

**KEYNOTE SPEECH FOR SECRETARY FRANCISCO T. DUQUE III MD, MSc. FOR  
the inaugural and launching of the Philippine Technical Assistance Foundation**

**November 20, 2005 (Sunday, 7 PM)**

Quezon Ballroom, Makati Shangrila Hotel

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Greetings (VIPs)

First of all, I would like to extend my Congratulations to the Chamber of Cosmetic Industry of the Philippines on their inaugural and launching of the Philippine Technical Assistance Foundation. Indeed, this is a milestone for the local cosmetic industry that has been striving to make their products competitive in the regional and global market.

Filipinos have always been known for their exceptional sense of vanity. In fact, two thirds of our population below thirty years of age are among the heavy users of cosmetic products. Amid the lackluster economic situation in 2004, the cosmetics and toiletries industry still fared decently as overall current value growth reached 8%. Filipino men were also found to be becoming major consumers of beauty and toiletries products.

Hence, with the way things have been looking, beauty products will continuously play a huge part in the Filipino way of life...with how we, as a people, uniquely turn to and indulge in small luxuries as a means of finding comfort amid tough situations. The cosmetics industry can definitely look forward to enjoying a big share in the local market. At present, the cosmetic domestic market potential now approximates US \$500 million per year ... and it holds a promising outlook as it steadily grows by 10% each year.

The profile of the cosmetic industry shows that 75% of marketed cosmetic products in the country are produced locally. But in recent years, we have seen an increasing trend towards trade liberalization...hence, a larger share of imported cosmetic goods in the local market. The ASEAN Free Trade Agreement particularly opened doors for imported beauty products from the ASEAN region to gain access in the Philippines. An example is Procter and Gamble which has its regional production facilities in Thailand but which supplies the country with hair products.

Surely, the implementation of the agreement of the ASEAN Harmonized Cosmetic Regulatory Scheme signed by the ASEAN Ministers in September 2003 would have a significant impact on our cosmetic industry. This Agreement covers Phase I or the ASEAN Mutual Recognition Arrangement (MRA) of Product Registration Approvals for Cosmetics. In this phase, only the Philippines and Malaysia will undergo implementation covering the years 2005 to 2008. During Phase 2 or the ASEAN Cosmetic Directives, mutual notification process of cosmetic products will be placed in the ASEAN market.

The Philippines, through the Department of Health, as signatory to the Agreement, as well as BFAD who is the implementing agency, shall initiate the Mutual Recognition Agreement on Product Registration Approval with Malaysia before the year ends. Recently, the DOH has issued two Administrative Orders relevant to the implementation of this ASEAN Cosmetic Regulatory Scheme, namely:

- 1) AO 2005-0015 regarding the Adaptation of the ASEAN Harmonized Cosmetic Regulatory Scheme and ASEAN Common Technical Documents into our national regulation (21 April 2005). This directive provides common regulatory requirements for cosmetic products intended for domestic and regional distribution. Moreover, this further changes the requirement for product registration.
- 2) A.O. 2005-0025 regarding the Implementation of the ASEAN Cosmetic Regulatory Scheme and ASEAN Common Technical Documents (6 October 2005). The highlight of this A.O. includes a new system for product registration of cosmetics, the 30 working days processing period for cosmetic products and notification scheme for cosmetic products considered with no claims or listing.

All these measures we have done as part of the *ASEAN Economic Integration Roadmap towards the ASEAN Single Market One Community Vision*. Hopefully, the ASEAN Cosmetic Regulatory Scheme will greatly help our regulators to move towards ensuring safety for consumers through post-market surveillance activities and one simplified registration system. We also aim to benefit from this scheme through increased trade by easily accessing markets and reducing technical barriers within the region. In the end, this will enable our consumers to have more choices from available cosmetic products.

The establishment of the Philippine Technical Assistance Foundation is timely and relevant as BFAD moves toward implementation of a new system in product registration. This Center can greatly help BFAD in disseminating the information needed by the industry under the new system especially to the small- and medium-scale cosmetic manufacturers making up a large portion of the local industry. At the same time, the Center can also assist the local industry in making its products competitive both locally and in the ASEAN region.

Harmonization is trade liberalization. I encourage our partners from the local cosmetic industry to be more competitive, to act big, and to think globally in marketing their products to other countries. Good luck and more power to you all!