Filipino seafarers.
- Lastly, Europeans do believe it is more fun in the Philippines with a historic record of 376,000 visitors in 2013, an increase of 8%. With the European recovery and the lifting of the air ban for Philippines Airlines and Cebu Pacific, this growth is expected to strengthen in the coming years.

EU28 Merchandise trade 2011-2013 with Philippines (€ millions)



EU Outward stock to the Philippines (€ millions)



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SUSTAINABLE ENERGY

The EU and the Philippines share similar levels of ambition and have much to learn from each other in the area of renewable energy (RE) and energy efficiency. The EU's target is to source 27% of its final energy consumption from RE by 2030 while the Philippine Government aims at tripling its RE capacity by 2030. These targets are being achieved with the help of major European investments and technology (i.e. solar and wind power). The EU works with the Philippines to find innovative solutions to bring sustainable power to the poor to work towards the 90% electrification target of the Philippine Government.


Philippine companies have become a world leader in geothermal power. Similarly, Europe has witnessed the emergence of leading RE equipment manufacturers since it intro-

duced its first RE regulatory framework in 1990. The European wind turbine manufacturers provided almost 50% of the wind power capacity installed worldwide in the last decade and are also preferred partners in the Philippines.



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