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of Commerce Abroad*

*Technical Report*

# **INVESTMENT CLIMATE IMPROVEMENT PROJECT (ICIP) Final Report for March 2006-February 2007**

**Appendix 9: Workshop on Foreign Direct Investment, October 5, 2006**

**by John D. Forbes and Richard Umali**

**Prepared for**

**The American Chamber of Commerce  
of the Philippines**

**Submitted for review to**

**USAID/Philippines OEDG**

**May 2007**



**Economic Modernization through Efficient Reforms and Governance Enhancement (EMERGE)  
Unit 2003, 139 Corporate Center, 139 Valero St., Salcedo Village, Makati City 1227, Philippines  
Tel. No. (632) 752 0881 Fax No. (632) 752 2225**

# Preface

This report is the result of technical assistance provided by the Economic Modernization through Efficient Reforms and Governance Enhancement (EMERGE) Activity, under contract with the CARANA Corporation, Nathan Associates Inc. and The Peoples Group (TRG) to the United States Agency for International Development, Manila, Philippines (USAID/Philippines) (Contract No. AFP-I-00-03-00020-00 Delivery Order 800). The EMERGE Activity is intended to contribute towards the Government of the Republic of the Philippines (GRP) Medium Term Philippine Development Plan (MTPDP) and USAID/Philippines' Strategic Objective 2, "Investment Climate Less Constrained by Corruption and Poor Governance." The purpose of the activity is to provide technical assistance to support economic policy reforms that will cause sustainable economic growth and enhance the competitiveness of the Philippine economy by augmenting the efforts of Philippine pro-reform partners and stakeholders.

The American Chamber of Commerce in the Philippines (AmCham) submitted an unsolicited proposal to EMERGE on January 25, 2006, for a grant to set up a mechanism to identify and communicate to the Philippine Government activities that will generate additional investments and jobs in the country. It was called the Investment Climate Improvement Project (ICIP), and the key actors were Mr. Robert M. Sears, AmCham Executive Director, Mr. John D. Forbes, AmCham Legislative Committee Chairman, and Mr. Robert W. Blume, AmCham Desk Officer at the Philippine Board of Investments (BOI). Mr. Richard Umali was added to the team as a Project Assistant. EMERGE subsequently hired Mr. Arlan Z. I. Brucal to help AmCham edit this and draft other summary reports.

Because of their cumulative size, most of the appendices to this report are published in separate volumes:

Appendix 7: Workshop on Anti-Red Tape & Corruption, August 23, 2006;  
Appendix 9: Workshop on Foreign Direct Investment, October 5, 2006;  
Appendix 10: Workshop on Infrastructure, February 2, 2007;  
Appendices 16-42: Economic Law & Policy-related Letters;  
Appendices 43-56: Economic Law & Policy-related Statements; and  
Selected Press Clippings

The Workshop on Foreign Direct Investment documented in this appendix was sponsored by the Joint Foreign Chambers (JFC) of the Philippines at the instigation of AmCham ICIP.

The views expressed and opinions contained in this publication are those of the authors and are not necessarily those of USAID, the GRP, EMERGE or the latter's parent organizations.



Joint Foreign Chambers of Commerce of the Philippines

## WORKSHOP ON FOREIGN DIRECT INVESTMENT (FDI)

How the Philippines can attract

**\$3 billion a year**

# WORKSHOP ON FOREIGN DIRECT INVESTMENT (FDI)

To prepare recommendations on

## HOW THE PHILIPPINES CAN ATTRACT \$3 BILLION A YEAR

October 5, 2006, Hotel InterContinental, Makati City

### PROGRAM

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#### 07:15 - Registration and Buffet Breakfast

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#### 08:15 - Workshop Opening

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Master of Ceremonies

**Robert M. Sears**

Executive Director

American Chamber of Commerce

#### Welcome Statements

**Henry T. Co**

Vice President

American Chamber of Commerce

**Seiichi Fukami**

Vice President

Japanese Chamber of Commerce & Industry

**Tertius Vermeulen**

President

European Chamber of Commerce

**Edgar O. Chua**

Chairman

Pilipinas Shell Petroleum Corporation

**Hon. Atty. Lilia B. de Lima**

Director General

Philippine Economic Zone Authority

#### 08:30 - Panel Discussion 1 - Global and Regional FDI Trends

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Moderator

**David Celdran**

Anchor, ABS-CBN News Channel

#### FDI Trends in Southeast Asia

**Dr. Roberto F. de Ocampo**

Chairman, Board of Advisers

AIM-RFO Center for Public Finance and  
Regional Economic Cooperation

#### Perspective of The World Bank

**Joachim von Amsberg**

Country Director, Philippines

#### Perspective of the Asian Development Bank

**Thomas Crouch**

Country Director, Philippines

#### Trends in International Rankings of the Philippines

**John D. Forbes**

Senior Advisor

AmCham Investment Climate Improvement Project

#### 09:15 - Panel Discussion 2 - FDI in the Philippines: Past, Present and Future

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Moderator

**David Celdran**

Anchor, ABS-CBN News Channel

#### How Much FDI for the Philippines? Hard Numbers

**Gregory L. Domingo**

Director

SM Investments Corporation

former Board of Investments Undersecretary

#### Constitutional and Legal Restrictions on FDI

**Dr. Bernardo M. Villegas**

University Professor and Senior Vice President

University of Asia and the Pacific

#### Energy, Power and Biofuels

**J. V. Emmanuel A. de Dios**

Managing Director

Merritt Partners

#### Infrastructure: Subic-Batangas Transport Corridor

**Joel C. Valdes**

President and CEO

Ernst & Young Transaction Advisory Services

### **Health Care/Retirement and Tourism**

#### **Henry J. Schumacher**

Executive Vice President  
European Chamber of Commerce

### **IT/ITES**

#### **Christopher P. Beshouri**

President and CEO  
McKinsey and Co. Philippines

### **Manufacturing**

#### **Arthur R. Tan**

President  
Semiconductor and Electronics Industries in the Phils.  
President and CEO  
Integrated Microelectronics, Inc.

### **Mining**

#### **Tony W. Robbins**

President  
Philippine Mineral Exploration Association  
Managing Director  
Indophil Resources NL

#### **J. V. Emmanuel A. de Dios**

Managing Director  
Merritt Advisory Partners

#### **Hank Tomlinson**

President  
Chevron Malampaya LLC

Staff coordinator - Lily Balomaga

### **C. Infrastructure: Subic-Batangas Transport Corridor**

Facilitators

#### **Enrico L. Basilio**

Senior Economist  
University of Asia and the Pacific

#### **Ben Eijbergen**

Infrastructure Sector Coordinator  
The World Bank

#### **Joel C. Valdes**

President and CEO  
Ernst & Young Transaction Advisory Services

Staff coordinator - Bellie Soliman-Ong

### **D. Health Care/Retirement and Tourism**

Facilitators

#### **Narzalina Z. Lim**

President  
Asia Pacific Projects  
former Secretary of Tourism

#### **Ernesto M. Ordoñez**

President  
Philippine Retirement, Inc.  
former Undersecretary of Trade and Industry

#### **Henry J. Schumacher**

Executive Vice President  
European Chamber of Commerce

Staff coordinator - Candy Angeles

## **10:30 - Breakout Sessions**

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### **A. Constitutional and Legal Restrictions on FDI**

Facilitators

#### **Dr. Michael Clancy**

President and CEO  
Philippine Business Leaders Forum

#### **Peter N. Tan**

President  
Hambrecht & Quist Philippines

#### **Dr. Bernardo M. Villegas**

University Professor and Senior Vice President  
University of Asia and the Pacific

Staff coordinator - Loit Batac

### **B. Energy, Power and Biofuels**

Facilitators

#### **Daniel E. Chalmers**

President  
GNPower Limited  
Co-Chairman  
AmCham Energy Committee

## **E. IT/ITES**

Facilitators

### **Gigo Alampay**

Consultant  
CICT Roadmap

### **Christopher P. Beshouri**

President and CEO  
McKinsey and Co. Philippines

### **Frank Holz**

CEO  
Outsource2Philippines  
Co-Chairman  
AmCham ICT Committee

### **Virgilio L. Peña**

Former Chair  
Comm. on Information & Communication Technology

Staff coordinator - Linnie Buyco

## **F. Manufacturing**

Facilitators

### **Henry T. Co**

President  
Ford Group Philippines  
Vice President  
American Chamber of Commerce

### **Ernesto B. Santiago**

Executive Director  
Semiconductor and Electronics Industries in the Phils.

### **Arthur R. Tan**

President  
Semiconductor and Electronic Industries in the Phils.  
President and CEO  
Integrated Microelectronics, Inc.

### **Florina A. Vistal**

Vice President, Corporate & Government Affairs  
Ford Group Philippines

Staff coordinator - Mara Garcia

## **G. Mining**

Facilitators

### **Tony W. Robbins**

President  
Philippine Mineral Exploration Association  
Managing Director  
Indophil Resources NL

### **Peter L. Wallace**

President  
Wallace Business Forum

Staff coordinator - Ray Frando

## **12:30 - Lunch - Keynote Speech**

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Master of Ceremonies

### **Stewart Hall**

President  
Canadian Chamber of Commerce

## **Philippine National Anthem**

## **Introduction of Keynote Speaker**

### **Hon. Kristie A. Kenney**

Ambassador  
United States of America

## **Keynote Speech**

### **Former President Fidel V. Ramos**

Chairman  
Ramos Peace and Development Foundation

## **Open Forum**

### **Richard Barclay**

President  
Australian-New Zealand Chamber of Commerce

## **Expression of Thanks to Keynote Speaker**

### **Woo-hyun Hong**

President  
Korean Chamber of Commerce

## 2:00 - Presidential Statement

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Master of Ceremonies  
**Robert M. Sears**  
Executive Director  
American Chamber of Commerce

### Arrival of the President

### Welcome Statement

**Henry T. Co**  
Vice President  
American Chamber of Commerce

### Introduction of the President

**Hon. Peter B. Favila**  
Secretary  
Department of Trade & Industry

### Presidential Statement

**Her Excellency President Gloria Macapagal-Arroyo**

### Ceremonial Photograph with the President

- A. Sponsors
- B. Speakers, Breakout Facilitators/Reporters
- C. Foreign Investors

## 3:00 - Presentation of Workshop Recommendations

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Moderator  
**Robert W. Blume**  
American Desk at the BOI

### A. Constitutional and Legal Restrictions on FDI

Reporter: Dr. Michael Clancy

### B. Energy, Power and Biofuels

Reporter: Daniel E. Chalmers

### C. Infrastructure: Subic-Batangas Transport Corridor

Reporter: Enrico L. Basilio

### D. Health Care/Retirement and Tourism

Reporter: Narzalina Z. Lim

### E. IT/ITES

Reporter: Frank Holz

### F. Manufacturing

Reporter: Ernesto B. Santiago

### G. Mining

Reporter: Peter L. Wallace

### H. Total FDI Projections

Reporter: Robert W. Blume

## 4:30 - Workshop Conclusion

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Master of Ceremonies  
**Henry T. Co**  
Vice President  
American Chamber of Commerce

### Presentation of Workshop Recommendations

### Acceptance of Workshop Recommendations

**Hon. Peter B. Favila**  
Secretary  
Department of Trade & Industry

## 5:00 - Close of Workshop

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The American Chamber of Commerce of the Philippines, Inc. would like to acknowledge the generous participation of the following sponsors:



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and ....

Business Processing Association of the Philippines  
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Makati Business Club  
Management Association of the Philippines  
Philippine Chamber of Commerce and Industry  
Philippine Exporters Confederation, Inc.  
Semiconductors and Electronics Industries in the Philippines, Inc.

## FDI Workshop – Speakers' Bios



### **H.E. Gloria Macapagal-Arroyo**

*President  
Republic of the Philippines*

The President of the Philippines, Gloria Macapagal-Arroyo, holds many records. Elected as Senator during her first try in politics in 1992, she was re-elected Senator in 1995 with nearly 16 million votes, the highest number of votes in Philippine history at that time. She was elected Vice President of the Philippines in 1998 with almost 13 million votes, the largest mandate in the history of presidential or vice presidential elections. She was sworn in as the 14th President of the Philippines on 20 January 2001 by Chief Justice Hilario Davide Jr. after the Supreme Court unanimously declared the position of President vacant, the second woman to be swept into the Presidency by a peaceful People Power revolution (EDSA II). In 2004 she won the Presidential elections for a fresh mandate, winning with one million votes over her closest opponent.

The President is the daughter of the late President and Mrs. Diosdado Macapagal, who were well known for their integrity and simple but dignified lifestyle. During the Presidency of Diosdado Macapagal, the Philippines was second only to Japan in economic progress in Asia.

President Gloria Macapagal-Arroyo, born on 5 April 1947, was valedictorian of her high school class at Assumption Convent, was consistently on the Dean's List in Georgetown University in Washington DC, and graduated magna cum laude at Assumption College in Makati. She obtained a Master's degree in Economics from the Ateneo de Manila University and a doctorate degree in Economics from the University of the Philippines.

Macapagal-Arroyo joined the Philippine government in 1986 as Undersecretary of Trade and Industry. During her tenure in the Senate, she authored 55 laws on economic and social reform and was named outstanding Senator several times. When she was elected Vice President, she was appointed as concurrent Secretary of Social Welfare and Development, a post she held until her resignation from the Cabinet on 12 October 2000.



### **Fidel V. Ramos**

*Former President  
Republic of the Philippines*

The 12th President of the Republic of the Philippines, Fidel Ramos is remembered for his ability to lead and his willingness to be led -- not by astute advisors and political strategists, but by the people whom he served, and served well, for six years. Steadfastly and faithfully, he promoted the principles of people empowerment and global competitiveness during his term as President from 30 June 1992 to 30 June 1998. He will be remembered as the leader who quickly led the nation out of darkness, putting an end to the power crisis that crippled our homes and industries. He is remembered as a leader who always looked toward the future and whose optimism captured in descriptive phrases like „Philippines 2000% and „Pole-vaulting% -- propelled the economy. He is remembered for his positive energy that seemed to burst from his cool and at times steely demeanor. He pursued, focused and converged programs to fight poverty in accordance with the will of the Filipino people expressed by 229 structural/reform laws enacted by Congress from 1992 to 1998.

During the years 1993-1997, the Philippine economy recovered dramatically and a comprehensive Social Reform Agenda (SRA) was

implemented that addressed long-standing problems regarding health, education and skills training, housing, environmental protection, children and the youth, the elderly and the handicapped, jobs and livelihood, agrarian reform and access to equal opportunity. Gross National Product averaged 5 percent annually. The inflow of foreign private funds surged from \$1.6 billion per year during the Marcos regime and \$4.8 billion during the Aquino administration to an average of \$14.9 billion per year. The total inflow of foreign exchange into the country outpaced forex inflows of the combined periods of rule of both Marcos and Aquino. Average income of the Filipino family grew more during his administration than in the preceding two decades. He pushed for the deregulation of key industries and the liberalization of the economy. He encouraged the privatization of public entities, to include the modernization of public infrastructure through the expanded Build-Operate-Transfer (BOT) law. While communist insurgency dwindled to historic lows, he achieved a peace agreement with military rebels and the MNLF southern secessionists which won for him (together with Chairman Nur Misuari) and the Philippines the coveted 1997 UNESCO Peace Prize -- the first for Asians. His public service spanned a total period of 51 years.

In retirement, he seems to be always on the go throughout the Philippines, mobilizing the citizenry and pushing Unity, Solidarity and Teamwork at every opportunity. Ever the international diplomat, he personally inter-acts with many leaders around the world.



### **Gigo Alampay**

*Consultant  
Commission on ICT Roadmap*

As the ICT Legal and Policy Advisor of EMERGE, a USAID-funded program that supports various Philippine government agencies, Gigo Alampay provides technical assistance to the Philippine National Telecommunications Commission and the Philippine Commission for ICT on various issues including VoIP and competition policy in the telecommunications sector. He is also the program manager for EMERGE's Last Mile Initiative which supports the CICT's Community e-Center Program by helping to provide internet connectivity and appropriate training in rural and unserved communities. A lawyer by profession, Mr. Alampay teaches a course on contemporary legal issues in information and communications technology at the College of Law of the University of the Philippines.



### **Joachim von Amsberg**

*Country Director, Philippines  
The World Bank*

Joachim von Amsberg is an economist and development professional who has worked on a wide range of development policies and projects throughout his career. He joined the World Bank in 1993. As Sector Economist for several Latin American countries, he worked on policy studies and projects in environmental management, rural and urban development, and infrastructure. He was Country Economist for Brazil, focusing primarily on poverty reduction strategies and policies. Later, he led the economic policy dialogue with Brazil. As Lead Economist and Sector Leader, he led the World Bank's headquarters unit for Brazil. Mr. von Amsberg holds a Ph.D. in Finance and Economic Policy from the University of British Columbia, Vancouver, Canada; an M.Sc. in Electrical Engineering from the Technische

Universitaet Berlin, Germany; and an M.B.A. major in Finance from the University of British Columbia, Vancouver, Canada.



**Richard Barclay**  
*President*  
*Australian-New Zealand Chamber of*  
*Commerce of the Philippines, Inc.*

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Richard Barclay is the President of the Australian-New Zealand Chamber of Commerce. He is currently Chairman of International Gateways & Port Management Services, Philippines. Prior to that, he served as Chairman, President, and CEO of Asian Terminals and Regional Director of P&O Ports Asia Operating Headquarters. Mr. Barclay has a Bachelor of Science (Hons) degree in Maritime Commerce from the University of Wales, Cardiff.



**Enrico L. Basilio**  
*Senior Economist*  
*University of Asia and the Pacific*

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Enrico Basilio is the Vice President of the Center for Research and Communication (CRC), Director of the CRC Transport and Logistics Institute, and Senior Economist in the School of Economics of the University of Asia and the Pacific. Mr. Basilio is also the representative of the Export Development Council Task Force on Infrastructure Monitoring, Co-chair of the Export Development Council Networking Committee on Transport and Logistics, and Private Sector Representative to the National Economic and Development Authority Board Regional Development Committee.



**Christopher P. Beshouri**  
*President and CEO*  
*McKinsey and Co., Philippines*

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Christopher Beshouri heads McKinsey and Company's practice in the Philippines and also plays a regional role in Asia for McKinsey's overall Asia practice. He is a member of the Public Sector Initiative, a practice area focused on serving government and not-for-profit organizations in a range of sectors. He has worked with a variety of firms in the Philippines, focusing on consumer demographics, change management and adapting business models to serve low-income consumers. Mr. Beshouri has served firms on transformation initiatives, performance benchmarking and efficiency, organization redesign and mindset and behavior initiatives to enable major organizational change. Mr. Beshouri has a joint degree in economics and public policy at Michigan State University and a Master's degree in Public and International Affairs from Princeton University. He also served as Professor of Business Administration at Georgetown University and held fellowship at Harvard University focusing on business model initiatives



**Robert W. Blume**  
*Director*  
*American Desk at the BOI*

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Robert Blume is Director of the American Desk at the Philippine Board of Investments (BOI), a project of the American Chamber of Commerce, BOI and USAID. An authority on investment strategy and trade capacity building, Mr. Blume counsels US companies on how to invest and do business in the Philippines. Prior to his current position at the BOI, Mr. Blume had careers with Citibank and the Bank of Hawaii where he held various senior positions in the Asia

Pacific region. Mr. Blume did his undergraduate work at Carleton College in Minnesota majoring in Psychology, and earned his Master of Business Administration degree at the University of California at Los Angeles Anderson School of Business.



**Daniel E. Chalmers**  
*President*  
*GNPower Limited*

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Daniel Chalmers is President and CEO of GNPower Limited, which is currently developing to be located in Mariveles, Bataan (collectively, the „GNPower Project%), to address the impending power shortage in Luzon projected in 2011. He is responsible for the over-all development and strategic direction of the PMR Group of Companies. Prior to this, Mr. Chalmers initiated in 1993 the development of the Quezon Power Project, a 440MW coal-fired power plant in Mauban, Quezon, which he oversaw until its completion in late 1999. Since 1992, Mr. Chalmers serves as Chairman of the Board of Trustees of Brent International School. He received a Bachelor of Arts degree in International Relations from Bethel College and Seminary, a Master's degree in Divinity and a Master's and Doctorate degrees in Industrial Technology from the West Virginia University.



**Michael Clancy, Ph.D.**  
*President and CEO*  
*Philippine Business Leaders Forum, Inc.*

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Dr. Michael Clancy is the President and CEO of the Philippines Business Leaders Forum, the Country Associate of Economist Corporate Network, which is part of The Economist group of companies. The Philippine Forum is part of an international network of executive peer group forums coordinated by Economist Corporate Network and is the exclusive franchisee in the Philippines. Dr. Clancy has undertaken consultancy work for the Asian Development Bank and has a previous involvement with Economist Group in Taiwan in the production of various country reports for The Economist and for Economist Intelligence Unit. He is also the Vice Chairman of the British Chamber of Commerce in the Philippines, a member of the Makati North Rotary Club and a former Vestry member of Holy Trinity Anglican Church, Forbes Park, Makati. Dr. Clancy is a graduate of Adelaide University who spent 15 years with the Australian Diplomatic Service before being recruited by a private Sydney bank to lead a team tasked with taking Australian companies into Asia. He has been in Asia since 1976 ~ until 1986 at diplomatic posts in Hong Kong and Seoul and more recently operating his own research consultancy. Within Asia, Mike has lived in Hong Kong, Seoul, Taipei and (since 2000) in Manila where he now resides. He has authored three books including a definitive Business Guide to Taiwan, published by Butterworth Heinemann Asia in 1998, as well as two guidebooks - one on Taiwan and one on the Philippines, published by MCA. He is also the Editorial Director of the Philippines Business Review.



**Edgar O. Chua**  
*Chairman*  
*Pilipinas Shell Petroleum Corporation*

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Edgar Chua is the Country Chairman of the Shell companies in the Philippines, Guam, Palau, and Saipan. He has corporate responsibility for the various Shell companies in the exploration, manufacturing, and marketing sectors of its petroleum business. Likewise, he oversees the Chemicals and Solar businesses, and Shared Services. He is currently the Chairman of the Philippine Business for the Environment, Philippine Institute of Petroleum, Inc. and

the Corporate Social Responsibility Committee of the Management Association of the Philippines. He is the Vice Chairman and President of Pilipinas Shell Foundation, Inc. Mr. Chua joined the Shell companies in the Philippines in 1979 and has had many years of experience in the business fields of chemicals, auditing, supply planning and trading, marketing and sales, lubricants, corporate affairs and general management. He held senior positions outside the Philippines as Transport analyst in Group Planning in the UK and as General Manager of the Shell Company of Cambodia. From July 1999 to August 2003, he held various regional positions in Shell Oil Products East covering all countries East of Suez Canal including China, India, ASEAN, Australia, New Zealand, and the Pacific Islands. Mr. Chua earned his Bachelor of Science degree in Chemical Engineering from De La Salle University and attended various international seminars and courses including the senior management course in INSEAD in Fontainebleau, France.

**Henry T. Co**  
*President*  
*Ford Group Philippines*



Henry Co is President of Ford Group Philippines. Prior to assuming this role in April 2002, he was Business Director of Ford ASEAN Operations in Thailand. He joined Ford in 1998 as Manufacturing Director of Ford Motor Company Philippines, being responsible in the start-up operations for the new manufacturing facility located in Santa Rosa, Laguna. Mr. Co has over 19 years of experience in the automotive industry and held various engineering and manufacturing positions at Nissan Motor Philippines. He holds a Bachelor's and Master's degrees in Mechanical Engineering from the Tokyo Institute of Technology in Japan and an MBA degree from the University of the Philippines.

**Thomas Crouch**  
*Country Director, Philippines*  
*Asian Development Bank*



Thomas Crouch is the Country Director of the Asian Development Bank's (ADB) Philippines Country Office (PhCO). As head of PhCO, he oversees ADB's operations in the Philippines including preparation of country strategy and programming, economic monitoring and reporting, portfolio management, and supporting loan processing and administration. His responsibilities include liaising closely with the full range of development partners, including the national government, civil society, private sector, and other funding agencies. An Australian economist with almost 30 years of experience in Asia and the Pacific, Mr. Crouch joined the ADB in 1983. Prior to his current appointment, he was Director of the Governance, Finance, Industry, and Trade Division in ADB's Mekong Department. Before that, he was Deputy Resident Representative and Economist in ADB's Indonesia Resident Mission and Director for ADB's operations in Azerbaijan, Mongolia, and the Central Asian republics. Prior to ADB, Tom taught at several universities in Australia, and worked with the Government of Papua New Guinea from 1979 to 1983. Mr. Crouch holds an Economics degree and a postgraduate diploma in Education from the University of Western Australia. He attended management development programs conducted by the University of Michigan Business School, Columbia Business School, and London Business School.



**J. V. Emmanuel A. de Dios**  
*Managing Director*  
*Merritt Partners*

J.V. Emmanuel de Dios is the Managing Director of Merritt Partners. As the youngest Undersecretary (Deputy Minister) of the Department of Energy from October 2001 to June 2004, he led in the preparation of the country's Philippine Energy Plan; supervised the downstream oil and gas industry; negotiated the Pandacan oil depot scale-down, the first urban buffer zone for any oil depot; raised LPG and gas retail station safety standards; and organized the Philippine Natural Gas Office. He also guided the promulgation of the implementing rules of the Philippine Power Sector Reform Law and the interim rules for the Philippine Downstream Natural Gas Industry. Mr. De Dios also chaired several critical national energy initiatives, such as the natural gas pipeline projects, the natural gas vehicle program for public transport, and the national oil contingency plan during the 2003 Iraq war, and played a significant role in regional energy diplomacy by forging bilateral cooperation in natural gas and downstream oil with India, Japan, Malaysia, Thailand and the U.S. He was the national representative in the APEC Energy Working Group, and received a "Secretary's Award of Recognition for Distinguished Government Service" in January 2005. Prior to his government service in 2001, Mr. De Dios had 10 years experience in corporate, energy and securities law. From 1991 to 1994, he was the Senior Law Clerk to former Chief Justice Hilario G. Davide, Jr., and from 1994 to 2001, he was an Associate at the Romulo Law Office, where he worked on the country's first and only Gas Purchase Agreement for Shell Exploration. He also taught business law from 1991 to 2001. Mr. de Dios obtained a Master of Laws from Harvard Law School, a Bachelor of Laws from the Ateneo de Manila School of Law, and a Bachelor of Science in Business Administration from the University of the Philippines. He was admitted to the Philippine Bar on May 1991.



**Gregory L. Domingo**  
*Former Undersecretary*  
*Board of Investments*

Gregory Domingo currently sits as a Director on the boards of SM Investments Corporation, Meralco, BDO Private Bank, and PASUDECO. He formerly served as Undersecretary for the Industry and Investments Group of the Department of Trade and Industry and the Vice-Chairman and Managing Head of the Board of Investments from May 2001 until April 2004. Prior to his stint at DTI, Mr. Domingo was in the private sector in various executive positions in the financial services and industrial estate industries.



**Ben Eijbergen**  
*Infrastructure Sector Coordinator*  
*The World Bank*

Ben Eijbergen is the Infrastructure Sector Coordinator for Philippine country office of the World Bank (WB), overseeing the WB transport, energy and water programs in the Philippines. Joining the WB in 2000, Mr. Eijbergen facilitated its Urban Transport Strategy Review and initiated in 2001 a multi-sectoral Road Safety Taskforce which co-authored in 2004 with the WHO and OECD the World Report on Road Safety. He was involved as Senior Transport Specialist in various road, rail and urban transport projects for several Central Asia and Eastern European countries such as Russia and Ukraine. He was the Transport Program Team leader for Russia and managed projects in road, railways and urban transport sectors. Mr. Eijbergen worked on the

restructuring of the Russian railways, on accelerating reforms in Urban Transport across Russia, on developing a PPP framework in infrastructure and on drafting a comprehensive Transport Strategy for the Federation of Russia followed by a review of Road Safety in Russia. Prior to joining the World Bank, he worked for the Government of Netherlands, Ministry of Transport, Public Works and Water as Senior Policy Advisor for Infrastructure, during which he helped shape the restructuring of the Dutch Railways in 1995 and was managing urban transport projects. In 1996 Mr. Eijbergen was appointed as a Transportation Attaché in Washington DC, where he became involved in bilateral and multilateral aviation (open skies) and maritime negotiations. Mr. Eijbergen majored in Economics and Corporate Finance from Erasmus University in Rotterdam.



**Peter B. Favila**  
Secretary  
Department of Trade & Industry

Peter B. Favila is the Secretary of the Department of Trade and Industry. He is a champion of consumers going against violators of price, standards, and fair trade laws; top salesman for the Philippines on international road shows to bring in foreign investments; a tough trade negotiator fighting for market access and flexibilities for developing countries; and a dynamic member of the Philippine Economic Team shaping public policy towards sustainable growth and development. Secretary Favila spent most of his professional life in the field of finance. With a banking career spanning three decades, he worked his way to the top of his field to become Senior Vice President of the Metropolitan Bank and Trust Company and later, to assume the presidency of three Philippine commercial banks – the Security Bank, the Philippine National Bank, and the Allied Banking Corporation. He continued along the finance track serving as President and later as Chair of the Philippine Stock Exchange and supporting government as Presidential Adviser on Infrastructure Finance and as Economic Adviser to the House of Representatives.

Secretary Favila credits his finance background with helping him approach his mandate in DTI with a more practical mindset – creating wealth. He has, therefore, shaped the services and programs of the DTI on investment and export promotion, and SME development towards creating the right institutional support to business and ensuring that the access to opportunity and its conversion into wealth is spread across a greater number of Filipinos all over the country.



**John D. Forbes**  
Project Director  
Investment Climate Improvement Project

John Forbes works with the American Chamber of Commerce of the Philippines, where he has served as Director, Treasurer, chairman of the Legislative Committee, chairman of the Promoting English Proficiency (PEP) project and Senior Advisor for the Investment Climate Improvement Project (ICIP). He has authored two AmCham Roadmaps to More Foreign Investment in the Philippines and is a spokesperson for the chamber on business advocacy subjects. Educated at Georgetown, Princeton and Harvard universities, Mr. Forbes was an American diplomat for 25 years, a career which first brought him to Southeast Asia in 1968. Upon entering the private sector, he established a consulting firm specializing in assisting US firms pursuing large trade and investment projects in the Philippines. Clients have included American firms such as Anheuser Busch, Boeing, CMS, McDonnell Douglas and Occidental as well as the ADB, the World Bank and USAID. Mr. Forbes also advised the Philippine Government's

US public relations firm on investment promotion during the Ramos Administration.



**Seiichi Fukami**  
Vice President  
Japanese Chamber of Commerce and Industry of the Philippines, Inc.

Seiichi Fukami is the President of Panasonic Manufacturing Philippines Corporation and Vice President of the Japanese Chamber of Commerce and Industry of the Philippines. Prior to this, he was Deputy Managing Director of Panasonic Marketing Europe, General Manager of the European Division of Matsushita Electric, General Manager and Director of Panasonic UK, and Manager of the Overseas Department of the Microwave Oven Division.



**Stewart Hall**  
President  
Canadian Chamber of Commerce of the Philippines, Inc.

Stewart Hall is the Country Manager of Bearing Point, Inc. and the President of the Canadian Chamber of Commerce.



**Frank Holz**  
CEO Outsource2Philippines  
Co-Chair, AmCham ICT Committee

Frank Holz is the CEO of Outsource2Philippines, a company dedicated to working with the outsourcing industry to expand its global reach and to further enhance its competitiveness. He was one of the key industry partners responsible for developing and marketing Accenture's Global Resource Center in Manila, which develops software and other technology-driven solutions for Accenture clients the world over. That center alone currently employs approximately 4,000 ITES specialists and administrative staff, and has been a pioneer in software development and shared services outsourcing in the Philippines. He has also worked extensively with the Philippine government and aid agencies in the development of public policy supporting ITES development. Mr. Holz holds an MBA degree from Columbia University, and was the founder of GEXIS, Inc., an engineering services firm that served the U.S. market, and that was eventually sold to an American company.



**Woo-hyun Hong**  
President  
Korean Chamber of Commerce

Woo-hyun Hong is the current President of the Korean Chamber of Commerce of the Philippines. He was Vice President of Samsung Electronics in Korea from 1989 to 1998 and President of Dae Duck Philippines in Cavite from 1999 to 2002. Mr. Hong is currently President of Alabang Remetech. He obtained his first degree in Electronic Engineering at Hanyang University, Seoul Korea, the most distinguished education and research institute in Korea that has produced tens of thousands of well-trained engineers and leaders in many fields of industrial technologies, and his Master of Industrial Management in Yonsei Graduate School, Seoul Korea.



**H.E. Kristie A. Kenney**  
*US Ambassador to the Philippines*

Ambassador Kristie A. Kenney is a distinguished senior member of the U.S. Foreign Service, the diplomatic branch of the U.S. Department of State.

Ambassador Kenney began her career in 1981 at the U.S. Embassy in Jamaica, and subsequently served at the U.S. Mission to International Organizations in Geneva and at the U.S. Embassy in Buenos Aires, Argentina. Immediately prior to her appointment to the Philippines, she served as the U.S. Ambassador to the Republic of Ecuador. Fluent in Spanish, she traveled throughout the country to meet Ecuadorians from all walks of life, oversaw a wide variety of services for American citizens, and helped to achieve and implement U.S. foreign policy goals.

Ambassador Kenney's prestigious domestic assignments include: Service at the White House as a member of the National Security Council under President Clinton; Director of the State Department Operations Center, where her staff monitored global issues 24 hours a day, 7 days a week and were charged with emergency crisis response; and Executive Secretary of the State Department under Secretary Albright. As Executive Secretary, Ambassador Kenney monitored crises worldwide, promoted contingency planning, set up and managed Task Forces, and planned the Secretary's travels. Ambassador Kenney has won several prominent awards for leadership, mentoring, and motivation.

A daughter of a school teacher, Kristie Kenney hails from Washington, D.C. She obtained a Master's Degree from Tulane University and a Bachelor's degree in Political Science from Clemson University. She is married to senior Foreign Service Officer William R. Brownfield, who is currently the U.S. Ambassador to Venezuela. They enjoy hiking, tennis, and spending time with their nieces and nephews. The two share their homes with their three cats they rescued from a shelter ^ Emily, Junior, and Niles.



**Narzalina Z. Lim**  
*President*  
*Asia Pacific Projects, Inc.*  
*Former Secretary of Tourism*

Narzalina Lim is President of Asia Pacific Projects, Inc., a tourism and hospitality consulting company which specializes in tourism strategic planning, marketing, training, and feasibility study preparation. She is also currently the Chairperson of the Quezon City Tourism Council, a private, non-profit organization which helps develop and promote QC as a center for dining, shopping, and entertainment. Ms. Lim served as Secretary of Tourism under President Corazon Aquino and President Fidel Ramos. She holds a Master's degree in English Literature from the University of California, Santa Barbara.



**Hon. Atty. Lilia B. de Lima**  
*Director General*  
*Philippine Economic Zone Authority*

Atty. Lilia De Lima is the Director General and Vice Chair of the Board of the Philippine Economic Zone Authority, serving under the Ramos, Estrada, and Arroyo administrations. A former representative of then 2nd District of Camarines Sur as elected Delegate to the 1971 Constitutional Convention, Atty. De Lima gained national prominence in 1981 when she volunteered to serve as Prosecuting Lawyer in a celebrated case in Australia that led to the conviction of the son of an influential retired Trade Commissioner who murdered a Filipina maid for insurance money. She then served as Director of the Bureau of Domestic Trade and concurrent Executive Director of the Price Stabilization

Council of the Department of Trade and Industry from 1981-1987, and Commissioner of the National Amnesty Commission from 1994-1995. For her excellent performance in the field of public service, law, and academics, Atty. De Lima received numerous awards, more notable of which are: "The Order of the Rising Sun, Gold and Silver Star" by the Emperor of Japan, The Outstanding Women In the Nation's Service (TOWNS) Award, Outstanding Women in Government Service Award, Sen. Gil Puyat Entrepreneurship Award, Outstanding Woman in Economic Empowerment, Women of Distinction Award, Most Outstanding Alumna of the Manuel L. Quezon University and Living Treasure Award, among others.



**Roberto F. de Ocampo, Ph.D.**  
*Chairman, Board of Advisers*  
*AIM-RFO Center for Public Finance and*  
*Regional Economic Cooperation*

Dr. Roberto de Ocampo is the immediate past President of the Asian Institute of Management (AIM), one of the leading international business and management graduate schools based in Manila. He is currently a member of the AIM Board of Trustees and is Chairman of the Board of Advisors of the RFO Center for Public Finance and Regional Economic Cooperation. He served as Secretary of Finance of the Republic of the Philippines from 1994 to 1998 during the presidency of Fidel V. Ramos, and was previously Chairman and Chief Executive Officer of the Development Bank of the Philippines during the presidency of Cory Aquino. Dr. de Ocampo graduated from De La Salle College and Ateneo University in Manila, received an MBA from the University of Michigan, holds a post-graduate diploma from the London School of Economics, and has four doctorate degrees (Honoris Causa). He is the recipient of many international awards including Finance Minister of the Year, Philippine Legion of Honor, ADFIAP Man of the Year, Chevalier of the Legion of Honor of France, Ten Outstanding Young Men Award (TOYM), several Who's Who Awards and the 2006 Asian HRD Award for Outstanding Contribution to Society.



**Ernesto M. Ordoñez**  
*President*  
*Philippine Retirement, Inc.*

Ernesto M. Ordonez is currently President of the Cement Manufacturers Association of the Philippines; President of the Philippine Retirement, Inc. (encompassing housing, healthcare and lifestyle services); Chair of Alyansa Agrikultura (the largest national farmers-fisherfolk coalition with 39 federations and organization); and a weekly columnist of the Philippine Daily Inquirer. He was formerly the Cabinet Secretary for Presidential Flagship Programs and Projects; Undersecretary for the Department of Trade and Industry and the Department of Agriculture; Board of Investments Governor; Export Processing Zone Authority Commissioner; and Chair of the National Consumer Affairs Council. In the private sector, Dr. Ordoñez was involved in agriculture, economic planning, and real estate development in the Philippines, and was a senior manager at Xerox Corporation in the United States for seven years. He was also the Executive Producer for the multi awarded movie Saranggola, the official Philippine entry to the 2000 US Academy awards. He holds an M.S. in Marketing and Ph.D. in Business Administration from New York University; an M.A. in Administrative Sciences from Yale University (with a summa cum laude grade average); a Diplomate in Agribusiness from the University of the Philippines, Los Banos; and an A.B. in Economics from Ateneo de Manila University (where he was president of the University Student Council).



**Virgilio L. Peña**  
Former Chair  
*Commission on ICT*

Virgilio Peña was until recently the Chairman of the Commission on Information and Communications Technology (CICT), a Cabinet ranked position reporting directly to the President. Under his leadership, the ICT Development Roadmap of the country was created harmonizing five strategic directions: Human Resource Development, Information Infrastructure Development, Strategic Business Development, E-Government Development, and Legal and Regulatory Environment. Prior to chairing the CICT, Mr. Peña was Undersecretary for Information and Communications Technology of the Department of Transportation and Communications and Executive Director of the IT and E-Commerce Council. Mr. Peña also served as President and General Manager of IBM Philippines, then joined San Miguel Corporation as its Chief Information Officer and was later appointed President and Managing Director of San Miguel Brewing International in Hong Kong. Before joining government, Mr. Peña was a Managing Partner of CEOs Incorporated and a member of the Faculty of the De La Salle University Graduate School of Business. He is a graduate in Electrical Engineering from the California State Polytechnic University, an MBA candidate of the Ateneo de Manila Graduate School of Business, and completed the International Executive Program of Columbia University.



**Tony W. Robbins**  
President  
*Philippine Mineral Exploration Association*  
Managing Director  
*Indophil Resources NL*

Tony Robbins is the Managing Director of Indophil Resources NL, a publicly-listed Australian company. Indophil holds an interest in the Tampakan Copper Gold Project in the southern Philippines, the largest undeveloped copper deposit in Southeast Asia (SE Asia) and is due to have completed a A\$27 million pre-feasibility study into the project by the end of September 2006. Mr. Robbins is also a Director of Sagittarius Mines, President of the Philippine Mineral Exploration Association since 1999, and is on the Board of the Chamber of Mines of the Philippines. Before founding Indophil in 1996, Mr. Robbins held senior and executive positions with WMC Limited, including those of Senior Geochemist, Exploration Manager Eastern Australia and Exploration Manager SE Asia Pacific Region – a position in which he managed the exploration program that led to the discovery of the Tampakan deposit. Mr. Robbins has taught and published on the subject of exploration geochemistry and exploration in SE Asia. He has also represented the Philippines on a United Nations project.



**Ernesto B. Santiago**  
Executive Director  
*Semiconductor and Electronics Industries in the Philippines, Inc.*

Ernesto Santiago is the Executive Director and a member of the Board of Directors of the Semiconductor and Electronics Industries in the Philippines Inc. or SEIPI - the largest and leading organization of foreign and local semiconductor and electronics companies in the country. He manages the planning, organization and implementation of the global competitiveness, advocacy, information and networking plans and programs of the Organization. Concurrent to his present

responsibilities, Mr. Santiago is a member of the Board of Directors of the Philippine Exporters Confederation, RosettaNet Consortium Philippines, Philippine Foundation for Science and Technology, Advance Research and Competency Development Institute, and the Philippine Electricity Market Corporation. He is also an Executive Committee member of the Export Development Council, the Chairman of the IT Committee of the Philippine Chamber of Commerce and Industry, and the Chairman of Electronics Committee of the ASEAN-Chamber of Commerce and Industry. Prior to his assignment at SEIPI, Mr. Santiago worked with the government where he led the development and promotion of the Philippine industrial sectors namely: semiconductor and electronics; metal manufactures industry; automotive; construction; chemicals; software development; and other industries. He has also served as Executive Assistant for International Trade of a then DTI Minister, one of the key negotiators of the Philippine government in coffee quota negotiations in London, a recipient of various technical trainings here and abroad, a United Nations Fellow, one of the youngest patent examiner, a college of engineering instructor, and a delegate and technical consultant in various business and investments missions and presidential trips abroad. Mr. Santiago is a mechanical and electrical engineer with a Master's degree in Business Administration.



**Henry J. Schumacher**  
Executive Vice President  
*European Chamber of Commerce of the Philippines, Inc.*

Henry Schumacher is the Executive Vice President of the European Chamber of Commerce of the Philippines. He is also the President of Fairs & More, Inc., President of European IT Service Center Foundation, and a Trustee of the Asia-Europe Foundation of the Philippines. Mr. Schumacher participated in various executive programs in Giessen University, Germany and INSEAD, France.



**Robert M. Sears**  
Executive Director  
*American Chamber of Commerce of the Philippines, Inc.*

Born in 1943 - Fort Bragg, North Carolina. Bachelor of Arts in Business Administration - Colby College, Waterville, Maine, 1962-1966. Former Captain U.S. Air Force, 1966-1970 (Bronze Star - Vietnam War).

From 1970 to 1990, twenty years with Merrill Lynch International (in seven countries overseas). Vice President Merrill Lynch International and Manila Retail Branch Office Manager before becoming Executive Director of the American Chamber of Commerce of the Philippines, Inc., 1990 to present.

As Executive Director, he administers the Chamber affairs in accomplishing its Mission – “to serve the needs and wants of U.S. businesses through the participation of members in promoting their long-term objectives, while contributing to the civic and economic development of the Philippines.”

American Chamber of Commerce of the Philippines, Inc. - 1990-Present, Executive Director; 1989-1990, 1st Vice President/Director; 1988-1989, President/Director; 1986-1989, 2nd Vice President/Director; 1984-1986, Treasurer/Director; 1983-1990, Director.



**Arthur R. Tan**  
*President*  
*Semiconductor and Electronics Industries*  
*in the Phils.*  
*President & CEO*  
*Integrated Microelectronics, Inc.*

Arthur Tan is the President and Chief Executive Officer of Integrated Microelectronics, Inc. (IMI), a leading regional electronics manufacturing services provider serving some of the world's leading original electronics equipment manufacturers. He concurrently holds the positions of President of EAZIX, Inc., President of Speedy-Tech Electronics, Ltd., Managing Director of Ayala Corporation, Chairman of the Advanced Research and Competency Development Institute, and President of the Semiconductor and Electronics Industries in the Philippines, Inc. (SEIPI). Before joining IMI, Mr. Tan spent 18 years with American Microsystems, Inc. where he excelled in design engineering and sales. The last position he held at AMI was Managing Director of Asia-Pacific/Japan Regional Headquarters. Mr. Tan graduated from the Mapua Institute of Technology with a Bachelor of Science degree in Electronics and Communications Engineering.



**Peter N. Tan**  
*President*  
*Hambrecht & Quist Philippines, Inc.*

Peter Tan is President of Hambrecht & Quist (H&Q) Philippines, which is a subsidiary of H&Q Asia Pacific, a leading Asian private equity firm. H&Q is an affiliate of JP Morgan Chase, investing and managing portfolio throughout Asia and the United States. Before joining H&Q in 1994, Mr. Tan was Director of International Operations for the Magnolia Division of San Miguel Corporation, and a Senior Partner in a venture development firm in New York. From 1973 to 1987, Mr. Tan held various senior positions with a New York scientific equipment and supplies company, the last of which was Managing Director for its International Division. Mr. Tan serves as a member of the board of directors for a number of companies in different industries. He earned his undergraduate degree at the Ateneo de Manila University and his MBA at the State University of New York.



**Hank Tomlinson**  
*President*  
*Chevron Malampaya LLC*

Hank Tomlinson is the President and Asset Manager of Chevron Malampaya LLC, located in Manila, Philippines. He is responsible for the company's upstream interests and activities in the Philippines. This includes the Malampaya Gas to Power project located offshore Palawan, as well as future growth opportunities involving oil and gas exploration, development and production. Mr. Tomlinson joined Chevron in 1981 as a Design & Construction Engineer in Denver, Colorado. He began working internationally in 1990 as the Head Engineer for the EOR Water Flood Project in Sumatra Indonesia, and has held various international positions including Facility Engineering Manager for the Hibernia Project in St. Johns, Newfoundland, Canada, Project Manager for Offshore Nigeria, Operations Manager for Papua New Guinea based in the Southern Highlands, and Category Manager for Technical Staffing with Chevron Overseas Petroleum based in Houston, Texas. He took up his current position in Manila in December 2004. Mr. Tomlinson received a Bachelor of Science degree in Civil Engineering from Tennessee Technological University.



**Joel C. Valdes**  
*President and CEO*  
*Ernst & Young Transaction Advisory Services,*  
*Inc.*

Joel Valdes is the President and Chief Executive Officer of Ernst & Young (EY) Transaction Advisory Services, Inc. (TASI). He acts as financial advisor for various corporate finance engagements such as mergers, acquisitions, and funds sourcing. He provides financial advice for fundraising activities such as initial public offerings preparations and private placement assistance. Prior to joining EY TASI, Mr. Valdes was President and CEO of Trade and Investment Development Corporation of the Philippines also known as Philippine Export-Import Credit Agency (PhilEXIM), President and Member of the Board of Directors of Corporate Access Holdings, Inc., President and Member of the Board of Directors of Urbancorp Investments, Inc. and Citicorp Capital Philippines, Inc., Vice President and Head of the Distribution Unit/Capital Markets Group of Citibank N.A., Vice President of the International Corporate Finance Unit of Citibank N.A., and Vice President of the Institutional Banking Group of the Development Bank of the Philippines (DBP). He was also Chief of Staff of the Secretary of the Department of Finance where he provided technical advice and services to both domestic as well as international operations of the Department. Mr. Valdes graduated with a Bachelor of Arts degree in Economics (with honors) at the Ateneo de Manila University and a Master of Business Management degree from the Asian Institute of Management.



**Tertius Vermeulen**  
*President*  
*European Chamber of Commerce of the*  
*Philippines, Inc.*

Tertius Vermeulen is President and C.E.O. of Siemens, Inc. Philippines. He is also the Country Head of Siemens companies in the Philippines, such as Siemens, Inc., Siemens Power Operations, Osram and a local Joint Venture ETSI Technologies, Inc. Mr. Vermeulen has had various assignments in different fields of business, mainly in Emerging Market countries in Asia and Africa. He joined Siemens Philippines in February 2003. Mr. Vermeulen has extensive experience in Telecommunications in manufacturing, service and sales. Before moving to Manila, Mr. Vermeulen was the Chief Financial Officer of Siemens Pakistan, with special responsibilities for Telecommunications and Industry. He was also instrumental in the development of Mobile Telephony in Southern Africa in the early nineties. This was followed by a stint in International Management Auditing based in Munich. Mr. Vermeulen graduated from the IHK in Nuremberg in Commerce and completed the Management Development Programme at the University of South Africa (Business School).



**Bernardo M. Villegas, Ph.D.**  
*University Professor & Senior Vice President*  
*University of Asia and the Pacific*

Dr. Bernardo Villegas is the Senior Vice President of the University of Asia and the Pacific (UA&P). He has a Ph.D. in Economics from Harvard University (1963) and is a Certified Public Accountant, having been one of the CPA board topnotchers in 1958. He obtained Bachelor's degrees in Commerce and the Humanities (both Summa Cum Laude) from De La Salle University. At Harvard, at the age of 21, he was one of the youngest ever to be a teaching fellow in the College of Arts and Sciences. His special fields of study are development

economics, social economics, business economics and strategic management, and has written several economics textbooks widely used in Philippine schools and universities. He has received several prestigious awards such as the Ten Outstanding Young Men (TOYM) 1972, Fulbright, Johnson Foundation, Asia Foundation and the Instituto de Cultura Hispanica. He serves as a member of the boards of directors or advisory boards of leading national and multinational firms and non-governmental organizations, and a consultant on management development and strategic planning for numerous leading firms operating in the Philippines and the Asia-Pacific. Dr. Villegas was also a member of the Constitutional Commission that drafted the current Philippine Constitution under the government of former President Corazon Aquino. In July 1992, Dr. Villegas was appointed member of the Council of Economic Advisers of President Fidel Ramos. In July 1998, he was asked by President Joseph Estrada to help promote the Philippines among local and foreign investors. He continues to focus on investment promotion as a major activity of the administration of President Gloria Macapagal Arroyo and sits as a private sector representative in the National Development Company of the Department of Trade and Industry. He served in the Pacific Board of Economics of Time Magazine and writes regularly for both local and international newspapers, such as the International Herald Tribune and the Asian Wall Street Journal.



**Florina A. Vistal**

*Vice President, Corporate & Government  
Affairs  
Ford Group Philippines*

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Florina Vistal is the Vice-President for Corporate and Government Affairs of Ford Group Philippines. Prior to joining Ford, she was the Executive Director of the Investment Promotions Group at the Board of Investments, which was awarded the DTI Service Excellence Award for implementing a sector-focused company specific and customer-oriented investment promotion strategy that resulted to the exponential growth of the Philippine call center and BPO industries. Ms. Vistal was also Senior Brand Manager of DTI-IT Business Development Team that formulated and implemented the DTI IT Business Strategy.



**Peter L. Wallace**

*President  
Wallace Business Forum*

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*"Peter Wallace has become such a well-known consultant in the Philippines that he is arguably the most prominent foreign businessman in the country."* That's what Australian magazine, Business Review Week said in identifying Peter Wallace as one of the top 20 Australians in Asia. Well-known for his acerbic, yet constructive criticism, Mr. Wallace obtained his Bachelor of Science in Technology (electrical engineering) from the University of New South Wales, Australia. He came to the Philippines in 1975 to build a factory for an American MNC in the maintenance industry, then subsequently led two other multinationals before founding his own company in 1982 – The Wallace Business Forum. Spending his over 30 years in the Philippine business community, he continuously provides consulting services to more than 160 multinational corporations and aid agencies, as well as deals with successive Philippine governments on foreign investment and policies affecting business. Among others, he is a member of the WESM Market Surveillance Committee and he is also the Chairman of ATRIEV (a computer college for the blind). He is on the board of iAcademy, The Forum for Family Planning and Development, the Management Association of the Philippines, and the Australian-New Zealand Chamber of Commerce.

# **Foreign Direct Investment Trends in Southeast Asia**

**Roberto F. de Ocampo**  
Former Secretary of Finance

October 5, 2006

# I. The Difference Between Portfolio Investments and Non-Portfolio Investments

## II. Elements to Attracting FDI

A. Commercially profitable and politically stable environments

1. FDI in developing Asia grew from \$694 M in 1970 to \$138.6 B in 2000, before declining to \$90.1 B in 2002. This represented growth of 15.2% per year.
2. Offering incentives is often less effective at attracting investment.

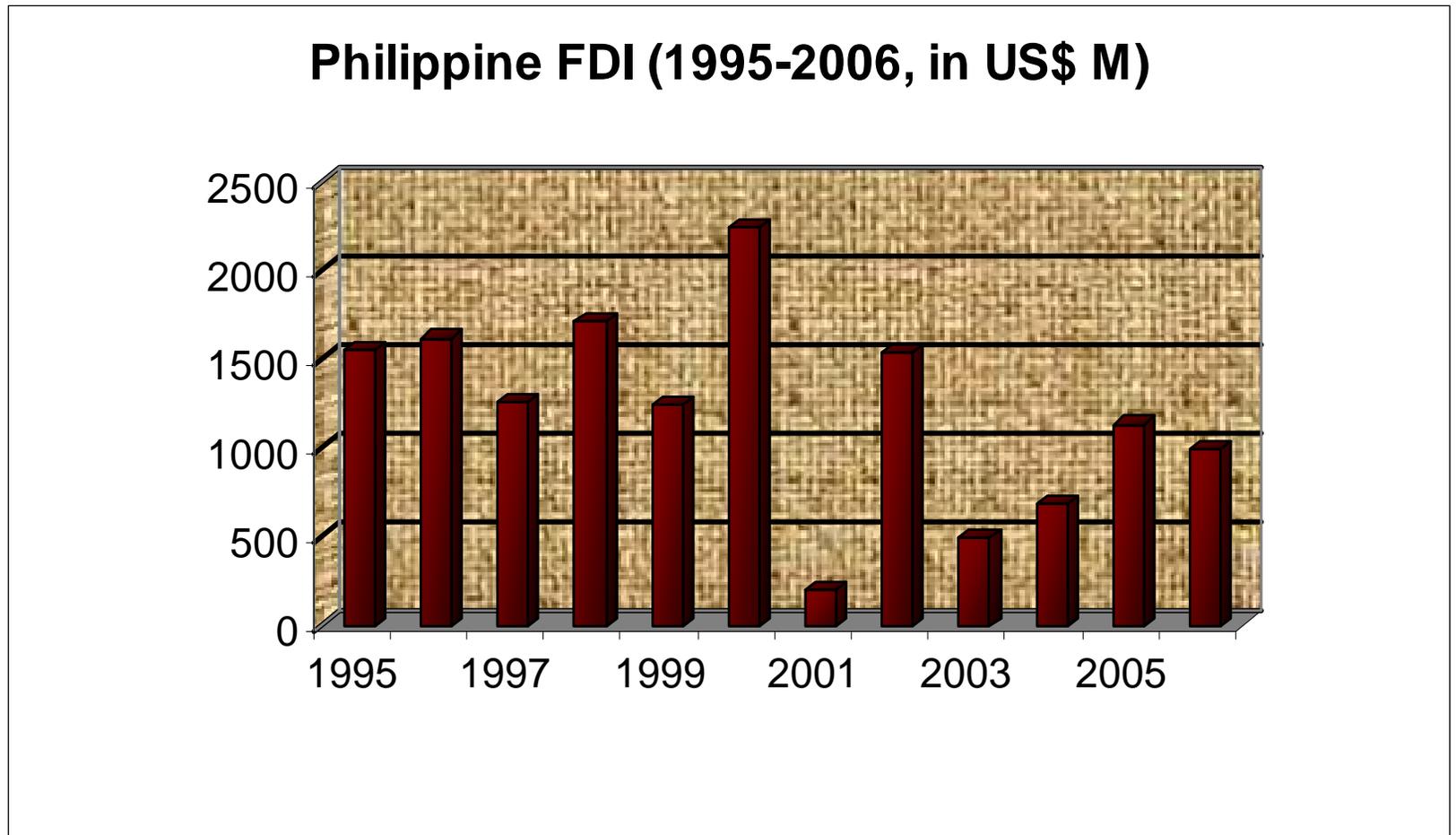
B. Government decentralization

C. Economic, governance, and administrative reforms

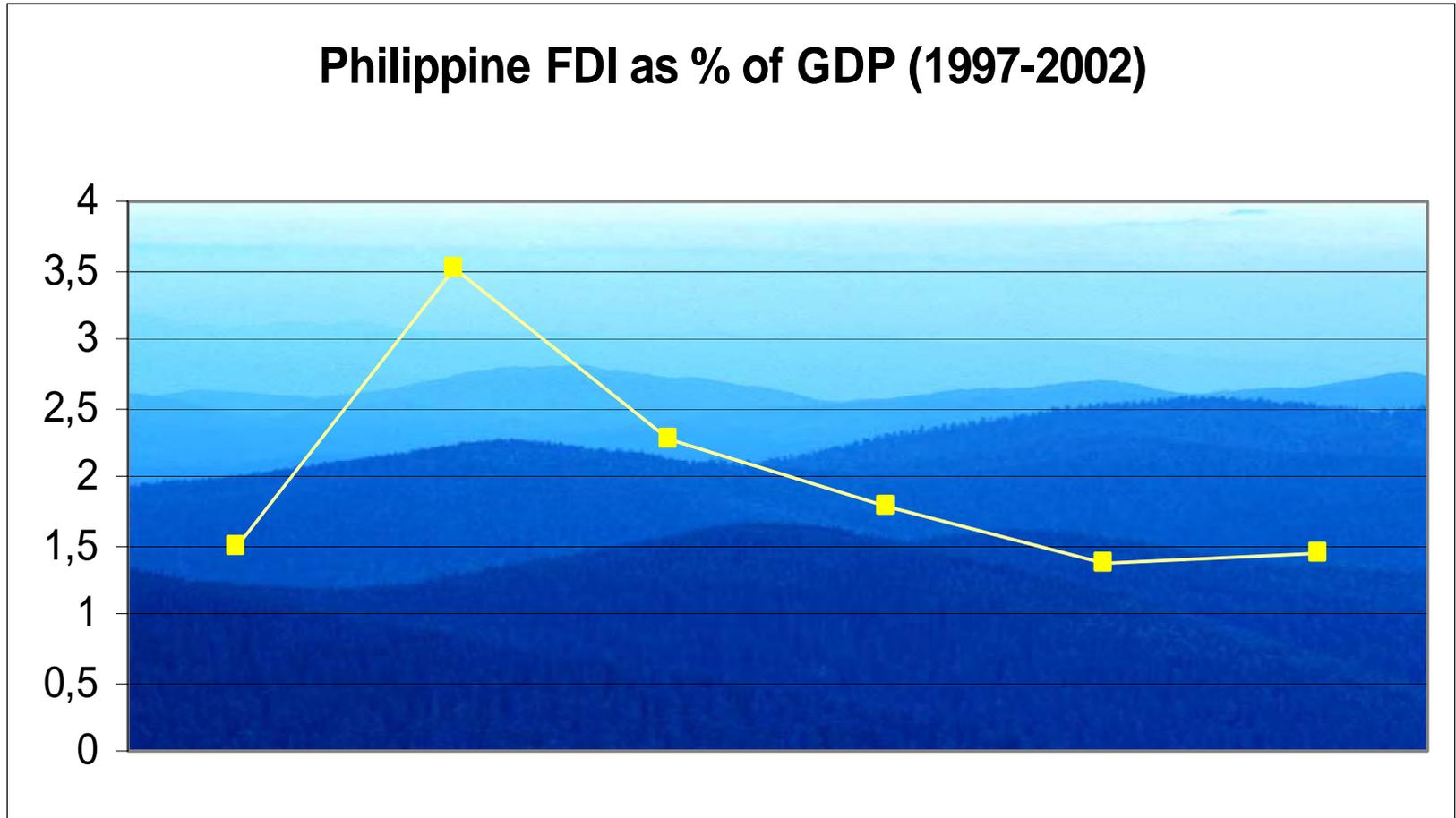


# III. Attracting \$3 Billion

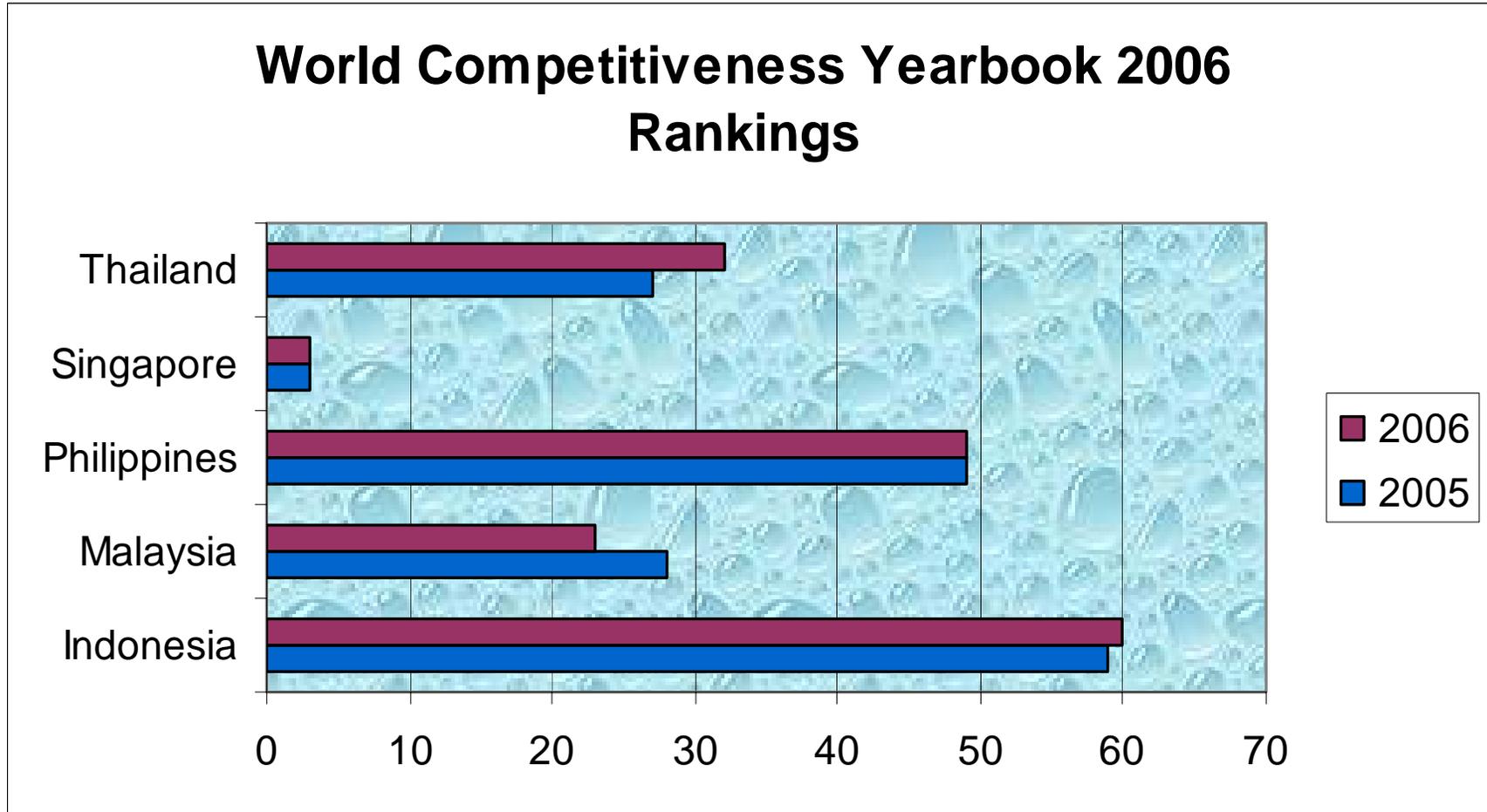
## A. Status of the Philippines



## A. Status of the Philippines (cont'd)



## B. Philippine Competitiveness



## C. FDI in Asia and the Philippines' Share

1. The top 10 recipients of FDI inflows in Asia in 2002 accounted for over 97% of total FDI, with the top three recipients alone accounting for 81%.
2. ASEAN-5's share of Asia-bound FDI shrank from 51% in 1990 to 11% in 2001. FDI in ASEAN-5 plunged from a high of almost \$20 B in 1996 to about \$7 B in 2002.
3. In 2002, the Philippines cornered only 1.2% of total FDI in the region.

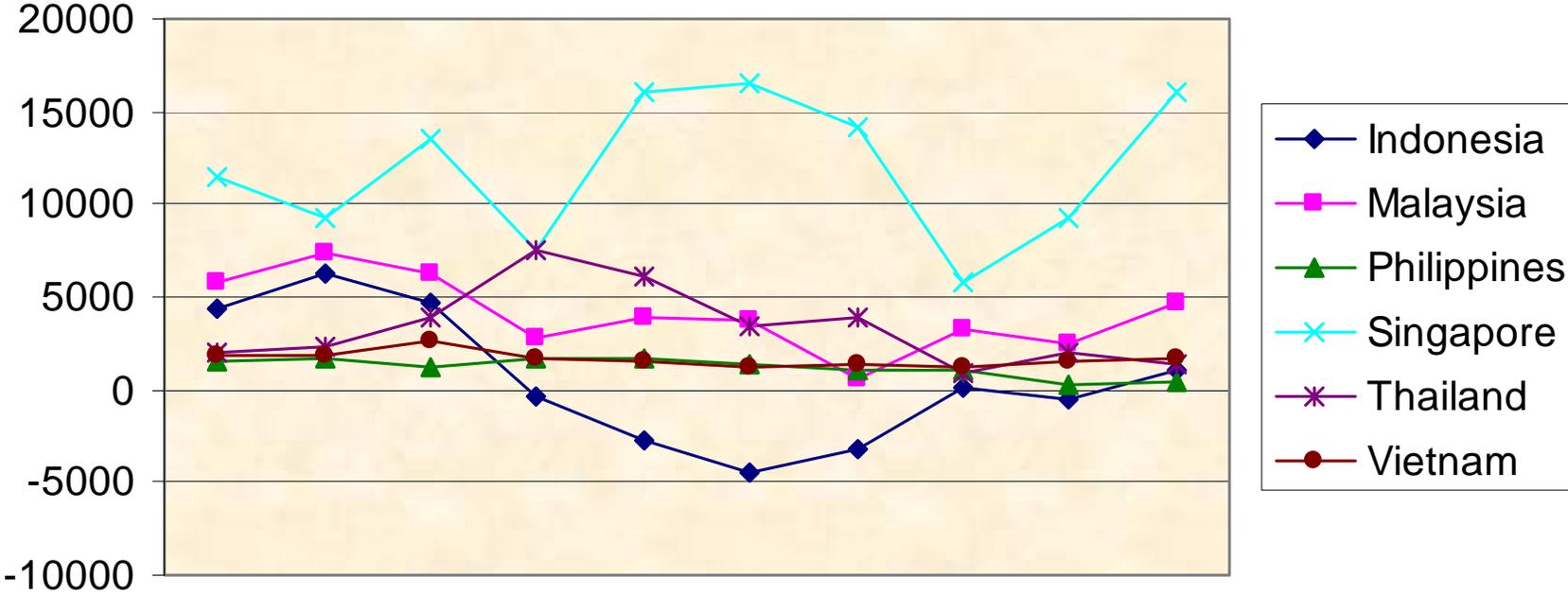


## FDI Inflows in Selected Developing Asian Economies 2002

<b>Economy</b>	<b>% of Total FDI</b>	<b>Ratio to GDP</b>
PRC	57.7	4.3
Hong Kong, China	15	8.4
Singapore	8.4	8.8
India	3.8	0.7
Malaysia	3,5	3.4
Kazakhstan	2.8	10.5
Korea	2.2	0.4
Taipei, China	1.6	0.5
Viet Nam	1.3	3.5
Philippines	1.2	1.4

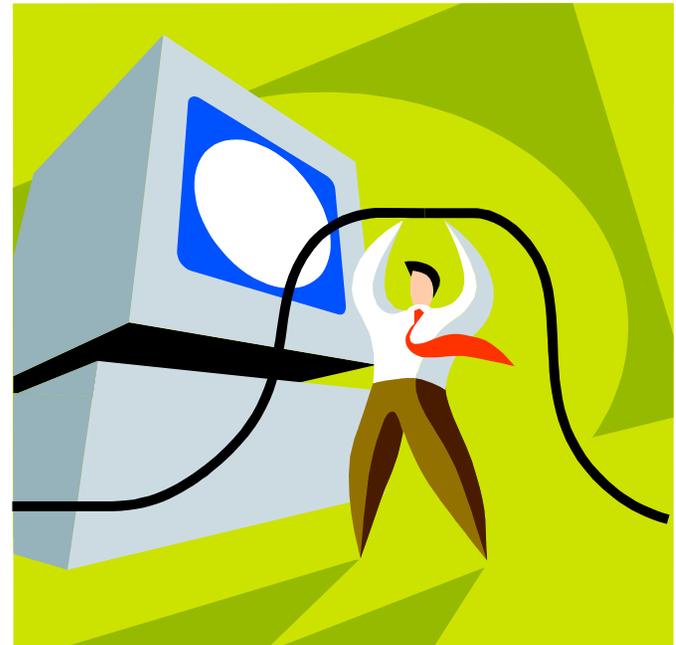
# D. ASEAN FDI

## FDI in ASEAN Countries, 1995-2004 (in US\$M)



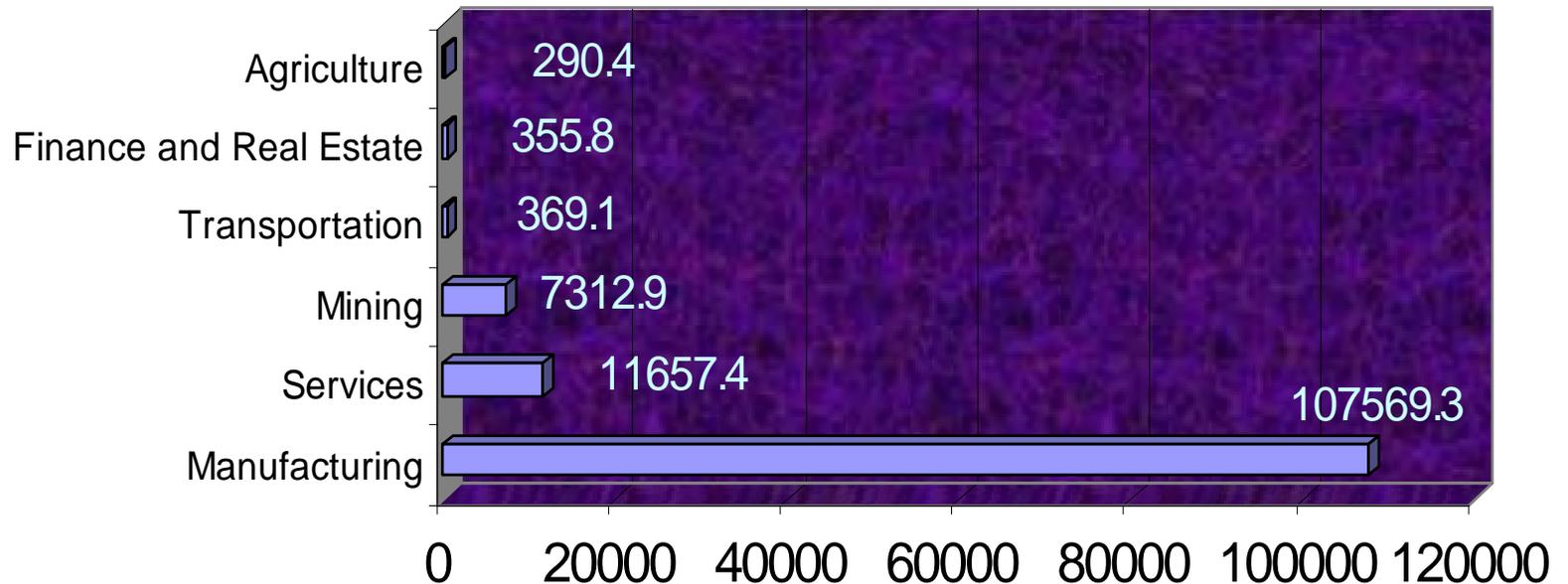
## E. Favored Sectors in ASEAN

1. Manufacturing
2. Financial intermediation and services
3. Trade and commerce
4. Mining and quarrying
5. Services
6. Real estate



## F. FDI in the Philippines

### Top Industries that Attracted FDI (Q2 2005 to Q1 2006, in Php million)



## **F. FDI in the Philippines (cont'd)**

**2006 Investment Priorities Plan lists 12 preferred activities for investment.**

## **G. Foreign Investment Act of the Philippines**

# **IV. Conclusion**

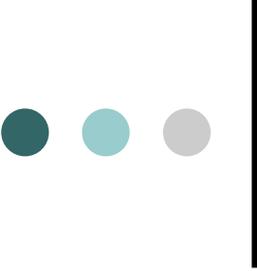
- One ASEAN investment area by 2010**
- Asia will outperform the growth of OECD countries by a multiple of three over the next 10 years.**



**How the Philippines Can Attract  
\$3 Billion a Year in FDI:  
*Perspective of the World Bank***



**Joachim von Amsberg  
Country Director, Philippines  
The World Bank  
October 5, 2006**

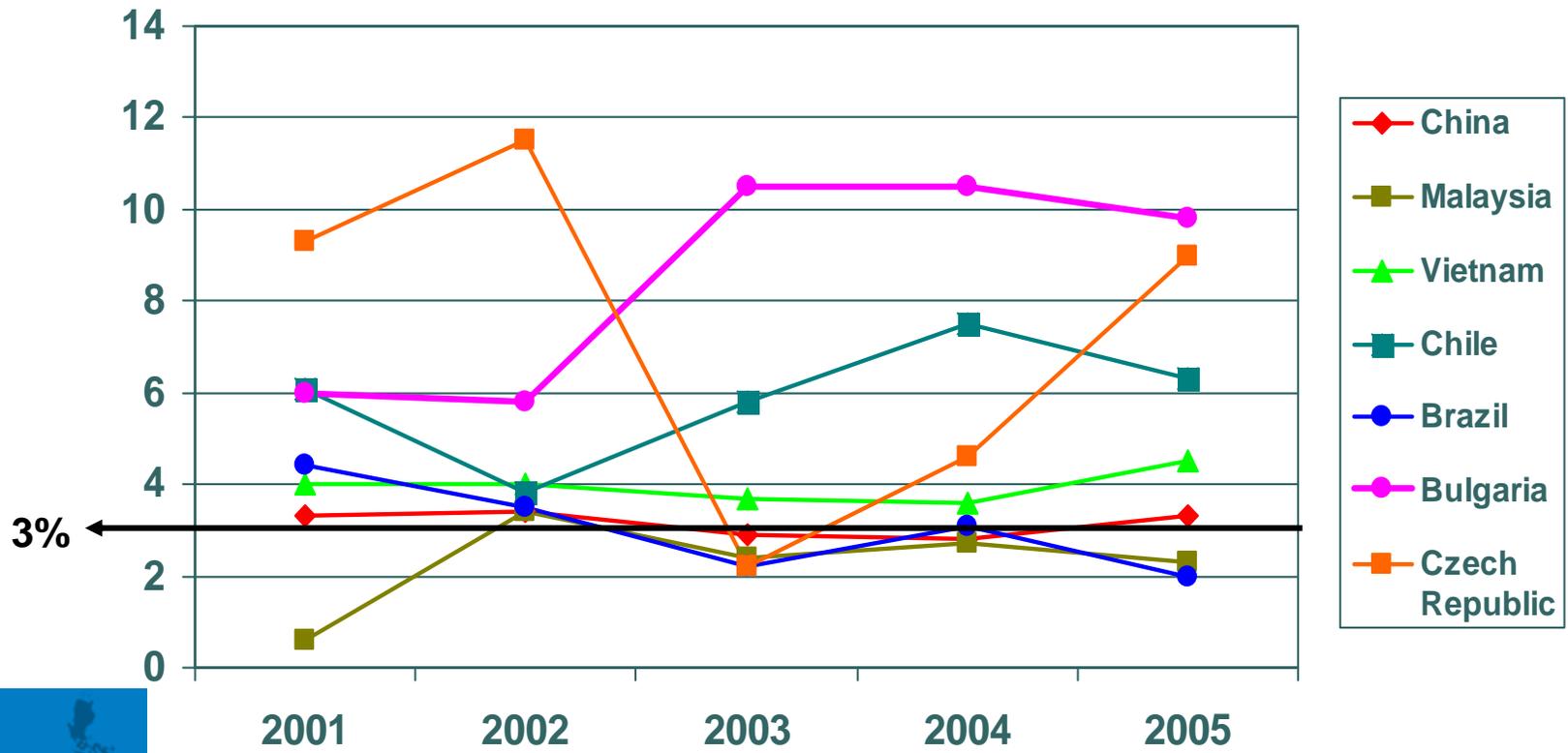


# Introduction

- After fiscal turnaround, two scenarios
  - Muddle-through, or
  - Take-off
- Outline
  - Is the FDI target achievable?
  - What drives FDI?
  - Attract FDI in which sectors and how?
  - What is the Policy Agenda?

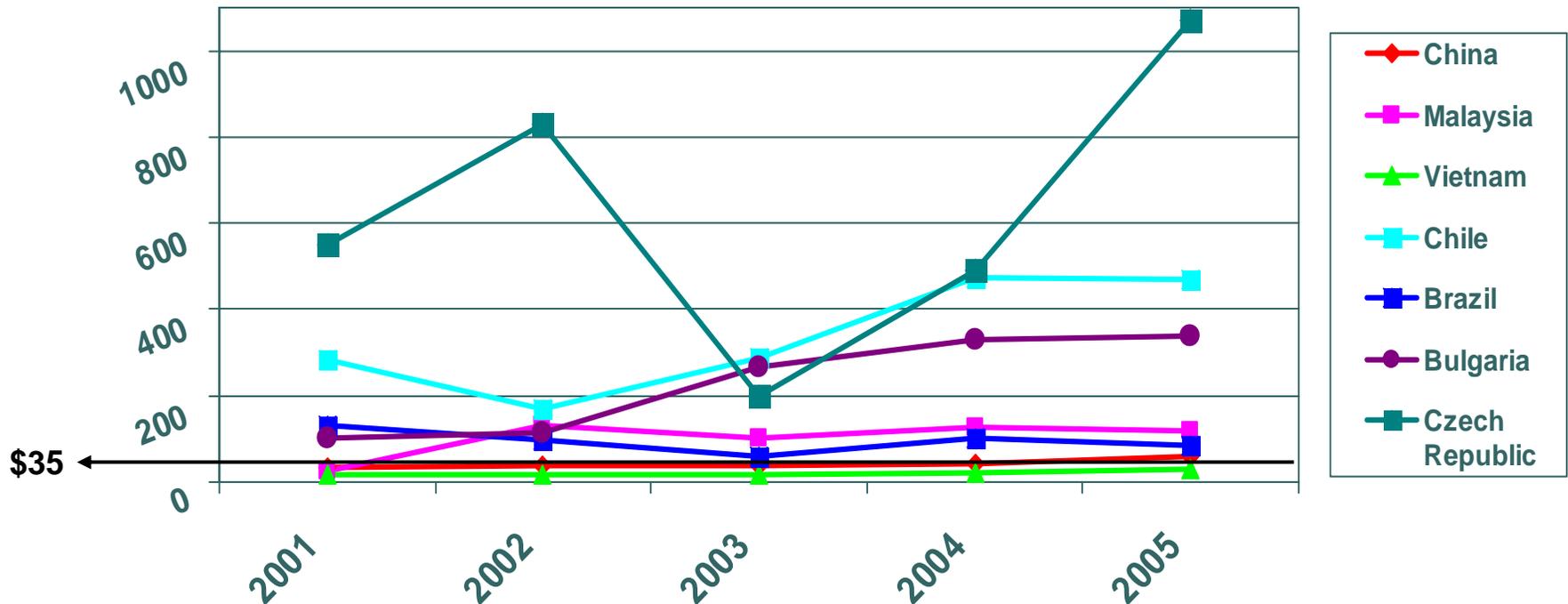
# How realistic is the \$3B target from a cross-country perspective?

FDI Flows as % of GDP in Different Countries



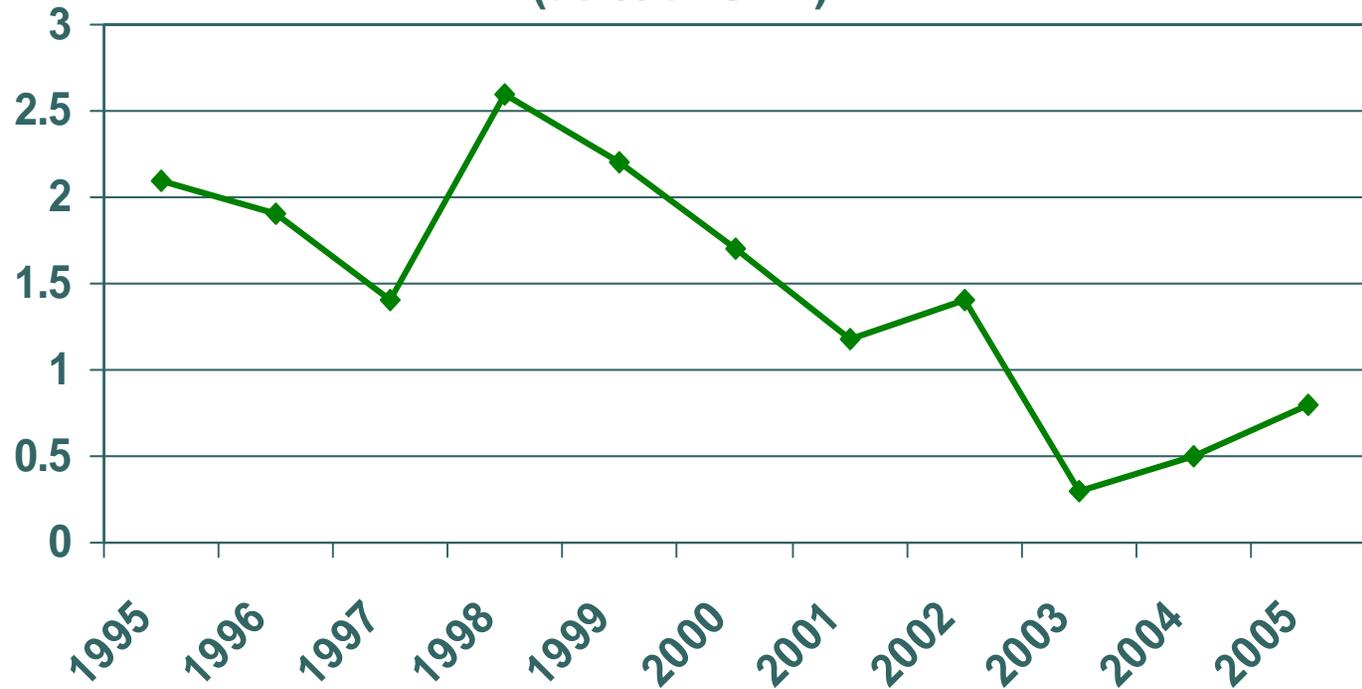
# How realistic is the \$3B target from a cross-country perspective?

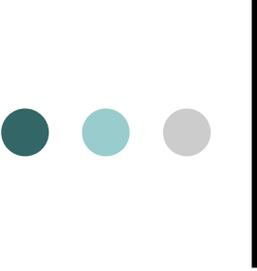
FDI Flows in Different Countries (\$ per capita)



# How realistic is the target from historical trends for the Philippines?

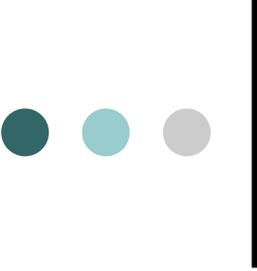
FDI in the Philippines 1995 - 2005  
(as % of GDP)





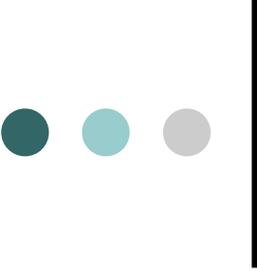
# What is driving, and what will drive, global FDI flows?

- FDI Drivers:
  - Markets
  - Resources
  - Risk Diversification



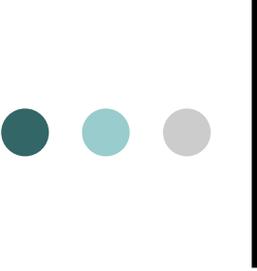
# Important Changes in FDI Structures

- Strong influence of buyer-supplier network structures
- Increased minimum economic size of investment
- More intricately-linked services and manufacturing sectors
- Emergence of new players from non-traditional countries



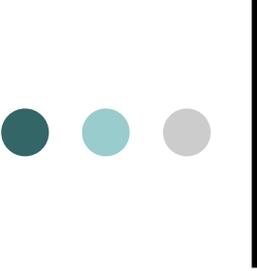
# Important Changes in FDI Structures (cont.)

- Increased potential for FDI and portfolio flows to operate more synergistically
- Continued importance of FDI flows via privatization, cross-border merger and acquisitions for the Philippines
- Increasing importance of risk mitigation and a well-diversified financial system



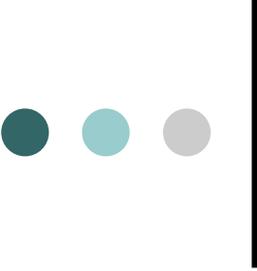
# Which sectors in Philippines can be quickly set up as FDI hosts?

- Infrastructure
  - Policy framework and implementation
- Mining
  - Policy for safeguards and revenue management
- Information Technology
  - Skills development
- Privatization-related FDIs
  - Well structured, competitive privatizations
- Financial sector



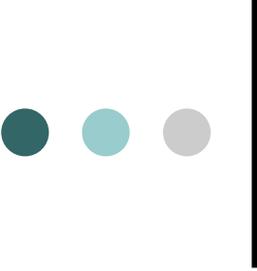
# The Policy Agenda

- Macroeconomic stability and fiscal sustainability remain top-most priority
- Economic governance
  - Establish credibility of contract agreements
  - Pursue further progress in deregulation accompanied by measures that allow a more vigorous market for corporate control
  - Overall, shift focus more and more towards economy-wide deregulation and incentives, and away from sector/firm specific incentives
  - Continuous attention to reducing transactions costs through elimination of red tape, in simplifying adjudication processes, in strengthening integrity and capability of key regulatory and approving institutions



# Proposed Action Program

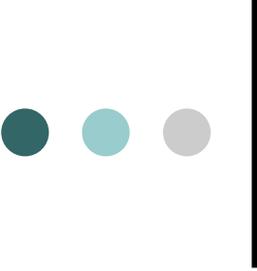
- Sector policies
  - Infrastructure: ensure an open and competitive process for bidding and independent and fact driven setting and administration of regulations, and sort out right of way issues
  - In the minerals sector, enforce implementing rules and regulations to manage environmental risk in an orderly and expeditious manner
  - In the IT sector, support massive public and private investments to increase the capacity to produce skilled IT personnel
  - Financial Sector: Ensure a more efficient policy regime for mergers, acquisitions, and liquidations



# Proposed Action Program

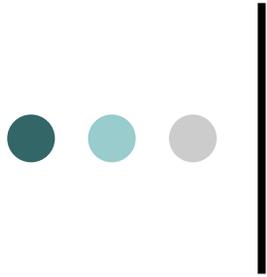
In the Financial sector:

- Maintain steady progress in implementing risk-based capital adequacy guidelines
- Further liberalize foreign entry into the financial service sector
- Support FDI flows that are seeking diversification or require sophisticated risk management and backroom services



# Conclusion

- Higher investment overall is eminently achievable
- Structural environment is already good
- But consistent implementation with integrity is key
- The World Bank Group is keen to support this agenda



**THANK YOU!**



**American Chamber of Commerce**

**Workshop on Foreign Direct Investment**

**Hotel InterContinental, Makati City**

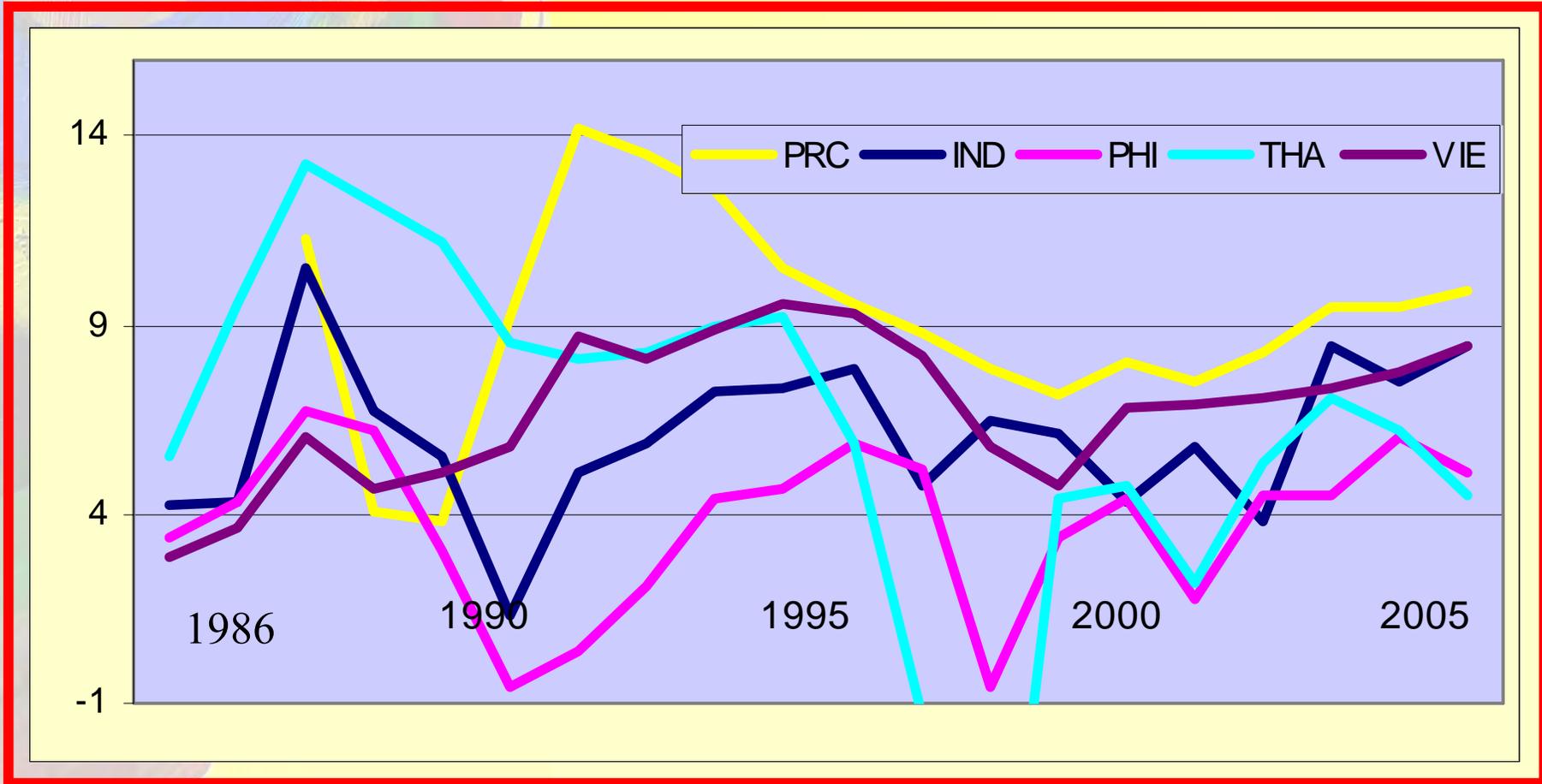
**05 October 2006**

***Philippines and FDI :  
getting to \$3 billion a year***

**Tom Crouch  
Country Director**

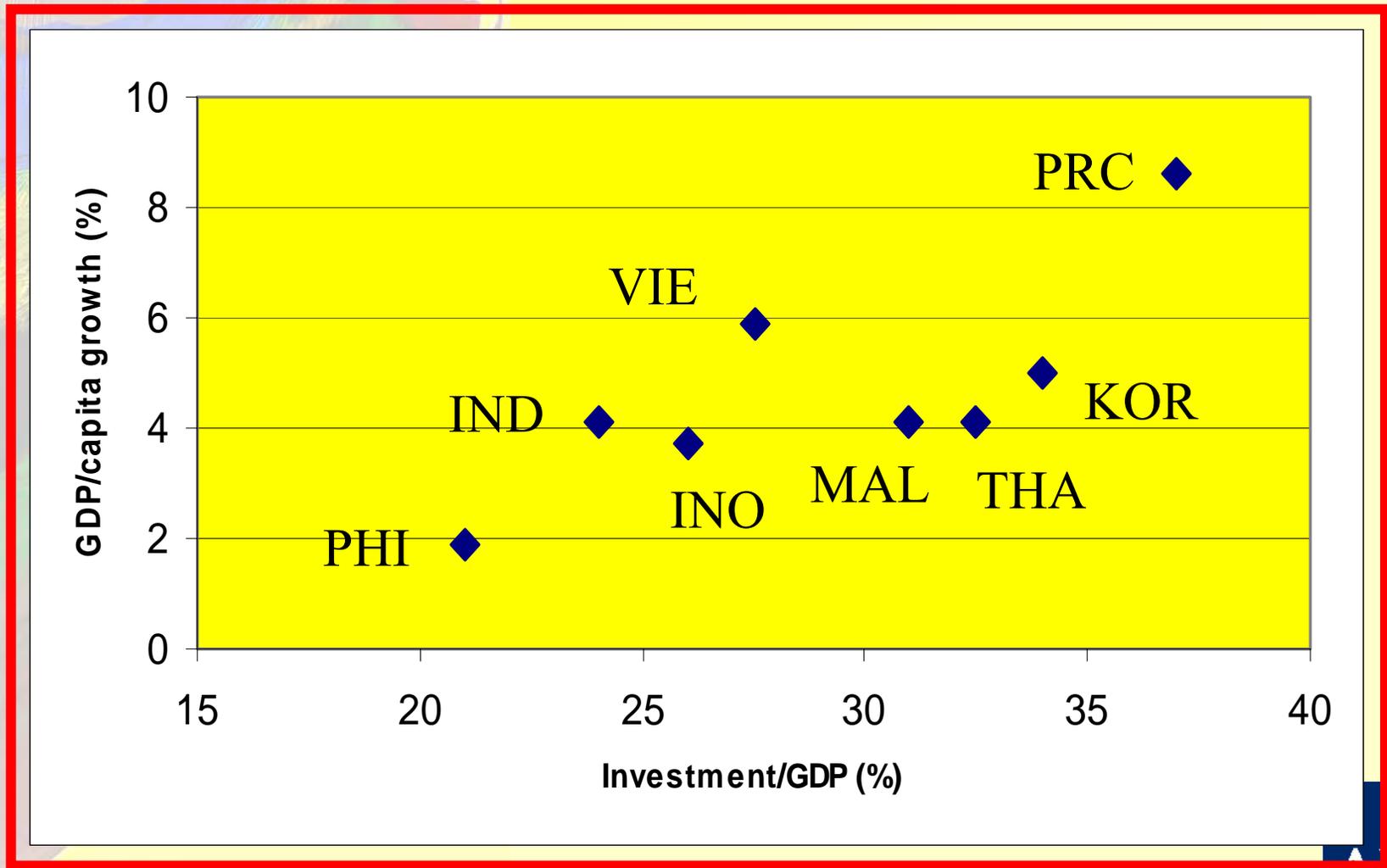
**ADB**

# GDP Growth (%) 1986-2005



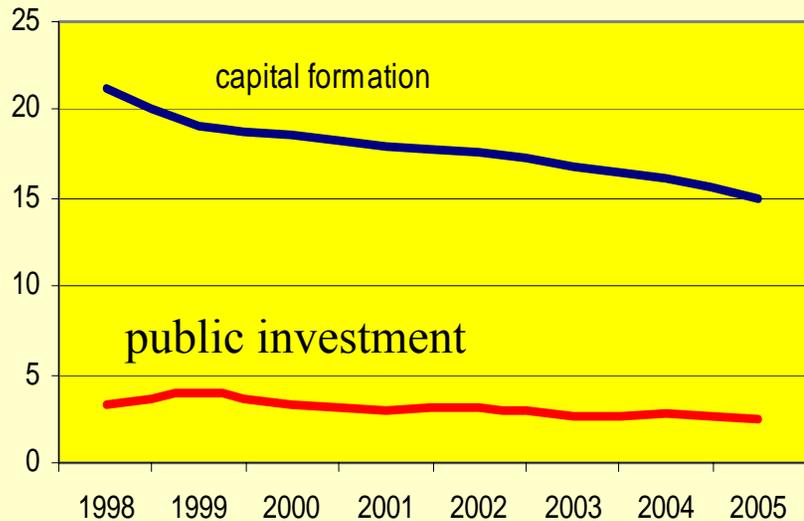
Source: ADB. *Key Indicators*

# Investment and Growth 1990-2005

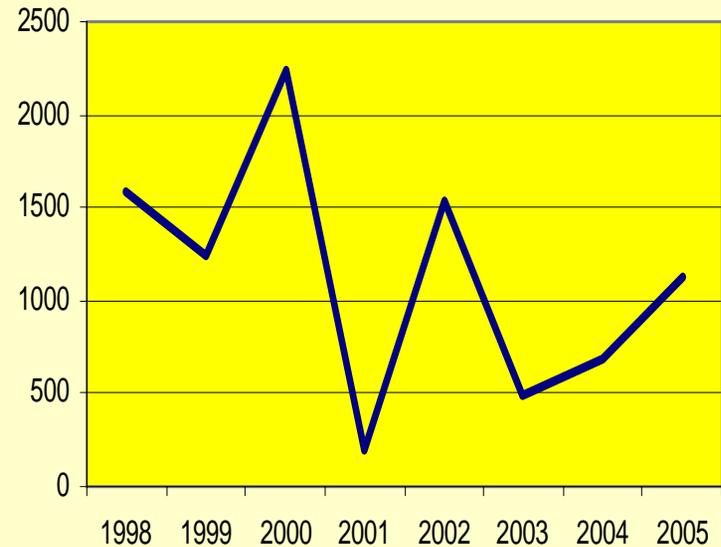


# Philippine Investment Trends

## Investments/GDP (%)

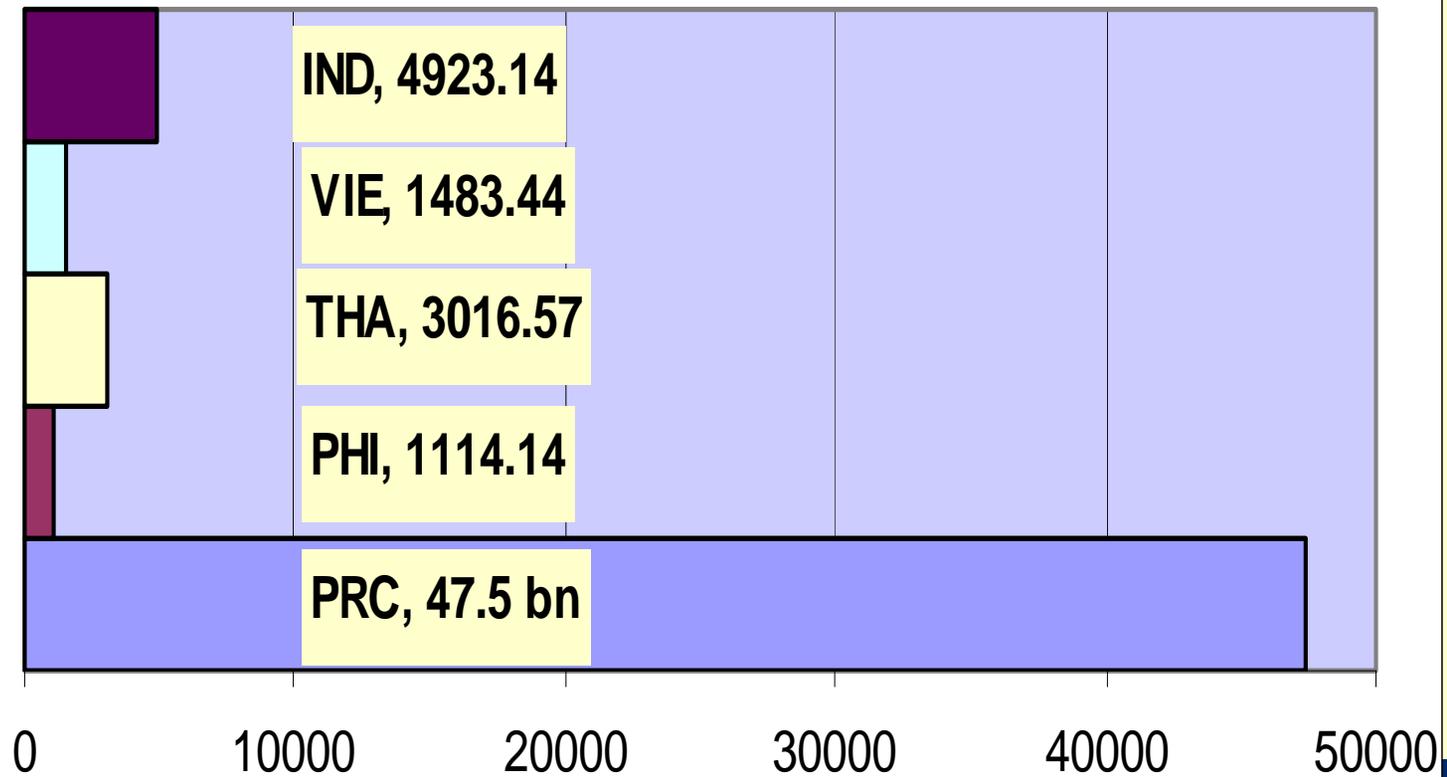


## Net FDI (\$ million)

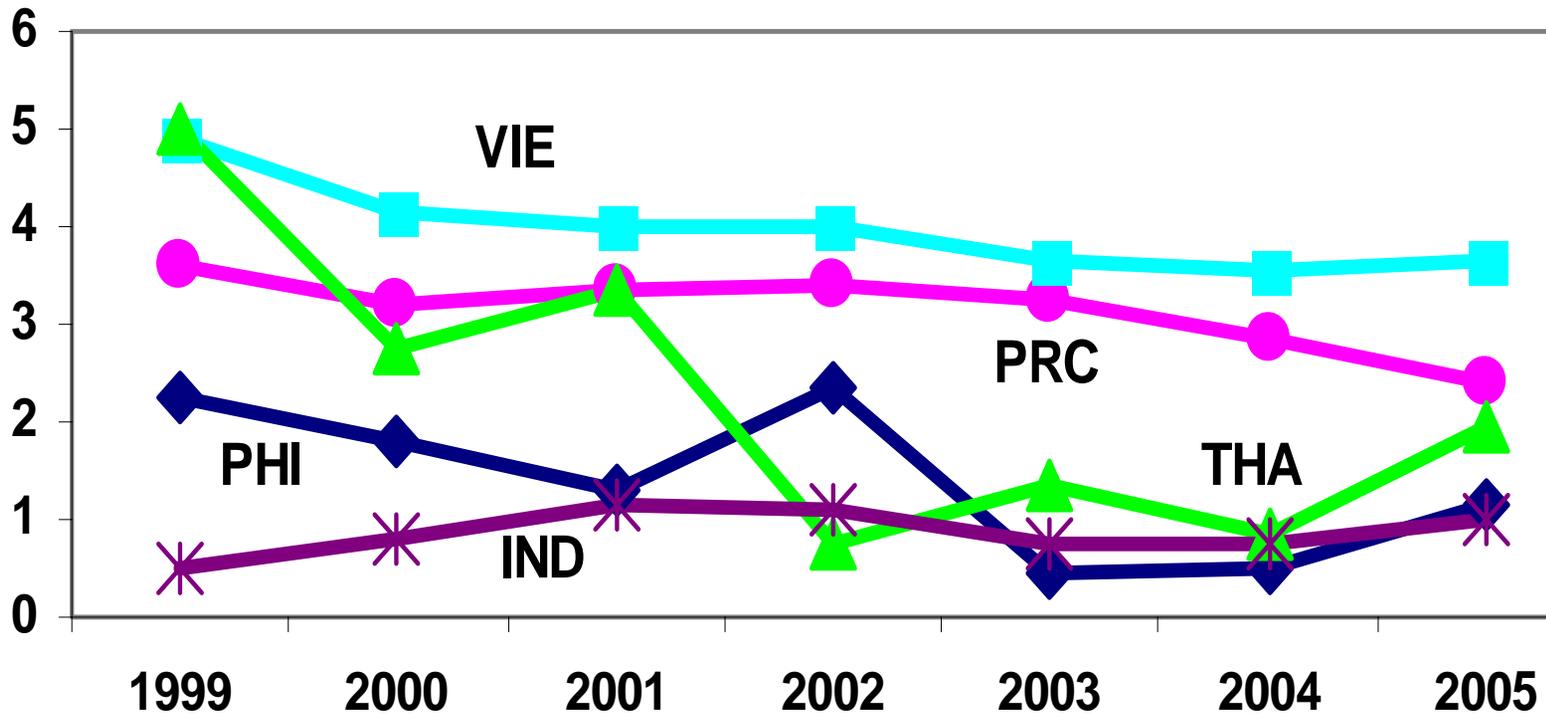


Source: ADB. *Key Indicators 2006*; BSP.

## AVERAGE NET FDI (\$m, 1999-2005)



## FDI/GDP (%)



Source: ADB. *Key Indicators 2006*

# Philippines: Investor Perception



Source: *The Philippine Star*, Editorial "Risky Business", 16 Sep '05.  
7 Commentary on ADB's *Private Sector Assessment* (May 2005).

## Philippines: Moving Toward A Better Investment Climate

### Share of Firms Rating Constraints as Major or Severe



ADB

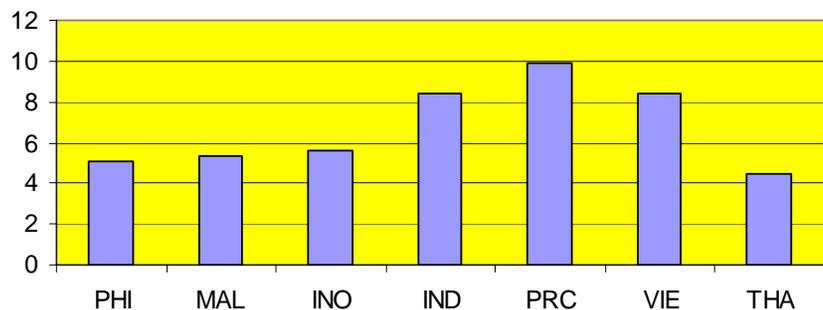
ADB

# What is “the investment climate”?

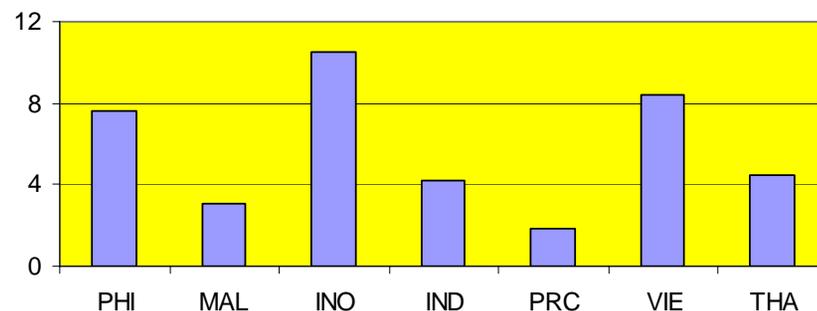
- **Incentives** Macro-economic fundamentals; political & social stability
- **Infrastructure** Access to and quality of physical assets - roads, ports, power, water, telecommunications
- **Institutions** Governance, corruption, regulation, taxation, legal system, financial sector, labor market flexibility, skilled work force

# INCENTIVES – internal balances

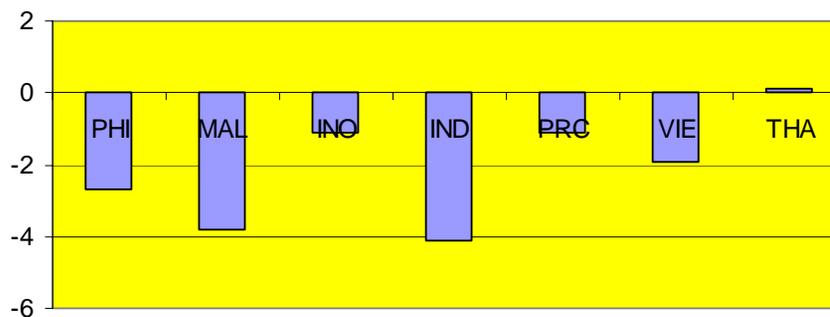
GDP Growth 2005 (%)



Inflation 2005 (%)

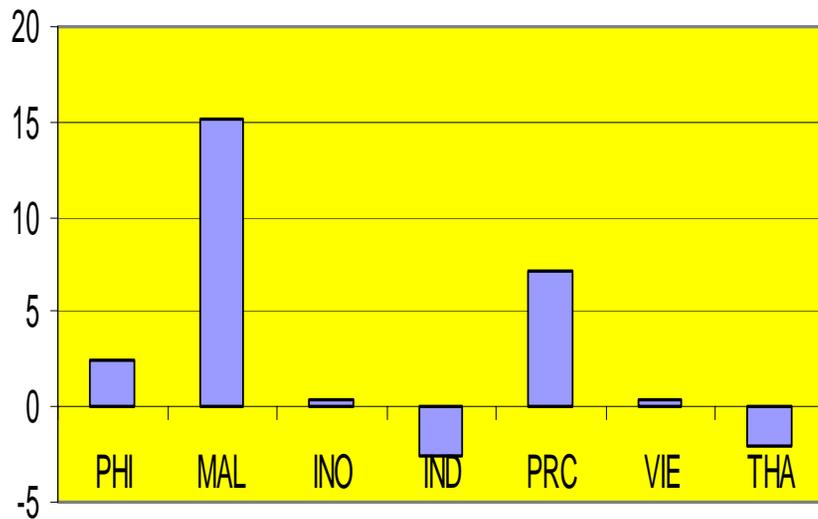


Budget Deficit 2005 (%GDP)

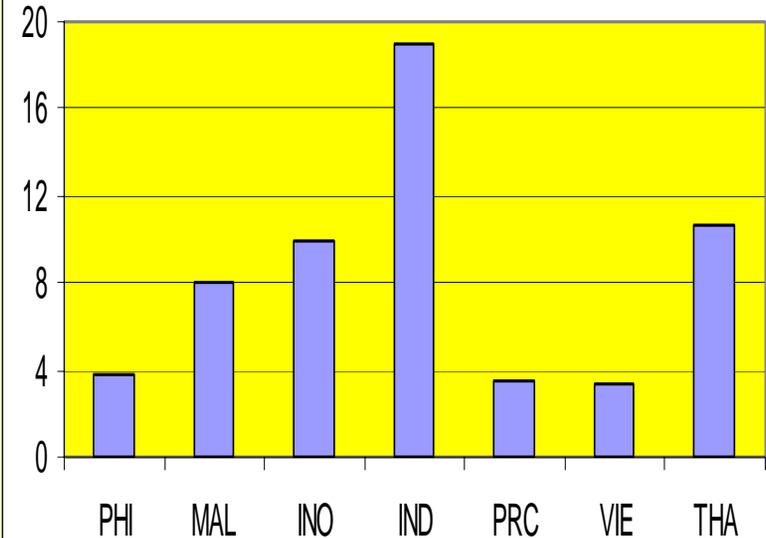


# INCENTIVES – external accounts

Current Account/GDP, 2005 (%)



Debt Service/Exports 2005 (%)



Source: ADB. *Key Indicators 2006*

# **INCENTIVES: complex economic-political environment**

- Transfer of executive power between successive administrations
- Executive-legislative alignment
- Cha-cha, con-ass, con-con, and people's initiatives
- Political cycles and economic priorities
- Risk mitigation

# INFRASTRUCTURE

Power, water, transport, sanitation, telecommunications

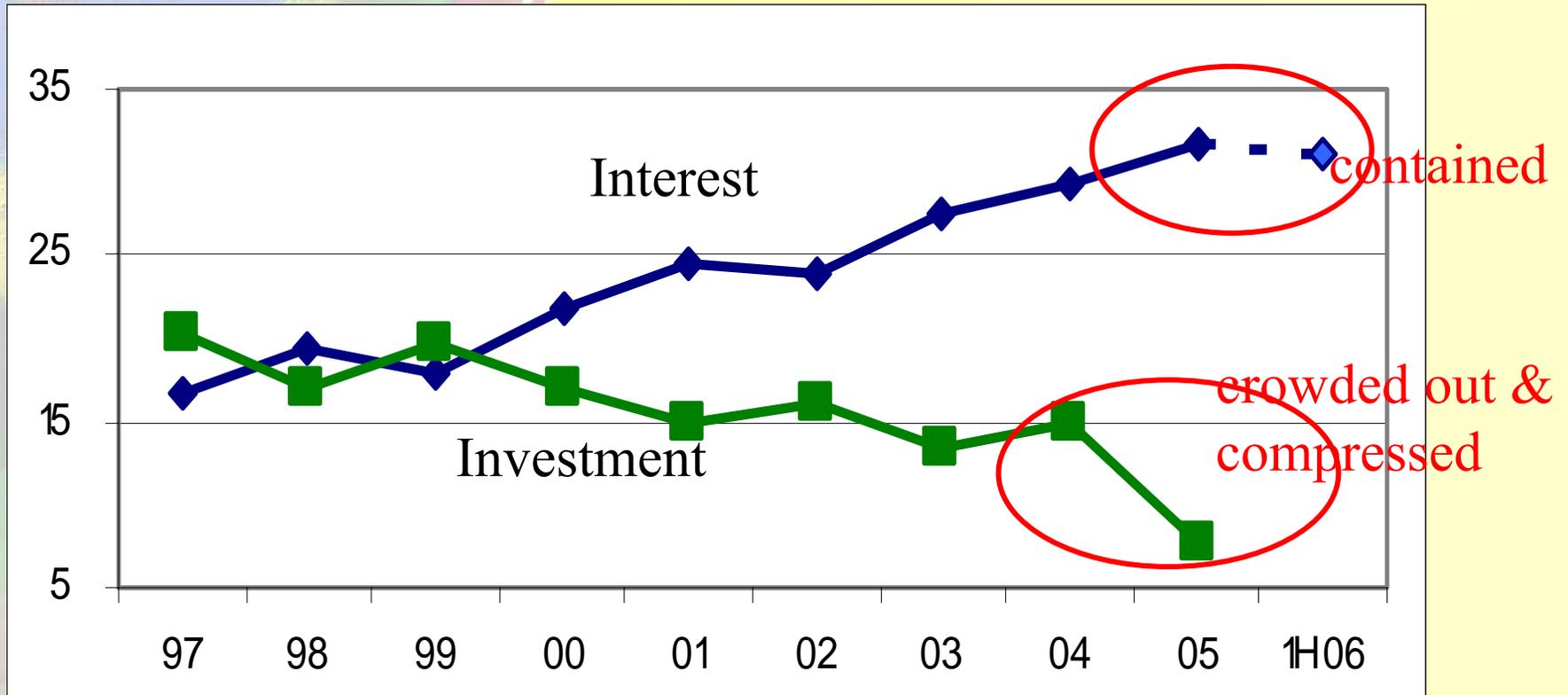
- Access and quality
- Philippines comparative standing
- Public infrastructure
- Crowding in the private sector
- Public-private partnerships

# Infrastructure Investment %GDP

0%-4%	4%-7%	>7%
Cambodia Indonesia Philippines	Lao PDR Mongolia	PRC Thailand Viet Nam

Source: ADB, JBIC, World Bank. 2005. *Connecting East Asia: A New Framework for Infrastructure*, Table 1.2.

# Public Infrastructure Spending

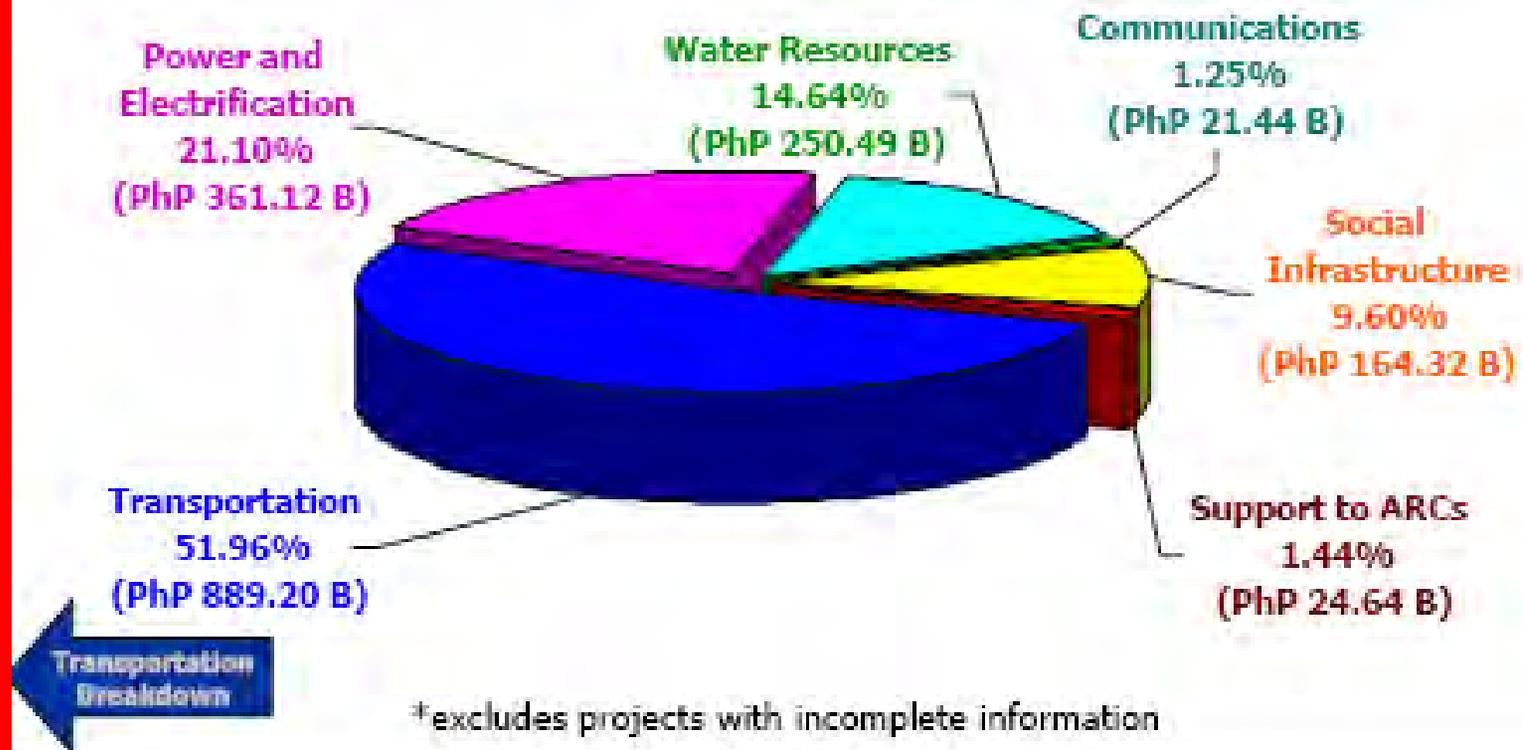


↑ Tax revenues → ↓ borrowing → ↓ interest → ↑ fiscal space for capital spending

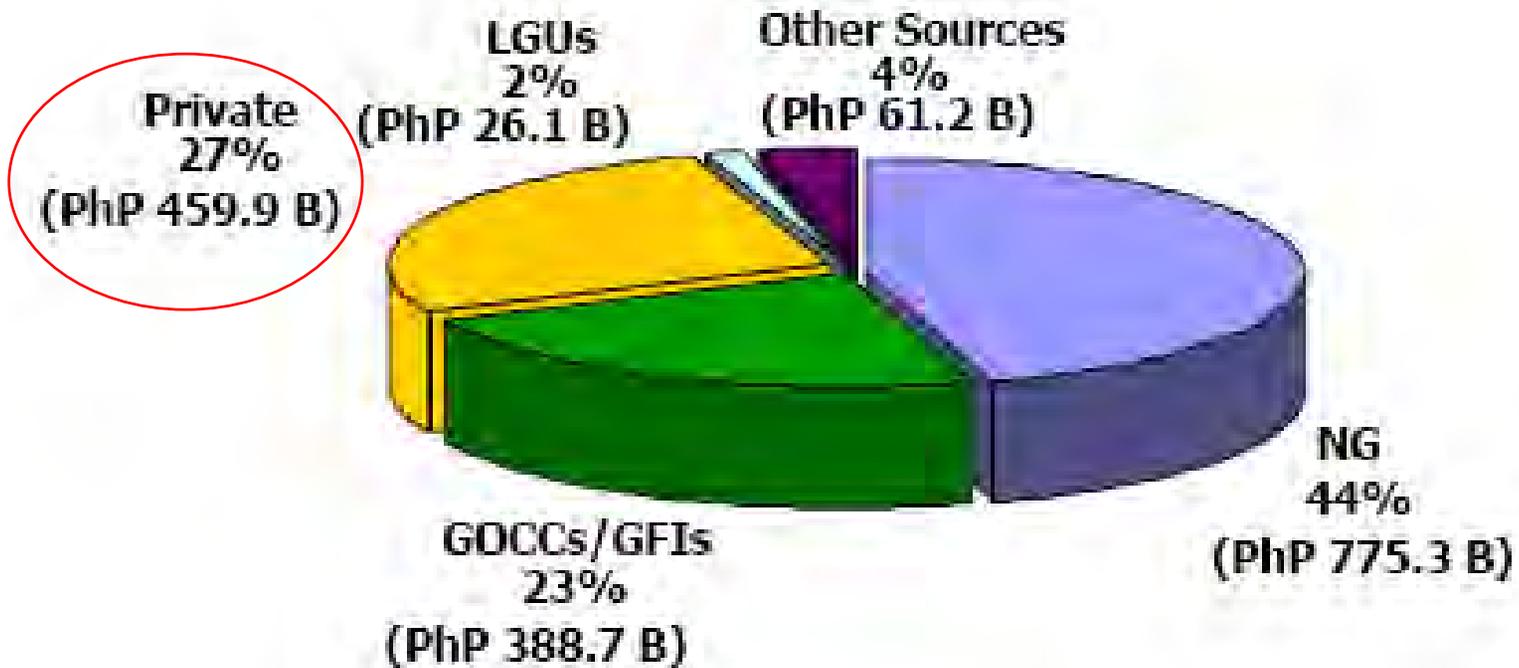
↑ ODA → ↓ interest → ↑ fiscal space for capital spending

# Future Infrastructure Investment

*Total investments = PhP 1,711 billion\*  
(4.45 % of total GDP for 2006-2010)*



# Financing Infrastructure Investments



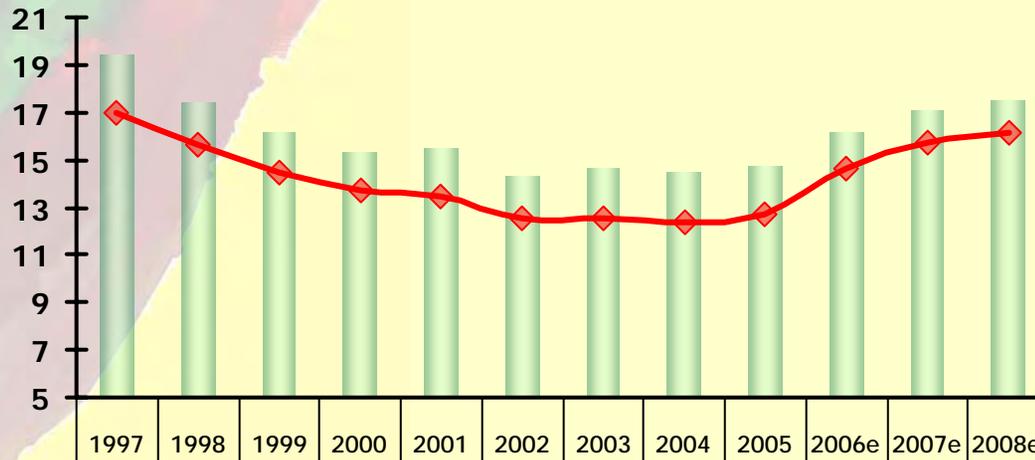
Source: *Comprehensive Integrated Infrastructure Program 2006-2010*, NEDA, 18 August 2006

# Institutions

- Governance
- Corruption
- Supreme Court and the economy
- Financial sector
- Labor market
- Regulation, red tape and regulatory agencies

# Parting Shot: Leveraging Success

Govt Deficit	2004	2005	2006	2007
National - % GDP	P187bn 3.9%	P146bn 2.7%	P125bn 2.1%	P63bn 0.9%
Consolidated - % GDP	P235bn 4.9%	P183bn 3.4%	P131bn 2.2%	P81bn 1.2%



Tax effort (%GDP)

Revenue Effort	19.4	17.4	16.1	15.3	15.5	14.3	14.6	14.5	14.7	16.1	17.1	17.5
Tax Effort	17.0	15.6	14.5	13.7	13.5	12.5	12.5	12.4	12.7	14.6	15.7	16.1

Revenue Effort Tax Effort



# Fiscal consolidation: the tipping point?

- **Proxy** for capacity and credibility
- Creating **fiscal space** for prioritized public spending on infrastructure and social sectors
- Creating **confidence** and crowding in private investment
- Triggering higher levels of **ODA support**
- Improving **perceptions** of financial markets, leading to less costly financing
- Creating **policy space** to concentrate on other areas of the economic reform agenda

# ADB-PHILIPPINES PARTNERSHIP: our vision

*As a long term development partner, living and working in Manila, ADB understands the challenges and shares the aspiration of **a Philippines free of poverty.***

*We are committed to continue to **work with all Filipinos** to move more rapidly to this goal*



thank you

[www.adb.org](http://www.adb.org)

ADB



# Trends in International Rankings of the Philippines

John D. Forbes  
Senior Advisor

Investment Climate Improvement Project  
American Chamber of Commerce of the  
Philippines

# The American Chamber of Commerce of the Philippines, Inc.

2 0 0 3



Advocacy  
Paper



**THE ROADMAP TO MORE  
FOREIGN INVESTMENT**

March 2003

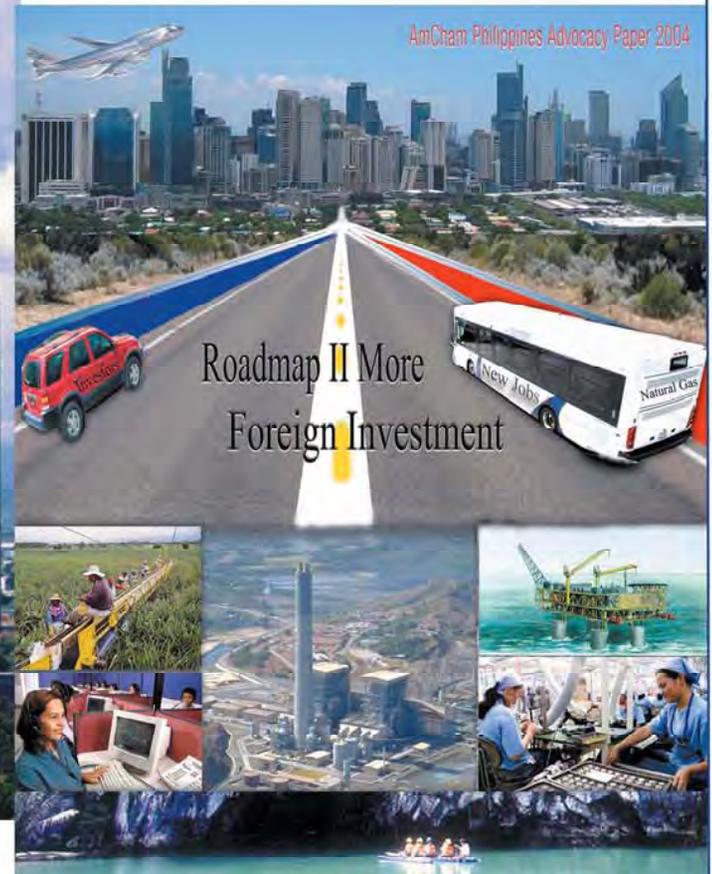
AmCham Philippines

Investment  
Climate  
Improvement  
Project

2 0 0 6

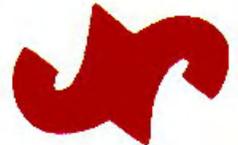
2 0 0 4

AmCham Philippines Advocacy Paper 2004



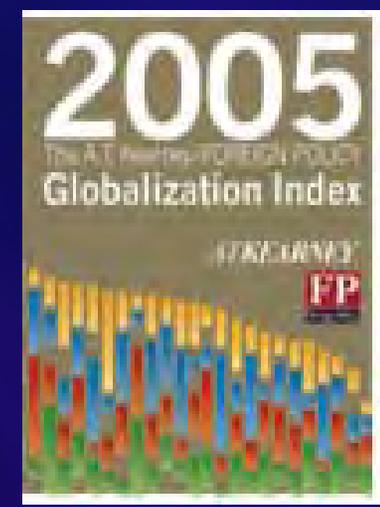
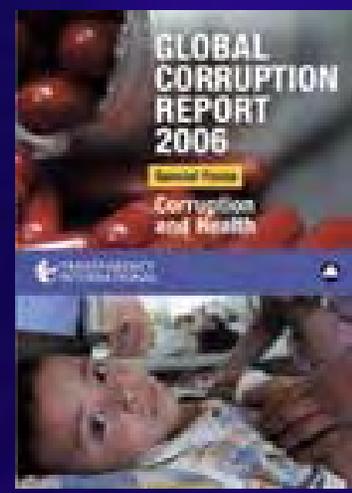
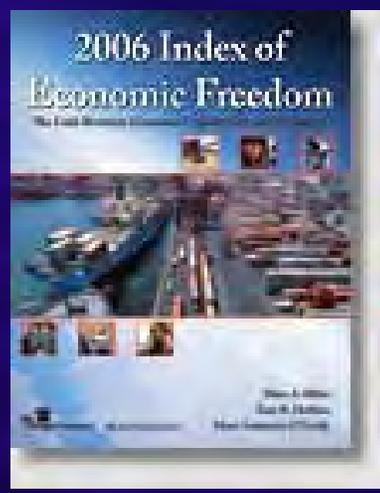
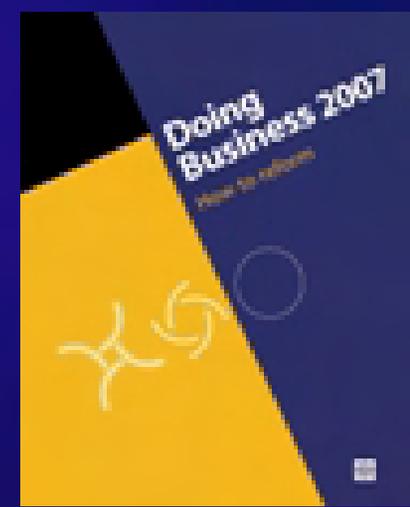
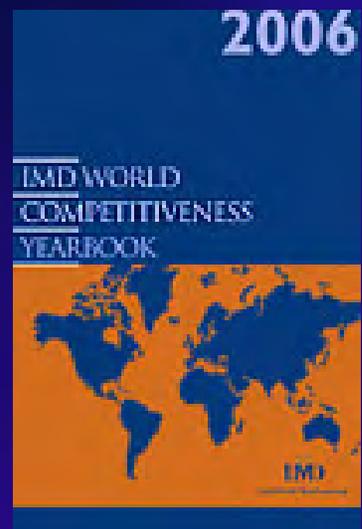
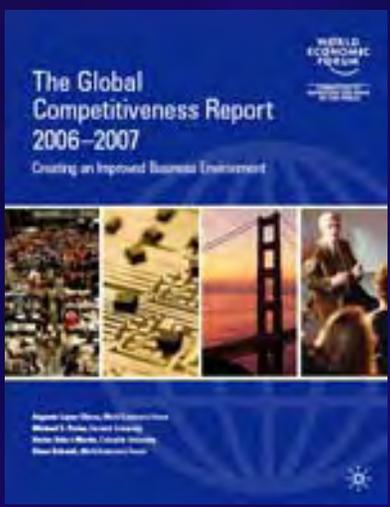
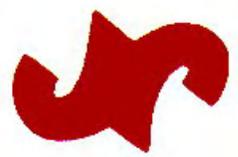
Roadmap II More  
Foreign Investment

• English • Security • Legislative Reform • Population Growth • Infrastructure • Governance



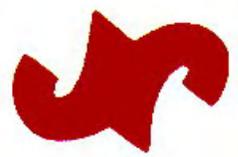
# Trends in International Competitiveness Ratings

- FDI decision makers weigh country risk and competitiveness ratings.
- They need overriding reasons to invest in countries with higher risk and poor rankings. (e.g. oil and minerals, call centers).
- China and India are the “hottest” FDI destinations, even if both are mid-ranked in competitiveness ratings.
- Philippines has a poor country image, higher risk and is ranked in lower mid-range in most surveys.
- For the Philippines, perceptions and ratings are critical to FDI levels.





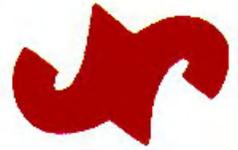
# International Measures of Philippine Competitiveness



Index	'01	'02	'03	'04	'05	'06
❖ Index of Economic Freedom (161 countries)	81	70	62	74	90	98
❖ Corruption Perceptions Index (163 countries)	65	77	92	102	117	121
❖ World Competitiveness Yearbook (61 countries)		40	49	52	49	49
❖ Global Competitiveness Report (117 countries)	48	62	66	76	77	77



# International Measures of Philippine Competitiveness



Index	'01	'02	'03	'04	'05	'06	'07
❖ Globalization Index (62 countries)	34	52	54	33	32	31	
❖ Failed States Index (148 countries)					56	68	
❖ Ease of Doing Business (175 countries)					113	121	126
❖ Human Dev't Index (177 countries)	70	77	85	83	84	84	



# WEF – Global Competitiveness Report



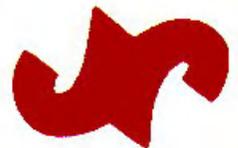
## Nine Pillars of Competitiveness



- **Basic Requirements**
  - Institutions
  - Infrastructure
  - Macroeconomy
  - Health and Primary Education



- **Efficiency Enhancers**
  - Higher Education and Training
  - Market Efficiency
  - Technological Readiness



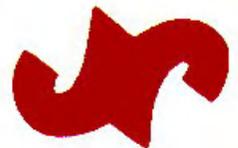
- **Innovation Factors**
  - Business Sophistication
  - Innovation



# Selected Asian Economies

## BASIC REQUIREMENTS FOR GLOBAL COMPETITIVENESS

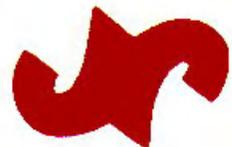
Rank out of 117 economies



	Institutions	Infrastructure	Macro economy	Health and Primary Education
<b>Philippines</b>	<b>89</b>	<b>90</b>	<b>58</b>	<b>77</b>
Hong Kong SAR	17	6	6	19
Indonesia	65	75	63	80
Korea	38	20	5	30
Malaysia	15	22	31	88
Singapore	1	5	9	69
Taiwan	22	15	23	32
Thailand	40	37	11	85
Vietnam	63	85	44	54

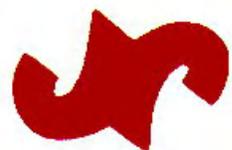


# Global Competitiveness Index: Philippines



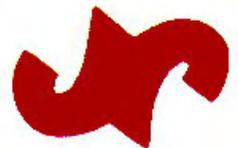
	2004		2005	
	Score/	Rank/	Score/	Rank/
	Hard	104	Hard	117
	data countries		data countries	
<b>GLOBAL COMPETITIVENESS INDEX: Philippines</b>	3.55	74	3.93	73
<b><u>BASIC REQUIREMENTS</u></b>	3.40	82	4.20	81
<b>First Pillar: Institutions</b>	3.39	75	3.21	89
<b>A. Public Institutions</b>				
<b>1. Property Rights</b>				
6.03 Property rights	4.0	74	4.20	64
<b>2. Ethics and Corruption</b>				
6.24 Diversion of public funds	2.2	97	2.1	107
6.26 Public trust of politicians	1.5	93	1.4	109
<b>3. Undue influence</b>				
6.01 Judicial independence	3.0	74	2.7	85
6.08 Favoritism in decisions of government officials	2.3	90	2.4	98
<b>4. Government inefficiency (red tape, bureaucracy and waste)</b>				
6.06 Wastefulness of government spending	2.3	90	2.4	100
6.07 Burden of government regulation	2.2	95	2.5	95
<b>5. Security</b>				
2.02 Business costs of terrorism	3.0	102	3.0	116
6.14 Reliability of police services	2.7	99	3.0	96
6.15 Business costs of crime and violence	3.1	83	3.8	70
6.16 Organized crime	3.3	94	4.0	82
<b>B. Private institutions</b>				
<b>1. Corporate ethics</b>				
8.04 Ethical behavior of firms	3.7	79	3.9	69
<b>2. Corporate accountability</b>				
8.16 Efficacy of corporate boards	4.6	45	4.3	77
8.21 Protection of minority shareholders' interests	4.3	59	4.4	56
8.23 Strength of auditing and reporting standards	5.1	39	4.9	56

# Global Competitiveness Index: Philippines



	2004		2005	
	Score/	Rank/	Score/	Rank/
	Hard	104	Hard	117
	data	countries	data	countries
<b>GLOBAL COMPETITIVENESS INDEX: Philippines</b>	3.55	74	3.93	73
<b>Second Pillar: Infrastructure</b>	2.55	87	2.62	90
5.01 Overall infrastructure quality	2.5	87	2.6	94
5.02 Railroad infrastructure development	1.4	90	1.3	103
5.03 Port infrastructure quality	2.6	80	2.8	84
5.04 Air transport infrastructure quality	3.9	73	4.0	75
5.05 Quality of electricity supply	3.5	80	3.7	83
5.08 Telephone lines (hard data)	4.2	84	4.1	93

# IMD – World Competitiveness Yearbook



- **Economic Performance**

- Domestic Economy
- International Trade
- International Investment
- Employment
- Prices

- **Government Efficiency**

- Public Finance
- Fiscal Policy
- Institutional Framework
- Business Legislation
- Societal Framework

- **Business Efficiency**

- Productivity
- Labor Market
- Finance
- Management Practices
- Attitudes and Values

- **Infrastructure**

- Basic Infrastructure
- Technological Infrastructure
- Scientific Infrastructure
- Health and Environment
- Education



# IMD-WCY 2006 Ranking of 15 Asia-Pacific Economies

<u>Country</u>	<u>Rank</u>
Taiwan	5
China	6
Malaysia	8
India	9
Thailand	10
Korea	13
<i>Philippines</i>	<i>14</i>
Indonesia	15



# IMD-WCY 2006

## Government Efficiency

### RP Strengths and Weaknesses

- Strengths

<u>Criteria</u>	<u>Rank</u>
Real short-term interest rate	2
Consumption tax rate	6
Collected total tax revenues	7
Government subsidies	11
Management of public finances	12

- Weaknesses

<u>Criteria</u>	<u>Rank</u>
Low risk of political instability	60
Bribing and corruption	60
Custom's authorities	59
Public service	59
Country credit rating	58



# IMD-WCY 2006

## Business Efficiency

### RP Strengths and Weaknesses

- Strengths

- Weaknesses

<u>Criteria</u>	<u>Rank</u>	<u>Criteria</u>	<u>Rank</u>
Compensation levels	4	Brain drain	58
Working hours	5	Value traded on stock markets	58
Remuneration in services prof	6	Overall productivity (PPP)	57
Remuneration of management	15	Foreign high-skilled people	57
Flexibility and adaptability	16	Image abroad of country/region	57



# IMD-WCY 2006 Infrastructure RP Strengths and Weaknesses

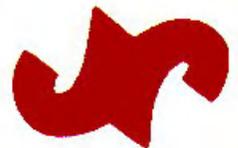
- Strengths

- High-tech exports
- Investment in telecom
- Mobile phone costs
- Internet costs
- Language skills

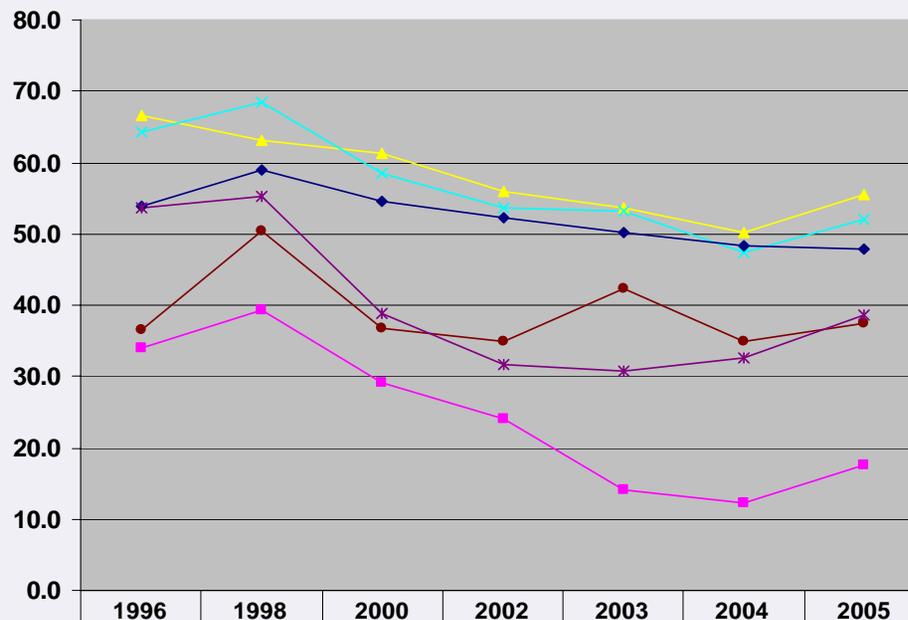
- Weaknesses

<u>Rank</u>	<u>Criteria</u>	<u>Rank</u>
1	Pupil/teacher ratio (secondary)	61
9	Dependency ration	60
12	Total health expenditure	60
15	Total public expenditure on educ	60
18	Total expenditure on R&D	60

# International Measures of Philippine Competitiveness



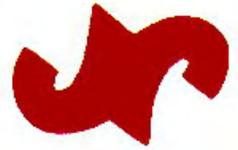
## Worldwide Governance Indicators



	1996	1998	2000	2002	2003	2004	2005
Government Effectiveness	66.7	63.2	61.2	56.0	53.6	50.2	55.5
Regulatory Quality	64.2	68.5	58.6	53.7	53.2	47.3	52.0
Voice and Accountability	53.8	58.9	54.6	52.2	50.2	48.3	47.8
Control of Corruption	36.6	50.5	36.8	34.8	42.2	34.8	37.4
Rule of Law	53.6	55.3	38.9	31.7	30.8	32.7	38.6
Political Stability / No Violence	34.0	39.2	29.2	24.1	14.2	12.3	17.5



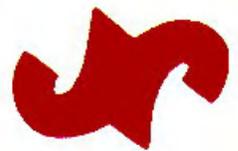
# RP vis-à-vis Competitors



Country / Index	Global Competitiveness Report 2006-2007	World Competitiveness Yearbook 2006	Doing Business 2007
Indonesia	50 (last year: 69)	60	135
Malaysia	26	23	25
<b>Philippines</b>	<b>71</b>	<b>49</b>	<b>126</b>
Singapore	5	3	1
Thailand	35	32	18
Vietnam	77	---	104
China	55	19	93
India	43	29	134
<i>Number of countries ranked</i>	125	61	175



# RP vis-à-vis Competitors



Country / Index	Index of Economic Freedom 2006	Corruption Perceptions Index 2005	Globalization Index 2005	Human Dev Index 2005
<b>Indonesia</b>	134	137	60	110
Malaysia	68	39	19	61
<b>Philippines</b>	<b>98</b>	<b>117</b>	<b>32</b>	<b>84</b>
Singapore	2	5	1	25
Thailand	71	59	46	73
<b>Vietnam</b>	142	107	---	108
China	111	78	54	85
India	121	88	61	127
<i>Number of countries ranked</i>	161	146	62	177

# ONE REASON FOR NEGATIVE INVESTOR PERCEPTIONS





Source: 5th MAP International CEO Conference  
11 October 2006, Makati Shangri-la  
"Recipes for Competitiveness"

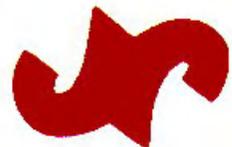


# Who Cares?

- There should be deep concern at the low and declining rate of investment in the Philippine economy.
- PGMA is concerned at low competitiveness rankings and discussed competitiveness and infrastructure in her SONA.
- Confluence of “Summits”
  - Infrastructure, FDI Workshop, National Competitiveness Summit
- Each of These “Summits” Creates an Action Agenda.
- Goal: Implementation of Agendas Will Improve Country Ratings.

# Further Research: Let's Go Surfing

- <http://www.weforum.org/gcr>  
World Economic Forum – Global Competitiveness Report
- <http://www.imd.ch/research/centers/wcc/index.cfm>  
IMD – World Competitiveness Center
- <http://www.worldbank.org/wbi/governance>  
The World Bank – Worldwide Governance Indicators
- <http://www.doingbusiness.org/>  
The World Bank – Doing Business
- <http://www.atkearney.com/> or <http://www.foreignpolicy.com/index.php>  
AT Kearney/Foreign Policy – Globalization Index
- <http://www.heritage.org/research/features/index/index.cfm>  
The Heritage Foundation – Index of Economic Freedom
- [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi](http://www.transparency.org/policy_research/surveys_indices/cpi)  
Transparency International – Corruption Perceptions Index
- [http://www.fundforpeace.org/programs/fsi/fsi\\_index.php](http://www.fundforpeace.org/programs/fsi/fsi_index.php)  
Fund for Peace – Failed States Index
- <http://hdr.undp.org/>  
United Nations – Human Development Report



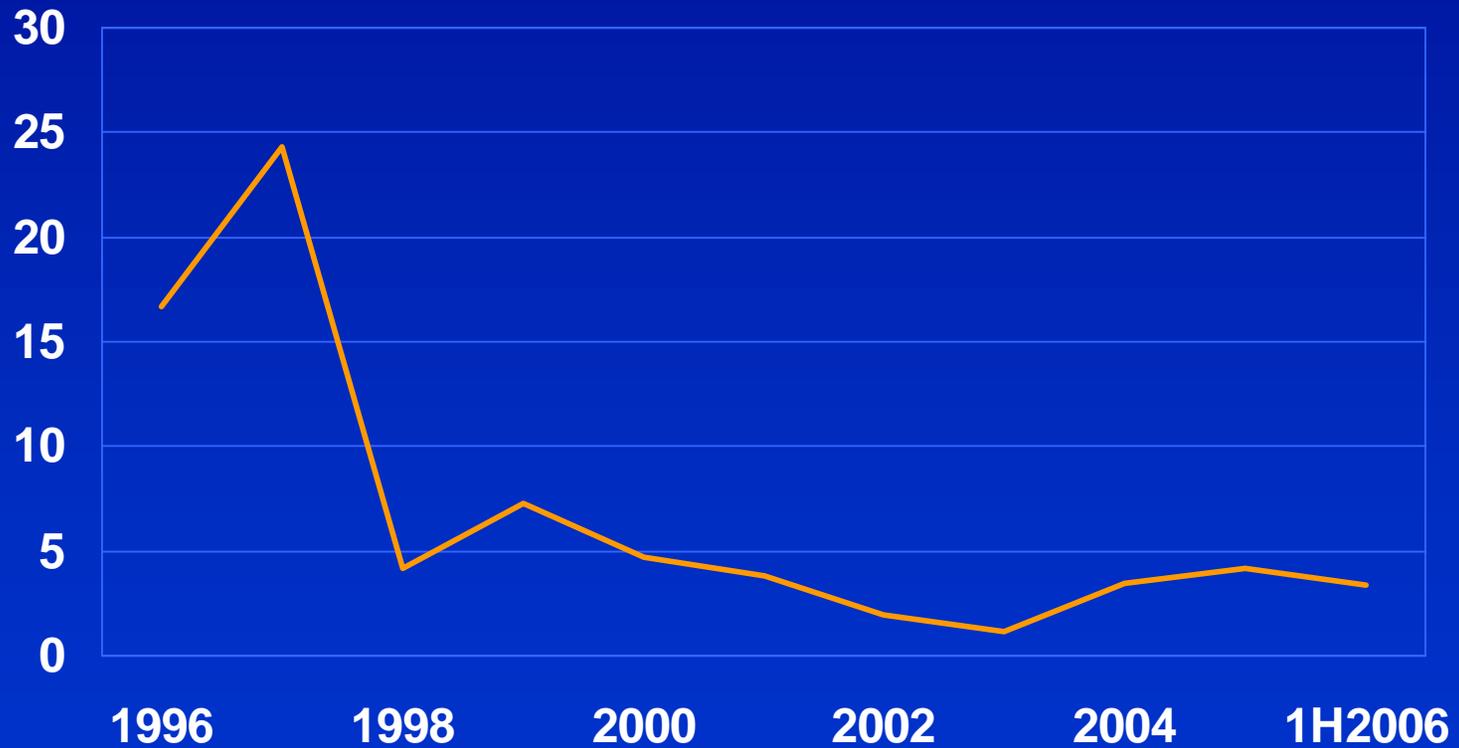


**Thank  
You!**

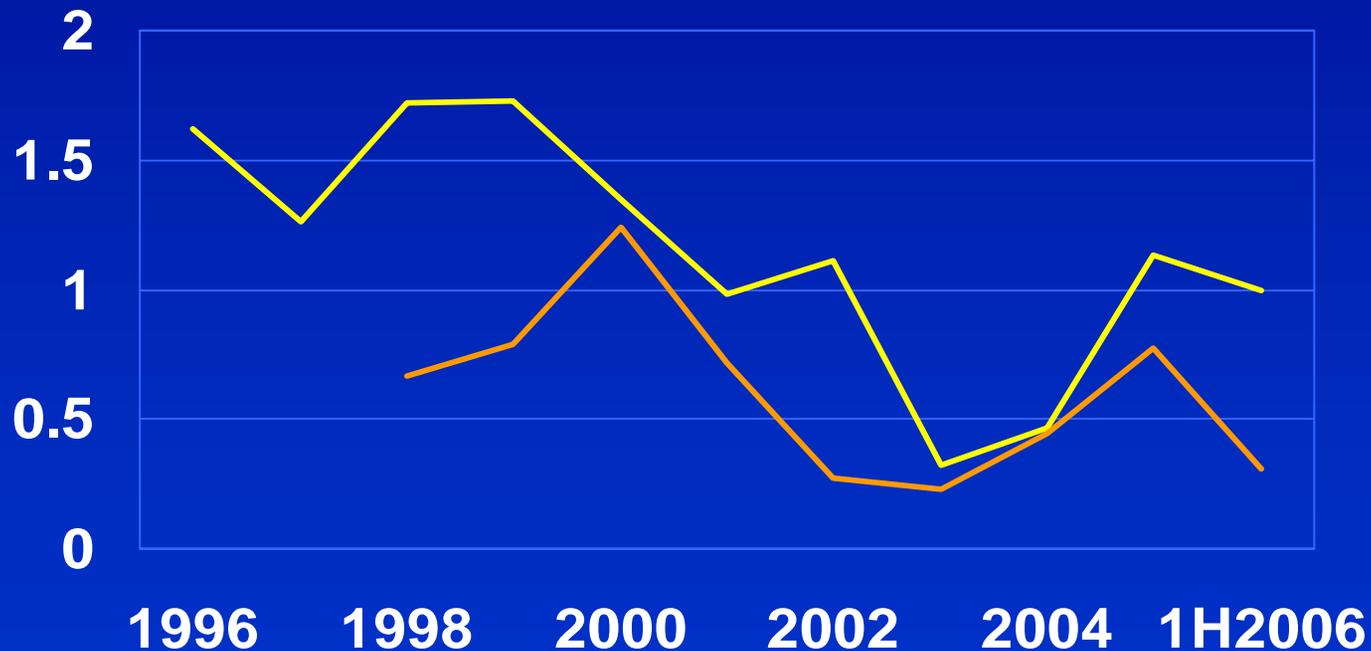
# *How Much FDI for the Philippines?*

Gregory L. Domingo  
SM Investments Corporation

# *Investment Promotions Agencies' Total Approved Investments (USD Billions)*



# Foreign Direct Investments (FDI) (USD Billions)

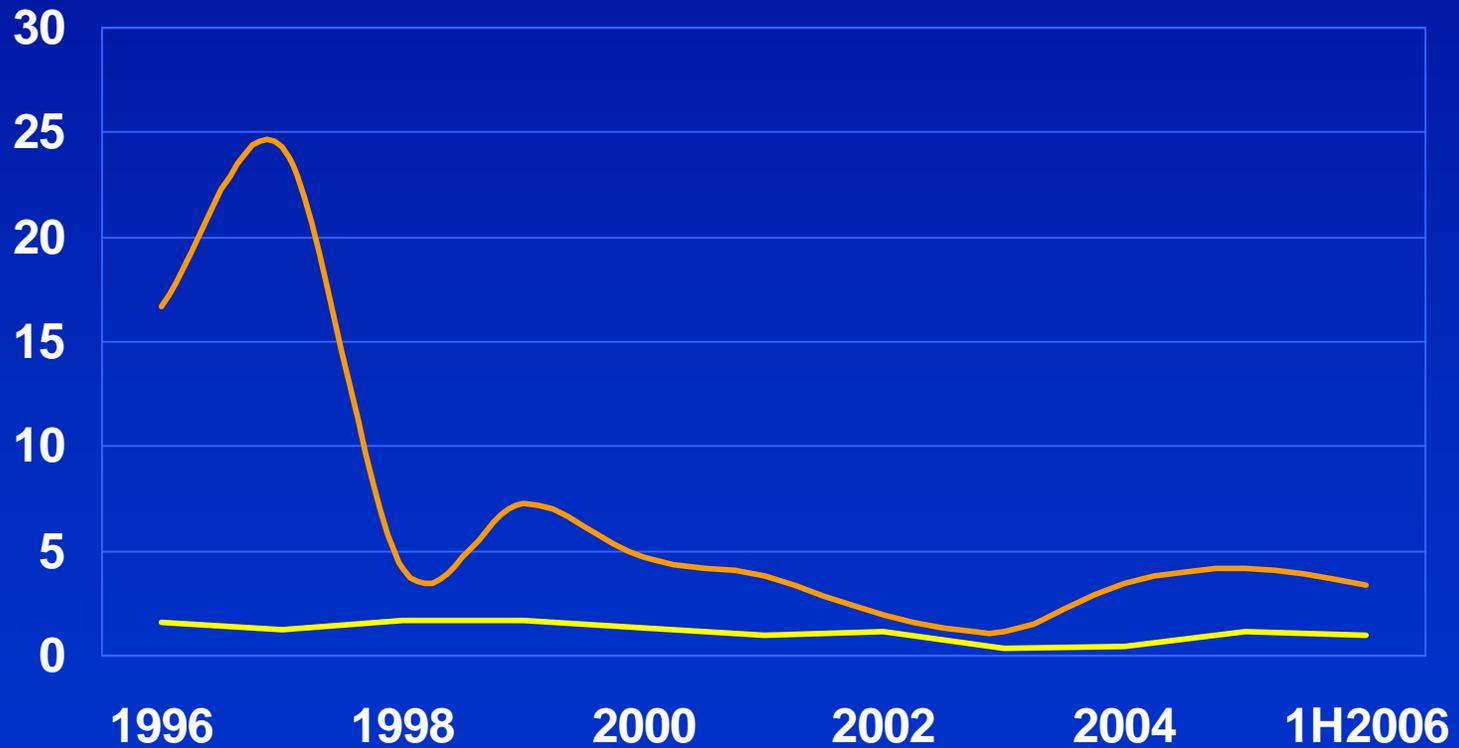


— Source: ASEAN Secretariat & BSP (2005/2006)

— SEIPI

# *IPA Approvals vs FDI* *(USD Billions)*

— IPA Approved Investments — FDI

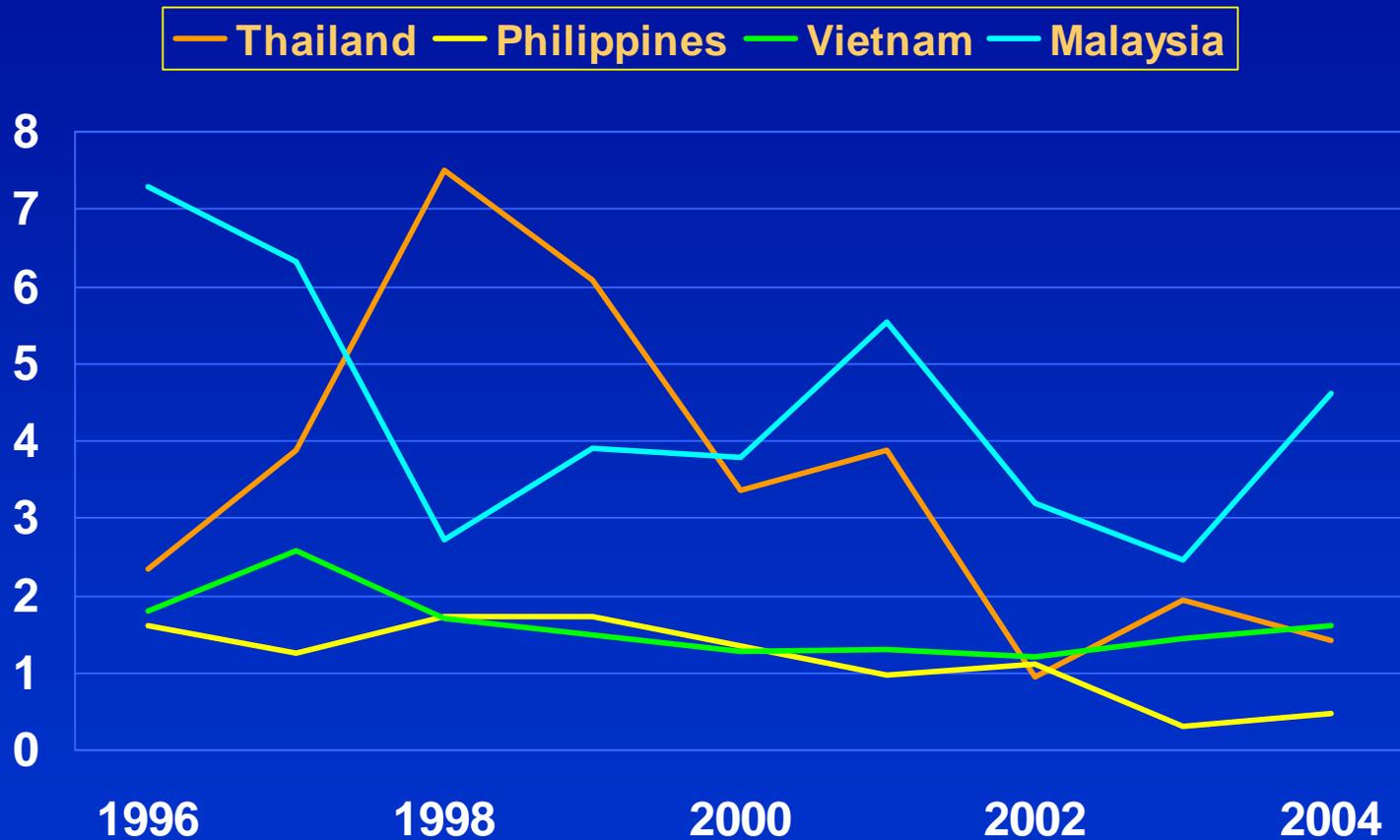


# FDI Breakdown By Sector 1999-2003

(USD Millions)

<b>Manufacturing</b>	<b>1,448</b>
<b>Services</b>	<b>1,106</b>
<b>Financial Services</b>	<b>501</b>
<b>Mining</b>	<b>473</b>
<b>Others</b>	<b>1,765</b>
<b>Total</b>	<b>5,293</b>

# ASEAN FDI Comparison (USD Billions)



Source: ASEAN Secretariat

# ***Foreign Investment Developments***

- **Hanjin - \$1 Billion Shipbuilding in Subic**
- **Hebei Xintai Jingniu - \$300 Million glass manufacturing in Subic**
- **Upswing in electronics industry investments: over \$700 million in 2005**
- **Growing BPO/Call center investments: \$200 to \$300 million per year – more comfort by investors in moving operations to the Philippines**
- **Potential big ticket items in Power and Mining sectors**
- **Growing tourism and real estate sectors**

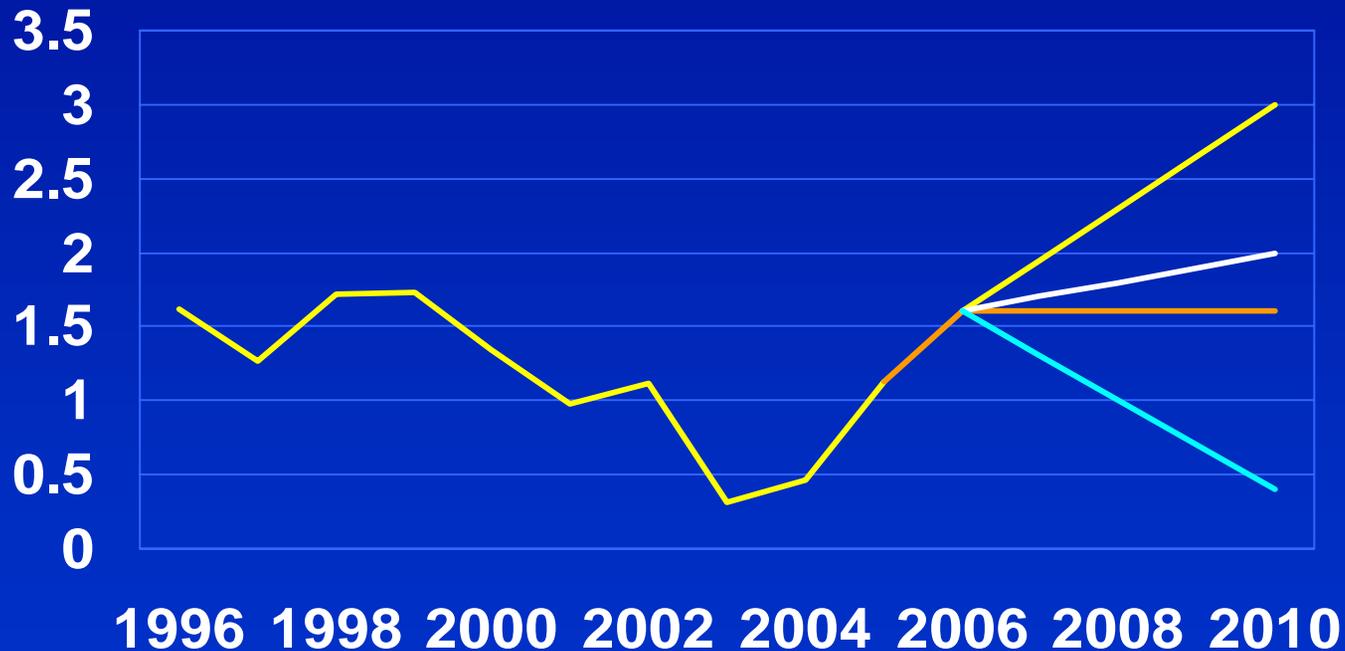
# ***Investment Environment***

- **Sustained GDP growth rate of over 5%**
- **Improving budget deficit situation**
- **Improving Debt to GDP ratio**
- **Continued increase in remittances**
- **FX reserves at all time high**
- **Big improvement in bank NPLs**
- **Stock market in comeback**

# **Average Annual FDI Forecast 2007-2010 (USD Billions)**

<b>Optimistic (with major reforms)</b>	<b>2.5</b>
<b>Status Quo (without reforms)</b>	<b>1.8</b>
<b>Pessimistic (loss of confidence)</b>	<b>0.8</b>

# Foreign Direct Investments (FDI) (USD Billions)



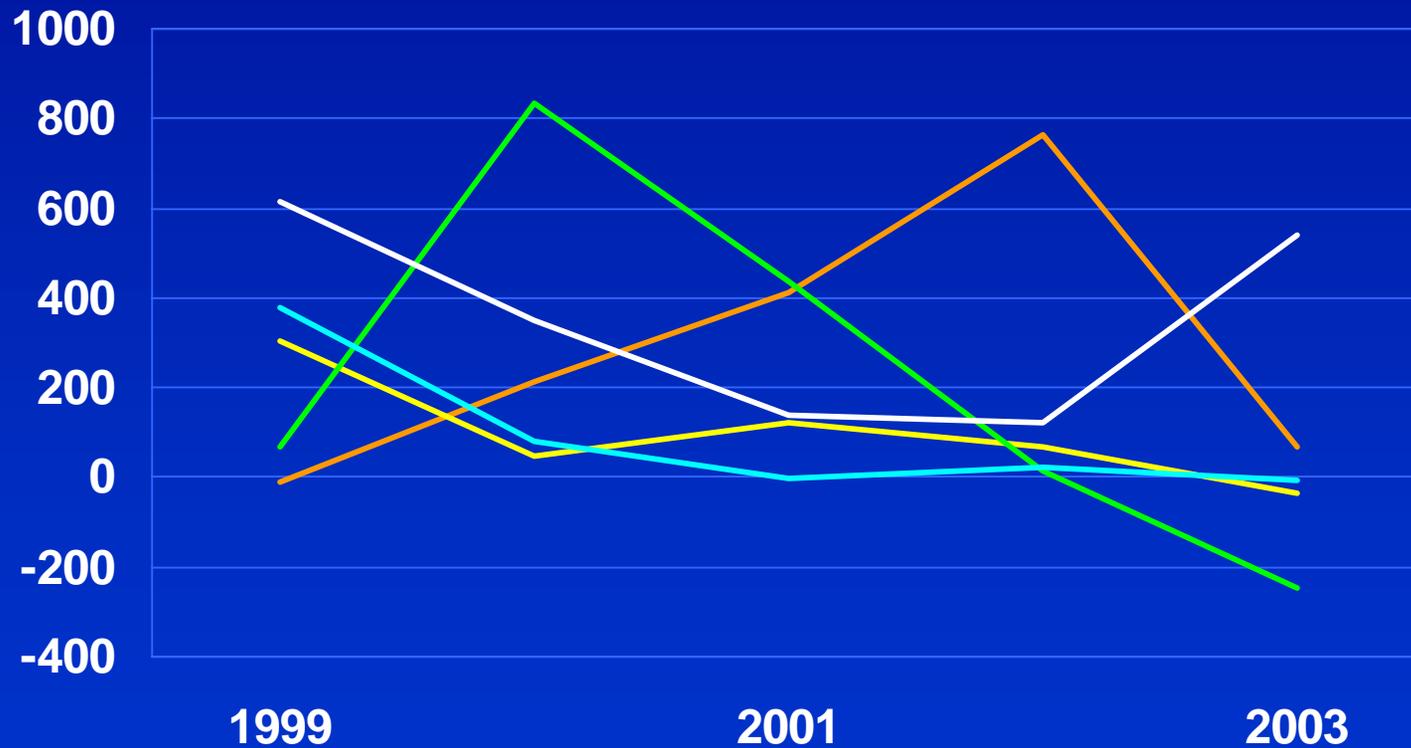
— Historical  
— Status Quo

— Govt Forecast  
— Pessimistic

— Optimistic

# FDI By Economic Sector (USD Millions)

— Manufacturing — Financial Services — Services — Mining — Others



Source: ASEAN Secretariat

Thank You



**CONSTITUTIONAL AND LEGAL  
RESTRICTIONS ON  
FOREIGN DIRECT INVESTMENTS**

Dr. Bernardo M. Villegas

# CONSTITUTIONAL RESTRICTIONS OF FOREIGN DIRECT INVESTMENTS

- Media and Advertising
- Educational Institutions and Professional Activities
- Franchises and Public Utilities
- Land Ownership, Use and Disposition
- Natural Resources

# MEDIA AND ADVERTISING

- Article XVI

Section 11. (1) The ownership and management of mass media shall be limited to citizens of the Philippines, or to corporations, cooperatives or associations wholly owned and managed by such citizens.

Only Filipino citizens or corporations or associations at least seventy percent of the capital of which is owned by such citizens shall be allowed to engage in advertising industry.

# EDUCATIONAL INSTITUTIONS

- Article XIV

Section 4. (2) Educational institutions, other than those established by religious groups and mission boards, shall be owned solely by citizens of the Philippines or corporations or associations at least sixty percent of the capital of which is owned by such citizens. The Congress may, however, require increased Filipino equity participation in all educational institutions.

The control and administration of educational institutions shall be vested in citizens of the Philippines.

# FRANCHISES AND PUBLIC UTILITIES

- Article XII

Section 11. No franchise, certificate, or any other form of authorization for the operation of a public utility shall be granted except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least sixty percent of whose capital is owned by such citizens... The participation of foreign investors in the governing body of any public utility enterprise shall be limited to their proportionate share its capital, and all the executive and managing officers of such corporation or association must be citizens of the Philippines.

# LAND OWNERSHIP

- Article XII

Section 3. Lands of the public domain are classified into agricultural, forest or timber, mineral lands, and national parks. Agricultural lands of the public domain may be further classified by law according to the uses which they may be devoted. Alienable lands of the public domain shall be limited to agricultural lands. Private corporations or associations may not hold such alienable lands of the public domain except by lease, for a period not exceeding twenty-five years, renewable for not more than twenty-five years, and not to exceed one thousand hectares in area. Citizens of the Philippines may lease not more than five hundred hectares, or acquire not more than twelve hectares thereof by purchase, homestead, or grant.

# LAND OWNERSHIP

Taking into account the requirements of conservation, ecology, and development, and subject to the requirements of the agrarian reform, the Congress shall determine, by law, the size of lands of the public domain which may be acquired, developed, held, or leased and the conditions therefor.

# LAND OWNERSHIP

- Article XII

Section 7. Save in cases of hereditary succession, no private lands shall be transferred or conveyed except to individuals, corporations, or associations qualified to acquire or hold lands of the public domain.

# LAND OWNERSHIP

The Constitution, to be precise, does not contain any provision that expressly prohibits foreigners from owning land in the Philippines. The prohibition, however, may be gleaned by implication from a reading of Art. XII, Sections 3 and 7. When Art. XII, section 3 refers to “private corporations or associations,” it apparently encompasses both Filipino-owned and foreign corporations. Thus, both Filipino and foreign corporations are barred from holding alienable land of the public domain, except by lease. Respecting acquisition by individuals, Art. XII, section 3 only mentions “citizens of the Philippines,” hence excludes foreign individuals by such limited reference.

# LAND OWNERSHIP

Notably, no mention is made in the foregoing provisions as regards the 60-40 foreign equity arrangement of corporations with respect to acquisition, much less, lease, of alienable lands of the public domain. This limitation, i.e., the 60-40 foreign-equity arrangement, is, however, scattered among the other provisions of the present Constitution and in various statutes, and is further supported by jurisprudence.

# LAND OWNERSHIP

Under the 1987 Constitution, therefore, foreign individuals are prohibited from owning land in the Philippines. The only exception is provided in Art. XII, section 8. Additionally, corporations or associations, at least 60% of the capital of which is owned by Filipino citizens, may also own land in the Philippines.

# NATURAL RESOURCES

- Article XII

Section 2. All lands of the public domain, waters and minerals, coal, petroleum, and other mineral oils, all forces of potential energy, fisheries, forests or timber, wildlife, flora and fauna, and other natural resources are owned by the State. With the exception of agricultural lands, all other natural resources shall not be alienated. The exploration, development, and utilization of natural resources shall be under the full control and supervision of the State. The State may directly undertake such activities, or it may enter into co-production, joint venture, or production-sharing agreements with Filipino citizens, or corporations or associations at least sixty percent of whose capital is owned by such citizens.

# NATURAL RESOURCES

Such agreements may be for a period not exceeding twenty-five years, renewable for not more than twenty-five years, and under such terms and conditions as may be provided by law. In cases of water rights for irrigation, water supply fisheries, or industrial uses other than the development of water power, beneficial use may be the measure and limit of the grant.

# NATURAL RESOURCES

The President may enter into agreements with foreign-owned corporations involving either technical or financial assistance for large-scale exploration, development, and utilization of minerals, petroleum, and other mineral oils according to the general terms and conditions provided by law, based on real contributions to the economic growth and general welfare of the country. In such agreements, the State shall promote the development and use of local scientific and technical resources.

# NATURAL RESOURCES

- Article XII

Section 10. In the grant of rights, privileges, and concessions covering the national economy and patrimony, the State shall give preference to qualified Filipinos

# LEGAL RESTRICTIONS OF FOREIGN DIRECT INVESTMENTS

- Article XII

Section 14. The practice of all professions in the Philippines shall be limited to Filipino citizens, save in cases prescribed by law.

a. Engineering (*Aeronautical, Agricultural, Chemical, Civil, Electrical, ECE, Geodetic, Mechanical, Metallurgical, Mining, Naval architecture and marine, and Sanitary engineering*)

b. Medicine and Allied professions (*Medicine, Medical technology, Dentistry, Midwifery, Nursing, Nutrition and dietetics, Optometry, Pharmacy, Physical and occupational therapy, Radiology and x-ray technology, Veterinary medicine*)

# LEGAL RESTRICTIONS OF FOREIGN DIRECT INVESTMENTS

- c. Accountancy
- d. Architecture
- e. Criminology
- f. Chemistry
- g. Customs brokerage
- h. Environmental planning
- i. Forestry
- j. Geology
- k. Interior design
- l. Landscape architecture
- m. Law
- n. Librarianship
- o. Marine deck officers
- p. Marine engine officers
- q. Master plumbing
- r. Sugar technology
- s. Social work
- t. Teaching
- u. Agriculture
- v. Fisheries

# OTHER RESTRICTIONS

## *(NO FOREIGN EQUITY)*

1. Retail trade enterprises with paid-up capital of less than US\$2,500,000
2. Cooperatives
3. Private security agencies
4. Small-scale mining
5. Utilization of marine resources in archipelagic waters, territorial sea, and exclusive economic zone as well as small-scale utilization of natural resources in rivers, lakes, bays, and lagoons
6. Ownership, operation and management of cockpits

# OTHER RESTRICTIONS

## *(NO FOREIGN EQUITY)*

7. Manufacture, repair, stockpiling and/or distribution of nuclear weapons
8. Manufacture, repair, stockpiling and/or distribution of biological, chemical and radiological weapons and anti-personnel mines (various treaties to which the Philippines is a signatory and conventions supported by the Philippines)
9. Manufacture of firecrackers and other pyrotechnic devices

# LIMITED PARTICIPATION

- Up to Twenty Percent Foreign Equity
  - Private radio communications network
- Up to Twenty-Five Percent Foreign Equity
  1. Private recruitment, whether for local or overseas employment
  2. Contracts for the construction and repair of locally-funded public works, except:
    - a. Infrastructure/development projects covered in RA 7718; and
    - b. Projects which are foreign funded or assisted and required to undergo international competitive bidding
  3. Contracts for the construction of defense-related structures

# LIMITED PARTICIPATION

- Up to Forty Percent Foreign Equity
  1. Culture, production, milling, processing, trading excepting retailing, of rice and corn and acquiring, by barter, purchase or otherwise, rice and corn and the by-products thereof
  2. Contracts for the supply of materials, goods and commodities to government-owned or controlled corporation, company, agency or municipal corporation
  3. Project proponent and facility operator of a BOT Project requiring a public utilities franchise
  4. Operation of deep sea commercial fishing vessels
  5. Adjustment companies
  6. Ownership of condominium units where the common areas in the condominium project are co-owned by the owners of the separate units or owned by a corporation

# LIMITED PARTICIPATION

- Up to Sixty Percent Foreign Equity
  1. Financing companies regulated by the Securities and Exchange Commission (SEC)
  2. Investment houses regulated by the SEC



CONSTITUTIONAL AND LEGAL  
RESTRICTIONS ON  
FOREIGN DIRECT INVESTMENTS

Thank you.

# Investment Opportunities: Power, Biofuels, Oil & Gas

by  
**J.V. EMMANUEL A. DE DIOS**

**Merritt Partners**



**Energy Expertise. Asian Experience. Unrivaled Network**  
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# Outline



## Power

### Generation

- Privatization
- New Capacity

### Transmission

- Existing Assets
- Privatization
- Expansion

## Biofuels

### Situationer

### Potential Players and Opportunities

Investment Opportunities: Bioethanol & Biodiesel

## Oil & Gas

### Upstream Sector

- Investment Opportunities
- Investment Requirements

### Downstream Oil Sector

- Investment Opportunities



**POWER**

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# Generation: Genco Privatization

## PSALM Privatization Targets (in MW)

	End - 2006	Mid - 2007	Mid - 2008	TOTAL
Luzon	1,045	1,446	1,255	3,746
Visayas	-	214.5	259.8	474.3
Mindanao	-	114	-	114
TOTAL	1,045.0	1,774.5	1,514.8	4,446.3

**Estimated Proceeds: US\$ 2.5 – 3.6 Billion**



# Generation: New Capacity

## Luzon

2007 – 2011 : 940 MW

US\$ 1.4 B

2012 – 2014 : 1,350 MW

US\$ 2 B

Ave. Annual Growth Rate 4.3%

Capacity Requirements 1,990 – 2,290 MW

Investment Requirements US\$ 2 – 3.4 B



# Generation: New Capacity

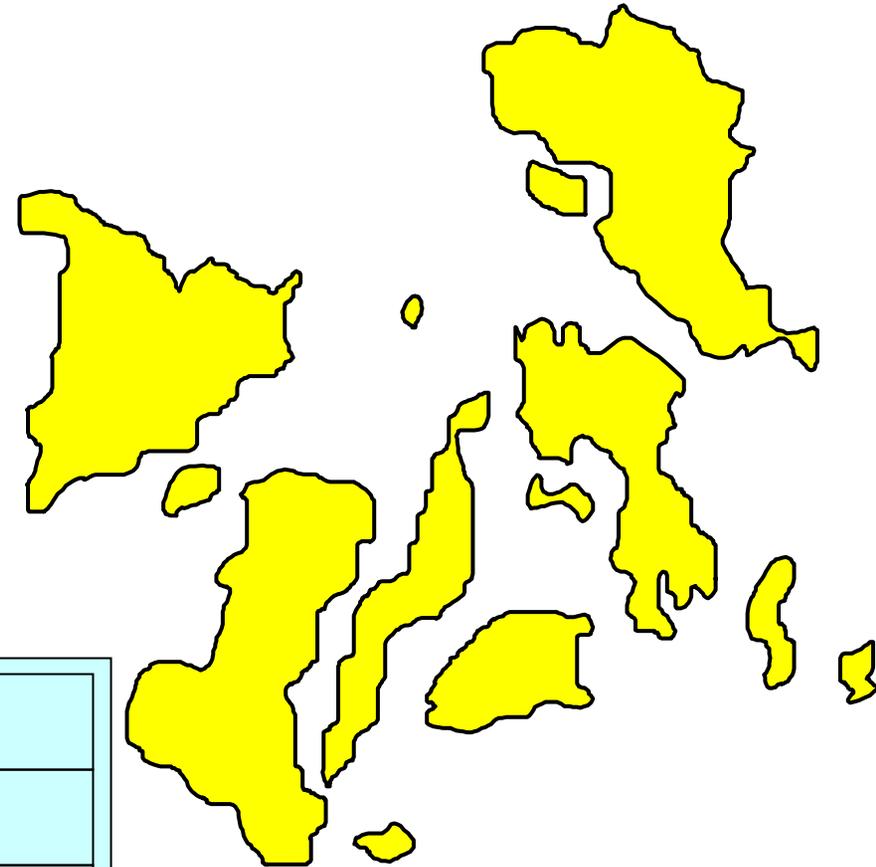
## Visayas

**2007 – 2011 : 519 MW**

**US\$ 800 M**

**2012 – 2014 : 350 MW**

**US\$ 500 M**



<b>Ave. Annual Growth Rate</b>	<b>6.2%</b>
<b>Capacity Requirements</b>	<b>869 MW</b>
<b>Investment Requirements</b>	<b>US\$ 900 M – 1.3 B</b>



# Generation: New Capacity

## Mindanao

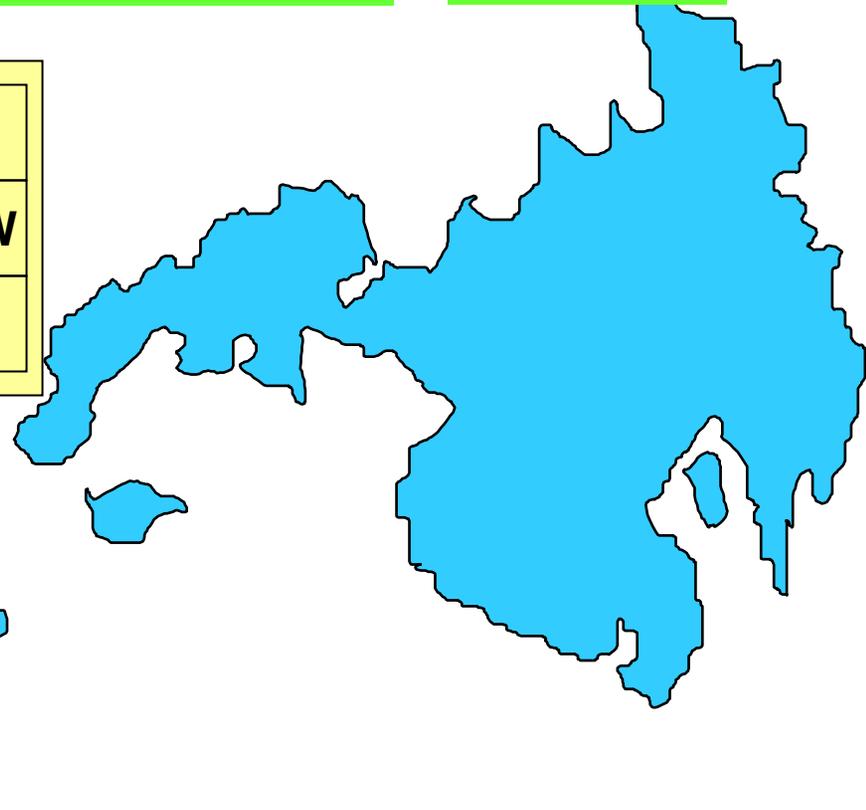
2006 – 2011 : 780 MW

US\$ 1.2 B

2012 – 2014 : 400 MW

US\$ 600 M

Ave. Annual Growth Rate	6.4%
Capacity Requirements	1, 030 – 1,180 MW
Investment Requirements	US\$ 1 – 1.8 B



# Transmission: Existing Assets

	Luzon	Visayas	Mindanao
Transmission Lines	Circuit Kilometers (Ckt - Kms)		
500 kV	1,210.68		
350 kV	401.21	564.00	
230 kV	4,741.43	311.06	
138 kV		1,506.57	3,093.73
115 kV	3,528.07		
69 KV (& below)		2,425.76	2,453.30
<b>TOTAL</b>	<b>9,881.39</b>	<b>4,807.39</b>	<b>5,547.03</b>

Substation Assets	Capacity, Megavolt Amperes (MVA)		
<b>TOTAL</b>	<b>19,236.00</b>	<b>3,371.10</b>	<b>1,999.70</b>

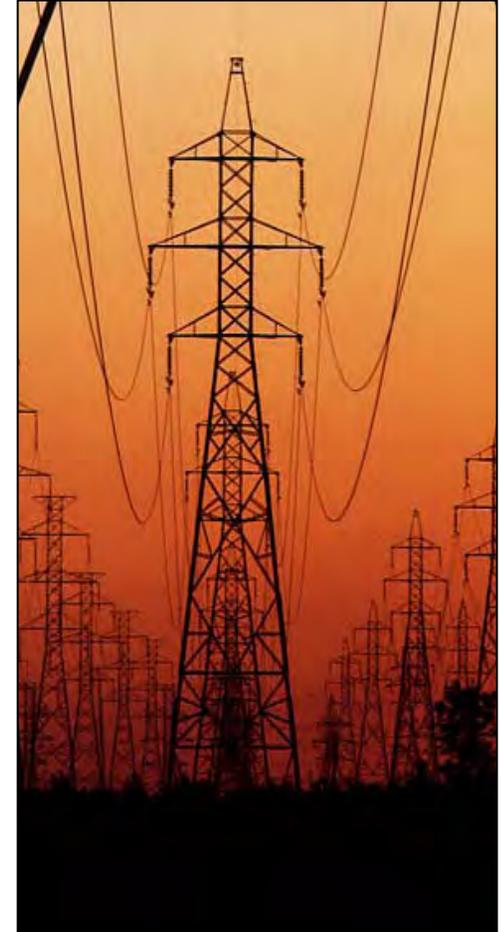
*Total Line Length: 20,235.81 Ckt-Km*

*Total Substation Capacity: 24,606.80 MVA*



# Transmission: Privatization

- **Structure**
  - 25 yr. concession plus 25 yrs.
  - Transco to retain legal title to assets
  - Concessionaire to operate, repair, maintain assets and finance new projects
- **Investors will bid on a single financial parameter**
  - Concession Fee
- **Privatization schedule**
  - Submission of pre-qualification requirements by September 28, 2006:
  - Bids submitted on November 2006



# Transmission Expansion

## Summary of Transmission and Substation Additions (2005 – 2014)

GRID	Transmission (Ckt – Kms)	Substation (MVA)	Capacitor / React (Mvar)
Luzon	3,875	13,395	2,718
Visayas	2,873	3,350	1,180
Mindanao	3,727	6,040	200
Total Philippines	10,475	22,785	4,098

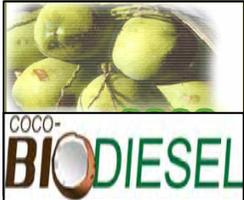
Investment Requirements: US\$3.8 Billion



# BIOFUELS

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# Situationer



- **Biofuels Bill mandates biofuels use in transport sector**
  - **Bioethanol**
    - 5% to 10% bioethanol in all gasoline fuel
  - **Biodiesel**
    - 1% to 2% in all diesel fuel
- **Current interest among investors is high**
  - In upstream segment
  - In downstream production, distribution and export



# Potential Players & Opportunities



## Opportunities

## Potential Players

*Feedstock Supply*

Provide crops /  
Corporate Farming

Agribusiness players / Farmers Associations /  
Large plantation companies

*Production*

Feedstock pretreatment /  
Biofuel production

Biomass processors / Chemical Companies

*Distribution*

Logistics / Blending

Logistics Companies / Oil Companies

*Utilization*

Develop FFVs

Car Manufacturers

*Exports  
(Biofuels,  
FFVs)*

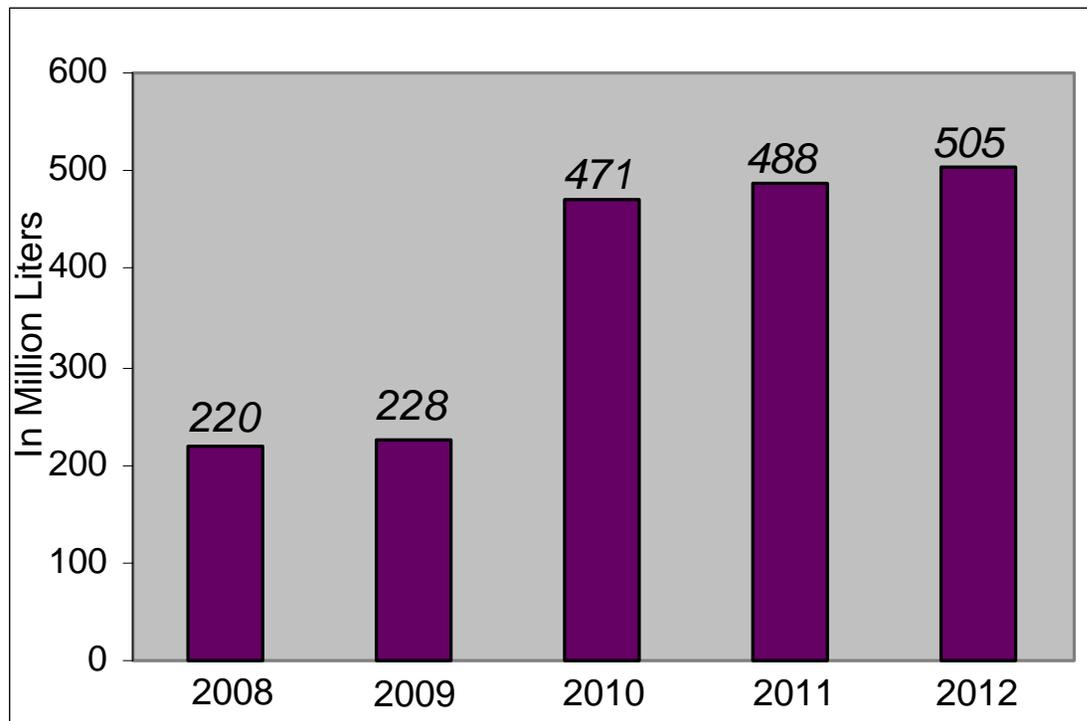
Opportunities in Asia

Biofuel Producers / Car Manufacturers



# Investment Opportunities: Bioethanol

- Current Production Capacity: **Zero**
- Capacity Requirement - 2010: **470 million liters p.a.**
- Investment Requirements: **US\$460 million**

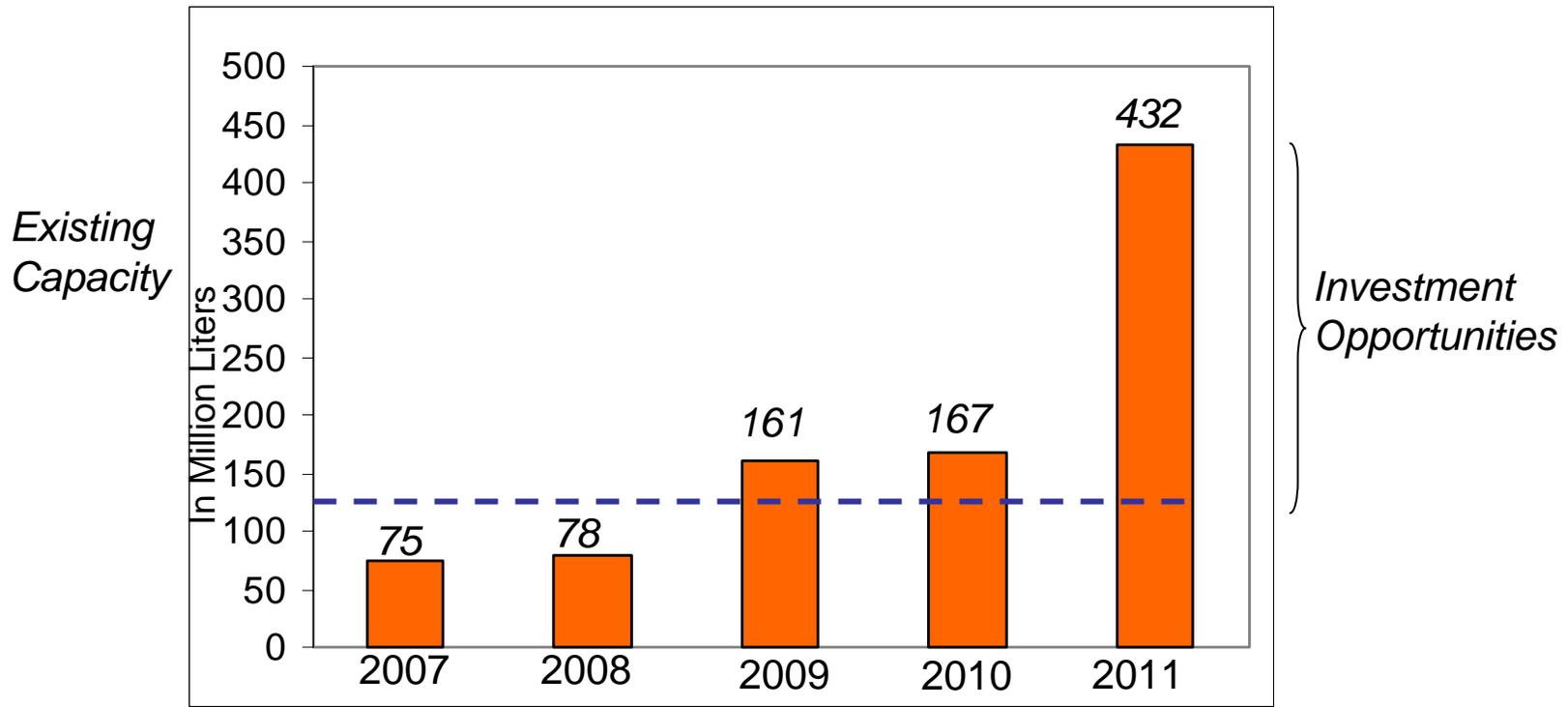


*Investment Opportunities*



# Investment Opportunities: Biodiesel

- Current Production Capacity (CME): **126 million liters p.a.**
- Additional Capacity Requirement - 2011: **306 million liters p.a.**
- Investment Requirements: **US\$ 65 million**

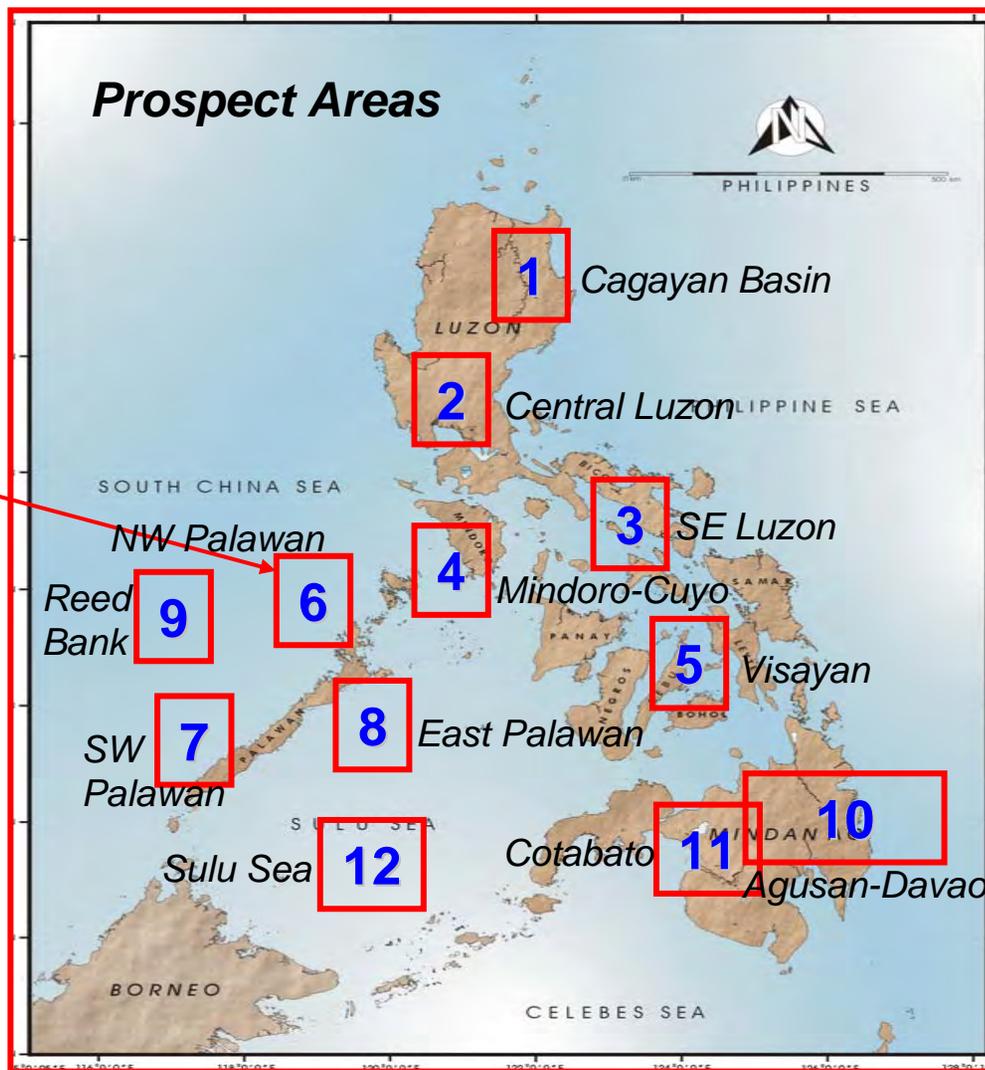


# OIL & GAS

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# Upstream: Investment Opportunities

Current  
production  
area



Source: DOE



# Upstream: Investment Requirements

## Oil and Gas (In US\$ Billion)

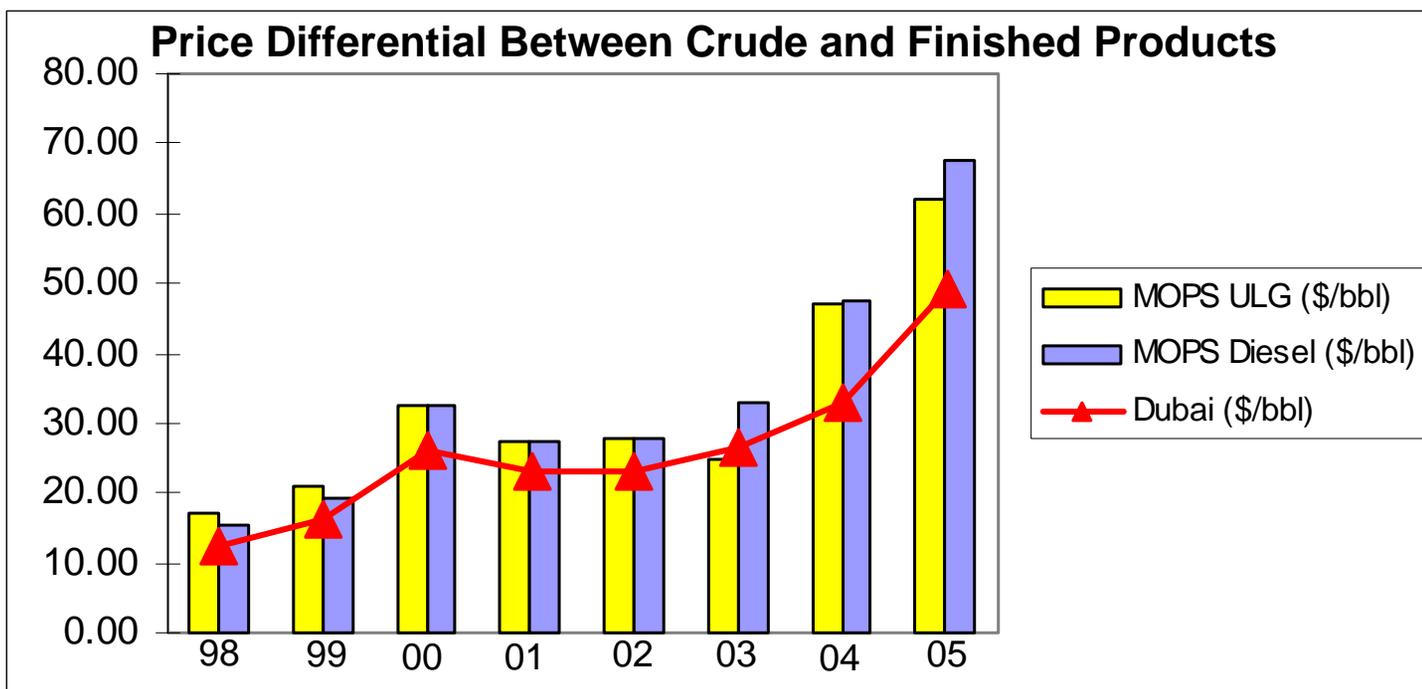
Program / Projects	2005 - 2010	2011 - 2014	Total
Geophysical Data Acquisition	0.06	0.03	0.09
Exploration Well Drilling	0.66	0.48	1.14
Oil & Gas (inc. Condensate) Production	3.95	3.74	7.69
<b>Total</b>	<b>US\$ 4.67</b>	<b>US\$ 4.25</b>	<b>US\$ 8.92</b>



# Downstream Oil: Investment Opportunities

## Refinery Expansion

Investment Requirements: **US\$ 1 – 1.5 Billion**

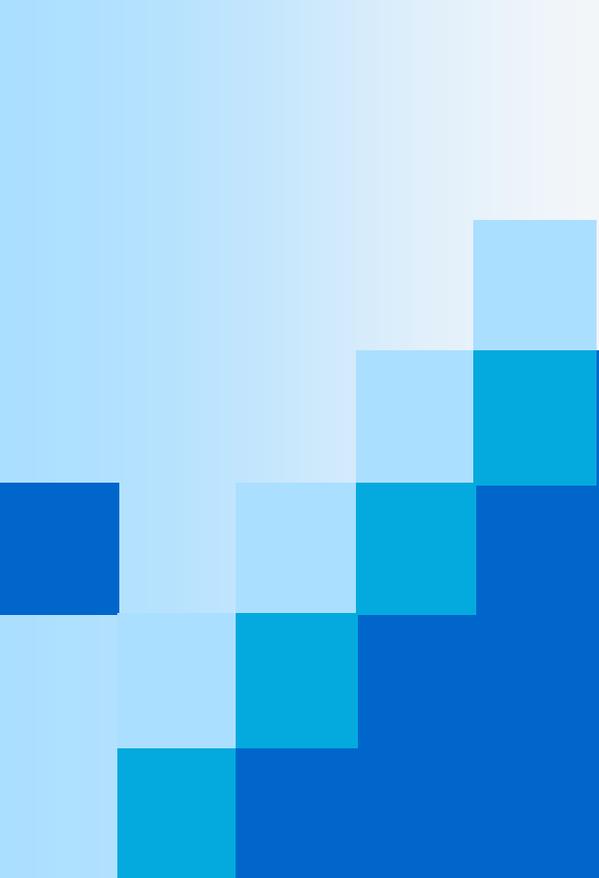


# THANK YOU

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# **SUBIC CLARK BATANGAS (SCB) CORRIDOR**

# OVERVIEW

## SUBIC CLARK BATANGAS (SCB) CORRIDOR

### I. Air

Clark: Phase 1  
Clark: Phase 2  
NAIA-IPT3

### II. Port

Subic Seaport  
Manila North Harbor  
Batangas Port

### III. Rail

Northrail: Caloocan-Malolos  
Northrail: Malolos-Clark  
LRT7  
LRT1 Extension to Bacoor  
LRT1 NAIA connector  
MRT3 Extension to Monumento  
Southrail: Caloocan-Alabang  
Southrail: Alabang-Calamba

### IV. Road

Subic- Clark Expressway  
Clark- Tarlac Expressway  
Northern Luzon Expressway East  
C-5 link to NLT  
C-5 link to NLT  
C-6  
EDSA Rehabilitation  
Coastal Road to Bacoor  
Cala East- West Road  
Ayala Alabang Viaduct Rehab  
SLEX widening to Calamba  
Calamba- Sto. Tomas Expressway  
Lipa-Batangas Expressway (STAR)

# I. SCB CORRIDOR: AIR

## Projects:

1. Diosdado Macapagal International Airport (DMIA)

- Phase 1
- Phase 2

2. Ninoy Aquino International Airport International Passenger Terminal III  
(NAIA IPT-3)

# I. SCB CORRIDOR: AIR

**DIOSDADO  
MACAPAGAL  
INTERNATIONAL  
AIRPORT (DMIA)**

**NINOY AQUINO  
INTERNATIONAL  
AIRPORT (NAIA)**



# I. SCB CORRIDOR: AIR

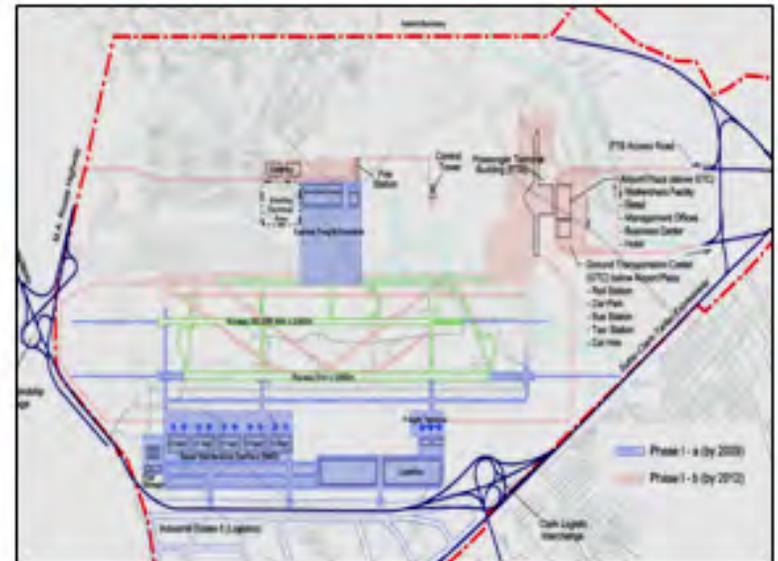
## DIOSDADO MACAPAGAL INTERNATIONAL AIRPORT (DMIA)

### PHASE I

#### Project Description:

- To provide new high capacity international and domestic passenger facilities and other support facilities.
- Impact: Will enable DMIA to assume role as new international gateway of the Philippines and as a freight and logistics airport of the country.
- Location: Clark, Pampanga
- Funding Source: GOCC, PSP or ODA
- Duration of Project: Oct. 2008 – Dec. 2010

Project Cost: P46.98 Billion



DMIA Master Plan: Phase 1 Development

# I. SCB CORRIDOR: AIR

## NAIA INTERNATIONAL PASSENGER TERMINAL 3

### Project Description:

- ❑ Completion and operation of a new International Passenger Terminal that can accommodate 13 million international passengers per year with 28 contact bridges.
- ❑ Location: Villamor Air Base, Pasay City
- ❑ Project Beneficiaries: International passengers, tourists, airlines, concessionaires
- ❑ Impact: Will provide an efficient and safe movement of passengers, goods and services and further enhance the service level of the NAIA.
- ❑ Funding Source: BOT Scheme
- ❑ Status of the Project: 98% Complete

**Project Cost:** PhP 20 billion



## II. SCB CORRIDOR: PORT

### Projects:

1. Subic Seaport
2. Manila North Harbor
3. Batangas Port

## II. SCB CORRIDOR: PORT

SUBIC  
PORT

MANILA  
NORTH  
HARBOR

BATANGAS  
PORT

## II. SCB CORRIDOR: PORT

### New Container Terminal 1 & 2

#### SUBIC BAY PORT DEVELOPMENT PROJECT

##### Project Description:

- Construction of a new container terminal (two-300,000 TEU capacity), rehabilitation of existing wharves and procurement of necessary facilities
- Location: Cubi Point, Subic Bay Freeport Zone
- Project Beneficiaries: Existing and future locators of the Subic Freeport Zone, shippers, clients
- Impact: Savings in transport costs, increased employment opportunities, reduction in cargo damage and accidents.
- Funding Source: ODA-JBIC
- Project Duration: Apr. 2000 - June 2007

**Project Cost: P6.91 Billion**



Quay gantry cranes

## II. SCB CORRIDOR: PORT

### Manila North Harbor

Located along the shoreline of Tondo District is the country's leading domestic port – North Harbor. It services the Metro Manila area and the immediate provinces of Bulacan, Pampanga, Tarlac, Nueva Ecija, and Nueva Vizcaya in the north, Rizal in the east and Cavite, Laguna, Batangas and Quezon in the south

#### Project Description:

The modernization of the premier port, the Manila North Harbor (MNH)

- Phase I: connection of the Marine Slipway to Pier 14, will enable the handling of bigger vessels.
- Phase II: involve the connection of Piers 6, 8 10 and 12
- Phase III: connect Piers 2 and 4
- Aside from the merging of the piers, the modernization of the MNH will also involve the construction of a new quay and a passenger terminal building as well as reinforcement and repairs.

**Project Cost: PhP 4 billion**

## II. SCB CORRIDOR: PORT

### Batangas Port

The Port of Batangas is the center for transportation of goods produced in the hinterland, primarily in Batangas province and serves as the strategic trading point for all industries in the CALABARZON. It also plays a central role in the economic and social development of the foreland, primarily Mindoro Islands. Agricultural products such as copra, cement, logs, lumber, minerals and other general cargoes dominate the cargo traffic

### Project Description

The Project involves the construction of 450 lineal meters, foreign general cargo berth at initially 13 mm, 470 lineal meters domestic general cargo berth, buildings, pavement, container freight station, access road, passenger building, bridge and flyover. It will also include job training program and consulting services.

**Project Cost:** P 6,928,740.00

## III. SCB CORRIDOR: RAIL

### Projects:

1. Northrail: Caloocan-Malolos
2. Northrail: Malolos-Clark
3. LRT7
4. LRT1 Extension to Bacoor
5. LRT1 NAIA connector
6. MRT3 Extension to Monumento
7. Southrail: Caloocan-Alabang
8. Southrail: Alabang-Calamba

### III. SCB CORRIDOR: RAIL



# III. SCB CORRIDOR: RAIL

## NORTHRAIL

### Section 1: Caloocan to Malolos

#### Project Description:

- A 32.2 - kilometer railway line traversing the PNR ROW from Caloocan to Malolos. This project is envisioned to encourage the dispersal of Metro Manila population to Central Luzon.
- Location: Metro Manila and Bulacan
- Funding Source: Chinese ODA
- Target Date of Completion: December 2009

**Project Cost:** P27,665 Million

### Section 2: Malolos to Clark

#### Project Description:

- Location: Malolos to DMIA.
- Project Cost:** PhP 30.80 Billion



LOCATION MAP OF NORTHRAIL (Outline)  
(Caloocan - Clark)



## III. SCB CORRIDOR: RAIL

### LRT 7

- Project Description:

The latest project to receive approval in principle is the 22km (13.7-mile) Metro Rail Transit Line 7 running from Tala in Novaliches to Fairview and Commonwealth Avenue, crossing Line 3 in North Avenue.

- Project Cost: PhP 61.2 billion

### MRT 3 Extension to Monumento

- Project Description:

- construction of a railway extension connecting the North Edsa station of the Edsa Mass Rail Transit-3 with the Monumento station of LRT 1.
- The link-up of MRT-3 with LRT-1 is expected to nearly double ridership at the MRT-3 currently pegged at 350,000 passengers daily.

- Project Cost: PhP 36.73 billion

# III. SCB CORRIDOR: RAIL

## LRT LINE 1, SOUTH EXTENSION PROJECT

### Project Description:

The project is a southern extension of the existing Manila LRT Line 1 from the existing rail tracks south of Baclaran to Bacoor in Cavite. It will have total length of approx. 11.7 km. of which approx. 10.5 km. will be elevated and 1.2 km. will be at grade.

Location: Metro Manila and Cavite

Funding Source: NG-PSP, Solicited BOT

Target Date of Completion: December 2010

Project Cost: P37,560 Million

### Proposed Alignment



### Evolved Route Plan

# III. SCB CORRIDOR: RAIL

## SOUTHRAIL DEVELOPMENT PROJECT

Project Description:

- Phase IB - rehabilitation of the existing 347 kms. railway line from Lucena to Legaspi
- Phase II - construction of a 112- km new railway extension line from Comun (Daraga, Albay) to Matnog in Sorsogon
- acquisition of locomotives, passenger coaches, freight cars and installation of signaling and communication systems

Project Cost: P 40 billion



## IV. SCB CORRIDOR: ROAD

### Projects:

1. Subic- Clark Expressway
2. Clark- Tarlac Expressway
3. C-5 link to NLT
4. Northern Luzon Expressway East
5. EDSA Rehabilitation
6. Manila-Cavite Toll Expressway Project (R-1 Expressway Extension)
7. Cala East- West Road
8. Ayala Alabang Viaduct Rehab
9. SLEX widening to Calamba
10. Calamba- Sto. Tomas Expressway
11. Lipa-Batangas Expressway (STAR)

# IV. SCB CORRIDOR: ROAD

Subic-Clark-Tarlac Expressway

North Luzon Expressway East

C6 PHASE 2  
(Manggahan Floodway to Bocaue, Bulacan)

C6 EAST/LAKESHORE EXPRESSWAY

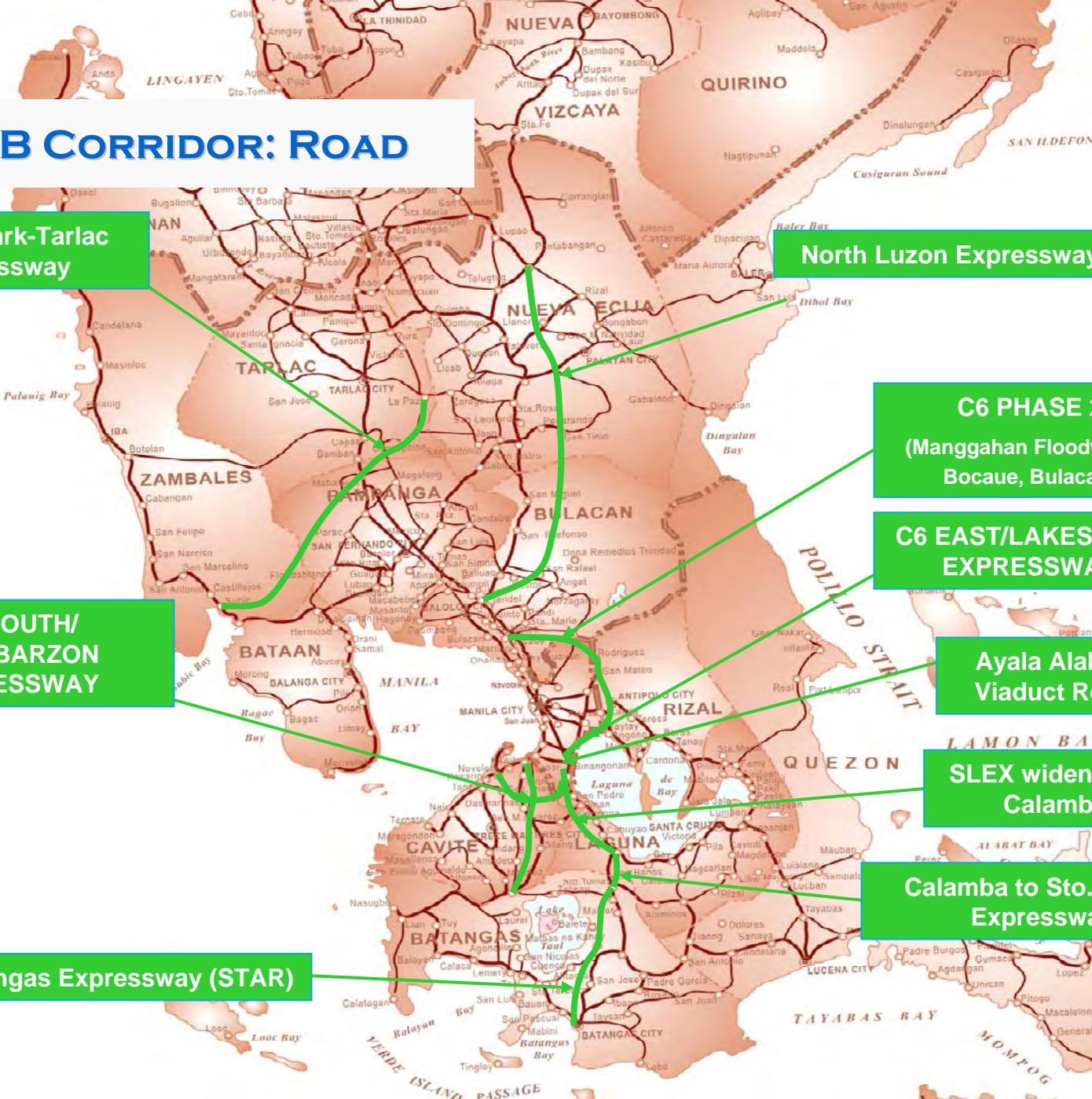
C6 SOUTH/  
CALABARZON EXPRESSWAY

Ayala Alabang Viaduct Rehab

SLEX widening to Calamba

Calamba to Sto. Tomas Expressway

Lipa-Batangas Expressway (STAR)



# IV. SCB CORRIDOR: ROAD

## SUBIC-CLARK-TARLAC EXPRESSWAY PROJECT (SCTEP)

Phase 1 - Subic-Clark, 50.5 kms

Phase 2 – Clark-Tarlac, 43.27 kms

### Project Description:

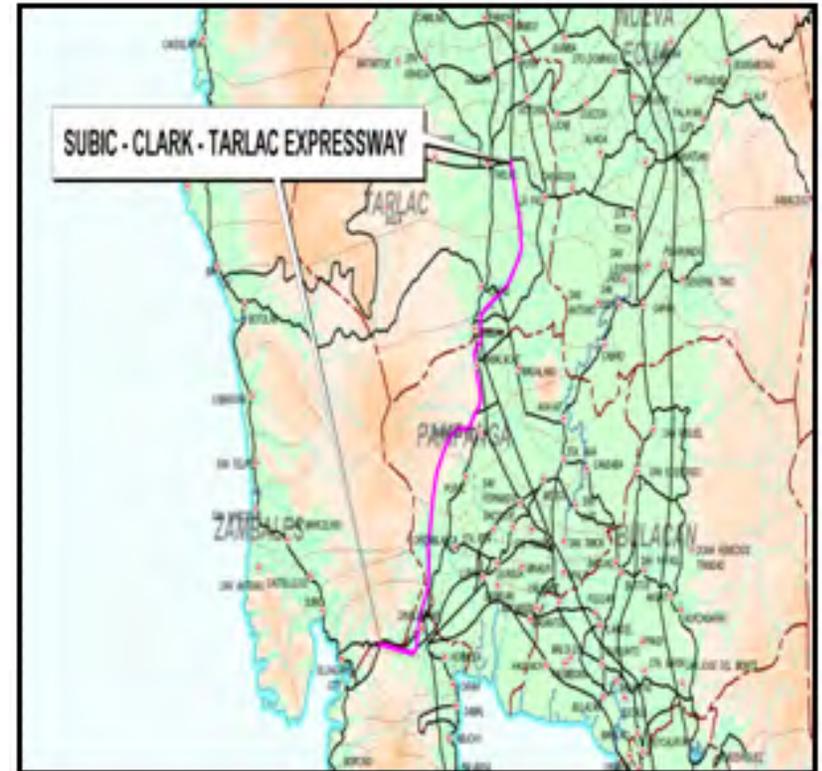
The Subic-Clark-Tarlac Expressway will provide direct and efficient link among vital development areas in Central Luzon, among them two of the country's premier economic zones in Subic and Clark.

Location: Zambales/Pampanga/Tarlac

Funding Source: GOP 20%; JBIC 80%

Project Duration: APRIL 2005-NOVEMBER 2007

**Project Cost:** P 20.97B



## IV. SCB CORRIDOR: ROAD

### C5 Expressway (NLEX-SLEX Link)

#### Project Description:

DPWH C-5 Alternative route will decongest the following road sections:

- Commonwealth Ave. to Elliptical Road going to NLEX and SLEX
- North Ave. to EDSA going to NLEX and SLEX
- Quezon Ave. to EDSA going to NLEX and SLEX
- Quirino Highway going to NLEX

#### Project Cost:

- C-5 DPWH Alternative Route P 3.5B
- C-5 considered under SONA Project P 8.4 B



## IV. SCB CORRIDOR: ROAD

### North Luzon Expressway East

Project Description:

- expansion of the North Luzon Expressway (NLE) to the Subic Special Economic Zone.

Project Cost: PhP 7.80 billion

### EDSA Rehabilitation Project

Project Description:

- About 30 percent or 8.4 km of the 28-km EDSA needs to be re-cemented
- Funding will come from a loan from the Asian Development Bank
- rehabilitation would start in two months after the ADB approves and releases the fund.

Project Cost: P1.4 billion

## IV. SCB CORRIDOR: ROAD

### MANILA-CAVITE TOLL EXPRESSWAY PROJECT (R-1 Expressway Extension)

#### Project Description:

- The project is aimed at providing a higher type of facility towards Cavite and alleviate traffic congestion along Aguinaldo Highway and Tirona Highway.

- Funding Source: DPWH GOP
- Project Duration: July 2007-June 2009

Project Cost: P 2.352B Right-of-Way Acquisition



# IV. SCB CORRIDOR: ROAD

## CALA East- West Road

The Cavite - Laguna (CALA) sub-region is located adjacent to Metro Manila and is experiencing rapid urbanization spill-over from Metro Manila. Because of its strategically important location, many industrial and economic zones are now under operation and others are being developed for domestic as well as international investors. However, infrastructure support has not been sufficient and it is causing severe traffic congestion in CALA. Especially, road congestion is the most serious problem in this area where road transportation is dominant in terms of both passenger and cargo transport.

### Project Description:

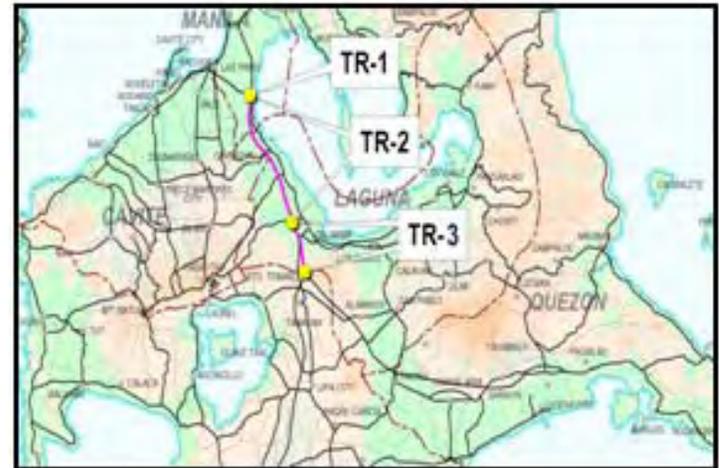
- For the sound urbanization and enhancement of international competitiveness, infrastructure development, particularly road network development is urgently needed in the sub-region.
- Cavite-Laguna Urban Development and Environmental Management Project conducted by World Bank identified the CALA East-West Road Project as one of the most urgent projects to be realized, which consists of the following two roads:
  - a. Tanza . Muntinlupa Highway: 25 km road alignment between Muntinlupa city and the Tanza
  - b. Calibuyo (Tanza) . San Pedro Highway: approximately 30 km
    - Note: The possibility of other road construction will be considered through the cooperation project.
- Project area:
  - province of Cavite, province of Laguna and southern part of Metro Manila
- Target year
  - Target years for setting up socio-economic framework are 2010, 2015 and 2020.

# IV. SCB CORRIDOR: ROAD

## SOUTH LUZON EXPRESSWAY EXTENSION PROJECT

### Project Description:

- Toll Road 1 (Alabang Viaduct): Rehabilitation, upgrading and expansion from 6 to 8 lane existing viaduct (1.20 km)
- Toll Road 2 (Alabang to Calamba):
  - TR2(A) 15.642 km : Rehabilitation, upgrading and expansion from 4 to 8-lanes
  - TR2(B) 11.647 km : Rehabilitation, upgrading and expansion from 4 to 6-lanes
- Toll Road 3 (Calamba to Sto. Tomas): Construction of a new 4-lane toll road (7.601 km)
- Funding Source: Private Sector P 517M DPWH GOP for ROWA
- Project Duration: July 2006 -Decemeber 2008



Project Cost: P 5.9B (Civil Works)

## IV. SCB CORRIDOR: ROAD

### Lipa-Batangas Expressway (STAR)

Project Description:

- STAR tollway will be extended 28 kilometers from Lipa City to Batangas City.

Project Cost: PhP 1.90 billion

THANK YOU

# Workshop on FDI

How the Philippines can attract \$3 billion a year

**Opportunities in Healthcare,  
Retirement and Tourism**

**Let's start with Tourism**

# Tourism Statistics 2005-2030

	2005	2010	2020	2030
International Arrivals	2.6 m	5 m	7.4 m	11.0 m
Forex Revenues (US\$)	\$2.1 B	\$5.4 B	\$9.9 B	\$17.8 B
Domestic Travelers	13 m	25 m	37 m	55 m
Domestic Travelers Spending* (in US\$)	\$3.0 B	\$5.5 B	\$8.1 B	\$12.0 B
% share to GDP**	4.9%	8.6%	9.5%	10.1%
Employment (direct & indirect)	3 m	7m	10.5 m	14 m

*\*spending based on 1997 DOT Regional Travel Survey*

*\*\*direct impact only of both foreign and domestic tourism receipts in nominal terms*

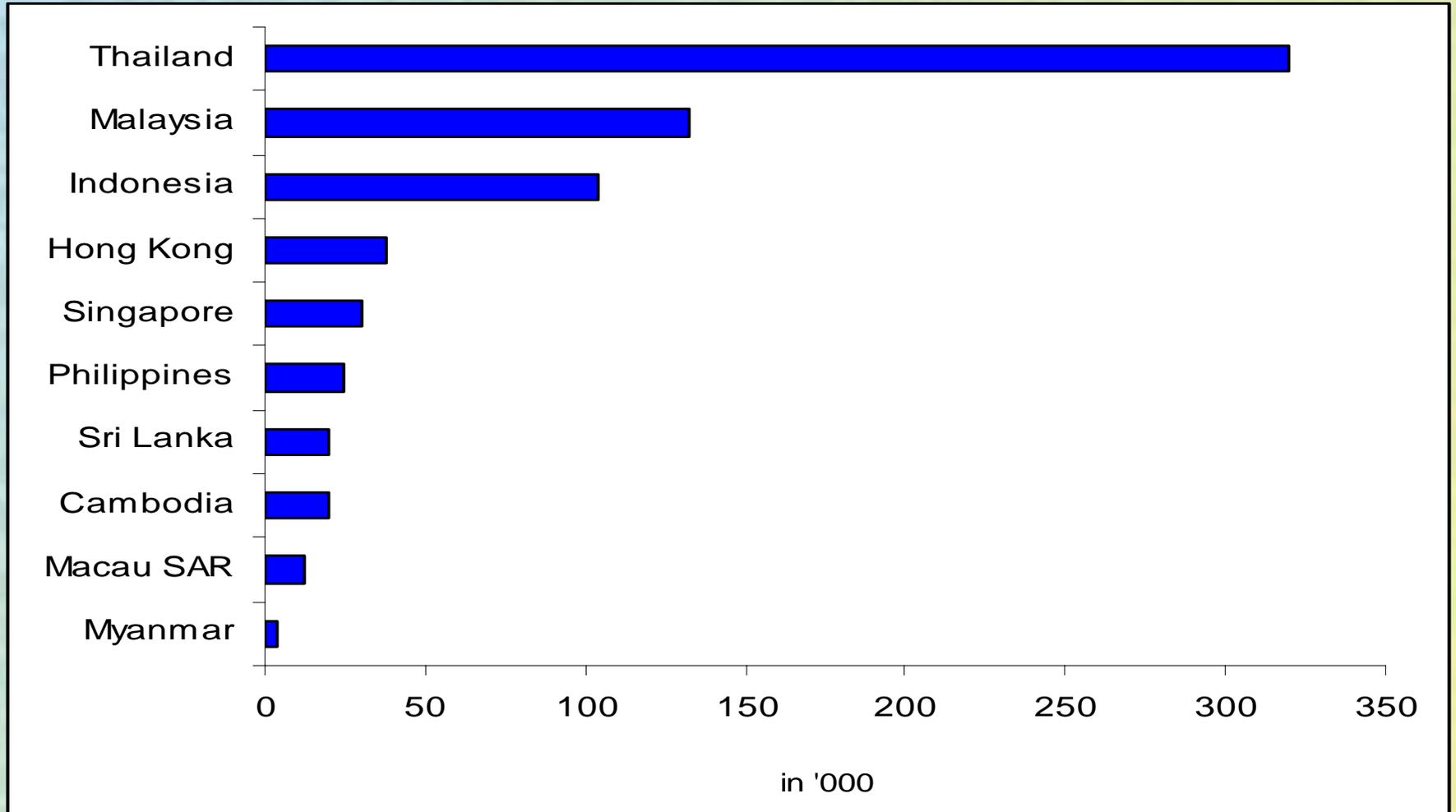
Perspective	<b>STRATEGIC OBJECTIVES</b>
Infrastructure	<ul style="list-style-type: none"><li>• Modern airports are built and operated to meet current and future demand</li><li>• Road networks particularly in tourism destinations, are expanded</li><li>• Tourism destinations are environmentally sustainable</li></ul>

# BOI-Registered Tourism Investments

Year	Value (US\$)	% share to total
2001	1,161,689	1.04%
2002	246,590	0.44%
2003	151,504	0.79%
2004	161,269	0.11%
2005	2,347,373	1.49%

*Source: BOI*

# Number of Hotel Rooms



Source: PATA (2004), NTO Websites

# Moving to Medical Tourism

➤ The Health Tourism industry is a growing phenomenon globally and is likely to be a significant driver of every nation's healthcare economy.

\* With major spillovers for tourism spending

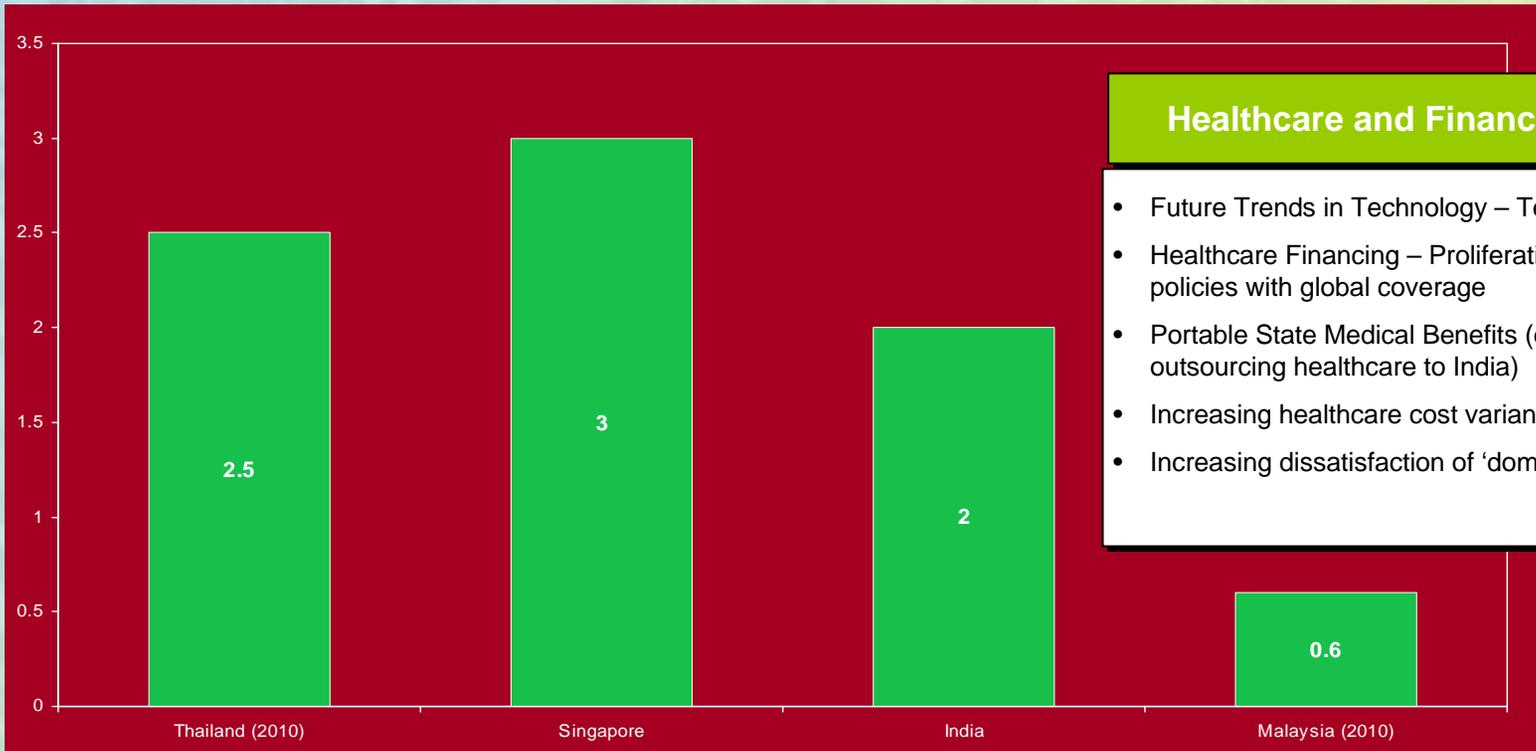
➤ Regional neighbors, with Thailand and Singapore in the lead are betting on this opportunity.

➤ The Philippines has yet to leverage its strengths to carve out a fair share of this growing market.

\* Will also help upgrade the quality of its medical services for Filipinos

# Regional competitors are predicting strong growth in the sector

Projected Revenues from Foreign Patients, 2012



## Healthcare and Financing Enablers

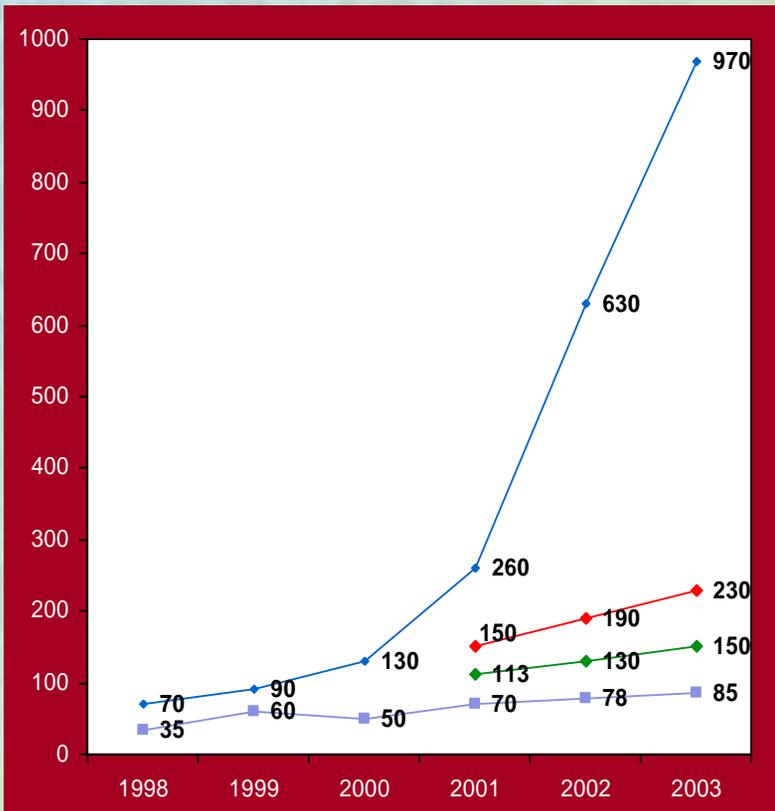
- Future Trends in Technology – Telemedicine, EMR
- Healthcare Financing – Proliferation of insurance policies with global coverage
- Portable State Medical Benefits (e.g., UK govt outsourcing healthcare to India)
- Increasing healthcare cost variances
- Increasing dissatisfaction of 'domestic' treatments

<p>Key Treatments to Foreigners</p>	<ul style="list-style-type: none"> <li>• Cosmetic surgery</li> <li>• Cardiac surgery &amp; post-op care</li> <li>• Tropical disease treatments</li> <li>• dentistry</li> </ul>	<ul style="list-style-type: none"> <li>• Cardiology</li> <li>• Oncology</li> <li>• Urology</li> <li>• Obstetrics</li> </ul>	<ul style="list-style-type: none"> <li>• Cardiac</li> <li>• Ophthalmic</li> <li>• Dentistry</li> </ul>	<ul style="list-style-type: none"> <li>• Cardiology</li> <li>• cardiothoracic surgery</li> <li>• general surgery</li> </ul>
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**Today, Thailand has taken a leading position in Asia's medical and cosmetic tourism markets**

***Thailand is stealing a lead on its competitors as it successfully attracts western and non-western patients for low cost treatments with packages that offer post-recovery resort stays***

**Number of Foreign Patients Treated in Asian Countries, 1998-2003**



**Prices of Selected Medical Treatments in Asia (in SG\$), 2003**

	Thailand	Malaysia	Korea	Singapore
<b>Heart Valve Replacement</b>	\$11,400	n/a	n/a	\$19,900
<b>Breast Enlargement</b>	\$4000-5000	\$5150	\$7200-8700	\$6000-10000
<b>Face Lift</b>	\$3000-5000	\$7400	\$8700-16000 (mid-face)	\$6000-12000
<b>Nose Augmentation</b>	\$650-1500	\$1790-3040	\$1450-5800	\$1800-4000
<b>Lasik (both eyes)</b>	\$2140-3200	\$1870-2130	\$2900-4300	\$2900-6050

# The global healthcare tourism industry is estimated at \$40bn, with close to 50% in wellness and spas

## Spa and Alternative Therapies

- Acupuncture
- Aromatherapy
- Exercise and Diet
- Facials and body scrubs
- Flower remedies
- Holistic lifestyle
- Homeopathy
- Massage
- Mud therapy
- Thermal springs
- Yoga
- Herbal healing

## Cosmetic Surgery

- Breast augmentation
- Facelifts
- Liposuction

## Medical Tourism

- Cancer treatment
- Health screening
- Heart surgery
- Joint replacements
- Medical checkups
- Neurosurgery
- Transplants

# Moving on to Retirement and Healthcare

## The Senior Market (65 years and above) – as % of total population

<b>COUNTRY</b>	<b>1996</b>	<b>2010</b>
Australia	15.6	19.3
Canada	16.2	20.4
Denmark	16.5	23.0
France	20.2	22.5
Germany	21.0	25.1
Italy	22.1	26.1
Japan	21.0	29.8
Netherlands	17.9	22.3
Switzerland	19.3	23.6
UK	20.7	23.3
US	16.4	18.8

## United Nations: Number of Person Aged 60 and Over

2002 estimated 629 million

2050 projected 2 billion

- Population of older persons will be larger than the population of children for the first time in history
- Older persons residing in Asia (54%)  
Europe (24%)  
By 2025 > 60 years age highest Japan, Italy & Germany

**Rehab/Long Stay** : those who travel for convalescence such as recuperation from cancer treatment, addiction programs, dialysis  
Major Players: Thailand, Malaysia, Caribbean

**Migrant Retirees** : Retirees who travel abroad to spend long holidays/ escape from cold winters and seek medical attention during their stay.

Major Players: Thailand, Malaysia

**Permanent Retirees** : Retirees will stay at Retirement Villages with healthcare facilities

**Interlinked industry sectors**



# Philippine Manufacturing Sector

Presented by Arthur R. Tan  
Semiconductor and Electronics Industries in the Philippines Inc. (SEIPI)  
Workshop on Foreign Direct Investments  
Hotel Intercontinental, 5 October 2006

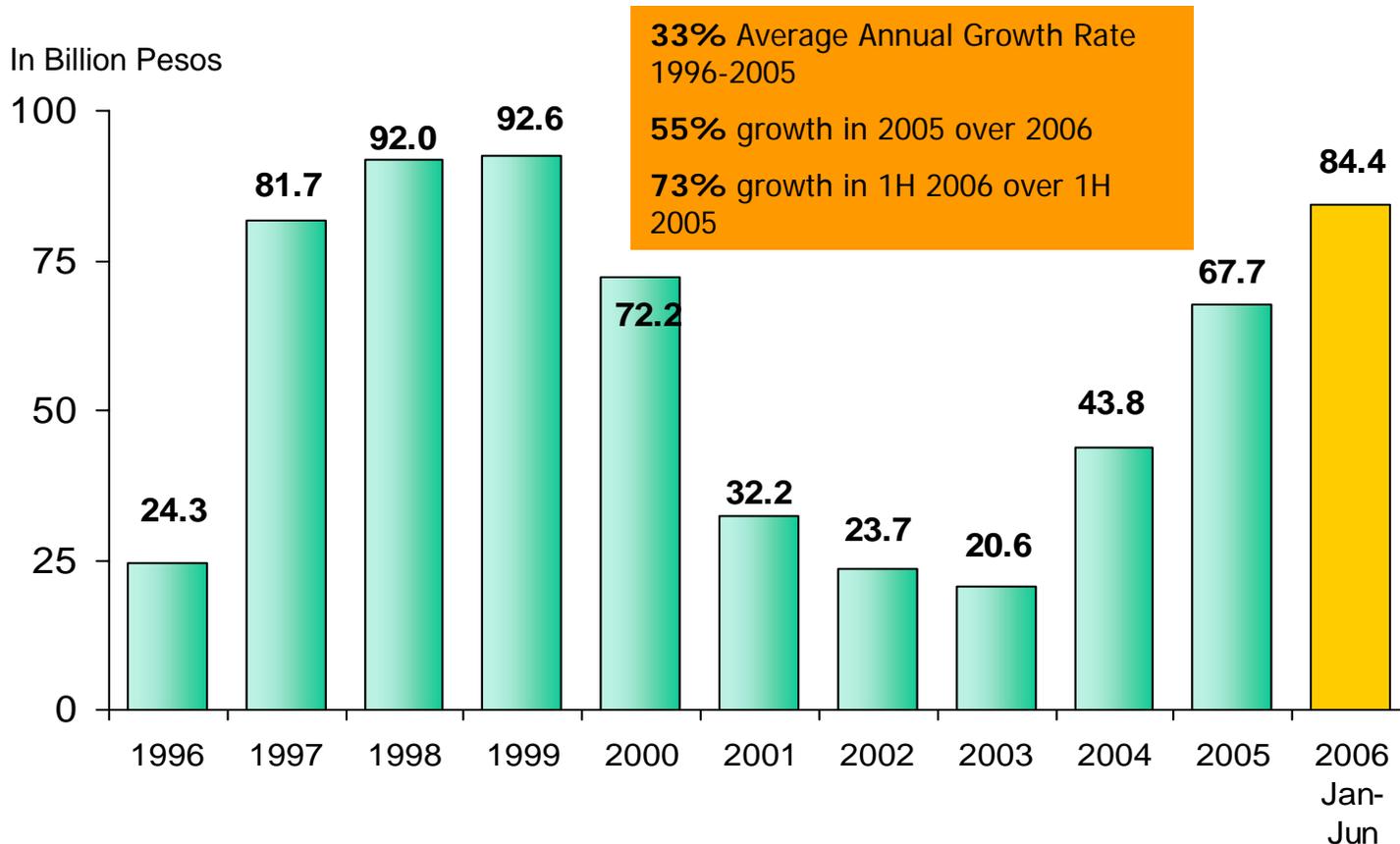
# Overview

Investments and Exports

Electronics Industry

Garments and Motor Vehicle  
Industries

# Total Approved Foreign Direct Investments in Manufacturing (BOI, PEZA, SBMA, CDC)

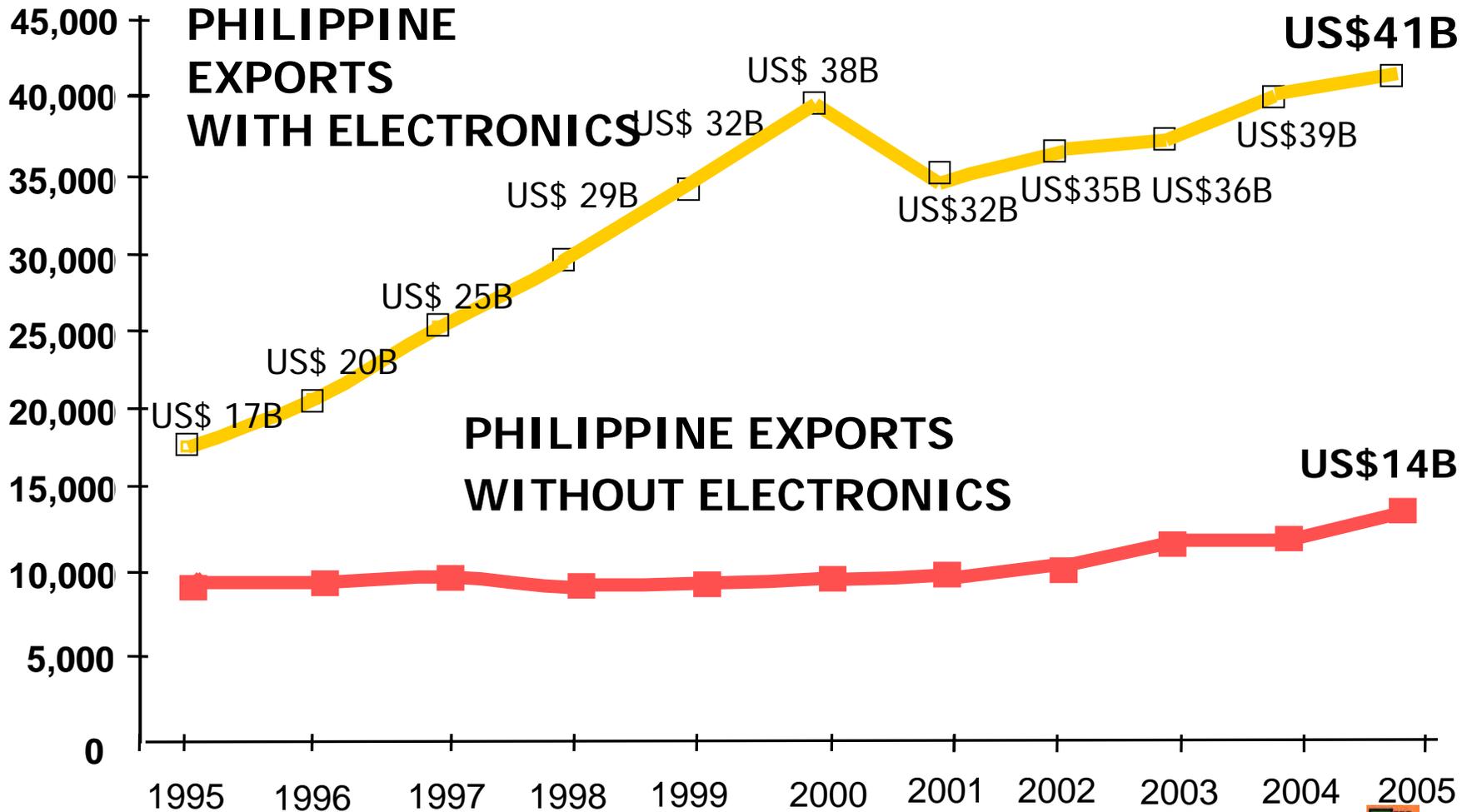


Note: Approved Investments refer to pledged or committed investments

# FDIs to the Manufacturing Sector

- Manufacturing Sector's share in Total Approved FDIs
  - 71% of 2005 Total Approved FDIs
  - 73% of First Half 2006 Total Approved FDIs
- Recent Major Approved FDIs in Manufacturing
  - PEZA-approved project to engage in the fabrication of solar wafers, worth PHP13.6 billion which comprised almost 50% of the FDIs pledged in Q4 2005 to the manufacturing sector
  - SBMA-approved project involving the manufacture of glass products, worth PHP 16.2 billion which constituted 66% of FDIs pledged in Q2 2006 to the manufacturing sector

# Total Philippine Exports, 1995-2005



Source: Bureau of Export Trade Promotion, DTI

# Total Philippine Exports, 2005

**ELECTRONICS: 66%**

SEMICONDUCTORS: 49.0%

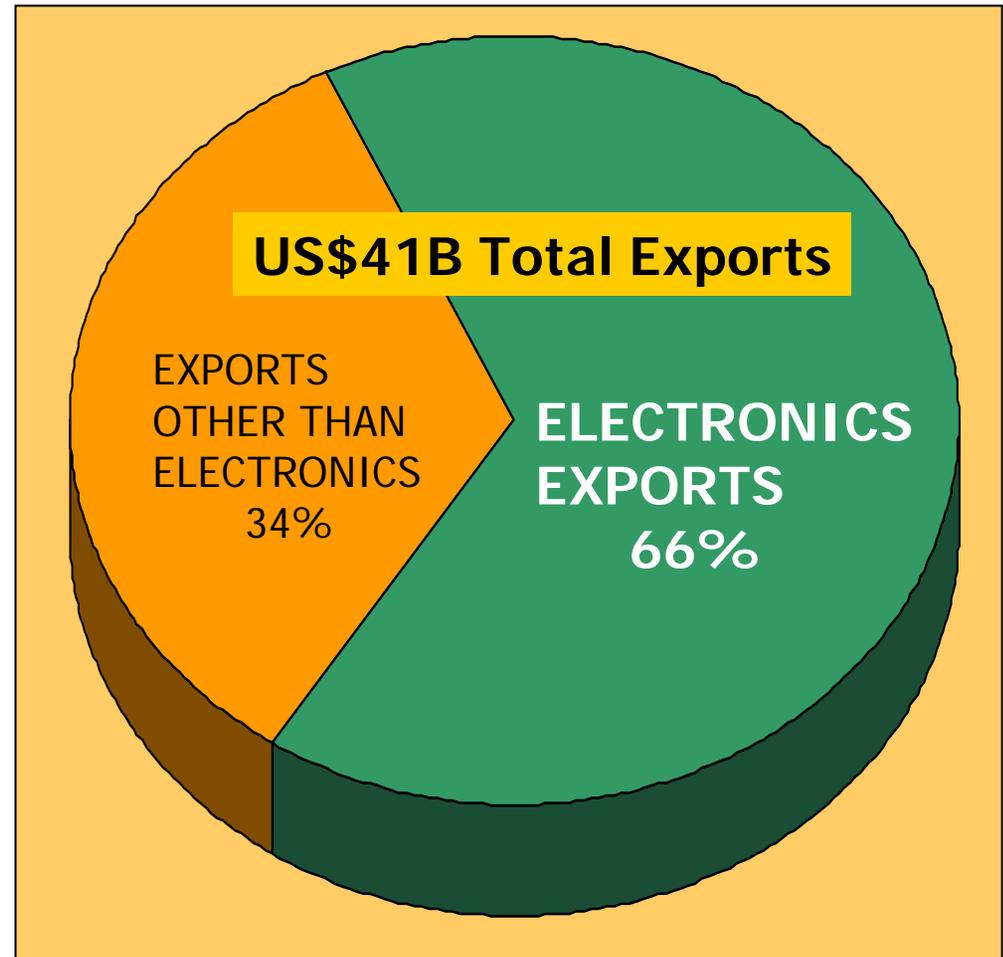
OTHER ELECTRONICS: 17.0%

**OTHER EXPORTS: 34%**

GARMENTS AND TEXTILES: 6.0%

TRANSPORT EQUIPMENT  
(Vehicles and Vehicle Parts): 5.5%

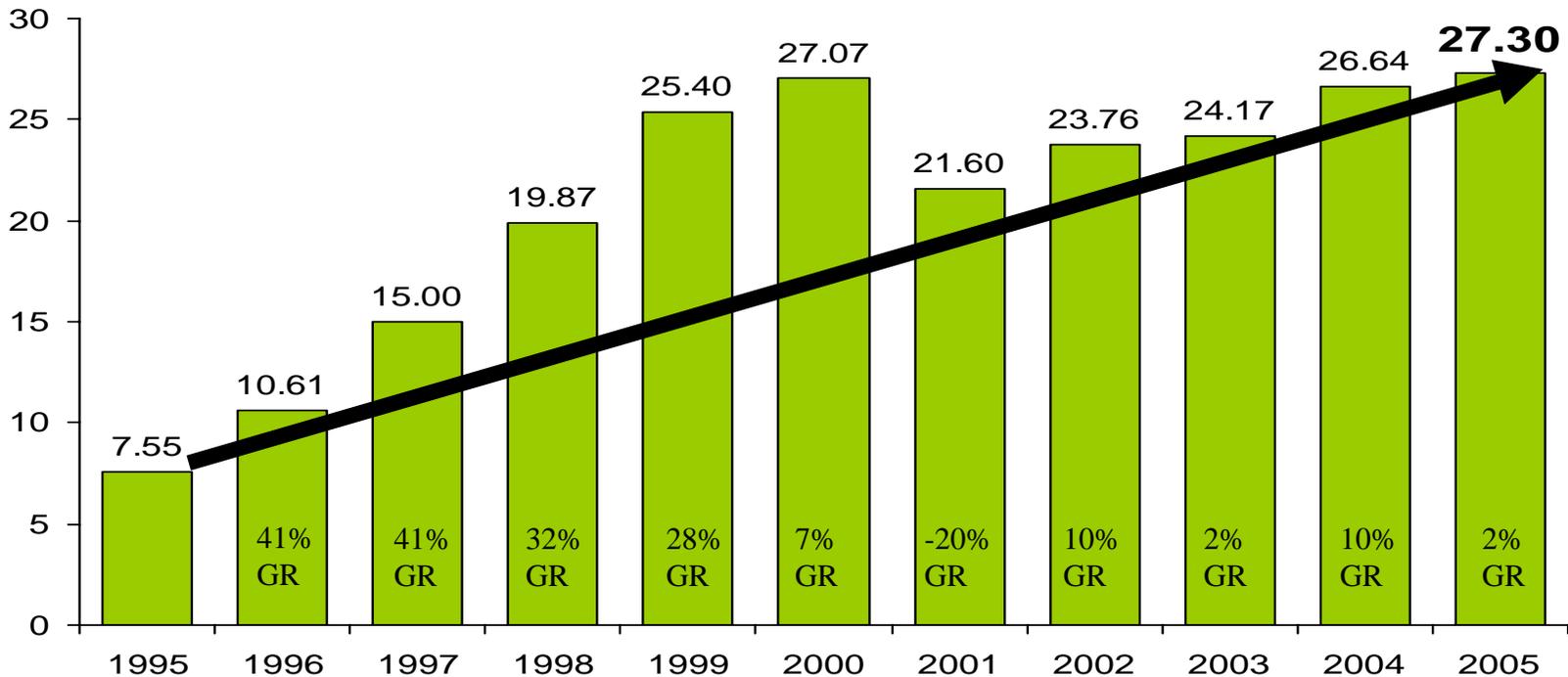
Others: 22.5%



# Electronics Industry

# Electronics Exports

US\$B



Source: Bureau of Export Trade Promotion, DTI

**Electronics Exports Grew  
An Average of 17% from 1995-2005**

# Investments in the Electronics Industry

YEAR	INVESTMENTS	
	(BOI & PEZA, Foreign and Local)	
1995	US\$	2.160 B
1996		1.080 B
1997		1.470 B
1998		670 M
1999		790 M
2000		1.240 B
2001		720 M
2002		270 M
2003		230 M
2004		443 M
2005		776 M

**2005:  
Investments  
Grew by 75%**

# Companies in the Electronics Industry

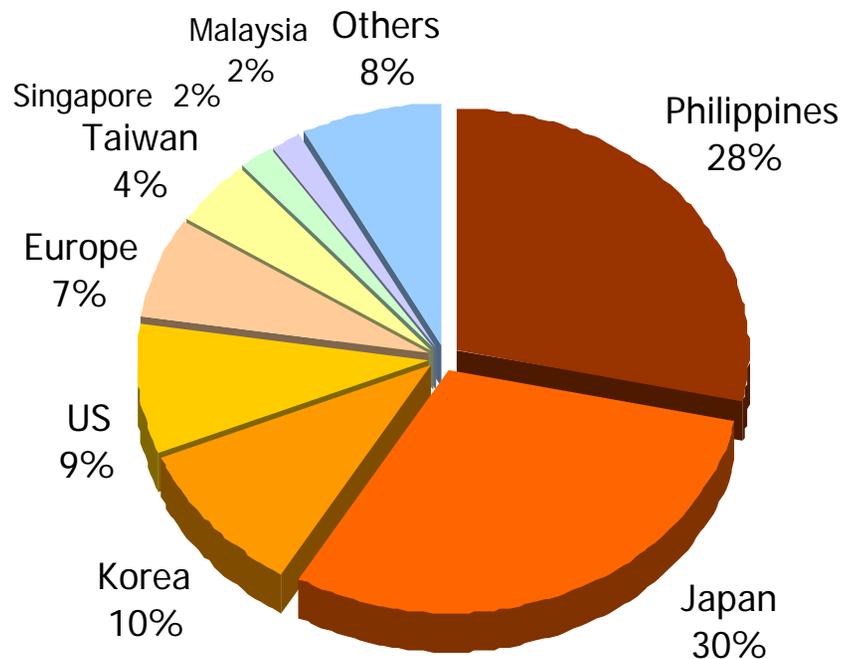
**883 Firms**

**NATIONALITY:**

72% Foreign  
28% Filipino

**2005:**

New Entrants: 23 Firms  
Expansions: 72 Firms



Sources: *Philippine Board of Investments (BOI) & Philippine Economic Zone Authority (PEZA)*

# Key Players



# Investment Opportunities in the Electronics Industry

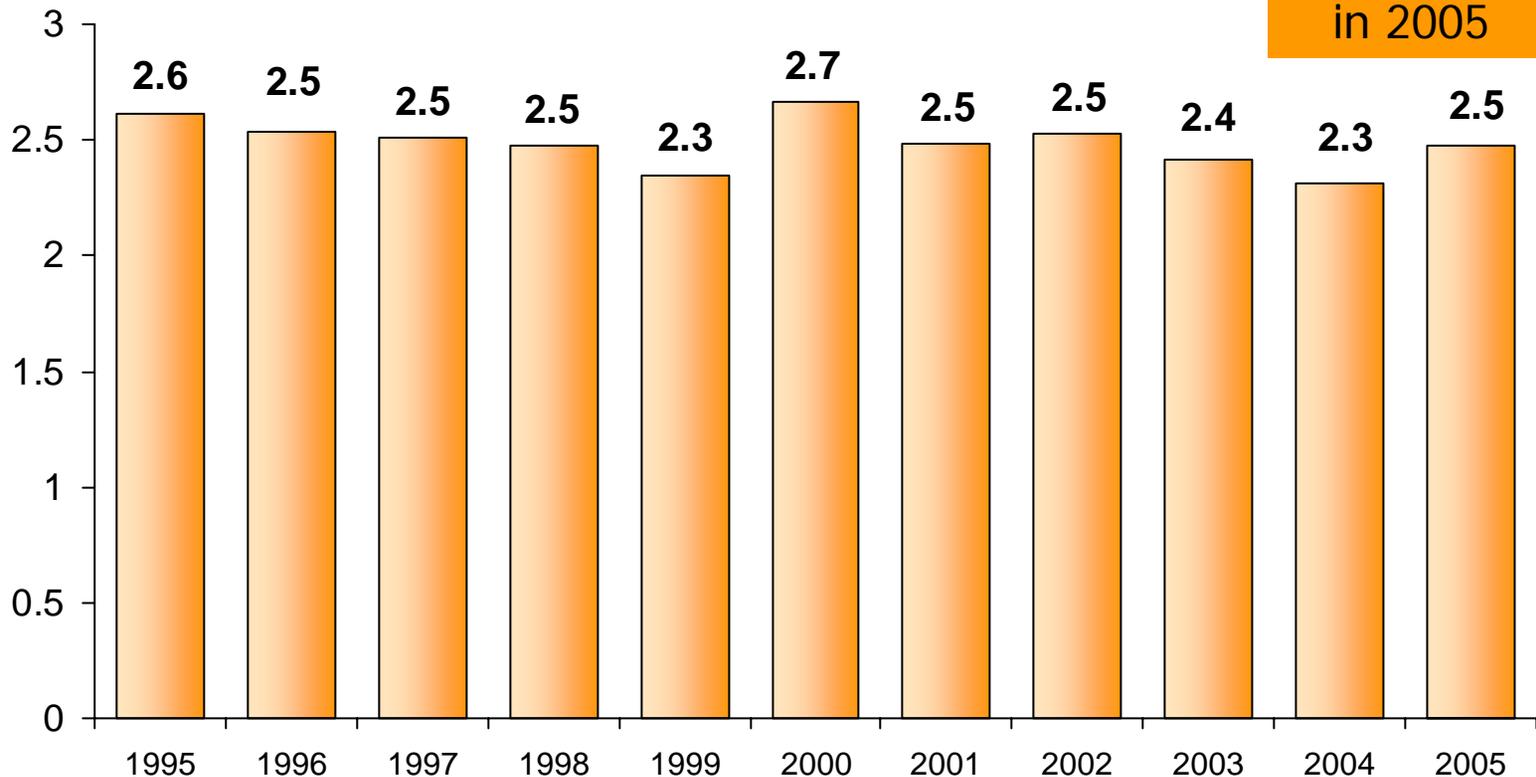
- **Components/ Parts Manufacturers:** Plastics, metals, cables, PCBs, flex circuits, etc.
- **Higher Value Services Providers for the Semiconductor Industry:** test engineering, design and product development services, etc.
- **Original Equipment Manufacturers (OEMs):** Computing, communications, consumer, automotive, industrial, and medical electronics
- **Electronics Manufacturing Services (EMS) Providers**
- **Original Design Manufacturers (ODMs)**

# Garments and Motor Vehicle Industries

# Philippine Garments & Textile Exports

Garments and textile industry is the 2<sup>nd</sup> highest foreign exchange earner next to the electronics sector

In Billion US\$



7% growth  
in 2005

# Philippine Garments & Textile Industry

- 6% of total Philippine merchandise exports
- Current issue: Signing of the Agreement on Textiles and Clothing (ATC) in January 2005 ending import quotas granted to some developing countries
- With expiration of the quota, the local industry has to compete with low-cost producers China, Vietnam, and India for the US market
- BUT the quota phase-out can be seen as a challenging opportunity to explore new markets and develop new products

# Prospects for the Garments & Textile Industry

- Industry should manage its value chain and supply chain to be more competitive
- Government should continue advocating for **free-trade agreement negotiations** with its major market-- the US
- Industry should intensify exports to markets other than the US

# Philippine Motor Vehicle Industry

- The country undertakes its motor vehicle development through BOI's Motor Vehicle Development Program (MVDP)
- **Sector 1: Motor Vehicle Assembly**
  - Sub-sectors: cars, commercial vehicles (utility vehicles, pick-ups, trucks, buses, etc), and motorcycles
  - Key players: Toyota, Ford, Honda, Mitsubishi, Nissan, Isuzu, Suzuki, Columbian Autocar, Pilipinas Hino, Norkis Trading
  - Most car companies serve the needs of domestic market with one player (Ford) venturing into CBU (completely built-up cars) exports to ASEAN
  - Noticeable growth in the motorcycle sector

# Philippine Motor Vehicle Industry

- **Sector 2: Parts and Components Manufacturing**
  - About 256 companies produce various parts and components made of metals, plastics, rubber and composite materials for the OEM and replacement markets
  - Major parts and components manufactured include wiring harness, anti-brake lock system, engines, automotive transmissions, car stereos. These are manufactured mainly by export-oriented MNCs located in the ecozones.
  - 72% are classified as SMEs most of which are homegrown companies largely catering to domestic market
  - 28% are large firms, mostly tier-one suppliers of OEMs

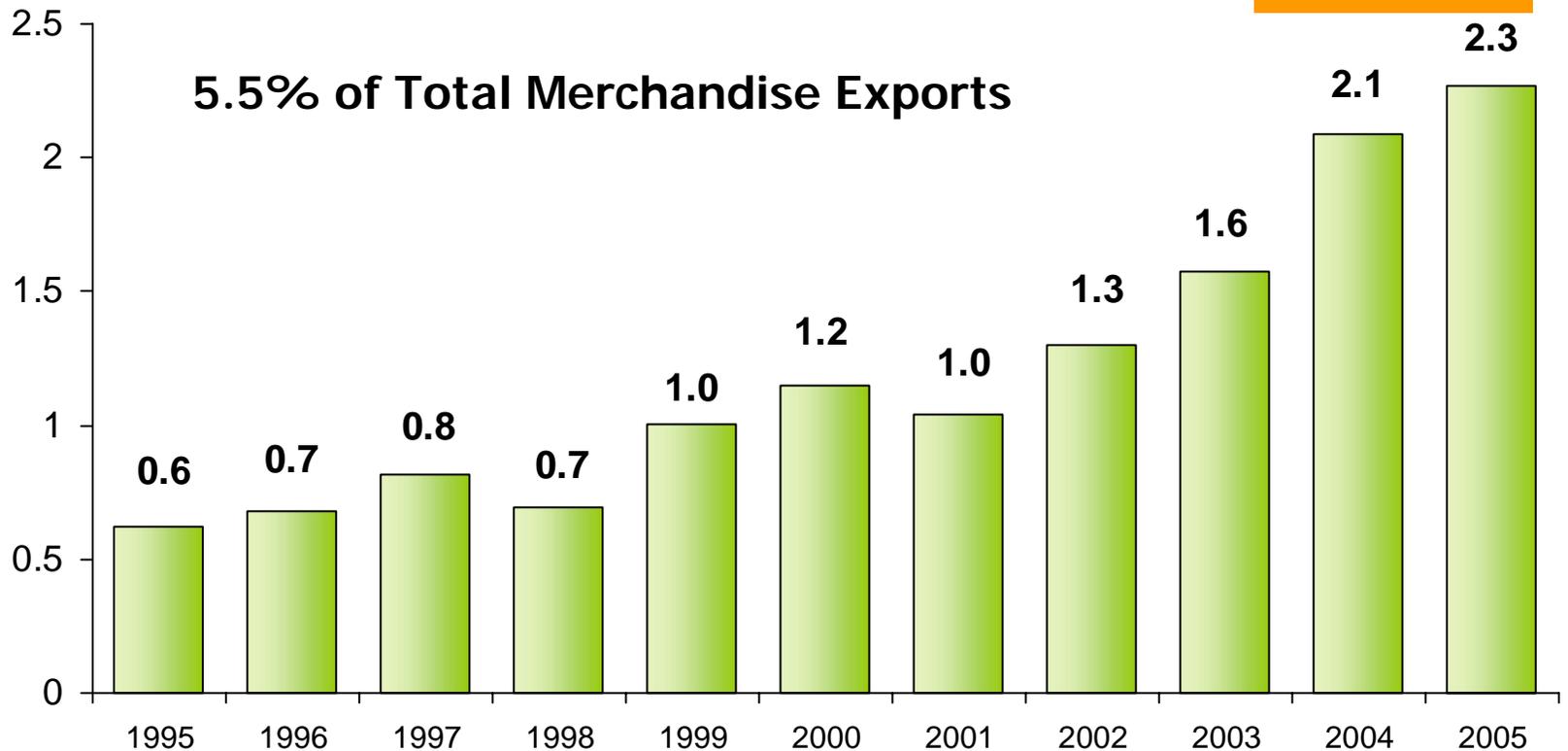
Source: Motor Vehicle Parts Manufacturers Association of the Philippines (MVPMAP)

# Philippine Motor Vehicle Industry

- **Domestic Front Issue:** Survival in the face of limited domestic market and the proliferation of used imported vehicles
- **Regional Front Issue:** Deepening ASEAN integration and broadening regional free trade agreements
  - Threat: removal of tariffs between countries could lead to increase in cheaper imports from countries with larger production bases
  - Opportunity: Philippines-based manufacturers would have a wider market to tap

# Transport Equipment (Vehicles and Parts) Exports

In Billion US\$



Source: Bureau of Export Trade Promotion, DTI

# Prospects for the Motor Vehicle Industry

- Government should put a stop to smuggling of imported used vehicles. This will increase domestic volume production and improve economies of scale.
- Industry should identify gaps in its value chain and supply chain and address these gaps to improve its competitiveness
- Industry should increase export of CBUs and vehicle parts

**Thank You**

# Mineral Industry Opportunities in the Philippines

*T. W. Robbins*

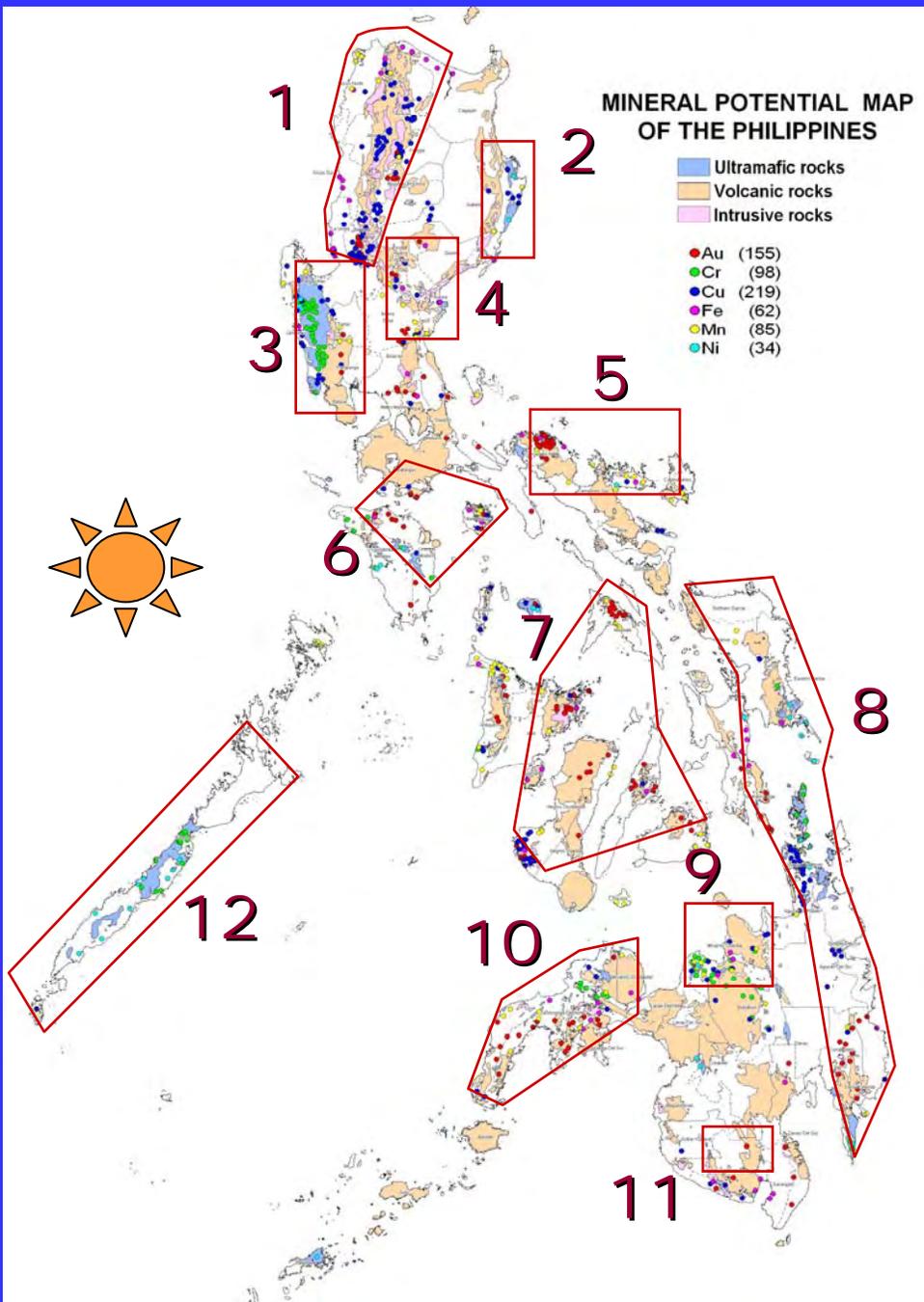
*President*

*Philippine Mineral Exploration Association*

*With acknowledgement to J Paul McKibben*

# WHY OPTIMISTIC

- Previous History
- Lack of Investment
- Endowment
- Under Explored
- Recent History
- Change of Policy



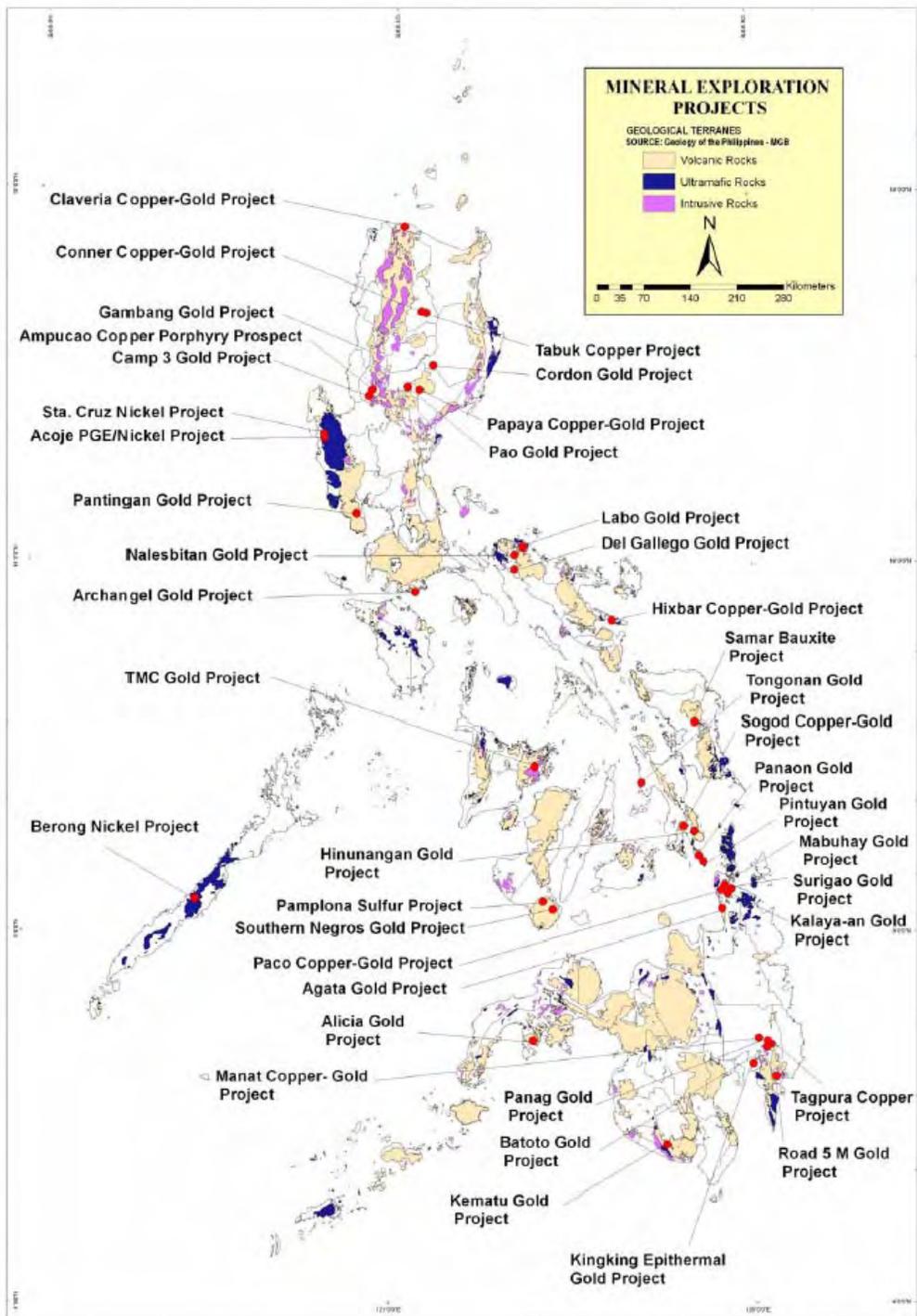
## High-Potential Mineralized Areas

1. Luzon Central Cordillera – Au, Cu
2. Northern Sierra Madre – Ni, Cr, Cu
3. Zambales – Cr, Ni, Co, Pt, Cu, Au
4. Vizcaya-Quirino-Aurora – Cu, Au
5. Bicol Peninsula – Au, Cu
6. Southern Tagalog – Cu, Au, Ni, Co
7. Central Visayas – Cu, Au, Mo
8. Samar-Leyte-Eastern Mindanao – Au, Cu, Cr, Ni, Co, Pt
9. N. Central Mindanao – Cr, Cu, Au
10. Zamboanga Pen. – Au, Cu, Cr
11. Southern Mindanao – Cu, Au
12. Southern Palawan – Ni, Co, Cr

# Forty Government-listed Mineral Exploration Projects

Many other projects in progress, or planned once tenements approved

[www.mgb.gov.ph](http://www.mgb.gov.ph)



# Impediments

- Protracted Title Procedure
  - NCIP
  - LGU's
  - MGB/DENR
    - Applications
    - Renewals
- Negative Perceptions of the Foreign Investors
- Government and Influence of NGO's
- Exploration v Mining misunderstanding

# PRIMARY EXPLORATION TARGETS

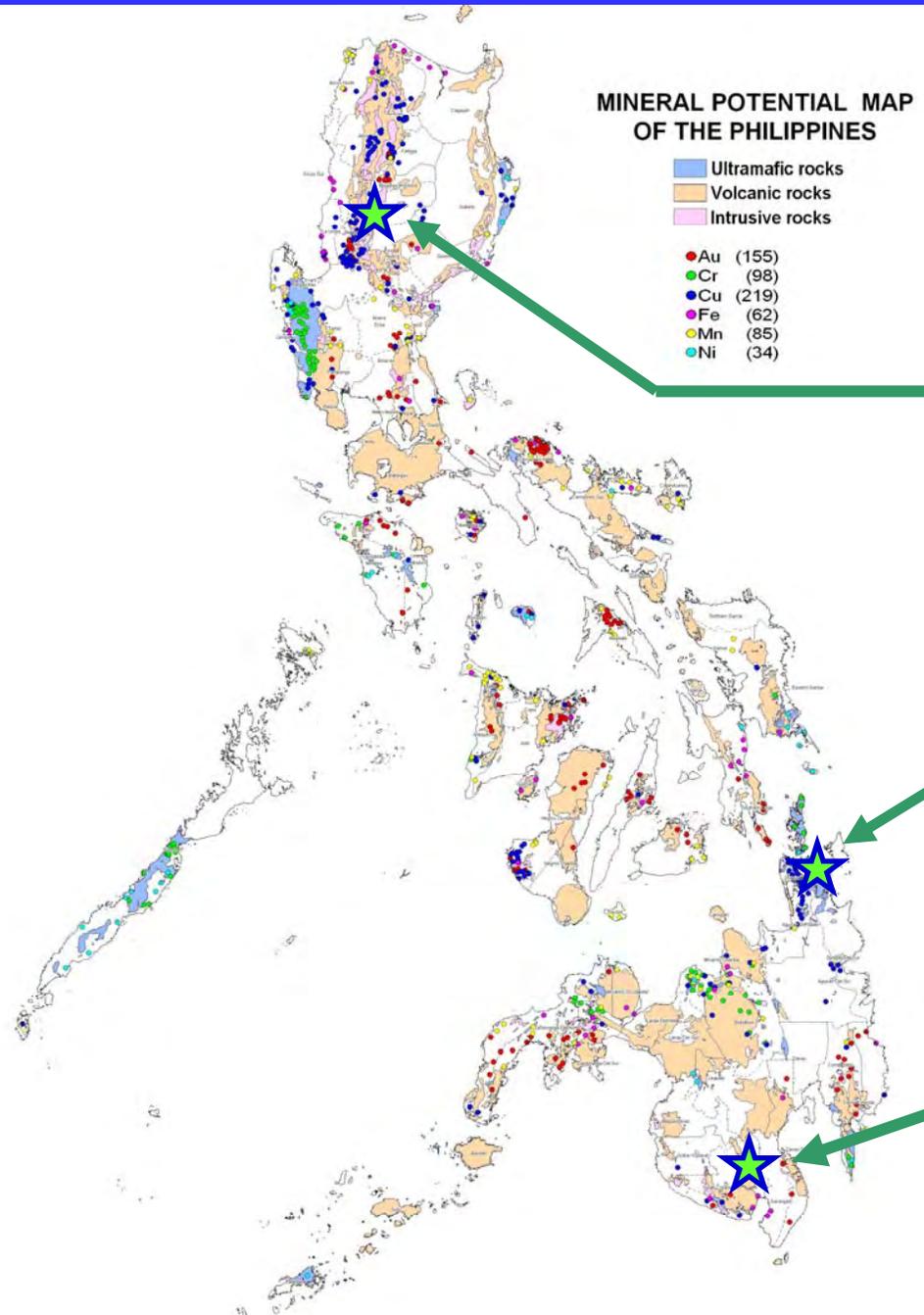
- **Porphyry** Copper (+ Gold) Deposits
- **Epithermal** – Low or Intermediate Sulphidation Au Deposits
- Epithermal – High Sulphidation Cu + Au (Lepanto enargite type) Deposits
- **Replacement** (Sediment-hosted – Carlin type) Au Deposits
- **Laterite** Nickel + Cobalt Deposits

# WORLD-CLASS Cu-Au DISCOVERIES

MINERAL POTENTIAL MAP OF THE PHILIPPINES

■ Ultramafic rocks  
■ Volcanic rocks  
■ Intrusive rocks

● Au (155)  
● Cr (98)  
● Cu (219)  
● Fe (62)  
● Mn (85)  
● Ni (34)



## **FAR SOUTH EAST (FSE)**

*copper - gold deposit*

**Mankayan, Benguet**

Lepanto Consolidated Mining

Company - 60% subsidiary FSGRI

## **BOYONGAN**

*copper - gold deposit*

**Tubod, Surigao del Norte**

Joint Venture between Philex Gold  
and Anglo-American

## **TAMPAKAN**

*copper - gold deposit*

**Tampakan, South Cotabato**

Joint Venture between Sagittarius,  
Indophil and Xstrata Copper



**PMEA**



# WORKSHOP ON FOREIGN DIRECT INVESTMENT

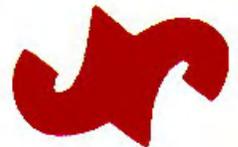


## Workshop Recommendations

on

## Constitutional and Legal

## Restrictions on FDI



Reported by:

**Dr. Michael Clancy**

**President & CEO, Philippine Business Leaders Forum**

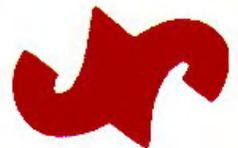


# WORKSHOP ON FDI

## Constitutional and Legal Restrictions on FDI

### KEY ASSUMPTIONS – OPTIMISTIC (“Take-off”) SCENARIO

1. Global growth benign at around 3.6% per annum
2. Immediate attention given to current legislative agenda especially those items that impact on FDI
3. Improving governance and discouragement of rent-seeking behaviour
  - A precursor for major investments into the mining, infrastructure and energy sectors
4. Completion to international standards of some major infrastructure projects
  - Filipino pride and a commitment to excellence
5. Then could see FDI increasing by around 25% per annum
  - But still no more than the overall ASEAN growth trend (around 30% p.a. over past five years).



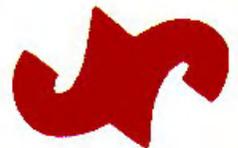


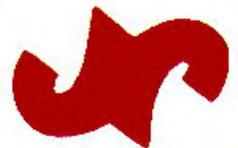
# WORKSHOP ON FDI

## Constitutional and Legal Restrictions on FDI

### KEY ASSUMPTIONS – OPTIMISTIC (“Take-off”) SCENARIO

- remove any restrictions on foreign ownership of land  
(1,000 non-retiree foreigners per year buy land at \$50,000 each)
- remove all restrictions on foreign ownership of educational institutions  
(10 foreign investors in sector at \$10M per year)
- remove all restrictions on foreign ownership of mass media  
(2 foreign investors in sector at \$10M per year)
- allow 100% foreign ownership of public utilities  
(assumes value of PU assets = \$50B; current foreign ownership = 40%; new FDI acquires 5% in 09-10)
- lower FDI Threshold to \$50,000 for non-retail  
(500 new firms a year at \$50,000 each, many owned by semi-retired foreign nationals)
- lower FDI Threshold to \$50,000 for retail  
(500 new firms a year at \$50,000 each, many owned by semi-retired foreign nationals)
- assumes Congress passes Constitutional amendments in 2007 and/or implementing legislation in 2008



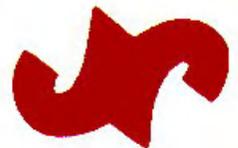


# WORKSHOP ON FDI

## Constitutional and Legal Restrictions on FDI

### KEY ASSUMPTIONS – STATUS QUO (“Muddling through”)

1. Global growth benign at around 3.6% per annum
2. Philippines continues on present growth trajectory of around 5.5 percent from domestic growth (no policy shocks) and slow progress on reform
3. Failure to make significant gains in reducing corruption and improving service delivery by government
  - Lack of transparency will continue to discourage major firms from increasing their investment into the Philippines
  - Investment continues at around current levels
4. Then could see FDI increasing by around 10% per annum on a par with recent trends



# WORKSHOP ON FDI

## Constitutional and Legal Restrictions on FDI

### KEY ASSUMPTIONS – PESSIMISTIC (“Backsliding”)

1. Global growth benign at around 3.6% per annum
2. Philippines continues on present growth trajectory of around 5.5 percent from domestic growth (ongoing policy instability)
3. Rent-seeking behaviour (especially in the run up to the 2007 elections), policy flip-flops (e.g. mining) and misallocation of investment resources will cause the Philippines to further loose competitiveness vis-à-vis ASEAN neighbours
  - Leads to ongoing market volatility and FDI volatility
4. Uncertain environment (Welcome) for foreign investors
5. Treasury raiding continues
6. Then could see FDI erratic – over the period 2001-2005 the trend line is flat and tending towards slight negativity
  - Assume continued volatility and only 1% FDI growth (average increase in FDI).



# WORKSHOP ON FDI

## Constitutional and Legal Restrictions on FDI



### ESTIMATE OF ANNUAL FDI 2007-2010

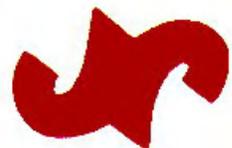


### THREE SCENARIOS:

**A. OPTIMISTIC** **US\$2,940,000,000**

**B. STATUS QUO** **US\$ 0**

**C. PESSIMISTIC** **US\$ 0**

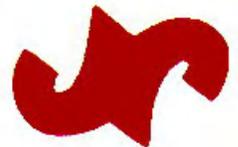




# WORKSHOP ON FDI

## Constitutional and Legal Restrictions on FDI

- Need for laws and policies to promote investment, both FDI and domestic, should be designed to facilitate more labor-intensive than capital-intensive activities so as to generate maximum new employment for Filipinos
- Encourage investment into small business
  - Revisit the Retiree programme to encourage investment into small business and not just condominium developments





# WORKSHOP ON FDI

## Constitutional and Legal Restrictions on FDI

### ACTIONS NEEDED

ST = short-term (1-2 yrs)

MT = medium term (2-4 yrs)



### LEGISLATIVE/CONSTITUTIONAL

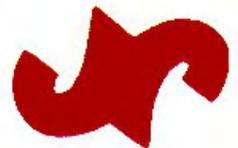


#### 1. Constitutional

- Removal of restrictions on foreign investment (ST & MT)

#### 2. Legislative

- Clear present legislative agenda and backlog
- Fiscal incentives rationalisation
  - creation of Pan-ASEAN Standards (MT)
- Labour code reform to increase competitiveness (ST)
  - and link wage increases to productivity gains
- Fair Trade law to level the playing field (ST)
- Revisit FINL (ST)
- Greater attention to compliance issues (ST)
- Revisit environmental standards laws in line with international best practice (ST)
- Anti-red tape law and service delivery by public sector (ST)
- Within public sector, promotion on merit and freedom from political interference (ST)



#### 3. Dealing with issue of land titling.



# WORKSHOP ON FDI

## Constitutional and Legal Restrictions on FDI

### ACTIONS NEEDED

ST = short-term (1-2 yrs)

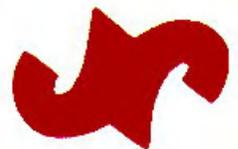
MT = medium term (2-4 yrs)



### ADMINISTRATIVE



1. Massive improvement in governance and transparency of present resource allocation (unlikely) (ST)
2. Credible effort to resolve outstanding issues with foreign investors and to ensure no repeat of past mistakes
3. Policy consistency – reduce flip-flops and knee-jerks
4. Campaign for clean government and reduction of rent-seeking behaviour (ST)
5. Opening up of mining leases and of energy and other infrastructure investment
6. Tackling the legislative agenda to increase competitiveness (MT)
7. Tackling constitutional impediments (MT)





# WORKSHOP ON FDI

## Constitutional and Legal Restrictions on FDI

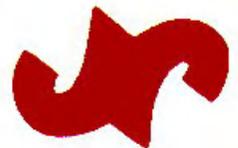
### ACTIONS NEEDED

ST = short-term (1-2 yrs)

MT = medium term (2-4 yrs)

### INFRASTRUCTURE

1. Ease foreign ownership/management restrictions
2. Transparency in bidding and implementation of public contracts (ST)
3. Greater reliance on and commitment to Public Private Partnerships to improve service delivery (ST)
  - Rather than the present lip service
4. Improvement in transportation within Metro Manila through a proper arterial road, rapid transit and freeway system (MT)
5. Continue with the Nautical Highway project to completion (MT)
6. Opening up of domestic freight to regional and eventually global competition (MT)





# WORKSHOP ON FDI

## Constitutional and Legal Restrictions on FDI

### ACTIONS NEEDED

ST = short-term (1-2 yrs)

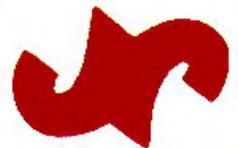
MT = medium term (2-4 yrs)



### FINANCIAL



1. Improved resources to court system and to of out of court settlement procedures (ST)
  - Many Foreign investors still feel the deck is stacked against them
2. Simplification of legal codes especially in relation to business regulation, compliance and taxation
3. Greater reliance on precedent and consistency in administration
  - And greater use of electronic media and communications to improve processing.
4. Increased resources to
  - Education
  - Health care and nutrition
  - Professional standards
  - National standards implementation





# WORKSHOP ON FDI

## Constitutional and Legal Restrictions on FDI



### ACTIONS NEEDED

ST = short-term (1-18 months)

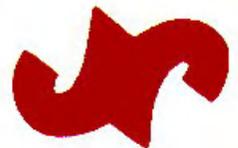
MT = medium term (19-36 months)



### HUMAN RESOURCES



1. Promotion of meritocracy within public sector (ST)
2. Promotion of ethical standards
3. Reduction of numbers and consequent increase in pay levels to encourage professionalism (MT)
4. Improved counter service at all government agencies (ST)
5. Transparency of processes, reduction of red tape and opportunities for mulcting (ST)





# WORKSHOP ON FDI

## Constitutional and Legal Restrictions on FDI



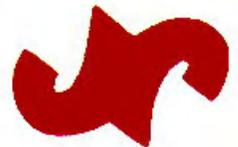
### ACTIONS NEEDED

ST = short-term (1-18 months)  
MT = medium term (19-36 months)



### OTHER

1. Benchmarking of performance against objective international and regional standards (ST)
2. Promotion of a culture of excellence and “Filipino pride”



# WORKSHOP ON FOREIGN DIRECT INVESTMENT

## Workshop Recommendations on Energy, Power and Biofuels

Reported by:

Daniel E. Chalmers

President, GNPowder Limited





# WORKSHOP ON FDI Energy, Power and Biofuels

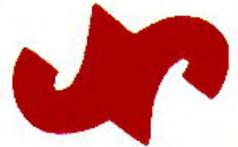


## ESTIMATE OF ANNUAL FDI 2007-2010

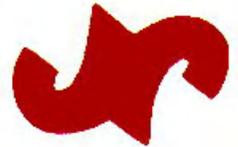


### THREE SCENARIOS:

A. OPTIMISTIC	US\$14,024,000,000
B. STATUS QUO	US\$ 8,025,000,000
C. PESSIMISTIC	US\$ 2,000,000,000



# WORKSHOP ON FDI Energy, Power and Biofuels



## ESTIMATED JOBS CREATED, 2007-2010 OPTIMISTIC SCENARIO

<b>A. DIRECT EMPLOYMENT</b>	<b>100,000 jobs</b>
<b>B. INDIRECT EMPLOYMENT</b>	<b>250,000 jobs</b>



# WORKSHOP ON FDI Energy, Power and Biofuels

## ACTIONS NEEDED

ST = short-term (1-2 yrs)  
MT = medium term (2-4 yrs)



## POWER

### GOVERNMENT

### PRIVATE SECTOR



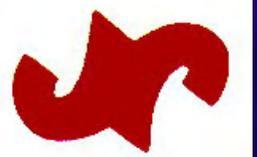
1. Accelerate sale of Genco and Transco assets

1. For Luzon Gencos, participation in WESM to improve market system



2. Accelerate promotion of renewable source of energy (geothermal - PNOC EDC; wind (PNOC EDC); hydro)

2. Move away from traditional thinking on the financing of power projects



3. Immediate passage of Renewable Energy Bill  
4. Clarify bilateral contract rules



5. Continue transparency of process



# WORKSHOP ON FDI Energy, Power and Biofuels

## ACTIONS NEEDED

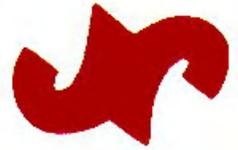
ST = short-term (1-2 yrs)  
MT = medium term (2-4 yrs)

## POWER

### GOVERNMENT

### PRIVATE SECTOR

- 6. Enhance credit worthiness of buyers
- 7. Continue the good start of WESM
- 8. Examine nuclear option
- 9. Income tax holiday



# WORKSHOP ON FDI Energy, Power and Biofuels

## ACTIONS NEEDED

ST = short-term (1-2 yrs)

MT = medium term (2-4 yrs)



## BIOFUELS

### GOVERNMENT

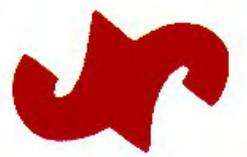
### PRIVATE SECTOR



#### Biofuels

1. Immediate passage of Biofuels Bill
2. Issuance of VAT Rules / Guidelines for Biofuels
3. Promulgation of Biofuel standards by DOE and DTI-BPS
4. Issuance of BIR Revenue Regulation on Ethanol Importations
5. Commence initiatives within the region to promote Philippines as biofuels hub in Asia
6. Pricing & production impact on food

1. Invest in feedstock / biofuels production





# WORKSHOP ON FDI

## Energy, Power and Biofuels

### ACTIONS NEEDED

ST = short-term (1-2 yrs)

MT = medium term (2-4 yrs)

## OIL & GAS

### Upstream

1. Enhance transparency of process for bidding and award
2. National patrimony issues needs final Supreme Court resolutions
3. Maintain existing incentives for oil and gas exploration and production

### Downstream

1. Rationalize incentives for downstream oil industry to encourage investments in refineries
2. Anti-smuggling enforcement
3. Rationalization of Tariff issues
4. Strict enforcement of rules & standards



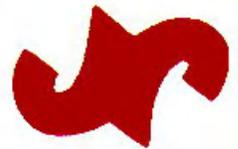
# WORKSHOP ON FOREIGN DIRECT INVESTMENT



## Workshop Recommendations

on

## Infrastructure: Subic-Batangas Transport Corridor



Reported by:  
Enrico L. Basilio

Senior Economist, University of Asia and the Pacific





# WORKSHOP ON FDI

## Infrastructure: Subic-Batangas Transport Corridor



### ESTIMATE OF ANNUAL FDI 2007-2010



### THREE SCENARIOS:

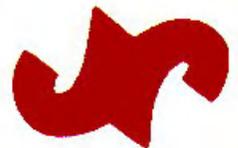
**A. OPTIMISTIC**

**US\$ 2,316,000,000**



**B. STATUS QUO**

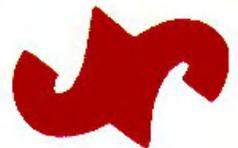
**US\$ 372,000,000**



**C. PESSIMISTIC**

**US\$ 218,000,000**





# WORKSHOP ON FDI

## Infrastructure: Subic-Batangas Transport Corridor

### KEY ASSUMPTIONS

1. Problems related to “Right of way” acquisitions (ROWA) are addressed
2. Budget counterparts for ODAs are available
3. Required MOAs are signed between private sector and concerned government agency/ies
4. Project viability is a given
5. Risk mitigation measures are available
6. Stable regulatory environment
7. Establishment of a PPP legal-policy framework



# WORKSHOP ON FDI

## Infrastructure: Subic-Batangas Transport Corridor



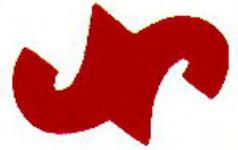
### ESTIMATED JOBS CREATED BY \$100 MILLION INVESTMENT



**A. DIRECT EMPLOYMENT** **18,720 jobs**



**B. INDIRECT EMPLOYMENT** **10,080 jobs**



# WORKSHOP ON FDI

## Infrastructure: Subic-Batangas Transport Corridor

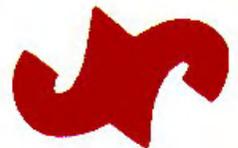
### ACTIONS NEEDED

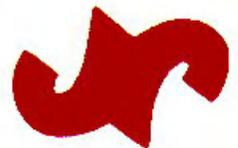
ST = short-term (1-2 yrs)

MT = medium term (2-4 yrs)

### LEGISLATIVE/CONSTITUTIONAL

1. Amend BOT law to expand modes of private sector participation
2. Establish effective ROWA / expropriation measures
3. Remove “conflicts of interest” issues among regulatory bodies (TRB, PPA, PNR, etc.)
4. Remove 60-40 equity restriction in public utilities
5. Progressively reduce the list in the Negative List B





# WORKSHOP ON FDI

## Infrastructure: Subic-Batangas Transport Corridor

### ACTIONS NEEDED

ST = short-term (1-2 yrs)

MT = medium term (2-4 yrs)

### ADMINISTRATIVE

1. Issuance of an EO for a PPP legal-policy framework
2. Improved central oversight of the planning and coordination of investments
3. Continued specific reforms in key sectors – particularly power, aviation, roads, ports and water – to promote competition



# WORKSHOP ON FDI

## Infrastructure: Subic-Batangas Transport Corridor



### ACTIONS NEEDED

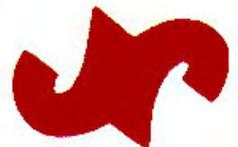
ST = short-term (1-2 yrs)

MT = medium term (2-4 yrs)



### FINANCIAL

1. Availability of political risk cover
2. Access to medium- to long-term domestic capital funds
3. Sustained fiscal performance (i.e., low interest rate regime)

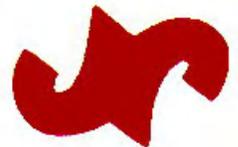




# WORKSHOP ON FOREIGN DIRECT INVESTMENT

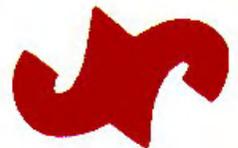


## Workshop Recommendations on Health Care/Retirement and Tourism



Reported by:  
Narzalina Z. Lim

President, Asia Pacific Projects, Inc.



# WORKSHOP ON FDI

## Health Care/Retirement and Tourism

### ESTIMATE OF ANNUAL FDI 2007-2010

#### THREE SCENARIOS:

A. OPTIMISTIC	US\$3,099,188,000
B. STATUS QUO	US\$ 909,957,000
C. PESSIMISTIC	US\$ 266,339,000

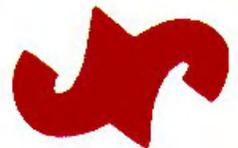


# WORKSHOP ON FDI

## Health Care/Retirement and Tourism

### RECOMMENDATIONS

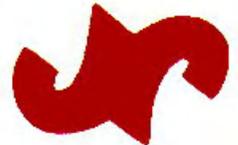
- Address red tape and corruption on the local government level
- Concentrate tourism development promotions in a few strategic areas such as Subic, Clark, Cebu, Western Visayas, Davao
- Declare Open Skies in Clark, Laoag, Cebu and Davao
- PEZA and BOI to consider the consolidation of retirement locations as one project to be registered under the PEZA Law
- Liberalize the practice of professions aligned with medical and retirement tourism such as, but not limited to doctors





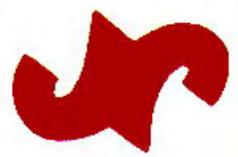
# WORKSHOP ON FDI

## Health Care/Retirement and Tourism

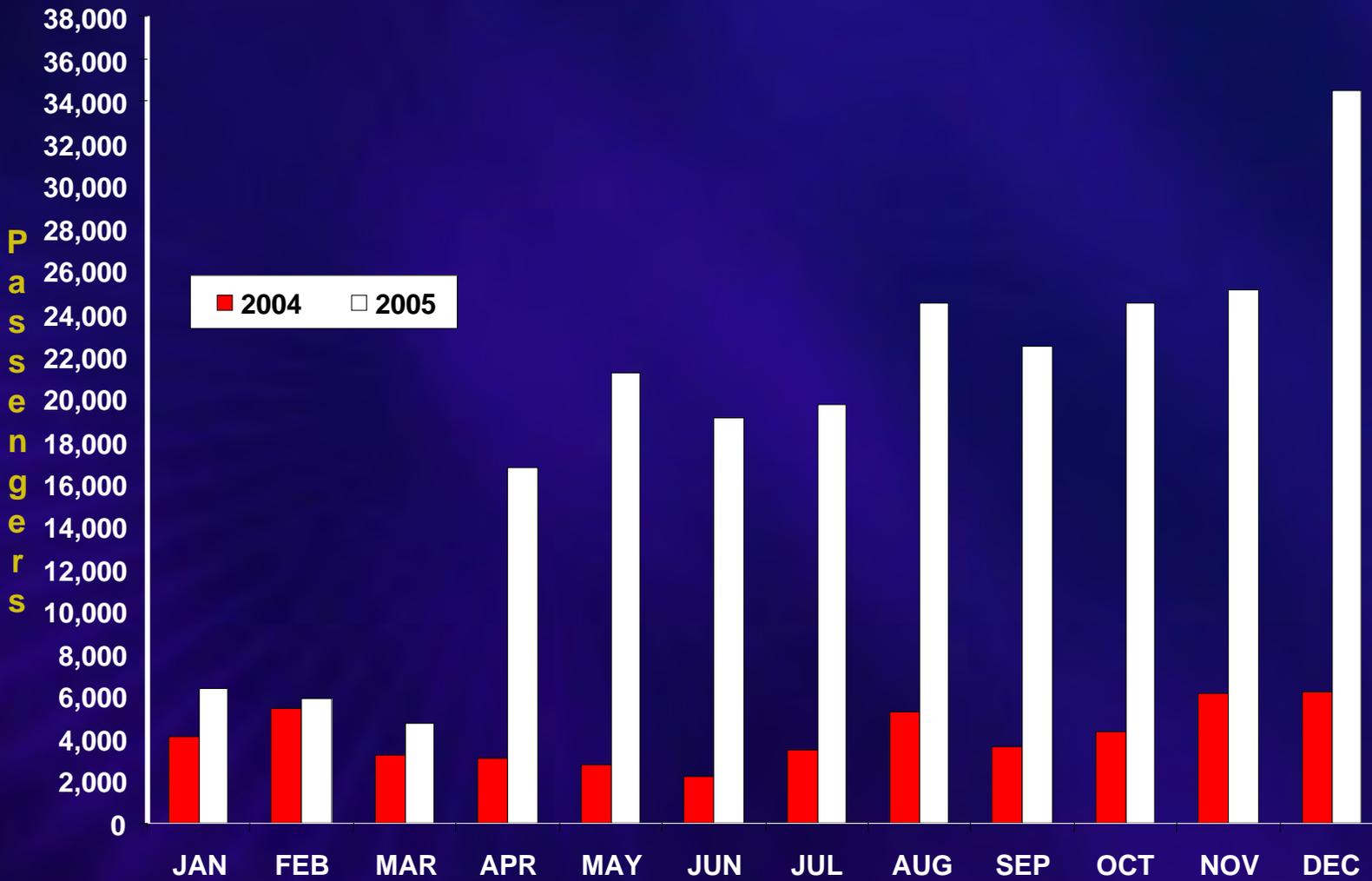


### RECOMMENDATIONS

- Minimize processing, maintenance and other fees for retirees
- Allow foreigners to own residential real estate (with limitations)
- Expand the opportunities allowed for investments required by PRA
- Provide incentives for small hotel projects in the provinces
- One Stop Shop processing of VISAS and other required documents and permits
- Bureau of Importation and Deportation (BID) faster processing
- Exemption from hiring freeze and salary standardization



# Effects of Pocket Open Skies in Clark: Passenger Traffic, 2004 & 2005



Source: Clark Airport Corporation



# WORKSHOP ON FDI Health Care/Retirement and Tourism



- Executive Order 500 which declared open skies in Clark in January 2006 has been reversed by the signing on August 22, 2006 of EO 500A.

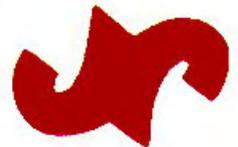


## RECOMMENDATION:

Rescind E.O. 500-A which reverses Open Skies in Clark



- PGMA to sign proposed E.O. 500-B to restore open skies in Clark

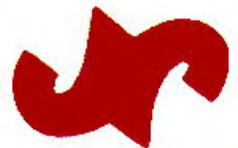


# WORKSHOP ON FOREIGN DIRECT INVESTMENT

## Workshop Recommendations on IT/ITES

Reported by:  
Frank Holz

CEO, Outsource2Philippines





# WORKSHOP ON FDI IT/ITES



## ESTIMATE OF FDI FOR PERIOD 2007-2010



### THREE SCENARIOS:

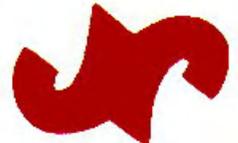


A. OPTIMISTIC

US\$ 3,450,000,000

B. REALISTIC

US\$ 3,000,000,000



C. PESSIMISTIC

US\$ 2,550,000,000





# WORKSHOP ON FDI IT/ITES

## ESTIMATE OF JOBS 2007-2010



### THREE SCENARIOS:

**A. OPTIMISTIC**

**1,000,000**



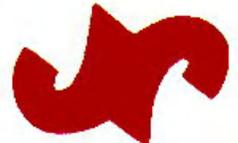
**B. REALISTIC**

**800,000**



**C. PESSIMISTIC**

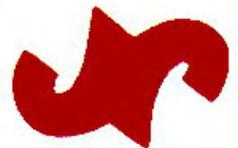
**650,000**



# WORKSHOP ON FDI IT/ITES

## KEY ACTIONS – PUBLIC & PRIVATE SECTORS

1. **IMPROVEMENT OF ENGLISH LANGUAGE PROFICIENCY**
  - More Private Sector involvement
2. **Improvement of College Curriculum (more techl. Courses)**
3. **ENHANCE MARKETING CAPABILITY (Improve Negative Perceptions Externally & Internally)**
4. **STRENGTHEN THE INDUSTRY ASSOCIATION**
5. **More participation in Gov't-funded projects**
6. **Growth of cyber services corridor to distribute job opportunities**
7. **IMPLEMENTATION & ENFORCEMENT OF DATA PRIVACY & SECURITY LAWS**



# WORKSHOP ON FDI IT/ITES

## KEY ACTIONS cont'd...

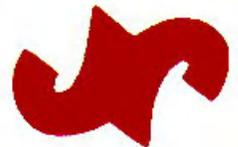
8. **ENFORCE IPR PROTECTION**
9. **Value chain / value-added services – to improve competitiveness**
10. **Improve productivity of workforce thru training, etc.**
11. **Address niche-market (i.e., wireless apps, gaming, medical transcription, etc.)**
12. **Continued cost-effective Real Estate developments**
13. **Consistent implementation of rules & regulations**
14. **Elimination of Security & Privacy breaches**
15. **Integrated marketing of country capabilities**
16. **ELEVATE CICT INTO DICT**
17. **Implementation of int'l standards**



# WORKSHOP ON FDI IT/ITES

## ESTIMATED JOB GENERATION

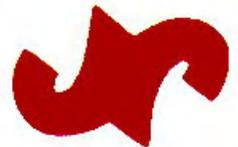
<b>A. DIRECT EMPLOYMENT (2006)</b>	<b>250,000 jobs</b>
<b>(2010)</b>	<b>1,000,000 jobs</b>
<b>B. INDIRECT EMPLOYMENT</b>	<b>?? jobs</b>



# WORKSHOP ON FOREIGN DIRECT INVESTMENT

## Workshop Recommendations on Manufacturing

Reported by:  
**Ernesto B. Santiago**  
Executive Director, SEIPI





# WORKSHOP ON FDI Manufacturing

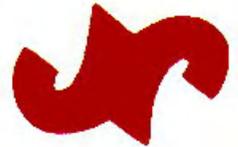


## ESTIMATE OF ANNUAL FDI 2007-2010



### THREE SCENARIOS:

- |    |             |                   |
|----|-------------|-------------------|
| 1. | Optimistic  | US\$5,000,000,000 |
| 2. | Status Quo  | US\$2,500,000,000 |
| 3. | Pessimistic | US\$1,125,000,000 |





# WORKSHOP ON FDI Manufacturing

## KEY ASSUMPTIONS



### 1. ENHANCED PEOPLE COMPETENCY

- MS/PHD availability



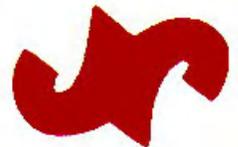
### 2. IMPROVED COUNTRY RELATIVE COST TO OPERATE / COUNTRY IMAGE

- Positive changes in the bureaucracy
- Infrastructure (power, transportation, roads)
- Geopolitical unrest and labor stability
- Focused country marketing
- No natural calamity



### 3. POSITIVE ECONOMIC ENVIRONMENT

- Global economic improvement
- Investor's adoption of China + 1 strategy
- Friendly/attractive local economic policies
- Positive local investor retention strategy policy





# WORKSHOP ON FDI Manufacturing

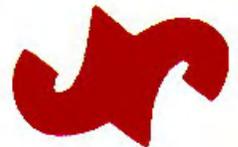


## ESTIMATED JOBS CREATED BY \$100 MILLION INVESTMENT



**1. DIRECT EMPLOYMENT** **5000 jobs**

**2. INDIRECT EMPLOYMENT** **35,000 jobs**





# WORKSHOP ON FDI Manufacturing

*ACTIONS NEEDED*

*ST = short-term (1-2 yrs)*  
*MT = medium term (2-4 yrs)*

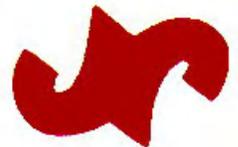


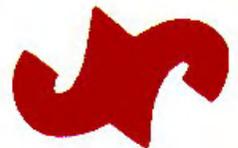
## LEGISLATIVE/CONSTITUTIONAL

1. **Hold/Stop” investment-unfriendly” legislations.**
2. **Resolve issue on constitutional barriers (ST)**
3. **Be and be perceived as a stable government (MT), a unified government - Senate/Congress/Executive healthy working relationship**



**HELP DON'T HURT !**





# WORKSHOP ON FDI Manufacturing

*ACTIONS NEEDED*

*ST = short-term (1-2 yrs)*

*MT = medium term (2-4 yrs)*

## ADMINISTRATIVE

1. **Government Focus on Business (ST)**  
**Ease of Doing Business**
2. **Aggressive & Focused Country Marketing (ST)**
3. **Stop Smuggling (ST)**

**JUST DO IT !**

# WORKSHOP ON FDI Manufacturing

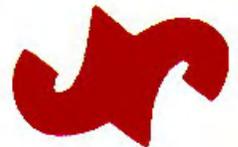
## ACTIONS NEEDED

*ST = short-term (1-2 yrs)*  
*MT = medium term (2-4 yrs)*

## INFRASTRUCTURE

1. Delivery of Infrastructure Projects  
in PGMA SONA (ST/MT)

**SUPPORT THE PRESIDENT !**





# WORKSHOP ON FDI Manufacturing

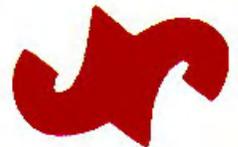
## ACTIONS NEEDED

*ST = short-term (1-2 yrs)*  
*MT = medium term (2-4 yrs)*



## FINANCIAL

1. Provide adequate scholarship fund for MS/PHD (ST)
2. Provide necessary funding for country marketing (ST)



INVEST FOR THE FUTURE



# WORKSHOP ON FDI Manufacturing

## *ACTIONS NEEDED*

*ST = short-term (1-18 mos.)  
MT = medium term (19-36 mos.)*

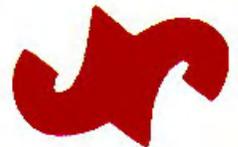


## HUMAN RESOURCES

1. 600 MS/200 PhD's in Engineering (ST)
2. Improved curriculum for BS Engineering (ST)
3. Bring back edge on English fluency, Math, Science (ST)
4. A "Brain Gain" campaign (ST)



## OUR GREATEST ASSET

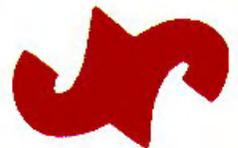


# WORKSHOP ON FOREIGN DIRECT INVESTMENT

## Workshop Recommendations on Mining

Reported by:  
Peter L. Wallace

President, Wallace Business Forum





# WORKSHOP ON FDI Mining



## ESTIMATE OF ANNUAL FDI 2007-2010



### THREE SCENARIOS:



**A. OPTIMISTIC**

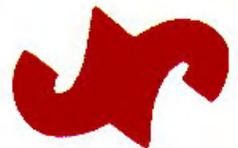
**US\$5,000,000,000**

**B. STATUS QUO**

**US\$1,500,000,000**

**C. PESSIMISTIC**

**US\$ 500,000,000**

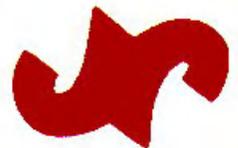


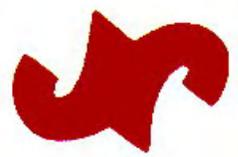
# WORKSHOP ON FDI

## Mining

### KEY ASSUMPTIONS – OPTIMISTIC SCENARIO

- 1. GOV'T UNWAVERINGLY IMPLEMENTS ITS MINING REVITALIZATION PROGRAM**
  - ONE-STOP SHOP FOR FAST PROCESSING OF PERMITS, ETC.**
  - SUPPORT FOR MINING EXTENDS FROM TOP LEVEL OF GOV'T DOWN TO THE LGUs**
- 2. HIGH LEVEL OF INVESTOR CONFIDENCE IN THE GOV'T**
- 3. HIGH WORLD DEMAND FOR METALS IS SUSTAINED**
- 4. NO MAJOR MINING DISASTER**
- 5. REALITY AND PERCEPTION OF SECURITY IS POSITIVE**
- 6. THE CHURCH AND NGOs ARE NOT ACTIVELY OPPOSED AND ARE NEUTRAL TO MINING**





## WORKSHOP ON FDI Mining

### ESTIMATED JOBS CREATED BY \$100 MILLION INVESTMENT

A. DIRECT EMPLOYMENT	2,000 jobs
B. INDIRECT EMPLOYMENT	8,000 jobs



# WORKSHOP ON FDI

## Mining

### ACTIONS NEEDED

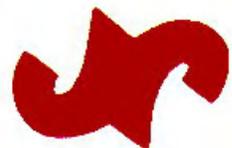
ST = short-term (1-2 yrs)

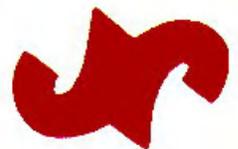
MT = medium term (2-4 yrs)



### LEGISLATIVE/CONSTITUTIONAL

1. **DON'T REVISE THE MINING ACT (LAW IS OK, IMPLEMENTATION IS THE KEY)**
2. **SEPARATE AGENCIES FOR DEVELOPMENT AND REGULATION OF MINERAL RESOURCES**
  - TRANSFER DEV'T & PROMOTION FROM DENR TO DTI/BOI IN THE INTERIM (MAY ONLY NEED AN EO?)
  - ENVIRONMENTAL CONTROL REMAINS UNDER DENR
  - CREATE A DEPARTMENT OF MINES IN THE LONG TERM
3. **AS WAS DONE WITH PEZA LAW, PASS AN AMENDMENT OF THE LAW THAT ALLOWS AUTOMATIC REMIITTANCE OF TAX PAYMENTS TO LGUs.**





# WORKSHOP ON FDI Mining

## ACTIONS NEEDED

ST = short-term (1-2 yrs)

MT = medium term (2-4 yrs)

## ADMINISTRATIVE

1. ALLOT SUFFICIENT FUNDING FOR MINING PROMOTION THROUGH THE MGB
2. ENSURE THE FULL IMPLEMENTATION OF THE MINING ACT AND THE MINERAL ACTION PLAN
3. SET UP A MINE SITE REHABILITATION FACILITY
4. WORK HARD TO RAISE FUNDS FOR THE REHABILITATION OF CLOSED MINES. CONTINUE TO REHABILITATE EXISTING CLOSED AND ABANDONED MINES.
5. RATIONALIZE ALL DIFFERENT MINING PROMOTION ENTITIES INTO ONE ORGANIZATION



# WORKSHOP ON FDI Mining

## ACTIONS NEEDED

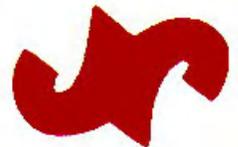
ST = short-term (1-2 yrs)

MT = medium term (2-4 yrs)



## ADMINISTRATIVE

6. DEVELOP 3-5 WORLD CLASS MINES AS SHOWCASE OF BEST PRACTICES (START FROM AMONG THE PRIORITY PROJECTS)
7. BE CONSISTENT. ARBITRARY RULES SCARE OFF FOREIGN INVESTORS
8. WORK ON GAINING THE SUPPORT OF LOCAL GOV'T EXECUTIVES THROUGH BETTER INFORMATION AND EDUCATION CAMPAIGN
9. ASSIST IN INFORMING THE LOCAL GOV'T ON THE BENEFITS OF MINING
10. SIMPLIFY AND SPEED UP PERMITTING SYSTEMS



# WORKSHOP ON FDI Mining

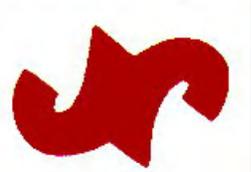
## ACTIONS NEEDED

ST = short-term (1-2 yrs)

MT = medium term (2-4 yrs)

## INFRASTRUCTURE

1. PROVIDE SEA PORTS NEAR MINE SITES
2. ROAD TO PORTS
3. PROVIDE SUFFICIENT ELECTRICITY TO MINE SITE
4. AIRPORT NEEDED





# WORKSHOP ON FDI Mining



**ACTIONS NEEDED**

**ST = short-term (1-2 yrs)**

**MT = medium term (2-4 yrs)**

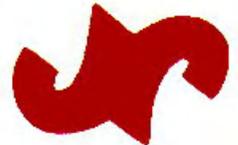


**FINANCIAL**



**1. SUPPORT PSE-LED INITIATIVE TO COME UP WITH INTERNATIONALLY ALIGNED DISCLOSURE STANDARDS FOR MINING TO PROTECT AND ATTRACT STOCK MARKET INVESTORS**

**2. CREATE A MECHANISM TO RAISE VENTURE CAPITAL THROUGH THE PHILIPPINE STOCK EXCHANGE**





# WORKSHOP ON FDI

## Mining

### ACTIONS NEEDED

ST = short-term (1-18 months)

MT = medium term (19-36 months)



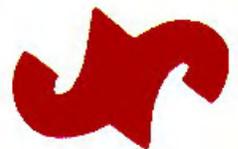
### HUMAN RESOURCES



1. FOSTER STRONG LINKAGE AMONG THE ACADEME, GOV'T AND THE INDUSTRY FOR MANPOWER TRAINING AND DEVELOPMENT



2. CONDUCT CONTINUOUS TECHNICAL AND CAPACITY-BUILDING TRAINING FOR DENR AND MGB EMPLOYEES



3. REVITALIZE/ RE-INTRODUCE MINING AND GEOLOGICAL FACULTIES IN COLLEGES



4. ACCELERATE RE-INTRODUCTION OF ENGLISH AS A MAJOR LANGUAGE



# WORKSHOP ON FDI

## Mining

### ACTIONS NEEDED

ST = short-term (1-18 months)

MT = medium term (19-36 months)



ANZCHAM

### OTHER

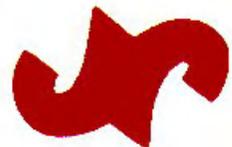


1. CONDUCT MAPPING TO PRE-IDENTIFY ALL IP'S

2. PARTICIPATE IN THE UK-LED INITIATIVE EITI TO REQUIRE TRANSPARENCY IN TRANSACTIONS BETWEEN GOV'T AND MINING FIRMS



3. IMPLEMENT A SUSTAINED INFO AND EDUCATION CAMPAIGN TO PROMOTE SUSTAINABLE AND RESPONSIBLE MINING



4. FIND WAYS TO ELICIT SUPPORT OF THE DEVELOPMENT-ORIENTED NGO'S



5. ENSURE EMPOWERMENT OF IP GROUPS BY CONDUCTING CAPACITY-BUILDING TRAINING



# WORKSHOP ON FDI

## Mining

### ACTIONS NEEDED

ST = short-term (1-18 months)

MT = medium term (19-36 months)



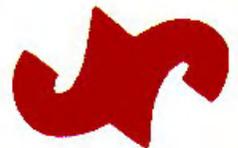
### OTHER

6. WORK ACTIVELY TO ELICIT THE SUPPORT OF THE CHURCH

7. ACCELERATE APPROVAL OF EXPLORATION AND MINING PERMITS

8. PROVIDE A SYSTEM FOR THE RESOLUTION OF LOCAL COMMUNITY CONFLICTS OUTSIDE THE LEGAL SYSTEM

9. NCIP NEEDS TO BE SUPPORTED, EMPOWERED AND NEEDS TO BE FUNDED



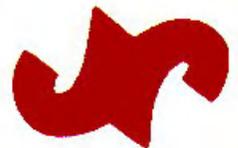
# WORKSHOP ON FOREIGN DIRECT INVESTMENT

## Total FDI Projections 2007-2010

Reported by:

Robert W. Blume

American Desk, Board of Investments



# WORKSHOP ON FOREIGN DIRECT INVESTMENT

## Total FDI Projections, 2007-2010

### Average per Year



## A. PESSIMISTIC SCENARIO

Constitutional and Legal Restrictions	US\$ 0 M
Energy, Power and Biofuels	US\$ 500 M
Infrastructure: Subic-Batangas Transport Corridor	US\$ 55 M
Health Care/Retirement and Tourism	US\$ 67 M
IT/ITES	US\$ 638 M
Manufacturing	US\$ 281 M
Mining	US\$ 125 M
<b>TOTAL</b>	<b>US\$ 1.7 B</b>

# WORKSHOP ON FOREIGN DIRECT INVESTMENT

## Total FDI Projections, 2007-2010

### Average per Year



## B. STATUS QUO SCENARIO

Constitutional and Legal Restrictions	US\$ 0 M
Energy, Power and Biofuels	US\$ 2 B
Infrastructure: Subic-Batangas Transport Corridor	US\$ 93 M
Health Care/Retirement and Tourism	US\$ 228 M
IT/ITES	US\$ 750 M
Manufacturing	US\$ 625 M
Mining	US\$ 375 M
<b>TOTAL</b>	<b>US\$ 4.0 B</b>

# WORKSHOP ON FOREIGN DIRECT INVESTMENT

## Total FDI Projections, 2007-2010

### Average per Year



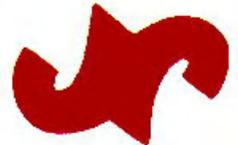
## C. OPTIMISTIC SCENARIO

Constitutional and Legal Restrictions	US\$ 735 M
Energy, Power and Biofuels	US\$ 3.5 B
Infrastructure: Subic-Batangas Transport Corridor	US\$ 579 M
Health Care/Retirement and Tourism	US\$ 775 M
IT/ITES	US\$ 863 M
Manufacturing	US\$ 1.25 B
Mining	US\$ 1.25 B
<b>TOTAL</b>	<b>US\$ 9.0 B</b>

# WORKSHOP ON FOREIGN DIRECT INVESTMENT

## Total FDI Projections, 2007-2010

### Average per Year



**A. PESSIMISTIC**

**US\$ 1.7 B**

**B. STATUS QUO**

**US\$ 4.0 B**

**C. OPTIMISTIC**

**US\$ 9.0 B**

**WORKSHOP ON FOREIGN DIRECT INVESTMENT (FDI)  
"HOW TO ATTRACT \$3 BILLION A YEAR"**

**Potential New Jobs Created Per Annum, 2007-10**

	<b>BREAKOUT SESSION</b>	<b>Pessimistic</b>		<b>Status Quo</b>		<b>Optimistic</b>	
		Direct	Indirect	Direct	Indirect	Direct	Indirect
A	Constitutional and Legal Restrictions on FDI	0	0	0	0	187,572	750,288
B	Energy, Power and Biofuels	14,260	35,650	57,211	143,028	100,000	250,000
C	Infrastructure: Subic-Batangas Transport Corridor	10,202	5,494	17,410	9,374	108,389	58,363
D	Health Care/Retirement and Tourism	1,200	3,600	5,040	15,120	17,888	63,664
E	IT/ITES	162,499	324,998	200,003	400,006	250,004	500,008
F	Manufacturing	14,063	98,438	31,250	218,750	62,500	437,500
G	Mining	2,500	10,000	7,500	30,000	25,000	100,000
	<b>TOTAL</b>	<b>204,724</b>	<b>478,180</b>	<b>318,414</b>	<b>816,278</b>	<b>751,353</b>	<b>2,159,823</b>

Note: Data based on workshop results is not final and subject to refinement.

As of October 19, 2006.

**WORKSHOP ON FOREIGN DIRECT INVESTMENT (FDI)  
"HOW TO ATTRACT \$3 BILLION A YEAR"**

**Potential FDI, 2007-2010**

		AVERAGE PER ANNUM			2007-2010		
<b>BREAKOUT SESSION</b>		PESSIMISTIC	STATUS QUO	OPTIMISTIC	PESSIMISTIC	STATUS QUO	OPTIMISTIC
		US\$			US\$		
A	Constitutional and Legislative Restrictions on FDI	0	0	735,000,000	0	0	2,940,000,000
B	Energy, Power and Biofuels	500,000,000	2,006,250,000	3,506,000,000	2,000,000,000	8,025,000,000	14,024,000,000
C	Infrastructure: Subic-Batangas Transport Corridor	54,500,000	93,000,000	579,000,000	218,000,000	372,000,000	2,316,000,000
D	Health Care/Retirement and Tourism	66,584,750	227,489,250	774,797,000	266,339,000	909,957,000	3,099,188,000
E	IT/ITES	637,500,000	750,000,000	862,500,000	2,550,000,000	3,000,000,000	3,450,000,000
F	Manufacturing	281,250,000	625,000,000	1,250,000,000	1,125,000,000	2,500,000,000	5,000,000,000
G	Mining	125,000,000	375,000,000	1,250,000,000	500,000,000	1,500,000,000	5,000,000,000
<b>TOTAL</b>		<b>1,664,834,750</b>	<b>4,076,739,250</b>	<b>8,957,297,000</b>	<b>6,659,339,000</b>	<b>16,306,957,000</b>	<b>35,829,188,000</b>
<b>TOTAL (US\$B)</b>		<b>1.7B</b>	<b>4.1B</b>	<b>9.0B</b>	<b>6.7B</b>	<b>16.3B</b>	<b>35.8B</b>

Note: Data based on workshop results is not final and subject to refinement.

As of October 19, 2006