Interview with Maria Lourdes Baua, President and CEO, Philippine International Trading Corporation (PITC)

13.07.2010

Tags: Philippine International Trading Corporation (PITC)

Ms. Baua, you have been working for quite a long time in the Department of Trade and Industry. Can you please start by giving to our readers an overview of the DTI and the trade profile of the Philippines? Where does PITC fit in this context?

The Department of Trade and Industry (DTI) handles policy formulation, promotion and implementation of programs towards the creation of a business environment. DTI objective is to make sure that there is an enabling environment, that the Philippines is able to attract the investors, while at the same time being a leader in pushing exports, developing the micro, small, and medium enterprises, and championing business. On the other hand, DTI also champions the consumers, and that is where the medicine law comes in. DTI has regional and main offices; it has at least 3,000 employees, which is very small compared to other departments.

The Philippine International Trading Corporation (PITC) is an attached corporation of the Department of Trade and Industry. It was started in the 70s but in August 2004 it was attached to the 0ffice of the President because of the medicine program, however it was brought back to the Department of Trade and Industry in mid 2007. It is a state trading company that has different functions, mainly dealing with exports and countertrading, and now also acting as an alternative procurement agency.

In March 2006 the PITC Pharma Incorporated (PPI) was formed. Today the PPI deals exclusively with the pharma business. PITC was in the pharmaceutical business for a long time, since Senator Roxas started looking into the options of providing medicines at a lower price and how the business infrastructure could be adapted – the PITC was acting as the trading arm providing low price medicines, even before the implementation of the MDRP program. PITC has been into procuring medicines until the Cheaper Medicine law was passed and there was a stronger push for affordable medicines – at that point the PPI was created with an infusion of capital from PITC and NDC, the National Development Company.

In March you were appointed as President of PITC. What are the current priorities that you have set for the organization?

The Philippine International Trading Corporation is an alternative procurement agency: Departments and agencies can come to us to have their goods and services procured by PITC. Our objective is to make sure that we adhere to the law (the GPRA – Government Procurement Reform Act), that we add value by attracting suppliers with cutting edge technology, while making sure that the amounts contained in the proposal meet the budget of the requesting agency. We also want to make sure that we promote integration of the countertrade program in our PITC procurement. That means that if we import from one country, we want to ensure that the supplier would also import from the Philippines. We encourage them to get services and goods from the Philippines, making sure that there is transfer of technology among others.

We are also working on exports and other services, matching the buyer with the supplier. We are pushing to increase the level of exports.

Finally, PITC has gone through a lot of changes. Today we provide a number of extra services including consolidation and overseeing the shipments. Over the years, other firms in the private sector that do the same were established, but there are advantages in working with the PITC.

What is the advantage of working with the PITC?

The most important aspect is that we are part of the DTI organization – this means that in terms of competencies and relationship we can leverage on the DTI platform.

The second factor is that, because DTI is focused on policy, if there is anything that can ensure a better process we can refer it to the DTI. For instance, the Department of Foreign Affairs sought our opinion on a matter of countertrade and because of our experience we were able to respond to them.

My main role so far has been to energize the relationship with the Department of Trade and Industry. We follow a rationale process making sure that the competencies are matched with the business forms of the companies. I was also able to contribute to identifying what should be the governance framework.

At PITC we are making sure that we continue to push for what it has been pushing since the beginning – countertrade, exports and trading – but now with the additional business of the alternative outsourcing company for the Government procurement.

PITC is involved in the exports, in trading and in countertrade. Giving the fact that the Philippines have a negative trade balance, what is PITC doing to raise the export profile of the Philippines?

We encourage the buyers to get products from the Philippines as a part of the countertrade. We are also working with different groups in the Department of Trade and Industry to expand the export base. We tap the foreign trade attaches, in line with leveraging on the relationship with the Department of Trade and Industry. The international trade attaches' are our link to the international world, we work together with them and they are the ones who set up all our meetings, since they know the business environment in their respective countries.

We recently had a business meeting with the Cambodia Business Council, we are looking at the needs of countries like India and Cambodia where we can export our Philippine products and services. A lot of networking is necessary.

At the same time, we are also concerned about bringing in technology. We will have in July a meeting with the Department of Health to discuss about the procurement of medicines and medical technology. My strong relationship with the DoH will be helpful in this engagement even if they will also tap into other associates. It is indeed crucial to establish strong links with individuals or companies.

What role does the pharmaceutical sector play in PITC?

Before I started here, PITC was at the forefront of the former Secretary's Roxas call of determining how cheaper medicines could be brought to the country. That is when he tried to explore parallel importation. PITC was focused on procurement and distribution of medicines and it became like a pharma firm. They were very much focused on pharma.

This was the situation until the PITC Pharma was formed. At first, former Secretary Duque was the chair of the PITC as well as the chair of the PITC Pharma, until there were some realizations that the DoH Secretary should not chair an agency that is trade driven. So the Secretary of Trade and

Industry Favilla was designated the chair of the PITC, while the Secretary of Health remained the chair of the PITC Pharma.

After this separation, there is no everyday business transaction between the two entities. PITC itself now has no more pharma business, while PPI is now in charge also of the so called Botika ng Barangay and Botika Ng Bayan. The only time we interact with PPI is when, for example, a client would like to acquire medicines on an urgent basis – in this case we ask PPI what medicines they have on their shelves and we use their resources. Only when they do not have the products we need can we go to other suppliers. However, this aspect related to the pharma business is something that needs to be updated.

Meanwhile, I am still designated as the focal person in the Department of Trade in the DoH implementation of the Medicines law, I sit in the Advisory Council, where the policies are discussed, for example the discount card.

The mission of PITC is to increase and boost exports. What do you think is needed to bring Filipino products to compete in the global arena, where they can position themselves to be competitive?

I think the biggest push is making sure that there is quality and that the products pass all the standards. Another important factor is the way of delivery – for instance we need to have volume that they asked for, as well as consistency in the products. Consistency is a problem, especially for handcrafted products like embroideries.

There is more competition than ever before. So the producers should really work together if they want to consolidate instead of beating each other. Instead of working separately, they should come together and in this way they could be able to meet a bigger demand.

We are continuously looking at those strategies. We have an export development plan for the Philippines, that is developed by the Secretary of DTI and it is presented to the President, so all the goals and the metrics are included.

As a final message on behalf of the PITC, how would you like to position the Philippines in the global and Asian trading community?

PITC is a state trading company, so to maximize the mandate of the PITC we need to go to many other business areas for the country. We can go G to G and work on this mandate. There are two projects that have value-adding features on the way we usually do things. Our goal is to be a quality organization in terms of the way of delivery, of the attitude and competence of the people, an organization that can be trusted.

See more interviews