

## Why the Philippines Needs to be Part of RCEP

### I. Introduction

Economic theory and experience show that economic integration facilitates growth, particularly among small economies that need access to a broader market base, bigger source of investments, and more advanced technologies. As the global economy increasingly moves towards deeper integration, the Philippines must be on par with the rest of the emerging economies to take advantage of its benefits.

The recently concluded Regional Comprehensive Economic Partnership (RCEP) Agreement will play a critical role in strengthening regional economic integration and boosting economic growth. This is crucial for the Philippines as it continues to push for economic recovery from the negative impacts of the COVID-19 pandemic.

The Regional Comprehensive Economic Partnership (RCEP) is a free trade agreement (FTA) between the 10 ASEAN Member States (i.e., Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam) and five (5) of ASEAN's Free Trade Agreement (FTA) partners (i.e., Australia, China, Japan, South Korea, and New Zealand), which was signed on 15 November 2020.<sup>1</sup>

RCEP is an ASEAN-centric and ASEAN-led process that seeks to consolidate all the existing ASEAN FTAs into a mega-regional FTA arrangement. Compared with the existing separate ASEAN+1 FTAs, RCEP is more modern as it includes emerging areas in trade such as E-Commerce, Intellectual Property (IP), Competition, and Small and Medium Enterprises (SMEs). It is comprehensive as it covers a wide range of areas not covered in existing ASEAN + 1 FTAs, and it is of high quality as it involves more stable and higher level of commitments from participating countries. RCEP is also mutually-beneficial because it took into account the current economic development of participating countries, including their legal and social development.

RCEP covers the following areas: (1) Trade in Goods; (2) Rules of Origin; (3) Customs Procedures and Trade Facilitation; (3) Sanitary and Phytosanitary Measures; (4) Standards, Technical Regulations, and Conformity Assessment Procedures (STRACAP); (5) Trade Remedies; (6) Trade in Services; (6) Movement of Natural Persons; (7) Investment; (8) Intellectual Property; (9) E-Commerce; (10) Competition; (10) Small and Medium Enterprises (SMEs); (11) Economic and Technical Cooperation (ECOTECH); (12) Government Procurement; and, (13) Legal and Institutional Issues such as Dispute Settlement and General Provisions and Exceptions.

---

<sup>1</sup> At the 3<sup>rd</sup> RCEP Summit in November 2019, India formally withdrew from the RCEP negotiations following the statement of India Prime Minister Narendra Modi at the Summit that the current version of the RCEP Agreement does not satisfactorily address the concerns of India, such that it is not possible for India to join RCEP. The remaining 15 countries recognize that India has been an important participant in the RCEP negotiations since its launch in 2012, and India's participation in RCEP would contribute to the advancement and prosperity of the region. Hence, RCEP has a special provision in the FTA that would allow India to accede to the Agreement sooner than other interested economies.

RCEP is a market of 2.3 billion people (or 29.4% of the global population), making it the largest FTA in the world, with a total of USD25.1 trillion gross domestic product (GDP) (or 30.8% of global GDP) in 2020.<sup>2</sup> Total trade flows in RCEP accounted for USD10.1 trillion or 29.0% of global trade during the same year, with exports reaching USD5.4 trillion (or 31.4% of world exports) and imports totaling USD4.7 trillion (or 26.6% of world imports).<sup>3</sup> In addition, RCEP was the recipient of 32.9% of global inward foreign direct investments (FDI) and the source of 47.5% of global outward FDI in 2020.<sup>4</sup>

The paper describes the economic relations of the Philippines and RCEP participating countries (RPCs), the relevant chapters in RCEP, and potential economic impact of RCEP to Philippine exports. The paper used the SMART simulations of the World Bank's World Integrated Trade Solutions (WITS), Social Accounting Matrix (SAM) multiplier tool, and the Global Simulation Model (GSIM) to identify changes in import/export demand for commodities exported by the Philippines and determine the impact of these changes in the economy.

The remainder of the paper is organized as follows: Part II presents the Philippines' trade and investment relations with RPCs; Part III describes the relevant chapters in RCEP in comparison with those of the existing ASEAN+ FTAs; Part IV discusses what the Philippines stands to gain from RCEP; Part V cites RCEP's alignment with current government initiatives and programs; and Part VI summarizes and concludes the paper.

## **II. Philippines Trade and Investment Relations with RCEP Participating Countries**

### ***Trade in Goods***

RCEP Participating Countries (RPC) are among the top export markets of the Philippines. For the period 2016-2020, Philippine exports to RPCs averaged 49.9% of its total exports to the world, with exports in 2020 amounting to USD33.4 billion (or 51.2% of Philippines' total exports to the world) (*Figures 1a and 1b*). Likewise, RPCs are the Philippines' top import sources, with Philippine imports from RCEP accounting for an average of 66.8% of its total imports from the world during the period 2016-2020 (*Figures 2a and 2b*). In 2020, the import share of RCEP reached its highest at 68.4% with imports recording USD61.4 billion. On average, 60.0% of the Philippines' total trade during the five-year period was with RPCs (*Figure 3*).

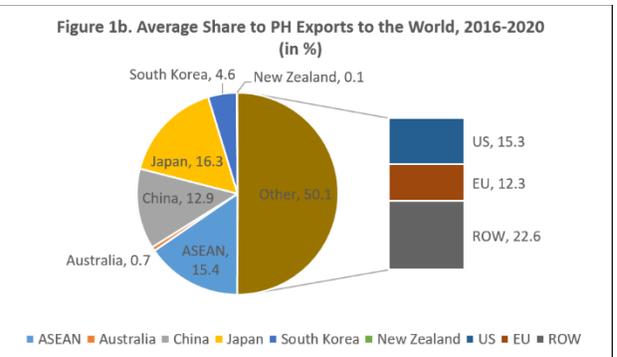
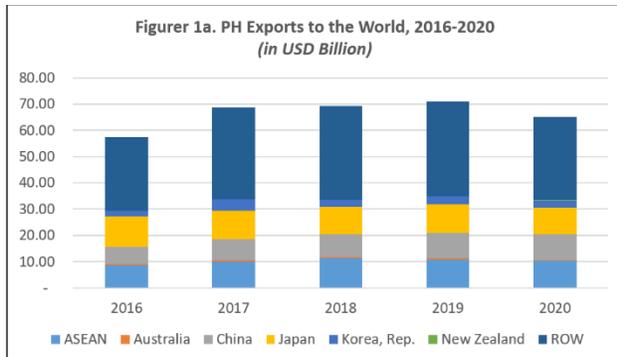
A big chunk of Philippine trade with the rest of the world is primarily with the USA and European countries, but Philippine trade is increasingly going towards RPCs at an average growth of 3.7% for the last five (5) years.

---

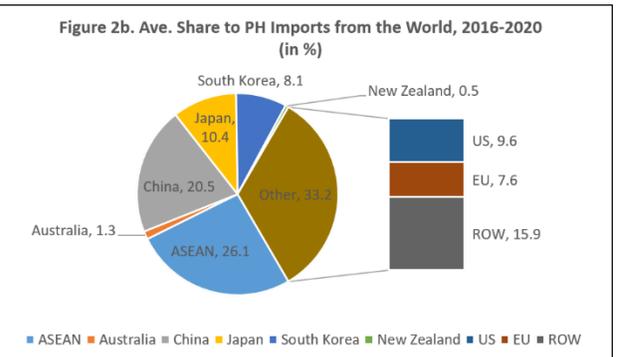
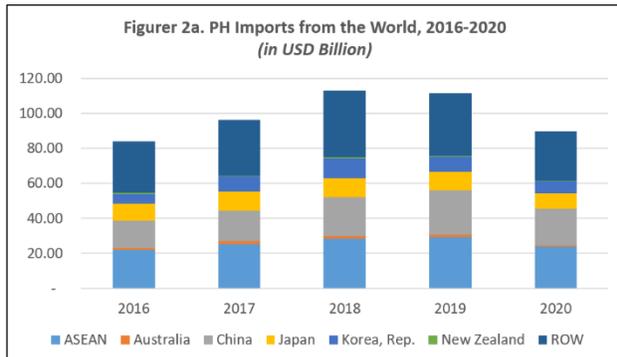
<sup>2</sup> *World Development Indicators, The World Bank, accessed on 30 November 2021*

<sup>3</sup> *ITC Trade Map, accessed on 30 November 2021*

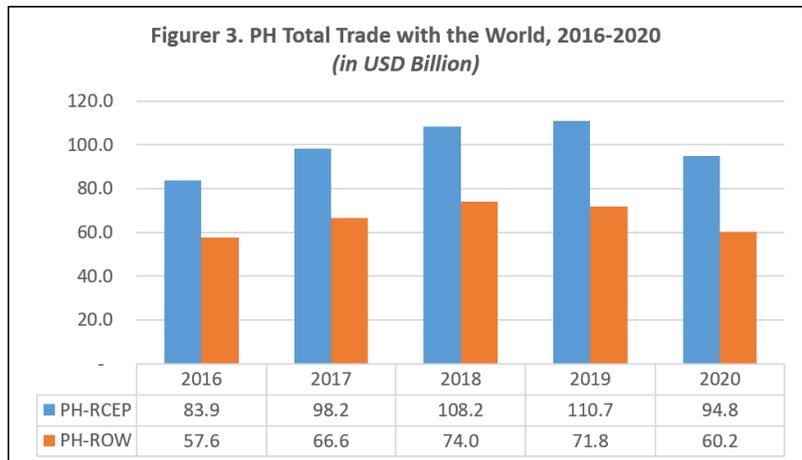
<sup>4</sup> *World Investment Report 2021, United Nations Conference on Trade and Development, accessed on 30 November 2021*



Source: Tradeline Philippines, accessed on 30 November 2021



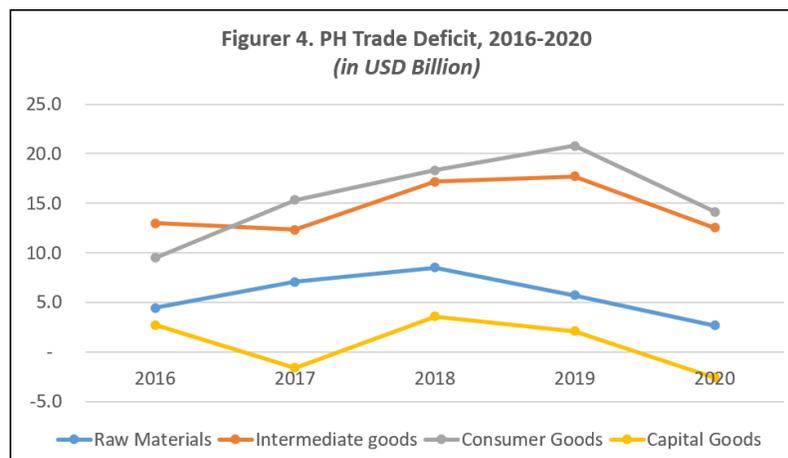
Source: Tradeline Philippines, accessed on 30 November 2021



Source: Tradeline Philippines, accessed on 30 November 2021

As a trading nation, the Philippines has been historically in trade deficit. Data from 2016 to 2020 show an increasing trend in the country's trade deficit (with a dip in 2020 due to the Covid-19 pandemic that slowed down international trade), the bulk of which was contributed by consumer goods (42.9%), followed by intermediate goods (40.4%) (Figure 4). By definition, intermediate goods are goods that are used for further processing or manufacturing into finished products or consumer goods. A trade deficit in intermediate goods, coupled with a large bulk of capital goods

imports (41.5% of PH imports in 2016-2020), means growth in the country's manufacturing sector.



Source: World Integrated Trade Solutions (WITS), accessed on 01 December 2021

In 2020, the Philippines' total trade deficit stood at USD26.8 billion, 109.1% of which was incurred with RPCs (Table 1). This was led by China where the Philippines had USD11.3 billion deficit (or 42.3%), followed by Indonesia with USD5.4 billion (or 20.2%), and South Korea with USD4.5 billion (or 16.7%) (Table 2). Consumer goods accounted for 52.8% of the total trade deficit at USD14.1 billion, while intermediate goods accounted for 46.8% at USD12.5 billion (Table 3). The bulk of the country's trade deficit on consumer goods as well as on intermediate goods was with RPCs at 99.7% and 73.0%, respectively (Table 1). Figure 4 shows that although trade deficit for both raw materials and capital goods were on a decline since 2018, an increasing trend can be seen in consumer and intermediate goods prior to the pandemic.

**Table 1. PH Trade Deficit with RPCs by Type of Good, 2020**  
(Values in USD Billion, Share in %)

Type of Good	Total	RPCs	Share
Consumer Goods	14.1	14.1	99.7
Intermediate goods	12.5	9.1	73.0
Raw Materials	2.7	-1.0	-37.9
Capital Goods	-2.6	7.0	271.3
<b>TOTAL</b>	<b>26.8</b>	<b>29.2</b>	<b>109.1</b>

Source: WITS, accessed on 01 December 2021

**Table 2. PH Trade Deficit by Partner Country, 2020**  
(Values in USD Billion, Share in %)

Partner Country	Trade Deficit	Share
China	11.3	42.3
Indonesia	5.4	20.2
Korea, Rep.	4.5	16.7
Malaysia	2.3	8.4
Thailand	2.1	7.8
ROW	1.2	4.5
<b>TOTAL</b>	<b>26.8</b>	<b>100.0</b>

Source: WITS, accessed on 01 December 2021

**Table 3. PH Trade Deficit by Type of Good, 2020**  
(Values in USD Billion, Share in %)

Type of Good	Trade Deficit	Share
Consumer Goods	14.1	52.8
Intermediate goods	12.5	46.8
Raw Materials	2.7	10.0
Capital Goods	-2.6	-9.6
<b>TOTAL</b>	<b>26.8</b>	<b>100.0</b>

Source: WITS, accessed on 01 December 2021

### **Trade in Services**

The Philippines has a comparative advantage in trade in services compared with other ASEAN member states. In terms of GDP contribution, the services sector contributes more than half of the country's GDP. For the period 2011-2020, its share to GDP was 59.0%.<sup>5</sup>

The Philippines' trade in services recorded a considerable growth for the period 2011-2020. In fact, the country is a net service provider with consistent trade surpluses during the period that peaked at USD13.1 billion in 2020. For the last 10 years, average annual growth for services exports was recorded at 8.2%, while services imports posted 7.3% and balance of trade in services, 10.3% (Table 4). Surpluses in trade in services were mainly from other business services<sup>6</sup>, and telecommunications, computer, and information services, which are associated with the business process management sector.

<sup>5</sup> National Accounts. Philippine Statistics Authority, accessed on 02 December 2021

<sup>6</sup> Covers R&D, professional and management consulting services, and technical, trade-related services

**Table 4. PH Trade in Services, 2011-2020**  
(Values in USD Billion, Growth in %)

Year	Export	Import	Trade Balance
2011	18.9	12.3	6.6
2012	20.4	14.3	6.2
2013	23.3	16.3	7.0
2014	25.5	20.9	4.6
2015	29.1	23.6	5.5
2016	31.2	24.2	7.0
2017	34.8	26.1	8.7
2018	38.4	26.8	11.6
2019	41.3	28.2	13.0
2020	31.5	18.5	13.1
<b>Ave. Annual Growth</b>	<b>8.2</b>	<b>7.3</b>	<b>10.3</b>

Source: Bangko Sentral ng Pilipinas (BSP), accessed on 02 December 2021

### Movement of Natural Persons

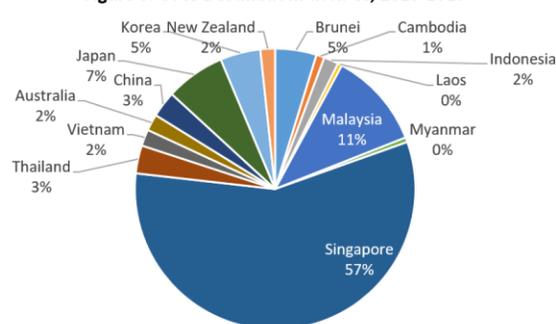
Closely related to trade in services is the movement of natural persons, which is defined as temporary presence of individuals in another country in order to supply services, and is one of the four ways through which services can be supplied across international borders. The deployment of Filipinos overseas generates income for the country through remittances. For the period 2011-2020, overseas Filipino remittances contributed an average of 8.3% to the Philippine GDP.<sup>7</sup>

**Table 5. Overseas Filipino Workers Deployment, 2015-2017**  
(Values in Thousand, Share in %)

Destination	2015	2016	2017	Ave. Share
RPCs	243.0	294.6	292.7	17.9
Middle East	914.0	1,058.5	998.7	64.3
EU	25.4	20.3	21.2	1.5
USA	2.4	2.5	2.0	0.2
Others	216.7	251.9	280.6	16.2
<b>Total*</b>	<b>1,401.4</b>	<b>1,627.9</b>	<b>1,595.3</b>	<b>100.0</b>

Source: Philippine Overseas Employment Administration (POEA), accessed on 02 December 2021  
\*Landbased – Not Elsewhere Classified (NEC)

**Figure 5. OFW Destinations in RPCs, 2015-2017**



Majority of Filipinos overseas are deployed in non-RCEP member countries, specifically Middle East countries, accounting for an average of 64.3% for the period 2015-2017 (Table 5). During

<sup>7</sup> Overseas Filipinos' Remittances. Bangko Sentral ng Pilipinas, accessed on 02 December 2021  
Prepared by BTIPR-MED  
with inputs from BITR

the same period, 17.9% were deployed in RPCs, of which Singapore had the largest share of 57.2% (Figure 5).

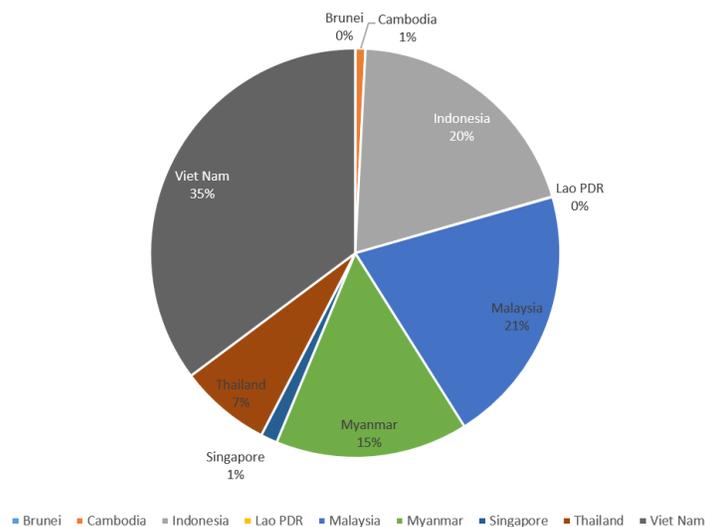
On the influx of migrant workers from RPCs into the Philippines, from 2016-2020, data show that RPCs make up 87.5% of foreign workers in the Philippines on average, most of which are from East Asian Countries such as China, Japan, and South Korea. However, in recent years, there has been an uptick of foreign workers from ASEAN countries from 4,911 Alien Employment Permits (AEPs) issued in 2016 to 12,176 AEPs issued in 2020 or a CAGR of 25.5%, led by Viet Nam, Indonesia, and Malaysia. An influx of Chinese workers occurred in 2019 where 119,898 AEPs were issued to Chinese workers compared to the figures in 2016-2018 (Table 6 and Figure 6).

**Table 6. Number of AEPs Issued by the Philippines, 2016-2020**

Country	2016	2017	2018	2019	2020
ASEAN	4,911	4,665	4,745	13,639	12,176
Australia	619	459	483	461	234
China	17,817	22,563	31,574	119,898	78,941
Japan	5,290	5,573	5,595	5,589	3,514
South Korea	5,333	5,413	4,948	5,326	2,906
New Zealand	121	77	63	60	32
Non-RCEP	7,842	6,538	6,833	13,737	8,806
<b>Total</b>	<b>41,933</b>	<b>45,288</b>	<b>54,241</b>	<b>158,710</b>	<b>106,609</b>
RCEP Total	34,091	38,750	47,408	144,973	97,803
% Share of RCEP to Total	81.3	85.6	87.4	91.3	91.7

Source: Department of Labor and Employment (DOLE), as cited by BITR on 26 April 2021

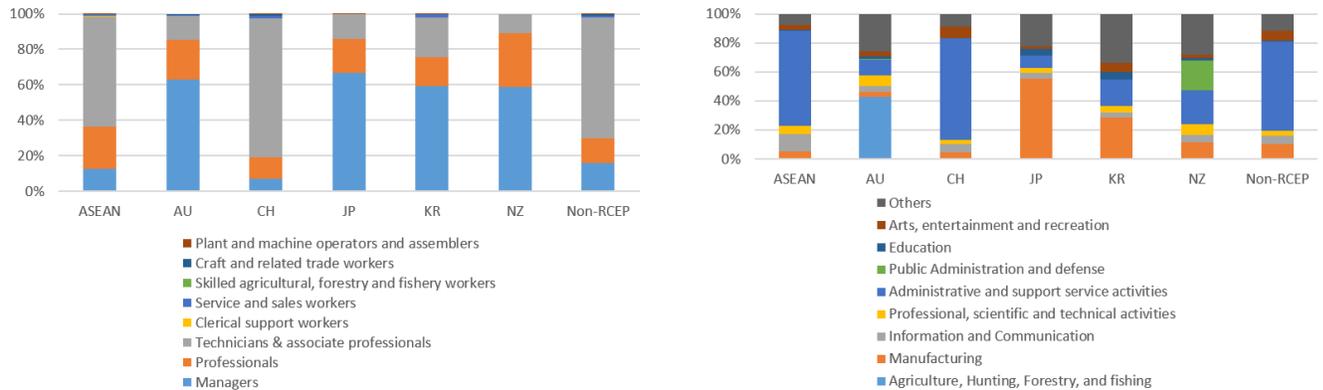
**Figure 6. Major Nationalities of Foreign Workers in the Philippines from ASEAN, 2020**



Source: BITR's Computation based on DOLE's Data, as cited on 26 April 2021

As seen in Figure 7, foreign workers from Australia, Japan, South Korea and New Zealand that came in 2016-2020 filled mostly Managerial Positions while those coming from ASEAN and China were mostly Technicians and Associate Professionals. Major industries with foreign workers include Administrative and Support Service Activities, and/or Manufacturing with the exception of Australian workers who mostly work in Agriculture, Hunting, Forestry, and Fishing.

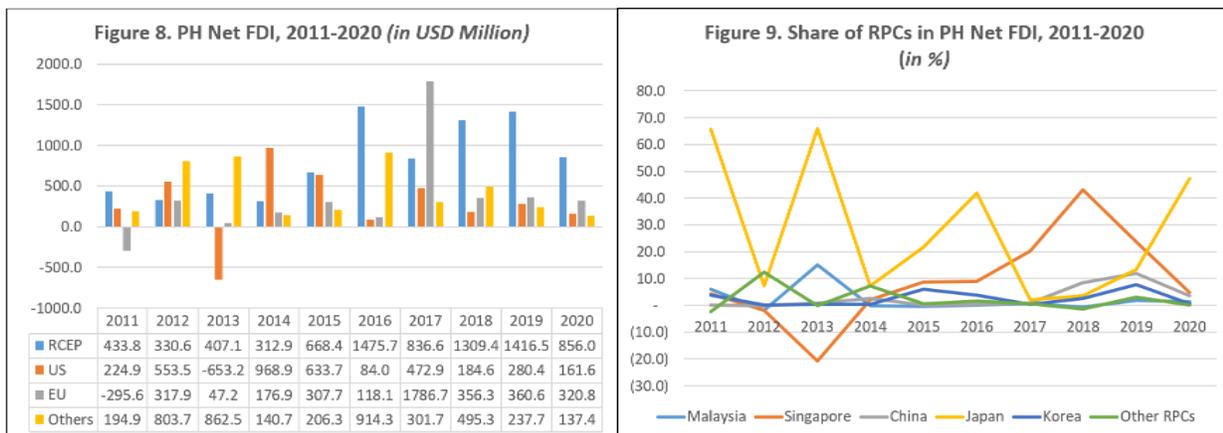
**Figure 7. Percent Distribution of Occupation and Industry of AEPs, 2016-2020**



Source: BTR's Computation based on DOLE's Data, as cited on 26 April 2021

### Investment

For the period 2011-2020, the volume of net foreign direct investments (FDI) to the Philippines came from non-RCEP member countries, at an average of 53.1%. From among the RPCs, the Philippines received the biggest average FDI inflows from Japan (27.6%), Singapore (9.4%) and China (2.9%) (Figure 8 and Figure 9). Thus, RCEP presents an opportunity for the Philippines to maximize investment generation from these partner countries.



Source: Bangko Sentral ng Pilipinas (BSP), accessed on 06 December 2021

### III. RCEP vis-à-vis ASEAN+1 FTAs<sup>8</sup>

#### *Trade in Goods*

Under RCEP, the tariff liberalization of RPCs may be summarized in two (2) general categories, i.e., Tariff Elimination and Tariff Reduction. RPCs were also accorded flexibility to have an Exclusion List wherein products covered do not have any tariff commitments under RCEP.

Overall, Australia and New Zealand provided the highest level of tariff liberalization in terms of tariff lines to ASEAN at 99.3% and 99.6%, respectively, followed by South Korea at 96.4%, China at 95.1%, and Japan at 92.1% (*Table 7*).

It is noted, however, that both Australia and New Zealand have already liberalized 100% of their tariff lines under AANZFTA, but reduced it to 99.3% and 99.6% under RCEP, respectively. Still, these cover 99%-100% of Philippine exports to both countries.

China has increased its tariff liberalization from 94.6% of tariff lines under ACFTA to 95.1% under RCEP. This captures 99.7% of Philippine exports to the country that will bode well for Philippine exporters to China, and will therefore offset losses in tariff revenues from increased imports from China.

**Table 7. Summary of Tariff Liberalization in ASEAN+1 FTAs and RCEP**

Partner Countries	ASEAN+1	RCEP	
	% Tariff Liberalization	% Tariff Liberalization	% Trade Value
Australia	100.0	99.3	99.0
China	94.6	95.1	99.7
Japan	84.5	92.1	83.0
South Korea	92.1	96.4	91.5
New Zealand	100.0	99.6	100.0

*Notes:*

- % tariff liberalization in ASEAN+1 FTAs is based on total tariff elimination
- % tariff liberalization in RCEP is based on tariff elimination and tariff reduction
- % trade value is based on the average 2012-2013 trade data, which was submitted by each RPC.

Meanwhile, Japan has increased its tariff liberalization from 84.5% of the tariff lines under AJCEPA to 92.1% under RCEP. This covers only 83.0% of PH exports to Japan. Nonetheless, this is compensated by the Philippines' bilateral agreement with Japan – PJEPA – where the country has relatively higher tariff liberalization of around 99% and Japan around 95%.

In the case of South Korea, tariff liberalization is 92.1% of tariff lines under AKFTA, which is expanded to 96.4% under RCEP. However, this only covers 91.5% of Philippine exports to the

<sup>8</sup> ASEAN-Australia-New Zealand FTA, ASEAN-China FTA, ASEAN-Japan CEP, ASEAN-Korea FTA  
Prepared by BTIPR-MED  
with inputs from BITR

country. Exemptions in South Korea include tropical produce from the Philippines that is currently being negotiated in the Philippines-Korea FTA.

Further to market access commitments, the RCEP TIG Chapter also incorporates ASEAN+1 FTA-plus disciplines such as the clarification on applicability of MFN tariffs and refund procedure; detailed provision on temporary admission of goods; temporary admission for containers and pallets; duty-free treatment of samples of no commercial value; and provisions on Non-Tariff Measures (NTMs) (i.e., transparency, notification, consultations).

### ***Rules of Origin (ROO)***

The RCEP ROO Chapter provides for more flexible rules as compared to the existing ASEAN+1 FTAs. One key takeaway from RCEP is that RCEP allows manufacturers to use all inputs sourced from all RCEP Parties when determining if they pass the rules of the Agreement. This is a big leap from the ASEAN Plus One FTAs where the source countries are only limited to ASEAN and the FTA Partners. The wider cumulation area will make it easier for companies to meet the rules of the Agreement to claim preferential tariff treatment.

Moreover, RCEP provides for flexible certification procedures (e.g., Certificate of Origin, Declaration of Origin by Approved Exporter, Declaration of Origin by Exporter/Producer) that will make it easier for businesses, especially MSMEs, to use the FTA.

### ***Customs Procedures and Trade Facilitation (CPTF)***

The RCEP CPTF Chapter incorporates advanced trade facilitation provisions, including WTO Plus elements that complement the Philippines' customs modernization initiatives. It covers general principles and specific commitments that ensure predictability, consistency and transparency in the application of customs laws and regulations of RCEP countries, and provides for broader and deeper engagement with significant improvements over the existing ASEAN+1 FTAs and the WTO Trade Facilitation Agreement (WTO TFA). The Chapter also incorporates trade facilitation provisions that are modern and time-bound, e.g., post-clearance audit, risk management system for customs control, release of goods, and advance Ruling on tariff classification, Rules of Origin, and customs valuation, among others.

### ***Standards Technical Regulations and Conformity Assessment Procedures (STRACAP)***

The STRACAP Chapter seeks to enhance the implementation of the WTO Agreement on Technical Barriers to Trade (TBT Agreement) as well as the ASEAN+1 FTAs through recognizing and accepting mutual understanding of each Party's standards, technical regulations, and conformity assessment procedures, and strengthen information exchange and cooperation in this field. Similar to the SPS Chapter, the STRACAP Chapter also underscores the need for cooperation, designation of contact points, and technical discussions to resolve implementation issues related to the implementation of this Chapter.

One of the key takeaways of the Philippines from this Chapter is the improvement on transparency provisions that will provide certainty, non-discrimination and predictability on the area of standards, technical regulations and conformity assessment procedures. These are manifested through the specific timelines and detailed information to be provided to requesting Parties which goes beyond Parties' WTO obligations. In addition, the provision which requires English translations for requested technical regulations and conformity assessment procedures is a welcome development for the Philippines as this is the first ASEAN FTA in which ASEAN Member States agreed to provide information in English language.

### ***Sanitary and Phytosanitary Measures (SPS)***

The RCEP SPS Chapter builds on the WTO SPS Agreement and the ASEAN+1 FTAs and incorporates elaborated provisions on Equivalence, Adaptation to Regional Conditions, Risk Analysis, Transparency, Certification, Emergency Measures, Audit and Import Checks. The Chapter also emphasises the importance of transparency, cooperation and capacity-building, and technical consultations in addressing SPS matters.

This Chapter is tailored to facilitate trade in the RCEP region. As an exporter of tropical fruits, vegetables, fishery and aquatic products to RPCs, the Philippines can gain from additional rights to enjoin the importing Parties to be more transparent, responsive, and facilitative of requests relevant to market access applications. Moreover, from the import perspective, the Philippines also reserves the right to conduct audit and import checks based on risks, taking into consideration relevant international standards, guidelines and recommendations.

### ***Trade Remedies***

The RCEP Trade Remedies Chapter covers two (2) sections, i.e., Safeguard Measures, and Anti-Dumping and Countervailing Measures.

- ***Safeguard Measures.*** RCEP Safeguard Measures provides for the mechanism for Parties to address injury or threat of injury to a domestic industry through suspension of further reduction of customs duties or increase customs duties following a surge in imports as a result of Parties' commitments under RCEP.
- ***Anti-Dumping and Countervailing Measures.*** This section reaffirms Parties' rights and obligations under relevant WTO rules. It features provisions that will promote the goals of transparency and due process in trade remedy proceedings.

The RCEP Trade Remedies Chapter is a crucial element as it will provide immediate relief to the domestic industries in cases where the implementation of RCEP commitments poses threat of injury.

## ***Trade in Services***

The RCEP Trade in Services Chapter contains modern and comprehensive provisions building on the General Agreement on Trade in Services (GATS), and makes reference to ASEAN Framework Agreement on Services (AFAS), and the existing ASEAN+1 FTAs.

RCEP is the first ASEAN+1 FTA with a commitment for Parties to schedule their services commitments using the negative list approach, either at entry into force of the RCEP Agreement, or within a defined time period (i.e., 6 years for China, Philippines, Thailand, New Zealand and Viet Nam, 15 years for CLM). Under the TIS Chapter, Parties commit to move to a negative list with the aim to provide market access, increased transparency and greater certainty in the business environment.

The Chapter also contains a forward-looking MFN commitment, which provides services and service suppliers an equal or the same treatment and commitments accorded by Parties to any non-Party that it has an agreement with. This is, however, still subjected to sub-sectors listed and Parties' commitment in the positive list approach. In lieu of an MFN commitment under the positive list, the Philippines will submit a non-legally binding Transparency List which contains a list of central government measures on sectors that the Philippines has made specific commitment on. The submission of a Transparency List ensures transparency and promotes ease of doing business, and which has only been committed by the Philippines under PJEPA and AJCEPA.

The Philippines is accorded policy space to introduce new or change its regulations on specific sectors or subsectors in the future, such as in areas deemed by the Constitution and relevant laws reserved for Filipinos. The Article on Domestic Regulation provides the right of Parties to regulate and to introduce new regulations on the supply of services in order to meet its policy objectives.

For the preparation of the Negative List, the Article on Non-Conforming Measures allows the Parties to list out two annexes that will maintain reservations for: i) existing measures (i.e., law, regulation, rule, procedure, decision, administrative action, or any other form) that provide for preferential treatment towards nationals or relevant sectors; and ii) sectors and activities that the Party may wish to adopt future measures that preserve preference to its nationals.

In the course of negotiations, the Philippines also secured a grace period for new commitments above its existing ASEAN FTA commitments. The “ratchet mechanism” automatically extends the liberalization of measures committed to all other Parties. The Philippines will only identify at least (7) subsectors for ratchet after five (5) years from entry into force of the Agreement to the Philippines. Relative to the MFN commitment, the Philippines is given the flexibility to identify five (5) subsectors to be subjected under the obligation upon transition to the negative list.

The RCEP TIS Chapter also includes three (3) Annexes which aim to further facilitate the flow of services trade in the region:

- **Financial Services.** The Annex on Financial Services support enhanced rules on the supply of financial services, while providing sufficient policy and regulatory space to guard against instability in the financial system. This Annex also provides an avenue for consultations to discuss or resolve issues related to financial services *vis-à-vis* the RCEP Agreement and ensures panelists hearing a financial services dispute has the necessary expertise.
- **Telecommunications Services.** The Annex on Telecommunications Services aims to elaborate the provisions of the RCEP TIS Chapter with respect to measures affecting access to and use of public telecommunications transport networks and services (e.g., number portability, licensing). It provides for a regulatory framework for all relevant measures and non-discriminatory treatment for Parties with respect to access to and use of public telecommunications transport networks and services.
- **Professional Services.** The Annex on Professional Services seeks to provide an avenue for RCEP Parties to identify professional services where two (2) or more interested Parties could establish a dialogue on issues related to the recognition of professional qualifications, including the possibility of establishing mutual recognition arrangements of professional qualifications.

On market access, Philippine commitments under RCEP Trade in Services provide greater openness and certainty for Filipino businesses, particularly in promoting Trade in Services export opportunities abroad. Preferential access to RPCs has been secured for Filipino service providers across a number of sectors, such as ICT, education, transportation, professional, construction, tourism, insurance, banking and distribution services, among others.

**Table 8. Summary of ASEAN FTA partners (AFP) Commitments in ASEAN+1 FTAs and RCEP**

AFP	ACFTA	AKFTA	AANZFTA	AJCEP	RCEP	No. of Additional Subsectors
Australia			105		137	32
China	98				103	5
Japan				139*	139	0
South Korea		108			113	5
New Zealand			96		100	4

\* Same commitment under PJEPA

In terms of market access improvements under RCEP, Australia has the most significant improvement in terms of number of commitments vis-à-vis the ASEAN Plus One FTAs (i.e., from 105 under AANZFTA to 137 under RCEP), followed by New Zealand with 100 sectors under RCEP, from 96 under AANZFTA. South Korea and China are next, each of which

committed five (5) additional sectors compared with AKFTA and ACFTA, respectively. Meanwhile, Japan maintained the status-quo with 139 sectors (*Table 8*).

In addition to this, RCEP provides for new and improved commitments from key trading partners, which opens more opportunities for Filipino services providers. The improved commitments of AFPs are listed out in the table below.

**Table 9. Improved Commitments of AFPs under RCEP in Terms of Subsectors**

AFP	Subsectors
Australia	<p><b>100% foreign equity</b>            Database services, R&amp;D services on Natural Science, Interdisciplinary R&amp;D, Rental/Leasing Services without Operators for Agricultural, Construction, Office Machineries, Technical testing and analysis services, Services incidental to Manufacturing, Maintenance and Repair of equipment, Packaging, Printing, Postal, Courier, on-line information and/or data processing, Adult Education, Private Hospital Services, Recreation Park and Beach Services, Maritime Transport Maintenance, Pushing and Towing Maritime, Supporting Services for Maritime, Air Transport Passenger, Air Transport Freight, Air Transport Rental Vessel with Crew, Space Transport, Rail Transport Passenger, Rail Transport Maintenance, Road Transport Maintenance, Supporting Services for Road Transport.</p>
China	<p><b>100% foreign equity</b>            Legal services and accounting (excluding Chinese law practice), Auditing and bookkeeping services, Taxation services, Architectural services, Engineering Services, Integrated Engineering Services, Urban Planning Services (except general urban planning), Medical and Dental services, and Services incidental to forestry.</p>
Japan	<p><b>100% foreign equity</b>            Services supplied by Physiotherapists qualified as “Rigaku-ryohoshi” under Japanese law, Hotel Management Services, Other Human Health Services (e.g., ambulance services, residential health facilities services), Pilotage services.</p>
South Korea	<p><b>100% foreign equity</b>            Settlement and Clearing Services for Financial Assets, including securities, Derivative Products, and other Negotiable Instruments, Game Services, Rail Transport Services (e.g., Railway Passenger Terminal Services, Maintenance and Repair of Rail Transport Equipment).</p>
New Zealand	<p><b>100% foreign equity</b>            Airport Operation Services, Specialty Air Services, Cargo and Baggage Handling Services, Ramp Handling Services, Airfreight Storage and Warehousing Services, and Airport Management Services.</p>

### ***Movement of Natural Persons (MNP)***

The RCEP MNP Chapter sets out the obligations of RPCs in terms of facilitating the movement across borders of business persons engaged in goods and services trade as well as conduct of investment, building on GATS commitments as well as on other regional services agreements such as AFAS and the ASEAN+1 FTAs.

It provides for a mechanism in granting such temporary entry and temporary stay, including ensuring that any fees imposed are reasonable and do not, in themselves, represent an unjustifiable impediment, and that in processing the application for immigration formalities, it should be expeditiously processed. Further, the MNP Chapter upholds enhanced transparency obligations, including making publicly available explanatory materials on all relevant immigration formalities, and ensuring the availability of mechanisms to respond to inquiries regarding laws and regulations affecting the temporary entry and stay of such natural persons.

The RCEP MNP Chapter provides for Specific Commitments on temporary entry and stay of business persons in the following categories: business visitors, intra-corporate transferees, contractual service suppliers, installers and services, and to an extent, their accompanying spouses and dependents, among others.

The MNP commitments of RPCs provide for at least an initial period of 30 days stay for business visitors, and in the case of executives and managers entering Australia and New Zealand, up to three (3) years stay. Filipino contractual service suppliers may also be allowed up to 12 months stay. In the case of Japan, intercorporate transferees, contractual service suppliers, investors and independent professionals may be granted up to five (5) years stay, particularly in activities which require technology or knowledge at an advanced level pertinent to natural or human sciences, including physical sciences and engineering, or to human sciences, including jurisprudence, economics, business management, and accounting services.

The AFPs' commitments on MNP to ASEAN is summarized in Table 10.

**Table 10. Summary of the AFP's MNP Offers to ASEAN**

AFP	Category of Natural Persons	Limitations/Duration of Stay
Australia	Intra-Corporate Transferees	<ul style="list-style-type: none"> <li>• Entry for Executives and Managers is for an initial period of stay of up to four (4) years, with the possibility of further stay.</li> <li>• Entry for Specialist is for periods of stay up to two (2) years, with the possibility of further stay.</li> </ul>
	Independent Executives	<ul style="list-style-type: none"> <li>• Entry is for period of stay up to a maximum of two (2) years.</li> </ul>
	Business Visitors	<ul style="list-style-type: none"> <li>• Entry for sales representatives is for an initial stay of six (6) months and up to a maximum of 12 months.</li> <li>• Entry for participating in business negotiations or meetings is for period of stay up to a maximum of three (3) months.</li> <li>• Entry for investment purposes is for period of stay up to a maximum of three (3) months.</li> </ul>
	Contractual Services Suppliers	<ul style="list-style-type: none"> <li>• Entry is for period of stay up to 12 months, with the possibility of further stay.</li> </ul>
	Spouses	<ul style="list-style-type: none"> <li>• Entry and temporary stay is for the same period as the temporary entrant.</li> </ul>

**Table 10. Summary of the AFP's MNP Offers to ASEAN**

AFP	Category of Natural Persons	Limitations/Duration of Stay
China	Service Salespersons	<ul style="list-style-type: none"> <li>Entry for salespersons is limited to a 90-day period.</li> </ul>
	Intra-Corporate Transferees	<ul style="list-style-type: none"> <li>Entry is for an initial stay of three (3) years.</li> <li>Entry is for a long-term stay permit as stipulated in the terms of contracts concerned or an initial stay of three (3) years, whichever is shorter.</li> </ul>
	Contractual Service Suppliers	<ul style="list-style-type: none"> <li>Entry and temporary stay for such natural persons is subject to the duration of contract and (if longer) shall not exceed one (1) year.</li> </ul>
	Installers and Servicers	<ul style="list-style-type: none"> <li>Entry and temporary stay for such natural persons is subject to the duration of contract, but shall not exceed three (3) months.</li> </ul>
	Accompanying Spouses and Dependents	<ul style="list-style-type: none"> <li>Entry and temporary stay accorded is no more than 12 months, and may be up to the same period of stay as for the entrants.</li> </ul>
Japan	Business Visitors	<ul style="list-style-type: none"> <li>Temporary entry and temporary stay for a period of up to 90 days.</li> </ul>
	Intra-Corporate Transferees	<ul style="list-style-type: none"> <li>Temporary entry and temporary stay for a period of up to five (5) years, which may be extended.</li> </ul>
	Investor	<ul style="list-style-type: none"> <li>Temporary entry and temporary stay for a period of up to five (5) years, which may be extended.</li> </ul>
	Qualified Professionals	<ul style="list-style-type: none"> <li>Temporary entry and temporary stay for a period of up to five (5) years, which may be extended.</li> </ul>
	Independent Professionals	<ul style="list-style-type: none"> <li>Temporary entry and temporary stay for a period of up to five (5) years, which may be extended.</li> </ul>
	Contractual Service Suppliers	<ul style="list-style-type: none"> <li>Temporary entry and temporary stay for a period of up to five (5) years, which may be extended.</li> </ul>
	Accompanying Spouses and Dependents	<ul style="list-style-type: none"> <li>Temporary entry and temporary stay for, in principle, the same period as the period of temporary stay granted to that of the natural person of another Party pursuant to categories scheduled, provided that such spouse and children obtain maintenance from that natural person and engage in daily activities recognised under the status of residence of "Dependents" provided for in the Immigration Control and Refugee Recognition Act.</li> <li>A spouse who has been granted temporary entry and temporary stay pursuant to paragraph 1 may, upon application, have his or her status of residence changed to that under which he or she is allowed to work, subject to the approval of the Government of Japan in accordance with the Immigration Control and Refugee Recognition Act.</li> </ul>

**Table 10. Summary of the AFP’s MNP Offers to ASEAN**

AFP	Category of Natural Persons	Limitations/Duration of Stay
South Korea	Intra-Corporate Transferees	<ul style="list-style-type: none"> <li>Entry and stay is limited to a period not exceeding three (3) years that may be extended if the above condition is still met by the applicants.</li> </ul>
	Business Visitors	<ul style="list-style-type: none"> <li>Entry and stay is limited to a period of 90 days.</li> </ul>
	Contractual Service Suppliers	<ul style="list-style-type: none"> <li>Entry and stay is limited to the duration of the contract, which is not exceeding one (1) year. Consultancy for foreign accounting standards and auditing, training of CPAs, transfer of auditing technology and exchange of information. Entry and stay of these persons is limited to a one (1)-year period that may be extended if extension is deemed necessary.</li> </ul>
New Zealand	Business Visitors	<ul style="list-style-type: none"> <li>Entry for a period not exceeding, in aggregate, to three (3) months in any calendar year.</li> </ul>
	Intra-Corporate Transferees	<ul style="list-style-type: none"> <li>Entry for a period of initial stay up to a maximum of three (3) years for an executive who has been employed by his employer for at least twelve 12 months prior to his proposed transfer to New Zealand.</li> </ul>
	Installers And Servicers	<ul style="list-style-type: none"> <li>Entry for period not exceeding three (3) months in any twelve-month period.</li> </ul>

### **Investment**

Compared to the ASEAN+1 FTAs, the provisions of the RCEP Investment Chapter aim to create an enabling investment environment in the region. The Chapter contains enhanced provisions covering the four (4) pillars of investments, i.e., protection, liberalization, promotion, and facilitation, over and above those in existing ASEAN FTAs. The Chapter also includes 2-annex Reservation Lists with a standstill and ratchet mechanisms, transparent market access commitments and reservations of the Parties using the negative list approach. Lastly, this Chapter provides for improved Investment Facilitation provisions which also address investor aftercare, such as assistance in the resolution of complaints and grievances that may arise.

The Chapter also incorporates a provision on Prohibition of Performance Requirements (PPR), which is extended to TRIMS-plus standards such as transfer of technology, exclusive supply requirements, and royalties under a license contract. Among the ASEAN Plus One FTAs, only AJCEP has PPR provision, thus RCEP extends the Philippines’ PPR obligation to Australia, New Zealand, South Korea, and China.<sup>9</sup>

### **Intellectual Property (IP)**

The RCEP IP Chapter provides a balanced and inclusive approach to the protection and enforcement of intellectual property rights in the region. Aside from featuring provisions relating

<sup>9</sup> Notwithstanding, the Philippines was able to secure a general carve-out on PPR obligation under its Reservation List.

to harmonising the protections for the standard suite of intellectual property rights, this Chapter also provides for enhanced level of protection in relation, for example, to technological protection measures and enforcement in the digital environment. Taking into consideration the advent of the digital age, this Chapter includes provisions to modernise and align procedures such as those relating to the electronic filing of applications, and making information available online. This Chapter also affirms the right to use the flexibilities under TRIPS to address or protect public health concerns; the recognition that each Party may establish appropriate measures to protect Genetic Resources, Traditional Knowledge, and Folklore (GRTKF); and provisions on cooperation, dialogue and technical assistance.

RCEP IP Chapter is broader in scope in terms of number of articles/elements *vis-à-vis* the Philippines' existing FTAs. It also incorporates elements such as non-traditional trademarks, protection of certification marks, bad faith trademarks and domain names, which are not found in Philippines' existing FTAs but are already practiced/adhered to in the Philippines.

### ***Electronic Commerce***

RCEP is the first FTA of the Philippines with a comprehensive provision on E-Commerce. It sets out provisions on online consumer protection, protection of personal information and unsolicited commercial electronic messages. An article on cooperation is also incorporated, which provides for capacity building and cooperation arrangements among competent authorities in implementing certain provisions of the chapter.

The Chapter also sets out provisions which encourage RPCs to improve trade administration and processes by using electronic means. This Chapter requires Parties to adopt or maintain a legal framework to ensure protection of personal information of e-commerce users including online consumer protection. The E-Commerce Chapter also addresses data-related issues, while at the same time recognizes Parties' needs to have policy space.

### ***Competition***

The RCEP Competition Chapter is the Philippines' most comprehensive among its FTAs. While the Philippines has Competition Chapters in its other FTAs<sup>10</sup>, these are not as detailed as that of the RCEP, as they only contain general provisions on competition policy focused on transparency and cooperation.

The RCEP Competition Chapter provides the framework for parties to cooperate on matters relating to competition policy and law with the objective of enhancing economic efficiency and consumer welfare. This chapter also serves to complement liberalization efforts in RCEP, as it adopts measures to combat anti-competitive behavior that undermines free trade objectives. Key provisions of the RCEP Competition Chapter include statements laying down the basic principles, articles providing for appropriate measures against anti-competitive activities,

---

<sup>10</sup> *PJEPA, PH-EFTA FTA, and AANZFTA*  
Prepared by BTIPR-MED  
*with inputs from BITR*

cooperation mechanisms, confidentiality of information, technical cooperation and capacity building, a framework for consultations, and provisions on consumer protection.

### ***Small and Medium Enterprises (SME)***

RCEP is the first FTA of the Philippines that has a dedicated chapter for SMEs, thus emphasizing their significant role in economic development as well as the need to develop a more targeted approach to strengthen their participation in the global value chain. This reinforces also the Boracay Action Agenda (BAA) which the Philippines advocates in the Asia Pacific Economic Cooperation (APEC) forum.

The RCEP SME Chapter seeks to promote information sharing and cooperation. Specific areas for cooperation are identified therein, such as promoting the use of e-commerce, encouraging innovation and use of technology, and sharing of best practices on enhancing the capability and competitiveness of SMEs, among others. The SME Chapter also establishes contact points to facilitate regional cooperation on SME development.

#### **IV. What does the Philippines stand to gain from RCEP?**

The Philippines stands to gain from the ***cheaper cost*** offered by RCEP to both consumers and producers. The 98.1% tariff liberalization by the Philippines under RCEP means cheaper raw materials, intermediate goods and capital goods for manufacturers and producers, making them more competitive in their production. Households also benefit from the variety and cheaper price of consumer goods from RPCs.

RCEP also provides a more ***convenient business environment*** for traders and investors. RCEP's enhanced rules on non-tariff measures, such as the detailed provisions on import licensing procedures, clear rules on NTMs and time-bound consultations will help exporters and importers to address issues that may arise in the course of trading. RCEP provides for strong customs cooperation and advanced (time-bound) customs procedures where goods are required to be released on best endeavor basis within 48 hours and within six hours for perishable goods. Elaborate, clearer and predictable rules on SPS and technical barriers to trade (TBTs) are also provided for in RCEP. The provision requires parties on a best endeavor basis to resolve SPS and TBT issues and concerns within 30 days.

The trade facilitative certification procedures in RCEP make for a more convenient trading environment in the region. Processing certifications, e.g., Certificate of Origin (COO), Declaration by Approved Exporter, Declaration of Origin by Exporter/Producer, is now easier with the use of the FTA electronic system for trade transactions. More importantly, under RCEP there is now one set of ROOs, unlike the distinct but overlapping ROOs in ASEAN+1 FTAs, to facilitate availment of preferential treatment in RPCs, thereby deepening integration in the region.

RCEP fosters **competitiveness** through providing a stable and predictable business environment, manifested in the comprehensive Chapters on Investment, Trade in Services, Intellectual Property, e-Commerce, and Competition, among others. The Philippines' participation in RCEP sends a message that the country is ready to take part in the global economy, and be a strategic manufacturing and services hub in the region.

The investment chapter in RCEP covers not only promotion but also facilitation and protection of investments. This commitment assures investors of the predictability of Philippine rules and regulations on investment. Similarly, the e-Commerce chapter covers not only consumer protection and confidentiality of information but also provisions encouraging e-Commerce investments into the country. Investors are not required to locate their computing facilities in the Philippines to conduct their business due to its capital-intensive nature and since data storage and management can now be done via Cloud. Likewise, data generation and handling will not be restricted in the course of business operation, particularly by the business process management (BPM) sector. In addition, the IP and Competition chapters in RCEP assure investors of a fair, equitable and conducive business environment in the region.

Furthermore, RCEP offers enhanced market access for certain Philippine goods. The country has secured improved tariff concessions for products that are of particular interest and encouraging among the SMEs, such as tropical products, fresh and preserved food preparations, fish, garments, and ignition wiring sets, among others, which can now be exported with zero tariffs under RCEP.

Because of a wider cumulation area granted under the FTA, Philippine exporters may now easily comply with the origin requirements, i.e., the Philippines can now source raw materials from the 14 RPCs and meet the origin requirements under the FTA, and qualify for preferential treatment given that the country's top import sources for raw materials are ASEAN and China.

It also improves market access for services with improved commitments from RPCs on specific sub-sectors, which opens more employment opportunities for Filipino service providers. These sub-sectors include: professional and management services, telecommunications services, and audio-visual services in Australia; legal and accounting services, auditing services, and architectural services in China; professional services, hotel management services, and transport services in Japan; financial services, game development services, and transport services in South Korea; and, air transport services and other financial services in New Zealand. Filipinos who engage in wholesale and retail trade services may also qualify as business visitors, while individuals with specialized skill sets may enter as contractual service suppliers, independent professionals and installers and servicers.

Finally, RCEP is **complementary** to the developments in the investment, legal and economic regimes in the country. For example, the government's thrust relative to MSME development and participation in the GVCs will be complemented by RCEP's SME Chapter that supports MSME development objectives, particularly their integration in the GVC. The e-Commerce Chapter and

the Financial Services Annex are expected to contribute to the digitalization of MSMEs through the digital platforms for managing transactions and accessing finance, which will simultaneously complement government legislative agenda on internet transactions. MSMEs can also benefit from the economic and technical cooperation framework in RCEP through participating in technical assistance and capacity building activities.

RCEP also complements the country's drive to make the Philippines an investment hub for non-RCEP member countries. The country offers a strategic location, dynamic workforce, and stable legal regime on IP, strategic trade management and competition laws making it an ideal manufacturing and research and development hub even for non-RCEP countries. They can invest and manufacture products in the Philippines and export these to RPCs with preferential tariffs.

It should be noted that the obligations and commitments of the Philippines in its RCEP membership are consistent with the country's current legal regime, except on its commitment to amend the IP code to include protection of non-traditional trademarks, particularly sound trademarks.

Based on a study conducted by Cororaton (2016) for the Philippine Institute for Development Studies (PIDS) in 2016 on the assumption of an 80-percent reduction in tariffs, a 10-percent reduction in non-tariff barriers, and with India being part of the FTA, RCEP will result in trade creation within RCEP, and decline in exports to non-members. Improvements in exports of the six (6) non-ASEAN members will be of greater magnitude than those of ASEAN members. The results also suggest that, while exports of all ASEAN member countries will increase, Viet Nam stands to benefit the most from RCEP. It should be noted that the analysis of this study includes India.<sup>11</sup>

Specific to the Philippines, the study suggests that the effects of RCEP on the different sectors of the economy will generally favor lower income household groups. The entry of cheaper imported rice will negatively affect rice production in the country but will benefit low-income households since rice is a major item in their food basket. Import of cheaper textiles will lead to lower textile production but will favor the garments/wearing apparel industry. A ripple effect is expected from the higher inflows of foreign investments to the construction industry, that is, the improvement in output of the transportation and machinery equipment industry. Also, the transportation sector is seen to benefit from improvements in agriculture and manufacturing. In general, the study sees GDP expansion by 3%, USD2 billion in welfare gains, and decline in poverty from 24.9% to 23.3% by 2023, all resulting from RCEP.

However, Banga et al. (2021) points out that India's inclusion in RCEP studies renders the results meaningless now that the country has already withdrawn from the FTA. A study by Sharma et al (2020), as cited by Banga et al (2021), finds that India's decision to withdraw would negatively

---

<sup>11</sup> Notes: 1) Brunei and Myanmar were not included in the study due to unavailability of data in the Global Trade Analysis Project (GTAP) Database used in the study; 2) Note that under the RCEP Agreement the Philippines excluded from its commitment rice, among others.

impact RCEP; and whether or not India joins the FTA, the ASEAN member countries' trade balance would be adversely affected.

Despite India's withdrawal from RCEP, the United Nations Conference on Trade Development (UNCTAD) still projects RCEP to boost exports of RPCs by over 10% by 2025 and add about 0.2% to GDP growth in the region by 2030. It notes that the diversity among RCEP member countries enhances the region's attractiveness for investments with its locational advantages. Also, liberalization in the investment environment and the implementation of trade facilitation measures can improve efficiency and lower cost of doing business in the region that will further boost FDI and global value chain (GVC) activities. Enhanced intra-regional industrial connections could then help post-pandemic recovery growth of the region.

Given the presence of major GVC hubs such as China, Japan, and South Korea, UNCTAD views RCEP to provide growth opportunities for intra-regional value chain trade. GVCs on electrical and machinery, petroleum and chemicals, metal, textile and apparel, and transport equipment dominate the GVCs in RCEP. This is especially beneficial for the Philippines that has comparative advantage on these products, particularly electrical and machinery, and transport equipment, which are some of its top export products.

Results from the product-level impact analysis by Banga et al (2021) show that while the balance of trade will improve for Japan and New Zealand, it will deteriorate by six percent per annum for ASEAN member countries, with that of the Philippines by 1.1%. Philippine imports are estimated to increase by 0.2%, which would be mainly due to the rise in imports from South Korea and China. Meanwhile, exports are estimated to decline for ASEAN member countries in favor of more efficient exporters such as Japan, China and South Korea. The Philippines is also expected to lose USD58.2 million in tariff revenues.

### ***Potential Impact of Change in Exports due to RCEP on the Philippine Economy***

Table 11 presents the summary of results of the SMART simulations<sup>12</sup> for the Philippines when individual RPCs eliminate tariffs on imports from partner RPCs. The results show that given the positive and negative impacts of tariff elimination on products exported by the Philippines to RPCs, the country will gain positive net effects from exports to South Korea (USD88.7 million), Malaysia (USD39.5 million), Myanmar (USD22.6 million), Indonesia (USD9.5 million), Viet Nam (USD2.8 million), Cambodia (USD1.8 million), New Zealand (USD0.9 million), and Australia (USD0.7 million). Philippine exports will incur the highest negative net effects from China (USD62.9 million), followed by Thailand (USD39.3 million), and Japan (USD8.0 million). Marginal

---

<sup>12</sup>The SMART market access simulation package by WITS is a partial equilibrium modelling tool; partial equilibrium implies that the analysis only considers the effects of a given policy action in the market/s that are directly affected, and does not account for the economic interactions between the various markets in a given economy. The model assumes substitution elasticity of 1.5 and supply elasticity of 99, i.e., infinite export supply elasticity. SMART relies on the Armington solution to model the behavior of consumer, which assumes imperfect substitutions between different import sources. This means that goods imported from different countries, although similar, are imperfect substitutes. Therefore, a preferential trade agreement does not readily result in all import demands shifting to the beneficiary of a preferential tariff.

negative net effects are expected from exports to Lao PDR and Brunei, and zero effects from exports to Singapore.

**Table 11. Summary of Changes in Export Demand from the Philippines to RPCs Post-RCEP**

RPCs	Positive Effects (in USD Thousand)	Negative Effects (in USD Thousand)	Net Effects (in USD Thousand)
South Korea	134,713.27	-46,055.73	88,657.54
Malaysia	39,454.87	0	39,454.87
Myanmar	22,582.89	-14.72	22,568.17
Indonesia	11,290.55	-1,797.69	9,492.86
Viet Nam	6,969.95	-4,178.75	2,791.20
Cambodia	1,824.69	0	1,824.69
New Zealand	865.93	-0.22	865.71
Australia	697.38	-0.03	697.35
Singapore	0	0	0
Brunei	0	-0.31	-0.31
Lao PDR	0	-2.91	-2.91
Japan	21,906.58	-29,902.81	-7,996.22
Thailand	3.36	-39,261.23	-39,257.87
China	9,846.17	-72,751.98	-62,905.81

Source: Author's calculation based on the results of WITS' SMART simulations

\*Mirrored analysis where changes in PH exports are estimated when RPCs eliminate tariffs on imports from other RPCs; used 2019 base trade data, except for Cambodia (2016), South Korea (2018), Malaysia (2016), and Thailand (2015); HS-combined nomenclature

Biggest gainers post-RCEP include: 1) edible fruit – bananas, other than plantains, fresh or dried and 2) pineapples, fresh or dried (South Korea); 3) edible fruit – pineapples, fresh or dried (Japan); 4) tobacco, smoking, other than water pipe tobacco, whether or not containing tobacco substitutes in any proportion (Myanmar), and 5) electric accumulators, lead-acid, of a kind used for starting piston engines, including separators, whether or not rectangular (including square) (Malaysia), among others.

On the other hand, biggest losers include: 1) vehicle parts, gear boxes and parts thereof, and 2) vehicles parts and accessories, not elsewhere classified (n.e.c.) in heading no. 8708 (Thailand); 3) electronic integrated circuits, n.e.c. in heading no. 8542, and 4) reception and transmission apparatus for use with the apparatus of heading no. 8525 to 8528, excluding aerials and areal reflectors (China); and 5) electric motor, of an output not exceeding 37.5W, 6) electrical inductors, n.e.c. in heading no. 8504, and 7) electronic integrated circuits, processors and controllers, whether or not combined with memories, converter, logic circuits, amplifiers, clock and timing circuits, or other circuits (South Korea), among others (See Annex for details of top affected (positive and negative) export commodities of the Philippines to respective RPCs).

Table 12 provides results of the estimated effects of changes in demand for Philippine exports<sup>13</sup> to the country's GDP, output, employment and household income using the Social Accounting Matrix (SAM)-based multiplier tool.<sup>14</sup>

**Table 12 . Effects of Changes in Export Demand to the Philippines**

Partner RPCs	GDP Effects (in PhP M)	Output Effects (in PhP M)	Employment Effects	Household Income Effects (in PhP M)
South Korea	11,187.03	19,966.18	246,467	8,877.17
Malaysia	712.61	1,758.94	14,129	526.34
Japan	626.87	1,087.50	14,206	441.33
Myanmar	588.22	2,096.67	11,869	412.63
Indonesia	446.99	1,194.65	9,877	334.57
Viet Nam	78.43	366.25	1,557	50.98
Cambodia	60.35	140.48	1,149	44.30
Australia	32.21	73.58	749	25.21
New Zealand	30.31	70.77	656	23.22
Singapore	0	0	0	0
Brunei	-0.02	-0.04	0	-0.01
Lao PDR	-0.14	-0.34	-3	-0.11
China	-735.47	-1,600.32	-11,620	-513.77
Thailand	-996.87	-2,673.83	-20,875	-737.08

Source: Author's calculation based on the results of SMART simulations and SAM Multiplier Tool

\*Used the changes in export demand for Top 10 commodities (6-digit HS Codes) due to tariff elimination, from SMART simulations, as exogenous shock to the SAM Multiplier Tool

The results show that changes in export demand from South Korea, Malaysia, Japan<sup>15</sup>, Myanmar, Indonesia, Viet Nam, Cambodia, Australia, and New Zealand will generate increments for the Philippine GDP, and create additional outputs, employment and income for households. Specifically, changes in export demand from South Korea will lead to the biggest GDP effect at PhP11.2 billion, creating additional PhP20.0 million of output (broken down into PhP8.4 billion in agriculture, fishery and forestry, PhP4.3 billion in manufacturing and construction, and PhP7.3 billion in services). The same changes in export demand will generate additional 246,467 jobs and PhP8.9 billion in income for the households. Changes in export demand from Malaysia will

<sup>13</sup>SMART simulation results were converted into PhP using 2019 average exchange rate of USD1 = PhP51.7958, except for Cambodia and Malaysia (2016 average exchange rate USD1 = PhP47.4925), South Korea (2018 average exchange rate USD1 = 52.6614), and Thailand (2015 average exchange rate USD1 = PhP45.5028)

<sup>14</sup> 2015 Philippine 50-sector SAM, estimated using the ratio between 2012 intermediate inputs to 2012 GDP; developed by Ateneo Center for Economic Research and Development; changes in export demand (positive and negative) for Top 10 commodities (in 6-digit HS Codes) due to tariff elimination from SMART simulations were used as exogenous shock to the SAM Multiplier Tool

<sup>15</sup> The resulting positive effects on Japan's GDP, output, employment and income, despite the negative net effect in the SMART simulations, may be due to the fact that the exogenous shock used in the SAM multiplier tool is limited only to the top 10 commodities with positive and negative changes in export demands. The top 10 commodities with positive changes account for 60.3% of the absolute value of the total, while the top 10 commodities with negative effects comprise only 39.7%.

result in additional PhP1.8 billion worth of outputs across different industries and generate 14,129 jobs. It will create additional PhP526.3 million in household incomes, leading to additional PhP712.6 million in GDP.

The negative net effects from the changes of export demand from China and Thailand will result in the reduction in GDP by PhP735.5 million and PhP996.9 million, respectively. With respect to the reduction in export demand from China, outputs across industries will decline by PhP1.6 billion, employment by 11,620, and income by PhP513.8 million. Changes in export demand from Thailand, on the other hand, will cause a drop in outputs by PhP2.7 billion, employment by 20,875, and household income by PhP737.1 million.

An industry-level analysis for selected top 20 imported commodities (in 6-digit HS 2012) by Australia, China, Japan, South Korea, and New Zealand was done using the global simulation model (GSIM)<sup>16</sup>. Table 13 shows that eliminating tariffs on pineapples will result in the highest net welfare effects for the Philippines (USD1.6 million), which will come from the producer surplus that will be generated by the Philippines as an exporter. This will be followed by gains from the following commodities that will be mainly generated from the producer surplus: a) fish preparations, from which the country will generate USD773.5 thousand; b) fruits, nuts and other edible parts of plants, USD144.0 thousand; and, c) sound signaling equipment, USD95.1 thousand. Eliminating tariffs from tropical wood will generate marginal welfare effect for the Philippines (USD0.1 thousand), while it will create negative net welfare effects for the rest of the top 20 commodities.

It is notable that tariff elimination for insulated electric conductors will generate USD4.3 million in consumer surplus, although it will lead to tariff revenue losses amounting to USD5.1 million, resulting in net welfare effects amounting to USD1.6 million. In addition, although the Philippines will gain USD3.4 million in consumer surplus for propylene, it will lose USD3.7 million in tariff revenues. Only marginal changes are noted in consumer prices, outputs, producer prices and market prices as a result of tariff elimination.

**Table 13. Effects to the Philippines of Tariff Elimination on the Top 20 Commodities Among RPCs (in USD Thousand)**

Product Code	Product Description	Producer Surplus	Consumer Surplus	Tariff Revenue	Change in Subsidy Payments	Net Welfare Effect
200820	Fruit; pineapples, prepared or preserved in ways n.e.c. in heading no. 2007, whether or not containing added sugar, other sweetening matter or spirit	1,620.38	-0.57	0	-	1,619.81
160414	Fish preparations; tunas, skipjack and Atlantic bonito ( <i>sarda</i> spp.),	786.66	-13.16	0.03	-	773.53

<sup>16</sup>GSIM simulation is based from the excel calculation of Francois and Hall (2003) "Global simulation analysis of industry-level trade policy."

Product Code	Product Description	Producer Surplus	Consumer Surplus	Tariff Revenue	Change in Subsidy Payments	Net Welfare Effect
	prepared or preserved, whole or in pieces (but not minced)					
200899	Fruit, nuts and other edible parts of plants; prepared or preserved, whether or not containing added sugar, other sweetening matter or spirit, n.e.c. in heading no. 2008	159.71	-16.18	0.45	-	143.98
851230	Sound signaling equipment; electrical, used on cycles or motor vehicles (excluding articles of heading no. 8539)	106.95	33.48	-45.36	-	95.07
440729	Wood, tropical, n.e.c. in item no. 4407.2, sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6mm	0.42	-0.3	0	-	0.12
382370	Industrial fatty alcohols	3.39	-2.04	-1.65	-	-0.3
852871	Reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus; not designed to incorporate a video display or screen	0.89	-8.02	0.01	-	-7.12
030199	Fish; live, n.e.c. in heading 0301	-7.02	-0.22	-	-	-7.24
390190	Ethylene polymers; in primary forms, n.e.c. in heading no. 3901	-31.43	84.27	-87.06	-	-34.22
030749	Molluscs; cuttle fish and squid, whether in shell or not, includes flours, meals, and pellets of molluscs, fit for human consumption, dried, salted, in brine, or smoked, cooked or not before or during the smoking process	702.18	-767.96	4.31	-	-61.47
870829	Vehicles; parts and accessories, of bodies, other than safety seat belts	-3.33	273.59	-342.98	-	-72.72
121221	Seaweeds and other algae; fit for human consumption, fresh, chilled, frozen or dried, whether or not ground	-59.3	-30.51	0.55	-	-89.25
621210	Brassieres; whether or not knitted or crocheted	-100.77	-4.54	0.02	-	-105.29
190590	Food preparations; bakers' wares n.e.c. in heading no. 1605, whether or not containing cocoa; communion wafers, empty cachets	164.06	-317.54	10.17	-	-143.31

Product Code	Product Description	Producer Surplus	Consumer Surplus	Tariff Revenue	Change in Subsidy Payments	Net Welfare Effect
	suitable for pharmaceutical use, sealing wafers, rice papers and similar products					
610990	T-shirts, singlets and other vests; of textile materials (other than cotton), knitted or crocheted	-176.16	-27.07	1.01	-	-202.22
390810	Polyamides; polyamide-6, -11, -12, -6,6, -6,9, -6,10 or -6,12, in primary forms	-56.86	-178.2	1.44	-	-233.63
390210	Propylene, other olefin polymers; polypropylene in primary forms	-161.09	3,414.23	-3,718.84	-	-465.71
390120	Ethylene polymers; in primary forms, polyethylene having a specific gravity of 0.94 or more	696.86	-1,008.00	-179.34	-	-490.47
854449	Insulated electric conductors; for a voltage not exceeding 1000 volts, not fitted with connectors	-48.71	-598.15	7.13	-	-639.73
854430	Insulated electric conductors; ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	-764.32	4,289.31	-5,124.29	-	-1,599.30

Source: Author's calculation based on the results of GSIM simulation.

Notes: Import Demand is based on the Armington Assumption, and market clearing conditions are met.

Trade data used are from 6-digit HS 2012 nomenclature.

## V. Alignment of RCEP with Government Initiatives and Programs

The Philippines' participation in RCEP is complementary with the existing initiatives and programs of the government on industry development.

The government's Inclusive Innovation Industrial Strategy (I<sup>3</sup>S), which aims to grow innovative and globally competitive manufacturing, agriculture and services while also strengthening their linkages with domestic and global value chains, is one of the policies in place to support local industries and enhance their competitiveness. Priority industries for growth and development under I<sup>3</sup>S will be able to maximize investments generated from RCEP. Regional Inclusive Innovation Centers (RIICs) can help MSMEs to enhance their goods or services, especially in terms of technology upgrading, and research and development to make them more competitive with imported products from partner countries.

Products or services promoted through the "One Town, One Product" (OTOP) program by the government can benefit from the consolidated market access in RCEP. Some of the OTOP products where the Philippines has secured improved tariff concessions under the FTA are synthetic rubber and bamboo sheets/fiberboard in China; dried/salted milkfish, mandarins, roasted and decaffeinated coffee, banana chips and wine in Japan; live, fresh, frozen,

dried/salted milkfish, frozen cassava, cashew (in shell, shelled), dried/salted seaweed, banana chips, rubber thread, and bamboo in South Korea.

Finally, the government's "Make It Happen in the Philippines" Campaign – an international multisector, multimarket campaign designed to generate investment leads from 18 countries in Asia-Pacific, Europe and America – advances the country's goal to attract more investments into the Philippines, making it a regional manufacturing hub that can maximize the benefits offered by RCEP.

## **VI. Conclusion/Recommendations**

The cheaper cost offered by RCEP favors both consumers and traders as it lowers prices of consumer goods for households, and raw materials and intermediate goods for manufacturers, thereby enabling them to be more competitive exporters. A more competitive manufacturing industry and trade facilitative procedures under RCEP will help tilt the balance of trade in favor of the Philippines, given that the bulk of the country's trade deficit is with RPCs.

Tariff elimination of RPCs on imports from the Philippines will result in positive net effects for exports to South Korea, Malaysia, Myanmar, Indonesia, Viet Nam, Cambodia, New Zealand and Australia. The biggest gainers would be edible fruit – bananas, other than plantains, fresh or dried and fresh or dried pineapples (South Korea); edible fruit – pineapples, fresh or dried (Japan); tobacco, smoking, other than water pipe tobacco, whether or not containing tobacco substitutes in any proportion (Myanmar); and electric accumulators, lead-acid, of a kind used for starting piston engines, including separators, whether or not rectangular (including square) (Malaysia), among others. On the other hand, losses will be incurred on vehicle parts and accessories (Thailand), and electronics products (China and South Korea), among others.

These changes in export demand will result in GDP increments, additional outputs, jobs and household incomes for the Philippines, particularly from South Korea, Malaysia, Japan, Myanmar and Indonesia, although losses will be incurred from the change in export demand by Thailand and China.

An industry-level analysis using GSIM shows that eliminating tariffs on pineapples will result in the highest net welfare effects for the Philippines. Similarly, the country will gain positive net welfare effects from tariff elimination on fish preparations, fruits, nuts, and other edible parts of plants, and sound signaling equipment. However, it will create negative net welfare effects for insulated electric conductors, ethylene polymers, propylene, and polyamides, among others.

As RCEP fosters competitiveness in the region, the Philippines can attract and direct more investments into its priority industries for growth. Its well-established IP code and strong competition policy provide assurance among investors of the predictability of rules and regulations governing investments in the land. This will subsequently generate more jobs and higher income for the people.

Overall, the benefits of RCEP far outweigh the cost of not joining it. Philippine participation in RCEP shows its readiness to be an investment hub in the region and play a bigger and more active role in the global value chains. The ratification of RCEP is, therefore, the next logical step for the country.

However, to realize and maximize the benefits presented by RCEP, FTA utilization among Philippine firms should be improved. Several past studies/surveys found that FTA utilization for imports in the Philippines has been relatively low.<sup>17</sup> Majority of the FTA users are medium and large enterprises; most of them have foreign equity and are located in export processing zones and special economic zones.<sup>18</sup> Given these, improvements in the information dissemination campaigns of the government should be in place, to target particularly the MSMEs and those that are not located in economic/processing zones.

RCEP, along with the existing support programs and initiatives, and current legal and institutional framework, e.g., Philippine Technology Transfer Act, Philippine Innovation Act, Innovation Startup Act, and the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, are all expected to provide the necessary boost for investment, trade and GVC activities. This will, in turn, accelerate the post-pandemic recovery of the country.

---

<sup>17</sup> Quimba, Rosellon, and Calizo Jr. 2020. *FTA Utilization of Philippine Imports*. Philippine Institute for Development Studies, Discussion Paper Series No. 2020-25.

<sup>18</sup> Aldaba, et al. 2015. *How are Firms Responding to Philippine Free Trade Agreements?* Philippine Institute for Development Studies, Discussion Paper Series No. 2015-22.

## **References**

Aldaba, R., E. Medalla, J. Yap, M. Rosellon, F. del Prado, M. Mantaring, and V. Ledda. 2015. How are Firms Responding to Philippine Free Trade Agreements? Philippine Institute for Development Studies, Discussion Paper Series No. 2015-22.

ASEAN Website. 2015. Movement of Natural Persons. Retrieved from <https://www.asean.org/wp-content/uploads/images/2015/september/Articles-on-AEC-2015/Edited%20MNP.pdf> on 25 January 2021

Banga, R., K.P. Gallagher, and P. Sharma. 2021. RCEP: Goods Market Access Implications for ASEAN. Global Economic Governance Initiative Working Paper, 045-03/2021. Retrieved from [https://www.bu.edu/gdp/files/2021/03/GEGI\\_WP\\_045\\_FIN.pdf](https://www.bu.edu/gdp/files/2021/03/GEGI_WP_045_FIN.pdf) on 07 December 2021

Cororaton, C. B. 2016. Potential Effects of the Regional Comprehensive Economic Partnership on the Philippine Economy. Philippine Institute for Development Studies. Discussion Paper Series NO. 2016-30.

Quimba, F.M., M. Rosellon, and S. Calizo Jr. 2020. FTA Utilization of Philippine Imports. Philippine Institute for Development Studies, Discussion Paper Series No. 2020-25.

United Nations Conference on Trade and Development (UNCTAD). 2021. World Investment Report 2021. Retrieved from <https://unctad.org/webflyer/world-investment-report-2021> on 30 November 2021

UNCTAD. November 2020. RCEP Agreement a Potential Boost for Investment in Sustainable Post-COVID Recovery. Investment Trends Monitor. Retrieved from [https://unctad.org/system/files/official-document/diaeiainf2020d5\\_en\\_0.pdf](https://unctad.org/system/files/official-document/diaeiainf2020d5_en_0.pdf) on 25 January 2020

ANNEX

Table 1. Change in PH's Exports to Australia

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
<b>Positive Effects</b>			
620343	Trousers, bib and brace overalls, breeches and shorts; men's or boys', of synthetic fibres (not knitted or crocheted)	185.39	26.58
620342	Trousers, bib and brace overalls, breeches and shorts; men's or boys', of cotton (not knitted or crocheted)	121.75	17.46
610990	T-shirts, singlets and other vests; of textile materials (other than cotton), knitted or crocheted	89.58	12.85
842890	Lifting, handling, loading or unloading machinery; n.e.c. in heading no. 8425, 8426, 8427 or 8428	68.01	9.75
611241	Swimwear; women's or girls', of synthetic fibres, knitted or crocheted	60.20	8.63
610220	Coats; women's or girls' overcoats, car-coats, capes, anoraks, wind-jackets and similar articles, of cotton, knitted or crocheted (excluding those of heading no. 6104)	26.60	3.81
620590	Shirts; men's or boys', of textile materials n.e.c. in heading no. 6205 (not knitted or crocheted)	26.30	3.77
621111	Swimwear; men's or boys', (not knitted or crocheted)	16.87	2.42
961900	Sanitary towels (pads) and tampons, napkins and napkin liners for babies and similar articles, of any material	12.62	1.81
620333	Jackets and blazers; men's or boys', of synthetic fibres (not knitted or crocheted)	9.06	1.30
	Others	80.97	11.61
<b>Negative Effects</b>			
640359	Footwear; n.e.c. in heading no. 6403, (not covering the ankle), outer soles and uppers of leather	-0.022	-0.0001
640419	Footwear; (other than sportswear), with outer soles of rubber or plastics and uppers of textile materials	-0.003	-0.0003
640399	Footwear; n.e.c. in heading no. 6403, (not covering the ankle), outer soles of rubber, plastics or composition leather, uppers of leather	-0.002	-0.0004

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
640590	Footwear; n.e.c. in chapter 64	-0.001	-0.0032
<b>Total Net Effect</b>		<b>697.35</b>	<b>100.00</b>

**Table 2. Change in PH's Exports to Brunei\***

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
640399	Footwear; n.e.c. in heading no. 6403, (not covering the ankle), outer soles of rubber, plastics or composition leather, uppers of leather	-0.142	45.66
630299	Toilet and kitchen linen; of textile materials (other than cotton or man-made fibres)	-0.055	17.68
640590	Footwear; n.e.c. in chapter 64	-0.051	16.40
640419	Footwear; (other than sportswear), with outer soles of rubber or plastics and uppers of textile materials	-0.026	8.36
940389	Furniture; of cane, osier, or similar materials (other than bamboo or rattan)	-0.018	5.79
940370	Furniture; plastic	-0.013	4.18
640359	Footwear; n.e.c. in heading no. 6403, (not covering the ankle), outer soles and uppers of leather	-0.003	0.96
640420	Footwear; outer soles of leather or composition leather, uppers of textile materials	-0.003	0.96
<b>Total Net Effect</b>		<b>-0.311</b>	<b>100.00</b>

*\*No Positive Effects*

**Table 3. Change in PH's Exports to Cambodia\***

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
854420	Insulated electric conductors; co-axial cable and other co-axial electric conductors	675.63	37.03
190110	Food preparations; of flour, meal, starch, malt extract or milk products, suitable for infants or young children, put up for retail sale	290.04	15.90
871496	Cycles; parts, pedals and crank-gear, and parts thereof	160.35	8.79
271311	Petroleum coke; (not calcined), obtained from bituminous minerals	85.08	4.66
271019	Petroleum oils and oils from bituminous minerals, not containing biodiesel, not crude,	64.08	3.51

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
	not waste oils; preparations n.e.c, containing by weight 70% or more of petroleum oils or oils from bituminous minerals; not light oils and preparations		
551519	Fabrics, woven; of polyester staple fibres n.e.c. in chapter 55, mixed mainly or solely with fibres n.e.c. in item no. 5515.1	53.88	2.95
391739	Plastics; tubes, pipes and hoses thereof, n.e.c. in item no. 3917.30	51.63	2.83
630900	Clothing; worn, and other worn articles	51.46	2.82
670300	Human hair, dressed, thinned, bleached or otherwise worked; wool or other animal hair or other textile materials, prepared for use in making wigs or the like	42.24	2.31
170410	Sugar confectionery; chewing gum, whether or not sugar-coated, not containing cocoa	39.81	2.18
	Others	310.49	17.02
<b>Total Net Effect</b>		<b>1,824.69</b>	<b>100.00</b>

*\*No Negative Effects*

**Table 4. Change in PH's Exports to China**

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
<b>Negative Effects</b>			
854239	Electronic integrated circuits; n.e.c. in heading no. 8542	-7,471.57	11.88
852990	Reception and transmission apparatus; for use with the apparatus of heading no. 8525 to 8528, excluding aerials and aerial reflectors	-6,463.40	10.27
854231	Electronic integrated circuits; processors and controllers, whether or not combined with memories, converters, logic circuits, amplifiers, clock and timing circuits, or other circuits	-3,830.64	6.09
854890	Electrical parts of machinery or apparatus; n.e.c. in chapter 85	-2,855.74	4.54
854232	Electronic integrated circuits; memories	-2,799.51	4.45
900211	Lenses; objective, for cameras, projectors or photographic enlargers or reducers, mounted, being parts or fittings for instruments or apparatus, of any material (excluding glass not optically worked)	-2,382.87	3.79

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
853610	Electrical apparatus; fuses, for a voltage not exceeding 1000 volts	-2,182.14	3.47
270730	Oils and products of the distillation of high temperature coal tar; xylol (xylenes)	-2,131.26	3.39
903180	Instruments, appliances and machines; for measuring or checking n.e.c. in chapter 90	-2,123.68	3.38
853641	Electrical apparatus; relays, (for a voltage not exceeding 60 volts)	-2,110.26	3.35
	Others	-38,400.92	61.05
<b>Positive Effects</b>			
390120	Ethylene polymers; in primary forms, polyethylene having a specific gravity of 0.94 or more	2,859.16	-4.55
400122	Rubber; technically specified natural rubber (TSNR), in primary forms or in plates, sheets or strip (excluding latex and smoked sheets)	1,848.32	-2.94
870895	Vehicle parts; safety airbags with inflater system; parts thereof	1,044.38	-1.66
170114	Sugars; cane sugar, raw, in solid form, other than as specified in Subheading Note 2 to this chapter, not containing added flavouring or colouring matter	948.19	-1.51
854430	Insulated electric conductors; ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	836.73	-1.33
240220	Cigarettes; containing tobacco	651.53	-1.04
870840	Vehicle parts; gear boxes and parts thereof	520.96	-0.83
890190	Vessels; n.e.c. in heading no. 8901, for the transport of goods and other vessels for the transport of both persons and goods	347.76	-0.55
481390	Paper, cigarette; (other than in rolls of a width not exceeding 5cm, or in booklets or tubes)	211.27	-0.34
851230	Sound signaling equipment; electrical, used on cycles or motor vehicles (excluding articles of heading no. 8539)	173.96	-0.28
	Others	403.92	-0.64
<b>Total Net Effect</b>		<b>-62,905.81</b>	<b>100.00</b>

**Table 5. Change in PH's Exports to Indonesia**

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
<b>Positive Effects</b>			

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
740311	Copper; refined, unwrought, cathodes and sections of cathodes	7,035.82	74.12
210690	Food preparations; n.e.c. in item no. 2106.10	2,475.57	26.08
330210	Odoriferous substances and mixtures; of a kind used in the food or drink industries	1,764.73	18.59
730890	Iron or steel; structures and parts thereof, n.e.c. in heading 7308	9.19	0.097
730729	Steel, stainless; tube or pipe fittings, n.e.c. in item no. 7307.2	1.26	0.013
711790	Jewellery; imitation, of other than base metal, whether or not plated with precious metal	0.87	0.009
732020	Iron or steel; helical springs and leaves for springs	0.71	0.007
711719	Jewellery; imitation, (excluding cuff links and studs), of base metal, whether or not plated with precious metal	0.57	0.006
732090	Iron or steel; springs n.e.c. in heading no. 7320	0.56	0.006
731940	Safety pins and other pins; of iron or steel	0.29	0.003
	Others	0.99	0.01
<b>Negative Effects</b>			
852869	Projectors; n.e.c. in subheading 8528.62, whether or not colour	-538.89	-5.68
390210	Propylene, other olefin polymers; polypropylene in primary forms	-200.99	-2.12
871410	Motorcycles (including mopeds); parts and accessories	-189.89	-2.00
240120	Tobacco; partly or wholly stemmed or stripped	-141.86	-1.49
870899	Vehicle parts and accessories; n.e.c. in heading no. 8708	-125.84	-1.33
854411	Insulated electric conductors; winding wire, of copper	-54.51	-0.57
392330	Plastics; carboys, bottles, flasks and similar articles, for the conveyance or packing of goods	-40.87	-0.43
870840	Vehicle parts; gear boxes and parts thereof	-39.92	-0.42
392690	Plastics; other articles n.e.c. in chapter 39	-33.31	-0.35
852872	Reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus; incorporating a colour video display or screen	-26.10	-0.27
	Others	-405.51	-4.27

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
<b>Total Net Effect</b>		<b>9,492.86</b>	<b>100.00</b>

**Table 6. Change in PH's Exports to Japan**

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
<b>Negative Effects</b>			
420292	Cases and containers; n.e.c. in heading 4202, with outer surface of sheeting of plastics or of textile materials	-3,995.12	49.96
200899	Fruit, nuts and other edible parts of plants; prepared or preserved, whether or not containing added sugar, other sweetening matter or spirit, n.e.c. in heading no. 2008	-1,212.53	15.16
961700	Vacuum flasks and other vacuum vessels, complete with cases; parts thereof other than glass inners	-1,055.27	13.20
392690	Plastics; other articles n.e.c. in chapter 39	-981.49	12.27
940190	Seat; parts	-976.48	12.21
610620	Blouses, shirts and shirt-blouses; women's or girls', of man-made fibres, knitted or crocheted	-873.29	10.92
392590	Plastics; builders' ware, n.e.c. or included in heading no. 3925	-800.92	10.02
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles; of man-made fibres, knitted or crocheted	-773.74	9.68
392210	Plastics; baths, shower-baths, sinks and wash-basins	-771.04	9.64
392321	Ethylene polymers; sacks and bags (including cones), for the conveyance or packing of goods	-740.58	9.26
	Others	-17,722.35	221.63
<b>Positive Effects</b>			
080430	Fruit, edible; pineapples, fresh or dried	8,193.57	-102.47
160414	Fish preparations; tunas, skipjack and Atlantic bonito (sarda spp.), prepared or preserved, whole or in pieces (but not minced)	2,550.14	-31.89
200820	Fruit; pineapples, prepared or preserved in ways n.e.c. in heading no. 2007, whether or not containing added sugar, other sweetening matter or spirit	1,199.49	-15.00
200949	Juice; pineapple, of a Brix value exceeding 20, unfermented, not containing added spirit,	1,145.15	-14.32

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
	whether or not containing added sugar or other sweetening matter		
640690	Footwear; parts, n.e.c. in heading 6406	1,128.94	-14.12
441299	Plywood, veneered panels and similar laminated wood (other than blockboard, laminboard and battenboard, other than of bamboo, and other than plywood consisting only of sheets of wood each ply 6mm or thinner)	1,060.54	-13.26
420321	Clothing accessories; gloves, mittens and mitts, specially designed for use in sports, of leather or composition leather, padded	984.20	-12.31
030487	Fish fillets; frozen, tunas (of the genus Thunnus), skipjack or stripe-bellied bonito (Euthynnus (Katsuwonus) pelamis)	889.26	-11.12
170490	Sugar confectionery; (excluding chewing gum, including white chocolate), not containing cocoa	754.50	-9.44
030499	Fish meat, excluding fillets, whether or not minced; frozen, n.e.c. in item no. 0304.9	632.28	-7.91
	Others	3,368.51	-42.13
<b>Total Net Effect</b>		<b>-7,996.22</b>	<b>100.00</b>

**Table 7. Change in PH's Exports to South Korea**

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
<b>Positive Effects</b>			
080390	Fruit, edible; bananas, other than plantains, fresh or dried	102,546.65	115.67
080430	Fruit, edible; pineapples, fresh or dried	13,283.24	14.98
200897	Fruit, nuts and other edible parts of plants; mixtures (other than those of subheading no 2008.19); prepared or preserved in ways n.e.c. in headings 2007 and 2008, whether or not containing added sugar, or other sweetening matter or spirit, n.e.c.	5,023.29	5.67
200899	Fruit, nuts and other edible parts of plants; prepared or preserved, whether or not containing added sugar, other sweetening matter or spirit, n.e.c. in heading no. 2008	2,795.48	3.15
200820	Fruit; pineapples, prepared or preserved in ways n.e.c. in heading no. 2007, whether or	1,987.38	2.24

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
	not containing added sugar, other sweetening matter or spirit		
080450	Fruit, edible; guavas, mangoes and mangosteens, fresh or dried	1,754.77	1.98
210690	Food preparations; n.e.c. in item no. 2106.10	865.79	0.98
030617	Crustaceans; frozen, shrimps and prawns, excluding cold-water varieties, in shell or not, smoked, cooked or not before or during smoking; in shell, cooked by steaming or by boiling in water	680.27	0.77
110630	Flour, meal and powder; of the products of chapter 8	475.64	0.54
081190	Fruit, edible; fruit and nuts n.e.c. in heading no. 0811, uncooked or cooked, frozen whether or not containing added sugar or other sweetening matter	452.27	0.51
	Others	4,848.50	5.47
<b>Negative Effects</b>			
850110	Electric motors; of an output not exceeding 37.5W	-6,421.06	-7.24
850450	Electrical inductors; n.e.c. in heading no. 8504	-5,122.68	-5.78
854231	Electronic integrated circuits; processors and controllers, whether or not combined with memories, converters, logic circuits, amplifiers, clock and timing circuits, or other circuits	-5,068.95	-5.72
854430	Insulated electric conductors; ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	-2,689.66	-3.03
270799	Oils and other products of the distillation of high temperature coal tar; n.e.c. in heading no. 2707	-1,955.71	-2.21
854239	Electronic integrated circuits; n.e.c. in heading no. 8542	-1,668.82	-1.88
850511	Magnets; permanent magnets and articles intended to become permanent magnets after magnetisation, of metal	-1,142.66	-1.29
271119	Petroleum gases and other gaseous hydrocarbons; liquefied, n.e.c. in heading no. 2711	-1,053.40	-1.19
854232	Electronic integrated circuits; memories	-882.14	-1.00
741011	Copper; foil, not backed, of a thickness not exceeding 0.15mm, of refined copper	-833.20	-0.94
	Others	-19,217.45	-21.68

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
<b>Total Net Effect</b>		<b>88,657.54</b>	<b>100.00</b>

**Table 8. Change in PH's Exports to Lao PDR\***

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
392329	Plastics; sacks and bags (including cones), for the conveyance or packing of goods, of plastics other than ethylene polymers	-1.70	58.43
300490	Medicaments; consisting of mixed or unmixed products n.e.c. in heading no. 3004, for therapeutic or prophylactic uses, packaged for retail sale	-0.65	22.23
850440	Electrical static converters	-0.17	5.71
481390	Paper, cigarette; (other than in rolls of a width not exceeding 5cm, or in booklets or tubes)	-0.09	3.10
551411	Fabrics, woven; plain weave, unbleached or bleached, containing less than 85% by weight of polyester staple fibres, mixed mainly or solely with cotton, exceeding 170g/m2	-0.09	3.03
844332	Printing, copying, and facsimile machines; single-function printing, copying or facsimile machines, capable of connecting to an automatic data processing machine or to a network	-0.04	1.48
961519	Combs, hair slides and the like; of other than hard rubber or plastics	-0.04	1.31
260900	Tin ores and concentrates	-0.03	0.86
870899	Vehicle parts and accessories; n.e.c. in heading no. 8708	-0.02	0.72
400911	Rubber; vulcanised (other than hard rubber), tubing, piping and hoses, not reinforced or otherwise combined with other materials, without fittings	-0.02	0.69
	Others	-0.071	2.44
<b>Total Net Effect</b>		<b>-2.91</b>	<b>100.00</b>

*\*No Positive Effects*

**Table 9. Change in PH's Exports to Malaysia\***

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
850710	Electric accumulators; lead-acid, of a kind used for starting piston engines, including	7,724.89	19.58

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
	separators, whether or not rectangular (including square)		
870829	Vehicles; parts and accessories, of bodies, other than safety seat belts	1,872.70	4.75
151311	Vegetable oils; coconut (copra) oil and its fractions, crude, not chemically modified	1,677.83	4.25
630629	Tents; of textile materials other than synthetic fibres	1,445.06	3.66
830910	Stoppers; corks, of base metal	1,226.17	3.11
350691	Adhesives; prepared, based on polymers of heading 3901 to 3913 or on rubber	1,220.45	3.09
870899	Vehicle parts and accessories; n.e.c. in heading no. 8708	1,162.70	2.95
870840	Vehicle parts; gear boxes and parts thereof	1,030.08	2.61
401110	Rubber; new pneumatic tyres, of a kind used on motor cars (including station wagons and racing cars)	1,016.95	2.58
853690	Electrical apparatus; n.e.c. in heading no. 8536, for switching or protecting electrical circuits, for a voltage not exceeding 1000 volts	963.64	2.44
	Others	20,114.39	50.98
<b>Total Net Effect</b>		<b>39,454.87</b>	<b>100.00</b>

*\*No Negative Effects*

**Table 10. Change in PH's Exports to Myanmar**

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
<b>Positive Effects</b>			
240319	Tobacco; smoking, other than water pipe tobacco, whether or not containing tobacco substitutes in any proportion	21,167.01	93.79
110100	Wheat or meslin flour	563.07	2.49
481920	Paper and paperboard; folding cartons, boxes and cases, of non-corrugated paper or paperboard	468.73	2.08
560122	Wadding; other articles thereof, of man-made fibres	132.48	0.59
210690	Food preparations; n.e.c. in item no. 2106.10	37.66	0.17
330210	Odoriferous substances and mixtures; of a kind used in the food or drink industries	36.77	0.16
390210	Propylene, other olefin polymers; polypropylene in primary forms	35.24	0.16

<b>Product Code</b>	<b>Description</b>	<b>Change in Exports (Thousand USD)</b>	<b>Share to Total Net Effect in Exports (%)</b>
320417	Dyes; pigments and preparations based thereon	25.33	0.11
210390	Sauces and preparations therefor; mixed condiments and mixed seasonings	20.60	0.09
852869	Projectors; n.e.c. in subheading 8528.62, whether or not colour	12.50	0.06
	Others	83.51	0.37
<b>Negative Effects</b>			
850440	Electrical static converters	-2.08	-0.009
847190	Magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included	-1.73	-0.008
844331	Printing, copying, and facsimile machines; machines which perform two or more of the functions of printing, copying or facsimile transmission, capable of connecting to an automatic data processing machine or to a network	-1.02	-0.005
843139	Machinery; parts of the machinery of heading no. 8428, (other than lifts, skip hoists or escalators)	-0.92	-0.004
844332	Printing, copying, and facsimile machines; single-function printing, copying or facsimile machines, capable of connecting to an automatic data processing machine or to a network	-0.73	-0.003
846694	Machine-tools; parts and accessories, for the machines of heading no. 8462 or 8463, n.e.c. in heading no. 8466	-0.72	-0.003
901890	Medical, surgical or dental instruments and appliances; n.e.c. in heading no. 9018	-0.52	-0.002
392690	Plastics; other articles n.e.c. in chapter 39	-0.49	-0.002
844399	Printing machinery; parts and accessories, n.e.c. in item no. 8443.91	-0.45	-0.002
843149	Machinery; parts of machines handling earth, minerals or ores and n.e.c. in heading no. 8431	-0.44	-0.002
	Others	-5.62	-0.02
<b>Total Net Effect</b>		<b>22,568.17</b>	<b>100.00</b>

**Table 11. Change in PH's Exports to New Zealand**

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
<b>Positive Effects</b>			
321519	Ink; for printing, other than black, whether or not concentrated or solid	111.22	12.85
210390	Sauces and preparations therefor; mixed condiments and mixed seasonings	107.34	12.40
610990	T-shirts, singlets and other vests; of textile materials (other than cotton), knitted or crocheted	67.63	7.81
620343	Trousers, bib and brace overalls, breeches and shorts; men's or boys', of synthetic fibres (not knitted or crocheted)	62.94	7.27
610463	Trousers, bib and brace overalls, breeches and shorts; women's or girls', of synthetic fibres, knitted or crocheted	40.66	4.70
852721	Radio-broadcast receivers not capable of operating without an external source of power, of a kind used in motor vehicles; combined with sound recording or reproducing apparatus	37.75	4.36
630533	Sacks and bags; of a kind used for the packing of goods, of man-made textile materials, of polyethylene or polypropylene strip or the like, not flexible intermediate bulk containers	37.39	4.32
392410	Plastics; tableware and kitchenware	30.27	3.50
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles; of cotton, knitted or crocheted	26.90	3.11
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles; of man-made fibres, knitted or crocheted	22.35	2.58
	Others	321.50	37.14
<b>Negative Effects</b>			
560790	Twine, cordage, ropes, cables; of materials n.e.c. in heading no. 5607, whether or not plaited, braided or impregnated, coated, covered, or sheathed with rubber or plastics	-0.068	-0.0079
640419	Footwear; (other than sportswear), with outer soles of rubber or plastics and uppers of textile materials	-0.065	-0.0075
630630	Sails; for boats, sailboards or landcraft	-0.051	-0.0059
940179	Seats; with metal frames, not upholstered, (excluding medical, surgical, dental, veterinary or barber furniture)	-0.016	-0.0018
940190	Seat; parts	-0.009	-0.0010

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
731815	Iron or steel; threaded screws and bolts n.e.c. in item no. 7318.1, whether or not with their nuts or washers	-0.004	-0.0005
650500	Hats and other headgear; knitted or crocheted, or made up from lace, felt or other textile fabric, in the piece (but not in strips), whether or not lined or trimmed; hair-nets of any material, whether or not lined or trimmed	-0.003	-0.0003
700992	Glass mirrors; framed, excluding rear-view mirrors for vehicles	-0.002	-0.0002
940360	Furniture; wooden, other than for office, kitchen or bedroom use	-0.002	-0.0002
560312	Nonwovens; whether or not impregnated, coated, covered or laminated, of man-made filaments, (weighing more than 25g/m <sup>2</sup> but not more than 70g/m <sup>2</sup> )	-0.001	-0.0001
	Others	-0.003	-0.0003
<b>Total Net Effect</b>		<b>865.71</b>	<b>100.00</b>

**Table 12. Change in PH's Exports to Thailand**

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
<b>Negative Effects</b>			
870840	Vehicle parts; gear boxes and parts thereof	-13,947.79	35.53
870899	Vehicle parts and accessories; n.e.c. in heading no. 8708	-7,081.70	18.04
853710	Boards, panels, consoles, desks and other bases; for electric control or the distribution of electricity, (other than switching apparatus of heading no. 8517), for a voltage not exceeding 1000 volts	-2,894.45	7.37
870894	Vehicle parts; steering wheels, steering columns and steering boxes; parts thereof	-2,771.85	7.06
850110	Electric motors; of an output not exceeding 37.5W	-1,989.70	5.07
870850	Vehicle parts; drive-axles with differential, whether or not provided with other transmission components, and non-driving axles; parts thereof	-1,627.35	4.15
240220	Cigarettes; containing tobacco	-1,175.81	3.00
850440	Electrical static converters	-1,014.67	2.58

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
854430	Insulated electric conductors; ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	-612.45	1.56
120991	Seeds; vegetable seeds, of a kind used for sowing	-610.30	1.55
	Others	-5,535.16	14.10
<b>Positive Effects</b>			
120300	Copra	3.357	-0.009
<b>Total Net Effect</b>		<b>-39,257.87</b>	<b>100.00</b>

**Table 13. Change in PH's Exports to Viet Nam**

Product Code	Description	Change in Exports (Thousand USD)	Share to Total Net Effect in Exports (%)
<b>Positive Effects</b>			
240319	Tobacco; smoking, other than water pipe tobacco, whether or not containing tobacco substitutes in any proportion	5,613.71	201.12
270900	Oils; petroleum oils and oils obtained from bituminous minerals, crude	715.88	25.65
240120	Tobacco; partly or wholly stemmed or stripped	579.90	20.78
240399	Tobacco; other than homogenised or reconstituted or smoking	50.07	1.79
240391	Tobacco; homogenised or reconstituted	8.51	0.30
170191	Sugars; sucrose, chemically pure, in solid form, containing added flavouring or colouring matter	1.50	0.05
100610	Cereals; rice in the husk (paddy or rough)	0.32	0.01
160250	Meat preparations; of bovine animals, meat or meat offal, prepared or preserved (excluding livers and homogenised preparations)	0.09	0.003
<b>Negative Effects</b>			
854442	Insulated electric conductors; for a voltage not exceeding 1000 volts, fitted with connectors	-484.90	-17.37
870840	Vehicle parts; gear boxes and parts thereof	-394.49	-14.13
830160	Locks; parts of padlocks, locks, clasps and frames with clasps incorporating locks, of base metal	-371.06	-13.29
310530	Fertilizers, mineral or chemical; diammonium hydrogenorthophosphate (diammonium phosphate)	-301.04	-10.79
851810	Microphones and stands therefor	-283.39	-10.15

<b>Product Code</b>	<b>Description</b>	<b>Change in Exports (Thousand USD)</b>	<b>Share to Total Net Effect in Exports (%)</b>
853610	Electrical apparatus; fuses, for a voltage not exceeding 1000 volts	-259.84	-9.31
853669	Electrical apparatus; plugs and sockets, for a voltage not exceeding 1000 volts	-214.87	-7.70
854430	Insulated electric conductors; ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	-131.72	-4.72
850140	Electric motors; AC motors, single-phase	-127.33	-4.56
848310	Transmission shafts (including cam shafts and crank shafts) and cranks	-106.10	-3.80
	Others	-1,504.00	-53.88
	<b>Total Net Effect</b>	<b>2,791.20</b>	<b>100.00</b>