

PHILEXPORT 2ND GENERAL MEMBERSHIP MEETING
April 29, 2008
SOFITEL HOTEL, PASAY CITY

OPENING REMARKS

**MARKET TRENDS AND STRATEGIES TOWARDS
ENHANCED GLOBAL COMPETITIVENESS**

MR. SERGIO ORTIZ-LUIS; MR. PATERNO DIZON; DR. JOSEF YAP;
MR. ALEJANDRO MELCHOR; OUR DEAREST PHILEXPORT
MEMBERS; LADIES AND GENTLEMEN

GOOD AFTERNOON!

The latest report coming from the National Statistics Office, shows that our exports grew by 10.7% in February, compared to the same period last year. This is indeed a welcome development given the increasing challenges that exporters are faced with nowadays. The rising costs of raw materials, labor, transportation, and the weakening of the US Dollar, has become indeed a challenge for the exports sector to stay competitive in the world market.

Given these market conditions, how do we survive? How can we be competitive?

Understanding the environment we are faced with, is the initial step. We all know that our country is not a low labor cost country. It has one of the highest costs of energy, and is still doing a catch-up in relation to the other countries in the region, as far as development and availability of infrastructure is concerned.

Having said all these, it appears to be a complex and difficult situation for Philippine exporters. But, is it a lost cause? I think NOT! We should continue to move forward. Understanding the various markets available for us is the first step. Identifying the market niche and brand positioning is the second step, and finally, expanding our markets, are the 3 steps that we exporters must look into, if we expect not only to survive, but also to continue expanding our export earnings.

In the last few years, we have seen the liberalization of the global economy and trade. Trade barriers are being dismantled. Markets have opened up for more players to be able to access. We see more and more developing countries like the Philippines, now capable of entering the markets where a decade ago, were all closed. The ASEAN is one such big market made up of over 560 million people. As one of its regional members, we have witnessed how various Asean economies have grown in the past 10 years. Thru the common preferential tariffs, goods are mostly traded duty-free. Barriers have been removed to allow free flow of goods and services across each of the 10-member countries in the region.

Traveling throughout the region, one will note that markets in Singapore, Malaysia, Thailand, Indonesia, and even our own, have become more sophisticated. A T-shirt can be bought for less than a dollar a piece to \$500 a piece. Our garment exporters have to find the entry level that it wants to enter. Do you want to compete with the sidewalk vendors whose suppliers are from China, where shirts are less than a dollar, or do you want to compete with the Italian labels, whose shirts are at US500 a piece? Better

yet, can you position your products to those of Asian labels retailing at \$20-50?

If you can successfully establish your presence in the middle markets, which is also the biggest segment of the market, many of our garment producers will still find their goldmines. Philippine labels such as Bench, Bayo, Folded & Hung, and many others, started to move towards this direction. Aside from the Asean market, there is the East Asian market, the wealthy economy of Japan, Korea, and the emerging and huge market of China. This is one of the fastest growing regions in the world. We are trying to integrate with the East Asian regions by way of an economic partnership agreement, an early harvest agreement, or simply a bilateral free trade agreement. The outstanding growth of these regions has given rise to higher purchasing power and growing consumer demand for a variety of products, which the Filipino talent and ingenuity can easily explore. Our export profile indicates that we have begun to diversify to new markets. In the past, Philippine exports were heavily tilted towards the North American and European market, with very little to the rest of the world. The new emerging markets of Asean and East Asia are beginning to open up. We must continue to explore these markets, and even the South American and African markets.

The constant changes happening in the world economy, require us to closely monitor the market trends. This should also be one of our top priorities. It is through constant monitoring of the market, where we will be able to identify present opportunities and trends, that will enable us to decide and strategize on how we will position ourselves against the other players.

In closing I just would like to say that while we are presently encountering difficulties in trying to survive in our export businesses, we should recognize that there are opportunities out there. The notable speakers we have invited today, will give us a more in-depth discussion on how we could all work towards global competitiveness. Let us take advantage of the valuable insights that will be discussed here today

Thank you.