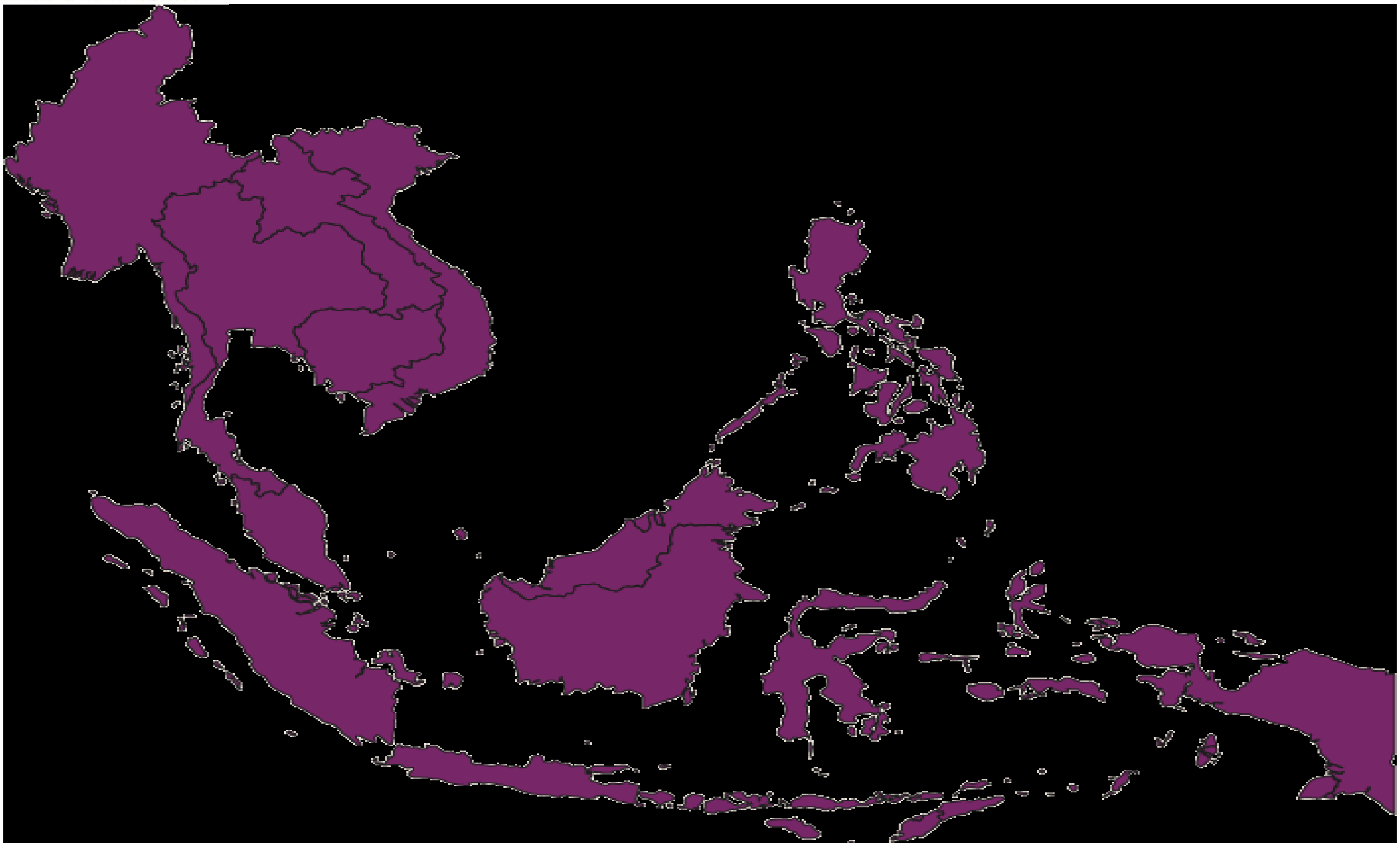
ASEAN ECONOMIC COMMUNITY 2015



ASEAN at a Glance (2012)

Ten member states at varying levels of economic development

Population of **616 million people**

Combined income (GDP) of
US$ 2,306 billion

Average GDP per capita of **US$ 3,744**

Total exports (to world) of
US$ 1,265 billion

Total imports (to world) of
US$ 1,243 billion

Total intra-ASEAN trade of
US$ 33 billion

Source of data: *World Economic Outlook April 2013 Database*, International Monetary Fund; *TradeMap*, International Trade Center

ASEAN at a Glance (2012)

Members	BRN	KHM	IDN	LAO	MYS	MMR	PHL	SGP	THA	VNM
Population (Mn)	0.399	15.254	244.468	6.376	29.457	63.672	95.8	5.405	64.377	90.388
GDP (US$ Bn)	16.628	14.241	878.198	9.217	303.527	53.14	250.436	276.52	365.564	138.071
GDP/capita (US$)	41,702.68	933.61	3,592.29	1,445.53	10,304.17	834.60	2,614.16	51,161.60	5,678.48	1,527.54
Total Exports (US$ Bn)	13	9	190	3	227	10	52	408	230	123
Total Imports (US$ Bn)	6	11	192	5	196	15	65	380	248	124
Exports to ASEAN (US$ Bn)	no data	no data	42	no data	61	no data	10	130	57	no data
Imports from ASEAN (US$ Bn)	no data	no data	54	no data	55	no data	15	80	43	no data

Source of data: *World Economic Outlook April 2013 Database*, International Monetary Fund; *TradeMap*, International Trade Center.

Three Components of AFTA

- Trade in Goods
- Trade in Services
- Investments

Trade in Goods

- Big bang in January 1, 2010
- Trade facilitation
- Non-tariff barriers

Trade in Goods

"Free Flow of Goods" was substantially achieved with the realization of the AFTA in **2010**...

Percent of Total No. of Tariff Lines at ATIGA 0%

Brunei Darussalam	99.03%
Indonesia	98.66%
Malaysia	98.68%
Philippines	98.63%
Singapore	100%
Thailand	99.84%

Percent of Total No. of Tariff Lines at ATIGA 0% - 5%

Cambodia	98.53%
Lao PDR	95.18%
Myanmar	99.28%
Vietnam	99.68%

*Based on:
1. AFTA-CEPT Packages from the ASEAN Secretariat website
2. Okabe, M. and S. Urata (2012), *The Impact of Trade Liberalization in ASEAN on Intra-ASEAN Trade flows* (mimeo)

Trade in Goods

- **As of 2010, all duties have been eliminated on agricultural and industrial products**
  Except for: live swine, live chicken, meat of swine, meat of chicken, manioc (cassava) and sweet potatoes, maize, rice and sugar

- Duties maintained at 5% beyond 2015 for (1) Live swine; (2) Live chicken; (3) Meat of swine; (4) Meat of chicken, turkeys, ducks, geese and guinea fowls; (5) Manioc (cassava) and sweet potatoes; and (6) Maize.

- Rice duty at 40% until 2014; 35% by 2015

- Sugar Duty: 18% (2013) ; 10% in 2014; 5% in 2015

Philippine Trade with ASEAN (2012)

Top 10 Imports from ASEAN

	Product Group	% Share
1	Electrical, electronic equipment	20.0
2	Mineral fuels, oils, distillation products	14.8
3	Machinery, nuclear reactors, boilers	11.4
4	Vehicles other than railway, tramway	8.9
5	Plastics and articles thereof	5.7
6	Miscellaneous edible preparations	3.0
7	Animal, vegetable fats and oils, cleavage products	2.5
8	Cereals	2.1
9	Essential oils, perfumes, cosmetics, toiletries	1.9
10	Optical, photo, technical, medical, etc apparatus	1.9

Top 10 Exports to ASEAN

	Product Group	% Share
1	Electrical, electronic equipment	59.5
2	Machinery, nuclear reactors, boilers	8.4
3	Vehicles other than railway, tramway	5.1
4	Mineral fuels, oils, distillation products	3.0
5	Optical, photo, technical, medical apparatus	2.7
6	Copper and articles thereof	2.1
7	Tobacco and manufactured tobacco substitutes	1.8
8	Cereal, flour, starch, milk preparations and products	1.3
9	Rubber and articles thereof	1.2
10	Fertilizers	1.2

Source: ITC Trademap, August 2013

Philippine Trade Deficit with ASEAN

In US$ Million

	2012	2011	2010	2009	2008
PH Trade Deficit with ASEAN	(4,307)	(5,601)	(3,947)	(5,124)	(7,543)
- Without oil	(2,051)	(3,622)	(791)	(3,404)	(4,645)
- Without oil & rice	(1,716)	(3,265)	594	(2,465)	(3,010)
- Without oil, rice & petrochemicals	(1,095)	(2,658)	1,102	(2,219)	(2,705)
- Without oil, rice, petrochemicals & automotives	(554)	(2,105)	1,808	(1,638)	(2,291)

Source: NSO (processed by BITR)

Trade in Services – Free flow of skilled labor

- Sectors already opened up: 80 sectors
- Sectors still to be opened up:24 sectors (2013)

  24 sectors (2015)

- Opening up means allowing max foreign equity participation from 51% to 70%

Trade in Services – Free flow of skilled labor

PH Present Situation: 2013 to end 2015

ASEAN Mutual Recognition Arrangement in the following areas:

1. Engineering Services
2. Nursing Services
3. Architectural Services
4. Surveyors
5. Medical Practitioners
6. Dental Practitioners
7. Accountancy Services

- ASEAN to develop implementing guidelines of MRAs.

- Professionals would still need to take qualifying exams in other countries.

Trade in Services - Investments

- Attracting investors in the services sector entails opening up foreign equity participation to majority share (70%)

- ASEAN is focusing on key priority sectors: air transport, e-ASEAN (IT services), health, tourism, and logistics

Our Approach to FTAs

- Calibrated liberalization
  - Faster for competitive sectors to expand markets
  - Slower for less competitive sectors to allow time for them to be more competitive
- Support industries through Public-Private Partnerships
- Special focus on SME Trade Facilitation

Competitiveness Programs for Business

- Big Push for SMEs
- BMBE (Go Negosyo)
- Social Entrepreneurship
- National Industry Cluster Capacity Enhancement Program – JICA
- Shared Service Facilities

Competitiveness Programs for Business

- Big Push for SMEs

SME ROVING ACADEMY

Gabay-negosyo sa pag-asenso

- A continuous learning program for the development of micro, small and medium enterprises to become competitive in the domestic and international (global) markets

Partner Agencies

- Local Government Units
- Chamber
- Academe
- Financial Institutions
- Trade and Industry Associations
- Other government and non-government organizations

Competitiveness Programs for Business

- BMBE (Go Negosyo)
- Social Entrepreneurship

Competitiveness Programs for Business

National Industry Cluster
Capacity Enhancement
Program – JICA

Palm Oil Industry Cluster

Competitiveness Programs for Business

- Shared Service Facilities

Competitiveness Programs for Business

- Ease of Doing Business Initiatives
- Regional Competitiveness Surveys
- Philippine Business Registry (PBR)/ Business Name Registration System (BNRS)
- Business Permits and Licensing System (BPLS)

Initiatives to strengthen trade with key ASEAN partners gaining momentum

www. dti.gov.ph 22 sep 2014

"*We have been actively engaging our key ASEAN partners to provide greater market access for our exporters and SMEs. Our dialogues with Vietnam focus on expanding our market access particularly for* ***flour and processed fish***," Undersecretary for Trade and Industry Adrian Cristobal Jr said.

Vietnam's almost 100M population is an attractive market for the Philippines. Philippine top exports to Vietnam include ***fertilizers, electronic micro assemblies, vegetable oils from coconut and copra, and smart cards***. Philippine companies located in Vietnam include ***Unilab (United Pharma Vietnam Inc.), San Miguel Brewery Vietnam, San Miguel Haiphong Glass Co. Ltd., Universal Robina Corporation, Jollibee Foods, Splash International, Century Tuna, Rebisco Group, Royal Cargo, and Manila Water.***

Vietnam is keen to explore investment opportunities in ***energy, processing, transportation, and agriculture in the Philippines.***

CONCLUSION

- Is there a big bang in December 31, 2015?

  … No.

  Evolutionary instead of revolutionary

CONCLUSION

- Should we be concerned?

… Yes

  - There will be significant changes over time.
  - We have to strive to always be more competitive and make the world our market.
  - Government will continue to work with you on competitiveness.

CONCLUSION

- Do we stand a chance?

  … DEFINITELY YES.

Our strong economic growth is not a fluke.

Mindanao business… contributing to PH growth

Share of Mindanao in approved BOI investment projects for the first half of:

<u>2012</u>	<u>2013</u>
4%	**35%**

Types of Projects: coal-fired power plants, hydropower and solar plants, palm oil manufacturing, processed and canned fish production, among others.

CONCLUSION

Often, we underestimate our capabilities.

Our people are our biggest asset.

Thank you.