GEOGRAPHIC AND COMMODITY PATTERNS OF PHILIPPINE EXPORT TRADE TO ASIA

By

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I. General Patterns, Trends

Philippine export trade to Asia has experienced a modest annual growth rate of 16.19% for the seven-year period under study (1961-1967), grossing on the average a yearly addition of $232 million in export earnings to the economy. Such a growth has been found to be more rapid than the accelerated pace of total Philippine export trade to the world (9.14%), to the European Common Market (10.57%), and to the United States (4.73%) for the same time period.[1]

Relative to the total value of Philippine exports to the world, the Asian share has risen by 14.31% between 1961 and 1967. In contrast, the United States' share has gradually but steadily declined from 53.75% in 1961 to 42.22% in 1967. The European Common Market's share exhibited a rise in the early 1960's (17.84%), but only to fall off in 1965, reaching a level (10.96%) lower than the percentage share registered in 1961 (12.44%). Table 1 therefore gives evidence to a growing tendency of Philippine exports to be channeled into intraregional markets.

Table 1
Percentage Distribution Of Philippine Exports, 1961-1967

Period	F.O.B. Value of Exports to: World	Asia	U.S.[a]	E.E.C.	Percentage Distribution[b] World	Asia	U.S.	E.E.C.
	(million U.S. dollars)				(percent)			
1961	498	139	268	62	100	27.91	53.75	12.44
1962	548	159	276	74	100	29.04	50.53	13.49
1963	724	223	330	136	100	30.77	45.55	17.84
1964	737	216	352	130	100	29.25	47.83	17.65
1965	772	247	348	122	100	31.99	45.08	15.75
1966	822	316	315	127	100	38.48	38.46	15.49
1967	722	326	325	85	100	42.23	42.22	10.96

[a]Including Hawaii.

[b]Percentage shares as they appear in this table were computed before the dollar values were rounded-off to the nearest million dollars; hence the appearance of minor discrepancies.

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[1] In computing for yearly growth rate the following equation was used:

Rate of growth $= (\frac{X_t}{X_t - 1} - 1)\,100$ where X_t equals this year's export value, and $X_t - 1$ equals the preceding year's export value; average annual growth rates are simple arithmetic averages of yearly growth rates expressed in per cent.

As Table 2 and Figure 1 will reveal, however, the growth of Asian imports from the Philippines has been characterized by fluctuations in dollar values, as has been the case too with the growth patterns of her three geographic regions. In terms of average annual growth rates, that of South Asia has been found to be the most impressive, followed by that of Southeast Asia and lastly by East Asia, the Philippines' biggest importing region in Asia, whose average rate even fell short of that of the whole continent. The difference of 0.32% in growth rates between the continent and the East Asian region is accounted for by the offsetting tendencies of the two other regions to grow at relatively more rapid rates although the difference registered is minimal, this being an indication of the almost negligible percentage shares of these two regions in total volume of trade to the area.

In terms of percentage distribution, East Asia accounts for an annual average of 98.38% of total Philippine export trade to Asia. This performance is largely explained by the value and volume of exports going to Japan, which incidentally is the Philippines' biggest trading partner in Asia and is surpassed only by the United States as the single most important market for Philippine products. It is interesting to note, however, that this geographic concentration of trade (both import and export) in the United States and Japan is not peculiar to the Philippines by virtue of her unique historical experience; it has been observed that the direction of trade in the developing ECAFE countries has undergone a marked shift in the early part of the 1960's, with the United States replacing Western Europe as their most important trading partner, and with Japan garnering a second place after edging out the United Kingdom.[2]

Table 2

Philippine Exports To Asia By Regions Of Destination, 1961-67

Period	F.O.B. Value of Export to: Asia (million U.S. dollars)	East Asia	Southeast Asia	South Asia	Percentage Distribution: Asia (percent)	East Asia	Southeast Asia	South Asia	Rate of Growth: Asia (percent)	East Asia	Southeast Asia	South Asia
1961	139	137	1.08	0.58	100	98.82	0.77	0.41				
1962	159	157	1.58	0.36	100	98.77	1.00	0.23	14.46	14.42	47.25	(37.83)
1963	223	219	2.19	1.39	100	98.39	0.98	0.63	20.02	39.48	38.31	287.23
1964	216	212	2.60	0.93	100	98.36	1.21	0.43	(3.28)	(3.32)	18.80	(33.26)
1965	247	244	2.37	0.32	100	98.91	0.96	0.13	14.54	15.18	(9.09)	(65.63)
1966	316	311	5.20	0.55	100	98.18	1.65	0.17	28.11	27.16	119.60	73.92
1967	326	317	8.24	0.86	100	97.21	2.53	0.26	3.07	2.04	58.52	55.43
Average (1961-1967)					100	98.39	1.29	0.32	16.15	15.83	45.57	46.64

Source of Basic Data: Central Bank of the Philippines

[2] *Economic Survey for Asia and the Far East, 1966* (United Nations, 1965) p. 169.

Southeast Asia trails East Asia as a poor second, accounting for a meager 1.27% share, followed by South Asia, 0.32%. Thus one need not be overly impressed by South Asia's average growth rate mentioned earlier when one considers the value of Philippine export products that find their way to South Asian markets.

Looking at the growth performance of individual countries in Asia, one finds out that the fastest rates of growth for the seven-year period have been registered not in South Asia, the fastest growing importing region, but rather in Southeast Asia, i.e., in Indonesia, South Vietnam, Cambodia, and Sarawak.[3] There is some need to qualify the above statement because these excessively high average annual growth rates may mislead the reader into regarding them as an indication of rapid positive trends in the growth of exports into these countries, whereas the contrary may actually be true. Table 3 will show that an abnormally high growth rate in a particular year is enough to nullify the effects of negative growth rates registered during the other years and thus bring up the growth rate for the whole period. This is particularly true of Indonesia, and of South Vietnam to a lesser extent, while Cambodia's and Sarawak's performances are a different case since their imports from the country have been very sporadic.

Table 3

Rates of Growth of Philippine Exports By Country of Destination
1961-1967
(per cent)

Region/Country	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	Average (1961-67)
Southeast Asia							
Cambodia	109.71	–	–	–	2410.00	140.20	886.64
Indonesia	(30.01)	(109.80)	42.54.41	72.61	(37.39)	(43.23)	684.43
South Vietnam	(54.46)	4132.48	(62.48)	(6.83)	949.63	132.88	681.87
Sarawak	–	–	–	–	1097.00	125.00	611.00
Laos	–	–	–	66.25	216.93	(35.97)	85.74
Singapore	61.51	(38.82)	145.29	(8.98)	94.11	47.40	50.09
Thailand	63.88	49.53	35.17	24.65	67.70	53.20	49.02
Burma	185.35	(29.29)	(89.65)	24.20	47.89	77.23	35.96
Malaya	1.48	1.08	(1.08)	(5.10)	283.61	(40.33)	32.30
North Borneo	–	65.95	(50.22)	(71.05)	(107.15)	197.87	7.08
Brunei	–	–	(75.00)	–	–	–	(75.00)
East Asia							
South Korea	131.40	(46.16)	20.79	17.29	84.23	4.21	35.29
Taiwan	36.37	78.92	13.56	1.17	4.86	12.44	24.55
Okinawa	5.83	67.26	5.48	2.17	60.52	(6.98)	22.38
Japan	9.17	45.25	(5.22)	16.11	25.52	1.52	15.39
Hongkong	(1.04)	25.59	5.69	(16.85)	36.20	5.66	9.56
South Asia							
Pakistan	65.56	31.64	19.24	(62.51)	551.18	135.17	123.38
India	(47.56)	371.41	(33.21)	(66.59)	1.52	(1.08)	37.42
Ceylon	(60.84)	88.43	(93.52)	49.22	44.15	69.54	16.16

Source of Basic Data: Central Bank of the Philippines

[3]It will be noted later, however, that these countries have a relatively insignificant trade with the Philippines, their combined average yearly percentage share to total value of Philippine exports to Asia being less than one-half of one per cent for seven years. (Table 5)

Indonesia's growth rates were negative in all but two years, that is, in 1963-64 when it exhibited an astronomic growth rate of 4,254% and in 1964-65, 73%. The 1963-64 growth has been heavily weighted by an unprecedented $162,960 worth of imports of "other medicinal and pharmaceutical products, n.e.s." during the first semester of 1964 and which has never been exceeded or even matched during the succeeding years. To a certain extent also, her importation of $28,490 worth of ramie fiber RD-2 which comprised all her imports of that particular commodity during the seven years accelerated the growth of her imports in that year.

Similarly, South Vietnam had negative growth rates in three years out of six although admittedly such a growth pattern can be considered most abnormal because of the circumstances attending her economy, namely the Vietnam war. It is safe to assume that South Vietnam's commodity patterns of demand–heavily weighted by the volume and value of imports of American installations in that country – are an inevitable result of the exigencies of the war, and that the cessation of such is likely to bring about a drastic revision of the country's demand structures; this, in turn, is bound to be repercussive on the economies of her trading partners. Already some East Asian and Southeast Asian countries, the Philippines among them, have received a more or less substantial portion of their foreign-exchange earnings from the war-induced demands of that country.[4]

Following these four countries in the list of rapidly growing importers are Pakistan in the South Asian region, Singapore and Thailand in Southeast Asia, and then South Korea in East Asia. Hongkong exhibited the lowest growth rate in this last-mentioned region, while the slowest growers for all Asia were North Borneo and Brunei.

As mentioned earlier, the fastest growing importers of Philippine products in Asia are not necessarily the biggest importers in terms of average percentage shares relative to their respective regional totals: in Southeast Asia, South Vietnam ranks a poor second to Singapore, while Indonesia comes fifth in rank (Table 4). Like South Vietnam, Pakistan is second only to India in South Asia. Japan swamps all her neighbors in East Asia, and in all Asia for that matter, with an 88.59% of the regional total, although her average annual growth rate is the second lowest in the region.

In terms of total export earnings received during the period under study, Table 5 gives the percentage distribution of Asian countries ranked from highest to lowest.

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[4] "The Economic Situation in Asia" (Opening remarks of Dr. Hiroshi Kitamura, 24th Session of the Economic Situation for Asia and the Far East) *Economic Bulletin for Asia and the Far East*, Vol. XIX, No. 1 June 1968, p. 43.

Table 4

Percentage Distribution of Philippine Exports To Each Region In Asia By Country of Destination, 1961-1967 (per cent)

	1961	1962	1963	1964	1965	1966	1967	Average (1961-67)
ıst Asia	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
apore	55.66	61.05	27.00	55.76	55.82	49.33	45.87	50.07
:h Vietnam	4.85	1.50	45.86	14.48	5.05	24.14	35.47	18.76
land	10.25	11.41	12.34	14.04	19.25	14.70	14.21	13.74
ıya	16.82	11.59	9.28	6.97	3.76	6.57	2.47	8.20
›nesia	6.48	3.08	0.22	8.00	15.18	4.33	1.55	5.54
na	4.92	9.53	4.88	0.43	0.58	0.39	0.06	2.97
ıbodia	1.02	1.46	—	—	—	0.05	0.07	0.37
th Borneo	—	0.35	0.42	0.17	0.06	0.00	0.00	0.14
s	—	—	—	0.15	0.28	0.39	0.16	0.14
.wak	—	—	—	—	0.02	0.10	0.14	0.04
ıei	—	0.03	—	0.00	—	—	—	0.03
;ia	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
ın	90.70	86.54	90.12	88.33	89.05	87.91	87.46	88.59
th Korea	3.74	7.57	2.92	3.65	3.72	5.39	5.50	4.64
van	3.22	3.83	4.92	5.76	5.07	4.18	4.61	4.51
ıgkong	1.67	1.44	1.30	1.42	1.03	1.10	1.14	1.30
nawa	0.67	0.62	0.74	0.84	1.13	1.42	1.29	0.96
Asia	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
ia	87.17	73.54	89.52	89.58	87.09	57.70	36.72	74.47
istan	6.14	16.36	5.56	9.94	10.84	40.58	61.41	21.55
lon	6.69	10.10	4.92	0.48	2.07	1.72	1.87	3.98

of Basic Data: Central Bank of the Philippines

Table 5

Percentage Distribution of Value of Philippine Exports to Asia, 1961-1967, Ranked

Rank	Name of Country	Percent Distribution
1	Japan	86.92694
2	South Korea	4.57823
3	Taiwan	4.51711
4	Hongkong	1.22682
5	Okinawa	1.01350
6	Singapore	0.69374
7	South Vietnam	0.35407
8	India	0.23057
9	Thailand	0.20411
10	Malaya	0.08512
11	Pakistan	0.06459
12	Indonesia	0.06421
13	Burma	0.02218
14	Ceylon	0.01104
15	Laos	0.00268
16	Cambodia	0.00263
17	North Borneo	0.00128
18	Sarawak	0.00102
19	Brunei	0.00003

Source of Basic Data: Central Bank of the Philippines

II. Philippine Exports to Asia According to Three Major Product Classifications

Philippine exports to Asia are grouped under three major classifications; namely, primary commodity, semi-manufactures, and manufactures.[5] Of the three major product groups, manufactures showed the highest average annual rate of growth, followed by semi-manufactures. (See Table 6 for F.O.B. value of each product classification, growth rates and percentage shares.) Although the primary product export trade obviously lagged behind those of the two other classifications, the lag has not been very acute since the primary exports managed to grow at an average rate of 15.60% during 1961-1967. The fact that the semi-manufactured and manufactured product exports are still at an incipient stage may be a tenable explanation for their rapid rates of growth.

The manufactured product group with some minor fluctuations in its growth pattern managed to grow at a positive rate even in those years when the primary and the semi-manufactured product groups showed negative rates of growth. Manufactures exhibited their highest annual rate of growth during 1966-1967, almost doubling their export earnings of the previous year. In the same year our primary product exports hardly grew (0.89% growth rate) and the growth rate of this year acted as a drag on an otherwise moderately fast rate registered during the previous six years. This fall in growth rate is largely explained by the decline in export proceeds of primary products of mineral origin, specifically in our exports to Japan of ores and concentrates of non-ferrous base metals (SITC no. 283) and of silver and platinum ores (SITC no. 285) amounting to $13.5 million.

In terms of the relation of percentage distribution to the total value of export trade to Asia, although most sluggish in growth when compared to the two other commodity classifications, the primary product group still dominates total Philippine export trade to the area. Up to 1963 it had maintained a percentage share of roughly 98% but started showing signs of decline after that year except in 1965. In contrast, at about this time also, the manufactures group began to exhibit a

[5]The definition of the three major product classifications was taken from "Action Relating to the Report of the Special Committee on Preferences: The Definition of Primary Commodities, Semi-manufactures, and Manufactures (Geneva: UNCTAD Committee on Manufactures, August 10-19, 1965). The definition below was drawn up to facilitate the definition of internationally traded items.

a) *A primary commodity* is a product of farm, forest, fishing and hunting, or any mineral to whose value manufacturing has made only a minor contribution.

b) *A semi-manufactured article* is a product of manufacturing which for most uses requires further processing or incorporation in other goods before becoming a capital or consumer good.

c) *Finished manufactured goods* comprise manufactured goods for consumption by households plus capital goods for households and capital goods for industry.

Table 6

Philippine Exports To Asia According To Three Major Product Classifications, 1961-1967

Period	F.O.B. Value of Exports (million U.S. dollars)				Percentage Distribution (percent)				Rate of Growth (percent)		
	Total	Primary	Semi-mftrd.	Manufactured	Total	Primary	Semi-mftrd.	Manufactured	Primary	Semi-mftrd.	Manufactured
1961	139.0	136.3	1.7	1.0	100.00	98.04	1.24	0.72			
1962	159.1	156.2	1.5	1.4	100.00	98.17	0.92	0.91	14.61	(15.33)	46.08
1963	222.8	218.8	2.1	1.9	100.00	98.19	0.93	0.88	40.05	41.58	34.87
1964	215.5	208.8	3.6	3.1	100.00	96.90	1.66	1.44	(4.55)	73.00	57.82
1965	246.8	241.2	2.3	3.3	100.00	97.73	0.94	1.33	15.52	(35.52)	5.80
1966	316.2	306.6	3.7	5.9	100.00	96.95	1.17	1.88	27.08	59.90	81.56
1967	325.9	309.3	5.0	11.6	100.00	94.90	1.54	3.56	0.89	35.54	95.01
Average (1961-1967)						97.27	1.20	1.53	15.60	26.58	53.52

Source of Basic Data: Central Bank of the Philippines.

mild rise, accounting for a more than one % share of the 1964 total and reaching the 3.56 mark in 1967. Moreover, in both East and Southeast Asia, the manufactured exports had the fastest rates of growth. In South Asia, though, it is the semi-manufactured exports that grew most rapidly.

In spite of such healthy signs of expansion in the Philippine manufactures trade in Asia one must concede that such a performance has been far from satisfactory if one considers its embarrassingly small share, averaging 1.52% of total export trade to Asia and about 5% of total semi-manufactured and manufactured exports to the world. This disconcertingly poor performance had led Hicks and McNicoll to hypothesize that there seems little likelihood that the Philippines will be able to export a substantial volume of manufactures in the near future or that existing exports will undergo increased processing.[6] Of course one important assumption that they hold and should be mentioned here is that a vigorous and substantial export trade in manufactures is not a prerequisite for economic development. Although in many cases the proportion of manufactured exports to total exports rises with the level of economic development there are so many exceptions to the rule as to render the relationship between the composition of exports to economic development a tenuous one.[7] They have cited Australia and New Zealand as examples of countries that have achieved a fairly high level of economic development although they export very few manufactured goods.

Looking at the situation one can easily cite the Philippines as an example of a country that has adopted an import-substitution policy for economic development that was not sufficiently "outward-looking" or export-oriented. Keesing has noted that in countries where industrialization has gained a considerable headway as in Taiwan, Hongkong, South Korea, Pakistan, Mexico, there has been some amount of export-orientation in the policies that accompanied the growth of their manufactures trade. He does not build a case against import-substitution per se; rather he advocates an outward-looking strategy that will create an "export-oriented industrial complex" by encouraging the manufacturing sector to gear itself, even at the initial stage, not only toward satisfying domestic demand but also to take advantage of the economic benefits issuing forth from the export activity. Among these are:[8]

a) the learning effects and improvement of human resources;

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[6] George L. Hicks and Geoffrey McNicoll, *Foreign Trade and the Growth of the Philippine Economy: A Study of the Philippines, 1950-66* (Washington D.C.: Center for Development Planning, October 1965) pp. 295-305.

[7] Hicks and McNicoll, Ibid, pp. 75-80.

[8] D.B. Keesing, "Outward-Looking Policies and Economic Development," *Economic Journal*, Vol. 77, No. 306, June 1967.

b) the nature of competition and close communications with advanced countries in view of dependence on technology and ideas from abroad;

c) increasing returns connected with economies of scale and market size.

As it stands intraregional trade of manufactured goods in Asia is limited to a few suppliers in the area. Excluding Japan which is highly industrialized and Singapore whose manufactured exports are dominated by re-exports, only three countries accounted for two-thirds of intraregional manufactures trade in 1965: India (22%), Taiwan (22%), and Hongkong (19%, excluding re-exports). Malaysia, Pakistan, and the Republic of Korea accounted for the remaining third.[9]

On the regional level, East Asia answers for the largest shares in each of the three major commodity classifications, but seems strongest in the primary commodity trade, comparatively weakest in the manufactures group trade, and registers a 66.28% share in the semi-manufactured product level. The results are hardly surprising, considering the fact that the countries in this region (especially Japan) are economies with export-oriented industrialization schemes, more in need of raw materials in the form of primary and semi-manufactured inputs for their dynamic manufacturing sectors, and less in need of imports of manufactured goods, in the production of which they possess an unmistakable advantage, comparatively if not absolutely, over the rest of Asia.

After East Asia comes Southeast Asia which accounts for 39% of total Asian imports of manufactures, 31.08% of semi-manufactures, and 0.26% of primary products. Here again the reason for the foregoing becomes immediately obvious when one realizes that most of the countries in the Southeast Asian region, like the Philippines, belong to that class of developing economies whose least comparative disadvantage lies in the production of primary products and are themselves, in most cases, exporters of goods belonging to this category. South Asia registers its highest percentage share in the semi-manufactures group (2.63%) followed closely by its share in the manufactures group (2.56%), and like Southeast Asia, exhibits the lowest percentage share in the primary goods trade (0.27%). (See Tables 7 and 8 for the percentage share of each region in the total value of each product group trade and also for the rates of growth of each classification in the three geographic regions of Asia.)

A similar pattern becomes apparent with an examination of the country importations of goods belonging to these three major product groups. In East Asia, Japan, South Korea, and Taiwan lean heavily on their imports of primary commodities (around 99% of their total imports from the Philippines) and import almost negligible quantities of goods belonging to the two other product groups.

[9] *Economic Survey for Asia and the Far East, 1967* (United Nations, 1968) p. 66.

Table 7

Percentage Distribution of Philippine Exports to Asia
By Geographic Region of Destination According to Three Major
Product Classifications, 1961-1967

Product Class./Region	1961	1962	1963	1964	1965	1966	1967	Average (1961-1967)
Primary	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
East Asia	99.54	99.52	98.93	99.42	99.75	99.70	99.35	99.47
Southeast Asia	0.09	0.32	0.50	0.17	0.14	0.21	0.44	0.26
South Asia	0.37	0.16	0.57	0.40	0.11	0.09	0.21	0.27
Semi-manufactures	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
East Asia	53.29	57.51	70.15	73.96	68.27	61.66	79.15	66.29
Southeast Asia	44.05	39.96	27.70	25.18	31.58	31.93	17.19	31.08
South Asia	2.66	2.53	2.15	0.86	0.15	6.41	3.66	2.63
Manufactures	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
East Asia	77.40	60.11	67.86	54.65	58.52	42.54	47.89	58.42
Southeast Asia	19.39	34.93	27.07	43.46	39.85	56.59	51.82	39.02
South Asia	3.21	4.96	5.07	1.89	1.63	0.87	0.29	2.56

Source of Basic Data: Central Bank of the Philippines

Table 8

Rates of Growth of Philippine Exports By Geographic Region of Destination and by Major Product Classification, 1961-1967

Region/Product Classification	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	Average (1961-67)
East Asia							
Primary	14.59	39.22	(4.08)	15.90	17.01	0.53	15.53
Semi-manufactures	(8.62)	72.68	82.42	(40.20)	44.41	74.34	37.51
Manufactures	13.44	52.25	27.10	13.30	32.01	119.48	42.93
Southeast Asia							
Primary	300.60	120.67	(67.13)	(7.73)	97.19	110.17	92.30
Semi-mftrs.	(23.19)	(1.84)	57.25	(18.73)	61.63	(26.89)	8.04
Manufactures	163.09	4.53	153.37	(3.00)	157.80	78.58	92.40
South Asia							
Primary	(50.01)	398.94	(32.70)	(68.77)	1.00	143.20	65.28
Semi-mftrs.	(19.64)	20.77	(31.32)	(88.80)	593.77	(22.52)	72.10
Manufactures	126.13	37.88	(41.18)	(8.64)	(3.65)	(34.14)	12.73

Source of Basic Data: Central Bank of the Philippines

Only Hongkong and Okinawa register sizeable shares of products belonging to the manufactured and semi-manufactured product groups. In stark contrast, the countries in Southeast Asia, mirroring the demand pattern on the regional level, show the lowest percentage share for primary products (almost nil for Thailand and none for North Borneo, Brunei, and Sarawak) with the possible exception of Burma and Cambodia, although the relatively heavy imports of primary products by these last-mentioned countries occurred only in 1961 and 1962 but nevertheless carried a considerable weight in their respective country totals (Table 9).

On the basis of percentage shares of these three major product groups to country totals of imports from the Philippines, Southeast Asian countries fall in either of two categories: first, those countries in which semi-manufactured goods account for a majority share, and second, those where manufactured imports get a dominant share of country totals. In the first group belong North Borneo, Malaya, and Indonesia while in the second fall Burma, Singapore, South Vietnam, Thailand, Laos, Sarawak, and Brunei. On the other hand the three countries in South Asia show divergencies in demand patterns since India imports from the Philippines mainly primary products, Ceylon semi-manufactures, and Pakistan manufactures.

III. Philippine Exports to Asia According to Industrial Origin

In this section, commodities were classified according to industrial origin regardless of whether they belonged to the primary, semi-manufactured or manufactured group. Forestry products accounted for the highest percentage share in total Philippine exports to Asia, followed by mineral products, agricultural products, products of animal origin, and lastly commodities whose origin could not be traced back to any of the other four and are therefore grouped under "miscellaneous manufactures" (Table 10). As mentioned earlier, much of the aggregated Asian patterns of demand can be explained by the demand patterns that prevail in the East Asian region and which in turn are heavily influenced by those of Japan. Thus on the regional level the same pattern of percentage shares of each of the product groups is inevitably repeated in the pattern observed in the East Asian region: forestry products (63%), mineral products (24%), agricultural products (12%), products of animal origin (0.18%) and miscellaneous manufactures (0.09%). Significantly divergent again from the Asian and East Asian patterns are those of Southeast Asia: agricultural products, mineral products, miscellaneous manufactures, forestry products, and products of animal origin, in the order of importance in terms of percentage shares to total. For South Asia, agricultural products account for the highest percentage share, followed by mineral products, forestry products, and miscellaneous manufactures.

IV. Summary

The growth of the country's export trade to Asia has been more rapid than that of her exports to the world, to the United States, and to the European Common Market; hence there has been a noticeable rise in Asian share vis-a-vis the declining

Table 9

Percentage Distribution of Philippine Exports By Country of Destination and According to Three Major Product Classifications, 1961-1967 (per cent)

Region/Country/ Product Class.	1961	1962	1963	1964	1965	1966	1967	Average (1961-67)
East Asia								
Japan								
Primary	99.49	99.46	99.22	98.75	99.15	99.15	97.90	99.02
Semi-mftrs.	0.30	0.21	0.46	0.83	0.45	0.44	0.97	0.52
Manufactures	0.21	0.33	0.32	0.42	0.40	0.41	1.13	0.46
South Korea								
Primary	99.11	98.84	97.85	97.71	99.20	99.25	97.74	98.53
Semi-mftrs.	0.87	1.15	1.86	2.18	0.71	0.68	1.86	1.33
Manufactures	0.02	0.01	0.29	0.11	0.09	0.07	0.40	0.14
Taiwan								
Primary	99.22	99.44	99.21	98.39	98.64	97.62	97.76	98.60
Semi-mftrs.	0.56	0.10	0.22	0.85	0.12	0.88	0.02	0.39
Manufactures	0.22	0.46	0.57	0.76	1.34	1.50	2.22	1.01
Hongkong								
Primary	68.48	71.93	69.58	53.16	51.33	50.76	33.18	56.92
Semi-mftrs.	14.80	14.12	11.24	22.93	20.51	22.32	18.50	17.77
Manufactures	16.72	13.95	19.18	23.91	28.16	26.92	48.32	25.31

Table 9 (Continued)

Region/Country/ Product Class.	1961	1962	1963	1964	1965	1966	1967	Average (1961-67)
Okinawa								
Primary	71.96	81.33	90.49	87.28	92.45	90.84	85.54	85.70
Semi-mftrs.	15.72	10.04	4.94	7.45	0.96	2.28	7.38	6.97
Manufactures	12.32	8.36	4.57	5.27	6.59	6.88	7.08	7.33
Southeast Asia								
Singapore								
Primary	7.47	46.74	27.03	22.09	21.31	14.32	4.83	20.54
Semi-mftrs.	83.68	40.26	51.04	24.54	27.41	18.58	9.98	36.50
Manufactures	8.85	13.00	21.93	53.37	51.28	67.10	85.19	42.96
South Vietnam								
Primary	34.13	–	92.27	–	–	2.74	39.40	24.08
Semi-mftrs.	41.14	48.46	1.51	94.34	9.33	43.82	7.31	35.19
Manufactures	24.73	51.14	6.22	5.66	90.67	53.44	53.29	40.74
Thailand								
Primary	–	4.07	–	0.17	–	0.08	1.49	0.83
Semi-mftrs.	30.14	25.46	32.49	12.87	7.33	9.55	20.55	19.77
Manufactures	69.86	70.47	67.51	86.96	92.67	90.37	77.96	79.40
Malaya								
Primary	–	4.90	–	–	2.44	34.77	3.86	6.57
Semi-mftrs.	79.10	71.02	77.82	76.12	38.75	19.85	13.75	53.77
Manufactures	20.90	24.08	22.18	23.88	58.81	45.38	82.39	39.66

Table 9 (Continued)

Region/Country/ Product Class.	1961	1962	1963	1964	1965	1966	1967	Average (1961-67)
Indonesia								
Primary	6.00	5.72	7.51	14.05	9.66	48.60	6.09	13.95
Semi-mftrs.	87.47	4.49	42.82	85.95	80.51	5.57	–	43.83
Manufactures	6.53	89.79	49.67	–	9.83	45.83	93.81	42.22
Burma								
Primary	85.96	–	–	62.96	83.05	61.52	–	41.91
Semi-mftrs.	–	–	–	–	–	–	–	–
Manufactures	14.04	100.00	100.00	37.14	16.95	38.48	100.00	58.09
Laos								
Primary	–	–	–	–	–	38.12	–	9.53
Semi-mftrs.	–	–	–	–	–	–	–	–
Manufactures	–	–	–	100.00	100.00	61.89	100.00	90.47
Cambodia								
Primary	99.05	93.51	–	–	–	–	–	32.09
Semi-mftrs.	–	–	–	–	–	–	100.00	16.67
Manufactures	0.95	6.49	100.00	–	100.00	100.00	–	51.24
North Borneo								
Primary	–	–	–	–	–	–	–	–
Semi-mftrs.	–	72.86	82.06	84.61	100.00	–	–	56.69
Manufactures	–	27.14	17.94	15.39	–	100.00	100.00	43.41
Sarawak								
Primary	–	–	–	–	100.00	76.53	–	58.54

Table 9 (Continued)

Region/Country/ Product Class.	1961	1962	1963	1964	1965	1966	1967	Average (1961-67)
Brunei								
Primary	–	–	–	–	–	–	–	–
Semi-mftrs.	–	–	–	–	–	–	–	–
Manufactures	–	100.00	–	100.00	–	–	–	100.00
South Asia								
India								
Primary	99.00	94.18	97.07	96.85	93.98	78.63	85.98	92.24
Semi-mftrs.	–	–	0.62	1.14	–	14.03	8.30	3.44
Manufactures	1.00	5.82	2.31	2.01	6.02	7.34	5.72	4.32
Pakistan								
Primary	3.19	1.77	31.78	36.32	2.48	5.73	70.10	21.62
Semi-mftrs.	41.18	32.25	15.38	19.63	9.94	83.17	27.54	32.73
Manufactures	55.63	65.98	52.84	44.05	87.58	11.10	2.36	45.65
Ceylon								
Primary	–	–	19.23	–	–	–	–	2.75
Semi-mftrs.	81.34	49.74	36.67	70.31	–	67.07	78.74	54.84
Manufactures	18.66	50.26	44.10	29.69	100.00	32.93	21.26	42.41

Source of Basic Data: Central Bank of the Philippines

Table 10

Percentage Distribution of Philippine Exports According to Geographical Region of Destination and Industrial Origin 1961-1967 (per cent)

Region/Ind. Origin	1961	1962	1963	1964	1965	1966	1967	Average (1961-1967)
ASIA								
a. Animal	0.15	0.11	0.12	0.18	0.19	0.20	0.35	0.19
b. Agriculture	14.93	12.51	13.02	15.79	13.16	8.87	10.57	12.69
c. Forestry	60.15	66.13	63.84	60.58	60.76	61.59	63.23	62.33
d. Mineral	24.57	21.05	22.83	23.35	25.78	29.17	25.61	24.62
e. Misc. Mftrs.	0.20	0.20	0.18	0.09	0.11	0.17	0.16	0.16

Region/Ind. Origin	1961	1962	1963	1964	1965	1966	1967	Average (1961-1967)
Southeast Asia								
a. Animal	2.07	1.26	0.81	0.89	2.38	1.16	0.48	1.29
b. Agricultural	82.55	74.27	36.80	40.90	47.08	30.84	37.31	49.96
c. Forestry	4.71	0.24	0.48	0.31	2.00	4.54	2.81	2.16
d. Mineral	8.25	13.74	53.14	56.41	44.96	58.24	55.61	41.48
e. Misc. Mftrs.	2.42	10.49	8.77	1.49	3.58	5.22	3.79	5.11
East Asia								
a. Animal	0.14	0.09	0.12	0.17	0.17	0.19	0.35	0.18
b. Agriculture	14.11	11.74	12.26	15.12	12.73	8.38	9.75	12.01
c. Forestry	60.84	66.95	64.88	61.59	61.41	62.65	64.85	63.31
d. Mineral	24.74	21.13	22.65	23.04	25.62	28.70	24.98	24.41
e. Misc. Mftrs.	0.18	0.09	0.09	0.07	0.07	0.08	0.07	0.09

Region/Ind. Origin	1961	1962	1963	1964	1965	1966	1967	Average (1961-1967)
South Asia								
a. Animal	–	–	–	–	–	–	–	–
b. Agriculture	83.22	78.21	95.40	97.93	92.48	79.09	58.35	83.53
c. Forestry	–	–	0.01	0.14	0.10	0.05	40.49	5.83
d. Mineral	15.18	16.95	3.70	1.52	5.75	16.39	0.88	8.62
e. Misc. Mftrs.	1.60	4.84	0.89	0.42	1.67	4.47	0.28	2.02

Source of Basic Data: Central Bank of the Philippines

shares of her two other previously-mentioned markets in the West. The value and volume of Asian imports have been heavily influenced by those of Japanese imports, this country being the biggest importer of Philippine goods in the continent and second biggest in the world.

In terms of geographic direction of export trade, South Asia's growth rate has been most rapid, followed by that of Southeast Asia, and then lastly by East Asia, although in terms of percentage shares the reverse order is true, East Asia having accounted for the biggest share largely because this region includes Japan, Taiwan, and South Korea, the three major importers of Philippine goods, specifically of Philippine primary exports, in Asia. South Asia's share has remained very negligible.

Primary exports still dominate the scene in both volume and value and these are heavily weighted by the exports of logs, specially those of wood, round or roughly squared: lauan white, light red mahogany. There have been very encouraging signs of expansion in exports of manufactured products, the fastest growing commodity group of exports to Asia, although its percentage share to total trade is as yet negligible. It has been pointed out earlier that this lag in exports of manufactures is but a reflection of the direction of industrialization that has taken place in the Philippines during the post-war era. Import-substitution which has not been sufficiently "export-oriented" compounded by a system of tariffs that in effect works against the promotion of Philippine export trade has been cited by economists as having been largely responsible for such a slow growth in manufactures export trade.

On the demand side although East Asia takes in the biggest share in total exports under each of the major product classifications (primary, semi-manufactures, and manufactures) it is relatively weakest in its imports of manufactures. Such a demand pattern merely reflects the great need for primary and semi-manufactured products which cannot be adequately met by domestic supply and which are vital inputs in the industrialization process of these countries. Japan and, to a lesser extent, Taiwan and South Korea, are among the biggest exporters of manufactured goods in the area. In contrast, Southeast Asia imports a very significant volume of primary exports, inasmuch as countries in this region are themselves suppliers of most goods belonging to this category. Its imports are thus mostly in the form of manufactured and semi-manufactured products.

In terms of the industrial origin of Philippine exports to Asia, forestry products take primary importance principally because of Japanese imports of logs; after forestry products we have mineral products, again influenced by exports of iron ore and concentrates and copper concentrates that go almost exclusively to Japan; then come agricultural products, a large part of which find their markets in the developed countries outside the region because of the agricultural nature of most Asian countries which are themselves net exporters, and therefore competitors, of goods under this group. Smallest shares go to products of animal origin and miscellaneous manufactures.