

PHL economy hits a 35-year high of 7.3% in 2010



The Philippine gross domestic product (GDP) grew by 7.3% last year - the fastest pace in 35 years - the National Statistical Coordination Board (NSCB) reported.

The 2010 GDP expansion was the highest since 1975 at 8.8% and surpassed the government's target of between 5% and 6%.

NSCB Secretary General Romulo Virola attributed last year's robust GDP growth to the global economic recovery, higher foreign trade, election related spending, and the peaceful 2010 national elections.

In 2010, the industry sector once again was the key contributor in boosting the economy with its huge 12.1% growth. Services also grew 7.1% from only 2.8% in 2009.

In the fourth quarter alone, the GDP grew 7.1% from 2.1% in the same period in 2009. Virola said the growth during the last quarter of 2010 came from services, with 3.3% expansion; industry, 2.7%; and agriculture, fishery and forestry (AFF), 1%.

Socioeconomic Planning Secretary Cayetano W. Paderanga said domestic demand continued to be an important growth engine for the Philippine economy in 2010.

"While personal consumption expenditures remained as the primary growth driver, we also saw investments providing a strong support to growth," Paderanga said.

He said private sector investment in construction and in machinery and equipment resulted in a robust 17% growth in gross domestic capital formation. This supported the healthy pace of growth in manufacturing and services.

"Consistent with the robust economic expansion, the labor market also significantly improved, as total employment increased by 2.8% and an estimated 983,000 employment was generated in 2010," he said.

"Over the next six years, we are looking forward to a sustained strong economic performance. This will be built on strengthened partnerships with the private sector as we shift to an investment-led growth," he added.

To further expand the economy and provide enough opportunities for a sustainable and inclusive growth, Paderanga said government efforts shall be directed toward an integrated infrastructure program.

"To this end, and given the significant improvements in governance, together with a renewed emphasis on effective delivery of social services, sustaining high levels of growth remains an important aspect in the goal of reducing poverty in the country," he said.

The government is targeting a 7%-8% GDP growth this year until 2016 to reduce poverty in the country.

INDUSTRY TRENDS

2010 electronics investments hit record high of US\$2.3B

The Semiconductor and Electronics Industries in the Philippines Inc. (SEIPI) reported that investments in the country's electronics industry hit a record-high of US\$2.3B in 2010, a 380-% growth over 2009's US\$484M.



Last year was also the seventh time the electronics industry recorded annual investments of over US\$1B, the other years being 2007, 2000, 1997, 1996, 1995, and 1994.

The investments last year were registered by 100 companies. Of these, 10 are expansions while the rest are new projects. Some 24,552 new direct jobs are expected to be generated by these projects.

SEIPI President Ernie B. Santiago said the industry aimed to double up exports in six years, from US\$22B in 2009 to US\$50B in 2016.

The industry is bullish for 2011 and expects that the electronics sector will continue to be the driver of growth of Philippine exports. It is targeting a 10-% growth this year.

PEZA eyes 'triple double' growth

The Philippine Economic Zone Authority (PEZA) expects exports to hit US\$247.1B for the period 2010-2014 and employment rising to 1.1M by 2014.

As part of the Department of Trade and Industry (DTI) Roadmap, PEZA Director-General Lilia B. De Lima said PEZA is eyeing for a 'triple double' growth or 10-% annual growth in investments, exports and employment until 2014.

"Our triple double growth is anchored on expansions and reinvestments of existing locators," De Lima said.

Earlier, PEZA said its investments for the five-year period are expected to reach P1.2T. De Lima said more than 60% of PEZA investments are expansions and reinvestments of PEZA locators.

PEZA 5-year projection	
Year	Exports (in US\$B)
2010	40.5
2011	44.5
2012	48.9
2013	53.9
2014	59.3
Year	Employment
2010	735,672
2011	809,239
2012	890,163
2013	979,179
2014	1,100,000

PHL seen to get energy efficiency investments of US\$790M

A recent study funded by the British Government showed the Philippines having the potential to take a huge chunk of energy efficiency investments worth at least US\$790M.

The study showed how energy efficiency could open doors to new investment opportunities in six Southeast Asian countries namely, Singapore, Viet Nam, Indonesia, Thailand, Malaysia, and the Philippines.

According to the study, the Philippines ranks third among six Southeast Asian nations as a possible investment destination for projects that bring down energy consumption while maintaining the same output. It also provides baseline information on the amount of business opportunities and identifies sectors that are expected to benefit the most from undertaking energy efficiency projects.

British Ambassador Stephen Lillie underscored the importance of energy efficiency, which is often seen as the neglected element in the low carbon economy.

The Philippines offers the shortest payback period in the industrial sector, with periods ranging from

1.5 to 3.5 years. In the commercial sector, the Philippines ranks second, with payback periods ranging from 4 to 9 years.

The study also showed that the hotel sub-sector offered the shortest payback period among all categories in the commercial sector, given its highly energy intensive nature. About 40% of a hotel's energy consumption goes towards heating water for showers, pools, and laundry operations. Investment towards new and cheaper ways of heating water such as solar panels, therefore, lead to significant cost savings.

The British Embassy launched the study with the special participation of the La Liga Policy Institute.

PHL presents PPP projects to Japanese businessmen

Department of Trade and Industry (DTI) Secretary Gregory L. Domingo, together with other members of the Philippine Economic Team, presented to Japanese businessmen the Private-Public Partnership (PPP) projects that the country has to offer for joint ventures during the Philippine Investment Seminar in Tokyo last February 2011.

During the seminar, the Japanese business community was presented with the investment environment and opportunities under the Aquino administration.

Other government officials who took part in the seminar were Department of Finance (DOF) Secretary Cesar V. Purisima; Department of Energy (DOE) Secretary Rene Almendras; Bangko Sentral ng Pilipinas (BSP) Deputy Governor Diwa C. Guinigundo; and Philippine Ambassador to Tokyo Manuel M. Lopez.

Modest growth for PHL shipping industry this year seen

Maersk Line, one of the world's largest container carriers, expects modest growth for the Philippine shipping industry this year.

"The key driver of growth remains private consumption. To maximize the country's growth potential, massive improvements must be done to road networks and ports," Maersk reported.

"In addition, the shipping industry will benefit from more market statistics being made available by port and customs authorities. Increased visibility for the

industry on new markets and emerging segments will create opportunities to hasten economic growth," Maersk added.

Businessmen push for competitive logistics

The Philippine Chamber of Commerce and Industry (PCCI) launched the Certified Philippine Logistics Master (CPLM) program, a strategic tool initiated by the private sector to enhance local companies and industries' productivity and competitiveness to sustain economic growth.



Developed by Filipino practitioners, the CPLM will upgrade logistics practices, provide continuing education, and strengthen the network of logistics practitioners in the country.

The course will explore the different components of supply chain management and logistics systems, from forecasting to product acquisition to transportation to delivery.

The program will also help firms improve their competitive edge and perform cost-efficient and environment-friendly initiatives through the implementation of green logistics.

Patterned after the Certified Logistics Master course in Japan and launched in localized versions in Thailand and Indonesia, CPLM shall be handled by known Filipino lecturers and practitioners in the industry.

The program offering shall start in mid-2011. The intensive course requires participants with supervisory and managerial levels.

The certification program is one of the objectives of the Japan External Trade Organization (JETRO) Expert Service Abroad for Improving Business Environment for Logistics Program.

PCCI launched the program in cooperation with the Supply Chain Management Association of the Philippines, the Federation of Forwarders Association in the Philippines, and other partners with assistance from JETRO.

PSE launches new trading system

The Philippine Stock Exchange (PSE) has already launched the PSEtrade for its trading system.

"It is with great pleasure and pride that we announce the successful rollout of PSEtrade, the new trading system that will allow the PSE, the country's sole stock exchange, to leapfrog into this decade," the PSE announced.

The platform replaced the legacy MakTrade system used since the 1990s. The PSE migrated to the NSC V900 trading platform of NYSE Technologies last July 2010.

PSEtrade is expected to enhance PSE's product range, trading performance, and volume capacity.

Investors trading on the PSE market will have direct access to a wider range of cash, debt, and derivative instruments from one single platform. The successful migration has allowed PSE to handle larger trading volumes and process trades 10 times faster than the previous system.

NEDA sees consumer spending to continue

The National Economic and Development Authority (NEDA) said the rising food, fuel, and transportation services are unlikely to dampen consumer spending, supporting economic growth this year.

"We hope the price increases will not be that sharp, and we still see the main source of consumption continuing. This will be the remittances," Socioeconomic Planning Cayetano W. Paderanga said.

Personal consumption expenditures (PCE) contribute about 70% to 80% to gross domestic product (GDP), which is the value of all final goods and services produced in a country.

Paderanga said the overseas Filipino workers' (OFW) remittances will lead to continuing demand, which will lead also to continuing growth in the sectors that have been growing in the past few years.

In the first 10 months of last year, the Bangko Sentral ng Pilipinas (BSP)

reported that OFW remittances grew by 7.9% to US\$15.5B.

In its Consumer Expectations Survey, the BSP said nationwide consumer confidence continued to improve for the second consecutive quarter. The sustained rise in consumer confidence was supported by the better-than-expected GDP growth for the first three quarters of last year.

In particular, buying intentions in both Metro Manila and areas outside Metro Manila for consumer durables and motor vehicles improved.

BSP added that 96.7% of OFWs used remittances for food, while 72.6% allocated their remittances for education, 61.1% for medical payments, and 49.8% for debt payments.

The percentage of OFW households that utilized their remittances to savings climbed to 43.7% from 43% in third quarter of 2010 and from only 7.2% percent in first quarter of 2007.

Telco industry seen to grow 6% this year

The Philippine telecommunication industry is projected to grow by 6% to US\$4.5B this year, the International Data Corp. (IDC) announced.

"Operators are continually moving to capture demand from mass markets, as well as the uncharted territories outside the big cities throughout the country," the IDC said.

IDC said fixed line operators are seen to make bigger concerted efforts to explore and exploit new revenue streams, adding that pricing of the Philippine mobile phone providers are expected to be more liberalized this year to compete with the social networking sites.

The international research firm said mobile operators will "blur lines" between intra and inter-network pricing. Inter-network are those made outside their networks, while intra-networks are within the same networks.

"In 2011, less exclusivity and more liberality will be the name of the game, with SPs [service providers] relaxing their competitive boundaries though call-all, text-all networks schemes," it said.

IDC said SPs will be more lenient with their pricing schemes on calls and texts due to promising revenues from data consumption brought about by the increasing popularity of smartphones and Web 2.0 applications such as Facebook and Twitter.

IDC added that the country's information technology (IT) spending is projected to reach US\$3.6B by end-2011.

The Philippines is also expected to post a 12-% compound annual growth rate (CAGR) from 2006 to 2014.

"The political stability and upbeat direction of the economy has fostered confidence among vendors to spend on marketing efforts," it said.

Consumers, on the other hand, are also expected to spend due to the continuous improvement of the economy and to some extent, the higher purchasing power of Filipinos, IDC added.

DA to firm up Halal food standards

The Department of Agriculture (DA) is finalizing the country's halal food standards to boost the competitiveness of Philippine agriculture and fisheries products in the US\$2.3-T halal world market.



DA Secretary Proceso J. Alcala said the huge and lucrative halal market would increase Philippine food exports and revitalize agri-fishery agribusiness enterprises.

Alcala said having a halal food standard would pave the way for world-class halal food production and processing enterprises that would create employment opportunities for Filipinos.

The three proposed standards include specific provisions for each food product group and issues on genetically modified organisms (GMOs).

The standards took into account the requirements set by regional and international bodies to ensure harmonization of the various provisions which are important in the recognition of the country's halal export.

When finalized, the three Philippine halal code of standards will be presented to the Association of Southeast Asian Nations (ASEAN) Technical Working Group on Halal Food and the World Halal Forum which will be held in April 2011 in Malaysia.

BOI eyes China as mart for medium, high-end garments

The Board of Investments (BOI) is now looking at China as a possible destination for the Philippines' medium and high-end garments.

"We are trying to develop other markets for our garments and we are looking at crafting a Chinese version of the Save Act in order to push for a mutually beneficial relationship between China and the Philippines," BOI Executive Director Lucita P. Reyes said.

"We want to use Chinese textile and produce the garments here but it all depends on the tariff of China," said Reyes, adding that they are now in the process of encouraging small companies to invest in textile in order to boost the industry.

"The Chinese are interested in branded products and that could be our niche because we cannot compete with them in terms of mass production but we can sell high-end products to them," she said.

TRADE AND INVESTMENTS

AUTOMOTIVE

Hyundai opens San Pablo branch
Hyundai Asia Resources, Inc. (HARI), the official distributor of Hyundai vehicles in the Philippines, opened a new branch in San Pablo City, Laguna to further invigorate the automotive industry in Southern Luzon.

Hyundai San Pablo is the fifth Hyundai branch in Region 4 and the 35th nationwide. The new showroom is expected to further shore up Hyundai's automotive business in the country.

HARI is set to expand its network by increasing its dealership locations to 44 this year.

Yokohama to invest up to P27B in expansion of Clark tire plant

Yokohama Rubber Co. Ltd. will invest P27B to increase its production capacity to 10M tires a year at its plant inside Clark Freeport zone. Yokohama has been producing 7M units since its operations in 1996.

The company said it plans to operate the area's first expanded portion in 2013 and make it fully operable in 2014.

Most of the tires to be produced are intended for export to North American markets. The new tenancy contract for 300,000sqm, gives Yokohama a total plant area of 460,000sqm., almost triple the size of its current area.

Chinese automaker to invest US\$8M in PHL assembly plant

Chinese auto manufacturer Great Wall Motor Co. Ltd. (GWM) will pour in US\$8M for the assembly of Chinese vehicles in the country, the Board of Investments (BOI) reported.

The assembly plant will be constructed in partnership with State Motor Corp.

GWM is China's first private automobile enterprise listed in the Hong Kong Stock Exchange. The company has 30 subsidiaries.

To date, there are already three Chinese auto manufacturers that are part of the country's Motor Vehicle Development Program (MVDP).

The three firms that registered as participants of the MVDP for 2010 are Jianghuai Automobile Co. Ltd. (JAC), GWM, and Chonging Astronautic Motorcycle Manufacturing Co. Ltd. (BASHAN).

JAC entered into a technical licensing agreement with JAC Automobile International Philippines Inc. for the supply of knocked down (KD) kits, KD parts and components for the assembly and manufacture of one-ton to three-ton light trucks.

BASHAN, on the other hand, has Rascal Motor Assembly Corp. as its local partner for motorcycles parts and components.

BASHAN has an annual capacity of 500,000 units with a market oriented to Argentina, Venezuela, Bolivia, Guatemala, Salvador, South Africa, among others.

AVIATION

Cebu Pacific allots US\$1B for expansion

Cebu Pacific (CEB) will invest over US\$1B for the purchase of additional 24 brand-new Airbus A320 aircraft over the next five years, CEB President and Chief Executive Officer (CEO) Lance Y. Gokongwei said.

Gokongwei pointed out that these additional aircraft will enable CEB to offer even more frequencies, routes and destinations, and even lower fares on more flights.

"More important, this will create another 2,000 jobs by 2014 for CEB alone," he said.

By the end of 2011, CEB will be operating a fleet of 37 aircraft, with an average age of less than two and a half years, ranking it among the most modern aircraft fleets in the world. Between 2012 and 2014, Cebu Pacific will take an additional 16 Airbus A320 aircraft.

CEB has already taken in three brand-new Airbus A320s in the last three months alone and will take the first of five additional A320s this year.

Singapore firm to build P1-B hangar in Clark

Aircraft maintenance, repair, and overhaul (MRO) firm SIA Engineering Co. will construct a second hangar costing around P1B inside the Diosdado Macapagal International Airport (DMIA) in the first quarter of this year.

"SIA Engineering will be building a bigger hangar to accommodate wide-bodied aircraft such as the Boeing 747 and 777," Clark International Airport Corp. (CIAC) President and Chief Executive Officer (CEO) Victor Jose Luciano said.

The second hangar is expected to generate 300 direct jobs and 200 indirect jobs in the 2,367-hectare Clark complex.

"We are just awaiting for the height clearance to be issued by the Civil Aviation Authority of the Philippines (CAAP)," Luciano said.

The new hangar is expected to be operational by end 2012.

Air Asia Philippines to fly in 5 Southeast Asian countries

Air Asia Philippines (AAP) plans to mount flights to five Southeast Asian countries plus China by September, according to the airline's executive.



"We're looking at Southeast Asian region plus China to be the first five or six hubs by September," AAP Vice-Chairman Michael L. Romero said.

Romero said the airline will fly to Singapore, Kuala Lumpur, Jakarta, Hongkong, Bangkok and China, adding that AAP will be using five brand-new Airbus A320 come September.

BANKING

Landbank inks remittance pact with Japan Post Bank

The Land Bank of the Philippines (LBP) continues to strengthen its overseas network with the recent remittance service tie-up with Japan Post Bank (JPB).

LBP and JPB launched the remittance tie-up which now allows Filipinos and other remitters from anywhere in Japan to send funds to the Philippines directly through 233 JPB branches and 7,500 Post Offices with international services.

All remittances received by JPB will be distributed by LBP in the Philippines, including funds for transfer to other local banks. Funds credited to LBP accounts may be withdrawn in any of the Bank's 326 branches, 913 automated teller machines (ATMs), and all other ATMs across the country.

RCBC to open 20 branches this year

Rizal Commercial Banking Corp. (RCBC) plans to aggressively expand its nationwide presence with the opening of 10 new branches and 10 other banking offices this year.



The bank opened 15 branches last year, five within the Metro Manila area and 10 outside the restricted zone or in areas outside Metro Manila.

It already holds five branch licenses as a result of the acquisition of the Pres. Jose P. Laurel Rural Bank in 2009. RCBC was awarded 15 branch licenses by the Bangko Sentral ng Pilipinas (BSP) as part of the incentives given to consolidations, mergers, or acquisitions.

It will apply for another five licenses with the BSP immediately after the completion of the earlier five branches.

BPO

IP Converge builds P105-M data center at Fort Bonifacio

IP Converge Data Center Inc., the information technology (IT) and telecom arm of IPVG Corporation, is building a P105-M Internet data center facility in Bonifacio Global City, Taguig.

The company signed a P105-M loan agreement with Banco De Oro (BDO) to finance the construction of the facility. Its main Internet data center in RCBC Plaza, Makati City is close to reaching full capacity with rising demand in premium data center space as business in the country continues to grow.

The new Bonifacio Global City data center will be a state-of-the-art "green" facility using the latest practices and technology that promote energy efficiency and conservation.

"By building a green data center, we can lessen our carbon footprint and contribute to a global cause," IP-Converge President Reynaldo R. Huergas said.

Accenture commits to expand PHL operations

Information technology (IT) firm Accenture gave assurance of its continuing commitment to growing its Philippine operations.

Visiting Accenture BPO Group Chief Executive Officer Michael J. Salvino said prospects for growth of the local BPO sector are huge.

"The BPO industry is going to be here for a long time. It is one sector that is not going to turn around and leave," Salvino said.

Accenture earlier announced that it is expanding its Philippine operations as it expects to hire 5,000 additional employees until August this year, bringing the total headcount to 25,000 and making it one of the country's biggest employers.

ELECTRONICS

Allegro gets tax perks for P2.6-B investment in PHL

The Board of Investments (BOI) has given tax breaks to American firm Allegro Microsystems Phils Inc. for its P2.6-B investment in the country.

Allegro is the subsidiary of Allegro Microsystems Inc. (AMI) of the United States. It is involved in the manufacturing of electronic components and sub-assemblies.

The P2.6-B investment is for the expansion of its existing operations here. This project will require a capital outlay of about P400M for buildings and about P2B in the form of machineries and equipment.

At full capacity, the investment is expected to generate additional employment for 1,113 workers. Commercial operation for the expansion is projected to start in June 2011.

ENERGY

Malampaya group mulls \$1-B expansion

The consortium led by Shell Philippines Exploration B.V. (Spex) operating the US\$4.5-B Malampaya deep water gas-to-power project in Palawan is planning to invest an additional US\$1B to extract more gas in the exploration field.

Department of Energy (DOE) Undersecretary Jay Layug said the group is eyeing more production from the Malampaya field of as much as the equivalent of 300 megawatts (MW).

The Malampaya project under Service Contract 38 in Northwest Palawan currently fuels three natural gas-fired power plants in Batangas: the Sta. Rita, San Lorenzo, and Ilijan facilities with total capacity of 2,700MW. The gas field is earlier believed to have a reserve of around 3,000MW.

Layug said the Malampaya consortium, composed of Spex (45%), Chevron (45%) and Philippine National Oil Company-Exploration Corp. (PNOC-EC) (10%), expects to commence the second phase of the extensive drilling activities in the area within the year.

Green Future to build P6-B bioethanol plant

Green Future Innovations Inc. (GFII) will build a P6-B bioethanol plant in Isabela that will produce 54M liters and generate 19 megawatts (MW) annually starting 2012.

GFII President Reynaldo P. Bantug said the mega project aims to contribute to the domestic supply of green energy pursuant to the Biofuels and Renewable Energy Laws.

"Right now, we import our fuel needs and foreign exchange goes to the rich Middle Eastern nations. This project will grow biofuel in the field," Bantug said.

The bioethanol plant in San Mariano, Isabela, is the brainchild of GFII, a newly-formed venture among Japan's Itochu Corporation and JGC Corporation, the Philippine Bioethanol and Energy Investments Corporation (PBEIC), and Taiwanese holding company GCO.

SunConnex allots over US\$100M for solar projects

SunConnex, a solar power developer based in the Netherlands, is planning to invest more than US\$100M for solar power projects in the Philippines.

SunConnex Business Development Manager Jos Schlangen said the company will build solar wind plants with as much as 50-megawatt (MW) capacity.

The firm plans to initially start with smaller projects with 10-MW capacity then go big with a 50-MW capacity project in the future.

Schlangen said they are now in the process of closing contracts with some potential partners.

Korean firm to invest US\$160M in 2 solar power plants

Youil Ensys, one of South Korea's largest renewable and engineering power firms, is keen on investing some US\$160M into the country's solar power industry.

Youil Chief Executive Officer Scott Kim said its local office, Youil Renewable Energy Corp., will put up two solar farm facilities in Negros and Bohol.

He said they plan to construct a 30-megawatt (MW) solar power facility in a 70-ha. land in Negros with a project cost of about US\$120M.

Another 10MW is also being eyed by the company in Bohol with an estimated cost of US\$40M.

Kim said they expect to put up these plants within six months after securing all necessary approvals.

Shell, Petron bag P3-B fuel supply contracts with PSALM

Pilipinas Shell Petroleum Corp. and Petron Corp. bagged P3B worth of fuel supply contracts with state-run Power Sector Assets and Liabilities Management Corp. (PSALM).



The contracts cover this year's oil-based fuel requirements of independent power producer plants and barges being managed by the National Power Corporation (Napocor).

PSALM is an entity created under the Electric Power Industry Reform Act of 2001 which handles the finances of Napocor.

Palawan hosts palm oil plantation, processing plant

Singaporean-Filipino-Malaysian investors will put up palm oil plantation and processing plant in Palawan for a total P649M to serve the local and export market.

Palawan Palm and Vegetable Oil Mills Inc. and its sister company Agumil Philippines Inc. (API) have registered their respective projects with the Board of Investments (BOI).

Palawan Palm has undertaken the first phase development of 950 has. out of the total 3,650 ha.-leased farm lands in the southern part of Palawan at a cost of P217.3M.

Its sister company, API, which will serve as the processor of the crude palm oil and exporter to China, Singapore, and Malaysia, is also investing P431.8M for a processing facility to be established also in Palawan.

The first phase of Palawan Palm project has been planted in 2007 to 2009 and is due for harvest in June this year marking the actual start of the company's operation. The first phase has an estimated production of 23,750 metric tons (MT) of oil palm fruits per year. At full capacity, the project will employ 406 farm personnel.

PHL-Japan group mulls US\$150-M solar project

Filipino-Japanese joint venture firm Eco-Merge Philippines Inc. plans to invest about US\$150M over the next three years for the construction of 41 megawatts (MW) of solar projects all over the country.

Eco-Merge President Edgar Morada said they would initially put up an 11-MW solar farm in a 22-ha. property in Pili, Camarines Sur within the year.

"This is one of the first projects we're planning to undertake. After that, we will be eyeing other solar farms in the Visayas and Mindanao," he said.

Morada said they would spend around US\$40M for the 11-MW project which would be completed before year-end.

SWPGI to invest US\$125M in RE project

Subic Wind Power Generation Inc. (SWPGI) will invest US\$125M for the expansion of their renewable energy project in the Freeport, the Subic Bay Metropolitan Authority (SBMA) said.

SBMA Chairman Feliciano G. Salonga said the SMBA has recently approved the request of SWPGI to expand its business and include the establishment and operation of a solar energy project on top of its original proposal to establish and operate a wind farm.

SWPGI, a subsidiary of the China-based Sunnew Investments Ltd., had committed US\$75M last year for the establishment of a 25-wind turbine farm that would generate some 50 megawatts (MW) of power.

Flying V expands network

Independent oil player Flying V plans to end the year with 387 stations nationwide.

Supporting its widening distribution network are 235 stations which are currently operational, 66 stations being constructed, and 86 stations already in the pipeline.

The company will strengthen its logistical infrastructure by increasing its existing depots/terminals from nine to 11 strategically located in the country.

In tandem with the expansion of its retail network, Flying V is also expanding its Corporate Social Responsibility (CSR) programs through its foundation, the Academe Foundation Inc.

Since its inception in 1999, the Academe Foundation has granted more than 1,200 scholarships to underprivileged children nationwide from grade school to college.

Otto Energy to start Leyte drilling

Australia-based oil exploration firm Otto Energy Ltd. said it will soon start drilling in Service Contract 51 in Northwest Leyte.

Otto Managing Director Paul Moore said subsidiary NorAsian Energy Phils. Inc. had already commissioned Desco Inc. to deploy a land rig to be used for the exploration drilling.

SC 51 comprises two areas namely, onshore Leyte in the north and the islands of Cebu and Bohol in the south.

FOOD

Domino's Pizza returns with Goldilocks as partner

American pizza delivery chain operator Domino's Pizza Inc. opened its first of eight stores in the Philippines after a two-year hiatus, with new business partner Goldilocks Bake Shop Inc.

Domino's Pizza President and Chief Executive Officer (CEO) Tong Hong said Goldilocks owns 30% of the company, called 3030 DPP Ventures Inc., while he owns 15%.

The rest is majority-owned by an investor based in South Korea.

HEALTH AND WELLNESS

Century Properties to put up US\$100-M medical building

Century Properties Inc. is set to break ground on a US\$100-M outpatient medical-information technology building in Makati in partnership with General Electric Co. (GE) unit GE Healthcare.



Century Properties said the project, which will rise within the 3.4-ha. Century City along Kalayaan Avenue in Makati City, is expected to generate 3,000 jobs during its construction and 5,000 jobs upon the start of operations.

The project, slated to be operational in the latter part of 2013 or early 2014, is envisioned to provide a platform where the Philippines can compete with its Asian neighbors in the competitive sunshine industry of medical tourism, which registered US\$2B in revenues last year.

Splash allots P426M for plant expansion

Splash Corporation is setting aside some P426-M fund for the expansion of its manufacturing plants nationwide.

"We approved the 2011 capital expenditure (capex) for the expansion of plant capacity, improvement of facilities, and enhancement of management information systems for international and direct selling operations," the firm's Board of Directors announced.

INFRASTRUCTURE

MPIC submits MRT 3 expansion plan

Metro Pacific Investments Corp. (MPIC) is ready to pour in US\$300M to US\$700M for the expansion and improvement of the Metro Rail Transit (MRT) 3 system.

“This is just a desktop analysis of what we can do for MRT 3 for the rolling stock, signalling systems, refurbishments of the platforms, adding more cars, general refurbishments of the tracks,” said MPIC Chairman Manuel V. Pangilinan.

Pangilinan also pointed out that if cars are added to the system, it will need enlarging the platforms, improving the signage and the lightings, and adding more escalators to make it more convenient to the passengers.

Maynilad mulls P2.5-B expansion of Putatan water treatment plant
Maynilad Water Services, Inc. (Maynilad) is set to invest additional P2.5B to increase the capacity of its Putatan water treatment plant.



Maynilad Chairman Manuel V. Pangilinan said they have invested P1.4B in the plant which has an initial capacity of 100 million liters per day (MLD) servicing 1.2M customers.

Pangilinan said the company is willing to invest another P2.5B to expand the facility’s capability to 300 MLD.

Maynilad’s Putatan treatment plant is the first water treatment facility that taps into Laguna Lake as an alternative to Angat Dam.

LOGISTICS

TNT Express embarks on re-fleeting program

TNT Express Philippines is investing P10M in a re-fleeting program this year that will involve the acquisition of bigger and more modern trucks to beef up its existing fleet.

Allan Ancheta, TNT Express Philippines Country Operations Director, said the project is aimed at increasing the capacity and volume of the fleet to meet the growing demand of manufacturers and heavy shippers.

TNT has purchased 10 new vehicles composed of four, six, and 10-wheeler wing vans and trucks that will be deployed in the Laguna and Cavite export processing zone areas as well as in the Clark and Subic Bay Freeports in Northern Luzon.

Syngenta puts up US\$8-M seed plant

Syngenta Philippines has invested US\$8M in a new seed processing plant in Binalonan, Pangasinan.

The new facility can process 2,000 tons of hybrid corn seeds per year. It is equipped with world-class processing technology, such as fully automated seed conditioning, shelling, sorting, drying and quality control capabilities.

The state-of-the-art capabilities of the Syngenta plant will guarantee the preservation of seed viability and will prolong the shelf life of seeds.

The new plant employs 150 workers from Binalonan and nearby towns.

P216-M coconut center now open in Aurora Province

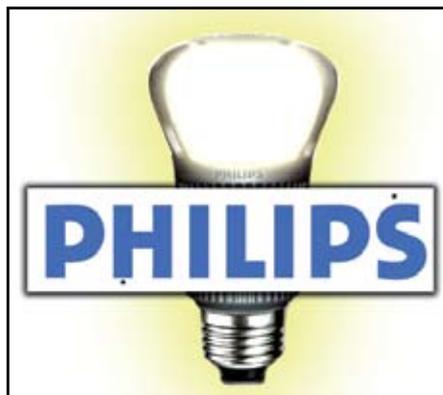
The Philippine Coconut Authority (PCA) has inaugurated recently the P216-M Aurora Province Coconut Development Center (APCDC) located at a 133-ha. public land in the Municipality of Dinalungan, Aurora Province.

APCDC is a collaborative venture between the PCA, the Department of Environment and Natural Resources (DENR), and the local governments of Aurora and Dinalungan.

MANUFACTURING

Philips more bullish on PHL business in 2011

Philips Philippines said they are more bullish this year as it enhanced campaigns for its three main sectors namely, lighting, consumer lifestyle and healthcare.



“It’s a higher double-digit growth this year than last year,” Philips Electronics Philippines Chief Executive Officer (CEO) Rico Gonzales said.

Gonzales said investors are eyeing the Philippines because the Aquino administration has boosted their confidence.

MINING

Holcim reopens Calaca cement plant

Holcim Philippines Inc. has reopened its facility in Calaca, Batangas to take advantage of the surge in demand for new buildings and infrastructure in Metro Luzon.

Holcim Senior Vice-President for Commercial Operations

Ed Sahagun said the company spent about P63M to restore the terminal and install modern operating systems and equipment such as filters to reduce dust emissions.

Sahagun said the Metro Luzon cement market, which includes the National Capital Region (NCR) and Southern Tagalog, is poised to grow further this year, driven by both private and public construction spending.

MRC enters mining project in Davao

MRC Allied, Inc. has entered into an agreement for the exploration and development of a gold and copper project in Davao City.

The firm said it had entered into a Mining Operations Agreement with Pensons Mining Corp., which owns the rights to the 8,475-ha. Paquibato Mines.

“The agreement for the exploration and development of the Paquibato Mines was executed for a consideration of about P620M,” the firm said.

POLICY

BOI to create special incentives plan for electric, hybrid vehicles

The Board of Investments (BOI) is coming up with a special incentives program for electric vehicles and other hybrid motor vehicles in response to foreign firms’ interest in putting up manufacturing and assembly operations of these environment-friendly vehicles in the country to serve both the local and export markets.

BOI Executive Director Efren V. Leaño said a Chinese firm, one of China's biggest e-vehicle manufacturers, is keen on putting up assembly operations here for e-vehicles.

Another US company with Filipino partner is also looking at the same e-vehicles manufacturing operations in the country.

"We are considering special incentives to entice companies to put up operations here and eventually the use of electric vehicles in the country. It should be a special program for e-vehicles and hybrid," Leaño said.

BSP okays stricter rules on pawnshops

The Bangko Sentral ng Pilipinas (BSP) has put in place additional safeguards on pawnshop operations to further protect the public.



The Monetary Board (MB), in Resolution No. 25 dated 06 January 2011, has approved amendments on the Manual of Regulations for Non-bank Financial Institutions-Pawnshops.

Pawnshop officials are now required to attend briefing on pawnshop regulations conducted by the central bank or BSP-accredited service provider and seminars on Anti-Money Laundering Act (AMLA).

Aside from not being in the BSP watchlist and have not been sentenced by any court for robbery, estafa, and extortion, among others, with a maximum imprisonment of more than six years, pawnshop owner, partner, director, president and manager or officer-in-charge are now required to submit a clearance from the National Bureau of Investigation (NBI).

The BSP now also requires pawnshops to tap "reputable" and Insurance Commission-accredited

insurance or surety companies or put in "equivalent self-insurance mechanism acceptable to BSP" to ensure the safety of assets under its care.

It also requires pawnshops to have at least a manager or officer-in-charge who has attended the briefing on pawnshop regulations and AMLA seminar to be present in the head office or every branch during business days.

POWER

Koreans eye another coal-fired power plant

Korea Southern Power Co. (Kospo), a sister company of Korea Electric Power Corp. (Kepeco), which operates a coal-fired power plant in Naga City in southern Cebu, wants to put up another coal-fired power plant in the city.

Korean investors were reportedly looking for a site for the plant, and the provincial government showed them the Balili property in Tinaan, Naga, which Capitol bought for P99M.

Meralco to put up aero jet-fueled plant in Calamba

Power distributor Manila Electric Co. (Meralco) will construct a 120- to 150-megawatt (MW) combined-cycle aero jet-fueled power plant in Calamba City, Laguna this year.

The power facility will entail investments of US\$150M, **Meralco President and CEO Manuel V. Pangilinan** said.

Pangilinan said the new facility will run as a peaking plant, when the power distribution firms need power during peak hours.

He said Meralco will put up the plant, which can be run and shut down quickly, without a partner. The plant is expected to run on natural gas, jet fuel and diesel.

STEAG partners to pursue coal expansion this year

STEAG State Power Inc., operator of a 232-megawatt (MW) coal plant at the Phividec Industrial Estate in Villanueva, Misamis Oriental, plans to start the plant's expansion in the latter part of the year.

Aboitiz Power Corp., Evonik Steag GmbH of Essen, Germany, and La Filipina Uy Gongco Corp., partners in the Phividec coal plant, announced last year that they planned to construct a third unit

with a capacity of 150MW adjacent to the existing facility.

The group is most likely to spend about US\$600M for the expansion, which is expected to be completed in 2013.

Cepalco to put up 30-megawatt plant

Cagayan de Oro Electric Power Light Co. Inc. (Cepalco) is planning to put up a 30-megawatt (MW) solar power project in Mindanao.

Cepalco President Ramon Abaya said they will initially build a 10-MW facility and expand this by another 10MW in the near term.

"We have 40 hectares to host this 20-MW (facility) in the next one and a half years. If there would be a definite feed-in tariff (FIT), we may increase this to 30MW in the next three years," Abaya said.

He said they would be doing the first phase of the solar project on their own and for the larger capacity, they may tap partners in the succeeding phases.

Hedcor to put up 3 mini power plants

Hedcor, Inc., a subsidiary of Aboitiz Power Corporation, plans to put up three mini-power plants in Davao del Norte, Compostela Valley Province, and Bukidnon.

Hedcor President and Chief Operating Officer Rene B. Ronquillo said they estimate to generate 10 to 15 megawatts (MW) in Talaingod, about 20MW in Kitaotao, and 30MW in New Bataan.

REAL ESTATE

FLI to launch P13B worth of projects in 2011

Filinvest Land, Inc. (FLI) will launch 17 real estate projects amounting to P13B this year.

The new projects will add up to the property developer's 24 ongoing construction activities.

Targeted launches for 2011 include four new socialized housing projects, six new affordable housing projects and two new mid-rise building (MRB) projects, equivalent to over 14,000 units, almost double the close to 7,300 units launched in 2010.

Sta Lucia unit sets P11-B capex

Sta Lucia Land has set a capital expenditure program of P11B over a five-year period to bankroll new residential, office and commercial projects.

Sta. Lucia expects 2011 to be a banner year with sales seen to rise over 3,600 units.

Slated for construction this year are the Sta. Lucia Towers (located beside the Sta. Lucia mall along Marcos Highway), business process outsourcing offices, and tourism-related projects. The first two of the five-building Sta. Lucia Towers will begin construction in the first quarter this year.

MAJOR PROJECTS

Maynilad allots P79B for sewerage project

Maynilad Water Services, Inc. (Maynilad) has set its capital expenditures (capex) to nearly P79B for sewerage and sanitation projects until 2037.

Maynilad Head of Sewerage and Sanitation Antonio F. Garcia said the concessionaire needs to put up treatment facilities that have a combined capacity of around 1.6M cubic liters per day to hit 100% sewerage coverage.

The water utility is already constructing five wastewater treatment plants in Quezon City.

Maynilad's water supply concession covers the cities of Manila, Quezon, Makati, Caloocan, Pasay, Parañaque, Las Piñas, Muntinlupa, Valenzuela, Navotas, and Malabon in Metro Manila, and the municipalities of Bacoor, Imus, Kawit, Noveleta and Rosario in Cavite.

Camiguin establishes P25-M farm-to-market roads

The local government of Camiguin will establish 14 farm-to-market road (FMR) projects this year worth more than P25M to help farmers increase their productivity and income.

The provincial government provided road access and already identified 14 sites for the FMR projects, of which four have already started. Jang-Tacangon, San Miguin, Butay, and Bura are the four biggest FMR projects.

COMPANY NOTES

Chemrez ventures into chemical exports

Chemrez Technologies Inc. will spend P368.7M for the establishment of facility for the production of oleochemical specialities and derivatives for the export market.

The project has been approved by the Board of Investments (BOI) with incentives. The company will export at least 50% of its production particularly to the USA, Middle East, Australia, and various Asian countries.

RLC expanding gohotels.ph chain

Robinsons Land Corporation's (RLC) budget hotel chain gohotels.ph is now expanding and will be opening sites in Palawan, Tacloban, Dumaguete, Bacolod, and Cebu.

gohotels.ph General Manager Elizabeth D. Gregorio said the company also started accepting franchisees to speed up its growth.

PLDT to focus on mobile broadband this year

The Philippine Long Distance Telephone Co. (PLDT) said it is cashing in on the mobile broadband services to squeeze more revenues from its subscribers.

"Mobile broadband is one of the growth segments that we are really focusing on. The penetration rate is still lower that would provide an additional growth for us,"

PLDT President and Chief Executive Officer (CEO) Napoleon Nazareno said.

TELUS earns ISO 20000 certification

Telus International Philippines was given the International Organization for Standardization (ISO) 20000 certificate and expects its information technology (IT) operation business to grow 50% this year.

ISO 20000 distinguishes companies with best practices in IT-based management and services after a rigorous assessment process.

Res/Toe/Run to expand

Res/Toe/Run, a company under Primer Group of Companies, is set to unveil bolder aggressive

expansion plans to surpass last year's revenues.

Res/Toe/Run Brand Manager

Joy Austria said the company is optimistic that it would maintain its productive year. The company currently has 14 stores nationwide and is planning to expand in the provinces.

HBC to open 30 new stores

Home of Beauty Exclusives, Inc. (HBC) is eyeing P1.7-B revenues with the opening of as many as 30 new stores this year.



The company will also launch its online shopping service and increase the number of roving vans to facilitate sales locally and abroad.

"We are targeting 10 new company-owned and 20 franchised stores mostly in the provinces. We now have five applicants for franchising," said **HBC President and Chief Operating Officer Noel P. Manucom**.

PCCI inks MOU to enhance IPR in Mindanao

The Philippine Chamber of Commerce and Industry (PCCI) has signed a memorandum of understanding (MOU) with the Intellectual Property Office of the Philippines (IPPhil) to enhance the promotion of intellectual property rights (IPR) in Mindanao.

Another MOU has been signed by IPPhil together with the Northern Mindanao Consortium for Industry and Energy, Research and Development (NorMinCIERD) which will promote the use of the Intellectual Property System among its members and other members of the scientific community. A Patent Drafting Seminar for faculty members, scientists, and researchers was also held last month.

ASEAN WATCH

Government to intensify trade relationships

The Philippines will intensify trade relationships with existing and new emerging trade partners including the BRIC (Brazil, Russia, India, and China) economies.

Department of Trade and Industry (DTI) Undersecretary Adrian S. Cristobal, Jr. said this is part of the Department's strategic thrusts to help propel the country's exports to the world.

"We will pursue trade agreements with largest markets EU and US on phased negotiations while we intensify trade relationships with the BRIC economies," Cristobal said.

He noted that for the period 2011 to 2015, the government targets exports of products and services to grow at 13% annually.

Cristobal also noted the increasing significance of the Association of Southeast Asian Nations (ASEAN) and European Union (EU) as regional country destinations.

In terms of investments, Cristobal said an FTA deal with EU is an excellent opportunity for tourism, business process outsourcing (BPO), mining, and renewable energy.

The Partnership Cooperation Agreement (PCA) between the EU and the Philippines was signed in Brussels last year. The PCA is expected to pave the way for the start of negotiations for a bilateral FTA between the two parties.

On the Trans-Pacific Partnership (TPP), the Philippines earlier said it will seek some flexibilities in the TPP, which sets high level of standards and trade liberalization, if it decides to join the trade bloc.

The TPP partners account for around US\$21B in total trade for the Philippines and around US\$10B worth of its exports.

The Philippines has made it a policy to be a part in a trade deal where its major trading partners are also members. The TPP would be the first trans-Pacific FTA.

East Asia propels quick export recovery for PHL

The National Statistics Office's (NSO) latest export trade report showed sustained shift in the destination of local goods from the traditional markets in the United States (US) and Europe to the dynamic economies in East Asia.

China and its autonomous province of Hong Kong had emerged as the top destination of Philippine goods, accounting for more than 25.6% of the total value of goods shipped out of the country. Japan is the second main destination with 16.2% of exports.

The Philippine merchandise exports receipt to East Asia reached US\$2B in November last year from US\$1.3B.

Another 19.6% of goods found their way to members of the Association of Southeast Asian Nations (ASEAN) economic bloc.

East Asian export destinations

- China
- Hong Kong
- Japan
- Macau
- Mongolia
- North Korea
- South Korea
- Taiwan

ASEAN trade link technology framework complete

Four stock markets of the Association of Southeast Asian Nations (ASEAN) announced that the design study of the technology framework for the ASEAN Trading Link has been completed and will soon be bidding out the supply contract for the infrastructure.

The ASEAN Trading Link aims to electronically interconnect the participating markets and facilitate cross border order trading seamlessly.

"In the simplest terms, the idea is that if a retail investor here in Manila wants to buy a stock in Malaysia, all they need to do is plug in the computer or talk to their broker locally and that deal will push through with our system using the link," PSE President Hans Sicat said.

The project was spearheaded by the Philippine Stock Exchange,

Inc. (PSE); Bursa Malaysia (BM); Singapore Exchange (SGX); and the Stock Exchange of Thailand (SET), working together with New York Stock Exchange (NYSE) Technologies.

PSE will join the system by early next year to be followed by Indonesia and Viet Nam.

ON THE CALENDAR

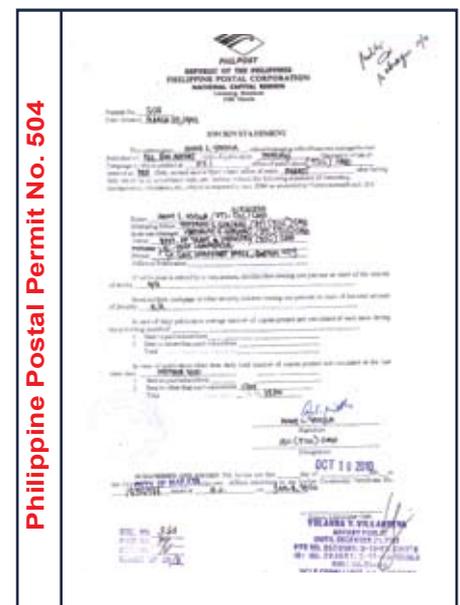
Manila Fame International 2011

Manila F.A.M.E International, Asia's best design destination, will be held on 16-19 April 2011 at the SMX Convention Center at the Mall of Asia Complex in Pasay City.

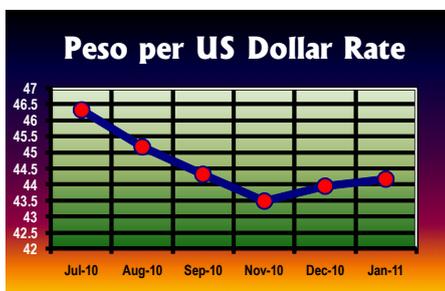
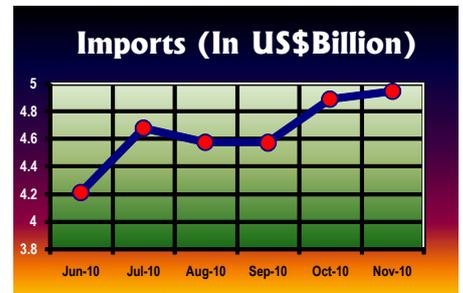
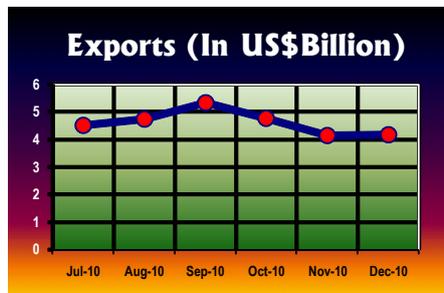
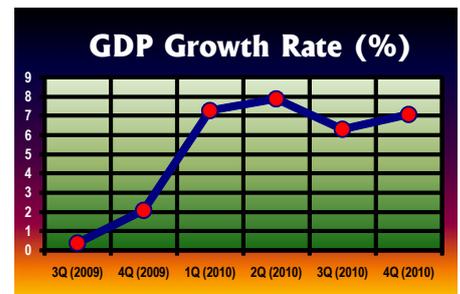
Manila F.A.M.E International is the second longest-running trade platform for home and fashion lifestyle products in the Asia Pacific and the only Union des Foires Internationales (UFI)-recognized trade fair in the Philippines.

Bio Search 2011

Bio Search, Philippines' most exciting marketplace and the leading national source of information on the latest ideas, product technologies, government policies, and breaking news on the health and wellness industries, will be held on 16-19 April 2011 at the World Trade Center Metro Manila.



Economic Indicators



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