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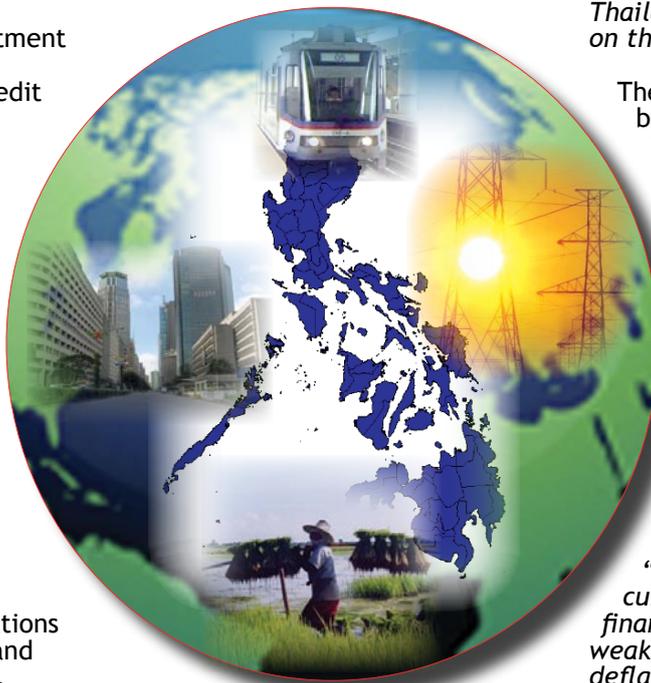
RP has lowest macroeconomic risk in Asia

The Philippines has the lowest macroeconomic risk in Asia, making it the most ideal investment destination in the region, a study by Switzerland-based Credit Suisse showed.

The country has a macro risk score of 46, much lower if compared with China's 54 and Thailand's 70. Low scores indicate fewer risks.

The global market equity report ranked the Philippines number one among Asian economies, except Japan, based on its current account surplus, domestic sales exposure, and net commodity exports.

The Credit Suisse noted that these factors make markets in Asia better investment destinations than other emerging markets and nearly all developed countries.



"The Philippines, China, and Thailand look the most attractive on this measure," the study noted.

The country's current account balance recorded an average of 2.5% of gross domestic product (GDP) compared Thailand with 1.4% and China with 4.3%.

Current account balance is the difference between a country's income from foreign sources and foreign obligations payable, excluding net capital investment.

"We prefer the countries with current account surpluses," the study noted.

"This is critical factor, for if a current account deficit cannot be financed, either the currency has to weaken or there has to be domestic deflation," it added.

RP businesses rank 3rd in optimism

Privately held businesses in the Philippines ranked third in the optimism/pessimism barometer of Grant Thornton International's International Business Report (IBR) 2009.

"Local businesses realized that the current global economic downturn brings certain opportunities that favor them," said Greg Navarro, Managing Partner and Chief Executive of Punongbayan & Araullo, Grant Thornton's local auditing and consulting member-firm that released the survey results.

Navarro added that while mature economies scramble to find ways to prop up their financial sectors, smaller economies such as the

Philippines, which has not been as badly affected by the United States' subprime crisis, are becoming more attractive destinations for investors.

In particular, he cited the business process outsourcing (BPO) industry among those that show continued growth, posting a 16% growth in the first five months of 2008.

"Other sectors, like the manufacturing and real estate industries are also looking at big-ticket projects for 2009. There are ongoing infrastructure projects that will certainly make the Philippines an even more attractive investment location," Navarro added.

On the other hand, the survey said optimism among privately held

businesses around the world has slumped by 56% in 2008.

The survey also showed that this was the first time in six years that pessimists outweighed optimists but it also indicated that pockets of hope remain, especially among emerging economies like the Philippines.

The survey figures referred to the percentage balance of respondents who are optimistic minus those who are pessimistic, with a highest possible figure of +100% and a lowest of -100%.

The IBR 2009 covered at least 78,000 businesses in 34 countries and territories in the Asia-Pacific, the Americas, Europe, Middle East, and Africa.

BOC implements new exporters' registration system

The Bureau of Customs (BoC) introduced a new registration system - an electronic to mobile phone (E2M) project - for exporters.



The BoC said it has started accepting exporters' information through its portal to build up the Client Profile Registration System database.

To be activated by this month, the new system is expected to result in efficient and pro-active processing of registration, accreditation, and renewal of stakeholders. This is considered historic as it automated a large portion of processing export and import documents at the BoC.

"Before any transaction with the new E2M Customs System can be made, it is imperative that information pertaining to each client is captured in the database," BoC Deputy Commissioner Alexander M. Arevalo said.

Once the first step of accreditation is complied with, exporters may already process their export declaration electronically through the BoC. After the accreditation, a digital certificate will be provided for them to transact with the BoC.

There are five accreditation bodies for exporters' Client Profile Registration System applications. These are the Board of Investments

(BOI), for BOI-registered firms; the Philippine Economic Zone Authority (PEZA), for PEZA-registered firms; Clark and Subic, for locators in these free ports; and the Philippine Exporters Confederation, Inc. (PHILEXPORT) for the rest not covered by any of the aforementioned offices.

RP firms eyed for new global BPO demand

A big global business process outsourcing (BPO) player has endorsed the Philippines as an ideal destination for "out-tasking" - a global trend that entails farming out of business process or information technology (IT) functions in a piecemeal rather than all at once.

CompuPacific Europe Ltd. included the Philippines among top offshore locations and possible out-tasking destinations and described the local BPO industry as a "high-value niche player."

"Out-tasking is attracting serious interest as an alternative or complement to traditional outsourcing that entails wholesale transactions," the United Kingdom-based firm reported.

In its study entitled "Outsourcing vs Out-Tasking: Practical Advice", CompuPacific Europe said out-tasking is quick and cost-effective since it involves contracting out easily defined and measurable activities or processes while the main function is done in-house.

Tasks that may be farmed out, for instance, are data entry, document-based processing, and computer-aided design (CAD) conversion.

"Instead of divesting their back-office functions as a whole, companies contract out in an incremental and manageable way," the firm said.

A second big push is the wave of offshoring among micro, small, and medium enterprises (MSMEs), which do not have the scale to outsource so much work and are unable to fund high upfront costs or absorb the disruption to business that is usually associated with traditional outsourcing deals.

CompuPacific Europe, a division of CompuPacific International, specializes in BPO, CAD, human resource, and animation through delivery centers in China and the Philippines.

BPO firms need Spanish-speaking contact center agents

The Business Processing Association of the Philippines (BPA/P) and Instituto Cervantes de Manila signed a deal to offer a Spanish language training program for contact center employees.

Called the Spanish Program for Call Centers, the course is designed to develop the competence level and knowledge in Spanish of business process outsourcing (BPO) professionals.

As the Philippine BPO industry grows, companies now find that they need more multi-lingual speaking agents.

With American and European BPO companies setting-up operations in the country to serve Hispanic communities, the demand for skilled and competent Spanish-speaking agents has increased.

Already the second widely used language in the world with over 450M speakers, Spanish is also fast becoming the language of choice in business.

14% rise in export revenue expected in 2009

The government is firm on achieving a 14% growth target in export revenue, or roughly \$73B, this year despite the minimal growth trend in commodity exports since last August 2008 due to the global economic crisis.

"When we finalized that target, we have factored in the United States and European slowdown," said Bureau of Export Trade Promotion (BETP) Director Senen Perlada, who is also the Executive Director of the Export Development Council (EDC).

Expected to generate the biggest export revenue is the services sector, which is projected to grow by 40% and includes business process outsourcing (BPO), animation, Internet gaming, and other information technology (IT)-driven services.

Among the alternative export markets the government seeks to expand into are Japan, South Korea, China, India, and Australia.

Perlada said the Philippines is also more aggressively pursuing the big market for halal products in the Middle East and other Muslim countries in Asia and elsewhere.

The Department of Trade and Industry (DTI) has strengthened the halal certification system in the Philippines benchmarked to the standards set by Brunei, the country with the most stringent halal certification standards.

The DTI has taken together the players of the sunrise natural, organic, and food supplement products sector to come out with a consolidated development program backed with funding from the export promotions fund allotted for 2009.

Local halal industry to grow on strong Middle East demand

The Philippine halal industry is expected to further grow this year, brought about by strong demand from Middle East countries.

National Economic and Development Authority (NEDA) Policy and Planning Director Dennis Arroyo said the local halal industry is seen to grow to P500B in 2010 from the current P200B.

"Companies are now discovering that the halal industry is a big market," Arroyo said.

As such, he said, the industry would be among this year's local growth drivers, which could help the Philippines cope with the global financial crisis.

He said the Philippines can look ahead to major expansion in trade particularly in the shipments of food and related agricultural products despite the global economic slowdown since there is a constant market for halal products.

The United Arab Emirates remains the Philippine's top export market in the Middle East for halal products.

The Philippines has a comparative advantage over other neighboring countries when it comes to developing its halal industry, especially now that both the Visayas and Mindanao regions have already been declared and recognized by the Office International des Epizooties (OIE) or World Animal Health Organization as free from the food-and-mouth disease (FMD) and bird flu.

To further boost the halal industry, the government includes plans to establish a P2.2-B halal Economic Zone in Davao and set-up an P840-M

halal model poultry farm complete with research laboratories and other modern facilities.

Handicraft exporters turn to local market

The country's handicraft sector exporters are boosting their sales in the local market and tapping other potential foreign buyers to partly offset the impact of the global financial crisis.



Buena Mano Crafts, Inc. Chair and Chief Executive Officer Marlane Villa-Real said the handicraft sector's local market now comprises some 20% of their total sales, while that of the furniture sector is much higher at 40%.

"Over the years, we have found out what the Filipinos are looking for. We already produce for the domestic market and those are enough to cover our overhead cost. Thus, when we price our products for exports, we don't have to add as much anymore," she said.

She added that this brings down the cost of exportable products, making Philippine goods become more competitive in the international market.

On the part of the consumers, buying local products is one way of helping boost the country's economic growth during these difficult times, Villa-Real said.

P80-B bioethanol investments seen in four years

The government expects some P80-B investments in bioethanol in the next four years, with some 20 groups set to put up plants to replace a projected 184M l. of ethanol import this year.

Sugar Regulatory Administration (SRA) Administrator Rafael Coscolluela said an average of P4B in capital requirement will be spent by each of the targeted ethanol investor groups.

A joint administrative order (JAO) on national biofuel guidelines was signed recently to spur investments in biofuel and facilitate the processing of permits from feedstock production to processing and distribution.

The guidelines are designed to ensure the planting of biofuel feedstocks such as sugarcane, cassava, sweet sorghum, coconut, jatropa, *malunggay*, and corn.

The 20 investors will require a total of 101,750 has. of cane area of which 49,000 has. are already existing cane farms while 52,750 has. are yet to be developed.

Government investment fairs go to the malls

The government's economic team is bent on organizing regular investment fairs in malls to encourage more businesspeople to invest in the Philippines.

In investment fairs, companies seeking additional capital may join and promote themselves before visiting potential investors. Concerned government agencies could also participate in the event to encourage businesspeople to invest in infrastructure projects.

National Economic and Development Authority (NEDA)

Director General Ralph Recto said conducting regular investment fairs would help boost investments in the country and keep the economy afloat amidst the global crisis.

He said revving up the promotion of the Philippines as an investment destination has become even more imperative in the face of the expected sustained contraction in the economies of the United States and Europe.



Automotive

Isuzu Phils. to invest P150M to improve facilities

All commercial vehicle assembler Isuzu Philippines Corp. will continue to invest P100M-P150M this

year to improve plant capability, efficiency, and quality.

Isuzu Philippines President Keiji Takeda said it is more important for them to invest for plant upgrade and efficiency measures to help counter a sales breakdown.

“Even if our vehicles are big, they are mounted on diesel engines and prices of gasoline are decreasing that makes it a good buy,” Takeda said.

Aviation

Zest Air brings four aircraft to DMIA

Zest Air, formerly Asian Spirit, brought four new aircrafts into the Diosdado Macapagal International Airport (DMIA) in preparation for its international and domestic flights from the new Philippines gateway.

Zest acquired three M-60 airplanes with a 56-seating capacity and one Airbus A320 with a 162-seating capacity that arrived at the civil aviation complex through the DMIA.

It plans to mount regional flights out of DMIA to serve the Asian region. It has also ordered two more Airbus A320s, which are expected to arrive in June this year.

Zest Air President and Chief Executive Officer Alfredo Yao said the firm’s plans included flights to Hong Kong; Incheon in South Korea; Macao, Xiamen, and Shanghai in China; and Bangkok in Thailand.

“Clark will be a premier international airport that is why we decided to mount flights from the DMIA. We see a lot of potential for the airport and this is a welcome development for the airline industry in the country,” Yao said.

\$100-M aircraft repair facility starts hiring locals

Singapore’s SIA Engineering Company (SIAEC) is hiring at least 80 aircraft mechanics and technicians who will operate the firm’s \$100-M aircraft repair facility at the Clark Civil Aviation Complex (CCAC).

Clark International Airport Corp. (CIAC) Finance and Administration Vice-President Romeo N. Dycoco said CIAC’s Human Resource Department has been tapped to facilitate SIAEC’s initial processing of applicants.

“This is one of the CIAC’s programs to provide employment

opportunities to our people and support President Gloria Macapagal-Arroyo’s vision of making DMIA as the leading aviation center in the Asia Pacific region,” CIAC President/Chief Executive Officer Victor Jose I. Luciano said.

Cebu Pacific adds flights to 11 routes

Budget carrier Cebu Pacific will increase flights by 17% from its Manila hub to 11 of its local destinations starting this March to stimulate demand.

The company said its two brand-new Airbus A320 jets and one ATR-72 500 turbo propeller plane would be used for the additional flights.

“In spite of the economic downturn, we remain optimistic that we will be able to continue stimulating domestic travel,” Cebu Pacific Marketing Vice-President Candice A. lyog said.

Additional flights

- ▶ Bacolod, to 28 times a week from 27
- ▶ Butuan, to 14 times a week from 11
- ▶ Cagayan de Oro, to five times daily from four times
- ▶ Caticlan, to 10 times daily from eight times
- ▶ Cebu, to an additional flight from 76 times a week
- ▶ Davao, to six times daily from five
- ▶ Iloilo, to an additional flight from 30 weekly
- ▶ Legaspi, to thrice daily from twice
- ▶ Tagbilaran, to thrice daily from twice
- ▶ Zamboanga, to 14 times a week from 13

“Aside from additional frequencies, Cebu Pacific will also continue to offer its trademark low fares and new aircraft to its passengers,” lyog added.

The airline said it had carried 683,204 passengers in December 2008, the highest in Cebu Pacific’s history and a record for the industry. The old record was also held by Cebu Pacific when it flew 630,924 passengers in May last year.

BPO

US firm to open call center in SM North

United States-based Stream Global Services will open its first call center in the country in the 6th floor of the newly renovated SM North in Quezon City.

The company, formerly known as Global BPO Services Corp., will start operating the 1,500-seat facility

in June this year. It temporarily operates a site at the Allied Bank in Makati City.

The newly renovated Annex SM North, which is located along the main Epifanio de los Santos Avenue (EDSA) thoroughfare, is now being billed as the world’s third largest mall with a total area of more than 90,000 sqm.

“Call centers like operating in our malls because it is accessible for their employees, we have our transport terminals, and we are able to satisfy their requirements in terms of food places, for example,” SM Shopping Center Management Corp. President Annie Garcia said.

Indian firm expands BPO facility

Indian-firm Motif, Inc. is investing P125M to expand its facility in Quezon City with the opening of a new center with a capacity of 450 agent workstations.

The plan is to bring up to over 250 employees by the first quarter of the year and ramp up to over 500 by the fourth quarter.

The company currently employs over 800 workers across its delivery centers in Ahmedabad, India and Quezon City, Philippines. It started operating in the country in 2006.

Motif Founder and Chairman Kaushal Mehta said that its Philippine expansion marked a significant increase in the company’s capacity to globally deliver business process outsourcing (BPO) services and support its expanding customer base.

Equipped with the latest technology, the new facility serves as a center of excellence for voice-based customer support and enables geographical redundancy for its clients.

Motif provides customer support, back office, and research and analysis services to Fortune 500 and mid-market clients in the retail, trail, financial services, and legal industries.

Electronics

Texas Instruments’ \$1.1 B project in Clark on track

Department of Trade and Industry (DTI) Secretary Peter B. Favila said that the \$1.1-B investments of United States-based Texas Instruments, Inc. (TI) in Clark is on track and is not affected by

the downturn in the global electronics industry.

Favila's assurance has allayed fears that the government's much-touted huge investment by TI, which was announced in 2007 by President Gloria Macapagal-Arroyo, may be one of the casualties of the global financial crisis.

One of the world's largest electronics company, TI has chosen the Philippines over China for its new investment.

The company currently has a 25-ha. complex in Baguio City where it produces digital signal processors (DSP).

The **Philippine Economic Zone Authority (PEZA)** said TI has already registered in 2007 to pave the way for plant construction last year.

PEZA said the firm would be constructing two buildings in Clark Special Economic Zone. Construction of the first building is already in full swing and would be ready by April this year.

The plant is expected to contribute an additional \$3.4B annually to the country's electronics exports.

"The establishment and expansion of a new plant of Texas Instruments in Clark have changed the mind-set of most technology companies that are putting money for new investments in Asia. It has become to be the magnet for many semiconductor and electronics companies," **Semiconductor and Electronics Industry in the Philippines, Inc. (SEIPI)** President Ermie B. Santiago said.

Energy

P3.3-B ethanol project to rise in Cavite

Cavite Biofuels Producers, Inc. is investing P3.3B for the establishment of an integrated bioethanol manufacturing plant and power cogeneration facility in Magallanes, Cavite.



The **Board of Investments (BOI)** has approved the project on a pioneer status, entitling the company to a six-year income tax holiday (ITH) and preferential duty-free importation of capital equipment, among other incentives.

The company will start commercial operation in 2010, employing 218 workers to produce 36M l. of bioethanol annually.

The core project is the construction and operation of an integrated sugar mill and bioethanol distillery complex.

The facility is intended for the production of both hydrous and anhydrous bioethanol, both of which evolve from sugarcane and related raw materials. The end products will be used for producing renewable and alternative energy, which include steam and electricity, among others.

The company will also put up a power cogeneration facility with approximately 5-megawatt (MW) output to fully serve the manufacturing plant's energy requirement.

The company uses domestic raw materials as feedstock from sugarcane from Magallanes and Maragondon towns in Cavite. These materials will be augmented by molasses and re-melted sugar.

Bagasse, a residual pulp from sugar milling process, will also be used for the power generation. Methane will also serve as an additional power source.

Chevron rolls out P1-B investments

As the mandate on biofuels' introduction at the pump goes full swing, **Chevron Philippines, Inc.**, formerly **Caltex Philippines, Inc.**, announced plans of rolling out P1B worth of investments.

Brand Coordinator Dominic V. Timbancaya said the plan will be spread out over two years.

The announcement was made after Chevron started selling gasoline with 10% ethanol blend (E10) at its pumps initially in selected 22 stations in Metro Manila and Batangas.

"That will be increased to 30-35 until the end of the year and in 400 stations by February next year," Timbancaya said.

The timeframe for the initial mandate on ethanol - 5% blend - is February 2009 as prescribed under the Biofuels Law.

Food

\$1-B food projects start in Davao del Norte

The \$1-B food security program of Philippine beverage and food conglomerate **San Miguel Corp. (SMC)** and Malaysia's **Kuok Group** will finally kick off in Davao del Norte within the first half of the year.

Initially identified for upland forestry development for the joint venture were 18,494 has. of logged-over areas.

The **Department of Agriculture (DA)** and state-owned **Philippine Agricultural Development and Commercial Corp. (PADCC)**, which will oversee the project implementation, said this would be the first phase of the venture dubbed *"Feeding the Future"*.

As the country tries to overcome the global food crisis, the two firms signed last year a memorandum of understanding (MOU) to help the Philippine government achieve food security.

The venture is the firms' answer to government calls for the private sector to take part in making the country self-sufficient not only in rice but also in other commodities.

Under the plan, the two companies will jointly fund and develop the lands to be planted mainly with rice, sugar, corn, and coconut. The project also covers vegetables, meat, and dairy products.

SMC and Kuok likewise guaranteed the government that it would buy all food products from the new farms, which will be tilled by tenant farmers and will continue to be owned by the government.

PADCC President Mariz Agbon said the first phase would cover the municipalities of Kapalong with 3,246 has.; San Isidro, 5,860 has.; Talaingod, 7,860 has.; and New Corella, 1,552 has.

He said these areas, with clay loam to sandy loam soil, experience high rainfall throughout the year, thus making the site ideal for plantation development.

P100-M seafood processing plant to rise in Dagupan

The Dagupan City government has assured that the proposed P100-M seafood processing plant to be funded by a grant from the Korean government will push through this year.

City Mayor Alipio Fernandez, Jr. believes that the processing plant will be a big boon to local producers, including fishermen, who would be getting more out of the harvested fish.

To be provided with modern equipment that will also come from Korea, the processing plant will absorb excess fish products unloaded in Dagupan's wholesale market for processing.

Proposed to be jointly operated by the city government, **Bureau of Fisheries and Aquatic Resources (BFAR)**, and industry players through their cooperatives, the plant will process *bangus* or milkfish and other seafood products for export.

To date, Pangasinan is exporting fresh *bangus* and shrimps but once the plant starts operation, the province can also sell processed products abroad, which command higher prices.

Fernandez said that aside from providing jobs to the unemployed, the processing plant would also assure producers a ready market for their products for de-boning and refrigeration.

He further said the city seeks to establish permanent markets for processed marine products abroad, like the United States, West Coast, Hawaii, and the Middle East, where there are large Filipino communities.

To date, Dagupan City is harvesting an average of 31 tons of *bangus* a day, which is only a drop in the bucket as compared to the total daily production in Bolinao, Binmaley, San Fabian, Sual, Bani, Alaminos City, and Anda.

Alliance Tuna to invest P75M for salmon processing plant

Alliance Tuna International, Inc. and its joint venture partner **Prime Foods New Zealand** are planning to invest P75M for a 2 metric tons (MT) per day capacity salmon processing plant in the country.

Alliance Tuna President Jonathan Dee said they are currently looking for a suitable site and are considering Subic Bay Freeport, General Santos City, and other export processing zones.

He said plant construction will start in the second quarter and operations can begin by the end of the year.

He noted that the joint venture will be importing salmon from New Zealand for processing here since labor cost in the Philippines is 10 times cheaper than in New Zealand.

Alliance Tuna has just signed an investment agreement to acquire a majority stake salmon processor **Prime Foods** for an investment of about P35M in addition to the joint venture in the Philippines.

Prime Foods New Zealand has been manufacturing and selling smoked seafood since 1994 and its products include hot smoked, cold smoked, and marinated salmon.

Infrastructure

Bacolod-Silay airport welcomes first int'l flight

The new Bacolod-Silay airport has welcomed its first international flight carrying a group of investors from Kazakhstan who have expressed interest in the medical tourism potentials of Negros Occidental.



Air Transportation Office (ATO)

Local Head Antonio Alfonso, Jr. said the Russian-made twin-engine aircraft, which had eight passengers and eight crew members, flew from Amaty, Kazakhstan; stopped over for refueling in Chengdu; China; and landed at the Bacolod-Silay airport last 02 January 2009.

The Kazakhstan group's visit was coordinated by Negrense businessperson Jesus Vargas who requested assistance from Lone District Representative Monico Puentevella, who is also the Chairman of the House Committee on Transportation.

When the P5.6-B Bacolod-Silay airport opened almost a year ago, **Department of Transportation and Communications (DOTC)** Secretary Leandro Mendoza said the airport would be declared as an international gateway based on the standards of the **International Civil Aviation Organization (ICAO)**.

Multilateral institutions focus on RP water, sewerage projects

The **Asian Development Bank (ADB)**, **World Bank**, and the **Global Environment Facility (GEF)** are getting into local projects that will rehabilitate critical watershed and water supply and encourage investments in sewerage and sanitation.

The ADB has approved a technical assistance for the **Integrated Natural Resources and Environmental Management Program**, which stipulates that ADB's **Japan Special Fund (JSF)** will provide consultants for a study on a comprehensive watershed investment program.

The program will adopt an integrated ecosystems program that will conserve natural resources, generate resources and livelihood, and balance sharing of benefits to communities.

Moreover, another ADB-funded program is planned for the management of the **Agusan River Basin**, which has just been completed and presented to the **Region 13, Caraga Development Council**, and the **Mindanao Economic Development Council (MEDCo)**.

The **Agusan project**, revolving around mountain ridges bordering **Davao City**, involves a 11,400-km. catchment area with a 350-km. river. This watershed is also connected to flood plains through **Butuan City** and **Butuan Bay**.

Program results include an integrated geographic information system (GIS) database and a development strategy for the **Agusan River Basin** over a 15-year period.

Phase II of the project involves a natural disaster hazard map and a medium-term investment program.

Meanwhile, the World Bank and GEF are separately pursuing up to 2012 a supplement program of the **Metropolitan Waterworks and Sewerage System (MWSS)** for the Manila Third Sewerage Project (MTSP), which financing under the Manila Third Sewerage Loan has been approved by the World Bank in 2005.

The MTSP is projected to hike MWSS sewerage service coverage in its jurisdiction from 12% to 20% and raise MWSS' sanitation service from 24% to 57% of the population in its service area.

With this program, pollution in Metro Manila reaching to Manila Bay is expected to be reduced.

Power

6 wind power projects lined up for 2009

At least six new wind power projects are lined up for this year, the **Department of Energy (DOE)** said.

Three companies have already signified interest to put up wind power facilities in different areas in the country and DOE is currently evaluating the projects of **Energy Development Corp. (EDC)**, **Northern Luzon UPC Asia Corp.**, and **Constellation Energy Corp. (CEG)**.

The EDC has a pending application to develop wind energy resources in Nasurot and Pagudpud, Ilocos Norte. It is studying the possibility of putting up a 140-megawatt (MW) wind power facility with the initial phase to start at 42MW.

UPC Asia also submitted its requirement but was found to have overlapping areas with EDC, as it intends to develop two sites in Pagudpud, Ilocos Norte with the possibility of putting up a 100-MW wind farm.

UPC Asia is a member of **UPC Group**, one of Europe's largest and most successful wind farm developers. The group has installed and operates over 650MW of large-scale wind turbine generators in southern Italy and the island of Sardinia.

Meanwhile, United States firm CEG is assessing two projects in Ilog,

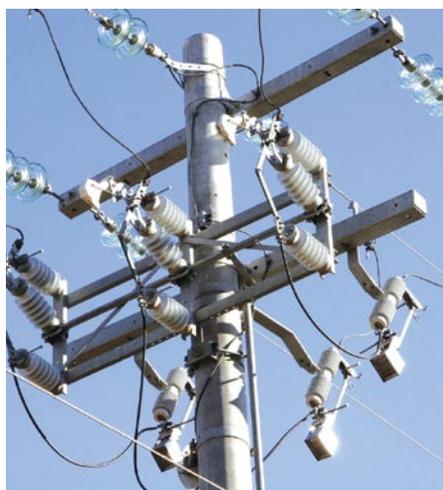
Negros Occidental and in the cities of Bais, Bayawan, and Tanjay and Pamplona town in Negros Oriental.

CEG is in nuclear, coal, natural gas, oil, and renewable and alternative energy sources such as solar, geothermal, hydro and biomass businesses.

The DOE has expressed optimism that with the passage of the Renewable Energy Bill, the country will attract more wind energy projects.

TCC to double investments in RP

The **TCC Group**, one of Taiwan's largest independent power producers, will double to \$1.1B its investment in the Philippines to supply increasing demand in Subic and soon to be created Subic-Clark-Kaohsiung economic corridor.



TCC currently operates the power plant supplying energy to the Hanjin shipyard in the Redondo Peninsula.

Redondo Peninsula Energy, Inc., a joint venture between TCC Group's **Taiwan Cogeneration Corp.** and **Aboitiz Power Corp.**, will infuse another \$550M for the second phase of its investments in Subic, its first venture outside Taiwan.

The joint venture is already investing \$550M for Phase 1, a 300-megawatt (MW) coal-fired power plant in Redondo Peninsula. On the other hand, Phase 2 will bring total capacity to 600 MW.

Produced power will be sold to the wholesale spot electricity market and would be transmitted via an 8-km. 230-kilovolt overhead transmission line connecting to the Luzon grid.

Taiwan Cogeneration Corp. President Brian S. Hsu said the joint venture hopes to start construction in the second quarter of the year and commercial operation by 2012, after which the company would make a final decision for Phase 2.

"In the future, power demand in the Philippines will grow because its economic development has been strengthened. We could further develop overseas together," Hsu said, adding that a critical component of the project is the building up of a development team composed of Filipinos for TCC's future overseas ventures.

The joint venture will be using circulating fluidized bed - a clean coal technology, which results in less emission, therefore more environment-friendly.

BENECO to invest \$1.5M for mini-hydros

The **Benguet Electric Cooperative (BENECO)** will invest more than \$1.5M for the development of mini-hydros in the northern part of Benguet to hold back part of the generation cost of the average 24M kilowatts (KW) it distributes to consumers monthly, **BENECO** General Manager Gerry Verzosa said.

He said aside from the projected 50-centavo decrease in generation cost for every kilowatt of power passed on to the consumers, the mini-hydros project will also contribute to the country's success in its renewable energy program.

President Gloria Macapagal-Arroyo initiated the program in 2008 as part of the country's contribution to the environmental protection and to lessen its dependence on fossil-based fuel.

UK firm to put up two biomass plants in Panay

Two major renewable energy (RE) biomass projects in the Visayas grid will soon be constructed by United Kingdom-based **Green Power Panay Philippines, Inc. (GPPPI)** to address the looming power supply shortage in the region by 2010.

GPPPI will put up two 18-megawatt (MW) biomass power plants in Panay with an estimated construction cost of \$40M each. The first plant will be "embedded" within the **Iloilo Electric Cooperative (ILECO)** II area and is targeted for completion in January 2011 followed by the second plant several months later.

These are the first RE supply agreements signed on the same day that President Gloria Macapagal-Arroyo signed the Renewable Energy Bill into law.

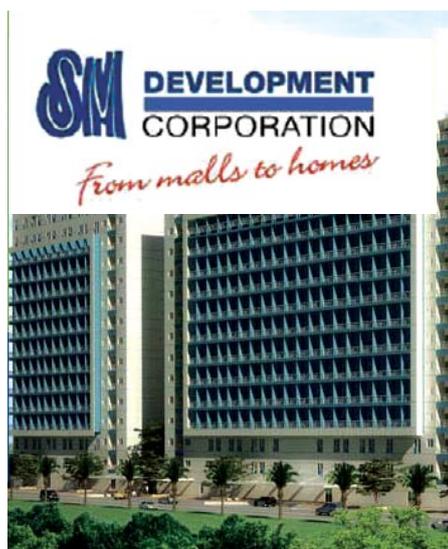
"The signing of the electric supply agreements will kick off our RE projects in the Philippines and we are very proud that our contracts are the first to be awarded after the RE bill was passed. During a meeting with the President and Congresswoman Rachael Arenas (of the 3rd District of Pangasinan), we were encouraged to develop our projects with all possible haste to deliver energy security, employment, and consistent, reliable clean energy to the Philippines," Global Green Power PLC Founder and Chief Executive Officer David de Montaigne said.

Real Estate

SMIC allots P10B to upgrade Mall of Asia

SM Investments Corporation (SMIC) property subsidiary SM Land Inc. is spending an initial P10B to pursue the transformation of the 60-ha. Mall of Asia Complex into a world-class business and entertainment hub fronting the Manila Bay.

SM Investments Chief Financial Officer Jose Sio said Phase I will start next year and will be completed in about three years.



The first phase will include hotels and facilities for gaming after the recent provisional license granted by Philippine Amusement and Gaming Corporation (PAGCOR) marked the start of the development of the entertainment hub that will be executed over a medium-term.

The entertainment hub will have a number of hotels fronting the Manila Bay to be operated by leading international hotel chains like the Radisson and the luxury Regent brand. It will also include high-end retail establishments, a mega structure that will be operated by an international casino operator, and a theater for the performing arts.

There will also be a residential component and a ferry terminal that will directly link the Mall of Asia Complex with SM's Hamilo project in Batangas.

DMCI unit embarks on P5-B project

DM Consunji Inc., a subsidiary of listed firm DMCI Holdings Inc., has inked a P5-B construction contract to build a posh condominium and a luxury hotel in Makati City.

DMCI said it had entered into a contract with a joint venture between Dubai hotel and resort developer Kingdom Hotel Investments and Philippines property giant Ayala Land Inc. (ALI), called KHI-ALI, for the construction of the Raffles Suites and Residences and Fairmont Hotel in Makati.

The development involves the building of the 300-room Fairmont Hotel, the 30-suite Raffles hotel, and 189-unit Raffles-branded private residences.

Shipping

MICTSI starts operations

The Mindanao International Container Terminal Services, Inc (MICTSI), a subsidiary of International Container Terminal Services, Inc. (ICTSI) started commercial operations last month.

Last year, the Board of Investments (BOI) has approved the firm's application for government incentives for the company's P215-M port operation project in Misamis Occidental.

MICTSI was granted non-pioneer status, allowing the company to enjoy up to four years of income tax holiday (ITH) and duty-free importation of capital equipment, among others.

The port's investment will increase the current cargo throughput capacity of 81,000 twenty-foot equivalent units (TEUs) to 355,000 TEUs.

The BOI noted that this new addition to ICTSI's growing terminal portfolio will allow the efficient flow of goods in Cagayan de Oro, Iligan, and nearby provinces in the Visayas and Mindanao, and, thus, facilitate new business opportunities related to port operations.

MAJOR PROJECTS

PPA taps French gov't to install 74 ports

The Philippine Ports Authority (PPA) will tap the French government for the installation of P11-B 74 roll-on/roll-off (RO-RO) ports nationwide to link the provinces and reduce the cost of transporting goods.

The project is part of the government's pump priming activities to mitigate the effects of the rising global transport prices.

PPA General Manager Oscar Sevilla said the project is dubbed as the Greater Maritime Access (GMA) and will be done by the contractor of the Eiffel Tower.

He said President Gloria Macapagal-Arroyo will decide on which areas these ports will be constructed.

The following provinces are priority in the proposed list - Pangasinan, Isabela/Aurora, Quezon, Romblon, Mindoro, Cavite, Palawan, Masbate, Albay, Surigao del Norte, Eastern Samar, Davao, and Cotabato.

Sevilla explained that the ports will be modular, which means that they can be transferred from one place to another.

The project will use pre-fabricated steel ports composed of five interdependent modular parts such as pier connecting to shore, mooring platform, manual ramp dolphin, and passenger terminal.

NorthRail project resumes

The construction of the \$503-M NorthRail project has resumed last month.

North Luzon Railways Corp. President Eduardo Pamintuan said a team of Filipino engineers met with their counterparts in China National

Machinery and Equipment Corp. in December 2008.

He said both sides finally resolved their differences on the engineering and design of the 80-km. project spanning from Caloocan City to Clark Freeport in Pampanga. The project is expected to reduce travel time from Caloocan to Clark by about 2 hrs.

China National is the main contractor of the project funded by a soft loan from the Chinese government.

On the issue of increased costs, Pamintuan said he has proposed to President Gloria Macapagal-Arroyo to seek \$300-M funding for the additional expenses.

COMPANY NOTES

SMC takes over Petron management

San Miguel Corporation (SMC), the country's largest food and beverage conglomerate, has officially taken over the operations and management of **Petron Corporation**.

SMC Head Ramon Ang has been elected as the new chairman of Petron, replacing Nicasio Alcantara who will continue to serve as a member of the board of directors.

In a disclosure to the **Philippine Stock Exchange (PSE)**, Petron, the country's largest refiner, said the election of new set of officers was held during their special meeting last 08 January 2009.

Petron President Eric O. Recto will carry on with his position, while newly appointed officials include Emmanuel Erana as Chief Finance Officer and Lubic Nepomuceno as General Manager.

New members of the Petron Board are Ang, replacing Carmen Pedrosa; Eduardo Cojuangco, Jr., replacing Craig Webster of **Ashmore**; Estelito Mendoza, Cojuangco's lawyer, and SMC Board Member, replacing former Presidential Chief of Staff Michael Defensor. Meanwhile, Angelito Salud has been elected as Independent Director.

The SMC confirmed that it committed to pay the Ashmore

Group \$10M as "consideration under the option agreement."

The agreement between SMC and Ashmore states that the latter will handle the negotiations with SMC for two years.

The Ashmore Group is a large British investment manager dedicated to the emerging markets.

Netopia spends P30M for upgrades
Internet café chain **Netopia** is allocating P30M for capital expenditure (capex) this year, despite the hard times, Netopia President George Tan said.



Among others, the capex will be used to upgrade equipment and facilities.

"We have started [with] 19-inch AOC monitors and we will be using similar items," Tan said.

Besides hardware upgrades, he said, Netopia is also investing in content in partnership with the likes of **Microsoft** for computer literacy courses such as the recent *Angat Ka sa Microsoft* program and for **Windows Live**, an integrated set of online services and **R. A. Gapuz Review Center** for online nursing review courses.

Other e-learning content will be made available over the next few years, Tan said.

Expanding its network of Internet cafes is also a target for Netopia, which is looking for franchise partners.

Furniture exporter expands operations

German-Filipino collaboration **Dedon Manufacturing, Inc.** is expanding its facility this month in Canduman, Mandaue City in

Cebu for the production of environment-friendly furniture pieces to serve its growing export market.

The **Board of Investments (BOI)** has approved the project on a non-pioneer status granting the company four years of income tax holiday incentive (ITH).

Dedon has earmarked P68.3M for the expansion project, which will result to at least 40% increase in production capacity.

The company is engaged in the production of mixed media furniture using non-wood pieces such as aluminum frames woven with synthetic fiber called Hularo.

Binalot restaurant chain expands outlets

Binalot, the fast-growing "Pambansang Tsibugan" will set up 20 additional outlets this year as it targets the growing business process outsourcing (BPO) and other office areas around Metro Manila and other provinces.

"With the success of our Subic and Malolos outlets, we plan to venture to nearby provinces such as Laguna, Batangas, Pampanga, Pangasinan, and Tarlac," Binalot President Rommel Juan said.

He projects a 50% growth rate for Binalot for this year as it embarks on an aggressive expansion plan, riding high on the booming BPO industry.

The company plans to put in P10M to increase the capacity of Binalot's commissary to handle the increase in its outlets this year.



SPECIAL



Manila Hosts Eco-Products International Fair

The Philippines goes all-out green this 19-22 March 2009 as it hosts the fifth Eco-Products International Fair (EPIF) to be held at the SMX Convention Center in Pasay City.

The EPIF is a yearly activity of the **Asian Productivity Organization (APO)**, a Tokyo-led group composed of 20 countries across the continent dedicated to the promotion of quality management and green productivity.

The **Development Academy of the Philippines (DAP)** as the country's National Productivity Organization (NPO) and representative to the APO, acts as de facto host to this biggest environmental fair in Asia.

The DAP is fully backed by the Philippine government with no less than Malacañang issuing an executive order (EO) designating **Department of Trade and Industry (DTI)** Secretary Peter B. Favila as chairman and Department of **Environment and Natural Resources (DENR)**

Secretary Jose L. Atienza, Jr. as vice-chairman of a top-level national EPIF council to ensure the success of the Manila fair. Lending DAP critical assistance in the management of the exhibit is the **Philippine Convention and Visitors Corporation**, the country's foremost expert in tourism promotion. The **Philippine Business for the Environment**, on the other hand, is providing the much needed linkage with the private business sector.

To their credit, since late last year, various government agencies across Asia have also been mobilizing for this big event and are committed to send their own delegation of visitors and exhibitors.

The EPIF 2009 is designed to accomplish two things: the advocacy of green productivity among the citizens of its 20 member-states and the dissemination of environment friendly technologies, processes, and products developed by participating companies.

To achieve these goals, this year's EPIF will hold an exhibition to

be participated in by about 300 local and foreign green entrepreneurs and a conference to be attended by international and local environment experts and environmental groups.

For the last five years, the various APO member countries have been taking turns in hosting the EPIF. The increasing number of visitors to the EPIF wherever it is being held underscores the effectiveness of the activity.

Committed to continue the success of the EPIF, the DAP is targeting some 100,000 visitors to the three-day fair to break the record 98,000 visitors reported to have visited the Viet Nam fair last year.

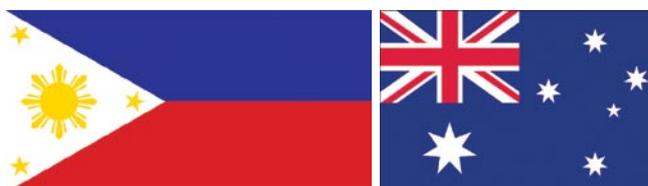
This year is the Philippines' turn and the government is not leaving any stone unturned to ensure that the Philippines not only presents a convincing green face to the world but that it takes the first crucial and irreversible step toward a Green Philippines.

BILATERAL AGREEMENT

RP-Australia fumigation scheme to boost trade

A fumigation accreditation scheme, which will make it easier for Philippine companies to export their products to Australia, is now being implemented.

Funded by the **Australian Agency for International Development (AusAID)**, the P6-M fumigation accreditation scheme aims to strengthen bilateral trade between the two countries. Training was conducted during the last two years



before granting accreditation to local fumigators.

Australian Ambassador Rod Smith handed over a plaque from the **Australian Quarantine and Inspection Service to Bureau of Plant Industry (BPI)** Director Joel Rudinas and Plant Quarantine Chief Larry Lacson to mark the start of the Australian Fumigation Accreditation Scheme (AFAS) in the Philippines.

He said that the BPI and the Australian Quarantine Inspection

Service have worked tirelessly to ensure the successful transfer of skills and knowledge to the Philippine fumigation industry, including training and accrediting fumigators and government officers and registering fumigation companies.

"With the implementation of the AFAS, the Philippines will now have an improved capability to treat products requiring fumigation for export to Australia and other markets," Smith added.

The project is aimed at enhancing the technical expertise of Philippine fumigation providers

through training to meet Australia's quarantine requirements. It is also being implemented in Indonesia, Malaysia, Thailand, India, and Papua New Guinea.

"The AFAS will contribute to environmentally sustainable development with the decreased use of methyl bromide - a known ozone depleting gas associated with a number of occupational health and safety issues," Smith said.

The scheme will also enhance the marketability of Philippine products to other countries and assist local businesses by reducing import and export costs.

"The Australian government is very supportive of this endeavor and will continue to work with the Philippine government to help improve the Philippines' capacity to take advantage of global markets," Smith said.

South Korea to widen economic ties with RP

Newly designated Republic of Korea Ambassador to the Philippines Choi Joong-Kyung discussed recently with Department of Trade and Industry (DTI) Secretary Peter B. Favila ways to improve economic ties between the two countries during the former's visit at the Board of Investments (BOI).

The officials exchanged notes on increased investments, tourism, and infrastructure projects. Both were looking forward to the 60th anniversary of the diplomatic relations between the countries, which will be celebrated in May this year.

Present during the meeting were Korean Embassy First Secretary Jaemyong Ian Koh, Special Trade Representative Jose Antonio Buencamino, Bureau of Export Trade Promotion (BETP) Director Senen Perlada, and DTI Assistant Secretary Ramon Vicente Kabigting.

New Zealand discusses ANNZFTA with RP

Department of Trade and Industry (DTI) Secretary Peter B. Favila and New Zealand Ambassador to the Philippines Andrew Matheson, affirmed their commitment to further strengthen economic ties between the two countries during their recent meeting at the Board of Investments (BOI).

Among the matters discussed were the completion of the Australia-ASEAN-New Zealand Free Trade Agreement (ANZFTA), trade growth directions of both the Philippines and New Zealand in 2009, and the importance of multilateral organizations like the Asia Pacific Economic Cooperation (APEC) and World Trade Organization (WTO).



Charter to reinforce EU link with Southeast Asia

The European Union (EU) has joined the growing list of international organizations that have recognized the legal personality of the Association of Southeast Asian Nations (ASEAN), which is trying to build a regional economic community.



ASEAN became a legal entity when its charter took effect last 15 December 2008, following the ratification by the 10 member states composed of the Philippines, Indonesia, Thailand, Malaysia, Singapore, Brunei, Cambodia, Laos, Viet Nam, and Myanmar.

The EU said it welcomed the entry into force of the ASEAN charter, which defines a new institutional framework and marks an important stage in the process of regional integration in Southeast Asia.

"The charter will serve to reinforce links between the EU and the region," it said, adding that several of its member states have already announced their intention to accredit ambassadors to the ASEAN.

Countries with candidate membership in the EU that have also made similar intentions include Turkey and Croatia.

"Potential candidates" include Bosnia and Herzegovina, Iceland, Liechtenstein, Norway, Ukraine, Armenia, and Georgia.

ASEAN adopts biodiversity indicators for valuable resources preservation

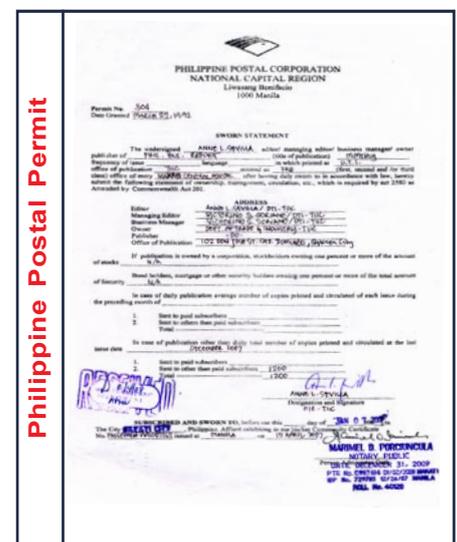
The Association of Southeast Asian Nations (ASEAN) is adopting biodiversity indicators to determine their success in reducing loss of economically valuable plant and marine species by 10% in 2010.

The ASEAN Centre for Biodiversity (ACB) together with Thailand's Ministry of Natural Resources and Environment will lead ASEAN's use of Biodiversity Indicator Partnership (BIP) as gauge for this endeavor.

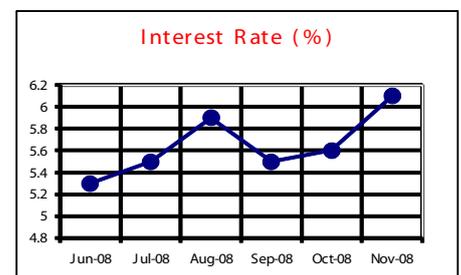
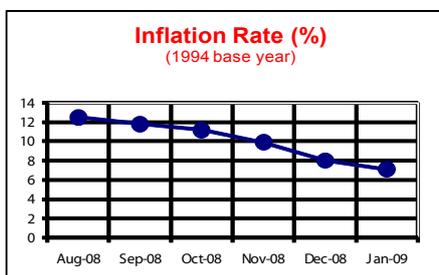
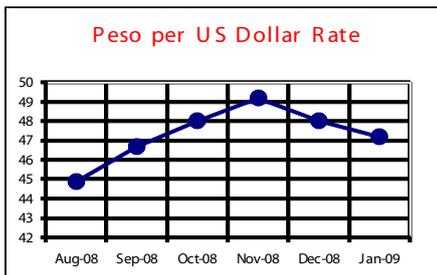
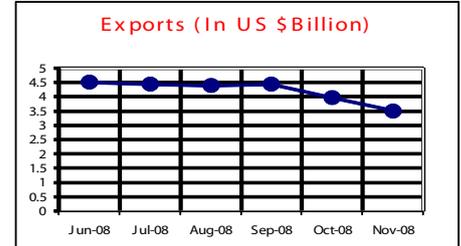
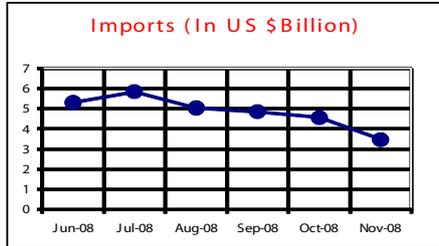
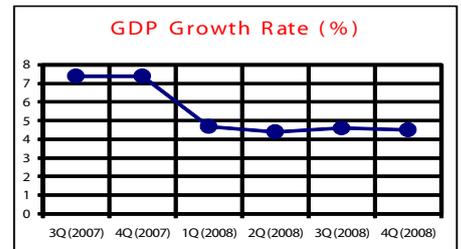
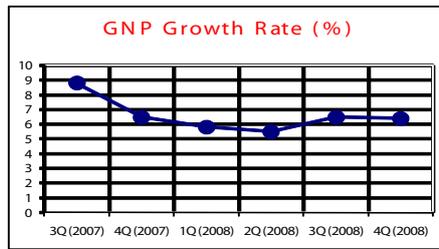
The ACB is also being assisted by the United Nations Environment Programs-World Conservation Monitoring Centre in a workshop on the BIP.

"To measure our success rate, we need indicators that will help us effectively assess how we are faring against our targets," ACB Executive Director Rodrigo Fuentes said.

In the Philippines, there are about 13,500 plant species, 1,100 terrestrial vertebrates, and tens of thousands of vertebrates, which all have to be conserved as the country is considered to have one of the most diverse resources due to its tropical climate.



Economic Indicators



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