

2007 ASIA-PACIFIC BUSINESS OUTLOOK



THE PHILIPPINES

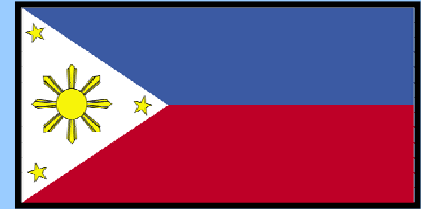
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The Philippines



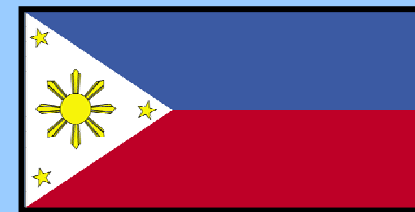
- The Philippines - An Overview
- U.S - Philippine Ties
- Economic & Trade Overview
- Doing Business in the Philippines
- How the U.S. Commercial Service Assists U.S. Companies



The Philippines

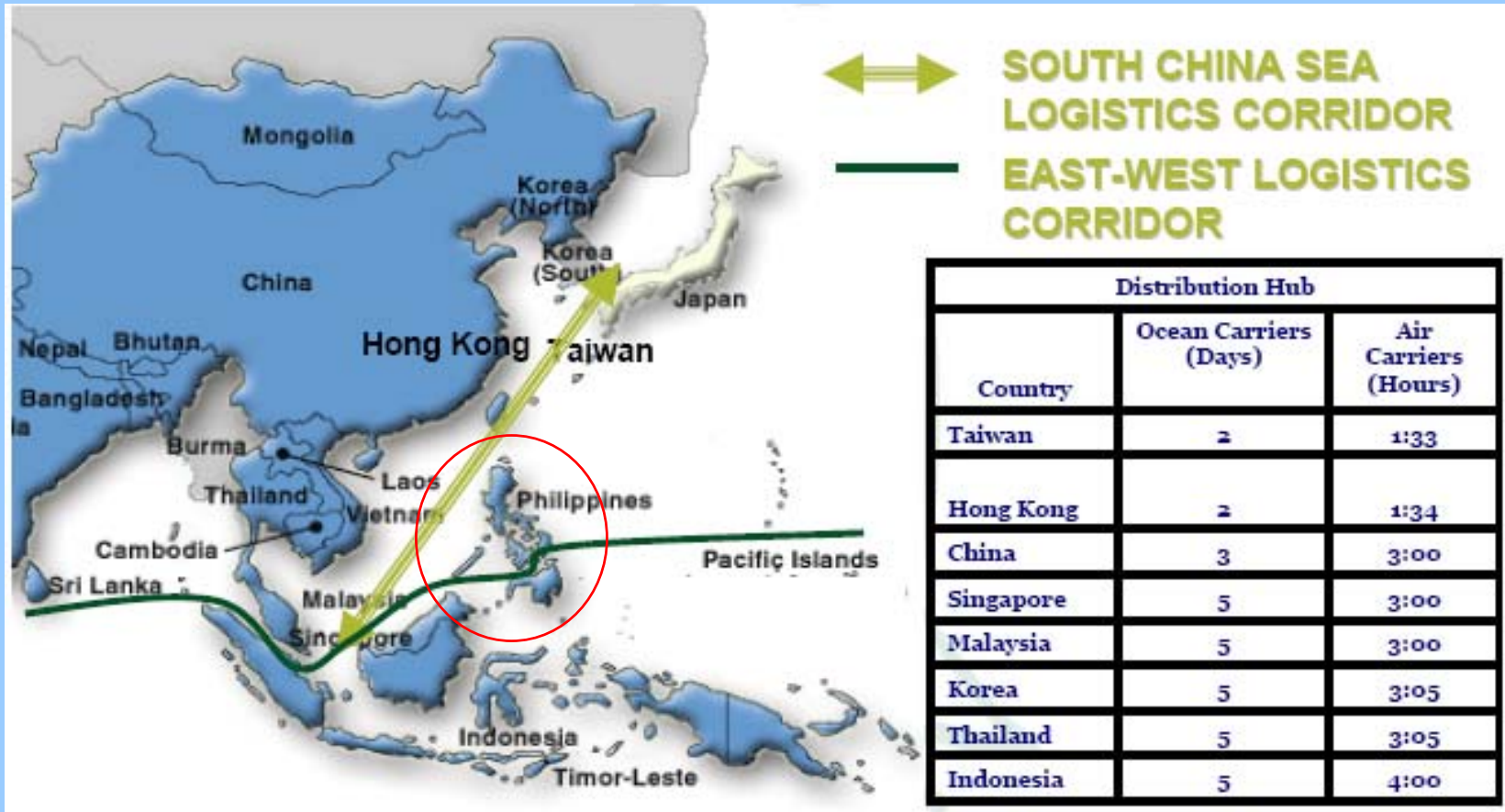


- 7,000 islands - size of New England
- 90 million people - nearly 300% larger than population of northeastern seaboard
- Economy relies on remittances from >11 million Overseas Filipino Workers (OFWs)



Strategic Location in Asia

Crossroad of the Pacific



Source: www.Peregrine.com



Why the Philippines is HOT!



- American products are popular and trusted
- U.S. is **#1** trading partner & **#1** investor
- **24** straight quarters of economic growth
- One of the **fastest** growing business process outsourcing destinations in the world
- World's **3rd** largest English-speaking nation
- Ranked **2nd** among 32 economies in level of business confidence (Grant Thornton International Business Survey Review for 2007)



Positive Opinion of U.S.

- Filipinos:
 - 51% *favorable* view of U.S.
 - Plus 44% *very favorable*
- Filipinos see the U.S. (vs. China) as most important player in region now and in future - unique among East Asians



The Philippine Advantage



Endless waterways
& coastal beauty



Rich Heritage &
Thriving Traditions



Warm & Friendly Filipino People

U.S. - PHILIPPINE TIES



U.S.- Philippine Ties

History & Culture

- Colonial Era
 - “Benevolent Assimilation”
- World War II
 - Shoulder to Shoulder
- Matured Friendship
 - English Language
 - Democratic Principles
 - 3 million Fil-Ams in the U.S.



U.S.- Philippine Ties

Current Ties

- Shared history, shared values, and a common interest in global peace and prosperity
- Development assistance and mutual cooperation
- Accelerating economic and business engagement



U.S.- Philippine Ties

Future Ties

- Strong allies and committed partners in fighting terrorism
- Mutual prosperity
- Helping U.S. business
- Mindanao achievements

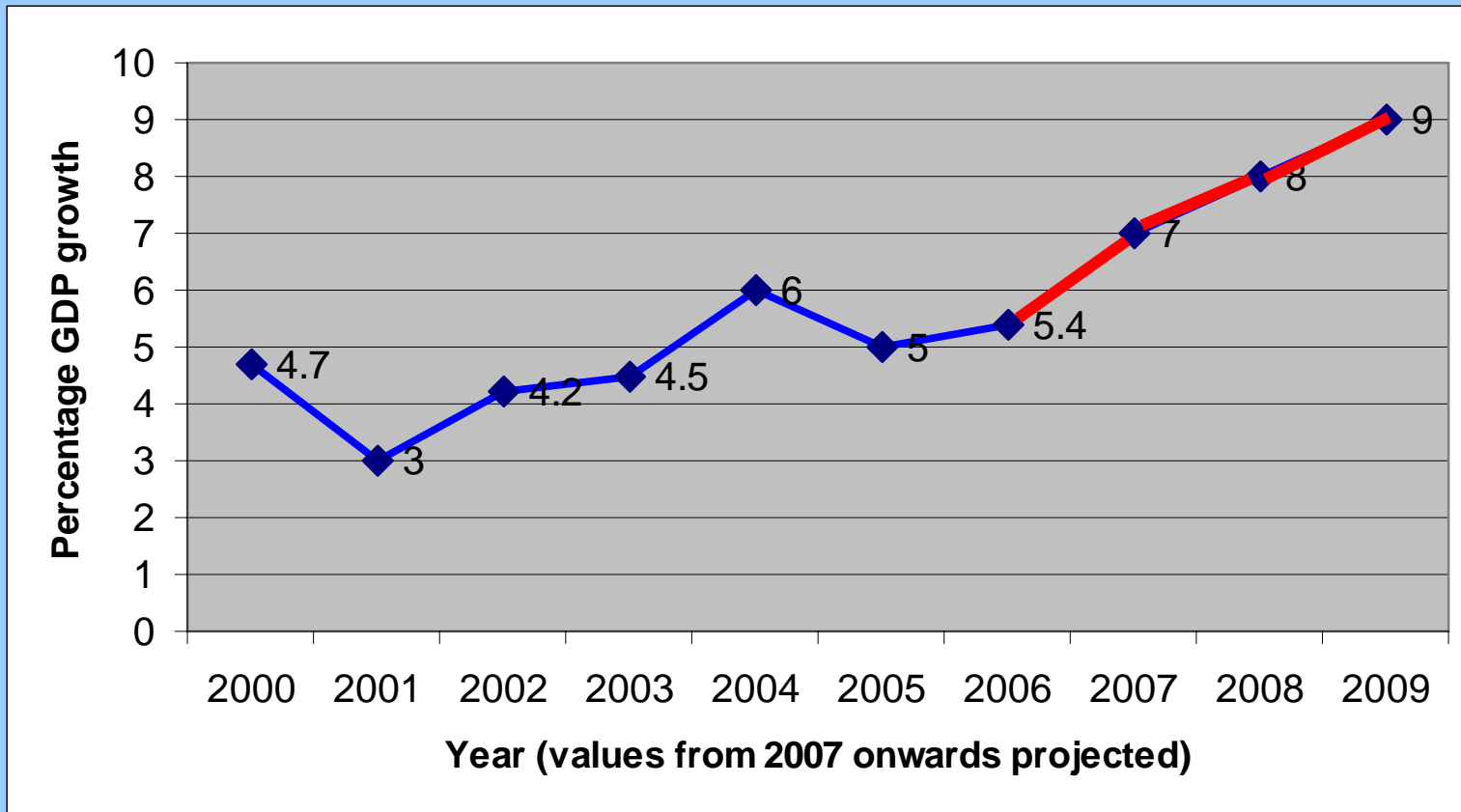


PHILIPPINE ECONOMIC & TRADE OVERVIEW



Stronger Philippine Economy

Economic Growth ("7-8-9 Plan")

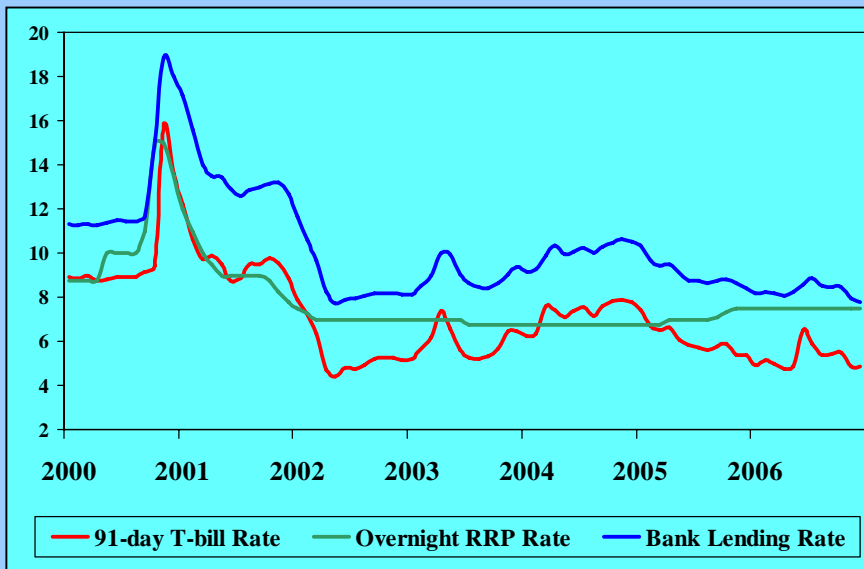


Source: Philippine Government

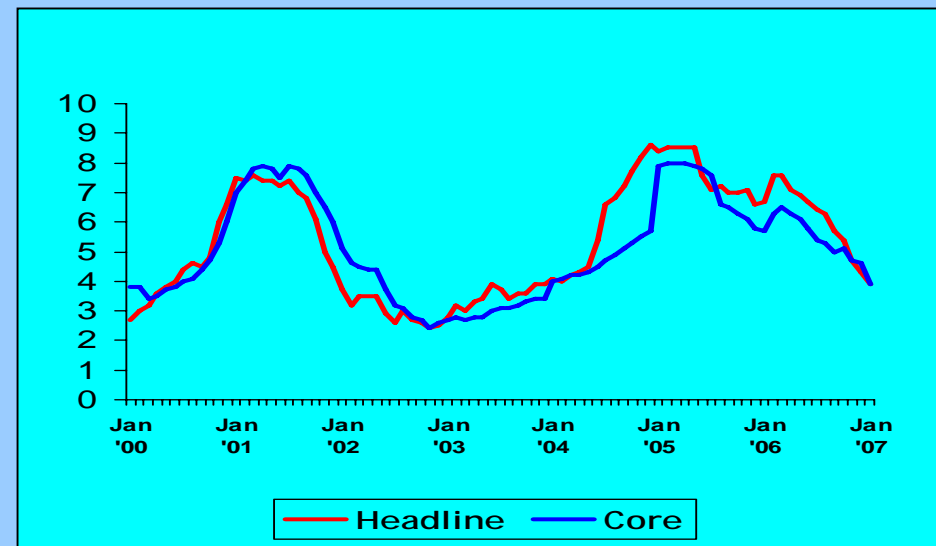


Positive Indicators

Stable and low interest rate environment

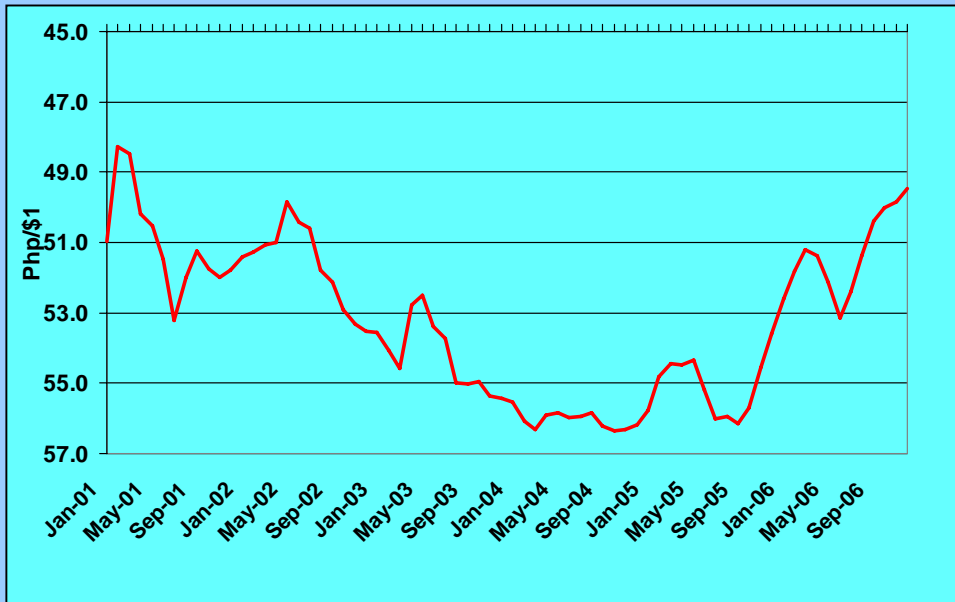


Inflation at its lowest since Oct 2003; eases further in Jan 2007



Positive Indicators

Peso at 6-year high, one of Asia's best performing currencies



Strong Stock Market: returning to historic highs



Improving Economic Indicators

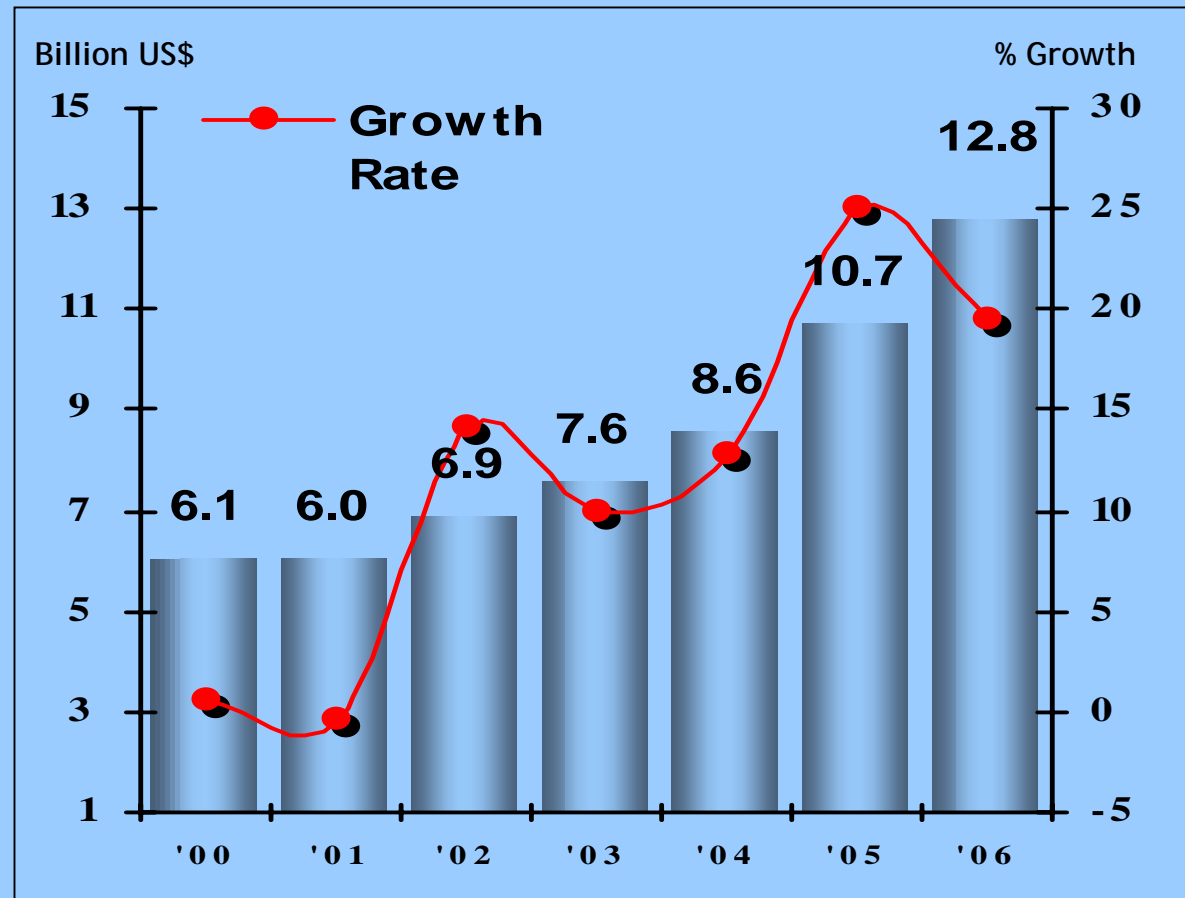
- Highest level of business optimism since 1996 (Makati Business Club survey)
- Declining budget deficit
- Strong Stock Market: 9-year high
- Reduced Bad Loans: lowest in 8 years
- Boom in Business Process Outsourcing: 40% expansion (financial services, animation, medical transcription)
- Net Foreign Direct Investments (FDI) in 2006 hit the \$2 billion mark
- Tourist Arrivals up 20% in 2006



More OFWs, More Remittances

Overseas Filipino Workers' Remittances */

- Cash remittances coursed through banks rose by 19.4 percent in 2006
- Robust inflows due to continued demand for OFWs and improved access to financial services



*/ Cash Remittances coursed through banks; Source: BSP



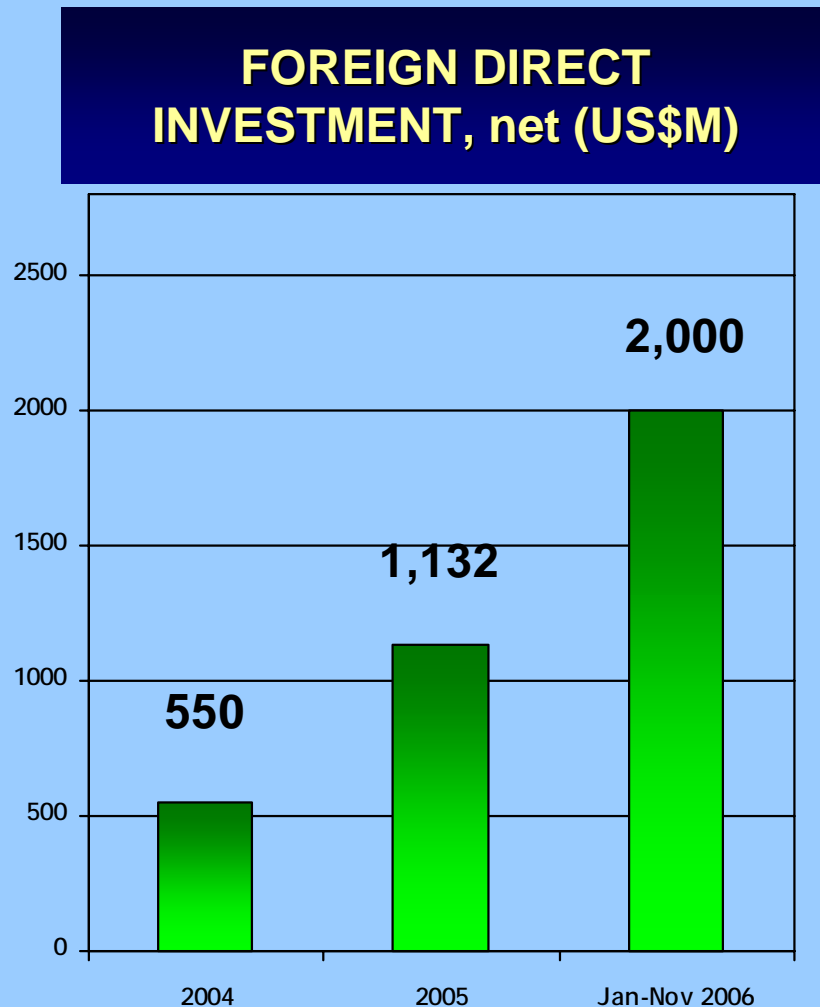
Tell Tale Signs

- Large number of new mega malls
- Large number of shoppers with merchandise
- Fast food restaurants full
- Restaurants and clubs full
- Toll roads heavily used
- Expanding number of golf courses
- Expanding master planned communities
- Abundance of casinos



Foreign Direct Investment

- The United States is the Philippines' largest investor
- Estimated U.S. foreign direct investment (FDI) stock of \$6.6 billion as of 2005
- Foreign Direct Investment (FDI) in the Philippines peaked in 1998 at \$2.2 billion. In 2005, it was \$1.1 billion. As of Jan-Nov. 2006, net FDI flows hit the \$2 billion mark



2007 Preferred Areas of Investment



- Agri-business
- Health and Wellness
- Information & Communications Technology (ICT)
- Electronics
- Motor Vehicles
- Energy
- Infrastructure
- Tourism
- Shipbuilding/Shipping
- Jewelry
- Fashion Garments
- Mining



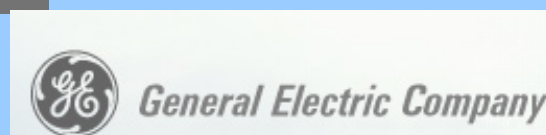
U.S. Companies in the Philippines



1. Texas Instruments, Inc.
2. Citibank N.A.
3. American International Group (AIG)
4. Intergen (Quezon Power)
5. Amkor Technology
6. Intel Technology, Inc.
7. Philip Morris
8. Procter and Gamble, Inc. (P&G)
9. CalEnergy Generation
10. Ford Company
11. Dole



Solid Partnerships Between U.S. & Philippine Firms



Leading Industrial Sectors for U.S. Exports to the Philippines



1. Telecommunications Equipment
2. Electrical Power Systems
3. Pharmaceuticals
4. Information Technology
5. Medical Equipment
6. Pollution Control Equipment
7. Building & Construction
8. Water Resource Equipment & Services
9. Automotive Aftermarket Parts & Service
10. Safety & Security Equipment



U.S.-Philippine Trade: A Healthy Relationship



- Over \$17B in two-way trade in 2006 - relatively **balanced trade flows**
- The **U.S. is the Philippines' top trading partner**, accounting for 17% of total Philippine trade with the world
- In 2006, the Philippines ranked as the United States' **25th largest export market**, 28th largest seller to the U.S. market



DOING BUSINESS IN THE PHILIPPINES



Who's Who in Philippines Business

- Jaime Zobel de Ayala
- Eduardo Cojuangco
- John Gokongwei
- Oscar Lopez
- Henry Sy
- Lucio Tan
- Tony Tan Caktiong
- George Ty



Ayala



Cojuangco



Gokongwei



Tan



Sy



Ty



Tan Caktiong



Lopez

Key Growth Areas

- Subic-Clark Corridor
- Calabarzon
- Cebu
- Cagayan de Oro-Iligan Corridor
- Davao



Philippine Business Culture

- Exporters should use a representative, agent or distributor
- Focus on private sector opportunities
- Do your due diligence - Know Your Partner!
- Make sure you will get paid
- Manage your risks - insurance & guarantees
- Watch out for cultural nuances



Challenges

- Infrastructure - not enough and not maintained
- The Political Environment
- Security Awareness
- Transparency and Rule of Law
- Intellectual Property Rights
- Environment - air and water quality below par



HOW THE U.S. COMMERCIAL SERVICE ASSISTS AMERICAN COMPANIES



Helping U.S. Companies Enter the Philippine Market



- Customized Market Research
- Gold Key Service
- International Partner Search
- Platinum Key Service
- Single Company Promotions
- Trade Events and Trade Shows



Market Access & Advocacy on Behalf of U.S. Commercial Interests



- Support for US Bidders in Public Tenders
- Seek Fair Specifications and Transparent Procurement Procedures
- Ensure Equal Access to Bidding Opportunities Consistent with National Laws and International Commitments
- Advocate for Fair Standards



Major Events - CS Manila

- Green Building Trade Mission (Summer 2007)
- Single Company Promotions/Seminars
- U.S. Pavilions at major trade shows
- USA Catalog Exhibition (Fall 2007)
- *Manila, Cebu & Mindanao*



CS Manila Staff



- Two American Officers
- Four Industry Teams covering industry sectors:
 - Automotive Aftermarket Parts
 - Information Technology
 - Telecommunications Equipment
 - Building/Construction Products
 - Pollution Control Equipment
 - Water Resource Equipment
 - Electric Power Systems/Resources
 - Safety and Security Equipment
 - Services (Education, etc.)
 - Food Processing & Packaging
 - Medical Equipment
 - Pharmaceuticals
- Marketing Team - Commercial Library, Business Service Providers, Mindanao Initiative, CS Manila Website



Our Partners



- American Chamber of Commerce of the Philippines
- Department of State
- Export-Import Bank of the United States
- Foreign Agricultural Service
- Overseas Private Investment Corp.
- U.S. Trade and Development Agency



That's why the Philippines is HOT!



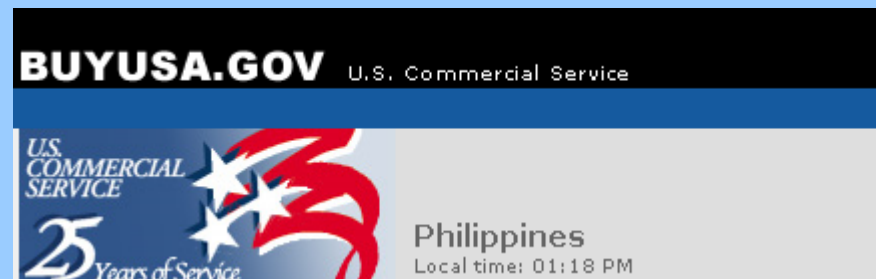
- English-speaking, competitive human resources, adaptable to universal cultures
 - Positive business indicators and strong growth trajectory
 - Shared cultural heritage in a vibrant democracy
 - Business optimism and renewed investor confidence
- ... and the U.S. Commercial Service is here to help



Contact us



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