metals industry
TRENDS & EVENTS
MIRDC
October-December 2009 vol. 23 no. 4 - issn 1908-9988

PGMA Recognizes ISO 9001-Certified Organizations in the Public Sector

President Gloria Macapagal-Arroyo together with proud awardees

The MIRDC was among other government agencies recognized by President Gloria Macapagal-Arroyo for obtaining ISO 9001 certification. PGMA, assisted by Sec. Rolando G. Andaya, Jr. of the Department of Budget and Management, Sec. Peter B. Favila of the Department of Trade and Industry, and Pres. Antonio D. Kalaw, Jr. of the Development Academy of the Philippines, conferred the Certificate of Recognition to Engr. Arthur Lucas D. Cruz, officer-in-charge of the MIRDC, during the awarding ceremonies held at Malacañang Palace on 10 December 2009. The Department of Science and Technology (DOST) dominated the event having the most number of ISO 9001 certified agencies – 12 regional offices, six research and development institutes, and two councils.

The MIRDC currently spearheads the ongoing 3-year DOST-PCIERD Grant-in-Aid project entitled, "Establishment and Implementation of Quality Management System in Accordance with ISO 9001."

The certificate of recognition was given to the following DOST agencies: Advanced Science and Technology Institute (ASTI), Food and Nutrition Research Institute (FNRI), Forest Products Research and Development Institute (FPRDI), Industrial

Continuation on p4...

MIRDC Conducts Energy Audit

In its efforts to bring to the regions the benefits of energy audit, MIRDC's Engr. Felipe G. Pachoco, Energy Audit Program Manager for DOST Region VI together with DOST Region VII Energy Conservation Experts Team, namely: Engrs. Edilberto L. Paradela, Juan Edgar C. Osorio, Cornelio Duaso, and Concordia Naldoza conducted energy audits in Negros Occidental.

In May 2009, upon the request of Sagay Central, Inc. (SCI) in Sagay, Negros Occidental, the team assessed the performance efficiency of the company's two boilers being used to generate power that supplies the energy requirement of the company's sugar milling operation. Engr. Primitivo G. Rivera, resident manager of SCI wanted to establish baseline information on the efficiency of their boilers. The baseline information will serve as basis on the improvement of their system.

The scope of energy assessment audit was only limited to the two boilers since the company is evaluating the viability of acquiring an economizer to boost the efficiency of their old two Tsunekichi boilers which were acquired by the company in 1968.

Continuation on p4...

Engr. Felipe G. Pachoco (L), Energy Audit Program Manager for DOST Region VI, during the conduct of energy audit in Negros Occidental

In this issue

From the Officer-in-Charge .....

Arthur Lucas D. Cruz, CEO IV
Officer-in-Charge

Holiday greetings to all metal trends subscribers!

The last quarter delves more on adding critical outputs to the annual exemplary achievements of the Center. Among which is the recognition received by MIRDC as one of the ISO 9001 certified government entities. PGMA conferred such as an attestation of the implementation of the Government Quality Management Program (GQMP) thus inspiring MIRDC and co-agencies of the Department to continue innovating for the benefit of their customers who expect quality products and services. The Department of Science and Technology dominated the event held last December 10, 2009 at Malacanang Palace - 12 Regional Offices, six Research and Development Institutes (RDIs) and two councils that have obtained ISO 9001 certification. We commend our MIRDC ISO project team for their assistance to the other DOST agencies through the ongoing 3-year DOST-PCIERD Grant-In-Aid project. As certified organizations, DOST agencies ensure continuous delivery of efficient and effective service through their quality management system (QMS) which is in conformance with the requirements of ISO 9001 standard.

Another activity that MIRDC co-organized is with the Mechatronics and Robotics Society of the Phils. specifically the 13th International Conference on Mechatronics Technology (ICMT), a four-day conference held last 20-23 October 2009 at the Waterfront Cebu City Hotel. Dr. Feliciano H. Japitana of MIRDC chaired the Conference on 21 October 2009. ICMT 2009 was also participated in by 20 MIRDC engineers and supervisors. The theme was "Synergy and Breakthrough in Mechatronics Technology," emphasizing the important roles of various institutions and individuals in reinforcing their collective efforts and resources to undertake collaborative activities that lead to breakthrough innovation in the field of mechatronics technology.

Furthermore, in the field of research and development, the MIRDC together with the Department of Science and Technology (DOST) and the Philippine Council for Industry and Energy Research and Development (PCIERD) recently conducted a training seminar under the Technology Innovation for Commercialization (TECHNICOM) program aimed at promoting MIRDC-developed non-cyanide electroplating technology. It was attended by representatives from various companies engaged in plating industry. The technology was underscored with the filing and acquiring of registration of "Utility Model: Non-Cyanide Gold Electroplating Solution" under UM Application No. 2-2008-000352 which was granted by the Intellectual Property Philippines of the Department of Trade and Industry (DTI).

In addition, with MIRDC's efforts to bring to the regions the benefits of energy audit, Engr. Felipe G. Pachoco, MIRDC Extension Officer and the Energy Audit Program Manager for DOST Region VI, conducted last October an energy assessment of the facilities of Step Marketing in Cadiz City, Negros Occidental. Previously, together with DOST Region VII Energy Conservation Experts Team, namely: Engrs. Edilberto L. Paradela, Juan Edgar C. Osorio, Cornelio Duaso, and Concordia Naldoza conducted energy audits at Sagay Central, Inc., also in Negros Occidental. The team assessed the performance efficiency of the company's two boilers being used to generate power that supplies the energy requirement of the company's sugar milling operation.

Also this last quarter, MIRDC actively participated in regional S & T fairs held in Sta. Rosa, Laguna in October; Naga City, Camarines Sur in November and Rosales, Pangasinan in December. Featured technologies were the cocosap still for bio ethanol, jathropa desheller and coco coir processing equipment.

Through the guidance of the MIRDC Governing Council, the Center has been delivering critical interventions to the metals industry through refining its strategic plans and programs to make it more relevant and responsive to the needs of our customers.

metals industry TRENDS & EVENTS — MIRDC

MIRDC Governing Council

Graciano P. Yumul, Jr.
Chairperson

Members

Julian D. Amador
Rudy B. Caña
Eduardo N. Chua Co Kiong
Arthur Lucas D. Cruz
Rolando A. Jaurigue
Victorio Mario A. Dimagiba
Gerardo Roberto D. Sison
Teodoro S. Solsoloy
Margarita R. Songco

Editorial Board

Arthur Lucas D. Cruz
Agustin M. Fudolig

Managing Editors

Danilo N. Pilar
Aurea T. Motas

Contributing Editor

Marlyn U. Ramones

Contributors

Rosalinda M. Cruz
Dolores D. Duque
Ma. Elena G. Gurimbao
Fred P. Liza
Eldina B. Pinca
Marlyn U. Ramones
Vilma A. Sia
Teresita C. Villoso

Layout/Photography

Ronald L. Agustin

Printing

Ronald L. Agustin
Reynaldo M. Loreto, Jr.

Circulation

Josephine R. Esguerra
Eugenio R. Mercado
Teresita C. Ocampo

Metals Industry Trends and Events is a quarterly newsletter of the Metals Industry Research and Development Center (MIRDC), an agency of the Department of Science and Technology (DOST).

Editorial Office:

MIRDC Compound, General Santos Ave.,
Bicutan, Taguig City, Philippines
P.O.Box 2449 MCPO, Makati
1299 M.M., Philippines

Tel. Nos.:
(MIRDC Trunklines) (632) 837-0431 to 38;
(DOST Trunklines) (632) 837-3171 to 90
locals 2400 to 2407

Fax No.: (632) 837-0430/838-7878

Website: http://www.mirdc.dost.gov.ph

Printed in-house

MIRDC Assists 13 DOST Regional Offices Get ISO 9001 Certification

There are now thirteen ISO 9001:2000 certified DOST regional offices. Three more regional offices are likely to attain certification next year. MIRDC has been working on the ISO certification of these 16 offices since 2007. According to the regional offices, "the MIRDC's assistance throughout the certification process has been very useful and valuable."

As certified organizations, DOST regional offices ensure continuous delivery of efficient and effective services through its quality management system (QMS) which is in conformance with the requirements of ISO 9001 standards.

The DOST regional offices ensure that processes within the scope of the QMS are monitored, measured and analyzed and that actions necessary to achieve planned results and continual improvement of these processes are implemented. They also ensure that the current and future requirements of customers are determined and are met with the goal of enhancing customer satisfaction.

Certified were DOST's regional offices in the Cordillera Autonomous Region, National Capital Region, Regions 1, 2, 3, 4-A, 6, 7, 8, 9, 10, 11 and 12.

The ISO 9001 certification of DOST Regional Offices is part of the DOST-wide Project entitled "Establishment and Implementation of Quality Management Systems in Accordance to ISO 9001" led by MIRDC. It is in consonance with Executive Order No. 605 directing all government agencies to adopt ISO 9001:2000 QMS as part of the government-wide Quality Management Program.

Consequently, having passed the international standards, the DOST Regional Offices are expected to maintain delivering quality S&T services to its customers.

Philippines Hosts ICMT 2009

For the first time after 12 years, the 13th International Conference on Mechatronics Technology (ICMT) 2009 was hosted by and held in the Philippines on 20-23 October 2009 at the Waterfront Cebu City Hotel and Casino, Lahug, Cebu. The first ICMT was conducted in Santa Clara, USA in 1996 and the recent conference was held in Ontario, Canada in 2008. The activities was organized by the Department of Science and Technology (DOST) VII, De La Salle University (DLSU), Confederation of Scientific and Professional Organizations (COSPO), and Mechatronics and Robotics Society of the Philippines (MRSP) in close collaboration with the MIRDC.

DOST Grant-Awardee participants consisting nationwide representatives from Luzon, Visayas, Mindanao, and DOST

Themed "Synergy and Breakthrough in Mechatronics Technology," the 4-day conference brought together international experts, scientists, industry and academic stakeholders to provide knowledge-enriching and capability-building advantages for the many Filipino participants. It further aims to facilitate close dialogues among experts on issues relating to research and technological development in mechatronics. Also, it aims to promote strong interaction between the academy and industry in all aspects of mechatronics technology including human resource development and education.

A total of almost 200 participants attended the conference. Of these, 65 are international participants and recognized experts in Mechatronics from all over the world who shared their updates and researches on advanced mechatronics devices, sensing, actuators, and controls production system. The local S&T personnel-industry practitioners, university officials, professors and researchers-gained various insights and knowledge on the latest scientific and technological breakthrough and developments in mechatronics. Among them were the 62 participants sent by the DOST, 50 of whom are grant awardees selected nationwide from among the personnel of selected DOST agencies, academe and private sector who has been DOST scholars or currently involved in R&D and other related activities and projects on mechatronics.

MIRDC Develops Non-Cyanide Electroplating to Eliminate Risks

The risks to electroplaters posed by the use of cyanide prompted MIRDC to develop a non-cyanide electroplating process. The technology was underscored with the filing and acquiring of registration of "Utility Model: Non-Cyanide Gold Electroplating Solution" under UM Application No. 2-2008-000352 which was granted by the Intellectual Property Philippines of the Department of Trade and Industry (DTI).

The MIRDC pointed out that the use of cyanide is highly toxic to human and aquatic life even at low concentrations. Cyanide-free plating processes eliminate the dangers inherent in using cyanide and cyanide compounds. It leads to clean and safe environment and is cost effective as it reduces pollution and simplifies waste treatment process.

The developed technology can be applied in metal finishing of different kinds of conductive materials (metals). It has various applications in the jewelry, furniture, automobile, and metalworking industries, among others. The cost of chemicals needed for the formulation of the non-cyanide gold plating bath is 17 percent cheaper than the cyanide gold plating process. Likewise, the non-cyanide gold plating process has simpler waste treatment process and has 80 percent lower waste treatment cost. Hence, the sulfite-based gold solution is a good replacement for cyanide gold plating bath.

Recently, the MIRDC in collaboration with the Department of Science and Technology (DOST) and Philippine Council for Industry and Energy Research and Development (PCIERD) conducted a training seminar under the Technology Innovation for Commercialization (TECHNICOM) program aimed at promoting non-cyanide electroplating technology. It was attended by representatives from various companies engaged in the plating industry.

PGMA Recognizes...from cover

Technology Development Institute (ITDI), Philippine Nuclear Research Institute (PNRI), Philippine Council for Agriculture, Forestry and Natural Resources Research and Development (PCARRD), Philippine Council for Industry and Energy Research and Development (PCIERD), and DOST Regional Offices - National Capital Region (NCR), Cordillera Autonomous Region (CAR), Region I, II, III, IV-A, VI, VII, VIII, IX, X, XI, and XII.

The recognition conferred by PGMA as an attestation of the implementation of the Government Quality Management Program (GQMP) inspired MIRDC and co-agencies of the Department to continue innovating for the benefit of their customers who expect quality products and services.

MIRDC Conducts...from cover

During the audit implementation, the team conducted informal interview, actual measurements of needed parameters and gathering of secondary data based on their monitoring and control system. The team used direct method in determining the boilers efficiency. Indirect method cannot be adopted on the spot evaluation due to the absence of relevant parameters like ultimate and proximate analysis of the fuel, residue and others.

The resulting efficiency for boiler #1 was 44.1% while boiler #2 was 47.8%. These are reflective of the age of the boilers, capacity utilization as well as poor combustion due to high moisture content of the fuel feed (baggasse of 48%).

In October 2009, Engr. Pachoco conducted an energy assessment of the facilities of Step Marketing in Cadiz City, Negros Occidental. The company is engaged in the manufacture of wooden and metal furniture.

The assessment tool used was the Power Meter which measures the variance in energy load between the three lines that supplies electrical energy to the lumber dryer that use four fans that circulate the heat inside the drying chamber. Similarly, data was also taken from the electrical circuits of the saw mill to determine how much actual energy is consumed vis-à-vis the rated data reflected in the motor templates.

Aside from visiting/auditing plants, Engr. Pachoco attended the e-Learning Course on Energy Audit sponsored by the Development Academy of the Philippines and International Productivity Organization held at the Asian Institute of Management. The seminar focused on energy efficiency programs on heating, ventilation, and air conditioning adopted by Mall of Asia and Securities and Exchange Commission.

Seven New Management Tools

Continuation from previous issue

These tools which are useful in planning and solving problems are called by the Japanese as the Seven New Management Tools (N7), and are as follows: Tree diagram, arrow diagram, relations diagram, affinity diagram, process decision program chart, matrix diagram and matrix analysis. Tree diagram was tackled in the previous issue, arrow and relations diagrams will be discussed.

ARROW DIAGRAM

For the purpose of applying these to daily routine, here are the details of the said diagram.

Arrow diagram is a diagram that aids in the technique for making optimum scheduling and to control the progress of the plan effectively by showing the relationship of the orders of job execution by arrow. It arranges the selected means to accomplish a purpose in a sequential order of time by using the arrows schematically. It is used in going through Problem Solving Techniques for Quality Improvement specifically in theme selection, countermeasures review and the next planning session.

The application of this is:

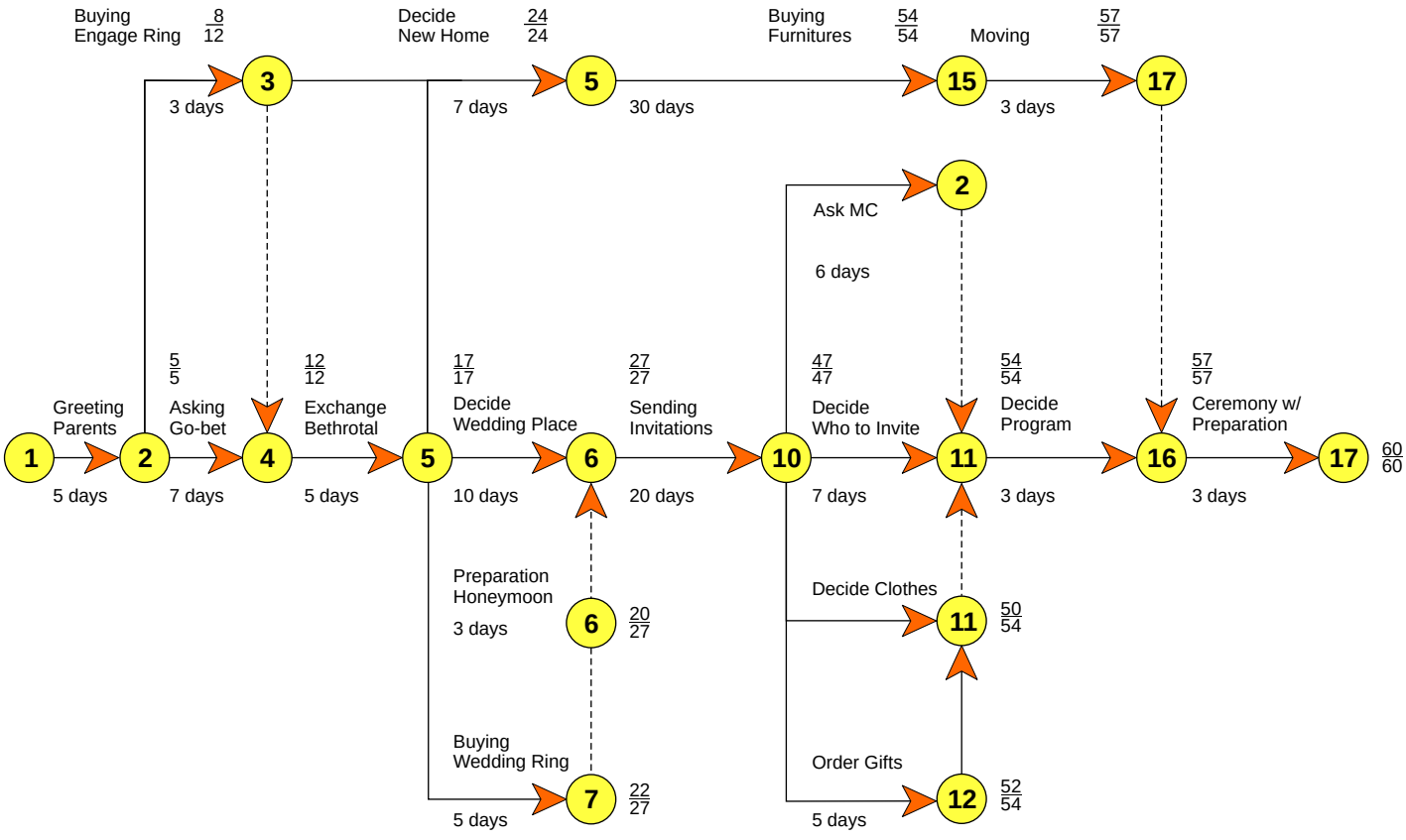
- Schedule the execution of measures.

Actual fields of application:

- Planning schedule for new product development and its control
- Planning schedule for product improvement and its control
- Planning schedule for trial production and its control
- Planning schedule for mass production and its control
- Synchronizing the above plans with QC activities
- Planning relocation program of a plant and its control
- Planning periodical plant maintenance and its control
- Planning process analysis and improvement schedule
- Planning QC audits and diagnosis schedule and its control
- Planning QC Conference and QC Circle Conference schedule and its control

How to Use the Symbols:

Symbol	***Name***	***Meaning***
→	event	job that requires time
O	node	start or end of events
--->	dummy	requires no time and shows only the order of jobs



RELATIONS DIAGRAM

For the purpose of applying these to daily routine, here are the details of the said diagram.

Relations diagram is a diagram that aids in the analysis of complex phenomena in chaos and specification of problem to be solved using logic. It is also known as interrelationship diagraph, a tool for resolving thorny, tangled issues by unraveling the logical connections among intertwined causes and effects. This has similarity with affinity diagram in the sense they are both used in the above cited analysis, only that affinity use intuition.

It is used in going through Problem Solving Techniques for Quality Improvement specifically in identifying the causes and looking for the root cause of a particular problem.

Advantages of Relations Diagram

Because relations diagram allows problems with a complex web of cause-and-effect relationships to be sorted out logically, they are useful at the planning stage for obtaining a broad perspective on the over-all situation. They facilitate consensus among team members. Because they are not tied to a particular format they can help to change and develop people's thinking. They enable priorities to be identified accurately and they help make the problem recognizable by clarifying the relationships among its causes.

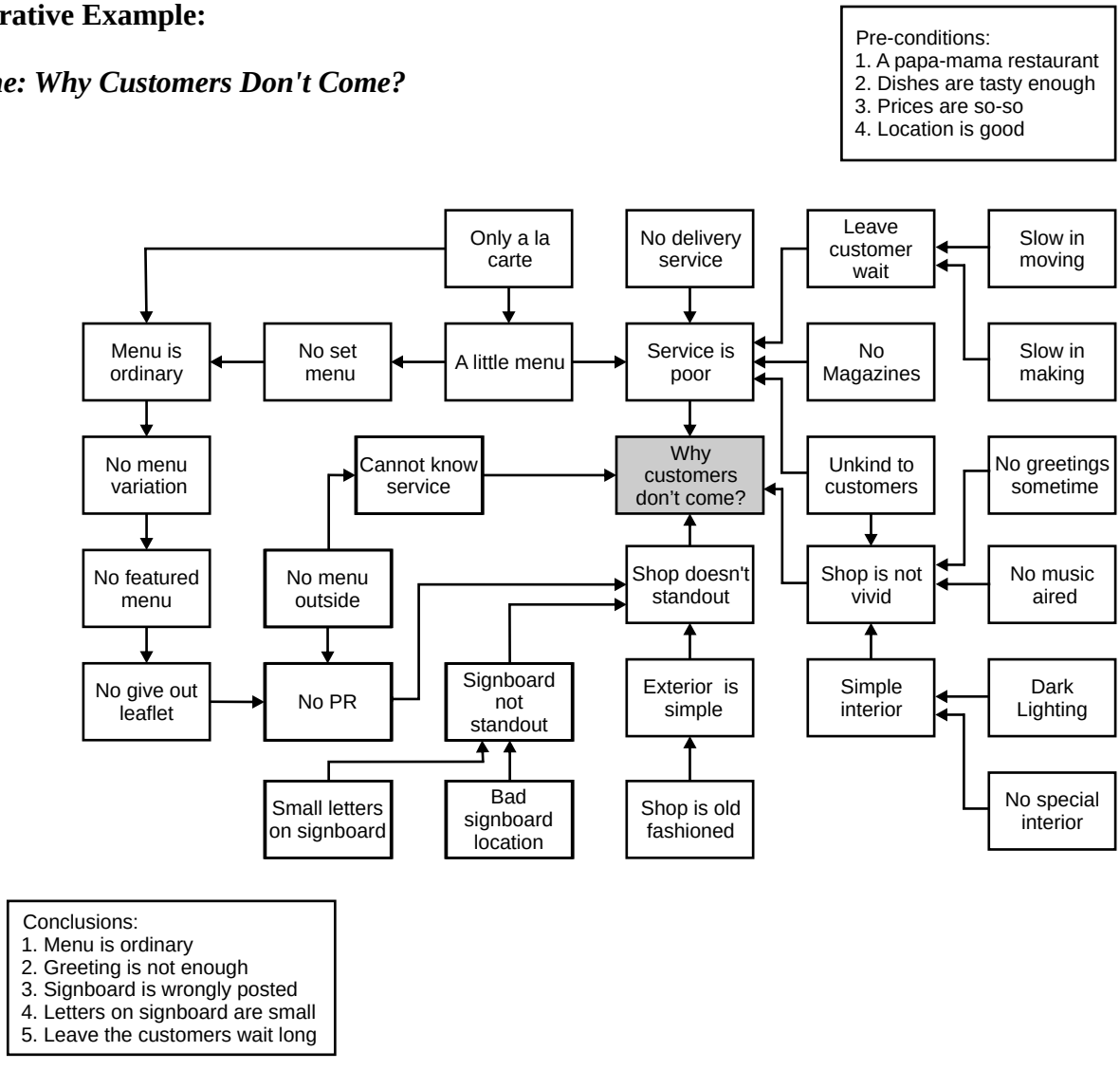
A relations diagram could also be described as a technique for clarifying the complex interrelationships that exist among the numerous causal factors forming the trunk, branches, and twigs of a conventional cause-and-effect diagram, as viewed from another angle.

Reference: The Seven New QC Tools by Toru Eiga, Ryoji Futami, Hiroyuki Miyagawa.3A Corp., Japan, 1994.p.20,21

Continuation on next issue...

Illustrative Example:

Theme: Why Customers Don't Come?



MIRDC Management and Accredited Union Ratify CNA

The employees of the Metals Industry Research and Development Center (MIRDC) have something great to look forward to in the coming years. Recently, the Collective Negotiation Agreement (CNA) of the MIRDC Employees Labor Association (SALEM) was ratified and consequently signed by its Board of Directors and the MIRDC Management. The ratified CNA document covers the period 2009-2011.

The CNA fosters close relationship between SALEM and MIRDC Management while promoting efficiency and productivity in the Center through better working condition as well as contributing to the attainment of improved, effective, and efficient delivery of public service. The SALEM also recognizes the authority and prerogative of MIRDC in the implementation of existing laws and policies governing terms and conditions of employment. Likewise, MIRDC is committed to support members of SALEM specifically involving participation in any lawful activities of the association. Moreover, if agency savings will allow, employees will benefit from monetary incentive through what is usually known as signing bonus.

Engr. Arthur Lucas D. Cruz and Engr. Francisco C. Dime, representatives of MIRDC and SALEM, respectively, sign the CNA witnessed by the officials

SALEM, the legitimate MIRDC labor organization, is duly registered, recognized, and accredited by the Department of Labor and Employment (DOLE) and the Civil Service Commission (CSC).

Paskong Salu-salo at MIRDC

The joy that Christmas brings is strongly manifested all over MIRDC on 17 December 2009 as the MIRDC Christmas Party was held. As a tradition and a way to relax and recharge from the year round hectic workloads, the MIRDC officials and employees, including Governing Council and guests bonded together and joined the Paskong salu-salo of the Center.

The festivity includes giving of loyalty awards, raffles, and games. One of the major highlights of the occasion was the division presentation for "Talentadong Santa" contest that showcased each group's creativity. The first place was garnered by the Office of the Executive Director, followed by Financial Division, and Industry Assistance Division as the third placer. The MIRDC Employees Labor Association (SALEM), on the other hand, exerted their best in facilitating the signing of the Collective Negotiation Agreement (CNA). The Agreement was signed by Engr. Arthur Lucas D. Cruz, officer-in-charge of MIRDC and Engr. Francisco C. Dime, SALEM president and was witnessed by Mr. Gerardo Roberto D. Sison, one of the MIRDC Governing Council members and guest speaker, together with the SALEM officers. The benefit accorded to the signing of the CNA will be on top of the existing employees' benefits.

The Paskong salu-salo of MIRDC was indeed a whole day of fun, joy and excitement!

Opening remarks of MIRDC-OIC Engr. Arthur Lucas D. Cruz

"Talentadong Santa" contest

California foundry developing strong aluminum auto parts

A range of high-strength cast aluminum components that could help global automakers build "cleaner, energy-efficient vehicles" is being developed by Thresher Industries Inc., Hanford, Calif. Thresher's "proprietary, biodegradable processes" are being used for new and developing applications that include torque boxes for unitized body vehicles, engine cradles, front engine accessory drive (FEAD) brackets, diesel engine components, instrument panel subframes, and suspension components.

"Thresher Industries' 100% recycled aluminum casting products are designed with reinforcements that offer increased strength, while reducing the total weight of parts. The combination results in the construction of lighter weight, higher fuel efficiency vehicles that can be produced at a lower cost throughout the supply chain," states Tom Flessner, president and CEO.

Thresher provides aluminum and metal-matrix composite alloy castings. Capabilities range from prototypes and low-volume castings to permanent mold, low-pressure and high-pressure castings.

Source: Advanced Materials & Processes/July 2009, p.11

Smart turbine blades could improve wind power

A technique in which sensors and computational software constantly monitor forces exerted on wind turbine blades has reportedly been developed by researchers at Pudue University, West Lafayette, Ind., and Sandia National Labaratories, Albuquerque, N.M. The technology could improve efficiency by adjusting the blades for rapidly changing wind conditions. Uniaxial and triaxial accelerometers are embedded inside a wind turbine blade as it is being built; such blades have control surfaces and simple flaps like those on an airplane's wings. Sensor data reveal precisely how much a blade bends and twists from winds.

The blade is now being tested on a research wind turbine at the U.S. Department of Agriculture's Agriculture Research Service Laboratory in Bushland, Tex. The research is funded by the U.S. Department of Energy through Sandia National Laboratories.

A cross section of a wind turbine blade like the one used in research to improve the efficiency of turbines and prevent damage to blades from high winds

Source: Advanced Materials & Processes/July 2009, p.14

Genetically engineered viruses

Genetically engineered viruses designed to function as both the positively and negatively charged ends of a lithium-ion battery have reportedly been made by researchers at the Massachusetts Institute of Technology, Cambridge. The batteries are said to have the same energy capacity and power performance as state-of-the-art rechargeable batteries being considered to power plug-in hybrid cars. The genetically engineered viruses coat themselves with iron phosphate, then bind to carbon nanotubes to create a network of highly conductive material.

Source: Advanced Materials & Processes/July 2009, p.14

Shell mold cast iron castings

Perucchini has specialized in the production of high-precision tempered ductile iron castings. The company uses coated sands as used in shell mold castings- not only for making the cores production but also for molding the outside contours of the castings. The use of shell molds for the entire casting enhances the dimensional accuracy of the cast part, decreases surface roughness and avoids reactions at the metal-sand interface. The casting surface requires no additional machining. Complex geometries and thin sections can be produced without problem, reducing material waste.

Source: Casting Plant & Technology 3/2009, p.41

Casting produced in a shell mold

Continuation on p12...

BOI Okays Policy Framework to Guide Overhaul of MVDP

The Board of Investments (BOI) has completed a policy framework that seeks to overhaul the Motor Vehicle Development Plan (MVDP) by incorporating six critical and revolutionary components: hardcore assembly operations, exports programs, parts and components development, review of the excise tax on vehicles, standards, and creation of an automotive industry under a fully liberalized trading environment.

Trade and Industry Undersecretary and BOI managing head Elmer C. Hernandez said a workshop will be conducted this week to kick off a series of workshops and consultations with all the industry players in order to come up with the specific measures on the components of the framework.

"This is how we see it, this new framework would ensure a viable and competitive automotive industry once full trade liberalizations happens because the current MVDP did not address that so this is now the direction," Hernandez told reporters.

Unlike the current MVDP, which has only five components completely knocked down (CKD) operation, rationalization of excise tax, prohibition of used car importation, Asean Industrial Cooperation, and auto exports, the proposed MVDP has six components: assembly operation, exports program, development of parts and components, review of the excise tax for vehicles, prohibition on the importation of used motor vehicles, standards, and creation of an automotive "authority."

On assembly operation, Hernandez said, this would not just be a mere completely knocked down (CKD) operation but deeper than that.

"We still maintain the CKD operation but this one is different because this really involves real assembly operation. We are going to have various assembly programs," he said.

To encourage hardcore assembly operations, the MVDP must support an exports program. The current Automotive Exports Program has not been successful in attracting exporters of completely built-up units with Ford Motor Group Philippines as its lone participant.

"We will have different automotive exports program," Hernandez said.

Development of the auto parts and components sector is also a critical component in the framework. The auto parts industry is seen to have a great potential in the exports market, but it has to build its capability and competitiveness.

The framework also calls for a review of the excise tax for vehicles, which is currently based on the value of the vehicle.

To protect the domestic industry, new framework has retained the component in the current MVDP on the prohibition on the importation of used vehicles. This provision in the existing MVDP is seen to be further strengthened and clarified to keep law suits at bay from traders groups, who successfully got the local courts on their side thus allowing them for a time to bring in used motor vehicles through the Subic Freeport.

For the first time, there would be a policy on standards in the MVDP to ensure that all parts and components and vehicles assembled here passed the international standards.

The most novel component in the planned new MVDP is the proposed creation of an "authority", an independent automotive body attached to the DTI or BOI and composed of various government agencies involved in the industry that would oversee, synchronize activities and look after the implementation of the new MVDP. Hernandez said the series of workshops that will kick off this week are expected to come up with specific measures for the six components in the framework.

Hernandez said the framework is more or less final already but the measures being eyed by the BOI working group on the six components may have to change depending on how realistic and achievable they maybe.

Source: Manila Bulletin, 03 November 2009

Automotive Industry Upbeat on Full-Year Result

The AUTOMOTIVE sector will likely end 2009 with sales slightly improved from last year, doing even better in line with an expected pickup in the economy, an industry group yesterday said.

Total sales of new cars – earlier forecast to merely match year ago levels – may instead grow by 2.3% to 127,311 units, the Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI) said.

The group's tentative estimate for 2010 was pegged at a minimum 4% sales growth, CAMPI said, although the number could balloon if the government strictly implements a ban on imported second-hand vehicles.

"Many factors helped boost car sales, one of which is the faster replacement rate for flood-damaged cars," CAMPI President Elizabeth H. Lee said.

The industry ended a nine-month long streak of contractions only in October, with year-to-date sales rising by 1.3% to 106,146 units after massive floods hit Metro Manila and submerged uncounted vehicles.

Remittances from overseas Filipino workers and a stable financing environment likewise ensured that consumers could make car purchases, Ms. Lee said.

"And the prospect for next year is even better. Although it has yet to be finalized, tentative figures point towards about a 4% growth or about 132,000 units for 2010," she said at a briefing.

Later at the sideline, she told Business World that the estimate was the minimum "barring any untoward events."

University of Asia and the Pacific economist Victor A. Abola said in a text message that the 2009 and 2010 growth targets were "quite doable," similarly citing replacement purchases stemming from the recent storms and better economic prospects next year.

Top seller Toyota Motor Philippine Corp. also said yesterday that they expected to perform better in 2010.

Raymond T. Rodriguez, the firm's vice-president for vehicle sales operations, said the company was confident of posting growth in 2010 versus none for 2009.

"Next year there will be growth (in sales)…We are anticipating to do better," he said without elaborating at the sidelines of an inauguration ceremony for the GT-Toyota Asian Cultural Center in the University of the Philippines, Diliman.

This upbeat forecast, however, will not apply to its hybrid model, the Prius.

"As of June, we have sold only 15 units because basically it's expensive due to lack of incentives. We think it will take time for the public to accept this motoring product," Mr. Rodriguez said, noting that they will likely sell around three units monthly next year.

Elsewhere in the region, car sales in the first nine months dropped by 28% in Indonesia, 26% in Singapore, 21% in Thailand and 7% in Malaysia, Ms. Lee said.

Philippine sales figures, in contrast, eased to a 0.8% dip.

"Bucking the trend by growing, especially for a developing country such as ours, is no small feat," Ms. Lee said.

"But we need to do better. And do better faster if we want to remain in the game," she added, reiterating that a stricter implementation of an existing ban on the importation of used vehicles is needed.

Roughly 70% of vehicles registered with the government last year were accounted for by the formal automotive sector, with the balance claimed to be comprised of smuggled second-hand cars, CAMPI data show.

Enlarging the formal sector's market share through this route, Ms. Lee said, would attract more car assembly investments and boost employment.

She hinted at prohibiting the registration of these second hand units from abroad to deter buyers from abroad from patronizing these lower-priced units.

CAMPI Secretary-General Homer A. Maranan added that the government should resolve a grey area in the Japan-Philippine Economic Partnership Agreement that could otherwise negate the ban.

Sought for comment, Trade Senior Undersecretary Thomas G. Aquino assured in a text message that the ban would remain "except in Freeport zones and their equivalents."

Source: Business World, December 3, 2009

Editorial Office:

MIRDC Compound
Gen. Santos Avenue
Bicutan, Taguig City
Philippines
P.O. Box 2449 MCPO
Makati 1299, M.M.,
Philippines

metals industry TRENDS & EVENTS
MIRDC
October-December 2009 vol. 23 no. 4 - issn 1908-9988