



Prosperous partnership continues to grow

Ten years after the end of World War II, the Philippines and Japan furthered their efforts to normalize diplomatic relations with the signing of a peace treaty and a war reparations agreement. Judging by the current state of relations, it is difficult to imagine that these two countries were adversaries just over 50 years ago.

This year, the Philippines and Japan are celebrating 100 years of economic relations, with 2008 promising to be one of the partnership's strongest years.



Tomas Aquino, senior under-secretary of trade and industry, and chief negotiator for the Japan-Philippines Economic Partnership Agreement

According to Japan's Ministry of Foreign Affairs, more than 13,000 Japanese nationals reside in the Philippines while 190,000 Filipinos live in Japan. As of now, there are five flights every day connecting the Philippines with its second-largest trading partner.

"We enjoy a solid economic relationship," comments Yasutomi Ota, executive director of the Japan External Trade Organization (JETRO) in Manila.

On the corporate front, five of the 35 largest companies in the Philippines are Japanese subsidiaries (Toshiba Information Equipment, Panasonic Communications, Fujitsu Computer Products, Toyota Motor and Hitachi Global Storage) while many of the largest Filipino corporations have extensive connections with Japanese companies.

Toshifumi Inami, general branch manager of Mitsubishi Corp. in Manila, echoes Ota's opinion.

"Our relationship with Ayala is a good example of the overall sentiment that the Philippines and Japan have a very old and very good relationship," says Inami, who also sits on the board of directors of the Ayala Group, one of the largest Philippine conglomerates.

Recently, the two countries again pursued efforts to give their partnership greater momentum through the Japan-Philippines Economic Partner-

ship Agreement (JPEPA), which is under review by the Philippine Senate.

With the strong growth exhibited by the Philippine economy in 2007, existing and new Japanese investments are expected to grow this year.

2007 proved to be a banner year for the Philippines as a stronger peso, a more stable stock market, an increase in FDI and a sharp rise in tourist arrivals all helped to make the economy one of the region's best performers.

Last year, the country reported GDP growth of 7.1 percent, much higher than the average of 6 percent seen in Southeast Asia's five biggest economies. As a result, the International Monetary Fund raised its growth forecast for the Philippines from 5.8 percent to 6 percent.

"I am very optimistic about the potential in the Philippines because it is growing at such a rapid rate," says Inami, who is also president of the Japan Chamber of Commerce in the Philippines.

Japanese businesses thrive despite strong peso

While the Philippine peso appreciated against the dollar (18 percent as of the end of 2007), many local economists ex-



Toshifumi Inami, president of the Japan Chamber of Commerce in the Philippines and general branch manager of Mitsubishi Corp. in Manila

pressed concern over losses to be suffered by the export sector.

But some Japanese companies registered growth despite the challenge.

For instance, Toyota Motor Philippines continued to dominate the Philippine market with a 44 percent share of total vehicles.

Though exports decreased, the company increased its completely knocked-down (CKD) production of the Vios sedan for the local market.

The Philippines has proven itself ready for such localization efforts as Toyota marked an important milestone when it sold its 500,000th car in the country.

Panasonic Manufacturing, which concentrates mainly on home appliances, has also en-



Yasutomi Ota, executive director of the Japan External Trade Organization Manila

joyed an enormous amount of success in the Philippines.

After investing in local research and development in the early part of the decade, the company now leads the pack in almost every single sector in the country.

Being the regional production center for air conditioners, the company has also carved out a niche in the Southeast Asian export market.

Meanwhile, Marubeni Philippines and Tokyo Electric Power Co. (TEPCO) teamed up to buy Mirant's power plants in the Philippines. This, along with new developments in the same sector, has allowed Marubeni to

Satisfying the country the Honda way

With business in the Philippines fully recovered from the 1997 Asian currency crisis, Honda has seen sales rise consistently. Since it started assembling cars in the country in 1992, the Japanese carmaker weathered rough patches and scored success due to an unflinching focus on the needs of the Filipino customer.

"The Philippines, like most Asian countries, favors Honda products. Filipinos understand our passion for our products. We are not a company that is sales driven. Rather, we are focused on customer satisfaction. Our customers in the Philippines recognize this," says Honda Cars Philippines President and General Manager Hiroshi Shimizu.

To illustrate Honda's commitment to the Philippines, Shimizu recounts the company's August 2007 groundbreaking of its Honda Safety Driving Center, a world-class driving center located in Bicutan, Paranaque.

"This is the first facility of its kind in the Philippines. Honda wanted to promote safe driving not only among our customers but to the Filipino driver as a whole. We are not just a car company. We are always thinking about the greater Philippine society," he boasts.

Sales of Honda automobiles grew 5 percent from 2006 to 2007, with the Civic and CRV leading the way. In particular, Civic sales shot up 40 percent upon the launch of its new 2007 model.

Shimizu's primary goal is simple — to maintain Honda's current emphasis on satisfaction.

"I want to introduce more Honda products to satisfy a wider selection of customers. Satisfaction is what we preach; satisfaction for everybody — associates, customers, dealers and stakeholders," he says.

On the production side, Shimizu sees much untapped potential within the market. Honda's factory churns out around 11,000 units per year, just over a third of its 30,000 capacity.

"The Philippines' population is 88 million but its new car market is only 100,000. What this means is that there is strong potential for growth. As the market continues to grow, Honda is well equipped to grow with it," he claims.

Shimizu is a staunch believer in the Philippines, and not only of its auto industry.

"This country has the potential for everything. My advice to the Japanese is to take a look at the Philippines. There are lots of reasons to invest here and lots of opportunities that are too good to pass up," he says. ♦

www.hondaphil.com



Effective marketing campaigns at home and abroad have attracted more visitors to the country's first-class destinations, such as the island of Boracay (pictured above). Tourist arrivals have been on the rise every year and reached an all-time high of around 7 million people in 2007.

claim ownership of 17 percent of the Philippines total generated power.

Inami says that Japanese investors remain cautious because of a lack of infrastructure but admits that there is plenty of opportunity here for the right kind of Japanese company.

The JETRO head agrees. "Japanese IT companies are the next generation here in the Philippines. They have much to benefit from IT exchange and research here," says Ota.

The future of Philippine-Japan relations

While there is much debate among Philippine senators on whether to ratify the free-trade agreement, Senior Trade and Industry Undersecretary and chief JPEPA negotiator Tomas Aquino sees the accord as the

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Toyota still leads in the local auto industry

One of the largest automobile manufacturers in the world, with an annual global production exceeding 9 million units, Toyota remains a household name anywhere. A recognized brand name in all five continents, this Top 10 Fortune company is a vital contributor to the growth of the national economy.

In the Philippines, Toyota Motor Philippines Corp. (TMP) has become an indispensable part of the economy and has played a role integral to nation-building. TMP has substantially contributed to the country's growth.

As of 2006, TMP has remitted to the Philippine government over 70 billion pesos (about \$1.6 billion) in taxes and customs duties. Total exports of automotive parts and components of the Toyota Group in the Philippines, composed of TMP and Toyota suppliers, were \$542 million, which accounted for 27 percent of total automotive parts exports.

The company also employs more than 12,000 people throughout the country, including its network of dealers and suppliers. TMP has led the automotive industry and was the first in its sector to recover from the 1997 Asian financial crisis.

"In 2007, we sold 45,000 units, which represented over 38 percent of the total market share in the country. The highest sales number we achieved was back in 1996, which was around 41,800 units. Last year, therefore, was a record-breaking year for us," says President Hiroshi Ito.

Ito foresees stronger sales in the future, especially amid the improving local economy and a growing population estimated at 88.7 million at the end of 2007.

Now on its 20th year, the Toyota brand of service and dedication contributed to the success of the company's efforts in maintaining its relationships with the public.

"We are able to meet customer expectations like quality, cost price and deliverability of the variety of products that customers want to buy. So for owners, these factors, plus the wide-ranging model lineups we offer, have all played a part in our accomplishments," says Ito.

George S.K. Ty, chairman of TMP and head of the Metrobank Group (the carmaker's local majority partner), stressed that the same reasons that have made Toyota a success in most countries also applied here in the Philippines.

"Toyota products are known worldwide for their quality, and Filipino consumers demand quality," says Ty.

Ito adds, "We, at TMP and our dealer network nationwide, strive to deliver the best levels of service at the point of sale and, more importantly, after the sale is consummated."

Ito also pointed out that TMP paid special attention to the development of the company's greatest assets, its employees, or "team members" as he calls them in line with that objective.

"The many programs designed for team member development are in line with the Japanese concept of *kaizen* (continuous improvement) that we at Toyota espouse as part of our way of doing business," says Ito, who proudly cites TMP's recent winning of the Best Human Resources Program award given annually by the Personnel Management Association of the Philippines.

The company also shares the concept of *kaizen* with its local suppliers.

"Our success hinges on quality products from our suppliers. So, we actively support the assembler-supplier partnering program called the ECOP Big Enterprise-Small Enterprise (EBESE)

The Japan External Trade Organization (JETRO) promotes trade and investment with the Philippines by facilitating potential tie-ups between Japanese and Philippine companies. Setting up operations in Manila in 1958, JETRO also focuses on small and medium-size Philippine enterprises seeking technological upgrades from Japanese counterparts. www.jetro.go.jp/philippines

The Philippine Department of Trade and Industry aims to be a one-stop shop for potential investors. Headed by Secretary Peter Favila, the department has continued efforts to ease the process and lessen procedures for companies to open businesses in the country. www.dti.gov.ph

The Philippine Economic Zone Authority oversees several free-trade areas across the country. Having attracted foreign companies to various world-class locations, the agency has helped strengthen the country's manufacturing and export sectors, and create needed jobs. www.peza.gov.ph

Rustan's is the country's premier retail department store that carries the world's most famous luxury brands and other well-known products. Operating multiple outlets across Manila, with a total selling space of over 70,000 sq. meters, Rustan's attracts the top tier of Philippine consumers and has maintained a dominant place in the Philippine retail market for over 50 years. For more information, contact info@rustans.com.ph

Established in 2003, Manila Herbal and Essential Oils Company Inc. is a Philippine-based company engaged in the cultivation, manufacture and trade of essential oils such as patchouli and citronella, and the marketing of virgin coconut oil. www.manilaherbal.com



George S.K. Ty, chairman of Toyota Motor Philippines and head of the Metrobank Group, the local majority partner of TMP

Productivity Improvement Program," says Ito.

EBESE is a priority project of the Employers Confederation of the Philippines (ECOP). "Under the program, we mentor local suppliers so that they can gain knowledge and expertise of specific methodologies, increase motivation for continuous improvement and enhance overall competencies. As a result, we are able to develop and sustain long-term mutually gainful working relationships with them," Ito explains.

Since 1988, the Toyota Group has brought in more than 20 billion pesos (about \$48.7 million) in investments, sending strong signals to the international business community of Toyota's confidence in the Philippine economy.

One of the company's biggest investments in the country is the completely knocked-down (CKD) assembly plant in the Toyota Special Economic Zone (TSEZ) in Santa Rosa, Laguna (40 km south of Metro Manila). Known as the "Detroit of the Philippines," Santa Rosa is a hub of a state-of-the-art manufacturing and distribution enterprise that employs world-class systems and highly skilled workers.

TMP provides customers with proudly locally built cars, the Innova and the all-new Vios, with world-class after-sales services. These best-selling CKD models and other Toyota models offer customers the widest line-up of quality vehicles.

The launch of the Vios passenger sedan, aimed at consolidating Toyota's domination of the passenger-car category, coincided with the company's achievement of selling its 500,000th vehicle — the only assembler in the Philippines to attain such a distinction.

"We are confident that the outstanding qualities of the new Vios will further strengthen the market. The new Vios is ready to take on a more established role, not only in terms of sales and product aspects, but in terms of Toyota's overall contribution to society," says Ty.

"With the Vios now produced as a CKD model, Toyota reinforces its vital role in the economy by creating more jobs and encouraging more investment," he adds.

The localization of the Vios is expected to increase TMP's monthly output of 1,100 units to 2,300 and will further strengthen local parts suppliers not only in volume expansion but also through technology transfer. This year, TMP is due to deliver another milestone by producing its 400,000th vehicle unit locally.



Toyota Motor Philippines President Hiroshi Ito

(TAP), a subsidiary of TMP located in the TSEZ, produces transmissions for Toyota vehicles.

"We are expanding our plant facility of Toyota transmissions. In 2008, TAP will double its capacity of 180,000 units to serve the increasing demand for Toyota vehicles worldwide," Ito says.

Ty points out that all the activities and expansions in TSEZ were done with special attention to the environment.

"The economic zone has a state-of-the-art wastewater treatment plant, which has the capacity to treat 850 cubic meters of

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reach the sky
Honda's driving brings new joy to life

drive the sky
Honda's ability enters a new dimension

Panasonic celebrates 40 years of partnership with the Philippines

Panasonic's origins in the Philippines can be traced back to the 1960s, when Filipino entrepreneur Jesus V. del Rosario set up a small operation in his house in Manila to assemble radios and record players. Seven years later, he formed a partnership with Matsushita Electric Industrial Co. to create the country's first Filipino-Japanese joint venture in the appliance industry.

Today, Panasonic Manufacturing Philippines Corp. has grown to become one of the biggest companies in the Philippines. Recently, BizNews Asia ranked the company as the 124th largest in the country with over 900 employees.

PMPC has expanded beyond the Philippines to become a vital hub in the region for the Japanese giant's global operations. The country serves as the manufacturing center for Panasonic's air conditioners and conventional-type refrigerators.

"The best asset of this company is its people. Filipinos are willing to learn and they adapt easily. This is important for Japanese companies, which continuously implement changes on a daily basis," says President Reynaldo Lico about PMPC's success.

Every employee at PMPC headquarters, managers and staff alike, takes a lot of pride in the company's efforts to be an integral part of the local community in the province of Rizal.

"We subscribe to the idea that our company belongs to society so our main thrust is to support society. The company concentrates on developing



Panasonic Manufacturing Philippines Corp. President Reynaldo Lico

home appliances, basic appliances that will ease the lives of Filipinos," explains Lico, who has been with PMPC for 31 years.

In 1992, the company launched an R&D program to focus on the needs of the local market.

"Our electric fan products, refrigerators, air conditioners and washing machines are all locally developed. We will continuously develop products that will suit the tastes of Filipino customers," explains Lico, who

believes that flexibility is the key to success in a market like the Philippines.

But PMPC's corporate citizenship goes beyond making appliances for Filipino households.

"We sponsor medical missions to the poor towns. We also donate products to different non-governmental organizations. Also, we sponsor a 'Wheel-a-thon,' a program that promotes acceptance of disabled people in mainstream society," says Lico.

Last year, it also built and inaugurated a "Kalikasan (Nature) Center" at a local high school to educate students about nature and ways to protect the environment.

As for the future, Lico believes that company will continue to grow well into the next 40 years.

"This market keeps changing, but we are prepared and flexible enough to service it. Every day is a different day, and every year is a different year. We will work with all these changes to sustain growth, and continuously develop ourselves and our capabilities," he says.

www.panasonic.com.ph

An alliance for growth

Although Japanese executive Toshiharu Myoga has been in the Philippines for only less than a year, the head of Babcock-Hitachi in the country already has a strong grasp of how to do business locally.

"Over BHPI's history in the Philippines, we have learned that the best way for Japanese companies to enter this market is through a joint venture with a local partner. Without a local partner, our experience would have been more difficult and complicated. At the end of the day, Japanese need the support of the Filipino to do business in the Philippines," he says.

In 1989, Japan-based Babcock-Hitachi entered into an agreement with AG&P to form BHPI in the province of Batangas. Eighteen years later, the company has achieved significant success in the fabrication of utility and industrial boilers, heat-recovery steam generators and allied industrial products.

For its 2006 fiscal year, revenues grew an unprecedented 300 percent compared to 10 years ago.

Today, BHPI stands as one of the most crucial manufacturers of boiler systems for the Hitachi Group's international power station business, with 95 percent of its products exported overseas, primarily to Japan, the U.S., Canada and Australia.

Although only 5 percent of BHPI's business is conducted domestically, mainly in maintenance and parts replacement to local power and industrial plants, Myoga is optimistic about future business within the Philippine power industry.

"If the power sector moves toward bigger steam-generating units, where BHK and BHPI have a competitive advantage, the domestic share of BHPI's business could increase significantly," he says.



Babcock Hitachi Philippines President Toshiharu Myoga

Japan. They work honestly. They work hard and are motivated to improve. BHPI is familiar with how to do our job and how to do it well," he states.

www.bhpi.com.ph



The factory of Babcock Hitachi Philippines in Batangas, south of Manila

When business is a pleasure

Under the supervision of the Philippine Economic Zone Authority, the private sector has been encouraged to set up economic zones in the country to complement the government's economic growth programs.

Many Japanese companies have taken advantage of these economic zones, which offer various benefits that include tax holidays, and a cost-effective labor pool that is highly skilled and very fluent in English. In setting up their businesses, these companies have appreciated the positive and speedy support from PEZA and the government itself.

"PEZA is a one-stop shop. It provides a direct presence in each of our 136 manufacturing zones and IT centers. We provide 24-hour-a-day, 7-days-a-week continuous service to our companies. Even I am on call every minute of every day," stresses attorney Lilia B. de Lima, director general of PEZA.

Of the 1,515 companies registered with PEZA, roughly 40 percent are Japanese.

One Japanese company that had a positive experience is Tokumi Electronics. In 1993, the company was producing OEM headphones and small speaker systems for export in the Philippines.

Tokumi Electronics President Kiyohiko Hachiya is convinced that the Philippines, when given the chance, will impress foreign manufacturers and praises the lack of red tape in PEZA.

According to Hachiya, while it takes at least two days for air shipments and at least four days for maritime shipments to leave Thailand, it takes only half the time for both kinds of shipments to leave the Philippines.

For companies like Tokumi, that speed, which is needed for in-time delivery to clients,



Lilia B. de Lima, director general of the Philippine Export Zone Authority

makes the Philippines an unquestionable choice for business.

"PEZA recognizes just-in-time delivery as a must for exporters to be competitive. Even with the country's infrastructure challenges, PEZA makes this happen as we are a one-stop shop, be it building and occupancy permits, export permits, non-immigrant visa processing and harmonized customs processing. Even at midnight, a company can knock on our door and someone will process the import and export permits so that their trucks can get out before daylight and avoid the traffic," de Lima says.

"I have heard that many Japanese executives cry upon being told by their parent company that they have just received a Philippine assignment. Their wives ask, 'Why were you assigned there and not Europe or the U.S.?' But, when they come and spend time here, and eventually are given orders for their next destination, I've been told they cry even more tears. That is why so many executives choose to stay and form their own small companies in our PEZA zones," adds de Lima.

For Hachiya, his stay in the Philippines has been very pleasant so far.

"Many foreign investors believe it is better to go to India, Thailand or Vietnam. I have had a good experience in the Philippines. I have found and built good relations with my people. It is to the advantage of companies like mine that other investors have not seen the Philippines for what it is — a mountain rich in gold," says Hachiya.

Recognizing the value of the Filipino worker

In 1989, Hayakawa Densen Kogyo Co. Ltd. was choosing between Malaysia, Indonesia and the Philippines as the location for its first manufacturing facility in Southeast Asia. The company decided on the Philippines because among other factors, the country had an abundance of highly skilled English-speaking workers.

"Education and communication were important issues in our decision. But the Philippines was also a very attractive destination because it is easy to import and export out of the country," recalls Tadashi Nokura, president of Hayakawa Electronics (Phils.) Corp.



Tadashi Nokura, president of Hayakawa Electronics (Phils.) Corp.

Speed remains a very important issue as Hayakawa exports 100 percent of its production from its biggest subsidiary in Southeast Asia. Because of the strategic location of the Philippines and the tariff system implemented in its economic zones, the company is able to send out urgent shipments to different destinations.

"Our motto is 'to provide our customers with quick action.' We need to be quick to respond to our customers' needs to be successful," emphasizes Nokura.

With its 1,800 employees, Hayakawa Electronics (Phils.) Corp. manufactures mostly wire har-

nesses for a wide range of products — from car navigation systems to automated teller machines. The company has broadened its product application in search of new opportunities.

"Most of the processes that we are doing here are manual. We make sure that our operators and workers are capable in the skills needed for production: crimping, soldering, circuit inspection and visual inspection," Nokura says.

"To ensure the highest quality for our customers, we ensure that we have quick countermeasures for potential problems," he adds.

Hayakawa Electronics (Phils.) Corp. continues to take strides to be more globally competitive in the industry and provide up-to-date innovations that will satisfy the different needs of its customers.

www.hayakawa-densen.co.jp; www.hayakawa.com.ph



The plant of Hayakawa Electronics (Phils.) Corp. in Cavite, south of Manila

Assisting Philippine business the Brother way

Although a latecomer to the Philippine IT solutions industry, Japan-based Brother International has made great strides in the market since it opened seven years ago.

"In 2001, we decided to open in the Philippines due to its great potential based on its young, 80 million-strong population. Young Filipinos are almost at the same level as Americans and Japanese in terms of growing up with computers. Moreover, many jobs here now require IT know-how, making it a perfect location for Brother products and services," explains Brother International Philippines Director and General Manager Toshiaki Isayama.

Since its inception, Brother has posted average annual growth in turnover of between 40 percent and 50 percent.

Much of its success came following its efforts to enlist corporate customers via balanced deployment, and the addition of all-in-one multifunction centers to complement its more traditional portfolio of home sewing machines, printers and fax machines.

"Balanced deployment means going into a corporate office, checking its IT infrastructure, determining its IT needs and recommending tailor-made IT solutions, both incorporating and not in-

corporating Brother products," Isayama says.

"If they need new machines, we allow them to use ours in order to show them that our products offer value for money and have a low total cost of ownership. In this way, we build value against our competitors. As of the moment, we have done this for companies like Air Philippines, DLSU Saint Benilde's School of Design and Arts, and ZMG Ward Howell," he says proudly.

Isayama intends to double Brother's business from corporate balanced deployment from 20 percent to 40 percent.

He also expanded Brother's coverage nationwide when he opened the first provincial sales office in Cebu in 2005.

Meanwhile, Brother International Philippines will maintain its focus on its sewing machine business.

"I don't want to give up on this business because the sewing machine is Brother's original product. I'd like to make this business a priority of ours, which is why from time to time we sponsor fashion shows and such in the country," he says.

www.brother.com.ph



Brother International Philippines Director and General Manager Toshiaki Isayama



Brother's all-in-one multifunction center features printing, faxing, scanning and copying capabilities, among others.

CONTINUING COMMITMENT OF SERVICE TO SOCIETY....

Panasonic Manufacturing Philippines Corporation (PMPC) stresses the sterling fundamentals of a good corporation: social conscience embedded in all its activities. This translates to serve society with a conscience and a heart to improve people's lives not only through its products but also through its various outreach programs...

Panasonic

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Marubeni marks a century in the country

With their long and established presence in the Philippines, *sogo shoshas*, or trading companies, have played a large role in the development of the country's economy.

Celebrating its 100th year in the Philippines this year, Marubeni Philippines takes pride in its several achievements and looks forward to more opportunities for growth.

"This history is quite significant. Considering Marubeni global operations is 150 years old, this was one of Marubeni's first Asian subsidiaries," says Hiroshi Yoshitsugu, Marubeni Philippines president and CEO.

Starting with investments in commodities in Mindanao, the Japanese giant has since become the largest player in the Philippines power industry. Marubeni grabbed the top spot after it acquired, together with Tokyo Electric Power, the operations of Mirant Asia-Pacific in the country.

"With this new acquisition, we can expect to own in total approximately 17 percent of the



Hiroshi Yoshitsugu, Marubeni Philippines president and CEO

power share in the Philippines," stresses Yoshitsugu.

Although Marubeni has focused on the power sector in the Philippines, the company is always looking for other ways to invest and work in the Philippines.

"We also do quite extensive work in the transportation industry. One of the most recent examples is the completion of the Light Rail Transit (LRT) 2 system in Metro Manila," he says.

But the company has also revisited past investments in search of new opportunities to strengthen the company and help its host country.

"We started with sugar a long time ago here in the Philippines, but we are now reopening this field. This is because the country holds high potential for ethanol development in the region," says Yoshitsugu.

"We are not here only to do business, we are always looking for ways to contribute to the development of the country," he adds. ♦

www.marubeniphil.com

PSBank stays ahead of the game

According to veteran banker Pascual M. Garcia III, the Philippine economy is at a tipping point.



Pascual M. Garcia III, president of PS Bank

"The Filipino now is really an employee to the world — not just in relocating and working abroad but in doing things locally for overseas companies. This is the new manufacturing model of the Philippines. With this strong foundation, consumption is really being built. So banks must become more efficient in delivering their services, which puts the industry as a whole in better shape," claims Garcia, president of PSBank.

When he became PSBank's president six years ago, Garcia initiated several changes, the most critical of which was to identify the bank's core market, as well as upgrade its branch network and information systems.

Under his leadership, PSBank has nearly doubled the number of its branches from 88 to 163.

While a few years ago, there was little technology to support manual operations, today all branches are networked, which has allowed the bank to offer industry-setting instruments, such as five-day mortgage and 24-hour automobile financing processing.

One specific segment that PSBank is focused on is the automotive industry.

"Over the last 15 years we have built a presence in consumer

banking, of which automotive financing is at the forefront. We stay competitive by providing different segments with different facilities. For dealers, we offer inventory financing. For end-users, we provide loan facilities that continue to lengthen, from 48 to 60 and even 72 months. Our nationwide network allows us to promise customers 24-hour processing; if not, we owe them a 1 percent rebate!" Garcia points out.

Apart from auto-loan processing, PSBank is also a leader in real estate. It was the first bank to offer a 25-year mortgage, as well as the fastest in mortgage processing.

Garcia believes the real challenge in the future will be to accommodate the onslaught of new customers that will enter the formal financial sector, spurred on by remittances. To satisfy this demand, banks must make changes and improvements in infrastructure and mind-set.

"The challenge is to be able to scale up, and satisfy the growth and demand we anticipate while maintaining the quality our customers expect. With a more competent and committed organization, we hope that by that time, it will be clear to everyone that we are the best bank in terms of the returns we provide," he says. ♦

www.psbank.com.ph

Toyota still leads in the local auto industry

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industrial and sanitary wastewater per day," he says.

The chairman also highlighted a special addition to the TSEZ.

"We have a 15-hectare area within the 82-hectare zone called the 'Chairman's Forest,' which is devoted to a forest of thriving trees and secondary growth. It even has a tree nursery, where the Toyota Motor Philippines Foundation (TMPF) sources seedlings that it donates regularly to local government institutions and other private organizations," he says.



TMP Chairman George S.K. Ty, Toyota Motor Corp. Managing Director Kazuhiko Takarada and Department of Trade and Industry Secretary Peter Favila unveil the Vios.

Toyota's contribution to the Philippines should not be measured solely through its record sales and investments in the country but also through social contribution programs implemented by the TMPF.

The foundation, established in 1990, holds a special place for Ty, who explains that the TMPF is built on four "pillars."

"We derive our resources from society. So, we should accordingly give back to society," he stresses.

"The foundation concentrates on health, education, environment and community services. Its flagship programs include a medical and dental outreach program, scholarship grants to deserving technical and vocational students, professorial chair grants, an engine donation program, tree-planting and seedling donations, among others," he explains.

Meanwhile, Ito highlights Toyota's efforts to help the local communities in the areas where TMP operates.

"We continuously assist the local communities. We also conduct technician training and traffic safety programs. With regards the



(From left to right) TMP President Hiroshi Ito, Cagayan Board Member Washington Taguinod, Department of Environment and Natural Resources Undersecretary Teresita Samson-Castillo, TMP Senior Executive Vice President David Go, Peñablanca Mayor Marlyn Julia, Toyota Motor Corp. Managing Officer Yukio Nishikawa, Conservation International Senior Vice President Glenn Prickett and TMC General Manager Toshinori Ogure at the Philippine Peñablanca Sustainable Reforestation Project

environment, Toyota selected the Philippines as a recipient of a \$3 million reforestation project in Cagayan. This will be only the second project of its kind after China," says Ito.

"The initiative is a unique private- and public-sector project with the Department of Environment and Natural Resources, environmental NGO Conservation International and the local government of Peñablanca," added Ty.

As a leader in a market where almost half of all cars sold are Toyotas, TMP is a strong advocate of road safety projects.

"Toyota also supports advocacies related to road traffic safety. TMP has partnered with the Automobile Association Philippines, the country's premier auto club, to undertake activities aimed at finding solutions to road traffic and safety problems through comprehensive public information, education and traffic enforcement campaigns," says Ito.

Looking toward the future, Ty strives to bring clients and his company even closer.

"Our partners in government and business, our hardworking team members in labor and management, the people in the communities we work in, and our customers have placed tremendous trust and confidence in us. With their continued support, we are confident that we can further strengthen our partnership with them through our incessant search for constant improvement in order to drive the future," he says. ♦

www.toyota.com.ph

Our Foundation Is Not Built On Cars Alone

Toyota Motor Philippines Corporation has built its name on providing quality products and services to our customers and further improving the lives of the Filipino people through the four pillars of Health Care, Education, Environment, and Community Service. As we enter our 20th year, Toyota continues the tradition of strengthening its foundation to lead the way in delivering only the best to our customers and to society in the Philippines.

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TOYOTA
moving forward

Breathing new life into Philippine industry

Concepcion Industries Inc., founded by the late industrialist Jose N. Concepcion Sr., has long been a model of Filipino vision, ingenuity, acumen and determination.

Concepcion Industries Inc. started operations in 1961, having been granted franchises by Carrier air conditioners and Motorola televisions. After steadily expanding the fledgling company's business, Concepcion Sr. turned over the reins of the company to his son, Raul.

Raul, building on what his father had started, authored the blueprint of the company's surge into the future by building a strong local presence, market dominance and strategic partnerships.

In line with those objectives, Concepcion Industries developed and manufactured Condura, the only Filipino appliance brand that has become a major player in the local appliance market. To further bolster its position in the appliance category, it also forged a joint venture with Carrier Corp. of the U.S. in 1998.

Today, the joint-venture company, Concepcion Carrier Airconditioning Co., is the acknowledged market leader with almost 65 percent of the total air conditioning market in the Philippines. Today, CCAC has begun to export to the region, signaling its entry into the global market.



Concepcion Industries, through a joint venture formed in 1998, has introduced to the Philippines the long tradition of innovation and excellence that marks the products of Carrier Corp. It also manufactures Condura refrigerators, which have gained market leadership in their category.

Meanwhile, CCI's Condura refrigerators are close to market leadership in their category, performing better than global brands like Panasonic, Samsung, GE and the like.

Despite these successes, Raul continues to look for future collaboration, especially with Japanese companies.

"Carrier is not a fly-by-night company. For them to get in bed with our company says a lot about the quality of our work. When considering a joint venture, you have to find someone who is as passionate and as focused as you. We've proven to Carrier that we are exactly that," says Concepcion.

CCI is looking favorably toward the future with its Condura line as it has registered the brand internationally, so that when the decision is made to become more regional or even global, it will be ready.

"Although small and local is beautiful, you have to remind yourself that this is a global world. If you don't operate with a global mind-set, you're dead," says Concepcion.

Concepcion is proud of his company's resourcefulness and ingenuity, especially its research and development facilities.

"You have to listen to your market. We discovered there was a need for energy-saving freezers

in *sari-sari* stores (mom and pop minigroceries). So we designed a blower that could be installed in the freezer and, by doing so, reduce electricity bills," he says.

Concepcion realizes that his responsibility is not only to his customers and employees but to the Philippines as well.

By outsourcing non-essential business processes to his workers (i.e., logistics, generic parts manufacturing), CCI promotes a culture of entrepreneurship.

"If we can subcontract certain parts of the manufacturing process at a cheaper cost, we will do so long as our quality does not suffer. We work as a network, training our people to become entrepreneurs. If you lose some of them along the way, that is still good for the country," he says. ♦

www.carrier.com.ph

Atlas Consolidated Mining and the challenging road to recovery

Possessing one of the largest gold, nickel, copper and chromite deposits in the world, the Philippine mining sector is re-emerging as a major engine of economic growth thanks to government efforts to rehabilitate this once important industry after years of neglect.

Leading the way as it did during the industry's heyday over a century ago is Atlas Consolidated Mining and Development Corp. Established in 1935, it remains one of the oldest mining companies in the Philippines.

"We used to be the biggest copper mining company not only in the Philippines but in all of Asia. Our mine was considered in the top three or four in the world," recalls Chairman of the Board and President Alfredo C. Ramos.



Philippine President Gloria Macapagal-Arroyo visits the Toledo copper mine. Seated next to the president is Alfredo C. Ramos, chairman and president of Atlas Consolidated Mining and Development.

Plagued by declining copper prices, the company executed a restructuring plan in 2004 in a bid to stay competitive. Midway through its restructuring plan, copper prices started rising again in 2005 and the government expressed its renewed commitment to revive the industry.

"One day, we got word that the president was visiting the mine, so we all rushed there to welcome her as she descended

from a helicopter 'like an angel from the sky.' She said the government would like to see this project rehabilitated and asked us what we needed to get things done," recounts Ramos about President Gloria Macapagal-Arroyo's visit to the company's Toledo copper mining site in Cebu City.

For Ramos, the president's visit facilitated the resumption of full operations.

As part of its rehabilitation plan, the company bought mining equipment from Japan's Marubeni Corp., including 13 Komatsu 100-ton dump trucks.

Aside from Marubeni, Atlas Mining has worked with other Japanese companies in the past, such as Mitsubishi Materials and Kobe Steel.



A priest blesses newly acquired Komatsu trucks at the Toledo copper mine in Cebu.

"The company has been dealing with Japan for almost all of its life, and you have to have a sense of history to appreciate the value of this relationship," says Ramos.

"Our goal is to be a major force in mining. The project is moving forward in the right direction. We are diversified with interests in copper, gold, nickel, mineral exploration and water resources, and we intend to remain a pioneer as well in environmental management," he says. ♦

www.atlasphilippines.com

Formula for a successful partnership

Over the past 34 years, the Yazaki family of Japan and the Torres family of the Philippines have produced wire harnesses for the global automobile industry as part of one of the more successful Filipino-Japanese joint ventures in the country.

The history between the two families goes back 50 years, and Yazaki-Torres President Feliciano L. Torres ensures that the relationship remains mutually beneficial through a clear understanding of the industry and the demands of its customers.

"We know the customer is better than us. They are financially better, technically better and corporately better. And they are very selective. What they want in quality, cost and delivery, we need to supply. And we do. Yazaki is practically the largest wiring harness producer in the world," Torres says.



Yazaki-Torres President Feliciano L. Torres

"With us being No. 1, our customers' expectations are high. If the customer moves one way, whether it be reducing or increasing their production, they expect Yazaki to support them. At the end of the day, what is important to us is to protect the reputation of Yazaki Corp.," he adds.

Although 97 percent of its goods are exported, the remaining 3 percent is sold to domestic assemblers such as Toyota, Honda, Isuzu, Nissan and Mitsubishi, and makes up 70 percent of all wire harnesses in the country.

"The government is not giving up on the auto industry. Although carmakers have bigger operations in other countries, they are not giving up on the Philippines. That is why we, the parts makers, are optimistic. If the policy is there and the carmakers are there, then we will be there," claims Torres.

Torres is very excited about his latest venture — a medical industrial zone near the Yazaki-Torres factory in the province of Batangas.

"St. Cabrini is the first medical zone in the Philippines, maybe even Southeast Asia, with our hospital, St. Frances Cabrini Medical Center, being the first enterprise. There are other hospitals that have bigger medical tourism facilities but we offer a complete industrial zone for medical manufacturers worldwide and welcome any and all Japanese interest in this," he says. ♦

www.yazaki-group.com

Local firm takes lead amid RP economic surge

Following the 1997 Asian financial crisis and years of political turmoil, the Philippines has finally emerged from an economic quagmire, scoring a successive string of achievements that has attracted the attention of the world's markets.

Through vital and radical fiscal measures implemented by Philippine President Gloria Macapagal-Arroyo, the country has become Southeast Asia's fastest-growing economy (reporting 7.5 percent GDP growth in the second quarter of 2007, the highest level reached in almost 20 years).

Meanwhile, the local stock market hit an all-time high in June 2007, and the Philippine peso became Asia's best performing currency as it appreciated about 14 percent against the dollar.

At the center of this boom is ATR KimEng Securities Inc., the largest Filipino-controlled stock brokerage and the fourth largest in terms of total trading volume.

It is owned by publicly listed ATR KimEng Financial Corp., whose activities include corporate finance (through investment banking subsidiary ATR KimEng Capital Partners), money brokering (through affiliate Tullett Prebon Philippines), insurance underwriting

and distribution, real estate and asset management.

"We got into this asset management business nearly three years ago when we bought the controlling stake of the Mutual Fund Management Co. of the Philippines (MF MCP)," explains ATR KimEng Financial's President and CEO Manuel N. Tordesillas.

The MF MCP is the investment adviser, principal distributor and administrator of three locally distributed mutual funds (The Kabuhayan Fund, the ATR KimEng Equity Opportunity Fund and the ATR KimEng Fixed Income Fund), which have total assets of over 1 billion pesos (about \$20 million) and more than 2,600 investor customers.

Its expertise in capital markets and mutual funds also led to a Japanese partnership — the MF MCP-Aizawa Trust Philippines Fund, a country fund being marketed solely to retail investors in Japan.

"This fund is the first and only Phil-

ippine-focused country fund, managed by a Filipino asset management firm to be distributed in Japan," explains Tordesillas.

"The Japanese are very supportive with their efforts to grow and expand in the Philippines. So when we had the opportunity to raise a fund in Japan, we immediately seized on it," he adds.

Judging by the results of the partnership between ATR KimEng and Aizawa, the Philippines is indeed back on the radar of foreign investors.

"Aizawa Securities has set up funds in a number of countries, including Vietnam, China and Thailand. When the Philippine economy got better, Aizawa saw the opportunity to launch the first joint fund between the Philippines and Japan," Tordesillas says.

"We are happy that the relationship between both countries continues to be strong and we all look forward to not just preserving this but to fostering this partnership," he adds. ♦

www.atrkecapital.com



ATR KimEng Financial's President and CEO Manuel N. Tordesillas

Sojitz: working together with the Philippines

In April 2004, Nissho Iwai and Nichimen merged to create the new trading house Sojitz. Globally, the newly integrated company became very diversified, with investments varying over a wide range of different industries and sectors in 150 offices worldwide.

In the Philippines, Sojitz has become quite a large presence, specifically in the mining sector. With a combined history of almost 50 years, the company has found its niche in the country, and is now focusing more effort toward that area.

"The area that we are focusing on today is nickel mining. We have a 40-year history of nickel mining in the Philippines, dating back to the days of Nissho Iwai," says Sojitz Philippines President Tsuyoshi Kawai.

The company has also been looking into other mining opportunities.

"This country is very rich in natural resources, not only nickel but other metals as well. We are now trying to forecast opportunities in copper mining. We are ready to invest. By the end of this fiscal year, we are going to shortlist two or three potential projects, and we are looking for good local partners," Kawai reveals.

The company chief also sees much more opportunity for business between the two countries, as long as the few barriers to trade are handled properly.

"More Japanese companies will come to this country, but the Philippine government needs to focus on infrastructure and getting the cities in order," says Kawai, who doubles as a director of the Japanese Chamber of Commerce.

"We are trying to make this country better. This country will become more successful based on its natural resources, and Sojitz wants to be there to work together with the Philippines," he adds. ♦

www.ph.sojitz.com



Sojitz Philippines President Tsuyoshi Kawai

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The man who started it all: an interview with Ambassador Alfonso T. Yuchengco

Alfonso T. Yuchengco heads the Yuchengco Group of Companies, one of the largest family-owned business conglomerates in the Philippines.

He served as Philippine ambassador to Japan from 1995 to 1998 and has been honored by the Emperor of Japan with the Order of the Sacred Treasure, Gold and Silver Star, and the Grand

Cordon of the Order of the Rising Sun. He holds honorary doctorates from three Japanese universities.

Yuchengco was also Philippine ambassador to China and served as the Philippine permanent representative to the United Nations.

WER: How was your tenure as the ambassador of the Philippines to Japan?

Alfonso T. Yuchengco: Overall, my tenure as ambassador of the Philippines to Japan was filled with milestones that strengthened further the strong relationship between our two countries.

Japan was my second diplomatic posting. I remember at the time we had many Filipino TNTs (in Filipino, it means "tago ng tago," or constantly hiding). When they got sick, they were often hesitant to go to Japanese doctors because of the language barrier or sometimes because they would get caught and be deported for overstaying. Filipino doctors are not allowed to practice in Japan.

So I brought in a Filipino doctor and appointed him as an attaché of the Philippine Embassy, and sent him around Japan, from Yokohama to Osaka to Kobe, to treat these TNTs. For three years I

did this.

Upon my departure, the Japanese Foreign Ministry held a lunch reception in my honor. They commended me for bringing in a doctor to treat Filipino citizens. It turned out that they had known all along but they let it go since it was good for both countries! Indeed, my tenure to Japan was filled with many fond moments and achievements that contribute not just to my personal memories but also to the socioeconomic gains of our countries.

What are the awards you received from the government of Japan?

On the day I was appointed as ambassador to Japan, I was playing golf at the Manila Golf Club with the then-Japanese ambassador to the Philippines. At hole No. 7, I fell down and broke my left leg in four places. When I left for Japan, I was on crutches.

When I got to Tokyo, they told me that it was forbidden to see the Emperor with "instruments." They called my crutches "instruments." Luckily, I had a good friend who was the chief justice of the Supreme Court of Japan at the time. When he heard this, he got disturbed and left. Half an hour later, he called me and told me that I would be presenting my credentials to the Emperor in a few

days. On the appointed day, I was able to get into the Imperial Palace and saw before me the Emperor with guards standing on either side of him, to make sure I would not do anything wrong.

After you present your credentials, you cannot turn your back on the Emperor, so I had to walk backward with my crutches, which was such a difficult thing to do!

Later on, I was honored by the Emperor with an award that is one of the highest honors given to a foreigner. Overall, I actually received two awards from Japan, the Order of the Sacred Treasure, Gold and Silver Star, and the Grand Cordon of the Order of the Rising Sun.

Have you observed some Japanese qualities that would be of good use to Filipinos?

The Japanese are very patriotic. They love their country so much, and they show this love by respecting and obeying their country's laws. This is something we Filipinos should learn.

Can you name some of your important business dealings with the Japanese?

We have many good partnerships with Japanese companies, like Tokio Marine and Fire Insurance,

Nippon Life Insurance Co., Eisai Pharmaceutical Co. and Fuji Xerox, among others.

What are the prospects for Japanese investment here in the Philippines?

Nowadays, the Japanese can enter into many investment areas. Mining here is an emerging profitable sector for the country's development. Call centers are another booming industry.

When I was in Japan, I tried to invite senior Japanese residents to retire here in the Philippines. A big problem in Japan is that when citizens get old, they have no place to retire. Some of them came over and tried to take a look. Unfortunately, since Filipinos don't speak Japanese, and these old Japanese cannot learn a new language, it did not work out.

The service industry here is another good industry for the Japanese to invest in. We can easily send caregivers to Japan.

What is your final message to the Japanese?

I'm encouraging more Japanese investors to come to the Philippines. We have no prejudice against the Japanese unlike some other Asian countries. The Japanese are very welcome here. ♦



Ambassador Alfonso T. Yuchengco, head of YGC

A Philippine dragon fires its firm commitment to develop Asia and beyond

It has been over 60 years since Alfonso T. Yuchengco, currently presidential adviser on foreign relations with Cabinet rank, established what is now known as the Yuchengco Group of Companies (YGC).

Through seemingly long and trying years, the secretary has lived up to his mantra — "To serve the best interest of Filipinos" — when overseeing his vast conglomerate.

YGC had its humble beginnings in the streets of Binondo, a community in Manila, where most Chinese immigrants resided in the early 1900s. Today, the area is still a business cen-

ter for Filipinos of Chinese descent.

YGC's approach has always been to improve the lives of Filipinos through its vast knowledge in banking and finances, and by reaching out personally to the other needs of its clients and customers.

Yuchengco spells out his vision and plans for the YGC conglomerate in the coming years.

"As the investment climate in the country improves, we are looking at expansion by inviting new strategic partners to come in. We have to be attuned to the needs of foreign investors for them to feel confident to come, and invest safely and profitably. We should be able to service certain select niches in the market," he says.

YGC addresses every Filipino's need from cradle to grave, so to speak — whether it be educational plans, life insurance, housing assistance, business loans, asset planning or retirement benefits.

Helen Yuchengco-Dee, chairperson of Rizal Commercial Banking Corp. (the banking arm of YGC), wants to maximize the potential of YGC in strengthening the role of the

Philippines in uniting and harmonizing Southeast Asian countries to become a more robust region in the 21st century.

"ASEAN's strength is really about staying together as a group, the same way Europeans have done. There is no way you can stay on your own anymore. Even economic giants such as China realize the value of being part of a larger whole.

The Philippines can act as a catalyst for enhancing, and maintaining unity and harmony among ASEAN countries," she says.

YGC has promised throughout its years of existence, and will continue to do so in the coming years, to give customers only the best service, the best products and the best in life. ♦



Helen Yuchengco-Dee, chairperson of Rizal Commercial Banking Corp.

Filipino construction firm positions itself for world-class projects

Strong macroeconomic fundamentals and a good investment climate have resulted in a healthy Philippine economy. This has sparked renewed interest in infrastructure and property development in the country.

EEl Corp., a wholly owned Filipino construction firm, is at the forefront of the building boom nationwide, and is now eyeing a major share of the construction business abroad.

EEl specializes in building industrial projects, real estate development and various infrastructure programs. Its other expertise is providing replacement parts and supplies for various industrial and commercial corporations as well as market manpower services.

It is the first Filipino construction company to be awarded an ISO 9001 from Germany, testament to its expertise.

Aside from key infrastructure projects like expressways, and airport and train terminals, EEl is a major player in the power, oil and petrochemical sectors. It has been involved in the formation of power-generating

transmission facilities; building of oil refineries; cement plants; chemical production plants; food and beverage manufacturing facilities; and semiconductor assembly plants.

Overseas, EEl acquired various packages like the \$180 million for the plant construction, and fabrication and erection of furnaces of the Eastern Petrochemical Company's facilities in the new Jubail Olefins Complex in the Kingdom of Saudi Arabia.

EEl President Roberto Jose Castillo said that the Middle East contract is one of the largest ever awarded in recent years to a Philippine contractor.

EEl Corp. is a subsidiary of House of Investments Inc., the property and infrastructure arm of the Yuchengco Group of Companies. ♦



EEl has obtained various projects at home and abroad.

RP's biggest engineering school gears up for bigger involvement in Asia

Mapua Institute of Technology has been one of the Philippines' pillars in the field of engineering and architecture.

Located in the heart of the capital Manila, the school prides itself on being the biggest engineering school in the Philippines, contributing at least 8 percent of the country's engineering graduates every year.

It has about 15,000 college students while its pre-engineering school population numbers about 1,800.

In 1999, the institute was fully acquired by the Yuchengco Group of Companies. Ambassador Alfonso T. Yuchengco serves as the chairman of its Board of Trustees.

Under the new management, its curriculum is continuously being enhanced to cater to the constantly changing needs of the engineering and architecture industries.

Recently, Mapua linked up with other technological schools and cyber-education institutions to give its students wider access and a bigger learning environment in the global arena.

It is also developing consultancy services so it will be able to get a solid footing in this in-demand profession. ♦



Mapua Institute of Technology contributes about 10 percent of the country's engineering graduates each year.

The Strength of SYNERGY

YGC is the Yuchengco Group of Companies.

With investments ranging from banking to insurance, automotive vehicles to travel and tourism, construction and engineering, to information technology. YGC is among the premiere conglomerates in the Philippines and among the largest and diverse conglomerates in Southeast Asia.

www.ygc.com



YGC

YUCHENGCO GROUP OF COMPANIES

Banner year for Philippine tourism

When President Gloria Macapagal-Arroyo appointed Joseph Durano to head the Department of Tourism, he was tasked with reversing the continuing decline in tourist arrivals to the country.

"At that time, the main agenda of the Arroyo administration was to tame the fiscal deficit. Of course, it meant that a bigger budget was out of the question. So, our challenge was to get better performance out of our existing resources," recalls Durano about his first year in office.

So Durano formulated what he referred to as "a series of calibrated executions of our portfolio markets," or a systematic prioritization of the 18 most important tourist markets. At the top of the list were, and still are South Korea, the U.S., Japan and China, which account for more than 50 percent of the country's tourists.

"The first year was when we really focused on our core market to get a jump-start. Once we were able to jump-start and strengthen demand, we were able to move to other secondary markets. We wanted to strengthen demand by creating a better environment to attract new investments," says Durano.

To expand the tourism industry, the secretary knew that it was vital to attract more visitors from those core markets and thus increase the amount of tourist dollars spent in the country.

In Japan, the DOT has focused on two main types of travelers: the independent woman and the scuba diver.

"To these travelers, we want them to see the Philippines as a new discovery," emphasizes Durano.

In line with this theme, the DOT held several competitions to promote the Philippines.



Philippine Secretary of Tourism Joseph Durano

First, teamed up with Japanese travel giant JTB to organize an interisland treasure hunt for scuba divers.

"All participants were given maps, and though it was all escorted and organized, they had the feeling that they were on an authentic treasure hunt," explains Durano. That one program attracted 16,000 participants.

The DOT also teamed up with Japanese travel agent HIS for a "Win-an-Island" campaign, in which Japanese travelers to the Philippines were given raffle tickets to win the right to name one of the country's 7,107 islands for a year.

"Today, we have Takeda Island in the Philippines," says Durano.

Such focused activities have paid off.

After three years at the helm, Durano is confident to say that 2007 was a banner year for Philippine tourism.

"Today, with the performance of the industry, from tourist arrivals and tourist investment, I can say we did the right thing," says Durano.

According to DOT figures, visitor expenditure rose to approximately \$2.9 billion in 2007 and grew an average of 20.1 percent

over the last three years, making tourism one of the top dollar-earners for the country.

By creating this "better environment," the DOT clearly increased investor confidence in the tourism sector.

In the last two years, more than \$2 billion has been invested in the tourism sector, mainly in hotel and resort developments in established destinations like Boracay Island as well as in emerging destinations like Marinduque and Eastern Samar.

"If you look at the beach destination today from three years ago, one stark difference is the number of rooms since that time. Beaches have always been our No. 1 draw, and will continue to be so as the number of rooms on each beach swells," Durano says.

Durano projects that the tourism sector will grow in the Philippines well into 2008, thanks in no small part to the contribution of Japanese travelers.

"Japan continues to be one of our most important markets. The Japanese have long been a part of Philippine life in a positive way, in trade and people-to-people exchanges. Tourism is just really one aspect in strengthening this relationship. As we move forward to the next chapter of the Philippine-Japan relationship, I am very confident that tourism will play a major role. I invite Japanese travelers to discover, and rediscover the Philippines," he says.

For more information on how to organize a trip to the Philippines, visit: www.wowphilippines.com.ph



A beach near the underground river in Palawan, which has remained one of most acclaimed destinations in the country for locals and foreigners alike.

Going beyond gaming to sustain economic growth

Over the past five years, the Philippine economy has grown primarily due to increasing remittances sent by overseas Filipino workers. Even based on the most conservative estimates, these inflows account for 25 percent of the country's GDP.

While income from overseas workers buoys the economy, the downside of foreign currency remittances points to the so-called brain drain of skilled Filipino professionals in search of high wages abroad.

According to Efraim C. Genuino, chairman and CEO of the Philippine Amusement & Gaming Corp., or PAGCOR, Filipino workers must be given opportunities to practice their trade at competitive salaries domestically if the growth of the Philippine economy is to be sustainable.

"The Philippines can be the next dragon in Asia. If our infrastructure and brain drain challenges can be addressed, I think this country can be great again. We are a rich country pretending to be poor. We have the natural resources and the labor to succeed. Within PAGCOR, we would like to do our part by paying our employees competitive dollar-denominated salaries. After all, if Filipinos receive their salaries in dollars, there is no need for us to go abroad," he says.

In line with those objectives, PAGCOR hopes to generate that new kind of employment through its largest and ambitious project — the Bagong Nayong Pilipino (New Filipino City) — a multiphase project initially being constructed on 85 hectares of reclaimed land by Manila Bay this year.

Phase II of the project has a grander scope. It entails the construction of several "retirement cities" within a 700-hectare reclaimed territory. These themed cities are aimed at three nationalities, including Koreans and Japanese.

"Our vision is to help the Japanese by putting up a Japanese city where Japanese retirees can stay and be treated by Japanese doctors. Although Japan is the second-largest economy in the world, it has had to accept that it can no longer service the needs of its baby boomer retirees. A \$2,000 pension per month is not enough for these retirees to live in Japan. If they use that money here in the Philippines, however, it is more than enough to live a comfortable life," explains Genuino.

"The Bagong Nayong Pilipino Japanese city addresses the



Efraim C. Genuino, chairman and CEO of the Philippine Amusement and Gaming Corp., or PAGCOR, (second from right) shows the resort-type Bagong Nayong Pilipino-Manila Bay Integrated City to foreign guests.

needs and problems of the Japanese government on how to sustain the 3 million nationals over the age of 90 and the 35 percent or so of its population over the age of 60. In Japan, medical facilities are too limited to service all retirees while there are too few foreign nurses and caregivers due to the restrictions placed on them," he says.

Bagong Nayong Pilipino addresses the needs of retirees who want readily available medical care. In Bagong Nayong Pilipino, Japanese doctors can practice assisted by capable Filipino doctors and nurses. Finally, it addresses the needs of the Philippine government to generate more local employment for our health-care workers, many of whom are trying to go overseas. So it is a win-win situation for all," he adds.

Phase II of the Bagong Nayong Pilipino will be the first time an Asian country has aimed at attracting a specific retiree community without a bilateral agreement. Although the initiative can be viewed as an act of diplomacy itself.

"As Japan is an important stabilizer in Asia, the stability of Japan is very important to the Philippines. Since the Philippines has the manpower, resources and investment to offer a creative solution to Japan's retiree problem, I hope the Japanese government realizes the urgency of this situation and extends us a welcoming hand," states Genuino.

The plans for Bagong Nayong Pilipino are part of Genuino's larger vision to transform PAGCOR into an internationally visible brand.

"We envision making PAGCOR one of the leading contributors of the Philippine government in terms of employment and poverty alleviation. What I tell my people every day is to visualize PAGCOR as a global corporation with a global mind-set and a Filipino heart, and it will come true," says Genuino.



PAGCOR Chairman and CEO Efraim C. Genuino is named one of the "People of the Year" by People Asia Magazine in 2006.

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RP set to charm the world with PAGCOR's entertainment wonder

RDING on the confidence that the Philippines has what it takes to become a world-class tourist destination, the chairman of the board and chief executive officer of the Philippine Amusement and Gaming Corporation (PAGCOR) unveiled the master plan of a \$15-billion entertainment and tourism complex, set to rise along the world-renowned Manila Bay.

Efraim C. Genuino, top honcho of the state-run gaming firm believes that the Philippines' abundance of untapped natural wonders gives it a competitive edge over other premier tourist havens in Asia. But more than that, the country itself is strategically positioned within a two-hour radius of some of the most economically bullish nations in the world.

When he assumed office in 2001, Genuino envisioned a fully-integrated entertainment and tourism hub, designed to showcase the Philippines' charm and magnificence. Named the Bagong Nayong Pilipino (New Town Philippines) Manila Bay Integrated City, the project will initially cover 85 hectares of prime reclaimed land and will be developed in various phases over the next 10 years.

From gaming to entertainment
Set to rival the most popular destinations in the world, the Bagong Nayong Pilipino Manila Bay Integrated City will feature entertainment facilities of par with international standards. These include high-rise luxury hotels, amusement and theme parks, race tracks, restaurants, shopping centers, a golf course, sports stadium, museums and cultural complexes, state-of-the-art theaters, residential villas, retirement homes and medical facilities, a marina and boardwalk, waste management facilities and an observation tower, which will be among the highest structures in the world.

Catalyst for economic development
Through the Bagong Nayong Pilipino-Manila Bay Integrated City, Genuino sees PAGCOR becoming the catalyst for economic growth for the Philippines. He said that this multi-billion-dollar investment may be the economic miracle that the Philippines had been waiting for all these years.

"The Bagong Nayong Pilipino Manila Bay Integrated City represents a vital turning point for Filipinos. With this project, we aim to put the Philippines at the forefront of tourism development and the booming gaming industry — the two leading sources of revenue for nations worldwide," Genuino explained.

The project's terms of reference, posted on www.pagcor.com, requires each potential investor to commit at least \$1 billion to be able to participate. Project cost is expected to reach \$15 billion.

Foreign direct investments and local businesses — especially those in construction, customer services, food, beverage, information technology, hospitality, travel and transportation — are expected to receive a big boost once the project kicks off.

The national government also stands to earn more revenues through lease payments and taxes paid by both local and foreign investors.

Job generation
The PAGCOR chief also added that while it aims to highlight the country's natural beauty and give the domestic tourism industry its much-needed boost, this massive entertainment hub is also one of the biggest job-generating programs of the government.

Once operational, the project is expected to provide decent jobs to more than 250,000 Filipinos who want to earn competitively without having to join dollar-paying jobs overseas.

The Philippines' advantage
More than its rich natural wonders, the Philippines is now one of the most aggressive country players in Asia that has made a mark in attracting foreign business opportunities — targeting the markets in U.S., Europe and neighboring Asian countries.

With the abundance of skilled and talented workers in the Philippines, clear-out and fair government policies for foreign investors, reasonable labor rates and government incentives such as tax breaks for offshore offices — numerous businesses abroad have outlocated their operations here. As a result, the Philippine press is now hailed as one of the best performing currencies in the world.

Also, with the ever-increasing tourist arrivals in the country, the Philippines looks forward to a more vibrant tourism industry and a stronger economy, fueled by the world-class Filipino service.

As the visionary behind the Bagong Nayong Pilipino Manila Bay Integrated City, Genuino believes that the Philippines is no time to take the leap and make its mark in the global tourism industry until it finally realigns itself with the most progressive nations in the world.