

Philippine Institute for Development Studies

Terms of Reference for the Study on Philippine-Latin American Trade Relations

Introduction

The Philippines exhibits a special affinity with the countries in Latin America as they share a common heritage. The country and a number of those in Latin America had been former colonies of Spain. Thus, they share certain aspects of commonality in terms of culture, language, beliefs, and norms. Aside from sharing social and cultural characteristics and practices, the Philippines and Latin America have had a long history of economic relations through trade of various commodities. Participation in the galleon trade during the colonization era immediately comes to mind as well as membership in regional trading blocs such as APEC.

A quick glance at statistics shows that the Philippines has major trading relations with Mexico, Argentina, Brazil, Colombia, Peru, and Venezuela. Exports to Mexico in the year 2001 already reached USD162,658,000 while imports, USD26,179,000. Meanwhile, the total volume of trade (exports and imports) with Brazil has reached more than USD130,000,000. With Peru, the value of Philippine exports in 2001 amounted to USD9,914,000 while imports reached USD25,801,000.¹ In terms of investments, figures show that there are relatively significant Latin American investments in the Philippines. In 1999, South America has infused PhP1.920 billion of approved investments in the country.²

Still, Philippine-Latin America relations could still be strengthened in various respects, political, economic, and cultural. In fact, this is the aim of the recently established Philippine Academic Consortium for Latin American Studies (PACLAS). This network of academic and research institutions strives to foster cooperation in a wide spectrum of endeavor involving Latin American studies. It is under this initiative that the Institute proposes the conduct of baseline research on the history, nature, magnitude and extent of Philippine trade and investment relations with Latin American countries. Its main objective is to determine the trends and prospects of Philippine trade and investment relations vis-à-vis countries in the region and identify the issues that could influence areas for collaboration as well as those that hinder further cooperation.

Scope of Work

In particular, the study will:

- ❖ look at the historical and current trends of trade and investments between the Philippines and Latin America, analyzing the whole trading structure between them;

¹ F.O.B. value, from Table 7.2 Direction of Trade, 2002 Philippine Statistical Yearbook, National Statistical Coordination Board

² Table 6.10, Amount of Investments approved under EO226 by region, 2002 Philippine Statistical Yearbook, National Statistical Coordination Board

- ❖ examine the nature and magnitude of bilateral trade and investment relations, i.e. Philippines with individual Latin American countries;
- ❖ identify and analyze selected indicators of trade policies in the Philippines and in Latin American countries that could hinder or prosper the strengthening of trade relations, this would involve examining the trade regimes of these countries looking at tariff structures, among others;
- ❖ identify prospects for strengthening trade relations between the country and Latin America;
- ❖ identify channels for cooperation; and,
- ❖ provide a discussion on the trends and potentials of inter-regional trade between the ASEAN-5 and Latin America.

Duration of the Study

Based on the scope of work, it is expected that the study would take about 4 months to complete.

Dissemination of Research Output

The final report will be presented in a public forum, preferably as one of the activities of the PIDS anniversary celebration in September. The conference can be hosted jointly by the Institute and PACLAS, as part of the activities of the network for this year. Moreover, the Institute will publish the final report.