

The Philippines: The Prime Business Destination in Asia”

*Welcome Remarks of
H.E. Ambassador Maria Cleofe R. Natividad
Delivered at the “Wirtschaftsstandort Philippinen” Forum,
PricewaterhouseCoopers AG
Potsdamer Platz, Berlin, Germany
28 September 2012*

Guten Tag, meine Damen und Herren. Ich bedanke mich, dass Sie heute erschienen sind, um sich über mein Land, die Philippinen, zu informieren.

I wish first to acknowledge **Mr. Norbert Oefner**, Manager for the Southeast Asia / German Business Group of PricewaterhouseCoopers AG for making this event possible. I also wish to acknowledge the strong support given by **Ms. Kirstin Wenk**, Deputy Team Leader for Foreign Trade of the Brandenburg Economic Development Board and **Mr. Henry Zix**, Editor in Chief of ASEAN Today, who unfortunately could not be with us today.

I also take this opportunity to extend my warmest recognition to the support given by the German Philippines Chamber of Commerce and Industry, or GPCCI, which is the Embassy's partner in promoting deeper and broader Philippine-German business ties. GPCCI's support is most evident in the presence today of **Mr. Gerald Frielinghaus**, President and CEO of Lufthansa Technik Philippines and GPCCI board member, and **Mr. Claus Sudhoff**, President and CEO of CS Garments.

Finally, I would like to thank Dr. Lilia De Lima, and her team in Manila, for finding the time to travel to Germany for our event in Stuttgart yesterday, and now here at the PricewaterhouseCoopers conference center in Berlin. I know that it is not easy to travel more than ten thousand kilometers for a two-day speaking engagement in Germany.

The Philippines - ladies and gentlemen - is poised to become the world's 16th largest economy by 2050, according to a new study by a major global bank. The country's GDP (in purchasing power parity terms) is expected to grow from **\$389 billion** in 2011 to **\$1.68 trillion** four decades from now. This places the Philippines at the forefront of an Association of Southeast Asian Nations, or ASEAN renaissance that will see four of its

founding members climb into the world's 25 top-most economies by 2050. In just three years, or by 2015, the ASEAN nations will form the ASEAN Economic Community, a single market and production base that offers free movement of skilled labor, goods, services and investment, as well as increased flow of capital, along with the appropriate legal and institutional framework for economic integration. Unlike the European Union, the ASEAN Economic Community does not plan to adopt a common currency.

Economists describe the Philippines as one of the strongest-performing economies in Asia today. I am happy to tell you that the country is forecasted to grow between 5 and 6% in 2012, although some in the business sector in the Philippines believes this will be even higher at 6 to 7%.

Financial experts are also bullish on the economy. The rating agency Standard & Poor raised its very conservative growth forecast for the Philippines this year to 4.9%, even as it downgraded its outlook for other economies in the Asia Pacific region, saying that the Philippines *"has the capability to withstand unfavorable developments in the global economy."* Global financial institutions such as Credit Suisse, Bank of America-Merrill Lynch, and even Deutsche Bank have also projected positive growth forecasts for the Philippines. Over the medium-term, the International Monetary Fund believes that the Philippines would likely sustain a baseline annual growth rate of 5% until 2017.

In the most recent Global Competitiveness Report released by the World Economic Forum, the Philippines now ranks 65th among 144 countries in terms of competitiveness – and this improvement is the result of reform measures introduced by President Benigno Aquino in the area of sustainable and inclusive economic growth, good governance, transparency and poverty reduction.

In the past, news about Philippine economic performance rarely gets the attention of Europe, including here in Germany. Perhaps it is because media would normally associate the Philippines with unfortunate and sensational events such as typhoons, earthquakes and other natural disasters. But this is fast changing. The Philippines is now recognized as among the best money-per-value destinations in the world.

Only a few days ago, our Embassy officials traveled to Eberswalde, to be briefed by Mr. Michael Prießel, founder and CEO of Mp-Tec, on his plans to invest in the Philippines. Mp-Tec specializes in the development and manufacture of solar power and assembly systems, and is the most recent German entrant in the vibrant Philippine business scene. I am told that our friends from Mp-Tec are around, and I would thank you for coming to Berlin this afternoon.

German investments in the Philippines are mostly in the manufacturing sector, and those that are now present in the country are Continental Temic, Siemens, Dedon, Henkel, and Linde, to mention a few. In recent years, many of them have ventured from the traditional manufacturing and electronics into services such as Lufthansa Technik, Deutsche Bank, Bosch, DB Schenker, and Bertelsmann. In spite of the global economic and financial challenges and a desire to seek alternative investment destinations, German firms are choosing to expand their investments into Southeast Asia, and hopefully, increasingly in the Philippines.

We have an interesting program this afternoon for you. **Mr. Jose Antonio Buencamino** will provide you a more detailed overview of the Philippine business landscape. **Dr. Lilia de Lima** will share with you the reasons why you should locate in PEZA and why German investors who are in the Philippines consider the country as a profitable investment destination. Of particular interest is the presentation by **Mr. Alexander Lehnen**, Senior Manager of PricewaterhouseCoopers AG on tax structuring of German investments in the Philippines. And finally, you will also hear from those who have experienced first-hand doing business in the Philippines – **Mr. Frielinghaus** and **Mr. Sudhoff**.

Ich wünsche Ihnen einen interessanten Nachmittag und freue mich auf anregende und aufschlussreiche Diskussionen. Vielen Dank.