



PHILIPPINES-SINGAPORE BUSINESS COUNCIL



PSBC NEWSLETTER

FIRST QUARTER 2013

Message of the Co-Chairman of the Philippines-Singapore Business Council



Guillermo D. Luchangco

The Philippines has taken major strides on the world's economic stage over the past two years, and it is poised to continue doing so in this year and succeeding ones. Numerous foreign companies have been quick to observe the improvement in the country's investment climate and have begun to take advantage of it. Still others are taking a close look with a view to coming in.

This change in the country's attractiveness to investors can be attributed to a number of factors, but probably the most important one is President Aquino's demonstration of his determination to do away with corruption. He made this his campaign slogan while still running for office and has not wavered from the promise.

A vast amount of leakage from government funds has already been eliminated, and this alone has provided the country with substantial sums to use in strengthening the economy and laying out the necessary conditions for its further success. Furthermore, he continues to steadfastly push for added reforms. This campaign has caught the attention of foreign governments, who have been quick to support his administration and offer him meaningful assistance and acclaim. It has also attracted multinational, as well as domestic, corporations to invest in the country and to set up new or expanded operations in the Philippines.

Now is indeed the optimum time for Singaporean companies to intensify their efforts to participate in the bonanza that is the Philippines today. This is in light of the country's economic growth of 6.6% in 2012, among the best performances in Asia and in the entire world. Its stock exchange, not to be outdone, was adjudged as among the top ten best performers globally during this period. Numerous foreign manufacturing companies are already setting up plants in the country, and many others are seriously searching for investment opportunities in promising fields such as tourism, business process outsourcing, industry, retail and mining.

With the positive conditions today, and more to come in the foreseeable future, I encourage our Singapore friends to come on in; the water is fine!

A quarterly publication of the Philippines-Singapore Business Council, the **PSBC 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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Published for the Philippines-Singapore
Business Council by



PSBC ends 2012 with annual conference in Singapore

The Philippines-Singapore Business Council (PSBC) was in Singapore from 22-23 November 2012 for the Philippines-Singapore Business Council Conference. The delegation was led by PSBC Philippines Executive Committee chairman Guillermo D. Luchangco. Joining the delegation were Trade and Industry secretary Gregory Domingo, Finance secretary Cesar Purisima, and officials from the Public-Private Partnership (PPP) Center and the Philippine Economic Zone Authority (PEZA).

Visits to the facilities of the Meinhardt Group and Keppel Offshore and Marine, as well as the site of Singapore's Building

and Construction Authority's Zero Energy Building were conducted on the first day of the mission. The PSBC delegation also joined the blessing of Banco de Oro Unibank, Inc.'s Singapore office. Consul-General of the Philippines to Singapore Alan Deniega capped the day's events with a dinner at the Philippine ambassador's residence.

The PSBC Conference was held the following day, with Luchangco and PSBC Co-Chairman Mr Choo Chiau Beng welcoming the conference's 180 participants from both Singapore and the Philippines. Secretary Purisima talked about the Aquino administration's principle-based governance in the

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context of the country's growing economy, while Secretary Domingo shared the advantages of and existing opportunities for investment in the Philippines. PPP Center executive director Cosette Canilao gave a comprehensive presentation on the Philippine's PPP program, and Elmer San Pascual of PEZA discussed the merits of investing in the Philippines with PEZA. The conference ended with a luncheon, followed by networking sessions.

The PSBC Conference is held annually with the primary objective of encouraging and promoting economic cooperation and investments between the Philippines and Singapore. The next conference will be held in Manila later this year. ■



BOI begins 2013 Investments Plan consultations

Spearheaded by the Board of Investments (BOI), consultations with government and the private sector are now underway for the formulation of the 2013 Investment Promotions Plan (IPP). Targeted for submission to the President on April this year, industry stakeholders and concerned government agencies were given until February 25 to submit their respective position papers to the BOI.

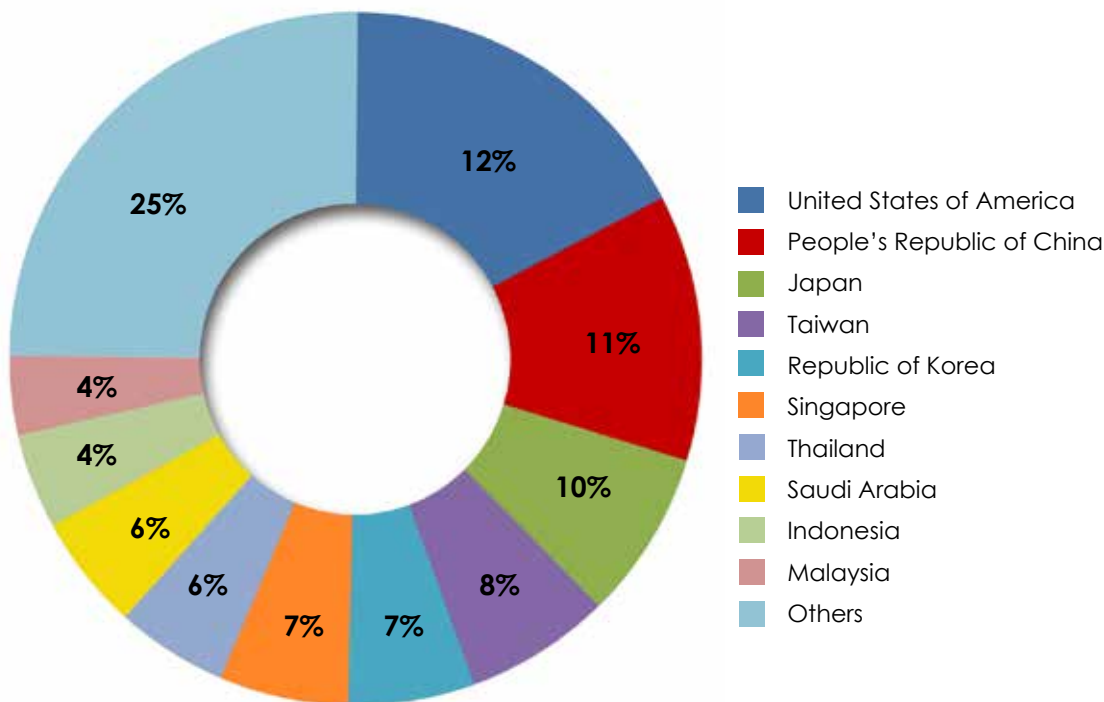
The IPP is an annual listing of the country's priority sectors for investment. Industries and sectors identified in the IPP will qualify for and enjoy fiscal and non-fiscal incentives, which include, but are not limited to, income tax holidays and duty-free importation of capital equipment, among others.

Preferred sectors identified in last year's IPP were agriculture/agribusiness and fishery, creative industries/knowledge

-based services, shipbuilding, mass housing, iron and steel, energy, infrastructure, public-private partnership (PPP) projects, research and development, green projects, hospital and medical services projects, motor vehicles, strategic projects, and disaster prevention and recovery projects.

The Philippine Development Plan serves as the overall framework for the IPP in identifying sectoral opportunities and promoting forward and backward linkages in priority areas and high-growth potential sectors to attract investments and generate employment. Also to be included in the IPP are over 50 industry roadmaps submitted by private sector stakeholders to the BOI last year, which will be integrated into a comprehensive manufacturing industry roadmap. ■

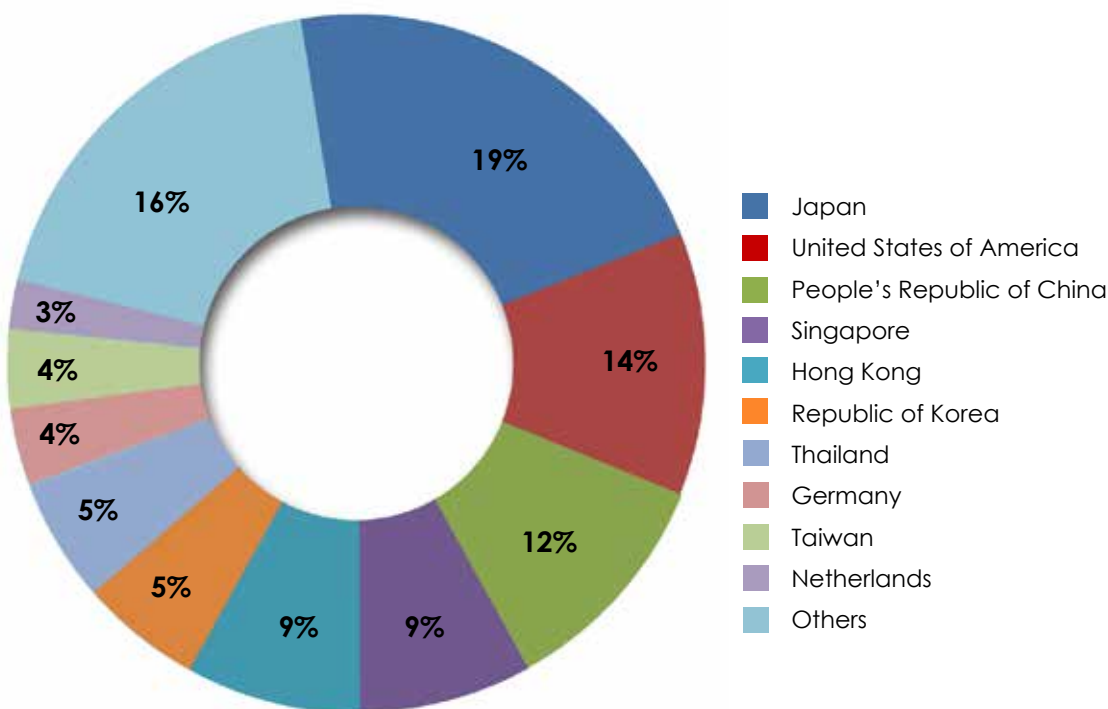
**2012 Philippine Imports Share
(Top Ten Countries)**



TOP 10 PHILIPPINE IMPORT MARKETS AS OF 2012			
Rank	Country	Value of Imports (in million US\$)	% share
1	United States of America	7,118	11.53%
2	People's Republic of China	6,663	10.80%
3	Japan	6,446	10.44%
4	Taiwan	4,833	7.83%
5	Republic of Korea	4,504	7.30%
6	Singapore	4,403	7.13%
7	Thailand	3,447	5.58%
8	Saudi Arabia	3,432	5.56%
9	Indonesia	2,732	4.43%
10	Malaysia	2,494	4.04%
	Others	15,642	25.35%
Total		61,714	100.00%

Source: National Statistics Office
Note: Values are rounded off

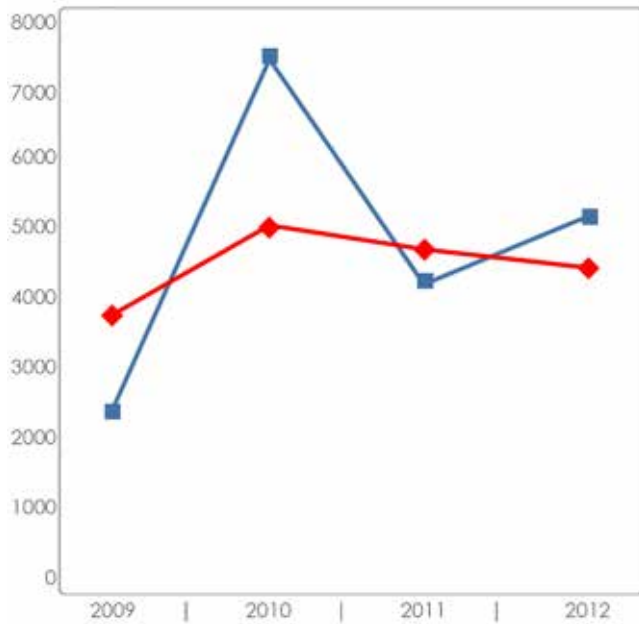
**2012 Philippine Exports Share
(Top Ten Countries)**



TOP 10 PHILIPPINE EXPORT MARKETS AS OF 2012			
Rank	Country	Value of Exports (in million US\$)	% share
1	Japan	9,881	19.00%
2	United States of America	7,396	14.22%
3	People's Republic of China	6,159	11.85%
4	Singapore	4,864	9.35%
5	Hong Kong	4,776	9.19%
6	Republic of Korea	2,862	5.50%
7	Thailand	2,446	4.70%
8	Germany	1,957	3.76%
9	Taiwan	1,915	3.68%
10	Netherlands	1,551	2.98%
	Others	8,189	15.77%
Total		51,995	100.00%

Source: National Statistics Office
Note: Values are rounded off

Philippine Trade with Singapore



PHILIPPINE TRADE

in million US\$	EXPORTS	IMPORTS
2009	2,477	3,724
2010	7,319	5,187
2011	4,279	4,899
2012	4,864	4,403

Source: National Statistics Office

■ Export

◆ Import

Visitor Arrivals from Singapore



NO. OF VISITOR ARRIVALS FROM SINGAPORE

January to December 2012	148,215
January to December 2011	137,802

Source: Department of Tourism



increase of 7.6%

Lifting of mining moratorium raises expectations on investments

The Philippine government revised its target and expectations on mining investments, from \$718 million to \$1 billion, following the lifting of Memorandum Order No. 2011-01, a moratorium on the acceptance of all types of mining applications.

With the lifting of the moratorium, local and foreign mining companies are expected to start applying for exploration permits. Since 2011, the Mines and Geosciences Bureau (MGB) has reviewed a total of 2,100 mining applications, with 500 passing MGB standards, and 400 under appeal.

The moratorium, issued two years ago, imposed a suspension on mining applications such as, but not limited to, exploration permits, mineral product sharing agreements, financial or technical assistance agreements, and industrial sand and gravel licenses. Around 1,200 mining areas where mining permit applications were previously cancelled for two years have now been opened to accommodate new mining applications.



Image courtesy of Benguet Corp.

The Philippine government also expects an increase in revenues due to the issuance of Administrative Order No. 2013-10 in February. The Order increases application fees for permits and agreements from P60 to P300 per hectare. ■

Join the Philippines-Singapore Business Council!

The PSBC was established in 1994 to promote trade and investments between the Philippines and Singapore. The council is composed of top business executives who seek to explore business opportunities between the two countries and to promote the exchange of views on policies of mutual concern. The Makati Business Club serves as the secretariat of the PSBC

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