

**INDUSTRY ROADMAPS AND THE AEC GAMEPLAN:
REGIONAL LOCALIZATION FOR COMPETITIVENESS**

BAGUIO COUNTRY CLUB, BAGUIO CITY

MAY 28, 2015

UNDERSECRETARY ADRIAN S. CRISTOBAL, JR.

INDUSTRY DEVELOPMENT GROUP

DEPARTMENT OF TRADE AND INDUSTRY

AS DELIVERED BY

ASSISTANT SECRETARY RAFAELITA M. ALDABA

INDUSTRY DEVELOPMENT GROUP

DEPARTMENT OF TRADE AND INDUSTRY

OUR DISTINGUISHED SPEAKERS AND RESOURCE PERSONS,

*LOCAL CHIEF EXECUTIVES, REGIONAL DIRECTORS FROM DTI &
NEDA*

*MEMBERS OF THE PRIVATE, ACADEME, FELLOW WORKERS IN
GOVERNMENT*

LADIES AND GENTLEMEN, GOOD MORNING.

IT IS WITH GREAT PLEASURE THAT I JOIN ALL OF YOU TODAY IN OUR COUNTRY'S SUMMER CAPITAL TO DISCUSS HOW WE CAN WORK TOGETHER TO SUSTAIN OUR COUNTRY'S STRONG ECONOMIC PERFORMANCE AND ENSURE THAT ITS BENEFITS ARE FELT BY EVERYONE.

OUR ECONOMY HAS NEVER BEEN IN THIS GOOD SHAPE FOR QUITE A LONG TIME – GROWING CONSISTENTLY OVER 6% SINCE 2012 AND A 6.1% GROWTH RATE IN 2014, WE ARE ONE OF THE FASTEST GROWING COUNTRIES IN THE REGION. WE ARE ASIA'S ECONOMIC TIGER, WITH OVER \$6 BILLION IN FOREIGN DIRECT INVESTMENTS IN 2014, DUE TO CONTINUED STRONG INVESTORS' CONFIDENCE IN OUR MACRO-ECONOMIC FUNDAMENTALS. OUR POSITION IN NATIONAL COMPETITIVENESS RANKINGS HAVE ALSO BEEN CONSISTENTLY RISING THROUGH THE REFORMS UNDER THE CURRENT ADMINISTRATION.

WE HAVE TO ACKNOWLEDGE, HOWEVER, THAT CHALLENGES STILL REMAIN. WE STILL HAVE AN UNEMPLOYMENT RATE OF APPROXIMATELY 7%, WITH UNDEREMPLOYMENT AT APPROXIMATELY 18%, AND 25% OF OUR PEOPLE STILL LIVES BELOW THE POVERTY LINE.

IT IS IN THIS CONTEXT THAT WE HAVE TO CONTINUE WITH EVEN GREATER RESOLVE AND TAKE ON THE CHALLENGES OF PURSUING INCLUSIVE GROWTH.

TODAY'S FORUM IS THE FOURTH OF THE SERIES OF ROADMAP LOCALIZATION ACTIVITIES DTI IS CONDUCTING TO ENGAGE YOU, OUR REGIONAL STAKEHOLDERS, IN CRAFTING YOUR ROADMAP AND ALIGN THIS WITH OUR NATIONAL STRATEGIES FOR THE GROWTH AND DEVELOPMENT OF OUR PRIORITY SECTORS AND LOCAL PRODUCTS. MORE IMPORTANTLY, THE FORUM AIMS TO CONTRIBUTE TO BUILDING YOUR CAPACITIES TO TAKE ADVANTAGE OF THE OPPORTUNITIES IN THE ASEAN ECONOMIC COMMUNITY AND THE EU-GENERALIZED SYSTEM OF PREFERENCES PLUS (EU-GSP+).

ON THE AEC. AS YOU KNOW, THE ASEAN ECONOMIC COMMUNITY SEEKS TO CREATE A SINGLE MARKET AND A SINGLE PRODUCTION BASE WITHIN THE ASEAN REGION, AND BECOME FULLY INTEGRATED WITH THE GLOBAL MARKET. SINCE JANUARY 2010, MORE THAN 99.65% OF GOODS HAVE BEEN TRADED AT ZERO TARIFF IN ASEAN. VERY FEW PRODUCTS REMAIN PROTECTED BY TARIFFS WITHIN ASEAN; IN THE PHILIPPINES, THESE ARE PRIMARILY AGRICULTURAL PRODUCTS INCLUDING RICE, SUGAR, CASSAVA AND SWEET POTATOES, MAIZE, CHICKEN AND SWINE. THE AEC, IN THE MEDIUM- TO LONG-TERM, PROMISES VAST OPPORTUNITIES AND STRONG GROWTH POTENTIALS FOR THE COUNTRY.

ASIDE FROM THE MARKET IN SOUTHEAST ASIA, WE ARE ALSO IN AN ENVIABLE POSITION TO TAKE ADVANTAGE OF THE EUROPEAN MARKET. UNDER THE EU-GSP+, PHILIPPINE PRODUCERS CAN NOW EXPORT MORE THAN 6,000 PRODUCTS TO THE EU AT ZERO TARIFF, INCLUDING COCONUT AND MARINE PRODUCTS, PROCESSED FRUIT, PREPARED FOOD, ANIMAL AND VEGETABLE FATS AND OILS.

IN ORDER FOR US TO MAXIMIZE THE OPPORTUNITIES IN AEC AND THE EU, WE SHOULD BE CONSTANTLY IMPROVING OUR EFFORTS TO ENHANCE OUR COMPETITIVENESS BY UPGRADING OUR INDUSTRIES.

FIRST, THE ROAD TO INDUSTRIAL UPGRADING PRIMARILY NECESSITATES CLOSING THE SUPPLY CHAIN GAPS **LINKING THE AGRICULTURE, MANUFACTURING, AND SERVICES SECTORS.** OUR TASK IS TO ENSURE THAT THE GAPS IN THE AGRIBUSINESS SUPPLY CHAIN ARE SECURELY FILLED-IN, AND OUR AGRIBUSINESS POLICIES ENABLE STAKEHOLDERS TO ENGAGE IN HIGH-PRODUCTIVITY AND HIGH-VALUE PRODUCTION.

SECOND, THERE HAS TO BE **PROPER COORDINATION BETWEEN THE PUBLIC AND PRIVATE SECTORS.** WE HAVE TO ENSURE THAT NATIONAL PROGRAMS ARE RELEVANT IN THE REGIONS AND ARE LOCALIZED AND EFFECTIVELY IMPLEMENTED. AT THE SAME TIME, WE MUST ALIGN REGIONAL PROGRAMS WITH OUR NATIONAL PLANS.

THIRD, WE HAVE TO FOSTER THE **SYNERGY BETWEEN THE ACADEME (SPECIFICALLY RESEARCH INSTITUTIONS) AND INDUSTRY**. COUNTRIES WHICH HAVE SUCCESSFULLY UPGRADED THEIR INDUSTRIES BENEFITTED FROM THE CONSTRUCTIVE COLLABORATION BETWEEN SCHOOLS AND BUSINESSES IN HUMAN RESOURCE DEVELOPMENT AND INNOVATION.

TO ADDRESS THESE, THE DTI IS IMPLEMENTING A **NEW INDUSTRIAL POLICY**. IT ACTS AS COORDINATOR AMONG STAKEHOLDERS BY FACILITATING THE IMPLEMENTATION OF MEASURES TO ADDRESS THE MOST BINDING CONSTRAINTS TO INDUSTRY DEVELOPMENT.

THE DTI IS CONDUCTING THE **INDUSTRY ROADMAPPING PROJECT (IRP)**, WHICH IS PROCEEDING AT FULL SPEED, WITH A TOTAL OF 35 SECTORAL ROADMAPS SUBMITTED BY THE PRIVATE SECTOR TO THE BOI SINCE 2012 AND THE 29 COMPLETED ARE BEING IMPLEMENTED BY INDUSTRY STAKEHOLDERS AS THEIR GUIDE IN IMPROVING THEIR PRODUCTIVITY AND COMPETITIVENESS. THERE ARE ALSO MANY OTHER SECTORAL ROADMAPS IN VARIOUS STAGES OF DEVELOPMENT. WITH THE DEPARTMENT OF AGRICULTURE (DA) AND THE PRIVATE SECTOR, THE DTI IS ALSO HELPING IN THE FORMULATION OF ROADMAPS FOR FOOD MANUFACTURING SECTORS (SUCH AS PROCESSED MEAT, PROCESSED FRUIT, PROCESSED SHRIMP, CARAGEENAN, CHOCOLATES AND CONFECTIONERIES, AND CONDIMENTS). WE ARE COLLABORATING WITH BOTH THE DA AND THE PHILIPPINE SERVICES COALITION FOR THE CRAFTING OF THE **AGRICULTURE AND SERVICES ROADMAPS**, RESPECTIVELY.

SECOND, THE DTI IS SPEARHEADING THE **MANUFACTURING RESURGENCE PROGRAM (MRP)**, ONE OF THE PRIORITY PROGRAMS OF THE AQUINO ADMINISTRATION. IN COORDINATION WITH OTHER AGENCIES OF THE NATIONAL GOVERNMENT, THE MRP SEEKS TO RESOLVE INDUSTRY ISSUES, SUCH AS POWER AND TRANSPORT INFRASTRUCTURE AND THE OVERALL BUSINESS ENVIRONMENT.

LASTLY, THE DTI IS LEADING THE FORMULATION OF THE **COMPREHENSIVE NATIONAL INDUSTRIAL STRATEGY (CNIS)**, THE FRAMEWORK FOR LINKING OUR MANUFACTURING, AGRICULTURE, AND SERVICES SECTORS TOWARDS INDUSTRIAL UPGRADING.

TURNING TO THE SUPPORT FOR OUR MSMES, DTI HAS A NUMBER OF SPECIFIC PROJECTS BEING IMPLEMENTED.

THROUGH THE **SHARED SERVICES FACILITY (SSF)** PROJECT, DTI PROVIDES SMES WITH TOOLS AND EQUIPMENT FOR FREE. WE'VE DEMONSTRATED THAT WHEN YOU GIVE COMMUNITIES THE RIGHT TOOLS AND EQUIPMENT, THEY IMPROVE THE QUALITY OF THEIR PRODUCTS AND INCREASE THEIR PRODUCTION VOLUMES SIGNIFICANTLY AND IMMEDIATELY. DTI HAS ESTABLISHED MORE THAN 750 SSFs NATIONWIDE, INCLUDING THOSE FOR GROWING HIGH-VALUE ARABICA COFFEE HERE IN CAR.

ANOTHER INITIATIVE IS THE **SME ROVING ACADEMY**, THROUGH WHICH WE TRAIN SMALL ENTREPRENEURS ON HOW TO RUN THEIR BUSINESS, DESIGN THEIR PRODUCTS, DO PACKAGING, DO ACCOUNTING, FILE TAX RETURNS, AND OTHER BASIC BUSINESS OPERATIONS. WE CONDUCT ABOUT 100 TRAINING SESSIONS EVERY YEAR, AND WE ARE IN THE PROCESS OF SCALING THIS UP TO BENEFIT MORE SMES NATIONWIDE.

WE HAVE ALSO BEEN **PUSHING THE SME AGENDA**. AS APEC HOST THIS YEAR, OUR COUNTRY'S PROPOSAL TO ENSURE THE INTEGRATION AND INCLUSION OF MSMEs IN GLOBAL VALUE CHAINS HAS RECEIVED THE ENDORSEMENT OF APEC ECONOMIES THROUGH THE "BORACAY ACTION AGENDA TO GLOBALIZE MSMEs." AMONG THE ACTION AGENDA'S PRIORITY AREAS FOR COOPERATION ARE IN TRADE FACILITATION, E-COMMERCE, FINANCING, AND INSTITUTIONAL SUPPORT, INCLUDING FOR WOMEN-LED SMEs.

DTI ALSO RECOGNIZES THE NEED FOR STRATEGIES TO BE SUSTAINABLE; HENCE THERE IS A CONSCIOUS EFFORT TO INCORPORATE 'GREEN' ELEMENTS IN OUR POLICIES AND INITIATIVES. WE ARE PARTNERING WITH GIZ IN 'GREENING' OUR INDUSTRY ROADMAPS BY CONSIDERING WAYS TO MAKE INDUSTRY PRODUCTION PROCESSES CLEANER, USE RAW MATERIALS MORE EFFICIENTLY, REDUCE THEIR ENVIRONMENTAL IMPACT, AND COMPLY WITH GLOBAL HEALTH AND ENVIRONMENTAL STANDARDS. WE HAVE EXTENDED THIS 'GREEN' ADVOCACY DURING THE APEC MEETINGS IN BORACAY AS WELL.

LET ME END BY SAYING THAT THE PROSPECTS FOR OUR COUNTRY HAS NEVER BEEN THIS BRIGHT. WE CANNOT MISS THESE OPPORTUNITIES. BY IDENTIFYING INTERVENTIONS AND INITIATIVES TO UPGRADE OUR INDUSTRIES AND MSMEs AND STRENGTHENING THE COMPETITIVENESS OF OUR REGIONAL ECONOMIES, PARTICULARLY HERE IN CAR, WE CAN MAKE OUR COUNTRY'S ECONOMIC GROWTH MORE SUSTAINABLE AND INCLUSIVE.

AS WE LISTENED TO EARLIER, *“SAMA-SAMA NATING ABUTIN, PINAKAMATAYOG NA BITUIN.”*

THANK YOU AND GOOD MORNING.