



HIGHLIGHTS OF THE
3rd QUARTER GENERAL MEMBERSHIP MEETING
July 23, 2008 * Visayas Room * Sofitel Philippine Plaza

Theme: Beating the Odds, Building up on Strengths

1.Registration

Registration of members, guests and employees commenced at 1:30 p.m.

2.Invocation

Atty. Aniano G. Bagabaldo, Executive Vice-President and Chief Operating Officer served as Master of Ceremonies.

Ms. Amaya N. Bengzon, President of the Home Accents Group of the Philippines, Inc. (HAPI), led the prayer, thanking the Lord for this activity. She also expressed gratitude to God that despite all the hurdles encountered by the companies and industries in their day-to-day operations, God has helped us to remain steadfast. She asked for strength so that we may be able to guard against elements that will weaken our moral values. She likewise prayed for intercession in inspiring people to be more passionate with what they do so that they can continue to persevere and convert weaknesses to faith so opportunities can be seen. Finally, she lifted up to God this activity, government leaders, industry heads and most of all, exporters who are major contributors to addressing the poverty that grips majority of the people.

(Attached is the full text of Ms. Bengzon's Invocation)

3.Welcome Remarks

Trustee Dr. Emma Teodoro welcomed fellow trustees, members and guests to the 3rd PHILEXPORT General Membership Meeting this year.

Dr. Teodoro advised the exporters to closely monitor market trends so that they will be able to identify the challenges and opportunities that will help them decide and strategize on how they will position themselves against the other local and international players.

She also shared reports from the National Statistics Office which showed that the over-all export growth is indeed a welcome development even if electronics was down. Still, there is the glaring fact that the spiraling cost of oil, raw materials, transportation and food is threatening the viability of many local export companies that it should have been easier to just close down and perhaps, shift to other business activities.

She also shared her views on how to sustain if not improve this performance. The initial step is to understand the environment companies are faced with.

She likewise believed that the Philippine Export Development Plan will help us determine the strategy on how to move forward and become profitable. The strategies outlined in the PEDP provide a good representation of the industry's sentiments specifically on how it should attack competition, considering resource constraints in the home front.

PHILEXPORT believed that there are still good reasons to hope and work smart to translate the PEDP vision into positive bottomlines, she stressed.

To achieve robust growth despite projected slower global economic growth, Teodoro cited the need for exporters to penetrate new emerging markets of ASEAN and East Asia which are beginning to open up.

She ended looking forward to reaping the fruits of the next three-year PEDP journey with the participants for our country and fellow Filipinos.

(Attached is the full text of Teodoro's Welcome Remarks.)

4.Strengthening Competitor Analysis of Philippine Enterprises

Dr. Federico M. Macaranas, member of the National Competitiveness Council and Executive Director of the AIM Policy Center reported on the background and objectives of strengthening competitor analysis.

He stressed that there is a need to strengthen public-private partnership capability in competitor analysis, following the Philippine Export Development Plan 2008-2010. He added that in view of the ASEAN 2015, there is also a need to anticipate potential intra-ASEAN cooperation strategies proposed by various sectors and traditional trading partners such as the USA, Japan and EU. The training program has been organized to build up the capabilities of Business Development Managers in DTI – BETP and other key stakeholders in export development in undertaking competitor analysis, he reported further.

Dr. Macaranas likewise (to avoid repetition of words and pronouns) discussed the need for competitor intelligence. He cited the strategy of the Vietnam Coffee Industry and the UPS Survey of Asian SMEs in 2008. In five years, he noted that Vietnam doubled its capacity of producing quality coffee, adding that instead of just reducing costs, Vietnam added value to the coffee so that consumers will not hesitate to pay for the product.

Citing the result of United Parcel Service survey of Asian SMEs, Macaranas said competitor intelligence is imperative especially now that Philippine small and medium enterprises are seen by the region as the least competitive.

He also presented the statistics on the expectation on regional economic growth from 2005 to 2008; SME business prospects from 2005 to 2008; and SME business prospects. On SME business prospects from 2005-2008, figures show that the Philippines ranks third, which means there is still hope for the economic growth of the Philippines.

He likewise reported on the objectives, mechanics and summary of workshop inputs/ presentations of the competitor analysis workshop held in June 3, 4 and 19, 2008.

Macaranas proceeded with the brief discussion of the five forces analysis with focus on the retirement industry.

He also identified the different milestones that serve as the push factor for competitive intelligence. A need to determine the systematic tracking of competitors in select countries though Business Intelligence is important.

Likewise, he shared some ideas on the business intelligence practices in the Philippines as presented by Mr. Romeo Mascardo, President of the Society of Competitive Intelligence of the Philippines, Mr. Alwin Sta. Rosa, AVP- Comptrollership, Business Excellence Officer of the First Philippine Holdings Corporation and a Board Member of the Knowledge Management Association of the Philippines (KMAP), and Mr. A Francisco Mier, Assistant Director General, Office of the Security Policy of the National Security Council in one forum. From their papers, he underscored the value of key players being able to read the minds of the entrepreneurs.

The need to create a brand that will stand for value, challenging exporters to put to good use the researches by the Department of Science and Technology (DOST) for commercial purposes was also emphasized.

An output of this forum is a competitor intelligence report for the homestyle furniture, apparel, food, health & wellness – retirement sectors. Observations and findings of the workshop output were briefly discussed.

The Professor further made a presentation on the synthesis of policy reform papers on competitiveness. Highlights include the patenting of Filipino products; taking advantage of the ASEAN agreements and other bilateral agreements to collect business intelligence on key industries; industry integrations; and educational reforms and technological innovation.

He then challenged PHILEXPORT to invest in re-training industry champions , noting that competitive intelligence need not be expensive.

5.Challenges and Prospects: PEDP 2008-2010

Mr. Senen M. Perlada, Director of the Bureau of Export Trade Promotion and Executive Director of the Export Development Council.

Perlada discussed briefly the framework and planning process in conceptualizing the Philippine Export Development Plan (PEDP) for 2008-2010.

He reported on the PEDP 2005-2007 scorecards, citing the Philippine export performance vs targets; Philippine export growth rates vs targets; selected

ASEAN export performance for 2003-2006; comparative merchandise exports and services growth; overall balance in market shares; RP merchandise exports to the world; and policy measures put in place for better business environment.

Global outlook and export targets for 2008-2010 was also part of the presentation, adding the various strategies to be implemented, specifically the market strategies; product strategies; enterprise strategies; policy and legislative agenda to empower exporters; and policy and legislative strategies.

To support the targets, Perlada shared that the Export Development Council (EDC) will be asking for P1 billion per year increase in the Export Promotion Fund (EPF) or a whopping 257 percent from last year's P280 million, which is deemed crucial to achieving the exports revenue targets for the next three years.

6. Updates on the Energy Cost Issue

Mr. Winston F. Garcia, President and General Manager of the Government Service Insurance System (GSIS) presented the GSIS issues (as a shareholder) vs Lopez-controlled management. He noted that Manila Electric Company (Meralco) is insensitive to shareholders rights to profit sharing and it lacks good corporate governance.

Garcia revealed that electricity consumers of the Meralco pay the highest rates in the country due to the "immoral and onerous supply contracts between the power distributor and its sister companies".

Showing a comparative study on electric rates, Garcia said residents of Metro Manila pay an average of P10.20 per kilowatt-hour, while those in Cebu pay P6.92, in Davao P6.44 and in Pampanga, P7.45. Commercial users of Meralco pay P8.89, those in Cebu P6.92, in Davao P6.44 and in Pampanga, P7.03.

Garcia shared his views that by economies of scale and volume discount, energy supply from Meralco should be cheaper. He contradicted all of Meralco's excuses on why it charges the highest rates and instead attributed the cause of Meralco's high rates to:

- the burdensome and immoral provisions of the contracts entered into by Meralco;
- bloated bureaucracy which costs P5.1 billion a year for salaries of Meralco employees;
- costly and unnecessary outsourcing of services mostly through subsidiaries;
- non-contributory pension plan where cost is passed on to consumers;
- non-competitive procurement process;
- failure to curb system losses; and
- lack of transparency in its deals.
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He ended his report by challenging the exporters to join his advocacy against the high rates considering his presentation about the alleged anomalies at Meralco .

7. Open Forum

PHILEXPORT ITPS Trustee Dr. Teodoro, encouraged the exporters to join the series of Competitiveness Seminars to help address the various issues that keep them from exporting more. She likewise inquired from Garcia about the legal remedies that he has done on his allegations about the Lopez family. Garcia answered that he really wanted a new management for Meralco and made a public commitment that as soon as they win the majority at the board seats, he will reduce power rates in two months. If he fails to do it, he promised that all of them will resign. A multi-billion plunder suit has been filed against the officials of the Energy Regulatory Commission (ERC) on the issue, he added.

Ms. Cecil Ramos of Meycauayan Jewelry Industry Association, Inc. (MJIA) asked Garcia on how an ordinary citizen can help his advocacy on the power issue. Garcia suggested that exporters sign a resolution asking the government to review contracts which he said were kept secret even to large Meralco stockholders like the GSIS.

On the amendment of the EPIRA law as brought up by Ms. Annie Tan-Yee, Garcia replied that Meralco's stand is really for Open Access. But he stressed that the issue is not about the amendment of the EPIRA Law, rather, promoting transparency in Meralco deals and correcting the pass-on rates to the consumers.

Meanwhile, PHILEXPORT Chemical Sector Trustee Mr. Oscar Barrera asked Macaranas if AIM can work with PHILEXPORT in developing researchers for exporters by using the services of masteral students who are looking for thesis topics. Macaranas replied in the affirmative.

An inquiry was raised by Mr. Balderrama of Christmas Décor Producers & Exporters Association of the Philippines (CDPEAP) about the possibility of reviewing the PEDP to check if the concerns of exporters during the consultations were covered. Mr. Perlada replied that Mr. Ricardo Sales, Jr., CDPEAP president, was a participant in the series of consultations and he assured them that their voices were heard. Macaranas added that there is a "Kapihan", a year-long affair, which can help individual exporters to engage in competitor intelligence.

8. Awarding of Tokens

Dr. Sergio R. Ortiz-Luis Jr., President and Trustee for the Resource-based Sector, awarded the tokens of appreciation to the speakers.

9. Induction of New Members

Mr. Paterno H. Dizon, Chairman and Trustee, Associate Sector, introduced the new members of PHILEXPORT and led the induction rites.

10. President's Report

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Because of time constraints, Atty. Bagabaldo advised members to just log on the PHILEXPORT website to get the copy of the President's Report.

11. Closing Remarks

Mr. George Siy, Trustee, Garments Sector, expressed his optimism that the Philippines can increase its export performance via the Philippine Export Development Plan. He mentioned that the institutionalization of the private public sector partnership will help facilitate business transactions. He further pointed out that the challenge with the PEDP is translating words to further action so that the country can move on. If indeed the macroeconomics are in good shape as government claims, there is need to capitalize on and strengthen these advantages and remain vigilant to ensure that no selfish interests rob the country of the opportunity to be a great nation once again.

He ended by thanking the special guests for the very enlightening and useful information shared with the exporters. He also expressed gratitude to everyone for giving his precious time to attend the GMM, adding that through cooperation with PHILEXPORT members and partners, the Philippines can hopefully land in the top third of the most competitive nations until next year.

The meeting adjourned at 5:30 p.m.

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Noted by:

Ms. Leonor D. Abella
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