

A bi-monthly digest of global and domestic industry trends and developments. Published by the Trade and Industry Information Center, Department of Trade and Industry ♦ Manila, Philippines  
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## **Focus**

### **PEZA investments up 250%**

**P**hilippine Economic Zone Authority (PEZA)-approved investments grew by 250% to P20.59B in January this year from P5.88B recorded in the same period last year on the back of increased interest from companies to do business in the country.

PEZA is aiming for a 10-% increase in approved investments in its economic zones this year compared to 2013 as it intends to encourage more companies to locate here.

**PEZA Director General Lilia B. de Lima** said the remarkable rise in investment pledges in January was due to investments poured in for two big ticket projects.

The January investment inflows were led by the P6-B cyber park development project of the Quisumbing-owned Norkis Group of Companies.

De Lima said the agency would continue to actively promote the country as an investment destination to encourage more firms to set-up operations here.

PEZA is moving to further woo investors with its meeting with a 20-member delegation comprising small- and medium-sized Japanese companies that are looking to become suppliers of existing PEZA locators.

*"These are manufacturing small and medium enterprises [SMEs] that will support companies that are already here,"* De Lima said.

The companies are based in the Shizuoka Prefecture, an area in Japan located in the Chu-bu region of Honshu.

De Lima said new parks were being put up while existing ones were being expanded to support the increasing number of ecozone locators.

The Cebu-based Norkis group of companies, for instance, is building a five-tower cyberpark worth P6B in Mandaue City, Cebu. The project is expected to generate 38,000 new jobs. (MAB 02/20; TPS 02/06; PDI 02/06)

## **Inside DTI**

### **KATBP marks 9<sup>th</sup> year**

#### **KATBP topics**

- Consumer rights and responsibilities
- Product safety and quality
- Vigilance
- Price and supply situations
- Complaints-handling
- Other consumer issues

**T**he Department of Trade and Industry's (DTI) consumer education broadcast program dubbed as Konysumer Atbp. (KATBP) celebrated its ninth year of informative discussions on pressing consumer-related concerns that mold viewers and listeners to be responsible and watchful consumers.

*"For nine years, the KATBP served as the advocacy arm among the government, industry, academe, and media to ensure consumer welfare,"* DTI Undersecretary for Regional Operations Group (ROG) **Zenaida C. Maglaya** said.

On the same note, DTI Undersecretary for Consumer Protection Group (CPG)

**Atty. Victorio Mario A. Dimagiba** said the program has become essential to the Department in intensifying its campaign for consumers.

KATBP is an information and education broadcast program that renders basic discussions for consumers on programs and activities that affect them. It promotes and reassures consumer awareness and protection through its slogans, *"Karapatan ng Mamimili, Proteksyon sa Pagbili"* and *"Bida Ka Dito, Konysumer!"*

The KATBP *"teleradyo"* program is simultaneously aired over DZMM 630 kHz and Sky Cable Channel 26 every Saturday from 10:30 a.m. to 12:00 nn. The KATBP anchors are **ABS-CBN Senior Reporter Alvin Elchico** and **Usec. Maglaya**.

## **Good News, Philippines!**

### **1. BPO revenues seen reaching USD 18B**

**R**evenues from the information technology and business processing management (IT-BPM) sector are expected to climb 16% to USD 18B this year from USD 15.5B in 2013, led by new growth areas.

**Information Technology and Business Processing Association of the Philippines (IBPAP) President and Chief Executive Officer (CEO) Jose Mari Mercado** said despite the huge revenue base in 2013, the industry's sustained expansion is *"very much possible,"* as the industry focused on new growth areas.

*"Definitely the growth areas will be in the back office space, finance and accounting services, and healthcare. The healthcare sector is expected to be growing very, very fast this year. The engineering sector is another fast-growing sector we're looking at,"* Mercado said.

He said the sector grew in 2013 as foreign clients kept coming back for more work in the country.

*"The other driver will be the growth of what we called 'captives,' global in-house centers that set up companies in the Philippines. They do their own work. They do all the accounting work in the Philippines for all their branches in the world,"* said Mercado.

Mercado said the industry was confident it would gainfully employ 3,000 certified public accountants annually.

He said while voice, back and front office remained the major services offered by the Philippines, the accounting and finance segments had been growing fast in recent years.

The association is also relying on the contribution of new-wave cities in increasing traffic and employment. Mercado said 'aspiring' new-wave cities would also be a part of the industry's growth.

He said the industry was optimistic it would reach the target 1M jobs this year. *(MST 02/15)*

### **2. Investors' confidence in PHL renewed**

**H**ongkong and Shanghai Banking Corp. (HSBC) said investors' confidence in the Philippine economy has returned given the steady rise of fixed investments.

This is a sign of renewed confidence as investments have historically been lackluster, the bank said in a research note.

The bank continues to favor Association of Southeast Asian Nations (ASEAN) equity markets over advance economies as emerging markets continue to prove its strength vis-à-vis the performance in major economies.

*"The Philippines is the fastest growing market in Asia, and our recent visit reinforced our positive view of the economy,"* the research note penned by a team led by **HSBC Asia Pacific Equity Strategy Head Herald van der Linde** said.

The research note cited that six of the 49 projects lined-up under the public-private partnership (PPP) initiative have been awarded, which in turn will eventually boost growth of the domestic economy.

For 2014, the bank eyes a 5.9% growth for the domestic economy as measured by gross domestic product (GDP) and an average inflation rate of 4.4%.

### 3. Traders remain bullish on PHL

**M**ost businessmen remain optimistic on the growth prospects for the Philippines this year, results of a survey conducted by British bank Standard Chartered showed.

*"Our survey shows that economic sentiment remains positive. Some 80% of our respondents expect the economy to perform at least as well as it did last year. Considering that the economy grew*

*by 7.2% in 2013, the outlook remains bright,"* Standard Chartered said.

The Standard Chartered Global Research team gauged the sentiment of top local corporate and investor clients on a number of topics, including what they saw as most affecting their business this year.

*"Some 72% of corporates expect better business prospects,"* the bank said.

### 4. PHL economic freedom ranking improves

**T**he Philippines improved its global ranking in terms of economic freedom by eight places to 89<sup>th</sup> out of 178 countries this year.

This was an improvement from the country's 97<sup>th</sup> ranking out of 177 countries last year, according to the Index of Economic Freedom, a joint publication of The Wall Street Journal and The Heritage Foundation.

Economic freedom, as defined by the publication, is the fundamental right to control one's labor and property, with government allowing the free movement of labor, capital, and goods.

The annual report tracks progress in economic freedom through indicators such as rule of law, limited government, regulatory efficiency, and open markets in 186 countries.

The Philippines ranked 16<sup>th</sup> out of 42 Asia-Pacific countries with a score of 60.1 this year, or 1.6 points higher than the regional average of 58.5. The Philippines is grouped among "moderately free" countries.

The report said the Philippines improved its ranking because of *"notable improvements in investment freedom, business freedom, monetary freedom, and control of government spending."*

### 5. Malaysian firms eye PHL

**T**he Department of Trade and Industry (DTI) said many Malaysian firms are interested to do business in the Philippines.

*"In general, the interests of Malaysian businesses in the Philippines are in palm oil, rubber, infrastructure, and tourism,"* DTI Secretary Gregory L. Domingo said.

Domingo joined President Benigno S. Aquino III in his state visit

to Malaysia where an investor forum attended by 200 individuals was held to present business opportunities.

Domingo said meetings were also held with representatives from Maybank, Genting, and AirAsia Berhad.

Meanwhile, Domingo said it is in the government's interest to be given assistance by Malaysian counterparts and firms on *Halal* accreditation.

## MSME News

### 1. DTI to spend P34.5M for MSME services

The Department of Trade and Industry (DTI) is planning to spend P34.55M for the shared service facilities (SSFs) rollout to support micro, small, and medium enterprises (MSMEs) in the Davao region.

The DTI intends to provide more SSFs this year to a greater number of MSMEs, **DTI-11 Officer-in-Charge (OIC) Ma. Belenda Q. Ambi** said.

*"We hope that we can help more MSMEs improve, not just their productivity but also the quality of their products," Ambi said.*

The DTI approved 51 SSF projects worth P24M last year where 34 have been established while 17 are set to be awarded to the beneficiaries early this year.

### 2. P1.3-M SSF released to Rizal province

The Department of Trade and Industry (DTI) launched 25 pieces of machinery and equipment for food processing and garments manufacturing worth P1.3M to three cooperators in Rizal province.

DTI's industry clustering approach in micro, small, and medium enterprise (MSME) development, grants MSMEs state-of-the-art production and manufacturing facilities through the shared service facility (SSF) project.

The SSF is a conditional grant and will not be for the exclusive use of the cooperator-beneficiaries alone but be shared with other players in an industry cluster.

**DTI Calabarzon Regional Director Marilou Quinco-Toledo** eyes full implementation of this year's P80-M SSF allocation for the region.

Toledo said it is timely for enterprises to become technical and competitive in the advent of the Association of Southeast Asian Nations (ASEAN) economic integration next year.

#### SSF beneficiaries

Binangonan, Rizal	<ul style="list-style-type: none"> <li>• Boyet Ynares Ladies Movement (BYLM)</li> <li>• Samahan ng mga Kabababaihang Mangingisda at Maghahalaman ng Talim (KAMATA)</li> </ul>
Tanay, Rizal	Sampaloc Agrarian Reform Beneficiaries Multi-Purpose Cooperative (SARBMP)

### 3. DTI turns over SSF to Bicol handloom weavers

#### Albay municipalities that benefitted from the SSF program

- Interior 9, Libon
- Sumlang, Camalig
- Anislag, Daraga
- Banquerohan, Legazpi City

The Department of Trade and Industry (DTI) has given P960,000 worth of shared service facilities (SSFs) to over 120 handloom weavers in Albay.

The weavers are expecting to boost their output after the turnover of the handloom units, which are part of the Technology Upgrading for Handloom Weavers project of the DTI's SSF program.

Bukluran sa Kabuhayan, Inc., co-operator of the project, will

oversee the operation and maintenance of the equipment.

SSF is DTI's industry clustering program for micro, small, and medium enterprises (MSMEs) that aims to improve production processes in terms of quality, productivity, and efficiency.

DTI has allocated P35M for the SSF program in the region. The local government has already launched two projects under the program last February.

#### 4. DTI launches new SSF in Bataan

The Department of Trade and Industry (DTI) has awarded Balanga City, Bataan a packaging center for processed food, the third shared service facility (SSF) project in the province this year.

DTI-Bataan Regional Director **Judith P. Angeles** said under a conditional grant, they have given the Bataan Chamber of Commerce and Industry, Inc. (BACCII) P1.6M worth of equipment

for use in the processing of *tuyo*, *tinapa*, and cashew.

BACCII is the first commerce and industry organization in Central Luzon to be handed an SSF project.

*"It is the goal of the DTI to help entrepreneurs who cannot afford to buy own equipment... this is our contribution to the inclusive growth program of President Benigno Aquino III," Angeles said.*

### **Business Update**

#### 1. BDO expands to PEZA industrial parks

Banco de Oro Unibank Inc. (BDO) has formally opened their commercial branch at Carmelray Industrial Park II in Calamba, Laguna last month, marking the bank's presence in the Philippine Economic Zone Authority (PEZA) and industrial parks.

Carmelray II BDO Branch Manager **Clark A. Barja** said BDO intended to reach out and provide

banking convenience to clients like foreign investors and business locators, especially in Calabarzon's economic hub and growth centers.

This move is part of the bank's plans to focus on the organic growth of its local market. For this year up to 2015, BDO plans on putting up 40 new branches nationwide, particularly in under-banked or underpenetrated areas.

#### 2. DTI optimistic after Bangsamoro Agreement

The signing of the Bangsamoro Peace Agreement between the government and the Moro Islamic Liberation Front (MILF) will provide investment opportunities in Mindanao, the Department of Trade and Industry (DTI) reported.

*"Mindanao now becomes a very fertile area for investments, particularly for agricultural activities," DTI Undersecretary for Trade and Investments **Ponciano C. Manalo Jr.** said, adding that the new opportunities are a result of renewed investor confidence in the region.*

Manalo said that to spur economic growth, the government is already developing economic zones and incentives in affected areas in Mindanao.

#### Industries that could thrive in Mindanao after the Bangsamomoro Pact signing

- Agri-business activities
- Aquaculture
- Coconut production
- Fisheries
- Food manufacturing
- Palm oil
- Rubber

### **Consumer News**

#### 1. BPS adds 417 new PNS

The Department of Trade and Industry's Bureau of Product Standards (DTI-BPS) developed and adopted 417 new Philippine National Standards (PNS) in 2013.

The PNS sets the rules and guidelines for goods or services,

including the processes that lead to their creation, and technical bases for assessment of safety and environmental conformity.

The BPS Standards Data Center currently has 8,663 ready PNS, with 79.54% or 6,891 following the benchmarks of the International

Organization for Standardization (ISO), International Electrotechnical Commission (IEC), and the Codex Alimentarius (Codex) that sets the international food standards.

Before approval, the PNS is circulated to sectors concerned for deliberation, technical review, and comments, as well as to the 159 member-countries of the World Trade Organization (WTO) for transparency.

Technical committees, in consensus, establish the PNS documents which are then approved by the DTI-BPS.

There are 28 Technical Committees at present that coordinate with other government bodies, the academe, consumers, and sectors of the industry for the development of PNS.

#### Coverage of 21 PNS for Q1 2013

- Audio, video, and related equipment
- Electromagnetic compatibility
- Food
- Gas cylinders
- Glass and glass products

#### Coverage of 109 PNS for Q2 2013

- Adhesives
- Audio video
- Construction materials and building
- Electronics
- Health care technology
- Household appliances
- Lamp and related equipment
- Medical electrical equipment
- Mining and minerals
- Plastics
- Refractories
- Road vehicles engineering

#### Coverage of 26 PNS for Q3 2013

- Footwear
- Non-textile floor coverings
- Road vehicles
- Rubber footwear
- Textile
- Transportation of petroleum products

#### Coverage of 261 PNS for Q4 2013

- Adhesive
- Assistive products for Persons with Disabilities (PWDs)
- Ceramic tile
- Copper Alloys
- Electrical products
- Food
- Footwear
- Geometrical product certification
- Glass and glass products
- Plastic
- Recreational diving devices
- Rubber products
- Semiconductor devices
- Surface chemical analysis
- Textiles
- Tobacco

## 2. IPOPHL looks to remove PHL from USTR Special 301 watch list

The Intellectual Property Office of the Philippines (IPOPHL) requested the United States Trade Representative (USTR) to strike the country off the watch list in its 2014 Special 301 Report.

The country has been able to remain out of the latest Out-of-Cycle Review of Notorious Markets or the Notorious Markets List released last February since the USTR extracted the shopping district of Quiapo, Manila in the December 2012 list.

*"These are welcome developments but we are still working on additional submissions to strengthen our national position with regards to the 301 watchlist," IPOPHL Director General Ricardo R. Blancaflor said.*

Foreign institutions, particularly a member of the Center for Strategic and International Studies (CSIS) based in the U.S., expressed support for the Philippines' removal from the watch list following the country's

initiatives to modernize and improve its IPR laws and enforcement in response to the USTR's evaluation.

The USTR acknowledged the country's efforts to boost its IPRs but recommended further fortification and clarification of IP laws with focus on technological protection, piracy in the Internet, and the Patent Law on chemicals. *(TPS 02/16)*

#### Some IPR laws passed

- Republic Act (RA) 10372 — Amendments to the IP Code (2013)
- RA 10515 — Anti-Cable Television and Cable Internet Act (2013)
- RA 10088 — Anti Camcording Act (2010)

### 3. Toyota conducts recall of 1.9M Prius for software problems

**T**oyota Motor Corp. is recalling 1.9M units of the third-generation of their Prius car line globally due to a software glitch in the control of the hybrid system's booster converter.

The error in the setting of the program could cause it to allow for higher thermal stress on transistors, deforming the transistors and possibly damaging it.

Defect on the transistors causes the vehicle to turn-on various warning lights or go into failsafe mode, reducing the car's power or stopping and shutting it down entirely while being driven.

Despite the problem, there are no accidents or injuries resulting from the faulty system that have been reported.

This is the third time that current Prius models have been recalled, with the current recall directed towards batches manufactured between March 2009 to February this year. *(PDI 02/12)*

#### Prius units to be recalled

- 997,000 — Japan
- 713,000 — North America
- 130,000 — Europe
- 60,000 — Other regions

### **FEATURE** DTI aims hybrid bamboo structures for Typhoon Yolanda victims

**C**alamity-affected areas in Bohol, Cebu, Leyte, and Samar may be given hybrid bamboo structures that will replace the victims' damaged houses. The said bamboo structures are earthquake and storm-proof.

This year, the Philippine Bamboo Foundation Inc. (PBFi) will work with the government and international organizations to help in producing alternative green structures for Bohol, Cebu, Leyte, and Samar calamity-stricken areas, according to the Department of Trade and Industry (DTI)-Negros Oriental.

The DTI turned over a shared service facility (SSF) to the PBFi to be used in several projects in Dauin, Negros Oriental.

Along with the PBFi workers, other primary and secondary bamboo processors in Negros Oriental's bamboo industry are the SSF's beneficiaries.

The facility will help them to increase their production capacity, efficiency, and serve new markets through more products and services.

## **ASIA Watch**

### **1. DTI seeks 'win-win' solution in ASEAN integration**

**T**he Department of Trade and Industry (DTI) pushes for a win-win solution among the participating countries in the upcoming Association of Southeast Asian Nations (ASEAN) Economic Cooperation (AEC) in 2015.

*"Like in any relationships, one must give and take. For example, the Philippines gets its computer technology from China and South Korea while the Philippines provides quality human resources to the ASEAN countries,"* DTI- Bureau of International Trade Relations (BITR) Senior Trade and Industry Development Specialist (STIDS) Raymond Astillas said.

We should have a proactive and competitive mindset, Astillas added.

DTI is expanding more help to small and medium entrepreneurs (SMEs) to prepare them in embracing the AEC.

### **2. PHL seen to benefit from ASEAN, HK FTA**

**T**he Philippines expects to benefit from the Association of Southeast Asian Nations (ASEAN) and Hong Kong's possible free trade agreement (FTA).

*"It (ASEAN-Hong Kong) will benefit us because a significant part of Philippine-China trade goes through Hong Kong,"* Department of Trade and Industry (DTI) Secretary Gregory L. Domingo said.

The deal is seen to be positive in the Philippines to the extent that the FTA will allow easier flow of goods. (TPS 07/03)

## **STATWATCH**

**P20.59B** Philippine Economic Zone Authority (PEZA)-approved investments in January 2014, or **250-%** growth from **P5.88B** recorded in January 2013

**USD 15.5B** Revenues from the information technology and business processing management (IT-BPM) sector in 2013, which are expected to climb **16%** to **USD 18B** this year.

**89<sup>th</sup>** PHL ranking out of **178** countries in global rankings in terms of economic freedom this year, according to the Index of Economic Freedom, a joint publication of The Wall Street Journal and The Heritage Foundation

**16<sup>th</sup>** PHL ranking out of **42** Asia-Pacific countries with a score of 60.1 this year, grouped among "moderately free" countries

**417** New Philippine National Standards (PNS) developed and adopted by the Department of Trade and Industry's Bureau of Product Standards (DTI-BPS) in 2013

## What's New?

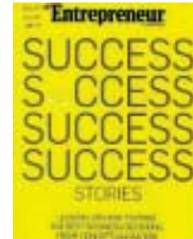
(A synopsis of selected book acquisitions at the DTI-TIIC library)



Title : Franchise Your Way to Business Success

Publisher : Summit Publishing Co. Inc.  
Call Number : 45 608/06.07.06/SUM/  
no date

This book is for both starting and established entrepreneurs who rely on proven business models, recognized brand, and built-in market. It focuses on the information an entrepreneur needs to navigate through the nitty-gritties of franchising from choosing the right franchise, setting it up, and making it succeed. 62p.



Title : Success Stories: Lessons on How to Make the Best Business Decisions, from Conceptualization to Expansion

Publisher : Summit Publishing Co. Inc.  
Call Number : 45 608/06.07.10/SUM/  
2012

This publication deals with the basic business concepts and strategies in propelling the business forward. Rich with useful references for drafting business plan, registering patents and trademarks, dealing with government registration offices, and even refreshing memory for definitions of business and financial terms, this material is a comprehensive reference for doing business. 134p.

### Legend:

- MAB - Manila Bulletin
- MST - Manila Standard
- PDI - Philippine Daily Inquirer
- TPS - The Philippine Star



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