



Philippines Weekly Report

WEEK 25 OF 2002

Covering Events in the Philippines from 17 to 23 June, 2002

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HEADLINE NEWS

In an effort to plug a huge budget loophole, the Arroyo government is ironing out a plan to offer uniform incentives to local and foreign investors wishing to register with the country's four investment promotion agencies. The move is aimed at harmonizing the fiscal perks provided by Philippine Economic Zone Authority (PEZA), Board of Investments (BOI), Subic Bay Metropolitan Authority (SBMA) and Clark Development Corp. (CDC), which compete with one another in attracting capital.

[Uniform Incentives for Investors](#)

An IMF team visited Manila last week for a review of the government's fiscal performance and noted that the share of tax collection of the Bureau of Internal Revenue to the country's gross national product (GNP) shrank to 12.7 percent last year from 16.3 percent in 1998. The country's tax collection ratio was considered as the lowest among Southeast Asian nations. The Philippine government incurred a budget deficit of P147 billion last year and is trying to limit the budget gap to P130 billion this year. However, the budget gap has already surged to P83 billion in the first four months of the year – 64% of the projected



Figure 1: The Royal Naval destroyer "Nottingham" paid a courtesy visit to Manila last week with a compliment of 250 officers and men here to show the flag and promote UK defence cooperation.

total in four months, largely because of the government's poor revenue collection.

[See: IMF Asks RP To Go After Tax Evaders](#)

The number of Filipinos without jobs climbed 13.9 percent of the labor force in April this year, up from only 10.3 percent in January and 13.3 percent a year earlier. In sheer numbers this equates to 4.866 million unemployed workers. The underemployment rate – which measures that segment of the labor force with less than 40 hours of workload weekly hit 19.6 percent of the employable population. This means that a further 5.922 million are “underemployed.” While analysts blamed the surge in the unemployment rate to the entry into the labor force of some 300,000 new college graduates, this is only part of the story. From 3.393 million unemployed in January this year, the number of Filipinos without jobs had risen to 4.866 million by April. This means that there were actually 1.473 million additional people who became unemployed in the span of three months. At the same time, the number of underemployed Filipinos who desired to work longer or find regular jobs increased to 5.922 million in April this year from only 4.724 million in January and 5.092 million a year earlier.

[See: Unemployment Rate at 13.9 Percent High](#)

The country's monthly imports reached a record high of US\$3.224 billion in April this year, up by almost 20 percent from US\$2.693 billion a year earlier, signaling a further expected pickup in production in the coming months as export-oriented manufacturers purchase most of their raw materials from other countries. April's import figure broke the previous monthly record of US\$2.973 billion registered in September 2000. The total foreign trade position of the Philippines has improved by 1.9 percent to US\$21.165 billion in the first four months of the year from US\$20.775 billion a year earlier while the trade surplus has fallen by 35 percent to US\$549 million from US\$845 million. In particular, aggregate merchandise exports grew slightly by 0.4 percent to US\$10.857 billion from US\$10.810 billion while inbound shipments of merchandise goods rose 3.4 percent to US\$10.308 billion from US\$9.965 billion.

[See: Imports Reach a Record High in April](#)

The “peace and order” problem again occupied the limelight last week as four criminal groups competed for the banner headlines. While Filipino soldiers were able to neutralize one notorious gang leader, the commander of another Muslim extremist group escaped from his detention cell - right at the headquarters of the national police in Metro Manila. Police data shows that the reported crime volume has surged by almost 20 percent YoY in the first five months of the year. In fact, many petty crimes go unreported. Alarmed by the worsening peace and order problem, President Arroyo has given incoming police chief Director-General Hermogenes Ebdane Jr. a year to put an end in kidnap-for-ransom operations in the country.

[See: Kidnapping Problem Far From Over](#)

Freedom of religion is one of the privileges that the country offers its citizens but many politicians use them to build a power base, gather votes and be elected to office. A former town mayor who heads one such religious cult in the central Philippines tried to prevent policemen from arresting him on charges of parricide, by having himself surrounded by hundreds of armed followers. After more than a month of negotiation, the arresting policemen lost their patience and attacked the suspect's mansion in Dinagat Island (Central Visayas), resulting in a bloodshed that left 16 members of the cult and a policeman dead on the night of June 18.

[See: 23 Die in Clash with Cult](#)

On June 16, the country's leading daily newspaper ran a story that labeled President Gloria Macapagal-Arroyo as “pandak”, an unpleasant local term that is synonymous to dwarf or very short. The president's husband was offended and demanded an apology from the paper. The apology was given, but not until the next day.

[See: A Case of Bad Humor?](#)

Our first restaurant review looks at the new Greenbelt complex in Makati. There appear to be some real gems but also a few duds too. It will be interesting to see what is around in six months time. For our first review we look at the Sugi, a place in which the bill for the beer came to more than the food.

[See: Not Quite Japanese](#)

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

MAIN STORIES

Uniform Incentives for Investors

In an effort to plug a huge budget loophole, the Arroyo government is ironing out a plan to offer uniform incentives to local and foreign investors wishing to register with the country's four investment promotion agencies.

The move is aimed at harmonizing the fiscal perks provided by Philippine Economic Zone Authority (PEZA), Board of Investments (BOI), Subic Bay Metropolitan Authority (SBMA) and Clark Development Corp. (CDC), which compete with one another in attracting capital.

With discussions already underway, the four agencies are battling the issue pertaining to the length of the income tax holiday that should be granted to foreign and local investors and whether extending it up to 12 years would do more good than harm to the Philippine economy.

Under the Omnibus Investment Code as contained in Executive Order No. 226, qualified pioneer investments are given a six-year income tax holiday while non-pioneer investments are given a four-year tax incentive. Additional three-year tax breaks are offered to expansion or modernization projects.

While the government plans to match the 12-year tax relief dangled by Malaysia and Singapore to potential foreign investors, the Department of Finance has warned that this could further erode government revenues. A recent study conducted by the Philippines Institute for Development Studies (PIDS) showed that fiscal incentives given by the BOI to foreign and local investors amounted to as much as P15 billion in 2000, or almost a quarter of the corporate income tax collection in that year.

However, data from the Asian Development Bank shows that the Philippines cornered only 11 percent of the total foreign capital that poured into Southeast Asia in 2000 while Singapore receive 46 percent and Malaysia 40 percent of the foreign direct investments during that year.

IMF Asks RP To Go After Tax Evaders

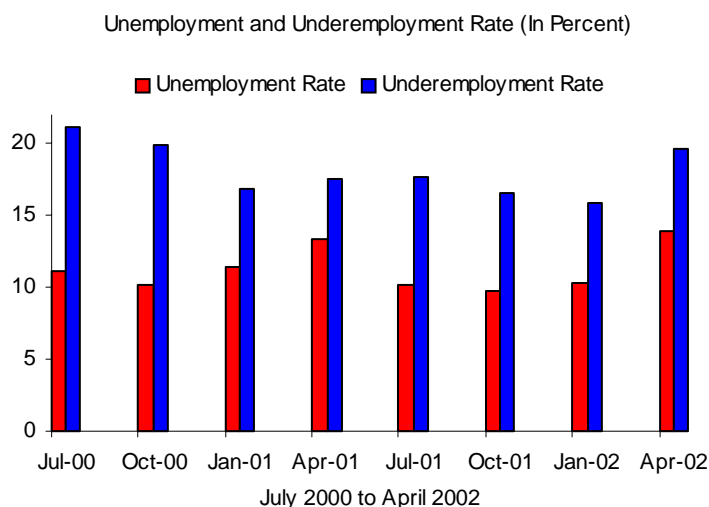
In its own prescription to the country's worsening budget deficit, the International Monetary Fund (IMF) has advised the Philippine government to go after big tax evaders.

An IMF team visited Manila last week for a review of the government's fiscal performance and noted that the share of tax collection of the Bureau of Internal Revenue to the country's gross national product (GNP) shrank to 12.7 percent last year from 16.3 percent in 1998. The country's tax collection ratio was considered as the lowest among Southeast Asian nations.

The Philippine government incurred a budget deficit of P147 billion last year and is trying to limit the budget gap to P130 billion this year. However, the budget gap has already surged to P83 billion in the first four months of the year – 64% of the projected total in four months, largely because of the government's poor revenue collection.

A study conducted by the Department of Finance (DoF) in 1998 showed that some P242 billion (US\$4.65 billion) in potential government revenues were lost to tax evaders in that year alone. In particular, the government lost P69.85 billion to leakage in the value-added tax; P59.33 billion in corporate income tax; P98.95 billion in personal income tax; P2.56 billion in excise tax; P6.4 billion in documentary stamp tax; P1.18 billion in interest withholding tax on bank deposits; P2.33 billion in fringe benefits tax; P1.5 billion in gross receipts tax; and P370 million in insurance tax.

Unemployment Rate at 13.9 Percent High



The number of Filipinos without jobs climbed 13.9 percent of the labor force in April this year, up from only 10.3 percent in January and 13.3 percent a year earlier. In sheer numbers this equates to 4.866 million unemployed workers. The underemployment rate – which measures that segment of the labor force with less than 40 hours of workload weekly hit 19.6 percent of the employable population. This means that a further 5.922 million are “underemployed.”

While analysts blamed the surge in the unemployment rate to the entry into the labor force of some 300,000 new college graduates, this is only part of the story. From 3.393 million unemployed in January this year, the number of Filipinos without jobs had risen to 4.866 million by April. This means that there were actually 1.473 million additional people who became unemployed in the span of three months. At the same time, the number of underemployed Filipinos who desired to work longer or find regular jobs increased to 5.922 million in April this year from only 4.724 million in January and 5.092 million a year earlier.

Another puzzling figure is the stated 4.3 percent YoY increase in the size of the labor force, despite an annual population growth rate of only 2.03 percent. According to the National Statistics Office (NSO), the domestic labor force swelled to 35.052 million in April this year from 33.098 million in January and 33.621 million a year earlier. This has so far gone unexplained.

The population of Filipinos aged 15 years old and above increased by 3.0 percent to 50.187 million in April this year from 48.742 million a year earlier. Over the same period the labor force participation rate mildly improved to 69.9 percent from 69 percent.

Total employed individuals also inched up to 30.186 million in April this year from 29.705 million in January and 29.160 million a year earlier. If the number of underemployed were excluded, the total number of Filipinos who have regular jobs would be down to 24.264 million. It is a sobering thought that measured against the entire population of 80 million, the number of Filipinos who have regular full-time jobs within the Philippines comprises only 30.3 percent of all Filipinos.

The NSO said that as of April this year, 11 million Filipinos were employed in the agriculture, forestry and fishery sector; 14.3 million in the services sector; and 4.82 million in the industrial sector.

In particular, 9.788 million were employed in agriculture, hunting and forestry; 1.237 million in fishing; 136,000 in mining and quarrying; 2.904 million in manufacturing; 114,000 in electricity, gas and water; and 1.67 million in construction.

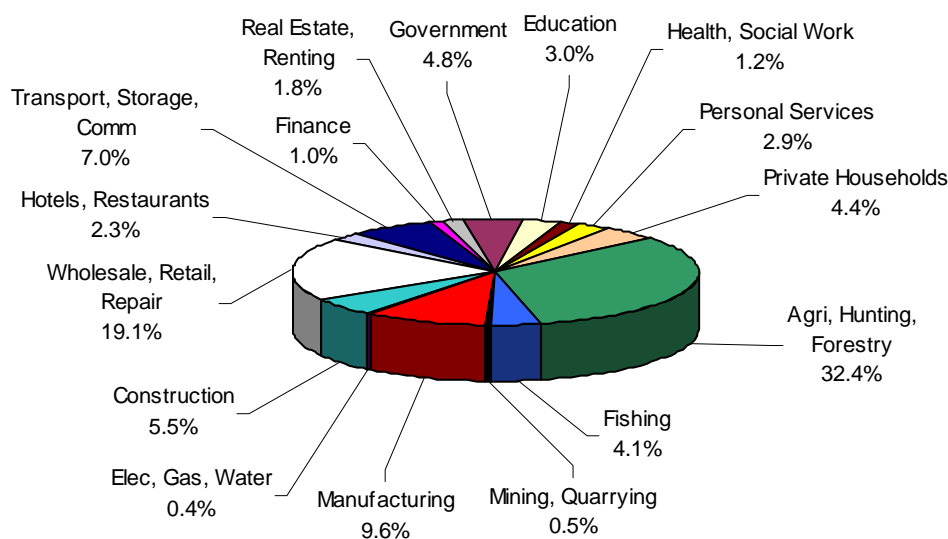
Some 1.445 million Filipinos were employed in government; 5.77 million in wholesale, retail and repair; 2.104 million in transportation, storage and communication; 680,000 in hotels and restaurants; 913,000 in education; 301,000 in banks and financial institutions, 355,000 in hospitals and social institutions; 552,000 in real estate, renting and business activities; 877,000 in personal services; and 1.339 million in household services

In terms of source of income, about 14.711 million Filipinos were salary-earners while 11.379 million others were self-employed. Another 4.096 million were considered unpaid family workers.

In terms of occupation, there were 9.227 million laborers and unskilled workers; 6.17 million farmers, forestry workers and fishermen; 3.175 million officials of government institutions and executives, managers and supervisors of private companies; 3.107 million trade workers; 2.677 service workers and shop and market sales workers; 2.147 million plant and machine operators; 1.367 million professionals; 1.335 million clerks; 850,000 technicians and associate professionals; and 130,000 others in special occupations.

About 3.927 million Filipinos, or roughly 13 percent of the employed population, were working in Metro Manila.

Distribution of Filipino Workers, April 2002 (In Millions)

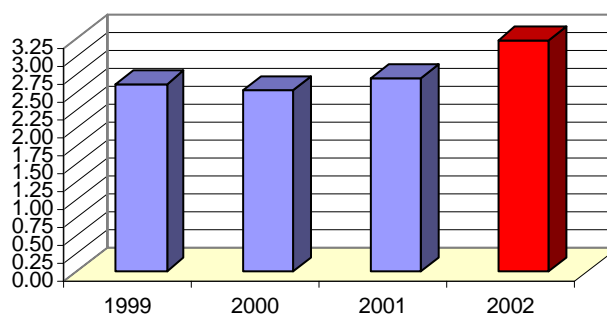


These reports come at a time when the number of Filipinos seeking overseas employment is also on the rise. Recent data from the Philippine Overseas Employment Administration (POEA) shows that the average number of OFWs leaving the country each day increased to 2,748 as of April this year from 2,551 last year. With growing numbers seeking employment opportunities abroad it could be expected that this would ameliorate the domestic employment situation but this does not appear to be the case.

The government estimates that there are around 7 to 8 million Filipinos who live and work abroad, including illegal contractual workers. In 2001 alone, 866,590 Filipinos left the country to find work abroad. Of this number, 661,639 are land-based workers while 204,951 are seafarers. Filipino mariners man about 20 percent of international vessels in the world. Remittances from overseas foreign workers amounted to some US\$ 6.2 billion in 2001. (See our report on OFW of April 29 – Week 17 – also online at <http://www.virtual-asia.com/ph/bizpak/reports/>).

Imports Reach a Record High in April

Philippine Imports in April of Each Year (In Billion US\$)



The country's monthly imports reached a record high of US\$3.224 billion in April this year, up by almost 20 percent from US\$2.693 billion a year earlier, signaling a further expected pickup in production in the coming months as export-oriented manufacturers purchase most of their raw materials from other countries. April's import figure broke the previous monthly record of US\$2.973 billion registered in September 2000.

According to the National Statistics Office (NSO), the import growth in April coupled by a 22.4 percent increase in exports led to total foreign trade turnover of US\$5.973 billion for the month – a level that was 21 percent higher than US\$4.938 billion registered a year earlier. However, the higher imports during the month resulted in a US\$475 billion trade deficit for the Philippines, the highest trade deficit that the country has incurred in many years. Exports – despite the growth - amounted to only US\$2.749 billion in April.

The total foreign trade position of the Philippines has improved by 1.9 percent to US\$21.165 billion in the first four months of the year from US\$20.775 billion a year earlier while the trade surplus has fallen by 35 percent to US\$549 million from US\$845 million. In particular, aggregate merchandise exports grew slightly by 0.4 percent to US\$10.857 billion from US\$10.810 billion while inbound shipments of merchandise goods rose 3.4 percent to US\$10.308 billion from US\$9.965 billion.

A 52 percent surge in purchases of electronic components led the import growth in April this year. According to the NSO, electronic imports, accounting for nearly 30 percent of all inbound shipments, rose to US\$957.57 million during the month from only US\$630.29 million a year earlier.

Import receipts of mineral fuels, lubricants and related materials, accounting for 10 percent of the amount, declined mildly by 0.1 percent to US\$324.66 million in April this year from US\$324.85 million a year earlier while demand for imported office and electronic data processing (EDP) machines surged 86 percent to US\$318.06 million from US\$170.95 million.

Payments for telecommunication equipment and electrical machinery went down by 0.8 percent to US\$263.34 million in April this year from US\$265.52 million while expenditures for industrial machinery and equipment fell 20 percent to US\$122.19 million from US\$152.68 million.

Materials imported on consignment basis for the manufacture of other electrical and electronic machinery and equipment amounted to US\$115.52 million; textile yarn, fabrics, made-up articles and related products, US\$113.78 million; iron and steel, US\$102.06 million; transport equipment, US\$90.09 million; and plastics in primary and non-primary forms, US\$56.25 million.

Imports from Japan, accounting for 20.6 percent of the total import bill, grew by 14.3 percent to US\$665.04 million in April this year from US\$581.73 million a year earlier while imports from the United States, accounting for 19.7 percent of the amount, surged 35 percent to US\$634.56 million from US\$469.41 million.

South Korea, the third largest source of imports, sold US\$327 million to the Philippines in April this year; Singapore, US\$205.46 million; Taiwan, US\$156.45 million; Hong Kong, US\$140.75 million; China, US\$100.81 million; Malaysia, US\$98.68 million; Saudi Arabia, US\$91.18 million; and Iran, US\$86.83 million.

Kidnapping Problem Far From Over

The "peace and order" problem again occupied the limelight last week as four criminal groups competed for the banner headlines. While Filipino soldiers were able to neutralize one notorious gang leader, the commander of another Muslim extremist group escaped from his detention cell - right at the headquarters of the national police in Metro Manila.

On June 21, Filipino soldiers, who had been trained by American commandos, claimed they killed Abu Sabaya, the spokesperson of the Muslim extremist Abu Sayyaf group, and the one who led the faction responsible for the death of two of the three American hostages abducted from an island beach resort in Palawan province in May 2001.

Sabaya, the outspoken Abu Sayyaf leader, was reportedly killed along with his two minions on the coast of Sibuco town in Zamboanga del Norte province, not far from where a group of American soldiers were stationed. American troops denied that they were involved in the clash but admitted that they helped in the surveillance procedures.

The death of Sabaya came two weeks after the Philippine military rescued Gracia Burnham from Sabaya's faction on June 7 also in Zamboanga del Norte province. Martin Burnham, Gracia's husband, died during the rescue mission along with Filipina nurse Ediborah Yap, who was abducted by the group to attend personally to the health of the American couple.

American troops, which had avoided being dragged into direct fighting, fired their first shots in actual battle on June 17 when suspected Abu Sayyaf members attacked a joint RP-US engineering task group conducting road rehabilitation and repair in Isabela City, Basilan province. Two US Marines fired back at the bandit group for five minutes. No one was injured in the incident though.

While Philippine President Gloria Macapagal-Arroyo and US President George W. Bush hailed the slaying of Sabaya, the Abu Sayyaf group is far from being neutralized. Sabaya's faction is only one of several Abu Sayyaf factions operating in southern and western Mindanao. Furthermore, the fact that the firefight occurred at sea and in pitch darkness at 4:30am in the morning and that the "body" fell into the sea and was not recovered has led to more than a degree of skepticism on the part of many.

On the night of June 17, another Abu Sayyaf faction snatched four Indonesian seafarers from a Singaporean tugboat that was carrying 7,500 metric tons of coal to Cebu City. The Muslim extremists fled to the island-province of Sulu, the stronghold of Muslim rebels. The new Abu Sayyaf victims were identified as Munku Yacobus Windwatan, boat captain; Pieter Lerrich, chief engineer; Zulkifli, first officer; and Ferdinan Joel, second officer. The crew and cargo was not touched in the operation and the vessel was quickly taken in tow.

Joel was able to escape from the group on June 19 and the Philippine military was still trying to recover the three others hostages as this was being written.

Meanwhile, the suspected leader of Muslim extremist "Pentagon" gang which was responsible for the abduction of three Chinese nationals and an Italian priest last year escaped from a maximum security detention cell of the national police headquarters in Camp Crame last June 19, giving rise to suspicion of conspiracy with several police officials. Two other suspected Pentagon members escaped with their leader. Policemen had arrested the suspect identified as Faizal Marohombsar in Quiapo, Manila on February 16.

In another incident, policemen arrested a leader of a new kidnap-for-ransom gang that was holding Korean national Jae Keon-yoon and his Filipino business partner in General Santos City on June 18. The suspect was identified as a member of Abu Sufia, another Muslim extremist group following in the steps of Abu Sayyaf and Pentagon gangs.

Policemen have yet to track the exact location of the Korean and Filipino kidnap victims but there were reports that the Abu Sufia was clamoring for amnesty from the government in exchange of the release of their victims.

In Metro Manila, a 70-year-old American photographer from Utah joined the list of foreign nationals who filed robbery charges against the Ativan gang, a criminal group known for befriending foreigners before dosing them to sleep.

The victim said he was waiting for a taxi along Pasong Tamo in Makati City when a well-dressed man wearing a Chinabank ID offered him a ride. Inside the taxi, the victim drank the orange juice offered by the suspect and fell unconscious a minute later. He woke up at a hospital.

Before this, the Ativan gang had victimized a number of foreign tourists in the Makati commercial district and Malate-Ermita area in Manila. The Makati police said the notorious criminal group had victimized some 50 foreigners in Makati City alone. One of their victims, a Korean diplomat, died. The alleged leader of the gang was arrested on June 21, much to the delight of the South Korean embassy.

Everybody thought that the poor peace and order situation of last year could not get any worse this year, but police data show that the reported crime volume has surged by almost 20 percent YoY in the first five months of the year. In fact, many petty crimes go unreported.

As this was being written, a 55-year-old Singaporean national who was married to a Filipino woman was missing in Valenzuela City (northern Metro Manila). In San Juan town (central Metro Manila), a Korean engineer was shot dead inside his condominium unit last June 17. The suspect in this case was identified as the victim's boss.

Alarmed by the worsening peace and order problem, President Arroyo has given incoming police chief Director-General Hermogenes Ebdane Jr. a year to put an end in kidnap-for-ransom operations in the country. In response, Ebdane said he would voluntarily resign should he fail to check kidnapping within the time frame.

But to show that it has not been remiss in the performance of its duties, the national police said it was able to neutralize over 70 percent of kidnap suspects in the country from July last year to May this year.

A government statement said the national police was able to neutralize 197 of 277 kidnapers during the period. Among the kidnap suspects neutralized were alleged members of Pajes group, Decena/Ramos group, Santillan group, Pentagon group, Medrano group, Pine group and Abu Sayyaf group. In the case of Abu Sayyaf alone, Filipino law enforcers were able to bring down the group's force to 398 as of April from 1,117 in July last year.

23 Die in Clash with Cult

A former town mayor who claims to be "Jesus Christ" and who heads a religious cult in the central Philippines tried to prevent policemen from arresting him on charges of parricide, by having himself surrounded by hundreds of armed followers. After more than a month of negotiation, the arresting policemen lost their patience and attacked the suspect's mansion in Dinagat Island (Central Visayas), resulting in a bloodshed that left 16 members of the cult and one policeman dead on the night of June 18.

Before this event took place, seven suspected members of the cult attacked the house of the main witness against the cult leader and killed five people in Mandaue City (Cebu). Responding policemen later killed one of the suspects. The house belonged to the cult leader's father-in-law who was supposed to testify against the cult leader for killing his wife.

The leader, identified as former San Jose mayor Ruben Ecleo and a son of Congresswoman Glenda Ecleo, surrendered after 16 of his armed followers were killed. Police claimed that Ecleo, 47, tested positive of the illegal substance metamphetamine hydrochloride or Shabu.

Ecleo was arrested on charges of killing his 27-year-old wife Alona Bacolod whose decomposing body was found inside a garbage bag in January this year. A supposed witness against Ecleo was his father-in-law who was killed by suspected members of the cult in this latest attack.

The cult, which follows a mix of Catholic and native religion, considers Ecleo as its supreme master and god. The Philippine Benevolent Missionaries Association (PBMA) boasts of a million followers in the central and southern Philippines and has branches in other countries. The cult members wear amulets which they believe will spare them from death. The cult's founder, Ecleo's father, used the group in the government's anti-communist drive in the 1980s.

The PBMA is only one of the many cults thriving in the Philippines because the government refuses to control them. Freedom of religion is one of the privileges that the country offers its

citizens but many politicians use them to build a power base, gather votes and be elected to office. The PBMA, for example, was instrumental for electing Ecleo to the position of municipal mayor, his mother to Congress, and other politicians to higher offices. The Ecleo family has at least one senator as an ally.

A Case of Bad Humor?

On June 16, the country's leading daily newspaper ran a story that labeled President Gloria Macapagal-Arroyo as "pandak", an unpleasant local term that is synonymous to dwarf or very short. The president's husband was offended and demanded an apology from the paper. The apology was given, but not until the next day.

The banner story carried the term "pandak" in reference to President Arroyo who is expected to seek another term in the 2004 presidential election. One possible presidential contender is movie actor Fernando Poe Jr., who has become popular for his leading role appearance in the movie series "Panday" or blacksmith.

Poe, a close friend of deposed President Joseph Estrada who himself is a former movie icon, has denied that he was seeking the presidency although several local surveys have shown that he could easily get the post.

The Philippine Daily Inquirer, however, deemed the story significant enough to become its banner story. Probably for the purpose of entertainment, the paper used the terms "panday" and "pandak" because obviously the two terms share five similar letters. Thinking that the terms are poetic and witty perhaps, the paper even decided to run the string "Pandak" vs. "Panday".

In the Philippines, humor always lightens the burden of social ills. Too bad, the president, who once promised to eliminate or ease the country's problems within a year, was the butt of the joke this time.

Not Quite Japanese

The new Greenbelt in Makati City is rapidly taking shape with a number of new restaurants already in business and conducting their "soft" openings. Here we offer our first restaurant review – the Sugi in Greenbelt 2.

It was round 9pm on a rainy Saturday night when we caught the bug for a Japanese meal and five of us descended on the new Sugi restaurant to try their fare. The place was full to overflowing so obviously there is a market for what they offer but while they are packing in the trial business – whether they can sustain repeat customers is open to question.

Since there was no empty space we were offered a table in a spare private room and which we accepted rather than wait 20 minutes for a table in the main area. Luckily one of our party was astute enough to question whether there would be a charge. We quickly negotiated our way out of that one since we were in the room at their invitation and not at our request.

Having seated ourselves comfortably we looked over the extensive menu and settled on the "Fukiyose Bento" – a double boxed meal that came with a choice of the Emperor Soup or the standard Miso. Both were excellent although the meal itself when it arrived looked somewhat tired. The boxed meal consisted of the standards: a small serve of tuna sushi, grilled fish and tempura plus an assortment of meat ball (singular) grilled steak and prawn. The single prawn looked tired indeed and had obviously been cooked several hours previously. We had to ask several times before we received any wasabi mustard and then it was delivered in such minute quantity that we had to ask no less than four times before there was enough to go around. Similarly with the tempura: the vinegar sauce was delivered minus the horseradish that makes all the difference to the flavor and had to be specially requested. So much for attention to detail.

There was no drink menu but the obliging waitress rattled off a selection of what was on offer. Standard juices and canned drinks, fruit shakes, sake and beer. We started with a bottle of Sake but decided quick enough that that had perhaps been a mistake. It tasted like hot cooking wine and was far from smooth so for the most part we switched to beer. One in our party ordered a pineapple juice but that was off. However we could have the (more expensive) pineapple shake so

that was what was settled on. But perhaps the biggest mistake was the beer. The beer that came was the Japanese Asahi beer and not the usual SMPP. Our antenna should have been up but by that time we were engrossed in the food, the conversation, and determination to have a good time.

Now there is obviously a reason that the Sugi does not have a drink menu and that is because they make a killing on the drinks. When it came time to get the bill, the drinks came to more than the food. Each boxed meal was P600 which was not overpriced but the quality was only average to say the least. However, each can of beer was a whopping P165.

The place closes shortly after 10pm and so were there a little over an hour (heaven help us had we waited for a table). The final bill came to almost P7,000 and more than half the total was accounted for by the drinks. Next time we get the urge for some sushi we will probably look for someplace else. There were no Japanese diners by the way. Maybe that says something.

NEWS IN BRIEF

The Central Bank reported that as of April this year, the country's **reserve money** amounted to P300.836 billion (around US\$5.97 billion), which was enough to maintain a balance in the country's economic activities.

Meanwhile the country's total **outstanding external debt** hit US\$53.4 billion in March this year from US\$52.4 billion in December last year. Of the total debt, about 58 percent was denominated in US dollar, 24 percent in Japanese yen and the rest in other foreign currencies.

Major power distributor **Manila Electric Company** (Meralco) has threatened to abrogate its 10-year supply contract with state-owned National Power Corp. (Napocor) amid the reeling controversy on electricity pricing in the country. Meralco has claimed that it could distribute cheaper electricity if it buys this electricity directly from independent power distributors.

In response, Napocor accused Meralco of trying to improve its public image at the expense of the government-owned utility. Napocor warned that the government would incur more losses once Meralco stops purchasing electricity from Napocor.

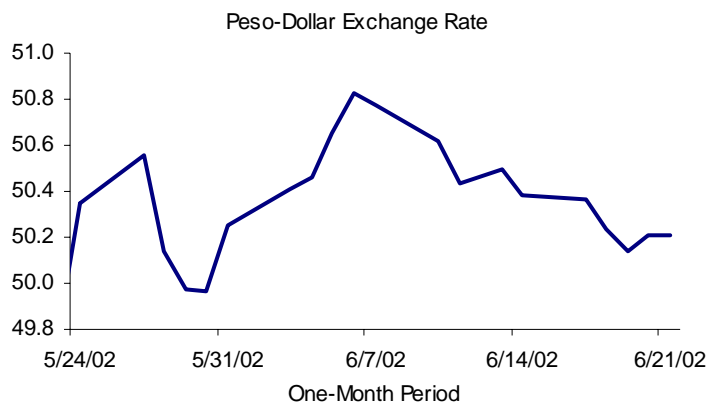
INVESTMENT NEWS

The Department of Trade and Industry (DTI) reported that some P1.7 billion (US\$34 million) was invested in the country's **information technology (IT) sector** in the first four months of the year alone. Such investments were expected to create 9,856 jobs. Investments in IT reportedly comprised 11 percent of the total investments during the four-month period. According to the DTI, it took P177,506 in investments to create a new job in the IT sector during the period.

Hubert d' Aboville, president of Paris Manila Technology Corp. (Pamatec) disclosed that several **French companies** are planning to invest in rural electrification, telecommunication and agriculture in southern Philippines. Aboville, also an adviser of the French embassy in Manila, cited for example the US\$200 million project between French telecommunication firm Alcatel and Digital Telecommunications Philippines (Digitel) in Mindanao.

CURRENCY MOVEMENTS

The Philippine peso continued to recover against the US dollar last week as it traded within a range of 50.1 to 50.4 against the greenback. The peso ended last week's currency trading at 50.32 against the dollar on June 21, up from the previous week's (June 14) close of 50.47 against the greenback.



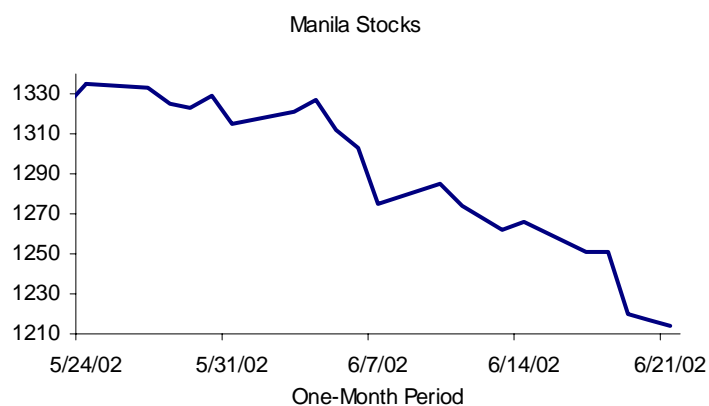
LATEST: 49.825/US\$ (Ave. May 2002)

HIGH: P26.159/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), reached a new five-month bottom last week as it lost 51 points on weak market trading. The Phisix dropped to 1214 points on June 21, down from previous week's (June 14) close of 1265 points.



LATEST: 1375.59 (Ave. May 2002)

HIGH: 2,621.67 (Ave. Jul 1999)

LOW: 979.34 (Ave. Oct 2001)

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