

Philippines



Trade and investment relationship with Australia

Two-way trade A\$8.2b (2022)	Two-way investment: A\$8.6b (2022)	Students 17,976 (2022)	Visitors 80,280 (2022)
Two-way trade in goods A\$6.1b (2022)	AUS investment in Philippines: A\$7.0b (2022)		
Two-way trade in services: A\$2.1b (2022)	Philippines investment in AUS: A\$1.6b (2022)	Diaspora 310,620 (2021)	Outbound visitors: 112,490 (2022)
Australian ODA: A\$89.9m (2023-24)			

Multilateral/Regional	Bilateral
WTO – member; APEC – member; RCEP – party; AANZFTA – party; IPEF – founding member	Comprehensive Partnership

Diplomatic and economic relations

Soon to elevate the relationship to a Strategic Partnership, Australia and the Philippines have a deep and longstanding diplomatic relationship dating back to 1946. Defence and security ties go back even further. Cooperation is diverse, including political, economic, development, defence, security and cultural relations. Australia's trade relationship with the Philippines is supported by regional free trade agreements. Strong tourism and student and diaspora networks underpin deep people-to-people links.

Outlook to 2040

Real GDP growth is projected to be around 6 per cent annually over the next five years, among the highest in Southeast Asia, before slowing to 4.1 per cent a year by 2040. Recent measures to open the economy to foreign investment will support the Philippines to sustain high growth. Better use of capital, labour and technology to increase productivity, and improvements to ease of doing business, will also be important. The Philippine Government seeks to eradicate poverty by 2040 by prioritising inclusive and sustainable growth, housing and urban development, manufacturing, connectivity, education, tourism, agriculture, health and financial services. Increased investment in digitisation, critical infrastructure and clean energy, and quality education and skills training, will also be important. Structural shifts facilitating a transition from an agriculture-heavy labour market to an agribusiness-focused economy will boost the Philippines' place in value chains.

Sectors to watch

Agriculture and food

In 2023, the Philippines' agrifood market is estimated to be worth A\$71.9 billion. Australia is well positioned to gain a larger market share (currently 6 per cent) as AANZFTA reduces barriers. The Philippines has a high demand for feed wheat, barley and milling wheat, and increased interest for Australia's fresh vegetables and premium beef. The Philippines imports 99 per cent of its dairy; Australia supplies only 3.5 per cent.

Education and skills

Significant opportunities exist for Australian education and training offerings, including in micro-credentials through education partnerships with relevant Philippine institutions. Training areas of interest include health, food and hospitality, ICT and financial services.

Resources

The Philippines has the third-largest deposits of gold, fourth for copper, fifth for nickel and sixth for chromite. Valued at A\$1.3 trillion, these resources are largely untapped. With bans lifted on open pit mining and new mining permits being issued, there are new foreign investment opportunities.

Green energy transition

The Philippines has set targets of 35 per cent renewables in the power generation mix by 2030 and towards 50 per cent by 2040. With the renewable energy sector open to 100 per cent foreign investment, there are opportunities for Australian businesses, expertise and technology.

Philippines action plan



Raise awareness

- Establish an outward investment mission program targeting institutional investors to deepen understanding of opportunities in the Philippines
- Support marketing campaigns for Australian products
- Increase awareness of the benefits of AANZFTA and RCEP
- Introduce Australian infrastructure capabilities and technology to multilateral banks, including the Asian Development Bank
- Attract more tertiary and VET students from the Philippines
- Promote Australian strengths in project and preparation activities planning, particularly for critical infrastructure
- Expand Australia's tourism marketing efforts
- Increase awareness of Philippine Government programs to expedite investments, such as the Green Lanes for Strategic Investments program



Remove blockages

- Encourage cooperation in recognition of qualifications
- Build on ongoing engagement on improving competition and ease of doing business, including at the subnational level
- Provide additional technical support to Philippine regulators and industry associations to resolve market access barriers
- Support economic governance development cooperation to improve the infrastructure investment environment
- Facilitate commercial education and training matching between Australian education providers and Philippine institutions and businesses



Build capability

- Increase cooperation on mining policy, including sharing Australia's expertise in environmental, social and governance frameworks
- Establish exchanges on Australia's energy regulatory ecosystem
- Work with partners, stakeholders, multilateral banks and aid agencies to provide alternative pathways to market for Australian expertise businesses supporting climate change projects
- Work with the Philippine Government to strengthen public-private partnerships
- Enhance support for relevant high-quality research and analysis and foster stronger links between academic institutions and policymakers
- Connect alumni with Australian and Philippine businesses
- Consider an aged care vocational training program supported by Australian aged care providers
- Promote exchanges to encourage cultural collaboration among artists
- Work with the Philippine Government to share expertise on economic security



Deepen investment

- Extend Partnerships for Infrastructure funding, including for early-stage project preparation support
- Focus investment promotion initiatives on the Philippines
- Explore a new phase of Australian education and skills assistance to improve standards, promote Australian education quality credentials and build linkages between Australian and Philippine research, training and education institutions
- Explore opportunities for public-private partnerships in digital health
- Consider a multi-year seed grants program for creative industries collaborative projects