



**ARANGKADA PHILIPPINES FORUM:
MOVING TWICE AS FAST**
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Questions and Answers with President Aquino

John Forbes: Former Undersecretary Ordonez, Ernie Ordonez.

Ernie Ordonez: Magandang tanghali ginoo, ang aking Presidente, ako po si Ka Ernie Ordonez ng Alyansa Agrikultura, na may apat napu't dalawang pederasyon, but for the benefit of the foreigners, I'll speak in English.

Mr. President, you gladly told our assembly here that it will be infrastructure, tourism, and agriculture, and maybe the greatest of these in terms of employment is agriculture. And I'm so happy because I'm a personal witness to the eliminating of corruption in the Department of Agriculture. Thank you very much.

I'd like to ask this question, in your opinion, what would be the main different thrust in agriculture development that we will take in the years ahead? What will be the main different thrust in agriculture that you will take in the years ahead? Aside from eliminating corruption, which you have already succeeded in doing.

President Aquino: Well, I think the focus will be on increasing the farmer's income that has to be the priority. Towards that end, they're setting up this, can I just use the formal name, but basically it's a trading center that has a regionalized and centralized trading centers. The first one is in Benguet. It's called Buying and Trading Centers. The first one will be the Benguet Agricultural Trading Center complex to be set up in La Trinidad, Benguet. The Agri-Pinoy Trading Centers shall also be set up in Nueva Ecija, Urdaneta, Argao in Cebu, Negros Occidental, Sagay City, Negros Occidental, Sagbayan Multi-Commodity APTC in Bohol, Cotabato Halal Research and Trading Center in Kabwakan, and the Producers Market in FTI here in Taguig.

What they are trying to do is maximize the incomes of the farmers at the same time by the elimination of the middle man and the various intermediary steps from farm gate to consumer. We are hoping to lower the prices for the consumers but more importantly ensuring that there is a steady route or path towards the farmers increasing their productivity and profitability. So that's one of the main features. That is I think the major difference is the concentration really on the farmers increasing wealth rather than generics of farm-to-market roads, rather than so many statistics on irrigated systems, and so on and so forth.

All of the other activities are all geared towards really making him most productive and most profitable. I guess that is the central thrust of our agricultural policy.

Ernie Ordonez: Thank you very much. That's very welcome. Thank you so much Mr. President.

John Forbes: Before the next question, I would also like to recognize the presence in addition to Secretary Domingo of three other partners of *Arangkada* and the Joint Foreign Chambers who are in the cabinet, Mr. President, Secretary of Finance Cesar Purisima, Secretary of Energy Rene Almendras, and Budget Secretary Butch Abad. Welcome.

Bobby Batungbacal.

Bobby Batungbacal: Mr. President, thank you so much for joining us today, I'd like to ask, earlier you did mention that there are three, of the seven sectors, that you are prioritizing three. I'd like to ask, given the surge of investment in manufacturing, and the high multiplier effect of manufacturing to the rest of the economy, would your government consider manufacturing among those priorities? Now having said that I would like also to say that Secretary Domingo has been very helpful in bringing in manufacturing industries into our roadmapping exercises, but beyond that would you say that this could be a priority for the Philippines?

President Aquino: It is a priority and I'm glad that you brought it up. Secretary Domingo has actually reported a surge in manufacturing interest for 2012. Now as you know, manufacturing suffers from the fact that we have very high electricity rates. The electricity rates, we are working on bringing them down, first by encouraging the setting up of the base generating plants. But more importantly trying to hasten open access and to have the wholesale electricity spot market really fully functional.

Now that is a necessary step for us to be able to really encourage manufacturing concerns to come back here. But given developments within the rest of the world, even with prevailing conditions, there is already interest, there are already investments that are coming in. That has always been a dream of mine. The three that we prioritized are basically the doables right now given the present conditions, but the unexpected but welcome development or rather re-entry of manufacturing concerns is definitely something that we will be nurturing.

Bobby Batungbacal: Thank you so much we would like say that we share your dream in manufacturing. Thank you.

John Fobres: Question from Eric Lachica who is visiting from the United States. Eric.

Eric Lachica: Mr. President, as a Filipino-American, as a dual citizen with a Filipino passport, many of our senior citizens who are Filipino-Americans are contemplating retiring here in the Philippines. We'd like to know, as one of the recommendations of the *Arangkada* project, are there incentives for the healthcare industry, to the hospitals in particular, to be accredited to meet international standards to welcome back Filipino-Americans? As you may know more than a hundred of us retire everyday. That's a tsunami of Filipino-Americans especially with the issue of medicare coverage that we'd like to be extended to us who retire here in the Philippines. We'd like to know.

President Aquino: We understand there is a particular law, an American law that serves as a constraint for our institutions to be accredited. May we just inform you that we have been, we've discussed this, if I'm not mistaken, with the highest levels of the US government precisely to address that, and I think there are initial steps already being

authorized under that. I think it is, some who are in Guam, have been authorized to seek treatment in the Philippines, but we want to expand that. So I will be having a visit with President Obama sometime towards the middle of the year. You can count on my requesting him again for consideration of accrediting more of our facilities. There were two Congressional delegations also that came in, I'm not sure if we've mentioned it to both. I believe we mentioned it to one of the delegations. There are invitations to talk with them again when we visit America, so I will be sure to request for the liberalizing of the facilities for the retirees from America.

Eric Lachica: Thank you very much.

President Aquino: Thank you.

John Forbes: Thank you very much, Mr. President. If I don't properly identify the questioner, may you please do that.

Tetchi Capellan: Thank you Mr. President for joining us this afternoon at the *Arangkada* Forum. I am Tetchi Capellan, I am the country advisor of Sun Edison, which is the number two wafer manufacturer in the United States, and we are very encouraged by your policy on manufacturing, and as you have very well said, the SunPower production of solar panels in the Philippines is the biggest and in fact its already constructing its third facility in this country, which is a testament to your leadership and to the message that you are bringing in to the US investors.

But unfortunately, most of the products of SunPower are being exported outside the Philippines, and I think your resolve to implement the renewable energy law is something that will pave the way for bigger production of SunPower here in the Philippines. My question is, I think your government has given us a very good starting point in deploying solar energy in the Philippines, you have given us 50 megawatts, which is a good signal. What we would like is really-and this is more of an appeal-that the residential sector can benefit from a solar roof top, that they can generate their own electricity and reduce their electricity bills can benefit from the manufacturing sector that SunPower is offering. Are you planning, do you have any specific plans in accelerating the net metering rules under the renewable energy law that would accelerate the interconnection of homes that have solar systems in their roof tops into the grid. Thank you, Mr. President.

President Aquino: Well, that is a function not just primarily of the executive. My understanding of net metering is that they will really have an ability to sell their excess. Sell of the excess to the grid will need the wholesale electricity spot market and open access to be a reality. Open access is projected to happen hopefully by August. Full open access is expected to happen by August of this year. If it can happen earlier than that then that will be a necessary outcome. But at the present time, given that Luzon, the biggest consumer is still not, does not have a fully functional WESM and open access is still a future occurrence, then it is not a possibility for today but will definitely necessarily follow after, after the full implementation of WESM, open access and WESM.

John Forbes: Thank you Mr. President are there any more questions? I can't believe there are no more questions, we have the president of the Philippines here in this room right now.

Erik Nielsen: Erik Nielsen of the European Chamber of Commerce. Mr. President I understand that there are dozens of renewable energy projects in the pipeline and many are waiting for the feed-in-tariff. I wonder if you will be able to enlighten us a bit on when we can expect that. Thank you.

President Aquino: It just so happens that the Secretary of Energy is present can I ask him to talk about the details with regards to the feed in tariff issues.

John Forbes: May I welcome Secretary Almendras to the stage.

President Aquino: We are about 54% self-sufficient in energy already, it's about 36% already coming from the renewable sources. We would like to increase that number. Feed-in-tariff is the most complicated, we do not want to, we want to have the inducements for investors but also want to protect the consumer's interests also. So, Secretary Almendras has been tackling the problem for I think something like 10 months already. He is in a very good position to answer the question.

Secretary Almendras: Thank you very much for the question. The authority that approves the feed-in-tariff is the Energy Regulatory Commission. It is an independent body composed of appointees. We have been working with them closely. As a matter of fact, when all of you were on a holiday last Monday, I was with Senator Serge Osmena most of the day working on a few things, and one of the things was primarily that. As to the actual timing, it should happen maybe soon. I cannot give you the exact date because I will be violating the independence of the Energy Regulatory Commission. There are ongoing discussions to bring all the parties together. Our democracy in the Philippines requires that everybody is listened to and engaged. And we are very close to a win-win solution, and as I said, it will happen soon. It will not happen next year, definitely not next year, and it will happen a lot sooner than expected.

John Forbes: Before Secretary Almendras gets away, can I indulge him with a follow up question on the President's comment on open access, Secretary Almendras. He said as early as August. It would be incorrect to ask if you disagree with that, but what is your opinion.

Secretary Almendras: The President is very familiar with developments not just in energy but in most other sectors. That is actually quite accurate. Our schedule is to have it by August with little allowance for slippage. The initiatives to get there is already ongoing. Private sector participation is very well underway. We'll be bidding out the infrastructure requirements, the software and the upgrading, actually we have just approved it in the PEMS¹ Board meeting last Friday. I believe all the energy sector players are very familiar, because we are constantly in touch with them. So yes, open access will happen this year and hopefully by August.

¹ Philippine Electricity Market Services Inc.

John Forbes: Thank you very much sir. That's good news indeed. I believe the Canadian Chamber President Mr. Payne has a question.

Julian Payne: Thank you. Thank you, Mr. President. This is asked on behalf of the Canadian Chamber of Commerce, not necessarily the other ones. My country was built on the base of agriculture development and responsible mineral exploration. We're a little bit confused about the policy in the Philippines in practice towards mineral exploitation. Your country is fortunate in being really mineralized, in having tremendous potential in this area. We believe that it can be developed responsibly and socially and equitably and to take into account indigenous people. We get the impression that there are forces within the country that are trying to ban mining all together. We find this a really peculiar situation of basically throwing the baby out with the bath water. We wonder whether there will be a further clarification on how you are going to exploit this great potential you have in this country for employment, for economic growth, and for improving the quality of life, including a lot of the people in the rural areas where the mineral deposits, the potential mineral deposits are found. Thank you. Salamat po.

President Aquino: I will assume that you are aware exactly of all the issues attendant to the mining industry and the concerns with regards to it. You have touched on a lot of the points that are already being raised as to how to afford that balance between protecting the environment and the ecology, and at the same time maximizing the gains from the industry.

Towards that end, I commissioned a study made up of various experts within the cabinet to come up with policy recommendations. First, the review of the entire industry as it stands now. Second, the policy considerations that have to be in place and the recommended changes. They have submitted a preliminary draft of the report. This is now being routed to various departments for their respective comments. I expect to have completion of all of their inputs no later than the end of February. But since I have been asking for this from last year, I think the middle of February would be opportune time for everybody to finish their inputs and we will come up with a very clear policy with regards to the mining industry not later than the end of February. Thank you.

John Forbes: Cora dela Paz, former SSS Administrator.

Cora dela Paz: President Aquino, I would just like to inquire about what your administration and the rest of the country should be doing in the area of climate change and environmental degradation, because, as we've seen in the last two or three years, a lot of disruption has occurred because of these calamities that we saw with Ondoy, then Sendong, and other parts of the country. We would be very interested to find out what's really going on. Thank you.

President Aquino: Can I start out with the good news, good news. The DENR is basically studying the NCR region with regards to measuring the quality of air index. They think this is where air quality is most at risk, and therefore interventions that work within the NCR can easily be replicated elsewhere in the country. And towards that end, except for, of course, for New Year, there was a continuous drop in - I have to remember the technical term - something like microgram particulates per cubic meter of air, I think, is the measurement. From the time we started in June (2010), I think it was something like

166 -I'll have to update my numbers - but it went to 112 towards the start of the second quarter last year. And when I asked towards the end of 2011, it was still continuously dropping below 112, if I remember correctly. Hopefully, we are getting closer and closer to the UN standard of about 90.

What are we doing right now? To mitigate global climate change, there is an ambitious project of planting 1.5 billion trees on 1.5 million hectares of government land. All of this is to be done before I step down in June of 2016. Now the innovation primarily is that we will be solving multiple problems. First, gaining back the forest cover is a priority. Second, the means towards achieving it will also address the issue of informal settlers within the NCR. Something like 30% of 560,000 families have indicated interest in going back to the province, and the incentive is we lend them two hectares of land to plant and to earn a livelihood from, and they will be assisted in their housing. The upland communities will be tasked, there will be a Conditional Cash Transfer program, wherein the only condition is for them to guard the trees that we'll be planting. They will also be assisted in farming coffee and cacao plants. Three years later there is an expectation that they might even be able to payback the conditional cash transfers. There are already three very large, a multinational and two countries, who have indicated interest in purchasing all of the coffee and cacao that we will be producing from these upland areas.

Yesterday I was in Cagayan and Iligan and we were shown one of the problems. The Cagayan river for instance is heavily silted up, it erodes, which in turn produces the landslides. Towards that end, there is an infrastructure intervention being envisioned, they call them Sabo dams, if I remember it correctly, and basically it traps the sediment, those materials vegetation, trees, and so on, so you dredge, not the entire length of the river, but you dredge only, well you clean up the areas where the Sabo dams are, and thereby lessen the cost of maintaining the water holding capacity of these river systems.

There will be, there is an ongoing geohazard mapping for the country. This will be one to ten thousand scale. It will further identify areas at most risk. It will be standardized. We will be requiring all LGUs for the zonal use to strictly comply with their geohazard maps to mitigate any potential disasters from happening within their respective municipalities.

Governor Hataman of the ARMM was tasked recently to go after illegal loggers in Lanao del Sur, the main source of the logs which devastated Iligan City. He has been in office probably not more than 3 weeks but already there have been complaints against him, so I assume he has been really stepping on a lot of toes of entrenched vested interests in the area. So I think he is doing a good job. So that will accelerate.

We have a year and a half to be able to demonstrate these changes within the ARMM prior to the next elections, so that the constituents there can really have tangible results of what good governance is suppose to be bringing in.

Now the last thing. We contribute a very small portion, there is a very small carbon footprint for the Philippines. Unfortunately, we get the large carbon footprints from those more advanced neighbors, so there is really a need for intense lobbying efforts from our countrymen, especially those deployed overseas, to call into question those who are

adversely impacting the global climate of which we are disproportionately bearing a large brunt of. That has to be a significant campaign from our populace and other countries similarly situated. Thank you.

John Forbes: I think the President was extremely generous in his time today. We are going to have to cut the questions now so he can keep on his schedule. We are going to resume a panel, but I would like everyone who wants the President to come back next year to stand up and give him a round of applause.

The press conference ended.