

W. GERMAN MINISTER EXPECTED TO BOOST EUROPEAN TIES TO MANILA.By **Chaitanya Kalbag**

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MANILA, Feb 16, Reuter - West German Minister of Economics Martin Bangemann is expected to explore ways of expanding trade and investment ties with the Philippines in talks here this week, a West German diplomat said on Tuesday.

Hans-Wilhelm Verbeek, First Secretary in the West German Embassy, told Reuters Bangemann was also likely to stress Bonn's position as Manila's third-largest trade partner and aid donor.

Trade between Manila and the European Community (EC) has grown since President Corazon Aquino took power two years ago, with West Germany leading the expansion.

Two-way trade between the Philippines and West Germany soared to 1.08 billion dollars in January-September 1987 compared with trade totalling 709 million dollars in all of 1986 and 510 million dollars in 1985.

Verbeek said Europe had taken up the slack in Philippine trade with Japan, adding that garments overtook semiconductors as Manila's major export to West Germany in 1987.

Bangemann was also expected to pledge efforts to step up EC investments, particularly from West Germany, Verbeek said. West Germany is the current president of the European Council.

About 100 German firms have invested a total of 29 million dollars so far in the Philippines and employ about 11,000 Filipinos, Verbeek said.

"That figure may seem small, but most German businessmen come in small and unlike their U.S. or Japanese counterparts are not so keen on repatriation of capital. They take the long view," he said.

Verbeek said enlargement of market shares was more important, adding that German firms had re-invested more than eight million dollars last year in the Philippines -- figures not reflected in investment data.

"The bad press about the Philippines has split German investors," Verbeek said. "Those already here are quite bullish about long-term prospects, but newcomers prefer to stay in the waiting room and see how the political situation develops."

Verbeek said Bangemann was also expected to push for West German participation in the Philippines' automotive industry.

He said Daimler-Benz, which assembled cars in Manila until 1985 in collaboration with a now-defunct local firm controlled by an associate of former president Ferdinand Marcos, was interested in returning to the Philippine market with target assemblies of 400 cars annually for the high-income bracket.

Both Daimler-Benz and truck-maker MAN AG were also making strong bids to win participation in the Philippines' planned expansion of commercial-vehicle capacity, Verbeek said.

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