



PH aviation security rating receives US FAA upgrade



The US Federal Aviation Administration (FAA) upgraded its rating of Philippine aviation safety to Category 1, clearing the way for the much-anticipated expansion by Philippine air carriers of their operations in the United States. Philippine flag carrier, Philippine Airlines, already flies into the US, but with operations limited to the US West Coast. Cebu Pacific has also expressed intentions of launching flights to US destinations, like Hawaii.

In 2008, the US FAA downgraded the Philippines to a Category 2 rating, citing that the country "lacked laws or regulations necessary to oversee air carriers in accordance with minimum international standards." The FAA then restored the Category 1 status after conducting a review of the Civil Aviation Authority of the Philippines back in March. According to the FAA, "A Category 1 rating means the country's civil aviation authority complies with International Civil Aviation Organization (ICAO) standards. With the International Aviation Safety Assessment Category 1 rating, the Republic of the Philippines' air carriers can add flights and service to the United States and carry the code of US carriers."

Aside from carrying out an intended route expansion plan, the upgrade will allow Philippine Airlines to acquire brand-new, more fuel-efficient planes, such as the Boeing-777 line, and replace their aging fleet.

The upgrade also brings good news and excellent prospects for the Philippine economy, where an increase in direct flights to and from the United States will give the tourism industry a needed boost, as well as widely improve and expand trade and business relations between the two countries. Both PAL and Cebu Pacific agree that, in line with the Philippines' robust economy, the aviation industry needs efficient carriers and a strong regulatory environment to sustain progress.

The US FAA upgrade comes at the heels of the lifting of the European ban on Philippine carriers last July 2013, immediately after the Philippines had upgraded its aviation safety standards.

USTR takes PH out of its Special 301 Watch List

The Office of the United States Trade Representative (USTR) had announced last April that it has removed the Philippines out of its Special 301 Watch List—a list of countries with issues and concerns with respect to intellectual property rights (IPR) protection, enforcement, or market access for persons relying on intellectual property. The announcement has coincided with US President Barack Obama's two-day state visit to the Philippines.

According to the office of the USTR, they have "determined to remove the Philippines from the Special 301 Watch List [due to] a series of significant legislative and regulatory reforms [enacted by the Philippine government] to enhance the protection and enforcement of intellectual property rights in the Philippines." The passing of Republic Act 10372, or the Intellectual

Property Code of the Philippines, and the creation of a special court for addressing IPR violations, are among the reforms cited by the USTR.

Their statement also lauds the civil and administrative enforcement gains from the said reforms. "Although significant challenges remain, the commitment of Philippine authorities and the results achieved merit this change in status."

Philippine Ambassador to the United States Jose L. Cuisia, Jr. is certain that the removal of the Philippines from the Watch List will not only promote investments in the Philippines, but encourage the entry and introduction of innovative products and services from the US and all over the world.

A quarterly publication of the Philippines-United States Business Council, the **PUBC Newsletter** provides the latest socio-economic updates, as well as news on developments in trade and investments between the two countries.

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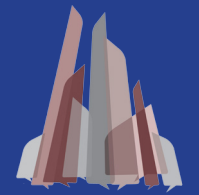
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Engaged private sector crucial in present times – Ambassador Cuisia



Ambassador Jose L. Cuisia, Jr.

"The government cannot do it alone. We really need to see more engagement from the private sector to promote themselves and in so doing, promote the Philippines," he said. Ambassador Cuisia then identified three areas where the business community can be more involved.

Ambassador Cuisia urged the audience to explore more export opportunities in the US. With focus on the food and beverage industry, the ambassador said that Philippine products appear to cater only to Filipino communities in the US, compared to the products of the country's South-east Asian neighbors that focus on the wider US market. While he said that the Department of Agriculture is working to expand the access of Philippine mangoes in the US, the local private sector must also be more active in

With days to go before the anticipated visit to the Philippines of United States President Barack Obama, Philippine Ambassador to the US Jose L. Cuisia, Jr. called on the business community to be more active in strengthening Philippines-US relations. The call was made to members of the Makati Business Club and the Management Association of the Philippines at a joint membership meeting at the Makati Shangri-la Hotel.

tapping more potential markets.

The ambassador also called on businessmen to work with government as it studies the country's possible entry into the Trans-Pacific Partnership. In particular, the ambassador asked the business sector to give "information on the costs and benefits of the TPP to the private sector, and recommend appropriate steps as the country prepares for [this] 21st-century agreement." For his part, the ambassador said that the Philippine Embassy in Washington will continue to secure as much information to assist policy makers and the private sector in making the proper decisions regarding the TPP.

Ambassador Cuisia also asked for support for the country's independent and principled foreign policy, particularly on the West Philippine Sea dispute. In his remarks, he noted that the arbitration case that the government has initiated is part of the peaceful and rules-based approach being pursued to resolve the impasse. Quoting various statements from a number of American officials, the ambassador said that the US fully stands behind the Philippines in the path it is taking regarding the West Philippine Sea.

MBC and MAP last held a joint meeting in February 2014 with the newly appointed US Ambassador to the Philippines Philip Goldberg as the guest speaker. Similar to Ambassador Cuisia's call for partnership, Ambassador Goldberg also highlighted the important role an engaged private sector plays in strengthening bilateral ties and promoting common interests in the world stage.

TPP membership to drive PH competitiveness and growth

While many focus on the military aspect of the United States' rebalance to Asia, new US Ambassador to the Philippines Philip Goldberg reiterates that economics is its primary motivation and the Philippines stands to gain much by leveraging on its strong ties with the US. One such way towards this goal is the Trans-Pacific Partnership (TPP).

"TPP is a key avenue for positive change. An economically freer Philippines is a stronger Philippines. And a stronger Philippines will ensure Philippine security, stability, and longevity and will enhance the overall strategic relationship between our two great countries," he said, speaking at a joint membership meeting of the Makati Business Club and the Management Association of the Philippines.

Goldberg further noted that global trade is expected to double in the next decade and with Asia likely to account for almost 50% of the increase. At present global trade has already tripled in the last 10 years, currently at over \$21.5 trillion, with China, India, and Southeast Asia accounting for 25% of the increase.

Given the immense economic potential in the Asia-Pacific, the Ambassador urged the Philippine business sector to take advantage of the opportunity by supporting Philippine membership to the Trans-Pacific Partnership (TPP). He said that joining the TPP will result in the Philippines gaining access to a market of 800 million consumers whose econ-

omies current account for 40% of global output.

Goldberg said that the United States will assist the Philippines in identifying areas where reforms are needed to facilitate the country's entry into the TPP, stating that a Philippine delegation is due to fly to the US by the end of the first quarter for technical consultations.

"TPP has high membership standards, but TPP is an aspiration, not an invitation," Goldberg said of the supposed high-level requirements that TPP membership demands. "The United States wants the Philippines to be part of TPP, but membership involves taking on obligations to implement market liberalizing measures."

The TPP is currently being negotiated by the US with 11 other economies, including Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam, aiming to establish a free trade bloc in the Asia-Pacific.

A 2012 research by the Peterson Institute for International Economics noted that the Philippines may incur an opportunity loss of \$500 million by 2025 if it does not join the TPP. If the Philippines does join the TPP, along with Japan, South Korea, Thailand, and Indonesia, the country may post an additional \$22.1 billion income by 2025.