

**“Towards a Deeper RP-Japan Economic Partnership”  
44<sup>th</sup> Philippine Business Conference (October 19)**

My colleagues and friends from the Philippine Government and  
Diplomatic Corps,  
PCCI officials and members,  
Business sector representatives,  
Distinguished guests,  
Ladies and Gentlemen,

Good morning. *Magandang umaga po sa inyong lahat.*

It is my pleasure and privilege to speak before such a distinguished audience today. I would like to thank PCCI for this opportunity and congratulate you on the success of this conference.

It's been a year since I came back to the Philippines as Ambassador. I'm proud to say I'm a *balikbayan* who started my diplomatic career in Manila from 1982 to 1984. It seems like yesterday. But you know what's the biggest difference between now and then? It's heavy traffic on EDSA!

Hence, I'm so delighted that Japanese infra projects would help mitigate congestion in Metro Manila by subway and commuter railway. But when I meet Filipino friends, I get many questions like: Are things really moving? Or, when will the subway construction start? So today, I would like to take this opportunity to give you updates on how these projects are going.

My presentation will be in three parts. First, I will provide updates on Japan's economic cooperation with the Philippines. Second, bilateral economic relations. Third, people-to-people ties.

**① UPDATES ON JAPAN'S ECONOMIC COOPERATION**

Almost the same time a year ago, I had the privilege to welcome President Rodrigo Duterte in Tokyo. During that time, President Duterte and Prime Minister Abe issued a landmark joint statement that further

solidifies the depth and breadth of our cooperation. It was also on that occasion when President Duterte stated that the Philippines and Japan are entering a “Golden Age of Strategic Partnership”.

The five-year plan, or “Joint Statement on Bilateral Cooperation for the Next Five Years” concretizes the commitment made by Prime Minister Abe in January 2017 in Manila that Japan will contribute a total of half a trillion pesos, through public and private sector engagement.

Japan has been and remains the largest ODA donor of the Philippines. To give you an overview of what we have achieved based on the joint statement, I have prepared a short video presentation.

### **(Video Presentation)**

#### **Additional Updates on Major Infrastructure Projects**

To give you additional updates on our development cooperation, here in Metro Manila, we expect that the construction of the Metro Manila Subway will start before the end of this year. As for the North-South Commuter Railway or NSCR, too, for the section between Malolos to Tutuban, we hope to begin construction before the year ends. For the extension of NSCR from Malolos to Clark as well as from Tondo to Calamba, Laguna, we are eyeing to have the signing of the Exchange of Notes next month.

We are also very much aware of the crucial role that the Metro Rail Transit Line plays in the daily movement of Filipinos in Metro Manila. Thus, for the rehabilitation of MRT 3, we will be signing the Exchange of Notes in a few weeks to provide 38 billion yen, or about 18 billion pesos.

These railway projects are funded by Japan on the basis of the Special Terms for Economic Partnership or STEP loan. Under this financing scheme, loans are extended with 0.1 percent interest for non-consulting services, whereas 0.01 percent interest for consulting services with 12 years of grace period and 40 years of repayment period. I believe no one can beat us! This scheme presents a window of opportunities for

collaboration between Japanese and Filipino companies because roughly only 30 percent of the money goes to Japanese contractors while almost 70 percent will go to mostly Filipino companies. With the state-of-the-art technologies of participating Japanese companies, this scheme serves as avenue for knowledge and technology transfer, which we deem essential to the long-term success of the Philippine railway sector. It will also be instrumental in the creation of quality jobs for Filipinos.

With the Metro Manila Subway, the extension of the North South Commuter Railway, and the MRT-3 Rehabilitation project, we are expected already to be exceeding Prime Minister Abe's commitment of one trillion yen, or roughly half a trillion pesos of contribution. Surely these projects funded by Japan will be creating many business opportunities.

Aside from railways, the New Bohol International Airport in Panglao, which has been built with Japan's assistance, will be inaugurated on November 22. This environmentally-compliant project is aimed at promoting sustainable tourism in the province, which is along the very lines of President Duterte's sustainable tourism policy. In addition, the exchange of notes of the Pasig-Marikina River Channel Improvement Project Phase IV is expected to be signed in November.

Japan will ensure both quality and timely delivery of our commitments, and stands firm in our intent to support the "Build Build Build" program of the Duterte Administration.

### **Peace and Development in Mindanao after the Passage of the BOL**

Equally important to us is the peace and development of Mindanao, especially given the progress of the peace process including the passage of the Bangsamoro Organic Law, or BOL, in July.

In this critical juncture of the Mindanao peace process, Japan is ready to stand by the Philippines to support the peace process, as Foreign Minister of Japan, Taro Kono, said in July 2018 in his statement upon the signing of the BOL.

“Japan will enhance its support for the development of Mindanao in a wide range of fields, in accordance with the progress in the peace process.”

We look forward to working with the Philippines to support the peace process together for sustainable peace and development of Mindanao.

## **② ECONOMIC RELATIONS AND JAPAN’S TRADE POLICIES**

Let me turn to economic relations between our countries.

First, in terms of trade, Japan has been a major trading partner of the Philippines. In fact, if we look at the biggest export market of the Philippines for the last 8 years, Japan consistently tops the list. We are also the second largest import source of the Philippines.

Second, we are the largest foreign investor in the Philippines, with a cumulative total approved investments amounting to approximately 700 billion pesos from 2000 to 2017.

As of now, more than 1,500 Japanese companies are operating in the Philippines. These Japanese companies are mostly engaged in manufacturing and business process outsourcing.

Of these 1,500, over 900 Japanese companies are located in the Philippine Economic Zone Authority. According to a survey, one of the advantages of investing in the Philippines is the fiscal incentives. In this connection, I’m forced to make a reference to the Comprehensive Tax Reform package 2, or TRABAHO bill now before the Congress. Japanese companies have conveyed their views to the Philippine side. I hope their inputs will be appropriately considered in the discussion of the TRABAHO bill.

Let me touch upon the Japan-Philippines Economic Partnership Agreement or JPEPA. It covers not only trade in goods and services and investments, but also movement of natural persons, intellectual property,

customs procedures, improvement of business environment, and government procurement.

JPEPA came into effect in 2008, and 94 percent of tariffs in the trade between Japan and the Philippines have been abolished, resulting in a 52 percent increase in our total trade from 2008 to 2017.

This year marks the 10<sup>th</sup> anniversary of JPEPA, and we are currently conducting a “General Review” to improve it. We hope that it will further generate trade and investment opportunities between our two countries with the new provisions on such sectors as e-commerce and competition.

Third, we have also seen very active engagements in our financial markets lately, with the Philippines achieving a record-high sale of Samurai bonds worth 154 billion yen, or about 75 billion pesos, after an eight-year break from this market. I think this successful turnout shows that Japanese investors have confidence in the Philippine economy and the economic policy of the Duterte Administration.

### **Filipino Workers in Japan**

Filipino workers in Japan are another important pillar of our economic relations. We have seen significant progress in the area, too.

Since 1993, we have implemented the Technical Intern Training Program, providing technical training and employment opportunities in Japan for foreign nationals, including Filipinos. Under this program, Japan has received more than 25,000 Filipino trainees in sectors like agriculture, fishery, construction, and manufacturing, among others.

Speaking of Filipino nurses and care workers, Japan has accepted more than 2,200 Filipino candidates under JPEPA.

In order to accept more foreign workers in Japan, we will create a new residency status for foreign workers with a certain level of expertise or skill from next year. While we are waiting for the rules and regulations of this new scheme to be released, I personally estimate more than 50,000

workers from the Philippines will come to work in Japan with this new work permit by 2025.

In this area, Japan and the Philippines can form truly mutually complementary relations. Japan faces an aging society and lacks labor force, while the Philippines is abundant with young labor force with great potential. Filipino workers are expected to help Japan address the issues arising from aging society. Japan can provide qualified Filipino workers with job opportunities.

### **③ PEOPLE-TO-PEOPLE TIES**

Lastly, I would like to touch upon some recent encouraging developments in our people-to-people ties.

#### **Japanese Filipino Athletes**

Much to our pride, Japanese-Filipino athletes have made headlines in the 2018 Asian Games in Indonesia last August: Yuka Saso with two gold medals in golf, Kiyomi Watanabe with a silver medal in judo, and Junna Tsukii with a bronze medal in karate. All of them earned the Philippines a mark of distinction in the global sporting stage.

I'm also glad to mention that two Filipino-Japanese athletes are making a name for themselves in the field of sumo wrestling, Japan's national sports. Mitakeumi became the first-ever Filipino-Japanese champion in the last July's Grand Sumo Tournament. Meanwhile, Takayasu, who gets a boost from his Filipina mother's *sinigang*, beef *kaldereta* and *pancit bihon*, is now the first sumo wrestler with Filipino blood to reach the second-highest professional rank in sumo, *Ozeki* or Champion, just next to the highest rank, *Yokozuna* or grand champion.

These crossroads of Japanese-Filipino ties are seen in the field of film as well. Filipino movies like "Kita Kita" filmed in Hokkaido, and "Sid and Aya: Not a Love Story" with scenes in Tokyo. Another movie, "This time", was filmed in Saga prefecture in Kyushu.

## **Tourism**

On the area of tourism, I'm glad to note that the number of Filipino visitors to Japan has increased significantly—five times over the last five years to 430,000 in 2017 and still increasing. This year, we expect to mark the highest record of Filipino visitors to Japan of, hopefully, over 500,000. When that happens, the number of Filipino visitors to Japan will almost be the same as that of the Japanese visitors to the Philippines, which has already breached the 500,000-mark in the last two years.

Major carriers are launching new direct flights between Japan and the Philippines. From December 7th, Philippine Airlines will launch a new air service between Manila and Sapporo, a popular destination for Filipino tourists. Moreover, Japan Airlines will start operating a direct flight between the Haneda Airport and Manila from February next year. We hope to see more of these gateways to open in the coming years to encourage more visitors to experience both Japan and the Philippines.

Another encouraging development in tourism is that the “Hidden Christian Sites in the Nagasaki Region” was inscribed as the UNESCO world heritage last July. This is where the first Asian and Filipino saint, Saint Lorenzo Ruiz, was martyred for his faith due to oppression against Christianity in Japan at that time. I hope these sites make more Filipinos interested in visiting Japan.

The remarkable upsurge in the number of Filipino visitors is a welcome development for Japan, and in fact, we are happy to have more Filipinos to Japan. Since last August, we have extended the maximum validity of visas from 5 years to 10 years. We look forward to welcoming more Filipino visitors to Japan. Just like a popular OPM song goes, as Filipinos “keep coming back to Manila,” I hope they also keep coming back to Japan.

I believe the core strength of our bilateral relations lies in our people. Our long-standing friendship, shared values, and common goals serve as the foundation of our ever-growing ties. In this “Golden Age of our Strategic

Partnership,” we expect to see more of these intensified exchanges between our governments, our businesses, and our peoples.

Thank you very much for your attention.

*Maraming salamat at mabuhay po kayo!*