

Nestor A Espenilla, Jr: ASEAN+3 - emergence, sustainability and success

Speech by Mr Nestor A Espenilla, Jr, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), at the AMRO-BSP Joint Seminar on Asia's Emergence in the New World Order: Growth, Integration and Resilience, Manila, 3 May 2018.

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Fellow Central Bank Governors, ASEAN+3 Macroeconomic Research Office (AMRO) headed by Dr. Junhong Chang, distinguished panelists, ladies and gentlemen, magandang umaga... a pleasant morning to all.

On behalf of the Monetary Board and the Bangko Sentral ng Pilipinas, I am pleased to welcome you to Manila and to this Joint Seminar. We proudly collaborate with AMRO and co-host this event. It is an excellent opportunity for open discourse and the exchange of vital insights in economic policymaking and on developments in central banking in the region.

This Joint Seminar hopes to provide ASEAN+3 economies with broader insights in dealing with contemporary challenges. It also aims to elicit stronger consensus in fostering deeper regional integration as a critical strategy to reduce external vulnerabilities and sustain our standing as an economic powerhouse in the new world order.

Asia's Economic Emergence

The seminar's theme, "Asia's emergence in the new world order: growth, integration and resilience" invokes some feelings of nostalgia. Like most of you here, we stand not as passive witnesses, but as active participants in Southeast Asia's emergence and transition from being a developing-economic region into a dynamic economic powerhouse.

At the core of ASEAN+3's successful growth story is globalization, which paved the way for greater trade openness and deeper economic integration in the region. I believe that member states have positively leveraged on regional integration to retain their collective growth momentum. Integration has also provided the additional impetus for individual country growth.

ASEAN+3 has become a major global economic player. In 2016, the region accounted for more than a quarter of the world's gross domestic product (GDP). With its combined output, the ASEAN+3 region was considered as the richest economy in 2016.

ASEAN+3's unrelenting expansion in recent decades can be attributed to adherence to sound macroeconomic management. There has been a credible and collective commitment to long-run development.

The Philippine Economy in ASEAN

The narrative of the Philippine economy mirrors the Southeast Asian experience. After the pursuit of strategic, targeted and purposeful reforms over the last two decades, the Philippines now enjoys an economic bright spot, with 76 consecutive quarters of positive GDP growth. Moreover, this sustained economic expansion was achieved in an environment of generally low and stable inflation.

The continued stability and soundness of the financial system also contributed to the economy's resurgence. The external sector has been a pillar of strength for many years. Given expectations of strong growth of 7.0-8.0 percent over the medium term, we expect Philippine contribution to the overall ASEAN+3 output to rise over time.

So, is it time to relax?

In fact, the Concept Note prepared for this Seminar comprehensively captures the emerging challenges that confront the ASEAN+3 economies in the new world order and during this time of the fourth industrial revolution.

Among the issues that the distinguished panel of speakers will be addressing today include those relating to demographic transition, the rapid rise of disruptive technologies, raising productivity, and accelerating further market integration among the ASEAN+3 economies.

The way governments tackle policymaking and the way businesses are operated are being altered by megatrends like those earlier mentioned, along with a rebalancing of the world economy, furious urbanization, climate change, and the adoption of inward-looking policies. These trends cannot be ignored. They contribute to the uncertainties faced by the region and by the individual countries that comprise it.

As we confront these challenges, globalization and greater regional integration remain key. However, I believe that for these growth engines to continue to pay off amid global uncertainties, there has to transpire a seamless fusion between conventional growth models and forward-looking strategies aimed at ensuring sustained economic resilience in a technology-savvy future.

This is indeed an exciting time for the region and there is no better venue to discuss our endless potential and possibilities. We look forward to the insights our keynote speaker and distinguished panelists will share with us today.

Thank you and welcome once again to the BSP-AMRO Joint Seminar!