

FROM LOCAL TO GLOBAL



BORDERLESS BUSINESS FOR MSMEs

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THIS PRIMER is addressed particularly to Filipino MSMEs open to reaching beyond borders to grow their business. It explains the opportunities opened to MSMEs by the different free trade agreements that the Philippines is part of; and also lists various government support programs to assist MSMEs, from starting a business to reaching out overseas. We hope that this publication can help expand the number of small Filipino firms that are already reaping the benefits of reaching beyond the domestic market.



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MSMEs in the Philippines

Micro, small and medium enterprises (MSMEs) comprise 99.5% of all registered businesses in the Philippines, employing almost 62% of the workforce. MSMEs account for 25% of the country's total exports revenue, and comprise 60% of all Philippine exporters. They play an important role in the growth of the economy by contributing to the following:

- business numbers
- employment generation
- output growth
- export growth
- supply of products and services to businesses big or small
- poverty alleviation
- economic empowerment
- wider distribution of wealth

Republic Act (RA) 9501 or the Magna Carta for MSMEs defines MSMEs as any "business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation" whose total assets, exclusive of "land on which the particular business entity's office, plant, and equipment are situated"

fall under any of the following categories indicated in the table below.

Definition of Micro, Small & Medium Enterprises in the Philippines		
Category	Assets	Number of Employees
Micro Enterprise	Less than 3 million pesos	1 – 9
Small Enterprise	3 million to 15 million pesos	10 – 99
Medium Enterprise	More than 15 million to 100 million pesos	100 – 199

Further, as shown above, MSMEs are also classified based on employment by the Philippine Statistics Authority (PSA). Based on 2015 statistics provided by PSA, MSMEs comprise 99.5% (896,839) of business establishments in the Philippines, with 90% (806,609) classified as micro enterprises, 9.6% (86,367) as small enterprises, and 0.4% (3,836) as medium enterprises.

Philippine MSMEs are primarily engaged in the following activities (no. of establishments):	Administrative and Support Services	15,056
	Education	17,206
	Professional, Scientific, and Technical Activities	17,380
	Human Health and Social Work Activities	26,945
	Financial and Insurance Activities	34,384
	Information and Communication	35,171
	Other Service Industries	56,904
	Manufacturing	113,949
	Accommodation and Food Service Activities	119,037
	Wholesale and Retail Trade, Repair of Motor Vehicles & Motorcycles	417,094

Doing Business Beyond Our Borders: Internationalizing MSMEs

Internationalization is the process of expanding business involvement beyond the domestic market, and into the international markets.

MSME internationalization means providing smaller businesses the opportunity to access markets abroad and to participate in global value chains through sustained partnerships with bigger and competitive businesses. For MSMEs, engaging the international markets entails determination, dedication and dynamism.

The desire to internationalize drives small businesses to improve the quality of their products and services as they begin catering to consumers with higher expectations, and markets with higher product standards. This compels them to build capacity, engender innovation, and enhance competitiveness to increase their chances for success!

Doing business beyond the domestic market provides MSMEs:

- Access to a much wider customer/buyer base, hence higher profits and greater potentials for growth

- Wider options for sourcing inputs
- Impetus for improved product quality, increased efficiency and use of new and available resources
- Improved business resilience in the domestic market
- Exposure to best practices and higher standards for products and services

Advances in communication technologies, rapid decline in transportation costs, and increasing physical connectivity between cities and countries have created an opportunity for MSMEs to access wider markets and expand partnerships

How can MSMEs connect overseas?

There are **THREE MAIN MODES** by which an MSME can connect to overseas markets:

MODE 1 *Sell to buyers abroad and/or source inputs from abroad*

With the predominance of e-commerce platforms and social media, selling to or buying from abroad can be easily done and commonly undertaken through various online platforms such as Etsy, Alibaba, Otto, and Rakuten. In the Philippines, Facebook has become one of the top platforms where MSMEs, especially aspiring entrepreneurs, post visuals and specifications of the products they sell.

What is E-Commerce?

E-commerce is a business transaction primarily done remotely or online. This has been made possible by the rise of mobile applications, internet portals, and social media platforms that allow small business owners to reach buyers of its goods and services online, receive orders and feedback, and process online payments; making it one

of the easiest and most common ways to reach overseas markets.

At the same time, E-commerce also makes it easy for MSMEs to search, compare, and buy production inputs abroad at competitive prices, possibly with better quality as well.

Potential E-Commerce Market For Philippine MSMEs		
	Global	Philippines
Active internet users	3.03 billion	44.2 million
Active social media users	2.13 billion	42 million
Mobile users	3.68 billion	114.6 million*
Active mobile social users	1.75 billion	36 million

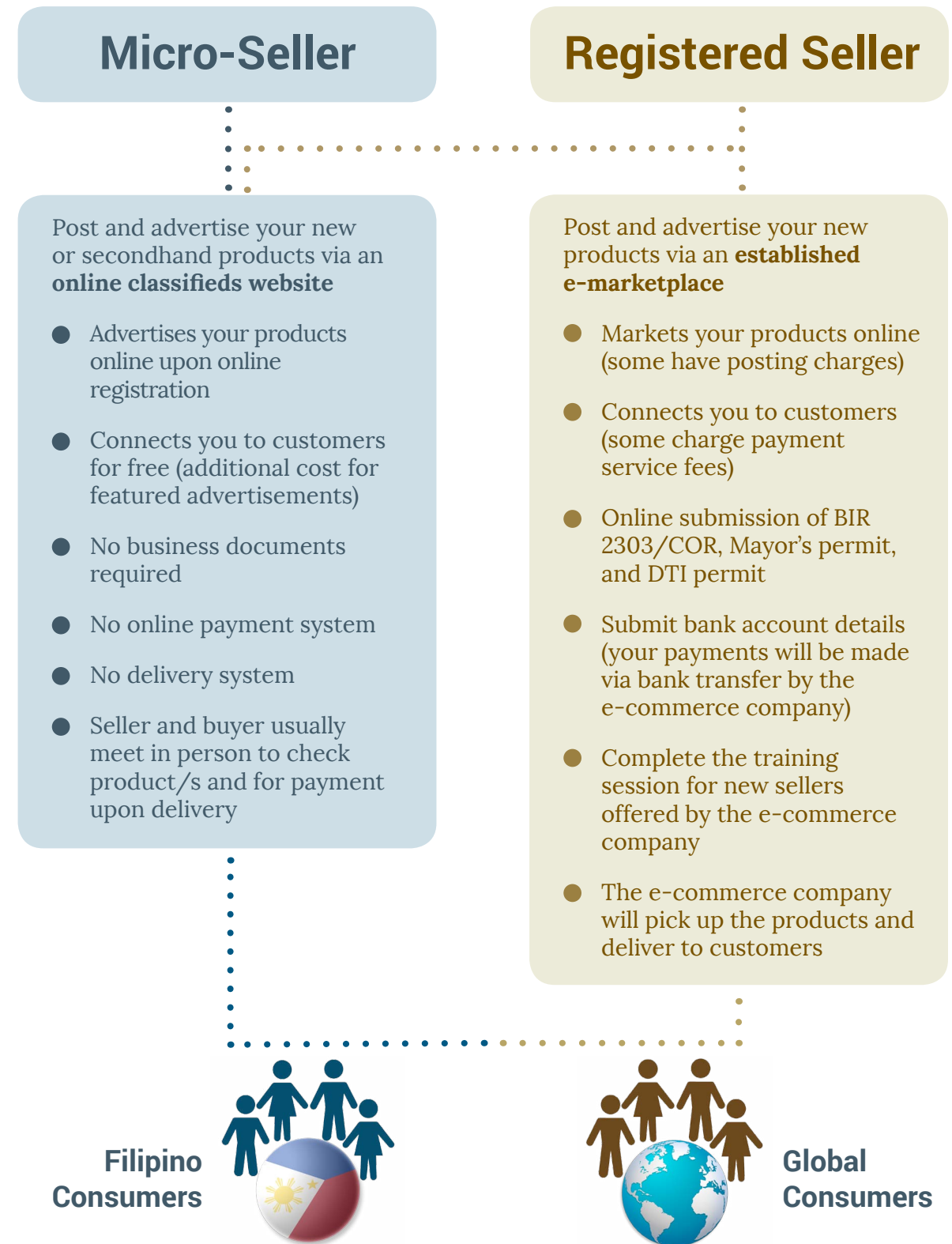
*mobile connections
Source: We Are Social, March 2015

Increased De Minimis Value For Imported Shipments

The Customs Modernization and Tariff Act (RA 10863), signed into law in May 2016, increased the de minimis level (i.e., shipment value below which customs duties do not apply) from P10 to P10,000. This benefits both final consumers and small firms, who may now import inputs in small quantities without having to pay duties on them. The Act further aims to modernize Customs rules and procedures for faster trade, reduce opportunities for corruption, improve Customs service delivery and improve the supply chain.

How can MSMEs connect overseas?

A SIMPLE BUSINESS-TO-CONSUMER TRANSACTION THROUGH E-COMMERCE



How can MSMEs connect overseas?

MODE 2

Be part of a “cluster” of same-product suppliers that pool together to service volume orders that usually come from distributors or overseas institutional buyers

These are deliberate efforts to cluster producers – such as small farmers, cooperatives or manufacturers of similar products – often facilitated by a third party, which can be a government or non-government entity. Through clustering, producers can utilize shared service facilities

that help lower the cost of processing and production. The DTI’s Shared Service Facilities (SSF) program provides equipment for MSMEs in various parts of the country such as 3D printers, and drying and processing equipment, among others.

Business Highlight

VIRGIN COCONUT OIL BY BARANGAY LIPTONG SMALL COCONUT FARMERS ASSOCIATION (BLISCOFA)

In 2003, coconut farmers in Barangay Liptong in Valencia, Negros Oriental decided to organize themselves and formed the BLISCOFA. During its preliminary operation, the 30 farmer members would sell their coconuts to the association for processing to VCO. In 2005, the DTI assisted the association in promoting their products to local and international buyers through trade fairs for MSMEs where they bagged their first institutional client from Boracay. They also benefited from product development that DTI conducted and from market matching and linkage activities. In 2010, BLISCOFA acquired an electric pressing machine under DOST’s SETUP Program in the amount of Php 250,000.00. In 2013, BLISCOFA was granted by DOLE Php 700,000.00 worth of equipment to process Geonets (extracted coir from coconut husks that are used to prevent the occurrence of erosion, protect river banks, and even be a medium to beautify the area where it is installed.). BLISCOFA was given License to Operate as a Food Manufacturer by the Food and Drugs Administration in February 2015. The association’s market now includes Europe, US, Canada and other Asian countries. From 14 employees, BLISCOFA now has 110 full-time workers and has 170 farmer members.

* Source: Department of Trade and Industry

How can MSMEs connect overseas?

MODE 3

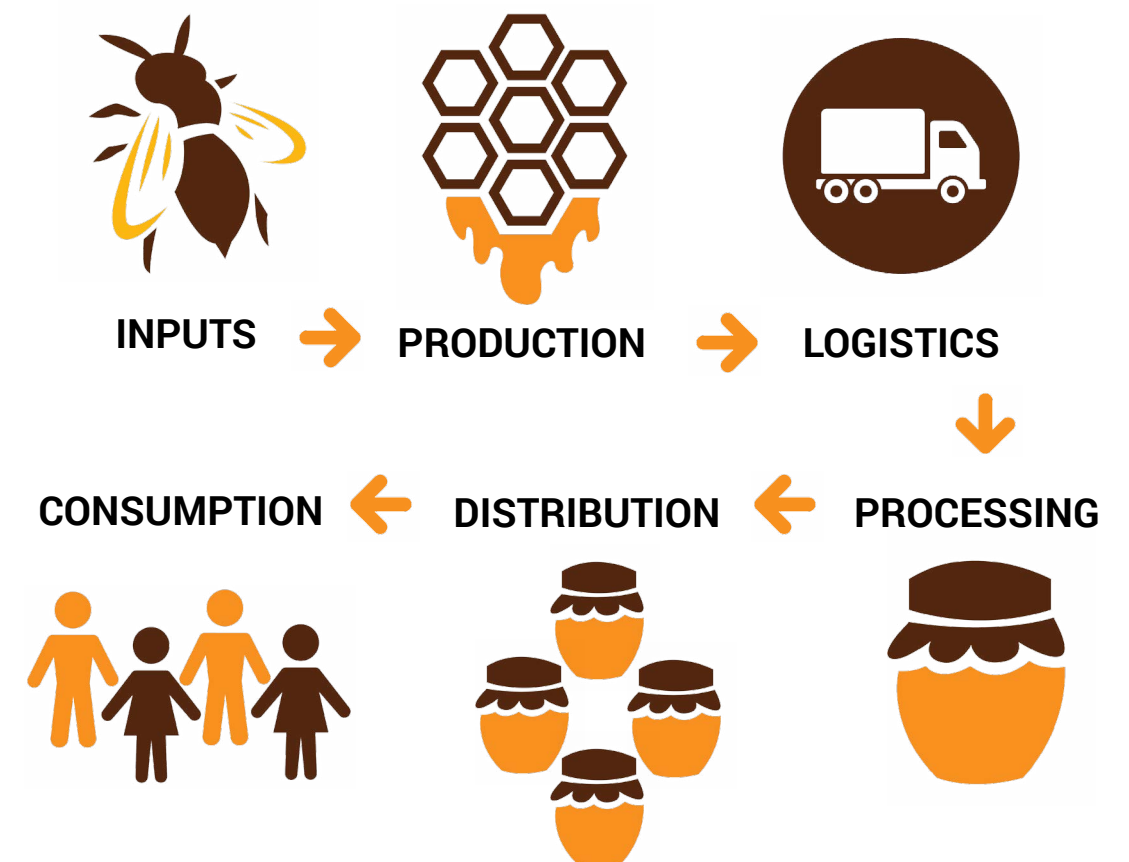
Sell to a domestic value-adding firm that is linked to a global value chain

In this mode, large companies source raw materials or intermediate products from small producers, rather than take control of their entire production chain through vertical integration into large-scale farming, for example. The DTI’s Kapatid Program fosters such “small brother-large brother” value chain relationships through deliberate business matching efforts.

WHAT IS A VALUE CHAIN?

A value chain is defined as a set of actors, suppliers, processors, and aggregators who conduct a linked sequence of value-adding activities involved in bringing a product from its raw material stage to the final consumers.

MSMEs can be suppliers of large companies by providing goods or services in their value chain.



What does it take for MSMEs to compete globally and join global value chains?

The opportunities for MSMEs in global value chains are enormous, but these come with corresponding challenges, especially if businesses are not adequately prepared. For them to seize these opportunities, MSMEs need guidance and assistance to better anticipate, adjust and prepare for bigger market demands and competition. The following are areas where MSMEs typically need support:



CONNECTIVITY

- Technology application toward improving business operations
- Availability of and access to E-commerce platforms
- Access to efficient transport infrastructure



COMPETITIVENES

- Deliver high quality products and services (i.e. meet standards and certifications)
- Improve product innovation and design
- Apply flexibility in the business



SKILLED LABOR

- Access to educated and skilled labor force
- Continuous training and self-learning on entrepreneurship



CUSTOMER RELATIONS

- Establish strong customer relationship and expand business network
- Appreciate different cultures and adapt products and services to capture other markets



AMBITION

- Readiness of owner to take risks
- Openness to improve and flexibility to adapt



KNOWLEDGE

- Know the AEC-related concessions and other PH agreements and policies that offer preferential market access
- Understand global competition
- Know and respect the laws (e.g., intellectual property rights)



ACCESS TO FINANCE

- Proper financial reporting and information disclosure
- Access to SME financing: informal, internal, equity, debt, asset-based, leasing, and government grants and subsidies.
- Availability of supply chain finance and trade finance

Tapping Preferential Markets

The Philippines is a founding member of the Association of Southeast Asian Nations (ASEAN), a geographically tight regional bloc created in 1967, composed of ten (10) culturally distinct nations committed to foster stronger economic, socio-cultural, political and security relations. Philippine businesses can maximize the opportunities ASEAN offers especially in trading goods and services.

- **Ten (10) ASEAN Member States:** Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam
- **Population:** 630 million
- **GDP:** US\$2.5 trillion
- **Approximately 60% of ASEAN's population is under the age of 35, and 43% under age 24.**
- **ASEAN's middle class is expected to more than double in size from 135 million (24% of ASEAN's population) in 2015 to 334 million (51% of the population) in 2030.**

- **In 2012, ASEAN crossed the threshold of having over 50% of its population living in urban areas.**
- **ASEAN has a diverse market! It is home to major religions, it has vast natural resources, and it has a rich culture.**

The ASEAN vision of an integrated economic community:

- *A single market and production base*
- *Highly competitive region*
- *Region of equitable economic development*

ASEAN Member Economies	Population 2015 (thousand)	Annual Population growth %	Age Distribution in 2015 (percent)		Per Capita GDP, PPP 2015 (constant 2011 US\$)
			Pop'n. Aged 15–64	Pop'n. Below Age 15	
Brunei Darussalam	417.2	1.3	72	23	78,369.3
Cambodia	15,405.2	1.5	64	32	3,490.4
Indonesia	225,461.7	1.3	67	28	11,057.6
Lao PDR	6,902.4	1.4	61	35	5,691.3
Malaysia	30,485.3	0.7	69	25	26,950.3
Myanmar	52,476.0	1.9	67	28	5,249.7
Philippines	101,562.3	1.7	63	32	7,387.3
Singapore	5,535.0	1.2	73	16	85,382.3
Thailand	68,979.0	0.5	72	18	16,340.0
Vietnam	91,713.3	1.1	70	23	6,034.3

* Source: The World Bank

The ASEAN Economic Community (AEC)

Taking Advantage of the AEC

To open broader economic opportunities for the ASEAN people, the ASEAN Economic Community (AEC) was envisioned as a single market and production base that allows the free flow of goods, services, investments, capital, and skilled labor in the region - thus, making its economies more dynamic and competitive.

The ASEAN Trade in Goods Agreement (ATIGA), which took effect in 2010, consolidated all Common Effective Preferential Tariff/ASEAN Free Trade Area commitments related to Trade in Goods. ATIGA focuses on tariff liberalization and non-tariff measures, trade facilitation, simplification of rules of origin, and establishment of an ASEAN Trade Repository.

Under the ATIGA, the ASEAN-6 (Philippines, Singapore, Malaysia, Indonesia, Thailand, and Brunei Darussalam) eliminated import duties on almost all products traded among them and, by 2015, with flexibility to 2018, for Cambodia, Laos, Myanmar, and Vietnam (CLMV).

Tariff is a tax or duty to be paid on a particular class of imported from abroad.

0%-REDUCED TARIFFS FOR IMPORTED PRODUCTS FROM ASEAN COUNTRIES

The Philippines' average applied tariff including preferences is 6.27%, lower than the ASEAN average at 8.07%. More than half of the Philippines' tariff lines (58%) are dutiable at 0% to 5%, while 36% have tariffs of 7% to 15%, and the remaining 6% have 20% to 65%.

Certain sensitive agricultural products such as rice, sugar, live swine, live chicken, meat of swine, meat of chicken, manioc (cassava) and sweet potatoes, and maize are exempt from duty elimination.

Across 10 ASEAN Member States

96.01% of all tariff lines have been eliminated



CMLV
90.9 % tariff lines eliminated

ASEAN-6
99.2 % tariff lines eliminated

The ASEAN Economic Community (AEC)

So if qualified products from ASEAN countries can get reduced or zero tariff rates, how will they determine if the product is made in the Philippines and/or ASEAN countries when inputs to produce traded goods are sourced from different parts of the world nowadays? **Take for example, the puzzle below!**

RULES OF ORIGIN (ROO) determine the 'nationality' of the product, i.e., where it was grown, obtained or manufactured. In ASEAN, there are 4 acceptable measures to determine the real origin of a good.

Rules of Origin in ASEAN:

- Wholly-Obtained (WO):** Only the Philippines has been involved in the production of the good.
- Regional Value Content (RVC):** At least 40% of inputs are from the Philippines or total content from ASEAN countries, and the final process of production is performed in the Philippines.
- Change in Tariff Classification (CTC):** Specifies that the materials used to produce a good have undergone a change in tariff classification, or have undergone a specific manufacturing operation, or satisfies an RVC criterion.
- Product Specific Rules:** Where specific rules are applied to a defined set of products based on the RVC-based or CTC-based rule of origin, a specific manufacturing or processing operation, or a combination of any of these.

Pursuant to the Customs Modernization and Tariff Act, an importer or exporter may file a written application for an advance ruling on the tariff classification of goods with the Philippine Tariff Commission. Submission of Certificate of Origin Form D is required in order to avail of reduced or eliminated tariffs from trade agreements.



For more information on the process of securing a Certificate of Origin, visit <http://cb-asec-project.de/wp-content/uploads/2014/CD-RulesofOrigin/chap5/index.html>.

ONLINE INFORMATION ABOUT ASEAN LAWS ON TRADE AND INVESTMENTS

In line with ATIGA, the ASEAN Trade Repository (ATR) provides exhaustive information on the trade and customs laws and procedures of all ASEAN Member States. This allows for greater transparency and helps MSMEs through the process of doing business in ASEAN. The ATR is an electronic interface through which the public can access the information available in National Trade Repositories (NTRs) of each ASEAN Member State. This is the link to the ATR online portal: <http://atr.asean.org/>

The ASEAN Economic Community (AEC)

Business Highlight

CINCO CORPORATION (POTATO CORNER)

Cinco Corporation is the company behind the Philippines' beloved flavored french fries, Potato Corner. The first Potato Corner stall opened in 1992 at a shopping mall in Mandaluyong City. Known for its cheese, barbecue, and sour cream-flavored fries, the team behind Potato Corner rode on the flavored popcorn trend in the 1990s and found a way to deep fry potatoes in a small space, allowing them to raise their own business with a modest capital of P150,000.00.

Franchising was the key to business expansion. By sharing the brand to those who wanted to run their own Potato Corner kiosks, the company was able to quickly expand and secure its dominance in the food cart business. From only one stall in 1992, the number of outlets grew to 70 by

1994, and reached more than a hundred after three years. The company experienced major setbacks due to the 1998 Financial Crisis, but bounced back to business in 2000s. It opened its first international outlet in Indonesia in 2006 and since then, has continued to establish its presence overseas – Singapore, Thailand, Australia, United States and Panama.

To date, there are 800 Potato Corner stalls across the globe and plans are underway to bring the brand to other ASEAN territories such as Myanmar and Vietnam. The company hit a record Php 1 billion sales in 2015, cementing its leadership in the food cart industry. Cinco Corporation seeks to share with other MSMEs its experience in international expansion, by participating in various fora organized by business associations.

Tapping The ASEAN and Global Halal Industry

As a predominantly Islamic market, ASEAN has great demand for Halal products and services. The Philippine Halal Export Development and Promotion Act (RA 10817) of 2013 created the Halal Export Industry Development and Promotion Program, aimed to support the growth of Halal industries for domestic and export markets. The DTI Export Management Bureau assists Philippine Halal certifiers to obtain recognition from various Islamic markets, and assists SMEs to become Halal-certified to be able to export their products.

The Philippines and Brunei Darussalam have a Memorandum of Understanding that aims to foster cooperation in the field of Halal industry and Halal products development, reduce technical barriers to trade, and facilitate bilateral relations, particularly with respect to Halal export development and promotion programs.

The ASEAN Economic Community (AEC)

Muslim Population in the World and AEC

	Population (in million)	Muslim Population (in million)
WORLD	7407.78	2142.13
Africa	1199.99	635.67
Asia	4434.85	1438.88
Europe	737.69	56.52
North America	488.70	8.25
South America	508.51	2.15
Oceania	38.04	0.66
ASEAN REGION	632.10	274.82
Brunei		
Darussalam	0.40	0.04
Cambodia	15.80	1.11
Indonesia	259.40	228.27
Lao PDR	7.10	0.07
Malaysia	30.80	18.88
Myanmar	52.40	7.86
Philippines	102.60	10.26
Singapore	5.60	0.87
Thailand	65.30	6.53
Vietnam	92.70	0.93

* Source: Muslim Population

Export of SERVICES

There are opportunities in the ASEAN market for firms engaged in selling services, particularly for industries where products or outputs are easily transmitted online, such as the business process outsourcing (BPO) industry. Unlike trade in goods, trade in services across the ASEAN economies remains limited and subject to national legal restrictions, but is the object of greater liberalization under the ASEAN Economic Community 2025 Blueprint.

Business Highlight: Trade In Services

ZEENOH, INC.

Zeenoh, Inc., an entertainment software company that specializes on Internet of Things, video games, animation and other software applications, started when its owner, a full time software engineer, took one of DTI's free business courses in 2007, which prepared him with the basics of setting up his own enterprise as a sole proprietor. A year later, Zeenoh was founded on September 10, 2008 as a pioneering game development company in the country. Zeenoh started as an outsourcing partner for top video game studios from Japan, Korea and USA. As an end-to-end service provider for developing video games, it evolved into developing its own original content (and intellectual property). The company started with mobile, web, PC, console and is now developing virtual reality applications. Zeenoh's notable games developed are Patintero Playtime, released for mobile in 2010, and Nightfall: Escape, the first globally known full-3D game that is locally owned and made.

In 2016, Zeenoh, Inc. received an award as the Best Innovative SME at the ASEAN Business Awards 2016 held in Vientiane, Laos.

Philippine producers also have preferential access to other major economies in the region due to ASEAN's existing free trade agreements with the following:

- Australia and New Zealand (ASEAN-Australia-New Zealand Free Trade Agreement)
- China (ASEAN-China Free Trade Agreement)
- Japan (ASEAN-Japan Comprehensive Economic Partnership Agreement)
- Korea (ASEAN-Korea Free Trade Agreement)
- India (ASEAN-India Free Trade Agreement)

The ASEAN Economic Community (AEC)

ASEAN+1 FTAs: Benefits For Philippine Businesses

	SECTOR & SAMPLE PRODUCTS	FTA RATE	
ASEAN-Australia FTA	<ul style="list-style-type: none"> Processed food, beverages, minerals, inorganic and organic chemicals, leather goods, footwear, basketware, ceramics, fine and costume jewelry, appliances, auto & auto parts, ships & boats, furniture, women's undergarments, cotton jackets/blazers and dresses, overcoats of wool, trousers of synthetic fiber, hosiery, socks, gloves, shawls, ties, cotton men's shirts, and babies' garments. 	0	
	<ul style="list-style-type: none"> All other articles of apparel and clothing, carpets, and wooden office furniture 	0% by 2020	
ASEAN-New Zealand FTA	<ul style="list-style-type: none"> Processed food, beverages, minerals, inorganic and organic chemicals, basketware, ceramics, fine and costume jewelry, auto, ships & boats, air conditioners/refrigerators/freezers, upholstered seats, marble, furniture of cane/bamboo/metal, Christmas decor 	0	
	<ul style="list-style-type: none"> Leather coats, belts and gloves, carpets, knitted/crocheted fabrics, articles of clothing & apparel, footwear 	0% by 2017	
	<ul style="list-style-type: none"> Chewing gum, sweet biscuits, soy sauce, wooden doors, furniture of plastics, other articles of clothing & apparel 	0% by 2020	
ASEAN-China FTA	<ul style="list-style-type: none"> Resource and Agro-based Products: <ul style="list-style-type: none"> Bananas Crude Coconut (copra) oil, Mineral oils and fuels <ul style="list-style-type: none"> Naptha, reformat or preparations for preparing spirits Other fuel oils Other coal (e.g. briquettes) Propylene, butylenes and butadiene 	0 0 0 5 5 0	
	<ul style="list-style-type: none"> Chemicals & Plastics: <ul style="list-style-type: none"> Selenium, Lauryl alcohol, Industrial fatty alcohol, and Plastic scrap 	0	
	<ul style="list-style-type: none"> Metals: <ul style="list-style-type: none"> Tinned iron or steel scrap Copper : <ul style="list-style-type: none"> Copper cathodes Waste and scrap copper Copper foils, backed 	0 0 0 0 0	
	<ul style="list-style-type: none"> Machinery and mechanical appliances: <ul style="list-style-type: none"> Parts of air conditioners Parts of other machinery, plant & equipment of heading 84.19 	0 0	
	<ul style="list-style-type: none"> Electrical machinery and equipment: <ul style="list-style-type: none"> Uninterrupted Power Supply Part of ballast and other inductors 	0 0	
	<ul style="list-style-type: none"> Vehicles incl. parts and accessories 	0	
	ASEAN-India FTA	<ul style="list-style-type: none"> Other parts and accessories of motor vehicles 	9% in 2012 5% by 31 Dec 2022
		<ul style="list-style-type: none"> Gear boxes and parts thereof 	8% in 2012 0% by 31 Dec 2018
		<ul style="list-style-type: none"> Other newsprint, in rolls or sheets 	4% in 2012 0% by 31 Dec 2018
		<ul style="list-style-type: none"> Baby and clinical diapers 	8% in 2012 0% by 31 Dec 2018
		<ul style="list-style-type: none"> Mineral and chemical fertilizers containing nitrogen, phosphorus and potassium 	4% in 2012 0% by 31 Dec 2018

The ASEAN Economic Community (AEC)

	SECTOR & SAMPLE PRODUCTS	FTA RATE
ASEAN-Japan CEPA	<ul style="list-style-type: none"> Other Coal 	4% in 2012 0% by 31 Dec 2018
	<ul style="list-style-type: none"> Ammonium Sulphate 	4% in 2012 0% by 31 Dec 2018
	<ul style="list-style-type: none"> Ammonium dihydrogenphosphate and mixtures thereof 	4% in 2012 0% by 31 Dec 2018
	<ul style="list-style-type: none"> Special lenses of other materials 	8% in 2012 0% by 31 Dec 2018
	<ul style="list-style-type: none"> Plated or coated with aluminum 	8% in 2012 0% by 31 Dec 2018
	<ul style="list-style-type: none"> Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, cold-rolled, not clad, plated or coated 	8% in 2012 0% by 31 Dec 2018
	<ul style="list-style-type: none"> Static converters 	9% in 2012 5% by 31 Dec 2022
	<ul style="list-style-type: none"> Other anionic washing preparations and cleaning preparations including bleaching, cleansing and degreasing preparations 	8% in 2012 0% by 31 Dec 2018
	<ul style="list-style-type: none"> Radial. New pneumatic tires of rubber, of a kind used on motor cars (inc. wagons and racing cars) 	9% in 2012 5% by 31 Dec 2033
	ASEAN-Korea FTA	<ul style="list-style-type: none"> Refined coconut oil, crude coconut (copra) oil, other plywood and veneered panels, dried pineapples, other smoked fish, yellow fin tuna, frozen poultry meat cuts, builders' woodwork, fresh mangoes, other plastic packaging, copper foil, other non-wired glass, ceramic roofing tiles, and boot/shoe lasts
ASEAN-Korea FTA	<ul style="list-style-type: none"> Resource and Agro-based Products <ul style="list-style-type: none"> Desiccated coconuts, sweet biscuits, copra/coconut oil-cake and residues, tobacco (unmanufactured, not stemmed or stripped), tobacco extracts and essence, petroleum condensates, marble tiles and slabs, and articles of asbestos-cement 	0
	<ul style="list-style-type: none"> Chemicals <ul style="list-style-type: none"> Xylol (xylenes), Lauryl alcohol, Washing and cleaning preparations (inorganic), and Industrial fatty alcohols 	0
	<ul style="list-style-type: none"> Metals <ul style="list-style-type: none"> Iron or steel nuts, copper cathodes, copper wire, and tin alloys 	0
	<ul style="list-style-type: none"> Machinery <ul style="list-style-type: none"> Parts for radio broadcast receivers, parts for electric sound or visual signaling apparatus, and electrical particle accelerators 	0

Source: DTI-Export Marketing Bureau

For more information about ASEAN+6 FTA Rules of Origin:

- ASEAN-Australia-New Zealand FTA
http://aanzfta.asean.org/wp-content/uploads/2016/09/ASEAN_RulesOfOrigin7.pdf
- ASEAN-China FTA
<https://drive.google.com/file/d/0B0iL7KAK3i5SUZVejdORzdCX1k/view>
- ASEAN-India FTA
<https://drive.google.com/file/d/0B0iL7KAK3i5cHBjX2tiUk9ESWc/view>
- ASEAN-Japan CEPA
<http://www.mofa.go.jp/policy/economy/fta/asean/annex2.pdf>
- ASEAN-Korea FTA
<http://akfta.asean.org/uploads/docs/trade-in-goods-topic-annex3.pdf>

Queries related to Philippine trade agreements:
Bureau of International Trade Relations, Department of Trade and Industry
 4F DTI International Building, 375 Senator Gil Puyat Avenue, Makati City
 Tel: (632) 465-3300 ext. 407; 897-1719; 465-3355

Philippines–Japan Economic Partnership Agreement (PJEPA)

The Philippines and Japan entered into an economic partnership agreement in 2008. It covers, among others, Trade in Goods, Trade in Services, Investments, Movement of Natural Persons, Intellectual Property, Customs Procedures, Improvement of the Business Environment, and Government Procurement.

With PJEPA, almost 95% of Philippine exports to Japan (in terms of value) face zero duties. These include fruits and vegetables, marine products, sugar, poultry, and wines and drinks. Tariffs on almost all textiles and apparels have been mutually eliminated.

Rules of Origin under PJEPA:

Philippine products are eligible for zero tariff under PJEPA if these:

1. Are **wholly obtained in the Philippines**
2. Undergo **change in tariff classification (CTC)**: The materials used originating from outside Japan or the Philippines have undergone sufficient manufacturing or processing into a different product.
3. Fall under **value-added rules**: Value added to goods originating from outside Japan or the Philippines in the manufacturing or processing done in the country exceeds a specified limit.

For further inquiries and concerns regarding the implementation of PJEPA, contact the Department of Trade and Industry's Bureau of International Trade Relations (DTI-BITR) at pjepa.secretariat@gmail.com or at telephone numbers (+632) 465-3300 ext. 401/402.

Philippines–European Free Trade Association (EFTA) Free Trade Agreement

The Philippines and the member states of the EFTA – Iceland, Liechtenstein, Norway, and Switzerland – signed a free trade agree-

ment (PH-EFTA) with the Philippines in Bern, Switzerland, on April 28, 2016. The PH-EFTA covers trade in goods, trade in services, investment, competition, the protection of intellectual property rights, government procurement, and trade and sustainable development.

In the area of trade in goods, EFTA abolished all customs duties on industrial products at the entry into force of the Agreement, while the Philippines will gradually lower or abolish its duties on the vast majority of industrial products.

Rules of Origin under EFTA:

Philippine products are eligible under EFTA if:

1. These have been wholly obtained in a country that is a signatory (“Party”) to the agreement, in accordance with the agreement;
2. The non-originating materials used in the production in a Party satisfy the requirements provided for in the agreement;
3. These have been produced in a Party exclusively from materials originating in one or more Parties; or,
4. These have been produced in a Party exclusively from materials.

The European Union’s Generalized System of Preferences Plus (GSP+)

EU-Generalized System of Preferences Plus (GSP+) is a preferential tariff scheme granted by the European Union to developing countries that qualify under certain stringent application requirements. Under GSP+, Philippine producers can export 6,274 products to any of the 28 member countries of the European Union (EU) at zero tariff. Products that may avail of the duty free access include coconut and marine products, processed fruit, prepared food, animal and vegetable fats and oils, textiles, garments, headwear, footwear, furniture, umbrellas,

and chemicals. The products expected to benefit most from zero tariff are:

Product	Regular GSP	GSP+
Tuna	20%	0%
Pineapple	15%	0%
Bicycles	10.5%	0%
Textiles & garments	9.6%	0%
Footwear, headwear, umbrellas	9.6%	0%

For Philippine products listed under zero tariff under GSP+, the goods must fulfill three conditions:

1. The goods must originate from Philippines based on the EU GSP+ Rules of Origin;
2. During transportation from a beneficiary country to the EU, the goods must not be altered, transformed or subjected to operations other than operations performed to ensure their good condition; and,
3. A valid proof of origin must be submitted (Certificate of Origin Form A, issued by the Bureau of Customs, or invoice declaration, or statement on origin).

Rules of Origin under GSP+:

Philippine products are eligible under GSP+ if they are either:

1. **Wholly obtained in the Philippines**, or
2. **Sufficiently worked or processed in the Philippines**: The condition is that the non-originating materials used (or the materials imported into the Philippines) have undergone “sufficient working or processing.”

More on the GSP Rules of Origin: http://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/customs/customs_duties/rules_origin/preferential/guide-contents_annex_1_en.pdf

For more information, contact the DTI-Export Marketing Bureau (EMB) at phone number +632-465 3300; email PH_GSPPLUS@dti.gov.ph or visit the EU Export Helpdesk: <http://exporthelp.europa.eu>

The United States’ Generalized System of Preferences (GSP)

The United States GSP provides preferential duty-free treatment for over 3,500 products from the Philippines. This opens the opportunity to expand the reach of Philippine products to the US, and cultivate opportunities for our exporters and MSMEs to participate in the global market. The top GSP imports from the Philippines in 2015 included automobile tires, telescopic sights, measuring and checking instruments, coconut water, and appliances and machines. However, the program excludes textile, apparel, and footwear.

Rules of Origin under US GSP:

Philippine products are eligible under US GSP if they satisfy any of the following:

1. The product must be grown, produced, or manufactured in the Philippines and must meet the value-added requirements; or,
2. Value of materials produced in the Philippines plus the direct costs of processing must equal at least 35 percent of the appraised value of the article at the time of entry into the United States.

An importer, exporter or producer who is uncertain about whether a particular imported article satisfies the rules of origin requirements may check the U.S. Customs and Border Protection’s searchable database, <http://rulings.cbp.gov/>.

An interested exporter/importer must request duty-free treatment under the US-GSP by placing the appropriate GSP Special Program Indicator (A, A+, or A*) before the Harmonized Tariff Schedule of the United States (HTSUS) number that identified the imported article on the shipping documents. The complete HTSUS can be downloaded from the USITC website <http://www.usitc.gov/tata/hts/index.htm>.

For more information, contact the DTI-Export Marketing Bureau (EMB) at phone number (+632) 465-3300.

Government Support Programs for MSMEs

The Philippine government, through the Department of Trade and Industry (DTI), pursues a wholistic strategy to support the development of MSMEs, summed up in seven Ms, namely: **Mindset Change, Mastery,**

Mentoring, Money, Machines, Market Access and **Models**. The elements of the 7Ms strategy toward enabling and fostering the country's MSMEs are described in the table.

MINDSET CHANGE

- Embracing the right positive entrepreneurial attitude
- DTI'S Negosyo Center seminars, the SME Roving Academy (SMERA) and the Kapatid Mentor ME program help intuse an entrepreneurial mindset that is success- and innovation-driven, collaborative, and proactive.

MASTERY

- Mastering the know-how & how-to's of entrepreneurship
- Negosyo Centers facilitate mentoring on setting up a business, spotting market opportunity, product positioning and differentiation, product & market development, basic business planning and finance, and developing a system for continuous innovation.

MENTORING

- Continuous business guidance, with help from private sector partners
- Partners through Kapatid Mentor ME include Go Negosyo, Philippine Chamber of Commerce & Industry, Philippine Franchise Association, Association of the Filipino Franchisers Inc., and Federation of Filipino-Chinese Chambers of Commerce & Industry Inc.

MONEY

- Alternative sources of finance for MSMEs that are easy to access and available at reasonable cost
- DTI'S Pondo sa Pagbabago at Pag-asenso (P3) microfinance program, through the Small Business Corp.
- Facilitate access to micro-finance institutions (MFIs)

MACHINES

- Equipping MSMEs to upgrade their technology to boost productivity and competitiveness
- Provide knowledge on equipment and right tools to ensure quality production under DTI's Shared Services Facility (SSF) and the Small Enterprise Technology Upgrading Program (SETUP) of the Department of Science and Technology (DOST)
- DOST also provides general technology upgrading support not necessarily associated with machines.

MARKET ACCESS

- Linking MSMEs to big companies or to government as potential buyers of their products; promoting e-commerce platforms for direct reach to domestic and foreign buyers
- DTI helps promote MSME products through provincial and national trade fairs, OTOP (One-Town, One Product) shows, Go Lokal! displays in major malls, and the internationally-recognized Manila FAME (Furnishings and Apparel Manufacturers' Exchange).

MODELS

- Providing business models that new entrepreneurs can readily adopt to start a business
- Negosyo Centers can assist with getting started in businesses ranging from traditional enterprises, to direct selling and franchising
- DTI and non-government partners also help link small firms/producers with larger firms for possible value chain partnerships, under inclusive business models

Below are listed and described various government programs to assist MSMEs in the various aspects of support they require.

STARTING A BUSINESS AND PAYING TAXES

● PHILIPPINE BUSINESS REGISTRY

The Philippine Business Registry (PBR) is a web-based system that serves as a one-stop shop for entrepreneurs who need to transact with several agencies to be able to start operating a business. It facilitates business registration-related transactions by integrating all agencies involved in business registration, such as the Department of Trade and Industry (DTI), Bureau of Internal

Revenue (BIR), Social Security System (SSS), Home Development Mutual Fund (Pag-IBIG), Philippine Health Insurance Corporation (PhilHealth), Local Government Units (LGUs) and other permit/license-issuing agencies. Sole proprietors can validate existing business names or register their business names with the DTI.

Contact: *Department of Trade and Industry* – 361 Trade & Industry Building, Senator Gil J. Puyat Avenue, Makati City, Metro Manila, Philippines 1200
Phone: (+632) 751-0384 • Email: ask@dti.gov.ph • Website: www.business.gov.ph

● ONLINE PAYMENT OPTIONS FOR PAG-IBIG AND PHILHEALTH

On paying taxes and payroll-related payments, Pag-IBIG and PhilHealth have made it easier for companies employing ten or more workers to pay monthly contributions through various online payment systems. Pag-IBIG's "Employers' Online Payment Facility" assures employers of accurate recording of contributions and premiums, faster transactions, payments on short term loan amortizations can be made anytime and anywhere, while saving time and transportation costs.

For PhilHealth, employers reporting payment of premium contributions may access the Electronic Premium Remittance System (EPRS) by submitting electronically and posting in the EPRS the remittance list report. The remittance list report contains payment details and information (i.e., Official Receipt Number and the date appearing hereon, as well as the Name of Collecting Agent where payment was remitted) for the particular Statement of Premium Account (SPA) generated thru the EPRS. This must be done within five (5) days after payment.

Contact: *Home Development Mutual Fund*

Phone: (+632) 724-4244 • Email: publicaffairs@pagibigfund.gov.ph

Website: <http://www.pagibigfund.gov.ph/payments/paymentfacilities.html>

Contact: *PhilHealth* – Citystate Centre, 709 Shaw Boulevard, 1603 Pasig City, Philippines

Phone: (+632) 441-7443 • Email: actioncenter@philhealth.gov.ph

Website: <https://www.philhealth.gov.ph/partners/employers/registration.html>

● ELECTRONIC TAX FILING AND E-PAYMENT OF THE BUREAU OF INTERNAL REVENUE (BIR) & THE SOCIAL SECURITY SYSTEM (SSS)

The BIR's electronic tax filing and e-payment through G-cash allows taxpayers to use mobile phones to remit payments instead of queuing in BIR offices and banks. Similarly, SSS's online payment scheme, My.SSS, allows companies to remit SSS

contributions and loan repayments through partner banks (auto debit) and accredited payment centers. The portal also allows employers to make online transactions, set appointments with their SSS serving branch, and request copies of their records.

Contact: Bureau of Internal Revenue

National Office Building, Agham Road, Diliman, Quezon City, Philippines

Phone: (+632) 981-7000 • Fax: (+632) 925-1789 • Email: contact_us@cctr.bir.gov.ph

Website: <https://efps.bir.gov.ph/>

Contact: Social Security System

SSS Building East Avenue, Diliman Quezon City, Philippines

Phone: (+632) 920-6401, 920-6446 to 55 • Email: member_relations@sss.gov.ph

Website: <https://www.sss.gov.ph>

● INCENTIVES AND FINANCIAL SUPPORT FOR MICROENTERPRISES

The Barangay Micro Business Enterprises (BMBE Act), signed into law in 2002, provides support to microenterprises and the informal sector. Incentives such as exemption from income tax, reduction in local taxes, and exemption from payment of minimum wages are granted to micro

enterprises registered in the barangay level. Other incentives include financial support from government financial institutions and technological assistance from government. Interested MSMEs may contact the nearest DTI office.

FINANCIAL SUPPORT AND ASSISTANCE

● MANDATORY BANK LENDING TO PHILIPPINE MSMEs

Pursuant to Republic Act 9501 (Magna Carta for Micro, Small, and Medium Enterprises), all banks and lending institutions are required to set aside at least 8% of their

total loan portfolio for micro and small enterprises and at least 2% for medium-sized business.

● ACCESS OF SMALL ENTERPRISE TO SOUND LENDING OPPORTUNITIES (ASENSO)

The Access of Small Enterprise to Sound Lending Opportunities (ASENSO) Program, formerly SULONG Program, is an initiative of government financial institutions (GFIs) that aims to give SME greater access to short and long term funds by simplifying and standardizing the lending process. These GFIs include Land Bank of the Philippines (LBP),

Development Bank of the Philippines (DBP), Small Business Corporation (SBC), Philippine Export-Import Credit Agency (PhilEXIM), and Quedan and Rural Credit Guarantee Corporation (QUEDANCOR). GFIs extend loans to micro and small and medium enterprises providing them with manageable terms to help them expand and grow their businesses.

MOVABLE COLLATERAL STRATEGY

One way to help MSMEs gain better access to bank financing is to expand the range of acceptable loan collaterals beyond real properties, to include movable collaterals like motor vehicles; standing crops like rice, sugarcane, tree crops, and other agri-aqua commodities; equipment, etc. The Philippines has had the legal framework for this since 1906 under the Chattel Mortgage Law, and a document-based movable collateral registry managed by the Registry of Deeds, recognizing a diverse set of movable assets acceptable as collateral for loan purposes, as above. However, in practice, such assets have not been favored by banks as loan collateral, except for motor vehicles. The Department of Finance is looking into measures that will lead to greater acceptance of such movable collateral by the banking system.

Contact: Land Bank of the Philippines

1598 M.H. Del Pilar corner Dr. J. Quintos Streets, Malate, Manila

Phone: (+632) 522.0000 (632) 551.2200 locals 2448, 2589, 2728, or 2650

Telefax: (+632) 405-7640 / 522-0000 loc. 2589 • Email: sme-pmu@mail.landbank.com

● SMALL BUSINESS CORPORATION (SB Corp.)

The Small Business Corporation (SB Corp.) offers a wide range of financial services, specifically for small and medium enterprises engaged in manufacturing, processing, agribusiness (except crop level production) and services (except trading). Financial services include direct and indirect lending, financial leasing, secondary mortgage, venture capital

operations and the issuance of debt instruments, among others. SB Corp. is the National Government's third largest provider of SME financing, with a lending portfolio of over P2.5 Billion. They have over 2,937 clients and 143 active partner financial institutions. SB Corp. has 5 full service area offices, and 18 desk offices strategically located across the country.

Contact: Small Business Corporation

17th & 18th Floors, 139 Corporate Center, Valero St., Salcedo Village, Makati City, Philippines 1227

Phone: (+632) 751-1888, (632)894-1677 • Email: sbcorporation@sbgfc.org.ph

Website: <https://www.sbgfc.org.ph/>

● PONDO PARA SA PAGBABAGO AT PAG-ASENSO (P3)

Pondo sa Pagbabago at Pag-asenso (P3) is a funding program to provide microenterprises an alternative source of financing that is easy to access at a reasonable cost or low interest rate. Loan amounts range from P5,000 to P100,000,

and at a maximum interest rate of 2.5% per month with no collateral requirement. Target loan beneficiaries are the small business entrepreneurs like market vendors and agribusinessmen who usually borrow from “5-6” lending sources.

Contact: Small Business Corporation

Phone: (+632) 813.5711; 751.1888 • Email: sbcorporation@sbgfc.org.ph

Website: <http://dti.gov.ph/programs-projects/pondo-sa-pagbabago-at-pag-asenso>

● CREDIT SURETY FUND

The Credit Surety Fund Program (CSF) is a credit enhancement scheme developed by the Bangko Sentral ng Pilipinas that aims to increase the credit worthiness of MSMEs experiencing difficulties in obtaining loans from banks due to lack of acceptable collaterals,

credit knowledge and credit track records. The CSF pools contributions of cooperatives and NGOs, LGUs and partner institutions such as DBP and Land Bank. These contributing cooperatives and their members who are MSMEs may take out loans from the CSF Program.

Contact: Department of Loans and Credit, Bangko Sentral ng Pilipinas

Phone: (+632) 708-7238, 306-2450, 306-2460, 306-2353 • Telefax: (+632) 306-2002

Website: www.bsp.gov.ph/loans/loans_csf.asp

● AGRICULTURE VALUE CHAIN FINANCING

The issuance by the Bangko Sentral ng Pilipinas (BSP) on agricultural value chain financing addresses the associated credit risks with the agriculture and fisheries sector by shifting the focus of lending from individual farmers and fisherfolks to the whole value chain. To encourage engagement in the lending scheme, incentives are also provided to financial institutions that comply with the regulatory expectations. These include compliance with agri-agra requirement and an additional 25 percent increase in the single borrower's limit for loans granted to actors in the agricultural value chains for a period of three years.

The following products and financial services may also be made available to agricultural value chain actors/players:

1. **Trade-receivables finance** – a BSP-supervised financial institution (BSFI) advances working capital to agribusiness (supplier, processor, marketing and export) companies against accounts receivable or confirmed orders to producers
2. **Factoring** – a financial transaction whereby a business sells its accounts receivable or contracts of sales of goods at a discount to an appropriate. BSFI, called a factor, who pays the business minus a factor discount and collects the receivables when due; and

3. **Warehouse receipts** – farmers and other value chain enterprises receive a receipt from a certified warehouse that can be used as

collateral to access a loan from an appropriate BSFI against the security of goods in an independently controlled warehouse.

● VENTURE FINANCING PROGRAM

The Department of Science and Technology-Technology Application and Promotion Institute (DOST-TAPI) Venture Financing Program, primarily catering to

MSMEs, provides funding to start-up and technology-based projects to hasten the commercialization of new and emerging technologies and inventions.

Contact: Venture Financing Program and CAMPI

Phone: (+632)837-3186 • Email: tapi@dost.gov.ph • Website: <http://tapi.dost.gov.ph/>

BE INFORMED

Republic Act No. 9474 or the Lending Company Regulation Act of 2007 prohibits “informal lenders” or persons who engage in lending without primary registration (of incorporation) and secondary license (to extend loans to the public) from the Securities and Exchange Commission. Violators will be imposed a fine of not less P10,000 or imprisonment of not less than six months but not more than 10 years or both.

ACCESS TO TECHNOLOGY & RESEARCH FACILITIES

● SHARED SERVICES FACILITY (SSF)

The Shared Services Facility (SSF) Project is a major component of the Micro Small and Medium Enterprise Development Program which provides machineries, equipment, tools, systems, skills and knowledge to deserving MSMEs through SSF Cooperators. Beneficiaries of the project are the actual and potential users of the SSF which should be predominantly cooperatives, associations or groups of MSMEs or individual entrepreneurs who may not be members of

cooperatives, associations, corporations or organizations. The SSF addresses processing and manufacturing gaps or bottlenecks brought about by any of the following:

- Absence of the necessary facility
- Lack of capacity of an existing facility
- Cost of services of an existing facility is expensive
- Inadequate technical and administrative services to promote and facilitate the growth of MSMEs

Contact: SSF Project Management Office, DTI-BSMED

6F Trade and Industry Building, 361 Sen. Gil J. Puyat Avenue, Makati City

Phone: (+632) 751-0384 locals 2101/2059, 890-4968, 897-1693

Website: <http://www.dti.gov.ph/programs-projects/shared-service-facilities>

● SMALL ENTERPRISE TECHNOLOGY UPGRADING PROGRAM (SETUP)

The Department of Science and Technology's (DOST) Small Enterprise Technology Upgrading Program (SETUP) encourages and assists SMEs to adopt technological innovations that will improve their operations, increase productivity and enhance competitiveness. The program facilitates technology transfer and provides technological interventions for better product quality, human resources development, cost minimization and waste management, and other operation-related activities. STEPUP concentrates on its six priority sectors: Food Processing; Furniture; Gifts, Decors & Handicrafts; Marine and Aquatic Resources; Horticulture; and Metals and Engineering.

Contact: SETUP National Program Management Office: Department of Science and Technology – DOST Compound, Bicutan, Taguig, Metro Manila
Phone: (+632)-837-7531 • Email: setup@dost.gov.ph • Website: <http://setup.dost.gov.ph/>

● SCIENCE AND TECHNOLOGY EXPERTS VOLUNTEER POOL PROGRAM (STEVPP)

The S&T Experts Volunteer Pool Program (STEVPP), incorporated with DOST's OneExpert program, aims to bring scientists and experts to the countryside. It provides experts' services, technical assistance/advisory services, troubleshooting, trainings and seminars to activities that support technology transfer and commercialization, productivity enhancement and technical capability development/skills upgrading. MSMEs and cooperatives may tap the S&T Experts on the following specialized programs:

- **Manufacturing Productivity Extension (MPEX) Program** - Improves the efficiency and profitability of MSMEs by reducing operational expenses, encouraging more productive and safer workplaces, and developing more appropriately-skilled manpower.
- **Food Safety Program** - Assures the safety and quality of food products, prevents food-borne illnesses, promotes a responsible enterprise image and protects consumers.
- **Energy Audit Program** - Reduces the operating costs of MSMEs by conserving and using energy more efficiently.
- **Cleaner Production Program** - Cuts the

operating expenses of MSMEs by: reducing wastes; increasing product yields; improving quality; providing safer workplaces; and, protecting the environment through cleaner production assessment and intervention.

- **Consultancy for Agricultural Productivity Enhancement (CAPE) Program** - Provides consultancy teams to undertake technology improvement and enterprise productivity studies in MSMEs in the agricultural and aquaculture sectors.

- **Packaging and Labeling Assistance** - Transforms locally-produced goods into globally-competitive products through improvements in the packaging technologies of MSMEs.

- **Consultancy for Agriculture and Manufacturing Productivity Improvement (CAMPI) Program** - Provides consultancy services to MSMEs to attain higher productivity through the identification of productivity improvement concerns in the agriculture and manufacturing sectors throughout the country. The CAMPI is a level-up strategy that provides focused S&T consultancy intervention/s for MSMEs.

Contact: Department of Science and Technology

Gen. Santos Avenue Bicutan, Taguig City Metro Manila Philippines

Email: oneexpert.ph@gmail.com

Website: https://oneexpert.gov.ph/visitors/resource_persons#panel-stevpp

● ONELAB - REGIONAL SCIENCE & TECHNOLOGY LABORATORY SERVICES (RSTLs)

OneLab Regional S&T Laboratory Services (RSTLs), a DOST program that provides laboratory and testing services for industries, academe, local government units, and private institutions that complements and increases the presence of S&T testing

facilities all over the country. This is in support of initiatives for enhanced competitiveness through quality improvement and to meet international standards for goods and services.

Contact: DOST Regional Offices to inquire about their RSTLs:
<http://www.dost.gov.ph/products-and-services/regional-offices-s-t-services>

● INTELLECTUAL PROPERTY (IP) ADVISORY SERVICES

The Intellectual Property Office of the Philippines (IPOPHL) has 11 IP Satellite Offices (IPSOs) that provide basic information on IPR, assistance in trademark search and in the registration of logos, trademarks or brands, including technical and advisory services for IP stakeholders, particularly MSMEs. Together with universities, research institutions, and government offices, IPOPHL established 85

Innovation and Technology Support Offices (ITSOs) to strengthen local institutional capacity, access patent information for use in research, education, idea generation, and general business development. IP advisory services and capacity building programs motivate MSMEs to modernize their operations and build their competitive capacities through the use of the IP system.

Contact: Intellectual Property Office of the Philippines

Phone: (+632) 238-6300 • Website: <http://www.ipophil.gov.ph/services/ip-satellite-office/about-ipso>

Contact the nearest IPOPHL Satellite Office or Innovation and Technology Support Office for more information.

● INVENTOR ASSISTANCE PROGRAM (IAP)

The Inventor Assistance Program of the IPOPHIL matches Philippine inventors and small businesses with limited financial means with patent attorneys who provide pro bono legal assistance in securing patent protection (free legal advice on how to file a

patent to protect their inventions). The IAP aims to alleviate the burden on patent filers who are charged exorbitant professional fees by linking eligible inventors and small businesses with experts who are willing give their services for free.

Contact: Intellectual Property Office of the Philippines

Phone: (+632) 238-6300 local 5301 • Email: dindo.dumali@ipophil.gov.ph

Website: <http://www.ipophil.gov.ph/services/patents/inventor-assistance-program>

● DOST FOOD INNOVATION CENTERS (FIC)

DOST's Food Innovation Centers (FIC) provide five DOST-developed technologies, these are: (1) vacuum packaging machine, (2) water retort, (3) vacuum fryer, (4) spray dryer, and (5) freeze dryer. The water retort machine improves shelf-life of food products even in non-refrigerated conditions. The vacuum fryer creates crunchy products that are low in fat and high in fiber with minimal

changes in color and flavor. The spray dryer transforms liquids into powder instantly. The freeze dryer produces dried materials which prolongs shelf life and makes transporting these materials more practical. As of 2016, DOST has established 10 FICs nationwide; these are located at the NCR and in Regions 2, 4B, 6, 7, 8, 9, 10, 11, with the main FIC located at ITDI, DOST Compound.

Contact: Industrial Technology Development Institute

DOST Compound, Gen. Santos Ave., Bicutan, Taguig City, Philippines 1631

Phone: (+632) 837-2071 to 82 loc. 2182, 2218, 2180 • Telefax: (+632) 8373167, 8376150, 8376156

Website: <http://www.itdi.dost.gov.ph/>

MARKETING AND NETWORKING ASSISTANCE

● NEGOSYO CENTERS

The Go Negosyo Act mandates the establishment of "Negosyo Centers" in all provinces, cities and municipalities to promote ease of doing business and assist MSMEs. As of June 2017, the DTI has

established a total of 537 Negosyo Centers which provide business registration assistance, business advisory services, and business information and advocacy to entrepreneurs.

Contact: Department of Trade and Industry—Regional Operations Group (DTI-ROG)

6F Trade & Industry Building, 361 Sen. Gil J. Puyat Ave., Makati City

Phone: (+632) 751-3334/751-4626/890-4898 • Fax: (+632) 890-4685/895-3582

Website: <http://www.dti.gov.ph/programs-projects/negosyo-center>

● GO LOKAL! STORE PROJECT

Go Lokal! is a retail concept store that showcases quality and innovative Philippine products crafted, designed, and produced by Philippine MSMEs. The store provides assistance in branding, designing

and marketing these products, serves as a marketing platform for MSMEs, and provides free testing of product marketability in partner retail outlets.

Contact: Department of Trade and Industry—Regional Operations Group (DTI-ROG)

6F Trade & Industry Building, 361 Sen. Gil J. Puyat Ave., Makati City

Phone: (+632) 751-3334/751-4626/890-4898 • Fax: (+632) 890-4685/895-3582

Website: <http://www.dti.gov.ph/programs-projects/negosyo-center>

● ONESTORE.PH

OneStore.PH is an e-commerce web application that helps DOST-assisted MSMEs expand their market, while providing customers an effortless shopping experience,

and retailers with simple and direct access to one of the largest customer bases in the Philippines. MSMEs may apply online at OneStore.PH to be listed and featured in the site.

Contact:

Phone: +63917-598-2243 • Email: support@onestore.ph

Website: <http://onestore.ph/index.php/home/>

● EXPORT MARKET CONSULTANCY AND BUSINESS MATCHING

The Export Marketing Bureau (EMB) of the DTI oversees the development, promotion, and monitoring of Philippine exports. It provides assistance to existing and would-be exporters on all export-related matters, including information on export procedures and documentation.

Tradeline Philippines is an online database service that contains a listing of thousands of manufactured/exported Philippine products, complete with product specifications. It also provides product searches, allowing users to contact Philippine exporters, suppliers and local/foreign buyer details, including products/services they manufacture/provide and export.

Contact: Export Marketing Bureau

DTI International Building 375 Senator Gil J. Puyat Avenue Makati City, 1200, Philippines

Phone: (+632) 897-7605; 465-3300 local 107 • Email: embinfo@dt.gov.ph

Website: www.tradelinephilippines.dti.gov.ph/

● TRADE FAIRS and EXHIBITIONS (such as MANILA FAME & TRAVEX)

The DTI organizes and participates in local and international trade fairs and exhibitions that promote the "best of the best" products of Philippine entrepreneurs. Participation in such fairs primes MSMEs for national and global market opportunities, assisting them in developing, packaging and marketing local products. DTI's regional offices conduct region-focused trade exhibits and fairs, and industry-specific conferences which bring together industry stakeholders that enables entrepreneurs to expand their network, learn about opportunities in other markets, and upgrade their knowledge about their own industry.

DTI through the Center for International Trade Expositions and Missions (CITEM), is the second longest-running trade show in the Asia-Pacific, and is the only trade event in the country that is approved by Union des Foires Internationales (UFI), or the Global Association of the Exhibition Industry, a Paris-based association of trade fair organizers founded 90 years ago in Milan, Italy in April 1925. It is a bi-annual showcase of craftsmanship, design innovation, and artisanship in Philippine products, featuring finely selected furniture and home furnishings, holiday gifts and décor, and fashion accessories designed and crafted in the Philippines for the global market.

Manila FAME (Furnishings and Apparel Manufacturers' Exchange), organized by the

Business Highlight:

RED CLAY POTTERY CRAFT

Locally known as “Damili” the pottery industry is the major source of livelihood of the “Manamilis” of Barangay Taboc, San Juan, La Union. Clay pots, jars, stoves, and gangis (little clay tub) are some of the conventional pottery products offered by promising entrepreneur, Dozen Baduyen. He enrolled in DTI’s entrepreneurial trainings and seminars, joined DTI Region 1’s Rimat ti Amianan Trade Fair and other DTI exhibition fairs, until a big manufacturing company noticed his products and brought these to Europe, New York, and the Middle East. In addition to his collection of contemporary products, Dozen also established the Red Clay Pagdamilian, a place where tourists can engage in pottery making and take a tour of the products.

CAPACITY-BUILDING, MENTORING & ENTREPRENEURSHIP TRAINING PROGRAMS

EXPORT PATHWAYS PROGRAM (EPP)

The Export Pathways Program of the DTI-Export Marketing Bureau aims to assist existing and new exporters by offering client-focused interventions to fit their requirements at any stage of their business. This program

provides assistance through 7 stages. The first four stages are assisted by the SME Roving Academy, while stages 5 and 6 are covered by the RIPPLES Program, until the MSME reaches the Export Expansion stage.



SME ROVING ACADEMY (SMERA)

The **SME Roving Academy** is a continuous learning program offered to would-be entrepreneurs and MSME owners for enhanced competitiveness of their businesses in the domestic and international

markets. Interested entrepreneurs may register at the nearest DTI Provincial Office – SME Center. An SME Counsellor will assist the registrant throughout the whole process – from assessment to endorsement.

Contact: Bureau of Micro, Small and Medium Enterprise Development

5/F, Trade and Industry Building, 361 Sen. Gil J. Puyat Avenue, 1200 Makati City, Philippines
Phone: (+632) 751-0384 • Fax: (+632) 896-7916 • E-mail: bmsmed@dti.gov.ph
Website: <http://www.dti.gov.ph/programs-projects/sme-roving-academy>

QBO INNOVATION HUB BY DTI

The DTI- Export Marketing Bureau (EMB) and IdeaSpace Foundation established the QBO Innovation Hub in 2016 to link innovators, explorers, investors, academic institutions, start-up mentors, funders and enablers, along with a broad spectrum of partners and stakeholders from both public

and private sectors. The Hub is DTI’s support mechanism for the startup community, particularly targeted at startups with viable business propositions, and provides a venue for facilitating collaboration among the various concerned stakeholders.

Contact:

G/F DTI International Building, 375 Sen. Gil J. Puyat Avenue, 1200 Makati City, Philippines
Phone: (+632) 890-4660 • E-mail: hello@qbo.com.ph • Website: www.qbo.com.ph

KAPATID MENTOR ME PROGRAM

The Kapatid Mentor Me Program of the DTI and the Philippine Center for Entrepreneurship (PCE) assist MSMEs to scale up and sustain their businesses through weekly coaching and mentoring on different functional areas of entrepreneurship by business

owners and practitioners. It is an 11-week program with modules covering Marketing, Financial Management, Human Resource Management, Operations Management, among others.

Contact:

Department of Trade and Industry - Regional Operations Group (DTI-ROG)

6F Trade & Industry Building, 361 Sen. Gil J. Puyat Ave., Makati City
Phone: (+632) 751-3334/751-4626/890-4898 • Fax: (+632) 890-4685/895-3582
Website: <http://www.dti.gov.ph/programs-projects/negosyo-center>

TECHNOLOGY BUSINESS INCUBATION (TBI)

The Department of Science and Technology (DOST) has facilities to host start-ups, promote innovation and technopreneurship in the country. The TBI program offers a variety of resources, services and facilities needed by a start-up enterprise, particularly at its development stage. It aims to help start-ups graduate from the incubation program financially viable, operationally sus-

tainable, and able to compete in the market. An example of the TBI program is the DOST-Philippine Economic Zone Authority (PEZA) Open Technology Business Incubator managed and recently upgraded by DOST-NCR. The Open TBI is a specialized business incubator that focuses on assisting startups that use open technologies or enterprises that are ICT-based or from an ICT-related sector.

Contact: Philippine Council for Industry, Energy and Emerging Technology Research and Development (PCIEERD) – 4th and 5th Level Science Heritage Bldg., Science Community

Complex, Gen. Santos Avenue, Bicutan, Taguig City 1631
Phone: (+632) 837-2926; 837-7516; 837-6154 • E-mail: pcieerd@dost.gov.ph
Website: <http://pcieerd.dost.gov.ph/index.php/programs/59-technology-business-incubation-program>

● SKILLS TRAINING

Technical and vocational education training programs are implemented through accredited schools, regional and provincial training centers, community-based training, and apprenticeships. Some of these are the following:

- The **Philippine Trade Training Center (PTTC)** – DTI offers specific courses on ISO certification, food-related programs, web-based/computer literacy, and business language, among others
- **Product Development and Design Center (PDDC)** – DTI provides training on product and package design, and product development.
- **DTI-Bureau of Philippine Standards (BPS)** familiarizes MSMEs with the standards development process, its benefits, and how they can be active part of it. The DOST supports MSMEs through the Regional Offices/Provincial S&T Centers and the Research and Development Institutes with technology needs assessment, training on Hazard Analysis and Critical

Control Points (HACCP), Good Manufacturing Practices/food safety, quality and environment standards and assessment, management systems, and trade skills development, among others.

- The **DOLE's National Wages and Productivity Commission** provides training programs and technical assistance to improve the capability and motivation of enterprises to adopt productivity-improving technologies under their “Productivity Toolbox.”
- **University of the Philippines Institute for Small-Scale Industries (UP-ISSI)** offers training programs on entrepreneurship development, marketing, operations improvement, harnessing technology, financial management, and leadership.
- **The Technical Education and Skills Development Authority (TESDA)** offers skill-specific and community-based specialized trainings, and offers programs to equip MSMEs the capacity to train their workers via dual training and apprenticeships.

MSME INTERNATIONALIZATION PROGRAMS

● DOING BUSINESS IN FREE TRADE AREAS (DBFTA)

The Doing Business in the Free Trade Areas program is a series of sessions that impart exhaustive information to various stakeholders, particularly MSMEs, regarding free trade agreements and preferential schemes

of the Philippines. The DTI's Export Marketing Bureau conducts these business information sessions covering topics such as market opportunities, tariff schemes, rules of origin, and customs procedures, among others.

Contact: Export Marketing Bureau

DTI International Building 375 Senator Gil J. Puyat Avenue Makati City, 1200, Philippines
Phone: (+632) 897.7605; 465.3300 local 107 • E-mail: embinfo@dti.gov.ph
Website: <http://www.dti.gov.ph/2016-03-29-02-27-23/dbfta>

● REGIONAL INCLUSIVE PLATFORM FOR PHILIPPINE EXPORTERS (RIPPLES)

The RIPPLES Program aims to develop new and existing exporters aligned with the Philippine Export Development Plan's key and emerging sectors. The interventions are designed to prepare MSMEs to compete in terms of volume, quality, price, packaging, compliance with market-entry requirements, rules and regulations, and design leadership.

The priorities sectors of RIPPLES include electronic manufacturing services

and semiconductor manufacturing service; automotive and auto parts; aerospace parts; chemicals; shipbuilding, Roll-on Roll off (Ro-Ro) as well as small and medium-sized vessels; furniture, wearables and gifts, decors and housewares (GDH); tool and die; agri-business; information technology-business process management; transport and logistics; tourism; and, construction.

Contact:

Bureau of Micro, Small and Medium Enterprise Development

5/F, Trade and Industry Building, 361 Sen. Gil J. Puyat Avenue, 1200 Makati City, Philippines
Phone: (+632) 7510.384 • Fax: (+632) 896-7916 • Email: bmsmed@dti.gov.ph

Export Assistance and Business Matching Division, Export Marketing Bureau

DTI International Building, 375 Sen. Gil J. Puyat Ave., Makati City
Phone: (+632) 465.3300 local 110
Website: <http://www.dti.gov.ph/2016-03-29-02-27-23/ripples>

● EXPORT ASSISTANCE NETWORK (EXPONET)

The DTI Export Assistance Network (EXPONET) helps exporters and prospective exporters' access information and resolve specific problems related to exporting. EXPONET provides information on export seminar schedules, export organizing, export

procedures and documentation, import facilities for exporters, buyer linkages, export financing and incentives, product raw material sourcing and other statistical information. The agency also assists exporters in export-related problems/trade complaints.

Contact:

Export Assistance and Business Matching Division, Export Marketing Bureau

DTI International Building, 375 Sen. Gil J. Puyat Ave., Makati City
Phone: (+632) 465.3300 local 110 • E-mail: Exponet@dti.gov.ph
Website: <http://www.dti.gov.ph/30-main-content/emb-static/9101-export-assistance-network>

References and Links

I. PUBLICATIONS: <http://dti.gov.ph/resources/publications>

Philippine Export Guidebook: <https://drive.google.com/open?id=0ByoFpFM9THk1UGZSTlZhMkc4eW8>

Your Guide to Doing Business in Free Trade Areas: <https://drive.google.com/open?id=0B576YZJFE8EsVkpEbktMUVZa2c>

ASEAN-related Publications: <https://drive.google.com/drive/u/0/folders/0ByoFpFM9THk1enJPX0tjeThVOVE>

- **ASEAN Consumer Complaints Leaflet:** <https://drive.google.com/open?id=0ByoFpFM9THk1dEFvT0dNckd5T0k>
- **AEC: The Philippine Game Plan:** <https://drive.google.com/open?id=0ByoFpFM9THk1X19jeULXWThjNFU>
- **Business Beyond Borders:** <https://drive.google.com/open?id=0ByoFpFM9THk1VUQ4Tkc0SDkyejg>
- **Understanding the ASEAN Economic Community Primer:** <https://drive.google.com/open?id=0ByoFpFM9THk1RUhQSmZSSEVjdFE>
- **Understanding the ASEAN Economic Community Quick Guide:** <https://drive.google.com/open?id=0ByoFpFM9THk1dnA4aUIMdHJCenc>
- **Primer on the Philippine Chairmanship of ASEAN 2017:** <https://drive.google.com/open?id=0ByoFpFM9THk1QUVEWk83UUfYVk>

Competition Law and Policy Primer: <https://drive.google.com/file/d/0ByoFpFM9THk1Vzg1Tm5xWU1aT1E/view>

Philippine Competition Act Primer: http://phcc.gov.ph/wp-content/uploads/2017/03/PCC-Primer_WITH-COVER.pdf

II. THE PHILIPPINES' TRADE AGREEMENTS: <http://dti.gov.ph/resources/trade-agreements>

ASEAN FREE TRADE AGREEMENT (AFTA)

- **Full Agreement:** <http://www.asean.org/wp-content/uploads/images/2012/Economic/AFTA/annex/ASEAN%20Trade%20in%20Goods%20Agreement,%20Cha-am,%20Thailand,%2026%20February%202009.pdf>
- **General Overview:** <https://drive.google.com/file/d/0B0ilL7KAK3i5QXhQYzMOYld6ekE/view>

PHILIPPINES-JAPAN ECONOMIC PARTNERSHIP AGREEMENT (PJEP)

- **Full Agreement:** <http://www.mofa.go.jp/region/asia-paci/philippine/epa0609/main.pdf>
- **Tariffs:** <http://finder.tariffcommission.gov.ph/index.php?page=pjepa>
- **General Overview:** <https://drive.google.com/file/d/0B0ilL7KAK3i5ZTdxnqQRHFVU1k/view>
- **Frequently Asked Questions:** <https://drive.google.com/file/d/0B0ilL7KAK3i5YzNEZ0tUbnhJRjQ/view?usp=sharing>

ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AGREEMENT (AANZFTA)

- **Full Agreement:** <http://www.asean.org/storage/images/2013/economic/afta/AANZFTA/Agreement%20Establishing%20the%20AANZFTA.pdf>
- **General Overview:** <https://drive.google.com/file/d/0B0ilL7KAK3i5cV9LUU54eXJJSgS/view>
- **Tariffs:** <http://finder.tariffcommission.gov.ph/index.php?page=aanzfta>
- **Rules of Origin:** http://aanzfta.asean.org/wp-content/uploads/2016/09/ASEAN_RulesOfOrigin7.pdf

ASEAN-China Free Trade Agreement (ACFTA)

- **Full Agreement:** <http://www.asean.org/wp-content/uploads/images/2013/economic/afta/ACFTA/6-2002%20-%20Framework%20Agreement%20on%20Comprehensive%20Economic%20Co-operation%20between%20ASEAN%20and%20China.pdf>
- **Tariffs:** <http://finder.tariffcommission.gov.ph/index.php?page=acfta>
- **Rules of Origin:** <https://drive.google.com/file/d/0B0ilL7KAK3i5SUZVejdORzdCX1k/view>
- **General Overview:** <https://drive.google.com/file/d/0B0ilL7KAK3i5SXN1Y1p6REVJSXM/view>

ASEAN-India Free Trade Agreement (AIFTA)

- **Full Agreement:** [http://www.asean.org/wp-content/uploads/images/2013/economic/afta/ASEAN%20India%20TIG%20-%20CTC%20scan%20\(complete\).pdf](http://www.asean.org/wp-content/uploads/images/2013/economic/afta/ASEAN%20India%20TIG%20-%20CTC%20scan%20(complete).pdf)

- **Tariffs:** <http://finder.tariffcommission.gov.ph/index.php?page=aifta>
- **Rules of Origin:** <https://drive.google.com/file/d/0B0ilL7KAK3i5cHBJX2tiUk9ESWc/view>
- **General Overview:** <https://drive.google.com/file/d/0B0ilL7KAK3i5Ym5TT3hlQzc1SDg/view>

ASEAN-Japan Comprehensive Economic Partnership Agreement (AJCEPA)

- **Full Agreement:** <http://ajcep.asean.org/wp-content/uploads/2014/05/Agreement.pdf>
- **Tariffs:** <http://finder.tariffcommission.gov.ph/index.php?page=ajcepa>
- **Rules of Origin (Product Specific Rules):** <http://www.mofa.go.jp/policy/economy/fta/asean/annex2.pdf>
- **Operational Certification Procedures:** <http://www.mofa.go.jp/policy/economy/fta/asean/annex4.pdf>
- **General Overview:** <https://drive.google.com/file/d/0B0ilL7KAK3i5QUVudjhlZlRfQms/view>

ASEAN-Korea Free Trade Agreement (AKFTA)

- **Full Agreement:** <http://www.asean.org/wp-content/uploads/2012/06/AK-TIG-Agreement-August-2006.pdf>
- **Tariffs:** <http://finder.tariffcommission.gov.ph/index.php?page=akfta>
- **Rules of Origin:** <http://akfta.asean.org/uploads/docs/trade-in-goods-topic-annex3.pdf>
- **General Overview:** <https://drive.google.com/file/d/0B0ilL7KAK3i5a2p0NzVxLXZmbEE/view>

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