

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

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

1. 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 on 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's 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, the five major import partners of Philippines are **China, Indonesia, Japan, United States and Korea, Rep.** 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 unwrought and (v) Bananas, including plantains, fresh or dried. On the other hand, major five imported goods of Philippines are (i) Monolithic integrated circuits, digital, (ii) Petroleum oils, etc, (excl. crude); preparation, (iii) Petroleum oils and oils obtained from bituminous, (iv) Other coal, not agglomerated, nes and (v) Copper ores and concentrates.

4. Philippines's total exports in 2020 were valued at USD 65,214 million, which rose to USD 72,984 million by 2024. Exports from the Philippines increased by a maximum of 14.42% in 2021, followed by a 5.77% increase in 2022. Throughout the period from 2020 to 2024, the annual average compound growth rate for exports was 2.85%.

5. Philippines's total imports from the world in 2020 stood at USD 95,067 million and reached USD 134,881 million in 2024. During the period from 2020 to 2024, the annual average compound growth rate for imports was 9.14%.

6. The Philippines faced a consistent Balance of Trade deficit from 2020 to 2024. Philippines had a trade deficit of USD 61,897 million in 2024. During the period from 2020 to 2024, the annual average compound growth rate for the total volume of trade was 6.71%.

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

TABLE - 2
PHILIPPINES'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE
AND BALANCE OF TRADE BETWEEN 2020 TO 2024

(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
2020	65214		95067		1,60,281		-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
2024	72984	0.08	134881	0.84	2,07,865	0.58	-61897

**Annual
Compound
Growth
Rate**

2.85

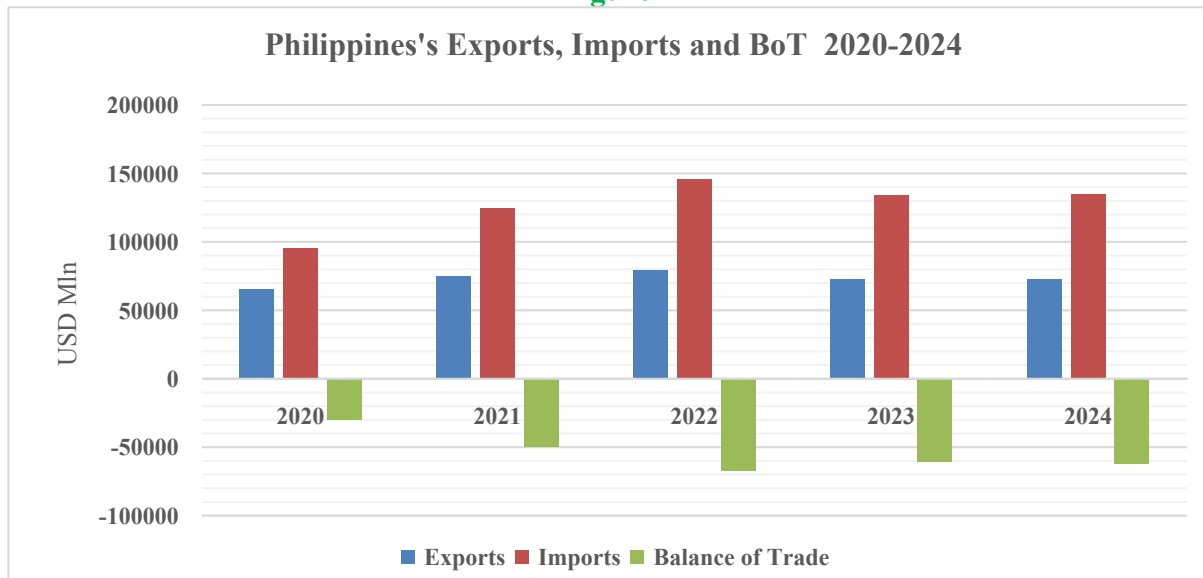
9.14

6.71

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

SOURCE : UN COMTRADE PUBLICATION

Figure - 1



BILATERAL TRADE WITH INDIA

Merchandise Trade

7. India and the 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 India's 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 39th as an export destination for India in FY 2024-25. India exported to Philippines almost 0.49% of its total export value in FY 2024-25. In the same financial year imports from Philippines was 0.16% of India's total import value. Almost 0.25% of India's total international trade value of goods was between India and Philippines as has been recorded in DGCIS database for FY 2024-25.

8. Indo-Philippines total volume of bilateral trade in FY 2020-21 was of the order of USD 2,029.77 million. It was USD 3,372.09 million in FY 2024-25. The annual compound growth rate of total volume comprising both exports and imports during the period from 2020-21 to 2024-25 had been of the order of 13.53%.

9. It was observed that exports from India to the Philippines increased by 44.60% in FY 2021-22, with the annual average compound growth rate of exports standing at 10.36%. On the other hand, imports from the Philippines to India increased remarkably by 49.40% in FY 2023-24. During the period from 2020-21 to 2024-25, the annual average compound growth rate for imports was 20.58%.

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

TABLE - 3

**INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. PHILIPPINES
FY 2020-2021 to 2024-2025**

(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
2020-21	1457.30		572.47		2029.77		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
2024-25	2162.05	3.09	1210.04	-15.59	3372.09	-4.49	952.01

Annual Compound Growth Rate

10.36

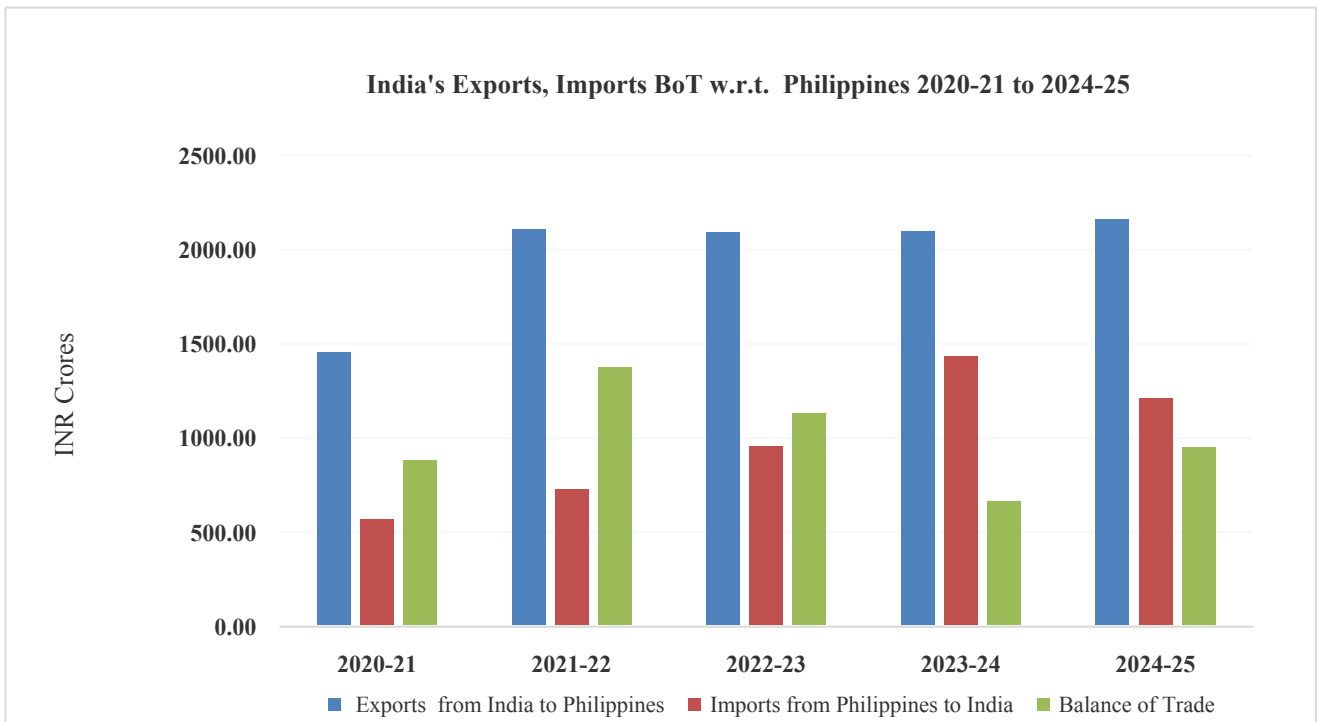
20.58

13.53

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

SOURCE : DGCI&S, M/oC&I

Figure 2



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

a. **(i) Drug Formulations, Biologicals, (ii) Buffalo Meat and (iii) Petroleum Products** occupied the top three slots in India's exports to the Philippines in FY 2024-25. Specifically, **Drug Formulations, Biologicals** accounted for a 19.08% share of India's total exports to the Philippines in FY 2024-25.

b. **(i) Gold, (ii) Electronics Components and (iii) Electronics Instruments** were the three major commodities on India's imports list from the Philippines in FY 2024-25. India imported a significant amount of **Gold** from the Philippines, which represented a 13.98% share of the total imports recorded from the Philippines in FY 2024-25.

TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO PHILIPPINES
2020-2021 TO 2024-2025 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	DRUG FORMULATIONS, BIOLOGICALS	261.47	310.78	284.05	375.81	412.59	18.86	-8.60	32.30	9.79
	Share in total export	17.94	14.75	13.56	17.92	19.08				
2	BUFFALO MEAT	95.76	127.39	131.65	100.50	114.65	33.03	3.34	-23.66	14.08
	Share in total export	6.57	6.05	6.29	4.79	5.30				
3	PETROLEUM PRODUCTS	38.32	26.81	11.02	87.50	112.43	-30.04	-58.90	694.01	28.49
	Share in total export	2.63	1.27	0.53	4.17	5.20				
4	AUTO TYRES AND TUBES	54.94	76.73	80.64	97.66	110.50	39.66	5.10	21.11	13.14
	Share in total export	3.77	3.64	3.85	4.66	5.11				
5	OTHER MISC. ENGINEERING ITEMS	12	18.61	22.24	12.81	107.94	55.08	19.51	-42.40	742.66
	Share in total export	0.82	0.88	1.06	0.61	4.99				
6	TWO AND THREE WHEELERS	89.08	140.29	204.05	105.49	106.82	57.49	45.45	-48.30	1.26

	Share in total export	6.11	6.66	9.74	5.03	4.94				
7	MOTOR VEHICLE/CARS	34.64	77.29	49.71	91.05	86.76	123.12	-35.68	83.16	-4.71
	Share in total export	2.38	3.67	2.37	4.34	4.01				
8	AUTO COMPONENTS/PARTS	32.22	70.31	103.62	62.81	74.40	118.22	47.38	-39.38	18.45
	Share in total export	2.21	3.34	4.95	2.99	3.44				
9	GROUNDNUT	53.56	58.10	64.56	70.67	66.87	8.48	11.12	9.46	-5.37
	Share in total export	3.68	2.76	3.08	3.37	3.09				
10	PROCESSED VEGETABLES	11.33	19.67	47.21	74.10	52.42	73.61	140.01	56.96	-29.25
	Share in total export	0.78	0.93	2.25	3.53	2.42				
	Total export to PHILIPPINES	1457.30	2107.24	2094.15	2097.17	2162.05	44.60	-0.62	0.14	3.09

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
2020-2021 TO 2024-2025 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	GOLD	91.03	87.46	98.82	150.26	169.17	-3.92	12.99	52.05	12.59
	Share in total import	15.90	12.00	10.30	10.48	13.98				
2	ELECTRONICS COMPONENTS	39.61	48.45	79.53	133.85	105.00	22.32	64.15	68.30	-21.55
	Share in total import	6.92	6.64	8.29	9.34	8.68				
3	ELECTRONICS INSTRUMENTS	50.26	71.00	90.20	97.21	100.20	41.27	27.04	7.77	3.08
	Share in total import	8.78	9.74	9.40	6.78	8.28				
4	COMPUTER HARDWARE, PERIPHERALS	63.07	83.52	90.99	92.95	99.77	32.42	8.94	2.15	7.34
	Share in total import	11.02	11.45	9.48	6.48	8.25				
5	ORGANIC CHEMICALS	8.22	24.04	35.15	68.86	76.13	192.46	46.21	95.90	10.55
	Share in total import	1.44	3.30	3.66	4.80	6.29				
6	ELECTRIC MACHINERY AND EQUIPME	8.23	14.46	94.62	21.26	61.10	75.70	554.36	-77.53	187.40

	Share in total import	1.44	1.98	9.86	1.48	5.05				
7	INORGANIC CHEMICALS	28.15	65.85	87.63	71.61	56.73	133.93	33.08	-18.28	-20.78
	Share in total import	4.92	9.03	9.13	5.00	4.69				
8	VEGETABLE OILS	0.27	7.16	17.50	32.36	44.22	2551.85	144.41	84.91	36.66
	Share in total import	0.05	0.98	1.82	2.26	3.65				
9	AUTO COMPONENTS/PARTS	9.29	17.65	22.55	26.38	38.76	89.99	27.76	16.98	46.94
	Share in total import	1.62	2.42	2.35	1.84	3.20				
10	TOBACCO MANUFACTURED	9.27	8.79	13.75	22.55	37.73	-5.18	56.43	64.00	67.33
	Share in total import	1.62	1.21	1.43	1.57	3.12				
	Total import from PHILIPPINES	572.47	729.12	959.59	1433.60	1210.04	27.36	31.61	49.40	-15.59

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

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

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