

# **COUNTRY REPORT OF THE PHILIPPINES ON NATIONAL INITIATIVES ENCOURAGING AND SUPPORTING A MULTILATERAL TRADING SYSTEM**

## **I. THE PHILIPPINES AND THE WORLD TRADE ORGANIZATION (WTO)**

The Philippines is firmly committed to fair and liberal trade and have promoted this stance consistently in bilateral, regional and multilateral fora. The Philippines also remains committed to the multilateral trading system of the WTO and recognizes the value of the WTO's achievements in fostering a more open, transparent, predictable and competitive environment. Since 1995, the Philippines made substantial commitments on market access and continues to consolidate the liberalization programme under the Tariff Reform Program, undertaken unilaterally since the 1980s.

### **The Doha Development Agenda (DDA) Negotiations**

The Philippines fully supports the DDA with the consistent stand that the multilateral trading system can genuinely contribute to economic growth if the negotiations remain true to its developmental spirit. Since developing countries constitute majority of WTO members priority must be given to their needs. As a founding member of the G-20, the Philippines will continue in the course of the Doha negotiations to work towards correcting the imbalances on the benefits accruing from the multilateral trading system.

### **Agriculture**

The Philippines believes that the DDA should lead towards the balanced emphasis on the three pillars of the negotiations, namely market access, export subsidies and domestic support. It will continue to support for substantial and permanent reforms in domestic support disciplines and the elimination of export competition measures with clear deadlines. The Philippines fully supports the General Council (GC) Decision of July 2004 which affirms the policy space for developing countries to pursue developmental goal, e.g., exemption from any reduction commitments those developing countries that have allocated or intended to allocate most of their *de minimis* support for subsistence and resource-poor farmers.)

## **Non-Agriculture Market Access**

The Philippines supports a formula approach using two coefficients: one for developed and another for the developing countries. The outcome of the negotiations should take into account the tariff reduction program pursued unilaterally by developing countries. The binding of unbound tariff lines should, in itself, be accepted as a major concession. Hence, there should be no reduction commitments for these tariff lines. For unbound tariffs, there should be flexibilities for developing countries to bind at levels higher than what is proposed in July GC decision and to exempt a greater percentage from binding. The Philippines also recognizes the importance of addressing non-tariff barriers (NTBs). It would be useful to have a focused discussion on NTBs and how to address them beginning with products of export interest to many developing countries such as the textiles and clothing.

## **Services**

The Philippines joined other countries in submitting proposals on the guidelines and procedures for negotiations in trade in services and on the liberalization of Mode 4 (supply of a service by a service supplier of one member, through presence of natural persons of a Member in the territory of any other Member) Liberalization of temporary movement of natural persons addresses important market access concerns of developing and developed countries alike. The Philippines shares the disappointment of some members on the quality of commitments in areas where developing countries have comparative advantages, specifically for categories of personnel not related to commercial presence and at lower skill levels. Current offers essentially do not provide substantial improvements to existing specific commitments in Mode 4.

## **Implementation Issues**

On the negotiations on Trade-Related Aspects of Intellectual Property Rights (TRIPs), the Philippines joined developed and developing countries in opposing any moves towards a legally binding multilateral system of registration and notification of geographical indications (GIs) for wines and spirits. The Philippines believes that participation in the multilateral system of notification and registration of GIs for wines and spirits must be voluntary.

On special and differential treatment (S&D), the Philippines shares the view that S&D be strengthened and not limited in application to providing longer time frames for developing countries. This position confirms Philippine support for the need to ensure that the high level of ambition in the DDA comes with a strong and renewed emphasis on development.

## **Rules**

The Philippines supports the negotiations to clarify and improve existing WTO agreements on anti-dumping, countervailing and subsidies (including fisheries subsidies) and regional trading agreements (RTAs). The Philippines is a user of anti-dumping provisions, although it has not yet utilized the countervailing and subsidies provisions. Negotiations should lead to improvements of certain provisions of the agreements to prevent gross misuse without limiting a country's ability to use valid contingent protection.

The Philippines also supports the development of further disciplines on subsidy practices and predictable disciplines on fisheries to reverse over-capacity and over-fishing. On RTAs, negotiations should ensure that RTA rules will remain faithful to the most favored nations (MFN) principle and will not result in the marginalization of non-RTA participants.

### **Trade Facilitation**

The Philippines agreed to adopt the July decision on the modalities for negotiations on trade facilitation. This position is consistent with the statement adopted by Asia-Pacific Economic Cooperation (APEC) Trade Ministers in its June 2004 meeting in Pucon, Chile. Although trade facilitation *per se* offers numerous benefits especially in reducing inefficient procedures and increasing transparency, the costs for infrastructure development are substantial. The Philippines agrees that while negotiations may lead to implementation commitments requiring infrastructure development, developing countries are not legally bound to implement such commitments if infrastructure assistance and support from developed countries are not forthcoming and if developing countries and least-developed members continue to lack the necessary capacity.

### **Dispute Settlement Understanding**

While the WTO dispute settlement mechanism is an improvement over its General Agreement on Tariff and Trade (GATT) predecessor, the Philippines believes that certain aspects need to be reviewed and amended to make the system more useful especially for developing countries. Together with Thailand, it re-tabled its proposal regulating carousel, the practice of rotating or indiscriminately changing the products to be subjected to retaliatory treatment by the aggrieved member.

## **II. BILATERAL AND REGIONAL TRADE RELATIONS**

Apart from its engagement in the WTO, the Philippines continues to pursue bilateral and regional trade relations particularly with ASEAN Member States. The bulk of the Philippines' international economic engagement take place within ASEAN.

Bilaterally, the Philippines has taken a cautious approach on FTAs. In October 2008, the Japan-Philippines Economic Partnership Agreement (JPEPA) was ratified by the Philippine Senate and entered into force in December 2008. The agreement promotes a freer trans-border flow of goods and services between the two countries including a comprehensive partnership that covers, among others, HRD, ICT, and SMEs.

The Philippines is committed to constructive participation to forge the planned partnerships with emphasis on maintaining policy flexibility but fully consistent with the existing rules under the multilateral trading system, particularly GATT Article XXIV, GATS Article V as well as the Enabling Clause.

## **III. FUTURE POLICY DIRECTIONS**

The eradication of poverty remains the country's biggest development challenge. The Medium-Term Philippine Development plan of 2004-2010 recognizes the significant contribution of trade and investment to achieve the Government's goal of economic development and job creation. Based on the Plan, internally determined measures relating to macro-economic stability, employment, trade and investment, agribusiness, power sector reforms, infrastructure, science and technology and anti-corruption will be pursued to strengthen the Philippines' competitiveness and contribute to creating jobs.