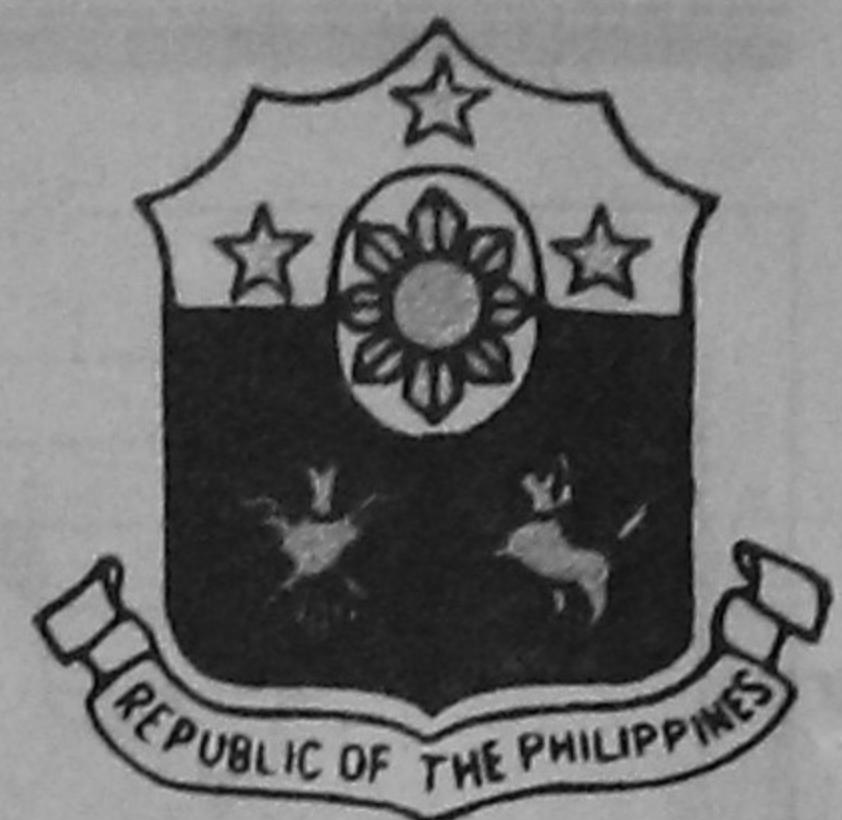


102nd Independence Day of the Republic of the Philippines

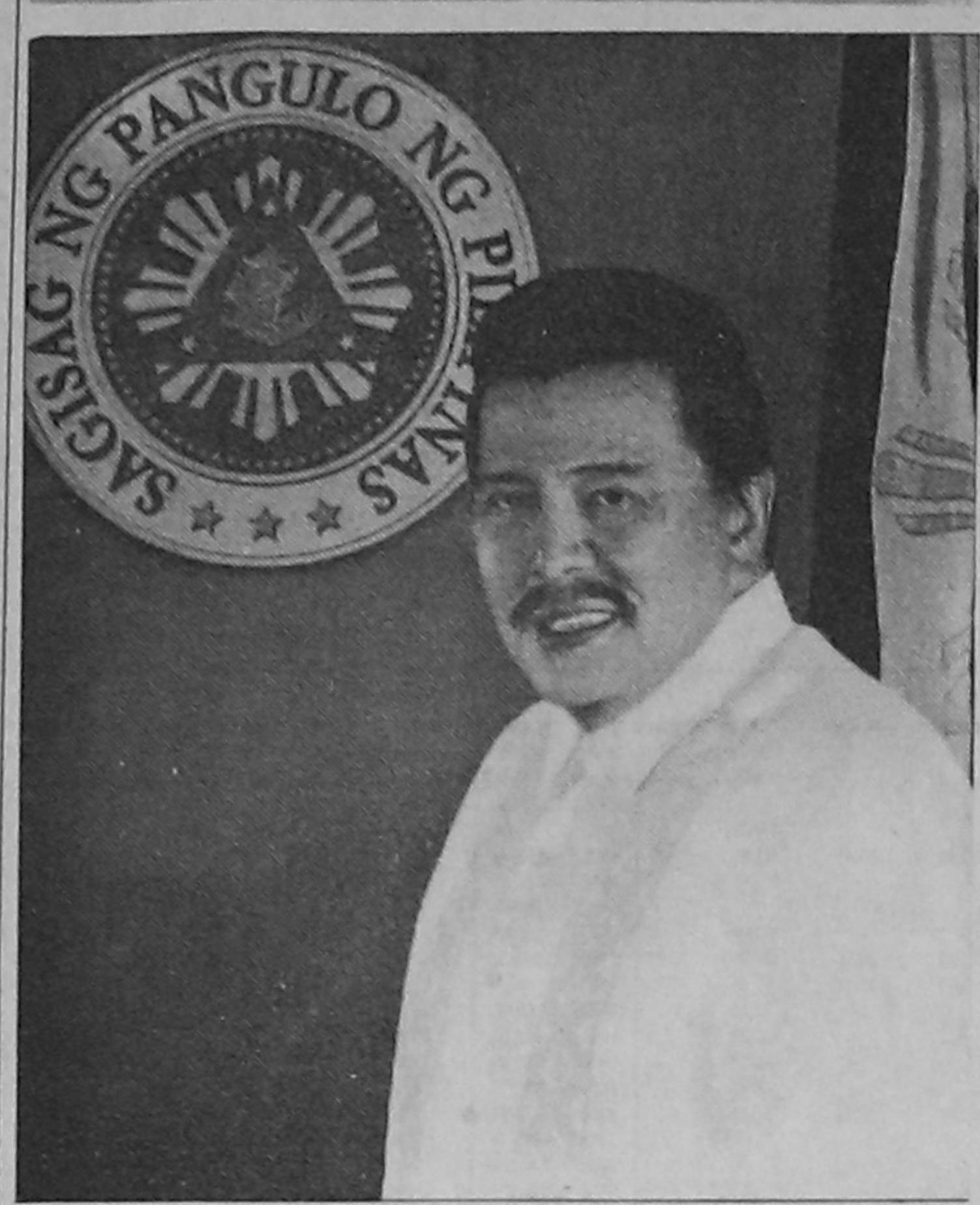
The Daily Star

Special Supplement

June 12, 2000



MESSAGE



On the 12th of June in the year 1898, the Philippines, the land of our birth was consecrated by the blood of our courageous forefathers. It is to honour their memory that we commemorate year after year the declaration of our independence, not in blind obedience to a ritual but to re-dedicate ourselves to the legacies of freedom, peace and democracy so dearly won for us by our heroes of the revolution against Spain.

It has been 102 years since the declaration of our freedom, but the courage and bravery of those who fought continue to inspire us to this day. Their bravery and love of country taught us the lesson that we must be prepared to defend our freedom and democracy at all times.

Today, June 12, 2000 we live in a society inspired by the sacrifices and dedication of our forefathers. For those of us who were not around during the revolution against Spain, our obligation is simple — we should never forget what they did and suffered on our behalf.

As we commemorate the 102nd Anniversary of the declaration of our freedom and stand ready to face the challenges of the times, I am confident that this special event will reinvigorate our sense of duty to contribute in the realization of our common task of raising the quality of life for all our people.

MABUHAY ANG DANGAL NG LAHING PILIPINO!

Joseph Ejercito Estrada

President of the Republic of the Philippines

MESSAGE



to the succeeding generations of Filipinos to preserve and defend the country's independence from foreign aggression.

The economic and socio-political accomplishments we now enjoy lay credence to the preservation of our nation's freedom and democracy. Like other major trends shaping today's global village, liberation movements and the clamor for democratic reforms are growing realities that must be adopted if we are to experience its full rewards for our people. Let us renew our commitment by pledging our abiding faith in the Constitution as we continue our work to shape a better future for our countrymen.

The new millennium should inspire Filipinos to unite as one nation in taking advantage of the opportunities and in forging a better future ahead of us. I urge our countrymen to participate in the efforts to improve our country. Everything is possible if we are united in effort and spirit to promote the growth and welfare of our nation.

MABUHAY ANG SAMBAYANANG PILIPINO! MABUHAY ANG PILIPINAS!

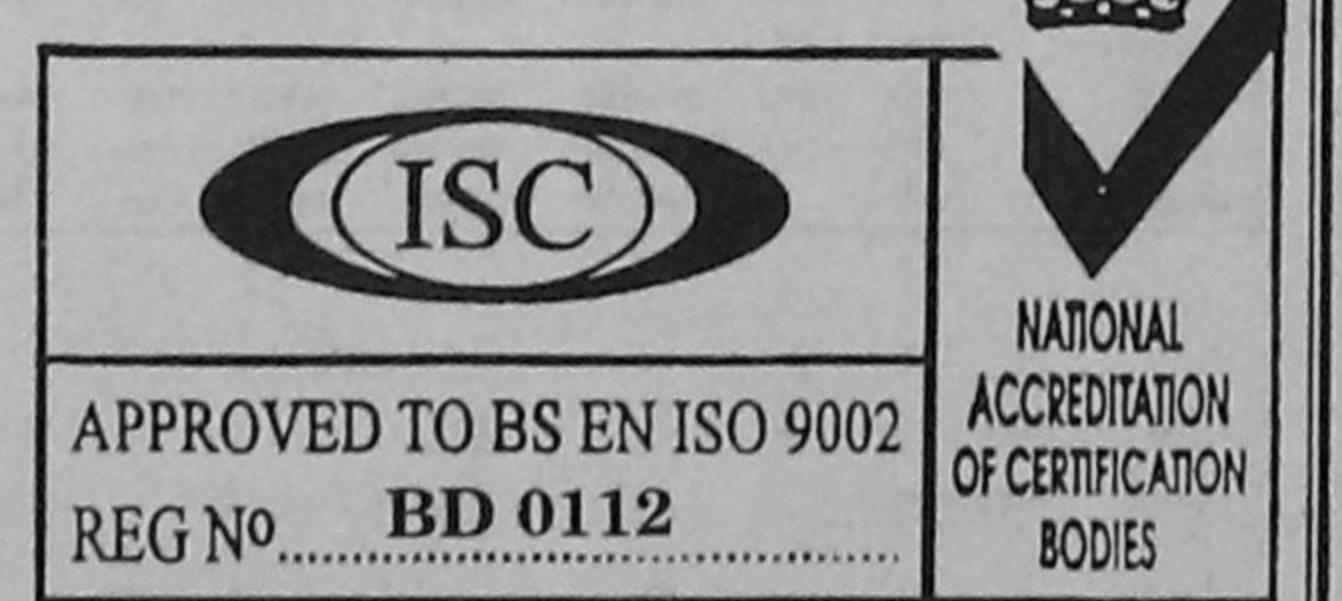
Gloria Macapagal-Arroyo
Vice President of the Republic of the Philippines

Warmest felicitations on the occasion of the Independence Day of the Philippines

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045

The Philippines on the Road to Recovery

First Quarter Performance: Gross national product (GNP) rose by 3.4 per cent and gross domestic product (GDP) by 3.4 per cent. Despite the government's decision to cease its pump-priming programme, the economy advanced in the first quarter and improved on the 1.5 per cent GNP and 0.7 per cent GDP growth a year ago. However, these are lower than government targets. Specifically, GDP growth was lower than expected by 0.4 percentage points due to lower-than-expected performance of agriculture and services.

Agriculture grew by 0.2 per cent compared to the expected 2.2 per cent. The normalization of the weather led to a reduction in palay production by 4.6 per cent and in corn by 20.2 per cent. These losses were offset by the performance of cash crops such as coconut (14.4%); banana (8.3%); poultry (4.6%); and livestock (3.3%).

Services expanded by 3.8 per cent versus the target of 4.5 per cent. Services growth fell below expectations due to the lingering effects of the crisis on the financial subsector,

which rose by a mere 1.5 per cent. Government services, meanwhile, barely expanded (0.7%) as the government tightened spending to achieve the P62.5 billion target deficit for the year. Trade rose significantly higher than last year at 4.7 per cent, but this was also below target as the fall in crops production also dampened trading activities.

Meanwhile, communication services leaped by 9.5 per cent to push the transport, communication and storage subsector growth to 7 per cent from 3.4 a year ago. It should also be noted that the first quarter growth of services in 1999 was revised upward from 3 per cent to 3.2 per cent, which translates to a lower growth rate in 2000 due to the higher adjusted base.

Industry rose by 4.8 per cent surpassing the target for the period of 4.1 per cent. Manufacturing had its strongest growth since the second quarter of 1997 at 5.8 per cent, together with utilities (3%) and mining and quarrying (18.8%), the subsector, which accounts for 23.9 per cent of GDP.

pushed industry to achieve its biggest expansion since the last quarter of 1997. Construction declined by 0.7 per cent partly due to the policy of fiscal consolidation which slowed down public construction to 2 per cent from 26.7 per cent a year ago.

Sixteen of manufacturing's 20 subsectors posted increases, compared to only seven a year ago. Machinery, both electrical and non-electrical; transport equipment; furniture and fixtures; rubber products; paper and paper products; and miscellaneous manufactures all exhibited double-digit growth rates. However, non-metallic mineral products and basic metal industries experienced double-digit declines.

In sum, the agriculture and non-agriculture sectors moved in opposite trends in the first quarter. Whereas industry further picked up strength, and services was stable, agriculture was in the downturn.

Net factor incomes from abroad went up by only 4.3 per cent to close the gap between GNP and GD growth. Net com-

pensation income actually surged by 17.5 per cent but net property expense outflow (mostly interest payments) had the larger increase at 63.7 per cent. This was due to the increased external debt in 1999 by US\$5.2 billion, most of which were incurred by the public sector.

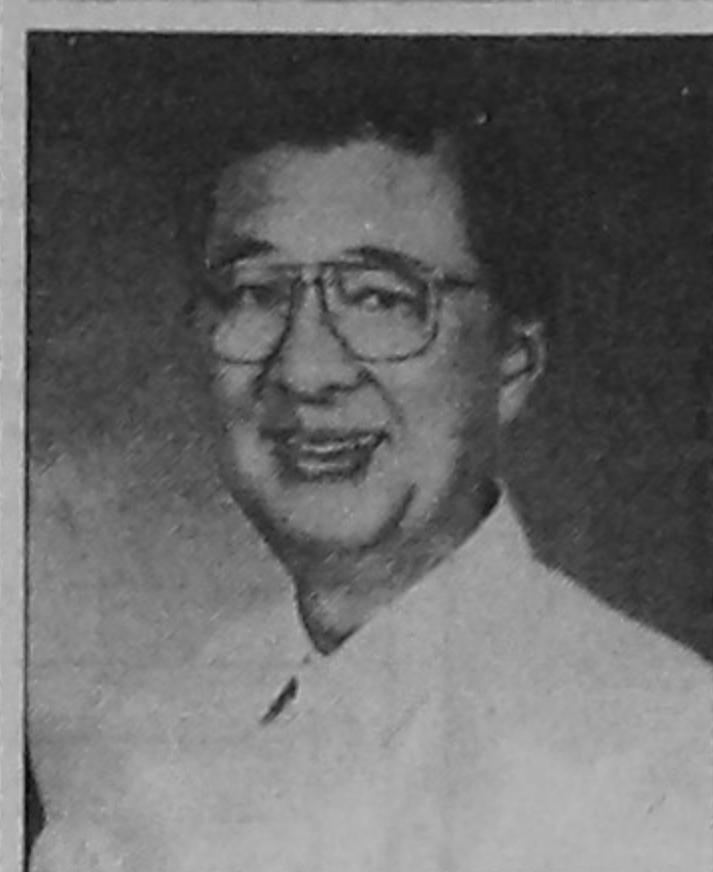
On the demand side, government consumption fell by 1.9 per cent as a result of the government decision to reduce the deficit target. On the other hand, private consumption paced higher at 3 per cent from 2.5 per cent last year while investments increased by 3 per cent.

Full Year Prospects: On the whole, the 3.4 per cent growth in the first quarter is still consistent with a 4.0 per cent full-year growth in 2000. This will require sustaining the performance of manufacturing and accelerating services. These assume a quick normalization of conditions in Muslim Mindanao. In addition, continuous effort to improve investor confidence such as the passage of critical reform laws is impor-

tant. Meanwhile, agriculture is expected to recover its lackluster performance based on the projections of the Department

of Agriculture of much improved palay and corn production at least in the next two quarters.

MESSAGE



keep whole the fabric of Philippine society. No matter how distant we find ourselves from our homeland, no matter what side we take on an issue, we must never forget that we all share a stake in our country's continuing progress.

On this 102nd anniversary of our independence, as we remember with pride our people's heroism in 1898, so also must we give honour to our patriots of today. As we recall the heartwarming evolution of our nationhood, we must allow nothing to weaken our unity. Neither must we allow distance to blur the accomplishments of our countrymen overseas. Striving to raise the quality of life of their families, they are winning praise worldwide for their industry, their competence, their attachment to Filipino values.

The task of safeguarding and fortifying our independence requires a steadfast commitment to national unity and development. We can all prove ourselves equal to this task.

MABUHAY ANG PUSO AT DIWA NG MALAYANG PILIPINO!

Domingo L. Siason Jr.
Secretary of Foreign Affairs of the Republic of the Philippines

MESSAGE



freedom and democracy. In recent years, Philippines-Bangladesh bilateral relations have been on the upswing. High level exchange of visits between leaders of the two countries provided impetus for broadening bilateral ties in all fields. A number of agreements covering various areas such as trade, investment and economic cooperation have been concluded which provide solid framework for expansion of relations between the two countries.

In the field of education, Philippine schools continue to be popular among Bangladeshi students. In recent years, the Embassy has been averaging over one hundred student visas every year for Bangladeshi students, not to mention various training seminars and programmes offered by Philippine institutions. Trade is also in the upward direction as more Philippine products are introduced to the local market. The Philippines has also benefited from Bangladeshi experience on micro-credit and finance.

I look forward for a more fruitful relations between the two friendly countries in the years ahead.

Mabuhay. Long live Philippine Independence. Long live Philippine-Bangladesh friendship.

Candidato B. Gutoc
Ambassador of the Philippines to Bangladesh

Overview of Philippine-Bangladesh Relations

The visit of former President Fidel V. Ramos to Bangladesh in March, 1997 was the first made by any Philippine head of state since the country formally recognized the newly independent state in 1972. However, the Philippines has hosted the visits of Bangladeshi President Sheikh Mujibur Rahman (1973), President Ziaur Rahman (1980), Prime Minister Ataur Rahman Khan (1984), and President Hussein Muhammad Ershad (1989). The state visit to Manila of Prime Minister Sheikh Hasina in September, 1997 further solidified the friendly ties between the Philippines and Bangladesh.

The two countries have enjoyed close and beneficial relations since 1972. As a member of the Organization of Islamic Conference (OIC), Bangladesh has always been supportive of the Philippine government's ef-

fort to bring peace to the Southern Philippines. During the signing of the final peace agreement between the Moro National Liberation Front (MNLF) and the Philippine Government on September 2, 1996, President Ramos made mention of the Government of Bangladesh, who as a member of the OIC, belonged to "one of the best teams of peacemakers in the world."

TRADE : Although not among the top trading partners of the Philippines, bilateral trade

To further the trade relationship between the two countries, a Philippine-Bangladesh Business Association has been established in Manila as well as a counterpart Bangladesh-Philippines Business Forum in Dhaka on 28 July 1995 and 18 March 1995 respectively.

TRADE : Although not among the top trading partners of the Philippines, bilateral trade

RP-Bangladesh Trade Statistics

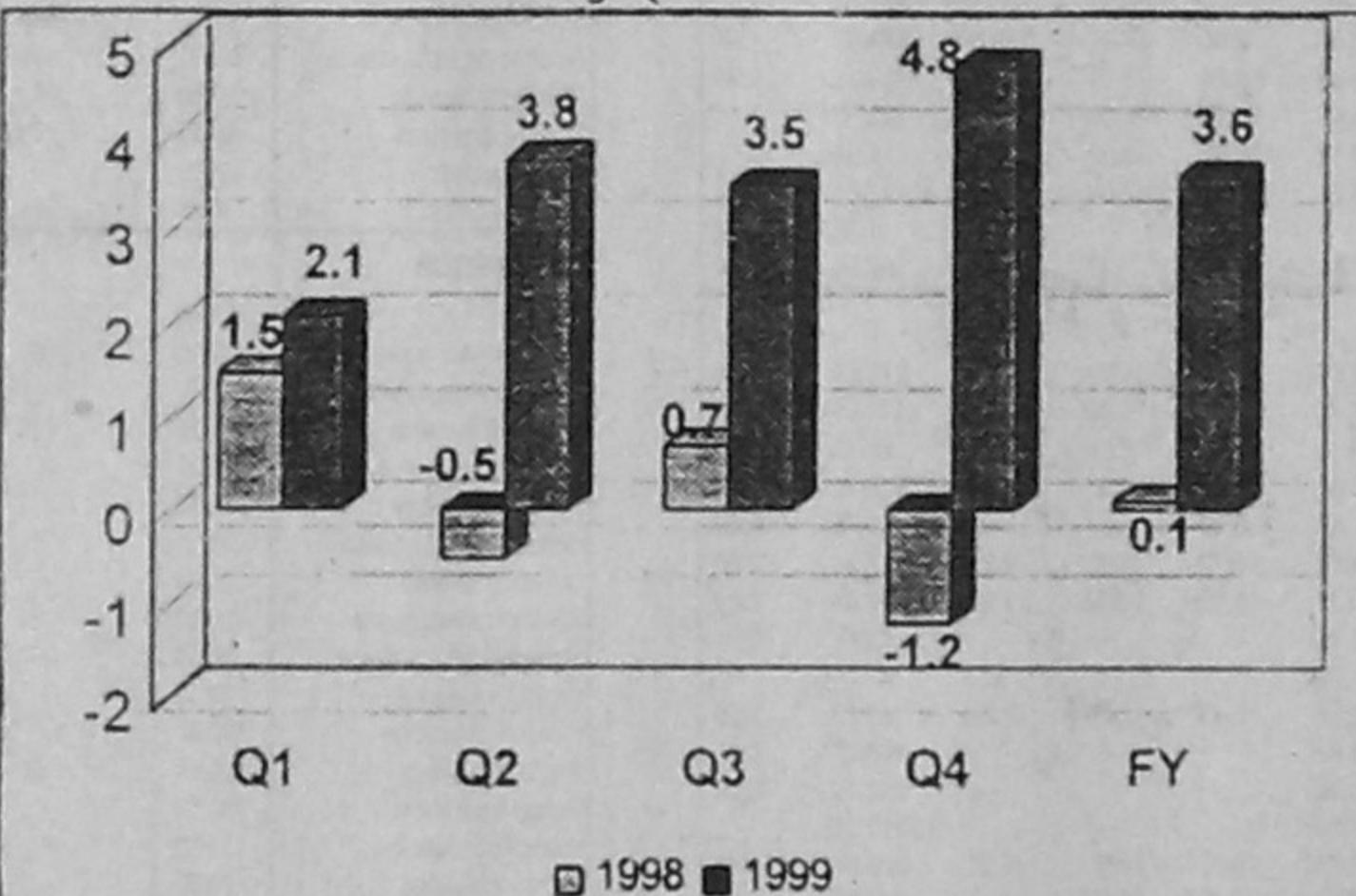
Year	Total Trade	%Change	Exports	% Change	Imports	% Change	Balance of Trade
1995	13,823,383	10.88	5,277,379	2.02	8,546,014	20.70	-3,268,635
1996	12,491,000	(10.66)	2,685,000	(96.55)	9,806,000	14.74	7,121,000
1997	15,111,000	20.98	7,444,000	177.24	7,667,000	27.90	223,000
1998	11,919,000	26.78	3,885,000	(91.61)	8,033,000	4.77	4,148,000
1999	11,737,000	(1.55)	5,984,000	54.03	5,753,000	(39.63)	230,000

THE PHILIPPINE ECONOMY

1999 Performance and Prospects for 2000

Gross National Product, 1998-1999

by Quarter



hit subsectors that remained in the doldrums in the fourth quarter: beverage (-3.9 per cent), chemical and chemical products (-12.8 per cent) and basic metals (-12.9 per cent).

However, there were crisis-

ties even before the crisis continued to contract in the last quarter.

These sectors include textiles (-12.8 per cent) and basic metals (-12.9 per cent).

All Sectors Grew

Agriculture: Agriculture grew by 7.4 per cent in the last quarter, bringing the full year growth to 6.6 per cent (the highest since 1976), coming from a steep contraction in 1998. After eight quarters of negative growth, coconut, including the production of copra, grew by a hefty 18.3 per cent. Poultry also rose further by 6.5 per cent, palay by 7.9 per cent, and sugar by 33.7 per cent. The production of other crops, which declined for the past seven quarters, also grew by 5.5 per cent. The forestry subsector, on the other hand, has been on the downturn, posting a -16.7 per cent growth in 1999.

Industry: Industry, which had been the laggard for most of the year, produced a strong showing in the fourth quarter (3.1 per cent) for a full year finish in the positive territory at 0.5 per cent. This turnaround may be attributed to the 2.6 per cent growth in electricity, gas and water and the 1.4 per cent growth in manufacturing. The 3.1 per cent growth in manufacturing for the last quarter of 1999 came mainly from food manufactures (7.4 per cent), electrical machinery (10.8 per cent) and transports equipment (16.1 per cent).

The construction industry finally staged a modest rebound after seven consecutive quarters of decline. GVA in construction grew by 0.5 per cent in the fourth quarter. Full year growth, however, was -2.8 per cent due to the previous three quarters' lackluster performance.

Mining and quarrying also had a huge jump in the fourth quarter (15.6 per cent) to stem the overall contraction of the sector to 8.2 per cent. The contributors to growth in the fourth quarter were gold; other nonmetallic; stone quarrying and sandpits; crude oil and nickel mining. The recovery of the construction subsector is due to the growth in stone quarrying, clay and sandpits. There was likewise a high demand for other non-metallic minerals as well as petroleum products as shown by the 4.5 per cent and 74.7 per cent growth, respectively of the dollar exports of

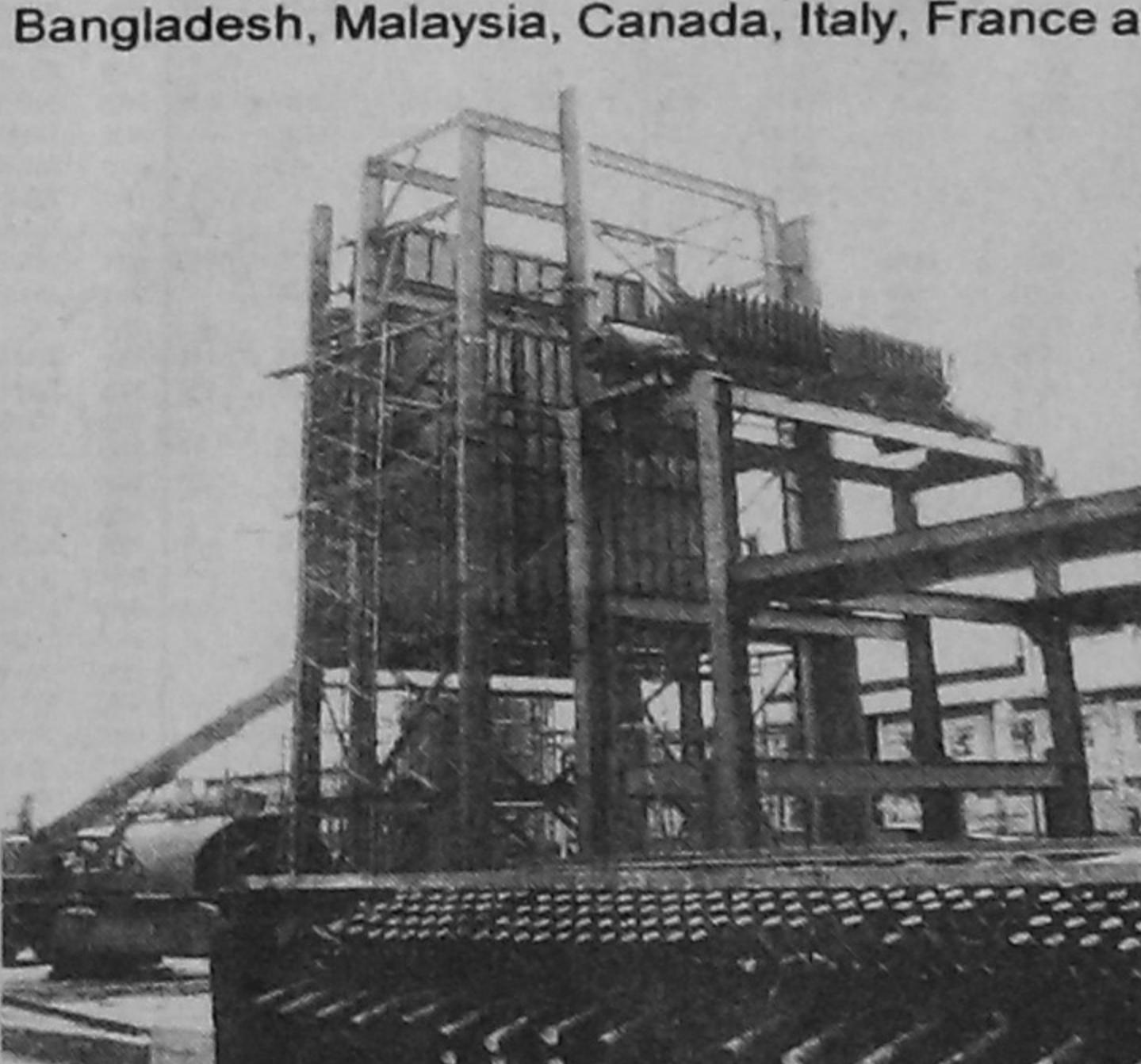
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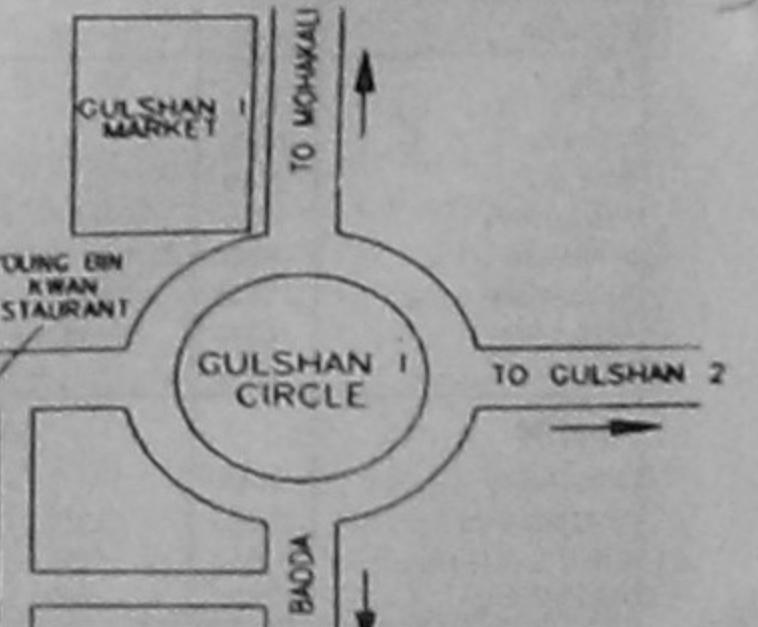
15 MW Thermal Power Station (Bangladesh) under construction



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