

**ECONOMIC COOPERATION BETWEEN THE  
PHILIPPINES AND GERMANY**

**THESIS**

**PATRICIA ANN M. CARRILLO**

**College of Economics, Management  
and Development Studies**

**CAVITE STATE UNIVERSITY**

**Indang, Cavite**

Cavite State University (Main Library)



**T6044**

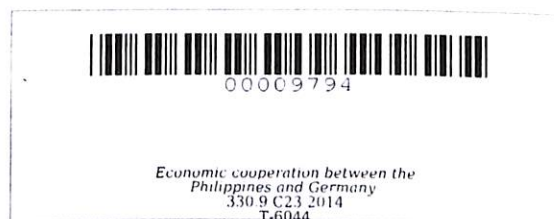
THESIS/SP 330.9 C23 2014

**November 2014**

**ECONOMIC COOPERATION BETWEEN THE  
PHILIPPINES AND GERMANY**

Undergraduate Thesis  
Submitted to the Faculty of the  
College of Economics, Management and Development Studies (CEMDS)  
Cavite State University  
Indang, Cavite

In partial fulfillment  
of the requirements for the degree  
Bachelor of Science in International Studies



**PATRICIA ANN M. CARRILLO**  
November 2014

## ABSTRACT

**CARRILLO, PATRICIA ANN M. “Economic Cooperation between the Philippines and Germany”.** Undergraduate Thesis. Bachelor of Science in International Studies major in European Studies. Cavite State University. Indang, Cavite. November 2014. Adviser: Prof. Roderick M. Rupido.

This study was conducted to: (1) identify and discuss the economic cooperation agreements between the Philippines and Germany; (2) describe the status of current cooperation between the Philippines and Germany based on the following factors: total merchandise exports, total merchandise imports, foreign direct investments, tourist arrivals, overseas workers' employment, overseas workers' salary remittances; and (3) determine the policy implication to improve economic relations of the Philippines with Germany.

Descriptive analysis was used to present the data between the Philippines and the Germany. Secondary data were gathered from the Department of Foreign Affairs, Department of Trade and Industry, Department of Tourism and also from the official websites of German embassy. The data gathered covered the years 1998 to 2012.

The Philippines and Germany had five economic cooperation agreements. The highest amount of export from Germany to the Philippines reached to 1,974,256 US dollar thousand in year 2012 and the highest number of imports to Germany from the Philippines reached to 2,988,672 US dollar thousand in year 2012. The highest source of investment in year 2012 was the industry of manufacturing with 1,437.4 million pesos. Based on the statistics of German tourist arrivals from the Department of Tourism, the highest number of tourist arrival was in year 2012 with 67,023 tourist arrivals.

The number of deployed landbased overseas Filipino workers in Germany (new hires and rehires) had its peak in 1998 with 156 OFWs, the highest number of OFW from year 1998-2010. It dropped from 156 to 89 OFWs in year 2002. Meanwhile, OFW remittances from Bangko Sentral ng Pilipinas, from year 1998-2010, dropped to the lowest remittance amounting to 59,995 US dollar thousand in 2001 because of the unemployment issue in Germany. On the other hand, there was a consistent increase of remittance from 2002-2012 because Germany had won back its place as the driving force in the European economy. Global demographic trends favored the Philippines.

## TABLE OF CONTENTS

	Page
<b>BIOGRAPHICAL DATA</b> .....	iii
<b>ACKNOWLEDGMENT</b> .....	iv
<b>ABSTRACT</b> .....	vi
<b>LIST OF TABLES</b> .....	x
<b>LIST OF FIGURES</b> .....	xi
<b>LIST OF APPENDICES</b> .....	xii
<b>INTRODUCTION</b> .....	1
Statement of the Problem .....	4
Conceptual Framework.....	5
Objectives of the Study .....	7
Significance of the Study.....	8
Scope and Limitation of the Study.....	8
Definition of Terms.....	9
<b>REVIEW OF RELATED LITERATURE</b> .....	11
<b>METHODOLOGY</b> .....	24
Research Design.....	24
Sources of Data.....	24
Data Gathering Procedure.....	24
Data Analysis.....	24
<b>RESULTS AND DISCUSSION</b> .....	25



Economic Cooperation Agreements between the Philippines and Germany .....	25
Status of Current Cooperation between the Philippines and Germany .....	29
Exports.....	29
Imports.....	32
Balance of trade.....	36
Foreign direct investments.....	38
German tourists arrivals in the Philippines.....	41
Overseas Filipino workers' deployment in Germany.....	43
Overseas Filipino workers' remittance from Germany.....	45
Policy Implication.....	47
<b>SUMMARY, CONCLUSION, AND RECOMMENDATION.....</b>	<b>49</b>
Summary .....	49
Conclusion .....	52
Recommendation .....	53
<b>REFERENCES .....</b>	<b>55</b>
<b>APPENDICES .....</b>	<b>58</b>

## LIST OF TABLES

Table		Page
1	Percentage distribution of exported products to Germany, 2001-2012.....	30
2	Germany's export to Philippines, 2001-2012.....	32
3	Percentage distribution of imported products from Germany, 2001-2012.....	33
4	Philippine's import from Germany, 2001-2012.....	34
5	Trade balance between Philippines and Germany, 2001-2012.....	36
6	Top sources of foreign direct investments in the Philippines 2003-2012.....	38
7	Foreign direct investments of Germany in the Philippines, 1996-2012.....	39
8	Number of German tourists arrival who visited the Philippines, 2001-2012.....	41
9	Deployed landbased overseas Filipino workers in Germany (New hires and Rehires1998-2010).....	43
10	Salary remittances of OFW in Germany .....	45

## LIST OF FIGURES

Figure		Page
1	A paradigm showing the relationship between the economic cooperation agreements and the policy implication in economic cooperation between the Philippines and Germany.....	6
2	Germany's export to Philippines, 20001-20012.....	32
3	Germany's imports from Philippines, 2001-2012.....	35
4	Trade balance between Germany and Philippines, 2001-2012.....	37
5	Foreign direct investments of Germany in the Philippines, 1996-2012.....	40
6	German tourists arrival who visited the Philippines, 2001-2012.....	42
7	Deployed landbased overseas Filipino workers in Germany (New hires and Rehires 1998-2010).....	44
8	Salary remittances of OFW in Germany .....	46



## LIST OF APPENDICES

Appendix	Page
1 Letter requests of the researcher .....	59
2 Trade Agreement between the Government of the Republic of the Philippines and the Government of the Federal Republic of Germany .....	64
3 Protocol on Trade Relations between the Republic of the Philippines and the Federal Republic of Germany.....	69
4 Agreement between the Federal Republic of Germany and the Republic of the Philippines for the Avoidance of Double Taxation with Respect to Taxes on Income and on Capital.....	74
5 Agreement between the Republic of the Philippines and the Federal Republic of Germany for the Promotion and Reciprocal Protection of Investments.....	112
6 Agreement on the Employment of Philippine Registered nurses and Midwives in German Hospital.....	127

# **ECONOMIC COOPERATION BETWEEN THE PHILIPPINES AND GERMANY**

**Patricia Ann M. Carrillo**

---

A thesis manuscript submitted to the faculty of the Department of Development Studies, College of Economics, Management and Development Studies, Cavite State University, Indang, Cavite in partial fulfillment of the requirements for graduation with the degree of Bachelor of Science in International Studies major in European Studies with Contribution No. 28. Prepared under the supervision of Prof. Roderick M. Rupido

---

## **INTRODUCTION**

Economic cooperation between countries is cooperation in the economic field, bilateral, regional and international levels. It covers several fields, such as exports and imports of goods and services, lending and borrowing of capital and payments, and acceptance services. It is the reducing barriers to trade and international investment and pursuing means to encourage economic growth (United Nations Industrial Development Organization, 2008).

The Philippine economy has been growing steadily over decades and the International Monetary Fund in 2011 reported it as the 45th largest economy in the world. However, its growth has been behind that of many of its Asian neighbors, the so-called Asian Tigers, and it is not a part of the Group of 20 nations. Instead it is often grouped in a second tier of emerging markets or of newly industrialized countries.