

**PRESIDENT FERDINAND ROMUALDEZ MARCOS, JR.'s
SPEECH AT THE BUSINESS FORUM WITH
U.S. BUSINESS LEADERS**

Washington, D.C., USA

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(00:00:02)

[Applause] Thank you, Ambassador Babe Romualdez, for your kind introduction. Please take your seats.

The US-ASEAN Business Council President, Ambassador Ted Osius; the US Chamber of Commerce Senior Vice President for Asia, Charles Freeman; the Cabinet secretaries that have come to join me here at this trip to the United States; some of the stalwarts of the Philippine economy are also here that have joined us today; esteemed leaders of the US and Philippine business with us today; Madam Ambassador; all the distinguished guests who are here, a very pleasant good afternoon to you all.

As just been mentioned, the relationship between the Philippines and the United States have front and center right now security and defense issues that we have to confront together as partners.

Once again, we have always had that very strong partnership between our two countries. And as we have seen over the years, despite some bumps and scrapes along the way, we have really gone from strength to strength. But now that security and defense are top of mind, we also have to see that because our economies and our societies have grown more complex, everything impinges on everything else.

And there is very little—very hard for us to separate and say that this is a discreet sector that does not affect any other sector. I think that that is the lesson that we learn now especially, in the post-pandemic economy. And that's why the economic situation in the Philippines and the world—for the rest of the world -- is an important part of the discussion when it comes even to security and defense.

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We have come now to recognize the concept of economic security wherein the stronger an economy is, the more secure it is and the more partnerships we can maintain, to maintain the peace in our region.

Allow me to just go through some of the statistics that are relevant to the Philippines in the past few—well, close to a year now since I took office.

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The Philippines has been on a path to recovery from Covid-19; the Philippine economy grew by 7.6 percent for last year, 2022. The main contributors are wholesale and retail trade, manufacturing and construction.

From January to December of 2022, agriculture, forestry and fisheries and services—related services have all expanded by half of percent 6.7 percent and 9.2 percent respectively. And this is the effect of our very aggressive efforts really to promote the Philippines as an investment destination.

We have, for our part in the Philippines, tried to create an atmosphere that is attractive to potential investors and we continue that process, that process does not stop. We do not—we will never at any point say we have cut it perfected. We will continue to listen to you and to all our other partners as to what else we can do to help transform our economy and, in that way, to be able to play a viable part in the security and defense issues that are the challenges of the day and of the region.

Twenty twenty-two (2022) was a banner year also for Philippine exports to the United States. The value of Philippine merchandise exports to the US was the highest on record. Last year, total Philippine exports to the US was 12.3 billion dollars making the US our top export market. In the same year, our imports from the United States were 8.91 US billion dollars giving us a 3.39-billion dollar trade surplus.

Taking into consideration that the US GSP system—the program has yet to be reauthorized by the US Congress, this year-to-year increase in our export to the US is quite remarkable. The US GSP covers over 2,000 Philippine products with a 74 percent utilization rate. This led to a notable increase in travel goods exports after the inclusion in 2017. Well, with that, as in our back pocket, we are now – we continue to be optimistic about the growth of Philippine exports to the US.

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Based on data from 2019 to 2022, there is good reason to believe that our top electronics and electrical components exports to the US will remain strong as they did throughout the pandemic. These exported products are mostly semiconductors and other electrical and electronic assemblies including automotive components. Therefore, we are keen to continue to provide support for this sector. Also, to foster competitiveness of the semiconductor and electronics sector, we are advancing the digital transformation of Philippines-based economies—Philippine-based companies.

We have also in our assessment of the digitalization in the Philippines have found that actually, private corporations, commercially-run operations, have been very assiduous in their digitalization. And this is probably not surprising considering that that was necessary for commercial enterprise to continue to do business around the world. Unfortunately, government has fallen behind our partners in the private sector and that's why we have—we are still now playing catch up from the national government and in the local governments as well.

So, we support the smart industry readiness of seven of the biggest semiconductor and electronics manufacturing services companies in the country. It helps our digital transformation roadmap. Also, the semiconductor industry can gain more from increasing skills in research and development because outsourced semiconductor assembly and test is vulnerable to disruptive technologies. We need to undertake research and development that will help us improve business for all set firms in the country.

This, in the context of what we are watching in terms of the semiconductor industry around the world where we are in the middle of a chip war. And that is something that we are hoping to mitigate and to continue to protect— and I'm not talking about protectionism but continue to protect our semiconductor industry.

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There is also the trend towards electric vehicles, Philippine exports that are geared towards electrical vehicles used such as wire harnesses, rubber tires, automotive electronics; they all have good potential.

We are optimistic about the increase in exports of our solar and foldable-related products from the Philippines as many countries have strived to comply with the carbonization targets.

As we foster the Philippines' trade with the US, we also strengthen our country's cooperation in terms of defense. On April 11th of this year, the Philippines and the United States held a 2+2 Ministerial Meeting in Washington D.C. The Secretaries of Defense and Foreign Affairs of both our countries discussed ways to further strengthen our cooperation given the geopolitical situation in the South China Sea.

We have reaffirmed our commitments under the 1951 Mutual Defense Treaty. We are actually in the midst of finalizing the basic guidelines for the definition of the Mutual Defense Treaty. This is because we believe that with the changing world that we live in, that we must also evolve that relationship. And the question of clarity is something that is very, very important to me because what we worry about are misjudgments, mistakes, miscalculations.

I do not think in our region that no player in the region has any intention of going to war. However, these miscalculations, misjudgments, mistakes that I speak of could in fact trigger a situation where that brings us closer to out-and-out conflict.

The Philippines has also, in that—relevant to this, the Philippines has also allowed the use of four additional locations to enable both countries to respond to challenges, including natural disasters in the Philippines and across the Indo-Pacific region.

The alliance between the Philippines and the US is strong. It is founded on shared principles of upholding the rule of law, the freedom of navigation, and the respect for territorial sovereignty.

With the strength of our political and defense alliance, we had desired a stronger economic integration with the US. The Covid-19 pandemic has raised our understanding of the need to address the vulnerabilities of supply chains across industries.

Governments and private companies both seek to strengthen supply chains. This has been among the central topics in the Indo-Pacific Economic Framework and the Philippines is one with the other signatories of the IPEF in pursuing the supply chain resilience, especially in semiconductors, solar panels, electrical vehicles, electric batteries, critical minerals and pharmaceuticals, amongst other important sectors.

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The Philippines is also a very important partner to US companies in various industries. We have a young, dynamic, efficient workforce. We have attractive incentives such as those granted under the CREATE law, which are concrete policies that uphold international labor and environmental standards, and a constant and adherence to the protection of intellectual property rights and the regulatory framework for the export of dual use and sensitive products.

US businesses can further rely on our long history of hosting companies producing semiconductors, solar panel components and aerospace parts. These US companies manufacture and export their products from the Philippines. We are grateful for US-owned companies such as Texas Instruments, Onsemi, Analog Devices, SunPower, Maxeon Solar Technologies, Moog Controls Corporation and Raytheon Technologies. These high technology companies continue to grow and expand their investment in our country.

Our economic relations have also grown and become stronger. It has been supported by growth in other industries where we work together, for instance, in IT-BPM.

The Philippines is a top destination for various IT-BPM services, including contact center and business processes, healthcare and animation and game development. IT-BPM remains among the top industries for US investments in the Philippines.

As of June 2022, of the 2,446 IT-BPM projects in the country, over 10% or 255 are US-funded; 30% of the 1,000 plus companies in the industry, being known—American firms such as Alorica, Elevance, Optum, Qualfon, Sutherland Global Services, Sykes and TeleTech, amongst others. Almost half of the 90 plus global in-house centers, including corporate giants, Amazon, American Express, and JP Morgan, have now offices located in the Philippines.

Opportunities are bound as the industry expands in every direction: global shared services, IT and software services towards cloud computing, cybersecurity, and health services amongst others.

The Philippines and the United States can both gain from stronger economic integration and ahead of us, the path is rife with potential.

We hope to get the US-GSP program reauthorized. It has been more than two years since the GSP program ended, and we would like very much for the authorization to come about as this boosts trade and to make US products that are made in the Philippines more competitive in the global market.

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So once again, we invite US companies to invest in the processing and value adding of minerals in the Philippines as critical inputs to the US electrical vehicle and electric battery industry.

We are blessed in the Philippines with a great deal of potential—natural resources that we can find, but we have not taken full advantage of that yet. When right now much of the value added to our raw products are not done—it does not happen in the Philippines, but happens outside, and we subsequently import those finished products. We would like to change that very much.

And with the help, again, of our partners in the private sector, we hope to achieve that, and so we add value to Philippine products before they leave the Philippines to the benefit of our economy, to the benefit of our workforce, to the benefit of all ordinary Filipinos.

So we invite once again the US companies to invest in processing and value adding of minerals in the Philippines.

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Our country is abundant with these green metals, so-called green metals, such as nickel, copper, cobalt, bauxite, which are used in the manufacture of batteries.

Therefore, the Philippines can play a vital role as a partner for critical minerals, not only as an exporter of raw ore, but more importantly, and this is the aspiration, as a processor and producer of semi-finished and finished products.

We are presently one of the biggest exporters of nickel ore. I think we are only second to Indonesia in terms of the volumes of nickel that are being extracted from the ground. Perhaps future discussions and a critical minerals agreement with the US shall be a good platform to encourage more interests in this sector.

Amongst US import exporters, there is also strong demand in agriculture and food products for tariff reduction. These companies are supportive of a free trade agreement between our two countries. The Philippines is one of the biggest importers of such products from the US including soybean meal, corn, pork, chicken, and potatoes.

So, there are many opportunities that we can see before us, and therefore, our countries' greater economic integration are ahead of us, and we seek the support of the private sector, your support, to bring more attention to these opportunities.

And it has been the mission of the economic managers of the country and the structuring or restructuring of our economy and of our legislation and the bureaucracy so that we will continue what we have begun. I agree that we are doing well but certainly, the potential out there is even greater.

And I think now is a very opportune time to take advantage of those opportunities. And I hope that in the future, these discussions that we will begin here will come to fruition.

And as I have always done, I invite you all to come and those of you who are, well, we have here many of all the old—I don't mean old but... [laughter] the highly experienced Philippine hands amongst us and they can certainly, they have already been leading the way for bringing importers and making known the Philippines to US businesses, US exporters and importers, US companies in the different sectors.

They have made known and made it clear—made seen that the Philippines should be included in—when we are looking, when the US companies are looking for a good place to invest.

So, we hope that you will—we will join us in the Philippines and make the slogan that we have come to use true. And that slogan is 'Make it Happen in the Philippines.'

Thank you and good afternoon. [applause]
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