

**WRITTEN STATEMENT BY MR. JULIAN H PAYNE
PRESIDENT OF THE CANADIAN CHAMBER OF COMMERCE OF THE PHILIPPINES
ON BEHALF OF THE JOINT FOREIGN CHAMBERS OF COMMERCE
TO THE PHILIPPINES DEVELOPMENT FORUM ON SATURDAY, 26 FEBRUARY 2011**

Mr. Secretary, Mr. Co-chair, distinguished delegates and participants:

Thank you for inviting the Joint Foreign Chambers of Commerce in the Philippines to attend this consultative meeting and providing us with an opportunity to contribute our views on the economic and social development plans for the Philippines.

It is my honour to submit this statement on behalf of the American Chamber of Commerce, the Australian-New Zealand Chamber of Commerce, the Canadian Chamber of Commerce, the Japanese Chamber of Commerce & Industry, the Korean Chamber of Commerce, and the Philippine Association of Multinational Companies Regional Headquarters. Several are represented here today by their Presidents and/or Executive Directors which attests to the importance all attach to the deliberations of the PDF.

The JFC members are optimistic about the potential that the Philippines has to advance its economic and social development under the leadership of a new President, a new administration, and a new Congress. We look forward to working closely with all public authorities as well as civil society in initiating and implementing the necessary reforms in economic management and good governance for the benefit of all Filipinos.

The JFC has completed a major year-long and in-depth review of this very subject in close consultation with a wide range of domestic and foreign stakeholders. Our analysis and more than 400 specific recommendations are included in our report with the self-explanatory title of ***Arangkada Philippines 2010: A Business perspective***. We submitted this report to the President last December and have distributed it to the relevant government authorities, embassies and business leaders. It is my pleasure to submit this report to the Philippines Development Forum as a detailed statement of our collective views.

Three general points highlighted in the report are the urgent need:

- (1) To increase the rate of economic growth on a sustainable basis;
- (2) To improve the competitiveness of the Philippines in the global economy; and
- (3) To improve the business environment for the private sector to expand and grow.

With respect to the rate of economic growth:

- (1) While in the last year there has been healthy economic growth rate, the Philippines lags behind most ASEAN neighbours when this is measured over the longer term. The Philippines must increase its longer term and sustained economic growth rate as a necessary precondition for job creation and broad economic and social development. Without such growth, inclusive economic and social development so essential to reduce inequality, reduce poverty and benefit all Filipinos will not be possible. **We believe that with the necessary reforms implemented a growth rate of 9-10% pa is possible and should be set as your target.**
- (2) Even with major support by multilateral development institutions and bilateral donors as well as invaluable work by civil society, this increased rate of growth will not be possible without significant increases in foreign direct investment and exports. **In our judgement, the Philippines needs and has the potential for USD 7.5 billion FDI and USD 100 billion in exports. These should be your targets.**

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- (3) A sustained increase in FDI will only be possible with an economy that includes a more enabling business environment for investment than at present. **We need practical tough reforms as well of rhetoric and recommendations, definitive decisions instead of reconsiderations and reversals, and clean open competition instead of corruption and collusion.**

We identified in *Arangkada* seven areas with major potential for economic development and job creation. In summary, these are:

- (1) Agri-business;
- (2) Information technology-Business process outsourcing;
- (3) Creative Industries;
- (4) Infrastructure;
- (5) Manufacturing and logistics;
- (6) Mining; and
- (7) Tourism, medical travel and retirement.

The *Arangkada* includes detailed analyses of the potential constraints in these areas as well as specific and practical recommendations. **We ask you to implement all of these.**

With respect to the need to improve enabling business environment for private sector expansion and economic growth, we urge the new administration:

- (1) To reduce the inhibiting number of steps, levels of government and paperwork required in operating and expanding business, particularly foreign firms starting-up new businesses where new jobs will be created;
- (2) To set out clearly and publically the policies, procedures and processes for government decision-making at all levels. [The private sector needs to plan ahead and know the rules of the game for decisions rather than fearing these as subjective at the discretion of individuals who happen to occupy an office and position];
- (3) To ensure consistency and finality of decisions by all branches of government in accord with the publicized laws, policies and procedures, with reconsiderations and reversals the exception rather than expected. [When business sees that a high court allows three reconsiderations with reversals of its own decisions, it is understandably nervous about longer term commitments and investment];
- (4) To ensure that laws, regulations and policies set at the national level to enable business development are followed and implemented by local government units. [Where these are undermined by autonomous counter-action by LGUs under pressure from special interests, needed private sector investment is discouraged].

In summary, the bottom line is delivery of the promised goods. The administration must not just set the laudable objectives and priorities as it has today for the country's economic and social development. **It must ensure delivery, without delay, of an improved business environment to facilitate overdue growth in FDI and exports to support growth.**

We have been encouraged in our meetings with the Secretaries in the new administration and with leaders in the new Congress. We now await with hopeful and optimistic expectation positive results as we near the start of the new administration's second year.

In closing - and with these observations - the JFC members are pleased to support the overall objectives of new administration's economic and social development objectives and policies as discussed at this Philippines Development Forum. **Maraming salamat po.**