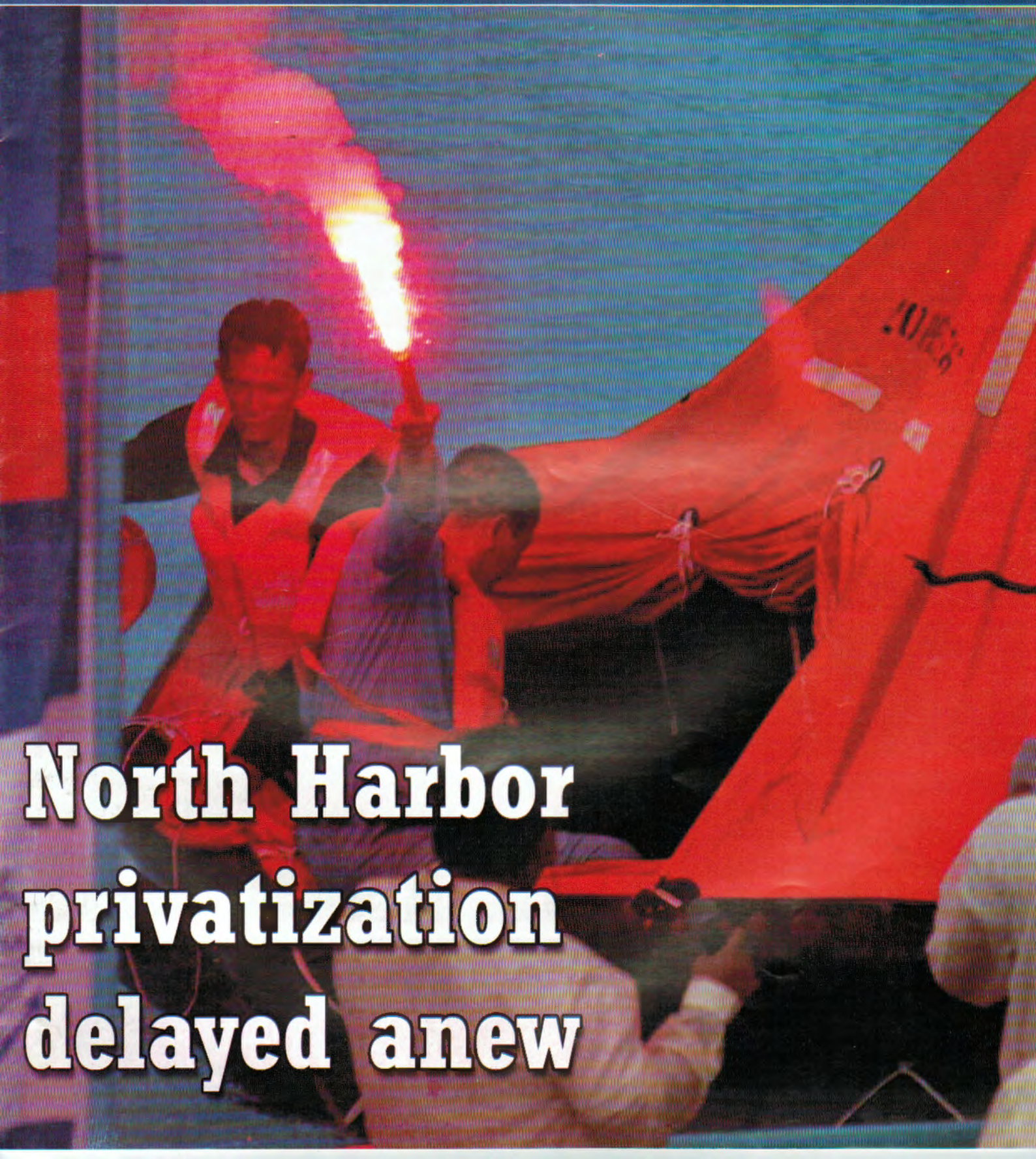




MARITIME REVIEW

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NOVEMBER - DECEMBER 2006



North Harbor privatization delayed anew



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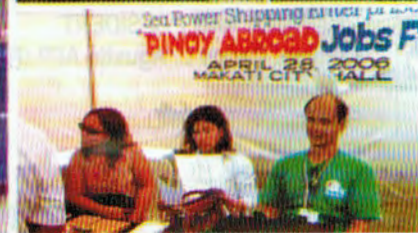
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by Carlos L. Agustin



Water resources the local gov

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I recently came across a presentation entitled *Water for Bantayan: Challenges and Lessons for Local Service Delivery Associations* by Segundo J E Romero, PhD Senior Fellow of the Development Academy of the Philippines. I describe the study here primarily because there are a lot of lessons to be learned from it particularly by coastal communities. I liberally use here, often verbatim, much of the description of the presentation from Dr Romero's abstract.

Dr Romero's presentation featured the fresh water security problem of Bantayan island in Cebu. I remember Bantayan island most as the hometown of a PMA classmate in the Navy, Capt Buenaventura B Desquitado (ret) (who, having married a Pangasinense, has decided to retire midway in Parañaque City) but I remember the island from the sea as having clean white sand and I sort of had the notion that it would be Boracay-like, but the closest I ever got to it was to be at a small municipal port in northern Cebu called *Daan Bantayan*.

Bantayan is composed of three municipalities — Bantayan, Madridejos, and Sta Fe. The people of the island rely on open dug wells (about 4,000). Water from the wells are peddled in pushcarts in the poblacions. There is a private water supply company in the municipality of Bantayan, and a few water cooperatives and associations in other areas. The main threat to water is over-extraction that will allegedly lead to saline intrusion, solid waste, and the wastewater from piggeries and poultrys that abound in the island.

In the course of a project initiated in 1998 by the Municipality of Bantayan to

rebuild its prewar water system, it was discovered that the three islands share a single fresh water lens (underground water catch basin) that subsequent studies have shown is fragile. The freshwater lens actually just sits under the municipality of Bantayan, with its fringes extending slightly into Madridejos and Sta Fe. This situation suggests that only the Municipality of Bantayan has a dependable access to freshwater in the long run, and that an island-wide water supply system should be established.

The three islands, however, have no history of inter-local cooperation. The process of getting them to accept and push the idea of a Bantayan Island Water Association (BIWA) among themselves has been planned. In the end, the BIWA takes off, with the assistance of the German aid agency GTZ (the German Technical Cooperation). Pilot water supply systems have been constructed in three barangays, one in each municipality. The target beneficiary communities are organized for Level Two (community tap stand) water systems. They also contribute resources (land and labor) for the construction of the pilot projects. The pilot projects were however incomplete — the municipal governments were supposed to obtain the funds for the pipe distribution system to bring the water to the tap stands, but have been unable to do so.

Meantime, political leaders at the provincial level changed in 2001, and the new governor of Cebu, in contributing the funds for the construction of the pipe distribution systems in the three pilot barangays, also dictated fundamental changes in the vision and features of the integrated water supply system. The pi-

ce development: ernment dimension

lot systems are operated by the respective municipalities, not by the BIWA. The association could not also agree on whether it was going to be registered as an association, an authority, or administration. In the end, the various stakeholders in the project have no real binding agreements on the objectives of the project, its core business process, its working arrangements, its sources of funds and other resources.

The Bantayan Island Water Association now only operates a water testing laboratory in the municipality of Bantayan but not the three pilot barangay water systems. As a result its sustainability is severely threatened, and with it, the idea of an integrated water system for the whole island.

On the basis of the Bantayan case, the presentation identified the challenges and lessons in the following dimensions of sustainability of local service delivery associations — technical and environmental sustainability, financial sustainability, political sustainability, socio-cultural sustainability, and institutional sustainability. Without delving on the recommended courses of actions, we can see here very clearly that lack of integral ownership of a project and prospected facility that will cover 3 municipalities has greatly encumbered the smooth implementation of a project.

The Guimaras Oil Spill – Action from the PCG please!

A similar, but more nationally controversial issue was the Guimaras oil spill, headliner for a few weeks after that oil spill. Without going into specific detail

on that tragic incident, it can be seen that after the media hype resulting from the incident, we are back to square one because the agencies concerned do not have the wherewithal to accomplish their missions and tasks due to lack of funds primarily, and secondarily but no less significant the lack of professionalism, competence, vision and single-mindedness. The latter (as well as the former) add up to confusion and finger-pointing whenever we encounter a marine pollution problem.

As a former Commandant, I must say that the Philippine Coast Guard has the mandate, the responsibility and the authority to handle oil spills. There is even a National Operation Center on Oil Pollution created by law. Why it was not in the forefront is the result of years of neglect in building up its capabilities, and perhaps, if we may believe the comments of high ranking officials of the National Disaster Coordinating Council (NDCC), which I got from its chairman himself, defense secretary Avelino Cruz Jr., “professional and moral standards are lacking in the PCG”. This general conclusion was arrived at because of the conduct shown by PCG men who were at the site, who offered their services allegedly for a fee. Should appropriate NDCC staff and Guimaras provincial and LGU officials come forward please? We need to act against these bastards only to protect the integrity of the whole organization, and I call the attention of PCG Commandant VADM Arthur N Gosingan. I promise that the result of PCG action will be appropriately covered in the *Maritime Review*.

Incidentally sometime in June, Mr Neil Baird of the Australian publishing

company Baird Publications visited here to share his advocacy on prevention of maritime pollution. He approached Herma Group’s Commodore Gualberto dela Cruz, who thought of endorsing him to me “to channel his plans thru the Maritime League”. Commodore dela Cruz, who had met Baird at a maritime exhibition in Hong Kong last February 2006 gathered from the latter that Mr Baird is a member of a Greek-Australian Group advocating for the prevention of maritime pollution from ships and from domestic inland sources (Most of the Greek members of the Group being major ship owners) and that through my contacts here, their Greek-Australian Group could share some practices and experiences in the prevention or at least reduction of maritime pollution.

When I checked on Baird’s background, I noted that he is part of the Australian counterpart of the Greek environmental group HELMEPA (Hellenic Marine Environment Protection Association). Thus I thought that if there was any group that he should link up with, it should be HELMEPA’s counterpart here, the PHILMEPA, headed by Anti-Crime activist Dante La Jimenez, a retired PN captain who got his fire from his anti-smuggling and anti-piracy days with the PN and the NISF (as well as the murder, gangland style of a brother). Jimenez was introduced to HELMEPA from his association with Greek shipowners, particularly their primary Greek principal, a retired RADM in the Hellenic Coast Guard (whom I have met but whose name I have forgotten), the same organization with which the current IMO Secretary General, retired RADM Mitropoulos used to be affiliated with.n

By Bong Paringit

North Harbor privatization delayed anew

Port users eager to see a modern North Harbor starting next year should start buying extra patience—maybe good for another decade after the National Economic Development Authority-Investment Coordination Committee (NEDA-ICC) wants the opposite of what was in the Terms of Reference (TOR) submitted by the Philippine Ports Authority (PPA) for approval in July this year.

The ever-changing position of the lobby group Philippine Chamber of Commerce and Industry (PCCI), the country's largest port user, has also added to the delays in the privatization of the country's busiest port.

PPA general manager Atty. Oscar Sevilla, in an interview, told Maritime Review that the NEDA-ICC could not give its approval to the TOR as the agency wants the North Harbor to have a multi-operator instead of one.

He added that the PCCI has again changed its stand and reverted back to a multi-operator scheme instead of a single operator to further foster competition.

"The problem here is that both the NEDA-ICC and the PCCI has not formally informed the PPA for us to make the neces-



The old MICT site where the ICTSI Administration building is now standing. ICTSI had signified interest in the bidding.

sary corrections to the TOR," Sevilla explained. Sevilla also stressed that the inaction of the NEDA-ICC and the changing stand of the PCCI is dragging the privatization further, which was already de-

layed for more than a decade.

"As for the PPA, we maintain that a single operator is enough since competition is already poised by Harbour Centre and the

South Harbor. Having two operators for North Harbor will only result to cutthroat competition as 45% of traffic going to the terminal has already transferred to the South Harbor. There will be no enough traffic for the operators to recoup their investment," Sevilla explained further.

The PPA Board in May approved the TOR for the privatization of the country's premiere port but has to seek the nod of the NEDA-ICC since the process is under the Build-Operate and Transfer scheme. The PPA submitted the TOR in July.

Under the TOR, the PPA will bid out the terminal to a single operator as the PPA board thinks that it (single terminal, one operator) is the most feasible because there is already competition with Pier 15 (South Harbor) and Harbour Centre.

Earlier, the plan was to divide the facility into four terminals—two main cargo terminals competing with each other, a passenger terminal, and terminal for trampers. Each of these terminals will have an operator that should undergo the government's bidding process.

This time, the North Harbor privatization will still have those components but it will be all under a single operator that would market the facilities to other concessionaires.

The board has also increased the participation limit to 20% for each of the shipping lines owner, from the 5% that was approved earlier. If shipping lines decided to participate in the consortium that would operate the North Harbor, each of them are limited to only 20 percent. PPA, however, did not place a limit on the number of shipping lines allowed in a consortium.

The PPA is privatizing the North Harbor to make it more productive and efficient as they could not source out the needed fund for its modernization and needed the help of the private sector to make the terminal at par with world standards.■



GMA EXTENDS ICTSI OPERATION AT NORTH HARBOR

President Macapagal-Arroyo has finally signed the new pact between the Philippine Ports Authority (PPA) and International Container Terminal Services, Inc. (ICTSI) extending for another 25 years ICTSI's cargo handling operations at the Manila International Container Port (MICP).

Atty. Oscar Sevilla, PPA general manager, in an interview, said it is a welcome development considering the huge investments laid down by ICTSI in its petition for the extension.

He said with the fresh investments that ICTSI will pour to develop their flagship project will enable the agency to raise its revenues and build new ports with the income that will be collected from ICTSI

alone. ICTSI, which contract with the PPA is set to lapse on 2013, has been clamoring for the contract extension in operating the MICP.

Under the extended contract, ICTSI is set to inject an obscene amount in the next four years to further enhance its grip on the increasing international containerized cargo market. According to Sevilla, some of the conditions of the new contract include that dredging operation being conducted by the PPA in the port will be shouldered by ICTSI as well as the extension of the current berthing area and the procurement of additional cargo handling facilities.

He added that ICTSI also agreed to pay the PPA higher fees compared to their existing charges.

GMA extends ICTSI...

Bulk of the revenues collected by the PPA is coming from ICTSI and another cargo-handling giant Asian Terminals, Inc. Just recently, PPA has agreed with the two firms to increase their rates for containerized and non-containerized cargoes by 22 and 20 percent respectively.

"With these conditions alone, the PPA will reap huge benefits with the contract extension and will be able to finance the development and expansion of ports and terminals using only the fees collected from ICTSI," Sevilla stressed.

MICP handles the bulk of cargo in and out of the country. However, for the past 14 months, the port continues to follow downtrend.

Latest data from the Philippine Ports Authority showed that cargo volume dropped by 3% in August compared to the figure posted a year earlier.

Despite the fall, MICT is still optimistic to reach its growth target of 4.8% for the year as they expect cargo volume to pick up in the run up to Christmas.

"For the first half of the year, we're flat but the figures are improving. I sure hope that we will hit our target this year," MICT general manager Capt. Francis Andrews said in an earlier interview.

If MICT, one of the region's top terminals in terms of cargo volumes, hit its target, this would be a record high for the facility. Last year, it only moved 1.2 million TEUs the same as in 2004.

MICT first hit a million TEU mark in 2002, and started to post record cargo volume since then, except last year when it was flat.

ICTSI officials blame the general weakness of the economy, weak imports, and political instability that hounded President Arroyo last year. ■

PPA starts deliberation on ATI contract extension



(Left to right) Oscar Sevilla, Philippine Ports Authority General Manager; Felipe Cruz, President of F.F. Cruz, Inc., the PPA Building Contractor; Bryan Smith, Chairman of the ATI Board; Ramon Atayde, ATI Board Member (partly hidden); Dallas Hampton, ATI Vice President for South Harbor International Container and General Cargo Operations; Aida Dizon, PPA Assistant General Manager for Finance and Administration; Boots Corvite, ATI Vice President for Administration and Legal; and Claro Maranan, PPA Assistant General Manager for Engineering

The Philippine Ports Authority (PPA) has started deliberating on the proposal of port operator Asian Terminals, Inc. (ATI) for a possible contract extension in operating the South Harbor. PPA general manager Atty. Oscar Sevilla, in an interview, told Maritime Review that the PPA Board is currently evaluating the proposal particularly the provisions on port fees and investments.

He added that they are also evaluating whether it is justifiable to renew the contract for another 25 years as desired by ATI.

"The length of the contract will be determined by how they will recoup their in-

vestments and how they will charge the public. If the PPA Board found out that a 25-year extension is reasonable, so be it," Sevilla stressed.

ATI, the private cargo handling operator of South Harbor, is proposing to extend their South Harbor contract for another 25 years as its existing contract with the PPA is to expire in 2013. ATI has started to negotiate for a new contract this early to have ample time to make adjustments in their proposals to land a new contract with the agency.

Among their proposals in the new contract is a fresh \$130 million investment

spread over the next 25 years from 2014 to 2039. The amount, however, it is 60% lower than its present \$300 million investment to develop the South Harbor until 2013.

The amount will be spent to develop further the South Harbor such as a development of additional container yard, procurement of new cargo handling equipment and the construction of additional container berthing area in Pier 9.

Sevilla said they have no problem with the amount of investments that ATI is injecting in the next 25 years as not to burden the agency to deliver their side in the contract unlike the existing one. He explained that the inability of the PPA to deliver what was stipulated in the existing contract is one of the major reasons why a modest chunk of the \$300 million has yet to be utilized.

Nonetheless, Sevilla said the proposal is still very beneficial to the Authority despite the lower investment package.

"Most likely, we will be renewing our contract with ATI as their proposals for contract extension will benefit the Authority in many ways," Sevilla said.

ATI last week held the ground breaking ceremony for the PPA's new building worth P400 million to be constructed by FF Cruz and Co., the project's winning bidder.

Sevilla said that the port agency's new seven-story structure is part of the ATI's commitment to expand facilities in its area by spending a total of \$250 million until its contract expires in 2013. The amount will be extracted from the P1 billion allocated by ATI this year to refurbish and expand the

South Harbor and acquire additional machineries and among other refurbishments to its infrastructure. The building is expected to be finished middle of next year.

Meanwhile, ATI president and chief executive officer Jeremy J.L. Rickcord earlier said they expect to meet with PPA officials to discuss further their proposal.

Earlier, ATI received a P1 billion loan facility from a group of financial institutions, with maturities of five and seven years. ATI posted P664 million in net income last year, higher by 80% compared with 2004.

The company started operating the port in 1991 after the PPA required the three companies then operating at the South Harbor to integrate where ATI shall be the surviving company. □

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CURRENT ISSUES IN MET:

(PART 1)

INNOVATIONS IN PHILIPPINE MET IN RESPONSE TO THE GLOBAL MARITIME INDUSTRY CHALLENGE

(A paper presented by VAdm Eduardo Ma. R Santos, AFP (Ret) President of the Maritime Academy of Asia and the Pacific (MAAP), during the conference)



ABSTRACT

This paper presents the response of the Philippines on the two major issues that confront the Global Maritime Industry: Issue on shortage supply of officers and Issue on Competency. Philippine MET institutions as MET providers is face on the crossroad on ensuring that the Philippine will retain its position as the manning capital of the world that provides competent seafarers and maritime officers. This paper presents the strengths, weaknesses, opportunities and threats in Philippine MET system and provides a framework and innovations to address these two major issues.

The MET Industry: the issue on the global shortage supply of officers and the issue on competency of seafarers. The MET institutions known as the Met providers is on the crossroads in ensuring that the Philippines known as the manning capital of the world would sustain the market leadership of the Philippines in the global ship-crewing industry by constructively addressing a complex of internal issues that threaten competitiveness.

While such is a perfectly legitimate aspira-

tion, the larger goal must equally pay attention to the important pressures imposed by the external environment, particularly the matter of competition and non-traditional opportunities which emerge within the MET sector, including its direct links with the global maritime industry in which it thrives.

MET institution is a major sector of Philippine Maritime Industry. MET institutions refer to MET providers that prepares the students into a rewarding seafaring career and ensure that they produce qualified Filipino seafarers to foreign ship-owners for the purpose of manning their oceangoing commercial vessels. The seafarers, predominantly men in the deck and engine positions but joined by a significant number of women in cruise ships, are deployed through the manning companies which select, hire and train them by virtue of contracts with the overseas operators or owners. Filipino seafarers are widely acknowledged by foreign ship-owners, called principals, for their ability to sail and operate merchant ships of all types with efficiency, safety and general cost effectiveness.

Turn to page 15...

INTERNATIONAL CONFERENCE AND SHOWCASE

The world's most important international manning conference, the 7th Asia Pacific Manning and Training Conference, is welcoming all members of the Philippine maritime community to this otherwise exclusive event through its Regional Showcase Exhibition.

The showcase will take place on the second day of the conference on November 9. Entry to the exhibition will be free but the conference proper will be for fee-paying delegates only.

Organized by the UK-based Lloyd's List Events, the 7th Asia Pacific Manning and Training Conference will be held at the Hotel Philippine Plaza from November 8 to 9. The conference will bring to Manila maritime industry leaders from all over the world to discuss and seek solutions to the key issues affecting the manning industry.

"The 7th Asia Pacific Manning and Training Conference draws key stakeholders from all aspects of our industry, offering an ideal forum for open-dialogue, comprehension and progression," Teekay Marine Services Glasgow Managing Director John Adams noted.

Unique to this year's event is the Regional Showcase Exhibition which will gather Filipino maritime associations and organizations in a wholly-dedicated area of the exhibition.

"The Exhibition will allow more members of the Philippine maritime community a chance to meet and network with key

INTERNATIONAL MANNING CONFERENCE FEATURES REGIONAL EXHIBITION

potential contacts of the international maritime industry," Lloyd's List Events Conference Producer Caroline Holt said.

Another highlight of the conference is a pre-event workshop on 'Quality Assured Maritime Health Services in the Philippines'

to be conducted by International Committee on Seafarers Welfare (ICSW) Regional Coordinator Suresh Idnani and ICSW Ship Project Coordinator Dr. Rob Verbist. The workshop will discuss how a well managed health promotion program will not only benefit the health of seafarers but will also

result in a safer and more efficient ship and ultimately improve profits.

For further information and to register for the conference please visit www.manningandtraining.com. or call the bookings hotline at +44(0)2070175511.n



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MARINA to phase out all single-hulled tankers by 2008

Compelled by the Guimaras oil spill incident, the Maritime Industry Authority (Marina) will eliminate all single-hulled tankers plying the domestic trade by 2008. Marina administrator Vicente Suazo, Jr., in a conference on the incident, said the Authority had dropped its earlier plan to extend the requirement a bit further than 2008 to enable local tanker operators to find time and money to acquire the vessels.

He added that he already met with the members of the Philippine Petroleum Sea Transport Association (Philpesta) and discussed details of the implementation of the new standard.

According to the requirements of the International Maritime Organization (IMO), the country's tankers carrying oil should all be double-hulled by April 2008.

"We told Philpesta that their business will continue since petroleum companies will require them to do so," Suazo said, stressing that there is no more argument here anymore.

"All tankers should be double-hulled by 2008."

To date, all of the tankers in the country are single-hulled. Based on Philpesta records, there are some 120 single-hulled tankers plying the domestic trade.

On the other hand, Philpesta, the country's largest tanker association, said they see no problem

with compliance but with the economic repercussions of the directive.

"We cannot just replace our current tankers since the price of a double-hulled vessel is five times higher than single-hulled," Philpesta said. It added that aside from the price, the availability of shipyards that will make these vessels will also play a vital role in complying with the directive as all tanker shipyards. A new 5,000 dead-weight ton double-hulled tanker costs some \$15 million. Foreign shipyards, on the other hand, are fully-booked until 2012.

"With price and time constraints, it is very difficult to comply with the 2008 deadline. But we view the directive as a positive one as we see now where we are heading," Philpesta added. Marina, meanwhile, said a firm last week has shipped the country's first double-hulled 3,500 dead-weight tanker. Other shipping firms will follow during the next few months, he said.

Government earlier has asked for the further delay of between five to 10 years to implement the double-hull requirement on tankers, since the local shipping firms do not have enough funds to bankroll the refueling measure.

Single hull tankers were banned from entering ports in European Union countries in October 2003, after the sinking of the supertanker Prestige, which broke in half on November 2002 off the coast of Galicia, Spain spilling half of the 77,000 tons of oil. It damaged the beaches of Iberian Peninsula and killed other marine lives.

That incident followed the sinking of the Erika, another tanker, off the coast of France in December 1999. As a result, oil tankers aged 23 years and above were banned from entering all EU ports.

On the other hand, the United States also enacted a similar regulation when the Exxon Valdez sank off Blich Reef in Alaska's Prince William Sound spilling 10.8 million gallons crude on March 1989. n
(Bong Paringit)



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"Single window", persons rescued at sea - FAL amendments enter into force

Several important amendments to the Convention on Facilitation of International Maritime Traffic (FAL Convention) entered into force on 1 November 2006. They include new recommended practices to encourage the use of electronic systems for exchanging data and, generally, to simplify procedures to enhance the facilitation of trade.

The new recommended practices include transmission of data, required in connection with the arrival, stay and departure of ships, persons and cargo, to a single point (the "Single Window" concept) and use of pre-arrival data for subsequent release and clearance of passengers and cargo. Another amendment requires authorities to facilitate the arrival and departure of ships carrying persons rescued at sea.

The amendments, adopted in July 2005, include the following:

Section 1 - Definitions and general provisions

- Amended Recommended Practice 1.3 provides that measures and procedures for security, or for preventing the trafficking of narcotics, should be efficient, use information technology, and should not cause unnecessary delays.
- New Recommended Practice 1.7.1 encourages the development of electronic systems to exchange information relating to the arrival, stay and departure of ships, persons and cargo.
- New Recommended Practice 1.8.1 encourages submission of all information re-

quired by public authorities, in connection with the arrival, stay and departure of ships, persons and cargo, to a single entry point, avoiding duplication.

Section 2 - Arrival, stay and departure of the ship

- New Recommended Practice 2.1.2 urges the use of pre arrival and pre-departure information to facilitate the subsequent release/clearance of cargo and persons.
- New Recommended Practice 2.1.4 says that a separate General Declaration, Cargo Declaration, Crew List and Passenger List should not be needed if the data are already included in pre-arrival information.
- New Recommended Practice 2.1.5 urges the development of systems for the electronic transmission of data for pre arrival and pre-departure information and the re-use or subsequent use of the same information for release/clearance of passengers and cargo.
- The IMO FAL Forms 1 to 7 are also updated.

PERSONS RESCUED AT SEA

References to "persons rescued at sea" are added to Section 2 - Arrival, stay and departure of the ship, in part H Special measures of facilitation for ships calling at ports in order to put ashore sick or injured crew members, passengers, persons rescued at sea or other persons for emergency medical treatment and in Section 7 - Miscellaneous provisions in part C. Emergency assistance in Standard 2.20, authorities are required to seek the co-operation of shipowners to en-

sure that, when ships intend to call at ports for the sole purpose of putting ashore sick or injured crew members, passengers, persons rescued at sea, or other persons for emergency medical treatment, the master shall give the public authorities as much notice as possible of that intention, with the fullest possible details of the sickness or injury and of the identity of the persons.

In Section 7, Standard 7.8 is amended to require authorities to facilitate the arrival and departure of ships engaged in:

- disaster relief work;
- the rescue of persons in distress at sea in order to provide a place of safety for such persons;
- the combating or prevention of marine pollution; or
- other emergency operations designated to enhance maritime safety, the safety of life at sea, the safety of the population or the protection of the marine environment.

The FAL amendments relating to persons rescued at sea are closely linked to the amendments to the International Convention for the Safety of Life at Sea (SOLAS) and International Convention on Maritime Search and Rescue (SAR), which were adopted in May 2004 and entered into force on 1 July 2006 (See Briefing 24/2006). The SOLAS and SAR amendments place obligations on Contracting Governments to co-ordinate and co-operate so that assisted survivors are disembarked from the assisting ship and delivered to a place of safety within a reasonable time.n

SPEEDY DISPOSITION OF ADMINISTRATIVE CASES

Those who are encountering delays in the disposition by the government agencies of their administrative cases may find a remedy under Executive Order No. 26.

Under said Executive Order, all contested cases shall be decided within thirty (30) days from date of submission for resolution. Where the officer's action is only recommendatory to his immediate superior or head of office, he shall submit his recommendation within twenty (20) days from date of submission of the case for resolution. The approving officer shall have ten (10) days from submission of the recommendation to decide the case.

A case is deemed submitted for resolu-

tion upon expiration of the period for filing the memorandum, position paper or last pleading required of the parties.

Every officer charged with the resolution of cases shall submit to his immediate superior, head of office, or officer exercising administrative supervision over him, within ten (10) days following the end of every month, a sworn Statement of Disposition of Cases declaring that all cases submitted to him for resolution have been declared within the prescribed period.

The salary of any officer who fails to submit the Statement of Disposition of Cases within the prescribed period shall be, or cause to be, withheld by the head of office

or immediate supervisor until the said officer complies with the submission requirement. This is without prejudice to the imposition of other appropriate penalties as may be provided by law, rules and regulations. One law that can be cited is Republic Act No. 6713 which is the Code of Conduct and Ethical Standards for Government Officials and Employees. Another would be the Civil Service Law and Rules.

Government officials and employees are aware of these laws, yet they still violate them. The problem is the victim of the delay does not complain. As the late Senator Benigno Aquino said, by our inaction, we get the kind of government we deserve. n



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Innovations in Philippine MET in Response to the Global Maritime Industry Challenge

Indications for the next 10 years reveal a stable increase in demand for global seafaring, which will continue to be beset with worsening shortfall of officers to the tune of 40,000 by Year 2015 (BIMCO 2005 Report) and an increasing surplus of ratings. The continuing shift of sources from traditional maritime nations towards the Far-East, Indian sub-continent and Eastern Europe appears as a net opportunity for the Philippines if and when it is able to address the core issues on quality MET as a key path to increasing competitiveness in the higher value officers market. This paper presents an analysis on the strengths, weaknesses, opportunities and threats that are facing the Philippine MET system. After thorough analysis comes the innovative response of the Philippines in addressing this global challenge from the maritime industry perspective to ensure that the Philippines maintain its position as the manning capital of the world and helps address the projected acute shortage of marine officers and at the same time enhance competency among Filipino seafarers. MET Institutions supports the Philippine MET innovations namely: Voluntary Accreditation of MET Programs: Dual Course Program, Bridging Program, Management Level Course Program, Cadetship Training Program and Over-all Promotional Maritime Campaign Program.

SWOT ANALYSIS ON THE MARITIME INDUSTRY

In reference to the 77-page study on Global Competitiveness of the Ship-Crewing and Shipping Services Sector conducted by the Asian Institute Management Professor Ma. Nieves Roldan Confesor (2005); the 145-page study on Filipino Seafarers Profile accomplished by SIRC Research Fellow Dr. Amante Maragtas (2003, Aug); and the 280-page PMMA thesis on the Analysis of Manning Industry Behavior and Its Impact on the Philippine Economic Development, done by Master in Shipping Business Management (MSBM) graduate Dr. Angelica M. Baylon (2002), this section aims to provide an analysis on the strength, weaknesses, opportunities and threats being faced by the Maritime Industry.

SIX (6) STRENGTHS

The Philippines' years long undisputed leadership in world seafaring and crewing services speaks of statistical evidence on market share, progressive growth in the volume of seafarers deployed, number of principals and vessels served and a network of professionally run manning agencies. It further boasts of numbers in its training and education infrastructure,

STCW-qualified seafarer pool and ratings surplus. In many respects, the Filipino has become the seafarer of choice, at least for a long time and for a foreseeable future. Shipping principals and employers are generally able to derive value for their money in hiring them. Listed hereunder are the Philippine MET strengths, which can constitute as the main engine, which should propel the maritime industry for continuing global championship.

Strength No. 1: Market Share & Deployment. The Seafarers International Research Center (SIRC) based in Cardiff, Wales calculated that about 28.1% of over 97,000 seafarers is surveyed in 2003 are Filipinos. In 2005, BIMCO estimated the global total for professional seafarers at about 1.18 million onboard. That same year, the POEA recorded that out of the 302,000 manning contracts processed, at least about 248,055 seafarers were deployed, confirming an almost 25% market share, indicating an 8.3% increase from the 2004 level of 229,002 and constituting 26.44% of the total deployment of Overseas Filipino Workers (OFW's) for that year. The other three quarters of the market was shared by over 30 other nationalities. The overall numbers of seafarers globally have grown from about 570,000 in 1993 to over 1 million by end of 2005. The SIRC 2003 global study and inferences from 3 various major seafaring survey by major shipping bodies solidly establish the Filipino seafarers as the dominant nationality onboard, with a market share of between 20-28%. (Maragtas Amante, SIRC 2003) Filipinos unquestionably have earned the title 'Seafarers of Choice'. This can be fairly attributed to the competitive qualities of the Filipino seafarers, the sustained professional market-driven operations of the ship-crewing industry and the aggressive marketing thrust of government.

Strength No. 2: Foreign Exchange Remittances. The deployment figure translates into a reported annual foreign exchange remittance contribution of at least USD 1.4 billion to the economy in 2004 from seafarers' earnings alone or an estimated USD 2.5 billion including foreign exchange earnings of ship-crewing companies as reported by Central Bank.

Strength No. 3: STCW Qualified Seafarers. The global accreditation of Filipino seafarers based on IMO's STCW serves as the most critical factor to this competitiveness ranking. The Philippines boasts of at least more than 250,000 STCW qualified seafarers. While this may imply the general ability of the Philippine maritime education and training system to meet international market standards, there is fear that replenishing this "cream of the crop" will require a concerted

effort from all stakeholders in the sector. The Filipino seafarer's affinity to the sea, cultural adaptability and English proficiency continue to boost his comparative advantage.

Strength No. 4: Education & Training. The Philippines likewise has progressively built a vast infrastructure in maritime education and training (MET) with 90 CHED-accredited maritime colleges and 31 licensed training centers. It is necessary, however, that these schools and training centers must drastically cope up with the quality challenges of the market.

Strength No. 5: Recruitment Infrastructure. There are 406 POEA-licensed shipmanning companies providing crews to major maritime nations, compliant with all the major flag administrations. National regulations have, in the past two years, raised standards of business entry, entrusted more responsible obligations to manning agents, improved incentive programs for excellent performers and enhanced delivery efficiencies through onestop shops, electronic linkages, ISO certification and other operational streamlining.

Strength No. 6: Brand Linkages & Potentials. There is an account that services branding in the maritime industry has been identified with quality Filipino crews. The success of the branding of Royal Caribbean International and Celebrity Cruises, for example, has been expressly attributed to the 7,000 men and women from the Philippines who have worked in the company for decades-both on the marine and hotel side. Some 3000 work in food preparation and food service, 900 in the cost center called "Deck Marine"; there are shipboard systems specialists, marine engine officers, recreational experts, musicians, lodging experts and those who handle logistics and housekeeping.

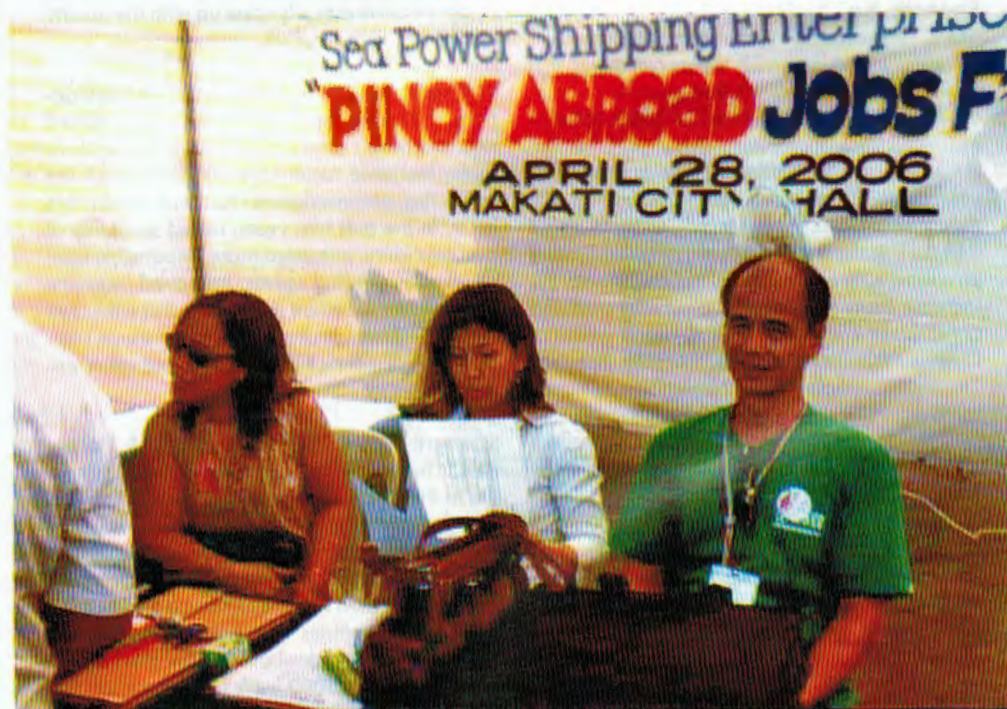
There is confidence that the Philippine capacity to fill up hotel, entertainment, health and wellness-related positions in cruise vessels is robust and will necessitate inter-industry promotional coalition. The Filipino ship-crewing companies themselves can easily define and subscribe to branding standards.

They are highly compliant with regulations set by international conventions and national authorities. They are largely believed to be close family corporations and are of Filipino capital, yet benefiting from international management influence through some forms of business arrangements.

(To be continued)

Sea Power Shipping Enterprises Inc.

More than just business



Seapower Lady honcho's Baby Capuz and Jing Llamado, President and Vice President respectively manning a booth during a recent jobs fair sponsored by Makati City Hall and GMA 7.

It's a cut throat competition out there, with big companies trying to pirate officers from other manning agencies to man their vessels. And there was a time when big manning and shipping companies would have no problem luring crews and officers to their side because of a much higher pay and of course better opportunity to rise from the ranks.

But those days are numbered if not over. Crewing agencies now, regardless of the size of their fleet try to outdo each other by offering prices way beyond the reach of another. A sad but sobering reality that one who is in the business needs to realize and

come to terms with.

It's a fact that the management and executives of Sea Power Shipping Enterprise are familiar with. "Of course we all feel the crunch when it comes to our principals' requirements and international regulations especially when it comes to hiring officers mostly to man their vessels", says Baby Capuz, the indefatigable lady president of Sea Power Enterprises.

Virtually a fledgling in the manning industry, Sea Power however managed to stay afloat and even exceed the initial expectation from its Greek Principals, having

been able to meet the most stringent of requirements and supply of properly certified officers and crew to its clientele and maintain relationship with the crew in the past years since it was inception in 1987.

Jing Llamado, Vice President points out that much of the success the company enjoys were due to the personalized services it afford its customers and the support it gives to the crew even way beyond the workplace thus inspiring loyalty among the regulars.

"That's where we are probably different from the rest of the pack", Llamado said. The extra effort the company puts in fostering a harmonious relationship within the company, from the principals down to the lowest rank creates the familiar and comfortable ease by which everyone in the workplace functions. "It would be hard to



Seapower booth during the event

sway a crew with just a higher pay alone nowadays" she added. He has to have that feel of security and trust in the company. Llamado surmised, "It must be that feeling that seapower instil in them".

The past few years had also seen the company actively supporting any government or non-government (NGOs) endeavours via job fairs and other job-generating projects it can offer. Early this year, Sea Power participated in a Jobs fair sponsored by GMA Kapuso Projects and the City of Makati. Top Sea Power lady bosses Ms. Capuz and Ms. Llamado were on hand personally and manning the booth during the event.

Also, Sea Power is trying to realize a vitally needed funding for the "Home for the Aged" project the company is trying to start. The location will either be in Rizal or Cavite. The Project will see the company partnering with the Department of Social Works and Welfare (DSWD).


Last August, Seapower partnered with the province of Rizal and the Philippine National Police (PNP) Under Director Freddy Panen in providing a much needed medical and dental mission to the far-flung islands of Kalinawan and Talim off Binangonan. A project that was very much needed by the community that receives no regular medical aid from the government. The long queue of elderly and sickly children during the mission was not deterred at all by the long wait, the scorching heat and the sudden downpour of rain. This had of course prompted Mss Capuz and Llamado to promise yet another medical mission.

Sea Power's philanthropic works and mission, that would include medical and dental, seminar and conference on AIDS and Temporomandibular Joint Disorder (TMJ), Single parenting and Gains and Pains of Overseas employment, are a testament to its noble mission of not just providing the best


crew to the world fleet but also give back something to the community.

"We are very fortunate that all these projects have the full support of our principals and our chairman Captain Eletherious Polemis", stressed Ms. Capuz.

This is service with a little extra. Business with a dash of charity and philanthropic works that provides that feeling of goodness among company executives who spearheads the numerous charitable projects of the company led by Mss Capuz and Miss Llamado.n



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ISF Produces Definitive Guide for Ship Operators on New ILO Maritime Labour Convention

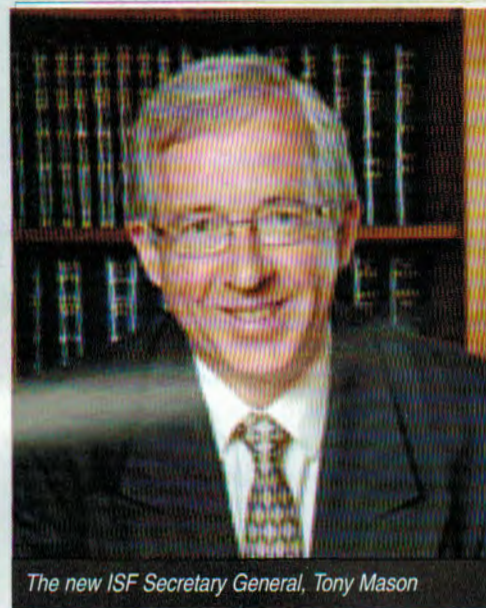
The International Shipping Federation (ISF) has produced a comprehensive guide to the obligations that ship operators must anticipate to ensure compliance with the new ILO Maritime Labour Convention (ILO MLC).

The new ISF Secretary General, Tony Mason explained: "ISF, the international employers' organisation for shipowners, was responsible for negotiating the new ILO 'super convention' on behalf of employers in Geneva earlier this year. After that success, we are pleased to have been able to finalise such comprehensive guidance for ship operators."

"It is very important that employers become acquainted with their new responsibilities as soon as possible, so that they are prepared when the new ILO Convention enters into force and can avoid misun-

derstandings with Port State Control authorities. Although the majority of employers should have no major difficulties with the new requirements, which for the most part are consistent with the existing ISF Guidelines on Good Employment Practice, it will be especially important for them to be aware of the new Flag State certification procedures which the ILO Convention introduces, and the need to maintain a Document of Maritime Labour Compliance."

Mr Mason added: "ISF is campaigning, together with our trade union partners, for the new Convention to be ratified as soon as possible so that there is a worldwide regime which provides clear and consistent employment standards, for the benefit of both shipowners and seafarers. Publication of this new ISF Guide demonstrates to all parties involved our continuing commitment to this important process." ■



The new ISF Secretary General, Tony Mason

Delivery of 8000TEU Container Vessel "HUMBER BRIDGE"



Kawasaki Kisen Kaisha, Ltd. ("K" Line) is proud to announce that it has taken delivery of a new 8000TEU container vessel "HUMBER BRIDGE" at the Kure Shipyard of IHI Marine United Inc., which is the largest containership ever built in Japan. She is the first 8000TEU container vessel among 8 sister vessels on order with IHI Marine United Inc. The series has incorporated new environmental and safety aspects in the vessel hull design and onboard equipment. The second sister ship will be delivered in November 2006, with the third and fourth ships to be delivered in the first half of 2007. The remaining 4 ships will then be delivered from the second half of 2008 through 2009. All 8 ships will be phased into Asia/North Europe trade.

MINIMUM BALLAST WATER

Disruption of ecosystem due to ballast water transfer is now becoming an important environmental issue. This vessel series has adopted a wider beam hull design that enables higher stability resulting in the use of much less ballast water during sea voyage than with existing vessels.

ELECTRONICALLY CONTROLLED ENGINES

Electronically controlled engines can control combustion condition under all load situations by means of adjusting fuel injection and exhaust valves at suitable timing. This conserves fuel oil consumption and contributes to reduced emissions.

FUEL OIL TANKS IN BULKHEAD AND DOUBLE-BOTTOM HULL

This new vessel has fuel oil tanks located in the bulkheads (space between the holds) as well as its hull being double bottomed. This will help avoid fuel oil leakage in the event of vessel collision involving hull damage.

EXHAUST GAS ECONOMIZER AND TURBO GENERATOR SYSTEM

This vessel has a heat recovery steam generator which uses the heat from exhaust gas discharged from the main engine for generation of electricity. This reduces total fuel oil consumption and also results in reduction of CO2 emission.

CARCINOGEN-FREE PAINT

The new vessel has also adopted carcinogen-free paint for protection of the environment as well as the health of shipyard workers and vessel crews.

ELECTRIC MOTOR DRIVEN DECK MACHINERY

Another feature of this vessel is the adoption of electric motor driven Windlass and Mooring Winch on Deck that requires no hydraulic oil and this, in turn, eliminates the possibility of maritime pollution due to leakage of hydraulic oil.

GREEN PASSPORT

This vessel carries an Inventory List for Green Passport and takes advance measures in accordance with "Ship Recycle Guideline" adopted by IMO in December 2005. ■



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WINNING A GREATER SHARE OF FOREIGN INVESTMENT

I get extremely frustrated whenever I read of yet another delay in opening the NAIA-3 Terminal. In late 1993, I gathered six leading businessmen over coffee to suggest that they undertake a critical infrastructure project. Now – 13 years later – we need not only to get the terminal open and to compensate the investors, but also to figure out the lessons learned and so avoid a repeat experience. Will anyone here responsible for our new international terminal please stand – I thought so. As the old saying goes, "Victory knows many fathers, defeat none". Also, will any foreign investor in advertising, education, and media, or who owns more than 40% of a public utility or who owns land in the Philippines, please stand up?

My point is that we have outdated Constitutional provisions, laws, and implementing regulations that prohibit, restrict, or discourage foreign investment. On what basis are these prohibitions justified in a globalized world, when other countries host more than eight million Filipino workers and professionals – and where Filipinos can often own land and invest freely? We should not longer coddle and protect local vested interests not prepared to compete. Of course, I do not include our poor farmers who are harmed by the agricultural subsidies and protectionism of rich countries.

Of course, protectionism is not unusual. Not every political system fully welcomes foreign trade and investment. It seems the best way to create hysteria in the U.S. Congress is for a Chinese state-owned oil firm to acquire a California-based energy company. Our economy pays a steep price when there is too much regulation and insufficient competition. We need increased competition within our shipping, port and power oligopolies. We now enjoy the efficiencies of products and services after we introduced competition into our telecommunications and airline monopolies over a decade ago. We need open access for cheaper power – open skies for more foreign tourists – and roll-on/roll-off services for domestic tourism.

SPECIAL THANKS TO BOTH OUR OLDEST AND NEWEST PARTNERS

Many multinationals -- including Caltex, Citibank, Del Monte, Philips, Marubeni, PhilAm Life, Procter & Gamble, Shell, and

Unilever -- have been our investment partners for many decades. Forgive me if I missed anyone. Will our long-standing foreign investors in the Philippines please stand. We greatly appreciate your commitment to our nation. Also, new foreign investors are opening every month. I just learned about one not yet reported in our national media: it is a corporation called AskMeNow. For only 49 U.S. cents, this company's customers can ask any question and receive an answer on their cell phones in the United States. Did you know the answers are researched by Filipinos working here in Makati? In 2006 so far, new operations in the Philippines have been started up by several of you in this room today, which includes Dell, GENPACT, Teletech, and others. Will all those who have opened new operations, as well as those expanding operations in the Philippines, but especially those I was not able to mention, to please stand and be recognized.

THE NEXT GOOD DECADE

I have always been optimistic about the Philippines and Filipinos, and I suggest to you that we may be moving beyond the cycles of boom-and-bust that have characterized our growth so far. There are good signs that we can sustain our current rate of 5% or higher GDP growth over the next several years. And 5% – while not spectacular – is respectable, even for this fastest-growing region in the world. But 5% is not enough if we are to achieve our Millennium Development Goals (MDGs) by 2015.

The improved revenue picture has enabled the President to turn attention to badly-needed infrastructure, especially in ground and air transportation. Mrs. Arroyo's State of the Nation (SONA) list is ambitious indeed, but most of her projects should move forward over the next three years. During this period, domestic and international funding – up to 1 trillion PHP – could become available. But much more needs to be done on economic reforms. Not the money but the capability of the key agencies that will carry out the projects -- efficiently and openly – will be the central concern.

DIVISIVE POLITICS IS HOLDING BACK ECONOMIC GROWTH

People commonly see our divisive politics

as the biggest obstacle to our economic growth. My views on constitutional reforms are well known – the sooner the better. But it appears the country remains split – and moving too slowly to undertake constitutional upgrade. I expect that we will hold our May 2007 elections as scheduled – while we seek greater consensus on how and when to amend our 1987 Charter.

Meanwhile, foreign investments have come back to ASEAN. In fact, it is beginning to exceed its level prior to the 1997 financial crisis. FDI to ASEAN reached a total of 38 billion USD in 2005 – 48% more than that of 2004 – and is expected to rise some more this year. This is occurring just as FDI in China seems to be leveling off at around 50 billion USD. In the Philippines, net FDI inflow could approach 1.6 billion USD this year. It hit 743 million USD over the first five months of 2006 – 53% more than the same period last year. Hence, I regard your Workshop theme, "How the Philippines can attract 3 billion USD in FDI a year," as quite realistic. Let me offer you several "Messages" to help us achieve the "Next Good Decade" and to capture the level of FDI we want to attract.

My first message is that foreign investors are our partners. Foreign companies have been this country's partners in economic development since colonial days. Some of my inward-looking countrymen assert that multinationals are exploiting us. We are really exploiting each other, but we exploit foreign investors for their capital, technology, markets, job opportunities, and compliance with our laws, including payment of taxes.

My second message is that 3 billion USD FDI a year is an excellent, attainable, and worthwhile target. And I believe not just all of you here in this Workshop – but the whole of Government and the private sector – should take this target seriously. Three billion USD is a credible, do-able, number. Everyone in this room appreciates the great potential the Philippine economy has. Certainly, this country's assets are great enough to triple the inward flow of FDI.

My third message is that the money is out there. All we have to do is to entice it into this country – and give it enough good reasons to stay here. There is no shortage of

investment funds in East Asia. A record volume of 600 billion USD in investment capital flowed across its borders in 2005. Regrettably, the Philippine share was only a mere fraction of one percent of the total.

My fourth message is that the Philippines offers investors excellent opportunities in several high-growth sectors of the global economy.

These seven sectors are the following:

1. New mining projects.
2. New electric generation infrastructure.
3. New transport infrastructure.
4. New and expanded manufacturing projects.
5. New call centers, software, and other business process outsourcing.
6. New tourism, healthcare, and retirement projects.
7. New food processing and biofuels.

My total estimate – 3 billion USD plus!

WHAT WE NEED TO DO TO ATTRACT 3 BILLION USD IN FDI

My fifth message is made up of practical, concrete recommendations for an Action Plan to attract 3 billion USD a year in FDI. I offer 12 recommendations for inclusion in the Report of this Workshop:

First – Accelerate flagship transport infrastructure projects to reach financial closure, construction, and operational status. In particular, prioritize rehabilitation of the South Luzon Expressway (SLEX); the connection between the North Luzon Expressway (NLEX) and SLEX; and light rail transit (LRT) projects across the National Capital Region (NCR). Perhaps, our foreign-donor friends can fund technical assistance to support high priority projects.

Second – Open the NAIA-3 airport terminal and compensate its owners as soon as possible.

Third – Deepen reforms that lower the price of power through the Wholesale Electricity Spot Market (WESM) and time-of-use for large industrial and commercial users. We are not endowed with indigenous sources of cheap power, as some Asian economies are, but we should be able to offer cheaper energy supply to investors in order to be

more competitive.

Fourth – We must never allow the lights in this country to turn off ever again. Large power plants have five-to-seven-year gestation periods, which means at least one project on Luzon should move to financial closure within the next 12 months. More than five years after the Electric Power Industry Reform Act (EPIRA) was signed, the Power Sector Assets and Liabilities Management Corp. (PSALM) is not even close to selling the 70% of the power generation companies that the law requires to be sold off before open access is introduced.

Fifth – Make mining industry reform a success. The Mining Act of 1995 has acquired a second-wind, but Government must strengthen its capability to monitor mining projects – whether foreign or domestic – to assure compliance with international best practices.

Sixth – Reduce business costs for exporters. Exporters are what economists term "efficiency-seeking" investors. They locate in the Philippines only if our costs are lower than in competing investment locations in other countries.

Seventh – Quickly fix the problems of existing foreign investors. Multinationals who are already here are often consulted by potential investors. And we do not want them to be giving us a failing mark. Singapore treats all complaints and requests of existing investors with great seriousness. We should do the same.

I recommend a Foreign Direct Investor Ombudsman, whose office should be attached to the Department of Trade and Industry (DTI) Secretary. The FDI Ombudsman will report any investor problems – and recommend their solutions – directly to the President.

Eighth – Improve our declining education infrastructure. We must at least double spending on education. We must seek wider – much wider – bilingualism in English. We must arm our graduates with better skills that business needs.

Ninth – We must achieve the country's great potentials of tourism, healthcare, retirement and business processing. I commend the

substantial efforts underway to expand our medical, retirement, tourism, and business processing services.

Tenth – We must liberalize our economy further. Despite our critical need for foreign capital, the last time the Philippines adopted a reform in our foreign investment regime was the Retail Trade Act of 2000. The Legislative and Executive Development Advisory Council (LEDAC) priority list contains no bill to open our economy to needed foreign capital. I do not think we should wait for Charter Change to reform provisions in our laws and procedures that restrict foreign investment.

Eleventh – Improve the competitiveness and do more to promote the Philippines. The recent Competitiveness Summit focused on how to improve in areas where we are low-ranked in international competitiveness surveys. Let us keep up such efforts seriously. I ask our media to reduce its reporting on "monkey" business and increase headlines about real business. We Filipinos can be our own worst enemies in amplifying our country's negative image. A national competitiveness policy still needs to be promulgated.

Twelfth – Have the political will to implement a reform agenda. My files are full of studies recommending reforms. This Workshop will add another. How do we get this dish we are trying to cook to really sizzle? The missing ingredient is will-power and not just from the President. Our public and private sectors must reach a consensus to make the future better for all Filipinos, a "blood compact" no less, to become more competitive, to stop asking for and to stop giving bribes, relentless drive vs. corruption, to increase employment, to reduce the hemorrhage of skilled workers going abroad, and to make our nation better for our grandchildren.

CONCLUSION

We must cook a bigger bibingka if we are to multiply our FDI – slowly, steadily, and with heat on every side. We cannot outsource National spirit – caring, sharing, daring, National Teamwork and Good Governance. I challenge you: "Together, do you have the will to make the Philippines great.n



WINNING A GREATER SHARE OF FOREIGN INVESTMENT

Unfortunately, there are no trick answers -- and no trick solutions -- to the grievous challenges facing the Philippines.

Most of you are familiar with my record: during my six years at Malacañang, I introduced investor-friendly reforms. And, until now, I carry out my self-imposed task -- at no Government expense -- as this country's senior marketing man to the foreign investment community. But a few reminders are worth mentioning.

NEVER TURN OFF THE LIGHTS AGAIN

We won global accolade for the billions we attracted into our emerging private power sector after this whole country was plunged into darkness during the 1990-93 "brown-outs" or power outages. In fact, McGraw-Hill's Electric Power International, the power industry's Bible, awarded to the Republic of the Philippines in 1995 the "1st Electric Infrastructure Development Award" May I ask representatives of foreign and domestic power investors in the audience to please stand.

Let me tell you a story. During the inaugural parade on 30 June 1992 at Rizal Park, the National Power Corporation (NPC) float reached the reviewing stand with its slogan: "We Power the Nation" Everybody in the Quirino Grandstand booed loudly. That was the mood that faced me as I took office. But we solved that problem within 18 months with the help of power sector investors. Now, let us make

sure the lights never go off in the Philippines again! And let us give this brave band of investors a great big hand.

CONNECTING OUR PEOPLE TO THE WORLD

As you may recall, we also introduced competition in our telecommunications industry, of which Lee Kuan Yew in 1992 famously said that 98% of all Filipinos were waiting for telephones -- and 2% were waiting for a dial tone. Now every other Filipino seems to have a cellular phone -- and we have been proclaimed the "Short Message System/Texting Capital" of the world. Phone calls to America are a fraction of their old rate of more than \$3 a minute -- and our call centers operate according to the motto President Gloria Arroyo recently told Michael Dell: "When America calls, the Philippines answers". Will everyone with a cell/mobile phone please stand. Now turn to your neighbor and show him your latest model. Be sure it is on silent mode. Now open your phone and look for the chip made in Baguio by Texas Instruments. We also encouraged our private sector to build industrial estates -- which soon filled up with state-of-the-art manufacturing plants.

Today, over 400,000 skilled Filipinos produce 2% of global electronic products. They have state-of-the-art jobs and do not have to work in a foreign land. The investors in these factories are now our top exporters. Will these investors please stand along with our telcos and our Spe-

cial Economic Zones (SEZs) (PEZA, Clark and Subic) developers. Texas Instruments, Intel, Amkor Technology, Fujitsu, Integrated Technology, Toyota, Ford, NEC, Philip Morris -- there are too many to name individually.

Let us recognize our telcos, exporters, and SEZs with a big hand. We liberalized our banking and insurance industries to increase competition. Before we amended the Banking Law in 1993, only four foreign banks had been allowed full operating privileges in the Philippines. Our reform allowed 10 more to open. Meanwhile, our Insurance Commission licensed new foreign firms, giving Filipinos more competitive product and pricing choices than ever before. Would those here today from banks and insurance companies please stand and be recognized.

OTHER B-O-T SUCCESSES

We began Build-Operate-Transfer (B-O-T) projects to move people, goods, and services faster. Among these are Metrorail on EDSA and the Skyway, which I use to go home to Alabang whenever my Commander-in-Chief commands me to hurry home. Would those involved in transportation please stand. We need you more than ever to modernize the sector -- to make moving goods, services, and people more efficient so that they are just-in-time. Let us give them a big hand. Unfortunately, not every B-O-T project we attempted was successful. Especially now,

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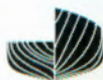
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