

MBC FORUM

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APEC 2015 UNDER PHILIPPINE CHAIRMANSHIP

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Chair, 2015 APEC Senior Officials' Meeting

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Usec. LAURA Q. DEL ROSARIO

THIS YEAR, WE ARE HOSTING APEC, with the slogan: Building Inclusive Economies, Building a Better World.

In the past, APEC looked at inclusive growth in terms of an economy versus another economy. Now, however, we are looking at inclusive growth from the point of view of growing through four priority pillars: enhancing the regional integration agenda, fostering SME participation in regional and global markets, investing in human capital development, and building sustainable and resilient communities. The pillars are a measurement of balanced growth, inclusive growth, sustainable growth, innovative growth, and secure growth.

How did we come up with these four? We held a series of meetings starting in 2012 [and asked:] What is the problem? What are the solutions—the dots to connect? How do we connect these dots to achieve inclusive growth? [The focus on inclusive growth in 2015 stemmed from the 2013 Pacific Economic Cooperation Council (PECC) Survey of Asia-Pacific Opinion Leaders, on the satisfaction with actions taken to promote the



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Undersecretary Laura del Rosario, Jaime Augusto Zobel de Ayala, and Guillermo M. Luz were the speakers at the joint membership meeting of the Makati Business Club and the American Chamber of Commerce of the Philippines, on 10 February 2015. Published here are excerpts from their keynote speeches and the open forum.

APEC Growth Strategy. The results showed that inclusive growth had the highest dissatisfaction rating at 37.3%, and the second to the lowest satisfaction rating at 11.8%.]

We found that in our national economy, the biggest issue that we have to address is investing in human capital development. We now know that the top ten jobs in 2010 did not exist yet in 2004; so if in 2010 there were jobs that did not exist yet six years before, how do we train our



USEC. LAURA Q. DEL ROSARIO

people? Knowing that the young people we are training now will hold jobs that do not yet exist and that knowledge and information grow exponentially, it also means that we also have to change the way we teach.

In the economic integration [pillar], we looked at structural reform and asked: "What policies need to be changed?" I keep on telling

this many, many times: [We have so many useless regulations—financial regulations, local government regulations, customs regulations. Why can't we list these regulations down, present it to the body, and push the minister or secretary to get rid of these?]

With regard to connecting SMEs to bigger markets, because of these regulations, our SMEs cannot move into the global supply chain. DTI is trying to do something to help SMEs—they're looking into APEC-trusted customs operators. This means that if you are a small business and are known to be honest and straight, Customs should give you an easy time in getting your business through, importing and exporting your products, whether you are or are not part of the global supply chain.

There's also something that I want you to be aware of: one of the things that can lift small businesses is the internet economy. If I am small and I want to take advantage of the big market out there, I can use e-commerce. In the Philippines, we have OLX, China has Alibaba, the United States

has eBay, but what if I want to penetrate the markets of Singapore and Malaysia? In the Philippines, we cannot do much in e-commerce because we don't have a Data Privacy Commission yet.

In the pillar of building resilient communities, we are looking at building resilient infrastructure; not just building back better, but building forward better. That is why we also think of building resilient Information and Communications Technology (ICT) for our communication lines to withstand typhoons and other weather disturbances. The Department of Energy is also looking into securing our energy infrastructure so that in times of any disaster, we have a secure supply.

I hope I have spoken enough to make you see that APEC is not just a talk show, that we are serious about doing business the best way possible.

There is one last thing that I should draw your attention to: the structural reform ministerial meeting. Structural reform is the second ministerial meeting held in APEC,

ABOUT THE SPEAKERS

USEC. LAURA Q. DEL ROSARIO

Having joined the Philippine Foreign Service in 1979, Ambassador Laura del Rosario has been assigned as diplomatic and consular officer in the Philippine Embassy in Vienna, Singapore, and Washington DC. From 2003 to 2007, she served as Philippine Ambassador to India and Nepal, and as Ambassador to Vietnam from 2007 to 2009. In 2012, she was conferred the Gawad Kamanong Presidential Award of the Grand Cross for her work in economic diplomacy. Currently, she is the Undersecretary of Foreign Affairs in charge of International Economic Relations, and the Chair of the APEC Senior Officials' Meeting. ■

JAIME AUGUSTO ZOBEL DE AYALA

Jaime Augusto Zobel de Ayala is the Chairman and CEO of the oldest business house in the Philippines, with operations in real estate development, banking, telecommunications, utilities, and infrastructure, among others. An alumnus of Harvard Business School, he was a recipient of the school's prestigious Alumni Achievement Award in 2007. He is the Chairman of the APEC Private Sector Advisory Council, and one of the three Philippine representatives to the APEC Business Advisory Council. He is also the Co-vice chairman of the Makati Business Club. ■

GUILLERMO M. LUZ

Guillermo Luz is the private sector co-chairman of the National Competitiveness Council, and serves as the Lead Coordinator for the Private Sector of the APEC National Organizing Council, as well as an alternate member of the Philippines to the APEC Business Advisory Council. He was also the Executive Director of the Makati Business Club from 1987 to 2006. ■

to be hosted by NEDA Secretary Balisacan in Cebu in November. It will be nice if you can give your input to Secretary Balisacan so that he can give the agenda to the rest of APEC and the economies can give their feedback. ■

JAIME AUGUSTO ZOBEL DE AYALA

THE APEC, ESTABLISHED IN 1989, is the premiere economic forum spanning the Asia-Pacific Region and now accounts for approximately 40% of the world's population, 50% of global GDP, and over 40% of world trade. The forum has 21 member economies seeking continued economic cooperation, a greater sense of community, and a shared appreciation of common interests among all of us. Every year, Leaders of the member economies convene at various locations to work on furthering these interests.

Throughout its 25-year history, APEC has sought to influence policy and institutional thought towards its goals and strived to turn these into impactful results that benefit the vast majority of its members' citizens.

THE APEC BUSINESS ADVISORY COUNCIL (ABAC)

Within that context, the APEC Business Advisory Council (ABAC) plays a critical role, providing counsel and recommendations to APEC member-countries on how the organization's goals can be best achieved from the standpoint of the business community. ABAC is composed of three executives per economy, all appointed by the respective President or Prime Minister. I am a member of ABAC along with Tony TanCaktiong and Doris Magsaysay Ho, ABAC Chair for 2015, with Bill Luz and William Tan serving as alternates. Our job is to provide advice to Leaders on business and economic matters. ABAC's Annual Dialogue with Leaders, which takes place dur-

ing the Annual Economic Leaders Meeting, has become an effective conduit for the business community to convey its inputs to policymaking in APEC.

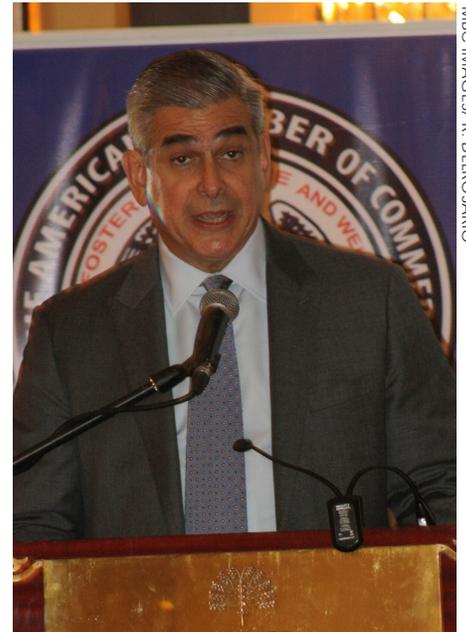
Over time, ABAC's recommendations have produced tangible results. The adoption of the APEC Business Card in 1997 now allows business travelers pre-cleared, facilitated short-term entry to participating member economies. ABAC has also given a number of recommendations that contributed to the reduction of tariff and improved business environments in the region, bringing down tariff levels within APEC member-economies from an average of 17% 26 years ago to an average of 5.4% today. Ease of doing business in the region has significantly improved as indicated by the much shorter time it now takes to start a business in the region. In addition, ABAC has supported the single window system in APEC that allows a standardized and more efficient documentation for import, export and transit-related regulatory requirements. ABAC also spearheaded one of APEC's landmark initiatives, the Free Trade Area in the Asia-Pacific or FTAAP. We also took part in promoting the SMME and pushed for the Philippines-initiated Women and the Economy agenda in APEC.

ABAC CONTRIBUTIONS TO APEC IN 2015

A few years ago, inclusiveness may have been difficult to achieve. However, today, with the convergence of urbanization and technology, an inclusive and sustainable agenda have become vital principles to bring more people into prosperity. More than ever, businesses today have increasingly sought ways to align their businesses' growth strategies with broader sustainable development goals.

Against that backdrop, ABAC's agenda this year includes the 4 priority pillars.

For the first pillar – **Advancing the Regional Economic Integration**



JAIME AUGUSTO ZOBEL DE AYALA

and Services Agenda – ABAC will deliver a research paper studying different pathways to free trade agreements, which would include the Trans-Pacific Partnership (TPP) or the Regional Comprehensive Economic Partnership (RCEP), to contribute to APEC's Collective Strategic Study on the Free Trade Agreement in the Asia Pacific.

For the second pillar – **Fostering SME Participation in International Markets** – ABAC initiatives include a research project with the Marshall School to identify case studies of successful e-commerce businesses across the region and to document case studies of new business models where bigger businesses enable SMMEs to grow as part of their global value chain. In addition, ABAC plans to launch the [Cross-Border e-Commerce Training] program in 2015 to build the capacities of SMEs, women, and entrepreneurs to trade domestically and across borders.

Finally, a priority will be to push for the Asia-Pacific Financial Forum's action plans related to expanding SMME access to finance and micro-insurance, which includes the establishment of credit bureaus, collateral registries, and the legal infrastructure that will effectively support these institutions.

ABAC commitments for the third pillar – **Innovation and Hu-**

man Capital Potential – include a study with PriceWaterhouse-Coopers, called “Earn, Learn and Return,” on developing a sectoral approach to managing cross-border movement of workers in the region. Another study aims to define the skills set required by the 21st century global worker. ABAC is also working on an initiative to provide online and field internship program for APEC youth to be undertaken in partnership with private companies willing to provide [internship] opportunities.

Under the final pillar of priorities – **Promoting Liveable, Sustainable Cities and Resilient Communities** – we are looking to develop a private sector forum to support the Public-Private Partnership on food security. ABAC will also develop recommendations on sustainable energy and energy security that seek to balance economic growth, while expanding and conserving energy. Other work areas include a study on liveabil-

ity and sustainability metrics for selected sites across the region; a study that measures the impact of Non-Communicable Diseases (NCDs) on workforce productivity; a public-private dialogue with the APEC Mining Task Force; and a sharing of best practice initiatives and policy recommendations supporting women in the workplace.

Looking inward, we hope to connect these initiatives with the business community here.

These recommendations will be contained in various reports and letters addressed to Ministers and Leaders. More importantly, they will form the agenda of items discussed in the Annual ABAC Dialogue with Leaders, which will take place during the Leaders Summit in November. ■

GUILLERMO M. LUZ

A LOT OF INNOVATIONS HAVE BEEN put together in the Philip-



GUILLERMO M. LUZ

ippines since we last hosted in 1996 and [we have since] used the opportunity to introduce changes to APEC that have all become regular features of the annual meeting. The ABAC was convened for the first time in 1996, and the Phil-

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Q&A

Why are there no APEC events in Mindanao?

Luz: The rationale for picking all the locations was that we wanted to showcase as much of the country as possible, we wanted to spread out public and private investments to prepare for the meetings to as many areas as possible, and of course, we wanted to show off local color and culture.

Originally, we looked at Davao and Cagayan de Oro, but we had to put those on the backburner because of advisories by foreign embassies. We felt that we cannot hold the ministerial meeting if certain ministers will not be allowed to travel to these places on account of that.

During the World Economic Forum on East Asia back in May 2014, livestreaming of the events made the forum much more accessible to those who cannot attend. Are there any plans to have the APEC meetings allow online broadcasts?

Zobel de Ayala: The issue of livestreaming, I think, is excellent and very valid. We have a whole amount of work that's taking place to link up to services that will provide as much exposure to the meetings would allow; some are closed-door, but many are not. Bill in particular has been working with global broadcasting institutions; we haven't picked any yet, but we will on the coming days.

Luz: If you want to keep track of APEC meetings, the government's communications arm and their social media campaign is very good. We've also talked to global broadcasters (CNN, Bloomberg, CNBC) and our challenge to all of them is to give APEC Davos-style coverage. 50% of the global economy is in APEC; I think it deserves that much.

How can the larger private sector get more involved in this whole process? What are the venues for the private sector to get more involved with APEC?

Zobel de Ayala: First, we will do our best to convene meetings with representatives from different associations. We have already been doing that. It's hard to convene massive groups, but we have had good representation at our meetings. It's one way of getting feedback.

The other thing is that throughout the whole APEC, whether you are a local or a foreign national as long as you are residing in the Philippines, there may be moments when your organization may be asked to help out in one way or another, as Bill pointed out, as we're trying to spread the APEC meetings around the country. ■

ippine business community organized the first-ever APEC Business Forum, which became the predecessor of today's APEC CEO Summit. It was the first time a higher level of interaction was organized between Leaders and CEOs.

Prior to 1996, CEOs did not have access to Ministers, let alone Leaders. Under Philippine chairmanship, the Leaders were suddenly meeting businessmen at the CEO Summit, and ABAC members and business delegates were holding joint meetings with Trade and Finance Ministers. This access has eventually blossomed into an institutionalized set of meetings so that APEC Leaders and Ministers can get regular policy inputs from the business community.

[In 2015, we should take the opportunity to redefine this level of access so that the interaction between businessmen and Ministers and Leaders can lead to more meaningful progress in a world of change. We should ask ourselves : what do we bring to the table that will have significant impact on APEC and on the country?]

GREATER INTERACTION BETWEEN GOVERNMENT AND PRIVATE SECTOR IN APEC 2015

When we planned for 2015, what did we want to change and improve in this particular mix? The APEC meetings in the past have been mainly that of government representatives meeting by themselves and private sector representatives meeting by themselves. Now, we're trying to promote better interaction [between the government and] the private sector and it starts here in the Philippines with the close coordination we have with the APEC National Organizing Committee.

We will continue to have the ABAC Dialogue with Leaders, which is an annual meeting that happens during the summit itself. The Leaders will continue to speak at the CEO Summit, but for a change, for all the preceding private sector meetings, we will try to link up to the CEO Summit and we will do this through a series of parallel roundtables that

will be done alongside a series of ministerial meetings once before the Summit and the Joint Dialogues with Ministers. This will include joint sessions and dinners of ministers and CEOs, which I will go to in a while.

One of the features this year are dinners with Leaders, to be hosted individually in the homes of Philippine CEOs in the Makati area—one Leader, one home, and a small gathering of only fifteen people. And then finally, selected CEOs are to be invited to the Leaders' gala dinner.

Let me go to the Ministers' meetings where we will be having CEO dialogues. We have selected eight ministerial meetings and high level policy dialogues: trade, finance, energy, transportation, food security, life sciences, science and technology, and disaster management. Those eight meetings are targeted and [dates on when they will be held have already been pinned down.]

Those meetings will be targetted to have CEO roundtables in parallel to the meetings—some of them are closed door and then joint dialogues with the ministers involved in each session.

[In helping prepare an agenda and identify participants], we have closely coordinated with cabinet secretaries who chair the meetings, and we have selected CEOs in the Philippines who will be convenors for each of the meetings. We are also working with PriceWaterhouseCoopers in the preparation of the content, the subject matter, the presentation, and the background research prior to each meeting, including the documentation of each meeting.

The APEC events this year have actually started, with the first meeting in Clark [last 28 January 2015], and will move around across the country. We will have the next meetings in Clark, Subic, Tagaytay, Bataan, Iloilo, Boracay, Bacolod, Legaspi, Cebu.

The APEC CEO Summit is the premier business event in the region. In 2011, it was held in Honolulu, Hawaii; 2012 in Vladivostok, Russia; 2013 in Bali, Indonesia. Starting last year, the Philippines has started hosting big



The Makati Business Club invites guest speakers to its General Membership Meetings and MBC Briefings to discuss public issues and trends, whether local or global, that have an impact on Philippine development. MBC Forum highlights the speeches and discussions at these gatherings. The full text of speeches and other presentations may also be found at the MBC website, www.mbc.com.ph.

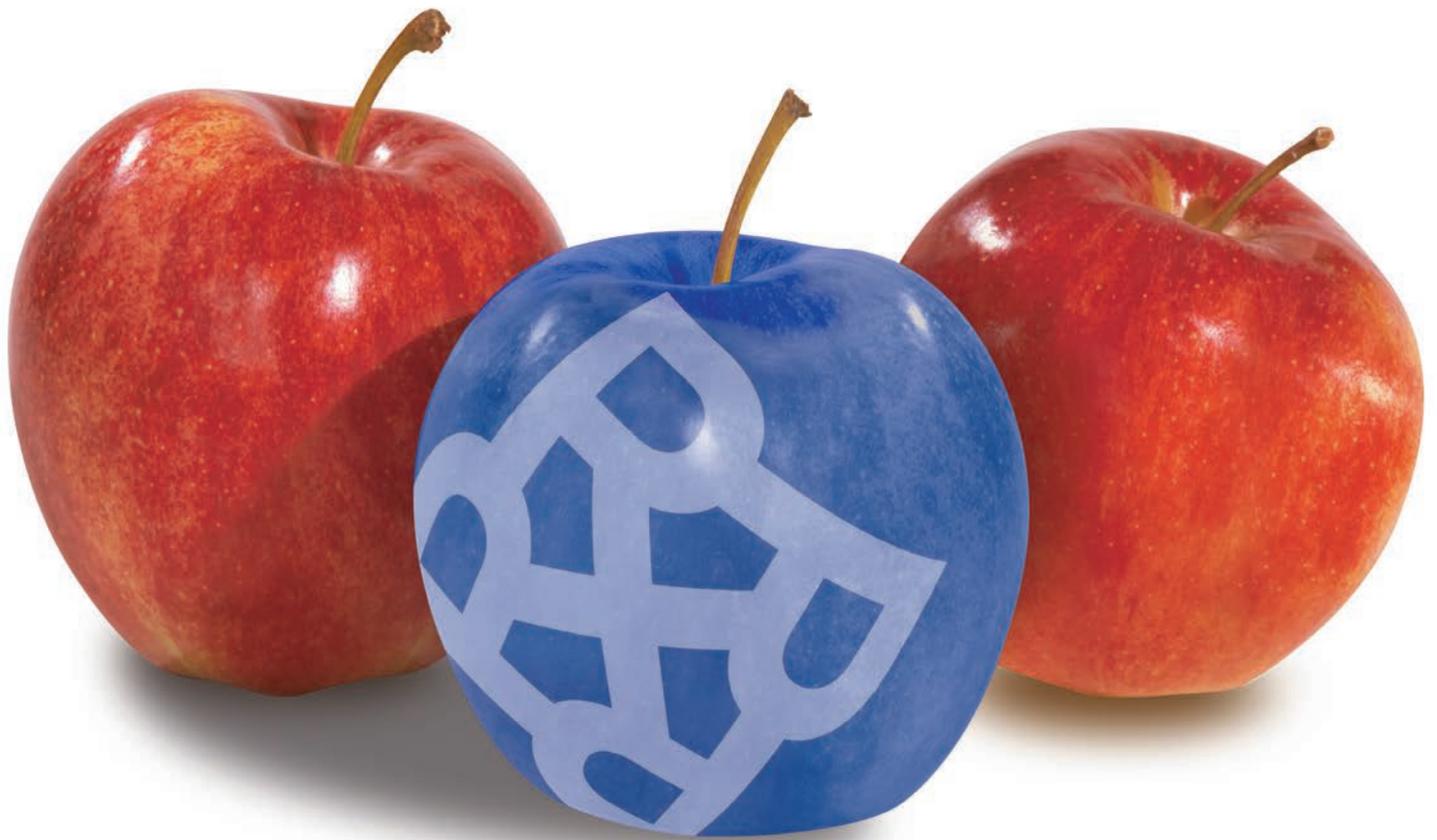
events, like the World Economic Forum in East Asia. [The 2014 APEC CEO Summit was held in Beijing, China.]

We are in the planning stage for the APEC CEO Summit, which was first initiated in the Philippines in 1996. It is the only and the largest platform for the business community to engage in a dialogue with Ministers and Leaders. Our Summit chairman this year, Tony TanCaktiong of Jollibee, is one of the three ABAC members for the Philippines. We are planning for 700 to 750 delegates. APEC Leaders will be invited as speakers and panellists together with CEOs. It will focus on insights and trends, potentially with nightcap sessions to continue the conversation offsite. The venue has been selected: it will be in the Makati Shangri-la. Fairmont will be the venue for the Fourth ABAC Meeting in November, which is on the eve of the CEO Summit.

We look forward to your support for the Summit, the Ministerial CEO Dialogues, and all the associated meetings, as we work with the private sector and the government, under the leadership of Undersecretary Laura del Rosario. ■

Excerpts edited by
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For Those Days When An Apple May Not Be Enough



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