

# Friendlier relationship with Manila bearing fruit

Benefits to trade and tourism as the Philippines and China cooperate, move forward together

By PRIME SARMIENTO  
in Manila  
prime@chinadailyapac.com

For the business community in the Philippines, the humble banana is an indicator of the country's trade relations with China.

Philippine business leaders said improved bilateral ties have boosted Chinese imports of bananas — one of their country's main cash crops.

"China has committed to buying more bananas, mangoes and other agricultural products from the Philippines," said Francis Chua, chairman emeritus of the Philippine Chamber of Commerce and Industry (PCCI), the country's largest business organization.

The Philippines is the biggest supplier of bananas to China, according to Produce Report, a website in Shanghai that focuses on Chinese food and agriculture.

Apart from bananas, China imports other fresh fruit from the Philippines. Produce Report said Philippine exports accounted for 9 percent of the nearly \$6 billion worth of fresh fruit China imported last year.

It is not only the Philippine agricultural sector that is benefiting from friendlier ties between the two countries.

Sergio Ortiz-Luis Jr., president of the Philippine Exporters Confederation, said China is now the Philippines' top trading partner, importing not only bananas but other goods such as mineral ores and electronics.

"China would have been our biggest trading partner (a few years ago) were it not for the South China Sea dispute," Ortiz-Luis said.

According to the latest report issued by the Philippine Statistics Authority, China has surpassed Japan to become the Philippines' biggest trading partner.

In the first half of this year, trade between the two countries reached \$14.08 billion. The Philippines exported \$4.09 billion worth of goods to China, while payment for

imports was valued at \$9.99 billion.

Nearly 60 percent of the Philippine exports to China are electronic products, with a value in the first half of \$2.35 billion. This was followed by manufactured goods, with total export receipts reaching \$335.43 million.

Zhao Jianhua, Chinese ambassador to the Philippines, said China is "proud to be the No 1 trading partner" of the Philippines, and expanding bilateral trade is one of the "great achievements" of Philippine President Rodrigo Duterte's visit to China, according to a report by Philippine news site ABS-CBN.

Zhao said China will further open its economy to the rest of the world, bringing prosperity to the Philippines and all other trading partners.

Alvin Ang, director of the Ateneo Center for Economic Research and Development in Manila, said it is not just the volume but the quality of exports to China that is "moving up".

He attributed this to China's goal of exporting high-tech products, which in turn boosts demand for higher quality semiconductors and components from the Philippines and other trading partners.

Ang said increased exports are just part of the economic gains that have resulted from stronger diplomatic ties with China. For example, Chinese financing is key to Duterte's flagship infrastructure development program.

The massive program, more popularly known as Build, Build, Build, aims to transform the Philippines into an upper-middle-income economy by 2022. It needs 3.6 trillion pesos (\$68 billion) to upgrade the country's infrastructure over the next three years.

"Local sources are not enough (to finance the) Build, Build, Build program," Ang said, noting that China can provide needed funding.

Such financing was realized in a groundbreaking ceremony for two infrastructure projects in July. China has committed to the construction of two bridges along the Pasig River



Workers handle production at a banana plantation in the northern Philippines. The country is one of the biggest suppliers of the fruit to China.

PHOTOS BY ROUELLE UMALI / XINHUA

for free, according to Xinhua News Agency.

Duterte said construction of the Binondo-Intramuros Bridge in Manila and the Estrella-Pantaleon

Bridge connecting the cities of Mandaluyong and Makati will ease traffic congestion in his country's capital.

"As a friend, China has once again proved that it intends to join

us in achieving lasting progress by addressing traffic congestion in Metro Manila," Duterte said.

China Road and Bridge Corp was contracted to build the two bridges, and construction is expected to take 30 months. Zhao said the bridges are part of a wider list of projects that China will fund.

Ortiz-Luis said that apart from infrastructure funding, Chinese investments and tourism receipts have also grown as a result of better bilateral relations.

"Chinese investments have increased tremendously under this administration. We are also receiving more Chinese tourists," he said.

Some of these investment pledges were signed in April during the Boao Forum for Asia, held in South China's Hainan province.

Duterte and President Xi Jinping witnessed the signing of an estimated \$9.8 billion worth of investment agreements with Chinese businesspeople, according to a report by CNN Philippines.

Philippine Trade Secretary Ramon Lopez said the letters of intent covered the agriculture, technology, pharmaceuticals, land development and infrastructure sectors. The investments are expected to generate up to 10,800 jobs.

China has also emerged as a key source of tourists for the Philippines, according to a Xinhua report.

Philippine Tourism Secretary Bernadette Romulo-Puyat said 764,094 Chinese visited the Philippines during the first seven months of this year. China is second only to South Korea as a source market for Philippine tourism.

PCCI's Chua said that given the long history between the two countries, and with trade ties predating the colonial era, it is good for the Philippines to engage with China.