

## **Report of ERIA Symposium in Manila** **“Business Cooperation & Regional Integration in East Asia”**

Date & Time: 13:00-18:00 on August 23, 2007

Venue: The Peninsula Manila

Number of participants: Approximately 300 people

### **1. Opening Address**

#### **Opening Address by H.E. President Gloria Macapagal-Arroyo**

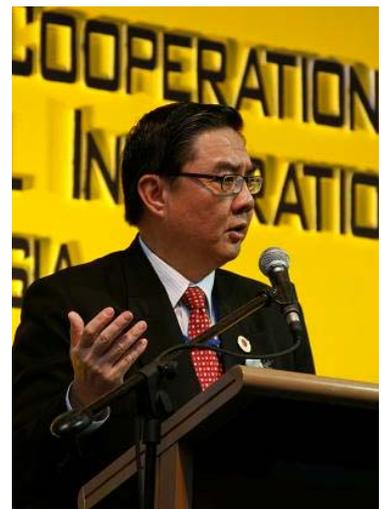
Delivered by **Mr. Armin B. Raquel-Santos**, Governor, Board of Investments, Department of Trade and Industry, Republic of the Philippines

- H.E. President Arroyo stated her acknowledgment for the efforts that IDE-JETRO has made, along with PIDS and other research institutes in the region, to establish ERIA.
- In order to keep region’s sustainable growth, it is crucial to enhance the region’s competitiveness by economic integration. H.E. President Arroyo expressed her expectation that ERIA will be a major part in the economic engine that will bring sustainable growth to all ASEAN and East Asian member countries.



#### **Opening Address by Honorable Ong Keng Yong, Secretary-General of ASEAN**

- It is a great pleasure to open the first symposium of ERIA.
- This symposium is ERIA’s first and significant project which has participants from the academe, the private sector and government. In particular, the participation of business people from a wide range of business fields is very welcome as it provides a good opportunity to find the future research agenda of ERIA.
- One objective of ERIA is to arrive at policy-oriented research which would guide and assist policymakers, especially in light of recent economic developments which include the acceleration of the realization of the ASEAN Economic Community (AEC) to 2015, calls for an East Asia Free Trade Area (EAFTA), and the growing momentum of the East Asia Summit.
- The ASEAN Secretariat would cooperate with just-begun ERIA.



## 2. Keynote Speech by Mr. Haruhiko Kuroda, President, Asian Development Bank

- Several suggestions to ensure ERIA's success are; to work with the best experts both from the region and internationally, to forge links with the policy processes, and to contribute to the process of producing future leaders and policymakers through capacity building and training.
- There are many challenges that lie ahead as ASEAN strives to achieve AEC. To cope with these issues, ERIA is expected to become an engine for region's sustainable growth. ADB will be there to help.



### 3. Panel Session

#### SESSION I : East Asian Economic Integration and the Role of Business

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**Dr. Hadi Soesastro**, Executive Director, Centre for Strategic and International Studies (CSIS), outlined ERIA's objectives and activities. **Mr. Daisuke Hiratsuka**, Director-General, Development Studies Center, IDE-JETRO, reported on Chapter 2 of the interim report "Developing a Roadmap toward East Asian Economic Integration" (Test-run Project) and **Dr. Mohamed Ariff**, Executive Director, Malaysian Institute of Economic Research (MIER) did on Chapter 3. **Dr. Josef T. Yap**, President, Philippine Institute for Development Studies (PIDS), made presentation on ASEAN competitiveness and then **Mr. Jose S. Conception, Jr.**, Chairman, ASEAN Business Advisory Council (ASEAN-BAC), presented the importance of economic integration from the perspective of business sector. In closing, **Dr. Hadi Soesastro** summarized and mentioned that the remarks in this discussion will be taken up to ERIA's future research.

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#### **Dr. Hadi Soesastro (CSIS): Introduction of ERIA (Background / Progress / Concept)**

This symposium is very historic in the sense that this is the very first opportunity for ERIA to go public. The purpose of this symposium is to inform the process and progress of ERIA as well as to provide a highlight of the interim report of test-run roadmap project and to get feedback from you in business sector.



ERIA began with a proposal by the Japanese Prime Minister Abe at the East Asia Summit (EAS) in January 2007 and it was immediately supported by the leaders. Since then the experts group, consisting of research institutes from 16 countries in the region, the ASEAN Secretariat and the Asian Development Bank had a few meetings to define the nature and objective of ERIA. ERIA's nature as a body and research agenda were agreed at the experts group meeting a few months ago. The following is the concept of ERIA; 1) to make an intellectual contribution to regional efforts towards East Asian economic integration in a wide range of areas, from trade and investment to SMEs, human resources development, infrastructure, energy, and so forth, 2) to provide policy analyses and recommendations to the region's leaders and ministers in partnership with the ASEAN Secretariat and existing research institutions, and 3) to conduct capacity building which is aimed at strengthening policy research capacities especially in the less developed countries of the region. The output of ERIA's research is to be brought to policymakers in the policy forums in the region namely, the ASEAN Economic Ministers' Meeting (AEM), AEM + 3 and EAS. The importance of this institution is to have such close links to policymaking process. In 2007, six research projects have been agreed and started. These projects are categorized into the three themes, as the main pillars for ERIA's research. These are: 1) deepening integration, 2) narrowing gaps of economic development and 3) sustainable economic growth. Two projects, "Developing a Roadmap toward East

Asian Economic Integration” and “Energy Security in East Asia” are carried out as Test-run projects, and the interim report of the roadmap project is to be presented at the AEM and relevant meetings from tomorrow.

In this symposium it is expected to get feedback from you as one of the important stakeholders of East Asia economic integration.

**Mr. Daisuke Hiratsuka (IDE-JETRO): “Nature and Characteristics of the East Asian Economy”  
(Interim Report – Chapter 2)**

Chapter 2 of Roadmap Project interim report highlighted on the nature and characteristics of East Asian economy which has achieved remarkable growth over the last few decades. The important point is how to utilize the globalizing forces – dispersion forces and agglomeration forces. ERIA will pursue the three research areas “deepening integration”, “narrowing gaps of economic development” and “sustainable economic growth”, and the experience of economic development in East Asia tells us that two objectives “deepening integration” and “narrowing gaps” can be pursued at the same time by utilizing globalizing forces. This idea is supported by new research approach such as spatial economics and fragmentation theory. This chapter aims to show the strategic framework by organizing the insight from such theoretical models and the facts observed in the real economy.

The figure of combined GDP of ASEAN+6 in 2005 was almost same as that of NAFTA in 1997 and that of EU in 2003, which means the economic scale of this region can be considered as one of the three biggest economic communities in the world. In 2006 the intra-regional trade ratio of ASEAN+6 amounted to 43.1% which exceeded 42.1% of NAFTA. Another fact is that the region’s production networks formed by segmented production processes have been greatly developed, endorsed by the data that the share of intra-trade of intermediate goods has been remarkably growing compared with that of NAFTA and EU. On the other hand, there are still large disparities in terms of per capita income, which is more than one hundred times differences between the advanced group and the late developed group in the region.

‘Service link cost’ is the important concept to understand the development experience in East Asia. According to fragmentation theory, production processes in East Asia are sliced into many blocks and each fragmented process is located at different country or area which has comparative advantage in production. Service link costs which consist of border-related barriers, cross-boarder barriers and distribution costs are the expenses to connect those fragmented production bases. In East Asia, the remarkable international production networks have been developed through the reduction of service link costs and product differentiation. The analysis based on economic geography and fragmentation theory tells us that the economic disparity can be turned into the source of dynamism of regional economy, if service link costs are reduced. Through service link costs reduction, development gaps in East Asia can be narrowed by developing production networks, more broadly speaking, deepening integration.

As agglomeration forces (over-concentration of production processes in small areas) would increase the costs due to the congestion effect, production processes would not be concentrated in small areas. Even late developing countries such as CLMVs can attract industries in their countries if proper policy environment is prepared.

According to Anderson and Wincoop (2004), the estimated service link costs are 170% of production costs; 21% of service link costs as transportation costs; 8% as tariff barriers, 36% as other border barriers, and 55% as retail and wholesale distribution costs. This shows that service link costs cannot be reduced sufficiently by tariff reduction. What policies are needed to reduce service link costs? In addition to tariff reduction policy, such policies for development of infrastructure to reduce transportation costs, trade facilitation measures, liberalization of service trade, and establishment of “a level playing field” through competition policy will be effective.

**Dr. Mohamed Ariff (MIER): “Policy framework of the ASEAN Economic Community and beyond”  
(Interim Report – Chapter 3)**

The economic integration has two aspects; one is “shallow integration” which only involves tariff reduction and the other is “deep integration” which includes more essential factors such as trade facilitation measures, service liberalization, a level of playing field through competition policy, and economic cooperation on infrastructure development and SME policies.

“Shallow integration” is necessary, but not sufficient. Current FTAs/EPAs, which aim toward “deep integration”, are rather “shallow integration” due to little progress on service sector liberalization in East Asia. The ASEAN Economic Community (AEC) will contain service liberalization and play a pivot role in service liberalization.

When discussing which countries should be included to enhance regional economic integration, it is natural that the 16 countries of East Asia Summit members are the first choice under the current status of bilateral / regional FTAs/EPAs. The region could be expanded in future if necessary.

Proliferation of FTAs/EPAs is increasing a risk of so-called “spaghetti bowl” syndrome. Exporters face with different tariff rates and different rules of origin. These may pose problems for manufacturers and custom officers, which increase the administrative costs and service link costs.

There are various research topics relating FTAs ERIA should undertake. Though there have been many simulations in pre-FTA stage, there are few analyses on FTA effects in the implementation phase of FTAs. The urgent research topics are about implementation, utilization review and amendments of FTA, such as the analysis of rules of origin, issues of overlapping FTAs, streamlining multiple FTAs, new dimensions of economic integration and impact on domestic industries and adjustment costs.

The business role in integration is important. Business sector is playing pivotal role in economic integration as private sector is the major participants of economic activities. It is also important the input from private sector will be provided into policymaking.

**Dr. Josef T. Yap (PIDS): “Competitiveness and Regional Economic Integration”**

Regarding the concept of competitiveness, former USA President Clinton emphasized on “country’s competitiveness” in his statement, “each nation is like a big corporation competing in the global market place.” The McKinsey Report concluded that market fragmentation lies at the heart of ASEAN’s competitiveness challenge and the recommendation is to accelerate the economic integration program.

Krugman said international competitiveness can be a “dangerous obsession”. Competitiveness is a firm level concept. It is firms, not countries, that compete in the global market place. Assuming that the markets are contestable, the main indicators of competitiveness would be market share and profitability, and the primary determinants of competitiveness are productivity through managerial skills and technological capability. “National competitiveness” is also relevant in the sense that government policies at the national level affect the competitiveness of firms; provision for infrastructure and exchange rate policy for example.

ASEAN firms are in competition with Chinese firms in the third-country markets and FDI attraction. However, this challenge has to be analyzed more carefully. A part of FDI to China is round-tripping investments by Chinese firms themselves to take advantage of China’s favorable policies toward foreign capital. Also, 2/3 of FDI to China for 1993-2005 came from Hong Kong and Taipei, China. Also, we have to remember that trade is always two-way interactions, and the trade volume between China and ASEAN has increased.

To achieve ASEAN’s competitiveness goal, Dr. Ariff suggested transforming the economies to knowledge-based one. As strategic industrial policies, human resource development and technological capability improvement will be main areas. For CLMVs and the Philippines, the development of physical infrastructure is necessary. Japan-Philippines EPA which includes technical assistance will also be expected.

**Mr. Jose Concepcion, Jr. (ASEAN-BAC): “The Private Sector: Working with Governments to Respond to the Challenges of Regional Integration”**

The private sector in the economic integration of ASEAN and East Asia is working with government through the channel of ASEAN-BAC and East Asia Business Council (EABC). The key elements to successful integration are; 1) to narrow the development gap in the region, 2) to pursue fair market access between the developed and developing countries, 3) to pursue an integrated production network where member countries will specialize in production of parts where they have comparative advantage, 4) integration should be market-led driven with limited government intervention to ensure stability in the region, to improve business climate and to address the problem of poverty, 5) to nurture the growth of ASEAN SMEs through establishing a conducive ASEAN business environment, and 6) to support ASEAN MNCs for becoming capable of competing at regional and global levels.

**Summary of Session I by Dr. Hadi Soesastro**

Participation of Mr. Concepcion as representative from the business sector who daily confronts the realities of business competition is very appreciated, with listing the areas and challenges to this continuing process of regional economic integration. To make ERIA’s studies more relevant, it is needed to have exchanges with the business community and the members of the ASEAN BAC.

Regional economic integration in East Asia is not only market-driven but also more dynamic because of

continuing migration of economic activities. That is, as explained by spatial economics and fragmentation theory, the departmentation of production with migration of people going to different areas of the region depending on the comparative advantages.

Therefore, differences including different levels of development in the region should not be seen as a liability but be regarded as an asset to the region. It doesn't mean that the development gaps should be kept. It is important to narrow gaps, but rather important to effectively use these differences in the process of economic integration. In this process the various measures and activities to develop infrastructure, to open foreign investment and to improve logistics should be made. By doing these things, the development gap can be narrowed.

There is also a suggestion that service link costs should be focused on. The logistics is very important for this issue. We talk about not only reduction of trade barriers but also facilitation of trade.

If there is no discipline in the proliferation of FTAs, the end-result will be that you also penalize logistics by increasing production costs due to a variety of rules such as rules of origin and all that. APEC has done a study to overcome these problems.

On issue of competitiveness, it was showed that competitiveness is a firm-level concept. But national competitiveness is also significant as it means governments must create the environment and introduce certain policies that would bring about competitiveness to firms. These should lead to increased productivity. But productivity at the firm level is not sufficient because even if you can be very efficient in producing things, it does not necessarily mean that you can sell them efficiently.

We have seen the magnitude of service link costs which are high. Labor costs may not be the determining factor and therefore, countries should not operate on the basis of cheap labor. They should not be discouraged and say they cannot compete with big countries such as China that has a continuous supply of cheap labor. There are other factors that have been shown to be just as important. When we talk about the roadmap towards East Asian economic integration and the studies that we undertake, we should focus on these other issues where we can provide contributions towards making policy recommendations.

## SESSION II : Economic Integration and Business Opportunities for the Philippines

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Chaired by **Dr. Takashi Shiraishi**, President, IDE-JETRO, four panelists, **Mr. Manolo Abella**, Chief Technical Adviser, ILO Asian Regional Program on Governance of Labour Migration, **Mr. Samie L. Lim**, President, Philippine Chamber of Commerce and Industry (PCCI), **Mr. Jae J. Jang**, President, Korean Chamber of Commerce Philippines (KCCP), and **Mr. Toshifumi Inami**, President, The Japanese Chamber of Commerce and Industry of the Philippines (JCCIP) made presentations on the subject “Economic Integration and Business Opportunities for the Philippines”. Various industries were highlighted as business opportunities in the Philippines such as tourism industry, medical tourism business, long-term stay business, manufacturing industries (shipbuilding and electronics) and BPO (Business Process Outsourcing) business.

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### **Dr. Takashi Shiraishi (IDE-JETRO)**

East Asian Integration is different from the one experienced in Europe in two aspects. First, in order to build a community, it is necessary to share the same rules and institutions, both formal and informal. However, ‘building’ rules and institutions takes completely different process from ‘sharing’ them. Building a community is a difficult task. In this respect, it was a highly significant event that the East Asia Summit, which was once postponed since late last year, was duly held in January 2007 in Cebu. At this Summit, government leaders in the region expressed their political will to promote regional integration and cooperation. Second, it is important to note that East Asian Integration has been driven historically by market forces. Production and distribution networks developed in East Asia are expanded and deepened through market. In this connection, business is the most important forces to promote regional integration.



### **Mr. Manolo Abella (ILO)**

I would like to talk about the business opportunities that regional integration creates for the Philippines, especially on the impact that the integration of labor market implies. I think it is rare that somebody from ILO addresses on business opportunities. I pose three questions; 1) whether the Philippines has a comparative advantage in the cross-border movements of natural persons, 2) what opportunities exist for other modes of exporting services, and 3) whether labor migration is a substitute or a complement to other modes of service exports.

The Philippines has become the world leader in “cross-border movements of natural persons”, or workers offering the services. The Philippines earns more from labor services than all other ASEAN countries combined. Approximately one million Filipinos are working overseas under the short term labor

contract. The reasons for attracting these workers are driven by income gaps among East Asian regions and labor shortage due to aging society in advanced countries like Japan and Korea. Filipino workers are going to more than one hundred countries all over the world, but there are very few agreements with state-to-state negotiations. The Japan-Philippines Economic Partnership Agreement is one of such rare cases which include the consensus on the entry of qualified nurses and certified careworkers.

Has labor migration been taking away the graduates of tertiary education from the Philippines? No, it has not. While a large number of graduates of tertiary education have gone abroad, the percentage of college graduates in the Philippines as a share of the domestic labor force has increased. Furthermore, migrant households spend about twice more than non-migrant household in education.

However, the Philippines is not utilizing its potential in other forms of service exports other than labor migration. The Philippines has only 4.5 % share in total ASEAN service exports. This is only 1/10 of Singapore and 1/5 of Thailand. BPO (Business Process Outsourcing) market enabled by IT has evolved dramatically. Call centers or contact centers market in the U.S. has become about USD 100 billion business, which is almost the size of the Philippine economy. But we are only tapping 1% of that. Software development is another rapidly growing business but the Philippines is far behind India in this market. Medical transcription and medical tourism are also the business fields with huge potential. The Philippines, as the main source country for medical workforces, can have a large share of these markets.

In order to enhance service exports of the Philippines, further liberalization is needed. Although the Philippines is one of the largest export countries in medical workforces, there is little progress of liberalization related to this field. For example, it is necessary to remove the barriers to foreign investments in hospitals.

**Mr. Samie L. Lim (PCCI)**

I would like to talk about the business of integrated ASEAN. The important thing for integrated ASEAN is to create a visible ASEAN Brand. I am proposing in creating three Fs; Food, Fashion, and Fun (Intra-ASEAN Travel & Tour). First let me talk about Food. There are thousands of Thai restaurants all over the world. Thai Food Brand has been established but what about ASEAN Food? There isn't any. My proposal is to create an ASEAN Food Court in which each ASEAN country's food is served. Next on Fashion. Suits and ties are not suitable in hot and humid ASEAN countries. But we do not have ASEAN wear. So my proposal is to produce a formal ASEAN wear made of ASEAN fabrics and by ASEAN designers. And teach Americans and Europeans to try such ASEAN wear. ASEAN Furniture is another possibility. Create common ASEAN Brand in furniture, interior design, and accessories. For example, we are proposing to open so-called ASEAN Lifestyle Furniture Megastore which deals with ASEAN furniture and accessories in each country, of which 51% share is owned by local investors in the country where the shop is located and the rest 49% share is owned by other ASEAN investors. This idea was presented at the ASEAN industry club in Singapore last month. I am proposing Intra-ASEAN Travel & Tour for FUN. Tourism is an important, consistently growing industry. Tourism business is an industry which generates employment for ASEAN member countries. If we could provide ASEAN as one integrated tourist site, we could attain merit of scale and diversity. The successful business of so-called

budget airlines, airlines which offer budget airfare, made air travel affordable to the citizens of ASEAN countries. Providing ASEAN as one integrated tourist site, several positive effects are expected; to take a trip around ASEAN member countries at as low-cost as domestic trip, to have synergy by standardizing marketing, reservations, hotel accommodations, transportations and package tours in one platform, to offer one package tour with more visits of notable sites and more experiences, and to establish ASEAN standard.

In order to realize these proposals, five 5s and five As are needed. Five 5s are, 5<sup>th</sup> Year Targets, 5 Billion USD Investments, 5 Million Jobs, 5 Million International Tourists, and 5 Billion USD Annual Tourism Revenue. Five As are, Arrival (Air/Sea Transport), Access (Roads-Infra), Accommodation (Hotel & Restaurant), Attractions (Natural/Man Made), and Activities (Rest/Recreation/Education). We also need to work on ASEAN Hotel Chain Franchise plan which will set ASEAN standard and implement integrated hotel reservation system.

### **Mr. Jae J. Jang (KCCP)**

Today I would like to share about the trade flow between Korea and the Philippines. Korea is located in the Northeast Asia and the Philippines is in the Southeast Asia, so the economic relationship is quite important in terms of relationship between these regions.

There is a close economic relationship between the two countries. What are the trade flow of goods, persons, and capital from Korea to the Philippines? Trading volume for 2006 between Korea and the Philippines was PhP 70.7 billion for export and PhP 160.5 billion for import respectively. Korea's FDI to the Philippines stood at PhP 54.3 billion in 2006, which ranked the top in the Philippines. From 1996 to 2006, it increased by three times in its amount and by seven times in the number of projects. The Philippines is currently ranked 8<sup>th</sup> in terms of Korea's FDI in Asia, following China, Hong Kong, Indonesia, Vietnam, Singapore, Japan and India. The total amount of investment is USD 816 million and 827 projects. Korean tourists to the Philippines are 550,000, which is 20% share of the total tourists in the Philippines. There are about 3,000 Korean companies and 92,000 Korean residents in the Philippines, and more than 70,000 students are coming to this country to study English.

As mentioned, 550,000 Korean tourists have come to the Philippines in 2006, which increased by 66% from 2004. This is the largest number of tourists exceeding Americans and Japanese. It is expected that the number of Koreans in the Philippines will reach 200,000 by the end of 2007. Today the Philippines ranked No. 9 among the target destinations for Koreans. Some Koreans, after selling all their properties and belongings in Korea, come to the Philippines, buy new house, set up new business, educate their children and even buy cemeteries in this country.

The Philippines provides a great deal of business opportunities to the Korean business community. I would like to take up 5 opportunities here. First is the heavy industry. There are lots of opportunities in shipbuilding industry. Second is the tourism, but there is a problem here. There are few Philippine interpreters and tourist guides who can speak Korean. Thus the Korean tourists who do not speak English have to bring Korean guides from Korea. I believe this is a tremendous opportunity loss to the Philippines. Third is the food and beverage industry. There are about 200 Korean restaurants in the Philippines, but none of them are owned by Filipinos. The agriculture may be included here. The Koreans are planning

to partner with Filipinos to plant *Jatropha*, a plant used for making biofuels. Fourth is the English teaching school. The Philippines is the only country in ASEAN which majority of citizens speak excellent English. As I have mentioned before, many Korean students are coming to this country to study English. I believe it is possible to attract more students to the Philippines. Fifth is the retirement industry. Korean retirees who wish to stay in the Philippines are looking for the Philippine landowners. It is quite difficult to encounter a good partner, so I believe there needs to be an improvement in this field. Sixth is the utilization of skilled manpower. For example, I am thinking to post English native speakers to each Korean school. Philippine teachers have great possibility with highly competitive price. And the Philippines could try to negotiate with Korea to open its doors to medical workforces.

Lastly, I wonder if you are aware that Korea is a country which has never had religious war. We know how to overcome religious conflict. The best thing is respect to others. If we always keep respecting others, I believe we can further enhance exchanges between Korea and the Philippines.

### **Mr. Toshifumi Inami (JCCIP)**

The Philippines is strategically located which can serve as a hub in East Asia, however there are several obstacles. In terms of access via air travel to major Asian cities like Hanoi, Kuala Lumpur, Phnom Penh, Vientiane, or Tokyo, it takes three or four times longer to travel from Manila to those cities than from Bangkok or Singapore. It takes almost same hours as from Tokyo to those cities. This is due to undeveloped infrastructure. The number of Japanese companies located in the Philippines is represented by the very flat line. As of 2006, there are 1,252 Japanese companies in Bangkok whereas in Manila, the number is only 525. The Philippines will soon be overtaken by Vietnam (Ho Chi Minh 311, Hanoi 197, total of 508). The utility costs are very high in the Philippines as well. Electricity cost, for example, is higher than that of Vietnam, Thailand, or China, and the Philippines has one of the highest electricity rates in Southeast Asia. Though in Japan the image of the Philippines' economy is not so nice, Japanese businessmen always come back. Once Japanese come here to do business or as tourists they usually come back to the Philippines, because Filipinos are very warm and hospitable.

Where can we find the business opportunities in the Philippines? First, in Business Process Outsourcing (BPO). Business Processing Association of the Philippines projects that BPO business will increase from USD 3,627 million in 2006 to USD 12,199 million in 2010. As some of the panelists have already mentioned, call center, back office, software development, and medical transcription are the major BPO sectors. The job opportunity in BPO sectors with growing market is projected to increase from 266 thousand in 2006 to 1,083 thousand by 2010. Regarding service exports, the remittance from Overseas Filipino Workers (OFWs) has the highest share and has impact on construction and other sectors of the economy. Second in Electronic. Electronics products, including electronic parts, semiconductors, and electronic data processing machines, are the Philippines' top exports which make up 2/3 of total export. They are exported to the U.S., Japan, Korea and Taiwan.

As regional integration develops, which country becomes strong in which industry would be the crucial factor that influences on the economy as a whole. There are many things to improve in the Philippines but I expect the Philippines can compete with its neighbor countries.

**Highlights of Session II Discussion:** The Chair **Dr. Takashi Shiraishi (IDE-JETRO)** reiterated the business opportunities in the Philippines presented by the panelists, such as tourism-related opportunities, opportunities in the fields of retirement industry and medical tourism, opportunities in food, beverages and restaurants industry, opportunities in manufacturing industries, especially heavy industries and electronics parts, and opportunities in BPO, and asked each panelist to make concluding and/or additional comments regarding the business opportunities for the Philippines in the light of economic integration in the region.

**Mr. Manolo Abella(ILO)**

Filipinos have succeeded in structural adjustment in their difficult market conditions at individual or household basis. This is due to the failure of the Philippine government to provide an environment where the Philippine people, organizations and companies can develop and have greater capacity to go into those businesses and industries where Filipinos have comparative advantage. The Philippine government must do something in order to remove the barriers that prevent movement of capital and natural persons, which in turn also hinders the development of the market. These barriers include the rules or laws that prevent the foreign professionals from practicing their profession in the country, and the barriers to foreign investment. The removal of barriers would enhance the building of world-class educational institutions, hospitals, hotels and tourism facilities.

**Mr. Samie L. Lim (PCCI)**

In the next three years, there are enormous opportunities in the area of infrastructure construction, such as construction of airports, seaports and roads in the Philippines as the Philippine government focuses on building the infrastructure that would link the country's more than 7,000 islands. Aside from Filipino businessmen, Japanese and Koreans can also tap these opportunities given their capabilities in infrastructure building and construction. By linking the Philippine archipelago, opportunities will also open up for businesses in the field of agriculture since it would become much easier for agricultural products to reach the markets. Tourism-related activities will likewise flourish with these constructions of infrastructure. The Philippine Chamber of Commerce and Industry (PCCI), through its chapters all over the country, is tasked to monitor the implementation of the infrastructure projects presented by H.E. President Arroyo in her State of the Nation Address.

**Mr. Jae J. Jang (KCCP)**

Trust and respect among peoples of different countries in the region are the most important aspects in order to build a community and partnerships and boost trade among countries in East Asia. Koreans usually make friends first with their foreign partners before deciding to invest or build business partnership. There is a need to educate people about the importance of trust, respect (including respect to religion) and understanding in order to deepen integration in the region

**Mr. Toshifumi Inami (JCCIP)**

There is a big opportunity for the Philippines in terms of healthcare and related services given the aging population of Japan. Japan will need professional nurses and careworkers in the future. These are the additional opportunities that the Philippines could tap into.

**4. Closing Remarks by Mr. Nishimura, Special Assistant to the Chairman on ERIA Matters, IDE-JETRO**

After expressing gratitude to all parties and people concerned, the following points were noted; 1) it is encouraging that H.E. President Arroyo relayed her message for a strong expectation and support for ERIA, 2) as stated by Secretary-General of ASEAN Mr. Ong Keng Yong, the market and business activities are the driving forces for regional integration in East Asia and it is very significant that ERIA's first symposium had many participation of business people including ASEAN-BAC members, and 3) ADB President Mr. Kuroda reiterated ADB's commitment to help ERIA in its initiatives such as policy research and capacity building. In closing it was announced that, starting with today's symposium in the Philippines, ERIA will hold seminars and symposium in 16 member countries.

