

Delivering on the Promise of International Trade and Investments

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Mobilizing for a Decade of Development

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Promise of trade and investment towards a liberal era

- Improvements in cross-border market access
- External reasons to domestic economic policy reforms
- Strategic business linkages that foster interdependence among economies
- First-mover advantage to countries that pursued trade and investment reforms ahead of others.

A transforming RP economy

Production Structure	Agriculture to Industry to Services	
Nature of Products	Resource-based to Labor-intensive to Technology- / Knowledge-driven products and services	
Policy Process	Enclave- / sectoral-approach to cross-cutting / overarching intervention	
External Trade Policy	Multilateral Regional Bilateral	
Trade Partners	Europe US and Japan ASEAN Middle East China	Korea Australia / New Zealand India

Twin-elements of Trade strategy

- Sustain export growth by enhancing efficiencies in high-volume, high-employment generating mainstream products and services where RP is competitive:
 - electronics and electrical products (~61% of total export value),
 - autoparts (5%),
 - garments and textile (5%)
- Impact on poverty situation
 - skills-based job generation
 - urban setting
 - part of global production chain
- Target emerging sectors, potentially competitive, strong linkage with domestic resources:
 - products and services (e.g. organic, natural, herbal products, crafts; health and wellness, etc.)
 - producers and service providers (countryside-based, community-supported enterprises, mostly micro-businesses, etc.)
 - entry into global trade of new generation products
- Impact on poverty situation
 - opportunity for entrepreneurship, including households
 - self-help attitude yields results
 - adding more value to raw materials
 - basic employment
 - beneficial effects of fair trade

Investment landscape: Market- or Policy-induced

- Growth of some successful industries depended on limited government intervention and on emerging global demand
 - Electronics (incentives-based)
 - Business Process Outsourcing (fluency in English, fiber optic telecoms facilities, LGU initiatives)
 - Domestic aviation (easier entry, competitive fares, heightened interest in travel)
- Challenged industries need to metamorphose business models that rely on lesser government intervention
 - entry of foreign capital might serve as lifeline
 - injection of technology upgrade may well be needed
 - tapping of managers with experience in bigger-scale projects could be required
 - adding foreign markets to the domestic to attain better scale economies

Issues and Challenges

- Slow progress in multilateral negotiations will see more FTAs being concluded.
- Asia as the growth region of the world in the coming decades.
- FTAs in the region leading to inter-dependent economies pose new challenges to trade policy.
- Countries must strive to have a vision of their role in the region.
- Increased trade and investments should have mainstream effects on countries.
- Mainstream effects on a country must be developmental and improve the lives of the less fortunate.

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