



CONVERGENCE AND BREAKING BARRIERS

ANNUAL REPORT 2006 - 2007

About the Cover

“Convergence,” the dynamic act of blending together into a cohesive whole and “Breaking Barriers,” the drive to remove bottlenecks and impediments, to think out of the box and strive for greater efficiency are the themes which summarize DTI’s beehive of activities for 2006 and 2007. These twin themes are captured in a mosaic of pictures to vivify the Department’s four Major Final Outputs (MFOs) namely: 1) International Trade Policy Negotiation, Facilitation and Promotional Services; 2) Industry Development and Promotion and Facilitation Services; 3) Development and Promotion Services for MSMEs; and 4) Consumer Welfare and Protection Services. With vigor and laser like focus, DTI zeroed in on the abovementioned MFOs to achieve its targets—the highlights of which are summarized in the pages of this two-year annual report.

DEPARTMENT OF TRADE AND INDUSTRY

ANNUAL REPORT 2006-2007

CONVERGENCE AND BREAKING BARRIERS



MESSAGE FROM THE SECRETARY

Over the years, we at the Department of Trade and Industry (DTI) took part in the government-wide orchestrated efforts to shore up the economic landscape of our country. Even as we came to grips with the emerging volatility of the global economy, we did not waver as an organization but instead took public service to a higher level with innovative measures that set the tone for good governance.

As we recall in 2006, our economy posted a growth rate of 5.4% that caught the attention of the international community. More than just the strengthening of our macroeconomic fundamentals, we joined hands with the private sector to curb red tape and simplify business dealings. Investments poured in as we forged stronger ties and opened new ones. With renewed confidence, the total approved potential capital inflows for that year reached P271.9 billion. Much as we undertook strategic promotions to increase trade and investments, we also remained committed to pursue campaigns to enlighten and empower consumers.

The year 2007 was even more auspicious as our economy defied modest expectations and soared to levels unforeseen over 30 years by posting a 7.3% GDP growth. Total approved investments increased to Php349.08 billion, 28.67% higher than the year before. Even in the midst of skyrocketing oil prices, the world took notice of our consistent development patterns. During that year, higher government and private spending as well as OFW infusions propelled local trading, giving much-needed stimulus to the construction and real estate sectors, among others. Our flagship services industry, particularly those which utilize information and communication technology (ICT) and our innate competence on business processes, continued to buck the downtrend and remained upbeat for the long-term haul. Inflation was moderate even as our overseas workers continued to post record remittances to beef up our national income.

Investment portfolios exceeded the usual expectations as we experienced calculated expansion of globally integrated enterprises. The initiatives of these industrial giants rubbed off on other sectors. Foreign and local investors responded alike by launching big-ticket projects in the fields of energy, mining, logistics, and infrastructure.

We helped prop up the velocity of the local economy with measures like stronger domestic financing, marketing, and training programs. We reached out to stakeholders nationwide to ensure synergy and acceptance of our blueprints like the Small and Medium Enterprise (SMED) Plan, One Town One Product (OTOP-Philippines) among others. We created single windows for clientele interface with the creation of the National Economic Research and Business Assistance Centers (NERBAC) in the capital and field units. With these centers in place and with the able structure of our regional and provincial offices, our frontline services were effectively delivered to both business and consuming publics.

On the international front, we sought to level the playing field by partaking actively and extracting concessions in high-level trade negotiations multilaterally, regionally and bilaterally. We shall sustain our advocacy for access to the global village to derive as much benefits to our industries as possible. In the same breadth, we will continue to pursue measures to streamline export and import processes.

In the face of current global financial slowdown, we shall strive to sustain our achievements by taking a more proactive role in nurturing our economic growth. Even as we help institute measures to face these challenges, we are confident that with firm resolve to work as a cohesive organization, we expect even greater things to come.

Mabuhay!

PETER B. FAVILA
Secretary




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**MFO -Major Final Output*

CONVERGENCE



in unison
we move like machines do
fueled by passion
adjoined by unique differences
and powered by ties
that make us innate
public servants
professionals,
families,
Filipinos.



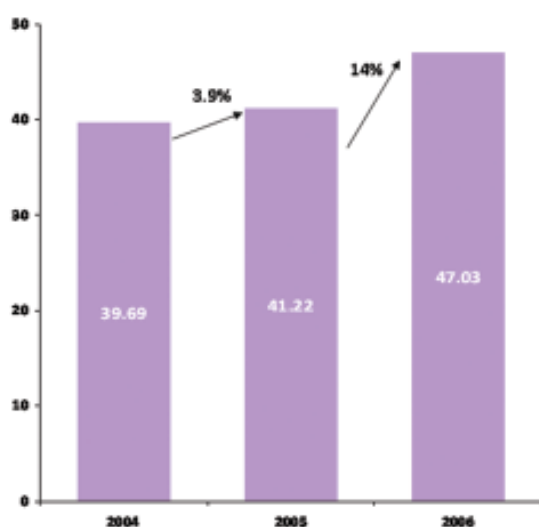
with intricacy and ardor,
we take on the present time
like a majestic work of art
a gathering of oil in canvass
we supply missing links
and complete the
picture of the future.

INTERNATIONAL TRADE POLICY NEGOTIATIONS, FACILITATION AND PROMOTION



Philippine Merchandise Exports Performance (US\$B)
2004-2006

Source: National Statistics Office



Exports grew by 13.99% from US\$ 41.25 billion in 2005 to US\$47.03 billion in 2006, exceeding the 10% growth target of the government. The country's top export markets were Greater China, USA and Japan, which absorbed 56.73% of Philippine total exports. Exports to these markets reached US\$26.68 billion.

Greater China, composed of People's Republic of China (PROC), Hong Kong and Chinese Taipei, continued to be the country's top export destination. Exports to China grew by 10.9% to US\$10.32 billion, mostly telecommunications and audio-visual equipment. The Philippines is PROC's third largest supplier of electronic products such as parts of automatic data processing and electronic integrated circuits. Exports to US also grew by 15.9% to US\$8.6 billion. Japan was the country's third largest export market, taking in Philippine products worth US\$7.8 billion.

Total exports of the revenue streams expanded at a faster rate of 19.14% compared to traditional exports' 9%, indicating an encouraging trend in diversification towards non-traditional export products.

Electronics continued to be the country's top export product, accounting for 62.92% of total exports. Exports of Philippine electronic products grew by 8.39% brought about by sustained worldwide demand for personal computers, cellular phones, MP3 players, flat panel displays, and digital cameras.

Meanwhile, all revenue streams export products grew except for construction and organic products. Food exports amounted to US\$1.3 billion, expanding by 10.51% due to increases in shipment of processed food, beverages, fruits, and vegetables. Shipments of mineral products rose by 151.22% driven mainly by strong demands from China.

Motor vehicle parts sustained its growth at 9.3% as exports of auto parts to Japan and China increased by 10.88% and 123.22%, respectively, in the first 11 months of 2006. Exports of home furnishings expanded by 86.90%, mainly due to the almost three-fold increase in the shipments of woodcraft at 299.25%. Also, marine products exports gained more international market access as the shipments of fish, shrimps, and prawns grew by 13.59%.

INTERNATIONAL TRADE POLICY NEGOTIATION

While globalization continues to drive economies towards more integration, the Philippines is taking a pragmatic approach at the multilateral, regional and bilateral levels to make sure that Philippine interest is upheld. In the regional and multilateral negotiations, DTI consistently invoked the principle of special and differential treatment which provides flexibility for developing countries through longer timeframes on implementation of commitments, limited scope and coverage of commitments, more exclusions with respect to sensitive products and sectors and other flexibilities to allow necessary industry adjustments and restructuring.

- ***Association of Southeast Asian Nations (ASEAN) 12th ASEAN Economic Ministers Retreat.***

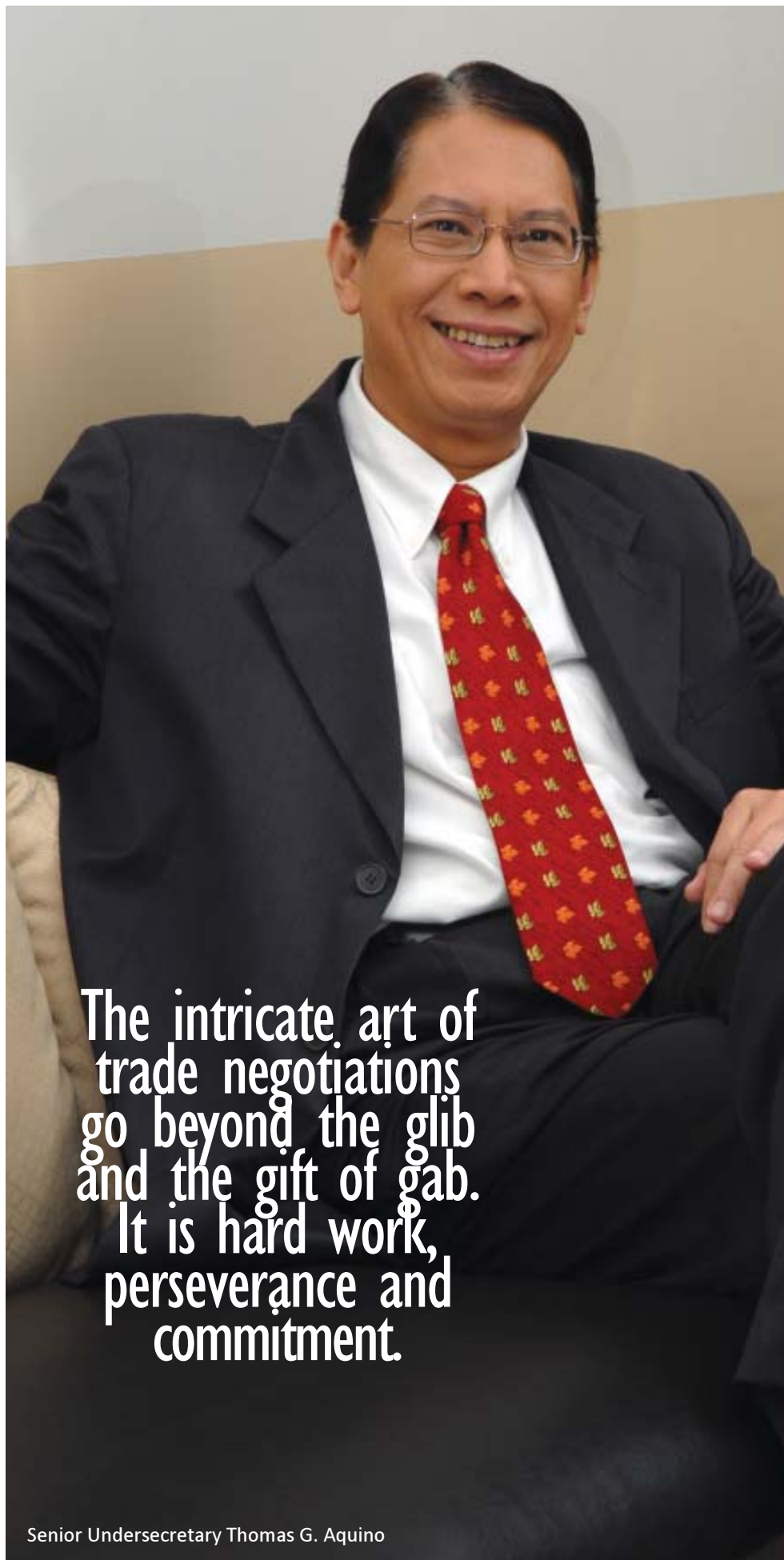
This retreat in Manila deliberated on the ASEAN economic community. The ministers emphasized the importance of coming up with a comprehensive roadmap for logistic services which will necessitate ASEAN to work on an integral approach of facilitating customs procedures, transportation requirements, and management of supply chain.

- ***2nd Consultative Meeting for ASEAN Priority Integration Sectors (COPS II).***

Held in Jakarta, Indonesia, COPS II reviewed the progress of implementation of the horizontal and sector-specific measures for the 11 roadmaps for priority integration. It also sought to address problems that affect the coordination and implementation of measures and considered new measures for Phase 2 implementation including the new roadmap for logistics services.

- ***38th ASEAN Economic Ministers (AEM) Meeting.***

Ministers informed the ASEAN Eminent Persons Group of their desire to accelerate ASEAN integration five years ahead



Senior Undersecretary Thomas G. Aquino

of schedule given the tough competition for global trade and investment flows.

Originally, the ministers envisioned the integration by 2020. The Philippines, however, expressed that it would have to approach the faster schedule with guarded optimism and stressed that ASEAN's economic reform be carried out with extreme caution to prevent disenfranchisement of domestic sectors.

- **ASEAN-Korea**
ASEAN-Korea Free Trade Area (AKFTA) Working Group on Rules of Origin.
The DTI actively participated in the 7th and 8th ASEAN-Korea FTA Working Group on Rules of Origin. The meeting finalized the texts of the rules of origin and operational certification procedures (OCP). Also, an agreement was reached that product specific rules (PSRs) under the AKFTA shall be applied as exclusive rules. Agreement on conferment of originating status was also reached on several products including garments and textiles.

ASEAN-Korea FTA Trade Negotiating Committee.
ASEAN and Korea concluded its 10th, 11th and 12th Trade Negotiating Committee (TNC) meetings. Topics covered included sensitive track list in the Trade in Goods (TIG) agreement, services and investment agreements, and economic cooperation. All member countries submitted their respective sensitive track lists which strictly followed the agreed caps and thresholds stipulated in the TIG agreement, except for Group A (tariff reduction to 50%) in the highly sensitive list.

- **ASEAN-India**
11th ASEAN-India Trade Negotiating Committee.
India informed ASEAN that it was able to secure mandate to sign the protocol to amend the framework agreement on the comprehensive economic cooperation. However India was still unyielding in its positions on the modalities

for tariff reduction and elimination.

- **ASEAN-Australia New Zealand**
5th ASEAN-Australia New Zealand Trade Negotiating Committee Meeting.
Proposals on modality for tariff liberalization on TIG agreement was discussed. Draft chapter texts and elements for Economic Cooperation (EC), Sanitary and Phytosanitary Measures (SPS), and Customs Procedures were also taken up while draft text agreements on Trade in Services, Investments, Rules of Origin, and Dispute Settlement Mechanism are up for deliberation at the working group level.
- **Japan**
Japan-Philippines Economic Partnership Agreement (JPEPA).
After four years of negotiation, Japan and the Philippines signed the Japan-Philippines Economic Partnership Agreement (JPEPA) in September 9, 2006. The Philippines negotiated for an economic partnership with Japan on the basis of pronounced complementarities between the two countries and the imperative of attaining bilateral cover for Philippine exports. Japan is the Philippines' second largest export market and the main source of foreign direct investments. The Philippines is expected to gain from the agreement through market access for agricultural products and non-discriminatory treatment for Filipino overseas professionals providing services in Japan. Agricultural products which will benefit from the agreement include bananas, pineapples, shrimps and crabs, cane molasses and muscovado sugar, chicken and tuna. Similarly, industries seen to benefit are iron and steel, auto and auto parts, electrical and electronic appliances and their parts, and textiles and apparels. The agreement also opened opportunities for Filipino care workers to work in Japan.

TRADE FACILITATION

To further improve RP's competitiveness, DTI has pursued measures designed to make the Philippine business environment more conducive to exporters.

- **National Competitiveness Summit.**
To address the country's global competitiveness, DTI and the private sector conducted the National Competitiveness Summit in October. The summit formulated action agenda on six areas of competitiveness, i.e., competitive human resources, efficient public and private sector management, effective access to financing, improved transaction flows and costs, seamless infrastructure and network, and energy cost-competitiveness and self-sufficiency. A National Competitiveness Council was also established to orchestrate the implementation of the action agenda by helping mobilize public-private partnership resources.
- **Removal from US Intellectual Property Rights (IPR) Priority Watchlist.**
The US delisted the Philippines from its IPR priority watchlist in view of the country's substantive progress in enforcement. The Philippines implemented a special law to stop illegal production of pirated optical discs such as CDs and DVDs by controlling the licensing of raiding pirate optical disc production facilities and retail stores selling pirated and counterfeit goods. With this development, the threat of economic sanctions and possible withdrawal of voluntary concessions such as those under the US Generalized System of Preferences (GSP) were averted.
- **MOU on Cooperation in Trade in Textile and Apparel Goods.**
The US and the Philippines signed a Memorandum of Understanding (MOU) on Cooperation in Trade in



Textile and Apparel Goods which will allow on-site customs inspections to speed up processing of garment exports to the US. This trade facilitation measure is expected to curb transshipments and other possible violations.

- **Lift on the Ban of Abaca Trading.**
The DTI successfully lobbied for the repeal of Executive Order 502 which banned the "Harvesting, Gathering, Buying, Selling and Mutilating of Matured and Young Leafsheaths of Abaca Plants for Commercial Purposes." The ban resulted in the disruption in the supply of raw materials used in the production of furniture, furnishing, and handicrafts which caused losses to industry stakeholders.
- **Appointment of DTI Secretary as Export Enforcer.**
Malacañang issued Administrative Order (AO) 155 appointing the DTI Secretary as Export Enforcer. The AO empowers the DTI Secretary to act in behalf of the President on decisions reached by the Export Development Council (EDC), implement measures to lower the cost of doing business for exporters, call on all government agencies under the executive branch to implement such decisions, report on such implementation and

exercise the EDC mandate of imposing sanctions on any government agency or officer or employee thereof, or private sector entity that impedes efficient exportation of Philippine goods.

- **Elimination of export fees and charges.**
To reduce the cost and simplify procedures on export transactions with government, Executive Order 554 was issued to all departments, bureaus, commissions, agencies and instrumentalities, including government-owned and or controlled corporations to eliminate the fees and charges imposed on export clearances, inspections, permits, certificates and other documentation requirements. The EO also dispensed with all clearance requirements on all Philippine commodity exports except for those that are covered by quota, banned exports and those covered by international agreements.
- **Exemption of Exporters from Travel Tax (E.O 589).**
E.O. 589 exempts exporters who join trade fairs, exhibitions, selling missions, negotiations, conferences and seminars abroad, duly endorsed by DTI or Philexport, from paying travel tax. This further lowers the cost of doing business of exporters.

TRADE PROMOTION

To promote Philippine products in the global market, DTI continued to conduct and participate in trade exhibits targeting priority markets identified in the 2005-2007 Philippine Export Development Plan (PEDP).

- **ASEAN.**
The Philippine participation to CommunicAsia generated US\$6.21m. Philippine companies such as Globe and Philippine Long Distance Telephone Co. (PLDT) received commendations. The country also participated in Thaifex (World of Food Asia), generating US\$2.79m from negotiated orders.
- **China.**
Participation in the China Education Expo and the 3rd China-ASEAN Expo generated business proposals from the Chinese food importers such as the shipments of up to US\$3m worth of fresh mangoes and bananas and 20,000 kilos of dried pineapples per month. Also, a Philippine virgin coconut oil manufacturer designated a distributor in Nanning for distribution of its products in China. Mineral products, i.e., copper, iron, and lead ore, were in high demand considering the construction boom in Nanning and other Chinese provinces.
- **Japan.**
Most of the DTI's promotional activities zoomed in on Japan. Featured sectors were ICT-services, giftware, food and beverage, furniture, construction, and health and wellness. Software development services generated the most number of inquiries at the Software and Development Expo and Conference (SODEC). Functionality, craftsmanship, and good design were the country's selling points at the Tokyo International Giftshow (TIG). And to take the opportunities in the emerging health and wellness sector, the Philippines participated in the 1st ASEAN Health and Wellness Exhibition.
- **USA.**
Promotions focused on organic and natural products and ICT-services. High interest in virgin coconut oil (VCO) was manifested at the Natural Products Expo West where a

VCO manufacturer booked three full container vans worth of orders. A California-based medical transcription company signified its interest to visit the Philippines for possible tie-up with local medical transcription providers while the ICT mission to the US provided a venue to promote the Philippines in Florida, a relatively new market for global sourcing.

- **European Union (EU).**
The DTI promoted wearables, furniture, holiday décor, food and beverage, and ICT. The highly successful participation in Salone Internazionale del Mobile generated negotiated sales of US\$10.49million. As a country strategy, Movement 8 is gaining worldwide recognition and received offers for distributorship. Also, the functionality, creativity in design, and color combination of Philippine holiday décor products resulted in US\$2.61million worth of export sales in Germany's ChristmasWorld international selling fair.
- **Taiwan.**
Focus was on food and electronics sectors. Participation in the Taipei International Food Show generated sales of US\$2.597million. Similarly, product quality, functionality, high performance and adaptability buoyed the country's selling points in

SemiTech Taiwan 2006, a semiconductor exhibition.

Middle East.

Quality and uniqueness of local products stamped the Philippines' first participation in United Arab Emirates' Big 5, the largest and most important annual meeting place for the building and construction industries in the Middle East. Showcased sectors included furniture, construction, and food. Some US\$457,400 in negotiated orders and US\$ 6.67million worth of sales were generated in INDEX Dubai 2006. In food promotion, DTI conducted the IFEX Roadshow and Food Business Mission covering Dubai, Qatar, Kuwait and Bahrain. The DTI also facilitated the state visit of President Arroyo to the Kingdom of Saudi Arabia (KSA) where a Memorandum of Understanding on Bilateral Trade and Investment Cooperation was signed.

- **Halal.**
One of the culture-based markets that DTI continued to promote is Halal. In 2006, the UAE General Secretariat of Municipalities accredited the Islamic Da'wah Council as certifier of manufacturing facilities of beef, goat, and poultry products in the Philippines. The DTI conducted a halal familiarization visit to Brunei to familiarize the Philippines with halal best practices and standards.

TRADE REMEDY MEASURES

Trade remedy initiatives were set in place to protect the local industry from unfair trade practices:

- **Ceramic Tiles.**
A Department Order (DO) was issued in January 2006 imposing the amount of Php 2.45/kg as the definitive safeguard measure on ceramic tiles
- **Clear Float Glass.**
The DTI delisted India, Malaysia, Pakistan, and Taiwan from the list of developing countries exempted from the definitive general safeguard measure on clear float glass since their exports to the Philippines exceeded the 3% threshold
- **Cement.**
Another DO was issued in March 2006 dismissing the petition for extension of the definitive safeguard measures filed by the Cement Manufacturer's Association of the Philippines (CEMAP) in accordance with the October 2005 Supreme Court decision, which reaffirmed its July 2004 decision as final and executory
- **Sodium Tripolyphosphates-Technical Grade.**
Due to an increase in imports of Sodium Tripolyphosphates-Technical Grade (STPP-TG) which caused serious injury to the domestic industry, particularly in terms of declining market share, domestic sales, capacity utilization, production, profitability, productivity, price suppression and undercutting, the DTI imposed a provisional safeguard measure amounting to P14.15/kg on all importations of STPP-TG from various countries. This provisional safeguard measure was intended to protect the local industry from incurring further injury while the case is under formal investigation by the Tariff Commission (TC). The case was forwarded to the TC in July 2006.



BUSINESS DEVELOPMENT PROGRAM

With its Business Development Program, the DTI continued to support priority industries identified in the 2004-2010 MTPDP for both investments and exports.

MINING

Philippine Standard Code for Public Reporting of Mineral Exploration.

Together with the Chamber of Mines of the Philippines, the DTI identified “clean titles” mining projects. Projects are considered “clean titles” when they satisfy the following criteria: 1) no adverse claims; 2) no conflict with LGUs, NGOs, and indigenous peoples; and 3) no intracorporate rifts and pending legal cases. The 24 priority mining projects were classified and ranked according to these criteria.

The “Formulation of the Philippine Standard Code for Public Reporting of Mineral Exploration, Mineral and Energy Resources and Ore Reserves,” a project of the Mineral Products Business Development Team, aims to formulate a Philippine standard code for public reporting of mineral exploration, mineral and energy resources and ore reserves in consonance with Philippine and international standards and a “Competent Person” accreditation system. The proposed code shall cover metallic and industrial minerals and energy resources and will be similar to the Australian Joint Ore Reserves Committee (JORC), which is a globally accepted standard in mineral resource reporting.

Investors’ Manual for the Mineral Industry.

The BOI, in cooperation with the Minerals Development Council (MDC), initiated the drafting of the Investors’ Manual for the mineral industry. The manual will provide investors with salient information on Philippine mineral resources, mining rights and the corresponding fiscal and non-fiscal incentives available to investors.

MOTOR VEHICLES

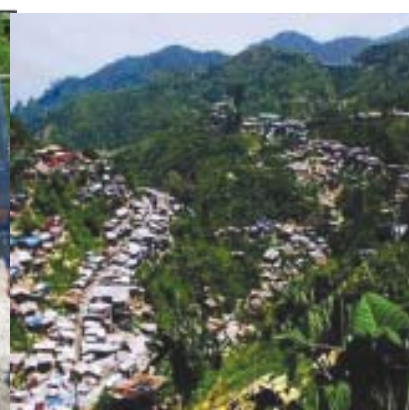
The 5th Auto Supporting Industries Conference and Fair held in Bangkok, Thailand on 23-25 March 2006 focused on nurturing the automotive-related supporting industries in the ASEAN region, expanding local procurement of parts by Japanese-affiliated automobile, parts and components manufacturers, and enhancing investment and technology exchanges between motor vehicles manufacturers and parts, and components suppliers.

Export Development Seminar for SME Parts and Components Manufacturers.

The seminar-workshop “Providing Knowledge and Networks for Moving into Exporting Efficiently” was launched to help develop the Philippines as an export base of motor vehicle parts and components. The event encouraged companies to participate in future international trade shows for auto parts and components.

Also, a selling mission for auto parts held in October 2006 in Shanghai and Beijing was participated in by nine firms namely, Aries Technologies, Inc., Kyoie-Kogyo (Phils.) Corp., Valerie Products Manufacturing Corp., Sanoh Fulton, Centro Manufacturing Corp., MD Juan Enterprises, Inc., and Works Bells Phils. Inc. Visited companies were Beiqi Foton Motors Company Ltd., Beijing Automotive Works Compnay Ltd., Hebei Zhongxing Automobile Company Ltd., Baoding DADI Automotive Industry Company, Shanghai Maple Automobile Company Ltd., and 6) Zhongda (China) Group.

BDP Revenue Streams	
Revenue Streams	Business Development Manager
Processed Food and Beverages (Commercial, Halal and Kosher)	ROSE MARIE G. CASTILLO (BETP)
Homestyle and Living (Home Furnishing, Gifts, Houseware and Holiday Décor)	MARIA RITA O. MATUTE (CITEM)
Organic, Herbal and Natural Products	GIRLIE SARMIENTO (CITEM)
Fashion (Garments, Accessories and Design)	FERDINAND G. CANLAS (BETP)
Construction Materials, Engineering Consulting and Contracting Services	SONIA T. VALDEAVILLA (CIAP)
Electronics	EVARISTE M. CAGATAN (BOI)
ICT Services	JEANETTE CARILLO (BOI)
Marine Products (Food and Non-Food)	AMADO E. EMAGUIN (BOI)
Motor Vehicle (Parts, Accessories and Assembly)	RAMON ROSALES (BOI)
Logistics Services	PEDRO VICENTE MENDOZA (PSB)
Health & Wellness (Spa Development and Retirement)	RUDY B. CANA (BOI)
Mineral Products	GIL LAQUINDANUM (BOI)



A benchmarking mission was organized for DTI-Cebu Office to orient its personnel with the Philippine Automotive Industry. Plant visits and company briefings were conducted in Honda Cars Philippines, Inc. (passenger cars and commercial vehicles), Pilipinas Hino, Inc. (buses), Kawasaki Motors (Phils.) Corporation (motorcycles), and Kyoei-Kogyo Phils. Corp., and Sanoh-Fulton Philippines, Inc. (automotive parts and components). The DTI-Cebu Office has been promoting the metal and plastic parts manufacturing sub sectors.

ELECTRONICS

6th and 7th ASEAN Electronics Fora.

The 6th and 7th ASEAN Electronics Forum (AEF) were organized, focusing on specific integration roadmap measures necessary for the development and integration of the electronics industry in the ASEAN region. Delegates from ASEAN member-countries such as Cambodia, Indonesia, Lao PDR, Myanmar, Singapore, and Thailand attended the event. Projects resulting from these fora included the the 1st ASEAN Reverse Trade Fair dubbed as the ASEAN Electronics Business Opportunities Exhibition and Conference (AE-BOEC) held in December 2006 in Makati City, and the Business Leaders Meeting in Cebu City. AE-BOEC had three major components, i.e., reverse trade fair, investments pavilion, and business opportunities conference-procurement seminar.

As a result, three firms (First Sumiden, Sharp Philippines, and Fastech Synergy) reported an initial annual purchase amounting to Php240million. An average of six business matching per exhibitor were conducted from negotiations with 20 exhibitors and six investment promotion agencies. In addition, the ASEAN Electronics Directory was completed, containing a listing of electronics and electronic companies in Indonesia, Malaysia, Philippines, Thailand, Singapore and Vietnam.

ASEAN Electronics Business Opportunities Exhibition and Conference.

The Philippines, being the Country Coordinator for the Priority Integration Program (PIP) for Electronics, organized the ASEAN Electronics Business Opportunities Exhibition and Conference (AEBOEC), as spearheaded by BOI and CITEM. Among the positive results, the conference brought the top electronics firms in sync in procurement program sharing and displayed the strong potential of Philippine electronics firms.

RP's First Participation to Semitech Taipei 2006.

BOI and CITEM organized the country's first participation to Semitech Taipei 2006 held in Taipei World Centre. The BOI-CITEM team made the development



FOCUS



NDC ISSUANCE OF AA BONDS TO PUMP-PRIME THE ECONOMY

In 2006, the National Development Company (NDC) was mandated to participate in the government's pump-priming activities by issuing NDC Agri-Agra (AA) Bonds. EO 530 was issued on May 24, 2006 which strengthened NDC's authority to issue bonds under EO 83 Series of 1998 and expanded the use of bond proceeds to include the economic pump-priming activities of government-owned and controlled corporations (GOCCs) and other projects designed for economic growth and poverty alleviation.

On 19 July 2006, NDC issued P2 Billion worth of AA Bonds fetching a coupon rate of 5.875%, the lowest in its series of debt papers, the proceeds of which was lent to the National Irrigation Administration (NIA). The loan facility was used to jumpstart the rehabilitation of NIA's irrigation systems.

of integrated circuit (IC) design as its thrust in entering the global supply chain for electronics. Objectives of the Philippine participation were to strengthen the cooperation between the Philippine and Taiwanese electronics industries, build up business network with Taiwanese companies involved in IC design, create awareness and market exposure of Philippine capabilities in IC design and other services, and update the local industry on the global market trends and technology developments. The show covered a

wide range of products such as electronic design automation tools, equipment, components and materials and IC design, manufacturing, packaging and testing.

Seven companies participated in the event namely, Symphony Consulting, Blue Chips Designs, Inc., EAZIX, PSI Technologies, Fastech Synergy, e-Design Technologies and Circuit Solutions. In addition, participants who passed the training conducted by Taiwan at the University of the Philippines, Diliman in December 2005 were presented during the exhibition for possible employment matching or business outsourcing opportunities.

Second IC Design Training.

Two more courses were provided by Taiwan to the Philippines, i.e., Analysis of Mixed Signal IC Layout and Analog Integrated Circuits which are part of the whole IC design training. Participants were 10 graduating students from the University of the Philippines (UP), three faculty members from Mapua Institute of Technology (MIT), two from De La Salle University (DLSU), and two from the University of San Carlos (USC), and three private practitioners from Blue Chip, Symphony Consulting and NXP (formerly Philips Semiconductors). All participants passed the examination given by the Taiwanese professors at the end of the training program. The Taiwanese professors were impressed with Filipino engineers, finding them to be fast learners and among the best they have encountered.

HEALTH AND WELLNESS/MEDICAL TOURISM

In partnership with the Public-Private Task Force for the Development of Globally Competitive Philippine Service Industries (PPP), the DTI sought to harmonize initiatives of the private and public sectors toward setting a common vision and formulating a national strategic framework for the health and wellness sector.

The DTI facilitated consultation meetings with major industry players that led to the clustering of the sector into medical services, wellness, and retirement. The medical cluster held a strategic workshop in February at the Asian Institute of Management (AIM) to identify markets for medical services and the gaps and issues in the development of the sector. In the early part of 2006, the Medical Cluster launched the medical tourism program showcasing the country's world class hospitals and specialized clinics.

Projects in the pipeline:

- **Health Spa** – a Php12.5 million project to be located in Cagayan de Oro, to generate 85 new jobs
- **Amherst Laboratory Inc.** – a subsidiary of Unilab with project cost of Php1.7 billion and expected to start operation between 2007 and 2008 and employ 235
- **Philippine Movement Disorder Surgery** – an Php8.1 million hospital-based specialized center in Cardinal Santos Hospital which is expected to operate in January 2007



- **Pharmawealth Laboratories, Inc.** – to invest Php95.055 million for the manufacture of an anti-biotic (cephalosporin) and to start commercial operations by January 2009
- **Professional Services, Inc.** – to invest Php446.175 million for the expansion of tertiary care hospitals (Medical City) and is expected to operate in July 2007 and generate 55 additional jobs

ICT SERVICES

Management & Entrepreneurship Capability Enhancement for the Animation Industry.

The ICT Business Development Team, together with the Animation Council of the Philippines, commissioned AIM to conduct the “Management & Entrepreneurship Capability Enhancement Program for the Animation Industry” to improve the management and business planning skills of participating animation SME managers and owners. The program provided 17 managers and owners from 13 companies with six days of intensive lecture, workshop and practicum on enterprise positioning, organizational architecture, strategy formulation, values and attitudes, organizational building and nurturing, among others.

eServices 2006: 6th Outsourcing Conference & Exhibit.

To promote the five identified banner niches of the e-services sector namely, animation, business processes outsourcing (BPO), data transcription, software development, engineering, design services, and network security, e-Services Philippines: 6th Outsourcing Conference and Exhibition was held. The event generated US\$20.74 million in sales brought about by the rise in co-location contracts entered into by foreign buyers. The two-day exhibit drew 163 exhibitors and was attended by 1,678 trade visitors and conference attendees. DTI Region 9's participation resulted, among others, in the forging of alliance between G-Com, a subsidiary of Cybercity, with local universities for a training program on English proficiency.

Software Innovations Philippines 2006, 8-10 May 2006 (Shangri-la Hotel, Makati).

With Microsoft Philippines as the main organizer and sponsor, the ICT-Business Development Team launched the Software Innovations Philippines (SIP): Conference and Exhibit – the Philippines' biggest software event. Nine foreign speakers from major countries (US, UK, Japan, Germany, Singapore and Australia) presented their respective countries' IT requirements and opportunities.



Data Protection Guidelines.

DTI Secretary Peter B. Favila signed Department Administrative Order No. 08 Series of 2006 prescribing the “Guidelines for the Protection of Personal Data in Information and Communications Technology in the Private Sector.” The objective aims to encourage and provide support to private entities to adopt privacy policies for the protection of personal data in information and communications system in connection with the e-Commerce Act. A draft bill for data privacy was filed at the Office of Senator Manuel Roxas II for sponsorship at the Senate.

NASSCOM Visit to Manila.

The Business Process Association of the Philippines (BPAP), with the help of ICT-BDT, hosted a high-level delegation from the National Association of Software and Service Companies (NASSCOM) of India in September 2006. The three-day conference was intended to come up with a formal agreement for collaboration between the two organizations. The NASSCOM delegation consisted of 15 NASSCOM officials and executives from tier-one BPO firms with operations in India.

“Making-Your- Medical Transcription Business Work” Forum.

The Medical Transcription Industry Association of the Phils., Inc. (MTIAPI), in cooperation with DTI, organized this one-day forum which discussed the processes on how to equip new local medical transcription players with best practices and requirements of the US. The participants formulated industry policies that will serve as guidelines in observing business ethics.

Launching of Philippine Animation Film Festival.

This event recognized the potential of Philippine animation companies by harnessing digital competency among creative and visual artists in

the country. The Animation Council of the Philippines, Inc (ACPI) aims to make the Philippines a destination of choice in global animation outsourcing and to promote original content production for domestic and international markets.

ICT Initiatives in the countryside.

• **Region 3.**

Sutherland Global Services, a contact center from India, launched a job fair for prospective customer service representative (CSR) agents and technical staff. Sutherland signed a contract with Berthaphil, an ICT industrial park within Clark Special Economic Zone (CSEZ).

• **Region 8.**

A six-hectare ICT park declared as PEZA economic zone was launched in May 2006. The event highlighted the opening of the first locator, the Coredata, Inc, a processing company with 138 seats. Major activities included the Trainers Training on Call Center Course, e-Commerce Training for SME II, Teletech Call Center Job Fair II, Seminar on SciNET Integrated Library Management System, Bayanihan Linus and Open Office Trainers Training, and ICT Fiesta Expo 2006 Night.

• **Region 10.**

The City Government of Cagayan de Oro participated in the e-Services Philippines (ESP) 2006: 6th Outsourcing Conference Fair 2006 held in Mandaluyong City. A number of companies and investors signified interest in the city's capabilities as an information technology (IT) hub. City Ordinance 5554-96 was signed providing incentives to ICT industry-related investments. All IT outsourcing businesses, voice and non-voice, but not limited to business process outsourcing and knowledge process outsourcing, and investments in telecommunication infrastructures are given various incentives like exemption from real property tax. Likewise, the Iligan Information and Communication Technology and E-Commerce Council (IICTECC) conducted the 1st ICT



Forum and Exhibits with the theme "Utilizing ICT for Trade and Tourism".

• **Region 11.**

Seven Davao-based e-Service companies participated in ESP, the only IT outsourcing conference and exhibition organized by CITEM.

• **Region 12.**

The ICT Solutions Association of Region 12 (ISA12) Sarangani Chapter was organized. The DTI and VMC College conducted an Appreciation Seminar on Medical Transcription at VMC City College, Tacurong City. Other ICT-related activities included an ICT walk tour in Manila, launching of the 6th Outsourcing Conference and Exhibit, briefings on ICT investment policies by Makati-LGU and BOI-Manila and on ICT park at Eastwood, Q.C., and business matching between Info Activ IT and Engineering Solutions.

ORGANIC AND NATURAL PRODUCTS

The Natural Products Expo West 2006 (NPEW) held at the Anaheim Convention Center in the US showcased natural food supplements and personal care products. The event generated US\$15.96million in sales, with virgin coconut oil (VCO) as the bestseller.

LOGISTICS

The development of the Philippine Shipping and Transport Logistics Information Center, a web-based one-stop action center that will provide current and accurate shipping and logistics information to shippers and investors, was proposed. It was envisioned to be a comprehensive source of real-time information on shipping.

The Northern Mindanao Shippers' Association (NORMINSA) was granted a PhP1million grant by the World Bank to help ease the cost of shipping in Mindanao. Cargo pooling cuts the cost of domestic cargo freight by as much as 50% through combining the cargo volumes of various small shippers in one port and offering them to shipping lines through competitive bidding. The project benefited some 300 small and medium scale shippers in Mindanao. Close tie-ups between government agencies such as the Bureau of Domestic Trade (BDT) and Bureau of Export Trade Promotion (BETP) were pursued to integrate efforts related with supply chain and logistics.

CONSTRUCTION

The business development managers (BDM) for construction and the Philippine Overseas Construction Board (POCB) participated in the 11th World Building and Construction Exhibition (Worldbex 2006) and in the 16th Philconstruct 2006 at the

World Trade Center. Different construction materials as well as the capabilities of local contractors and engineering consultants were showcased.

Also, the BDT organized a briefing session for the Hong Kong Construction Mission. Discussed were prospects in construction, laws and procedures governing the construction activities of foreign contractors, state of the Philippines construction industry, and environmental issues and construction services.

FOOD

MSME-related investment projects were carried out under the Bangko Sentral ng Pilipinas-funded Integrated Program for Micro SME food manufacturers:

- Forged a memorandum of agreement (MOA) with PTTC for the implementation of the capacity building component of the Integrated Program for MSME Food Processors.
- Partnered with PTTC for the conduct of information sessions (modules 1 & 2) to ten DTI regional and provincial offices. Module 1 focused in creating awareness on the significance of food safety and the basic requirements of food processing plants such as Standard Sanitary Operating Procedures (SSOP), Basic Good Manufacturing Practices (GMP), Hazard Analysis Critical Control Point (HACCP),

and market trends and requirements. Module 2 zeroed in on business plan preparation, advanced GMP, HACCP Principles and HACCP plan preparation and basic principle of costing and pricing. A total of 689 participated in both modules.

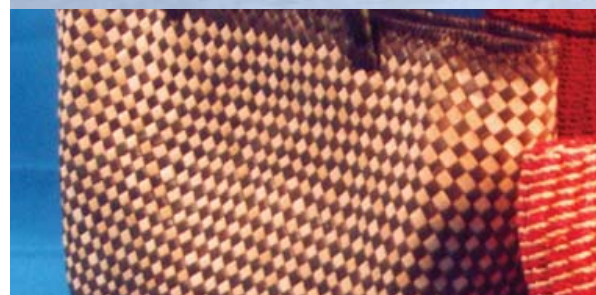
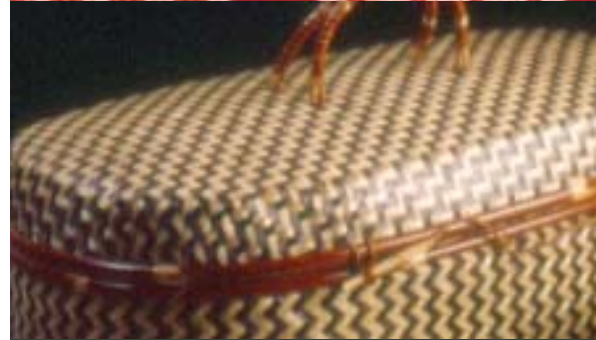
- Forged a MOA with CITEM for the International Food Exhibition Philippines (IFEX) Pavilion for compliant participants of the Integrated Processed Food Micro-Small (IPMS) and medium companies.
- Twenty-two out of the 213 participating companies in the 2nd module of the IPMS were selected to promote their respective products and services during the IFEX 2006 held at the World Trade Centre in May 2006. Some Php15.3million in sales were generated at the exhibition area and Php4.1million at the retail area.

The IPMS assisted MSMEs in the food-processing sector in the areas of production, processing, packaging, capability building, marketing and

promotions. It facilitated, among others, the dissemination of the directives on Regulation Commission (EC) No. 1895/2005 on the use of certain epoxy derivatives (believed as toxic when in contact with foodstuffs) in materials and articles intended to come into contact with food. Also, the 1st inter-agency meeting on Executive Order 201 directing the DTI to lead in the harmonization of the Philippine Halal Program was organized. Notably, an IFEX symposium entitled "The Global Food Safety and Regulatory Compliance Market Access Strategy to China and Korea" was launched, which was attended by 68 participants from the food industry, government, and academe.

Defense Commissary Agency (DeCA) and Food Selling Mission to the US.

As an offshoot of trade leads from the two previous missions in 2002 and 2004, the Defense Commissary Agency (DeCA) and Food Selling Mission to the US was organized. Ten manufacturers, exporters and consolidators joined the Philippine





food delegation. Twenty-seven buyers from New York, Chicago, San Francisco and Los Angeles attended the mission. Sales generated based on partial report of booked sales reached US\$1.1million.

HOMESTYLE AND LIVING

The Philippine participation to Christmasworld International Trade Fair in Frankfurt, Germany generated sales amounting to US\$2.61million. Top grossing Philippine products highlighted functionality, creativity, and color combination.

Another major event was the Manila Fashion Accessories Manufacturers Exporters (FAME) International held in April 2006 at the World Trade Center, which showcased 458 SMEs from the furniture, home furnishings, holiday décor, and fashion accessories sector. Some 2,759 trade buyers visited the event, including foreign buyers from US, Europe, Canada, Australia, and Hong Kong. Best selling products were decorative vases, costume jewelry, living room furniture, pots, candleholders, holiday decorations, placemats, functional and decorative baskets, artworks, and lamps.

Moreover, the “Manila Now” selling fair held in PTTC drew 775 foreign buyers from 69 countries, 795 local trade buyers and 797 paying visitors. Rattan products topped the selling chart. Participating companies were Design Alchemy, Designs Ligna, Gara Designs, Lightworks Resources Inc., Locsin International, Maze Mfg. Corp., More Than A Chair Inc., The Gilded Expressions, and The Julianne Collection.

MARINE

The 3rd Tilapia Congress and Fiesta Tilapia 2006 was launched at the WOW Philippines Hilaga in San Fernando City, Pampanga, focusing on tapping more tilapia stakeholders in the country. With the theme “Building a Sustainable Industry”, the three-day event discussed major concerns of the tilapia industry such as challenges and opportunities, production, breeding, product development, and marketing.

The National Agricultural and Fishery Council composed of representatives from Bureau of Fisheries, Philippine Council for

Aquatic and Marine Research and Development (PCAMRD), DENR, Bureau of Animal Industry (BAI), Tambuyog (a non-governmental organization), and DTI met and discussed several issues:

- guidelines on grant of coastal area special use agreement;
- WTO negotiations in Non Agricultural Market Access (NAMA) and fisheries subsidies
- status of accreditation of fish ponds for experimental field trial of *L. vannamei* (white shrimp)
- status of standards development projects for fish and fishery products

During the annual International Food Exhibition (IFEX) Philippines 2006, the BDT for the marine sector assisted 14 companies, eight of which were SMEs. Showcased products during the three-day event included assorted dried fish, smoked mackerel and alumahan, bottled tahong, tinapa, sardines, calamares steaks, bangus sisig and other milkfish products, live grouper and other seafood products. Local sales amounted to Php 97,680 while export sales reached US\$24,336. Exhibitors had negotiated sales with Australia and London amounting to US\$35,000 and US\$32,000, respectively.

FASHION

The country participated in different international fairs:

Fair	Venue	Product Focus	Sales (In US\$)
Macef Spring Fair	Italy	Costume jewelry, fashion accessories, bags	1.4M
Vicenza Oro 1	Italy	Fine jewelry	696,850
Asia Pacific Leather Fair	Hong Kong	Leather and fashion bags	600,000
Hong Kong Jewelry Fair	Hong Kong	Fine jewelry	48,300

PDDCP and Trendease International conducted trend briefings under the Design and Market Updating Program (DMUP) for the costume jewelry and footwear industry. It was attended by 37 participants, mostly in-house designers and sample makers of Cebu FAME member-companies. More seminars were conducted for furniture and home furnishings manufacturers in Cebu and Pampanga and on holiday decors in Metro Manila.



INDUSTRY DEVELOPMENT AND INVESTMENT GENERATION, PROMOTION AND FACILITATION SERVICES

INVESTMENT APPROVALS

In 2006, the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA) approved a total of Php271.29 billion worth of investments. The 696 projects registered are expected to generate 130,376 jobs. Local investors remained the key source of investments with committed investments worth Php 182.74 billion (67.35% of total investments) while foreign investors accounted for Php 88.55 billion, or 32.65% of total investments.

Investments in infrastructure and industrial service facilities reached

Php 96.72 billion, an increase of 1,648.89% compared to the same period last year. Real estate, renting and business activities sector grew by 113.80% to Php 29.98B in 2006 from Php 14.02 billion recorded in 2005. The IT Services sector also posted a remarkable increase of 39.26% to Php12.27 billion.

2006 Investments Priority Plan (IPP).

With the theme "Propelling the Nation to 1st World Status in 20 Years," the 2006 Investments Priority Plan (IPP) covered 11 investment areas as identified in the Medium Term Philippine Development Plan (MTPDP) 2004-2010. Three new priority areas were included in the 2006 IPP:

- Projects under the Retention, Expansion, and Diversification (R.E.D.) program to encourage existing investors to retain their investments in the country as well as expand and diversify their interest
- Relocation activities or investments from other countries that would transfer their production or service facilities into the Philippines
- Production of machinery and equipment, raw materials, and intermediate inputs in support of the activities listed in the IPP to improve the supply chain of listed activities.

INVESTMENT PROMOTION

Outbound missions to India, Japan, China, Taiwan, Europe, and the US were launched to support the country's bid as a preferred outsourcing destination especially for American and European companies. Key objectives in those visits were to sustain the promotion of the country's IT and IT-enabled services and enhance the country brand image, expand DTI's support network in promoting investment opportunities in the Philippines, and establish new linkages with related organizations for image building and investment generation. The missions resulted in at least nine confirmed investment prospects, 20 new investment leads, and 10 companies expressing investment interest.

The BOI also organized visit programs and assisted a total of 94 inbound missions. These were visits of individuals or

delegations to the Philippines to explore various business investment interests in the country. BOI provided comprehensive service to these missions which include visit research, counseling, and information support to facilitate the companies' investment missions. Through the One Stop Action Center, 915 walk-in clients were assisted and 932 phone inquiries attended concerning the processes in doing business in the country. A total of 148 companies interested in investing in the country were assisted.

To spur investments in the countryside, domestic roadshows in Davao City, Isabela, Cagayan de Oro, Baguio City, Cagayan North, Caraga (Butuan City), Region 9 (Zamboanga City), and Region 6 (Iloilo City and Kalibo) were conducted. As a result, some 84 investments leads were generated with a prospective investment of Php 74.14 billion.

Capability building sessions on investment promotions were carried out to improve the competency of local government units (LGUs) in promoting their areas as investment destinations. The training programs were conducted for LGU executives, line-agency and private sector representatives of Cordillera Administrative Region, Ilocos Sur, Legazpi City, Marikina City, and Rizal.

POLICY ADVOCACY

BOI actively participated in various fora such as the World Trade Organization (WTO), Asia Pacific Economic Cooperation (APEC), Association of Southeast Asian Nations (ASEAN) as well as ASEAN's negotiations with its dialogue partners like Japan, China, Korea, Australia, New Zealand, and India. Notably, the *Japan-Philippines Economic Partnership Agreement (JPEPA)* was reached with Japan. Consultations with private sector representatives and other stakeholders, through the institutionalization of the Joint Consultative Committee on the WTO Non-Agriculture Market Access (JCC-NAMA), were held to firm up the government's negotiating stance on the various NAMA issues raised at the WTO NAMA Negotiating Group Meetings in Geneva.

MANAGING THE ENVIRONMENT

Partnerships with the United Nations Development Program (UNDP), Japan External Trade Organization (JETRO) and Japan International Cooperation Agency (JICA) were carried out to boost the national efforts to achieving sustainable environmental development. Foreign-assisted projects for the environment such as the Environment and Natural Resources Capacity and

The wheels of trade and industry spin with the ignition of investments. The Herculean task is to fuel the fire to entice business warriors to invest in the country.

Firms	Project Cost (PhP M)
GN Power Ltd. Co.	43,903.00
Smart Communications, Inc.	33,178.00
Carmen Copper Corp.	12,475.28
South Western Cement Corp.	12,138.30
Eagle Cement Corp.	6,730.98

Top Investment Projects

	2006	2005	Growth % Rate
Total Investment (PhP B)	271.29	231.03	17.42
Total no. of projects	696	608	14.47
Employment	130,376	118,141	10.36

BOI and PEZA Approved Investments
January – December 2006 vs. January – December 2005

Operations Enhancement (ENR-CORE) Program, particularly the “Private Sector Capacity Building on Energy, ENR Management and Environmentally-Sound Technologies,” the Green Aid Plan (GAP) Program, and the Study on Recycling Industry Development in the Philippines. These programs are designed to assist local industries, especially the SMEs, in enhancing their global competitiveness through the effective use of environmental management tools.

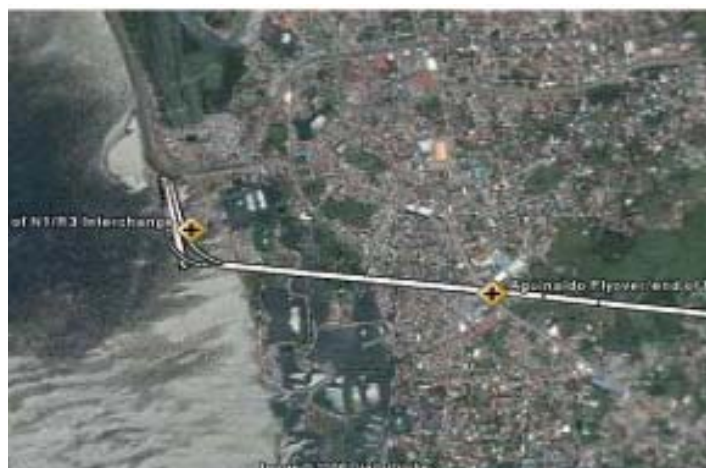
INFRASTRUCTURE

Recognizing the need for modern infrastructure as a crucial component of improving the industries’ competitiveness by reducing their cost of doing business, the Build-Operate-Transfer (BOT) Center, the National Development Company (NDC), and the NDC-Philippine Infrastructure Corporation (PIC) continued to address investor concerns on infrastructure facilities in the country. Priority projects involved five toll roads and one airport in support of President Gloria Macapagal-Arroyo’s 10-point agenda.

- **South Luzon Expressway (SLEX).** Advanced work was done along San Pedro, Laguna. This project would have a significant impact on the socio-economic growth in the CALABARZON (Calamba-Laguna-Batangas-Rizal-Quezon) area by facilitating the movement of basic commodities and services between Metro Manila and the region. PIC and NDC assisted the Philippine National Construction Corporation (PNCC) in fast tracking the implementation of the project.
- **CALA North-South Expressway.** The project is expected to ease the traffic along the Aguinaldo intersection and improve access to the industrial estates in Cavite.
- **ASDI Daang Hari/SLEX Project.** The project will connect the existing Daang Hari in Cavite to SLEX near the Susana Heights Interchange and the proposed C6 Lakeshore Expressway.



The NLEX project is the construction of the 84.2-kilometer toll road starting at the Department of Public Works and Highways (DPWH) Plaridel by-pass (Buro Interchange in North Luzon Expressway (NLEX) up to Cabanatuan.



The North-South Toll Road project involves the construction of a 12-km road parallel to the Aguinaldo Highway from Coastal connecting to Molino Boulevard.

Proposed Projects	Implementing Agency/LGU
Metro Manila Integrated Jail Management	DILG-Bureau of Jail Management and Penology
Biotech Business Incubation Facility	National Agri-Business Corporation/DA
Catanduanes Property Development	Provincial Government of Catanduanes (PGC)
San Fernando, La Union Terminal	City Government of San Fernando
Fisherman's Wharf	Paranaque City
Tayabas Property Development	Tayabas LGU
Hospice Care Building of the Western Visayas Medical Center	DOH
Region I Medical Center Development	DOH-Region I Medical Center (R1MC)
Iloilo Property Development a. Iloilo Convention and IT Center b. Iloilo Cultural Center and Hostel/Dormitory c. Iloilo Government/Commercial Center	Provincial Government of Iloilo
POEA Portal Project	Philippine Overseas Employment Administration (POEA)
General Santos City IT Project	City Government of General Santos

- **North Luzon East Expressway (NLEE) Project.**

It involves the development of the NLEE Project along the Pan Philippine Highway (PPH) between Guiguinto, Bulacan and Cabanatuan City, Nueva Ecija to improve domestic trade between Metro Manila and Cagayan Valley-Central Luzon.

- **C6 Lakeshore Expressway.**

PIC, in coordination with the DPWH, NDC and PNCC is developing the C6 Lakeshore Expressway, which is expected to divert a significant amount of traffic off the main roads of Metro Manila such as EDSA and C5 and would benefit motorists in the east zone particularly those residing in

- **MWSS – 300 MLD Treated Bulk Water Supply Project.**

The project is designed to alleviate the water shortage in the southern part of the West Concession Area with the additional supply of 300 million liters per day of treated water.

- **Metro Cebu Water District (MCWD) – Carmen Bulk Water Supply Project.**

Some 46,000 cubic meters of treated water, under a 40-year build-own-operate-transfer arrangement, will be delivered to MCWD.

Other BOT Programs.

The BOT Center provided financial and technical assistance to the following projects:

- **Social Security System (SSS) Corporate Center Project.**

The project involves development of the 4.45-hectare SSS property in East Avenue, including the construction of an infrastructure complex that combines office, retail, residential, and recreational areas.

PRIVATE-PUBLIC PARTNERSHIP

The Public-Private Task Force for the Development of Globally Competitive Philippine Service Industries developed the private sector-led and government-enabled strategic framework and national policies for



Marikina, Taguig, Pasig, Taytay, Angono, and Antipolo.

- **Laguindingan and Mindanao Airports Development Project.**

In support of the development plan for Mindanao, PIC worked closely with concerned agencies to facilitate the implementation of the Laguindingan and Mindanao Airports Development Project under a Build-Operate-Transfer/Private Sector Participation (BOT/PSP) scheme.

- **Philpost ICT/E-Commerce Project.**

BOT Center assisted the Philippine Postal Corporation (PPC) in evaluating the revised technical and financial proposal on application development, hardware and software installation and connectivity among Philpost offices and the introduction of new services such as hybrid mail system, digital card issuance, and voice over internet protocol (VOIP).

the continued development of three priority sectors, i.e., health and wellness, information technology (IT)-enabled services, and logistics service sectors.

SULONG.

SME Financing Support Program.

Small Business Corporation (SB Corp.)

SB Corp. exceeded its target growth rate for 2006 by releasing Php3.94 billion worth of loans for all its programs, up by 21% from last year's Php3.2 billion. SB Corp. started using the Borrower Risk Rating (BRR) credit scoring system developed by Asian Development Bank (ADB) consultants in assessing loan applications. The BRR System signals the shift in SB Corp.'s lending paradigm from collateral-based to risk-based lending – that is, loan applications are no longer denied due to lack of collaterals. Instead, the level of risk determines whether an enterprise is qualified for financing.

MARKETING

National Trade Fair (NTF).

The NTF, the biggest domestic show for MSMEs in the country, was held in March 2006 and generated PhP85.96million. Central Visayas posted the highest sales worth PhP38.08million, accounting for about 44% of total NTF sales. NTF top sellers were gifts, houseware, and home décor. The fair drew 801 registered visitors composed of 768 local and 33 foreign nationals.

The Center for International Trade Expositions and Missions (CITEM), in cooperation with the SME Development Group (SMEDG) and the Regional Operations Group (ROG), organized the participation of 194 exhibitors from 16 regions. NTF 2006 also featured the Third Raw Materials Showcase where the Product Development and Design Center of the Philippines (PDCCP) introduced new possibilities in the use of Manila palm, bamboo veneer, and coconut.

Manila F.A.M.E. International.

Some 6,249 local and foreign buyers participated in the April and October editions of Manila F.A.M.E, the country's longest-running international trade fair led by CITEM, generating total sales of USD108.62million, with Europe, U.S., and Asia as the top three buyers.

Market Matching.

In 2006, the Bureau of Domestic Trade (BDT) assisted 551 MSMEs through market matching, resulting in PhP10million in revenue. These enterprises were in the manufacture of agri-based products, furniture, packaging, and chemical and industrial products. The use of National SME Database Market Matching facilities based in the regional and provincial offices aided in developing and tapping business opportunities in the domestic and export markets.

Market development assistance included the dissemination of brochures, e.g., "Paano Maging Subcontractor," to 386 government and non-government agencies and trade associations that provide services to MSMEs and 300 more copies to SMEs who participated in trade fairs. Copies of Domestic Trade Bulletin were also disseminated to some 500 MSMEs. Also, market information on raw material designs, trends, and processing techniques was distributed to 70 MSMEs.

The BDT handled the Resource Suppliers Assistance Program (RSAP), an interagency initiative which aims to assist raw material suppliers and producers with the provision of a comprehensive assistance

GFIs	January - December 2006			January - December 2005		
	Loan Releases (PhP M)	No. of Accounts	Jobs supported	Loan Releases (PhP M)	No. of Accounts	Jobs supported
Landbank	16,214.370	10,098	202,680	17,431.330	11,249	217,892
DBP	11,051.146	935	138,139	10,488.134	1,271	131,102
PhilExim	201.570	17	2,520	153.980	23	1,925
SB Corp	3,442.951	2,096	43,037	2,939.226	1,786	36,740
Quedancor	1,132.451	737	14,156	559.673	435	6,996
NLSF	59.510	383	744	25.290	166	316
SSS	303.620	18	3,795	-	-	-
TOTAL	32,405.618	14,284	405,071	31,597.633	14,930	394,970

SULONG FIGURES

LEGEND:

GFIs – Government financial institutions

Landbank – Land Bank of the Philippines

PhilExim – Philippine Export Import Credit Agency

SB Corp. – Small Business Corporation

Quedancor – Quedan and Rural Credit Guarantee Corporation

NLSF – National Livelihood Support Fund

SSS – Social Security System

From small pebbles, to a sturdy rock--we cultivate and nurture entrepreneurial minds and foster a healthy business climate. No one is too small to start.

Undersecretary Zorayda Amelia C. Alonzo

package. It also encourages the formation of cooperatives and associations among raw material producers and suppliers to help them develop their organizational capabilities.

SME Expo.

With the theme “Sulong Negosyo”, the annual SMED Week celebrated on 17-23 July 2006 at the Market! Market! generated Php1.75 million from 119 SME exhibitors. Participating SMEs from Region 2 topped the fair with total sales of Php257,100.00. Top selling sector was furniture and furnishings with Php409,280.00 in sales.

The event set up a village fiesta concept which simulated a small community showcasing government institutions and facilities providing services to SMEs. The exposition

showcased products of model MSMEs engaged in the One Town, One Product (OTOP) Program.

Eight publications designed to help business development service (BDS) providers and MSMEs were likewise launched:

1. Philippine Ethnic Patterns: A Design Sourcebook
2. Sulong Pinoy! Stoking the Fire of Filipino Entrepreneurship Volume 2
3. Paano Maging Subcontractor
4. Directory of Common Service Facilities
5. Catalog of Information Materials for MSMEs
6. SME Counselors' Manual
7. Your Guide to Starting a Small Enterprise
8. Managing an SME Center.

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 755 training programs and seminars which benefited 21,501 SMEs.

Training of Small Business Counselors (TOSCON).

The Bureau of Small and Medium Enterprise Development (BSMED) tapped the UP Institute of Small Scale Industries (UP-ISSI) to conduct three (3) batches of “Training of Small Business Counselors (TOSCON),” a training program aimed at enhancing the competency and effectiveness of SME Counselors in providing managerial and technical assistance to MSMEs. A total of 67 DTI provincial SME counselors participated in the training.

FOCUS



SME CORNER SET UP IN MAKRO

The Bureau of Domestic Trade (BDT) tied up with Makro Philippines to put up a small and medium enterprise (SME) corner initially at its Cubao Branch. The SME corner showcases products of 18 SMEs selected by DTI for their excellence, production capability, track record, and potential. This project aims to help potential SMEs to gain better access to more lucrative urban markets by giving them the opportunity to showcase their products in the SME corner.

AGENCY	Training Programs	Number of runs	Number of participants
PTTC	Trade business management	70	1,939
	Quality and productivity	65	2,242
	Special programs	295	11,310
CITC	Technology Transfer and Skills Training for Furniture and Builders Woodworks, Gifts and House wares, Footwear and Leather goods and Fine Jewelry	199	4,086
CMDF	Construction Management, Supervisory Development & Trainers, Construction Safety, and Skills Training	126	1,924
TOTAL		755	21,501

Training programs conducted, including beneficiaries

Video Conferencing Seminar on Best Practices.

In cooperation with the League of Cities of the Philippines and the Japan International Cooperation Agency (JICA), BSMED organized a Video Conferencing Seminar on “Best Practices in Local Governance” to promote the importance of supporting the SME agenda and improving LGU capabilities. Participants were city mayors, planning officers, and other officials involved in formulating development plans and investment programs, improving socio-economic infrastructure, and promoting livelihood and entrepreneurship.

Special Programs for SMEs.

Aside from regular training programs on trade business management and quality and productivity, PTTC implemented the “eSMEs on the Web: Training for the Development and Deployment of Websites for SMEs” where 30 SME participants learned how to develop their own websites. Through the funding assistance of the Bangko Sentral ng Pilipinas (BSP), the SME participants were able to market their products over the Internet and to generate sales over a trial period of one year.

PTTC also conducted the training program on “Doing Business on the Web: E-Commerce Made Easy for SME Exporters” to 126 PTTC and DTI regional trainers, supported by the Queensland University of Technology (QUT) and the Australian Agency for International Development (AusAID). Also, four modules on the World Trade Organization (WTO) were packaged into a pilot seminar entitled “Opportunities and Challenges of the Global Trading System” which was conducted in the cities of Manila, Cebu and Davao.

Competency and Productivity Enhancement for Construction Manpower Development.

CMDF assisted various organizations from both the private and public sector to enhance their productivity. Beneficiaries included the Construction Brigade of the Philippine Navy, CEMEX, Department of Agrarian Reform – Agrarian Reform Community Development Project (DAR-ARCDP), and Gawad Kalinga (GK). Notably, the tie-up between CMDF and GK resulted in the house construction for the homeless and increased their capabilities in doing basic carpentry for possible employment. With the provision of on-site skills training in basic construction, such as carpentry, masonry, and building wiring installation, GK beneficiaries gained skills in building houses, which opened for them more opportunities for livelihood.

To encourage the informal sector to develop and increase their competitiveness, CMDF forged a Memorandum of Understanding with the Association of Construction and Informal Workers (ACIW) in November 2006. DTI aims to share its technology and technical know-how with construction workers to increase their level of competency.

Community-Based Enterprise (CBE) Program.

To further strengthen MSMEs in rural areas, the CBE Program was launched to bridge the gap between rural producers and suppliers of processed materials. Three pilot areas namely, Abra, Camarines Norte, and Aklan, were identified for technical assistance to improve

their competitiveness. Members of the Bugbog West Multi-Purpose Cooperative of Bucay, Abra were trained on Bamboo Treatment / Preservation and Finishing Techniques.

As a result, their products including benches, stools, lampshades, placemats and square trays were showcased during the Impakabsat Trade Fair held in November 2006 in Muntinlupa City. The Labo Progressive Multi-Purpose Cooperative (LPMPC) in Labo, Camarines Norte, on the other hand, received training on handloom weaving and handmade paper making. Notably, 72 inmates of the Labo District Jail and Camarines Norte Provincial Jail including tenants from Gawad Kalinga sites became regular suppliers of knotted piña fiber.

Lastly, members of the Aparicio Agrarian Reform Multi-Purpose Cooperative in Aklan were trained on abaca twining.

DTI-Comprehensive Agrarian Reform Program (CARP)

DTI-Comprehensive Agrarian Reform Program (CARP) extended assistance to farmers and other rural folks in 702 Agrarian Reform Communities (ARCs) through the provision of training, studies, consultancy, marketing, and other technical services. DTI-CARP maintained its focus on enterprise development generating a total of PhP479.52 million in investments, PhP754.75 in sales, and 34,196 new jobs. Further, a total of 786 new income-generating projects (IGPs) were established in addition to the 2,164 IGPs maintained. DTI-CARP also conducted a total of 746 skills training and 1,323 entrepreneurial/managerial training. Moreover, five hundred sixty-three (563) feasibility studies were prepared and completed in support of IGP establishment and other technical requirements of farmer-beneficiaries and landowners served as well as provision of consultancy services.

PRODUCT DEVELOPMENT

The Product Development and Design Center of the Philippines (PDDCP) provided design services and technical assistance to 1,010 SMEs to continue improving the quality and competitiveness of Philippine products. PDDCP enabled 194 SMEs nationwide to develop new products and package designs for food and non-food products. At the National Trade Fair, the 1,277 designs provided by PDDCP were translated into prototypes and generated sales of PhP19.4 million.

Some 63 clients participated in the Trainers' Training Program on design-related processes like bleaching and dyeing on natural fibers and grasses, finishing techniques on wood, as well as metal and paper products in Guimaras. Also, 36 Technology Updating Workshops were conducted for 302 furniture and GTH manufacturers in Negros Occidental, Bulacan, Camarines Sur, General Santos, Pampanga, Masbate, Biliran, Catanduanes, Zamboanga City, and NCR, including students from University of Sto. Tomas, Technological University of the Philippines and College of St. Benilde.

To promote the designs, 62 product development seminars/workshops, dialogues, briefings and orientations on Design Center services were conducted. Five exhibits (Paglulunsad 2006, 3rd Raw Materials Showcase, The Business of Industrial Design and Designs 2006) and one design competition on jewelry were mounted. A design sourcebook entitled "Philippine Ethnic Patterns, a Design Sourcebook" was published as source of local references that indicate the unique and distinctive features of Philippine products. A total of Php160,200.00 in sales was generated.

BUSINESS COUNSELING AND INFORMATION

BSMED set up SME Center booths and disseminated SME publication materials in nine trade events namely, Ateneo Celadon Business Fair, 5th Philippine Food Expo 2006, Go Negosyo, 4th Philippine Business Fair, Pamilyang OFWs-SMEs Summer Expo, Micronegosyo Fair, 2006 Independence Day Fair, and Globe Bizfair 2006. Some 4,500 SMEs and potential entrepreneurs obtained information materials or business counseling from the SME Centers. To support priority SME Centers nationwide, the Market Encounter Goes to Manila (MEGMA) Foundation, Inc. turned-over a total of 60 computer hardware and digital instructional materials to DTI-BSMED during the SMED Week celebration.

BARANGAY MICRO BUSINESS ENTERPRISE (BMBE)

The Barangay Micro Business Enterprises (BMBE) aims to spur economic activities by providing incentives to micro entrepreneurs. The incentives include income tax exemption, exemption from the coverage of the Minimum Wage Law, special credit window priority, technology transfer, production and management training, and marketing assistance programs.

Intensive policy advocacy efforts were initiated such as the publication of DAO No. 2 on the Implementing Guidelines on the Availment of the BMBE Development Fund to ease the implementing guidelines and documentary requirements for BMBE registration. Under the BMBE Development Fund, six project proposals were approved for funding amounting to Php5,130,595.00.

SME DEVELOPMENT PLAN

Efforts to localize and harmonize the SMED Plan in 17 provinces were conducted. Ten activity groups fall under the SMED Plan:

1. SME information support
2. SME counseling and advisory and upgrading of SME Centers
3. Facilitating partnership/linkages or competitiveness
4. Enhanced support for trade fairs and access to market services
5. Product development and design services
6. Industry productivity and quality
7. Information technology appreciation and application
8. Entrepreneurship training
9. SME financing support programs
10. Streamlining of business regulatory requirements



CONSUMER WELFARE AND PROTECTION SERVICES

DTI remained committed in ensuring the welfare of Filipino consumers through advocacy and information, watchful price and supply monitoring and speedy action on complaints and issues.

PRODUCT STANDARDS

The Bureau of Product Standards (BPS) intensified its monitoring and enforcement activities nationwide, conducting regular market inspections in the National Capital Region (NCR) and from Region I to CARAGA to check compliance of consumer products with the safety and quality requirements. Under the BPS product certification scheme, products covered by mandatory certification shall be subjected to tests based on Philippine National Standards (PNS) before distribution or sale. Market roundups resulted in the confiscation of substandard products:

- 331,295 pieces of uncertified, unmarked and unbranded steel bars worth Php46.4m
- 4,006 units of uncertified automotive lead storage batteries worth over Php10m
- 816 pieces of LPG cylinders not bearing the PS Mark from LPG retailers and refillers
- 5,153 units of substandard sanitary wares worth Php8.2million
- 24,029 pieces of substandard wiring devices, compact fluorescent lamps (CFLs), wires and cables

BPS inspected 425 establishments including emission testing centers and sellers of liquefied petroleum gas (LPG) cylinders, steel bars, wiring devices, wires and cables, electrical tapes, CFLs, tubular fluorescent lamps, plywood, sanitary wares, flat glass, automotive storage batteries, break fluid, G.I. sheets, steel wire nails, fire extinguishers, monobloc chairs, and Christmas lights. Some 147, or 35%, of monitored firms were found selling substandard products and do not conform to quality and safety standards. BPS filed charges against 112 firms, 72 of which were resolved. It confiscated over P69million worth of substandard goods and collected Php2.2million in fines.



Empowering
and protecting
consumers is a
daunting task.
That's why we
need to be
vigilant 24/7.

Supporting the National Chlorofluorocarbon Phase-out Plan (NCP) led by the Department of Environment and Natural Resources (DENR), DTI issued DAO No. 3 series of 2006 amending the accreditation requirements for air-conditioning and refrigeration service and repair shops. BPS developed 23 PNS under the NCP through its technical committees on road vehicles, household appliances, and chemistry and its subcommittees on refrigerants and anti-freezers. In 2006, BPS developed 520 PNS, bringing the total number of PNS to 5,525. Of this number, 77.36% or 4,274 PNS were harmonized with international standards.

A MOA forged between DTI-BPS and the Department of Energy—Energy Research and Testing Laboratory Services (DOE-ERTLS) for the technical assistance on the development of standards for electrical lighting products under the Philippine Efficient Lighting Market Transformation Project (PELMATP) resulted in the development of 21 PNS for energy efficient lighting (EEL) system, fluorescent lamps, CFLs, high intensity discharge (HID) lamps, ballast and luminaires. To ensure standardized interpretation of PNS provisions on EEL system among DTI enforcers, BPS and DOE-PELMATP conducted seminars in various regional offices.

SUPPLY AND PRICE STABILITY

Aggressive monitoring of the prices of basic and prime commodities nationwide significantly contributed in maintaining stable prices in 2006. To mitigate the impact of 2%-increase in value-added tax (VAT), DTI convened the National Price Coordinating Council (NPCC) in January, April, November to ensure smooth coordination among members of business sector and government agencies.

Notably, DTI initiated a text messaging service dubbed as the DTI Presyo (Text DTI at 2920 and 2256), to alert consumers current prices of basic goods in selected public markets in Cebu, and Davao.

February, DTI met with the Bureau of Food and Drugs (BFAD), Philippine Association of Flour Millers, Chamber Philippines Flour Millers, Philippine Federation of Bakers Association Inc., Filipino-Chinese Bakers Association Inc., flour importers and traders to assure public that *pan de sal* and other bakery products sold in market are made from safe and fortified wheat flour, likewise to ensure steady flour prices. Also, a meeting convened with sugar traders and millers to discuss ways for hastening the replenishment of stocks at the retail level.

DTI also issued DAO No.10 prohibiting the imposition of surcharge by retailers in credit, automated teller machine (ATM) or debit card transactions. The order prohibits stores from putting two price tags in their products and charge additional fees on credit card purchases. Under

DAO No.10, all modes of payment available to consumers must always comply with the Price Tag Law.

CONSUMER ADVOCACY

The Standards Blitz Programme strengthened DTI's information campaign on standards and standardization activities in raising consumer awareness on product quality and safety. The programme consisted of four components namely, the Standards Advocacy Club (STAC), the Standards in the Curricula of the Elementary, Secondary and Alternative Learning System Education (SCUE), the Standards Essay Writing Contest (SEWC), and the Konsyumer At Iba Pa (KATBP) radio program.

• STAC.

Some 4,066 pupils, students, teachers, industry members, government agencies and consumer groups visited the BPS Testing Center and DTI-accredited laboratories and witnessed actual tests

and inspections conducted on critical products based on the quality and safety requirements of PNS.

• **SCUE.**

BPS developed 25 lesson plans and 12 modules on standards to integrate the importance of standards for product safety and quality in the curricula of the high school students and mobile community center learners. These lesson plans and modules were expected to be taught by the start of the school year in June 2007.

• **SEWC.**

BPS conducted the 3rd Standards Essay Writing Contest participated in by 24 high school students from 15 schools of 12 DepEd districts in NCR. The contest further raised students' awareness on product safety and quality through the Philippine Standard (PS) and Import Commodity Clearance (ICC) marks and on the significant role the government plays in safeguarding the welfare of consumers.

• **KATBP.**

This DTI radio program serves as the agency's vehicle in reaching consumers nationwide to inform and educate them on product quality and safety through standards and on their rights and responsibilities as consumers. On its 8th season in 2006, KATBP is aired over DZMM 630 kHz every Saturday from 10:00 to 11:30 in the morning through the support of the Philippine Product Safety and Quality Foundation (PPSQF), DepEd, industry associations, and other government agencies. The program was nominated in the 28th Catholic Mass Media Awards and was semi-finalist in the 2006 Lingkod Bayan Award of the Civil Service Commission (CSC). In 2006, it received thousands of text messages from listeners mostly on queries related to the topics discussed, reports and complaints, and appreciations of the program.

In celebration of the Consumer Welfare Month, the National Standards Week and the World Standards Day, BPS conducted the 6th Consumer Trade Fair where 72 exhibitors showcased consumer-friendly and world-class products and services with PS and ICC marks, permits and accreditation from DTI and other government agencies. Some 12,000 visitors attended fair which featured 20 awareness sessions on topics such as consumer rights and responsibilities, starting a business, and warranties.

To protect the rights of consumers and at the same time encourage firms to practice responsible entrepreneurship, DTI introduced the DTI-Certified Establishment (DTI-CE) Program. It encourages businesses to adopt a self-policing mechanism to foster the highest level of business ethics and sustain a fair marketplace. The program awarded 422 deserving establishments with a Seal of



FOCUS

REDUCING THE COST OF MEDICINES

In support of the Philippine International Trading Corporation's (PITC) parallel importation strategy, NDC financed the operation of the PITC Pharma, the government's corporate vehicle to reduce the cost of medicine by half in 2010. In 2006, PITC Pharma accredited 108 additional outlets of Botika ng Bayan and operated two outlets of its own. These outlets carry non-patent medicines priced 50% lower than those available in other drugstores.

Approval. Of the total number of awardees, 237 establishments received bronze award for complying to fair trade laws and maintaining good customer relations through Consumer Welfare Desks (CWDs); 152 establishments received silver award for attaining bronze requirements, ensuring effective store operations, and adhering to social responsibility; and 33 received gold for attaining silver requirements and implementing some elements aligned with quality and environmental management systems.

COMPLAINTS HANDLING

CWDs received roughly 48,000 consumer complaints in 2006. Of this volume, 46,119 or 96.1% were resolved while 269 were endorsed to other agencies and business establishments. Ten business and consumer welfare centers (CWCs) were established nationwide. These were located in SM Megamall, SM North EDSA, SM Southmall Las Pinas, SM Cebu, SM Davao, SM Baguio, SM Batangas, SM Pampanga, SM Iloilo, and Mall of Asia. The CWC offers on-the-spot information dealing with various consumer welfare issues and immediate facilitation of complaints.

Rules of procedure for adjudication of administrative cases at the DTI were revised, particularly on consumer complaints arising from violation of trade and industry laws. DAO No. 07 series of 2006 simplified and unified varying rules of administrative procedures to speed up dispute resolution. Through the Construction Industry Arbitration Commission, the DTI resolved 18 arbitration cases with a total sum in dispute of P3.48 Billion, 66% of which were decided within six months.

BUSINESS NAME REGISTRATION

In 2006, 280,558 business names were registered, 244,255 of which were new and 36,303 were renewals. Tie ups with internet cafes in Metro Manila facilitated the registration of business names using the WeBNRS, DTI's online business name registration service. A total of 18 internet cafés in Metro Manila joined the project namely, Netopia, Phoenix Internet Café, Green Sot Café, Fast Forward Internet Café, Warzone Internet Café, E-games, Chaiwinix, Teamnux, PC Lawust, PPN, 2525 Triple K Internet, 53M Computer Shop, and IPVG.

Contractors Licensing

The Philippine Contractors Accreditation Board (PCAB) issued 4,609 licenses and 973 registration certificates to qualified contractors.

Monitoring and Enforcement of Fair Trade Laws

DTI monitored 93,332 firms and found 695 of them violating fair trade laws. Collected fines amounted to Php1.4million.

GOOD GOVERNANCE MEASURES



PHILIPPINE BUSINESS REGISTRY (PBR)

The Philippine Business Registry System, a project funded by the Commission on Information and Communication Technology's e-Government Fund and the ADB-Japan Fund for ICT, was designed to harmonize registration processes among different government agencies. It would be done through a web-based portal which houses all data sets for business name registration,

accreditation, and business facilitation. It was envisioned to be a ready source of business data for potential business partners worldwide. Department Order No. 38, issued in June 2006, created a project management team, project management unit, and secretariat for project implementation.

ENERCON

Espousing the government's Energy Conservation Program (Enercon), the DTI continued to do its share in reducing fuel, electricity, and water consumption within its premises. In 2006, average electricity and fuel consumption fell by 27% and 5%, respectively. To instill energy efficiency as a way of life among DTI employees, the *Palit Ilaw Project* replaced installed high voltage electric lamps with lower voltage lamps. Also, lights are turned off during lunch breaks and water dispensers after office hours.

DTI HR DEVELOPMENT TRAINING PROGRAM

DTI's Human Resource Development Service (HRDS) launched the 2006 HR Development Program dubbed as "Learning Lamp Post" to sustain DTI as a competency-based agency. Eight posts were identified representing globally known individuals considered pillars in their own field. Courses were offered covering specific competencies or fields of specialization:

- Making Sense of Business;
- Improving Personal Productivity;
- Business Assertiveness;
- Seven Habits of Highly Effective People;
- Planning and Critical Path;
- Service Plus;
- Effective Business Writing; and
- Online Performance and Learning (OPAL) Program.

Other competency and foundational discipline-based, behavioral, cultural, and livelihood courses were also offered as electives to each Lamp Post. These included popular courses such as Advanced Beadworks, Stress Management, Guitar Lessons, Herbal and Decorative Soap Making and Picture Framing.

A supplemental course called the Online Performance and Learning (OPAL) Program was administered to all DTI directors and officials. The program is an online "just-in-time" learning for DTI's mobile officials, focusing on capability building anchored on core competencies and fundamental disciplines. Launched in June, it drew 52 registered users, 36 (or 69.23%) of which logged on and used OPAL actively.

INTEGRITY DEVELOPMENT ACTION PLAN (IDAP)

Actively participating in the Presidential Anti-Graft Commission's (PAGC) call for all government agencies to pursue and implement anti-graft and corruption measures to improve governance, DTI ranked fourth out of 70 government agencies in compliance with the Integrity Development Action Plan (IDAP) for 2006, a national program crafted to fight corruption in the government. In 2006, the DTI issued three DOs aimed at improving good governance within DTI.

- **Department Order No. 17** enjoined all DTI officials and employees to submit their Income Tax Return (ITR) as an attachment to their Statement of Assets, Liabilities and Net Worth.
- **Department Order No. 38** created the Project Management Team (PMT), Project Management Unit (PMU), and Secretariat of the Philippine Business Registry (PBR) project, complying with IDAP's requirement of linking existing databases of complementary agencies and sharing of information.
- **Department Order No. 54** disseminated the handbook entitled Compilation of Laws on Graft and Corruption for the Conduct of Learning-Orientation Sessions.

As of end-December 2006, DTI-IDAP Rating was 3.13 out of a maximum 5.00. Below is a graph tracking DTI-IDAP Rating performance for the year.

KIDS PROGRAM (KABATAAN SA INDUSTRIYA DULUTAN NG SAYA)

Participated in by 106 parents and kids, the 2006 implementation of the KIDS Program focused on the strengthening of parent-child bonding through the following courses handled by Filipinas Heritage Library, Museo Pambata, and Cottage Industry Technology Center (CITC):

1. Cook for Kids with Kids
2. Film/Movie Appreciation (Chronicles of Narnia: The Lion, the Witch and the Wardrobe)
3. Bottle Salt and Art
4. Beads Galore
5. Fun with Mosaic
6. Finger Painted Cards and Paper
7. Hand Puppet Making
8. Hand Painted Shirts

Procurement.

The Government Procurement Policy Board (GPPB) reported that DTI's Percentage of Procurement that underwent public bidding reached 83%, which placed DTI among the top three best performing agencies in government procurement.

MEDIA MILEAGE

Interest from the media sector, particularly the print media, was heightened in 2006 as 85% of DTI-issued news and photo releases landed on the news. DTI news and photo releases play key role in communicating DTI's plans and programs to its stakeholders. Aside from the positive pick up rate, DTI-issued press releases also remained inexpensive but effective. Various articles and photos were published in newspapers for free, which could have cost DTI some Php11.9million if done through paid placements.

Negosyo at Kalakalan Phonepatch Interviews.

The Trade and Industry Information Center (TIIC) facilitated 145 phonepatch interviews aired nationwide over *Radyo ng Bayan's (DZRB) Negosyo at Kalakalan* segment. Most of the interviewees (82.6%) were successful DTI-assisted MSMEs, and the rest were DTI officials promoting DTI's priority thrusts. The program has been ongoing since 1997, focusing on the country's MSMEs, investments, consumer welfare, and other trade-related concerns.

DTI Branding.

The Collateral Review Committee (CRC) reviewed and approved 55 collateral materials submitted by the bureaus prior to production as part of its efforts to sustain the DTI corporate identity.





LEGISLATIVE AGENDA

DTI continued to support and monitor the progress of priority legislative proposals pending in the House of Representatives and Senate:

- ***Amendment to EO 226 (Omnibus Investments Code of 1987).***
E.O. 226 aims to adopt an incentive system that is consolidated, highly focused, cost-effective, time-bound and simple to administer. It harmonizes the government's policies on the grant of fiscal and non-fiscal incentive.
- ***Amendment to RA 6977 (Magna Carta for SMEs).***
The House of Representatives approved on third and final reading the proposed amendments to RA 6977, otherwise known as the Magna Carta for Small Enterprises. R.A. 6977 amends the provision to include micro enterprises and adopt different parameters such as definition of SMEs, membership expansion of SMED Council to include DILG, definition of the corporate powers and amendment to capitalization and funding of SB Corporation, and establishment of sovereign guarantee.
- ***Amendment to RA 9280 – (Customs Brokers Act).***
R.A. 9280 involves the simplification of procedures in filing export and import declarations. DTI wanted the suspension of the provision, which requires customs brokers to sign export and import declarations. DTI expressed support for single or individual customs brokers, partnerships or corporations concerning customs requirements.

Omnibus Construction Bill

The bill aims to encourage, promote, support and enhance the growth of the construction industry through the development and upgrading of the qualifications and competitiveness of industry players as well as the professional, technical and financial capabilities of the industry. In line with the rationalization program of the government, it proposes the creation of the Philippine Construction Industry Development Authority with a unified organizational structure and exercising regulatory, adjudicatory, developmental and corporate powers, replacing the Construction Industry Authority of the Philippines (CIAP), Philippine Overseas Construction Board (POCB), Philippine Domestic Construction Board (PDCB), Philippine Contractors Accreditation Board (PCAB), and the Construction Manpower Development Foundation (CMDF). In May 2006, DTI endorsed the bill to the Senate and House Committees on Trade and Industry.



To improve
governance,
we
promote
measures
that fight
corruption.

Assistant Secretary Maria Lourdes T. Baua



We advocate for better financial, technical and professional capabilities to support and enhance the industry.

Director Ma. Lourdes A. Yaptinchay

Amendment to RA 7718 – The Build-Operate-Transfer (BOT Law).

Amendments to the Implementing Rules and Regulations (IRR) of the BOT Law implemented a policy shift from a 2-Pass to a Single-Pass approval process. The revised IRR became effective on 13 April 2006. The DTI Technical Working Group (TWG) on the BOT Law Amendment reviewed and commented on the bill, seeking to establish a clear policy framework for private sector participation in government infrastructure and development projects enhancing their attractiveness to private investors while ensuring protection of government interests.

SPECIAL PROJECTS

PCs for Public Schools Project
Year 2006 marked the third phase of the PCs for Public High Schools (PCPS) Project funded by a Php600m grant from Japan. A total of 12,000 computer units were delivered to 1,200 public high schools nationwide (600 in Luzon, 324 in Visayas and 276 in Mindanao) benefiting 1.4 million students. STI trained some 1,200 teachers on ICT Integration on the Basic Education Curriculum. Also, 6,000 teachers and school personnel were trained on Basic PC Operation and Troubleshooting.

Ethanol Project and other sources of alternative fuel
NDC infused equity investments in San Carlos Bioenergy Inc. (SCBI), the first ethanol plant to be constructed in the country located in San Carlos, Negros Occidental. A unique bio-energy concept, SCBI shall develop, construct, own and operate an integrated

ethanol distillery and power co-generation plant that will produce 120,000 liters of ethanol per day and approximately 8MW of power using sugarcane as feedstock. To further boost the government's thrust to reduce the country's dependence on conventional fuel, the NDC Board approved to provide funds to the Philippine Forest Corporation (PFC) for the development of the jathropa industry as another source of alternative fuel.



NDC-Maritime Equity Corp. (NMEC)

NDC put in additional equity to fully fund the operations of the NDC-Maritime Leasing Corporation (NMLC). In 2006, NMLC procured three vessels for lease to qualified operators. NMLC is a wholly-owned subsidiary of NDC and a key player in the implementation of the Strong Republic Nautical Highway (SRNH) project of the government.



751.3330

DTI'S ANTI-RED TAPE INITIATIVES

The DTI was tasked to supervise red tape reduction measures in the government with the issuance of Executive Order (EO) 557 creating the Anti-Red Tape Task Force. Initially, President Arroyo issued E.O. 554 eliminating fees on clearances, inspections, permits, and certificates and scrapping other documentation requirements for the export sector.

The DTI aspires to be capable of and be in the forefront of national endeavor towards good governance. As laid out in the DTI three-year roadmap (2004-2007), the DTI continued to streamline its frontline services to enable investors, particularly MSMEs, reduce the cost of doing business and eradicate red tape in business transactions.

· *DTI Direct.*

The “DTI Direct” call center was launched on 24 November 2006 to handle clients’ queries and requests for assistance concerning DTI services. The *DTI Direct* (751.3330) adopts a no-wrong-door policy to provide swift and reliable customer support, being part department-wide efforts to improve and simplify frontline services. As of end-December, the call center entertained 3,459 calls. Notably, 3,157 or 91.3% of queries were resolved – that is, clients were not referred or passed on to other offices – by highly competent DTI call center agents. Bulk of queries or 1,533 (44.3%) were about business name; 1,075 (31.1%), consumer complaints; 82 (2.4%) SMEs; 21 (0.6%) investments; 18 exports (0.5%), and 730 (21.1%) others.

· *Business Name Registration.*

The DTI-National Capital Region no longer requires business name registration applicants to submit two passport-size pictures and other government requirements such as Professional Regulation Commission identification card and Bureau of Food and Drugs permit.

Business hours start earlier and clients are accommodated even during lunch hours. Large signages on simpler procedures were installed to guide new applicants. A computer was installed at Wing A of the DTI-NCR to enable clients to check or verify the status of their business name application.

Satellite business registration centers were established in prime cities of Metro Manila where MSMEs can file business name applications. Business name applicants may also log on to www.bnrs.dti.gov.ph or text DTINCR to 2948 for Globe and Sun users and 3940 for Smart subscribers to access information on business name application requirements and procedures.

· *Contractor's Licensing.*

PCAB reduced its documentary requirements for the renewal of contractors’ licenses, reducing the transaction cost by as much as Php 2,500 and the processing time by 78%, or from 68 down to 15 days.

· *Cement and Copper Export Clearances.*

BOI reduced the processing time for the issuance of clearances and certificates:

- Cement Export Clearance (from 5 days to 4 days)
- Copper Export Clearance (from 10 days to 9 days)
- Certificate of Qualification to Import Tax and Duty Free Spare Parts and Supplies (from 10 days to 4 days)
- Certifications/Endorsements for Not Locally Available (from 5 days to 2 days);
- Certificate of Accreditation (from 5 days to 1 day);
- Request for Modification of

Terms and Conditions of BOI Registration as well as Request for Cancellation of BOI Registration (from 15 days to 11 days)

Fees are also waived for the application of Cement and Copper Export Clearances. A help-desk was installed to accommodate queries and complaints.

· *Coffee Export Clearance.*

The International Coffee Organization Certifying Agency (ICOCA) eliminated two steps in processing export clearances, cutting the processing time by 60%-80% or from 25 minutes down to 5-10 minutes. Likewise, the processing time for the accreditation of coffee exporters was reduced from 5 days to 2 days. No more fees were collected since 01 October 2006.

· *Electronic Payment and Collection System (EPCS).*

DTI and DOF signed a Joint Department Administrative Order (JDAO) No. 2, series of 2006 prescribing the “Guidelines Implementing RA 7892 on Electronic Payment and Collection System (EPCS) in Government.” The guidelines aim to minimize face-to-face interaction in payment transaction and allows electronic payments through credit cards, automated teller machines (ATMs), debit cards, stored value cards, mobile wallet payments and kiosks. The JDAO is expected to eradicate corruption and red tape in the workplace to reduce the cost of doing business for entrepreneurs and investors. The guidelines cover all government agencies that currently use or intend to use EPCS in collecting fees, charges, assessment, and revenues.

Overall, DTI’s frontline services adopted the “No Noon Break Policy” to provide uninterrupted service. DTI agencies have also displayed signages indicating their procedures, requirements and fees as well as placed client satisfaction feedback boxes within the business areas.

DTI IN THE COUNTRYSIDE



INTERNATIONAL TRADE POLICY NEGOTIATIONS, FACILITATION AND PROMOTION

Regional Export Performance

In the Cordillera Administrative Region, DTI Benguet Provincial Office coordinated the participation of Demang's Handicraft in the Igorot Global Organization Trade Fair in Melbourne, Australia which generated a US\$12,000 sales. Similarly, nine exhibitors from Ifugao brought home US\$115,433 and Php192,990 from the Manila FAME.

To promote the Ilocos region in the export market, DTI-Region 1 assisted 15 food processors in the IFEX Philippines 2006 at the PTTC.

Ilocos exhibitors raked in Php181,990.00 in spot sales and US\$24,336 in booked orders.

In Central Luzon, 16 international fairs participated in by 113 SMEs in the first six months of 2006 generated US\$14.3m.

Also, some 25 food processors from then Bicol region participated in IFEX Philippines 2006. Two participants, i.e., "Brunches and Lunches Pinangat" of F. D. Gonzales Food Products and "Lola Conching Vinegar" of Sorsogon Food Enterprises received Trendy Awards.

In Western Visayas, DTI Region 6 facilitated the export shipments to Japan by the Capiz Cutfoliage Growers resulting in US\$17,604 in export sales. Eight SMEs from the region participated to the 12th Buy Pinoy Goes to Hawaii/Hawaii International Fair in December 2006.

DTI Region 10's One-Stop Export Documentation Center processed 219 export documents worth US\$14.2million for 13 exporters in Misamis Oriental.

DTI Region 11 coordinated the participation of three Davao City-based exhibitors to the Manila FAME International at the World Trade Center namely, Great Gifts and Souvenirs, Inc., Gilded Expressions, and Tetel Gift Shop which resulted in sales amounting to US\$235,528. It also co-organized and facilitated the BIMP-EAGA joint Natural Resources Development (NRD) and Small and Medium Enterprises Development (SMED) Cluster meeting in Davao City to explore areas of joint undertakings. The regional office assisted in the roll-out of BIMP-

EAGA Business Portal (www.bebp.org), a community-based internet application that is expected to strengthen the ties among BIMP-EAGA countries and Australia.

In SOCCSKSARGEN (Region 12), export sales of US\$43,000 was generated from business matching between Alter Trade Corporation and TUBAGA for 1,200 boxes of *bongulan* banana. DTI Region 12 facilitated the participation of Nutri Prime Farms of North Cotabato and Kablon Farms of South Cotabato to IFEX Philippines 2006. Also, the participation of RDEX International Food, Inc., SAFIX Export, Inc., and Emmanuel Traders to Boston Seafood Show in Boston, Massachusetts, USA resulted in an initial booked order of tuna belly worth US\$10,000. Three more tuna processors participated in IFEX Philippines 2006 and one processor in Japan which generated sales of Php4m and Y10m, respectively.

The DTI regional offices undertook major export facilitation programs:

- DTI CAR conducted both the Export Development Council (EDC) Pre-Congress on 09 June 2006 and the Congress Proper on 26 June 2006
- DTI Region 5 launched the first Bicol Export Congress in Daraga, Albay with 85 participants. Dubbed as "One Nation through Exports" the project was attended by the Regional Development Council (RDC) Region 5 and PhilExport-Bicol. Several issues and concerns were discussed such as technology, material supply chain and support, logistics and infrastructure, financial and other related issues
- The National Exporters Congress was held in Cagayan de Oro City in May 2006, which was attended by the Economic Development Council (EDC), PhilExport, RDC, and over 100 exporters from the region as well as representatives from various government agencies
- DTI Region 9 facilitated the Pre-Export Congress Consultative Workshop where issues and concerns affecting exporters were discussed and to be presented in the National Export Congress

It is our aim
to promote
entrepreneurship
and create
jobs for the
Filipino
people.

Undersecretary Carissa C. Evangelista

- DTI Region 11 assisted new exporters through the Export Pathways Program, an innovative strategy aimed at assisting new and existing exporters by offering client-focused interventions to fit any requirements at any stage of the business. For instance, a new coco coir and coco peat exporter (JCF Multi-products) was assisted by DTI Davao del Sur in its initial shipments to China, with volume order of 17 tons worth Php3m. DTI also provided financial and organizational management assistance to new banana chips exporter (Davao Northlink) of Davao del Norte which initially accessed Japanese market in early 2006.
- DTI Region 12 met with PhilExport SOCCSKSARGEN resulting in the establishment of internal policy on financial management and preparation of annual plan of activities for the local Exporters Congress
- DTI CARAGA facilitated the 1st Caraga Export Congress attended by 200 participants from different priority industries. Industry issues and commitments of concerned line agencies were presented to EDC and PhilExport.

The DTI Regional Operations Group ensured the proper execution of DTI plans and programs nationwide.

INDUSTRY DEVELOPMENT AND INVESTMENT GENERATION, PROMOTION AND FACILITATION SERVICES

DTI regional offices undertook major investment facilitation programs:

CAR.

DTI-CAR assisted in drafting the 2006 Mt. Province Investment Incentive Code. A domestic investment roadshow was launched in Baguio City 2006 highlighting prospective investments involving 23 projects valued at Php564.45m.

Region 1.

The DTI Regional Office of Cagayan Valley and the DTI Provincial Office of Cagayan prepared for the 1st Cagayan North Outbound Mission to the United States and Canada held in March 2006.

Region 2.

DTI Region 2 led the Isabela Investment Promotion Rounds for the 150th Founding Anniversary of the Province of Isabela capped by Php190million worth of approved BOI projects. The program has three components namely, business development (investment conference cum business matching, regional OTOP investment, and others), trade (fair and exhibits) and service (jobs fair). An investment forum in Cagayan was attended by 110 participants from various sectors; 22 SMEs participated in one-on-one consultation with BOI representatives, which was expected to generate Php440.3million in new investments for 15 projects. Also, the investment promotion center of Cagayan was inaugurated.

Region 3.

To eliminate red tape and reduce the cost of doing business, DTI Region 3 implemented the "Streamlining of Critical Government Frontline Services Project." The Central Luzon Investment Promotion Center (CLIPC) and the DTI provincial offices initiated seminar-workshops on the issuance of Mayor's permit, installation of Internal Monitoring System (IMS), capability build-up programs (benchmarking mission) and other investment-related activities. Five new Business One-Stop Shops (BOSS) were also established in the municipalities of Porac, Macabebe, and Masantol in Pampanga, and Castillejos and San Marcelino in Zambales.

Region 6.

Investment facilitations generated Php2.2million in investments which is 217% over its annual target.

Region 9.

Zamboanga Sibugay received an initial investment of Php57million from RRN Kuyo Rubber Enterprises which spawned 78 new employment opportunities in the province. Another rubber investor, Adeltone Rubber, was linked with Pharma Rubber Company, enabling the former to supply around 80-100MT of SPR20 rubber monthly to the latter. Likewise, the training conducted in Isabela City on rubber production and management focusing on nursery development and farm management resulted in

Php500million investment for seedling propagation and farm development.

Region 11.

DTI Region 11 set-up the National Economic Research and Business Assistance Center (NERBAC) called the DTI NERBAC- Davao to simplify the process of establishing a business. Other participating agencies included Bureau of Internal Revenue (BIR), Social Security System (SSS), Philhealth, HMDF, Department of Labor and Employment (DOLE), Mines and Geosciences Bureau, and CDA. The center hosts the One-stop Export Documentation Center (OSEDCC). Through the NERBAC, two large firms namely, Deca Homes and Stargate Plastic Packaging registered with BOI-Davao Extension Office for a total investment of P775million. Also, DTI hosted the BIMP-EAGA – Japanese Mission composed of 18 high ranking officials of top Japanese firms and officials from Japan International Cooperation Agency (JICA), Japan External Trade Organization (JETRO), Japan Bank for International Cooperation (JBIC), Japanese Embassy and Japanese Chamber of Commerce and Industry.

During the 7th Davao Business Conference, DTI Region 11 launched the Davao Region Industry Cluster Plans 2005- 2010 in cooperation with the Davao Federation of Chamber of Commerce and Regional Development Council (RDC)-XI. It featured the region's eight priority industries namely, banana, mango, coconut, seaweeds, wood, mining, eco-tourism, and ICT.

Region 12.

DTI Region 12 assisted in the conduct of Palm Oil Investment Forum with the Annual PPDCI General Assembly in M'lang, North Cotabato with 80 participants.

MSME DEVELOPMENT AND PROMOTION SERVICES

CAR.

Participation in 33 trade fairs, 26 selling missions, 511 matching activities and maintenance of 18 trade houses resulted in Php186.56million in sales benefiting 1,003 exhibitors and 640 firms. In addition, 152 various

skills and managerial training programs were conducted for 4,022 participants from various sectors.

Region 1.

Some Php22.75million in sales was generated from 33 trade fairs and exhibits participated in by 500 exhibitors from various sectors, including One Town One Project (OTOP) clients and Comprehensive Agrarian Reform Program (CARP) beneficiaries. Twenty four market matching activities were launched which enabled 27 firms to establish market linkages. DTI-Region 1 maintained four trade houses in the commercial capitals of each province which significantly helped 62 producers. In the first semester of 2006, Php700,000 worth of products were sold in these trade houses.

Region 2.

DTI-Region 2 partnered with the Canadian Executive Service Organization (CESO) for the launching of the CESO Program Assistance to SME Development in the region. The program was designed to fully assist priority OTOP projects in the province of Nueva Vizcaya, Quirino, Isabela, and Cagayan.

The "NV Goes to Alabang Trade Fair" and "Gameng Ti Cagayan Valley Trade Fair" generated Php43.9million in sales. "Padday na Lima 2006", a Region 2 trade fair at Alabang Fiesta Supermall, also generated a total sale of Php4.9million. About 75 MSMEs from five provinces of the region participated in the event. DTI-Region 2 conceptualized the "DRIVE for LIFE" (Developing Rural Industries and Village Enterprises for Living and Inspiring Filipino Excellence), a special project for MSMEs in Cagayan Valley to generate funds for the development of various industries and OTOP projects. The project was launched in Toronto, Canada; Chicago, Illinois;



and Los Angeles, California during the 1st Cagayan North Investment Mission in USA and Canada.

DTI Region 2 also provided services to displaced and returning Overseas Filipino Workers (OFWs) from Lebanon at the height of Israel-Lebanon conflict in 2006. DTI business counselors gave orientations to more than 1,100 OFWs on business opportunities, starting a business, and financing.

- **Region 3.**
As September 2006, DTI Region 3 generated Php1.4million through participation in 87 local fairs, establishment and sustenance of 13 Pasalubong Centers and various market matching activities.
- **Region 4A.**
Some 263 training sessions were attended by 8,572 participants from various sectors. A total of 714 exhibitors participated in 91 fairs that generated Php50.3million.
- **Region 4B.**
Total sales of Php14.5 million was generated from participation in national and local trade fairs, market matching activities, and operation of pasalubong centers. DTI Occidental Mindoro facilitated business matching for three salt producers which resulted in the sale 20,200 bags of iodized salt worth Php1.733million. In Marinduque, an inter-agency meeting in the Municipality of Torrijos led to the establishment of the Loom Weaving Association of Marinduque; a resolution was passed adopting the loom weaving industry as the municipality's OTOP. DTI Romblon, on the other hand, facilitated the release of Php380,000 grant from the Priority Development Assistance Fund (PDAF) for two SMEs and for the establishment of two pasalubong centers. Also, DTI Palawan matched Isaub Rootcrop Farmers



Association with Selecta Ice Cream for the supply of 85 tons of ube at Php13,500 per ton (worth Php1.147million). The association has 60 farmer members whose major crop is ginger and ube.

Region 5.

Region 5 was the partner region of CITEM's Partner Region Program (PRP). Under the program, selected food companies were assisted in food packaging and development to make their products competitive in both domestic and international markets. Major domestic fairs such as NTF, OTOP Luzon Island Trade Fair, and Orgullo Kan Bikol (OK Bikol) generated Php19.6million. Seventy other provincial and domestic fairs produced Php31.281million in sales. On product development, 213 new designs were developed and introduced during the fairs. A brand name and logo dubbed as "The Chosen Pili" was introduced."

Region 6.

A total of Php247.6m was generated from conducting, facilitating, and participating in 38 trade fairs. Intensive market matching resulted in domestic sales worth Php106.044million. Moreover, the 15 trade houses being maintained spawned Php53.1million in sales.

Region 7.

In Central Visayas, 195 new MSMEs were developed, 769 existing MSMEs assisted, and 16 SME centers maintained benefiting 1,591 MSMEs. In 2006, 136 training programs were conducted and a total of Php247.6million was generated from 38 trade fairs, 153 matching activities and maintenance of trade houses.

Region 8.

Awarded as the Best Sub-national Reform in Asia for 2006 by the donor Committee Enterprise Development on 27 July 2007 due to the Business Processing and Licensing Services (BPLS) which led to

the successful streamlining of business licensing procedures in Ormoc City.

Region 9.

The region's various fairs, market matching activities and SME display centers resulted in Php518.2million in sales, benefiting by 525 exhibitors and 199 firms which were matched for possible business DTI Region 9 coordinated and facilitated 119 training programs which enabled 4,376 participants from different sectors to enhance their competencies.

Region 10.

The Advocate of Philippine Fair Trade, Inc. (APFTI) served as the key partner of DTI Region 10, together with other government agencies and LGUs, in MSME development. APFTI and DTI spearheaded the launching of the World Trade Fair in May 2006, considered as the biggest international fair trade celebration. Similar activities were held worldwide including trade exhibitions in USA and Kenya, concert in Czech Republic and fair trade shows and public forum in Canada and in the country. The theme was "Fair Trade Organizations NOW" and the Philippine battle cry was "PINOY! Go Fairtrade." The event also showcased the launching of the Salay Handmade Paper Industries Incorporated (SHAPPI) Shoppe, cited as the first fair trade shop in Mindanao.

Region 12.

DTI Region 12 successfully negotiated with KCC Mall of Gensan in putting up the Sarangani SME Pasalubong Center-Wall Shop for free, and was opened to public in July 2006. Fifty fairs, three selling missions, 115 firms matched, and twenty-eight SME display centers and trade houses generated a total sale of Php142.2million, a big boost to 984 exhibitors. Some 167 training programs were facilitated and conducted, including

skills and managerial courses, which greatly improved the capabilities of 8,214 participants.

CARAGA.

The region made domestic sales of Php120.8million from business consultancy services, market matching activities, selling missions and SME display centers and trade houses. The four SME centers maintained continued to provide services to 4,256 individual entrepreneurs and enterprises. Various technical assistances, consultancy services, training sessions, capability building seminars and business information materials developed and strengthened 3,254 SMEs. Nine product development clinics led to 99 new product designs and prototypes from which 79 new products were developed.

CONSUMER PROTECTION AND WELFARE SERVICES

- A. Business Name Registration System (BNRS)
In 2006, 280,558 business name (BN) applications were approved by the regional and provincial offices nationwide. Of the total number of registration, 244,255 were new and 36,303 were renewals.
- B. Consumer Complaints Resolution Rate
Notably, 96.10% or 46,119 of 47,989 consumer complaints received by CWDs nationwide were resolved in 2006. Bulk of the complaints were on violations of the Consumer Act (RA 7394), particularly on consumer products and service warranties, liability for product and service, and product quality and safety.
- C. Compliance with Fair Trade Laws (FTLs)
Overall compliance rate of 99% to fair trade laws was monitored by the DTI regional and provincial offices nationwide.

ONE TOWN ONE PRODUCT (OTOP) PHILIPPINES

One Town One Product (OTOP) Program, a priority program of the government as indicated in the Medium-Term Philippine Development Plan (MTPDP) 2004-2010, aims to promote entrepreneurship and create jobs. OTOP-Philippines offers business counseling, skills and entrepreneurial training, product design and development, appropriate technologies, and marketing through local government units (LGUs), national government agencies and the private sector.

OTOP's progress in 2006 created big impact on the whole Philippine economy, with its highly positive effects reaching the grassroots:

- 1,240 city, municipal, provincial, and regional OTOP products from only 16 regional model OTOPs in 2004
- 70,609 jobs created
- P1.89billion investments
- P1.81billion domestic sales
- \$92.23million export sales
- 1,960 new MSMEs developed
- 5,968 new MSMEs assisted
- 1,218 OTOP market outlets nationwide established

The OTOP Program likewise heightened the awareness of SMEs, including cooperatives and LGUs, on the importance of trademarks and collective marks. In cooperation with the Intellectual Property Office of the Philippines (IP Phil), at least one cooperative applied for collective mark registration for *pancit Bato* locally produced in Camarines Sur. Also, the provincial governments of Bataan and Pampanga filed their respective trademark applications for indigenous products like bags, textiles, and processed foods. These increased the number of cooperatives and LGUs which filed trademark and collective mark applications since 2005.



REGIO

REGION IV-A

CARAGA



Metro Manila also adopted the OTOP program.

City	Model OTOP
Mandaluyong	ICT hub
Muntinlupa	Tree of hope
Pasig	Animation
Pateros	Bottled balut
Quezon	Health and wellness
Taguig	Puto panara

Region	Model OTOP
CAR	Roasted coffee
Region 1	Wood furniture
Region 2	Home furnishing
Region 3	Gifts and holiday decor
Region 4A	Paper-mache
Region 4B	Woven buntal
Region 5	Ceramics
Region 6	Bamboo
Region 7	Woven raffia
Region 8	Mussel
Region 9	Seaweed
Region 10	High value vegetables
Region 11	Banana chips
Region 12	Fresh banana
CARAGA	Oil palm