

**Speech of**  
**HONORABLE ANGELO T. REYES**  
**Secretary, Department of Energy**

Opening Ceremony and Welcome Address  
Asia Biofuel Investment Summit 2009  
“Promoting Biofuel-Friendly Infrastructure”  
Manila Diamond Hotel, Amethyst Room (2/F)  
31 March 2009, 0900H

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GOOD MORNING EVERYONE. I KNOW YOU WERE EXPECTING OUR PRESIDENT, HER EXCELLENCY GLORIA MACAPAGAL-ARROYO, TO SPEAK TO YOU THIS MORNING. INSTEAD, YOU WILL ONLY HAVE ME. THIS IS UNFORTUNATE FOR YOU AND FORTUNATE FOR ME. INDEED, BECAUSE I AM SECRETARY OF ENERGY AND CHAIRMAN OF THE NATIONAL BIOFUELS BOARD, I AM EXTREMELY PLEASED TO BE AFFORDED THE OPPORTUNITY OF ADDRESSING THIS VERY IMPORTANT GATHERING OF INVESTORS, FUNDING AGENCIES, GOVERNMENT REGULATORS, AND MAJOR PLAYERS IN THE GROWING BIOFUELS INDUSTRY.

ALL OF US PRESENT HERE ARE DOUBTLESS ACUTELY AWARE OF THE HEIGHTENED NEED FOR ENERGY INDEPENDENCE AND SECURITY, GIVEN THE

ECONOMIC TURBULENCE OF THE TIMES AND THE POTENTIAL FOR INCREASED POLITICAL TURBULENCE AS WELL. COUNTRIES ALL OVER THE WORLD ARE KNOWN TO BE EXPLORING ALL POSSIBLE AVENUES TO ENSURE THAT THE ENERGY REQUIREMENTS OF THEIR ECONOMIES ARE MADE SUFFICIENT, STABLE, AND SUSTAINABLE. ALL OVER THE WORLD, THERE IS A DETERMINED EFFORT TO MANAGE ENERGY DEMAND, INCREASE ENERGY EFFICIENCY, AND DEVELOP ADDITIONAL ENERGY SUPPLY SOURCES. THERE IS NOW, MOREOVER, A GENERAL ACCEPTANCE THROUGHOUT THE WORLD THAT ENERGY UTILIZATION MUST BE CONSISTENT WITH THE NEED FOR THE PROTECTION AND PRESERVATION OF OUR PLANET'S FRAGILE ECOSYSTEMS. OUR USE OF ENERGY MUST NOT DAMAGE OUR ENVIRONMENT.

BIOFUELS ARE AN IMPORTANT COMPONENT IN THE STRIVING FOR ENERGY INDEPENDENCE AND SECURITY. THEY ARE NOT ONLY AN INDIGENOUS SOURCE OF ENERGY, BUT THEY ARE ALSO A CLEANER, LESS ENVIRONMENTALLY-DAMAGING

SOURCE OF ENERGY. ACCORDINGLY, THE GOVERNMENT TOOK THE INITIATIVE IN 2004 TO INCREASE THE USE OF BIOFUELS BY PILOT-TESTING THE BLENDING OF 1% COCO METHYL ESTER WITH DIESEL AND REQUIRING ALL GOVERNMENT-OWNED VEHICLES TO USE THIS BLEND. THIS ALLOWED US TO EXPERIENCE FIRST-HAND THE BENEFITS OF USING BIOFUELS. THE GROWTH POTENTIAL IN BIOFUELS PRODUCTION AND DISTRIBUTION WAS OBVIOUS. THAT IS WHY WE HAVE TAKEN A SYSTEMATIC APPROACH TO MAKE SURE THAT THIS YOUNG INDUSTRY WILL DEVELOP AND MATURE.

A CRUCIAL STEP, AS YOU ALL KNOW, WAS GETTING THE BIOFUELS ACT OF 2006 ENACTED INTO LAW. THIS WE MANAGED TO DO IN JANUARY 2007 WITH THE HELP AND PERSISTENCE OF SENATOR MIGUEL ZUBIRI. THIS PIECE OF LEGISLATION, THE FIRST OF ITS KIND IN ASIA, GUARANTEED THE DEMAND FOR BIODIESEL OUTPUT BY MANDATING THE SALE, INITIALLY, OF A 1 PERCENT BIO-DIESEL BLEND AT ALL FUELING STATIONS IN THE COUNTRY. THIS LAW ALSO MANDATED THE SALE, LIKEWISE

INITIALLY, OF A 5 PERCENT BIOETHANOL-GASOLINE BLEND.

IN ADDITION, THE BIOFUELS ACT PROVIDED ATTRACTIVE INCENTIVES FOR INVESTORS WHO DEVELOP AND PRODUCE BIOFUELS. AS A RESULT, FROM TWO PLANTS IN 2004, THERE ARE NOW 11 BIOFUEL PLANTS OPERATING IN THE COUNTRY. IN JUST FOUR YEARS, WE HAVE WITNESSED AN INCREASE IN BIODIESEL INVESTMENTS THAT HAS RESULTED IN A STAGGERING 623% INCREASE IN AGGREGATE DOMESTIC PRODUCTION CAPACITY, FROM 53 MILLION LITERS IN 2005 TO 383 MILLION LITERS AT PRESENT.

TO FURTHER ENTICE LOCAL COMPANIES INTO INVESTING IN BIOFUELS FACILITIES AND INFRASTRUCTURE, THE GOVERNMENT HAS GIVEN PRIORITY TO THE UTILIZATION OF DOMESTIC FEEDSTOCK MATERIALS FOR THE PRODUCTION OF BOTH BIODIESEL AND BIOETHANOL. AS A RESULT, THERE ARE NOW MORE THAN A DOZEN COMPANIES WHO HAVE SIGNIFIED THEIR INTENTION TO ENTER THE INDUSTRY. ONCE APPROVED, THESE PROJECTS

WILL BRING IN APPROXIMATELY \$1.1 BILLION, OR ABOUT P53 BILLION, IN TOTAL ADDITIONAL INVESTMENTS.

MORE THAN TWO YEARS INTO THE IMPLEMENTATION OF THE GOVERNMENT'S NATIONAL BIOFUELS PROGRAM, WE ARE STILL IMPROVING THE "RULES OF ENGAGEMENT" IN ORDER TO FAST-TRACK INVESTMENTS IN THE BIOFUELS INDUSTRY. IN OCTOBER 2008, THE NATIONAL BIOFUELS BOARD, TOGETHER WITH CONCERNED GOVERNMENT AGENCIES, ISSUED A JOINT ADMINISTRATIVE ORDER ON GUIDELINES GOVERNING THE PRODUCTION OF BIOFUEL FEEDSTOCK AND BIOFUEL BLENDS, AS WELL AS THEIR DISTRIBUTION AND SALE. IN ADDITION, WE HAVE INCREASED TO 2% THE MANDATED BIODIESEL BLEND AND STARTED THE IMPLEMENTATION OF THE MANDATED 5% BIOETHANOL BLEND. THE DOE IS CURRENTLY STUDYING EVEN FURTHER INCREASES IN THE BLEND PERCENTAGES, GIVING CAREFUL CONSIDERATION TO THE AVAILABILITY OF FEEDSTOCK AND THE RESULTING FINAL PRICES.

THE GUIDELINES WE HAVE PUT TOGETHER ALSO PROVIDE FOR THE CREATION OF A ONE-STOP SHOP UNDER THE SUPERVISION OF THE NBB. WE ARE CURRENTLY HOLDING CONSULTATIONS WITH VARIOUS STAKEHOLDERS IN ORDER TO ESTABLISH THE NECESSARY RULES AND REGULATIONS GOVERNING THE OPERATIONS OF THIS ONE-STOP SHOP. ONCE OPERATIONAL, THIS ONE-STOP SHOP WILL FURTHER SPEED UP THE PROCESSING OF BUSINESS APPLICATIONS IN THE BIOFUELS SECTOR.

I WOULD LIKE TO ASSURE EVERYONE GATHERED HERE THIS MORNING THAT THE PHILIPPINE GOVERNMENT IS FULLY COMMITTED TO SUPPORT THE DEVELOPMENT AND MATURATION OF THE BIOFUELS INDUSTRY IN THE COUNTRY.

AS I STRESSED EARLIER, THERE IS A GREAT GROWTH POTENTIAL FOR THE LOCAL BIOFUELS INDUSTRY. BASED ON OUR PROJECTIONS GIVEN THE 2% MANDATED BIODIESEL BLEND, BIODIESEL REQUIREMENTS WILL INCREASE TO 160 MILLION LITERS IN 2014, FROM 133 MILLION LITERS THIS YEAR. FOR BIOETHANOL, GIVEN THE MANDATED 5%

BLEND WHICH WILL BE INCREASED TO 10% IN 2011, THE REQUIREMENTS WILL RISE TO 536 MILLION LITERS IN 2014, FROM 208 MILLION LITERS THIS YEAR.

GIVEN THESE PROSPECTS FOR GROWTH, WE ARE STRONGLY ENCOURAGING INVESTMENT IN THE BIOFUELS INDUSTRY. THIS SUMMIT IS AN OPPORTUNITY TO INVITE ALL OF YOU. IT IS ALSO AN OPPORTUNITY FOR US TO BUILD STRONG PARTNERSHIPS WITH OUR ASIAN FRIENDS AND FORGE STRATEGIC ALLIANCES THAT WILL BENEFIT US ALL. WE RECOGNIZE THAT OUR ASEAN NEIGHBORS LIKE MALAYSIA, INDONESIA, AND THAILAND HAVE MADE CONSIDERABLE PROGRESS IN THEIR RESPECTIVE BIOFUELS PROGRAMS. I AM CERTAIN THAT WE HAVE MUCH TO LEARN FROM EACH OTHER. OUR EXCHANGES IN POLICY, TECHNOLOGY, AND INFRASTRUCTURE WILL HELP US DEVELOP THE BEST STRATEGIES TO PURSUE THE INCREASED AND OPTIMAL UTILIZATION OF BIOFUELS IN OUR RESPECTIVE COUNTRIES.

TO END, I WOULD LIKE TO EXPRESS MY CONGRATULATIONS TO THE ENERGY NETWORK AND ARC MEDIA GLOBAL FOR ORGANIZING THIS SUMMIT. I AM CONFIDENT THAT THIS SUMMIT WILL BE INSTRUMENTAL IN SUSTAINING THE ONGOING LINKAGES AMONG BIOFUELS PARTNERS IN ALL OUR COUNTRIES. IT IS THROUGH THOSE LINKAGES THAT A SUSTAINABLE BIOFUELS INDUSTRY SECTOR WILL BE BUILT AND A CLEANER ENVIRONMENT WILL BE ACHIEVED FOR OURSELVES AND OUR CHILDREN.

THANK YOU AND MY WARMEST WELCOME TO YOU ALL.