

A large, light blue puzzle piece is centered on a bright yellow background. The puzzle piece has a complex shape with several interlocking points. To the left of the puzzle piece, there is a black rectangular box containing white text. The text is arranged in four lines, reading: 'MOVING TOWARD A', 'BILATERAL FTA', 'NEGOTIATION WITH THE', and 'UNITED STATES'. The puzzle piece is slightly offset to the right, and its shadow is cast onto the yellow background.

MOVING TOWARD A
BILATERAL FTA
NEGOTIATION WITH THE
UNITED STATES

THE PHILIPPINES IS WELL POSITIONED

- The Philippines is the only country with which the U.S. will launch FTA negotiations in 2020.
- Negotiations with the Philippines and Japan will be a primary focus of the Trump Administration trade policy in 2020, along with ongoing discussions with China.
- While taking longer than anticipated, passage of the U.S.-Mexico-Canada Agreement (“USMCA”) must be finalized prior to launching negotiations with the Philippines.

BUILDING A PRIVATE SECTOR COALITION

In every successful FTA negotiation, a coalition of U.S. private sector interested parties has lobbied on behalf of the agreement. SSA has begun this process for the Philippines.

A coalition helps create political pressure to complete the agreement.

A coalition also helps galvanize support for the agreement in the U.S. Congress, which is more effectively done by U.S. companies.

Major U.S. corporations operating in Philippines, relevant trade associations, and the U.S. agriculture sector should be marshalled together.

THE PHILIPPINES STANDS TO BENEFIT

- Currently, only 18% of Philippines Exports are duty-free under the U.S. Generalized System of Preferences.
 - This doesn't include apparel or footwear
 - The GSP program is not permanent – it will often expire, only to be renewed retroactively.
- An FTA therefore provides far greater duty-free market access and far greater certainty than GSP.
- *This reality means an FTA generates more U.S. investment as companies look for long-term sourcing.*

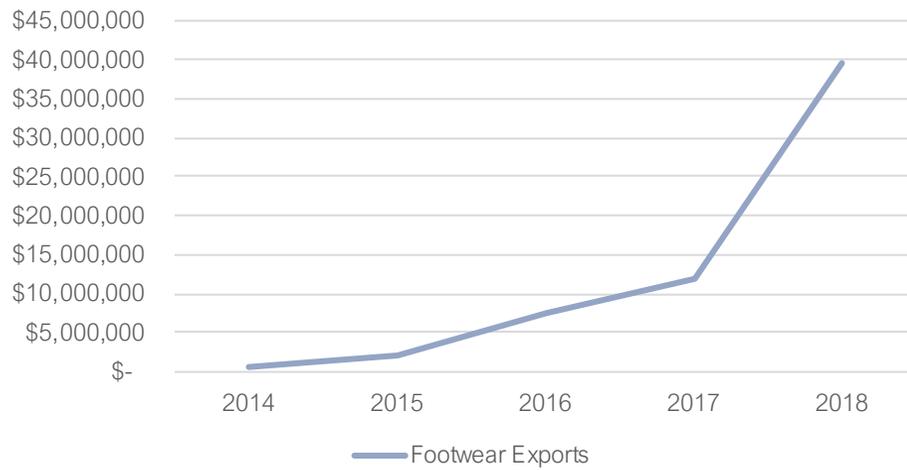
THE PHILIPPINES STANDS TO BENEFIT

- Major Philippines export categories to the U.S., and their 2018 import value include:
 - Machinery (HTS 85 and 84) \$8 billion
 - Apparel (HTS 61 and 62) \$780 million
 - Animal products (HTS 15) \$534 million
 - Travel Goods & Leather Goods (HTS 42) \$356 million
 - Furniture (HTS 94) \$232 Million
 - Vegetable & Fruit (HTS 20) \$159 million
 - Rubber (HTS 40) \$143 Million

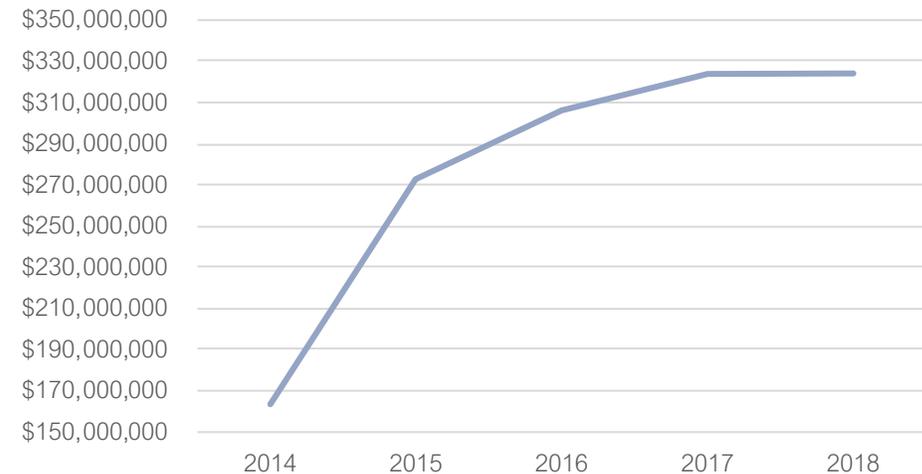
KEY PHILIPPINES SECTORS THAT COULD BENEFIT

- A Philippines with duty-free access to the U.S. is a logical sourcing alternative for U.S. companies looking to move out of China.
- Key product areas that could see significant growth from an FTA include apparel, footwear, and travel goods. These sectors lost significant market share to China in the last 20 years but have already begun to show signs of life.

Philippines Footwear Exports



Philippines Travel Goods Exports



U.S. EXPORTS TO THE PHILIPPINES

- Major U.S. Exports to the Philippines include electrical equipment, machinery, cereals, oil seeds, animal feed, aircraft, meat, dairy, eggs, and plastics
- Politically, the success of U.S. auto exports, particularly by Ford, to the Philippines will be a positive in negotiations. U.S. automakers are a key constituency with every administration and with Congress. Annual exports of \$80 to \$100 million of autos to the Philippines will be viewed favorably.

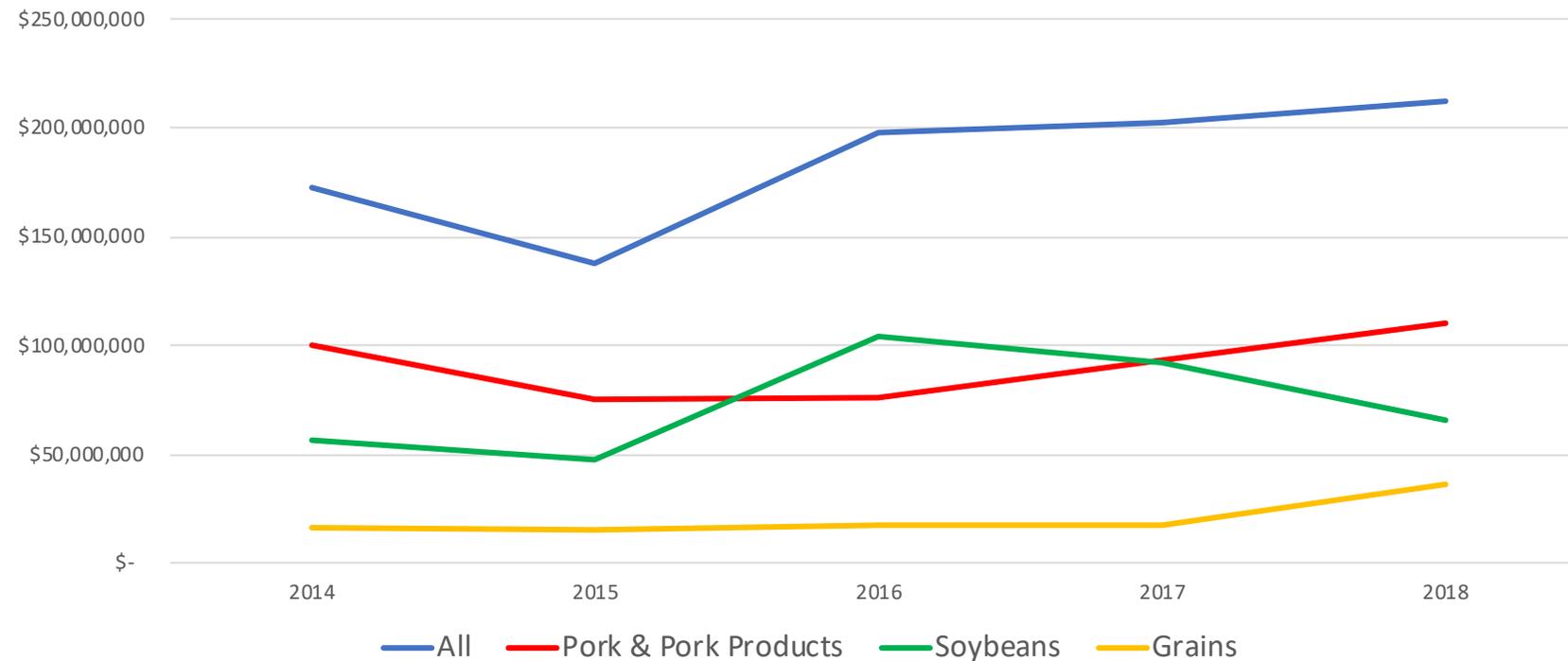


Data: U.S. Census Bureau

U.S. AGRICULTURE EXPORTS

- U.S. agriculture producers, including farmers, ranchers, and processors are an essential supporter for *any* FTA negotiation. The Philippines is a key market for U.S. soybeans, pork, and grains.

Key U.S. Agriculture Exports to the Philippines



Data: U.S. Census Bureau