

Belt and Road will bolster Philippine trade ties with China and open up business opportunities for the archipelago globally

By PRIME SARMIENTO in Manila
For China Daily Asia Weekly

Philippine participation in the China-led Belt and Road Initiative will not only revive the historical Maritime Silk Route that once marked Philippine-China trade relations, but it will also expand the country's export markets.

Philippine Finance Secretary Carlos Dominguez III said the Belt and Road — specifically the 21st Century Maritime Silk Road component that aims to connect Chinese coastal ports to Europe through the South China Sea and Indian Ocean — will open new markets for Philippine products in China, the Middle East and Europe.

"The Philippines is building a lot of infrastructure, of course with the help of China, and among the infrastructure that we are building are ports and airports. That will help lower the cost of shipping our goods to say Hong Kong or to Shanghai, and that will open markets to us along the corridor between China and the Middle East and Europe," Dominguez said in a statement.

Key Philippine export products, such as electronics and tropical fruit, can find new and profitable markets through the Belt and Road, he said.

"We are the largest exporters of tropical fruits (in Asia), so definitely there will be a lot of benefit to us if we are able to open markets in, let's say, Kazakhstan, in Uzbekistan (and other countries) along the (Belt and Road) area," Dominguez said.

China has been an important trading partner of the Philippines even prior to the Belt and Road. According to the Philippine Statistics Authority, China accounted for more than 15 percent of the Philippines' \$115.97 billion total trade in 2016.

While the Association of Southeast Asian Nations remains the largest trading partner of the Philippines, the country's trade growth in the last six years has also involved non-ASEAN countries like China and Japan, according to Cielito Habito, former Philippine socioeconomic planning secretary.

At a roundtable discussion on the initiative organized by the Asia Pacific Pathways to Progress Foundation, Habito said that while China-Philippine trade in 2015 grew 2.7 percent, trade between the Philippines and ASEAN fell by 1.7 percent.

He also cited the presence of Chinese brands in the Philippines, as well as new investments, loans and grants coming from China.

"China is coming, and coming big. We must plan for an economy closely linked to China and beyond," he said,



Trucks carrying shipping containers arrive at Manila's international container port. The China-led Belt and Road Initiative to revive historical trading routes will lead to new opportunities for Philippine exporters. AFP

Export markets to flourish

noting that the Philippines stands to benefit from the Belt and Road.

Habito said the Philippines must be proactive to take advantage of new markets that the Belt and Road will open.

The archipelago can leverage its membership of the ASEAN Economic Community as Philippine companies expand overseas through partnerships with ASEAN peers, he said. Fast-food chain Jollibee and snack food manufacturer Lawayway Group have already branched out this way.

ASEAN business partnerships, he noted, help the Philippines tap opportunities in the region.

The Belt and Road Initiative, introduced by Chinese President Xi Jinping in 2013, aims to connect China to the larger Asian region as well as Europe and Africa.

It has two components — the Silk Road Economic Belt and the 21st Century Maritime Silk Road. Under the Silk Road Economic Belt program, a new Eurasian land bridge and various economic corridors will link China with Central Asia, Russia and Europe.

Speaking in May at the opening of the Belt and Road Forum for Inter-

national Cooperation, Xi said China will contribute an additional 100 billion yuan (\$15 billion) to the Silk Road Fund.

He added that the China Development Bank and the Export-Import Bank of China will establish special lending programs worth 250 billion yuan and 130 billion yuan, respectively, to support the initiative. This new commitment is on top of the financing already set aside for the Belt and Road.

Financing programs include the \$40 billion Silk Road Fund, which aims to support private investments, and lending facilities to come from the Asian Infrastructure Investment Bank, the Export-Import Bank of China and the New Development Bank — a multinational financial institution backed by Brazil, Russia, India, China and South Africa (collectively known as BRICS).

That an ancient trade route, which dates back more than 2,000 years, will inspire China's latest development strategy is par for the course.

According to Aaron Jed Rabena, associate fellow of the Philippine Council for Foreign Relations, China draws its initiatives from history

to "emphasize this long tradition of cooperation and friendship" with other countries.

And that includes the Philippines, which archaeological records show had been part of the ancient maritime trade route that saw Chinese merchants bartering their ceramics for Philippine pearls as far back as the Song Dynasty (960-1279).

Rabena said that by joining the initiative, the Philippines is continuing this centuries-old trade and diplomatic relationship.

Philippine President Rodrigo Duterte, who pushes for deeper engagement with China under his leadership, led a high-level delegation to May's Belt and Road Forum in Beijing. The delegation returned to Manila with four deals signed between the Philippine and Chinese governments.

One of these deals, the Agreement on Economic and Technical Cooperation, will provide a 500 million yuan grant from China for the construction of two bridges to span the Pasig River in Metro Manila, the sprawling Philippine capital.

This is just one of several loans and grants that China has extend-

ed in support of Duterte's massive infrastructure development program. This plan underscores the fact that opening new markets will entail huge investments in infrastructure.

"For commerce to flow smoothly, you need to have proper infrastructure in place as it will expedite the flow of goods, services and people," Rabena said.

Darlene V Estrada, foreign affairs research specialist with the Center for International Relations and Strategic Studies at the Foreign Service Institute, said the 21st Century Maritime Silk Road will have more of an impact on the Philippines as it deals with port network development.

The Philippines is prepared to implement massive joint infrastructure projects with China as the enhanced sea lanes open up new opportunities.

"The success of the (Maritime Silk Road) implementation depends not only on how good relations are between China and the Philippines, but also on the efficient and clean undertaking of infrastructure plans by the Philippine government," Estrada said.