UCP warns GSIS against investing $400 M more overseas

by MAYEN JAYMALIN
Philstar.com

THE country's largest labor union warned the Government Service Insurance System (GSIS) last October 21 against pouring $400 million more into overseas investments.

Ernesto Herrera, Trade Union Congress of the Philippines (TUCP) secretary-general, said the global financial crisis could worsen in the coming months.

Herrera issued the warning as the Dutch government via a massive capital injection bailed out the parent firm of one of the GSIS's foreign fund managers.

The Netherlands' ING Groep NV, one of the world's top 20 diversified financial services firms, got a $13.4-billion capital infusion from the Dutch Treasury on Monday.

A unit of ING Groep NV – ING Investment Management – is one of the two foreign fund managers of the GSIS's $600-million Global Investment Program (GIP) portfolio.

"While ING's internal financial condition may not directly impact client accounts, such as the GIP portfolio that it is managing on behalf of the GSIS, this nonetheless casts doubt on the reliability of the investment decisions being made by ING's fund managers," Herrera said in a statement.

"Our sense is, an institution that cannot prudently manage its own investments or finances cannot be totally trusted to skillfully look after other people's funds, or in this case, the money of GSIS members and pensioners."

ING said Monday it expects to report a net loss of $670 million for the third quarter – the firm's first loss in 50 years. The company blamed the loss on $2.68-billion worth of investment losses, asset write-downs and extra provisions for bad loans.

At the New York Stock Exchange, ING's own stock has plunged from a high of $45.21 a year ago to as low as $9.89 this month.

In return for the huge cash investment, the Dutch government received new ING shares representing 33-percent ownership of the Amsterdam-based global banking and insurance giant.

The GSIS previously reported that its P26.54-billion ($553 million at P48:$1) GIP portfolio is invested in global fixed income instruments (P10.456 billion); global equities (P4.127 billion); global property securities (P3.08 billion); and cash, short-term notes and other investments (P8.875 billion).

With global stock markets hovering at or near five-year lows, the GSIS announced plans to start "bottom-feeding" by buying even more equities at fire-sale prices. ■

OFW remittances keep real estate sector afloat

by RHIA DE PABLO
Philstar.com

DESPITE the worsening credit crisis, the real estate industry continues to thrive due to the continuous flow of remittances from Overseas Filipino Workers.

Boler Binamira, consultant for business development and sales and marketing head of Paramount Property Ventures said that having examined the macroeconomic factors of the impact of the global economy to the country's economy, they have noted that there has been a lift in the sectors of business process outsourcing (BPO), real estate and agriculture.

He said that although some sectors have experienced slowdown such as the manufacturing and services sector, true gains have been achieved by some sectors, of which real estate is one.

He said that the sector, which continues to depend largely on the OFW remittances for growth, retains positive projections despite the global crisis.

"Surprisingly, the real estate trend continues to be bullish now as OFW remittances continue to increase," he said.

Despite claims by economists that OFWs are now holding on to their money and delaying their purchase of real estate investments due to fears of the effects of the global crisis, OFW remittances continue to flow in and is expected to further grow even bigger than what the Central Bank projected.

He said that if we examine closer, only 10 percent of the entire OFW population deployed abroad are directly and adversely affected by the US recession and these are Filipinos working in financial institutions.

He said that majority of our OFWs are employed in the medical and professional fields so despite the crisis, remittances will remain stable.

He said that Central Bank reported that 30 percent of OFW remittances are targeted to be invested in real estate investments.

Binamira said that they expect that OFW remittances will grow at around 10 percent more than last year's $14.4 billion.

He said that the Asian Development Bank (ADB) projected that the country will generate $15.5 billion OFW remittances while Central Bank projected around $15.9 billion.

And as of August this year, the remittances have already reached $10.9 billion, which shows how realistic these previous projections were, he said.

The continued soar of the country's OFW remittances prompted Paramount Property Ventures to decide on undertaking a major high-end real estate development project called Fonte di Versailles which targets the OFW market.

Fonte di Versailles which is composed of about 300 units on a nine hectare lot located in Minglanilla is now under its pre-development selling stage.

It is a beachfront community which features smart living concept, the first of its kind in the province that merges the science of ergonomics with Italian-inspired aesthetic.

With units ranging from P6.8 million to P14.9 million, Fonte di Versailles is now 10 percent sold after aggressive marketing kicked off in June.

"Real estate is not an insulated industry. It is propelled by the growth of OFW remittances as well as other sectors such as the rise in BPOs and also the lower interest rates offered by banks and financing institutions. All these factors keep the sector and companies like ours bullish in developing value for money real estate developments," he said. ■

Overseas Filipino workers unaffected by crisis

by JIM GOMEZ
Associated Press Writer

MANILA – Most of the more than 8 million Filipinos working overseas have not been affected yet by the global financial storm, but a contingency plan has been cobbled together for possible layoffs, President Gloria Macapagal Arroyo said October 22.

The workers are regarded as the country's financial backbone, with the earnings they send home – US$14.45 billion last year – accounting for 10 percent of gross domestic product in the impoverished Southeast Asian nation of 90 million people.

The bulk of them are in the Middle East, Asia, Europe and the United States, mostly working as nurses, laborers, construction workers and maids.

Arroyo told a Manila business conference that reports by labor officials showed no displacement so far of overseas Filipino workers "related to the financial crisis." The government has prepared a plan to monitor for any sign of layoffs or a drop in labor demand, with Philippine embassies being asked to keep lists of the workers for possible rapid assistance, Arroyo said.

"We will register our workers so we can get track of them and we will redeploy them to emerging labor markets," Arroyo said. "We continue to identify and develop new market niches."

Philippine officials are eyeing about 90,000 new jobs in the next few years in Australia, Canada, New Zealand and Guam, a Western Pacific territory where US forces plan to transfer a regional military base from Japan, Arroyo said.

As of last December, 32 percent of Filipinos working outside the country are in the US, most of them as permanent residents, according to the Philippine Overseas Employment Administration.

A large number of Filipino workers are skilled or semi-skilled laborers in construction projects in the Middle East who remain in demand due to the continued building boom in the Persian Gulf countries. Filipino health workers still are desired in the U.S. and other parts of the world, Foreign Undersecretary for Migrant Affairs Esteban Conejos said.

Most vulnerable, he said, are unskilled workers like domestic helpers – most of whom are deployed in the Middle East, Hong Kong and Singapore.

The Philippines deploys about 100,000 domestic helpers abroad yearly. ■