



**EEPCINDIA**

ENGINEERING THE FUTURE

THE EEPC INDIA

'DOING BUSINESS' SERIES

# DOING BUSINESS IN THE PHILIPPINES



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'DOING BUSINESS' SERIES



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Doing Business in the Philippines

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**E**PC India has transformed the profile of India's engineering exports from its inception. Engineering exports from India has been growing considerably and reached its lifetime high at USD 76.2 billion striking a growth of 16.81 percent over the previous fiscal. Another milestone achieved by the engineering sector is the increase in its share in total merchandise exports to above 25 percent. During the last five fiscal years, the share increased from 19.6 percent to 25.2 percent.

The Government of India has taken several initiatives to promote a healthy environment for the growth of manufacturing sector in the country and drafting a new Industrial Policy is one of them. India is an attractive hub for foreign investments in the manufacturing sector. The manufacturing sector of India has the potential to reach US\$ 1 trillion by 2025

The Philippine economy is the 34th largest in the world and the fastest-growing economy in the ASEAN. With a population of 102 million, the island archipelago is predicted to become the 20th largest economy in the world, fifth largest in Asia, and the largest in the Southeast Asian region by 2050.

This is EEPC India's 39th INDEE which is to be held in Manila, Philippines. This time more than 100 Indian entrepreneurs are expected to showcase smart manufacturing technologies, metal cutting machinery, industrial supply, industrial and electrical machinery, and sheet metal machinery, among others. It would be co located with the largest metalworking exposition in the Philippines – International Metalworking Expo and a concurrent metalworking show PDMEX.

I wish this edition of INDEE all the best at its 27th destination – Philippines.

A handwritten signature in black ink that reads "Ravi Sehgal." with a horizontal line underneath the name.

**Ravi Sehgal**  
Chairman, EEPC India



**T**HE Philippines is among the fastest-growing economies in Southeast Asia, with upgrades to sovereign investment ratings confirming improvements in the country's macroeconomic fundamentals. The government has defined its development objectives as driving rapid but inclusive economic growth, accelerating employment on a massive scale, and reducing poverty. As home to ADB headquarters, ADB and the Philippines have worked together to address persistent challenges and forge a more vibrant economy.

India-Philippines trade stood at around \$2.5 billion, during 2017-18 with India's exports amounting to \$1.7 billion. The engineering sector, including automobiles, is one of the main areas of Indian investment in the Philippines. A number of growth drivers suggest a major and sustained growth in two-way trade and investment, helped by the conclusion of the India-ASEAN Trade in Services and Investment Agreements. Indian investments in the Philippines are mainly in the areas of textiles, garments, IT&ITes, steel, Airports, chemicals, Automobiles and pharmaceuticals.

To boost trade further between Indian Government have always encouraged Trade delegations to Philippines to facilitate direct interaction with Filipino businessmen. Estimated Indian investments in the Philippines are valued at more than US \$ 650 mln. During the last few years, Indian companies have successfully executed some small and medium sized projects in the Philippines.

Many Indian entrepreneurs would be showcasing a varied range of engineering products to their Filipino counterpart in this INDEE. I wish all the best and success to this event.

A handwritten signature in black ink, appearing to read 'T S Bhasin', with a stylized flourish above the name.

**T S Bhasin**

Territorial Chairman for Committee on trade with ASEAN countries  
EEPC India



**I**NDIA'S engineering sector is a crucial backbone of the economy, and is the largest segment of the Indian industrial sector. India which once used to be a supplier of low-value engineering goods has emerged as a manufacturing base for sophisticated machines and equipment. The share of capital goods in engineering export basket has risen from 12% in 1956-57 to 37% in 2017-18.

India enjoys an intensified relationship with Philippines both bilaterally and as a regional group.

The Philippines, a founding member of the UN, ASEAN, and WTO, is one of most dynamic economies in the region. The World Bank and the Asian Development Bank both expect the Philippines to remain among the fastest growing economies in the region for 2018.

The Philippines and India enjoy 69 years of diplomatic relations. A Trade Agreement was signed in 1979 which aimed at promoting the development of trade and economic relations between the two countries. Presently, both the countries are exerting efforts to further deepen relations across different fronts, including in the engineering field. Indian engineering exports to this island country is on the rise with \$670.43 million worth of shipments during 2017-18.

EEPC India's signature show the Indian Engineering Exhibition (INDEE) has always served as a good platform to showcase and promote Indian engineering prowess to foreign buyers. It is EEPC India's effort to venture into the unexplored nation like Philippines to tap and create the market demand for Indian Goods.

A handwritten signature in black ink, appearing to read 'Suranjan Gupta' with a stylized flourish at the end.

**Suranjan Gupta**

Executive Director , EEPC India





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# Introduction



**T**HE Philippines, officially the Republic of the Philippines, is a unitary sovereign and archipelagic country in Southeast Asia. Situated in the western Pacific Ocean, it consists of about 7,641 islands

that are categorized broadly under three main geographical divisions from north to south: Luzon, Visayas, and Mindanao. The capital city of the Philippines is Manila and the most populous city is Quezon City, both part of Metro Manila. Bounded by the South China Sea on the west, the Philippine Sea on the east and the Celebes Sea on the southwest, the Philippines shares maritime borders with Taiwan to the north, Vietnam to the west, Palau to the east and Malaysia and Indonesia to the south.

The economy has been relatively resilient to global economic shocks due to less exposure to troubled international securities, lower dependence on exports, relatively resilient domestic consumption, large remittances from about 10 million overseas Filipino workers and migrants, and a rapidly expanding services industry. During 2017, the current account balance fell into the negative range, the first time since the 2008 global financial crisis, in part due to an ambitious new infrastructure spending programme announced. However, international reserves remain at comfortable levels and the banking system is stable.

Efforts to improve tax administration and expenditures management have helped ease the Philippines' debt burden and tight fiscal situation. The Philippines received investment-grade credit ratings on its sovereign debt under the former Aquino administration and has had little difficulty financing its budget deficits. However, weak absorptive capacity and implementation bottlenecks have prevented the government from maximizing its expenditure plans. Although it has improved, the low tax-to-GDP ratio remains a constraint to supporting increasingly higher spending levels and sustaining high and inclusive growth over

the longer term.

Economic growth has accelerated, averaging over 6% per year from 2011 to 2017, compared with 4.5% under the Macapagal Arroyo government; and competitiveness rankings have improved. Although 2017 saw a new record year for net foreign direct investment inflows, FDI to the Philippines has continued to lag behind regional peers, in part because the Philippine constitution and other laws limit foreign investment and restrict foreign ownership in important activities/sectors – such as land ownership and public utilities. Although the economy grew at a rapid pace under the Aquino government, challenges to achieving more inclusive growth remain. Continued efforts are needed to improve governance, the judicial system, the regulatory environment, the infrastructure, and the overall ease of doing business.

2016 saw the election of President Rodrigo Duterte, who has pledged to make inclusive growth and poverty reduction his top priority. Duterte believes that illegal drug use, crime and corruption are key barriers to economic development. The administration wants to reduce the poverty rate to 17% and graduate the economy to upper-middle income status by the end of President Duterte's term in 2022. Key themes under the government's Ten-Point Socioeconomic Agenda include continuity of the macro-economic policy, tax reform, higher investments in infrastructure and human capital development, and improving competitiveness and the overall ease of doing business. The administration sees infrastructure shortcomings as a key barrier to sustained economic growth and has pledged to spend \$165 billion on infrastructure by 2022. Although the final outcome has yet to be seen, the current administration is shepherding legislation for a comprehensive tax reform program to raise revenues for its ambitious infra-

structure spending plan and to promote a more equitable and efficient tax system. However, the need to finance rehabilitation and reconstruction efforts in the southern region of Mindanao following the 2017 Marawi City siege may compete with other spending on infrastructure.

#### Basic facts (2017)

Official Name	Republic of the Philippines
Capital	Manila
Geographical Location	Southeastern Asia, archipelago between the Philippine Sea and the South China Sea, east of Vietnam
Population	104,256,076 (July 2017 est.)
Population Growth Rate	1.57% (2017 est.)
Literacy Rate	96.3%
Total Area	300,000 sq km
Major Cities	Manila, Davao, Cebu, Cagayan de Oro
Major Languages	Filipino (official; based on Tagalog) and English (official)
Chief of State	President Rodrigo DUTERTE
Prime Minister	Abolished, The president is both chief of state and head of government.

#### Key economic indicators (2016)

Inflation Rate	3.1% (2017 est.) (consumer prices)
GDP Official Exchange Rate	\$321.2 billion (2017 est.)
GDP per capita (PPP)	\$8,200 (2017 est.)
Export	\$53.22 billion (2017 est.)
Import	\$90.42 billion (2017 est.)



### Key economic indicators (2016) contd.

Export commodities	Semiconductors and electronic products, machinery and transport equipment, wood manufactures, chemicals, processed food and beverages, garments, coconut oil, copper concentrates, seafood, bananas/fruits
Import Commodities	Electronic products, mineral fuels, machinery and transport equipment, iron and steel, textile fabrics, grains, chemicals, plastic
Natural Resources	Timber, petroleum, nickel, cobalt, silver, gold, salt, copper
Climate	tropical marine; northeast monsoon (November to April); southwest monsoon (May to October)
Exchange Rates	Philippine pesos (PHP) per US dollar - 50.21 (2017 est.)

Source: CIA factbook

### Business information (2016)

Office hours & timings	Monday to Friday, 8:00 am to 5:00 pm
India's time difference with the country	Philippines is 2 hours and 30 minutes ahead of India

Source: CIA Fact Book, World Bank

(Left) Manila Bay, a natural harbour that serves the Port of Manila

# The Philippines market



The port of Manila

**T**HE Philippines is the twelfth largest country in the world by population (more than 102 million) and is the fourth-largest English-speaking coun-

try. It also has one of the youngest populations in the world, with more than two-thirds of the population under the age of 35. Philippines year-on-year GDP growth

accelerated from 6.1% in 2015 to 6.9% in 2016, among the fastest in the region.

Consumer spending remains to be the major component of domestic demand, supported by remittances from overseas Filipinos. The country's macroeconomic fundamentals remain sound – the Philippines posted a modest \$420 million (0.1 percent of GDP) balance of payments deficit in 2016. Net foreign direct investment (FDI) inflows have been on an upward trend and rose by more than 40 percent year-on-year during 2016 to a record-high \$7.9 billion.

The higher growth trajectory helped push down the unemployment rate from 7.3 percent to 5.5 percent between 2010 and 2016.

### **Market opportunities**

- The best prospects for companies in the Philippines include energy, (including renewable energy, renewable fuels, and smart grid), information and communication technology (ICT), transportation infrastructure, medical equipment, agricultural products, and water resources.
- Energy production, conservation and efficiency are top priorities as the country is presently operating on low reserve margins and at high rates, with many remote areas suffering blackouts. Companies in water/waste-water management will also find opportunities in the Philippines.
- Many of these sectors are in the Philippine government's infrastructure development program, with the high-impact projects listed on [www.build.gov.ph](http://www.build.gov.ph), the Philippine infrastructure transparency portal. The government has four primary means of financing these large infrastructure projects: the government's budget, official development assistance (ODA), public-private partnership

(PPP), and a hybrid form of financing wherein the government undertakes the construction of large projects, and the operation and maintenance of the facilities are procured under the PPP mode. The PPP mode generally limits foreign control to 40 percent. China and Japan are aggressively offering ODA funds to the Philippines.

- Other promising sectors include franchising, aviation, and security.

### **Asian Development Bank**

- The Asian Development Bank, Asia's premier multilateral development institution, is headquartered in Manila. Indian companies are advised to explore the lucrative business opportunities derived from the US\$31.7 billion that the ADB awards its 42 developing member countries annually. The ADB has a goal of 50 percent private sector participation in ADB-financed projects by 2020.
- Major sectors financed by the ADB include energy, transport, water supply, education, agriculture, and other development-related initiatives. ADB also lends directly to the private sector through its Private Sector Department.
- In April 2017 the bank passed a new procurement policy. This principles based policy will move the Bank from a low cost to a best value procurement model. The core principles of the policy are economy (including life cycle costs), efficiency, fairness, transparency, quality and value for money. As a result of this policy, Indian firms should see increased opportunities to sell their products and services to the ADB.

### **Market entry strategy**

- Agents and distributors are commonly used in the Phil-

ippines and are essential for most foreign companies.

- Government procurement requires a foreign firm to have a local partner, with certain exceptions.
- Indian companies should visit their agents and distributors to strengthen these relationships and assess the local companies' abilities. If possible, they should also visit existing and potential clients with their agents and distributors to promote their product lines and/or better understand the clients' requirements.
- Indian companies should be patient yet diligent in pursuing contracts, particularly projects with the Philippine Government.

### **Bilateral relations between India and the Philippines**

India and the Philippines formally established diplomatic relations on 26 November 1949, shortly after both countries gained independence [Philippines in 1946 and India in 1947]. Sixty years of diplomatic relations was celebrated in 2009. The relations between the two countries have been cordial, though the full potential is yet to be realized. It would be fair to say that despite several shared values and commonalities, such as anti-colonialism, South-South cooperation, a strong democratic polity, an independent judiciary and press, and the wide use of the English language, relations between the two countries have been relatively unexplored and reflects a lack of informed knowledge about one another.

When India launched her Look East Policy and intensified partnership with ASEAN in 1992, this also resulted in intensified relations with countries in the region including Philippines, both bilaterally and as a regional grouping. The relationship with Philippines has intensified since then in political-security; economic

and people-to-people interactions. Coupled with current developments in the Philippines, the stage appears to be set for further intensification in bilateral relations, covering the broad canvas of consultations and cooperation on matters related to foreign policy, security, defence, trade, tourism, people-to-people relations and culture. Furthermore, strengthened ASEAN-India relations have had a positive impact on bilateral relations, especially with accelerated impetus given to trade and investment.

### **Bilateral treaties and agreements signed between India and the Philippines**

- Basic Agreement on Scientific & Technological Cooperation
- Basic Agreement on Economic and Technical Cooperation
- Agreement on Avoidance of Double Taxation and the Prevention of Fiscal Evasion
- MoU on Enhanced Cooperation in the field of Renewable Energy
- MoU on Scientific and Technological Cooperation with focus on Pharmaceutical
- MoU between the National Small Scale Industries Cooperation Limited and the Bureau of Small and Medium Business Development
- Agreement for Promotion and Protection of Investments
- MoU between the Gas Authority of India Limited (GAIL) and the Philippine National Oil Company
- MoU between the GAIL and the Department of Energy
- Agreement on Defence Cooperation
- MoU for cooperation in the MSME sector

## Reasons for investing in the Philippines



Traffic on a street in downtown Manila

**Strategic location:** The Philippines is ideally situated in the fast-growing Association of Southeast Nations (ASEAN) region, which has a market base of hundreds of millions of people. Filipino and other Asian consumers are willing to spend on key commodities and services, making them good prospects for your business. Private consumption in the Philippines is ever-growing, ranging from 5.9% to 7% in 2016 to 2017.

**Highly educated workforce:** Filipinos are among the most educated and highly trainable labour force in Asia, not to mention that the Philippines is a largely English-speaking country. Traditional methods of education are now complemented with advancing

technologies, increasing the computer and digital literacy of the average Filipino. Skilled employees and managers are also not hard to find, especially when you partner with a recruitment consultant in the Philippines that can help you find the talent that you need.

**Expanding infrastructure:** The Philippine government is committed to building more roads and bridges – infrastructure that's necessary for moving goods fast from the producer to the consumer. The country is also working on strengthening its information and communication technology systems. This is an important focus area, given that more and more communities across the world are going digital and are making transactions via online channels. In addition, you could easily find office space in major business districts in the metro ready for your operations.

**Growing domestic and export markets:** More than 100 million people are living in the Philippines, which makes it 13th in the list of countries with the highest population worldwide. It's a large consumer market that your business can tap into. Further, the Philippines have an export market that includes such countries as Japan, the United States, Hong Kong, China, and Singapore. By doing business in the Philippines, you could serve these top export destinations, too.



**Low cost of living:** As an investor, you want to have access to a lifestyle that suits your preference and lets you enjoy in a new environment even miles away from your home country. Major business districts in the Philippines are not only home to many first-rate business establishments and residential communities, but also offers these amenities at lower costs compared to other cities in the world.

**Tax benefits to businesses:** Many foreign companies are benefitting from the tax incentives offered to them by the Philippines. You may be eligible for

*Source: <https://manilarecruitment.com>*

tax cuts when you pass the accreditation of the Philippine Economic Zone Authority (PEZA), a government agency that helps businesses and investors like you to set up shop in the Philippines.

**Tourism friendly:** The Philippines abounds with tourist attractions – beaches and islands, water parks, world-class malls, and hotels, to name a few. No wonder, tourists who are visiting the Philippines are at an all-time high—with visitors totaling to about 3 million from Q1 to Q2 2017. This demographic can spend roughly millions of pesos in any given month, which may boost your business as well.

## Economic relations between India and the Philippines

India and Philippines signed a Trade Agreement in 1979. Bilateral trade was slow between the two countries till the late nineties and then posted a positive growth after the deepening relations between India and ASEAN in the context of India's 'Look East Policy'. The Agreement on Trade in Goods was signed 13 August 2009 between India and ASEAN and which was fully implemented in 2011 helped in increase in bilateral trade. India is part of the Regional Comprehensive Economic Partnership Negotiations (RCEP) which will also support and contribute to economic integration. Bilateral trade stood at US\$2.5 billion during 2017-18. Existing full potential has not been realized and there is need to further facilitate trade between the two countries especially since

both economies are growing and are complementary to each other.

Major items of Indian exports are Vehicles, and parts and accessories, frozen buffalo meat; pharmaceutical products, oil seeds and olea, etc.; rubber & rubber products; electrical & electronic machinery and equipment; boilers etc.; organic chemicals, iron, steel and cotton.

Major imports from Philippines are electrical and electronic machinery and equipment; boilers etc; vehicles; paper products; organic chemicals; fertilizers; inorganic chemicals; optical photographic instruments; rubber and articles thereof and iron and steel.

Bilateral trade between India and Philippines recorded US\$1810.59 million in 2013-14 and has progressed to US\$2457.2 million in 2017-18, registering a CAGR of 7.9%.



Makati, a city in the Philippines' Metro Manila region  
and the country's financial hub



**Table 1: India-Philippines merchandise trade in the last five years (US\$ million)**

S.No.	Year	2013-14	2014-15	2015-16	2016-17	2017-18
1	Export	1419	1395.58	1374.23	1482.52	1692.83
2	% Growth		-1.65	-1.53	7.88	14.19
3	Import	391.59	423.04	542.16	494.62	764.36
4	% Growth		8.03	28.16	-8.77	54.54
5	Total Trade	1810.59	1818.62	1916.39	1977.13	2457.2
6	% Growth	0.44	5.38	3.17	24.28	0.44
7	Trade Balance	1027.41	972.54	832.07	987.9	928.47

Source: [www.commerce.nic.in](http://www.commerce.nic.in)

### Engineering trade between India and the Philippines

Analysis of five-year engineering trade data reveals similar to the trend of overall merchandise trade, total engineering trade has also recorded a positive trend over

the period concerned. India has enjoyed trade surplus with the Philippines in engineering trade over the period concerned. India's total engineering trade with Philippines stands at 5% of India's total engineering trade with ASEAN in 2017-18.

**Table 2: India-Philippines engineering trade for the last 5 years (US\$ million)**

S. No.	Year	2013-14	2014-15	2015-16	2016-17	2017-18
1	Export	513.77	449.1	524.53	546.53	664.88
2	% Growth		-12.59	16.80	4.19	21.65
3	Import	96.6	90.15	113.11	143.31	205.77
4	% Growth		-6.68	25.47	26.70	43.58
5	Total Trade	610.37	539.25	637.64	689.84	870.65
6	% Growth		-11.65	18.25	8.19	26.21

Source: [www.commerce.nic.in](http://www.commerce.nic.in)

Top engineering products exported from India to the Philippines include Iron & Steel, Two and Three wheelers, Motor vehicles/cars, Auto components/parts, Industrial Machinery for dairy, agriculture, food processing, textiles, paper, chemicals, etc, Products of Iron and steel. The main

engineering imports from the Philippines include Copper and products made of copper, Miscellaneous items and Medical and Scientific Instruments. We also find imports of Iron & Steel and Auto components/parts, etc, which shows the presence of intra-industry trade.

**Table 3: Panel-wise Engineering Exports to Philippines (Top 10 Panels) (US\$ million)**

DGCI&S Product Group (Panels)	2015-16	2016-17	2017-18
Iron and Steel	14	33.52	176.36
Two and Three Wheelers	96.86	104.81	127.42
Motor Vehicle/cars	103.26	98.6	72.22
Auto Components/Parts	21.74	27.68	42.56
Industrial Machinery for dairy, agriculture, food processing, textiles, paper, chemicals, etc	41.86	42.69	39.59
Products of Iron and Steel	28.43	33.55	32.56
Nuclear Reactors, Industrial Boilers and Parts	60.03	31.57	27.99
Electric Machinery and Equipment	45.1	47.91	24.65
Aluminium and products made of Aluminium	2.92	4.47	13.05
Lead and products made of Lead	0.41	0.79	12.93

Source: [www.commerce.nic.in](http://www.commerce.nic.in)

Analysis of India's engineering exports based on DGCI&S product groups showed that among the top ten product group that India exports to the Philippines, there has

been a huge surge in the export of Iron & Steel. However, there has been a steep fall in the exports of Motor vehicles/cars in the last fiscal over the previous year.

## Prospective sectors in the Philippines

With healthy and sustainable economic growth, coupled with strong consumer purchasing power, the Philippines is becoming an increasingly attractive prospect for several markets. Listed are industries that are expected to grow and develop.

Construction Industry, Automotive industry, Manufacturing industry, Real Estate Industry, Electrical machinery, Transport Equipment, IT and business process management industry, Banking industry

### **Important Industry Associations & Chambers in the Philippines**

#### *Philippine Chamber of Commerce and Industry (PCCI)*

Objective/s : To provide focused advocacy for business growth and sustainable development complemented business services for the advancement of grassroots entrepreneurship, chamber development, international trade relations, business innovation and excellence, and operating efficiency.

**Website:** [www.philippinechamber.com](http://www.philippinechamber.com)

**Email:** [pcci@philippinechamber.com](mailto:pcci@philippinechamber.com)

#### *Philippine Exporters Confederation Inc (Philexport)*

Objective/s: To strengthen the country's export industry through export promotion and development programs.

**Website:** [www.philexport.ph](http://www.philexport.ph)

**Email:** [communications@philexport.ph](mailto:communications@philexport.ph)

**Objective/s:** To strengthen the country's export industry through export promotion and development programs.

#### *Federation of Indian Chamber of Commerce of The Philippines Inc.*

Objective/s : To enhance the prestige of the Filipino-Indian business community in the Philippines.

To foster a stronger sense of brotherhood among its members and the Filipino people.

**Website:** [www.ficci.com.ph](http://www.ficci.com.ph)

**Email:** [info@ficci.com.ph](mailto:info@ficci.com.ph)

#### *The Federation of Philippine Industries*

Objective/s: To serve as the Voice of Philippine industry and an effective partner of the Philippine Government in promoting and developing globally-competitive Philip-

pine industries.

**Website:** <http://www.fpi.ph>

**Email:** [fpi@philonline.com](mailto:fpi@philonline.com) ; [fpi@fpi.ph](mailto:fpi@fpi.ph)

### **An overview of Philippine's banking industry**

The Philippine banking industry has always played a substantial role in sustaining the pace of growth of the country's economy. The entire banking sector is supervised by the Central bank of the Philippines, Bangko Sentral ng Pilipinas, while the overall industry is segmented and variegated as under:

- 40 Commercial and Universal banks together hold around 90% of the total market share of banking industry in the Philippines. These banks claim a lion's share of the total deposits available to whole banking industry. Their area of services ranges from wholesale, retail and corporate banking to treasury, trade, underwriting and investment advisory. Some top commercial and universal banks (on the basis of available assets) in the Philippines are: Metropolitan Bank and Trust, Land Bank of the Philippines, Banco de Oro Unibank, Philippine National Bank and Bank of the Philippine Islands.
  - There are 495 Rural and Co-operative banks in the Philippines which are responsible for development of rural areas and their economies by providing basic financial services to rural populace. The major difference between rural and co-operative banks is the nature of their ownership. Rural banks are owned by the private individuals while co-operative banks are under the ownership of co-operative societies.
  - Thrift banks in the Philippines are 57 in numbers. These banks are further categorized into Private

development banks, Savings and mortgage banks, Loan associations, stock savings and microfinance saving banks. Their major activities include collection of deposits from small savers and investing them into profitable portfolios. These banks are also engaged in providing trade services to small and medium-sized enterprises and individual entrepreneurs.

### Emerging business segments in the banking industry

A form of partnership or association between a financial institution and an insurance company; where banks offer insurance products through their platform to their customers. In recent years, the Bangko Sentral ng Pilipinas has received numerous applications both from local and foreign banks seeking approval for provision of Bancassurance services through their platforms.

**Mobile banking or Branchless banking:** a relatively new form of service where banks or financial institutions allow their customers to conduct financial transactions through their mobile devices. Mobile banking can be carried out in collaboration with telecom industry and is far away from the traditional brick-and-mortar banking structure.

**Retail Wealth Management:** Wealth management services and Retail investment advisory is provided to young or new investors showing interest in mutual fund units and other such financial products.

**Microfinance:** This is one of the fastest growing businesses not only in the Philippines but is also attracting the whole world's admiration. As per the latest report of the Central bank, there are more than 200 microfinance institutions working in the country that has lent around \$250 million to 1 million borrowers.

**Website:** <http://www.bsp.gov.ph/banking/bspsup.asp>

## Common modes of transportation in the Philippines

The Philippines has some of the world's most peculiar and most exciting rides.

- Jeepneys and multicabs. The colourful, iconic jeepney is the hallmark of Filipino transportation.
- Buses.
- Taxis.
- MRT / LRT
- Vans for hire or V-hires.
- Motorcycles with passenger compartment.
- Motorcycle taxis (Habal-habal)
- Bicycles with sidecars (Pedicab or Trisikad)
- Ferry Boats (Ro-Ro) / Pumpboats (Bancas)
- Airplanes

# Visa rules and labour rights in the Philippines



Ninoy International Airport in Manila

## Basic requirements for all visa applicants

- Visa application form fully and legibly completed in English by the applicant
- One passport size photograph taken no more than 6 months ago. Scanned photos are not acceptable.
- Bank statements for the last six months stamped and signed by bank officer
- Original passport valid for at least 6 months beyond the contemplated stay in the Philippines.
- Photocopy of the data and amendment pages of the applicant's passport.
- Copy of e-ticket showing CONFIRMED flight details;  
For temporary visitor's visa and transit visa holders:

Your return or onward journey plane ticket must be presented to the Philippine immigration officer upon entry into the Philippines.

- Processing fee in demand draft drawn from any bank in India with branch in New Delhi payable to "Embassy of the Philippines". Cash payments will not be accepted.
- For payment details, please refer to Schedule of Fees
- Note: Depending on the initial evaluation of the visa processors, other documents may be required. Applicants are advised to submit their documents at least two weeks before scheduled departure to the Philippines. It normally takes 10 working days for a visa application to be processed. Barring unforeseen circum-



stances or the need for additional requirements, you can collect your passport on the eighth working day from the date of submission from 5:00 PM to 6:00 PM Monday to Fridays. Saturday, Sunday and Philippine/Indian holidays except during Philippine/Indian holidays and other special days when the consular section will be closed will not be counted as processing days. Your claim stub should also indicate the date and time of collection of your passport.

### **Additional requirements per type of visa application**

#### *9A: Temporary visitor's visa for pleasure (tourist visa)*

- Copy of credit cards and/or travelers checks or foreign exchange endorsement of the passport
- Letter from inviting party (if applicable) indicating complete address and telephone number
- If employed, applicant's Certificate of Current Employment from Employer to include employer's full name, address and telephone number, applicant's length of service and salary details
- If self-employed, photocopy of latest Income Tax Return and copy of Personal Assessment Number (PAN) Card
- If Student, applicant's Certificate of Enrollment or Letter of Acceptance from School;
- If minor, under 18 years of age traveling alone or to be accompanied by a person other than a parent or not joining a parent in the Philippines: Affidavit of Support and Consent to Travel. The affidavit must be executed by either or both parents indicating traveling companion of minor and address in the Philippines, duly notarized by a local Notary Public, attested by the MEA and consular officer of the Philippine Embassy. This affidavit must be presented before immigration officials

at the port of entry in the Philippines upon the minor's arrival in the Philippines.

- If Spouse of a Philippine Citizen: Name of Filipino spouse should be indicated in the visa applicant's passport Copy of Report of Marriage issued by the Philippine Embassy or Philippine National Statistics office
- If Unmarried Minor Child of a Filipino Parent: Copy of Birth Certificate and Copy of Parent's valid passports

Indian nationals who wish to visit the Philippines for tourism purposes may be granted visa-free entry into the country in any port of entry (major international airports and secondary international hubs (SIHs), as well as in seaports by passengers on board cruise ships/vessels) for an initial authorized stay not exceeding fourteen (14) days, provided they possess the following:

1. Either a valid (used or unused) American (US), Japanese, Australian, Canadian, Schengen, United Kingdom, or Singaporean multiple-entry visa or permanent residence permit.
2. An Indian passport valid at least six (6) months beyond the date of departure from the Philippines;
3. Return or onward ticket to the next country of destination; and
4. No derogatory record with the Philippine Bureau of Immigration.

The fourteen (14) day, visa-free entry may be extended by an additional seven (7) days with the Philippine Bureau of Immigration for a maximum stay of twenty-one (21) days but is non-convertible to other visa categories.

#### *9A: Temporary visitor's visa for religious workers and missionaries*

- Police Clearance from the country of origin or place of

legal residence

- Sponsorship/endorsement letter from the religious organization in country of origin
- Guarantee letter from the inviting entity in the Philippines stating that it will be responsible for the welfare acts and movement of the visa applicant during his/her stay in the Philippines and it guarantees that the visa applicant will not be a public charge to the Philippine Government
- Certificate of accreditation of sending religious organization
- All applicants under this category are informed that the visa process (including evaluation and approval) will take at least one (1) month from the date of application and receipt of complete documentation.

*9a: Temporary visitor's visa for business (business visa)*

- Letter of invitation from the reference person or company in the Philippines
- Official letter from company where employed mentioning applicant's travel to the Philippines, expected duration of stay and number of entries applied for (single entry/ multiple entry valid for 6 months or 1 year )

*9b: Transit visa (must be traveling from one country to another via the Philippines. Transit period is limited to 72 hours.)*

- Copy of e-ticket to show applicant's flight details.

## **Mandatory labour rights in the Philippines**

### **Normal working hours**

The normal hours of work an employee has to render must not exceed eight (8) hours a day and should be ex-

clusive of the one (1) hour daily lunch break. Philippine laws, however, do not prohibit work done for less than eight hours.

### **Meal periods**

Every employer is mandated by the Labor Code to give their employees not less than sixty (60) minutes' time-off for their regular meals. During day shifts, this time-off is usually during 12:00 PM.

### **Night Shift Differential Pay**

Every employee shall be paid a night shift premium of not less than 10% of their regular wage for each hour of work performed between 10:00 PM and 6:00 AM.

### **Overtime work**

Work may be performed beyond eight hours a day provided that the employee is paid for the overtime work, which consists of an additional compensation equivalent to his regular wage plus at least 25% thereof. Work performed beyond eight hours on a holiday or rest day shall be paid an additional compensation equivalent to the rate of the first eight hours plus at least 30% thereof.

### **Undertime not offset by overtime**

Article 88 of the Labor Code enunciates that undertime work on a business day shall not be offset by overtime work on any other day. The law discourages the offset because the hourly rate of overtime is higher than the hours missed when an employee works for less than eight hours.

Permission given to the employee to go on leave for a day in a regular work week shall not exempt the employer from paying the additional compensation required for the overtime work done.

## Important government departments

### Department of Foreign Affairs

The Philippines' Department of Foreign Affairs is the executive department of the Philippine government tasked to contribute to the enhancement of national security and the protection of the territorial integrity and national sovereignty, to participate in the national endeavor of sustaining development and enhancing the Philippines' competitive edge, to protect the rights and promote the welfare of Filipinos overseas and to mobilize them as partners in national development, to project a positive image of the Philippines, and to increase international understanding of Philippine culture for mutually-beneficial relations with other countries.

#### DEPARTMENT OF FOREIGN AFFAIRS

2330 Roxas Boulevard, Pasay City, Philippines  
Phone: (632) 834-4000, (632) 834-3000  
Website: [www.dfa.gov.ph](http://www.dfa.gov.ph)

### Department of Trade and Industry

The Philippine Department of Trade and Industry is the executive department of the Philippine Government tasked as the main economic catalyst that enables innovative, competitive, job generating, inclusive business, and empowers consumers. It acts as catalyst for intensified private sector activity in order to accelerate and sustain economic growth through comprehensive industrial growth strategy, progressive and socially responsible trade liberalization and deregulation programs and policymaking designed for the expansion and diversification of Philippine trade - both domestic and foreign.

#### DEPARTMENT OF TRADE & INDUSTRY

Trade & Industry Building  
361 Senator Gil J. Puyat Avenue, Makati City  
Metro Manila, Philippines 1200  
Phone: (+632) 751.0384  
E-mail: [ask@dti.gov.ph](mailto:ask@dti.gov.ph)  
Website: <https://www.dti.gov.ph>

### National Economic and Development Authority, Republic of Philippines-NEDA

The National Economic and Development Authority (NEDA) is the premier socioeconomic planning body of the government of the Philippines. It is highly regarded as the country's authoritative agency on macroeconomic forecasting and policy analysis, and research. It provides high-level advice to policymakers in the Congress of the Philippines and the executive branch of the government.

NEDA is involved in the formation of national and sub-national policies, plans and programmes. The agency reviews, monitors and evaluates infrastructure projects, in addition to undertaking short-term policy reviews that provide critical analyses of development issues and policy alternatives to decision-makers. NEDA has also been instrumental in stimulating the generation and use of evidence in policy-making. It plays a central role in mobilising and coordinating other government departments in stimulating impact evaluation.

National Economic and Development Authority  
12 St. J.Escriva Drive, Ortigas Center, Pasig City  
Phone: +63 631 0945 – 56  
E-mail: [nedapr@neda.gov.ph](mailto:nedapr@neda.gov.ph)  
Website: <http://www.neda.gov.ph/>

## Online services

### **BOI One Window Network (BOI OWN)**

The BOI One Window Network (BOI-OWN) is a cloud-based web portal and mobile application system that promotes full transparency and accountability. It features a databank of information related to business and investments and a system that tracks and monitors the real-time status of the investors' queries and concerns using personal computers or mobile phones.

### **National Single Window**

NSW is a computerized internet-based system that allows parties involved in trade to lodge information and documents with a single entry point to fulfill all import, export and transit-related regulatory requirements.

### **Philippine Business Registry**

PBR is a web-based system that serves as a one-stop shop for entrepreneurs who need to transact with several agencies to be able to start operating a business.

More information at: [www.gov.ph](http://www.gov.ph)

## Useful contacts

### **Embassy of India,**

2190, Paraiso Street, Dasmarinas Village, Makati City, Metro Manila, Philippines

Phone: 0063-2-8430101-02; 0063-2-8434-048

Fax: 0063-2-8445757; 0063-2-8927301; 0063-2-8158151

E-mail: [com.manila@mea.gov.in](mailto:com.manila@mea.gov.in)

Website: <http://www.indembassymanila.in>

### **Federation of Indian Chambers of Commerce (Phil) Inc.**

Room 1803 Cityland 10 Tower 1, 156 H.V Dela Costa St. Salcedo Village, Makati City

Phone: +63 2 814 0918, +63 2 844 7222

E-mail: [info@ficci.com.ph](mailto:info@ficci.com.ph)

Website: <http://ficci.com.ph>

<b>Upcoming trade exhibitions in the Philippines on the engineering sector</b>			
<b>Exhibition Name</b>	<b>Cycle</b>	<b>City / Location</b>	<b>Next Date</b>
<b>Philtronics</b> Philippine International Electronics and Semiconductor, SMT and PCB Technology, Equipment, Components, Materials, Supplies and Services Exhibition	Once a year	SMX Convention Center, Manila	11.10 - 13.10 2018
<b>Power trends 2018</b> 13th International Exhibition and Conference on Directions for Energy, Power and Electricity	Every 2 year	SMX Convention Center, Pasay City, Metro Manila	04.09 - 06.09 2018
<b>Manufacturing Technology World - Manila 2018</b>	once a year	SMX Exhibition and Convention Center, Manila, Mall of Asia Complex	11.10- 13.10 2018
<b>MIAS - Manila Auto Show 2019</b>	once a year	World Trade Center Metro Manila	April 2019

### Sources

- Ministry of Commerce, Govt. of India
- Ministry of External Affairs, Govt. of India
- ITC Trade map
- CIA Fact Book
- Embassy of the Philippines
- Other websites: [www.adb.org](http://www.adb.org) and [www.indembassymanila.in](http://www.indembassymanila.in)

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EEPC INDIA 'DOING BUSINESS' SERIES



## Doing Business in the Philippines

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