



Australia — Bilateral Trade and Economic Relationship

The Philippine and Australian economies have recovered well from the global recession, presenting an opportunity to further build our solid commercial relationship. Estimates indicated Philippine growth of around 6 to 7 percent and Australian growth of 3.25 per cent in 2010.

Trade and Investment

Two-way merchandise trade between Australia and the Philippines was worth AUD1.6 billion (approx Php 60 billion) in financial year 2009-10. While two-way trade fell in financial year 2009-10, growth is expected to recover in 2010-11.

Major Australian merchandise exports to the Philippines in financial year 2009-10 included:

- Copper ores and concentrates - AUD169 million (Php 6.76 billion)
- Medicaments (including veterinary) – AUD111 million (Php 4.44 billion)
- Copper – AUD78 million (Php 3.12 billion)
- Milk & cream – AUD71 million (Php 2.84 billion)

Major Australian merchandise imports from the Philippines in 2009-10 included:

- Electrical machinery and parts – AUD45 million (Php 1.8 billion)
- Radio broadcast receivers – AUD43 million (Php 17.2 billion)
- Telecommunications equipment and parts - AUD26 million (Php 1.04 billion)
- Iron ore & concentrates – AUD21 million (Php 840 million)

Two way trade in services between Australia and the Philippines was worth AUD887 million (Php 35.48 billion) in financial year 2009-10. The Philippines enjoyed a trade surplus in services trade with Australia in financial year 2009-10: Australian services exports to the Philippines were worth AUD428 million (Php 17.12 billion); while imports were worth AUD459 million (Php 18.36 billion). Australia's top service exports to the Philippines were education-related and personal travel, while the Philippines' top service exports to Australia were personal and business-related travel.

The stock of total Australian investment in the Philippines was estimated at AUD1.8 billion in 2009. Of this, Australian foreign direct investment in the Philippines accounted for AUD410 million. Australian companies have significant investments in the Philippine mining, infrastructure, business process outsourcing and other service sectors.

The entry-into-force of the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) on 1 January 2010 represented a significant development in the trade relationship. The agreement locks in existing access to both the Australian and Philippines' markets, with tariffs to be eliminated on around 96 percent of tariff lines in the Philippines, while Australia will eliminate all tariffs on imports from the Philippines by 2020, most within a few years.

AANZFTA outcomes provide opportunities for Australian exporters in the meat and livestock industries, milk and dairy, horticulture, grains, wine, passenger motor vehicles and auto parts, clothing, footwear, aluminium and minerals. In services and investment, the agreement provides greater transparency and certainty, with guaranteed protections for investment. More information on AANZFTA can be found at <http://www.dfat.gov.au/fta/aanzfta/index.html>.

The Australia Philippines Business Council (APBC), established in 1975, provides a focal point for networking between Australian and Philippine business communities. The APBC's counterpart organisation in the Philippines is the Philippines Australia Business Council.

The Australian-New Zealand Chamber of Commerce Inc, established in 1974, is an organisation that supports and promotes business relationships between Australia, New Zealand and the Philippines. For more information visit: www.anzcham.com/.

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A summary data sheet on the Australia-Philippines trade and investment relationship is at: <http://www.dfat.gov.au/geo/fs/phil.pdf>

Australia's trade and investment relationship with the Philippines (d):

Australian merchandise trade with the Philippines, 2009-10:		Total share:	Rank:	Growth (yoy):
Exports to the Philippines (A\$m):	1,092	0.5%	24th	-22.5%
Imports from the Philippines (A\$m):	461	0.2%	40th	-23.7%
Total trade (exports + imports) (A\$m):	1,554	0.4%	31st	-22.9%
Major Australian exports, 2009-10 (A\$m):		Major Australian imports, 2009-10 (A\$m):		
Copper ores & concentrates	169	Electrical machinery & parts	45	
Medicaments (incl veterinary)	111	Radio broadcast receivers	43	
Copper	78	Telecom equipment & parts	26	
Milk & cream	71	Iron ore & concentrates	21	
Australia's trade in services with the Philippines, 2009:		Total share:		
Exports of services to the Philippines (A\$m):	407	0.8%		
Imports of services from the Philippines (A\$m):	463	0.9%		
Major Australian service exports, 2009 (A\$m):		Major Australian service imports, 2009 (A\$m):		
Education-related travel	150	Personal travel excl education	320	
Personal travel excl education	81	Business & professional	41	
Australia's investment relationship with the Philippines, 2009 (e):		Total:	FDI:	
Australia's investment in the Philippines (A\$m):		1,794	410	
The Philippines' investment in Australia (A\$m):		584	np	

The Philippines' global merchandise trade relationships:

The Philippines' principal export destinations, 2009:			The Philippines' principal import sources, 2009:		
1	United States	17.6%	1	Japan	12.4%
2	Japan	16.2%	2	United States	11.9%
3	Netherlands	9.8%	3	China	8.9%
17	Australia	0.8%	15	Australia	1.7%

Compiled by the Market Information and Research Section, DFAT, using the latest data from the ABS, the IMF and various international sources.

(a) All recent data subject to revision; (b) IMF/EIU forecast; (c) PPP is purchasing power parity; (d) Total may not add due to rounding; (e) Stock, as at 31 December. Released annually by the ABS. na Data not available. np Data not published. ... Data not meaningful.

ⁱ The Australian financial year is used for all accounting, taxation and budgeting purposes, and runs from July 1 to June 31 of the next year.