


Key demands for the negotiations for a Free Trade Agreement between the EU- and the Philippines

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Introduction

The Philippines with more than 115 million inhabitants is currently one of the fastest growing emerging economies in the world, projected to see an economic growth with around 6% growth in GDP in 2025. Furthermore, this Southeast Asian country has major reserves of critical raw materials, such as nickel and copper. Therefore, VDMA is very supportive of the trade negotiations with the Philippines.

Below you will be able to find VDMA's key demands for the negotiations between the EU and the Philippines on a Free Trade Agreement (FTA).

Key demands for the negotiations between the EU and the Philippines on an FTA

- **The full elimination of tariffs**

The present standard tariff for the machinery and plant engineering sector is usually between 0 and 15 % in the Philippines. VDMA supports the complete dismantling of tariffs for mechanical engineering products, when exporting to the Philippines.

Other duties and taxes should be abolished as well. We refer in particular to the withholding tax. Plant manufacturers are affected by a withholding tax of 30% of the total price during installation and maintenance. There are, however, certain ways to obtain exemptions or refunds, but it does not appear to be entirely straightforward.

- **The laying down of modern Rules of Origin**

The Rules of Origin of the agreement must be in line with other EU Free Trade Agreements, which enable our member companies to benefit from an FTA between the EU and the Philippines. In the case of mechanical engineering products, we support a maximum permissible proportion of non-EU originating material of 50% or of 45% of the ex-works price. Alternatively, the change-of-tariff heading-rule is supported by VDMA.

- **The establishment of transparent customs procedures**

Our member companies often complain about unclear customs procedures in this Southeast Asian country, in particular which documents should be provided. A FTA should lead to transparent and clear customs procedures.

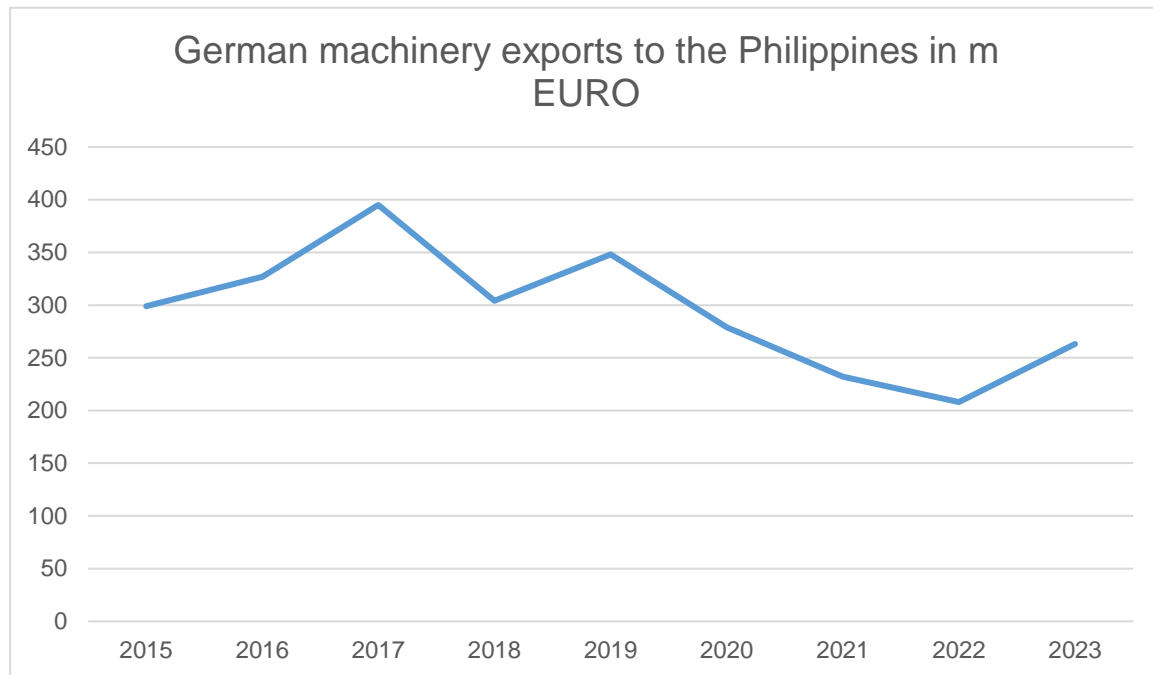
- **The removal of import and export restrictions**

Time and again, the authorities in Manila intervene in market mechanisms. The Philippines shall not adopt or maintain any prohibition or restriction on the importation of any good or on the exportation or sale for export of any good.

- **The establishment of a level-playing field in public procurement**

Public procurement accounts for a substantial part of the EU economy. The EU has opened its public procurement markets significantly to competitors from third countries, such as the Philippines. Public authorities in the Philippines must treat EU companies the same as Philippine companies in the EU in the area of public procurement.

- **Development of German machinery exports to the Philippines**



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