



ELECTRONICS INDUSTRY ROADMAP

Industry Roadmaps and the AEC Game Plan:
Regional Localization for Competitiveness

06 August 2015
Taal Vista Hotel, Tagaytay City

PRESENTATION OUTLINE

- The Philippine Electronics Industry
- Initial Roadmap
- Product and Technology Holistic Strategy (PATHS)

THE ELECTRONICS INDUSTRY

Classification of the Electronics Industry

- Semiconductor (Components / Devices)



- Computer Related Products / EDPs



- Office Equipment



- Consumer Electronics



- Telecommunications



- Communication/Radar



- Control & Instrumentation



- Medical / Industrial Instrumentation



- Automotive Electronics



- Aerospace



- Solar / PV



THE ELECTRONICS INDUSTRY

Location of Electronics Industry

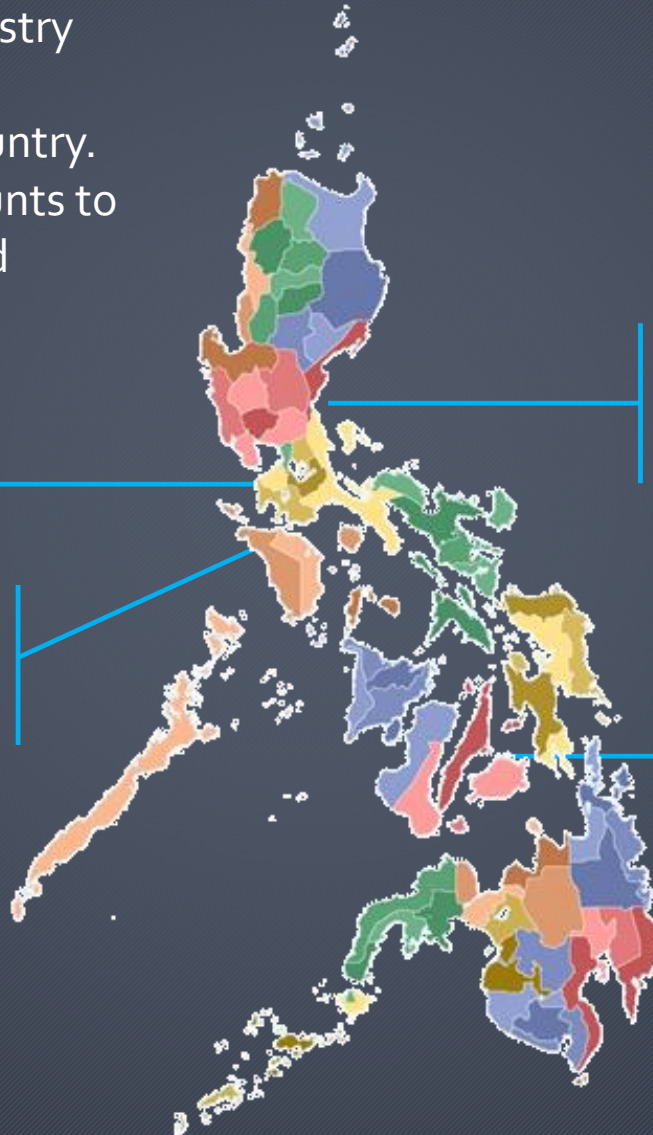
- Critical mass of global industry players are spread across different regions of the country.
- Total SEIPI members accounts to 261 (Regular, Associate and Affiliate members).

Metro Manila
52.11%

Calabarzon
39.85%

**Northern/
Central Luzon**
4.98%

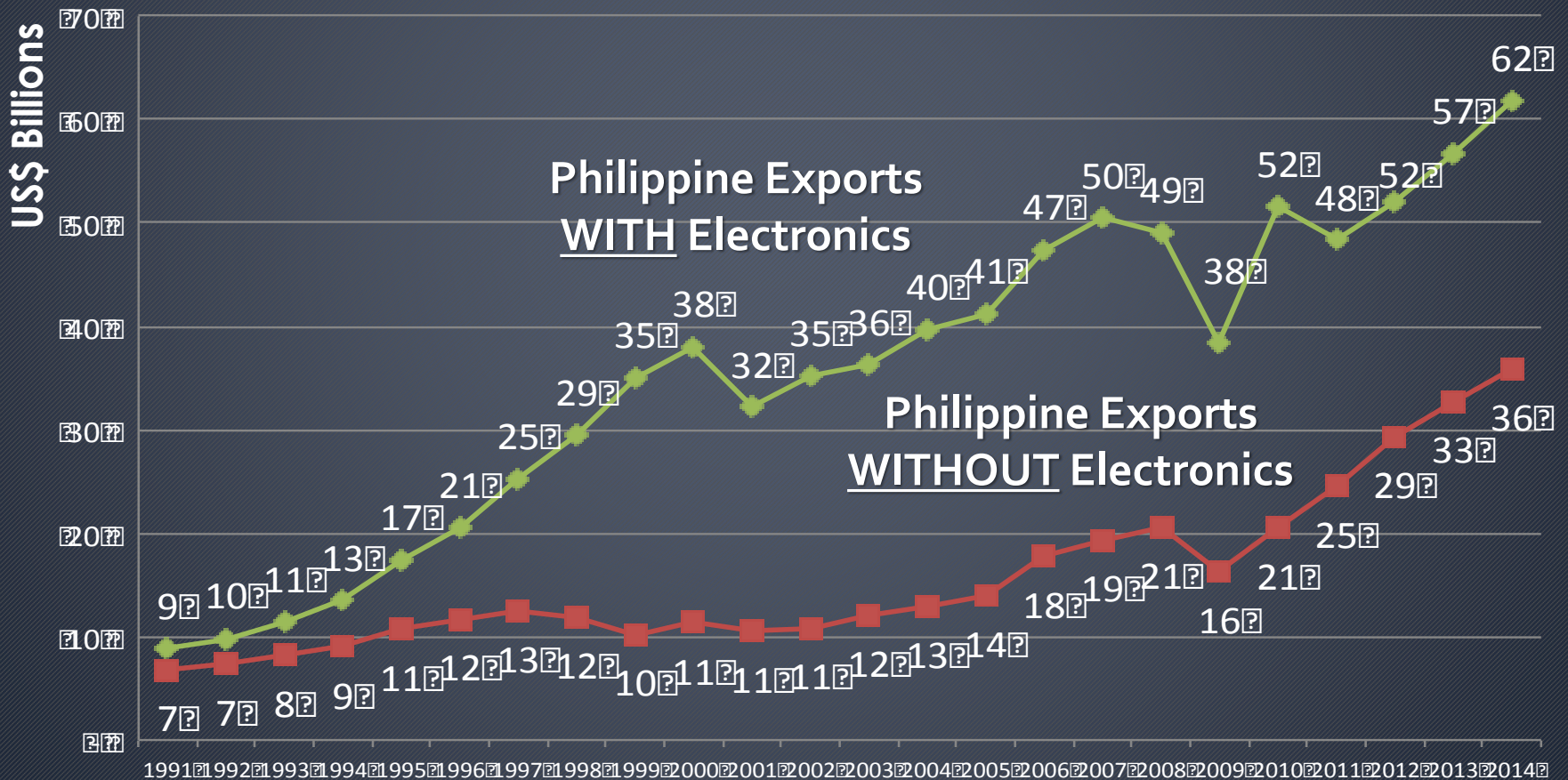
Cebu
2.68%



THE ELECTRONICS INDUSTRY

Total Philippine Exports (1991-2014)

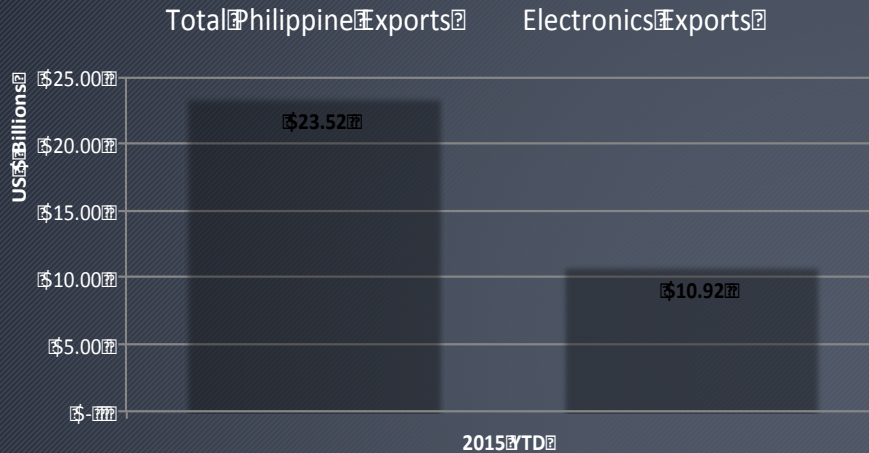
The Philippine **electronics industry** is still the **biggest** contributor to the total Philippine exports, ending **2014** with **US\$25.88 billion** exports or **42%** share of the total Philippine merchandise exports.



THE ELECTRONICS INDUSTRY

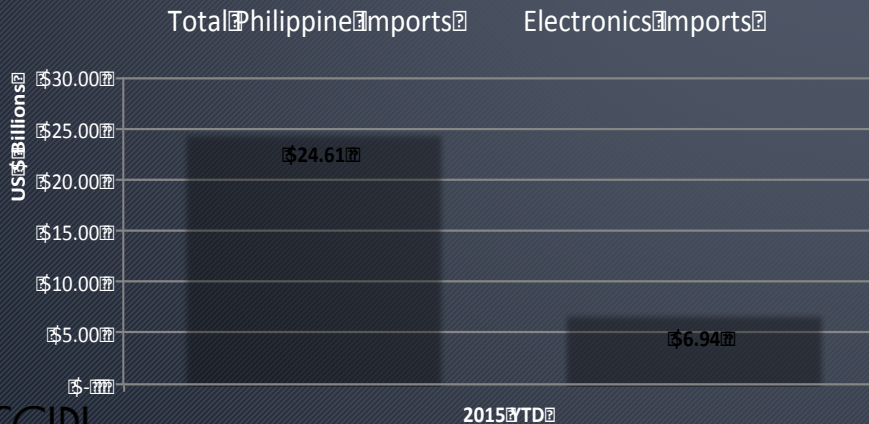
2015 YTD Performance

EXPORTS PERFORMANCE



- Electronic Products remained as the country's top export with total receipts of US\$10.92 Billion, or 46.52% of total exports revenue in May 2015.
- In terms of Imports value, the Electronic Products accounted for US\$6.94 Billion, or 27.96% share from the total imports from January to May 2015.

IMPORTS PERFORMANCE



THE ELECTRONICS INDUSTRY

Economic Impact

In spite of the decline % share in total exports. The electronics industry remains to be a great contributor to the Philippine economy in terms of:



If the electronics industry ceases to produce output, purchase inputs and distribute its products, **GDP will drop by 28%**.



P1 increase in export sales generates at least 0.12 cents additional indirect taxes in the economy. **In 2012, the industry's total direct tax contribution was about US\$690 million.**



A P1 increase in export sales generates **0.11 cents to 0.25 cents additional household income in the economy.**



P1 billion increase in investments creates about **620 to 1,408 additional quality jobs in the economy.**



US\$1 billion of investments creates **US\$10.5 billion of exports from 2010 to 2012.**

INITIAL ELECTRONICS ROADMAP

Industry Targets

Scenario A: Status Quo (just business as usual)

LONG TERM (2030)

Investment: U\$5 B

Exports: U\$52 B

Employment: 1.7M (D)
12 M (I)

Total: 14 million workers

MEDIUM TERM (2022)

Investment: U\$3 B

Exports: U\$37 B

Employment: 1M (D)
7 M (I)

Total: 8 million workers

SHORT TERM (2016)

Investment: U\$2.5 B

Exports: U\$28 B

Employment: 506K (D)
3.5 M (I)

Total: 4 million workers

LONG TERM (2030)

Investment: U\$10 B

Exports: U\$112 B

Employment: 3M (D)
21M (I)

Total: 24 million workers

MEDIUM TERM (2022)

Investment: U\$5 B

Exports: U\$52 B

Employment: 1.7M (D)
12 M (I)

Total: 14 million workers

SHORT TERM (2016)

Investment: U\$3 B

Exports: U\$37 B

Employment: 1M (D)
7 M (I)

Total: 8 million workers

Scenario B: Optimum business conditions
for industry, with government support and
academe partnership

MAJOR INDUSTRY CHALLENGES

LOCAL

- High Power Cost
- Lack of Talents (MS/PhD)
- Inefficient permitting systems
- Corruption
- High Taxes
- Underdeveloped Infrastructure
- Limited Supply Chain
- Low Foreign Direct Investments

GLOBAL

- Recovering Economies
- Discriminating Consumers
- Low Demand for Legacy Products
- Generous Incentives of Neighboring Countries

PRODUCT AND TECHNOLOGY HOLISTIC STRATEGY (PATHS)

OBJECTIVES

1. Identify global technology trends in the semiconductor and electronics industry.
2. Based on the semiconductor and electronics technology trends, determine the strategic and specific products and technologies that the Philippines should focus on in the following sectors:
 - a. Semiconductor Manufacturing Service (SMS)
 - b. Electronics Manufacturing Service (EMS)
3. Review the current country factor resources and state-of-the-art technological capabilities and the business operating environment of the electronics and other industries and the country vis-à-vis the new product lines.



PRODUCT AND TECHNOLOGY HOLISTIC STRATEGY (PATHS)

OBJECTIVES

4. Given the specific products and technologies to pursue in the SMS and EMS sectors, identify the necessary and desired industry resources, policies, supply chain and operating environment that will support the thrust for existing firms to expand into or attract new investors to locate in the Philippines.
5. Formulate a product and technology strategic roadmap to close the gap between the current and the desired state of the country's electronic industry identifying specific action programs for marketing, physical facilities, skills, policy, etc. that are needed to successfully resurrect and grow the Philippine electronics industry.

GOD BLESS!