

President's Report:
Industry's Role in Addressing Environment Policy and Market Issues

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Fellow members of the PHILEXPORT Board; PHILEXPORT members; our resource persons and guests who will be introduced properly later; friends and partners from government; ladies and gentlemen:

The PHILEXPORT staffers that adopted the theme of this quarter's General Membership Meeting must have that uncanny ability to tackle the most urgent issues confronting exporters. This time around, we are focused on the subjects of sustainable development and climate change.

There is no doubt that climate change is upon us. The floods that consumed a big swat of low-lying areas in Metro Manila and Luzon last Saturday was a dramatic proof of this threat. The weather bureau has said that the rains since Friday evening to Saturday afternoon was the biggest recorded downpour in the country in history. If that unprecedented flood is not an evidence of a drastic change in our climate pattern, I do not know what is.

There are still some communities that remained soaked to the bone whose residents continue to suffer. The struggle we have experienced to keep our businesses afloat in the midst of a global recession pales in comparison to the miseries suffered by some villages that have been flooded. These families not only lost their properties; they also suffered the loss or separation from their loved ones. I sincerely hope that among the ranks of exporters, no one was hit as badly.

That is how harsh the impact of climate change can do to everybody, the rich as much as the poor, the gated villages as well as the creek squatters. In a sense, a natural disaster of last weekend's magnitude has had an equalizing effect.

As a nation that has gone through all kinds of calamities and crises, we have come to realize that a calamity also brings in the best in ordinary people. Video bytes have shown that flooded villages were already riding

on improvised boats on their flooded streets, and they were still smiling before the TV cameras. People found time to help neighbors salvage what little things they can get out of their sinking homes. Neighbors shared food and other scarce items. There was also this accidental hero, among many others, a young construction worker who managed to save more than 30 people from drowning, before he succumbed to the rampaging floodwaters, probably out of exhaustion.

To sum up the lessons from the recent flooding of Metro Manila and nearby provinces, we now know that climate change, that was predicted to increase the volume of rains in tropical countries like the Philippines, as well as bring severe drought – is here with us now. The problem is that we are still having difficulty getting the exact timing of such occurrences early enough for businesses and governments to plan.

A more important lesson is that, mitigating measures that are adopted by neighborhoods come almost automatically, including the outpouring of help from those among our countrymen who are least affected. Our sense of community survival comes to fore in hard times like this. I call it a sense of nationalism embedded deeply in the hearts of our people. Some families are still picking up the pieces of their lives. That they are doing it with stoic patience is amazing. Deep down, the indomitable spirit of the average Filipino is his inner strength. We may not have built a great government yet, but we do have a great people.

Third good lesson from the floods is that we must not wait for government to act when things go terribly wrong. Survival demands that we do our best to survive. Heroes of course come in very handy and we pray for more to come.

The question that now comes to mind is where do we go from here within the context of our theme in this meeting?

A check on the sectors under PHILEXPORT shows that aside from electronics, automotive parts and garments, most of Philippine exports are resource-based. Handicrafts, furniture, fashion accessories, jewelry, and the biggest single group, food, all depend on our natural resources and favorable weather conditions.

It is comforting to note that there are more and more business groups and companies getting involved in the issue of environment and climate change.

As part of their current business models, many makers of automotives and computer hardwares, for example, are coming up with designs and components that are recyclable and environment-friendly.

I can also site a few SME initiatives that can serve as inspiration for other SME companies or organizations.

On a sectoral scale, I know that Cebu FAME, the fashion accessories group in Cebu, are already into green production and sourcing. The same challenge is being “forced” on food manufacturers who are more and more dictated by their markets and consumers to do away with the use of pesticides and other inputs and processes that are not in harmony with good environment practices. In garments, eco-friendly labels and standards have been advocated by developed countries and those who comply have made this their strong selling point. You must also be familiar with ISO14000 and SA 8000, standards that promote the environment and which buyers are increasingly requiring from their suppliers.

Of these sectors, the agri-based is most susceptible to the negative effects of climate change and the degradation of our environment. Our fishing industry is being threatened with scarce harvests because of the abuse of our seas. Our furniture and home furnishing industry is now importing wood and rattan as raw materials. We now have millions of hectares of bald, treeless mountain ranges waiting to be replanted.

Floods and droughts that have come more frequently in the past decade is threatening the productivity of farmlands. It is because there are pretty few trees and vines on critical watersheds.

The long-term viability of these indigenous exports depends on whether or not we can produce in our own country the raw materials needed for our resource- and farm-based exports. This is made even more pressing with new non-tariff barriers that our trading partners like Europe and the United States have adopted. Examples of these are the Food Safety Enhancement Act of the United States that requires pre-shipment tests of food exports to the US and the regular inspection by the USFDA of food processing and packaging plants here. Another is the traceability requirement in Europe for fish catches and wood for furniture exports to the US. All of these laws are to take effect this coming January. All of these new developments point to only one thing. Within this decade, indigenous exporters themselves will have to double their efforts to grow or produce their own raw materials. It may be done on an individual basis, by

an industry group, or in partnership with farmers and cooperatives and other stakeholders. Specifically, furniture-makers will be forced by international rules and local laws to grow their own trees for their own timber needs, either by themselves or by some partners. It will be the only viable formula for survival and sustainability.

The food producers are also required to do the same following international good manufacturing and agricultural processes. Organically grown crops, poultry and livestock will be an absolute must in a few more years. It is what the global food market is now leading to.

The next President may have to seriously consider coming out as top priority the enactment of a National Land Use Plan that should include a national crop zoning plan. It should, once and for all, determine which areas will be devoted to critical farm products like rice and corn, which ones are devoted to coffee, to natural fiber for home-sewn garments, pineapple and so on and so forth.

Another must is for the government, particularly the Department of Environment and Natural Resources, to promote reforestation of bald mountains by private investors and harvesting under long-term, affordable lease contracts. A critical intervention is addressing the issues of security, infrastructure and transportation to facilitate re-planting and harvest.

We admit that this government, and any government of this country in the next decades, will have difficulty shouldering the reforestation program. The latest estimate was that it would cost at least P13 trillion to reforest our bald mountains. This is equivalent to our national budget for the next eight years and three times as much as the country's total indebtedness. For this reason, private sector involvement will be the catalyst.

At any rate, the stakes are too high for us to ignore the challenge to make a difference in this area. We certainly do not want a repeat of Ondoy. But if we continue to be indifferent, we might as well equip each home with floaters, each Filipino with a lifevest and our country with speed boats.

I hope that this GMM has helped rekindle this spirit of bayanihan, this time in defense of our battered Mother Earth and nature.

Thank you and good afternoon.