

REPUBLIC OF THE PHILIPPINES

DEPARTMENT OF FINANCE

BUREAU OF THE TREASURY



REAPING GAINS FROM THE ASEAN INTEGRATION

Rosalia V. De Leon
Treasurer of the Philippines

*PAGBA 1st Quarterly Seminar and Meeting
February 8, 2018 : The Mansion, Iloilo City*

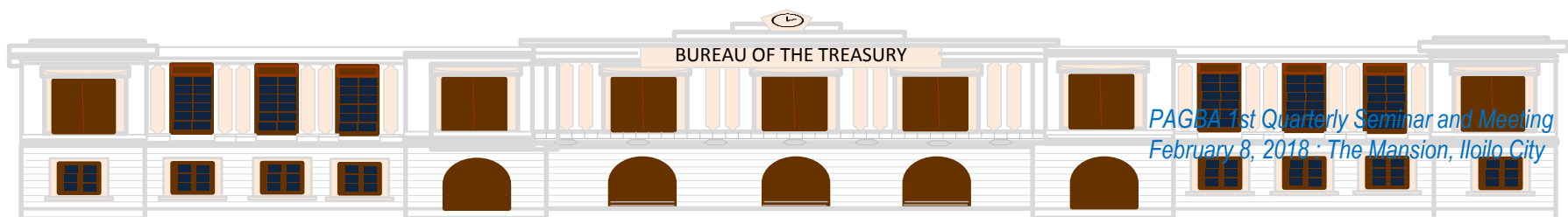
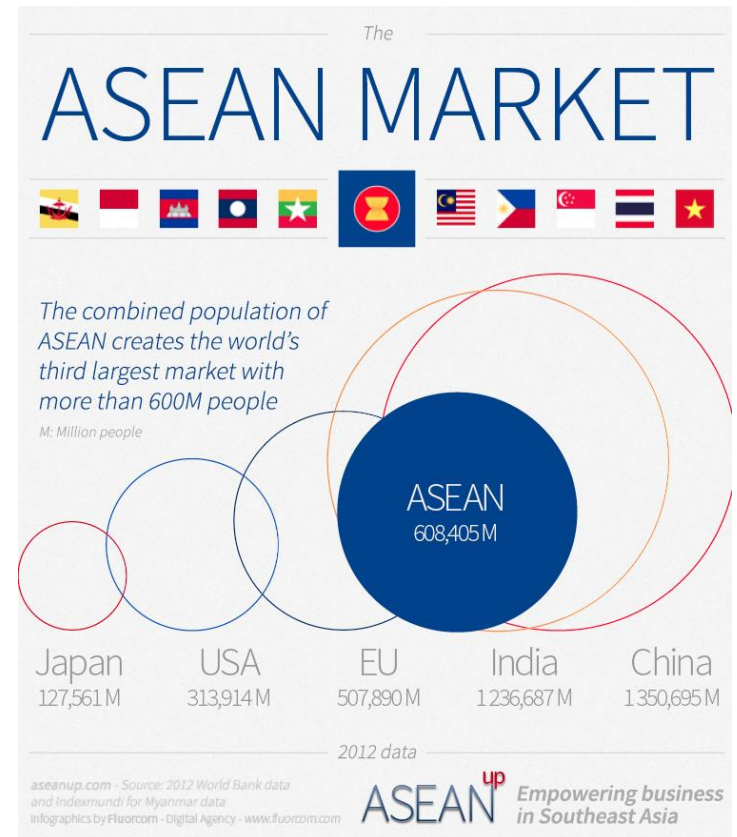
ASEAN: THE PLACE TO BE



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ASEAN: THE PLACE TO BE

- ASEAN economies combine for a total of \$2.4 trillion in GDP—seventh largest in the world
- ASEAN growth consistently outpaces global growth averages (4.8% vs. 3.5% respectively)
- Home to some of the world’s fastest-growing economies (Vietnam and the Philippines are among Asia’s top three in terms of GDP growth)
- Various efforts toward integration create countless opportunities for finance practitioners



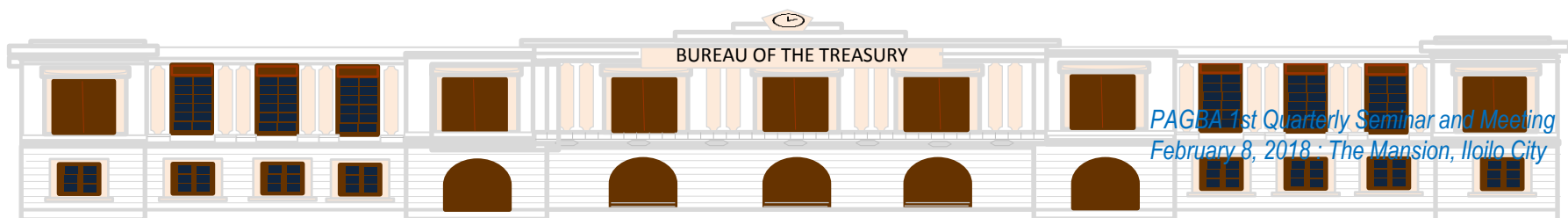
ASEAN: THE PLACE TO BE



CONVERGENCE

COLLABORATION

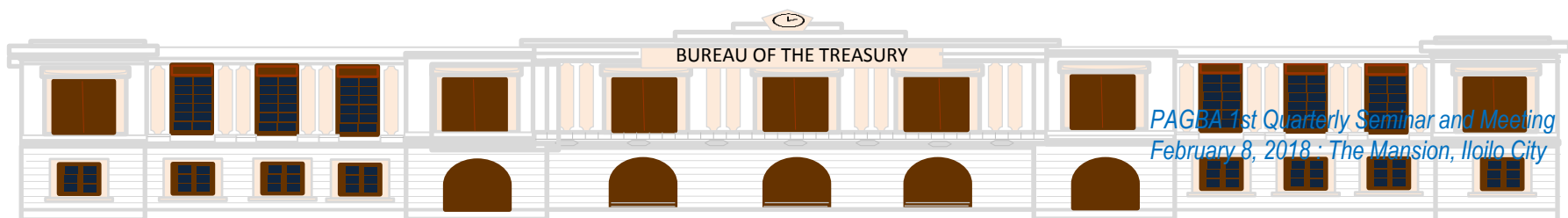
CONNECTIVITY



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CEBU ACTION PLAN

- **Cebu Action Plan:** Approved during 22nd Asia-Pacific Economic Cooperation (APEC) Finance Ministers' Meeting with the following key action programs
 - Financial integration
 - Fiscal reform and transparency
 - Financial resiliency
 - Accelerating infrastructure development
- **ASEAN 50:** Reflects the Philippines' commitment to "partner for change and engage the world"



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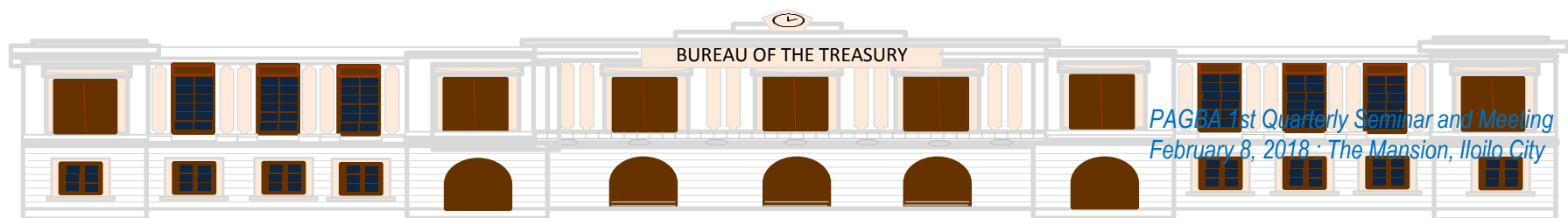
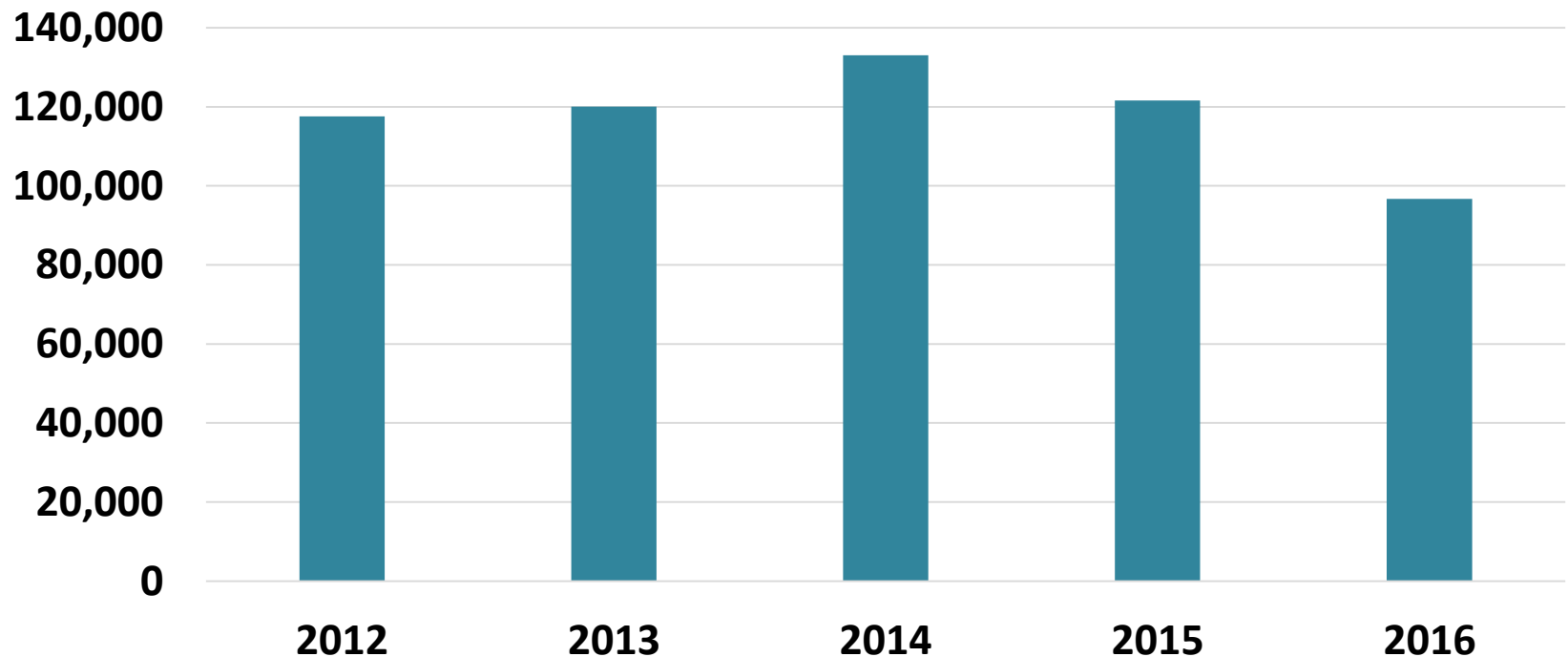
COLLABORATION

*Working together as a diversified
community*

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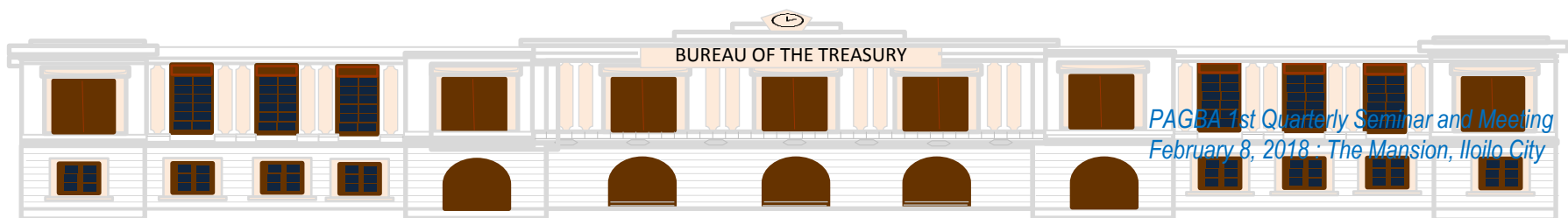
COLLABORATION

Flow of Foreign Direct Investments to ASEAN



COLLABORATION

- **Globe Telecom:** A product of Ayala Group (Philippines) and SingTel (Singapore), an example of collaboration among ASEAN member-states
- **Foreign Investment Negative List:** Meant to liberalize certain sectors of the Philippine economy, will help facilitate ASEAN collaboration
- **ASEAN Infrastructure Fund:** Provides an additional line of financing of the Duterte administration's "Build, Build, Build"
- **Chiang Mai Initiative Multilateralization:** Collaborative effort meant to address short-term liquidity difficulties and create facilities for crisis prevention and resolution





CONNECTIVITY

*Bridging the gap of exchange of goods,
services, markets, and knowledge*

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CONNECTIVITY

ASEAN Economic Community at a Glance



ASEAN ECONOMY

A Highly Competitive Economic Region

With an average annual real growth rate of **5.3%**, between 2007 and 2015, collectively ASEAN economy was the **6th largest in the world** and the **3rd largest in Asia** in 2015.



ASEAN TRADE

A More Integrated Market

Total trade increased by **US\$ 700 billion** between 2007 and 2015, with **intra-ASEAN** trade comprising **the largest share** of ASEAN's total trade.



ASEAN INVESTMENT

A Preferred Investment Destination

In 2015, ASEAN attracted **US\$ 121 billion** of FDI with **intra-ASEAN** constituting the **largest share** of inflows.



ASEAN PEOPLE

A Dynamic and Vibrant Community

In 2015, ASEAN was the **3rd** largest by population with **more than half** under the age of 30 and **47.7%** living in urban areas.

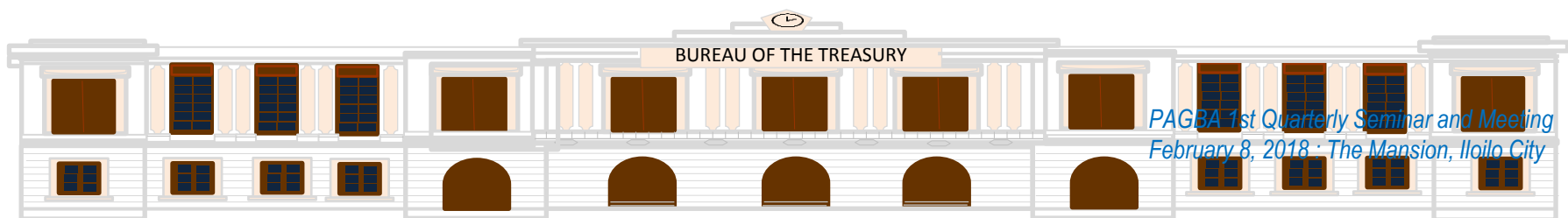


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CONNECTIVITY

- **Trade facilitation:** Intra-regional trade and market integration will be facilitated through the ASEAN Free Trade Area and ASEAN Trade Facilitation Framework
- **Increased avenues for investments:** Connected regional markets will reduce costs, encourage innovation, and lead to better competitiveness
- **Capital market development:** Currency exchange linkages, bond market linkages, promotion of credit ratings comparability
- **Increased accessibility:** Not just for local markets but also for regional benchmarking and knowledge-sharing





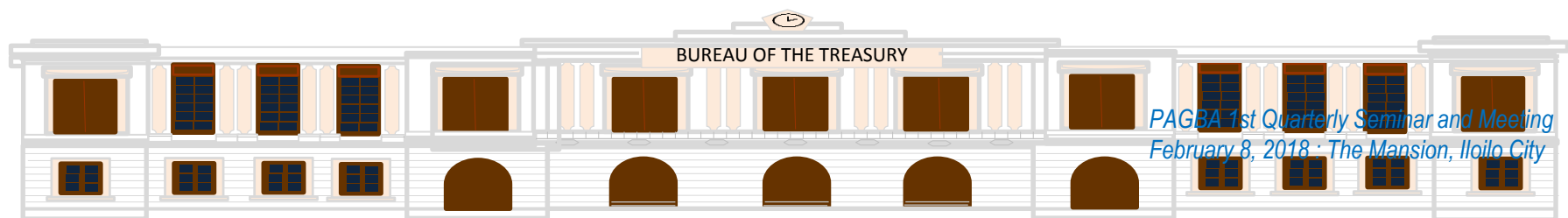
CONVERGENCE

*Toward a unified ASEAN with free flow of
capital and equitable development*

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CONVERGENCE

- **Payments and Settlements:** Adopting global standards for domestic payment schemes
- **ASEAN+3 Bond Market Forum:** Launched as a common platform to foster the standardization of market practices and regulations in bond markets
- **ASEAN Banking Integration Framework:** Allows qualified ASEAN banks to provide financial services in ASEAN countries



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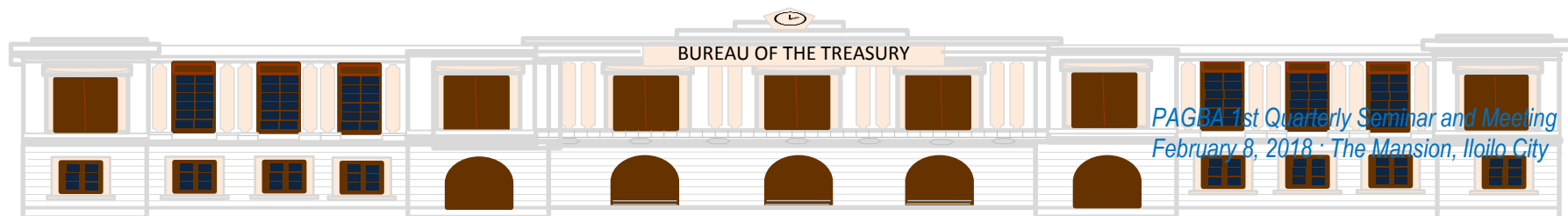
- ASEAN Financial Integration Framework (AFIF) was endorsed.
- Task Force on ASEAN Banking Integration Framework (TF ABIF) was established to accelerate ASEAN banking integration.

- ASEAN Central Banks' Governors signed ABIF Guidelines.
- ASEAN Finance Ministers' Meeting (AFMM) endorsed ABIF as part of AFAS 6th Package Protocol



Initiative for ASEAN financial integration was adopted in *Roadmap for Monetary and Financial of ASEAN (RIA-fin)*

- New mandate for ABIF WG: “to implement *ABIF Guidelines* & formulate *regional arrangements* to maintain financial stability.”
- To realign ABIF WG mandate with *ASEAN Financial Integration Document Post 2015* in supporting ASEAN 2025 Vision



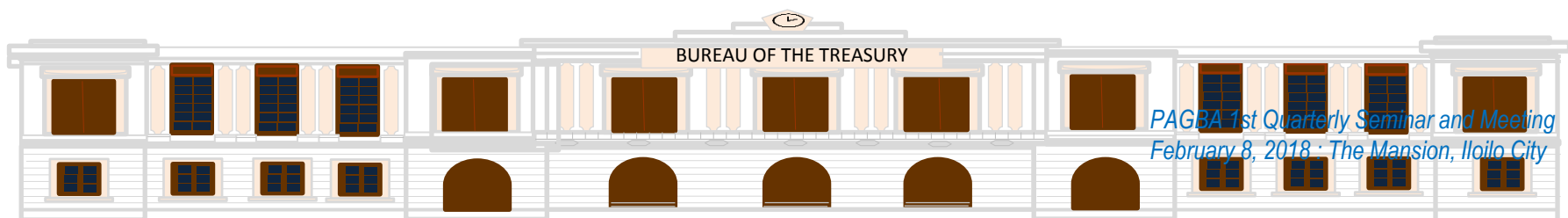
CONVERGENCE

ASEAN ECONOMIC COMMUNITY BLUEPRINT 2025

- (i) Strengthening of financial integration
- (ii) Promoting financial inclusion
- (iii) Ensuring financial stability



one vision, one identity, one community



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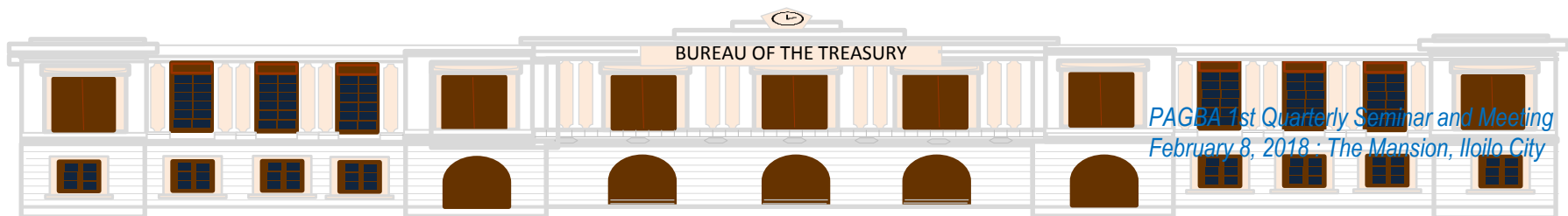
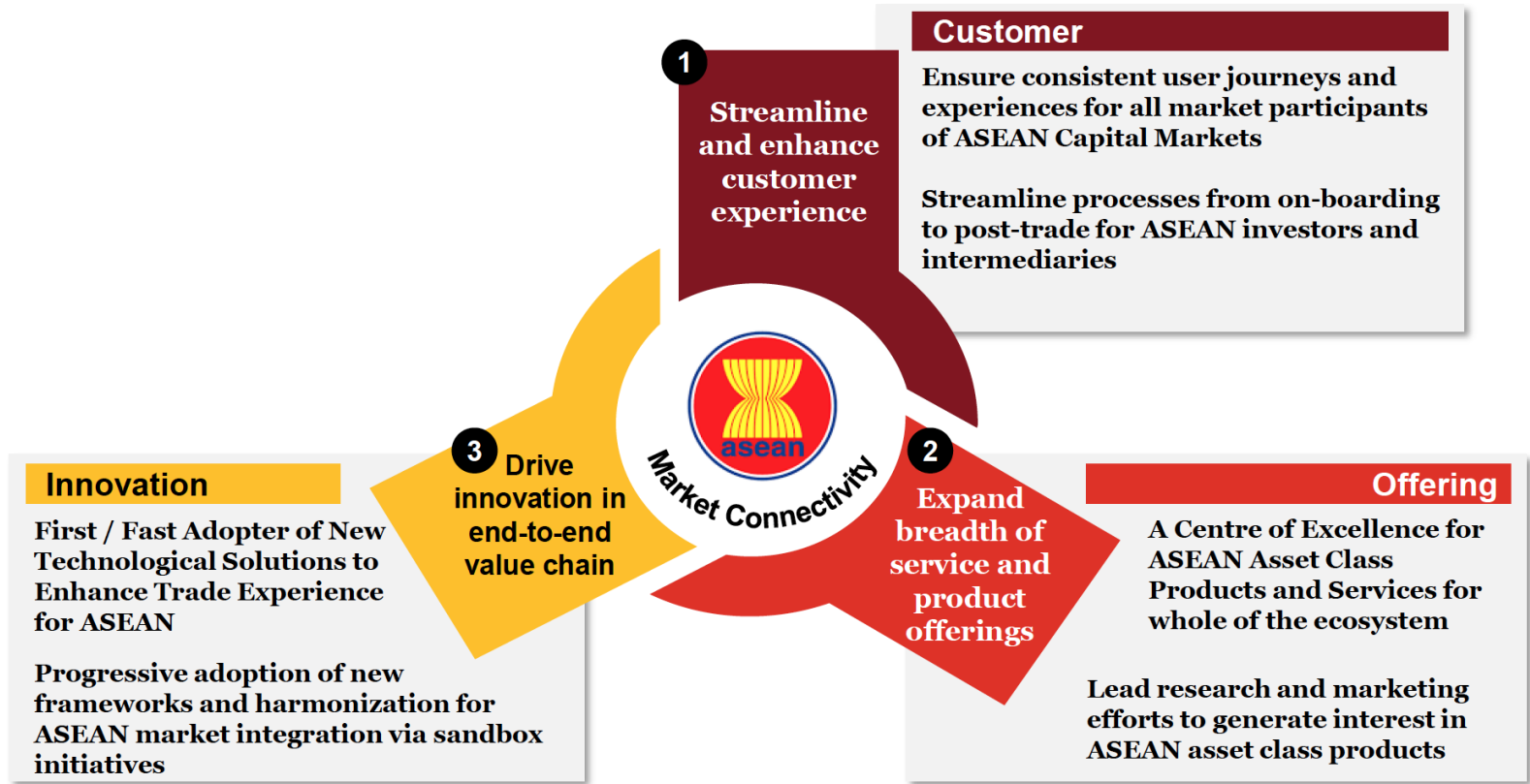


CHALLENGE FOR PAGBA

How to maximize the ASEAN integration?

CONVERGENCE

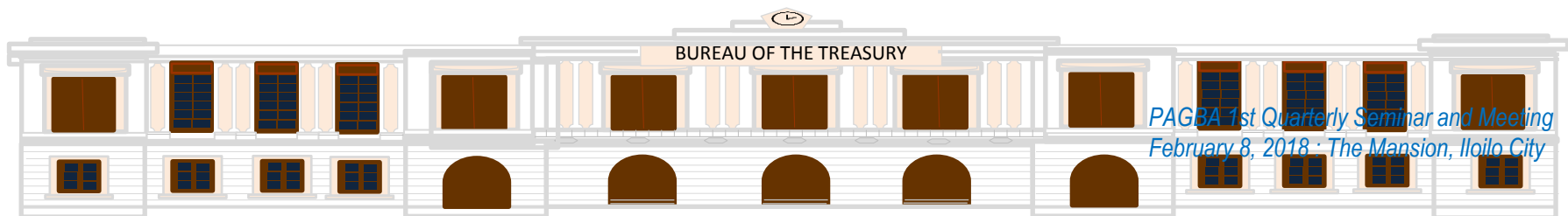
ASEAN Market Connectivity Imperatives



FINAL WORD

“Differences of habit and language are nothing if our aims are identical and our hearts are open.”

Albus Dumbledore



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