

PRESIDENTIAL COMMUNICATIONS OFFICE
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PRESS BRIEFING OF MS. DAPHNE OSEÑA-PAEZ
WITH DEPARTMENT OF TRADE AND INDUSTRY SECRETARY ALFREDO PASCUAL
JUNE 6, 2023 [12:07 P.M. – 12:30 P.M.]

MS. OSEÑA-PAEZ: Good afternoon, Malacañang Press Corps, and welcome to our press briefing today, June 6.

Earlier this morning, a sectoral meeting led by President Ferdinand R. Marcos Jr. discussed with the Department of Trade and Industry (DTI) its efforts to mitigate and address the impacts of the global economic outlook. Isa sa mga solusyon dito ay palawakin pa ang exports ng bansa sa pamamagitan ng proposed Philippine Export Development Plan 2023 - 2028. The PEDP aims to pursue export development as a national agenda to increase the country's global competitiveness.

And to give us details about this, we have here today Trade Secretary Alfredo E. Pascual. Good afternoon, Secretary Pascual.

DTI SEC. PASCUAL: Good afternoon, Daphne.

Well, we presented to the president the proposed Philippine Export Development Plan which DTI formulated pursuant to the Export Development Act of 1994, as already mentioned, this defines the country's export thrusts, strategies, programs and projects and we sought the president's approval which we got with just some couple of addition to the plan.

The PEDP aims to address challenges that we face in various sectors of the economy particularly those sectors that are involved or potentially could be involved in exports. And our proposal is actually in line with the Philippine Development Plan which was earlier released by the administration. This export development plan will capitalize on export growth opportunities, considering market trends and the available or existing competencies in the Philippines among our industries.

It seeks to undertake an industry development centric approach to make the Philippines a major player in the global economy and achieve sustainable development goals. In the past, we simply do policies at the macro level that applies to the whole economy, but what we are proposing in the Export Development Plan is industry-level intervention or policy issuances that will support sector development. Even beyond that, we are also proposing firm-level interventions because we believe that we need to work closely with individual firms to be able to take care of their needs as they venture into potential export business for their companies.

The export competitiveness of the Philippines lies in the competitiveness of the firms themselves. It's not, we say, competitiveness of the country but actually the competitiveness is being materialized or realized at the firm level – that's why the firm-level intervention. So we must develop reliable, design-driven, technology-driven, sustainable and forward looking exporters to become or to make the Philippines an agile export powerhouse.

As you may know, the Philippines is lagging behind our neighboring countries when it comes to export. We can consider ourselves as 'laggards' currently, so this plan will help us uplift the government's—I mean, the Philippines' performance in exports. It may not be to... yet match the levels achieved by the more progressive neighbors that we have but it will certainly improve the volume of our exports.

The plan outlines three strategic actions to develop the export clusters: One, addressing production constraints; two, developing a strong innovative export ecosystem; and three, increasing the Philippines' mindshare in the global market. So, before we can export, we need to produce. So the first challenge is helping industries produce products that can compete in the market – this requires input of technology, it requires the raising of productivity, training of the people that they employ, et cetera.

Now, you have the firm – the firm does not operate in a vacuum so we need an ecosystem to support it. Then the ecosystem will involve, for example is the recently ratified RCEP which came into force last Friday, June 2 because that's part of the export ecosystem because that opens up certain countries for exports of the Philippines with reduced or preferential tariffs, so it become more competitive vis-à-vis exports coming from competing countries.

Now, developing this ecosystem is a major task that involves various agencies of the government. So we're working with them including our own customs for example, the rules that exporters have to observe and the requirements for exporting coming from some regulatory agencies.

And then, the third strategy is increasing the Philippines' mindshare in the global market. What do we mean by this? We need to raise the awareness of our target markets about the export firms and the exportable products available from the Philippines. This will involve doing promotional efforts like what we have done in the presidential visits; it's raising awareness about the Philippine investment climates, the potential businesses that can be pursued in our country by foreign investors. Expos, participation in expos for example is one way to promote our exports or holding trade fairs. So those are the three strategies.

Now, there are many firms in the country that we need to help, so we need to stratify them. So we are able to focus on those that require more significant support over others. That's why we came up with the three classifications – one, the breakers and then those that are at the crest and those that are creating ripples.

The ones that are breakers or those who have already broken into the international market so they are able to already export their products in sizeable volume, so most likely they won't need any more specific support from the government. So, we'll be there providing them the regular support in terms of trade facilitation, the right regulation, etc.

Then there are those that are cresting, you know, about to break but still at the crest – these are those that have shown export capability and have actually done transactions with foreign buyers like animation, game development, software development. We will provide them bigger support at the firm level compared to those who are already breakers.

And then there are those that are still at the ripple stage – small waves, creating small waves. These are the firms that are in high-tech industries and these are the ones that will get the significant amount of firm level support.

So, the PEDP or Philippine Export Development Plan 2023-2028 sets a clear direction and pragmatic approach for transforming the country's export landscape. By promoting investments, facilitating trade and developing key industry clusters, the plan aims to achieve substantial export growth and establish the Philippines as a producer of high value products and services.

Now there are four priority industry clusters that we have identified; these are also reflected in the Philippine Development Plan.

First is the industrial machinery and transport cluster. Included here are firms in the semiconductor subsector, those that are going into electric vehicles and those that will process our mineral ores into semi-finished or finished products.

Then there is the second cluster – the technology, media and telecommunications. This is where the IT-BPM subsector comes in. These are the BPOs and they are the ones that are in the technology field; telecom and support for digital economy like data centers will fall under this cluster as well as telecommunications.

And the third cluster is the health and life sciences cluster. This is a cluster where we will aspire to be self-sufficient in the country's supply of pharmaceuticals, medical devices and healthcare services.

There's a fourth cluster which is not necessarily export-oriented unlike the first three I mentioned; this is the modern basic needs of a resilient economy. Included here are all other sectors of the economy that will provide us for example food security, energy security and other basic needs to make our economy or our country resilient, okay.

So, that's essentially is an over view of the Philippine Export Development Plan for 2023-2028. I'll be ready to answer questions that you might have.

MS. OSEÑA-PAEZ: Okay, Alexis Romero, Philippine Star.

ALEXIS ROMERO/PHILIPPINE STAR: Secretary, you mentioned the Philippines being a laggard in terms of the export sector, what do you think is the weakest point in that particular aspect and how does the plan intend to address it?

DTI SEC. PASCUAL: Well, that's exactly what I was talking about. We are laggards because we have firms that are not able to come up with the quantity and quality of exportable products. Just to cite an example, there's a big market for durian in China but we cannot cope with the required quantity, okay. In other areas same thing, example in I mentioned – gain development. We're starting to do this software development but we need more skilled manpower. So, there is constraint in availability of skilled manpower so we have to address that constraint.

And as you will notice we are identifying for different sectors with export potential what their constraints are and, we will try to address it at the industry level. But also there are certain firms that might require greater support and we will do our intervention at the firm level including what we're doing now for MSMEs – providing consulting support, technical assistance, etc.

MS. OSEÑA-PAEZ: Sam Medenilla, Business Mirror.

SAM MEDENILLA/BUSINESS MIRROR: Good afternoon, sir. Itatanong lang namin kung anong klaseng intervention iyong ibibigay ng DTI pagdating doon sa mga cresting and rippling na mga industry? Will it include possible incentives or tax related measures?

DTI SEC. PASCUAL: Hindi, iyong mga tax incentives ano iyan eh, standard iyan 'no. Iyong sinasabi nating intervention, binanggit ko na rin iyong mga examples – iyong consulting services, providing access to technology and sometimes just mere introduction, you know, of the Philippine firm with potential for export and a potential buyer from abroad – so that's also a type of service that we will provide.

Well, I mentioned we are laggard in export particularly in the export of goods – iyong merchandise exports. But we are rather doing better and sometimes can be considered ahead of our neighboring countries in the export of services, typical example of these services are those offered by the BPOs, the IT-BPM sector – IT, Information Technology and BPM, Business Process Management.

MS. OSEÑA-PAEZ: Okay. Cathy Valente, Manila Times.

CATHERINE VALENTE/MLA TIMES: Yes, sir, good afternoon. Sir, hingin lang namin ang statement ng DTI at ng Palasyo po regarding the latest inflation ng bansa? Paano po ito mararamdaman ng mamamayan at anu-ano po iyong mga hakbangin na ginagawa ng gobyerno para mas mapababa pa po itong inflation ng bansa? Thank you po.

DTI SEC. PASCUAL: Well, iyong inflation napag-usapan din namin. Nakikita naman namin na bumababa na iyong inflation; nitong past month, 6.1 na lang. Actually, ang solution nga diyan ay iyong removed the bottlenecks. Kasi there are two types of inflation we are watching, iyong food inflation at saka non-food. Doon sa food inflation, one source of increases in prices is because of bottlenecks in the supply chain.

For example, may big harvest in a certain area, iyong harvest na iyon ay hindi nakakarating where the demand is. So, ang solusyon doon is to make sure that the logistics are available to be able to deliver the harvest where the demand is. Pero ang major basis din o cause noong decline in inflation rate is iyong pagbaba ng mga prices ng oil for example, and other commodities that we are importing, pati presyo ng coal for example for power generation.

IVAN MAYRINA/GMA 7: Nabanggit po ninyo iyong oil na ini-import natin. Ang Saudi Arabia po ay nag-announced ng cut sa kanilang output na inaasahan nating magiresulta sa pagtaas ng presyo ulit ng krudo next month. Gaano ho ka-prone o gaano ka-vulnerable ang ating mga basic commodities, do we expect another round of increases as a result of this?

DTI SEC. PASCUAL: Sa tingin ko, itong pagtaas ng presyo ng langis na ginawa ng Saudi Arabia ay isang defensive move para hindi tuluy-tuloy ang pagbaba ng oil. Puwede ring hindi mag-resulta ng increase pero hindi na bababa ng lower level.

IVAN MAYRINA/GMA 7: Ano po kaya ang magiging impact nito sa presyo ng ating commodities?

DTI SEC. PASCUAL: Hindi, kung hindi nga gagalaw iyong presyo, di neutral; kung bumaba pa, eh baka mag-cut back uli sila ng production. Ganoon lang naman iyon eh, supply and demand; kung mataas iyong supply compared sa demand mababa ang price, kung mas mataas iyong demand kaysa sa supply, tataas ang price 'no. So iyon nag bina-balance ng mga producers.

May impact iyan siyempre, kapag tumaas iyong price ng oil. Pero ang tingin ko nga ay baka hindi naman magresulta ng pagtaas overall kung hindi, nami-maintain lang where it is na para hindi na bumaba.

VANZ FERNANDEZ/POLICE FILES: Sir, I'm Vanz Fernandez. Sir, regarding the question of Mr. Ivan Mayrina, you are trying to I mean explain 'no. Is the DTI projecting these long-term price changes for the Philippine domestic economy? Can you try to elaborate on this?

DTI SEC. PASCUAL: May sinabi ba akong price index?

VANZ FERNANDEZ/POLICE FILES: No, no. I was asking, sir. Is the DTI projecting a long-term price changes for the Philippines' domestic economy, kasi dahil sa result ng recent announcement of Saudi Arabia and the OPEC at large, cutting oil production?

DTI SEC. PASCUAL: Hindi, ang DTI mismo, hindi kami nagpo-project ng price index, mas micro iyong involvement namin. Hindi iyong sinasabi ko iyong personal opinion ko, my view sa impact noon 'no.

VANZ FERNANDEZ/POLICE FILES: So how about, sir, iyong naman..?

DTI SEC. PASCUAL: Hindi iyong sinasabi ko iyong personal opinion ko, my view sa impact noon 'no.

VANZ FERNANDEZ/POLICE FILES: Yes, sir. On another issue: Are you still monitoring this onion sa mga ano, as a result ng mga price increase, kasi tumaas na naman po eh.

DTI SEC. PASCUAL: Tumaas na, magkano na ba ngayon? Kararating ko lang kasi. This morning diretso nga ako sa airport papuntang Malacañang, because I was in Tokyo the whole day with the meetings.

VANZ FERNANDEZ/POLICE FILES: It's P220, sa mga supermarket, sir, P250 and then kapag sa Kadiwa, sir, it's only P120.

DTI SEC. PASCUAL: Well, ang role ng DTI talaga, kamukha ng sinabi mo ay monitoring. Kasi kami iyong may mga tao sa field at iyong result ng monitoring namin ay ibinibigay namin sa Department of Agriculture.

SAM MEDENILLA/BUSINESS MIRROR: Magtatanong lang din kami, sir, kung may update na po kaya iyong DTI pagdating doon sa negotiation ng government kapag sa EU and US GSP. Saka iyong EU-Free Trade Agreement po; kung may update na po?

DTI SEC. PASCUAL: Well, I will be going to Brussels towards the end of June to follow up on the EU-GSP+ and also, potentially a free trade agreement with the EU. Kasi alam ninyo iyong GSP+ is available to the Philippines now given that the Philippines is a low-middle income country. Kapag naging upper-middle income country ang Pilipinas, hindi na tayo eligible sa GSP+. So, binanggit na rin sa akin iyan noong mga parliamentarians from EU na bumisita sa opisina ko. Kaya sabi ko nga, so kailangang mag-umpisa na tayong mag-negotiate ng free trade agreement, so iyon ang usapan.

And we will see, mayroon tayong support from of course, the businesses from Europe that are operating in the Philippines and also some members of parliament of the EU.

MS. DAPHNE OSEÑA-PAEZ: Okay. I think that ends our press briefing this afternoon. Thank you very much, Secretary Pascual, and thank you Malacañang Press Corps. Good afternoon.

DTI SEC. PASCUAL: Thank you.

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