

# EU-PHILIPPINES

trade and investment  
factfile 2011



## The Delegation of European Union to the Philippines

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# Overview

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After a strong rebound in 2010 by 35%, EU – Philippines trade stabilised in 2011 at its pre-crisis level of € 9.1 billion. The overall decline of EU-Philippines trade was mainly due to the decline of global Philippine exports of about 7%. Compared to other regions, EU-Philippines trade was relatively resilient — with a similar level as the previous year when valued in Euros (according to EU data) but showing a decline of 8.6% when valued in US\$ (according to Philippine statistics). This is however much less than the 15.4% decline of Philippines' trade with its ASEAN partners.

Some 60% of the Philippines' global exports are in the IT sector, which suffered a 23% decline in 2011. The concentration of Philippines exports on products in one sector makes its export performance highly vulnerable.

While Philippine exports of IT products to the EU declined by 10%, its exports of agricultural products increased by 13% to € 841 million in 2011. The main products include coconut oil, fruits and fishery products. In 2011, the EU increased its exports to the Philippines by 6%.

EU-Philippines trade in services expanded by 7% to € 2.3 billion in 2010, with exports and imports remaining roughly in balance.

In terms of foreign direct investments, the EU remains the largest investment partner of the Philippines with its total stock of investments rising further by 16% to nearly € 8 billion (latest figures of 2010) - or about 30% of total FDI stock in the Philippines. Moreover, EU FDI flows into the Philippines quadrupled to € 430 million in 2010.

The European Union was also the fifth largest host of land-based migrant Filipinos in 2010 and probably remains the largest employer of Filipino seafarers. Filipino migrants living and working in the EU as well as Filipino seafarers manning European ships, together sent \$2.8 billion (€2 billion) to the Philippines in 2011, keeping the EU as the second largest source of remittances to the Philippines.

Lastly, the EU remained the 5th largest source of tourists to the Philippines in 2011, with the number of EU tourists reaching a record 318,000 and an increase of +7% over 2010.

### 1.1. Trade in goods: main trends 2011

*There are discrepancies between Eurostat's trade statistics and the Philippines' National Statistics Office trade statistics, due, among other things, to variations in exchange rates.*

EU-Philippines trade has been affected in 2011 by the worldwide slowdown in some parts of the electronics sector. Philippine exports of electronic products declined by 23% in 2011. As a result EU-Philippines trade has stabilised at €9.1 billion. The Philippines did not benefit as much from opportunities offered by the EU market, unlike for example Vietnam who saw its trade with the EU increase by 26%.

At €9.1 billion, EU-Philippines trade is back to its pre-crisis level of 2008. The general slow decline registered in the last decade seems to have been halted but no upward trend similar to other ASEAN partners can be detected. While the EU economy grew by 1.5% last year, its exports to the Philippines grew by 6% while its imports declined by 5%, reducing as a result the trade surplus in favour of the Philippines to €1.1 billion.

*EU exports to the Philippines increased by 6%.*

*Philippine trade with the EU was below the average of ASEAN trade with the EU.*

EU-ASEAN trade grew by 9% to €162 billion in 2011. ASEAN exports to the EU continued to expand, growing by 7% to a total of €93 billion, while EU exports to ASEAN increased by 12% to €68 billion.

19 out of 27 EU Member States registered individual trade deficits with the Philippines, with only 3 out of the Philippines' 6 main EU trade partners (Germany, Netherlands, France, UK, Italy, Belgium) registering trade surpluses in 2011.

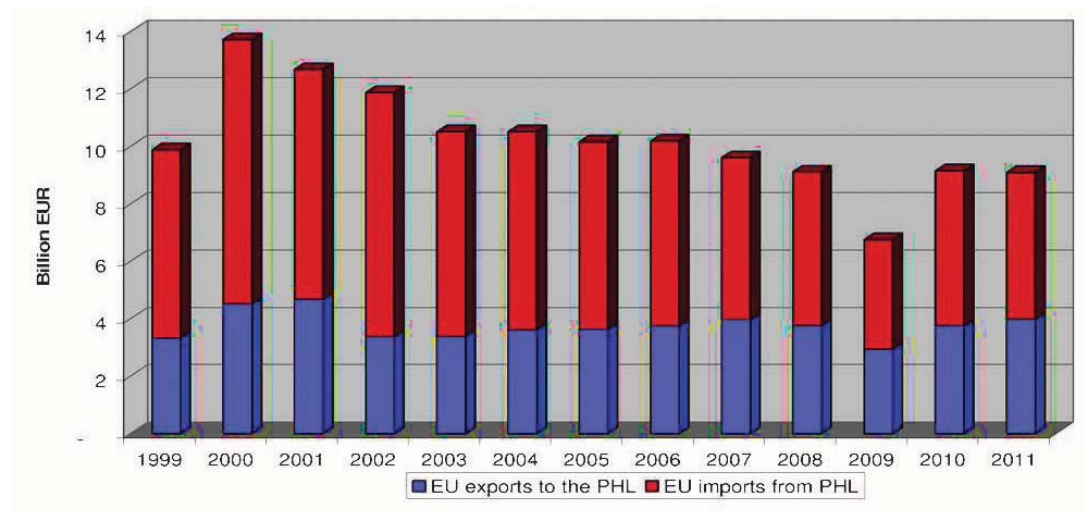
**Table 1: Trade in goods between the EU and the Philippines (PHL)**

Source: Eurostat

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>EU exports to PHL (€ bn)</b>	4.7	3.4	3.4	3.6	3.6	3.7	4.0	3.7	2.9	3.7	4.0
Annual growth rate (%)	3.4	-28.1	0.5	6.6	0.7	3.2	6.1	-5.5	-21.7	27.6	6.3
<b>EU imports from PHL (€ bn)</b>	8.0	8.5	7.1	6.9	6.5	6.5	5.6	5.4	3.8	5.4	5.1
Annual growth rate (%)	-13.0	6.2	-16.1	-3.1	-5.5	-1.3	-12.6	-4.9	-28.7	41.4	-5.4
<b>Total Trade (€ bn)</b>	12.7	11.9	10.5	10.5	10.2	10.2	9.6	9.1	6.8	9.1	9.1
Annual growth rate (%)	-7.6	-6.4	-11.4	0.0	-3.4	0.3	-5.8	-5.2	-25.8	35.4	-0.6
<b>EU Trade Balance (€ bn)</b>	-3.3	-5.2	-3.8	-3.3	-2.9	-2.7	-1.7	-1.6	-0.9	-1.7	-1.14

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

Source: Eurostat



## 1.2. Trade in services

*EU-Philippines trade in services expanded by 7% in 2010.*

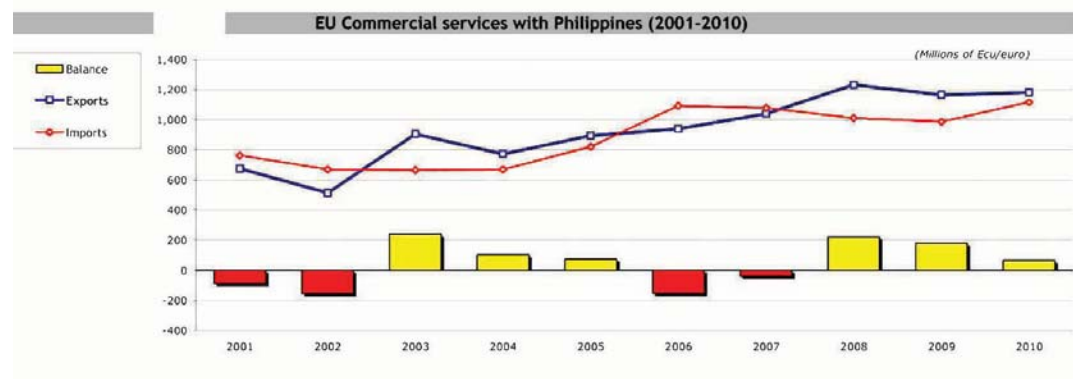
EU-Philippines trade in services grew by 7% to a total value of €2.3 billion in 2010, with exports and imports remaining roughly in balance (compilation and publication of statistics usually lag one year behind).

EU services imports from the Philippines improved by 13% to € 1.1 billion. The category 'other business services' (24% share) – which includes BPOs – as well as transport services (42% share; mostly sea transport) and communication services (6% share) expanded strongly by 40%, 18%, and 13%, respectively. On the other hand, travel services (21% share) as well as information technology services (4% share) declined by 10% and 7%, respectively. It should be noted that the Philippines is ranked 2nd only to India as a business process off shoring destination, aggressively taking advantage of the outsourcing trends over the past decade. Europe (the largest off shoring market of the world) still accounts for less than a tenth of BPO services exports of the Philippines (US and Japan account for 73% and 14% respectively).

Meanwhile, EU services exports to the Philippines inched up by 1% to €1.2 billion. Communications services (4% share) and transport (20% share) ballooned by 40% and 29%, respectively, while financial services (5% share) and the category 'other business services' (44% share) rose more moderately by 7% and 4%, respectively. Meanwhile information technology services (8% share) and travel services (7% share) contracted sharply by 26% and 20%, respectively.

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

Source: Eurostat

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

Source: Eurostat

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>EU exports to PHL (€ bn)</b>	0.7	0.5	0.9	0.8	0.9	0.9	1.0	1.2	1.2	1.2
Annual growth rate (%)		-24.0	76.4	-14.7	15.8	5.1	10.6	18.6	-5.4	1.4
<b>EU imports from PHL (€ bn)</b>	0.8	0.7	0.7	0.7	0.8	1.1	1.1	1.0	1.0	1.1
Annual growth rate (%)		-12.3	-0.6	0.7	22.4	33.4	-1.3	-6.3	-2.5	13.3
<b>Total Trade (€ bn)</b>	1.4	1.2	1.6	1.4	1.7	2.0	2.1	2.2	2.2	2.3
Annual growth rate (%)		-17.8	32.8	-8.2	18.9	18.6	4.2	5.9	-4.1	6.9
<b>EU Trade Balance (€ bn)</b>	-0.1	-0.2	0.24	0.1	0.07	-0.2	-0	0.22	0.18	0.06

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

*The Philippines remains in the EU's top 50 trading partners.*

After regaining some ground in 2010 to rank 42 as EU trading partner, the Philippines has slipped again in 2011 to rank 46. The Philippines also continues to lag behind other ASEAN middle-income countries.

On the import side the Philippines' performance as supplier to the EU declined from rank 41 in 2010 to rank 45 in 2011, and with its share declining to 0.3% in the total of EU imports, it continues to fall behind most of its ASEAN neighbours. In contrast, Vietnam rose three places to rank 27, and now exports to the EU more than twice as much as the Philippines does. However, as an export market of the EU, the Philippines' ranking improved two places to rank 44, but its share remained at 0.3% of total EU exports, far behind most of its ASEAN neighbours, although similar to Vietnam's share (rank 39).

**Table 3: The EU's leading trade partners in 2011**

Source: Eurostat

The Major Imports Partners				The Major Exports Partners				The Major Trade Partners			
Rk	Partners	Mio euro	%	Rk	Partners	Mio euro	%	Rk	Partners	Mio euro	%
Extra EU27		1,688,096.2	100.0%	Extra EU27		1,532,237.7	100.0%	Extra EU27		3,220,333.9	100.0%
1	China	292,289.4	17.3%	1	United States	260,734.0	17.0%	1	United States	445,058.5	13.8%
2	Russia	199,404.5	11.8%	2	China	136,235.3	8.9%	2	China	428,524.6	13.3%
3	United States	184,324.5	10.9%	3	Switzerland	121,678.2	7.9%	3	Russia	307,827.3	9.6%
4	Norway	93,538.0	5.5%	4	Russia	108,422.8	7.1%	4	Switzerland	212,895.3	6.6%
5	Switzerland	91,217.2	5.4%	5	Turkey	72,694.9	4.7%	5	Norway	140,098.8	4.4%
6	Japan	67,479.0	4.0%	6	Japan	48,961.5	3.2%	6	Turkey	120,294.3	3.7%
7	Turkey	47,599.5	2.8%	7	Norway	46,560.9	3.0%	7	Japan	116,440.5	3.6%
8	India	39,406.3	2.3%	8	India	40,426.1	2.6%	8	India	79,832.4	2.5%
9	Brazil	37,860.6	2.2%	9	Brazil	35,728.3	2.3%	9	Brazil	73,588.9	2.3%
10	South Korea	36,115.5	2.1%	10	United Arab Emirat	32,651.2	2.1%	10	South Korea	68,571.6	2.1%
11	Saudi Arabia	28,125.3	1.7%	11	South Korea	32,456.1	2.1%	11	Saudi Arabia	54,547.0	1.7%
12	Algeria	27,706.4	1.6%	12	Australia	30,809.3	2.0%	12	Canada	52,485.9	1.6%
13	Nigeria	24,150.4	1.4%	13	Hong Kong	30,181.5	2.0%	13	Singapore	46,081.4	1.4%
14	Taiwan	24,010.6	1.4%	14	Canada	29,617.9	1.9%	14	Algeria	44,913.5	1.4%
15	Kazakhstan	22,868.1	1.4%	15	Singapore	27,127.7	1.8%	15	South Africa	43,408.6	1.3%
16	Canada	22,868.0	1.4%	16	Saudi Arabia	26,421.7	1.7%	16	Australia	42,591.5	1.3%
17	Malaysia	21,048.2	1.2%	17	South Africa	25,636.0	1.7%	17	United Arab Emirat	41,502.5	1.3%
18	Singapore	18,953.7	1.1%	18	Mexico	23,816.2	1.6%	18	Hong Kong	40,362.9	1.3%
19	South Africa	17,772.6	1.1%	19	Ukraine	21,189.6	1.4%	19	Taiwan	40,220.3	1.2%
20	Thailand	17,539.7	1.0%	20	Algeria	17,207.1	1.1%	20	Mexico	40,093.4	1.2%
21	Iran	16,342.6	1.0%	21	Israel	16,851.9	1.1%	21	Nigeria	36,621.6	1.1%
22	Mexico	16,277.2	1.0%	22	Taiwan	16,209.8	1.1%	22	Ukraine	36,259.4	1.1%
23	Indonesia	16,171.1	1.0%	23	Morocco	15,169.7	1.0%	23	Malaysia	32,962.7	1.0%
24	Ukraine	15,069.8	0.9%	24	Egypt	13,942.9	0.9%	24	Israel	29,512.2	0.9%
25	Azerbaijan	14,841.9	0.9%	25	Nigeria	12,471.2	0.8%	25	Thailand	29,394.8	0.9%
26	Qatar	13,433.8	0.8%	26	Malaysia	11,914.4	0.8%	26	Kazakhstan	28,867.2	0.9%
27	Vietnam	12,815.7	0.8%	27	Thailand	11,855.1	0.8%	27	Iran	26,831.8	0.8%
28	Israel	12,660.3	0.7%	28	Croatia	11,471.6	0.7%	28	Morocco	23,871.7	0.7%
29	Australia	11,782.2	0.7%	29	Tunisia	10,930.9	0.7%	29	Indonesia	23,519.0	0.7%
30	Chile	10,958.1	0.6%	30	Iran	10,489.2	0.7%	30	Egypt	23,460.3	0.7%
31	Argentina	10,673.4	0.6%	31	Serbia	8,566.6	0.6%	31	Tunisia	20,806.4	0.6%
32	Libya	10,437.9	0.6%	32	Argentina	8,319.0	0.5%	32	Argentina	18,992.4	0.6%
33	Hong Kong	10,181.4	0.6%	33	Gibraltar	7,943.2	0.5%	33	Chile	18,609.4	0.6%
34	Tunisia	9,875.5	0.6%	34	Chile	7,651.3	0.5%	34	Qatar	18,319.2	0.6%
35	Egypt	9,517.4	0.6%	35	Indonesia	7,347.8	0.5%	35	Vietnam	18,025.1	0.6%
36	Iraq	9,461.8	0.6%	36	Belarus	7,217.2	0.5%	36	Azerbaijan	17,704.2	0.5%
37	United Arab Emirat	8,851.3	0.5%	37	Kazakhstan	5,999.0	0.4%	37	Croatia	17,093.4	0.5%
38	Morocco	8,702.0	0.5%	38	Lebanon	5,272.3	0.3%	38	Serbia	13,382.7	0.4%
39	Bangladesh	8,587.3	0.5%	39	Vietnam	5,209.4	0.3%	39	Iraq	13,346.5	0.4%
40	Colombia	6,904.6	0.4%	40	Colombia	4,986.2	0.3%	40	Libya	12,538.3	0.4%
41	Angola	6,651.3	0.4%	41	Venezuela	4,886.3	0.3%	41	Colombia	11,890.7	0.4%
42	Peru	6,395.4	0.4%	42	Qatar	4,885.3	0.3%	42	Angola	11,503.5	0.4%
43	Costa Rica	5,989.6	0.4%	43	Angola	4,852.3	0.3%	43	Belarus	11,503.2	0.4%
44	Croatia	5,621.8	0.3%	44	Philippines	3,975.1	0.3%	44	Bangladesh	10,288.9	0.3%
45	Philippines	5,111.6	0.3%	45	Iraq	3,884.7	0.3%	45	Peru	9,203.7	0.3%
46	Serbia	4,816.1	0.3%	46	Pakistan	3,740.7	0.2%	46	Philippines	9,086.7	0.3%
47	Kuwait	4,790.2	0.3%	47	Kuwait	3,706.9	0.2%	47	Venezuela	8,973.0	0.3%
48	Pakistan	4,572.8	0.3%	48	Bosnia-Herzegovina	3,534.8	0.2%	48	Kuwait	8,497.1	0.3%
49	Belarus	4,286.0	0.3%	49	New Zealand	3,464.0	0.2%	49	Pakistan	8,313.5	0.3%
50	Equatorial Guinea	4,116.7	0.2%	50	Jordan	3,257.1	0.2%	50	Gibraltar	8,161.2	0.3%

Note: This list includes both sovereign states and non-state entities which are outside the statistical territory of the EU, as defined in Regulation 471/2009 of the European Parliament and Council.

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

Statistics on Philippine trade with the ASEAN may be overstated in so far as Singapore, due to its location and developed deep-sea port facilities, also serves as a re-export hub for trade with other trading partners of the Philippines.

According to Eurostat figures, after having experienced the highest growth in trade with the EU among all ASEAN countries in 2010, the Philippines was the only one that suffered a decline (-1%) among ASEAN countries in 2011. In fact, the Philippines was the only ASEAN country to experience a fall in exports to the EU (-5%), whereas Vietnam and Indonesia's exports expanded by 34% and 16%, respectively. At the same time, the Philippines recorded the second lowest growth rate (6.3%) of EU exports to ASEAN countries, only slightly ahead of Malaysia (+5.9%).



EU-Philippines trade is about one-half of EU-Indonesia and EU-Vietnam trade, and a third of EU-Thailand and EU-Malaysia trade.

**Table 4: EU's trade with selected ASEAN Member States in 2011**

Source: Eurostat

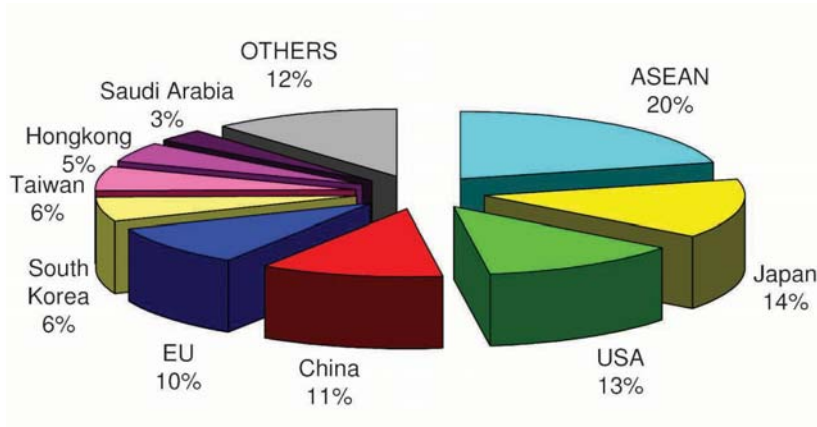
	Malaysia	Thailand	Indonesia	Vietnam	Philippines
<b>EU exports (€ bn)</b>	11.9	11.9	7.3	5.2	4.0
<b>EU imports (€ bn)</b>	21.0	17.5	16.2	12.8	5.1
<b>Total Trade (€ bn)</b>	33.0	29.4	23.5	18.0	9.1
<b>EU Trade Balance (€ bn)</b>	-9.1	-5.7	-8.8	-7.6	-1.1
<b>Cover rate (exports/imports)</b>	57%	68%	45%	41%	78%

*The EU is the 5th largest trading partner of the Philippines.*

According to data from Philippine authorities, the EU is now the Philippines' 5th largest trading partner accounting for 10% of total trade in goods in 2011. ASEAN (21%), Japan (14%), and the US (13%), remain in the lead while China (11%) is now slightly ahead of the EU.

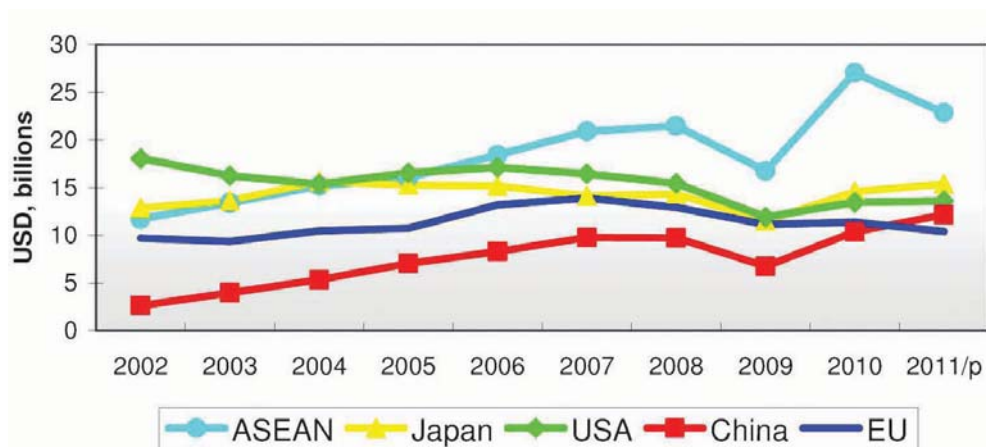
**Figure 3: Share of Philippines' external trade in 2011**

Source: Philippines' National Statistics Office



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

Source: Philippines' National Statistics Office



**Table 5: Philippines' (PHL) trade with its main partners in 2011**

Source: Philippines' National Statistics Office

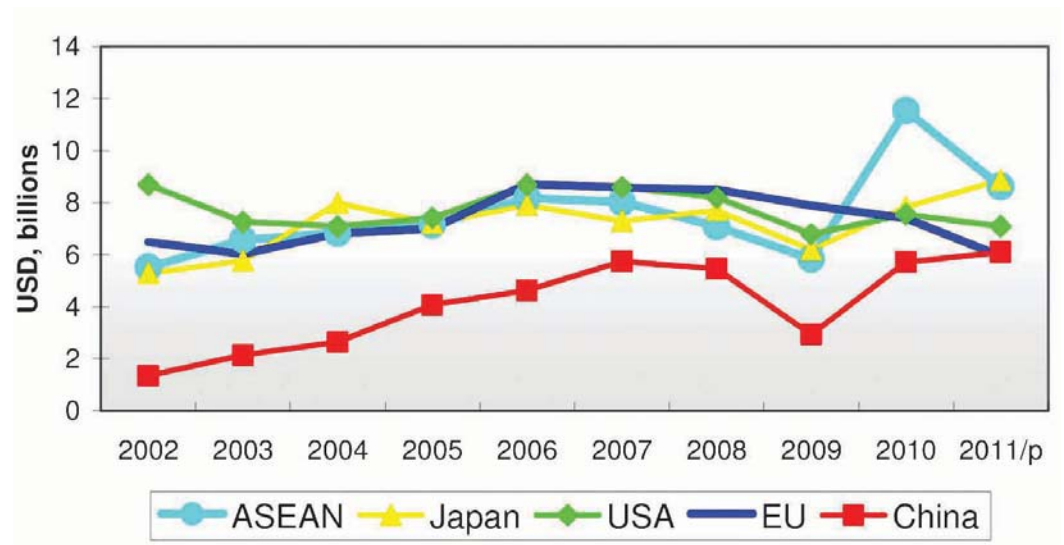
	ASEAN	Japan	USA	China	EU
<b>PHL exports (\$ bn)</b>	8.6	8.9	7.1	6.1	5.9
Annual growth rate (%)	-25.2	13.1	-6.2	6.6	-19.6
<b>PHL imports (\$ bn)</b>	14.2	6.5	6.5	6.1	4.4
Annual growth rate (%)	-8.1	-3.5	10.4	30.9	11.9
<b>Total Trade (\$ bn)</b>	22.9	15.4	13.6	12.2	10.4
Annual growth rate (%)	-15.4	5.4	1.1	17.5	-8.6
<b>PHL Trade Balance (\$ bn)</b>	-5.6	2.4	0.6	0.0	1.5

*The EU is the Philippines' 5th largest export market.*

In recent years the EU has been the largest export market for Philippine goods, but slipped further to the fifth position in 2011, accounting for 12% of total Philippine exports. As an export destination, Japan (18.5% share) has overtaken the ASEAN (18%), the US (15%) remains in third place, and the EU has been overtaken by China (13%).

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

Source: Philippines' National Statistics Office

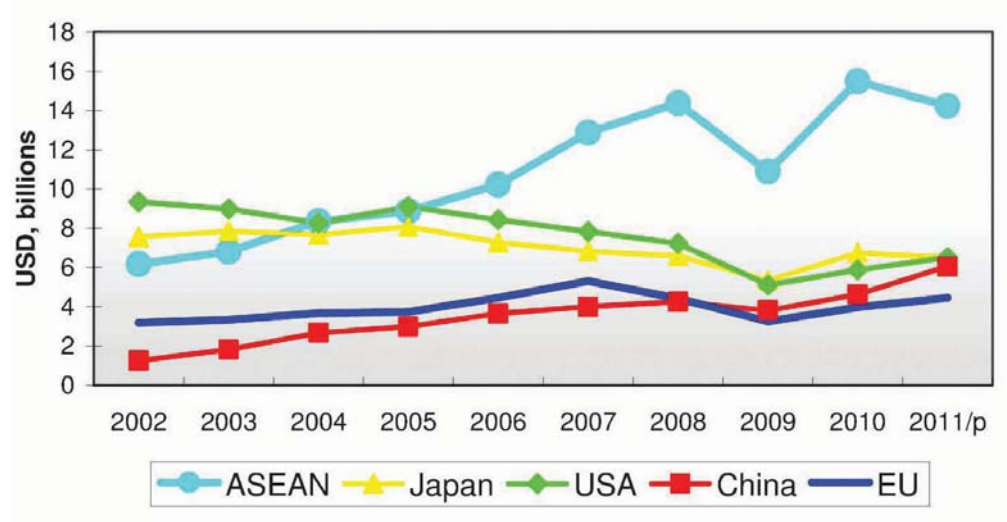


*The EU is the 5th largest supplier of the Philippines.*

On the import side, the EU remained the 5th largest supplier in 2011, accounting for 7.4% of total Philippine merchandise imports. Remaining in the lead were ASEAN (24%), Japan (11%), US (11%) and China (10%), while the EU was slightly ahead of South Korea (7.3%) and Taiwan (6.9%).

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

Source: Philippines' National Statistics Office



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

*Germany, Netherlands, France, UK, Italy and Belgium account for more than four-fifths of EU-Philippines trade.*

The EU's single market and the free movement of goods on that market make it difficult to attribute specific trade flows with non-EU economies to any particular EU Member State.

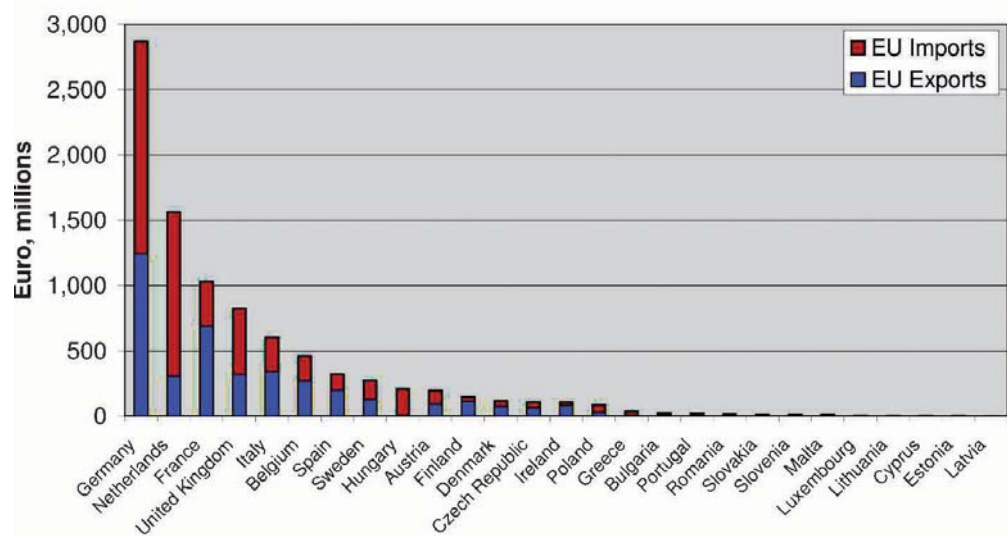
Nonetheless, Germany appears to be the Philippines' largest trading partner within the EU. Germany is followed by the Netherlands, France, the UK, Italy and Belgium. Together these six countries account for more than 80% of EU-Philippines trade.

*Most EU Member States' trade with the Philippines recorded positive growth in 2011*

Most Member States' trade with the Philippines either continued to grow or returned to positive growth in 2011, however 12 Member States saw their trade decline. 11 Member States recorded lower imports from the Philippines in 2011, while 10 suffered reductions in exports to the Philippines.

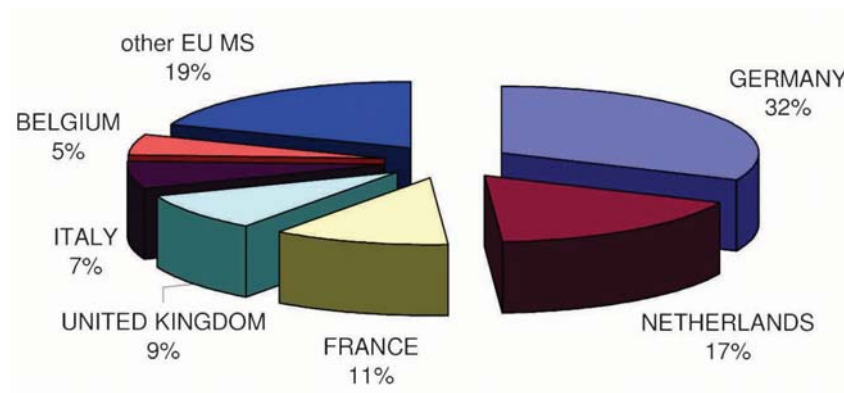
**Figure 7: Trade volume between the EU-27 and the Philippines in 2011**

Source: Eurostat



**Figure 8: Share of EU trade volume with the Philippines in 2011**

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)	
	2010	2011	2010	2011	2010	2011
Germany	1,105	1,241	1,877	1,629	2,982	2,870
Netherlands	300	306	1,122	1,257	1,422	1,562
France	684	685	392	347	1,075	1,032
United Kingdom	311	312	564	513	875	825
Italy	256	342	325	265	581	607
Belgium	226	268	180	193	406	461
Spain	160	194	149	125	309	319
Sweden	112	129	108	147	220	275
Hungary	22	5	271	204	293	209
Austria	115	90	106	109	221	198
Finland	95	112	23	36	118	148
Denmark	88	74	44	43	132	117
Czech Republic	60	64	41	43	101	107
Ireland	114	81	22	25	136	106
Poland	14	29	54	56	68	85
Greece	5	3	41	33	46	36
Bulgaria	16	11	16	17	32	28
Portugal	4	6	16	18	20	23
Romania	41	2	14	16	55	18
Slovakia	2	5	13	9	15	14
Slovenia	7	6	3	8	10	14
Malta	1	5	12	8	13	14
Luxembourg	2	3	3	4	5	6
Lithuania	0	2	2	3	2	4
Cyprus	1	1	3	3	4	4
Estonia	1	0	2	2	2	3
Latvia	0	0	0	1	1	1
<b>EU27</b>	<b>3,740</b>	<b>3,975</b>	<b>5,404</b>	<b>5,112</b>	<b>9,144</b>	<b>9,087</b>

## 1.6. Structure and trends by product

The Philippines' export sector is dominated by electronics (60% of total exports), where it is largely engaged in assembly and testing operations linked to regional and global production networks.

*Electronics account for the bulk of Philippine trade with the EU, but agricultural trade has been growing in importance.*

It is therefore not surprising that electronics products also account for the bulk (42% share) of Philippine trade with the EU. However, it is noteworthy that trade in other manufactured products (40% share) as well as agricultural products (15% share) have also been growing in importance. In fact agricultural trade expanded further by 9% in 2011, while trade in manufactures declined by 4%.

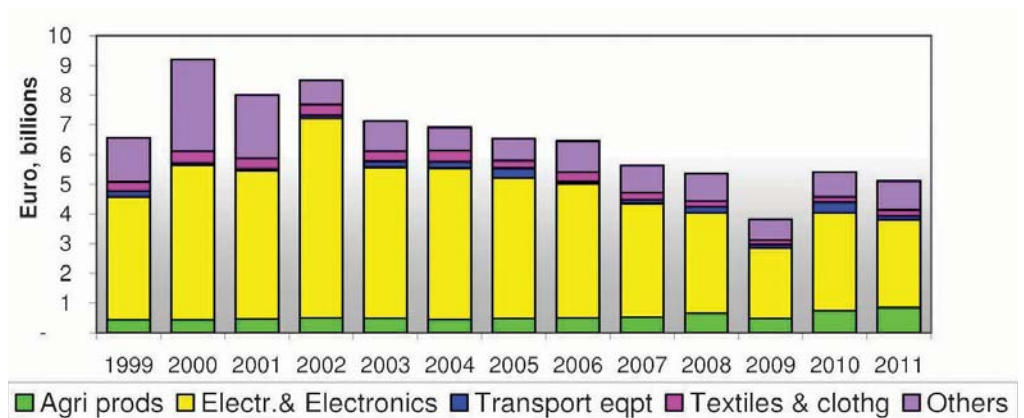
Manufactured products accounted for 80% or €4.1 billion of Philippine exports to the EU in 2011, with electrical and electronic products (including semiconductors) accounting for 58% or €3 billion. In fact, the Philippines remains the 8th largest supplier of integrated circuits and electronic components to the EU. Other important manufactured exports include garments and textiles (4% or €217 million), transport equipment (2% or €128 million), metal products (2% or €102 million) and industrial equipment (2% or €98 million). Agricultural exports have been growing in importance, accounting for 16% or €841 million in 2011. This is largely due to rising exports of coconut oil (which now account for about 9% or €446 million), fruit products (3% or €136 million) and fishery products (2% or €126 million). The Philippines is in fact the single largest source of coconut oil imports of the EU, accounting for more than 60%.

*Philippines' manufactured exports to the EU was down 4% but agricultural exports picked up further by 13% in 2011.*

While many major Philippine exports to the EU suffered setbacks in 2011, a few managed to expand beyond pre-crisis levels. Manufactured exports declined by 4%, largely due to a decline in exports of electronics (-10%), transport equipment (-64%) and furniture exports (-6%), while jewellery (-15%), and footwear (-15%) remained weak. Garments (+17%) continued to recover, while industrial equipment exports (+1%) was steady. In contrast, agricultural exports picked up by 13%, due mainly to a sustained expansion in exports of coconut oil (+13%) and fruits (+54%) to record levels. However, exports of fish products (-8%) weakened during the year.

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

Source: Eurostat



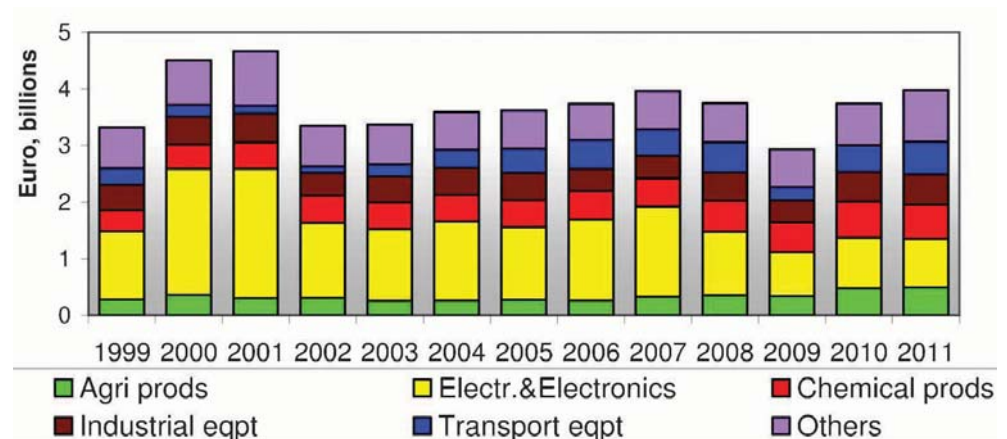
Although manufactured products also accounted for 83% or €3.3 billion of Philippine imports from the EU in 2011, the structure is more diverse compared to manufactured exports. The share of electrical and electronic products (including semiconductors) has fallen to around 22% or €857 million as the Philippines has slipped one place to 8th rank among the EU's largest export markets for integrated circuits and electronic components. Imports of chemical products (15% or €603 million), transport equipment (15% or €579 million) and industrial equipment (14% or €539 million) have been growing in importance. Other important manufactured imports from the EU are metal products (5% or €189 million) and paper products (3% or €134 million). Imports of agricultural products have also improved and now account for over €490 million or 12% of Philippine imports from the EU. These are largely accounted for by imports of meat (3% or €106 million), dairy products (2% or €80 million), animal feeds (2% or €68 million) and cereals (1% or €27 million).

*Philippines' manufactured imports from the EU were up 6% in 2011.*

Most major EU exports to the Philippines performed well in 2011. Manufactured exports in general continued to recover (+6%). Exports of metal products (+17%) and automotive products (+24%) and industrial equipment (+6%) continued to rise above pre-crisis levels, while exports of garments & textiles (+21%) were picking up. However exports of electronics (-4%) and chemical products (-7%) suffered setbacks. EU agricultural exports continued to expand to record levels, although at a more moderate pace (+3%). Exports of meat (+48%), animal feeds (+5%), dairy (+22%) and alcoholic beverages (+60%) are well above pre-crisis levels. Exports of cereal products (-67%) fell however.

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

Source: Eurostat



**Table 7: Ranking of the Philippines in EU's trade in 2011**

Source: Eurostat

SITC Rev.3 Product Groups	EU Imports				EU Exports				EU Balance
	Rank	Millions of euro	Share in Total	Share of total EU Imports	Rank	Millions of euro	Share in Total	Share of total EU Exports	Millions of euro
<b>TOTAL</b>	<b>45</b>	<b>5,111.6</b>	<b>100.0%</b>	<b>0.3%</b>	<b>44</b>	<b>3,975.1</b>	<b>100.0%</b>	<b>0.3%</b>	<b>-1,136.4</b>
<b>1000 - Primary products</b>	<b>60</b>	<b>927.4</b>	<b>18.1%</b>	<b>0.1%</b>	<b>53</b>	<b>571.5</b>	<b>14.4%</b>	<b>0.2%</b>	<b>-355.9</b>
1100 - Agricultural products (Food (incl. Fish) & Raw Materials)	35	895.8	17.5%	0.7%	39	507.6	12.8%	0.4%	-388.1
1110 - Food	33	757.0	14.8%	0.7%	33	472.3	11.9%	0.5%	-284.7
1111 - Fish	27	125.8	2.5%	0.7%	66	2.7	0.1%	0.1%	-123.1
1112 - Other food products and live animals	34	631.2	12.3%	0.7%	33	469.6	11.8%	0.5%	-161.6
1120 - Raw materials	35	138.8	2.7%	0.5%	47	35.3	0.9%	0.2%	-103.4
1200 - Fuels and mining products	98	31.7	0.6%	0.0%	79	63.9	1.6%	0.0%	32.2
1210 - Ores and other minerals	72	22.5	0.4%	0.1%	38	25.2	0.6%	0.1%	2.8
1220 - Fuels	96	0.1	0.0%	0.0%	114	7.6	0.2%	0.0%	7.5
1221 - Petroleum and petroleum products	99	0.0	0.0%	0.0%	113	7.6	0.2%	0.0%	7.6
1222 - Other fuels	58	0.1	0.0%	0.0%	119	0.0	0.0%	0.0%	-0.1
1230 - Non ferrous metals	62	9.1	0.2%	0.0%	48	31.0	0.8%	0.1%	21.9
<b>2000 - Manufactures</b>	<b>28</b>	<b>4,108.5</b>	<b>80.4%</b>	<b>0.4%</b>	<b>42</b>	<b>3,312.1</b>	<b>83.3%</b>	<b>0.3%</b>	<b>-796.4</b>
2100 - Iron and steel	66	1.5	0.0%	0.0%	61	42.7	1.1%	0.1%	41.3
2200 - Chemicals	53	70.4	1.4%	0.0%	42	603.0	15.2%	0.2%	532.6
2210 - Pharmaceuticals	60	0.5	0.0%	0.0%	40	268.8	6.8%	0.3%	268.3
2220 - Plastics	44	8.2	0.2%	0.0%	45	76.6	1.9%	0.2%	68.5
2230 - Other chemicals	51	61.8	1.2%	0.1%	42	257.6	6.5%	0.2%	195.8
2300 - Other semi-manufactures	36	205.3	4.0%	0.2%	41	350.9	8.8%	0.3%	145.6
2400 - Machinery and transport equipment	20	3,163.3	61.9%	0.7%	42	1,957.9	49.3%	0.3%	-1,205.4
2410 - Office and telecommunication equipment	13	2,473.9	48.4%	1.4%	26	700.5	17.6%	0.9%	-1,773.4
2411 - Electronic data processing and office equipment	12	513.5	10.0%	0.7%	51	38.7	1.0%	0.2%	-474.8
2412 - Telecommunications equipment	20	247.4	4.8%	0.3%	59	62.2	1.6%	0.2%	-185.3
2413 - Integrated circuits and electronic components	8	1,712.9	33.5%	4.6%	8	599.6	15.1%	4.0%	-1,113.3
2420 - Transport equipment	36	127.5	2.5%	0.1%	44	578.8	14.6%	0.2%	451.3
2421 - Automotive products	24	58.6	1.1%	0.1%	59	121.7	3.1%	0.1%	63.2
2422 - Other transport equipment	41	68.9	1.3%	0.1%	32	457.1	11.5%	0.6%	388.2
2430 - Other machinery	26	561.9	11.0%	0.4%	51	676.3	17.0%	0.2%	114.3
2431 - Power generating machinery	35	26.1	0.5%	0.1%	59	45.3	1.1%	0.1%	19.2
2432 - Non electrical machinery	33	69.9	1.4%	0.1%	48	476.0	12.0%	0.2%	406.1
2433 - Electrical machinery	20	466.0	9.1%	0.8%	47	155.0	3.9%	0.2%	-311.0
2500 - Textiles	41	21.3	0.4%	0.1%	56	27.8	0.7%	0.2%	6.4
2600 - Clothing	25	195.3	3.8%	0.3%	57	22.8	0.6%	0.1%	-172.5
2700 - Other manufactures	25	451.4	8.8%	0.3%	44	306.9	7.7%	0.2%	-144.4
2710 - Personal and household goods	32	42.5	0.8%	0.1%	55	29.7	0.7%	0.1%	-12.9
2720 - Scientific and controlling instruments	16	191.5	3.7%	0.6%	37	139.4	3.5%	0.3%	-52.2
2730 - Miscellaneous manufactures	21	217.3	4.3%	0.3%	45	137.9	3.5%	0.2%	-79.4
<b>3000 - Other products</b>	<b>52</b>	<b>14.4</b>	<b>0.3%</b>	<b>0.0%</b>	<b>39</b>	<b>53.1</b>	<b>1.3%</b>	<b>0.1%</b>	<b>38.7</b>

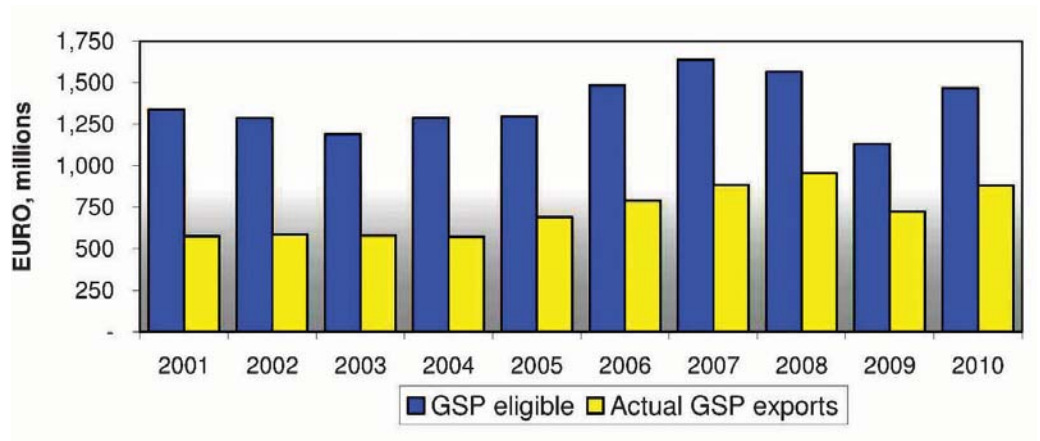
## 1.7. EU preferential trade with the Philippines

*The Philippines is the 20th largest user of the EU GSP scheme.*

About 72% of Philippine exports to the EU already benefit from duty-free treatment on an MFN basis. The rest are eligible in principle to benefit from the EU Generalised System of Preferences, with some 17% of Philippine exports actually being able to take advantage. Among the Philippines' GSP exports to the EU, more than half were granted duty-free treatment, while the rest entered the EU under reduced duties. In fact, the Philippines gained one place, becoming the 20th largest user of the EU GSP scheme in 2010 (latest year for which data is available). Philippine GSP exports account for just a little over 1% of the EU's total GSP imports – far less than those from other ASEAN middle-income economies.

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

Source: Eurostat



*Philippine GSP exports to the EU bounced back by 22% in 2010.*

Philippine GSP exports have been growing by an average of 14% annually in recent years, reaching a peak of € 954 million in 2008. After suffering a 24% decline in 2009 due to the global economic crisis, it bounced back by 22% to € 881 million in 2010. More than one-third of these were agricultural exports. In particular, the Philippines' main GSP exports to the EU in 2010 were: coconut oil (19%), electrical & electronic products (11%), steel products (9%), fish products (9%), rubber products (6%), and optical products (5%).

The average utilisation rate however decreased to some 60% in 2010 (from 64% in 2009). The Philippines' utilisation rate is currently ahead of Vietnam's (54%) but behind Thailand's (65%), Malaysia's (67%), and Indonesia's (72%).



# 2 Investment flows and stocks

Foreign direct investment statistics are very 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.

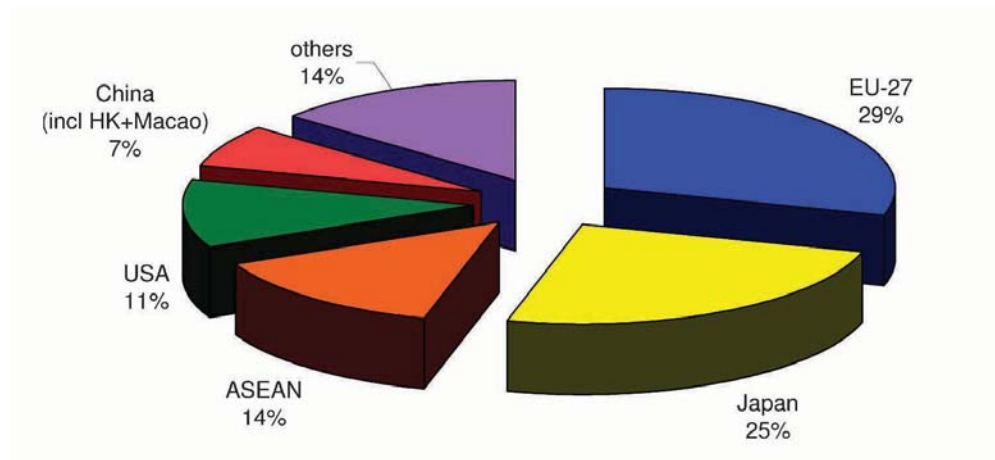
## 2.1. The EU's FDI in the Philippines

*The EU is the top investor in the Philippines.*

The EU's total stock of investments rose by 16% to nearly €8 billion as of 2010 (the latest full year for which Eurostat data are available). Comparative data (from the IMF) indicate that the EU remains the largest investment partner of the Philippines (accounting for about 30% of total FDI stock), followed by Japan (25%), ASEAN (14%), USA (11%) and China (7%).

**Figure 12: Major sources of FDI stock in the Philippines, 2010**

Source: International Monetary Fund

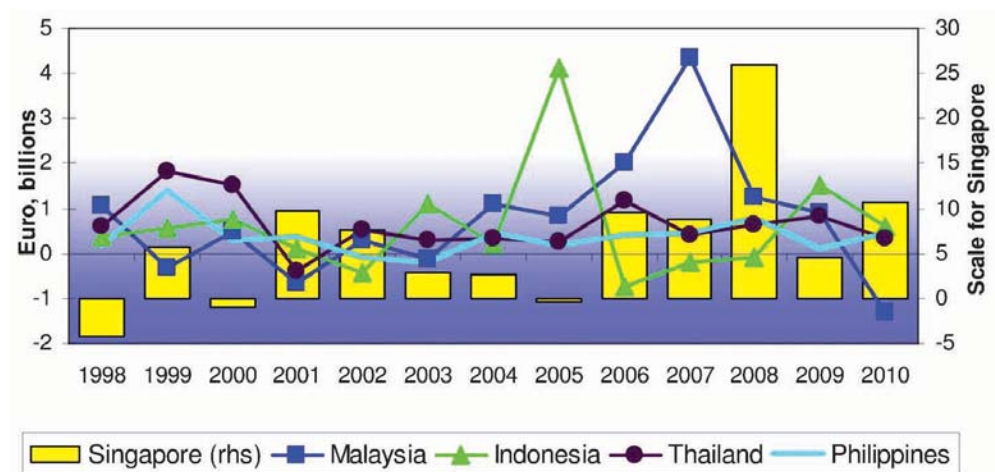


*EU FDI flows into the Philippines quadrupled in 2010.*

Moreover, despite the recent economic crisis, EU direct investment flows into the Philippines quadrupled to €430 million in 2010.

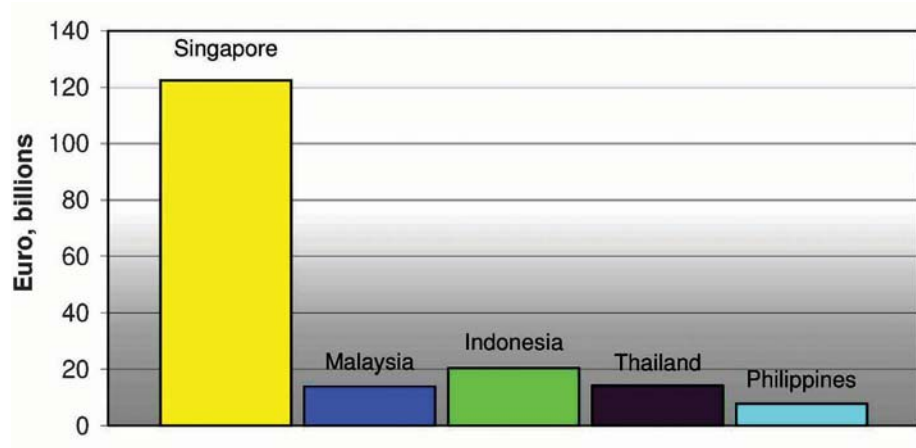
**Figure 13: Inflows of EU FDI into selected ASEAN Member States**

Source: Eurostat



However, there remains substantial room for boosting investment relations as the Philippines has received only 4% of the €193 billion stock of EU direct investments in the ASEAN region as of 2010.

**Figure 14: Stock of EU FDI in selected ASEAN Member States, 2010**  
 Source: Eurostat

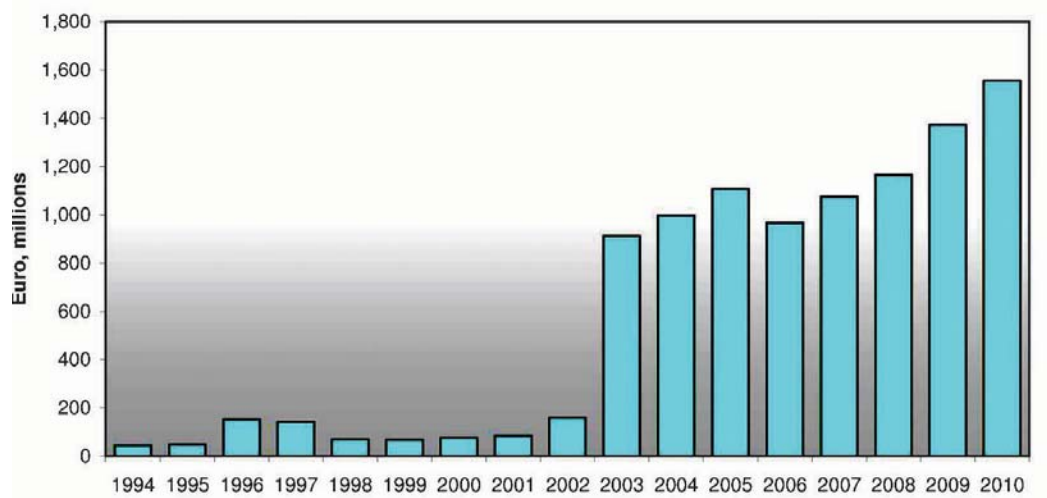


## 2.2. Philippines' FDI in the EU

*The Philippines has invested some €1.7 billion in the EU as of 2010.*

Eurostat figures show that the Philippines has also found investment opportunities in the EU – the world's largest economy and biggest market – having cumulatively invested some €1.7 billion in the Union as of 2010.

**Figure 15: Stock of Philippines' FDI in the EU**  
 Source: Eurostat



*The Philippines' FDI in the EU increased by 14% in 2010.*

This amount represents an increase by 14% from the previous year. It is also equivalent to nearly a third of the €5 billion (\$6.6 billion) in total stock of overseas direct investments by the Philippines as of 2010 (as estimated by Philippine authorities). In fact, the Philippines' investments in the EU remains ahead of Thailand's and Indonesia's, and about half of Malaysia's, although understandably much less than Singapore's.

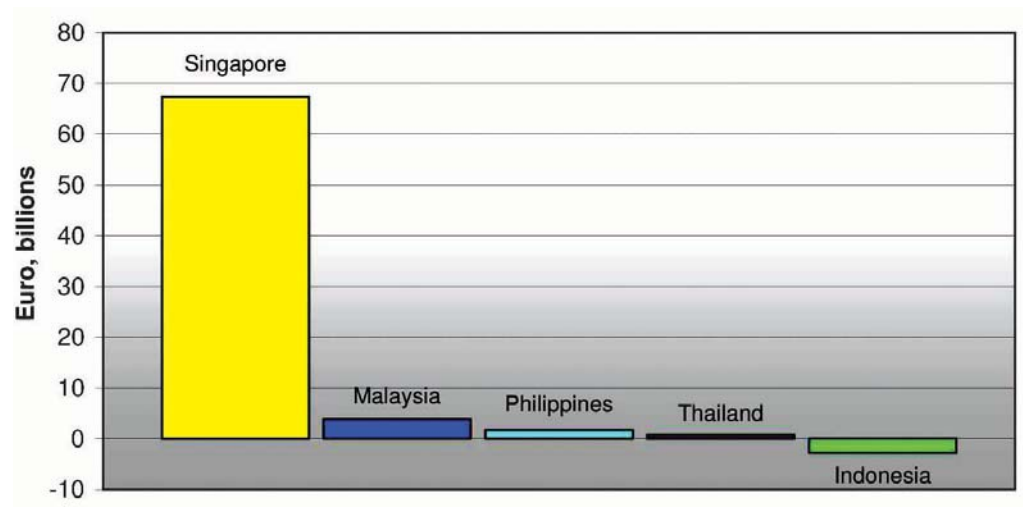
**Table 8: EU FDI stock with the Philippines (PHL)**

Source: Eurostat

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>EU FDI stock in PHL (€ bn)</b>	4.7	3.7	3.5	3.9	4.7	5.9	6.0	7.3	6.8	7.9
Annual growth rate (%)	3.3	-21.3	-5.6	13.8	19.0	25.0	2.6	22.1	-7.7	16.4
<b>EU FDI stock from PHL (€ bn)</b>	0.1	0.2	0.9	1.0	1.1	1.0	1.1	1.2	1.5	1.7
Annual growth rate (%)	24.7	65.6	483.0	10.7	10.7	-12.1	10.3	7.9	23.5	14.2

**Figure 16: Stock of ASEAN Member States' FDI in the EU, 2010**

Source: Eurostat



# 3

## People-to-people exchanges

18

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

*Data on remittances from the USA may have an upward bias due to the common practice of remittance centers in various cities abroad to course remittances through correspondent banks mostly located in the United States.*

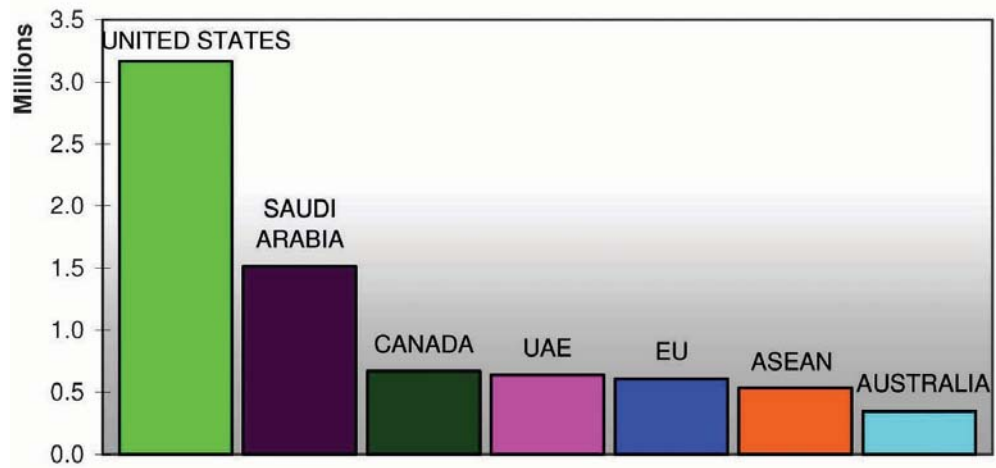
The Philippine government estimates the Filipino diaspora at some 9.5 million as of 2010. These are composed of over 9.1 million land-based migrant Filipinos and nearly 350 thousand Filipino seafarers. Nearly half of land-based migrant Filipinos are permanent residents of their host countries, while about 44% are temporary/contract workers.

*The EU is the 5th largest host of (land-based) migrant Filipinos.*

With the number of Filipinos working or living in the EU declining by 8% to some 600,000, the Union now ranks 5th among the largest hosts of (land-based) migrant Filipinos (accounting for 6.7%) in 2010. The US (35%) and Saudi Arabia (14%) remain in the lead, while Canada (7.3%) and the UAE (7%) have overtaken the EU. About half of these (land-based) Filipinos in the EU are permanent residents, and about half are temporary workers. Migrant Filipinos have a presence in all EU Member States, but are most numerous in the UK (32% of the EU total), Italy (20%), Germany (9%), Spain (9%), and France (8%).

**Figure 17: Major hosts of land-based overseas Filipinos, 2010**

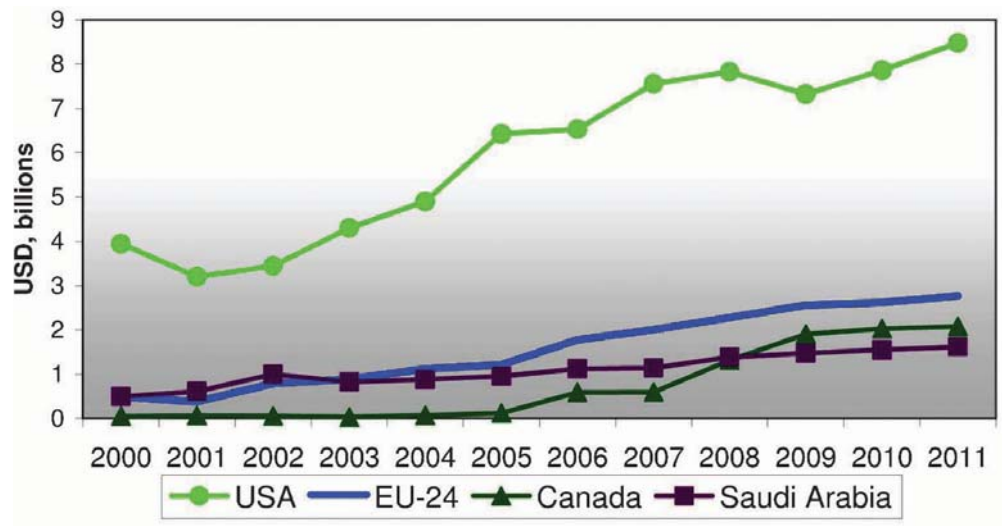
Source: Eurostat



With the EU having the world's largest merchant fleet, accounting for 37% of the world total, the EU is also probably the largest employer of Filipino seafarers. Thus, some 130,000 or more than a third of Filipino seafarers probably work on EU ships.

**Figure 18: Major sources of remittances from overseas Filipinos**

Source: Bangko Sentral ng Pilipinas



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

The EU maintained its position as the second largest source of foreign exchange remittances into the Philippines (accounting for 14% in 2011), next only to the US (42% share). In 2011, remittances from the EU reached \$2.8 billion (€ 2 billion), up by 6% (versus +2% in 2010). Two thirds of remittances from the EU were sent by land-based workers while the rest came from sea-based workers.

### 3.2. EU tourists to the Philippines

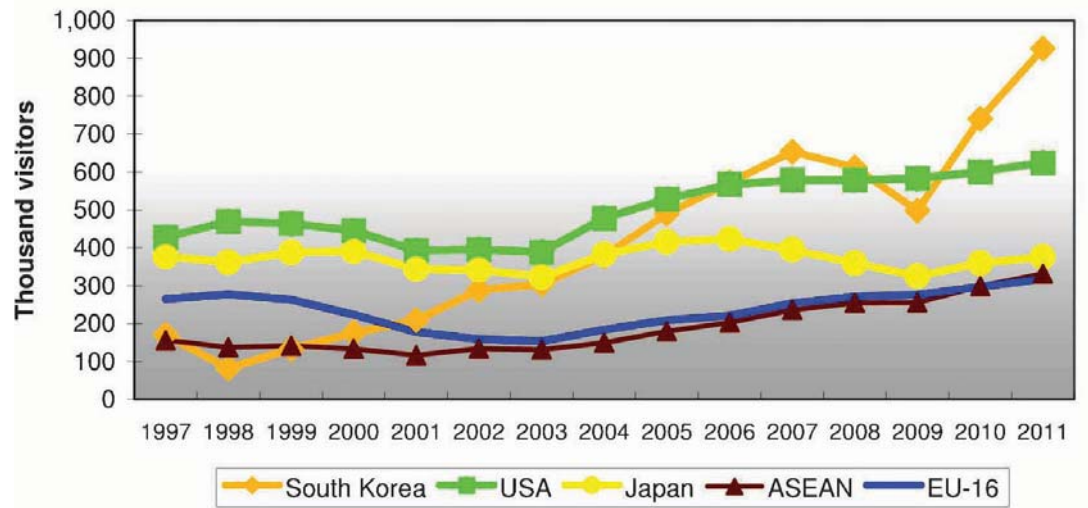
*The EU is the 5th largest source of tourists to the Philippines.*

Tourism is a sector of growing economic importance for the Philippines and in 2011 the number of EU tourists visiting the Philippines reached 318,000, or +7% over the previous year. Without the EU flight ban on Philippine airlines, linked to safety concerns and in force since April 2010, EU tourist inflows would have likely increased even more, as total tourist arrivals in the Philippines recorded a growth rate of +13 % or in total over 3.7 million in 2011.

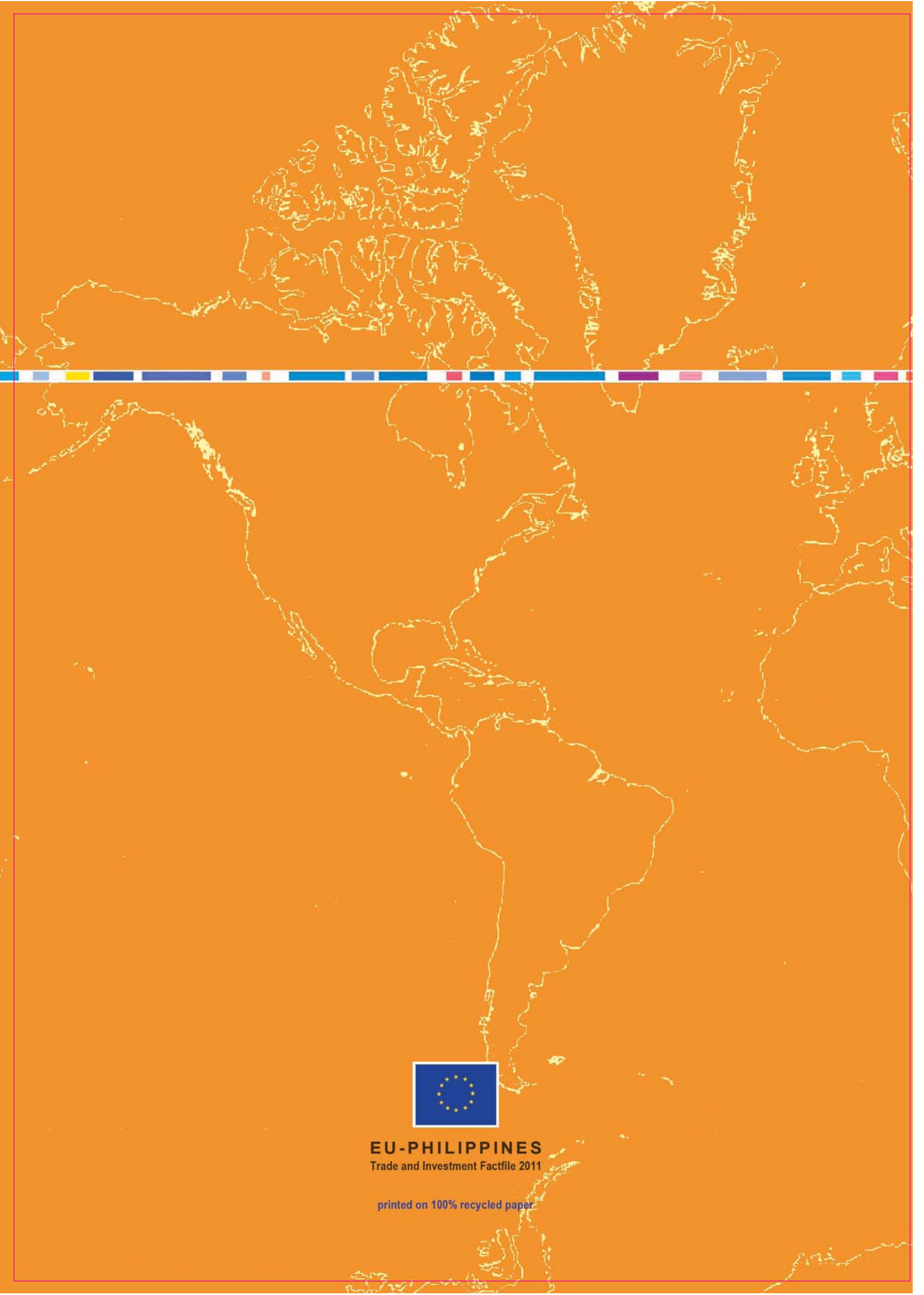
As a source of tourists the EU remains on the 5th place, accounting for 8.6% of the total number of visitors, just behind the ASEAN (8.9% share), but still ahead of 22 China (7% or rank 6). South Korea has the highest share in tourists (25%), followed by the US (17%) and Japan (10% or rank 3).

**Figure 19: Major sources of tourists to the Philippines**

Source: Philippine Department of Tourism







**EU-PHILIPPINES**  
Trade and Investment Factfile 2011

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