

Desperate efforts to sneak out of Philippines

AFP, Manila

Six women dressed as nuns stood anxiously in a queue at Manila's chaotic international airport, unaware their shoes were about to end their dreams of an illegal job abroad.

At the immigration counter, an official looked up after stamping a genuine traveller's passport and surveyed the women.

"People were wondering, if they were nuns then why was one nun in rubber shoes and another in red shoes," said airport immigration chief Lina Andaman Pelia.

"And all six just had one bag. You could tell they weren't real."

Under questioning, the "nuns" admitted they were not heading to a religious seminar in Hong Kong as claimed, rather to Lebanon to work illegally as maids.

And so -- just like thousands of desperate Filipinos before them who have tried to use a dizzying array of tricks in an effort to head overseas for a higher paying job -- their journey was over before it had begun.

Deep poverty in the Philippines has for decades driven Filipinos abroad and about nine million -- or 10 percent of the population -- currently work legally and illegally in a wide range of jobs overseas, according to government data.

While the Philippine government allows its citizens to work overseas, it requires them to have guaranteed labour contracts and to register with state-approved recruiters.

The government says these measures are needed because Filipinos who go abroad can easily be exploited in many ways and, at worst, be forced into crime or prostitution.

Sometimes the country they want to work in has been blacklisted completely, such as was the case with the fake nuns, with the Philippines banning people from working in Lebanon in 2007 due to security and labour concerns there.

But many Filipinos seek to circumvent these rules, with illegal recruiters often setting up the scams.

"We have economic problems in this country and sad to say, they become willing victims," Pelia said, referring to the Filipinos who sneak overseas to work illegally.

Pelia said many prospective illegal workers simply presented themselves at airports as tourists, and it was up to the immigration officials to determine their real motive for travelling overseas.

At the immigration desk, staff look for signs to distinguish the illegal workers from legitimate



A member of the Manila international airport immigration team (foreground) processing a woman, one of hundreds of Philippine citizens seeking to travel abroad.

tourists.

Pelia said the give-away could be a bare passport indicating the person had not travelled abroad before, or a plan to "holiday" in areas of

the Middle East not normally known to attract Filipino tourists.

She said illegal workers were sometimes caught out by being unable to answer the sim-

plest of questions, such as: "Where are you going?" or: "Who is providing for your tour?"

But on other occasions, they put more thought into their ruse.

Pelia said the government now coordinated with sports bodies to verify which athletes were heading overseas, after some workers made it to Japan by claiming to be volleyballers bound for an Asian Games there in the 1990s.

Immigration officials are also constantly on the lookout for Filipinas seeking to head abroad for work as prostitutes who travel with fake boyfriends, Pelia said.

"Carlos", a 35-year-old labourer, said he beat the system three years ago when he entered Japan to escort his mother on a vacation there.

When his mother returned home two months later, Carlos did not come back.

Instead, under a plan hatched by his family, he was sheltered by his sister, who already had permanent residency in Japan.

"We were always terrified that Japanese immigration would track me down to her house and burst in at any time. But they never came," said Carlos, who spoke to AFP by telephone on condition his real name was not used.

Carlos said his sister helped him find a job as a construction worker in Japan, and he now earns the equivalent of about 26,000 Philippine pesos (\$600) a month, three times what he could earn at home.

The problem of Filipinos being exploited saw the US State Department place the Philippines on its "tier 2 watchlist" for human trafficking in 2009.

This meant the US government believed the Philippines was failing to comply with "minimum standards" on stopping human traffickers.

The government says it has since sought to tackle the problem more seriously.

About 25,000 would-be illegal workers have been stopped from leaving the Philippines since a crackdown began in August last year, according to Chrissy Avila, a lawyer with the government's anti-trafficking task force.

And 28 traffickers have been convicted since the start of last year, with some of them being sentenced to life in jail, according to the task force.

But Avila said the prospective workers, who are not punished if caught, often remain determined to try again because of the deep social problems and poverty at home.

"What they have in mind is that they are going abroad to have a better future, to earn dollars. They don't mind the fact that they might be victims of illegal trafficking," she said.

Deep poverty in the Philippines has for decades driven Filipinos abroad and about nine million -- or 10 percent of the population -- currently work legally and illegally in a wide range of jobs overseas, according to government data

Skype's owners set to make \$5b

REUTERS, New York

Skype's owners, led by private equity firm Silver Lake, are set to earn more than three times their investment, for a total capital gain of more than \$5 billion, on the sale of Skype to Microsoft Corp, a source familiar with the situation said.

The gain is particularly large considering the short amount of time the investors have owned internet phone service Skype -- around 18 months -- since buying a majority stake from eBay. That is a short turnaround for private equity which typically invests with a time horizon of three to five years.

The \$8.5 billion price Skype is commanding from Microsoft reflects the premium being put on hot social media properties and the number of potential buyers.

Microsoft's deal to acquire Skype was announced on Monday.

Skype, which was considering an IPO, sparked interest from parties including Facebook and Google according to sources.

Cisco also was interested, a source said. Cisco was not immediately available for comment.

One concern Skype and its owners may have had was whether they were missing out on getting substantially more, giving escalating valuations put on companies such as Facebook and Groupon.

That could explain the six weeks it took for Microsoft and Skype to reach a deal. Microsoft decided to make an unsolicited offer with the final price by April 18, it said.

"It's not like the deal came together in five days, it came together over the course of the last few weeks," said one source familiar with the deal. "They had time to digest the price, they had time to understand the parameters of the contract and then ultimately figure out the final pieces."

For Microsoft, the stakes were high. The world's largest software maker has been beset by a string of setbacks including the failed acquisition of Yahoo Inc and a halting start in the mobile phone arena now dominated by Google Inc and Apple Inc.

It decided against hiring investment bankers to help them with the deal.

Microsoft said it decided to appeal directly to Skype's ownership base with Silver Lake taking the lead.

The Silver Lake-led investor group bought a majority stake in Skype from eBay in 2009 -- during the credit crisis -- for \$1.9 billion in cash and a \$125 million note. eBay retained about a third of the company.

"It took a lot of conviction to invest in the summer of 2009," said Egon Durban, managing director of Silver Lake. "We made the biggest investment in our firm's history and had the courage to invest. But I also believe Microsoft has a real shot at making this business worth three to four times more than even they've paid for it."

Private equity firms can make high returns on investments if timed and ex-

ecuted right. Such returns can reap substantial rewards for private equity executives running the funds -- which typically take 20 percent of the profit.

The internal rate of return for the Skype deal -- a key measure for private equity investors -- was 70 percent to 80 percent, the first source who spoke to Reuters said. That is far higher than a typical private equity return.

eBay, which owns a minority stake in Skype, said that it made a total return of \$1.4 billion on its original investment.

Durban said that Skype fit at the "intersection of three very powerful macro trends" -- social, video and mobile communications.

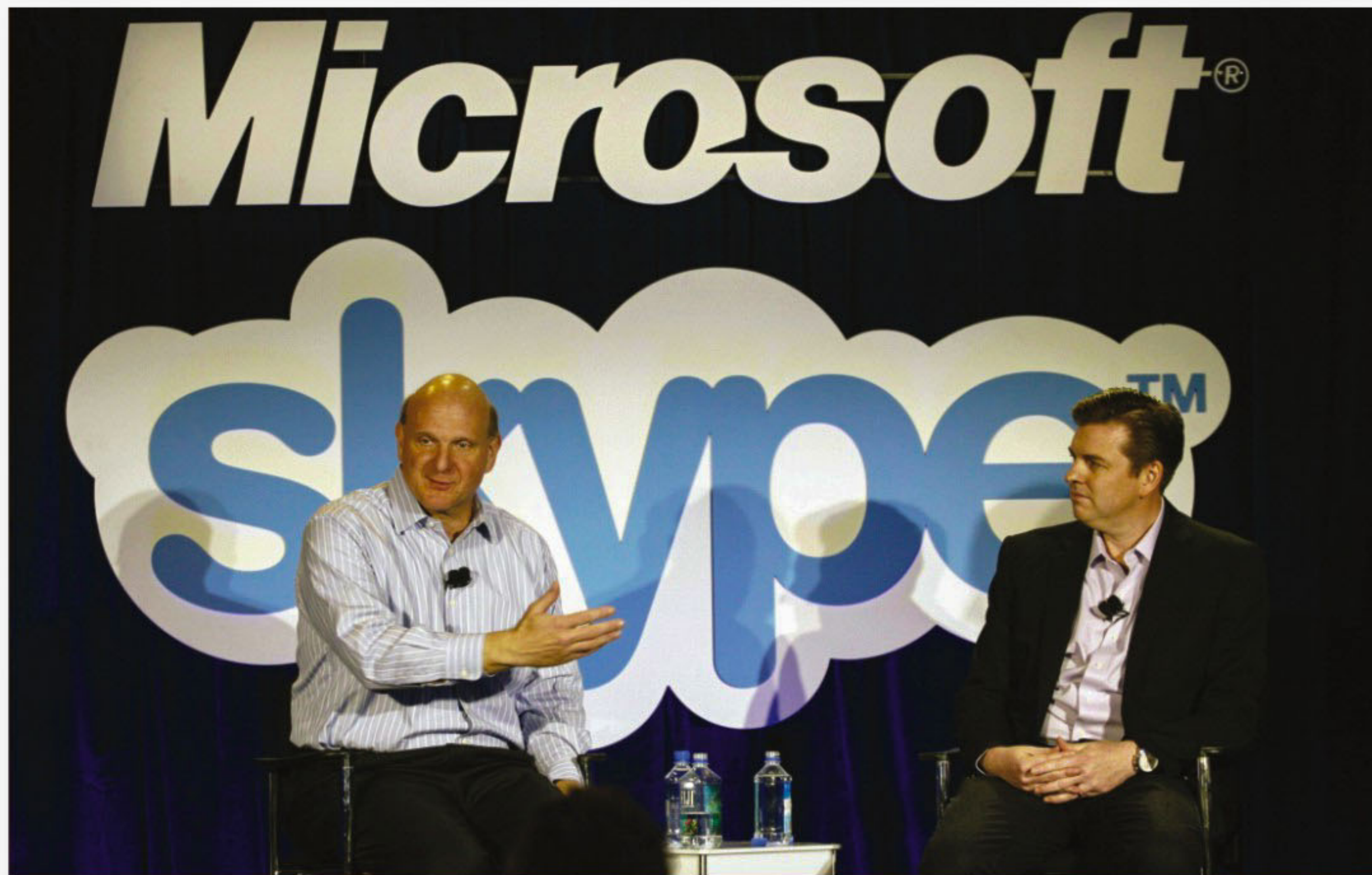
He said that over the past 18 months, Silver Lake and the other investors had

made achievements such as acquiring the Skype intellectual property, resolving litigation with the company's founders, recruiting a new management team, and signing up strategic partnerships with companies such as Verizon, Citrix, Samsung, Panasonic, Sony and LG.

"We always felt that Skype... was misunderstood and underestimated by people through its whole life span," said Marc Andreessen, who heads venture capital firm Andreessen Horowitz which is an investor in Skype.

"I think it's great to see Microsoft taking it this seriously and really valuing it for what it is."

The Skype investment is one of the largest capital gains made on a private equity investment, the first source said.



Microsoft CEO Steve Ballmer and Skype CEO Tony Bates (R) discuss the future of Skype with Microsoft during the press conference at Four Seasons Hotel on Tuesday in San Francisco, California.

Is this the end of Skype as we knew it?

ANTHONY DEROSA

The first time I used Skype I was in awe. The video quality, the effortlessness it allowed me to see and hear my family far away over my laptop computer screen was magic. It was even more magical when I tried it on my iPhone -- a Dick Tracy moment. And it was more impressive than FaceTime because it allowed me to talk to anyone with Skype, not just with those who had an iPhone.

Today, Skype will likely begin to be lost in the maw that is Microsoft. Sure, Microsoft still remains one of the most valuable companies this country has ever produced but aside from the Xbox, it hasn't been on the leading edge of innovation in many years. Apple, Google and companies like Facebook and Twitter are seen at the forefront of the digital age. Microsoft, in comparison, seems like the once great star athlete, a Michael Jordan attempting to regain some glory by playing minor league baseball.

The best case scenario here is that Microsoft rolls Skype into a product like Kinect, which hasn't quite taken the world by storm, and becomes a simple, easy to use videoconferencing device for the living room, that takes us beyond just hunching over our computers to interact with our friends who are far away.

The reasoning, however, provided in a rather unimpressive press conference by the awkward and uninspiring Steve Ballmer, was to bring new customers to Windows and Office. I can tell you with some degree of experience, business users want screen sharing but they don't have a great need for videoconferencing. It isn't a tremendous business advantage or productivity tool.

If, instead, Microsoft predictably turns Skype into Windows Messenger Live Video Vista Professional Edition, then we will have watched one of the most exciting products developed in the last century killed off in the interest of it's shareholders.

The writer is the Reuters media product manager, developing the next generation of media publishing, aggregation and management tools.