

## **"The Philippines: A New Agenda for Change"**

Dr. Richard Haass, President, Council on Foreign Relations,

Distinguished Officers and Members of the Council on Foreign Relations,

Guests, Ladies and Gentlemen:

Thank you for the warm welcome and kind introduction.

I appreciate this great opportunity to engage you in a conversation about the Philippines. I am here to share with you the aspirations of the 90 million Filipinos I represent.

The day I took my oath of office as President, I vowed to our people that I will dedicate my life to making our democracy reach its fullest potential: that of ensuring equal opportunity for all. In an essay he wrote in 1968 for *Foreign Affairs*, my father lamented that "the blessings of liberty have not included liberation from poverty" and that there are "great disparities and chronic inequities of Filipino society." His words still ring true today.

### **Vision and Platform of Government**

I was put into office by the people, who believed in my idea that corruption is the root of poverty; that an end to corruption would mean an end to poverty. My government is ready to deliver on the second part of this pledge. We will channel any gains into the people-through social services like education, health, and conditional cash transfers that serve both as life-vests for the poorest of the poor, and incentives to ensure that they can move forward in life by getting educated and staying healthy. My government's mantra: to guarantee a more equitable distribution of our nation's resources.

This can only be achieved through stronger economic growth. Investments are needed in social services, but they are also necessary in infrastructure, utilities, and job-generating enterprises.

Given the scarce resources that we have, attracting foreign capital has become a vital component of my anti-poverty program. And I am here today to tell you that my government is doing what it takes to create a more investor-friendly environment.

Part of my mandate is to curb corruption and streamline a cumbersome, graft-ridden bureaucracy; to put resources where they will provide the clearest results; and to untangle a complicated regulatory environment.

The mission I have set out for myself is to lead by example, rally our people, and unite them behind a common sense of purpose. It is imperative for us to work hand-in-glove and persevere in creating a just society for all.

I have laid out the tenets that will mark the new Philippines: good governance, employment generation, quality education, improved public health, and a home for every family, within safe communities.

Even as we exert our best to create jobs at home, the immediate reality is that many of my compatriots continue to seek greener pastures abroad. This make them vulnerable to human traffickers and illegal recruiters. We are thus doubling our efforts to bring the full force of the law against those who prey on the vulnerable.

We have committed to restore integrity in leadership and governance. We will battle corruption, cut red tape and exact the highest standards of performance from our bureaucracy.

The government must earn the full trust and confidence of its citizens. This trust and confidence is the motive force that would get them actively involved in building our nation. By empowering the people and nurturing democratic participation, we can bring about real

reforms.

Ladies and gentlemen, I came here to declare that the Philippines is open for business under new management.

Today, I invite you to take part in the transformation of the Philippines. We are striving in earnest to build a government where "everything works" and pursue programs for our economic take-off.

### **Private-Public Partnerships**

The forging of Private-Public Partnerships or PPPs would be our main engine in revving up our economy. We will enlist the participation of the private sector - both domestic and foreign - in big ticket capital intensive infrastructure projects, while ensuring reasonable returns. We shall officially launch the PPPs this October. An initial list of 10 PPP projects worth \$4.5 billion is already being developed. We look forward to the participation of US investors, specifically as we open our infrastructure sector to foreign participation.

There is no better time than now to bank on the Philippines and lay the groundwork for future, long-term business and economic success.

The global economic recovery, growth in international trade and overall improved level of confidence have already borne fruit. In the first half of 2010, the Philippine economy showed robust growth of 7.8 percent and 7.9 percent. Full-year GDP growth will likely reach the upper end of the 5-6 percent target, perhaps, we hope, even higher.

### **Good Governance: Impetus for Investor Confidence**

There was a "return of the bulls" to our local stock market. Trading has reached fever-pitch and foreign funds are streaming our way. There was a net inflow of \$128 million in FDI in June 2010,

as compared to the previous months' net outflow.

Since the end of June when I was inaugurated President, PhP754.55 billion in wealth was created when measured by the increase in domestic market capitalization.

For the first time, the Philippines was also able to raise \$1 billion through the sale of a peso-denominated global bond. This bond issuance generated high investor interest from across the globe-from Asia, Europe and the United States.

Financial analysts point to good governance and market-driven economic growth as the impetus for this investor confidence.

### **Investment Opportunities**

Our doors are wide open for investors, particularly in tourism, business process outsourcing or BPO, mining, electronics, housing and agriculture sectors.

Tourism is a crucial industry that could employ millions of Filipinos, skilled and unskilled alike, across the 7,107 islands of the Philippines. From current projection of 3.3 million tourist arrivals in 2010, our aim is to eventually attract 6 million tourists. In the process, we expect to create 3 million jobs in six years.

BPO continues to be a sunrise industry of the Philippines. From virtually nothing ten years ago, this sector has grown into a \$7.2-billion industry employing 450,000 people.

Today, the Philippines has the second biggest BPO industry in the world, next only to India, and growth forecast remains very encouraging on the long term.

The Philippines has vast minerals resources that are still untapped. It has one of the world's largest deposits of gold, nickel, copper and chromite. Through responsible mining, we intend to generate more revenues from the extraction of these resources.

If we succeed in getting the support of foreign and local investors for our PPP programs, we will have money to spend for the delivery of much-needed social services across the country.

## **Peace Talks**

As we strengthen our economic infrastructure, we will also create the peaceful and stable environment necessary for economic growth.

I have offered a place at the table for everyone who wants to talk about peace to unite our country and bring the disillusioned and the disenfranchised, who have chosen the violent path, back into our democratic mainstream.

My administration's compact with the Filipino people will demand no less than the attainment of lasting peace and equitable prosperity. We will employ all the tools at our disposal to achieve this.

## **RP-US: Strategic Allies and Development Partners**

Philippine relations with the United States are vital. The special ties that exist between us, as security allies and development partners, serve as a steady anchor in American engagement towards the Asia-Pacific.

The earlier colonial patron-client relationship has evolved through the years into modern, mature and mutually beneficial relations.

## **Trade and Investment Relations**

Our economic relations are robust. The United States is among our leading trade partners. It ranks as our largest export market and second largest supplier. About 18% of total Philippine exports were bound for the U.S; and approximately 12% of our imports were sourced from America last year. The U.S. has also been traditionally the Philippines' largest foreign investor, mostly in the manufacturing sector.

## **Save Our Industries Act or SAVE Act**

We are now advocating for the passage of a bill pending in the US Congress, known as the Save Our Industries Act or the SAVE Act. If signed into law, it would give duty-free breaks for Philippine garment exports to the US, which were processed from US-made fabrics. It would also give reduced tariffs on those that use US-made yarns. This is a "win-win" proposition for both the US and the Philippines. It will reinvigorate both the US textile industry and our garments industry and create jobs on both sides of the Pacific. [\[1\]](#)

## **Millennium Challenge Compact Agreement**

During my visit here, I particularly look forward to our signing of the Millennium Challenge Compact Agreement. This is a vote of confidence on our commitment to reduce poverty, generate revenues through our tough campaign against graft and corruption and to modernize our infrastructure. As you may know, the Millennium Challenge Corporation or MCC awards grants only to countries which rule justly, promote economic freedom and invest in their people.

## **Trans-Pacific Partnership (TPP)**

With keen interest, we note the Obama administration's focus in negotiating a regional, Asia-Pacific trade agreement, known as the Trans-Pacific Partnership (TPP) Agreement.

Envisioned as a platform for economic integration across the region, the TPP countries would be in a best place to become the region's leading hub for trade, investment and growth.

The Philippines aims to engage the US in joint trade initiatives that would serve as mutual building blocks for our eventual participation in the Trans Pacific Partnership. Just like other ASEAN Member States, the Philippines is already positioning itself as a viable member of the Trans Pacific Partnership. We seek US support for this, as we recognize its leadership role as host of the APEC (Asia Pacific Economic Community) in 2011.

## **The Philippines in ASEAN**

In regional affairs, the Philippines has been a dynamic player, especially in ASEAN. From a small grouping of ten nations, ASEAN has now emerged as the nucleus of regional dialogue and cooperation.

The ASEAN Charter was adopted December 2008 that conferred legal status to the organization and laid down a clear road map towards building an ASEAN Community by 2015.

A Philippine initiative was the inclusion of a provision in the Charter calling for the establishment of a human rights body called the ASEAN Inter-governmental Commission on Human Rights (AICHR). Still in its incipient stage, this body stands much to gain from US partnership in capacity-building. For its part, the Philippines stands by its offer to host its Secretariat.

On human rights protection and promotion, we look forward to greater cooperation with the US, as the Philippines, *once again*, endeavors to be the citadel for human rights, democracy, and good governance in our own region.

Right now, the Philippines is the nexus for ASEAN-US relations as Country Coordinator. Fulfilling this mandate has been benefited by the renewed interest of the US in Southeast Asia. President Obama's vow in 2009 to be a "Pacific President" generated excitement in the region. Prior to this, most countries in the region felt that they have become mere blips in the American radar screen as Washington, DC focused on the Middle East, particularly on Iraq.

Perhaps the strongest signal of re-engagement with Southeast Asia was the US' accession to the Southeast Asia Treaty of Amity and Cooperation (TAC). President Obama was also the first American president to meet with ASEAN Leaders in the 1<sup>st</sup> ASEAN-US Summit in Singapore last year.

These augur well for the broadening and deepening of ASEAN-US interactions at an accelerated pace. Our 2<sup>nd</sup> ASEAN-US Summit tomorrow will reinforce this new era of ASEAN-US relations.

### **ASEAN-US Trade and Investment Framework (TIFA)**

The US is a major trading partner of ASEAN. ASEAN, in turn, has been one of the fastest growing export markets and host of US investments.

The Philippines would like to see the enhanced implementation of the ASEAN-US Trade and Investment Framework Arrangement (TIFA). An economically viable and strong ASEAN facilitates stability and prosperity and the TIFA is a vital tool for economic growth, job creation, and improved welfare of our peoples.

### **ASEAN Connectivity**

Connectivity has become another buzz word in ASEAN in the past year. We expect the Master Plan on ASEAN Connectivity to be ready by the ASEAN Summit next month. Three key elements characterize the Connectivity Master Plan: physical connectivity referring to transport connectivity; institutional connectivity referring to trade and investment liberalization; and people-to-people connectivity referring to tourism, education, and cultural exchange. You will note that these three elements of connectivity point to the economic, political-security, and socio-cultural goals of ASEAN community-building.

Given its unique geographic location, the Philippines, in particular, looks forward to the



development of a nautical highway to ensure that we remain connected to our neighbors in the region. Forging Public-Private Partnerships will make the connectivity in ASEAN a reality and we look forward to the strong support of the US for this initiative.

## **South China Sea**

At the ASEAN Ministerial Meeting and ASEAN Regional Forum in Hanoi last July, the South China Sea issue was discussed.

The Philippines welcomes State Secretary Hillary Clinton's statement in the forum that while the US takes no sides on the disputes in the South China Sea, the claimant States should resolve their disputes through a "collaborative diplomatic process" and in accordance with international law. The Philippines and the US share the need to maintain unimpeded maritime commerce and navigation

The Philippines believes that it is in the best interest of the region to transform this potential flashpoint into a Zone of Peace, Friendship, Freedom and Cooperation through sustained consultation and dialogue.

## **Climate Change**

A most pressing phenomenon that confronts and threatens humankind today is climate change. The Philippines has a very negligible carbon footprint. It produces only one-third of one percent of the global greenhouse gases. Yet, it is in the UN's roster of Top 12 countries most vulnerable to climate change. Two devastating typhoons hit us last year and damage to our crops and property was equivalent to 2.7% of our GDP.

That is why, in climate change negotiations, we have been calling for "deep and early cuts" in the greenhouse gas emissions of developed countries. We urge them to support the developing countries in terms of financing, technology transfer and capacity-building for climate change mitigation and adaptation efforts as a form of restitution or "climate justice."

The Philippines has a Renewable Energy Act. It is the legal framework for the harnessing of our renewable sources of energy, including foreign investments, and we invite US involvement in this program. We also appreciate the USAID's promotion of clean energy technologies in the Philippines - modest beginnings for our goals towards "green growth" and a "green economy."

The world looks up to US leadership in climate change negotiations and in putting in place an international framework on climate change.

## **Non-Proliferation**

Still within the auspices of the United Nations, the Philippines steered the crucial negotiations of the 2010 Review Conference of the Nuclear Non-Proliferation Treaty last May, here in New York.

As President of that Conference, the Philippines helped revive the moribund NPT. It helped garner consensus towards a comprehensive approach to nuclear disarmament, nuclear non-proliferation and the peaceful uses of nuclear energy. After a month-long intensive negotiations, a 64-point action plan was adopted - this was both historic and unprecedented.

More daunting challenges lie ahead.

The Philippines and ASEAN will continue to stress the importance of the Southeast Asian Nuclear Weapons Free Zone (SEANWFZ) Treaty in preserving peace and security in the region. We strongly urge the Nuclear Weapons States to accede to its Protocol.

We laud the US' own disarmament efforts. We are encouraged by the success of the US-Russia START talks this year on the reduction of their nuclear arsenals. The holding of the Nuclear Security Summit in Washington DC in April also provided a favorable environment for the success of the NPT Review Conference.

## International Year of Diversity

This year is the International Year of Diversity. The Philippines hosts the ASEAN Center for Biodiversity (ACB) and is a founding member of the Coral Triangle Initiative (CTI) along with Indonesia, Malaysia, Timor Leste, Papua New Guinea and Solomon Islands - a triangle which is home to 75% of all known coral species, 3,000 species of fish including tuna and other marine resources. With a high level of biodiversity, the Philippines is among 18 megadiverse countries.

The Philippines is of the view that development and poverty alleviation are benefits derived from biodiversity. For this reason, the Philippines is committed to biodiversity conservation and to the attainment of the objectives of the Convention on Biological Diversity.

## UN's Global Peacekeeping Operations (PKOs)

The most important role of the UN is the effective discharge of its peacekeeping function. The Philippines is proudly taking part in that role.

We have sent more than 1,000 military and police personnel to most of the UN peacekeeping missions, specifically in Haiti, Darfur, Sudan, Timor Leste, Liberia and Cote d'Ivoire.,

At the Golan Heights, the UN is preventing possible clashes between Israel and Syria. Leading The UN **Disengagement Observer Force (UNDOF) is a Filipino general. A third of the UN force in the Golan Heights are Filipino peacekeepers.**

Peace in the Middle East is of prime importance to the Philippines due to the presence of around two million Filipino workers in that region. We note the commitment and personal leadership of President Obama in the Middle East peace process and wish him success in this endeavor.

We are satisfied that there is now a clear recognition of the interlocking linkage between peacekeeping and peace-building towards lasting peace, security and development.

## Closing

In closing, allow me to share with you President Obama's observation about the Philippines. He said, and I quote, "the Philippines punches above its weight in the international arena."

Indeed, we have high aspirations in our foreign relations. We believe that in this increasingly globalized and interdependent world, national goals and objectives are served by partnerships and collaboration with friends abroad.

Our engagements with the rest of the world will always be at the service of our aspiration to build a vibrant nation.

Thank you and good afternoon to all.

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[1] Expert estimates show that US textile exports to the Philippines, estimated at only \$ 20 million in 2008 would increase by \$ 200 million and 2,400 jobs are expected to be saved or created in the capital-intensive US textile industry. These estimates are just for the first year of implementation of the bill which enjoys support from major US textile mills and apparel brands/retailers as well as Philippine apparel manufacturing industry.

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