



2008

annual report



About the cover

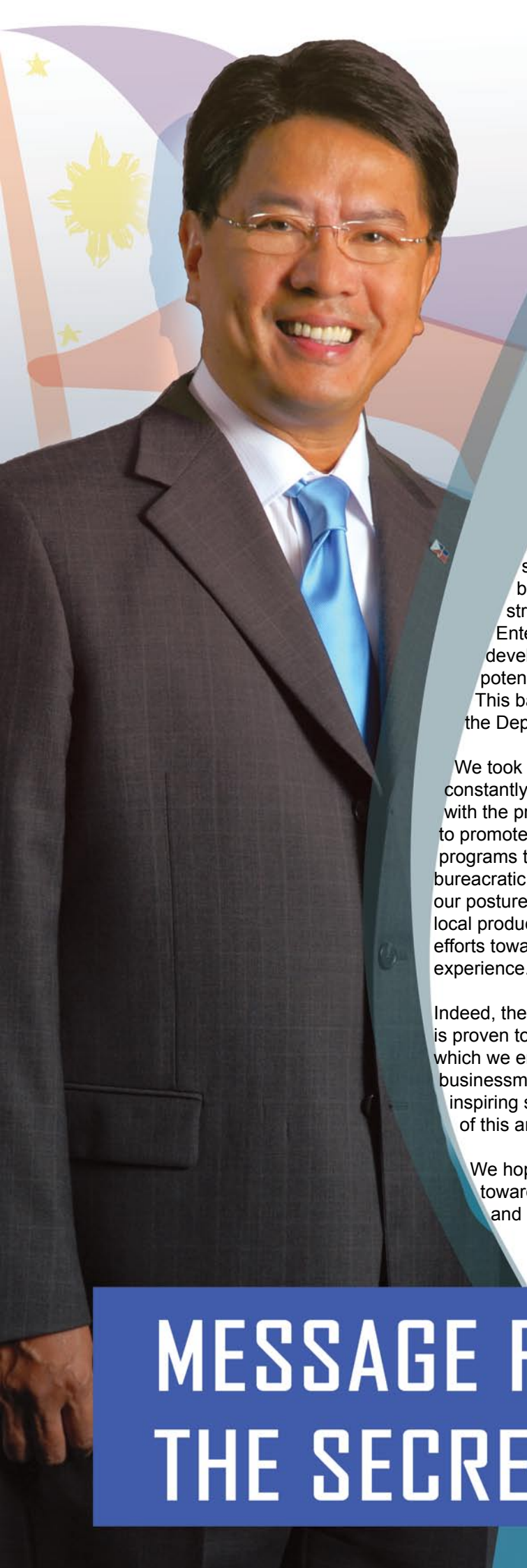
An old tradition enjoyed as modern leisure, “Kite Flying,” (as in governance), requires planning, commitment, and determination. According to kite flying enthusiasts, the key is BALANCE and STABILITY. There are challenges in getting the kite off the ground, in keeping it afloat, and ensuring its momentum.

The kite of success rises high against the wind of adversity. The Department of Trade and Industry represents one government kite that braved the economic challenges squarely as the winds of change blew strongly.

Through prudent spending and moral leadership the Department managed in chartering the course towards increasing investments, expanding exports, developing small business, and protecting consumers.

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The year 2008 will always be remembered as the time when the global financial crisis inched its way to Asian shores. Though our economy did not experience recession in 2008, our country's dependence on exports and foreign direct investments made our economy susceptible to the crisis. It didn't help that nature wreaked havoc upon our crops and animals as one calamity after another brought distress and affliction to our land.

But adversity brought out the Filipino's indomitable spirit. As companies and industries tightened their belts, CEOs, businessmen, and entrepreneurs drew on their wellspring of strength and thought up innovative measures to carry on and prevail.

This annual report chronicles the year that was in the Department of Trade and Industry, and how we as a team, also sought out ways and means to harmonize our development blueprints and hold the world crisis in abeyance. For one, we strengthened the power of the Micro, Small, and Medium Enterprises (MSMEs), even as we focused on promoting the development of our local markets by emphasizing the intrinsic potentials of our vast and immense indigenous natural resources. This balancing act became one of the many challenges which we in the Department learned to manage and handle.

We took the lead in prioritizing business environment reforms and constantly measured our progress and results. Through our partnerships with the private sector and inter-government agencies, we continued to promote efficiency in our revenues collection, set in motion various programs to facilitate the release of business permits and help reduce bureaucratic red tape. We stood firm on our twin goals: that of enhancing our posture as a viable business destination and striving to expand our local products across our vast economic regions. We directed all our efforts towards ensuring that doing business in our country is a gratifying experience.

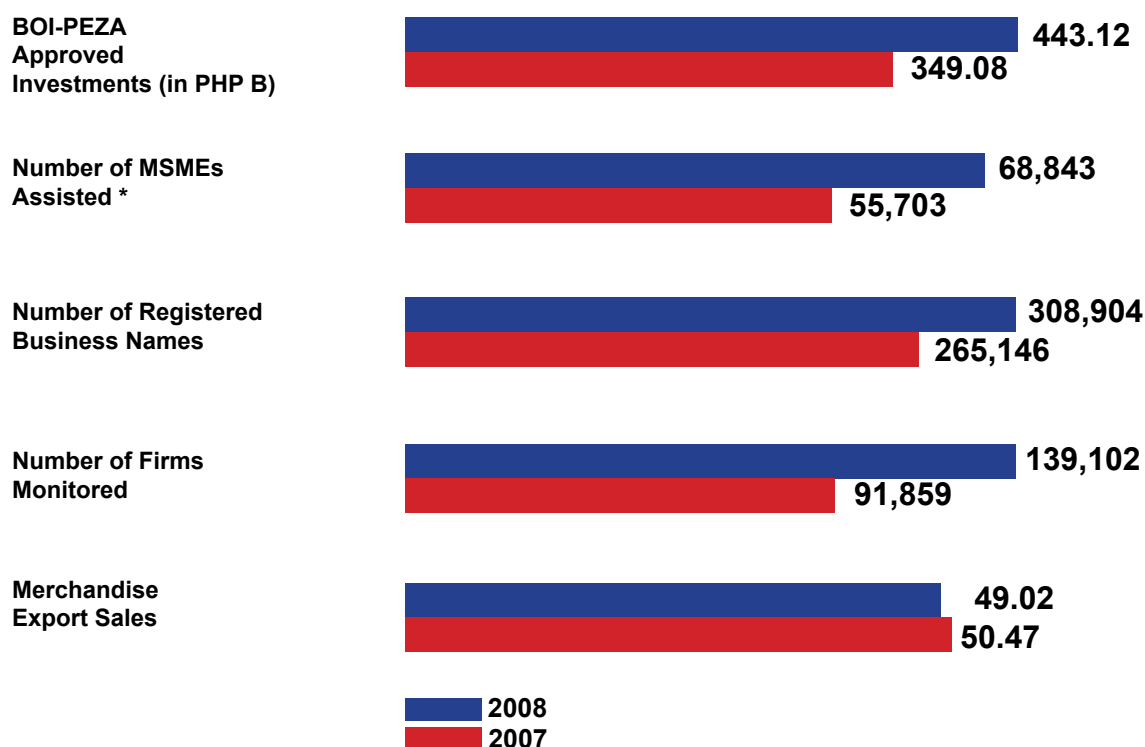
Indeed, the old Chinese saying that in every crisis lies a great opportunity is proven to be true, as we look back at the various innovative activities which we embarked on in 2008. For despite the difficulties which our businessmen hurdled over the past year, we also stumbled upon many inspiring success stories, some of which we tried to capture in the pages of this annual report.

We hope that in this report you will find assurance that in our journey toward national economic growth, the government is your staunch and abiding traveling partner.

PETER B. FAVILA
Secretary

MESSAGE FROM THE SECRETARY

DTI Facts and Figures



98%	Complaints resolved from total number of complaints received through the Consumer Welfare Desks
15%	The Philippines' world market share in the business process outsourcing (BPO) industry
371,965	Full time employees working for the BPO industry in 2008
191	Total number of call centers in the Philippines
16	National Economic Research and Business Assistance Centers (NERBACs) that are fully operational in 2008
+42	The Department's in the Survey of Enterprise on Corruption conducted by the Social Weather Stations (SWS)
1,353	Validated municipalities with One Town, One Product (OTOP) Program
6th	The Philippines' ranking in narrowing down the gender gap based on World Economic Forum (WEF) Global Gender Gap Ranking
16	Total number of seasons of Konsyumer ATBP (KATBP). KATBP is the teleradyo advocacy program of DTI
660	No. of MSME training programs conducted
157	Total No. of offices under the DTI
<input type="checkbox"/>	7 Attached Agencies
<input type="checkbox"/>	13 Bureaus
<input type="checkbox"/>	7 Corporations
<input type="checkbox"/>	33 Overseas Posts
<input type="checkbox"/>	16 Regional Offices
<input type="checkbox"/>	81 Provincial Offices
<input type="checkbox"/>	10 Support Offices

* Inclusive of MSMEs assisted by the DTI Regional Offices, BDT, BMSMED, PDDCP, PTTC, CITC, RUMEPP, and SB Corp's beneficiaries.



Magna Carta
for
MSMEs

Support for MSMEs

DTI's task is to assist MSMEs by providing them with the proper business tools that would help achieve maximum results.

DTI provides financing, training, marketing, and product development assistance to enhance knowledge/skills of the country's existing and would-be entrepreneurs.

The Department also strives to create an environment for MSMEs to flourish.



Financing support

SME Unified Lending Opportunities for National Growth (SULONG) Program released PhP35.60B in loans benefiting 70,666 SMEs and supporting 495,556 jobs. Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP) remained the biggest contributors as they took up the biggest share in loan releases with almost 56.19% and 32.67%, respectively, while Small Business Corporation (SB Corp.) shared 8.45% of the total releases.



SULONG Program (2007 vs. 2008)

2007				2008		
GFI - Programs	Loan Releases (PhPM)	No. of Accounts	Jobs supported	Loan Releases (PhPM)	No. of Accounts	Jobs supported
DBP	8,514.50	1,890	106,431	11,630.45	1,502	145,381
LBP	16,352.78	9,860	204,410	20,001.40	11,323	250,018
NLSF	46.75	305	584	36.075	260	451
Philexim	327.77	75	4,097	283.127	64	3,539
Quedancor	548.18	394	6,852	184.479	125	2,306
SB Corp.	2,689.71	1,052	33,622	3,004.809	1,091	37,560
SSS	96.60	9	1,208	455.495	56,301	56,301
TOTAL	28,576.29	13,585	357,204	35,595.838	70,666	495,556

Paving access to credit

The first concern of businesses is working capital. It is for this reason that the SB Corp. is established to meet the financing needs of small businesses engaged in manufacturing, processing, agribusiness (except crop level production), and services (except trading).

Under R.A. 6977 ("Magna Carta for Small Enterprises"), SB Corp. has an authorized capital stock of PhP5B with the initial capitalization of PhP1B in the form of equity investments in common and preferred stocks with each of the five government financial institutions contributing PhP200M.

Today, SB Corp. is the National Government's third largest

provider of SME financing, with a lending portfolio of over PhP3B. There are over 3,000 clients, 71 partner financial institutions, and serving 57 of the 81 provinces across the country. The SB Corp. has 3 area offices, and 7 desk offices set across Luzon, Mindanao and the Visayas.

As of December 2008, SB Corp. had approved PhP4B in loans to the country's

MSMEs representing 100% accomplishment of the year's target. Total number of assisted MSMEs in 2008 had reached 83,831, a bulk of whom were microfinance end borrowers. SB Corp. loans were broken down as follows:

- Wholesale lending at PhP2.42B accounting for more than three-fifths of the total approvals;
- Direct lending – PhP501.4M.
- Micro-finance lending – PhP913.46M
- Credit guarantees – PhP166.50M

SB Corp. also embarked on Risk-Based Lending Movement which aims to get the support of various MSME stakeholders to adopt a credit assessment model focusing on the potential of an enterprise as an organization rather than on its enterprise's capacity to pay for its loans.

SB Corp. also advocated with banks on the use of the Borrower's Risk Rating (BRR) system, a scorecard method of computing the prospective SME borrower's credit standing and eligibility. This tool will enable banks to depend less on collaterals when lending to SMEs. In fact, eight BRR seminars were conducted in key areas of the country, which were participated in by 110 rural and thrifts bank employees.

Moreover, SB Corp. expanded its conduits to 105 financial partners in its wholesale, credit guarantees and microfinance programs.

In 2008, it had accredited 21 new conduit banks and renewed 85 partnerships. Also, in compliance with the mandatory allocation provision of the Magna Carta for MSMEs,

SB Corp. has designed three bank-friendly liability instruments: MSME Note, MSME Exchange (MSMEx) and MSME Capability Building Fund (CBF) Participation.

The MSME Note is a non-negotiable and interest-bearing certificate of indebtedness issued with a term of six months to a year. It is offered to all lending institutions whether public or private and shall carry a market-driven rate based on the Philippine Dealing and Exchange Corporation (PDEX) rate with a 0.33% cut on the offer rate.

The MSMEx, on the other hand, is a non-transferable certification of MSME Credit Compliance. It provides a channel wherein over-complied banks may sell their excesses in direct lending to banks

which are not able to reach the mandatory 8% SME loans and the 2% micro-enterprise loans.

The MSME CBF issues credit compliance certificate to banks that participate in SB Corp's capacity building programs. Participation to these programs will require them a contribution payment based on a percentage of their under-compliance volume.

Upgrading skills through training

Through its regional offices and special training centers, i.e., Cottage Industry Technology Center (CITC), Philippine Trade Training Center (PTTC), and Construction Manpower Development Foundation (CMDF), the Department conducted 660 training programs and seminars, which benefited 19,049 MSMEs.



Number of training programs conducted, including beneficiaries			
Agency	Training Programs	Number of runs	Number of participants
PTTC	Trade business management	76	1,233
	Quality and productivity	83	3,271
	Special programs	260	8,628
CITC	Competency Building Programs covering Wearables (Footwear and Fine and Costume Jewelry), Giftwares and Holiday Decors, Foods, Home Furnishings, and other resource-based commodities sectors	139	3,684
CMDF	Construction Management, Supervisory Development and Trainers, Construction Safety, and Skills Training	102	2,233
TOTAL		660	19,049

Community-Based Enterprises (CBE) Program. The Department provided holistic package of Business Development Services (BDS) to 16 strategically situated formal and informal enterprises and turned them into competitive and sustainable CBEs. These CBEs were recipient of skills training, technical consultancy, product prototyping and tooling and equipment assistance, among others. They are engaged into resource-based products manufacturing such as bamboo craft, handmade paper making, abaca, burlap and sinamay weaving, wax-based products, among others. As a result, the following were achieved:

- Beneficiary CBEs were developed not only as reliable suppliers of quality products and job-generating enterprises in the countryside but also as BDS providers extending capability building and common facility services to the surrounding Micro Enterprises (MEs) in their respective provinces;



- Small raw material producers/suppliers and start-up MEs joined the value chain; and
- Convergence of expertise and resources among other NGAs, NGOs, LGUs and the private sector.

Some of the DTI-CITC assisted CBEs :

- Zanjera Educar Irrigators Association (Claveria, Cagayan) was assisted in terms of new product applications, materials manipulation and development/introduction

of appropriate production technologies and competencies. Tools and equipment are being designed to eventually increase their production capacities and to ensure product quality and competitiveness.

- Hardin Ng Kalikasan Multi-Purpose Cooperative (MPC) (Kiloloron, Real, Quezon), composed of unemployed housewives, was provided with training programs, including business skills on production processes for the manufacture of handmade paper and herbal soap and detergents. In addition, visioning, values formation, and work and financial planning sessions were facilitated. The project, funded by Canadian International Development Agency (CIDA), through the National Commission on the Role of Filipino Women's (NCRFW) GREAT Women Project, provided the beneficiaries with environment and gender-friendly tools, equipment and technologies as well as skills for other marketable products.

President Arroyo signs Magna Carta for MSMEs

The Amendments to the Magna Carta for MSMEs were signed into law as Republic Act No. 9501 on 23 May 2008. The law aims to promote entrepreneurship and support the development of micro, small, and medium enterprises.

The amendment raised SB Corp.'s capitalization to PhP10B to increase lending to MSMEs and for stricter compliance guidelines on the mandatory credit allocation. The amendment provides for an increase in mandatory allocation of credit resources of all lending institutions from 8% to 10 %. It requires that at least 8% of the lending portfolio is allotted to micro and small enterprises and at least 2% for medium enterprises.

Under the amendment, micro enterprises are now defined as enterprises with total assets of not more than PhP3M, from the previous threshold amount of PhP1.5M. Small enterprises are businesses with total assets of not more than PhP15M, while medium enterprises are those with total assets of not more than PhP100M, from the previous threshold amount of PhP60M.

The DTI, through Bureau of Micro, Small, and Medium Enterprise Development (BMSMED), held public consultations on the formulation of the law's Implementing Rules and Regulations (IRR) which was issued as DTI Department Administrative Order No. 09, series of 2008.

- Lingkod Group of Paniqui Multi-Purpose Cooperative (LGPMPC) (Paniqui, Tarlac) was given technical consultancy, training programs on raw materials selection and harvesting, and tooling and equipment to become a competitive supplier of engineered bamboo products particularly bamboo planks. LGPMPC is composed of farmers and their family members, who, aside from farming, are also engaged in the production of bamboo furniture and novelty items.

SME “Shindan” for Philippine SME Counselors. The SME “Shindan” for Philippine SME Counselors Project was formulated with the assistance of the Japan International Cooperation Agency (JICA).

MSMEs Achievers

The MSME Development Week with theme, “Sa Negosyo, Abot Kamay ang Asenso.” held last 06-13 July 2008 recognized three outstanding MSMEs:

Natomo Manufacturing

(Manufacturer of threshers and Super Kalan in La Union)
– National Outstanding MSME and Globe Masigasig Awardee and Outstanding MSME Awardee for Luzon

Capiz Multi-Purpose Cooperative

(Consolidator/exporter of cut foliages in Capiz)
– Outstanding MSME Awardee for Visayas

Zaragoza Foods

(Manufacturer of bottled sardines in Zamboanga del Norte) – Outstanding MSME Awardee for Mindanao

The project aims to enhance the capacity of SME Counselors towards providing more effective and efficient delivery of business development services to SMEs particularly in the areas of operations/production management, marketing, finance/accounting, human resource development, and information technology (IT). Approximately 40 DTI SME Counselors were trained in the five identified SME Centers (Laguna, Albay, Iloilo, Leyte, and Cagayan de Oro City). The three-year project ends in February 2010.

In 2008, 95 SME counselors (39 from five Shindan beneficiary provinces, 31 from non-Shindan beneficiary provinces, and 25 non-DTI participants) participated in the Levels 1 and 2 training programs under the project.

Three SME counselors from Laguna, Leyte, and Misamis Oriental attended the counterpart training in Japan.

Spotlighting Indigenous Raw Materials

On 12-16 March 2008, the Bureau of Domestic Trade (BDT) mounted the 5th Raw Material Showcase, exhibiting indigenous raw materials and new process applications at the Megatrade Hall of SM Megamall. Some 300 manufacturers, traders, and exporters visited the featured products which included various raw materials developed into semi-finished products coming from banana, coconut, corn, fish scales, Manila palm, *tahong*, *sabutan*, recycled materials, woven fibers, and water hyacinth.

Product Design Services recognized

DTI, through the Product Development and Design Center of the Philippines (PDDCP), provided design services (466 transactions) and product development technical assistance (2,189 transactions) to 813 MSMEs nationwide. Types of design services provided included booth, exhibition, graphic, product design and design consultation while product development technical assistance covered colors and trends briefings, product development seminars, and technology consultancy.

It also conducted 63 seminars/briefings/workshops with 2,910 participants. Its five exhibits which had 11,450 visitors were the following:

- A View of Industrial Design – showcased the scope of industrial design
- Colors and Trends – featured upcoming trends and forecasts on colors and influences for home decors and accessories, gifts and holiday decors, and wearables
- *Hinabi* – displayed the results of Design Center’s fiber development projects from the early 1970s onwards
- Designers – exhibited the cross-section of industrial design practice in the Philippines featuring past and present designers of the Design Center
- Design 2008: Used/Renewed – exhibited product design for used and renewable materials.

Subcontracting Partners on Innovation (SPIN)

DTI and private organizations, through the SPIN Program, using the “Big Brother” partnership-model, provided contract employment to 1,000 poor folks and rebel returnees in conflict-free areas of regions: 1, 6, 7, 8, 9, 10, and 13. Rebel returnees and indigents underwent skills training on craftsmanship, weaving, among others.

One Town, One Product-Philippines (OTOP-Philippines)

The OTOP-Philippine Program expanded its coverage in more communities and cities nationwide. In 2008, the Program:

- Generated PhP2.560B in total investments
- Generated PhP3,412M in domestic sales
- Generated US\$107.06M in export sales
- Supported 88,976 new jobs
- Assisted 10,175 MSMEs
- Validated 1,353 municipal OTOP
- Established 282 OTOP *Pasalubong* Centers
- Identified 1,135 OTOP market outlets nationwide.

Since its inception in 2004, OTOP-Philippines has generated a total of PhP8.161B investments, supported 302,188 new jobs, reaped US\$390.05M in merchandise dollar earnings and PhP9.346B in domestic sales and assisted at least 27,324 MSMEs nationwide.

Rural Micro Enterprise Promotion Programme (RuMEPP)

RUMEPP, a foreign assisted project, continued to promote profitable and sustainable micro enterprises as a contribution to the country’s goal towards rural poverty reduction. Milestones achieved in 2008 included the following:



On Micro-financing

- 100% disbursement of IFAD loans
- 19,752 MEs served versus annual target of 5,000 MEs

On BDS

- 19 provinces profiled for MEs
- 688 MEs served with various BDS
- 19 multicabs for SME Centers in RuMEPP provinces were purchased (“Entrepreneurship on Wheels” project)
- Tied-up with Bayan Foundation for capacity building for BDS facilitators.

Regional road shows and a National General Assembly were conducted to share good practices in RuMEPP areas using knowledge management (KM) tools. These include: 1) enterprise development training for coffee micro-processors in Kalinga; 2)

financial literacy training for ME clients of Microfinance Institutions (MFIs) in Northern Samar; 3) Business Expense Savings Training (BEST) Game for Gawad Kalinga 7 Hills Banana Chips Producers in Sarangani; and 4) simple financial recordkeeping for ME clients of MFIs in Surigao del Norte.

RUMEPP is a seven-year poverty alleviation project of the International Fund for Agricultural Development (IFAD) based in Rome, Italy and the Government of the Philippines with DTI as the lead implementing agency.

The project aims to reduce rural poverty through increased economic development, job creation and rural incomes for some 20,000 households in 19 of the poorest provinces in the country with five priority regions, including Abra, Ifugao, and Kalinga (in the Cordillera Administrative Region or CAR); Albay, Camarines Sur, Catanduanes, Masbate and Sorsogon (in Bicol); Biliran, Eastern Samar, Leyte, Northern Samar and Samar (in Eastern Visayas); Agusan del Norte, Agusan del Sur, Surigao del Norte and Surigao del Sur (in the CARAGA

Region); and Sarangani and South Cotabato (in the SOCCSKSARGEN Region). Now on its second year of operation, the project will run up to 2013.

Small and Medium Enterprise Development for Sustainable Employment Program (SMEDSEP): Enhancing Businesses in the Visayas

SMEDSEP is a cooperation development project between the Republic of the Philippines and the Federal Republic of Germany that aims to improve the business and investment climate for MSMEs in the country, focusing on the Visayas region. It contributes to the efforts of the Philippine government to improve the framework conditions for private sector development in the country. Started in September 2006, the program is implemented in partnership with the DTI at national, regional, and provincial levels and the German Technical Cooperation (GTZ) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ).

SMEDSEP has three major components:

- Harmonization of National and provincial SME development plans – 16 provincial SME Development Plans have already been implemented by Provincial SME Development Councils (PSMEDCs). However, only 10 of the 16 provincial SMEDCs are active to fulfill this responsibility as provided for in Republic Act 9501.

- Replication of Business and Investment Climate (BIC) models – five models namely SME Finance, the Local and Regional Economic Development (LRED), Business Permit and Licensing System (BPLS), Value Chain (VC), and BDS models were developed to provide efficient service to MSMEs.

The BPLS model streamlined the process of issuing the Mayor's permit in 56 cities and municipalities cutting processing time between 30 minutes to one day, from a number of forms to one; from many signatories to three and from a number of steps to four for renewing applicants and five for new applicants. It also reduced transaction cost by an average of about 80% and has increased local government units (LGUs) revenues from business taxes by an average of about 42%. This improvement in the business servicing capacities of the LGUs also resulted in the registration of businesses from the informal economy. This model succeeded in harmonizing the BPLS approaches of a number of Philippine public and private sector agencies together with key development partners.

- Support for the National Competitiveness Council (NCC) – Five NCC Working Groups have already integrated the results of their work chains into the 2009 work plan. LGU competitiveness indicators have also been developed, and localized the national competitiveness agenda

based on the results of the 2007 Philippine Cities Competitiveness Ranking Study.

Other achievements for the year included the preparation of roadmaps for the agribusiness and tourism sectors, reactivation of the working group of each sector, and the design of the program to address skills and job mismatch.

Davao Industry Cluster Capacity Enhancement Project (DICCEP): Convening Business Industry Players

DICCEP was initiated to group the region's banana, wood, mango, seaweeds, coconut, mining, tourism, and information and communication technology (ICT) industries to improve quality, cut down cost, and boost production capacity.

DTI, in partnership with Japan International Cooperation Agency (JICA), has finalized its training program for the eight cluster teams for the first phase, four training modules were developed. These were: cluster approach for industrial development, strategic business planning and monitoring, team management, and MSME promotion.

The three-year project began preparatory works like training needs analysis and industry consultations. It consisted of two major phases: training and workshop and implementation of planning projects. From May to November, it had trained 120 cluster players, prepared and updated eight draft cluster plans and identified 12 pilot projects.



Increase Investments

The country is built on three fundamental strategies: (1) build strong macroeconomic fundamentals and strict fiscal discipline; (2) re-engage the Philippines with the rest of the world; and (3) fulfill the 10-point agenda on investing in our people. Critical in fulfilling this agenda is the infusion of capital and technology for the country's industrial growth.

Investment Promotion Agencies such as Board of Investments (BOI) and Philippine Economic Zone Authority (PEZA) are relentless in efforts to promote the country as a preferred investment site. Year 2008 was another banner year for Investments.



Growing Investments

The BOI and PEZA approved a total of PhP443.12B worth of investments, 26.94% higher compared with PhP349.09B in 2007. These investments cover 894 projects and were expected to generate employment opportunities of 177,428 when fully operational.

Local investors committed investments worth PhP279.33B (63.04% of total investments) while foreign investors accounted for PhP163.79B (36.96% of total investments).

The country's main industry sectors posted substantial increases in 2008. These included electricity, gas and water supply (PhP128.54B from PhP122.23B), real estate, renting and business activities (PhP118.22B from PhP64.69B investments), manufacturing (PhP108.23B from PhP90.25B), transport, storage and communication (PhP17.23B from PhP9.04B); and infrastructure/industrial service sector with PhP14.98B worth of investments.

BOI and PEZA Approved Investments			
	2007	2008	Growth Rate (%)
Total approved investments (Php M)	349,086.736	443,123.874	26.94
Total no. of projects	773	894	15.65
Projected Employment	144,585	177,428	22.72

Top Investment Projects	
Firms	Project Cost (PhP M)
Emerald Energy Corporation (EEC)	36,817.948
JG Summit Olefins Corp.	34,376.254
Global Business Power Corp.	22,140.000
KEPCO SPC Power Corp.	19,945.786

Investments in the IT services sector in 2008 recorded a total of PhP12.49B, 29.94% lower from PhP17.82B recorded during the comparative period of 2007. Job opportunities from IT projects totaled 43,009, contributing 24.24% to total BOI-PEZA projects' employment generated.

Promoting Investments

The Department is promoting the country's image as an attractive investment destination which can guarantee sanctity of business contracts, assure high economic rate of return,

provide competitive labor force, and offer lower cost of doing business.

BOI embarked on three outbound investment missions to India, Singapore, and Japan. In addition, BOI facilitated 196 inbound missions of various corporations and organizations, such as IBM Belgium, Tech Mahindra, Japan delegation to E-Services, Hong Tung Chemical Corporation and Thai Business Mission and Linfox, among others. As a result, a total of 198 investment leads were generated.

Funding Infrastructure

Infrastructure development was strongly pursued by the National Development Company (NDC). It finalized all the necessary requirements in the construction of Daang Hari-SLEX Link Road Project. This road project provided alternative route within the Las Piñas, Muntinlupa, and Cavite areas, thus, decongesting the heavy traffic in said areas.

NDC provided the National Irrigation Administration (NIA) a new loan amounting to PhP1.0B for the repair/rehabilitation and restoration projects for existing irrigation facilities involving 33,000 hectares.

The funding is on top of the PhP2.0B loan provided in 2006 and 2007.

Guiding Investments to Priority Areas

The 2008 Investment Priorities Plan (IPP) continues to support the government's 10-point agenda enunciated in the 2004 - 2010 Medium Term Philippine Development Plan (MTPDP).

The 2008 IPP guides investors in areas where they could engage in the following categories:

- Preferred Activities cover the identified six investment sectors. These are Agriculture/Agribusiness and Fishery, Infrastructure, Tourism, Research and Development, Engineered Products and Strategic Activities;
- Mandatory Inclusions cover all areas mandated by law. These are Industrial Tree Plantation; Exploration, Mining, Quarrying and Processing of Minerals; Printing, Publication and Content Development



- of Books and Textbooks; Refining, Storage, Marketing and Distribution of Petroleum Products; Ecological Solid Waste Management; Clean Water Act; and Development of Self-Reliance of Disabled Persons;
- Export Activities cover the manufacture of non-traditional export products and activities in support of exporters; and
- Autonomous Region of Muslim Mindanao (ARMM) List covers priority areas that have been independently determined by the Regional Board of Investments (RBOI) ARMM in accordance with EO 458 (Developing the Powers and Functions of the BOI over Investments within the ARMM to the Autonomous Regional Government and for Other Purposes). The economic activities listed are entitled to incentives in the activities undertaken in the region.

Retirement Haven

The Philippine Retirement Authority (PRA), another attached agency of the Department, reported an influx of foreign currency equivalent to PhP173.4M spread in bank deposits and active investments. This fund generation was brought in by 2,396 foreign retirees who enrolled and availed the Special Resident Retirement Visa (SRRV). These enrolled foreign retirees

represented 71.31% of the year's total target of 3,360. Top enrollees came from Mainland China, Korea, USA, Japan, and Taiwan.

PRA also established satellite offices in Cebu, Baguio, Subic/Clark and Davao with an online registration system for a speedy documentation and processing. Areas eyed for development of retirement villages and communities are Baguio, Davao, Tagaytay, Cebu, Subic (Olongapo), and Clark (Pampanga).

Quality Management

Year 2008 was a milestone for the Philippine Quality Award (PQA) since it was the first time that an organization in the Philippines had won the PQA's highest level.

On 16 December 2008, President Gloria Macapagal Arroyo and DTI Secretary Peter B. Favila conferred the PQA to three local companies in recognition of their exemplary achievement in quality and business excellence:

- Sutherland Global Services, for commitment to Quality Management
- First Philippine Industrial Corporation, for Proficiency in Quality Management ; and
- United Laboratories, Inc., the first recipient of the highest distinction – for Performance Excellence



Establishing One-Stop Shops for Business

National Economic Research and Business Assistance Centers (NERBACs) or One-Stop Shops are now fully operational in 15 regions nationwide. NERBACs provide a single entry point for investors on comprehensive and highly integrated business support by pooling government resources in One-Stop Express Business Center to reduce red tape and improve efficiency in government service. The NERBACs in the regions perform three major functions:

- Business licensing and registration;
- Investment marketing; and
- Knowledge management and research with a centralized business database.

Steps were also undertaken to apply best practices applicable to streamlining business procedures.

The PQA is the Philippine counterpart of the Malcolm Bridge National Quality Awards whose awardees include Intel, Texas Instruments, and FedEx. Hence, this makes UNILAB, a Filipino-owned company, at par with some of the best managed companies in the world.

Organizations implemented productivity improvement programs through a series of training courses conducted by the Department, through the Center for Industrial Competitiveness's (CIC) Proactive Program for Competitiveness. Of the 138 companies trained, a total of 50 companies recorded productivity increases ranging from 10% to 84%. By reducing processing time and increasing output per man hour, these companies realized an annual savings ranging from PhP2,800 to PhP402,000.

Some 15 regional and provincial symposia were conducted by industry practitioners in best practices in quality and productivity improvement. Two organizations

were recognized, namely, the Guaran Food Manufacturing and Fujitsu Ten Software Solutions.

Strengthening Business

Advocacy for national competitiveness was brought to the local government.

Roadshows were conducted in cooperation with the local chambers of the Philippine Chamber of Commerce and Industry (PCCI) and DTI Regional/Provincial Offices.

The objective was to spread the "Gospel of Competitiveness" to the regions in nine pilot areas namely, Puerto Princesa,

Palawan; Sta. Rosa, Laguna; Tagbilaran, Bohol; Cagayan de Oro City; Cainta, Rizal; General Santos City; Baguio; Butuan; and Tacloban City.

NCC partnered with the Department of the Interior and Local Government (DILG) and various LGUs in organizing the LGU Summit on 08 October 2008. The Summit aimed to help LGUs achieve high levels of productivity by adopting appropriate policies, reduce wastes in bureaucratic processes, and decrease the high cost of doing business.



Ecozones: Gateway to Progress

PEZA supervises economic zones that are proclaimed under its mandate nationwide.

Flashback to February 4, 1995: then President Fidel V. Ramos signed into law Republic Act 7916 (principally authored by then Senator Gloria Macapagal Arroyo), what was also called the Special Economic Zone Act of 1995 which basically provides the legal framework and mechanisms for the creation, operation, administration and coordination of special economic zones in the Philippines. Today, PEZA still functions as the government's support to promote investment, create employment, and generate export.

PEZA provides globally competitive environment to investors through effective management of economic zones, efficient administration of incentives, utmost delivery of services, focused investment promotions and proactive developmental activities. To date, there are 186 operating economic zones covering a total land area of 6,661.63 hectares distributed all over the Philippine archipelago. These zones are divided into six categories: manufacturing sites (62); IT parks and centers (115); tourism ecozones (7); medical tourism park (1) and medical tourism center (1). Since its inception, investments in the said economic zones have increased 38 times from PhP33.700B in 1994 to PhP1.327T in 2008. There has also been an 18.27% growth in number of approved projects from 434 last year to 513 this year.

The Japanese remain the largest group of investors to pour in money in the country's economic zones. This was followed by Filipino, American, Dutch and Korean investors. The electronics

and semiconductors sector eat the lion's share of the pie at 46.38%. This is followed by IT services at 7.66% and electrical machinery and apparatus at 6.75%. Export sales generated from the ecozones have reached US\$40.54B this year compared with its initial export sales of US\$4.3B when the former EPZA started operating in 1995.

PEZA grants incentives to developers of economic zones which include industrial estates, export processing zones, IT parks and buildings, tourism zones, medical tourism parks and buildings, retirement and agro-industrial zones, among others. The incentives include special 5% gross income tax in lieu of all national and local taxes, special visa for foreign investors and their immediate family members, employment of foreign nationals, incentives under the Build-Operate-Transfer (BOT) law, and other incentives under EO 226 (The Omnibus Investment Code) as may be determined by the PEZA Board.

For locators, PEZA also offers attractive incentives to include: exemption for payment of real property tax on land; exemption from payment of local government fees such as mayor's permit, business permit, permit on the exercise on profession, health certificate fee, sanitary inspection fee and garbage fee, among others.

PEZA continues to be a one-stop shop for investors intending to do business in the country. Its business-friendly policies include 100% ownership of companies, deregulated banking, energy, telecommunications, shipping; etc. These are intended to lure investors all over the world and create more business opportunities for Filipinos especially those who are in the countryside.





Business Development Program

The Business Development Program is the DTI's response to expand market and investment opportunities in the country. This approach is targetted to the following priority sector: ICT, electronics, motor vehicles, food, organic products, health and wellness, construction materials, marine, logistics, giftware and holiday decors, wearables, and mining.



Electronics

Integrated Circuit (IC) Design Training 4. For the past four years, the Electronics Business Development Team (BDT) has been conducting the IC Design Training Program for faculty/BS graduating/MS students from different universities and industry practitioners in the country. This year, two Taiwanese professors have administered the training courses at the University of the Philippines, Diliman, Quezon City on 20-31 October 2008. The topics on Analog Filter

Design and Data Converters exposed the participants to research and different issues of analog IC design.

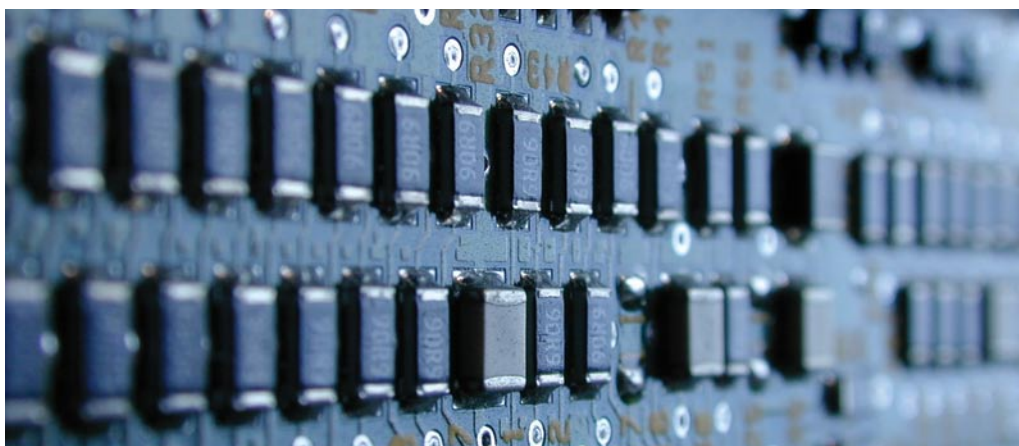
The 20 participants were from the University of the Philippines (9), Ateneo De Manila University (6), Mapua Institute of Technology (2), University of San Carlos in Cebu (2), and the Mindanao State University - Iligan Institute of Technology (1).

This training program aims to increase the capability of the country's engineers in the electronics sector and

elevate the industry from an assembler to a design-based manufacturer.

The BDM Electronics Team together with Synopsys, Inc. met with Cebu electronics companies on 21-23 July 2008. The group also toured electronic/IT laboratories of two leading Cebu engineering universities, University of San Carlos and Cebu Institute of Technology, to survey their capabilities in terms of providing high quality education and be familiarized with the schools' condition of facilities and ongoing programs.

Synopsys, Inc. is one of the leading providers of electronic design automation (EDA) software and services used to design complex integrated



circuits (ICs), field programmable gate arrays (FPGAs), and systems-on-chips (SoCs) for the global semiconductor and electronics industries.

Study on Characterization of Test Manufacturing and Test Development Activities. The Department funded the Advanced Research and Competency Development Institute (ARCDI) research on the level of test technologies and competencies in the Philippines. Based on the study, it was recommended that the Philippine electronics sector embark on an initiative to advance the competency and capability of local engineers in Test Technology and expand the market by attracting Fabless (no fabrication facility) semiconductor companies to invest in the Philippines.

ASEAN Electronics Forum (AEF). The 9th AEF held in Hanoi, Vietnam on 17-18 April 2008 focused on the AEC Scoreboard, which serves as a monitoring mechanism for the implementation of the electronics roadmap. The forum served as a dialogue between government and industry on important issues

affecting the integration of the regional electronics industry. The 10th AEF held on 21 October 2008 in the Philippines at the Makati Shangri-LA Hotel endeavored ASEAN member states to respond directly through cooperation and mutual support and update the status of implementation of the horizontal roadmap measures per member-state.

Organic, Herbal, and Natural Products

EU Market Access Requirements for Natural Ingredients.

On 03-04 November 2008, the Centre for the Promotion of Imports Developing Countries (CBI) consultants conducted a seminar entitled "EU Market Access Requirements for Natural Ingredients". The topics covered EU regulations on market requirements for food, cosmetic, and pharmaceutical ingredients. The 25 exporter participants were briefed on the EU market and obtained buyer's requirements, the market trends of food ingredients, organic food, labeling and safety requirements in food such as Good Manufacturing Practices (GMP), Hazard Analysis & Critical Control Points

(HACCP), and the global Good Agricultural Practices (GAP).

Internal Control System (ICS) Pilot Training in Pili, Camarines Sur. In March 2008, a total of 50 farmers and organizations in Sorsogon and Albay in Bicol were trained by the Organic Certification Center of the Philippines (OCCP) on the ICS for Organic Products as pre-certification requirement for export products such as organic red rice, pili oil and organic vegetables.

Seminar on the Rules of Origin for the Natural and Organic Products. On 23-24 September 2008, a total of 25 exporters participated in the Seminar on the Rules of Origin for the Natural and Organic Products. Speakers from Tariff Commission discussed the Rules of Origin (ROO), tariff classification, free trade agreements (FTAs), and product coverage identification. Participants also shared their inputs in the identification and codification of the products under the Organic and Natural Products sector.

Middle East Natural Product Exhibition (MARPE). The exhibit held in Dubai, UAE on 16-18 November generated a total of US\$7.7M in sales (negotiated) for natural personal care products, virgin coconut oil, bio fertilizers, essential oils and food supplements. Participants included:

- Daily Apple Distribution, Inc. (food supplements)
- Northfield Laboratories, Inc (toll manufacturer of herbal products)
- Prosource International Inc (virgin coconut oil)
- Spa Essentials (essential oils)



- Rainiers Research and Dev. Institute Inc. (personal care)
- Arnichem Corporation (natural fertilizers)
- Goldware Essential Products (personal care)
- Philippine Morinda Citrifolia, Inc. (noni drinks and juice)
- Natural Quality Corp. (food supplements)

Food

The Department forged an agreement with the Department of Foreign Affairs (DFA) and Department of Agriculture (DA) to synergize and maximize assistance and services in developing, capacitating, and promoting the Philippine agri-fishery sector. In line with this, joint market promotion activities were implemented, i.e., trade fairs, missions, among others.

Another milestone was the Integrated Program for Micro, Small, and Medium Food Processors (IPMS) Project, which assisted 42 companies to develop and promote their products. Other products were also launched during the International Food Exhibition (IFEX) and other promotional activities.

On the development of standards of ethnic food, the food sector had finalized the Philippine National Standards (PNS) for dried fruits, ready to drink fruit juices, banana chips, sugarcane wine, and chichacorn.

Outbound Business Matching (OBM) to Taiwan and Taipei International Food Show (TIFS). The event generated total sales of US\$8M. Among the products that were successfully booked were coconut products, juices, pasta, virgin coconut oil, food

supplement, cocoa tablets, fresh fruits and vegetables, dried fruits, packaged products, fortune cookies, *apas*, *broas*, *ampalaya*-based health supplements, banana chips, *bagoong*, biscuits, ice cream, broth cubes, Italian-style pasta, *pancit* noodles, and coffee beans. The participating companies were: Dole Asia Ltd., RFM Corporation, Lucky Fortune Foods Corp., Dealo Koffee Klatch, Primex Coco Product, Pangasinan Tropical Fruits, Natural Quality Corp., Moondish Foods Corp., Moonbake Inc., MCT Food Inc., Pro Source, Appenzell Inc., and Basilan Countryside Development. The project was a joint effort of the DTI, the Manila Economic and Cultural Office (MECO) and the DA.

Construction

The BDT, together with CIAP-Philippine Overseas Construction Board (POCB) participated in the 13th World Building and Construction Exhibition (Worldbex 2009) at the World Trade Center on 12-15 March 2008, in the Manilacon held on 04-07 September 2008, and Philconstruct on 13-16 November 2008. Different construction materials were on display and the capabilities of local contractors and engineering consultants' were showcased.

Motor Vehicles

DTI and the Center for Automotive Technology Corporation (CATC) signed a memorandum of agreement (MOA) on 09 December 2008 that created a national automotive industry portal and provided the Philippine automotive supplier business information, industry database and information on industry

policies. The portal would be linked to the websites of DTI and its attached agencies, as well as to the APEC Supplier Site. The industry portal would not only create an information gateway to the Philippine Automotive Industry but would also provide accurate data on automotive sector to policy makers which will be regularly updated so that the future programs and policy decisions could become more relevant and effective.

ICT

e-Services 2008. To recognize the outstanding achievements in the ICT industry, e-Services Awards Night 2008 was held on 12 February 2008 at the Mindanao Ballroom of Sofitel Hotel. This was the culminating activity of the e-Services: Global Sourcing Conference and Exhibition, which gathered the country's premier ICT innovators, entrepreneurs, IT personalities, government officials, and media partners among others. Among the companies awarded were Media Farm, Tech Factors, Inc., Transprocure Corp., PeopleSupport, Advance World Systems, Next IX, Inc., Navigator Systems, Pointwest Technologies, Total Transcription Solutions, and EMR Global Corp.





Expand Exports

Exports fuel the economy.

And while the export sector was hit hardest by the global crisis, we continued to secure new niches for innovative Philippine products and the creative industries.



Philippine Export Performance

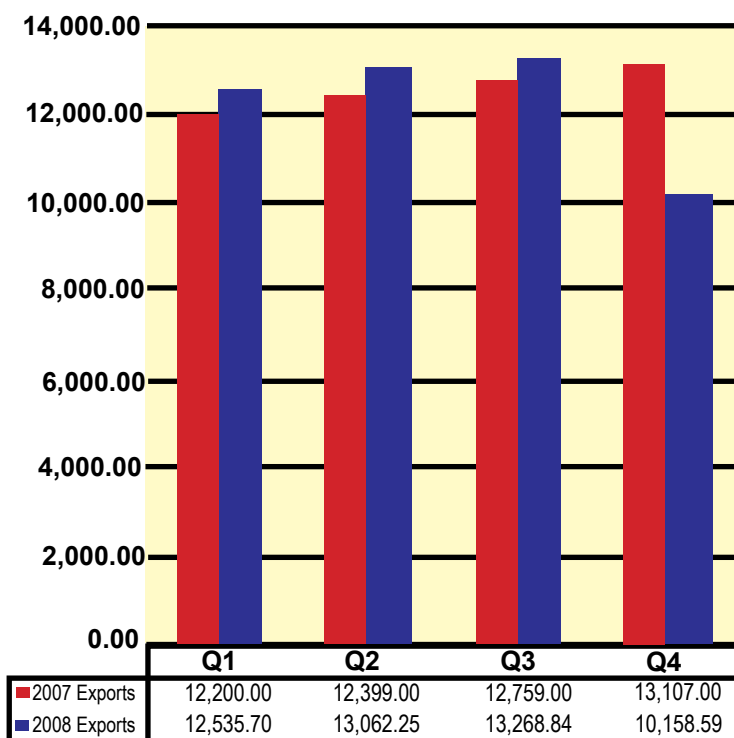
Philippine merchandise exports dipped by 2.87%, from US\$50.47B in 2007 to US\$49.02B. Comparing to the same period in year 2007, the decrease in exports by 40.37% was mainly due to the reduced merchandise exports in December 2008. Nevertheless, Philippine exports fared well on the three quarters vis-à-vis on the same periods on 2007.

Top Products

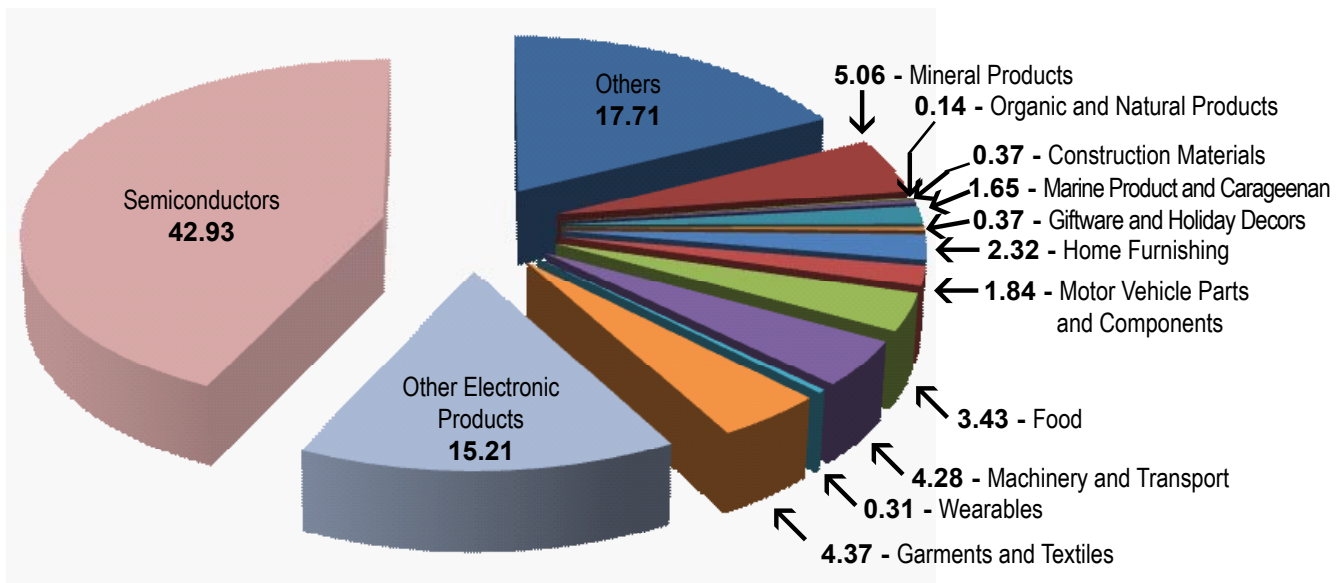
Electronics

Electronics comprised 58% of the total Philippine exports for the year. Total Philippine exports of electronics decreased by 8.31% over last year's level from US\$31.09B in 2007 to US\$28.5B in 2008. The reduction of consumer spending in major markets was evident as early as October 2008. Consequently, the drop in total exports of electronics was attributed to the large cancellations of orders in these markets.

	2007	2008	Growth
	Value (US\$B)	Value (US\$B)	Percent
Goods	50.47	49.02	- 2.87%
Services	0.19	10.14	116%
Total	50.28	59.16	17.66%



2008 Exports by Product



Footwear

Philippine exports of footwear amounted to US\$31.0M, an increase of 1.37% from last year's US\$30.58M. The growth was attributed to increased volume of orders for the branded sports footwear for the Latin American and European markets.

Fine Jewelry

Exports of fine jewelry grew by 5.33% compared to the same period last year as cancelled orders from the US in the last two quarters were completed in December. Apart from that, some exporters were also able to maintain their client base in the high end market. To date, at least five companies are still supplying to long-standing clients.

Food

Food exports grew by 13.12% amidst the global crisis. Export receipts were recorded at US\$1.68B in 2008. The positive export performance of the food sector was due to the strong growth of processed food and beverages at 29.61%. Exports of processed food and beverages reached US\$958.43M.

Marine Products and Carageenan

Export sales of Marine Products and Carageenan improved by 38.16% in 2008 from US\$584.84M to US\$808.03M, driven by strong sales in tuna. Tuna exports grew by 84.87% in 2008 from last year's level.

Home Furnishings

The Home Furnishings sector posted 12.64% growth from US\$1.01B in 2007 to US\$1.14B in 2008. Market diversification of manufacturers/exporters and continuous orders from medium to high-end buyers due to quality and world-class design, were seen as the reasons for the increase in exports of furniture.

Garments

Garments and textiles exports reached US\$2.14B, 14.42% lower than last year's level.

Travel Goods and Handbags weakened for the first time since 2006. Exports sales posted at US\$95.30M, declining by 8.19% from US\$103.80M in 2007. The decline was due to dwindling orders from major markets, US and Japan.

Motor Vehicles and Parts

Exports motor vehicles and parts decelerated to 1.16% from US\$891.58M in 2007 to US\$901.88M in 2008.

The US and Japan, major markets of Philippine-made autoparts, were greatly affected by the global credit crunch. Decrease in sales of cars in major markets resulted in decline or cancellation of orders of autoparts.

The Philippines' major export of wiring harness fell by 30% in December 2008.

Mineral Products

The reduced global economic activity, particularly in China, the US, and Japan affected the demand from these countries and cut exports of Mineral Products. Mineral Products shrank by 4.72%, from US\$2.6B in 2007 to US\$2.48B in 2008.

Top Markets

People's Republic of China

China remained the top export destination, cornering about 21.32% of total exports in 2008, even as exports to China decreased by 9.53% compared to 2007.

According to the International Monetary Fund-World Bank (IMF-WB) World Economic Outlook for 2009, PRC's economic growth rate slowed down to 9% in 2008 from 13% in 2007, and is expected to further decrease by 6.7% in 2009 before rebounding to 8.0% in 2010.

China's economic growth slumped to 6.8% in the last quarter of 2008, dragging down the pace of expansion for all of 2008 to a seven-year low of 9%. The slowdown in 2008 cut a five-year streak of double-digit growth that propelled China into the third-largest economy in the world.

United States of America

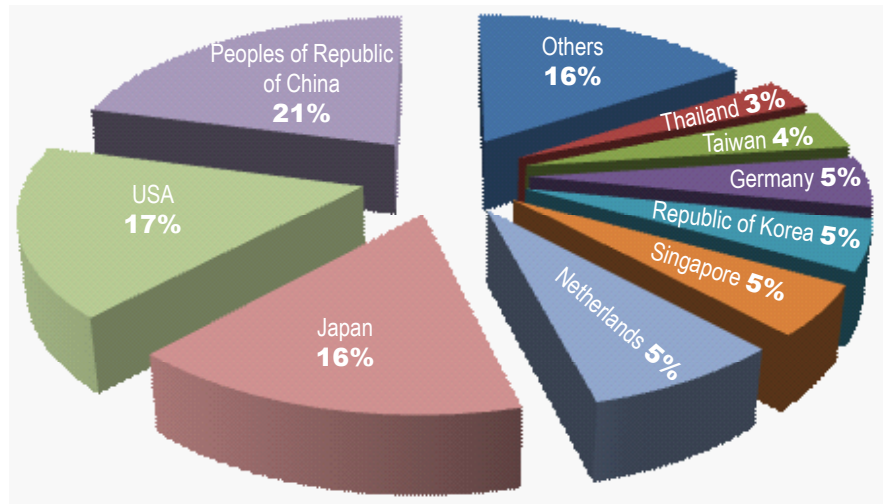
The US accounted for 16.47% of total Philippine exports or equivalent to US\$8.20B in 2008. As the second top export market, the 4.53% decline from last year's export to the US posted alarm on several Philippine sectors. The economy is expected to recover in 2010 by 1.6%.

Japan

Exports to Japan reached US\$7.68 billion in 2008, higher by 5.19% from the same period in 2007. Japan absorbed 15.67% of total Philippine exports.

Japan's economic activity declined by 0.3% in 2008 compared to its level in 2007. It is expected to decline further by 2.6% in 2009 and rebound to 0.6% in 2010.

2008 Exports by Market



Negotiating Trade Policy

The Philippine government actively participated in international trade:

- *World Trade Organization (WTO).* The WTO held an informal meeting on 21-30 July 2008 to primarily agree on means relating to agriculture and non-agricultural market access.
- *40th ASEAN Economic Ministers Meeting (AEM).* During the 40th AEM held in Singapore on 25-26 August 2008, Ministers met and signed Mutual Recognition Agreement (MRA) Frameworks on Accountancy Services, Medical Practitioners and Dental Practitioners. The MRA is expected to qualify access of these practitioners within the ASEAN region.
- *14th ASEAN Economic Ministers Retreat.* The ministers discussed the issue of food security and the Doha Development Agenda held in Bali, Indonesia last 03 May 2008. The Ministers acknowledged the need to increase productivity through effective transfer of technology, research and development to develop

agricultural land in public and private investments. The Ministers also promised to continue fair trade practices and achieve an orderly regional rice trade. It will be recalled that in August 2007, ASEAN Ministers agreed on a protocol to provide special consideration for rice and sugar. The said protocol allows member states to request for waiver from the obligations imposed under the Common Effective Preferential Tariff (CEPT) Agreement on exceptional cases.

- *Signing of the ASEAN-Japan Comprehensive Economic Partnership (AJCEP) Agreement.* The AJCEP Agreement was signed on 14 April 2008. This brings the number of free trade agreements signed by ASEAN with a major Dialogue Partner of ASEAN to three.

The AJCEP is ASEAN's first economic partnership agreement covering trade in goods, trade in services, investments, and economic cooperation. It is also expected that the Agreement will narrow the economic divide between ASEAN and Japan.

AEM and their counterparts from Australia and New Zealand at the 40th AEM Meeting in Singapore on 26-29 August 2008.

The AANZFTA is an FTA that covers trade in goods, investments, trade in services, including financial and telecommunication services, electronic commerce, movement of natural persons, intellectual property, competition policy, and economic cooperation.

AANZFTA will enable Philippine manufacturers of cars and car parts to sell their products duty-free to the Australian market. Consequently, the Philippines becomes a preferred investment site for car companies planning to export to Australia.

In addition, major agricultural produce such as canned pineapples, pineapple juice and tuna will also enjoy zero tariffs upon entry-into-force of the Agreement.

The Agreement would place the Philippines on equal footing with Thailand which, prior to the AANZFTA, enjoyed lower tariffs due to their bilateral agreements with Australia and New Zealand.

Trade Remedy Measures

The Department imposed safeguard measures to imported products when import surges weigh the concern of consumers. The Department ordered the following:

- *Imposition of Safeguard Measure on Ceramic Floor and Wall Tiles.* The safeguard measure imposed a Php2 duty for every kilogram of ceramic



Negotiations on ASEAN-Australia-New Zealand Free Trade Area (AANZFTA). Negotiations for the AANZFTA were concluded during the Consultations between the

floor and wall tiles in the country. The extension was undertaken to make the industry more competitive to import competition.

- *Suspension of the Imposition of Safeguard Measures on Glass Mirrors.* DTI suspended the imposition of safeguard measures on glass mirrors on 01 September 2008. The extension period is until 09 September 2009.
- *Reduction of Safeguard Duty on Clear and Tinted Float Glass.* DTI reduced safeguard duties on both clear and tinted float glass by 5%. The Order, issued on 16 December 2008, imposed PhP3,583.83/MT duty for clear float glass and PhP 4,526.94/MT for tinted float glass.

Marketing Philippine Products

DTI generated US\$265M in its engagement in trade promotion activities. DTI participated in/facilitated participation in 20 overseas trade fairs/exhibits; organized four locally-held international trade fairs; conducted seven offshore business matching activities; and serviced 12 inbound business matching activities through the Bureau of Export Trade Promotion (BETP), Foreign Trade Service Corps (FTSC), Regional Operations and



Development Group (RODG), and Center for International Trade Expositions and Missions (CITEM).

Bringing International Buyers to the Country

Manila F.A.M.E. International

The 25th year of the Manila F.A.M.E. International generated US\$37M on its April edition and US\$33.48M in its October edition. The April edition featured personal care products, spa products and spa service, home furnishings, holiday décor and fashion accessories. The October edition, on the other hand, highlighted houseware and home decors, Christmas and other holiday decors, furniture and furniture components, garden accessories, and lamps and lighting. A total of 248 and 357 exporters participated in each event.

8th e-Services Global Sourcing Conference and Exhibition

This annual ICT industry event generated US\$36.09M in sales and paved the opportunity for industry leaders, decision makers, stakeholders and centers of excellence in global ICT and BPO industries to: converge and collaborate to tackle the emerging issues



and trends; connect with counterparts; and create ideas and solutions to the global IT industry. With the 140 exhibitors the 8th E-Services yielded 2,126 trade visitors.

International Food Exhibition (IFEX) Philippines

Total export sales reached US\$82.70M during the IFEX Philippines – one of the premier sourcing hubs for quality, diverse, and delectable Philippine and Asian food. From 215 exporters in 2007, 382 exporters joined IFEX Philippines 2008; 58% comprised of new participants.

Bringing Products to International Market

The Department's participation in 13 overseas trade fair/exhibits in six priority markets generated US\$62.25M. The sectors promoted were food, ICT Services, home-style and living, education, and construction materials, construction materials, engineering, consulting, and contracting services.



Overseas Fairs/ Exhibits	Sales Generated (in US\$M)	Product/Service	Outcome
Europe (Germany and France)	34.16	Banana chips, dehydrated tropical fruits, desiccated coconut and other coconut products, sardines, noodles, tropical snacks, specialty sauces and condiments, herbal teas, fruit wines, dried mangoes, biscuits and confectioneries.	Philippine products were showcased and recognized in the International Sweets and Biscuits Fair in Germany and Salon Internationale de L'alimentation in Paris.
Japan	3.215	Home-style and living products and ICT-services Home decors, baskets, stools, dining accessories, fine bone china, and hand-made paper products	Participation in the 66 th Tokyo International Gift Show (TIGS) and Software Development Expo and Conference (SODEC) paved for participants to receive inquiries for future subcontracting/outsourcing business and licensing agreements.
Middle East	18.35	Food, home-style and living and construction materials	With a growing number of Filipinos migrating in the UAE, Philippine exporters were to create a niche market for Philippine food.
China		Educational services	After introducing and promoting the Philippines as a destination for learning in the China Education Expo – the leading event for educational services in the Asia-Pacific Region –participating Philippine universities enticed substantial number of students and entered into an understanding for possible exchange and educational cooperation.
USA	0.612	Video game development	Filipino works were part of the Game Developers Conference (GDC), the largest annual gathering of professional of video game developers that focused on on learning, inspiration, and networking.
Outbound Business Matching	Sales Generated (in US\$M)	Product/Service	Outcome
Canada	1.96	Philippine gifts and housewares, furnishings, IT, education, personal care products, footwear, and food. Service/ manpower providers were also part of the mission to promote Filipino workers	A Philippine cosmetics company was able to forge a distributorship agreement with a Canadian salon for its products.
Russia	0.42		Inquiries on uniquely-designed furniture, pearls, <i>abaca</i> , garments, textiles, and marine products were generated. Filipino exporters were assisted in exploring the market by providing firsthand experience in directly doing business with Russian businesspeople.
Taipei	8.0	Coconut products, juices, pasta, virgin coconut oil, food supplement, cocoa tablets, fresh and dried fruits, vegetables, cookies, ice cream, banana chips, and coffee beans	The participation of a Mindanao-based cooperative which carried coffee beans and cocoa tablets resulted to arranged for shipments for 6-8 containers (20-footer) of the cooperative's coffee beans by a Taiwanese importer.
China	0.38	Canned and bottled fruit juices, coconut vinegar, juice, and cream, bottled vegetables (<i>laing</i>), banana chips, crab, shrimp, fish pastes, confectioneries, and <i>calamansi</i> concentrates and juice.	Twenty five Chinese importers from Guangzhou and Shenzhen were matched with seven Philippine companies.

Overseas Fairs Facilitated

The Department also facilitated participation of seven overseas fairs and exhibits that generated US\$0.570M. Generally private-sector led, these fairs include: Expo Riva Schuh (January and June editions), MACEF (January and September) editions, Charm, Chibidue, and Mostra dei 100 Presepi.

Outbound Business Matching (OBM) Conducted

The Department conducted seven OBMs, a group of Philippine exporters organized to visit foreign markets and meet prospective counterparts. Total sales through

OBMs reached US\$11.64M. Markets focused were China, Canada, Japan, Russia, Taiwan, and Germany.

Inbound Business Matching (IBM) Undertaken

The Department also serviced inbound missions from all over the world with an estimate of US\$.400M generated sales. A total of 12 IBMs were undertaken from importers based in the US, Canada, Germany, UK, Thailand, Viet Nam, and Australia. Among these, DTI was able to match Auchan International SA of Thailand with four Philippine garment exporters.

Developing Competency in Export Promotion

To complement the Export Pathways Program (EPP), Regional Interaction Platform for Philippine Exporters (RIPPLES) was introduced as the capacity building component. In coordination with the PTTC and the RODG, the BETP conducted six RIPPLES sessions. The program focused on developing the regional and provincial staff into export counselors. The program capacitated a total of 316 DTI head office, regional and provincial staff.

Development of Halal Export Industry

23 December 2005

President Gloria Macapagal-Arroyo signed Memorandum Order 201 directing DTI, DOH, DA, DOST, DOT, and OMA to harmonize all government programs related to Halal trade in order to ensure compliance with international standards and to ensure effective implementation of the Halal Export Trade Development Program (HETDP). DTI was instructed to lead the harmonization efforts.

26 March 2008

The Philippine National Standard on Halal Food (Halal PNS) was finalized. This was

prepared by Muslim scholars, theologians, and Shariah experts in the Philippines through the technical facilitation of the BPS' Technical Committee on Halal Food.

25-26 June 2008

The first National Halal Convention was held. The Convention was attended by Ulama, representatives from other government agencies, academe, and the private sector. Some of the issues and concerns raised included: multiple Philippine Halal Certifiers, employment of Muslim chefs in hotels, including signage of Mecca's location and facilities for ritual washing, and strict

enforcement of the Halal PNS and penalties for violators.



A Halal Competent Authority is already registered with the Securities and Exchange Commission (SEC) under the name National Halal Accreditation Board of the Philippines, Inc. (NHABPI). The Board is composed of Muftis and Ulama leaders/regional representatives who were involved in the finalization of the draft Philippine National Standards on Halal Food. The Board's main responsibility is the accreditation of Halal certifying agencies.

26-31 October 2008

Three individual companies, three non-government organizations (NGOs), and 13 representatives from the government sector participated in a benchmarking study in Bangkok. Filipino delegates were exposed to the best practices of Halal in Thailand.



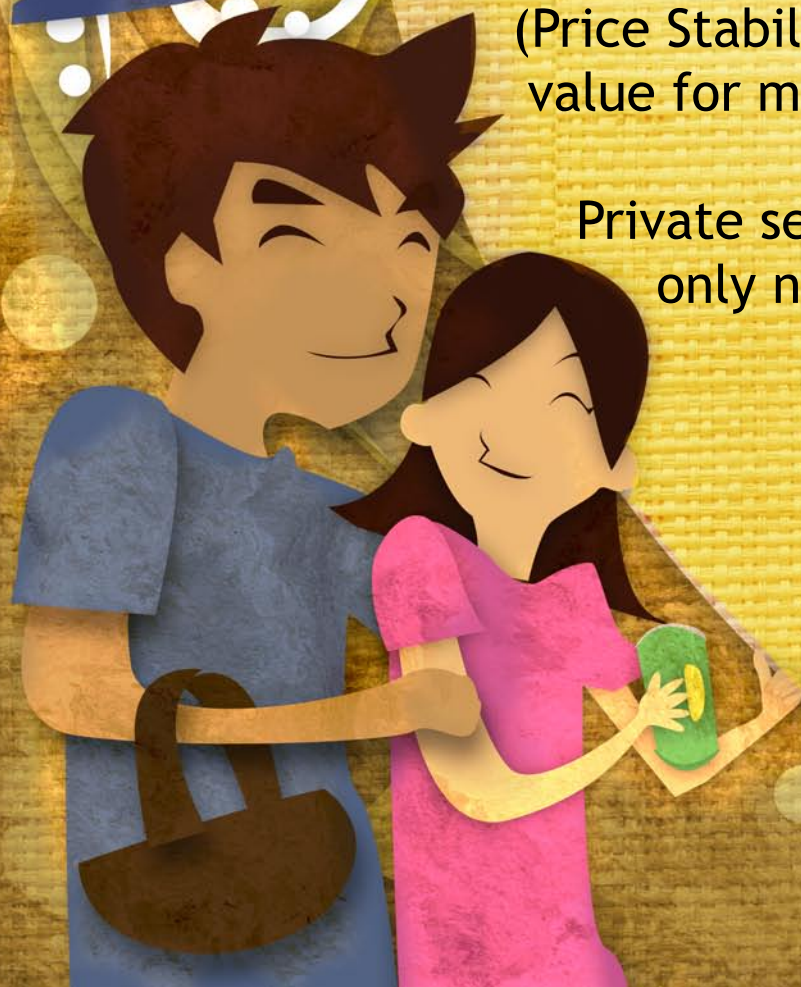
Care for Consumers

The Republic Act No. 9502
"Universally Accessible Cheaper and
Quality Medicine Act of 2008"

Each Filipino is a consumer.

DTI's consumer welfare and protection work involves informing people of their rights (Education); monitoring compliance with law (Enforcement); resolving conflicts (Complaint Resolution); seeing prices are stable (Price Stabilization) and ensuring value for money.

Private sector partnership is not only necessary, but crucial.





Advancing the Cause of Consumers for a Better Marketplace

Price Monitoring

DTI, together with other government agencies, embarked on an aggressive price monitoring campaign to ensure availability of basic necessities and prime commodities. Strict enforcement of the Price Tag Law and Price Act were implemented to guarantee reasonable prices and prevent unjustified price adjustments.

Dialogues among government, producers, manufacturers, traders, retailers, and consumer organizations were held to find solutions to problems in the supply chain of basic goods and services. To check rise in prices, the following initiatives were undertaken:

- Distributed cheap loaf bread and pandesal through the TINAPAY NG BAYAN program in various barangays in the National Capital Region (NCR) to ensure that the poorest sector will have access to these items. This initiative was carried out in partnership with the Philippine Association of Flour Millers (PAFMIL) and government agencies like the DA, Department of Social Welfare and Development (DSWD), and National Food Authority (NFA);
- Encouraged consumers to use alternative wheat flour coming from coconut, squash, cassava and sweet potato;
- Ensured stable supply of commodities including agricultural products like rice and pork;
- Published Price Guides in newspapers as an awareness campaign to inform the public about the prices of basic necessities and prime commodities which would help consumers choose those products that suit their need and budget;
- Increased market visibility nationwide not only to monitor prices but also to thwart unprincipled businessmen who cheat consumers;
- Mobilized monitoring teams to keep an eye on prices nationwide as part of the crackdown on establishments who are unreasonably raising the prices of commodities amidst reports of expected price spikes because of the new round of increase in

- petroleum products.
- Coordinated the training of Out-of-School Youths (OSYs) in professional baking, a hunger mitigation project in partnership with the DSWD, the PAFMIL, and the Chamber of Philippine Flour Millers (CHAMPFLOUR).
- Distributed price billboards in public and private wet markets in Metro Manila, through the DTI-NCR.

Improved ICC Mark Launched

The Department's Bureau of Product Standards (BPS) launched the improved Import Commodity Clearance (ICC) Mark to further control the use of the mark and ensure security of the quality and safety seals for imported products.

The improved ICC Mark aims to eliminate the proliferation of uncertified products in the market and protect consumers against fake ICC Marks. Examples of critical imported products are home appliances, electrical and wiring devices, construction materials, and chemical products, among others.

Accreditation of Testing Laboratories and Other Conformity Assessment Bodies

The Department's Philippine Accreditation Office (PAO) granted accreditation based on international standards to eight laboratories and one certifying body doing food safety management system certification to laboratories. Accreditation enhances the acceptability of products and services in the global market. It ascertains accuracy and reliability of results generated by laboratories and certification bodies.

Fair Trade Law Compliance January-December 2008	
Total no. of DTI-monitored firms	139,102
Compliance rate	99.5%
Amount of fines collected	Php 2,285,664

Monitoring and Enforcement of Fair Trade Laws (FTLs)

Of the 139,102 establishments monitored nationwide, 988 establishments were found not complying with the FTLs, of these 322 firms were penalized and imposed a total of Php2,285,664 in fines. Region 5, the NCR, Region 2, Region 12, and Region 10 had the most number of identified and penalized firms.

The BPS intensified its monitoring to check the compliance of critical consumer products with the safety and quality requirements of a relevant PNS.

Consumer Advocacy

- On its fourth year of public service, the "Teleradyo" program "Konsyumer Atbp (KATBP)," continuous to air every Saturday, 10-11:30 A.M. KATBP is a partnership with the Philippine Product Safety and Quality Foundation (PPSQF) and the ABS-CBN Broadcasting Corporation, through DZMM. Since February 2005, there had been 205 KATBP episodes conducted in 16 seasons, educating consumers nationwide on their rights and responsibilities as well

as informing them on the importance of the Philippine Standards (PS) and ICC.

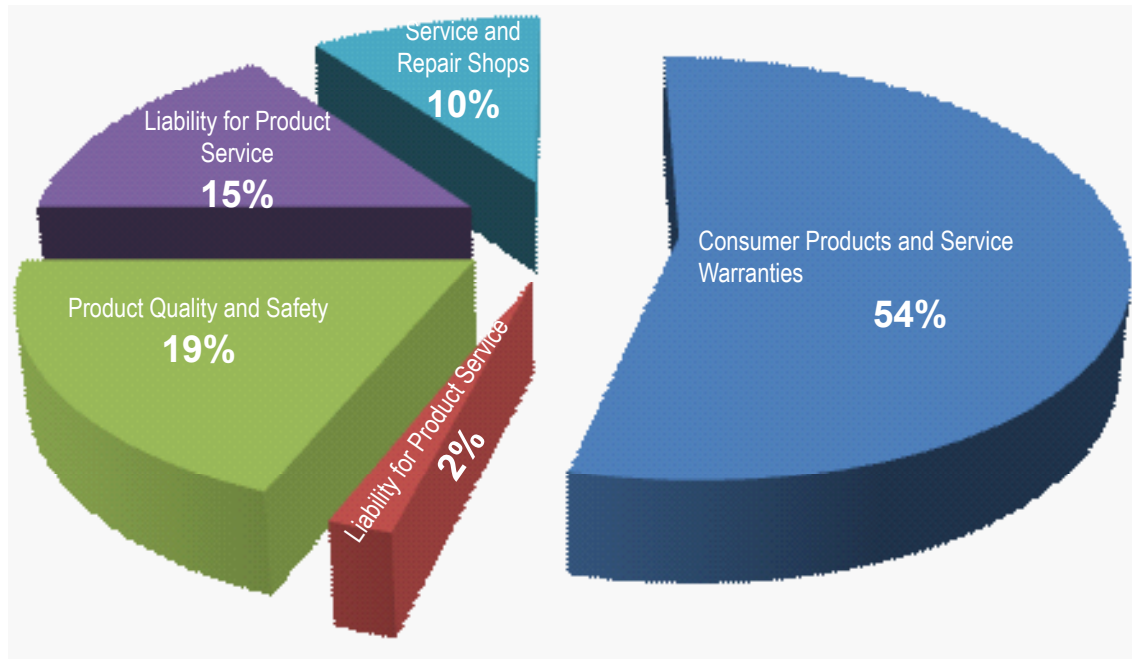
In October 2008, KATBP won the Best Educational Program category of the 30th Catholic Mass Media Awards (CMMMA). CMMMA gives recognition and pays tribute to media programs that enhance the total human development of the Filipino audience through competent and professional use of mass media techniques.

- DTI-Certified Establishment (DTI-CE) Program.* The Department continuously implements the DTI-CE Program to promote self-policing mechanism among business establishments. Since



its inception in July 2006, a total of 1,013 establishments have been awarded with the Seal of Approval. To date, 544 establishments have received bronze award for complying with FTLs and maintaining good customer relations through CWDs; 369 establishments

Nature of Complaints Nationwide 2008



have received silver award for attaining bronze requirements, plus ensuring effective store operations, and adhering to social responsibility; while 100 establishments have been awarded the gold award for attaining silver requirements, plus implementing some elements aligned to quality and environmental management systems in their operations. The Seal for "Consumer Approved" Business Establishment is a recognition system to retailers selling products and services with great value, durability and safety.

- *Anti-Text Scam Campaign.* The Department's NCR Office kicked off a month-long campaign to educate the public against text scams with a bumper sticker activity at Market! Market! in Fort Bonifacio, Taguig City. It aims to warn consumer regarding misleading text messages that misuse the names of government offices

to lure cellular phone users to send money in exchange for an alleged major prize.

- *Consumer Education Curriculum.* DTI finalized with the Department of Education (DepEd) the integration of consumer education in the school curricula aimed to raise consumer welfare in the student sector.

The Bureau of Trade Regulation and Consumer Protection (BTRCP) has been working with DepEd since 2007 towards the development of lesson exemplars that will effectively integrate consumer education and mold students to be responsible and vigilant consumers.

There were 95 lesson exemplars integrated in eight major learning areas [English; Filipino; Mathematics; Science; Araling Panlipunan; Music, Arts, and Physical Education (MAPE); Technology and Livelihood Education (TLE); and Values Education]. The lesson

exemplars include the 17 FTLs (e.g. Consumer Act, Price Act), and the One Town, One Product (OTOP)-Philippines program.

- To heighten consumer awareness, BTRCP distributed 184,000 posters on Price Tag, Warranty, No Return/No Exchange Policy, and Deceptive Sales Practices (in English and Filipino Translations).
- Four Consumer Welfare and Trade Regulation Conferences were held in Luzon, Visayas, and Mindanao to update DTI Field Offices on the recent issuances/policies on consumer protection.
- DTI's Construction Industry Authority of the Philippines (CIAP) endorsed the revised implementing guidelines on Constructors Performance Evaluation System (CPES) to the National Economic Development Authority - Infrastructure Committee for approval. The CIAP-Philippine Domestic

Construction Board (PDCB) also incorporated the checklist for power transmission line and substation projects and revised the CPES workmanship checklist for five types of projects, namely, road and bridge; housing and building; irrigation; flood control; and ports and harbor. The PDCB has provided technical assistance for the establishment of CPES-Implementing Unit in eight agencies [i.e., DA, PEZA, LBP, Supreme Court of the Philippines (SCP), Local Water Utility Administration (LWUA), Metropolitan Water Works and Sewerage System (MWSS), Public Reclamation Authority (PRA), and Manila International Airport Authority (MIAA)].

Resolution of Consumer Complaints

The Department's CWDs both in DTI field offices and in business establishments received 67,199 complaints, 98% or 65,740 of which were resolved; 1.7% or 1,189 are still being processed; while 0.4% or 264 were endorsed to other agencies; and six complaints were dismissed.

Majority of the complaints were on consumer products and service warranties with 18,495 complaints; followed by product quality and safety with 6,575 complaints; liability for product and service ranked third with 4,892 complaints; Service and Repair Shops with 3,298 complaints; and deceptive, unfair, and unconscionable sales acts with 801 complaints for the period.

CIAP provided machinery to hear and arbitrate construction conflicts, disputes, claims and/or counter-claims among construction contract parties. It resolved 32 arbitration cases with a total sum in dispute of PhP1.84B.

Licensing and Registration

- *Business Name.* Business is flourishing in Metro Manila and Southern and Central Luzon. In 2008, a total of 306,904 business names (BNs) had been registered, 27% or 83,306 of which were located in NCR. Region 4A and Region 3 recorded the next highest number of registrants, at 54,461 and 37,871, respectively.
- *Contractor Applications.* Some 5,102 licenses
- *Freight Forwarders.* The Philippine Shippers' Bureau (PSB) accredited 303 seafreight forwarders, 52 were new applications and 251 were renewals. The accredited seafreight forwarders were categorized as non-vessels operating common carrier (226), international freight forwarder (250), and domestic freight forwarder (65).

and 1,997 registration certificates were issued to qualified contractors. Of the total licenses, 61.26% were renewals; 29.41% registration; 7.23% new licenses; 1.46% amendments and upgrading; and 63% special license both foreign and joint venture. CIAP coordinated with the DILG to help implement the said Contractors Licensing Law. As a result, DILG issued a circular on 14 June 2008 to all municipal and city mayors requiring the PCAB license as one of the requirements in the issuance of a Mayor's permit to business applicants intending to engage in construction.

