

# Philippines missing out on India's boom



*Former Association of Southeast Asian Nations (Asean) Secretary General Rodolfo Severino (right) discusses Asean-India relations with Johnny Chotrani, chairman of the Philippine-India Business Council, at the sidelines of the recently concluded Delhi Dialogue III.*

**By Dante “Klink” Ang 2nd, Executive Editor, The Manila Times.net**

INDIA, an emerging economic powerhouse, has been increasing trade and investments in Southeast Asia, but the Philippines is apparently missing out on it.

Rodolfo Severino, a Foreign Affairs undersecretary and formerly Asean secretary general, said that the rapidly rising trade and investments between the regional bloc and India was “lopsided.”

Severino now heads the Asean Studies Center in Singapore. Asean is the Association of Southeast Asian Nations, a regional bloc of 10 countries that includes the Philippines.

He said that nearly a third of India's trade with Asean was with Singapore. And he cited statistics showing that Singapore also accounts for about half of the Indian tourists traveling to the Asean region.

Severino was a panelist in one of the sessions of the recently concluded Delhi Dialogue III, an annual meeting of government officials, think-tanks and business groups in New Delhi.

Among the aims of the dialogue was to discuss means to boost trade and investments between Asean and India, as well as to address regional security cooperation and cultural and people-to-people connectivity.

During an interview at the sidelines of the Delhi Dialogue, Severino told The Manila Times that the private sector needed to take the lead in expanding business relations with India—particularly those with ethnic ties to that country.

He said that Chinese-Filipinos, or Tsinoyos, have been expanding trade and investments between the Philippines and China even without government incentives or programs. Severino added that Indian-Filipinos should do the same between the Philippines and India.

He recalled that when he headed the Asia-Pacific desk at the Department of Foreign Affairs, he tried to encourage Filipinos to take the initiative in expanding business relations between the two countries. But at the time, many perceived India as a closed economy, Severino said.

He added that perceptions have changed. Today, India is not only the most populous democracy in the world. It also has one of the fastest growing economies, a distinction that earned its place in the grouping called BRIC, referring to the emerging giants Brazil, Russia, India and China.

### **India looks East**

After the collapse of the Soviet Union, India launched its Look East Policy, or LEP. Before, the Soviet-allied India was at odds with its ideological opposites in Southeast Asia, including the Philippines, which still has close ties with the United States.

But over the past 20 years, India has rediscovered East Asia, which had trade and cultural linkages with the subcontinent for millennia that were all but forgotten during the 20th century.

India became a dialogue partner of Asean nearly two decades ago, and more recently, New Delhi signed a Comprehensive Economic Partnership Agreement with Japan and a Comprehensive Economic Cooperation Agreement with Malaysia. It also has signed \$15-billion worth of deals with Indonesia, whose president visited that country in January to court investors there.

Trade with Asean boomed, increasing 20-fold since India and the organization started talks in 1992. At the Delhi Dialogue III, Dr. Surin Pitsuwan, Asean secretary general, said that he hoped that trade between India and Asean would reach \$70 billion by next year. Despite the “lopsided” growth that Severino pointed out, Indian firms have invested in the Philippines, including in the local business process outsourcing (BPO) sector.

### **Partner, not competitor**

Like the Philippines, India is an outsourcing hub, but Ramesh Dargani, president of the Federation of Indian Chambers of Commerce Inc. in Manila, said that the Filipino BPO sector should not feel threatened about its Indian counterparts.

“Actually, they complement each other,” he told The Times during an interview in Manila.

The English spoken in the Philippines suits Western clients more than the English spoken in India, which has a more British influence, Dargani explained. Besides the outsourcing sector, he said that Indian firms might be interested to invest in the local pharmaceutical industry.

The Philippines already imports medicines from India. Referring to Indian medicines, he said, “Some items are nine times the price [of the same product] here.”

At the sidelines of the Delhi Dialogue, Johnny Chotrani, the federation’s former president, also told The Times that India also makes for a competitive manufacturing base for goods, including auto parts and high-end items, and even software. Chotrani now heads the

Philippine-India Business Council, a part of the Philippine Chamber of Commerce and Industry (PCCI).

Generally, the products from India are higher in quality compared with China-made goods, he said, adding that he also imports products from the Chinese mainland to the Philippines. “Anything that would be of more value or quality, you can take from India.”

Quality, though, comes at a higher cost, he added. And because India is located farther away from the Philippines than China, the freight cost makes Indian products less competitive, Chotrani explained to The Times.

### **Big tourist market**

The growing India tourist market offers another opportunity for the Philippines, he said.

Last year, 3 million Indians traveled to Asean, but records from the Department of Tourism in Manila show that only about 34,500 visited the Philippines in 2010. Besides Manila, the most visited places in country were Cebu, Boracay and Bohol.

Chotrani said that Indian tourists were interested in visiting historic places, including old churches, and in shopping. “The Philippines is one of the shopping paradises [in Southeast Asia],” he added.

Dargani agreed, saying that he does not think that Indian tourists were beachgoers. Instead, they would be interested in fine dining and high-end shopping, like some of the things that can be found in the plush Serendra district in Fort Bonifacio in Taguig City (Metro Manila).

He added that unlike tourists from the West, those from India are more intrepid and not easily fazed by peace and order issues that plague the Philippines.

But Dargani also told The Times that many Indians find it difficult to get a visa to come here.

India, on the hand, gives a 30-day visa upon arrival for Filipinos going there. New Delhi charges about \$65 for it, he said.

Air links between the Philippines and India pose another challenge, with no direct flights between Manila and New Delhi. But Philippine Airlines (PAL) will start a direct flight by the end of March.

Referring to PAL's new offering, Dargani said, "If there's no visa [required of Indians to enter the Philippines], that business will boom."

At the Delhi Dialogue, Severino seemed to be saying something similar.

He recounted a story he heard that some time ago, the owner of the Indian automaker Tata was in Hong Kong and was applying for a visa to the Philippines. But because the visa was going to take a while to process, the trip was cancelled, Severino said.

During the Dialogue, officials said that India was looking to establish more air links between India and Asean. Indian authorities also said that they were eyeing an open-air agreement with Asean.