

PGMA signs into law P1.4-T budget for 2009

President Gloria Macapagal-Arroyo signed into law the P1.4-T national budget for 2009, paving the way for public spending that will cushion the effects of the global financial crisis on the country.

This year's allocation directs resources to activities that will spur the economy, create jobs, build infrastructure, and increase social services.

"It will be targeting spending that will address present concerns while investing for the future," said Department of Budget and Management (DBM) Secretary Rolando G. Andaya, Jr.

This year's outlay is P188-B bigger than last year's authorized level of P1.2T.

Andaya said the agencies whose mandate is to provide "welfare armor" to those who are vulnerable to the economic slowdown got big hikes in their allocations.

The biggest share of the budget went to the Department of Education (DepED) with P158.2B or P20B more than its allotment last year.

Second was the Department of Public Works and Highways (DPWH) whose 2009 budget of

P130B is 37%, or P35.2B, higher than its 2008 appropriation of P94.7B.

Third was the Department of the Interior and Local Government (DILG) with a budget of P63B, up by P9.6B from its last year's allocation.

Andaya said the P10-B Economic Stimulus Fund (ESF) was also approved by President Arroyo.

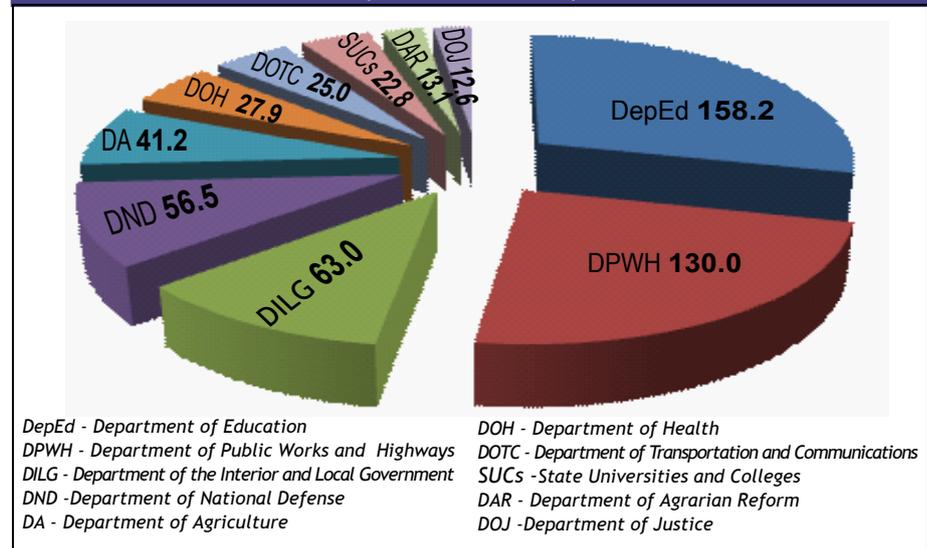
"The ESF is a major component of the stimulus package and, if

meshed with other infra projects, will be a major job generator," he said.

On the pipeline, outside of ESF, are the construction of at least 6,000 classrooms, 2,959-km. farm-to-market roads, and 125,000-has. irrigation works, among other "shovel-ready" projects, he said.

The budget also sets aside P18.6M for a 10-% increase in the basic pay of over 1M government workers effective July 2009.

Top 10 agencies with biggest budget allocation for 2009 (in Billion Pesos)



BOI, PEZA exceed targets

Investments registered with the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA) exceeded their 2008 target despite the global financial crisis.

The BOI reported a 33-% increase in approved investments last

year - notably higher than the 12-% target - to P287B over the P215B recorded in 2007.

PEZA-registered investments also grew by 15.73% to P154.77B in 2008 compared to P133.73B in 2007.

"But I will not settle for those numbers. What matters are

realized investments," said Department of Trade and Industry (DTI) Secretary Peter B. Favila.

Favila said he had already ordered the BOI and PEZA officials to find out whether companies were pushing through with their investment projects.

INDUSTRY TRENDS

Franchising industry sees 45-% growth this year

The local franchising industry is predicting at least a 45-% growth this year as more Filipinos look for franchising opportunities to cushion the effects of the global financial crisis.

GMB Franchise Developers President Armando O. Bartolome said robust expansion will be seen both in the number of existing firms that will open their business concepts to franchisees and in the number of franchised outlets.

"The industry will be at its all-time high this year because the crisis is forcing companies to go into franchising as a way to expand their businesses. At the same time, Filipinos who are seeking another source of income for fear of losing their jobs and even those that already lost their jobs are multiplying," Bartolome said.

He added that there are roughly 1,000 franchisors in the country at present, with 70% of them home grown and that these numbers of franchisors can easily grow by 45% this year.

New franchisors, he said, can sign in up to 10 franchisees in the first year. Existing franchisors, on the other hand, can expect up to 30-% growth in their franchised outlets.

"There is really a strong demand for franchising concepts right now, especially for the companies that are well-advertised," he said.

The demand, he said, is coming largely from overseas Filipinos and their families, retirees, entrepreneurs and the salaried individuals who need to augment their income.

Bartolome, however, warned that Metro Manila could be nearing saturation already for some franchise concepts, so it is best to go to the provinces.

He also cautioned the public to be careful in dealing with a franchisor

and carefully review first the contract before engaging in any franchise transaction.

Exporters told to tap Brazil, Chile markets

Philippine-based exporters are urged to penetrate the emerging markets of Brazil and Chile, as their shipments to Latin America remain weak.

Philippine Institute for Development Studies (PIDS) Economist Josef Yap said that while a shift to domestic-led growth would be beneficial in the medium-term, many countries are constrained by their small domestic markets and unstable fiscal positions.

He said Asia should diversify its export destinations or its export product mix given the constraints of domestic-led growth.

Brazil and Chile are already among the Philippine trade partners in the Latin American region, although export volumes to these countries are still low.

To cushion the effects of the global economic slump, expanding intra-regional investment, particularly in infrastructure projects, may also be considered, Yap said.

He said the regional cooperation in East Asia can promote domestic financial markets and regional financial integration developments to facilitate Asian savings intermediation within the region.

RP to enter Japanese bio-ethanol market

The Philippines could tap a big opportunity to ship bioethanol to Japan with an estimated demand of 6.1B l. by 2010, a sweet sorghum ethanol feasibility study showed.



The Bureau of Agricultural Research (BAR) and International Society for Southeast Asian Agricultural Science (ISSAAS) confirmed that the Philippines is in a position to become a major exporter of bioethanol to the Japanese and other Asian markets.

BAR Director Nicomedes P. Eleazar said the government is continuing its development work on bioethanol feedstock, particularly on sweet sorghum, which can be planted in more than 1M has. of land in the country that are unplanted during dry season.

In five years, Japan's bioethanol requirements will grow by 836% from its 2006 demand of 1,800ML. because of the country's commitment to the Kyoto Protocol to reduce greenhouse gas emission.

Global demand for bioethanol is projected at 8B l. by 2010, which, aside from mainly Japan, will also come from Europe and the United States.

Study on ICT use in industry, business to be conducted
The National Statistics Office (NSO) will conduct the 2008 Survey of Information and Communications Technology (SICT).

The survey will complement the 2008 Annual Survey on Business and Industry and will come after the 2002 SICT, which completed the 2002 Annual Survey of Philippine Business and Industry conducted jointly by the NSO and the Information Technology and E-Commerce Council (ITECC).

"The 2008 SICT aims to collect and generate information on the availability, distribution, and access/utilization of ICT among industries and businesses in the country. It will generate indicators that are important for measuring progress of ICT development in the country," the NSCB said.

The nationwide data collection will start in November 2010. At the regional level, dissemination will be from December 2010 to February 2011. The published report will be available in March 2011.

The National Statistical Coordination Board (NSCB) said the results will measure the component of ICT resources and their utilization by industries and business; diffusion of ICT into industries and businesses from various sources; e-Commerce transactions

from data on e-Commerce sales/revenues; cellular-mobile-phone business transactions from data on sales/revenues; estimate number of ICT workers in industries and businesses; capital expenditures on ICT resources; and ICT equipment purchase and disposal.

RP to put up R&D facility for energy, electronics sectors

The government and the private sectors will set up a research and development (R&D) facility to determine which technologies should they get into for future growth.



The move came from a recently signed memorandum of understanding (MOU) with Taiwan's **Industrial Technology Research Institute (ITRI)**, a research organization tasked to boost Taiwan's competitiveness in industrial technology.

"ITRI has the best model to fit what we have in the country," Semiconductor and Electronics Industries of the Philippines Inc., (SEIPI) Chairman Arthur J. Young, Jr. said.

"It's something that we can adopt. Taiwan will guide us in the process of how they did it, and on how ITRI could also eventually become self-funding," he added.

The facility will get funding from the Philippine government – P100M each for the electronics and energy industries, Young said.

A group of Filipino scientists under the country's Engineering Research and Development for Technology (ERDT) program visited recently technology firms in Taiwan to discuss possible cooperation agreements and talk about the rollout of new technologies.

Business ties up with schools to stem mismatch

The country's business sector is tying up with colleges and universities to address the influx of new graduates and accommodate them in the labor force pool.

Philippine Chamber of Commerce and Industry (PCCI) President Edgardo G. Lacson said some sectors are open to hire workers equipped with the right skills and qualifications. The sectors include steel, shipbuilding, maritime, fashion, mining, and medical.

Lacson said some 1M Filipinos join the labor pool every April but only four out of 10 are hired because of the lack of skills and opportunities.

"We found out that there's a mismatch of what the schools produce and what the industry requires," he said.

Industries are open to various means of accommodating the graduates through ladderized entry such as on-the-job training and to absorb them eventually by firms.

BPO's job growth to continue rising

Business process outsourcing (BPO) firms in the country are increasing the number of their workers, the **Business Process Association of the Philippines (BPA/P)** and **Outsource2Philippines** survey showed, as it indicated that 95% of the country's BPO executives and human resource managers are optimistic about job growth for 2009.

Job expansion is notable in complex services and in firms, which at present have a relatively wide base of labor force.

BPA/P Chief Executive Officer Oscar R. Sañez said the BPO sector would require another 100,000 to 110,000 workers this year from the total 371,000 workforce in 2008.

Half of the respondents expect their employees to grow by over 15%. Notably, some 30% of those in the animation and graphics sector look forward to job growth by as much as 200%.

Sectors that anticipate the biggest employment expansion involve complex services such as back-office processes, information technology (IT) services and infrastructure management, and website development.

The biggest growth is seen from companies that employ 5,000-10,000 employees, with 33% expecting jobs to grow between 11%-15%.

The survey also indicated an increase in the value added services outsourced to the Philippines. Moderate to very-high value services ranging from financial analysis to knowledge management comprise 97% of the services offered by respondent companies.

Local car firms form competitiveness council

The local automotive industry has formed the **Philippine Automotive Competitiveness Council, Inc. (PACCI)** to promote domestic manufacturing, preserve jobs, and ensure the industry's overall future competitiveness.

"The formation of PACCI highlights the commitment of our founding members to sustain the development of the Philippine vehicle and parts manufacturing industries and share a common vision and plan through a strong and collaborative partnership," PACCI Incorporator Feliciano Torres said.

"The Philippines is one of the most open automotive markets in Asia-Pacific, and we believe that a strategic roadmap is imperative to help achieve a viable, forward-looking domestic vehicle manufacturing industry. The Philippine auto market is small in comparison to some of our regional neighbors, but there is an opportunity for more than one country to establish a viable vehicle manufacturing industry within the ASEAN (Association of Southeast Asian Nations)," Torres added.

Members of the PACCI include the **Motor Vehicle Parts Manufacturers Association of the Philippines (MVPMAP)**, **Ford**, **Honda**, **Isuzu**, **Mitsubishi**, and **Toyota**.

PACCI founding members have commissioned an independent study of the Philippines' vehicle manufacturing industry by **Deloitte Insights Economics** to help formulate a series of strategic recommendations for an industry roadmap.

Deloitte targets to present its detailed recommendations to the group within the second semester.

PACCI said it is imperative to have a clear roadmap for the auto industry

to strengthen its capabilities and compete with neighboring countries like Thailand.

Agreement signed by the ASEAN member countries targets a single auto market by next year. Although this would mean new opportunities for the local industry, there will be challenges from countries with highly developed auto industry.

Auto sales up 2.7% in February

The local auto industry posted a 2.7% sales growth, or sold 9,027 units, in February versus January, the **Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI)** said.

CAMPI President Elizabeth H. Lee said the growth was remarkable as compared with the performance of other major auto markets like the US.

Industry players continue to be optimistic with a growth forecast of 2%-4% for the year as steady sales are expected in the coming months.

"We are indeed thankful and continuing to be cautiously optimistic specially when two-thirds of the world went into recession last year and auto sales elsewhere are plunging," Lee said.

"We continue to bank on sustained overseas Filipino remittances, the entrepreneurial trend, and the critically stable financing market to help boost sales," she added.

Commercial vehicles (CV) continue to dominate the market with a 63% market share, registering an 8.5% growth over January sales.

Meanwhile, year-to-date passenger car sales grew by 7.6%. In February, some 3,162 passenger cars were sold.

February sales growth was also supported by a strong Asian Utility Vehicles (AUVs) growth and continued growth in the light commercial vehicle (LCV) segment. AUV sales recorded a 24.7% growth in January. LCV sales, on the other hand, continued to be sustained reflecting a 1.2% growth. Some 7,021 LCVs were sold nationwide in the period.

Buyers also continued to support sales of pick up trucks, vans, and compact wagons. This segment remains resilient as buyers look for value for money in their purchases.

The introduction of new models is expected to continue sales boost in all the segments.

TRADE AND INVESTMENTS

Banking

BPI remains upbeat

Sustained by a double-digit expansion in its main lending program, the **Bank of the Philippine Islands (BPI)** remains optimistic to post a strong performance this year.



"Consumer loans, for example, will still grow by impressive double digits," BPI President and Chief Executive Officer Aurelio R. Montinola III said.

The auto loan market is the second biggest contributor to BPI's consumer lending portfolio bannered by its thrift unit **BPI Family Savings Bank**.

Montinola said the market still has the purchasing power for new vehicles.

"A strong auto loan portfolio in this period will prove the theory correct and it can serve as a stimulant for consumer spending," he said.

BPI's mortgage portfolio is also expected to sustain double-digit growth, largely due to overseas Filipinos' spending.

Montinola added that the demand for housing loans also remains strong.

BPI's total loans grew 17% to P320B in 2008, higher than its 12% growth target. Expansion was broad, with both corporate and retail loans contributing strongly. Corporate loans grew by 18.5% while consumer spending rose much higher at 22.7%.

EastWest Bank completes Philam Savings Bank acquisition

East West Banking Corp. (EastWest Bank) has completed its acquisition of all the shares of **AIG PhilAm Savings Bank Inc., PhilAm Auto Finance & Leasing, Inc., and PFL Holdings Inc.**

EastWest Bank Chairman Jonathan Gotianun said the bank allocated \$44.9M to acquire the three assets.

"We are moving ahead of schedule while the completion of the acquisition takes us another step closer to the merger of the two institutions," Gotianun said.

He estimated that the full merger of the two institutions will take effect within the year, and that *"synergies, which will result in improved service levels, will definitely arise."*

Once the merger is completed, auto and personal loan borrowers and credit cardholders will be able to apply and make payments at any EastWest Bank or former AIG PhilAm Savings Bank branches.

EastWest Bank branches will start accepting payments from borrowers of the cash facility.

Depositors will also be able to deposit in any of the two banks' branches after conversion of AIG PhilAm Savings Bank to EastWest Bank branches.

BPO

eTelecare signs accord with wireless Internet provider

eTelecare Global Solutions has signed a services agreement with a rapidly expanding wireless Internet provider.

It will offer its Internet provider partner, which it declined to identify, with technical support, customer care, and retention services in both Spanish and English to its client's residential and small businesses customers.

"We expect to see tremendous opportunity for growth in this area as respected industry organization predicts that by 2012, over 133M subscribers worldwide will be using similar technology, compared to the approximately 2M today," eTelecare President and Chief Executive Officer John Harris said.

eTelecare was established in 1999 and provides services from delivery centers in the Philippines, North America, and South America.

Three BPO firms to expand

Three business process outsourcing (BPO) companies plan to locate in Davao City after getting a comprehensive briefing about the city's investment opportunities at the e-Services Exposition at SMX Convention Center, Mall of Asia Complex, Pasay City.

Information and Communication Technology (ICT) Davao, Inc., President Lizabel Holganza said **Infotech, Mustang Solutions,** and **Antech Solutions** were the companies that showed interest.

She added that these companies will conduct trade visits in Davao City this year.

Electronics

Toshiba expands RP operations

Toshiba Information Equipment Philippines, Inc., a **Toshiba Digital Media Co.**-subsidiary, is investing an additional P110M to expand its Philippine operations.

The project will translate to 618 jobs on two shifts per day.

Philippine Economic Zone Authority (PEZA) Director General Lilia B. De Lima said that this new project by Toshiba Philippines would be given full incentives.

The multi-million investments will be used for solid-state devices production at Toshiba's manufacturing plant in Laguna Technopark Special Economic Zone.

Solid-state devices are hard-disk drive-like devices that store data on flash memory instead on a revolving magnetic disk.

Toshiba Philippines' initial export projection is \$55M annually with major markets in the United States, Europe, China, Japan, Taiwan, and Korea.

With the approval of Toshiba's expansion project, both hard disk drives and solid-state drives will now be produced in its Laguna facility.

Sumitomo Corp. to set up new firm in RP

Even as the slumping global economy forces other multinationals to leave and layoff workers, Japanese conglomerate **Sumitomo Corp.** plans to open another electronics and semiconductor plant in the Philippines.

The firm will assemble, develop, and supply raw materials and semi-finished goods for the manufacture and assembly of electronics and semiconductor products, which will be sold to companies located in zones registered with the **Philippine Economic Zone Authority (PEZA)**, **Clark Development Corp. (CDC)**, **Subic Bay Metropolitan Authority (SBMA)**, and the **Board of Investments (BOI)**.

The company will also engage in storage and deposit inventory management of semi-finished goods for subsequent sale to PEZA-registered export enterprises.

Semiconductor and Electronics Industries in the Philippines, Inc. (SEIPI) Chairman Arthur J. Young, Jr. said Sumitomo's plan was good news for the industry, which has been reeling from plunging demand for gadgets worldwide and the inability of companies to secure loans for their businesses.

"Once the global credit crisis eases, the demand for our industry's product will be strong again. Now is the time to encourage more investments here because the Philippines is a good manufacturing hub for Japanese electronics companies," he said.

Sumitomo has interests in a wide array of industries including banking and finance, construction, and mining.

Energy

Tantuco Enterprises invests P460.8M for biofuel production

Filipino-owned **Tantuco Enterprises, Inc.**, manufacturer of coconut oil-based products under the brand name **Exora**, is investing P460.8M for the biofuel production in Tayabas, Quezon using copra as its primary raw material.

The facility's by-products include copra cake, coco-fatty acid distillate, and glycerin.

The **Board of Investments (BOI)** has already approved the project's registration with incentives since it is listed in the 2008 Investment Priorities Plan (IPP).

Based on its application, the facility, employing 48 workers, will use an integrated processing system for oil refinery.

This new project will complement the firm's current business of

producing edible coconut oil-based products like crude, refined, bleached, and deodorized coconut oil, and lard, shortening, or margarine. This will, in turn, further spur demand for copra and other derivatives.

Petron plans to put up own power plant

Leading refiner **Petron Corp.** is planning to put up its own power plant to meet the refinery demand and cut its expenses, company President Eric O. Recto said.

Petron said it is looking at some possible changes in the articles of incorporation, which include electric power generation and sale.

Food and beverage giant **San Miguel Corp. (SMC)** bought recently shares in **Petron** and **Manila Electric Company (MERALCO)**.

Petron now has a total of 1,288 service stations nationwide.

Landbank, KfW set P1.2B for green energy projects

The **Land Bank of the Philippines (LBP)** and **Germany's Kreditanstalt fur Wiederaufbau (KfW)** signed recently a P1.2-B loan agreement for re-lending to eligible sub-borrowers who would like to venture into green energy projects in the Philippines.



LBP President and Chief Executive Officer Gilda E. Pico said the bank's Credit Line for Energy Efficiency and Climate Protection project may finance renewable energy (RE) undertakings such as the reduction of primary energy like diesel, coal, and gas; consumption of direct greenhouse gas emissions; installation or energy efficient modernization of biomass cogeneration facilities; and replacement or energy efficient modernization of machinery and equipment powered by primary energy resources.

She said the lender's priority sectors including small farmers; fisherfolk; and micro, small, and medium enterprises (MSMEs) will be

allowed to borrow at a concessional fixed rate for a 10-year period to implement clean energy projects.

Aside from private sector companies, other borrowers include sole proprietorships, partnerships, and corporations that are at least 70% Filipino-owned, cooperatives, and associations.

Local government units (LGUs) and government-owned and controlled corporations (GOCCs) are also qualified to borrow under the program.

Pico said the loan facility is available nationwide with at least 50% targeted for projects in the Visayas and Mindanao.

Loans to priority sectors reached P124.3B last year, representing 67.3% of LBP's P184.7-B total loan portfolio.

"The amount is the highest recorded by LBP since it shifted its thrust and transformed its loan portfolio in favor of the Bank's priority sectors," Pico said.

"We have made significant inroads since we channeled more funds to finance projects of our development partners, which help promote economic activities and accelerate growth in the countryside," she added.

Food

SMC sets P9.9-B expansion

Food and beverage giant San Miguel Corp. (SMC) has earmarked a P9.9-B expansion of its "Feeding our Future Project" that would generate about 10,000 direct and 50,000 indirect jobs.

SMC expansion plans' key components

- P4.8B for the expansion of the Monterey Hog Farm
- P3.4B for the expansion of the Magnolia Poultry Farm
- P840M for the B-Meg Animal Feeds Program
- P231M for the Purefoods-Hormel Corp. Nuggets line
- P215M for the new Magnolia Ice Cream Plant

SMC President and Chief Operating Officer Ramon S. Ang said the company would no longer outsource production of Magnolia ice cream, as it will build its own plant in Sta. Rosa, Laguna instead.

The "Feeding our Future Project," sponsored jointly by San Miguel Kuok Food Security, Inc. and the Department of Environment and Natural Resources (DENR), was signed on 10 November 2008 to develop an agroforestry plantation in Davao del Norte.

Ang said the company could start establishing the plantation by September this year.

The project covers some 18,494.8-ha. total land area in four municipalities, namely: Talaingod, 7,865.2has.; San Isidro, 5,860.5has.; Kapalong, 3,246.5has.; and New Corella, 1,522.5has.

SMC is considering a total of 3.8-M has. nationwide for evaluation and possible development of the said program.

SL Agritech invests P120M for research

Davao-based SL Agritech Corp. is investing P120M for research and propagation of super hybrid rice and cereals in Lupon, Davao Oriental, which would make jobs for 2,800 farm workers and 374 farm technicians.



The proposed project was approved by the Board of Investments (BOI) on a pioneer status granting the firm up to six years income tax holidays (ITHs).

SL Agritech Corp. will lease farmlands, use latest technology from China, and provide financial and technical support to this project's farmer-beneficiaries to ensure quality yields of the hybrid seeds called SL-8H F1.

The parent seeds for this new investment would initially come from the company's Laguna farm while the future seed requirements would be sourced from a nursery, which would be put up in Lupon soon.

The initial cycle of the firm's hybrid rice commercial production would start in the planting season in April this year.

Health and Wellness

P340-M wellness center approved

The Board of Investments (BOI) granted recently fiscal incentives to the P340-M healthcare and wellness facility of Medical City Wellness and Aesthetic Center.

Classified as a pioneer project, the facility will be operated by the Professional Services Inc., within the Medical City premises in Ortigas Avenue, Pasig City.

Once completed by next year, the facility will employ 50 persons.

This new investment will complement the line of services offered by Medical City in giving treatments with first-class hotel-like ambiance.

Two new floors - the 6th and 7th - will be constructed covering an additional 2,291 sqm. above the existing Podium Building.

The 6th floor will cater to outpatients while the 7th level will have 14 rooms for in-patients.

Infrastructure

MNTC to construct expressway to NLEX

Metro Pacific-led Metro North Tollways Corp. (MNTC) will begin next month the construction of a two-lane 2.7-km. expressway that will link Mindanao Avenue, Quezon City to North Luzon Expressway (NLEX).

"We expect the construction activities to stimulate the economy in the environs of the areas where the roadway will be built. This project will create some 600 jobs," MNTC President Rodrigo E. Franco said.

The NLEX-Segment 8.1 project will cover the construction of a toll plaza on Mindanao Avenue, where motorists can enter and exit the NLEX. This is expected to ease the traffic flow on the main Epifanio delos Santos Avenue (EDSA)-Balintawak route.

Construction is expected to be completed in April 2010.

Mining

Big project in Nueva Vizcaya endorsed

The Department of Environment & Natural Resources (DENR) has endorsed to President Gloria Macapagal-Arroyo the application of London-based Metals Exploration PLC for a large-scale operation of its Runruno gold-molybdenum project in Nueva Vizcaya.



The 25-year financial and technical assistance agreement calls for a \$50-M development investment.

The project is currently held by FCF Minerals Corp., which is 85% owned by Metals Exploration under an exploration permit.

“This endorsement by DENR Secretary Jose L. Atienza of our agreement is a critical milestone in the development of the Runruno project. The application process and project review have been rigorous and detailed, and we are grateful to the staff in the Mines and Geosciences Bureau (MGB) of DENR for their support and assistance. The feasibility study on Runruno is progressing well and on schedule, and further updates will be released in due course,” Metals Exploration Chief Executive Jonathan Beardsworth said.

“It is going to be a big boost for the economy,” Atienza said.

MLR Gold inks JV accords for Batangas, Surigao projects

MRL Gold Philippines Inc. has entered into separate joint venture agreements with two foreign firms for its gold and copper-gold projects in Batangas and Surigao.

MRL Gold Philippines President James Anthony Climie said his company has signed a joint venture agreement with British Avocet Mining PLC for the development of its Kay Tanda, Batangas gold project.

MRL Gold is also set to sign a separate agreement with South African-based Gold Fields for its other copper-gold project also in Batangas.

These deals, Climie said, have raised \$450,000, which MRL will put into drilling high priority gold and copper-gold prospects in the Surigao district.

For its nickel project in Surigao, he said MRL has decided to partner with a Chinese stainless steel producer to have the end-user finance development of a nickel processing plant in return for equity in the project and secure long-term supply of nickel.

Power

PPGI puts in P140M for power generation project

Palawan Power Generation, Inc. (PPGI), a team up among FLG Management and Development Corp., Theta Petroleum Corp., and PowerOne Corp. will spend P140M to engage in power generation project under the government’s small power utilities group scheme in Puerto Princesa, Palawan.

PPGI was established to create, develop, and administer power facilities to supply and transmit electricity to industrial users, distributors, and other public utilities.

The project was approved by the Board of Investments (BOI) for fiscal incentives on a pioneer status based on its project cost.

PPGI will convert and rehabilitate the 9-megawatt (MW) Puerto Princesa diesel power plant that was leased from state-owned National Power Corp. (Napocor). It will convert Napocor’s diesel-fuelled engines to run on bunker fuel to stabilize power supply.

The project is expected to save at least P2.3B for the government over a 15-year period and serve about one-fourth of the province’s total electricity demand.

Socoteco II, CHC enter power plant venture

South Cotabato II Electric Cooperative (SOCOTECO II) and Conal Holdings Corp. (CHC) signed recently a memorandum of agreement (MOA) for the supply and distribution of electricity when the latter’s proposed 200-megawatt (MW) coal-fired power plant in Maasim, Sarangani becomes operational in 2012.

CHC said it would begin construction of a multi-million dollar power plant in Barangay Kamanga in Maasim as soon as it is granted environment clearance certificate by the Department of Environment and Natural Resources (DENR).

The firm said it will supply electricity to SOCOTECO II at a maximum rate of 100 megawatts (MW) on the third quarter of 2012.

CHC Chief Executive Officer Tirso Santillan, Jr. said the MOA is just one step towards ensuring continuous supply of electricity to the SOCOTECO II franchise area, which includes Sarangani, General Santos City, and some parts of South Cotabato.

Santillan said electricity consumers in the Socoteco II franchise area will benefit from reduced power cost when their power plant becomes operational.

“By embedding Conal Holdings to the existing power lines of SOCOTECO II, we can immediately reduce electricity bill by doing away with the transmission and systems loss costs,” he said.

The firm said it hopes to expand its initial 100-MW plant to 200MW within 24 months.

PNOC to build 30-MW hydro plant

State-owned Philippine National Oil Co. (PNOC) plans to put up at most 30-megawatt (MW) hydro facility in Luzon in line with its thrust to focus on renewable energy (RE) projects this year.

PNOC President Antonio M. Cailao said this is part of the company’s shift to RE sources, not only to hydro but also to wind, biomass, ocean, and geothermal powers.

Real Estate

FBDC readies P6B for Global City project

The Fort Bonifacio Development Corporation (FBDC) is spending some P6B for the development of a new section of the Bonifacio Global City as the previously developed portion is fast filling up with ongoing and proposed projects.

FBDC Commercial Operations Head Noel Eli Kintanar said the amount will be used for the horizontal development of the City Center and a P1-B Mind Museum.

He said there are currently 136 vertical development projects in the Global City, of which 72 have been completed while 41 are under construction and 23 have already been proposed but have yet to break ground.

The projects include residential and office buildings, retail and entertainment outlets, and institutions.

In terms of gross floor area, the bulk of the completed projects are residential condominiums followed by retail and entertainment establishments and office buildings.

FBDC is now planning to develop City Center North-East Side at a cost of P4B-P5B. The area will be primed as a center for "Play" under its value proposition of Live-Work-Play.

Kintanar said the area's lots will be sold or leased out over the next five years.

FBDC has earmarked 16 prime property lots adjacent to City Center for mixed-use development.

BXT invests P2B more

Korean-owned Philippine BXT Corp. has raised its investments in a luxury hotel and spa facility in Maribago, Lapu-Lapu City to P6B from P4B with the addition of P2-B 18-hole golf course development.

BXT President Park Jong Hwan said the additional investments would be used to complete the entire facility including the development of an existing 36-ha. property in Cordova, Cebu into a golf course.

The development, which is targeted to be completed in one and a half years, is expected to cover a total of 50has. once the local government completes the processing of the additional property.

Japanese firm to put up retirement center in Legazpi
Luxcess Business Consulting, Inc. President Hideaki Takeda announced that his firm is putting up in Legazpi City soon a multi-million peso investment for a retirement center that would cater to the needs of Japanese, Korean, and Taiwanese retirees.



Luxcess is a Japanese firm engaged in tourism-related development worldwide that tied up with the Legazpi City government for the project dubbed "Close-Up Legazpi."

"My firm has chosen Legazpi City for this project because of its friendly character, ideal location, peaceful environment, accessibility through major modes of transportation and communication, and the cooperation of the local government," Takeda said.

The Japanese business executive also said Legazpi and Japan's Choshi City entered into a sisterhood relationship several years ago.

"This retirement center, a tourism and investment-oriented venture would strengthen the cityhood pact between your city and ours notwithstanding the thousands of miles of distance separating them," Takeda added.

Legazpi City Mayor Noel E. Rosal said the project will be a big boost to the tourism industry within the entire province of Albay as it will bring in from Japan, Korea, and Taiwan not only the retirees but also their relatives.

The retirement center will sit at an over 3-ha. beachfront property in Barangay Puro that is located in the upper southeastern section of the city overlooking Albay Gulf. About a hundred residential-commercial houses will be constructed within the site that would accommodate not less than 200 retirees, Rosal said.

The site is adjacent to the Embarcadero de Legazpi, a P500-M modern information technology, trading hub, and lifestyle destination in a vast seafront environment within the city that is set to start operations next month.

Two housing projects get BOI perks

The Board of Investments (BOI) has approved two housing projects with a combined value of P852.5M.

The BOI said the projects should generate 800 new jobs once operational.

The largest of these investments is the low-cost, mass housing project of Goldland Properties and Development Corp., which is valued at P803M and involves the construction of a 26-storey twin tower condominium on a 2,313-sqm. land in Cubao, Quezon City.

The other housing project is courtesy of Communities Philippines Cam Sur, Inc., a company owned by the Villar family's Crown Communities Holdings, Inc.

Located in Naga City, the P49.5-M project entails the establishment of 417 bungalow units on 13.5has. of land.

Shipping

Tsuneishi eyes P12-B base expansion

Japanese ship builder unit Tsuneishi Heavy Industries (Cebu), Inc. (THICI) is spending over P12B to expand its cargo vessel manufacturing operations at the West Cebu Industrial Park in Balamban, Cebu.

From a proposed job generation of 3,650 workers, THICI is hiring 2,000 more to meet its required workforce of about 6,000 to make all types of cargo vessels equipped to carry a maximum capacity of 250,000 dead weight tons (DWT).

ATI invests P730M for expansion
Asian Terminals Inc. (ATI), the second largest terminal operator in the Philippines, has confirmed that it will spend P730M to further develop its Manila South Harbor terminal.

ATI said the improvements would include acquisition of modern cargo-moving equipment and expansion of over 1ha. of its Manila South Harbor terminal.

South Harbor, which has an annual capacity of 820,000 20-ft equivalent units, occupies about 27has. of the Port of Manila.

ATI's Manila South Harbor facility consists of two finger-type piers with a total of seven berths equipped with seven high-capacity ship-to-shore gantry cranes.

The container yards are equipped with 19 rubber-tired gantry cranes, three-reach stackers, one top loader, and nine side loaders, with designated storage areas for refrigerated and dangerous cargos.

ICTSI invests \$1M in energy-saving technology

Philippine-based terminal operator International Container Terminal Services, Inc. (ICTSI) has invested over \$1M to make its cargo-moving equipment at its Manila International Container Terminal (MICT) more energy efficient.



ICTSI said the energy saving devices, obtained from United States-based Vycon Inc., will be installed on the 12 newly commissioned rubber-tired gantry cranes on the MICT.

Vycon's energy saving devices will help MICT save a considerable amount in fuel and electrical costs, it said.

ICTSI noted that the move is part of its efforts to further develop the cargo handling capabilities of MICT.

Telecom

PTT expands operations

PTT Public Co. Ltd., Thailand's largest oil firm, plans to expand its retail station network in the Philippines to 200 over the next 8-10 years.

PTT Executive Vice President for Commercial and International Marketing Artasith Pothiapiyanvisuth said the oil company, through subsidiary

PTT Philippines Corp., would be strengthening its presence in Luzon and Visayas.

Pothiapiyanvisuth added that PTT was also looking at going into non-oil businesses in the country to boost its very thin margins from petroleum product sales.

Extelcom re-enters mobile telephone market

The plan of Express Telecommunication Co., Inc. (Extelcom) to re-enter the lucrative mobile telephone market and compete openly with existing players Philippine Long Distance Telephone Co. (PLDT), Globe Telecom, Inc., and Digitel Mobile Philippines, Inc. has been welcomed by members of Congress.

"In any highly active markets, the more combative the rivalry, the greater the potential tangible benefits to consumers in terms of superior services and more affordable user rates," Catanduanes Representative and House Information and Communications Technology Committee Chairman Joseph A. Santiago said.

"Consumers will definitely be better served by the coming out of any new market actors," he added.

Santiago said he is counting on Extelcom's planned revival of its mobile telephone services to help drive down user rates, including text messaging charges.

"Actually, what we have now is essentially a 'duopoly' by PLDT and Globe. This is because the third actor, Digitel, is still struggling to seize market share from the two dominant service providers," he said.

Santiago added that he is hopeful that the fresh competition posed by Extelcom, coupled with Digitel's muscle, would drive PLDT and Globe to further reduce their user charges.

"The market can still accommodate another actor, and each of the four players would still have enough critical mass of subscribers to achieve economies of scale and stay financially viable," he pointed out.

POLICY

House okays establishment of RP trade rep office

The House of Representatives Committee on government reorganization has approved a bill forming the **Philippine Trade Representative Office**, which will represent the country in all talks on international agreements.

Committee Chairman Representative Erico Basilio A. Fabian of the 2nd District of Zamboanga said that the still-unnumbered substitute bill to House Bill (HB) 318, or the proposed Charter of the Philippine Trade Representative Office, will provide a lead negotiator in international trade matters that will ensure a more cohesive Philippine position and consistent implementation of trade policy.

Fourth District Quezon City Representative Lorenzo R.

Tañada III, principal author of the bill, said there is a necessity for one state institution that would formulate and carry out the country's trade policies, unlike the current situation wherein various agencies and industries press their own interests and agenda on the country's trade negotiations.

"The impact of all the agreements entered into by the country, which includes the Association of Southeast Asian Nations (ASEAN)-China and ASEAN-Korea free trade agreements (FTAs) and bilateral trade agreement with Japan, is yet to be appreciated as there is no singular entity principally responsible for monitoring and maintaining a coherent trade policy vis-à-vis our national interest," Tañada said.

Under the proposed measure, the new trade office will also act as adviser to the President and Congress on international trade, investment policies, and their implications on the domestic economy, as well as the impact of domestic policies on international trade and investments.

MAJOR PROJECTS

NEDA okays P6-M road, airport projects

The National Economic Development Authority (NEDA) approved two new projects worth P6B that would be funded with Korean aid even as the government pins its hopes on pump priming the economy through infrastructure development.

The projects include the P3.5-B Puerto Princesa airport upgrade in Palawan and the P2.5-B Samar Pacific coastal road.

The airport upgrade is expected to help boost tourism activities while the coastal road will link remote towns on Samar Island.

The airport upgrade covers a new passenger terminal complex and a new access road off the national highway; widening of the runway strip; installation of an instrument landing system (ILS); a new perimeter fence; and the improvement of navigational aid, air traffic control, communications, and air field lighting.

On the other hand, the planned road stretches 108.4km. and goes through the towns of Laoang, Palapag, Mapanas, Gamay, and Lapinig in Northern Samar and Arteche and San Policarpio in Eastern Samar.

Gov't starts P5.3-B road projects

The government is building 2,000-km. farm-to-market roads nationwide using P5.3-B funds and employing 53,000 workers.



Department of Agriculture (DA) Secretary Arthur C. Yap said aside from creating more jobs, the projects would benefit more than 212,000 farmers in food-producing and hunger-prone areas across the country.

He said more than half of the total length of the roads would be built in central Philippines and the Mindanao Super Region where major food production sites are located.

More fishing ports to be constructed

The Bureau of Fisheries and Aquatic Resources (BFAR) is putting up four fishing ports to encourage more fishers to operate in the country's resource-rich exclusive economic zone in the Pacific Ocean.

BFAR Director Malcolm I. Sarmiento said the fish ports would be constructed in Casiguran, Aurora; Infanta, Quezon; Tacloban City, Leyte; and Surigao City, Surigao del Norte.

The fish ports are aimed to complement the airports that are already within these geographic sites.

"This is part of the government's efforts to find alternative fishing grounds, following the non-renewal of a bilateral agreement that has previously given access to Filipinos to fish in Indonesia," Department of Agriculture (DA) Secretary Arthur C. Yap said.

COMPANY NOTES

Callbox bags 2008 Top Outsourcer Award

International call center Callbox bagged the 2008 Top Outsourcer Award and other major awards from the Contact Center World - the global support organization for contact center professionals.

Callbox-Davao Operations Manager Ellen Garcia said the company also ranked first in Percent Growth of Sales Revenue, second in Activity Volume, and second in Volume of Experienced Business-to-Business (B2B) Agents.

She said Callbox also continued to sweep the breadth of the outbound rankings by placing in seven separate rankings.

Gardenia to set up plant in Cebu

Gardenia Bakeries Philippines, Inc., the country's biggest bread-maker, will pursue its bread manufacturing plant in Cebu.

Gardenia Philippines President Simpicio Umali, Jr. said its P150-M

bread manufacturing plant in Cebu is supposed to start construction late this year but it has been moved next year.

Originally, Gardenia wanted to just lease an existing property, but the company is now looking for a rent-to-own facility inside an economic zone.

The project is part of the P850-M budgetary allocation for Gardenia's expansion program.

SMC eyes telecommunications

San Miguel Corporation (SMC) said it is seriously considering making an investment in the country's telecommunications industry.

SMC made this clarification to the Philippine Stock Exchange (PSE) after several news reports floated claiming that the conglomerate is now targeting a venture with Express Telecommunications, Inc. (Extelcom).

CSI expands

The City Supermarket, Inc. (CSI), a big trading company in Dagupan, is set to expand in Mangaldan, Pangasinan and another town in the province this year.

Dagupan City Vice Mayor Belen Fernandez, who is also the CSI President and Chairman of the Board, said CSI Mangaldan is now all set while the preparation for the establishment of another branch in eastern Pangasinan town is now underway.

Fernandez also asked other big trading firms in Dagupan City to follow CSI's example by finding additional markets for their goods and services to protect them from the impact of the global economic crisis.

She also said notwithstanding the desire of big players in Manila to come to Pangasinan and near Dagupan, CSI has decided to build additional branches to help create jobs.

BILATERAL AGREEMENT

RP-Taiwan sign four agreements

The Philippines and Taiwan signed four major trade and investments agreements aimed at further

enhancing economic relations between the two countries.

Manila Economic and Cultural Office (MECO)
 Managing Director and Resident Representative Antonio I. Basilio said the agreements were signed in the recently concluded 16th RP-Taiwan Joint Economic Partnership.

Four major trade and investments agreements signed

- ❑ Memorandum of Understanding (MOU) on Philippine-Taiwan Cooperation on Industrial Technology Development;
- ❑ MOU on micro, small, and medium enterprises (MSMEs) Food Development;
- ❑ MOU on Intellectual Property (IP) Cooperation; and
- ❑ MOU on Standardization and Conformity Assessment for Electronic Product

These agreements are expected to beef up existing cooperation for the promotion of Clark-Subic economic corridor and entice new entrants to the Philippines.

RP-UAE agree to more flights

The Philippines and the United Arab Emirates signed recently a bilateral accord allowing more flights between the two countries.

Civil Aeronautics Board (CAB)

Deputy Director Porvenir P. Porciuncula said a total of 89 weekly flights or entitlements were added to existing flight frequencies.

The flag carriers of both countries would have an additional five weekly flights on top of the current nine flights connecting Manila to Dubai and Abu Dhabi.

Carriers of both countries were also granted 42 additional flights a week to Clark from Dubai, Sharjah, and Abu Dhabi.

The airlines may also add 21 more flights a week between Cebu and the three points in the UAE.

Previously, airlines were allowed to fly five times a week to either Clark or Cebu from UAE.

An additional 21 weekly flight frequencies were also allowed for other points such as Davao, Iloilo, Laoag, and other destinations.

ASEAN WATCH

6 economic agreements approved

The 10 economic ministers of the Association of Southeast Asian Nations (ASEAN) have signed six agreements to facilitate the movements of goods, service, investment, and skilled labor in the region, paving the way for an open investment regime in 2015.

Six economic agreements signed

- ❑ ASEAN Trade in Goods Agreement,
- ❑ Protocol to Implement the Seventh Package of Commitments under the ASEAN Framework Agreement on Services,
- ❑ ASEAN Comprehensive Investment Agreement (ACIA),
- ❑ Mutual Recognition Arrangement on Medical Practitioners,
- ❑ Mutual Recognition Arrangement on Dental Practitioners, and
- ❑ Framework for Mutual Recognition Arrangement on Accountancy Services

The agreements will form an important basis for moving the ASEAN towards the ASEAN Economic Community by 2015.

The three newly-signed mutual recognition agreements (MRAs) will expand the professional sectors covered by previous MRAs that included nurses, architects, surveyors, and engineers.

Priority sectors for the Protocol to Implement the Seventh Package of Commitments under the ASEAN Framework Agreement on Services include air transportation, telecommunications, information technology (IT), and tourism.

PSE joins electronic trading link with ASEAN Exchanges

The Philippine Stock Exchange (PSE) has entered into a memorandum of understanding (MOU) with other Association of Southeast Asian Nations (ASEAN) Exchanges to create an electronic trading linkage allowing ASEAN investors to buy or sell listed securities in the region through their local brokers by 2010.

The MOU was signed during the recent 7th ASEAN Exchanges CEOs Meeting in Bangkok, Thailand.

“We welcome with much enthusiasm this project to set up an electronic linkage among the ASEAN Exchanges. Not only will the project mean a more meaningful partnership with our ASEAN counterparts but it will also lay the foundation for an integrated and harmonized ASEAN stock market,” PSE President Francis Ed. Lim said.

Lim cited that this trading linkage would position the ASEAN as an asset class and a viable investment destination.

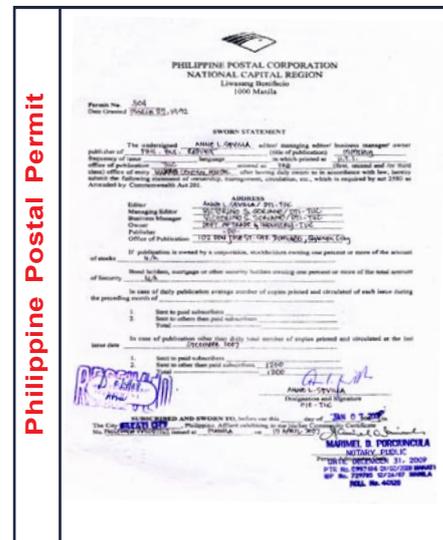
“This linkage provides exciting opportunities for our market participants to expand their investment horizon to ASEAN markets. Any Filipino investor can now buy Indonesian, Malaysian, Thai, and Singaporean securities with the same ease as buying Philippine securities and vice-versa,” he said.

ON THE CALENDAR

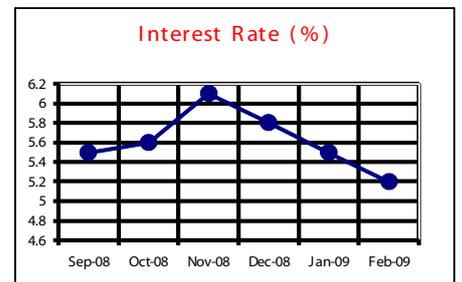
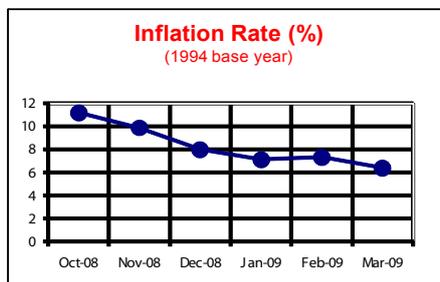
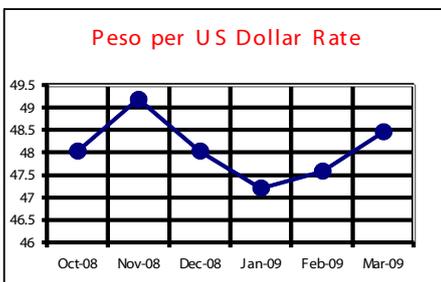
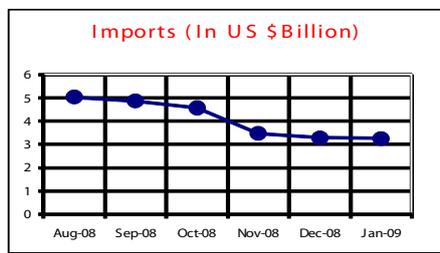
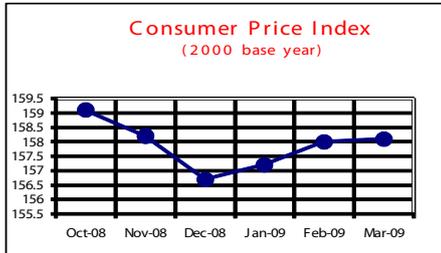
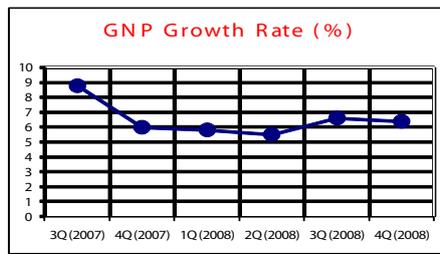
6th IFEX Philippines slated

The 6th International Food Exhibition Philippines (IFEX) will be staged at the SMX Convention Center, Pasay City on 15-17 May 2009.

The exhibit will feature beverages; meat and poultry; natural, herbal, and organic products; biscuits, snacks, and confectioneries; fine food and specialties; marine products; fresh and processed fruits and vegetables; and allied products and services.



Economic Indicators



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