

EXPERTISES

INTERNATIONAL



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Putting the Philippines in the French Radar

Sixty-seven years: this is how long it took the Philippines to have its first visit from a French Head of State.

President François Hollande made history when he visited the Philippines in February 2015. This came barely six months after our own President Benigno Aquino III visited Paris in September 2014. Prior to this was the visit of former Prime Minister Jean-Marc Ayrault to the Philippines in October 2012. In a span of 30 months, Philippines-France bilateral relations were propelled to a whole new level and the Philippines finally appeared in the

French radar. For two countries without traditional ties, this was a feat to be achieved in sixty-seven years.

Philippines-France bilateral trade doubles in three years

The impact of strengthened bilateral relations extended well beyond the political arena. Its impact could be felt in the business sector as well. According to the Department of Trade and Industry, total trade between our two

countries more than from USD 1 billion in 2010 to almost USD 2.5 billion in 2014. While this trade has been mostly in France's favor – the Philippines' represented France's ninth largest trade surplus in the world in 2014 – this renewed dynamism has also served the Philippines well, particularly through French investments in the country.

During the visit of President Aquino to France last year, several commercial contracts were signed in public transportation and telecommunications: two traditional French centers of excellence. RATP-Dev, together with Bouygues Travaux Publics and Alstom Transport, won contracts for the operation and maintenance and design and construction of the extension of the oldest metro line in the Philippines. Alcatel-Lucent, on the other hand, signed a contract with Globe Telecom, Inc. – one of the leading telecommunication firms in the Philippines – to improve Globe's network quality and performance and ultimately improve the level of satisfaction of its mobile broadband access customers.

The opportunities have not been reserved exclusively for CAC40 or French blue chip companies, such as Sanofi, Total, AXA, or Lafarge. Other French SMEs, particularly in

the digital sector, have also established operations in the Philippines such as digital advertising firm Netbooster and training provider Proformation. Even Coface is about to set up an office in the country. The Philippines has also attracted

French entrepreneurs such as Mr. Thierry Tea, former Managing Director of Airbus in the Philippines, who decided to put up his own company after recognizing the country's potential in the aeronautics industry (see article below).

The Philippines is one of the most resilient economies in Southeast Asia

All of these historic visits and business exchanges could not have come at a better time: they coincide with the fastest-

growing period the country has seen in the past 40 years. From 2010 to 2014, the Philippines had an average growth rate of 6.2%. In 2013 alone, the Philippine economy grew by 7.2% despite the major damage caused by Typhoon Haiyan.

MEETING WITH...



THIERRY TEA
FOUNDER AND CEO AT PHILJETS GROUP

The Philippines, well-positioned in the aerospace industry

I arrived in the Philippines eleven years ago in October 2004. After having worked in Hong Kong and Shanghai, I joined the Airbus Helicopters Sales Department in Paris in January 2004 and quickly wanted to go back to Asia. While I first targeted China and Australia, a VIE in Sales with the Singapore regional office came up for a country I almost never heard of. At that time, the Philippines was not popular. However, I decided to jump on this opportunity. I recall Manila had only a few young expatriates then. Most of the French in the Philippines were either retired, CEOs or businessmen who started their business 30 years earlier. It was not easy to find my place, and the business pace was slow. There were no helicopters sales from 2000 to 2004. I therefore had to work hard to sell my first helicopter. In 2005, we sold about six aircraft. I was promoted to Regional Sales Manager covering Hong Kong and Micronesia. In 2007, I became CEO of Airbus Helicopters in the Philippines. We grew a great Filipino team from 20 to 60 employees. When I left in 2012, we had tripled the turnover, sold 45 helicopters and hired two additional French VIE. As concurrent Head of Airbus Group, we positioned the group as a leading partner of the Philippines, supporting the growth of its carriers (PAL, Cebu, Seair, Air Asia, ITI) with Airbus and ATR aircraft.

From employee to entrepreneur

I always wanted to have my own business. But if you have Asian origins in France and want to be an entrepreneur, the cliché is that you either open a Chinese restaurant, a computer business or an Asian store. I joined the Airbus Group because I wanted to prove to myself that I could work and succeed in a large European industrial group. It was risky to leave the expatriate life but I was on the same path as the Philippines; we were both growing! So I decided to create PhilJets. It was an exciting time since this was when ties between France and the Philippines were growing as well.

In 2013, I started PhilJets Aero Services Inc. and acquired a helicopter operator – Zenith Air – that we rebranded as PhilJets Aero Charter. We joined the Makati Business Club, which is the equivalent of MEDEF, as well as the Philippines-France Business Council.

We quickly saw results in our industry. We used to hear about Malaysia or Vietnam, but slowly the Philippines' image in France started to look better. Although the potential has always been there, the reforms in good governance put in place by the Aquino Administration gave the economy a strong boost. There remain, however, a lot to do.

PhilJets and the Philippines' aeronautics industry

The creation of PhilJets has been possible thanks to a great Filipino team that is still today the core of our Group. To start a company in the Philippines, you need to understand the environment well, including the local laws and regulations. It takes patience, perseverance, a lot of effort and investment.

Today we are working on a new business venture, which is looking at helping other companies to either open their business or do business in the Philippines. We strongly believe that the Philippines is well-positioned in the aerospace industry so this is why we are investing in the future of PhilJets, through MRO (Maintenance, Repair and Overhaul) training and education projects.

I am convinced the Philippines can be a great hub for aerospace and aviation, but investments are needed in order to improve the industry's standards. We are therefore building a team that can contribute to this objective. Developing shared services and Business Process Outsourcing in the aerospace and aviation sectors are part of our next steps. As for me, the next chapter in my life has just unfolded: my wife gave birth to our first child and we are happy to welcome Julia, our baby girl, in the Philippines!



MEETING WITH...



SEVRINE MIALHE
MARKETING COMMUNICATION MANAGER AT RUSTAN
COMMERCIAL CORPORATION

During this period, the “big three” credit ratings agencies – Standard and Poor’s, Fitch and Moody’s – also gave the Philippines investment grade. France’s own credit risk agency Coface upgraded the Philippines in 2013.

Other international organizations such as the World Economic Forum have also taken note of the Philippines. In its 2015/2016 Global Competitiveness Report, the Philippines moved up another five notches to 47th place out of 140 countries. From 85th place in 2010, the Philippines rose to 75th in 2011, 65th in 2012, 59th in 2013, 52nd in 2014 and most recently 45th in 2015 – or the equivalent of 38 notches in only five years. This makes the Philippines the most improved economy in ASEAN and across the world for the period 2010 to 2015.

In its 2015 Economic Outlook for Southeast Asia, China and India, the OECD forecast the Philippines to have the fastest growth among the ASEAN-5 (Indonesia, Malaysia, Philippines, Thailand and Vietnam) with an average growth rate of 6.2% from 2015 to 2019.

Even in the midst of a slowdown of global growth, particularly the Chinese economy, the Philippine economy remains resilient. The Philippine peso was one of the strongest in the region, compared to the Malaysian ringgit, the Indonesian rupiah and the Thai baht which have lost 9.8%, 8.4% and 6.4%, respectively. The Philippine peso has only lost 2.2% of its value for the same period.

The Philippines’ secret weapon: its people

These pieces of economic good news are supported by our entry into what economists call the “demographic sweet spot”. This is when the

Never take “yes” the Western way

I visited the Philippines with my husband for the first time in February 1999. A few months later we moved there and started a new life that would last sixteen years.

The first years in Manila were busy raising four children who came one after the other since Manila is definitely a great place to have children. Doctors are very good and accessible; there are numerous education options with new international schools opening regularly; and the love for children is everywhere – you will always find a person to help you look after your children with absolute dedication and genuine affection.

So when our youngest turned three, using my background in Marketing and Cosmetics, I decided to go back to work. Luckily for me, Rustan’s, which is the Philippines’ most prestigious department store group, was the first to give me a job offer. I was given the responsibility of organizing the Cosmetics, Perfumery and Toiletries Marketing and Communication Division.

Retail is extremely competitive in general and the Philippine market is no exception. With many malls, increasing global brand presence, online offers and our customers’ habit of shopping abroad, maintaining a double-digit growth every year was no easy target!

I was able to put together a team of very competent and hardworking individuals, mostly fresh graduates or on their second job. The fact that 90% of the work was done in English made it very easy for me to organize the team and work with them. Their attention to detail and dedication have been exemplary. With a clear direction

and regular evaluation and recognition, we were able to create a very successful department.

A big challenge I faced was earning the respect of my other colleagues, especially since I was a foreigner. Making the extra effort to reach out and explain what you are trying to do, engaging and listening to others’ point of view, receiving criticisms well and addressing everyone in a positive way paid off. I was also very lucky to work and report directly to the owners of the company. They have been very respectful and supportive of my work which has made my experience very pleasant. They invest in developing their people’s talent as much as in renovating their department stores, fully aware that human resources are the heart of their company.

My advice to newcomers to the Philippines is to always keep in mind that Asians in general, and Filipinos in particular, are very respectful and non-confrontational. It is important to never take “yes” the Western way. “Yes” just means “I am listening to you”, and not necessarily “I agree with you”. With this in mind, one will avoid a lot of unnecessary misunderstanding and frustration!

Now that my family and I are back in Bordeaux, what I will miss the most is the kindness of the many Filipino friends we made, their warm smile and generosity of spirit. Living in the Philippines has been a wonderful and enriching experience and I have learned to be more patient, gentle and accepting of different perspectives – qualities that have made me a better person today.

▶ majority of our population – whose average age is 23.5 years old – enter their most productive years thereby fueling economic growth. According to the Governor of the Philippine Central Bank, the Philippines is the last major economy in Asia to enter this so-called sweet spot.

This is why President Aquino is making huge investments in human capital – in health, education and training – in order to empower the Filipino people and be part of the country's economic takeoff.

All over the world, the Filipino worker is recognized as competent, adaptable and dedicated. Filipinos can work in different environments, particularly multi-cultural working environments, given their facility with the English language. Their professional competence has earned for them the respect of their Asian and Western counterparts, making



From 2010 to 2014, the Philippines had an average growth rate of 6.2%. This represented the fastest-growing period the country has seen in the past 40 years.

them much sought after in today's dynamic business.

Ms. Sevrine Miaïlhe, who worked for ten years in one of the Philippines' most prestigious retail stores, describes the Filipino worker in her article very well (see article in previous page).

The importance of people-to-people exchanges in bringing the two countries together

France is becoming a more active partner in developing the country's human capital. Today, there are over 60 academic partnerships which exist

between Philippine and French universities, and every year, there are more and more Filipino and French students which go in exchange programs.

For the Fall semester of 2015, France welcomed over 150 Filipino students in various universities all over the country. The number of French volunteers and interns has also increased. According to France Volontaires, there are currently 75 French volunteers in the Philippines who went through their agency. There are certainly more who went on their own.

Aside from education and

research, we are also working on establishing more cooperation in the fields of culture, health and migration in order to broaden our exchanges.

This increase in people-to-people exchanges is a positive one, especially since it is driven by the youth. Attachments and impressions formed at a young age often stay with a person for the rest their life and we are happy that there is a generation of young French and Filipinos who are discovering the wealth and diversity in each other's cultures and are laying the foundation for a strong and lasting bond between the two countries. ●



The Philippines has entered its “demographic sweet spot”. This is when the majority of our population – whose average age is 23.5 years old – enter their most productive years, propelling the country to greater heights.