

The Impact of APEC Early Voluntary Sectoral Liberalization on the Philippine Civil Aircraft Sector *

Ms. Rafaelita Aldaba

Abstract

This paper shows that the implementation of the EVSL program has a positive impact on the Philippine civil aircraft industry. The country has already unilaterally liberalized the industry in 1996. The current tariff rates range from 3 percent to 30 percent, with the bulk falling under the 3 percent tariff level. In the light of the industry's strength and weaknesses, its liberalization could lead to the development of local technological capability in aircraft parts manufacturing, aircraft maintenance. As there are no local manufacturers of civil aircraft and parts, we can accelerate the elimination of customs duties in the sector. This would, however, entail revenue losses representing 1 percent total import duties and 0.3 percent of total revenue collections. On the overall, this appears to be a small amount to pay in exchange for the benefits that we could gain.

* The views expressed herein do not necessarily represent the official views of the Philippine government in general, and/or the WTO/AFTA Advisory Commission in particular. This industry paper was prepared to provide some basic or background information; hence, in no way it is exhaustive. The intent is to offer the initial set of information for discussion and in the process, elicit the ideas that could be helpful in formulating the appropriate strategies in the development of this industry sector.

This industry paper is one of the 15 papers generated under the "APEC Early Voluntary Sectoral Liberalization" project which was jointly funded by the WTO/AFTA Commission and the Philippine APEC Study Center Network (PASCN) in furtherance of the general objective of undertaking consensus building activities and other necessary measures to promote the Philippines as a competitive player in the global economy.