

Center for Strategic and International Studies

TRANSCRIPT

Event

**A Conversation with Secretary Ma. Theresa Lazaro of the
Philippines**

DATE

Thursday, June 4, 2026 at 4:00 p.m. ET

FEATURING

Ma. Theresa Lazaro

Secretary of Foreign Affairs of the Philippines

CSIS EXPERTS

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Transcript By

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Victor Cha:

Good afternoon, everyone. Welcome to CSIS, everyone here in person as well as those of you online. My name is Victor Cha. I'm president of the Geopolitics and Foreign Policy Department here at CSIS and professor at Georgetown. We are very pleased today to welcome you to the next installment of the CSIS ASEAN Leadership Forum, which is a premier venue for senior officials from Southeast Asia and other key dialogue partners to address today's pressing issues before a Washington, D.C.-based policy audience.

This event is also part of the CSIS U.S.-Philippines Initiative. This initiative is one of our most productive fora, in which we try to deepen understanding between the United States and its oldest Indo-Pacific ally.

Before we get started, just so that you're all aware of the terms, the proceedings today are on the record. We are livestreaming this event on our website. For those of you who are watching online, you are also invited to ask questions through our webpage. And of course, those of you in the room will be invited to ask questions as well.

This event is made possible today by CSIS, our Southeast Asia Program. Thank you in particular to Greg Poling, the director of our Southeast Asia Program, and his team for organizing the event, as well as moderating today's conversation with our guest of honor.

So let me introduce our guest of honor. Maria Theresa Lazaro is a Filipino diplomat and lawyer who currently serves as the 29th secretary of the Department of Foreign Affairs of the Philippines. She was previously the department's undersecretary for bilateral relations and ASEAN affairs from 2021 to 2025. With a diplomatic career spanning over 40 years, Secretary Lazaro has previously served as the Philippine ambassador to France, the Philippine ambassador to Switzerland, and the consul general to Sydney, Australia.

The foreign minister will give some brief remarks, which will then be followed by a moderated conversation with Greg Poling, our Southeast Asia director. So, ladies and gentlemen, if we can give a warm CSIS welcome to Her Excellency Maria Theresa Lazaro.

Secretary MA.
Theresa Lazaro:

Thank you very much.

Ambassador "Babe" Romualdez, Philippine ambassador to United States; Victor Cha; Greg Poling; distinguished guests; ladies and gentlemen, good afternoon. Whenever I speak on Philippine foreign policy to an American audience, I find myself caught in a productive tension. On one hand, it is deeply comforting to speak among lifelong allies. On the other hand, the sheer maturity of our relationship challenges me to offer you something

fresh. Today, I want to bypass the standard diplomatic platitudes. I want to talk about investment – not just in terms of dollars and cents, but as a shared strategic choice.

Our core message today is simple: Investing in a strong, resilient, and modern Philippines is the single most effective way to invest in the future of our alliance and the stability of the Indo-Pacific.

Before we look to the region, let us look at our global responsibilities. Our commitment to global order remains unshakable. While our bid for the United Nations Security Council for '27-'28 term was a rigorous climb, our mission remains unchanged. We extend our deepest gratitude to the nations that shared our vision. The Philippines will continue to act as a partner, pathfinder, and peacemaker on the world stage, amplifying the causes of the Global South and advocating tirelessly for a rules-based international order.

No nation can navigate the shifting geopolitics of our time alone. This is why the Philippines has stepped up to assume the rotating chairship of the ASEAN under the theme “Navigating Our Future, Together.” We mean this literally. Under President Ferdinand Marcos Jr.’s leadership, we are steering ASEAN away from abstract declarations and toward concrete, practical deliverables.

To achieve this, we have structured our chairship around three interconnected action-oriented pillars. First, we are building peace and security anchors by championing international law and regional dialogue. Second, our prosperity corridors drive economic integration, digital transformation, and clean energy transitions. And, finally, people empowerment guarantees that this growth translates into social inclusion and protection for all.

At the recent Cebu Summit last month, we put these pillars into action. We advanced cross-border energy grids to share clean power, secured regional food and fuel supplies against global shocks, and established a unified framework for rapid disaster response. Crucially, we prioritized the safety of ASEAN nationals worldwide – particularly our seafarers, who sustain global trade. These are not paper agreements; they are operational tools designed to protect lives, safeguard our citizens, and empower our economies.

This cooperative spirit stems from the Treaty of Amity and Cooperation, which we call TAC, which celebrates the 50th anniversary this year. The ASEAN Treaty of Amity and Cooperation’s core principles – or, mutual

respect, noninterference, peaceful settlement of disputes – have built a stable foundation that helped ASEAN become the world’s fifth-largest economy. To honor this milestone, we are gathering the treaty’s 58 High Contracting Parties in July to turn these enduring principles into real world conflict prevention actions.

In close to six decades – ASEAN will be 60 years old next year – ASEAN remains the indispensable platform for Indo-Pacific engagement. Our unique convening power keeps expanding, evidenced by welcoming Timor-Leste as our 11th member and by our deep integration with external partners. The United States stands as a vital pillar in this framework, serving as a comprehensive strategic partner. By consistently bringing everyone to the same table, ASEAN has earned its place as an honest broker and sincere mediator in today’s highly volatile geopolitical landscape. This role is more critical than ever.

This brings me to the heart of the Philippine-U.S. relationship. This year, 2026, marks a historic convergence of milestones. We celebrate the 80th anniversary of our diplomatic relations, the 75th anniversary of our mutual defense treaty, and the historic 250th founding

anniversary of the United States. Eight decades of partnership have made us family, but we cannot let the comfort of history blind us to the demands of the future.

President Marcos has visited the United States every year since taking office. His message to Washington has been unwavering: The Philippines is a capable, reliable, and steadfast partner.

We are actively modernizing our defense capabilities, but the modern military cannot stand on a fragile economic foundation. Historically, alliances were measured primarily by troop numbers and military hardware. Today, the frontlines of security are also found in supply chains, microchips, and energy grids. This is where the concept of investment becomes vital. When you invest in the Philippine economy, you are directly reinforcing our national security. Making the Philippines economically stronger and resilient is what makes us a highly credible, capable partner in the Indo-Pacific.

Look at what we have achieved recently. In March 2025, we signed the Joint Vision Statement on Defense Industrial Cooperation, laying the groundwork for defense tech co-development. In April of this year we joined the U.S.-led Pax Silica initiative, securing our digital and technological frontiers. We are aggressively expanding the Luzon Economic Corridor, bringing in new international partners to build high-standard infrastructure, secure semiconductor supply chains, and process critical minerals. This is the

modern alliance in action, a powerful convergence of defense integration and economic security.

This combined strength is essential as we face mounting pressures in our maritime domain. Yet, let me be absolutely clear: Our strength is not designed for aggression; it is shield for peace. The Philippines remains resolutely committed to diplomacy, open dialogue, and the peaceful settlement of disputes.

Alongside the United States and our likeminded partners, we stand firm in defending a free and open Indo-Pacific. Our guiding conviction is simple: Right is might. We do not stand on raw power; we stand on law. Specifically, we stand on the 1982 Convention on the Law of the Sea, or UNCLOS. And we stand on the 2016 Arbitral Award on the South China Sea, which celebrates its landmark 10th anniversary next month. The Arbitral Award is not a mere policy position; it is settled international law, now firmly woven into the global legal corpus. It is final, binding, and nonnegotiable.

By defending this legal foundation, we prove that the rule of law must always prevail over the rule of force. We deeply appreciate the intellectual and policy leadership of CSIS and AMTI through the annual South China Sea Conference. You provide the analytical clarity that cuts through the geopolitical noise. You help the world see the West Philippine Sea not as a distant flashpoint of raw power, but as a critical space where the imperative of right over might must prevail.

In conclusion, ladies and gentlemen, as partners bound by history and shared ideals our nations are navigating toward a common future. Amidst the geopolitical headwinds, let us remember that strength is not just about resisting pressure; it is about building capability. By

investing in the Philippines' economic vitality, defense modernization, and regional leadership, we ensure that the alliance we celebrate today will remain the cornerstone of Indo-Pacific peace for the next 80 years.

Before I conclude, as we have now entered the month of June, let me extend my warmest advance greetings to the Filipino community here in the United States as we – as we prepare to celebrate the 128th anniversary of the Proclamation of Philippine Independence.

Thank you, and I look forward to our discussion. Thank you very much. (Applause.)

Gregory B.
Poling:

Thank you very much, Secretary Lazaro, for the opening remarks, and especially for the bit of flattery there at the end about –

Sec. Lazaro: (Laughs.)

Mr. Poling: – our South China Sea Conference, which will be July 7th this year if anybody’s wondering –

Sec. Lazaro: Yes.

Mr. Poling: – just before the Arbitral anniversary.

You set me up with a bit of a slow pitch there, so I guess I’ll go for it: Anything you would like to say about the upcoming July 12th anniversary and how the Philippines will seek to leverage the 10-year anniversary of the Arbitral Award to advance its legal position in the South China Sea?

Sec. Lazaro: Well, the 10th-year anniversary of this 2016 Arbitral Award is very important. And what – we have a series of meetings and discussions. In fact, on the day itself, we cannot celebrate it on July 12th, so we’re celebrating it on July 10th. And we have already requested like-minded countries to bring all their experts on this issue, on UNCLOS, and the other related issues, and there will be a very big meeting in Manila on this. And there – let’s see, there will be – there will be various discussions on this, particularly on this topic, and this will involve those countries that have really supported us all throughout.

Mr. Poling: And I will admit I was invited by the embassy.

Sec. Lazaro: Oh, OK. Good. (Laughs.)

Mr. Poling: But our conference is on July 7th, so I’ll extend my personal apologies. (Laughter.)

Sec. Lazaro: I see, I see. I hope you can, you – but I’m sure you have other activities, but would like you to be there.

Mr. Poling: But picking up on that, yesterday the Philippines got some bad news at the U.N. that Kyrgyzstan was getting the rotating Security Council seat. I imagine there would have been an effort to leverage that seat over the next two years to advance the Philippine position. I’d like to let you have anything else you’d want to say about the vote yesterday. But then to give it a silver lining, you know, what would the Philippine agenda have been over the next two years in the U.N. GAC?

Sec. Lazaro: Well, if we had won that seat in the Security Council, there are various issues. It’s really basically peace and security. We’re very proud of what we have done in the Bangsamoro, in the south of Mindanao, the peace process, although it has its own difficulties and challenges. There will be elections in

September of this year. And that is really a manifestation of how – of how we conducted ourselves in reaching this stage. There will also be discussions on the nexus of climate change and security, and this really affects a good number of countries. Those are those are – those are the things that we really wanted to project. There will also be – it’s really strengthening, also, of South-South cooperation in developing countries. And, well, there are so many issues in the Security Council, but we will be more or less focusing on these very important aspects,

Mr. Poling: And looking beyond the July 12th anniversary, I suppose the next date on the calendar that will be relevant to the South China Sea will be the ASEAN ministerial meeting –

Sec. Lazaro: Yes.

Mr. Poling: – and the ASEAN Regional Forum in August –

Sec. Lazaro: Right. In July.

Mr. Poling: Or, I’m sorry, in July. Any sense of what the priorities will be there in the leadup to the fall summits, and in particular – if I don’t ask, somebody will – on the progress on the Code of Conduct?

Sec. Lazaro: SEC. LAZARO: Oh, OK. But first, what will be emphasized during the ministerial meeting is maritime cooperation. It has been a theme – a prevailing theme – in that even our – the overall theme of “Navigating Our Future, Together,” I mean, it’s just what it is all about. But maritime cooperation. We intend – hopefully, by this time one of the deliverables is the establishment of a Center on Maritime Studies in Manila – ASEAN Center on Maritime Studies. And this is not only limited to the issues of the South China Sea; we will be including other aspects, including shipping and, you know, decarbonization issues, the whole gamut of issues that pertains to the maritime issue.

There will also, of course, be – because there are three pillars: the political, the economic, and the – and the socio-cultural.

On the economic – and we keep on repeating this – hopefully, by November, during the second summit, we will be – it’s already going towards the direction of delivering the DEFA. Here I go. It’s the Digital –

Mr. Poling: Digital Economy Framework.

Sec. Lazaro: Yes. (Laughs.) You know, I’m so used with ASEAN, with so many of – (laughs) – of these letters. But the digitalization is – framework is a very important deliverable of ASEAN, and that is in the economic aspect.

And you'll be surprised with the socio-cultural aspect. We hope to also achieve and have this – the silver economy. We have the blue economy, we have all this. But a silver, what is this? It's really the – making use of the aging citizens that they have, also the other – the other things in their lives that they can do and be useful. But all of these are all towards having this idea of more or less the very important subjects to be tackled.

Mr. Poling: Thank you.

And, obviously, we're here in Washington, so need to talk about the bilateral relationship. In this audience, it's not going to surprise anybody that the alliance has made remarkable strides in modernizing and becoming more equitable over the last four or five years. Looking forward, what's next? I mean, we've done so much: the defense guidelines, the GSOMIA, the Luzon Economic Corridor. Where do we go from here?

Sec. Lazaro: Well, as I mentioned, I think now we really have to shift and really looking into our economic cooperation related to – related to defense. One of these – and it has been started – is the cooperation, the – how do you say this? – this economic cooperation and defense issues. This is something that we'd like to see – we'd like to, I mean, materialize.

Of course, there is the Luzon Economic Corridor we're looking into, also, whereby indeed Pax Silica, this coalition of likeminded – now there are seven countries that are very interested. And I think there's another – more countries that are interested, and hopefully the infrastructure, it could be built to help – to help this high-tech industry, AI and many other issues.

These are something that – these are the things we'd like to look into. And that could be, of course, the future of our relationship.

Mr. Poling: And on the now multilateral nature – not just trilateral –

Sec. Lazaro: Yeah.

Mr. Poling: – the U.S.-Japan-Philippines; the multilateral nature of Luzon Economic Corridor – what do those different parties bring to the table? Australia – Sweden is one of the seven, right? I mean, who does what that amplifies this in a way that the three of us weren't before?

Sec. Lazaro: Well, there are values issues. Example is the maritime awareness domain. Australia is very active there and some other countries. We have signed several VFAs – visiting forces agreement – which actually strengthens our position, and – on these military exercises that we're having. So we have with Japan the Reciprocal Agreement, RAA. Now there is a VFA with France that

we're about to finish and to be ratified. And coming up is Canada and New Zealand. Of course, Australia has been a longtime VFA partner.

So all of these are, I think, geared towards strengthening the training aspects. And I guess, as I have said, I think maritime cooperation is really very important, and maritime awareness is that – a very important issue.

Mr. Poling: And we saw that with last month's Balikatan, the most –

Sec. Lazaro: Mmm hmm, yes.

Mr. Poling: – the largest and most multilateral Balikatan ever.

Sec. Lazaro: Correct, correct. It is.

Mr. Poling: For many, many years we had the concept of the hub-and-spokes alliance system, the U.S. and the Philippines, and then some years later Australia on the counterterror.

Sec. Lazaro: Right.

Mr. Poling: But just suddenly in the last two years the Philippines has enmeshed –

Sec. Lazaro: Exactly.

Mr. Poling: – into this regional alliance network. How does that change the strategic position of Manila, or how does that get leveraged to advance the Philippine national interest?

Sec. Lazaro: Well, definitely it has advanced the – I mean, the position that we're having here. There are – I mean, this awareness of maritime domain, all of these issues in maritime cooperation, they have helped in consolidating or solidifying the positions that we have had. And I guess even in the – and to be very candid – intrusions from our friends, our northern neighbor, has sort of also – it has been quite limited. I think it's also giving us the position also of really talking on a – on a bilateral level, strengthening the framework of this issue of peaceful settlement of disputes. Our mechanism in dealing with them has also been – has also been sort of amplified, and all of these helps.

Mr. Poling: Pivoting to economics, you mentioned the Pax Silica entry. We have the new strategic economic zone, is it, in Clark that's going to be –

Sec. Lazaro: In Clark, yes.

Mr. Poling: Any details you can provide on how the Philippines views the role of that new zone and Pax Silica within this broader effort?

Sec. Lazaro: Of course, we welcome it. Of course, there are finer details that has to be defined, and it's just a matter of time, right? I think our people are looking into that – into that. Of course, the legalities always come very important in this aspect. But we definitely welcome it, and I think discussions are continuing.

Mr. Poling: To put a bit of a damper on things, we also – we sit here, there is still a war going on in Iran. There is still an enormous disruption to all the economies of the region.

Sec. Lazaro: Yes.

Mr. Poling: But the Philippines has suffered the second-highest increase in retail fuel –

Sec. Lazaro: Correct.

Mr. Poling: – rise in the region, behind only Myanmar, and that's put a real crimp in all the projections –

Sec. Lazaro: Of course. Mmm hmm.

Mr. Poling: – of Philippine economic growth this year. I guess two-part question: How does the government adapt to that, you know, now very challenging external environment and change blends accordingly? And how does that color engagements here in Washington?

Sec. Lazaro: Well, first of all, I think the President Marcos administration has been doing its best in all of this, in calibrating and cushioning the impact to the Filipino people. There were two issues, actually, when the start of this – of this problem, the Middle East crisis.

One is, really, the supply. We were very worried about the supply. But now I think we have sufficient supplies because of our good relations with many countries. We have been getting a good amount of supplies. That gives us a cushion that we have about 60 or even 90 days of supplies. However – petroleum supply.

However, it's really the cost that's really taking a toll, and it's even affecting our growth rates. But, be that as it may, I think the government has done everything. We've been providing the necessary assistance to the poorest of the poor, and how for them they can cope, from the farmers to the – to the drivers to the truck drivers, including, I mean, to the fisherfolks. This is how the government is targeting the situation until such time that – you know,

prices now are sort of stabilizing. But that's how the government is really looking into it.

Mr. Poling: Last question from me and then I'll turn to the audience, so please prepare your questions, those here and online.

Here in Washington we are consumed with our own tariff levels and negotiations on ARTs and 301 investigations, but the Philippines has been very active on the multilateral trade front – bidding for CPTPP entry, seeking to conclude a(n) EU FTA this year. How do you think about the Philippines' efforts on the trade front beyond the U.S., beyond this current trade moment?

Sec. Lazaro: Well, as you said, I think we are really in a if I can describe it as an FTA spree, because the free trade agreements that we have been negotiating and concluded and about to conclude are there. We just finished signing this FTA, by but another name, with UAE. Now we are finishing one here in South America, I think, with Chile and there's one with Peru. And there's, of course, the most important is that of the FTA between the Philippines and EU, which I heard from reliable sources will be finished by the middle of this year. So these are very important to us, these free trade agreements.

Mr. Poling: Thank you.

All right, that's enough from me. Let me open it to our audience. Something told me Demetri was going to get his hand up first. (Laughter.) Rules: Please identify yourselves; and make your question a question, not a comment. Do we have hand mics or stand – hand mics. Lois, over here, please.

Q: Good afternoon. My name is Demetri. I'm the U.S.-China correspondent at the Financial Times.

I want to ask you about deterrence. Over the past month, Donald Trump went to China. He adopted some of Xi Jinping's talking points on Taiwan. He suggested that arms sales were a negotiating chip with China. Pete Hegseth, when he went to the Shangri-La Dialogue, did not mention Taiwan. And then we have wider concerns about U.S. weapons stockpiles being depleted because of the war in Iran. How confident are you that U.S. deterrence in the Indo-Pacific is resilient?

Sec. Lazaro: Could we have the – what was the question again? Can you please repeat?

Q: Yeah. How confident are you that U.S. deterrence in the Indo-Pacific region is resilient?

Sec. Lazaro: Well, let me just look – give you the perspective of the Philippines when it comes to Taiwan. We have only two perspectives. One is, of course, the

proximity. We're only 70 nautical miles away, the northern part of the Philippines. And second is the 200,000 or even more Filipinos that are situated working there in Taiwan. These are really our concern, particularly the Filipinos, that we have.

So, with this – the discussions that they had by President Trump during his trip to Beijing is something that, well, we just hope that it goes to that direction, because in our minds what is important is how to take care of those Filipinos that are in Taiwan. So for us it's really looking at the – hopefully, the peaceful – the settlement of this issue of Taiwan because of the number of people that we have there.

Q: But you must be concerned about deterrence. If not, you wouldn't be doing all the things you're doing with the U.S. militarily.

Sec. Lazaro: Yes, the deterrence, of course, is something that we look forward to. But we – it is something that one should be – how do you say this? It's a calibrated one in the sense that it will not be – it will not really have a big issue in the neighborhood because of the many aspects. As I said, it goes back to our – to our big Filipino community there. Actually, our concern is how to evict them in case of that – if any of that situation. That is our – we discuss this almost on a – on a weekly basis if the issue of Taiwan comes. But perhaps it's a certain perspective that we have.

Mr. Poling: Thank you.

Lynn?

Q: Thanks so much. Thanks so much, Greg. Thank you, Secretary Lazaro. My name is Lynn Kuok, and I'm the Lee Kuan Yew chair at Brookings Institution.

My question relates to the events in the Middle East. Your president declared a national emergency and – national energy emergency in March. There are about – between a million and 2 million Filipino workers in the Middle East who are now impacted by – directly impacted by events there. And I understand that in your country there have been protests as a result of some of the events in the Middle East and how it's impacting Filipino workers, et cetera, and those protests were both demanding the government to do more but also protesting against the United States and Israeli actions in the Middle East. To what extent might sentiment – might negative sentiment on the ground translate upwards towards sentiments amongst, you know, policymakers, et cetera? And how might that change, if at all, Philippines policy towards the United States?

Sec. Lazaro: Well, you mentioned the number of Filipinos that we have there. Actually, it's 2.5 million in the GCC area alone. Of course, this has really had – this is one of

the concerns, as I mentioned to Taiwan about the Filipinos there. Again, we have more in the Middle East.

But how we looked at it, again, we touch on different – we tackle it differently. We did it through ASEAN. During the last meeting, the ASEAN summit last month in Cebu, one of the basic discussions is – of course, it was all about the Middle East. That’s why in my – in my statement we forgot – we did not discuss any other, but just focused on the Middle East. We talk about food security, energy security, and the third one – it’s the protection of ASEAN nationals. It’s not even just the Filipinos, because it’s the ASEAN nationals. So that’s how we look into the problem. Of course, the situation that’s going on, the discussions, we still are very hopeful that there will be something that will be coming out from the discussions between the United States and Iran, between Israel and Lebanon, and other issues in other countries there.

But – so what we’re doing is really to protect the ASEAN nationals. And for Filipinos we’re not only talking about land-based; we have about 500,000 seafarers. And – (laughs) – so, you see, the – I guess you will be – you’ll be looking at this – our problems are a little bit different because we’re talking about, really, human resources. And that’s why in every ship that passes the Hormuz, the Strait of Hormuz, our concern is our seafarers, because most of them are manning those ships and any, of course, altercation. That’s why when we have our seafarers, I’m just trying to compare when our – when those ships in the Red Sea were being hijacked by the Houthis and bring them to – bring them to Yemen, we have to ask friends, particularly Oman, to try to negotiate and get those that were hostage, Filipino seafarers.

So, you see, we have a different – a different perspective on how we do things. But that was a very important item of discussion during the ASEAN summit, resulting to that if there’s anything among ASEAN – like, example, a Singaporean plane, I think, landed in – and they – how many Singaporeans are there? So the objective was they asked the Filipinos to take over some of those vacant seats that were given. So that’s how we work now. We have a name for that, but that’s how we work together because we have to protect our nationals, particularly the Filipinos.

Q: Yes. Hello. Magandang hapon.

Sec. Lazaro: Magandang hapon. (Laughter.)

Q: Piper Campbell from American University.

I had the pleasure to serve under Ambassador Hubbard many, many years ago in the Philippines.

Sec. Lazaro: I see, I see.

Q: And we also – at American University, we host the ASEAN and Indo-Pacific Studies Initiative.

Sec. Lazaro: I see. Uh-huh. Mmm hmm.

Q: We had the pleasure to have Ambassador Romualdez speaking to students there not so long ago.

My question relates to two things, one of which you mentioned just a moment ago. During last month's summit, I know President Marcos pushed for operationalizing the ASEAN power grid and also described the importance of achieving a security – a framework agreement on petroleum security, saying that it should have been done yesterday. In both cases, although there was discussion, although there was some talk and commitment about moving forward, some – much of the assessment coming out of the meeting has been that not as much was achieved as where the benchmark that President Marcos had set. So, looking ahead to July, and Greg mentioned a little bit earlier the COC, I guess my question is: What would you consider measures of success coming out of the July summit? What do you want to see? What should we look for in those two areas, the energy and power grid, and then also in the COC?

Sec. Lazaro: Well, thank you. On energy, there are so many terms here, but I think there is already APSA, ASEAN Petroleum –

Q: Sharing.

Sec. Lazaro: – Sharing – (laughs) – again, I know all the initials, but I cannot – (laughter) – I cannot memorize all those names. But there is a provision in that petroleum agreement that if the source is – the supply is just 10 percent, it reaches a certain percentage, that ASEAN – neighboring ASEAN countries should be able to replenish. That is the – one of the main points, salient points of that agreement.

Concerning – let me touch on the COC. I think that is a very important deliverable, but it is for us a deliverable, hopefully, until the end of the year. In – I'll say in 2023 the foreign ministers at that time said these negotiations on the Code of Conduct is taking too long. True. And therefore, they were instructed by the foreign ministers to finish the Code of Conduct in three years, and that falls in 2026.

So what are we doing now? The meetings that are being convened is not every quarter; it's monthly. Monthly meetings now are being convened. And I think we're closing in on some important issues because there are four

milestone issues there: the scope; whether the agreement is legally binding or not; the third is what is the connection between the Code of Conduct and the declaration of the Code of Conduct; and the fourth one is terms of reference – and I have to be very candid, even the definition of self-restraint. So almost 10 years now they haven't defined – (laughs) – self-restraint, but slowly it's moving. And our target is really towards the end of the year.

We are of the view that this Code of Conduct will, in this – in the discussion, in the global discussion, we don't want this to be a chokepoint. That's what is happening in the Strait of Hormuz. This – the navigational areas should be free, and that's the reason why we have to finish this Code of Conduct.

Yes, it is very important that it is within the provisions of UNCLOS, and that's – and there's no other regime that should be accepted. While there are concerns that, you know, you might – you might be finishing this Code of Conduct but it is not – I mean, it's a bad Code of Conduct, no, we will make sure as the chair that this Code of Conduct – I mean, we consider it as a gift to the region, as a gift to the world, and we have to finish this on the right as appropriate.

Mr. Poling: Thank you.

I think I saw Satu next.

Q: Thank you, Secretary Lazaro. My name is Satu Limaye. I'm with the America + Asia Project and the Center for Naval Analyses here in Washington.

You began your talk focusing on investment, and my questions pertain to that. The U.S. is currently the largest investor in the Philippines. So, on that point, could you say a little bit more about what can be done to further increase U.S. investment?

And on the other side, as you know, this administration has a special focus on investment coming into the United States. The Philippines has greenfield investment over the last decade in approximately, give or take, 10, 12 states and territories in our country. What can be done to increase Philippines investment in the United States as well? Thank you.

Sec. Lazaro: Good question.

Well, first of all, to the first question, well, I mentioned Pax Silica, I mentioned the MOU on the critical minerals, I mentioned the Luzon Economic Corridor, although these three are intertwined. And we hope that the manufacturing base, that it's still issues which are being discussed, will be – will be established in Subic and, I mean, this corridor, which hopefully

will be a hub, a logistics hub. And I think this is the aspiration, our aspiration, as well as that of the region.

To their – to their – to your second question, we have – we have – I think we have already mature companies and industries that have really grown – that have really grown big and gone out of the country. Well, I'm not very familiar with many of them, but I know they are already searching. I think for a fact that there are certain companies that are already here, the blue-chip companies. And United States has always been a very important investment venue because of our – how many Filipinos do we have here?

Mr. Poling: Four-and-a-half million?

Sec. Lazaro: That alone – (laughs) – is already a view of the importance of the United States to us. Thank you.

Q: Hi.

Mr. Poling: Oh, I'm sorry, (Laughs). I couldn't see you. Please.

Q: I'm not sure if this – OK. Thank you so much for being here today. It's a pleasure to hear from you. My name is Meghan Murphy from McLarty Associates, alongside my colleague Ambassador Hubbard.

You mentioned the Digital Economy Framework, which the Philippines recently announced has been finalized. We were expecting a text earlier – text earlier in the year, but it will only be finalized and released in November. But I was wondering if you could share from negotiations that the Philippines chaired what you consider the greatest accomplishments of the Digital Economy Framework and perhaps what the Philippines wished may have been part of a final agreement but didn't make it in.

Sec. Lazaro: Yeah. I really want to answer you, but it's really our Department of Trade and Industry who's doing the negotiations. I just know for a fact that this is a commitment – this digitalization framework is a commitment of ASEAN, not only of the Philippines, because this really paved the way for a good number of development goals. I'm sorry, I just cannot give you the details of that, as I – as my department is not in charge of the negotiations. I'd love to, but probably somebody from the Trade and Industry can respond to that.

Mr. Poling: Thank you.

Any other questions? All right, gather your courage and your thoughts. I'll go back to my questions. I didn't get through all of them. (Laughter.)

President Marcos just finished a trip to Tokyo.

Sec. Lazaro: Yes.

Mr. Poling: Japan I will, as an American, gladly admit is probably – (laughs) – the most important partner for the Philippines behind the U.S., historically. And now it's gone beyond just the economic relationship to this new budding security partnership that you addressed earlier.

Sec. Lazaro: Correct. Yeah.

Mr. Poling: What were the takeaways from that trip? And where do you – I mean, I guess, is there a ceiling anymore on what Manila and Tokyo can do together?

Sec. Lazaro: Well, there's still a lot of things to do together. But this state visit really has – I mean, now it is evolve into a comprehensive strategic partnership, probably one of the highest cooperative endeavors and relationships that we have. There were so many – well, there were defense agreements that were signed, but aside from defense, of course, the economic aspect. But there's a lot of people to people, continuous development, human resource development goals. It's really the whole gamut of the relationship has already – has been embodied in this visit. It's really probably one of the most dynamic in terms of the relationship.

But I guess this is also the years, like, our – there's also agreement signed on infrastructure. I mean, basically, I don't know how much percent, but 85 to 90 percent of our infrastructure is supported by JICA, by Japan. So this is very important in our development goals. Japan has always been part of this this direction, and there's a lot going on. I mean, even in my capacity as secretary of foreign affairs I've been signing so many of these notes: bridge in Mindanao; how do you say, the subway in Makati. There's numerable. But this is very important to our development.

Mr. Poling: Emma.

Q: I'm Emma Chanlett-Avery, Asia Society Policy Institute.

One specific follow-up to Greg's question. With Japan recently shifting its arms export policy to include lethal arms, I wonder if the Philippines thinks that that's going to lead to more exchanges, arms sales, or transfers from Japan.

Sec. Lazaro: I guess the relationship now, in terms of arms sales, is very limited to certain provisions. I don't think we are into that.

But one thing that is – one thing that is very important in the – in the defense cooperation is that of the – of the one-theater concept, which means that the South China Sea and the East Sea will be seen as one theater. They call it one theater. So I guess that's one aspect that is quite important and was reiterated during the discussions.

Mr. Poling: A follow-up to Emma's follow-up on my question.

Sec. Lazaro: Yes, yes. (Laughter.)

Mr. Poling: The announcement that I think took me most by surprise was the announcement that the Philippines and Japan were ready to start maritime delimitation talks, which has –

Sec. Lazaro: Mmm hmm, yeah. I was- I was thinking of that, actually.

Mr. Poling: – irritated both Beijing and Taipei, I think. But this was not something I was looking for.

Sec. Lazaro: Yeah.

Mr. Poling: Anything you can say about those talks and how to manage the trilateral – well, really the quadrilateral problem there?

Sec. Lazaro: Yeah. Well, yes, China immediately reacted to the announcement of the delimitation talks. Actually, we have – we do have a lot of delimitation talks with Indonesia, with Palau, with so many countries because of probably the colonial situation – (laughs) – that we had in the past.

However, it is our view that – I mean, I don't think there's any concern that should be – there should be no concern that I'm saying, because Taiwan is not part of the discussions. Taiwan is not part of the delimitation talks. So it's only us and Japan. And I – and I think we conveyed that information. So we can just put Taiwan aside. But that's how it works, but it's very important for us to have these delimitation talks.

Mr. Poling: Anybody else? All right, I'll keep going.

The other big recent bilateral visit was from Vietnam, where we also had –

Sec. Lazaro: Yes, yes, yes.

Mr. Poling: – General Secretary To Lam come and elevate the Philippine-Vietnam relationship –

Sec. Lazaro: Again –

Mr. Poling: – to a comprehensive strategic partnership.

Sec. Lazaro: I've waited again, yes, yes.

Mr. Poling: From very little just a few years ago, it seems like Philippine-Vietnam collaboration has become maybe the most dynamic within ASEAN.

Sec. Lazaro: It has.

Mr. Poling: Anything you can say about where that's headed?

Sec. Lazaro: Well, simply because we're two of the most important climate claimant states, we have the same moral situation. Of course, they have the Paracels and we have the South China Sea. Again, we have a lot of discussions, agreements on the waters, on the – on concerns on the South China Sea. And we have also even in the United Nations some principles that we have been bringing around and discussing. And it's actually the ECS –

Mr. Poling: Extended continental shelf?

Sec. Lazaro: Extended continental, see? See, I remember all the initial. (Laughter.)

Mr. Poling: I went to American, and they train us just on acronyms. (Laughter.) There's a whole course on ASEAN acronyms. (Laughs.)

Sec. Lazaro: Is that so? OK, the ECS, the – you know that better.

So there's been discussions on that. I guess those are very important. Vietnam has become a very important partner. We hope to obtain – one of the countries that we have sought in the provisions of our agreement, that we have to have a \$10 billion just target amounts of total trade. I seldom see that in many of the – in many of agreements or joint statements, but I – there was – this is very important for Vietnam to reach a certain – that we have to aim and to aspire for certain total trade amounts in dollars and cents. That's how vibrant the relationship is.

Mr. Poling: OK. Let me give an opportunity for one last question, realizing that it's very late in the day on a Thursday.

Sec. Lazaro: (Laughs.)

Mr. Poling: None? All right.

Well, then, with that, please join me in thanking Her Excellency Maria Theresa Lazaro.

Sec. Lazaro: Thank you very much. (Applause.) Thank you very much. Thanks again. (Applause.)

(END.)