Republic of the Philippines
National Economic and Development Authority

Overview of the Philippines' Action Plan for AEC 2015

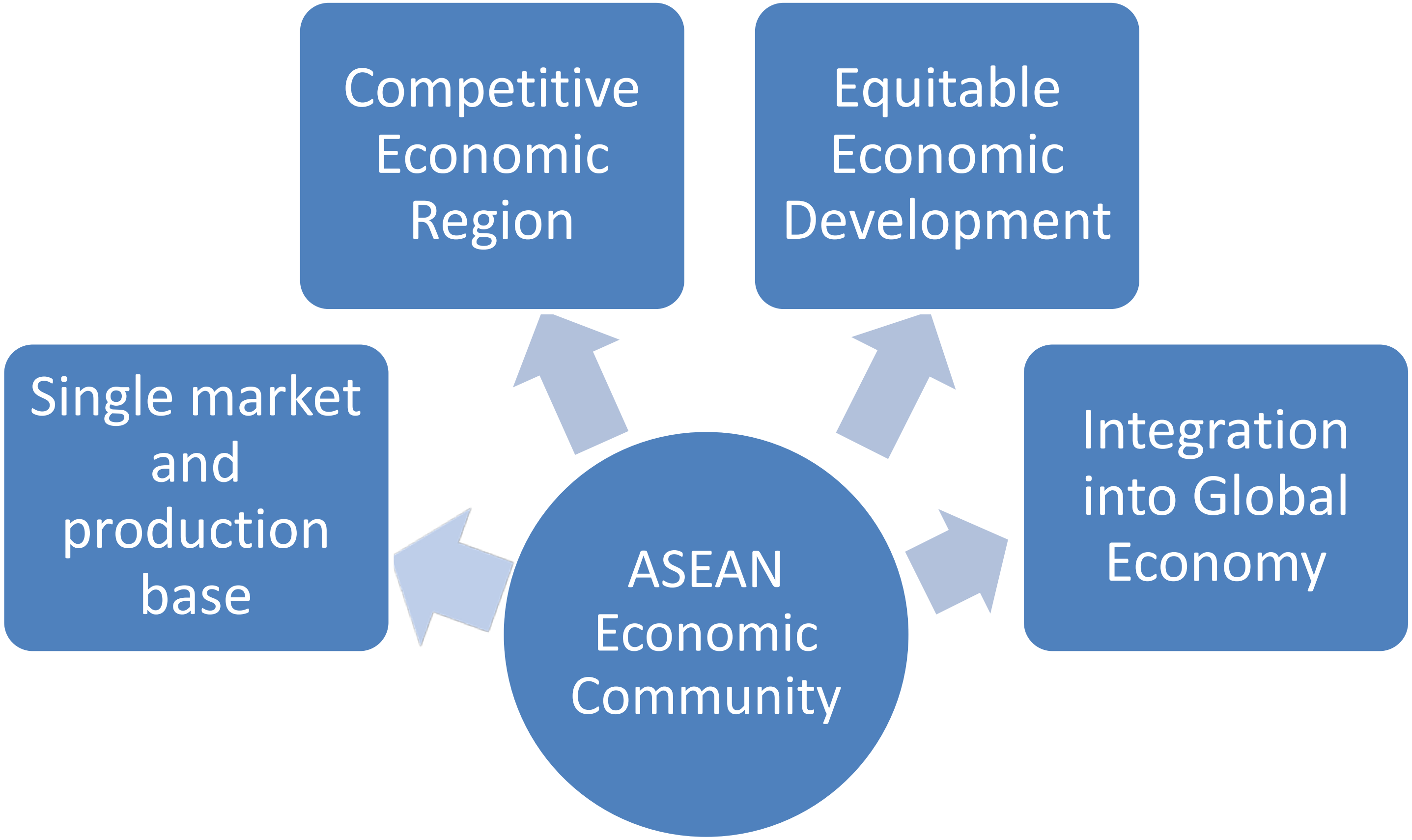
Emmanuel F. Esguerra
Deputy Director-General
National Economic and Development Authority

Marriot Hotel , Newport City
8 October 2014

Outline

- AEC 2015 and the Philippine economy
- Inclusive growth and the jobs challenge
- Philippines' action plan for AEC 2015

ASEAN Economic Community 2015



AEC and the Philippine Economy

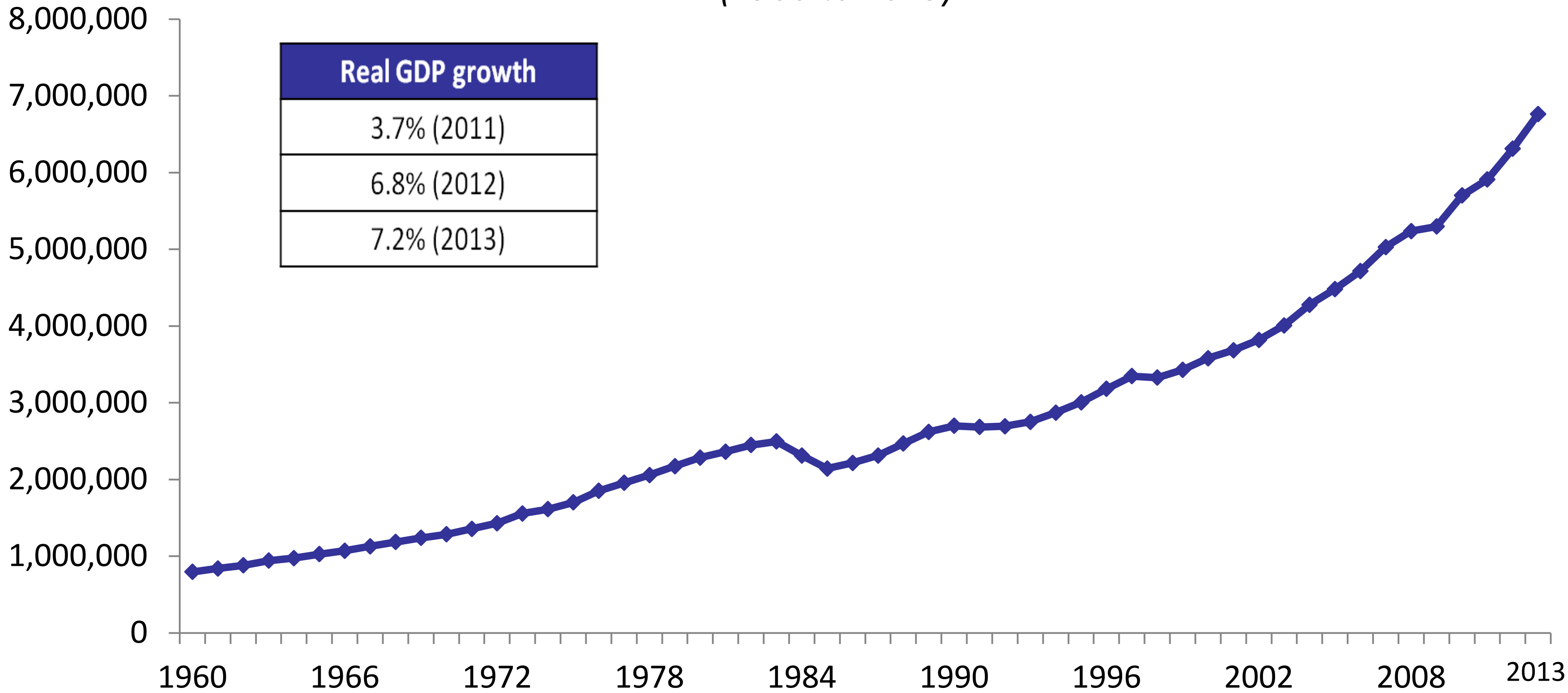
Philippines is strongly positioned for AEC

- ✓ Robust economic growth despite natural disasters
- ✓ Sound macroeconomic fundamentals (inflation, interest rates, fiscal and external)
- ✓ High level of confidence from international community

The Philippine economy has been growing robustly

Philippine Real GDP at 2000 Prices (Millions Php)

(1960 to 2013)

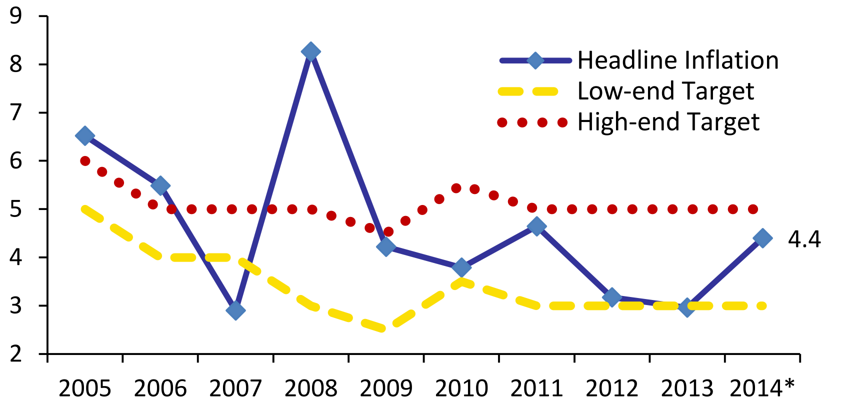


Real GDP growth
3.7% (2011)
6.8% (2012)
7.2% (2013)

Source: Philippine Statistics Authority and National Economic and Development Authority

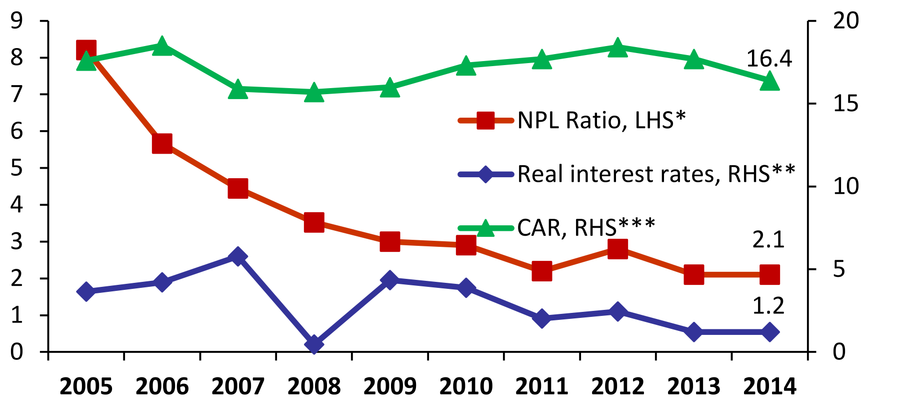
Robust growth continues to be supported by sound macroeconomic fundamentals

Low and stable inflation (in percent)



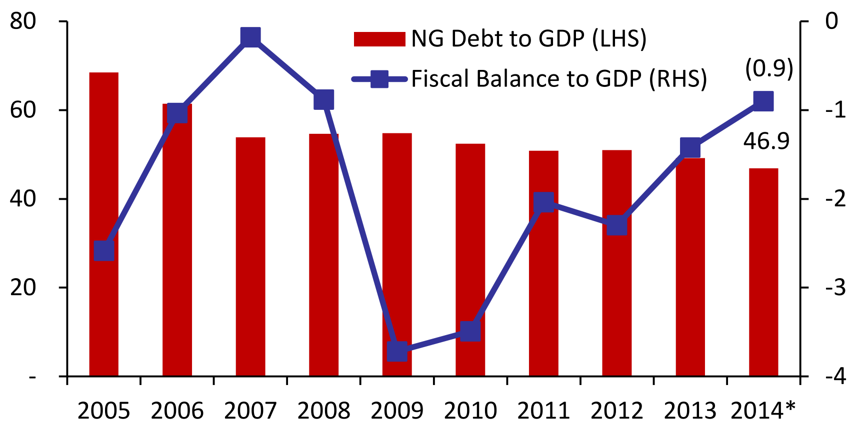
Note: Actual inflation figures are based on the 2006 CPI series.
**Jan - Aug 2014*

Favorable interest rate and stable banking system (in percent)

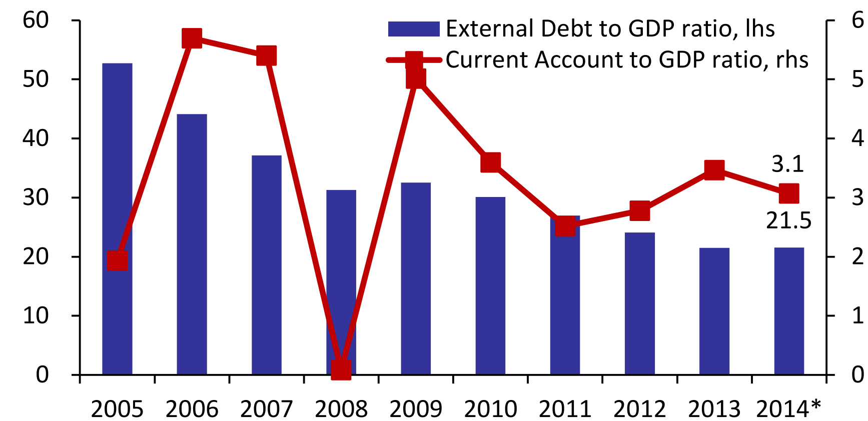


** as of May 2014** Jan - Jun 2014 *** end of Mar 2014*

Sustainable fiscal and external position (in percent)



** end Jun 2014*



•Jan - Mar 2014

The country enjoys an unprecedented level of confidence among international business community

Long-Term Sovereign Credit Rating has greatly improved

Moody's	Standard & Poor's	Fitch Ratings
Baa3 Outlook: Positive *As of October 3, 2013*	BBB Outlook: Stable *As of May 8, 2014*	BBB- Outlook: Stable *As of March 27, 2013*

Achieved great strides in Ease of Doing Business Rankings, 2009-2014

COUNTRY	2014 (189 economies)	2013 (185 economies)	2012 (183 economies)	2011 (183 economies)	2010 (183 economies)	2009 (181 economies)
Philippines	108	133	136	134	144	141

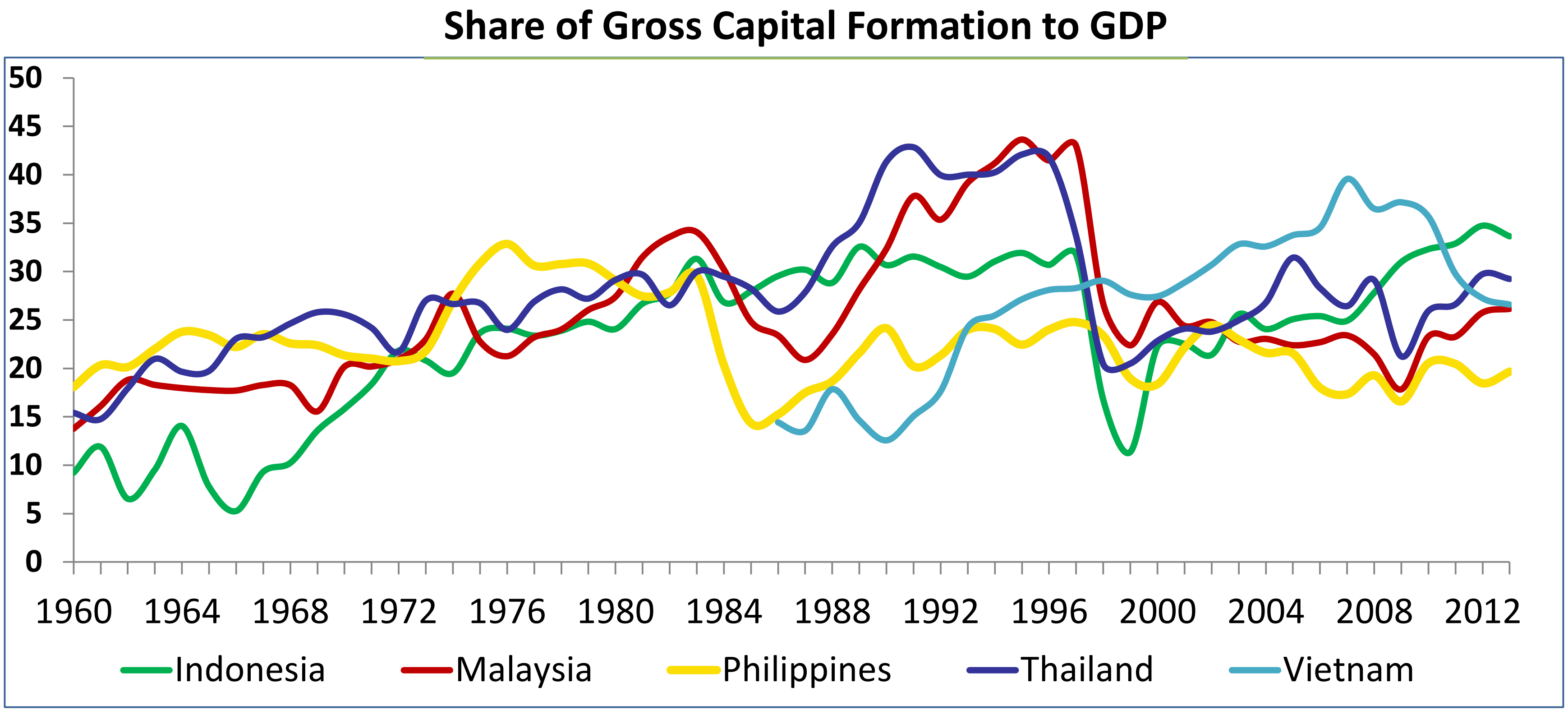
Source: Doing Business Report, World Bank and International Finance Corporation

Global Competitiveness Ranking, 2009-2015

COUNTRY	2014-2015	2013-14	2012-13	2011-12	2010-11	2009-10
Philippines	52	59	65	75	**85**	**87**

Source: The Global Competitiveness Report, World Economic Forum

Amid the gains, the Philippines still needs to address key areas in investments and capital formation…



Source: World Development Indicators, World Bank (accessed 03 Sept. 2014)

Inclusive growth & the jobs challenge

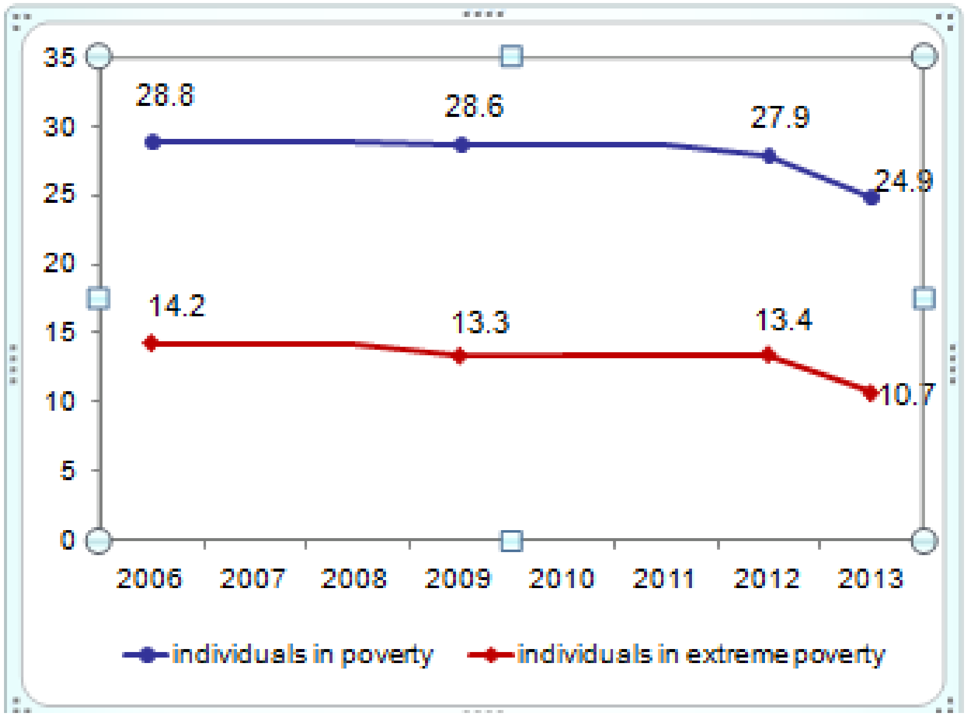
Employment is improving but we need to do more...

Indicator	Ave 2010	Ave 2012	Ave 2013	July 2013*	July 2014*
Labor Force Participation Rate (%)	64.1	64.2	63.9	63.9	64.4
Employment Level ('000)	36,035	37,600	38,118	37,390	38,451
Wage and Salary Workers (% to total employment)	54.5	57.2	58.1	58.3	58.4
Unemployment Level ('000)	2,859	2,826	2,905	2,961	2,778
Unemployment Rate (%)	7.3	7.0	7.1	7.3	6.7
Underemployment Level ('000)	6,762	7,514	7,371	7,169	7,050
Underemployment Rate (%)	18.8	20.0	19.3	19.2	18.3

Source: Philippine Statistics Authority

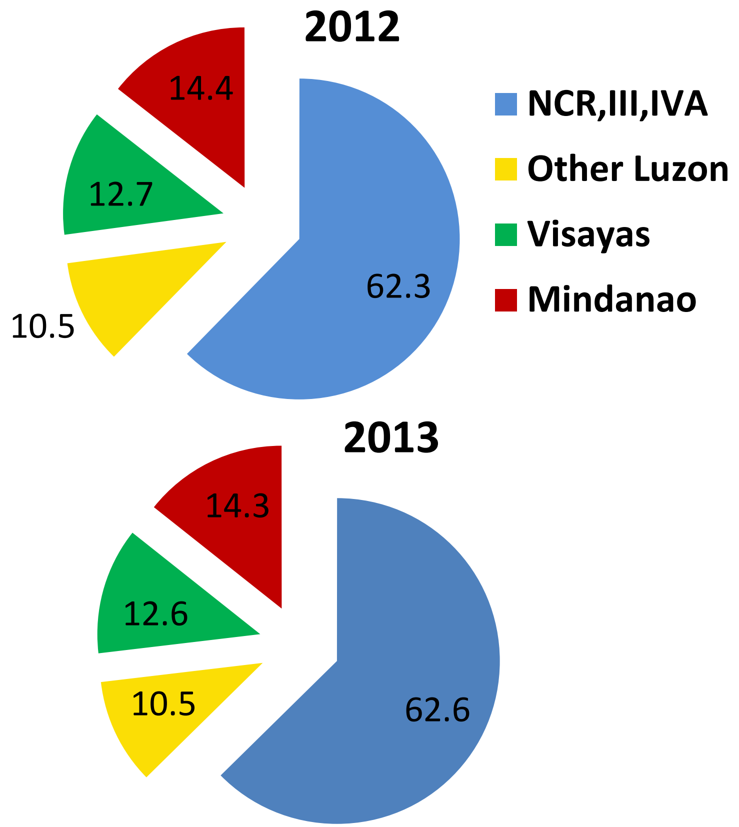
… to reduce poverty and achieve inclusivity

Poverty Statistics, First Semester (%)

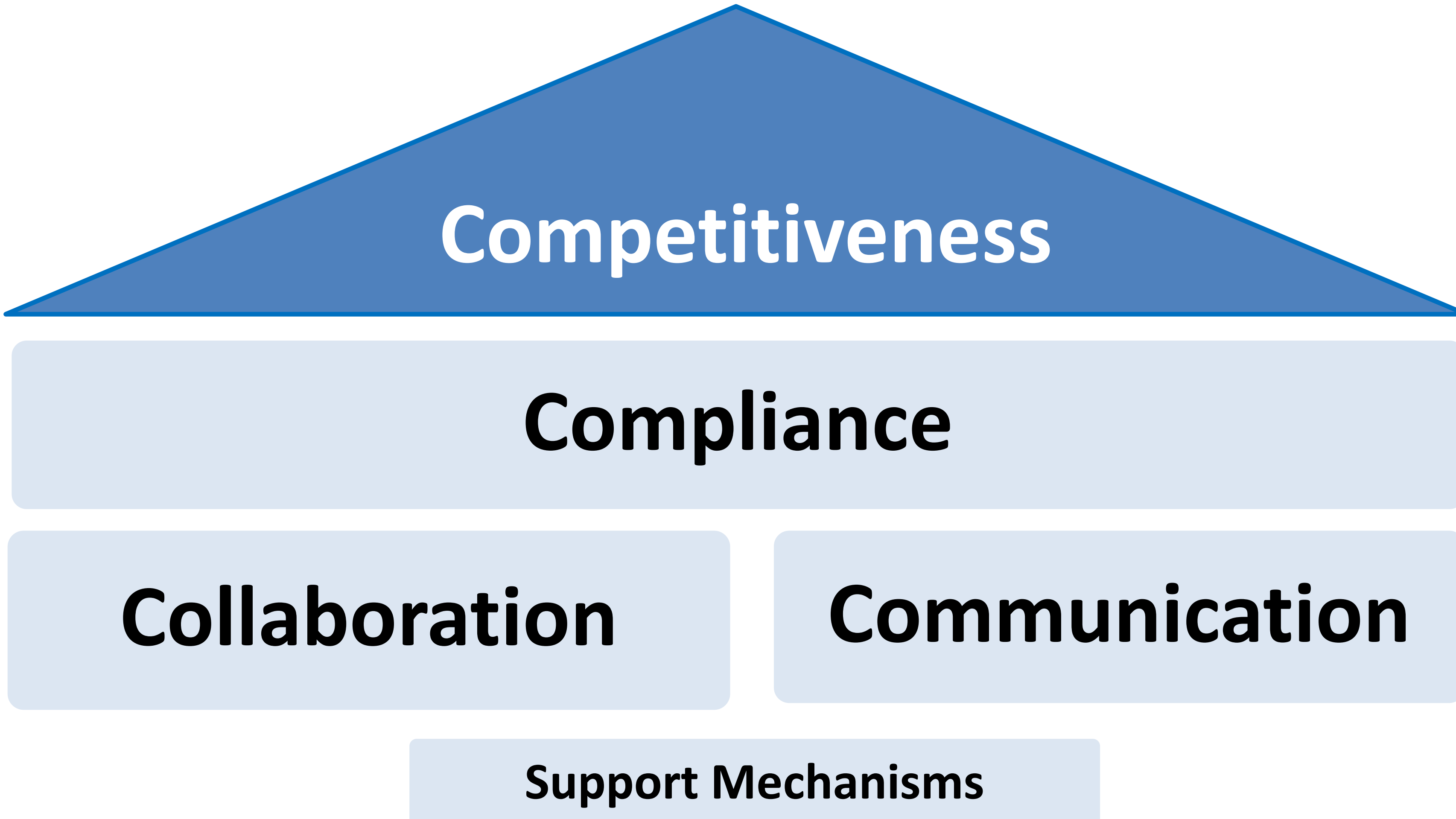


Source: Philippine Statistics Authority

Share of NCR, III and IV-A to Annual GDP (%)



Philippines' Game Plan: 4C Strategy



Source: Department of Trade and Industry

Strategy 1: Enhance Competitiveness

To address inclusivity and support higher growth…

Building credible and effective institutions	▪ Continue intensifying governance, institutional reforms ▪ Ensure policy consistency and predictability ▪ Enhance regulatory efficiency ▪ Industrial Peace
Accelerating infrastructure development	▪ Focus investment in connective infrastructure, on most promising places ▪ Streamline processes
Equalizing development opportunities	▪ Invest in human capital

Resources will be focused on strategic industry and service sectors

Growth sectors	Strategic plans and roadmaps
Manufacturing	▪ Manufacturing Resurgence Program ▪ Comprehensive National Industrial Strategy based on agriculture, industry and services roadmap
Agro-industry	▪ Programs to increase linkage between Agriculture and Industry and Services (e.g. Integrated Coconut Industry and Poverty Reduction Roadmap)
Tourism	▪ Tourism Development Program ▪ Tourism cluster destinations
IT-BPM	▪ Next Wave Cities ▪ IT-BPM Roadmap (inc. Developing high value services)
Logistics	▪ National Logistics Plan
Construction	▪ Core Infrastructure Investment Program

Comparative Advantage Areas

- **Pool of skilled workers. Move up the value chain by greater us of high quality services**
- **Current Revealed Comparative Advantage:**
  - ✓ IT-BPM, business services
- **Potential Comparative Advantage on:**
  - ✓ Creative/knowledge-based services; medical tourism; tourism and travel related; Educational hub, recreational, cultural and sporting; aircraft maintenance, repair & overhaul; ship repair; construction and engineering

Source: Asec. Aldaba, RTD on Services, 18 Sept. 2014

Moving forward

- **Finalize Comprehensive National Industrial Strategy**
- **Remove investment restrictions cited in the Foreign Investment Negative List**
- **Address supply chain gaps**
- **Increase value-added of exports**
  - Make education/skills more industry-appropriate
  - Strengthen manufacturing-related services
  - Promote Philippines as a preferred tourist and IT-BPM destination (esp. for high-value services)

Strategy 2: Comply with commitments

AEC Scorecard 2008-2013

Country	Implemented Measures	Not Implemented Measures	Total Measures	Implementation Rate
Brunei	362	68	430	84.2%
Cambodia	361	71	432	83.6%
Indonesia	355	76	431	82.4%
Lao PDR	350	78	428	81.8%
Malaysia	366	70	436	83.9%
Myanmar	351	78	429	81.8%
Philippines	365	69	434	84.1%
Singapore	364	62	426	85.4%
Thailand	369	64	433	85.2%
Vietnam	366	67	433	84.5%

Strategy 3: Promote Collaboration

- Coordinate with government agencies and other stakeholders (private/academe/NGOs)
  - Government to Government
  - Government to Business
  - Government to Academe
  - National government to local government

Strategy 4: Intensify Communication

- **Intensify interface with stakeholders through Doing Business in Free Trade Areas, etc.**

- **Conduct briefings for government, business, academe and other non-government organizations**

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