



HELPING YOUR BUSINESS GROW INTERNATIONALLY

Philippines Business Guide

Fast track to the world ^{UK}



This guide was produced by the UK Trade & Investment Philippines Markets Unit in collaboration with the British Posts in the Philippines, international trade teams and the Philippines-Britain Business Council.

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INTRODUCTION

WHY THE PHILIPPINES?

The Philippines is an attractive proposition for UK businesses. One of the largest markets in South-East Asia, with a population estimated at 94 million people, it enjoys positive economic growth and an expanding middle class with a thirst for purchasing foreign consumer goods. Its birth rate of over 2 per cent is one of the highest in the region; 60 per cent of the population are between 15 and 64 years of age, with some 50 per cent below 20. Made up of over 7,100 islands (only 2,000 of which are inhabited), the Philippines is the twelfth most populous country in the world.

The Philippines, which boasts a literacy rate of 94.6 per cent – among the highest in the region – has a highly skilled and educated workforce. One of the world's largest English-speaking countries, it produces around 400,000 graduates a year, adding to an already significant professional pool.

Often voted as one of the most liveable countries in Asia for expatriates, the Philippines has a well-developed network of communications and transportation infrastructure that links the three largest island groups of Luzon, Visayas and Mindanao. Its specialised IT zones provide ready-to-occupy offices and production facilities, computer security and building monitoring systems, as well as complete office services.

Offering a liberalised economy and a highly Westernised culture, the Philippine market is very receptive to UK products and services. The inclination of Filipinos to Western influence is seen heavily in apparel, popular music and films. There is also a niche market for high-end branded merchandise.

The Philippines' strategic location also makes it a potential gateway for investors to the wider Asian region. It is less than two hours' flying time to Hong Kong and within four hours of other major Asian cities, and lies astride major international shipping lanes.



Economic growth

The Philippines is an emerging economy, with an expanding consumer base. It showed resilience in the midst of the global financial crisis, growing modestly at 0.9 per cent in 2009 but by an impressive 7.3 per cent in 2010 – the highest in over 20 years. This was boosted by growth in the services sector, complemented by strong domestic investment, growth of business process outsourcing, hotels and restaurants, wholesale and retail trade, and import and export trade. Current government projections for future annual economic growth range between 5.9–6.9 per cent.

Almost a quarter of the Philippines' labour force works abroad. As a consumption-driven economy, one of the main concerns during the global economic downturn was a slowdown in overseas remittances stemming from job insecurity in key destinations such as North America and Europe. However, remittances grew beyond expectations at 5 per cent and amounted to US\$17 billion by the end of 2009. Remittances, the main sources of which are the USA, Saudi Arabia, Canada, the UK, Italy and the UAE, support the balance of payments, consumption and investment growth, particularly in the booming real-estate sector.

The Philippines' main industries are electronic components, food and drink, clothing, footwear, tobacco, petroleum products, metals/minerals and electrical machinery. Potential growth drivers are booming sectors such as Business Process Outsourcing (BPO)/call centre operations, which employ over 400,000 people in the country and are the third-largest in the world after India and China; improving VAT collections; fiscal reforms; infrastructure development; and privatisation of the power industry.

The majority of businesses in the Philippines are family-owned, or owned by a small powerful group of individuals, either directly or through private corporations.

The national currency is the Philippine peso (PHP), traditionally one of the strongest-performing currencies in South-East Asia (GBP 1 = PHP 71.18, January 2011).

INTRODUCTION

WHY THE PHILIPPINES? (CONTINUED)

Political situation

The Philippines is a democratic republic based on a presidential system of government. The President and Vice-President are elected for a single six-year term. Congress consists of a House of Representatives and a Senate. Members of the House of Representatives are elected for a three-year term, while senators are elected for a period of six years.

The Philippines held Presidential Elections on 10 May 2010 and a new President, Benigno “Noynoy” Aquino III, took office two months later. He and his new ministerial team have promised to fight poverty and corruption and make the country a more attractive place in which to invest.

Business environment

The Philippines welcomes foreign exports and investment. A member of the Association of South East Asian Nations (ASEAN) and the World Trade Organization (WTO), general trading procedures and standards apply.

Government policy actively encourages foreign investment in practically all sectors of the Philippine economy and provides incentives to investment activities that encourage national development. Such incentives include reduced rates of corporate income tax.

Foreign companies are generally allowed to conduct their own business in the Philippines. There are some areas where the Constitution limits foreign ownership, including the exploration and development of natural resources, and ownership of private land, wherein foreign equity of up to 40 per cent is allowed.

The fact that the Philippines is one of the largest English-speaking countries in the world increases the ease of doing business there.

The Asian Development Bank has had its headquarters in Manila, the Philippine capital, since 1966.

Market access

Market access issues still exist in the Philippines. The country was ranked 144th globally for “ease of doing business” by the World Bank in 2009, down from 141st in 2008. These market access issues are being explored by Ministers and by senior officials, both at the domestic and EU level. Although the country is not expected to be an early candidate for a Free Trade Agreement with the EU, the EU and the Philippines successfully negotiated a Partnership and Cooperation Agreement (PCA) in 2010. The UK’s main market access issues with the Philippines are:

- **Food and drink:** excise tax discriminates against imported distilled spirits and tobacco (the spirits issue has been raised with the WTO).
- **Pharmaceuticals and IPR:** the Philippines' desire to import cheaper medicines and drugs is causing foreign suppliers some discomfort.
- **Financial services:** there are restrictions on opening bank branches in key areas in the Philippines, as well as on foreign ownership of land, banking subsidiaries and total banking assets.

Note: the ban on UK beef was formally lifted in July 2010. However, UK exporters still need to apply for accreditation, and in-country inspections have to be carried out before beef exports are allowed into the Philippines.

Commercial opportunities

Despite these market access issues, UK firms should not be put off from doing business in the Philippines.

The country is a consumer-oriented society with a propensity to buy imported goods. Demand is also boosted by tourism, with an increasing number of visitors arriving every year. There are privatisations and reforms in the electricity, water and waste management sectors; infrastructure projects are increasingly being opened up to private finance; and construction is booming in the residential and commercial sectors.

Sectors presenting business opportunities include:

Agriculture: livestock genetics and biotechnology; animal health technology; agri-waste management and waste-to-energy conversion; aquaculture; quality assurance and traceability systems.

Aid-funded business: regional Asian Development Bank projects in sectors such as agriculture and natural resources; education; energy; construction; environment and climate change; finance; health; governance; transport; water and other municipal infrastructure.

Construction: building products and services; architecture and engineering; sustainable design and construction.

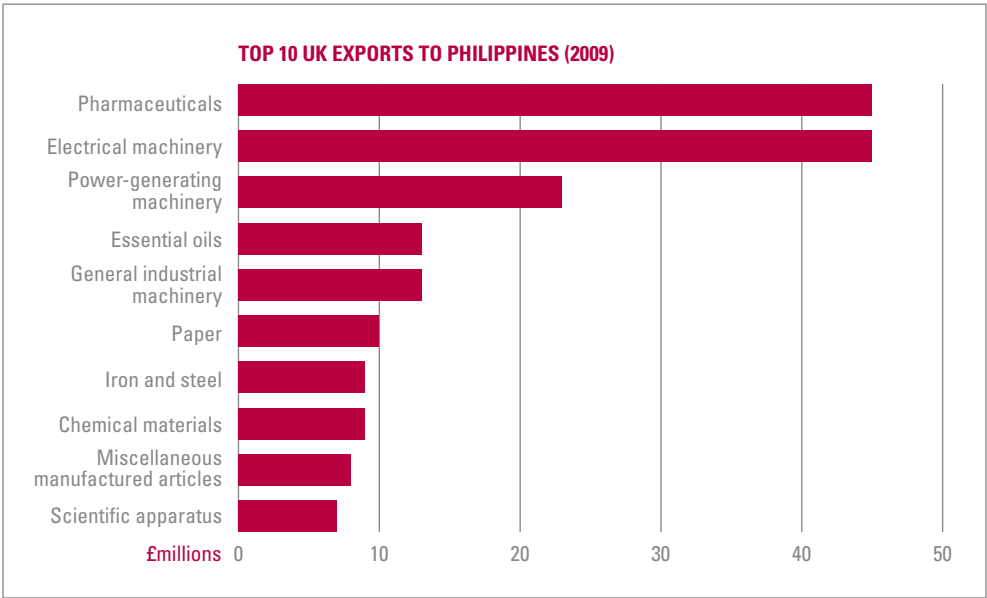
Education: accreditation; educational software/hardware; BPO-related projects.

Energy: privatisation of government power assets; renewable energy projects; energy efficiency; carbon finance; clean development mechanism.

Environment: landfill investment and technologies; landfill gas management; engineering services; leachate treatment systems; compacting and recycling equipment; new/used vehicles for garbage collection and hauling; hazardous waste and WEEE handling solutions.

INTRODUCTION

WHY THE PHILIPPINES? (CONTINUED)



Healthcare: health and wellness facilities; medical equipment and supplies.

ICT: contact centres; back-office solutions; animation and gaming; software development; consultancy services.

Mining: finance; insurance consultancy; and equipment, primarily for copper, gold, coal and nickel projects.

Public-private partnerships (PPP): major sectors for PPP projects as identified by the Philippine Government are agriculture, infrastructure and tourism. 2010 saw the

establishment of a PPP Centre to oversee the rollout of projects, as well as a major conference, Infrastructure Philippines, to launch ten infrastructure projects, all of which are open to foreign investors.

Retail: fashion; accessories; wellness products; food concepts.

Tourism: hotel and leisure facilities and related services; medical tourism.

HUMAN RIGHTS

The Philippines is a functioning democracy with a flourishing civil society and a lively independent media. It is one of only a few countries in South-East Asia to have abolished the death penalty and has acceded to all the core UN human rights treaties. It performs particularly strongly in areas such as gender equality and migrants' rights.

However, Philippine implementation of legislation designed to protect human rights is often poor. International concern has been expressed about the number of unexplained killings and disappearances in the Philippines, and the Government's apparent inability to address this problem. Killings with a suspected political motivation have decreased markedly over recent years, but there is still international disquiet about the lack of prosecutions and continued unexplained killings of suspected criminals. Other human rights concerns include the use of torture, poor detention conditions, the recruitment of child soldiers by insurgent groups, child labour, violence against women and sexual abuse of children, including by travelling sex offenders.

Bilateral relationship

The UK is among the long-term leading foreign investors in the Philippines. Cumulatively, the UK is the largest investor in the Philippines for the past decade. Combined net foreign direct and net portfolio investments between 1999-2009 amounted to US\$9.3 billion.

There is also a strong trading relationship. UK exports of goods to the Philippines for January-October 2010 increased by 14 per cent compared to the same period the previous year, while UK imports from the country increased by 29 per cent.

There are currently about 200 UK companies active in the Philippines. Major names include Shell, HSBC, Standard Chartered, Pru Life, GlaxoSmithKline, AstraZeneca, Anglo American, Diageo, Unilever and G4S. A number of UK SMEs have also found their place in the Philippine market,

including Merlin Information Systems, Invent Asia, Wirebelt Company Ltd and Clayton Equipment.

UK brands such as Debenhams, M&S, Clarks shoes, Topshop, Dorothy Perkins, Burberry, Speedo, Jaguar/Land Rover and Mini are popular among the Philippine middle class.

There is a small British community in the Philippines of around 15,000 people. About 70,000 British nationals visit the Philippines annually. The Filipino community in the UK is currently estimated at over 250,000 and is growing rapidly. Many Filipinos in the UK work in the health and care-giving sectors, but they are also employed in sectors such as finance, law and technology. Filipino students increasingly see the UK as an alternative to the USA for higher and further education.

INTRODUCTION

ABOUT THIS BUSINESS GUIDE

Much of the information presented in this booklet is contributed by experts at UK Trade & Investment, British Diplomatic Posts and the British Chambers of Commerce.

The Philippines Business Guide, which can also be downloaded from www.ukti.gov.uk/export/philippines, is intended to provide general business advice and should not be used as a substitute for market research, due diligence or legal and professional services.

About UK Trade & Investment

UK Trade & Investment (UKTI) is the government department that can help you achieve your international business potential. We combine the national resources of the Department for Business, Innovation and Skills (BIS) and the Foreign and Commonwealth Office's (FCO) global network of Trade Development Staff, to help you successfully win business overseas.

We treat every business as an individual – that's why we provide a tailored service with specialist support covering a wide range of industries.

Our capacity-building services can make a real difference to your business at a very reasonable price. To use our services your firm may need to meet certain eligibility criteria. Your International Trade Adviser (or equivalent person in Scotland, Wales and Northern Ireland) will be able to explain in more depth what these criteria are and advise you on costs.

For more information visit www.ukti.gov.uk



RESEARCHING THE MARKET

WHERE TO BEGIN

Doing business with the Philippines may seem rather daunting for those new to the market, but taking a strategic approach is the key to making the process manageable.

Companies should conduct reliable research before venturing into business in the Philippines. Good research saves costs and improves efficiency and impact right from the start of a project.

Desk research

General introductory business information about the Philippines is increasingly available and companies can obtain a reasonable amount of preliminary insights through desk research.

Economic research and sector analysis can often be obtained from a large number of leading consultancies, research agencies and public-sector trade promotion organisations.

Furthermore, the increasing use of e-commerce and B2B websites in the Philippines has made possible the identification of, and access to, potential partners across the globe.

A good place to start is the UKTI website, www.ukti.gov.uk, which provides detailed country and sector information. Registration is free and offers additional benefits such as access to business opportunity alerts and information updates.

Consultation and bespoke research

It is recommended that initial findings from desk research on the Philippines are verified and further investigation carried out.

Often this requires mapping out a bespoke research brief with the help of specialists, and exploring what additional information you might need to make an effective entry into the market and how you can make the contacts vital to success.

UKTI offers a range of such services to UK businesses interested in exploring the Philippine market.

Speaking to an expert

UKTI provides support for UK companies through a network of international trade teams based in the English regions.

UKTI services are also available to firms in Scotland, Wales and Northern Ireland.

To arrange a consultation with your local International Trade Adviser, call +44 (0)20 7215 8000 or use the database at www.ukti.gov.uk.

Overseas Market Introduction Service

The Overseas Market Introduction Service (OMIS) is a UKTI service available to companies interested in researching the Philippine market. It can assist you by undertaking tailored research using UKTI's extensive network of dedicated researchers across the Philippines.

This can be used in a wide variety of ways to help your business with its particular needs when entering the Philippine market. They include:

- **Market research and analysis**
 - Sector reports
 - Market initiatives
 - Regulatory environment
 - Market opportunities

- **Identification of local contacts**

- Agents
- Distributors
- Suppliers
- Potential partners

- **In-market activities**

- Meeting arrangements
- Event organisation, such as workshops, seminars, promotional activities and product launches.

For more information about how OMIS might be used to assist your company's strategy for the Philippines, please contact your International Trade Adviser.

Events and seminars

UKTI organises business events, seminars and workshops in the UK and the Philippines, covering a wide range of business interests and issues. Not only do these events inform companies of commercial opportunities and the latest information about the Philippine market, they also provide a valuable platform for networking and sharing experiences with like-minded peers, not to mention regular access to visiting Philippine delegations.

Sign up to a forthcoming event by visiting www.ukti.gov.uk.

Key questions

We have picked out a few questions often raised by companies and advisers. Ask them to yourself and see if you know the answers before you start venturing into the Philippines.

- What are the unique selling points to your business proposition? Will there be a market for your products and services?
- Are there any legal barriers to your business model?
- Where in the Philippines would you start?
- Do you have sufficient resources (management time, project finance and expenses) to fund your Philippine venture?
- Who will be leading the project within your company?
- Do you need to work with a partner in the Philippines to succeed? Could you communicate with them effectively?
- Have you evaluated business risks (such as protecting your intellectual property) and conducted research and due diligence?
- Do you know how to secure payment and get the right quality products?

Rarely will one have answers to all the questions above, and this “knowledge gap” forms the basis of further research and investigation.

Market visits and trade missions

Visiting the Philippines is an invaluable part of the process of market entry. You will experience the marketplace first-hand, and make the contacts necessary to do business. This is essential, but will be much more effective with careful planning.

UKTI organises regular trade missions to the Philippines, where you can benefit from group activities in addition to your own programme.

UKTI's OMIS service can be used to support visits, providing bespoke meeting arrangements with appropriate potential partners, agents and distributors or with relevant government officials.

RESEARCHING THE MARKET

HOW WE CAN HELP YOU

Trade development services provided and delivered by UKTI can help you develop your ambitions in the Philippines and in other markets across the globe.

Developing your trade potential

UKTI's services assist companies with tailored training, planning and support to help them prepare to succeed overseas. Getting started in international trade can be tough – there's a lot to learn and often a lot at stake. That's why it helps to have top-quality, cost-effective advice and support.

UKTI can provide:

- an export health check to assess your company's readiness for exporting, and help develop a plan of action,
- training in the requirements for trading overseas,
- access to an experienced local International Trade Adviser,
- specialist help with tackling cultural and language issues when communicating with overseas customers and partners,
- advice on how to go about market research and the possibility of a grant towards approved market-research projects,
- ongoing support to help your business continue to develop overseas trade, and also look at dealing with more sophisticated activities or markets, and
- advice on a range of international trade help available from UKTI and others.



RESEARCHING THE MARKET

HOW WE CAN HELP YOU (CONTINUED)

Accessing overseas markets

Once the initial homework has been done, UKTI assists new and experienced exporters with information, help and advice on entering overseas markets, including the Philippines. To be a successful exporter you need to travel to your target markets and build lasting commercial relationships with your clients and partners. This is not always easy, but UKTI can help you with practical assistance before you go and ongoing help while you're there.

Our services include:

- information, contacts, advice, mentoring and support from UKTI staff at home and overseas in our network of embassies, consulates and other offices in over 100 markets,
- support to participate in trade fairs overseas,
- opportunities to participate in sector-based trade missions and seminars,
- access to major buyers, governments and supply chains in overseas markets,
- advice on forming international joint ventures and partnerships,
- exploratory visits to new markets, and
- alerts to the latest and best business opportunities.

UKTI's business customers tell us that our services have helped them to:

- understand how to do business overseas,
- identify opportunities,
- reach customers/business partners not otherwise accessible,
- raise their profile and credibility overseas,
- overcome barriers to entry or expansion,
- gain access to information not otherwise available,
- understand the competition,
- access powerful research to inform management decisions, and
- have the confidence to explore or expand in overseas markets.

MARKET ENTRY

KEY BUSINESS LOCATIONS

An archipelago comprising over 7,100 islands, the Philippines is categorised broadly into three main geographical divisions: Luzon, Visayas and Mindanao.

Manila is the capital of the Philippines and as such is the main base for business. Within Metro Manila (the metropolitan area of the city) the primary business hubs are Makati City, the main financial and business district; Ortigas Center in Pasig City; and the emerging Fort Bonifacio in Taguig City.

There are also several **Special Economic Zones** (“ecozones”), including Subic and Clark, two former US military facilities converted to civilian use. Such ecozones are located across the Philippines and are areas earmarked by the Government for

development into agricultural, industrial and commercial centres. They offer various fiscal and non-fiscal incentives to companies located there, depending on the nature of their activities. Goods that are imported into these areas are not subject to duty or tax while they remain inside the zones, but are if they are withdrawn for use in the domestic market. Exports from these zones bound for overseas markets are not subject to local taxation.

The **Subic Special Economic and Freeport Zone** is a prominent gateway, with an international seaport which can anchor 600 ships. There are also several other ports in the Philippines, including those in Manila, Batangas (Southern Luzon), Cebu (Central Philippines) and Cagayan de Oro (Southern Philippines).



MARKET ENTRY

ESTABLISHING A PRESENCE

UK companies can approach the Philippine market in several ways, including:

- Exporting direct
- Appointing an agent or distributor
- Partnering with a franchisee
- Forming a joint venture
- Setting up a local office

Agents and distributors

In most cases, doing business in the Philippines requires local representation in the form of an agent or distributor.

An agent is a company's direct representative in a market and is paid commission, while a distributor sells products on to customers after buying them from the manufacturer – their income comes from the profits they make on the difference.

Market entry through working with an agent or distributor can have several advantages, such as reducing time and costs, as well as gaining the local knowledge and network of the agent.

However, there are some drawbacks to this approach. Employing a third party results in an additional cost to your products and you may also lose some control and visibility over sales/marketing. It also has implications for intellectual property rights protection, increasing the risk of your product being copied or counterfeited.

Given these considerations, companies need to select agents and distributors carefully. Some of the frequently asked questions are in the following checklist. You should also conduct due diligence to verify this information.

Background

- Company size, history and ownership (private or state owned)
- Quality and quantity of the sales force
- Customer feedback and trade/bank references

Distribution channels

- Regional coverage – eg whether the geographic sales area covers strategic markets in the Luzon, Visayas and Mindanao regions.
- Types of outlets covered and frequency of calling
- Transportation and warehousing facilities

Are they right for you?

- Does the agent/distributor have a genuine interest in representing your product?
- Can they benefit from actively promoting your interests (is it a win-win)?
- Do they have sufficient financial strength to maintain appropriate stock, provide effective after-sales service, or offer competitive payment terms?
- Do they represent any competing companies/products?
- Can you communicate effectively with your counterpart?

The Philippines is a market where family structures are common in the business environment and where personal relationships are important. Once a working relationship with an agent/distributor has been established, they need to be managed actively. This may be achieved by the following:

- Visiting as regularly as is practicable at a senior management level. This shows interest in, and commitment to, the agent and the market. It will also provide you with an opportunity to learn about conditions in the market and see how your products are faring.
- Working closely with the agent to show them how they can profit from your products.
- Helping to prepare marketing and sales plans for the agent.
- Providing regular training for the sales staff and after-sales training for the technical staff in the UK.
- Linking performance to incentives and agreeing milestone targets.

There is additional guidance on working with Philippine partners in later sections of this Philippines Business Guide.

Establishing a permanent presence

Although it is possible to be represented through agents or distributors, some foreign companies progress to the establishment of a permanent presence in the Philippines, as their experience and confidence grow. Having a permanent in-market presence can provide several possible benefits, including:

- Demonstrates commitment.
- Cuts out the “middleman”, providing direct access to the end customer/supplier.
- Gives direct control over corporate strategy and activities.
- Enables trading in local currency and eases the conduct of business transactions.

There are a number of structures in the Philippines that allow foreign companies to conduct business activities. These include **representative offices, joint ventures** and **wholly foreign-owned enterprises**. Each of these structures has unique advantages, restrictions and drawbacks, and it is essential to choose the option best suited to your business aims.

MARKET ENTRY

ESTABLISHING A PRESENCE (CONTINUED)

Companies that desire a permanent presence in the Philippines have to set up operations as an appropriate legal entity, depending on the intended business scope, and be compliant with Philippine legal and tax requirements. It is usually more difficult to alter a business structure once a legal entity has been incorporated or established, so it is vitally important to seek professional advice on your investment structure during the early stages of planning. You must fully understand your intended business activities in the Philippines (for the short and long term), whether they are practicable, any legal and sector barriers to entry, and in turn what the suitable vehicle is for you.

UKTI can offer dedicated one-to-one consulting and incorporation services to assist UK companies establishing various kinds of permanent presence in the Philippines. Please contact us for more details.

Representative offices

Representative offices are often the first step taken by foreign companies when establishing a permanent presence in the Philippines. They provide a vehicle in which the foreign investor can engage in limited non-revenue-earning activities. These activities are restricted to:

- searching for local sources of goods or services for its head office,
- inspecting and controlling the quality and quantity of goods procured by its head office,
- providing advice in various fields relating to products directly sold by its head office to local distributors or consumers,
- disseminating information about the new products and services of its head office, and
- reporting to its head office on local business developments and activities.

Joint ventures

A joint venture (JV) is an organisation jointly owned by one or several Philippine and foreign partners. A JV can be formed by way of equity contribution, where ownership, risk and profit are shared based on each party's monetary contribution. Alternatively, a JV can be incorporated, with liabilities and profit distribution being decided by contractual agreement.



JVs may be beneficial in a number of ways. A good local partner may contribute market knowledge and strong marketing and distribution channels, and they may help reduce the costs and risk of market entry.

The challenge of establishing and running a successful JV is finding and nurturing the right partnership. Partners have to overcome issues such as mismatched expectations and differences in business culture and practices. The ability to maintain effective communication, and control where necessary, is also crucial. It is essential that you carry out corporate and financial due diligence before you sign up to any partnership in the Philippines. Companies should also plan an exit strategy. As with a marriage, it is better to have a prenuptial agreement than a messy divorce.

Wholly foreign-owned enterprises

A wholly foreign-owned enterprise (WFOE) is a company incorporated in the Philippines that is 100 per cent owned by a foreign organisation(s).

WFOEs are often a popular option for foreign companies, as they give them complete control over their business entity, as well as allowing them to enjoy the full profit from its operation. Generally, WFOEs also give greater protection to the investor's intellectual property rights, compared with a JV.

Incorporating in the Philippines

To set up in the Philippines, foreign investors must register their business with the Security and Exchange Commission (SEC). Generally, the requirements include paid-in capital and a certain number of shareholders or board members, depending on the type of entity being established.

A business must be registered with the Bureau of Internal Revenue (BIR) and obtain a Taxpayer's Identification Number (TIN). It must also be registered with the Local Government Unit (LGU) responsible for the area where the business will be set up. This entails securing a Mayor's permit, business licence and a barangay clearance certificate.

Navigating government

One of the challenges of operating and setting up a business in the Philippines is navigating the government network. There are many layers of government agencies and procedures, which could make identifying the right contacts more difficult.

The UKTI team in Manila is knowledgeable about and has developed networks with various public agencies in the Philippines and is in a position to support UK companies in dealing with the Government. There are also credible business consultancy companies and other industry bodies which can provide assistance and advice.

MARKET ENTRY

GETTING TO THE PHILIPPINES

Visas

UK visitors to the Philippines require a full British passport. No visa is required for stays of up to 21 days, but visitors wishing to stay longer do require one, as do those taking up employment. Visas can be obtained from the Philippine Embassy in London and are usually processed within three working days.

There are special non-immigrant visas issued to foreign nationals who are employed by enterprises registered with the Philippine Economic Zone Authority (PEZA) and Board of Investments (BOI), as well as foreigners temporarily assigned to work on government projects. They will enjoy multiple entry privileges and will be exempt from registration with the Bureau of Immigration (BI) and immigration taxes.

For businesspeople looking to make longer-term investments in the Philippines, the government grants a Special Visa for Employment Generation (SVEG). This sets guidelines to allow foreigners an indefinite stay in the Philippines on conditions of investment in legal and sustainable business employing at least ten Filipinos.

More information on visa requirements can be found via the Philippine Embassy in London.

Philippine Embassy

6-8 Suffolk Street

London

SW1Y 4HG

Tel: +44 (0)20 7451 1800

Email: embassy@philemb.co.uk

Website: www.philembassy-uk.org

Travel routes

Most major international airlines fly to the Philippines. Ninoy Aquino (MNL) Airport is the country's main international airport and is located 12km south-east of Manila. Departure tax for international departures from MNL is PHP750 (children under two years of age and transit passengers are exempt).

Some of the larger international hotels provide free transport direct to the hotel from MNL into central Manila. Before departure it is advisable to check with your travel agent about hotel courtesy buses or cars.

Taxis are readily available and take between 30 minutes and one hour to travel between MNL and central Manila. The cost should be around PHP200-500.

In addition to MNL, there are also international airports in Laoag, Subic and Clark in Luzon; Cebu in Visayas; and Davao in Mindanao.

There are regular internal flights in the Philippines between its 80 domestic airports. There is also an extensive road network. Major roads are driveable, but conditions can be difficult. Hire cars (with and without drivers) may be arranged via hotels. There is a very limited rail service.

By sea, inter-island ships connect Manila to major ports. Ferry services connect the smaller islands.

Within Manila, taxis are the most convenient way to get around and are widely available both on the street and at hotels. Hotel taxis tend to be more expensive (PHP250 per hour), but are safer and more reliable.

Jeepneys (originally made from US military jeeps left over from World War II and known for their flamboyant decoration and crowded seating) and buses are inexpensive ways of getting around most places. In central Manila, commuting can also be done via the railway system. LRT connects the northern district of Monumento to the southern district of Baclaran, with stations situated at major intersections. MRT traverses the length of EDSA and connects North Avenue in Quezon City to Taft Avenue in Pasay City, passing through the major arteries of Makati's financial district.



GETTING STARTED

FINDING A CUSTOMER OR PARTNER

Once you have identified the best market-entry option for your company in the Philippines, the next step is to find potential customers or partners.

Effective methods include:

- **Overseas Market Introduction Service**
UKTI's Overseas Market Introduction Service (OMIS) can be used to tailor-make a list of potential customers, agents, distributors or partners and arrange a programme of meetings with them when you visit the Philippines.

OMIS can also be used to engage UKTI to arrange a seminar or product introduction event in the Philippines, which can be an effective way of getting your message across to a number of potential customers.

- **Trade shows and exhibitions**
Numerous trade shows and exhibitions take place in the Philippines throughout the year and these can be an excellent way to meet potential customers face to face. However, arranging appointments in advance to meet pre-identified contacts at niche industry events is essential if you want to make effective use of your time.

- **Trade missions**
UKTI regularly supports trade missions to the Philippines, organised by trade associations and local chambers of commerce. They provide an excellent opportunity for businesses to visit the Philippines to find out how business is done and generate valuable sales leads.

GETTING STARTED

DUE DILIGENCE

Many of the problems that foreign companies encounter when engaging in business transactions in the Philippines could have been avoided by carrying out some due diligence at the start of proceedings.

There are different levels of due diligence that are appropriate for different situations. If your sole interest is in exporting, the best proof of a Philippine company's ability to pay is whether it is able to raise a letter of credit from the bank. If so, you do not need to check the company's financial standing as the bank will have already done so.

One simple piece of due diligence you can conduct in the Philippines is to get a copy of a company's business licence, which will tell you the following:

- The legal representative of the company
- The name and address of the company
- The amount of registered capital which is also its limited liability
- The type of company
- The business scope
- The date the company was established and the period covered by the licence

You should check that the information contained in the business licence matches what you already know, and if it doesn't then find out why.

You will have more security if you know who the legally responsible person is, so find out who you are dealing with. If problems occur, it will be much easier to address issues with the legally responsible person, rather than a middleman, who may go missing when problems arise. The shareholders of the company are responsible for that amount of liability as registered capital on the business licence. You can check whether or not the registered capital has been paid up by using a firm of accountants to get a Capital Verification Report.

If you want to establish a business relationship in the Philippines that goes beyond exporting, you will need to carry out further research. A thorough evaluation of your potential partner may be time-consuming and expensive, but doing so will greatly reduce the risk of serious problems in the future. However, it is not enough to obtain a copy of a company's accounts, as they may not be accurate. Accounts in the Philippines are unlikely to be audited to the standards routinely expected in the UK, and companies may have different sets of accounts for different audiences, so it is advisable to use such data in conjunction with information obtained elsewhere.



GETTING STARTED DUE DILIGENCE (CONTINUED)

There are a number of private consultancies that specialise in carrying out operational, financial, legal and technical due diligence checks on Philippine companies, typically by looking at the actual operation of the business, and building up a more accurate picture by carefully interviewing people who work in and with the firm.

UKTI has lists of consultancies based in the UK and the Philippines, many of which provide due diligence checks.

GETTING STARTED

EMPLOYING STAFF

Recruitment channels

There are several channels for recruiting staff in the Philippines. They include internal database searches, networking events, job fairs and newspaper advertisements.

Major publications with dedicated Classified Ads sections include the *Philippine Star*, the *Manila Bulletin* and the *Philippine Daily Inquirer*.

Recruitment steps

When you are recruiting in the Philippines, make sure that you carry out all the normal steps that you would if recruiting in the UK.

Ensure that candidates' technical and linguistic capabilities match their claims and that you hire staff at the right level for the role. A recent MBA graduate returning to the Philippines from overseas may not have the experience to navigate the complexities of setting up a company in the Philippines without seeking professional advice, nor the capabilities to develop business at a senior level.

Carry out due diligence. To ensure that the staff you are hiring are right for your company it is essential to ensure thorough due diligence in recruitment, especially for senior managers. This includes conducting personal background checks and scrutinising all references before offering them the position.

Offer appropriate remuneration. Once you have found the right staff you will need to give them good reason to stay with your company. You will need to provide sufficient remuneration to ensure that you recruit and retain the best employees.

It is advisable to conduct some market research to get a clear idea of appropriate salary levels for the positions you wish to fill so that you can make an offer that is in line with current market rates.

Salaries vary throughout the Philippines. In general, they are increasing, due to economic growth, especially in the BPO/IT/call centre industries. However, they are still significantly lower than in Europe, North America and Australia. The minimum wage for non-agricultural jobs in central Manila is PHP382 per day (since June 2008).

Offering employees the opportunity to train overseas is also very attractive at all levels, although make sure that in return for providing such training they make a commitment to stay with your company. In addition, be sure to invest in the mentoring of Philippine management-level talent; this can be done by giving them experience of working around the organisation and grooming them for global corporate positions. A clearly defined career progression route is also attractive and will help to retain staff.

GETTING STARTED

EMPLOYING STAFF (CONTINUED)

A lot of smaller firms setting up an office in the Philippines may just employ one person to deal with all aspects of running the company. Although this may be convenient and cost effective, it might not be the best way to run your Philippine operation. Staff selection will prove vital; although the individual may be very willing, honest and capable, they might not be competent or experienced in international business practices. If your employee is not familiar with the relevant rules and regulations pertaining to the running of an international office or business in the Philippines, then you may soon have to deal with issues of non-compliance, which could prove very costly. Moreover, having one person in control of all financial and legal aspects of the business is obviously risky.

The laws on labour standards and employment relations in the Philippines are consolidated in the country's Labour Code.

Working hours

Employees in the Philippines generally work eight hours per day or 48 hours per week. Some offices and industries work half or full days on Saturdays.

Commercial offices

Monday to Friday:
0800-1200, 1300-1800
Saturday:
0830-1200

Government offices

Monday to Friday:
0800-1200, 1300-1700

Banks

Monday to Friday:
0900-1500

Shops

Monday to Sunday:
1000-1930

British Embassy

Monday to Friday:
0800-1700

GETTING STARTED

LANGUAGE

Communication is crucial to the success of any company, yet business is all too often lost through simple misunderstandings that could easily have been avoided. When working across different time zones, cultures and languages, the chances for misunderstanding are multiplied considerably. It is therefore essential that you have an appropriate communications strategy in the Philippines.

In the Philippines there are between 120 and 175 languages, depending on the method of classification. Only two are considered official – English and Filipino.

English is widely spoken and is the dominant language in business, government, the legal system, medicine, the sciences and education.

Filipino is the major language of the broadcast media and cinema, but less important than English as a language of publication and for academic/scientific/technological discourse. It is used as a lingua franca in all regions of the Philippines and is the dominant language of the armed forces and a large part of the civil service.

There are eight major dialects: Tagalog, Cebuano, Ilocano, Hiligaynon or Ilonggo, Bicol, Waray, Pampango and Pangasinan.

Even though a business visitor to the Philippines can survive very easily without learning Filipino, knowing how to speak a few phrases will be greatly appreciated by the local population, who will believe that you are making an effort to understand the country's culture and people. It will also stand you in good stead when negotiating prices in shops.

GETTING STARTED MARKETING

To win over potential new customers in the Philippines you will continually need to reassess your marketing strategy.

Trade shows and exhibitions have already been mentioned as ways of reaching potential new customers, but you still need to persuade them to buy your product. You will need to ensure that your sales literature is effective and decide what kind of advertising is appropriate.

You may need to adapt your product to meet Philippine preferences or requirements in order to be able to sell it. Ignoring local regulations, tastes and cultural preferences is a recipe for failure.

New entrants to the market with a recognised brand may wish to consider some sort of product launch or press conference to announce their arrival in the Philippines. Companies that have appointed local partners can usually be guided by them with regard to the type of advertising and sales promotion that would suit the launch of their products. It is often possible to use the facilities of the British Embassy in Manila or the residence of the British Ambassador in the Philippines to announce the launch or presence of UK goods and services in the country.

Specialist consultancies can be appointed to develop a marketing strategy appropriate to your product and to the region of the Philippines where it will be sold.





BUSINESS ISSUES AND CONSIDERATIONS

Although ripe with opportunity, the Philippine market can present significant challenges for foreign companies. Whether buying, selling or investing, whether dealing in physical products or knowledge, it is important to be aware of the complexities and risks. None are insurmountable, but they do require time and resources.



BUSINESS ISSUES AND CONSIDERATIONS

INTELLECTUAL PROPERTY RIGHTS (IPR)

The importance of IPR protection is fully recognised by the Philippine Government. It is committed to streamlining the administrative procedures for registering patents, trademarks and copyright; liberalising registration on the transfer of technology; and enhancing enforcement of IPR protection.

Domestic legislation providing protection for copyright, patents and trademarks is based on that of the USA. Application for registration should be made through a patent agent in Manila.

The Philippines is a member of the World Intellectual Property Organization (WIPO) and the World Trade Organization (WTO) and is a party to the Berne Convention, an international agreement governing copyright. There is no specific provision in the country's copyright legislation for protection of broadcasting and computer software. The general duration of protection is lifetime plus 50 years.

In 2006 the US Trade Representative removed the Philippines from its Special 301 Priority Watchlist, reflecting improvement in its enforcement of IPR protection.

The Intellectual Property Office (IPO) is the government agency responsible for the implementation of the Intellectual Property Code (RA 8293) in the Philippines. The law sets out the rules on the application, registration and granting of trademark, copyright and patent rights, as well as the penalties on IP infringement.

Generally, application for patent and trademark registration follows a set procedure and requires a minimal fee. Copyright registration, on the other hand, requires copies of the works (published or unpublished) to be deposited in either the National Library or the Library of the Supreme Court.

BUSINESS ISSUES AND CONSIDERATIONS

PROCUREMENT

In terms of public tenders, the Philippine Government does not have a central procurement agency. Instead, each government department has its own procurement group. The recently developed Philippine Government Electronic Procurement System (PhilGEPS) serves as a primary source of information on the procurement of common goods and general support services, civil works or infrastructure projects and consulting services. Companies interested in supplying Philippine government agencies can register online at www.philgeps.net. Local partners are usually required when bidding for government projects.

The Office of the President approves purchases worth over PHP50 million.

The UKTI team in Manila also publishes details of tenders received from state enterprises or government organisations on the UKTI website (under “Business opportunities”).



BUSINESS ISSUES AND CONSIDERATIONS

REGULATIONS AND STANDARDS

Investment rules and incentives

Government policy actively encourages foreign investment in practically all sectors of the Philippine economy and provides incentives to investment activities that encourage national development.

Incentive packages include the corporate income tax, reduced to a current level of 32 per cent, with companies in the Special Economic Zones subject to only 5 per cent overall tax rates. Multinationals looking for regional headquarters are entitled to incentives such as tax exemptions and tax and duty-free importation of specific equipment and materials.

Board of Investment (BOI)-registered enterprises may qualify for an income tax holiday of between three and six years.

Other fiscal incentives include:

- tax credit for taxes and duties on raw materials,
- deduction of labour expenses from taxable incomes,
- access to bonded manufacturing/trading warehouse schemes,
- exemption from taxes and duties on imported supplies and spare parts for consigned equipment, and
- exemption from wharfage duties and any export tax, duty and impost.

Customs duties, controls and documentation

Goods imported into the Philippines are subject to customs duties as set out in the Philippine Tariff and Customs Code. Tariff rates are being implemented to conform with the import liberalisation programme and commitments under WTO/GATT.

Depending on the type of goods imported, duties range from 1-50 per cent.

There is a fixed import processing fee to facilitate entry into the Philippines. Generally, the following documentation is required:

- Certificate of origin
- Commercial invoice
- Bill of lading
- Inward cargo manifest
- Delivery permit

According to the Philippines' Department of Trade and Industry, a commodity for importation is classified through the Philippine Standard Commodity Classification Manual (PSCM) on whether it is freely importable, regulated or prohibited. For freely importable products no prior approval is required from any government agency.

Regulated commodities need clearance from appropriate government departments, including the Treasury (Bangko Sentral ng Pilipinas – BSP). Prohibited or banned items are those not allowed under existing laws, primarily specified in section 101 of the Philippines' Tariff and Customs Code.

BUSINESS ISSUES AND CONSIDERATIONS

REGULATIONS AND STANDARDS (CONTINUED)

In general, import licences are not required, but a release certificate or export declaration form, signed by an authorised bank, is needed before the goods can be cleared through Customs. Depending on the nature of the products imported, clearances may need to be secured with the relevant government agencies. Any product clearance or registration is usually handled by the local importer. The Bureau of Food and Drugs (BFAD, www.bfad.gov.ph) oversees the registration process for drugs, processed foods, cosmetics and hazardous household substances.

Imports into the Philippines are no longer subject to Pre-Shipment Inspection (PSI). Instead, they are all processed by Customs in accordance with the Automated Customs Processing System. Shipments of low-risk products, to which physical and documentary checks are no longer applied, are processed under an advanced processing facility known as Super Green Lane (SGL), allowing for their “ship-to-truck” release. Such shipments are pre-processed and cleared before they arrive in the country.

Further information on Philippine Customs procedures can be found at www.customs.gov.ph.

Labelling and packaging

Imported goods must clearly state the country of origin in both English and Filipino. According to the Consumer Act of the Philippines, all consumer products sold domestically should generally include the following information:

- Registered brand name
- Registered trademark
- Registered business name
- Address of the manufacturer, importer or repacker in the Philippines
- General make or active ingredients
- Net quantity of contents
- The country of manufacture, if imported
- If a consumer product is manufactured, refilled or repacked under licence from a principal

Mislabelling, misrepresentation or misbranding may subject the entire shipment to seizure and disposal.

The following commodities have specific labelling/marketing requirements in the Philippines:

- Jewellery/precious metals: must have the fineness markings denoting the appropriate quality symbol.
- Samples: must be properly marked and documented.
- Prepared foodstuffs: must have specific ingredients and addresses of manufacturers.
- Pharmaceuticals.
- Toilet preparations.
- Clothing: must have proper sizing, gender, fabric content and care instruction information.
- Food and food products that contain GMO (Genetically Modified Organism) ingredients.

Taxes

VAT in the Philippines is applied at 12 per cent on the sale of goods. Excise tax is additionally imposed on cigarettes, alcohol and motor vehicles. A stock transaction tax of half of 1 per cent of gross selling price is imposed on the sales of shares through the Philippines Stock Exchange. Documentary stamp tax at different rates is applied to bond and loan agreements, to deeds of sale and to other documents.

The Philippines has entered into a treaty with the UK to eliminate double taxation. UK firms registered in the Philippines are liable to pay corporation tax, while British individuals residing in the country are liable for income tax.

Standards and technical regulation

Standards and technical regulation in the Philippines are the responsibility of the Bureau of Product Standards. Its contact details are:

Bureau of Product Standards
Department of Trade and Industry
3/F Trade and Industry Building
361 Sen Gil Puyat Avenue
Makati City
Tel: +632 751 4700
Fax: +632 751 4735
Website: www.dti.gov.ph

Getting your goods to market

The Philippines has a number of ports, many with modern handling facilities. Bonded warehouses are considered to be adequate and generally store for a maximum of nine months.

Shipping marks should conform to ISO standards. Goods should be insured for their cost, insurance and freight (CIF) value.

BUSINESS ISSUES AND CONSIDERATIONS

GETTING PAID AND FINANCIAL ISSUES

Exporters to the Philippines are recommended to conduct business on an irrevocable confirmed letter of credit. The usual basis of price quotations is US dollars.

Payment and accounting systems are more advanced in the financial sector and in large businesses than in small- and medium-sized companies.

Lists of local lawyers and chartered accountants are available on request from the website of the British Embassy in Manila, <http://ukinthephilippines.fco.gov.uk>.

Banks in the Philippines are open from 0900-1500 Mondays to Fridays, with automated teller machines (ATMs) operating 24 hours.

Foreign currency may be exchanged at any hotel, most large department stores, banks and authorised money-changing shops accredited by the Central Bank of the Philippines. International credit cards are accepted in major establishments.

Tipping is expected for many services in the Philippines. The standard practice is 10 per cent of the total bill. Tipping is optional on bills that already include a 10 per cent service charge.



BUSINESS ISSUES AND CONSIDERATIONS

INSURANCE

The private sector in the UK provides credit insurance for exports of consumer products, raw materials and other similar goods. Speak to your banker or insurance broker for more information or contact the British Insurance Brokers' Association for impartial advice.

British Insurance Brokers' Association
Tel: +44 (0)870 950 1790 (consumer helpline)
Email: enquiries@biba.org.uk
Website: www.biba.org.uk

Private-sector insurance has some limitations, particularly for the sale of capital goods, major services and construction projects that require longer credit packages or are in riskier markets.

The Export Credits Guarantee Department (ECGD), a separate government department that reports to the Secretary of State for Business, Innovation and Skills, provides a range of products for exporters of such goods and services.

Export Credits Guarantee Department
Tel: +44 (0)20 7512 7000
Email: help@ecgd.gsi.gov.uk
Website: www.ecgd.gov.uk



BUSINESS ISSUES AND CONSIDERATIONS

MANAGEMENT CONTROL AND QUALITY ASSURANCE

With the challenges of distance and culture, many UK companies may be tempted to take a “hands-off” approach to transactions in the Philippines. In fact, these challenges increase the need for proactive engagement. A hands-off approach allows problems to develop, often to the point where they become major issues.

There is no simple solution, and successful UK companies use a variety of techniques. These can include extensive travelling by UK personnel, a controlling or liaison presence in the Philippines or providing extensive training and management of Philippine

staff. It is important not to allow milestones to slip by, whether these are attending a board meeting in a joint venture or arranging a quality audit at a supplier's.

Particular attention to detail should be paid when sourcing products from the Philippines. Specifications can be misunderstood and so need to be very clearly explained and agreed, and a quality management system should be agreed and put in place with the Philippine company. Consultancies can undertake all or part of this process on your behalf.



BUSINESS ISSUES AND CONSIDERATIONS

BUREAUCRACY, BRIBERY AND CORRUPTION

In the Philippines, bureaucracy can prove a major obstacle to getting things done. Paperwork is prevalent and time-consuming, with a number of signatures required before final approval is granted. Hiring a broker can help you deal with the necessary formalities.

Corruption also remains an issue in the Philippines. A company doing business there may well, at some point, encounter or hear of corruption in one form or another. Common practices include facilitation payments, bribes and the giving and receiving of expensive gifts in order to expedite and secure business deals.

Our advice to companies encountering corruption is simple – don't get involved. Not only are there issues of business integrity to bear in mind, but it is also, of course, illegal. Invariably, corruption is related to lack of professionalism and control, both of which are damaging to long-term business.

One key objective of the current Philippine Government is to make the country a more business-friendly environment, and this includes dealing with bureaucracy and corruption issues and to introduce greater transparency.



BUSINESS CULTURE

In a highly competitive commercial environment it is more important than ever for us to comprehend the business culture of our target markets. This helps us to understand, anticipate and respond to unexpected behaviour, as well as enabling us to behave in an acceptable way and avoid misunderstandings.



BUSINESS CULTURE

MEETINGS AND PRESENTATIONS

The Philippine business culture is generally modelled on that of North America; many Filipino senior executives have attended universities in the USA. People are friendly and hospitable and access to senior government and company officials is relatively easy. However, a formal introduction by a trusted third party is almost always the best way to get started.

The manner of doing business in the Philippines is very personal. Face-to-face meetings are preferred for in-depth discussions, as opposed to phone, email, fax or letter. Business meetings over lunch or coffee are not uncommon. Appointments should be made at least two to three weeks in advance and reconfirmed a few days before the actual meeting. Punctuality, especially by visitors, is standard. Always dress smartly and have a well-groomed appearance.

Filipinos place importance on status and seniority. The usual forms of address are Mr, Mrs, Miss and Ms. Government officials should be addressed by their titles, such as Senator, Congressman, etc. Don't address someone by their first name until you have become friends with them.

When you are addressed to a Filipino or Filipina, shake hands. If you know a lady well, a kiss on each cheek or just a touching of cheeks each side is acceptable.

Filipinos like to socialise. Most meetings, particularly the first one, will usually begin with a few minutes of discussion on the news of the day, the economy, mutual acquaintances and

even respective families. This should be seen as a preliminary investment towards building a long-standing business relationship, and patience and openness are advised.

There are many successful businesswomen in the Philippines. Women business travellers are accepted and should not encounter difficulties because of gender.

Always take plenty of business cards and corporate literature along to meetings/presentations. Additional cards can be printed in shopping malls if necessary.

Follow up meetings by letter/email on your return to the UK. If possible, keep the Embassy informed of progress.

Negotiations

Progress can seem slow when negotiating business issues in the Philippines. Most participants in business meetings are expected to chip in with their comments as details are discussed.

Be patient and don't push too hard for an immediate resolution of an issue. Direct confrontation and criticism should be avoided; the cardinal sin in the Philippines is to cause someone to lose face. A friendly politeness should be maintained at all times. An angry tone or raised voice will be counterproductive to the settlement of any dispute and further sales.

Favours are expected to be reciprocated.

BUSINESS CULTURE RELIGION

Religion holds a central place in the life of the majority of Filipinos. The dominant religion in the Philippines is Roman Catholicism, followed by over 80 per cent of the population. There are also a significant number of Protestants and Muslims.

When visiting churches and temples the wearing of shorts and scanty clothing should be avoided.

BUSINESS CULTURE MAKING CONVERSATION

Filipinos place great importance on establishing good interpersonal relations with business partners.

Always be polite and self-effacing when making conversation with business contacts in the Philippines.

Don't be surprised if Filipinos who you have just met start asking you personal questions. This is how they try to build a relationship with you.

Filipinos love talking about the traffic, in much the same way as the British are obsessed with discussing the weather!

Never complain about inefficiencies or criticise the Filipino Government or people.

Humour has an important role to play in building good relationships, but avoid topics such as politics, corruption, sex and religion.

BUSINESS CULTURE

BODY LANGUAGE AND GESTURES

The raising and lowering of the eyebrow, accompanied by a smile, is a common way of greeting someone. Avoid direct eye contact; it is considered rude to stare.

Out of politeness, Filipinos do not like to walk between two people who are talking to each other. If it is necessary they will do so, but will lower their heads, bend their knees and extend one hand in front.

Filipinos often indicate direction by pouting with their lips or moving their eyes, and tend to be physically reserved with strangers.

They are renowned for being smiling people. However, the smile conveys many different feelings apart from contentment, including embarrassment, confusion and disagreement.

Do not use the “dog call” gesture (beckoning by curling your finger) to call someone towards you, or snap your fingers to attract someone’s attention, as these are considered rude or offensive.

Similarly, never snap your fingers to attract someone’s attention.

BUSINESS CULTURE

ENTERTAINMENT

Most business entertaining in the Philippines is carried out in clubs or restaurants. Never eat or drink to excess, as loss of control is seen as shameful. It is less common for women to consume alcohol. There may be singing after the meal, and if you join in, it will be well received.

The Filipinos often bow their heads in thanks or cross themselves before eating.

At the end of the meal, leave a little food on the plate to signify that you have been fully satisfied. Leave some room for dessert – an important course in Filipino culture.

If you are invited to a Filipino home for dinner, compliments to the host/hostess will be well received, but should not be overdone. Wealthy Filipinos usually have cooks.

At the end of the evening, guests may be given leftover food to take home.

BUSINESS CULTURE

GIFTS

The giving of gifts is popular in Filipino business culture and can prove a key factor in strengthening commercial ties. Popular gifts include flowers, food, perfume and whisky.

Here are some general guidelines:

- It is traditional to give gifts once a contract has been signed. Avoid overly extravagant gifts that could be seen as a bribe. Filipinos place a high value on imported gifts.
- When invited to a Filipino home, bring a gift of flowers, sweets, chocolates or a speciality food that is unique to where you are from. Send a thank-you note afterwards.
- At Christmas you will be expected to give a small gift as a token to people you encounter in a business context.
- Always take a gift if invited to a birthday party. It will usually not be opened in front of you, rather put to one side to open later.
- When you receive a gift it is not customary to open it in front of the giver.
- During certain family events it is customary to toss small coins to any children present.
- At weddings, guests will sometimes attach money to the clothing of the bride and groom.
- Unlike many other Asian countries, wrapping paper of any colour can be used.



UK SUCCESS STORIES

AIMA Group: in 2010 AIMA opened an office in the Philippines to tap into the growing market of students seeking a UK education.

Broadway Malyan: as of February 2010 the company was working on three major construction projects with leading Philippine developer, Century Properties.

Chartered Institute of Management Accountants (CIMA): in 2010 CIMA entered into a partnership with the Asian Institute of Management (AIM) and the De La Salle University (DLSU) for the delivery of their courses. This followed the signing of a memorandum of understanding between CIMA and the Philippine Institute of Certified Public Accountants in 2009.

“CIMA is very grateful to the UKTI team in Manila for their good work and support since the company first went to the city in November 2008. UKTI helped us from the outset and we have been growing at a quite swift pace ever since. We are very pleased to partner with the two best universities in the Philippines.”

Prof Dr Robert Jelly,
Executive Director for Education, CIMA Global

Global Green Power: in 2010 Global Green Power signed a contract with its local engineering contractors and technology partners for five biomass projects in the Philippines.

Jaguar: launched its new XJ model in the Philippines in 2010.

The MET Office: in 2010 it won a contract to provide services for an ADB-funded project.

MINI: opened its first showroom in Manila in 2010.

Spooner Industries: in 2010 it secured a £4 million deal to supply drying equipment to the Philippine paper industry.

TAMS: in April 2010 TAMS signed an agreement with Transworld Philippines for the distribution of the company's chemical disinfectants to Philippine farms.

UK SUCCESS STORIES (CONTINUED)

In October 2010 B/E Aerospace UK Ltd, a leading supplier of aircraft interior products and solutions, chose the Philippines as the site for a US\$30 million manufacturing facility. The plant will manufacture galleys intended for the new Airbus A350 XWB aircraft, in an investment that will initially create some 300 new jobs locally.

UK Trade & Investment played a major role in helping B/E Aerospace opt for the Philippines, which was selected from 32 possible sites worldwide.

British Ambassador Stephen Lillie said:

"I welcome this major manufacturing investment, and am delighted that the British Embassy Trade & Investment team were able to assist a top-quality UK company like B/E Aerospace in identifying options for locating in the Philippines."

"I hope this will go to show that the Philippines offers opportunities for business success not only in the service sector, but in manufacturing also."

www.beaerospace.com

CONTACTS

If you have a specific export enquiry about the Philippine market which is not answered by the information contained in this report, you may contact:

UK Trade & Investment Enquiry Service

Tel: +44 (0)20 7215 8000

Fax: +44 (0)141 228 3693

Email: enquiries@ukti.gsi.gov.uk

UK Trade & Investment South East Asia Unit

1 Victoria Street

London

SW1H 0ET

UK

Tel: +44 (0)20 7215 8000

Otherwise contact the team in the Philippines directly:

UK Trade & Investment, Manila

British Embassy

120, Upper McKinley Road

McKinley Town Centre

Fort Bonifacio

Taguig City 1634

The Philippines

Tel: +632 858 2200

Fax: +632 858 2371

Email: uktrade@info.com.ph

Website: <http://ukinthephilippines.fco.gov.uk>

RESOURCES/USEFUL LINKS

Philippine trade/ government organisations

Philippine Embassy, London
www.philembassy-uk.org

British Chamber of Commerce
in the Philippines
www.bccphil.com

Bureau of Customs
www.customs.gov.ph

Bureau of Immigration
www.immigration.gov.ph

Department of Trade and Industry
www.dti.gov.ph

Philippine British Business Council
www.philippinebritish.com

Philippine Chamber of Commerce
and Industry
www.philippinechamber.com

Philippine Economic Zone Authority
www.peza.gov.ph

Philippine Investor Relations Office
<http://iro.ph/>

Country information

BBC website
[http://news.bbc.co.uk/1/hi/
country_profiles/default.stm](http://news.bbc.co.uk/1/hi/country_profiles/default.stm)

Foreign and Commonwealth Office
country profile
[http://www.fco.gov.uk/en/travel-and-
living-abroad/travel-advice-by-country/
country-profile/asia-oceania/philippines](http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/country-profile/asia-oceania/philippines)

Culture and communications

CILT (National Centre for Languages)
Regional Language Network in your area
[www.cilt.org.uk/workplace/
employer_support/in_your_area.aspx](http://www.cilt.org.uk/workplace/employer_support/in_your_area.aspx)

Customs and regulations

HM Revenue & Customs
www.hmrc.gov.uk

Economic information

The Economist
www.economist.com/countries

Export control

Export Control Organisation
www.bis.gov.uk/exportcontrol

RESOURCES/USEFUL LINKS

(CONTINUED)

Export finance and insurance

Export Credits Guarantee Department
www.ecgd.gov.uk

Intellectual property

Intellectual Property Office
www.ipo.gov.uk

Market access

Market Access Database for Tariffs
(for non-EU markets only)
<http://mkaccdb.eu.int/mkaccdb2/indexPubli.htm>

SOLVIT – Overcoming Trade Barriers
(EU markets only)
www.bis.gov.uk/EUMarketAccessUnit

Standards and technical regulations

British Standards Institution (BSI)
www.bsigroup.com/en/sectorsandservices/Disciplines/ImportExport

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National Physical Laboratory
www.npl.co.uk

Trade statistics

National Statistics Information
www.statistics.gov.uk/hub/index.html

UK Trade Info
www.uktradeinfo.com

Travel advice

Foreign and Commonwealth Office
<http://ukinthephilippines.fco.gov.uk/en/help-for-british-nationals/travel-advice>

NHS
www.nhs.uk/nhsengland/Healthcareabroad

Travel Health
www.travelhealth.co.uk

HELPING YOUR BUSINESS GROW INTERNATIONALLY

Solutions for Business

Funded by
UK Government

A range of UK Government support is available from a portfolio of initiatives called Solutions for Business (SfB). The “solutions” are available to qualifying businesses, and cover everything from investment and grants through to specialist advice, collaborations and partnerships.

UK Trade & Investment is the Government Department that helps UK-based companies succeed in the global economy, and is responsible for the delivery of the SfB product “Helping Your Business Grow Internationally”.

We also help overseas companies bring their high-quality investment to the UK’s dynamic economy – acknowledged as Europe’s best place from which to succeed in global business.

UK Trade & Investment offers expertise and contacts through its extensive network of specialists in the UK, and in British embassies and other diplomatic offices around the world. We provide companies with the tools they require to be competitive on the world stage.

Other South-East Asia Business Guides are available for Indonesia, Malaysia, Thailand and Vietnam.

For further information please visit www.ukti.gov.uk or telephone +44 (0)20 7215 8000.

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