The globalisation experience and its challenges for the Philippine economy[1]

Diwa C Guinigundo[2]

Abstract

This paper analyses the extent and impact of globalisation in the Philippines in terms of trade, finance and migration. In the Philippines, trade globalisation and migration have been more prominent than financial globalisation. While empirical estimates show that globalisation has positively affected the country's economic growth and employment, substantial evidence for its impact on inequality and poverty has yet to be found, as preliminary estimates show mixed results. There are both winners and losers among industries and in the labour market. Thus, more inclusive policies could potentially help cushion the negative consequences of globalisation and facilitate adjustments to narrow the gap between winners and losers. Towards this end, the Bangko Sentral ng Pilipinas has made contributions primarily through its focus on low and stable inflation; the facilitation of greater financial inclusion; and greater involvement in global cooperation efforts to further strengthen rule-based international transactions.

Keywords: impact of globalisation, challenges of globalisation, policy response to globalisation, migration, remittances, financial inclusion, Philippines.

JEL classification: F6, F62, F63, F66, F68, F22, F24.

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[2] Deputy Governor, Monetary Stability Sector, Bangko Sentral ng Pilipinas

1. Introduction

Globalisation is defined as the mobility across borders of goods and services, people, capital and knowledge (BIS (2017a)). In the past half century, the world economy has become much more integrated, interdependent and intertwined as globalisation and liberalisation appear to have become an inevitable and irreversible trend. Regional trading arrangements, the removal of restrictions on the flow of trade and investment, and rapid technological changes have led to the deepening of economic integration and the heightening of globalisation (Aldaba (2011)). Emerging market economies (EMEs) have also become much more tightly integrated in terms of trade, finance, global value chains (GVCs) and migration (BIS (2017b)).

Some have attributed an unprecedented period of peace and prosperity to globalisation as it has spurred growth and productivity as well as expanding opportunities for businesses, investors and workers (Ibrahim (2017)). This is true particularly for EMEs, where many observers consider globalisation as a major cause of strong growth and significant poverty reduction in recent decades (BIS (2017b)). However, due to the adverse and lingering impact of the Great Financial Crisis (GFC), there has been a growing backlash against globalisation, not only in EMEs but also in advanced economies, particularly in the United Kingdom and the United States. A pattern of resurgent protectionism is observed to be emerging across the globe and inward-looking policies are getting more support.

This paper analyses how globalisation has affected the Philippines, starting with globalisation trends in the country (Section 2), and followed by macroeconomic and distributional consequences of globalisation (Section 3). The paper continues with a discussion on challenges that the country faces with greater world integration (Section 4), and finally with a discussion of policies in the last section (Section 5).

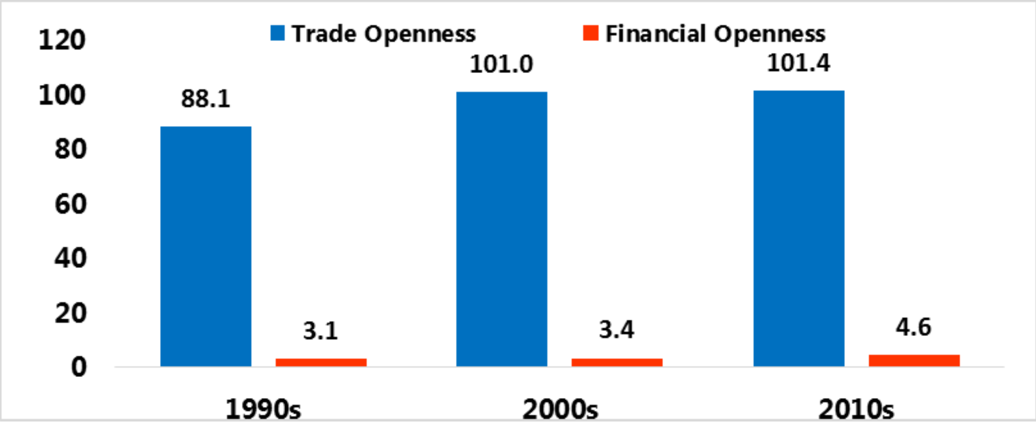
2. Globalisation trends in the Philippines

The Philippine economy, like that of most other EMEs, has become increasingly integrated with the global economy. This is evident in the general increase in trade in goods and labour migration. There is also greater integration in finance, albeit at a relatively moderate pace.

Trade openness

From the 1990s to the 2000s, trade openness in the Philippines improved from 88.1% to 101.0% of the country's gross domestic product (GDP) (Graph 1). Contributing to this increase were the country's efforts towards a more open trade policy starting in the 1980s. This trade openness also reflected declining transport costs and improved information and communications technology that supported the development of complex GVCs, particularly in electronics and electrical components, allowing companies to manage their production more efficiently (Dudley (2017)).

Economic globalisation indicators (% of GDP), 1990s, 2000s, 2010s Graph 1



Note: Trade openness = [(Exports of goods and services + Imports of goods and services)/Real GDP] x 100; Financial Openness = [(Inflows of direct investment, portfolio investment, financial derivatives and other investment + Outflows of direct investment, portfolio investment, financial derivatives and other investment)/Nominal GDP] x 100. Figures from 1990 to 1999 were based on BOP Old Concept. Figures from 2000 to 2004 were based on BPM5. Figures from 2005 to 2017 were based on BPM6. 2010s include January to September 2017 data for financial openness and January to December 2017 data for trade openness. Estimates exclude valuation changes. The analysis, however, should be taken with caution considering the break in the data series used (old, BPM5 and BPM6 concepts).

Sources: National Accounts, Philippines Statistics Authority; BOP Statistics and International Investment Position, Bangko Sentral ng Pilipinas.

Another factor is rapid growth in the information and communications technology-business process outsourcing (ICT-BPO) services in the country. Based on data on earnings from IT-BPO, the industry recorded above 50% annual growth from 2006 to 2008, this growth remaining in double digits until 2016. The Philippines has also established itself as one of the two major BPO industry centres in Asia, along with India. With the country's continued openness to globalisation, the total trade of the Philippines increased further, to 101.4% of GDP in the 2010s (Graph 1). The pickup in global trade starting in 2017 has, in fact, helped in offsetting the weak global demand that lingered after the GFC.

Financial openness

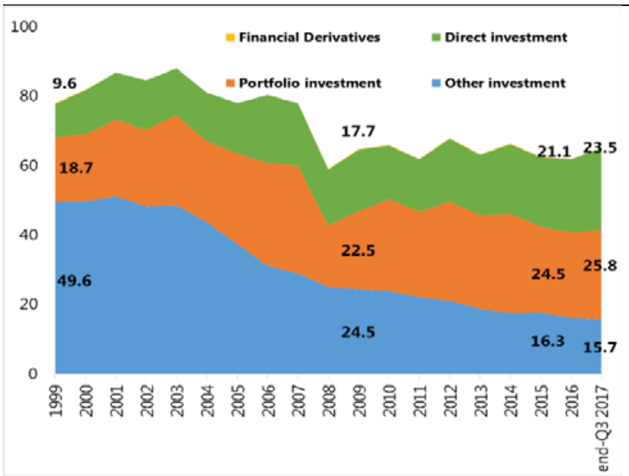
In terms of financial openness, globalisation came in at a more moderate pace. The country's total capital flows increased from 3.1% of GDP in the 1990s to 3.4% of GDP in the 2000s (Figure 1). While the Philippines started to liberalise the foreign exchange (FX) regulatory system in the 1990s, capital inflows were dampened by the Tequila (Mexican peso) financial crisis in 1995 and the Asian financial crisis in 1997–98 (Tetangco (2005)).

In the 2010s, however, total capital flows rose to 4.6% of GDP. This could be attributed in part to the nine waves of FX liberalisation reforms undertaken by the BSP starting in 2007. Another important reform undertaken to promote financial openness was the further liberalisation of foreign bank entry in 2014. Notwithstanding this, the 4.6% average ratio of capital flows to GDP from 2010 to the first three quarters of 2017 indicates that there is still scope for the country to liberalise further.[3]

The composition of the economy's external liabilities has shown its increasing exposure to both portfolio and direct investments, signifying not merely foreign investors' search for yield but growing confidence in the country's macroeconomic fundamentals (Graph 2). From end-December 1999 to end-September 2017, the stock of foreign direct investments (FDI) increased by 816.9%.[4] As a share of GDP, FDI has increased from 9.6% at end-1999 to 23.5% at end-September 2017. Relative to GDP, FPI has increased from 18.7% at end-December 1999 to 25.8% at end-September 2017.

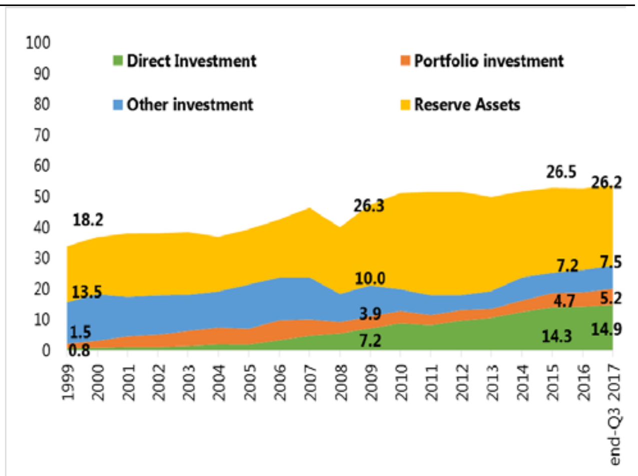
Moreover, external assets show a sustained increase in foreign exchange reserves from 18.2% of GDP at end-December 1999 to 26.2% of GDP at end-September 2017 (Graph 3), reflecting large and stable structural flows coming from overseas Filipino remittances and IT-BPO receipts. Notable also is the substantial increase in residents' direct investments abroad, from only 0.8% of GDP at end-December 1999 to 14.9% of GDP at end-September 2017. Residents' portfolio investments in other countries likewise increased from 1.5% of GDP in end-December 1999 to 5.2% at end-September 2017, signifying the rising internationalisation of domestic corporates and investors.

External liabilities, 1999–Q3 2017 Graph 2



(% of GDP, end-period)

External assets, 1999–Q3 2017 Graph 3



(% of GDP, end-period)

Note: External assets and liabilities data are based on International Investment Position (stock data). For end-1999 and end-2000, the data were estimated using Balance of Payments (BOP) statistics figures for 2000 and 2001, respectively. Figures from end-2001 to end-2005 were based on BPM5. Figures from end-2006 to end-September 2017 were based on BPM6. Estimates exclude valuation changes. The analysis, however, should be taken with caution considering the break in the data series used (relating to the BPM5 and BPM6 concepts).

Sources: National Accounts, Philippines Statistics Authority; BOP Statistics and International Investment Position, Bangko Sentral ng Pilipinas.

[3] Based on IMF (2017), while the Philippines made a significant progress in liberalising capital flows in the past 10 years, foreign exchange market development and interbank market in the country are still below potential.

[4] The cited figure is the computed growth rate of the stock of FDI in end-September 2017 from end-December 1999. The data are based on International Investment Position, a stock statistic.

Migration

International migration from the Philippines increased further as data from the United Nations indicate that the ratio of Filipino migrants to the country's total population went up from 3.5% in 1995 to 5.4% in 2017,[5] and the ratio of the stock of overseas Filipinos to the country's total population increased from 9.4% in 1997 to 10.4% in 2013.[6]

The Philippines has been open to labour mobility since the 1970s, and this has provided the country with decades of experience as a source of international migrants. The primary reason for Filipinos' continued emigration has been to seek employment overseas. While the Philippine economy has been steadily improving in recent years, with unemployment rate declining from 7.5% in 2009 to 5.0% in 2017, the country's unemployment situation[7] is still commonly cited as one of the main reasons why Filipinos continue to search for work abroad.[8] Employment opportunities in other countries, regardless of the type of job, are perceived to offer higher salaries/compensation, and better income and lifestyle packages (eg health benefits, insurance).

Another set of factors that promoted greater labour mobility pertains to global events that enhanced the international migration opportunities of Filipinos, particularly in extending their workplace to a global scale. For instance, the adoption of more liberal immigration policies in the 1970s; the oil crisis of 1973 that facilitated the emergence of the Gulf region as a destination for temporary migrant workers; the rise of the new industrialised countries in East and Southeast Asia that spurred additional demand for migrant labour in the 1980s; and globalisation have all led to global demand for skilled and professional workers.

Lastly, labour migration has been explained by so-called contagious migration. This refers to the widespread interest in migration that has resulted from the influence of the growing number of migrants. This seems to have become a social construct that is now ingrained in Philippine culture. For instance, migration seems to be transmitted within families from one generation to the next.[9]

5 Figures were estimated using United Nations (UN) data on the stock of migrants from the Philippines and estimates of the Philippine Statistics Authority on latest population of the Philippines. The UN defines the stock of migrants as the number of people born in a country other than that in which they live (Source: United Nations, Department of Economic and Social Affairs, Population Division (2017)).

6 Figures were estimated using data from the Commission on Filipinos Overseas on stock of overseas Filipinos (latest data are 2013) and the estimates of the Philippine Statistics Authority on the current population of the Philippines.

7 According to the Department of Labor and Employment (DOLE), the unemployment problem in the country is not just about the lack of jobs, but also includes the mismatch between the human capital portfolio of job applicants and the requirements of the labour market. The business process outsourcing (BPO) sector, for instance, is having difficulties in finding qualified workers.

8 Pinoy OFW Portal, "Eight Reasons why many Filipinos want to work abroad", www.pinoy-ofw.com/news/355-reasons-why-many-filipinos-like-to-work-abroad.html.

9 The motivation to improve the family's welfare and status led either parents or their children to migrate abroad – for parents, it is to provide a better future for their children, whereas for the children, migration is seen as a means of providing a comfortable life for their parents. There is a dissemination and sharing of information that encourages migration. The tendency for migration to spread from

Based on the latest estimate from the Commission on Filipinos Overseas, overseas Filipinos (OFs) are now scattered more geographically, from the traditional destinations, comprising mostly the advanced economies, to EMEs, which have been increasingly tapping OF services and skills.[10] The profile of Filipino migrants has also changed from mostly middle and lower skilled workers (1970s) to professional workers (1990s) as well as services (2000s and 2010s) and production workers (2010s) (Ang et al (2009)).

As a result, the remittances sent by OFs have substantially increased, from 2.5% of GDP in 1990 to 9.2% of GDP in the first three quarters of 2017. The Philippines was the third highest recipient country for remittances in 2017 and has been in the top 10 since 1994 (World Bank (2017a)). In recent years, the BSP and the banks themselves have adopted various measures to encourage OFs to channel remittances through the financial system, following improvements in international money transfer technology (Bayangos (2012)).

3. Macroeconomic and distributional impacts of globalisation in the Philippines

While the foregoing trends show continuing trade, migration, and financial integration of the Philippines, an unintended consequence is the greater exposure of the country's domestic economy to migrant returns and volatility spillovers from other countries' equity markets. However, the country's participation in the globalised world of trade, finance and migration has resulted in tangible benefits, including low and stable inflation, a low unemployment rate, more than adequate gross international reserves, and a sound and fundamentally strong banking system.

3.1 Economic growth and employment

Evidence suggests that globalisation has a positive effect on the country's economic growth and employment. In particular, trade openness and foreign portfolio flows have contributed to higher per capita GDP growth in the Philippines, following the implementation of FX liberalisation reforms. A significant increase in OF remittances has raised consumption, investment, labour productivity and economic growth. These OF remittances have also supported the Philippine economy during normal times and crisis situations in the past, and this is expected to continue in the future (Ang et al (2009)).

Moreover, FDI increases employment growth and gross value added, not just in the manufacturing sector itself but in other sectors as well, including construction,

one municipality to a neighbouring one exhibits the spillover effects of information. The aspirations of youngsters are moulded by the examples of migrants, especially in areas where poverty and conflict are present (Abrigo and Desierto (2011)).

10 While the United States still holds the largest share of total resident OFs, its share of the total has declined from 37.2% in 2005 to 34.5% in 2013. The OF population in the Middle East grew from a share of total stock of 23.5% in 2005 to 24.3% in 2013.

financial intermediation, and transport, storage, and communication.[11, 12] Also, the sustained growth in employment and salaries obtained from the global offshore IT-enabled services industry over the years has greatly increased household spending and investments (Del Prado (2015)).

3.2 Inflation

In addition to the country's credible and efficient implementation of inflation targeting (Guinigundo (2017)), globalisation is also considered as one of the factors for the observed decline in the sensitivity of inflation in the Philippines to changes in real economic activity or the flattening of the Phillips curve. On the one hand, a flatter Phillips curve implies that demand shocks and policy errors will not translate into large inflation movements. On the other hand, this means that, if inflation is above target, bringing it down to the target level would entail a greater sacrifice of output, giving greater weight to the central bank's commitment to its primary responsibility for price stability (Guinigundo (2017)).

This attribution is based on three observations of Iakova (2007). First, strong international competition constrains businesses from increasing prices when demand rises. Second, increased trade and investment flows have made prices less responsive to domestic demand pressures. Third, global migration, which has intensified in recent years, has caused wages and prices to become less sensitive to domestic demand shifts. These apply to the Philippines' exports or imports, which have become less concentrated (concentration index declined from 0.36 in 1995 to 0.29 in 2016, with 1 as highly concentrated) and the country has also reduced its divergence from world trade patterns (diversification index dropped from 0.62 in 1995 to 0.56 in 2016, with 1 as greatly divergent).[13] The former indicates the presence of more diversified products, and more competition in the domestic market, while the latter implies that the export/import structure of the Philippines is becoming less different from that of world trade.[14]

3.3 Poverty alleviation and income inequality

A recurring concern related to increasing globalisation is its impact on poverty alleviation and income inequality. Preliminary estimates show that an increase in trade openness contributes to reduction in income inequality in the Philippines, such that a 1 unit increase in the trade-to-GDP ratio can reduce the Gini coefficient by 0.04 unit.[15] By contrast, OF remittances contribute to higher income inequality as for every

[11] Based on Granger causality test between manufacturing FDI growth and sectoral employment growth for the period Q1 2006–Q4 2016 (Santos and Oliva (2018)).

[12] FDI likewise has a long-run relationship with employment growth and gross value added growth in almost all sectors.

[13] Based on the United Nations Conference on Trade and Development (UNCTAD) data from 1995 to 2015.

[14] With the country's increasing import volumes, this also means global developments exert a greater influence on the domestic market. As in Cacnio (2013), in fact, trade openness has contributed considerably to the flattening of the Phillip's curve (ie more than migration has).

[15] Bayangos (2015).

1 unit increase in the ratio OF remittances to GDP, the Gini coefficient increases by 3.3 units. Estimates also show that trade openness has no significant impact on poverty, although OF remittances can help reduce poverty.[16]

It is worth noting that, while there is evidence that higher rates of growth can reduce poverty (Dollar et al (2013)), if GDP growth is accompanied by an increase in inequality, this could still worsen poverty. According to Bourguignon (2004), both growth and inequality changes play a major role in generating changes in poverty. He explains that, over the medium run, distributional changes may be responsible for sizeable changes in poverty and in some instances, these changes may even offset the favourable effects of growth. This was supported by a study conducted in the Philippines by Reyes and Tabuga (2011), in which they found that, while the rate of growth matters a lot in poverty reduction, the redistribution of income also matters.[17] This implies that the nature of economic growth matters. While globalisation has no direct impact on poverty, globalisation can affect poverty indirectly through its impact on economic growth and income inequality.

4. Challenges of increasing globalisation

While globalisation has reportedly strengthened the global economy and improved welfare in general, the literature indicates that the distribution of its benefits in many countries has been uneven[18] and some acknowledge its potential role in fuelling the rising trend towards income inequality.[19] In the case of the Philippines, no substantial evidence for the impact of globalisation on inequality and poverty has so far been found. Nevertheless, there are winners and losers in globalisation, which could affect the country's economic and social development. Moreover, the country faces challenges from uncertain global factors exacerbated by the possible revival of protectionism. These events could lead to greater volatility and risk-averse attitudes among the country's trade and investment partners.

4.1 Firms, labour market and distribution of gains for growth

In particular, industries that are less able to compete and workers whose skills have become less relevant may be adversely affected and will have difficulty in adjusting due to globalisation. According to Sibal (2005), firms that were among the losers in the globalisation process in the Philippines were mostly in the small and medium categories in agriculture (eg producers of vegetables, palay, corn and poultry), sunset industries and labour-intensive firms (eg garments and apparel). The share of agriculture to GDP declined from 16.4% in 1980 to 8.5% in 2017 while that of industry fell from 41.6% in 1980 to 34.1% in 2017. In the industrial sector, the shares to GDP

16 As in the poverty regression model in Bayangos (2015).

17 Bourguignon (2004).

18 Dudley (2017).

19 BIS (2017b). Other central banks, however, conclude that trade liberalisation reduced earnings discrepancies, while others stress that skill-biased technological change, and not trade globalisation per se, is responsible for divergence.

of textile manufactures and wearing apparel declined from 1.3% and 1.4%, respectively, in 1998 to 0.3% and 0.4%, respectively, in 2017. These firms need to upgrade their technologies and improve production efficiency and productivity to be able to compete.

On the other hand, emigration can be a catalyst for improvement in the quality of the labour force in the short term as it can push individuals to improve their skills so that they can eventually emigrate.[20] This could also lead eventually to "brain gain," where OF workers bring the knowledge they learned abroad back to their home country.

4.2 Greater exposure to external shocks and policies

Another challenge posed by globalisation is greater economic exposure to destabilising external forces due to greater financial openness. Unless sufficient safeguards are in place, financial openness accompanied by poor regulation can threaten financial stability (BIS (2017c)).

Based on a 2015 IMF report, an abrupt shift in market expectations could expose the Philippines to a spike in interest rates, with negative feedback effects on the real economy. Moreover, the IMF observes that the country's local currency government bond yields are strongly influenced by global factors. Since these serve as benchmarks for pricing corporate bonds, they could have a wide-ranging impact on the country's real economy.

Meanwhile, due to the Philippines' high degree of trade integration and significant role in international migration, the country is likely to be affected by external noise mainly through OF remittances, offshoring/outsourcing, and trade channels. For instance, if we are to consider the current concerns about US policies regarding globalisation, and if the United States pursues deglobalisation policies that could result in a lower US GDP growth rate by 1 percentage point, this is expected to reduce the Philippine real GDP growth rate by 0.06 percentage points in the first year and by 0.07 percentage points in the second year. The country's inflation rate would decline by an estimated 0.01 percentage points in the first year and by 0.03 percentage points in the second year. Meanwhile, if deglobalisation policies were to require the United States to increase its Federal Funds rate, a 1 percentage point hike would have no estimated effect on the Philippine's economic growth in the first year but it would lead to a 0.02 percentage point reduction in the second year. But it would result in an estimated 0.02 percentage point increase in the Philippine inflation rate in the first year and a 0.11 percentage point increase in the following year.[21]

The Philippines has also been affected by other countries' policies through the remittance channel. OF remittances have recently been affected by de-risking activities or stricter regulatory measures enforced by various countries in compliance with the Financial Action Task Force – Guidance on the Risk-Based Approach for Money Services Businesses (FATF-RBA). These de-risking activities of international banks, particularly in reference to the Anti-Money Laundering and Countering the Financing of Terrorism Act, have led to the closure of bank accounts maintained with

[20] OECD/Scalabrini Migration Center (2017).

[21] Based on estimates of the Department of Economic Research of the Bangko Sentral ng Pilipinas.

international banks by both bank-owned and stand-alone remittance companies/money transfer operators (MTOs) in the Philippines in the past two years.

It may be noted that five of the 14 countries[22] affected by de-risking in 2015 showed declines in remittances in US dollars. The decline, however, may not be attributed solely to the effect of de-risking, but also to other factors such as currency depreciation. In the case of the Philippines, the decline in remittances in the original currency of the host countries may be an indication of the impact of de-risking in these countries.

5. Policy responses to the challenges

The solution to the challenges brought by globalisation is not a rollback of globalisation arising from protectionism since this could lead only to greater challenges resulting from other costs and distortions, such as lower economic growth, a higher inflation rate, and disruption in GVCs and job losses.[23] Instead, more inclusive policies will help cushion the negative consequences of globalisation and facilitate the adjustment in narrowing the gap between the winners and losers. Workers need some retooling to help them find new well-paying jobs and for producers to be more productive and internationally competitive.[24] For the Philippines, the National Government could work with the private sector and civil society groups on local initiatives that provide technology and skills to disadvantaged groups such as in barangays within and outside the cities (Roldan (2010)). In the case of Filipino migrants, there is a need to protect their rights and well-being as well as to facilitate their participation in the country's development, particularly during reintegration. Like other central banks, the BSP needs to better understand the implications of globalisation on the performance of the economy, inflation and financial stability.[25]

5.1 The BSP's contribution

5.1.1 Promote low and stable inflation

For its part, the BSP has helped to maintain stable and low inflation, which supports domestic economic stability, encouraging investments and business expansion, which, in turn, fuels employment growth. From August 2015 to October 2017, inflation for the bottom 30% of households by income was lower, in general, than inflation for all income households or headline inflation. The BSP has likewise ensured that the country's domestic liquidity conditions, external position, and financial system and creditworthiness remain healthy with the aim of further raising investor confidence.

[22] Austria, France, New Zealand, the United Kingdom and the United States. This is based on the analysis of the Department of Economic Statistics of the Bangko Sentral ng Pilipinas. The 14 countries that are being monitored by the Anti-Money Laundering Steering Group include the United States, Singapore, the United Kingdom, Canada, Hong Kong SAR, Australia, New Zealand, Italy, Papua New Guinea, Brunei, Austria, Cyprus, Saipan and France.

[23] BIS (2017b).

[24] Dudley (2017).

[25] BIS (2017b).

However, in the Philippines, the majority of the population do not have access to formal finance. Thus, a large segment of the population has no access to credit. The key challenge, therefore, is to develop mechanisms that would allow the poor access to formal finance and credit, enabling them to finance productive activities and investments, and thus participate in and contribute to economic growth.

5.1.2 Promote financial inclusion

The BSP has been deeply involved in initiatives that promote financial inclusion to ensure that appropriate financial products and services are accessible to a great majority of the population.

For instance, in 2008, the BSP developed the Credit Surety Fund Program (CSF), which has helped micro, small and medium-sized enterprises (MSMEs) grow their business. As of end-December 2017, there were 51 operating CSFs in the country with loans approved amounting to about PHP 4.6 billion. The BSP likewise allowed the establishment of micro banking offices (MBOs) in 2010, which have increased outreach in areas that are unbanked from 251 MBOs in 2011 to 839 in the third quarter of 2017.

The BSP has also promoted the offering of microfinance loans, micro agricultural loans, microfinance housing loans, micro-deposits and micro-insurance. As of the third quarter of 2017, there were 164 banks with microfinance operations serving more than 1.8 million clients with a loan portfolio amounting to PHP 14.8 billion. In 2013, the BSP allowed non-bank agents (such as pawn shops, grocery stores, and drug stores) to perform electronic money (e-money) transactions, such as remittances and payments.

The National Financial Inclusion Strategy was launched in July 2015, which highlights the importance of technology in facilitating fund transfers and expanding the reach of financial institutions to unserved and underserved areas. Also in 2015, the BSP launched the National Retail Payment System (NRPS) with the goal of developing a seamless payments and settlements highway. As of end-September 2017, there were 26,028 e-money agents in the country, or a 195% growth from 8,819 e-money agents in end-December 2010.

A nationwide Economic and Financial Learning Program aims to educate OFs and their families about the importance of using remittances to build up savings and directing these into investments in financial products and/or business ventures.

The BSP continues to create a supportive policy environment for financial inclusion by harnessing technology towards digital financial inclusion. While significant gains in the area of financial inclusion have been achieved over the years, the challenge is to further scale up the reach of financial services to cover an even greater number of people, with the expectation that this will help reduce poverty and income inequality, and further promote economic growth.

5.1.3 Cooperation in global efforts to further strengthen rules-based international transactions

Meanwhile, countries should also work together to further strengthen the global rules-based system (eg trade facilitation agreements, level playing field in trade and tax), the joint regulatory approach to properly manage global financial risks, and international cooperation and regional integration, particularly for issues like climate change and cyber-security. There is also a need for international cooperation in helping migrants become socially integrated in host countries and to help reduce remittance costs.[26] International policy coordination is needed on the implementation of AML/CFT rules consistent with global standards to facilitate the development of collective regulatory expectations or possible arrangements for cross-border recognition of AML/CFT compliance. For this case, the BSP has raised the issue with the Alliance for Financial Inclusion, the Global Partnership for Financial Inclusion (GPFI) of the G20, the Financial Stability Board, the World Bank and the United States Treasury.

26 National Economic and Development Authority, "Philippine Development Plan, 2017-2022," NEDA, Pasig City, 2017.

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