



REPUBLIC OF THE PHILIPPINES
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

PHILIPPINE SERVICES STRATEGY

Globally Competitive Services Sector

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MBC Philippine Services Conference and Roundtable Discussion

Makati Diamond Residences, Makati City



Presentation Outline

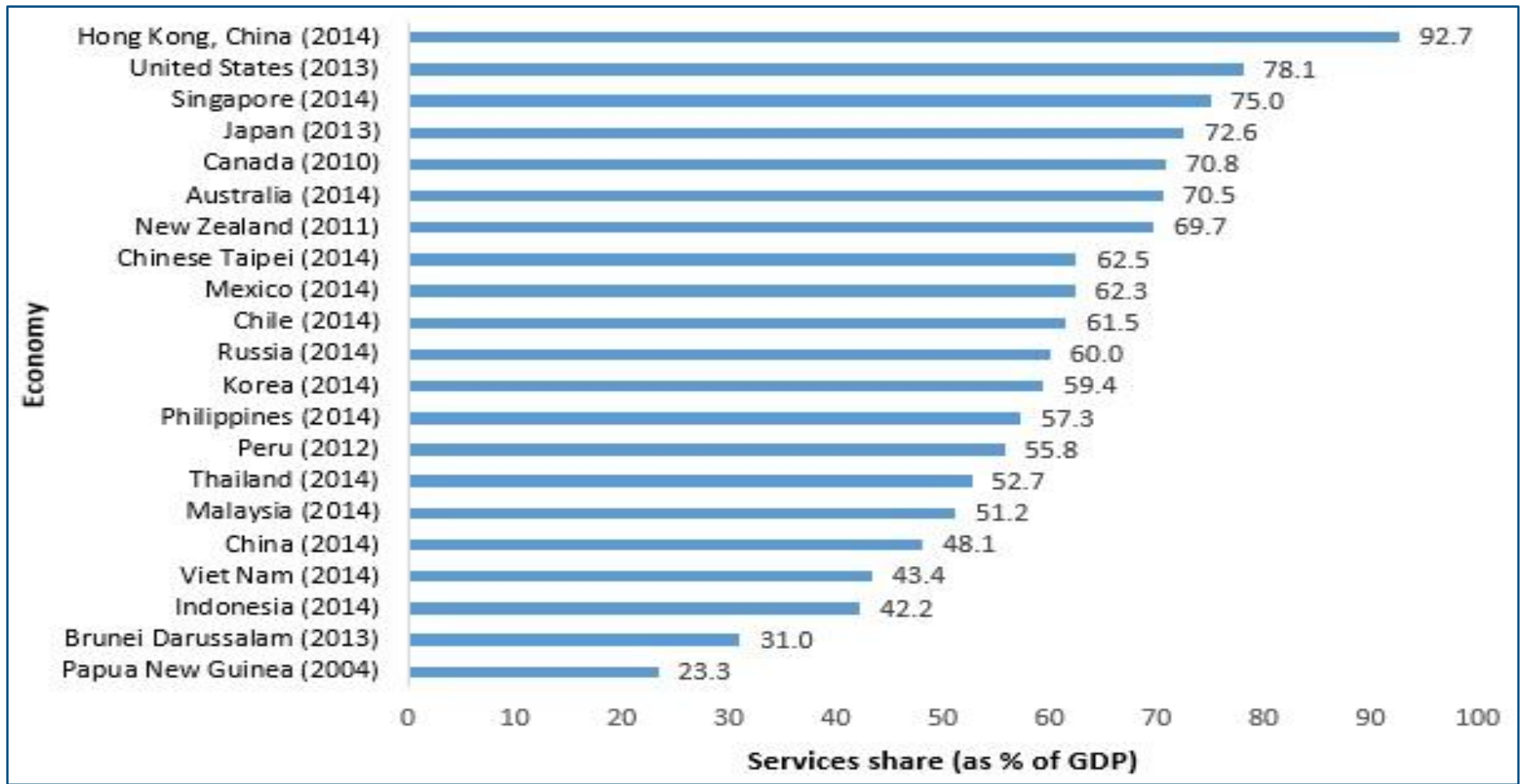
- I. Importance of Services**
- II. The Philippine Services Sector**
 - **Opportunities**
 - **Status of AEC Commitments**
 - **Challenges**
- III. Policy Reforms and Initiatives**

Importance of Services

- Fastest growing sector of the global economy
- 60% of world production and employment
- Nearly 20% of world trade

Importance of Services

Share of Services in GDP in APEC Economies

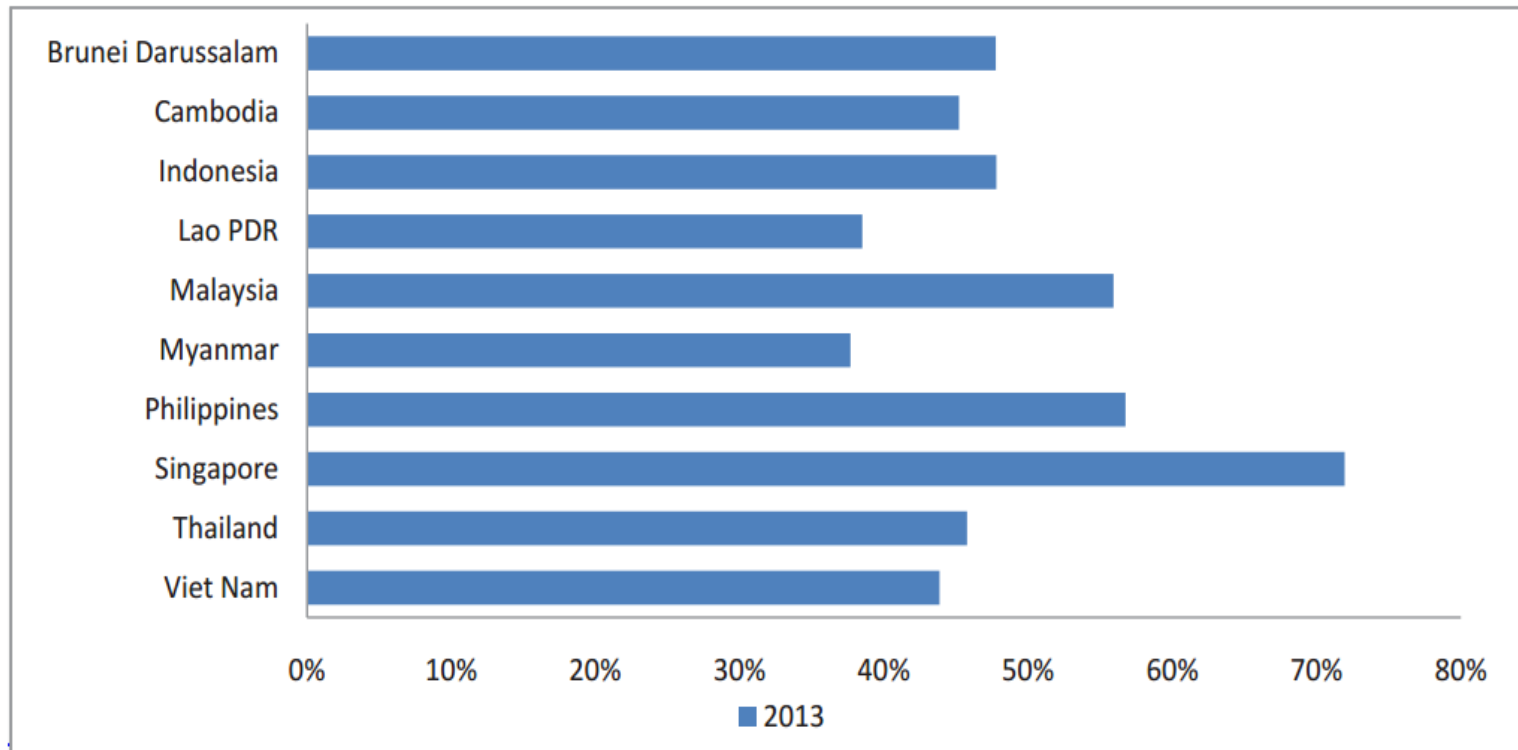


Source: APEC PSU Structural Reform and Services, 14 August 2016. World Bank World Development Indicators. Chinese Taipei data is from Directorate-General of Budget, Accounting and Statistics.

Importance of Services

Services Sector in ASEAN Economy

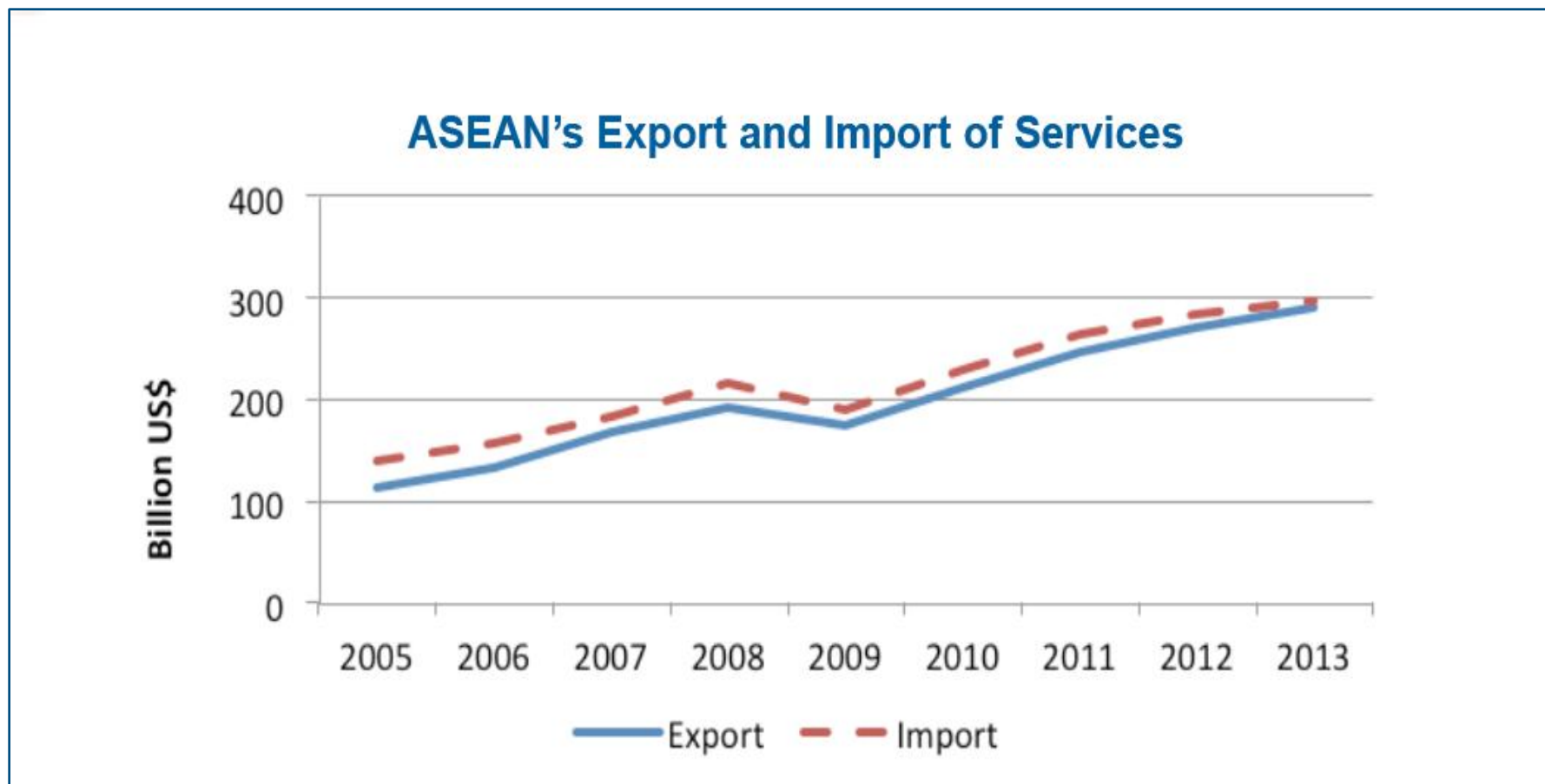
Services as Percentage of GDP, 2013



Source: ASEAN Stats, 2015

Importance of Services

Trade in Services in ASEAN



Source: ASEAN Stats, 2015

The Philippine Services Sector

The Philippines is a services-led economy.

- Services GVA grew by 6.8% in 2015; and shared 57.1% of GDP
- Total employment of 21.2 million persons; or 54.7% of total employment in 2015
- Major services exports: IT-BPM and tourism related services

Source: Philippine Statistics Authority

The Philippine Services Sector

Philippine Development Plan Midterm Update 2011-2016

- Strategies are focused to achieve *globally competitive and innovative industry and services sectors*
- Priority sectors: **manufacturing, agro-industry, IT-BPM, tourism, logistics and construction.**

The Philippine Services Sector

Opportunities

- High and sustainable GDP growth; stable macro-economic fundamentals
- Large pool of skilled and semi-skilled workforce
- Fast-growing IT-BPM sector; Manila is second top outsourcing destination in 2016
- High potential as a logistics hub (e.g., ship building/repair)

The Philippine Services Sector

Status of AEC Commitments

Trade in Services

- Integration of trade in services is one of the essential elements in the realization of the ASEAN Economic Community.
- The ASEAN Framework Agreement on Services (AFAS) mandates progressive negotiations on the liberalization of trade in services.

The Philippine Services Sector

Trade in Services

Completed to date:

- 9 packages of commitments under AFAS
- 7 packages of commitments for financial services
- 9 packages of commitments under air transport services

The Philippine Services Sector

Trade in Services

Due in 2017:

- 10th package of commitments under AFAS other than financial services and air transport services
- 8th package of commitments for financial services
- 10th package of commitments for air transport services

The Philippine Services Sector

Challenges

- How can PH service suppliers move up the value chain?
- How can PH local service suppliers complement with incoming foreign services suppliers?
- How can outgoing PH service suppliers compete with local suppliers abroad?

The Philippine Services Sector

Challenges

- Equity limitations and other forms of FDI restrictions e.g., land ownership, minimum capitalization requirements
- Other regulations or their application which may limit trade and investments

Policy Reforms and Initiatives

- RA 10667- Philippine Competition Act
- RA 10641- Liberalization of Banking Sector
- RA 10881- Liberalization of Adjustment Companies, Lending Companies, Financing Companies and Investment Houses
- RA 10668- Foreign Ships Co-Loading Act
- RA 10635 - MARINA as the single maritime administration responsible for implementation and enforcement of the 1978 international convention on standards of training, certification and watch keeping for seafarers.
- APEC Services Competitiveness Roadmap
- APEC Virtual Knowledge Center

Policy Reforms and Initiatives

Government priorities to focus, among others on:

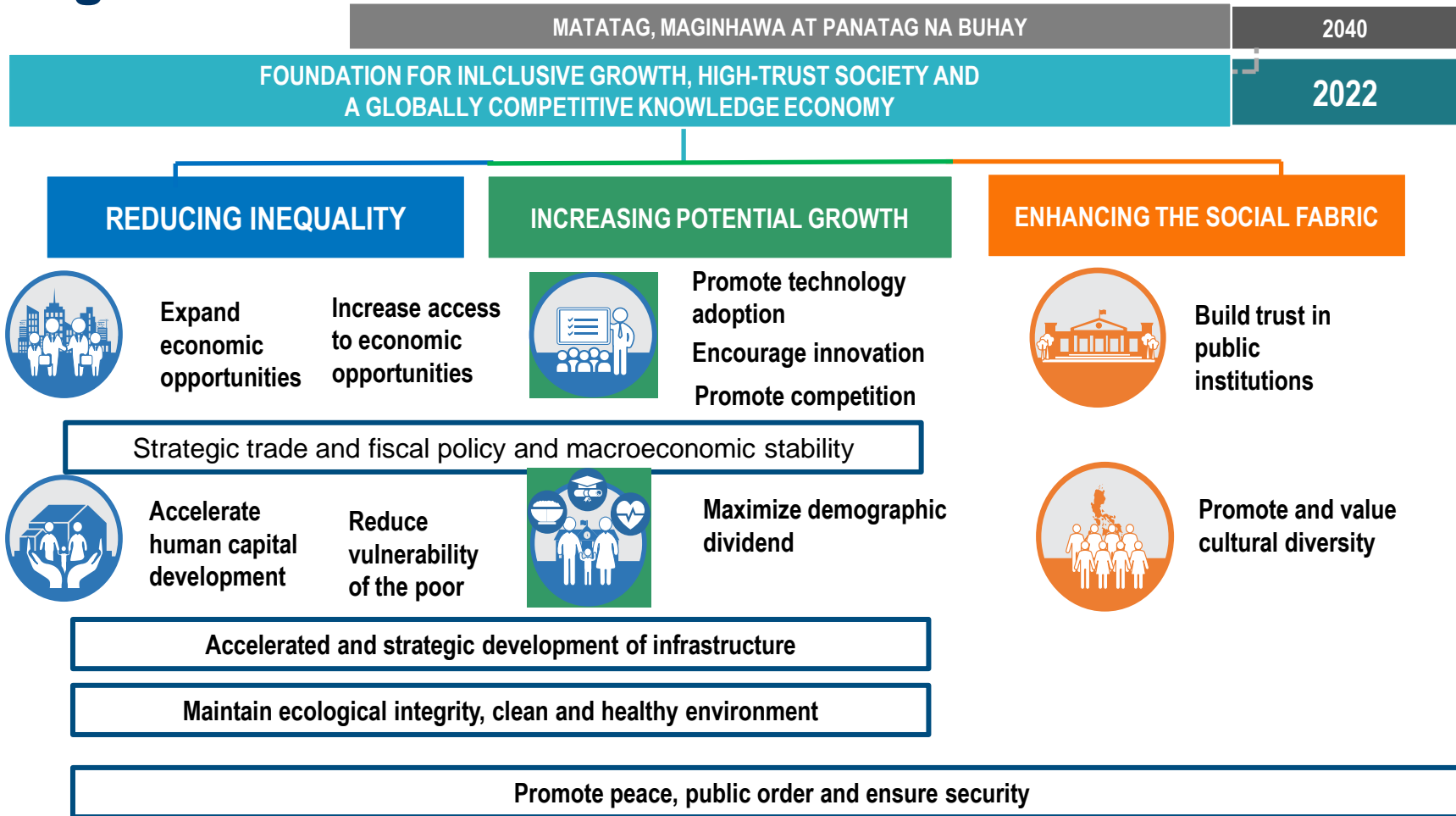
- Peace and security
- Investment in human capital, infrastructure, regional and rural development
- MSMEs
- Macro-stability



10+0 Economic Agenda



Strategic Framework





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