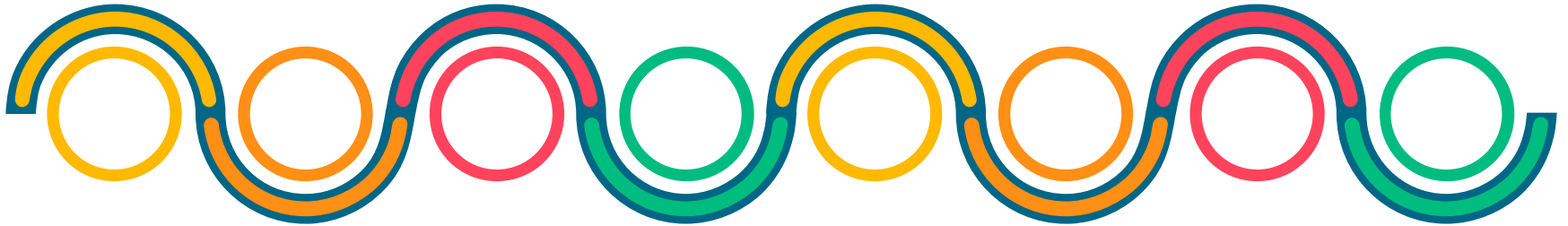


Broadening the Reach of Services Recovery

APEC Public-Private Dialogue on Services



DR. RAFAELITA M. ALDABA

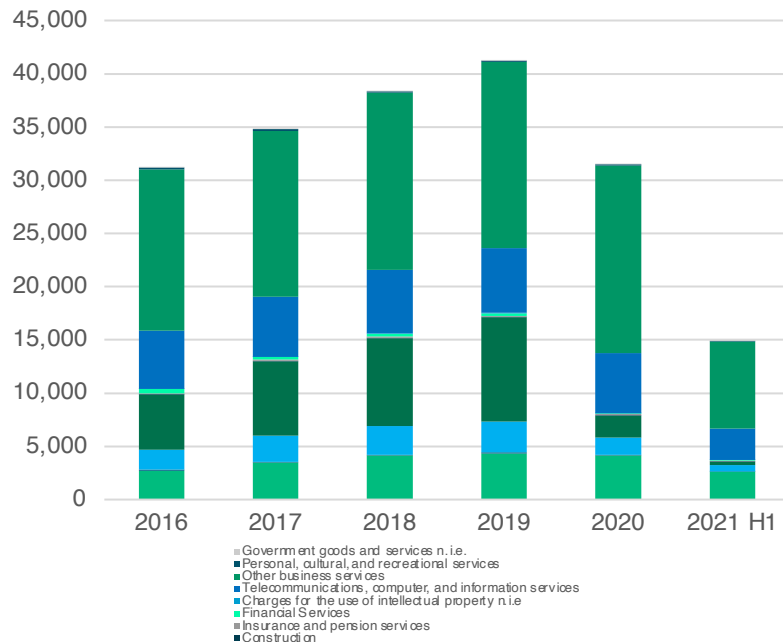
Undersecretary for Competitiveness and Innovation
Department of Trade and Industry – Philippines

12 October 2021

Services make up a significant share of the PH economy

The Philippines is identified as a service-oriented industry, wherein an **average of 59.0% of the Philippine Economy in the recent decade has been driven and attributed to the sector.** This underscores the **heavily reliance and leverage** of the country to its most important resource, **its people.**

Philippine Export of Services by Subsector (USD Millions)



Services are necessary for the efficient production of goods and services.

Consolidated Performance Ave. Statistics of the Service Sector

	2001 - 2010	2011 - 2019
Growth Rate (%)	5.6	7.1
Share to GDP (%)	54.7	58.8
Employment Share (%)	49.2	54.8

Impact of COVID-19 to Philippine Services

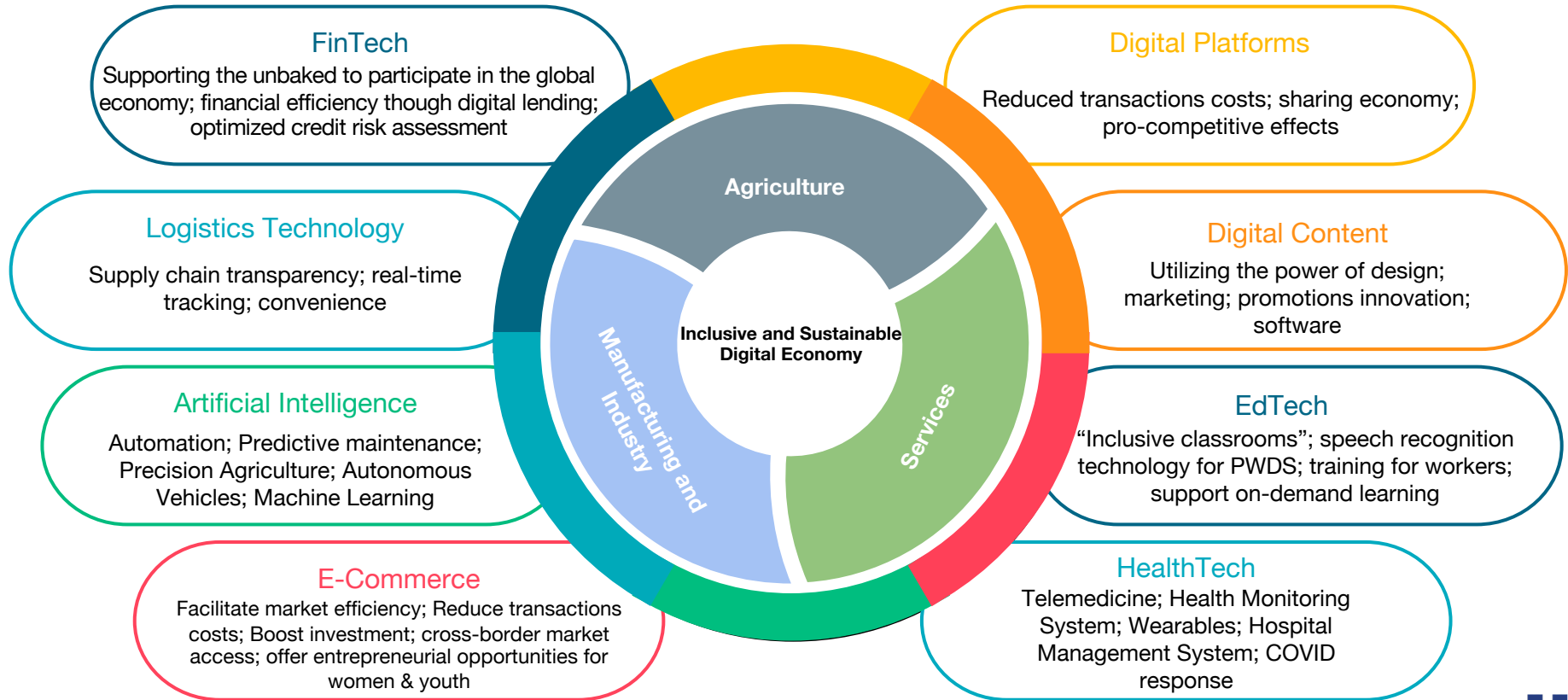
Growth status
amid pandemic

Growth status compared to pre-pandemic level

Services Sub-Sectors	2021H1 vs 2020H1	2021H1 vs 2019H1		Drivers of Growth / Causes of Slow Recovery
	Growth (%)	Gross Value-Added	Growth (%)	
Wholesale and retail trade, repair of motor vehicles	1.16%	\$-1.9B	-6.1%	<ul style="list-style-type: none"> Sluggish final demand; 68% of Philippine Economy is Household Consumption
Transportation and storage	-4.9%	\$-3.2B	-39.3%	<ul style="list-style-type: none"> Decrease in local mobility, land, sea, and air travel restrictions
Accommodation and food service	-2.3%	\$-1.7B	-41.9%	<ul style="list-style-type: none"> Usually enclosed and high-contact areas; unopened tourism industry
Information and Communication	10.6%	\$1B	19.2	<ul style="list-style-type: none"> Usually enclosed and high-contact areas; unopened tourism industry
Financial and insurance	4.3%	\$1.9B	11.3%	<ul style="list-style-type: none"> Increase in financial and insurance transactions amid pandemic
Real estate	0.7%	\$-2B	-16.3%	<ul style="list-style-type: none"> Closure of business establishments; slow down in commercial & housing demand
Professional and business services	4.2%	\$-715M	-6.2%	<ul style="list-style-type: none"> Decline in demand due to declines in other sectors; less need for professional services
Public ad. and defense	5.5%	\$1B	12.3%	<ul style="list-style-type: none"> Increase in Government Spending
Education	5.2%	\$-208M	-2.6%	<ul style="list-style-type: none"> Closure of Schools
Human health and social work	12.7%	\$170M	5.2%	<ul style="list-style-type: none"> Increase in demand for health-related services
Other services (including arts, entertainment, & recreation, spa, salon, etc.)	-16.1%	\$-2.2B	-47.1%	<ul style="list-style-type: none"> Decline in demand for amusement activities; Restrictions in mobility and personal services due to COVID risk



The Pandemic has accelerated the use of digital technologies, the same technologies would be needed as we restart the economy



Innovative startups responding to the crisis

Startups have led many of the technology, health, and sustainability innovations central to government and private sector COVID-19 response.



DATOS



AIDE



HYBRAIN



MEDCHECK



USHER
TECHNOLOGIES



RT-PCR TEST KITS



RC 143



DASHBOARD
PHILIPPINES



DRONES



CONNECTED WOMEN



UBX's i2i Platform,
Powered by FinScore,
Help Solve Rural Banks'
Agri-Agra Market's
Lending Challenges

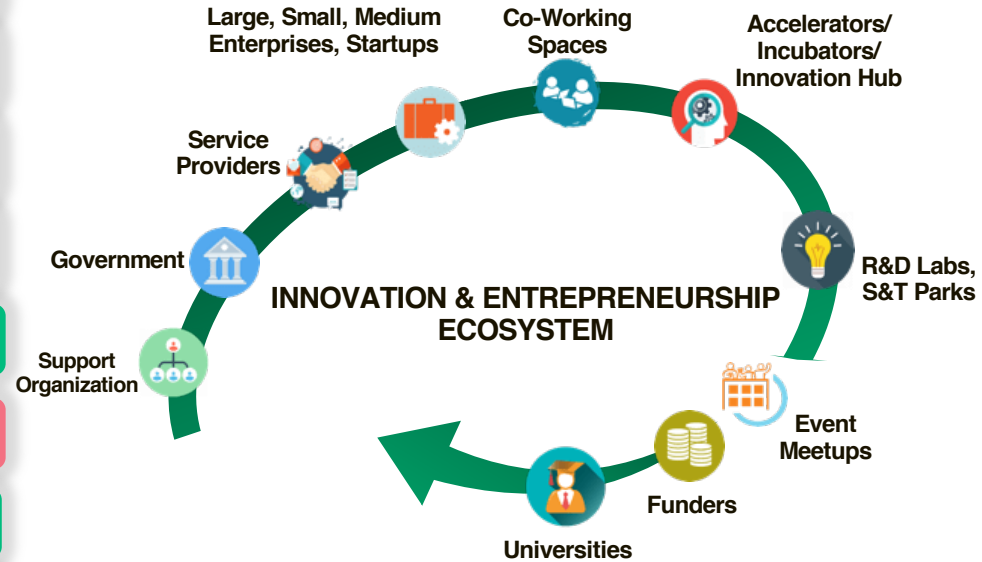
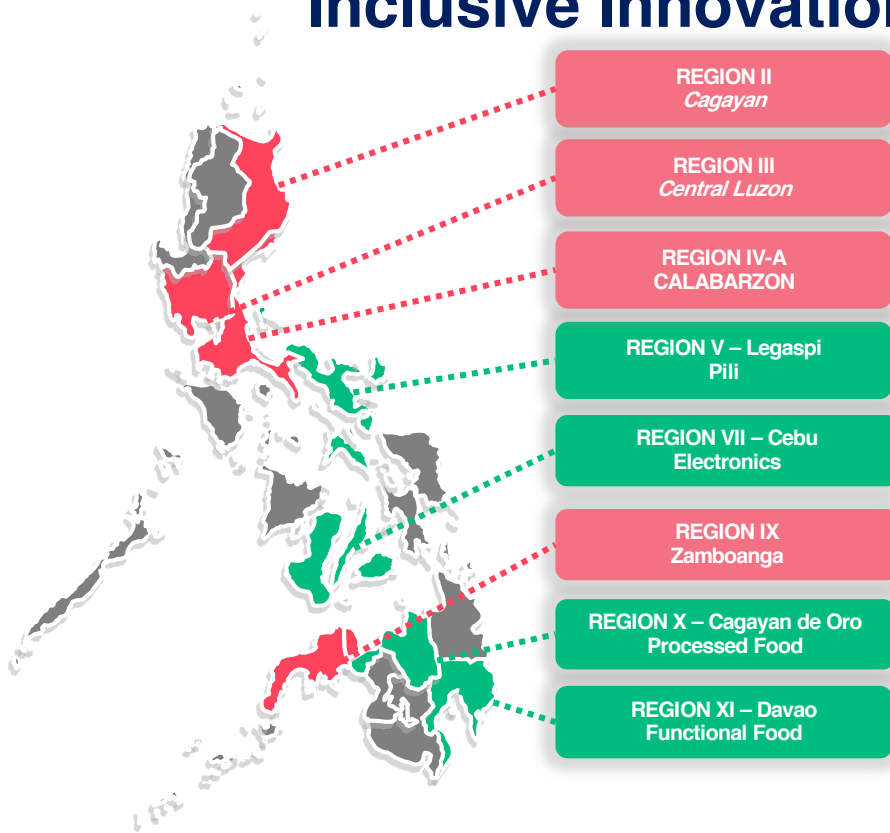


Union Bank's i2i: Island to island, institution to institution, individual to individual open finance platform

Helped expedite distribution of DSWD's Social Amelioration Funds to beneficiaries

Regional Inclusive Innovation Centers (RIICs): Driving S&T-led Industrialization through Innovation and Research Commercialization

Inclusive Innovation Industrial Strategy (i³S)



National Center for AI Research (N-CAIR)

Accelerating Innovation and MSME Digitalization with AI

The AI Center is a **public-private partnership** hub for data scientists and researchers to:

- Perform **collaborative AI R&D and technology application** among government agencies, researchers, universities, research institutes, startups, and MNCs;
- Offer consultancy services and AI tech products to support **digital transformation of local industries**, generate investments, and create employment;
- Conduct data literacy programs and develop learning modules to **upskill and reskill the workforce**;
- Attract leading global firms to **set up R&D activities** in the country.



Precision Farming

Supply/Demand/Weather
Forecasting, Yield
Optimization Farm
Machinery Automation



Autonomous Vehicles

Autonomous Driving Assistance
Systems, Predictive
Maintenance, Connected
Vehicles



Smart Manufacturing

IoT, Predictive Maintenance of
Factory Equipment, Intelligent
Sensors, Automation



Healthcare Services

Telemedicine & AI modelling of
disease & drug discovery



BPO

AI-Powered Customer Assistants,
AI-Powered Human Agents,
Predictive Call Routing

DTI Initiatives to Support the Service Sector's Recovery



Online Natl. Food Fair

Initiative to keep the National Food Fair ongoing while maintaining safety during the pandemic



ReSTART

Aims to help re-start the micro-retail sector through **Access to Resources and Trade Program**



CTRL + BIZ: Reboot Now!

Series of free webinars that are targeted to MSMEs who need to **transform their business digitally**



DTI YouTube Channel

Aims to **present DTI's various programs and make the most of the platform's features** to engage with DTI stakeholders.

EMPOWER PH

A collaborative online platform that connects various stakeholders and manufacturers to **facilitate and accelerate the production and distribution of personal protective equipment (PPE)** in the country.



Trabaho and Negosyo Skills Pathway

Composed of **tracks on entrepreneurial skills for online enterprises** and digital skills pathway for MSMEs



ASEAN SME Academy

A **one-stop multi-platform online learning and information resource** which aims to provide training and mentorship to **enhance ASEAN SMEs' capabilities to grow and compete** regionally and internationally



Tech Tools for MSMEs during COVID19

A Google site developed by DTI to **provide information to MSMEs on the different technology tools, applications, platforms and resources** available in coping with the challenges of the community quarantine.



Bayanihan CARES

An **interest-free and collateral-free financing program** that aims to assist micro, small, and medium enterprises (MSMEs) recover from the adverse effects of the pandemic.

Strategy towards the Recovery and Digital Transformation of the Services Industries



Growth

Digital Services
Digital Content

Information and
Communication
Financial and
Insurance
Public admin and
defense
Human health and
Social Work



Accelerate

Broadcast Media
Advertising
Books & Press
Lifestyle Design
Architecture

Wholesale and retail
trade, repair of motor
vehicles
Real estate
Professional and
Business Services
Education



Recovery

Performing Arts
Folk Arts and Crafts
Visual Arts
Newspaper & Magazines
Museum and Heritage

Transportation and
Storage
Accommodation and
food service
Other services

Amendment of the Foreign Investment Act

Addresses foreign investors' complaints and also reduces direct employment thresholds for entry of foreign startups as well as allowing foreign e-commerce businesses to be treated as domestic enterprises

Amendment to the Retail Trade Liberalization Act

Reduces minimum paid-up capital requirements for foreign retail enterprises as well as some other restrictions

Amendment to the Public Service Act

Clearly defines public utilities, potentially increasing competition, resulting in quality service at competitive prices.

Imperatives for the Digital Transformation of Services

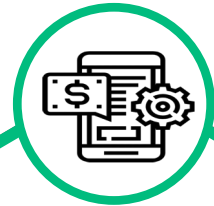
Digital Connectivity

Improve digital connectivity and upgrade ICT Infrastructure to make access to opportunities in the digital economy more inclusive and equitable



Data Protection

Protecting data without impeding the potential growth of enterprises arising from the utilization of data.



Skills Upgrading and SME Capacity Building

Incentivize and formulate frameworks for skills upgrading of workers; Capacitate SMEs in preparation for the digital economy with adequate support infra like R&D facilities, technical expertise, mentorship, digital technologies, and financing.

International Cooperation

Strengthen global supply chains and global value chains through sound international policies on standards and frameworks on trade facilitation and data flows.