Trade-Related Assistance for Development (TRADE) Project

OVERVIEW & HIGHLIGHTS

Cielito F. Habito
Chief of Party

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PROJECT PARTNERS

Primary Contractor:
• Deloitte Consulting LLP

Subcontractors:
• CARANA/Palladium, (CATIF, UP Econ Foundation, PCCI, Scott Jacobs & Associates)

Government:
• DTI, NEDA, DOF, BOC, PCC, Congress
PROJECT MANAGEMENT

Chief of Party : Cielito F. Habito
Deputy Chief of Party : Rebecca Hoffman
Trade & Investment Policy Lead : Cielito F. Habito
Trade Facilitation Lead : Cecilia Reyes
Competition Policy Lead : Gigo Alampay
Public Outreach Lead : Kate Fernandez

+ Support Staff, Short Term Experts
OVERALL PROJECT OBJECTIVE

TRADE aims to help improve the Philippines’ standing in the global economy through higher levels of trade and foreign direct investment.
COMPONENTS & OBJECTIVES

1. Trade & Investment Policy – Improved participation in existing and emerging new-generation trade agreements, including regional and bilateral FTAs; improved institutional and policy environment for trade and investment

2. Trade Facilitation – Achieve customs modernization and efficient trade clearance processes, including efficient implementation of National Single Window and trade facilitation protocols embodied in the country’s various trade agreements
COMPONENTS & OBJECTIVES

3. Competition Environment – Improved legal, policy and institutional environment for competition in the Philippine economy and strengthened competition policy consistent with international standards

4. Public Outreach and Advocacy – Widened ownership and support for trade and investment policy reforms, with strengthened stakeholder engagement in pursuing and implementing reforms
C1: Challenges

• AEC compliance gaps pertained to the most important reforms needed for inclusive growth
  – Liberalization in services (e.g., air services, public utilities, education, advertising)
  – Trade in sensitive agricultural products
  – Weak trade policy analysis and trade negotiation capacity

• AEC is an excellent stepping stone for new generation trade agreements ("TPP readiness")
C1: HIGHLIGHTS

• Technical support for completion of the National AEC Game Plan (4C’s)
  – Competitiveness & Compliance: Validated PH compliance to AEC reform commitments; assisted in development of PH AEC Game Plan
  – Communication: Supported AEC awareness forums, development of AEC Primer, launch of AEC Game Plan, etc.
  – Collaboration: Supported strengthening of inter-agency coordination mechanism for AEC engagement (CAEC)
C1: HIGHLIGHTS

• Technical support for assessment of implications of PH participation in AEC and new generation agreements (esp. TPP)
  – Undertook macro impact assessment (UPSE) of opportunities and potential gains for PH membership in AEC & TPP

• Technical advice on development of substantive themes and agenda for PH’s 2015 chairing/hosting of APEC and 2017 chairing/hosting of ASEAN
C1: HIGHLIGHTS

- Assistance in enabling private sector stakeholders to reap benefits from existing and upcoming free trade agreements
  - Supported/conducted briefings/forums on AEC and TPP toward improved understanding of benefits, opportunities
  - Engaged industry associations (i.e. PCCI and MBC) and private firms to assess business perspective on AEC and TPP impacts
  - Assisted in development & dissemination of primers on FTAs
C1: HIGHLIGHTS

- Technical support toward strengthening institutional capacity in DTI
  - Undertook Training Needs Assessment
  - Facilitated establishment of the DTI Training Advisory Board
  - Implemented graduate internship program
  - Series of “Rapid Enrichment Sessions” (2-hour lunch sessions) for DTI-BITR staff & others
  - Facilitate DTI linkage with academe (dialogue, seminars)
C2: Challenges

- Trade clearance processes remain extremely cumbersome, prone to graft and corruption
- Affects overall competitiveness of all PH production sectors
- Country is obliged to adhere to international standards in trade facilitation (WCO-RKC, AEC, WTO-TFA, etc.)
- Implementation of TF measures leaves much to be desired (e.g., NSW)
- Assert Customs’ developmental role via TF
C2: HIGHLIGHTS

• Technical assistance to EDC, BoC & legislative staffs toward passage of the **Customs Modernization & Tariff Act (CMTA)**

• **Customs Regulated Imports List** – first ever comprehensive database on import clearance requirements of various regulatory agencies

• **Trade Transactions Process Analysis (TTPA)** – trade clearance process chain (+beyond Customs)

• **Enhanced Philippine Tariff Finder** – helped BOC-TC coordination to improve functionality
C2: HIGHLIGHTS

• **National Single Window**: Evaluation/recommendations on processes at the regulatory agency level

• Assistance in formulating a BoC 3-Year Strategic Plan for CMTA implementation

• Draft CAOs/CMOs on specific TF initiatives: AEO, Advance Ruling, ATA Carnet, De Minimis, Appeal & Review System, etc.

• Help improve Entry Lodgement System consistent with CMTA prescriptions
C3: Challenges

• Accelerated economic growth in 2000-2009 was accompanied by rising poverty incidence

• Oligarchic economy and society; relatively weak SME sector

• Lack of competition in vital sectors affects economy’s overall competitiveness (energy, telecoms, interisland shipping, etc.)

• Until 2015, PH was the only ASEAN-5 member without a comprehensive competition law
C3: Competition Environment

• Provided extensive technical assistance that led to passage and enactment of the Philippine Competition Act (RA 10667)

• Assistance on formulation of the IRRs for the PCA

• Technical assistance to craft a coherent and effective competition policy framework

• Technical study on possible amendment of the Public Services Act, and drafted legislative language
C3: Competition Environment

- Technical assistance toward formulation of Guidelines further fleshing out PCA IRR

- Facilitate sustained knowledge support for the Philippine Competition Authority

- Support capacity building on competition law and policy for judges, lawyers, mass media

- Critical support for PCC’s institutional capacity building, especially in its formative stage
C4: The Challenge

- Public awareness, understanding and appreciation on trade agreements is inadequate and often misguided

- Policy reforms critical to inclusive growth require broad-based support in the face of resistance from vested interests

- Broad coalitions needed to push for and sustain trade and investment reforms
C4: HIGHLIGHTS

• Support for conduct of talks/conferences/briefings/events
  – AEC Forum: Converging on a National Game Plan
  – CAEC Roundtable discussions for formulating AEC Compliance Agenda
  – Outreach and advocacy activities have reached broad audiences totaling nearly 20,000 attendees

• Training for private and government representatives in basic trade policy and negotiation

• Speakers’ Bureau training sessions for DTI officials
C4: HIGHLIGHTS

• Development of design for media learning sessions

• Publication of Knowledge Materials
  – AEC Primer with information on AEC Blueprint, PH commitments and FAQs
  – Trade-related information uploaded to Trade for Growth, Growth in Trade website of IDG-DTI
  – Competition Primer (with Component 3) for distribution to legislators and identified stakeholders
C4: HIGHLIGHTS

– AEC Communication Toolkit with Congressional Briefing Paper, FAQs, enhanced AEC Primer (3rd ed.), and compilation of case studies on PH companies successfully doing business overseas, especially in ASEAN

– Monthly Publications: Trade, Industry and Investment Indicators (Ti3), TRADE Newsletter and TPP Updates
C4: HIGHLIGHTS

• Development of stakeholder engagement plan and methodology, with customized application for each TRADE project component

• MBC Advocacy Project on AEC and TPP research and advocacy, including research Philippine barriers to free trade; educational seminar for legislative staffs

• Facilitation of legislative advocacy meetings for private sector partners (CMTA, competition law)

• AEC presentations to various audiences/forums
EARLY TRADE RESULTS METRICS

• WB Logistics Performance Index, Customs Processes
  
  2012 Rank: 67  Score: 2.63
  2014 Rank: 47  Score: 3.00

• WB Global Enabling Trade Index
  
  2012 Rank: 72,  Score: 3.96
  2014 Rank: 64  Score: 4.08

• WEF Global Competitiveness Index, Goods Mkt. Eff.
  
  2013 Rank: 82  Score: 4.19
  2014 Rank: 70  Score: 4.32
Thank You