INFORMATION NOTE

Hong Kong's Ties with the Philippines

1. Background

1.1 On 19 October 1999, the Parliamentary Liaison Subcommittee of the House Committee discussed a member's suggestion that consideration be given to the interest expressed by some Members of the House of Representatives of the Philippines in forming a parliamentary friendship group with the Legislative Council (LegCo). To ascertain whether further friendship groups should be formed, in particular with the Philippines, the Subcommittee asked to be provided with some up-to-date information on Hong Kong's existing ties with the Philippines in terms of international trade, investments, tourism, banking, and cultural exchanges. In September 1998, the Research and Library Services (RLS) Division compiled a report entitled *Hong Kong's Ties with the Neighbouring Jurisdictions* (RP02/98-99) which included the Philippines in the research. The RLS Division was therefore invited to provide an update in respect of the Philippines.

2. Methodology

2.1 Upon our request, the Census and Statistics Department, Hong Kong Trade Development Council, Industry Department, Hong Kong Tourist Association, Hong Kong Monetary Authority, Urban Services Department, Regional Services Department, Hong Kong Arts Festival Society Ltd., Hong Kong Arts Development Council, and Hong Kong Academy for Performing Arts have provided the necessary information. This study is based on the information obtained from these sources.

3. Summary of Findings

3.1 The summary of Hong Kong's ties with the Philippines is provided in Table 1 (see below). It can be seen that the rankings in the fields of international trade, investments and banking remained relatively the same in 1997 and 1998. It is worth noting that Hong Kong remained the third largest foreign investor in the Philippines in 1998, after the United States and Japan.

3.2 In regard to tourism, the 1998 rankings in visitor arrivals and receipts from visitors from the Philippines both dropped compared to the 1997 rankings.

3.3 There were a few cultural exchange programmes between Hong Kong and the Philippines organised by the Provisional Urban Council, the Provisional Regional Services Council, and the Hong Kong Arts Development Council in the last few years. However, the Hong Kong Academy for Performing Arts sent about 60 students to perform in the Philippines annually.

Table 1 - Summary of Hong Kong's Ties with the Philippines

International Trade		
	1998 Ranking	**1997 Ranking**
Hong Kong's Total Trade with the Philippines	16	16
Hong Kong's Total Exports to the Philippines	14	13
Hong Kong's Imports from the Philippines	18	20
Investments		
	1998 Ranking	**1997 Ranking**
Philippine Investments in Hong Kong's Manufacturing Industries, by Number of Projects	18	19
Philippine Investments in Hong Kong's Manufacturing Industries, by Value of Investments at Historical Costs	9	11
Philippine Investments in Hong Kong's Non-manufacturing Sectors, by Value of Investments at Historical Costs	23 (1997 figure)	23 (1996 figure)
Philippine Regional Headquarters in Hong Kong	30	32
Philippine Regional Offices in Hong Kong	Nil	36
Hong Kong's Investments in the Philippines, by Value of Investments at Historical Costs	3	3
Tourism		
	1998 Ranking	**1997 Ranking**
Philippine Visitor Arrivals	10	9
Receipts from Philippine Visitors	7	5
Hong Kong Resident Departures for the Philippines	7	8
Banking		
	1999 Ranking	**1998 Ranking**
Licensed Philippine Banks in Hong Kong	18	19
Local Representative Offices of Philippine Banks in Hong Kong	16	18
Cultural Exchanges		
Festival of Asian Arts, by Number of Philippine Artists Participating in the Festival	1 (1998)	Nil (1996)
Hong Kong International Film Festival, by Number of Philippine Films Screened	2 (1999)	Nil (1998)
Hong Kong Arts Festival, by Number of Programme Performed by Philippine Artist	Nil (2000)	Nil (1998)
Provisional Regional Council, by Number of In-bound Cultural Exchange Performances	Nil (1998-99 Financial Year)	Nil (1997-98 Financial Year)
Music Office, by Number of Cultural Exchange Tour in the Philippines	Nil (1998-99 Financial Year)	Nil (1997-98 Financial Year)
Hong Kong Arts Development Council, by Number of Cultural Exchange Programmes in the Philippines	Nil (1998-99 Financial Year)	1 (1997-98 Financial Year)
Hong Kong Academy for Performing Arts, by Number of Students Performed in the Philippines	59 (1998)	60 (1997)

4. International Trade

Hong Kong's Total Trade with the Philippines

4.1 The Philippines ranked as Hong Kong's 16th largest trading partner in 1998 (ranked 16 in 1997). In 1998, the bilateral trade between Hong Kong and the Philippines totalled HK$23,320 million which accounted for 0.8% of Hong Kong's global trade.

Hong Kong's Total Exports to the Philippines

4.2 The Philippines was Hong Kong's 14th largest total export market in 1998 (ranked 13 in 1997). Hong Kong's total exports to the Philippines in 1998 decreased by 24% over 1997 to HK$13,072 million. This total accounted for 1% of Hong Kong's global total exports. Hong Kong's major exports to the Philippines were textiles, parts and accessories of office machines and computers, semi-conductors, and telecommunications equipment and parts.

Hong Kong's Imports from the Philippines

4.3 The Philippines was Hong Kong's 18th largest supplier in 1998 (ranked 20 in 1997). The total import value amounted to HK$10,248 million in 1998 which accounted for 0.7% of Hong Kong's total imports. Major imports from the Philippines were semi-conductors, electronic valves and tubes, and telecommunications equipment and parts.

5. Investments

Philippine Investments in Hong Kong's Manufacturing Industries

5.1 At the end of 1998, the Philippines had three investment projects in Hong Kong which ranked 18 (ranked 19 at the end of 1997).

5.2 At the end of 1998, Philippine investments at historical costs reached a total of HK$833.5 million which ranked 9 (ranked 11 at the end of 1997).

Philippine Investments in Hong Kong's Non-manufacturing Sectors

5.3 At the end of 1997, the Philippines was Hong Kong's 23rd largest investor country/territory in the non-manufacturing sectors (ranked 23 at the end of 1996). Philippine investments at historical costs totalled HK$2.6 billion and accounted for around 0.4% of the total.

Regional Representation by Philippine Companies in Hong Kong

5.4 According to the annual survey conducted by the Industry Department in June 1998, there were 2 449 regional operations by international companies in Hong Kong, comprising 819 regional headquarters[1] and 1 630 regional offices[2].

5.5 In June 1998, the companies in the Philippines had two regional headquarters in Hong Kong and this number ranked 30 (ranked 32 in June 1997). In June 1998, the Philippines did not have any regional office in Hong Kong (global ranking inapplicable) whereas it had two in June 1997 (ranked 36 in June 1997). According to the Industry Department, the Philippines might have down-graded their regional offices in Hong Kong.

Hong Kong's Investments in the Philippines

5.6 At the end of 1998, Hong Kong was the third largest foreign investor in the Philippines (also ranked 3 at the end of 1997) while the top two leaders were the United States and Japan. Hong Kong's investments at historical costs in the Philippines amounted to 33 billion pesos, accounting for 12.6% of the total. Major investments were in manufacturing industries such as garments and electronics, infrastructure, construction and property development.

6. Tourism

Philippine Visitor Arrivals

6.1 The 1998 ranking decreased to 10 from the 1997 ranking of 9. In 1998, visitor arrivals from the Philippines dropped by 34.3% compared with 1997 to 214 556 arrivals. This made up 2.2% of all visitor arrivals to Hong Kong in 1998.

Receipts from Philippine Visitors

6.2 The 1998 ranking was 7 while the 1997 ranking was 5. In 1998, the receipts from visitors from the Philippines decreased by 46.3% over 1997 to HK$1,331 million and accounted for 2.5% of Hong Kong's total tourism receipts.

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1 Regional headquarters are defined as organizations which have control over the operation of one or more other offices or subsidiaries in the region without the need to make frequent referrals to, or consult with, the parent companies or headquarters.

2 Regional offices are companies which are responsible for general business activities in other countries/territory in the region for the parent companies.

Hong Kong Resident Departures for the Philippines

6.3 The 1998 ranking was 7 while the 1997 ranking was 8. In 1998, the total number of Hong Kong resident departures for the Philippines decreased by 6.5% over 1997 to 297 422 which accounted for 0.6% of the total.

7. Banking

Licensed Philippine Banks in Hong Kong

7.1 The ranking in October 1999 was 18 while the ranking in June 1998 was 19. In October 1999, the Philippines had two licensed banks in Hong Kong, namely Equitable Banking Corporation and Philippine National Bank.

Local Representative Office of Philippine Bank in Hong Kong

7.2 The ranking in October 1999 was 16 while the ranking in June 1998 was 18. In October 1999, the Philippines had one local representative office in Hong Kong, namely Metropolitan Bank and Trust Co.

8. Cultural Exchanges

Provisional Urban Council

8.1 The Provisional Urban Council supports international cultural exchanges by staging international arts festivals such as the biennial Festival of Asian Arts, Hong Kong International Film Festival, and Hong Kong Arts Festival. These festivals aim at promoting different art forms as well as cultural exchanges amongst artists from the participating country/territory.

Festival of Asian Arts

8.2 In the 17th Festival of Asian Arts, held from 23 October to 14 November 1998, one Philippine artist presented a music programme entitled Grace Nono in Concert. For the 16th Festival of Asian Arts held from 18 October to 9 November 1996, no artist from the Philippines participated in the Festival.

Hong Kong International Film Festival

8.3 In the 23rd Hong Kong International Film Festival held from 31 March to 15 April 1999, two films from the Philippines entitled the Criminal of Barrio Conception and Women on a Tin Roof were screened. However, there was no Filipino film screened in the 22nd Hong Kong International Film Festival (3 April to 18 April 1998).

Hong Kong Arts Festival

8.4 The 20th Hong Kong Arts Festival, to be held from 11 February to 12 March 2000, will have 37 programmes. There will not be any programme performed by Philippine artist.

8.5 The 19th Hong Kong Arts Festival, held from 15 January to 13 February 1998, had 38 events (i.e. 109 performances). There was no programme performed by Philippine artist.

Provisional Regional Council

8.6 The Provisional Regional Council does not have any on-going international arts and cultural exchange programmes with any country/territory other than those participated by the Music Office.

8.7 In respect of in-bound cultural exchange activities, the Provisional Regional Council organises about 600 cultural performances each year, out of which about 15% are visiting artists. In 1997-98 and 1998-99 financial years, no cultural exchange programme involved Philippine artist.

Music Office

8.8 The Provisional Regional Council and the Provisional Urban Council jointly manage the Music Office. The Music Office sent youth orchestras to other places for cultural exchange tours and received visiting groups as this is considered an integral part of music education.

8.9 In 1997-98 and 1998-99 financial years, the Music Office did not organise any cultural exchange project in the Philippines.

Hong Kong Arts Development Council

8.10 In the financial year 1998-99, the Hong Kong Arts Development Council sponsored 49 cultural exchange programmes, but no programme performed in the Philippines. There was one cultural exchange programme entitled Cry of Asia 3 sponsored by the Hong Kong Arts Development Council in the financial year 1997-98.

Hong Kong Academy for Performing Arts

8.11 In 1998, the Hong Kong Academy for Performing Arts sent 59 students to participate in the International Federation of Dance Academy in the Philippines whereas the number of students sent in 1997 was 60.

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