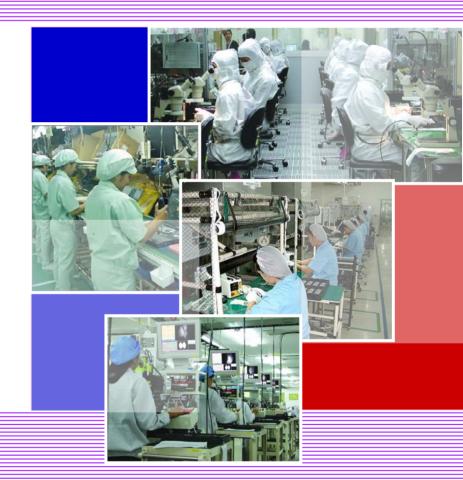
PHILIPPINE ECONOMIC ZONE AUTHORITY



"UPDATE ON PEZA ACTIVITIES AND PROGRAMS"

Lilia B. de Lima Undersecretary and Director General **Philippine Economic Zone Authority**

A presentation for



The American Chamber of Commerce of the Philippines, Inc.

AmCham Hall, 2F, Corinthian Plaza Bldg., Paseo de Roxas, Makati City 12:00 PM, 31 July 2008



PHILIPPINE ECONOMIC ZONE AUTHORITY

An investment promotion agency attached to the Department of Trade and Industry.

It took over the functions of the former Export Processing Zone Authority (EPZA) in 1995.

It supervises economic zones that are proclaimed under its mandate nationwide.

The Special Economic Zone Act of 1995

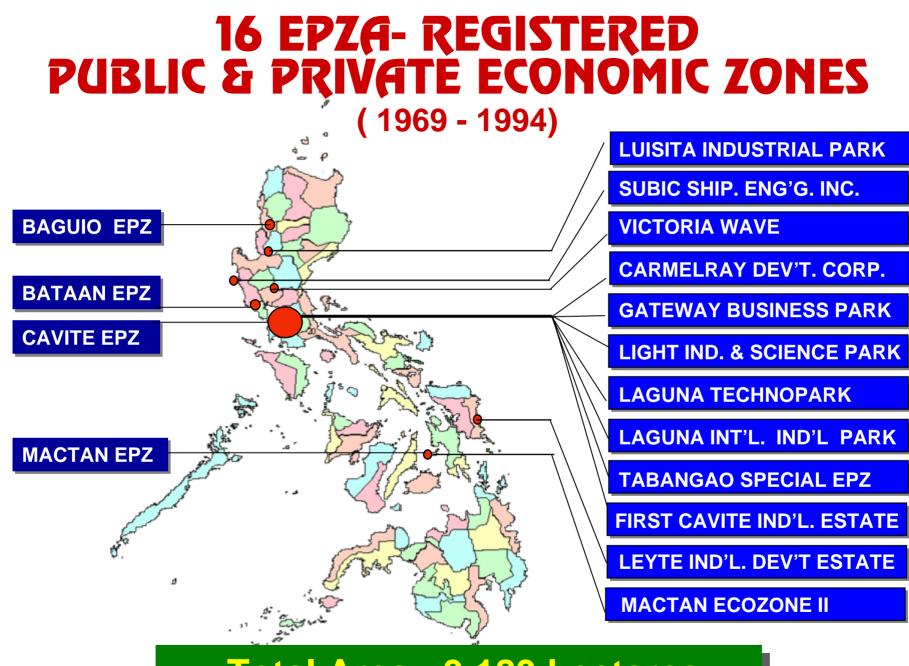
Reinforce government's efforts on:

Investment Promotion

Employment Creation

Export Generation





Total Area : 3,183 hectares



MAJOR POLICY THRUST

PEZA ceased developing economic zones

Encouraged private sector to develop economic zones

166 OPERATING ECONOMIC ZONES

(As of June 2008)

BAGUIO CITY ECONOMIC ZONE FORT ILOCANDIA LUISITA INDUSTRIAL PARK TECO SPECIAL ECONOMIC ZONE ANGELES INDUSTRIAL PARK AGUS INDUSTRIAL ESTATE VICTORIA WAVE **ROBINSONS PLACE NOVALICHES** DILIMAN IT BUILDING CONVERGYS IT BUILDING **HTMT CYBER PARK** EDSA CENTRAL IT CENTER E-SQUARE INFORMATION TECHNOLOGY PARK **MULTINATIONAL BANCORPORATION** PEOPLESUPPORT CENTER IT BUILDING NORTHGATE CYBERZONE MACROASIA ECOZONE EUGENIO LOPEZ JR. COMMUNICATION CENTER EASTWOOD CITY CYBERPARK **EXPORTBANK PLAZA BUILDING** THE ENTERPRISE CENTER **RCBC PLAZA** SM /CITY **SM CYBERZONE 1 G.T. TOWER INTERNATIONAL** AMKOR TECHNOLOGY PACIFIC INFORMATION TECHNOLOGY CENTER **ROBINSONS CYBERPARK ROBINSONS-EQUITABLE TOWER** PBCOM TOWER SUMMIT ONE OFFICE TOWER PHILAMLIFE I.T. BUILDING 6750 AYALA AVE. BLDG. **UNIONBANK PLAZA BPI BUENDIA CENTER** EAST CYBER GATE **GATEWAY OFFICE TOWER INSULAR LIFE BUILDING** MARVIN PLAZA BUILDING MSE CENTER OCTAGON IT BUILDING **ORIENT SQUARE IT BUILDING RIVERBANK CENTER ICT BLDG. I UP SCIENCE & TECHNOLOGY PARK (South)** V-TECH TOWER FOOD TERMINAL INC. SEZ EMI SPECIAL ECOZONE **BATAAN ECONOMIC ZONE** SUBIC SHIPYARD PLASTIC PROCESSING CENTER SEZ HERMOSA ECOZONE LEYTE IND'L. DEVELOPMENT ESTATE LEYTE INFORMATION COMMUNICATION TECH. PARK JOSE PANGANIBAN SEZ **RAPU-RAPU ECOZONE**

Total Area : 6,661.63 hectares

CAVITE ECONOMIC ZONE LAGUNA INT'L. INDUSTRIAL PARK LIGHT INDUSTRY & SCIENCE PARK I LIGHT INDUSTRY & SCIENCE PARK II LIGHT INDUSTRY & SCIENCE PARK III TABANGAO SPECIAL ECONOMIC ZONE LAGUNA TECHNOPARK I FIRST CAVITE INDUSTRIAL ESTATE GATEWAY BUSINESS PARK GATEWAY BUSINESS PARK I **GREENFIELD LAGUNA AUTOMOTIVE PARK** YTMI REALTY SPECIAL ECONOMIC ZONE LIMA TECHNOLOGY CENTER FIRST PHILIPPINE INDUSTRIAL PARK EXP. I COCOCHEM AGRO INDUSTRIAL PARK PEOPLE'S TECHNOLOGY COMPLEX FIRST PHILIPPINE INDUSTRIAL PARK CARMELRAY INDUSTRIAL PARK CARMELRAY INDUSTRIAL PARK II CALAMBA PREMIERE INTERNATIONAL PARK TOYOTA STA. ROSA SEZ TOYOTA STA, ROSA SEZ II DAIICHI INDUSTRIAL PARK LAGUNA TECHNOPARK III LAGUNA TECHNOPARK II LAGUNA TECHNOPARK IV FILINVEST TECHNOLOGY PARK - CALAMBA EASTBAY ARTS, RECREATIONAL AND TOURISM **ROBINSONS BIG R SUPERCENTER STA. ROSA COMMERCIAL IT PARK** PHILTOWN TECHNOLOGY PARK **ROBINSONS PLACE LIPA** MACTAN ECONOMIC ZONE **BIGFOOT IT PARK** MACTAN ECONOMIC ZONE II MANGO SQUARE ARCENAS ESTATE IT BUILDING JY SQUARE IT CENTER CEBU LIGHT INDUSTRIAL PARK WEST CEBU INDUSTRIAL PARK **NEW CEBU TOWNSHIP** MRI ECONOMIC ZONE **HVG ARCADE IT PARK INNOVE IT PLAZA** ASIATOWN IT PARK FEDERATED IT PARK **ROBINSONS METRO BACOLOD** PUEBLO DE ORO IT PARK JASAAN MIS. ORIENTAL ECOZONE **DBP IT PLAZA** THE BLOCK IT PARK CIIF AGRO-INDUSTRIAL PARK **RIO TUBA EXPORT PROCESSING ZONE** SARANGANI ECONOMIC DEVELOPMENT ZONE SRC CALUMPANG ECONOMIC DEV'T. ZONE

FIRST ORIENTAL BUSINESS & INDUSTRIAL PARK

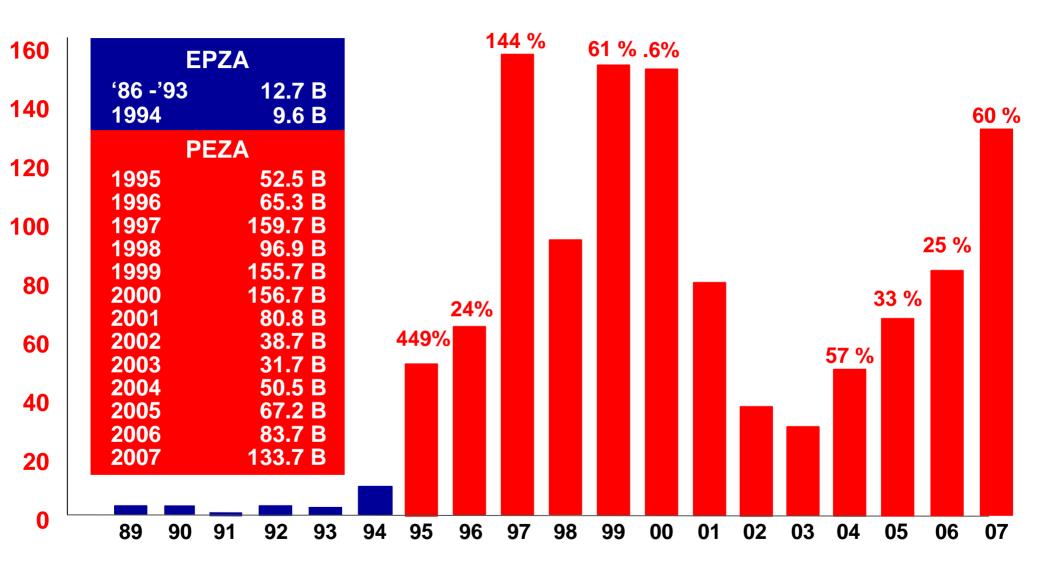
61 Manufacturing or Industrial Estates

99 IT Parks (26) and IT Centers (73)

5 Tourism Ecozones

1 Medical Tourism Park

ECONOMIC ZONE INVESTMENTS



1995 – 2007 Economic Zone Investments : P 1.173 Trillion

13-YEAR ECONOMIC ZONE INVESTMENTS



PEZA 1995 - 2007 P 1.173 T

EPZA 1982 –1994 P 33.068 B

LOCATOR INVESTMENTS BY NATIONALITY (1995 – 2007)

36.82 % Japanese

18.82 % American 17.49 % Filipino 6.45 % Dutch 4.03 % British 3.58 % Singaporean 2.97 % Korean 2.20 % British Cayman Islands 2.03 % Germans 1.16 % Taiwanese 1.00 % British Virgin Islands 1.06 % Others

LOCATOR INVESTMENTS BY PRODUCT SECTOR (1995 - 2007)

50.94 % Electronics and Semiconductors 7.55 % Electrical Machinery and Apparatus

- 7.18 % Information Technology Services
- 6.52 % Transport and Car Parts
- 2.75 % Chemical and Chemical Products
- 2.30 % Medical, Precision and Optical Instruments
- 1.74 % Rubber and Plastic Products
- **1.10 % Garments and Textiles**
- 19.92 % Other Manufactures

Ecozone Exports

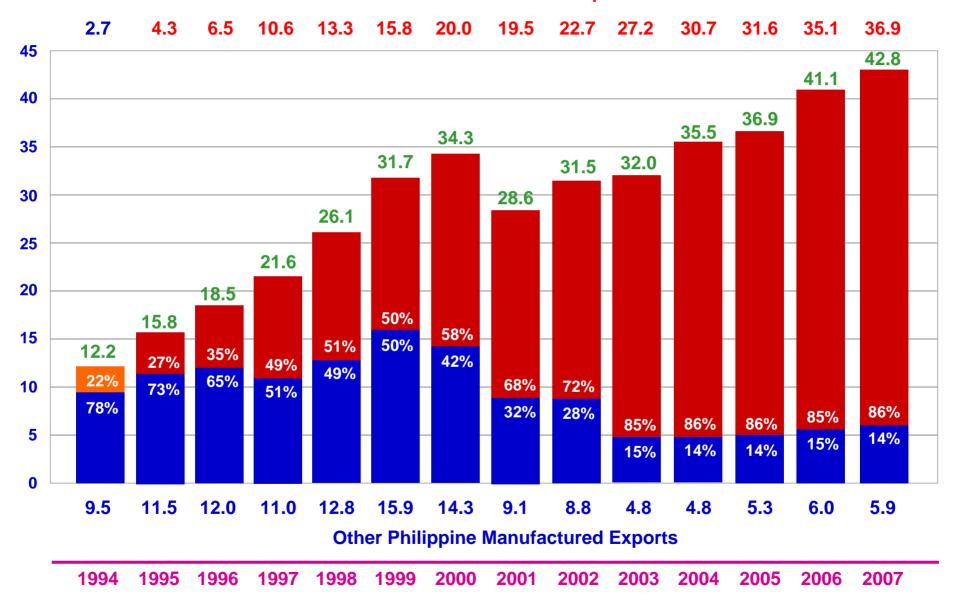
1994 : US \$ 2.739	Leozone Lapo
1995 : US \$ 4.284	56.4 %
1996 : US \$ 6.500	51.7 %
مرتب مرتبع مرتبع 1997 : US \$ 10.626 مراقد ما قار ما ما ما ما ما	63.5 %
$\partial c_1 c_2 c_3 c_3 c_3 c_3 c_3 c_3 c_3 c_3 c_3 c_3$	24.9 %
$\frac{1999: US $ 15.807}{\sqrt{4}}$	19.1 %
$\partial (\partial (\partial$	26.7 %
	- 2.5%
	16.8%
	19.9%
	13.2%
	3.6%
	12.6%
	13.3%



In Billion US Dollars

PHILIPPINE MANUFACTURED EXPORTS (Billion U.S. Dollars)

Economic Zone Manufactured Exports



Her Excellency GLORIA MACAPAGAL ARROYO





The a	Economic Zone Direct Employment	t
1994	NTTTT.	91,860
1995	***	121,823
1996	***	152,250
1997		183,709
1998	****	219,791
1999	**** * *****	247,076
2000	*** * *******	278,407
2001	****	289,548
2002	**** * ********	328,384
2003	**** * *********	362,851
2004	*** *****	406,752
2005	*****	451,279
2006	तरतरततततततततततततततततततततततततततततततततत	545,025
2007	तरतरततततरतरतरतरतरतरतरतरतरतरतरतरत	593,108

TOP ECONOMIC ZONE INVESTORS

TI (Philippines), Inc. Amkor Technology Intel Technology **Fujitsu Computer** NXP Semiconductors **Sunpower Philippines Toshiba Information Epson Precision Integrated Micro** Hitachi Global Storage **Toyota Autoparts Coral Bay Nickel Corp.**

Electronics Electronics Electronics Electronics **Electronics Solar Cells Electronics Electronics Electronics Electronics** Automotive Minerals

American American American Japanese Dutch **Brit.** Cayman Japanese Japanese British Dutch Japanese Japanese

TOP ECONOMIC ZONE INVESTORS

TDK Fujitsu Phils. Lufthansa Technik **Samsung Electro-Mech Ibiden Philippines Rohm Electronics Terumo (Philippines)** Pilipinas Kao, Inc. JP Morgan Chase Bank **Taiyo Yuden** Cypress Mfg. Ltd. **Continental Temic** Panasonic Comm.

Electronics Air Transport **Electronics Electronics Electronics** Med. Instruments **Coco products** IT **Electronics** Electronics **Electronics Electronics**

Japanese German Korean Japanese Japanese Japanese Japanese American Japanese American German **Dutch**

TOP ECONOMIC ZONE INVESTORS

Ford Motor Company Teletech Customer Care Mitsumi Philippines Hoya Glass Disk Nidec Philippines Convergys Manticao Nickel Corp. **Analog Devices Nidec Precision** Honda Parts Mfg. **eTelecare Global** Takata (Philippines)

Automotive I.T. **Electronics Electronics Electronics** LT. Mineral **Electronics Electronics Automotive** IT **Automotive**

American American Japanese Singaporean Japanese American Filipino Dutch Japanese Japanese **Filipino** Japanese

AMERICAN ENTERPRISES IN PEZA ECONOMIC ZONES

INDUSTRY	NUMBER
Electronics and Semiconductors	25
Information Technology	100
Transport and Car Parts	5
Chemical & Chemical Products	1
Fabricated Metals	5
Rubber & Plastic Products	6
Garments	1
Others	18
TOTAL	161

TOP 30 AMERICAN COMPANIES IN PEZA

- 1. TI (Philippines), Inc.
- 2. Amkor Technology
- 3. Intel Technology Philippines, Inc.
- 4. JP Morgan Chase Bank, NA Phil. Customer Care Center
- 5. Cypress Manufacturing
- 6. Ford Motor Company
- 7. TeleTech Customer Care Management Phil., Inc.
- 8. Convergys Phil. Services Corp.
- 9. AMI Semiconductor Phil., Inc.
- **10. ICT Marketing Services, Inc.**

TOP 30 AMERICAN COMPANIES IN PEZA

- 11. PeopleSupport (Phil.), Inc.
- **12. Visteon Phil., Inc.**
- **13. American Power Conversion Corp.**
- 14. Moog Controls Corp. (Phil. Branch)
- **15. Dell International Services Phil., Inc.**
- **16. APAC Customer Services, Inc. Phil. Branch**
- **17. INFONXX Philippines, Inc.**
- **18. Ford Phil. Component Manufacturing Co.**
- **19. Accenture, Inc.**
- 20. ACP Test Company, Inc.

TOP 30 AMERICAN COMPANIES IN PEZA

- 21. West Contact Services, Inc.
- 22. SC Reservationss (Phil.), Inc.
- 23. Draka Philippines, Inc.
- 24. Sitel Philippines Corp.
- 25. Ford Philippines Machining Company
- 26. RMH Teleservices Asia Pacific, Inc.
- **27. EXLSERVICE Philippines, Inc.**
- 28. Epixtar Phil IT-Enabled Services Corp.
- **29. Genpact Services LLC**
- **30. Sitel Customer Care Philippines, Inc.**

OTHER PEZA ECOZONE PROGRAMS



TOURISM ECONOMIC ZONE

LOCATION	AREA / FACILITIES REQUIREMENT	INCENTIVES FOR DEVELOPERS
PRIORITY AREAS IDENTIFIED BY DOT	5 Hectares Integrated resort complex offering accommodation, sports and recreation centers, convention and cultural facilities, theme parks, and other special interest with foreign tourists as primary clientele. Must conform with development guidelines of the Department of Tourism	5% tax on gross income (only for new development)

TOURISM ECONOMIC ZONE

REGISTRABLE ACTIVITIES	INCENTIVES
 Enterprises establishing and operating the following: Accommodation Sports and recreation centers Convention and cultural facilities Theme Parks Other special interest or attraction activities with foreign tourists as primary clientele 	 4 years Income Tax Holiday (ITH) Special 5% tax on gross income in lieu of all national and local taxes after the ITH Tax and duty free importation of capital equipment required for the technical viability and operation of the registered activity Exemption from payment of local government fees such as Mayor's Permit, Business Permit, Permit on the Exercise of Profession/Occupation/Calling, Health Certificate Fee, Sanitary Inspection Fee, and Garbage Fee; Zero Value Added Tax (VAT) Rate on local purchases to include telecommunications, power, and water bills; Special Investor's visa Employment of foreign nationals Simplified import procedures

MEDICAL TOURISM SPECIAL ECONOMIC ZONE

MEDICAL TOURISM PARK

LOCATION	AREA / FACILITIES REQUIREMENT	INCENTIVES FOR DEVELOPERS
METRO MANILA AND CEBU CITY	 Hectare Adequate telecom facilities Clean, uninterruptible power supply Security and building monitoring system 	None
OTHER PARTS OF THE COUNTRY	 Hectare Adequate telecom facilities Clean, uninterruptible power supply Security and building monitoring system 	5% tax on gross income (only for new development)

MEDICAL TOURISM CENTER (Hospital or Stand Alone Bldg)

LOCATION	AREA / FACILITIES REQUIREMENT	INCENTIVES FOR DEVELOPERS
METRO MANILA AND CEBU CITY	 5,000 square meters Adequate telecom facilities Clean, uninterruptible power supply Security and building monitoring system 	None
OTHER PARTS OF THE COUNTRY	 2,000 square meters Adequate telecom facilities Clean, uninterruptible power supply Security and building monitoring system 	5% tax on gross income (only for new development)







RETIREMENT SPECIAL ECONOMIC ZONE



RETIREMENT ECOZONE PARK

LOCATION	AREA / FACILITIES REQUIREMENT	INCENTIVES FOR DEVELOPERS
Anywhere in the country	 4 Hectares 1. Reliable power and water supply and distribution system 2. Sewerage and drainage system 3. Adequate telecom facilities 	5% tax on gross income (only for new development)

RETIREMENT ECOZONE CENTER

LOCATION	AREA / FACILITIES REQUIREMENT	INCENTIVES FOR DEVELOPERS
METRO MANILA AND CEBU CITY	 5,000 square meters Reliable power and water supply and distribution system Sewerage and drainage system Adequate telecom facilities 	5% tax on gross income (only for new development)
OTHER PARTS OF THE COUNTRY	 2,000 square meters Reliable power and water supply and distribution system Sewerage and drainage system Adequate telecom facilities 	5% tax on gross income (only for new development)

AGRO-INDUSTRIAL ECOZONE

1.18

AGRO-INDUSTRIAL ECONOMIC ZONE

LOCATION	AREA / FACILITIES REQUIREMENT	INCENTIVES FOR DEVELOPERS
MUST BE OUTSIDE METRO MANILA	5 Hectares Must conform with development guidelines of : DA, BFAR, DENR, and Land Use and Zoning Regulations	5% tax on gross income (only for new development)

AGRO-INDUSTRIAL ECONOMIC ZONE

1		
2	 processing of agricultural crops for bio-fuel (such as but not limited to jetropha, coconut, sweet sorghum, sugar, etc.) Processing / manufacturing for export of agricultural and marine products (livestock and poultry, fruits and vegetables, aquaculture products 	 4 years Income Tax Holiday (ITH) Special 5% tax on gross income in lieu of all national and local taxes after the ITH Tax and duty free importation of production equipment and machineries, breeding stocks, farm implements including spare parts and supplies of the equipment and machineries
4	 processing of final product Production of agricultural inputs such as feeds, veterinary drugs and vaccines, fertilizers, and agri-chemicals for export 	 4. Exemption from export taxes, wharfage dues, impost and fees 5. Exemption from payment of local government fees such as Mayor's Permit, Business Permit, Permit on the Exercise of Profession/Occupation/Calling, Health Cartificate Fee, Sanitary Inspection Fee
6	Bio-technology products using agricultural products as inputs or to be used as inputs for agricultural production	 Certificate Fee, Sanitary Inspection Fee, and Garbage Fee; 6. Zero Value Added Tax (VAT) Rate on local purchases to include telecommunications, power, and water bills; 7. Special Investor's visa 8. Employment of foreign nationals

THE PHILIPPINES' SUCCESS FACTORS

FILIPINO WORKERS Among the Best in the World THE COUNTRY'S COMPETITIVE EDGE

Literate, English – speaking, easy to train, hardworking and very friendly



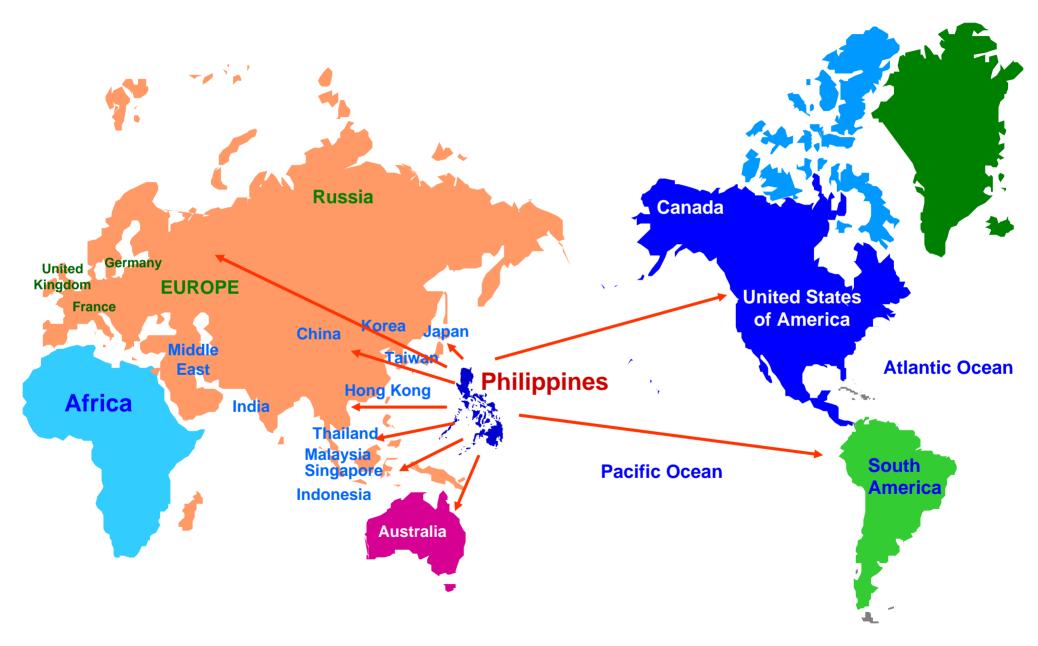
In the IT Service Sector

Filipino Workers are considered the new breed of world-class service professionals and are referred to as <u>Global Knowledge Workers</u> because they are intelligent and able to compete at the highest levels among the best in the world.





STRATEGIC LOCATION



THE PEZA EDGE

PEZA recognizes

- Just-in-time deliveries
- Reduction of cost

are musts for exports to be competitive

FAST TURNAROUND ESPECIALLY FOR ELECTRONICS

96 HOURS OR 4 DAYS TO COMPLETE THE PRODUCTION CYCLE:

DAY 1

- An Asian company sends raw materials to the Philippines.
- Raw materials arrive in the Philippines on the same day.
- Cleared by Customs on the same day.
- Received by the Economic Zone Company on the same day.

DAY 2 - DAY 3

• Products are manufactured.

DAY 4

- Finished products brought to the Port.
- Cleared by Customs on the same day.
- Shipped to the Asian country on the same day.
- Arrive in the Asian country on the same day.

AS A CONSEQUENCE:

- Most companies EARN PROFIT even on their first year of operation.
- Most companies have been **EXPANDING** their operations.

Batangas Port

The Gateway to Southern Luzon

- New and most modern port facility and equipment
- Centrally located within the CALABARZON economic zones; Target volume minimum 10,000TEUs/month

DISTANCES BETWEEN MAJOR POINTS

Manila - Calamba
Manila – Batangas
Cabuyao – Calamba
Sta Rosa – Calamba
Calamba – Batangas
Mariveles – Manila

50 km 100 km 5 km 10 km 50 km 27 nautical miles



Industrial Parks & Economic Zones (PEZA):

- Laguna International Industrial Park
- Laguna Technopark
- Lima Technology Center
- First Philippine Industrial Park
- First Batangas Industrial Park
- Calamba Premiere Industrial Park
- Carmelray Industrial Park 1 & 2
- Light Industry & Science Park of the Phils. 1 & 2
- Yazaki-Torres Manufacturing Inc.
- Cavite Special Economic Zone

ATI Batangas Phase 2

Marginal Wharf

LOA 450 meters - 2 berths Draft - 13 meters



Annual throughput capacity – 480,000 TEU

Container yard – 6.6 hectares

Container freight station – 4,100 square meters

Two (2) high capacity ship to shore gantry cranes that ensure efficient loading and discharge of containers

Mobile Equipment

- 4 Rubber Tyred Gantries
- 1 Reach Stacker
- 8 Tractors
- Dutch Lanka Chassis
- Forklift



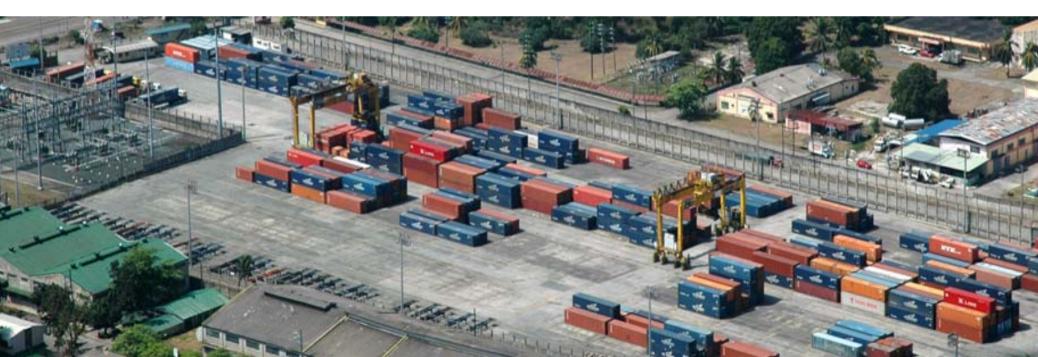


Benefits

- 1. ATI Stevedoring charges -14% lower than Manila
- 2. 30 Minute Customs Processing
- 3. 40%-60% Reduction in trucking cost
- 4. Faster Turn-Around Time
- 5. Predictability of deliveries
- 6. Reduced overtime costs

Other Benefits

- Availability of large spaces for warehousing and other needs
- State of the Art Equipment



PEZA IS A ONE-STOP SHOP

- Building and Occupancy Permits are issued by PEZA.
- Import and Export Permits are issued by PEZA.
- Special non-immigrant visa processed in PEZA.
- Harmonized customs processes because of PEZA-BOC MOA.
- Environment Clearance made easy because of PEZA-DENR MOA.
- Exemption from Local Government Business Permits for companies inside PEZA.
- Registration requirements simplified, registration forms made simple, approval made easy.

If a company files its application 1 day before a Board Meeting, its application will be included in the agenda for approval. The PEZA Board meets 2 times a month.

PEZA IS A "NON-STOP SHOP"

- At the zones, PEZA provides 24 hours a day, 7 days a week of continuous service to locator companies.
- The Director General herself and other PEZA officials are on call 24 hours a day, 7 days a week.



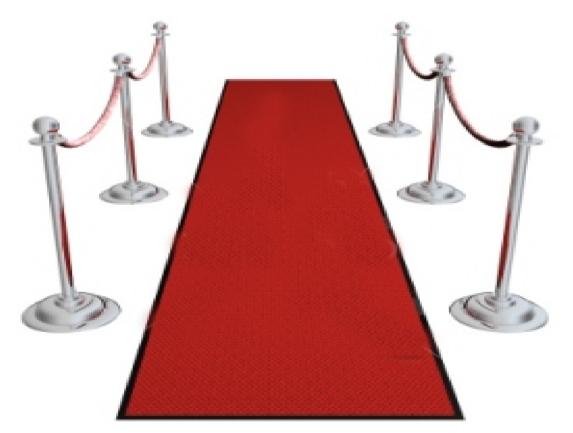
A "Total Service Plus Shop"

 More than granting incentives, PEZA serves as the Advocate and Champion for Economic Zone Stakeholders' Concerns.

PEZA'S TOTAL COMMITMENT TO INVESTORS

- MAKE DOING BUSINESS
 LESS COSTLY
- EASIER
- MORE COMPETITIVE

PEZA'S TOTAL COMMITMENT TO INVESTORS



- NO RED TAPE
 ONLY RED CARPET TRE
 - ONLY RED CARPET TREATMENT



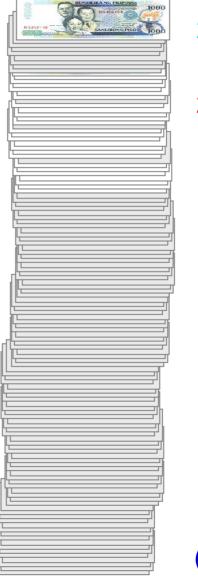
TRIMMING and RESTRUCTURING the BUREAUCRACY

EPZA 1,006 Officers and Personnel (31 December 1994)

38.47 % Reduction in Officers and Personnel

PEZA 619 Officers and Personnel (30 June 2008)

REMITTANCES TO THE NATIONAL GOVERNMENT (Payments of Loans, Dividends and Income Taxes)



2006 Total Remittances P 1.170 B

2007 Total Remittances P 968.299 M





PEZA P 11.132 Billion (1995 – 30 June 2008)

PEZA - 3rd BIGGEST AMONG GOCCs & GFIs in DIVIDENDS/ REMITTANCES TO THE NATIONAL GOVERNMENT From January to May 2008

Philippine Ports Authority
 Land Bank of the Philippines
 Philippine Economic Zone Authority (PEZA)
 Philippine National Oil Company (PNOC)
 P 336 M

Report from the Department of Finance 21 June 2008 Issue of the Philippine Daily Inquirer

