Interview: Luis E. Mendez – Chairman, Philippine-Swiss Business Council



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Luis E. Mendez, Chairman of the Philippine-Swiss Business Council, outlines the growing relationship between the Philippines and Switzerland and the council's role in stimulating trade between the nations.

How would you characterize the current trade relationship between Switzerland and the Philippines?

The Philippines' largest imports from Switzerland are pharmaceuticals and watches, while the largest exports to Switzerland are non-monetary gold, electronics micro assembly and precision machine parts. I see the trade of the traditional top products improving with population growth, global economic prosperity and the free trade agreement we are all looking forward to, which is scheduled to be ratified in congress very soon. The relationship between the Philippines and Switzerland goes back further than 150 years and the Filipinos in general like Swiss brands, including the chocolates, watches, cheese and pharmaceuticals. However, the traditional trade partners for the Philippines are Japan, the United States and China. The trade with Switzerland is less than one percent of the Philippines' global trade.

Could you expand on what the ratification of the Free Trade agreement for the Philippines and the EFTA states will mean for the Philippines-Swiss trade relationship?

The Philippines has only one bilateral free trade agreement, and that is with Japan. The free trade agreement with the EFTA States was signed last April 2016 in Bern, Switzerland and will take effect as soon as the Senate of the Philippines ratifies it. I am proud to say that our council has provided some support for the realization of this agreement. This will surely translate to a lot of good things for the Philippines in terms of exporting food and agricultural goods to Switzerland, and although Switzerland is a small market, we see it as the gateway to Europe.

What services does the Philippine-Swiss business council offer to help Swiss companies navigate the business landscape in the Philippines?

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Next year we are looking at participating in a large and well planned business delegation from Switzerland focusing on agriculture and business process outsourcing. We chose these industries because they are government priorities and we like to support the government initiatives in providing inclusive jobs. The council provides testimonials on how best to do business and navigate the same in the Philippine setting. For example, the Swiss delegates are coming to the Philippines to better understand what it takes to do business here, and since we have many Swiss SMEs and Swiss multinationals in the country, we prepare meetings between them where they can answer questions and share their experience with the delegates. There are numerous Swiss nationals that have been in the Philippines for many years and when we bring them together they are able to share their expertise and perspective. We also provide office and factory visits for the incoming Swiss businesses to get a better understanding of what it takes to start in the Philippines and of course we provide presentations and information on the positives and negatives the Swiss should expect all in the spirit of transparency.

What elements do you view as the most crucial for Swiss businesses to understand in penetrating the Filipino market?

Not everyone realizes that the Philippines is a huge market of over 100 million, second only to Indonesia. In the past, the most crucial factor leading businesses to establish here was the English language proficiency, but now I believe the most significant factor is the growing market. How can one neglect a 100 million-size consumer population? We also have a very stable banking system, the country’s debt level is acceptable, the international foreign exchange reserves are high, upgraded credit ratings and in general, improvements on most indexes on ease of doing business. The labor market is stable as well, but I would like to highlight the biggest challenge to the country being a manufacturing base will be the high cost of electricity and infrastructure.

In terms of culture, the Philippines are very westernized, and in general, the market appreciates foreign brands from the west, Japan and Korea. There are no negative stigmas associated with foreign brands and the economy is very much an import and consumer driven economy.

Part of the council's goal is to highlight trade and investment opportunities in the country. What do you see as the greatest areas of opportunity?

For now, the greatest opportunity for the Philippines is in agriculture as it remained stagnant and had not innovated in recent years. Many see that if this sector is given a push, this will provide much needed inclusive jobs. This is now a top priority for many of the chambers and business groups. The second major opportunity is investing in infrastructure. Improving the infrastructure would not only facilitate business, but will make the country attractive to tourism, which is natural for the Philippines. The third great opportunity is in clinical trials. Last year, our business council had a successful forum on clinical trials and the data presented was very encouraging due to the cost effective advantage of the Philippines. I understand the trials are on-going but I personally see the Philippines as the clinical trial hub for the world.

You are also treasurer of the Aid Line Philippine-Swiss which provides humanitarian assistance during times of crisis in the Philippines, could you tell us more about this initiative?

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Mr. Reiner W. Gloor, a very respected professional in the Pharmaceutical Industry, heads this CSR branch of the PSBC. Aid Line Philippine-Swiss, or ALPS, focuses on rehabilitation work for major calamity victims. The project began by providing food and roofing materials after typhoons, but we soon realized that we could be more helpful through rehabilitation initiatives. ALPS repairs houses, repairs schools and provides fishing boats in affected areas solely through the kindness of Swiss nationals living in the Philippines. This is a fairly new initiative, and it needs to grow through the support of our donors. The Philippines will not lack in calamities in the near future. I hope some of your distinguished readers will find time to know more about ALPS as we need all the support of everyone.

Looking forward, what do you see as the role for the council in terms of stimulating trade between the Philippines and Switzerland in the future?

Right now, we want to focus on specific industries including agriculture, manufacturing, waste to energy, and furniture; however, we want to use Swiss innovation to develop these industries.

Currently, Philippine industries are somewhere in the traditional phase and a transformation to high-tech phase industry is imminent. This is where Swiss innovation products come for the transformation. The free trade agreement mentioned earlier just makes things more exciting.

Do you have a final message about the Philippines for our international audience and our Swiss readers?

The Philippines is a large market of over 100 million people and with a stable financial system. The new administration will be focusing on infrastructure and engage the agricultural sector while adopting the economic program of the last six years. This will translate to an exciting economic landscape for the country. This is the time for businesses to come to the Philippines, this is the time to apply innovation across all industries.

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