PEZA pharma locators eyed for expedited-permit scheme

PHARMACEUTICAL companies and makers of medical devices who operate in economic zones are being considered for green-lane treatment, entitling them to an expedited process for obtaining permits from drug regulators, the Philippine Economic Zone Authority (PEZA) said.

In a statement, PEZA said the proposal was discussed in a meeting with the Office of the Special Assistant to the President for Investment and Economic Affairs (OSAPIEA) and the Food and Drug Administration (FDA) last week.

"The high-level discussion centered on actionable steps to enhance the ease of doing business for both domestic and export-oriented drug and medical device manufacturers by addressing certain non-tariff barriers, particularly in permitting and licensing," the investment promotion agency (IPA) said.

PEZA Director General Tereso O. Panga told *BusinessWorld* that the parties agreed to update the memorandum of agreement (MoA) signed in 2014.

"For this new MoA with the FDA, we agreed to consolidate two MoAs where the cooperating parties will provide a green lane for PEZA-registered business enterprises (involved in) pharmaceutical and medical device manufacturing," Mr. Panga said in a Viber message.

The new MoA also aims to come up with guidelines for the registration of pharmaceutical industrial parks to provide a one-stop shop for FDA facilitation of permits and clearances and review policies to attract more pharma companies to the Philippines.

Mr. Panga said the goal is to encourage local production to lower the cost of drugs and medical devices, by reducing the turnaround time for pre-assessment activities they are subject to.

On Thursday, PEZA and the FDA unveiled their medical device economic zone initiative.

"We are committed to working in unison with the OSAPIEA and PEZA to simplify business operations in our country," FDA Director General Samuel A. Zacate said.

"By refining our policies and collaborating with PEZA, we aim to gain a better understanding of the concerns of locators. These initiatives are expected to elevate the local drug supply and reduce costs to competitive generic levels, akin to those in India," he added.

As of December, PEZA hosted 26 companies manufacturing of pharmaceutical products and medical equipment, accounting for P25.49 billion in investment and 19,000 direct jobs.

"Moreover, PEZA is reviving talks with the leading Filipino companies into pharmaceutical-related activities, such as Lloyd Laboratories, Pascual Laboratories, and United Laboratories, Inc., for the establishment of a modern pharma park," the IPA said.

"PEZA is also in talks with Royal Cargo Pharma Logistics, the first Good Distribution Practices (GDP)-certified logistics service provider in the Philippines, to complement the proposed pharma-zone ecosystem," it added. — **Justine Irish D. Tabile**

Czech company expresses interest in PHL electronics, infotech, defense tie-ups

THE Department of Trade and Industry (DTI) said it received expressions of interest from a Czech technology to engage in Philippine partnerships in electronics manufacturing, information technology and business process management (IT-BPM), and defense.

In a statement, the DTI said that it met with representatives of ERA, a surveillance and reconnaissance technology company, which plans to establish a presence in the Philippines.

"ERA's plans align perfectly with the Philippines' strategic vision for economic development," Trade Secretary Alfredo E. Pascual said.

"We're excited about the immense potential for collaboration and technological knowledge transfer between ERA and other leading industrial players," he added.

ERA has said it hopes to tap the Philippine electronics industry, which includes over 1,000 companies and employs 3 million workers.

The DTI also said that ERA also finds the Philippine IT-BPM industry talent pool attractive.

"(This provides) a reliable pool of talent for companies like ERA seeking to expand their operations in the Philippines," the department said.

ERA also expressed interest in military and civilian security ventures in the Philippines.

On Saturday, the DTI also reported that the Philippine delegation signed three partnership deals at the Philippine-Czech Business Forum in Prague.

One of the agreements was signed between the Semiconductor and Electronics Industries in the Philippines Foundation, Inc. and the Electrical and Electronic Association of the Czech Republic.

The second memorandum of understanding was signed between the IT and Business Process Association of the Philippines, Inc. and the Confederation of Industry of the Czech Republic. — **Justine Irish D. Tabile**

ERC raises power generation caps for grids

THE Energy Regulatory Commission (ERC) said it set new caps for installed generating capacity (IGC) and market share for the main power grids in 2024.

The national grid's IGC rose to 25.57 million kilowatts (kW), or 25,567.27 megawatts (MW) from last year's 25.47 million kW or 25,471.04 MW, according to a resolution dated March 12.

For Luzon, the allotted IGC for 2024 is 17.96 million kW (17,961.72 MW); the Visayas 3.42 million kW (3,417.17 MW); and Mindanao 4.19 million kW (4,187.84 MW).

The IGC is the maximum capacity of the generation facilities connected to a transmission system or distribution system, which are part of a particular grid. — **Sheldeen Joy Talavera**

Wearables industry exports decline in Jan.

WEARABLES exports dropped in January and are expected to remain weak this year, the Confederation of Wearable Exporters of the Philippines (CONWEP) said.

"Industry performance continues to shrink and we foresee an overcast horizon ahead of us for 2024," CONWEP Executive Director Ma. Teresita Jocson-Agoncillo said via telephone.

Exports by the wearables industry posted -19% growth in January to $82.4 million.

Apparel exports contracted 13% to $44.34 million, travel goods shrank 25% to $32.38 million, and footwear exports declined 16% to $5.67 million.

Apparel exports accounted for 0.7% of total exports in January. The leading exports were electronic products and semiconductors, which accounted for 58.2% and 45.5% respectively.

The trade-in-goods deficit shrank 24% to $4.22 billion in January.

Slower global demand, external conflicts, and regional competitors continue to put pressure on wearables exports, Ms. Jocson-Agoncillo said.

"Buyers would tend to be a little more careful in placing their orders to supplier countries like the Philippines, because they would need flexible sourcing that can promise low cost, are quick-to-market, and fully adhere to international laws... tied to sustainability issues and human rights," she said.

Tensions between China and the US, the Russia-Ukraine war, and conflict in the Middle East have been disrupting the wearables supply chain, Ms. Jocson-Agoncillo added.

CONWEP has said a major foreign brand pulled out from the Philippines and transferred operations to Vietnam after that country signed a free trade agreement with the European Union.

The wearables industry could also suffer more job losses if Philippine legislators go ahead with a wage hike law, according to CONWEP.

"A wage increase at the moment is a major factor in maintaining competitiveness as a sourcing hub for apparel products from the Philippines," Ms. Jocson-Agoncillo said.

Foundation for Economic Freedom President Calixto V. Chikiamco said the government should prioritize infrastructure catering to the movement of goods to boost trade in the coming months. These include airports, seaports, shipping services, warehouses, roads and transport links to key trade hubs.

"(President Ferdinand R. Marcos, Jr.) should promote foreign investment in shipping now that the Public Service Act has opened the sector to 100% foreign investment," he said in a Viber message.

Mr. Chikiamco also urged lawmakers to pass a law separating the regulatory and operating functions of the Philippine Ports Authority to address port congestion.

Meanwhile, investment pledges recently gained by the Philippines should help establish the country as a semiconductor hub in the region alongside South Korea and Taiwan, public investment analyst Terry L. Ridon said.— **Beatriz Marie D. Cruz**

Notice of Closure of Credit Suisse AG Representative Office, Philippines

Notice is hereby given that on November 30, 2023, the Board of Directors of **CREDIT SUISSE AG ("CSAG")** approved the closure of the CS AG Representative Office in the Philippines (the "**Representative Office**"), a representative office in the Philippines of CSAG, a Swiss Company, with its registered office at the 19th Floor, Tower 2, The Enterprise Center, 6766 Ayala Avenue, Makati City, Philippines. The Representative Office ceased operations on June 30, 2023. A petition for withdrawal of the license to transact business in the Philippines of the Representative Office will be filed with the Securities and Exchange Commission upon completion of documentary requirements.

All persons having any claims against the Representative Office are requested to present their claims to:

CREDIT SUISSE AG REPRESENTATIVE OFFICE, PHILIPPINES.
c/o Romulo Mabanta Buenaventura Sayoc & de los Angeles
8767 Paseo de Roxas
21F Philamlife Tower
Makati, Metro Manila 1226
Philippines

ATTENTION: Atty. Herminio S. Ozaeta, Jr.

This announcement will serve as notice to all persons concerned of the aforementioned closure of CS AG Representative Office, Philippines.

B.W. Mar. 18, 25 and Apr. 1, 2024

OPINION

Multipolarity and de-risking: Navigating geopolitical uncertainties

SUITS THE C-SUITE
NOEL P. RABAJA

First of two parts

IN BRIEF:

- Major shifts in the global market along with rising geopolitical tensions may propel organizations to adapt and rethink their strategies.
- According to the EY 2024 Geostrategic Outlook, organizations will need to consider two critical concepts as they plan for geopolitical disruptions: multipolarity and de-risking.
- Uncertain relationships between powers like the US, EU, and China, and growing influences of smaller states and actors highlight the theme of multipolarity.

The world faces an era of unprecedented change, and the geopolitical landscape is anticipated to be volatile and unstable in 2024. These major shifts in the global market along with rising geopolitical tensions may propel organizations to adapt and rethink their strategies. According to the EY 2024 Geostrategic Outlook, organizations will need to consider two critical concepts as they plan for geopolitical disruptions: multipolarity and de-risking.

The EY Geostrategic Outlook is an annual report by the EY Geostrategic Business Group (GBG) that analyzes the global political risk environment and selects the top geopolitical developments for the year. The GBG conducts a crowdsourced horizon scanning exercise with subject matter resources to identify potential risks. The scan encompasses the four categories of political risk in the geostrategy framework — geopolitical, country, regulatory and societal — throughout all regions of the world. The GBG then conducts an impact assessment to narrow down the top geopolitical developments that are both highly impactful and highly probable for global companies.

> "The evolving multipolarity in geopolitics sees a greater number of powerful actors shape an increasingly complex global system."

In this first part of the article, we discuss the evolving multipolarity in geopolitics, where a greater number of powerful actors shape an increasingly complex global system. Uncertain relationships between powers like the US, EU, and China, and growing influences of smaller states and actors highlight this theme. It underscores the need for economic diversification and resilient supply chains due to increased geopolitical disruptions.

THE GEOPOLITICAL MULTIVERSE

According to the report, the growing influence of players seeking to change the status quo will create a more complex geopolitical multiverse. On top of tensions from US, EU and China influencing global dynamics, actions by geopolitical swing states (meaning countries that are not specifically aligned with any major power) will play more important roles in driving geopolitics this 2024. In particular, countries with resources across the energy value chain, such as Saudi Arabia, the UAE, and Brazil, are expected to play key roles in their respective regions.

In 2023, even as the Ukraine war persisted, the BRICS (Brazil, Russia, India, China, and South Africa) and G20 (Group of Twenty) welcomed significant new members, hoping to expand their influence in global affairs. In Northeast Asia, Japan and South Korea restored bilateral diplomacy. These developments and others discussed in greater detail in the report show that geopolitics has become a multiverse of increasingly complicated mixes of alliances and rivalries, with overlapping bilateral, regional and various other institutions and groupings.

AI

The 2023 EY CEO Outlook Pulse study shares that nearly all their CEO respondents (99%) plan to invest in artificial intelligence (AI). On the other hand, governments have been grappling with how best to regulate AI as technological advances increase its significance to national security and geopolitical competition. In 2024, the dual race to innovate and regulate AI will see an accelerated shift toward geopolitical blocs.

Domestically, governments want to foster innovation to compete geopolitically, simultaneously seeking to regulate it before the technology outpaces policymakers. While seeking to capture the promise of the technology, such as advancements in national security, improved healthcare outcomes, and enhanced economic productivity, governments will also try to design AI regulations to reduce the likelihood of macro risks. These risks include increases in political instability due to misinformation campaigns, the potential for social and economic dislocations as AI takes on more job functions, heightened national security, and cybersecurity risks. While AI will not necessarily reshape the global balance of power in the year ahead, it will increasingly become a significant arena of geopolitical competition.

DOMESTIC CHALLENGES IN THE US AND CHINA

The US and China, the two biggest economies in the world, are facing major domestic challenges of their own for various reasons. These challenges will continue to raise political risks within each market, will have significant implications for geopolitics, and pose downside risks to the global economy this year. Such downside risks will likely have significant implications for emerging economies such as the Philippines.

The 2024 US election will heighten societal tensions and policy uncertainty. With the partisan divide in American trust in various news sources, there is a potential increase in risk of some population segments questioning the legitimacy of the election, in turn possibly perpetuating policymaking challenges. On the other hand, China faces a challenge stemming from whether their official policy mix will effectively address potential financial and macroeconomic weaknesses that may come about. Cyclical challenges in their real estate market and their high municipal government debt levels will likely persist, and may result in policymakers introducing periodic, targeted actions to reduce the risk of financial crises.

OCEANS

Recent events such as the destruction of the Nord Stream 2 pipeline and more frequent freedom of navigation exercises highlight growing geopolitical tensions. With almost half the global population living within 100 miles of the sea, competition over access to and control of the world's oceans will intensify in 2024, with implications for data flows, food supplies, supply chains, and energy security. As much as 90% of global goods trade is shipped through maritime routes, and many of the busiest maritime transit paths are at risk of political disruption. At least 95% of global data flows through undersea cables. The Luzon Strait is strategically located between Luzon and Taiwan, connecting the South China Sea and the Western Pacific, and as such, is important for global commerce and cable communications.

Competition for essential commodities

The war in Ukraine, climate change, and the energy transition are shifting global supply and demand dynamics for various essential commodities. This leads to more intense geopolitical competition in 2024 to secure supplies of three key commodities in particular: critical minerals, food, and water.

The most visible area of commodity competition will be for minerals that power EV batteries and the broad energy transition. Food instability and insecurity remain a top concern from the 2023 Geostrategic Outlook, with climate change continuing to affect food production and crop yields. Lastly, water may become a subject of commodity competition due to significant changes in precipitation levels, potentially escalating tensions in water-stressed regions.

In the second part of this article, we will discuss the theme of de-risking, with governments increasingly combining economic policy with national security to stimulate domestic production of critical products in sectors such as semiconductors, telecommunications, renewable energy, electric vehicles, and biotechnologies. This trend, more prevalent in 2024, indicates a shift in policy focus towards national security over pure economic considerations, possibly fueling inflation and hindering global innovation due to increased government intervention in supply chains and investments.

This article is for general information only and is not a substitute for professional advice where the facts and circumstances warrant. The views and opinions expressed above are those of the author and do not necessarily represent the views of SGV & Co.

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