

CONTINEO

2021 QUARTER 3 ISSUE
July - October 2021

MV IRIS PAOAY GOES INTERNATIONAL!

IN THIS ISSUE:

by **Camille Bello**

The pandemic has gravely affected the world economy and global trade, severely impacting all communities and individuals. The lack of cargo vessels calling on Philippine ports has disrupted companies' production schedules that depend on imported components for their production lines. This crisis also caused delays in importing the country's essential goods.

As a response, the Maritime Industry Authority (Marina) has worked firmly to relieve the logistics distress of our importers and exporters. In over three decades, a container ship under the Philippine flag named MV IRIS Paoay of IRIS Logistics and Royal Cargo made its **first-ever international voyage to the United States**. The vessel carries around 700 containers of 20-footers and 40-footers combination.

After all the hurdles and delays since the onset of the **General Community Quarantine (GCQ) Level 4** last September, our MV IRIS Paoay's **Virtual Maiden Voyage Ceremony** successfully took place on September 23, 2021, with guest speakers Doc. Henry Basilio of Export Development Council, Mr. Sean Callahan of USAID, and Sec. Ramon Lopez of the Department of Trade and Industry.

Royal Cargo's Chairman and Group CEO, **Mr. Michael Kurt Raeuber**, opened the live virtual Maiden Voyage with a warm welcome and message. He hopes that the decision to deploy MV Iris Paoay to the US can inspire other domestic shipping lines to provide capacity to local exporters on the intra-Asia trade and then to the rest of the world.

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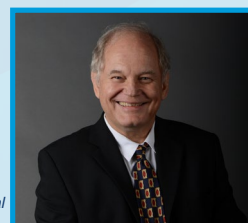
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THE
ROYAL
TALK 2021



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2021 A RELAUNCH SPECIAL

MV IRIS PAOAY GOES INTERNATIONAL! PT. 2

A plaque of appreciation was presented by Mr. Reginald Sanchez of the *Asian Terminals Inc.* to Mr. Michael Kurt Raeuber to honor their long-term partnership and to ensure the unhampered flow of goods despite the pandemic.

The ceremony ended with heartfelt remarks from Royal Cargo's President and CEO, **Mr. Elmer Sarmiento**. He thanked everyone, especially the guests, for attending the virtual event amidst their busy schedules. Mr. Sarmiento expressed his appreciation to both IRIS and RCI teams, especially to Mr. Michael Raeuber – for his vision and dedication towards his advocacy in the blue economy and supporting the Philippine shipping industry in its contribution to the country's economic growth.

The United States is the second-largest customer of Philippine agricultural and related exports. The Philippines is the United States' ninth most significant export market for agricultural products; **the two-way trade amounts to \$4.3 billion** in 2020.

MV IRIS Paoay is expected to arrive in Los Angeles on the **27th of October, 2021**. The vessel's voyage to the USA is indeed a milestone because this aims to help the Philippine economy and trade industry grow during this pandemic.



WHAT'S NEW: UNVEILING OF THE VACCINE DEPOT

Royal Cargo inaugurated its newest facility, the Vaccine Depot. This new storage serves as a sizeable addition to the country's fight against COVID-19.

The Vaccine Depot is a **\$1M investment** that aims to provide a **pharma-grade storage facility** for COVID-19 and other types of available vaccines. Parañaque City Mayor Edwin Olivarez and Representative Eric Olivarez graced the inaugural ceremony of the new depot located at the Royal Cargo headquarters in Parañaque City.

In his special message, Mayor Olivarez thanked the Royal Cargo management. He said, *"It is a great help in our country, as we face the pandemic, (the cold storage facility), will store the needed vaccines by every Filipino citizen not only from the City of Parañaque but the whole nation of the Republic of the Philippines."*

The Vaccine Depot is located near NAIA to transfer vaccines to and from the airport easily. Cong. Olivarez, on the other hand, acknowledged the company's contribution in building a vaccine warehouse capable of storing all types of vaccines sufficient to inoculate every citizen residing in the country.

The cold storage warehouse has storage rooms holding different temperature ranges from **+2°C to +8°C** and **+15°C to +25°C**. Royal Cargo also owns **Ultra-Low Temperature Freezers (ULT)**, accommodating vaccines with **-20°C** and **-50°C to -80°C** temperature requirements.

The Vaccine Depot can store all types of Emergency Use Authorization (EUA) approved COVID-19 vaccines in the Philippines.

Royal Cargo also boasts of its complete fleet of reefer trucks and dry vans complemented by thermal boxes with temperature recording devices for a safe, secure, and on-time delivery of vaccines in any part of the country. Security features are also available, including a 200% power contingency, 24/7 security and CCTV systems, and temperature monitoring and GPS tracking system.





ALL-DIGITAL: RCI'S FIRST-EVER WEBINAR SERIES

by Camille Bello

Due to lockdowns, the restraint on mass gatherings, and the cancellation of live events, the entertainment and events industry had no choice but to go all digital. To comply with the government's guidelines and protocols, Royal Cargo launched its first-ever digital event, **The Royal Talk – A Webinar Series**.

First, some context; The Royal Talk delivers knowledge-based information about the most pressing issues of our industry and nation. This free online seminar is exclusively available for our beloved customers as part of our efforts to continuously connect and provide everyone with the best possible solutions.

We've had two series of The Royal Talk this year; the first part is in partnership with *Pharma Logistics*, which took place last March 3, 2021, via ZOOM. The webinar tackled all about COVID-19 vaccines, entitled **"Achieving a Comprehensive, Fast and Secure Vaccine Delivery in the Philippines."**

Our guest speakers were from the **Department of Health**, Asst. Secretary Francia Laxamana, from the **Vaccine Expert Panel**, Dra. Nina Gloriani, and from the **logistics industry**, our very own Mr. Michael Kurt Raeuber. The virtual event capped off with over **300 online participants** and **2,600+ views on its live broadcast on Facebook**.

THE ROYAL TALK 2021

The second part of the webinar series, which took place last June 29, 2021, in partnership with CCB and the **Bureau of Customs** entitled **"Enhancement and Alignment of Business Capabilities to Trade Facilitation Agreement."**; The topics discussed were led by *Asst. Commissioner Vincent Philip Maronilla* and his credible team, Mr. Romeo Leneses, Ms. Gina C. German, Mr. Ed Carcedo, Mr. Antonio Melliton Pascual, and Atty. Yasmin Mapa.

After setting the bar high, The Royal Talk Part 2 garnered **over 500 online participants** with approximately **3,900+ reach on Facebook Live**.

Part of the Marketing and Communications Department of the Group Revenue Management's plan for 2022 is to continue with The Royal Talk webinar series and to collaborate with other business units to help produce informative and quality industry-related topics for our clients.





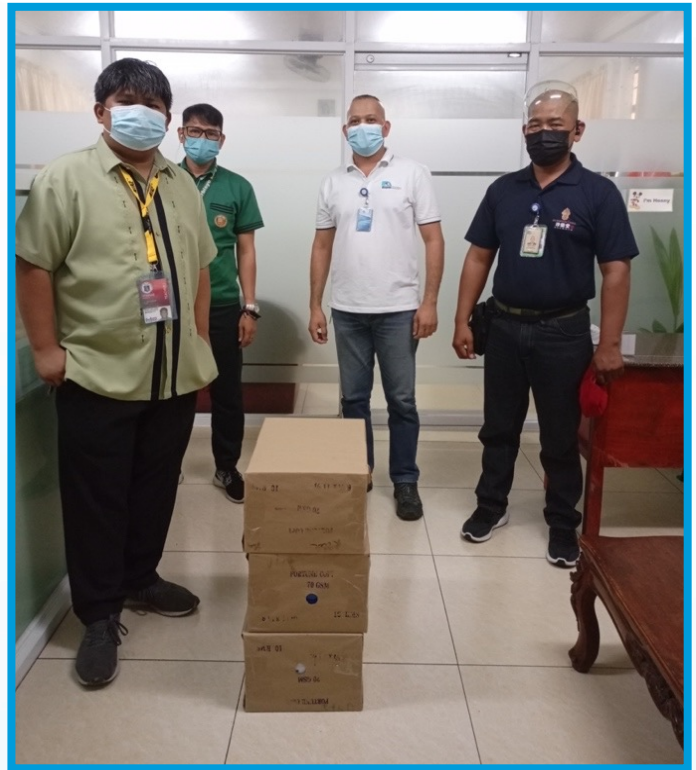
COMMUNITY PLEDGE:

RCI SUPPORTS DEPED'S ADOPT-A-SCHOOL PROGRAM

by Cherry Pascual

Royal Cargo representatives handed over thirty (30) reams of bond paper to **Sto. Niño Elementary School** in the presence of Ms. Teresita S. Rodriguez Ph.D., the school principal, and the school management last September 13, 2021.

This donation is still part of **Royal Cargo's Corporate Social Responsibility** and its commitment to contribute and share for the education of Filipino learners through the Adopt-A-School Program of the Department of Education.



COVID-19 ESSENTIALS DONATIONS

by Cherry Pascual

Royal Cargo donated anti-COVID-related items, including ten (10) gallons of isopropyl alcohol and fifteen (15) boxes of face-mask for the use of front liners of Barangay Health Emergency Response Team (BHERT) of Sto. Niño, Parañaque, as we continue to fight our common and faceless enemy.

The BHERT is in charge of conducting contact tracing in case there is a COVID-19 positive patient.

During the turnover, Kagawad Ronnie Cabanilla and Ferdinand Maderazo from the Office of the Barangay Secretary were present and took place last September 19, 2021, in the new building of Sto. Niño Barangay Hall beside SNR.





INSIDE NEWS: SALESFORCE AWARD PROGRAM - THE ALPHA SALES CLUB

by Camille Bello

In recognition of our salesforce achievements through their hard work and dedication, we have launched the **Royal Cargo's Salesforce Award Program - The Alpha Sales Club** to reward frontline sales employees who beat their **Sales Performance and Sales Incentive Scheme (SIS) targets**.

The program is eligible for all frontline sales employees who achieve their quarterly and annual sales targets in three following categories: **On-target (100%)**, **Superior (>100%)**, and **Excellent (>130%)**.

On top of that, the **Most Valuable Salesperson of the year (MVS)** is now a new category equivalent to our sought-after *Employee of the Year (EOY)* and *Manager of the Year (MOY)* awards. This award goes to the cream-of-the-crop, not only because they are the highest sales performer but also exemplifies RCI values.

The first-ever Alpha Sales Club Awarding Ceremony for this year's first quarter successfully took place on the 18th of May, 2021, via MS Teams. **Seven goal-getters** have topped the charts; Ms. Kristine Pabalan, Ms. Joyce Oyco, Ms. Samela Anotado, Ms. Micaela Ner, Ms. Ezra Mercado, Ms. Jonah Lumabi, and Ms. Nelfie Dimzon.

In keeping with our new tradition of recognizing sales performance achievers, we held the Alpha Sales Club for the second quarter performance period last 13th of August, 2021.

We were delighted to acknowledge our **three consistent chart-toppers** for quarter two, Ms. Joyce Oyco, Ms. Ezra Mercado, and Ms. Micaela Ner.

Our salesforce's commitment to making a difference in these unprecedented and challenging times is truly an inspiration.

Who will be in the next set of winners of the Alpha Sales Club? Let's find out about the third quarter's Alpha Sales Club virtual awarding ceremony in November 2021.



The Alpha Sales Club awardees for the 1st Quarter



The Alpha Sales Club awardees for the 2nd Quarter





INTERNATIONAL NEWS:

ROYAL CARGO OPENS OFFICE IN PAPUA NEW GUINEA

by Cherry Pascual

Given Papua New Guinea's challenging topography and geography, aviation and the supply chain industry plays a critical role in transporting people's goods across the country. With that, Royal Cargo expands its global reach by setting up an office in the country in line with its vision of providing a world-class total logistics provider offering specialized and high-quality logistics solutions.

The newest branch is called **RC Logistics PNG Limited** and is located in Port Moresby - the capital and largest city in Papua New Guinea. The global office will serve as Royal Cargo's 10th international office, which *Mr. Martin Copon III* will head.

RC Logistics PNG Limited focuses on projects and heavy lift, freight forwarding, warehousing, and other value-added services.



Address: Level 5, Pacific Place, Cnr, Musgrave Street & Champion Parade, Port Moresby, National Capital District, Papua New Guinea PO Box 1173

Contact Person: Martin R. Copon III

Email: martin.copon@royalcargo.com

LAUNCH OF TRANSLATED LANDING PAGES FOR PROJECT TRANSPORTATION

by Cherry Pascual

Halo!
Sawasdee!
Xin chào!

Royal Cargo website features newly translated landing pages for Project Transportation for the following three (3) countries: **Indonesia, Thailand, and Vietnam.**

Activating these pages in native languages aims to attract current and open doors to potential local customers and partners. Translated pages also ensure the company's brand presentation professionally as it builds customer confidence and leaves no room for mistranslations when used with a translation in a browser extension.

Royal Cargo has been doing business in Asia for over 40 years and established its own offices in the Philippines, China, Hong Kong, Indonesia, Malaysia, Thailand, United Kingdom, USA, Vietnam, and Papua New Guinea. Expect more exciting updates as we add more translated pages in the coming months.



Transportasi Proyek

- Transportasi dan Manajemen Proyek Tarima Jadi • Rekayasa Pengangkutan • Konsultasi Tarif dan Pinalang
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- การขนส่งและการจัดการโครงการแบบเบ็ดเสร็จ • วิศวกรรมขนส่ง • การให้บริการขนถ่ายสินค้าและสินค้าผ่านพิธีการศุลกากร • การขนส่งสินค้าและการขนส่งด้วยรถบรรทุก • การต่อเรือ • การซ่อมแซม • การบรรจุหีบห่อและคลัง • ส่วนขยายด้านเรือ

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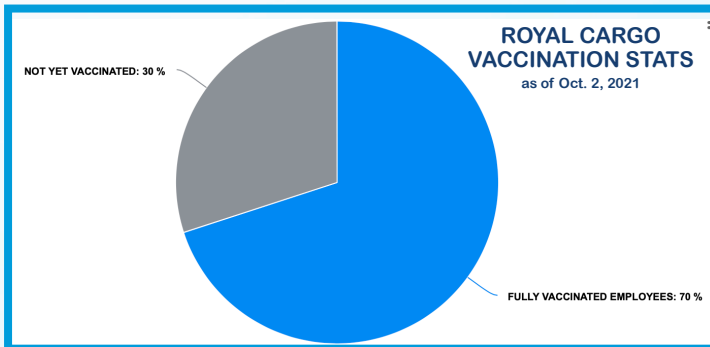
HSSE CORNER:

ROYAL CARGO VACCINATION STATS

by Cherry Pascual

Among the Royal Cargo employees, **70% are fully vaccinated** (as of October 2, 2021), meaning they have received both shots of a two-dose regimen or the single-dose Johnson & Johnson vaccine.

So far, these numbers provide hope that our road to office normalcy has finally begun while continuing to adhere to minimum health standards.



DID YOU KNOW?

THE ABACA IS NATIVE TO THE PHILIPPINES

by Camille Bello

The Abaca is mainly used for the production of specialty papers. Also called **Manila hemp**, abaca is extracted from the leaf sheath around the trunk of the abaca plant (*Musa textilis*), a close relative of the banana, **native to the Philippines** and widely distributed in the humid tropics.

It was already widely used as **raw material for clothing and footwear** when the Spaniards arrived, and in **1912**, twelve large paper manufacturers in the eastern United States formed a Philippine corporation to handle and develop abaca and its by-products in the paper industry.

For over 40 years, Royal Cargo has been one of the top players transporting abaca fibers nationwide and outside of the country. In 2020, earnings from abaca exports rose **4.8%** year on year to **\$97.71 million** in the seven months to July, according to the Philippine Fiber Industry Development Authority (PhilFIDA).





FROM THE CEO'S DESK:

EMPHASIZED FDI OPPORTUNITIES IN THE PHILIPPINES AFTER 1+ YEAR OF COVID-19

*Originally from the 6th Joint Economic Briefing which was held last July 6, 2021
by Michael Kurt Raeuber*

There are plenty investment areas supported by DTI/BOI and PEZA, many of those taking the size of the local market and the availability of a good workforce into consideration.

As I have only 5 minutes let me focus on 4 sectors I am personally invested in, as good examples, perhaps inspirations for other foreign and local investors.

I have strong roots in the Philippines, as head of a 3 generation Philippine family, many friends, and being a foreign investor. Our family-owned company **Royal Cargo Inc. has invested more than 100 Million USD in the last five years.** All of the funds earned in-country or financed by Philippine banks, and a big part of the significant investments done in this pandemic year.

Most important and the best advice we can give potential investors is to realize and understand the specific and general enablers and disablers of success investing in the Philippines.

New investors may need partners - RCI is in stand-by to assist as we often do exactly that when it comes to new investments; cooperating with local partners. Cooperation with the national and local governments is essential; it's not always easy; but we have a lot of experience in that, sometimes having learned it the hard way makes it easier to give good advice.

Obvious opportunities:

Tourism:

Initially domestic, later international Filipinos are starved for the opportunity to have a good time visiting friends and relatives in the beautiful tourist spots in the country – some still open but countless of them now closed or at the brink of closure. Investing there on time – perhaps now – may harvest a bonanza. In 2019, 8.2 million tourists arrived in the Philippines. While that was only half of Indonesia's and a fifth of Thailand's arrivals, before Covid, foreign arrivals to the Philippines grew three times faster than the global average and 2.5 times more than the Asian average.

Enablers: For domestic tourists that is the rational return of the civic rights to travel and frequent restaurants and hotels. That is now initially enabled in lower risk areas with last Sunday's announcement allowing supposedly unrestricted travels without origin and destination Covid tests for all fully vaccinated persons two weeks after the last dose received. This should be expanded to documented survivors of Covid 19 asap. Once domestic tourism is possible and successful without triggering renewed Covid19 exposures, it will be possible to promote proven safe regional tourist havens again for international tourism, emphasizing the secure locations – eventually, the safe Philippines.

Disablers: Possibly delayed centralized action and disconnected terms of reference, resulting in uncoordinated restrictions between the regions on LGU level.





2021 A RELAUNCH SPECIAL

Mining:

The Philippines is one of the globe's most mineralized countries, yet largely untapped. Our cache of minerals amount to well over a trillion US dollars, according to the Chamber of Mines. Gold deposits in the Philippines is among the largest in the world with reserves estimated at 101.6 million metric tons. Iron ore reserves are at 298 million metric tons. As of last year, the share of the mining output to GDP was a mere .06%.

Developing the *Tampaka gold and copper mine project* alone would propel it into the major league of gold and copper exporters.

Enablers: Change of mindset towards proven responsible, environmentally protective mining companies given a fair deal – fair = competitive enough to attract investments in this field, of which there is little now. Lifting of the open pit mining ban.

Disablers: Protection of so-called small miners, many of them neither small nor environmentally friendly. Moratorium on new mining permits in 2012 with EO79 (lifted last year)

Open pit mining is still disallowed, but the MICC (Mining Industry Coordination Council) recommended to lift the ban special permits to go international, not yet domestic/international Trade under one permit.

Agriculture-related projects:**• Food security**

- IQF freezing of Philippine fruits and vegetables will open new market opportunities for these products
- Other post-production technologies that would make the supply of Agri-based products more efficient/stable

• Circular economic system – Bring to scale products that promote a closed-looped system to eliminate if not significantly minimize waste and greenhouse gas emissions

- Bioplastics and use of biowaste materials to produce transport pallets. We can't disclose anything further but look forward to a sizeable investment into several plants of this nature by a European producer.
- Know-How to introduce packaging improvements to reduce transport-induced waste is internationally available.

Enablers: Private investment in conjunction with government support and foreign development assistance (per example, GIZ). Privately organized, driven, and controlled farmers cooperatives.

Disablers: Entrenched dependency of farmers on financing by traders. Lack of scale of small farmers.

Logistics/Green Economy:

Big problems of Philippine exporters to book their cargoes with international shipping lines for lack of sufficient space and heavily inflated freight cost call for solutions.

For long haul destinations, a consolidation of volumes and joint negotiations with shipping lines for contracted rates but even more so space, with the help of **Phil-Export and the EDC (Export Development Council)** of the DTI, in cooperation with private logistics companies, may offer some relief.

For intra-Asia routes, the development of Philippine Flag Shipping Lines should be at least incentivized, enabled, and encouraged if not subsidized by the state.

Enablers: Joint action of Philippine shipowners to upgrade their vessels for international Trade and work in consortia to cover the best possible intra-Asia ports. The action of Marina to allow domestic/international Trade of Philippine Flag vessels under one permit maintaining the present cabotage protection for Intra Philippine trade which is not related to import or exports.

Disablers: Lack of sufficient support of Philippine shipowners to provide regional services. Marina rules requiring time-limited special permits to go international, not yet domestic/international Trade under one permit.



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