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## The Philippines

### Export Opportunities in the Philippines

In 2016, the Philippines ranked 31st among U.S. export destinations and 38th among Virginia export destinations. Some of the top opportunities for U.S. exporters in the Philippines include:

- » Defense
- » Infrastructure
- » Energy Sector
- » Medical Devices
- » Water Resources and Equipment Services
- » IT Service and Equipment
- » Education and Training
- » Safety & Security
- » Agricultural Sectors

### Map of the Philippines



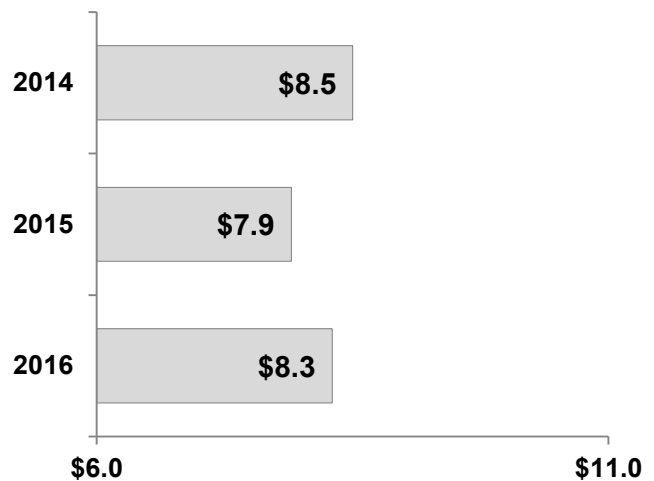
(U.S. Central Intelligence Agency)

### Top Virginia Exports to the Philippines

Export Category	2016 Value	Change 2016/2015
All Commodity Chapters	\$ 73.7	-1%
Food Residues	\$ 17.5	17%
Industrial Machinery	\$ 10.2	192%
Electrical Machinery	\$ 8.2	151%
Paper & Paperboard	\$ 7.6	3%
Tanning/Dyeing Extracts	\$ 6.9	156%
Meat	\$ 3.9	-59%
Plastics	\$ 3.0	71%
Special Classification	\$ 2.2	-63%
Fibers and Fabrics	\$ 2.1	-2%
Fruits, Seeds, Grains	\$ 2.0	-72%

In US\$ millions (World Trade Atlas)

### U.S. Exports to the Philippines



In US\$ billions (World Trade Atlas)



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## Opportunities in the Philippines for Exporters

### Defense

The Aquino Administration, through Republic Act (RA) 10349 or The Revised Armed Forces of the Philippines (AFP) Modernization Program undertook the most aggressive defense modernization effort in Philippine history. RA 10349 is a 15-Year program divided into three phases. It identifies the following core security concerns of the AFP: challenges to territorial integrity, maritime security, natural disasters, internal security, and cyber security. The best prospects for U.S. exporters in the Philippines include:

- » Shore-based missile systems
- » Flight simulators
- » Night fighting systems
- » Secure Communications

### Infrastructure

The Department of Commerce has named the Philippines as one of the three countries in its Infrastructure Initiative. The Initiative is designed to help attract U.S. companies to participate in infrastructure projects in the country. The 2015-2016 World Economic Forum Global Competitiveness Report ranks the Philippines 106th of 140 countries in terms of infrastructure development. Top prospects include:

- » Equipment, products, and technologies that can be used in airport, port, road, rail, and other infrastructure projects.
- » Companies that finance, design, construct, and/or maintain infrastructure projects

This information is adapted from the U.S. Commercial Service. [Click here for more export opportunities.](#)

### IT Services and Equipment

The Philippine IT industry plays a significant role in the country. The major contributors to its growth are financial institutions, telecommunications companies, Business Process Management (BPM) industry, and the Government. Business Monitor International (BMI) forecasts total IT spending for 2016 to be US\$4.4 billion, an 8.3 percent increase from 2015. BMI expects the annual growth rate in this sector to increase to 10.6 percent and reach US\$6.6 billion in total spending by 2020. Top opportunities include:

- » IT security
- » Network equipment
- » Broadband solutions
- » Wireless applications

### Water Resources and Equipment Services

The Philippine market for water resource equipment and services is expected to grow by at least five percent yearly over the next five years as a result of the current and upcoming projects that address increasing water requirements as well as sanitation challenges in the Philippines. The Philippines is highly dependent on imported water and wastewater treatment products. Top opportunities include:

- » Drinkable/potable water treatment equipment
- » Water supply rehabilitation equipment
- » Water recycling equipment
- » Equipment for the construction and development of additional water resources and water supply systems

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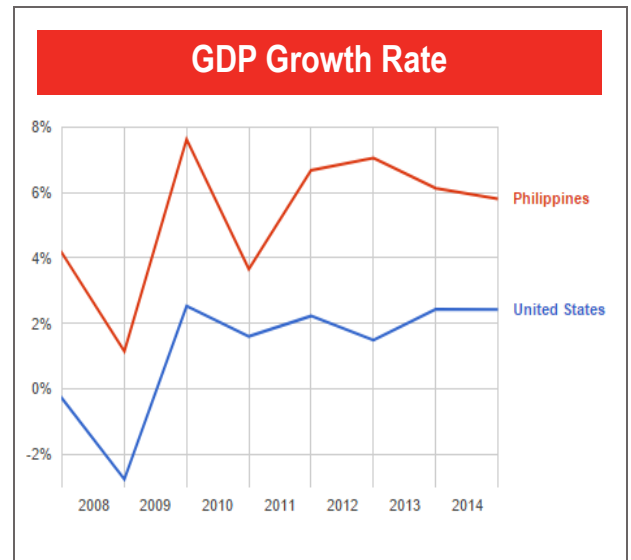
## Economic Overview

The economy has been relatively resilient to global economic shocks due to less exposure to troubled international securities, lower dependence on exports, relatively resilient domestic consumption, large remittances from about 10 million overseas Filipino workers and migrants, and a rapidly expanding outsourcing industry. The current account balance has recorded consecutive surpluses since 2003, international reserves remain at comfortable levels, and the banking system is stable.

Economic growth has accelerated, averaging 6.0% per year from 2011-2015; and competitiveness rankings have improved. The Philippines has not sustained steady growth in foreign direct investment, which continues to lag regional peers.

The unemployment rate has declined somewhat in recent years, but still remains high (around 6.5%). Underemployment is also high, ranging from 18%-19% of percentage employed. At least 40% of the employed work in the informal sector.

(U.S. Central Intelligence Agency)



## Cultural Guide

- » English is generally used for educational, governmental and commercial purposes and is widely understood since it is the medium of instruction in schools, it is common to hear Filipinos use a mixture English and Filipino words or phrases, known as "Taglish" (a mixture of English and Tagalog), in their everyday conversations
- » Use academic, profession, or honorific titles and the person's surname until you are invited to use their first name, or even more frequently, their nickname.
- » Filipinos thrive on interpersonal relationships, so it is advisable to be introduced by a third party. It is crucial to network and build up a cadre of business associates you can call upon for assistance in the future.
- » Decisions are often reached on the basis of feelings rather than facts, which is why it is imperative to develop a broad network of personal relationships.
- » Filipinos do business with people more than companies. If you change representatives during negotiations, you may have to start over. Negotiations may be relatively slow.

(Commisceo Global)

**It is important to remain for the period of social conversation at the end of the meeting.**

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Virginia Economic Development Partnership - International Trade offers a number of export-related services to Virginia businesses, including trade missions and market research by our Global Network of in-country consultants. These services are available to all Virginia exporters.

For more information, please visit our website: [ExportVirginia.org](http://ExportVirginia.org)

## Additional Resources: Market Reports

[Philippines Country Commercial Guide](#)

[Doing Business in the Philippines](#)

[Ease of Doing Business Report](#)

[Exporting to the Philippines](#)

U.S. Commercial Service

U.S. Embassy

World Bank

United Kingdom Trade & Investment

## Online Resources

[The Philippines Overview](#)

[Kwintessential Philippines](#)

Global Edge - Michigan State University

Kwintessential Guide to the Philippines

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