Export Opportunities in The Philippines

In 2017, the Philippines ranked 31st among U.S. export destinations and 40th 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
- IT Service and Equipment
- Education and Training
- Safety & Security
- Agricultural Sectors

Top Virginia Exports to The Philippines

<table>
<thead>
<tr>
<th>Export Category</th>
<th>2017 Value</th>
<th>Change 2017/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Commodity Chapters</td>
<td>$77.8</td>
<td>6%</td>
</tr>
<tr>
<td>Food Residues</td>
<td>$25.8</td>
<td>47%</td>
</tr>
<tr>
<td>Paper &amp; Paperboard</td>
<td>$10.3</td>
<td>37%</td>
</tr>
<tr>
<td>Industrial Machinery</td>
<td>$8.6</td>
<td>-16%</td>
</tr>
<tr>
<td>Electrical Machinery</td>
<td>$8.4</td>
<td>3%</td>
</tr>
<tr>
<td>Meat</td>
<td>$4.7</td>
<td>28%</td>
</tr>
<tr>
<td>Plastics</td>
<td>$3.4</td>
<td>12%</td>
</tr>
<tr>
<td>Misc. Manufactured</td>
<td>$1.8</td>
<td>168%</td>
</tr>
<tr>
<td>Tanning/Dyeing Extracts</td>
<td>$1.6</td>
<td>-77%</td>
</tr>
<tr>
<td>Medical Instruments</td>
<td>$1.5</td>
<td>50%</td>
</tr>
<tr>
<td>Furniture</td>
<td>$1.5</td>
<td>13%</td>
</tr>
</tbody>
</table>

(U.S. Central Intelligence Agency)

Map of The Philippines

(U.S. Central Intelligence Agency)

U.S. Exports to The Philippines

In US$ Billions

- 2015: $7.9
- 2016: $8.2
- 2017: $8.5

(World Trade Atlas)
## Fast Facts

### Opportunities in the Philippines for Exporters

#### Defense

The Aquino Administration, through the Revised Armed Forces of the Philippines (AFP) Modernization Program undertook the most aggressive defense modernization effort in Philippine history. It is a 15-Year program divided into three phases to address territorial integrity, maritime security, natural disasters, internal security, and cyber security. The Duterte administration is purchasing equipment to fight twin Maoist and Muslim rebellions.

The best prospects for U.S. exporters 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 2017-2018 World Economic Forum Global Competitiveness Report ranks the Philippines 97th of 137 countries in terms of infrastructure development. New Clark City is a $14 billion planned smart city.

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

#### IT Services and Equipment

The major contributors to Philippine IT growth are financial institutions, telecommunications companies, Business Process Management (BPM) industry, and the Government. IDC Research predicts that the Philippines will be the fast growing IT market worldwide with 7.5% compound annual growth from 2016-2021. A young population is spurring demand in mobile communications.

Top opportunities include:

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

#### Water Resources and Equipment

The Philippine market for water resource equipment and services is expected to grow by at least 5% yearly over the next five years because of new infrastructure projects and government efforts to improve sanitation as it reduces poverty. 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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(US Commercial Service)
FAST FACTS

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 saw record growth in foreign direct investment in 2017, an abatement in violence from previous years. The government plans to spend $165 billion on infrastructure by 2022.

The unemployment rate has declined somewhat in recent years, but 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.

(Commisceo Global)

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

- 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.
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

Additional Resources

- The Philippines Overview
  Global Edge - Michigan State University

- Kwintessential Philippines
  Kwintessential Guide to the Philippines

- The Philippines Country Commercial Guide
  U.S. Commercial Service

- Doing Business in the Philippines
  U.S. Embassy

- Ease of Doing Business Report
  World Bank

- Exporting to the Philippines
  United Kingdom Trade & Investment

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