

from. At the rate it is going, it seems like the Phisix will test its 2,040 resistance level this week," said Jose Vistan, an analyst from

ghost month when market has always been dreary," Rodrigo said. Stock market players are also cautious

tax (EVAT) law. The SC earlier issued a temporary restraining order stopping the government

of 2.94 percent higher week-over-week to close at 2,000.25 as investors reacted favorably to the release of second quarter corporate

second quarter year-over-year, or higher than the 4.6 percent growth recorded in the first quarter this year.

RP will be a rich country in 30 years



ORIGINALLY from Switzerland, I have lectured, consulted and traveled in the Philippines for almost a year. My conclusion of this experience is that it is time for a positive message and vision for the country. In fact, despite the current crisis, pessimism, and negative talk, I believe that the Philippines can be — and will be — a rich country in 30 years.

emigration, tragic poets, famine and civil wars today has a per capita GDP higher than that of Germany, France and Britain." Amazingly, this turnaround happened during a period of only 20 years. Of course, it took strong leadership to achieve this. College education was made basically free, the economy was opened for competition and the budget got under control. Importantly, there was a consensus formed around this plan by the political and economic elite. The results are truly amazing, with Ireland now being the richest country of the European Union after Luxembourg.

Another European country teaches us an interesting lesson in this respect. Similar to Ireland, Italy was a poor country for centuries. Italians left the country to find work in the USA and in northern neighboring countries such as Germany and Switzerland. Then, something happened, which is also likely to happen in the Philippines: the overseas workers came back home, invested their earnings and put up their own businesses at home. During the 1970s and 1980s, this contributed to an impressive economic boom in Italy. This

happened while the country was politically quite unstable. Between World War II and the end of the 1990s, Italy experienced 47 (!) different governments and 17 prime ministers. Sometimes, people would joke that when the respective foreign minister was traveling abroad, he had to call back home every morning to see if he is still in office. Again, this is not without parallels to the Philippines.

Opportunities

It is also quite easy to forget during this political crisis and turmoil that the Philippines does have a middle class and very dynamic private sector. In fact, the Philippines had a GDP growth rate of a stunning 6.1 percent in 2004, the highest in 15 years.

To imagine a positive vision for the country, it is important to understand the opportunities for the Philippines in the future. Since wages here are higher than in many other Southeast Asian countries, the future of the Philippines will more likely be in services than in traditional manufacturing. As American, Japanese and European companies are forced to cut costs, the business process outsourcing (BPO) market is promising. Indeed, Business World

reported in April this year that the number of call center seats is expected to grow by 100 percent this year to around 80,000. This being said, there are much more opportunities related to BPO than call centers. Sectors such as customer management, mortgage processing, life policy administration, human resource services as well as support functions for IT have often been identified for outsourcing. According to the March 30, 2005 issue of the Manila Bulletin, the European BPO market alone is estimated at \$64 billion this year.

Another huge opportunity for the Philippines is medical tourism, a concept which combines healthcare and tourism. It refers to the idea that patients from developed countries travel abroad to get (cheaper) treatment and vacation at the same time. "Instead of exporting doctors and nurses, the Philippines should import patients" summarized Henry Schumacher, the executive vice president of the European Chamber of Commerce of the Philippines, recently in a presentation at De La Salle University. If patients are imported, plenty of suppliers will benefit and will help develop the

country. In addition to medical treatment and the spa and wellness business, a special kind of medical tourism also includes long-staying retirees. In view of the overaging population in industrialized countries, this looks like a specially promising opportunity.

Better than what we think

While the private sector is definitely the engine of Philippine development, the public sector is better than what observers generally think. The truth is that there are politicians with good intentions — even in this country. In fact, there are honest politicians on both sides, the administration and the opposition.

As part of my consulting work, I carried out focus group discussions for a governor. As expected, respondents thought very negatively about politics and politicians in general. Interestingly, however, every single participant could point out a congressman or a senator who he/she thinks differs positively from the others. Once Filipinos are asked about specific politicians instead of the abstract concept of politics, they think much more positively about it.

And actually, quite substantial progress has been made during the

past months before the start of the current crisis. As recently as early June 2005, the Philippine Daily Inquirer mentioned that a report by the Swiss bank, UBS, saw a sustainable turnaround in the country's fiscal position. The tax reforms including the value-added tax law was touted as the most significant piece of tax legislation since 1997.

So, it looks like I am not the only person to believe in the future of this country. Yes, there are dramatic problems right now and there might be even more dramatic ones in over the next two or three years. What I am talking about is a long-term vision for the country. In this sense, I envision a Philippines with endless opportunities for every Filipino.

** Louis F. Perron is a political consultant based in Switzerland. He earned a masters at the Graduate School of Political Management, George Washington University in Washington DC. He is currently a visiting professor at the De La Salle Professional Schools Inc. Graduate School of Business. He can be contacted at Lperron@perroncampaigs.com*

WEEKLY STOCKS REVIEW													
July 26-29, 2005			July 18-22, 2005			July 26-29, 2005			July 18-22, 2005				
STOCKS	Close	Total Volume	Total Value	Close	Total Volume	Total Value	STOCKS	Close	Total Volume	Total Value	Close	Total Volume	Total Value

Ayala group floating P5b worth of bonds

The Ayala group plans to issue P5 billion worth of bonds