

**INTERVIEW WITH**  
**DEPARTMENT OF TRADE AND INDUSTRY SECRETARY**  
**ALFREDO PASCUAL**

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**SECRETARY PASCUAL:** Well, the main activity with respect to trade and investment, consisted of three roundtable meetings between prospective investors and importers on the Chinese side with government officials in the presence of Filipino businessmen they're dealing with. For those who already have contacts in the Philippines.

So we had a session on agribusiness, on renewable energy, and on strategic manufacturing industries. In the agribusiness area, we tackled three groups of Chinese companies.

First one is a group of prospective importers of agricultural products, like coconut and other coconut related derivatives. And of all fruits, durian has become a very tropical fruit in China. And the market in China was opened with the signing of a protocol at the G2G level, government-to-government between our side, agreeing on the phyto and phytosanitary protocols for imported durian into the Chinese market.

So with the signing of that protocol, the Chinese market effectively has opened for the importation of durian from the Philippines and a number of company including the big ones in the world, you know, like DOLE who is present here.

DOLE China was there and expressed interest to import not just the usual banana and pineapple imports that they're doing but go for durian, as well.

And there are some of those companies that intend to import that are also planning to invest in plantations. So they're talking of --- one, was talking of 3,000 hectares and the other 1,000 hectares that will be developed into durian plantation.

So investments are also in terms of coconut processing and there is one thinking of or planning to set up veterinary medicine manufacturing in the Philippines, particularly vaccines for animals. That's one group. The

prospective importers and another group, almost the same companies, also thinking of making investments.

And then there's --- there are two fertilizer companies that have signed memorandum of understanding with a DTI entity which is the Philippine International Trading Corporation, PITC for the supply of fertilizer to the Philippines.

The other group, the next group is the group focused on renewable energy. There's also very strong interest in setting up renewable projects in the Philippines in terms of wind power, solar power, and also related manufacturing of equipment, particularly for wind energy generation and the powers, the turbines.

They are companies that are operating in the manufacturing side that are at looking at the Philippines as a hub for manufacturing this hardware of wind energy projects for purposes of using this or tapping the Philippine market as well as the export market from the Philippines, you know, to countries like the US and other ASEAN countries that are also moving towards wind energy.

So there's such a combination as well. Okay, of course, the third group was we call strategic manufacturing industries. It's a range of industries but somewhat related, you know, from ore, nickel ore processing, to production of nickel batteries to electric vehicles. That's one stream of --- that's a value chain of electric vehicles, the supply chain from batteries to components, to assembly of electric vehicles.

There are companies representing various stages of the value chain.

And another --- there are two companies that are --- not just planning but already in an advanced stage of investment to set up major steel production in the Philippines. There are two major Chinese companies.

And then another one is producing auto parts. They are well-known for producing bearings for automobiles, various brands.

Immediate impact for Filipinos will be jobs because the importers would be buying products that are produced in the Philippines and the companies that are producing them will have to rev up or increase their production. That means, you know, additional employment in the Philippines and new investments also result in creation of new jobs in the Philippines.

Of course, foreign exchange earnings will be another beneficial impact of these export of agricultural products. And investments also would mean the remittance into the Philippines, so foreign exchange for the investments.

So these are all beneficial to the economy. Eventually, we're looking at expanding our economy through trade and investments. What will happen is that with this export of agricultural produce, like durian and our other agricultural products, we will be able to open the --- as I already explained, you know, generate foreign exchange into the country and that will have the effect of balancing our trade deficit with China and with more balanced foreign trade with China, meaning almost equal imports and exports.

That means --- it creates an allowance for us, you know, capability of further importing food products that will help bring down inflation in the Philippines. And also, it will stimulate this entry into the agricultural sector and the [purchase?] of agricultural output will stimulate the agricultural sector and hopefully, they will learn new technologies and improve their productivity. And with improved productivity, they'll be able to produce agricultural products at a lower cost.

So on the supply side, the cost of agricultural output will be lower.

Well, in fact, it's --- in certain commodities, it's our biggest trading partner because it's nearby. It's a big economy and it's expected to be that way and through the --- through our membership in the ASEAN we are able to avail of foreign trade agreement concessions or preferential treatment with respect to tariffs.

So that opens up market both ways, you know, between the Philippines and China. But eventually, we'll have to negotiate direct foreign trade agreement with China to focus on very specific products that will -- for which we want greater access to the Chinese market and the Chinese will have greater access into the Philippine market.

RCEP will in effect help us do that, you know. But mainly in the manufacture products, not so much in agricultural products.

The mission that we had this time has been very short. In fact, the first day was on G2G agreements between Chinese government and the Philippine government. And there were 13 agreements signed. For DTI, it was e-commerce agreement or MOU.

Now, the B2B or business-to-business meetings happened practically within a space of 2 and a half hours. So it's compressed. We were very selective on

those whom we have invited. But the pipeline is much longer you know than what we were able to entertain and include in the programs. So there's still much more potential investments, potential imports from the Philippines that will need to pursue.

And I was telling the President that perhaps, you know, it will not be a one-time thing for us. We need to schedule a series of investment and trade missions to China. It may not involve the President directly but my office, my department, DTI will probably take the lead on this because that's our role, you know, in the economy, trade and industry.

For some, it will take longer, like developing a plantation will take what? Four to five years. But we need to make a start, you know. And the key really is continuity and we hope you know, we'll have a system by which long-term projects are pursued even with changes in the administration. But we'll have to make the start now.

If we are going to think of short-term only, we will not be able to get the more longer lasting investments in the Philippines. So it has to be a longer term perspective when we invite investments in the Philippines.

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