

**SUMMIT KEYNOTE ADDRESS**  
**OF**  
**PRESIDENT RODRIGO ROA DUTERTE**  
**AT THE APEC CEO SUMMIT SESSION 7 ON "REGIONAL ECONOMIC**  
**INTEGRATION – LESSONS LEARNT FROM ASEAN"**

[Delivered at the Grand Ballroom, Ariyana Da Nang Exhibition and Convention  
Centre, Da Nang, Vietnam | 09 November 2017]

Sit down and thank you for your courtesy.

APEC CEO Summit chair Dr. Vu Tien Loc; our friends in the international business community; other distinguished guests; ladies and gentlemen.

I am pleased to attend this forum on the invitation of Dr. Vu Tien Loc, Chair of the 2017 APEC CEO Summit, and Chair and President of the Vietnam Chamber of Commerce and Industry.

I also wish to congratulate Vietnam on its successful Chairmanship of APEC. I am especially grateful and honored to be invited, in my capacity as Chair of the ASEAN, to speak before our APEC CEOs today.

Three months ago, we celebrated ASEAN's 50th anniversary in Manila. It was a momentous occasion that recalled how ASEAN integration and community-building have contributed to the prosperity, peace and stability of the larger Asian region and the entire world.

Rising above the challenges of the early years, ASEAN has emerged as a model for regional economic integration.

With a combined population of more than 600 million people, it is now the third largest economy in Asia and seventh in the world when it first became a ten-member community in 1999.

With more than half of ASEAN's population under 30 years old and labor force that accounts for almost 70 percent of its total population, ASEAN has a bright future ahead.

ASEAN at 50 is a region where poverty levels have been halved.

Indeed, in just fifty years, ASEAN was transformed into an economic powerhouse due to its determined march to open to the world and to work with its neighbors in the Asia Pacific.

ASEAN and its six FTA partners are now currently working on the Regional Comprehensive Economic Partnership, or RCEP, to deepen integration in the larger Asia Pacific region.

Seven of the ten ASEAN economies are involved in the APEC story and continue to tend to the collective interests of fellow ASEAN 10 members Cambodia, Laos and Myanmar.

Tomorrow, with Vietnam as Chair of APEC and the Philippines as Chair of ASEAN, we will hold our first ever APEC-ASEAN Informal Dialogue which we hope would reinforce a thriving transpacific exchange.

The concept of Asia Pacific trade is not new. Close to [five] centuries ago, the Manila-Acapulco Galleon Trade flourished for 250 years. This transpacific exchange foreshadowed our modern day APEC.

Twenty eight years after its founding, APEC has remained a driving force and the engine of world economic growth.

The individual and collective efforts of APEC members have seen their total GDP rise to account for 59 percent of the world's nominal GDP.

APEC must continue to advocate for stronger and deeper regional economic integration by facilitating the liberalization of trade and investment.

In 2015, we reiterated our belief that the Free Trade Area of the Asia and the Pacific, or FTAAP, should be pursued as a comprehensive free trade agreement built on ongoing regional undertakings.

Diversity will always pull us in separate directions, but regional integration anchored on open and free trade will allow us to maximize the opportunities presented by global trends like cross-border flows and digital developments.

E-commerce platforms such as the [APEC] Marketplace will not only help realize the potential of bigger markets, but will also promote inclusive growth by drawing MSMEs into the digital economy and allowing them to expand.

As the fulcrum of several integrated mechanisms such as ASEAN and the Pacific Alliance, APEC can be instrumental in promoting more inter- and intra-regional trade, investments and people-to-people connectivity between other economic blocs.

Following the Philippines' chairmanship of ASEAN this year, we are now eager to host the 51st Asian Development Bank Annual Meeting in May 2018, which we hope, will allow us to enhance economic linkages between APEC, ASEAN and beyond.

The backbone of integration is stable and robust connectivity – just as the galleons were [to] 16th century transpacific trade.

Since ASEAN and APEC are regions of vast physical divide, a stable, interconnected and integrated infrastructure is necessarily the backbone of our progress.

The ASEAN Master Plan on ASEAN Connectivity 2025 and the APEC Connectivity Blueprint for 2015 to 2025 can complement each other in establishing a seamless and comprehensively connected and integrated region which, in time, could serve as the foundation of the FTAAP.

In my own country of more than [7,100] islands, my administration hopes to usher in a Golden Age of Infrastructure by increasing infrastructure spending to 7 percent of our GDP.

During the 30th ASEAN Summit in April 2017, we launched the first ASEAN Roll-on Roll-off [Sea] Linkage Route that would connect Davao in the Philippines to Bitung in Indonesia. This RORO service is expected to cut shipment time from over two weeks or over in just 2 days, and shipping costs by more than 200 percent.

Besides physical connectivity, we should also continue to promote people-to-people connectivity as a critical growth and development strategy. I therefore propose that businesses adopt an Inclusive Business Model that provides opportunities for those at the “bottom of the pyramid.”

As CEOs of big business, you are in a unique position to effect change. To the extent that you can, involve as many MSMEs in your own supply chains.

You can involve as many MSMEs in your own country and retail operations. Through this, you do not only integrate them in the way you do business, you also unleash the entrepreneurial spirit of our peoples.

APEC needs the cooperation of the business community to addressing the pessimism and suspicion of those who do not feel the benefits of free trade and globalization. As leaders in our respective fields, we must ensure that globalization does not lead to wealth generation, but equitably, wealth distribution as well.

To unleash the full potential of globalization, we must create an inclusive environment where everyone has the opportunity for growth. This can be achieved through the promotion of competition, complementation, cooperation among business.

Another solution is the adoption of policies that would allow developing countries to get a larger share of the global value chain. This can be accomplished by

providing greater market access for their citizens and investing in education, training, and other capacity-building opportunities.

We would like to work with you not only to pursue growth through regional economic integration, but also to forge a more humane world characterized by shared peace and optimism in the future.

At this juncture, let us talk about a post-2020 vision for APEC to ensure that it remains relevant and attuned to the [changing economic] landscape. The reality is that APEC will only be relevant if prosperity is shared by all.

Inclusivity requires that the more developed economies provide greater market access to less developed ones – the same way that we encourage big businesses to allow MSMEs to be part of their Inclusive Business Model.

The essence of true cooperation is that all are partners and everyone contributes. Charity is not what less developed economies and small businesses need. What they need are greater market access and the opportunity to participate in growth and development.

Unless we adopt this mindset, inclusive growth will continue to elude us.

Thank you and good afternoon.

### **QUESTIONS AND ANSWERS:**

**Q:** Anthony Nightingale from ABAC Hong Kong. Thank you very much, Mr. President, for your insights in the ASEAN and your strong advocacy of free trade and inclusive growth. However, we have seen a rise in anti-globalization feelings, particularly in some developed countries. How Mr. President do you think APEC should be reacting to that? Thank you.

**PRESIDENT DUTERTE:** Can you... I did not... get a good picture of...

**Q:** Yes of course. I was trying to say, Mr. President, that we have seen in certain markets, particularly in some developed countries, an anti-globalization, anti-free trade feeling develop. And I was asking, how do you feel APEC should be reacting to this?

**PRESIDENT DUTERTE:** Sir, I just had some pocket ears left inside.

Globalization, to a certain extent, has really damaged poor economies.

Globalization, by itself, is the deprivation of some and those that *[unclear]* left behind. There must be some remedial measures.

It includes one, democratic movement; second is that the capital would go to larger population where there's a lot of talent.

And some of the bright boys in one country are really exploited to go to another country, thereby, expanding their base of knowledge, digital and otherwise.

It is therefore... it behooves upon us really to help the other develop their own capacity-building.

Unless it is done, that you have to educate the others who are left behind, and teach him the digital age, the advantages of it, they will remain where they are.

And the richer would become richer and the poorer will become poorer unless things are changed for those who are left behind.

The greatest example to me, I think, in the simple term, was what happened to the United States and China.

When Deng Xiaoping opened the floodgates, opened the door of China to foreign investments, a lot of American companies, to which President Trump is now talking about, led America for a cheaper and a more viable business, lower taxes.

And then it came to pass that most of the big business were doing really their actual business in China, thereby leaving behind several manufacturing companies and all sorts of goods and services really went to Shanghai and started to develop China where it finds itself now.

America was the first victim of globalization and that is why Trump is trying to lure them back and said "America First."

And if you take a look at it, actually, this is what happened.

The best of our young minds, Filipinos --- the summa cum laude, the valedictorians upon graduation, they go somewhere else, most of them in America.

So they are there --- they are in the Silicon Valley, they have the growth areas of New York for the investment and they tend to gather in places where there is already economy that is [timied?] and leaving behind countries that is bereft of the talents.

And even the Filipino, all the plumbers, all the electricians that are really equipped in Masters certificate of the trade are in the Middle East.

As the Philippines is having a boom in real estate but yet it has to find the workers and that leaves us behind in terms of how long it would take you to complete a project because then, you'll have to scrape the bottom to find out who can work with us. These are the effects of globalization.

The bigger countries also try to help in the digital information and capacity building and spread maybe relocate to places where it's more viable.

It looks now to the world that everybody is going to the centers where a lot of investments and they add more to the value of the place and yet they have abandoned several places in the United States in the doldrums.

Abandoned farms, no more agricultural workers and these things are happening in my country.

Land. We are short of lands for crops to eat but we have developed most of our lands to cash crops, those that are intended for it.

Its part of the whole gamut of the globalizationalization that has to be addressed and it should start here in APEC and ASEAN.

Hopefully next week or when I go home I just – one day break and we start the discussions again.

I will bring this matter forcefully in the ASEAN Summit.

We have to have integration, cohesiveness, and we must act as one.

If Europe can do it with its union and America is starting to revive its industries, why can't we, the ASEAN, do it.

We only provide the raw materials, present it to the improved countries, industrialized countries, and we get the finished product. And it should have been in agriculture, which is really the [run?] of the economies there is that we can provide manufacturing in the site itself.

That we harvest our crops then we do the manufacturing there. That's the essence of how we can sort out this thing.

That we export the raw materials then we import them again into finished products but four times that cost of what our raw materials are valued. That is globalization.