



ARANGKADA PHILIPPINES FORUM: MOVING TWICE AS FAST

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Introduction of Panel 1: Seven Big Winner Sectors

By

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Ladies and Gentlemen:

We are now moving to Part 3 of the program. Part 3 focuses on the seven big winners, identified by the Joint Foreign Chambers as sectors that can make a difference and can provide the necessary economic growth, the increase in investments, and in employment – PROVIDED the government addresses recommendations such as those made by businessmen in *Arangkada Philippines*. As John Forbes mentioned, the meeting today will assess to what extent changes have been introduced.

The time to move forward and allow us to *arangkada – accelerate* – is now! Quite recently, top financial institutions and investment analysts, both foreign and local, have given a buoyant outlook on the Philippine economy not only this year but even in the long term.

There are a lot of explanations for long term optimism: demographics, location, good governance, inclusive growth, and peace. These are key conditions that, I believe, make for an attractive investment climate. The Aquino Administration has started the process to restore decency and integrity in governance and to grow the economy in a way that its benefits are broadly felt. We all are fully aware of the great potential of the country and of failures in the past to achieve that potential.

We have to recognize the intimate, causal relationship between the restoration of decency and integrity in government, and the stability, consistency and predictability that such a condition imbues into our economic life. In other words, we cannot achieve poverty reduction and sustainable economic growth without resolving lingering problems of corruption and poor governance; and without strengthening and achieving a certain level of autonomy in the operation of key legal, regulatory, and administrative institutions. We need an economy that seeks to prosper in an environment of merit, fair competition, and with a level playing field.

However, we must understand also that one year after *Arangkada Philippines* was launched, economic growth and a substantial increase in local and foreign investment remain below expectations. Indonesia just reported its Foreign Direct Investment approval data: FDI surged by 20% to US\$ 19.3 billion in 2011, significantly outpacing other developing economies in ASEAN. The Philippines will be lucky to reach US\$ 1 billion in net FDI registered with the BSP in 2011 about only half of 2010. And additional information concerning FDI in Indonesia is US\$ 3.7 billion will be invested into mining. If there would be more clarity about mining policy in the Philippines, more wealth could be created in this country as well. But we are more optimistic that the record high levels of over US\$8 billion new investments approved in 2011 by BOI, PEZA and other IPAs will begin to be realized in construction and job creation in 2012.

Meanwhile, P439 billion have been allocated to economic services under the 2012 National Budget to support the administration's drive for rapid, inclusive, and sustained economic growth, particularly in the five priority areas of growth and job generation, as determined by the Administration: tourism; agriculture, agrarian reform and fisheries; general infrastructure; business process outsourcing; electronics and semiconductors manufacturing.

This is good news, and we trust that many things will move faster soon. We have talked about PPP for a very long time; let's finally implement major projects this year. We have air safety concerns at NAIA that need to be addressed. Needed modern equipment has to be bought before accidents happen, and we need to get the various restrictions on various flights by various foreign authorities lifted this year. NAIA Terminal 3 should be fully opened, as well as the makeover of Terminal 1. It is very important for open access for power to be in 2012. But now I am talking about the next panel on Infrastructure, so I will stop and introduce this panel.

2012 must make a big difference for the economy. The government should step on the accelerator! Maybe we can find another word in Tagalog to say SUPER ARANGKADA!

Panel 1 will focus on 6 of the big winners; Panel 2 on the 7th big winner – infrastructure.

It is my pleasure to introduce the participants in the panel 1 discussion:

The moderator is David Celdran, the senior anchor reporter of ABS-CBN News Channel.

The sector Agribusiness is represented by Philip Soliven, the country representative of Cargill Philippines, Inc.

The sunrise industry IT / BPO / KPO is represented by Fred Ayala, the chairman of the Business Processing Association of the Philippines.

Henry Schumacher, VP for External Affairs of the European Chamber of Commerce (ECCP) is representing the still underestimated Creative Industries.

Given the location of the Philippines and being an archipelago, logistics are important to move the country forward; this sector is represented by Michael Raeuber, the president of Royal Cargo Combined Logistics.

The manufacturing sector is represented by Danilo Lachica, former chairman of the Semiconductor and Electronics Industries in the Philippines, Inc. and Bobby Batungbacal, chairman of AmCham's Manufacturing and Logistics Committee

The super important mining sector that could and should be the backbone of the Philippine economy is represented by John Ridsdel, senior vice president and COO of TVI Resource Development Inc.

And finally – it's more fun in the Philippines: Aileen Clemente, the president of the Philippine Travel Agencies Association, will represent the sector tourism, medical travel and retirement.

Moderator David Celdran – please take over.