

PRESIDENTIAL COMMUNICATIONS OFFICE
News and Information Bureau

**PRESS BRIEFING OF MS. DAPHNE OSEÑA-PAEZ WITH DEPARTMENT OF TRADE AND
INDUSTRY SECRETARY ALFREDO E. PASCUAL**
JULY 12, 2023 [11:18 A.M – 12:01 P.M.]

MS. OSEÑA-PAEZ: Good morning, Malacañang Press Corps, and welcome sa ating press briefing ngayong araw, July 12.

The Department of Trade and Industry recently concluded a three-week investment roadshow in Europe. The agency generated about 73 billion pesos in investment leads from the renewable energy and infrastructure development sectors among others.

And to give us more details on this, we are joined today by Trade Secretary Alfredo Pascual. Good morning, Secretary Pascual.

DTI SEC. PASCUAL: Good morning, Daphne.

MS. OSEÑA-PAEZ: Go ahead, sir.

DTI SEC. PASCUAL: Well, thank you for that introductory remark. We spent three weeks in Europe with my team, and we were accompanied also by private sector representatives, particularly the president of SEIPI (Semiconductor and Electronics Industry Association of the Philippines) and Jack Madrid, the CEO of IBPAP, the association of business process outsourcing organizations.

During the three-week investment roadshow that we had in Europe, I had the opportunity to witness first-hand the positive outcomes of our efforts. I am pleased to emphasize the roadshow's success which has resulted, as mentioned, in 48 potential investment leads. Of these, 16 have explicitly indicated investment values totally more than 73 billion pesos, potentially generating more than 4,300 jobs – these are direct jobs.

The European government and businesses warmly received our delegation, recognizing the roadshow as testament to our active engagement – that's the important thing that we are engaging with our counterparts in the EU, as well as the business organizations in that grouping of nations; and we were able to do our investment promotion efforts in the region.

The primary objective of the European investment roadshow was to gather investment leads for our priority sectors, namely manufacturing, high-value services, renewable energy, and research and development.

Additionally, we sought to foster strategic partnerships and collaboration with the European governments, particularly the EU, as well as businesses in the region. We went to five countries – France, the United Kingdom, Belgium, the Netherlands and Germany. We recognize their interest in investing in the Philippines, and the support they can provide as we pursue our sustainable growth and development objectives. It became very clear that their main attraction to the Philippines includes the strategic location of our country; the large population that we have which translates to a good market for them; and the young, talented and skilled workforce that we have in the country – not to speak of our natural resources.

During the visit of the delegation, we had the opportunity as well to meet with the EU officials to discuss two crucial agenda items: One, the renewal of the GSP+ for the Philippines; and, number two, the resumption of talks on a free trade agreement between the EU and the Philippines.

I was fortunate to meet with the EU Commission President Ursula von der Leyen. And in my business meetings, I emphasized the significant policy reforms the Philippine government has been undertaking to create an enabling, a friendly business environment for foreign investments in our country.

The two items I mentioned are critical because many of our exporters to Europe depend on the tariff concessions given to us under the GSP+. And it's important to commence or recommend discussions on the FTA because our eligibility with respect to the GSP+ will be not be there anymore the moment we become an upper middle-income country. Right now, we are classified as a lower-income country. And our expectation based our growth trajectory, we will become an upper middle-income country within three years or so – that means in 2025 – and by that time, we will become no longer eligible for coverage under the GSP+. So in order not to disrupt the preferential trade arrangements available to our exporters we need to shift to a more permanent platform for trade and that is the free trade agreement.

There might be speculations regarding the investment leads garnered during previous foreign trips. Let me assure you that the Department of Trade and Industry has mechanisms to monitor and evaluate the progress of investment leads from our previous foreign trips.

We ensure transparency and accountability, although we cannot always disclose the names of specific companies that we deal with due to confidentiality demanded by private companies which are subject to competitive pressures.

While some leads may take longer to materialize, we exert continuing efforts to facilitate investment implementation and address any attendant obstacles. As you may note, with EO #18, we were able to get the president's support or approval for creating green lanes at national agencies, as well as local government units. And there will also be a one-stop action center in the Board of Investments for our prospective investors that are classified as bringing strategic investments.

It is essential for us to understand that investment leads are typically long-term commitments rather than immediate actions. It's not like, you know, investing in shares listed in the stock exchange where after you show the potential of particular issue, an immediate investment decision can be made and remittance of the investment follows, you know, the decision right away.

As you very well know, in investment decision involving foreign direct investment, there is normally a series of steps that is followed starting with the, first, expression of interest; and the decision to explore the feasibility; and then feasibility study; and then the—usually the obstacle is in our own internal processes which we have addressed by coming up with the green lanes executive order. And we have also assistance center in the Board of Investment to make sure that our internal licensing and permitting processes, both at the national level and the local level, are expedited. And after permitting, then the contracting, the construction of a plan if there is a plan to be put up or setting up of the offices, and then recruitment of people and so on and so on until the preparations are completed and the operation of the business is commenced.

In the meantime, investments flow into the country not in one goal but in steps depending on the requirement for expenditures in putting up the business. The DTI remains committed to developing an enabling environment that attracts and supports investments. We exert promotional

efforts to build and maintain a robust pipeline of respective businesses that will sustain the inflow of investments into our country over time.

You know, bringing investments within the country is not a one-time exercise, it's a continuing requirement. We need a continuing flow of investments to the country to support our economic growth, and with the economic growth we create jobs for our growing population. We are producing 800,000 college graduates a year and we need to find jobs for these people. Of course, there is local capital, there is expansion of existing businesses but these additional job-creating opportunities might not be sufficient so we need to bring in new businesses and then we need to diversify our economy so that it is more resilient and could withstand shifts in the market and shifts in the global environmental situation.

It is crucial to emphasize that significant investments take time to implement and their benefit to the country is also long-term. So, it takes time to solicit, implement and to operate a business but the moment they are here, they are here to stay. Unlike what we call hot investments; you must have heard of the term hot investments, you know. They go in and out quickly, like those made in our stock exchanges.

At the near end of the pipeline for instance, we developed the pipeline, but at the near end of our current pipelines, six companies we met during the past presidential visits are already starting their investment projects in the country. They will contribute to our manufacturing, renewable energy and IT-BPM industries. Collectively, they are expected to generate approximately 17,800 direct employment.

Given the reality that not all leads may materialize, I would like to reiterate that the reality of life is that not all leads will materialize. We must sustain our efforts therefore to generate investment leads to achieve our desired level of investments over the long time going forward. Just like in any business, the selling job does not stop. Doing investment promotions, selling the country and that effort does not stop it. It's not a one-time exercise.

We must nurture the build-up of diverse investments to ensure a thriving economy that's growing for our growing population. Rest assured the DTI along with the whole government and President Marcos Jr.'s leadership will continue working tirelessly to ensure that several of the investment leads we are gathering during our foreign visits will get implemented eventually and create more stable and better-paying jobs for Filipinos. We remain dedicated to contributing to our economy's inclusive and sustainable growth.

I will end there and we will be happy to respond to questions from our audience.

MS. OSEÑA-PAEZ: Jean Mangaluz, Inquirer.net.

JEAN MANGALUZ/[INQUIRER.NET](https://www.inquirer.net): Hello, Sec. So, can I just clarify that when you spoke to the EU Rep, is it about the human rights condition that the EU has for the perks we have?

DTI SEC. PASCUAL: Well, the GSP+ is a concession provided by the EU to us. But, it's not one way; they are providing concessions and they have imposed obligations. So these obligations pertain to some values that they believed and which we also believed in and for which we have already signed international conventions like human rights, labor rights, protection of the environment, et cetera.

JEAN MANGALUZ/[INQUIRER.NET](https://www.inquirer.net): May we have more details about what you spoke about?

DTI SEC. PASCUAL: So, when we talked to them, they were checking, because they have raised certain issues in the past, you must have read in the papers and we briefed them on the latest developments about a few points that don't cover the whole range. They just have very specific

concerns that we were able to address and they were happy about it. And I had an interview in which I mentioned, the successful discussion I had with EU officials I met; I met with the officials of the EU parliament, and the EU Commission, these are two bodies, there was a third body, which I didn't meet anymore because that's usually called the EU Council, which is composed of representatives of the member countries. But the real work is being done by the EU Commission – it's an executive branch just like our executive branch in the Philippines, and EU parliament which is the equivalent of our Congress.

So, I had a meeting with them and explained to them recent developments with respect to certain issues that they are interested in.

MS. OSEÑA-PAEZ: Okay Nestor Corrales, Philippine Daily Inquirer.

NESTOR CORRALES/PDI: Secretary, just a follow-up, when you say that the EU is happy, does it include their concerns raised regarding human rights? So, they are happy with how the government is responding or addressing the issues they raised earlier pertaining to human rights violations or conditions in the Philippines?

DTI SEC. PASCUAL: Yeah, they have seen progress. It's not as if nothing has happened to address the issues that they are concerned with. And you are all aware of this, you know, they are well-published, the results of those matters that are of interest to the EU.

MS. OSEÑA-PAEZ: Okay. Pia Gutierrez, ABS-CBN.

PIA GUTIERREZ/ABS-CBN: Sir, during the roadshow, was there a discussion on the Maharlika Investment Fund?

DTI SEC. PASCUAL: None. No discussion.

PIA GUTIERREZ/ABS-CBN: Why wasn't it brought out, sir?

DTI SEC. PASCUAL: As I explained to you already, we are after foreign direct investment, not an investment through funds. And I think there is a separate roadshow that is being undertaken by the Department of Finance for that purpose. And we address different audiences. In our case, our discussions are with operating companies; the companies that do the actual production, manufacturing, et cetera. Whereas, the investors we want in the investment fund in Maharlika Fund are normally financial institutions, so financial entities.

MS. OSEÑA-PAEZ: Okay, that would be under the Department of Finance. Mariz Umali-Tima, GMA-7.

MARIZ UMALI-TIMA/GMA7: Secretary, good morning. I understand there is also a German company that plans to bring in a tunnel boring to help the construction of the subway. How will this go about, considering that we already have contractors? And aside from this German company, will there be other investments to help our subway construction?

DTI SEC. PASCUAL: The German company is already here but they want to bring in more equipment, more pieces of equipment, so they can do more projects or speed up the construction of some of our important infrastructure projects.

MARIZ UMALI-TIMA/GMA7: How much investment are they planning to put in?

DTI SEC. PASCUAL: We didn't talk of numbers, because they are already here. We are talking initially of two major pieces of equipment for developing the foundation of infrastructure projects. They kept on emphasizing to us that normally people don't recognize their contributions to our infrastructure projects, because we don't see the work they are doing. Like for example they are

building the structure that will support the tunnel through which the subway will pass. The work, we don't see their work because they are eventually covered. And then, they also perform platforms for structures, tall structures, building structures. They're here; they are operating here.

They want to bring in more equipment so they can take on more subcontracts. But there are constraints that we have to address pertaining to that.

MARIZ UMALI-TIMA/GMA7: Like what, specifically, sir?

DTI SEC. PASCUAL: Well, they would like to be able to have 100% ownership of their operating company here but there are legal issues that we are now looking into; that's preventing that at the moment.

MARIZ UMALI-TIMA/GMA7: So does that mean that this will be a hindrance for more investments to come in, especially coming from the companies from Germany or for that specific company only?

DTI SEC. PASCUAL: That particular company. We have addressed a number, I mean, the ownership constraints already when it comes to renewables. Remember the opinion issued by the Department of Justice that led into the revision of the IRR implementing the Renewable Energy Act, and under the IRR we are now allowing 100% ownership of renewable energy projects including wind, solar and tidal energy.

MARIZ UMALI-TIMA/GMA7: Apart from that nothing else, especially with the concern of this German company?

DTI SEC. PASCUAL: That particular Germany company, yeah, they see a lot of potential in the country, and they want to be able to bring in more capital through—when I say capital, that's not necessarily just funds, it could mean capital equipment, you know.

MARIZ UMALI-TIMA/GMA7: So you mean to say, sir, that that will not be a hindrance anymore? Because they see potential in our country even if they want 100% ownership, it will not be a hindrance for them to put in more investment?

DTI SEC. PASCUAL: They're operating here under present arrangements, and we want them to commit further capital to their operation here.

MS. OSEÑA-PAEZ: Eden Santos, NET 25.

EDEN SANTOS/NET25: Secretary, good morning po. Are you planning to do more investment roadshow sa iba pang mga bansa? Kasi sabi ninyo kanina, we have 800 college graduates—

DTI SEC. PASCUAL: Eight hundred thousand.

EDEN SANTOS/NET25: Eight hundred thousand graduates per year, and yet ito pong sa Europe ay mga 4,000 direct jobs lang iyong ano pa natin ... para mas marami tayo sanang maibigay na trabaho doon sa 800,000 na ito.

DTI SEC. PASCUAL: Ano ito eh, iba-iba naman ang nagdyi-generate ng job opportunities 'no – iyong direct investments; of course, iyong IT-BPM industry natin ay malaking employer din ng skilled graduates 'no; of course, mayroon tayong maritime industry and we send a lot of seamen abroad, mga college graduates din iyan, ano; and then, iyong mga overseas Filipino workers na karamihan ay college graduates.

So marami ring ano. But in my discussions nga with European companies, I kept on emphasizing, you want our labor, you might as well set up your factory here so that our workers will not have to

leave the country but do their work here for your companies and serve your export market as well as cater to the Philippine domestic market for those that are producing consumer goods.

EDEN SANTOS/NET25: So ano po ang naging tugon nila doon, na dito na lang mag-set up ng kanilang mga negosyo?

DTI SEC. PASCUAL: They are seeing the light, and it will mean also lower cost of operation. Because if you bring a Filipino worker, Filipino engineer, for example to Germany, they will have to pay a Filipino engineer salary almost equivalent to what they are paying a German engineer. Whereas here, with the lower cost of living here, the wages can be lower.

And of course not only that, you know, if they are going to cater to the regional market, then the Philippines being part of RCEP will have access to all the member countries of RCEP. If the investment will cater to the ASEAN region, then we have the ASEAN grouping for which we have almost a tariff-free trade between the countries of ASEAN.

EDEN SANTOS/NET25: Aside from EU po, mayroon ba kayong ibang mga nakikitang potential na puwede nating pagdausan din ng same investment roadshow na ito?

DTI SEC. PASCUAL: Marami pa. Hindi pa tayo pumupunta sa Middle East. Sa Europe, we went to five countries and there are many other countries, the Nordic countries for example, we're trying to reach them through our—I don't know whether you're aware 'no, the DTI has a representative in each of our major trading partner country. We call them the foreign trade service officers; the common term we use to call them is commercial attaché, trade representative or commercial counselor. When we went there, this time we had to deal with our representative in Paris, based in Paris but taking care of France; the one based in Russia, taking care of three countries – Benelux: Belgium, Netherlands and Luxembourg; and London, we also have one representative there; Germany as well.

We have continuing promotional effort. Pero iba iyong minister level 'no. Because if it's a minister level, chances are, we'll be able to talk to the top level executives also of the target companies.

EDEN SANTOS/NET25: Last na lang po: Hindi ba mahirap ibenta ang Pilipinas sa ibang mga bansa, mga investors sa ibang bansa po, hindi kayo nahirapan?

DTI SEC. PASCUAL: Not anymore because of the reforms that have been undertaken recently. You will recall that a number of reform measures have been done? The amendment to the Public Service Act, the amendment to the Foreign Investment Act; the amendment to the Retail Trade Liberalization Law; and then, the passage of the CREATE act; and then the relaxation of ownership restrictions that we did recently for renewable energies; and then also, our openness to engage other countries. Iyon ang talagang nakaka-create ng interest ano. If we are prepared to send high-level delegations, that means we are really keen on inviting them, hindi iyong pabalat-bunga lang ano; iyon ang importanteng message.

And not only that! Geopolitical developments are such that Europe is developing great interest in the Indo-Pacific. Kaya tayo pumupunta roon kasi iyong mga kapitbahay natin sa paligid-ligid natin ay ginagawa iyon, ano. Kung hindi natin gagawin, kapag mag-iisip na iyong investor mag-invest sa ASEAN or Southeast Asia, sino ang unang maiisip? Siyempre iyong nakakausap nila. Kaya kailangan, pakita rin tayo. Parang ano lang iyan eh, alam ninyo naman iyong sa business 'di ba, may mga salesman. Kung minsan sales manager ang pupunta, kung minsan iyong presidente pa hindi ba, para kumuha ng negosyo. At saka walang hinto iyon; it's not a one-time exercise, tuluy-

tuloy dapat iyon and continuing. Build-up a pipeline so that if you have a bigger pipeline, kahit na certain percentage will not materialize we still have a lot that will be implemented.

MS. OSEÑA-PAEZ: Okay, that's great. So, great climate for promoting the Philippines. We have Harley Valbuena, DZME.

HARLEY VALBUENA/DZME: Hello! Good morning po, Secretary. Sir, you have mentioned that the DTI has a mechanism to monitor and evaluate the investments accommodated by the president sa kaniya pong foreign trips. So na-track po ba natin iyong amount kung magkano na iyong investments na nag-materialize na in the country?

DTI SEC. PASCUAL: Mayroon iyan. Nandito.

MS. OSEÑA-PAEZ: Highlighted.

DTI SEC. PASCUAL: Ang nag-materialize na... the number that we expect to materialize in 2023 will total around US\$88 million – maliit pa 'no. Iyon lang iyong up to June this year, and we expect some more to ripen and eventually live to the inflow of investments.

Q: [OFF MIC] Eighty-eight million?

DTI SEC. PASCUAL: Eighty-eight million. It's not so large as yet, but the potential is as we announced before, we have a pipeline that we were able to build up amounting to around US\$ 70 billion.

HARLEY VALBUENA/DZME: Sir, puwedeng malaman kung ano pong mga bansa or saang mga bansa nanggaling ito, iyong at least June po this year na investments kung mayroon po?

DTI SEC. PASCUAL: Hinahanap ko iyong listahan, hindi ko memorize.

Summary of investment [unclear]. The business have been registered or registered with BOI or other investment promotion agencies: Six projects, US\$88.4 million. And then following it, mayroon tayong six classification starting iyong confirmed investment not covered MOUs or LOIs and still at the planning stages, doon marami doon 'no. And then next is, iyong with MOU and LOI signed, iyong second category. Third category agreement signed with clear financial value of a project. And then business registration is in progress. Iyong fifth, iyon iyong business or business registration is made or registered with BOI or another investment promotion agency. Iyong last category iyong sixth the business has been registered and the operations have commenced. Doon iyong six operations have commenced. And then under iyong second category, I mean level five, six then with \$4.2 billion in indicated investment value.

MS. OSEÑA-PAEZ: Okay, are we able to disseminate that chart, not yet? Are we able to give to them a copy of that or not yet?

DTI SEC. PASCUAL: The summary, yes. We cannot show the names, iyan oh, ang laki-laki; you have all the names of companies here.

MS. OSEÑA-PAEZ: Okay, let's move on to Sam Medenilla of Business Mirror.

SAM MEDENILLA/BUSINESS MIRROR: Going back lang po doon sa kanina, iyong nabanggit ninyong investment leads sa European trade show. Mayroon po silang nabanggit earlier na 14 investment leads related to manufacturing na na-secure ng Pilipinas. Ano po kayang mga sektor ito at saka mayroon po ba ditong involved sa processing of ores at agricultural products na gusto po ni Pangulo?

DTI SEC. PASCUAL: Okay, iyong 48 leads nakuha natin 'no. Ang mga sectors niyan ay manufacturing and related services, kasama na diyan iyong, I mean kilala namang company ito, babanggitin ko na – Airbus 'no; mayroong IT-BPM, different types. You know, our IT-BPM is so varied now ranging from Customer Services, iyong tinatawag nilang voice services at saka iyong non-voice 'no. The more advanced technologically are those engaged in solutions for cyber security and game development. Then sa renewable energy, ito malaki ito. In fact, sa registration ng BOI to date, two-thirds ay renewable energy – mayroong wind, solar and hydrogen. Iyong

hydrogen, the moment this is implemented, we will be the first in Southeast Asia to have that hydrogen power generation that's sealed with a French company. And then iyong infra and construction services, iyong isa iyong pinag-uusapan natin kanina rito, the equipment provider. Hindi lang equipment provider, they do the foundations of infrastructure projects.

SAM MEDENILLA/BUSINESS MIRROR: But, sir, wala pong related to green metal processing?

DTI SEC. PASCUAL: Wala pang specific, but we have always mentioned it. And mayroon naman tayong kausap outside Europe na potential partner.

SAM MEDENILLA/BUSINESS MIRROR: Sir, last na lang po. Is there any commitment from EU when they will extend the GSP for Philippines and if they asked for any conditions before they decide to do so?

DTI SEC. PASCUAL: Based on our discussion and also confirmed by their published action, there is a joint committee within the EU that proposed the rollover of the existing GSP+ for another four years with no—that means rollover or under existing conditions so walang additional obligation. Pero ano pa iyan, we are still awaiting final approval by the parliament, iyon lang ang recommendation ng joint committee based na rin on our discussion.

ALLAN FRANCISCO/PTV 4: Hi Sec, good morning. I understand that this month, we are celebrating MSME Month. By any chance have you discussed with the European investors on how we can help the MSME here in our country?

DTI SEC. PASCUAL: Pinag-usapan namin iyan, kausap namin iyong manufacturers or suppliers of Aerospace Industry. We want to develop our small and medium-size enterprises that are engaged in metal works for producing various parts that go into aerospace equipment. Sa Belgium may nakausap ako, that's in the business of selling flavors out of agricultural crops. In our case, we export for example banana chips. There is a big market for banana powder or we export coconut water or coconut milk, there is a big market also for coconut meat powder. In other words, the coconut meat as is is pulverized and the powder is the one that's exported as flavoring for various food products produced by companies in more developed countries.

So, that's one thing that I'll probably, I'll most likely pursue. That's one of my plans to encourage the small and medium enterprises operating in our regions that are engaged in the processing of agri products to consider this possibility. And I talked to DOST and I was told that they already have devices and equipment that can do such an operation. And I am just hoping when the budget is approved, we will have funds for what we call shared service facilities. Ito iyong equipment that we will place in a particular location, say in coconut area and then people engaged in the coconut industry will be able to share in the use of that equipment.

MS. OSEÑA-PAEZ: Last question Pia Gutierrez, ABS-CBN.

PIA GUTIERREZ/ABS-CBN: Sir, follow-up lang doon sa question ni Harley. Sir, how many direct jobs are expected to be generated first doon sa 88 million US dollars in investments that we

expect to materialize this year? And also for the 70 billion na potential investments already in the pipeline?

DTI SEC. PASCUAL: Iyong sa first six companies, around 4,500 jobs.

PIA GUTIERREZ/ABS-CBN: Sir, iyon iyong sa EU roadshow, pero iyong nabanggit po ninyo na 88 million?

DTI SEC. PASCUAL: Ah iyong sa 88?

PIA GUTIERREZ/ABS-CBN: Yes, sir.

DTI SEC. PASCUAL: Ah iyon nga iyon, doon sa 88.

PIA GUTIERREZ/ABS-CBN: Follow-up na lang doon sa potential investment na 70 billion already in the pipeline? May estimate na po ba tayo kung ilang direct jobs will be generated?

DTI SEC. PASCUAL: Ah iyong sa overall? Ang hirap mag-speculate. But iyong sa \$71 billion, there was an old estimate for that. I just don't have it handily available. Definitely, they are in the thousands of jobs. Iyong sa EU, iyong 16 projects out of the 48 that we hope to materialize amounting to more than P73 billion, the estimated job generation is 4,350.

MS. OSEÑA-PAEZ: Okay, would you like to say anything?

DTI SEC. PASCUAL: I-explain ko lang doon sa job generation because some of these, the projects that are capital intensive normally, they are less job intensive; capital intensive less jobs are generated. In the BPO industry, that is where we are able to generate a lot of jobs. Some outfits have thousands, about 10,000 jobs in one organization. So, what we want to happen is that we bring in the capital-intensive industries and then we develop our MSMEs to serve as suppliers to these companies. So, the suppliers among the MSMEs will also generate jobs on their own to support the operation of the manufacturing enterprise.

MS. OSEÑA-PAEZ: Okay, thank you very much Secretary Pascual of the DTI for the updates from your three-week roadshow in the EU, which are very promising and a lot of stories for our Malacañang Press Corps. Thank you very much and have a good afternoon.

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