

President's Report and Christmas Message
Building Blocks to Growth
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President – PHILEXPORT

General Membership Meeting and Christmas Party
Philippine Exporters Confederation, Inc.
December 11, 2018 * 5:00 p.m., *
Conrad Hotel, Pasay City

Our esteemed guest and partner who will be formally introduced later; my colleagues in the PHILEXPORT Board; leaders and members of the various PHILEXPORT Chapters and affiliated industry associations; leaders and representatives from the various business organizations and government agencies; media partners; friends, ladies and gentlemen:

On behalf of the PHILEXPORT Board, Management and staff, it is my honor and pleasure to welcome you all to our last General Membership Meeting for this year followed by our Christmas Party afterwards. I know that this is not the night for lengthy speeches. And so at the onset, I wish to take this opportunity to extend our sincerest gratitude to you all for taking time out to join us tonight and for another meaningful partnership this year.

Although still averaging at about 6.5%, the economy suffered two consecutive decline in GDP this year attributed by many to the higher-than-expected inflation. It therefore came as a welcome respite that inflation has finally eased to 6 percent, down from 6.7 percent the previous month. Seasonally adjusted inflation dropped 0.3 percent in November from October — the first such decline since February 2016. This decline happened after food and oil prices started to drop. Inflation is expected to

continue its downward trend especially once other initiatives of the government take effect, particularly the liberalization of food imports. This is a welcome development for exporters who complained that the higher prices of raw materials caused by continued soaring prices of oil and basic commodities are adding cost pressures on them.

This has led to projections by several think tanks that the economy will finally rebound this last quarter . This resurgence is mostly attributed to the extra push from government spending, particularly from the Build, Build, Build program, and the holiday purchases. While this is not enough to hit the full-year target of 6.5 to 6.9 percent, such development is still remarkable given the strong pressures that dampen it.

Another report worth sharing is that from IHS Markit showing that the country's manufacturing purchasing managers' index (PMI) has hit a near two-year high of 54.2 in November. Despite a sharp drop in new export orders, the output of the manufacturing sector has continued to grow, thanks to the strong domestic demand.

Finally, the huge breakthroughs which we attained this year in terms of our executive and legislative advocacies give us more reasons to be optimistic.

Most welcome is the signing of RA 11032 or the “Ease of Doing Business and Efficient Government Service Delivery Act” that aims to eliminate bureaucratic red tape as well as attract more foreign investments to the Philippines. This law mandates government offices to comply with the 3-7-20 timeline – completing simple transactions within three working days;

seven working days for complex transactions; and 20 working days for highly technical transactions. This streamlining of government transactions in all government agencies will help business enterprises in getting access to government services at the shortest possible time.

In response to this new law, most government agencies are now automating their processes and doing away with processes that unnecessarily lengthen government transactions. One notable government initiative in this regard is the TradeNet project of the Department of Finance (DOF) and Department of Information and Communications Technology (DICT). This platform will make it easier for businesses to acquire import and export permits and clearances, as the system will allow government sharing of information. It was announced by the DOF at the National Export Congress that this online trade facilitation platform will soon be pilot-tested.

Another significant accomplishment is the recent signing of RA 11057 or the “Personal Property Security Act” that is seen to strengthen agriculture and industry sectors in the coming years. In particular, this landmark legislation directly addresses the perennial problem that cripples our agriculture sector and MSMEs in general – access to finance. Through this law, micro, small, and medium enterprises (MSMEs) and farmers will now be able to access least-cost finance using movable assets such as accounts receivable, inventory, warehouse receipts, crops, livestock, machinery and equipment. This huge step towards greater financial inclusion will help businesses and farmers gain much needed funds for growth and expansion.

Also, the fast tracking of two proposed legislations namely Senate Bill 1908 or “Philippine Warehouse Receipts Act” and Senate Bill 2017 known as “Pondo sa Pagbabago at Pag-asenso” or the “P3 Act” gives us more hope that a golden age for MSMEs is indeed dawning. These complementary bills to the Secured Transactions Law along with other legislations like the Senate Bill 1759 or the “Free Weather Index-based Agricultural Insurance” will financially and strategically empower MSMEs and farmers.

Against this backdrop however is a relatively dismal export performance. Up to September this year, we saw only three months of year-on-year growth, but at less than five percent each month, highlighting how we had been struggling to move exports. Horror stories and other depressing anecdotes shared by our members persist. Lately, these complaints had been on the sugar issue and the mismanagement of the empty containers that are seriously affecting the cash flow and delivery schedules of our exporters.

But these and other challenges are in fact the valid reasons to join this celebration, believing that we can be part of and can still find solutions. This is easier appreciated when seen from the employment, livelihood and the economic ripples that our efforts bring. We know and are witnesses to the positive, transformative, progressive changes that exports bring to many lives. Let us not waver, be distracted or discouraged. Our beloved deceased PHILEXPORT Trustees and esteemed members of the Export Development Council, Engr. Francis I. Ferrer, Dr. Emma V. Teodoro and Ambassador Donald G. Dee who died this year, would undoubtedly want

us to carry on and continue believing in and fighting for the export industry where they devoted at least three decades of their lives.

Other than this, we are really talking of our future at stake. And within this context, PHILEXPORT will continue to deliver our programs and services towards a more competitive, sustainable and resilient export industry.

On this note, may I end my message and extend PHILEXPORT's warmest greetings for the best of the Christmas season and the new year! Thank you and have a pleasant and enjoyable evening ahead!