Sourcing from

The Philippines

A country guide for volume buyers

www.developingcountrysourcing.com
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<td>of Philippine-made home décor, garments</td>
<td></td>
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<td>and fashion accessories</td>
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Executive summary

The Hinrich Foundation Export Trade Assistance program presents Sourcing From the Philippines, a guide to assist buyers new to exporting from the country.

From searching for suppliers to having products shipped, buyers looking to diversify their sourcing with the Philippines can find step by step support in this text.

Getting oriented highlights international airports, central business districts and common office hours in the Philippines for readers.

The key export statistics section provides the latest information on the Philippine's economic world standing and labor force. It also details the country's major finished export goods and key trading partners. The section lists notable brands currently sourcing from the Philippines.

In the manufacturing centers section, readers can learn about the major production centers of the Philippines as well as its sources for raw materials. The section also describes the location of Special Economic Zones and lists down the incentives provided to SEZ locators.

Within trade services, readers can learn about organizations offering buyer support. Buyers can learn how to utilize help and resources for finding suppliers, contacting government agencies and importing products.

In banking and finance, buyers can discover local banking options. The section also offers information on availability of loans.

Paying for your purchase illustrates the payment options available in the Philippines, arranged by both buyer and supplier preference.

The export documentation and logistics section guides readers through the export process and the key documentation necessary for the procedure.

Settling trade disputes provides readers advice on avoiding disputes with suppliers. It also gives methods and resources for addressing disputes if they should occur.
Key export statistics

The Philippines is ranked as the 30th largest economy in the world with an estimated GDP of $299 billion in 2015. The economy has weathered global economic shocks better than its regional peers due to less exposure to troubled international securities, lower dependence on exports, relatively resilient domestic consumption, large remittances from 4 million to 5 million overseas Filipino workers and a rapidly expanding outsourcing industry. The country also boasts the 20th largest labor force in the world with 41.75 million workers, according to CIA Factbook.

Although the Philippine economy has been rising steadily over the past decades, its growth is considered behind many of its Asian neighbors, known as the Asian Tigers or the Group of 20 nations.

Therefore, the Philippines falls into the next tier of emerging markets, sometimes called the Next Eleven or the Tiger Cub Economies. Other Tiger Cub Economies include Indonesia, Malaysia and Thailand.

The country’s total external trade in goods for the first half of 2015 reached $59.6 billion – a decrease of 2.7 percent from $61.3 billion for the same period in 2014.

Major trading partners

The top ten trading partners in the country posted a total trade value of $46.4 billion or 78 percent of the cumulative external trade for the first six months of 2015.

Among the country’s major trading partners, Japan imported the most woodcrafts and furniture, spending a total of $1.2 billion or 20 percent on the industry in the first half of 2015.

Of the Philippines’ top trading partners, the US spent the most on articles of apparel and clothing accessories for the same period. With a receipt of $617 million, this category was the second largest export from the Philippines to the US behind electronic products.

Polo, Liz Claiborne, Nautica, Ann Taylor, Victoria’s Secret, Nike, and adidas are some of the popular global brands sourced in the Philippines, attesting to the quality of products the country can make.

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Top 10 Philippine trading partners

January - June 2015

<table>
<thead>
<tr>
<th>Trading partners</th>
<th>US$ (bn)</th>
<th>% share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>8.7</td>
<td>15%</td>
</tr>
<tr>
<td>People’s Republic of China</td>
<td>7.8</td>
<td>13%</td>
</tr>
<tr>
<td>USA</td>
<td>7.7</td>
<td>13%</td>
</tr>
<tr>
<td>Singapore</td>
<td>4.1</td>
<td>7%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>3.7</td>
<td>6%</td>
</tr>
<tr>
<td>Korea, Republic of</td>
<td>3.6</td>
<td>6%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>3.3</td>
<td>5%</td>
</tr>
<tr>
<td>Germany</td>
<td>2.8</td>
<td>5%</td>
</tr>
<tr>
<td>Thailand</td>
<td>2.8</td>
<td>5%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2.0</td>
<td>3%</td>
</tr>
<tr>
<td>Others</td>
<td>13.2</td>
<td>22%</td>
</tr>
</tbody>
</table>

Source: Philippine Statistics Authority
## Top 10 principal exports to all countries

**January - June 2015**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>US$ (bn)</th>
<th>% share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic products</td>
<td>$1.3</td>
<td>47%</td>
</tr>
<tr>
<td>Other manufactures</td>
<td>$2.1</td>
<td>7%</td>
</tr>
<tr>
<td>Machinery and transport equipment</td>
<td>$1.9</td>
<td>7%</td>
</tr>
<tr>
<td>Woodcrafts and furniture</td>
<td>$1.4</td>
<td>5%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>$1.1</td>
<td>4%</td>
</tr>
<tr>
<td>Ignition wiring set</td>
<td>$1.0</td>
<td>3%</td>
</tr>
<tr>
<td>Apparel and clothing accessories</td>
<td>$0.9</td>
<td>3%</td>
</tr>
<tr>
<td>Other mineral products</td>
<td>$0.9</td>
<td>3%</td>
</tr>
<tr>
<td>Metal components</td>
<td>$0.6</td>
<td>3%</td>
</tr>
<tr>
<td>Coconut oil</td>
<td>$0.6</td>
<td>2%</td>
</tr>
<tr>
<td>Others</td>
<td>$4.9</td>
<td>17%</td>
</tr>
</tbody>
</table>

*Source: Philippine Statistics Authority*

## Major finished goods exports

The woodcrafts and furniture industry remains a robust line in the Philippines. Ranking 4th among principal exporters, overseas sales in the first half of 2015 reached $1.4 billion, sharing 4.8 percent of the total principal exports. The furniture industry uses a wide variety of materials, including wood, rattan, metal, bamboo, plastic, buri and stone.

The three major furniture production areas in the Philippines are Metro Manila, Pampanga and Cebu.

Furniture made in Metro Manila is typically made of wood mixed with other materials. Pampanga, located in the Central Luzon region, is associated with hand-carved furniture. Cebu, dubbed “the furniture capital of the Philippines”, is known for furniture made of rattan, fossilized stone and wood.

Articles of apparel and clothing accessories ranked 8th, with export receipts totaling $905 million from January to June 2015, or 3.1 percent of total exports.

## Other principal exports

Rounding out the top 10 principal exports for the first half of 2015 were electronic products; other manufactures; machinery and transport equipment are chemicals. Other products that made it to the list are ignition wiring sets and other wiring sets used in vehicles, aircrafts and ships; articles of apparel; metal components and coconut oil.
Manufacturing centers

The Philippines is divided into 81 provinces, which are grouped into 17 regions. Its abundant supply of raw materials makes it home to numerous manufacturing hubs scattered across the archipelago.

Special economic zones
There are 326 Special Economic Zones (SEZ) located throughout the country as of May 2015. These SEZs are mostly privately owned but are overseen by the Philippine Economic Zone Authority (PEZA), a governing agency under the Department of Trade and Industry.

Export processing zones
There are currently 12 Export Processing Zones (EPZ) in the Philippines.

Four are operated by the government through PEZA, and the rest by other government agencies and entities particularly created by law to administer them. EPZs are established to enhance export promotion, attract foreign direct investments and ensure opportunities for employment for the domestic labor force.

Incentives list for SEZ locators
Locators in SEZs are granted the following fiscal and nonfiscal incentives:

Tax-related incentives
• Corporate income tax holiday for 4 years to a maximum of 8 years.
• Exemption from duties and taxes on imported capital equipment, spare parts, materials and supplies.
• After the lapse of income tax holiday, a 5 percent special tax on gross income and exemption from all national and local taxes.
• Tax- and duty-free importation of raw materials, capital equipment, machinery and spare parts.
• Exemption from wharfage dues, export tax, impost or fees.
• VAT zero rating of local purchases.
• Exemption from any and all local taxes, impost, licenses and fees.
• Exemption from expanded withholding tax.
• Tax credit for import substitution of raw materials used in producing nontraditional exports.
• Additional deduction for training expenses.
• Tax credit on domestic capital equipment.
• Tax- and duty-free importation of breeding stocks and genetic materials.
• Tax credit on domestic breeding stock and genetic materials.

Other special incentives
• Additional deduction for labor expense.
• Unrestricted use of consigned equipment.
• Employment of foreign nationals.
• Permanent residence status for foreign investors and immediate members of the family.
• Simplified import-export procedures.
Major production centers

Legend

- Finished products
- Raw materials
- SEZ

Metro Manila
- garments, textiles, housewares, gift items, food and beverage, electronics

Cavite, Rizal, Quezon, Laguna, Pampanga
- wooden furniture, Christmas and holiday decor, handicrafts, toys, gift items
- wood

Baguio
- toys, souvenirs, gift items, jewelry, home decor, furniture, housewares
- rattan, pinewood

Bataan
- garments, textiles, bags, footwear, electronics and related products

Bicol
- baskets, furniture, gift packaging, home and holiday décor
- wicker, Manila hemp

Other SEZs in the Philippines

These Philippine SEZs are focused on other industries such as agro-industrial products, transshipment, logistics services, eco-tourism and quarrying:

- Zamboanga City Special Economic Zone
- Aurora Pacific Economic Zone and Freeport
- Cagayan Special Economic Zone and Freeport
- Poro Point Freeport Zone

Cebu
- fashion accessories, fine jewelry, furniture, housewares, gift items, packaging, garments, fresh and processed fruits
- rattan, bamboo, Manila hemp, raffia, wood, shells, pearls
- Mactan Economic Zone

Note: Baguio City Economic Zone, Camp John Hay Special Economic Zone

Other SEZs in the Philippines

- Zamboanga City Special Economic Zone
- Aurora Pacific Economic Zone and Freeport
- Cagayan Special Economic Zone and Freeport
- Poro Point Freeport Zone
Sourcing from The Philippines

Trade services

The Philippines has embassies and trade offices worldwide working together with the Department of Trade and Industry (DTI) to facilitate foreign trade. Most trade offices are attached to the embassies and can assist you in finding the right suppliers. Many have displays of Philippine products, library facilities with directories and trade publications and staff to answer inquiries about export products, suppliers and manufacturing centers. The staff can also direct you to contacts in the Philippines, including government agencies that assist foreign buyers and trade associations.

Foreign Trade Service Corps
There are more than 26 Foreign Trade Service Corps (FTSC) offices located in 19 countries in Europe, the Middle East, North America, and Asia and the Pacific.

See appendix on page 18.

Bureau of Export Trade Promotion
The Bureau of Export Trade Promotion (BETP), under the DTI, formulates and implements plans, programs, projects and strategies to develop, expand and diversify Philippine exports. Buyers unfamiliar with the export policy and procedure in the Philippines and in need of suppliers can benefit from BETP’s various services.

BETP services are offered to exporters, entrepreneurs, foreign buyers, academe/students, other government agencies, trade association and the general public.

Philippine International Trading Corporation
The Philippine International Trading Corporation (PITC) is the international trading arm of the government. It imports and exports new or non-traditional products and trades with markets not normally pursued by the private sector.

PITC has the resources to supply foreign buyers with a broad range of Philippine products that meet international quality standards.

Foreign chambers of commerce
Foreign chambers of commerce in the Philippines and even in your country can give valuable contacts and insight on doing business in the Philippines.

List of Bureau of Trade Promotion services

- Analyzes market opportunities of Philippine products in various export markets.
- Prepares integrated export product and market development plans in coordination with various government agencies of the International Trade Group of the DTI and the private sector.
- Conducts research on new product development and opportunities in the export market, and identifies the domestic supply base for such products.
- Reports on export production and current industry situation.
- Maintains an integrated information system on all aspects of product and commodities relevant to export marketing.
- Formulates, plans, supervises, coordinates and monitors the implementation of both private and official incoming and outgoing missions.
- Promotes and coordinates international subcontracting arrangements between foreign and Philippine investors for the relocation of production operations and facilities to the Philippines.
- Monitors policies and guidelines for the registration and certification of exporters eligible for the various export incentive programs.
- Reviews and identifies appropriate measures to minimize or deregulate export-import procedures.

These organizations often hold meetings, maintain libraries with important information on the Philippines and release publications on new developments affecting trade and investment in the country. In some cases, the staff can arrange introductions between suppliers and buyers.
**Philippine Exporters Confederation Inc.**

In the Philippines, start your search by visiting the Philippine Exporters Confederation Inc. (Philexport), the largest exporters' organization.

Philexport is a non-stock, nonprofit, umbrella organization that is mandated to strengthen the country’s export industry through export promotion and development programs. Philexport has 2,351 members representing all product sectors and companies in the export industry.

**Trade associations**

Associations in key export-oriented industries sometimes offer services that can prove helpful to you. Many are prepared to attend to trade and investment inquiries. They can link up prospective buyers with local manufacturers and arrange buyer-seller meetings.

They also conduct market surveys and organize overseas trade missions. Many associations have publications that can be useful to both manufacturers and overseas buyers.

- Chamber of Furniture Industries of the Philippines
- Christmas Décor Producers & Exporters Association of the Philippines
- Confederation of Garments Exporters of the Philippines
- Chamber of Handmade Paper Industries of Philippines
- Cebu Fashion Accessories Manufacturers + Exporters Foundation Philippines
- Fashion Accessories Manufacturer Association
- Home Accents Group of the Philippines Inc.

**Hiring an agent**

Some foreign buyers choose to hire an agent in the Philippines to handle purchasing on their behalf.

Getting an agent might be the best option if you do not want to invest a lot of time with the details of sourcing in the Philippines or follow-up work. Agents can locate products and suppliers, perform other groundwork and follow up orders that have been placed.

**Checking on your supplier**

It might become necessary to check on your prospective supplier’s financial standing, especially when a large amount of order is involved.

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**Philexport services**

- Information collection and dissemination
- Training and technical assistance
- Special promotions programs
- Policy research and advocacy
- Common customs bonded warehouse

One reason is to determine whether the supplier is capable of handling your order and is not in danger of going bankrupt. A close examination of a supplier’s finances will indicate whether the supplier has the means to make good on promises. Given the country’s bureaucracy, however, it is not easy to conduct a satisfactory check. Nevertheless, options exist:

- Government and private agencies like BETP, PITC and Philexport, which can supply data on request.
- The exporter’s agent, if any, in the buyer’s country.
- A foreign trade consultancy, which will undertake the necessary check for a fee.
- Major credit checking companies.
Banking & finance

Bangko Sentral ng Pilipinas
Bangko Sentral ng Pilipinas (BSP) is the central bank of the Republic of the Philippines, established in 1993 and located in Manila. BSP recommends policies in the areas of money, banking and credit. It supervises the operations of banks and exercises regulatory powers over the operations of finance companies and non-bank financial institutions. BSP also has the sole power and authority to issue currency and may regulate or prevent the circulation of foreign currency to avoid reproduction.

In addition, the bank preserves the international value of the Philippine peso and maintains its convertibility for foreign trade payments and other purposes. It is authorized to extend re-discounts, discounts, loans and advances to banking institutions.

Commercial banks
Local commercial banks offer a wide range of services, including deposit and saving accounts, processing of loan applications, handling trade financing transactions and providing guarantees. They also issue letters of credit (L/C), provide foreign remittances services and handle warehousing and custom duties.

As of June 2014, The Philippines has 664 banking institutions with an operating network of over 9,456 branches. Of the 664 institutions, 36 are considered commercial banks, 70 are thrift banks and 558 are rural banks. Although commercial banks are the fewest in number, they account for 90 percent of the total resources of the Philippines’ banking system.

The Development Bank of the Philippines (DBP) is one of three government-owned specialized bank that is considered the principal source of long-term credit. It also serves as the conduit of official government assistance. DBP finances projects in the agricultural and industrial sectors. It also extends loans to public works projects of the government, real estate, financing companies and other sectors.

Foreign banks
Eight foreign commercial banks operate in the Philippines, including Citibank, Bank of America and JP Morgan Chase Bank. These banks offer full banking services and are allowed to provide services similar to those of local commercial banks.

Offshore banking units (OBUs) are ranches, subsidiaries or affiliates of foreign banks that are permitted to conduct offshore banking business in currencies other than the Philippine peso. There are three OBUs currently operating in the Philippines namely BNP Paribas, JP Morgan International Finance and Limited and Taiwan Cooperative bank. They can make loans or accept fund to and from non-residents, other OBUs and foreign currency deposit units (FCDUs) authorized by the BSP. OBUs can also handle remittances from overseas Filipino workers and negotiate letters of credits.

There are 15 foreign bank representative offices in the Philippines, including Wells Fargo Bank and Bank of New York Mellon.

Availability of loans
Most banks provide short-term pre-shipment export loans and post-shipment export financing. Pre-shipment export loans usually amount to 80 percent of the value of the L/C, PO or sales contract.

Post-shipment loan areas available at 100 percent of the export bills. They are usually paid within a period of not more than 180 days. While factoring or bankers’ acceptance financing is encouraged, it is not nearly as popular as other types of loans. Commercial banks also extend short-term foreign currency loans funded from FCDUs. Some banks have export credit programs directed at small and medium-sized businesses.

The majority of commercial banks have their main offices in Metro Manila. The largest include:
Payment methods

The common methods of payment in the Philippines are prepayment in cash, letter of credit, documentary drafts for collection, open account and consignment sales. The common payment preferences for buyers and sellers are shown below.

**Importer (Buyer)**

1. **Cash in advance**
   Buyer transfers payment to the seller upon contract award against commercial invoice before goods are shipped/services are commenced.

2. **Letter of credit (L/C)**
   Under an irrevocable L/C, the seller receives an irrevocable guarantee from a bank to be paid against compliant documents. Confirmed by a U.S. bank, protected against economic, commercial and political risk.
   Understanding of UCP 500, documentary requirements, different types of L/Cs (transferable, revolving, standby).

3. **Documentary collection (D/P, D/A)**
   Transport or commercial Documents including document of title and a Draft/Bill of Exchange(B/E) are forwarded by the seller’s bank to the buyer’s bank for payment/acceptance.

4. **Cash against documents (CAD)**
   Transport or commercial documents are forwarded by seller’s bank to buyer’s bank for payment.

5. **Open account (O/A)**
   Seller ships the goods/executes services and submits commercial invoice and other documentation to the buyer for payment (net 30/60/90 days).
   Electronic Wire Transfer (Swift)/foreign checks/cash/Banker’s Draft.

(Source: University of the Pacific)

**Exporter (Seller)**

1. **Open account (O/A)**
   Seller ships the goods/executes services and submits commercial invoice and other documentation to the buyer for payment (net 30/60/90 days).
   Electronic Wire Transfer (Swift)/foreign checks/cash/Banker’s Draft.

2. **Cash against documents (CAD)**
   Transport or commercial documents are forwarded by seller’s bank to buyer’s bank for payment.

3. **Documentary collection (D/P, D/A)**
   Transport or commercial Documents including document of title and a Draft/Bill of Exchange(B/E) are forwarded by the seller’s bank to the buyer’s bank for payment/acceptance.

4. **Letter of credit (L/C)**
   Under an irrevocable L/C, the seller receives an irrevocable guarantee from a bank to be paid against compliant documents. Confirmed by a U.S. bank, protected against economic, commercial and political risk.
   Understanding of UCP 500, documentary requirements, different types of L/Cs (transferable, revolving, standby).

5. **Cash in advance**
   Buyer transfers payment to the seller upon contract award against commercial invoice before goods are shipped/services are commenced.
Export documentation & logistics

Export procedure, including documentation, has been simplified to encourage foreign trade and generate foreign exchange earnings.

Only registered businesses can engage in export and import. To set up an export company, you must register with the Department of Trade and Industry (DTI), the Securities and Exchange Commission (SEC), the city or municipality where you want to operate business and with the Bureau of Internal Revenue (BIR).

Export declaration
For goods that are ready to be shipped, the exporter must first secure an export declaration (ED) form from:
- Bureau of Export Trade Promotions (BETP)
- Department of Trade & Industry (DTI) Provincial Offices
- Bureau of Customs (BOC) Processing Unit
- One Stop Export Documentation Center (OSEDC) or Philexport offices

If shipping government-regulated products, exporters need to apply for an Export Commodity Clearance/Certificate of Exemption from the proper government commodity office.

Authority to load
The exporter must present all supporting documents to the Export Division of the Bureau of Customs (BOC) where the authorized officer will approve the Authority to Load (A/L).

Loading in Manila
Cargo that's going to be transported by air is inspected by Bureau of Customs at Ninoy Aquino International Airport (NAIA).

Conventional cargo to be transported by sea, whether containerized or non-containerized, are inspected by the Customs Container Control Division (CCCD) and the Piers and Inspection Division (PID) at the port area, after payment of the wharfage fee and arrastre charges. These charges may be paid at the South Harbor or the Manila International Container Port (MICP).

However, for Board of Investments (BOI) and Philippine Economic Zone Authority (PEZA)-registered companies, stamping or exemption from payment of wharfage fee may be done at the PPA Unit of OSEDC-Manila at Roxas Boulevard. Loading can be conducted at either the North or South Harbor.
Loading at provincial ports
For cargos to be loaded at provincial ports, export documentation may be done in Manila. After approval of the A/L, BOC sends a message to its branch at the port of loading. It is also possible to process documents and secure an A/L from local OSEDEC offices in Clark, Davao, Baguio, Iloilo, General Santos, Cagayan de Oro, Cebu and Subic Bay Special Economic Freeport Zone.

Bills of Lading or Air Waybill
After the shipment is loaded, the customs inspector signs the Report of Loading for Seafreight or Report of Lading for Airfreight. The exporter secures the Bill of Lading for Airfreight from the shipping line or the air way/bill (AWB) from the airlines. The document signifies an agreement between the shipper and ocean carrier or the shipper and consignee or the carrier and consignee. The document serves as:
• Receipt for cargo by carrier
• Certificate of ownership
• Evidence of contract of carriage

Among all documents, the ocean B/L is the most important commercial document issued by the shipping company and must conform strictly to the conditions and terms of your L/C. Specific details about the cargo will help avoid discrepancies which may arise due to misclassification, violations of regulations pertaining to explosives or other dangerous articles and export control.

Certificate of Origin & Certificate of Shipment
After the goods are loaded, the BOC will issue the following documents on request:
• Certificate of Origin (CO), Form A, used for export products covered by the Generalized System of Preference (GSP)
• General Certificate of Origin, used for export products not under GSP
• Certificate of Origin, Form D, used for export products covered by Association of Southeast Asian Nations (ASEAN) Common Effective Preferential Tariff Scheme
• Certificate of Shipment

Payment for export goods
The supplier is normally given 10 working days from loading to submit the following:
• Letter of credit (L/C)
• Bill of lading or air waybill (AWB)
• Commercial invoice
• Certificate of shipment

Other required supplementary documents
For prepaid shipments, the supplier sends the original commercial and shipping documents to the buyer. However, within 10 days from the date of shipment, the supplier must submit photocopies of these documents to the Authorized Agent Bank (AAB).
Settling trade disputes

Most trade disputes in the Philippines arise from non-payment for goods, substandard goods, incorrect quantities and price increases.

Each year, commercial disputes between Filipino exporters and buyers are heard in the Philippines by trade officials, tribunals and courts. Some – not all – are easily resolved, but sometimes resolution only occurs after buyers decide to cut their losses and accept the other party’s settlement proposal.

There are a number of simple precautions which, if done at the outset, can limit or even eliminate the possibility of damage to the buyer.

Tips to avoid trade disputes

- Get the exact address of your prospective supplier. A P.O. Box number is not sufficient.
- Know the official company registration to track down records if the needs arise.
- Do business with a reputable and financially stable supplier and beware of start-ups.
- Check supplier’s background thoroughly.
- Pay only by an irrevocable “sight” L/C not by telegraphic transfer.
- Hire a preshipment testing/inspection company, with the L/C payable against the Certificate of Inspection issued by the inspection company.

Trade assistance resources

- The Department of Trade and Industry (DTI)
- The Bureau of Trade Promotion (BETP) oversees the country’s export program
- The Bureau of Export and Trade Promotion’s (BETP) Export Assistance Network (EXPONET) helps exporters and prospective exporters access information, resolve specific problems related to exporting and handles all trade-related complaints.

Procedures for complaints

Complaints must be made in writing and submitted under oath by the complainant. EXPONET (http://www.betp.dti.gov.ph/exponet.htm) assigns a mediating officer to attend to the complainant and identify the parties concerned. If the buyer is involved, the office informs the Philippine trade representative in the buyer’s country. If the supplier is involved, the officer advises the DTI regional or provincial officer.

Arbitration

The inclusion of an arbitration clause in the contract is one of the best ways to effect a fair and speedy settlement of more serious commercial disputes. Conducted under the international arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL) to which the Philippines subscribes, or under rules for domestic arbitration, it has the following advantages:

- It allows the two parties to decide the rules under which arbitration is conducted subject to modifications that they may negotiate and agree on.
- They can specify a third country as the venue for the hearing and the language to be used.
- The hearing can be conducted on the basis of documents and other materials or oral evidence by witnesses.
- The award is final and binding on the parties and carried out without delay.

Protection of intellectual property rights, trademarks and patents

The Intellectual Property Office of the Philippines (IPOPHIL) evaluates patent applications and issuance, trademarks, trade names and service marks.

A trademark has to have been in commercial use in the Philippines for at least two months before the date of filing. The registration is valid for 20 years as long as the owner files
an affidavit of use with the bureau within one year from the 5th, 10th and 15th anniversary of the date of issue of the certification. Patents are issued for an invention, a utility model and an industrial design. For an invention to be patentable, it has to be original, useful, novel or new. A utility model has to be useful, operable and new, while a design has to combine originality with aesthetic value. A patent remains in force for 17 years without extension. The life term of a patent for a design and a utility model is five years, renewable for additional five-year terms.

Foreigner may apply for a Philippine patent provided they are a citizen of a country that grants similar privileges to citizens of the Philippines. An applicant based abroad has to appoint an agent or representative in the Philippines to handle any matter relating to this application.

Complaints must be made in writing and submitted under oath by the complainant. EXPONET assigns a mediating officer to attend to the complainant and identify the parties concerned. If the buyer is involved, the office informs the Philippine trade representative in the buyer’s country. If the supplier is involved, the officer advises the DTI regional or provincial officer. The EXPONET officer informs the concerned party within three days upon receipt of the complaint, and provides a definite period during which to file a reply. The local supplier is given 15 working days to give a reply. The foreign buyer has 30 working days to answer the complaint and may confer with the Philippine trade representative in his or her county. An extension of 15 days is given to respondents. Non-reply will be considered admission to the allegation and the respondent will consequently be placed under BETP’s watch list. The watch list indicates the offenses committed by buyers and suppliers and guides EXPONET on its actions.

If the respondent denies or refutes the complaint, he is required to submit an answer to the Trade Complaints Committee, preferably under oath and with supporting documents. If the supplier admits guilt, BETP, through the regional officer, facilitates resolution of the complaint. If it is the buyer at fault, the bureau expedites resolution through the trade representative.

EXPONET helps arrange meetings between the two parties, especially when the complaint is refuted. The meetings are held before a representative of DTI’s Office of Legal Affairs. EXPONET then submits its findings to the Trade Complaints Committee. The committee reviews the findings and decides if the respondent should be included in the “watch list”.

How to handle complaints:
a step-by-step guide

Complaints must be made in writing and submitted under oath by the complainant. EXPONET assigns a mediating officer to attend to the complainant and identify the parties concerned. If the buyer is involved, the office informs the Philippine trade representative in the buyer’s country. If the supplier is involved, the officer advises the DTI regional or provincial officer.

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Analysts’ Choice

Choose from our gallery of innovative and new products from the Philippines selected by our export consultants and as featured on the Analyst’s Choice section of GlobalSources.com. For more Philippine suppliers and their latest products, visit DevelopingCountrySourcing.com.

**Handmade agate dragonfish statement necklace**

Kitsilver Jewellery & Fashion Accessories offers the model KSJ005 fashion necklace. The dragonfish-inspired pendant is 100 percent handmade. The piece’s 24K gold-plated brass and semi-precious agate stone gives it a distinctively regal look for accessorizing for formal affairs. The pendant’s dimensions are 6.5x0.4x3.5in. The design is customizable.

[CONTACT SUPPLIER]

**Handwoven embroidered women’s hat**

This women’s hat from Native Touch Collection Inc. is made from handwoven sinamay of the abaca plant is water-resistant, light and breathable. It has a 57cm diameter. Rimmed with floral embroidery and lace ribbon, its design is clean, practical and fashionable.

[CONTACT SUPPLIER]

**Orbital lounge chair made of wicker**

Pacific Arts and Decor International, Inc. offers the model ORN-01 lounge chair. With a fiber glass frame, handwoven PE wicker body, and durable sunbrella outdoor cushions, it can last in various weather conditions. The chair measures 760x960x960mm and is available in blue, gray and black. This manufacturer also offers love seats, center tables, side table, ottoman and other items in similar materials.

[CONTACT SUPPLIER]

**Stainless nebula dining side chair**

Murillo’s Export International, Inc. offers the model Nebula LX dining chair. It is made of powder-coated iron frame with stainless steel legs. Its rattan skin backrest binding gives more comfort than a hard plastic. The chair measures 18.75x34.25x21.75in and is available in blue and ash black. It can also be used as an accent chair in the garden or living room.
## Appendix

The Foreign Trade Services Corps Offices

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<thead>
<tr>
<th>Location</th>
<th>Address</th>
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