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The Philippines

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Doing Business in the Philippines

Market Overview

The Philippines is the twelfth largest country in the world by population (more than 102 million) and is the fourth-largest English-speaking country. It also has one of the youngest populations in the world, with more than two-thirds of the population under the age of 35. About 90% of Filipinos between the age of 10 and 64 are functionally literate. Relatively high population growth (nearly two percent annually) will continue to help drive economic growth for the next several years, while also increasing the strain on social spending and the country's infrastructure.

Philippines year-on-year GDP growth accelerated from 6.1% in 2015 to 6.9% in 2016, among the fastest in the region. Helped in part by election-related spending, robust domestic demand spurred the economy's expansion despite a weak external environment and a contraction in agricultural output. Most economists project the economy will continue to grow in the 6.5-7.0 percent range in 2017, buoyed in part by the Duterte government's more expansionary fiscal stance and increased infrastructure spending.

Consumer spending remained the major component of domestic demand, supported by remittances from overseas Filipinos, continued strong growth in the Business Process Outsourcing (BPO) industry, a growing middle class, and moderate inflation; and capital formation (up nearly 24 percent from last year) emerged as 2016's major growth drivers. Construction spending (up 13.6 percent) grew at a faster pace, reflecting healthy private construction activity (up 9.5 percent) and a marked improvement in public construction expenditures (up 29 percent) during the 2016 election year. Spending on durable equipment increased 32.6 percent, suggesting more robust investments toward expanding the economy's production capacity.

The country's macroeconomic fundamentals remain sound, and the incoming central bank governor is expected to maintain the country's strong performance. Year-on-year consumer price inflation saw a creeping, upward trend for most of 2016, which mounted toward the fourth quarter and saw year-on year inflation rising to 2.6 percent in December. Nevertheless, average inflation for the full-year settled at 1.8 percent, only somewhat higher than in 2015 (1.4 percent) and below the central bank's targeted two to four percent range. Inflation pressures have continued into 2017, averaging 3.2 percent during January to April as a slightly weakening currency, higher global oil prices, and upward adjustments in electricity and transport rates wove themselves into general price levels. Higher inflation also reflected the heavily weighted food price index's vulnerability to climate/weather-related disturbances. Average full-year inflation for 2017 is nevertheless expected to remain within the central bank's two to four percent target band.

The Philippines posted a modest $420 million (0.1 percent of GDP) balance of payments deficit in 2016. The current account barely mustered a fourteenth consecutive year of annual surpluses, shrinking nearly 92 percent to $600 million (equivalent to barely 0.2 percent of GDP), and failed to offset significant net outflows of portfolio capital stemming from anxieties over the U.S. Federal Reserve Board's tightening decisions and geopolitical uncertainties

(including Brexit and the U.S. elections); as well as larger net outflows in other financial assets/investments (primarily reflecting residents' deposits in offshore banks, net lending by local banks to non-residents, and net repayments of foreign loans). The narrow current account surplus reflected the widening of the merchandise trade gap by 43 percent year-on-year to $34 billion on tepid export growth (0.6%) and strong import demand (16.6 percent) – eroding gains from overseas Filipinos' remittances (up 4.9 percent) and Business Process Outsourcing revenues (up 12 percent). On a positive note, demand for capital equipment and raw materials/intermediate goods mainly drove import growth in 2016 -- suggesting larger production capacity investments, consistent with the strong expansion in capital formation recorded in the national income accounts. Lagging industrial development and integration of the manufacturing sector in global value chains pose longer-term challenges to the Philippines' export competitiveness.

Net foreign direct investment (FDI) inflows have been on an upward trend since the administration of former President Benigno Aquino III and rose by more than 40 percent year-on-year during 2016 to a record-high $7.9 billion (from $1.1 billion in net FDI flows in 2010 when the former President assumed office). The Philippines nevertheless remains among Southeast Asia's FDI laggards, with barely four percent of the total FDI stock in the region. The United States -- with an estimated $4.7 billion of FDI in the Philippines as of end-2015 -- ranks among the Philippines' top investors. The Philippines has improved in various competitiveness rankings. However, the inadequate state of infrastructure remains a weak spot and investors also continue to cite government red tape, regulatory uncertainties, a slow judicial system, and corruption as challenges to doing business in the country.

The Philippine Central Bank's gross international reserves (GIR) ended 2016 barely higher from end-2015's $80.7 billion cushion but remained comfortable, equivalent to nine months' worth of goods and service imports and nearly four times the Philippines' short-term foreign debt -- well above international benchmarks.

The Duterte administration, which assumed office in July, increased the national government's programmed fiscal deficit ceiling for 2016 from two percent to 2.7 percent of GDP to allow more expansionary spending. The fiscal deficit ended 2016 at 2.4 percent of GDP, higher than the barely one percent of GDP average from 2013-2015 which triggered criticisms of "underspending" against the previous government. Expenditures increased from 16.8 percent of GDP during 2015 to 17.6 percent of GDP in 2016, the highest recorded since 2010. The ratio of taxes to GDP -- which remains among the lowest regionally -- improved slightly from 13.6 percent to 13.7 percent year-on-year. The former Aquino government fell short of its goal to improve the government's tax effort to 16.5 percent of GDP during its six-year term. The new government has programmed a higher, annual budget deficit ceiling of three percent of GDP under President Duterte's administration to boost spending on social services and infrastructure and to make more significant inroads to reduce poverty. Boosting tax collections through legislative and administrative reforms, untangling spending bottlenecks, and improving government agencies' capacity to implement programs/projects will be critical to delivering on these promises. The Duterte government is shepherding congressional approval of a Comprehensive Tax Reform Program to achieve its twin goals of raising revenue and promoting a simpler and more equitable tax system.

The overall improvement in macroeconomic stability, resilience to domestic and external shocks, and debt management efforts has been recognized by the "big three" credit rating agencies — Fitch, S&P, and Moody's – which all have given the Philippines investment grade ratings. S&P and Moody's currently rate the Philippines' long-term foreign currency sovereign ratings a notch above minimum investment grade, the highest achieved thus far in the Philippines' credit-rating history. Credit rating agencies are closely watching progress on tax reform, infrastructure spending, and budget implementation.

The higher growth trajectory (averaging six percent under the former Aquino government) helped push down the unemployment rate from 7.3 percent to 5.5 percent between 2010 and 2016. The official, national poverty rate also declined to 21.6 percent in 2015 from 25.4 percent in the previous 2012 survey. Anecdotal evidence suggests that the middle class is expanding. Although gradually improving, the still high level of inequality nevertheless remains a challenge. The incidence of poverty varies significantly across regions and the country's underemployment rate continues to hover at around 18 percent.

U.S.-Philippines bilateral trade has grown by over 45 percent since 2009, amounting to US$18.3 billion in 2016. In 2016, the Philippines ranked as the 31st largest export destination for U.S. products and the 29th largest source of U.S. merchandise imports. The U.S. trade deficit with the Philippines was at US$1.8 billion in 2016.

In 2016, the United States was the Philippines' largest export market after Japan, with more than 15 percent of total exports. The United States was the Philippines' third largest supplier, with a nine percent share of the country's import bill.

Speculation over the timing and pace of U.S. Federal Reserve rate increases continued to fuel volatility in the foreign exchange market, along with volatile global oil prices, the United Kingdom's vote to exit the European Union, anxiety over the local and U.S elections, other geopolitical uncertainties, and the narrowing current account surplus. The local currency depreciated to ten-year lows toward the end of 2016. The Philippine peso closed 2016 at 49.72 to the U.S. dollar, almost 5.7 percent weaker than the end of 2015 (PhP 47.06 per U.S. dollar). The peso traded at an average rate of 49.96 to the U.S. dollar during the first four months of 2017.

The Philippine Stock Exchange Index (PSEi) closed in negative territory for a second consecutive year, declining 1.6 percent in 2016 on top of the 3.9 percent decline registered at the close of 2015. The first four months of 2017 generally saw an uptick in the benchmark index, which closed April up nearly 12 percent year-to-date. Encouraging domestic news and developments include strong fourth-quarter 2016 GDP growth, upward adjustments of short-term economic growth forecasts by several private economists and multilateral development banks, affirmation of the country's investment-grade sovereign credit ratings, progress on tax reform initiatives, and encouraging corporate earnings reports which attracted bargain hunters to the local bourse.

Political Situation and Other Issues that Affect Trade

The political situation in the Philippines is stable. Philippine voters elected President Rodrigo Duterte on May 9, 2016 to a single six-year term with approximately 39% of the vote. Mr. Duterte enjoys high approval ratings and has cracked down on crime, illegal drugs, and

corruption, though his campaign has drawn criticism from the international community and human rights groups. Economic stability and business activity has continued unabated, however.

The Duterte administration is attempting to end one of the longest running and most debilitating militant insurgencies in Southeast Asia. Duterte is pursuing constitutional changes to expand local government autonomy, a move the government expects will support the peace process with the Moro Islamic Liberation Front (MILF), the largest Muslim separatist group in the country. A 2014 effort to implement a peace deal failed to pass in Congress, but the Duterte administration has restarted the dialogue as part of a larger discussion with additional stakeholders. In response to increased terrorist activity in the southern island of Mindanao, Duterte declared on May 24 a 60-day period of martial law. This enables law enforcement to implement as-needed emergency operations.

The Duterte Administration inherited a strong economy fueled by the unabated growth of call centers and remittances. While the Philippines' reputation has shifted from being the sick man of Asia to a bright star in the region, it continues to face constraints to growth and development and is working to improve regulatory quality, rule of law, anti-corruption enforcement, revenue collection and expenditure management, and human capacity development in health and education. President Duterte has appointed a strong economic team, and while his anti-U.S. rhetoric initially created uncertainty among foreign investors, growth remains strong and his cabinet's economic policies are largely in line with U.S. priorities.

The U.S. and the Philippines concluded a five-year Millennium Challenge Corporation (MCC) compact on May 25, 2016. The MCC effectively completed a 222-kilometer secondary national road; empowered over 4,000 communities which designed and implemented development projects focused on small-scale infrastructure and social services; and improved tax administration and collections. While the MCC deferred its decision to reselect the Philippines for another compact in December 2016, the national government is closely working with MCC to develop programs which will address key constraints to growth identified in a preliminary study and a root cause analysis.

Market Challenges

Graft and Corruption: The Philippine Government has made major strides in fighting graft and corruption. President Duterte has stated he will not tolerate corruption. He has even provided the Philippine public a hotline number to call to report inefficient and corrupt public servants. Corruption, a constraint to business and outside investment, is a pervasive and long-standing challenge in the Philippines. The country's ranking in Transparency International's Corruption Perceptions Index has consistently declined; from 85 in 2014, 95 in 2015, to 101 in 2016.

Ineffective Judicial System: The Philippines' complex, slow, and complicated judicial system can inhibit the timely and fair resolution of commercial disputes. Most cases take many years to reach a final verdict.

Limited Ownership: The Philippines has restricted foreign ownership in selected industries, including utilities and the media. See the Investment Climate Statement for more information on these restrictions. The Government also lists several professions where foreign participation is not allowed.

Regulatory System: Product registration, product standards, and environmental and labeling requirements place restrictions on certain products. See Trade Regulations for additional information.

Value-Added Tax (VAT): The VAT is a 12 percent tax levied on the sale of all goods and services, including the imports of goods into the Philippines. The VAT is an indirect tax which is generally passed on to the buyer/consumer.

Infrastructure: The Philippines lags behind many of its neighbors in infrastructure development. Major improvements are needed in transport infrastructure. Overcapacity in international airports across the country presents a significant impediment to development and tourism. Urban and port congestion are regularly raised as constraints to business.

Internet penetration: The country ranks as one of the lowest in the region for internet penetration, connectivity, and speed, but costs are comparable to the American market. Cybersecurity remains a concern, as the government has only recently developed a national plan and agency to prevent or investigate cyber-attacks.

Highly Price-Sensitive Market: U.S. products are generally known as being high quality, but more costly. U.S. exporters should not expect to apply their U.S. pricing strategy in this market. Distributors and customers will request payment terms.

Philippine Government Procurement: There are procurement opportunities with the Philippine Government, but a local partner is generally required. The law for government procurement, Republic Act (RA) 9184, calls for the least cost compliant bid, has significant paperwork requirements, limits advance payment to a maximum of 15 percent, and only allows 90 percent payment upon delivery of goods. The remaining 10 percent is withheld until after the warranty period is completed. See Selling U.S. Products and Services for additional information.

Customs: U.S. exporters need to ensure their Philippine consignee has the proper accreditation to receive imports. In addition, specific products require special licenses and permits prior to shipment. U.S. exporters may contact CS Philippines to determine if their goods require import permits. See Customs Regulations for additional information.

Tariff/Non-Tariff Barriers and Other Trade Regulations: See Trade Regulations, Customs and Standards.

Market Opportunities

Best prospects for U.S. companies in the Philippines are energy, (including renewable energy, renewable fuels, and smart grid), information and communication technology (ICT), transportation infrastructure, medical equipment, agricultural products, and water resources.

ICT companies in particular may find opportunities in providing equipment and services to the growing business process outsourcing (BPO) sector. U.S. medical technology is widely used

in private hospitals in the Philippines. Energy production, conservation and efficiency are top priorities as the country is presently operating on low reserve margins and at high rates, with many remote areas suffering blackouts. Companies in water/wastewater management will also find opportunities in the Philippines.

Many of these sectors are in the Philippine government's infrastructure development program, with the high-impact projects listed in www.build.gov.ph, the Philippine infrastructure transparency portal. The government has four primary means of financing these large infrastructure projects: the government's budget, official development assistance (ODA), public-private partnership (PPP), and a hybrid form of financing wherein the government undertakes the construction of large projects, and the operation and maintenance of the facilities are procured under the PPP mode. The PPP mode generally limits foreign control to 40 percent. China and Japan are aggressively offering ODA funds to the Philippines, thus suppliers of products and services from these countries are expected to be the primary competitors of U.S. infrastructure companies in the Philippines.

Other promising sectors include franchising, aviation, and security.

The Philippines ranks in the top 10 markets in the world for U.S. food and beverages and continues to be a promising market for U.S. companies in this sector.

Top U.S. Exports to the Philippines in 2016	
Electronic Integrated Circuits	$1,885,830,208
Semiconductor Devices	$228,790,907
Machine Parts	$771,864,987
Cereals (Mostly Wheat)	$595,343,96
Civilian Aircraft Engines and Parts	$522,920,957
Grain Etc. (Mostly Soybean Meal and Flour)	$485,903,884
Food Industry Residues, Animal Feed	$457,842,642
Optic, Photo Etc, Medical Instruments	$292,102,266
Dairy, Birds Eggs, Honey	$221,044,129
Plastics	$166,828,494
Meat, Offal	$159,475,597

Asian Development Bank

The Asian Development Bank, Asia's premier multilateral development institution, is headquartered in Manila. U.S. firms are advised to explore the lucrative business opportunities

derived from the US$31.7 billion that the ADB awards its 42 developing member countries annually. The ADB has a goal of 50 percent private sector participation in ADB-financed projects by 2020.

Major sectors financed by the ADB include energy, transport, water supply, education, agriculture, and other development-related initiatives. ADB also lends directly to the private sector through its Private Sector Department. In 2016, U.S. firms won $302 million in contract awards under ADB financed projects. From 2012 to 2016, ADB created a $1.52:$1.00 return-on-investment ratio for the United States.

In April 2017 the Bank passed a new procurement policy. This principles based policy will move the Bank from a low cost to a best value procurement model. The core principles of the policy are economy (including life cycle costs), efficiency, fairness, transparency, quality and value for money. As a result of this policy, U.S. firms should see increased opportunities to sell their products and services to the ADB.

Market Entry Strategy

Agents and distributors are commonly used in the Philippines and are essential for most U.S. companies. See "Selling U.S. Products & Services" section for more information on using agents and distributors.

Government procurement requires a foreign firm to have a local partner, with certain exceptions. See Section 23.4 - Eligibility Criteria for procurement of goods and infrastructure projects, Section 24.3 - Eligibility Criteria for procurement of consulting services and Appendix 9 - Guidelines in the Determination of Foreign Suppliers, Contractors and Consultants to Participate in Government Procurement Projects of the Revised Implementing Rules and Regulations of Republic Act No. 9184 or The Government Procurement Reform Act.

U.S. companies should visit their agents and distributors to strengthen these relationships and assess the local companies' abilities. If possible, they should also visit existing and potential clients with their agents and distributors to promote their product lines and/or better understand the clients' requirements.

U.S. companies should be patient yet diligent in pursuing contracts, particularly projects with the Philippine Government.

U.S. firms seeking agents or distributors in the Philippines are encouraged to use the services of the U.S. Commercial Service Philippines (CS Philippines). For more information, visit Export Philippines and click "Services for U.S. Companies." U.S. firms may also contact CS Philippines or a local U.S. Export Assistance Center, or send an email to businessphilippines@trade.gov.

Political Environment

For background information on the political and economic environment of the country, please click on the link below to view the U.S. Department of State Background Notes.

Selling US Products & Services

Using an Agent to Sell US Products and Services

Agent/distributor arrangements are common in the Philippines. Local companies are often eager to pursue discussions once they have examined a U.S. firm's website/product literature and have determined that there is a market for the product.

Contracts between U.S. manufacturers and their Filipino agents/distributors typically contain the following key elements:

1. General Provisions: Identification of parties to the contract, duration of the contract, conditions for cancellation, definition of covered goods, definition of territory or territories, and, whenever necessary, sole and exclusive rights;
2. Rights and Obligations of Manufacturer: Conditions of termination, protection of sole and exclusive rights, sales and technical support, tax liabilities, conditions of sale, delivery of goods, prices, order refusal, inspection of distributor's books, trademark/patent protection, information to be supplied by the distributor, marketing, advertising and sales promotion, responsibility for claims/warranties, and inventory requirements;
3. Rights and Obligations of Distributor: Safeguarding manufacturer's interest, intellectual property rights, payment arrangements, contract assignment, customs clearance, observance of conditions of sale, after-sales service, and information to be supplied to the manufacturer.

There are no laws that impede termination of an agent/distributor contract, should either party wish to do so. Contracts usually specify that 30-day notice be given in the event of cancellation, or as mutually agreed upon by both parties. Standard agent commissions range from five to ten percent, but vary by industry. Legal assistance in drafting and enforcing contracts is highly recommended.

A prototypical Philippine agent or distributor profile does not exist. Firms can range in size, from small (fewer than 25 employees handling a few specialized products on behalf of a limited number of manufacturers) to large trading companies handling a wide range of products and suppliers. Some firms focus on the Metro Manila area, whereas others provide additional service to provincial commercial centers such as Bacolod, Cebu, Cagayan de Oro, Davao, Iloilo, and Baguio, either directly or through a network of dealers, retailers, sub-agents, and/or re-sellers.

Local agents and distributors working with foreign suppliers often employ forward sales or indent arrangements. In a forward sales arrangement, distributors place an order from the foreign supplier and then sell the product to the local end-user or customer. Under an indent arrangement, end-users or customers directly place orders with the supplier. The indenter then receives a pre-determined commission for each successful sale. In some instances, distributors and/or their respective dealers also maintain inventories to serve the recurring requirements of major customers.

Corporate agents/distributors must register with the Philippine Securities and Exchange Commission (SEC). Sole proprietorship agents must register with the Department of Trade and Industry (DTI).

U.S. firms selecting a Philippine representative should consider, among other factors, the following: (a) whether the distributor has sufficient financial strength to maintain appropriate stock, provide effective after-sales service, or offer competitive payment terms; (b) whether the representative's geographic sales area covers strategic markets in the Luzon, Visayas, and Mindanao regions; and (c) their experience in the sector or with similar products or services.

U.S. firms seeking agents or distributors in the Philippines are encouraged to use the services of the U.S. Commercial Service Philippines, which include an International Partner Search (IPS), International Company Profile (ICP), and Gold Key Service (GKS). More information is available at Export Philippines.

Establishing an Office

The principal forms of business organization in the Philippines are sole proprietorships, partnerships, and corporations. Other less common business structures include joint stock companies, joint accounts, business trusts, and cooperatives.

Multinational firms, depending on the nature of their intended business activity in the Philippines, may avail of the following modes of entry into the Philippine market: subsidiary, regional headquarters (RHQ), regional operating headquarters (ROHQ), branch office, and representative office.

For more information on business registration requirements, and incentives for each mode of entry, you can access the information from the Philippine Board of Investments

Franchising

Franchising continues to be one of the fastest growing sectors of the Philippine economy. Demand continues to grow for new products and services, providing new opportunities for U.S. companies. Levels of investor interest vary, however, as not all concepts work. For example, the pizza and chicken specialty restaurants are considered mature/saturated. Unless a franchisor can offer something unique about pizzas or chicken wings, they are not likely to find partners who are willing to work with them.

Demand continues to grow for new products and services, providing new opportunities for U.S. companies. Population growth, consumer preferences, and increased economic activity have contributed to the growth of franchises in the Philippines.

Foreign franchisors offer financing schemes and marketing support to local franchisees in order to sustain overseas franchises. The most successful companies that are expanding market share generally receive such support from their foreign principal.

Master franchise fees vary widely depending on the type of business and are defined in the agreement between the parties. The royalty fee that a franchisor collects from a franchisee incorporates all aspects of the franchise business, which may include the use of the trade name, trademark, and the system or concept of the franchise.

One hundred percent foreign ownership is allowed for Philippine retail trade enterprises (which most franchise outlets are) which meet all of the following requirements: (a) upfront paid-up capital of US$2.5 million or more, provided that the investment for establishing a store is not less than $830,000 or (b) specializing in high-end or luxury products, provided that the paid-up capital per store is not less than $250,000.00 (Section 5 of Republic Act 9762). No foreign equity is allowed in Retail Trade Enterprises with less than the above-mentioned capital.

The GRP's liberalized trade practices are embodied in the Intellectual Property Code of the Philippines – Republic Act No. 8293. Under the law, franchisors do not have to register their franchise agreements as long as these agreements do not contain any of the prohibited clauses under Section 87 and do contain all the mandatory provisions under Section 88 of the IP Code. The law also removed the ceiling on royalties. Royalty payments may be remitted through any Authorized Agent Bank (AAB) of the Philippine Central Bank (Bangko Sentral ng Pilipinas (BSP).

Franchise agreement clauses prohibited under Section 87 are those that:

Impose upon the licensee the obligation to acquire from specific source capital goods, intermediate products, raw materials, and other technologies, or of permanently employing personnel indicated by the licensor;

Reserve the right to fix the sale or resale prices of the products manufactured on the basis of the license;

Contain restrictions regarding the volume and structure of production;

Prohibit the use of competitive technologies in a nonexclusive technology transfer arrangement;

Establish a full or partial purchase option in favor of the licensor;

Obligate the licensee to transfer for free to the licensor the inventions or improvements that may be obtained through the use of the licensed technology;

Require payment of royalties to the owners of patents for patents that are not used;

Prohibit the licensee to export the licensed product, unless justified for the protection of the legitimate interest of the licensor such as exports to countries where exclusive licenses to manufacture and/or distribute the licensed product(s) have already been granted;

Restrict the use of the technology supplied after the expiration of the technology transfer arrangement, except in cases of early termination of the technology transfer arrangement due to reason(s) attributable to the licensee;

Require payments for patents and other industrial property rights after their expiration or termination arrangement;

Necessitate that the technology recipient shall not contest the validity of any of the patents of the technology supplier;

Limit the research and development activities of the licensee designed to absorb and adapt the transferred technology to local conditions or to initiate research and development programs in connection with new products, processes, or equipment;

Prevent the licensee from adapting the imported technology to local conditions, or introducing innovation to it, as long as it does not impair the quality standards prescribed by the licensor;

Exempt the licensor for liability for non-fulfillment of his responsibilities under the technology transfer arrangement and/or liability arising from third party suits brought about by the use of the licensed product or the licensed technology; and,

Other clauses with equivalent effects.

The following are the mandatory provisions required under Section 88:

The laws of the Philippines shall govern the interpretation of the contract and, in the event of litigation, the venue shall be the proper court in the place where the licensee has its principal office;

Continued access to improvement in techniques and processes related to the technology shall be made available during the period of the technology transfer arrangement;

In the event the technology transfer arrangement shall provide for arbitration, the Procedure of Arbitration of the Arbitration Law of the Philippines or the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) or the Rules of Conciliation and Arbitration of the International Chamber of Commerce (ICC) shall apply and the venue of arbitration shall be the Philippines or any neutral country; and,

The Philippine taxes on all payments relating to the technology transfer arrangement shall be borne by the licensor.

Direct Marketing

In the Philippines, a distinction is made between direct marketing and direct selling. The basic difference lies in the closeness of contact. Whereas direct marketing is usually conducted through phone, e-mail, direct mail or courier, direct selling involves personal contact with a prospective customer. Direct sellers typically visit customers at home, at the workplace, or at points of contact other than a permanent retail establishment.

The direct selling medium covers a wide array of products, including: cosmetics, apparel, food supplements, fashion jewelry, books, appliances, home items, personal care products and toys. A direct seller may present to one or several customers at a time.

In recent years, the multi-level marketing approach to direct selling has become increasingly popular. Multi-level Marketing is a form of Direct Selling. This approach involves a “down line” system in which a direct seller recruits others into his network, provides training and mentorship to the downlines, and earns a fee or commission based on the productivity or sales of the network. The basic difference is that multi-level marketing companies generally allow their independent direct sellers to earn overriding commissions from the sales of their downlines.

The Direct Selling Association of the Philippines currently has 30 members. U.S. firms such as Amway, Avon, Herbalife, Tupperware, Nu Skin, Mary Kay, Reliv, 4Life Research, Forever Living, GNLD International, Max International, New Image, Symmetry, Unicity and Sunrider have established direct selling distributorship networks in the country.

Joint Ventures/Licensing

Foreign businesses are allowed to operate in the Philippines through joint ventures with local enterprises. The Philippine government does not require the submission of licensing/technology transfer arrangements for approval and registration by the Intellectual Property Office. Voluntary submission is strongly encouraged to ensure compliance with Sections 87 and 88 of the Intellectual Property Code, since non-conformance with Section 87 on Prohibited Clauses and Section 88 on Mandatory Provisions automatically renders the arrangement unenforceable. The Intellectual Property Office may allow exemption from conformance with Section 87 and 88 after an evaluation under the provisions of Section 91 on Exceptional Cases.

The Intellectual Property Code of the Philippines defines technology transfer arrangements as contracts or agreements involving the transfer of systematic knowledge for the manufacture of a product; the application of a process or rendering of a service including management contracts; and the transfer, assignment, or licensing of all forms of intellectual property rights, including licensing of computer software (except computer software developed for the mass market). Distributorship agreements will be included in the coverage if this includes the licensing of trademarks.

Selling to the Government

All procurement for the Philippine government (departments, bureaus, offices and agencies, state universities and colleges, government-owned and/or -controlled corporations, government financial institutions, and local government units) is governed by Republic Act (RA) No. 9184 or the Government Procurement Reform Act (GPRA). Under RA 9184, all procurement activity should be published in the Philippine Government Electronic Procurement System (PHILGEPS).

The procurement law awards bids on a least cost compliant bid basis, generally requires foreign vendors to work with local representatives, has arduous paperwork requirements, limits advance payment to a maximum of 15 percent, and only allows 90 percent payment upon delivery of goods. The remaining 10 percent is withheld until after the warranty period is completed.

The Philippines has not acceded to the WTO Government Procurement Agreement, and is not a party to the government procurement chapter of any U.S. Free Trade Agreement (U.S. FTA).

Projects funded by the Philippine government have a national ownership requirement. A minimum of 60 percent Filipino ownership is required for goods and consulting services. In the case of procurement of infrastructure projects, the requirement is for at least 75 percent Filipino ownership. However, the 2016 Revised Implementing Rules and Regulations (IRR) of RA 9184 recognize several exceptions to the national ownership requirement. More information on these exceptions is available from the IRR – Sections 23.4.1.2 (Goods), 23.4.2.2

(Infrastructure Projects) and 24.3.3 (Consulting Services). In addition, Appendix 9 of the IRR provides "Guidelines in the Determination of Eligibility of Foreign Suppliers, Contractors, and Consultants to Participate in Government Procurement Projects".

Section 25 of RA 9184, and its corresponding IRR, allows bidders to submit their bids through their duly authorized representatives. Unless acting as agent of the manufacturer, distributors are considered as a separate entity from the manufacturer, and are thus evaluated on the basis of their own legal, technical, and financial capacities.

Philippine Government procurement typically adheres to the following process:

Effective November 1, 2016, companies that wish to participate in Philippine Government bids must acquire PHILGEPS Platinum membership status.

Bid documents are available after payment of prescribed fees. Appendix 8 of 2016 IRR provides the standardized cost of bid documents based on the approved budget for the contract (ABC).

Section 23 of the 2016 Revised IRR lists the required documents for submission. There are Class "A" documents (legal, technical and financial) and Class "B" documents (signed joint venture agreements).

Prospective bidders will simultaneously submit their requirements during bid opening.

The Bids and Awards Committee (BAC) will first check bidders' bonafides (legal and technical Class "A" documents) before opening the financial offer or bid price. The BAC will disqualify a bidder with incomplete documents on a straightforward pass and fail system.

Bids will be ranked according to total calculated bid price. The total calculated bid price is the price evaluated and corrected for errors, discounts, foreign exchange adjustments, and other minor modifications. Bids that exceed the Approved Budget for the Contract (ABC) are automatically disqualified.

The BAC then verifies, validates, and ascertains all the submitted documents of the bidder with the lowest calculated bid, and checks whether the submitted offer complies with the technical requirements/specifications of the project through a Post-Qualification process. If for some reason, the lowest calculated responsive bid fails the Post-Qualification process, the next lowest bidder will be evaluated.

More detailed information on the bid process is available in Sections 23, 24 and 25 of the 2016 Revised IRR.

The following is a summary of agencies involved in the procurement process of Philippine Government agencies:

1. Bids and Awards Committee (BAC) of the respective government agency or local government unit. Government agencies can undertake their own procurement for items, general support services, infrastructure projects, and consulting services necessary in the transaction of public businesses or in the pursuit of any government undertaking.
2. The Procurement Service (PS), an agency of the Department of Budget and Management (DBM), is tasked with the government-wide procurement of common-use supplies and

equipment, and to operate and maintain the PHILGEPS. PS-DBM also offers its services to government agencies that intend to outsource procurement activities. The PS-DBM charges a fixed fee for its procurement services.

3. The Philippine International Trading Corporation (PITC), a government-owned and controlled corporation (GOCC), is the lead implementing agency of the Philippine Countertrade Program. According to Executive Order (EO) 120, all government procurement of foreign capital equipment, machinery, products, goods, and services valued at US$1 million or more should include a countertrade agreement. In addition, similar to PS-DBM, the PITC also serves as a procurement entity for government agencies that intend to outsource procurement activities.
4. The Government Procurement Policy Board (GPPB), an agency of DBM, issues policies, rules, and guidelines related to government procurement. The GPPB was established under RA 9184 as the central policy-making body of the government. The GPPB Board is composed of the department heads of twelve national government agencies and one representative from the private sector. The Board is chaired by the DBM Secretary and the Secretary of the National Economic and Development Authority (NEDA) acts as the alternate chair.

The GPPB website provides up-to-date resolutions, guidelines, standard bidding documents, and procurement manuals. Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to "Project *Financing"* Section in *"Trade and Project Financing"* for more information.

Distribution & Sales Channels

Metro Manila is the commercial capital of the Philippines. It is composed of 11 cities and is where the Philippines' national importers and distributors are located. Within Metro Manila, Makati City, Ortigas Center in Mandaluyong City, and Bonifacio Global City in Taguig, are considered central business districts (CDB). These CBDs are home to many multinational company headquarters, commercial bank head offices, and high-end shopping establishments.

Outside of Manila, other major regional commercial centers are Province of Pampanga, Baguio City, Cebu City, Iloilo, and Davao. Cebu City, the third largest city in the Philippines, and Iloilo are the primary trading centers for the middle portion of the archipelago (the Visayas Region). Davao, the second largest city in the Philippines, enjoys a near-trade monopoly in Southern Mindanao, due to the numerous land and water connections to nearby provinces.

The 2016 Port Statistics data released by the Philippine Ports Authority shows an increase in foreign ship calls to the Philippines from 10,065 in 2015 to 12,252 in 2016. Manila/Northern Luzon ports are still the leading destination for foreign ships. However, despite the increase in foreign ship calls overall, Manila's market share declined. Over 6,000 ships arrived in Manila ports in 2015, compared to only 5,357 in 2016.

The majority of international cargo traffic is handled in the ports located in Manila; the Manila International Container Terminal (MICT), and South Harbor. MICT is operated by the International Container Transport System, Inc. (ICTSI), a Philippine-based international port

operator with operations in 20 other countries (including the U.S.). South Harbor is operated by Asian Terminals, Inc. (ATI), a Dubai-based company.

Trucking companies are used to deliver goods from the port to warehouses and retail outlets. The large number of trucks has caused a huge impact on road congestion. The Government has resorted to truck bans on major roads in Manila during rush hour or in some areas from 5am to 8pm to help alleviate traffic. This has negative repercussions on the movement of goods in and out of Manila. There are efforts to promote the use of ports outside of Manila (Northern Luzon and Southern Luzon) to decongest the road network in Manila. This is an interim solution while the Philippines plans a long-term solution, such as a cargo rail network.

The use of local agents or distributors greatly improves the opportunity for market success. There are currently two types of importers in the Philippines: stocking distributors and indenters. Stocking distributors are bound by a contract to buy and sell a prescribed number of items as stated in their agreement with the foreign supplier. Indenters, on the other hand, act as brokers between foreign suppliers and the end user, thus saving on capital outlays for expensive equipment and avoiding the need to stock high-priced products. Usually, a buyer who orders from an indenter already has the financing for the goods. Customers will often open a letter of credit (L/C) for direct purchase from a foreign exporter. Under these arrangements, the local representative or agent gets a commission for the sale, known as an indent sale. Indenters also handle after-sales service support.

In selecting local firms as agents, a U.S firm should consider whether the local firm is an accredited vendor of its target customer(s). Several large Philippine corporations have a "vendor accreditation process" in place. Only those listed as an accredited vendor are informed of upcoming procurement projects. For Government projects, potential local distributors should be knowledgeable on relevant Philippine and U.S. laws, specifically, Republic Act (RA) No. 9184 or the Government Procurement Reform Act (GPRA), and the U.S. Foreign Corrupt Practices Act (FCPA). U.S. companies should work with a local firm that has experience participating in Philippine Government bids. Many U.S. firms use the U.S. Commercial Service's International Company Profile (ICP) program to assess a prospective agent's capability and reputation in the market.

Express Delivery

Major global express delivery firms are actively doing business in the Philippines. Average delivery time from large U.S. cities is three days. However, this may take longer depending on specific origin and destination, customs clearance procedures, and express delivery service capabilities.

Under Republic Act 10863 or the Customs Modernization and Tariff Act (CMTA) of 2016, the Philippines increased its de minimis level (previously at PhP10.00) to PhP10,000 or approximately US$200. The Philippine Bureau of Customs has published a guide for MSME's for de minimis importation.

All other import shipments are processed through the Philippine Bureau of Customs (BOC). Philippine importers are required to work with a Customs Broker and cannot transact with the BOC directly.

Selling Factors & Techniques

Understanding the local business culture will help U.S. suppliers gain and maintain market leadership.

U.S. businesses should conduct due diligence before selecting local distributors, agents, or representatives, as these are crucial market linkages. In this regard, CS Philippines assists U.S. exporters in finding representatives overseas through its various services which include International Partner Search (IPS), Gold Key Service (GKS), and International Company Profile (ICP) reports. Companies desiring to conduct more detailed due diligence may wish to avail of legal or consulting services. After careful selection of partners, U.S. suppliers should be prepared to work closely with their local representatives.

U.S. suppliers are encouraged to visit the Philippines on a regular basis to familiarize themselves with and understand the latest market trends and developments, show support for their local representatives and to pay courtesy calls on major accounts. Meanwhile, local representatives are expected to make regular sales calls to customers and update U.S. firms about recent industry trends and developments. This will help in identifying sales leads and other business opportunities.

Other important tools for initiating market entry, increasing product awareness, and maintaining industry prominence include the development of training programs for customers and distributors; advertising and product promotional support; and participation in trade fairs, exhibitions, and product seminars. CS Philippines offers low-cost, customized business facilitation services to assist U.S. companies, particularly those that are new to market. More information is available at Export Philippines

In many instances, strong relationships of mutual trust with Philippine clients are the key to clinching a sale. An overly aggressive demeanor may not be appropriate when doing business in the Philippines, and even less so in settling sales or payment disputes. Local firms will appreciate partners who are aware of the nuances of local business culture.

More often than not, there is a vague distinction between social and business contacts. As such, referrals from prominent members of social, political, and business circles can prove to be very useful in facilitating introductions. It is also critical to follow-up on initial sales calls. Several follow-up efforts may be needed before an actual order is placed.

U.S. firms may also work with their local partners in liaising with relevant professional, industry and trade associations/organizations, as well as business chambers such as the American Chamber of Commerce of the Philippines and U.S.-ASEAN Business Council. Organizations such as these often serve as advocates for industry-specific issues and concerns. Moreover, many of these organizations hold regular events such as trade shows, conferences, or conventions, which feature the latest products and technologies and are often a useful venue for networking and business matchmaking.

English is the main language used for trade and sales correspondence in the Philippines. Sales literature (for example, product brochures, catalogs, and advertisements) and instructions on product use, installation, and labeling are generally written in English. In some instances, instructions or product advertising should be translated into Filipino/Tagalog or the

regional/provincial dialect (as in the case of pesticides and other agricultural products) to achieve wider reach and impact. For imported items, price quotations in dollars are acceptable, but a Philippine peso equivalent should also be noted.

eCommerce

Overview

eCommerce in the Philippines has a unique set-up; it is geared for massive growth but is also facing significant challenges. The rising middle class, high consumer spending and a young and vibrant, tech-savvy population is driving eCommerce forward by leaps and bounds. According to eCommerce Asia, the Philippines eCommerce market in 2015 was estimated at US$0.5 billion which translates to only 0.5 percent of retail transactions in the country. This market is estimated to grow into a US$10 billion industry by 2025.

Current Market Trends

This upward trajectory seems to be supported by Euromonitor's data on internet and device penetration:

44.3 percent of the Philippine population use the internet

29.1 percent of households have access to the internet, while only 3.7 percent have access to broadband internet

44 percent of mobile subscribers have access to broadband service on their mobile phones

99.2 percent of the Philippine population is covered by a mobile cellular network

86.4 percent of households possess mobile telephone

31.2 percent of households have personal computers

31.3 percent of households have laptops

55 percent of households have smartphones

2.1 percent of households have tablets

Filipinos are prolific users of social media. Estimates this year show that there are 48 million active social media users from the Philippines. Of this number, 60 million are on Facebook; 12 million on Twitter and 4 million are LinkedIn users.

Domestic eCommerce (B2C)

There is good reason to be optimistic about eCommerce growth in the Philippines. However, the country also faces the following challenges to its growth:

Infrastructure gap = slow internet speed. According to Akamai's "State of the Internet Report" for the fourth quarter of 2016, average internet speed in the Philippines is only 4.5 megabytes per second (MBPS), the slowest in the Asia Pacific.

Low PC Penetration: PC penetration is estimated at 31.2 percent. 44.3 percent of Filipinos use the internet. Most internet users gain access through smartphones. Smartphone penetration is now at 55 percent of households.

Low Broadband Penetration: Many Filipinos access the web through internet cafés and their workplace. Broadband access from home accounts for only 3.7 percent of households.

Low digital payment penetration: eCommerceiq Asia data shows that an estimated 70 percent of Filipinos do not use banks and less than three percent use credit cards. Hence, online stores in the Philippines provide a cash on delivery payment option or payment centers (i.e. 7/11 branches). In addition, telecom companies have offered mobile wallet solutions; PayMaya (PLDT) and GCash (Globe).

Security concerns: Those who have credit cards are wary of transacting online given the numerous incidents of hacking and poor cybersecurity efforts that still plague the country. Filipino consumers require further education on security measures that can protect their online transactions. This will establish increased levels of confidence in online banking, purchasing, and selling.

eCommerce Intellectual Property Rights

The Philippines has passed adequate legislation to promote eCommerce; the eCommerce Law, Cybercrime and Data Privacy Laws. However, enforcement agencies like the Department of Justice and Philippine National Police, and the local courts are not adept to handle cases involving electronic transactions. The system is simply not yet in place.

Popular eCommerce Sites

PHILPaCS – A trading portal with close to 8,000 members that are mostly from cooperatives. It is officially endorsed by the Philippine Congress as the Philippine e-Marketplace for Agriculture and Fisheries. This site is a trading portal that provides up to the minute price update on market information for agriculture, consumer goods, and industrial manufactures.

AsiaRX – Caters primarily to the pharmaceutical and medical supply industry, has a regional scope, multilingual capabilities, tight real-time integration with supplier systems, and focus on the customer's perspective and business processes. AsiaRx takes control of the entire procurement process from finding the product to availability check, to order status verification.

Trade Key– A B2B marketplace connecting Filipino exporters with overseas buyers. It connects traders with global wholesalers, buyers, importers and exporters, manufacturers and distributors in over 240 countries.

Philippine Companies – A Philippine business directory with 413,282 registered companies. This website builds its database from publicly accessible directories such as Business Registrations from various municipalities.

TradeFord – Provides global importers with information on products, exporters, suppliers, manufacturers and wholesalers. TradeFord's database of buyers and suppliers covers major industries such as apparel, fashion, chemicals, construction, electronics, furniture, food and beverage, health and beauty, machinery, transportation, and more.

Ken Research – Global industry research and information service company. Provides industry intelligence, equity research reports and business consulting services covering several sectors.

Online Payment

The increase of online shopping and access to bank transactions online heralded a strong market for online payment in the Philippines. Vendors are turning to online payment as a convenient buying method.

Mobile eCommerce

Mobile internet penetration is growing in the Philippines at a rate of 30 million users a year. There are 119 million Filipinos subscribed for mobile phone usage using prepaid and broadband subscriptions. The vast majority of Filipinos access the internet through their mobile phones, providing cost effective and consistent access. Philippine and international businesses sell products and services through mobile that has a direct access to online consumers. The Philippines is the fastest growing app market in Southeast Asia.

Digital Marketing

The proliferation of social media and online platforms directly contributed to the growth of digital marketing. There were 101 million Filipino online users in 2016 and strong growth trends continue. Traditional marketing companies emerged with new marketing techniques that include social media. Businesses are continuing to transition to digital marketing to reach an even wider market for potential customers; this is a strong and growing trend.

Major Buying Holidays

Consumers in the Philippines traditionally make purchases during the months of November, December, March, April and May. These are the peak months that employees receive salary bonuses. Businesses offer sales and discounts during these months.

Social Media

Filipinos are prolific users of social media. Estimates this year show that there are 48 million active social media users in the Philippines. Of this number, 60 million use Facebook; 12 million use Twitter and 4 million are LinkedIn users. The Philippines is recognized as one of the top countries for internet users worldwide in terms of time spent on social media; 3.2 hours on mobile and 5.2 hours on desktop and tablet.

Trade Promotion & Advertising

The Philippines is a brand-conscious market. Advertising plays a significant role in promoting the sale of most consumer goods. Most of the leading advertising agencies in the country are affiliated with international agencies. Advertising in the Philippines has evolved beyond traditional tri-media outfits (print, TV and radio). Local advertisers now also use electronic billboards, web advertising, mass transit or public transport advertising, special events and product launches, direct marketing, social media promotion, and other tools to promote their products. Although some advertisements utilize Western image models or concepts, many market segments are "localized" versions of product advertising and brand-building. The use of celebrity endorsers or other high-profile personalities is a well-tested and well received formula for local advertising.

The National Telecommunications Commission (NTC) reported that broadcast media in the Philippines is comprised of 132 AM radio stations, and 349 FM radio stations as of December 2015. The NTC also reports that there are six major television networks that operate 285 stations.

Print media includes more than nine daily newspapers, 19 national tabloids, over 100 regional newspapers, and more than 100 magazines and publications covering a diverse range of themes (for example, entertainment, leisure and lifestyle, sports, hobbies and recreation, business and trade, religion, fashion, culinary, specific market segments, health, travel, IT, agriculture, etc.). These publications are distributed in weekly, bimonthly, monthly, bi-annual or annual issues. Provincial newspapers and regional publications are also available.

Internet penetration has increased, but is still relatively low compared to Asian neighbors such as Singapore, Taiwan, and Japan. Online advertising is gaining popularity as social networking/marketing captured the younger Filipino market. Web-based advertising is typically placed on the most-visited local websites (online news and entertainment media, local search portals, etc.). Although most of the major companies in the Philippines maintain their own websites, the content quality, level of sophistication, and interaction with site visitors varies.

Text messaging (also referred to as SMS or short message service) is a very popular advertising medium since it is relatively inexpensive and allows businesses to reach out to highly targeted consumers. The Philippines has 110 million mobile subscriptions with the ability to receive text messages. Large companies often send promotional messages via SMS, which serves as an effective marketing strategy.

The use of other social networks such as Facebook, YouTube, Linked-in, and Twitter have also gained momentum in reaching niche markets for consumer brands, especially among young people.

Over the last few years, local organizers have developed numerous industry-specific trade shows and exhibitions. These trade promotion activities cater to a wide array of sectors, including construction, clean energy, health and lifestyle, furniture and home décor, food and food equipment, regional products, giftware, franchise opportunities, education, industrial goods, automotive, maritime and defense, sporting goods, apparel, telecommunications and IT, among others.

Popular venues for trade fairs and expos include shopping malls (for example, SMX Convention Center attached to the SM Mall of Asia complex), trade halls (World Trade Center and the Philippine Trade Training Center, among others), and convention centers. CS Philippines participates in some of the more prominent local trade shows and regularly informs U.S. companies when such opportunities arise.

CS Philippines offers web-based information and advertising services for U.S. companies, including:

The Business Service Provider (BSP) is a listing of Philippine-based companies that can provide U.S. companies with business facilitation services. The network includes contacts in advertising, consulting, legal, real estate, transportation services, logistics, travel, and other

business services useful to U.S. companies doing business in the Philippines. A complete listing of companies and links to their respective websites can be found at Export Philippines

The Featured U.S. Exporters (FUSE) is a catalogue of U.S. products featured on websites of U.S. Commercial Service offices around the world. FUSE enables U.S. companies to target specific country markets in the local language of business. Catalogue advertisements are currently offered free of charge to qualified U.S. exporters seeking trade leads or representation in over 30 markets around the world. Information on how to join the FUSE program can be found at BuyUSA

Local Fair and Trade Show Organizers:

Global Link Philippines

Primetrade Asia Incorporated

Worldbex Services International

Fiera de Manila

Major Local Newspapers:

Businessworld

Manila Bulletin

Manila Standard Today

The Manila Times

The Philippine Daily Inquirer

The Philippine Star

The Business Mirror

Major TV/ Radio Stations:

ABS-CBN (TV) / DZMM (Radio)

ABC- TV5 (TV5)/ DWFM (Radio)

CNN Philippines (TV)

GMA (TV) / DZBB (Radio)

People's Television-PTV4 (Govt. channel)

The Consumer Code of the Philippines covers the legalities of direct selling and direct marketing. Firms interested in engaging in either direct selling or direct marketing can coordinate their activities with the Department of Trade and Industry (DTI).

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Pricing

Typical retail markups average 30 percent of invoice value, but markup percentages can range from a minimum of 7 to 10 percent for regulated goods such as glass, aluminum, etc., to 10 to 15 percent for most consumer goods, and as much as 30 percent for high-end or luxury items. These rates enable distributors, wholesalers, and retailers to recover expenses incurred in importing equipment, raw materials, or finished goods, such as import duties, Value Added Tax (VAT), discounts to customers, commissions to company-employed agents and independent provincial dealers, warehousing fees, shipping charges (some are charged to the importer), and other Bureau of Customs fees.

Retailers typically earn a 20 to 30 percent profit margin on most non-food retail items, but margins may vary widely depending on mutually agreed sale terms and conditions.

Generally, all transactions involving the sale of goods, properties and/or services are subject to VAT. VAT is imposed on the gross selling price (for sale of goods) and gross receipts (for the rendering of services). Since February 2006, the Expanded Value Added Tax (EVAT) Law increased VAT from 10 to 12 percent across the board. The VAT on imported goods is based on the total value used by the Philippine Bureau of Customs in determining tariffs and duties.

In most cases, VAT is already imputed in the final invoice price as it is billed to the buyer, unless the exporter stipulates that it is not included. Typically, a foreign exporter will collect VAT from his Filipino buyer and remit the tax to the government. If the Philippine buyer re-sells the product locally, such as in a distributor relationship, the local re-seller passes the VAT onto the local buyer in the invoice price.

Sales Service/Customer Support

After-sales service and support is extremely important to the Philippine market. Philippine partners expect U.S. vendors to provide adequate support during and after the warranty period in order to provide utmost customer satisfaction and strengthen the brand name.

For Philippine Government projects, Republic Act (RA) 9184 or the Government Procurement Reform Act (GPRA) prescribes that the procuring entity retains 10 percent of total project cost

for the duration of the warranty period. This means that the vendor will not receive full payment until it has completed its warranty commitment.

U.S. firms typically provide after-sales service through their local representatives. Those with substantial sales in the Philippines establish a branch office, which further strengthens the support given to their local distributors or resellers. The strategy of having a local presence provides a competitive advantage. Another alternative is supporting the Philippine market from a regional Asian office.

Protecting Intellectual Property

Several general principles are important for effective management of intellectual property ("IP") rights in the Philippines. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in the Philippines than in the United States. Third, rights must be registered and enforced in the Philippines under local laws. For example, U.S. trademark and patent registrations will not protect you in the Philippines. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the world. Protection against unauthorized use in a particular country depends on the national laws of that country. However, most countries do offer copyright protection to foreign works in accordance with international agreements.

Granting patents registrations is generally based on a first-to-file (or first-to-invent, depending on the country) basis. Similarly, registering trademarks is based on a first-to-file (or first-to-use, depending on the country), so you should consider how to obtain patent and trademark protection before introducing your products or services to the Philippine market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in the Philippines. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from a local attorney or IP consultant who specialize in Philippine law. The U.S. Commercial Service can provide a list of local lawyers upon request at Export Philippines.

While the U.S. Government stands ready to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end Projects and sales in the Philippines require constant attention. It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Philippine and U.S.-based. These include:

The U.S. Chamber and local American Chamber of Commerce

National Association of Manufacturers (NAM)

International Intellectual Property Alliance (IIPA)

International Trademark Association (INTA)

The Coalition Against Counterfeiting and Piracy

International Anti-Counterfeiting Coalition (IACC)

Pharmaceutical Research and Manufacturers of America (PhRMA)

Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Resources for U.S. companies on intellectual property include:

For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: 1-866-999-HALT or visit STOPfakes

For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: 1-800-786-9199, or visit

For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: 1-202-707-5959

In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to our article on Protecting Intellectual Property and also Corruption.

Contact for the Philippines:

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Due Diligence

It is wise for a U.S. company to confirm the reputation of a Philippine entity prior to entering into a business relationship. To help with this important process, the U.S. Commercial Service in the Philippines offers the International Company Profile (ICP) program. The ICP provides information on Philippine companies, including company background and product information, references, financial data/creditworthiness, market information, general outlook, and reputation. For more information, or to order an ICP, please contact the U.S. Commercial Service Philippine office. Alternately, you may visit a U.S. Department of Commerce office. CS Philippines can also identify companies that can perform detailed due diligence.

Local Professional Services

Major U.S. and global accounting firms, law firms, and insurance companies have active offices and partners in major cities in the Philippines. U.S. firms interested to do business in the country may contact established firms and consultants for more detailed information on the Philippine market.

The Commercial Service maintains an online listing of local professional service providers, including local attorneys, accountants, consultants, and other professionals. The listing can be found at the export.gov website.

Principle Business Associations

American Chamber of Commerce

Chemical Industries Association of the Philippines

Direct Selling Association of the Philippines

Institute of Integrated Electrical Engineers of the Philippines, Inc.

Makati Business Club

Packaging Institute of the Philippines

Philippine Chamber of Commerce

Limitations on Selling U.S. Products and Services

The 10th Regular Foreign Investment Negative List (FINL) issued in May 2015 lists investment areas/activities that are reserved for Philippine citizens. It also specifies the percentages of foreign equity participation in areas/activities that are open to foreign investors.

List A of the 10th FINL enumerates areas/activities where foreign ownership is prohibited or limited under the Philippine Constitution and specific laws. Among the areas/activities in List A are practice of certain professions; contracts for the construction of defense-related structures; and contracts for the supply of materials, goods and commodities to government-owned or controlled corporations, companies, agencies or municipal corporations. List A may be amended any time to reflect changes brought about by new laws.

List B contains the list of areas/activities where foreign ownership is limited for reasons of security, defense, risk to health and morals, and protection of small- and medium-scale enterprises. The Philippine government allows up to 40 percent equity in areas/activities in List B, which includes manufacture, repair, storage, and/or distribution of products and/or ingredients requiring Philippine National Police or Department of National Defense clearances. Amendments to List B can only be made once every two years in accordance with Republic Act. No. 7042 or the "Foreign Investments Act of 1991."

Web Resources

American Chamber of Commerce

Department of Trade and Industry

Makati Business Club

Philippine Chamber of Commerce

Philippines Business Directory

Leading Sectors for US Exports & Investments

Energy

Overview

The rise in energy demand and sustained economic growth has led to increased demand for power generation. Under the Energy Reform Agenda of the Duterte Administration, the Philippine Government, under the Department of Energy (DOE), has outlined the following major pillars as its overall guidepost and direction: (a) ensure energy security through the development of indigenous energy such as renewable energy and hydrocarbon fuels (oil, gas, and coal); (b) achieve optimal energy pricing in electricity and oil; and, (c) develop a sustainable energy system, and (d) update national plans and programs on energy development, which are consistent with the country's economic development plans.

The Philippine DOE established a national roadmap covering 2016-2040 that is intended to ensure the reliability, security, quality and affordability of the supply of electric power in the Philippines. The government hopes to increase supply and ensure affordable electricity cost, both for the electric grid as well as off-grid areas. The DOE is interested in identifying available energy capacities that are technology neutral without sacrificing environmental standards. The DOE indicates in its national action plan the intent to develop a program for LNG infrastructure and nuclear energy development. The Philippines' energy mix as of 2016 includes coal (30%); hydro (20%); geothermal (10%); diesel (20%); natural gas (15% and wind/solar/biomass (5%). The Philippines will need an additional capacity of 19,000 MW by 2040.

Development plans for power systems, transmission highways, distribution facilities, and missionary electrification provide the platform to put in place long-term reliable power supply, improve the country's transmission and distribution systems and attain nationwide electrification. The country's conventional energy fuels – oil, gas and coal – will be critical in meeting the country's energy demand in the short term, even as the country pursues other alternative energy sources. Offshore Malampaya is the country's largest producing gas field and the main source of gas, with an estimated daily production of 13 million cubic meters. It is expected to be depleted in 2023.

Industry sources note that the market has become more price-sensitive as there is a growing preference among end-users for lower-priced yet technically-compliant options. Most of the imported electrical power systems are supplied by China, Japan, Taiwan, Singapore, and Germany.

Key challenges in the power industry include high cost of electricity, yellow/red alerts and sporadic power interruptions; limited and unreliable transmission system; delayed and unpredictable permitting processes, ongoing market development in the island of Mindanao and electrification gaps in off-grid areas due to distance and lack of capacity.

	2014	2015	2016	2017
	(estimated)	(estimated)	(estimated)	(estimated)

Total Local Production*	n/a	n/a	n/a	n/a
Total Exports*	43,937,750	38,050,000	33,620,000	36,982,000
Total Imports*	1,034,090	1,085,795	1,140,085	1,197,089
Imports from the U.S.*	584,000	549,493	470,251	575,181
Total Market Size	-42,903,660	-36,964,205	-34,760,085	-35,784,911
Exchange Rates*	44.3	45.5	47.3	49.5

US$ (total market size = (total local production + imports) - exports)

Data Sources:

The above energy statistics include U.S. exports of T&D equipment, fuel oil, generators, drilling equipment, nuclear fuel, petroleum, coal, balance of plant (BOP) equipment. Solar panels are sourced from the regional facilities of U.S. renewable energy exporters (Malaysia, China).

Total Local Production: No statistics available.

Total Exports: Unofficial estimates.

Total Imports: Unofficial estimates. Statistics for exports and imports were obtained from the Philippine Statistics Authority (PSA), which provides less comprehensive data than the U.S. Census.

Imports from U.S.: Unofficial estimates; (https://www.census.gov/foreign-trade/statistics/product/enduse/exports/c5650.html), and industry sources. The unofficial estimated value of energy imports from the U.S. is attributed to the investment roadmap shared by the three largest distribution utilities and the main electric coops consortium (including wooden electric poles, insulated trucks). The industry has a projected 5% increase of imports in major buyers' annual procurement plan. Statistics for imports from the U.S. came from direct interviews with Philippine buyers and U.S. Census data.

* Listed exchange rates are not used in the above calculations. Exchange rate shows average value of Philippine Peso to U.S. Dollar. (Source: Central Bank of the Philippines)

**Exchange rate in 2017 shows average value of Philippine Peso to U.S. Dollar from January 2017 to March 2017. (Source: Central Bank of the Philippines)

Leading Sub-Sectors

Smart grid technologies (controls and delivery network, SCADA, converters, substations, metering systems, meter data management system, communications infrastructure, outage management, automated metering infrastructures, distributed generation).

Off-grid, small island power technologies.

Transmission equipment (pole line, transmission hardware).

Energy efficiency technologies (green building, energy management).

Protection devices (lightning arresters, reclosers, switch gears, voltage regulators).

Lighting systems/equipment; Connectors.

Stand-by mobile power generating systems, cogeneration systems, converter stations.

Electric vehicle and charging station systems.

Renewable energy equipment/ products such as turbines, solar systems, hybrid power systems, waste-to-energy technologies.

Energy battery storage systems.

Opportunities

Generating companies (Gencos) and new entrants are in different stages of expansion, rehabilitation, upgrading, and/or regular maintenance work including mechanisms to avert threats of a power shortage. This presents a range of opportunities for supplying various types of equipment and services, such as infrastructure in power generation, greenfield generation projects, possible joint ventures with proponents of indicative projects, and off-grid power plants.

The country plans to bring on line an additional 25,265MW (Baseload to include coal, geothermal, natgas, biomass, and hydro); and peaking plants to include solar and wind).

The National Grid Corporation of the Philippines, through a US$3.95 billion, 25-year concession contract, has taken over the operation and maintenance of the country's electricity transmission facilities. Expenditures are planned for additional transmission and substation capacity, inter-grid linkages, and the continuous repair and upgrade of existing transmission infrastructure.

The need for a reliable and flexible distribution network to improve service delivery is imperative. The private distribution utilities are planning to implement smart grid roadmaps which present opportunities for smart grid technologies. The major utilities (Meralco, Cepalco, Aboitiz) have projected a combined capital expenditure of about $300 for its smart grid roadmap. The smart grid pilots envision possible asset management and market participation tools, architecture and IT infrastructure to support the tools.

Increase in demand from local electric power cooperatives requires an enhancement of distribution capacities. The main concern remains the reduction in systems losses, system reconstruction, and automated metering infrastructure.

The government's missionary electrification program is addressing the need for power in remote, off-grid areas. Opportunities for the supply of stand-by power-generating facilities are seen as a stopgap measure to arrest recurring power outages in certain vulnerable islands. The Philippine DOE and National Electrification Administration (NEA) want to implement

renewable energy-focused, smart grid technology into an off-grid electrification context in the Philippines.

While the country has been relatively slow in developing its renewable energy resources, new technologies producing enhanced capacity, storage, and affordability outcomes are poised to transform the sector. This is especially true for solar power players seeking distributed generation opportunities. In 2016, a total of 781 renewable energy service contracts were awarded with 15,910 MW potential capacity and 4.1 MW installed capacity. This creates opportunities for renewable energy equipment/ products such as turbines, solar systems, hybrid power systems, and waste-to-energy technologies.

As coal is the primary fuel source, the government may explore, develop, produce and utilize indigenous coal reserves. Coal use in the Philippines is expected to rise over the next 20 years. Coal still provides a low-cost fuel source and remains the fuel for baseload power. The country has total in-situ reserves of 436 million metric tons (MMMT). Coal mining is under a moratorium by the Duterte Administration due to concerns by some religious groups and NGOs that the land and communities have been exploited.

Web Resources

Department of Energy (DOE)

Energy Regulatory Commission (ERC)

National Electrification Administration (NEA)

National Grid Corporation of the Philippines

National Power Corporation

Power Sector Assets & Liabilities Management Corp

Wholesale Electricity Spot Market

Philippine Independent Power Producers Association

Agricultural Sector

Overview

The U.S. continues to be a top supplier of agricultural products to the Philippines, and the Philippines is its 11th largest global market. Sales of U.S. agricultural exports to the Philippines increased 11 percent to US$2.5 billion in 2016. The top five U.S. exports by value were soybeans & soybean meal (US$836 million); wheat (US$576 million); dairy products (US$230 million); meat products (US$142 million); and prepared food (US$89 million). Traders forecast export sales in 2017 will increase 15 percent to US$2.9 billion because of increased consumer confidence in the overall state of the Philippine economy. Consumer-oriented food & beverage (f&b) products remain the best prospects for future export growth fueled by consumer familiarity with American brands and the steady expansion of the country's retail, foodservice and food processing sectors.

Leading Sub-Sectors

General Market Profile

The Philippine market has a strong and growing consumer base. While annual GDP per capita is estimated at US$3,042, two-tenths of the population earns an average annual income of US$12,510. Consumption growth in the coming years is underscored by the country's robust economy and a young, fast-growing, highly-urbanized population with increasingly sophisticated tastes and ever-growing access to supermarkets.

Fast Facts:

High awareness & preference for U.S. F&B products

Growing demand for "healthy", organic, gourmet and convenience foods

Steady growth in retail, foodservice and food processing industries

Potential Customers: At least 20 million people with an average annual income of US$12,510.

Sub-Sector Best Prospects

<u>Food Retail Sector</u>

The Philippine food retail sector continues to modernize and expand, fostering steady sales of a wide range of U.S. f&b products. Supermarket chains are opening large, Western-style stores in Metro Manila, Cebu, Davao and other key provincial cities including Bacolod, Cagayan de Oro and Iloilo. This expansion is driven by the continued economic growth, which has led to a boom in consumer spending. Markets continue to be dominated by national chains, due to investment regulations that limit ownership by foreign investors. Rapid growth in retail sales are creating new opportunities for imported f&b products, with many U.S. brands already widely recognized by Philippine consumers.

The proliferation of modern convenience stores such as 7-Eleven, Mini-Stop and Mighty Mart are partly due to the bullish business process outsourcing (BPO) sector that operates around the clock. Products that can be classified as "convenient," sweet and savory snack food products, meal-replacements and ready-to-drink beverages are in strong demand.

Food Service Sector

The Philippine foodservice sector continues to grow driven by the robust economy, growing disposable income among the upper and middle class, proliferation of retail shopping centers and hotels, steady influx of tourists, rapid growth of the BPO sector, and increase in number of women joining the workforce. Dining out continues to be an important aspect of Filipino family bonding and celebration.

Restaurants in five-star hotels and upscale malls, fast-food chains, cafes and Western-style diners require high-quality f&b products such as meats, poultry, seafood, dairy products, processed fruits & vegetables, fruit juices, dried fruits, nuts, wines and craft beers. Restaurant operators are keen on introducing new and exciting menu offerings to attract customers.

Food Processing Sector

The Philippines' rapidly expanding production of processed foods and beverages present robust opportunities for U.S. exporters of agricultural raw materials and high-value ingredients. In 2015, the food and beverage processing industry's gross value-added output increased three percent over the previous year and reached US$27.8 billion. Roughly 90 percent of the Philippine F&B processing industry's output is consumed domestically, with excellent growth prospects stemming from the country's resilient economy and strong consumer base. In addition, as quality and efficiency continue to improve, the Philippines will be in a position to exploit export opportunities due to its strategic location and membership in various free trade agreements, such as the ASEAN Free Trade Area and the EFTA-Philippines Free Trade.

Opportunities

Export Growth of Consumer-Oriented Food & Beverage Products (a Sub-Sector of Total Agricultural Products)

The Philippines continues to be the largest U.S. market in Southeast Asia for consumer-oriented f&b products. Export sales of U.S. f&b products to the Philippines grew 55 percent since 2010 and reached US$926 million in 2016. Growth across the sector is exceptionally broad-based, with half of the products that comprise the f&b category setting new records. The top five export items in 2016 include dairy, meat & poultry, prepared food, processed vegetables, and fresh fruit. While sales for these products are expected to remain strong in the coming years, prospects are excellent for a wide variety of f&b products, particularly those that can be classified as "healthy", "gourmet" or "convenient."

Web Resources

The following detailed reports and current data on U.S. agricultural exports are available through the FAS homepage.

2016 Exporter Guide

Philippine Food Retail-A Growing Opportunity for U.S. F&B

Philippines: HRI Food Service Sector

U.S. Ingredients Flourish in Philippine Food Processing Industry

Contact:

U.S. Department of Agriculture

Foreign Agricultural Service

Embassy of the United States of America

1201 Roxas Boulevard

Manila, Philippines

Tel: (632) 301-2000

Email: AgManila@fas.usda.gov

Transportation Infrastructure

Overview

The Department of Transportation (DOTr), the Bases Conversion Development Authority (BCDA), the National Economic Development Authority (NEDA), and the Department of Public Works and Highways (DPWH) are collaborating to implement the Duterte Administration's aggressive "Build Build Build" program in five years. This program aims to complete infrastructure projects across the country through increased government spending (a US$160 billion budget over five years), additional Public-Private Partnerships projects (PPP), and Official Development Assistance (ODA) from foreign donors. The goal of the Duterte Administration is to make the next five years the Philippines' "Golden Age of Infrastructure Development".

The 2016-2017 World Economic Forum (WEF) Global Competitiveness Report ranks the Philippines 95th out of 138 countries. The report also indicates that lack of adequate infrastructure is the second most problematic factor when doing business in the Philippines. The DOTr has demonstrated serious commitment to address this crucial need to improve the country's transportation infrastructure.

The Japan International Cooperation Agency (JICA), Korea International Cooperation Agency (KOICA), and the Chinese Government have either completed or pledged ODA funds to finance rail and airport projects. JICA has funded feasibility studies and transport masterplans. It has confirmed ODA for the Philippine National Railway (PNR) North 1 project, a US$2.1 billion 38-kilometer passenger railway from Manila to Malolos, Bulacan. The PNR North 2 project, a 69.5-kilometer extension of North 1 all the way to the Clark International Airport is currently being reviewed and has been offered to JICA for consideration. KOICA has financed and completed construction of airports. The Chinese Government has offered funds for feasibility studies and is in negotiations with the Philippines for an ODA package for PNR South, a US$5.7 billion, 653-kilometer commuter rail project from Manila to Legazpi City.

The Philippine Government is expected to announce its plans for the heavily congested Ninoy Aquino International Airport (NAIA) in Manila and the country's primary international gateway. There is strong support to use a two-airport model; upgrading the capacity and improving efficiency of NAIA as well as develop the Clark International Airport as the second gateway to capture the passengers from Northern Luzon.

Leading Sub-Sectors

Companies that finance, design, construct, operate and/or maintain transportation infrastructure.

Equipment, products, and technologies that can be used in airport, port, and rail projects.

Security systems.

Command and control systems.

Communication systems.

Opportunities

Commuter rail projects in Manila, Cebu and Mindanao, as well as a subway system in two locations in Manila are among the highest priorities of the Duterte Administration. Airport development projects are also underway. Detailed information on the 61 "Build, Build, Build" projects may be viewed on their website.

Listed below are details on projects started by the Aquino Administration which have near-term opportunities for U.S. suppliers of airport equipment:

New Terminal for the Mactan Cebu International Airport (MCIA): this public-private partnership (PPP) project was finalized on April 22, 2014. The contract includes the operations of MCIA for 25 years beginning on October 2014, and the construction of a brand new terminal by 2018. The GMR-Megawide Consortium submitted the winning bid of US$327 million for this project. This is on top of the US$397 million to be spent on the construction of a new passenger terminal building.

Construction of the New Bohol Airport: The Japan International Cooperation Agency (JICA) is providing an official development assistance (ODA) loan to the DOTC for the construction of the US$158 million New Bohol (Panglao) Airport. Japanese engineering firms Chiyoda Corp. and Mitsubishi Corp. are the project contractors. Construction began in mid-2015 and will be completed in 2017 for this eco-friendly airport with capacity for 1.7 million passengers, and floor area of 8,800 square meters.

Regional Airports PPP: The development, operations, and maintenance of the following airports: Bacolod-Silay, Iloilo, New Bohol (Panglao), Laguindingan and Davao.

Web Resources

Department of Transportation

Build, Build, Build

Asian Development Bank

Public-Private Partnership Center

Medical Equipment

Overview

Medical equipment is a best prospect industry sector for the Philippines as development in the market continues to present opportunities for U.S. manufacturers and distributors of high-value, low-volume products of the latest technology and highest quality (such as electro-medical devices, imaging equipment, radiation equipment, dialysis devices, and linear accelerators).

	2015	2016	2017	2018
Total Market Size	196,180	205,989	216,288	227,103
Total Local Production	-	-	-	-
Total Exports	202,585	212,714	223,350	234,517
Total Imports	398,765	418,703	439,638	461,620
Imports from the U.S.	96,422	101,243	106,305	111,621
Exchange Rate: 1 US$*	45.5028	47.4925	49.932**	-

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: No available data

Total Exports: Unofficial estimates; Total Imports: Unofficial estimates

Imports from the U.S.: Unofficial estimates

* Listed exchange rates are not used in the above calculations. Exchange rate shows average value of Philippine Peso to U.S. Dollar. (Source: Central Bank of the Philippines)

**Exchange rate in 2017 shows average value of Philippine Peso to U.S. Dollar from May 1 to 12, 2017. (Source: Central Bank of the Philippines)

The Philippine medical equipment market remains a lucrative one for American suppliers. Highly dependent on imports, the market continues to expand at a steady pace. Medical equipment is almost 100% imported, as are approximately 50% of medical disposables. Local production is limited to prototype units, spare parts (including improvised parts), and disposables such as surgical gloves, syringes, and needles.

Major factors impacting demand are population growth, steady economic growth (6.8% in 2016), and hospital expansion and upgrading.

The current administration is keen on pushing for the deployment of more doctors in the Philippine countryside and on providing better pay for doctors and health workers to ensure better health for the majority of Filipinos. The increasing demand for health services is not being met by the current number of health facilities and medical workers. The administration plans to build more health centers and hire medical practitioners.

In the private sector, two leading hospital developers, namely Metro Pacific Investments Corporation (MPIC) and QualiMed Health Network, continue to expand either through acquisitions of existing facilities or construction and development of new hospital projects. Like MPIC, a third hospital investor, Mt. Grace Hospitals, is acquiring hospitals and infusing much-needed capital to upgrade and modernize them, including equipping them with state of the art medical equipment.

Official Department of Health statistics indicate that there are more than 1,800 licensed hospitals in the country, of which more than 60% are privately owned. Total bed capacity is more than 100,000. Hospitals base buying decisions on quality and on price.

Buyer preference for U.S.- manufactured equipment is justified by product technology and quality, access to warranty parts and service, and available training for equipment handling.

American brands, however, face increasing third-country competition from China, Germany, Singapore, and South Korea.

The market is price-sensitive, which explains the growing presence of inexpensive equipment from China or South Korea. Hospitals with limited budget source medical equipment from these countries.

U.S. suppliers interested in selling in the Philippines should appoint a local distributor. The import duty on medical equipment is 3 percent, plus a 12% value-added tax (VAT).

An ASEAN Medical Device Regulatory Harmonization Workshop which the Philippines hosted in 2015 is a continuing exercise in improving and standardizing the medical device regulatory process in the region. Its ultimate objective is to facilitate the regulatory process for medical device registration in ASEAN member countries. http://asean.org/improving-asean-healthcare-through-medical-device-regulation-harmonization/

Leading Sub-Sectors

Products with high sales potential for U.S. suppliers are high-value, low-volume, and high-tech products like linear accelerators, electro-cardiographs, ultrasonic scanning machines (ultrasound), magnetic resonance imaging (MRI) equipment, dialysis devices, x-ray and radiation equipment, breathing appliances, and computed tomography apparatus (CT scan). Demand also exists for clinical laboratory devices, supplies, and biological rapid test kits.

Opportunities

Requirements for efficient healthcare services, new technologies, and equipment replacement drive market growth. All hospitals must continue upgrading facilities to remain competitive.

Public hospitals tend to place a greater emphasis on preventive healthcare, while private hospitals concentrate on curative services. Private hospitals have traditionally been equipped with more sophisticated medical equipment due to their larger budgets.

Incidence rates for hypertension and heart diseases, lung and kidney diseases, and other respiratory diseases have remained high. Most hospital improvements concentrate on specialized services for radiology, cardiac, lung and kidney examinations, and pathology to address the problem. We expect demand for ECGs, CT Scans, X-ray and Dialysis machines, and other laboratory instruments to continue to grow.

Current demand reflects healthcare requirements for growing incidences of hypertension, diabetes, respiratory ailments, and cancer. Products with high sales potential include electro-cardiographs, ultrasonic scanning machines (ultrasound), magnetic resonance imaging (MRI) equipment, x-ray and radiation equipment, breathing appliances, computed tomography apparatus (CT scan), and linear accelerators. Demand also exists for laboratory products, supplies, and biological rapid test kits.

Requirements for efficient healthcare services, new technology, and equipment replacement drive market growth. All hospitals must continue upgrading facilities to remain competitive.

Medical device distributors expect 5-10% growth through 2018.

Web Resources

Department of Health

Central Bank of the Philippines

Philippine Health Insurance Corp

Philippine Statistics Authority

Metro Pacific Investments Corp

QualiMed Health Network

Mt. Grace Hospitals

Telecommunications/ICT

Overview

The Philippines boasts of a vibrant ICT industry with significant opportunities from the financial, telecommunications, Business Process Management (BPM), and health IT sectors. Increased consumer spending, low PC penetration, and small and medium enterprise (SME) modernization will also contribute to its growth.

The Department of Information and Communication Technology (DICT) was created in 2016 following a public and private recognition of the need for a separate agency for ICT issues. . President Duterte announced during his first State of the Nation Address (SONA) in July 2016 that the he is tasking the DICT to improve the quality of phone and internet service, make Wi-Fi accessible to all, and launch a National Broadband Plan (NBP). These government initiatives along with the steady private sector ICT investments are expected to bolster sustained ICT industry growth.

The IT software and services sub-sector is dominated by U.S. and European suppliers. Asian suppliers are very active in the hardware and PC segments.

Euromonitor shows the following data on internet and device penetration:

44.3 percent of the Philippine population use the internet

29.1 percent of households have access to the internet, while only 3.7 percent have access to broadband internet

44 percent of mobile subscribers have access to broadband service on their mobile phones

31.2 percent of households have personal computers (PC)

31.3 percent of households have laptops

55 percent of households have smartphones

2.1 percent of households have tablets

Filipinos are prolific users of social media. Estimates this year show that there are 48 million active social media users from the Philippines. Of this number, 60 million are on Facebook; 12 million on Twitter and 4 million are LinkedIn users.

Telecom

The Philippine Long Distance Telephone Company (PLDT) and Globe Telecom are the two major telecommunication carriers in the country. PLDT has three mobile brands, Smart Communications, Sun Cellular and TalkNText (TNT). The current Philippine cellular infrastructure is Global System for Mobile Communications (GSM). 3G service was launched in 2006 while 4G was made available in 2010. SMART and Globe launched long-term evolution (LTE) networks in 2012. PLDT has an existing digital fiber optic, and a digital microwave radio system connecting the entire country, Globe Telecom also has fiber optic cables and was the first to offer Worldwide Interoperability for Microwave Access (WiMax).

Growth of mobile broadband is expected to surge in 2017 and 2018 as Globe and PLDT continue with their 4G expansion and movement towards new technology. Globe has announced a

US$750 million capex for 2017, bulk of which is to improve data services such as modernization of fixed line data infrastructure, transmission equipment, and deployment of Long-Term Evolution Advanced (LTE-A) four component carrier (4CC) spectrum aggregation technology. During its April 2017 stockholders meeting, Globe announced that it has deployed 500 4G LTE sites using the 700 MHz and 1200 LTE sites using 2600 MHz. PLDT's 2017 capex will focus on g.fast technology (allows copper lines to offer fiber-like internet), and increase LTE coverage to make it available to 70 percent of the population in 2017. PLDT has initiated pursuit of 5G readiness and plans to launch it by 2020.

There is eager anticipation for all these data investments because according to Akamai's "State of the Internet Report" for the fourth quarter of 2016, the average internet speed in the Philippines is 4.5 megabytes per second (MBPS), the slowest in Asia Pacific, and among the most expensive in the world.

Globe Telecom's 2016 annual report shows 65.17 million customers while PLDT's 2016 Full Year Financial and Operating Results shows a customer base of 66.91 million. Below is a table showing the breakdown of subscribers:

	GLOBE TELECOM	PLDT
Mobile Subscribers	62.8 million	62.76 million
Home Broadband (Wireless)	1.13 million	270,203
Fixed Line Broadband	N/A	1.45 million
Fixed Line	1.24 million	2.43 million
Total Number of Customers	65.17 million	66.91 million

Chinese companies dominate the telecom equipment industry. More recently, building on previous experience with 4G expansion, PLDT is partnering with Huawei to begin research and development on 5G roll-out in the Philippines. Korea, the U.S., and China compete heavily in smartphones but Philippine company, MyPhone, is the leading smartphone supplier in the country because of its affordable products.

Leading Sub-Sectors*

Fiber Optic Network

IT Security

Midrange enterprise servers

Networking equipment

Enterprise software (CRM, ERP)

Broadband solutions

Wireless applications

Database storage and management

SAAS

Smartphones and tablets

*Leading sub-sectors were determined based on interviews with Philippine ICT contacts.

Opportunities

Cybersecurity is at the forefront of ICT priorities. The finance and telecom industries are among the vertical industries expected to leverage ICT to deliver better and more secure customer service. Opportunities exist for U.S. ICT services companies here as they possess needed expertise in the finance and telecom industries. The DICT has likewise launched its National Cybersecurity Plan that is expected to be a tool used by all government agencies.

Philippine SMEs now prefer cloud services as a lower cost alternative to more expensive software licenses. The cloud is now considered as a great equalizer in the Philippines as it makes technology solutions more affordable and available to SMEs. Opportunities exist here for U.S. cloud services companies.

The DICT has several large-scale IT infrastructure projects ongoing:

"Free Public Wi-Fi" – a US$60 million project approved in 2015 that aims to install data access points in 13,000 municipalities nationwide. These facilities will be placed in municipal halls, public schools, health centers and other publicly owned real estate. Implementation for Phase 1 with the first 1000 municipalities is now underway. Phase 2 is currently in the procurement process while Phase 3 is being developed. U.S. companies can bid on Phase 2 and Phase 3 of this project.

The DICT developed the "National Broadband Plan (NBP)" to connect government offices nationwide, provide internet access to far-flung areas who are either unserved or underserved by the private sector, and stimulate economic growth through the digital empowerment of the people.

The DICT conducted public consultations to present three different strategies on how to implement the plan: build a new backbone, establish a government network and provide services to "unserved" and "underserved" areas, and enter as a third telecommunications industry player.

U.S. companies can bid to provide products and services related to the NBP once it is implemented. There will be multiple opportunities to bid as the NBP is expected to be implemented in phases.

Given the growing traffic in Manila, the DICT was instructed to study intelligent traffic management systems. The City of Davao and large Philippine-conglomerate Ayala Corporation are pioneers in intelligent traffic management systems in the Philippines.

Web Resources

Dept. of Information and Communications Technology

Globe Telecom

PLDT

SMART Communications

Water Resources

Overview

The Philippine market for water resource equipment and services is expected to grow by at least five percent yearly over the next five years as a result of the current and upcoming projects that address increasing water requirements as well as sanitation challenges in the Philippines.

Government entities fund water-related projects through a mixture of national/local government budgets and foreign (governments and, multilateral and bilateral agencies) loans/grants. Water districts use internally-generated funds and loans. There are also projects offered for public-private partnerships. Private entities finance water and wastewater treatment projects through internal funds and/or loans.

The Philippines is highly dependent on imported water and wastewater treatment products. It sources its requirements from various countries, such as the U.S., Australia, China, Japan, South Korea, Taiwan, and European countries such as United Kingdom, Germany, France, and Italy.

There are Philippine companies that manufacture unplasticized polyvinyl chloride (uPVC), high-density polyethylene (HDPE), and spiral welded steel pipes, ductile/cast iron valves and fittings.

	2014 (estimated)	2015 (estimated)	2016 (estimated)	2017 (estimated)
Total Market Size	379,213	399,479	420,771	443,140
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	32,615	32,941	33,270	33,603
Total Imports	411,828	432,420	454,041	476,743
Imports from the U.S.	39,848	41,840	43,933	46,129
Exchange Rate: 1 US$*	44.40	45.50	47.50	-

US$ thousands: Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Unofficial estimates

Total Imports: Unofficial estimates

* Listed exchange rates are not used in the above calculations. Exchange rate shows average value of Philippine Peso to U.S. Dollar. (Source: Central Bank of the Philippines).

Sub-Sector Best Prospects

Drinking/potable water treatment equipment/processes

Products/equipment for the construction and development of additional water resources and water supply systems

Water supply rehabilitation products/equipment

Water recycling products/equipment

Products/equipment/accessories for sewage/septage projects; packaged or modular wastewater treatment equipment; industrial wastewater treatment; wastewater treatment technologies that will result in smaller footprints (due to land constraints).

Opportunities

Projects of Manila Water Company (MWCI) and Maynilad Water Services, Inc. (MWSI) and other Private Water Service Providers (WSPs): MWCI and MWSI are the concessionaires of Metropolitan Waterworks and Sewerage System (MWSS), the government agency that has jurisdiction, supervision, and control over waterworks and sewerage in Metro Manila and surrounding areas. The two companies, which service over 16 million people, are continuously expanding, modernizing, and improving water and used water treatment services in their respective areas. Projects of MWCI and MWSI include construction/improvement/rehabilitation of water and sewage treatment facilities, as well as reservoirs; reliability projects; network improvement; upgrading of boosters and pumping stations; water loss recovery; and modernization of data management and information systems.

MWCI is currently building the 100 million liters per day (MLD) North and South Pasig Sewerage System while MSI has seven on-going sewerage treatment plant projects. In the next five years, Maynilad Water plans to build nine sewerage treatment plants, ranging from 12 to 203 MLD.

Medium- to large-scale private WSPs include Balibago Waterworks System, PrimeWater Infrastructure Corporation, and Calapan Waterworks. They mostly provide water services.

Water Projects under Public-Private Partnership (PPP) - The largest water project under the PPP arrangement is the $515 million Bulacan Bulk Water Supply Project being undertaken by Luzon Clean Water Development Corporation, a consortium composed of San Miguel Corporation, a Philippine company, and K-water, a Korean company. The components of this project include construction of water sources, aqueduct interconnection, water treatment plants, and sludge treatment facility and interconnection facilities to the water districts (WDs). As of April 2017, construction of the water treatment plant is about 10% complete.

Water Projects Financed by the Asian Development Bank (ADB): The two water projects that ADB is currently funding in the Philippines are:

Angat Water Transmission Improvement Project - In March 2016, ADB approved a $123.3 million loan to the project which involves the construction of a new tunnel with a diameter of four meters and a total length of 6.30 kilometers, and a design capacity of 19 cubic meters per second, including intake and outlet works. Project completion is targeted for December 31, 2020. MWSS is the executing agency.

Water District Development Sector Project - In April 2016, ADB approved a $60 million loan to the Philippines to the project which will be implemented by the Local Water Utilities Administration (LWUA), the Government entity that provides financial, technical, institutional, developmental, and regulatory services to WDs. The project aims to enable WDs to expand and rehabilitate water supply systems and to build pilot sanitation facilities. It will also provide capacity development technical assistance to strengthen the sustainability of WDs and promote partnerships between local government units (LGUs) and WDs in septage management.

In the next three years, ADB plans to fund the following projects: Metro Manila Water and Sanitation Program (formerly Metro Manila Wastewater Improvement Project); and the Lake Laguna Flood Management/Integrated Water Resource Management Program.

Projects of WDs Under LWUA: There are over 500 operational WDs in the country, 18 percent of which are classified as creditworthy and more than 400 have less than 10,000 connections. These WDs develop water sources and new water supply systems; repair/rehabilitate/expand existing systems, reduce non-revenue water, etc. Very few have septage/sewerage systems.

Wastewater Projects of Industrial Plants, Tourism Facilities, Residential/Commercial Buildings, Hospitals, Restaurants, Recreational Facilities and other Similar Establishments: These establishments face fines or closures if they are not able to comply with the effluent concentration limits set by law.

Web Resources

Local Water Utilities Administration

Manila Water Company Inc.

Maynilad Water Services, Inc.

Philippine Association of Water Districts

Philippine Government Electronic Procurement System

Water Environment Association of the Philippines

Customs, Regulations & Standards

Trade Barriers

Agriculture Tariffs and Quotas

The average tariffs on agricultural products increased from 11.85 percent in 2016 to 11.98 percent in 2014. The Philippines maintains a two-tiered tariff policy for sensitive agricultural products including rice, corn, pork, chicken meat, sugar, and coffee. These products are subject to a tariff rate quota (TRQ) and all imports outside of the minimum access volume are taxed at a higher out-of-quota rate. In-quota and out-of-quota tariff rates averaged 36.5 percent and 41.2 percent, respectively, and have not changed since 2005.

At present, a few TRQ products have achieved unified in-quota and out-of-quota tariff rates, including chicken, frozen or chilled (40 percent); turkey livers, frozen or chilled (40 percent); potatoes, fresh and chilled (40 percent); and roasted coffee beans (40 percent). Currently, there is an additional special safeguard duty in place for chicken meat, which effectively doubles the rate of out-of-quota tariff protection. Administrative Order (A.O.) 9 of 1996, as amended by A.O. 8 of 1997 and A.O. 1 of 1998, established rules for implementing TRQs and allocating import licenses.

Excise Taxes on Alcohol Products

The 2012 Sin Tax Reform or Republic Act No. 10351, "An Act Restructuring the Excise Tax on Alcohol and Tobacco," provided revised rates of excise tax charged on distilled spirits, wines and fermented liquor. The schedule of excise tax rates and related regulations are available online.

Queries related to excise taxes on alcohol products:

Ms. Ma. Rosario O. Puno, Chief and Officer-in-Charge

Excise LT Regulatory Division

Bureau of Internal Revenue

Ground Floor, Room 102, National Office Bldg.

Diliman, Quezon City

Tel: (+632) 928-8501 ext. 7580

Email: ma.rosario.puno@bir.gov.ph

Wines and Fermented Liquor

Under the reformed law (see above), the tax on most sparkling wines (with a net retail price of over 500 pesos (US$12) dramatically increased from 413 pesos (US$10) to 700 pesos (US$17) per 750ml, while the tax on most still wines (containing 14 percent alcohol per volume or less) increased slightly from 22 pesos (US$0.53) to 30 pesos (US$0.73) per liter. The new excise tax levied on most premium beers (with a net retail price of 50 pesos or US$1.23 per liter of volume capacity) increased by a mere two percent, and will likewise have a minimal effect on exports of U.S. craft beers.

Distilled Spirits

The 2012 Sin Tax Reform was drafted in response to a 2011 World Trade Organization ruling, which found the Philippine application of excise tax on distilled spirits to be discriminatory against imported products. Under the new law, the excise tax on imported and domestically produced distilled spirits, regardless of the raw material used, will be based on a uniform ad valorem tax (depending on the net retail price) and a specific tax, according to the following schedule:

a) Effective on January 1, 2013:

i. An ad valorem ("according to value") tax equivalent to 15 percent of the net retail price

(excluding excise tax and value-added tax) per proof liter; and

ii. A specific tax of twenty pesos (P20.00) per proof liter.

b) Effective on January 1, 2015:

i. An ad valorem tax equivalent to 20 percent of the net retail price (excluding excise tax and value-added tax) per proof liter; and;

ii. A specific tax of twenty pesos (P20.00) per proof liter.

c) In addition to the ad valorem tax, the specific tax rate of twenty pesos (P20.00) shall increase by four percent effective on January 1, 2016, and every year thereafter. The excise tax decreased significantly for many higher-value, imported distilled spirits.

For more information on trade barriers please contact:

International Trade Administration

Enforcement and Compliance

Tel: (202) 482-0063

ECCommunications@trade.gov

Import Requirements for Food Products

The Philippines is a signatory to the World Trade Organization (WTO) and has lifted quantitative restrictions (QRs) on imports of food products except for rice. Tariff-Rate Quotas (TRQs) still remain on a number of sensitive products such as corn, poultry meat, pork, sugar, and coffee. Minimum Access Volumes (MAV) have been established for these commodities.

Sanitary and phytosanitary import clearances that serve as import licenses are required prior to the importation of all agricultural commodities, including feeds, live animals, meat and poultry products, plant and plant products, seafood, and fishery items. In addition, a minimum access volume certificate is required for products entering at the lower in-quota duty such as pork, poultry, corn, coffee, and coffee extract. In all cases, imported meat, fish, and produce require a registered importer to receive the shipment.

Import Regulations for Processed Food Products

Philippine food regulations generally follow the U.S. Food and Drug Administration policies and guidelines for food additives, good manufacturing practices, and suitability of packaging

materials for food use. Hence, compliance with U.S. regulations for packaged foods, particularly for labeling, will almost always assure compliance with Philippine regulations. All food products offered for sale in the Philippines must be registered with the Philippine Food and Drug Administration (FDA). Registration of imported products may only be undertaken by a Philippine entity, although some documentation and, for certain types of products, samples need to be provided by the exporter.

Products have been divided into three categories:

Low Risk (LR) Food Products are foods that are unlikely to contain pathogenic microorganisms and will not normally support their growth because of food characteristics that are unlikely to contain harmful chemicals. This includes snack foods, breakfast cereals, pasta and noodles, alcoholic beverages, coffee, tea, refined and raw sugars, and honey.

Medium Risk (MR) Food Products are foods that may contain pathogenic micro-organisms but will not normally support their growth because of food characteristics; or food that is unlikely to contain pathogenic micro-organisms because of food type or processing, but may support the formations of toxins or the growth of pathogenic micro-organisms. This includes milk powder, tomato products, canned or bottle fruit and vegetable preserve, processed meat and poultry, processed fish and fish products.

High Risk (HR) Food Products are foods that may contain pathogenic micro-organisms and will support the formation of toxins or the growth of pathogenic micro-organisms and foods that may contain harmful chemicals. This includes milk and dairy based drinks, cheese, frozen processed meat, and infant formula.

Each class per brand of product must be registered with the FDA by the importer before the product can be imported. Only products with a valid Certificate of Product Registration from the FDA will be allowed for sale in the Philippines.

The following is the list of requirements for the initial registration of food products:

1) Completed Integrated Application Form as prescribed by current FDA regulations;

2) Proof of Payment of Fees as prescribed by current FDA regulations;

3) Clear and complete loose labels or artwork, as applicable, of all packaging sizes, or equivalent as defined by FDA regulations except for bulk raw materials, ingredients and food additives intended for further processing or for distribution to establishments/manufacturers for further processing;

4) Pictures of the product from all angles and in different packaging sizes, and from at least two different perspectives allowing visual recognition of a product as the same with the others being registered, as applicable.

5) For food supplements, a sample in actual commercial presentation must be submitted.

6) As applicable, documents to substantiate claims, such as technical, nutritional or health studies or reports, market-research studies, Certificate of Analysis, quantitative studies and computations, scientific reports or studies published in peer-reviewed scientific journals,

certificates or certification to support use of logo/seal on Halal, Organic, or Kosher foods and in compliance with current labelling regulations.

A Certificate of Product Registration (CPR) shall be issued by the FDA and shall be valid for two years. Subsequent renewal of CPR shall be valid for a period of five years.

Exporters must be aware that the Philippine importer needs to secure a license to operate (LTO) from the FDA to import these products. This is a prerequisite for the registration of all food products. The license lists names of foreign suppliers or sources of the products being registered.

The cost of an initial two-year licensing fee is US$80 (PhP4,000). Renewal of License to Operate, valid for five years, is US$160 (PhP8,000).

More information on the types of food products falling under each risk category, as well as the complete requirements for product registration and application for license to operate is available at this link.

Import Regulations for Plant Products

The Bureau of Plant Industry (BPI) regulates imports of all plant products, including live plants, and fresh and processed fruits and vegetables. All imported plant products and planting materials, including highly processed plant products (for example, frozen French fries and raisins) require Phytosanitary Quarantine Clearances (PQC) from BPI, which also serve as import licenses. These permits are applied for by an accredited Philippine importer for each shipment and must be secured for all imports before the shipment leaves the country of origin. BPI accepts the following certificates for highly processed plant products in lieu of the USDA Phytosanitary Certificates:

1) A certified true copy of the Philippine Food and Drug Administration/Bureau of Food and Drug (FDA) Certificate of Product Registration (CPR); and a photocopy of the U.S. Federal or State Government Health Certificate/Certificate of Free Sale; OR

2) Original U.S. Federal or State Government Health Certificate/Certificate of Free Sale.

Import Regulations for Meat and Poultry Products

In 2005, the Department of Agriculture issued Administrative Order No. 26 (AO 26), which updated its Administrative Order No. 39 (2000) or the "Revised Rules, Regulations and Standards Governing the Importation of Meat and Meat Products into the Philippines." AO 26 reiterates the need for a DA-accredited importer to obtain a Veterinary Quarantine Clearance (VQC) certificate prior to the importation of meat and meat products. A VQC will now be valid for 60 days from the date of issuance, within which the meat or meat products are to be shipped from the country of origin. A VQC is non-transferable and can only be used by the consignee to whom it was issued. A one shipment/bill-of-lading per VQC issued policy is strictly followed.

At present, all U.S. meat establishments that are regulated and inspected by the USDA Food Safety and Inspection Service (FSIS) are eligible to export meat and poultry to the Philippines.

There is a great deal of sensitivity in the Philippines to U.S. food products that are packed in cartons with labels indicating shipment to another country. Such markings should be covered or removed since the Philippines does not require the cartons to be marked for export to the Philippines.

A summary of Philippine export requirements for meat and poultry products from the United States may be obtained from the U.S. Department of Agriculture website.

Sensitive Agricultural Products

Tariff rates for sensitive agricultural products were established in Executive Order 313 of March 1996, which set varying in-quota and out-quota rates for products considered important to domestic agriculture: pork, poultry, coffee, sugar, rice and corn. In-quota rates apply to products imported within established minimum access volumes (MAV). Any imports in excess of the MAV are assessed the out-of-quota rate. MAV products are those for which the Philippine Government is committed to providing minimum market access in exchange for the lifting of quantitative import restrictions in the WTO.

The MAV Administration, including its allocation, is handled by a special MAV Management Committee. Please contact the USDA Foreign Agricultural Service in Manila (AgManila@fas.usda.gov) for further information on minimum access volumes and current MAV license holders.

Rice is considered the country's most sensitive agricultural product. In 2002, the Philippine Government opened its rice market when it allowed the private sector, mainly traders, to import rice. Prior to this, the National Food Authority (NFA) was the sole importer of rice. Rice imports are assessed a 40 percent in-quota tariff and a 50 percent tariff for volumes beyond the quota. Import licenses are regulated by the NFA. In 2004, the government completed negotiations with other WTO members for the extension of its quantitative restrictions (QR) on rice, and in December 2006, its request for extension was approved.

In July 2014, the WTO granted the Philippines request to extend quantitative restrictions on rice imports through July 2017. In exchange, the in-quota limit was raised to 805,200 MT (from 350,000 MT) and the in-quota tariff reduced from 40 percent to 35 percent (the out-of-quota tariff remained at 50 percent), through July 1, 2017. On November 5, 2015, Philippine President Aquino III signed Executive Order No. 190 (EO 190) which put in effect the 805,200 MT MAV and the corresponding MFN tariff changes.

Import Regulations for Biotechnology-Derived Products

On April 3, 2002, the Department of Agriculture issued Administrative Order No. 8 (AO 8), which regulates the importation and release into the environment of genetically modified plants and plant products. The Bureau of Plant Industry issues permits for the importation of regulated articles and/or combined trait products for contained use or trials, as well as for direct use as food or feed or for direct processing of genetically-modified (GM) plants and plant products. Under AO 8, no regulated article shall be imported or released into the environment without the conduct of a satisfactory risk assessment.

A Joint Department Circular (JDC) was approved in March 2016 that replaced existing Philippine genetically engineered (GE) regulations embodied in the Philippine Department of

Agriculture's Administrative Order No. 8 (AO 8). AO 8 was replaced after the Philippine Supreme Court, in a December 8, 2015 decision, ruled that AO 8 did not sufficiently cover minimum requirements of the principles of risk assessment as embodied in the National Biosafety Framework. The JDC requires more public consultation and provides more consideration to socio-economic issues and environmental impacts in risk assessment procedures, compared to AO 8. The JDC was implemented on April 14, 2016.

All shipments of regulated articles must be accompanied by a letter declaring the shipment may or may not contain GMOs. This declaration is issued by the shipper, importer, certified laboratory or responsible office in the country of origin.

A detailed report that specifically addresses import regulations and standards entitled "The Philippines: Food and Agricultural Import Regulations & Standards Country Report (FAIRS)," can be obtained from the FAS homepage. Choose "Market and Trade Data", "Attaché Report Search", and then select "FAIRS Country Reports." You can also access the report through this website.

Import Requirements for Pharmaceutical Products

A U.S. firm that desires to export pharmaceutical products for commercial distribution to the Philippines must secure License to Operate (LTO) and Certificate of Product Registration (CPR) from the Philippine Food and Drug Administration (FDA). FDA is the government regulatory agency tasked with the administration and enforcement of laws pertaining to the manufacture and sale of food, drugs, and cosmetics in the Philippines.

The FDA also regulates household/urban hazardous substances and health devices. Importers of these products must also secure CPR prior to distribution and marketing in the Philippines.

The checklist of requirements for obtaining a license to operate and a certificate of product registration may be found in the following links.

Queries related to pharmaceutical product imports:

Dr. Benjamin G. Co

Center for Drug Regulation and Research (CDRR)

Food and Drug Administration

Civic Drive, Filinvest Corporate City

Alabang, Muntinlupa City

Tel: (+632) 857-1990

Email: cdrr@fda.gov.ph

Import Requirements & Documentation

Importation of certain commodities into the Philippines is regulated or prohibited for reasons of public health and safety, national security, international commitments, and development/rationalization of local industry. Imports are classified as follows:

Freely Importable Commodities: The importation of these commodities is neither regulated nor prohibited and may be imported without the prior approval of or clearance from any government agency.

Regulated Commodities: The importation of these commodities requires clearances/permits from appropriate government agencies, including the Philippine Central Bank or Bangko Sentral ng Pilipinas (BSP).

Prohibited or Banned Commodities: The importation of these commodities is not allowed under existing laws. Please visit http://www.dti.gov.ph/dti/index.php/resources/listings for the list of regulated and prohibited imports.

The importation status of any commodity (whether prohibited, regulated, or freely importable) may be checked/verified with the Bureau of Customs (BOC), the Bureau of Import Services (BIS) of the Department of Trade and Industry (DTI) or BSP and any of its authorized agent banks. The Department of Agriculture (DA) (http://www.da.gov.ph) can verify the importation status of agricultural products, as well as indicate whether a Minimum Access Volume (MAV) Import Certificate is required, such as for the importation of swine, chicken, etc.

Import documents required for shipments to the Philippines include:

Commercial invoice/Pro forma invoice;

Bill of lading (for sea freight) or air waybill (for air freight);

Certificate of origin (if requested);

Packing list;

Applicable special certificates/import clearance/permit depending on the nature of goods being shipped and/or requested by the importer/bank/letter of credit clause, e.g., Food and Drug Administration (FDA) license; and

Commercial Invoice of Returned Philippine Goods and/or Supplemental Declaration on Valuation.

For a Letter of Credit (L/C) transaction, a duly accomplished L/C, including a Pro-forma Invoice and Import Entry Declaration for Advance Customs Import Duty (ACID) is required. A Pro-forma Invoice is required for a non-L/C transactions (e.g., Draft Documents against Acceptance (D/A), Documents against Payment (D/P), Open Account (OA) or self-funded documentation).

Queries related to import requirements:

Mr. Luis M. Catibayan, Director

Bureau of Import Services

Department of Trade and Industry

3F Tara Bldg., 389 Sen. Gil Puyat Avenue

Makati City

Tel: (632) 896-4430

Fax: (632) 896-4431

E-mail: LuisCatibayan@dti.gov.ph; thebisdirector@yahoo.com.ph

Labeling/Marking Requirements

Philippine marking and labeling requirements are specified in the Consumer Act of the Philippines (Republic Act No. 7394) and Philippine National Standards (PNS). The Department of Trade and Industry (DTI)'s Bureau of Philippine Standards (BPS) is the national standards body that develops and implements the PNS.

All consumer products sold domestically, whether manufactured locally or imported, must contain the following information on their labels:

Correct and registered trade name or brand name;

Registered trademark;

Registered business name and address of the manufacturer, importer, or repacker of the consumer product in the Philippines;

General make or active ingredients;

Net quality of contents, in terms of weight; and,

Country of manufacture, if imported.

The BPS implements a product certification mark scheme to verify conformity of products to PNS and other international standards. This includes critical products such as electrical equipment and electronics, as well as consumer, chemical and construction and building materials. Products manufactured locally must bear a Philippine Standard (PS) mark, while imported products must bear Import Commodity Clearance (ICC) certification marks duly issued by the BPS.

For additional information on labeling and marking requirements, visit the Bureau of Philippine Standards website.

Contact Information:

Mr. Ernesto V. Perez, Assistant Secretary and Officer-in-Charge

Bureau of Philippine Standards

Department of Trade and Industry

3rd Floor, Trade and Industry Building

361 Sen. Gil J. Puyat Avenue

Makati City, Philippines

Tel: (632) 751-3126 to 27

Fax: (632) 751-4706

E-mail: bps@dti.gov.ph

Import Tariff

The Philippines' simple average most favored nation (MFN) tariff was 7.1 percent in 2016. Six percent of its applied tariffs are 20 percent or higher. All agricultural tariffs and about 60 percent of non-agricultural tariff lines are bound under the Philippines' WTO commitments. The simple average bound tariff in the Philippines is 23.5 percent.

As a general rule, imported manufactured goods competing with locally produced goods face higher tariffs than those without local competition. The Philippine Government cites domestic and global economic developments to justify the modification of applied rates of duty for certain products to protect local producers in the agriculture and manufacturing sectors.

The Philippines eliminated tariffs on approximately 99 percent of all goods from ASEAN trading partners as a commitment under the ASEAN Free Trade Area (AFTA) agreement. For more information about the country's free trade agreements, see section on "Trade Agreements." Philippine tariff schedules are available at Tariff Commissions website.

Contact for import tariffs:

Ms. Marilo P. Mendoza, Chairperson

Tariff Commission

5th Floor, Philippine Heart Center

Medical Arts Building

East Avenue, Diliman, Quezon City

Tel: (632) 926-8731; 928-8419

Fax: (632) 921-7960

E-mail: info@tariffcommission.gov.ph

U.S. Export Controls

Companies wanting to export controlled items to the Philippines must apply for licenses from the appropriate government agencies in the United States. For information on the latest U.S. export and re-export control regulations, please go to the following website.

The Consolidated Screening List API consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed to aid industry in conducting electronic screens of potential parties to regulated transactions.

Temporary Entry

A businessperson hand-carrying a personal laptop computer does not have to post a cash bond after demonstrating that the item is a personal effect and is not new. Laptops, considered tools of the trade, may be cleared without a Certificate of Identification upon the businessperson's arrival. Only one laptop per businessman is allowed under existing regulations.

The following sections of the Tariff and Customs Code of the Philippines (TCCP) contain the regulations and requirements for products entering the Philippines temporarily:

(1) Section 105: The articles listed in this section, such as equipment for use in the salvage of vessels or aircraft; articles brought into the Philippines for repair, processing or reconditioning to be re-exported upon completion of the repair, processing, or reconditioning; articles used exclusively for public entertainment, and for display in public expositions, or for exhibition or competition for prizes, and devices for projecting pictures and parts; and articles brought by foreign film producers directly and exclusively used for making or recording motion picture films on location in the Philippines, are exempted from the payment of import duties subject to conditions as defined in the TCCP.

(2) Section 106: Upon exportation of articles manufactured or produced in the Philippines, either in whole or in part of imported materials for which duties have been paid, a refund or tax credit shall be allowed for the duties paid on the imported materials, subject to certain conditions.

(3) Section 2002: This section states that imported materials manufactured in any bonded manufacturing warehouse and intended for export are exempted for duty, subject to certain conditions.

(4) Section 2103: This section covers certain cases wherein an intent to export is shown in the covering commercial documents of imported articles where the Collector of Customs may authorize the filing of an entry for immediate exportation, under bond.

For warranty and non-warranty items entering the Philippines for repair, the Department of Finance requires the following: (1) letter from the importer or consignee with information on the purpose of importation, (2) notarized affidavit of undertaking, (3) commercial invoice and shipping documents, and (4) bond. For more information, please contact:

Contact:

Sheila Castaloni, Director

Revenue Office

Department of Finance

Phone: 301-526-8458

Email: scastaloni@dof.gov.ph

Prohibited & Restricted Imports

Philippine law restricts the importation of certain goods for reasons of national security, environmental and public health protection, order and morality, in addition to complying with international treaties and obligations. Prohibited goods include:

Used Clothing and Rags (Republic Act No. 4653);

Toy Guns (Letter of Instructions No.1264);

Right-Hand Drive Vehicles (Republic Act No. 8506);

Hazardous Waste, even in transit into Philippine territory (Republic Act No. 6969, Section 24 of IRR);

Laundry and Industrial Detergents containing hard surfactants (Republic Act No.

8970);

Polychlorinated Biphenyls (PCBs) (DENR Administrative Order No. 1, series of 2004);

Used Motorcycle Parts, except engine (Executive Order No. 156); and

Live Piranha, Shrimps and Prawns (FAO No. 126, series of 1979).

The Philippine Tariff and Customs Code also prohibit the importation of the following goods:

Dynamite, gunpowder, ammunitions and other explosives, firearms, weapons of war, and parts thereof, except when authorized by law;

Written or printed articles that contain information that advocates or incites: treason, rebellion, insurrection, sedition, subversion against the government, forcible resistance to laws, threats to life, or inflict bodily harm upon any person in the Philippines;

Written or printed articles, negatives or cinematographic film, photographs, engravings, lithographs, objects, paintings, drawings, or other representation of an obscene or immoral character;

Articles, instruments, drugs and substances designed, intended or adapted for producing unlawful abortion, or any printed matter, which advertises or describes or gives directly or indirectly information where, how or by whom unlawful abortion is produced;

Roulette wheels, gambling outfits, loaded dice, marked cards, machines, apparatus or mechanical devices used in gambling or the distribution of money, cigars, cigarettes, or other when such distribution is dependent on chance, including jackpot and pinball machines or similar contrivances, or parts thereof;

Lottery and sweepstakes tickets except those authorized by the Philippine government, advertisements thereof, and list of drawings therein;

Any article manufactured in whole or in part of gold, silver or other precious metals or alloys thereof, the stamps, brands or marks of which do not indicate the actual fineness of quality of metals or alloys;

Any adulterated or misbranded articles of food or any adulterated or misbranded drug in violation of the provisions of the Food and Drugs Act;

Marijuana, opium, poppies, coca leaves, heroin or any other narcotics or synthetic drugs, which are or may hereafter be declared habit forming by the President of the Philippines, or any compound, manufactured salt, derivative, or preparation thereof, except when imported by the government or any person duly authorized by the Dangerous Drugs Board, for medical purposes only;

Opium pipes and parts thereof, of whatever material; and,

All other articles and parts thereof, the importation of which is prohibited by law or rules and regulations issued by competent authority as amended by Presidential Decree No. 34.

Regulated/Restricted Commodities

A broad range of commodities require import clearance/licenses from appropriate government agencies prior to importation into the Philippines. Discretionary licensing arrangements are in place for rice imports. The National Food Authority (NFA) is the sole importer of rice and continues to be involved in the importation of corn. Private grain dealers with import clearance are allowed to import rice.

Furniture manufacturers and agents, as well as log and lumber contractors and lumber dealers, may import wood materials under several different licensing regimes. Importers must submit a Phytosanitary Certificate issued by the country of origin to the Department of Agriculture's Bureau of Plant Industry (DA-BPI).

In April 15, 2016, the Philippine government released DOST-DA-DENR-DOH-DILG Joint Department Circular (JDC) No. 1, entitled 'Rules and Regulations for the Research and Development, Handling and Use, Transboundary Movement, Release into the Environment, and Management of Genetically-Modified (GM) Plant and Plant Products Derived from the Use of Modern Biotechnology. The JDC defines agencies' responsibility in implementing new guidelines on GM plants and plant products, as follows: the Department of Agriculture (DA) leads in evaluation and monitoring of regulated articles; the Department of Environment and Natural Resources (DENR) conducts environmental risk assessment; the Department of Health (DOH) conducts environmental health impact and food safety assessment; the Department of Interior and Local Government (DILG) coordinates public consultation; and the Department of Science and Technology (DOST) as lead agency in evaluating and monitoring regulated articles intended for contained use.

The DA Operations Manual provides procedural requirements for securing biosafety permits for field trials, commercial propagation, and for direct use as food, feed, or processing. An 85 days processing period for each application is standard. Other than the DA, other agencies in the JDC implementation have yet to issue corresponding procedures and guidelines.

The table below lists other import commodities with required import clearances issued by various Philippine government agencies:

Commodity Description/Commodity Group/ Tariff Heading (TH)	Government Agencies Issuing Permits/Clearance and its Legal Basis
Essential Chemicals & Controlled Precursors; and Dangerous Drugs (Ketamine,	Philippine Drug Enforcement Agency (PDEA) and Dangerous Drugs Board (DDB)

Pseudoephedrine, Oripavine, and Amineptine)	*Republic Act No. 9165 (The Comprehensive Dangerous Drugs Act of 2002) dated 7 June 2002*
Chemicals under the Philippine Priority Chemical List (PCL)	Department of Environment and Natural Resources (DENR) - Environmental Management Bureau (EMB)
Cyanide, Mercury, Asbestos, Polychlorinated Biphenyl, Chlorofluorocarbon and other ozone depleting substances Recyclable materials containing hazardous substances, i.e. scrap metals, solid plastic materials, electronic assemblies and scrap, used oil, fly ash and used lead acid batteries	Department of Environment and Natural Resources - Environmental Management Bureau (DENR-EMB) *Republic Act No. 6969 (The Toxic Substances, Hazardous and Nuclear Wastes Control Act of 1990) dated 26 October 1990* *DENR Administrative Order No. 36, s. 2004, Revising DENR Administrative Order No. 92-29 to further strengthen the implementation of Republic Act No. 6969*
Wildlife	Department of Environment and Natural Resources (DENR) – Protected Areas and Wildlife Bureau (PAWB) *Republic Act No. 9147 (Wildlife Resources Conservation and Protection Act dated 30 July 2001)*

Live animals Animal products and by-products	Department of Agriculture (DA) – Bureau of Animal Industry (BAI)
Fishery and aquatic products	Department of Agriculture (DA) – Bureau of Fisheries and Aquatic Resources (BFAR)
Living plants	Department of Agriculture (DA) – Bureau of Plant Industry (BPI)
Cane or beet sugar and other sweeteners	Sugar Regulatory Administration (SRA)
Chainsaws Wood products	Department of Environment and Natural Resources (DENR) - Forest Management Bureau (FMB) *Republic Act No. 9175 (Chainsaw Act dated 22 July 2002)*
Semi-synthetic antibiotics (all form and salts of ampicillin, amoxicillin, and cloxacillin) Wheat flour TH 1101	Department of Health (DOH) - Food and Drugs Administration (FDA) *Executive Order No. 776 dated* *24 February 1992 and Bureau Circular* *No. 03-A s.2000* *Republic Act No. 8976 (Philippine Food* *Fortification Act of 2000) dated 7*

Iodized salt TH 2501 All health products	*November 2000* *Republic Act No. 8172 (An Act for Salt Iodization Nationwide - ASIN) dated 20 December 1995* *Executive Order No. 175 amending Republic Act No. 3720 (Food and Drug Cosmetic Act) dated 22 June 1969) dated 18 August 2009*
Color Reproduction Machines	National Bureau of Investigation (NBI) and Cash Department of the Central Bank
Explosives, blasting agents, and detonators Chemicals used as ingredients in the manufacture of explosives (e.g. chlorates, nitrates and nitric acid, etc.)	Explosives Management Branch (EMB) and Philippine National Police (PNP) *Executive Order No. 522 (Prescribing Rules and Regulations for the Control and Supervision of the Importation, Sale and Possession of Chemical Used as Ingredients in the Manufacture of Explosives and for Other Purposes) dated 26 June 1992*
All fertilizers, pesticides and other chemical products that are intended for agricultural use	Department of Agriculture (DA)-Fertilizer and Pesticide Authority (FPA) *Presidential Decree No. 1144 (Creating*

	the Fertilizer and Pesticide Authority and Abolishing the Fertilizer Industry Authority) dated 30 May 1997 and FPA Pesticide Regulatory Policies and Implementing Guidelines, 2nd Edition, 2001
Used motor vehicles, trucks and buses – including used parts and components	Department of Trade and Industry (DTI)-Bureau of Import Services (BIS) *Executive Order No. 877-A (Comprehensive Motor Vehicle Development Program), dated 3 June 2010*
Used vehicles for the use of foreign diplomatic corps and accredited international organizations	Department of Foreign Affairs (DFA) *Executive Order No. 156 dated 12 December 2002*
Aircrafts, engines, propellers	Civil Aviation Authority of the Philippines (CAAP) *CAAP Memorandum Circular No. 18-12, series of 2012*
All commodities originating from the following socialist and centrally-planned economy countries (Albania, Angola, Ethiopia, Laos, Libya, Mongolia, Mozambique, Myanmar, Nicaragua and North Korea)	Philippine International Trading Corporation (PITC) *Letter of Instructions No. 444 (Promulgating Guidelines on Trade Socialist and Other Centrally-Planned Economy Countries) dated 9 August 1967, as amended by EO NO. 244 dated 12May 1995*

Nuclear and radioactive materials	Department of Science and Technology (DOST) – Philippine Nuclear Research Institute (PNRI) *Republic Act No. 5207 (An Act Providing for the Licensing and Regulation of Atomic Energy Facilities and Materials, Establishing the Rules on Liability for Nuclear Damage, and for Other Purposes) dated 15 June 1968, as amended by Presidential Decree No. 1484 dated 11 June 1978*
Household appliances and lamp/lighting products; Wires and cables, mechanical/construction materials	Department of Trade and Industry (DTI) – Bureau of Product Standards (BPS)
Selected medical devices, toys and water treatment devices	Department of Health (DOH) - Food and Drugs Administration (FDA)
Optical and magnetic media products	Optical Media Board
Electronic gaming machines and products	Philippine Amusement and Gaming Corp. (PAGCOR)

Legal tender Philippine currency in excess of PHP10,000 TH 4907, 7118, 7108, 7326, 7419, 7508, 7907, 8007, 7616	Central Bank

For a comprehensive list of import commodities and details of regulating agencies, visit the Department of Trade and Industry website.

Customs Regulations

Importers and customs brokers must secure accreditation from the Bureau of Customs (BOC). Exceptions include importers in special economic zones, the Philippine Government and its agencies, foreign embassies, consulates, and international organizations with diplomatic status and/or recognized by the Philippine government, such as the Asian Development Bank (ADB) and the World Health Organization (WHO). Visit the Department of Trade and Industry website for more information on accreditation and/or authority to import and procedures.

Accredited importers (or customs brokers) can access BOC's Electronic to Mobile (E2M) system to lodge import entries electronically. The E2M system allows customs officers and traders to electronically process most customs transactions, although importers are still required to submit hard copies of import documents and attachments to the Entry Processing Unit for verification. The E2M system does not deal with permits and/or licenses issued by other government agencies and must be applied for separately.

Import documents required in all shipments are as follows:

Commercial Invoice;

Bill of Lading (for sea freight) or airway bill (for air freight);

Certificate of Origin, if requested;

Packing List;

Applicable special certificates required due to the nature of goods being shipped/requested by importer/bank/letter of credit clause;

Commercial Invoice of Returned Philippine Goods and Supplemental Declaration on Valuation;

For Letter of Credit (L/C) Transaction, a duly accomplished L/C including Pro forma Invoice and Import Entry Declaration for Advance Customs Import Duty (ACID); and

For non-L/C Transactions, either Draft Documents against Acceptance (D/A), Documents against Payment (D/P), Open Account (OA) or self-funded, and a Pro forma Invoice.

Shipments are classified according to risk. A low-risk shipment passes through the "green lane" without documentary review or physical inspection. A moderate-risk shipment passes

through the “yellow lane” and is subject to document review. A high-risk shipment passes through the “red lane” and is subject to both document review and physical inspection.

Standards for Trade

Overview

The Bureau of Philippine Standards (BPS) is the Philippines' National Standards Body (NSB). A governmental agency under the Department of Trade and Industry (DTI), it develops, promulgates, implements, and promotes standardization activities as mandated by Republic Act No. 4109 otherwise known as the Standards Law and the Republic Act No. 7394 otherwise known as the Consumer Act of the Philippines and including Executive Order No. 133, Series of 1987 (Reorganizing the Department of Trade and Industry, Its Attached Agencies, and for Other Purposes) as amended by Executive Order No. 242, Series of 1987, and Executive Order No. 292, Series of 1987 (The Administrative Code of the Philippines).

Standards

The Consumer Act of the Philippines (RA 7394) provides that the development and provision of quality and safety standards for consumer products, including performance or use-oriented standards, codes of practice and methods of tests, shall be implemented by the Department of Agriculture (DA), the Department of Health (DOH), and the Department of Trade and Industry (DTI).

Through Republic Act 4109 (Standards Law), the BPS formulates Philippine National Standards (PNS) or adopts relevant international or foreign standards to help industries produce quality products or services and raise productivity. Draft standards are circulated for comments for at least 60 days while still in its draft stage.

The BPS operates 30 active Technical Committees (TCs) for the development, adoption and review of PNS. At present, these BPS/TCs are composed of approximately 200 experts and volunteers.

The Philippines is a member of the International Organization for Standardization or ISO. ISO develops voluntary standards on quality, safety and efficiency of products, services, and systems from technology to food safety, construction, agriculture and healthcare. Under the ISO, BPS is a participating (P) member to 23 TCs and 21 subcommittees (SCs) and an observing (0) member to 56 TCs and 30 SCs.

As the national Standards body of the Philippines, the Bureau of Philippine Standards maintains Technical Committees that develop standards and align the Philippine National Standards (PNS) to the International Standards of the ISO, IEC, ITU, and CODEX Alimentarius. The BPS refers to ASTM standards in developing PNS, which is made possible through a Memorandum of Agreement with ASTM.

Similarly, the BPS participates in the International Electrotechnical Committee or IEC, that prepares and publishes voluntary standards for electrical, electronic, and related technologies. Under the IEC, BPS is a P member to nine TCs and 24 SCs and an O member to three TCs and two SCs.

The BPS also refers to other US national standards, including ASME and IEE, in the development of PNS. However, the BPS has not consulted with any U.S. Standard Developing Organizations concerning standards and the standardization process.

Standards Conformity

The BPS implements mandatory product certification schemes for certain products divided into categories, namely, building and construction, electrical and electronics, chemical and consumer products. The BPS subjects these products under its list of PNS for mandatory certification to inspection and testing methods prior to distribution and sale in the Philippine market with the necessary Philippine Standard (PS) or Import Commodity Clearance (ICC) marks.

Under the PS Certification Scheme based on the Department Administrative Order (DAO) No. 4:2008, a manufacturer shall secure a license to use the Philippine Standard (PS) mark to show the consistent compliance of its product with the requirements of a specific PNS. The BPS assesses a manufacturer's production processes and product.

Under the ICC Certification Scheme according to the DTI DAO No. 5:2008, an importer shall acquire an ICC certificate to use the ICC sticker on imported products which demonstrate conformance to the requirements of an applicable PNS. The BPS, through the DTI Regional and Provincial Offices, subjects import shipments to sampling and testing procedures and evaluation.

DAO 05:2008 specifies that importers are offered four options for their applications to be processed, which include: (1) an application without a Product Test Report but with a Quality Management System (QMS) based on the ISO 9001:2000 and its future amendments; (2) an application with a Product Test Report and with a QMS based on the ISO 9001:2000 and its future amendments; (3) an application without a Product Test Report and without a QMS; and (4) an application with the Philippine Standard (PS) license from a foreign supplier. There are 72 listed PNS measures that require mandatory certification.

To further facilitate the ease in doing business on the issuance of the Import Commodity Clearance as stated in the DTI DAO No. 15-01, certain products are now delisted from the List of Products under Mandatory Certification subject to compliance with markings and labelling requirements. Also, BPS shall issue the ICC within three working days from filing provided that importers comply with the necessary requirements prior to the release of the certificate.

Additionally, the BPS operates the following support services: the Standards Data Center, a library for PNS; Sales and Publication; and Trainings/Seminars. Basic information on the BPS services is available at and queries can be sent to bps@dti.gov.ph.

To achieve its objectives in standardization and product certification, the BPS has established networks with local Government agencies, regional standardization bodies, and specialist regional bodies. This includes the International Organization for Standardization (ISO), International Electrotechnical Commission (IEC), Asia Pacific Economic Cooperation (APEC), and ASEAN Consultative Committee on Standards and Quality (ACCSQ), among others. BPS' involvement with the said bodies/organizations aims

to strengthen the country's technical infrastructure for its conformity assessment, testing and calibration, and standards information services.

The Philippines is a Party to the World Trade Organization (WTO) including the Agreement on Technical Barriers to Trade (TBT Agreement).

In line with the transparency provisions of the WTO TBT Agreement, signatories are obligated to establish enquiry points to respond to enquiries from other Members and interested parties as well as to designate a single notification authority at the national level and notify draft technical regulations.

To comply with this obligation, the Bureau of Philippine Standards, of the Department of Trade and Industry (DTI) has been designated as the Philippines' Enquiry Point and Notification Authority.

Members of the WTO are required under the said agreements to notify the public of proposed technical regulations and conformity assessment procedures that may have significant effect on members' trade. To ensure that information on said notifications are available, BPS maintains a Standards and Conformance Portal -which houses the Philippines' TBT Enquiry Point Page.

The page also hosts a weekly publication called the BPS WTO TBT Notifications Bulletin. This weekly bulletin is envisaged to simplify access to information by containing direct links to the notifications made by WTO members. The BPS also provides a summary of notifications by sector through its online dissemination to stakeholders.

The Bureau circulates draft technical regulations for comment at a certain period. All approved Department Administrative Orders (DAOs) for the implementation of PNS under mandatory certification are published in two newspapers of general circulation. These technical regulations are posted in the Standards and Conformance Portal.

Testing, inspection and Certification

The Philippine Accreditation Bureau (PAB) is recognized internationally through its membership to the International Accreditation Forum (IAF), International Laboratory Accreditation Cooperation (ILAC), Pacific Accreditation Cooperation (PAC), Asia Pacific Laboratory Accreditation Cooperation (APLAC). PAB is also a signatory to the Multilateral Recognition Arrangement (MLA) for Quality. The Philippine Accreditation Bureau (PAB) was under the Office of the Undersecretary of the Consumer Protection Group (CPG) (formerly Consumer Welfare and Trade Regulation Group) until the issuance of the Department Order (DO) No. 17-35 on 29 March 2017. The Organizational reforms under the DO stipulates the transfer of PAB under the Office of the Undersecretary of the Industry Development and Trade Policy Group (IDTPG) of the Department of Trade and Industry.

The PAB operates based on ISO/IEC 17011 general requirements for accrediting conformity assessment bodies.

The PAB is recognized internationally through its membership to the International Accreditation Forum (IAF), International Laboratory Accreditation Cooperation (ILAC), Pacific

Accreditation Cooperation (PAC), Asia Pacific Laboratory Accreditation Cooperation (APLAC). PAB is also a signatory to the Multilateral Recognition Arrangement (MLA) for Quality Management System (QMS) and Environmental Management System (EMS) of PAC and IAF; and Mutual Recognition Arrangement (MRA) for testing and calibration of APLAC and ILAC.

The PAB offers the following accreditation schemes:

Testing and Calibration Laboratories (ISO/IEC 17025)

Medical Testing Laboratories (ISO 15189)

Inspection Bodies (ISO/IEC 17020)

Quality Management System Certification Bodies (ISO/IEC 17021-1)

Environmental Management System Certification Bodies (ISO/IEC 17021-1)

Information Security Management System (ISO/IEC 17021-1/ISO/IEC 27006)

Energy Management System Certification Bodies (ISO/IEC 17021-1/ISO 50003)

Food Safety Management System Certification Bodies (ISO/IEC 17021-1 and

ISO/TS22003)

Product Certification Bodies (ISO/IEC 17065)

Hazard Analysis and Critical Control Point Certification Bodies – CODEX Alimentarius

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Mr. Ernani M. Dionisio, Director III

3/F Trade and Industry Bldg.

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Tel : (632) 751-0384 loc. 3291

Fax : (632) 751-3262

Email: ErnaniDionisio@dti.gov.ph; pab@dti.gov.ph

Management System Accreditation Division

The Management System Accreditation (MSA) Division handles the accreditation scheme for Certification Body that certifies organization to:

ISO 9001 (Quality Management system)

ISO 14001 (Environmental Management System)

ISO/IEC 27001 (Information Security Management System)

ISO 50001 (Energy Management System)

ISO 22000 (Food Safety Management System)

Hazard Analysis and Critical Control Point (HACCP)

The MSA Division also handles the accreditation scheme (based on ISO/IEC17065) for the Certification Body that certifies products.

Contact:

Ms. Ma. Juanita P. Carpio, Division Chief

Management System Accreditation Division

Tel : (632) 751-3128; 751-0384 loc. 2378

Fax : (632) 751-3262

Email: JuanitaCarpio@dti.gov.ph

Laboratory Accreditation Division

The Laboratory Accreditation (LA) Division handles the accreditation schemes for inspection bodies, medical laboratories, testing and calibration laboratories based on:

ISO/IEC 17025 – General requirements for the competence of testing and calibration laboratories

ISO 15189 – Medical laboratories – particular requirements for quality and competence

ISO/IEC 17020 – General criteria for the operation of various types of bodies performing inspection.

Contact:

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Laboratory Accreditation Division

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Promotion and Documentation Division

The Promotion and Documentation (PD) Division handles the promotion of accreditation and related activities through information campaigns using various media, participation in marketing events, consultations and dialogues with stakeholders.

Contact:

Ms. Amor F. Lahoz

Chief, Promotion and Documentation Division

Tel.: (632) 751-0384 loc. 2360

Fax: (632) 751-3262

Email: pab@dti.gov.ph

Trade Agreements

ASEAN Trade in Goods Agreement

The ASEAN Trade in Goods Agreement (ATIGA) took effect in 2010 and consolidated all Common Effective Preferential Tariff/ASEAN Free Trade Area (CEPT/AFTA) commitments related to Trade in Goods. It focuses on tariff liberalization and non-tariff measures as well as trade facilitation initiatives, simplification of rules of origin, and establishment of an ASEAN Trade Repository. Visit ASEAN website for updates on ATIGA.

Philippines – Japan Economic Partnership Agreement

The Philippines and Japan entered into an economic partnership agreement in 2008. PJEPA is the Philippines' first bilateral free trade agreement, covering, among others, Trade in Goods, Trade in Services, Investments, Movement of Natural Persons, Intellectual Property, Customs Procedures, Improvement of the Business Environment, and Government Procurement.

For inquiries and concerns regarding the implementation of PJEPA, contact the Department of Trade and Industry's Bureau of International Trade Relations (DTI-BITR) at pjepa.secretariat@gmail.com or at (632) 465-3300 ext. 401/402.

Philippines – European Free Trade Association Free Trade Agreement

The Philippines and EFTA members – Iceland, Liechtenstein, Norway, and Switzerland – signed a free trade agreement in 2016. PH EFTA covers Trade in Goods, Trade in Services, Investment, Competition, Intellectual Property, Government Procurement, and Trade and Sustainable Development.

Other Trade Agreements

The Philippines has free trade agreements with China, India, Japan, Republic of Korea, and Australia and New Zealand under ASEAN. Visit the Department of Trade and Industry's website and the Tariff Commission's website. for a list of Philippine trade agreements and corresponding tariff schedules and commitments.

Contact:

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Bureau of International Trade Relations

Department of Trade and Industry

4F DTI International Building, 375 Senator Gil Puyat Avenue, Makati City

Tel: (632) 465-3355; 465-3300

Licensing Requirements for Professional Services

On May 29, 2015, the Government issued Executive Order No.184, Series of 2015 which promulgated the 10th Foreign Investment Negative List (FINL) (http://www.gov.ph/2015/05/29/executive-order-no-184-s-2015/). The Philippine Government relaxed restrictions on the rules governing the practice of foreign professionals in the Philippines. The 10th FINL decreased the number of professions that are reserved only to Filipino nationals. The professions reserved only to Filipino nationals are pharmacy; radiologic and X-ray technology; criminology; forestry; and law.

The Professional Regulation Commission (PRC) and the Supreme Court (SC) are the official organizations mandated by the Philippine government to regulate and supervise the practice of various professionals. They are responsible for the administration, implementation, and enforcement of regulatory policies on the regulation and licensing of various professions and occupations under Philippine jurisdiction.

Licensed professionals from foreign countries who wish to practice their professions in the Philippines, except in the practice of law, should obtain a special temporary permit from the PRC based on the provision of Republic Act 8981.

The practice of law is reserved exclusively for Philippine citizens who have completed the requisite coursework at a duly accredited Philippine law school and have passed the bar examinations. The two exceptions to the citizenship and education requirement are (1) U.S. citizens who, before July 4, 1946, were licensed to practice before Philippine courts, and (2) Philippine citizens who were "enrolled attorneys in good standing in the Supreme Court of the United States or in any circuit court of appeals or district court therein, or in the highest court of any State or Territory of the United States."

Consequently, foreign lawyers cannot engage in the practice of law in the Philippines, and must be represented by a member of the Philippine Bar in all matters connected with such practice.

For more information regarding the guidelines and the general agreement on trade in services and other international agreements on the practice of foreign professionals in the Philippines, visit the PRC website www.prc.gov.ph or the Supreme Court website http://sc.judiciary.gov.ph/.

Professional Regulation Commission

Lord Louis P. Valera
Officer-in-Charge, International Affairs Division

Tel: +63-2-810-8415
Email: prc.iad@gmail.com
Email: prc.iad.mra@gmail.com

Email: iad@prc.gov.ph

Supreme Court – Office of The Bar Confidant

Atty. Ma. Cristina B. Layusa, Bar Confidant

Tel: +63-2-526-8119

Email: baroffice@sc.judiciary.gov.ph

Web Resources

Association of Southeast Asian Nations

Central Bank of the Philippines

Consolidated Screening List API

Department of Trade and Industry – Bureau of Import Services (Import Essentials)

Department of Trade and Industry – List of Philippine Trade Agreements

Philippine Bureau of Customs

Philippine Bureau of Customs – Regulated Imports

Philippine Department of Agriculture

Philippine Food and Drug Administration

Philippine Food and Drug Administration - Drug Registration Requirements

Philippine Food and Drug Administration - Drug Establishment Licensing Requirements

Philippine Tariff Finder

Professional Regulation Commission

U.S. Department of Commerce – Bureau of Industry and Security

USDA – Food Safety and Inspection Service

USDA – Foreign Agricultural Service

Investment Climate Statement

Executive Summary

The Philippines is becoming a more attractive destination for foreign direct investment (FDI). The country's middle class is growing, and Filipinos quickly spend disposable income in a fairly stable political environment, helping gross domestic product soar to an average growth of 6.1 percent over the last six years. According to central bank data, FDI inflows reached a record growth of US$7.9 billion in 2016, a 40.7 percent increase from 2015. The majority of investments went into finance and insurance; arts, entertainment and recreation; manufacturing, real estate, and construction. The Business Process Outsourcing (BPO) and tourism sectors have experienced growth in recent years.

The Philippines has improved its overall investment climate. The Philippines' sovereign credit ratings remain investment grade, due to the country's robust economic performance, continued fiscal and debt consolidation, and improved governance. Still, improvement is needed. The Philippines lags behind most of the ten Association of Southeast Asian Nations (ASEAN) in attracting FDI (the Philippines was ranked 9 of 10 ASEAN countries on FDI as a percentage of GDP in 2015). Foreign ownership limitations in many sectors of the economy pose a significant constraint. Poor infrastructure, including high power costs and slow broadband connections, regulatory inconsistency, and corruption are major disincentives to investors. The Philippines' complex, slow, and sometimes corrupt judicial system inhibits the timely and fair resolution of commercial disputes. Investors describe the business registration process as slow and burdensome, although there are signs of improvement. Traffic in major cities and port congestion remains a regular cost of business.

Investors report the Philippine bureaucracy can be difficult and opaque. However the business environment is notably better within the special economic zones, particularly those available for export businesses operated by the Philippine Economic Zone Authority (PEZA), known for its regulatory transparency, no red-tape policy, and "one-stop shop" services for investors. The Duterte Administration's 10-Point Socioeconomic Agenda seeks to address these constraints by increasing the country's competitiveness and ease of doing business. The administration also wants to relax constitutional restrictions on foreign ownership to attract foreign direct investment. Many investors are hopeful President Rodrigo Duterte's relatively large political capital can help effect these changes.

Table 1

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2016	101 of 175	Transparency International data

World Bank's Doing Business Report "Ease of Doing	2016	99 of 190	World Bank data
Global Innovation Index	2016	74 of 128	Global Innovation index
U.S. FDI in partner country ($M USD, stock positions)	2015	US$4.7 billion	BEA data
World Bank GNI per capita	2015	US$3,550	World Bank data

Openness To, and Restrictions Upon, Foreign Investment

Policies Toward Foreign Direct Investment

The Philippines actively seeks foreign investment to generate employment and promote economic development. The Board of Investments (BOI) and PEZA are the lead agencies that provide incentives and special investment packages to investors. Noteworthy advantages of the Philippine investment landscape include free trade zones, including PEZA zones, and the large, educated, English-speaking, relatively low-cost Filipino workforce. Philippine law treats foreign investors the same as their domestic counterparts, except in sectors reserved for Filipinos by the Philippine Constitution and Foreign Investment Act (see details under Limits on Foreign Control section). Additional information regarding investment policies and incentives are available on the BOI website and the PEZA website.

However, restrictions on foreign ownership, inadequate public investment in infrastructure, and lack of transparency hinder foreign investment. The Philippines' regulatory regime remains ambiguous in many sectors of the economy, and corruption is a significant problem. Large conglomerates, including San Miguel, Ayala and SM, dominate the economic sphere.

Limits on Foreign Control and Right to Private Ownership and Establishment

Foreigners are prohibited from fully owning land under the 1987 Constitution, although the 1993 Investors' Lease Act allows foreign investors to lease a contiguous parcel of up to 1,000 hectares for 50 years, renewable one time for 25 additional years. The 2003 Dual-Citizenship Act allows dual citizens full rights to possess land.

The 1991 Philippine Foreign Investment Act (FIA) requires publishing the Foreign Investment Negative List (FINL), which outlines sectors in which foreign investment is restricted. An update to the FINL is due in 2017. The FINL bans foreign ownership in the following investment activities: mass media (except recording); small-scale mining; private security;

marine resources, including the small-scale use of natural resources in rivers, lakes, and lagoons; and the manufacture of firecrackers and pyrotechnic devices. Only Philippine citizens can practice the following professions: law, pharmacy, radiology and x-ray technology, criminology, and forestry. In theory, foreigners may practice professions not prohibited under FINL provided their country allows the same reciprocal rights to Philippine citizens. In practice, however, language exams, onerous registration processes, and other barriers prevent this from taking place.

The Philippines limits foreign ownership to 40 percent in the following industries: manufacturing of explosives, firearms, military hardware, and massage clinics. Other areas that carry varying foreign ownership ceilings include: private radio communications networks (20 percent); private employee recruitment firms (25 percent); contracts for the construction and repair of locally funded public works (25 percent); advertising agencies (30 percent); natural resource exploration, development, and utilization (40 percent, with exceptions); educational institutions (40 percent); operation and management of public utilities (40 percent); operation of commercial deep sea fishing vessels (40 percent); Philippine government procurement contracts (40 percent for supply of goods and commodities); construction of locally funded public works (25 percent with some exceptions); operations of Build-Operate-Transfer (BOT) projects in public utilities (40 percent); ownership of private lands (40 percent); and rice and corn processing (40 percent, with some exceptions).

A law signed in July 2016 liberalized foreign ownership restrictions that used to apply to financing companies, investment houses, insurance adjustment firms, and enterprises covered under the 2007 Lending Company Regulation Act (i.e., credit granting entities that do not clearly fall under the scope of existing laws).

Retail trade enterprises with capital of less than US$2.5 million, or less than US$250,000 for retailers of luxury goods, are reserved for Filipinos. Foreign investors are prohibited from owning stock in lending, financing, or investment companies unless the investor's home country affords the same reciprocal rights to Filipino investors.

Foreign banks are allowed to establish branches or own up to 100 percent of the voting stock of locally incorporated subsidiaries if they can meet certain requirements. However, a foreign bank that seeks to establish branches in the Philippines cannot open more than six branch offices. The law also stipulates that a minimum 60 percent of the total assets of the Philippine banking system should, at all times, remain controlled by majority Philippine-owned banks. Ownership caps apply to foreign non-bank investors, whose aggregate share should not exceed 40 percent of the total voting stock in a domestic commercial bank and 60 percent of the voting stock in a thrift/rural bank.

Other Investment Policy Reviews

The Organisation for Economic Co-operation and Development (OECD) conducted an Investment Policy Review of the Philippines in 2016. It is available at the review is available online at the OECD website.

Business Facilitation

Stakeholders describe business registration in the Philippines as cumbersome due to multiple agencies involved in the business registration process. It takes an average of 28 days to start a business in Quezon City, Metro Manila, according to 2017 World Bank's Ease of Doing Business report.

Sole proprietorships must register with the Bureau of Trade Regulation and Consumer Protection (BTRCP) in the Department of Trade and Industry (DTI), while corporations or partnerships must register with the Securities and Exchange Commission (SEC). In addition, city and municipal governments require businesses located within its jurisdiction to have its "business/mayor permits" renewed every year. Meanwhile, foreign investors must register with Bankgo Sentral Philippines (BSP), the central bank, if the foreign exchange for repatriation of capital and remittance of earnings will be sourced from authorized agent banks or their affiliate foreign exchange corporations.

The Philippine Business Registry (PBR) website facilitates integrated online business registrations involving various business permit-issuing agencies. However, stakeholders report the website is oftentimes unreliable and applicants are still compelled to go in person to government offices to register their businesses.

Outward Investment

There are generally no restrictions on outward investments by Philippine residents, although, foreign exchange purchases from banks and foreign exchange subsidiaries or affiliates above US$60 million per investor, or per fund per year, require prior approval from the central bank.

Bilateral Investment Agreements and Taxation Treaties

The Philippines has neither a bilateral investment nor a free trade agreement with the United States. The Philippines has signed bilateral investment agreements with 39 countries: Argentina, Australia, Austria, Bangladesh, Belgium-Luxembourg Economic Union, Cambodia, Canada, Chile, China, Czech Republic, Denmark, Finland, France, Germany, India, Indonesia, Iran, Italy, Kuwait, Mongolia, Myanmar, Netherlands, Pakistan, Portugal, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Spain, Sweden, Switzerland, Syria, Taiwan, Thailand, Turkey, United Kingdom, and Vietnam.

The Philippines is a member of four ASEAN free trade agreements, including an investment chapter with trading partners Australia, New Zealand, Republic of Korea, and China. It also has an investment agreement with Japan under the Japan-Philippines Economic Partnership Agreement, and with Iceland, Liechtenstein, Norway and Switzerland under the Philippines-European Free Trade Association (EFTA) Free Trade Agreement.

The Philippines has a tax treaty with the United States to avoid double taxation and provide procedures for resolving interpretative disputes and tax enforcement in both countries. The treaty encourages bilateral trade and investment by allowing the exchange of capital, goods, and services under clearly defined tax rules and, in some cases, preferential tax rates or tax exemptions.

U.S. recipients of royalty income qualify for preferential tax rates (currently 10 percent) under the most favored nation clause of the United States-Philippines tax treaty. A preferential tax treaty rate of 15 percent applies to dividends and interest income. The Supreme Court ruled in 2013 that securing a tax treaty relief ruling from the Bureau of Internal Revenue (BIR) is not a legal requirement to qualify for preferential treatment and tax treaty rates; however, based on experience, tax experts generally still advise filing a tax treaty relief application to avoid potential challenges or controversies. Taxpayers find the documentation requirements for tax treaty relief applications burdensome. The volume of tax treaty relief applications has resulted in processing delays, with most applications reportedly pending for over a year. Inconsistent taxation rulings are also a concern.

The BIR rules and regulations for tax accounting have not been fully harmonized with the Philippine Financial Reporting Standards. The BIR requires taxpayers to maintain records reconciling figures presented in financial statements and income tax returns. Additional information regarding BIR regulations is available on the BIR website.

Legal Regime

Transparency of the Regulatory System

Proposed Philippine laws must undergo public comment and review. Government agencies are required to craft implementing rules and regulations (IRRs) through public consultation meetings within the government and with private sector representatives after laws are passed. New regulations must be published in newspapers or in the government's official gazette, available online, before taking effect. The Freedom of Information Law (FOI), enacted in July 2016, mandates full public disclosure and transparency of government operations. The public may request copies of official records through the FOI online.

In general, stakeholders report regulatory enforcement in the Philippines is weak, inconsistent, and unpredictable. Many U.S. investors describe business registration, customs, immigration, and visa procedures as burdensome and frustrating. Regulatory agencies are generally not statutorily independent, but are attached to cabinet departments or the Office of the President and, therefore, subject to political pressure.

International Regulatory Considerations

The Philippines continues to work on implementing its regulatory reforms under the ASEAN Economic Community (AEC). An anti-trust act and the Customs Modernization and Tariff Act (CMTA) became law in 2015 and 2016, respectively. The Philippines has not yet fulfilled other regulatory reforms under AEC, particularly failing to implement a National Single Window for customs.

The Philippines is a member of the World Trade Organization (WTO).

Legal System and Judicial Independence

The Philippines has a mixed legal system of civil, common, Islamic, and customary laws, along with commercial and contractual laws.

The Philippine judicial system is a separate and largely independent branch of the government, made up of the Supreme Court and lower courts. The Supreme Court is the

highest court and the sole constitutional body, with more information available on the court's website. The lower courts consist of (a) trial courts with limited jurisdictions (i.e. Municipal Trial Courts, Metropolitan Trial Courts, etc.); (b) Regional Trial Courts (RTCs); (c) Shari'ah District Courts (Muslim courts); and (d) Court of Appeals (appellate courts). Special courts include the "Sandiganbayan" (anti-graft court for public officials) and the Court of Tax Appeals. Several RTCs have been designated as Special Commercial Courts (SCC) to hear intellectual property (IP) cases, with four SCCs authorized to issue writs of search and seizure on IP violations, enforceable nationwide.

Foreign investors describe the inefficiency and uncertainty of the judicial system as a significant disincentive to investment. Many investors decline to file dispute cases in court because of slow and complex litigation processes and corruption among some personnel. The courts are not considered impartial or fair. Stakeholders also report an inexperienced judiciary when confronted with complex issues such as technology, science, and intellectual property cases. The Philippines ranked 136 out of 190 economies and 11 among 25 economies from East Asia and the Pacific in the World Bank's 2017 Ease of Doing Business report in terms of enforcing contracts.

Laws and Regulations on Foreign Direct Investment

The Board of Investments (BOI) regulates and promotes investment into the Philippines. The Investment Priorities Plan (IPP), administered by the BOI, identifies preferred economic activities approved by the President. Government agencies are encouraged to adopt policies and implement programs consistent with the IPP.

The 1991 Philippine Foreign Investment Act (FIA) requires the publishing of the Foreign Investment Negative List (FINL), which outlines sectors in which foreign investment is restricted. The FINL consists of two parts: Part A details sectors in which foreign equity participation is restricted by the Philippine Constitution or laws, and Part B lists areas in which foreign ownership is limited for reasons of national security, defense, public health, morals, and/or the protection of small and medium enterprises (SMEs). The FINL is due to be updated in 2017.

The 1995 Special Economic Zone Act allows PEZA to regulate and promote investments in export-oriented manufacturing and service facilities inside special economic zones, including grants of fiscal and non-fiscal incentives.

Further information about investing in the Philippines is available at the "Invest Philippines" website and at the BOI website.

Competition and Anti-Trust Laws

The Philippine competition law enacted in July 2015 established the Philippine Competition Commission (PCC), an independent body mandated to resolve complaints on issues such as price fixing and bid rigging, and stop mergers that would restrict competition. More information is available on the PCC website. The Department of Justice prosecutes criminal offenses involving violations of competition laws.

Expropriation and Compensation

Philippine law allows expropriation of private property for public use or in the interest of national welfare or defense in return for fair market value compensation. In the event of expropriation, foreign investors have the right to receive compensation in the currency in which the investment was originally made and to remit it at the equivalent exchange rate. However, the process of agreeing on a mutually acceptable price can be protracted in Philippine courts. There are no recent cases of expropriation involving U.S. companies in the Philippines.

The Philippines passed a law that facilitates the acquisition of right-of-way sites for national government infrastructure projects in March 2016. The law outlines procedures in providing "just compensation" to owners of expropriated real properties to expedite implementation of government infrastructure programs.

Dispute Settlement

ICSID Convention and New York Convention

The Philippines is a member of the International Center for the Settlement of Investment Disputes (ICSID) and has adopted the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, or the "New York Convention."

Investor-State Dispute Settlement

The Philippines is signatory to various bilateral investment treaties that recognize international arbitration of investment disputes. Since 2002, the Philippine government has been a respondent to five investment dispute cases filed before ICSID. Details of cases involving the Philippines are available on the ICSID website.

International Commercial Arbitration and Foreign Courts

Investment disputes can take years to resolve due to systemic problems in the Philippine courts. Lack of resources, understaffing, and corruption make the already complex court processes protracted and expensive. Several laws on alternative dispute resolution (ADR) mechanisms (i.e., arbitration, mediation, negotiation, and conciliation) have been approved to decongest the court's clogged dockets. Public-Private Partnership (PPP) infrastructure contracts are required to include ADR provisions to make resolving disputes less expensive and time-consuming.

A separate action must be filed for foreign judgments to be recognized or enforced under Philippine law. Philippine law does not recognize or enforce foreign judgments that run counter to existing laws, particularly those relating to public order, public policy, and goods customs. Foreign arbitral awards are enforceable upon application in writing to the regional trial court with jurisdiction. The petition may be filed any time after receipt of the award.

Bankruptcy Regulations

The 2010 Philippine bankruptcy and insolvency law provides a predictable framework for the rehabilitation and liquidation of distressed companies. Rehabilitation may be initiated by debtors or creditors under court-supervised, pre-negotiated, or out-of-court proceedings.

The law sets the conditions for voluntary (debtor-initiated) and involuntary (creditor-initiated) liquidation. It also recognizes cross-border insolvency proceedings in accordance with the United Nations Conference on Trade and Development (UNCTAD) Model Law on Cross-Border Insolvency, allowing courts to recognize proceedings in a foreign jurisdiction involving a foreign entity with assets in the Philippines. Regional trial courts designated by the Supreme Court have jurisdiction over insolvency and bankruptcy cases. The Philippines ranked 56 out of 190 economies and 7 among 25 economies from East Asia and the Pacific in the World Bank's 2017 Ease of Doing Business report in terms of resolving insolvency and bankruptcy cases.

Industrial Policies

Investment Incentives

The Philippines' Investment Priorities Plan (IPP) enumerates investment activities entitled to incentives facilitated by the Board of Investments (BOI) such as an income tax holiday. Non-fiscal incentives include: employment of foreign nationals; simplified customs procedures; importation of consigned equipment; and operation of a bonded manufacturing warehouse.

The latest IPP, updated in 2017, provides incentives to: manufacturing (e.g. agro-processing, modular housing components, machinery, and equipment), agriculture, fishery and forestry; creative industries/knowledge-based services (e.g. IT-Business Process Management services for the domestic market, repair/maintenance of aircraft, telecommunications, etc.); healthcare (e.g. hospitals and drug rehabilitation centers); housing; infrastructure and logistics (e.g. airports, seaports and PPP projects); energy (development of energy sources, power generation plants, and ancillary services); innovation drivers (e.g. fabrication laboratories); and environment (e.g. climate change-related projects). Details of the 2017 IPP are on the BOI website.

BOI-registered enterprises which locate in less-developed areas are entitled to "pioneer" incentives and can deduct 100 percent of the cost of necessary infrastructure work and labor expenses from its taxable income. Pioneer status can be granted to enterprises producing new products or using new methods, goods deemed highly essential to the country's agricultural self-sufficiency program, or goods utilizing non-conventional fuel sources. Furthermore, an enterprise with more than 40 percent foreign equity that exports at least 70 percent of its production may be entitled to incentives even if the activity is not listed in the IPP. Export-oriented firms with at least 50 percent of their revenues derived from exports may register for additional incentives under the 1994 Export Development Act.

Philippine law also provides incentives for multinational enterprises to establish regional or area headquarters in the Philippines. Multinational entities that establish regional warehouses for the supply of spare parts, manufactured components, or raw materials for foreign markets also enjoy incentives on imports that are re-exported, including exemption from customs duties, internal revenue taxes, and local taxes.

Foreign Trade Zones/Free Ports/Trade Facilitation

Businesses enjoy preferential tax treatment when located in export processing zones, free trade zones, and certain industrial estates, collectively known as economic zones, or

"ecozones." Businesses located in ecozones are considered outside customs territory and are allowed to import capital equipment and raw material free of customs duties, taxes, and other import restrictions. Goods imported into ecozones may be stored, repacked, mixed, or otherwise manipulated without being subject to import duties and are exempt from the Selective Preshipment Advance Classification Scheme. While some ecozones are designated as both export processing zones and free trade zones, individual businesses within them are only permitted to receive incentives under a single category.

Philippine Economic Zone Authority (PEZA)

PEZA operates 358 ecozones as of October 2016, primarily in the manufacturing, IT, tourism, medical tourism, logistics/warehousing, and agro-industrial sectors. PEZA manages four government-owned export-processing zones (Mactan, Baguio, Cavite, and Pampanga) and administers incentives to enterprises in other privately owned and operated ecozones. Any person, partnership, corporation, or business organization, regardless of nationality, control and/or ownership, may register as an export, IT, tourism, medical tourism, or agro-industrial enterprise with PEZA, provided the enterprise physically locates its activity inside any of the ecozones. PEZA administrators have earned a reputation for maintaining a clear and predictable investment environment within the zones of their authority.

Bases Conversion Development Authority (BCDA) and Subic Bay Metropolitan Authority (SBMA)

The ecozones located inside former U.S. military bases were established under the 1992 Bases Conversion and Development Act. The BCDA (http://www.bcda.gov.ph/) operates the Clark Freeport Zone (Angeles City, Pampanga), the John Hay Special Economic Zone (Baguio), the Poro Point Freeport Zone (La Union), and the Bataan Technology Park (Morong, Bataan). The SBMA operates the Subic Bay Freeport Zone (Subic Bay, Zambales). Clark and Subic have their own international airports, power plants, telecommunications networks, housing complexes, and tourist facilities. These ecozones offer comparable incentives to PEZA. Enterprises already receiving incentives under the BCDA law are disqualified to receive incentives and benefits offered by other laws.

Other Zones

The Phividec Industrial Estate (Misamis Oriental Province, Mindanao) is governed by the Phividec Industrial Authority (PIA) (http://www.piamo.gov.ph/pia/), a government-owned and controlled corporation. Other ecozones are the Zamboanga City Economic Zone and Freeport (Zamboanga City, Mindanao) (http://www.zfa.gov.ph/) and the Cagayan Special Economic Zone and Freeport (Santa Ana, Cagayan Province) (http://ceza.gov.ph/). The Regional Economic Zone Authority (Cotabato City, Mindanao) (http://reza.armm.gov.ph/) is operated by the Autonomous Region in Muslim Mindanao (ARMM). The incentives available to investors in these zones are similar to PEZA incentives but administered independently. In addition to offering export incentives, the Cagayan Economic Zone Authority (CEZA) is authorized to grant gaming licenses.

Performance and Data Localization Requirements

The BOI imposes a higher export performance requirement on foreign-owned enterprises (70 percent of production) than on Philippine-owned companies (50 percent of production) when providing incentives under the IPP.

In general, only Filipino citizens are allowed to practice licensed professions but companies registered with the BOI and PEZA may employ foreign nationals in supervisory, technical, or advisory positions for five years from the date of registration (possibly extendable upon request). Top positions and elective officers of majority foreign-owned BOI-registered enterprises (i.e., president, general manager, and treasurer, or their equivalents) are exempt from the limitation. Foreigners intending to work locally must secure an Alien Employment Permit from the Department of Labor and Employment (DOLE), renewable every year or co-terminus with the duration of employment (which in no case shall exceed five years). The BOI and PEZA can help facilitate a special investor's resident visa with multiple entry privileges and extend visa facilitation assistance to foreign nationals, their spouses, and dependents.

The Philippines has no data localization law and does not impose restrictions on cross-border data transfers. Sensitive personal information is protected under the 2012 Data Privacy Act, which provides penalties for unauthorized processing and improper disposal of data even if processed outside the Philippines.

Protection of Property Rights

Real Property

The Philippines recognizes and protects property rights, but implementation of these laws is weak and fragmented. The Land Registration Authority and the Register of Deeds, which facilitates the registration and transfer of property titles, are responsible for land administration, with more information available on their website. Processes for property registration are tedious and costly. Multiple agencies are involved in property administration, which results in overlapping procedures for land valuation and titling processes. Record management is weak due to a lack of funds and trained personnel. Corruption is also prevalent among land administration personnel and the court system is slow to resolve land disputes. The Philippines ranked 112 out of 190 economies in terms of ease of property registration in the World Bank's 2017 Ease of Doing Business report.

Intellectual Property Rights

The Philippines is not listed on the United States Trade Representative's (USTR) 2017 Special 301 Watch List, nor is it mentioned in the 2016 Notorious Markets Report. The country has a solid intellectual property rights (IPR) regime in place, although implementation and enforcement are inconsistent. The total estimated value of seized counterfeit goods increased from US$$44.5 million in 2015 to US$$144.9 million in 2016. U.S. rights holders continue to report concerns about the availability of counterfeit items such as software, medicines, and clothing, as well as judicial inexperience in IPR enforcement.

The Intellectual Property (IP) Code provides the legal framework for IPR protection, particularly in the key areas of patents, trademarks, and copyrights. The Intellectual Property Office (IPOPHL) is the implementing agency of the IP Code, with more information available

on their website. The Philippines generally has strong patent and trademark laws. IPOPHL's IP Enforcement Office (IEO) reviews IPR-related complaints and conducts visits to establishments reportedly engaged in IPR-related violations. Stakeholders report the IEO has been effective in streamlining the process of filing complaints, coordinating among enforcement agencies, and reducing possibilities for corrupt officers to request bribes.

Enforcement actions, however, are often not followed by successful prosecutions. IP infringement is not considered a major crime in the Philippines and takes a lower priority in court proceedings. Many stakeholders opt for out-of-court settlements (such as ADR) rather than filing a lawsuit that may take years to resolve in the unpredictable Philippine courts. IPOPHL has jurisdiction to resolve certain disputes concerning alleged infringement and licensing through its Arbitration and Mediation Center.

For additional information about treaty obligations and points of contact at the local IP offices, see WIPO's country profiles at http://www.wipo.int/directory/en/.

IP Contact:

Brian Breuhaus, Economic Officer

Economic Section, U.S. Embassy Manila

Telephone: (+632) 301.2000

Email: ManilaEcon@state.gov

A list of local lawyers can be found here on the U.S. Embassy's website.

Financial Sector

Capital Markets and Portfolio Investment

The Philippines supports the entry of foreign portfolio investments, including into local and foreign-issued equities listed on the Philippine Stock Exchange (PSE). Investments in publicly listed companies are subject to foreign ownership restrictions specified in the Constitution and other laws. Non-residents are allowed to issue bonds/notes on similar instruments in the domestic market with prior approval from the central bank.

There are generally no restrictions on outward portfolio investments by Philippine residents, defined to include non-Filipino citizens who have been residing in the country for at least one year, foreign-controlled entities organized under Philippine laws, and branches, subsidiaries, or affiliates of foreign enterprises organized under foreign laws operating in the country. However, foreign exchange purchases from banks and their foreign exchange corporation subsidiaries or affiliates above US$60 million or its equivalent in the other foreign currencies per investor per year, or per fund per year for qualified investors, require prior central bank approval.

The central bank does not restrict payments and transfers for current transactions, subject to the submission of a duly accomplished foreign exchange purchase application form if the foreign exchange to be purchased does not exceed central bank-specified thresholds. Purchases above the thresholds are subject to the submission of minimum documentary requirements but do not require prior central bank approval.

Although growing, the Philippine stock market (with only about 265 listed firms) lags behind many of its neighbors in size, product offerings, and trading activity. The securities market is growing but remains dominated by government bills and bonds. Hostile takeovers are uncommon because most companies' shares are not publicly listed and controlling interest tends to remain with a small group of parties. Cross-ownership and interlocking directorates among listed companies also decrease the likelihood of hostile takeovers.

Credit is generally granted on market terms and foreign firms are able to obtain credit from the domestic market. However, some laws require financial institutions to set aside loans for preferred sectors (e.g. agriculture, agrarian reform, and MSMEs). To help promote lending at competitive rates to MSMEs, a government-controlled corporation manages a centralized credit information system that collects and disseminates information about the track record of borrowers and the credit activities of entities in the financial system.

Money and Banking System

The banking system is stable. The central bank has pursued regulatory reforms promoting good governance and aligning/adapting risk management regulations and the risk-based capital framework with international standards. Capital adequacy ratios are well above the 8 percent international standard and the central bank's 10 percent regulatory requirement. The non-performing loan ratio was at 1.9 percent as of end-2016. There is ample liquidity, with the liquid assets-to-deposits ratio estimated at 50.7 percent. Commercial banks constitute more than 90 percent of the total assets of the Philippine banking industry. The five largest commercial banks represented about 59.4 percent of the total resources of the commercial banking sector as of 2016. Twenty of the more than 40 commercial banks operating in the country are foreign branches, including three U.S. banks (Citibank, Bank of America, and JP Morgan Chase). Citibank has the largest presence among the foreign bank branches and currently ranks 11th overall in terms of assets.

Foreign residents and non-residents may open foreign and local currency bank accounts. Although non-residents may open local currency deposit accounts, they are limited to the funding sources specified under central bank regulations. Non-residents' foreign currency accounts cannot be funded from foreign exchange purchases from banks and banks' subsidiary/affiliate foreign exchange corporations.

Foreign Exchange and Remittances

Foreign Exchange

Bangko Sentral Pilipinas (BSP), the central bank has actively pursued reforms since the 1990s to liberalize and simplify foreign exchange regulations. As a general rule, the central bank allows residents and non-residents to purchase foreign exchange from banks, banks' subsidiary/affiliate foreign exchange corporations, and other non-bank entities operating as foreign exchange dealers and/or money changers and remittance agents to fund legitimate foreign exchange obligations, subject to provision of information and/or documents on the underlying obligations. No mandatory foreign exchange surrender requirement is imposed on exporters, overseas workers' incomes, or other foreign currency earners; these foreign exchange receipts may be sold for pesos or retained in local and/or offshore foreign currency

accounts. The central bank follows a market-determined exchange rate policy, with scope for intervention to smooth excessive foreign exchange volatility.

Remittance Policies

Overseas remittances, which officially totaled US$$26.9 billion in 2016, remain a vital part of the Philippine economy, with levels consistently equivalent to between eight and ten percent of the country's Gross Domestic Product (GDP). Registration of foreign direct and portfolio investments with the central bank or custodian banks is optional unless the foreign exchange to repatriate capital and remit associated earnings from an investment will be sourced from banks and/or banks' subsidiary/affiliate foreign exchange corporations. The central bank requires proof of inward remittance of foreign exchange and evidence that the funds/assets have been received by the local investee/beneficiary or seller/issuer of the investment instruments. Duly registered investments are entitled to full and immediate repatriation of capital and remittance of dividends, profits, and earnings.

The Financial Action Task Force (FATF) removed the Philippines from its "gray list" of countries with strategic deficiencies in countering money laundering and the financing of terrorism in 2013, but continues to urge regulation of the country's growing casino industry for anti-money laundering/terrorism financing purposes. FATF is closely monitoring progress of pending legislation seeking to include casinos as covered institutions; a high profile international money laundering case in February 2016 heightened the urgency of amending the laws. Government officials expressed confidence that legislation will pass on or before July 2017; otherwise, the Philippines risks reverting to the FATF "gray list" by the October 2017 FATF plenary. Although not a systemic issue, some local banks and money service businesses were affected by the "de-risking" phenomenon reported by various jurisdictions in recent years, driven in part by risk aversion of foreign banks due to anti-money laundering/terrorism financing compliance costs.

State-Owned Enterprises

State-owned enterprises, known in the Philippines as government-owned and controlled corporations (GOCC), are predominant in the power, transport, infrastructure, communications, land and water resources, social services, housing, and support services sectors. There were 144 operational GOCCs as of April 2016 (a list is available on the COCC website). The Philippine government derives substantial revenues from GOCCs, which are required to remit at least 50 percent of their annual net earnings (e.g. cash, stock or property dividends) to the national government.

Private and state-owned enterprises generally compete equally, with some clear exceptions. The National Food Authority first allowed the private sector to import rice in 2002. The Government Service Insurance System (GSIS) is the only agency, with limited exceptions, allowed to provide coverage for the government's insurance risks and interests, including those in BOT projects and privatized government corporations. Since the national government acts as the main guarantor of loans, stakeholders report GOCCs often have an advantage in getting financing from government financial institutions and some private banks. Most GOCCs are not statutorily independent, but attached to cabinet departments, and, therefore, subject to political interference.

OECD Guidelines on Corporate Governance of SOEs

The Philippines is not an OECD member country. The 2011 GOCC Governance Act was enacted to address problems experienced by GOCCs, including poor financial performance, weak governance structures, and unauthorized allowances. The law allows unrestricted access to GOCC account books and requires strict compliance with accounting and financial disclosure standards; establishes the power to privatize, abolish, or restructure GOCCs without legislative action; and sets performance standards and limits on compensation and allowances. The law also created the GOCC Commission on Governance (GCG) to formulate and implement GOCC policies. GOCC Board Members are limited to one-year terms, subject to reappointment based on a performance rating set by the GCG, with final approval by the President of the Philippines.

Privatization Program

The Philippine Government's privatization program is managed by the Privatization Management Office (PMO) under the Department of Finance. The privatization of government assets undergoes a public bidding process. Apart from restrictions in the FINL, no regulations discriminate against foreign buyers and the bidding process appears to be transparent. Additional information is available on both the PMO website and that of the Department of Finance.

Responsible Business Conduct

Responsible Business Conduct (RBC) is regularly practiced in the Philippines, although no domestic laws require it. The Philippine Tax Code provides RBC-related incentives to corporations, such as tax exemptions and deductions. Various non-government organizations and business associations also promote RBC. The Philippine Business for Social Progress (PBSP) is the largest corporate-led social development foundation involved in advocating corporate citizenship practice in the Philippines. U.S. companies report strong and favorable responses to RBC programs among employees and within local communities.

OECD Guidelines for Multinational Enterprises

The Philippines is not an OECD member country. The Philippine government strongly supports RBC practices among the business community but has not yet endorsed the OECD Guidelines for Multinational Enterprises to stakeholders.

Corruption

Corruption is a pervasive and long-standing problem in both the public and private sectors. The country's ranking in Transparency International's Corruption Perceptions Index declined from 95 in 2015 to 101 in 2016 of 176 countries worldwide. The World Economic Forum's 2016-2017 Global Competitiveness Report ranked corruption as among the top problematic factors for doing business in the Philippines. The Bureau of Customs is widely seen to be of particular concern with regard to corruption.

The Philippine Development Plan 2017-2022 outlines strategies to reduce corruption by streamlining government transactions, modernizing regulatory processes, and establishing mechanisms for citizens to report complaints. In October 2016, President Rodrigo Duterte signed an executive order establishing a "citizens' complaint hotline" and "complaint center"

for the public to directly report corruption in government agencies. The Office of the President oversees the center, which can be reached by the hotline, text services (SMS) and social media.

The Philippine Revised Penal Code, the Anti-Graft and Corrupt Practices Act, and the Code of Ethical Conduct for Public Officials all aim to combat corruption and related anti-competitive business practices. The Office of the Ombudsman investigates and prosecutes cases of alleged graft and corruption involving public officials, with more information available on their website. Cases against high-ranking officials are brought before the special anti-corruption court, the "Sandiganbayan," while cases against low-ranking officials are filed before regional trial courts.

The Office of the President can directly investigate and hear administrative cases involving presidential appointees in the executive branch and government-owned and controlled corporations. Soliciting, accepting, and/or offering/giving a bribe are criminal offenses punishable by imprisonment, a fine, and/or disqualification from public office or business dealings with the government. Government anti-corruption agencies routinely investigate public officials, but convictions by courts are limited, often appealed, and convictions can be overturned.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

The Philippines ratified the United Nations Convention against Corruption in 2003. It is not a signatory to the OECD Convention on Combating Bribery.

Resources to Report Corruption:

Contact at government agency:

Office of the Ombudsman

Ombudsman Building, Agham Road, North Triangle, Diliman

Quezon City, Philippines 1101

Hotline: (+632) 9262.662

Telephone: (+632) 479.7300

Email: pab@ombudsman.gov.ph / http://www.ombudsman.gov.ph/

Contact Center ng Bayan

Text: (+639) 08881.6565

Call: 1-6565*

Political and Security Environment

Terrorist groups and criminal gangs operate in some regions. The Department of State publishes a consular information sheet and advises all Americans living in or visiting the Philippines to review the information periodically. A travel warning is in place for those U.S. citizens contemplating travel to the Philippines.

The Philippines' most significant human rights problems were killings allegedly undertaken by vigilantes, security forces, and insurgents; cases of apparent governmental disregard for

human rights and due process; and a weak and overburdened criminal justice system notable for slow court procedures, weak prosecutions, and poor cooperation between police and investigators.

President Rodrigo Duterte was elected in the May 2016 national election. The first nine months of his administration focused on a nationwide campaign, led primarily by the Philippine National Police (PNP), to eliminate illegal narcotics. The ongoing operation received worldwide attention for its harsh tactics, which resulted in the killing of more than 2,500 drug suspects by police, with another 4,500 or more killed by suspected vigilantes, but the campaign remained popular among Philippine voters.

The New People's Army (NPA), the insurgent militarized arm of the Communist Party of the Philippines, is responsible in some parts of the country, mostly southern Mindanao, for civil disturbances through assassinations of public officials, sporadic attacks on military and police forces, bombings, and attacks on infrastructure, such as power generators and telecommunications towers. The NPA relies on extortionist "revolutionary taxes" from local and some foreign businesses to fund its operations.

Terrorist groups, including the Abu Sayyaf Group (ASG), Jema'ah Islamiyah (JI), the Islamic State in the Philippines (ISP), and a Moro Islamic Liberation Front (MILF) splinter group called the Bangsamoro Islamic Freedom Fighters (BIFF), periodically attack civilian targets in Mindanao, kidnap civilians – including foreigners – for ransom, and engage in armed skirmishes with government security forces. These groups have mostly carried out their activities in the western and central regions of Mindanao, including the Sulu Archipelago and the Sulu Sea. They are also capable of operating in some areas outside Sulu, as evidenced by the 2015 kidnapping of four hostages from Samal Island, just outside Davao City.

Labor Policies and Practices

Managers of U.S.-based companies in the Philippines report that local labor costs are relatively low and workers are highly motivated, with generally strong English language skills. In 2016, the Philippine labor force reached 43.2 million workers, with an employment rate of 94.5 percent and an unemployment rate of 5.5 percent. These figures include employment in the informal sector and do not capture the substantial rates of underemployment in the country. Youths between the ages of 15 and 24 made up nearly 50 percent of the unemployed. More than half of all employment was in the services sector, with 26.9 percent in agriculture and 17.5 percent in industry.

Compensation packages in the Philippines tend to be comparable with those in neighboring countries. Regional Wage and Productivity Boards meet periodically in each of the country's 16 administrative regions to determine minimum wages. The non-agricultural daily minimum wage in Metro Manila is approximately US$9.77, although some private sector workers receive less. Most regions set their minimum wage significantly lower than Metro Manila. Violation of minimum wage standards is common, especially non-payment of social security contributions, bonuses, and overtime. Philippine law also provides for a comprehensive set of occupational safety and health standards. The Department of Labor and Employment (DOLE) has responsibility for safety inspection, but a shortage of inspectors has made enforcement difficult.

The Philippines Constitution enshrines the right of workers to form and join trade unions. The trend among firms using temporary contract labor to lower employment costs continues despite government efforts to regulate the practice. The DOLE Secretary has the authority to end strikes and mandate a settlement between parties in cases involving national interest. In 2013, DOLE amended its rules concerning disputes, specifying industries vital to national interest: hospitals, the electric power industry, water supply services (excluding small bottle suppliers), air traffic control, and other industries as recommended by the National Tripartite Industrial Peace Council (NTIPC). Economic zones often offer on-site labor centers to assist investors with recruitment. Although labor laws apply equally to economic zones, unions have noted some difficulty organizing inside the zones.

The Philippines is signatory to all International Labor Organization (ILO) core conventions, but has faced challenges with enforcement. Unions allege that companies or local officials use illegal tactics to prevent workers from organizing. The quasi-judicial National Labor Relations Commission reviews allegations of intimidation and discrimination in connection with union activities. Meanwhile, the NTIPC monitors the application of international labor standards.

Reports of forced labor in the Philippines continue, particularly in connection with human trafficking in the commercial sex, domestic service, agriculture, and fishing industries.

OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) provides debt financing, political risk insurance, and private equity capital to support U.S. investors and their investments. It does so under a bilateral agreement with the Philippines.

OPIC can provide debt financing in the form of direct loans and loan guarantees of up to US$250 million per project for business investments with U.S. private sector participation in the Philippines. OPIC's political risk insurance for currency inconvertibility, expropriation, and political violence is also available for U.S investments including equity, loans and loan guarantees, technical assistance, leases, and consigned inventory or equipment. In addition, OPIC supports three private equity funds eligible to invest in projects in the Philippines. In all cases, OPIC support is available only where sufficient or appropriate investment support is unavailable from local or other private sector financial institutions.

Past OPIC programs in the Philippines include projects with the National Power Corporation (NAPOCOR), the Asia Foundation for economic development activities, a cloud-based technology program for the local cargo and courier industry.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*	USG or international statistical source	USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other

Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) ($M USD)	2016	$288,998	2015	$292,451	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country ($M USD, stock positions)	2015	N/A	2015	$4,724	BEA data
Host country's FDI in the United States ($M USD, stock positions)	2015	N/A	2015	$1,178	BEA data
Total inbound stock of FDI as % host GDP	*2015*	*19.8%*	*2015*	*11.4%*	

**Host Country Statistical Sources:*

Philippine Statistical Authority

Bangko Sentral ng Pilipinas

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			Outward Direct Investment		
Total Inward	33,478	100%	Total Outward	6,324	100%

Japan	7,699	23%	China, P.R.: Mainland	1,121	18%
Netherlands	5,158	15%	China, P.R.: Hong Kong	997	16%
United States	4,616	14%	Cayman Islands	855	13.5%
Singapore	3,260	10%	British Virgin Islands	848	13.4%
Switzerland	2,592	8%	United States	707	11%

"0" reflects amounts rounded to +/- US$500,000.

The Philippine central bank does not publish or post inward and outward FDI stock broken down by country. Total stock figures are reported under the "International Investment Position" data that the central bank publishes and submits to the IMF's Dissemination Standards Bulletin Board (DSBB) using BPM6 concept. As of 2015, inward direct investment (i.e. liabilities) is US$58,793 million, while outward direct investment (i.e. assets) is US$$41,187 million.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	10,677	100%	All Countries	698	100%	All Countries	9,979	100 %
United States	4,573	43%	United States	375	54%	United States	4,378	44%
Indonesia	2,173	20%	Luxembourg	166	24%	Indonesia	2,173	22%
China, P.R.: Mainland	657	6%	China P.R.: Hong Kong	55	8%	China, P.R.: Mainland	651	6.5 %

Cayman Islands	348	3.2%	Ireland	36	5%	Cayman Islands	381	4%
China P.R.: Hong Kong	335	3.1%	Netherlands	12	2%	China P.R.: Hong Kong	280	3%

The Philippine central bank disaggregates data into equity and debt securities but does not publish or post the stock of portfolio investments assets broken down by country. Total foreign portfolio investment stock figures are reported under the "International Investment Position" data that the central bank publishes and submits to the IMF's Dissemination Standards Bulletin Board (DSBB) using BPM6 concept. As of 2015, outward portfolio investments (i.e. assets) are US$$13,326 million, of which US$$755 million is in equity securities and US$$12,481 million is in debt securities.

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Trade & Project Financing

Methods of Payment

For export transactions, the choice of method of payment depends on two factors: the existing relationship between the exporter (seller) and the importer (buyer) and the mutual agreement on the terms and conditions of the sale.

Cash in Advance

Cash In Advance (C.I.A.) is practiced only to a limited extent due to existing Philippine BSP (central bank) regulations on acquiring foreign currency. Typically, buyers with existing foreign currency accounts with banks operating in the Philippines may consider doing a C.I.A. wherein cash payment is remitted even before the goods are shipped. On the part of the seller, C.I.A. is ideal for goods that are custom-made, such as specialized equipment.

For first-time transactions between the exporter and the importer, or in situations in which the two have not fully established their business relationship, a Letter of Credit (L/C) is a common and secure method of payment. Under this mechanism, the buyer establishes credit with his/her local bank of choice and describes in full detail the terms of the sale (i.e., description of items, price, documentary requirements, etc.). The L/C is opened on account of the buyer in favor of the seller. Essentially, the L/C serves as a demand draft, a promise to pay on the part of the importer with the support of the bank responsible for issuing the payment to the exporter. Once the exporter is in full compliance with all the requirements, payment is effected within a specified time frame, typically 30 or 60 days or whatever has been agreed upon. Any discrepancies regarding the L/C may result in delays or even non-payment. Bank charges apply when securing the L/C. A confirmed irrevocable, documentary L/C "confirmed by a U.S. bank" is recommended.

In cases where the buyer and seller have already established a relatively favorable business relationship, or where mutual trust already exists, other modes of payment may be considered including:

Documents Against Acceptance (D/A): The exporter extends credit to the importer for a certain period of time. Terms vary, usually 30 to 60 days after the bill of lading date or the invoice date, depending on what was agreed upon. The seller retains the title documents and forwards them to a collecting bank with instructions to release said documents to the buyer only if the buyer issues a time draft or presents an acceptable bill of exchange.

Documents against Payment (D/P): The documents transferring the title to the goods are not released to the buyer by the collecting bank unless the bank receives payment from the buyer.

Open Account (O/A): When there is a high level of trust and the buyer is of reputable standing with the seller, documents transferring title to the goods are sent directly to the buyer (instead of the collecting bank, as in the case of D/A) without guarantee of payment. The buyer remits payment upon maturity; terms vary from 30 days to 180 days, depending on the agreement. Subsidiaries of multinational companies operating in the Philippines (especially those in the oil and pharmaceutical sectors) are prime users of O/A.

Direct Remittance: As with O/A significant mutual trust is required. Instead of a term transaction, the seller requires the buyer to pay immediately upon receipt of the document transferring the title to the goods.

Credit Rating Agency

Philippine Rating Services Corporation, or PhilRatings, the pioneer credit rating agency in the Philippines (since 1985), provides credit ratings on Philippine corporate and debt issues (i.e., commercial papers, bonds, or asset-backed securities). The company is accredited as a domestic credit rating agency (CRA) by the BSP and the Philippine Securities and Exchange Commission (SEC). Press releases on new and monitoring ratings are regularly posted on the PhilRatings website. Annual subscriptions to PhilRatings' regular publications are also available.

Collection Agencies

In cases of non-payment or delinquent accounts, the use of collection agencies may be considered. There are several collection agencies operating in the Philippines, typically on a "no collect, no pay" arrangement for collection cases that have not yet been elevated to the courts. A typical collection time frame ranges from 30 to 90 days (longer if it is outside the Metropolitan Manila area), wherein the collection agent issues a demand letter signed by a lawyer. Some agents offer collection services only, while others can help facilitate filing a case in court in instances where the respondent cannot comply with the demand letter. Service fees vary depending on the nature and value of the transaction, but agents typically charge a percentage of the amount collected (current rates range from 20 percent to 40 percent). If the case is filed in court, legal and other fees will apply. It is best to seek local legal representation on non-payment cases, especially those involving significant amounts.

Banking Systems

In July 2014, President Aquino signed legislation to further liberalize foreign participation in the banking system by allowing more foreign banks to open branches in the Philippines or to own up to 100 percent of the voting stock of new or existing locally-incorporated subsidiaries to create a more competitive banking industry. Nine new foreign banks have since been approved entry under the new law, eight of which are operating; another application is undergoing evaluation. Under the ASEAN Economic Community (AEC) Blueprint, the Philippines is working to help accomplish the goals of financial integration and work towards allowing entry of Qualified ASEAN banks (QABs) in the country. In April 2017, the BSP concluded bilateral negotiations with the central bank of Malaysia on guidelines governing the entry of QABs between the two countries; that same month, the Governors of the Philippines and Thailand central banks signed a letter of intent to formalize discussions.

As of end-December 2016, the banking sector was comprised of 42 commercial banks, 60 thrift banks, and 500 rural and cooperative banks, with combined assets of approximately US$273 billion (PhP 13,591 billion). Although fewer in number, commercial banks dominate the banking sector and account for more than 90 percent of the banking system's total resources. Twenty-one commercial banks (referred to as "universal banks") have an "expanded" commercial banking license, which allows them to perform the functions of an

investment house (such as securities underwriting) and invest in non-allied undertakings, in addition to regular commercial banking activities. Twenty-six banks (22 commercial banks and four thrift banks) are licensed to engage in derivatives activities. Twenty-five banks are foreign-controlled (20 foreign branch banks and five majority foreign-owned, domestically-incorporated subsidiaries). Additionally, there are three offshore banking units (OBUs), one of which is U.S.-owned, as well as nine foreign bank representative offices, two of which are U.S. banks.
More detailed regulations governing the operations of financial institutions are available in various circulars, including the Manual of Regulations for Banks, Manual of Regulations for Non-Bank Financial Institutions, and Manual of Regulations on Foreign Exchange Transactions compiled by the Bangko Sentral ng Pilipinas (BSP, the Central Bank).

Since 1997, the BSP has implemented various regulatory reforms to enhance risk management systems, tighten disclosure and reporting requirements, increase minimum capitalization levels, enhance governance standards, and improve compliance frameworks and systemic oversight. The BSP continues to promote mergers/consolidation through various mechanisms such as regulatory incentives and strengthening programs, especially for the less-capitalized rural and cooperative banking sectors. The BSP has also demonstrated greater resolve in weeding out weak financial institutions by intensifying enforcement actions.
The largest sectors comprising outstanding loans of the banking system as of end-2016 were real estate (17.3 percent), wholesale and retail trade (12.1 percent), manufacturing (11.4 percent), and households/consumers (10.3 percent). Outstanding loans from banks' foreign currency deposit units (excluding interbank loans and loans to the BSP) stood at about $12.5 billion at the close of 2016, mainly to merchandise exporters (24.4 percent), public utilities (10.3 percent), and producers/manufacturers (4.1 percent).

The BSP is required by law to conduct regular examinations of its supervised financial institutions once every 12 months. Special examinations require the affirmative vote of at least five of the seven members of the Philippine Monetary Board, the central bank's highest policymaking body. In addition to these, the BSP requires that bank financial statements be audited by BSP-accredited external auditors. External auditors are required to bring to the authorities' attention any adverse audit findings and any material developments affecting the condition of its audited financial institutions. To promote independent and transparent auditing, the external auditor and/or auditing firms should be changed, or the lead and concurring partner rotated, at least every five years. A bank's senior management should also disclose to the BSP any significant risks/issues that may affect the bank, including changes in management.
Long-pending legislation in the Philippine Congress to amend the BSP's charter seeks to strengthen the BSP's supervisory and enforcement powers, provide legal protection for BSP officials and bank examiners in the performance of their official duties, enhance the BSP's ability to manage financial system liquidity (including authorization to issue its own securities), and allow the orderly resolution of troubled banks.

The deposit insurance scheme -- administered by the Philippine Deposit Insurance Corporation (PDIC) -- is patterned after the U.S. Federal Deposit Insurance Corporation (FDIC). The PDIC has a permanent insurance fund (PIF) of about $60 million (PhP3 billion),

augmented by premiums paid by member banks (currently one-fifth of one percent per annum of the deposit base). The PDIC's insurance coverage per depositor is approximately $10,500 (PhP 500,000).

Revisions to the PDIC charter in 2004 and 2016 enhanced the PDIC's receivership, liquidation, and resolution powers. Among others, the most recent amendments allow earlier intervention in problem banks before closure; simplify the pay-out of insurance coverage to affected depositors; and provide a more seamless transition from closure to liquidation.

Foreign Exchange Controls

The BSP has actively pursued reforms to liberalize and simplify the foreign exchange regulatory regime since the 1990s as part of continuing efforts to keep the framework responsive to economic conditions. As a general policy, the BSP allows Philippine residents and non-residents to purchase foreign exchange from authorized agent banks (AABs) and/or banks' subsidiary/affiliate foreign exchange corporations (AAB-forex corps) and from non-bank entities operating as foreign exchange dealers (FXDs) and/or money changers (MCs) to fund legitimate foreign exchange obligations, subject to the provision of information and/or documents on the underlying obligations. The sale of foreign exchange by AABs and AAB-forex corps is governed by the Manual of Regulations on Foreign Exchange Transactions, issued under Circular No. 645 in February 2009, as amended. The sale of foreign exchange by FXDs/MCs is governed by Circular No. 471, issued in January 2005, as amended.

There is no mandatory foreign exchange surrender requirement for residents' foreign exchange earnings, which may be sold for pesos onshore, retained in foreign currency, and/or deposited in foreign currency accounts in the Philippines or abroad. Registration of foreign investments either with the BSP or custodian banks is optional, unless the foreign exchange which will be used to service the repatriation of capital and/or the remittance of related earnings will be sourced from AABs and AAB-forex corps.

Public sector foreign/foreign currency loans require prior BSP approval pursuant to existing laws, including the 1987 Philippine Constitution, except for short-term foreign currency loans obtained by certain public sector entities (such as commodity/service exporters, oil companies, and public utility concerns) from banks operating in the Philippines. Private sector borrowing requires prior BSP approval if the loans: a) are covered by any government guarantee or involve any exposure by the public sector; or b) will be serviced using foreign exchange sourced by the borrower/creditor/guarantor from AABs and/or AAB-forex corps and are not exempt from prior BSP approval under current regulations. Some private sector borrowings are subject to certain conditions, such as the purpose of the loan and/or the use/disposition of the loan proceeds.

The following private sector borrowings are exempt from prior BSP approval: a) offshore loans that will not be serviced with foreign exchange purchases from AABs and AAB-forex corps; b) foreign currency loans from banks operating in the Philippines that are not government-guaranteed and that are duly reported by the creditor bank to the BSP; c) short-term interbank loans; d) short-term loans in the form of export advances from buyers abroad; e) short-term loans of exporters/importers from offshore banking units (OBUs), offshore foreign banks with branches in the Philippines and, other offshore creditors; f) private sector foreign loans not

guaranteed by foreign governments/official export credit agencies covering importation of freely importable commodities under deferred LCs or D/A- O/A arrangements with a term of more than one year; g) inter-company loans granted by foreign companies to their local branches/subsidiaries; and h) loans of resident private sector borrowers from offshore sources that are not guaranteed by public sector entities to finance the government's Public Private Partnership projects.

Although there are a few exceptions, private sector borrowing generally should be registered with the BSP whether or not they are subject to prior BSP approval to be eligible to source foreign exchange for debt servicing from AABs and/or AAB-forex corps.

As a general rule, private sector non-bank borrowers should maintain a 75/25 long-term debt-to equity ratio or better during the duration of their loans.

Foreign exchange purchases from AABs and AAB-forex corps for trade and non-trade current account transactions (such as travel, medical and educational expenses, royalties, copyright, patent, franchise and licensing fees) of up to US$50,000 for individuals and US$1,000,000 for corporates/other entities or their equivalent in other foreign currencies require only the submission of a BSP prescribed application form to the foreign exchange selling institution; amounts in excess also require the submission of supporting documents evidencing the underlying transaction). The BSP does not require registration of importations under any mode of payment but requires banks to report such transactions to the BSP prior to payment.

Foreign exchange purchases from foreign exchange dealers/money changers for non-trade current account purposes are allowed up to US$10,000 or its equivalent without need for additional supporting documents other than a BSP-prescribed application form to purchase foreign currency, but not to exceed US$50,000 per month per customer. Purchases of foreign exchange from FXDs/MCs for other than non-trade current account purposes require submission of the BSP-prescribed foreign exchange application form and supporting documents on the underlying transactions, regardless of amount.

Further information is available at:

BSP Manual of Regulations on Foreign Exchange

BSP Office of the Governor

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US Banks & Local Correspondent Banks

This information is derived from the State Department's Office of Investment Affairs' 2017 Investment Climate Statement. Any questions on the ICS can be directed to EB-ICS-DL@state.gov

The commercial banking system includes three U.S. foreign-branch banks: Citibank, which operates six full-service Citibank branches in key locations in Metro Manila and Metro Cebu; Bank of America; and JP Morgan Chase. JP Morgan International Finance Limited operates an offshore banking unit (OBU) in the Philippines and two U.S. banks have representative offices in the country: Wells Fargo Bank and Bank of New York Mellon.

Reflecting a long history of economic and political ties, all commercial banks in the Philippines have correspondent U.S. banking relationships. The best way for a firm to determine whether its U.S. bank has a correspondent bank in the Philippines is by checking with the U.S. bank.

Project Financing

Official Development Assistance (ODA) from foreign funding agencies has been a key source of financing for major projects in the Philippines. Multilateral organizations such as the World Bank (WB), the Asian Development Bank (ADB), and the UN System; and bilateral institutions within the Governments of Japan, the United States, and Australia are among the leading sources of ODA.

According to the Philippine National Economic and Development Authority (NEDA), the total ODA Portfolio as of December 2015 amounted to US$15.71 billion consisting of 73 loans (US$12.66 billion) and 460 grants (US$3.05 billion). Japan (GOJ-JICA) was the biggest source of loans with 43 percent share (US$5.39 billion), followed by World Bank and ADB with 27 percent (US$3.38 billion) and 25 percent (US$3.17 billion) shares, respectively. For ODA grants, the United States, Australia-DFAT, and the UN System were the three leading providers with 42 percent (US$1,268.29 million), 19 percent (US$567.09 million), and 12 percent (US$365.28 million) shares, respectively.

In terms of distribution per sector, the infrastructure development sector accounted for the largest share (48 percent) of the loans portfolio amounting to US$6.03 billion for 37 loans, followed by the Social Reform and Community Development (SRCD) sector, and the Governance and Institutions Development (GID) sector with 19 and 21 percent shares, respectively. On the other hand, SRCD sector was the major recipient of grants assistance amounting to US$1.14 billion or 37 percent of the total grants portfolio. The GID and the Agriculture, Agrarian Reform and Natural Resources (AARNR) sectors followed with 22 and 18 percent shares, respectively.

Summary of Overseas Development Assistance (ODA) to the Philippines*

(as of December 2015)

Total ODA: $15.71 billion

Total ODA Loans: $12.66 billion (81 percent of total portfolio; 73 loans)

Total ODA Grants: $3.05 billion (19 percent of total; 460 grants)

Total ODA by Development Partner in US$ million (2015)

Rank	Development partner	Loan Amount	Grant Amount	Total ODA	% Share
1	GOJ-JICA	5,389.78	139.82	5,529.60	35.19
2	WB	3,384.46	75.61	3,460.07	22.02
3	ADB	3,167.28	112.16	3,279.44	20.87
4	US Government	-	1,268.29	1,268.29	8.07
5	Australia-DFAT	-	567.09	567.09	3.61

Source: CY 2015 ODA Portfolio Review Report: http://www.neda.gov.ph/2017/01/19/oda-portfolio-review-2015/

The U.S., through USAID, allocated US83 million in development assistance grant funds to the Philippines in fiscal year (FY) 2016. USAID activities are implemented through contracts, grants, and cooperative agreements with American and Philippine entities, and international organizations. USAID's programs in the Philippines encompass a wide range of activities aimed at accelerating inclusive economic growth; promoting democracy and good governance; improving basic education, with a focus on early grade reading; expanding quality health access; strengthening environmental management and conservation; and countering extremism in the conflict-affected sub-regions of Mindanao.

U.S. bidders are welcome to join foreign-funded projects where International Competitive Bidding (ICBs) procedures are observed. Multilateral Development Banks (MDBs), such as the World Bank and the Asian Development Bank (ADB), observe this practice, as do U.S. Government agencies. The websites of these organizations are good sources of project and business opportunities, and are updated regularly.

U.S. financing institutions such as the Export-Import Bank and the Overseas Private Investment Corporation (OPIC) continue to explore opportunities in the Philippines. OPIC has a regional office in Bangkok. The Ex-Im Bank, the official export credit agency of the United States, provides export credit insurance, loan guarantees, and project and structured finance for U.S. exporters and foreign buyers of U.S. goods and services.

For more information on OPIC's programs:

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U.S. Trade and Development Agency (USTDA)

USTDA helps companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. USTDA links U.S. businesses to export opportunities by funding project planning activities, pilot projects, and reverse trade missions while creating sustainable infrastructure and economic growth in partner countries.

USTDA is an independent federal agency that was created to promote U.S. private sector participation in international development projects. USTDA assists in building mutually beneficial partnerships between U.S. companies and overseas project sponsors to complete high quality and successful projects in host countries, with special emphasis on economic sectors that represent significant U.S. export potential. USTDA launched its International Business Partnership Program to connect international buyers with U.S. manufacturers and service providers to open up new export markets and commercial opportunities around the world for U.S. companies.

USTDA works closely with other U.S. Government agencies including the U.S. Trade Representative; the Departments of State, Commerce, Homeland Security and Transportation; the Export-Import Bank of the United States, and the Overseas Private Investment Corporation to advance U.S. commercial interests and host country development objectives. The agency's program focuses on two types of activities: 1) trade capacity building and sector development; and 2) project definition and investment analysis activities. Trade capacity building and sector development assistance supports the establishment of industry standards, rules and regulations, trade agreements, market liberalization and other policy reform. Project identification and investment analysis involves activities that support large capital investments that contribute to overseas infrastructure development. USTDA accomplishes its mission through funding sector development technical assistance, training, trade and industry advisors, project definitional missions, feasibility studies, reverse trade missions, workshops and conferences, and procurement assistance.

USTDA advances economic development and U.S. commercial opportunities in Philippines and other developing countries through its cooperation with various project developers in the public and private sector. Key areas of focus for USTDA in the region include technical assistance and reverse trade missions related to promoting clean energy development and energy security, improving the transportation and trade infrastructure, ICT modernization and development, and implementation of ASEAN-wide initiatives.

USTDA's programs are responsible for generating over $25 billion in U.S. exports to emerging markets, supporting an estimated 110,000 U.S. jobs over the last 10 years. That means $76 in exports of U.S.-manufactured goods and services for every $1 programmed. USTDA's regional office, covering Philippines and all of Southeast Asia, is located in the U.S. Embassy in Bangkok.

For more information on USTDA's programs:

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Asian Development Bank

The Asian Development Bank (ADB) is headquartered in Manila. ADB is one of three top development partners of the Philippines, along with the Japan International Cooperation Agency and the World Bank. The Philippines is a founding member of the bank, and one of its largest borrowers.

In 2016, ADB's total operations in all of its borrower member countries increased to over $31 billion comprising loans, grants and technical assistance. ADB lending and grant activities lead to significant business opportunities for consulting firms, contractors, sub-contractors and suppliers of goods, equipment and services. About eighty percent (of ADB loans are used to procure goods, equipment and services through a variety of procurement methods, but mostly through International Competitive Bidding. U.S. firms have won over $8.7 billion in ADB contracts since 1967, and continue to rank well in procurement awards, particularly in consulting contracts. In 2016, U.S. firms won $302 million in contract awards under ADB financed projects. This translates to a $1.52:$1.00 return-on-investment ratio for the United States.

ADB will implement a revised procurement reform framework in July 2017 in response to the evolving needs of its developing member countries and the bank's increased lending operations. The new policy features two new principles: value for money and quality. Other features include a complaint mechanism, alternative procurement arrangements, and procurement of high level technology.

ADB approved four loan projects in the Philippines totaling $833 million in 2016. The projects supported public expenditure streamlining, the Conditional Cash Transfer Program, safe drinking water and sanitation, and addressed environmental degration and disaster resilience.

The bank's planned assistance to the Philippines for the period 2017-2019 is $4.3 billion in loans, and an additional $9 million for technical assistance grants. The projects include transport projects in Davao and Metro Manila, a school-to-work program, capital market reform and financial inclusion, Mindanao development, rural enterprise and employment, water and sanitation in Metro Manila, the Angat Water Transmission, Laguna Lake flood management, and local government, social protection and energy sector development programs.

ADB's Private Sector Department provides loans, equity investments and credit guarantees directly to private sector entities. The bank's total private sector portfolio reached nearly $24 billion in 2016. Accumulated assistance to the Philippine private sector stands at $900 million

which includes support for the Tiwi-Makban Geothermal Plant and the Burgos Wind Farm projects in 2015.

Procurement for ADB-funded contracts is open to all ADB member countries. Some 42 of ADB's 67 member countries are developing member countries (DMCs) which borrow actively from the bank. The DMCs cover the entire breadth of the Asia-Pacific region, extending from the Pacific Island countries through the South, East and Southeast Asia regions, and five countries in Central Asia. The bank's largest borrowers are Indonesia, India, China, Pakistan, Vietnam, and Bangladesh. The United States is one of 19 donor member countries. The U.S. and Japan are the largest shareholders, with about 15 percent shareholding each.

To complement its headquarters' operations, there are thirty-one resident missions and representative offices in other ADB member countries. There are also representative offices in Washington, D.C., Tokyo, and Frankfurt. A dedicated unit within the ADB headquarters in Manila serves as the Philippine Country Office.

By U.S. Congressional mandate, the Department of Commerce maintains a Liaison Office to the ADB, located in Manila, Philippines, to help U.S. companies access, enter and expand in the Asian markets that benefit from ADB's lending and grant activities. The ADB Liaison office is integrated into the U.S. Commercial Service – a network of over two hundred offices worldwide - whose mission is to promote and facilitate U.S. exports. The Liaison Office, headed by an American Foreign Service Officer (currently Gregory Harris), began operations in 1992 and works closely with the U.S. Executive Director's Office at ADB to assist U.S. companies. As part of the U.S. Commercial Service network, the Liaison Office also works closely with the U.S. Commercial Service in the Philippines, other Commercial Service offices in the region, and Department of State offices.

The U.S. Commercial Service Liaison Office to the ADB invites American firms to partner with it to explore ADB commercial opportunities in the bank's borrowing member countries. The office offers a range of business services including a monthly e-mail project alert service, business counseling and facilitation, advocacy and outreach.

For more information on ADB:

U.S. Commercial Liaison Office for ADB (CS ADB)

U.S. Embassy-Philippines

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el: (632) 516 5093; 301-6169/2181

Millennium Challenge Corporation

The Millennium Challenge Corporation (MCC) works with a select group of countries that demonstrate their commitment to good governance, economic freedom and investments in their citizens. MCC's investment, in the form of a grant to the partner country, is called a compact and is identified, designed and implemented in partnership with the country government and with valuable inputs from the private sector and other stakeholders.

Following the selection of the Philippines as eligible for a second compact in December 2014, the Philippine government and MCC conducted a preliminary analysis that identified four binding constraints to economic growth: (i) government coordination and implementation capacity, (ii) high cost of transport logistics, (iii) high cost of electricity, and (iv) market failure and the rural economy as binding constraints to growth in the Philippines. A root cause analysis confirmed that problems underlying the constraints were complex and interconnected, and likewise any intervention would have to address multiple constraints. In February 2016, the Philippine government submitted a single concept note principally addressing the fourth constraint – market failure and the rural economy, which limit the ability of rural, mostly agricultural communities to take full advantage of rising demand for agricultural products and play a major role in the country's persistently high poverty rates. Recognizing the interconnectedness of the constraints, elements of the first and second constraints addressing inadequate supply of infrastructure and inefficient government bureaucracy were interwoven into the submitted concept note. In December 2016, MCC deferred a vote on the reselection of Philippines for compact development and will revisit this decision in its next annual meeting in December 2017. In the interim, MCC continues to engage with the Philippine government in developing and reviewing potential activities focused on tackling agricultural productivity and competitiveness which may include support to a network of roads, ports and transport terminal, as well as cold chain infrastructure and other investments that promote select agricultural value chains.

Compacts are tailored to the specific situation faced in various partner countries and may include both hard and soft investments, such as roads, airports, ports, power and water systems, worker education and training, capacity building or technical assistance to reform laws, regulations and policies to encourage thriving economies and to ensure sustainability of physical assets.

MCC and the partner country identify key constraints and risks to investment through rigorous analysis and consultations with key stakeholders, including the private sector in the partner country, in the United States and elsewhere. MCC compacts then address the most critical constraints, through, for example, projects to improve infrastructure or implement policy reforms. These investments help reduce risks for investors, build investor confidence and help create viable market opportunities by responding to the needs of the private sector. This offset risks and costs that may be borne by companies that are entering or expanding into a new market.

Facilitating private sector investment that is complementary to MCC-funded projects increases economic growth while also supporting the sustainability of the MCC-funded investment. Companies and organizations can work with MCC and its partner countries to mutually beneficial solutions through two paths – investment and procurements.

<u>Path 1: Investments</u>

Opportunities for specific private sector involvement within compacts are determined through the consultative process and fall into the following three categories:

Public-Private Partnerships: Public-private partnerships (PPPs) may be utilized to implement MCC compact investments, such as the reconstructions of a port, the operation of an electricity

utility or the rehabilitation of a water treatment plant. A PPP is a contract between the public and private sectors in which the private business provides a service that the government traditionally supplies for a mutually determined benefit.

Catalyst/Innovation Programs: Challenge or matching grant facilities within a compact can be used to identify and support co-investment and parallel financing opportunities that advance the compact's goals or test solutions to address a particular development problem. Designed to spur shared value, these funds are accessed on a competitive basis according to transparent evaluation criteria.

Parallel investments: Private sector investment in projects complementary to compact investments is also possible. MCC compacts often build the groundwork and the platform for parallel or post-compact investments by the private sector, which enhance the impact of compact investments by further increasing economic growth.

MCC's Finance, Investment and Trade(FIT) Group is the private sector's counterpart in exploring and navigating these pathways for investment in MCC countries and identifying partnership opportunities in and around MCC-funded projects.

Path 2: Procurements

MCC and its partner countries award and administer procurements for goods, works and services to design and implement compact programs. Most procurement in compact implementation are administered by the country through its Millennium Challenge Account or MCA entity. This in-country entity implements the projects identifies within that country's MCC compact.

MCC's procurement policies and procedures may be found at their website. All procurements, as well as General Procurement Notifications that provide six-month forecasts of upcoming procurements for each country, are posted on MCC's website, U.N. Development Business and dgMarket, for all MCA countries. MCA websites also post all procurement information and notifications for their particular country.

For more information on MCC:

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The USDA FAS Food for Progress program provides for the donation of U.S. agricultural commodities to priority developing countries (currently including the Philippines) committed to introducing and expanding free enterprise in the agricultural sector. Donated commodities are monetized and proceeds are used to support agricultural development activities. Food for

Progress has two principle objectives: improve agricultural productivity and expand trade of agricultural products. Food for Progress projects in the Philippines train thousands of farmers to improve farming methods, develop infrastructure (roads, electricity, etc.), establish and strengthen producer cooperatives, provide microcredit, and develop agricultural value chains. Program Partners include private voluntary organizations, local governments, universities, and intergovernmental organizations.

Financing Web Resources

Asian Development Bank

Philratings

Central Bank of the Philippines – Financial Institutions Regulations

Millennium Challenge Account (MCC)-Philippines

MCC Procurement Policies and Procedures

National Economic Development Authority

Overseas Private Investment Corporation

U.S. Trade and Development Agency

Business Travel

Business Customs

The Philippine business environment is highly personalized. Business matters are always best dealt with on a face-to-face basis in a warm, polite, and pleasant atmosphere. Filipinos often prefer an atmosphere of calm and restraint, avoid direct confrontation, and typically offer a polite reply coupled with a smile rather than outright negative feedback to the other party's ideas. A "yes" may mean several things, not always affirmative.

As a show of respect and acknowledgement of certain social hierarchies, Filipinos usually address people by their titles (for example, Architect Cruz, Attorney Jose, Dr. Romero), although most contacts will quickly insist on using a more informal approach (such as addressing them by their nicknames) after the initial introductions. When dealing with high-ranking government and military officials, it is best to address them by their formal titles (e.g., Secretary Flores, General Alfonso, Director Santos, Admiral Lopez, etc.).

Meetings do not necessarily start promptly, so allow for delays due to traffic, inclement weather, prior engagements or last minute changes in the schedule or itinerary, especially when meeting with VIPs or high-ranking officials. If a Filipino client is running late for an appointment, their assistant or the individual will typically personally call or advise if he or she is on their way.

Handing out business cards (preferably bearing your position or title) is standard practice, although the manner in which the cards are exchanged tends to be rather informal as compared with other Asian cultures. If a Filipino contact gives you a personal number (home or mobile phone) aside from what is indicated on the business card, it is usually an invitation to call, and is a good sign for establishing cordial relations.

It is not uncommon for business associates to make personal inquiries about family, marital status, ethnicity, hobbies and after-hours activities or other similar questions typically considered by Americans as rather personal. Be prepared to discuss generalities of family hobbies, sports and American customs, as Filipinos see this as a way to become better acquainted.

The U.S. businessperson should avoid, as much as possible, personally grappling with Philippine bureaucracy. The Bureau of Customs, for instance, requires dozens of signatures in order to clear air cargo, which can be expedited with the use of local customs brokers. The Filipino approach is to delegate to staff or a business associate capable of navigating the bureaucracy.

Observing office etiquette is also important. When reprimanding local employees, take them aside and do it privately. Be as gentle as possible and always make it a point to end the meeting with some show of personal concern for the family to make the employee feel still part of the team.

English is the official business language, including for most correspondence, contracts, and other documents. Among Filipinos, however, it is common to hear "Taglish" (a combination of Tagalog, a regional dialect from which the Filipino language is largely based, and English, or shifting back and forth between the two languages) during informal conversations.

Body language and hand gestures (for example, a raised eyebrow, a faint smile, a scratch in the head) are integral to how Filipinos express themselves. Texting, or sending short, oftentimes abbreviated messages through mobile phones, has now become a preferred method for business communication. Do not be surprised if, in the middle of a meeting, people suddenly take out their mobile phones to read or send messages or to answer a call.

Business lunches and dinners are usually arranged personally over the phone and thereafter confirmed by a secretary or assistant. The person extending the invitation customarily pays. A guest does not order the most expensive items on the menu, unless the host insists otherwise. Lunch or dinner buffets have also become commonplace, thereby allowing guests more choices. It is also customary to have a drink or a cocktail before a formal sit-down dinner. A relatively informal tone is the norm. Business is not usually discussed until after establishing a convivial ambience, usually after soup or appetizers. Attire is according to the location of the meeting.

Filipinos tend to be lax in replying to RSVPs. Telephone follow-ups are best, at least one or two days before the event (any prior confirmation may still need following up later on). In hosting events, private or professional, the staff is usually asked to track down guests for a confirmation reply. In a formal occasion, seating is arranged, where the head table is usually reserved for VIPs. A guest speaker is often the highlight of a dinner or formal gathering. Light entertainment is not unusual. In most instances, important guests accept requests to sing.

The holiday season (the Philippines celebrates one of, if not the longest, Christmas seasons in the world) is also a time to show appreciation to people with whom you have regular dealings, for example, the security guard, doorman, messenger, the secretary or assistant, as well as regular and valued clients, through small tokens. Gifts could range from baskets of goodies to company giveaways to plain calendars or office items with your company logo.

It is best to attempt to accomplish business objectives in mid-morning or early afternoon. Many business deals are completed informally during a lunch or dinner appointment, an intimate social gathering, or over a round of golf. Never attempt to do business on a weekend or a holiday, unless the Filipino contact has specifically indicated his or her availability on such days. As a predominantly Catholic country, the Philippines observes the Lenten season and all commercial and business establishments are closed on Holy Thursday and Good Friday. Likewise, beginning on or around the week of December 15 through the end of the year, office-related activities tend to wind down to give way to holiday parties. Important meetings should be scheduled prior to those dates.

Summer-wear clothing normally worn in temperate zones is suitable for the Philippines, where the weather tends to be very humid. It is acceptable for businessmen to conduct calls in short or long-sleeved shirt and ties with or without a coat. Either a two-piece suit or the native "Barong Tagalog" (a lightweight, short- or long-sleeved shirt, usually linen, worn without a tie) are acceptable, ordinary business attire. Light pantsuits or dresses are appropriate for women. Dinner invitations can either be casual or formal, so it is best to check with the host regarding the proper attire. An umbrella may come in handy, especially during the wet season (between June and September).

Travel Advisory

The Department of State's travel advisory for the Philippines can be found on their website.

Visa Requirements

General Provisions

1. U.S. citizens who are travelling to the Philippines for business and tourism purposes are allowed to enter the Philippines without visas for a stay not exceeding thirty (30) days, provided they hold valid tickets for their return journey to port of origin or next port of destination and their passports are valid for a period of at least six (6) months beyond the contemplated period of stay. The allotted thirty (30) days cannot be extended immediately at port of entry. More information can be found of the Philippines Department of Foreign Affairs website.

2. U.S. citizens who wish to stay for more than thirty (30) days should apply to the BI offices or Satellite offices. The applicant must pay the corresponding immigration fees after securing their extension. Visit this website for more information on Visa Guidelines.

Information on fees for extension of stay and other Immigration fees are available at the Bureau of Immigration website.

Special Provisions

3. Special Investor's Resident Visa (SIRV) may be issued to a foreign national (not listed as restricted national), his spouse and unmarried children under 21 years of age, if any, who shall invest at least US$75,000.00 in an existing or new corporation provided this corporation is publicly-listed corporation, is engaged in an Investments Priority Plan (IPP) project as determined by the Board of Investments (BOI), or is involved in the manufacturing and service sectors. Said persons may reside in the Philippines as long as their investment subsists.

4. The BOI shall issue SIRV identification cards only to applicants with actual investments, valid for a period of one year, renewable yearly. Such ID shall exempt the SIRV holder from securing the Special Return Certificate (SRC), Alien Certificate of Registration (ACR) and Emigration Clearance Certificate (ECC) from the Bureau of Immigration for purposes of travel abroad. For more information on converting a visa to a Treaty Investor's visa visit this website.

5. Citizens of the United States, Japan and Germany (which have treaties of commence, trade, amity and navigation with the Philippines) may apply for a Treaty Trader or 9(d) visa provided they have substantial trade and investments in the Philippines.

6. Foreign business people have the option to apply for a Pre-Arranged Employment Visa under 9(g) with elective (managerial) or non-elective (technical) positions for as long as they qualify under the Immigration rules. Non-elective positions may be employed under the said visa with the required Filipino understudies of at least two (2). The pre-arranged employment visa is co-terminus with the Alien Employment Permit (AEP) issued by the Department of Labor and Employment (DOLE).

7. A foreign national who is admitted as a non-immigrant may apply for permanent resident status without departing the Philippines as long as the applicant (1) is not listed as a restricted national, (2) does not have derogatory cases and (3) belongs to a country that grants permanent residence and immigration privileges to Filipinos (in accordance with the reciprocity agreement). For more information on permanent resident visa visit this website.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links:

State Department Visa Website

United States Embassy Manila

Currency

The Philippine Peso is the local currency in the Philippines. The currency code for Pesos is PHP.

Currency exchange centers/money changers can be found in commercial centers all over the country. The U.S. Dollar is the most commonly exchanged currency, Other currencies such as Euros and UK Pounds can also be exchanged in banks and hotels.

Traveler's cheques can be cashed in commercial banks such as Citibank and HSBC; however, it may be difficult to have them exchanged from banks outside major cities. Major credit cards and debit cards are also widely accepted in most establishments. Banks are generally open from 9am to 3pm, Monday to Friday, with some open on the weekends. 24-hour ATMs can be easily found in metropolitan areas.

Telecommunications/Electric

The Philippine Long Distance Telephone Company (PLDT) and Globe Telecom are the two telecommunication carriers in the county. PLDT has an existing digital fiber optic connecting the entire country. They also have an existing digital microwave radio system and a data network. Globe Telecom also has fiber optic cables and Worldwide Interoperability for Microwave Access (WiMax). PLDT, through its mobile group, SMART Communications and Sun Cellular, controls 70 percent of the mobile market, with Globe accounting for 30 percent

The current Philippine cellular infrastructure is Global System for Mobile Communications (GSM). 3G service was launched in 2006, and 4G was made available in 2010. More recently, SMART and Globe launched long-term evolution (LTE) networks. SMART announced in April 2016 that it is deploying the country's first LTE-Advanced (LTE-A) service. LTE-A allows for higher data speeds of even up to 250 Mbps.

U.S. travelers will find mobile phone service affordable in the Philippines. Average cost per call minute is US$0.15, while one SMS or text message costs US$0.02. As a result, most Filipinos prefer to text rather than talk on their mobile phones.

Broadband services are available for home and office use. Users should expect to pay prices similar to those in the U.S. Almost all five-star hotels in the Philippines offer free Wi-Fi service. Free Wi-Fi is also prevalent in shopping malls, dining establishments, and coffee shops. However, according to Akamai's "State of the Internet Report" for the fourth quarter of 2016, average internet speed in the Philippines is 4.5 megabytes per second (MBPS), the slowest in Asia Pacific

Electrical outlets in the Philippines use 220 volts. This is compatible with most electronic gadgets that allow 110-220 volts.

Transportation

Many major international airlines fly between Manila and the United States on a regular basis. Typically, these flights are indirect with layovers or stopovers before they reach their final destination (e.g., Delta Airlines flies from Manila to the U.S. via Narita; United flies from Manila to Mainland U.S. via Guam). New direct flights are available to the U.S. on non-U.S. carriers.

Within the Philippines, one can travel to most parts of the country by land, air, or sea with relative ease. For land travel, the quality of the road network is quite varied. Distances that may be covered quickly in the United States typically take longer in the Philippines, due to

insufficient road quality and congestion. An extensive road network links most of the archipelago.

For first-time visitors to major urban cities such as Metro Manila, the use of accredited hotel taxis with the assistance of the hotel staff is more dependable than metered taxis hailed on the street. When using a metered cab, ask the driver to turn on the meter as you enter to avoid being overcharged. Hotel taxis charge a flat rate for travel to specified locations. It is best to ask the hotel staff or a local business contact how long it would take to reach one's destination, taking into account such factors as traffic conditions during peak driving hours and alternate routes. When taking a regular cab, it would help to know the typical cab fare to avoid being overcharged. Many taxi fleets now offer services.

Car rentals are also available with or without a driver/chauffeur, and costs will vary depending on the length of use, the type of car, and the itinerary. U.S. franchises such as Avis, Hertz, and Budget operate in the Philippines and accept an international driver's license for up to 60-90 days.

App-based transport service companies like Uber and Grab are available in major cities like Metro Manila, Metro Cebu, and Davao.

Buses, elevated rail transport such as the Light Railway Transit (LRT) and the Metro Rail Transit (MRT), and "jeepneys" transit major and minor routes within Metro Manila and serve the general commuting public. They are not recommended for business travelers in Manila. Shuttle services (locally known as FX taxis), which bring passengers to and from work, are also available. In most provinces and major cities outside Manila, buses, jeepneys, and tricycles are the more typical modes of land transport. Overcrowding is not uncommon.

The Philippines has over 80 airports, with four major international airports: Ninoy Aquino International Airport (NAIA) in Manila, Clark International Airport in Pampanga, Mactan Cebu International Airport (MCIA), and Davao International Airport. The country's primary international gateway, NAIA, currently operates four terminals in Manila, one of which is used exclusively by flag carrier Philippine Airlines for its domestic and international routes.

Passengers are required to be at the airport at least two hours before departure for domestic flights and three hours for international flights (particularly on U.S. - bound flights). Terminal fees are charged for departing passengers on domestic and international airports. Delays are common due to airport congestion or weather.

Maritime transport is a major conduit for moving goods and people. Inter-island vessels or ferries service major island routes. Being an archipelago, the Philippines has more than 1,000 ports, about a dozen of which are major international ports that serve as cargo and/or passenger terminals. Travel by boat or ferry tends to take longer and is less convenient than air travel, but there are areas in the Philippines that can only be reached through this mode of transport. Roll-on, roll-off vessels (RO-RO) carrying passengers and cargo are also available to service inter-island travel and commerce. Ferry transport in recent years has experienced serious accidents with significant fatalities.

Language

Filipino/Tagalog is the official national language, although over 100 languages and dialects are spoken throughout the Philippines. English is widely spoken and is the primary language in business communication.

It is common to hear Filipinos use a mixture of English and Filipino/Tagalog words or phrases, known as "Taglish", in their everyday conversations. A steadily dwindling minority still speak Spanish, which had at one time been an official language. In provinces where Filipino is not the lingua franca, primary educational instruction is conducted in vernacular languages.

Health

Major cities in the Philippines have modern and well-equipped hospitals and medical facilities that meet the general healthcare needs of business travelers. Many of them are Joint Commission International (JCI)-approved (medical facilities) or are in the process of obtaining JCI approval, including the Makati Medical Center, St. Luke's Medical Center and others. These hospitals employ excellent medical staff, some of whom are U.S. Board Certified; although the number of nursing and other support services are sometimes inadequate.

Larger pharmacies in the Philippines stock most standard medicines at prices equivalent to those in the U.S. Vitamins, over-the-counter medicines, and first aid supplies are available locally. Medical fees are reasonable and pharmaceuticals are widely accessible.

The general level of sanitation in the Philippines is lower than in the United States. Overpopulation has strained water supply, sewage, garbage disposal, street cleaning, and utilities.

Americans are advised not to drink untreated water. Bottled beverages are inexpensive, plentiful and safe. Ice is suspect. It is not advisable to buy food from street peddlers.

Occasional gastrointestinal upsets caused by poor sanitary conditions, colds, and other respiratory ailments are unavoidable due to the high level of air pollution, if staying in Manila for an extended period of time.

Overexertion and excessive fatigue should be avoided, as the tropical environment makes for rapid dehydration.

Among the diseases in the Philippines' Department of Health (DOH)'s Health Advisories are Chicken Pox; Chikungunya; Cholera; Dengue; Diarrhea; Ebola Virus; Hepatitis; Malaria; and Zika. Updates on diseases and health alerts are available from the Philippine Department of Health website.

A list of recommended vaccinations when traveling to the Philippines can be found on the Centers for Disease Control and Prevention's (CDC) website:

Local Time, Business Hours and Holidays

Philippine Standard Time is 8 hours ahead of Coordinated Universal Time/Greenwich Mean Time (UTC/GMT), and 12 hours ahead of U.S. Eastern Standard Time (EST). The Philippines does not observe daylight savings time.

U.S. Government offices in the Philippines are open from 7:30 a.m. to 4:30 p.m. Most private and GPH offices are open from 8:00 a.m. to 5:00 p.m. or from 9:00 a.m. to 6:00 p.m., Monday - Friday. Some private companies hold office on Saturday from 9:00 a.m. to 12:00 p.m. Eight hours per day or 48 hours per week is the maximum period an employee may be required to work at a regular pay rate.

Most shopping centers are open seven days a week with variable opening hours, which may be extended during major holidays.

All offices close during the following public holidays*: January 1: New Year's Day; Easter Holidays: March to April Maundy Thursday and Good Friday; April 9: Bataan & Corregidor Day and Heroism Day; May 1: Labor Day; June 12: Philippine Independence Day; August 21: Ninoy Aquino Day; August 28: National Heroes Day Holiday; November 1: All Saints' Day; November 30: Bonifacio Day; December 25: Christmas Day; December 30: Rizal Day. and December 31: Last Day of the Year. January 2, Eid-ul-Fitr and Chinese New Year, October 31 have been declared as additional special non-working holidays.

June 24, Manila Day, is observed only in the City of Manila, while August 19, Quezon Day, is observed only in Quezon City. In addition, special public holidays such as Election Day and EDSA Revolution Day may be declared by the President and are observed nationwide.

The U.S. Embassy in the Philippines observes the following U.S. public holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day, and Christmas Day.

A complete list of Philippine Holidays* for 2017 can be found in the government website.

A complete list of U.S. Embassy Holidays can be found on the embassy website.

Note: *Official Holidays confirmed via Philippine Government official website.

Temporary Entry of Materials or Personal Belongings

A businessperson hand-carrying a personal laptop computer does not have to post a cash bond after demonstrating that the item is a personal effect and is not new. Laptops, considered tools of the trade, may be cleared without the necessary documentations such as a Certificate of Identification upon the businessperson's arrival. Only one laptop per businessperson is allowed under existing regulations.

Travel Related Web Resources

Centers for Disease Control & Prevention

Federal Aviation Administration (FAA)

Philippine Department of Foreign Affairs

Philippine Immigration

Philippines Department of Health (DOH)

State Department Visa

Travel Advisory

United States Embassy Manila