

STRENGTHENING STRATEGIC TIES UNDER THE DUTERTE GOVERNMENT

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WE DEFINE THE RELATIONSHIP BETWEEN THE JAPAN AND THE PHILIPPINES as “strategic partnership”. What does it mean to be strategic? It means having shared basic values – freedom, democracy, rule of law, and open economies. We also set common goals – peace and stability, economic growth in the region. Of course, it is also based on our long-term friendship. We have celebrated the 60th anniversary last year, in which, as you recall, His Majesty Emperor and Empress visited the Philippines. As MBC Chairman Edgar Chua explained, we have had three summit meetings already since President Duterte came to power.

THRIVING TRADE AND INVESTMENTS

Japan is the largest trade partner of the Philippines. In 2016, trade with Japan is more than US\$21 billion. You may have noticed that Japan has a trade deficit with the Philippines (which means) you are gaining more money than we are in trade.

It is also a major source of investment for many years. Since the foreign direct investments fluctuate every year, it is not useful to compare each year’s level of FDI. From 2000 to 2016, Japan is the number one source of FDI. Currently we have 1,500 Japanese companies operating in the Philippines and majority of them are



Japanese Ambassador to the Philippines Kazuhide Ishikawa was the guest of honor at a general membership meeting of the Makati Business Club held on 24 March 2017 at Dusit Thani Manila, Makati City. Published here are excerpts from his keynote speech and the open forum.

in the manufacturing sector. Out of these 1,500, around 1,000 are Philippine Economic Zone Authority-registered companies. At the same time we see a growth in number of Japanese companies specializing in the services sector; others are coming to the Philippine market too.

After the ratification of the Philippines-Japan Economic Partnership Agreement, the trade volume is up by 20% or so every year. PJEPA is very much working.

CONTINUING ASSISTANCE FOR DEVELOPMENT

Japan has been the largest donor of official development assistance to the Philippines. According to the statistics from Organisation for Economic Co-operation and Development covering 1966-2015, 57% of the whole ODA provided to the Philippines in this 50-year period came from Japan, followed by the United States, Australia, Germany, and Korea.

We set a country-specific ODA policy. In the case of the Philippines, the first priority area is sustainable economic growth, which includes infrastructure, maritime safety, and human resource development. Typical example under this category is the

North-South Commuter Railway from Malolos to Tutuban. The second priority area is overcoming vulnerability which includes disaster prevention, health, and poverty eradication. The Ormoc Flood mitigation project has a long history of protecting Ormoc City, and even protected the area from flooding when Typhoon Yolanda hit the city.

The third priority is peace and development in Mindanao since 2006. The J-BIRD is Japan's Bangsamoro Initiative for Reconstruction and Development. Under this, we have spent US\$ 261 million for 126 projects as of March this year.

Let me stress that the Japanese government respects the ownership of the recipient countries. We never force countries to accept ODAs. We always cherish the leadership and initiative of recipient countries. So we first listen to you and we discuss – what kind of ODA or assistance may be most suitable for your social and economic development in the Philippines. Although we have these of priority areas, we can be flexible.

SOLVING TRANSPORT AND INFRASTRUCTURE WOES

In more specific areas, the Japanese International Cooperation

Agency (JICA) completed the "Roadmap for Transport Infrastructure Development for Metro Manila and Its Surrounding Areas in 2014" which was approved by NEDA. This is aimed at alleviating the concentration of people and traffic in Metro Manila area. We proposed an idea to create a new international airport. In addition to that, we also provided two options for possible new Ninoy Aquino International Airport – location one is Cavite and another one is in Laguna. We also suggested more utilization of the current Clark Airport.

For traffic congestion in Metro Manila, the roadmap introduced a "polycentric concept" to strengthen the North – South transport infrastructure and create regional and sub-regional centers to alleviate the high concentration of people and traffic. Under this concept, we are supporting several projects and some of them are now underway. The most advanced ongoing project is the North-South Commuter Railway Project. I signed the Exchange of Notes in November 2015 when Prime Minister Abe came to town for Asia-Pacific Economic Cooperation Economic Leaders' Meeting. This was more than US\$ 2 billion, a huge amount for a single loan, and would provide for the construction of railways from Malolos to Tutuban.

We are also considering the extension of this North-South Commuter Railway from Malolos to Clark. The Japan Overseas Infrastructure Investment Cooperation for Transport and Urban Development (JOIN) is a private company that is partially funded by the Japanese government. JOIN is currently conducting a feasibility study for a railway plan from Malolos to Clark.

The second one is the huge Mega Manila Subway Project. A pre-feasibility study, an information collection survey, was completed in October 2015 by JICA. Now, it is conducting a feasibility study for Central Zone – from

ABOUT THE SPEAKER

AMB. KAZUhide ISHIKAWA

Kazuhide Ishikawa was designated as the Ambassador Extraordinary and Plenipotentiary to the Republic of the Philippines in August 2014. He became the Director-General of the Southeast and Southwest Asian Affairs Department of the Ministry of Foreign Affairs in 2012. He also served in the ministry's Foreign Policy and Economic Affairs bureaus – handling policy planning and coordination for the former; and G8 Economic Summit, APEC, and aid policy for the latter. He was assigned as a Minister to the Embassy of Japan in Thailand in 2000, and in the United States in 2002.

He graduated from the University of Tokyo in 1980 and obtained his graduate degree in international relations from the University of Pennsylvania in 1982. ■

Quezon City to FTI (Food Terminal Incorporated). This will be finalized perhaps in July in this year and will be presented to the Philippine Government. We think this would be a milestone to improve the traffic situation in Metro Manila. When Prime Minister Abe came here in January, he stressed Japan's willingness to cooperate with the Philippine government in constructing the first subway in the Philippines. We would like to provide a quality railway system in the Philippines utilizing Japanese expertise on technology.

EXTENDING SUPPORT TO OTHER PH GOVERNMENT PRIORITIES

In addition to economic partnership, the horizon of cooperation has expanded to security. This includes the turning over of the 10 44-mm multi-role response vessels for the Philippine Coast Guard. This will be provided by the Japanese ODA loan, and three of them have already arrived. All the 10 ships will be transferred to the Philippines by middle of next year.

The Philippines will also receive other equipment from Japan. When President Duterte visited the country in October last year, an exchange of notes was signed in which Japan would provide two 94-meter vessels, which will greatly strengthen the capability of the Philippine Coast Guard and contribute to the maritime security of the Philippines. President Duterte also requested Prime Minister Abe for high-speed boats to fight against terrorism. These will be provided with grant aid in due course.

Another priority area for the Philippine government is illegal drugs. Prime Minister Abe committed himself to provide assistance in this area. We are in the process of formulating a comprehensive support package for rehabilitation which includes treatment facilities, treatment programs, human resource development (training), and conduct of promotional activities.

We have already begun a project within this comprehensive support package. I signed an exchange of notes with Department of Foreign Affairs Acting Secretary Enrique A. Manalo for the Programme for Consolidated Rehabilitation of Illegal Drug Users (CARE). The Department of Health Secretary Pauly B. Ubial also made a visit to Japan to see various facilities in Japan.

ENCOURAGING EXCHANGE OF PEOPLE

I would also like to talk about the active exchange of people between our two countries. Again, we have 1,500 Japanese companies operating here, that is almost 17,000 Japanese communities existing here. In terms of tourists, we have about half a million Japanese coming to the Philippines annually, while Filipino tourists may be around 300,000 – which has been increasing drastically because of several reasons, one of which may be the relaxation of visa requirements. This is very encouraging.

There are several programs that boost the active exchange of people between our two countries. As you know, we have accepted Filipino nurses and caregivers to Japan under PJEPA. Under this program, more than 1,600 candidates already went to Japan and 249 have passed the national examination. The passing rate is relatively low, but we are making efforts to increase this. Currently, it is about 11.5% in case of nurses and 43% in case of caregivers.

Another program is the Technical Intern Training Program. The Philippines ranks #3 in terms of the number of people dispatched to Japan under this program. It occupies about 9.3% in the total number of trainees and third largest share. We are making a constant review of categories under this program and one of the can-

didates that may be added to this program is caregiving.

A very recently developed program is housekeeping services, specific to the Filipinos, which will be implemented in special economic zones in Kanagawa prefecture, Osaka City, and Tokyo. In these zones, special staying permits will be issued for special groups, such as providers of housekeeping services.

I would like to bring attention to Japan Exchange and Training Program, which was established with the United States 30 years ago. Young men and women come to Japan to be assistants to English teachers at Japanese junior high schools and local education committees. They spend two or three years, and they will get paid and supported by the Japanese government for teaching English.

It started with the United States, and was expanded to Canada, Great Britain, Australia, and New Zealand. It has finally come to the Philippines three years ago. I personally would like to increase the number of applicants from the Philippines for this program to a great extent because every Filipino is pretty good at English.

ADDRESSING TERRITORIAL DISPUTES IN SOUTH CHINA SEA

In the case of territorial disputes in the South China Sea, the United States, Japan or any other country should not make any comments in favour of any party. Having said that, there are some keywords to be stressed in terms of maritime security: freedom of navigation, freedom of overflight, unimpeded commerce, application of rule of law, and peaceful settlement of issues based on international law including United Nations Convention on the Law of the Sea, no militarization, countries should refrain from taking actions which may aggravate the situation, countries should not make trials to change the status quo using force, and others. Those are the keywords.

Q&A

The US has conducted freedom of navigation operations that has upset China. According to the Secretary of Defense of the United States, they intend to continue these operations. Does Japan also have intentions of conducting freedom of navigation operations?

We do not have any concrete plans to do those kinds of operations in the South China Sea. But occasionally we have operations to deal with pirates in the Sea of Somalia and the Japan Self-Defense Forces will dispatch ships to there, and on their way back to Japan, these fleets sometimes make friendly business trips to the Philippines. That kind of navigation may have played sort of a small role to ensure the freedom of navigation but we do not have those intentions to.

There is substantial Japanese interest in trade and investment in the Philippines. Is there any specific issue the Philippines should still emphasize in order to make the country even more attractive to Japanese investments as compared with Vietnam, which is successful in doing this?

There can be some kind of policy matrix like those introduced in CARS program and possibly, more incentives to attract more manufacturing firms. Another is peace process in Mindanao because it has a huge potential for investments. Once peace process advances and peace is secured, it can be more attractive for Japanese investments, too. Other issues to be addressed include congestion in Metro Manila and agricultural competitiveness. Last thing is environment, for example, garbage and waste disposal in Metro Manila. For the sake of the environment, you must think of additional measures to tackle waste disposal other than landfills.

May I ask you to speak about the Regional Comprehensive Economic Partnership and Trans-Pacific Partnership? Japan and the United States were pushing very hard in the enactment of completion of TPP. An observation is that the withdrawal of the US may lead to the death of the TPP, and second, may open the door to very significant dominance of China in this part of the world in terms of economy.

I cannot project the future outcome. For the time being, Japan never gave up TPP. We are still hoping that the current TPP will come into effect. Without the participation of the United States, it will not come into effect. We are now discussing with other TPP partners how to get TPP done. During the course of discussions on the RCEP, we are asking our members of RCEP groups, we need to create a very high-quality, high-standards RCEP to be realized. Of course, it should be concluded as soon as possible, but the substance is more important than timing. ■



The Makati Business Club invites guest speakers to its General Membership Meetings and MBC Briefings to discuss public issues and trends, whether local or global, that have an impact on Philippine development. MBC Forum highlights the speeches and discussions at these gatherings. The full text of speeches and other presentations may also be found at the MBC website, www.mbc.com.ph.

Since the Philippine government initiated the tribunal proceedings, Japan has been supporting the Philippines' steps to settle this issue based on the rules. It is really based on international law – this is a trial of a peaceful settlement of disputes under international law.

Maraming salamat po! ■

Excerpts edited by
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60 years and beyond

Our story is of rising above storms. Our journey is of dreaming for a better country and a better future. It was amid destruction that our founders chose to build this company, and commit to building the nation. And after six decades, we never lost the passion and hunger to serve.

From the production of the material buildings are made of, to the material that nations are built upon, her people, we seek to make a continuing difference in the lives of our people.

For us, it's not just about what the Filipino needs, but what the Filipino deserves.

Here's to decades more of making lives better.

