

# INDIA PHILIPPINES BILATERAL RELATIONS

## PHILIPPINES - HISTORY

The Philippines is the third largest English speaking country in the world. It has a rich history combining Asian, European, and American influences. Prior to Spanish colonization in 1521, the Filipinos had a rich culture and were trading with the Chinese and the Japanese. Spain's colonization brought about the construction of Intramuros in 1571, a "Walled City" comprised of European buildings and churches, replicated in different parts of the archipelago. In 1898, after 350 years and 300 rebellions, the Filipinos, with leaders like Jose Rizal and Emilio Aguinaldo, succeeded in winning their independence.



In 1898, the Philippines became the first and only colony of the United States. Following the Philippine-American War, the United States brought widespread education to the islands. Filipinos fought alongside Americans during World War II, particularly at the famous battle of Bataan and Corregidor which delayed Japanese advance and saved Australia. They then waged a guerilla war against the Japanese from 1941 to 1945. The Philippines regained its independence in 1946.

Filipinos are a freedom-loving people, having waged two peaceful, bloodless revolutions against what were perceived as corrupt regimes. The Philippines is a vibrant democracy, as evidenced by 12 English national newspapers, 7 national television stations, hundreds of cable TV stations, and 2,000 radio stations.

Filipinos are a fun-loving people. Throughout the islands, there are fiestas celebrated every day and foreign guests are always welcome to their homes.<sup>1</sup>

## GEOGRAPHICAL PRESENCE

The Republic of the Philippines is a sovereign state in archipelagic Southeast Asia, with 7,107 islands spanning more than 300,000 square kilometers of territory. It is divided into three island groups: Luzon, Visayas, and Mindanao. The Philippines was named after Prince Philip (later King Philip II) of Spain, by the Spanish explorer Ruy Lopez de Villalobos during his 1542-1546 expedition to the islands.<sup>2</sup>



## BRIEF BIO - PHILIPPINES

Philippines, with **Manila** as its capital has a population size of **102,624,209 (July 2016 est.)**. The **Philippine Peso** is the official currency and **Filipino (official language)** and **English** are widely spoken. On the economic front, main export partners include **Japan 21.1%, US 15%, China 10.9%, Hong Kong 10.6%, Singapore 6.2%, Germany 4.5%, South Korea 4.3% (2015)** whereas main import partners are **China 16.2%, US 10.8%, Japan 9.6%, Singapore 7%, South Korea 6.5%, Thailand 6.4%, Malaysia 4.8%, Indonesia 4.4% (2015)**. A statistical look from the economic stand point follows<sup>3</sup>.

<b>GDP INDICATORS</b>	GDP: \$807.1 billion External Debt: \$77.47 billion
<b>TRADE</b>	Exports: \$43.44 billion Imports: \$77.52 billion
<b>MISCELLANEOUS</b>	Unemployment Rate: 5.5% Inflation Rate: 1.8%

*\*2016 (est)*

## INTRODUCTION – INDIA & PHILIPPINES RELATIONS

The Philippines established diplomatic relations with India on 16 November 1949, shortly after both countries gained independence on 1946 and 1947, respectively.

Seven years after India's independence in 1947, the Philippines and India signed a Treaty of Friendship on 11 July 1952 in Manila to strengthen and perpetuate the friendly relations existing between the two countries. Soon after, the Philippine Legation in New Delhi was established and then elevated to an Embassy. The first Philippine envoy to India was the late Foreign Secretary Narciso Ramos.

The Embassy of the Republic of the Philippines in New Delhi, designed by renowned Filipino architect Federico Ilustre, was established in 1952 by the Philippines' first ambassador to India, Narciso G. Ramos.<sup>4</sup>



## INDIAN COMMUNITY IN PHILIPPINES

There is an Indian community of around seventy thousand present in the Philippines. The Indian mission in Philippines also has local Indian clubs, who also organised cultural events like a Flute Concert by Shashank in March 2014 and by vocalist Ashwini Bhide Deshpande in October 2014.<sup>5</sup>

## INTRODUCTION – INDIA & PHILIPPINES TRADE RELATIONS

Economic relations have been relatively slow and uneven to date. However, a number of growth drivers suggest a major and sustained growth in two-way trade and investment, helped by the conclusion of the India-ASEAN Trade in Services and Investment Agreements, notwithstanding the slightly muted growth of the Philippine economy in the past years. The Philippines is embarking on a series of infrastructural projects, which are likely to be of interest to Indian business and industry. GMR, in partnership with a local company is undertaking the renovation of the Mactan-Cebu International Airport, a Peso 17.7 billion restructuring project. Furthermore, opportunities are open for a more invigorated partnership with the drugs and pharma sector in India, particularly with regard to generics for the provision of quality medicines at affordable prices. The identification of complementarities, rather than competition, particularly in the IT sector could see heightened collaborations for third country intervention. The Philippines-India Business Council, under the Philippines Chamber of Commerce and Industry is also being recast to make it more effective and to respond to the opportunities.<sup>6</sup>

## INVESTMENT RELATIONS

India and Philippines signed an Agreement on Avoidance of Double Taxation and Prevention of Fiscal Evasion in 1990, and an Agreement for Promotion and Protection of Investments (BIPPA) in 2000 which is now being revised. Indian investment in the Philippines is mainly in the areas of textiles, garments, IT & ITes, steel, airports, chemicals, automobiles and pharmaceuticals. Some of the major Indian investments in Philippines are the Aditya Birla Group in textiles & Chemicals (Indo Phil Group), Ispat Group in Steel. A recent major entrant has been the GMR group Ltd, who in collaboration with Megawide, won the bid in April 2014 for upgrading and running the Cebu-Mactan airport project for the next 25 years and have commenced operations in November 2014. Tata Motors and Mahindra have made their presence felt in the Automobile sector.

Collaboration in the BPO sector has grown exponentially in the last few years. Several Indian IT companies have already set up BPO operations in the Philippines and these include companies like **WIPRO, TCS, L&T Infotech, Innodata, IL&FS Genpact, Infosys, HIGS**



**(Hindujas), Tech Mahindra etc.** This close partnership in IT & BPO has become a win-win situation for both countries.

Similarly there is a strong presence in Pharma (Generics) where Pharma majors like **Dabur Pharma, Lupin, Torrent, Zydus Cadilla, Claris Life sciences** have set up liaison office to promote their products. Lupin has also acquired a stake in a local company.

Estimated Indian investments in the Philippines are valued at more than US \$ 650 mn. During the last few years, Indian companies have successfully executed some small and medium sized projects in the Philippines. Kalpataru and Kamani Engineering Corporation are presently engaged in executing transmission line projects in the Mindanao regions of the Philippines. Other engineering firms have been repairing and setting up sugar plants for Philippine companies.

**\*Philippine Investment in India**

Philippine investments in India are modest and majorly in telecommunications, IT, real estate and reprocessing of waste and human resource development (management education). Some of the companies operating in India are: **V.Merida** (processing of waste), **Ayala** (Construction & ITES); **Philippine Wireless** (Paging service), **SPI Technologies** (ITES); **Del Monte & Liwayway** (Food processing), **Lloyd Lab** (Pharma) etc.<sup>7</sup>

**TRADE OVERVIEW (USD MILLIONS)<sup>8</sup>**

Details	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
<b>EXPORT</b>	<b>1,187.19</b>	<b>1,419.00</b>	<b>1,395.58</b>	<b>1,374.23</b>	<b>1,487.20</b>
%Growth		19.53	-1.65	-1.53	8.22
<b>IMPORT</b>	<b>504</b>	<b>391.59</b>	<b>423.04</b>	<b>542.16</b>	<b>494.62</b>
%Growth		-22.3	8.03	28.16	-8.77
<b>TOTAL TRADE</b>	<b>1,691.18</b>	<b>1,810.59</b>	<b>1,818.62</b>	<b>1,916.39</b>	<b>1,981.82</b>
%Growth		7.06	0.44	5.38	3.41

Philippines is one of the only ASEAN countries with who the bilateral trade has seen a constant upward trajectory since 2012. The trade has consistently grown on an overall basis with a positive surplus for India throughout. This clearly outlines the need and importance of doing business with Philippines.



## FREE TRADE AGREEMENTS

India and the ASEAN (Association of South East Asian Nations) comprising Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, **Philippines**, Singapore, Thailand and Vietnam signed the Trade in Goods Agreement under the broader framework of Comprehensive Economic Cooperation Agreement (CECA) between India and the ASEAN on 13 August, 2009.<sup>9</sup>

## INDIAN TECHNICAL & ECONOMIC COOPERATION (ITEC)

Philippines is one of the beneficiaries of programmes under ITEC and Colombo Plan. For 2014-15, 40 slots under ITEC and 15 slots under the Colombo Plan were allocated to the Philippines. We also organize training programme for defence personnel. So far almost a thousand Filipino nationals have benefited under these schemes, covering a wide range of technical courses, such as rural development, agriculture, renewable energy, small scale industries, banking, finance and management, quality control and marketing, planning and public administration, textiles, parliamentary studies and legislative practices, computer software, water resources management, defence, etc.<sup>10</sup>

## KEY INITIATIVES BY CII

CII's institutional partners **The Philippines Chamber of Commerce & Industry (PCCI)** and **Federation of Philippine Industries, Inc.** have been key associates and helped CII in a number of interactions. Some recent interactions are outlined below: -

- Mrs Laura Q Del Rosario, Philippine Undersecretary (Vice Minister) of Foreign Affairs and former Ambassador to India visited the Make in India Week held from 13-18 February 2016 at Mumbai, with a 15 member delegation. During the visit, the Minister met officials from CII and Government of India.
- CII jointly with the Philippines Embassy in New Delhi organized a Webinar on "Trade and Investment Opportunities in the Philippines" on 5 June 2014 in New Delhi.
- CII Tamil Nadu State organised a delegation of senior industrialists to Manila from 28-29 January 2013.
- As a part of the ASEAN students visit to India organised by CII, 25 students from Philippines visited Jaipur, Mumbai, Agra & Delhi from 11 – 21 December 2012.



## REFERENCES

- <sup>1</sup> Tourism Philippines – Website
- <sup>2</sup> Government of Philippines – Website
- <sup>3</sup> CIA World Fact Book
- <sup>4</sup> The Embassy of the Republic of the Philippines in New Delhi - Website
- <sup>5</sup> Embassy of India, Manila, Philippines - Website
- <sup>6</sup> MEA Foreign Relations Portal
- <sup>7</sup> Embassy of India, Manila, Philippines - Website
- <sup>8</sup> EXIM Data – Ministry of Commerce, India - Website
- <sup>9</sup> Department of Commerce, Ministry of Commerce, India
- <sup>10</sup> Embassy of India, Manila, Philippines - Website