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Expanding
Economic
Opportunities
in Industry and
Services through
*Trabaho at
Negosyo*

EXPANDING ECONOMIC OPPORTUNITIES IN INDUSTRY AND SERVICES THROUGH TRABAHO AT NEGOSYO

Industry and services (I&S) remain as the major drivers of the country's economic growth. Industry grew 6.8 percent, contributing 2.3 percentage points to the 6.2 percent real gross domestic product (GDP) growth in 2018. The services sector, on the other hand, grew by 6.6 percent, contributing 3.8 percentage points to the total real GDP growth in 2018. This performance, however, falls short of the targets set for the year; due in part to sluggish export demand, subdued business sentiment, and uncertainty regarding the fiscal incentives regime besides labor market regulations.

In terms of employment, I&S generated about 475,000 and 610,000 net employment, respectively, higher than the target. This was contributed primarily by net employment increases in construction, manufacturing, public administration and defense, wholesale and retail trade, as well as transportation and storage.

The environment for transacting with government promises to be much easier with the enactment of the Ease of Doing Business (EODB) and Efficient Government Service Delivery (EGSD) Act. Micro, small, and medium enterprises (MSMEs) will also have greater access to finance with the enactment of the Personal Property Security Act and the establishment of several Credit Surety Funds (CSFs). The 11th Regular Foreign Investment Negative List (RFINL) also opens up a number of sectors to foreign investors, especially those that will prepare the country for the Fourth Industrial Revolution (FIRe).

Moving forward, the bureaucracy needs to revise its processes, and establish and fully operationalize the agency that will ensure compliance to the EODB and EGSD Act. Further, programs to facilitate the access of MSMEs to markets, finance, and technology should be intensified to reach more MSMEs.

Assessment

Table 9.1 Accomplishments versus Targets in Expanding Economic Opportunities in Industry and Services

OBJECTIVES/RESULTS	INDICATOR	BASELINE ^a		ANNUAL PLAN TARGETS			ACCOMPLISHMENT
		YEAR	VALUE	2018	2019	2020	2018
Societal Goal							
To lay down the foundation for inclusive growth, a high-trust and resilient society and a globally competitive knowledge economy							
Intermediate Goal							
Reducing inequality							
Sector Outcome 1							
Economic opportunities in industry and services (I&S) expanded	Gross Value Added (GVA) growth rate in the industry sector improved (%) ^b	2016	8.4 ^c	8.4-9.4	7.7-8.7	8.2-9.2	6.8
	Manufacturing GVA as a proportion of GDP increased (%)	2016	23.2	23.8-24.4	24.2-24.8	24.7-25.3	23
	GVA growth rate in the services sector improved (%) ^b	2016	7.4 ^c	6.9-7.9	7.0-8.0	7.1-8.1	6.6
	Employment generated by the industry increased ('000s) ^d	2015	180	434	437	440	475
	Manufacturing employment as a proportion to total employment increased (%)	2016	8.3	9.9	10.4	10.9	8.8
	Employment generated from the services sector increased ('000s) ^d	2015	579	748	471	498	610
Intermediate Outcome 1.1							
Local and foreign investments increased	Net FDI increased (USD million)	2016	7,980	None	None	None	9,802
	Net foreign direct investments (FDI) as proportion of GDP increased (%) ^e	2016	2.6 ⁱ	None	None	None	3.0
	Total approved investments increased (PHP million)	2016	729,000 ^j	882,000	970,000	1,076,000	1,084,152
Aggregate Outputs							
Intermediate Outcome 1.2							
Competitiveness, innovativeness and resilience increased	Philippine overall ranking in the WB-IFC Doing Business Report improved	2016	Top 60%	Top 50%	Top 50%	Top 40%	Top 65%
Intermediate Outcome 1.3							
Market access improved (see Chapter 15 Sub-sector Outcome on "Strategic external trade policy regime achieved")							
Intermediate Outcome 1.4							

OBJECTIVES/RESULTS	INDICATOR	BASELINE ^a		ANNUAL PLAN TARGETS			ACCOMPLISHMENT
		YEAR	VALUE	2018	2019	2020	2018
Consumer access to safe and quality goods and services ensured	Level of consumer awareness of basic consumer rights increased (%)	2016	74	76	77	78	67 (Q1-Q3 2018)
Sector Outcome 2							
Increased access to economic opportunities in I&S for micro, small and medium enterprises (MSMEs), cooperatives and overseas Filipinos	Proportion of small-scale industries in total industry value added increased ^f	None	None	TBD	TBD	TBD	
Intermediate Outcome 2.1							
Access to production networks improved ^g	Number of MSMEs participating in Global Value Chains increased	None	None	TBD	TBD	TBD	
Intermediate Outcome 2.2							
Access to finance improved	Proportion of small-scale industries (enterprises) with a loan or line of credit increased	None	None	TBD	TBD	TBD	
Intermediate Outcome 2.3							
Productivity, efficiency, and resilience improved		None	None	TBD	TBD	TBD	

Notes:

^a Actual data as of December 2015, or most recent available data. May not necessarily be year-end values

^b GVA at constant 2000 prices. Targets approved by the DBCC as of July 2016

^c National Income Accounts as of January 2018

^d Employment generated refers to additional employment generated from the preceding year. Baseline data generated using the average of Q1-Q3 estimates (excluding data for Leyte) for both 2014 and 2015.

^e While there were no targets set, the indicator was included in the RM for monitoring purposes.

^f No data available. There is no clear definition of small-scale industries.

^g Indicator still to be developed by the DTI.

In 2018, industry and services expanded, generated additional employment, and registered improvements in labor productivity. However, total net foreign direct investments (FDI) declined slightly, dragged by decreases in equity investments.

Industry

Industry expanded by 6.8 percent in 2018 but growth was below Plan target. The overall industry growth was buoyed by construction, attributed to the continued increase in the government's infrastructure spending, particularly in the implementation of the Build Build Build Program and the sustained increase in private construction activities. But even as construction grew strongly by 15.9 percent, the slowdown in the growth of manufacturing (4.9% in 2018 from 8.4% in 2017) and mining and quarrying (1.0% in 2018 from 3.7% in 2017) tempered industry growth to below the Philippine Development Plan (PDP) target of 8.4 to 9.4 percent for the year.

Slower manufacturing growth, which accounted for 68.1 percent of total industry gross value added (GVA), was largely due to contractions in the GVA in chemical and chemical products and basic metal industries. Slower growth in food manufactures; furniture and fixtures; fabricated metal products; transport equipment; and radio, television, and communication equipment and apparatus also pulled down overall

manufacturing growth. Nonetheless, strong expansions were recorded by petroleum and other fuel products; textile manufactures; rubber and plastic products; beverages; and paper and paper products.

The industry sector generated an average of 475,000 net additional employment in 2018, surpassing the annual target of 434,000. Higher industry employment was generally attributed to increased construction activities as the government heightened its implementation of the Build Build Build Program while the manufacturing sector also contributed positively to employment generation.

Services

The services sector grew by 6.6 percent in 2018 relative to the previous year, slightly lower than the low-end target of 6.9 percent for the full year. Growth was attributed to the acceleration in the public administration and defense, compulsory social security (14.6%) and other services¹ (7.7%). The 7.1 percent growth in financial intermediation also boosted the sector (although at slower growth rate as compared to the previous year).

Services registered a net employment gain of 610,000, accounting for 81.6 percent of the 748,000 additional employment target for 2018. Except for accommodation and food services activities and education, all services sectors registered increases in employment, particularly public administration and defense, transportation and storage, and wholesale and retail trade.

Tourism continued to be vibrant, notwithstanding the temporary closure of Boracay in the first half of 2018. Visitor arrivals in the country reached 7.1 million in 2018, 7.6 percent higher than the previous year. The number of tourist arrivals in 2018 set an all-time high record for the Philippines to date, albeit falling short of the 7.4 million target for the year. Korea remained as the highest market for tourism with 24.3 percent share of total arrivals, followed by China (14.6%), United States (14.5%), and Japan (8.8%). The increase in visitor arrivals translated in higher revenues, estimated to have reached PHP402.7 billion, which was 20 percent higher than the PHP335.6 billion recorded in 2017. Meanwhile, average daily expenditure per tourist in 2018 was lower at USD109.4 from USD125.6 in 2017 and with no significant change in the average length of stay, from 9.4 nights in 2017 to a lower average of 9.1 nights in 2018. This suggests that while the country have been attracting more tourists in terms of volume, higher tourism receipts can be generated by encouraging tourists to stay for longer periods.

Robust tourism growth was supported by positive performance of services exports (7.9%) particularly on transportation (10.9%), miscellaneous activities (8.1%), and government services (74.9%). Export of insurance and travel also registered positive growth at 5.9 percent and 2.9 percent, respectively.²

Investments

The Philippines' share in ASEAN FDI continues to lag behind the five (5) original ASEAN member states³ and Viet Nam.

Net flows of FDI amounted to USD9.8 billion in 2018, 4.4 percent lower relative to the USD10.3 billion registered in 2017. This was mainly attributed to lower net equity inflows in 2018 which amounted to USD2.3 billion from USD3.4 billion in 2017.

¹ Particularly education; recreational, cultural, and sporting activities; and other service activities.

² Philippine Statistics Authority, National Accounts as of January 2019.

³ Indonesia, Malaysia, Philippines, Thailand, and Singapore

Placements of equity capital to the industry sector dropped to USD1.3 billion from USD2.7 billion in 2017, which pulled down overall growth of FDI. All industry subsectors declined, particularly manufacturing. On the other hand, net investments of equity capital in the services sector registered an increase of 49.7 percent to reach USD1.0 billion from USD0.6 billion in 2017, driven by financial and insurance activities, real estate activities, as well as arts, entertainment, and recreation. Reinvestment of earnings also dropped by 0.4 percent, while net availment of debt instruments grew by 11.3 percent in 2018.

In terms of shares, the bulk of equity infusions were invested primarily in industry particularly manufacturing (47.7%) as well as electricity, gas, steam, and air-conditioning supply (8.5%), while investments in the services sector were largely in financial and insurance (14.6%); real estate (13.1%); and arts, entertainment, and recreation activities (8.3%).

Investment pledges rose by 19.3 percent to PHP1,084.2 billion in 2018⁴ from PHP908.7 billion in 2017. Investment commitments to the industry sectors increased by 54.9 percent to PHP740.1 billion from PHP477.8 billion in 2017 mainly due to the notable increase in commitments for the manufacturing sector (PHP295.0 billion). Pledges to the services sectors, however, declined by 20.1 percent to PHP340.3 billion in 2018 from PHP426.6 billion in the previous year. Of the total approved investments in 2018, the industry sector constituted 68.3 percent while the services sector represented 31.4 percent.

Support to MSMEs

A number of MSMEs benefited from shared service facilities (SSFs) and technology upgrading programs, as well as testing and calibration services to ensure product safety standards.

From January to November 2018, 72 SSFs were established, mostly catering to MSMEs engaged in food processing. However, these newly-established SSFs only represent 22.0 percent of the 333 SSFs targeted in 2018. Majority of the new SSFs are in Cagayan Valley (18), Central Visayas (12), SOCCSKSARGEN (10), and Bicol Region (9). In terms of total budget allocation cost, only 7.0 percent were disbursed as of November 2018. To date, there are 2,300 SSFs all over the country serving 269,914 beneficiaries where an estimated 128,671 MSMEs were provided technical assistance in 2018.

The Small Enterprise Technology Upgrading Program (SETUP) of the Department of Science and Technology (DOST) reported a total of 721 beneficiaries as of October 2018, reaching 91.0 percent of the 2018 target beneficiaries. Areas with the most beneficiaries are Cagayan Valley (14.7%), National Capital Region (8.7%), Central Luzon (7.9%), Cordillera Administrative Region and CARAGA (6.8% each), and Eastern Visayas (6.4%).

The number of clients/customers⁵ provided with testing and calibration services by DOST regional offices and research institutes reached 17,022 as of October 2018, exceeding the 2018 target of 12,441.⁶

⁴ According to data on approved investments.

⁵ Clients/customers refer to specific business enterprises, government offices, schools, and universities

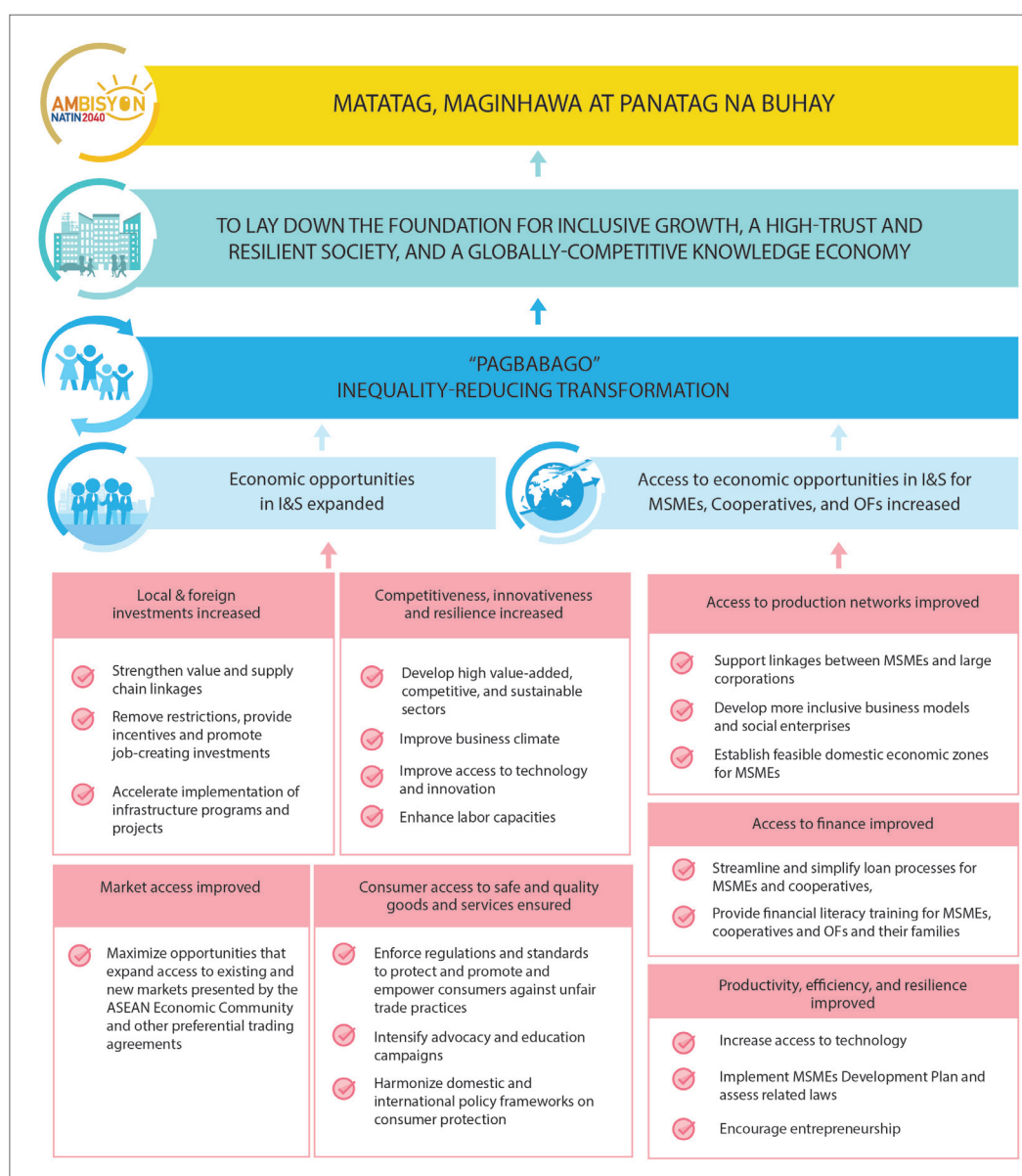
⁶ Target from 2018 to 2022 were revised in June 2018 brought about by the review of indicator and harmonization of definition across testing and calibration laboratories and rationalization of targets.

Moving Forward

Growth of export-oriented manufactures will be affected by a generally subdued global growth as major economies such as the US, China, Japan, and the Euro Area are projected to post-moderate growth in 2019. With exports growth unlikely to pick up in the near term and with higher demand for infrastructure spending, import payments are likely to increase further. It thus becomes imperative for the government to monitor the country's current account balance and be ready to mitigate possible impact on the exchange rate. This also underlines the importance of expanding the manufacturing base of the country by attracting more domestic-oriented enterprises, besides export-oriented ones (*refer to Chapter 15*).

Given this outlook, it is important to fine-tune and prioritize strategies for I&S to effectively address challenges, manage risks, and to ensure and sustain inclusivity of growth.

Figure 9.1 Strategic Framework to Expand Economic Opportunities in Industry and Services



To increase local and foreign investments

Establish clear enforcement rules in line with the issuance of the 11th RFINL. This is to further ease regulatory restrictions on foreign participation as it provides definition of internet business, accreditation rules for foreign contractors, and reciprocity rules in the practice of profession, wellness centers, and teaching in higher education institutions (*refer to Box Article 9.1 for details*).

Pursue reforms to improve Philippines' business environment. Full implementation of the EODB and EGSD Act of 2018 and reforms to reduce cost of doing business, particularly in energy and logistics, will be pursued to improve the country's attractiveness to investors. Project Repeal will be continued to further reduce, if not eliminate restrictive laws and regulations on businesses. Efforts towards the full operationalization of the National Single Window will also be pursued in line with the country's commitment to the ASEAN Single Window.

Enhancing the country's transparency regime on policies affecting investment beyond equity participation is also critical for attracting and promoting foreign investments as this helps potential investors make informed decisions.

Continue efforts to remove restrictions on economic activities in I&S. The proposed amendments will open transport and telecommunications to foreign participation and encourage competition that will lead to improvements in service quality as well as lower transport costs, among others. Liberalization of the retail trade is also being pursued through the proposed amendments that will remove reservation of retail enterprises with less than USD200,000 paid up capital to Filipino citizens.

Meanwhile, amendments to the Foreign Investments Act are intended to reduce restrictions for the entry of medium-sized domestic enterprises to foreign participation. Moreover, the proposed removal of the minimum number of incorporators and allowing the establishment of one-person corporation under the Corporation Code will address the difficulty of investors, particularly start-ups, in meeting the current requirement to have at least five incorporators. Efforts to liberalize the construction sector are also being pursued through amendments that will lift nationality requirements in the issuance of contractor's license and limitations on foreign participation for locally funded public works.

To increase competitiveness, innovativeness, and resilience

Encourage the development of a high-value agribusiness sector. The strategy should include promoting product diversification; increasing agribusiness competencies among farmers and fisherfolk; and promoting and adopting appropriate agricultural and fisheries machineries and equipment to enhance farm productivity and efficiency, taking into account priority agro-industrial commodities of respective regions.⁷

Pursue reskilling of workforce in the information technology and business process management (IT-BPM) sector and other labor-intensive manufacturing sectors to leverage technological advancements in frontier technologies. Upskilling of workforce is part of the DigitalPH Program of the Department of Information and Communications Technology (DICT) that aims to sustain the growth of the IT-BPM sector through the promotion of Stepping Up the Value Chain, digital entrepreneurship, and implementation of the Digital Cities Portal.

⁷ As identified in Regional Development Plans, priority agro-industrial commodities in Luzon include mango, processed fruits and nuts, bangus, bamboo, abaca, and coconut. Muscovado, mango, seaweeds, oyster, swine, abaca, native chicken, milkfish, seaweed, mussels, and coconut are considered priority commodities in Visayas, while cacao, coffee, and calamansi are considered priority commodities in Mindanao.

The capacities of existing and incoming workers in manufacturing need to be strengthened to realize the potential profitability of additive manufacturing⁸ and other frontier technologies.⁹ Skilled trainers, regardless of nationality, must be available and accessible to ensure that the labor force is able to adapt to current and emerging trends in the sector. Course offerings of the Technical Education and Skills Development Authority's (TESDA) Training for Work Scholarship under the Manufacturing Resurgence Program also need to be updated to include skills needed to perform advanced manufacturing tasks (*refer to Chapter 10*).

Formulate the roadmap that will develop the creative industries. Despite its growth, the sector is proportionately much smaller than it should be. The country has not been able to transform creative goods and services into sustainable domestic markets and exports. As such, activities promoting creative skills such as visual arts, print media and design, among others, should be mapped into a dedicated development framework for the creative industries. In addition, access to fast, reliable, and cost-effective internet services to support web-based operations of exported services will also be supported in line with the full implementation of the National Broadband Plan.

Incorporate digital trade in the Updated E-Commerce Roadmap 2016-2020. The roadmap, which is being updated, should consider incorporating digital trade strategies to be in step with new digital technology applications and consumer patterns. Website and payments security in e-commerce will have to be improved to build trust between businesses and consumers.

Establish a uniform system for resolving disputes involving e-commerce transactions. With the increasing prevalence of e-commerce transactions, online shopping sites should be required to include a system that will govern the filing, processing, and resolving complaints and disputes in transactions. This system should make information available on the reliability of merchants in fulfilling e-commerce transactions and in resolving transaction complaints to consumers.

To improve access to production networks

Aggressively promote inclusive business (IB) models that link micro and small suppliers to medium and large companies that are part of, or operate their own, global supply and/or value chains. Agribusiness and tourism enterprises registered with the Board of Investments (BOI) that adopt inclusive business models are entitled to investment incentives under the Investment Priorities Plan (IPP) 2017-2019. The Department of Trade and Industry (DTI)-BOI shall implement measures to attract IB enterprises, especially those in high-value agribusiness. Some examples are the *Kapatid* Mentor ME (micro entrepreneurs) Program and Project Entrep of the DTI, under the Public Investment Program 2017-2022.

Prioritize the passage of required legislation to establish a unified National Quality Infrastructure (NQI). Harmonization of the components of the NQI will clarify the roles of government and the private sector and address the fragmented nature of the country's quality infrastructure system which limits the capacity of local manufacturers to comply with technical regulations and international product standards. The number, quality, and accessibility of testing laboratories will also be increased, especially for agro-industry products, to enhance the capacity of food manufacturers and traders to penetrate local and global markets.¹⁰

⁸ Additive manufacturing also known as 3D-printing, refers to processes used to create a three-dimensional product in which a computer control assembles materials into layers. (Dadios, E.P., et al. August 2018. *Preparing the Philippines for the Fourth Industrial Revolution: A Scoping Study*. PIDS Discussion Paper Series No. 2018-11, p. 31)

⁹ Technologies that "have the potential to disrupt the status quo, alter the way people live and work, rearrange value pools, and lead to entirely new products and services" are referred to as "frontier technologies" (UNESCAP 2018, p.1)

¹⁰ Standardization and certification (Bureau of Product Standards) fall within mandate of DTI, based on Republic Act No. 4109. Metrology and calibration (Industrial Technology Development Institute - National Metrology Laboratory) fall within mandate of DOST, based on Executive Order. No. 128.

Ensure adequate supply of construction-related materials in the local market at reasonable prices to support the timely implementation of the Build Build Build Program (*refer to Chapter 19*). Appropriate regulations should be enforced to address possible anti-competitive practices and ensure that prices of construction-related materials such as cement, glass, basic metals and fabricated metal products remain competitive. (*Refer to Chapter 16*). The Roads Leveraging Linkages of Industry and Trade or ROLL IT, a convergence program of the DTI and the Department of Public Works and Highways will link transport terminals such as airports, seaports, and other transport nodes, with distribution centers, warehouses, and retailers. Increased connectivity to and from production sites, processing centers, markets, and ports will facilitate the movement of manufactured goods from producers to consumers and will also help minimize the cost of transporting construction-related goods.

Enhance the existing statistical database on MSMEs through collaboration between the Philippine Statistics Authority and DTI's Bureau of Small and Medium Enterprise Development. This will include adoption of an official definition of MSMEs in line with Republic Act No. 9501 or the Magna Carta for Micro, Small, and Medium Enterprises, as well as ensuring the availability of MSME data by employment and asset size released annually. The thresholds for the value of assets as indicated in RA 9501 will be reviewed to ensure that these are reflective of current economic conditions. Moreover, indicators that measure the performance of MSMEs (e.g., graduation from micro to small, small to medium; participation in the global production networks, among others) need to be developed for purposes of performance monitoring and support to planning and implementation of government interventions.

To facilitate access to finance of MSMEs

Implement the Personal Property Security Act (PPSA). The law expands the list of assets acceptable to banks and other financial institutions as collateral, enabling MSMEs to use movable collaterals, giving them better access to credit. The law mandates the establishment of an electronic national registry with the Land Registration Authority (LRA) to help in the monitoring of loans and hasten the loan application process. The next step is to establish the national registry, operating systems, and the corresponding information, education, and communication campaign to fully implement the provisions of the PPSA.

Expand technical assistance such as trainings and seminars to MSMEs, cooperatives, and other stakeholders to improve access to credit under the Credit Surety Fund (CSF) Program. While the law (RA 10744 or the Credit Surety Fund Cooperative Act) has been enacted in 2015, and the Bangko Sentral ng Pilipinas has established a number of CSFs, its coverage is yet to be expanded. There is a need to organize more cooperatives and provide these cooperatives with organizational and financial management training. For this, and as provided by law, the Cooperative Development Authority needs to be reorganized through the creation of new positions for the CSF Department to regulate, supervise, and monitor CSF cooperatives to fully meet its expanded functions and responsibilities.

Complete the roll-out of the Philippine ID System with integrated credit information. The system, which can be used to link credit information to facilitate loan applications, is expected to be completed by 2023. Government agencies need to reconfigure their systems to integrate the national ID and continuously enhance it to ensure the safety and integrity of the data.

Encourage MSMEs to adopt digital solutions to increase financial inclusion, improve operations, and expand accessible market. Basic financial products and services such as savings, payments, credit, and investments should be incorporated in government programs such as *Pondo sa Pagbabago at Pag-Asenso* and *GoNegosyo*, among others.

Few MSMEs employ digital productivity-enhancing technologies due to financial constraints and limited exposure to and knowledge on such technologies. To increase appreciation of these digital solutions, trial options through *Negosyo* Centers will be provided to MSMEs. Moreover, manageable payment options also need to be available to make adoption of these technologies financially-feasible for MSMEs

To improve productivity, efficiency, and resilience

Prioritize acquisition of high-tech/advanced technologies to improve product quality, reduce cost of production, and enhance resilience of MSMEs. Machineries that enable MSMEs to consistently produce higher quality goods at lower marginal costs need to be made more accessible especially to those in the countryside. Local government partners need to be updated with the latest and emerging trends in industries operating within their localities. Technologies that utilize sustainable energy sources should be promoted to reduce dependence on costly traditional energy sources.

Strengthen monitoring and evaluation mechanisms to measure the impact of government intervention for MSMEs. Programs and projects of DTI and other concerned agencies will undergo a third-party impact evaluation to measure their effectiveness and promote complementarity between various MSME support initiatives. Evaluations shall identify bottlenecks and recommend strategies to improve implementation, as well as identify effective interventions that will be expanded, especially in areas accessible to potential users in accordance with the National Spatial Strategy (*refer to Chapter 3*).

Strengthen industry-academe linkage to support human resource development. A database containing university and industry resources needs to be developed to increase accessibility of information needed to initiate mutually-beneficial relationships between industry and academe. For instance, the supply of skilled workers in the construction sector should be adequate to complement the full implementation of the Build Build Program. About 2.5 million additional skilled workers will be required to address the demand in the implementation of infrastructure projects until 2022.¹¹

Partnerships, especially in knowledge production and innovation as well as commercialization and diffusion of research and development (R&D) products, are being encouraged. An initiative under the Inclusive Filipinnovation and Entrepreneurship Roadmap,¹² is the establishment of Regional Inclusive Innovation Centers (RIICs). The RIICs aim to encourage collaboration between and among industries, universities, national and local government offices, start-ups, MSMEs, R&D laboratories, incubators, FabLabs, and investors, among others. (*Refer to Chapter 14*).

Promote microinsurance for disaster risk insurance of MSMEs. There is a need to develop disaster risk insurance for MSMEs, advocate for financial literacy, and identify strong distribution channel through the private sector.

¹¹ TESDA Labor Intelligence Report, October 2017

¹² <http://industry.gov.ph/wp-content/uploads/2018/10/DTI-Policy-Brief-Special-Issue.-Oct-2018-Inclusive-Filipinnovation-and-Entrepreneurship-Roadmap.pdf>

Box Article 9.1 11th Regular Foreign Investment Negative List (RFINL)

Executive Order No. 65 signed on October 29, 2018, which promulgates the 11th RFINL, lifted the foreign equity restriction on the following investment areas:

1. Internet businesses, which has been excluded from mass media;
2. Teaching at higher education levels provided the subject being taught is not a professional subject (i.e., included in a government board or bar examination);
3. Training centers that are engaged in short-term high level skills development that do not form part of the formal education system;
4. Adjustment companies, lending companies, financing companies, and investment houses; and
5. Wellness centers.

Furthermore, foreign participation up to 40.0 percent is now allowed in contracts for the construction and repair of locally funded public works and private radio communications network from 25.0 percent and 20.0 percent under the 10th RFINL, respectively.

Moving forward, the government will work for the passage of related legislative bills that seek to attract foreign investments. Among such bills pending legislation include the proposed amendments to the Foreign Investments Act, amendments to the Retail Trade Act, and amendments to the Public Service Act. Moreover, clear enforcement rules to facilitate increased foreign participation in key investment areas need to be crafted and existing regulatory measures that still restrict foreign investment need to be reviewed and revised if needed. For instance, the accreditation rules for contractors and reciprocity rules on the practice of profession may need to be reviewed to further maximize the gains of the 11th RFINL.

