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COUNCIL | PHILIPPINES



# Understanding ASEAN Economic Community

International Tax Forum

November 12, 2014

**GUILLERMO M. LUZ**

Co-Chairman, Private Sector

# INVESTMENTS



# TRADE





**PEOPLE**



**JOBS**

Google images

# TOURISTS



# IMAGE/BRAND

Island Hopping. More fun in the  
**Philippines**



History. More fun in the Philippines



Commuting. More fun in the Philippines



More fun in the Philippines



Stretch limos. More fun in the Philippines



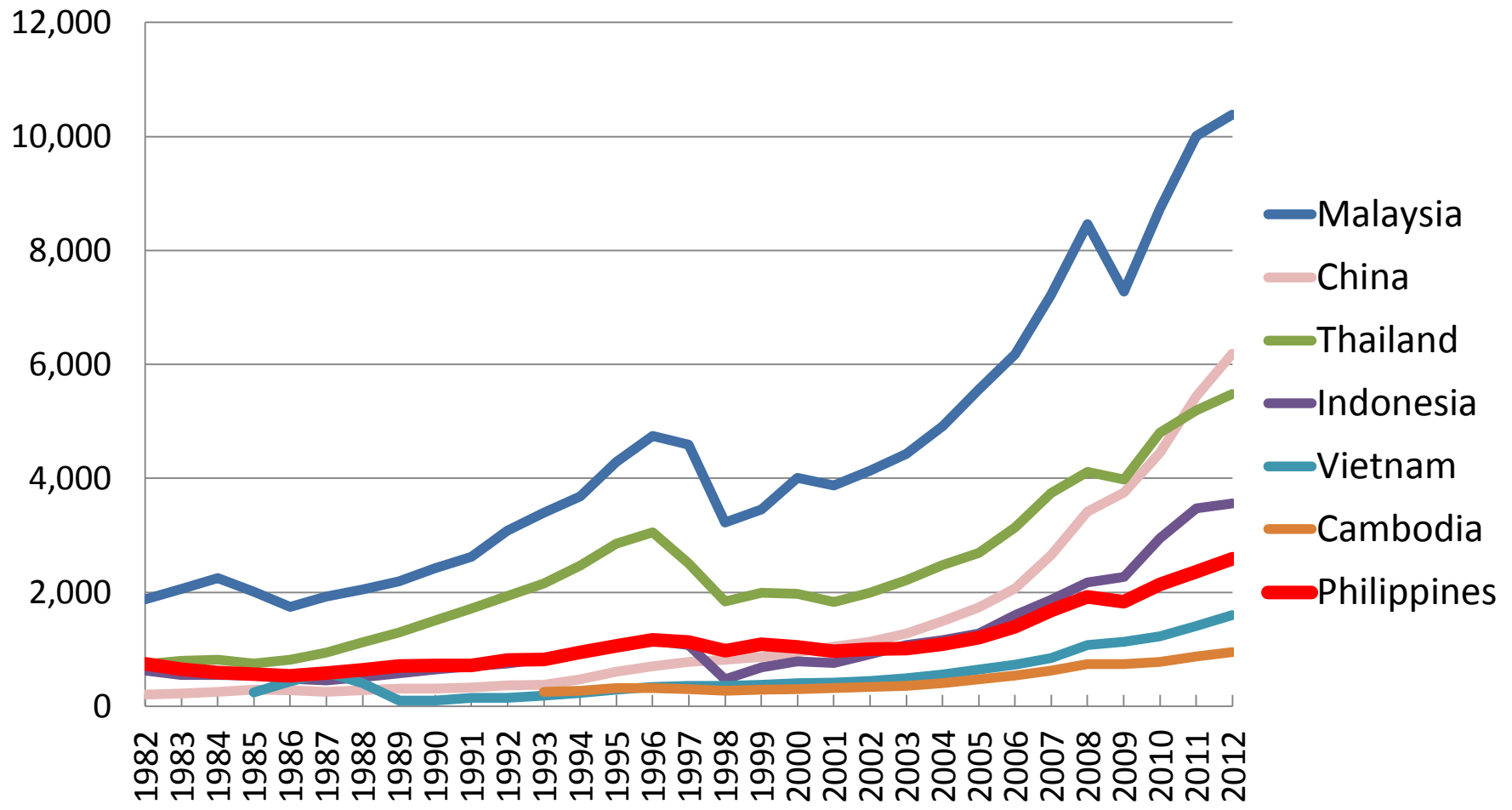
Staring contests. More fun in the Philippines



Anti-aging. More fun in the Philippines



## GDP per capita (US\$)

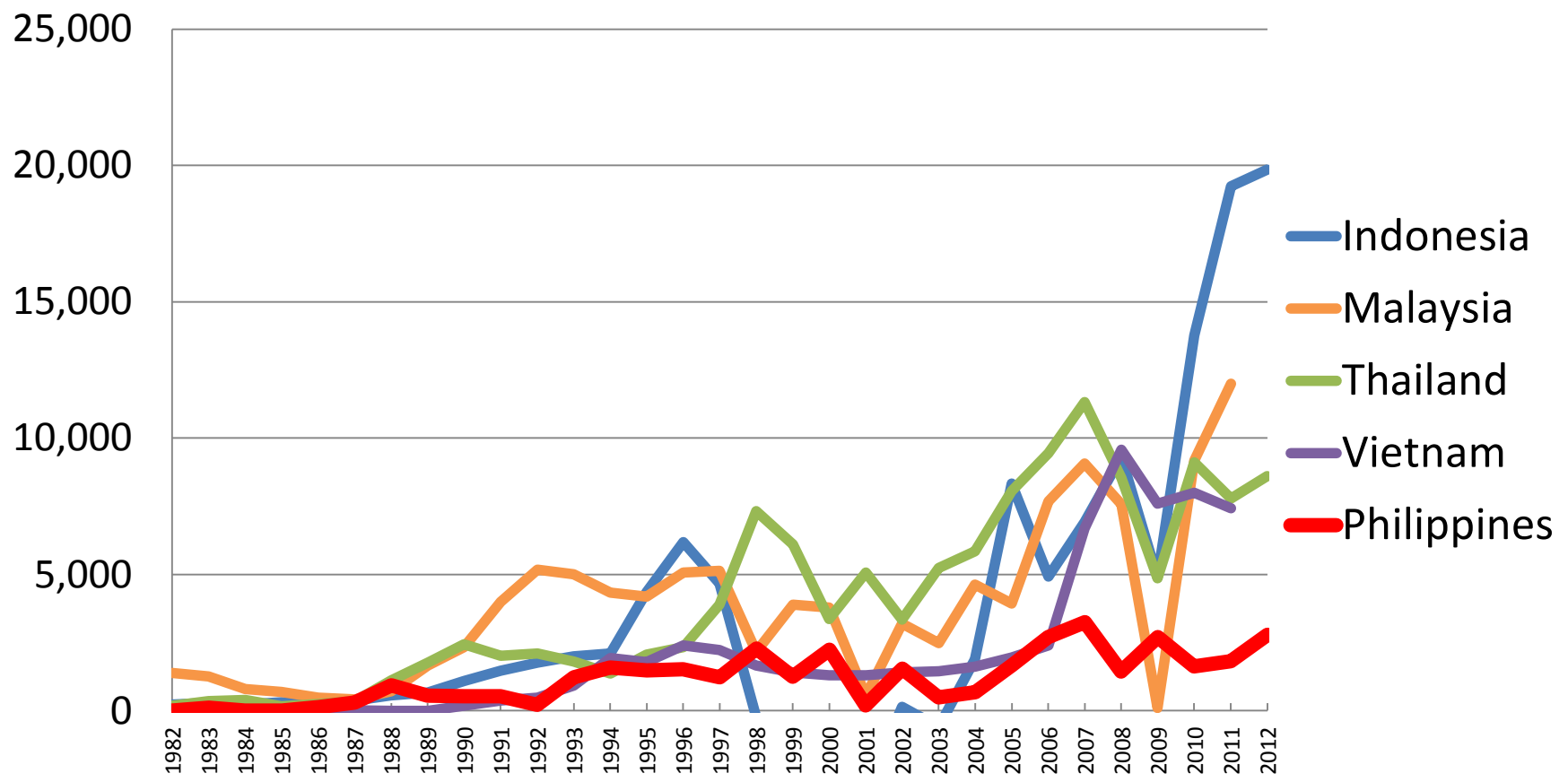


Source: World Bank



# WHY DOES IT MATTER?

## Foreign Direct Investments, net inflows (US\$ millions)



Source: World Bank

- Higher FDI (new investments of 3-4% of GDP), from US\$1.7 billion in 2010
- Double export growth to US\$120 billion by 2016 with new products and services to account for 30% of exports
- GDP Growth of 7-8% per year
- Job Growth / Lower Unemployment
- Lower Poverty Incidence : 26.5% in 2009 to 16.6% by 2015
- Growing C socioeconomic class(currently 8.6%); shrinking DE class (currently 91%)

# Global Competitiveness Reports

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REPORT	2014 RANK	2013 RANK	CHANGE	ASEAN RANK	TOP 1/3	PERFORMANCE 3 or 4 years
<b>1. IFC- Ease of Doing Business</b>	<b>95/189*</b>	<b>108/189**</b>	<b>↑ 13</b>	<b>5 of 10</b>	<b>63</b>	<b>↑ 53</b>
2. WEF -Global Competitiveness Report	52/144	59/148	↑ 7	5/9	48	↑ 33
3. IMD -World Competitiveness Report	42/60	38/60	↓ 4	5 of 5	20	↓ 1
4. TI - Corruption Perception Index		94/177	↑ 11	4 of 10	60	↑ 40
5. HF - Economic Freedom Index	89/178	97/177	↑ 8	5 of 9	59	↑ 26
6. WEF- Global Information Technology Report	78/148	86/144	↑ 8	6 of 10	49	↑ 8
7. WEF - Travel and Tourism Report	-	82/140	↑ 12	7 of 8	46	↑ 12
8. WIPO - Global Innovation Index	100/143	90/142	↓ 10	6 of 8	47	↓ 9
9. WB - Logistics Performance Index	57/160	n/a	↓ 5	6 of 9	53	↓ 5
10. FFP - Fragile States Index **	52/178	59/178	↓ 7	8 of 10	118	↓ 2
11. WEF - Global Enabling Trade Index	64/138	n/a	↑ 8	6 of 10	46	↑ 28
12. WEF - Global Gender Gap Report	9/142	5/136	↓ 4	1 of 9	--	0

\*Ranking based on the 2015 Doing Business Report

\*\*Ranking based on the 2014 Doing Business Report

REPORT	Philippines	Singapore	Brunei	Malaysia	Thailand	Indonesia	Vietnam	Laos	Cambodia	Myanmar	
<b>1. IFC – Ease of Doing Business Report</b>	<b>5 of 10</b>	<b>95</b>	<b>1</b>	<b>101</b>	<b>18</b>	<b>26</b>	<b>114</b>	<b>78</b>	<b>148</b>	<b>135</b>	<b>177</b>
2. WEF -Global Competitiveness Index	5 of 9	52	2	-	20	31	34	68	93	95	134
3. IMD -World Competitiveness Report	5 of 5	42	3	-	12	29	37	-	-	-	-
4. TI- Corruption Perception Index	4 of 10	94	5	38	53	102	114	116	140	160	157
5. HF-Economic Freedom Index	4 of 9	89	2	-	37	72	100	147	144	108	162
6. WEF-Global Information Technology Report	6 of 10	78	2	45	30	67	64	84	109	108	146
7. WEF- Travel and Tourism Report	7 of 8	82	10	72	34	43	70	80	-	106	-
8. WIPO- Global Innovation Index	6 of 8	100	7	-	33	48	87	71	-	106	140
9. WB- Logistics Performance Index	5 of 9	57	5	-	29	35	53	48	131	83	145
10. FFP- Fragile States Index	8 of 10	52	158	123	117	80	82	98	56	40	24
11. WEF- Global Enabling Trade Index	5 of 9	64	1	-	25	57	58	72	98	93	121
12. WEF- Global Gender Gap Report	1 of 9	9	59	98	107	61	97	76	60	108	-

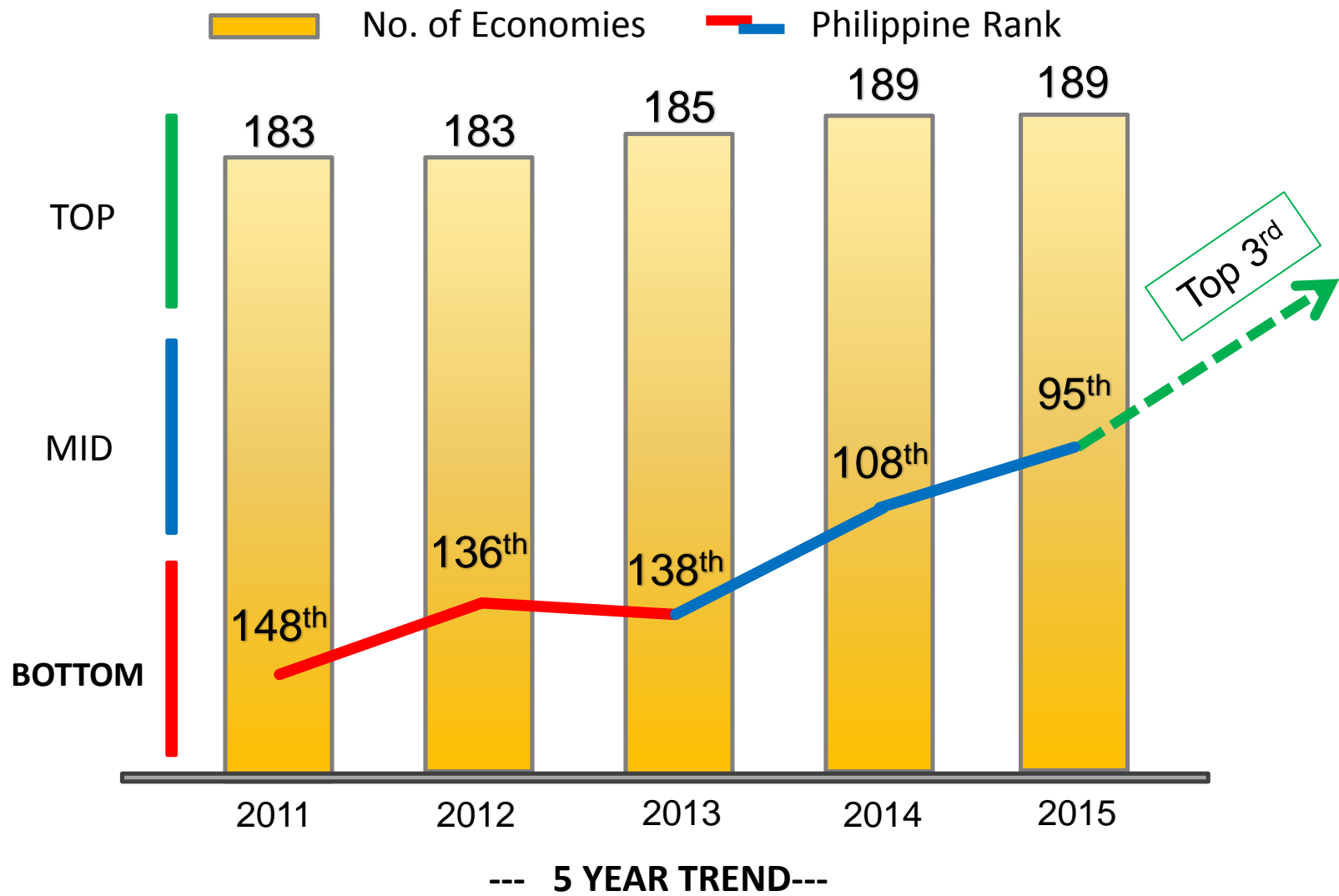
Rankings are based on latest reports released



# Ease of Doing Business

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# DOING BUSINESS RANKINGS PHILIPPINES (2011-2015)



Source: Published DB reports (2011-2015)

ASEAN		2015 (189)	2014 (189)	Change 2014- 2015	Performance 2011-2015
1	Singapore	1	1	-	-
2	Malaysia	18	6	-12	3
3	Thailand	26	18	-8	-7
4	Vietnam	78	99	21	0
<b>5</b>	<b>Philippines</b>	<b>95</b>	<b>108</b>	<b>13</b>	<b>53</b>
6	Brunei Darussalam	101	59	-42	11
7	Indonesia	114	120	6	7
8	Cambodia	135	137	2	12
9	Lao PDR	148	159	11	23
10	Myanmar	177	182	5	5

Source: Published DB reports (2011-2015)



INDICATORS	2015 (189)	2014 (189)	Change 2014-2015	Performance 2011-2015
<b>OVER-ALL RANKING</b>	<b>95</b>	<b>108</b>	<b>↑ 13</b>	<b>↑ 53</b>
1. Starting a business	161	170	↑ 9	↓ 5
2. Dealing w/ construction permits	124	99	↓ 25	↑ 32
3. Getting electricity	16	33	↑ 17	↑ 37
4. Registering Property	108	121	↑ 13	↓ 6
5. Getting Credit	104	86	↓ 18	↑ 24
6. Protecting Investors	154	128	↓ 26	↓ 22
7. Paying Taxes	127	131	↑ 4	↓ 3
8. Trading across borders	65	42	↓ 23	↓ 4
9. Enforcing contracts	124	114	↓ 10	↓ 6
10. Resolving Insolvency	50	100	↑ 50	↑ 103













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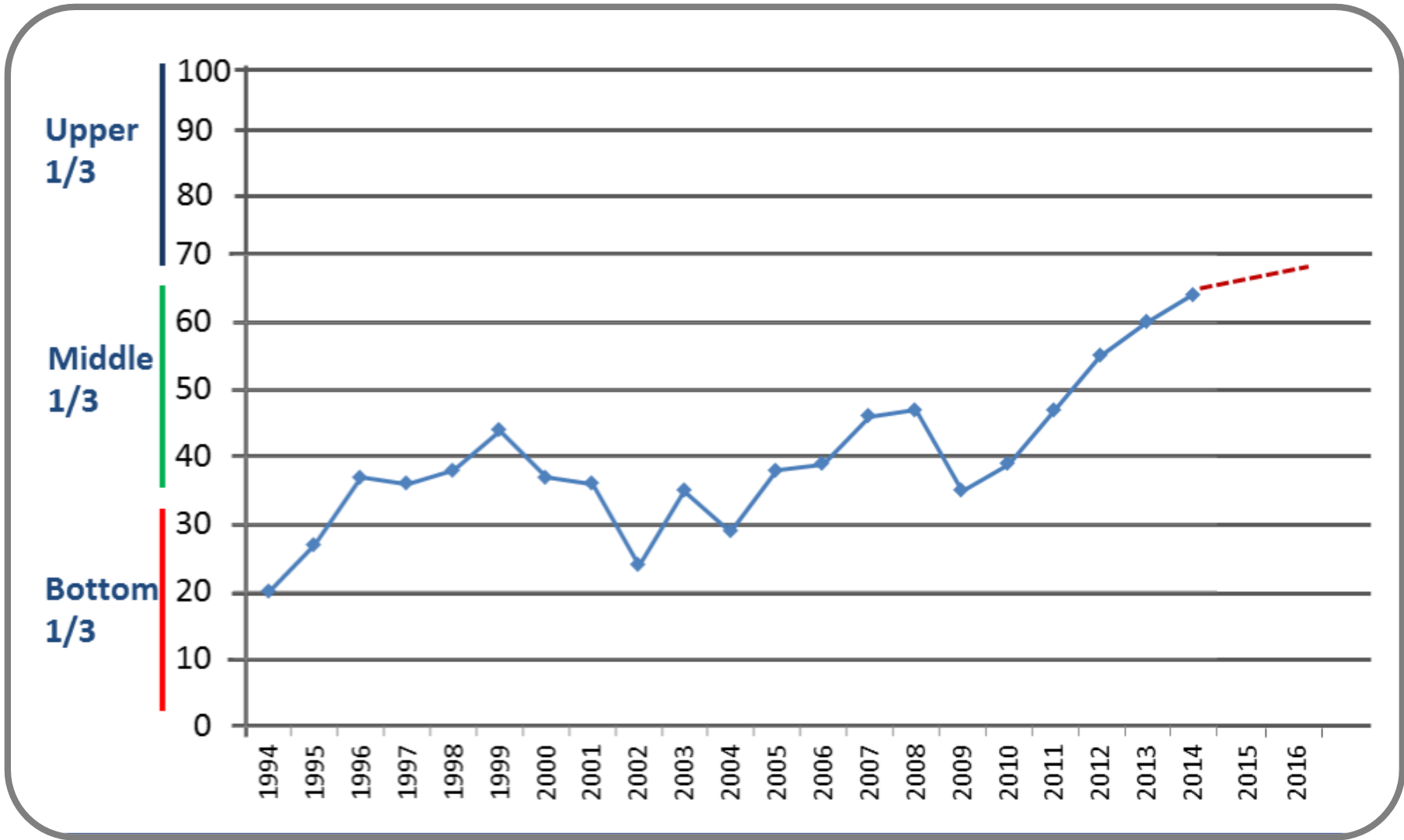
[www.competitive.org.ph](http://www.competitive.org.ph)



# **Global Competitiveness Report**

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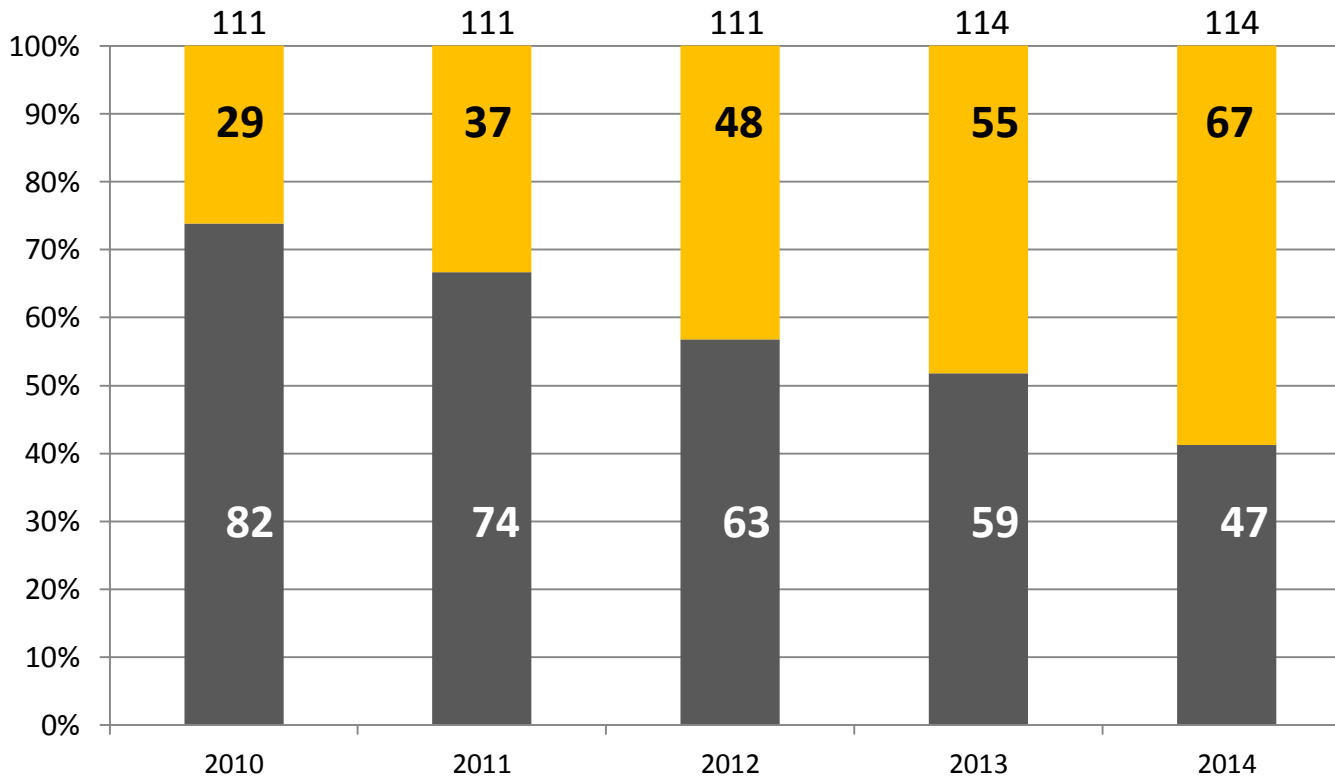
Country/Economy	2014 (out of 144)	Change 2013-2014	2013 (out of 148)	2012 (out of 144)	2011 (out of 142)	2010 (Out of 139)	Change in 4 Years 2010-2014
 Singapore	2	0	2	2	2	3	1
 Malaysia	20	4	24	25	21	26	6
 Thailand	31	6	37	38	39	38	7
 Indonesia	34	4	38	50	46	44	10
 Philippines	52	7	59	65	75	85	33
 Vietnam	68	2	70	75	65	59	-9
 Lao PDR	93	-12	81	n/a	n/a	n/a	n/a
 Cambodia	95	-7	88	85	97	109	14
 Myanmar	134	5	139	n/a	n/a	n/a	n/a
 Brunei Darussalam	n/a	n/a	26	28	28	28	n/a



PILLARS	(2014) OF 144	CHANGE 2013-2014	(2013) OF 148	(2012) OF 144	(2011) OF 142	(2010) OF 139	CHANGE 2010-2014
OVER-ALL RANKING	52	7	59	65	75	85	33
1st pillar: Institutions	67	12	79	94	117	125	58
2nd pillar: Infrastructure	91	5	96	98	105	104	13
3rd pillar: Macroeconomic environment	26	14	40	36	54	68	42
4th pillar: Health and primary education	92	4	96	98	92	90	-2
5th pillar: Higher education and training	64	3	67	64	71	73	9
6th pillar: Goods market efficiency	70	12	82	86	88	97	27
7th pillar: Labor market efficiency	91	9	100	103	113	111	20
8th pillar: Financial market development	49	-1	48	58	71	75	26
9th pillar: Technological readiness	69	8	77	79	83	95	26
10th pillar: Market size	35	-2	33	35	36	37	2
11th pillar: Business sophistication	46	3	49	49	57	60	14
12th pillar: Innovation	52	17	69	94	108	111	59

INDICATORS		2014	2013	2012	2011	2010
RED	Bottom 20%	(115 <sup>th</sup> – 144 <sup>th</sup> )	(119 <sup>th</sup> – 148 <sup>th</sup> )	(115 <sup>th</sup> – 144 <sup>th</sup> )	(113 <sup>th</sup> – 142 <sup>nd</sup> )	(111 <sup>th</sup> – 139 <sup>th</sup> )
		5	7	8	21	25
PURPLE	Ranked 21 - 40%	(86 <sup>th</sup> – 114 <sup>th</sup> )	(88 <sup>th</sup> – 118 <sup>th</sup> )	(86 <sup>th</sup> – 114 <sup>th</sup> )	(85 <sup>th</sup> – 112 <sup>th</sup> )	(83 <sup>rd</sup> – 110 <sup>th</sup> )
		29	33	45	36	37
GREEN	Ranked 41 – 50%	(72 <sup>nd</sup> – 85 <sup>th</sup> )	(72 <sup>rd</sup> – 87 <sup>th</sup> )	(72 <sup>nd</sup> – 85 <sup>th</sup> )	(71 <sup>st</sup> – 84 <sup>th</sup> )	(69 <sup>th</sup> – 82 <sup>nd</sup> )
		13	19	10	17	20
BLACK	Ranked 49% or higher	(1 <sup>st</sup> – 71 <sup>st</sup> )	(1 <sup>st</sup> – 71 <sup>st</sup> )	(1 <sup>st</sup> – 71 <sup>st</sup> )	(1 <sup>st</sup> – 70 <sup>th</sup> )	(1 <sup>st</sup> – 68 <sup>th</sup> )
		67	55	48	37	29
TOTAL		114	114	111	111	111

Out of 114 indicators, the Philippines now has 67 indicators ranked 71<sup>st</sup> or higher (at the upper half of world rankings).





# **Corruption Perceptions Index**

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COUNTRIES	2013 Rank (out of 177)	CHANGE (2012-2013)	2012 Rank (out of 176)	2011 Rank (out of 183)	2010 Rank (out of 178)	CHANGE Over 3 Years
SINGAPORE	5	0	5	5	1	-4
BRUNEI DARUSSALAM	38	8	46	44	38	0
MALAYSIA	53	1	54	60	56	3
<b>PHILIPPINES</b>	<b>94</b>	<b>11</b>	<b>105</b>	<b>129</b>	<b>134</b>	<b>40</b>
THAILAND	102	-14	88	80	78	-24
INDONESIA	114	4	118	100	110	-4
VIETNAM	116	7	123	112	116	0
LAOS	140	20	160	154	154	14
MYANMAR	157	15	172	180	176	19
CAMBODIA	160	-3	157	164	154	-6












Country / Territory	2013 (out of 177)	Change 2012-2013	2012 (out of 176)	2011 (out of 183)	2010 (out of 178)	Change in 3 Years
<b>Philippines</b>	<b>94</b>	<b>11</b>	<b>105</b>	<b>129</b>	<b>134</b>	<b>40</b>
Mongolia	83	11	94	120	116	33
Nepal	116	23	139	154	146	30
Sao Tome and Principe	72	0	72	100	101	29
Armenia	94	11	105	129	123	29
Senegal	77	17	94	112	105	28
Comoros	127	6	133	143	154	27
Russia	127	6	133	143	154	27
Ecuador	102	16	118	120	127	25
Mauritania	119	4	123	143	143	24



# Global Enabling Trade Index

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COUNTRIES	2014 Out of 138	CHANGE	2012 Out of 132	2010 Out of 125	CHANGE
 1. SINGAPORE	1	0	1	1	0
 2. MALAYSIA	25	-1	24	30	6
 3. THAILAND	57	0	57	60	3
 4. INDONESIA	58	0	58	68	10
 <b>5. PHILIPPINES</b>	<b>64</b>	<b>+8</b>	<b>72</b>	<b>92</b>	<b>20</b>
 6. VIETNAM	72	-4	68	71	3
 7. CAMBODIA	93	+9	102	102	0
 8. LAOS *	98	-	-	-	-
 9. MYANMAR*	121	-	-	-	-

Sub-index	PHILIPPINES		CAMBODIA	INDONESIA	LAO PDR	MALAYSIA	MYANMAR	SINGAPORE	THAILAND	VIETNAM
<b>MARKET ACCESS</b>	<b>2 of 9</b>	<b>11</b>	36	20	39	40	25	2	51	34
Domestic Market Access	<b>2 of 9</b>	<b>19</b>	133	26	121	75	97	3	113	76
Foreign Market Access	<b>6 of 9</b>	<b>26</b>	1	37	4	42	6	13	12	28
<b>BORDER ADMINISTRATION</b>	<b>5 of 9</b>	<b>71</b>	108	69	114	33	117	1	56	86
Efficiency and Transparency of Border Administration	<b>5 of 9</b>	<b>71</b>	108	69	114	33	117	1	56	86
<b>INFRASTRUCTURE</b>	<b>6 of 9</b>	<b>89</b>	101	64	115	23	136	1	46	60
Availability and Quality of Transport Infrastructure	<b>7 of 9</b>	<b>96</b>	113	60	91	14	138	2	28	74
Availability and Quality of Transport Services	<b>6 of 9</b>	<b>84</b>	97	58	107	26	133	1	39	50
Availability and use of ICTs	<b>6 of 9</b>	<b>85</b>	95	81	122	38	135	8	71	64
<b>OPERATING ENVIRONMENT</b>	<b>8 of 9</b>	<b>82</b>	74	61	68	27	134	2	75	81
Operating Environment	<b>8 of 9</b>	<b>82</b>	74	61	68	27	134	2	75	81



# **Global Information Technology Report**



Pillars	2014	2013	2012	Change 2013-2014	Change over 2 years
1st Pillar : Political and regulatory environment	87	98	107	11	20
2nd Pillar : Business and innovation environment	92	100	107	8	15
3rd Pillar : Infrastructure and digital content	89	84	80	-5	-9
4th Pillar : Affordability	75	82	72	7	-3
5th Pillar : Skills	69	73	77	4	8
6th Pillar : Individual usage	91	95	95	4	4
7th Pillar : Business usage	43	47	63	4	20
8th Pillar : Government usage	67	67	79	0	12
9th Pillar : Economic Impacts	48	56	77	8	29
10th Pillar : Social impacts	76	76	88	0	12














# Global Innovation Index

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# GLOBAL INNOVATION INDEX PHILIPPINES VS ASEAN

Country	2014 Out of 143	Change 2013-2014	2013 Out of 142	2012 Out of 141	2011 Out of 125
 SINGAPORE	7	1	8	3	3
 MALAYSIA	33	-1	32	32	31
 THAILAND	48	9	57	57	48
 VIETNAM	71	5	76	76	51
 INDONESIA	87	-2	85	100	99
 BRUNEI DARUSSALAM	88	-14	74	53	75
 PHILIPPINES	100	-10	90	95	91
 CAMBODIA	106	4	110	129	111
 LAOS	-	-	-	138	-

Pillars	2014 Rank (out of 143)	2013 Rank (out of 142)	2013-2014 CHANGE
<b><i>Innovation Input Sub-Index</i></b>	110	108	-2
<b>1 Institutions</b>	108	128	20
<b>2 Human capital &amp; research</b>	121	116	-5
<b>3 Infrastructure</b>	94	78	-16
<b>4 Market sophistication</b>	93	95	2
<b>5 Business sophistication</b>	113	96	-17
<b><i>Innovation Output Sub-Index</i></b>	84	77	-7
<b>6 Knowledge &amp; technology outputs (formerly Scientific outputs)</b>	68	61	-7
<b>7 Creative outputs</b>	98	91	-7
<b><i>Innovation Efficiency Ratio</i></b>	35	24	-11













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# **PHILIPPINES AND ASEAN**

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# ASEAN POPULATION

ASEAN	2010	2011	2012
 Brunei Darussalam	400,569	406,512	412,238
 Indonesia	<b>240,676,485</b>	<b>243,801,639</b>	<b>246,864,191</b>
 Cambodia	14,364,931	14,605,862	14,864,646
 Lao PDR	6,395,713	6,521,314	6,645,827
 Myanmar	51,931,231	52,350,763	52,797,319
 Malaysia	28,275,835	28,758,968	29,239,927
 Philippines	93,444,322	95,053,437	96,706,764
 Singapore	5,076,700	5,183,700	5,312,400
 Thailand	66,402,316	66,576,332	66,785,001
 Vietnam	86,932,500	87,840,000	88,775,500

# ASEAN 0-14 YEARS OLD (% of Total Population)

ASEAN	2010	2011	2012
 Singapore	17.342	16.92	16.475
 Thailand	19.332	18.862	18.466
 Vietnam	23.491	23.118	22.872
 Myanmar	26.071	25.676	25.278
 Brunei Darussalam	26.593	26.165	25.755
 Malaysia	27.683	27.169	26.653
 Indonesia	29.829	29.594	29.273
 Cambodia	31.836	31.448	31.233
 Philippines	35.284	34.908	34.533
 Lao PDR	36.77	36.164	35.605

# MEDIAN AGE (as of 2010) ASEAN COUNTRIES

ASEAN	Median Age	Male	Female
 Lao PDR	19.5	19.2	19.8
 Cambodia	22.5	21.8	23.2
 Philippines	22.7	22.2	23.2
 Malaysia	25.1	24.5	25.8
 Myanmar	26.5	26	27.1
 Vietnam	27.4	26.4	28.5
 Indonesia	27.9	27.4	28.4
 Brunei Darussalam	28.1	28	28.2
 Thailand	33.7	32.9	34.7
 Singapore	39.6	39.1	40

Population	2010	2012	2013
	92,337,852	95,800,000	97,400,000



**47,697,897**  
population aged 20-64 (workforce)  
both sexes as of 2010



# POVERTY HEADCOUNT RATIO AT NATIONAL POVERTY LINE (% OF POPULATION)

COUNTRY NAME	POVERTY HEADCOUNT RATIO	YEAR OF LAST UPDATE
Brunei Darussalam	-	-
Indonesia	11.4	2013
Cambodia	20.5	2011
Lao PDR	27.6	2008
Myanmar	-	-
Malaysia	1.7	2012
<b>Philippines</b>	<b>25.2</b>	<b>2012</b>
Singapore	-	-
Thailand	13.2	2011
Vietnam	17.2	2012

SOURCE: <http://data.worldbank.org>

National poverty rate is the percentage of the population living below the national poverty line. National estimates are based on population-weighted subgroup estimates from household surveys.




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# ASEAN as ONE

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 **Population:** 617.2 million

 **Land Area:** 4,435,617 km<sup>2</sup>

 **GDP:** US\$ 2,318 billion

 **GDP per capita:** US\$ 3,756

 **Tourist Arrivals ('000)**

**Total ASEAN:** 89,225.2

**Intra-ASEAN:** 39,845.5

**Extra-ASEAN:** 49,379.8

**US\$ million**

 **Total Trade:** 2,476,427

**Total Exports:** 1,254,581

**Total Imports:** 1,221,847

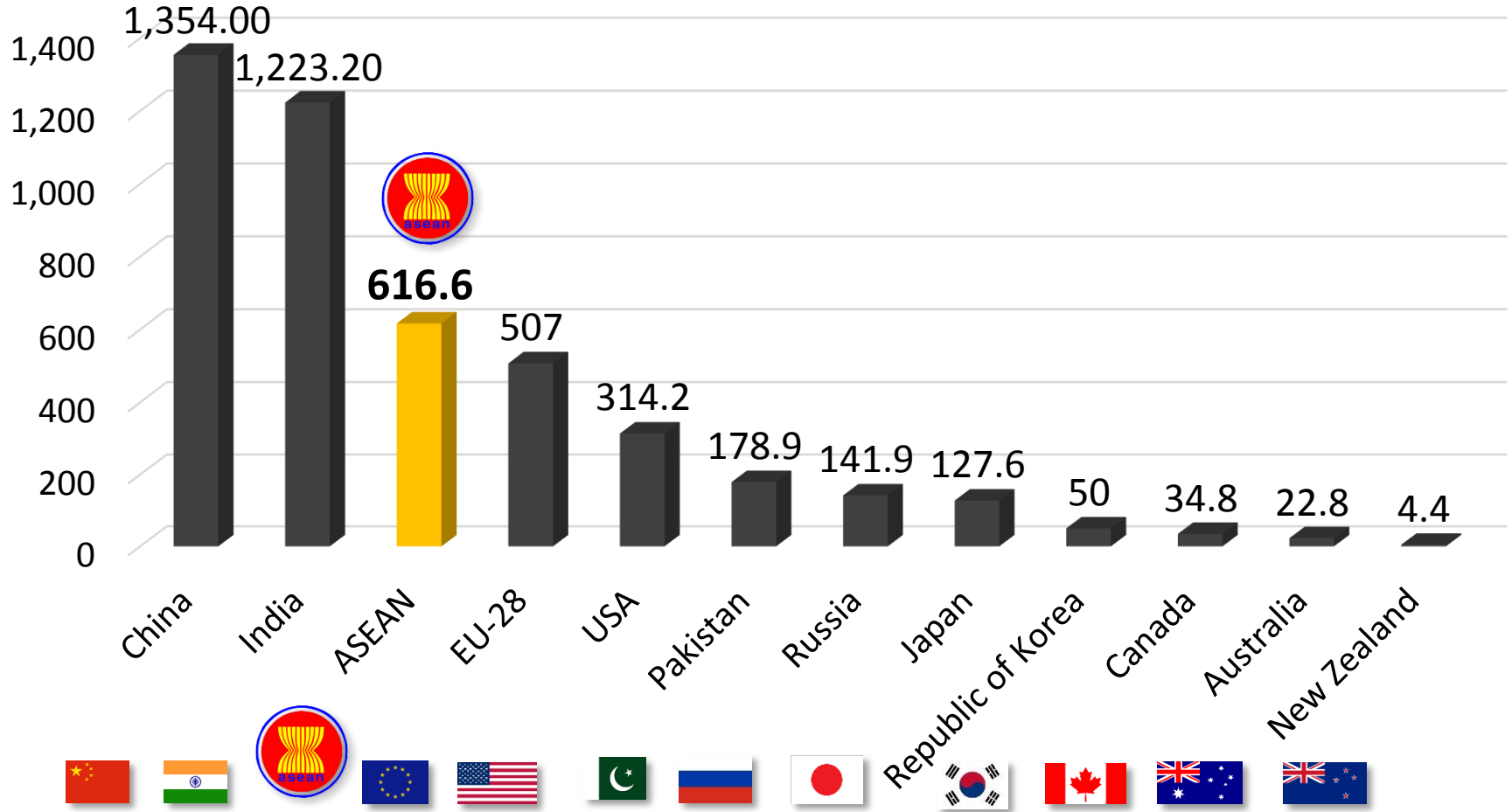
**US\$ million**

 **Total FDI inflows:** 110,291.2

**Intra-ASEAN:** 20,160.1

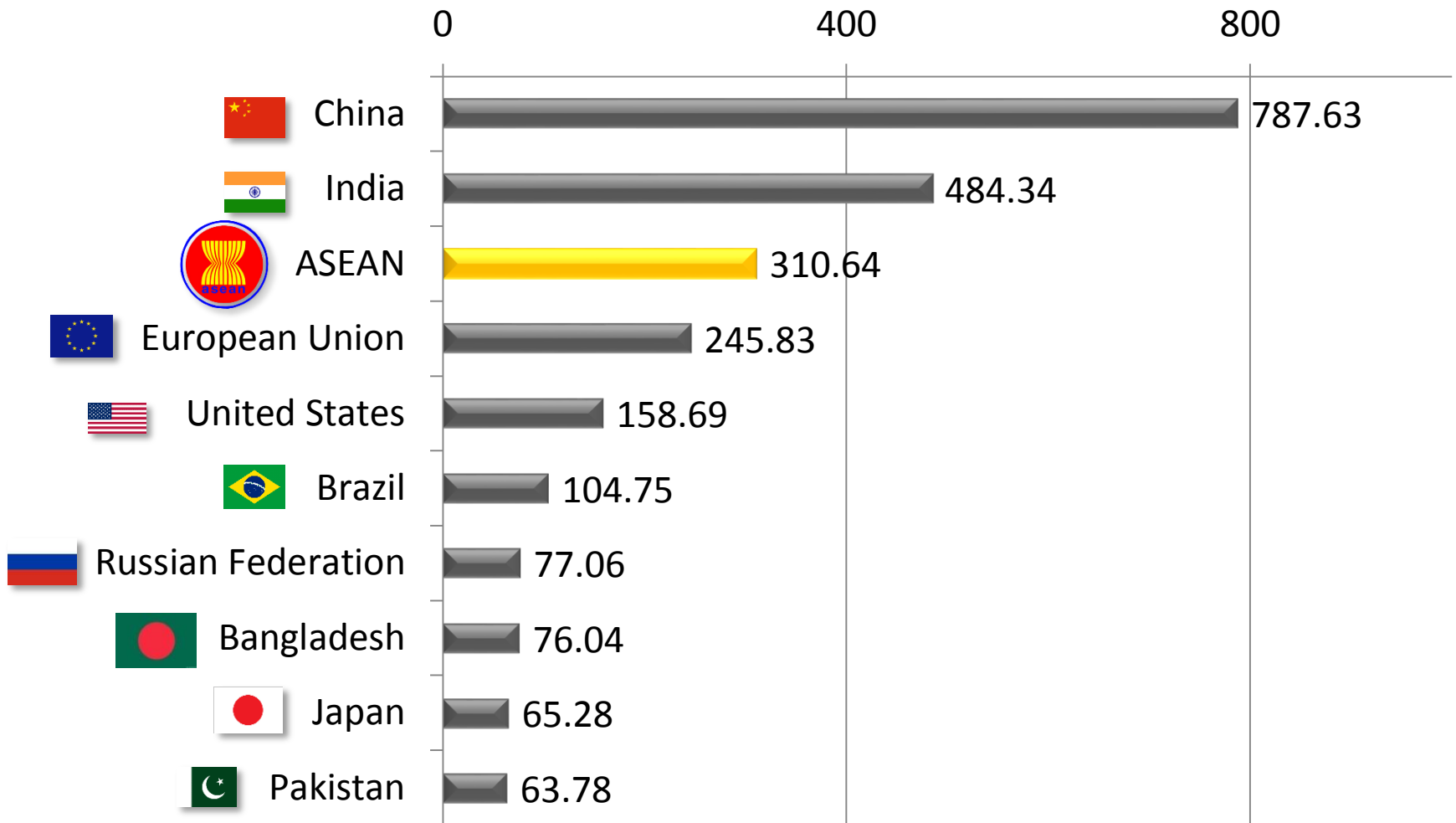
**Extra-ASEAN:** 90,131.1

## Population, 2012 (million)

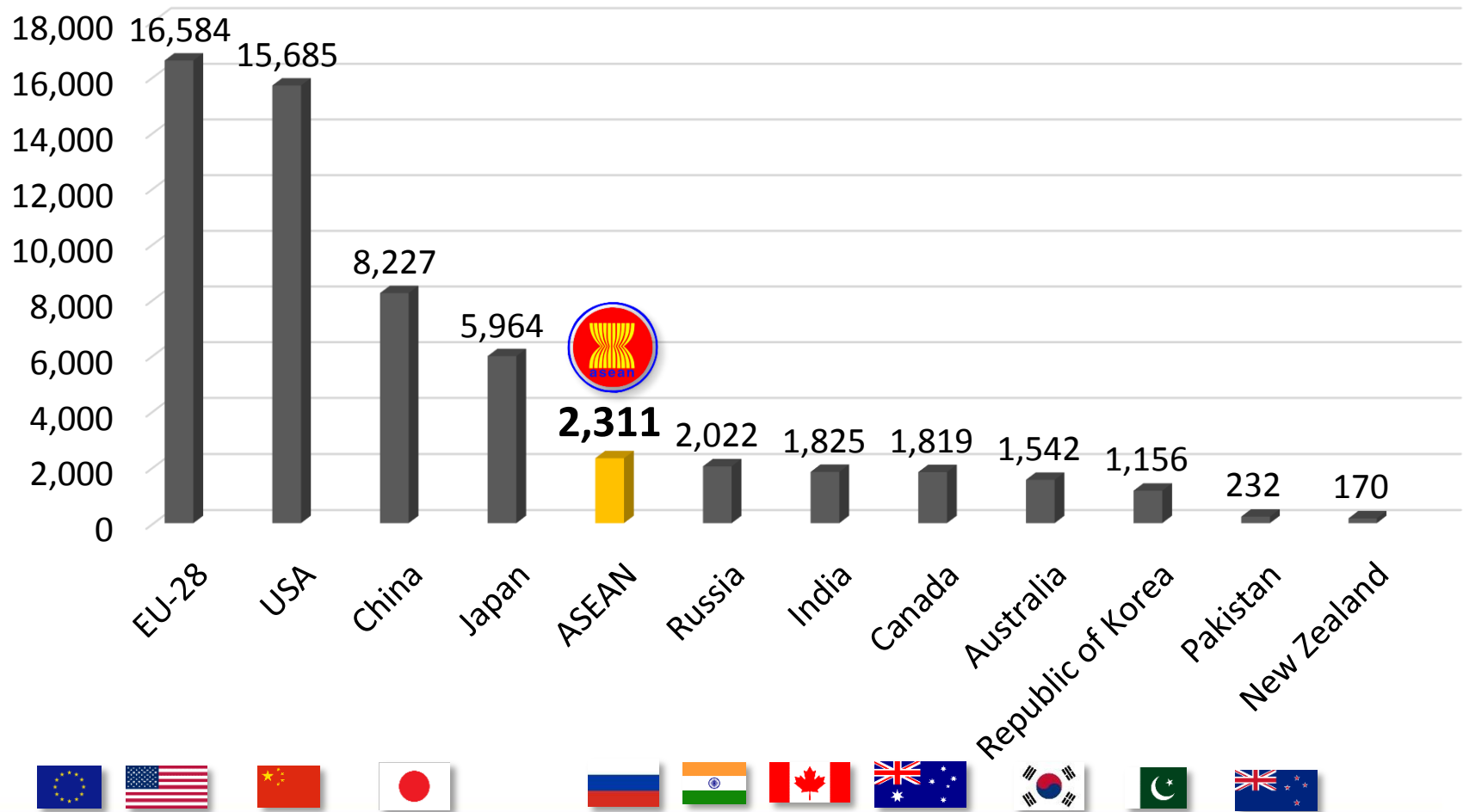


## ! Labor force, total, 2012

Millions

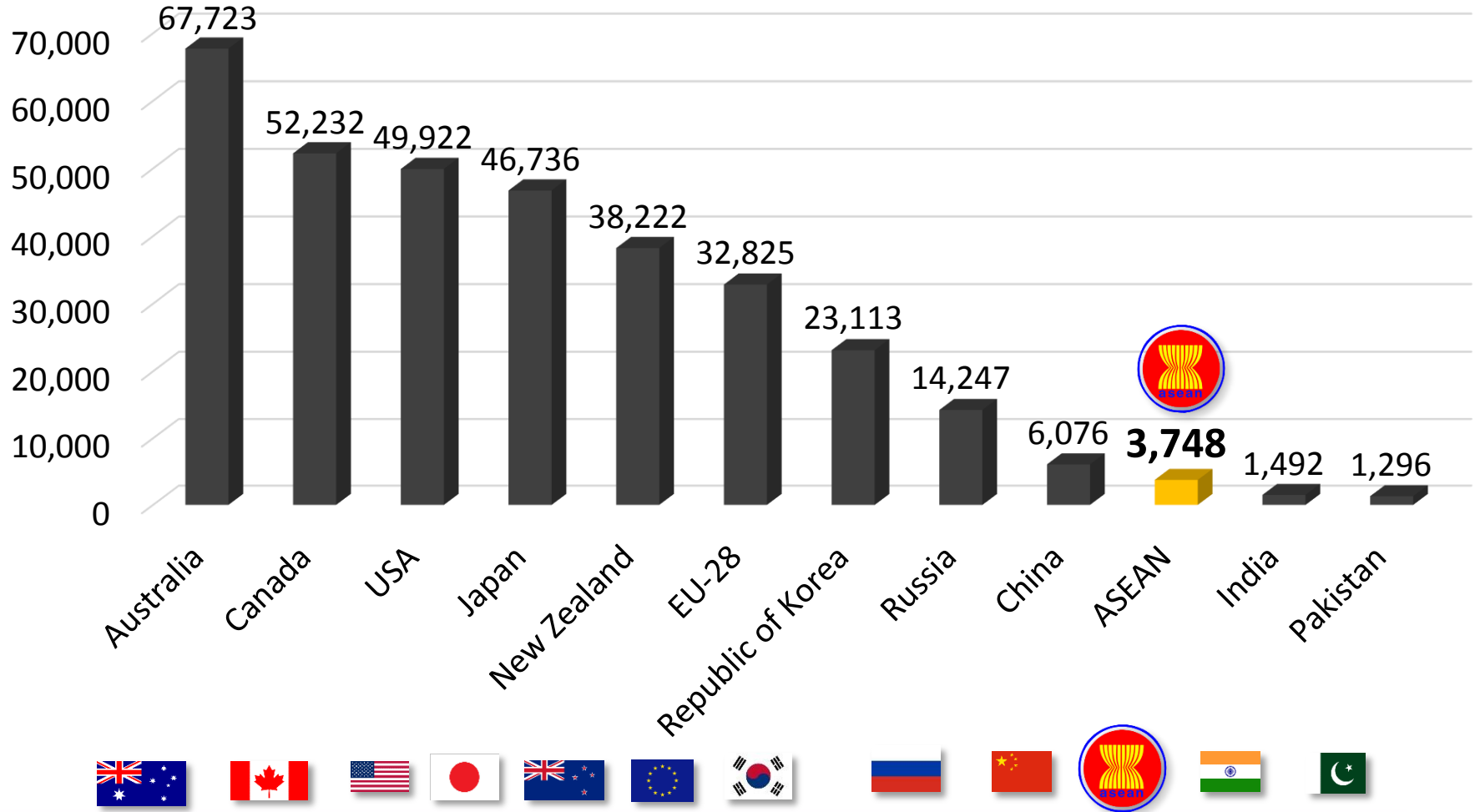


## \$ Gross Domestic Product, 2012 (at current prices, US\$ billion)



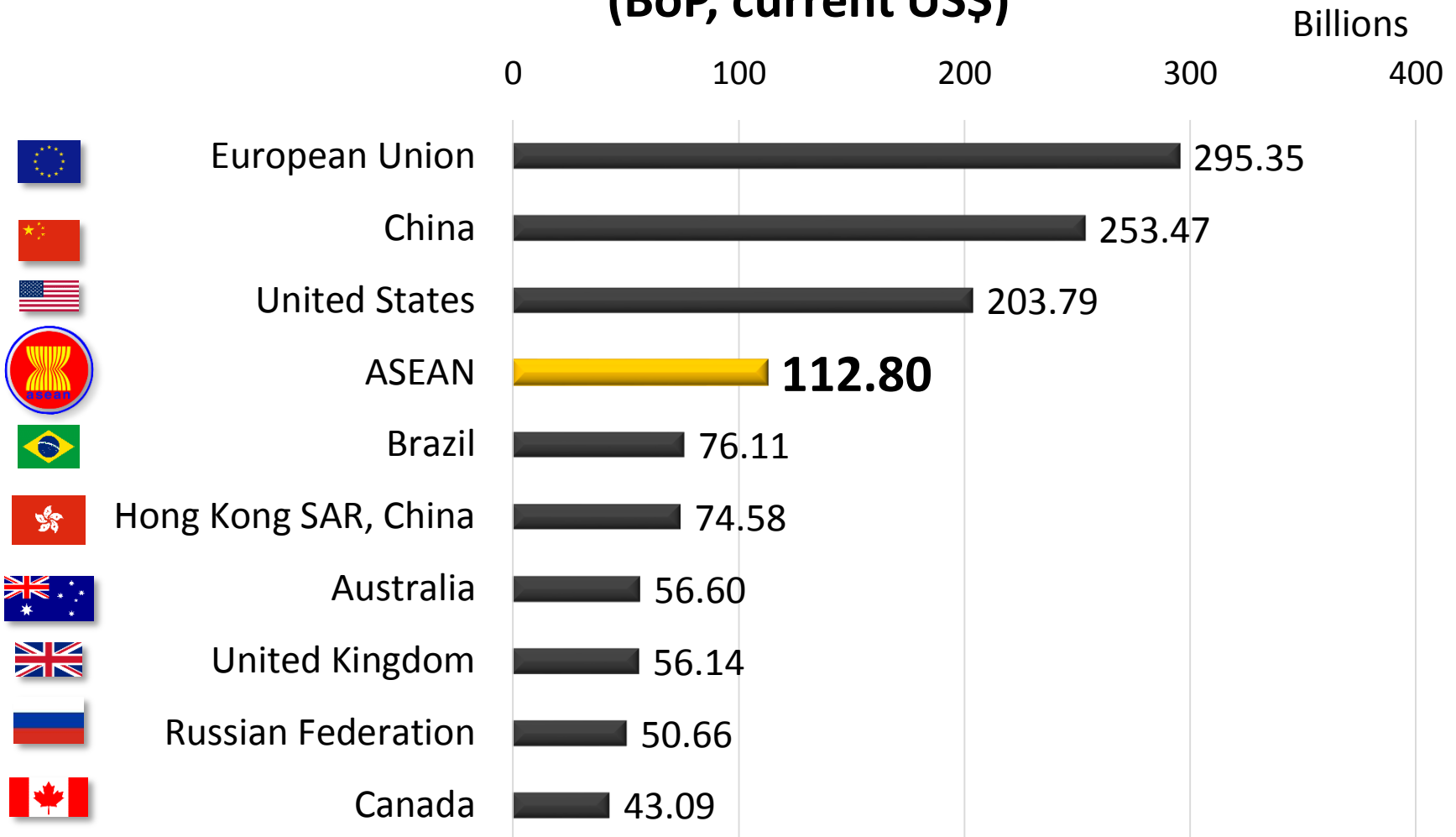
Source: ASEAN Community in Figures (ACIF) 2013 by The ASEAN Secretariat, Jakarta

## 👤 GDP per Capita, 2012 ( in US\$)



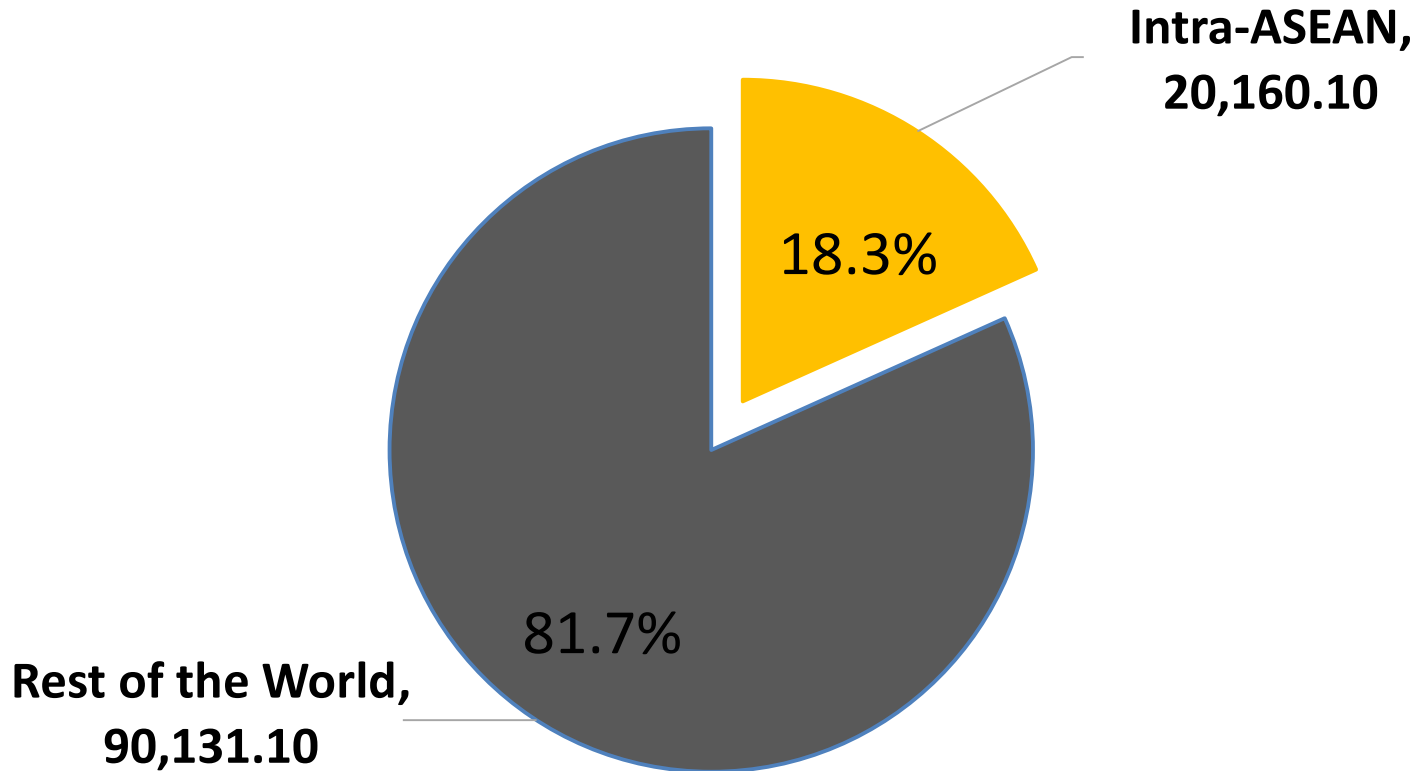
Source: ASEAN Community in Figures (ACIF) 2013 by The ASEAN Secretariat, Jakarta

## Foreign direct investment, net inflows, 2012 (BoP, current US\$)

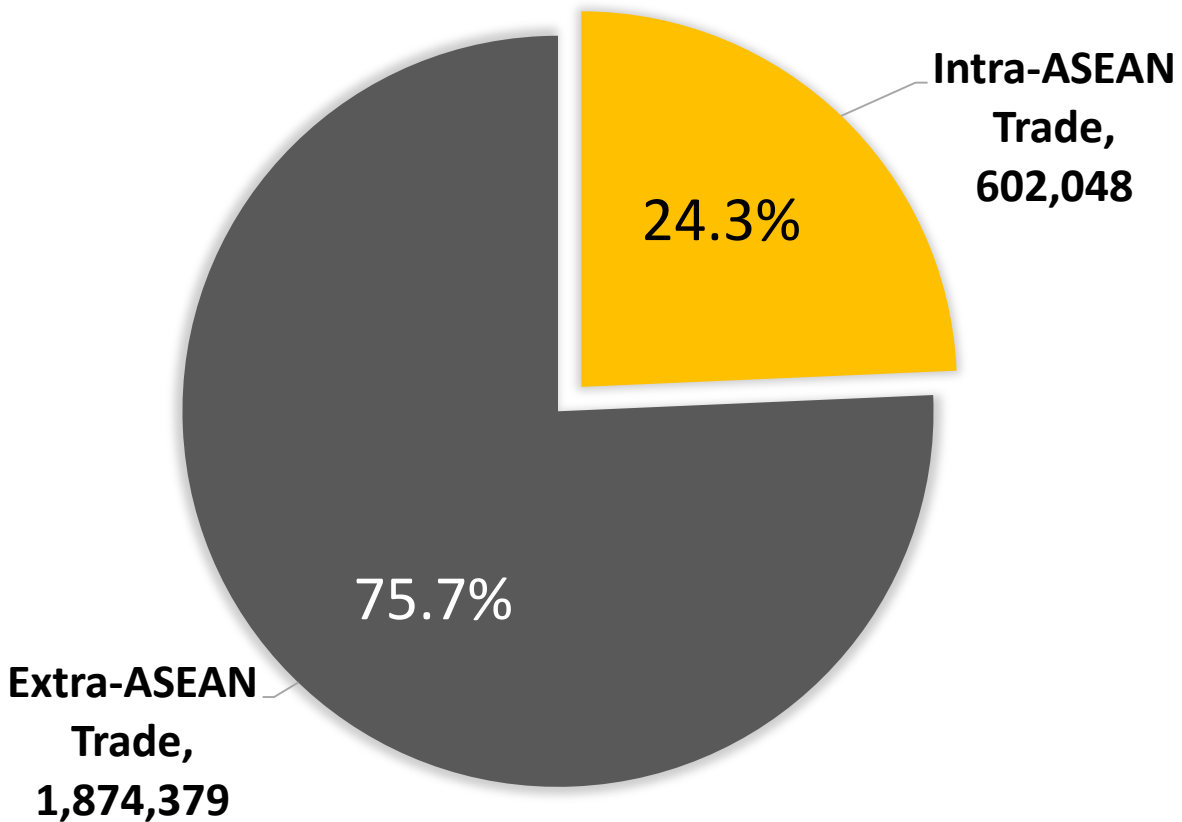




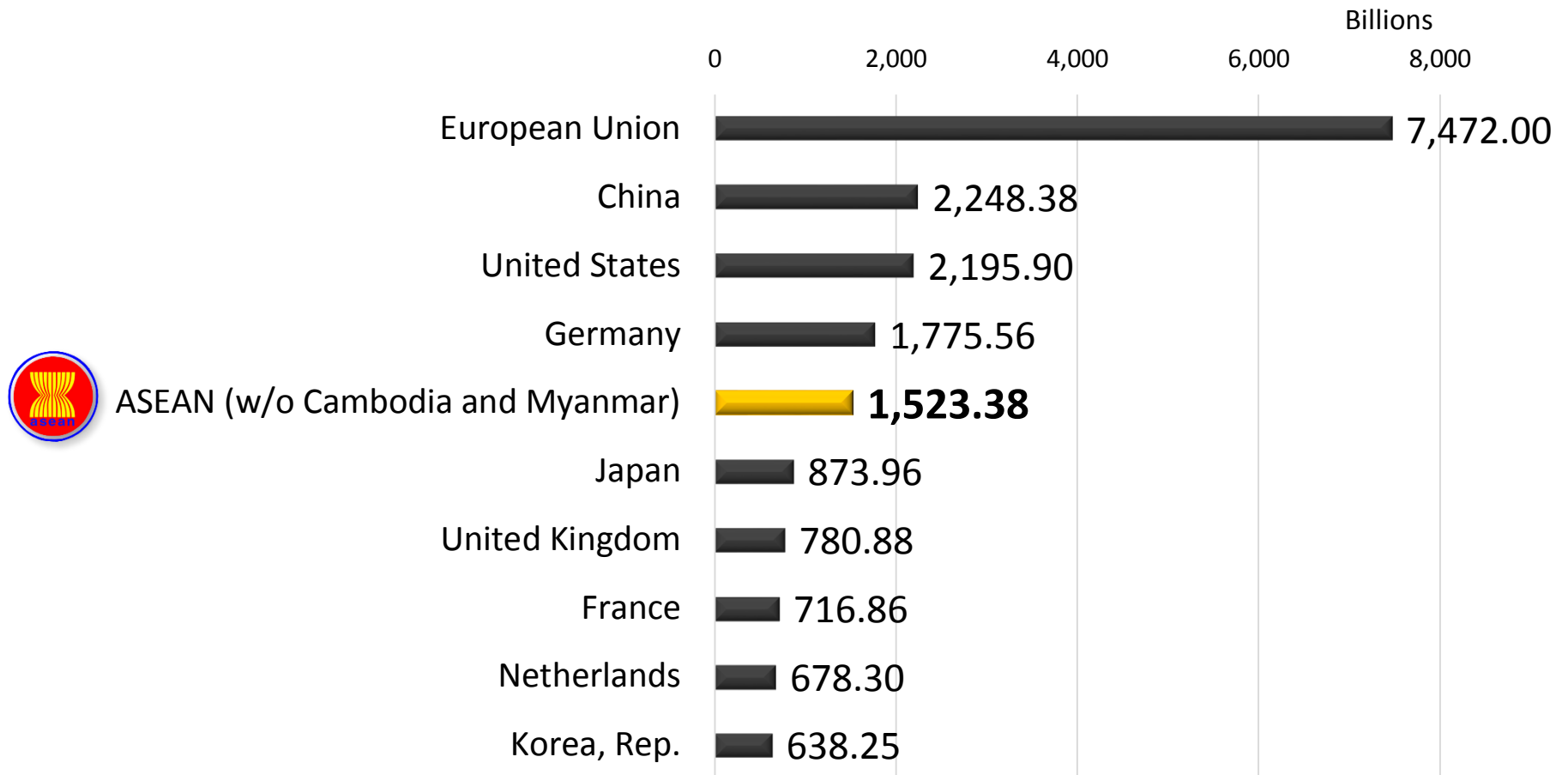
## FDI Inflows (US\$ million), 2012



## ASEAN TOTAL TRADE, 2012 (US\$ MILLION)



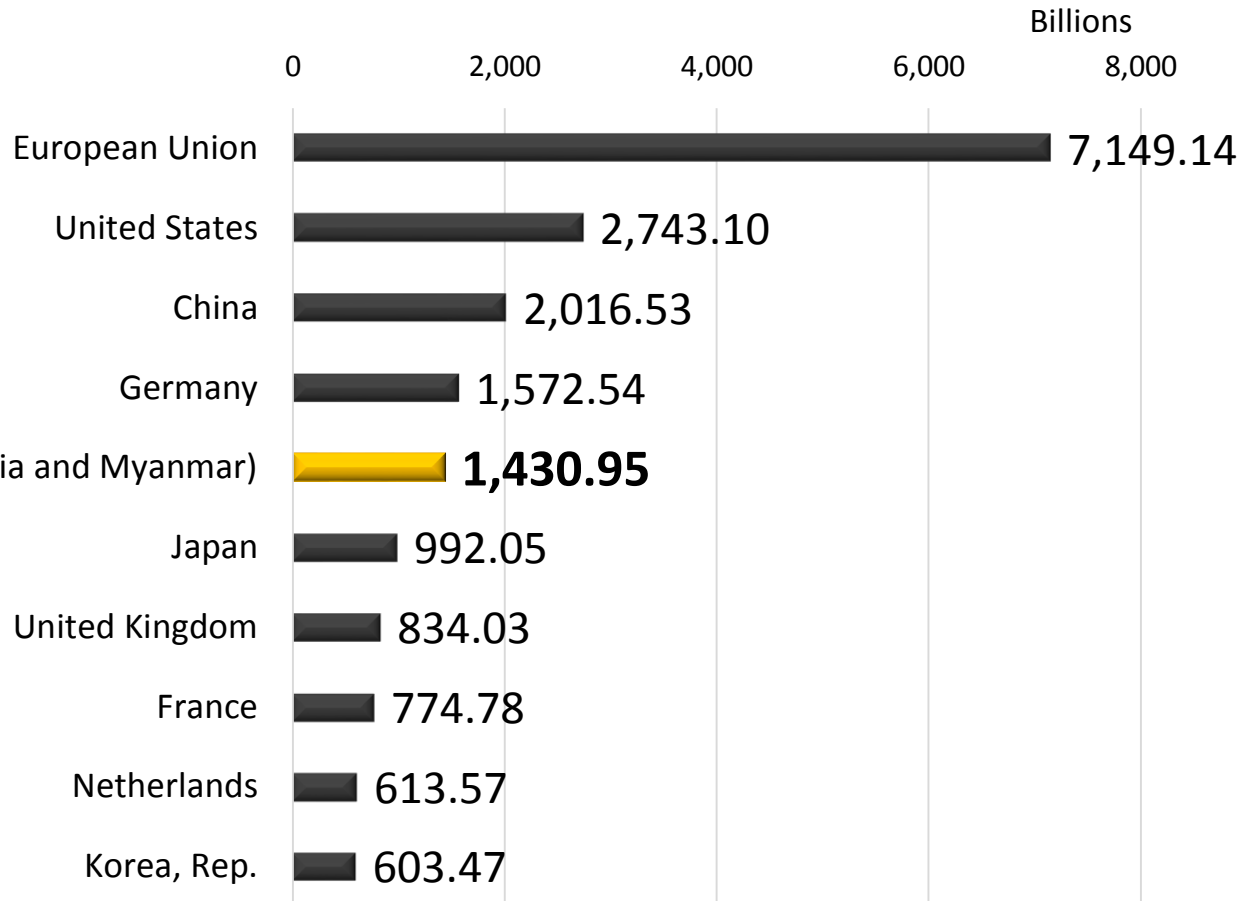
## Exports of goods and services (current US\$), 2012



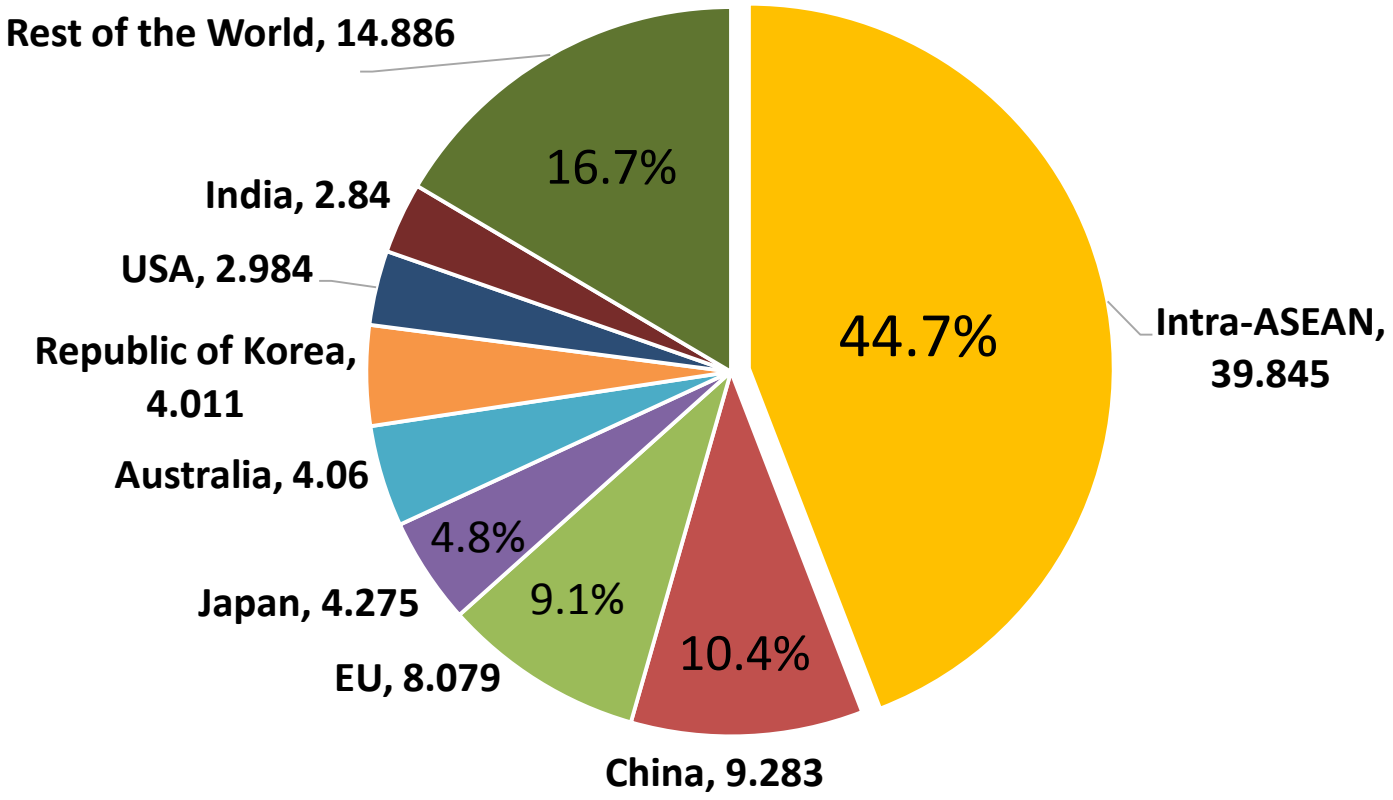
## Imports of goods and services (current US\$), 2012



ASEAN (without Cambodia and Myanmar)



## Tourist Arrivals, 2012 ('000)



Most people ask -

**Are we ready for AEC 2015 ?**

Our position -

**We must get ready for AEC 2015.**