

# Partner Philippines

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# 2010

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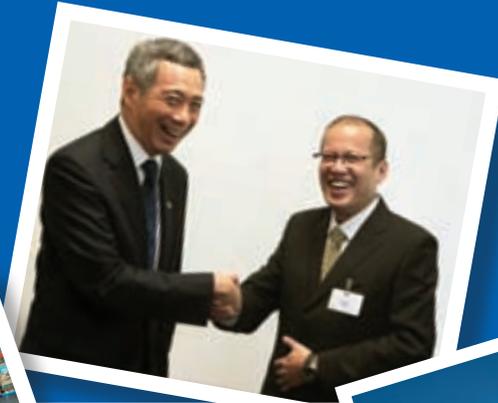
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THE PHILIPPINES: 7,107 TIMES THE FUN





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2010

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*Iba Tayong Magmahal*

## Publisher's Note

### “A Bold Beginning”



*Mabuhay!*

Any early period of new beginnings is an exciting time, but this is an especially exciting time for the Philippines and all its partners with the beginning of the new administration under President Benigno Aquino III. Following on his campaign promises, President Aquino has started off his tenure by announcing that “business as usual” is no longer valid or viable for the Philippines and he has already introduced a number of substantive changes to make his promises a reality. In this special issue of *Partner Philippines*, we present a feature article on the new president and his dynamic team, as well as the uplifting manner in which he has called on all Filipinos to join him in effecting the changes that will help the nation return to its call to greatness. We also look at some of the concrete steps the Aquino government has already taken to fight the old bugaboo of corruption.

The changes initiated by the new government will have significance not only for the Philippines but for other nations who deal with them. As Singapore has for many years been a major partner of the Philippines in both the political and economic spheres, the changes wrought by the new administration promise many new inviting opportunities for Singapore and its people. In this issue, we look at some of the areas that are most inviting for investors, businesspeople and trading partners. We also have an article on liberalized air travel and show why the continuing upward trend in the relations between two of ASEAN’s most important members is so vital for the entire region.

Liberalized air service means, of course, increased tourism and it’s no secret that the Philippines has some of the most beautiful and most exciting offerings for foreign visitors of any place in Asia. We feature almost a dozen of these in our long Tourism article this issue. It’s become our custom to include a piece on history in *Partner Philippines*, and this time, fittingly, we have a quite exciting story. We look at the Voyage of the Balangay, in which a team of intrepid Filipinos (and Filipinas) have been travelling around the region in three wooden boats modelled on ancient seacraft of their distant ancestors. The reasons for this voyage, as well as accounts of how the trip has gone, are amply treated here.

On the arts and cultural front, we have a long report on the Philippine Art Trek, an annual event which has become an important point on the local art scene calendar. We also report on the Philippines’ designation as the ASEAN Capital for Culture, 2010 and its significance for both the Philippines and its ASEAN partners.

That’s a lot to cover, so we won’t take any more space talking about this edition of *Partner Philippines*. We’ll simply let you read on and wish you enjoyment and edification in doing so. •

**NOMITA DHAR**

Editor-in-chief

**yes!**

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## Message from the Secretary of Foreign Affairs of the Philippines

**T**his edition of *Partner Philippines* is very timely as it comes just a few months after H.E. Benigno S. Aquino III assumed office on 30 June 2010 with one of the strongest mandates in Philippine history. From the very outset, the President got down to brass tacks, assembling a dynamic team to help him pinpoint the things that need to be done to put our domestic house in order. Making the Philippines a “predictable and consistent” place for investors was identified as a priority, and the new Trade Secretary and his team were immediately tasked with making this a reality, by increasing transparency and cutting down on red tape from step one of the process of registering a business.

These initiatives could not be better timed. Economic figures show that the Philippine economy registered an impressive growth rate of 7.9 percent in the first half of 2010, with total approved foreign direct investment for the first quarter of the year registering a stellar growth of 1,053.2 percent. In the rest of the world, too, including Singapore, things are again looking up after the economic slowdown of the past two years.

It is against this backdrop of renewed optimism that our Embassy in Singapore is coming out with the 6th edition of *Partner Philippines*.

Last year, the Philippines and Singapore marked the 40th anniversary of their establishment of diplomatic relations. Bilateral ties have matured and achieved a certain degree of stability, characterized by sustained political and security cooperation, a mutually beneficial economic partnership, and vibrant cultural and people-to-people exchanges. The two countries also have excellent ties on the regional and multilateral fronts. But there is much more in store for the relationship, as the various initiatives covered in the pages of this magazine demonstrate.

In May of this year, the two countries signed a new MOU on air services and initialed an updated Air Services Agreement allowing their designated airlines to operate increased flight frequencies between Singapore and Manila, Cebu, Clark and Subic. This heightened connectivity has the potential to further boost business and tourism exchanges between the two countries.

This active partnership and closer links will hopefully serve as an added impetus for those who are interested in taking advantage of the wealth of investment opportunities now available in the Philippines, especially in the areas of infrastructure development through private-public partnerships, sustainable mining, renewable energy, business and knowledge process outsourcing, and tourism enterprises. •

**ALBERTO G. ROMULO**  
Secretary of Foreign Affairs

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## Message from the Secretary of Trade & Industry of the Philippines

**M**y warmest felicitations to the Philippine Embassy in Singapore on the release of the sixth edition of *Partner Philippines*! Through *Partner Philippines*, you have further enriched your role in protecting the interests of the Philippines and the Filipinos and in promoting friendly relations, as well as developing economic and cultural relations between Singapore and the Philippines.

We are particularly pleased that we have you as partner in our efforts to provide adequate, accurate and timely information about the many opportunities for business and travel to be found in the Philippines. In the process, you are helping to attract Singaporean capital to invest in our country, which will ultimately translate into more employment opportunities and a more vibrant economy.

Needless to say, as ASEAN members, we are not losing sight of the big picture and shall keep on working for wider regional development and cooperation. Our solidarity can only mean a brighter future for ASEAN countries and their people.

Let me extend my appreciation and gratitude to the thousands of Filipinos in Singapore who are doing us proud with their hard work and dependability, and to the people of Singapore who have welcomed our countrymen with grace and generosity of spirit.

*Mabuhay!* •

**GREGORY L. DOMINGO**  
Secretary of Trade & Industry



**H.E. MINDA CALAGUIAN CRUZ**

Philippine Ambassador to Singapore

## IN CONVERSATION WITH THE PHILIPPINE AMBASSADOR

**I**t's an exciting time for the Philippines with a dynamic new administration taking over. What do you think the Aquino presidency will mean for the Philippines? And what will the Aquino presidency mean for the rest of the world?

Every change brings with it the welcome promise of a new beginning. President Benigno S. Aquino III especially, having assumed office with such a groundswell of support, could serve as a beacon of unity and hope for us Filipinos. This positive mood has an empowering effect.

Coupled with the tangible efforts of the Government and people to make the Philippines a country where "it all works", it has the vital potential to convince other countries and governments to invest in and partner with us. As they say, optimism is contagious.

**How would you characterize bilateral relations between Singapore and the Philippines, and what developments do you foresee in those relations over the next year or so?**

Forty years of active diplomatic relations between the Philippines and Singapore are anchored on the two countries' shared interests and concerns spanning the bilateral, regional and multilateral

fronts. We enjoy a seasoned political and security relationship, a mutually beneficial economic partnership, and vibrant cultural and people-to-people exchanges.

President Aquino and Prime Minister Lee met at the sidelines of the UN General Assembly in New York this September and they reaffirmed the two countries' commitment to further strengthen their engagement. In fact, Prime Minister Lee invited President Aquino to visit Singapore, and we can expect that visit to produce significant results, especially in terms of our bilateral economic partnership.

**Any new directions in foreign policy that you see as a result of the new administration in Manila?**

Our guiding foreign policy is strategic and long-term and rests on three fundamental pillars: security, economic, and the protection and promotion of the rights and welfare of our nationals abroad.

President Aquino's administration may choose to employ new and different modalities to implement them, but the basic goals remain the same.

**In his inaugural address, President Aquino promised to make the Philippines "a predictable and consistent place for investment, a country attractive to**

**investors." How quickly do you think these changes will come?**

The President was talking about meaningful improvements, not cosmetic changes to the business and investment environment, so naturally, it will take some time. But there are already visible signs that the process has been set in motion and is gathering pace.

**What do you personally see as some prime areas that Singapore investors should be focusing on when they look at the Philippines?**

There is a wealth of investment opportunities in the Philippines. Aside from the stock market, which has seen record highs in 2010, four of the most promising areas that I can recommend for Singapore companies and investors to explore are renewable energy, business and knowledge process outsourcing (BPO and KPO), sustainable mining, and tourism infrastructure.

Investors in the renewable energy sector in the Philippines can count on a highly supportive legislative framework, a high availability and wide variety of renewable energy sources, and generous government incentives and support. The signing of Republic Act 9513, or the Renewable Energy Act of 2008, underscores the Philippines' commitment to achieving 60 percent energy self-sufficiency by 2010. The



**Ambassador Cruz with (from left) MP Yeo Guat Kwang, guest of honor Minister of Law K. Shanmugam, and MP Jessica Tan at the diplomatic reception commemorating the 112th anniversary of the declaration of Philippine independence at the Conrad Hotel in June 2010**

Act outlines, among others, the incentives available to businesses investing in the renewable energy sector in the Philippines.

For the BPO and KPO industry, the Philippines has an estimated work force of 36 million people, which is augmented by 450,000 university graduates per annum. This sizeable pool of English-speaking talent is complemented by a reliable communications and data infrastructure and comprehensive government support to produce the most cost-competitive and best-value outsourcing destination in the region. Already, the industry generates US\$ 6 billion in revenues per annum and employs 500,000 people.

In the area of sustainable mining, the Philippines has known reserves of 13 metallic minerals and 29 non-metallic minerals, which account for 9 million hectares of mineralized land—30 percent of the country's total land area. It is ranked 3rd in the world in terms of gold mineral endowment, and 4th, 5th and 6th respectively in copper, nickel and chromite mineral endowment. Republic Act 7942, or the Exploration, Mining, Quarrying and Processing of Minerals Act of 1995, was declared Constitutional by the Supreme Court in 2005, paving the way for foreign companies to have a 100 percent ownership of mining ventures in the Philippines.

Regarding tourism infrastructure, Republic Act 9593, or the Philippine Tourism Act of 2009, aims to make the country's tourism industry more globally competitive in a manner that is ecologically sustainable, responsible, participative, culturally sensitive, economically viable and ethically and socially suitable for local communities. It provides for the creation of tourism enterprise zones (TEZs), akin to special economic zones (SEZs), to be supervised by the erstwhile Philippine Tourism Authority,

now renamed as the Tourism Infrastructure and Enterprise Zone Authority (TIEZA). Singapore has already established a footprint in the Philippines' tourism and hospitality landscape through companies like the Ascott Group, Frasers Hospitality and Banyan Tree, and this could be expanded further by looking at new opportunities that will emerge from the TEZ concept.

Finally, in line with the Philippine Government's strong push for Private-Public Partnerships for infrastructure development and modernization, a raft of major projects, ranging from railway expansion to the construction of new airports, will be put up for tender in the coming months. I hope that Singapore companies, which are among the best in the world, would bid for some of these infrastructure projects.

**How would you characterize bilateral trade between the two countries? How do you see this trade developing in the near future?**

Singapore was the Philippines' fourth biggest trading partner in 2009—and the biggest in ASEAN—with our total trade reaching US\$ 6.201 billion, or approximately 7.6% of the Philippines' total trade for the year. The trade balance is tilted in favour of Singapore, which exported US\$ 1.246 billion worth of goods more to the Philippines. How do I see our trade developing in the near future? Hopefully, continuing to expand in line with ASEAN economic integration, while at the same time minimizing the trade gap.

**There is a large Filipino community living and working in Singapore. What do you consider the primary tasks for you and the Embassy in general to facilitate good relations between Singaporeans and the local Filipino community?**

Our nationals who go abroad to work are required to undergo a Pre-Departure Orientation Seminar (PDOS) before leaving the Philippines and are also encouraged to attend a Post-Arrival Orientation Seminar on reaching their country of destination (PAOS). The seminars are designed to familiarize them with their rights, privileges and responsibilities while living and working in a particular country. It also introduces them to the cultural idiosyncrasies they can expect to encounter in the receiving country, and how to deal with them. In this way, we try to ensure that our workers can fit in successfully in the local setting and get along well with the local populace. We encourage them to adapt and embrace their new home—without forgetting their roots and culture.

**Filipinos are celebrated world-wide for their abundant talents in the performing arts (especially music and dance). Lately, Filipino visual artists (in painting, sculpture, mixed media) have started attracting considerable interest with their works. How do you plan to encourage and support these artistic talents of your country here in Singapore?**

We take pride in the Philippine Embassy's contribution to the "flowering" of Philippine art in Singapore. In 2007, the Embassy launched Philippine Art Trek, a month-long exhibition of works by Filipino artists in various venues now on its fourth year. This November 2010, seven of Singapore's top art galleries the Osage Art Foundation and 46 Filipino artists will be part of Philippine Art Trek IV. This was shown last year when we celebrated 40 years of Philippines-Singapore diplomatic relations, where the Philippines was the country focus by the National Heritage Board of Singapore. It showcased Philippine arts and heritage in various forms in the Asian Civilizations Museum, the Singapore Art Museum and the Philatelic Museum. The core of the Ateneo Art Gallery's permanent collection, travelling for the first time, was shared with the public.

Culture has proven to be a very effective way to reach out to a diverse audience here in Singapore, so whether it is in the visual or performing arts, the Embassy is committed to supporting our Filipino artists who wish to make a mark here. •

# PRESIDENT BENIGNO S. AQUINO III

USHERS IN BOLD REFORMS, BRIGHTER PROSPECTS



*The Philippines is on an upswing these days and is getting close attention, of the positive variety this time, from many parts of the world. As a new, youthful president and his dynamic team usher in a new era, change is definitely in the air and the Philippines has again become one of the most exciting and promising countries in the region. Here we take a closer look at the country's new leadership and the programs it is implementing to get the nation moving ahead vigorously in positive directions.*



## 5<sup>th</sup> EAST ASIA SUMMIT

Hanoi, 30 October 2010

President Aquino, third from left, with his East Asian counterparts at the close of the 5th East Asia Summit in Hanoi

Those watching who had witnessed the EDSA Revolution of 1986 would have experienced a sense of déjà vu. Back then, the Filipino nation came together to rally behind President Corazon Aquino. The color yellow came to be identified with her after her husband, Senator Benigno “Ninoy” Aquino II, a staunch defender of democracy, fell to an assassin’s bullets on his arrival in Manila. It was to be his homecoming from exile in the United States, and his supporters had tied yellow ribbons all over the city, taking a cue from the song *Tie a Yellow Ribbon Round the Ole Oak Tree*.

Fast-forward 24 years and the Filipinos have once again found someone to unite them—no less than the only son of these two icons of Philippine democracy. President Aquino returned to Malacañan Palace this year, and he brought with him the winds of change. As he said in his inaugural speech, it was time to usher in a new era of governance, “one that works for the welfare of the nation,” whose “foremost duty is to lift the nation from poverty through honest and effective governance.”

This bold pledge by the top leader of the country made the international community sit up and take notice. Some raised

their eyebrows at the challenging reforms he promised. But President Aquino announced these changes knowing that the people have given him a robust mandate, a rare opportunity to push through many vital improvements that any government on a less solid footing would hesitate to implement. To fail to seize that mandate would be to squander a precious chance. In the President’s own words to his constituents, “The mandate given to me was one of change ... This mandate is the social contract that we agreed upon.”

### Setting the Domestic House in Order

The new Administration is fully cognizant of the challenges before it. Various socio-political and economic factors, internal and external alike, have resulted in the Philippines, a country endowed with significant human and natural resources, being a perennial underperformer. Looking back to the country’s heyday in the 1960s, and comparing it to where it now stands, lagging behind the other Asian Tigers, many people scratch their heads and ask, “What happened?” But it is past the time for asking questions and apportioning blame. The task now is to find intelligent solutions and to implement them.

“Gradually, we will lessen the

lack of infrastructures for transportation, tourism and trade,” said President Aquino, addressing one of the Philippines’ major problems. “We will hold contractors responsible for maintaining their projects in good condition.”

Parallel to upgrading the country’s physical infrastructure will be an all-out campaign to strengthen its human infrastructure, by means of providing quality education from the primary to the tertiary levels. As a start, the glaring shortage in classrooms and other educational facilities will be dealt with. Vocational education will likewise be improved so that those who choose not to attend college or those who cannot afford

it can find decent livelihoods. Complementing this is an emergency employment program that will provide jobs at the local community level. “Our goal is to create jobs at home so that there will be no need to look for employment abroad,” announced the President.

A healthy populace is, of course, vital for a strong human resource base. To this end, public health services will be enhanced within three years, beginning with PhilHealth, the national health insurance program. Another issue related to this has served as an early litmus test of the new Administration’s resolve to push ahead with reform: reproductive health. President



President Benigno S. Aquino shakes hands with Prime Minister Lee Hsien Loong

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Aquino's statement that couples should have the choice to use artificial, as well as natural, contraception surprised many, especially those who expected him to toe the Catholic Church's line on the subject of family planning. Unchecked population growth—its population of around 94 million is the 12th largest in the world—has always been seen as one of the factors bedeviling the Philippines' development. The Department of Health's 2011 budget includes an allocation of P931 million for reproductive health, which it is hoped will contribute to the improvement of maternal and child health in the country, in line with the Millennium Development Goals.

### Earning the International Community's Confidence

No country, nowadays, can afford to remain inward-looking. The fact is that we live in a closely interconnected world where opportunities and risks alike have the potential to benefit or affect all. President Aquino assured the international community that he is aware of this reality. "To our friends and neighbors around the world, we are ready to take our place as a reliable member of the community of nations," he declared. "A nation serious about its commitments and which harmonizes its national interests with its international responsibilities."

If positive change is his Administration's contract with the Filipino people, a country governed by the rule of law is President Aquino's pledge to the

***“The new government has brought about a resurgence in business and investor confidence... Both foreign and domestic investors appear to be voting with their money if the strong stock market performance is any indicator.”***

### Mr. Lito Camacho

#### Credit Suisse Vice President for the Asia Pacific

international community. Part of this is making the Philippines a predictable and consistent place for business and investment. "A Philippines that is an exemplar, as well as exponent, of the rule of law—including international law—is a country attractive to investments," remarked the President.

The President gave special prominence to the Philippines' relations within the Southeast Asian region. "In my administration, we will be more conscious of our commitment to fostering improved ties with our ASEAN neighbors. We will be a good neighbor, a productive partner, and a consensus-builder as we work towards our common goals." After all, as the President noted, ASEAN aims to build a regional community by 2015, which is still within his Presidency.

Another area where the world will be closely watching the moves of the new Administration is that of the fight against graft and corruption. "We have committed to restore integrity in leadership and governance. We will battle corruption, cut red tape and exact the highest standards of performance from

our bureaucracy," the President reiterated. "The government must earn the full trust and confidence of its citizens. This trust and confidence is the motive force that would get them actively involved in building our nation. By empowering the people and nurturing democratic participation, we can bring about real reforms."

In his inaugural speech, President Aquino also challenged the Department of Trade and Industry (DTI) to simplify the business registration process, including the transaction for registering the name of a new enterprise. Just three months later, DTI had in place an enhanced Electronic Business Name Registration System (eBNRS), which drastically reduces the time it takes to apply for a business name from several hours to a matter of minutes.

"Our aim in automation is to lessen people handling the process and allow technology to hasten the transaction. In a way, it makes the government transaction transparent and prevents corruption," said Trade Secretary Gregory L. Domingo at the unveiling of the system. And this is just a start. Meanwhile, the

other government agencies are also busy at work on the respective homework assigned to them by the President.

The country is already beginning to reap the results of these new initiatives. "The new government has brought about a resurgence in business and investor confidence," observed Mr. Lito Camacho, Credit Suisse Vice Chairman for the Asia Pacific. "With the tailwind of a strong economic performance in the first half of the year and the high quality of appointments that President Aquino has made, particularly amongst the economic managers and those responsible for infrastructure, this renewed confidence is certainly well deserved. Both foreign and domestic investors appear to be voting with their money if the strong stock market performance is any indicator."

Economic figures back up this rosy assessment: GDP grew by 7.9 percent in the first half of 2010; the Philippine Stock Exchange index rose by 43 percent year-on-year; balance of payments registered a surplus of US\$ 2 billion in the second quarter of 2010, more than four times that of the same quarter in the previous year; and gross international reserves are at an all-time high of US\$ 48.7 billion as of end-June 2010, 23.3 percent higher than a year before.

"I invite you to take part in the transformation of the Philippines," President Aquino urged the global community. With the prospects in the country looking so bright, that's an invitation that shouldn't be too hard to heed. •

President Benigno S. Aquino III, Vietnam President Nguyen Minh Triet and US President Barack Obama in a press conference



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## FIGHTING CORRUPTION ON ALL FRONTS

*As a centerpiece of his program to get his nation moving into high gear, President Benigno S. Aquino III announced his intention to fight corruption fervently. Although the President has only been in office since the very end of June, the first measures towards this goal are already apparent.*

In his widely praised inaugural address, the President declared, “The first step is to have leaders who are ethical, honest, and true public servants. I will set the example. I will strive to be a good model. I will not break the trust you have placed in me.” He then pledged: “No more senseless spending.”

The President immediately showed his intention to live up to that promise. In his very first day in office, he commanded his security and transportation detail not to use their car sirens and to stop at red lights, earning him the respect and admiration of ordinary Filipinos who deal with Manila’s daily traffic woes even as the rich and powerful cruise through the roads with their blaring sirens.

His determination to make good on his promise was made even more apparent when he attended the 65th UN General Assembly in New York. Accompanied by a lean delegation, he boarded a regular flight to San Francisco and only used a chartered plane from there to New York. Wherever possible, he opted to dine in modest restaurants over fancy hotels, and was even photographed enjoying a hotdog from a corner stand.

Clearly, the spate of measures announced by his administration with the intention of putting the country—and not just the elite, but also the masses—on the fast track to prosperity and progress has found resonance with his audience. They especially welcome the President’s pledge for a fresh start and a clean government, since corruption eats up

a fifth of the national budget and is a major contributor to widespread poverty.

This is a major cleanup task that one man, or a few, cannot achieve alone. But the President has been in government long enough to know that most of the people who are part of it will back him up. “I do not believe that all of those who serve in our government are corrupt,” he said in his inaugural speech. “In truth, the majority of them are honest. They joined government to serve and do good. Starting today, they will have the opportunity to show that they have what it takes.” Indeed, what better way to root out the rot than to do it from within, at its source?

The President has not shied from naming and shaming those who have been found culpable, or else are strongly suspected of committing corruption. And if that is not strong enough a message to potential offenders, he has also demonstrated his readiness to remove and replace those who misuse their public offices, whether by actively engaging in wrongdoing or by not doing their jobs properly.

President Aquino has appointed a strong team to backstop him in this task of going after those who abuse their position. Leading them is his new Justice Secretary, former Human Rights Commissioner Leila de Lima, who, according to the President, would be the face of the prosecution service of his administration, one who will not simply go after the “small fry.”

“Reform is a fundamental theme of this

administration,” said Secretary de Lima. “First, to rid ourselves of corruption, and second, to shore up our competence.”

President Aquino has directed the various government agencies and local government units to institute measures that will promote good governance. He has also called on the country’s lawmakers to help, in order to strengthen the legal framework to eliminate loopholes that can be exploited by those wanting to milk the system.

The President is pushing for the Fiscal Responsibility Bill, which aims to ensure that only projects with identified sources of funding are endorsed. He is also calling for the amendment of the Procurement Law, to ensure that all proposed contracts, whether involving local or foreign providers, will undergo the proper scrutiny and procedures. He has even called for the passage of the Whistleblower’s Bill “to eradicate the prevalent culture of fear and silence that has hounded our system.”

In the memorable opening of his SONA, the President said: “Our administration is facing a forked road. On one direction, decisions are made to protect the welfare of our people; to look after the interest of the majority; to have a firm grip on principles; and to be faithful to the public servant’s sworn oath to serve the country honestly. This is the straight path. On the other side, personal interest is the priority, and where one becomes a slave to political considerations to the detriment of our nation. This is the crooked path.” •

# Prime Investment Opportunities in the Philippines

*There has rarely been a better time for investing in the Philippines. Not only are many sectors seeking out foreign investors, but the support from the government for foreign investment is particularly encouraging these days. Here we give you the lowdown on four especially promising sectors for investment.*

**A**nyone, regardless of nationality, is welcome to invest in the Philippines. With the liberalization of the foreign investment law, 100% foreign equity is possible in all areas of investment except for a few reserved for Filipinos by virtue of the Philippine Constitution and existing laws. All a foreign corporation has to do is to register and secure the necessary licenses with the appropriate government bodies. In the case of corporations or partnerships, the necessary incorporation papers must be obtained from the Securities and Exchange Commission, while in the case of single proprietorship, registration must be done with the Bureau of Trade Regulation & Consumer Protection of the Department of Trade and Industry. The government recognizes the pivotal role of private sector investments and is committed to continuously enhancing the business climate.

## SHIPBUILDING FOR EXPORT Keeping the economy afloat and cruising

The Filipinos are a seafaring people, and they already account for a majority of the world's sailors. But recently, the country has made inroads into another maritime industry, this time by constructing ships instead of simply manning them.

Most of these ships are of large tonnage capacities and include vessels such as bulk carriers, container ships and big passenger ferries. The export market, which is currently dominated by three



MV Argolikos, shown here during its first sea trial and delivery, was the first vessel produced in Hanjin's Subic Bay shipyard, for a Greek company



foreign shipbuilders, now accounts for more than 98% of the total turnover and that number is expected to increase further.

The entry of Korean-owned Hanjin Heavy Industries has a great deal to do with this development. It now runs a US\$1.6-billion, 349-hectare shipyard in Subic Bay, employing some 15,000 workers, which reportedly has three dozen ships on its order books until 2012, from such countries as China, India, Singapore and even those as far afield as Greece and Germany.

Apart from Hanjin, Singapore's Keppel Offshore and Marine Ltd also operates three shipyards across the Philippine archipelago—Batangas, Subic and Cebu—specializing in offshore rig fabrication, shipbuilding, and ship repair and conversion.

Meanwhile, Japan's Tsuneishi supplies medium-sized ships produced in its Cebu dockyard, run in partnership with Aboitiz & Company, to different parts of the world.

Dry-docking activities are also being promoted to attract international vessels passing through the country's coastal waters. Further, there are more than 150 Philippine-registered ocean-going ships required to undergo dry-docking and repairs in registered Philippine shipyards. All of these areas present lucrative prospects for foreign and domestic investors alike.

# BUSINESS PROCESS OUTSOURCING

## High-value services at lower cost

The global BPO market continues to expand as organizations warm to the multiple advantages of offshoring. The Philippines has steadily profited from the diligent and coordinated work between government and industry stakeholders in this field. In October 2010, it was awarded for the third time, following its 2007 and 2009 wins, the Offshoring Destination of the Year by the National Outsourcing Association in the UK.

A study put together by Trestle Group Consulting shows that the Philippines represented 21% of the total offshore BPO market in 2009. The country now has more than 600 IT and BPO companies, with a total labor force of approximately 400,000.

The industry has expanded by 46 percent per annum since 2004. Growth was especially robust from 2007 to 2008, with the back-office and knowledge process outsourcing (KPO) sector more than doubling to US\$830 million from US\$400 million. Even more impressive, the Philippines stood out as a bright spot in the industry during the financial crisis, growing by 19 percent even as negative growth prevailed elsewhere.

For 2010, the BPO sector is projected to generate revenues of US\$9 billion, from US\$7.3 billion last year. In fact, Commission on Information and Communication Technology (CICT) Chairman Atty. Ivan John Uy said that this estimate may well be reached as early as October. Meanwhile, the industry workforce is expected to reach 600,000 by the end of the year.

In recent years, the roster of foreign investors in this sector already counted some of the world's most highly regarded companies, including such giants as Citigroup Business Process Solutions, Shell Shared Service BV, J.P. Morgan Chase, Manulife Business Processing Services, Deutsch Knowledge Services, HSBC, Chevron Manila Shared Service Center, Thomson Reuters Customer Support Centre, IBM Business Services, Nestle AOA, HP Global Delivery Center, and Watson Wyatt Philippines Data Management Center. Even Indian BPO companies such as Wipro and Infosys are setting up offices in the Philippines. The list is expected to grow steadily as the current economic doldrums in the West impel companies to continue outsourcing to achieve economies of scale.

Philippine service providers perform a broad spectrum of activities, including finance and accounting; human resource management; business & technical analysis; as well as logistics and supply chain management. Industries being served include travel & hospitality; financial services; advanced Information



The Philippines was chosen as the Offshoring Destination of the Year by the National Outsourcing Association in the UK in 2007, 2009 and 2010

Technology, along with telecommunications; consumer products; healthcare and insurance; entertainment & education; as well as legal services and law enforcement.

While some see outsourcing mainly as a way of cutting costs, locating BPO operations in the Philippines is more of a strategic move than a mere cost consideration. One major advantage lies in the ability of the country's BPO companies to deliver higher-value services to companies by providing both business expertise and process expertise which demand advanced analytical and specialized skills of knowledge workers.

Contributing to this is the country's sizable and skilled labor force. Every year, it produces around 500,000 English-speaking college graduates across a range of disciplines that align well with the outsourcing and off-shoring industry.

The Philippine government has also been very supportive of the industry, designating BPO as a preferred business activity in its Investments Priorities Plan (IPP), which makes prospective investors and locators eligible for a broad range of fiscal and non-fiscal incentives.

Moreover, the government has set aside substantial funds for training programs with duly accredited learning institutions and collaborative arrangements between BPO companies and academic institutions in order to ensure a sustainable pool of talent to keep up with the demand as the sector continues to expand.

# RENEWABLE ENERGY

## Clean, green and profitable

The Philippines offers many possibilities for those looking for financially viable as well as ecologically sound energy projects, with its abundance of geothermal, hydro, wind, solar and tidal sources, which are all naturally recurring and readily replenished. Today, these sources can be harnessed more effectively through the use of enhanced technologies. Couple this with the generous incentives provided for by the Philippines' Renewable Energy Act of 2008, and investments in this sector can be a clean and green, as well as highly profitable, proposition. Since its passage, a total of 206 contracts have been signed (and counting), bringing the country closer to its target of doubling by 2014 its renewable energy-based installed capacity for power generation from the 2008 level of 5,300 MW.

UK-based Global Green Power PLC Corp. was among the first movers to avail themselves of the more conducive environment for investment in renewable energy made possible by the Renewable Energy Act. The company's subsidiary, Global Biomass PLC Corp. (GBC), is infusing a total of P5.6 billion (US\$130 million) to put up three 15-MW biomass power plants in Panay, Nueva Ecija and Pangasinan that could generate a combined P27 billion (US\$627.5 million) in direct and indirect economic benefits over the 25-year contract.

Among the other early entrants were Aurora Special Economic Zone Authority, Bell Pirie Power Corp., Clean Rock Renewable Energy Resources Corp., Energy Development Corp., Green Power Panay Philippines Corp., Natural Power Sources Integration Inc., Pan Pacific Power Corp., Philippine National Oil Co.-Renewable Corp., Phil-Korean Energy Corp., SKI Construction Group Inc. and SKI-Mini Hydro Corp.

### GEOTHERMAL

The Philippines is, in fact, already one of the world's largest producers of one of the more advanced forms of renewable energy, geothermal power, ranking second only to the United States of America in terms of installed capacity. The country's more than 7,000 islands are dotted with volcanoes, hot springs, fumaroles, and areas that spurt sulphurous gasses and steam – all of which can be turned into much needed energy. The country aims to increase its installed geothermal capacity from 1,972 MW in 2008 to over 3,000 MW by 2014, to boost the country's leadership in geothermal energy development worldwide.

Recently, a consortium of American, Australian, Spanish and Filipino investors committed to pouring US\$450 million into the development of three 40 MW power plants, in Luzon, Visayas and Mindanao. This alone could make the Philippines the world's biggest producer of geothermal energy. Geothermal power currently accounts for around 18% of the country's energy needs and is estimated to power one out of every five light bulbs in the Philippines.



### WIND

With regard to wind energy, a wind-mapping study of the Philippines completed as early as 1999 showed over 10,000 square kilometers of land with sufficiently strong winds for power generation. Most of these areas lie in the northern and central regions of the Philippines. The total potential capacity from these areas is estimated to be about 70,000 MW (70 GW). In 2004, 16 potential wind energy power sites were offered to private investors in the first wind contracting round, with an estimated total capacity of 345 MW.

Potential sites for major wind farms are in Batanes and Babuyan Islands, Ilocos Norte, Mindoro, Samar, Leyte, Cebu, Palawan, Panay and Negros Islands among other locations. At present, wind energy is already used in some parts of the country. The Bangui wind farm in Ilocos Norte, for example, was the first fully functional wind farm in Southeast Asia.

### SOLAR

Sunlight is another resource that is abundant year-round in the tropically situated Philippines. The country has already benefited from the aggressive expansion of SunPower Philippines, which invested about P27 billion (US\$627.5 million) in its second solar cell manufacturing site in the country.

### TIDAL

The country likewise has unmatched potential for generating tidal power, given its archipelagic landscape and wide coastlines; indeed, its estimated theoretical capacity is about 170,000 MW. The initial list of areas identified as having great potential here includes the Hinatuan Passage, Camarines, Northeastern Samar, Surigao, Batan Island, Catanduanes, Tacloban, San Bernardino Strait, Babuyan Island, Ilocos Norte, Siargao Island, and Davao Oriental.

At present, the total installed capacity of the Philippines' power generating plants is something just below 16,000 megawatts. Although coal-fired power plants are responsible for 26% of power generation, followed by oil-based at 23%, renewable sources such as hydro, natural gas, and geothermal now account for 21%, 18%, and 12% respectively. On the industrial horizon, the wind and solar-based energy sources are evolving and in the future should progress from their current share of 1% of the country's use.

Renewable energy now accounts for around 46 percent of the Philippines' primary energy requirements, and the government is eager to further increase its share of the country's energy mix by offering generous incentives and support to investors under both the country's Investments Priorities Plan and the Renewable Energy Act of 2008.

# TOURISM INFRASTRUCTURE

## Maximizing earnings and enjoyment

The Philippines is blessed with some of the region's most spectacular attractions, including picture-perfect islands and beaches and a beautifully diverse natural terrain. For a country with so much to offer, it's a wonder why the country should pull in fewer tourists than some of its less well-endowed neighbors. A large part of the answer may be the relative dearth in world-class tourist infrastructure and facilities in the archipelago, an issue that the government has recognized and now aims to address.

Executive Order No. 63 grants incentives to foreigners investing at least US\$50,000 in a tourist-related project or any tourist establishment in the Philippines, as determined by the Committee created by the same law. The order further grants the foreign investor a Special Investor's Resident Visa (SIRV) for as long as the investment exists. The E.O. also recognizes the right of the investor to remit earnings from his investment in the currency in which the investment was originally made and at the exchange rate prevailing at the time of remittance.

Moreover, the Omnibus Investments Code authorizes the Board of Investments to grant fiscal incentives and non-fiscal incentives for local and foreign investors engaged in tourism activities listed under the current Investments Priorities Plan. Incentives granted include income tax holidays of up to six years as well as the employment of foreign nationals.

These aggressive efforts have begun to have the desired effects. For one, Singapore's luxury resort company Banyan Tree is already

moving into the Philippine tourism market with Isla Diwaran, a new premier integrated island resort worth some US\$200 million at Coron in Palawan province, south of Manila. The 55-hectare resort, a joint venture with Philippine partners, is scheduled for completion in 2012 and will have three resorts with a complete range of lodging and amenities and include a marina for guests and visitors.

"We are delighted to have found this ecological haven to plant our first flag in the Philippines. We are especially proud to be working with partners who share our core values and who have taken positive steps towards sustainable tourism and environmental conservation," said Banyan Tree's Executive Chairman, Ho Kwon Ping.

The need for improved accessibility will likewise open rich investment opportunities in air, water and land transport operations. In response to worldwide demand for integrated tourism development, the Department of Tourism is also encouraging investments in tourism estates, historico-cultural heritage projects, as well as ecotourism and agri-tourism projects.

The Philippine Tourism Authority has in fact been reorganized into the Tourism Infrastructure and Enterprise Zone Authority (TIEZA), a corporate body whose mandate includes the designation and administration of special areas devoted to tourism-related projects, known as tourism enterprise zones (TEZs), in the mold of special economic zones. •



Visitors to the Philippines can enjoy world-class amenities along with the country's natural beauty



*A primer on incentives available to those who plan to set up in Southeast Asia's hottest investment destination at the moment.*

# WHY IT PAYS TO DO BUSINESS IN THE PHILIPPINES

The Philippines offers a system of incentives to enterprises that register with the Board of Investments (BOI) or with the Philippine Economic Zone Authority (PEZA). The nature and extent of incentives received by enterprises will depend on the nature of their business activity in the Philippines.

## BOI-Registered Companies

Investment incentives are available to the following enterprises registered with the BOI:

- ▶ Filipino-owned enterprises engaged in preferred projects listed under the current Investment Priorities Plan (IPP);
- ▶ Foreign-owned enterprises engaged in preferred projects listed under the current IPP, with pioneer status;
- ▶ Filipino-owned enterprises, at least 50% of whose production is for export; and
- ▶ Foreign-owned enterprises, at least 70% of whose production is for export.

### *Fiscal Incentives*

- ▶ Income tax holiday (ITH) – Exemption from the payment of income taxes counted from the start of commercial operations, as follows:
  - ✓ 6 years – for new projects with pioneer status;
  - ✓ 6 years – for new or expansion projects in less developed areas, regardless of status;
  - ✓ 4 years – for new projects with non-pioneer status;
  - ✓ 3 years – for expansion projects; and
  - ✓ 3 years – for modernization projects;
- ▶ Tax credit for taxes and duties on raw materials used in the manufacture, processing or production of export;
- ▶ Additional deduction for labor expense;
- ▶ Tax and duty-free importation of breeding stocks and genetic materials;
- ▶ Tax credit for taxes and duties on raw materials, supplies and semi-manufactured products and forming part thereof;
- ▶ Exemption for wharfage dues and any export tax, duty, impost and fees;
- ▶ Tax and duty exemption of imported spare parts and supplies;
- ▶ Newly registered pioneer and non-pioneer enterprises and those located in less developed areas (LDAs) may avail themselves of a bonus year in each of the following cases:

- ✓ The indigenous raw materials used in the manufacture of the registered product are at least 50% of the total cost of raw materials for the preceding years prior to the extension unless the Board prescribes a higher percentage; or
- ✓ They comply with the Board's prescribed ratio of total imported and domestic capital equipment to the number of workers for the project; and
- ✓ Their net foreign exchange savings or earnings amount to at least US\$500,000 annually during the first three (3) years of operation;

- ▶ Additional deductions from taxable income - For the first five (5) years from registration, a registered enterprise shall be allowed an additional deduction from taxable income equivalent to 50% of the wages of additional skilled and unskilled workers in the direct labor force. The incentive shall be granted only if the enterprise meets a prescribed capital-to-labor ratio and shall not be availed of simultaneously with the ITH. This additional deduction shall be doubled if the activity is located in an LDA; and
- ▶ Additional deduction for necessary and major infrastructure works - Registered enterprises locating in LDAs or in areas deficient in infrastructure, public utilities and other facilities may deduct from their taxable income an amount equivalent to the expenses incurred in the development of necessary and major infrastructure works. The privilege, however, is not granted to mining and forestry-related projects, as they would naturally be located in certain areas to be near their sources of raw materials.

### *Non-Fiscal Incentives*

- ▶ Employment of foreign nationals
- ▶ Simplified customs procedures
- ▶ Unlimited use of consigned equipment
- ▶ Access to bonded manufacturing/trading warehouse system
- ▶ Government assistance on manpower training

## PEZA - Registered Companies

For export-manufacturing enterprises registered with the Philippine Economic Zone Authority (PEZA), 100% foreign ownership is allowed. However, production must be entirely for export. In certain instances, and subject to the approval of PEZA, up to 30% of production may be sold domestically.

PEZA-registered export and other enterprises are given the following incentives:

### ***Economic Zone Export Manufacturing Enterprise/Information Technology Enterprise***

- ▶ Income Tax Holiday (ITH) – 100% exemption from corporate income tax:
  - ✓ 4 years ITH for Non-Pioneer Project; and
  - ✓ 6 years ITH for Pioneer Project;
- ▶ ITH extension years may be granted if project complies with the following criteria, (one criterion is equivalent to one ITH extension year), provided that the total ITH entitlement period shall not exceed eight (8) years:
  - ✓ The average net foreign exchange earnings of the project for the first three (3) years of operations is at least US\$500,000.00;
  - ✓ The capital equipment-to-labor ratio of the project does not exceed US\$10,000.00 to 1 for the year immediately preceding the ITH extension year being applied for; and
  - ✓ The average cost of indigenous raw materials used in the manufacture of the registered product is at least fifty percent (50%) of the total cost of raw materials for the preceding years prior to the ITH extension year (only for economic zone export manufacturing enterprises);
- ▶ 3 years ITH for Expansion project (ITH applies to incremental sales);
- ▶ Upon expiry of the Income Tax Holiday - 5% Special Tax on Gross Income and exemption from all national and local taxes (“Gross Income” refers to gross sales or gross revenues derived from the registered activity, net of sales discounts, sales returns and allowances and minus cost of sales or direct costs but before any deduction is made for administrative expenses or incidental losses during a given taxable period);
- ▶ Tax and duty free importation of raw materials, capital equipment, machineries and spare parts;
- ▶ Exemption from wharfage dues and export tax, impost or fees;
- ▶ VAT zero-rating of local purchases subject to compliance with BIR and PEZA requirements;
- ▶ Exemption from payment of any and all local government imposts, fees, licenses or taxes. However, while under Income Tax Holiday, no exemption from real estate tax, but machineries installed and operated in the economic zone for manufacturing, processing or for industrial purposes shall be exempt from real estate taxes for the first three (3) years of operation of such machineries. Production equipment not attached to real estate shall be exempt from real property taxes; and
- ▶ Exemption from expanded withholding tax.

### ***Tourism Economic Zone Locator Enterprise***

- ▶ Four (4) years of Income Tax Holiday ITH (as qualified under the National Investment Priorities Plan);
- ▶ Upon expiry of the Income Tax Holiday - 5% special tax on Gross Income and exemption from all national and local taxes. (“Gross Income” refers to gross sales or gross revenues derived from the registered activity, net of sales discounts, sales returns and allowances and minus cost of sales or direct costs, but before any deduction is made for administrative expenses or incidental losses during a given taxable period.);
- ▶ Tax and duty-free importation of capital equipment;
- ▶ VAT Zero Rating on local purchases of goods and services, including land-based telecommunications, electric power, and water bills; and
- ▶ Exemption from expanded withholding tax.

### ***Medical Tourism Enterprise***

- ▶ Four (4) years of Income Tax Holiday on income solely from servicing foreign patients;
- ▶ Upon expiry of the Income Tax Holiday - 5% special tax on Gross Income in lieu of all national and local taxes. (“Gross Income” refers to gross sales or gross revenues derived from the registered activity, net of sales discounts, sales returns and allowances and minus cost of sales or direct costs but before any deduction is made for administrative expenses or incidental losses during a given taxable period.);
- ▶ Tax and duty-free importation of medical equipment, including spare parts and equipment supplies, required for the technical viability and operation of the registered activity/ies of the enterprise;
- ▶ VAT Zero Rating on local purchases of goods and services, including land-based telecommunications, electric power, and water bills; and
- ▶ Exemption from expanded withholding tax.

### ***Agro-Industrial Economic Zone Enterprise***

- ▶ Four (4) years of Income Tax Holiday;
- ▶ Upon expiry of the Income Tax Holiday - 5% special tax on Gross Income and exemption from all national and local taxes. (“Gross Income” refers to gross sales or gross revenues derived from the registered activity, net of sales discounts, sales returns and allowances and minus cost of sales or direct costs but before any deduction is made for administrative expenses or incidental losses during a given taxable period.);
- ▶ Tax and duty-free importation of production equipment and machinery, breeding stocks, farm implements including spare parts and supplies of the equipment and machineries;
- ▶ Exemption from export taxes, wharfage dues, impost and fees;
- ▶ VAT Zero Rating on local purchases of goods and services, including land-based telecommunications, electric power, and water bills; and
- ▶ 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.

## PEZA - Registered Companies

### *Economic Zone Logistics Services Enterprise*

- ▶ Exemption from duties and taxes on raw materials, semi-finished goods for re-sale to - or for packing/covering, cutting, altering for subsequent sale to PEZA-registered Export Manufacturing Enterprises, for direct export or for consignment to PEZA-registered export enterprise; and
- ▶ VAT Zero Rating on raw materials for checking, packing, visual inspection, storage and shipping to be sourced locally.

## Renewable Energy Act of 2008

Developers of renewable energy facilities, including hybrid systems, in proportion to and to the extent of the renewable energy component, for both power and non-power applications, as duly certified by the Department of Energy, in consultations with the BOI, shall be entitled to the following incentives:

- ▶ Income tax holiday for first seven (7) years of commercial operations;
- ▶ Duty-free importation of machines, equipment and materials within 10 years upon issuance of certification;
- ▶ Special realty tax rates on equipment and machinery;
- ▶ Net operation loss carryover for the first three years from the start of commercial operations;
- ▶ Corporate tax rate of 10 percent after the seven years of ITH;
- ▶ Zero percent VAT on the sale of fuel or power;
- ▶ Cash incentive for missionary electrification;
- ▶ Tax exemption of proceeds of carbon credit sales; and
- ▶ Tax credit on domestic capital equipment and services. •



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# The Philippines is ASEAN's First Cultural Capital

*The Philippines was the leading proponent for the adoption of the socio-cultural pillar of the ASEAN Community. Fittingly, it has been designated as the first ASEAN Capital/City for Culture for 2010 to 2011.*

“Culture is... an important element in ASEAN community-building,” Philippine Foreign Affairs Secretary Alberto Romulo said recently. “There is a need to strengthen the ASEAN identity and raise the profile of ASEAN within the region and internationally by celebrating the ASEAN arts and culture and promoting the growth of the region’s creative industries.”

This statement was in connection with the designation of the Philippines as the ASEAN Capital for Culture for the next year. Until the end of 2011, activities celebrating the unique ASEAN identity will be held in various cities throughout the Philippines creating ASEAN awareness and working towards building an ASEAN community.

This is aimed to promote people-to-people exchanges. Further, peoples of other ASEAN member-states and dialogue partners will be encouraged to visit the Philippines as part of this program. To create a high level of awareness of the Philippines as the first ASEAN Culture Capital, the country hosted the 4th Meeting of ASEAN Ministers Responsible for Culture and Arts (AMCA) in Clark, Pampanga last April.

The Philippines was, in fact, the original advocate for the socio-cultural community pillar in the establishment of an ASEAN Community by 2015. The other pillars are political-security and economic.

The first Philippine city to host activities under this program was Angeles City, Pampanga. A series of performances and cultural activities from the various

ASEAN member-states highlighted the 4th ASEAN Festival of the Arts, which coincided with the AMCA meeting.

The launch culminated in the ASEAN Gala Grand Show, which was held on the opening evening of the AMCA meeting. It featured a sampling of traditional performances from throughout the Philippines by over 1,000 students from schools and universities in the region.

Ancestral roots to artistic routes of expression were showcased by prominent Filipino artists — for instance, in demonstrations of the indigenous martial art of *Arnis* by Filipino practitioners followed by an interpretation of *Arnis*. This was followed by a presentation of modern ballet by renowned prima Filipina ballerina Lisa Macuja.

Over the next two years, the Philippines will showcase a wide range of cities in a display of the wealth of cultural diversity in the country’s 17 regions, including Muslim Mindanao and Lihok One Visayas. Other programs will highlight the country’s heritage sites and intangible heritage of oral masterpieces in Luzon.

In support of this initiative, an organizing committee was formed to plan and successfully execute the actualization of the Philippines as the 1st ASEAN Culture Capital. This committee is co-chaired by the Secretary of Foreign Affairs and the chairman of the National Center for Culture and the Arts, with a coordinating secretariat jointly operated by the Office of the NCCA Executive Director and the President of the Philippine Center of the International Theater Institute. •

**In line with its designation as the first ASEAN Culture Capital, from 2010 to 2011, the Philippines hosted the first Dia del Galeon (Galleon Day) on 8 October 2010, in honor of the galleon trade between Manila and Acapulco, for which the Galeon Andaluca docked in Manila.**



# PHILIPPINE ART TREK IV: EXPLORING 'IDENTITY' WITH 46 FILIPINO ARTISTS



*Opulence* at Artesan Gallery + Studio

A major project of the Philippine Embassy in Singapore, this year's Art Trek featured the works of an eclectic roster of Filipino artists, further solidifying the Trek's reputation as the biggest annual Philippine art event outside of the country itself.

Art Trek 2010 tackled the theme of identity in Philippine art in the works of a dazzlingly diverse group of contemporary Filipino artists who are making waves on the international and local arts scenes. Among the highlights of this year's Trek is Taksu Gallery's exhibit "Serial Killers", which brought to Singapore the post-modern works of Filipino artists recently featured at the Tate Modern in London.

To add perspective to Art Trek, a forum entitled "The Spectre of Comparisons: Reflections on Contemporary Philippine Art" opened the series of exhibits on 2 November at the Institute of Contemporary Arts and Crafts, Lasalle College of the Arts. Jointly organized by the Philippine Embassy and Osage Art Foundation (OAF), the forum featured OAF's Assistant Director Isabel Ching; Norberto Roldan, co-founder of Green Papaya Art Projects; and Joyce Toh, Assistant Curator at the Singapore Art Museum, as speakers.

Following this opening event, Art Trek exhibition dates for the participating galleries were staggered throughout the month of November and the early part of December, as follows:

- ▶ **Serial Killers: From Tate Modern to Taksu Singapore:** from 3 November to 27 November at Taksu Gallery;
- ▶ **Beyond Borders V:** from 4 November to 30 November at Art Space, Royal Plaza on Scotts, by Artsentralasia;
- ▶ **Tres:** from 10 November to 30 November at White Canvas Gallery;
- ▶ **Time and Place:** from 11 November to 5 December at Sunjin Galleries;
- ▶ **New Grounds:** from 17 November to 30 November at Momentous Arts (at 20 Lor Telok, just off Boat Quay);
- ▶ **Opulence:** from 23 November to 8 December at Artesan Gallery+Studio; and
- ▶ **I.D.ENTITY: Defining National and International Identities:** from 24 November to 9 December at The Regent Singapore, by Galerie Joaquin Singapore.

*Serial Killers* show came directly to Singapore from an acclaimed run at the renowned Tate Modern Gallery in London. It was a project of The Green Papaya Art Projects, an independent initiative founded in 2000 which aims to provide creative space and opportunities for the artistic community in Manila and beyond, embracing various art forms from photography to painting, installation to sculpture, and



*In the short space of four years, the Philippine Art Trek has become one of the marquee annual events on the ever-expanding Singapore visual arts scene. This year's event proved to be very interesting as Philippine Art Trek IV took art lovers along the trail of 8 top art galleries in Singapore, which showcased the works of 46 contemporary Filipino artists who are making waves in the international and local arts scenes.*

dance to music. "It's a platform for emerging and young Filipino artists, as well as foreign artists, who are engaged in a multidisciplinary art practice...a melting pot where people can exchange ideas and collaborate," explained Norberto Roldan, co-founder and artistic director of Green Papaya. According to him, being part of the festival at Tate Modern is a reflection of the active and vibrant art scene in Manila.

**New Grounds** saw Momentous Arts showcasing the work of four young Philippine painters and/or sculptors: Marcial Pontillas, Ricky Ambagan, Eman Santos and Jinggoy Buensuceso. The exhibition brought to the fore new perspectives and vigor in contemporary art practised in the Philippines. The artists' works were intricately linked to their homeland and vividly portrays the values, pastimes, familiar places, rituals and fiestas that Filipinos indulge in, from Pontillas' highly spirited configuration of exuberant crowd scenes and lush impastos to Ambagan's paintings chronicling the lives of common folks, vendors and familiar places, rendered in fleeting scenes of arresting colours and light, all infused with an energetic vibe which makes these ordinary lives and scenes extraordinary. In contrast, the works of Santos deftly probed themes of love, family,



*I.D.ENTITY: Defining National and International Identities at Galerie Joaquin Singapore*

◀ **Art Forum on The Spectre of Comparisons: Reflections on Contemporary Philippine Art** at the LASALLE College of the Arts



▼ **The exhibit Serial Killers: From Tate Modern to Taksu** formally opened Philippine Art Trek IV



respect and loyalty, employing bold techniques and devices such as elongation and well-planned distortion to get to the roots of the Philippine identity. Meanwhile, Buensuceso innovated by using buffed aluminium metal as his canvass, "painting" on them with arc welders and sharp objects. The poetic quality of his hanging sculptures lies in their reflective character which allows them to be in constant flux. They change accordingly, indefinitely, transforming with the immediate environment through every light, every hue and every face that peers close enough.

**Tres** (or **Three**) was the latest group exhibition of Siningapor, a collective of Philippine artists living in Singapore. They strive to create and present original, engaging work which, while cross-cultural, still remains distinctly Filipino. Eleven artists were represented in the show, which engagingly explored various aspects of the number Three, from the very practical and mundane to the utterly mystical.

**Time & Place** was the Sunjin Galleries' offering for this year's Trek. The exhibition's subtitle, "A rediscovery of normality," captured the themes and approaches of the four renowned Filipino artists featured. From the scene of a wizened ice-cream vendor handing an eager young boy a gleaming vanilla ice cone to the subtle anticipations of two young girls looking forward to growing up, to two street cleaners dutifully working or the haunting image of a musician sitting in contemplative solitude, the works in Time & Place remind us to

enjoy and learn to better appreciate the little moments in our daily lives. Artists Norlie Meimban, Migs Villanueva, Azor Pazcoguín and Anthony Palomo showed us convincingly through simple beauty that an event or a moment does not have to come with a date, time, venue and dress code for it to be significant.

As the name *Beyond Borders V* suggests, this was the fifth edition of this show presented by Artsentralasia. As with the previous instalments, the exhibition was a celebration of contemporary Philippine art with new paintings by two of the leading and most admired artists in the Philippines today. It highlighted the color, dynamism and diversity of Philippine art.

*I.D. Entity* again showcased Galerie Joaquin Singapore's ensemble of young artists. One of the highlights of this year's offering was the presentation, for the first time, of works by the prize-winning artist Max Balatbat, one of the most exciting abstractionists of his generation.

Other stunning works included Jerry Morada's tinfoil-attired women, flashing with pop culture élan, animate sepia-colored renditions of antique photographs, blurring the line between history and modernity; Proceso "Pro" Gelladuga's equally feminine subjects curl in a danseur's elegance that points to the artist's own concerns as a choreographer and Hong Kong-based expatriate worker; Eufemio Rasco's depiction of alabaster-skinned female nudes, curled around a paint-splattered floor in fetal positions which carries the emotional force of an unseen trauma that is both personal and allegorically social.

Finally, there was Renante Aurelio's heroic monochromes of lower-class labourers and surrealist montages of paracritical paranoia suggest at once the push and pull of Philippine contemporary art as it digests and regurgitates history, memory, aesthetics and experience. •



*Tres* at White Canvas Gallery



*New Grounds* at Momentous Arts



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Voyage leader Mr. Art Valdez presents a replica of the balangay to the officials of the Republic of Singapore Yacht Club as Ambassador Minda Calaguian-Cruz looks on.



## A VOYAGE OF TEAMWORK, HOPE AND PRIDE

*In late September, Singapore played host to a unique three-boat flotilla. The visit was part of a journey around the region that recapitulates the daring voyages made by ancestors of today's Filipinos. One of the goals of this voyage was to stress the historical connections amongst the peoples of Southeast Asia. We interviewed some of the crew of this historical voyage on its significance.*

Depending on how you look at it, the sea can be viewed as either a bridge or a barrier between countries and continents. Nowadays, the latter view seems to be gaining the upper hand, with states treating the sea as a moat to demarcate their territory and keep others out. The Voyage of the Balangay seeks to overturn this notion and restore the image of the sea as, in the words of the voyage leader, Mr. Arturo Valdez, “unifying rather than divisive.”

The Voyage, involving a 38-member crew of expert adventurers, members of the Philippine Coast Guard and Navy, and Badjao boat-builders and navigators, began with the meticulous construction of three wooden watercraft faithfully replicating the earliest wooden boats discovered in Southeast Asia, known as *balangay*.

In the 1970s, archaeologists from the National Museum of the Philippines unearthed nine of these vessels in the southern Philippines and eventually excavated three of them, the oldest dating back to 320 AD according to radiocarbon-dating tests. The boats are mentioned in the 16th-century *Chronicles of Pigafetta*, which reported seeing them from the hill where Ferdinand Magellan and his men planted the first cross on Philippine soil in 1521.

The idea to reconstruct the ancient boats, and to use them to retrace the routes sailed by our Southeast Asian predecessors using old navigation techniques, occurred to Mr. Valdez, a former Undersecretary of the Philippines' Department of Transportation and Communications and past President of the Mountaineering Federation of the Philippines.

Mr. Valdez had, at the time, just succeeded in organizing and leading the first expedition team from the Philippines to scale Mt. Everest, as well as the first group of women to traverse the mountain (i.e., to ascend from one side and descend on another), and he and the other summiteers were eager for another adventure, especially one that would have a wider resonance in the region. And so, in 2007, they assembled a team of expert boat-builders from the Southern Philippines, and with their help, began reconstructing the *balangay* — without any blueprints.!

On September 1, 2009, the first *balangay* set forth from the Manila Yacht Club Marina for the first leg of the voyage—a tour of the Philippine archipelago. We're not talking about a cruise where the passengers hop from island to island simply to enjoy the sea, sand and surf.

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The crew had their share of spectacular travel experiences, to be sure, but they did a lot more during their various port calls, including convocations with the academe and the youth, medical missions and health education, rescue and disaster management drills, immersion with indigenous communities, and environmental conservation and education activities.

The next, bigger challenge started in mid-August 2010 when the voyagers found themselves unmooring from the farthest port in the southern Philippines and venturing into the neighboring waters. Apart from inclement weather, such as the region's notorious typhoons, they now had to deal with other perils, such as the pirates dreaded by all who pass through these waters. But propitious winds seemed to be behind the voyage and they made it safely through Malaysia, Brunei, Indonesia, Singapore, Thailand, Cambodia and Vietnam.

In Singapore, they berthed at the Republic of Singapore Yacht Club (RSYC) for three days and received a rousing welcome from RSYC Commodore Tan Kay Toh, the officers and staff of the Philippine Embassy in Singapore led by Ambassador Minda Calaguian-Cruz, and members of the Filipino Dragons and Kalasag, a Philippine dragon boat team and mountaineering club, respectively, based in Singapore.



Without the benefit of an engine, the balangay is completely dependent on the elements and the crewmember's understanding of them

The crew originally wanted to make it as far as Hanoi in time for the 17th ASEAN Summit, which was held from 28-30 October 2010, but various factors compelled them to change plans, not least of which were a number of major typhoons that battered the area, causing danger even to the much bigger boats.

And so, having made goodwill visits to seven of the Philippines' Southeast Asian neighbours, the crew steered the bows of the *balangay* homeward, beginning the long return journey at the end of October 2010, in the hope of making it back to the country in time for Christmas. Even adventurous explorers need a home and family, after all.

Still, many of those who have followed the Voyage are already wondering what new adventure the team would embark on next. Mr. Valdez insists that this will be the last of his escapades and that he will spend his time enjoying his grandchildren's company in the future. Whether he keeps his word or not, he and his squad have already given their country and people something to be truly proud of, and all Southeast Asians something to think about: how to make our shared waters a milieu for cooperation instead of discord. •



The balangay prepare to make landfall in Singapore, after port calls in Malaysia, Brunei and Indonesia.



# Enhanced Travel Experience via APX Cebu-Singapore-Cebu Route

*Frequent trips abroad, especially when taken with families and friends, used to be out of reach for most working Filipinos. The concept of a global village – a world where cultural boundaries melt and people everywhere can easily connect – used to exist only in the virtual sense, via internet connection and cable television.*

**W**ith the advent of budget flights in recent years, a new vista of travel opportunities opened up for Filipinos. But along with discounted fare rates, passengers have been made to endure less savory flight experiences like cramped seats, noisy airplane engines, scary turbulent rides, and overcrowded airports. The romance of travel has all but flown out the window, and it's about time that a journey in a low-cost carrier brought as much delight for the passenger as the destination itself.

Having transformed itself as the country's fastest growing low-cost carrier, AirPhil Express is launching a new exciting route that will connect two progressive, internationally famous destinations, Cebu and Singapore as the holiday season rolls in on December 1, 2010, and will service passengers seven times weekly.

The Cebu-Singapore-Cebu offering of AirPhil Express is a much-awaited addition to the airline's expansion efforts underway in the regional market. Singapore, being one of Asia's most visited places, is the first international destination of AirPhil Express. The island nation is second home to a strong contingent of Filipino professionals, and offers a variety of thrills for tourists, such as night markets, food courts, retail outlets, theme parks, botanical gardens, and museums. In the Philippines on the other hand, Cebu represents a significant base of travel operations for AirPhil Express: the province shares the proud tradition, industriousness, and modern-day savvy of Singapore, while serving as a gateway to the Visayas region's network of beautiful islands.

Recognizing a growing, mutual interest between the two destinations, Airphil Express flies direct Cebu-Singapore flights, minus the hassles that have come to be associated with low-priced flights. Since travel comfort must include the airport experience, AirPhil Express arrives and departs from the modern, centralized Terminal 2 of Changi Airport, unlike other low-cost carriers that

use the airport's Budget Terminal. This means that customers will enjoy less congested, premium airport terminal services despite being on a budget carrier. The experience includes extensive duty-free shopping and efficient immigration and baggage handling services.

**It takes traveling to another city or country to stir up appreciation for one's own land while awakening the senses to broader horizons.**

AirPhil Express continues to make its presence felt in the travel industry as "the budget airline with a heart." Its Airbus A320 for Cebu-Singapore-Cebu flights is highly reliable and one of the safest narrow body aircrafts around, serviced by world-class pilots and crew. The plane also offers more leg-room and easily accessible stowage spaces in a quiet, restful cabin environment that can seat 180 passengers. On the reservations and ticketing front,

the airline company's refunding and rebooking policies are sensitive to the sometimes changeable needs of customers so passengers are assured of smooth, time-efficient, and cost-friendly transactions.

It takes traveling to another city or country to stir up appreciation for one's own land while awakening the senses to broader horizons. Once you're back in Cebu from Singapore, go around your hometown with new eyes -- the travels in and out of the country will serve to whet your appetite for more worthwhile journeys there and back, thanks to an airline that gives so much more for less.

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# Expanded Air Services: A Boost to Travel and Tourism

*A recent agreement between the Philippines and Singapore signals a boon for business and leisure travellers who use these routes. More, the increased air traffic should also boost the overall economies of the two countries.*

**A**ir connectivity is a key factor in increasing business and tourism exchanges between two countries. Even with the advent of high technology that allows people to telecommute and teleconference, face-to-face contact is still preferred, which is why business travel is actually on the rise rather than waning. Meanwhile, leisure travellers prefer destinations that are served by frequent, direct flights, adding to the importance of good air links.

This must have been what Philippine and Singapore officials had in mind when they met for the latest bilateral Air Services Consultations, which were held in Manila on 12-13 May 2010. This resulted in the signing of a new Memorandum of Understanding (MOU) and initialing of an updated Air Services Agreement (ASA) that immediately granted the designated air carriers of the two countries the right to operate increased frequencies between Singapore and Manila, Clark, Subic and other points in the Philippines.

The air services expansion was meant to take advantage of the upswing in Philippine-Singapore air traffic over the last few years. In 2009, passenger traffic between the two countries grew a healthy 10 percent year-on-year. In fact, air traffic between the two countries grew by an average of 17 percent a year since 2004, despite the fact that, overall, international passenger traffic in the Asia-Pacific region slipped by 2.2 percent from 2007 to 2009.

The updated ASA would mean 14 or more additional flights per week from Singapore

to Manila alone, on top of the more than 100 flights already operating along the said route prior to the May consultations. The increased frequencies open up opportunities for more budget carriers to enter the market, apart from the already established players like the Philippines' Cebu Pacific, and Singapore's Jetstar Asia and Tiger Airways. And the market is apparently still quite attractive, as many newcomers have seized the opportunity or expressed their intention to do so.

Airphil Express, a subsidiary of Philippine Airlines, inaugurated their Singapore-Manila flights in late October 2010, with all-in return tickets costing a mere S\$200. The carrier's Singapore-Cebu flights are expected to start in December 2010. Meanwhile, ZestAir, another low-cost airline, is also looking at the possibility of getting a share of the passenger traffic between Singapore and the Philippines.

The main winner is, of course, the passenger, who has increased choices and flexibility in

terms of travel cost and schedule. But the two countries likewise benefit as the improved air links encourage greater bilateral exchanges in the fields of trade and investment, and especially tourism.

In 2009, the Philippines was already Singapore's eighth (8th) top source of tourism receipts and visitor arrivals. The availability of lower airfares would likely push those figures higher as more segments of the Philippine population are able to afford to holiday in the city state and visit its various attractions, such as the Universal Studios.

Similarly, Singapore has consistently figured among the top ten source markets for tourist arrivals in the Philippines. But the 98,305 registered arrivals from the country in 2009 could still see much growth. Given the Singaporeans' propensity to travel and enormous spending power, the increased flight options would hopefully be the deciding factor that would swing them to choose the Philippines as their leisure destination of choice. •



Airphil Express is the newest budget airline to offer flights between Manila and Singapore, from 27 October 2010, with Cebu-Singapore flights to follow suit in December 2010



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# The Philippines 7,107 Times the Fun

*Few countries in the world have the distinction of having a plural name, the Philippines being one of them. It is fitting for an archipelago of 7,107 islands, with innumerable attractions ranging from spectacular beaches to dramatic volcanoes, from vibrant cities to quiet hill stations. Myriad, too, are the Filipinos' ways of making visitors feel welcome and special. Here we highlight just six of the best places in the country to experience its multiplicity of wonders.*

## Boracay

Who has not heard about Boracay? Voted the world's best beach by Australia's Sun Herald and Harper's magazine, it is the quintessential island paradise, with balmy blue waters, powder-fine white sand, and a long palm-fringed strand. And although it is hard to keep such a place secret, Boracay is still far less touristy than some popular destinations in Southeast Asia which have suffered from their own success.

Boracay island is located in Aklan province, more than 300 kilometers south of Manila. It is accessible by air from Manila or Cebu through two principal gateways: Caticlan and Kalibo airports. The island's facilities and amenities make it a recreational haven. Adventurous water babies will be hard-pressed to choose among windsurfing, kite boarding, jet skiing, cliff diving or parasailing. In addition, Boracay is now considered as one of Asia's Best Boardsailing Destinations. An annual international event, the Boracay

International Funboard Cup, is held every January or February to promote this sport further.

The underwater world of Boracay is particularly interesting because of its rich and colorful marine life that stands out against the pure white sand. Coral reefs continue to thrive around the island. Scuba diving and snorkelling gear, as well as diving trips for the seasoned diver and lessons for beginners, are available at many diving centers or shops on the island.

Another option is to simply drift around the island aboard a *banca* (outrigger), kayaking, paddle boating, yachting or speed boating. Equipment for these activities may be rented at a number of resorts at reasonable rates. Meanwhile, those who prefer to stay on dry land will likewise be spoilt for choice, from beach volleyball to horseback-riding, trekking to fishing, a spa pampering, or world-class golfing.

Mountain biking has also become very popular in Boracay. Guided mountain biking trips which cover Boracay's environs or nearby islands are available for all bikers, no matter what their level of experience, and mountain bikes can be readily rented.

Sundown brings with it a whole new range of possibilities, as the island morphs into a giant party place and dance floor, with many of the shindigs lasting into the wee hours of the morning.

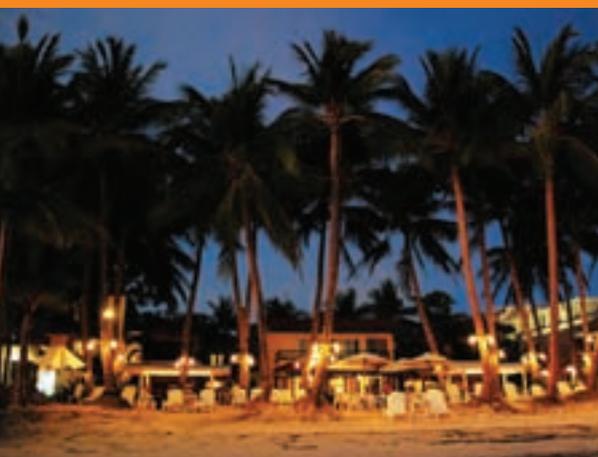
Boracay is a haven for water adventure sports lovers



Still, those who would rather shun the usual tourist haunts in favor of a more "authentic" experience can visit the three small communities that form Boracay: Yap in the north, Balabag in the middle, and Manoc-manoc in the south, with intertwining trails linking the small villages and sometimes leading to lush tropical jungles.

The best thing about Boracay is how democratic it is, unlike those other, ultra-exclusive tropical escapes where you wonder if they are going to be fencing in the island next. In Boracay, the backpacker with a daily budget of 30 dollars can have as unforgettable a stay as the high-flier with 3,000 bucks to splash around per day. After all, whether you are renting a rustic hut or the priciest suite on the island, you are welcome to enjoy the sea, sand and surf, and most importantly, the irrepressible warmth of the Filipinos.

The fun doesn't stop in Boracay even after sundown



## Davao

Davao City is a delightful meeting of past and future, being one of the fastest growing parts of the country. It is also home to native peoples, or “lumads”, who nonetheless manage to maintain their traditional customs, beliefs and practices, passed on from generation to generation.

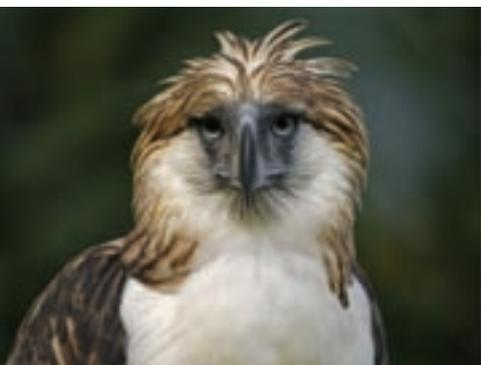
Davao is famous for the Kadayawan Festival, a celebration of life and thanksgiving for the gifts of nature, the wealth of culture, the bounties of the land, and the beauty of life. It showcases the region’s tribal and industrial attractions with the arts and entertainment, through floral floats, street-dancing competitions and various exhibitions.

This is also the best time to sample Davao’s tropical bounties, including lansonez, mangosteen, rambutan, mango, pomelo, papaya, marang, and of course, the king of fruits: the durian.

Climbing Mount Apo, the Philippines’ highest peak at 2,954 meters (9,691 feet), is another highlight when visiting Davao. The mountain is lined with rivers, waterfalls, lakes, verdant forest, and different faces of rocks; a plethora of breathtakingly beautiful views.

As Mount Apo releases a sulphur steam from its summit, a “sulphur side-show” is just one of the wonders to enjoy during an ascent. On top of this, Mount Apo is also home to the handsome and endangered Philippine Eagle, the country’s national bird, erstwhile known as the Monkey-Eating Eagle because of its taste for small primates.

Davao, one of the Philippines’ biodiversity centers, is also known for its reptilian inhabitants. The Crocodile Park is just a 20-minute ride from the city center in Maa, Davao City and can be conveniently reached through public transportation. It shelters several species of crocodiles, including the largest known in the Philippines.



The Philippine Eagle makes its home in Davao, including the Philippines’ highest peak, Mt. Apo

Constantly awarded one of the best spas in the world, the Farm at San Benito is a wellness and ecotourism retreat a short drive from Manila



## Manila and Environs

Manila, the endearingly chaotic capital of the Philippines, remains the top tourist crowd-puller of the archipelago, a shopper’s paradise, foodie’s haven and night-owl’s delight, while also dishing out a satisfactory dose of historical attractions. It is the country’s political, commercial and cultural nerve center, and its denizens are undeniably the most cosmopolitan of the Philippines’ 92-million-plus population.

Visitors can enjoy pleasant walks along the seaside promenades, which likewise offer spectacular sunset views. Intramuros, the walled Old City which was the heart of Spanish colonial rule, and nearby Rizal Park, so named because the country’s national hero, Jose Rizal, was martyred there, are excellent introductions to the country’s checkered history.

At the same time, Manila also boasts some of the region’s biggest malls that would send shopaholics into spasms of delight.

But the Manila experience can be better appreciated if counterbalanced with a foray into one of the spokes radiating from the metropolitan hub.

Ivy Wong, Marketing Executive at Pacific Leisure Marketing, a company with long expertise in arranging tours to the Philippines, advises travellers to rent a car and head out to nearby locations such as Baguio to the north, known as the summer capital of the Philippines because of its cool climate.

Farther north is Banaue, where “the land

merges with the clouds to meet the heavens,” home to the famous Banaue Rice Terraces, “the stairway to the sky”. Its unique landscapes present Mother Nature in her lavish glory, and offer ample opportunities for trekking, strolling and cycling among others.

Southward in Lipa, Batangas, you’ll find the multi-awarded spa, The Farm at San Benito, a retreat for holistic healing and wellness where people can escape to unwind, rejuvenate or rebalance themselves in an eco-friendly environment.

Not too far off is Tagaytay, a hill station best known for Taal Volcano, the world’s smallest active volcano.

The town’s moderate climate and stunning setting makes it popular with day trippers and vacationers, as well as couples tying the knot, leading to a boom in bed and breakfasts, country homes, and restaurants and cafes, especially of the organic, healthy and sustainable living variety.

These various destinations and attractions are merely a sampling of what the Philippines has to offer; to recount all of them would require an entire volume of its own.

Perhaps it would suffice to sum up by recounting an oft-cited explanation why the country has 7,107 islands: The Creator had started out by making a single island, but He liked His work so much that He decided to make more. Thankfully, he stopped at 7,107 islands, because even that many would be impossible to explore and appreciate in a whole lifetime.

## Clark

Clark, just over an hour from Manila, has been reincarnated from an American airbase into a leading Freeport Zone and a key tourist attraction. It is touted as “Asia’s Most Affordable Gateway” because generous incentives have attracted a large number of budget airlines to make it their entry and exit point to and from the Philippines.

There are limitless possibilities for enjoyment in and around the freeport. Visitors can begin by exploring the area’s long and rich history with stops at Clark Museum and Nayong Pilipino-Clark, a theme park showcasing Philippine heritage with replicas of various historic and cultural sites condensed in a single, visitor-friendly facility. Located within the elegant and sprawling Fontana Leisure Park, amongst the popular casino, golf courses and villas, you’ll find a true American-style water park. This facility has all the wet and wild thrills you want in a water amusement park: water slides, wave machines, lagoons, water-ways and swimming pools.

The motif at Fontana is that of a tropical jungle with large prehistoric creatures integrated throughout. There are rides for all ages from extreme wild rides to a kiddies’ play area. With life guards and attendants throughout, Fontana Water Park is an ideal place to cool off when it’s hot and humid. Fontana and Mimosa offer some of the best golf courses in the Philippines with courses developed by world-class course designers. Another thing that makes these courses special are the very old acacia trees that grow there.

Mt. Pinatubo, an active volcano whose eruption in the 1990s made world headlines, is only 14 kilometers to the west of Clark. Now hibernating, the volcano has become a popular trekking destination because of its beautiful crater lake and dramatic landscape that was fashioned by its fury in the surrounding areas.

## Subic

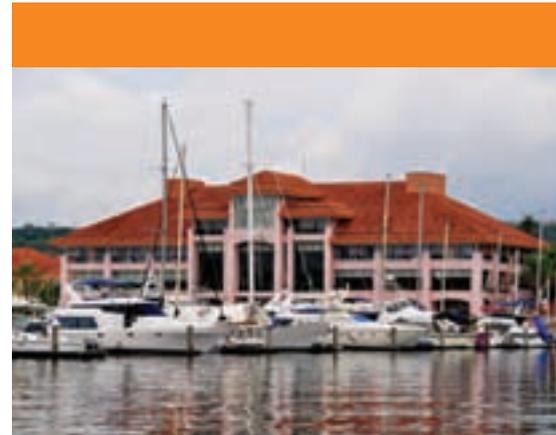
Subic Bay, which many still remember for its earlier life as a US Naval Base, is getting increasingly known as an industrial and tourist magnet. It pulls in droves of scuba divers because it is littered with sunken vessels from the Spanish-American War in 1898 and, especially, from World War II that have become seeding grounds for coral reefs. No less than 25 Japanese ships were reported to have been sunk in the area during the war years.

Some may have been removed in the late Fifties as salvage operations were done to open up the bay for shipping, but it’s widely believed that an additional ten large ships may lie within the Bay. Meanwhile, at the entrance to the bay alongside Grande Island lies the hulk of a Spanish-American War vessel, while outside the bay, in deep waters beyond the diving range, lie the remains of a Spanish galleon as well as a 16th-century Chinese junk.

Non-divers, especially those with families, will find the Zoobic Safari at Subic Bay Freeport’s Forest Adventure Park one very good reason to visit the area. Visitors can expect an astonishing array of exotic animals roaming and frolicking in their natural habitats.

Especially appealing at the Safari is the petting zoo area where visitors can interact directly with deer, ostriches, albino carabao, bears, monkeys, eagles, miniature horses and ducks amongst other denizens; and the Savannah, a mini-wildlife sanctuary that features numerous ostriches, potbellied pigs, wild boars and guinea fowls.

Even more exciting are Close Encounter, where you indeed have a close encounter (barely 2 feet away) with Siberian and Bengal tigers and the Tiger Safari, a once-



The Subic Bay Yacht Club’s excellent facilities and great setting attracts many sailing enthusiasts

in-a-lifetime adventure experience riding in a safari jeep though a closed-in fence structure where real tigers roam around going about their regular activities.

The Ocean Adventure Park is a wonderful introduction to marine conservation using large marine animals. The leading stars of the shows are the False Killer whales and the dolphins, which entertain audiences with their acrobatic and aquatic antics several times a day.

Meanwhile, those more inclined towards flora than fauna will enjoy Tree Top Adventure, a park where visitors can have a different perspective of the beauty of unspoiled forest – 100 feet above the ground.

The jungle trails are comprised of platforms nestled on branches, suspension bridges, and the world’s first motorized canopy tour. Those who find this too tame may also opt to try the Tree Drop, rappelling 60 feet to the ground, or the Superman ride, zipping face down on a line high above the trees.



Every year, Clark hosts a colorful hot-air balloon festival

# Cebu

Cebu, the Queen City of the South, is seen as the commercial, educational and industrial hub of the Visayas, a cluster of islands in the central part of the Philippines that form one of its three main geographic divisions – the others being Luzon, where Manila is, and Mindanao.

Cebu has an illustrious history, including a rich pre-colonial past melding Hindu, Muslim and animist traditions. Another of its claims to fame is that it produced Lapu-Lapu, the Philippines' first hero, who dealt the fatal blow to Ferdinand Magellan, the Portuguese explorer who came to the archipelago in 1521 in order to colonize it in the Spanish monarch's name. Cebu's pride at its rich past partly explains its friendly rivalry with Manila. Among other things, they vie for the distinction of being the top tourist destination of the country, with Manila usually coming out on top, closely followed by Cebu.

But while Manila has an undeniable advantage, being the seat of government, finance and commerce, with a sprawling and increasingly cosmopolitan metropolis, Cebu has its own advantages that may ultimately place it ahead in the tourism game: it has an ideal balance of urban and rural appeal, and it is an ideal jump-off point for exploring the central and southern parts of the Philippines. Cebu is well served by international flights including, among others, those from Singapore.

Cebu boasts an abundance of natural draws

like long stretches of white sand beaches (both commercial and untouched), as well as historical sites that reflect its cosmopolitan past: from the advent of Christianity in Asia to early commercial trade with Mexico and China, to vestiges of the American colonial period.

Outdoor activities abound. For instance, biking enthusiasts will want to head for Tops, which literally sits at the top of Mt. Busay and offers an unobstructed view of the entire city. This is a world-class climb and on any given day, Cebu's bikers make the 45-minute to one-hour trek filled with switchbacks and amazing views. Taxi drivers routinely charge a whopping 1000 pesos for the trip, so the best way to experience Tops is by mountain bike.

Cebu is also known as the diving center of the Philippines, featuring magnificent coral formations, spectacular marine life and drop-offs plunging to blue nothingness. Indeed, Cebu is a favorite for water sports, be it swimming, snorkelling, diving, windsurfing, sailing or water-skiing.

Being a major city of commerce and finance, Cebu City is renowned for its nightlife and party-like nocturnal atmosphere; exciting bars, clubs, comedy clubs and restaurants abound, especially on General Mexilom Avenue, Fuente Rotunda and Osmeña Blvd. For a more laidback evening's enjoyment, visitors can head to Cebu's old quarters in Carlock Street and try riding in a horse-drawn carriage called a *tartanilla*.

But remember to negotiate with the driver before climbing on board. To enjoy the scenic view of Cebu City's skyline, the Marcelo Fernan Bridge and Second Mactan Bridge offer some fine views of the city at night and are even picturesque from below.

Shopping is another popular activity as Cebu City has its own share of retail meccas, whether these be big, modern shopping malls like SM City Cebu and the Ayala Center Cebu, the more intimate ParkMall and Banilad Town Center, or the entirely downmarket and more atmospheric local markets. Any of these options would be a good place to try something else that Cebu can crow about over Manila: its mouth-watering lechon, or roast pig, which everyone agrees is the best version of this representative Filipino delicacy.

And if the Queen City's mix of urban and rural charms still feels too "citified" for you, head out to nearby Bohol island, a short ferry ride away, which is known for the Chocolate Hills. Flying over the 1,200-plus hills in a helicopter during the summer months, when their grass cover is thin and dry, is like looking down at a giant box of chocolate pralines. Bohol is also home to world-class diving/snorkeling sites, such as Balicasag Island and Calibao Island; the beautiful Loboc River, where you can take a cruise aboard a floating restaurant; the sanctuary of the adorable Philippine tarsier, a tiny, bug-eyed primate native to the area, and a host of other unique attractions. •

Magellan's cross is one of the top historical attractions in Cebu City



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