

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

HOTEL ARIANA, LA UNION, ILOCOS REGION

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DELIVERED BY

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INDUSTRY DEVELOPMENT GROUP

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[SALUTATIONS]

OUR DISTINGUISHED SPEAKERS AND RESOURCE PERSONS,

*LOCAL CHIEF EXECUTIVES, REGIONAL DIRECTORS FROM DTI &
NEDA, AND FELLOW WORKERS IN GOVERNMENT*

*REPRESENTATIVES OF INDUSTRY ASSOCIATIONS, SMES, THE
PRIVATE SECTOR, AND THE ACADEME*

LADIES AND GENTLEMEN, GOOD MORNING.

I AM PLEASED TO ADDRESS ALL OF YOU TODAY HERE TO DISCUSS HOW WE CAN WORK TOGETHER TO SUSTAIN OUR COUNTRY'S STRONG ECONOMIC PERFORMANCE AND ENSURE THAT ITS BENEFITS ARE FELT BY OUR PEOPLE. THE ILOCOS REGION OFFERS A LOT OF ECONOMIC OPPORTUNITIES AND POTENTIAL THAT WE SHOULD TAKE ADVANTAGE OF – IN BETTER AND MORE PRODUCTIVE WAYS – SO WE CAN ACHIEVE SUSTAINABLE AND INCLUSIVE GROWTH.

I AM SURE YOU ARE ALL AWARE THAT OUR ECONOMY HAS BEEN AMONG THE TOP PERFORMING ECONOMIES IN THE REGION IN RECENT YEARS – GROWING CONSISTENTLY OVER 6% SINCE 2012. THOUGH IT ONLY GREW BY 5.8% LAST YEAR IN 2015, THE PHILIPPINES REMAINS ASIA'S NEW ECONOMIC TIGER, WITH NET FOREIGN DIRECT INVESTMENTS EXCEEDING \$6 BILLION IN 2014 AND \$5.5 BILLION IN 2015.

FOREIGN AND DOMESTIC BUSINESS SENTIMENT ARE AT AN ALL-TIME HIGH AND OUR POSITION IN VARIOUS NATIONAL COMPETITIVENESS RANKINGS HAVE BEEN CONSISTENTLY RISING.

WE HAVE TO ACKNOWLEDGE, HOWEVER, THAT CHALLENGES STILL REMAIN. WE STILL HAVE AN UNEMPLOYMENT RATE OF APPROXIMATELY 5.6% (AS OF OCTOBER 2015) - WITH UNDEREMPLOYMENT AT APPROXIMATELY 17.7% - WHILE 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 REVITALIZING OUR MANUFACTURING SECTOR AND CREATING MORE AND BETTER QUALITY JOBS FOR OUR PEOPLE.

TODAY'S FORUM IS THE TENTH IN THE SERIES OF ROADMAP LOCALIZATION CONFERENCES DTI HAS BEEN 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 TODAY AIMS TO CONTRIBUTE TO BUILDING THE CAPACITIES OF OUR INDUSTRIES AND SMES TO TAKE ADVANTAGE OF THE OPPORTUNITIES IN THE ASEAN ECONOMIC COMMUNITY (AEC) AND THE EU-GENERALIZED SYSTEM OF PREFERENCES PLUS (EU-GSP+).

AS YOU KNOW, THE AEC 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 TRADING AT ZERO TARIFF IN ASEAN.

VERY FEW PRODUCTS REMAIN PROTECTED BY TARIFFS WITHIN ASEAN. IN THE PHILIPPINES, THESE ARE MOSTLY AGRICULTURAL PRODUCTS LIKE RICE AND SUGAR. IN THE MEDIUM- TO LONG-TERM, THE AEC PROMISES ENORMOUS OPPORTUNITIES AND STRONG GROWTH POTENTIALS FOR OUR COUNTRY.

ASIDE FROM THE MARKET IN SOUTHEAST ASIA, WE ARE ALSO IN A STRONG 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, MARINE, AND OTHER AGRICULTURAL CROPS.

BUT IN ORDER FOR US TO MAXIMIZE THE OPPORTUNITIES IN THE AEC AND THE EU, WE SHOULD BE CONSTANTLY IMPROVING OUR EFFORTS TO ENHANCE OUR COMPETITIVENESS BY ENABLING OUR INDUSTRIES TO MOVE UP THEIR VALUE CHAIN AND INCREASING THE CAPACITY OF OUR SMES TO PARTICIPATE IN REGIONAL AND GLOBAL TRADE.

SO WHAT DO WE NEED TO DO TO ENHANCE OUR COMPETITIVENESS?

FIRST, WE NEED TO **CLOSE THE SUPPLY CHAIN GAPS BETWEEN THE AGRICULTURE, MANUFACTURING, AND SERVICES SECTORS.** OUR TASK IS TO ENSURE THAT THESE GAPS IN THE AGRIBUSINESS SUPPLY CHAIN ARE BRIDGED 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 NEED TO ALIGN REGIONAL PROGRAMS WITH OUR NATIONAL PLANS.

THIRD, WE HAVE TO FOSTER THE **SYNERGY BETWEEN THE ACADEME (SPECIFICALLY RESEARCH INSTITUTIONS) AND INDUSTRY.** THE EXPERIENCE OF OTHER COUNTRIES SHOW THAT THE CONSTRUCTIVE COLLABORATION BETWEEN UNIVERSITIES AND BUSINESSES, PARTICULARLY IN HUMAN RESOURCE DEVELOPMENT AND INNOVATION, IS CRUCIAL FOR THE SUCCESS OF INDUSTRY UPGRADING.

HOW THEN DO WE LINK, COORDINATE, AND SYNERGIZE?

TO DO THESE, THE DTI IS IMPLEMENTING A **NEW INDUSTRIAL POLICY**, WHERE GOVERNMENT PLAYS THE ROLE OF FACILITATOR AND COORDINATOR, SPECIFICALLY TO ADDRESS THE MOST BINDING CONSTRAINTS TO INDUSTRY GROWTH.

THE DTI PERFORMS THE ROLE OF COORDINATOR THROUGH A NUMBER OF PROGRAMS. ONE OF THESE IS THE **MANUFACTURING RESURGENCE PROGRAM (MRP)**. DONE IN COORDINATION WITH OTHER NATIONAL GOVERNMENT AGENCIES, THE MRP SEEKS TO RESOLVE PERSISTENT INDUSTRY CONCERNS, SUCH AS THOSE RELATED TO OUR POWER AND TRANSPORT INFRASTRUCTURE AND THE OVERALL BUSINESS ENVIRONMENT.

ANOTHER PROGRAM IS THE **INDUSTRY ROADMAPPING PROJECT (IRP)** THROUGH WHICH THE DTI FACILITATES THE CRAFTING OF INDUSTRY ROADMAPS IN COLLABORATION WITH OUR PARTNERS FROM THE INDUSTRY. SINCE ITS INCEPTION IN 2012, THERE ARE NOW A TOTAL OF 40 SECTORAL ROADMAPS SUBMITTED BY THE PRIVATE SECTOR TO THE BOI, WITH 32 COMPLETED ROADMAPS BEING IMPLEMENTED THROUGH THE ACTIVE COORDINATION AMONG STAKEHOLDERS.

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 PROCESSING. WE ARE ALSO COLLABORATING WITH BOTH THE DA AND THE PHILIPPINE SERVICES COALITION FOR THE CRAFTING OF THE **AGRICULTURE AND SERVICES ROADMAPS**, RESPECTIVELY.

THIRDLY, THE DTI IS LEADING THE FORMULATION OF THE **COMPREHENSIVE NATIONAL INDUSTRIAL STRATEGY (CNIS)**, WHICH PROVIDES THE ENABLING FRAMEWORK 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 HAVE DEMONSTRATED THAT WHEN YOU GIVE COMMUNITIES THE RIGHT TOOLS AND EQUIPMENT, THEY IMPROVE THE QUALITY OF THEIR PRODUCTS AND INCREASE THEIR PRODUCTION VOLUMES SIGNIFICANTLY. TO DATE, DTI HAS ESTABLISHED OVER 1000 SSFs NATIONWIDE.

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 IN ORDER TO BENEFIT MORE SMES THROUGHOUT THE COUNTRY.

WE HAVE ALSO BEEN CONSTANTLY **PUSHING OUR SME AGENDA**. AS APEC HOST IN 2015, OUR COUNTRY'S PROPOSAL TO ENSURE THE INTEGRATION AND INCLUSION OF MSMES IN GLOBAL VALUE CHAINS (GVCs) HAS RECEIVED THE ENDORSEMENT OF APEC ECONOMIES THROUGH THE "BORACAY ACTION AGENDA TO GLOBALIZE MSMES" AND THE "APEC ILOILO INITIATIVE: GROWING GLOBAL MSMES FOR INCLUSIVE DEVELOPMENT."

THE DTI ALSO RECOGNIZES THE NEED FOR OUR STRATEGIES TO BE SUSTAINABLE; HENCE, WE MAKE 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 USE RAW MATERIALS MORE EFFICIENTLY, MAKE PRODUCTION PROCESSES CLEANER, REDUCE ENVIRONMENTAL IMPACT, AND COMPLY WITH GLOBAL HEALTH AND ENVIRONMENTAL STANDARDS.

LET ME END BY SAYING THAT THE PROSPECTS FOR OUR COUNTRY HAS NEVER BEEN THIS BRIGHT. WE MUST SEIZE THESE OPPORTUNITIES — WITH GOVERNMENT WORKING IN COORDINATION WITH INDUSTRY AND ACADEME, ENABLING FIRMS AND MSMEs TO MOVE UP THEIR VALUE CHAINS, AND FACILITATING THE LINK BETWEEN AGRICULTURE, MANUFACTURING, AND SERVICES. BY STRENGTHENING THE COMPETITIVENESS OF OUR REGIONAL ECONOMIES, PARTICULARLY HERE IN THE ILOCOS REGION, WE CAN MAKE OUR COUNTRY'S DEVELOPMENT SUSTAINABLE AND INCLUSIVE.

THANK YOU AND GOOD MORNING.