

GREENER BUSINESS ASIA

Philippines

Validation Meeting
22 June 2010
Manila , Philippines

Purpose of Research

- > To provide guidance as to :
 - > the selection of the sector of focus for the practical intervention
 - > the direction and design of the subsequent enterprise level intervention

Objective of Research

To understand the current state of knowledge & practice, challenges & opportunities with regard to addressing environmental challenges in the workplace in chosen sectors

Examining Green Potential and Readiness of Selected Sectors

The Cases of the
AUTOMOTIVE, ELECTRONICS &
CONSTRUCTION SECTORS

Sector Shortlist Selection Criteria

	Technology Profile (Sector Profiles)	Occupational Injuries Incidence Rates 2003 (BLES)	Labor Productivity 2007 In P at constant 1985 prices (BLES)	CO2 Emissions Contribution IN 000 MT (World Resources Institute)	CC Impacts On Supply Chain Activities
AUTOMOTIVE	Predominantly Japanese	16.01 *	82,775**	24 (34%)***	Operations
ELECTRONICS	Predominantly Japanese			11(15%)	
CONSTRUCTION	Insignificant Japanese influence	13.61	34,795		Inbound logistics Operations Services

Note:

* Manufacturing Total

** Manufacture of Machinery & Eqpt

*** Transport

SECTOR SELECTION CRITERIA

1. Supply chain linkage with MNEs
2. Appropriate size of supply chain base
3. Employment generation potential
4. Hospitable environment towards green practice
5. Management systems in place
6. Geographic concentration of production activities
7. Linkage with ILO Employer organization
8. Strong tripartite partnerships
9. Unionization
10. Voluntary environmental & energy conservation standards
11. Trade measures
12. Readiness to implement
13. Risk posed to environment

Key Findings

- The objectives and interest of the technology source (Japanese) are perfectly matched with those of the automotive & electronics sectors.
- While the construction sector exhibits enormous green jobs and green growth potential, its insubstantial links with the technology source may lead to issues of adaptation of technologies to local conditions, their assimilation and diffusion and sustainability of capabilities created.

Sector Profile

Automotive	Electronics	Construction	
<ul style="list-style-type: none"> • Motor vehicle assembly -56 assemblers • Components -256 suppliers 126 1st tier 132 2nd-3rd tier 	<ul style="list-style-type: none"> • Semicon • EDP • Automotive • Consumer • Office Eqpt. • Comm/Radar • Control/Inst • Medical/Ind. • Telecomm <p>912 companies</p>	<ul style="list-style-type: none"> • Marble • Ceramic • Woodworks • Sanitary Wares and Fixtures • Cement • Iron & Steel • Glass • Aluminum • Plywood & veneer • PVC, plastic & vinyl 	<ul style="list-style-type: none"> • Wood of fiber –reinforce concrete • Lightweight concrete • Bamboo tiles • Light guage steel sections • Asbestos • Lead • Base-metal • Paints & Varnishes

Supply Chain Linkage with MNEs

Automotive ✓	Electronics ✓	Construction
<ul style="list-style-type: none">Japanese MNEs presence dominant	<ul style="list-style-type: none">Japanese MNEs presence largeBut number smaller than that of automotive	<ul style="list-style-type: none">Japanese MNEs presence largeBut number smaller than that of automotive and electronics
<ul style="list-style-type: none">21 MNEs/28	<ul style="list-style-type: none">20 MNEs/43	<ul style="list-style-type: none">8 MNEs/16

Size of Supply Chain Base

Automotive ✓		Electronics ✓		Construction ✓	
• Micro_	536	• Micro_	142	• Micro_	1,352
• Small_	19	• Small_	278	• Small_	976
• Medium_	120	• Medium_	122	• Medium_	84
• Large_	28	• Large_	206	• Large_	73

Note:

Micro _ > 10
Small _ 10-99
Medium _ 100-199
Large _ 200 and over

Source: National Statistics Office , 2006

Direct Employment

Automotive	Electronics ✓	Construction ✓
<ul style="list-style-type: none"> • 2004_ 39,000 • 2008_ 31,000 (-20%) 	<ul style="list-style-type: none"> • 2004_ 310,000 • 2008_ 370,000 (19.45%) 	<ul style="list-style-type: none"> • 2004_ 1,700,000 • 2008_ 1,834,000 (7.83%)
<ul style="list-style-type: none"> • Number of employed lowest of the three 	<ul style="list-style-type: none"> • Number of employed higher than that of automotive 	<ul style="list-style-type: none"> • Number of employed highest
<ul style="list-style-type: none"> • Employment growth negative 	<ul style="list-style-type: none"> • High employment growth 	<ul style="list-style-type: none"> • Employment growth positive

Hospitable Environment

Automotive ✓	Electronics ✓	Construction
<ul style="list-style-type: none">• Green is an industry standard	<ul style="list-style-type: none">• Green is an industry standard	<ul style="list-style-type: none">• Green is an industry standard for some industry segments only

Management Systems

Automotive



Electronics



Construction

- Formality in systems indicated

- Employment, financial, production and environmental data available at enterprise level

- Formality in systems indicated

- Employment, financial, production and environmental data available at enterprise level

- Formality in some systems indicated

- Employment, financial, production and environmental data available at enterprise level

Geographic Clustering

Automotive ✓	Electronics ✓	Construction
<ul style="list-style-type: none">• CALABARZON and NCR	<ul style="list-style-type: none">• EPZs/SEZs and NCR	<ul style="list-style-type: none">• Dispersed
<ul style="list-style-type: none">• Priority sector in the Export Development Plan	<ul style="list-style-type: none">• Priority sector in the Export Development Plan	<ul style="list-style-type: none">• Priority sector in the Export Development Plan

Linkage with ILO Employers Org.

Automotive ✓	Electronics ✓	Construction ✓
• ECOP	• ECOP	• ECOP

Tripartite Collaborations

Automotive ✓	Electronics	Construction ✓
<ul style="list-style-type: none">• Presence of industry tripartite council (Automotive Assembly Industry Tripartite Council)	<ul style="list-style-type: none">• No industry tripartite council	<ul style="list-style-type: none">• Presence of industry tripartite council (Construction Industry Tripartite Council)

Unionization

Automotive ✓	Electronics ✓	Construction ✓
• Registered_ 21	• Registered_ 40	• Registered_ 266

Energy & Environmental Standards

Automotive ✓	Electronics ✓	Construction ✓
<ul style="list-style-type: none">• ISO 14001 and QS 9000 (required by assemblers among 1st to 2nd tier suppliers)	<ul style="list-style-type: none">• ISO 14001	<ul style="list-style-type: none">• BERDE (Building for Ecologically Responsible Design Excellence) - Philippines• LEED (Leadership in Environment and Energy System) – US• ISO 14001 but sporadically

Tariff Structures

Automotive



Electronics



Construction



- Under JPEPA:
 - Tariff elimination for 6-10 ton buses by 2010
 - Tariff elimination for components/parts/accessories under the motor vehicle devt. Program, may be delayed up to 2013, subject to ongoing negotiations
 - Vehicle remain protected depending on cylinder capacity (>3000cc, 30% tariff rate:< 3000cc, 20% subject to negotiations)

Source: JPEPA

- Under JPEPA:
 - > Immediate tariff elimination for
 - Office machines
 - Automatic data processing machines
 - Electrical machinery & parts
 - Telecom equipment
 - Sound recording equipment

- Under JPEPA,
 - Tariff elimination for portland cement on the sixth year of the agreement (2013)
 - Immediate tariff elimination for machinery/machine tools (e.g. machinery for crushing earth)

Readiness to implement

Automotive ✓	Electronics ✓	Construction ✓
<ul style="list-style-type: none">Views training support to be favorable esp. for the supply tiers beyond the 1st & 2nd	<ul style="list-style-type: none">Views training support to be favorable	<ul style="list-style-type: none">Green Building Council has made representations with DOLE on a green skills collaboration

Risks posed to environment

Automotive ✓	Electronics ✓	Construction ✓
<ul style="list-style-type: none">• Environmental emissions associated with paint processes & vehicle engines• Need to reduce energy requirement for both the finished product & the manufacturing process	<ul style="list-style-type: none">• Industrial pollution from waste water, the use of lead , ozone-depleting solvents and volatile organic compounds• Need to reduce energy requirement for both the finished product & the manufacturing process	<ul style="list-style-type: none">• Construction responsible for one-third of our energy use, raw material use, waste output and greenhouse gas emissions.• Need for strategies for sustainable site development, water savings, energy efficiency, materials selection & environmental quality

Criteria	A	E	C
1. Supply chain linkage with MNEs	✓	✓	
2. Appropriate size of supply chain base	✓	✓	✓
3. Employment generation potential		✓	✓
4. Hospitable environment towards green practice	✓	✓	
5. Management systems in place	✓	✓	
6. Geographic concentration of production activities	✓	✓	
7. Linkage with ILO Employer organization	✓	✓	✓
8. Strong tripartite partnerships	✓		✓
9. Unionization rates	✓	✓	✓
10. Voluntary environmental standards	✓	✓	✓
11. Trade-Environment related measures	✓	✓	✓
12. Readiness to implement	✓	✓	✓
13. Risk posed to environment	✓	✓	✓

Key Findings

- The objectives and interest of the project technology source are perfectly matched with those of the automotive & electronics sectors.
- While the construction sector exhibits enormous green jobs and green growth potential, its insubstantial links with the project' technology source may lead to issues of adaptation of technologies to local conditions, their assimilation and diffusion and sustainability of capabilities created.

Key Question

- What will be the sector of choice for the practical intervention?

Institute for Labor Studies

cyncruz1228@yahoo.com