

Brief on India-Philippines Economic & Commercial Relations**❖ TRADE**

India and the Philippines signed a Trade Agreement in 1979. Growth of bilateral trade between the two countries had been slow till the late 90s, but has picked up in the last few years. Balance of trade has been heavily in favour of India. Trade however still remains below its potential. However, the visits by the Indian President (February 2006) and then the Indian PM (January 2007) to the Philippines and later by the Philippines President to India (October 2007), have acted as a stimulus to bilateral trade and investment links. Presently (2008-09) bilateral trade (as per provisionally available figures) between India and the Philippines is US\$ 986.60 million of which US\$ 733.72 million forms Indian exports to the Philippines and US\$ 252.88 million is the component of India's imports from the Philippines (Source: Department of Commerce, Government of India).

2. **Major items of Indian exports are:** Frozen buffalo meat; rubber and articles thereof; oil seeds and olea etc.; vehicles; iron and steel; residues and waste from food industries; tobacco; pharmaceutical products.
3. **Major imports from Philippines are:** electrical and electronic machinery and equipment; iron and steel; machinery; vehicles; auto components, newsprint paper and paperboard; animal or vegetable fats and oils; organic chemicals.

Bilateral Trade Statistics*(Value in Million US\$)*

	2003-2004	2004-2005	2005-06	2006-2007	2007-08	2008-09 (Provisional)
India's EXPORTS	321.53	412.23	490.56	582.09	618.65	733.72
% Growth		(+28.21%)	(+20%)	(+17.67%)	(+6.23%)	(+18.60%)
India's IMPORTS	122.11	187.39	235.49	167.25	204.64	252.88
% Growth		(+53.46%)	(+25.67%)	(-28.98%)	(+22.36%)	(+23.57%)
Total Trade	443.64	599.62	730.15	749.34	823.29	986.60
		(+35.16%)	(+21.76%)	(+2.63%)	(+9.87%)	(+19.83%)

Major Exports from India to Philippines

(Value in Million US\$)

SI No.	HS Code	Product/Commodity	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
1	02	Meat and Edible Meat Offal	46.90	43.67	60.82	60.76	88.66
2	40	Rubber and articles thereof.	16.24	28.40	34.14	37.54	47.40
3	12	Oil seeds and olea, fruits; misc, grains, seeds and fruit	-	-	11.42	27.01	47.34
4	87	Vehicles	17.03	16.09	15.81	19.19	43.45
5	72	Iron and Steel	31.54	64.41	91.48	101.71	37.84
6	23	Residues and waste from the food industries, prepared animal fodder	11.99	16.52	21.03	21.08	36.82
7	24	Tobacco un-manufactured	-	-	7.18	21.69	32.35
8	30	Pharmaceutical products	19.36	14.02	22.19	25.18	30.01
9	39	Plastic and articles thereof	19.15	43.48	26.35	44.86	25.16
10	29	Organic Chemicals	11.04	12.04	12.59	16.47	25.00
11	85	Electrical & electronic machinery & equipment	-	-	9.72	20.87	24.84
12	84	Machinery and mechanical appliances	-	-	-	20.09	24.03

Major Imports to India from Philippines

(Value in Million US\$)

SI No.	HS Code	Product/Commodity	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
1	85	Electrical & electronic machinery and equipment and parts thereof	21.07	19.03	27.52	39.44	47.67
2	72	Iron and Steel	3.72	20.51	08.50	22.92	37.23
3	84	Nuclear Reactors, Boilers, Machinery and mechanical appliances, parts thereof	52.34	80.72	116.62	50.27	21.03
4	87	Vehicles (other than railway or tramway rolling stock) and parts and accessories thereof	7.62	6.21	1.76	8.93	17.66
5	48	Newsprint, Paper and paperboard, articles of paper pulps, of paper or of paperboard	9.12	10.78	19.05	13.22	11.16
6	15	Animal or Vegetable Fats & oils and other cleavage products, pre edible fats; animal or vegetable waxes	-	-	-	3.40	6.87
7	29	Organic chemicals	1.77	1.97	2.56	2.21	4.14
8	90	Optical/photographic/professional instruments	-	-	2.56	3.19	3.82
9	33	Essential oils and resinoid, perfumery, cosmetic or toilet preparations	-	-	32.73	1.67	1.12
10	40	Rubber and articles thereof	-	-	0.45	2.16	1.06

(Source: DGCIS & Directorate General of Foreign Trade, India)

❖ **INVESTMENTS**

4. India and Philippines signed an Agreement on Avoidance of Double Taxation and Prevention of Fiscal Evasion in 1990, and an Agreement for Promotion and Protection of Investments in 2000. Indian investments in the Philippines are mainly in the areas of textiles, garments, IT& ITes, steel, chemicals and pharmaceuticals. Philippine investments in India are in telecommunications, IT, real estate and reprocessing of waste and human resource development (management education). Following is the list of major investments between the two countries:

Indian investments in Philippines:

- ❑ Indo-Phil Textiles: A joint venture of Birla Group, established in 1975 is primarily engaged in manufacture of yarn.
- ❑ Global Steel Philippines Inc. of the Ispat Group, in Iligan City, Mindanao province, with a capacity of 1.2 million hot/cold rolled coils. Total investment is Peso 13 billion (US\$ 245 million) payable over a period of 8 years. The plant, which is also the largest steel plant in the Philippines, was inaugurated in February 2004 and has been exporting cold and hot rolled coils. A new product – steel plate – has recently been added to their product line.
- ❑ Bio-seed Research Philippines, belonging to DSCL Group, has been present in General Santos City, Mindanao, for the last 15 years. They produce seeds of corn, cotton, rice and hybrid vegetables and market them in the country. They also have research facilities for these seeds.
- ❑ HTMT BPO Center, belonging to Hinduja Group has been operating since 2003.
- ❑ Aditya Birla Group acquired an idle chemical plant in Jose Panganiban, Camarines Norte. The plant has been producing oleo-chemicals from coconut for use in detergents, pharmaceuticals and cosmetics.
- ❑ Garment manufacturing plants – there are a large number of these set up by Indians and persons of Indian origin in Philippines. Some of them have closed down following the end of textile quotas.
- ❑ Pharma companies including Dabur Pharma, Torrent, Zydus Cadilla, Ranbaxy Laboratories and Claris Lifesciences have subsidiaries/rep offices in Manila to promote their products.
- ❑ Aptech Limited has one franchisee computer training center in Bacolod and one multimedia training center in Manila. They are in discussions for setting up more such centers in the Philippines.
- ❑ Aditya Birla Minacs (ABM), of Adita Birla Group, opened a BPO unit in Manila in August 2007.
- ❑ While several IT companies from India have already set up BPO operations in the Philippines and these include companies like WIPRO (recently opened its BPO operations in Cebu), TCS, L&T Infotech,

Genpact, Infosys, Intelenet; some others like HCL, Tech Mahindra etc. are planning to set up operations.

- ❑ **Aegis BPO**, part of India's Essar Group has acquired a California-based outsourcing firm, **People Support Inc** (Philippines) at a price of \$250 million.
- ❑ **M/S Lupin Limited of India** acquired a majority stake of 51% in the local pharmaceutical company, M/s Multicare Pharmaceuticals Philippines, Inc in March, 2009. Lupin Limited produces generic and branded formulations and APIs for the developed and developing markets of the world and has a presence in Anti-TB, Diabetes, asthma segments etc.

Philippine investments in India:

- ❑ J.V. Merida Ecological Industries: This joint venture was set up in 2001 in Bangalore, India, for processing of waste.
- ❑ Ayala Group teamed up with L&T for consultancy for construction of the Howrah road bridge.
- ❑ Philippine Wireless Inc. - Usha India Ltd: Set-up in India in 2000, the joint venture was primarily engaged in providing paging services.
- ❑ SPI Technologies Inc. (since taken over by e-PLDT), a provider of IT-enabled business process outsourcing solutions, expanded book services capabilities in India through the acquisition of Kolam Information Services in 2003.
- ❑ ZMG Signium War Howell of Philippines has set up an Indian subsidiary in Mumbai in 2003 – the company operates internet cafes and on-line video gaming.
- ❑ Ayala Group's BPO company, LiveIT Solutions Inc., has acquired majority shareholding in Integreon Managed Solutions Inc. which has operations in the USA and India. LiveIT also invested in e-Telecare and acquired (100%) Affinity Express which have operations both in USA and India.
- ❑ Ayala Land has tied up recently with the Mahindra Group in developing a township in Chennai.
- ❑ Del Monte, Philippines has concluded a JV with the Bharati Group for investments in food processing plants in India.

❖ PROJECTS EXECUTED BY INDIAN COMPANIES:

5. During the last few years, Indian companies have successfully executed some small and medium-sized projects in the Philippines. These include:

KEC: This company implemented a contract for a 37 km. transmission line project in Quezon in 1995; a US\$ 3.4 mn. contract for supply of galvanised steel towers to National Power Corporation project Negros IV - Panay IV in November 1997; and a Single Circuit part of the "Supply & Delivery of 138 KV Single & Double Circuit for Leyte Samar Transmission Line Project" in 1998.

Kalpataru: Kalpataru Power Transmission Ltd. was awarded the Double Circuit part of the Leyte Samar Transmission Line Project in 1998 which it implemented. Kalpataru has again been awarded the Sangali-Pitogo (Zamboanga City)

transmission line project in November 2005. Kalpataru won another contract for rehabilitation of typhoon-damaged power transmission lines in Leyte in 2007.

Essar Oil: It was awarded a two-year contract in 1994 to bring in and operate a drilling rig to enhance steam production in a geothermal project.

❖ **BILATERAL MECHANISMS**

6. **JWG:** The India-Philippine Joint Working Group (JWG) on Trade and Economic Relations has been meeting regularly under joint Chairmanship of our Commerce Secretary and Philippines Undersecretary for Trade and Industry. The 10th JWG was held in New Delhi on November 21, 2008. A host of issues ranging from meat to mining and textiles to tourism were discussed at length during the JWG. Both sides agreed to target US\$ 1 billion as the bilateral trade figure by the year 2010.

7. **JBC:** An India-Philippine Joint Business Council (JBC) was set up in 1994 and it held meetings seven times starting in 1995. The Sixth JBC meeting was held in Cebu on 9th December 2006 on the sidelines of the ASEAN Business & Investment Summit. The nodal agencies are the Philippine-India Business Council under PCCI on the Philippine side and the FICCI on the Indian side. The 7th JBC was held in Manila on October 21st, 2008 and was attended among others, by representatives of FICCI, Philippines Chamber of Commerce & Industry (PCCI), Department of Trade & Industry (DTI), Cebu Chamber of Commerce and Indian Chamber of Commerce. The JBC was informed (by the Indian Chamber of Commerce) about the new and improved procedures relating to clearance and issue of visas to Indian businessmen visiting the Philippines. The issue of delays in registration of Indian pharmaceutical products in the Philippines and the need to address this was raised by the representative of the FICCI.

Line of Credit

8. In July 2007, DEA has announced a US\$ 15 million GOI line of credit to Philippines for gems and jewellery cutting/polishing machinery and equipment, and other equipment. A Draft Agreement has been sent to the Philippine authorities whose response is awaited.

9. Exim Bank of India separately extended a commercial line of credit of US\$ 2 million to the Philippine Export Import Bank (Philexim). This credit line, which became operational in 2006, finances upto 90% of the contract value of goods from India. This credit line has, however, not so far been utilized by the Philippine side.

❖ **RECENT EXCHANGE OF VISITS**

10. From 12-14 January 2005, at the invitation of CII, the Chairman of Metro Manila Development Authority (MMDA) Mr. Bayani Fernando (holding Cabinet Minister's rank) with Mrs. Ma Lourdes Carlos Fernando, Mayor of Marikina City, and a freelance Philippine-based Indian journalist, Mr. Viswa Nathan,

participated in the Partnership Summit 2005 organized by CII in association with the State Government of West Bengal, in Kolkata.

11. From 16th to 18th January 2005 a delegation sponsored by the Electronics and Computer Software Export Promotion Council (ESC) visited Manila. The delegation consisted of representatives from the ESC, Compucover East Pvt. Ltd., New Delhi, Premier Solar Systems Pvt. Ltd., Hyderabad, and Kamtech Associates Pvt. Ltd., Jaipur. The Embassy, in association with the Philippine Chamber of Commerce and Industry (PCCI) and the Philippine-India Business Council, organized a Buyer Seller Meet for them on 17th January. The delegation called on Mr. Thomas Aquino, Under Secretary (equivalent to Secretary in GOI) in the Department of Trade and Industry, and on Mr. Domingo Damian Mapa, the Commissioner of Information and Communications Technology (ICT) (equivalent to Secretary in GOI). The visit contributed to an enhanced interest among Philippine buyers in Indian electronic and IT products.

12. During 17-20 February 2005, a 13-member delegation, including the Presidential Consultant to the Agriculture Secretary Mr. Anthony Abad, official of the Philippine Chamber of Commerce and Industry and CEOs of companies, visited India to attend the 20th Confederation of Asia Pacific Chambers of Commerce and Industry (CACCI) Conference and the CACCI Bazaar organized by FICCI at New Delhi.

13. From 6-8 March 2005 an Indian trade mission sponsored by the Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council (CHEMEXCIL) and the Pharmaceutical Export Promotion Council (PHARMEXCIL) visited Manila to promote export of Indian drugs and pharmaceuticals, herbal medicines, chemicals, dyes and cosmetics. A Business Meeting and One-on-One Business Matching was organized on 7th March by the Embassy of India, in association with the Philippine Chamber of Commerce and Industry (PCCI) and the Philippine International Trading Corporation (PITC). The visit received overwhelming response from local companies.

14. From 5-9 August 2005, a 10-member delegation of paper, paper board and paper products, sponsored by CAPEXIL, visited Manila. The delegation was led by Mr. V. Subbiah, CEO of West Coast Paper Mills Ltd. And Chairman, Paper & Paper Products Panel of Capexil, and consisted of executives of M/s. Seshasayee Paper & Boards Ltd., The Andhra Pradesh Paper Mills Ltd., M/s. Shivananda Marketing P. Ltd., M/s. Paper Plus Technologies (P) Ltd., M/s. Ambica International Private Ltd., M/s. Tamilnadu Newsprint and Papers Ltd., M/s Hazel Mercantile Ltd. and CAPEXIL. Mission, in association with the Philippine Chamber of Commerce and Industry (PCCI), organized a Buyer Seller Meet on 8th August 2005 at Intercontinental Hotel, Makati City. The BSM was attended by over 50 representatives from paper importers/distributors/manufacturers, Government and media.

15. From 8-10 August 2005, a 7-member delegation sponsored by CII (Goa Council) visited Manila. The delegation was led by Mr. Vijay S. Hede, MD, Pyramid Finance Ltd., & Chairman CII Goa Council, and included executives from M/s Kare Group, Linc Pen & Plastic Ltd., Salgaocar Engineers Pvt. Ltd., V.S. Dempo & Co. Pvt. Ltd., M/s H.L. Nathurmal, and CII Goa. The Philippine

Government organized briefings for the delegation by the Board of Investments, Bureau of Mines, Philippine Economic Zone, Philippine Chamber of Commerce and Industry and by Undersecretary Edsel Cusodjo in the Department of Foreign Affairs. The delegation also held one-on-one meetings with Philippine companies. M/s H.L. Nathurmali signed an agreement with Abra Mining for a joint venture for iron ore mining. M/s Kare Group and M/s Nathurmali held discussions with PITC for pharma products.

16. From October 11-13, 2005, at the invitation of the Philippine Chamber of Commerce and Industry (PCCI), Shri Kamal Meattle, CEO of Paharpur Business Centre-Software Technology Incubator Park, New Delhi, participated as a Keynote Speaker at the 31st Philippine Business Conference and Expo – “Crossing Boundaries” in Manila. Shri Meattle gave an in-depth overview of Indian economy in general and investment and trading opportunities for Indian and Philippine entrepreneurs.

17. From 13-17 October 2005, at the invitation of the Export Promotion Council for Handicrafts (EPCH) of India, representatives of Rustan Commercial Corporation (Rustan chain of stores) and a reputed columnist from the Philippine Daily Inquirer attended the Handicrafts & Gift Fair, in New Delhi. International airfare and local hospitality was provided by EPCH:

18. From 25-26 November 2005, at the invitation of the CII, Ms. Mina T. Gabor, President of the Philippine Small and Medium Business Development Foundation participated as a Speaker in the Third India Global Summit on SME’s organized in New Delhi by CII and the Ministry of Small Scale Industries. She was provided international airfare and local hospitality by CII.

19. From 26th November to 2nd December 2005, at the invitation of the Commerce & Industry Minister Shri Kamal Nath, Senator Richard Gordon, former Tourism Secretary of Philippines, and Mrs. Gordon visited India to attend the India Economic Summit and to visit places of cultural and professional importance. He addressed the India Economic Summit at the Plenary Session on “India and the World”.

20. 30th November to 2nd December 2005, a 3-member Philippine delegation led by Dr. Alberto Romualdez, former Health Secretary (Minister) of Philippines visited Hyderabad to participate in the India-Africa-GCC-ASEAN Pharma and Health Conference. The Conference was organized by the Ministry of Commerce & Industry in association with FICCI and PHARMEXIL. Air fare and local hospitality was provided by FICCI.

21. Finance Minister Shri P. Chidambaram visited Manila from 15th to 17th January 2006 to attend the ADB’s Board of Governor Meeting. During his visit, the Minister called on his counterpart Finance Secretary Margarito Teves and held discussions with him on matters of bilateral interest. He addressed a distinguished gathering of Philippine Government officials, ADB officials, diplomatic corps and prominent Indians at the ADB on “India Perspective on Regional Cooperation in Asia”.

22. A business delegation led by former President of the Philippines, Mr. Fidel V. Ramos, visited India from 15th to 20th January 2006. The delegation comprised Government officials from the Departments of Trade & Industry and Foreign Affairs, Chairman of Philippine International Trade Corpn (PITC) Secretary Roberto Pagdanganan, representatives of Philippine companies from pharmaceuticals, IT, TV/movie production, telecom, logistics, etc. and representatives from Filipino Indian Chamber of Commerce, Ramos Peace and Development Foundation and Asian Institute of Management. The delegation visited Mumbai, Kolkata and New Delhi. In Kolkata, President Ramos addressed the Partnership Summit organized by CII and had a meeting with Commerce Minister Shri Kamal Nath. The delegation had fruitful interaction with counterpart businessmen, chambers and associations in all the three cities.

23. President Dr. A.P.J. Abdul Kalam paid a State Visit to the Philippines from 3-6 February 2006. He held talks with President Arroyo. An Agreement on Defence Cooperation, another on Cooperation in the field of Tourism and an MOU on Cooperation in the field of Agriculture and Related Fields were signed during the visit. An MOU for sourcing of medicines from India was also signed during the visit between the Philippine International Trade Corporation and Lob International of India. In their discussions, President Kalam and President GMA mentioned about potential for strengthening bilateral trade and economic cooperation in areas such as IT, pharmaceuticals, renewable energy resources, CNG vehicles, Jatropa, dairy and other agro-based industry, tourism, mining, steel and textiles. President Kalam's other engagements included: an address to the Joint Session of the Philippine Congress; visits to the College of Nursing, Philippines Science High School, Philippines Institute of Volcanology and Seismology, and to the International Rice Research Institute.

24. Philippine chemical company representatives -- Mr. Nelson G. Tan, Sales Manager of M/s. Himmel Industries Inc, Mr. Erwin S. Mahinay, Manager of Philippine Phosphate Fertilizer Corp., and Ms. Angelita Gabuna, Senior Manager of Kemwerke Inc. -- participated in the Buyer Seller Meet (BSM) in conjunction with the CHEMICAL MEET- 2006 on 21st & 22nd February, 2006 at Mumbai organized by CHEMEXCIL, with airfare and local hospitality provided by the latter.

25. Philippine agriculture machinery company representatives -- Mr. Dennis Llamas of M&W Distributing Co. and Mr. Ceferino G. Follosco, Jr. of Alpha Machinery & Engineering Corp. -- participated in a Buyer Seller Meet organized by EEPC in Mumbai and New Delhi on 29-30 March 2006, with airfare and local hospitality provided by EEPC.

26. Philippine Software company representatives -- Mr. Paul Roderick Lopez, Sales Director of SQL*Wizard, Inc. and Ms. Clariza R. Sabando, Regional Marketing Manager (Asia Pacific & Europe) of CPL Philippines -- participated in Indiasoft 2006 on 20-21 March 2006 at Chennai organized by the Electronics & Computer Software Export Promotion Council (ESC). Airfare to these participants was provided for by ESC.

27. A 5-member delegation led by Shri Harish Chandra, Joint Secretary, Ministry of Power, and including representatives from NTPC and FICCI, visited

Manila from 16-17 April 2006. They briefed officials of ADB, Department of Energy, members of Filipino-Indian Chamber of Commerce and a few private businessmen about opportunities for investment in power sector in India and invited participation in the “India Electricity Show 2006” scheduled for 11-13 May 2006 in New Delhi.

28. An expert team from the Philippines, led by Mr. Loreto Carasi, Senior Science Research Specialist, Philippine Council for Industry Energy Research and Development, Department of Science & Technology, visited India from 23-29 April 2006 for a study visit on Jatropha production and processing. The team visited Jatropha nurseries, plantations, oil mills and also a trans-esterification plant.

29. A Business Mission from the city of Cagayan de Oro (northern Mindanao) led by its Mayor Vicente Y. Emano visited India from 18-20 May 2006. The Mission comprised 9 representatives from the government sector and 13 from the private sector. FICCI organized an Investment Seminar for the Delegation, where prospects for Indian investments in Philippines were identified in the areas of Pharmaceuticals, Steel, Textiles, Motorcycles and auto parts, Mining and infrastructure, Dairy and other agro-based industry, CNG for public transport, Bio and thermal energy, Space and defence-related industries, IT and Call Centers and Media and entertainment.

30. A NASSCOM delegation led by its President Mr. Kiran Karnik visited Philippines from 3rd to 7th September 2006. During its visit, the delegation called on the President of the Philippines, participated in a briefing session organized by the Business Process Association of the Philippines (BPAP) and visited selected IT companies and institutions. NASSCOM and BPAP signed an MOU for cooperation. The Embassy in association with the Indian Chamber of Commerce, hosted a Reception in honour of the delegation which was attended by high level officials of the Philippines Government, CEOs of important IT companies and Indian businessmen.

31. A Philippine ICT Outsourcing Mission visited India from 18-25 September 2006. The delegation was led by Mr. Edsel Custodjo, Undersecretary (equivalent Secretary in GOI), Department of Foreign Affairs, and included Government officials, and representatives from IT companies and business chambers. The delegation visited Delhi, Gurgaon, Hyderabad, and Bangalore. Their interaction included meetings with Central and State Government officials, NASSCOM, CCAI (Call Center Association of India), HYSEA, Wipro, Satyam Computers, etc.

32. The FICCI business delegation, led by Shri S.K. Poddar, President of FICCI, visited Cebu, Philippines, in December 2006 to participate in the ASEAN Business & Investment Summit. A CII delegation consisting of Mr. Vijay Kirloskar and Mr. T.S. Vishwanathan, Consultant in CII, also participated in and spoke at the Summit. On the sidelines of the Summit, the FICCI delegation participated in the Sixth India-Philippines Joint Business Council Meeting on 9th December 2006. The delegation also visited Manila and held a meeting with the Philippine Chamber of Commerce and Industry (PCCI) on 11th December 2006, where both the chambers signed an MOU to develop bilateral economic relations by providing a forum for businessmen of the two countries.

33. Prime Minister Dr. Manmohan Singh visited Cebu from 13-15 January 2007 to participate in the India-ASEAN Summit and the East Asia Summit. He was accompanied by Commerce & Industry Minister Shri Kamal Nath and senior officials. Apart from participating in the Summits, the Prime Minister held bilateral meetings with the Heads of Government/State of Philippines, China, Vietnam, and Malaysia. In the follow-up to the Summits, Commerce & Industry Minister participated in the Economic Ministers' Meetings. External Affairs Minister Shri Pranab Mukherjee also visited Cebu on 11-12 January 2007 and participated in the Foreign Ministers' Meetings.

34. A 13-member delegation of the Business Processing Association of the Philippines (BPAP), led by its Chairman Mr. Fred Ayala, visited India to attend the "India Leadership Forum" organized by NASSCOM in Mumbai from 7-9 February 2007.

35. At the invitation of the GOI and the Pharmaceutical Export Promotion Council (PHARMEXCIL), a pharmaceutical delegation from Philippines visited India from 11-15 March 2007. The delegation included two officials from the Bureau of Food and Drugs (BFAD) of the Department of Health, and a senior official each from 5 pharmaceutical importers. Pharmexcil arranged meetings for the delegation with drug control authorities and with Indian pharma exporters and visits to pharmaceutical plants in Delhi and Mumbai.

36. STC Chairman Dr. Arvind Pandalai led an STC delegation to Philippines from 9-14 March 2007. During his visit, he inspected the Global Steel Philippines Inc. in Iligan, in which STC has long time trade links. In Manila, he held discussions with the Senior Undersecretary of Department of Trade Industry Dr. Thomas Aquino, and Chairman of the Philippine International Trading Corporation Mr. Roberto Pagdanganan to explore areas of trade and investment cooperation.

37. The Department of Trade & Industry (DTI) of Philippines organized the visit of a trade delegation to India from 15-20 May 2007. The delegation comprised representatives from companies in the field of logistics and auto parts and an official of DTI. The itinerary included visits to New Delhi and Mumbai where FICCI and FIEO organized business matching sessions.

38. A 2-member team from Reliance Industries Limited (RIL) visited Philippines from September 10-13, 2007 to study the petroleum retail market in the Philippines. The Embassy arranged appointments for the team.

39. A 13-member Engineering Export Promotion Council (EEPC) delegation visited Philippines from September 18-20, 2007. The objective was to explore possibilities of future joint ventures. A Buyer-Seller-Meet was arranged with the assistance of the Philippine India Business Council (PIBC).

40. A delegation from the Tamil Nadu Chamber of Commerce & Industry (TCCI) visited the Philippines from September 19-21, 2007 to explore possibilities of future business and joint ventures. One-on-One business

meetings and business match-making was arranged with the assistance of the Indian Chamber of Commerce and PIBC.

41. A 2-member delegation visited the Philippines from October 17-20, 2007 to study the bamboo industry and also explore possibilities of future joint ventures in the field of bamboo products manufacturing.

42. A Tobacco Board delegation led by the Chairman, Tobacco Board, Guntur visited the Philippines from October 30-31, 2007 to explore the possibility of future joint ventures in the Philippines.

43. A 2-member delegation from WAPCOS visited the Philippines from December 16-19, 2007 prior to establishing an office here. A representative office of the WAPCOS is presently functioning from Manila.

44. A delegation from CAPEXIL visited the Philippines from April 2-5, 2008 and participated in a Buyer-Seller Meet (BSM) organized with assistance from PIBC.

45. A 2-member delegation from the Department of Tourism visited the Philippines to participate among other things in the First Joint Working Group on tourism between India and the Philippines held in Manila on July 4th, 2008. It was agreed by both sides that they shall exchange a 5-member delegation during the period 2009-2010 for a 7-day visit to each country to share experiences in tourism development, promotion and marketing, cultural and medical tourism and human resource development.

46. A delegation from the Department of Science & Technology visited Manila from July 6-9, 2008 to participate in the 8th ASEAN Science & Technology Week. The delegation also participated in the 6th ASEAN-India Joint Working Group on S&T (AIJWGST). The leader of the Indian delegation, Shri Y.P.Kumar also had bilateral discussions with the Secretary in the Department of Science & Technology of the Government of Philippines.

47. The 1st Meeting of the Indo-Philippines Joint Working Group (JWG) on Agriculture was held in New Delhi on August 21st, 2008. The Meeting was chaired by Ms. Bernadette, Under Secretary, Department of Agriculture from the Government of the Republic of the Philippines and Shri P.K.Mishra, Secretary, Department of Agriculture and Cooperation, Ministry of Agriculture of the Government of India respectively.

48. A 6- member delegation led by Mr. Jaipal Reddy, Minister for Urban Development visited Manila from Sept 7-10, 2008 in order to visit and study urban transport planning systems and governance issues. While in Manila, the Hon'ble Minister met the Secretary for Transport and Communications (Mr. Leandro R.Mendoza) besides delivering the keynote address at the ADB Transport Forum. The Honb'le Minister also met the Chairman, Metro Manila Development Authority (MMDA).

49. A 5-member team led by Shri P.K.Dash, Joint Secretary, Ministry of Commerce visited Manila from October 19-23, 2008 and participated in the ASEAN - India Trade Negotiation Committee Meetings (October 20-22, 2008),

prior to the proposed signing of the ASEAN-India FTA at Bangkok in December, 2008

50. The 10th Joint Working Group Meeting on Trade & Industry (JWGTI) between India and the Philippines was held in New Delhi from November 21-22, 2008.

51. A delegation from National Institute of Smart Governance (NISG) and KPMG visited Manila as part of an e-Governance Project from February 5-7, 2009.

52. A delegation from the Basic Chemicals Pharmaceuticals and Cosmetics Export Promotion Council (Chemexcil) dealing in a host of chemicals like dyes and dye intermediates, pigments, inorganic and organic chemicals, agrochemicals, pesticides etc. visited Manila from February 12-15, 2009. A Buyer-Seller Meet was organized during their stay in Manila.

53. A delegation from Chemicals & Allied Products Export Promotion Council (CAPEXIL) dealing in rubber & rubber products, automotive tyres, chemicals like manganese oxide & dioxide, quartz, educational books, cartons, stationery materials like adhesive tapes, granite slabs etc. visited Manila from April 7-10, 2009. A Buyer Seller Meet was organized during their stay in Manila.

54. A delegation from the Solvent Extractors' Association of India (SEA) dealing in ricebran, oilmeals, soyabean meals, feed supplements, groundnuts, rapeseed meals, etc. visited Manila from May 30 to June 2, 2009. A Buyer-Seller Meet was organized during their stay.

55. A delegation from CAPEXIL dealing in manganese dioxide, granite, marble, aluminium granules, quartz, moulded and extruded rubber products, marine fenders, fibre glass etc. visited Manila from September 28-30, 2009. A Buyer-Seller Meet was organized on September 29th during the delegation's stay in Manila.

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❖ **MAJOR AREAS OF COOPERATION**

Agriculture & Food Processing

55. India and Philippines have been cooperating in the field of agriculture under the framework of an MOU for Cooperation in Agricultural Sciences and Technology. The MOU signed in 1991 and expired in 2001. On 4th February 2006, during the visit of President Dr. A.P.J. Abdul Kalam to Manila, both sides signed a fresh MOU on Cooperation in Agriculture and Related Fields.

56. Another MOU for bilateral cooperation was signed between the Indian Council for Agricultural Research (ICAR) and the Philippine Council for Agricultural Forestry and Natural Resources Research and Development (PCCARD) in November 1976, which is of a permanent nature, and under which bi-annual work programmes are executed. Cooperation in this area includes study visits, training, consultancy, joint research projects, S&T management, soil

and water management and transfer of technology. Cooperation under this MOU has been stalled since the Work Plan for the period 2003-05 was not signed owing to financial constraints of the Philippine side to implement the Plan.

57. At the 9th JWG in Manila on 1-2 September 2005, the Philippine side informed that a proposal from the Philippine Coconut Authority (PCA) was sent to the Indian Coir Board for an exploratory mission of PCA to study the coir industry in India. The Indian side promised to facilitate an early visit.

58. Philippines has a major interest in safeguarding its agricultural export sector. As part of G-20, it worked closely with India at the Cancun Ministerial 2003. It participated in the G-20 Trade Ministers' Meeting in Delhi, from 18-19 March, 2005. Its delegation, led by Mr. Segfredo Serrano, Under Secretary, Department of Agriculture, inter-alia, comprised three Congressmen.

59. The 1st Meeting of the Indo-Philippines Joint Working Group (JWG) on Agriculture was held in New Delhi on August 21st, 2008. The Meeting was chaired by Ms. Bernadette, Under Secretary, Department of Agriculture from the Government of the Republic of the Philippines and Shri P.K.Mishra, Secretary, Department of Agriculture and Cooperation, Ministry of Agriculture of the Government of India respectively. A wide range of topics like dairy development, oil palm production, rice genetics, biofuels, coconut by-products, processed food, bamboo, dryland agriculture and ICTs to improve production and income of rural farmers figured in the JWG discussions. The JWGs are slated to meet once in every two years.

Dairy cooperation

60. Milk production in the Philippines (over 11 million kgs) constitutes 22% of liquid milk consumption and 4% of total demand for milk products. The gap is met by imports (mainly skimmed / whole milk powder) worth approximately US\$ 400 million annually, mostly from Australia and New Zealand, 70% of which accounted for by Nestle, New Zealand Milk and Alaska milk. Recently, some local companies have started importing milk and milk powder of Amul and other brands from India.

61. During President Ramos' visit to India in 1997, the Philippine side had a meeting with Dr. Kurien of NDDDB. At the request of the Philippine Government, the National Dairy Development Board (NDDDB) conducted a feasibility study in 1998 for a pilot project involving a capital outlay of US\$ 10 million. However, the project could not take off. In October 2002 a 5-member team from the Philippine National Dairy Authority (NDA) visited India as part of the rice counter-trade deal with PEC. NDA team proposed a project for raising local milk production to 5% of market share by 2007. This was not found viable by NDDDB due its small scale. A two-member Mother Dairy delegation also visited Philippines in November 2002.

62. The Administrator of NDA, and former Senator Leticia Ramos Shahani visited Anand in November 2003 for a FAO-NDDDB Conference, during which bilateral discussions were held with NDDDB. Senator Shahani, under the umbrella

of the Dairy Development Foundation, an NGO, is encouraging women to make a “white revolution” similar to the one started by Dr. V. Kurien in Anand (Gujarat).

63. The Philippine Carabao Centre, Department of Agriculture, and the Frigorifico Allana, Aurangabad, Maharashtra have been through an informal agreement, producing high genetic buffalo using In-vitro embryos which are frozen and transferred to the Philippines for transfer to surrogate buffalos. The PCC is planning production of the embryos on commercial scale and bring them to Philippines.

64. At the 9th JWG Meeting held in Manila on 1-2 September 2005, the Philippine side informed that they were considering import of buffalos from India. At the 10th JWG, the Philippine side stated that the requirement for live buffaloes and buffalo semen had been posted on the web site of the Department of Agriculture and that interested Indian government agencies may respond to the advertisement.

Indian Exports of Buffalo Meat

65. Import of buffalo meat to the Philippines was approved by the Philippine Government in 1993 and is now a major component of our exports. In 2004, Philippines imported US\$ 140 mn. worth of bovine meat, of which about 43% valued at US\$ 61.70 mn. came from India. At present, five abattoirs from India, belonging to M/s Frigorifico Allana Ltd., M/s Al-Kabeer Exports Pvt. Ltd., and Hind Agro Industries Ltd. are accredited by the Government of Philippines to export buffalo meat to Philippines.

66. However, meat from India is singled out for outside agency inspection. Every now and then, pressure is mounted by the Philippine Hog Producers Organization, and the Philippine Cattle Raisers Organization, with the backing of the (Australian) multinational lobbies, to ban Indian buffalo meat on grounds of FMD in India. A Bill seeking to ban Indian meat imports was introduced in the House and the Senate in 2003, but lapsed on account of a combination of factors, including the hard lobbying by the meat processors and importers and the Embassy's efforts. To ensure smooth export of Indian buffalo meat, we need to implement a long delayed policy measure of identifying FMD-free zones in India.

67. At the 9th India-Philippines Joint Working Group (JWG) Meeting held in Manila on 1-2 September 2005, we had requested the Philippine side to review the risk analysis for Indian buffalo meat to enable it to be sold in all consuming sectors. **In a recent Order (July, 2008) the Philippines Government has permitted buffalo meat to be sold to other end users.** At the 10th JWG, Indian side took note of this development and thanked the Filipino side for allowing the sale of Indian buffalo meat to the retail sector (supermarkets).

Railways

68. During 1975-79, RITES supplied 60 railway coaches which are now obsolete. An MOU on joint cooperation signed by RITES and Philippine

International Trade Corporation (PITC) in March, 1997 for development of railways on counter-trade basis did not make any headway.

69. Philippines has been working towards rehabilitation of six non-operational railway lines (only 479 kms out of 1296 kms are operational, besides metro and light rails). China is implementing the US\$ 503 million North Luzon Railway project (Manila-Calumpit) with its own funding of US \$ 400 million. In June 2006, Philippines signed an MOU with China for implementation of another project, the South Rail Project.

70. The Philippine National Railways in 2003 signed an MOU with M/s Thaipicon Industry Co. Ltd. (a Thai company) to undertake the feasibility study for the First segment of Phase 1 of Mindanao Railway Project (Cagayan de Oro to Iligan, 120 kms). M/s Thaipicon in turn signed an MOU with IRCON for joint implementation of this project. IRCON provided technical inputs in preparation of the feasibility report. At the 9th JWG Meeting in Manila, the Philippine side informed that funding for the project was still not tied up.

71. IRCON also signed an MOU with the Philippine National Railways in 2003 to implement the Final Segment of Phase I of Mindanao Railway Project (Iligan-Zamboanga, 576 kms) through counter trade with IRCON as the main contractor. At the 9th JWG Meeting in Manila, both sides agreed to continue to explore the possibilities of funding through counter trade of commodities, or any other means. It was also agreed to further explore the areas of bilateral cooperation for development of railway infrastructure in Philippines.

72. At the 10th JWG, the Indian side informed that the modality of counter-trade would not be feasible. It was also felt that efforts should be made to renew the MOU, update the feasibility study and explore possibilities of financial assistance/ grant from international funding agencies like ADB.

Information Technology

73. Philippines for a long time viewed India as a competitor in the IT sector. This scenario has changed over the past couple of years with the realization that there was huge potential for both countries to collaborate in this sector for mutual benefit. Areas of IT collaboration could be disaster recovery centers; development of software; animation and graphics for off shore markets, particularly USA and for development of IT-based curriculum.

74. **Exchange of IT delegations:** An IT delegation from the Philippines visited India in February 2001 coinciding with Elitex and NASSCOM IT Fairs in Delhi and Bombay. A three-member University of Philippines (UP) delegation, led by its President, Mr. Nemenzo, visited India in October 2002. The visit led to the signing of an MOU between UP and Andhra Pradesh Government's Institute of Information Technology Enabled Services and Training for development of an IT-based curriculum in 2003. A 17-member (JBC) Philippine business delegation with a large contingent from IT sector, including Dr. Bernado Villegas, Dean of the University of Asia & Far East, visited ICT locations in Hyderabad. The CII arranged an IT Round Table for them. The Chairman of the Commission on ICT

Mr. Virgilio Pena, visited Hyderabad to attend the South Asia Public Sector ICT Summit from 23-25 January 2005. The event was jointly organized by UNDP, National Institute for Smart Government and CISCO Systems. Mr. Pena was a Guest Speaker at the Summit. At the invitation of the Philippine side, the Vice-President of NASSCOM, Shri Sunil Mehta, attended the 5th e-Services Philippines 2005 held in Manila on 17-18 February 2005. President of NASSCOM Shri Kiran Karnik, addressed, via video conferencing, the International Conference and Exhibition on Business and ICT in Cebu 20th – 23rd June, 2005. A 9-member delegation from Cebu ICT visited Bangalore and Hyderabad on a study tour from 6-12 March 2005 with the aim of benefiting from Indian model of IT education and to promote the Cebu ICT Exhibition 22-23 June 2005. A NASSCOM delegation led by its President Mr. Kiran Karnik visited Philippines from 3rd to 7th September 2006. A Philippine ICT Outsourcing Mission visited India from 18-25 September 2006. A 13-member delegation of the Business Processing Association of the Philippines (BPAP), led by its Chairman Mr. Fred Ayala, visited India to attend the “India Leadership Forum” organized by NASSCOM in Mumbai from 7-9 February 2007.

75. Indian presence in Philippines: The NIIT, in partnership with local companies, operated IT education centres in Manila under franchise agreements since 2001. However, due to management related differences, they closed down the centers in 2004. They are, however, planning to come back to Philippines. APTEC had also operated similar centres in Manila but closed them down in 2004. Aptech has subsequently set up one franchisee computer training center in Bacolod and one multimedia training center in Manila in 2006. They are in discussions for setting up more such centers in the Philippines. In 2003, the Hinduja Group acquired controlling interest and management control in a call center C-Cubed, and opened another call center in 2006. Daksh e-Services of India set up a call centre employing 1000 people in Manila in 2004. This center was taken over by IBM immediately thereafter and is now known as IBM Daksh. Java Softech, Hyderabad, set up a subsidiary, M/s JSPL Philippines, Inc., in 2004 for specialized solutions in areas, such as micro-finance, hospitals and security. Polaris Software Lab Ltd., Chennai, has partnered with Progressive Software (ProSoft), Inc., (a local software integrator) and Sun Microsystems Phils. to market its banking software solution, the Intellect Suite, in Philippines. TCS is involved in the computerisation of the Makati Stock Exchange. Nucleus Software is implementing software projects for banks in Manila. Larsen & Toubro Infotech is implementing a software project for Chevron. Infosys has shifted a small unit from Bangalore to Manila and has plans to expand their operations here. As stated earlier, several other Indian companies like WIPRO, HTMT, L&T Infotech, Aditya Birla Minacs and Genpact have already set up their BPO operations in the Philippines.

76. At the 9th JWG in Manila on 1-2 September 2005, the Indian side agreed to a Philippine request for an MOU for establishment of a Joint Working Committee which will be responsible for formulating and implementing programmes and addressing common problems in IT sector. There was a reiteration at the 10th JWG (November 21, 2008, New Delhi) about the need for expediting the signing of the MOU.

Pharmaceuticals

77. The Philippine pharmaceutical market which is valued at US\$ 1.5 billion, is heavily dependent on bulk importation of basic raw materials, chemicals, semi-finished and finished products from US, Europe, Canada and Australia, among others. Annual imports are about US\$ 450 million. Manufacturing merely involves the formulation and processing of drugs and pharmaceuticals into various forms and dosages, repacking of imported bulk drugs and for distribution. Since bulk of the imports are from multinational companies, medicine prices in the country are about 5-15 times higher than those in India. India's pharmaceutical exports to Philippines were US\$ 31 million in 2005-06 as compared to US\$ 14.46 mn. in 2002-03. There is a strong multinational lobby working against imports of inexpensive medicines from India, cashing in on low image conveyed by Indian moneylenders in this country. Allegations of Indian medicines being substandard or fake had to be refuted by Embassy frequently.

78. The Philippine International Trading Corporation (PITC), a government agency, has been importing medicines worth about US\$ 1.5 million a year from India for the last few years. These medicines are channeled for supply to Government hospitals in Philippines. In her Government's programme after elections in 2004, President Arroyo promised to provide medicines at cheaper, affordable prices. Hence, she has mandated the PITC to expand parallel importation of medicines and to supply them through "Boutika Ng Bayan" retail outlets, 2000 to 3000 of which are planned to be opened in the next few years. So far, 1500 outlets have been opened/franchised by PITC.

79. The Chairman of PITC, Mr. Roberto Pagdanganan, led a delegation, at the invitation of CHEMEXCIL, to attend a Buyer Seller Meet in Mumbai from 3-5 November 2004. Besides meetings with heads of Indian pharmaceutical companies, the delegation also visited pharmaceutical plants in and around Mumbai. The PITC's Chairman signed an MOU with Pharmexcil (Pharmaceutical Export Promotion Council) for working together to realize mutual objectives, including facilitation of import of medicines by PITC from India, training of PITC's technical officials at the National Institute of Pharmaceutical Education and Research (NIPER) in India and provision of effective distribution channels in Philippines for distribution of quality drugs at affordable prices by PITC.

80. A joint business delegation of CHEMEXCIL and PHARMEXCIL visited Manila from 6-8 March 2005 to promote export of Indian drugs and pharmaceuticals, among other products. A Business Meeting and One-on-One Business Matching, organised by the Mission on 7th March, 2005, in association with the Philippine Chamber of Commerce and Industry (PCCI) and the Philippine International Trading Corporation (PITC), received overwhelming response. PITC Chairman Mr. Roberto Pagdanganan spoke highly of Indian pharmaceutical industry and its top quality. Interest was expressed by Philippine companies in joint ventures with Indian companies for setting up of pharmaceutical plants in the Philippines. In a meeting with BFAD Director, Dr. Appaji, Executive Director of PHARMEXCIL, invited a BFAD delegation to visit drug control facilities and pharmaceutical plants in India to have first-hand knowledge of the quality-standards observed in these facilities.

81. At the 9th JWG in September 2005, the Indian side requested Philippines to reduce processing time for BFAD registration of Indian drugs. The Indian side also agreed to look into a Philippine suggestion that India consider selling affordable agro-veterinary products in Philippines.

82. With the signing of an MOU facilitating the entry of cheap and affordable medicines from India to the Philippines during the recent visit of the Philippines President to India in October, 2007, further cemented by the very recent signing of the 'Cheap Medicines Bill' by President Arroyo, it is expected that not only greater volumes of Indian medicines but more Indian pharmaceutical companies would now be entering the Philippines. Lupin Limited (a leading Indian pharmaceutical company) in March, 2009 acquired a majority stake (51%) in one of the local pharmaceutical companies, M/s Multicare Pharmaceuticals Philippines Inc.

Herbal Medicine:

83. Cooperation in the field of herbal medicine was raised by the Philippines in the JWG in 2002 for identifying experts for initial exchanges, and for drawing an inventory of available herbal technology in both countries. Lists of names of Indian and Philippine experts were exchanged. At the 9th JWG in Manila on 1-2 September 2005, the Philippine side presented a proposal to (i) elevate the level of raw materials for pharmaceutical products at standardized extract level, (ii) ensure consistency of active ingredients through the process of standardization of extract, and (iii) provide training for technology transfer to a select group of herbal product manufacturers. For this purpose, both sides agreed to set up a small joint working group. The Indian side also requested market facilitation for Indian Ayurvedic, Unani and Homoeopathic medicines and drugs in Philippines. Himalaya Herbal Healthcare has recently started distributing its healthcare products like shampoo, cleansing creams, soaps, moisturizers etc. through drug distribution chains like Watsons.

Energy

84. Philippines' energy consumption in 2003 was 195.9 MMBFOE. Philippines is dependent on imported energy for most of its energy requirements. Net imports were 121.8 MMBFOE in 2003, or 46.7% of the country's requirements. Oil imports were 116.7 MMBFOE in 2003 and coal imports 21.8 MMBFOE. Philippines is estimated to have a total of 9 billion barrels of fuel oil equivalent (BFOE) recoverable petroleum resources. Oil production is negligible. Gas is being brought out from the Malampaya gas fields (94,803 million standard cubic feet in 2003). In 2003, Philippines met 18.6% of its energy requirement from geothermal energy and 11.9% from hydropower. Renewable energy resources such as solar energy, wind energy, bio fuels such as ethanol play a major role in the gross energy requirements of the country. The total supply from these resources was 80.3 MMBFOE in 2003.

85. In the First Petroleum Contracting Round which commenced in August 2003, the Philippine Government offered 46 blocks in potential oil and gas bearing areas, mostly offshore, to foreign companies, and held roadshows for attracting foreign investment. Consequently, a number of foreign and local oil

and gas exploration and production companies had expressed interest, and some are already involved in a few projects. In July 2005, one of the contracts was awarded to an Indian company, M/s Laxmi Organics Ltd. for exploration/development of oil in Mindoro-Cuyo Basin on Mindoro Island. The Second Petroleum Contracting Round-2 launched on 31st August, 2005 is offering four areas in petroleum sector, 11 projects in geothermal energy sector and 7 projects in coal sector for exploration and development.

86. Philippines plans to lay a 100 km gas pipeline from Batangas (Malampaya) to Metro Manila for a power station by 2007 and develop CNG distribution network for motor vehicles in Manila. Two MOUs were signed in September 2003 by the Gas Authority of India Ltd. (GAIL) with DOE, and Philippine National Oil Corporation (PNOC-EC). The scope of these MOUs include cooperation in upstream projects in the Philippines and India, and the Philippines' downstream gas sector, which includes pipeline projects, gas distribution, as well as liquefied natural gas (LNG) importation. Owing to some unresolved commercial issues in implementing the Batangas-Manila Gas Pipeline Project, the project has been put on hold. Meanwhile a consortium working on the Malampaya natural gas project -- viz. Shell Petroleum Exploration BV, Chevron Texaco and PNOC-Exploration Corp. have been assigned to implement setting up of a mother and daughter CNG stations to accommodate about 200 CNG-run buses initially.

87. Philippines plans to import about 2000 CNG buses in the next few years and has already signed an MOU with China for import of about 150 buses on soft credit terms. M/s Ashok Leyland of India has tied-up with Philippine transport companies to supply its CNG buses. They had provided a demonstration CNG bus for test trials in Philippines in 2004. Bajaj also sent two CNG-run demonstration 3-wheelers to Philippines for test trials. The full-scale introduction of CNG buses is running behind schedule as the CGN supply infrastructure is still not in place.

88. At the 9th JWG Meeting in Manila in September 2005, the two sides also agreed to the creation of a working group that would study areas of cooperation on energy including renewable energy. The Philippine side proposed possible renewal of the MOU signed between GAIL and the Philippine National Oil Corporation – Exploration Corporation in 2003 for the development of the natural gas industry. At the same Meeting, we had conveyed GAIL's specific areas of interest in the Philippine natural gas industry, which include participation in proposed Batangas-Manila gas pipeline projects, development of city gas distribution network and CNG infrastructure for vehicles, participation in new gas exploration and production projects, technical services, participation in LNG receiving terminals, and training by GAIL for Philippine officials in natural gas and CNG.

Renewable and Non-conventional Energy Resources

89. Despite its limited fossil energy resources, the Philippines have tremendous potential of renewable energy in the form of geothermal, hydro, wind, solar, ocean and biomass. Renewable energy has a significant role to play for the energy sector to attain its two-fold agenda of energy independence

and implementation of market reforms. Micro-hydro and solar energy are considered as viable alternatives in isolated, far-flung islands of Philippines which are not connected to grids. Philippines has a well developed geothermal energy sector and is the second largest producer of geothermal energy after USA. The Philippine government is promoting Jatropha plantation for biodiesel production in a big way. It has already allotted 4 million hectares forest land for this purpose and is encouraging private sector and farmers to avail of the opportunity.

90. An MOU between Ministry of Non-Conventional Energy Sources (MNES) and the Philippine Department of Energy was signed in February 1996 and the Committee set up under the MOU met once in 1997. A pilot 1 MW wind power project in Oriental Mindoro, proposed in 2002, did not materialize due to non-submission of detailed project report by the Philippines. The MOU has since lapsed and a draft for its renewal is at an advanced stage of finalization.

91. At the 9th JWG Meeting in Manila, the Philippine side submitted proposals for cooperation in the renewable energy sector. These proposals include:

- Set up wind power projects in Ilocos Norte, Aklan, Siquijor and Surigao.
- Conduct of feasibility studies, provision of anemometers and appropriate measuring equipment.
- Satellite mapping, geodata information system and other information technology based activities for renewable database exchange.
- Cooperative ventures in the local production of solar photovoltaic panels.
- Sourcing of turbines for wind and hydro power development.
- Technical cooperation in hydropower, biomass and ocean energy.
- Establishment of a policy and regulatory framework that would mainstream clean fuels (biofuels, ethanol, CMEs, etc.).
- Establishment of market access in India for clean fuels.
- Conversion of jeepneys to run on CNG.
- Cooperation on technology transfer for the manufacture of ethanol from different feedstock.
- Cooperation in geothermal energy development. Philippines is the second largest producer of geothermal energy in the world. It has expertise in the fields of geo-scientific assessment, drilling and technical development and resource management.

92. At the 10th JWG held in New Delhi (Nov 21, 2008), both sides agreed to identify specific activities for cooperation under the MOU. It was also agreed that while the Indian side would prepare concept notes on wind, biofuel, solar energies, the Philippine side would do so on geo-thermal energy technology.

Tourism

93. Philippines attracted 2.6 million tourists in 2005 and has targeted 5 million by 2010. Philippines has plans to attract Indian tourists to the country, and is in the process of improving its tough visa regime for Indian nationals which has been a major inhibiting factor. As part of this plan, a delegation of travel operators from India, sponsored by the Philippine Embassy in New Delhi, visited the Philippines in July 2006. A second delegation of over 60 Indian travel operators visited Philippines in January 2009.

94. India and the Philippines signed an Agreement on Tourism Cooperation on 4th February 2006 during the visit of President A.P.J. Abdul Kalam to Manila. Recently a 2-member delegation from India visited Philippines (July 3-4th, 2008) and participated in the First Joint Working Group on Tourism between India and the Philippines.

Civil Aviation

95. At the Philippine Government's request made in September 2003, bilateral talks to update the 1949 bilateral Air Agreement were held in New Delhi on July 19-22, 2005. Both sides signed an MOU to commence direct flights via Bangkok with fifth freedom rights: Agreed points of call are: for Philippine carriers Delhi, Mumbai, Chennai and Kolkata, while for Indian carriers, Manila and three other destinations. Each side can fly seven times a week. However, neither Indian carriers nor Philippine Airlines have started direct flights yet.

Mining

96. Philippines is endowed with abundant mineral resources. It ranks third in the world in gold, fourth in copper, fifth in nickel and sixth in chromite deposits. It also has deposits of lead, zinc, iron ore, coal, and manganese ore. Global potential mineral deposits is estimated at US\$ 840 billion. The Mining Act of 1995 had sought to open up the sector for foreign investment. However, owing to legal cases against it, the Act could not be implemented. In December 2004, the Supreme Court of the country upheld the constitutionality of the Mining Act, following which the Philippine Government has embarked on a strong campaign to promote the mining sector. A total of 23 major mining projects valued at US\$ 6 billion and another 37 minor projects valued at US\$ 1 billion are on offer for attracting FDI. At the 9th JWG in September 2005, the Indian side suggested that Philippines should hold a road show in India to promote mining projects, but this has not yet materialized. A few Indian companies, including M/s Nathurmal, M/s V.S. Dempo of Goa, M/s Viraj Profiles Limited have shown interest in investing in joint venture or 100% owned mining projects, mainly for iron ore and nickel. At the 10th JWG the Indian side welcomed the proposal for a Road Show in India and also informed that the Federation of Indian Mining Industry (FIMI) would proceed further in the matter.

Gems and Jewellery

97. Philippines is one of the world's biggest sources of gem stones. At the 8th JWG in February 2004, the Philippine side proposed cooperation with India in gem stone cutting and polishing equipment under a soft loan package/technical assistance package. Subsequently in October 2005, we had conveyed to the Philippine side that the National Small Industries Corporation Limited (NSIC) would be able to supply machinery and equipment for gems and jewellery cutting and polishing to SME's of Philippines on commercial terms. In July 2007, a GOI line of credit of US\$ 15 million had been announced by DEA for financing the supply of gem stone cutting/polishing equipment. The draft agreement to operationalise the LC is pending with the Philippine side who have promised to look into it at the recently held 10th JWG.
