

OPPORTUNITIES IN THE PHILIPPINES

Thanks to a decade of political and social reforms, the economic potential of the Philippines is being unleashed and the world is taking notice of the "Newborn Tiger."

The People's Power revolution led by Corazon Aquino in 1986 ended a long period of dictatorship and political and economic instability, and the current government has continued, and expanded on, the economic liberalization reforms of the Aquino administration. The liberalization of trade and foreign exchange and investment regimes, the reduction of entry barriers in banking and insurance, and the encouragement of private-sector investments have all helped the Philippines rebound from a series of domestic crises.

The positive political and economic climate of recent years has led to renewed confidence in the Philippines. The country's economy, as measured by gross domestic product (GDP), grew by 4.7 per cent in the first quarter of 1996. Gross national product (GNP) reached 7.1 per cent in the first six months of 1996 — the highest rate in five straight years of accelerating growth. The inflation rate has fallen over the last few years from 18.7 per cent in 1991 to 7.9 per cent as of August 1996. This decline is attributed to fiscal and monetary management and increased strength of the peso.

Trade and investment

The Philippines is trying to encourage foreign investment as a means of developing its economy and infrastructure. The liberalization of the country's economy has greatly contributed to making it an attractive destination for foreign investment.

Canada was one of the first governments to recognize the Aquino administration in 1986 and the first country to extend export credits to the new government. Since then, bilateral trade has increased six-fold, to reach \$826 million in 1995.

Canadian investment in the Philippines is currently valued at approximately \$1 billion. It is concentrated in three principal sectors: financial services, agri-food

and mining. There are approximately 20 joint venture agreements and other arrangements involving Canadian and Philippine interests, reflecting the growing importance of this bilateral commercial relationship.

The main sectors of opportunity for Canadian business include telecommunications and information technologies, power and energy, mining and forestry, and the environment.

Transportation equipment and services

The Philippines' dynamic transportation sector presents many opportunities for Canadian suppliers. In the next decade, the Philippine government is expected to spend US\$14 billion on transportation infrastructure. With the expansion of highways and the Light Rail Transit system, opportunities exist for Canadians in the bus, truck and auto-related subsectors. There is also demand for avionic and ground-based equipment for two major international airports scheduled to be built during the next decade, as well as opportunities in private port development and in the expansion of container and roll-on/roll-off facilities.

Energy and natural resources

In the Philippines vast mining industry, there is a market for small-scale mining equipment of greater technical reliability than that produced locally. The oil industry deregulation expected in 1997 will enable the market to become more competitive. There will be a need to upgrade technology to meet market demand. Indicators point to increased oil and gas exploration and production, creating opportunities for Canadian suppliers of all types of exploration and production equipment, as well as for consultants with expertise in offshore and onshore drilling and production, geophysics and geothermal drilling.

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