ASEAN Integration in 2015

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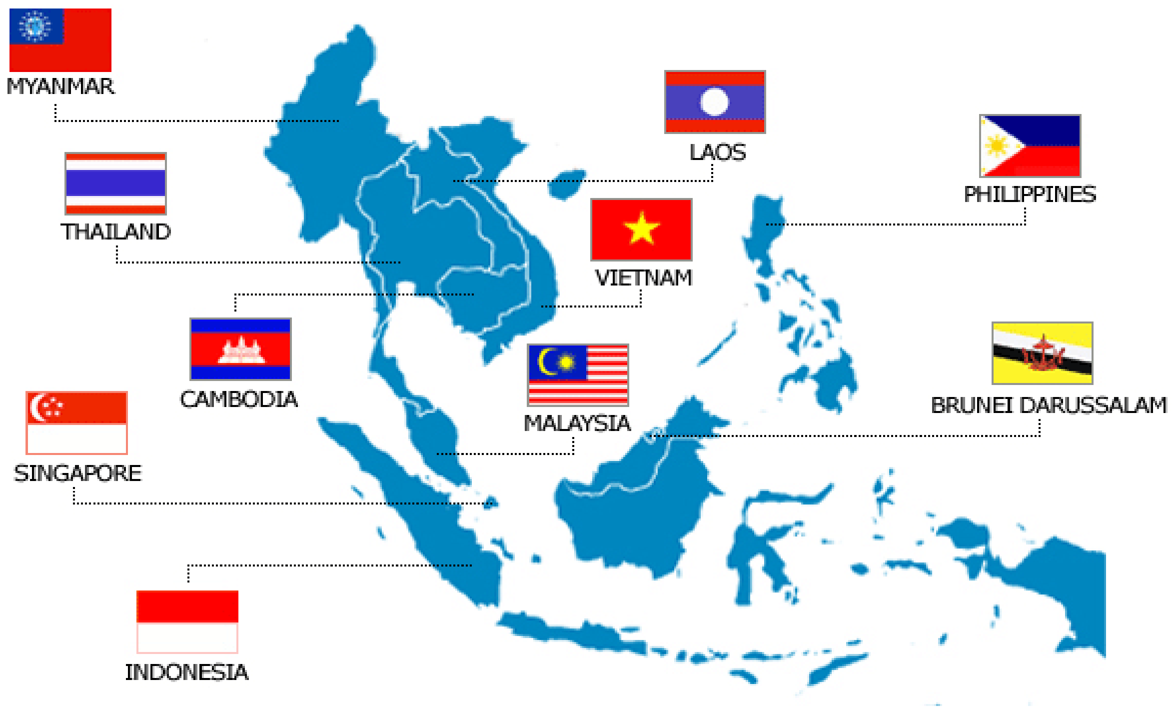
Outline of Presentation

- Introduction to ASEAN
- What is ASEAN Economic Integration in 2015?
- What does it mean for the Philippines and Caraga Region?
- Challenges
- Opportunities
- Conclusion

Introduction to ASEAN



ASEAN 6 + CLMV

- **Established on 8 August 1967 in Bangkok, Thailand**
- **Has a population of about 600 million**
- **Total area of 4.5 million square km.**
- **Total combined GDP of <u>US$737Billion</u>**
- **AEC Vision 2020**
- **2007 Cebu Declaration:**
  2015 deadline

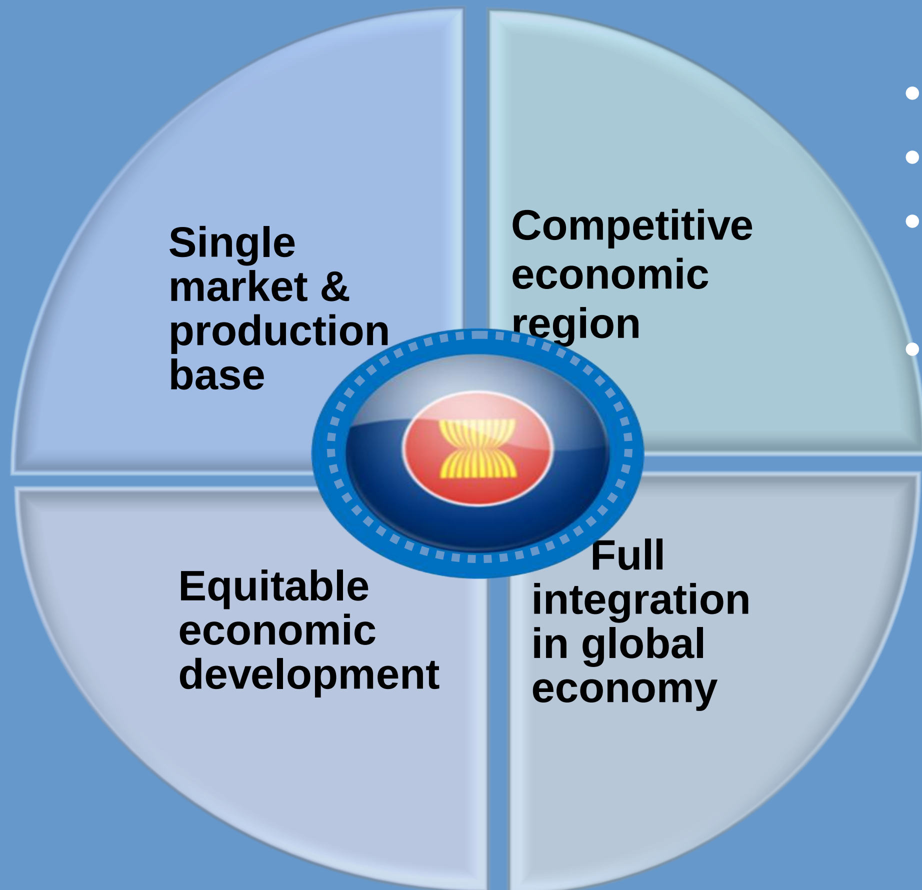
ASEAN Charter

- Signed on 20 November 2007 & entered into force on 15 December 2008
- Enhance formal nature of ASEAN integration by making it an international legal entity
- Instrument providing a legal framework for ASEAN to be a more rules-based, effective & people-oriented organization

ASEAN Economic Community Blueprint

Deepening and broadening economic integration in ASEAN

Free(r) flow of
- Goods
- Services
- Investment
- Capital
- skilled labor



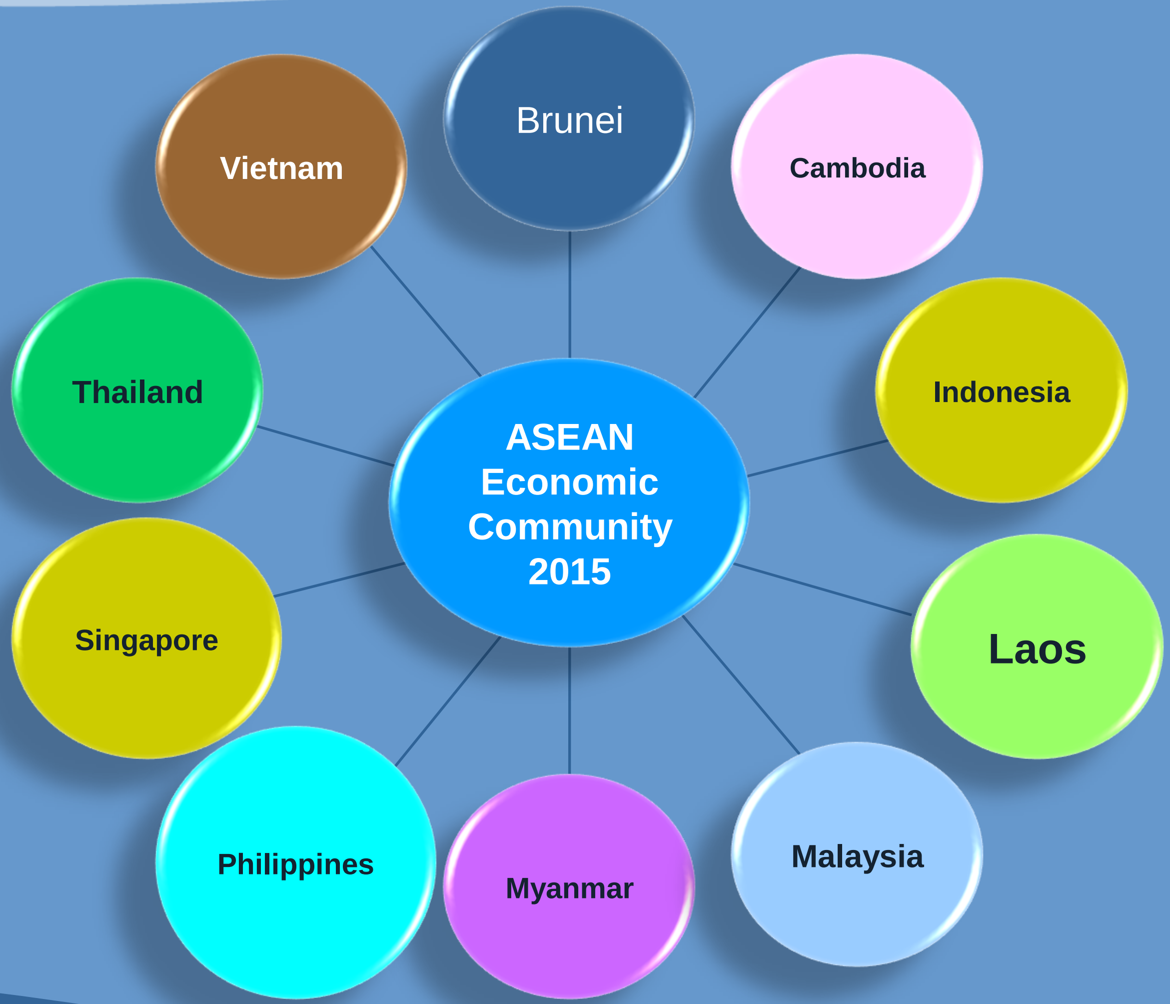
- Competition policy
- IPR
- Infrastructure development
- Taxation & E-commerce

- SME Development
- Initiative for ASEAN Integration

- Coherent approach towards external economic relations
- Enhanced participation in GPNs

Source: JFCCT. 2012. AEC 2015 PPT

AEC 2015 Benefits



- **Greater regional cooperation**
- **Improved efficiency**
- **More attractiveness than individual countries**
- **Emerging markets**
- **Focuses on SMEs**
- **More tourism opportunities**
- **Internationalization of health care**

AEC Core Components:

Single Market & Production Base

Free Flow of Goods	**Free Flow of Investments**
Free Flow of Services	**Free Flow of Skilled Workers**

Free Flow of Goods

- **Elimination of tariff**

- **Elimination of non-tariff barriers:** by 2010 (ASEAN-5), by 2012 (Philippines), and by 2015-2018 (CLMV)

Free Flow of Services

- No restrictions on ASEAN services suppliers in providing services and in establishing companies across national borders
- Eliminate restrictions to trade in services
- Recognition of professional qualifications by recognizing mutual recognition arrangements (MRAs)
- Substantial removal of all restrictions on trade in services
  - ❑ Priority sectors: air transport, e-ASEAN, healthcare & tourism by 2010; logistics by 2013
- Negotiations of some specific services sectors such as financial services and air transport are carried out by their respective Ministerial bodies

Source: JFCCT. 2012

Free Flow of Investments

- *This is the key to enhance ASEAN's* competitiveness in attracting foreign direct investments (FDI) as well as intra-ASEAN investment.

  E.g. All industries under the agriculture, fishery, and forestry sectors: national treatment granted to investors

Free Flow of Skilled Workers

- Greater mobility of services
- Greater mobility of qualified service professionals in the region by accepting common standards of some professionals

Broad status of our commitments

Free flow	Status	Notes
Goods	Advanced	EO 850 (Dec.'09) 0% tariff in '10, range: 0-5%; rice, sugar >5% tariff;2010 ASEAN share: 22% (exports); 28% (imports)
Investment	Commenced	4 IPAs: investment promotion & facilitation remaining foreign equity restrictions due to Constitutional limitations
Skilled labor	Commenced	RA 8981 allows foreigners subject to foreign reciprocity provisions Accounting: bilateral negotiations commenced; PRC & DOLE facilitate MRA implementation, DOLE positive list
Services	Behind	Ph has lowest level of commitment in ASEAN Many sectors unbound under Modes 3 & 4 Foreign equity restrictions due to Constitutional limitations

What does it mean for the Philippines?

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

Global Competitiveness Index: PH VS ASEAN

COUNTRIES	2011 Out of 142	2012 Out of 144	2013 Out of 148
1. SINGAPORE	2	2	2
2. MALAYSIA	21	25	24
3. BRUNEI DARUSSALAM	28	28	26
4. THAILAND	39	38	37
5. INDONESIA	46	50	38
6. PHILIPPINES	**75**	**65**	**59**
7. VIETNAM	65	75	70
8. LAO PDR*	-	-	81
9. CAMBODIA	97	85	88
10. MYANMAR*	-	-	139

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Source: DTI Caraga

(*) – New Economies added for 2013 report

Doing Business: PH VS ASEAN

COUNTRIES	2012 Out of 183	2013 Out of 185	2014 Out of 189
1. Singapore	1	1	1
2. Malaysia	14	12	6
3. Thailand	17	18	18
4. Brunei Darussalam	83	79	59
5. Vietnam	99	99	99
6. PHILIPPINES	**136**	**138**	**108**
7. Indonesia	130	128	120
8. Cambodia	141	133	137
9. Lao PDR	166	163	159
10. Myanmar*	-	-	182

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Source: DTI Caraga

(*) – New Economies added for 2014 report

Local Competitiveness

- Foundation of overall national competitiveness
- "We cannot build a competitive nation out of one or two competitive cities."

– Mr. Guillermo M. Luz

Private Sector Co-Chairman

Source: DTI Caraga

What will most likely happen?

- **Tariff and non-tariff barriers elimination**
  - EO 850 was passed in December 2009 which brought down tariffs on imports from ASEAN, to 0 % in 2010, except for a short 'sensitive' list of products
  - As of 2010, duties have been eliminated on majority of agricultural and all industrial products
- **Not just tariffs but trade facilitation: Creation of an ASEAN Single Window**
  - Customs modernization since 1996 thru computerization
- **Increased trade and investment opportunities**
  - Current share of ASEAN FDI is still minimal
  - Access to badly needed foreign investment & technology especially in infrastructure development

What will most likely happen?

- Increased trade and investment opportunities
- Winners & losers: how to manage short term adjustment costs?
  - Winners: **firms** that gain from market expansion & improved competitiveness, **workers** who get employed in growing sectors, **government** to collect higher revenue, **consumers** from wide variety of goods & services at lower prices
  - Losers: inefficient, uncompetitive sectors
- English language
- Highly-skilled workers – shortage?
  - engineers, doctors, etc working abroad/migrated
- PH: site for lower value activities in the supply/value chain?
  - Low skilled workers: Cambodia, Lao PDR, Myanmar
- Tourism
- BPO-IT
- Agriculture: rice, sugar (highly sensitive/sensitive list)
- Utilities, infrastructure: continue to be restricted

Opportunities for Filipino firms to expand

- Market access
  - ❑ Filipino companies can sell to 600 million people
- Investment liberalization, facilitation, promotion, protection, national treatment, MFN treatment of investors
  - ❑ Can own 100% of companies in other ASEAN countries
  - ❑ Should be treated equally as local companies/people
  - ❑ Should be able to own 70% (maybe more) of services companies
  - ❑ Access to capital markets, repatriation of profits & dividends
  - ❑ Likely to be many non-ASEAN companies looking for entry
- Labor mobility: visa, economic test
  - ❑ May be able to bring in workers easier (complementary to services)
- Transport & logistics, trade facilitation, product standardization & conformance: lower transaction costs
  - ❑ Improved administrative processes (customs, mutual recognition arrangements)
  - ❑ Easier/less costly movement goods

Opportunities for the Filipino people

- Employment creation (higher wages)
- Higher & faster growth
- Larger FDI flows
  - ❑ Access to badly needed foreign investment & technology especially in infrastructure development
- Improved competitiveness & productivity through efficient resource allocation, scale economies & fragmented production
- Businesses including SMEs: larger market access, lower input costs, lower transaction costs, lower trade related costs & easier trade operations
- Investors: stronger investment rights
- Better standard of living
  - ❑ Access to better quality goods & services at lower prices: consumers biggest beneficiaries

Part 5. Final Thoughts

- Re-orient view of “business threat” & fear tactics
- Focus on advantages & opportunities for Filipino people and consumers
  - ❑ Access to better quality goods & services
  - ❑ Lower prices
  - ❑ Employment opportunities
  - ❑ Better standard of living
- Government to implement reforms to facilitate adjustment process to AEC 2015 (to be elaborated in the industry roadmap session)
  - ❑ Strengthen institutional & regulatory environment before & during liberalization
  - ❑ Industry upgrading & restructuring: move up the value chain
  - ❑ Human resource development

National Single Window (NSW)

- In our 2011 review: System up & running for 38 government agencies: electronic submission of application form, status of application viewable in the dashboard, notification via email of application status, final approval via e-means
- The Philippines scored well in implementing customs reforms and the NSW
- Next step: sustain reforms in phase 1; NSW phase2 (process stalled)

NSW stages	Score
Preparatory Measures (30%)	17%
Implementation of the NSW business processes and technical components (60%)	55%
Live Implementation (10%)	10%
Total Score	82%

NSW Phase 2 still to be launched

Declaration processing, rationalization, simplification & harmonization

Link NSW and BOC (e2m)

ASW integration including manifest processing

What will most likely happen?

- **Winners & losers:** how to manage short term adjustment costs?
  - Winners: **firms** that gain from market expansion & improved competitiveness, **workers** who get employed in growing sectors, **government** to collect higher revenue, **consumers** from wide variety of goods & services at lower prices
  - Losers: inefficient, uncompetitive sectors
- **Connectivity and transport facilitation**
  - Masterplan for ASEAN Connectivity: RORO Network
  - Review of the Cabotage Law to allow foreign vessels in Philippine waters

What will most likely happen?

- **English language will be widely used in ASEAN:**
  - Filipino's advantage
- **Highly-skilled workers – shortage?**
  - engineers, doctors, etc. working abroad/migrated
- **PH: site for lower value activities in the supply/value chain?**
  - Low skilled workers: Cambodia, Lao PDR, Myanmar
  - Structural transformation did not take place: PH's manufacturing sector should have a sustained and positive growth
- **Tourism and BPO-IT: booming sectors**
- **Agriculture: rice, sugar (highly sensitive/sensitive list)**
- **Utilities, infrastructure: continue to be restricted**

Is the Philippines ready?

Competition from new entrants to the market

- Bigger with more financial capability
- Better technical products/service systems
- May get support from home countries
- More experience competing already

Products at risk (losing competitiveness 90s-20s)

Product Group	Sub-group
Forest products	veneers, plywood
Tropical agriculture	sugars, molasses, honey; cocoa; natural rubber
Animal products	fish(fresh, chilled, frozen); animal, vegetable fats, oils, nes
Labor-intensive	pottery; furniture, cushions, etc; trunks, suitcases, bags; clothing accessories, fabric; footwear; baby carriage, toys, games; gold, silverware jewellery, nes

- Leave but how to move up the value or product chain?

Is the Philippines ready (cont'd)

- High competitiveness products
- Mostly products at low end of value/supply chain, how to move up the value chain?

Product Group	Product Group
Forest products	copper ores & copper
Raw materials	fuel wood, wood charcoal
Cereal, etc	Unmanufactured tobacco & vegetable textile fibers
Labor-intensive	Knitted men's, boys clothing; knitted women, girl clothing; other textile apparel
Capital-intensive	tulle, lace, embroidery
Machinery	electric distribution equipment, nes; radio broadcast receiver; transistors, valves
Chemicals	alcohol, phenol

Is the Philippines ready? (cont'd)

- Emerging champions or potentially competitive products
- How do we build on these products?

Product Group	Product Group
Animal products	milk & cream
Cereals, etc	tobacco manufactured cereal preparations*, edible prod.*
Machinery	electric power machinery, parts; electric machinery apparatus nes; parts for tractors & motor vehicles **ship,** boat, float structures* **cycles, motorcycles**; aircraft, associated equipment; medical instruments; arms/ammunitions
Labor-intensive	glass
Chemicals	metal salts, inorganic acid **soap, cleaners, polish**, etc
Forest	**Pulp & paper***
Capital-intensive	furskins, tanned, dressed

What should be done before 2015?

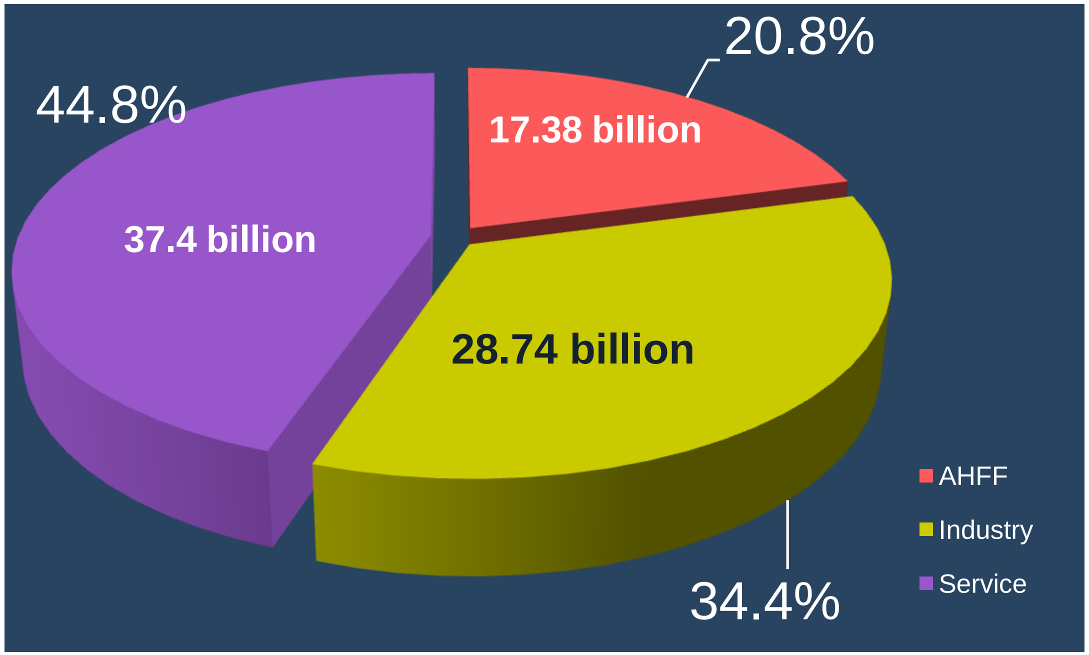
- Improve competitiveness of industries
  - remove obstacles to growth (investment climate)
  - efficient use of existing capacity & expansion of productive capacity thru technological catch-up, structural transformation
- Effective government policies to catalyze private sector growth
- Boost infra spending (5% of the GDP)
- Improve port infrastructure and modernize port operation (through efficient PPP)

What does it mean for Caraga Region?

GRDP Growth Rates, At Constant 2000 Prices, in Percent, 2011-2013

Region/Year		2011-2012	2012-2013
Philippines		6.8	7.2
NCR	Metro Manila	7.0	9.1
CAR	Cordillera	1.0	6.0
I	Ilocos	5.2	7.7
II	Cagayan Valley	8.1	6.6
III	Central Luzon	6.5	4.3
IVA	CALABARZON	7.3	6.7
IVB	MIMAROPA	4.8	1.7
V	Bicol	6.9	9.4
VI	Western Visayas	7.7	4.1
VII	Central Visayas	9.4	7.4
VIII	Eastern Visayas	(6.4)	5.7
IX	Zamboanga Peninsula	12.9	4.3
X	Northern Mindanao	7.2	5.6
XI	Davao Region	7.4	6.8
XII	SOCCSKSARGEN	8.0	8.4
XIII	Caraga	10.7	7.8
ARMM	Muslim Mindanao	1.1	3.6

Source: PSA-NSCB 2014



The Service sector constituted the biggest share to the region's Gross Regional Domestic Product (GRDP) at 44.8 percent in 2013; followed by the Industry sector which accounted for 34.4 percent.

Industry	GRDP (in thousand pesos)		Percent Distribution		Growth Rates	
	2012	2013	2012	2013	2011-2012	2012-2013
Industry Sector	26,502,550	28,744,458	34.2	34.4	18.2	8.5
a. Mining and Quarrying	16,936,652	18,431,335	21.8	22.1	20.5	8.8
b. Manufacturing	2,453,057	2,398,531	3.2	2.9	4.4	(2.2)
c. Construction	5,948,514	6,445,449	7.7	7.7	21.6	8.4
d. Electricity, Gas and Water Supply	1,164,327	1,469,143	1.5	1.8	5.0	26.2
Service Sector	34,879,204	37,424,048	45.0	44.8	9.5	7.3
a. Transport, Storage & Communication	11,803,477	13,146,969	15.2	15.7	15.6	11.4
b. Trade and Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	3,015,601	3,193,045	3.9	3.8	8.7	5.9
c. Financial Intermediation	3,067,164	3,436,586	4.0	4.1	11.4	12.0
d. Real Estate, Renting & Business Activities	4,729,272	5,034,029	6.1	6.0	10.5	6.4
e. Public Administration & Defense; Compulsory Social Security	4,514,797	4,807,657	5.8	5.8	7.2	6.5
f. Other Services	7,748,893	7,805,762	10.0	9.3	1.5	0.7

Caraga's AFF and Industry Sectors Stagnated

Sector	1997	2013	Change
AFF	34.89	20.8	(14.09)
Industry	34.31	34.40	0.09
Mining and Quarrying	5.60	22.1	16.50
Manufacturing	12.20	2.9	(9.30)
Services	30.80	44.8	14.00
Transport, Storage & Communication	1.79	15.7	13.91
Trade & Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	16.52	3.8	(12.72)
Financial Intermediation	0.72	4.1	3.38
R. Estate, Renting & Business	4.41	6.0	1.59
Public Administration & Defense; Compulsory Social Security	4.99	5.8	0.81
Other Services	2.36	9.3	6.94
Total	100.00	100.00	

Key Labor Statistics, Caraga, 2012-2013

	2012	2013	% Change
Labor Force Participation Rate	65.23	66.5	1.94
Employment Rate	94.35	93.93	-0.44
Unemployment Rate	5.65	6.08	0.43
Underemployment Rate	24.15	27.13	2.98

Be an agent of change.

Caraga Subsectoral Employment Structure

Sector	2006[a]	2011[b]	Change
AFF	44.4	37.8	-6.6
Agriculture, hunting and forestry	40.3	33.6	-6.7
Fishing	4.1	4.2	0.1
Industry	13.1	14.5	1.4
Mining and Quarrying	2.0	3.6	1.6
Manufacturing	7.1	6.8	-0.3
Electricity, gas and water	0.4	0.3	-0.1
Construction	3.6	3.8	0.2
Services	42.3	47.5	5.2
Wholesale and retail trade; repair of motor vehicles, motorcycles, and personal and household goods	18.2	19.8	1.6
Hotels and restaurants	1.1	1.4	0.3
Transport, storage and communication	5.5	5.4	-0.1
Financial intermediation	0.7	0.9	0.2
Real estate, renting and business activities	1.2	1.1	-0.1
Public administration and defense; compulsory social security	5.9	8.5	2.6
Education	3.3	3.4	0.1
Health and social work	0.8	1.1	0.3
Other community, social and personal service activities	1.7	1.7	0.04
Private households with employed persons	3.8	4.2	0.4
Total	100.00%	100.00%	

Source: NSO; Available figures: [a] October 2006, [b] January 2011

2014 CMCI Rankings

Overall Competitiveness – Top 5 Cities

Rank out of 136	Region	LGU	Score
1	NCR	Makati City	53.242174
2	Region 10	Cagayan de Oro City	49.363393
3	Region 5	Naga City	49.075166
4	Region 11	Davao City	47.716761
5	NCR	Marikina City	45.465443

6 – Iloilo City
7 – Cebu City
8 – Manila City

9 – Valenzuela City
10 – Paranaque City

Butuan City was 4th in rank in 2013

Source: DTI Caraga

2014 CMCI Rankings

Caraga Cities Rankings

2014 Rank	2013 Rank	LGU	Score
16 / 136	4 /122	Butuan City	40.337615
29 / 136	13 /122	Surigao City	36.048015
62 / 136	49 / 122	Cabadbaran City	31.731754
77 / 136	36 / 122	Bislig City	30.342161
78 / 136	Not ranked	Bayugan City	30.295563
80 / 136	45 / 122	Tandag City	30.198204

Source: DTI Caraga

2014 CMCI Rankings

Caraga Cities Rankings Per Indicator

LGU	Economic Dynamism	Gov't Efficiency	Infrastructure
Butuan City	**13**/136	24/136	**20**/136
Surigao City	51/136	**21**/136	38/136
Cabadbaran City	55/136	77/136	51/136
Bislig City	**95**/136	33/136	**112**/136
Bayugan City	53/136	**106**/136	47/136
Tandag City	59/136	78/136	94/136

Source: DTI Caraga

2014 CMCI Rankings

Overall Competitiveness – Top 5 Municipalities

Rank out of 399	Region	Province	LGU	Score
1	Region 5	Camarines Norte	Daet	
2	Region 4A	Cavite	General Trias	42.499789
3	Region 6	Aklan	Kalibo	42.174935
4	Region 4A	Cavite	Carmona	41.794049
5	Region 11	Comval	Nabunturan	41.112593

San Francisco, Agusan del Sur was 1st in rank in 2013

Source: DTI Caraga

2014 CMCI Rankings

Caraga Municipalities Rankings

2014 Rank	2013 Rank	LGU	Score
32 / 399	10/163	Prosperidad	34.252132
41 /399	1/163	San Francisco	33.752019
42 /399	41/163	Buenavista	33.651245
76 /399	-	Sibagat	31.471653
82 /399	43/163	Claver	31.209036
87 /399	-	Esperanza	30.97934
99 /399	25/163	Talacogon	30.353333
119 /399	-	Bunawan	29.203765
122 /399	44/163	Nasipit	29.017735
123 /399	Not ranked	Cantilan	29.003876

Source: DTI Caraga

2014 CMCI Rankings

Caraga Municipalities Rankings

2014 Rank	2013 Rank	LGU	Score
139 / 399	-	San Miguel, SDS	28.516301
172 /399	Not ranked	Barobo	26.836027
178 /399	42/163	San Jose, PDI	26.490542
196 /399	-	Loreto, ADS	25.797938
199 /399	-	La Paz	25.709702
215 /399	-	Trento	24.549201
366 /399	-	San Luis	12.695809

Source: DTI Caraga

2014 CMCI Rankings

Caraga Municipalities Rankings Per Indicator

LGU	Economic Dynamism	Gov't Efficiency	Infrastructure
Prosperidad	80/399	67/399	25/399
San Francisco	**37**/399	91/399	49/399
Buenavista	56/399	62/399	62/399
Sibagat	131/399	**56**/399	151/399
Claver	27/399	150/399	129/399
Esperanza	125/399	98/399	88/399

Source: DTI Caraga

2014 CMCI Rankings

Caraga Municipalities Rankings Per Indicator

LGU	Economic Dynamism	Gov't Efficiency	Infrastructure
Talacogon	139/399	93/399	138/399
Bunawan	142/399	121/399	148/399
Nasipit	42/399	267/399	38/399
Cantilan	277/399	87/399	86/399
San Miguel, SDS	181/399	204/399	**20**/399
Barobo	180/399	178/399	161/399

Source: DTI Caraga

2014 CMCI Rankings

Caraga Municipalities Rankings Per Indicator

LGU	Economic Dynamism	Gov't Efficiency	Infrastructure
San Jose, PDI	212/399	191/399	125/399
Loreto, ADS	163/399	200/399	208/399
La Paz	160/399	189/399	234/399
Trento	166/399	281/399	158/399
San Luis	**299**/399	**358**/399	**367**/399

Source: DTI Caraga

2014 CMCI Rankings

Where are we ranked high?

Growth of Local Economy – our economy may be small in size but we showing considerable growth in terms of number of businesses that registers annually.

Business Groups – Involvement in established industry clusters provides proper representation

Cost of Doing Business – 17 out of 23 LGUs are ranked 52 and up; only six are ranked from 108 to 283

Business Registration Efficiency – Though results are varied, most LGUs are ranked in the 100 level.

Land Use and DRRMC Plans – Majority of the LGUs have complied with these directives except for two

Source: DTI Caraga

2014 CMCI Rankings

Where are we ranked high?

- **Security** – The number of police personnel serving in an LGU is generally close to the required number as against the total population
- **Education Personnel and Infra** – Teacher-student ratio is generally high. However, the total number of high schools and classrooms is ranked in the middle
- **Availability of Basic Utilities** – Utilities are generally available 24/7 except for some LGUs facing challenges with water
- **Connection to ICT** – All LGUs have mobile connection and thru it, internet connection.

Source: DTI Caraga

2014 CMCI Rankings

Where are we ranked low?

Size of Local Economy – the number of business registrants in our LGUs are not that competitive with other regions

Jobs – Some LGUs do not maintain data on number of persons employed in a business

Inflation Rate – Ranked as high as 126 and as low as 352

Financial Institutions (FIs) – lack of FIs in rural towns

Productivity – lack of data on number of jobs pulls down the high rankings of other LGUs

LGPMS Scores – Although 3 LGUs are ranked 1, the rest are ranked low with 6 LGUs ranked 300 and lower

Source: DTI Caraga

2014 CMCI Rankings

Where are we ranked low?

Ratio of LGU-collected taxes to LGU revenues – only 2 LGUs are ranked in the 100's, all the rest are ranked in 200's

LGU competitions-related awards – 10 LGUs have not received any relevant award for the last three years

Health Personnel and Infra – There is a lack of hospital infra and personnel in some LGUs. In some areas, the close proximity to a city with bigger hospitals/clinics negates the demand to establish local hospitals

DOT-accredited Tourism-related establishments - Lacking in most LGUs.

Source: DTI Caraga

Ways forward for Caraga Region

- Be able to walk on two legs "manufacturing + services"
- Promote value-adding activities to generate massive employment
- Leverage on FAME to boost competitiveness
- Encourage private sector investment including SMEs
- Address job skills mismatch and strengthen HRD
- Improve infrastructure facilities
- Ensure quality education and instruction to produce competent graduates

O P P O R T U N I T I E S …

More employment opportunities particularly in the 12 key sectors

Bigger market + More FDI = More Employment

Agro-based goods	Fisheries
Air Transport	Health Care Products
Automotive products	Rubber based goods
eASEAN (including ICT equipment)	Textile and Clothing
Electronics goods	Tourism
Wood based products	Logistics

O P P O R T U N I T I E S …

More Skills = **More Quality Job Opportunities**

In demand → Compensation
Working environment
Professional growth

CAPABILITY → CHOICES

OPPORTUNITIES…

Mobility of skilled workers/Free entry of professionals

Issuance of visas and employment passes for ASEAN professionals and skilled labor

Recognition of professionals from among the ASEAN Members

Mutual Recognition Arrangements (MRAs)

OPPORTUNITIES…

Recognition of professional qualifications and harmonization and standardization

Mutual Recognition Arrangements (MRAs)

A. Business/Professional Services

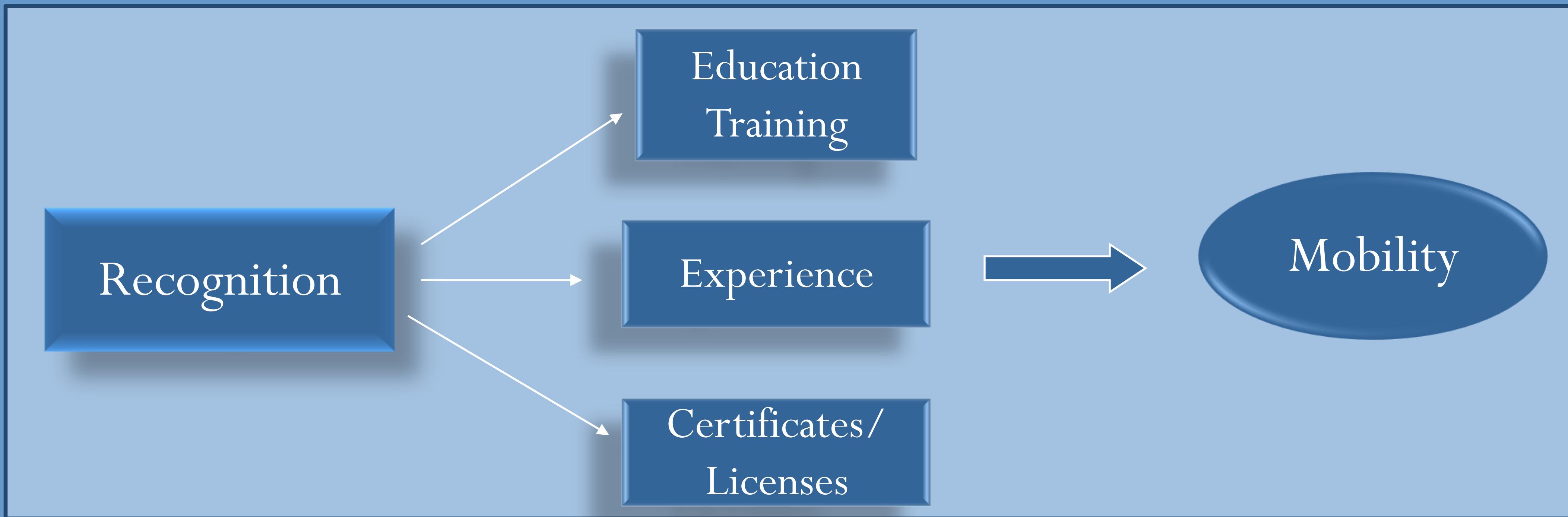
- Engineering services (KL, Malaysia, 12/5/05)
- Architectural services (Singapore, 11/19/07)
- Surveying qualifications (Singapore, 11/19/07)
- Accountancy services (Singapore, 9/25/08)

B. Medical/Professional Services

- Nursing services (Cebu, Phil., 12/8/06)
- Medical practitioners (Singapore, 8/25/08)
- Dental practitioners (Cha-Am, Thailand, 2/26/09)

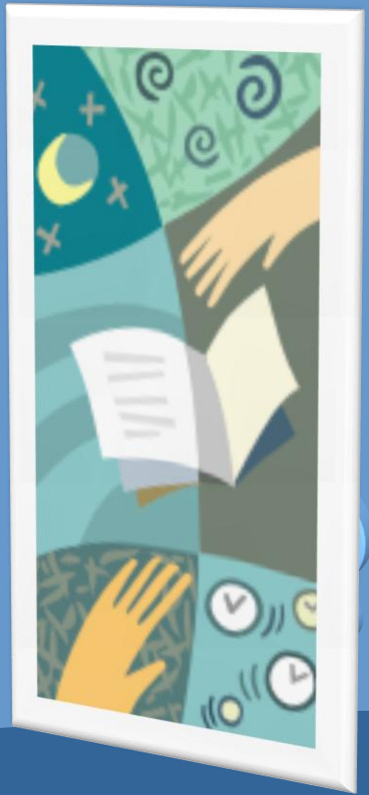
OPPORTUNITIES…

The ASEAN Mutual Recognition Arrangements (MRAs)



OPPORTUNITIES…

Easier transfer of knowledge and skills



O P P O R T U N I T I E S …

Better information sharing

OPPORTUNITIES…

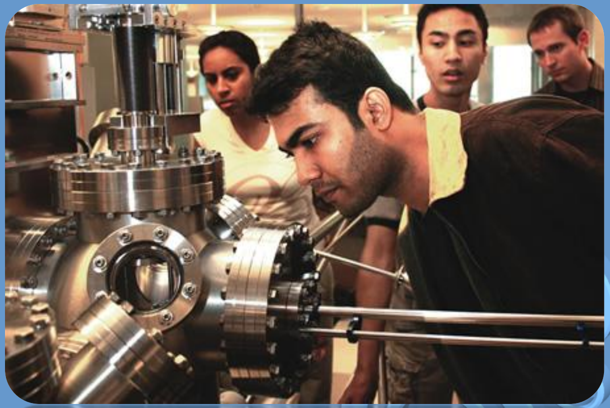
More access to capability building initiatives of the ASEAN

C H A L L E N G E S …

Entry of skilled professionals from other ASEAN countries/Competition from new entrants to the market

CHALLENGES...

Being competitive/Competitiveness Issues Facing Selected Professions:
e.g. Engineering, Accountancy, Nursing



C H A L L E N G E S …

How can you boost your availability and expertise?

C H A L L E N G E S …

Getting the necessary accreditation/recognition

C H A L L E N G E S …

Effectiveness of mechanisms for provision of continuing professional education

C H A L L E N G E S …

Differences in culture, language and effective communication

CHALLENGES…

Adjustment to local laws and regulations of the adopted/host country

Acceptance by local professional practitioners

Role of the Barangays

- Facilitation for a transition from informal to formal (registered) sector of microenterprises*
- Improving the capacity of LGUs to handle disasters and calamities**
- Providing support to the local police force and local security officials (barangay watches) to be more effective keepers of the peace and order to further attract potential investors and tourists**
- Identification of current major and niche industries that can compete regionally and consultation with experts to improve marketing of strategies of said industries
- Identification of possible tourist destinations and proper maintenance and promotion of existing ones

Sources: **Aldaba, R. and Aldaba, F.,* Philippine Institute for Development Studies Discussion Paper Series No. 2014-30
** 2015 ASEAN Economic Integration FAQ, Local Government Academy, DILG, 2013

Conclusion

- AEC 2015 is not a threat but an opportunity to be seized
- There are still many things that need to be done to maximize our gains
- Being competitive is the key in taking advantage of the opportunities that come with AEC 2015

Thank You!!!

Be an agent of change.