

DOING BUSINESS IN THE PHILIPPINES: PERSPECTIVES FROM THE PRIVATE SECTOR- PART 1

by Nelda Zulueta

Doing business in the Philippines is like a box of chocolates – you never know what you’re going to get.

It’s like getting on one of those loop-the-loop roller coasters – you go through a lot of twists and turns, a lot of highs and lows, but still come out exhilarated after the ride.

It’s like taking part in one of those long-running ‘telenovelas’ being shown on prime-time television – you go through many dramatic highlights, but you discover that there’s a lot of action and comedy too.

The Philippines is a place where almost all successful businesses are private initiatives. Except for a few large government-owned and controlled corporations, private business endeavours in the Philippines possess more of the leanness and agility that enable forward movement in leaps and bounds than their government counterparts. Sadly, government is generally perceived not as a catalyst for robust business growth but as an obstacle that needs to be overcome. By taking on a positive outlook and viewing the thick outdated bureaucracy as part of the challenge, businessmen are able to maximize their return on investment - in spite of government.

Yet, amazingly, despite this fact and all of the bad things that our country is constantly subjected to, it remains to be one of the best investment destinations in Asia today.

The extremely unstable political scenario, congestion in the metropolis, insurgency, poverty, — you name it, the Philippines has been through it. Yet, just like the unbreakable bamboo that sways along with typhoons that devastate its countryside, the Filipino is one of the most resilient races in the world today. Unlike that of most of its counterparts in the Third World, the Philippine economy has remained stable over time and strong projections indicate that it will continue to do so.

All of the positive indicators of good present economic performance further boost the country’s compelling advantages over its Asian neighbours such as quality manpower and resources, strategic business location, hospitable lifestyle, the presence of unlimited business opportunities – and the Dual Citizenship Law — make the Philippines truly ripe for the taking as an investment destination today. You, our global ‘kababayans’ would do well to explore business opportunities open to you in the country.

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President's Message

This year marks the 12th anniversary of the Filipino American League of Engineers and Architects. It seems not too long ago, when the Founding Fathers of FALEA spearheaded the formation of this association. It all started with a problem in engineering licensing. I wished somebody could help. I discussed the problem with my wife; she suggested forming an association of engineers. I talked to Paul Lucero and he introduced me to Juny LaPutt who was planning to organize the National Association of Mapua Alumni. The response was overwhelming. That was the beginning of FALEA. My WISH became a REALITY.



The existence of FALEA this past 12 years would not have been possible without the strong leadership of the past presidents and unconditional support of its officers, directors and members who dedicated their valuable time and resources to keep this organization in a pedestal. I salute them.

I am humbled to be your President. As your President, I will continue to adhere to the objective of this association in promoting a high standard of professionalism among us, Engineers and Architects, by fostering opportunities for career advancements, unity, friendship, camaraderie and mutual assistance among the membership.

During my term, I will focus on the membership. I will reach out to the member, by e-mail, telephone calls and by mail. I strongly believe that without us Members, there is no association, because we are the HEART of FALEA.

I would like to thank you and congratulate the newly installed officers and directors who have accepted the challenges and responsibilities of the position they were elected.

Congratulations to FALEA's outstanding engineer and architect and to the deserving scholars.

Your recognition tonight will serve as an incentive to all aspiring members and students in their respective field of profession.

On behalf of the League, I would like to extend my sincerest appreciation and gratitude to all the sponsors, donors, supports and guest for their invaluable support in making this 12th year of FALEA memorable and successful.

Warmest Aloha and Mabuhay!


Vergel G. Del Rosario, PE
President

FALEA Officers (cont.)

Outgoing President's Message

The past year was very fulfilling because I was so privileged to be working with officers and directors who are devoted to their respective duties and responsibilities. From the time these officers and directors were elected in Aug 2004, they immediately shifted into high gear to carry out the activities for the year. These activities included the EIT Review, the OSHA Safety Seminar, a number of scholarship fundraising events, various sports activities, picnics, parades and numerous get-together functions. I am proud to have led these dedicated professionals and because of them my job as a president became easier. To all the outgoing officers and directors I thank you very much and I wish to congratulate you for a job well done.

The incoming officers and directors led by Vergel Del Rosario are equally young, experienced and dedicated. Their willingness and abilities will again lead the association to another productive year. Let us give them our full support.

Aside from the officers and directors, there are many individuals in our organization who, in spite of their heavy personal commitments, willingly offer their time and expertise to help members of our community in their professional development, which leads to career advancement and better livelihood. I wish to commend these very kind-hearted, generous and knowledgeable individuals.

I would like to commend Mr. Roger Urbi for conducting in January 2005, a 30-hour OSHA Construction Industry Outreach Safety and Health Course seminar jointly sponsored by FilCom Center and FALEA. This is a course that provides attendees with a knowledge to perform duties as a site officer on all government projects and is a mandatory training requirement for all federal and state contracts.

I would like to commend Ms. Lyna Burian and Mr. Joel Francisco for their outstanding job with the FALEA Newsletter. The newsletter, found in our website, provides information about the association and creates a link from the officers and directors to our members and the public.

I would like to commend all the EIT lecturers. The EIT Review prepares candidates for exams leading to professional licensure. Mr. Allen Thomas, who is now a professional engineer is one of the beneficiaries of these lectures.

And for the rest of you who contributed their effort, time and money for FALEA's welfare and who I failed to specifically mention, my commendation goes to you, too.

As an outgoing president, I would like to encourage and invite our young and experienced professionals to be a part of our organization. Be an officer or a director to share, enhance, or develop your leadership and managerial skills. As a young officer you will have the privilege to work hand in hand with experienced and seasoned professionals who are presidents, vice presidents, principals, owners and key men in very reputable companies and organizations.

FALEA would not be successful without the encouragement and support from you, our members, our friends and our sponsors. Your kind actions mean a lot to the officers and directors. When you buy a \$5.00 ticket for our chili fund raising, or when you participate in any of our activities, it might be a small and simple gesture but it speaks loud for us because your actions give us a thumbs-up for the things we do. These simple gestures inspire and motivate the officers, directors and other members to perform the best they can.

I wish to respectfully ask all of you: Is it worth supporting an organization that thrives in the spirit of "ohana" and encourages their young professionals to be leaders and managers.

Is it worth supporting an organization that, through scholarship awards, assists young people in pursuing their dreams in the technical arena.

And is it worth supporting an organization that unselfishly gives to the community an intangible gift of learning without any condition of payment or reward.

My friends, it is certainly worth it.

Greg Garcia
Outgoing President 2004 - 2005

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Installation & Awards Banquet Pics



The transfer of power is complete. Mabuhay!



Mr Lucero and Mr Laput with spouses.



Beautiful women of FALEA. Left to right Maribel, Marites, and Maricel.



Siony and Greg Garcia, Mr & Mrs Jun Abinsay, and Nora and Vergel Del Rosario



Nap Agraan, Lyna Burian, Outstanding Architect Rey Quemado, and Greg Garcia



Outstanding Engineer Ernie Bello receives his plaque from Nap and Greg.



Golf Champion Alex Viray and Mr. Abinsay.

Business in the Philippines (cont.)

HOW TO MAKE THE MOST OUT OF YOUR BUSINESS INVESTMENT IN THE PHILIPPINES

So, once you have decided to part with your investment dollars and do business in the Philippines, how can you make sure that what you will reap are benefits and not regrets?

1. Choose to invest within the business sector that offers the highest returns

The biggest strength that an expatriate investor would bring into his investment in the Philippines is the might of the US dollar over the Philippine peso. This dictates that engaging in exports from the Philippines to the United States is the best field that is open.

Hot Export Fields in the Philippines Today

Easily the superstar of Philippine exports today is electronic components – it accounts for 70% of all shipments. The Philippine electronics industry accounts for 10% of the world's supply of semiconductor manufacturing services. Texas Instruments produces 100% of digital signal processors of Nokia cell phones, and 80% of Siemens and Ericsson.

The Department of Trade and Industry has identified the ten most promising fields, calling them 'revenue streams' chosen for their inherent or proven competitiveness. Vital growth from these sectors are foreseen:

- IT Services
- Microelectronics
- Motor Vehicle Parts
- Food Products
- Home Furnishings
- Wearables
- Construction Materials
- Marine products
- Giftware and Holiday Décor
- Organic and Natural Products

Two agencies under the DTI, the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA) give separate incentives to investors as long as they meet a number of criteria.

An enterprise may avail of incentives such as tax exemptions and concessions if he invests in preferred areas listed in the BOI's Investment Priority Areas.

Separate incentives, among them income tax holiday and exemption from import taxes, may also be availed of if the export enterprise is located in an industrial park under the Philippine Economic Zone Authority.

Among the most popular ecozones are the Clark Development Economic Zone and the Subic Bay Economic Zone.

The Hottest Export Sector in the Philippines Today

All of these sectors listed are fields with exciting business potential, but I will dwell on discussing with you the export sector which is undoubtedly the field with the greatest investment

potential in the Philippines today, and is the sector I engage in — IT and IT-enabled Services.

Our company, is privileged to be among the 76 registered firms (52 with BOI and 24 with PEZA) exporting outsource services in software development from Philippine shores today. With a local area network (LAN) in the heart of Metro Manila connected by a 128 kbps Internet leased line to the virtual private network (VPN) of our client in New York,, we are able to log on to their mainframe system and do real-time data processing activities.

We boast of being able to allow the realization of up to 70% savings for our client in the United States for their programming cost, not to mention the benefits gained from the difference in time zone – night time in New York is daytime in the Philippines – which enables them to achieve 24-hour operation. Simultaneously, we are also able to gain an extremely favourable rate of return on our investment, even in the first year of operations.

How is this possible?

A programmer with basic minimum qualifications working in the United States is paid about \$60 per hour. By using Internet broadband services a Filipino programmer can do exactly the same thing that his American counterpart does, sometimes even better, and will already be happy with \$5 per hour.

Labor in the Philippines is very cheap but skill, talent and productivity is very high. Figures in the global 'Price and Earnings' survey released last month by the UBS, the Swiss investment bank, indicate that the average gross wage in Metro Manila, at least on the semi-skilled level is \$1.40/hour as against \$1.70/hr in Jakarta and \$1.80 in Bangkok.

The presence of a satellite office on site further boosts our US-based clients' confidence in our output since the onsite team does stringent quality control and ensures data confidentiality. Coordination is also enhanced since a team closely affiliated with the offshore group is already onsite, on US soil, and will attend to your needs and specifications, wherever you may want to conduct business in the United States.

Whatever IT or IT-enabled service that you outsource to us, you are thoroughly assured of the best quality output which will reap untold benefits for you in savings which will translate to a high rate of return on your investment!

Trends and Predictions for the Asia/Pacific Outsource Services Market

Asia is a source of significant outsource service operations from the United States and Europe. The McKinsey & Co., an investment consultancy firm, projects a bigger demand for outsourcing services that will reach US\$ 180 billion in 2010.

The IDC Call Center Services Forecast and Analysis 2001-2005 cites the Philippines as an emerging specific alternative to India, due to historical and cultural factors. Among the country's strengths that has earned for it the title of Asia's 'Bright Spot' for Outsourcing are its affordable, highly-skilled and literate English-speaking human resource, its affinity to Western Culture, its strategic location, its hospitable lifestyle which makes it expatriates' top choice for quality of life, and its expanding infrastructure. The Philippines now boasts of a mature and robust telecommunications international network which is one of the minimum requirements to be a legitimate offshore outsourcing destination.

(Part 2 of Business in the Philippines next issue)

3, 4, 5, or 7

WHICH ONE IS BETTER?

by Zam Criste

I mean the resolution of digital cameras. Here are a few things you have to consider before investing time and money.



budget – what are you willing to spend? your budget should include the digital camera, batteries, storage media and of course the case or the bag.

What can you afford?

Resolution – a 3.0 digital camera can produce a very nice 5"x7" depending on how good the focus is. – A 4.0 digital camera can produce an 8"x10" blow-up, again depending on how good the focus is. – and a 5.0 can produce an 11"x14" – pretty big, and a 7.0 can produce something much bigger, like a 16"x20". **Do you need a 16"x20" every time you shoot?**

Storage – 3 /128/106 – 4/128/64 – 5/128/51 – 7/128/38

The first number is the resolution of the camera, the second number is the storage media in terms of megabytes, and the third number is the total number of pictures that you can store in the storage media. **Do you want to invest more money on extra storage media or keep re-using what you have?**

Speed and batteries – the higher the resolution, the slower the camera. It takes more time and more space to store a 7.0 image in a storage media; it also burns the energy of the batteries faster, especially if you keep using the flash. **Do you want to wait and miss next shot?**

Some tips:

-1 turn off the camera before you remove the storage media or it will erase every photo you took and damage the storage media.

-2 reformat the storage media in the camera after you download your pictures. do not use the computer to delete or format the storage media.

-3 don't let the storage media get too full sometimes it overwrites an existing photo.

-4 if the storage media gets damage – do not re-use (that is why a 1 gig or a 512 is a big waste if it gets damage – yes it is better to have, 2-128's than 1-256, or just 3-64's!)

-5 every camera is unique when it formats the storage media – it is not advisable to share storage medias.

..... A Sony, an Olympus, a Minolta, a Canon, a Kodak or an HP — they are all ok – now it is up to you to decide.

THE GROWING IMPORTANCE OF ENGINEERING LICENSE

Part 1

By: Jun Suela, ArchD.

(This is a two-part article series that will discuss the importance of having a professional license as part 1 and a commentary from the eyes of one of the FE review class lecturers with some information on how to apply for the examination as part 2.)

Professional licensing, Engineering in particular, is growing in importance. More and more employers are encouraging staffs who have gained sufficient experience to pursue engineering licensure. Employers recognize that engineering licensing for their employees not only meets the state legal requirements, but also ensures that their employees are prepared to meet changing local and national codes, standards and regulations. In support of this endeavor, the Filipino-American League of Engineers and Architects organized and conducted the Fundamentals of Engineering (FE) review class, formerly Engineer-In-Training (EIT) review class to help prospective engineers obtain their license at no cost. The FALEA sponsored FE review class is in its **tenth consecutive year** of delivering quality service to its members and their friends with tremendous results. To demonstrate the effectiveness of FALEA's review class, the readers are encouraged to read the letter of appreciation from one of the recent successful examinees on part 2 of this article as a testament that this effort really yields positive outcome.

Attainment of Professional Engineering license is one of the most important career milestone; the National Society of Professional Engineers (NSPE) likens professional engineering licensure to the bar exam for lawyers or the medical boards for doctors. It provides proof that the engineer has "fulfilled the education and experience requirements to offer engineering services directly to the public," according to an NSPE fact sheet. It is viewed by engineering and construction firms as a key step in your success with the organization.

Licensing provides you with many benefits as follows:

Job opportunities: Employers desire engineers who demonstrate a commitment to the future by becoming licensed.

(continued on page 7)

ENGINEERING LICENSE (Continued)

Promotions: Many employers in industry and government require licensing for advancement leading to senior engineering positions.

Professional Consulting: Only licensed Professional Engineers (P.E.) can consult in private practice and serve as expert witnesses in court.

Respect: Professional Engineers gain the respect and admiration of peers within the engineering community, where there is a lofty desire to excel.

Future outlook: Since laws, ordinances, standards and regulations always change; a P.E. license could become a necessity in the future.

Personal credentials: Most engineers do not spend an entire career with one employer. A P.E. license is a personal credential that can be carried between workplace.

Yes, get started now. Check with your state licensing board to learn when you can take the Fundamentals of Engineering (FE) exam. Once you qualify to sit on the examination, contact any officers of FALEA to know when the next Fundamentals of Engineering (FE) review class will be held.

The review course, conducted every Saturday, usually start in the last week of January and end on the 1st week of April in time for the FE exam on the third week of April every year.

FALEA GOLF 2004/2005 TOURNAMENTS SUMMARY

The FALEA Golf Club 2004/2005 series was concluded on October 2, 2005 at the Hawaii Prince Golf Course. This tournament was the last of the series and after this tournament the winner of the President's Trophy 2005 was determined. The eventual winners of the President's Trophy 2005 were Alex Viray (1st Place), Rene Maniulit (2nd Place), Greg Garcia (3rd Place) and Charlie Ramos (4th Place).

The six(6) tournaments last year was well attended. Members and guests participated and some guests became interested in our association and applied for FALEA membership.

This coming year, we will have nine (9) tournaments and the President's Trophy is now called the FALEA Masters. Members and guests are again invited to join. As spaces are limited, we encourage future participants to make early reservations. For particulars about FALEA Golf Club and coming tournaments, please visit our website www.falea.org or contact Greg Garcia (383-7177) or Dodi Velasco (256-6053).



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Richard Buckminster Fuller quotes (US engineer and architect, 1895-1983)



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