

**COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S
INDIA-PHILIPPINES BILATERAL TRADE RELATIONS**

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

The Republic of Philippines lies in the western Pacific Ocean, east of mainland South-East Asia. The island of Borneo is to the south-west, and New Guinea to the southeast. The principal islands of the Philippine archipelago are Luzon in the north, and Mindanao in the south. Between these two (which together account for 66% of the country’s area) lay the 7,000 islands of the Visayas. Philippines is a member of the UN, ASEAN and the Colombo Plan. In addition, the country is also a member state of the World Trade Organization (WTO), the ASEAN Free Trade Area (AFTA) and Asia-Pacific Economic Co-operation (APEC).

2. The Philippine economy is the world's 34th largest, with an estimated 2023 nominal gross domestic product of US\$435.7 billion. As a newly industrialized country, the Philippine economy has been transitioning from an agricultural base to one with more emphasis on services and manufacturing. The country's labour force was around 50 million as of 2023, and its unemployment rate was 3.1 percent. Gross international reserves totalled US\$103.406 billion as of January 2024. Debt-to-GDP ratio decreased to 60.2 percent at the end of 2023 from a 17-year high 63.7 percent at the end of the third quarter of that year, and indicated resiliency during the COVID-19 pandemic. IMF Executive Board Concludes 2023 Article IV Consultation with the Philippines December 15, 2023, The Philippines’ growth momentum started to moderate after a strong post-pandemic recovery. Growth moderated from 7.6 percent in 2022 to 4.3 percent in the second quarter of 2023, largely due to external headwinds, fiscal underspending, and normalization of pent-up demand. Headline inflation decelerated to 4.9 percent in October from the peak of 8.7 percent in January but is facing renewed price pressures and the BSP has pre-emptively raised the policy rate by a further 25bps in October. Core inflation also remains elevated at 5.3 percent in October. The labour market has normalized, driven by the service sector. The current account deficit is narrowing, supported by lower imports of fuel and capital goods and a strong recovery in the service sector. International reserves remain adequate. Domestic financial conditions have tightened due to more stringent credit standards and a weaker exchange rate.

A snapshot of Philippines’ select economic indicators is as under.

TABLE 1

Table 1. Philippines: Selected Economic Indicators, 2020–2025						
	2020	2021	2022	2023	2024	2025
				Est.	Proj.	Proj.
	(Annual percentage change, unless otherwise indicated)					
National account						
Real GDP	-9.5	5.7	7.6	5.3	6.0	6.1
Consumption	-5.3	4.7	7.7	4.0	5.7	6.5
Private	-8.0	4.2	8.3	5.0	6.2	6.9
Public	10.5	7.2	4.9	-0.4	3.0	4.3
Gross fixed capital formation	-27.3	9.8	9.7	7.7	11.2	10.8
Final domestic demand	-10.5	5.7	8.1	4.8	6.8	7.4
Net exports (contribution to growth)	4.0	-2.3	-2.2	0.0	-1.5	-1.8
Real GDP per capita	-10.7	4.3	6.2	4.1	4.9	5.0
Output gap (percent, +=above potential)	-8.5	-3.5	0.4	0.0	0.1	0.1

Labor market						
Unemployment rate (percent of labor force)	10.4	7.8	5.4	4.7	5.1	5.6
Underemployment rate (percent of employed persons)	16.2	15.9	14.2	12.8	...	...
Employment	-6.1	11.7	6.6	2.4	1.6	1.6
Price						
Consumer prices (period average)	2.4	3.9	5.8	6.0	3.7	3.0
Consumer prices (end of period)	3.3	3.1	8.1	4.5	3.2	3.0
Core consumer prices (period average)	3.4	3.0	3.9	...	...	...
Residential real estate (Q4/Q4)	0.8	4.9	7.7	...	...	...
Money and credit (end of period)						
3-month PHIREF rate (in percent) 1/	1.3	1.5	5.7	...	...	...
Claims on private sector (in percent of GDP)	52.0	49.9	48.9	47.7	48.3	48.6
Claims on private sector	-0.2	3.8	11.0	7.7	10.6	9.7
Monetary base	5.1	5.8	5.1	6.0	6.5	8.9
Broad money	8.7	8.0	7.8	7.6	8.9	8.2
Public finances (in percent of GDP)						
National government overall balance 2/	-7.4	-8.3	-7.2	-5.7	-5.0	-4.6
Revenue and grants	15.9	15.5	16.1	15.7	16.4	16.7
Total expenditure	23.4	23.8	23.3	21.4	21.4	21.3
National government gross debt	54.6	60.4	60.9	61.1	61.1	60.9
Balance of payments (in percent of GDP)						
Current account balance	3.2	-1.5	-4.5	-3.0	-2.6	-2.3
FDI, net	-0.9	-2.5	-1.3	-1.0	-1.1	-1.1
Total external debt	27.2	27.0	27.5	27.5	27.1	26.5
Gross reserves						
Gross reserves (US\$ billions)	110.1	108.8	96.1	98.1	93.4	89.4
Gross reserves (percent of short-term debt, remaining maturity)	478.4	512.3	381.3	351.0	372.3	332.0
Memorandum items:						
Nominal GDP (US\$ billions)	361.8	394.1	404.3	434.9	471.8	510.3
Nominal GDP per capita (US\$)	3,326	3,576	3,624	3,853	4,133	4,423
GDP (in billions of pesos)	17,952	19,411	22,025	24,312	26,565	28,934
Real effective exchange rate (2010=100)	111.3	111.1	109.3	...	...	...
Peso per U.S. dollar (period average)	49.6	49.3	54.5	...	...	...
Sources: Philippine authorities; World Bank; and IMF staff estimates and projections.						
1/ Benchmark rate for the peso floating leg of a 3-month interest rate swap.						
2/ IMF definition with privatization receipts, equity, and net lending excluded.						

Source: IMF Executive Board Concludes 2023 Article IV Consultation with the Philippines
December 15, 2023

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of Philippines are **United States, China, Japan, Hong Kong, and Singapore**. On the other hand five major import partners of Philippines are **China, Japan, Korea, Rep., Indonesia and United States**. Major five exported goods of Philippines are (i) Monolithic integrated

circuits, digital (ii) Parts and accessories of automatic data process (iii) Ignition wiring sets & oth wiring sets of a kind (iv) Copper cathodes and sections of cathodes unwrout and (v) Nickel ores and concentrates. On the other hand major five imported goods of Philippines are (i) Monolithic integrated circuits, digital, (ii) Petroleum oils, etc, (excl. crude); preparation (iii) Parts of electronic integrated circuits and mic (iv) Parts and accessories of automatic data process and (v) Other coal, not agglomerated, nes.

4. Philippines's total exports in 2019 were of the order of US\$ 70,927 million. It has scaled upto US\$ 72,923 million in 2023. During the period 2019 to 2023, Exports from Philippines had increased maximum by 14.42% in the year 2021 followed by another 5.77% increase in 2022. During the period from 2019 to 2023, the annual average compound rate of growth of exports was 0.70%.

5. Philippines's total imports in 2019 were of the order of US\$ 117,247 million and which has touched US\$ 133,752 million mark in 2023. Imports of Philippines had jumped by 30.84% in 2021 in comparison with 2020 just after facing a 18.92% decline in FY2020. During the period from 2019 to 2023, the annual average compound rate of growth of imports was 3.35%.

6. Philippines runs an overall Balance of Trade deficit from 2019 to 2023 that has scaled up to USD - 60,829 million in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of total volume of trade was 2.37%.

A snapshot of Philippines's overall Trade Statistics is presented in Table 2 and Figure 1 below.

A snapshot of India's merchandise trade statistics w.r.t. Philippines is presented in Table 3 Figure 2.

BILATERAL TRADE WITH INDIA

Merchandise Trade

7. India and Philippines signed a Trade Agreement in 1979. Bilateral trade was slow between the two countries till the late nineties and then posted a positive growth after the deepening relations between India and ASEAN in the context of Indias Look East Policy. The Agreement on Trade in Goods, which was signed on 13 August 2009 between India and ASEAN; and was fully implemented in 2011, helped in increase in bilateral trade. India is part of the Regional Comprehensive Economic Partnership Negotiations (RCEP) which will also support and contribute to economic integration. Philippines ranked 41st as an export destination of India in FY 2023-24. India had exported to Philippines almost 0.48% of it's total export value in FY2023-24. In the same financial year imports from Philippines was 0.21% of India's total import value. Almost 0.32% of India's total international trade value of goods was between India and Philippines as has been recorded in DGCI&S data base for FY 2023-24. Philippines was the 48th major trading partner of India in FY 2023-24.

8. Indo- Philippines total volume of bilateral trade in FY 2019-20 was of the order of US\$ 2,049.86 million. It has scaled upto US\$ 3,530.77 million in FY 2023-24. The annual compound growth rate of total volume of trade during the period from 2019-20 to 2023-24 has been of the order of 14.56%.

9. It appears from the available figures that between 2019-20 and 2023-24, India has had a surplus Balance of Trade with Philippines. Exports from India to Philippines increased by 44.60% in FY2021-22. The annual average compound rate of growth of Exports was 8.27%. On the other hand, imports from Philippines to India remarkably increased by 49.40% in FY 2023-24. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of imports was 28.62%.

10. Additionally, from Tables 4 & 5 presented below the following are stated:

- a. **Drug Formulations Biologicals, Aircraft, Spacecraft And Parts** and **Two And Three Wheelers**, had occupied the top three slots in India's exports to Philippines in the year 2023-24. **Drug Formulations Biologicals** had occupied 17.92% share of India's total exports to Philippines in FY2023-24.
- b. **Aircraft, Spacecraft And Parts; Gold** and **Bulk Minerals And Ores** were the three major commodities in India's imports list from Philippines in the year 2023-24, India imports **Aircraft, Spacecraft And Parts** from Philippines with a share of 13.93% of total imports from Philippines recorded in 2023-24.

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TABLE - 2
PHILIPPINES'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE
BETWEEN 2019 TO 2023

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019	70927		117247		1,88,174		-46320
2020	65214	-8.05	95067	-18.92	1,60,281	-14.82	-29853
2021	74620	14.42	124390	30.84	1,99,010	24.16	-49770
2022	78929	5.77	145880	17.28	2,24,809	12.96	-66951
2023	72923	-7.61	133752	-8.31	2,06,675	-8.07	-60829
Annual Growth Rate	Compound 0.70		3.35		2.37		

NOTE: Figures relate to calendar year (January to December)

SOURCE: UN COMTRADE PUBLICATION

Figure - 1

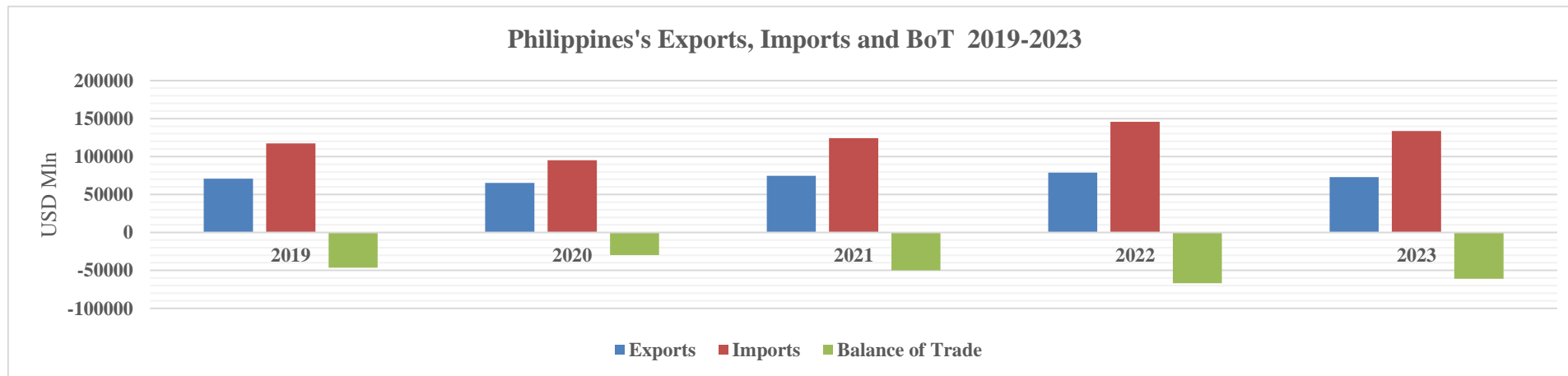


TABLE - 3
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. PHILIPPINES
FY 2019-2020 to 2023-2024

(Value in USD Million)

Year	Exports from India to Philippines	Percentage Growth in Exports	Imports from Philippines to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019-20	1526.03		523.83		2049.86		1002.20
2020-21	1457.30	-4.50	572.47	9.29	2029.77	-0.98	884.83
2021-22	2107.24	44.60	729.12	27.36	2836.36	39.74	1378.12
2022-23	2094.15	-0.62	959.59	31.61	3053.74	7.66	1134.56
2023-24	2097.17	0.14	1433.60	49.40	3530.77	15.62	663.57

Annual	Compound			
Growth Rate		8.27	28.62	14.56

NOTE: Figures relate to Financial Year (April to March)

SOURCE: DGCI&S, M/o C&I

Figure 2

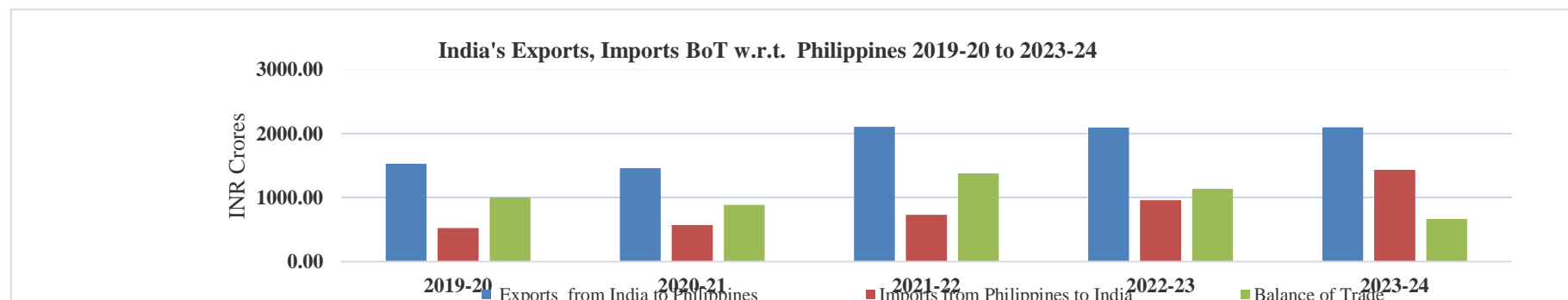


TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO PHILIPPINES
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Drug Formulations Biologicals	234.12	261.47	310.78	284.05	375.81	11.68	18.86	-8.60	32.30
	Share in total export	15.34	17.94	14.75	13.56	17.92				
2	Aircraft, Spacecraft And Parts	5.85	1.53	1.37	72.30	114.64	-73.85	-10.46	5177.37	58.56
	Share in total export	0.38	0.10	0.07	3.45	5.47				
3	Two And Three Wheelers	141.88	89.05	140.29	204.05	105.49	-37.24	57.54	45.45	-48.30
	Share in total export	9.30	6.11	6.66	9.74	5.03				
4	Buffalo Meat	79.18	95.76	127.39	131.65	100.50	20.94	33.03	3.34	-23.66
	Share in total export	5.19	6.57	6.05	6.29	4.79				
5	Auto Tyres And Tubes	62.80	54.94	76.73	80.64	97.66	-12.52	39.66	5.10	21.11
	Share in total export	4.12	3.77	3.64	3.85	4.66				
6	Motor Vehicle/ Cars	35.03	34.64	77.29	49.71	91.05	-1.11	123.12	-35.68	83.16
	Share in total export	2.30	2.38	3.67	2.37	4.34				
7	Petroleum Products	7.06	38.32	26.81	11.02	87.50	442.78	-30.04	-58.90	694.01
	Share in total export	0.46	2.63	1.27	0.53	4.17				
8	Processed Vegetables	4.29	11.33	19.65	47.21	74.10	164.10	73.41	140.29	56.96
	Share in total export	0.28	0.78	0.93	2.25	3.53				
9	Groundnut	53.78	53.26	58.10	64.56	70.67	-0.97	9.09	11.12	9.46
	Share in total export	3.52	3.65	2.76	3.08	3.37				
10	Auto Components/Parts	91.30	33.22	70.31	103.62	62.81	-63.61	111.65	47.38	-39.38
	Share in total export	5.98	2.28	3.34	4.95	2.99				
	Total export to PHILIPPINES	1526.03	1457.30	2107.24	2094.15	2097.17	-4.50	44.60	-0.62	0.14

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM PHILIPPINES
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	23-24 over 2022-23
1	Aircraft, Spacecraft And Parts	0.03	0.09	0.15	0.12	199.75	200.00	66.67	-20.00	166358.33
	Share in total import	0.01	0.02	0.02	0.01	13.93				
2	Gold	28.07	91.03	87.46	98.82	150.26	224.30	-3.92	12.99	52.05
	Share in total import	5.36	15.90	12.00	10.30	10.48				
3	Bulk Minerals And Ores	24.44	3.09	3.99	2.32	142.12	-87.36	29.13	-41.85	6025.86
	Share in total import	4.67	0.54	0.55	0.24	9.91				
4	Electronic Components	33.34	39.61	48.45	79.53	133.85	18.81	22.32	64.15	68.30
	Share in total import	6.36	6.92	6.64	8.29	9.34				
5	Electronic Instruments	42.94	50.26	71.00	90.20	97.21	17.05	41.27	27.04	7.77
	Share in total import	8.20	8.78	9.74	9.40	6.78				
6	Computer Hardware Peripherals	108.12	63.07	83.52	90.99	92.95	-41.67	32.42	8.94	2.15
	Share in total import	20.64	11.02	11.45	9.48	6.48				
7	Inorganic Chemicals	12.81	28.15	65.85	87.63	71.61	119.75	133.93	33.08	-18.28
	Share in total import	2.45	4.92	9.03	9.13	5.00				
8	Organic Chemicals	7.83	8.22	24.04	35.15	68.86	4.98	192.46	46.21	95.90
	Share in total import	1.49	1.44	3.30	3.66	4.80				
9	Copper And Products Made Of Copper	10.76	34.94	44.21	29.76	50.38	224.72	26.53	-32.68	69.29
	Share in total import	2.05	6.10	6.06	3.10	3.51				
10	Lead And Products Made Of Lead	15.18	12.59	27.09	29.56	48.92	-17.06	115.17	9.12	65.49
	Share in total import	2.90	2.20	3.72	3.08	3.41				
	Total export to PHILIPPINES	523.83	572.47	729.12	959.59	1433.60	9.29	27.36	31.61	49.40

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I