

DESPITE FEUD, SAN MIGUEL RIDES HIGH ON BEER BOOM.By **Chaitanya Kalbag**

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MANILA, May 9, Reuter - Thirsty Filipinos drank nearly a billion litres of San Miguel beer in 1987, boosting the food and beverage conglomerate's profits to record levels and raising the stakes in long-running boardroom wrangles.

San Miguel Corporation Executive Vice President Ramon del Rosario told Reuters that beer sales, which contributed over half of total revenue, shot up by 40 per cent in 1987 to 126 million cases or 968 million litres.

Beer sales grew by more than 50 per cent in the first quarter this year, he said in an interview at the weekend.

"This year we expect to sell more than 150 million cases, probably closer to 160 million," he said.

San Miguel, a pillar of the Philippine economy, accounts for over two per cent of the country's gross national product.

The company heads into its annual meeting on Tuesday with no end in sight to a two-year-old battle over a 38.1 million block of shares. Several factions have put up a total of 38 candidates competing for 15 seats on the board.

The disputed shares represent a 31.3 per cent stake in San Miguel and are controlled by the United Coconut Planters Bank.

The shares were seized in April, 1986, by the Presidential Commission on Good Government on suspicion that they were owned by Eduardo Cojuangco, a close associate of former president Ferdinand Marcos. Cojuangco fled into exile with Marcos in February, 1986.

Other San Miguel shares directly owned by Cojuangco were also seized, boosting the commission's stake to 51 per cent. At least year's meeting the government commission took effective control of the 98-year-old company, snatching nine of the board seats.

An attempt by San Miguel to buy back the disputed shares from the bank was blocked by a suit filed before the Securities and Exchange Commission last year by Eduardo de los Angeles, a good-government commission director. De los Angeles charged San Miguel was illegally using its resources to buy back the shares.

The SEC ruled against de los Angeles last week, but a new twist was introduced in the saga by Cojuangco, a former chairman of San Miguel and president of the Coconut Bank.

Del Rosario said Cojuangco had named nine candidates for election to the board, claiming in a Supreme Court suit that he had illegally been deprived of his majority control.

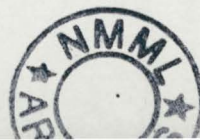
Despite the deadlock, the company is pressing on with ambitious expansion plans. President Francisco Eizmendi told institutional investors San Miguel would pour 6.2 billion pesos (297 million dollars) into expansion over 1988 and 1989.

By 1992, Eizmendi said, San Miguel's plants and farms would grow from 33 to 70, its workforce would grow from 20,000 to 30,000, and its sales revenue was expected to triple.

Del Rosario said with beer sales growing rapidly, plans for a new brewery on Negros Island had been enlarged. "This year we have had to look for quicker ways of increasing our beer capacity. We've even had to bring in second-hand equipment."

With a stranglehold on the domestic market, the company, which owns a Hong Kong brewery, is looking further afield. Del Rosario said San Miguel broke into the Taiwan beer market last year and set up an ice-cream plant on the island. Taiwan sales were projected at half a million cases of beer this year.

At Tuesday's meeting, the company will announce a 15 per cent stock dividend and a plan for staff to purchase



up to four million new shares, del Rosario said.

PHILIPPINES SAYS IT WOULD WELCOME U.S. AID PLAN

"We are betting very heavily that the economy will continue to move forward," he said. "We're certainly putting our money where our mouth is."

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MANILA, May 5, Reuters - The Philippine government said on Monday it was spreading information about a reported U.S. move to unveil a Marshall Plan-like aid package for this cash-strapped country.

The Washington Post reported on Sunday the multinational plan involves aid of up to 10 billion dollars over the next five years. The newspaper said Japan and West Germany were expected to contribute the bulk of the money.

The United States currently provides 400 million dollars in aid a year to President Corason Aquino's government, which is struggling with a 30 billion dollar foreign debt.

The Manila Times said the American aid scheme that began Europe's recovery after World War Two.

"In the past, foreign aid has been a double-edged sword which has helped our friends. But we still have to receive assurances about the foreign aid before we can accept it," said a Foreign Ministry spokesman.

The aid package was immediately attacked by leftwing groups that want the United States to pull out its two major military bases in the country.

Bayan, a leftwing coalition, said the American aid program's impact signaled an intensification of its campaign to keep the bases in the Philippines beyond 1991, when a treaty governing their status expires.

"This development could not but be interpreted as a clear intention to pressure us away through the extension of the bases agreement," a Bayan spokesman said.

It noted that the two-year plan would reportedly step up U.S. military presence in the country.

"This is a far cry from an offer to ignore," Bayan said. "It is a clear intention to keep the regime shielded off its nationalist pretensions and press it into a left-wing camp."

Talks on deciding compensation for the bases will start again next month, but Philippine officials have taken a tough stand on the issue.

The U.S. State Department has expressed interest in a bill introduced in the Philippine Senate. The bill aims to ban port calls by nuclear-powered ships, ban nuclear ships from carrying nuclear warheads and the storage of nuclear weapons.

The State Department said the bill would be a "major step" in the U.S. policy of reducing the presence of nuclear weapons in the Philippines.

Several Philippine congressmen said on Monday that the aid package was "a double-edged sword" with strings attached.

"We will be very grateful if the plan is implemented by Japan and Germany," said a spokesman for the Representatives majority floorleader Francisco Sison.

Senator Wicberto Tanada, author of the anti-nuclear bill, said the aid package would not be linked with the bases agreement.

"I think the Americans would want to ensure that the aid package is not linked with the bases agreement. Perhaps be persuaded by this," he said.

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