

ANNEX 6
RESULT OF THE QUESTIONNAIRE SURVEY FOR
ENTRANT FIRMS OF EPZS

ANNEX 6 RESULT OF THE QUESTIONNAIRE SURVEY FOR ENTRANT FIRMS OF EPZs

To have a firm understanding of the present situation and problems as seen from the side of the existing entrant firms of EPZs including CEPZ, as well as to serve as basic materials for the development policy of CEPZ in the future, a questionnaire survey was made of the firms which operate factories in the EPZs.

The survey was conducted by distributing the questionnaire drawn up by the survey team in advance to the entrant firms through EPZA and retrieving them through each EPZ office.

With these retrieved forms, the survey team visited the EPZ offices and firms individually. Meetings were conducted to discuss matters such as survey omissions, oversights and concrete solutions of problems and differences in points of view between the EPZ offices and the companies.

Figures given below are the number of firms surveyed and visited.

EPZ	No. of Firms Surveyed	No. of Respondent Firms	No. of Firms ^{1/} Visited for Follow-up
BCEPZ	12	6	7
BEPZ	25	9	6
CEPZ	12	11	13
MEPZ	10	5	7
Total	59	31	33

Notes: ^{1/} EPZA offices included

The names of respondent companies and companies visited for follow-up are attached at the back of this ANNEX 6 as EXHIBIT-I.

The survey items and findings on the responses are summarized below.

(1) Motive of Entry to the Philippines

Figures tabulated below are the number of responses made in a multiple response to the 11 items of questions on the motive of entry to the Philippines.

	BCEPZ	BEPZ	CEPZ	MEPZ	TOTAL
a) Local resources			1	2	3
b) Nearness to the market			1		1
c) Infrastructure	2		1		3
d) Labor availability	5	5	7	3	20
e) Availability of college graduates	5	2		2	9

f) Labor cost	5	3	5	3	16
g) Few labor disputes					0
h) Incentives	5	1	3	2	11
i) GSP	2	1	1	1	5
j) High educational level	1		2		3
k) Communication in English	3	5	4	1	13

As expected, "abundant manpower" and "low labor cost" occupy the first and second place in the motive of entry. It is worthwhile that "an easy communication by using the English language" is the third motive. In view of the fact that many firms have cited this point to be higher-ranking than investment incentive measures, it may be said that an easy communication by using the English language is one of the Philippines' advantages attracting foreign investors. In fact, many of the companies that have set-up operations in Thailand face difficulty in communicating with local employees due to a language problem. In addition, "being able to employ college graduates easily" is another factor attracting foreign investors. In the follow-up visit survey this fact has been confirmed particularly in BCEPZ where most of the entrant firms are engaged in the manufacturing of precision machinery or the processing and/or assembling of high value products, like Texas Instruments.

It can be considered that foreign firms setting up operations in the Philippines have been greatly motivated by the abundant and inexpensive manpower even if the infrastructure is insufficient.

(2) Motive of Entrant Firms in Entry into EPZs

Figures tabulated below are the number of responses made in a multiple response to the 9 items of questions on the motive of entry into EPZs:

	BCEPZ	BEPZ	CEPZ	MEPZ	TOTAL
a) Access to airport	3		2	4	9
b) Access to seaport	1		4	2	7
c) Availability of labor	5	7	6	4	22
d) Low land rental cost	3	2	3	2	10
e) Power	2		3	1	6
f) Water	1		2		3
g) Communication with Manila	1	1	3	1	6
h) Nature	1	1	2	4	
i) Security	2	1	3		6

"Availability of Labor" occupies first place while "low land rental cost" is second. Similarly results are shown in every EPZ. BCEPZ and MEPZ are adjacent to airports, and at BCEPZ, three out of six responding firms, while at MEPZ, four out of five, cited these points to be advantages. This can be said to be their great specific feature. The mentioning of the proximity of CEPZ to the seaport too can be said to be one characteristic.

In the follow-up visit survey too, while the unfavorable points of road conditions of CEPZ was recognized, on the other hand, there were many firms that considered the infrastructure to be

gradually improving and that the temporary inconvenience may be tolerated. The attraction of proximity to Manila wins over all other considerations.

In addition, there were two firms that transferred from BEPZ to CEPZ, one of the motives of which was to avoid labor disputes which may be an important topic when studying the redevelopment of BEPZ in the future.

(3) Infrastructure

With regard to water, power, communication and SFB, the degree of satisfaction of the entrant firms was questioned. Furthermore, questions were made for water, as to whether the firm had its own deep well or not; for power, as to the frequency of brownouts, and whether or not the firm has its own power generator; and as to communication facilities and equipments, the number of lines owned and considered to be necessary.

Satisfaction	BCEPZ		BEPZ		CEPZ		MEPZ		TOTAL	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
a) Water	2	4	7	2	9	1	5		23	7
b) Power	3	3	2	6	8	2	5		18	11
c) Communication	4	2	2	6	2	7	2	3	10	18
d) SFB	1	5			2	1	3	6		

1) Water

In the EPZs, apart from BCEPZ, it can be said that, by and large, the firms are satisfied. However, this refers only to the fact that as of now there is no great inconvenience in terms of water volume as compared with other infrastructural items.

These are still problems such as, in the case of CEPZ, water hardness being high and, in addition, a little high in salinity. Depending on the type of business, there are also firms that have installed a water treatment plant on their own.

In the case of BCEPZ, most particularly in summertime, water shortages occur, impeding operations. This is because the population of Baguio City, as a summer resort, increases three times to about 500,000 in this season, whereupon water is consumed in great quantity and, given the low water pressure, water cannot be supplied to the mountaintop. As for drinking water, in CEPZ and MEPZ, pipelines are separate from water for operational use and they are also equipped with chlorine injection plants. These chlorine injection plants do not function reliably so every individual firm does its own sterilization. BEPZ also has a similar water supply system and measures water quality every day. Quality of water supplied seems to be fairly good. In BEPZ, however, black iron pipe is used for the drinking water pipeline, which requires careful inspection and control of water quality.

Also, in BCEPZ, water is being supplied by Baguio City as having the quality of drinking water but when inspected independently by the firms, it did not conform to incompany standards and so, there are also firms that do water retreatment. There is only firm that owns its own deep well and it was for the purpose of fire fighting.

2) Power

The EPZs all have some kind of dissatisfaction with power supply. Especially in BEPZ and BCEPZ, power failures occur frequently and at CBPZ, there is wide voltage fluctuation and despite the 220 voltage rating it fluctuates within a range of 160 - 270V; this is the major source of dissatisfaction. Recently, however, improvement work on power supply lines and substations within the zone are being carried out and the power failures have almost been eliminated.

Moreover, in CEPZ, power for operations is being directly supplied from NPC while power for deep wells is from MERALCO. The transmission from MERALCO makes ommon use of the ordinary distribution line and even at present, power failure occurs frequently. Each time that happens, the deepwell pump starts and during a long power failure water distribution becomes impossible as well. Firms which answered "owns own generator" were three, although in actuality, it is thinkable that there are more that own a generator.

3) Communication Facilities and Equipments

A sense of dissatisfaction stronger than that against power supply exists. It is something common to all EPZs and the following matters were pointed out:

- a) Number of lines is few both for long-distance (mainly for overseas) and for short distance (principally for domestic). (In BEPZ, there is no long-distance line at all).
- b) Long-distance telephone cannot be dialed directly (no line available)
- c) No direct dialing type is available (since it passes through an exchange unit, it takes time).
- d) Lines are few (or not available) and so fax cannot be used
- e) For both telephone and fax, transmission and receiving conditions are not good. Especially when the rainy season sets in, the situation becomes much worse.
- f) One is made to wait for a long time following a request for a telephone installation (at the MEPZ and three other EPZs, the EPZ office does the negotiation with PLDT with regard to telephone installation but at MEPZ each firm negotiates individually with PLDT).

As to the number of lines considered necessary, among the 20 companies that responded, inclusive of telephone, telex, and fax, a maximum of 28 lines and a minimum of two were requested.

4) SFB (Standard Factory Building)

The SFB facilities of each EPZ are as follows:

a) BCEPZ:	3-story factory building	(2,784m ² /floor)	2 units
b) BEPZ :	3-story factory building	(2,784m ² /floor)	10 units
c) CEPZ :	one-story factory building	(1,000m ² /floor)	6 units
d) MEPZ :	3-story factory building	(3,000m ² /floor)	2 units
	one-story factory building	(3,000m ² /floor)	3 units

Excluding the SFB of CEPZ, the SFB built in the EPZs are all of similar structure. Floor surface and wall surfaces are of reinforced concrete and they appear to have adequate thickness and strength to install machines, if they are small machines. The SFB in CEPZ, when compared with the SFB facilities in other EPZs, seems to be an extremely simple structure. To cite an example, the wall surface only has a thin fireproofing board laid on the inner and outer surface, without any fireproofing material under it. Also, the base floor is made of non-reinforced cement with a thickness of only 3cm which must be insufficient to install machines.

Furthermore, although the color steel sheeting is used as roofing board, it has peeled off and been blown off by the 1989 typhoon, and not been repaired. This shows how bad the structure is, as well as the existence of a maintenance problem.

In findings verified through the follow-up visit survey, entrant firms reinforce the flooring and also construct room partitions by themselves. At BEPZ, much dissatisfaction was shown regarding the SFB. It was also pointed out, that despite a considerable number of years having elapsed since construction, not even once has repair been done, and so, with its dilapidation and damage becoming conspicuous, dissatisfaction regarding present conditions exists, and the entrant firm itself inevitably must completely repair building. At MEPZ, there is no difference in height between the surrounding ground and the ground floor surface, so during rainy season, water enters the factory. Improvement is sought on this matter.

(4) Rental

EPZ entrant firms are not allowed to own land inside EPZ and therefore they rent from EPZA. They can buy a one-story SFB in CEPZ and MEPZ. When asked about the degree of satisfaction with regard to rental fees, while almost all firms considered the land rental fees to be reasonable, poor management and maintenance of the SFB was pointed out. Dissatisfaction with the management and maintenance of the SFB was frequently pointed out especially at the BEPZ.

(5) **Environment for Living**

The degree of satisfaction on the environment for living was questioned.

Satisfaction	BCEPZ		BEPZ		CEPZ		MEPZ		TOTAL	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
a) Management housing	2	3	3	5	3	5	2	1	10	14
b) Workers housing	2	3		8	3	5	2	2	7	18
c) Schools	6		2	5	2	3	2	1	12	9
d) Security	4	2	2	6	4	2	2	2	12	12
e) Road		6		9	1	6	1	3	2	24
f) Transportation	3	3	2	7	4	4		4	9	18

1) **Housing Facilities for Managers**

As a whole, there are no housing facilities for the exclusive use of EPZ and where they do exist, they are not of satisfactory level. These facts seem to be the cause of dissatisfaction.

At BEPZ, their desire is to have the repairs, maintenance and administration of the facilities be done sufficiently. There are also opinions to the effect that the necessary number of building units has not been prepared. On account of the fact that CEPZ is near Manila, it appears that management commutes from housing facilities within Metro Manila, and it was mentioned that rental in Metro Manila is expensive.

In BCEPZ, it seems that availability of residences within the city is tight.

2) **Housing Facilities for Employees**

The mentioning of the fact that, except for BEPZ, EPZ does not have housing facilities is a matter common to all. At BEPZ, although there are housing facilities, all respondents replied that the facilities are rudimentary, and repairs, maintenance and management are not done at all. Moreover, it was pointed out that the construction is not of a structure suited to the climate and wind, and dissatisfaction is expressed.

3) **Educational Facilities**

This is a problem not only of EPZ alone but is one of the biggest troubles of managers as well as employees of foreign firms entering the Philippines.

4) Maintenance of Law and Order

It is pointed out in every EPZ altogether that the outer fence boundary is insufficient. Though fences exist, they are not repaired or maintained and in places are torn or have fallen. In addition, entry-exit control in and out of the EPZ premise is not adequate.

In BCEPZ, because of squatters living within the premises, there are problems from the standpoint of safety control during nighttime and other times and it was pointed out that this may cause obstruction to expansion of buildings.

5) Roads and Freight Transportation Facilities

A number of responses cited dissatisfaction with roads and freight transportation facilities, together with methods of commuting and their transportation. It was pointed out that the traffic congestion and confusion is constantly present within Manila and suburbs, making a great amount of time required for commuting and transporting materials; that, in BCEPZ, the roads from Manila are narrow; and, that the paving condition, including roads within the city, are bad.

At BEPZ, of all the roads from Manila, the bad paving condition of the narrow and winding portion approximately 1km. at the EPZ's entry point as well as the roads within the zone were pointed out. At the MEPZ, the connecting bridge linking Cebu Island with Mactan Island is a two-lane road and was pointed out to be congested in the morning and at night and, in order to avoid this, there are also some firms that start operation early at 6 a.m. and end work at 4 p.m..

(6) Source of Labor Supply

Survey was conducted on the availability of each type of occupation.

Satisfaction	BCEPZ			BEPZ			CEPZ			MEPZ			TOTAL		
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C
a) Manager	-	1	2	2	-	7	4	2	2	1	2	2	7	5	13
b) Engineer	5	-	1	3	-	5	6	2	-	2	1	2	16	3	8
c) Clerk	6	-	-	8	-	1	7	-	1	3	-	2	24	-	4
d) Worker	5	-	1	8	-	1	6	-	1	3	-	1	22	-	4

Note: A: "easy", B: "difficult", C: "distressing"

1) Manager Class

Over-all, it may be said that it is not easy to employ managers although in the suburbs of Manila possibilities are higher than other places. The problem at the BEPZ may be due to

the fact that labor unrest has not yet been fully eliminated and the living environment in the vicinity is unfavorable.

2) Technician Class

Except for BEPZ, it appears as if it is not that distressing.

3) Clerical Class

Problems are almost nil, it may be said. It seems easy to employ female university graduates.

4) Factory Workers

There seems to be no problem at all as far as general workers are concerned. However, when it comes to skilled worker, a certain period of time and guidance is said to be necessary. In proportion to the high rate of school attendance, it appears that the degree of mastery of the work is extremely good.

(7) Domestic Procurement of Processed Raw Materials and Such Items

Except for Texas Instruments at BCEPZ, domestic procurement of raw materials is almost not done at all. The main reasons are "it's not being manufactured locally", "it is substandard quality" or "it's comparatively cheaper to import", and so forth. Imports from countries like Japan, Taiwan, Korea and Hong Kong occupy the majority.

The T.I. is using the packaging materials, detergent, supplies and spare parts procured locally. Other companies, are using only the packaging materials procured from local sources. It was reported, however, that such local suppliers often failed in timely delivery of required quantity.

(8) Freight Transport System of Raw Materials and Products

At the time of freight forwarding of raw materials and products companies using containers are overwhelmingly more numerous. The majority of the companies are shipping their products by marine transport while airfreight is used at times by one or two companies. Freight forwarding frequency is two to four times a month on the average while at the maximum, it is 25 times a month.

(9) Evaluation of Policies on Investment Incentives

A question was asked as to what kind of incentives are appreciated by the entrant firms. Results follow.

Satisfaction	BCEPZ		BEPZ		CEPZ		MEPZ		TOTAL	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
a) Income tax holiday	4	1	2	4	5	1	2	1	13	7
b) Import duties & tax exemption	6		8		8		4		26	
c) Export tax & fees exemption	6		7		9		3		25	
d) Local tax & fees exemption	5	1	3	3	6		4		18	4
e) Contractor's tax exemption	3	2	3	2	2	2	1	2	9	8
f) Wharfage fees exemption	3	2	2	3	1	4	3	1	9	1
g) Branch profits remittance	3	2	1	3		2		2	4	9
h) Tax credit	4	2	3	3	1	2	2	1	9	8
i) No limitation to ownership	4	2	1	2	4		4		13	4
j) Employment of aliens	4	2	3	1	5		3	1	15	4
k) Foreign exchange allocation	3	3	3	2	3	1	2	2	11	8
l) Financial assistance		6		4		4		4		18
m) Simplified export procedure		6	4	1	6		4		14	7
n) Simplified import procedure		5	4	2	7		4		15	7
o) Exemption from SGS inspection	4	2	7		7		4		22	2

While the "Import duties and tax exemption", "Export taxes and fees exemption", and "Exemption from SGS inspection" were appreciated, with regards to "Financial assistance" or "Simplified export/import procedures", problems were pointed out as follows:

1) Financial Assistance

There are many firms, it appears, that do not want to borrow the available loans for such reasons as application and appraisal procedures being extremely troublesome, or the interest rate being high, and when a large funding is required, they accomplish it by additional capitalization.

2) Simplified Export/Import Procedures

In all EPZs, the procedures were all completely identical. No specific comments were made except at BCEPZ where it was pointed out by several companies that in the import application documents, the number of original signature required is too much and in addition, the period of time for processing takes one week. (This was subsequently simplified.)

(10) Request of Entrant Firms on Improvement of the Operations and Administration of EPZA

A question was asked to have comments on typical facilities which are used to be set up in EPZs.

There were 21 responses on housing facilities, 18 responses on clinic facilities, 13 responses on security, and 13 responses on export inspection.

1) Housing Facilities

At BCEPZ, all six respondent companies wanted housing facilities for managers as well as for the employees. At BEPZ, together with wanting the improvement and repair of existing facilities, increase in facilities of individual housing for managers and improvement of employees quarters are also desired. Moreover, improvement of drainage disposal also appears as an opinion. At CEPZ, there are many firms that want housing facilities particularly for employees. In addition, due to the rise in rental charges in Metro Manila, there are also calls for housing for managers.

2) Clinic Facilities

In each EPZ, either there are no clinic facilities or should there be one, it is extremely rudimentary. In view of the present conditions of clinic facilities available in the vicinity of each EPZ, the entrant firms desire such facilities inside the EPZs. There are opinions to the effect that BCEPZ and CEPZ should be provided with a clinic and an ambulance and BEPZ, with a general hospital complete with facilities and staff. In any case, the cause of this is the fact that there are no general hospitals established by the municipality in the vicinity of each EPZ.

3) Security Control

There are two kinds of requests made by the entrant firms. One is "Prevention of intrusion of squatters by building fences" requested in BCEPZ and the other is "Sufficient training of the security guards for the establishment of a warning system whereby the firms can pay close attention to their work operations with peace of mind" requested in all EPZs.

4) Matters Desired for Implementation in the Future

BCEPZ: Own deep well, water disposal facilities, emergency information facilities, all-weather freight transport facilities, medical facilities

BEPZ: Solution of labor unrest and improvement of telephone facilities

CEPZ: Communications facilities, recreational and amusement facilities, and medical facilities

MEPZ: Recreational and health exercise facilities, canteen, airport and seaport facilities, boundary fences and street lighting

(11) Recommendations Made by the Entrant Firms for Consideration of the Philippine Government as well as EPZA Regarding the Invitation of Companies to EPZ in the Future

1) Simplification of Customs Clearance and Import/Export License

The major recommendations are "Simplification of export application documents (reduction in number of pages and in places for signature)" and "reduction of number of days required for application". Moreover, opinion to the effect that "a GTEB officer-in-charge staying permanently at the administration office would be desirable from the viewpoint of work operations handling" was given.

2) Provision and Maintenance of Basic Facilities Such as Telecommunication and Others

Amplification of communications facilities, telephone installation priority to the residences of managers, and elimination of power failures were the major comments.

3) Training and Consulting Services for the Investors

There was only one case commenting that it is necessary to support the "attracting of small local suppliers of needed materials, sub-components and services".

4) Simplification of Location Procedures and Other Formal Procedures

There were comments on the "simplification of procedures for Central Bank importation approval" and also "the simplification of approval of tax credit claims made by EPZA to the extent adopted by BOI". As for latter, the simplification have already reached to the level.

EXHIBIT A6-I

LIST OF COMPANIES WHICH ANSWERED FOR THE QUESTIONNAIRE

1. BCEPZ

- | | |
|---------------------------------------|------------------------------|
| 1) Texas Instruments (Phils.)
Inc. | Semiconductors |
| 2) Moog Controls Corp. | Servo Systems |
| 3) Linen Concepts Phils., Inc. | Embroidered Linens |
| 4) Adriste Philippines Inc. | Leather and Knitted Products |
| 5) Arex Asia Phils Corp. | Electronic Novelty Items |
| 6) Bagio Precision Corp. | Metal Parts |

2. BEPZ

- | | |
|--------------------------------------|---|
| 1) Crismina Garments, Inc. | Denim Pants, Jackets, Shorts
& Skirts |
| 2) Bataan Leather Goods, Inc. | Leather & Vinyl Gloves |
| 3) Mariveles Apparel Corp. | Men's suits & Sports coats |
| 4) Dunlop-Slazenger (Phils.)
Inc. | Tennis Balls & Other sports
goods |
| 5) Mitsumi Phils., Inc. | Electronic Components |
| 6) Monasteria Knitting, Inc. | Men's knitwear & Sweaters |
| 7) Terry Manila, Inc. | Terry towels, Table &
Kitchen napkins etc. |
| 8) Doo-Phil Manufacturing Corp. | Garments |
| 9) Pasing Textile Industries
Inc. | Gloves, Velts & Sun-glass |

3. CEPZ

- | | |
|--------------------------------------|--|
| 1) Cavite Apparel Corp. | Coats, Vests and pants |
| 2) Iwax Philippines, Inc. | Disposal Lighters and
Components parts |
| 3) Filkor Business Integrated | Knitted Sweaters and Stuffed
toys |
| 4) Lu Chu Shin Yee Works
(Phils.) | Stainless Steel Screws and
Hexagon Nuts |
| 5) Mikado Philippines Corp. | Marine Propeller |
| 6) Ada International Phils. | Knitted Sweaters and Socks |
| 7) Mayon Garments | Garments |

- | | |
|---------------------------------------|---|
| 8) Kingsreich Corp. | Reconditioning of used
automotive engines |
| 9) Unipac International
(Phils.) | Reconditioning & Overhauling
of used car engines |
| 10) Ocean Industries Inc. | Garments |
| 11) Antistatic Product
Specialists | Manufacture of ESD Products |

4. MEPZ

- | | |
|----------------------------|--------------------|
| 1) Data Prof Phils., Inc. | Personal Computers |
| 2) Cebu Daito Corp. | Cotton Buds |
| 3) Pacific Rise Industries | Garments |
| 4) TMX Philippines, Inc. | Watches |
| 5) Biocon Phils., Inc. | Carrageenan |

EXHIBIT A6-II LIST OF COMPANIES WITH WHICH THE TEAM INTERVIEWED

1. BCEPZ (Sakakura, Sato, Taki, 1990 1/18 - 1/19)

- | | | |
|--------------------------------|-------------------|------------------------------|
| 1) Office of Bagio City
EPZ | Zone Manager | Mr. Digna Torres |
| 2) Texas Instruments
Inc. | President | Mr. Rex C. Ferguson |
| 3) Moog Controls Corp. | Mfg. Manager | Mr. Alfredo
G. Magpayo |
| 4) Linen Concepts. Inc. | Corp. Affairs Mgr | Mr. Juan
G. Orendain II |
| 5) Adriste Phils. Inc. | General Manager | Mrs. Adoracion
Sta. Maria |
| 6) Arax Asia Phils. Inc. | | Mrs. Precy Garcia |
| 7) Bagio Precision Corp. | Engineer | Mr. Herr Bautista |

2. BEPZ (Sato, Watanabe, Taki, 1990 1/22 - 1/23)

- | | | |
|--------------------------------------|-------------------|--------------------------|
| 1) Office of Bataan EPZ | Zone Manager | Mr. P.V. Malixi |
| 2) Mikuni International
Inc. | Vice President | Mr. Teruo Umeda |
| 3) Manila Gloves Mfg.
Inc. | General Manager | ? |
| 4) Pasing Textile
Industries Inc. | General Manager | Mr. Fujita |
| 5) Mitsunmi Philippines,
Inc. | Managing Director | Mr. Atsushi
Ohtsuka |
| 6) Accessories
Specialists, Inc. | General Manager | Mr. Jones
B. Alabanza |

3. CEPZ (Aihara, Sato, Taki, 1989 11/27 - 11/28)

- | | | |
|------------------------------------|----------------|----------------------------|
| 1) Office of Cavite
EPZ | Division Chief | Mr. Neron
L. Damondamon |
| 2) Nihon Grow-Bell Phils. | | |
| 3) Maxon Systems (Phils.) Inc. | | |
| 4) Lu Chu Shin Yee Works Co., Ltd. | | |
| 5) Cavite Apparel Corp. | | |
| 6) Mayon Garments Manufacturing | | |
| 7) San Tech Inc. | | |
| 8) Iwax Philippines Inc. | | |

- 9) Antistatic Products
- 10) Ocean Industries
- 11) Unipac International (Phils.)
- 12) Filkor Business Integrated Inc.
- 13) Mikado Philippines President Mr. Yoshinori
Corp. Kamikubo

4. MEPZ (Sato, Watanabe, Taki, 1990 1/25 - 1/27)

- 1) Office of Mactan Zone Manager Mr. Rogelio
EPZ B. Balajadia
- 2) NEC Technologies Vice President Mr. Hiroshi Murata
Phils. Inc.
- 3) Cebu Daito Corp. General Manager Mr. Tamio Sakurai
- 4) Data Prof Phils., Adm. Manager Mr. Daniel
Inc. G. Gonzales
- 5) Biocon Phils., Inc. Vice President Mr. Honorio
A. Garcia
- 6) Mactan Apparels, Plant Manager Mr. GioVanni
Inc. Paras
- 7) TMX Phils., Inc. General Manager Mr. Sonny Bas

Note: Names and dates in parenthesis show the team members who visited the EPZ and date of visit.

ANNEX 7
OUTLINE OF THE MAJOR PRIVATE INDUSTRIAL ESTATES

ANNEX 7 OUTLINE OF THE MAJOR PRIVATE INDUSTRIAL ESTATES

The outline for the major private industrial estates which is given below was drawn up on the basis of data secured through a series of interviews conducted by the Team with the individual concerns responsible for the various projects of the major private estates as indicated in Tables 4-4-2 and 4-4-3 touched upon in Chapter 4 (4-4) of the report. These projects are all currently in progress. Most are faced with problems relating to the agrarian reform. The completion dates of construction remain indefinite. Further, as they consider the CEPZ as a rival, it was impossible to obtain data relating to management aspects such as lease fees, sales points, etc.

Map A7-1 indicates the positions of industrial estates currently under development in the two provinces of Cavite and Laguna including the major private industrial estates mentioned above.

- 1. Name of Industrial Estate:** Ayala-Laguna Industrial Park
- (1) **Parent Developer:** Mitsubishi Corp./Kawasaki Steel/Ayala Land Inc.
(an affiliate real estate company of the largest financial combine of the Philippines)
- (2) **Position and Transportation Access:** Sta. Rosa, Laguna, located approximately 3 km distance from the SSH Sta. Rosa I.C. (44 km from highway starting point). It takes one hour by vehicle to both Manila Harbor and NAIA.
- (3) **Total Development Area:** 344 ha
- Industrial Area in estate:** 173 ha (in first phase 70 ha, in second phase 103 ha)
Residential Area: 82 ha
Other Areas (roads, administration buildings, commercial areas, etc.): 89 ha.
- (4) **Infrastructures:**
- Electricity:** 80 MW (230 kV-34.5 kV) NPC/MERALCO
Provision of a backup generator is being considered.
- Communications:** Microwave emitter equipment on the estate, connection with Main office of PLDT
2,000 international digital lines
- Water:** 12 deep wells (100 m) with capacity for pumping 2 tons of water per minute
- Drainage:** After treatment by the tenant, waste is stored in the flood control pond of the estate and then discharged into the Sta. Rosa River
- Estate Roads:** Main road of 40 m width, Secondary road of 20 m width
- CSF:** Administration building, Customs office, Bonded warehouse, Offices of related Government offices, Medical Clinic.
- (5) **Production Schedule:** Acquire DAR Approval March, 1990
Commence construction work in April, 1990.

- (6) **Number of Tenant Industries Anticipated:** 40-50 (estimate of the Team)
- (7) **Type of Tenant Industries Desired:** ---
Restricted Types of Industry: those which pollute (through waste water or exhaust gases), which are large consumers of water utilities or of electricity.
- (8) **Marketing Method:** Sale and lease (companies with more than 40% foreign capital) of sites
- (9) **Special Characteristics and Sales Points**
- 1) Capacity and reliability of the parent developer
 - 2) Favorable conditions of estate position and access
 - 3) Flat terrain, firm ground, plentiful good underground source water
 - 4) Excellent infrastructures and full range of facilities.

- 2. Name of Industrial Estate: Sta Rosa Industrial Estate**
- (1) **Parent Developer:** C. Ito & Co./Greenfield Development Corporation (an affiliate real estate company of UNI LABO., the largest all Philippine owned pharmaceutical manufacturer)
- (2) **Position and Transportation Access:** Sta. Rosa, Laguna, located at approximately 3 km distance by national highway from the SSH Sta. Rosa I.C. (44 km from highway starting point). It takes one hour by vehicle to both Manila Harbor and NAIA.
- (3) **Total Development Area:** 180 ha
- Industrial Area in estate:** 150 ha
- Residential Area:**
- Other Areas (roads, administration buildings, commercial areas, etc.):** 30 ha.
- (4) **Infrastructures:**
- Electricity:** 60 MW (115 kV-34.5 kV) MERALCO
Provision of a backup diesel generator (500 KW)
- Communications:** 1,000 Microwave lines
- Water:** 6 deep wells (40-50 m) with capacity for pumping 10,000 tons of water per day
- Drainage:** Capacity for water treatment: 10,000 sq. m per day
- Estate Roads:** Asphalt roads (of 40, 30 and 22 m width)
- CSF:** Hard wastes treatment plant (5 tons/day)
- (5) **Production Schedule:** The target for completion of construction is April 1991 but will depend on how the agrarian reform progresses.
- (6) **Number of Tenant Industries Anticipated:** 40-45 (estimate of the Team)
- (7) **Type of Tenant Industries Desired:** ---
- Restricted Types of Industry:** those which pollute with waste water (plating workshops)

(8) **Marketing Method:** Sale and lease of sites jointly

(9) **Special Characteristics and Sales Points:**

1) **Reliability of the parent developer**

2) **Excellent access to Metro Manila**

- 3. Name of Industrial Estate: First Cavite Industrial Estate**
- (1) **Parent Developer:** Marubeni Corp./National Development Co., (a Public Corporation under DTI)
- (2) **Position and Transportation Access:** Dasmarinas, Cavite, located approximately 14 km distance from the SSH Carmona I.C. (32 km from highway starting point). It takes one hour by vehicle to both Manila Harbor and NAIA.
- (3) **Total Development Area:** 155 ha
- Industrial Area in estate:** 117 ha
- Residential Area:** ---
- Other Areas (roads, administration buildings, commercial areas, etc.):** 38 ha.
- (4) **Infrastructures:**
- Electricity:** 60 MW (34.5 kV) MERALCO
500 KW diesel generator for common facility and street lighting.
- Communications:** 600 Microwave lines
- Water:** 7 deep wells (200 m) with capacity for pumping 6,000 tons of water per day
- Drainage:** After treatment by the tenant waste is then discharged together into the Nangkaan River.
- Estate Roads:** ---
- CSF:** Customs office, Bonded warehouse
- (5) **Production Schedule:** Completion was scheduled for Dec.,1990 but because of the problems with agrarian reform construction work was considerably delayed.
- (6) **Number of Tenant Industries Anticipated:** 30-40 (estimate of the Team)

(7) **Type of Tenant Industries Desired:** ---

Restricted Types of Industry: ---

(8) **Marketing Method:** --- **Lease** ---

(9) **Special Characteristics and Sales Points:**

1) **Reliability of the parent developer**

2) **Formalities relating to import of materials and the export of finished products can all take place inside the estate.**

- 4. Name of Industrial Estate: Science Park of the Philippines**
- (1) **Parent Developer:** Investment and Capital Corp. of the Philippines (Joint venture of American Express, American Insurance Group, Far East Bank Group and the National Development Co.)
- (2) **Position and Transportation Access:** Cabuyao, Laguna, located approximately 500 m distance from the Silangan I.C. (45 km from highway starting point) of the SSH. It takes 45 minutes by vehicle to both Manila Harbor and NAIA.
- (3) **Total Development Area:** 143 ha
- Industrial Area in estate: ---
 Residential Area: ---
 Other Areas (roads, administration buildings, commercial areas, etc.): ---
- (4) **Infrastructures:**
- | | | |
|-----------------|---|--------------------------|
| Electricity: | } | No indications provided. |
| Communications: | | |
| Water: | | |
| Drainage: | | |
| Estate Roads: | | |
| CSF: | } | |
- (5) **Production Schedule:** Construction work for Phase I on 50 ha. is to begin in January, 1990 and is scheduled to be completed by July of the same year, but problems with agrarian reform is causing delay.
- (6) **Number of Tenant Industries Anticipated:** 20-25 in Phase I, and 80-100 over combined Phase II and III.
- (7) **Type of Tenant Industries Desired:** Technological and scientific industries such as electronics and computer software together with their related industries.
- Restricted Types of Industry:** those which pollute and garment industries (which would upset surrounding companies through contrast of low wage structures).

(8) Marketing Method: Lease (aimed at companies from Japan, Taiwan and Hong Kong)

(9) Special Characteristics and Sales Points

1) Administration and Maintenance

2) An open style bonded warehouse

3) Provision of SFB

5. Name of Industrial Estate: Gateway Industrial Complex

(1) Parent Developer: Gateway Property Holdings, Inc. (First Pacific Special Asset Ltd. (65% Philippine owned)/Salim Group (35% Indonesia owned))

(2) Position and Transportation Access: General Trias, Cavite, located approximately 18 km distance from the Carmona I.C. of the SSH (32 km from highway starting point). It takes one hour by vehicle to both Manila Harbor and NAIA.

(3) Total Development Area: 400 ha.

Industrial Area in Estate: 160 ha (in first phase 50 ha, in second phase 110 ha.)

Residential Area: 240 ha. in Phase III

Other Areas (roads, administration buildings, commercial areas, etc.): included in above figure.

(4) Infrastructures:

Electricity: provided by Meralco (no figures provided)

Communications: 600 Microwave lines (PLDT)

Water: deep well (240m) with capacity for pumping 3 sq. m. of water per minute

Drainage: After collective treatment of all tenant waste water, it is then discharged into the river.

Estate Roads: -

CSF: Waste water treatment Facilities, Hard wastes incinerator, Customs office, Bonded warehouse, Clinic, Bank, Post Office.

(5) Production Schedule:

Phase I (50 ha.) completion of construction work: June, 1990

Phase II (110 ha.) completion of construction work: Dec., 1990

Other areas completion of construction work:

scheduled for Dec., 1992 (The DAR approval has not been obtained yet.)

(6) **Number of Tenant Industries Anticipated:** 140 companies

(7) **Type of Tenant Industries Desired:** Light Industries

Restricted Types of Industry: those which pollute

(8) **Marketing Method:** ----

(9) **Special Characteristics and Sales Points**

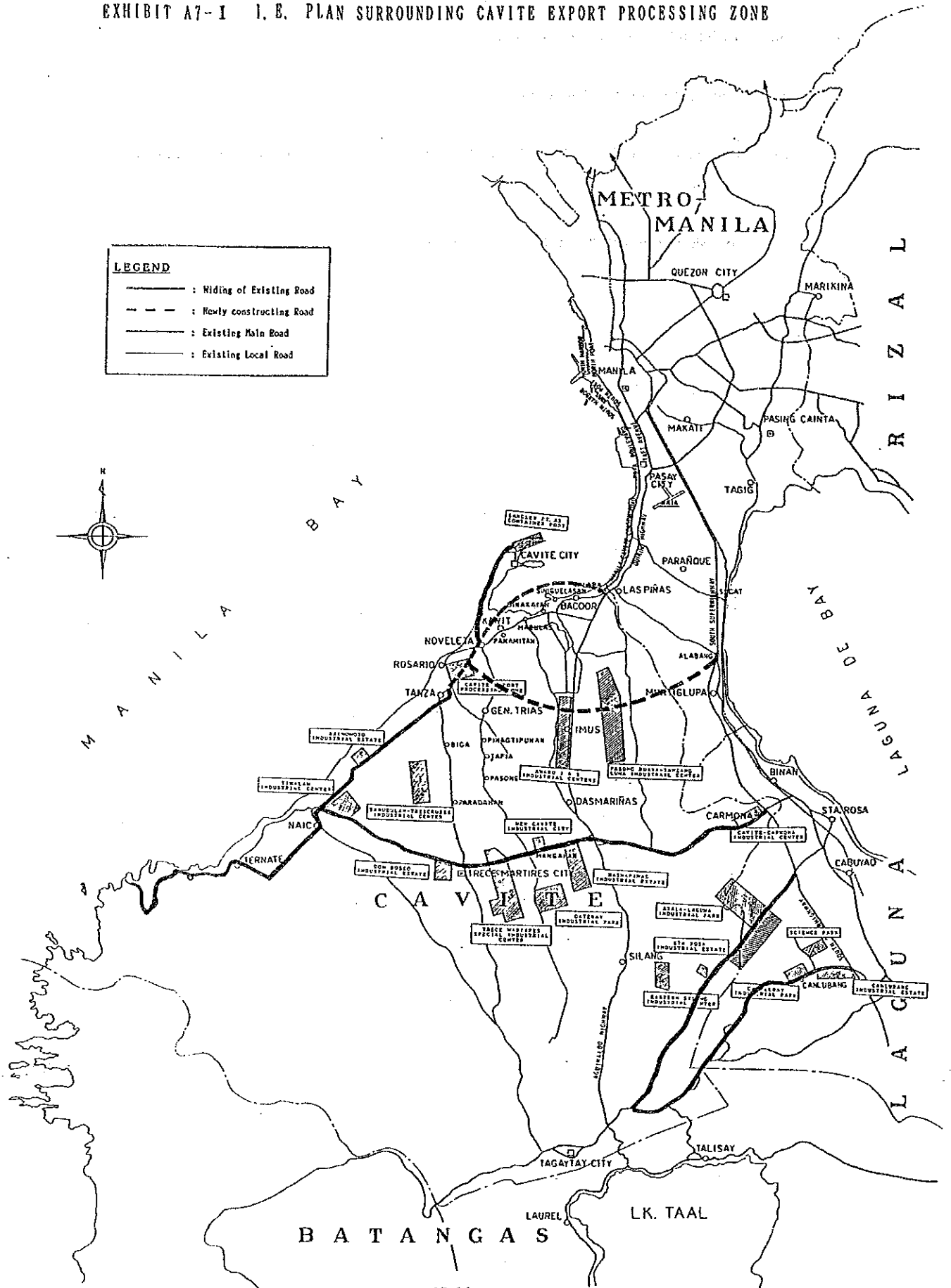
- 1) **Is to be developed integrally not as a simple Industrial Estate but as an complete Industrial Town (equipped with commercial, residential, educational- cultural, and sports/leisure time facilities)**
- 2) **Provision of a shuttle bus service operating inside the Estate area.**

- 6. Name of Industrial Estate: Carmelray Industrial Park**
- (1) Parent Developer: Carmelray Developers, Inc.
(an affiliate real estate company of Yulo family who is the largest land owner in the Philippines).
- (2) Position and Transportation Access: Located approximately 3 km from the Canbulang I.C. on the SSH (48 km from highway starting point). It takes about one hour by vehicle to Manila Harbor and NAIA.
- (3) Total Development Area : 500 ha
- Industrial Area in Estate: 500 ha
- Residential Area: ---
- Other Areas (roads, administration] buildings, commercial areas, etc.): ---
- (4) Infrastructures
- Electricity: 7 No concrete figures indicated.
- Communications: | There is confidence in the
- Water: | ability to provide facilities
- Drainage: 2 based on the previous achievement of Canlubang I.E.
- Estate Roads: Main road of 30 m
- CSF: width
- (5) Production Schedule: Phase I, 94 ha preparation completed (85 ha already divided into allotments). The remaining preparation and allotment division is to be proceeded with to plan over a period of 5 years and 10 months.
- (6) Number of Tenant Industries Anticipated: 35-40 (World enterprises such as BASF and Tupperware are to be tenants, and the average site lot, on the basis of the Canlubang I.E. to be 13.3 ha. per company.)
- (7) Type of Tenant Industries Desired: ---
- Restricted Types of Industry: ---
- (8) Marketing Method: Lease

(9) Special Characteristics and Sales Points

- 1) Achievement of the Canlubang I.E.**
- 2) Comprehensive design by Industrial Estate consultant of Singapore commissioned for this purpose**
- 3) Diversion of all agricultural land for sites has been completed.**

EXHIBIT A7-1 I. E. PLAN SURROUNDING CAVITE EXPORT PROCESSING ZONE



LEGEND

- : Hiding of Existing Road
- - - : Newly constructing Road
- : Existing Main Road
- : Existing Local Road

ANNEX 8
QUESTIONNAIRE SURVEY OF JAPANESE
POTENTIAL INVESTORS

(1) Outline of Survey

The questionnaires were sent to 1,400 manufacturing companies, most of which are members of the Chamber of Commerce and Industry of Tokyo and also those of Osaka, Nagoya, Kawasaki, Yokohama and Fukuoka to investigate whether they had plans to invest overseas (especially in ASEAN countries including the Philippines), their motives for overseas investment, criteria for selection of an overseas production base, to what extent they have interest in investment incentives, export processing zones and industrial estates of the Philippines and their reaction to the coup d'etat attempt at the end of 1989. The outline is as follows.

1) Selection of Participant Companies

The 1,400 companies were selected on the basis of following criteria:

- a) Manufacturing companies of over 100 employees
- b) In the case of members of the Chamber of Commerce and Industry of Tokyo which has many members, manufacturing companies belonging mainly to the following eight categories where it is known that there relatively many cases of direct overseas investment:
 - Furniture and its accessories
 - Rubber goods
 - Steel
 - Metal goods
 - General machinery and apparatus
 - Electric machinery and appliances
 - Transportation equipment and apparatus
 - Precision machinery and apparatus

2) Method of Survey

The Team sent questionnaires and pamphlets introducing CEPZ with a letter of greetings from the Undersecretary of DTI to the 1,400 companies and requested each participant to fill in the allotted space for answers and send back them. (Copies of the letter of request in the name of the Undersecretary, questionnaire and pamphlet introducing CEPZ are attached at the end of this Annex as Exhibits A8-I to III). In the process of collection of answers, reminders by phone and confirmations by phone or personal interview on uncertain

answers were carried out.

3) Collection of Answers

The questionnaires were sent in January 1990 and 215 replies were received by February 20 when the term for answering was over. The following are number of questionnaires sent, number of replies received and rate of return per each chamber of commerce and industry.

Chamber of Commerce and Industry	Number of Questionnaires Sent	Number of Replies Received	Rate of Return
Tokyo	733	116	15.8%
Osaka	300	45	15.0
Nagoya	127	20	15.7
Kawasaki	122	13	10.7
Yokohama	100	20	20.0
Fukuoka	18	1	5.6
Total	1,400	215	15.4%

4) Outlines of 215 Companies That Replied

a) Scale of Capital

Out of 215 companies, 108 gave their scale of capital, as follows;

Under 100 million yen	56	(26.9%)
110 - 1,000	69	(33.2)
1,010 - 5,000	33	(15.9)
5,010 - 10,000	18	(8.7)
10,010 - 100,000	27	(12.9)
over 100,000	5	(2.4)
Total	208	(100.0%)

Companies with "capital under 100 million yen" which is the standard for small or medium sized companies in Japan (manufacturing) occupy about 27%.

b) Scale of Employees

212 companies gave their scale of employees, as follows.

Under 100 employees	3	(1.1%)
101 - 300	70	(33.1)
301 - 1,000	72	(34.0)
1,001 - 5,000	50	(23.6)
5,001 - 10,000	7	(3.4)
over 10,000	10	(4.8)
<hr/>		
Total	212	(100.0%)

Companies with under 300 employees which is the standard for small or medium sized companies in Japan (manufacturing) occupy about 34%. The above data together with that of a) show that around 1/3 of the companies which answered belong to the category of small or medium sized companies in Japan and that even among companies of this scale, pretty many have invested overseas or have interest in doing so.

c) Category of Business

Automobiles	4	(1.9%)
Automobile parts	25	(11.6)
Machinery	50	(23.4)
Precision machinery	18	(8.4)
Electric machinery	33	(15.3)
Electronics, electronic parts	16	(7.4)
Metalworks	22	(10.2)
Steel	11	(5.1)
Furniture	5	(2.3)
Communication machinery	4	(1.9)
Rubber goods	8	(3.7)
Others	19	(8.8)
<hr/>		
Total	215	(100.0%)

(2) Analysis of Answers to Each Question

Results of analysis of answers to each question are outlined below.

1) Whether They Have an Overseas Production Base or Not

Table A8-1 shows per category of business whether those 215 companies which answered have an overseas production base or not. Out of the companies which answered, 95 companies, corresponding to a little bit over 44%, already have an overseas production base and for the categories of automobiles and their parts, precision machinery, communication machinery and rubber goods, over half of the companies of the corresponding categories which answered are producing overseas.

The total number of bases of the 95 companies already having overseas production base amounts to 183 and its country-wise distribution is as follows.

NIEs countries	57 places
Malaysia	26
Thailand	22
Indonesia	19
Philippines	10
other countries	49

Total 183 places

6) Areas or Countries Where They are Planning to Locate Another Production Base Next

32 companies (because of multiple answers, total bases are 47) nominate ASEAN countries as countries where to locate another production base next:

The Philippines	15 companies	(out of which 7 nominate only the Philippines)
Malaysia	14	(out of which 7 nominate only Malaysia)
Thailand	10	(out of which 4 nominate only Thailand)
Indonesia	8	(out of which 3 nominate only Indonesia)

Total 47 companies

Tables A8-2 and A8-3 show distribution by category of business, scale of capital and scale of employees of the 215 companies which answered including 32 companies having plan to establish overseas production bases. (figures in these tables divided by slashes indicate from the left "number of companies which answered"/ "number of companies (total 32) that are planning to extend to ASEAN"/ "companies (total 15) that are planning to extend to the Philippines out of those 32 companies". As shown by the two tables, many companies in the areas of electric appliances, metalworks, precision instrument, electronic apparatus, automobile parts and machinery etc. are studying extension to ASEAN countries. From the viewpoint of company scale, companies of capital under 5 billion yen occupy about 70% and those of employees under 1,000 occupy about 60% respectively.

Production items announced by those 15 companies planning to extend to the Philippines are as follows: freezers, switches and connectors, power transformers, electronic scales, OA units, magnetic heads, laser mirrors, steel, ferro-alloys, dies, automobile parts, parts for trucks and buses, video game machines.

3) Criteria for Establishing Overseas Production Bases

Multiple answers of the 215 companies are as follows.

- Government stability	162
- Manpower availability	94
- Infrastructure	62
- Governmental investment policy	56

- Economic growth of the country	32
- Stability of foreign exchanges	24
- Availability raw materials	23
- Good industrial site	19
- Export processing zones	8
- Financial condition	2

It is considered quite natural that most companies (162 companies, 75%) to mention "government stability", because overseas direct investment means for them not only investment money but also managerial resources such as technology and manpower at risk for a long time. "Manpower availability" is cited by 94 companies (44%).

4) Motive for Locating Production Bases in Southeast Asia

Analysis of answers was made regarding the 32 companies which plan to expand in ASEAN countries (multiple answers) and the result is as follows.

Shortage of labor in Japan	18
Employment of low-wage labor	18
Exports base	15
Countermeasures against yen appreciation	12
Securing of domestic market of the country	12

The above results show that in many cases Japanese companies expand overseas in order to solve manpower problem. Consequently the availability of labor can be a great attraction of the Philippines.

Having questioned whether they have or not plan to use any subcontractors, which is supposed to be one of the motives for establishing production bases, it is found that 29 companies corresponding to 13% of the total plan to use subcontractors and 20 (9%) companies are planning to procure raw materials, 18 companies (8%) parts, and 16 companies (7%) packaging materials.

5) Extent of Interest in the Philippines

Out of the 215 companies, companies already having production bases in the Philippines are 10 as shown in 1) and companies nominating the Philippines as the country to have another production base next are 15 as mentioned in 2), while all the companies including those 25 companies were inquired to what extent they have interest in the Philippines.

- a) As to attractiveness of investment incentives, "tax incentives" was given by the most companies (93 companies, 43%), and next was "guarantees for remittance of profits" mentioned by 49 companies (23%) and "export finance" and "support of governmental financing organizations" were given by only 9 and 5 companies respectively. From this it is known that many companies believe it possible to meet financing needs by themselves (or by using Japanese financing organizations). The number of companies which did not answer was 59 (28%).

Countries where importance is given to tax incentives are not only the Philippines. Each ASEAN country emphasizes this point. Nevertheless, incentives for foreign investment induction adopted by each ASEAN country are nothing but guidelines and in some cases companies are treated more advantageously than provided by guidelines.

On the contrary, there are some cases of starting production activities without making an application for incentives on purpose, for once incentives are given by BOI, then manpower is required to make monthly reports.

- b) Result of multiple answers about prior knowledge of export processing zones.

	<u>"Yes"</u>
BEPZ	65 (30%)
CEPZ	39 (18)
BCEPZ	22 (10)
MEPZ	21 (10)
Private I.E.	3 (1)

BEPZ was given 30% and was the best known. That is because it was developed 17 years ago and has been introduced in Japan, including a NHK special TV program about it in 1989. As private industrial estates, only Ayala-Laguna Industrial Park was mentioned by two companies and First Cavite I.E. by one company.

- c) About necessary conditions for export processing zones, seven options were prepared and the companies which answered were asked to rank them. Results are as follows. Some of the companies that answered did not respond in the manner directed by the Team, so number of answers differ for each option but ranking could be done anyway.

Conditions	Scores				
	1st	2nd	3rd	Total	Priority
Stable supply of electricity	40	35	25	215	I
Simplification of export-import procedures	29	16	21	192	II

Communication facilities	15	30	38	143	III
Incentives	25	8	6	97	IV
Roads	13	17	24	97	V
Land cost or rental rates	14	16	11	85	VI
Close to Manila	9	9	7	52	VII

Note: Scores are calculated by multiplying the number of 1st place votes by 3, number of 2nd place votes by 2 and number of 3rd place votes by 1.

The condition considered the most important is stable supply of electricity. This is because recently many electronic control systems are being used in production processes and electronic apparatus are ordinarily used in inspection of products, power failure or variation of voltage will have a bad influence on this control and inspection equipment. Regarding infrastructure, communication facilities and roads are considered important and as to regulations, simplification of export and import procedures and also incentives are important conditions.

- d) Result of replies of 42 companies questioned about the influence on investment plans of the coup d'etat attempt in February, 1989 is shown below (out of 215 companies' answers, 173 companies stated "they have no plan to locate production bases in the Philippines"). The reason why number of answers exceed 25, the total of the 10 companies which already have production bases in the Philippines referred in 1) and the 15 companies which nominate the Philippines for establishment of production base there referred in 2), is thought to be that the answers ("to postpone investment" and "to suspend investment" etc.) were taken to reflect answers made after the decision.

- to postpone extension to the Philippines for the time being	18 companies	(42.9%)
- to proceed as planned despite some problems	16	(38.1%)
- to change to other ASEAN countries	4	(9.5%)
- to suspend direct investment to the Philippines	4	(9.5%)

The 16 companies that "will proceed as planned despite some problems" belong to categories of automobiles, automobile parts, electric appliances and electronic apparatus, and all of them are large businesses having overseas production bases and ample experience in overseas transactions.

On the other hand, 18 companies responding "to postpone extension to the Philippines for the time being", four companies "to change to other ASEAN countries" and four companies "to suspend direct investment to the Philippines", for a total of 24 companies, are all small or medium size businesses which had planned to establish production bases for the first time, and thus the coup d'etat gave a strong influence to

their investment projects. Countries that the four companies plan to change to are Malaysia, two companies; Thailand, one; and Indonesia, one.

5) Information Sources regarding Investment in the Philippines

Questions were put in regard to information sources of investment in order to investigate what kind of organizations Japanese potential investors are intending to utilize as information sources regarding the Philippines, in other words which organizations can be made use of as media for investment inviting activities (multiple answers).

		Extent of acquaintance
JETRO	172	80.0%
Trading companies	125	58.1
Transacting banks and financiers	121	56.3
Philippine Embassy	108	50.2
Chamber of Commerce & Industry	86	40.0
ASEAN Center	79	36.7
Commerce & industry division of regional administration organs	51	23.7
Small & Medium Business Public Corp.	43	20.0
Philippine BOI	41	19.1
Philippine EPZA	21	9.8

JETRO is the most familiar and utilized information sources in Japan. This is because it has offices in 31 main cities of Japan as domestic branches, maintains close contact with local business and is active in the supply of information and other business support. It is regarded as the most adequate organization as media for investment promotion activities.

Financial organizations and trading companies can be used for investment promotion activities, for they have been lay emphasis on supply of information related to investment recently, as services to clients, and have overseas networks including the Philippines.

Half of the companies pay attention to Philippine Embassy, while BOI and EPZA are not well known and need to raise their profile in the future.

(3) Tendency of Japanese Companies' Investment in the Philippines (result of personal interview)

At the same time as the above questionnaire survey of Japanese potential investors, the Team visited total eight companies, six of which already having invested in Philippine and producing there and two preparing to invest. They were asked about their future policy for plant investment and situation of growth of linkage industries. Results are as follows.

A company (Products: motorcycles, production: 8,500 units per year; employees: 170)

Plant investment policy: They are intending to increase annual production to 18,000-20,000 units in 1990 and to manufacture automobiles in the future. Their plan to extend production will not be changed by the coup d'etat.

Situation of growth of linkage industries: executives of 15 cooperating companies of the Philippines came to Japan and visited their counterparts, and executives of 12 cooperative companies of Japan visited Philippine in turn, so that each group could understand the current situation of the other. They expect to establish joint venture companies composed of cooperative companies both of Japan and Philippine.

B company (Products: Household appliances, TVs, refrigerators, FDDs; production: not specified; employees: 1,700)

Plant investment policy: At the beginning of 1990, a vice-president visited the Philippines and declared they would not change their investment programs. As 100% of FDD production is for export, they wish to move their production unit to EPZ.

Situation of growth of linkage industries: They have already been developing linkage industries. In April, 1990 cooperative companies of Japan visited the Philippines and observed cooperative Philippine companies, and now they are studying the possibility of cooperation.

C company (Products: wire harness; production; not specified; employees: 2,300 plus 400 trainees in Japan)

Plant investment policy: No change in their policy to expand investment in the Philippines.

Situation of growth of linkage industries: Manufacturers of plastic terminals, plastic covers have decided to extend there from Japan.

D company (Products: small trucks; production; monthly 200 trucks; employees: 50)

Plant investment policy: In process of preparation.

Situation of growth of linkage industries: They are importing all parts from Japan except batteries and tires, and will try to develop cooperative companies in the

future.

E company (Products: small passenger cars; p, production; monthly 1,000 cars; employees: 300)

Plant investment policy: As present factory site is too small they will procure a new factory site of 20ha.

Situation of growth of linkage industries: Cooperative companies doing or making plastic processing, tool working machinery, wire harnesses and sheet metal work are constructing their production bases at present.

F company (Products: subassemblies of communication apparatus; production: not specified; employees: 800)

Plant investment policy: They are building a factory in MEPZ, and are scheduled to start commercial production there in July, 1990.

Situation of growth of linkage industries: As they procure parts and raw materials in Hong Kong they have no intention to develop cooperative companies in the Philippines.

G company (Products: audio goods, TV sets; production: not specified, employees: 300)

Plant investment policy: They moved to a new factory in October, 1989 and are now operating commercially.

Situation of growth of linkage industries: They purchase some parts in the Philippines, while they are manufacturing their own plastic formed materials.

H company (Products: semi-conductors; production: not specified; employees: not decided yet)

Plant investment policy: The coup d'etat attempt forced them to suspend their investment program (at the scale of 10 billion yen) for the time being. A project in Thailand (semiconductor factory at scale of 4 billion yen) will start production in 1991.

Summarizing all the above, the following are noteworthy.

Four manufacturers of automobiles and related products all plan to expand production and

procure factory sites, which are concentrated in the suburbs of Manila. This is because linkage industries are located in the Metro Manila area and the main domestic market exists there.

In regard to electric and electronic apparatus, many manufacturers are studying an increase of production on account of strong domestic demand in the Philippines. They are planning to secure financing from outside the country for importing parts by exporting floppy disk drives.

In some cases, planned projects have been suspended due to the coup d'etat attempt, but in most cases companies retain a positive attitude toward plant investment.

Apart from H company, one manufacturer of semiconductors has suspended its project because of lack of prospects of securing water supply.

Table A8-1 NUMBER OF FIRMS RESPONDING TO QUESTIONNAIRE SURVEY

Manufacturing Subsectors	No. of Respondents		Foreign Operations	
	(% to All)	(A)	Having Foreign Operations (B)	Rate (%) (A/B)
Automotive	4 (1.9)		3	75.0
Automotive Parts	25 (11.6)		14	56.0
Machinery	50 (23.4)		19	38.0
Precision Machinery	18 (8.4)		9	50.0
Electrical Products	33 (15.3)		16	48.5
Electronics & Parts	16 (7.4)		6	37.5
Metal Processing	22 (10.2)		9	40.9
Steel	11 (5.1)		4	36.4
Furnitures	5 (2.3)		2	40.0
Telecommunications	4 (1.9)		3	75.0
Rubber Products	8 (3.7)		5	62.5
Others	19 (8.8)		5	26.3
Total	215 (100.0)		95	44.2

Table A8-2 INDUSTRY-WISE DISTRIBUTION OF CAPITAL

Manufacturing Subsectors	≤ 100 Million Yen		1,001 ~ 5,000		5,001 ~ 10,000		10,001 ~ 100,000		No Data	Total
	1	12/1/1	2	10	4/1/0	2	4/1/1	3		
Automotive	1	-	-	-	-	-	-	3	-	4
Automotive Parts	5/1/1	12/1/1	2	1	4/1/1	1	1	-	1	25/3/3
Machinery	13	17/1/0	10	4/1/0	5/1/0	1	1	-	1	50/3/0
Precision Machinery	3	2	7/3/2	2/1/1	2	2/1/0	2	-	2/1/0	18/5/3
Electrical Products	10/2/0	7/2/2	5	4	6/3/1	1	1	-	-	33/7/3
Electronics & Parts	5	7/2/1	2/2/0	1	1	-	-	-	-	16/4/1
Metal Processing	11/4/2	8/1/1	2	-	-	1	-	-	1	22/5/3
Steel	1	2	3/1/1	1	2	1/1/1	1	-	1	11/2/2
Furnitures	2	-	1	1	1	-	-	-	-	5
Telecommunications	1	2	-	1	-	-	-	-	-	4
Rubber Products	-	5	-	-	3	-	-	-	-	8
Others	4/1/0	7/1/0	1	3	3/1/0	-	-	-	1	19/3/0
Total	56/8/3	69/8/5	33/6/3	18/2/1	27/6/2	5/1/1	7/1/0	5/1/1	7/1/0	215/32/15

Note : The number refer to the sequence "All response/Plans to advance to ASEAN /Plans to advance to the Philippines"
 Source : Questionnaire Survey

Table A8-3 INDUSTRY-WISE DISTRIBUTION OF EMPLOYEES

Unit: Number

Manufacturing Subsectors	Unit: Number						Total
	< 100	101~300	301~1,000	1,001~5,000	5,001~10,000	10,000<	
Automotive	-	1	-	-	-	3	4
Automotive Parts	-	6	8/1/1	8/1/1	2	1/1/1	25/3/3
Machinery	1	18/1/0	19	10/2/0	-	1	50/3/0
Precision Machinery	1/1/1	3	5/2/1	7/1/1	1/1/0	1	18/5/3
Electrical Products	-	8/1/1	11/3/1	9/1/1	2	2/1/0	33/7/3
Electronics & Parts	-	9/2/1	4/2/0	3	-	-	16/4/1
Metal Processing	1/1/1	13/2/0	5/1/1	2/1/1	-	-	22/5/3
Steel	-	3	5/1/1	1	1	1/1/1	11/2/2
Furnitures	-	2	1	2	-	-	5
Telecommunications	-	-	3	1	-	-	4
Rubber Products	-	1	4	1	1	1	8
Others	-	6/1/0	7/1/0	6/1/0	-	-	19/3/0
Total	3/2/2	70/7/2	72/11/5	50/7/4	7/1/0	10/3/2	3/1/0 215/32/15

Note : The number refer to the sequence "All response/Plans to advance to ASEAN/Plans to advance to the Philippines"
 Source : Questionnaire Survey



Department of Trade and Industry

Trade and Industry Bldg., 361 Sen. Gil J. Puyat Avenue,
Makati, Metro Manila, Philippines 3117
Tel. No. 818-5705 to 35 • Cable Address: MTI
Telex: 14830 MTI PS Fax: 851166
Or call direct Office of the Secretary - Tel. No. 818-4561 • 818-1831 loc. 271

日本の経営者の皆様：

フィリピン政府は、海外から我が国への直接投資（生産拠点づくり）促進プログラムに沿って、カビテ輸出加工区 (CEPZ - Cavite Export Processing Zone) の集中的開発を推進中でございます。

カビテ輸出加工区の設置目的と優先的開発をより効果的に達成するために、今般フィリピン政府通商工業省 (DTI - Department of Trade and Industry) は、日本の国際協力事業団 (JICA - Japan International Cooperation Agency) の協力を得まして、両国共同調査プロジェクトとして、今後 3年乃至 5年間に於ける内外投資家のカビテ輸出加工区に対する投資需要に関する調査を実施することと致しました。

我がフィリピン共和国への旺盛な投資計画をお持ちになっておられる日本の経営者の皆様へも、本調査への御協力をお願い致したく、カビテ輸出加工区をご紹介するパンフレット 1部を添えてアンケート調査票をお届け致しますので、別途日本での調査実務を担当される ユニコインターナショナル(株) からの回答要領に従って、ご回答・ご返送下さるようお願い致します。

なお、ご回答は本調査目的に添って統計処理をし、結果のみを活用させて頂き個々のご回答内容は極秘扱とし、外部には一切漏洩しないことをお約束申し上げます。

何卒御協力下さいますよう宜しくお願い申し上げます。

フィリピン共和国 通商工業省次官
トーマス・アルcantara

THOMAS I. ALCANTARA

Undersecretary

Department of Trade and Industry

UNICO
INTERNATIONAL CORP.
TOKYO, JAPAN

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FAX: 03-669-7249

TELEX NO.
"0-252-2107"
ANSWER BACK CODE
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OUR REFERENCE
YOUR REFERENCE

平成 2年 1月

各 位 殿

フィリピン通商工業省受託プロジェクト
国際協力事業団委託調査会社

ユニコ インターナショナル株式会社
〒103 東京都中央区日本橋本町 2-6-3
小西ビル
電話 03-661-7733 FAX 03-669-7249

拜啓 時下益々ご清栄のこととお慶び申し上げます。

さて この度私共は、フィリピン共和国政府（通商工業省）の要請に基づき、国際協力事業団(JICA)から同国カビテ州に位置する Cavite Export Processing Zone（カビテ輸出加工区）の開発・投資振興計画に関する調査を受託実施することになりました。

この調査の重要項目の一つとして、有力日本企業の今後の直接投資（生産拠点づくり）動向を調査致しますが、商工会議所よりアンケート調査対象先として貴社を御推薦頂きました。

茲許アンケート用紙並びに参考資料を同封申上げましたので、業務御多用のところ誠に恐縮ながら何卒宜しくご協力を賜りますようお願い申し上げます。

敬 具

なお アンケートのご回答は、2月10日迄にご返送お願い申し上げます。

お問い合わせ先： ユニコインターナショナル(株) 03-661-7733（代）
<担当> 黒田、坂倉、斎藤、山田

QUESTIONNAIRE ON INVESTMENT IN THE PHILIPPINES

1. Company Name: _____

2. Location of
Main Office: _____

(TEL) _____ (FAX) _____

Main Factory Sites:

3. Capital: _____

4. Main Manufactured Products (Items):
(1) _____ (2) _____
(3) _____ (4) _____

5. Percentage of Product Exported: _____ %

6. Annual Sales: _____

7. Number of Employees: _____

Question 1 Does your company have any overseas production sites ?

- (A) yes ---- please proceed to Question 2
- (B) no ---- please proceed to Question 3

Question 2 Are any of the overseas production sites in the following countries ?

- (A) NIEs countries
- (B) Malaysia
- (C) Indonesia
- (D) Thailand
- (E) Philippines
- (F) Others --- please proceed to Question 4

Question 3 For companies which do not at present have any overseas production sites.

3-(1) Does your company have any plans to create a production site in the South East Asian region in the coming 1 to 2 years ?

<1> () no plans for creation of production sites in South East Asia.

<2> If your company does have a plan to create production sites in South East Asia, please indicate in which of the following countries:

- (1) Indonesia
- (2) Malaysia
- (3) Thailand
- (4) Philippines
- (5) Others

3-(2) For companies which have a plan to create a production site in the Philippines,

Why was the Philippines chosen for the site ?
Please choose any of the following reasons (more than one answer can be chosen):

- (1) Plentiful cheap labor
- (2) Plentiful raw materials
- (3) Continuation of GSP for the U.S.A.
- (4) Existence of good Export Processing Zones
- (5) Close to Japan
- (6) Favorable preferential treatment for investments
- (7) Good trading partner

3-(3) With regard to your motives for choosing South East Asia as the location for a production site. Please choose any of the following reasons (more than one answer can be chosen):

- (A) Counter measure to the strong yen
- (B) Insufficient labor
- (C) To secure a market in the site country
- (D) As an export base (to secure markets in a third country)
- (E) Benefit from inexpensive labor

3-(4) For those companies which possess production sites in South East Asia, have you considered promoting local subcontract companies ?

- * (A) no
- (B) yes, being considered

* For those considering subcontracting which of the following types have you considered;

- B-(1) for purchase of raw materials
- (2) for purchase of parts and parts materials
- (3) for purchase of packaging materials
- (4) for transportation and services

Question 4: For companies already having overseas production sites and which plan further such sites in other countries, which of the following countries do these plans concern:

- (1) Indonesia
- (2) Malaysia
- (3) Thailand
- (4) Philippines
- (5) Others

Question 5. What are the factors considered when choosing between countries for a possible production site? Please place the following items in order of importance:

- | | |
|---|---|
| (A) Political stability | (F) Provision of infrastructures |
| (B) Economic development of the country | (G) Availability of plentiful labor |
| (C) Government investment policies | (H) Availability of plentiful raw materials |
| (D) Stability of currency exchange | (I) Good industrial estates |
| (E) Export Processing Zones | (J) Financial context |

Question 6 Are you aware of the following information sources concerning investment in the Philippines? Please indicate those you are familiar with by a circle and those which are not known to you with an x.

- | | |
|---------------------------------|---|
| (1) JETRO | (6) ASEAN Center |
| (2) Local Chamber of Commerce | (7) Regional Departments of Commerce |
| (3) EPZA | (8) Trading Corporations |
| (4) BOI | (9) Agency for Small and Medium Size Industries |
| (5) Philippine Embassy in Japan | (10) Banks, Financial Institutions |

Question 7 Which of the following incentives is the most attractive in your opinion? Please choose one by marking with a circle.

- (A) Tax holiday
- (B) Support from governmental financial institutions
- (C) Right and assurance for overseas remittances of profits, etc.
- (D) Preferential financial measures accorded exporting industries
- (E) _____ (others)

Question 8 Mark with a circle any of the following Industrial Estates of the Philippines which you know:

- | | |
|--|----------------|
| (1) Bataan EPZ | (2) Mactan EPZ |
| (3) Baguio City EPZ | (4) Cavite EPZ |
| (5) Any other private Industrial Estate (name;) | (6)) |

Question 9 Please place the following conditions necessary for the Export Processing Zones of the Philippines in the order of importance:

- | | |
|---------------------------|------------------------------|
| (A) Access roads | (E) Communication facilities |
| (B) Electric power supply | e.g. telephone, facsimile |
| (C) Proximity to Manila | (F) Purchase Cost for Land |
| (D) Simplification of | (or tenancy fees) |
| Export and Import | (G) Incentives |
| Procedures | (H) _____(others) |

Question 10 What is the reaction of your company in relation to the failed coup d'etat of last year ?

Choose from the following and mark your answer here in ()::

- (1) Leave projects in the Philippines pending while keeping an eye on developments
- (2) There may have been slight problems caused but the project(s) will continue to plan.
- (3) Transfer to another ASEAN country
((4) e.g. _____)
- (5) Cease direct investment to the Philippines
- (6) At present, we have no plans for a production site(s) in the Philippines.

THANK YOU VERY MUCH FOR YOUR COOPERATION

UNICO International Corporation

TEL: Tokyo (03)661-7733

FAX: Tokyo (03)669-7249

PHILIPPINES

21世紀へのステップ

フィリピン「カビテ」
輸出加工区



フィリピン輸出加工区庁

成長の途を歩みつつける若い国・



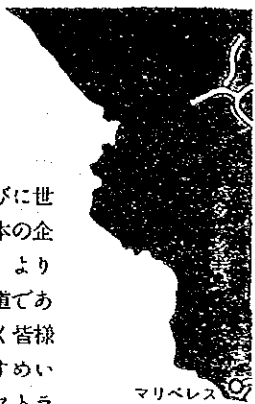
フィリピン輸出加工区庁長官メッセージ

17年前フィリピン政府は、フィリピン最初の輸出加工区を設立いたしました。それはフィリピンの経済開発計画の新方向への始まりでありました。パターンEPZへの投資促進には、何よりも基本的なインフラストラクチャー、即ち電力・用水・通信・道路・建物・住宅・厚生施設等の整備が至上命題でしたので、フィリピン政府は日本政府に協力を要請し、日本はこれに応じてくれました。日本の対応は、必要なインフラストラクチャーへの融資と加工区への直接投資の二つでした。この結果、パターンEPZはフィリピンの輸出加工区のモデルケースとなり、1979年の最盛期には58の工場が進出し、その内11は日本企業でした。この成功によりフィリピン政府は、さらに全国に輸出加工区を設置することを決定しました。

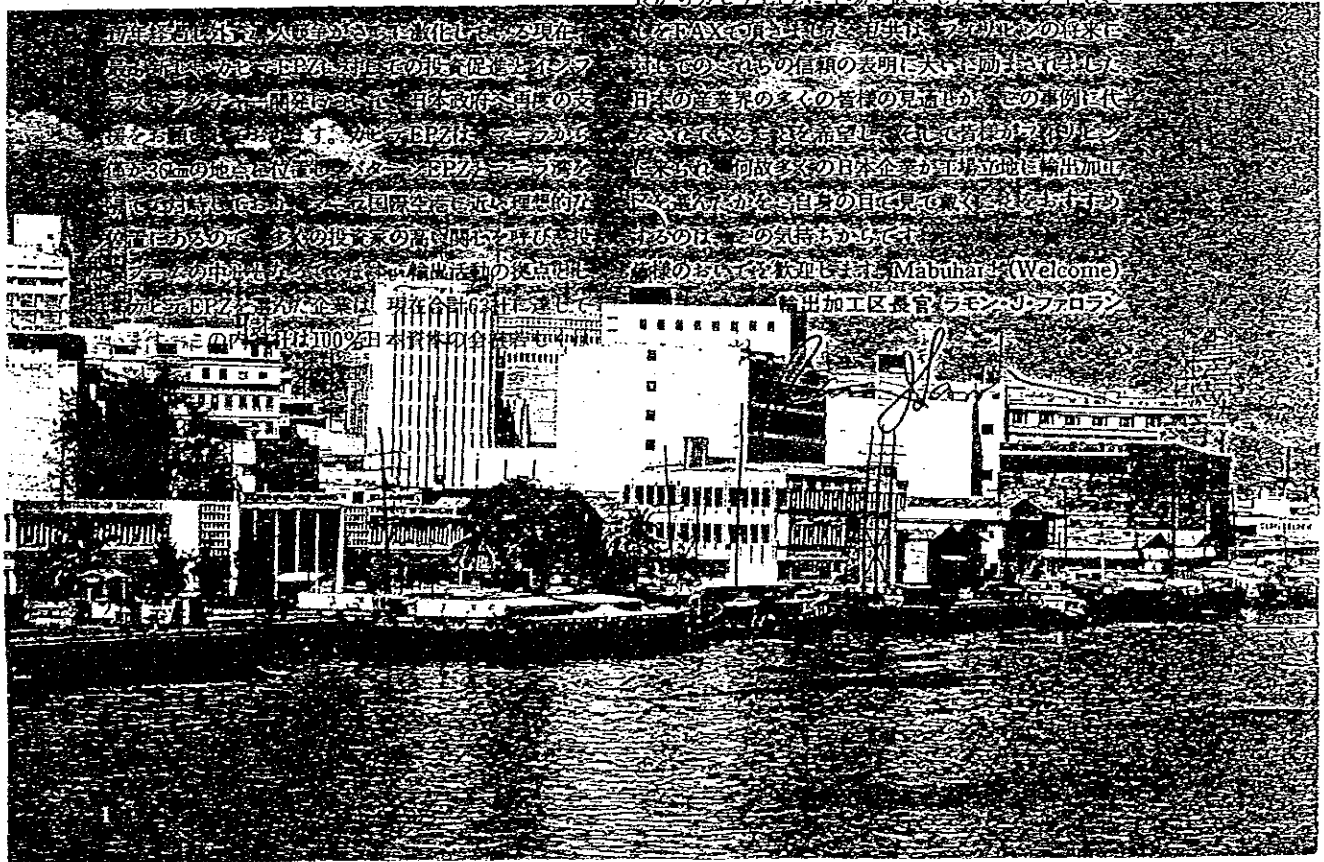
日本・フィリピンの合弁会社です。円高と労働コストの上昇により、国際競争力並びに世界市場における有力な立場を維持するため、日本の企業は新しい生産拠点を探さねばならぬに迫られました。より高い収益を求めて好立地するのはビジネスの常道であり、私共輸出加工区庁は、まさにそれを提供すべく皆様の次の海外生産拠点としてカビテEPZをおすすめいたします。カビテEPZでは、すべてのインフラストラクチャーの要望に答えると共に、豊富な労働力と安定した労務関係が保証されており、政府官庁関係のすべての事務手続きを簡素化して皆様のお仕事の便を計っております。

海外生産拠点を決定する重要なチェックポイントの一つとして政治的安定があることを私共は充分認識しています。これに関連して、最近おきた政治動乱の最中にいくつかの日本企業がとった前向きな行動に、私は非常に感銘しました。

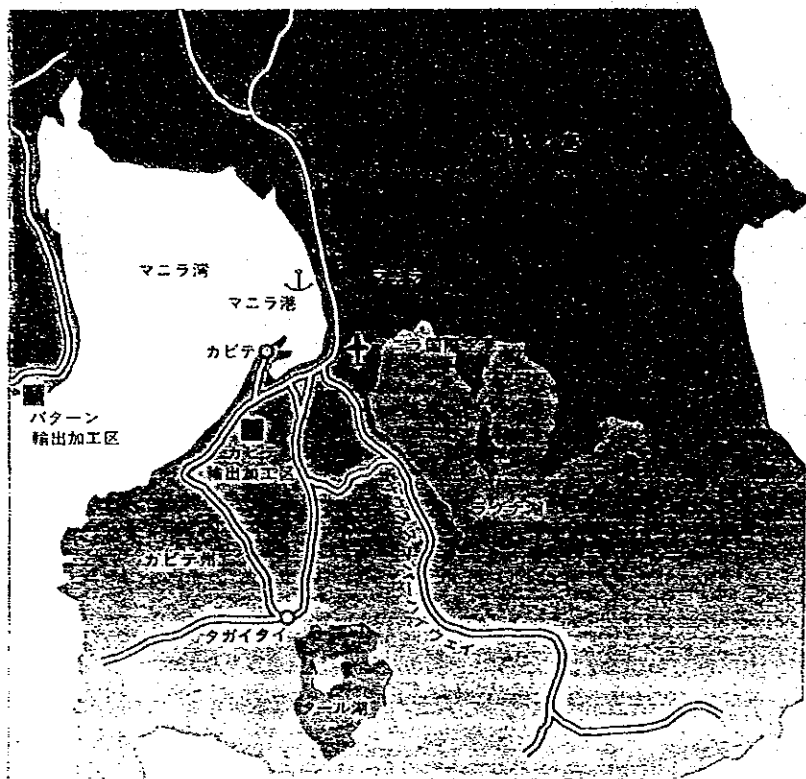
1989年12月のクーデターの最中に、日本企業数社の社長からカビテEPZに工場を設立したいという申し越しのPAVCOの代表と私共は、フィリピンの歴史の中で初めての信頼の表明に大いに感動しました。日本の産業界の多くの皆様の見解が、この物に代わって下さるべきと希望して、そして皆様がフィリピンに於いて、何故多くの日本企業が能く立地し輸出加工区を自分の目で見ることが出来るのか、この気持が私達に届いたのを歓迎いたします。Mabuhay! (Welcome) 輸出加工区長官(ラモン・P・アロラン)



マリベレス



フィリピン



《開発の目標》

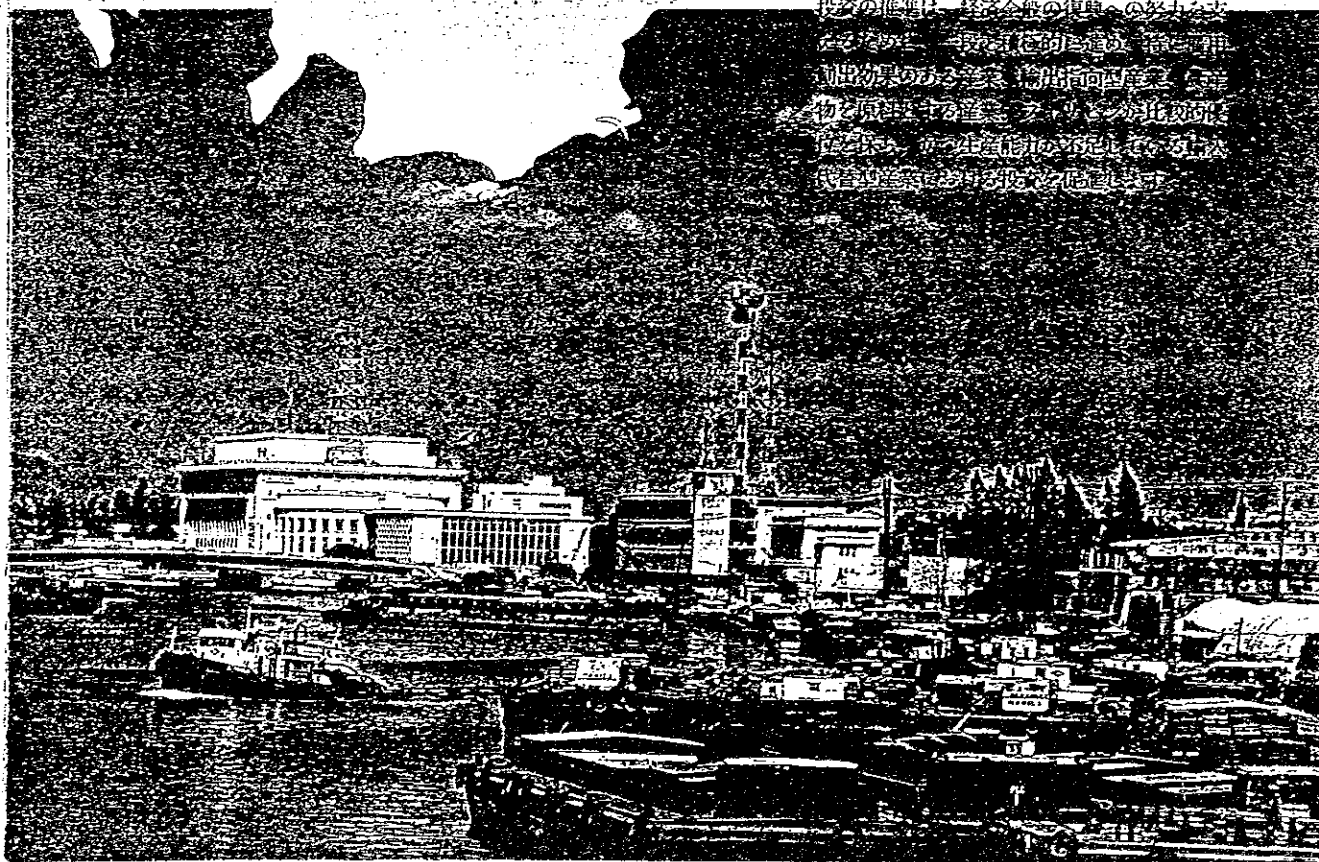
フィリピンの1987—1992年間における開発努力は、主として次の4つの目標に向けられています。

- (1) 貧困の緩和
- (2) より生産性が高い雇用機会の創出
- (3) 国民の平等と社会正義の推進
- (4) 経済の安定的成長の達成

工業および貿易部門は、短期的、中期的には経済復興の達成のために、長期的には安定的成長の達成のために貢献するように誘導されています。

工業部門は雇用機会の創出、貧困の緩和、開発成果の公平な配分といった至上政策目的に沿ったものでなくてはなりません。そのためには、経済的自立可能性のある現存工業分野の再活性化を図るだけでなく、国際競争力のある工業を発展させて、農業部門の生産および農民所得の増加に寄与させ、同時に外貨収入の増大を目指し、これにより工業生産の拡大にともなう輸入増加、対外債務返済に必要な外貨を捻出させます。

投資の推進は、経済全体の復興への努力を支えるために、政府が適切な政策を講じ、高成長部門の創出効果のある産業、輸出指向型産業、生産物と原料の両方を輸出する産業、特に北米市場を開拓する産業の発展を促進し、かつ、国内市場の活性化を図るべきである。



フィリピン政府の強力な 支援とサービス活動

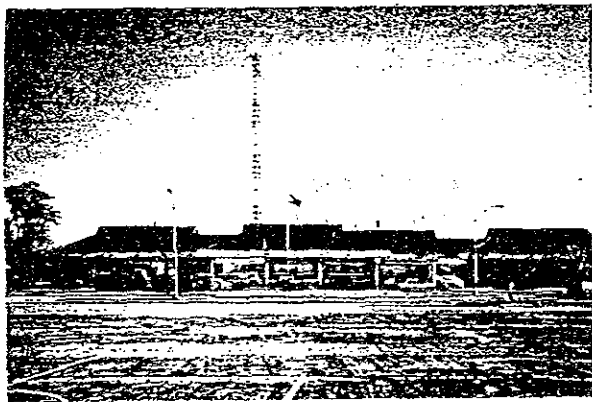
〈フィリピン輸出加工区庁の概況〉

フィリピンのいづれの輸出加工区に投資をする場合にも、外国人ビジネスマンは輸出加工庁 (EPZA) を相手に話を進めることとなります。EPZAは1972年11月、大統領令66号により作られた公社 (Government Corporation) で、輸出加工区をフィリピンの工業化や輸出拡大計画の担い手として育成するという目的のもとに、サービスの提供、管理・運営を担当しています。この目的に沿って、EPZAはこれらの加工区を外国からの投資にふさわしい場所にするという仕事を担ってきました。

EPZAは、次のように投資家に対する最大限のサービスと支援の提供を行なう組織です。①本部内に設置された投資促進部 (Information and Promotion Department) は、投資を検討している人々からの問い合わせ、各種相談に応じています。②各加工区には企業経営援助課 (Enterprise Management Assistance Division) がおかれ、各加工区内の企業が行なう他の政府機関との日常の折衝を援助します。③各加工区内の企業のために、労働者の募集、企業のニーズに応じた人材の訓練を行なうため人材事務所 (Manpower Office) が各加工区の中に設けられています。

ここは、地域の人材訓練センター (Manpower Training Center) と協力して支援活動を行なっています。④労使の協調を保つのは産業関係局です。

加工区企業は輸出入関税免除、税額控除 (Tax Credit)、外国からの投資に対する保証、優先外貨割当、入国手続きの緩和、輸出入手続きの簡素化を含めた特別の許可や、インセンティブを受けています。また、企業の日常業務を容易にし、コストを下げるために、EPZAは繁雑な手続きを減らし、すべての運営手続きを標準化しています。



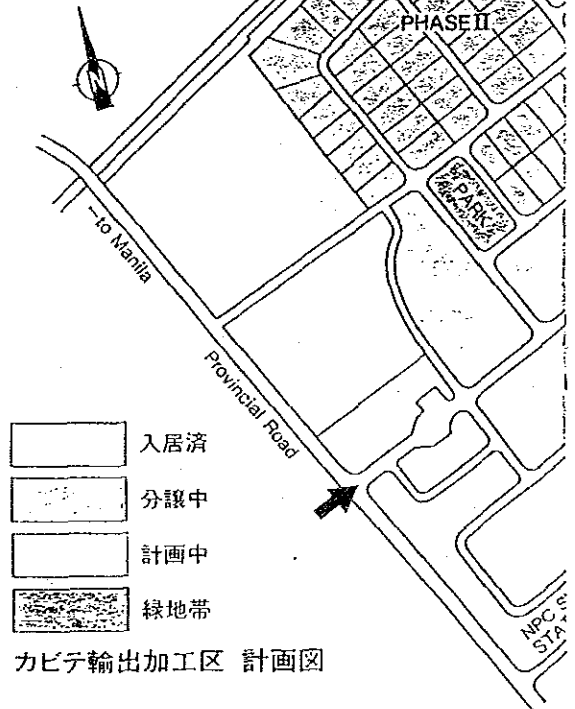
フィリピンには、17年前最初に開発されたバターン輸出加工区 (BEPZ) と、マニラ首都圏に最も近いカビテ輸出加工区 (CEPZ)、その他、セブ国際空港に隣接するマクタン輸出加工区 (MEPZ)、そしてルソン島の北部地域のバギオ・シティ輸出加工区 (BCEPZ) の4つの輸出加工区があり、フィリピン輸出拠点としての期待を集めています。

■カビテ州

カビテ州はフィリピン共和国最北にあるルソン島の南部に位置し、南にバタングス州、東にラグナ州、東北にリザール州、北にマニラ湾およびマニラ市、西に東支那海を抱えています。

カビテ州は142,706km²を総面積とし、3市、20町、530の地区 (バラングイ) からなります。

地形上、3つに区別でき、一つは海岸線と低地、二つめは起伏に富んだ中央地域、最後に丘陵・山地からなる高地地域となっています。



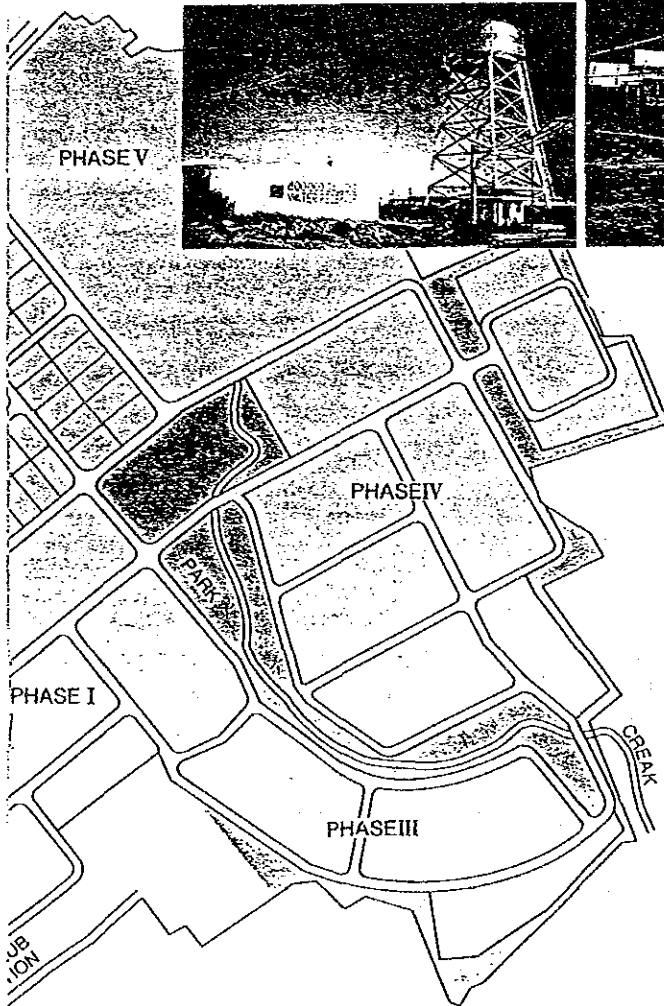
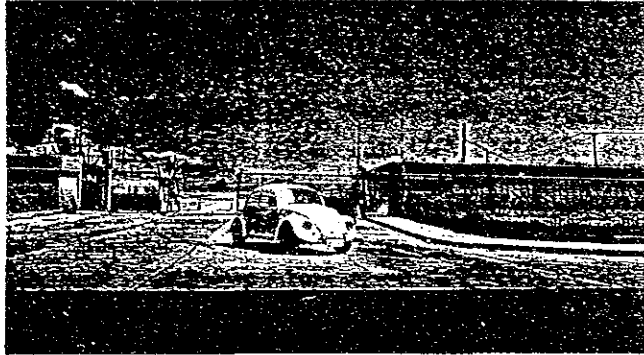
カビテ輸出加工区 計画図

恵まれた工業立地条件の カビテ輸出加工区

■立地

カビテ輸出加工区(CEPZ)は、メトロ・マニラのすぐ南にあり、マニラの金融・商業地区から約30kmの所にあります。カビテの中で275ヘクタールの平坦な地域が加工区にあてられています。

メトロ・マニラに大変近いためCEPZに行くのは容易です。特にサウス・スーパー・ハイウェイが、マニラ・カビテ湾岸道路の2つのよく舗装された道路網が便利です。マニラのニノイ・アキノ国際空港からCEPZへは車で30分以内に行けるし、マニラ・サウス・ハーバーからは通常45分で行けます。



■施設およびサービス

電力 電力はNPC(National Power Corporation)から供給されており電圧は110V、220Vおよび440Vです。

給水 加工区は375m³の貯水能力を持つ2つの高架水塔と、1日に3,750m³送水できる貯水量1,500m³の貯水池を持っています。

通信 フィリピン長距離電話会社(PLDT)が国内および海外への電話サービスを提供しています。

■労働力

地域産業の労働力需要を満たすのは、カビテ州の709,000人の人口と、メトロ・マニラ圏から通勤可能な多くの有能な技術者や管理者です。

■投資期待業種

- ・織物、衣料、皮革産業
- ・金属加工品、機械、器具
- ・薬剤、化学製品、ゴム製品、プラスチック製品
- ・建具および家具を含む木製品
- ・その他の製造業

輸出加工区内企業に与えられる 優遇措置(インセンティブ)

加工区内企業は、税金、関税の免除、
税額控除およびその他特別の権益と優
先権および保護措置をあたえられます。

マニラ港およびマリベレス港内のEPZAの埠頭から荷揚
げされたすべての加工区向物品については、加工区の外に運
び出されない限り検閲や査定を受けたり、税金を課せられ
たりする事はありません。

1. 諸税および関税の免除

(1) タックスホリデー

新規登録企業は操業開始後、パイオニア企業の場合(新技
術・新材料を用いる等)6年間、又非パイオニア企業の場合
は、4年間所得税を完全に免除されます。次のいずれかの
場合にはこの期間が1年間延長されます。

- A. そのプロジェクトが国内の原材料を使用する。
- B. 労働者数に対する資本設備が所定の比率を充たす。
- C. 外資の純獲得額、或いは純節減額が最低50万ドルに達
する。

ただしいかなる場合にも登録パイオニア企業は、8年間を
超えてこのインセンティブを享受する事は出来ません。
増設を行う企業は操業後3年間、その増設に相応する部分
の所得税を免除されます。しかしその企業は、そのインセ
ンティブを受けている期間中は、労務費増加に伴う比例
的税額控除を受けることは出来ません。

(2) 輸入関税と税金

輸入品に対する関税は、国内消費価格(Home Consump-
tion Value)=(Sales Invoice Value)に10%加算した額
を基準とする従価税で、その税率は10%から100%の範囲
です。また前払い売上高税(完成品に対する輸入税)は国内
消費価格の110%に25%を加算した額を基準とし、その税
率は輸入品の種類により5%から50%迄が適用されてい
ます。

加工区内の企業については、上記税金のほか加工区に運び
込まれる国内および外国の設備、機械、スベアパーツ、原
材料、供給品に対し、国税および地方税が免税されます。

(3) 輸出税および各種手数料

加工区を通して再輸出される、或いは加工区から輸出され
る製品は、輸出税、輸入関税または手数料を免除される。
なおEPZA登録輸出製造業者以外の輸出製造業者が行う
ある種の品目の輸出に課せられる輸出税は通常、現行為替
レートに基づく船積時のFOB価格合計の4%です。その他
に関税局が認定する時価と、製品の基準価格(base price)
が異なった場合(基準価格は輸出の平均FOB価格の80%)
にはプレミアム税(通常20%)が徴収されます。

(4) 地方税および各種手数料

加工区企業は不動産税(査定額の2%-3%)を除いたすべ
ての地方税、免許税(licenses)、手数料(例えば免許税、娯
楽税、職業税、水利用、製造、卸売りに対する固定税等)を
免税されます。加工区内に据付けられ、稼働している機械
に対する固定資産税は最初の3年間免除されます。不動産に
固定されていない製造設備や機械は固定資産税を免除され
ます。

(5) Contractor's tax

加工区企業は総受取額に対する4%のContractor's tax
を免除されます。

(6) 繋船料

加工区企業は関税法に定められている繋船料、保管料、そ
の他料金を免除されます。

(7) 支店利益送金税

通常支店が本店あてに利益を海外送金する場合に適用され
る15%の支店利益送金税を免除されます。

2. 税額控除

(法人所得税からの直接控除)

原材料及び供給品

加工区内企業は比国内で調達し、加工区内の生産に用いられた原材料、半製品に係る補償税(国内消費税価格の110%にたいし5%から50%まで)および特定の税金、関税については、国税納付時に税額控除を受けられます。

3. その他の特権および優遇措置

(1) 所有権および出資持分

加工区企業に対する外国人の所有権または持分については、制限はありません。

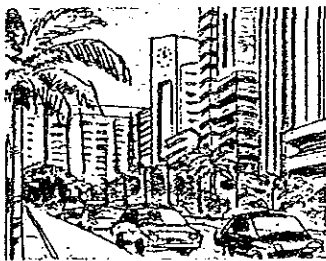
(2) 外国人の雇用

加工区企業は、登録の日から5年間は外国人を監督者、技術者、顧問として雇うことができます。

カビテEPZ入居企業の声

★マニラ首都圏に近くて便利

主な政府機関、民間企業や銀行が集中するマニラ首都圏に最も近い輸出加工区で、マニラ国際空港、マニラ港への輸出貨物の輸送が非常に効率よく行われることは、カビテEPZの最大のメリットである。



★豊富な労働力

若くて豊富な労働力、そして仕事に積極的であり、募集すれば10倍以上の応募者があり期待以上の成果をあげている。自宅からの通勤者が大部分で出勤率も非常に高い。

★電力供給も良好

カビテEPZは、発電会社のNPC(National Power Corp.)から直接配電されるので停電は少ない。しかし緊急用の自家発電は持つ必要がある。

★州政府のバックアップも心強い

カビテ州政府機関が、雇用者のトレーニングを積極的に実施してくれるので大変助かっている。費用も州政



府機関が負担してくれるなど支援体制が良いと思う。

★事務手続きも簡単

輸出加工区への入居申請、輸出入、会社の登録などの手続きが簡単で且つ早いところは最大の魅力。

+++++

バター輸出加工区(BEPZ)の近況

フィリピンで最初に開発されたバター輸出加工区は、フィリピン経済の安定成長と輸出促進、そして地域開発・雇用の促進等の新しい視点で見直されて、インフラ整備の計画も進められている。さらに最近、マニラ-バター(マリベレス港)にフェリーが就航し、約1時間10分で結ばれ大変便利となった。



EXPORT PROCESSING ZONE AUTHORITY
PHILIPPINES

4th Floor Legaspi Towers 300
Roxas Boulevard, Manila, Philippines
Telephones: 521-05-46 • 521-04-19 • 521-05-87
521-97-25 • 521-05-86 • 521-05-47
Cable: "BATAANZONE" Manila
Telex: 40723 EPZA PM or 2525 EPZA PU

協力：国際協力事業団 (JICA)

ANNEX 9
QUESTIONNAIRE SURVEY OF POTENTIAL DOMESTIC
INVESTORS IN THE PHILIPPINES

ANNEX 9 QUESTIONNAIRE SURVEY OF POTENTIAL DOMESTIC INVESTORS IN THE PHILIPPINES

(1) Outline of the Survey

A questionnaire survey has been conducted of 500 Filipino firms which operate export-oriented manufacturing plants in Metro Manila and adjacent areas, with a view to identifying their plans for building new plants or expanding existing plants and also their interest of locating plants in CEPZ. An outline of the survey is summarized below.

1) Coverage

The 500 firms to be contacted were selected using a set of criteria, namely:

- a) Equity participation should be at least 60% Filipino;
- b) Export-oriented manufacturing firm; and
- c) Located in Metro Manila and adjacent areas.

A list of the firms thus selected was presented to DTI/BOI and EPZA for their review and then finalized with their consent.

2) Methodology

A questionnaire was developed through conferring with DTI/BOI and EPZA. The questionnaire, which is accompanied by a covering letter of invitation for survey participation, signed by Undersecretary Tomas I. Alcantara, DTI, and a brochure on CEPZ, were then sent to the 500 firms, requesting them to return it after filling in. (A copy of the covering letter, questionnaire and brochure is attached to this ANNEX 9 as Exhibits A9-I to III respectively.) Follow-up contacts by telephone were repeated to collect completed questionnaires from more respondents, and collected questionnaires were validated for completion through telephone interviews and personal contacts with the official representatives of the respondent companies.

3) Response

A total of 180 questionnaires were collected within 40 days after the distribution of questionnaire, but 25 respondents were disqualified because they were considered inappropriate respondents based on the foregoing criteria. Thus only the remaining 155 respondents were regarded as effective respondents. The response rate was:

	<u>Number of Firms</u>	<u>Response Rate^{1/}</u>
a) Questionnaire distributed to	500	--
b) Respondents collected from	180	36%
c) Effective respondents	155	31%

Note: ^{1/} Percentages of b and c respectively to a.

This response rate was observed to be fairly low as compared to the initially targeted rate. Nevertheless, as it was found that a majority of the companies were unwilling to respond to the survey because they did not think it important, enough to give it any time. The result of the survey was assessed on the basis of the aforesaid 155 effective respondents.

Table A9-1 showing the number of firms contacted for the questionnaire survey and those responding to the questionnaire, both classified by manufacturing subsectors.

4) Company profile of 155 effective respondents

A tabulation of data on the respondent profile attached to this Annex 9 as Exhibit A9-IV. The profile of these companies is summarized below.

a) Registration with BOI

Out of the 155 effective respondents, 141 companies accounting for 91% are registered with BOI. 96 companies (68.1%) were registered during the last four years (from 1986 to 1989), of which 76 companies were registered in the last two years. There are only 23 companies registered during 1971 - 1980 and 19 companies registered during 1981 - 1985.

Out of the 155 responding companies, 149 disclosed the starting year of operations. 51 companies (34.2%) started operations during the last four years (1986 - 1989), and another 13 companies will start operations in 1990 or 1991. Thus 64 companies or 43% of total are those starting operations in and after 1986.

b) Capital structure

93 (60%) of the 155 responding companies are 100% Filipino owned companies, and the remaining 62 companies are joint ventures with foreign equity participation less than 40%.

c) Total assets

93 of the 155 responding companies disclosed the value of their total assets in 1988. Classification of these 93 companies by the scale of total assets in 1988 is as follows:

<u>Scale of Total Assets</u>	<u>Share</u>
Below 1 million Pesos	4.3%
1 - 20 "	50.5
21 - 40 "	10.8
41 - 60 "	8.6
61 - 100 "	8.6
101 - 200 "	6.4
201 - 400 "	2.2
401 - 800 "	6.4
801 - 999 "	-
1 billion Pesos or over	2.2
	<hr/>
	100.0%

(Average per company: 74 million Pesos)

d) Number of employees

145 of the 155 responding companies disclosed the number of employees. Classification of these 145 companies by the number of employees is as follows:

<u>Number of Employees</u>	<u>Share</u>
Below 50 persons	24.1%
51 - 100 "	14.5
101 - 200 "	29.6
201 - 500 "	17.2
501 - 1,000 "	9.0
1,001 - 2,000 "	2.8
2,001 - 3,000 "	1.4
3,001 - 4,999 "	0.7
5,000 or over "	0.7
	<hr/>
	100.0%

(Average per company: 340 persons)

e) Gross sales

89 of the 155 responding companies disclosed the amount of gross sales in 1988, as follows:

<u>Amount Gross Sales</u>	<u>Share</u>
Below 1 million Pesos	3.4%
1 - 20	37.1
21 - 40	15.7
41 - 60	7.9
61 - 100	10.1
101 - 200	10.1
201 - 400	6.7
401 - 999	6.7
1 billion Peso or over	2.3
	100.0%

(Average per company: 1 billion Pesos)

f) Marketing structure

148 of the 155 responding companies provided data on marketing structure. 105 companies (70.9% of 148) gained more than 60% of total income from exports, in which 79 (53.4% to all) gained more than 90% of total income from exports. Only 15 companies (10.1% to all) were not engaged in exports at all. All of the 148 companies are engaged in indirect exports, and therefore they are engaged in manufacturing products either for exports of indirect exports.

(2) Summary of Answers to Each Question

A summary of answers to each question is presented below. A table tabulating the result of survey is attached to this Annex 9 as Exhibit A9-V.

1) Companies with expansion plans

- a) The results of the survey revealed that of the 155 effective respondents, about 64% or 99 companies have expansion plans. 88 of them cited growth of export market as the primary reason for expansion, while growth of domestic and indirect markets were cited as minor reasons by 24 and 10 respondents, respectively (More than one reason was given by each company).
- b) A great majority of these companies with expansion plans (68 companies) claimed that their existing sites are inadequate to accommodate the manufacturing facilities to be built for the planned expansion. As such, the need for a new factory location was indicated.

Among remaining 31 companies which confirmed the adequacy of their existing sites for future expansion, 26 companies indicated preference to stay in their present factory

site for various reasons. The most frequently mentioned features that keep them at their present site are the presence of reliable infrastructure and utilities (including road and water system, power and telecommunications; 20: 76.9%), availability of labor (15: 57.7%), and cheaper land/rental rate (14: 53.8%). Others also cited proximity to sources of raw materials (13: 50.0%), peace and order (12: 46.2%), and availability of business service (8: 30.8%) as good features of their present factory site (More than one reason was given by each company).

- c) The remaining 5 of the 31 companies indicated intent to not stay in their present factory site. When asked what features they look for in a new factory site, they cited infrastructure and utilities (4: 80.0%), availability of labor (3: 60.0%), proximity to source of raw materials (3: 60.0%), peace and order (3: 60.0%), cheaper land (2: 40.0%), and availability of business services (2: 40.0%) as vital considerations. (More than one reason was given by each company).
- d) Of those 31 respondents who plan to expand their production and have adequate existing sites for such expansion, 8 companies mentioned 1990 as the target year for implementation of their expansion plans while 19 companies expect to push through with their expansion plans either in 1991, 1992 or anytime before 1994. Four companies said they have not decided yet. As such, a majority of those companies are likely to implement their expansion plans within the next one or two years.

2) Companies with relocation plans

- a) To the question, "do you have relocation plans for your factory", 18 companies accounting for 12% responded in the affirmative. Most of these respondents cited the following reasons for this particular business decision: expensive land/lease charges (7: 38.9%), distance from raw materials source (5: 27.8%), inadequate labor supply (5: 27.8%), unreliable infrastructure (3: 16.7%) and unfavorable peace and order situation in the area (3: 16.7%)(More than one reason was given by each company).
- b) When asked about the targeted period for relocation, 8 companies expressed indecision while 10 companies indicated either 1991, 1992, or any time before 1994 as the probable dates of relocation implementation.
- c) A question on the relocation site was asked to the aforesaid 18 companies which have relocation plans for their factories and also to the 68 companies cited in 1)-b) as those having expansion plans and claiming inadequacy of their existing facilities to accommodate the expansion of plant. 20 companies (23.3%) expressed intention to put up another factory in export processing zones (EPZs), 15 companies (17.4%) in industrial estates 6 companies (7.0%) in regional industrial centers 15 companies

(17.4%) on their own sites or sites owned by their affiliated companies, and 3 (3.5%) in Metro Manila (More than one of was given by each company). 36 companies stated that they have no definite relocation plan yet or no decision yet made on a relocation site.

- d) In choosing relocation sites for their factories, the most commonly mentioned factors were follows (More than one of was given by each company).

Cheaper land (49: 57.0%);
Reliable infrastructure (35: 40.7%);
Availability of labor (34: 39.5%);
Business service (32: 37.2%);
Peace and order situation (28: 32.6%); and
Proximity to source of raw materials (23: 26.7%).

Less frequently mentioned are: proximity to market (17); and social amenities (13).

In determining the important factors influencing the choice of factory location, the companies were asked to rank a set of possible answers. Each choice was then assigned a value of 1 to 5, with five points corresponding to the most important feature, 4 for the next most important, and so on. Each value is multiplied by the number of respondents which ranked a particular feature with that corresponding value. The total value for each choice is then obtained and the feature accumulating the highest number is considered the most important. Based on this computation, the survey results indicated the following features according to the degree of important:

First (151 points): Infrastructure and utilities
Second (142 points): Cheaper land/rental rate
Third (116 points): Peace and order situation
Fourth (116 points): Availability of labor
Fifth (61 points): Proximity to source of raw materials
Sixth (51 points): Availability of business services
Seventh (43 points): Proximity to market
Eighth (11 points): Social amenities

- e) When asked which place they would prefer if they would consider moving to any of 4 EPZs, 11 IEs or 16 RICs enumerated in the questionnaire, the survey revealed the following result:

EPZ: 31 companies expressed interest in CEPZ, while those expressing interest in other EPZs were only a few with 5 for BCEPZ, 4 for MEPZ and 1 for BEPZ.

This implies that CEPZ is the most popular among the 4 EPZs.

IE: The more popular IEs are those located in the vicinity of Metro Manila such as Cavite, Laguna, Bulacan and Taguig; Canlubang IE, Laguna (21), People's Technology Center, Carmona, Cavite (17), New Cavite IE, Cavite (17), First Cavite IE, Cavite (15), VFP Industrial Area, Taguig (10), and Meycauayan, Bulacan (9).

RIC: Many companies (24) expressed interest in CEPZ, while 8 companies showed interest in Bgy. Tabangao which is to be developed in the CALABAR Special Project and is located close to the Batangas port. A few companies expressed interest in BCEPZ and MEPZ, while RICs in other regions are less interested in them.

f) Those companies (69) which expressed no interest of moving to any of the aforesaid EPZs, IEs or RICs, were asked their reasons. A reason commonly mentioned by all companies is "business requirements are already satisfied". The following are other reasons mentioned:

- Labor or management won't move to unfamiliar places (36: 52.2%);
- Business nature/size is not suitable for locating in EPZ, IE, RIC (34: 49.2%);
- Lack of capital for relocation (29: 42.0%); and
- Unavailability of raw materials (21: 30.4%).

3) Filipino investors' general criteria in choosing a plant site

a) A question was made on what features the respondents were looking for in choosing a particular plant site, particularly for the minimum required features and the desired features.

Among the minimum required features, "Cheaper land" was the most frequently mentioned (by 90 respondents), followed by "Reliable infrastructure and utilities" with 88, and "Availability of labor" with 84. Quite a number (81 respondents) choose "Peace and order situation" as a minimum required feature. The other features such as "Proximity to source of raw materials", "Business services", and "Proximity to market" were less frequently mentioned with 56, 54 and 38 respondents respectively, while "Social amenities" merited the least number with 20 (More than one reason was given by each company).

With respect to the desired features, "Cheaper land" turned out to be the most desired feature by 102 companies. "Infrastructure" came in second with 101, followed by "Peace

and order" situation (94) and "Availability of labor" (91). 76 companies thought that "Proximity to source of raw materials" is important while 62 mentioned "Business services". "Proximity to market" and "Social amenities" were cited by 57 and 42 companies respectively (More than one reason was given by each company).

- b) Given a choice of five industrial estates which are under development in the CALABAR area, the respondents were asked to choose which were of interest to them. The Ayala Laguna IE had the most number of respondents with 41. The First Cavite IE had 33, while the Sta. Rosa IE had 29. Only a few choose Science Park and Engineering IEs with 11 and 8 respondents, respectively. There are 75 companies which showed no interest in those IEs.
- c) The most attractive feature of the CALABAR area was questioned. According to the respondents, its "Nearness to Metro Manila" is most attractive with 84 companies naming this feature. The other attractive features mentioned were "The South Superhighway" (46) and "The infrastructure of the CALABAR area" (42), followed by "The CALABAR Special Development Project" (32).
- d) The respondent companies were also asked if they plan to supply their products to EPZ factories. Out of the 155 qualified respondents, only 46 companies (or about 30%) are willing to supply their products to EPZ factories.

For those who intend to sell their products to EPZ factories, 38 companies believe that their competitive advantage would be quality of product, followed by price and quality of service, with 29 and 16, respectively (More than one reason was given by each company).

- e) Finally, 144 out of the 155 respondents suggest that EPZA and DTI should promote investments to EPZs in the Philippines.

4) Profile of companies considering the Cavite Export Processing Zone as a future plant site

Out of the 155 companies which responded to this survey, 31 or 20% expressed interest in the CEPZ. A complete listing of these companies and classification of the number of these companies by main products are shown in Tables A9-2 and A9-3 respectively.

Ten companies out of the 31 considering CEPZ as a future plant site belong to the garments industry, followed by four each in the plastic and rubber industry, textile industry, and three in gifts and houseware industry. The other companies come from industries such as electric and electronics, machinery, metallurgical, and pharmaceuticals.

Only six companies expressed their exact dates of transfer to CEPZ. Three companies have actually set their transfer dates for 1992 while the other two companies will start relocating before 1994. Only one company plans to make the transfer in 1991.

The profile of these 31 companies is summarized below (A table tabulating data on profile of these companies is attached to this Annex 9 as Exhibit A9-VI).

a) Registration with BOI

Out of the 31 companies, 30 are registered with BOI. 20 companies (66.7%) were registered during 1987 - 1989, while seven companies were registered in 1981 - 1985. Only three companies registered in the 1971 - 1980. Of the 31 companies, 11 (35.5%) started operations in the last four years (1986 - 1989) and three companies will start operations in 1990. The remaining 17 companies comprise 10 companies which started operations during 1981 - 1985 and another seven companies that had been in operation before 1980.

b) Capital structure

21 of the 31 companies are 100% Filipino owned companies, and the remaining 10 companies are joint ventures with foreign equity participation less than 40%.

c) Total assets

19 of the 31 companies disclosed the value of their total assets in 1988. 13 companies (68.4%) have total assets that are less than 40 million pesos, while only one company has total assets that are less than 1 million pesos. The remaining five companies comprise two companies having total assets in the 61 to 200 million pesos range and another three companies in the 201 to 800 million pesos range of total assets. The total assets of these 19 companies average approximately 100 million pesos which is fairly large compared to the average total assets of the 155 responding companies.

d) Number of employees

30 of the 31 companies disclosed the number of employees. 22 companies (73.3%) have less than 200 employees, of which 13 (43.3% of the 30) have less than 50 employees. The remaining 8 companies comprise 4 companies in the 201-500 employee category, 3 companies in the 501-900 employee category and 1 company employing 2,001 to 3,000. The number of employees of these 30 companies is about 190 per company which is far below the average number of employees of the 155 responding companies.

e) Gross sales

18 of the 31 companies disclosed the amount of gross sales in 1988. 11 companies (61.1%) were in the gross sales category of less than 40 million pesos, and the remaining 7 companies comprise 2 grossing 61 to 100 million pesos, 2 grossing 101 to 200 million pesos, 2 grossing 201 to 800 million pesos and 1 company grossing 801 to 1,000 million pesos. Average sales of these 18 companies is 140 million pesos which is considerably more than the average sales of the 155 responding companies.

f) Marketing structure

29 of the 31 companies provided data on marketing structure. 19 companies (65.5%) gained more than 60% of total income from exports. Of them, 13 companies (44.8% of the 29 companies) gained more than 90% of total income from exports. Only 3 companies (10.3%) were not engaged in export business at all. All of the 29 companies were producing for indirect exports, and therefore they are engaged in manufacturing products either for exports or indirect exports.

5) Observations and Conclusions

a) Investment trends of Filipino manufacturers

The survey found that 99 of the 155 responding companies have plans to expand production. This shows that the business climate for Filipino manufacturers currently is in encouraging to investment. Those companies which indicated their expansion plans in the survey are manufacturers of industrial products for direct or indirect exports, and they cited growth of export markets as the primary reason for expansion. This implies that their direct or indirect export business currently tends to show a steady growth.

The survey was conducted of 500 Filipino-owned companies (including joint ventures with foreign equity participation of 40% or less) engaged in operate export-oriented manufacturing in Metro Manila and adjacent areas. Out of the 500 companies contacted for the survey, 180 companies including 25 respondents disqualified, responded to the survey, so that the survey was not able to identify actual movements of the remaining 320 companies. By means of follow-up contacts however, it was found that about 65 companies or 20% of these companies did not respond to the delivered questionnaire due to the appropriate person's being out of the country although they were interested in the survey, while many of the remaining companies were not highly motivated to respond. It is supposed that opinions of the 155 responding companies may be applicable to the aforesaid 65 companies as well. Given this assumption it is

estimated that, among the 500 companies, 130 to 140 companies or 60 to 65% of the 220 (155 plus 65) may have expansion plans, which account for about 26 to 28% of the 500 enquired companies.

b) Demand for factory sites

Out of the 99 companies which indicated that they have expansion plans, 68 (69%) expressed need for new factory sites, while 5 of the remaining 31 indicated that they did not find it necessary to stay in their current location if they could find a new site located in more favorable conditions, even though their existing sites are adequate to accommodate expansion.

Besides these, there are 13 companies which intend to relocate their factories although they have no plan for expansion. This means that about 55% or 86 companies of the 155 need a new sites either for a new factory or relocating an existing factory, and thus it is estimated that 110 to 120 companies (50 to 55% of the 220 companies) may require new site locations, which account for about 22 to 24% of the 500 enquired companies.

c) Demand for factory sites in the CALABAR area, particularly CEPZ

The survey revealed that, among the 86 companies requiring new site locations, there are 77 companies accounting for about 90% which would consider moving to the CALABAR area. 31 companies or 40% of the aforesaid 77 expressed definite interest in moving to CEPZ, while the remaining 60% or 46 companies indicated their preference to transfer to IEs or RICs located in its vicinity. This tendency may be commonly applicable to those companies requiring new sites, including the companies which did not respond to the questionnaire. Hence, it is estimated that about 100 companies (about 90% of the 110 to 120 companies requiring new sites) may possibly consider moving to the CALABAR area. It would be a natural tendency in view of the facts that these companies operate in Metro Manila and adjacent areas and also that they prefer to locate their factory in proximity to the Manila port and the international airport because they are mainly engaged in manufacturing industrial products for exports. How many companies among these 100 would locate in CEPZ depends on how attractive conditions CEPZ can offer in competition with the private IEs developed in its vicinity. In addition, DTI/EPZA should take positive steps for promoting investment of Filipino investors in CEPZ. All of the respondents to the Survey stressed necessity of such promotion.

d) Filipino investors' criteria in choosing a new site location

Filipino investors' criteria in choosing a new site location according to the respondents

to the survey, are enumerated in the order of importance, as follows:

1. Facilitated infrastructure and reliable utilities supply
2. Cheaper land
3. Peace and order situation
4. Availability of labor
5. Proximity to sources of raw materials
6. Proximity to markets
7. Business services
8. Social amenities

It is indicated that most companies regard infrastructure and reliable utilities supply as the most important condition, followed by cheaper land, peace and order, and availability of labor.

The extent that the above conditions are satisfied, would be determine the extent of process in attracting Filipino investors to locate in CEPZ.

Table A9-1 NUMBER OF FIRMS ENQUIRED FOR AND RESPONDING TO QUESTIONNAIRE SURVEY

Manufacturing Subsectors	No. of Firms Enquired (% to All)		No. of Respondents		Recovery Rate (%)	
			(A) No. of Whole Respondents	(B) No. of Effective Respondents (% to All)	(A)	(B)
1) Automotive	5	(1.0)	3	1 (0.6)	60.0	20.0
2) Chemicals	14	(2.8)	6	5 (3.2)	42.9	35.7
3) Computer	3	(0.6)	1	1 (0.6)	33.3	33.3
4) Consumer Durables	8	(1.6)	3	2 (1.3)	37.5	25.0
5) Electrical Products	4	(0.8)	2	2 (1.3)	50.0	50.0
6) Fashion Accessories	6	(1.2)	2	2 (1.3)	33.3	33.3
7) Footwear and Leather	14	(2.8)	9	6 (3.9)	64.3	42.9
8) Furniture	28	(5.6)	8	8 (5.2)	28.6	28.6
9) Garments	180	(36.0)	47	44 (28.4)	26.1	24.4
10) Gifts and Housewares	64	(12.8)	18	18 (11.6)	28.2	28.2
11) Machinery	10	(2.0)	6	5 (3.2)	60.0	50.0
12) Metallurgical	4	(0.8)	2	2 (1.3)	50.0	50.0
13) Mining and Ore	4	(0.8)	2	2 (1.3)	50.0	50.0
14) P and A Elect.	13	(2.6)	6	4 (2.6)	46.2	30.8
Components						
15) Pharmaceuticals	9	(1.8)	2	1 (0.6)	22.2	11.1
16) Plastics and Rubber	30	(6.0)	16	11 (7.1)	53.3	36.7
17) Pulp and Paper	3	(0.6)	1	1 (0.6)	33.3	33.3
Products						
18) Seeds and Crop	2	(0.4)	2	2 (1.3)	100.0	100.0
19) Steel	4	(0.8)	4	4 (2.6)	100.0	100.0
20) Telecommunications	7	(1.4)	5	3 (2.0)	71.4	42.9
21) Textiles	45	(9.0)	17	14 (9.0)	37.8	31.1
22) Toys/Sporting Goods	18	(3.6)	9	8 (5.2)	50.0	44.4
23) Wood	25	(5.0)	9	9 (5.8)	36.0	36.0
Total:	500	(100.0)	180	155 (100.0)	36.0	31.0

Table A9-2 LIST OF COMPANIES INTERESTED TO LOCATE AT CEPZ

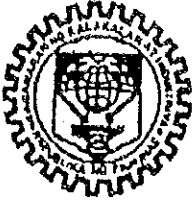
Company	Industry*
1. Honeytree Apparel	Garments
2. Stainless Steel Industries Inc.	Steel
3. Christine's Manufacturing	Garments
4. North Atlantic Garments Corp.	Garments
5. Expocraft Industries Inc.	Gifts and Housewares
6. D'or Designs Inc.	Gifts and Housewares
7. Itho Rubber Philippines Inc.	Plastics and Rubber
8. Travel Wear, Incorporated	Garments
9. Mejore Woodworks, Incorporated	Furnitures
10. Euro-Asian Handicrafts Corp.	Gifts and Homewares
11. Polyglass International Mfg. Co.	Plastics and Rubber
12. Phelps Dodge Philippines Inc.	Electrical
13. Rellers International Corp.	Toys
14. Al Tripon Company Inc.	Pharmaceutical
15. Central Textile Mills Inc.	Textile
16. Blackstripe Garment Industries Inc.	Garments
17. Altitude 88 Apparel Inc.	Garments
18. Benguet Management Corporation	Metallurgical
19. Manel's Leather Goods Inc.	Footwear
20. CMC Garments Corporation	Garments
21. Sonex Garments Manufacturing Inc.	Garments
22. KCTEX Knitting Corporation	Textile
23. Rego Latex Progressive Corporation	Plastics and Rubber
24. Grand Orient Mills Corporation	Textile
25. Paramount Vinyl Products Corp.	Plastics and Rubber
26. Quality Electronics Inc.	Electronics
27. Falcon Metal Corporation	Machinery
28. Vicron Garment Corporation	Garments
29. JR Garments Corporation	Garments
30. BNL Industrial Manufacturing Corp.	Gifts and Housewares
31. Panelon Philippines Inc.	Textile

* Industry classification is based on major products produced.

Table A9-3 COMPANIES INTERESTED TO LOCATE AT CEPZ (BY INDUSTRY)

Industry	Number of Companies	Percentage to Total No. of Respondents
Garments	10	6.45%
Plastics and Rubber	4	2.58
Textile	4	2.58
Gifts and Housewares	4	2.58
Furniture	1	.65
Electrical	1	.65
Pharmaceuticals	1	.65
Steel	1	.65
Metallurgical	1	.65
Footwear	1	.65
Electronics	1	.65
Machinery	1	.65
Toys	1	.65
Total	31	20.05%

Total No. of Respondents 155
=====



REPUBLIKA NG PILIPINAS
KAGAWARAN NG KALAKALAN AT INDUSTRIYA
(Department of Trade and Industry)
361 Sen Gil J. Puyat Ave. (Buendia) Avenue
Makati, Metro Manila, Philippines 3117

EXHIBIT A9-I

Cable Address MTI
Telax 14880 MTI PS
45466 MOT PS
45467 MOT PS

Tel. No. 818-57-05 to 85
P.O. Box 2303, Makati Commercial Center.

Gentlemen:

In line with the government's program of promoting foreign investments into the country, the Government is pursuing an intensive development of the Cavite Export Processing Zone (CEPZ). To be able to more effectively establish the objectives and priorities of the CEPZ, we, the Department of Trade and Industry (DTI) and Japan International Cooperation Agency (JICA), need information on the expansion plans in the next three to five years of current business exporters and potential investors as they pertain to CEPZ.

We are, therefore, undertaking a survey which is a joint project of the Philippine Government, through DTI, and JICA, representing the Government of Japan.

We invite you to participate in the survey. We have enclosed the survey questionnaire and a brochure of CEPZ for your reference. We would appreciate your completing the questionnaire and returning it to us on or before January 31, 1990. We wish to assure you that all survey responses will be treated with strict confidentiality. Accordingly, your responses shall be coded.

SGV and Co. will assist JICA and DTI with the administrative aspect of the survey. For any inquiry, you can contact anyone of the following at telephone no. 817-0301: Ms. Mildred Ramos; Ms. Dana Bigornia; Ms. Romelia Inocencio.

Thank you for your cooperation.

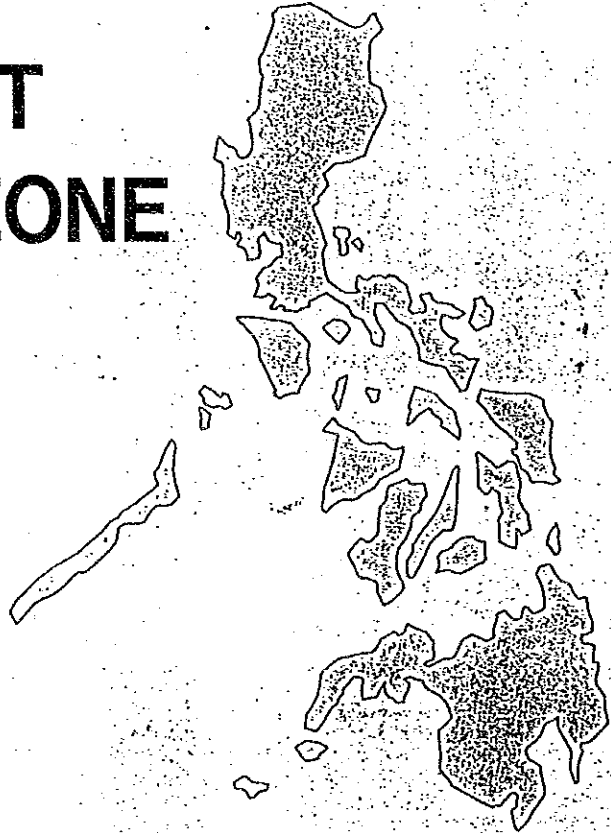
Very truly yours,

TOMAS I. ALCANTARA
Undersecretary
Department of Trade and Industry

CAVITE

Vision towards the 21st Century

CAVITE EXPORT PROCESSING ZONE



Republic of the Philippines
Department of Trade and Industry
Export Processing Zone Authority

EXPORTS: The Key to Economic Dev

Development Goals

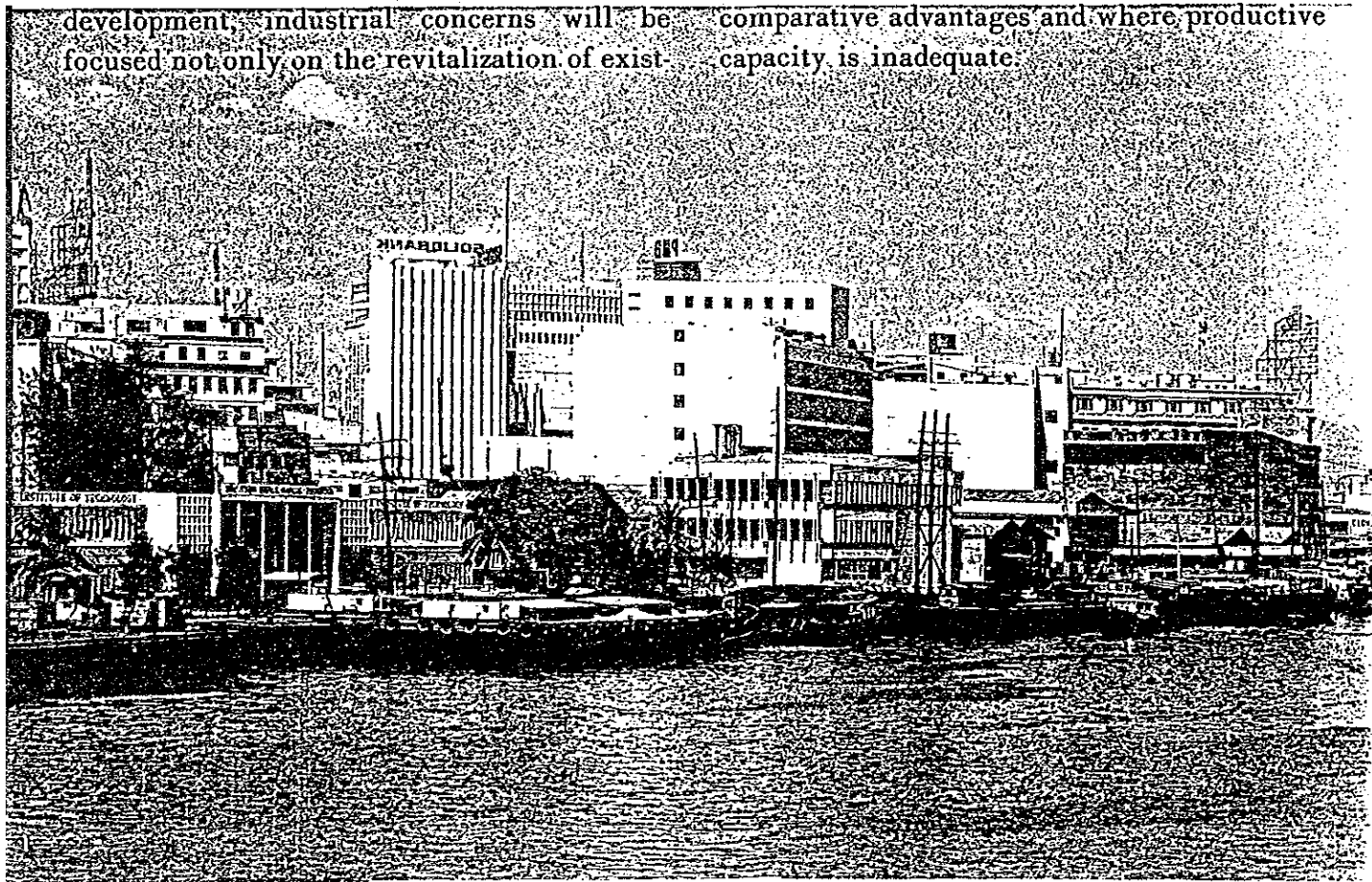
Philippine development efforts in 1988-1992 shall be primarily directed towards the following goals:

- Alleviation of poverty
- Generation of more productive employment
- Promotion of equity and social justice
- The attainment of sustainable economic growth

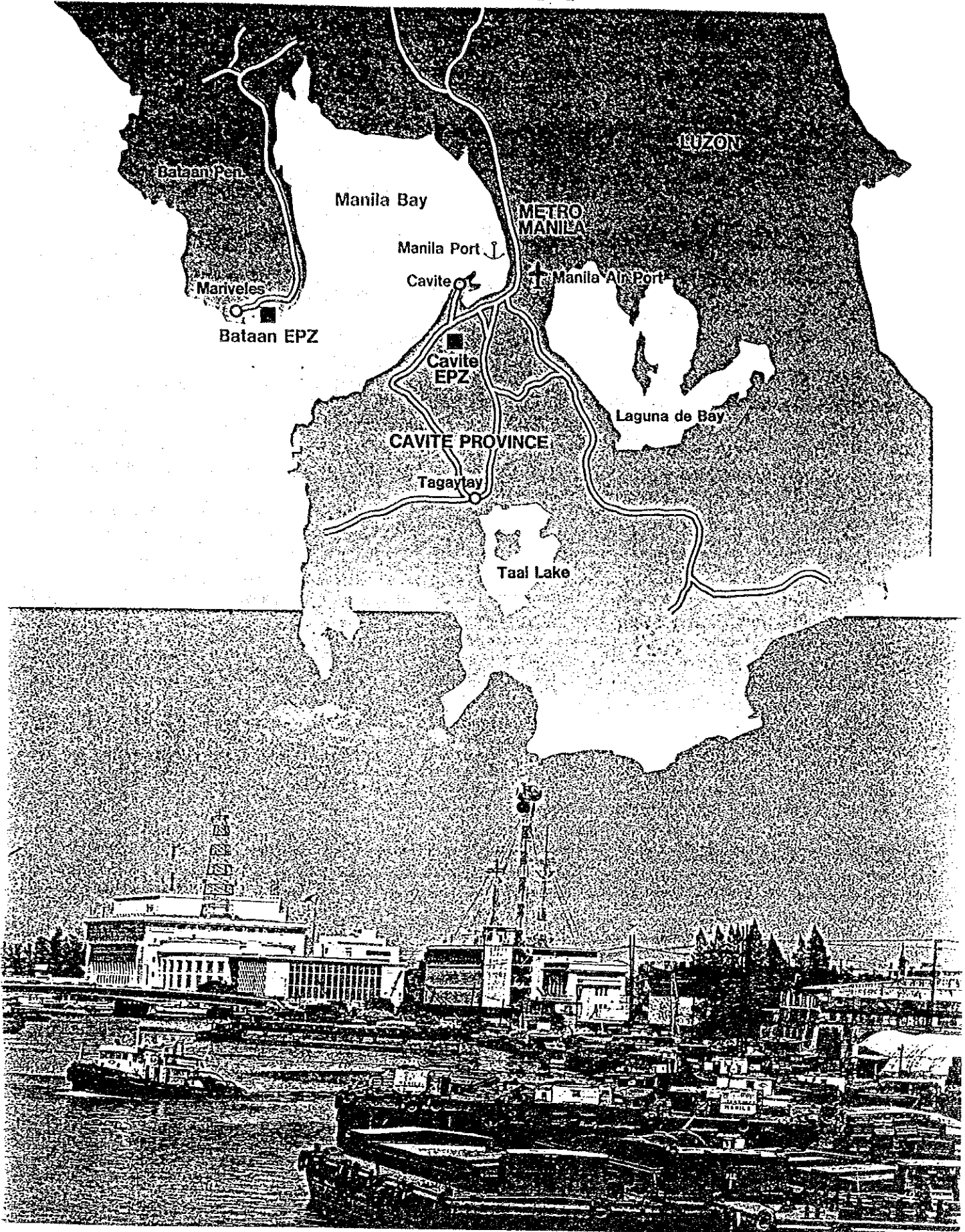
The industrial and trade sectors shall be mobilized to contribute to the attainment of economic recovery in the short and medium term, and sustained growth in the long term. Consistent with the overriding objectives of employment generation, poverty alleviation, and an equitable distribution of the fruits of development, industrial concerns will be focused not only on the revitalization of exist-

ing industries that are economically viable but also on the development of world-competitive industries which shall complement the growth in both agricultural output and rural income. Increases in foreign exchange earnings shall likewise be pursued to finance imports, to augment the requirements for industrial expansion and to meet foreign debt obligations.

The promotion of investments shall be more vigorously pursued in order to support overall economic recovery efforts. Investments shall be encouraged in employment-generation, export-oriented, agro-based and import substituting industries, where the country has comparative advantages and where productive capacity is inadequate.



Development in the Philippines



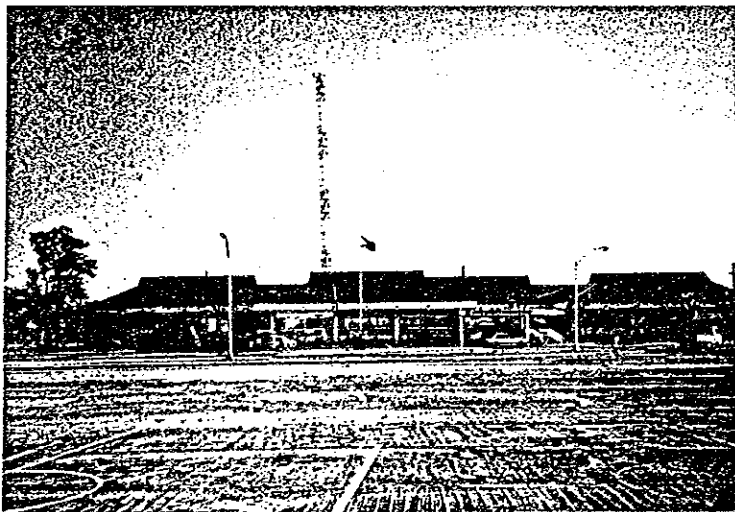
Energetic Support and Service Activities of Philippine Government

The Philippine Export Processing Zone Authority

When investing in any Philippine export processing zone, foreign businessmen deal with the Export Processing Zone Authority (EPZA), a service-oriented government corporation created in November 1972 through Presidential Decree No.66. The EPZA operates and manages the zones with the goal of making them major contributors to the country's industrialization and export expansion programs. In line with this goal, the EPZA has taken on the task of promoting the zones as suitable sites for foreign investments.

The EPZA's organizational structure assures investors of maximum service and assistance. The Information and Promotion Department responds to inquiries from potential investors. The Enterprise Management Assistance Division assists zone enterprises in their day to day dealings with other government agencies. For the benefit of these enterprises, a Manpower Office has been established in each zone to help in the recruitment of workers and coordinate with the government-run Regional Manpower Training Centers on the training of manpower according to the needs of zone industries. Harmonious labor-management relations are the responsibility of the Industrial Relations Department.

Zone enterprises receive special concessions and incentives including the following: exemptions from import and export duties, tax credits, foreign investment guarantees, priorities in foreign exchange allocations, liberal entry provisions and simplified import-export procedures. For ease in the operations of these enterprises and for cost reduction, the EPZA has reduced government red tape and has systematized all standard operating procedures.

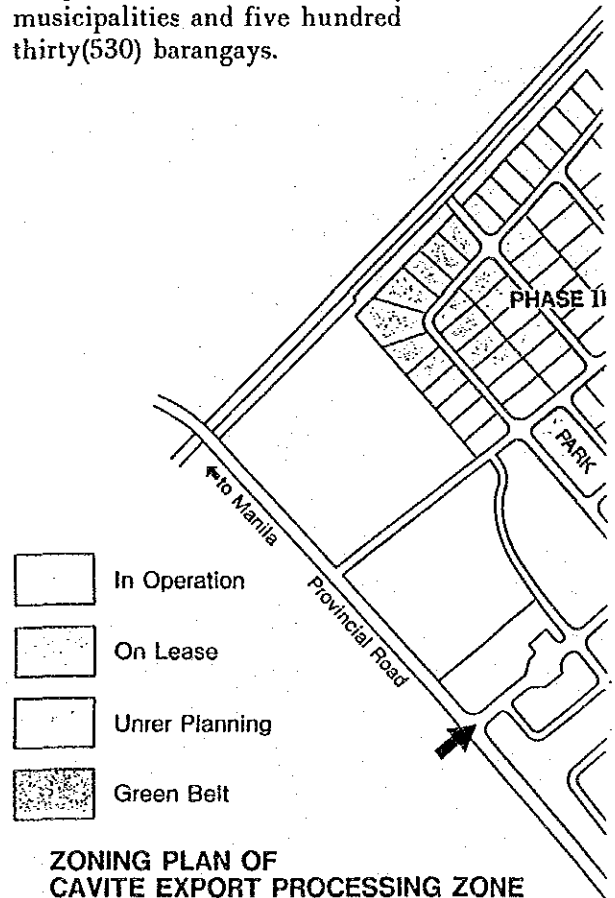


The Export Processing Zones established in the Philippines are expected to serve as the base for exports. The four zones established to date comprise the Bataan Export Processing Zone (BEPZ), set up 17 years ago, the Cavite Export Processing Zone (CEPZ) located near to the Metro Manila, the Mactan Export Processing Zone (MEPZ) located near to the Cebu International Airport and the Baguio City Export Processing Zone (BCEPZ) located in the north of Luzon island.

Geography

Cavite province is situated south of Luzon, the most northerly of the large islands of the Republic of the Philippines. It is bounded by its neighboring provinces of Batangas on the south, Laguna on the east, Rizal on the northeast, Metro Manila and Manila Bay on the north and China Sea on the west.

The province covers a total land area of 142,706 hectares or 1,427.06 square kilometers. It comprises three(3) cities, twenty(20) municipalities and five hundred thirty(530) barangays.

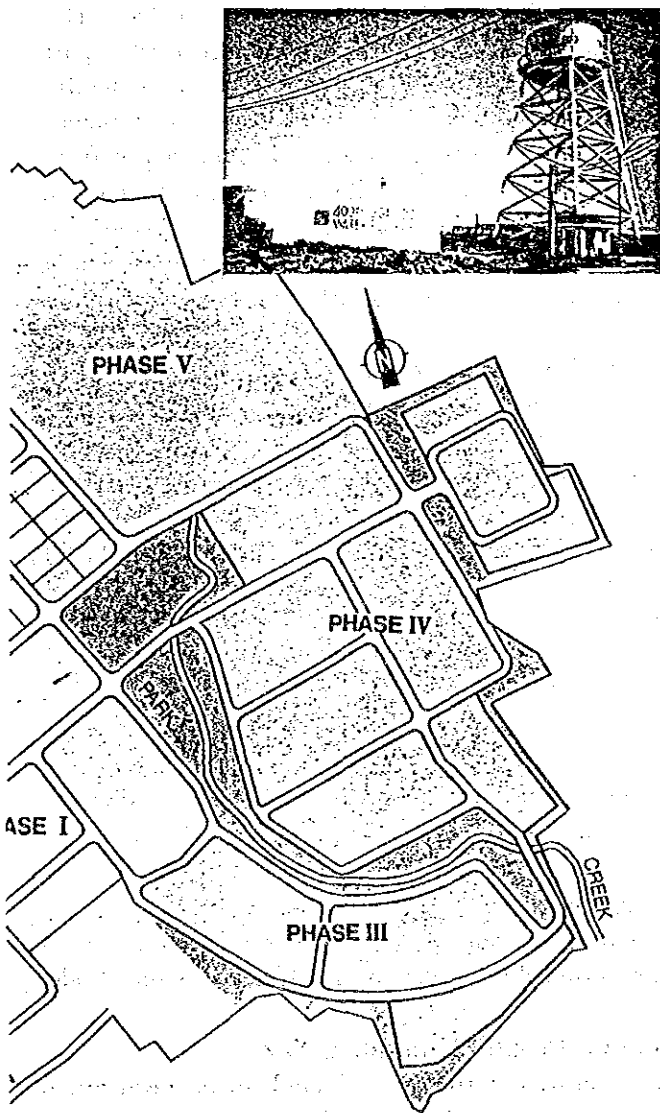
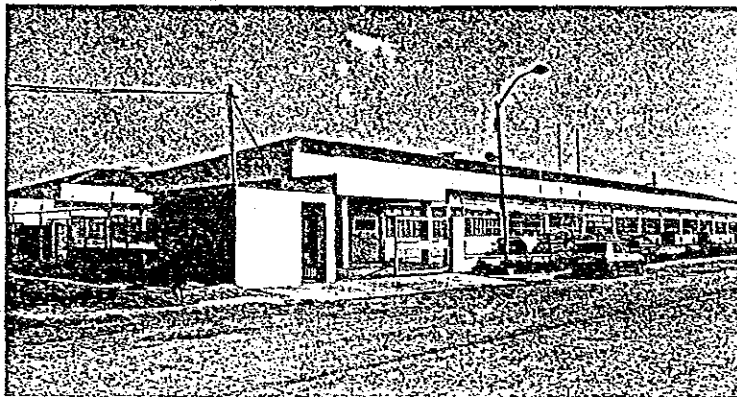
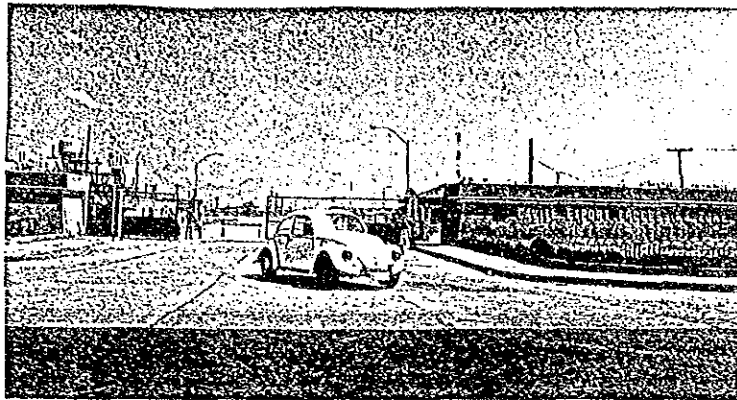


Highly Favourable Conditions of the CAVITE Export Processing Zone as an Industrial Location

Location

The Cavite Export Processing Zone (CEPZ) lies immediately south of Metro Manila, roughly 30 kilometers away from Manila's financial and commercial districts. The zone occupies 275 hectares of flat terrain in Cavite.

With Metro Manila so close by, travel to the CEPZ is not a problem, especially on the South Super Highway or the Manila Cavite Coastal Road, two well-paved road and highway networks. By car from the Ninoy Aquino International Airport, the CEPZ is reached within 30 minutes. Normal travel time by car from the Manila South Harbor is 45 minutes.



Facilities, Amenities and Services

Power Supply The interim power supply is furnished by the Manila Electric Company. Available pipeline voltages are 220V and 440V.

Power shall eventually be sourced from the National Power Corporation and pipeline voltages of 110V, 220V and 440V will be made available for the convenience of zone users.

Water Supply The zone has 2 elevated water tanks with capacities of 100,000 gallons each, and a ground storage reservoir with a capacity of 400,000 gallons which is capable of delivering one million gallons daily.

Communication The Philippine Long Distance Telephone Company provides the facilities for local and overseas call services.

Manpower Availability

To meet the manpower needs of resident industries are Cavite's 709,000 people and Metro Manila's pool of high-caliber technicians and managers.

Preferred Industries

- Textile, Wearing Apparel and Leather Industries
- Fabricated Metal Products, Machinery and Equipment
- Chemicals and Chemical Products, Rubber and Plastic Products
- Wood and Wood Products, including Furniture and Fixtures
- Other Manufacturing Industries

Incentives for Zone Enterprises

Incentives and protection schemes offered to enterprises in the zones include tax and duty exemptions, tax credits and other special privileges and priorities.

I. Exemptions From Taxes and Duties

1. Income Tax Holiday.

New registered firms will be fully exempt from income taxes for six(6) years from commercial operation for pioneer firms and four(4) years for non-pioneer firms. This can be extended for another year in any of the following cases:

- a. The project utilizes indigenous raw materials.
- b. The project meets the prescribed ratio of capital equipment to number of workers.
- c. The net foreign exchange savings or earnings amount to at least US\$500,000 during the first three years of operation.

In no case shall the registered pioneer firm avail of the incentive for a period exceeding eight years.

Expanding firms will be entitled to an exemption from income taxes proportionate to their expansion for a period of three years from commercial operation. They are, however, not entitled to additional deductions for incremental labor expenses during the period within which the incentive is availed of.

2. Import Duties and Taxes.

Customs duties on imports range from 10% to 100% ad valorem based on the home consumption value (sales invoice value) plus 10% thereof. Advance sales tax is based on 110% of the home consumption value plus a 25% markup. Rates vary from 5% to 50% depending on the classification of the imported commodity.

Zone enterprises are exempt from these duties as well as from national and local taxes on foreign and domestic equipment, machinery, and spare parts brought into the zone. All goods unloaded in EPZA's piers and wharves in the Port of Mariveles are not subject to inspection,

assessment and payment of duties and taxes, unless said goods are subsequently removed and delivered outside the zone.

3. Export Taxes and Fees.

Goods transhipped through or exported from the zones are exempt from export taxes, imposts or fees. The export tax required from non-EPZA registered export producers on the export of certain items is generally 4% of the gross FOB value at the time of shipment based on the prevailing rate. In addition, a premium duty (generally 20%) is collected on the difference between the current price as established by the Bureau of Customs and the base price of the products (where base price is 80% of average FOB value of exports).

4. Local Taxes and Fees.

Zone enterprises are exempt from all local taxes, licenses and fees (e. g. franchise tax, amusement tax, occupation tax, water rental fees, fixed tax on manufacturing, producing, wholesaling, others) except real estate taxes (2% to 3% of assessed value). Machineries installed and operated in the zones are exempt from real estate taxes for the first three(3) years. Production equipment or machineries not attached to the real estate are exempt from real property tax.

5. Contractor's Tax.

Zone enterprises are exempt from the 4% contractor's tax on gross receipts.

6. Wharfage Fees.

Zone enterprises enjoy exemption from wharfage, storage and other dues under the Tariff and Customs Code.

7. Branch Profits Remittance Tax.

Profits remitted abroad by a branch to its head office are exempt from the 15% branch profits remittance tax.

II. Tax Credit

~~(Direct Deduction from Corporate Income Tax)~~

Raw Materials and Supplies.

Zone enterprises are entitled to tax credits on compensating (5% to 50% on 110% of home consumption value) and specific taxes and duties on supplies, raw materials and semi-manufactured products used in zone operations.

III. Other Special Privileges and Priorities

1. Ownership of Equity.

There is no limitation to the ownership or equity of zone enterprises.

2. Employment of Aliens.

Aliens may be employed in supervisory, technical or advisory positions in zone enterprises within five (5) years from registration. Spouses and unmarried minor children of aliens employed in enterprises are allowed to reside in the Philippines. Immigration requirements for alien employees and their families are simplified.

Views of Tenants in the CAVITE EPZ

Conveniently Close to Metro Manila

As the Cavite EPZ is the closest EPZ to Metro Manila, it has full access to the main Governmental bodies, private enterprises, and banks which are concentrated there. It is also extremely well located for the convenient dispatch of export goods to both Manila International Airport and Manila Harbor facilities.

Plentiful Manpower Resources

There is a plentiful young labor force who are enthusiastic and dedicated in their work. There are always more than 10 applicants for recruited positions, and

recruitment results have surpassed expectations. The large majority of employees commute from their homes, and the work attendance is excellent.

Favourable Electric Supply Conditions

As the Cavite EPZ is supplied directly from the NPC (National Power Corp.), power failures rarely occur. However, it is necessary to provide for private electric generating facilities for use in emergencies.

Reassurance of Government Support

Government organizations of the

Cavite Province provide active support in the form of the training of employees. The burden of costs involved in this is met by the Government bodies, and the general support programme is excellent.

Simplicity of Administrative Procedures

Procedures involved in applications for tenancy, exports and imports, registration of companies, etc. are streamlined and simple, and above all have the advantage of being quickly processed.

Recent Situation of Bataan Export Processing Zone

Bataan EPZ was the first such zone to be set up in the Philippines. It has gained a new importance in the light of recent overall policies for the steady development of the Philippine

economy, promotion of exports, regional development, expansion of employment opportunities, etc.

At present, in response to these new needs, a restructuring plan

is in progress. Further, the regular operation of the high speed ferry service linking Manila and Bataan (in 1 hour and 10 minutes) has significantly increased the convenience of the site.



**EXPORT PROCESSING ZONE AUTHORITY
PHILIPPINES**

4th Floor Legaspi Towers 300
Roxas Boulevard, Manila, Philippines
Telephones: 521-05-46 • 521-04-19 • 521-05-87
521-97-25 • 521-05-86 • 521-05-47
Cable: "BATAANZONE" Manila
Telex: 40723 EPZA PM or 2525 EPZA PU

COMPANY PROFILE

1. COMPANY NAME _____

2. MAIN OFFICE ADDRESS _____
TELEPHONE NUMBER _____3. PLANT SITES _____

4. PRINCIPAL ACTIVITY (Pls. check applicable box)

- // a. fabricating
 // b. assembly
 // c. subcontracting/tolling
 // d. fully-integrated manufacturing
 // e. others (please specify) _____

5. PRODUCTS

- // a. garments // g. home decors
 // b. textile // h. food, snacks
 // c. furniture, wood products // i. others (please specify) _____
 // d. plastics
 // e. metal products
 // f. electronic products

6. YEAR OPERATIONS STARTED _____

7. DATE REGISTERED WITH BOI _____

8. NUMBER OF EMPLOYEES

- a. Top management
 a1 Foreigners _____
 a2 Locals _____
 b. Managerial and Supervisory _____
 c. Non-supervisory
 (including casuals) _____

9. EQUITY PARTICIPATION

- a. Foreigner _____ %
 b. Local _____ %

10. GROSS SALES IN 1987 ₪ _____
1988 ₪ _____11. TOTAL ASSETS IN 1987 ₪ _____
1988 ₪ _____

12. MARKET BREAKDOWN

- a. Export _____ %
 b. Indirect Export _____ %
 c. Domestic _____ %

SURVEY QUESTIONNAIRE

INSTRUCTIONS: Please put a check in the appropriate box, or specify your answers, where required.

I. Expansion Plans

Q1. Do you have expansion plans that will require additional factory space?

- () a. Yes -----> Q2 to Q5
 () b. No -----> II

Q2. If yes, what is the reason for expansion?

- () a. growth of domestic market
 () b. growth of indirect market
 () c. growth of export market
 () d. other reasons (please specify)

-----> Q3

Q3. Are existing facilities adequate to accommodate the expansion plans?

- () a. Yes -----> Q4
 () b. No -----> IIQ13

Q4. Will you stay in your present factory site?

- () a. Yes -----> Q5
 () b. No -----> Q6

Q5. If yes, what are the features/advantages of your current location?

- () a. cheaper land (including rental rate)
 () b. proximity to source of raw material
 () c. proximity to market
 () d. availability of labor
 () e. business services
 () f. social amenities
 () g. infrastructure and utilities, e.g., road system, port, airport, power, water system, telecommunications
 () h. peace and order situation
 () i. others (please specify)

-----> Q7

Q6. What features are you looking for?

- a. cheaper land (including rental rate)
- b. proximity to source of raw material
- c. proximity to market
- d. availability of labor
- e. business services
- f. social amenities
- g. infrastructure and utilities, e.g., road system,
port, airport, power, water system,
telecommunications
- h. peace and order situation
- i. others (please specify)

-----> Q7

Q7. When will you implement your expansion plans?

- a. 1990
- b. 1991
- c. 1992
- d. before 1994
- e. not decided

-----> II

II. Relocation Plans

Q10. Do you have relocation plans for your factory?

- a. Yes -----> Q11
- b. No -----> Q18

Q11. What is your reason for relocation?

- a. unreliable infrastructures and utilities, e.g., road system, power, water system, telecommunications
- b. more expensive land (rental rate)
- c. distance from source of raw materials
- d. distance from market
- e. inadequate labor supply
- f. poor business services
- g. lack of social amenities
- h. peace and order situation is bad
- i. others (please specify)
-----> Q12

Q12. When do you intend to relocate?

- a. 1990
- b. 1991
- c. 1992
- d. before 1994
- e. not decided
-----> Q13

Q13. Where do you intend to relocate/put up another factory?

- a. to an EPZ
- b. to an IE
- c. to a RIC
- d. others (please specify)

-----> Q14

Q14. What factors influenced your choice of relocation site?

- a. cheaper land (including rental rate)
- b. proximity to source of raw material
- c. proximity to market
- d. availability of labor
- e. business services
- f. social amenities

- () g. infrastructure and utilities, e.g., road system, port, airport, power, water system, telecommunications
- () h. peace and order situation
- () i. others (please specify)

-----> Q15

Q15. Would you consider moving to any of the following EPZs?

- | YES | NO | |
|-----|-----|---------------|
| () | () | a. Baguio EPZ |
| () | () | b. Bataan EPZ |
| () | () | c. Cavite EPZ |
| () | () | d. Mactan EPZ |

---->Q19 ---->Q16

Q16. Would you consider moving to any of the following IEs?

- | YES | NO | |
|-----|-----|---|
| () | () | a. Sapang-Palay I.E., Sapang-Palay, Bulacan |
| () | () | b. Meycauayan I.S., Meycauayan, Bulacan |
| () | () | c. Luisita I.P., San Miguel, Tarlac |
| () | () | d. VFP Industrial Area, Taguig, M.M. |
| () | () | e. Bagong-Silang I.E., Bagong-Silang, Novaliches |
| () | () | f. Dasmarias I.E., Bagong-Bayan, Cavite |
| () | () | g. Canlubang I.E., Canlubang, Laguna |
| () | () | h. Carmona I.E., Gen. M. Alvarez, Cavite |
| () | () | i. New Cavite, I.C., Gen. Trias, Cavite |
| () | () | j. Phividec I.E., Tagaloan, Misamis Oriental |
| () | () | k. Macabalan I.E., Cagayan de Oro, Misamis Oriental |

---->Q19 ---->17

Q17. Would you consider moving to any of the following RICs where the government has plans to develop the necessary supporting structures?

- | YES | NO | |
|-----|-----|---|
| () | () | a. Baguio EPZ (Export Processing Zone), Baguio, Benguet |
| () | () | b. Burgro-Tanguigan, San Fernando, La Union |
| () | () | c. Bgy. Tagaran, Cauayan, Isabela |
| () | () | d. Bataan, EPZ, Mariveles, Bataan |
| () | () | e. Cavite EPZ, Rosario, Cavite |
| () | () | f. Bgy. Tabangao, Batangas City |
| () | () | g. Bgy. Lamba, Legaspi City |
| () | () | h. Bgy. Mali-ao, Pavia, Iloilo |
| () | () | i. Mactan EPZ, Mactan, Cebu |
| () | () | j. Bgy. New Kawayan, Tacloban City |
| () | () | k. Bgy. Ayala & Recodo, Zamboanga City |

- | YES | NO | |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | l. Phividec Ind. Estate, Tacloban, Misamis Oriental |
| <input type="checkbox"/> | <input type="checkbox"/> | m. Panacan, Davao City |
| <input type="checkbox"/> | <input type="checkbox"/> | n. Tumbler Area, Gen. Santos City |
| <input type="checkbox"/> | <input type="checkbox"/> | o. Polloc, Parang, Maguindanao |
| <input type="checkbox"/> | <input type="checkbox"/> | p. Fuentes, Ma. Cristina, Iligan City |

--->Q19 --->Q18

Q18. Which of the following is the reason for not wanting to relocate/ be located in an EPZ, IE, or RIC?

- a. not exporting the products
- b. lack of capital for relocation
- c. business nature or size is not suitable for locating in EPZ, IE, RIC
- d. business requirements are already satisfied
- e. raw materials availability
- f. labor or management won't move to unfamiliar place
- g. better market potentials in current location
- h. other reasons (please specify)

-----> Q20

Q19. Rank the following features according to the degree of importance by which they influence your choice of location. (Use 1 for most important; 2, next important, and so on)

- a. cheaper land (including rental rate)
- b. proximity to source of raw material
- c. proximity to market
- d. availability of labor
- e. business services
- f. social amenities
- g. infrastructure and utilities, e.g., road system, port, airport, power, water system, telecommunications
- h. peace and order situation
- i. others (please specify)

Q20. In general, what features would make you decide to choose a particular plant site?

- a. Minimum required features
 - a1. cheaper land (including rental rate)
 - a2. proximity to source of raw material
 - a3. proximity to market
 - a4. availability of labor
 - a5. business services

- a6. social amenities
 - a7. infrastructure and utilities, e.g., road system, port, airport, power, water system, telecommunications
 - a8. peace and order situation
 - a9. others (please specify)
-

b. Desirable features

- b1. cheaper land (including rental rate)
 - b2. proximity to source of raw material
 - b3. proximity to market
 - b4. availability of labor
 - b5. business services
 - b6. social amenities
 - b7. infrastructure and utilities, e.g., road system, port, airport, power, water system, telecommunications
 - b8. peace and order situation
 - b9. others (please specify)
-

Q21. Do you have interest on some of the following IEs, which are reported to be under development in the CALABAR area? Please check one of the five IEs which interest you most.

- a. Ayala Laguna I.E., Canlubang, Laguna
- b. Canlubang I.E., Canlubang, Laguna
- c. Dasmaringas I.E., Dasmaringas, Cavite
- d. Science Park I.E., Cabuyao, Laguna
- e. Engineering I.E., Bauan, Batangas

-----> Q22

Q22. All of the above IEs are to be developed in CALABAR area. What do you think is the most attractive feature of the Area?

- a. South Super Highway
- b. CALABAR Special Development Project
- c. Nearness to Metro Manila
- d. Nature
- e. Infrastructure

-----> Q23

Q23. Do you plan to supply your products to factories in EPZs?

- a. Yes -----> Q 24
- b. No -----> Q 24

Q24. What would be your competition advantage in selling to factories in EPZs?

- a. Price
- b. Quality of product
- c. Quality of service
- d. Others (please specify)

-----> Q 25

Q25. Would you suggest to EPZA and DTI to promote investment to EPZs in this country?

- Yes
- No

THANK YOU VERY MUCH FOR YOUR COOPERATION!

APPENDIX

DEFINITION OF TERMS

Industrial Estate (I.E.)	- privately owned estate where manufacturing plants or factories are located example: Canlubang Industrial Estate.
Regional Industrial Estate (RICs)	- newly identified areas by the government for development into industrial estate.
Export Processing Zone (EPZ)	- government-owned estate established primarily for export-oriented industries, examples: Bataan Export Processing Zone and Cavite Export Processing Zone.
Indirect Exports - sales to:	(1) bonded manufacturing warehouses of export-oriented manufacturers; (2) export processing zones; (3) registered export traders operating bonded trading warehouses supplying raw materials used in the manufacture of export products; or (4) foreign military bases, diplomatic missions and other agencies/or instrumentalities granted tax immunities.
CALABAR	acronym for <u>C</u> alamba, <u>L</u> aguna, <u>B</u> atangas, <u>R</u> izal.
EPZA	Export Processing Zone Authority
DTI	Department of Trade and Industry

PROFILE OF 155 RESPONDING COMPANIES

	<u>Number of companies</u>	<u>% to Total</u>
1) Year operations started		
1960	11	7.1
1961-70	10	6.5
1971-80	36	23.2
1981-85	28	18.1
1986	10	6.5
1987	9	5.8
1988	15	9.7
1989	17	11.0
1990	12	7.7
1991	1	.6
No data	6	3.9
Total	<u>155</u>	<u>100.0</u>
2) Date registered with BOI		
On or before 1960	0	-
1961-70	3	1.9
1971-80	23	14.8
1981-85	19	12.3
1986	5	3.2
1987	16	10.3
1988	28	18.1
1989	47	30.3
1990	0	-
1991	0	-
No data	14	9.0
Total	<u>155</u>	<u>100.0</u>
3) Number of employees		
a) Top management		
i) Foreigners		
0	105	67.7
1	25	16.1
2	16	10.3
3	3	1.9
4	2	1.3

	<u>Number of companies</u>	<u>% to Total</u>
No data	3	1.9
Not applicable	1	.6
	<hr/>	<hr/>
Total	155	100.0
ii) Locals		
0	8	5.2
1-5	114	73.5
6-10	19	12.3
11-50	7	4.5
50<	2	1.3
No data	4	2.6
Not applicable	1	.6
	<hr/>	<hr/>
Total	155	100.0
b) Managerial and supervisory		
0	1	.6
1-5	53	34.2
6-10	33	21.3
11-15	20	12.9
16-20	7	4.5
21-50	20	12.9
51-100	10	6.5
101-500	3	1.9
500<	1	.6
Not applicable	1	.6
No data	6	3.9
	<hr/>	<hr/>
Total	155	100.0
c) Non supervisory		
1-50	35	22.6
51-100	21	13.6
101-150	26	16.8
151-200	17	11.0
201-500	25	16.1
501-1,000	13	8.4
1,001-5,000	7	4.5
5,000<	1	.6
Not applicable	1	.6
No data	9	5.8
	<hr/>	<hr/>
Total	155	100.0

	<u>Number of companies</u>	<u>% to Total</u>
6) Equity Participation		
a) Foreign		
40%	35	22.6
30-39%	9	5.8
20-29%	4	2.6
10-19%	7	4.5
0-9%	100	64.5
	<hr/>	<hr/>
Total	155	100.0
b) Local		
60-69%	36	23.2
70-79%	11	7.1
80-89%	7	4.5
90-99%	8	5.2
100%	93	60.0
No data	0	-
	<hr/>	<hr/>
Total	155	100.0
7) Gross Sales - 1987 (in pesos)		
< 1 M	2	1.3
1-20 M	32	20.6
21-40 M	14	9.0
41-60 M	6	3.9
61-100 M	5	3.2
101-200 M	5	3.2
201-400 M	5	3.2
401-800 M	5	3.2
801-999 M	3	1.9
1 B<	0	-
Confidential	16	10.3
Not applicable	47	30.3
No data	15	9.7
	<hr/>	<hr/>
Total	155	100.0
Gross Sales - 1988 (in pesos)		
<1 M	3	1.9
1-20 M	33	21.3
21-40 M	14	9.0

	<u>Number of companies</u>	<u>% to Total</u>
41-60 M	7	4.5
61-100 M	9	5.8
101-200 M	9	5.8
201-400 M	6	3.9
401-800 M	2	1.3
801-999 M	4	2.6
1 B<	2	1.3
Confidential	17	11.0
Not applicable	34	21.9
No data	15	9.7
Total	<u>155</u>	<u>100.0</u>

8) Total Assets - 1987 (in pesos)

<1 M	6	3.9
1-20 M	41	26.5
21-40 M	8	5.2
41-60 M	6	3.9
61-100 M	7	4.5
101-200 M	0	-
201-400 M	4	2.6
401-800 M	4	2.6
801-999	0	-
1 B<	2	1.3
Confidential	15	9.7
Not applicable	43	27.7
No data	19	12.3
Total	<u>155</u>	<u>100.0</u>

Total Assets - 1988 (in pesos)

<1 M	4	2.6
1-20 M	47	30.3
21-40 M	10	6.5
41-60 M	8	5.2
61-100 M	8	5.2
101-200 M	6	3.9
201-400 M	2	1.3
401-800 M	6	3.9
801-999 M	0	-
1 B<	2	1.3
Confidential	16	10.3
Not applicable	28	18.1

	<u>Number of companies</u>	<u>% to Total</u>
No data	18	11.6
Total	155	100.0
9) Market breakdown		
a) Export		
0%	15	9.7
1-20	13	8.4
21-40	10	6.5
41-60	5	3.2
61-80	17	11.0
81-90	9	5.8
91-95	6	3.9
96-100	73	47.1
No data	7	4.5
Total	155	100.0
b) Indirect export		
0-20%	130	83.9
21-40	8	5.2
41-60	3	1.9
61-80	0	-
81-90	3	1.9
91-95	0	-
96-100	4	2.6
No data	7	4.5
Total	155	100.0
c) Domestic		
0-20%	108	69.7
21-40	7	4.5
41-60	12	7.7
61-80	11	7.1
81-90	5	3.2
91-95	3	1.9
96-100	2	1.3
No data	7	4.5
Total	155	100.0

SUMMARY OF SURVEY RESULTS 155 QUALIFIED RESPONDENTS

	<u>Number of companies</u>	<u>% to Total</u>
1) EXPANSION PLANS		
a) With expansion plans	99	63.9
Without expansion plans	56	36.1
Total	155	100.0
b) Reasons for expansion		
- Growth of export market	88	69.3
- Growth of domestic market	24	18.9
- Growth of indirect market	10	7.9
- Improvement in quality	2	1.6
- Influx of business from Japan/tie up with foreigners	1	0.8
- Accessibility of raw materials	1	0.8
- Consolidate operations	1	0.8
Total	127	100.0
c) Adequacy of existing facilities		
Yes	31	31.3
No	68	68.7
Total	99	100.0
d) Whether to stay in present factory site		
Yes	26	83.9
No	5	16.1
Total	31	100.0
e) Features/Advantages of current location		
- Infrastructure and utilities	20	21.1
- Availability of labor	15	15.8
- Cheaper land	14	14.7
- Proximity to source of raw materials	13	13.7
- Peace and order situation	12	12.6
- Business services	8	8.4

- Proximity to market	6	6.3
- Social amenities	4	4.2
- Own factory site	3	3.2
Total	95	100.0

f) Features respondent looks for

- Infrastructure and utilities	4	21.1
- Proximity to source of raw materials	3	15.8
- Availability of labor	3	15.8
- Peace and order situation	3	15.8
- Cheaper land	2	10.5
- Business services	2	10.5
- Proximity to market	1	5.3
- Social amenities	1	5.3
Total	19	100.0

g) When to expand

1990	8	25.8
1991	9	29.0
1992	6	19.4
Before 1994	4	12.9
Not decided	4	12.9
Total	31	100.0

2) RELOCATION PLANS

a) With relocation plans	18	20.7
Without relocation plans	69	79.3
Total	87	100.0

b) Reasons for relocation

- More expensive land	7	23.3
- Distance from source of raw materials	5	16.7
- Inadequate labor supply	5	16.7
- Unreliable infrastructures and utilities	3	10.0
- Poor peace and order situation	3	10.0

- Distance from market	2	6.7
- Limited space	2	6.7
- Poor business services	1	3.3
- Lack of social amenities	1	3.3
- No answer	1	3.3
	<hr/>	<hr/>
Total	30	100.0

c) When to relocate

1990	0	-
1991	4	22.2
1992	4	22.2
Before 1994	2	11.2
Not decided	8	44.4
	<hr/>	<hr/>
Total	18	100.0

d) Where to relocate/put up another factory

EPZ	20	21.1
IE	15	15.8
RIC	6	6.3
No relocation plans	21	22.1
Own site	14	14.7
Affiliate company	1	1.1
Within Metro Manila	3	3.1
Not decided	15	15.8
	<hr/>	<hr/>
Total	95	100.0

e) Factors that influence choice of relocation site

- Cheaper land	49	20.9
- Infrastructure and utilities	35	14.8
- Availability of labor	34	14.4
- Business services	32	13.6
- Peace and order situation	28	11.9
- Proximity to source of raw materials	23	9.7
- Proximity to market	17	7.2
- Social amenities	13	5.5
- Government incentives	2	0.8
- No answer	2	0.8
- Own land	1	0.4
	<hr/>	<hr/>
Total	236	100.0

f) If considering to move to any of the following EPZs

Cavite	31	75.6
Baguio	5	12.2
Mactan	4	9.8
Bataan	1	2.4
Total	41	100.0

g) If considering to move to any of the following IEs

- Canlubang I.E., Canlubang Laguna	21	21.0
- Carmona, I.E., Gen. M. Alvarez Cavite	17	17.6
- New Cavite, I.C., Gen. Trias Cavite	17	17.0
- Dasmaringas, I.E., Bagong Bayan, Cavite	15	15.0
- VFP Industrial Area, Taguig Metro Manila	10	10.0
- Meycauayan I.S., Meycauayan Bulacan	9	9.0
- Luisita I.P., San Miguel Tarlac	4	4.0
- Bagong Silang I.E., Bagong- Silang, Novaliches	4	4.0
- Sapang Palay I.E., Sapang Palay Bulacan	3	3.0
- Phividec I.E., Tagaloan Misamis Oriental	0	-
- Macabalan, I.E., Cagayan de Oro Misamis Oriental	0	-
Total	100	100.0

h) If considering to move to any of the following RICs where the government has plans to develop the necessary supporting structures

- Cavite EPZ, Rosario, Cavite	24	54.6
- Bgy. Tabangao, Batangas City	8	18.2
- Baguio EPZ, Baguio, Benguet	4	9.1
- Mactan EPZ, Mactan, Cebu	3	6.8
- Burgro - Tanguigan, San Fernando La Union	2	4.5
- Bgy. Tagaran, Cauayan, Isabela	2	4.5
- Bataan, EPZ, Mariveles, Bataan	1	2.3
- Bgy. Lamba, Legaspi City	0	-
- Bgy. Mali-ao, Pavia, Iloilo	0	-

- Bgy. New Kawayan, Tacloban City	0	-
- Bgy. Ayala and Recodo Zamboanga City	0	-
- Phividec Ind. Estate, Tacloban Misamis Oriental	0	-
- Panacan, Davao City	0	-
- Tambler Area, Gen. Santos City	0	-
- Polloc, Parang, Maguindanao	0	-
- Fuentes, Ma. Cristina Iligan City	0	-
Total	44	100.0

i) Reasons for not wanting to relocate

- Business requirements already satisfied	69	28.5
- Labor or management unwilling to move to unfamiliar place	36	14.9
- Business nature or size is not suitable for locating in EPZ, IE, RIC	34	14.0
- Lack of capital for relocation	29	12.0
- Raw materials availability	21	8.7
- No answer	18	7.4
- Better market potential in current location	16	6.6
- Uncertainty of labor supply, labor problems	7	2.9
- Not exporting the products	4	1.7
- Have enough space for expansion/ have plans to establish own site	4	1.7
- Cost advantages	3	1.2
- Business going down	1	0.4
Total	242	100.0

j) Ranking of features according to degree of importance

	<u>Total Points</u>	<u>Rank</u>
- Infrastructure and utilities	151	1
- Cheaper land	142	2
- Availability of labor	116	3
- Peace and order situation	116	3
- Proximity to source of raw materials	61	4
- Business service	51	5
- Proximity to market	43	6
- Social amenities	11	7

3) GENERAL QUESTIONS

a) Features considered in choosing a particular site

	<u>Number of companies</u>	<u>% to Total</u>
i) Minimum required features		
- Cheaper land	90	17.5
- Infrastructure and utilities	88	17.2
- Availability of labor	84	16.4
- Peace and order situation	81	15.8
- Proximity to source of raw materials	56	10.9
- Business services	54	10.5
- Proximity to market	38	7.4
- Social Amenities	20	3.9
- Others	2	0.4
Total	513	100.0

ii) Desired Features

- Cheaper land	102	16.3
- Infrastructure and utilities	101	16.1
- Peace and order situation	94	15.0
- Availability of labor	91	14.5
- Proximity to source of raw materials	76	12.1
- Business services	62	9.9
- Proximity to market	57	9.1
- Social amenities	42	6.7
- Others	2	0.3
Total	627	100.0

b) If interested in the following IEs
in the Calabar area

- Ayala Laguna	41	20.8
- Dasmarias	33	16.8
- Canlubang	29	14.7
- Science Park	11	5.6
- Engineering	8	4.1
- Not interested	75	38.0
Total	197	100.0

c) Most attractive features of Calabar area		
- Nearness of Metro Manila	84	33.5
- South Super Highway	46	18.3
- Infrastructure	42	16.7
- Calabar Special Development Project	32	12.7
- Nature	12	4.8
- No answer	35	14.0
	<hr/>	<hr/>
Total	251	100.0
d) Any plan to supply EPZ factories		
Yes	46	29.7
No	109	70.3
	<hr/>	<hr/>
Total	155	100.0
e) Competitive advantage of respondent's product if to supply EPZ factories		
- Quality of product	38	45.3
- Price	29	34.5
- Quality of service	16	19.0
- Others	1	1.2
	<hr/>	<hr/>
Total	84	100.0
f) Whether respondent will suggest to EPZA and DTI to promote domestic investments in EPZs		
Yes	144	92.9
No	11	7.1
	<hr/>	<hr/>
Total	155	100.0

PROFILE OF COMPANIES WHICH ARE CONSIDERING
 CEPZ AS A PLANT LOCATION

	<u>Number of Companies</u>	<u>% to Total</u>
a) Year Operations Started		
1981-1985	10	32.3
1989	4	12.9
1988	4	12.9
1961-1970	3	9.7
1990	3	9.7
before 1960	2	6.5
1987	2	6.5
1986	1	3.2
1971-1980	2	6.5
Total	31	100.0
b) Year registered with the Board of Investments (BOI)		
1989	11	35.5
1981-1985	7	22.6
1988	5	16.1
1987	4	12.9
1971-1980	3	9.7
No data	1	3.2
Total	31	100.0
c) Number of Employees		
i) Top Management		
Foreigners		
0	20	64.5
1	5	16.1
2	4	12.9
3	2	6.5
Total	31	100.0
Locals		
1-5	25	80.7
6-10	3	9.7

	<u>Number of Companies</u>	<u>% to Total</u>
11-15	1	3.2
50<	2	6.5
	<hr/>	<hr/>
Total	31	100.0
ii) Managerial and Supervisory		
1-5	15	48.4
6-10	6	19.4
11-50	6	19.4
51-90	3	9.6
No data	1	3.2
	<hr/>	<hr/>
Total	31	100.0
iii) Non-supervisory		
1-50	13	41.9
51-100	5	16.1
101-500	8	25.8
501-900	3	9.6
2,000-3,000	1	3.2
No data	1	3.2
	<hr/>	<hr/>
Total	31	100.0
d) Equity Participation		
i) Foreign equity		
0 to 9%	21	67.7
10 to 19%	1	3.2
20 to 29%	2	6.5
30 to 39%	1	3.2
40%	6	19.4
	<hr/>	<hr/>
Total	31	100.0
ii) Local equity		
100%	21	67.7
60-69%	6	19.4
70-79%	3	9.7
90-99%	1	3.2
	<hr/>	<hr/>
Total	31	100.0

	<u>Number of Companies</u>	<u>% to Total</u>
e) Gross Sales		
i) Gross Sales-1987 (in pesos)		
1-20 M	8	25.8
21-40 M	3	9.7
41-60 M	1	3.2
61-100 M	1	3.2
201-400 M	1	3.2
401-800 M	1	3.2
801 M - 1 B	1	3.2
Not applicable	11	35.5
No data	3	9.7
Confidential	1	3.2
	<hr/>	
Total	31	100.0
ii) Gross Sales-1988 (in pesos)		
1-20 M	6	19.4
21-40 M	5	16.1
61-100 M	2	6.5
101-200 M	2	6.5
201-400 M	1	3.2
401-800 M	1	3.2
801-1 B	1	3.2
Not applicable	8	25.8
No data	3	9.7
Confidential	2	6.5
	<hr/>	
Total	31	100.0
f) Total Assets		
i) Total Assets-1987 (in pesos)		
1-20 M	10	32.3
21-40 M	1	3.2
61-100 M	1	3.2
201-400 M	1	3.2
401-800 M	2	6.5
<1 M	1	3.2
Not applicable	10	32.3
No data	4	12.9
Confidential	1	3.2
	<hr/>	
Total	31	100.0

	<u>Number of Companies</u>	<u>% to Total</u>
ii) Total Assets-1988 (in pesos)		
1-20 M	11	35.5
21-40 M	2	6.5
61-100 M	1	3.2
101-200 M	1	3.2
201-400 M	1	3.2
401-800 M	2	6.5
1 M<	1	3.2
Not applicable	6	19.4
No data	4	12.9
Confidential	2	6.5
	<hr/>	<hr/>
Total	31	100.0

g) Market breakdown

i) Export

96-100%	13	41.9
21-40%	5	16.1
61-80%	4	12.9
1-20%	2	6.5
81-90%	2	6.5
0%	3	9.7
No data	2	6.5
	<hr/>	<hr/>
Total	31	100.0

ii) Indirect Export

0-20%	25	80.7
21-40%	3	9.7
96-100%	1	3.2
No data	2	6.5
	<hr/>	<hr/>
Total	31	100.0

iii) Domestic

0-20%	20	64.5
41-60%	3	9.7
61-80%	4	12.9
81-90%	2	6.5
No data	2	6.5
	<hr/>	<hr/>
Total	31	100.0

