

Industrial priorities to be reset this year

This year will see another re-shaping of industrial priorities.

The fuel crisis has influenced much of the new decision of the Board of Investments with respect to economic areas to be included in the Investment Incentives Act and the Export Incentives Act.

In its current discussions, the Board is working out a program that will strive for a balance between domestic sufficiency and the export goals. While productivity

is a must objective, the volume of output must be enough to sustain domestic demand first before any excess is shifted to foreign markets.

In addition to existing variables (labor intensity and export contribution), the BOI has added the fuel intensity criterion in evaluating projects and areas proposed for inclusion in either of the two plans. The Board believes that while power is an important element in pro-

duction, it should be one of the factors when considering economic areas that consume extraordinarily large amounts of fuel.

Employment

The Board currently believes that the emphasis must be in developing areas that create as much employment as possible with the minimum use of both capital and power.

Foreign investments are likewise being given

a greater share of responsibility in developing the export sector. This year, the Board will give more consideration to the establishment of new export facilities that are in a position to sell between 50 and 70 per cent of the plant output abroad.

Like the Investment Priorities Plan, export projects should give a minimum utilization of imported components and will undertake a greater degree of processing of local raw ma-

terials. The natural-based industries will be given priority consideration as against import dependent industries.

In the past few weeks, the Board has been conducting detailed hearings on the areas being proposed by the private sector for inclusion in both the Investment Priorities Plan and the Export Priorities Plan. (Both plans are detailed listings of economic areas guaranteed tax incentives by the Board).

Proposals

Fiberboard, stripped abaca fiber, arrowroot starch, particle board and feed grains are being proposed under the IPP under the agro-industries section. Grape growing, castor bean growing and processing, bamboo shoot growing and processing are proposed under the agro-industries section of the EPP.

Continuous casting mill to produce copper wire rods, gas cock valve, oxygen and acetylene cylinders, automotive parts such as mufflers, radiators, tail pipes, leaf springs, automotive brake drums, motorcycle components (sprocket, chain cable, rim, spokes and nipples), air compressors sizes (1/4 - 15 HP), graphite electrodes, electrical wiring devices and plate mill are also proposed on the metals side of the IPP.

Under the section of the EPP, aircraft rehabilitation and modification facilities are being suggested.

Chemicals

On the chemical side, soda ash, sheet and glass products are being considered for inclusion in the IPP. Methanol, formaldehyde, nicotine, sulphate, and rubber prophyllactics are being proposed in the EPP.

There are 17 areas currently listed under chemicals of the Sixth IPP. The Board is now reviewing the situation of these industries with respect to the BOI's new industrial guidelines.

The BOI, however, assures that projects that have been registered will continue to be supported.

As in previous years and as a means to intensify production, the fields of forest development, crop production, food processing, livestock and fishing, mineral and non-mineral product production will further be encouraged by the Board.

Directions

In addition, the directions spelled out for BOI is to pinpoint areas that

would have significant emphasis on the development of rural small and medium-scale industries particularly labor-intensive projects which involve substantial processing of indigenous raw materials.

According to the Board, its sector development programs will be formulated so as to provide an inter-linkage of these industries with the large-scale enterprises through various sub-contracting arrangements. A significant feature in this sub-contracting scheme is the transfer of technological, management and financial assistance from the large-scale to the small-scale projects.

Guidelines

In the planning process, the Board will also take into serious consideration location of industrial plants in relation to fuel costs. In this regard, the Board has issued broad guidelines on industry locations some of which are as follows:

(1) Firms seeking BOI registration are required to establish new meat processing capacities near sources of hogs or near meat producing areas;

(2) The Board requires that grain processing centrals (rice) should be located in regions with corresponding storage capacities;

(3) Manufacture of celophane must be located close to the Northern Luzon copper smelter in order to make the cost of sulphuric acid as low as possible and in an area in which it is economically accessible to sites suitable to tree farming;

(4) Agricultural lime production activities should be situated outside Greater Manila in suitable locations and capacities to serve farm needs economically;

(5) The Investment Priorities Plan specifies the condition that the establishment of coconut oil mills be distributed among coconut producing regions in proportion to copra supply;

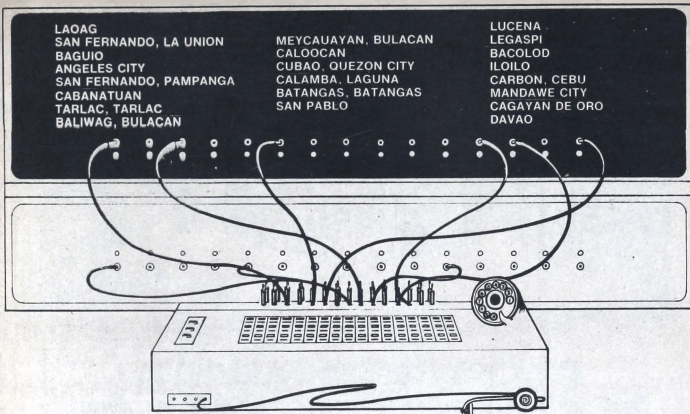
(6) Applicant export producers of electronic products or goods are required to locate either at the electronics park of the Greater Manila Terminal Food Market or at the Export Processing Zone in Mariveles, Batangas;

(7) Firms wishing to engage in the manufacture of feed yeast must locate in sugar-cane producing regions.

The fuel factor is now part of the rules locating industries under the Board's regional dispersal program.

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