



# Philippines Weekly Report

**WEEK 22 OF 2002**

## Covering Events in the Philippines from 27 May to 02 June, 2002

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### HEADLINE NEWS

ANZCHAM recently hosted a highly successful exhibition evening in which some 52 Australia, New Zealand and Filipino companies had the opportunity to exhibit their products and services.

[See ANZCHAM Hosts a Highly Successful SME Night](#)

Two separate surveys have indicated improving business prospects in the Philippines, given the moderate expansion of the domestic economy and a slower decline in foreign trade in the first quarter of the year. Economic analysts believe that the Philippine economy will grow faster in the next three quarters of the year after posting a moderate 3.8 percent expansion in the first quarter. According to the National Statistical Coordination Board (NSCB), continued sturdy consumer spending and a slower decline in exports led to a 3.8 percent YoY growth in the country's gross domestic product (GDP) in the first three months of the year. The figure, however, is below the government's forecast of 4 percent to 4.5 percent economic growth for the whole year.

[See: Local and Foreign Traders Optimistic About Economy](#)

The manufacturing output of the country's top two export items – electronics and garments – continued to grow at double digits in March, an indication that the export sector would see recovery in the second quarter of the year. Electronics and garments comprise nearly 60 percent of the country's total exports. Unfortunately though the production index remained in negative territory overall.

[See: Electronics and Garments Output at Double-Digit Growth](#)

In what several Filipino lawmakers described as a gesture of impatience over the one-year long captivity of American hostages at the hands of Muslim extremists in Mindanao, the United States embassy in Manila has announced that it is offering US\$5 million as a bounty against five leaders of the Abu Sayyaf group that is holding Martin and Gracia Burnham.

[See: US Raises \\$5 Million Bounty vs. Abu Sayyaf](#)

Former President Joseph Estrada, who is under hospital arrest on charges of plunder, has claimed that he is immune from any civil or criminal prosecution since he is just “on leave” as the president.

[See: A President On Leave](#)

The chairman of the Committee on Appropriations at the lower chamber of Congress has disclosed that the Philippine government lost some P21 billion to graft and corruption stemming from scheming contracts entered into by senators and congressmen last year. This amount excludes additional money lost to corruption from projects executed by the national and local governments. The P21 billion procurement fund lost to corruption is about half of the budget of the Department of Public Works and Highways (DPWH) and almost twice the budget of the Department of Health (DOH).

[See: P21 Billion of Legislators Money Lost to Corruption Last Year](#)

The Department of Labor and Employment (DOLE) has reported that the number of strikes staged by labor unions climbed by 11 percent to 20 cases in the period covering January 1 to May 14 this year from 18 cases a year earlier. At the same time, the the number of participants in these strikes went up by 80 percent to 5,891 workers in the first 134 days of the year from only 3,260 workers a year earlier. The total number of workers affected by the strikes or work stoppage also rose to 63,953 from 53,022.

[See: Number of Strikes Rises to 20 in 5 months](#)

President Gloria Macapagal-Arroyo, living up to her fresh role as a global free trade proponent, said a free trade pact between China and the Association of Southeast Asian Nations (Asean) would raise collectively Asean's gross domestic product by as much as 0.9 percent. At the same time, President Arroyo has again won political points with the local export community by exhorting the developed economies to set an example to developing countries by abolishing their protectionist policies.

[See: Free Trade with China Would Add 0.9 Percent to ASEAN's GDP Growth](#)

ESPN won few friends over the weekend when halfway through the second half of the initial France vs Senegal match, it switched from the soccer to the Philippines national sport of basketball. Soccer fans throughout Manila were livid at what appeared the crassness of the move.

[See World Cup Fever Hits Manila](#)

Your editor recently was host to guests from the U.K. staying at his Makati apartment. Last Thursday evening a week ago, he received at home an agitated call from a certain “Marica” asking for the wife of his houseguest to return her call to the travel desk of a well-known hotel in Ermita. Several calls came and went with the demand that our guests return to the said hotel to settle a financial matter. Had they left without paying their bill?

[See: Only in the Philippines](#)

Plus: [News In Brief](#), [Investment News](#) as well as [Currency](#) and [Stock](#) information.

## MAIN STORIES

### ANZCHAM Hosts a Highly Successful SME Night

With an increasing number of small and medium enterprises locating to Manila and with limited budgets and opportunities to reach prospective customers, the Australia and New Zealand Chamber of Commerce in the Philippines recently hosted a highly successful exhibition evening for their SME members.

Organized by the HMR Group of Companies on behalf of ANZCHAM, the ballroom of the Intercontinental hotel in Makati provided an ideal venue for the 54 participants to display their products and services. Officially a further 280 visitors attended the function but likely there were a few more who dodged the official gatekeepers judging by the crowd.

The evening was designed with a dual purpose in mind. Not only did the Australian and New Zealand chamber members have the opportunity to tell other members first-hand about their business but the evening also provided the chance for a number of smaller Filipino companies to gain greater exposure to potential sales markets.

Food and drinks were served throughout the event although most exhibitors were too busy to avail themselves of any refreshment and by the time they did, the pickings were slim. Nevertheless, there were few if any who doubted the success of the event which – despite a few anxious moments during the set up phase - was a credit to all concerned and will likely become a regular function on the ANZCHAM calendar.

For details of ANZCHAM membership please e-mail the secretariat at [anzcham@anzcham.com](mailto:anzcham@anzcham.com).

### Local and Foreign Traders Optimistic About the Economy

Two separate surveys have indicated improving business prospects in the Philippines, given the moderate expansion of the domestic economy and a slowing of the decline in foreign trade in the first quarter of the year.

A survey conducted by the Central Bank of the Philippines showed that businesspersons are optimistic about a faster economic growth in the second quarter of the year, on expectations that the global demand will improve and that the political situation in the country will fully stabilize.

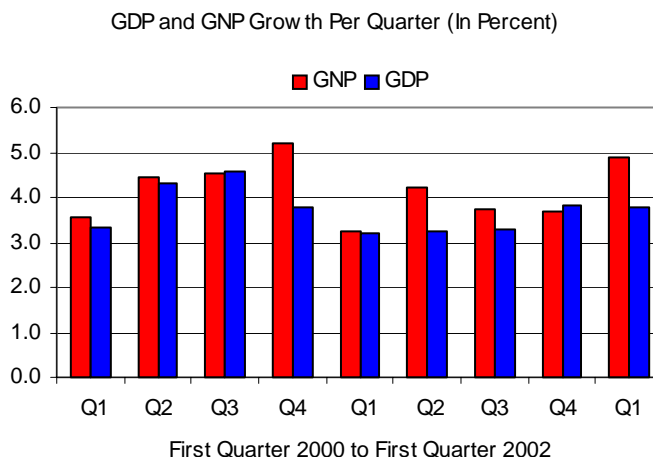
Meanwhile, the monthly survey of the Japan External Trade Organization (JETRO) indicated an improving confidence of Japanese firms in the Philippines' business climate as the index used as a measure of business sentiment in the country moved to positive in May, the first time since June 2001.

Economic analysts believe that the Philippine economy will grow faster in the next three quarters of the year, after posting a moderate 3.8 percent expansion in the first quarter. According to the National Statistical Coordination Board (NSCB), continued sturdy consumer spending and a slower decline in exports led to a 3.8 percent YoY growth in the country's gross domestic product (GDP) in the first three months of the year. The figure, however, is below the government's forecast of 4 percent to 4.5 percent economic growth for the whole year.

### World Cup Fever Hits Manila

ESPN won few friends over the weekend when halfway through the second half of the initial France vs Senegal match, it switched from the soccer to the Philippines national sport of basketball. Soccer fans throughout Manila were livid at what appeared the crassness of the move.

For the serious soccer aficionados, a number of hotels, bars and restaurants around Manila (and we assume elsewhere are offering live satellite feeds of coming matches. We don't normally circulate third party material with this newsletter but this week we are making an exception and attach details of all matches that can be viewed live – and presumably in full - at the Intercontinental Hotel in Makati.



The gross national product (GNP), or the sum of the GDP and earnings from other countries (net factor income from abroad), improved at a faster rate of 4.9 percent in the first three months. Measured in real growth terms, a 3.8 percent GDP expansion translates to only 1.6 percent increase in per capita income while the 4.9 percent GDP growth is tantamount to only 2.7 percent improvement in per capita GNP. The Philippine population has been growing at an annual rate of over 2 percent.

With these modest figures, the National Economic Development Authority (NEDA), the highest-level economic planning agency in the country, said "the economy is on track to meet the government's growth forecast in GDP of 4 to 4.5 percent, and in GNP growth of 4.5 to 5 percent in 2002."

The quarterly survey by the Central Bank, conducted in March and April and covering 236 respondents from Manila's top 3,000 business establishments, said Philippine companies cited the recovery in global demand and the generally stable political and macroeconomic environment as reasons for the upbeat sentiment in the current and incoming quarter.

The current economic pattern is also expected to be most favorable to three major economic sectors, namely: agriculture, construction, and trade.

However, local businesspeople are worried about increased competition and insufficient demand believing these to be factors that would limit production and business activities this year. Production in excess of market demand is the prime reason cited by companies who put off workers or delay any expansion plans.

Meanwhile, JETRO said its diffusion index for the Philippines, which measures current business sentiment of Japanese firms based in Southeast Asia, improved to 1.9 in May from -14.2 in April and from a low of -40.9 in December last year. Thailand's index was the highest at 10.4, followed by Indonesia's 2.6, the Philippines' 1.9, Singapore's 0.7 and Malaysia's -1.6.

### Electronics and Garments Output at Double-Digit Growth

Manufacturing output of the country's top two export items – electronics and garments – continued to grow at double digit rates in March, an indication that the export sector would likely see recovery in the second quarter of the year. Electronics and garments comprise nearly 60 percent of the country's total exports. However declines in other industries meant that overall the production index remained in the red.

In its latest monthly-integrated survey of selected industries, the National Statistics Office (NSO) reported that manufacturing of electrical machinery accelerated by 34.3 percent YoY while production of footwear and wearing apparel grew 48.8 percent in March. In February, production of electrical machinery and footwear and wearing apparel saw a 44.9 percent and an 81 percent growth respectively.

However, the production output of items such as petroleum products, paper, beverages, rubber, non-electrical machinery, wood products and basic metals saw a significant drop in March, dragging the overall production index to negative territory. After a 3.3 percent pickup in February, the country's manufacturing output, as measured by **volume of production** index (VoPI) fell 1.2 percent YoY in March. Meanwhile, the **value of production** index (VaPI), which posted a moderate 0.7 percent YoY growth in February, dropped by 2.9 percent YoY in March, led by a decline in output of petroleum products, paper and paper products, rubber products, miscellaneous manufactures, leather products, machinery excluding electrical and footwear and wearing apparel.

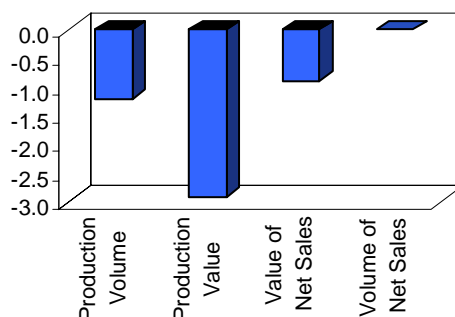
The **volume of net sales** had a flat YoY growth in March, compared with a 3.3 percent gain in February. Among the items that posted manufacturing growth in March were footwear and wearing apparel, leather products, fabricated metal products, furniture and fixtures, electrical machinery and transport equipment. On the other hand, net sales of non-electrical machinery, paper and paper products, beverage, petroleum products, publishing and printing, rubber products, basic metals and tobacco declined during the month.

The **value of net sales** fell 0.9 percent YoY in March, compared with a 1.4 percent growth in February. Among the items that saw YoY growth in net sales during the month are leather products, beverage, electrical machinery, textile, furniture and fixtures, wood and wood products, non-metallic mineral products and paper and paper products. Such growth was offset by heavy losses in the sales of non-electrical machinery, leather products, petroleum products, paper and paper products, miscellaneous manufactures, rubber products, beverage, footwear and wearing apparel and basic metals.

The **producers' price index** (PPI) fell 1.7 percent in March, led by significant decline in the prices of leather products, footwear and wearing apparel and miscellaneous food. Average capacity utilization rate improved mildly to 75.6 percent of all establishments in March from 75.4 percent in February. Among the industries that operated at an 80 percent capacity utilization rate or above during the month were those in the electrical machinery, rubber products, tobacco and paper and paper products sectors.

Volume and Value of Production, March 2002		
YoY Growth (In Percent) Based on 1994 Series		
	Volume	Value
Food Manufacturing	17.6	8.0
Footwear & Wearing Apparel	48.8	-12.2
Fabricated Metal Products	33.3	35.6
Transport Equipment	9.7	17.5
Electrical Machinery	34.3	21.0
Textile	9.2	10.8
Furniture & Fixtures	23	14.9
Leather Products	47.1	-20.9
Petroleum Products	-35	-40.5
Beverage	-24.6	-6.1
Paper & Paper Products	-31.4	-26.5
Basic Metals	-10.2	-6.5
Chemical Products	-3.1	3.9
Machinery Excluding Electrical	-21.4	-20.6
Publishing & Printing	-15.8	7.4
Rubber Products	-22.5	-23.2
Non-Metallic Mineral Products	-4.2	3.4
Tobacco	-4.2	1.7
Wood & Wood Products	-8.8	-6.0
Miscellaneous Manufactures	-7.3	-21.9

Production and Sales Growth in March (In Percent YoY)



## **US Raises \$5 Million Bounty vs. Abu Sayyaf**

In what several Filipino lawmakers described as a gesture of impatience over the one-year long captivity of two American hostages at the hands of Muslim extremists in Mindanao, the United States embassy in Manila has announced that it is offering US\$5 million as a bounty against five leaders of the Abu Sayyaf group that is holding Martin and Gracia Burnham.

The commander of the US First Special Forces Group, which is participating in the six-month joint military drills with Filipino soldiers said "it is tragic for us that the Burnhams are still held captive" and expressed hope "in due time, the prayers Burnham families and friends will be answered." Abu Sayyaf rebels snatched the Burnham couple along with 18 others from a beach resort in Palawan province on May 27 last year. All but one of the Filipino hostages have since been freed while another American hostage, Guillermo Sobero, has been beheaded.

While the US embassy quickly defended the bounty offer as aboveboard and procedural, Filipino congressmen said this could result in the arrest of non-Abu Sayyaf members by parties who might be tempted by the rich reward. The Philippine government had earlier offered its own bounty, although of a lesser amount, in an attempt to snare the elusive extremist group.

Despite the bounty and the presence of some 1,000 American troops in the island-province of Basilan, which is considered as an Abu Sayyaf lair, there has been little success in securing the release of the American couple who came to the Philippines as missionaries of the New Tribes Mission some fifteen years ago.

There were even reports that the family and friends of the Burnham couple, who are from Wichita, Kansas, attempted to negotiate ransom with the Abu Sayyaf, but to no avail. President Gloria Macapagal-Arroyo has since warned the family of the hostages against negotiating again with the rebel group.

In order to assure the family of the Burnham couple that it is doing its best to rescue the American hostages along with a Filipino nurse, the Philippine military said that it has been able to reduce the Abu Sayyaf force from a strength of 600 down to 60 since they began the rescue mission in June 2001.

The Philippine Southern Command reported that around 241 Abu Sayyaf members and 81 government soldiers have been killed as a result of the rescue mission in Basilan and Sulu provinces since June 1 last year. The military was also able to arrest 230 suspected Abu Sayyaf members and counted 188 others who surrendered.

Analysts find it hard to understand why the Burnham couple remains in captivity despite the presence of 1,000 American troops and nearly 5,000 Filipino soldiers in the 1,327 square-kilometer island of Basilan.

The military earlier claimed that some Abu Sayyaf members were hiding in the mountainous parts of the island while others have merged with the local population. The island has about 320,000 residents. The Philippine military has said that their primary objective is to secure the safety of the Burnham couple and the Filipino nurse.

## **A President on Leave**

Former President Joseph Estrada, who is under hospital arrest on charges of plunder, has claimed that he is immune from any civil or criminal prosecution since he is just "on leave" as the country's president.

Under the Philippine Constitution, the incumbent president is immune from any criminal liability during his tenure and only an impeachment proceeding can be leveled against him.

Estrada, 65, cited his immunity from any criminal suit in a letter to the High Court of Nantes in France where he was sued by two former Abu Sayyaf hostages for the sufferings they had endured in the Philippines from April to August, 2000.

The complainants, French nationals Stephane Loisy and Sonia Wendling, were among the 21 hostages taken by Muslim extremist Abu Sayyaf group from an island-beach resort in Sabah,

Malaysia in April, 2000. The hostages were then taken to the southern Philippines where they were released four months later upon payment of a multi-million-dollar ransom.

The hostages claimed that their lives were at constant risks at the hands of Abu Sayyaf as the Philippine military conducted pursuit operations.

In his letter, former President Estrada said he cannot be sued because he remains the country's duly elected president and that he had not resigned from the presidency in January, 2001 when a military-backed people's revolt forced him out of Malacañang Palace.

"Due to a criminal conspiracy between high-ranking military officers of the Armed Forces of the Philippines, politicians, big business and the clergy, I was compelled to inform Congress of my temporary disability to perform my function as president," Estrada's letter read in part.

Supporters of Estrada even sued top defense and military officials for the "crime of coup d'etat" for their withdrawal of support from the former president at the height of people's revolt in January 2001. Ironically, the Supreme Court has earlier affirmed the validity of the people's revolt that catapulted then Vice-President Arroyo to presidency.

### **P21 Billion of Legislators' Money Lost to Corruption Last Year**

The chairman of the Committee on Appropriations in the lower chamber of Congress has disclosed that the Philippine government lost some P21 billion to graft and corruption stemming from contracts entered into by senators and congressmen last year. This amount excludes money lost to corruption from projects executed by the national and local governments.

The Philippine Congress is composed of two chambers, namely: the Senate and the House of Representatives. Each chamber is composed of several committees that discuss each proposed bill on first reading. Before the law is enacted, it has to pass three readings both at the Senate and the House. A bi-cameral committee composed of senators and congressmen will then approve the bill for signing into law by the Philippine president. The House appropriations committee is responsible for approving the government budget.

Aside from legislating laws, the senators and congressmen have made it their responsibility to distribute development projects in their respective districts. Each one of the 24 senators receives some P200 million in development funds annually while each one of about 200 congressmen receives P100 million in annual appropriations.

In total, these development funds for legislators, collectively known as procurement budget or "pork barrel", amount to P104 billion annually. According to House appropriations committee chairman Rolando Andaya Jr., some P21 billion or nearly 20 percent of this amount is pocketed by legislators, other government officials, and contractors each year.

Corruption stems from collusion between the legislators and contractors of the project, inappropriate bidding of the project, lack of transparency in the implementation of the project, and delay in the implementation of the project.

For example, opposition Senator Panfilo Lacson claimed that around 60 percent of the budget for farm-to-market roads goes into the pocket of legislators and erring contractors.

The P21 billion procurement fund lost to corruption is about half of the budget of the Department of Public Works and Highways (DPWH) and almost twice the budget of the Department of Health (DOH).

### **Number of Strikes Rises to 20 in 5 months**

The Department of Labor and Employment (DOLE) has reported that the number of strikes staged by labor unions climbed by 11 percent to 20 cases in the period covering January 1 to May 14 this year from 18 cases a year earlier.

At the same time, data from the National Conciliation and Mediation Board show that the number of participants in these strikes went up by 80 percent to 5,891 workers in the first 134 days of the year from only 3,260 workers a year earlier. The total number of workers affected by the strikes or work stoppage also rose to 63,953 from 53,022.

In May alone, two major establishments affecting foreign residents and visitors were hit by labor disputes. These are the International School in Makati and the Hyatt Regency Hotel in Manila.

Aside from actual strikes, about 53,560 workers representing the labor unions of 292 commercial establishments have threatened to stage strikes because of unresolved labor disputes with company management.

The labor department expects the number of strike notices to go up this year, as many collective bargaining agreements (CBAs) are expected to expire in many firms nationwide. CBA is a contract signed by the management and the labor union covering a certain period during which no strike or work stoppage will be observed. In the renewal of CBA, labor unions generally clamor for higher wages and additional benefits irrespective of the state of the economy.

### **Free Trade with China Would Add 0.9 Percent to ASEAN's GDP Growth**

President Gloria Macapagal-Arroyo, living up to her fresh role as a global free trade proponent, said a free trade pact between China and the Association of Southeast Asian Nations (Asean) would raise collectively Asean's gross domestic product by as much as 0.9 percent.

Asean is a regional block of 10 member-economies, namely: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. At present, these countries are moving towards opening their markets to one another by honoring their commitments to the Asean Free Trade Area (AFTA).

In her proposal, President Arroyo wants China, Japan and South Korea to become members of AFTA. She said that a free trade regime between Asean and China alone would increase Asean exports to China by 48 percent.

At present, Japan has recently signed a free trade agreement with Singapore and is considering doing the same with the Philippines. Singapore is one of the world's freest markets, with a zero tariff on most Asean imports.

At the same time, President Arroyo has again won political points with the local export community by exhorting the developed economies to set an example to developing countries by abolishing their protectionist policies. The president said that while the United States, Europe and Australia were preaching free trade, they spend hundreds of billions of dollars to subsidize their farm production.

President Arroyo noted that rich countries have been protecting their local industries by imposing non-tariff barriers on Philippine exports such as fresh fruits, textiles, garments and agricultural and fisheries products. One of these non-tariff barriers is the so-called sanitary standards imposed on Philippine mango and banana exports. "Sad to say, sanitary requirements, and technical standards seem to be the weapon of choice of protectionists," she said. The president has vowed to bring up the issue in the next meeting of the World Trade Organization.

### **Only in the Philippines**

Your editor recently was host to guests from the U.K. staying at his Makati apartment. Last Thursday evening a week ago, he received at home an agitated call from a certain "Marica" asking for the wife of his houseguest to return her call to the travel desk of a well-known hotel in Ermita. Several calls came and went with the demand that our guests return to the said hotel to settle a financial matter. Had they left without paying their bill? Read on.

It appears that the couple lunched at the hotel before shopping in Robinson Plaza and used the opportunity to cash two £50 travelers' cheques. They were asked to put their names, local address and contact phone number on the back of each cheque which they duly did before receiving their cash.

At the time of the transaction young Marica and her companion at the desk were engrossed in discussing certain aspects of their boyfriend's anatomies and were largely oblivious to the people waiting on the other side of the counter (sound familiar?) which they dispatched as quickly as possible so they could continue their comparative evaluation. In doing so they quite forgot to ask our friend to countersign the front of the cheque.

The tone of the phone calls to the house were less than friendly. It seems our friends should have known to sign the front and not have had to be reminded so they must come back to Ermita to correct their error. "Codswallop" was the response to that one. "It was your mistake, you bring the cheques to us and we will sign them" was the not unreasonable reply. After a somewhat heated conversation in which our friends stood their ground it was agreed that, since we would all be out on the Saturday and a trip to Ermita was not on the agenda, they could bring the cheques to the house at 5pm that evening where justice would be done.

Your writer was woken at 6am the following morning by a phone call. ① "I cannot find your house" was the plaintive cry from the female voice at the other end of the line. Your writer pinched himself a few times trying to work out whether he had actually spent the previous evening watching HBO or had had a memory lapse and had actually descended into the drinking haunts of Makati and made some drunken promise which was now about to come back to haunt him. "Why are you looking for my house" was the only response he was able to muster.

"You have to sign your cheque."

The lights went on. "Sorry, wrong person." "Anyway why are you calling at this hour?"

"We want to do it now."

Now, to some, 5am and 5pm must appear close enough not to bother over trifles – after all both hours start with a five. But we thought otherwise. "Don't you know what time it is?" "Everyone is asleep." "Come back at 5 o'clock tonight as arranged."

With that exchange your writer went back to sleep.

Around an hour later, the phone went again. For a synopsis of the conversation go back to ① above. Except this time, there was considerably more *agro* involved.

At this point the phone was taken off the hook. The house awoke and we enjoyed the day.

At four o'clock we returned to the house to find Marica and her friend waiting in the lobby. Cheques were duly signed and they departed. An apology for the inconvenience from them? You have got to be joking. Incredibly we found ourselves apologizing to them – more out of courtesy than for any other reason.

Will we use their service again? Never! You can bet your swag on it.

## NEWS IN BRIEF

One congressman has called on the Arroyo government to **take over** the country's major power distributor Manila Electric Co. (Meralco), amidst the controversy surrounding the company's alleged overcharging from power consumers. The government owns a 30 percent stake in Meralco, which is controlled by the Lopez family that also runs the country's largest broadcast network and water utility.

An independent study submitted to Malacañang Palace claimed that Meralco had been **overcharging** its 3.4 million customers in Metro Manila and neighboring provinces by as much as 40.8 centavos per kilowatt-hour. Instead of reducing its power rates, Meralco filed for a rate increase of P1.12 per kilowatt-hour with the Energy Regulatory Commission (ERC) last March. Meralco denies that it is responsible for the present mess.

Food and beverage conglomerate San Miguel Corp. has reported that its **net income** rose 21 percent YoY to P2.5 billion in the first four months of the year, led by a 43 percent gain in April. Consolidated net sales revenue amounted to P11.3 billion in April alone, or 38 percent higher than its year-ago level. The company attributed its improving revenues to the positive performance of its domestic beer operations, the glass and metal segments of packaging and animal feeds business.

The Universal Robina Corp. (URC), a group of companies owned by billionaire John Gokongwei, has announced that it would **close down** its 25-year-old ice cream unit Presto-Tivoli in June, which has been losing money in the past five to six years. URC president Lance Gokongwei said

it could not afford to lose money in the continuing operations of Presto-Tivoli, which has to survive the tough competition with Magnolia and Selecta.

The Department of Finance said that the government's outstanding **local and foreign debt** reached P2.501 trillion in March, from P2.437 trillion in February and P2.178 trillion a year earlier. As of end March, domestic debt stood at P1.276 trillion (US\$25 billion approx) while foreign debt was placed at P1.224 trillion (US\$24.5 billion approx).

## INVESTMENT NEWS

Newly registered investments at the **Board of Investments** and the **Philippine Economic Zone Authority** jumped 132 percent YoY to P6.61 billion in April, following an 80 percent drop in the first quarter of the year. This brought the total investment figure to P15.14 billion in the first four months of the year, down by only 67 percent from its level a year earlier.

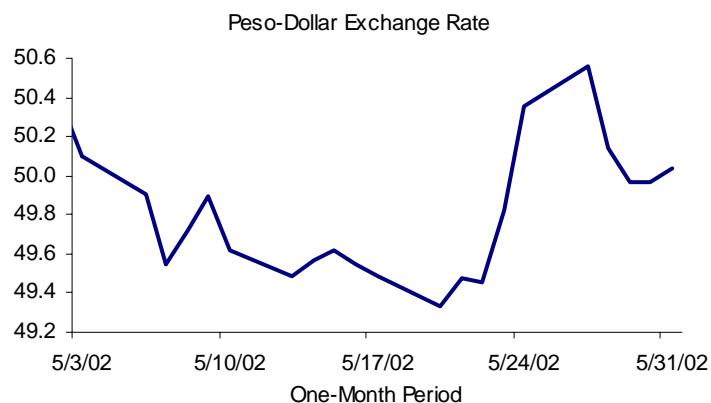
US car manufacturer **Daimler Chrysler** is reportedly considering the Philippines, along with Malaysia and Indonesia as its next manufacturing site, once it relocates its struggling factory site from China. Reports said Daimler Chryslers does not intend to renew its joint venture with the state-run Beijing Automotive Industry (Group) Corp., which expires next year due to diminishing sales, worsening shareholder disagreements, and financial trouble.

The Arroyo government wants Congress to amend the public utility law to accommodate the planned US\$170 million investments of **Kellog Brown and Root (KBR)** in a ship repair and maintenance facility at the Subic Bay Freeport Zone. The Dallas-based company reportedly intends to transform Subic Freeport into a world-class commercial ship maintenance facility.

The government-owned Philippine National Oil Co. is discussing with Malaysia's **Petroleum Nasional Bhd.** the possibility of resuming their plan to explore the Cotabato basin for oil and gas. A project was started in the area in the mid-1990s but was shelved due to concerns about the security in the area. The Cotabato basin has reportedly yielded significant oil prospects.

## CURRENCY MOVEMENTS

The Philippine peso traded at a wide range of 49.9 to 50.3 against the US dollar last week, as it tracked the movement of regional currencies. The peso ended last week's currency trading at 50.25 against the greenback on May 31, up slightly from previous week's (May 24) close of 50.35 against the dollar.

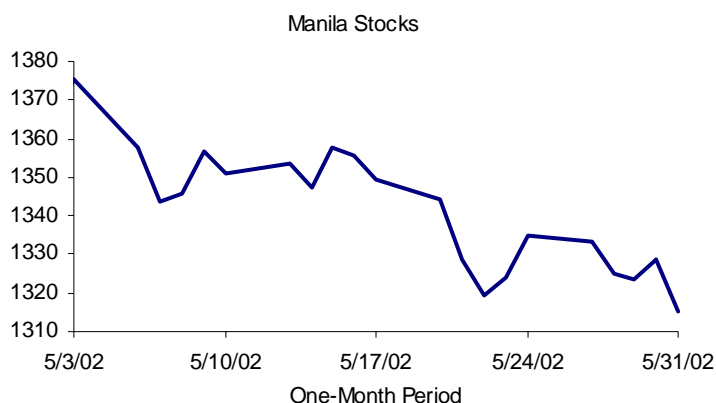


**LATEST: 50.987/US\$** (Ave. Apr 2002)  
**HIGH: P26.1588/US\$** (Ave. Feb 1996)  
**LOW: P53.224/US\$** (Ave. July 2001)

## STOCK MOVEMENTS

The Phisix, the main barometer of the 30-company Philippine Stock Exchange (PSE), lost another 20 points in last week's market trading, which saw a dearth of positive corporate news. Not even

the announcement of a 3.8 percent economic expansion in the first quarter of the year caused excitement on the trading floor. The Phisix ended last week's trading at 1315 points on May 31, down from previous week's (May 24) close of 1335 points.



**LATEST: 1403.62** (Ave. Mar 2002)  
**HIGH: 2,621.67** (Ave. Jul 1999)  
**LOW: 996.14** (Ave. Oct 2001)

## ONLINE RESOURCES

MCA Limited has prepared this background report as a general reference document. Subscribers may download this and previous documents (HTML, or PDF) from the Weekly Archive Section of the Virtual Philippines website. To access, click on the hyperlink below.

<http://www.virtual-asia.com/ph/weekly/downloads.htm>

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For our Philippine statistical reference library, a comprehensive resource of monthly as well as annual statistical series in chart and spreadsheet form, go to:

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Comparative regional statistics are available at:

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To read our online Business Survival Guide go to:

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**2002 FIFA WORLD CUP**  
**Live via satellite at the**  
**HOTEL INTER-CONTINENTAL MANILA**  
**May 31-June 30, 2002**

<i>WEEK 1 GAMES</i>		
<b>Date &amp; Day</b>	<b>Soccer Entertainment</b>	<b>Live Music in Le Boulevardier</b>
<b>MAY 31 FRIDAY</b>	6:00 PM – 7:30 PM Opening Ceremony 7:30 PM – 9:30 PM France vs. Senegal	Q & A BAND
June 1 Saturday	7:30 PM – 9:30 PM Germany vs. KSA	KISLEV
<b>June 2 Sunday</b>	5:30 PM – 7:30 PM England vs. Sweden	
June 3 Monday	7:30 PM – 9:30 PM Italy vs. Ecuador	ROUTE 70
June 4 Tuesday	2:30 PM – 4:30 PM China vs. Costa Rica or 7:30 PM – 9:30 PM Korea vs. Poland	ETCETERA
June 5 Wednesday	7:30 PM – 9:30 PM Germany vs. Ireland	MUSIC MAKING CO.
June 6 Thursday	7:30 PM – 9:30 PM France vs. Uruguay	Q & A BAND
June 7 Friday	7:30 PM – 9:30 PM England vs. Argentina	ROCKIN REVIVAL
June 8 Saturday	5:00 PM – 7:00 PM Italy vs. Croatia	KISLEV
<b>JUNE 9 SUNDAY</b>	7:30 PM – 9:30 PM Japan vs. Russia	

All times are approximations only, and may change.

For any inquiries, please phone 815 9711 Ext. 261 or 262. Ask for Cecille, Anne, Marty or Chad.

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**May 31-June 30, 2002**

<i>WEEK 2 GAMES</i>		
<b>Date &amp; Day</b>	<b>Soccer Entertainment</b>	<b>Live Music in Le Boulevardier</b>
June 10 Monday	7:30 PM – 9:30 PM Portugal vs. Poland	ROUTE 70
June 11 Tuesday	2:30 PM – 4:30 PM France vs. Denmark	ETCETERA
June 12 Wednesday	7:30 PM – 9:30 PM Spain vs. South Africa	MUSIC MAKING CO.
June 13 Thursday	2:30 PM – 4:30 PM Brazil vs. Costa Rica or 7:30 PM – 9:30 PM Italy vs. Mexico	<b>Q &amp; A BAND</b>
June 14 Friday	2:30 PM – 4:30 PM Belgium v Russia or 7:30 PM – 9:30 PM USA v Poland	ROCKIN REVIVAL
June 15 Saturday	2:30 PM – 4:30 PM Round of 16 7:30 PM – 9:30 PM Round of 16	KISLEV
<b>JUNE 16 SUNDAY</b>	2:30 PM – 4:30 PM Round of 16 7:30 PM – 9:30 PM Round of 16	ETCETERA

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**Live via satellite at the**  
**HOTEL INTER-CONTINENTAL MANILA**  
**May 31-June 30, 2002**

<i>WEEK 3 GAMES</i>		
<b>Date &amp; Day</b>	<b>Soccer Entertainment</b>	<b>Live Music in Le Boulevardier</b>
June 17 Monday	2:30 PM – 4:30 PM Round of 16 7:30 PM – 9:30 PM Round of 16	ROUTE 70
June 18 Tuesday	2:30 PM – 4:30 PM Round of 16 7:30 PM – 9:30 PM Round of 16	ETCETERA
June 19 Wednesday	NO GAMES	RED VELVET MUSIC MAKING CO.
June 20 Thursday	NO GAMES	SYNCH O Q & A BAND
June 21 Friday	2:30 PM – 4:30 PM Quarter Finals 7:30 PM – 9:30 PM Quarter Finals	ROCKIN REVIVAL
June 22 Saturday	2:30 PM – 4:30 PM Quarter Finals 7:30 PM – 9:30 PM Quarter Finals	KISLEV
<b>June 23 Sunday</b>	NO GAMES	
<i>WEEK 4 GAMES</i>		
<b>Date &amp; Day</b>	<b>Soccer Entertainment</b>	<b>Live Music in Le Boulevardier</b>
June 24 Monday	NO GAMES	ROUTE 70
June 25 Tuesday	7:30 PM – 9:30 PM Semi-Finals	ETCETERA
June 26 Wednesday	7:30 PM – 9:30 PM Semi-Finals	MUSIC MAKING CO.
June 27 Thursday	NO GAMES	RED VELVET Q & A BAND
June 28 Friday	NO GAMES	SYNCH O ROCKIN REVIVAL
June 29 Saturday	7:30 PM – 9:30 PM Third Place Finals	KISLEV
<b>June 30 Sunday</b>	6:30 PM – 9:30 PM Grand Finals	ROCKIN REVIVAL

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