

Official: Manufacturers Quit China For Philippines

Teresa Cerojano, Associated Press

MANILA, Philippines (AP) — Philippine officials say rising labor costs in China's southern coast are driving big foreign manufacturers to relocate to the country.

Trade Secretary Gregory Domingo said Tuesday there has also been "very strong" interest from Japanese investors who are looking for tracts of land in Philippine export processing zones. They include electronics, ship building and steel companies.

He said investors relocating to the country include foreign garments factories closing in China. A big company which left the Philippines has decided to return, while another one is seriously considering coming back, he said.

Domingo told a government economic briefing that so far this year the country is seeing "the most we've ever seen" of investor fact finding missions.

China, which after economic liberalization in the 1980s became the world's low-cost factory, is now grappling with rising wages and production costs that have made it less attractive to some foreign manufacturers.

The Philippine officials did not have estimates of the value of the incoming investment or the jobs that would be created. Domingo refused to name the companies that are relocating to the Philippines.

Foreign direct investment in the Philippines totaled 87.3 billion pesos (\$2.04 billion) in the first nine months of last year, up slightly from 79.4 billion pesos (\$1.85 billion) a year earlier.

The Philippine economy is forecast to grow 5 percent to 6 percent this year, driven by increased spending on infrastructure and more efficient budget spending, Socio-economic Planning Secretary Cayetano Paderanga said.

Domingo thinks economic growth could exceed 7 percent this year with the stock market achieving a new record high Monday, and strong growth in exports, the outsourcing industry, tourism and investments.

Officials also said the Philippines is estimated to hit its demographic "sweet spot" by 2015, when majority of Filipinos will be of working age, a situation which usually fuels growth.

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