

TRADE AND ECONOMIC OVERVIEW

Canadian relations with the Philippines are strong and growing. They cover a full spectrum of activities including political, immigration, commercial and development links. Relations between Canada and the Philippines improved when President Aquino assumed office in 1986 and have been strengthened through Canada's active involvement with the Association of Southeast Asian Nations (ASEAN). Trade between Canada and the Philippines has more than tripled since 1985, reaching \$578 million in 1993. Canadian exports to the Philippines grew from \$46 million to \$193 million during the same period, while imports increased from \$109 million to \$385 million.

Growth in the Philippine economy since the mid-1970's has been sporadic, tending to lag behind that of other countries in the ASEAN region. The Aquino administration made some progress in restoring private sector and foreign confidence in the economy. With Canadian direct investment at approximately \$90 million, Canada ranks as the 15th largest investor in the Philippines. Major investors include Sun Life (for over 100 years); the Bank of Nova Scotia (40 percent equity in Solid Bank); Placer Dome (Mar Copper); and B.C. Packers Limited with tuna cannery operations in the Philippines.

The peaceful turnover of administration in 1992, combined with support by the new Administration for continued import liberalization, has served to foster a greater sense of confidence in the Philippines business community. New investment interest in the Philippines has focused on mining, agri-food and consumer products, though the Philippines remains a relatively low priority for Canadian overseas investors. The Philippines Government offers incentives, which include various tax exemptions, financial and technical assistance and other non-tax privileges including pioneer status, to entities engaged in the preferred areas of economic activity identified by the Philippine Board of Investments.

Canadian exports to the Philippines have been dominated by agricultural and resource commodities. The Economic Development Corporation (EDC), and the Canadian International Development Agency (CIDA), have been supportive of Canada-Philippines trade and investment relations since 1986. With the inauguration of President Ramos in 1992, and his commitment to economic reform, Canadian exporters have demonstrated a growing interest in projects in the Philippines.

Opportunities for fish and seafood products exist, particularly in the agri-food sector. In total, Canada's share of Philippine imports for all products is approximately 1.2 percent of their total requirements. Trade between Canada and the Philippines is carried out under the General Agreement on Tariffs and Trade (GATT); the Philippines is a beneficiary of Canada's General Preferential Tariff (GPT).

Imports of fish into the Philippines, whether fresh or frozen, are mainly by local canning factories. Thus, an appropriate strategy for entry to the market for Canadian fish and seafood exporters would be through contracts with Philippine cannery operations.