

Business set to boom as extra links open up

Dynamic entrepreneurs develop energy and trade infrastructure to attract investors

Energy is seen by the Aquino administration as an instrument for poverty reduction and social equity, and with its "Energy Access for More" initiative, the government hopes larger sections of the population will receive reliable and affordable energy services that will fuel productivity and countryside development.

The Department of Energy has outlined the following three major pillars as its blueprint: (a) Ensure energy security; (b) Achieve optimal energy pricing; and, (c) Develop a sustainable energy plan, phased into short, medium and long term timelines.

Increased use of ICT (information and communications technology) and a more transparent process will, the government hopes, encourage more investors to look at the Philippines for energy opportunities.

The energy companies themselves are also providing an efficient and quality service and diversifying their products.

Engaged in the business of trading refined petroleum products, lubricants and other chemical products, operation of oil depots and storage facilities and allied services, Phoenix Petroleum has grown from a family venture to one of the most successful businesses in the retail oil industry.



President and CEO, Phoenix Petroleum, Dennis Uy

the company's capital outstanding stock. It initially acquired 2.83 percent for PhP42 million. As of the end of March 2010, it had 9.7 percent of shares.

As Dennis Uy, president and CEO said: "We have a good brand that is acceptable to the consumer. The Phoenix is a firebird with global acceptability and awareness. Secondly, we have logistic support, which includes the people, the depots and the tax."

"We also have the vision to grow. The initial capital was very low, so

us to plan our own supply chain integration, to make our operations more predictable and reliable.

"Slowly but surely, we organized ourselves with our initial vessel and purchased more with the earnings."

As it sets its sights on becoming the leading independent oil company in the country by 2012, quality and efficiency will continue to be the company's watch words.

Dynamic trade hub

One of the most accessible free ports in Asia, Subic Bay boasts of a strategic location that has placed the Philippines at the center of Asia's commercial activity.

And, being less than two hours' flight-time from Hong Kong, and two days' sailing time from Shanghai, the port city offers excellent opportunities for Chinese companies to work in partnership with their Filipino neighbors in a range of sectors, including renewable energies and resorts.

As Armand Arreza, administrator for the Subic Bay Metropolitan Authority says: "The business infrastructure is here. Subic was designed to be a one-stop shop, so once we make a decision, we can fast-track projects very quickly. We have an airport directly accessible to China,



PHOTOS PROVIDED TO CHINA DAILY

An aerial view of Subic Bay Freeport, an emerging maritime hub and home of one of the world's largest shipbuilders.

A golden banking opportunity

Accounting for more than 80 percent of the Philippine's financial system's resources, the country's banking sector has continued to show resilience for the last decade.

Banco De Oro Unibank Inc (BDO), the leading commercial bank, has notably shown strong resilience in the market, celebrating a good clawback of income during 2010 from the recession years of 2008 and 2009.

The result of a merger heralded as unprecedented in size and scale in the Philippines' banking industry, BDO now represents a robust and forward-thinking bank, with an excellent track record for management, products and performance that have won it a string of prestigious regional and international awards in the last four years — most recently it received major citations from the The Asset Triple A Awards 2011 of the Hong Kong-based investment magazine The Asset.

With a strong regional and international presence, BDO has offices in southeast Asia, including Hong Kong, among more than 20 overseas subsidiaries and countless other partners for remittances.

Dynamic BDO President Nestor Tan said: "Most of our international business is focused on overseas Filipino workers to generate businesses. For southeastern Asia, our growth plan is to generate value

through cross border transactions with the Philippines. This includes trades remittances and inward/outward investments coming to and from the Philippines."

A member of the SM Group, one of the country's largest conglomerates, the bank provides a complete array of industry-leading products and services to the retail and corporate markets including lending (corporate, middle market, SME and consumer), deposit-taking, foreign exchange, brokering, trust and investments, credit cards, corporate cash management and remittances. It also offers leasing and financing, investment banking, private banking, Bancassurance, insurance brokerage and stock brokerage services through its subsidiaries.

"As a nationwide bank, we go after most of the market segments: the large corporate, the Filipino-Chinese community, the middle market, Filipino consumers; all of them have very different backgrounds."

BDO's institutional strengths and value-added products and services hold the key to its successful business relationships with customers. On the front line, its branches remain at the forefront of setting high standards as a sales and service-oriented, customer-focused force.

Through selective acqui-

sitions and organic growth, BDO has positioned itself for increased balance sheet strength and continuing expansion into new markets.

"Banking is a commodities business where everything stands on service and relationships. For us, it is a business of trust — we try to build relationships with clients from all sectors as much as we can and nurture that."

BDO also takes its corporate social responsibility seriously, with the BDO Foundation helping develop local communities through housing, education and work initiatives.

"I am proud of what our team has been able to achieve," Nestor said. "In 1997, for example, we were the 19th largest commercial bank. Now we have 26 percent of the market share. Our team is energetic, committed and competent."

To conclude, he said: "Investors should seriously consider the Philippines. We have a stable economy, a good workforce and a vibrant investment community. If they ever want to invest, BDO hopes to be their first port of call. We have expertise, our own network and contacts and we can guide them."

The bank recently added China UnionPay card to its payment network in the Philippines.

In less than five years, we grew to have 160 service stations and our revenues jumped from PhP1 billion to around PhP13 billion last year."

DENNIS UY
PRESIDENT AND CEO, PHOENIX PETROLEUM

A global mission

The company became operational in its current form under the name Davao Oil Terminal Service Corporation in January 2004, and was officially renamed Phoenix Petroleum two years later.

Phoenix became the first independent oil company to be listed on the Philippines Stock Exchange and its IPO was so successful that it was 15 times oversubscribed.

The IPO price offered at PhP9.8 (\$0.23) soared to PhP14.5, putting the value of the company at PhP2 billion at its peak. In November 2009, the government's pension fund purchased up to 10 percent of

we had to plan properly and we were lucky to be able to issue an IPO. This was a very successful transaction that enabled us to develop stations in some terminals and depots. We had plenty of courage, focus and determination to achieve this vision. In less than five years, we grew to have 160 stations and our revenue jumped from PhP1 billion to around PhP13 billion last year."

This achievement is all the more impressive due to the fact that the company had to invest in its own shipping company. "When we started, no shipping company would carry our products, we were not considered a priority, and this compelled

and there is no visa required to come here for 14 days.

"Only a fifth of the area has been developed so far, so we are doing all we can to attract the right investment and expertise to help us build the social infrastructure needed. There are a lot of areas, like agricultural and urban development, energy and tourism that we are looking at in order to grow with Chinese partners."

According to Arreza, cumulative investments in Subic rose to \$7.16 billion in 2010, an increase of 20 percent over the \$5.9 billion total in 2009. Around 92 percent of this was comprised of foreign investments.

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Raul T. Concepcion, Chairman, Government Watch

GOV'T WATCH
Serving and Protecting the Filipino Consumers

308, Sen. Gil Puyat Avenue, Makati City
Tel: +63 2893 1475 • Fax: +63 2818 6203
raulconcepcion@aol.com • www.govtwatch.net

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Profood International Corp. No. 12 Pres. Roxas St., Mabolo, Cebu City, 6000 Metro Cebu, Philippines | Tel: +63 32 346-1228 (trunkline) / +63 32 346-7737 to 38 | sales@profoodcorp.com | www.profoodcorp.com

