

Canadian Exporters Could Channel Their Energies to the Philippine Cable TV, Broadcast Equipment Market

Canadian telecommunications/broadcast equipment exporters may be interested in knowing that, while policy and implementation issues have yet to be resolved, the *Study on the Philippine Market for Cable Television and Broadcast Equipment* indicates that the Philippines relies primarily on imports for its supplies to this industry sector.

In fact, Canada leads all competitors in the export to the Philippines of radio broadcasting transmitters, capturing 63.2 per cent of the Philippine market.

Foreign trade statistics of the National Statistics Office show that, in 1988, Philippine imports of transmitting, video, audio and recording equipment, as well as parts and accessories specially fabricated for TV studio equipment, reached CIF US\$5.5 million, up by 77.6 per cent from the 1987 level.

Also in 1988, the Philippines imported CIF US\$3.2 million worth of lighting equipment (reflector lamp bulbs, special purpose bulbs, discharge lamps, lamp and lighting fittings). CIF US\$22.1 million worth of drop cables were imported as well. The latter, used extensively in the cable TV industry, represents a 19.4 per cent increase over the 1987 level.

Industry Overview

The Philippine broadcast industry — which is highly regulated — consists primarily of radio (359 stations), television (82 stations, 5 networks) and cable TV (13 stations).

Overall, Japan and the United States dominate in the export of cable television and broadcast and accessory equipment to the Philippines, with Canada, Great Britain, Taiwan and South Korea enjoying significant market shares in specific products.

While the sources of broadcast equipment in the Philippines are not likely to change drastically over the next few years, there are

indications of the growing importance of other countries — aside from Japan and the U.S. — as suppliers of equipment and parts.

Already the exports of the newly industrialized countries of Taiwan, South Korea and Hong Kong are considerable. A close examination of the trade statistics also reveals that imports are originating from diverse country sources, including Canada, the UK, West Germany and Norway.

While opportunities for export exist in this field, the study notes that the "uncertainties in the telecommunications sector arising from policy and implementation issues which have yet to be resolved make it difficult to project demand for broadcast equipment."

However, it can be anticipated, at least in the short term, that:

- expansion programs of radio and television stations will result in increased demand for imported broadcast equipment;
- growth in demand for broadcast equipment will have its highest potential in the opening of new stations;
- the upgrading of technology will be a major source of demand; and
- the replacement of equipment by existing radio and TV stations is, and will continue to be, a regular source of growth demand.

Other activities that will spur the growth in demand for broadcast equipment include disco and other entertainment establishments using the latest video, audio and lighting equipment.

"These businesses continue to thrive in the Philippines," acknowledges the report.

Notwithstanding the ambiguities in current policy, major local distributors project a 20-30 per cent annual growth in demand over the next few years.

This will result from the continued positive economic growth which will require wider use of

media and facilities and the entry of new products to the market.

Import Regulations

Radio and TV stations are allowed to import equipment, spare parts and allied technical and program materials, provided these are for their exclusive use.

Imports of radio and TV equipment are subject to tariff duties ranging from 30 to 50 per cent based on dutiable value. Aside from tariff duty, imported broadcast equipment is subject to a 5 per cent ad valorem and a 10 per cent value-added tax.

Sales Practices of Local Distributors

Imported broadcast equipment is generally sold through local distributors or sales agents. Only the large radio and television networks import equipment directly from foreign suppliers. Also, local distributors either sell a range of products and brands or tie up as exclusive distributors of a foreign supplier.

Further information on broadcast business opportunities in the Philippines is available through the Asia Pacific South Trade Development Division (PST), External Affairs and International Trade Canada, 125 Sussex Drive, Ottawa K1A 0G2. Tel.: (613) 996-7474. Fax: (613) 996-4309.

Copies of the study, prepared for the Canadian Embassy in Manila, are available through Info Export (BPTE), External Affairs and International Trade Canada, 125 Sussex Drive, Ottawa K1A 0G2. Fax: (613) 996-9709.

Trade Contacts Update

The facsimile number for the Canadian Embassy in Vienna, Austria is (011-43-1) 535-4473.

The new facsimile number for the Canadian Embassy in Manila, Philippines is 632-810-5142.