

**2015 PECC-SINCPEC-PPECC CONFERENCE**  
**Welcome Remarks**  
**Antonio Basilio, Chair, PPECC**

Good morning everyone – colleagues from the PECC community, distinguished officials from the Philippine government, resource persons and guests.

This is the fifth in the series of conference that Singapore PECC, under the leadership of Khee Giap, has co-sponsored with PECC International and the host PECC National Committee of the APEC Chair, to provide a forum for contributing to the richness of the ongoing discussion of regional issues of priority to the host APEC economy. This is in keeping with PECC's traditional role of providing substantive inputs to the various economic policy and governance issues confronting the region. The conference provides a direct and very public avenue for PECC to participate in the APEC process by engaging government officials from the host economy and from other APEC members in a dialogue on the burning issues of the day – APEC wise that it.

From the Philippine National Economic Committee's perspective, this year has been unprecedented in terms of the interaction and of the opportunities provided for mobilizing the PECC community to provide substantive support for the host APEC economy. I think this support is appreciated because it provides a substantive foundation based on research and best practices for the advocacy effort to get the various publics – that includes the general public, interest groups, the legislature and the bureaucracy - to understand and support the causes and actions espoused by the host economy.

SOM Chair Undersecretary Lullah del Rosario has from the outset of the Philippine year, engaged PECC in its effort to get a buy-in from its stakeholders. This began with the ISOM held last December followed by the holding of the Public-Private Sector Dialogue on Services, the first of which focused on BPM, the creative industry and R&D. The second one, which will be held on the margins of SOM II, will focus this time on manufacturing-related and agriculture-related services. This engagement will continue with the PECC

General Meeting which, will be held in September in Manila, where hopefully we can share some of the findings of ongoing projects of PECC, give updated views of issues of relevance to the Philippine hosts particularly since this takes place two months before the APEC Leader's Week, and begin discussion on issues likely to be of priority to the incoming chair Peru.

The Philippine host economy narrative which PECC has been providing inputs to is on the need to address the widening gap between the "have and the have not". This inequality is the unintended consequences of the unprecedented rise in wealth as a result of globalization which itself is driven by quantum leaps in technology and market oriented reforms. When APEC was established in 1993, one of the founding principles was to "develop more effectively the human and natural resources of the Asia-Pacific region so as to attain sustainable growth and equitable development of APEC economies, while reducing economic disparities among them and improving the economic and social well-being of our people." At that time, the concern was the inequality between economies. Now the more urgent issue is the inequality in the distribution of wealth within economies. This has become a major political challenge – a hot button - shared by all economies in the region, developed or emerging.

Inclusive growth was one of the five attributes of high quality growth that APEC Leaders enunciated in 2010. The other attributes are balanced, sustainable, innovative and secure. While these attributes can stand alone, as Dr. Bollard has shown in a remarkable chart at ISOM of APEC 2015 priorities and tasking, that these attributes are interconnected and mutually supportive. The correlation was highest between inclusiveness and innovation. This was totally in keeping with one of the conclusions of the ISOM discussion which, is that of the importance of empowering individuals, companies and communities to take advantage of the opportunities of regional economic integration and withstand economic shocks. Innovation – which implies not only technology but innovative ways of doing things – is a key to empowerment.

This also explains why the focus on human capital development, mainstreaming SME's, growing the services industry and enhancing participation in the global value chain as a way to provide equal access to growth opportunities that regional economic integration provides. If people lack the skills and mindset to fully participate in the global economy, then the removal of barriers and the facilitation of connectivity will not provide the dynamism for inclusive growth to prosper. Promoting SME growth has a direct and significant impact on inclusion because SMEs account for the most number of business and employment in the region. But despite their importance, SMEs have not been major participants in international commerce. From an economic activity standpoint, services account for the biggest number of employment (46%) and output (70%) and involves SMEs. So promoting the adoption of policies that will be conducive to the development of the service sector as well as enhance their global competitiveness particularly where GVCs dominate are deemed as pro-active measures to promote inclusion. Since our region is the most vulnerable to disasters – natural, health and financial – and since the poor are the least able to cope and recover from its impact, building resilience in the system makes eminent sense. This therefore is also one of the priority issues that APEC is addressing this year. Connectivity and financial inclusion are likewise included here because they also are key facilitator of inclusive growth.

This is the narrative that PECC and the PPECC in particular are supporting the Philippines in developing. Our tri-partite nature (embodied by distinguished members like Mari Pangestu and Kun Narongchai whose career has shifted from academic, business and government) makes our views I think more relevant and well-rounded and hopefully appreciated.

I do not think I can add anything more to what has been said previously – without risk of repetition – so what remains for me to do is to thank our officials from the Philippine

Government for taking time off from their packed schedule to join us here and share their views. We are very grateful for your presence.