

**Industries call on GMA**

**Keep smuggling in check**

by **ABIGAIL L. HO**  
*PhilStar.com*

A GROUP of Philippine manufacturers is calling on President Gloria Macapagal-Arroyo to put a stop to technical smuggling, which is said to have cost the government P140 billion a year in revenue loss.

The government loses this much every year because of misdeclaration, misclassification and undervaluation of imported goods, Federation of Philippine Industries president Jesus Arranza said in a letter to Arroyo, citing records of the International Monetary Fund.

To discourage misdeclaration of imports, Arranza asked the President to order the Bureau

of Customs (BoC) to buy goods suspected of being declared at below their true value, which he said the bureau was empowered to do under the Tariff and Customs Code.

"So, instead of complaining that the BoC target for the year is too high, customs officials should buckle down to work and improve on their collection efficiency," Arranza said.

Customs Commissioner Napoleon Morales has asked that a collection target of P317 billion set for the BoC for this year be reduced.

Morales has said the inter-agency target-setting Development Budget Coordination Committee should consider revising the BoC target because oil prices

have dropped to \$32 a barrel from \$75 in October, when the target assumptions were made.

Arranza said the BoC should instead step up efforts to curb technical smuggling, as this would not only jack up government revenues but also help industries maintain competitiveness in the local market.

He said his federation's member-companies had all pledged to help the BoC to buy and store undervalued goods.

He said United Coconut Planters Bank had also offered to lend money to the BoC for paying for undervalued imported goods.

He added that Finance Secretary Margarito Teves had given his nod to adopting the compulsory acquisition scheme.

"So, nothing should stop the BoC from implementing this compulsory acquisition of undervalued goods now," Arranza said. "If Commissioner Morales wants to meet his collection target, this is one way to do it."

Other measures that the federation proposed to curb technical smuggling include a review and closure of erring customs bonded warehouses; an order requiring ships to transmit to the Department of Agriculture, Department of Trade and Industry and other pertinent agencies copies of the inward foreign manifest that is sent to the Bureau of Customs; and an order for the BoC to use only the master bill of lading and not the house bill of lading issued by the consolidators. ■

**RP economy is one of the brightest spots in the region—ICC Chair**

THE Philippines remains one of the economies in the region insulated from the effects of the global economic downturn due to the reforms initiated by President Gloria Macapagal-Arroyo years ago.

This was the observation of Dr. Victor Fung, Chairman of the Paris-based International Chamber of Commerce (ICC), who paid a courtesy call on the President last Feb. 12 in Malacanang.

Dr. Fung is the first chairman from Hong Kong of the ICC, the largest most representative business organization in the world with hundreds of thousands of member-companies in over 130 countries spanning every sector of private enterprise.

"I think the Philippines is one of the economies in the region that has been relatively insulated from this tsunami. I am very impressed with the way the Philippine economy has functioned," Dr. Fung said.

"So I think it (Philippine economy) is terrific. It is one of the brightest spots in the whole region," he added.

Although the Philippine exporting industry has been affected by the global recession, Fung said this would be temporary due to the uninterrupted remittances from overseas Filipino workers (OFWs) and other robust businesses, such as the business process outsourcing (BPO) industry. The continuing reforms and policies initiated by the President years ago have firmly put the Philippines on a path to stability and growth which, Fung said, has maintained the momentum in foreign investment.

"Obviously, your exports have been somewhat affected but still going on very strongly. That is not a major part of your economy. I think that remittances have kept up and your BPO has really been developed very strongly due to the very good policies of the government that started a few years ago," Fung said.

Fung said he and the President have been meeting quite a number of times, discussing a lot of issues such as keeping the multilateral trading system strong.

"In today's environment it is absolutely essential that we maintain the flow of trade. Trade is the lifeblood of the international economy. In my capacity as chairman of the International Chamber of Commerce (ICC) which is the voice of global business, I think the idea of making sure that we keep each other informed of our respective presence in keeping the global trading system open, is very important," Fung said.

Dr. Fung, who leaves tonight for Thailand, had a speaking engagement in Manila and has been invited as speaker in the Philippines a number of times. ■

**P100M allocated to R&D center—Angara**

MANILA—Senator Edgardo Angara said the plan to establish a local research and development institute similar to Taiwan's Industrial Technology Research Institute (ITRI) is now in motion.

Angara who heads the Congressional Commission on Science and Technology and Engineering (COMSTE), said the proposed local research and development institute has an allocation of P100 million in the 2009 National Budget.

A local delegation from COMSTE headed by executive director Gregory Tangonan is set to sign a memorandum of understanding in Taiwan with the ITRI and the Semiconductor and Electronics Industries in the Philippines Inc. (SEIPD).

This agreement will pave the way for cooperation between

the ITRI and the country in the setting up of the local R&D institute.

The local R&D institute will be a "semi-public, semi-private" entity, COMSTE deputy executive director Dennis Posadas said.

It also aims to forge an "exchange [of] technical information and expertise in the R&D of industrial technology" and "facilitate technical upgrading of scientists and engineers through exchanges of personnel on a mutually beneficial basis," Posadas said.

Angara said in a statement that the institute is also meant to address the problems of technology transfer in the country.

He suggested that the Philippines should create a policy environment that could attract support from both public and private sectors.

"Now that we have the budget, we can jumpstart innovation in the country," said Angara in a phone interview.

ITRI is Taiwan's national research organization that leads research and development activities in information and communications, electronics and optoelectronics, nanotechnology, energy and environment, advanced manufacturing and systems and bio-

medical technology.

Angara expects the local R&D firm to become operational within two years.

Based on the 2006-2007 Global Competitiveness Report, the Philippines is ranked 71st out of 125 countries in terms of "technological readiness" or the ability to adopt technologies to enhance productivity of industries. ■

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