Firecracker sales grow despite restrictions — retailer

THE SALE of firecrackers in the 2023 holiday season spiked with price drops and an increase in the number of manufacturers, even in the thick of safety regulations, according to a retailer.

"I already felt the strong demand on Dec. 24 unlike last year. I knew I had to increase my stock," Elmer D. Bolbes, owner of BC Fireworks and Pyrotechnics stationed on Dr. A. Santos Avenue in Parañaque City since 2000, said in an interview with *BusinessWorld*.

He said that he raised his capital to P250,000 from P200,000 in 2022, also noting a fall in retail prices as the industry catered to an increased demand.

Mr. Bolbes sold a fountain tub for P350, down from P450 in the previous year; and a pack of 10 handheld sparklers at a good buy of P100, from P150 in the goodbyes to 2022.

He noted the competition among suppliers in Bocaue, Bulacan — the fireworks capital of the Philippines — as the main driver for the cutback, which he said grew to five major players from the previous two.

However, the Philippine National Police (PNP) was persistent this season in warning the public against prohibited firecrackers and discouraged online transactions as some sellers might lack the necessary permits.

On Dec. 29, the PNP conducted an inspection of fireworks dealers in Bocaue just to ensure their compliance to the rules under Republic Act 7183, the regulation on the sale, manufacture, distribution, and use of firecrackers and other pyrotechnic devices.

The effort resulted in the confiscation of over P190,000 worth of prohibited firecrackers nationwide, police said in a briefing days before the New Year. It added P17,550 during an inspection in Divisoria, Manila on Dec. 31, according to a Facebook post by the PNP's Firearms and Explosives Office. — **Miguel Hanz L. Antivola**

FULL STORY
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Keeping the *parol* tradition alive

Ex-OFW's venture into Filipino crafts draws global appeal

By Miguel Hanz L. Antivola
Reporter

MORE THAN its radiant appeal during the Christmas season, the *parol* persists as a handmade product etched with passion, skill, and unwritten Filipino traditions, according to lantern maker Rolando S. Quiambao.

"The *parol* is a tradition, and we play it by heart. *Ang isang produktong walang kwento ay walang kwenta* [A product without a story has no value]," Mr. Quiambao, co-owner of Rolren's Lanterns and General Mdse., said in an interview with *BusinessWorld*.

"The *parol* characterizes our attitudes and lifestyles as Kapampangan," he added. "There is no course or book on the *parol*. It was only passed down to us from generation to generation."

When Mr. Quiambao retired as an overseas Filipino worker (OFW) and returned to the Philippines in the 1980s, he became an electrical repairman, who also offered to make a number of *parol* for rich households.

It did not take long for his friends to notice his creations and convinced him to sell his work on the street and make a living out of his childhood flair. The encouragement was measure enough for him to give it a shot, officially starting his *parol*-making venture in 1986.

"I tried it and enjoyed, even if [the *parols* were] in small quantities. You need big investments to make *parols*," he said.

THE BIG BREAK

For Mr. Quiambao, the big break for the business came in 1995 when the local government of San Fernando, Pampanga commissioned him to decorate and enliven the city centers with his *parols*. The greater mission was to lift the spirits of people and traders forced to relocate due to the devastation caused by lahar from the Mt. Pinatubo eruption. The plan worked and so, beyond the Christmas season, the mayor at the time assigned him and his two craftsmen to make more decorations for the city during festivals, graduations, and other celebrations.

WORKERS of Rolren's Lanterns and General Mdse. race to meet the all year round's demand. Photo uploaded by Rolando S. Quiambao on Facebook on Oct. 6, 2022.

"When our city suddenly became happy and the people returned, that is when we earned our break," said Mr. Quiambao, who has since been called the "San Fernando Lantern King."

This allowed him to seek financial support and guidance from government agencies for the business' next move — hiring contractual workers for its large scale "decorative" arm, serving corporate clients beyond retail.

His brand, Rolren, continued to grow in popularity by traditional means: word of mouth. With the dawning of social media, his works became popular posts by local and international bloggers drawn to the annual San Fernando Giant Lantern Festival — the stage that crowned his business as champion many times over.

"We were suddenly visited by customers and traders who knew us as a legitimate factory where they can get their *parols* for cheap [prices]," said Mr. Quiambao, even going as far as to export to the United States and Canada. "We don't stop. Our production is continuous all year round." At this point, Rolren expanded its product offerings to table lamps, corner lights, and chandeliers, partnering with architects, hotels, and local government units. His products were now tailored according to requests.

DEMAND: THE MAIN CHALLENGE

Even with a slight drop in retail sales, Mr. Quiambao noted how the market for the business is too big for them to accommodate, compounded by crunched time frames for orders.

"We pick our clients because we can't cater to the whole market," he said. "We don't even have a website."

"It is difficult to teach a laborious handcrafted skill — from cleaning and cutting the capiz (shells), to assembling, painting, and electrifying," he added on preserving tradition and product quality. "It's hairsplitting!" A little innovation does offer solutions and Rolren came to adopt modern techniques. "We devise systems to lessen time and cost of production, said Mr. Quiambao. "We use some machines now, but the bending is a long handcrafted process." At present, the business has about 25 regular craftsmen — men and women with specific expert skills — for retail orders. It also has over 30 contractual workers for decorative orders and commissioned works.

"We only accommodate what our labor force can handle," said Mr. Quiambao. "When we can't [accommodate] any more, especially with decorative orders from LGUs, malls, and private companies, we disperse the tasks to subcontractors, offering them jobs." Even for exports, he said he prefers accepting orders from the United States and Canada due to ease of adapting to its supply voltage.

"It's also difficult because the exporter or buyer sometimes chooses to get all the stocks of one design, so you don't have anything to show for the next customer," he said.

"What we do is we just keep stocking and never stop. We choose to see it as planting rice to harvest for the next season, per se," he added.

HONORING TRADITION

More than its business component, Mr. Quiambao is keen on honoring the rich history behind the *parol*, even being researched and interviewed as a historian of such a tradition.

"It grew from small and simple candle covers during a religious activity we called the lubenas," he said of the nine-night procession before Christmas, involving the patron saint of each barangay.

According to Mr. Quiambao, this *parol* display later evolved into the "royal rumble" called *Ligligan Parul*, or today's Giant Lantern Festival, where the lanterns are bigger and more intricately designed.

"Our story is deep, from the shapes and parts of the *parol*, to its overall architecture, symbolic of the well-defined practices, attitudes, and colorful lives of the Kapampangan," he asserted.

"The terminologies of the elders for the different parts make sense," he added, noting the *parol*'s center star as *siko-siko*, named after the star-shaped angle of the elbow.

He also noted *parol* components such as the *palimbon* — from the word "procession" and is the part surrounding the main star like a procession; and the *puntetas* (from the word "end"), the decorative outer layer signifying the non-conformist attitude of the Kapampangan.

"There is a story and tradition behind the *parol*, which is why I think it persists even up to today," said Mr. Quiambao.

Manufacturing,
from S1/1

"If the country or the sector is unattractive or less profitable than other countries, changing the law will not change that," he told One News channel in December, amid a renewed push to amend economic provisions of the 1987 Philippine Constitution.

"If the sector is attractive and you make foreign ownership and doing business easier, then yes, more FDIs will come in," Mr. CuUnjieng said. "Allowing more foreign ownership will work. But if you're not attractive to begin with, opening it up to 100% ownership and giving subsidies won't change it if the return on investment will be lower."

He said investors in the manufacturing sector are largely looking at labor productivity and lower electricity costs, which can be anywhere from 20% to 60% of their production costs.

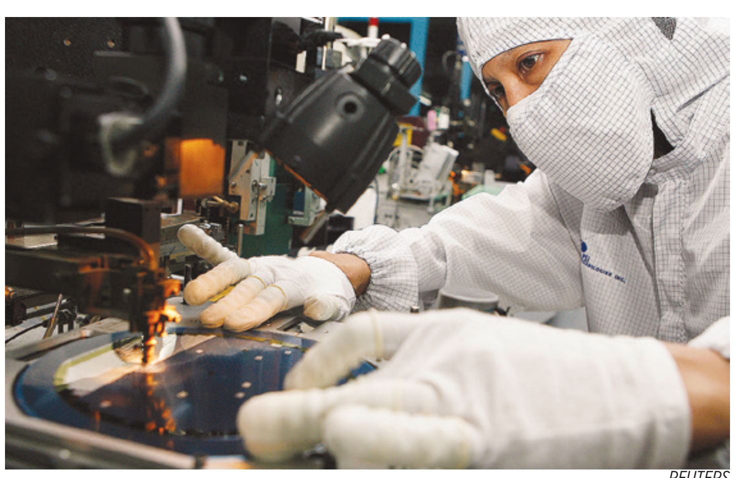
"If a manufacturer in the Philippines is 20% to 40% more expensive than another in Indonesia, Thailand or Vietnam, you're starting out already with a deficit of as much as 30% versus other countries, why would you come here for manufacturing?" he asked.

President Ferdinand R. Marcos, Jr. last year extended by another 15 years the contract for the Malampaya gas field, which supplies 20% of the Philippines' total electricity requirements, allowing the operator to drill new wells.

Amid the declining output of the gas field, which is expected to run dry by 2027, Mr. Marcos expressed willingness to resume joint energy exploration activities in the South China Sea.

"Our power cost is the highest in ASEAN (Association of Southeast Asian Nations) for large establishments," Mr. Fabella said, noting that the state should lower manufacturers' electricity costs by exempting them from missionary, universal and stranded cost charges.

The possible decline in the quality of the Philippine labor force also threatens the country's manufacturing ambitions, according to Mr. CuUnjieng.



REUTERS

A WORKER is seen at a semiconductor manufacturing plant in Manila, Dec. 10, 2008.

Filipino students were still among the world's weakest in math, reading and science, according to the 2022 Program for International Student Assessment (PISA), with the Philippines ranking 77th out of 81 countries and performing worse than the global average in all categories.

Terry L. Ridon, convenor of InfraWatch PH, said decades-long governance issues such as corruption and red tape would continue to hound the manufacturing sector.

Investors seeking to establish hubs in emerging economies would look for countries that have "very streamlined processes for permits and licenses and have low to zero perception of government corruption, he said in an e-mail.

"Our government does not live by contracts it signed and stands ready to change provisions depending on populist sentiment," Mr. Fabella said. "Long-term investors do not invest where expropriation noise is rampant."

The stability of politics and ease of doing business in Vietnam have been cited as key factors behind its rise as the top choice for global manufacturers diversifying away from China, which has been in a years-long trade war with the United States.

There are fewer occurrences of policy reversals in Vietnam because of its political structure, "thus increasing certainty, which is good for the investment climate," George N. Manzano, who teaches trade at the University of Asia and the Pacific, said in an e-mail.

Vietnam has a one-stop shop for investors, Mr. CuUnjieng said. "You go to one government agency, and they take care of everything. In the Philippines, you often have one shop at every stop."

Vietnam had FDIs worth $112 billion from 2010 to 2019, compared with $57 billion for the Philippines. Its merchandise exports in 2019 hit $300 million, compared with $70 million for the Philippines.

"The heady foreign direct investments that Vietnam attracted in the past years may have increased its attractiveness," Mr. Manzano said. "Investments beget other investments, particularly if an investment of a sizeable manufacturing concern will attract its supplier industries to locate as well."

He noted that as more foreign investments cluster at one hub, the production costs usually fall, leading to so-called "economies of agglomeration."

"At the same time, there will be more flow of ideas prompting innovation," he said. "The clustering of industries in Vietnam's special economic zones can lead to economies of agglomeration."

The Philippine Economic Zone Authority said it wants to benefit from the relocation of big foreign companies, especially those in the technology sector, from China.

The country anticipates increased investments in metal fabrication or skilled manufacturing, especially in the electronic vehicle (EV) sector, PEZA Director-General Tereso O. Panga said in a Viber call. He added that EV players from China, the US, Indonesia, South Korea and Japan are expected to set up production sites in the country this year.

"It's not just multinational companies that are relocating from China, but also mainland Chinese manufacturing businesses so they can avail themselves of GSP+ privileges for their exports," he said.

The European Parliament and European Council have agreed to extend GSP+ arrangements for four more years while they renegotiate reforms to the trade deal, where the Philippines enjoys zero duties on more than 6,000 exports.

As the Philippines steps up efforts to save its export-oriented manufacturing sector, the country must also look at its volatile exchange rate, which hurts exporters and is deadly to smaller ones, Mr. Manzano said.

"We should provide a more stable exchange rate regime geared to level the playing field between nontradable and tradable goods."

The Philippine trade deficit has been widening in the past years, as the country imports more than it exports.

Analysts said tensions with China don't bode well for the country's export-oriented manufacturing sector.

China remains the largest source of technologies that the Philippines needs to make its exports competitive, such as electronics and machinery, Mr. Manzano said.

"The Philippines needs electronic parts and components from China in order to export," he said. "If the imports of parts and components are sourced from more expensive suppliers, the competitiveness of Philippine exports, particularly electronics, would be undermined."

"The protection and development of our export-focused manufacturing is critical to propping up our dollar reserves in light of our massive import requirements in infrastructure and agriculture," Mr. Ridon said. "This has not been enough to ensure a positive balance of trade for almost a decade."

Factory,
from S1/1

S&P Global noted that manufacturing firms slashed jobs in December, as employment dropped for the second straight month.

"The main concern in the sector remains the further curtailment of workforce numbers. Evidence of spare capacity and a cooldown in new order growth prompted redundancies," Ms. Baluch said.

S&P Global said Philippine manufacturers also reported increased inflationary pressures as prices of fuel, materials, and shipping rose. This prompted firms to hike selling prices.

Headline inflation may have eased to 4% in December, based on a median estimate in a *BusinessWorld* poll last week. If realized, December inflation would be a tad slower than 4.1% in November and significantly lower than 8.1% in December 2022.

The local statistics agency will release the December inflation data on Jan. 5.

"Sluggish demand from overseas markets and tight borrowing conditions across the country will act as headwinds as we move into 2024. That said, inflationary pressures are expected to pose less of a threat than seen at the start of 2023, despite gaining pace during December," Ms. Baluch added.

Still, Filipino manufacturers remained optimistic for the new year as business confidence rose to a four-month high, according to S&P Global.

"Hopes of improving demand conditions and plans for increased marketing campaigns boosted optimism," it said.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said factory activity expanded in December, due to the seasonal increase in importation, manufacturing, and other production activities since the third quarter of 2023.

However, elevated inflation and borrowing costs may have weighed on investments, including those in the manufacturing sector, Mr. Ricafort said.

"Furthermore, softer manufacturing and services PMI data for many developed countries around the world... partly reduced the demand for exports and somewhat dragged on some local manufacturing activities," he said.

SECOND FASTEST IN ASIA

The Philippines recorded the second-highest PMI reading among six Southeast Asian countries in December, just behind Indonesia (52.2).

Manufacturing activity in Vietnam (48.9), Malaysia (47.9), Thailand (45.1) and Myanmar (42.9) contracted in December.

On average, the Association of Southeast Asian Nations (ASEAN) headline PMI dropped to 49.7 in December, easing from 50 in November.

S&P Global said the ASEAN headline PMI contracted for the third time in four months.

"Central to the deterioration in operating conditions was a quicker fall in new orders. Inflows of new work fell for the fourth month running in December, which in turn weighed on production growth," it said.

Security Bank Corp. Chief Economist Robert Dan J. Roces said the slower growth in December may be attributed to difficulties in supply chain management, possible shifts in consumer demand, fluctuations in prices of raw materials, and changes in overall economic conditions.

"(The Philippines) still outperformed ASEAN's 49.7 though. We calculated that the Philippines' average monthly PMI was at 52.2 in the fourth quarter, the highest in three quarters," he said.

He also noted that a recovery in the manufacturing sector may contribute to the Philippines' faster gross domestic product (GDP) growth, adding that GDP expansion could average 5.8% in the fourth quarter of 2023.

China Banking Corp. Chief Economist Domini S. Velasquez said global economic headwinds continued to weigh on the manufacturing sector.