

Understanding the role of APEC in Philippine trade and investment

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Online Public Seminar via Webex

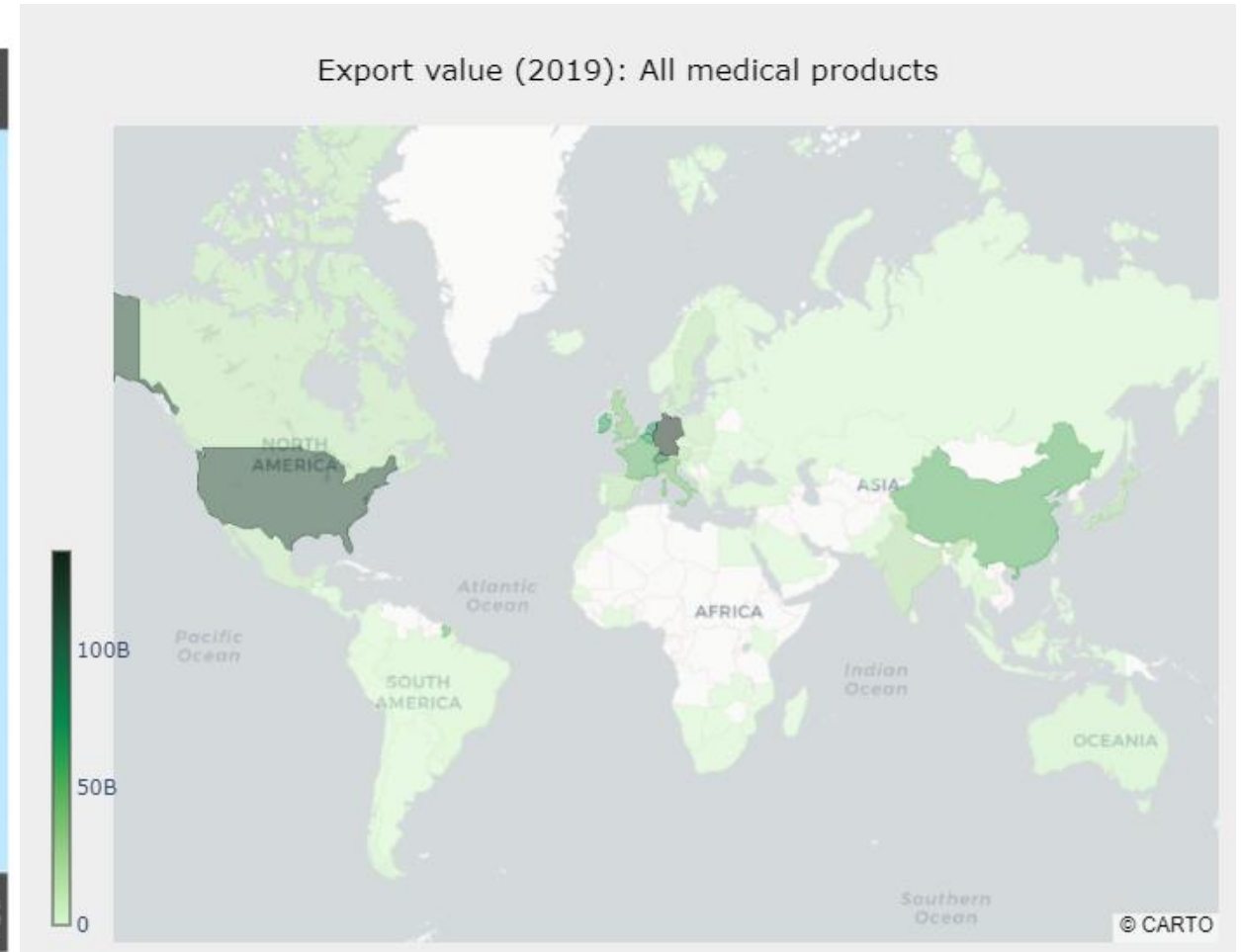
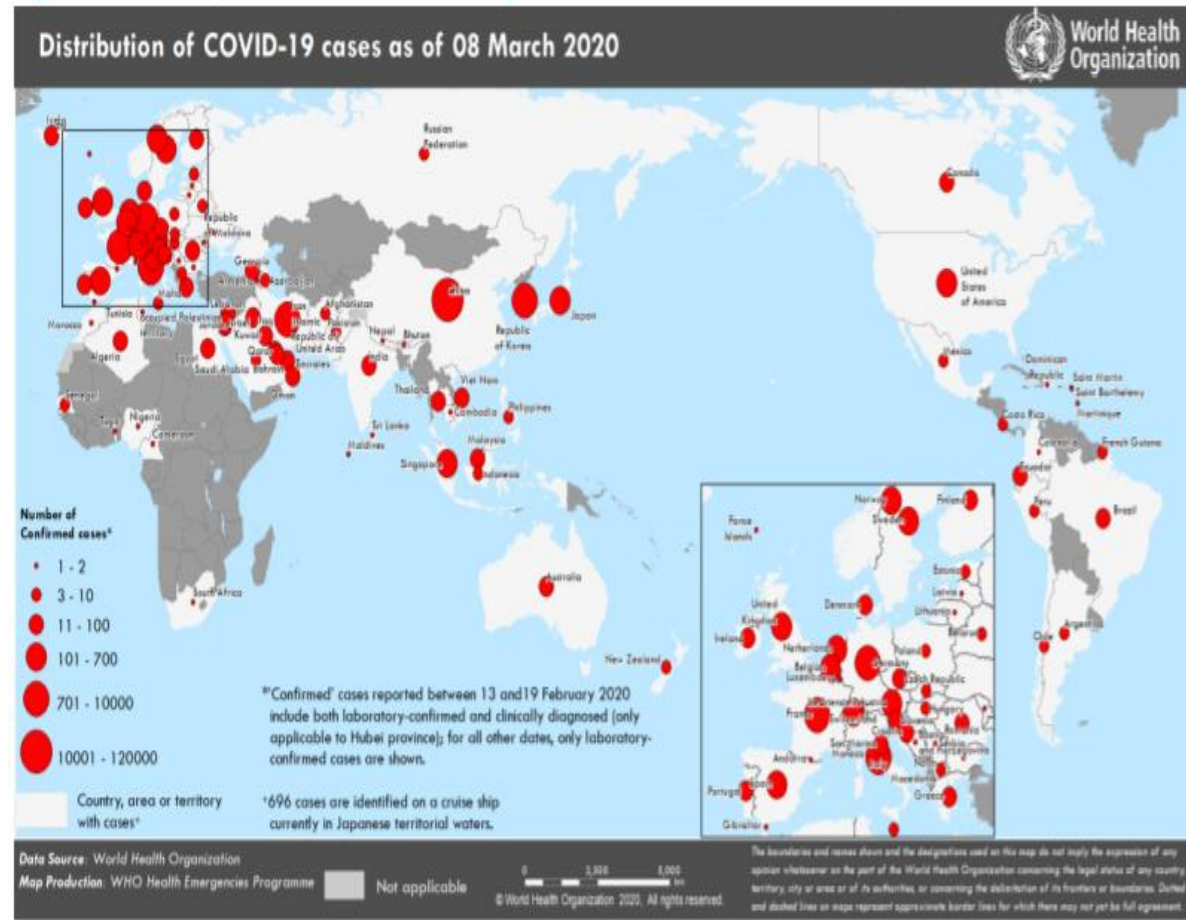


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Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas

COVID-19 emphasizes the new globalization

Figure 1. Countries, territories or areas with reported confirmed cases of COVID-19, 08 March 2020



Important events occurred in November



Outline of the Presentation

I. Introduction to APEC

II. Philippines and APEC [Quimba and Barral (2019)]

III. Perception Survey on APEC [Quimba and Calizo (2019)]

IV. Takeaways and Recommendations

What is APEC?



APEC Founding Members

 Australia	 Brunei	 Canada	 Indonesia	 Japan	 Singapore
 South Korea	 Malaysia	 Thailand	 United States	 New Zealand	 Philippines
 China	 Hong Kong	 Chile	 Mexico	 Chinese Taipei	 Papua New Guinea
 Vietnam	 Russia	 Peru			

What is APEC?

Three pillars:

- Trade and investment liberalization
- Trade facilitation
- Economic and technical cooperation

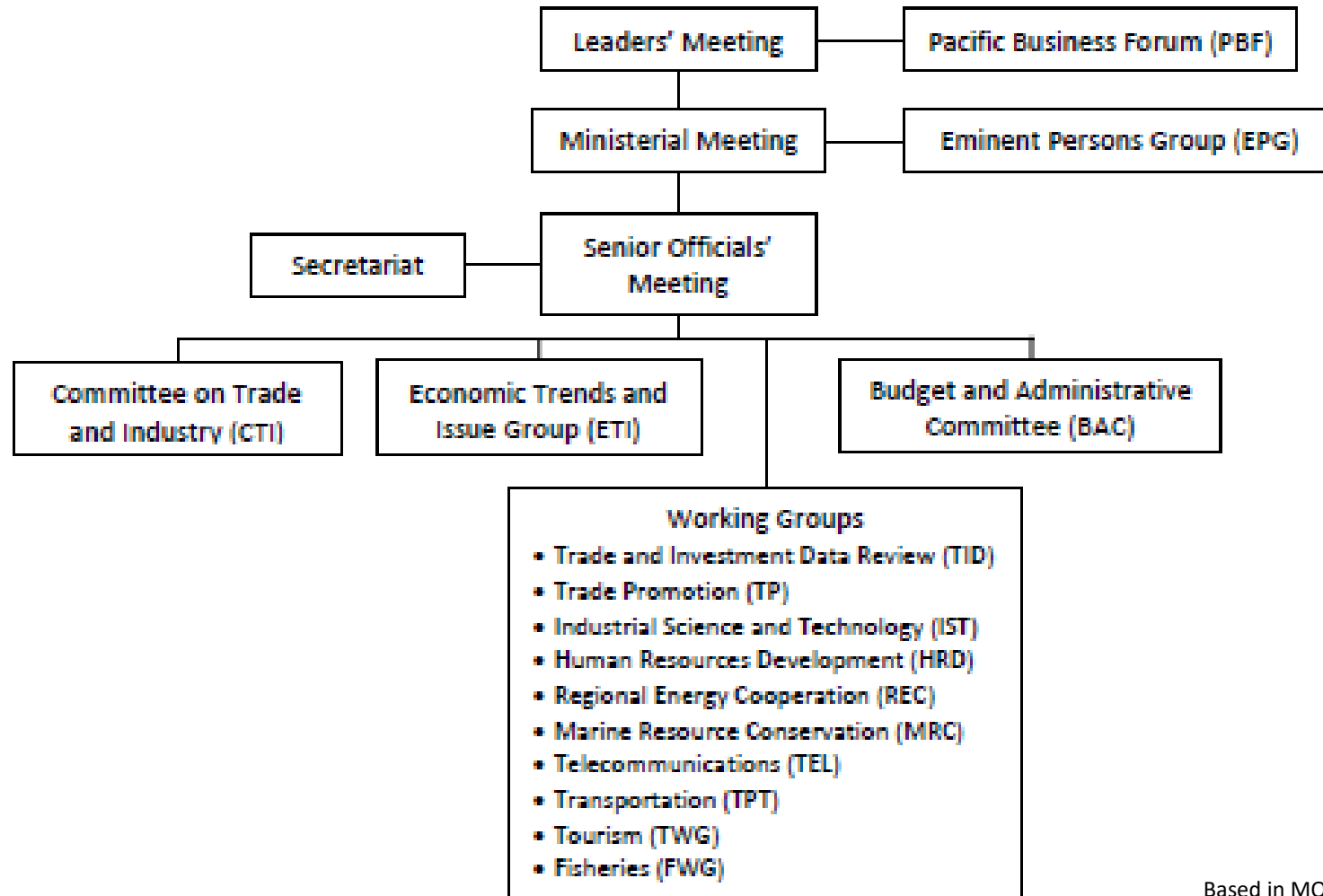
APEC has been contributing to Asia-Pacific growth ever since it adopted the “Bogor Goals” in 1994



1. Promoting regional economic integration and trade
2. Making it easier to trade across borders
3. Making it easier to do business
4. Faster customs procedures
5. Structural reform
6. Connecting the region
7. APEC business travel card
8. APEC supply chain connectivity
9. Environmental goods list
10. Increasing energy efficiency and renewables
11. Green towns in the Asia-Pacific
12. Nurturing small businesses
13. Enhancing social equity in the region

Source: Asia-Pacific Economic Cooperation, Achievements and Benefits

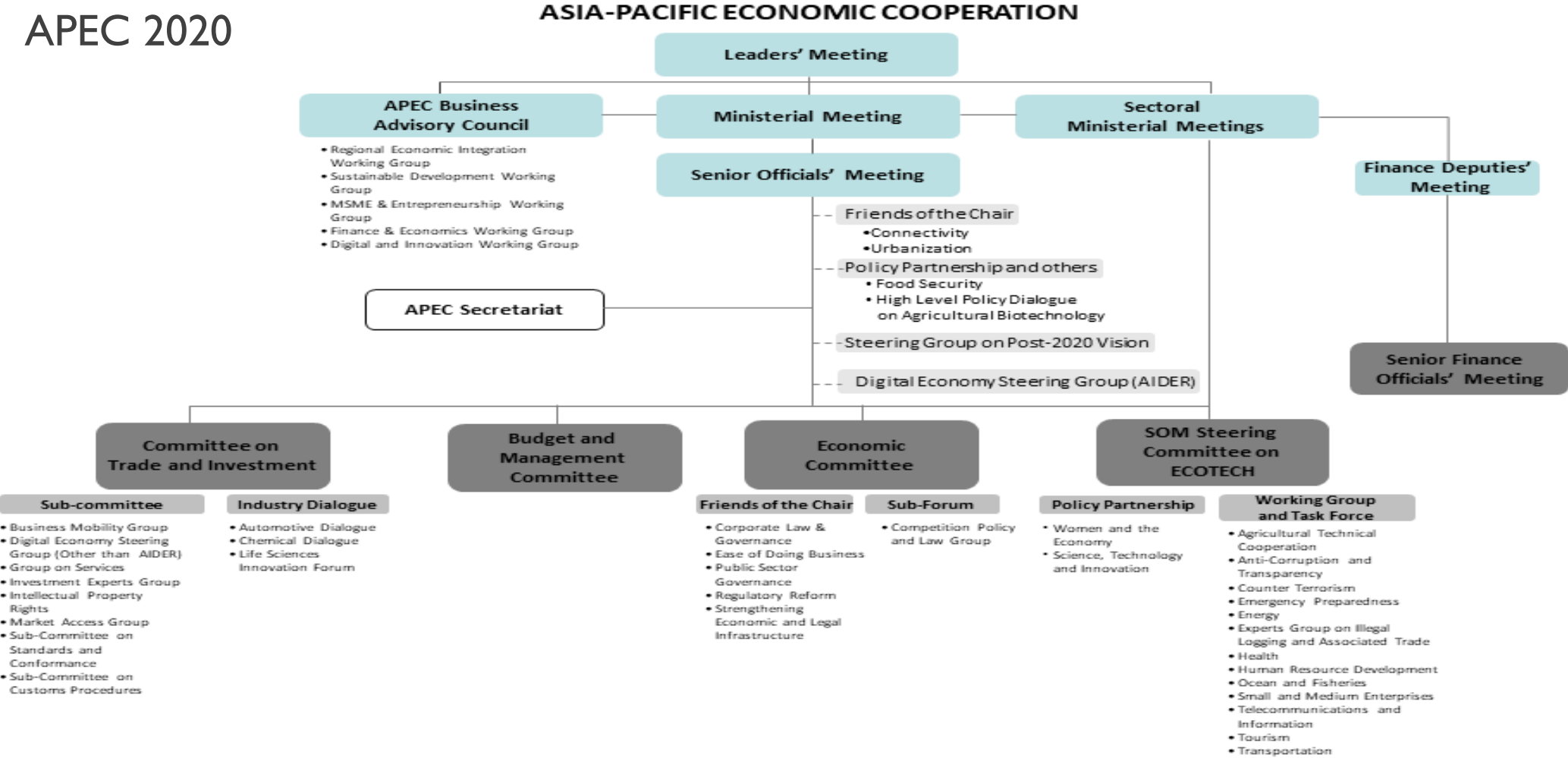
APEC Structure, 1994



Based in MOFA (1995) and DFAT Australia in Frost (1994)

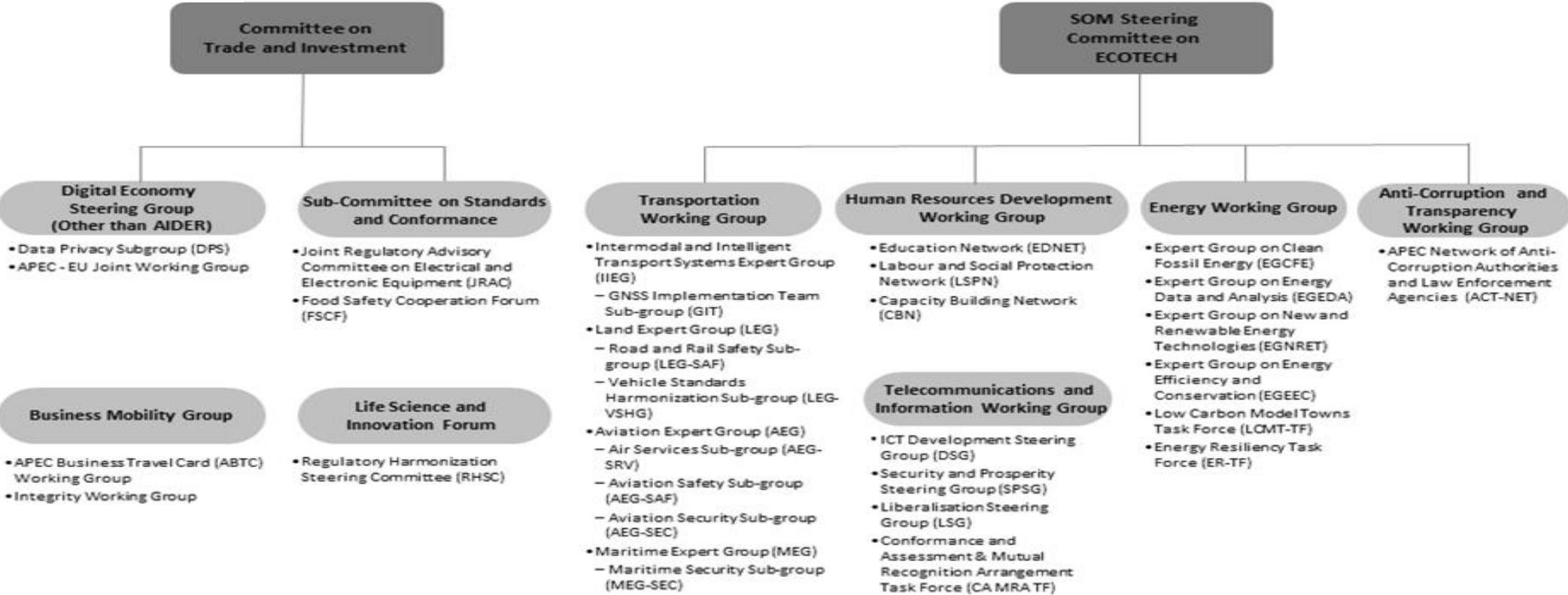
APEC Structure, 2020

APEC 2020



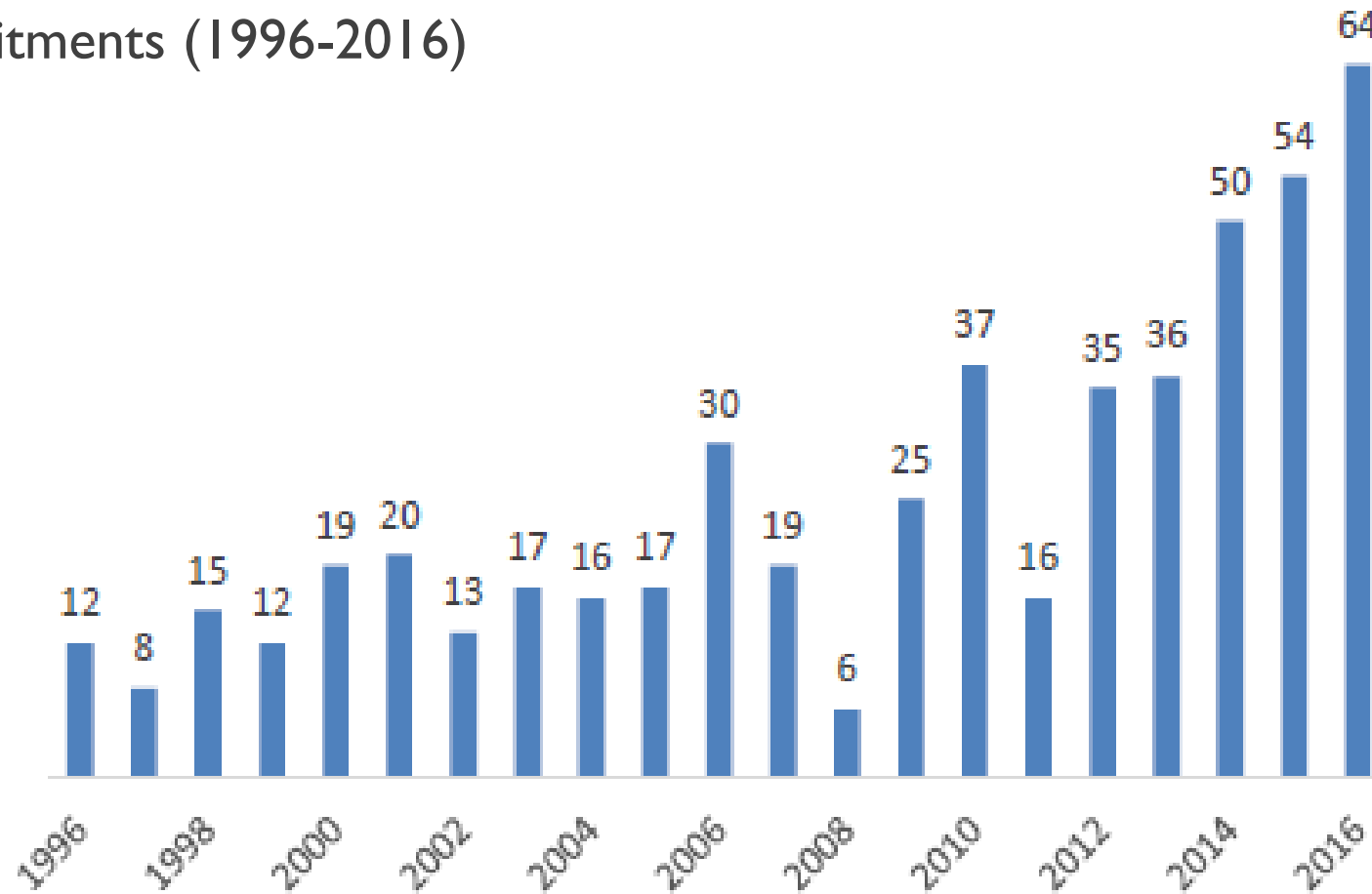
APEC Structure, 2020 (cont.)

SUBSIDIARY BODIES OF APEC SUB-FORA



APEC Commitments have increased over time

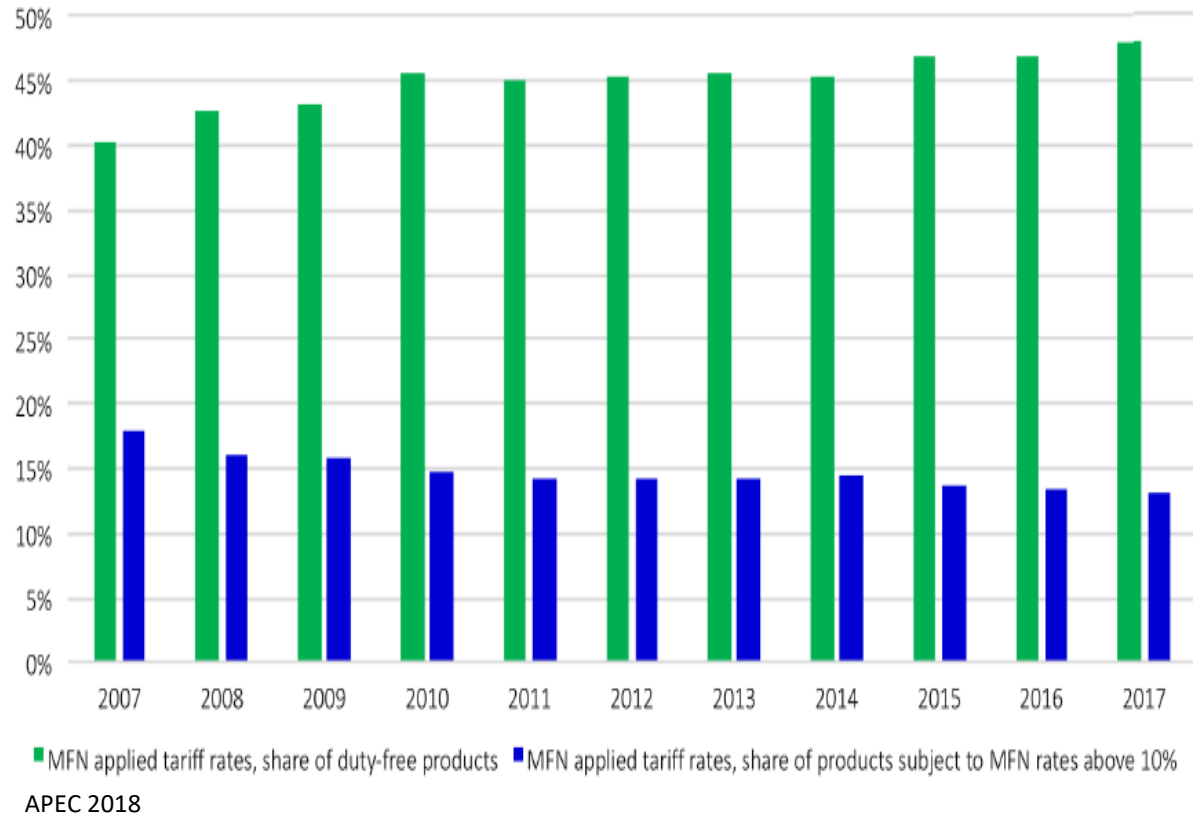
No. of commitments (1996-2016)



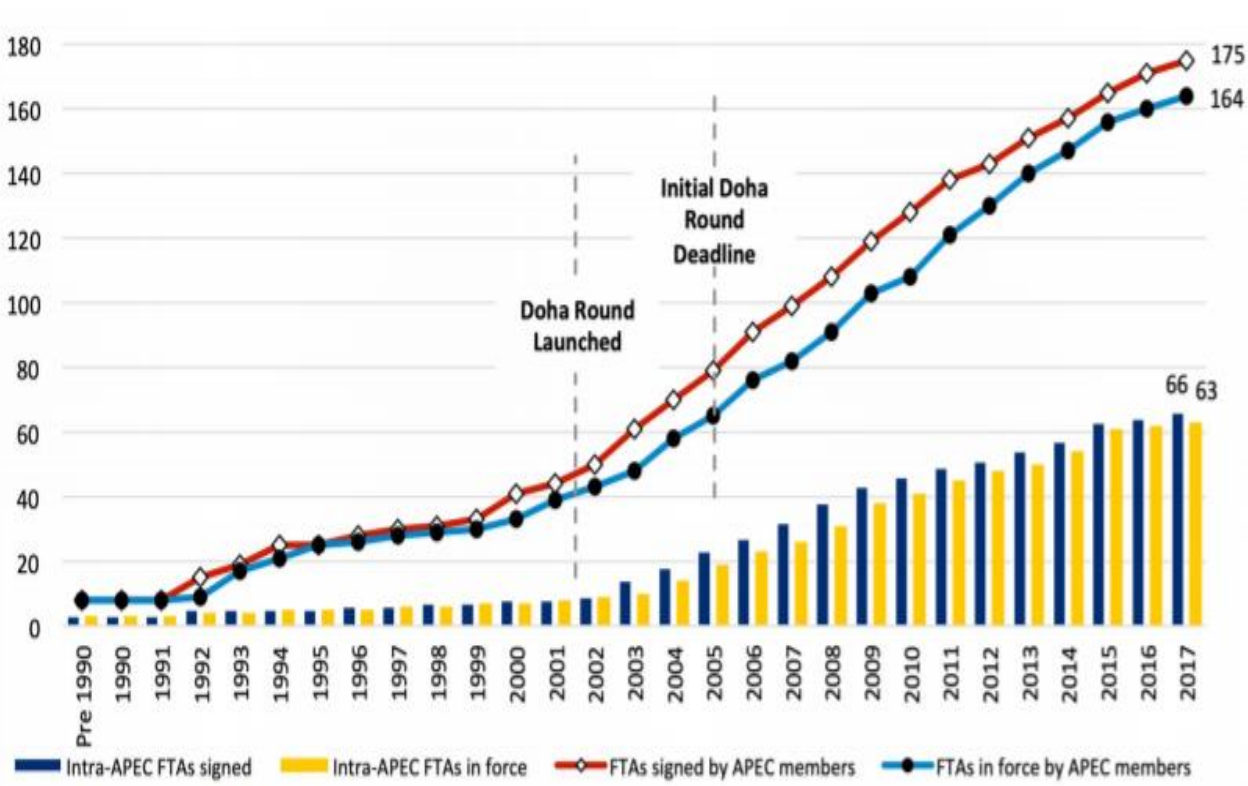
Authors; estimates

APEC has contributed to trade liberalization in the region

Share of duty-free products vs products subject to MFN rates about 10%



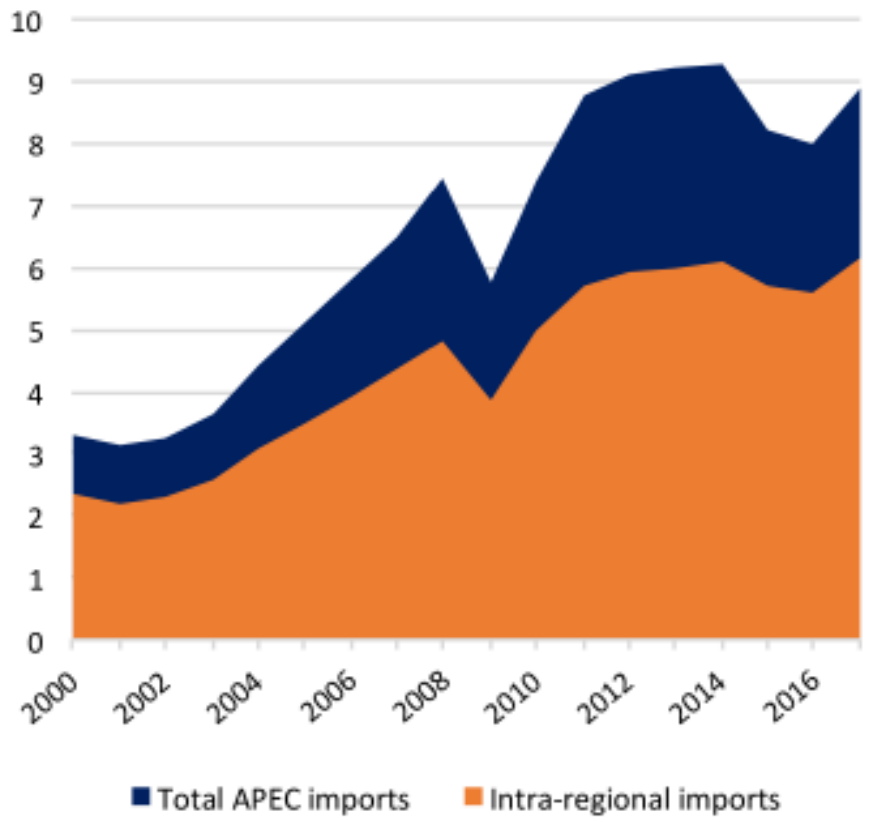
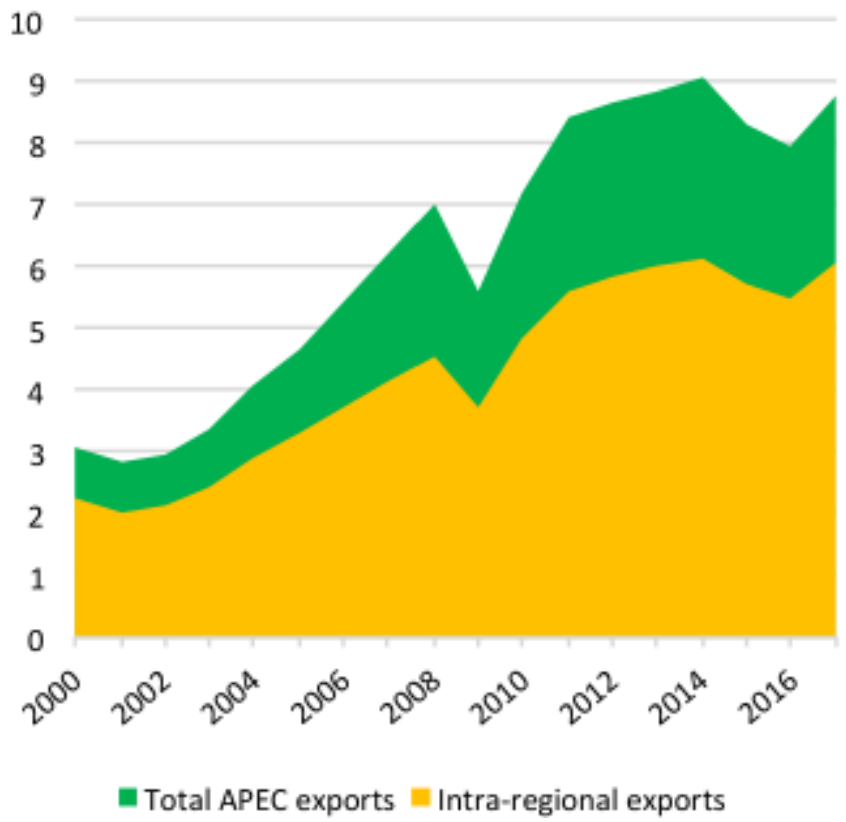
Cumulative number of FTAs in APEC, pre-1989-2016



Source: APEC 2018

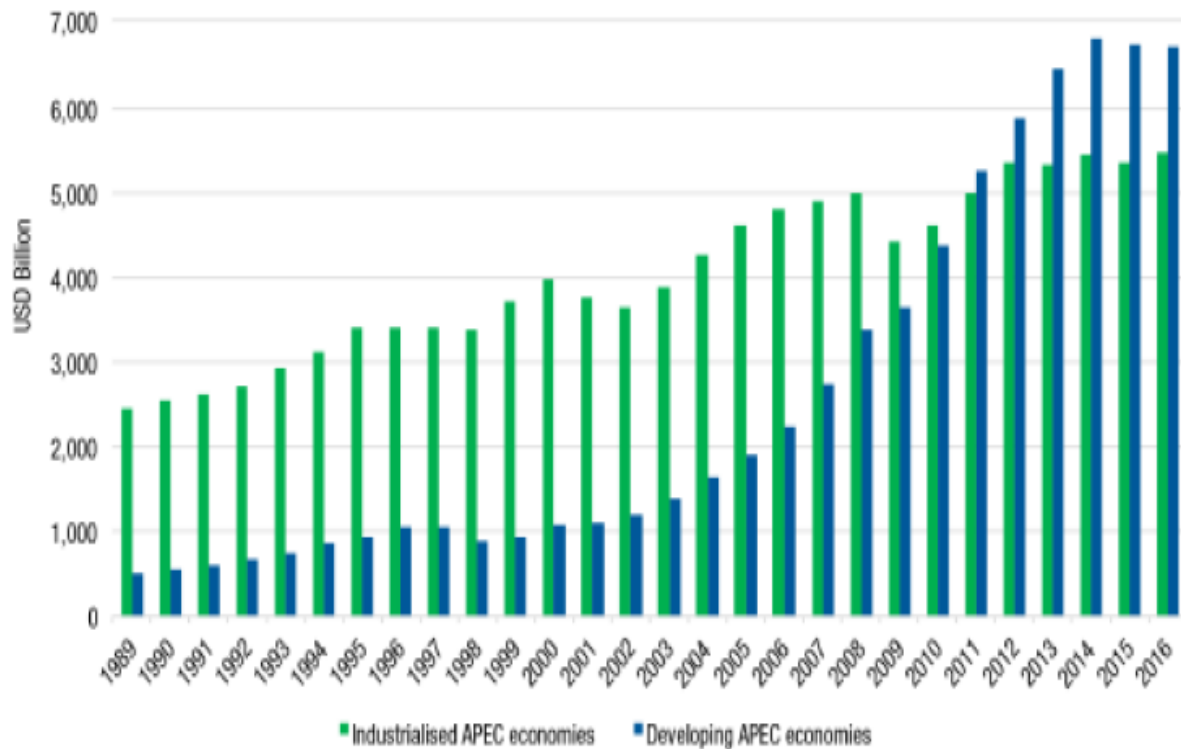
Trade within APEC is large and is recovering

Value of merchandise trade (US\$ trillion), 2000-2017

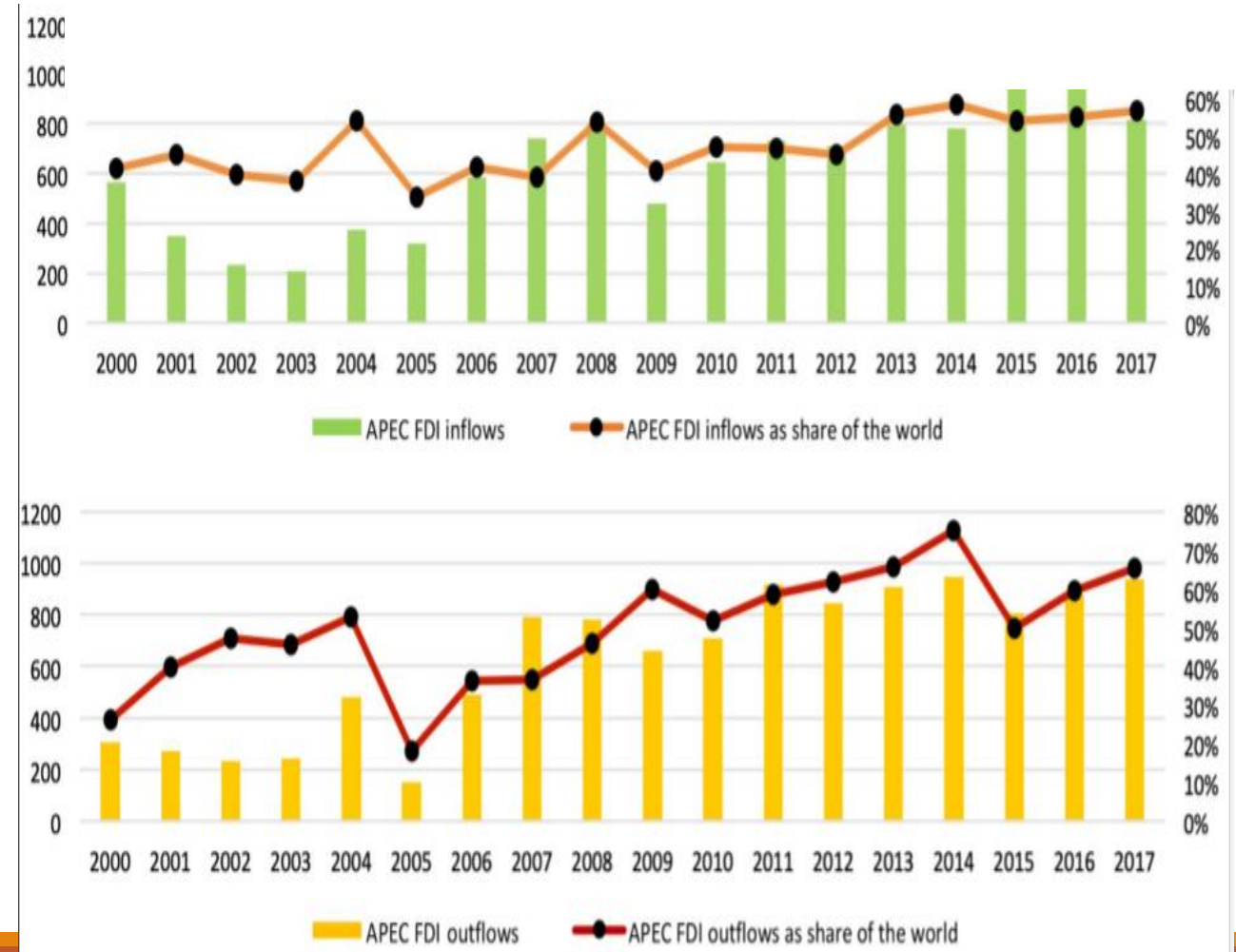


Investment

Gross fixed capital formation (US\$ billion), 1989-2016

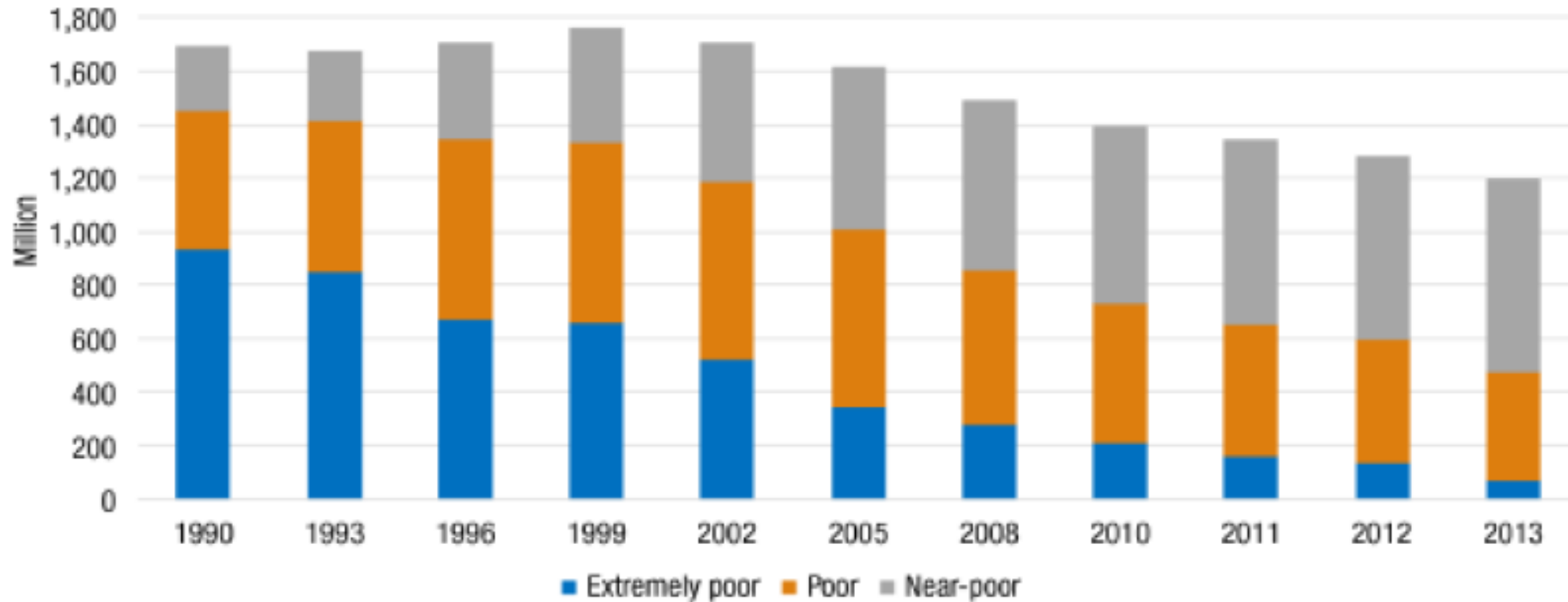


FDI in APEC, 2000-2017



Poverty in APEC has been declining

No. of people living in poverty or near-poverty (millions), 1990-2013

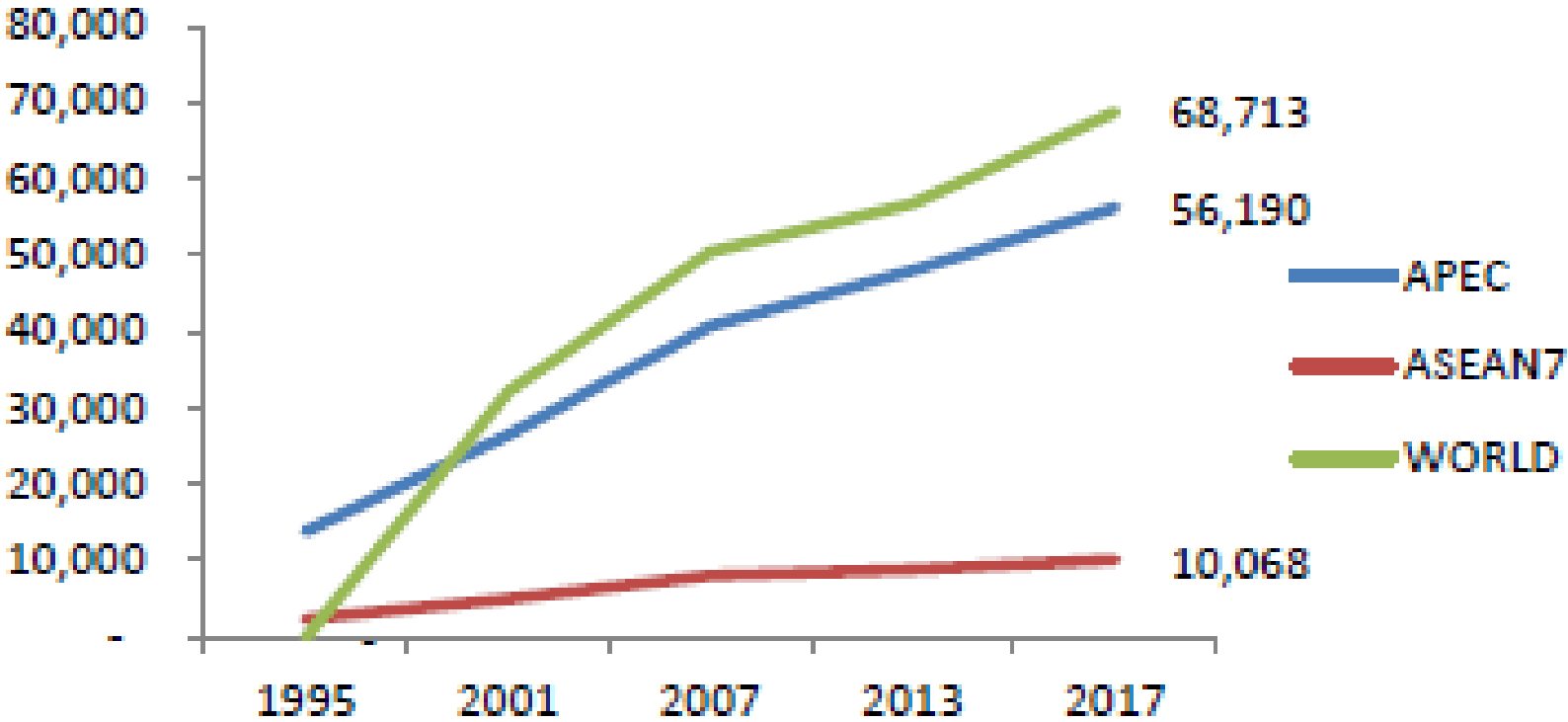


Philippine in APEC

- Initiatives to FTAAP
- Customs Procedures
- Ease of Doing Business
- Initiatives in response to RAASR
- Trade, investment, and tourist arrivals

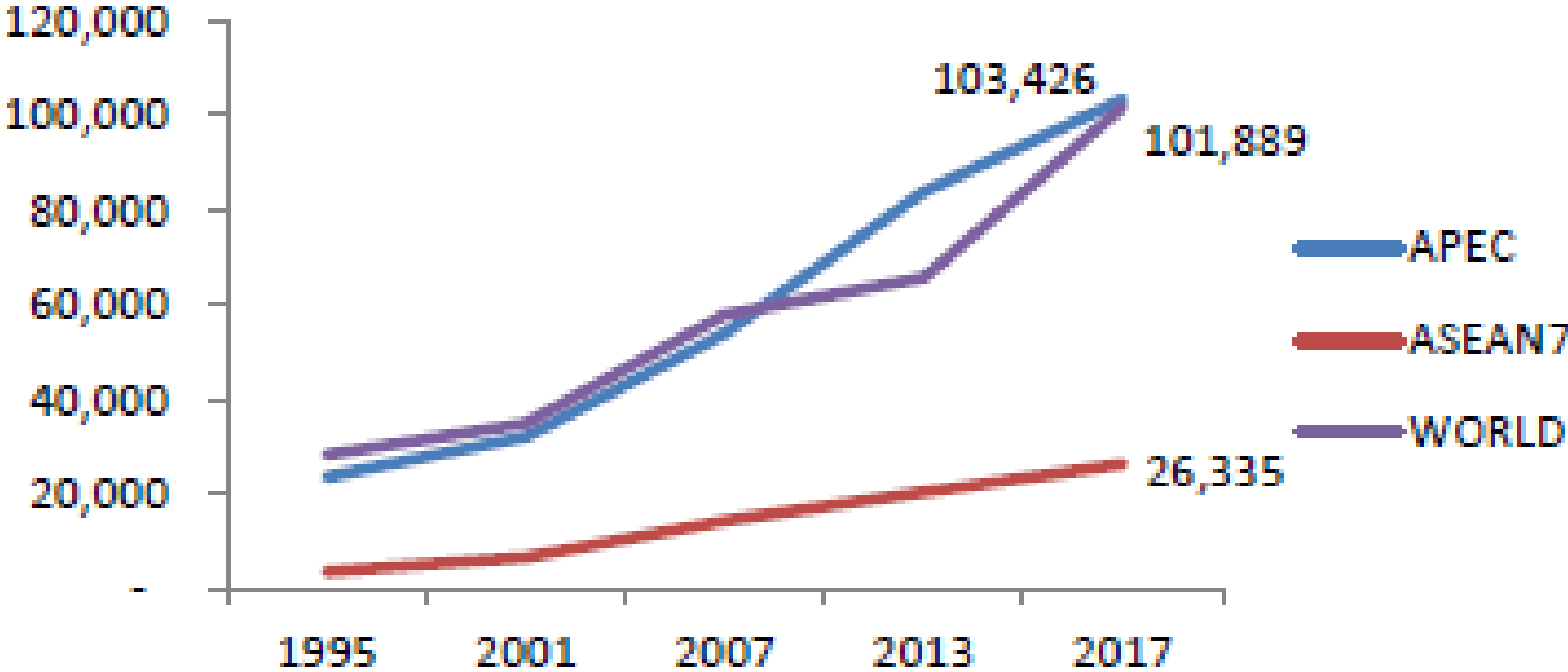
Philippine Trade

Exports (in US\$ million)



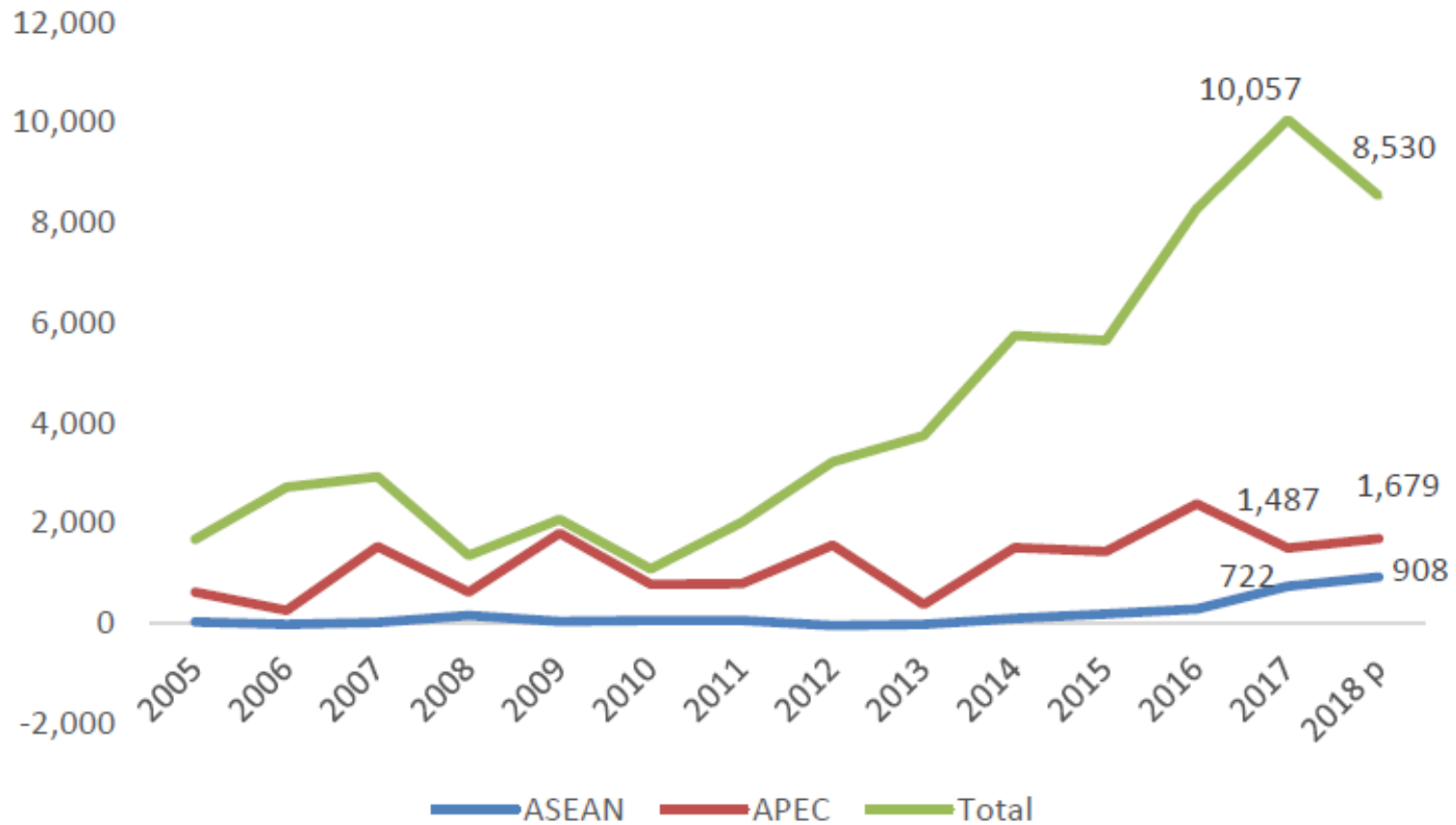
Philippine Trade

Imports (in US\$ million)

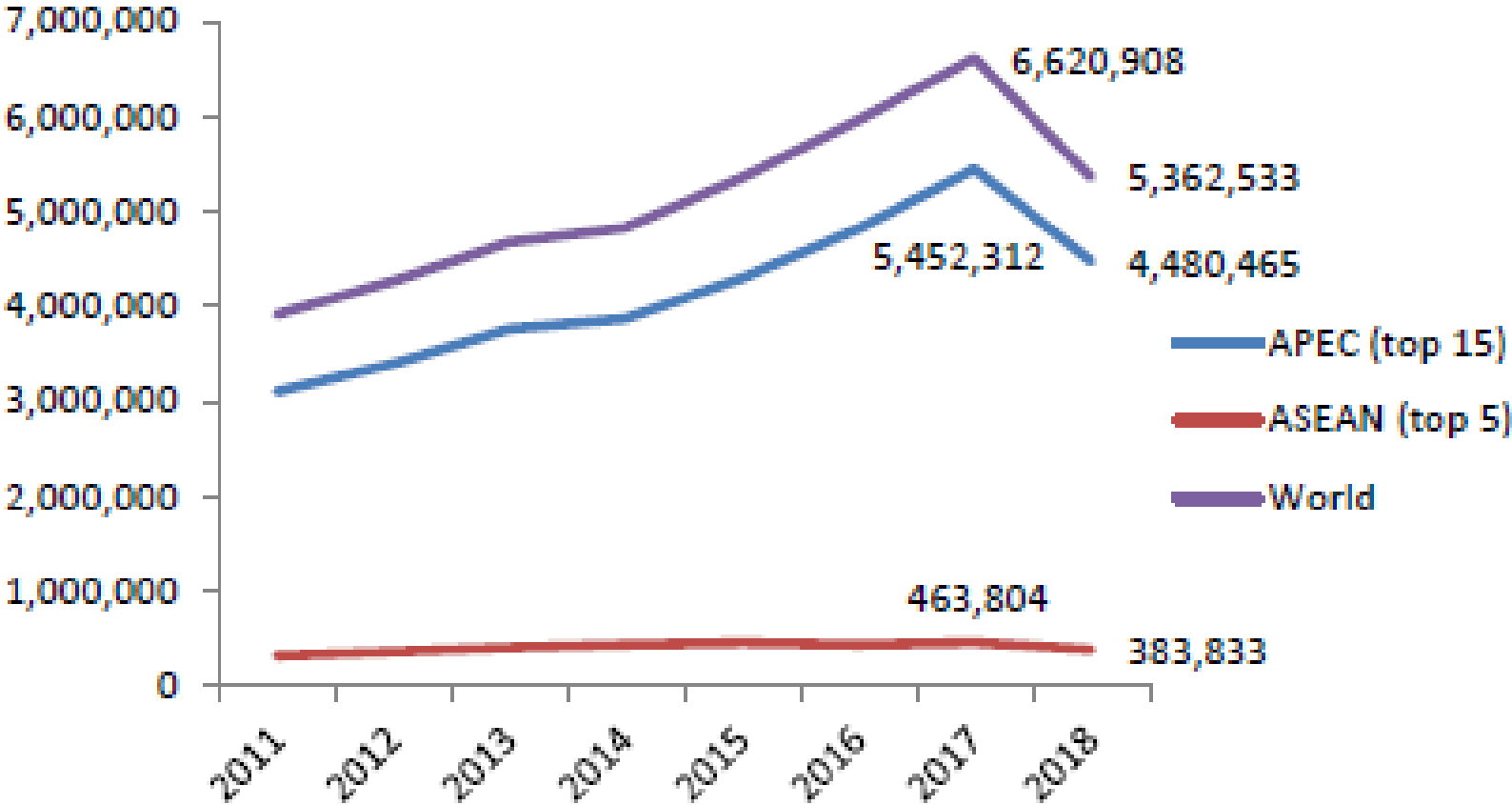


Philippine Investment

Net FDI inflows (in US\$ million)



Visitor Arrivals



Philippine Initiatives to FTAAP

- 1. Manila Action Plan for APEC (1996)** - It integrates the IAPs, collective action plans, and progress reports on Joint Activities of APEC members and the various APEC Fora.
- 2. Cebu Action Plan (2015)**
 - 4 Pillars:
 - promoting financial integration
 - advancing fiscal reforms and transparency
 - enhancing financial resiliency
 - accelerating infrastructure development and financing
- 3. Boracay Action Agenda to Globalize MSMEs (2015)** - Trade Facilitation, Financing, Digital Economy, and Institutional support, Women in MSMEs

Philippine Initiatives to FTAAP

- Improving the supply chain connectivity
- Green supply chain
- Boracay action agenda

On Supply Chain Connectivity

Chokepoints	Actions
Transparency	<ul style="list-style-type: none"> · Initiative to Advance the Action Plan for Chokepoint I of the APEC Supply Chain Connectivity Framework. · APEC Guidelines for Advance Rulings · Symposium on Supply Chain Connectivity · Compendium of Best Practices of National Logistics Associations · Improving the Understanding of Logistics Services
Infrastructure	Study and seminar on energy, transport, and environmental benefits of transit-oriented development
Documentation	<ul style="list-style-type: none"> · Self-Certification of Origin Building Program · Explore the possibility of adopting electronic certificates related to customs procedures
Connectivity	<ul style="list-style-type: none"> · Provide training in management of security, safety, and emerging technology in intermodal transportation and supply chain systems

Supply-chain Connectivity Framework Action Plan (SCFAP) (APEC 2013)

On Green Supply Chain

The Philippines initiated the discussions towards greening of MSMEs during the “Dialogue on APEC Cooperation Network on Green Supply Chains” in Boracay, 2015.

Green Industry Roadmap – aims to identify policies that would enable industries to improve their competitiveness, and achieve cleaner and efficient processes

BAA Priorities

Area	Priorities
Trade Facilitation	<ul style="list-style-type: none"> • Facilitate MSME's access to FTAs/RTAs and streamline ROOs procedural and documentary requirements and harnessing IT to ease documentation and procedures. • Streamline customs-related rules and regulations and assist in the compliance of MSMEs. • Provide timely and accurate information on export and import procedures and requirements. • Widen the base of Authorized Economic Operators (AEO) and trusted trader programs (TTP) to include SMEs
Financing	Widen financing options for MSMEs and further develop lending infrastructure
Digital Economy	Expand internationalization opportunities for MSMEs providing goods and services through ICT and ecommerce
Institutional Support	Strengthen institutional support for MSMEs
Women in MSMEs	Strengthen focus of women-led MSMEs

Philippine Customs Procedure

- Philippine National Single Window (NSW)
- TradeNet.gov.ph

Philippine EoDB

- Republic Act 11032, or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018
- Business One Stop Shop (BOSS)
- The Philippine Business Databank (PBD)

Philippine Initiatives to RAASR

Ph priorities to structural reform

Pillar	Priority
1	Improving the efficiency of logistic sector Improving broadband access and usage Developing and institutionalizing quality regulatory management system (QRMS) Making the economy's legislative and regulatory framework more conducive to the promotion of market competition
2	Improving access of MSMEs to financial services
3	Promoting skills development opportunities

Takeaways

Takeaways

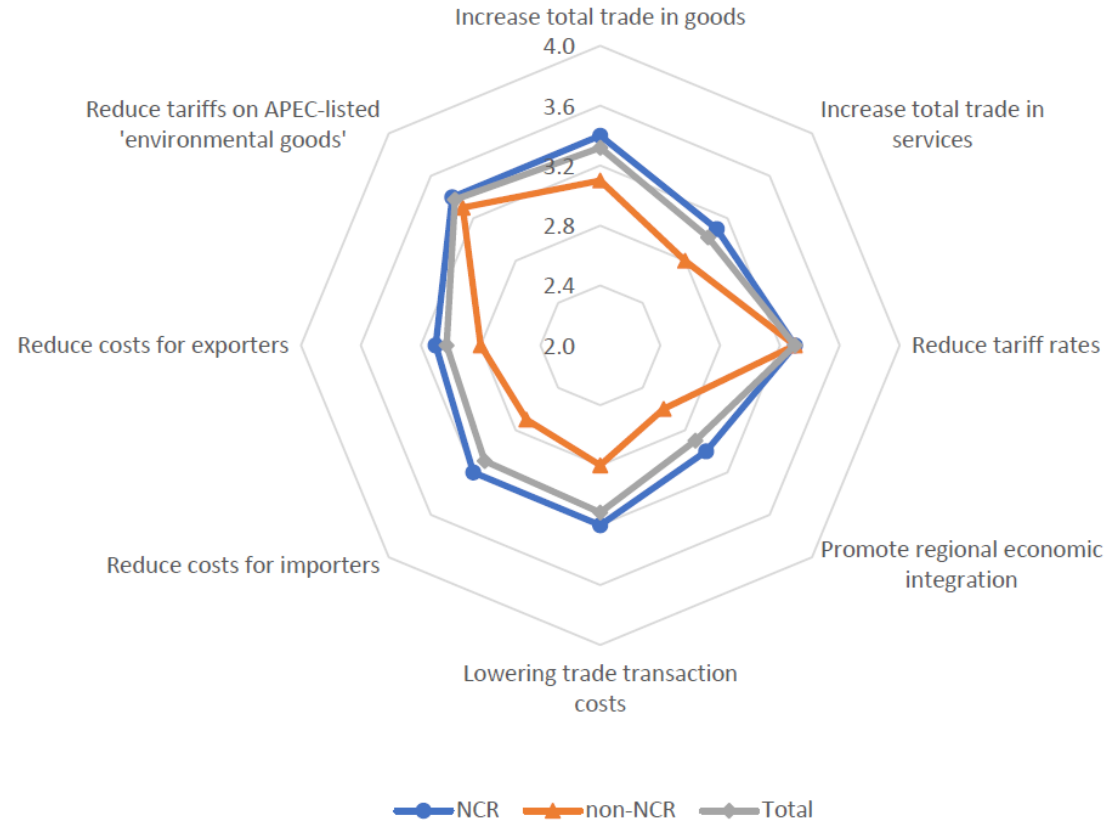
- APEC balances the geopolitics in the region.
- A new approach to regional economic integration.
- More efforts are required in meeting its commitments.
- APEC's non-institutionalization, as well as non-binding and voluntary principles, caused APEC to be misunderstood, but it also a source of its flexibility.
- APEC has contributed in shaping the business environment of the Philippines, although plenty remains to be done especially in view of the challenges in expanding economic opportunities in industry and services.

Takeaways

- APEC has contributed in shaping the business environment of the Philippines, although plenty remains to be done especially in view of the challenges in expanding economic opportunities in industry and services.
- It is important for the Philippines to (a) utilize trade agreements and trade facilitation, (b) upgrade domestic facilities to meet global standards, and (c) align domestic regulations.

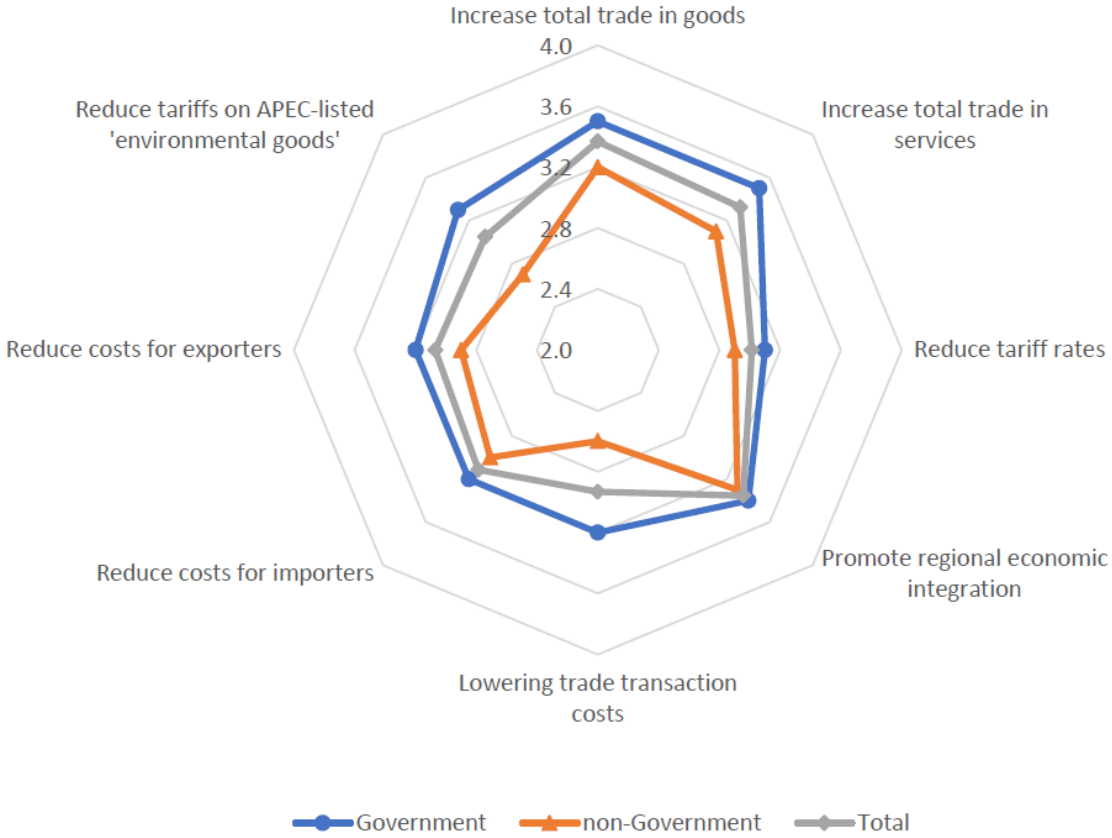
How is APEC perceived by stakeholders?

I. Respondents from NCR noticeably rate trade liberalization goals with higher mean scores



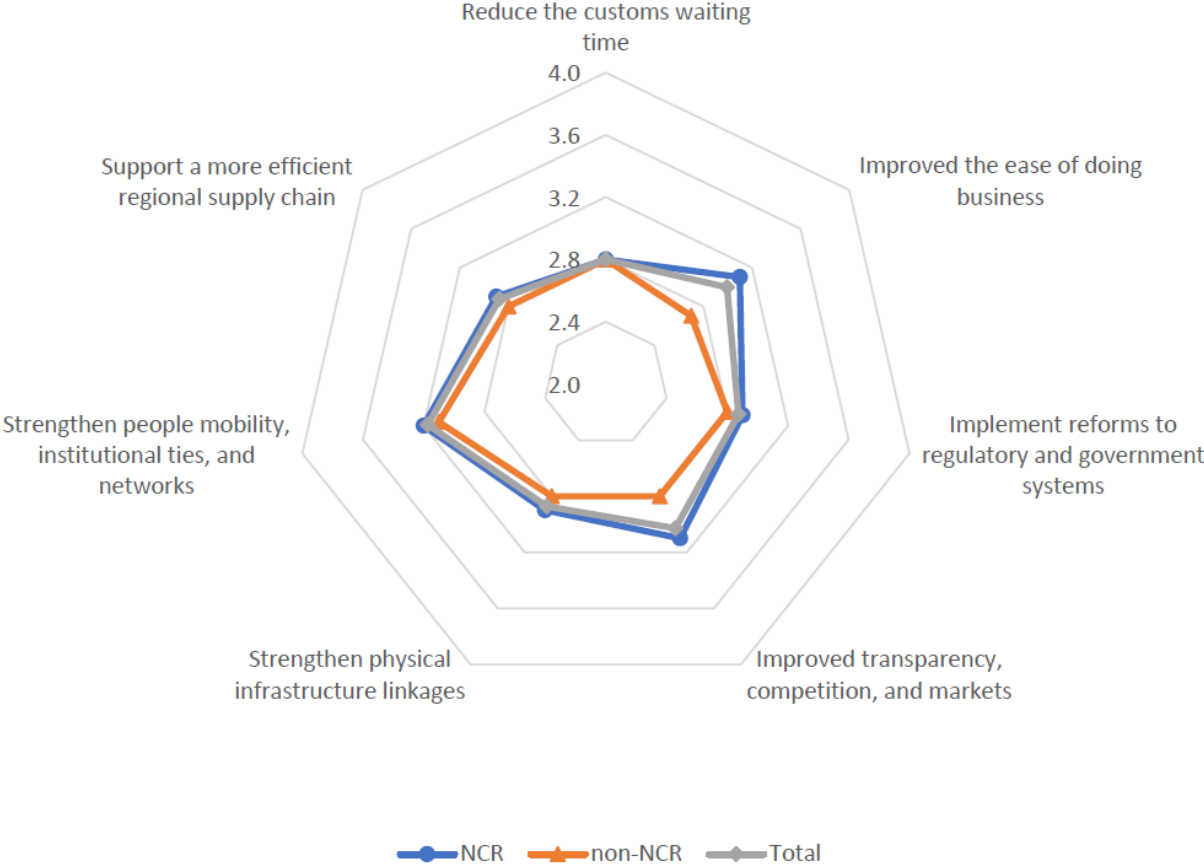
Note: Mean scores with the following interpretations: APEC has not done anything (=1); APEC has done minimal effort (=2); APEC has done an acceptable effort but can do more (=3); APEC has done a satisfactory effort (=4). The number of respondents that answered “I do not know” for each item are in parentheses.

2. Government and non-government respondents agree that APEC has done an acceptable effort but can do more to promote regional economic integration



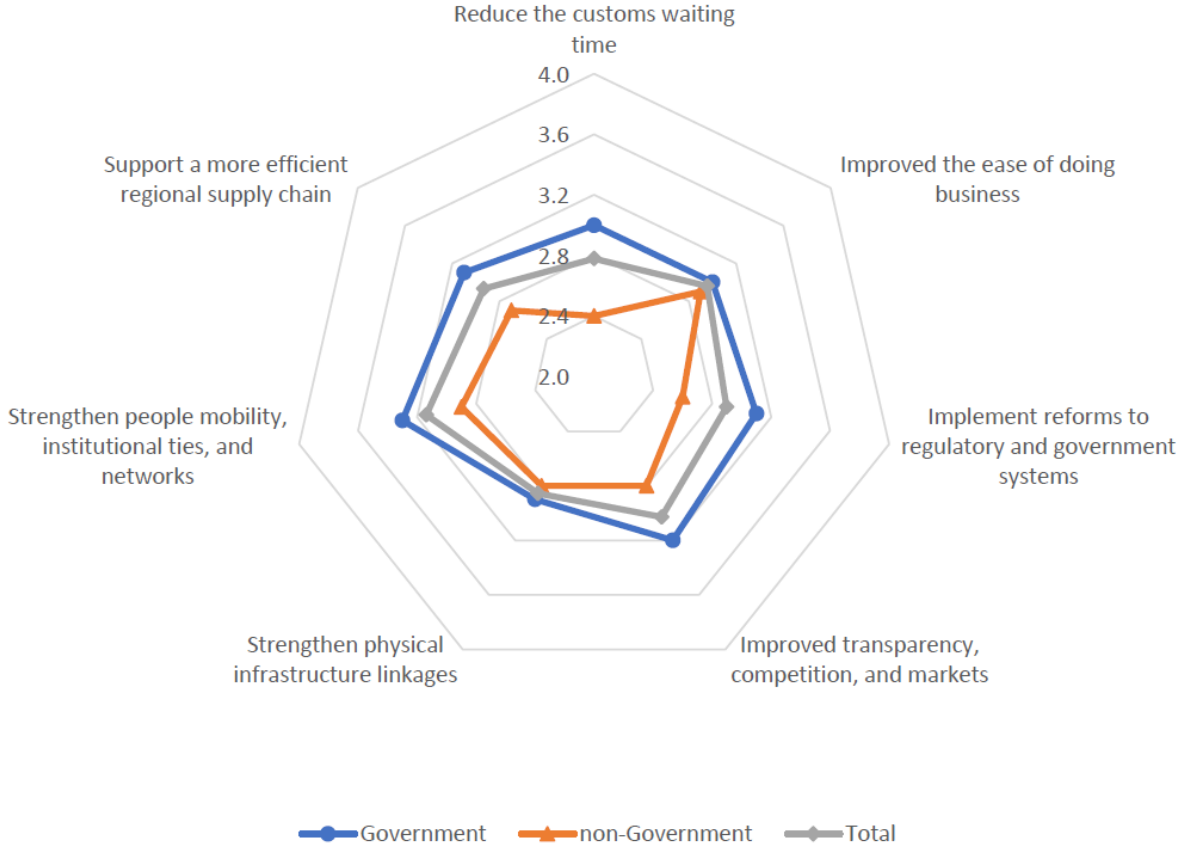
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3. NCR and non-NCR respondents perceive APEC's regional connectivity and efficiency goals similarly



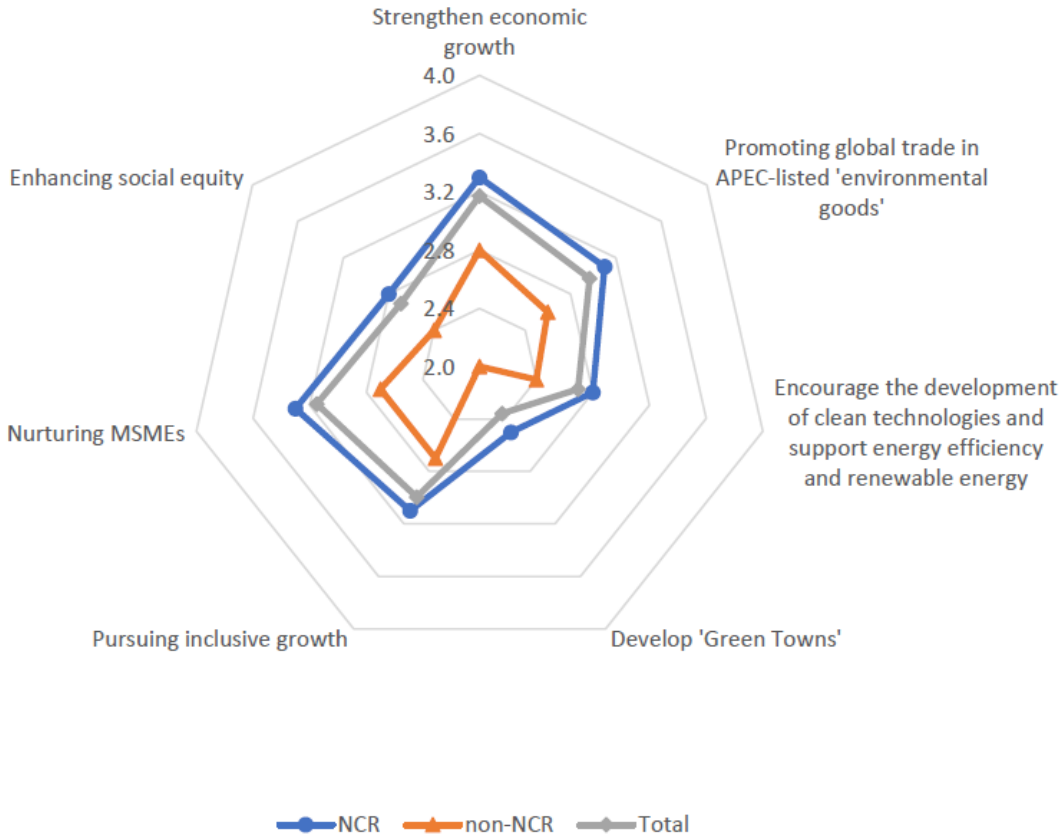
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4. Non-government institutions perceive that APEC has done little towards reducing customs waiting time



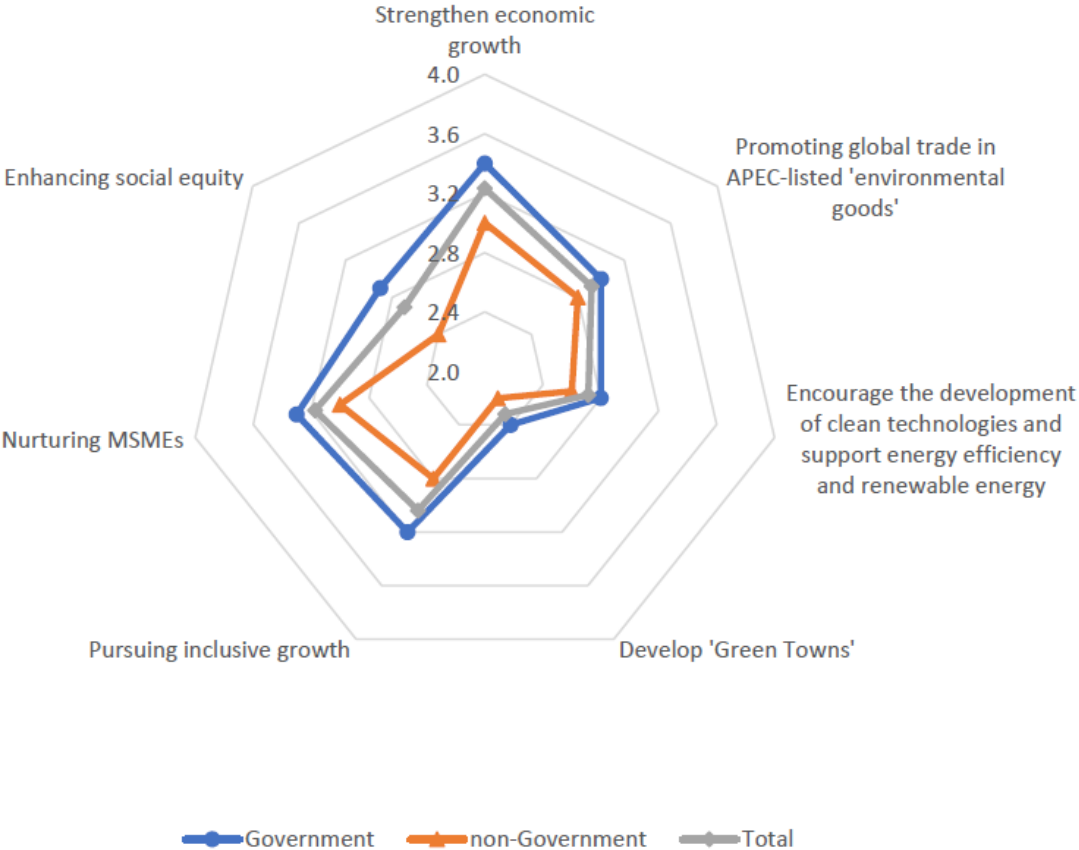
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5. Non-NCR respondents perceive APEC’s effort towards addressing emerging issues poorly compared to NCR respondents



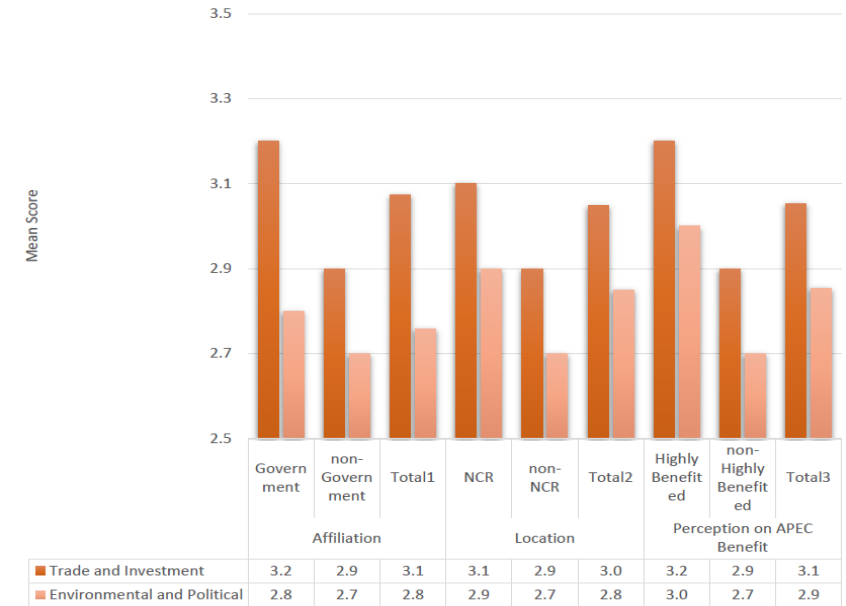
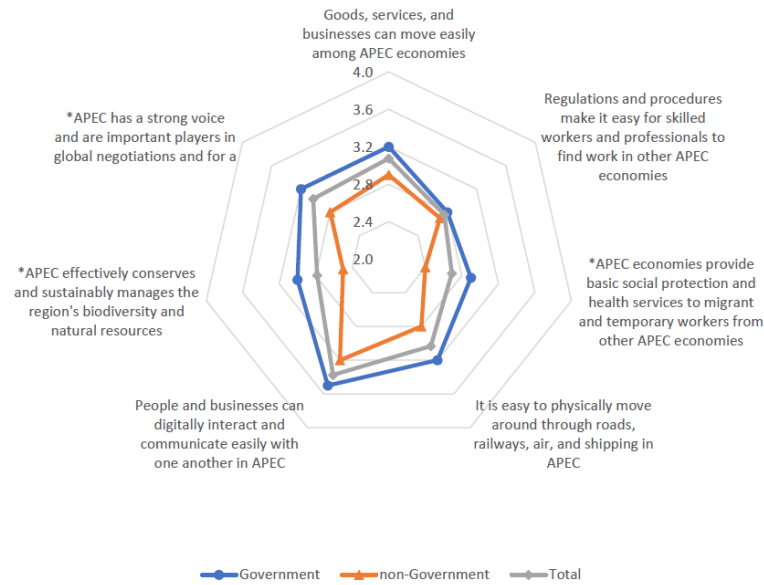
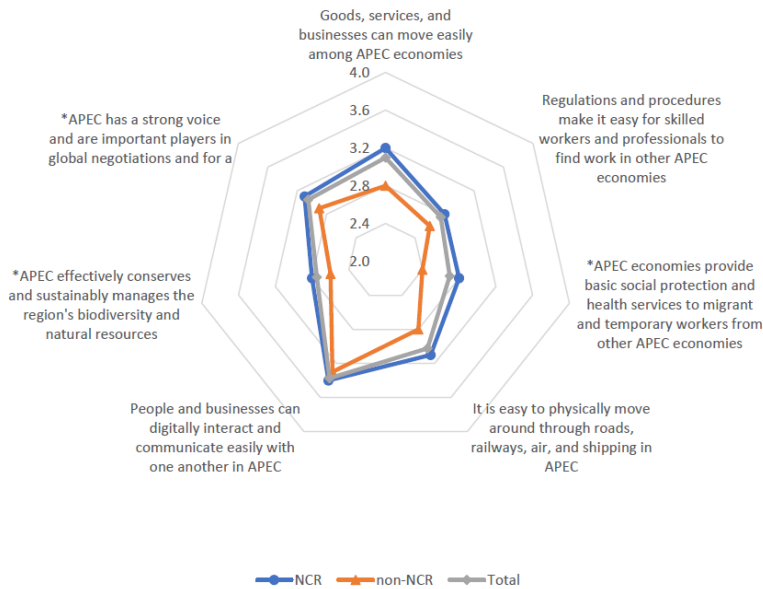
Note: Mean scores with the following interpretations: APEC has not done anything (=1); APEC has done minimal effort (=2); APEC has done an acceptable effort but can do more (=3); APEC has done a satisfactory effort (=4). The number of respondents that answered “I do not know” for each item are in parentheses.

6. Both government and non-government institutions agree that APEC has done little towards developing 'Green Towns'



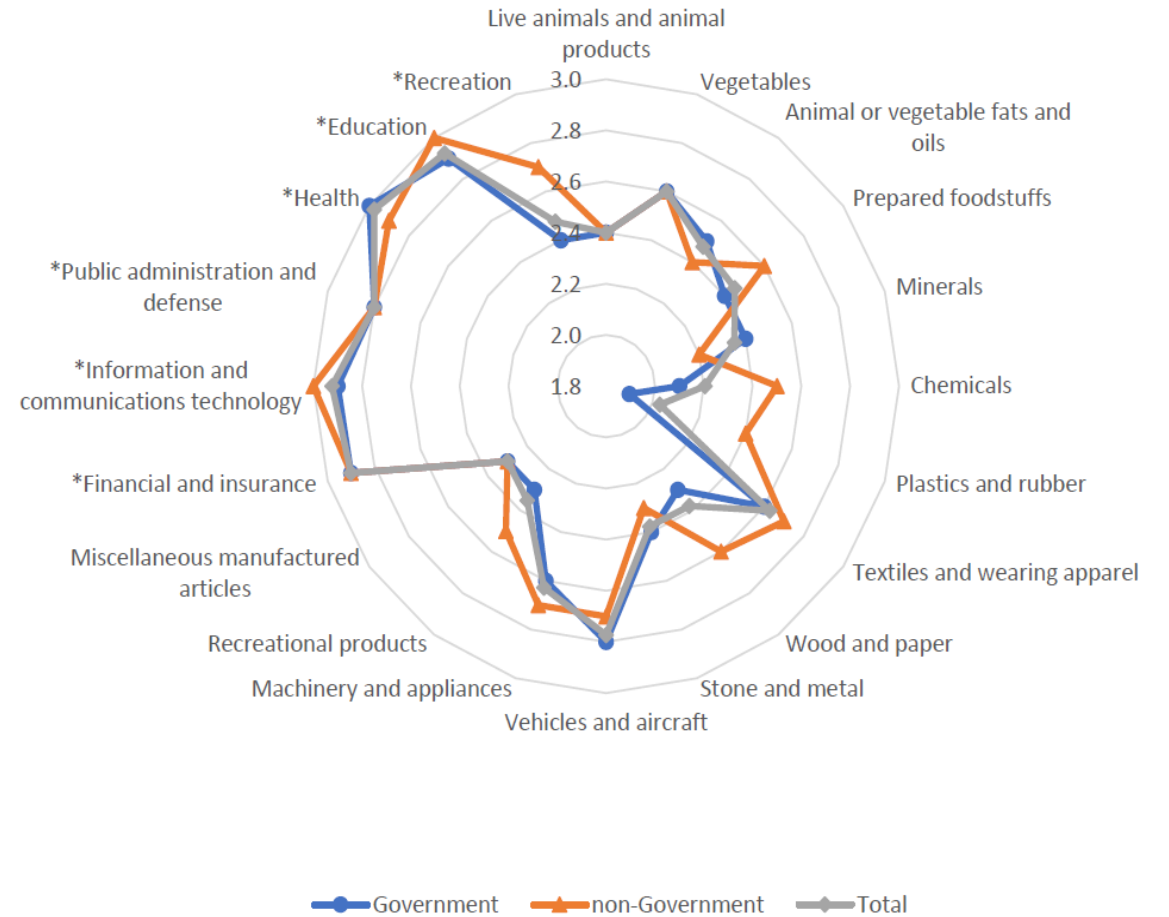
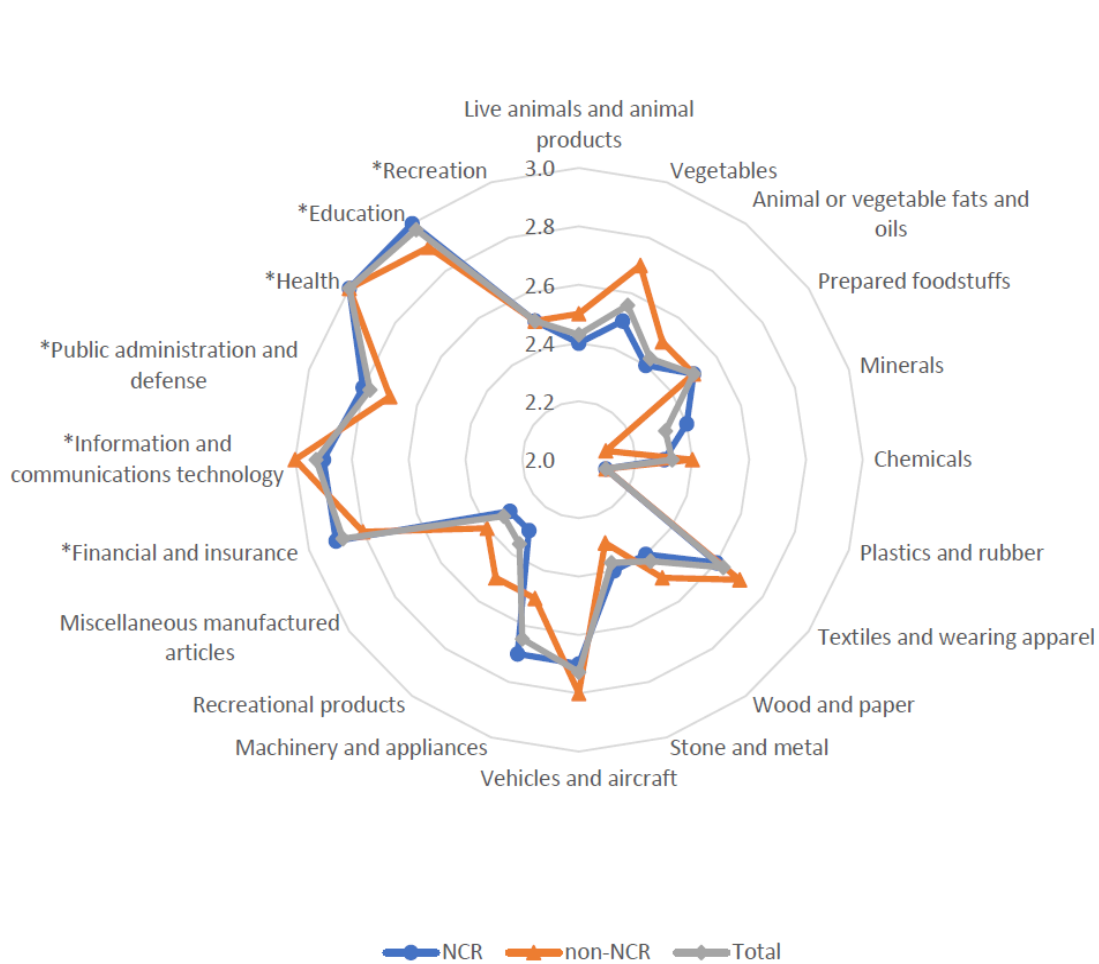
Note: Mean scores with the following interpretations: APEC has not done anything (=1); APEC has done minimal effort (=2); APEC has done an acceptable effort but can do more (=3); APEC has done a satisfactory effort (=4). The number of respondents that answered "I do not know" for each item are in parentheses.

7. All stakeholder groups are optimistic that APEC can realize a digitally connected region after 2020, but are pessimistic on environmental conservation and sustainability



Note: Mean scores with the following interpretations: Not likely at all (=1); Minimal chance of happening given business-as-usual conditions (=2); Acceptable chance of happening but requires effort and change (=3); Sufficient chance of happening given business-as-usual conditions (=4). Environmental and political scenarios are marked with an asterisk (*).

8. Stakeholders unanimously expressed that Services need more prioritization than is accorded them at present



Note: Mean scores with the following interpretations: Decreased level of priority (=1); Maintain level of priority from status quo (=2); Increased level of priority from status quo (=3). Services are marked with an asterisk (*).

Key Takeaways

- 1. APEC's effort towards trade liberalization, except for reduced tariffs, are mostly felt by just NCR.** This can signal the need to either strengthen information dissemination or to deliver programs that will effectively bring the fruits of trade liberalization outside NCR.
- 2. Regional economic integration is found wanting of more effort.** The recent conclusion of RCEP has sent a positive message to further economic integration, and with RCEP joining the CPTPP, APEC's more ambitious FTAAP has gone closer to fulfillment.
- 3. Regional connectivity and efficiency initiatives have been felt similarly across the country.** This gives a positive indication that improvements on matters, such as regulatory reforms, strengthening physical infrastructure linkages, and stronger people mobility, institutional ties, and networks, are not contained in just NCR.
- 4. APEC may need to boost its information dissemination with non-government institutions.** In some instances, such as with reducing customs waiting times and enhancing social equity, non-government institutions gave noticeably poorer ratings than government institutions – this despite APEC having contributed towards those goals.

Key Takeaways (continued)

- 5. APEC's effort towards emerging issues are felt only in NCR.** The noticeably poorer scores non-NCR respondents gave towards emerging issues suggest that APEC's effort towards issues, such as nurturing MSMEs, enhancing social equity, and strengthening economic growth, do not reach other parts of the country, which may signal the need for more inclusive programs.
- 6. The Philippines does not have a Green Town yet.** The poor ratings accorded by both government and non-government institutions towards green towns may be a result of its absence in the country.
- 7. Stakeholders are optimistic about a digitally-integrated APEC but are pessimistic about environmental conservation and sustainability in the region.** APEC's Putrajaya Vision 2040, which enshrined digitalization, offers support to stakeholders' optimism towards a digitally-integrated APEC region. The same vision also mentioned APEC's commitment to comprehensively address all environmental challenges for a sustainable planet, which can send some assurance that environmental conservation and sustainability are in APEC's paradigm.

Key Takeaways (continued)

8. **Services trade, especially health, could grow stronger in the region.** Digitalization could foster more growth for services and could even give rise to completely new services not existent before. Stakeholders have found the need increase priority towards all services.



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