

KEYNOTE SPEECH
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**APEC-HRD CBN's CAPACITY BUILDING PROGRAM FOR
TRADE AND INVESTMENT INSURANCE PRACTITIONERS
EXPERTS' WORKSHOP**
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DISTINGUISHED EXPERTS ON TRADE AND INVESTMENT INSURANCE FROM THE APEC ECONOMIES, MY COLLEAGUES IN THE GOVERNMENT, LADIES AND GENTLEMEN, GOOD MORNING!

AT THE OUTSET, LET ME CONVEY MY DEEP APPRECIATION FOR THIS OPPORTUNITY TO ADDRESS THIS WORKSHOP. I WOULD LIKE TO THANK EVERYONE, ESPECIALLY THE EXPERTS, FOR TAKING TIME OUT FROM THEIR HECTIC SCHEDULES TO BE WITH US AND SHARE THEIR PRECIOUS EXPERTISE IN THIS 3-DAY WORKSHOP. IT IS REALLY A GREAT PLEASURE TO MEET ALL OF YOU.

I CONSIDER THIS AN IMPORTANT EVENT BECAUSE THIS IS THE FIRST TIME THAT WE GATHERED EXPERTS ON TRADE AND INVESTMENT INSURANCE FROM THE VARIOUS APEC ECONOMIES. MOREOVER, THIS IS THE FIRST MAJOR COMPONENT OF THE CAPACITY BUILDING PROGRAM FOR TRADE AND INVESTMENT INSURANCE PRACTITIONERS UNDER THE APEC-HRD

CAPABILITY BUILDING NETWORK. THIS WORKSHOP WILL BE CRUCIAL AS IT WILL SET THE DIRECTION OF THE PROGRAM'S OTHER 3 MAJOR COMPONENTS - PRACTITIONERS' WORKSHOPS, TRAINERS' WORKSHOPS AND THE SENIOR EXECUTIVES FORUM. IT IS EXPECTED THAT IT WILL SERVE AS A VEHICLE FOR BROADER EXPOSURE ON VARIED CULTURES AND MUCH EXCHANGE OF DIFFERENT EXPERIENCES AMONGST ADVANCED AND LESS DEVELOPED COUNTRIES ON THE ASPECT OF TRADE AND INVESTMENT INSURANCE. HOPEFULLY, THIS WILL RESULT TO BETTER COOPERATION AND STIMULATING LINKAGES AMONG EXPORT CREDIT AGENCIES AND OTHER INSTITUTIONS WHICH YOU REPRESENT.

THE SIGNIFICANCE OF WELL-RUN EXPORT CREDIT AGENCIES AND EXPORT CREDIT INSURANCE SYSTEM TO BUSINESS EXPANSION AND ECONOMIC GROWTH IS UNQUESTIONABLE TO COUNTRIES WHICH HAVE BENEFITED FROM SUCH. IN CONTRAST, THIS IS STILL UNKNOWN TO COUNTRIES WHERE EXPORT CREDIT AGENCIES AND EXPORT CREDIT INSURANCE ARE NON-EXISTENT OR ONLY NEWLY-ESTABLISHED.

IN PRINCIPLE, EVERY EXPERT KNOWS THAT EXPORT CREDIT INSURANCE REDUCES INHERENT RISKS IN EXPORTING GOODS AND SERVICES. IT PROVIDES SECURITY TO COMPANIES WHICH TRANSACT WITH OVERSEAS BUYERS THAT THEY MIGHT BE UNFAMILIAR WITH. IT PROTECTS

THE EXPORTING COMPANY AGAINST BAD DEBT LOSSES DUE TO INSOLVENCY, PROLONGED DEFAULT OR POLITICAL RISK.

AS FAR AS THE PHILIPPINES IS CONCERNED, EXPORT CREDIT INSURANCE IS STILL UNPOPULAR AMONG MANY EXPORTERS. BASED ON LATEST AVAILABLE DATA, THERE ARE 10,386 EXPORTERS OF VARIOUS COMMODITIES. OF THIS TOTAL NUMBER, ONLY 5 AVAILED OF EXPORT CREDIT INSURANCE FROM THE TRADE AND INVESTMENT DEVELOPMENT CORPORATION OF THE PHILIPPINES FROM JANUARY 1997 TO DECEMBER 2001. THERE ARE MANY APPLICANTS FOR THIS TYPE OF INSURANCE. HOWEVER, SUCH APPLICATIONS DID NOT PUSH THROUGH DUE TO SEVERAL REASONS, SUCH AS PROBLEMS WITH THEIR RESPECTIVE BUYERS, HIGH RISKS IN THE IMPORTING COUNTRY OR MERELY INCOMPLETE DOCUMENT REQUIREMENTS. WITH THESE CONSTRAINTS, THE MAJORITY OF EXPORTERS RESORT TO GUARANTEES AND LETTERS OF CREDIT IN COMMERCIAL BANKS. IN FACT, OUR TOP COMMERCIAL BANK ALONE HAD 8,052 TRANSACTIONS ON LETTERS OF CREDIT LAST YEAR.

THE SAME SITUATION MAYBE OCCURING IN OTHER LESS DEVELOPED APEC ECONOMIES. THIS IMPLIES THAT EXPORT CREDIT AGENCIES NEED TO POPULARIZE OR INTENSIFY ADVOCACY EFFORTS ON THE USE OF EXPORT CREDIT INSURANCE AND TO LESSEN THE COMPLEXITY OF PROCESSES

INVOLVED, PARTICULARLY FOR SMALL AND MEDIUM-SCALE EXPORTERS WHICH ARE STRUGGLING TO SURVIVE. IT WILL REALLY BE CHALLENGING ON YOUR PART TO HELP THEM DEVELOP AMIDST THE CURRENT GLOBAL ECONOMIC DIFFICULTIES.

A KEY ISSUE AMONG TRADE AND INVESTMENT INSURANCE PRACTITIONERS, PARTICULARLY IN LESS ADVANCED ECONOMIES, IS WHETHER THEY CAN PROVIDE LEADING-EDGE SERVICES FOR BOTH SMALL AND BIG EXPORTERS, GIVEN THE DYNAMIC WORLD MARKET COMPETITION. THERE ARE SEVERAL CHANGES IN THE WORLD ECONOMY RESULTING FROM GLOBALIZATION AND LIBERALIZATION, WHICH MUST BE CONFORMED WITH. FURTHER GLOBALIZATION WILL BE DRIVEN BY A NEED FOR A GEOGRAPHIC SPREAD OF RISK . THE PREVALENCE OF INTERNATIONAL COMPANIES WHICH ARE INVESTING HEAVILY IN INFORMATION TECHNOLOGY DATABASES AND E-COMMERCE PRODUCTS HAS TO BE CONSIDERED ALSO. FURTHERMORE, THE INTRODUCTION OF ALTERNATIVE SERVICES FOR EXPORT CREDIT INSURANCE BY THE PRIVATE SECTOR IS WORTH UNDERSTANDING.

ALL THESE NECESSITATE TRAINING PROGRAMS FOR EXPORT CREDIT AGENCIES' SENIOR AND MIDDLE LEVEL MANAGERS WHICH WILL ENHANCE THEIR COMPETENCIES, SKILLS AND CAPABILITIES. THESE ARE ENVISIONED TO ENABLE THEM TO DELIVER HIGH QUALITY, COST EFFECTIVE FRONT-LINE SERVICES TO ALL TYPES OF CUSTOMERS AND SIMULTANEOUSLY PRACTISE

EFFICIENT CAPITAL UTILIZATION, THUS MAINTAINING OR IMPROVING THE AGENCIES' EARNING CAPACITIES (TO BE REALISTIC ABOUT IT). YOUR PROFESSIONAL ADVICES ON THESE ASPECTS WILL TRULY BE APPRECIATED.

INDEED, WE ARE GRATEFUL FOR YOUR PRESENCE AND PARTICIPATION. I AM VERY OPTIMISTIC THAT THIS WORKSHOP WILL BRING FORTH A WEALTH OF IDEAS WHICH WILL BE FAVORABLE TO TRADE AND INVESTMENT INSURANCE PRACTITIONERS, AND CONSEQUENTLY, TO THE INTERNATIONAL TRADING SYSTEM WITHIN AND OUTSIDE THE APEC REGION IN THE LONG RUN.

MAY YOUR STAY IN OUR COUNTRY BE PLEASANT AND FRUITFUL!
MABUHAY !