

## **Canada-Philippines Commercial Relations**

Trade between Canada and the Philippines is carried out under the GATT. In terms of exports to Canada, the Philippines is a beneficiary of Canada's General Preferential Tariff. As well, a number of arrangements are in place between the two countries which facilitate business relations. These include an agreement to avoid double taxation and an exchange of notes to promote and protect Canadian investment in the Philippines.

Trade between Canada and the Philippines has almost tripled since 1985, reaching \$425 million in 1989. Canadian exports have risen from \$45 million to \$220 million during the same period. Neither Canada nor the Philippines are major players in each other's market, as they account for only approximately 1.5 - 2% of each other's exports.

While Canadian exports have been traditionally dominated by agricultural and resource commodities, opportunities for manufactured and high technology products are expanding. Canada's trade strategy has targeted the Philippines as a market opportunity for advanced technology products and services; mining, metal and mineral products and services; power and energy equipment and services; grains and oilseeds; and agriculture and food products and services.

The Export Development Corporation has been on cover in the Philippines since 1986 and the CIDA Industrial Cooperation Program is supportive of companies pursuing joint venture and project opportunities. A CIDA-EDC \$42 million concessional line of credit for rural telecommunications will greatly assist Canadian marketing efforts in that sector. As well, Asian Development Bank and World Bank projects offer potential for sales of a wide variety of consultancy services and capital goods in the Philippines.

Many Canadian exporters have been cautious in pursuing business and investment opportunities in the Philippines in the recent past because of the uncertainties and perceived risks associated with the political and economic situation. Nevertheless, a steadily increasing number of Canadian business visitors to the Philippines continue to be successful in promoting their exports locally. In 1988 and 1989, over 95% of all Canadian exports to the Philippines were arranged on a cash basis, with no concessional financing or involvement on the part of the Export Development Corporation.

Philippine exports to Canada have been traditionally dominated by textiles and agricultural and fisheries products (45% of total exports in 1980 and 47% in 1989). Recently, exports to Canada have grown in sophistication with the introduction of electric and electronic products and equipment and other durable goods. In 1989, the Philippines was the fifth largest supplier of clothing to Canada.

With Canadian direct investment at approximately \$90 million, Canada ranks as the 15th largest investor in the Philippines. Major Canadian investors include Sun Life (for over 100 years), the Bank of Nova Scotia (40% equity in Solid Bank), Placer Dome (Mar Copper) and BC Packers (tuna cannery). Six other Canadian companies operate branch sales offices. Approximately 20 joint venture agreements and other forms of arrangements involving Canadian and Filipino interests in the Philippines are found in the garment, fishing, mining, manufacturing and services sectors.