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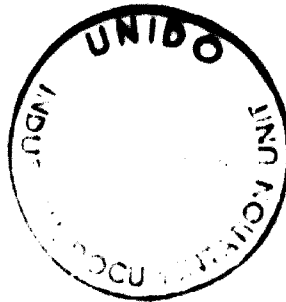
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REPORT ON EXPLORATORY MISSION TO
THE PHILIPPINES

by

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Interregional Adviser

(23 January - 9 February 1973)

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This report will be prepared by observing the manner of listing separately the institutions and organizations with which I discussed the subjects of the mission. Summaries and reports on the situation in the Philippines as well as on subjects of immediate interest will be reported subject by subject and a summary by country will be three memoranda to UNIDO Headquarters.

After careful preparation in Vienna of this mission to the Philippines and briefing it was carried out in Manila with an initial briefing session at UNDP Manila.

UNDP Manila

On 23 January 1973 I had an extended exchange of views with Mr. W.R. Jones, SIDPA, UNDP Manila. With Mr. Jones, who is also responsible for Korea, I reviewed the results of my mission to that country. He briefed me on the present situation and aspects for the near future in the Philippines. We discussed my mission programme and Mr. Jones arranged the next and probably most important contact with the Board of Investments.

Furthermore, we reviewed a project from the Philippines concerning the establishment of a coffee processing plant. The project questionnaire was submitted by UNDP Manila on 20 December 1972 to UNDP Section, Vienna. I shall give some comments to this project in separate interoffice memo.

During the entire period of my mission I kept in close contact with Mr. Jones and other UNDP officers and advised him about the contacts and their results. Mr. Jones guided and advised me as to the aspects of interest and particular points that should be kept in mind.

On 9 February 1973 Mr. William Harding, Resident Representative received me. Mr. Jones was also present. Extended discussion on the findings of my mission.

I advised Mr. Harding of the news just obtained from UNIDO Headquarters that UNIDO will organize a Third Asia Investment Promotion meeting probably in October 1973, to be held in Kuala Lumpur.

Board of Investments

Jointly with Mr. Jones I visited on 24 January 1973 the Board of Investments for a first contact and discussion of the procedure during the mission. We were received by Mr. Roberto S. Concepcion, Jr., Board Secretary, Office of the President. Others present were Mr. Julio D. Francis, Jr., President, Philippine Chamber of Industry and Commerce, Mr. Luis G. Magbanua, Consul General, Executive Officer, Office of the Economic Affairs, Department of Foreign Affairs and Mr. Pablo Mercado III, Institute of Export Development, BCL.

The Terms of Reference of the mission were reviewed. I turned to the gentlemen a list of contacts to be arranged by BOI during my mission here. The list was cleared by Mr. Jones. It certainly leaves flexibility for any additional recommendations and suggestions by UNIDO, BOI and other organizations.

On 25 January I was briefed by Mr. Mercado on the role of export industries in Philippines. The Government places the main importance of its promotional activities on the sectors which are labour intensive, among them electro-technical and textile industries. Considerable interest exists in the promotion of vertically integrated industries. For example products like automobiles, which are now being mostly assembled, are endeavoured to be manufactured in the Philippines completely from parts and components of Philippine origin.

I am sending for UNIDO's information and personal copies of the Export Incentives Act. The Act includes two priority projects:

- List A - such industries with over capacity
- List B - Export-oriented industries, which utilize primarily domestic raw materials.

It was mentioned to me both by Mr. Mercado and later by Governor Conrado Sanchez Jr., in charge of export industries, that the participation of the Philippines in the two UNIDO export industry seminars in Stockholm and in New York was very useful to the participants from the country. They were very impressed about the good results from the two meetings. Particularly for Philippines rubber shoes and garments they could benefit to a large extent. Both officers pointed out that manufacturers in the Philippines would like to get in closer contact with companies in advanced countries prepared to accept sub-contractors. Governor Sanchez, when talking with Mr. Tanaka in Vienna on sub-contracting last year, it was his understanding that a list was available at UNIDO with the names and products lines of UNIDO

surveyed companies in industrialized countries. Governor Lacerda understood that such a list was to be sent to him. He has not received it as yet and would highly appreciate to get it as soon as possible.

If this list is not yet available or in a form different from the original plan, a follow-up letter to Governor Lacerda by the Export Industries Section may be appreciated.

It was intimated that particularly in the lines of joint venture operations between Philippine companies and foreign investors the Philippines require the assistance and support of UNIDO. There are some large-scale joint venture arrangements in operation, for instance, Volkswagen of Germany and Carter of the United States.

It was brought to my attention that announcements regarding UNIDO activities, such as seminars, meetings, workshops and certain programmes come to BOI only with considerable delay. This is partly due to the time-consuming way of communication in the Philippines. The delays often permit BOI not sufficient time to plan its reactions or participation in such matters. The suggestion was made that in the future communications from UNIDO to the Philippines, which could be of interest to BOI could be sent the regular way with a copy directly from Vienna to BOI, attention office of the Chairman.

On 20 January 1973 I had a long discussion with Mr. Concepcion on the different organizations in the Philippines and their functions among the country's investment promotion institutions. When discussing the activities of the Philippine Chamber of Commerce I gathered that the Board of Investment does not favour too much the forthcoming CACCI Meeting. It appears to me that BOI was reluctant as to my attendance at the Conference. Next week I shall discuss this subject also with Mr. Francia of the Philippine Chamber of Industry. (Mr. Francia's attitude was also reluctant).

I also met with Mr. Arzano, Assistant Director, Project Assistance and Supervision Department. The subject of our discussion was fundamental and legal aspects of industrial investment promotion in the Philippines. Detailed exchange of views on the pros and cons of the 60-40 Capital Requirement Regulation, 60% of the capital participation must be owned by Philippine nationals. The same is true for extending incentives to Philippine manufacturers. They can only benefit from export incentives if the company is 60-40 owned. Exception from this rule pioneer factories can be 100% foreign owned. Details and definitions are included in literature I am sending to Vienna for review and ready reference.

The new Philippine Constitution, which provides for more equal treatment of foreigners than in the past, may bring certain advantages in the practical application of this regulation to the advantage of foreign investors.

Mr. Askano, who has been in Manila since 1973 and serves, among others in UNIDO, Mr. Jamilla, Masui-Toku and vice versa to Mr. Burgers, upon his return reported to Chairman Peter the suggestion that the Philippines consider with priority the opening of Investment Promotion Centers in capital cities of important industrialized countries. At that time the Philippine domestic situation was the reason for postponing this thought on its implementation. At present investment promotional literature is under preparation. I suggested to have copies of UNIDO's disposal for distribution and perusal in connection with our investment promotion activities in the future. Agreed and noted.

As far as my follow-up during this mission of projects which had been presented in Manila and Singapore was concerned, it was suggested that it would in most cases not be advisable for me to discuss the projects again with their proponents. BOI will guide me as to the ones which are known to BOI as still interested in UNIDO's active promotion under our portfolio programme.

BOI has a contract with the Australian Management Consultant Company, M.D. Scott and Company, Pty. Ltd., Sydney. I met with Mr. Ronald W. Ferrick, Project Manager, and Mr. Thomas V. Allen, Industrialist Economist. They are attached to BOI under a Technical Assistance project under UNF Special Fund, administered by International Bank for Reconstruction and Development. They have prepared in different Asian countries detailed reports on foreign investment. Mr. Allen showed me a number of copies and stated that they are also available at UNIDO. The report on the Philippines which they are now preparing, will be submitted to us upon completion.

As far as the 60-40 regulation concerning capital participation in Philippine/foreign joint ventures is concerned, the regulation will expire in 1974. There will be an equal treatment of partners. Studies of a similar nature as they are preparing now on the Philippines are available on Japan, USA and European investments in South-East Asian countries. The reports are made in close co-operation with ECOCF.

Later I met with Mrs. Cecilia Ayardo Sanchez, Assistance Director, Research, Information and Systems Department. One of Mrs. Sanchez' present tasks is to prepare an important part of the investment promotional literature mentioned previously in this report. We discussed sources and channels of

distribution of the literature in industrialized countries upon completion. I gave some suggestions to Mrs. Sanchez, but could be of little use. I could assist with its distribution in industrialized countries to distribute the literature. I think this is something we can do. The distribution of literature in countries could be put as one of the special responsibilities of the organization of investment promotional assistance. He could get Mrs. Sanchez's approval on an extract of our mailing list of industrialized countries for distribution of the literature.

Board of Investments

Summary, Conclusions and Recommendations

The meeting scheduled on the last day of my mission in the Philippines with Chairman Vicente Pateros could not take place because the Chairman was tied up in conferences with President Marcos. I had a final discussion with Mr. Concepcion who transmitted to me the Chairman's views with respect to the subject taken up during my mission.

A few words as to the Chairman's attitude towards the economic climate in the Philippines may be appropriate here. It is his opinion that the ratification of the new constitution, which states in clear and precise terms the national philosophy in dealing with foreign capital, has removed the feeling of uncertainty in the business community, both in the Philippines and abroad, and considerably improved the economic climate in the country.

As a result of the better climate, Chairman Pateros said, he expects the entry of more foreign investment into the Philippines. He pointed out that following the imposition of martial law from September to November 1972, businessmen and entrepreneurs adopted a "wait-and-see" attitude. However, this uncertainty appeared to vanish when the President proclaimed the ratification of the new Constitution. Under the new Charter, the Government policy is to move forcefully forward and guide the business sector in the planning and implementation of business policy. Chairman Pateros assured greater participation by the private sectors in the development of the national economy. He pointed out that the new Constitution assured foreign investors of equal treatment, particularly with citizens and companies of the United States. From another BII source it was learned that under the Investment Incentive Act, 150 firms have been registered which generated employment for about 40,000 persons in pioneer industries, such as pulp making, electronics, metal components and other new industries.

The complaints of some foreign investors against too much red tape in the

Government were eliminated with the creation of several assistance teams to help these foreign investors, thus increase their faith and confidence in the Administration.

Mr. Concepcion indicated that UNICEW, under the charge of the internal situation, has different views as to the projects to be promoted as compared with our organization.

BOI would be interested in expert services as outlined in the Aide Mémoire concerning the co-operative scheme. Furthermore, BOI is wondering whether UNICEW could render assistance in the preparation of promotional literature to be produced in as great a number as possible and distributed in industrialized countries all over the world. (See respective paragraphs above). An additional task for the expert, of course, would be to help in the training of BOI officials in the field of investment promotion. A UNICEW request to that effect has been submitted to UNICEW last year after Mr. Cole's mission. Apparently the expert requested has never been sent.

According to Mr. Concepcion, two fields have priority in BOI, the sectors of export promotion and investment promotion. It would be helpful if the investment promotion expert to be eventually assigned to BOI, could also assist in the line of export promotion.

Mr. Concepcion transmitted to me Chairman's former views that under the present stabilization of the Philippine internal situation, there is particular need for improving and strengthening the investment promotional effort of the Government entities concerned with this sector, particularly BOI. On the one hand I heard some official remark from a BOI officer that he had expected a follow-up from UNICEW of Mr. Cole's mission. Except his mission report, nothing has been received so far. It was left open whether the recommendations and conclusions of Mr. Cole were not implemented because of this fact. It occurs to me that there are preparations going on in BOI to streamline the investment promotional efforts. Obviously, several officials in various sectors and departments promotional work. BOI is still prepared to consider Mr. Cole's recommendations to set up an Investment Promotion Unit, perhaps under Mr. Concepcion's supervision. During my several discussions the thought occurred to me, that a UNICEW expert, as suggested under the new co-operative scheme, be attached to the Board Secretary's office to follow-up on Mr. Cole's mission and assist in the implementation of the investment promotion unit. It is my understanding that staff has been recruited already to work in this unit and is ready to start as soon as feasible. I would like to recommend the synchronization of the investment promotion activities

of BOI, which are now more important than in the past, to be put into effect with the assistance of UNIDO experts and technical assistance under T.I. This request was also discussed with the Resident Representative Office as well as with the Philippine National Investment Authority. It further stated by UNIDO in the promotion of investment in the Philippines would be the intensified participation of Philippine industrialists in the private sector. Industrialists pursued by UNIDO sponsored a variety of programs such as seminars and meetings.

On the last day of my mission I transmitted to Mr. Concepcion the request to advise Chairman Paterno of the information just received by cable from UNIDO that a Third Asian Investment Promotion Meeting is likely to be organized late in November 1973 in Kuala Lumpur. Mr. Concepcion stated that of course the Philippines would be very happy to participate again in this Meeting. I told him that we would be glad to send him an investment promotion adviser to assist in the identification of industrial projects to be discussed and promoted during this Meeting. I asked him to submit to us a SIS request. It would be helpful to follow-up this discussion with an official information and invitation.

Presidential Economic Staff

National Economic Development Authority - NEDA

National Committee on UNIDO Matters

On 7 February I met with Mr. Leonardo Mariano, Director, Industrial Programme Office, Office of the President of the Philippines, Presidential Economic Staff. Mr. Mariano, at the same time, is acting as co-ordinator of the National Committee on UNIDO matters. After the National Economic Authority has been established recently by President Marcos, as successor to the National Economic Council - NEC, Mr. Mariano is a member of NEDA's Investment Co-ordinating Committee. It is headed by President Marcos himself as Chairman, which fact underlines the importance of the new agency. It was created at the end of January 1973 in accordance with a provision of the new Philippines constitution which calls for a central planning and implementing authority for the economic and social development.

I advised Mr. Mariano of the Terms of Reference of my mission and we discussed the features. Our investment promotion programme of services is of interest to him. He suggested that an investment promotion expert, eventually to be requested by BOI from UNIDO should be of such high professional standing and experience, that he should be able to consult with NEDA and advise the NEDA officials on investment promotion policy questions, rather than purely

on technical questions. He promised to give thought to various aspects as seen by the organizations in the Philippines he is representing. He will submit his views to UNIDO in writing. It should be borne in mind that Mr. Mariano, in his function as a co-ordinator of the National Committee on UNIDO Matters, is handling all SIE requests from the Philippines and routes them through UNDP Manila.

Department of Trade and Tourism

The Ministry has been created as one of the reorganizational steps during the recent past. It succeeded the Department of Industry and Commerce.

On 31 January 1973 I called on Secretary Quizon and several of his officers. The Department has a bureau of industrial promotion with the task to encourage, regulate and guide the establishment, expansion and operation of medium and small scale industries. In this function the Department is co-operating closely with BOI and other organizations on government level in the Philippines, including the Department of Labour (see my separate report on my discussion with Secretary Opler). Secretary Quizon was interested to learn that UNIDO, to a large extent, is assisting the medium and small scale industries, which require particularly investment promotional services. Besides our investment promotion activities I outlined to the Secretary in brief such UNIDO services as joint-venture operation and contracting arrangements.

One of the Department's important tasks is, in co-operation with the Department of Labour and BOI to assist in promotion of labour intensive industries in an effort to aid in the solution of the country's unemployment problem.

Department of Labour

On 1 February 1973 I visited the Secretary of Labour, Mr. Opler. I advised him about UNIDO's investment promotion activities. The Secretary is very much interested in UNIDO's training services. We discussed the possibilities. He asked to be put on our mailing list for any literature and publications concerning seminars, workshops and other training arrangements of UNIDO. Discussion on the Department of Labour's interests in setting up labour intensive industries in the Philippines, in close co-operation with BOI.

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Chamber of Commerce of the Philippines

On 3 February 1972, accompanied by Mr. [redacted] and Mr. [redacted] Montemayor of BOI, I called on officials of the Chamber, namely, Dr. Manuel Lim, Chairman of the Chamber and also Chairman of the Board of Pentagon Mines Inc., as well as Mr. [redacted] F. [redacted], President of the Chamber.

During the subsequent meeting with a number of members of the Chamber as participants, I met and spoke to Mr. [redacted] S. [redacted], Economist, San Miguel Corporation; Dean [redacted] B. Aldaya, Certified Public Accountant, Narciso B. Aldaya and Co., Auditors; Mr. [redacted] L. Cortes, Jr., Treasurer, Pacific Cement Co. Inc.; Mr. [redacted] Calasanz, National Export Trading Corp.; Mr. Basilio B. [redacted], Architect; Mr. Nurdy P. Diploma, Director and General Counsel, Marsteel Corporation. I reported about UNIDO's Investment Promotion Program and other activities of our Organization related thereto. Thereafter, lively discussions and interested questions from the floor.

When mentioning Sectoral Investment Promotion Meetings, the following two participants indicated an interest in receiving further information on the Fish and Food Processing Meeting in Amsterdam:

Mr. Furita J. Calasanz, Head, Research Dept
National Export Trading Corporation, and

Mr. Nurdy P. Diploma, Director and General Counsel
Marsteel Corporation

The information should be sent to ~~them~~ directly

The CACCI Meeting was not touched during the course of this get-together. We know the Chamber is the host for the Conference. It was envisaged, in principle, that I may be requested to participate in the Conference. During my stay in Manila I received from a few organizations somewhat reluctant views as to this Conference. In agreement with UNDP, it was suggested that we should refrain from pressing my participation in the Conference and only attend if specifically invited.

Private Development Corporation of the Philippines

Accompanied by Miss G. Montenegro of BSI, I visited Mr. Luis B. Sison, Executive Vice President. Discussion of our investment promotion activities and solicitation of the banks interest in a closer and more effective cooperation with us in this sector in the future.

Mr. Sison participated in our Manila Investment Promotion Meeting.

Furthermore, review of the new Advisory and Training Programme for Development Finance Institutions as well as the Scheme for the Exchange of Information among Development Banks. Mr. Sison expressed on behalf of his bank that it would gladly be prepared to co-operate actively with us in these three programmes.

He would be interested to receive from us a list of Government sponsored Development Finance Institutions in advanced countries. I should like to suggest to send Mr. Sison, with reference to his discussion with me, our Manual of External Sources of Finance. This should be followed up.

During the first two days of my mission in Manila, I learned about a forthcoming meeting of Asian development banks to be held in Manila at the beginning of March. It was stated that the Private Development Corporation of the Philippines is acting as the Philippine sponsor and host of the Conference and that Mr. Louis Barrios, Vice President, who attended our Singapore Investment Promotion Meeting, is the Secretary of the Organizational Committee. I had advised UNIDO's IFIP Section by cable. Upon receipt of UNIDO's interest in further details and the possibility of an invitation to attend the Conference I spoke about this matter with Mr. Sison. He endeavoured to call Mr. Barrios into our Meeting. Unfortunately, he was not in the bank at the time of my visit. Mr. Sison told me that this Meeting, similar as a meeting last year, was sponsored by the World Bank. He gave me some further information on the forthcoming Conference. The main subject is to put computerized planning at the bank's managements disposal for effective policy planning.

The World Bank is making available the necessary information to the participants. Mr. Sison promised to talk to Mr. Barrios about UNIDO's interest and get in touch with Mr. Barrios by my stay here.

A few days later, Mr. Barrios told me that he had asked the World Bank for its suggestions whether any outside organizations not belonging to the group of Asian development banks could be invited. The World Bank had prepared an informative manual concerning the details of the Conference. Unfortunately, Mr. Barrios has no extra copies left. He promised to write directly to Mr. Le Roy upon receipt of the World Bank's reactions, possibly extending an invitation to UNIDO to participate and sending detailed information.

From Mr. Sison I learned that the World Bank is planning some kind of a scheme for the exchange of information on loan projects by development banks. To implement this project, the World Bank has prepared a detailed questionnaire of several pages to be submitted by the participating banks for feeding the World Bank Data Bank. It was felt that answering this questionnaire would be a considerable work-load on the participating banks. The question was raised whether the effort would justify the scheme's advantages.

Development Bank of the Philippines

Accompanied by Mr. Hartines of BOI, I visited Mrs. Alice Reyes, Manager, Investment Banking Department. (Mrs. Reyes had participated as the official delegate of her bank in UNIDO's Manila Investment Promotion Meeting and in the ESCAPE Meeting in Manila 1971).

I outlined to her the purpose of my mission, as far as the subjects Investment Promotion Co-operation, Advisory and Training Programmes for Development Banks and Scheme for Exchange of Information are concerned.

D.P.B. is interested in the co-operative scheme. Mrs. Reyes will give me during my stay in Manila or send to UNIDO information as to projects originating from the Bank's activities for inclusion into our Investment Promotion Portfolio. Mrs. Reyes intimated that her Bank is prepared to benefit from UNIDO's eventual short-term

investment promotion mission if such mission would be requested by the Government. I stimulated the Bank's interest in a closer and more fruitful co-operation with us in the line of investment promotion.

I outlined the advisory and training programs. The bank will open its own training centre during the course of the next few months. Their training activities include the staff members of the other banks and financial institutions in the Philippines involved in development financing. The officer in charge of the training programme is Miss Lucifina Constantino. Mrs. Reyes promised to pass on to her the literature I left with her on the programme and also to inform the General Management of the Bank. She thought that her bank, as well as the other development banks in the Philippines, would gladly avail themselves of the benefit of the programme. This point will have to be followed up from UNIDO headquarters.

Scheme for exchange of information level point banks

I mentioned the scheme and the fact that, apparently, a liaison officer has been nominated to UNIDO as yet. It appeared that Mrs. Reyes was not informed about the project at all. Under consideration of the importance and nature of her responsibilities in the bank, she should certainly have known about this, if it was sufficiently discussed internally. She asked to be directly informed. (See my inter-office memo on the same subject to Mr. Francis of 10 January 1971). Mrs. Reyes showed a great amount of personal interest in the subject and expressed the opinion that her bank would gladly and actively participate in our scheme.

Philippine Chamber of Industries

On 11 January 1971, I visited Mr. Julio D. Francis, Jr. whom I had met a few days ago at the occasion of a working meeting at the ICI. Mr. Jose F. Lopez, Executive Secretary of the Chamber joined us. Extended discussion of additional points related to the UNIDO industrial investment promotion program, which were not mentioned during our first meeting. Mr. Francis mentioned that consultations for a UNIDO working meeting, contacts and other

arrangements organized by UNIDO and of interest to the Chamber are submitted with considerable delay. He had already mentioned this fact during his visit to Vienna last year. Suggestion that we arrange for sending copies of such informative matters directly to the Chamber, which request I am passing on. Mr. Julio Trinidad recommended highly a close contact in Vienna with the Philippine Embassy, Ambassador Brillante and Mr. J. Vega.

He asked to be remembered to Mr. La Cruz, Mr. Ciriaco and Miss Doss.

Mr. Vincente P. Jayme, President, was out of Manila when I called.

Smith, Morgan, Welton and Co., Manila

I visited Mr. Robert W. Ogden, Managing Partner, who has also participated in the Manila Investment Promotion Meeting of UNIDO. Mr. Syon, Senior Partner, was not in Manila at the time of my visit.

Mr. Ogden mentioned that Mr. Syon regretted very much having been unable to attend the Paris Meeting of UNIDO on the Transfer of Advanced Technology last November, to which we had invited him at the suggestion of Mr. Mortimer L. von Billow, Director, Asia, Schroder Bank, AG, Düsseldorf. He reported that his organization would be glad to act on behalf of UNIDO by preparing feasibility studies, particularly in the countries where the SPT Group is represented with subsidiaries besides the Philippines: Taiwan, Thailand, Indonesia, Malaysia, Singapore and Vietnam. As far as industrial investment promotion is concerned, the SPT Group is arranging a contact program itself on behalf of its clients.

Export Processing Zone Authority, Manila

Arranged by UNO, I visited on 5 February 1971 the Export Processing Zone in Marikina, Luzon, with Mr. Roberto Villa, Deputy Administrator, Export Processing Zone, Port Area, Manila, and several officials of the Authority.

The Export Processing Zone is a project which is in the very early stage of development. Infrastructural facilities are now being built in and appear to be very well planned. Three factory buildings are before completion and are set for industrial companies for occupation in about 6 months.

I discussed with Mr. Villalona of UNIDO, possibilities to assist in eliciting the interest of industrial companies in advanced countries and to disseminate information to such companies on the Export Processing Zone. Mr. Villalona is very much appreciative anything that UNIDO could do to assist his Authority.

At a discussion of the matter at the UNIDO office it was suggested that a central UNIDO promotion station set up by a company itself, wishing to establish a new venture, operations and manufacturing facilities in the Export Processing Zone. UNIDO assistance should perhaps be identified with the project of the Export Processing Zone.

Philippine Investment Corporation

In accordance with arrangements set by the Board of Investment I visited the office of the Manila Mining Corporation near Manila City. The Manila Mining Corporation was one of the 10 joint ventures of the Manila Investment Promotion Agency.

An agreement has been established with a new mining company. The principal product is copper and iron ore and silver. I was accompanied by Mr. Martinez and Mr. Flores of MIP and called on Mr. Lawrence G. Smith, Vice President-Operations and General Superintendent of Manila Mining in a temporary office, head of the Personnel Department. Manila is a typical export industry project, registered with MIP, and willing to export its output to Japan. The project has been implemented after the Manila Mining 1970. The stock is listed at the Manila Stock Exchange. It is about 1000. The current response to the copper price surge in the past few months gives good prospects for continued profitable operations in the future.

Lava Steam Philippines, Inc.

On 6 February 1957, I met with Mr. Alvaro, Managing Director. The Company is a wholly-owned subsidiary of the well-known and famous Blue-John manufacturing. They have been in operation for a number of years. The products are for the Philippine market and for export, primarily to Hong Kong. As to the case of the present arrangement, the Company is not in a position to export to Japan. Even so, the organization does not have any investment in the country. Thus, the investment was of interest to Mr. Alvaro. He is not in his concern, which has a worldwide activity, and is not in a

position to do the Philippines as a whole. He is especially interested in a further development of the industry. As far as his Company's activities in the Philippines are concerned, he views his Company as one of the most important in the world. He has thought that particularly in the field of the power industry will only be one of the most important in the Philippines in the future.

I also met with Mr. Alvaro, Managing Director, who is in the possession of his own share.

Philippine Electric Power Corporation

By arrangement with Mr. Alvaro, I visited the plant of the subject company at the site of the power station. The President for Planning and Operations, Mr. Alvaro, Jr., and the President for Finance, Mr. Alvaro, Jr. followed for the plant. Mr. Alvaro, Jr., Assistant Plant Manager.

The operations of the plant are in full operation, and the operations are now in full operation, and the operations are now in full operation. The plant operations are now in full operation, and the operations are now in full operation. The plant operations are now in full operation, and the operations are now in full operation.

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The project and mission that was assigned to UNIA in the Spring of 1954 was to conduct a study, with no restrictions on information available, Mr. [Name] was assigned to conduct a study of UNIA and its activities in the field of international relations. The study was to be completed by the end of the year and was to be submitted to the Department of State for its information.

When the study was submitted to the Department of State in the Spring of 1955, it was found that the study had been completed, but that the information was incomplete. The study was to be completed by the end of the year and was to be submitted to the Department of State for its information. The study was to be completed by the end of the year and was to be submitted to the Department of State for its information. The study was to be completed by the end of the year and was to be submitted to the Department of State for its information.

Information on the Study of UNIA and its Activities in the Field of International Relations

The study was completed by the end of the year and was submitted to the Department of State for its information. The study was to be completed by the end of the year and was to be submitted to the Department of State for its information. The study was to be completed by the end of the year and was to be submitted to the Department of State for its information. The study was to be completed by the end of the year and was to be submitted to the Department of State for its information.

The study was completed by the end of the year and was submitted to the Department of State for its information.

start an initial identification of project for presentation at the Third Asian Investment Promotion Meeting.

Several presentations, primarily BOI, I reviewed the projects presented at the Manila and Singapore Investment Promotion Meetings, with a view to finding out which projects should be included in our investment promotion portfolio. The following notes are the result of this review:

MANILA PRESENTATIONS

- PHI/1** **Integrated pulp dissolving and rayon manufacturing**

This is a project approved by BOI which is to be implemented soon.
- PHI/2** **Aluminum smelter**

This is an ongoing project. Its features had to be reviewed. A production capacity of 20,000 mt. thereof 15,000 mt. for domestic consumption and 5,000 mt. for export.

A corporation has been established for the implementation of the project, including the Philippine Shipbuilding Corporation and the Republic Company.

- FRI/3** **Copper Smelter**
 Reynolds company has been interested in the project. The production capacity is 35,000 tons per year. It is a joint venture with Mitsubishi.
- FRI/4** **Nickel**
 Plant is under construction. Hopefully to be completed in 1974. One more nickel project may come up in the near future. The Atlas Mining Company is sponsoring this project.
- FRI/5** **Abaca Fiber**
 There are some projects now in existence making products from abaca raw material.
- FRI/9** **Polystyrene manufacture**
 No plants have been built.
- FRI/10** **Nylon**
 No manufacturing plants have been established.
- FRI/17** **Sodium tripolyphosphate**
 The plant is under construction.
- FRI/21** **Lumber Oil**

Lumber oil is primarily needed as a basis for paint. This project has not been implemented. It requires capital. There exists still an interest in the implementation. I asked for further details, particularly on the inclusion of latest thoughts and development.

INDUSTRIAL PROJECTS

- FRI/31** **Leather Shave**
 Several projects are yet implemented. Still interested in promotion. See separate report.
- FRI/32** **Activated Carbon**
 This project uses coconut shells as basis. Three or four projects have been approved by IOI and are under discussion with Japanese manufacturers.
- FRI/33** **Industrial Salt**
 Project has been implemented. See separate note, Brusher Vinyl Corporation.
- FRI/34** **Petrochemical Complex**
 The idea of this integrated project has been dropped. Instead, it has been split up into several different downstream plants.
- FRI/35** **Resin processing**
 It has been envisaged to export fresh biomass to Japan under this project. Therefore, it is apparently no longer an industrial promotion project.

PHI/12	Shrimp processing	This project has been implemented recently. Frozen shrimps will be exported.
PHI/14	Caster Oil	Discussions regarding the implementation of this project are going on with British companies. No UNIDO promotional activity is required at this time.
PHI/15	Rami Fibre processing	No longer interested in implementing project because of considerable price-drop meanwhile.
PHI/18	Semi-Conductors	Two projects. The first one is on the second stage of expansion with the assistance of the Carter Company. The second may be implemented with the cooperation of Stanford Associates Inc. and under a licence of the German AEG.
PHI/19	Shipbuilding	Several small shipbuilding projects have been implemented. Some others are under negotiation with Japanese companies for licensing.
PHI/20	Electronic components	Four projects being implemented as joint venture with Japanese firms.
PHI/21	Integrated wood-working plant	Not yet implemented because no solution as to the main requirement of foreign contribution, namely, marketing, has been found. They are still looking for a foreign company to assist in marketing questions.
PHI/22	Acrylic wigs	The factory has started production. See separate report. (La Sampaguita Corp.)

General remarks as to previous projects as well as new possibilities:

Dr. Salsedo, Director of the Chemical Industries Dept. of BOI, told me that they are interested in the implementation of a polypropylene project. They know the German company of LURGI and the British Company, VICKERS. I offered our assistance and asked for detailed information.

As mentioned previously in this report, the main component of foreign contribution to industrial projects required in the Philippines is capital and finance. It is a situation which requires careful consideration and examination. We know that in a number of advanced countries there is still a reluctance towards the pure financing in Philippine projects.

The agro-based sector of the industry in the Philippines accounts for 70% of the total industrial promotion activity.

Mr. Apacible, Director of the Agricultural Dept. of BOI, would be interested in receiving directly information on a possible pulp and paper manufacturing seminar and investment promotion meeting, if held by UNIDO.

Particularly for the agricultural projects, technological know-how, is according to Director Apacible, not of importance.

At the Agricultural Dept. of BOI, I also met with Mr. Emilio Jaramilla, Chief of Section. Mr. Jaramilla showed me letters signed by Mr. Nautner of 19 February 1972 and 25 May 1972. He apologized for not having answered them yet due to lack of time. I suggested that the frequent contact with our Light Industries Section could be of considerable advantage to his activities.

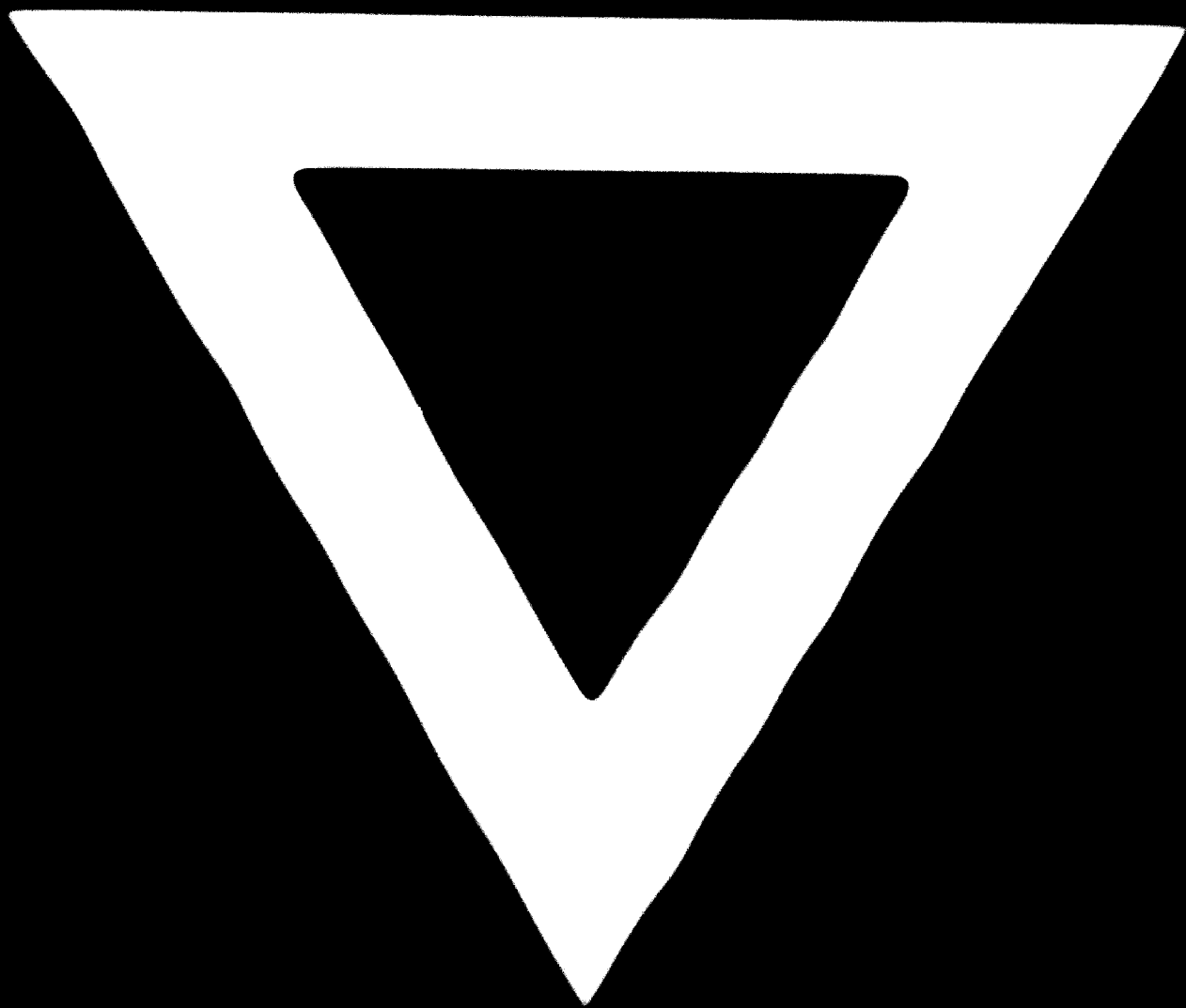
I attended two seminars held by BOI for officers of industrial and financial companies in the private sector, one on banking and financial questions, particularly export payment systems, and the other on export incentives, held by Mr. Mercado.

Asian Development Bank

On 3 February, I called on Mr. T.H. Moosa, Project Manager, Industry Division, Mr. Yashinai Sakatani, Deputy Director, Projects Department, and Dr. Herbert Huehne, Project Manager, Projects Department (Dr. Farooq Chaudhry, Director, Projects Department, whom I was supposed to have been unexpectedly called to a meeting). I had a brief review of UNIDO's past activities in the line of industrial investment promotion, particularly as far as the Philippines projects are concerned. I advised the bank managers of our own Programme of Services and its features. I reported that UNIDO is prepared to sponsor a Third Asian Investment Promotion Meeting to be held likely in November 1973 in Kuala Lumpur. Mr. Sakatani expressed his interest in receiving more details on the meeting and intimated that the bank will be glad to consider its participation on receipt of our formal announcement or invitation. He intimated that November is usually a month which brings extremely tight schedules for all responsible officers of the bank.

Discussion of UNIDO's scheme for the exchange of information among development banks. Particularly Dr. Huehne, who is acting as liaison officer for this scheme, is interested to obtain information on our experience with the programme, as soon as it will be put into operation. He brought to my attention a few thoughts as to the confidentiality of the information supplied by the partner banks and its discreet treatment under this scheme.

I advised the officers on our advisory and training programme for development banks. The Asian Development Bank is planning to set up its own training system for development banks in Asia. Apparently the planning is at an initial stage. Therefore, Dr. Huehne's immediate thought was whether a possibility may exist to co-ordinate the bank's own activities with UNIDO's programme. I promised to send informative literature (my supply of Aide Memoirés was exhausted at the time when I visited the bank). They will be glad to continue with us the further discussion of the matter. Follow up is necessary. Dr. Huehne is sending Mr. Le Guay his very best regards. Mr. Sakatani knows Mr. Siddiqui and is sending him greetings.



76. 06. 29