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**Overview of Philippine Business and Investment Opportunities**

# Discussion Outline

## THE PHILIPPINES – “RISING TIGER” OF ASIA

- **Ideal Business & Investment Site**

### ENABLING ENVIRONMENT FOR FOREIGN INVESTMENTS

- 9<sup>th</sup> Foreign Investment Negative List
- 2012 Investment Priorities Plan
- Business Advocates – Women’s Business Council Phils. Inc.
- Business Advocates – Other Organizations

### INVESTMENT OPPORTUNITIES – SELECTED INDUSTRIES

- Health and Wellness Sector
- Information Technology & Business Process Outsourcing
- Tourism Industry
- Real Estate Industry



# The Philippines – “Rising Tiger” of Asia

## IDEAL LOCATION FOR BUSINESS & INVESTMENT



### Quick Statistics:

- Population – 95 million (46% between ages 20 and 60 years old)
- 2012 GDP (current) – US\$256.55 billion (70% from Consumption)
- GDP per capita – US\$2,700
- Debt to GDP – 51.4% in 2012 vs in 2011

- Deficit to GDP – 2.3% in 2012 vs 3% set for Eurozone members
- Inflation – 3.2% in 2012 vs 4.6% in 2011
- Fitch Ratings upgraded Philippines sovereign rating to “Investment Grade”
- International Reserves – US\$84.2B in Dec 2012 vs. US\$75.3B in Dec 2011



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# The Philippines – “Rising Tiger” of Asia

## IDEAL LOCATION FOR BUSINESS & INVESTMENT





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# Enabling Environment

## 9<sup>TH</sup> FOREIGN INVESTMENT NEGATIVE LIST (FINL)

Foreign Investments Act of 1991 - Outlines the investment areas or activities that allow foreign investor participation, and industries reserved for Filipino nationals. The 9<sup>th</sup> FINL signed last 29 October 2012 embodies certain changes from the previous 8<sup>th</sup> edition of the list:

### List A – Foreign Ownership Limited by Constitutional Mandate and Specific Laws

#### No Foreign Equity

- Practice of all professions – added Real Estate Services, Respiratory Therapy, Psychology

#### Up to 20% Foreign Equity

- Private radio communications network retained as only activity under this category

#### Up to 25% Foreign Equity

- No changes/additions

#### Up to 40% Foreign Equity

- No changes/additions

#### Up to 49% Foreign Equity

- Lending companies, provided there is reciprocity

#### Up to 60% Foreign Equity

- No changes/additions

### List B – Foreign Ownership Limited for Reasons of Security, Defense, Risk to Health and Moral and Protection of Small & Medium Scale Enterprises

#### Up to 40% Foreign Equity

- All forms of gambling except those covered by investment agreements with PAGCOR under RA 9487 or covered by the PAGCOR Charter

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# Enabling Environment

## 2012 INVESTMENT PRIORITIES PLAN (IPP)

Focuses on public-private partnership projects and four other critical areas: job creation, enhanced delivery of social services, international competitiveness, and climate change mitigation and adaptation.

### Preferred Activities / Regular List

- Agriculture/Agribusiness & Fishery
- Creative Industries/ Knowledge-Based Services
- Shipbuilding
- Mass Housing
- Iron and Steel
- Energy
- Infrastructure
- Research & Development
- Green Projects
- Motor Vehicles
- Strategic Projects
- Hospital/Medical Svcs
- Disaster Prevention, Mitigation and Recovery Projects

### Mandatory List

- Industrial Tree Plantation
- Exploration, Mining, Quarrying and Processing of Minerals
- Publication or Printing of Books/Textbooks
- Refining, Storage, Marketing and Distribution of Petroleum Products
- Ecological Solid Waste Management
- Clean Water Projects
- Rehabilitation, Self-Development and Self-Reliance of Persons with Disability
- Renewable Energy
- Tourism

### Export Activities

- Manufacture of export products, services exports and activities in support of exporters.

### ARMM List

- Export Activities
- Agriculture, Agribusiness/Aquaculture & Fishery
- Basic Industries
- Consumer Manufactures
- Infrastructure and Services
- Industrial Services Facilities
- Engineering Industries
- Logistics
- BIMP-EAGA Trade & Investment Enterprises
- Tourism
- Health & Education Services & Facilities
- Halal Industry



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# Business Advocates

## WOMEN'S BUSINESS COUNCIL PHILIPPINES INC.

- Established in 1997 under the Department of Trade and Industry as a business advocacy group
- Composed of strategic decision makers in women-led, women-owned small, medium and large enterprises

### VISION

**To be the premier Advocate and Resource for Filipino women in business**

### MISSION

**To influence business in the country, to be the voice of Filipino Women in business and to be a major force in global networking.**



# Business Advocates

## WOMEN'S BUSINESS COUNCIL PHILIPPINES INC.

### Key Activities and Accomplishments:

#### ***Entrepreneurship Development***

- Co-organized and participated in the sub-regional launch of the UNDP Report on “*Unleashing Entrepreneurship – Making Business Work for the Poor*” Composed of strategic decision makers in women-led, women-owned small, medium and large enterprises
- Conducted a three-country study (Malaysia, Thailand, and the Philippines) on the effects of the Asian financial crisis on women owned-and led businesses. (*Unlocking Doors*)
- Conducted an APEC workshop on doing business in the Philippines (*Fostering Access to Trade and Growth of Women's SME in Southeast Asian APEC Developing Economies*)

#### ***Networking and Business Matching***

- Co-organizer of the Global Summit of Women
- Lead business sector participant in the Great Women Project of the Philippine Commission on Women (PCW) and Canadian International Development Agency (CIDA) in the Great Women Project
- Lead organization for APEC-related matters involving women in business in such conferences and high level policy dialogues as those for Government Procurement, and Women and the Economy Summits

#### ***Access to Finance***

- Launched the Php 3.1 Billion Lending Window for Women in Small and Medium Enterprises (SMEs)
- Signed a Memorandum of Agreement with the Small Business Guarantee and Finance Corporation (SBGFC) to collaborate and pool their expertise in exploring possible areas of cooperation in order to reach various modes of financing, and to source and adopt development initiatives for WBCP members and/or women-led small and medium enterprises.

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# Business Advocates

## OTHER ORGANIZATIONS

Department of Trade and Industry

Board of Investments

Management Association of the Philippines

Financial Executives of the Philippines

Makati Business Club

Chinese Chamber of Commerce

Philippine Franchise Association

Federation of Philippine Industries

Center for International Trade and Exhibition Mission

SME Associations



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# Investment Opportunities

## HEALTH & WELLNESS SECTORS

- 2.7% of tourism revenues or Php2.84 billion (US\$70 million) contributed by the health and wellness sector (2010 National Statistics Survey), with 3,797 operators/business establishments and 109,709 employees
- Priority sector for private-public sector partnership

PROCEDURE	UNITED STATES	PHILIPPINES*	THAILAND	SINGAPORE	MALAYSIA	INDIA
Coronary artery bypass surgery	\$70,000 - 133,000	<b>\$11,956-17,391</b>	\$22,000	\$16,300	\$12,000	\$7,000
Bypass surgery with heart valve replacement	\$75,000 - 140,000	<b>\$14,347-20,869</b>	\$25,000	\$22,000	\$13,400	\$9,500
Hip replacement	\$33,000 - 57,000	<b>\$5,434 - 7,608</b>	\$12,700	\$12,000	\$7,500	\$10,200
Knee replacement	\$30,000 - 53,000	<b>\$5,434 - 7,608</b>	\$11,500	\$9,600	\$12,000	\$9,200
Prostate surgery (TURP procedure)	\$10,000 - 16,000	<b>\$1,739 - 2,608</b>	\$4,400	\$5,300	\$4,600	\$3,600
Gastric bypass	\$35,000 - 52,000	<b>\$2,173 - 3,260</b>	\$13,000	\$16,500	\$12,700	\$9,300
Face-lift	\$10,500 - 16,000	<b>\$3,913 - 4,347</b>	\$5,000	\$7,500	\$6,400	\$4,800

source: Value Chain of the Cebu Health and Wellness Sector

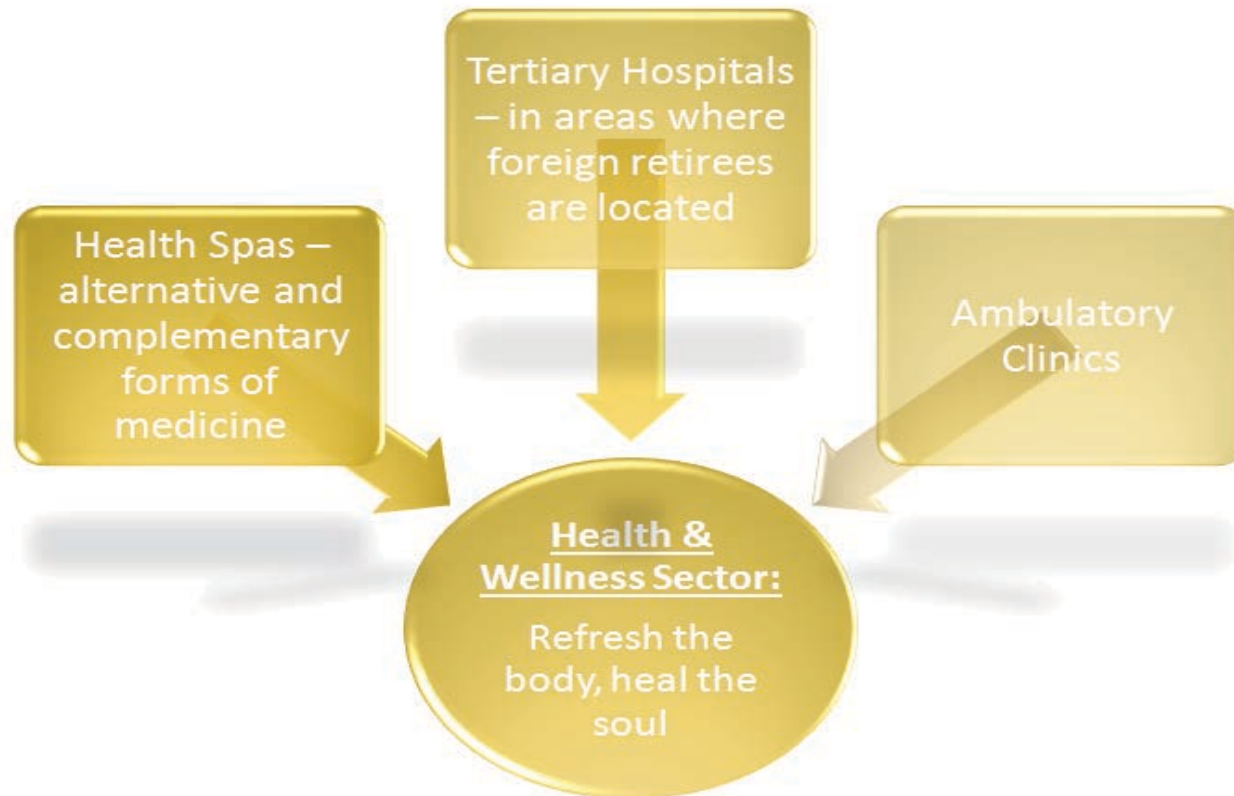
\*Philippine Medical Procedures Cost Estimate based on figures given by UST Hosp, St. Luke's, and Philippine Heart Center

- Philippines is well positioned to capture a larger share of the US\$ 2 trillion global industry
- Growing demand for more affordable services due to rising cost of healthcare services in the US, Canada, Europe and Japan; competitive cost of medical procedures in the country.
- Increasing population of retirees requiring general and specialized medical services abroad packaged with scenic tourist destinations.
- Abundance of highly qualified English-speaking medical workers, and state of the art private hospitals.



# Investment Opportunities

## HEALTH & WELLNESS SECTOR



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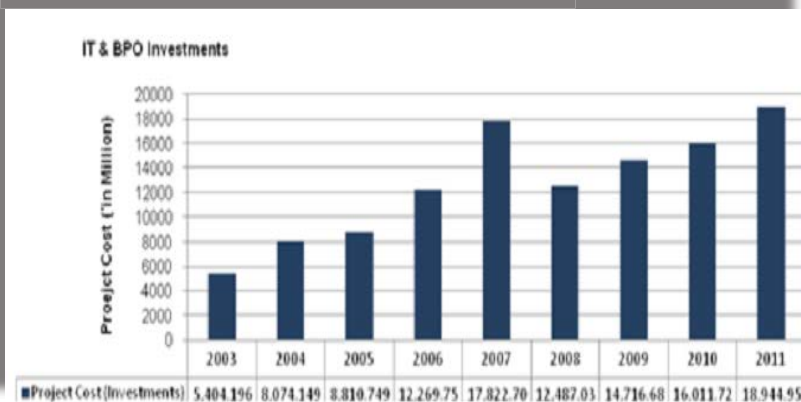
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# Investment Opportunities

## IT & BPO INDUSTRY

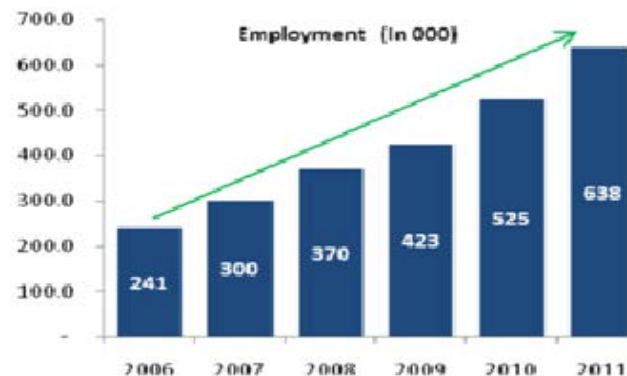


Source: Board of Investments

- 31% average growth in IT and BPO investments over the last 8 years
- Php19 billion investment (US\$470 million) in 2011
- Continuing increase in number of BPO locators

United States remains as the top outsource market with the United Kingdom and other European countries, and Asia Pacific countries emerging as new sources of business.

- New jobs creation : 110,000 + in 2011 and 120,000 + in 2012
- Voice , 65 % new jobs, non voice, 20 % new jobs



Source: Board of Investments



# Investment Opportunities

## IT & BPO INDUSTRY


**TELCO**  **#13**  
IN THE WORLD IN TERMS OF CONNECTIONS


SUBSCRIBERS:  **100.6 M**


**76%**  **92**  
PENETRATION  
30% SUB WITH AVE OF 2 SIMS



REVENUE:  
 \$ 714.67 M  
 \$ 412.88 M

**SOCIAL MEDIA**




 **#8**  
30.3 M USERS

 **#10**  
9.5 M USERS

 **#11**  
1.4 M USERS

**INTERNET**  **31.28 M USERS** 

**IT - BPO**

<p><b>2010</b> </p> <p>REVENUE : \$725M EMPLOYEES : 44,962 REV/FTE : \$16,125</p>	<p><b>2011</b> </p> <p>REVENUE : \$ 993M EMPLOYEES : 50,000 REV/FTE : \$19,860</p>	<p><b>2013</b></p> <p>REVENUE : \$ 15B EMPLOYEES : 70,000 REV/FTE : \$21,428</p>	<p>SOFTWARE INDUSTRY</p> <p><b>\$ 6B</b>  <b>BY 2020</b></p> <p>EMPLOYEES : 200,000 REV/FTE : \$30,000</p>
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# Investment Opportunities

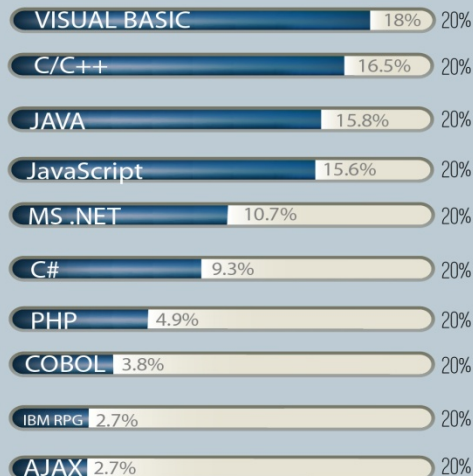
## IT & BPO INDUSTRY

### Skills and Services are Aligning to Global Markets

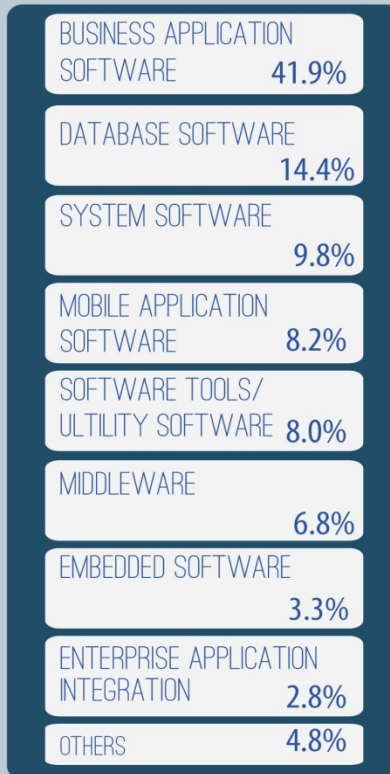
2010: **\$153B**  
(NASSCOM) GLOBAL MARKET SPEND



#### PROGRAMMING LANGUAGES EXPERTISE



#### SOFTWARE DEVELOPMENT EXPERTISE



#### MOBILE PLATFORM EXPERTISE

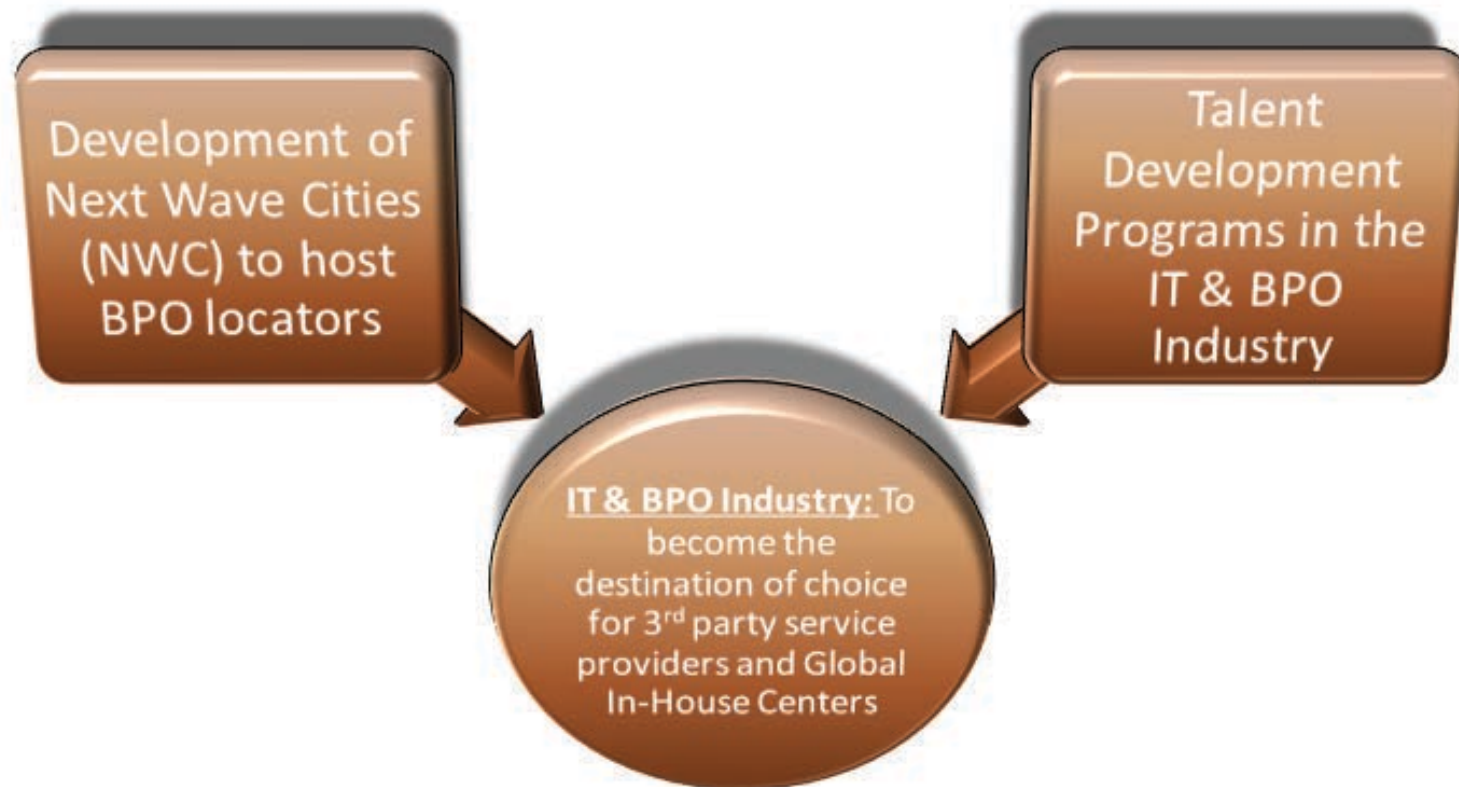


SOURCE: Philippine Software Industry Association



# Investment Opportunities

## IT & BPO INDUSTRY



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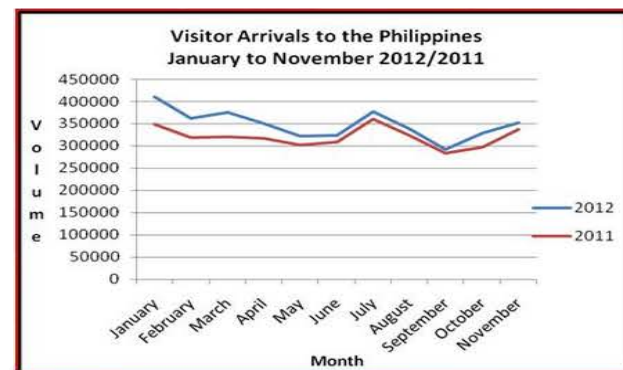
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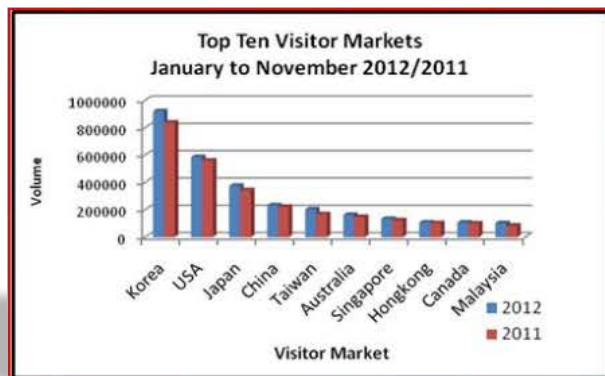
# Investment Opportunities

## TOURISM INDUSTRY

- Record breaking tourist arrivals of 3.92 million in 2011 vs. 3.52 million in 2010.
- Jan-Nov 2012, 3.83 million visitor arrivals, a 8.73% increase from 3.52 million for the same period in 2011.



Source: Department of Tourism



Source: Department of Tourism

### Top visitor markets in 2012:

Korea – 24 %

United States – 15 %

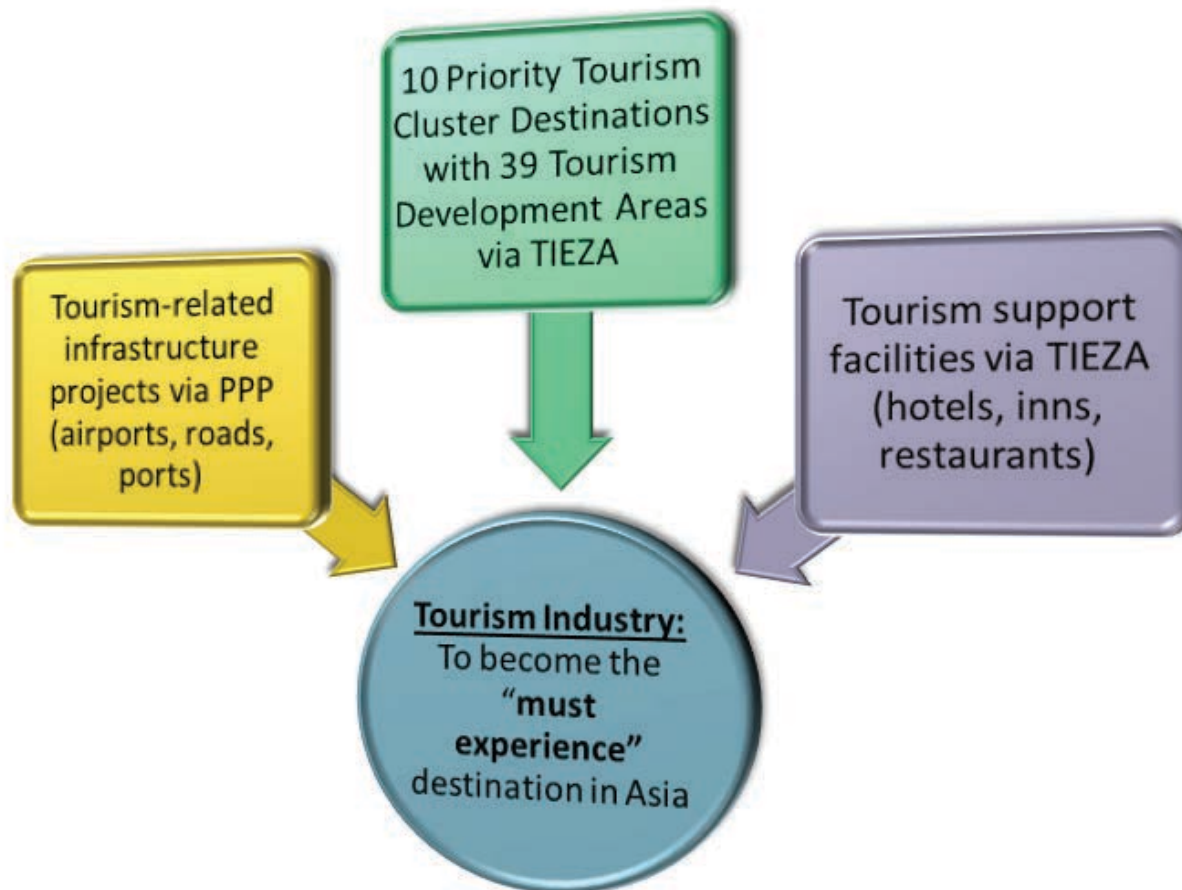
Japan – 9.8 %

- Average contribution of tourism to the economy (2001 to 2011) – 5.8%
- Share of tourism in total employment (2010) – 10%, majority in the passenger transport business



# Investment Opportunities

## TOURISM INDUSTRY



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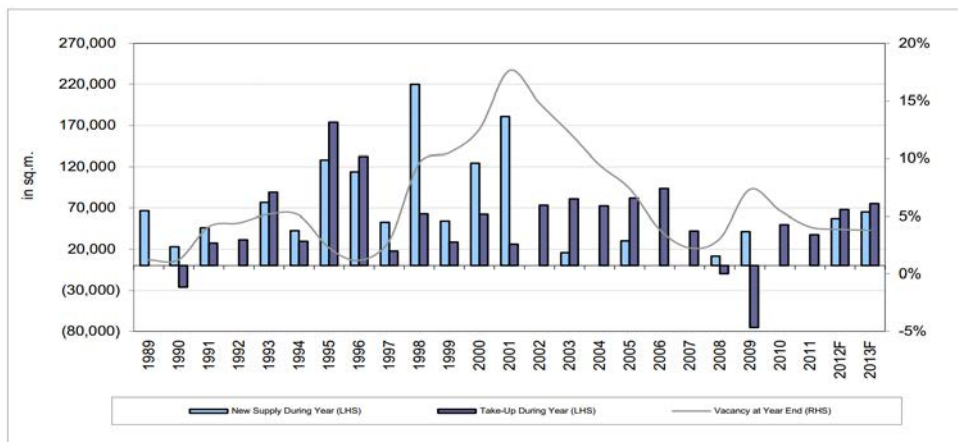


# Investment Opportunities

## REAL ESTATE INDUSTRY

- Net usable office space of 6 million sqm in Metro Manila in 2011.
- 48% of total stock is located in Makati CBD.
- Consistent increase in 2Q12 due to limited supply.

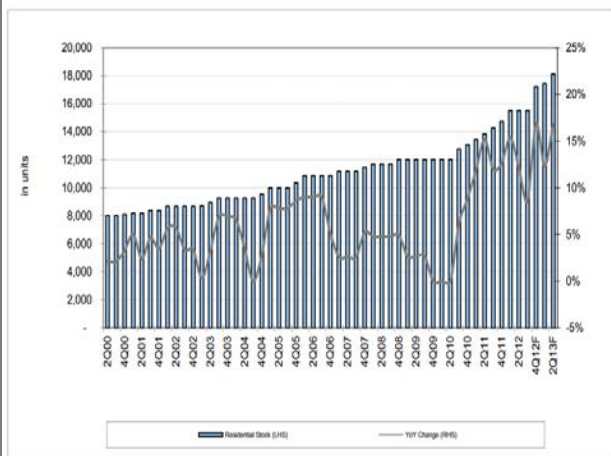
Makati CBD Office Supply and Demand



Source: Colliers International Philippines Research

- Strong demand from the offshore and outsourcing sectors contributed to robust construction activities
- Makati CBD vacancy rates marginally declined to 3.9% in 2Q12.

Makati CBD Residential Stock



Source: Colliers International Philippines Research

- Residential condominium units in Metro Manila tallied over 19,000 units during the first half of 2012 while reservations exceeded the total number by 5,000 units; strong take – remains despite the volume of new supply in the pipeline.
- Premium residences buoyed by expatriate demand due to limited supply and prohibitive prices; studios and one-bedroom units largely taken up by the OFW market and BPO workers.



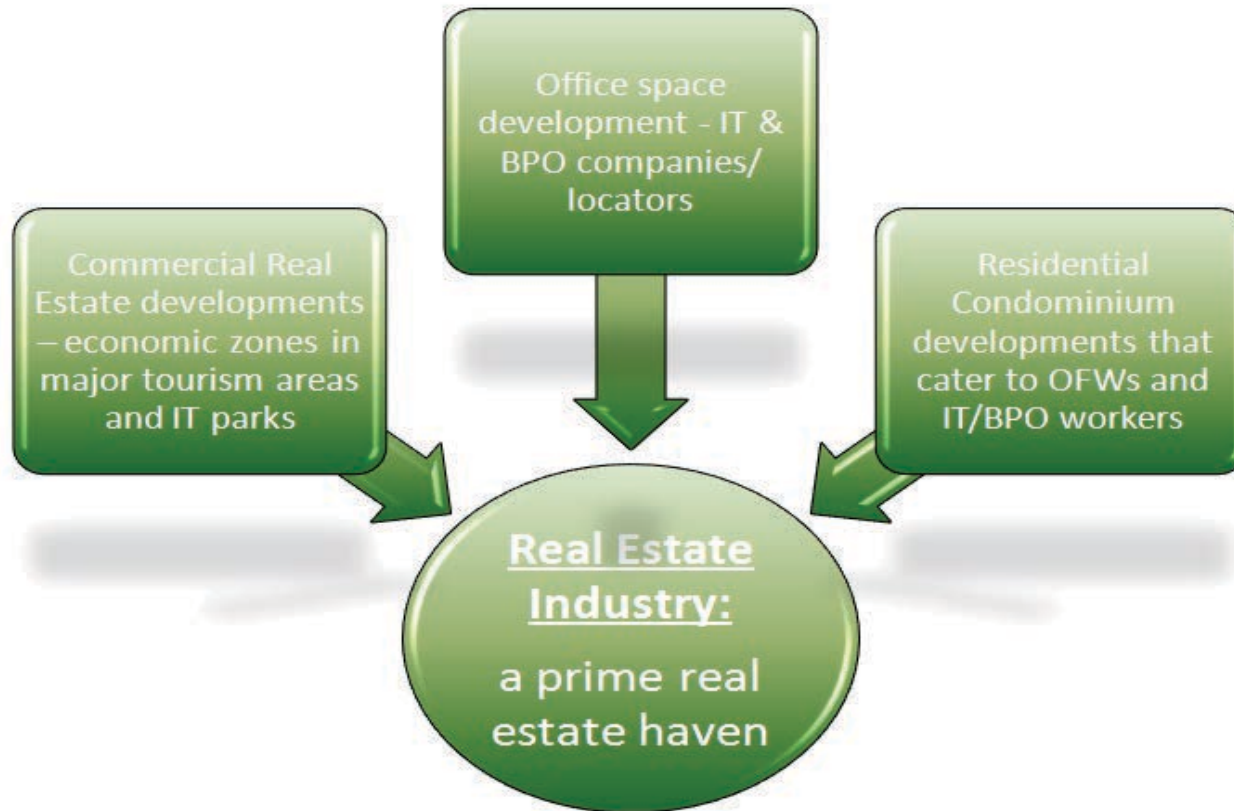
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MAKATI CBD			
COMPARATIVE RESIDENTIAL VACANCY RATES (%)			
	2Q12	1Q12	2Q13F
LUXURY	5.0%	6.0%	
OTHERS	12.8%	12.4%	
ALL GRADES	11.8%	11.7%	12.6%

Source: Colliers International Philippines Research

# Investment Opportunities

## REAL ESTATE INDUSTRY



# Investment Opportunities

## REFERENCES

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# Questions?



**Ma. Aurora "Boots" Garcia**  
Chairman



**Pacita "Chit" Juan**  
President



**Chiqui Escareal-Go**  
Vice President

## **WOMEN'S BUSINESS COUNCIL PHILIPPINES INC.**

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