

PHILIPPINES

Ripe for growth



An ocean of opportunities

According to the National Economic and Development Authority, the Philippine economy will hit its targets for 2023, given the continued growth of the gross domestic product and inflow of foreign direct investment.

Meanwhile, the Philippine Economic Zone Authority is also confident it will reach its year-end target of \$2.72 billion in new investments following the signing of a free trade agreement with South Korea earlier this year. The Department of Trade and Industry is forecasting that the country will record the second-highest FDI in the ASEAN region by 2028.

The economic rebound following the devastating effects brought about by the COVID pandemic is attributed to the strong performance of the aviation, business processing outsourcing, digital innovation, and professional services sectors, as well as the leadership of local government units, special economic zones, and state-owned enterprises.

Germany's **Lufthansa Technik Philippines**, an aircraft maintenance, repair, and overhaul joint venture established with Philippine-owned MacroAsia Corp. in 2000, has reported positive results this year following a predictable downturn in 2020.

LTP President and CEO Elmar Lutter is bullish on the Philippines and, following its recent \$40 million expansion, is confident the country provides his company more advantages amid tight competition with China.

"China has been the workshop of the world for the past decades. Similarly, many airlines bring their aircraft to China for heavy maintenance. However, a realignment is underway. Supply chain managers look for alternatives from single sources," Lutter said.

"We believe that the Philippines is quite well positioned strategically, especially in the aviation sector where the smallest details matter and flexibility could spell the difference between on-time or delayed redelivery. Our business partners work with Filipino mechanics who are fluent in English, master the manual and intellectual skills required on the aircraft like no one else, and culturally have a natural inclination towards customer service," Lutter added.

Amid the optimism, it looks like people are voting with their feet, so to speak. According to the Bureau of Immigration, the country welcomed more than 1.55 million tourists and long-term visitors from the United States, South Korea, Australia, Canada, and Japan last year.

Identifying a need to assist visitors with visa extension and immigration requirements, Filipino entrepreneur **JR Coca** opened **JRC Visa Consultancy** and Immigration Services in Cebu City, the main economic center in the central Philippines.

"We are one of the silver linings of the COVID-19 pandemic. Because of the restrictions, we were able to navigate the applications of our clients, who were locked down in a particular place. We processed the applications here in

CONTINUED ON NEXT PAGE

Integrity, excellence, and success are the cornerstones of Lufthansa Technik Philippines, where we ensure safety and reliability for our customers.

Lufthansa Technik Philippines' extensive portfolio of MRO operations strengthens your supply chain and maximizes support, allowing you to reach new heights with ease.

Excellence in Motion **Lufthansa Technik Philippines**

Cebu and Manila. We grew from an initial two branches to seven branches. The majority of our clients, between 70% and 80%, come from the U.S.," Coca said.

At the height of the pandemic in 2020, the Internet economy in the Philippines was estimated to be worth \$7.5 billion. It is expected to grow by 30 percent annually to reach \$28 billion by 2025.

A long-time contributor of foreign direct investment to the economy, the Business Processing Outsourcing industry created 1.3 million jobs and accounted for 9% of the Philippines' GDP in 2022. Some BPOs in the country have transitioned to higher-value services with the emergence of Knowledge Processing Outsourcing.

"The companies who do business with Flat Planet are looking for back office, non-voice, high-value tasks, but also require their workforce to have a sense of personal dignity in the workplace," said **Flat Planet Philippines CEO and Managing Director Chris Moriarty**.

"It's not the classic Filipino BPO job wherein we hire a low-cost fresh graduate straight out of college to perform simple repetitive tasks. We hire highly skilled Filipinos who would go abroad because the jobs that they need don't exist in the Philippines but would prefer to stay home. Flat Planet tries to create a pathway that allows people to live in the Philippines with their families, stay in their community, and still have access to a high-value job," Moriarty added.

Another example of the global competitiveness of the Filipino workforce is **Manila HealthTek Inc.**, a biotech research and development laboratory founded by **Dr. Raul**

Destura, who returned to the Philippines after several years of studies and research work in the United States.

"During the height of the pandemic, Manila HealthTek was the first home-grown Filipino company to develop a diagnostic test kit for COVID-19 detection. To have completed a fully functional test kit in record time was a proud moment in Manila HealthTek's history, seeing that a small company like ours has a role to play in nation-building and in helping the country bounce back," said Destura, the company's CEO.

Apart from the COVID test kits, Manila HealthTek also developed tests for infections prevalent in the country, like those caused by *Leptospira*, *Salmonella*, and *Schistosoma*.

Destura, who is also the deputy director of the Philippine Genome Center at the University of the Philippines, said Manila HealthTek's mission is to improve the quality of life of lower and middle-income Filipinos by making test kits affordable.

Beyond the nation's capital, some local government leaders are adopting ideas that are aimed to boost economic growth and reduce poverty. More than 200 km north of Manila, the province of Pangasinan hopes to become Northern Luzon's largest consumer market and a model for sustainable urban development.

To achieve that objective, **Pangasinan Gov. Ramon V. Guico III** plans to roll out a bus scheme that will be a viable, profitable and sustainable mass transportation system.

"We want to implement a 'hop on-hop off' bus transport system with one terminal in Manila. Just like when riding

SPONSORED SECTION

A FUTURE PATHWAY FOR HIGH-VALUE TALENT

Under assault first from robotics and now from artificial intelligence, the call center-focused business process outsourcing model in the Philippines is moving towards high-value roles.

Flat Planet®, established 2010, has seen a big shift from entry-level task-driven roles being outsourced towards professional roles, which often require specialized skills and deep experience.

"Businesses are looking to use AI to augment professional highly-skilled workforces to lift productivity. AI augmentation means companies can outsource highly-skilled jobs, such as financial and data analysts, engineers, quantity surveyors and software developers; and get a triple benefit of talent, cost savings, and a productivity multiplier," **CEO Chris Moriarty**.

While the number of workers with high skill levels is lower than the number of potential call center workers, the value the BPO industry can bring to the Philippine economy is significant.

"Fewer than 1.5 million call center jobs created a BPO-led boom in the Philippines. Imagine what just half a million high-value jobs can do. Jobs that are higher paid and can build the premium brand the Philippines deserves" said Moriarty.

Flat Planet® gives high-value talent access to offshore work opportunities and allows offshore businesses to access high-value talent while retaining them as part of their families and local communities. ■

<https://flatplanet.com>



a train in Europe, one uses an app (to book), except that you're going to use an electric bus. There will be organized intermodal transport terminals, wherein you can hop on in one station and ride one line, then hop off and catch another line to reach your destination," Guico explained.

"We're going to organize this and key players in the transport industry would like to be part of it. This transportation model can be followed by other provinces," the governor added.

With financial assistance from the World Bank, the province will open a milkfish (bangus) breeding and hatchery facility, which will produce more than 100 million bangus fry and more than 48 million larvae every year. The big-ticket project is expected to benefit around 39,399 fisherfolk and 63 nursery operators in the province, which accounts for around 28% of bangus production in the country.

To boost tourism, the governor also launched several projects, including building a reflecting pool and interactive fountain in the capitol compound. In September, he also inaugurated Banaan, the province's first museum, which is located at the historic Casa Real, the old provincial seat.

With nine campuses across the province, Pangasinan State University has cemented the province's reputation as the leading education center in northern Luzon. The public university, established in 1974, offers basic and secondary education, college and post-graduate degrees, and open university programs.

Meanwhile, the **National Development Company** is tasked to spur industrial development and drive economic



Filipinos have earned a solid reputation around the world for their skills and expertise.

growth through investments by investing in various commercial and industrial ventures.

Recently, NDC partnered with the Department of Trade and Industry to provide equity financing options and support to qualified startup businesses through the Startup Venture Fund, which aims to boost the thriving local startup ecosystem.

"The NDC historically has engaged big business and the agricultural industry. Now, however, we are trying to look at the tech base, innovation, and more startup businesses that are forward-thinking. That's very much the type of joint venture for our future investments," said **NDC General Manager Anton Mauricio**. ■

NDC: INVESTING IN THE FUTURE

One of the country's oldest companies, the **National Development Company** has invested in 117 companies over the last 104 years as part of its mandate to support business ventures that will benefit the economy.

Ranked 6th in Southeast Asia in the Global Startup Ecosystem Report 2023, the Philippines' startup ecosystem has built a name as an innovation and tech hub in the region. To support the sector, NDC launched the Startup Venture Fund (SVF) in 2021.

According to **NDC General Manager Anton Mauricio**, the SVF is a groundbreaking initiative that aims to fuel the growth of high-potential startups through funding in collaboration with other accredited investors.

In October 2023, **SolX Technologies, Inc. (SolX)** became the first startup to secure funding from the SVF. It secured 11 million pesos (around US\$193,500) in funding from the SVF and also received the same amount from Japanese venture capital firm Real Tech Holdings.

"We are glad to partner with NDC and Real Tech in multiplying solutions for the Philippine energy industry and applaud this concrete commitment to support the domestic startup ecosystem in the country," said **SolX CEO Sergius Santos**.

"We're very bullish on the size of the investments that we do in startups," said Mauricio as he emphasized that the future of the Philippine startup ecosystem is bright because of efforts of NDC, its partners, and passionate Filipino entrepreneurs seeking innovative solutions to both local and global challenges. ■

<https://www.ndc.gov.ph>

Lufthansa Technik bets on Philippines to become Asia's top service hub

German aviation provider Lufthansa Technik believes the Philippines is well-positioned to become one of Asia's leading centers for aircraft maintenance, repair and overhaul (MRO).

Since 2000, the Hamburg-based company put in \$200 million in a joint venture with MacroAsia Corp. called **Lufthansa Technik Philippines**.

LTP spent another \$40 million to expand its hangar to 9,000 square meters, which was unveiled in 2022. It operates a second facility in Cebu in the central Philippines and is now evaluating whether to launch another MRO site in Clark Freeport Zone, north of Manila.

LTP services, among others, flag carriers Philippines Airlines, British Airways, Qantas, Asiana, Korean Airlines, and Lufthansa, as well as regional low-cost airlines Jetstar of Japan, Vietjet of Vietnam, Indigo of India, and AirAsiaX.

"We have a central role in our expansion in Asia and Lufthansa Technik CEO Soeren Stark also thinks that the Philippine operations are vital to Lufthansa Technik AG's success. We have a good foundation and a good base to operate from," Lutter said.

<https://www.lht-philippines.com>

"I think airlines will give us even more consideration in the future so as to develop alternatives to MRO options in China because of the known challenges there," said **Lufthansa Technik Philippines President and CEO Elmar Lutter**.

"The Philippines has a long aviation history. We have great pilots, technicians and excellent aviation colleges. Also, most of the international aviation maintenance workforce comes from the Philippines and this gives us quite a talent pipeline," Lutter added.

 **Lufthansa Technik Philippines**



SPONSORED SECTION

Province of Pangasinan

Breaking new ground for economic development

"My challenge was how do I make our town progressive? What I did was I anchored the equally important purpose of a local government unit to its corporate function." That was the biggest challenge expressed by **Ramon V. Guico III** when he took over as governor of Pangasinan last year.

"We have set clear directions for investors and instituted policies that would be beneficial to them. So, we established the Provincial Economic Development Office and the Pangasinan Investment Authority, which will be the investment arm of the province," said Guico, who has also served as a member of the House of Representatives and as mayor of his hometown, Binalonan.

At every stage of his career, Guico brings with him a deeply rooted sense of idealism that embraces new ways of performing his job, while eliminating deeply entrenched bureaucratic processes.

"When I was mayor of Binalonan in 2010, the town's budget was 92 million pesos (around \$1.6 million). The budget for 2023 is 450 million pesos (around \$7.9 million). This was achieved in just 13 years. That's my model and it's what I'm following now as governor of Pangasinan," he said.

"That's why I established the first economic zone in the province. We got Sumitomo Corporation pre-pandemic, which was at the time the largest Sumitomo manufacturing plant in the country. The plant assembles

wiring harnesses for Japanese electric vehicles. Phase one of the plant operates with 3,000 employees. There are still phase two and phase three expansions to come, which will eventually create 10,000 jobs in Pangasinan," he added.

Deriving its name from its main product, the province hopes to revitalize traditional salt-making. In May, it asked the Department of Environment and Natural Resources to operate a 473-hectare salt farm in the town of Bolinao, which will hopefully produce 25,000 metric tons of salt every year.

That salt farm is the largest of its kind in the Philippines, according to the governor, a licensed pilot and the founder of a small airline company and flying school. He also announced plans to build an airport in Bolinao.

Capitalizing on the province's abundant mineral resources, Guico launched automated digital apps to modernize and boost the collection of revenues from mining and quarrying operators.

"Previously, our projected income from river quarrying was only 12 million pesos a year (around \$211,000). That's small for a province as large as Pangasinan. We implemented the new quarry ordinance that included the utilization of automated apps and were able to collect 102 million pesos (\$1.8 million) since then. Now, we're projecting between 200 to 300 million pesos (\$3.5 and \$5.3 million) in annual collections," he said.



Pangasinan Governor Ramon V. Guico III

To strengthen Pangasinan's connectivity with Manila and the rest of Luzon, the governor announced the construction of the Pangasinan Link Expressway or PLEX in October 2023.

"The East-West Expressway is a joint venture with San Miguel Corporation. Phase One, which we call the Pangasinan Link Expressway, will be a 42.76-km expressway that will link Binalonan to the provincial capital of Lingayen and will cut travel time from an hour and a half to between 25 and 30 minutes," Guico said.

To protect Pangasinan's vital agricultural land and spare the province from mismanaged urban planning, Guico plans to build affordable high-rise housing.

This expansive vision of development comes with an open invitation.

"Our basic message is whether you move here, raise a family, or place your investment here, Pangasinan is a place of great opportunities. We have a government that provides unique support to investors. We do our best to run things like a corporation," Guico said. ■

<https://www.pangasinan.gov.ph>
<https://seepangasinan.com>



Pangasinan wants to scale up its salt-making industry and aims to produce 25,000 metric tons of salt every year.



Opened in September, the Banaan museum will showcase the province's rich history and cultural heritage.