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ANNUAL
DTI

1993 ACCOMPLISHMENTS

Aug 1994
DEPARTMENT OF TRADE AND INDUSTRY
TRADE AND INDUSTRY INFORMATION CENTER

*Reaching for Tomorrow
by Acting Today*



Executive Report

Department of Trade and Industry

Starting with a vision: Philippines 2000

On 21 January 1993, President Fidel V. Ramos enunciated his vision of Philippines 2000.

"My vision — is for the Philippines to become a place where the least among us has the decent minimum of food, clothing, shelter and dignity — and the chance to make of his life the fullest it can be."

Key to this vision are the twin themes of global excellence and people empowerment where "export orientation of the economy will enlarge the pie and people empowerment shall both help enlarge the pie and divide it more equitably."

In response to the President's call, the Department crafted the **DTI Framework Plan: Export-led Balanced Agri-industrialization**.

The DTI Framework Plan defined how the Department will contribute to attaining the key economic targets of the Ramos Government as laid out in the Philippine Medium Term Development Plan (MTPDP) 1993-1998, namely:

- Increase in per capita income to US\$1,200,
- Average growth in gross national product (GNP) of 10%, and

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- Reduction of the poverty level to 30%.

DTI's Framework Plan for Export-led Balanced Agri-industrialization evolved from the following rationale:

- Export success demands global excellence, which makes industries competitive with the world's best.
- Exports generate jobs.
- Exports earn foreign exchange that pay for imports needed for the country's development.
- Exports stimulate agricultural development, as demand grows for processed, more value-added agri-based products.
- Export success raises living standards and improves quality of life in the rural countryside.

Effectively, the Plan aims to advance DTI's major work agenda as defined in its enabling mandate: exports, investments, countryside growth through small and medium enterprise (SME) expansion and consumer welfare.

We are pleased to report the results of DTI's work in the year 1993.

Reaching for Tomorrow: Challenges and Opportunities

The past year was mainly spent in preparing for economic take-off in 1994. Decisively addressed were the basic fundamentals for economic growth: interest rates, inflation, foreign exchange rates.

The government firmly illustrated its adherence to the open market, by word and deed concretizing its policy to integrate the Philippine economy with the rest of ASEAN, the Asia-Pacific and the world.

The power problem was taken by the horn such that by year-end 1993, households in Metro Manila were down to zero brownouts. The outlook for 1994 is literally bright: an average of five-hour brownouts per month in the Luzon grid from January to June and two hours for the rest of the year. Mindanao and the Visayas have been brownout-free since mid-1993.

Presidential economic diplomacy through visits to major Asian countries, and capped by a trip to the US in November brought in almost US\$4 billion in new investments. The cream on the cake was a redefinition of Philippine-American relations focused on a trade and investment partnership.

A successful, though still to be completed, privatization program and strong unmistakable steps to dismantle monopolies revealed government's intent to level the business playing field. Another plus was

the Philippines's accession to the Multilateral Investments Guarantee Agency (MIGA) by the year-end. The Philippine stock market topped all other Asian bourses in performance, with earning improvements exceeding 150%.

Given those upbeat developments, the small economic gains of 1993, coming as they did in the wake of severe summer brownouts that impeded manufacturing productivity and 32 typhoons that set back the momentum of agricultural production, could be seen as a healthy precursor of things to come in 1994.

1993 Economic Scoreboard

| | <u>In Percent</u> |
|--|-------------------|
| Gross Domestic Product (GDP) <i>real growth rate</i> | 1.69 |
| Gross National Product (GNP) <i>real growth rate</i> | 2.29 |
| Gross Value-Added (GVA) <i>% increase over 1992</i> | |
| Agriculture, Fisheries and Forestry | 1.50 |
| Industry | |
| Mining and Quarrying | 0.66 |
| Construction | 4.51 |
| Manufacturing | 0.75 |
| Interest Rate <i>year-end 1993</i> | 15.9 |
| Inflation Rate <i>year-end 1993</i> | 8.4 |

Sources: National Statistical Coordination Board
Bangko Sentral ng Pilipinas

DTI Operating Results - 1993

By stressing the basic fundamentals and improving business operating conditions, DTI in 1993 paved the way for record exports, respectable investment inflows and a small gain in small business start-ups. Growth in all three aspects was especially pronounced in Regions 4, (Southern Luzon), 8 (Western Visayas) and 10 (Northern Mindanao)

Key Result Areas

| | 1993 | 1992 | % Increase (Decrease) |
|--------------------------------|-----------|---------|-----------------------------|
| Exports | S11.27B | S9.82B | 14.7 |
| Investments | P95.32B | P99.69B | (4.4) |
| Small Enterprise Start-ups* | 125,042** | 122,102 | 2.4 |

* As indicated by the number of business name registrations

** Exclusive of 22,902 renewals

Exports: A record year

Export receipts of US\$11.27 billion earned in 1993 were a 14.7% improvement over those of the previous year. Moreover, it exceeded the export value target of US\$10.9 billion set in the Medium-Term Philippine Export Development Plan by over 3% and the 11.3% target growth rate for the period.

Top Trading Partners
(FOB Value of Exports in US\$ Million)
January - November 1993*

| | 1993 | | 1992 | | Difference | % Change |
|---------------------------|------------|---------|-----------|---------|------------|----------|
| | Value | % Share | Value | % Share | | |
| Total | \$10,269.2 | 100.0% | \$9,824.3 | 100.0% | \$444.9 | 4.5% |
| USA | 3,916.4 | 38.1 | 3,831.5 | 39.0 | 84.9 | 2.2 |
| Japan | 1,666.4 | 16.2 | 1,745.4 | 17.8 | (79.0) | (4.5) |
| Germany | 524.3 | 5.1 | 521.7 | 5.3 | 2.6 | 0.5 |
| Hong Kong | 498.9 | 4.9 | 463.7 | 4.7 | 35.2 | 7.6 |
| United Kingdom | 474.2 | 4.6 | 466.8 | 4.8 | 7.4 | 1.6 |
| Singapore | 345.5 | 3.4 | 252.3 | 2.6 | 93.2 | 36.9 |
| Netherlands | 331.8 | 3.2 | 406.3 | 4.1 | (74.5) | (18.3) |
| Taiwan | 311.5 | 3.0 | 286.8 | 2.9 | 24.7 | 8.6 |
| India | 224.7 | 2.2 | 8.6 | 0.1 | 216.1 | 2512.8 |
| Rep. of Korea | 196.0 | 1.9 | 175.8 | 1.8 | 20.2 | 11.5 |
| France | 187.6 | 1.8 | 178.9 | 1.8 | 8.7 | 4.9 |
| Canada | 172.5 | 1.7 | 159.8 | 1.6 | 12.7 | 8.0 |
| Thailand | 152.7 | 1.5 | 98.4 | 1.0 | 54.3 | 55.1 |
| People's Rep. of China | 148.2 | 1.4 | 113.9 | 1.2 | 34.4 | 30.1 |
| United Arab Emirates | 137.8 | 1.3 | 110.5 | 1.1 | 27.3 | 24.7 |
| Others | 980.6 | 9.5 | 1,003.8 | 10.2 | (23.2) | (2.3) |

* Latest available data

The Philippine export momentum was pushed through several DTI initiatives:

- On the **policy front**, Proclamation No. 67 was issued, declaring exports as the key to the country's balanced agri-industrial growth.

| Top Philippine Exports (FOB Value in US\$ Million) January - December 1993 | | | | | | |
|---|------------|---------|-----------|---------|------------|----------|
| | 1993 | | 1992 | | Difference | % Change |
| | Value | % Share | Value | % Share | | |
| Total | \$11,270.0 | 100.0% | \$9,824.3 | 100.0% | \$1,445.7 | 14.7% |
| Semiconductor devices | 1,090.0 | 9.7 | 873.6 | 8.9 | 216.4 | 24.8 |
| Electrical machinery | 585.1 | 5.2 | 485.3 | 4.9 | 99.8 | 20.6 |
| Other electronic integrated circuits | 574.2 | 5.1 | 374.1 | 3.8 | 200.1 | 53.5 |
| Women's wear | 426.2 | 3.8 | 404.2 | 4.1 | 22.0 | 5.4 |
| Children's and infant's wear | 389.2 | 3.4 | 359.6 | 3.7 | 29.6 | 8.2 |
| Men's wear | 380.0 | 3.4 | 325.2 | 3.3 | 54.8 | 0.2 |
| Other products manufactured from imported materials | 379.8 | 3.4 | 160.6 | 1.6 | 219.1 | 1.4 |
| Coconut oil | 300.4 | 2.7 | 420.5 | 4.3 | (120.1) | (28.6) |
| Ignition wiring sets | 294.5 | 2.6 | 261.8 | 2.7 | 32.8 | 12.5 |
| Cathodes | 260.8 | 2.3 | 216.6 | 2.2 | 44.2 | 20.4 |
| Others | 6,586.3 | 58.4 | 5,942.8 | 60.5 | 643.5 | 10.8 |

The proclamation called for:

- Policies that promote the global competitiveness of Philippine products and services.
- Enhanced agricultural and industrial productivity.
- Streamlined export documentation procedures.
- New programs to fast-track export performance.

- **Market Access and Promotion**

Market access was strengthened mainly through overseas commercial representation and an active negotiating posture at both bilateral and multilateral fora. In the case of garment exports, negotiations with major quota countries led to increased quota levels. Negotiations conducted with the US Trade Representative resulted in the downlisting of the Philippines from the Priority to the Ordinary Watch List of the US under the Intellectual Property Rights law.

On the **multilateral** front, DTI took a lead role in the negotiations under the ASEAN Free Trade Area (AFTA) and the Uruguay Round of the General Agreement on Tariff and Trade (GATT). A revised list of Philippine products for inclusion and exclusion in the Common Effective Preferential Tariff (CEPT) scheme was submitted in November, under both the normal and accelerated tracks of the tariff reduction program.

DTI defined the country's positions and participated in the GATT-Uruguay Round negotiations on agriculture, services, textiles and clothing and intellectual property rights. Also, the benefits and costs of the new trade policies resulting from the conclusion of the Round, including new legislation which will maximize the trade benefits, have been identified.

- **Intensified Market Promotion**

Thirty-four incoming and outgoing trade missions and 28 trade fairs were mounted, generating over US\$46 million in negotiated export sales.

- **Facilitation**

One-Stop Export Documentation Centers were established in Baguio, Cebu and Davao, in addition to the Metro Manila facility.

Key results: 191,222 documents processed valued at US\$1.9 billion, a 31.4% increase over 1993; 2,265 exporters serviced.

For garment and textile exports, a timely and flexible system of quota allocation was introduced; a major breakthrough is the 24/48 hours processing of import and export documents.

- **Product Standards**

The ISO 9000 certification scheme was adopted to improve quality competitiveness/market acceptance of Filipino industrial products overseas. Eleven firms got ISO certification in 1993.

- **Institutional Strengthening**

The Export Development Council was formally constituted, with its 18-man membership divided equally between the private and the government sectors. Last year, the Council completed the feasibility study on setting up an export-import bank, and successfully pushed for the exemption of the garment and textiles sector from the SGS inspection requirement for raw material importations.

Investments: 98.8% increase in foreign investments

Investments in 1993 reached P95.3 billion, measured in terms of the total cost of projects approved by the Board of Investments. These consist of 2,000 projects worth P94.1 billion which are entitled to incentives, and 10 projects under the Motor Vehicle Development Program which were approved without incentives and valued at P1.2 billion.

The P95.3 billion investments generated in 1993 reflected a 4.39% decline from the 1992 figure of P99.69 billion. The investment slowdown is mainly traceable to two factors: a worldwide economic recession especially in Japan and the US, the major sources of foreign investments in the Philippines, and severe power outages in the runup to September 1993, which set back manufacturing productivity.

1993 Investment Scoreboard BOI Project Approvals

| | 1993 | 1992 | % Increase (Decrease) |
|-----------------------------|--------|--------|--------------------------|
| No. of Projects Approved | 2,010 | 2,250 | (10.67) |
| Project Cost (in PB) | P95.32 | P99.69 | (4.39) |
| Total Equity (in PB) | P33.85 | P28.04 | 20.69 |
| Local | 19.43 | 20.79 | (6.55) |
| Foreign | 14.41 | 7.25 | 98.81 |
| No. of Jobs Created | 62,122 | 49,768 | 24.82 |

Notwithstanding the investment decline, some positive trends emerged:

- The value of local equity investments overtook foreign equity inflows by over 34% and accounted for over 57% of total equity investments for the year.
- Once fully operational, approved projects will open up 62,122 new jobs, 24.8% better than the employment created by the 2,250 projects approved by the BOI in 19⁰².
- There is also a marked trend for the new and expansion projects to locate away from Metro Manila to the countryside.
- The favored locations were Regions 4 (Southern Tagalog) and 10 (Northern Mindanao) each enjoying capital infusions of over P21 billion, followed by Region 8 (Western Visayas) with P14.56 billion.

Location of BOI-Approved Projects, 1993

| | Project Cost | Equity Participation | Jobs Opened |
|----------------------|-----------------|-------------------------|----------------|
| Metro Manila | P 4,527,988 | P 3,486,132 | 12,834 |
| Regions of which: | 84,924,733 | 23,990,641 | 55,479 |
| Region 1 | P 6,127,379 | P 1,868,45 | 11,460 |
| Region 2 | 24,200 | 24,200 | 51 |
| Region 3 | 4,443,010 | 1,587,661 | 5,486 |
| Region 4 | 21,048,539 | 8,280,559 | 19,758 |
| Region 5 | 38,922 | 14,333 | 1,478 |
| Region 6 | 2,993,705 | 923,503 | 4,142 |
| Region 7 | 7,717,285 | 2,187,575 | 3,305 |
| Region 8 | 14,564,654 | 3,646,384 | 601 |
| Region 9 | 332,286 | 203,570 | 218 |
| Region 10 | 21,286,979 | 5,883,774 | 5,795 |
| Region 11 | 4,646,789 | 2,22,011 | 2,430 |
| Muslim Mindanao | 1,700,985 | 830,226 | 755 |
| Several/ | 707,806 | 307,177 | 958 |
| Undecided locations | 16,500 | 0 | 0 |

Privatization

Privatization of government corporations and assets free up capital funds for critical projects like infrastructure while reducing the government payroll.

Gross revenues from privatization from 1987, when the program started, to end 1993, have reached P77 billion: P38 billion from the sale of transferred assets and P39 billion from the sale of GOCC's. In the same period, 81 of 130 targeted GOCCs have been

privatized. From the sale of 40% of government's holdings in Petron, some P14 billion have been generated.

The privatization program of the National Development Company (NDC) a DTI-attached agency, generated a total of P1.83 billion in revenues during 1993. Total proceeds since the program started has reached P5.6 billion. Among the fully divested former NDC firms are Philippine Air Lines, the International Corporate Bank and Marina Properties, Inc.

Policy reforms

The past year's investment push focused on programs and projects intended to make Philippine policies more investor-friendly, institutional reforms mandating a clear promotional direction for the primary investment agency and more facilitative measures in aid of investment and business operations.

- The Board of Investments was **reorganized and transformed** into a promotional body from its original regulatory orientation. A comprehensive system of investor assistance was introduced, mainly anchored on specialized country desks to service investors. There are now six such desks: Australia, Italy, Japan, Germany, Taiwan and the US.

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- In the **policy area**, the major initiatives were cued to innovative liberalizing legislation to mobilize investments and level the playing field of Philippine business:
 - RA 7652 passed in June 1993 increased land lease terms to 75 years, with option to renew for another 25.
 - RA 7651 strengthened the Bureau of Customs (BOC) and amended the Tariff and Customs Code.
 - Amendments to the 1987 Omnibus Incentives Code will revamp the incentives system to deemphasize fiscal incentives and focus more on improving the investment climate, investor servicing and infrastructure upgrading.
 - Amendments to the Foreign Investments Act will expand areas open to foreign investors and ease the requirements for a domestic market enterprise to become an export company.
 - Continuing pursuit of the import liberalization program and phase-down of tariffs will help improve global competitiveness of Philippine industries.

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- Approval of the 1993 Investment Priorities Plan (IPP) were in support of economic goals such as, but not limited to, increased export production capacity, agricultural and fishery productivity, upgraded infrastructure to support agri-industrial development. Special emphasis is also placed on small and medium-sized enterprises because of their contribution to job creation and countryside development.
 - Location-specific development approach centered on promoting identified industrial areas to receive investments. These include the existing four export processing zones and other growth centers in line for development, e.g., Subic Free Trade Zone, CALABARZON, Cagayan-Iligan Corridor, and Northeastern Luzon Growth Network. Promotion of the EPZs led to 75 new and expansion projects with total investments valued at P2.68 billion in 1993, a 13% improvement over 1992's P2.36 billion.

Industrial peace

- To ease the business operating field, programs to promote peace through labor-management Councils were initiated: 209 firms were given orientation on labor-management cooperation, quality and productivity, leading to 18 training events and set up of 15 LMCs. A One-Stop Interagency Tax Credit and Duty Drawback Center at the Department of Finance (DOF) facilitates tax and duty drawback processing.

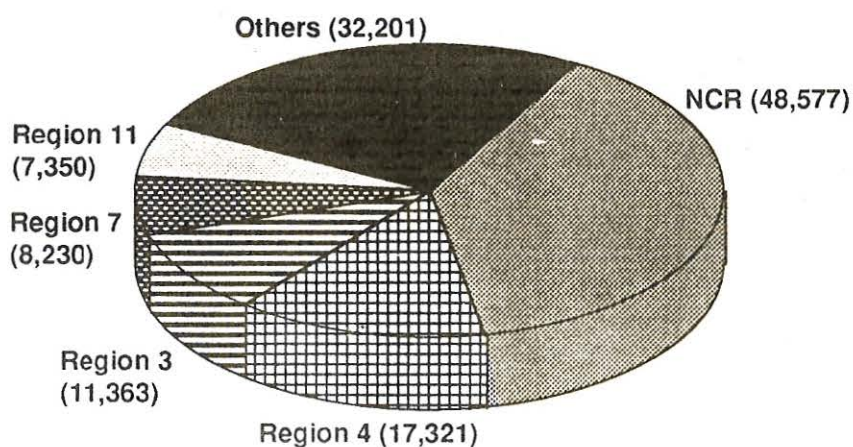
Countryside development and SME expansion

The growth and development of small and medium enterprises (SMEs) are strategic to increasing export capacity and stimulating economic activities in the rural countryside. The bottom-line aim: more jobs for rural workers, increased export revenues. One indicator of SME start-ups and growth is business name registration (BNR).

Total BNR of 125,042 in 1993 is only slightly more than one percentage point over the 1992 level.

The regions outside Metro Manila accounted for over 60% of new businesses registered although, by individual region, the National Capital Region (NCR)

**Top Five Regions
Business Name Registrations
1993**



continued to have the biggest share by far.

DTI banner programs for countryside SMEs

DTI has introduced and continues to expand its programs to nurture and grow countryside enterprises and livelihood ventures. Such programs address the needs of small business from enterprise management throughout the full cycle of production, financing and marketing.

1993 Business Name Registrations

| | <u>1993</u> | <u>% of Total</u> |
|-------------------------------|--------------------|--------------------------|
| National Capital Region (NCR) | 48,577 | 38.8 |
| Regions outside of NCR | 76,465 | 61.2 |
| of which | | |
| CAR | 2,082 | |
| Region 1 | 4,179 | |
| Region 2 | 3,553 | |
| Region 3 | 11,363 | |
| Region 4 | 17,321 | |
| Region 5 | 4,487 | |
| Region 6 | 3,996 | |
| Region 7 | 8,230 | |
| Region 8 | 2,892 | |
| Region 9 | 2,503 | |
| Region 10 | 3,661 | |
| Region 11 | 7,350 | |
| Region 12 | 4,848 | |
| Total | 125,042 | |

Access to low-cost financing credit was provided through several tiers:

- The mandatory allocation provision of the Magna Carta for Small and Medium Enterprises (SMEs) has increased the fund base for SMEs. As of June 1993, banks had set aside P31.98 billion or 13.99% of their total loan portfolio of P228.64 billion. Of this, P26.85 billion was actually lent out to SMEs.
- Through the Small Business Guarantee Finance Corporation (SBGFC), guarantees for 351 projects were approved valued at P300.91 million. Some 1,980 project beneficiaries were assisted, resulting in 5,346 additional jobs.
- Access to low-cost credit also came through the DTI's Tulong Sa Tao (TST), Industrial Guarantee Loan Fund (IGLF), Micro Enterprise Development Project (MEDP), Cottage Enterprise Finance Project (CEFP) and the locally funded Micro Credit Project. In 1993, loan approvals amounting to P348.5 million were granted to small micro-ventures in manufacturing, trading, processing and services through 668 NGO conduits. The projects opened up jobs for 61,256 workers. The average repayment rate for the loans was 78%.

SME locators in the countryside also got support from the following programs:

- **Small and Medium Industry Technology Transfer and Development Program (SMITTDP)**, tailored for the farmer beneficiaries and landowners under the Comprehensive Agrarian Reform Program (CARP). Technical, consultancy, marketing and infrastructure support was given to 64,590 beneficiaries in 1993 under this program.
- A total of 18 **Regional Agro-industrial Growth Centers (RGCs)** were identified all over the country, six of which are now operating; the rest are under various stages of development. (As of November 30, 1993).
- A total of 1,438 skills training programs were conducted for 33,788 entrepreneurs, would-be entrepreneurs, farmers, students, landowners, industry workers, out-of-school youth and housewives in the areas of basketry, metalcrafts, woodcrafts, gifts, toys and housewares, ceramics, bamboocrafts and food processing.

DTI's lead program for marketing assistance to countryside SMEs is the Market Encounter Program (MEP). Briefly, Market Encounter helps rural entrepreneurs develop marketable products and find local and foreign buyers for their merchandise.

The MEP and other promotions activities of the DTI regions resulted in:

- Three hundred forty-one (341) trade fairs conducted all over the country, 28% more than in 1992, to forge link-ups between producers and buyers. Some 3,859 countryside producers participated in the fairs, generating sales of P168.74 million. (As of September 30, 1993).
- Ninety-eight (98) trade houses/centers nationwide, 20% higher than last year's, established/maintained which provided venue for exhibits for 6,517 participating rural producers and manufacturers. (As of September 30, 1993).

The operations of some Market Encounter participants have since grown, enabling them to join the Market Week events organized by DTI's Center for International Trade Expositions and Missions (CITEM), where they get exposure to foreign buyers so they can eventually engage in direct exports.

Consumer Welfare

Not least of DTI's key concerns is consumer welfare and protection.

The principal instruments used by DTI to protect consumers are: fair trade law enforcement, price and supply stabilization and monitoring, and consumer awareness information/education. The job has called for strengthening DTI's networking arrangements with

local government units and consumer groups, now institutionalized in the National Consumer Council of the Philippines. Dialogue and consultation mechanisms with manufacturers, suppliers, traders and retailers also continue to be forged.

Another key program relates quality standards for products affecting home and personal safety and their enforcement.

In 1993, DTI's accomplishments in this area included:

Fair trade law enforcement

- The Price Act (RA 7581) designates local government units to take the lead in ensuring stable prices. The law also calls for setting up Local Price Coordinating Councils (LPCCs), to be chaired by DTI. To date, 211 LPCCs nationwide have been formed to address product supply and pricing issues.

**Enforcement Summary
1990 - 1993**

| Year | No. of Firms | | Amount of Fines Imposed (In thousand P) |
|-------|--------------|-----------|---|
| | Monitored | Penalized | |
| 1990 | 109,697 | 5,239 | P5,496.7 |
| 1991 | 162,282 | 4,345 | 4,174.0 |
| 1992 | 134,080 | 1,929 | 3,125.5 |
| 1993* | 131,163 | 1,032 | 453.2 |

* Jan. - Nov.

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- DTI fully constituted, and serves as the secretariat to, the National Consumer Council of the Philippines (NCCP) which is the main advisory and consultative arm of the government, business and consumer sectors in formulating consumer policies and action plans.
 - Consumer Welfare Desks (CWDs) set up in DTI regional/ provincial offices and commercial centers offer consumers an accessible venue to air trade complaints for speedy resolution. By end September, 297 CWDs have been set up and 240 complaint/suggestion boxes installed.
 - Implementing Rules and Regulations (IRR) for the Price Act of 1992) were formulated and approved.

Price/supply monitoring

A much strengthened monitoring network has been cemented between the DTI, the Local Price Coordinating Councils (LPCCs) and the Bantay Bilihin Citizens Volunteer Network (BBCVNs). Together, they monitor price movements and supply at the retail end.

Last year, 106,837 firms were monitored, with 910 firms found guilty of infractions and penalized. Consumer vigilance and strict enforcement of fair trade laws drastically lowered the incidence of violations to one percent. Most violations were for mislabelling/ underweighing, profiteering, nonaccreditation of repair shops and noncompliance with mandated product standards.

Consumer information and education

A major consumer information project was the production and airing of a 35 mm plug on *Operation Timbangan* shown in 40 Metro Manila and 140 provincial theaters. The same plug was also aired on TV under an arrangement with the KBP.

In addition, publications and posters on consumer rights, public dialogues and symposia held, particularly to inform the public about commonly prohibited practices and the ways and means to seek redress when they are victimized.

Special supply/price stabilization measures

In periods of natural calamities or man-made emergencies, DTI initiated mechanisms to stabilize prices and supply of basic commodities, especially in poorer communities. Among these: rolling stores, food caravans, *bagsakan* centers, Bantay Bilihin Tindahans and intercooperative trading arrangements.

Issues and Problems

At the **operational** level, DTI's work of promoting exports, investments, small enterprise and countryside growth continues to be affected by a still weak policy environment and deficient infrastructure when it comes to bringing in more foreign investors, particularly in desired industries and geographic locations. Protectionist policies under the guise of "nationalism" in past years have left Philippine industrial productivity at a low level. There is a severe lack of modernizing technologies that serve as the springboard to maximum productivity. This sets back industry's ability to compete effectively in the markets of the world.

Meanwhile, competition both for foreign investments and overseas market share is growing stronger, especially as more Asian economies (Vietnam, Cambodia, China) free their markets. In the global trading arena, the protectionist trend has grown stronger as trade blocs solidify, creating yet more barriers to the free entry of Philippine products in the world's developed markets.

Institutionally, DTI is hampered by budget and manpower constraints that limit its ability to mount an aggressive trade representation overseas. DTI also needs to work more closely with other government line departments, the legislative and business groups to align competing interests and create an even more attractive investor-friendly climate that is competitive with emerging country rivals for trade and investments in the region.

Challenges and Agenda for 1994

DTI is committed to its mission of putting the Philippines on the fast track to newly industrializing country status by the turn of the century.

For 1994, the macro-economic growth targets are: 4.5% in GNP, 4.7% in GDP and 6.0% in industry GVA.

To achieve these, the 1994 targets in the area of DTI responsibility are:

| | |
|--------------------------------|--|
| Investments | P115 billion in total cost of approved projects P 74.1 billion in foreign equity P 40.2 billion in local equity |
| Exports | US\$13 billion in export earnings and a growth rate of 15.45% over the 1993 export level |
| Countryside Development | <ul style="list-style-type: none">• Development and promotion of regional growth centers, the priority areas being: CALABARZON Cagayan-Iligan Corridor Northwestern Luzon Growth Quadrangle |

East Asian Growth Area
(EAGA) linking
Davao, Cotabato and
General Santos with
ASEAN:

Malaysia, Indonesia
and Brunei

- Countryside pump priming
through the NGO-MCPH

Consumer

- Implementation of the
Price Act (RA 7581)
and other fair trade laws
Sustained product standards
upgrading
Information and education
campaign

To reach those targets, DTI will focus on
implementing its own set of flagship programs
consistent with the 1994 flagship programs of the
Ramos government.