Swiss representation in: Manila	Formular: A754
Country: **PHILIPPINES**	Last update: **September 2018** / GOJ

PHILIPPINES: Economic Report 2017

0. Executive Summary

- **Economic growth:** The Philippines incurred a GDP growth of 6.7%, majorly imparted by household consumption and sustained by the large increase in exports.

- **Investment growth:** While the balance of payment's overall deficit had widened from 0.1% to 0.3% of GDP in 2017, the highest ever level of net FDIs totaled to USD 10 billion.

- The current administration departs away from the formerly practiced conservative fiscal stance, with an economic strategy that sets high targets such as a comprehensive **infrastructure spending plan** (*Build Build Build* program) and a **tax reform**.

- Domestically, **production** was fueled by growth from industrial origin, saliently by the sectors of manufacturing and construction whose expansion also contributed to some improvements in the labor market.

- As domestic risks become conspicuous, **inflation** almost doubled in growth while key policy rates remain unchanged.

- **Fiscal expenditure and revenue improved** in 2017 and has a positive outlook as it is mobilized by the passing of the first package of a comprehensive tax reform.

- Trade reflects the significant improvement in the political relations between the Philippines and **China** which has become the most important trade partner of the Philippines, with strong growth rates.

- Fluctuating **bilateral trade**, but with potential: According to Swiss data, total Swiss-Philippine trade in 2017 totaled to CHF 784 million (-10.1%): CHF 322 million (-12.1%) Swiss exports, CHF 461 million (-8.7%) imports from the Philippines. Improving framework conditions for trade – the **EFTA Free Trade Agreement** is in its implementation phase – should enable to further tap the potential.

- From a business perspective, one can observe that the **upward trajectory of the Philippine economy sets off possible opportunities**, **also for Switzerland**. Major **deterrents to investments**, in the economic field, remain the restrictions on foreign business ownership, ease of doing business, relative high energy cost and poor infrastructure. These are being only partly addressed.

1. Assessment of the economic situation and challenges

Macroeconomic Performance

In the East Asian region, just lagging behind China and Vietnam in terms of growth, **the Philippines' GDP for 2017 is upbeat at 6.7%**, slightly decreased from the 6.9% expansion in the previous year. However, it still remains higher than the 6.6% average growth of the economy in the six previous years and settled within the government's target range.

Public consumption growth (goods and services individuals receive through the public sector) **expanded less at 7.3%** in 2017. Likewise, **household consumption, which is responsible for nearly 70% of the GDP, had a slower growth of 5.8%** (7% in 2016) as food prices together with petroleum and electricity rates went on an upward trajectory, affecting consumer sentiments. Its slower growth was further induced by **unemployment as it increased from 5.5% in 2016 to 5.7% in 2017**.

On the external side, as expected, **imports enjoyed a robust growth rate of 17.6% marked by a strong demand for capital goods** (e.g. semiconductors, electrical machinery, etc.). However notable is the performance of Philippine exports which is prompted by economic rebound, market recovery (experienced by advanced economies), relatively lower risks from geopolitical and policy uncertainty. Thus, **by larger external demand, exports significantly drove up growth with its rates nearly doubled at 19.2% from the 10.7% 2016 growth**. Aside from the rise of agricultural exports driven by sugar and coconut products, mostly there was a strong demand for electronics which sums up 55% of the country's merchandise of exports. However, miscellaneous services suffered from the slower expansion of the information technology business process outsourcing (IT-BPO) sector which caters to the US market by 70%. According to the *IT and Business Process Association of the Philippines* (IBPAP), the industry is said to be affected by the US protectionist positions and "threatened" by the change in the tax system among other factors. Overall, it is clear that **exports in 2017 helped sustain growth in the Philippines**. However, as the country still imported more than what it exported, the **cumulative trade deficit broadened from USD 24.2 billion in 2016 to USD 25.7 billion in 2017.** Trade balance was unable to be counterbalanced by the growth of net service exports (by 34.8%), output of the tourism and IT-BPO industries and even **remittance receipts which had improved growth by 5.3%** despite uncertainties in the Middle East, which is the country's second largest source of remittances after the United States.

Moreover on the external sector, **influenced by interest rate differentials and macroeconomic resilience, foreign portfolio investments amounted to almost USD 5 billion**. The President's economic team readily assures the market with a 10-point socio economic agenda[1] that serves as a guide for the present administration's policies. Working closely with the *Legislative Executive Development Advisory Council* (LEDAC)[2] they also have over 28 bills considered as urgent legislations which are continuously monitored, supported and lobbied. Five among the 28 bills have been successfully passed. These includes the first package of the **comprehensive tax reform**, the **Ease of Doing Business Act** and the Unified ID System Act, and the **National Mental Health care delivery system**.

The Duterte administration departs away from the conservative fiscal stance practiced by the past administration, armed with an economic strategy that sets high targets such as an **ambitious infrastructure spending plan slowly realized** (*Build Build Build* program). It has a total proposal of 64 big-ticket projects (ranging from major road networks, railway systems and bus rapid transit systems to airport and seaport modernization). At the end of 2017, fifty of these projects have already been approved by the National Economic Development Authority (NEDA) and one among them is nearing its completion (Bicol Airport), while nine other projects are "under implementation". Overall, this generally was able in building up optimism especially in investments. Hence in 2017, the Philippines garnered **the highest ever record of net foreign direct investments (FDI)** which increased by 21.4% compared to 2016, obtaining a share of 3.2% of the GDP.

The **balance of payment** (BOP) position showed that net capital and portfolio outflows resulted to the widening of the overall deficit which from USD 420 million in 2016 lurched to USD 863 million or 0.3% of the GDP. In turn, **gross international reserves (GIR) increased to USD 81.6 billion** especially due to export earnings and FDI flows. Much of these investments are placed in the manufacturing sector, particularly in electronics and motoring parts, with some ending up in construction and real estate. Overall, **FDI in the country testifies the country's international trade position as sound and primed against external shocks.**

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1 Please see the Embassy's 2016 Economic Report for details.

2 The LEDAC is composed of the leaders of the executive and legislative (congress and senate) branches of the government together with the ministry heads of the Department of Finance and National Economic Development Authority (NEDA).

Domestic Output and Challenges

On the side of domestic production, the **service sector which constitutes for 60% of its total, still remains as the main driver of growth** despite incurring a slower expansion of 6.7% in 2017 as compared to 2016's 7.4%. Among its contributing subsectors, only financial posted improvement in growth at 7.7% in 2017.

Domestic production however was propelled by the output growth of the **industry sector which expanded by 7.2%** thanks to manufacturing with an improved expansion of 8.6% in 2017 (as compared to 2016's 7%). It contributed to nearly 70% of the total industry's output with highlights on food, chemical, communication and equipment production.

Similarly, the agricultural sector reflected some **effective measures of the government's agricultural and irrigation programs** as promised in the President's 10-point socioeconomic agenda seeking to promote value chain development in increasing agricultural and rural enterprise productivity. This was further encouraged by favorable weather conditions as the country was spared from experiencing another one of its worst typhoons in 2017, **inducing overall resurgence of crops hence its growth at 3.9% from 2016's 1.3% contraction.** This has been the highest registered growth of the agricultural sector in the span of ten years, buoyed all the more by the revamp of poultry output which also incurred an increase of more than three times its 2016 record at 4.5% and contributing to 14.2% of the total agricultural output. This sector currently accounts for approximately 25% of total employment but constitutes for only 10% of the GDP.

Demand-wise, the 2016 post national elections period served as a base effect, as 2017 experienced a decline in private consumption due to market oversupply and a decrease in project launches. This led to a significant decline in construction and durable equipment investments which had enjoyed more than double growth in 2016 as compared to 12.2% in 2017. Consequently, **both private and public construction investments fell** hence, fixed capital formation (net increase in physical assets) decelerated growth year-on-year from 25.2% in 2016 to 10.3%.

The country's **inflation rate rose to its fastest pace in almost three years** concluding at 3.2%, a lot higher than 2016's 1.8%. Attributed to the strong demand and upward adjustments of electricity and transport prices, the inflation rate was further boosted by the depreciation of the peso by 5.78% against the dollar. As a supportive measure, the *Bangko Sentral ng Pilipinas* (BSP) maintained low interest rates at 3.0%, persisting with its accommodative monetary policy stance to allow credit expansion which caused bank lending to the private sector to increase by 17.4% as of the end of December 2017.

Despite plans for higher public spending, with the administration only in its first full year, the target could not be realized in such a short period hence public spending only reached 2.9% in 2017.
Tax revenue being the biggest source of public revenue merely exceeded the government's programmed target at 1.9%. The **fiscal deficit narrowed to 2.2% in 2017** from 2.4% of GDP in 2016, which was lower than the target deficit of 3.0% of GDP.

With a good economic growth, **labor demand remained strong in 2017 as the unemployment rate only increased a little to an average of 5.7% in 2017** (5.5% in 2016). Labor demand in 2017 was driven mainly by the sectors of manufacturing and construction which enjoyed improved growth. Among **regions**, the crowded National Capital Region, Ilocos and CALABARZON[3] incurred the highest employment rates which shows variations in employment trends across the regions. Philippine Statistics Authority (PSA)'s annual figures shows that jobs in agriculture declined whereas employment from the industrial origin, increased – a good sign as this demonstrates the availability of more sophisticated jobs. **Real wage growth grew at 0.2%,** slower however as compared to 2016's 4.3%. According to the World Bank's lower middle-income class poverty line, **poverty rate fell to 24.3% in 2017 as compared to 2015's 27%.** Based on how the labor market has progressed, one may see that poverty is seen to continuously decline. However, considering the real wage growth, with the increase in inflation especially with the first package of the tax reform law affecting food and non-alcoholic beverages, impact on the poor may be adverse, thus negatively affecting poverty alleviation.

Generally, "**Dutertonomics**" **remains to be bullish in 2017**, garnering avid supporters amongst local business leaders and most trade partners who continuously pledge support to the government and its endeavors. It is undeniable though that the business sector remains wary of the non-conservative stance of economic policies promoted by this administration. The president has compared the said policies to a short-term sacrifice that will produce long-term progress and higher quality of life for all people across the social sectors. However, it is too early by 2017 to substantiate the emanating apprehensions and risks over the government's ability to effectively fulfill the ideal promises of such policies. As BSP Deputy Governor Diwa Guinigundo puts it himself,

[3] CALABARZON is a region in southern Luzon that comprises five provinces: Cavite, Laguna, Batangas, Rizal, Quezon and Lucena. This is the country's second most densely populated region after Metro Manila.

"*Sustainable growth is built on a long history of purposeful structural reforms and string of policies…It is not bad to be exuberant but we should remain rational*".

And so, as worry over domestic challenges, external headwinds, and flagged political concerns loom over, credit raters remain unfazed, banking on the realization of the fiscal reforms and measures accentuated in the president's ten-point socioeconomic agenda which **secured the Philippines a one notch credit rating upgrade of "BBB" or above investment grade from Fitch** and similar positive or stable outlooks from Moody, S&P, JCRA, etc.

2. International and Regional Economic Agreements

2.1. Country's Policy and Priorities

Aside from the first visit by a Chinese Premier in the country which resulted to the signing of 14 cooperation documents that majorly included investment, economic and infrastructure agreements, **improvements in the relationship of the Philippines and China is especially evident in terms of trade**. The Chinese share in exports and imports top other economic partners of the Philippines with shares reaching 41.05% and 13.75% respectively (see Annex 3). Officials hail this as the "golden period" of Philippine-Chinese relationship.

Aside from this, the Philippines as one of the five founding members, presided the ASEAN in 2017 with a political celebration (as the ASEAN celebrated its 50 year anniversary), with the enhancement of its various agreements being an objective. In cooperation with the ASEAN, the Philippines implements **six free trade agreements**: The ASEAN Trade in Goods Agreement (ATIGA), the ASEAN free trade agreements with China, India, Japan, South Korea, and Australia/ New Zealand.

Committed to its objectives by pushing for zero duties on most of Philippine tariff lines, ASEAN's vision to create a single market via the ASEAN Economic Community (AEC), launched in 2015, presents opportunities for the Philippines in terms of increased FDI flows, market access, lower inputs and transaction costs, and the availability of a wide range of goods and services at lower prices.

After the withdrawal of the US from the Trans Pacific Partnership (**TPP**) under the presidency of Mr. Trump, Philippine trade officials are seen to **redouble efforts to push for the faster conclusion of the Regional Comprehensive Economic Partnership (RCEP)**. Launched in Cambodia in November 2012, the FTA negotiation among ASEAN's ten members and the six countries with which the group has existing FTAs expands ASEAN's consumer base from 650 million to 3.5 billion or 45% of the world's population. In 2017, when the Philippines hosted the ASEAN assembly, negotiation meetings on the RCEP have been held.

Aside from the Association of South East Asian Nations (ASEAN), the Philippines is also a member of the World Trade Organization and The Asia Pacific Economic Cooperation (APEC).

In terms of Free Trade Agreements beyond the ASEAN, the Philippines currently has only two bilateral FTAs: the **Japan - Philippines Economic Partnership Agreement** or JPEPA, ratified in 2008 and the **EFTA Free Trade Agreement**, ratified on 23 March 2018, which up to the date of writing is waiting for its enforcement in the Philippines, originally due on 1 June 2018.

Another free trade agreement in progress is the **Philippine - EU Free Trade Agreement** of which latest and second round of FTA negotiations was held last 13-17 February 2017 in Cebu. No timetable has been cited so far for the conclusion. Presently, the Philippines does benefit from the GSP+, which allows the country to export 6,274 eligible products duty-free to the EU market without tariff concessions. The country's beneficiary status under the GSP+ necessitates the progressive compliance with the 27 international treaties and conventions on human rights, labor rights, environment and governance. Currently, the Philippines' eligibility for the GSP+ is under review as its perks are limited only to "vulnerable low and lower-middle income countries".

2.2. Outlook for Switzerland

The **EFTA-PHL Free Trade Agreement** is a broad-based agreement covering trade in goods and services, investment, competition, the protection of intellectual property rights, government procurement, and trade and sustainable development. The agreement has been ratified in the Philippine Senate on 23 March 2018 with the date of enforcement settled on 1 June 2018. Enforcement by the Philippines is said to be imminent.

Moreover, already existing between Switzerland and the Philippines are a comprehensive set of bilateral agreements in the economic and investment fields: the Memorandum of Agreement concerning the Recognition of Certificates under the Terms of the 1978 Standards of Training, Certification and Watch-keeping (STCW) for Seafarers Convention, as amended (March 2016), the Agreement on Exchange of Professional and Technical Trainees (2002), the Treaty on Mutual Legal Assistance in Criminal Matters (2002), the Convention for the Avoidance of Double Taxation with respect to Taxes on Income (1998), the Agreement on the Promotion and Reciprocal Protection of Investments (1997).

With the establishment of the **Joint Economic Commission (JEC)** in June 2013, initiated by SECO on the Swiss side and the Department of Trade and Industry (DTI) on the Philippine side, a bilateral forum allowing public and private participation to an economic, trade and investment dialogue has been regularly set. The third JEC has been rescheduled on 20 November 2018 to be held in the Philippines. Prior, the JEC was held in April 2016 in Berne, and in July 2014 in Manila.

3. Foreign Trade

3.1 Development and general outlook

In the conclusion of 2017, the Philippine trade deficit increased from USD 26.7 billion to USD 29.8 billion, the highest on record as exports contracted for the first time in more than a year and imports posted double-digit growth. **Exports** solidly grew by 19.2% boosting optimism, whereas imports grew slower at 17.6%. The top export market destinations for Philippine goods in 2017 were **China** including Hong Kong (41.05% of all exports), **USA** (11.65%), **Japan** (6.5% of total exports), Singapore (5.56%), South Korea (4.64%), Vietnam (3.31%), Malaysia (3.27%), Germany (2.03 %) and Thailand (2.01%). Notably, the four countries of East Asia account for more than half of the country's exports with China and Japan alone incurring 47% of the total value; whereas the top five export partners (Japan, USA, Hong Kong, China and Singapore) account for nearly 65% of the total exports.

Meanwhile, the **five largest importers** for 2017 were: **China** (29.9%), **Japan** (16.1%), the **USA** (11.6%), South Korea (6.52%) and Germany (3.55%). These five countries in total of all imports accounted for 57.8% of overall share.

Salient growth in export was driven mainly by the increase in outbound shipments of some of the country's major manufactured goods such as **electronics components** (which grew by 27.5% in 2017 from 8.5 % in 2016), **semiconductors** (27.2 % from 4.7 %), office equipment (58.6 % from -31.0 %), coconut oil (28.7 % from -7.1 %) and cathodes and sections of cathodes of refined copper (535.7 % from -72.0 %). Total sales of electric components garnering USD 32.7 billion, is an 11% improvement from 2016's value of USD 29.4 billion which in major shares, electronics and semiconductor components accounts for 38% of total exports.

Agriculture and agri-food products accounted for 6.7% of the Philippines' total exports at USD 4.2 billion, increasing by 6% from 2016. Industrial and transport equipment, third major export item of the country reflects 6% of total revenue at USD 3.8 billion of the industry showing a 23% increase from 2016. Sales of manufactured goods which accounts for 6.5% of total export, valued at USD 4.1 billion, increased by 7% compared to the previous year. Most of the country's major exports increased, namely: electrical wiring for motor vehicles accounting 3.2% of the total exports, cathodes and refined copper wires accounting for 2% of the total exports, incurred a notable increase of 915% compared to 2016, coco oil (+30%), mechanical components (+24%) and gold (+126% ; $1.2b).

3.2 Bilateral Trade

On Swiss-Philippine bilateral trade, the **trade volume between both countries is still rather modest**, with Swiss market share in Philippine imports at less than 1%. According to Swiss data, **total CH-RP trade in 2017 was CHF 784 million (-10.1%)**. Swiss exports to the Philippines was logged at CHF 322 million (-12.1%); while Swiss imports from the Philippines is recorded at CHF 461 million (-8.7%).

Major Swiss **exports** to the Philippines remain **pharmaceuticals** (39.2%), **watches** (15.5%), **agricultural products** (9.2%), electric machines (8.7%), non-electric machines (8.3%) and medicine instruments (3.2%). On the other hand, major **Swiss imports** from the Philippines were **gemstones/precious metals/jewelry** (56.7%), **electric machines** (21%), optical/medical instruments (5.4%), agricultural products (4.6%), and non-electric machines (4.4%).

As figures show, there is room for improvement.

4. Direct Investments

4.1 Development and general outlook

Foreign direct investment as mentioned, reached an **all-time high in 2017**, surpassing the government target, surging at a total of USD 10 billion, a 21.45% increase from 2016 *(see Annex 5)*.

It bears noting that improvements are evident with 54.29% of 2017's FDIs source from companies and subsidiaries borrowing among each other or what is referred to as debt instrument placements, while equity capital, the best form of FDI as it indicates new long term investor entrants, comprised 45.71%. Origin of equity capital placements in 2017 largely come from the Netherlands, Singapore, the United States, Japan, and Hong Kong SAR. In terms of economic activity, equity capital placements were channeled mainly to gas, steam and air-conditioning supply; manufacturing; real estate; construction; and wholesale and retail trade activities.

The lifting of restriction on foreign business ownership remains the clamor of foreign business groups as there is the **"no foreign equity" rule** in mass media, retail trade enterprises amounting to less than $2.5 million paid-up capital, cooperatives, private security agencies, small scale mining, utilization of marine resources in territorial waters, ownership and management of cockpits, and a few other restrictions.

Moreover, Government **allows foreigners to invest up to only 40 percent** in the exploration, development and utilization of natural resources (though full foreign participation is allowed through financial or technical assistance agreement with the President per Article XII. Sec. 2 of the Constitution), ownership of private lands, operation of public utilities, educational institutions other than those established by religious groups and missions abroad, production and trading of rice and corn, contracts for supply of materials and commodities to government agencies, facility operator of an infrastructure project requiring public utility franchise, operation of deep see commercial fishing vessels, adjustment companies, and ownership of condominium buildings.

The lifting of these restrictions would necessitate changing certain economic provisions of the Philippine Constitution. It remains to be seen if President Duterte will free up foreign ownership to the full via charter change, which is strongly cited as among his administration's priorities.

In terms of **ease of doing business**, although lagging behind, global rankings through the years have seen improvements. The latest number of steps required to start a business is still at 16 versus East Asia and the Pacific's average of 7; and Switzerland's 6.

Energy costs are very high especially in comparison with its ASEAN neighbors, a deterrent to investments. Granted that the Philippines does not subsidize energy, unlike Indonesia, Thailand, Malaysia and Vietnam, high electricity rates in the Philippines.With the country facing a bigger challenge in 2025 when it is foreseen that domestic oil is to dry up, hindering gas production, more reforms are necessary.

There is also **poor infrastructure in communication and transportation**. Quantity and quality of the country's roads, bridges and ports have room for improvement. Lacking mass transportation systems and traffic congestion signify considerable economic cost. It has become normal for a lot of Filipinos at least in Manila to spend 2 hours or more commuting to work. Bent on continuing massive infra spending, the present administration targets to rack up (previously contained) budget deficits in succeeding years, aiming for infrastructure spending to reach 7% of GDP by 2022 – on the basis of a **4-part tax reform program** that, as of time of writing, has passed its first package in December 2017 in Congress, immediately taking effect in January 2018.

4.2 Bilateral investment flows

On Swiss net FDI to the Philippines, data from the country's Central Bank designates it at less than 1% of total annual Philippine net FDI since the year 2000.

On the other hand, according to the Swiss National Bank, **total capital stock of Swiss firms in the Philippines as of end 2016 amounted to CHF 1.478 billion (+2.7%)**.

Currently, **about 60 companies** with Swiss equity are established in the Philippines, two having been present in the country for more than 100 years. 50% of these companies belong to the service sector and 46% to the industrial sector. **Combined direct employment of these Swiss firms is about 11'500**.

From a Swiss business perspective, one can observe that the upward trajectory of the Philippine economy sets off <u>possible opportunities</u>. There is:

- Rapid economic growth, reinforced by having a young population
- Functioning financial system with well-capitalized banks;
- The upgrade of the country's credit to being a notch higher than "investment rate" level by the big three ratings agencies;
- Potential of the Swiss export industry to tap Philippine growth sectors such as infrastructure development

under the BBB government strategy; development of the energy sector, including the strengthening of energy efficiency and the use of alternative energies; considerable consumer potential with a rapidly growing population of over 100 million; an increasingly larger and consumption driven middle class, and, particularly in the service sector, tourism and the Business Process Outsourcing industry which has overtaken India in terms of sales, and in the recent past has shown annual growth rates of over 20%;
- The formal launch of the ASEAN Economic Community (AEC) in 2015, an envisioned common regional market based on the free flow of goods, services, investment, capital, and skilled labor among ASEAN's 10-member nations, with a market of more than 600 million people; and
- The EFTA-Philippines Free Trade Agreement will automatically make goods from Switzerland more affordable in the country.

5. Trade, Economic and Tourism Promotion ("Country Advertising")

5.1 Foreign economic promotion instruments

The Commercial Section of the Swiss Embassy in Manila helps Swiss companies do business in the Philippines by opening doors for Swiss firms wanting to sell their exports, find local partners or set up a company. Through the provision of qualified contacts, market information, outsource partners and troubleshooting assistance, the access to the Philippine market is facilitated.

This is equally achieved with strong participation from the private sector through the **Philippine-Swiss Business Council (PSBC)**. Established in 2003, the PSBC to date has about **60 members**, both Swiss and local enterprises. It is currently run by a Board of Directors, chaired by Mr. Luis Mendez, and operates under the auspices of the long-established Philippine Chamber of Commerce and Industry (PCCI). PCCI serves as Secretariat of the PSBC. Currently, the PSBC and Switzerland Global Enterprise (S-GE) are considering signing a Memorandum of Understanding (MoU) to further cooperation with one another.

5.2 Interest in Switzerland as a location for tourism, education and other services, potential for development

In general, Filipino tourists view Switzerland as a postcard-perfect holiday destination. According to latest Swiss Tourism statistics "hotel nights stayed" by Filipino tourists in Switzerland continued its uptrend in 2017 which grew strongly to 38,772 from 31,665 in 2016. The market has enjoyed an increase of 67% since 2014.

On 31 May 2018, a big reception was held at the Swiss residence which was graced by the ST Deputy CEO and the ST Regional director amongst guests of travel trade partners and media. The event was shot by a local lifestyle show, ANC's Food Diplomacy, and was aired to the public in August 2018. ST has been active with promotion tours since 2014 when Switzerland Tourism first did a promotion visit in the Philippines.

Private Swiss schools, particularly those for hotel management, have some tradition among the upper class in the Philippines.

The Swiss-Philippine Treaty on the Exchange of Trainees offers Filipinos opportunities for technical training in Switzerland. A modest interest on the Philippine side to make use of this facility exists. Potentials for better utilization of this exchange arrangement exist in the services sector, particularly in tourism and health. In order for this to materialize, the two governments have established a bilateral working-group, which is tasked to facilitate the agreement's use. As a result, the Swiss and the Philippine governments signed a set of technical guide lines aimed at facilitating the implementation of the Trainee Agreement.

Annex 1

Philippines: Structure of Economy 2017

	2012	2017
GDP BY SECTOR (at 2000 constant prices, %)		
Agriculture, Fishery & Forestry	11.0	9.7
Industrial Sector	32.0	30.5
Services Sector	56.8	59.9
WORK FORCE BY SECTOR (%)		
Agriculture, Fishery &Forestry	33.4	25.5
Industrial Sector	14.5	17.4
Services Sector	52.1	57.1

Sources: http://www.bsp.gov.ph/statistics/spei_pub/table%2029.pdf
https://psa.gov.ph/content/employment-situation-january-2018-final-results
https://psa.gov.ph/content/2012-annual-lfs-estimates-tables

Notes: Totals may not add up due to rounding

GDP Growth rates by sector (%)

	2015	2016	2017
Agriculture, Fishery &Forestry	0.1	-1.3	3.9
Industrial Sector	6.4	8.0	7.2
Manufacturing	5.7	7.0	8.6
Construction	11.6	12.6	5.4
Services Sector	6.9	7.5	6.7
GDP	**6.1**	**6.9**	**6.7**

Source: Central Bank of the Philippines, www.bsp.gov.ph

Annex 2

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Main Economic Data Philippines

	2013	**2014**	**2015**	**2016**	**2017**	**2018**
GDP (Mrd. USD)*	272.0	285.7	299	304.9	321.2	357.8
GDP per capita*	2’789	2’862	2’951	2’926	3’022	3’301
Growth(% of GDP)**	6.8	6.0	5.8	6.9	6.7	6.7*
Inflation rate (%)**	2.9	4.5	1.9	1.8	3.2	4.2*
External Debt (% GDP)**	28.9	27.3	26.5	25.1	23.3	45.6*
Internat. Reserves (in USD Mrd.)*	83.2	79.5	80.67	82.36	82.7	82.0
Unemployment (%)**	7.1	6.9	6.3	5.5	5.7	5.5

* IMF
** PH Government

Annex 3

Swiss representation in: Manila	Formular: **A352**
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Major Economic Partners 2017

	Country	**Exports** (FOB in USD mil)	**Share %**	**Varia-tion**		**Country**	**Imports** (FOB in USD mil)	**Share %**	**Varia-tion**
1	China (incl. HK)	130'212	41.05	15.97	1	China (incl. HK)	51'553	18.5	13.75
2	USA	36'942	11.65	10.20	2	Japan *	41'942	11.7	3.25
3	Japan	20'782	6.55	6.30	3	USA	30'236	8.8	5.73
4	Singapore	17'625	5.56	9.12	4	South Korea	16'894	7.9	15.32
5	South Korea	14'733	4.64	15.21	5	Germany	9'200	6.6	7.31
6	Vietnam	10'503	3.31	10.01	6	Singapore	8'716	6.5	15.94
7	Malaysia	10'369	3.27	32.69	7	Australia	8,219	6.3	34.97
8	Germany	6'453	2.03	8.84	8	Malaysia	7'182	5.5	14.34
9	Thailand	6'382	2.01	16.24	9	Saudi Arabia	6'865	4.0	18.45
					10	Indonesia	4'899	2.9	13.92
36	**Switzerland**	**534**	**0.17**	**17.26**	26	**Switzerland**	**1'570**	**0.61**	**0.78**
	Total	317'244	**100**	**13.17**		**Total**	**259'261**	**100**	**12.45**

** excludes Okinawa

Annex 4

Swiss representation in: Manila	Formular: **A750**
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Development of Bilateral Trade (Total 2**) Statistics EZV

Year	*Exports (Mio. CHF)*	*+/- (%)*	*Imports (Mio. CHF)*	*+/- (%)*	*Saldo (Mio. CHF)*	*Volums (Mio. CHF)*	*+/- (%)*
1995	256.7	23.5	59.2	-9.8	197.5	315.9	-
2000	281.1	-2.7	117.7	29.2	163.4	398.8	4.9
2005	211.0	-2.9	83.2	-10.5	127.8	294.2	-4.7
2010	297.7	22.1	126.9	75.9	170.8	424.6	34.3
2011	266.5	-10.5	123.1	-3.0	143.4	389.6	-8.2
2012*	330.2	-	478.1	-	-147.9	808.3	-
2013	361.4	9.4	437.8	-8.4	-76.4	799.2	-1.1
2014	333.1	-7.8	390.5	-10.8	-57.4	723.6	-9.4
2015	310.8	-6.7	375.7	-3.8	-64.9	686.5	-5
2016	366.7	18.0	505.1	34.5	-138.5	871.8	27.0
2017	322.48	-12.1	461.42	- 8.7	- 138.94	783.90	-10.1

(*) Starting 01.01.2012 the EZV changed the calculating method for imports and exports. As a consequence the comparison btw the year 2012 and the following years is no longer possible.

(**) Results including Gold bars and other precious metals, coins, precious and semi-precious stones, antiques and artworks

Breakdown by Products:

Exports	**2016**		***2017***		
	Share (%)	*In Mio. CHF*	*Share (%)*	*In Mio CHF*	*Var. (%)*
1. Pharmaceutical products	***31.6***	***115.8***	***39.2***	***126.3***	***9.0***
2. Machines	***24.8***	***91.2***	***17***	***54.79***	***- 58.4***
3. Watches products	***12.2***	***44.58***	***15.5***	***50.01***	***12.2***
4. Agri Products	**8.4**	**30.7**	**9.2**	**29.56**	**- 3.6**
5. Optical and medical instruments		**11**	**3.2**	**10.36**	**- 5.8**

Imports	**2016**		***2017***		
	Share (%)	*In Mio. CHF*	*Share (%)*	*In Mio CHF*	*Var. (%)*
1. Precious stones, precious metals, jewelries	***65.4***	***330.3***	***56.7***	***261.78***	***- 20.8***
2. Machines	***19.4***	***98.02***	***25.4***	***42.9***	***22.7***
3. Optical and medical products	***4.5***	***22.9***	***5.4***	***24.92***	***8.6***
4. Agricultural products	**3.7**	**18.6**	**4.6**	**21.27**	**14.2**
5. Textiles and clothing		**10.87**	**2.5**	**11.44**	**5.3**

Annex 5

Swiss representation in: Manila	Formular: **A356**
Country: **PHILIPPINES**	Last update: **September 2018 / GOJ**

List of Countries by their Investments 2017

Countries	**Net Investments (million USD)**	**Part (% to Total Equity)**	**Variation (stock)**	**Inflows over past year (million USD)**
A. Equity other than reinvest-ment	3,263.24	100.00	25.89%	2,592.05
1 Netherlands	1,573.23	48.21%	1,684.43	88.16
2 Singapore	683.16	20.94%	195.60%	231.11
3 USA	469.58	14.39%	458.94%	84.01
4 Taiwan	83.22	2.55%	-56.27%	190.29
5 Kuwait	60.02	1.84%	40,028.03%	-0.15
6 Germany	42.18	1.29%	-61.56%	109.74
7 Luxembourg	41.57	1.27%	1,541.92%	2.53
8 China	28.79	0.88%	167.32%	10.77
9 Malaysia	16.10	0.49%	382.68%	3.34
10 Switzerland	**12.79**	**0.39%**	**206.73%**	**4.17**
EU	1,682.69	51.56%	1,475.53	106.8
Others	13.43	0.41%	104.6%	6.57
b) Re-invested earnings	**776.16**		**9.29%**	**710.19**
c) Debt instru-ments	**6,009.96**		**20.75%**	**4,997.30**
TOTAL (a+b+c)	**10,049.37**		**21.38%**	**8,279.55**

Source: Central Bank of the Philippines, http://www.bsp.gov.ph/statistics/spei_new/tab10_fdc.htm

Useful Internet Links

Statistics

Central Bank of the Philippines	http://www.bsp.gov.ph
National Statistics Office	http://www.psa.gov.ph

Ministries/Government Agencies

Philippine Government Official Website	http://www.gov.ph
Office of the President	http://www.op.gov.ph
Department of Trade and Industry	http://www.dti.gov.ph/
Board of Investments	http://www.boi.gov.ph
Department of Finance	http://www.dof.gov.ph
National Economic & Development Authority	http://www.neda.gov.ph
Department of Budget and Management	http://www.dbm.gov.ph
Department of Energy	http://www.doe.gov.ph
Department of Foreign Affairs	http://www.dfa.gov.ph
Department of Agriculture	http://www.da.gov.ph
Department of Education	http://www.Deped.gov.ph
Department of Environment & Natural Resources	http://www.denr.gov.ph
Department of Interior and Local Government	http://www.dilg.gov.ph
Department of Health	http://www.doh.gov.ph
Department of Justice	http://www.doj.gov.ph
Department of Labor and Employment	http://www.dole.gov.ph
Department of Land Reform	http://www.dar.gov.ph
Department of National Defense	http://www.dnd.gov.ph
Department of Public Works and Highways	http://www.dpwh.gov.ph
Department of Science and Technology	http://www.dost.gov.ph
Department of Social Welfare and Development	http://www.dswd.gov.ph
Department of Tourism	http://www.tourism.gov.ph
Department of Transportation	http://www.dotr.gov.ph
Department of Information and Communications	http://www.dict.gov.ph

Business Chambers/Councils

Philippine Chamber of Commerce and Industry	www.philippinechamber.com
European Chamber of Commerce of the Philippines	www.eccp.com
Philippine-Swiss Business Council	www.philippineswissbusiness.com

Major Newspaper

Business World	http://www.bworldonline.com http://www.bworld.net
Manila Bulletin	http://www.mb.com.ph
Philippine Daily Inquirer	http://www.inq7.net
Philippine Star	http://www.philstar.com

Current Issues/Social Research

Philippine Center for Investigative Journalism	www.pcij.org
Pulse Asia, Inc.	www.pulseasia.newsmaker.ph
Social Weather Stations	www.sws.org.ph