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PHILIPPINE ECONOMIC BRIEFING PRESS CONFERENCE

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SOCIOECONOMIC PLANNING SECRETARY ARSENIO M.

BALISACAN: Esteemed members of the media; my fellow Cabinet members; ladies and gentlemen, good morning. We would like to thank you again for joining us at the Philippine Economic Briefing.

The Marcos administration has embarked upon an ambitious journey to transform the Philippine economy. Having listened to the discussions earlier, we hope you are as excited about the country's economic prospects as we are.

With the Philippines' continued economic recovery from the scars left by the pandemic, the country is well-positioned to capitalize on the reforms, that greatly opened up our economy to the private sector and foreign investors and strengthen our macroeconomic fundamentals.

We in the public sector shall take this further. We will push for policies that will reduce the cost of doing business and facilitate greater investments in the country's infrastructure, which shall serve as the strong foundation of a dynamic economy driven by our young and skilled workforce.

We expect that this sustained infrastructure push, supported by prudent fiscal and monetary policies will in turn encourage more high-quality and green job creation in key growth drivers, under the sectors of manufacturing, agriculture and food processing, tourism, IT-BPOs, technology, media, and the creative industry, as well as in the health and life sciences, among others.

We are encouraged by your interest and support and we commit to working with you as we strive to become a key player within the global trade networks and value chains, has a highly productive, innovative, and industrialized economy.

Thank you once again and we look forward to answering your questions. You may address your questions to any of our colleagues here.

CENTRAL BANK MANAGING DIRECTOR TONY LAMBINO: Yes and we'd like to request that the questions be mainly about the Philippine Economic Briefing topics that were discussed. But, of course, we're happy to facilitate receiving responses from other agencies, should you be interested in those topics. So we'd like to open it up, two questions. Does anyone want to do the first one?

DBM UNDERSECRETARY MARGAUX SALCEDO: And for those who have questions, please just raise your hand and we'll call you. Yes sir?

MANAGING DIRECTOR LAMBINO: Please introduce yourself and your news organization. Thank you. Please go ahead, sir. *[Oh the camera's being set up. Okay]*

USEC. SALCEDO: Okay, so in the meantime, would anyone else like to ask a question first? *[Ah, so we have to wait for the cameramen. Saglit lang daw po]*

Okay, so just as a recap. We have just finished the Philippine Economic Briefing New York earlier. We had the privilege, pleasure, and honor of having the President himself open it. And he had mentioned to investors that the time to invest in the Philippines is now.

He had also briefly touched on the roadmap of the Philippines, which is the Medium-Term Fiscal Framework and this was discussed in the first panel wherein our chairman of the economic panel, Secretary Ben Diokno, who has joined the President in his bilateral meeting now, talked about the Medium-Term Fiscal Framework, followed by the discussion on the eight-point socioeconomic agenda by our Socioeconomic Planning Secretary.

And then after that, we had a second panel and the Director of – Managing Director of the Central Bank will discuss.

MANAGING DIRECTOR LAMBINO: Sure, we had the second panel on infrastructure and industry. Some of you may actually have been viewing the livestream that was posted on various agency websites. But yeah, please... We really appreciate the interest that you have on this and for your presence today.

[Are the cameras rolling? Okay, the cameras are rolling. Sir, please your question]

ALEXIS ROMERO (PHILIPPINE STAR): I'm Alexis Romero of the Philippine Star. I'd like to ask two questions. First, may we get information about the investment pledges secured during this working visit of the President here in the US? And second question, the President said that the Philippines is poised to become an upper middle-income country by next year or a few years or so. What are the downside risks to that particular goal? Thank you.

SEC. BALISACAN: Yeah, of course the -- with the current pace of growth that we have, we expect to reach upper middle-income status by 2024.

Of course, with the current developments in the global economy, particularly ongoing uncertainty in the Ukraine war and the Fed policies, which of course Governor Medalla could expound about.

We do face such uncertainty but we do also believe that the -- that goal to achieve an upper middle-income status is still doable, as can be elaborated Governor Medalla. The inflation, while it is a bit elevated will be under control by 2024.

MANAGING DIRECTOR LAMBINO: Thank you, Secretary Balisacan. Secretary Pascual, on the investment pledges?

DTI SECRETARY ALFREDO PASCUAL: We're still tallying the numbers. We're still meeting with a number of other prospective investors during the next one and a half days.

DONA PAZZIBUGAN (PHILIPPINE DAILY INQUIRER): Thank you. I'm Dona Pazzibugan from the Philippine Daily Inquirer. So the President here made a strong commitment to uphold our alliance with the US, after the past administration's different tack 'no. So how will that impact our outlook of our loans, ODA investments, and general economic outlook? Thank you.

MANAGING DIRECTOR LAMBINO: Could you repeat the question maybe without the mask? Yes, thank you ma'am.

MS. PAZZIBUGAN: Okay. So here, the President made a strong commitment to uphold our alliance with the US, coming from a different tack that was -- a different foreign policy of the past administration. So how is that going to impact our economic outlook, our foreign investments and loans and ODA? Thank you.

SEC. BALISACAN: The short answer to that is it's going to be obviously very positive because that -- what that invitation by the President to the American investors and telling the American investors that our economy is open for business for the investors.

And given the very long-term relationship between the US and the Philippines and deepening that further, that should help boost our ability to achieve our economic goals.

BSP GOVERNOR FELIPE MEDALLA: Can I add to that? It does not necessarily follow that the strong relationship with the Philippines and United States means less trade and investments from China, okay? Because that itself is a natural force in its own right.

For instance, if tourism gets revived, we're certainly going to see more Chinese tourists than Americans, by sheer distance and numbers. Okay. So do not see it as the Philippines is choosing one or the other. So it's a degree of change, probably more related to defense and security, than the economy.

MS. PAZZIBUGAN: For our trade outlook, based on that policy statement, any assessment of an impact for our trade?

SEC. PASCUAL: We're in the process of discussing the participation of the Philippines in the Indo-Pacific Economic Framework and there are four pillars in that framework.

And yesterday morning, I had the opportunity to meet with US Secretary of Commerce Gina Raimondo who flew in to New York from Washington and we

talked about the things, you know, that the Philippines expects to benefit from in that economic framework.

It's meant to provide support, assistance to the members of the framework and among them... So I think that framework will be one possible venue or platform by which we can expect improvement, where we can expect the impact of our alliance. I don't think I should call it an alliance.

But it will bring together 14 countries, 10 ASEAN countries and four others into this Indo-Pacific Economic Framework or IPEF. And it will not be a trade agreement but there are provisions on trade. There's a pillar on trade that will set the ground rules, you know, for trade among the member countries of the framework.

There is a pillar on clean energy. There's a pillar on good governance and corruption. And there's a pillar on climate change.

So we'll be working out mutually beneficial activities between and among the member countries of that alliance or that framework, I should say.

USEC. SALCEDO: While we wait for the next question ma'am. Earlier, there was in the Philippine Economic Briefing, there was an introduction by a Mr. John Quigley of Bank of America and a closing remarks from...

MANAGING DIRECTOR LAMBINO: *[unclear]* from JP Morgan.

USEC. SALCEDO: And there was resounding optimism in the Philippines and definitely greater investor confidence coming from those two speakers.

WILLIE JURADO (ALIW BROADCASTING): Good morning, secretaries and I'd like to welcome everybody. Welcome to United States. My name is Willie Jurado and I'm affiliated with the Aliw Broadcasting, Karambola. My question, I'd like to direct it to Secretary Bautista. It's about our airport situation. As you see, I mean, just to mention something back in the '60s, my father Willie Jurado Sr. was the manager of the airport. And I'd like to say he had a dream of making the report a world-class. So visiting now the America here, I was hoping that you were able to gather some investors to help us out for the airport to improve it. And what's your take on that sir?

DOTR SECRETARY JAIME BAUTISTA: Thank you for that question. You know, on the question about airport in the Philippines now, Manila International Airport admittedly is already congested 'no. It has a capacity of around 35 million passengers a year, but we're handling now more than 40 million passengers a year.

And this is the reason why we wanted to implement some reforms and improvement in the facilities. And we're asking the private sector to do a possible PPP, so that we can expand the capacity of Manila International Airport.

Right now, we already have 120 percent of the pre-pandemic level in terms of passengers for domestic. But international, we're still around 60 percent. But we're expecting that this will improve when China opens up, when Hong Kong, Japan, and Korea start again allowing their citizens to travel to the Philippines 'no.

So we are expecting that again there will be congestion and what we plan to do is to invite the foreign airlines who would like to mount more flights to operate in Clark which is not too far from Manila.

In terms of investors, we have not talked to any possible investor here in the Philippines who will participate in the improvement of that airport. But we're talking to some private sector group in the Philippines for them to participate in the possible PPP program to improve Manila International Airport.

In addition to that 'no, there is a new airport that is being developed. This is the Bulacan airport which is a project of Mr. Ramon Ang of San Miguel Corporation. It will have a facility that will allow 100 million passengers a year to be handled. It will have a four-runway system with modern passenger terminal building. It will have a connection to Manila by rail and by highway.

It's only 22 kilometers from the center of Metro Manila. And based on our discussion with the proponent, it should be operational before the end of the term of President Marcos.

MR. JURADO: Thank you so much Mr. Secretary and rest assured uuwi po ako doon para tumulong sa inyo.

SEC. BAUTISTA: Salamat, salamat.

MANAGING DIRECTOR LAMBINO: Maraming salamat po. If we could ask Secretary Frasco to give a little bit of tourism flavor to those numbers in terms of air arrivals and the like?

DOT SECRETARY CHRISTINA FRASCO: Well, the good news is that we now have over 1.5 million arrivals into the Philippines as of our latest data. And therefore, we're looking to exceed the projections of 1.7 million by the end of the year.

Just to add to what Secretary Bautista said about the improvement of airports, in the short term, we in the Department of Tourism have partnered with the Department of Transportation for the purpose of introducing improvements, both in the efficiencies and the aesthetics of the airports.

And we have identified three key benchmark areas where we'll be doing this in the immediate. First is NAIA Terminal 2, second is Cebu City Pier 1 to also address seaports, and third is the Davao International Airport.

Essentially, we've already formed a technical working group among our departments where we study the current inefficiencies of landing and going and leaving the airport, to study the time and motion, from the time that you arrived, to the time that you're processed. and the time that you leave.

Small wins, where in the airport, you used to not be able to find a cart for your luggage. Now, you will observe in the arrival area that carts are lined up right in front of the baggage carousel. And we thank Secretary Bautista for the fast action on this.

In addition to that, we plan to introduce a tacit manifestation of the Filipino brand into our gateways. And that includes aesthetic changes and improvements in the airport to introduce as well a Filipino flavor, furniture, products, as well as sources of entertainment and interaction within the airport.

BEA CUPIN (RAPPLER). Hi. Good afternoon po. My name is Bea Cupin from Rappler. Ma'am and sirs also, when we speak of greater investor confidence, siguro our fellow Filipinos who are back in Manila and the rest of the Philippines are wondering, ano pong ibig sabihin noon for the average Filipino? Kung sinasabi po natin may greater investor confidence, lalo na galing po dito sa US.

SEC. BALISACAN: Well, if I could... The opening of opportunities for employment, especially 'yung sinasabi nating quality employment requires investment, particularly in sectors that are like manufacturing, tourism, and...

And the very limiting factor that -- with respect to employment creation is really investment 'no. Of course, we have domestic investment, but we also need foreign investment.

That's the -- apart from the usual and -- impact of that investment and GDP but what's more important is really the -- that investment will bring about improvements and employment opportunities for our Filipinos, local residents.

MOMAR VISAYA (ASIAN JOURNAL): Hi po. Momar Visaya from the Asian Journal. My question is about the traffic situation in the Philippines. What is the administration planning to do in order to reduce at least the traffic problem? Because obviously manpower loss --- especially for workers coming to and from work.

DPWH SEC. MANUEL BONOAN: Well, thank you very much. Yes, this is one of the priority areas that the Department of Public Works and Highways will be looking at to address the traffic congestion problems in Metro Manila and other urban areas in the Philippines.

This is why... Well, we are now coming up with a big road network development program that will provide inter-regional linkages that will free off traffic congestion by building more bypasses and expressways in and out of Metro Manila, actually, in and out of Metro Manila.

We plan to implement what we call a high standard highway network in the Philippines that will include the development of expressways from 510 kilometers at this time to about 1,800 kilometers within the next six years or so. We hope that we can do this and...

This will of course involve high standard highways, expressways. And in Metro Manila, it's correct, that you know, one of the study from the Japan International Cooperation Agency has actually estimated that the losses of traffic in Metro Manila is about I think -- well three million dollars a day, three million dollars a day in the whole country because of traffic congestion.

And this is what we are really trying to address at this point in time. In Metro Manila, we are constructing several bridges across the main river, of Pasig River, if you are aware of that.

We are constructing more bridges, I think, we planned to construct six more new bridges that will crossover Metro – from north to south to provide more mobilities of traffic, north to south of Metro Manila. Very shortly. Thank you.

MR. VISAYA: Sorry, may I ask a quick follow-up. President Biden on Tuesday said that trickle-down economics never worked here in the United States. As the economic managers of the Philippines, what are your thoughts on that? Is it working in the Philippines? Is it going to work in the Philippines?

SEC. BALISACAN: Let me answer that. The economic program that we have crafted for the next six years is for, not only just for rapid growth, but also for inclusivity. The focus is employment generation and good high-quality employment.

And so it's not going to be a – the trickle-down economics development that we have seen in past decades. Here in the US and many other advanced countries indeed the lower income groups, even the white collar workers, did not benefit much from globalization that they experienced.

But that's not the case in countries like Viet Nam or Indonesia, Thailand, even in the Philippines. Globalization did work very well in opening up opportunities for employment generation and that we intend to seize, apart from creating domestic opportunities in the Philippines.

MANAGING DIRECTOR LAMBINO: Thank you, Secretary Balisacan. Secretary Pangandaman, if you could perhaps share a few thoughts on the expenditure program and how its contributing to this inclusivity and also perhaps on the infrastructure program?

DBM SECRETARY AMENAH PANGANDAMAN: Before I talk, I think Secretary Bautista would like – going to add on the traffic congestion.

SEC. BAUTISTA: Well, to ease the traffic congestion in Metro Manila 'no, we are adding more buses in the EDSA Carousel. Right now, there are like 450 buses that run the EDSA Carousel every day.

We have already met with the consortium that operate the EDSA Carousel and we will add another 50, so make it around 500 or more buses 'no. So that more people will be encouraged to take public transportation.

Also, we are encouraging people to take LRT and MRT because these are very convenient transport facilities. So instead of bringing cars, they can take MRT and LRT and the busway 'no. So that we reduce the number of private vehicles running through EDSA.

We have also set up bike lanes in different areas in Metro Manila, so that those who would like to travel by bicycle, they can do so and reduce the number again of private vehicles 'no.

So these are some of the programs that we have implemented. And in addition to that, the LTFRB or the Land Transport Regulatory – Land Transport Franchising Board has granted or implemented a Route Rationalization program in Metro Manila.

We have added around 130 routes so that passengers can use these routes and by doing so they won't need to bring their own cars. So these are some of the programs that we have implemented to ease traffic in Metro Manila.

MANAGING DIRECTOR LAMBINO: Thank you, Secretary Bautista. Secretary Pangandaman on the expenditure program.

SEC. PANGANDAMAN: Yeah, I just like to harp on this. I think what's important now is that we have the MTFF and then what's included there is our eight-point socioeconomic agenda.

And for the first time, our budget is anchored on that. Already mentioned, our top five priorities. This is on education, agriculture, health, social protection, and infrastructure.

So that five sectors will corner about 40 percent of our national budget. And to support their projects on infrastructure will be consistent, as what stated in our MTFF, that infrastructure spending will increase from five percent to more than 6.2 percent for GDP until 2028.

And I think another important factor that we like to take into account here is that our Congress are trying their best now to work on the budget and pass it swiftly even with their upcoming recess.

I think I heard that Senate will do their part by even under recess that they will work on committee hearings. So I think that's good news for everyone so that by January, we'll have a budget to implement. Thank you.

PIA GUTIERREZ (ABS-CBN): Good afternoon po. I'm Pia Gutierrez from ABS-CBN. The President, in an earlier forum, at the New York Stock Exchange mentioned that there are investment opportunities for American businesses particularly in sectors of IT-BPM, agribusiness, and telecommunications, infrastructure, and services. So far po, have there been any American companies that have expressed interest in investing in the Philippines, from these sectors?

DTI SEC. PASCUAL: We'll give you the list. The various types of expressions of interest that we received. There are those that have already existing operations in the Philippines. And given the more favorable investment climate in the Philippines, they are now eager to expand their operations, so they'll invest some more.

An example is Philip Morris, you know, that will invest in a new factory with an amount of, in US dollars, 160 million US. It's about eight to nine billion pesos. The exchange rate has been moving 'no. It was eight billion when we arrived, now it's nine billion pesos because the amount is fixed in US dollar.

We met with Procter & Gamble. They have plans of also putting up additional investments. We met with a number of companies that are engaged in refining of mineral ores. No tag price yet but they are interested in taking a closer look at the situation in the Philippines and finding a suitable partner to do it.

That will involve refining our nickel, nickel ores, which right now we are exporting raw. But with further processing, we hope to be able to produce batteries, nickel batteries that are important parts of electric vehicles that I was talking about earlier.

And that will also increase the value addition on our raw materials, by processing them to produce semi-finished and finished products.

There were seven of them that we met. We met with a company that's into the use of innovative stainless steel slabs for purposes of constructing housing units, multi-level housing units. That's another possible investments in the Philippines. No tag price yet but very...

It could be quite suitable because they'll be able – the main thing there is that the cost will be lower because the speed of construction is really much more than the conventional way. They can finish a building in a few days because they – slabs are already pre-fabricated and very durable because they're made of stainless steel.

That can have a backward linkage to the refining of our iron ore so that would be another source of value addition from – for our mineral ores. Those are some of the names I can recall offhand.

But we are putting together a list which will give us a good tally of what to expect. Many of these prospects that we met will require follow up and we have people here in the US and other parts of the world, as I said earlier, who will do the follow up.

I myself will probably follow up, together with some of the Philippine business people who are interested in becoming partners with these foreign companies.

I met also with an outfit that's into importation of wearables and travel bags from the Philippines. We are already exporting and we hope to be able to renew our general – the GSP that will enable us to be exempt from high tariff rates, you know, for export from the Philippines to the US of travel goods and wearable products.

These are the – we met with an aerospace company. Very first meeting we had was with a company that's into the production of modular nuclear powerplants. That's a prospective investor. There's a company that's into – two companies, in fact, we met that are interested in setting up waste to energy plants in the Philippines.

One, making use of organic waste, the other is any waste that can be processed into energy. Those are just samples. We are still going to meet with a few more within the next one and half days that will be here. This afternoon and tomorrow.

MS. GUTIERREZ: Sir, would just like to follow up 'yung doon sa meeting ni President with NuScale Power. Is that the company that you were talking about?

SEC. PASCUAL: Which one?

MS. GUTIERREZ: NuScale Power, 'yung doon sa nuclear energy.

SEC. PASCUAL: Yeah, this is a company that's into the deployment of what we call modular reactors. Small scale. We're just making some calculations that probably like one island in the Philippines like Palawan can be provided power, electric power with one modular reactor.

But there are also... There's another outfit that's also into nuclear. In fact, there are two outfits that we met, that are into nuclear reactors. Both can do modular reactors and also the more – the bigger ones.

MS. GUTIERREZ: What was the other one sir? Sorry. And is it also...?

SEC. PASCUAL: Come again.

MS. GUTIERREZ: What was the other one – other nuclear power company? And is it also an American company?

SEC. PASCUAL: Yeah, also an American company. I don't want to mention names. I don't want to tie them down. They haven't made a commitment yet 'no. They're... We're still in discussion.

ALVIN BALTAZAR (RADYO PILIPINAS): Good evening. Good morning, sir. Alvin Baltazar from Radyo Pilipinas. Sir, do you see any impact doon sa naging pagpupulong kanina ni US President Joe Biden and President Marcos? Dito sa panghihikayat ni Pangulong Marcos na mag-invest 'yung mga investors sa Pilipinas. Any impact doon sa meeting nila? Makakatulong ba 'yun sir?

SEC. PASCUAL: Wala kami doon eh. Nandito kami hindi ba. Hintayin natin 'yung nakipagkita, 'yung mga kasama doon, ano. I'm sure there will be a press release on the result of that meeting.

But none of us here is in a position to share with you what was discussed.

MANAGING DIRECTOR LAMBINO: Kasi nandito po sila lahat sa Philippine Economic Briefing. With that, thank you very much. Magandang hapon po sa ating lahat. And please stay safe throughout the day and your stay here.

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