

“VISION AND VALUE CREATION: CHARTING A PATH TO TOMORROW’S ASIA”

THE ASIA LEADERSHIP TREK

VICTOR ANDRES “DINDO” MANHIT
Stratbase ADRI President

31 May 2017

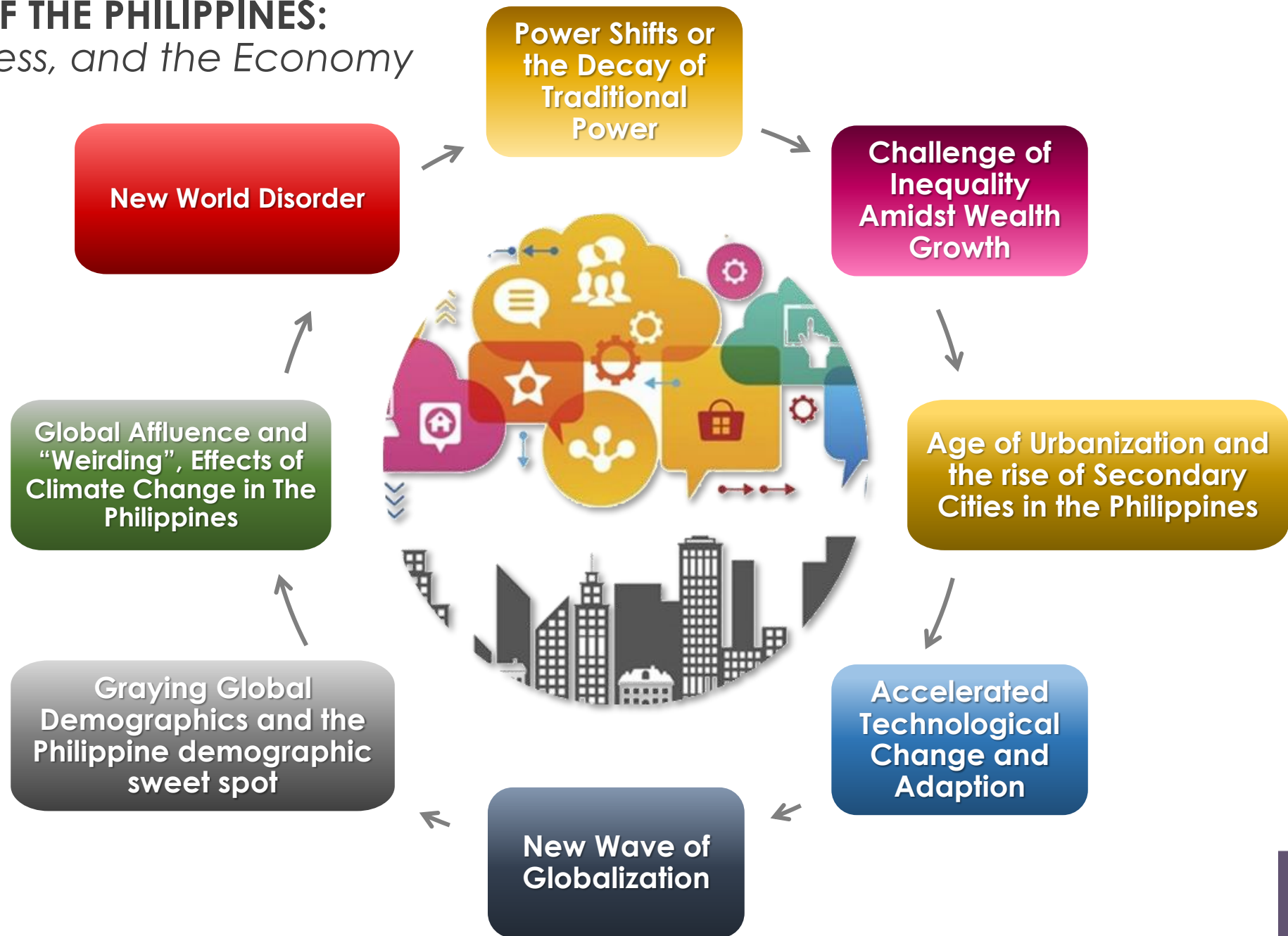


GLOBAL SHIFTS, DISRUPTIONS, AND TRENDS

“We are all living in an era best **characterized by radical, complex, and accelerated change**. It is the central driver of the future. We **live in a time of explosive, dynamic, and quickening change** that creates Strategic Surprise – an **unanticipated abrupt change that blindsides you**, that is totally unexpected and strikes with a force that is large, disruptive, and can be disturbing.”

THE FUTURE OF THE PHILIPPINES:

Politics, Business, and the Economy



POWER SHIFTS OR THE DECAY OF TRADITIONAL POWER

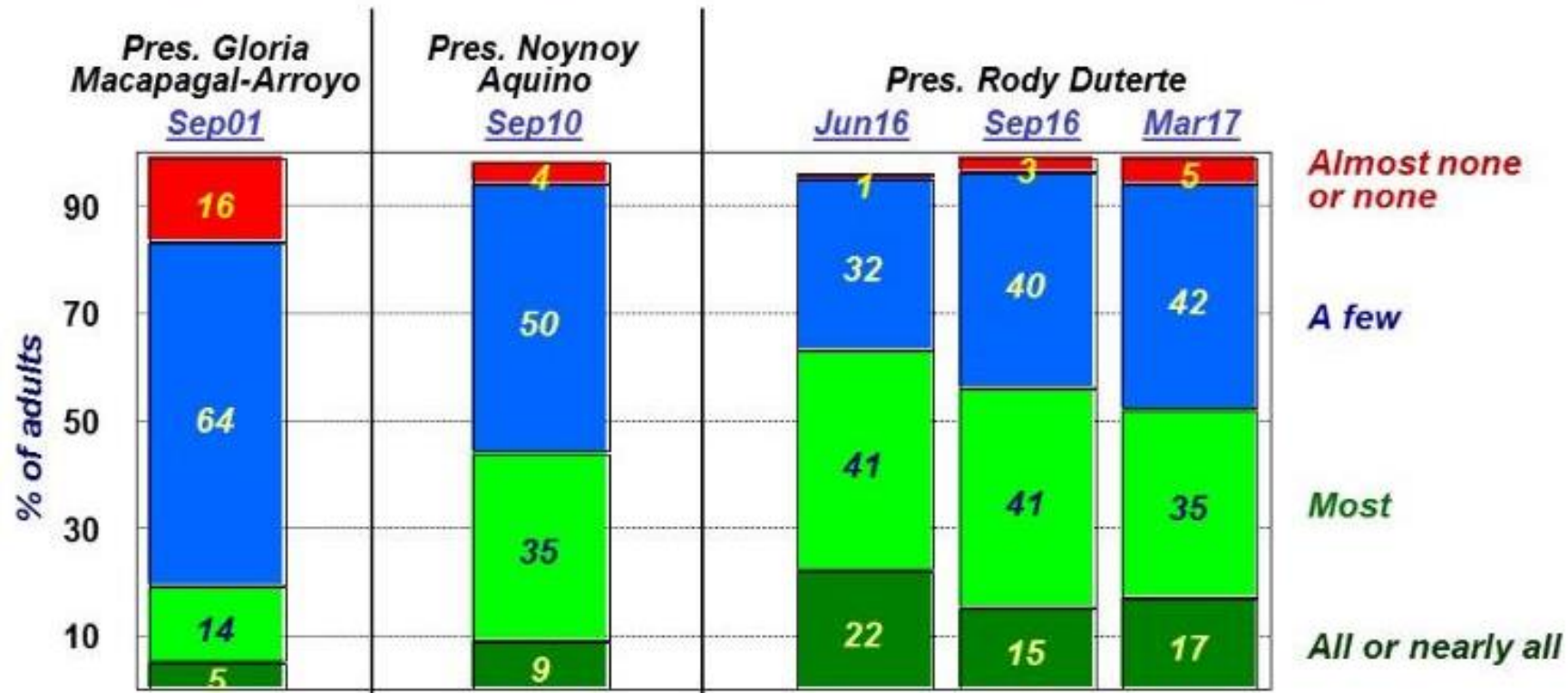
- The tumbling down of barriers is transforming local, national politics and geopolitics...
- **MICROPOWERS** (small, unknown, or once-negligible actors) have found ways to undermine, fence in, or thwart the **MEGAPLAYERS** that previously controlled national and Global Power
- The rise of Global Populism, Political Tribalism; Nativistic or Nationalist Politics in an Age of Anger and Demands for Radical Change; and the **spread of disruptive Political Forces**.

DUTERTE'S RADICAL CHANGE

- President who can articulate the **frustration, discontent, and desperation** of regular people
- Promised to fix a **dysfunctional government** and **unresponsive public services**
- **Tough and unafraid** to speak his mind and tested the limits of civilized behaviour; created extremely **high expectations**

EXPECTATIONS RADICAL CHANGE

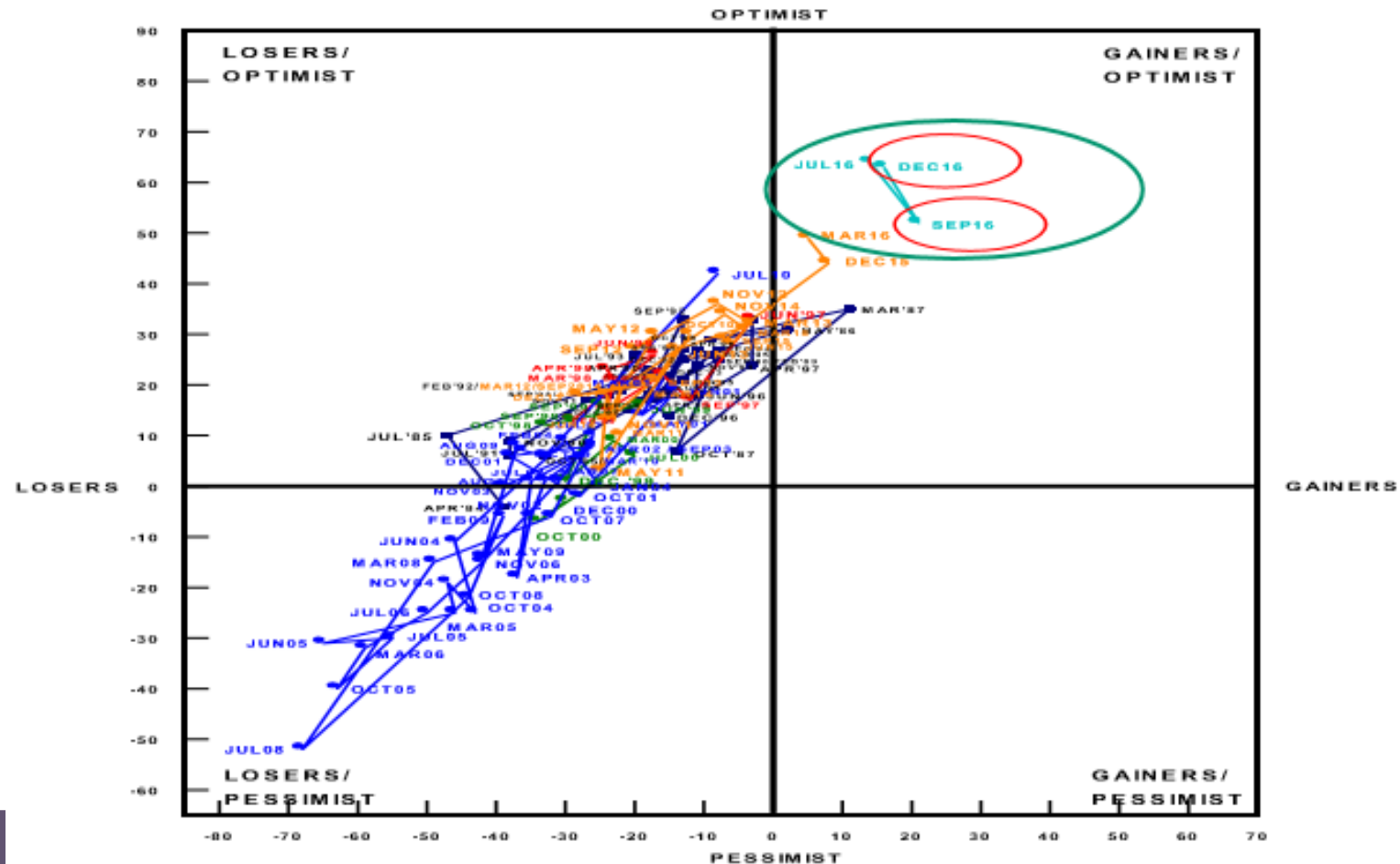
EXPECTED FULFILLMENT OF THE PRESIDENT'S PROMISES:
PHILIPPINES, SEP 2001, SEP 2010, AND JUN 2016-MAR 2017



QUALITY OF LIFE INDICATORS

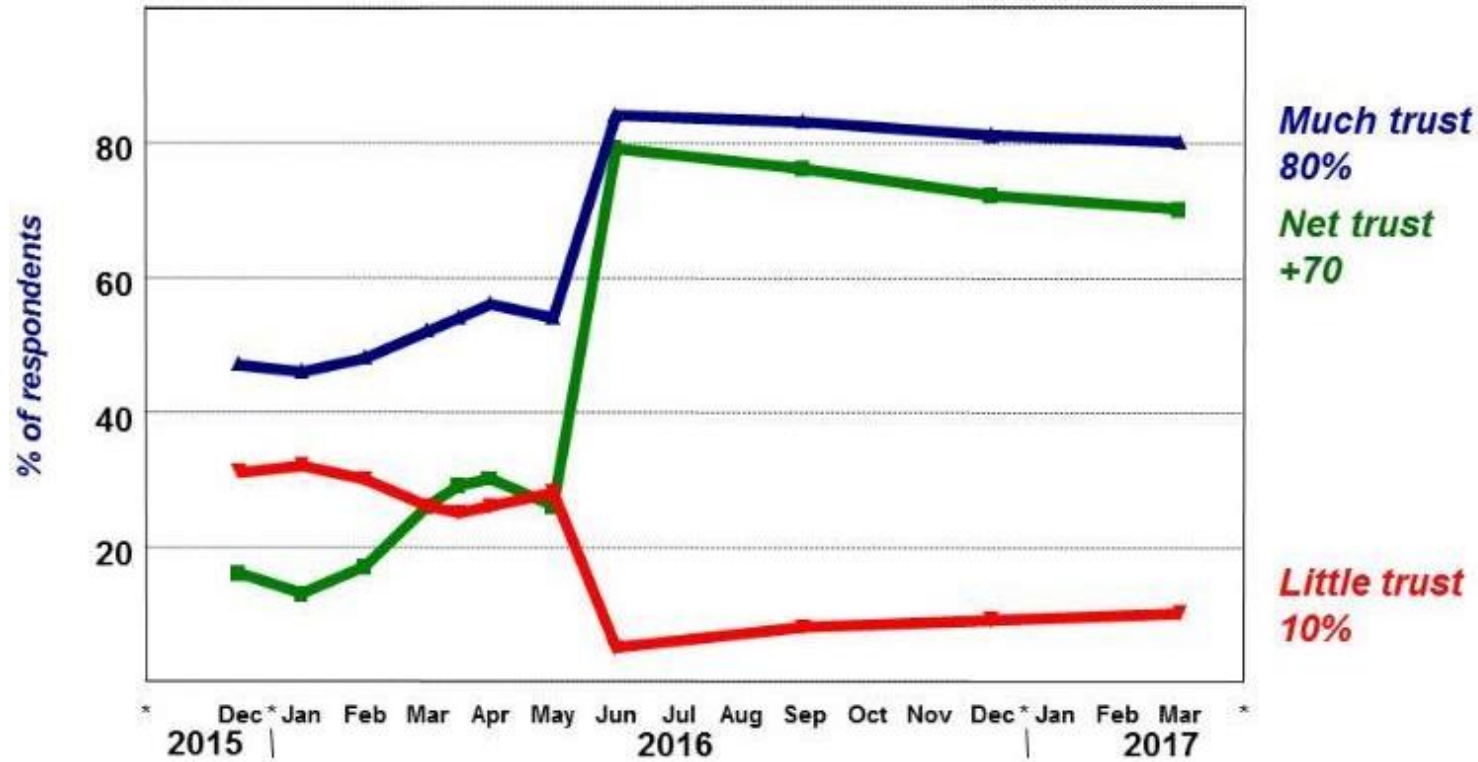
PULSE ASIA

CHANGES IN THE RESPONDENTS'
PERSONAL QUALITY OF LIFE
April 1984 to December 2016 / Philippines



TRUST RATINGS

SWS – DEC 2015 TO MARCH 2017



* Net figures (% Much trust minus % Little trust) correctly rounded.

PERFORMANCE RATINGS

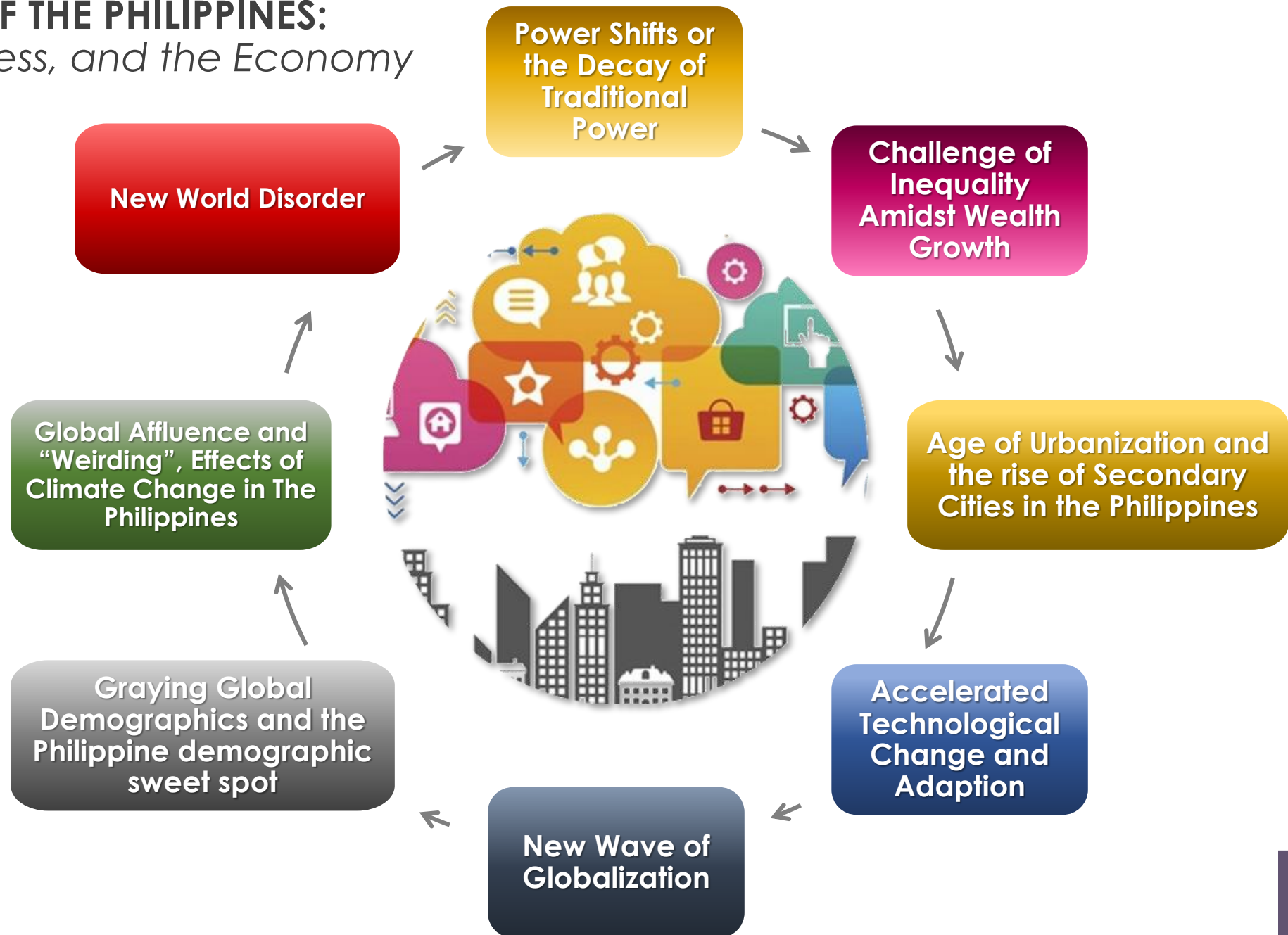
PULSE ASIA – DEC AND MARCH

COMPARATIVE PERFORMANCE RATINGS OF PRESIDENT RODRIGO R. DUTERTE December 2016 and March 2017 / Philippines (In Percent)

Demographic variables	Approve		Change*	Undecided		Change*	Disapprove		Change*
	Dec 16 (A)	Mar 17 (B)	Mar17 - Dec16 (B - A)	Dec 16 (C)	Mar 17 (D)	Mar17 - Dec16 (D - C)	Dec 16 (E)	Mar 17 (F)	Mar17 - Dec16 (F - E)
Total Philippines	83	78	- 5	13	15	+ 2	5	7	+ 2
NCR	79	73	- 6	15	17	+ 2	6	9	+ 3
Balance Luzon	78	71	- 7	15	20	+ 5	7	9	+ 2
Visayas	84	86	+ 2	13	10	- 3	3	4	+ 1
Mindanao	91	88	- 3	7	9	+ 2	2	3	+ 1
Class ABC	69	86	+17	26	9	- 17	4	5	+ 1
TOTAL D	84	78	- 6	11	16	+ 5	5	7	+ 2
E	85	77	- 8	11	14	+ 3	4	9	+ 5

THE FUTURE OF THE PHILIPPINES:

Politics, Business, and the Economy



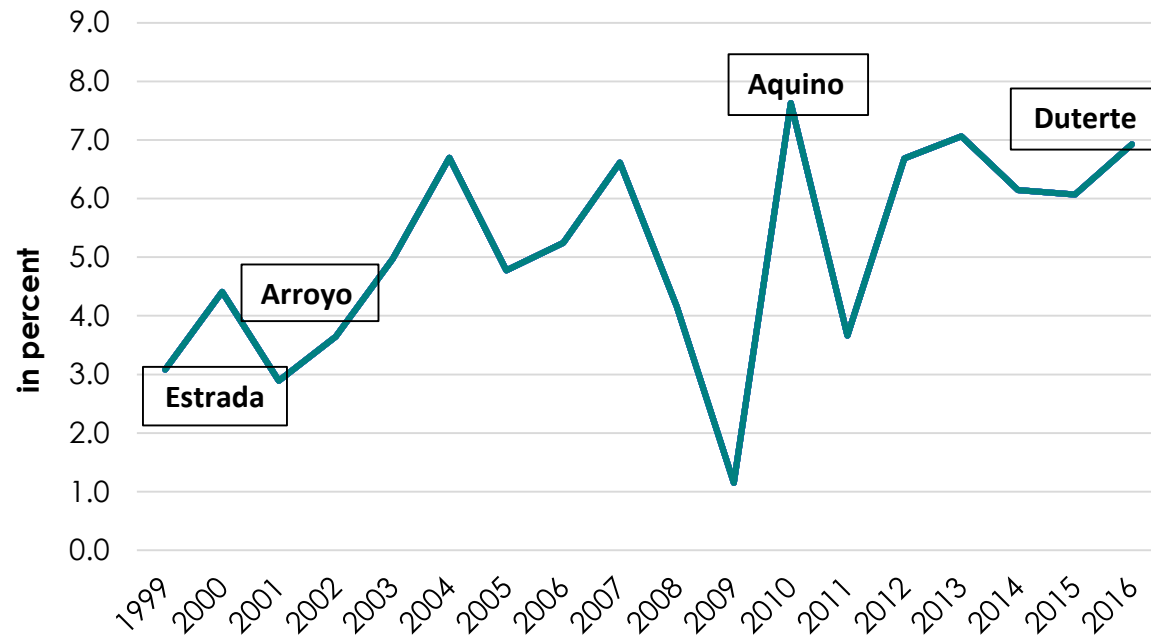
CHALLENGE OF INEQUALITY AMIDST WEALTH GROWTH

- **Vicious cycle of corrupt politics, bad governance, and exclusive economic institutions** had perpetuated INEQUALITY in the Philippines. INEQUALITY weakens the economy, consumer demand and even undermines Philippine democracy.
- Growing inequality moves money from the bottom of the pyramid to the top who spends less of their money than those at the bottom weakening overall demand. There are inequalities in access to health care and quality education, in political voice and participation, in jobs and livelihood opportunities. **“The other side of income inequality is shrinking opportunity.”**

CHALLENGE OF INEQUALITY AMIDST WEALTH GROWTH

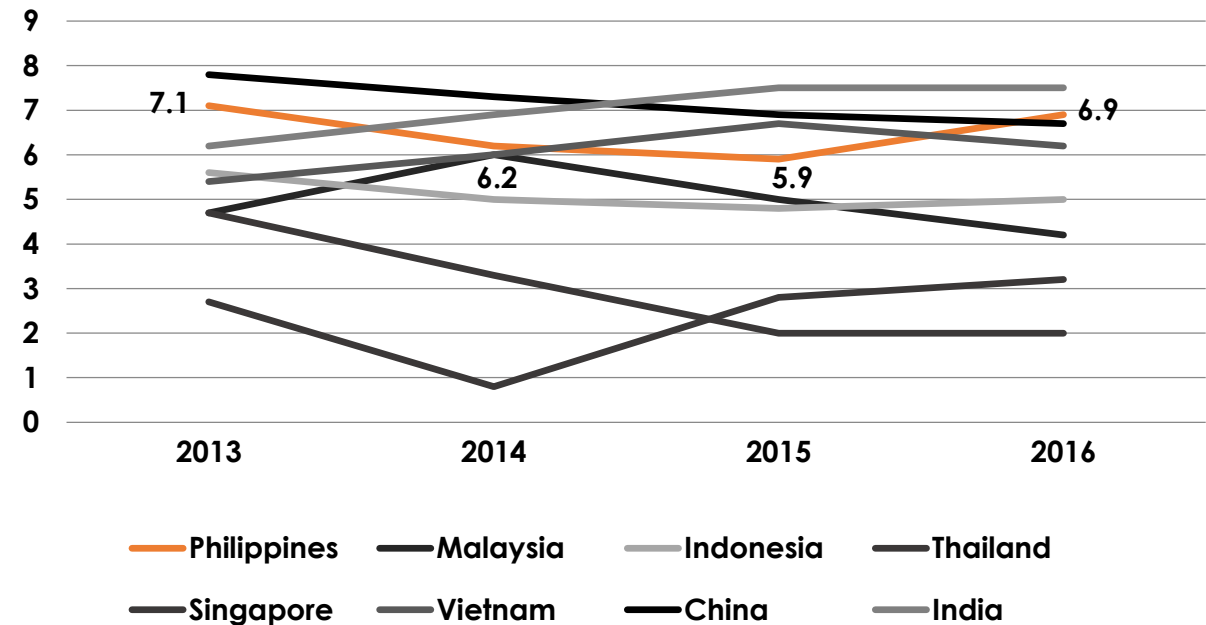
The Philippines has sustained its economic growth and continues to be a bright spot in the region.

GDP GROWTH



SOURCE: PHILIPPINE STATISTICS AUTHORITY

GDP GROWTH RATES IN SELECTED ASIAN COUNTRIES



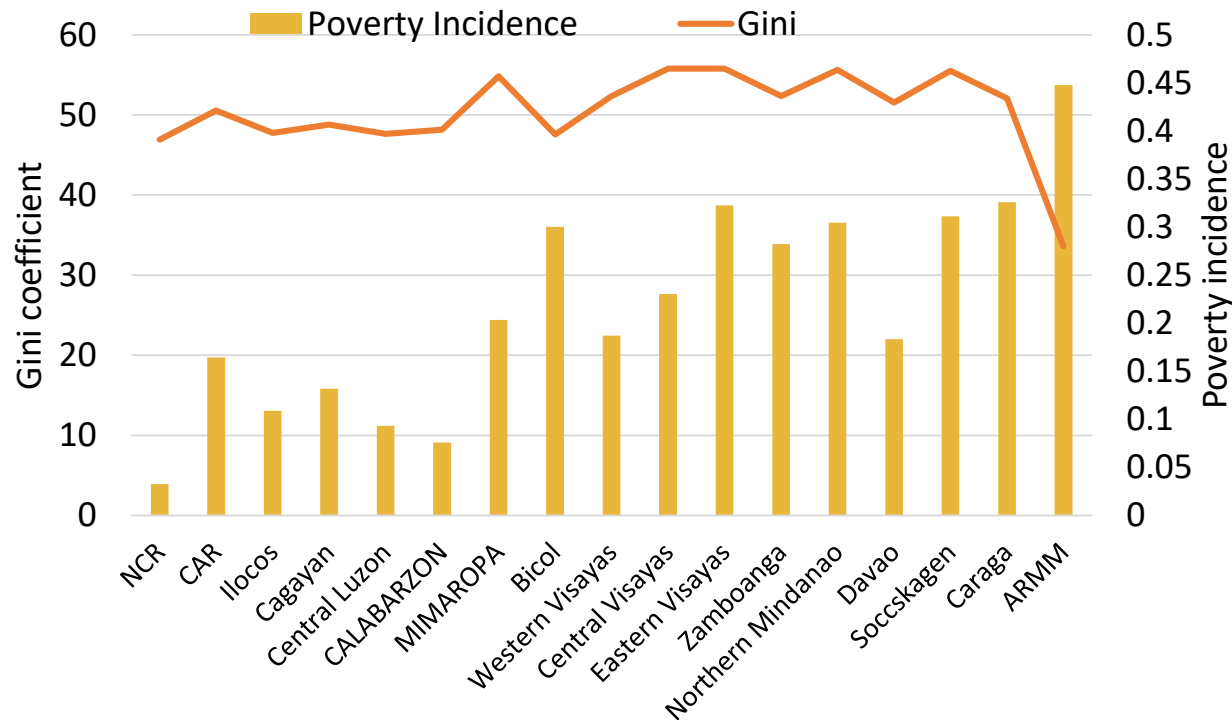
SOURCE: BANGKO SENTRAL NG PILIPINAS

CHALLENGE OF INEQUALITY AMIDST WEALTH GROWTH

Average income of the highest 10% is 9 times larger than that of the lowest 10%

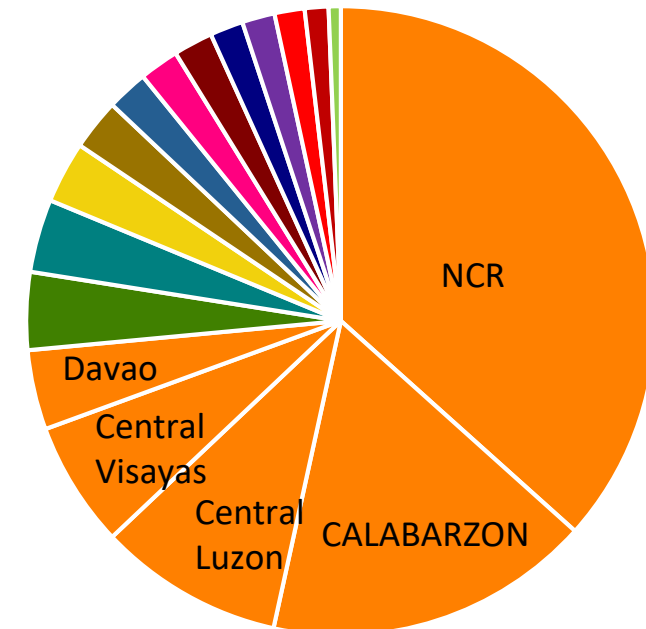
The Gini Coefficient in the Philippines is 43, higher than the average of 39 among ASEAN members

POVERTY AND INEQUALITY RATES BY REGION



SOURCE: PHILIPPINE STATISTICS AUTHORITY

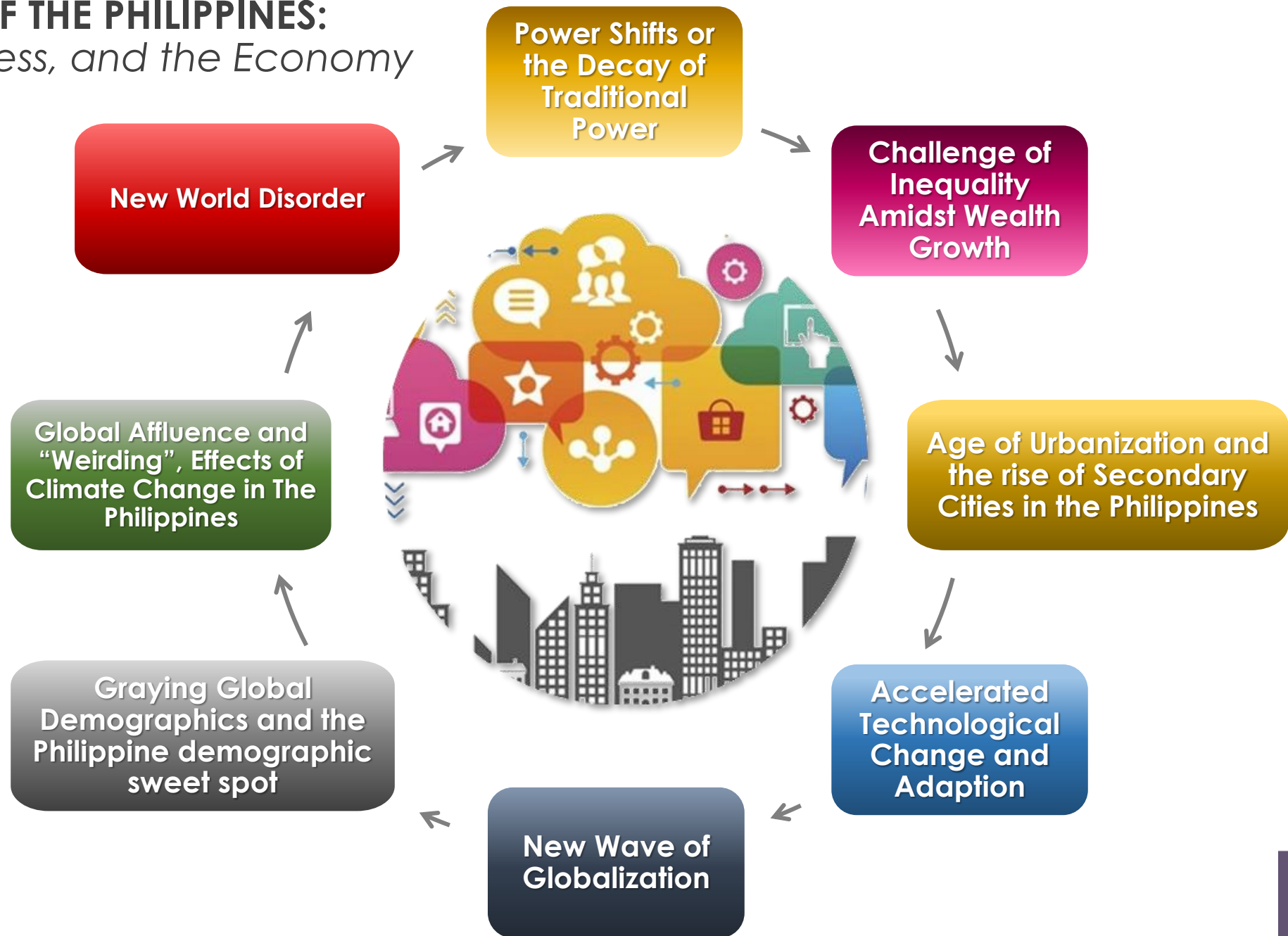
GROSS REGIONAL DOMESTIC PRODUCT



SOURCE: PHILIPPINE STATISTICS AUTHORITY

THE FUTURE OF THE PHILIPPINES:

Politics, Business, and the Economy

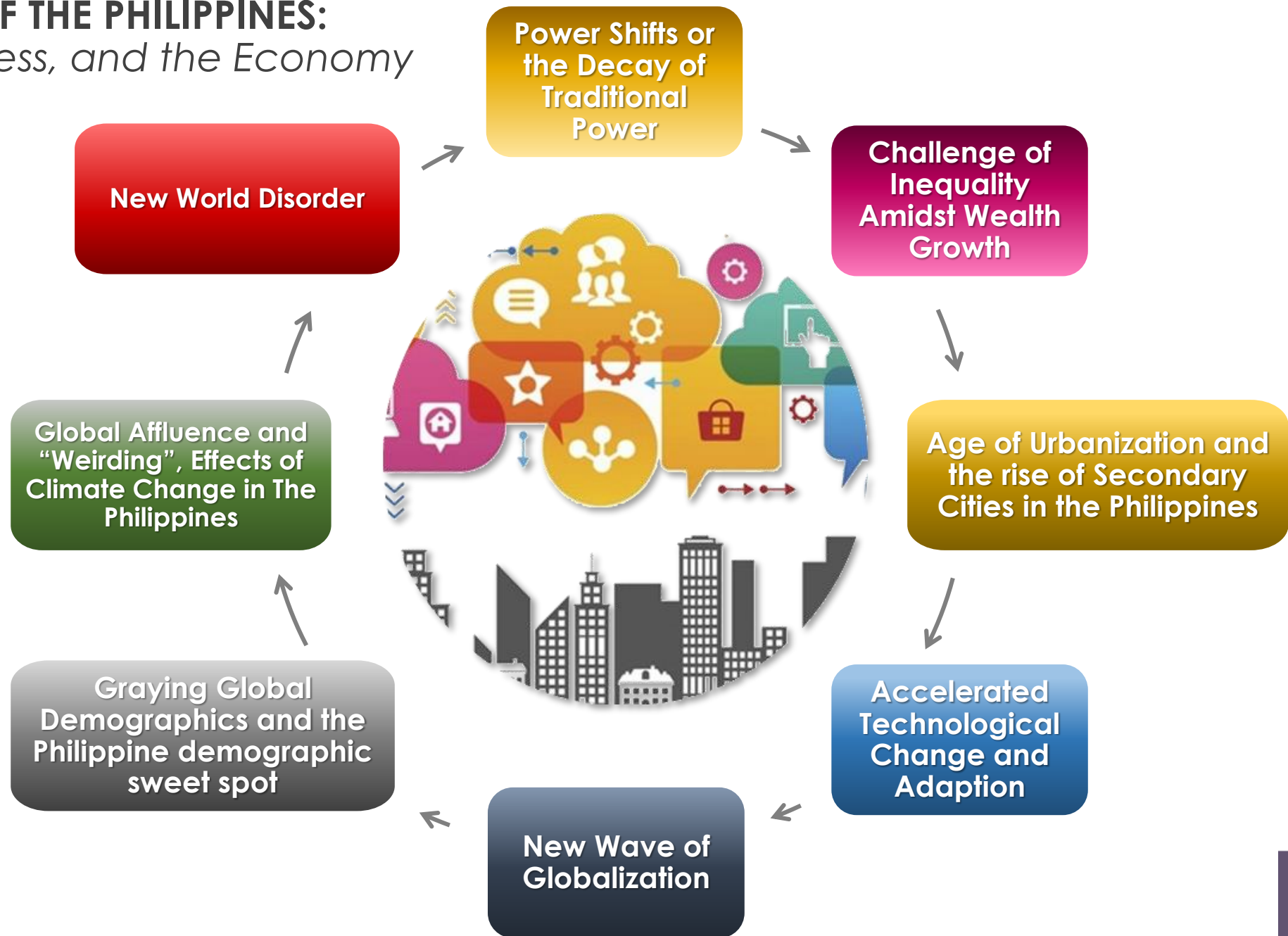


THE RISE OF MEGA AND SECONDARY CITIES IN THE PHILIPPINES

- People have been moving to cities for centuries, attracted by the possibility of higher income, more opportunities and a better life. More people have moved and continue to move from farms to cities than ever before, specifically in Asia (Mobility Revolution).
- **“Not only are there more people today, but they also move around a lot more. This movement of temporary and permanent migrants occurs in a context of increase in the movement of goods, services, money, and information. ”**
- The rising urban tide in the Philippines opens up unprecedented access to new markets, new consumers, new economic opportunities and a unique chance to innovate.
- 34 Highly Urbanized/Mega Cities and 110 Secondary Cities will be home to a growing middle class in the Philippines. Creating large consumer markets to meet robust domestic consumption.

THE FUTURE OF THE PHILIPPINES:

Politics, Business, and the Economy



ACCELERATED TECHNOLOGICAL CHANGE AND ADAPTION

- “The ability to move information has vastly expanded and the characteristics shared by mobility-enhancing technologies are the speed and extent of the drop in cost of moving goods, money, and information.”
- Nations who fail to navigate today’s Technological tide **will lose out on a huge economic opportunity** and will be more vulnerable to disruptions from new innovations.
- Digitization has drastically **lowered socio-geographic barriers** fueling the growth of micro-multi nationals, micro enterprises and micro supply chains.

JAN
2017

THE PHILIPPINES

A SNAPSHOT OF THE COUNTRY'S KEY DIGITAL STATISTICAL INDICATORS



TOTAL
POPULATION



103.0
MILLION

URBANISATION:
44%

INTERNET
USERS



60.0
MILLION

PENETRATION:
58%

ACTIVE SOCIAL
MEDIA USERS



60.0
MILLION

PENETRATION:
58%

MOBILE
SUBSCRIPTIONS



129.4
MILLION

vs. POPULATION:
126%

ACTIVE MOBILE
SOCIAL USERS



54.0
MILLION

PENETRATION:
52%

we
are
social



we
are
social



SOURCES: POPULATION: UNITED NATIONS; U.S. CENSUS BUREAU; INTERNET: INTERNETWORLDSTATS; ITU; INTERNETLIVESTATS; CIA WORLD FACTBOOK; FACEBOOK; NATIONAL REGULATORY AUTHORITIES; **SOCIAL MEDIA** AND **MOBILE SOCIAL MEDIA:** FACEBOOK; TENCENT; VKONTAKTE; LIVEINTERNET.RU; KAKAO; NAVER; NIKI AGHAEI; CAFEBAZAAR.IR; SIMILARWEB; DING; EXTRAPOLATION OF TNS DATA; **MOBILE:** GSMA INTELLIGENCE; EXTRAPOLATION OF EMARKETER AND ERICSSON DATA.



Hootsuite™

we
are
social

JAN
2017

ANNUAL DIGITAL GROWTH

YEAR-ON-YEAR CHANGE IN KEY STATISTICAL INDICATORS (vs. JANUARY 2016)



INTERNET
USERS



+27%

SINCE JAN 2016

+13 MILLION

ACTIVE SOCIAL
MEDIA USERS



we
are
social

+25%

SINCE JAN 2016

+12 MILLION

MOBILE
SUBSCRIPTIONS



+9%

SINCE JAN 2016

+10 MILLION

ACTIVE MOBILE
SOCIAL USERS



+32%

SINCE JAN 2016

+13 MILLION



Hootsuite™

we
are
social

JAN
2017

DEVICE USAGE

PERCENTAGE OF THE ADULT POPULATION* THAT CURRENTLY USES EACH KIND OF DEVICE



MOBILE PHONE
(ANY TYPE)



88%

we
are
social

SMART
PHONE



61%

Google

LAPTOP OR
DESKTOP COMPUTER



39%



TABLET
COMPUTER



25%

TELEVISION
(ANY KIND)



91%

Google

DEVICE FOR STREAMING
INTERNET CONTENT TO TV



12%



E-READER
DEVICE



6%

we
are
social

WEARABLE
TECH DEVICE



5%

PHILIPPINE SOCIAL MEDIA SNAPSHOT

<http://isupportworldwide.com/blog/archive/socialmediaphilippines/>
<http://fleirecastro.com/guides/social-media-and-digital-stats-in-the-philippines-2016-wearesocial-data/>

Facebook is the top social platform used, followed by Messenger, Google+, Skype, Viber, Twitter, Instagram.

5.2 hours/day

Philippines tops time spent on **Internet via PCs**

3.7 hours/day

Philippines tops time spent on **Social Media**

2 hours/day

Viewing on mobile devices overtakes TV

20-40 years old

Millennials are now the dominant demographic

50%

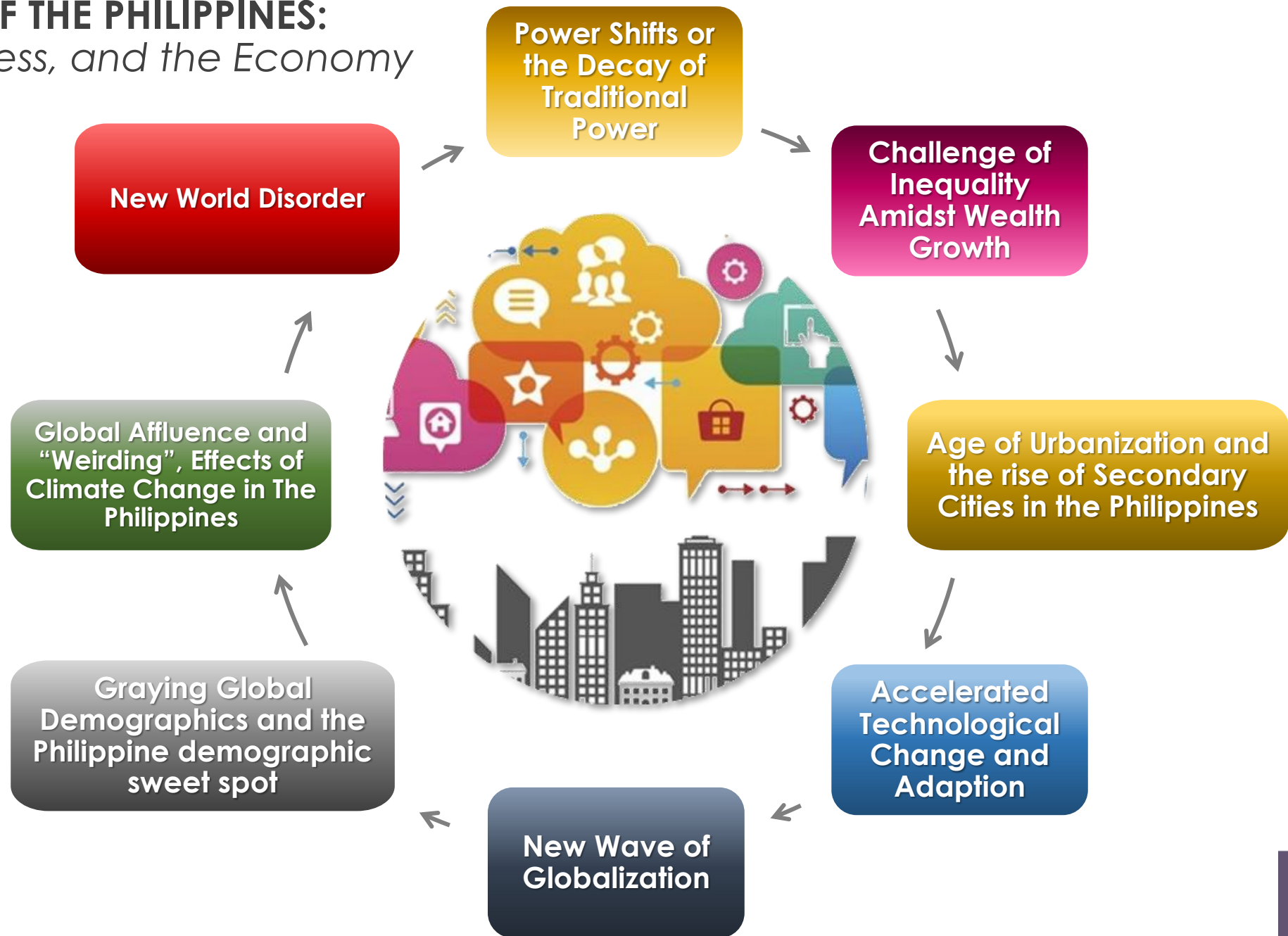
Have internet access

35%

Use mobile internet

THE FUTURE OF THE PHILIPPINES:

Politics, Business, and the Economy

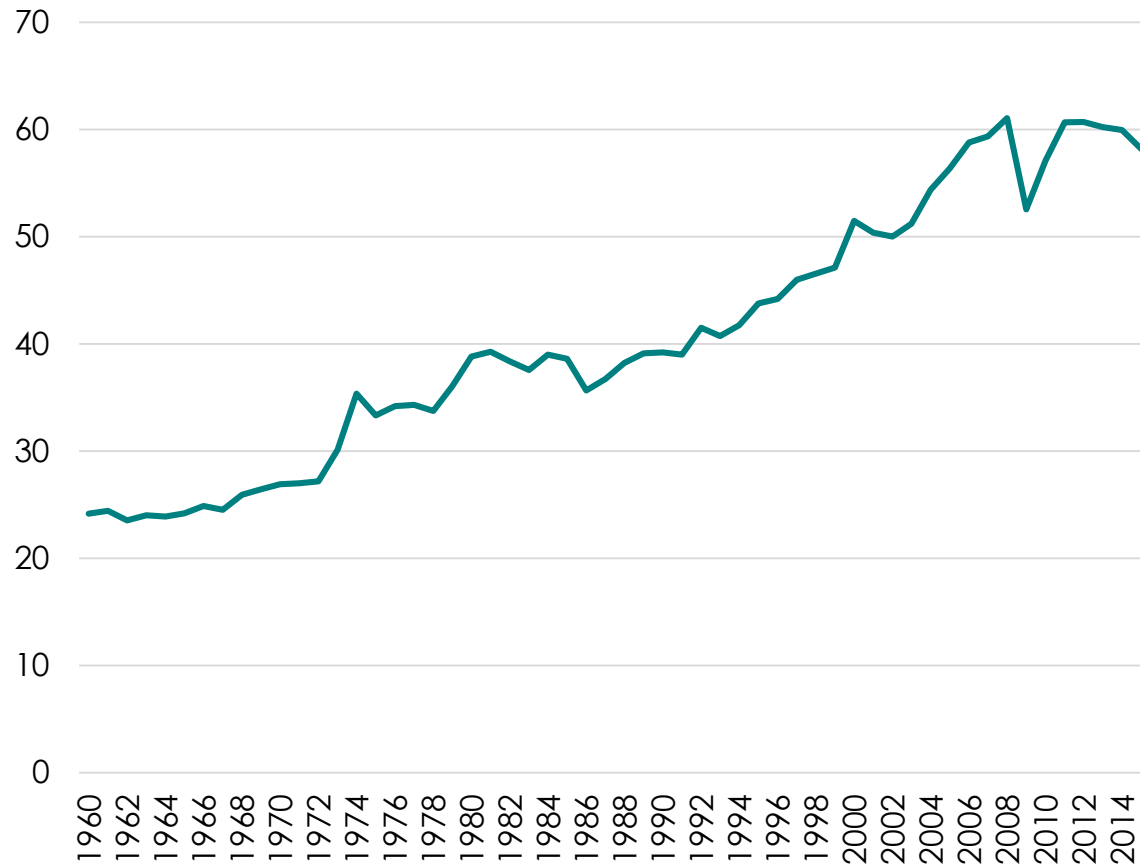


NEW WAVE OF GLOBALIZATION

- **Rising pace, intensity, and complexity of global connections,** ... Higher flows and movements of people, goods, services, money and information from place to place. **Economic Growth from trade connectivity.**
- Driven and amplified by the **growing prosperity** of emerging and developing markets and by the spread of the Internet and digital technologies in the Asia Pacific region.

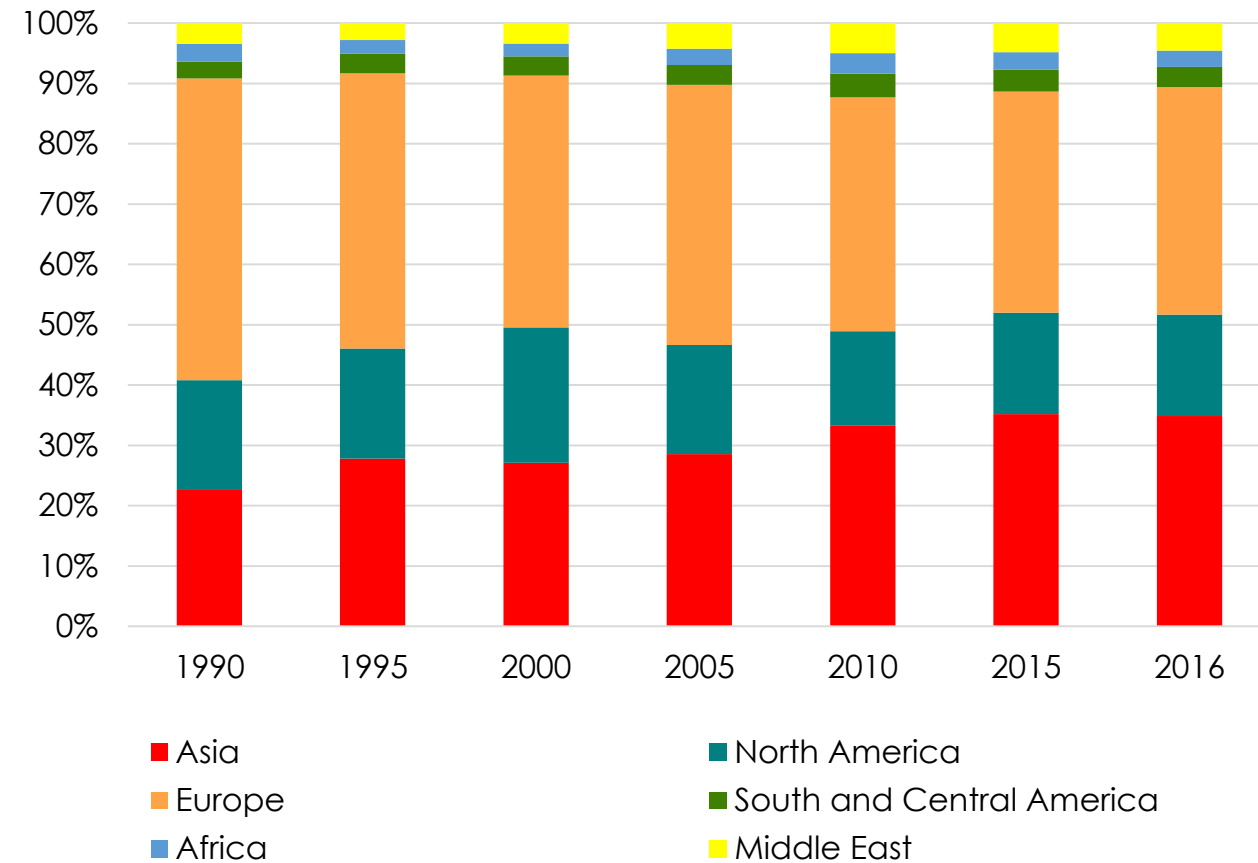
NEW WAVE OF GLOBALIZATION

TRADE (% OF GDP)



SOURCE: WORLD BANK

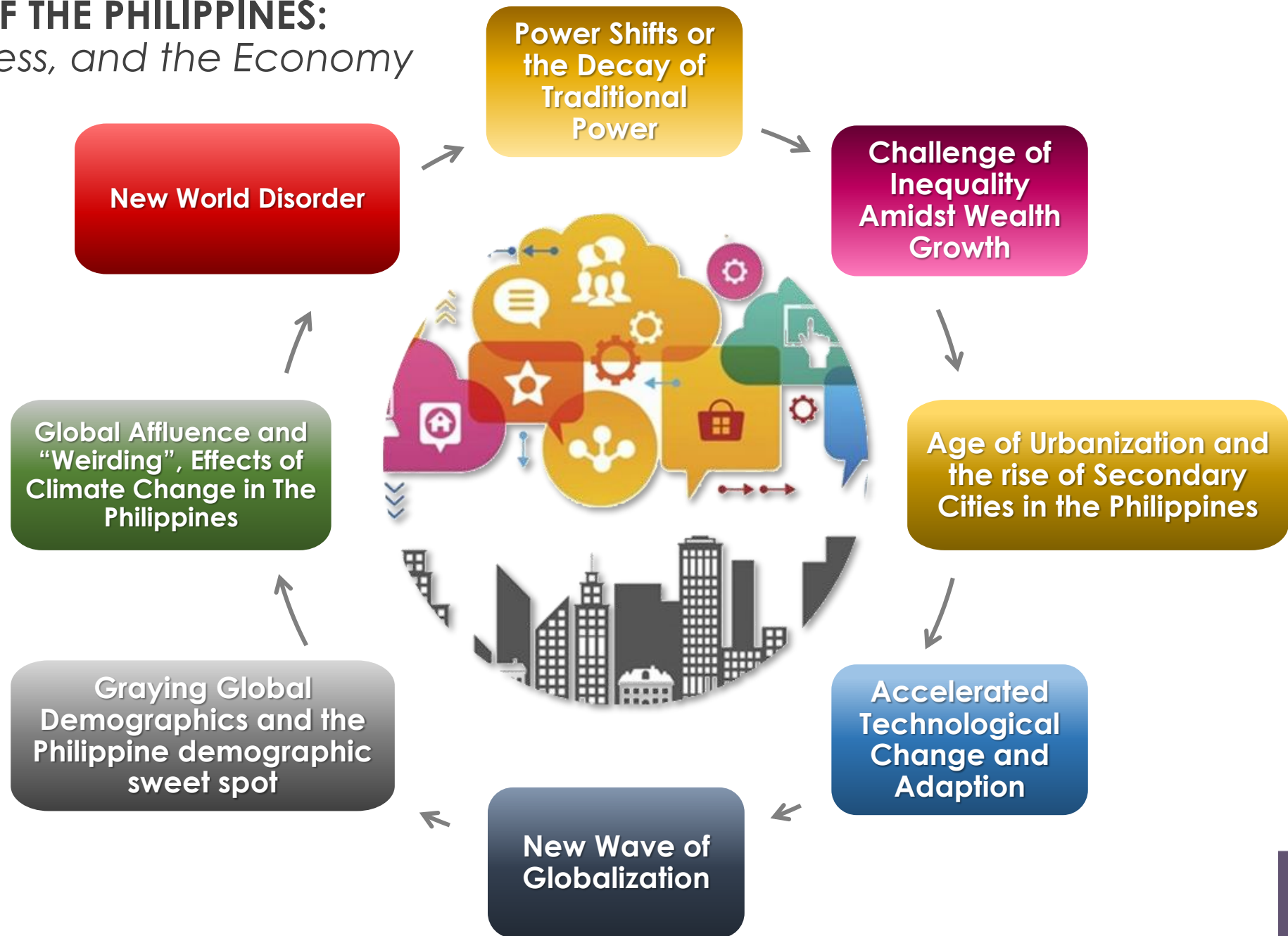
MERCHANDISE TRADE OF WTO MEMBERS BY REGION



SOURCE: WORLD TRADE ORGANIZATION

THE FUTURE OF THE PHILIPPINES:

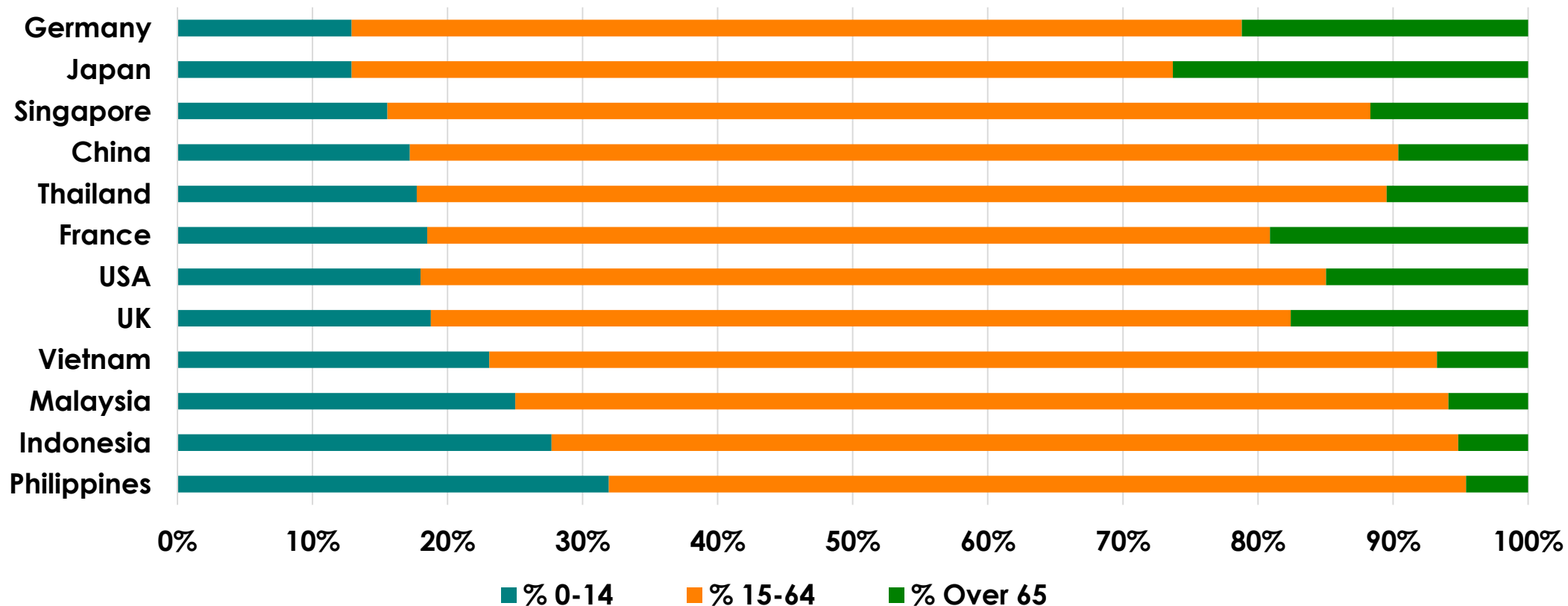
Politics, Business, and the Economy



GRAYING GLOBAL DEMOGRAPHICS AND THE PHILIPPINE DEMOGRAPHIC SWEET SPOT

- Fertility is falling and the First World's population is graying dramatically.
- Adapting to this Global Aging Trend > Great Opportunity for Migration of Professionals and Skilled Workforce from the Philippines and the rise of the New Middle Class.

GRAYING GLOBAL DEMOGRAPHICS AND THE PHILIPPINE DEMOGRAPHIC SWEET SPOT



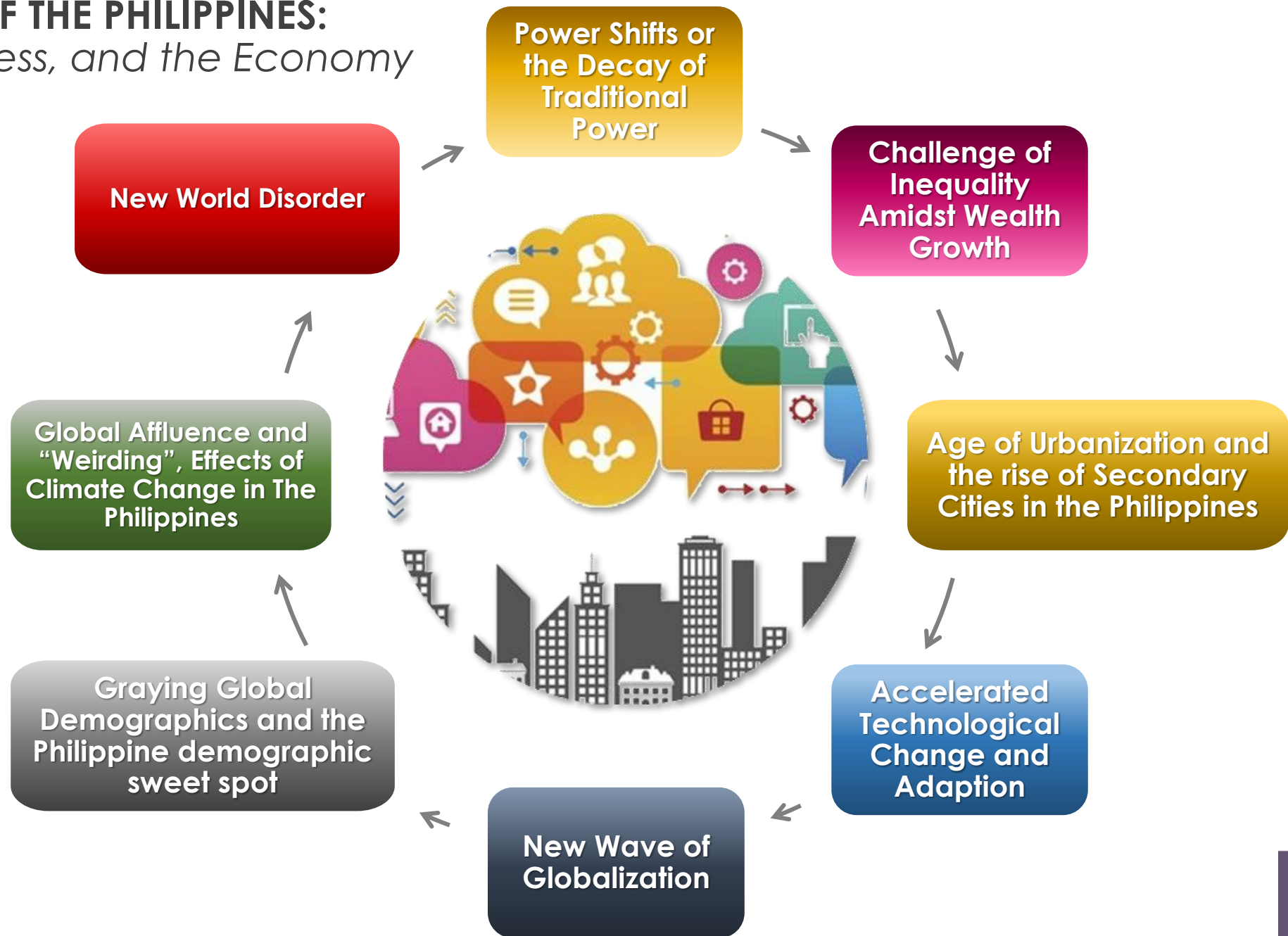
SOURCE: World Bank (2015)

GRAYING GLOBAL DEMOGRAPHICS AND THE PHILIPPINE DEMOGRAPHIC SWEET SPOT

- Philippine demography **reflects a new and fast-growing middle class** whose members are well-aware that others **had more prosperity or personal fulfillment** than they do, and hope to catch up.
- Generally **skeptic and a mindset more open to change**, and the propensity to question authority and challenge traditional power

THE FUTURE OF THE PHILIPPINES:

Politics, Business, and the Economy



GLOBAL AFFLUENCE AND “WEIRDING”, EFFECTS OF CLIMATE CHANGE IN THE PHILIPPINES

- **Many people prospered, consumed energy, used resources and emitted carbon dioxide.** We have entered an era in which our effects on the climate and the earth's natural systems are potentially unmanageable and irreversible.
- **Climate change brings abrupt effects** on Air (Global Average Temperature), Oceans (rising sea levels), Glaciers (Melting), and Coastlines. We need to **integrate climate change issues in trade and investment** and to be more responsive to the realities and serious threats posed by stronger and more frequent disasters in a vulnerable country like the Philippines.

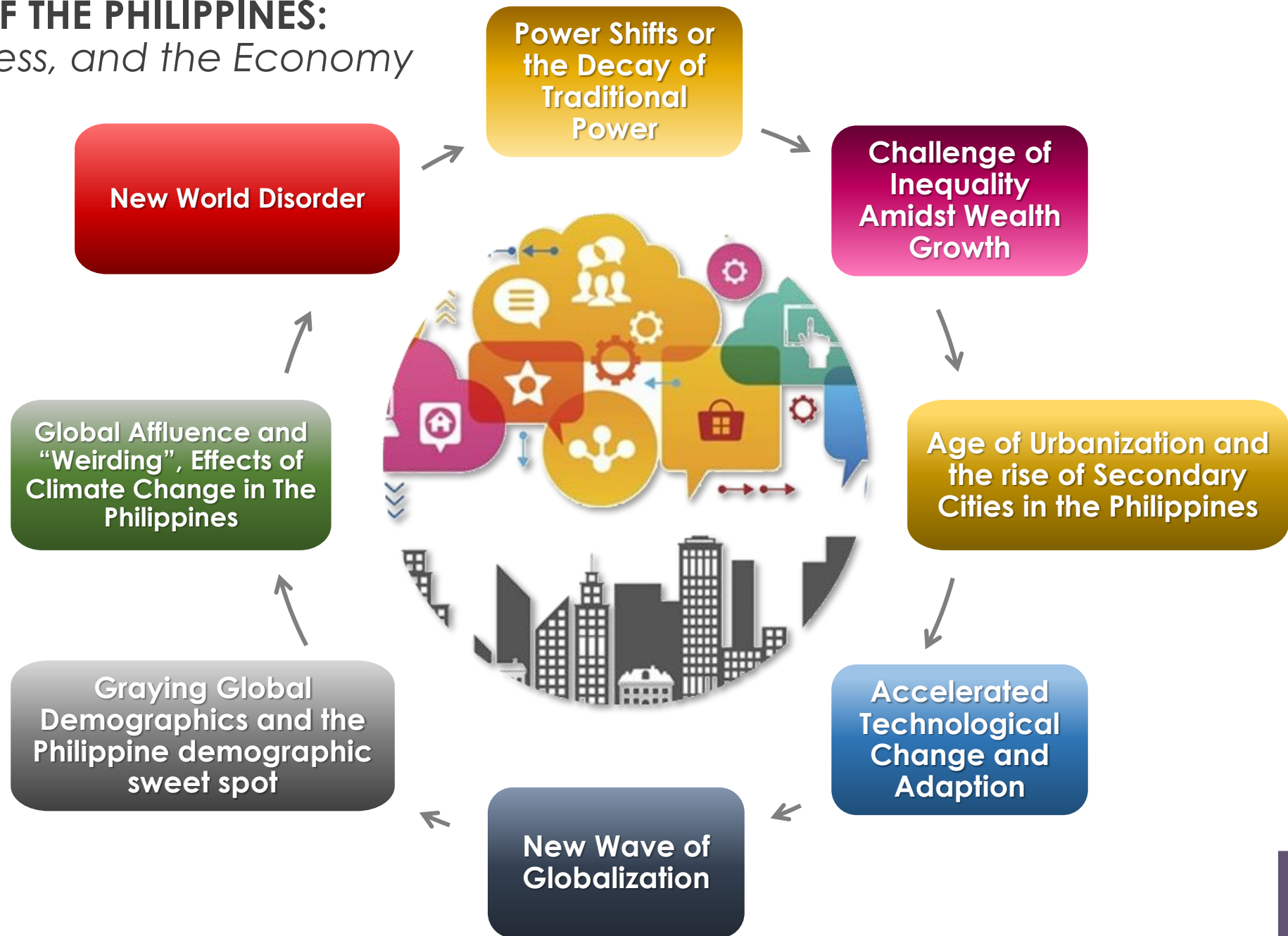
THE LONG-TERM CLIMATE RISK INDEX

CRI 1996–2015 (1995–2014)	Country	CRI score	Death toll	Deaths per 100 000 inhabitants	Total losses in million US\$ PPP	Losses per unit GDP in %	Number of events (total 1996–2015)
1 (1)	Honduras	11.33	301.90	4.36	568.04	2.100	61
2 (2)	Myanmar	14.17	7 145.85	14.71	1 300.74	0.737	41
3 (3)	Haiti	18.17	253.25	2.71	221.92	1.486	63
4 (4)	Nicaragua	19.17	162.90	2.94	234.79	1.197	44
5 (4)	Philippines	21.33	861.55	1.00	2 761.53	0.628	283
6 (6)	Bangladesh	25.00	679.05	0.48	2 283.38	0.732	185
7 (8)	Pakistan	30.50	504.75	0.32	3 823.17	0.647	133
8 (7)	Vietnam	31.33	339.75	0.41	2 119.37	0.621	206
9 (10)	Guatemala	33.83	97.25	0.75	401.54	0.467	75
10 (9)	Thailand	34.83	140.00	0.22	7 574.62	1.004	136

Source: CRI

THE FUTURE OF THE PHILIPPINES:

Politics, Business, and the Economy



NEW WORLD DISORDER?

- Given the **continued use of fear and anger in politics** around the world, will we continue to see the rise of populist, nativist leaders seeking to **enhance domestic divisions and build walls between nations**?
- Could “**Dutertismo**” persist long after Duterte’s term in office?
- **Some signs of a corrective response**
 - The loss of Geert Wilders in the Netherlands (March)
 - The election of Emmanuel Macron in France (May)
- **However, for efforts to succeed**, they must learn the lessons of the past, acknowledge inequalities, and build an inclusive future

THANK YOU!

E-BOOK

- Thinking Beyond Politics: A Strategic Agenda for the Next Administration

SPECIAL STUDIES:

- Converging on the Fisheries in the South China Sea
- Infrastructure and Economic Growth: The Philippine Experience
- Technology, Democracy, and Elections in the Philippines
- The Role of America's Alliances in the Philippines' Balancing Policy on China: From the Aquino to the Duterte Administration
- Unlocking the Filipino People's Potential in the Next Six Years and Beyond
- ASEAN's Golden Opportunity: The Future of Southeast Asia
- Balancing the Emergent Dragon with the Rising Sun: From the Aquino to the Duterte Administration