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US PRESIDENT BARACK OBAMA Speech and moderated dialogue with Alibaba Group Executive Chairman Jack Ma and SALT CEO Aisa Mijeno APEC CEO Summit Makati Shangri-la | Nov. 18, 2015

PRESIDENT OBAMA: Thank you! (Applause.) Thank you so much. Thank you. Everybody, please have a seat. Well, good morning.

AUDIENCE: Good morning.

PRESIDENT OBAMA: I understand that Jack set the place on fire this morning already with his remarks—(laughter)—o he's a hard act to follow. And I'm going to keep my remarks brief because, unlike some previous APEC CEO summits where I've just made a speech, we've got an opportunity I think to hear from a couple of outstanding individuals. I want to thank Jack, as well as Aisa Mijeno for joining us. And you'll find out more about Aisa—you probably know about Jack—but she's outstanding, and I think an example of why I feel extraordinarily optimistic about our future.

It is wonderful to be back in the Philippines. We appreciate President Aquino and the Filipino people for their warm welcome and for their leadership in hosting this year's APEC Summit. So, to our Filipino hosts—salamat po. (Applause.)

No nation is immune to the consequences of a changing climate.

This is my fifth opportunity to be with you at the APEC CEO Summit. I'm halfway through an around-the-world trip to Turkey, the Philippines and Malaysia. I am crossing every time zone. And at each stop, we're working to boost economic growth that's inclusive, that benefits all people. In Antalya, the G20 nations committed to take specific steps to boost growth, including investments in areas like infrastructure and small business development. Here at APEC, we're working to deepen our economic cooperation in a way that is sustainable for our communities. And in Kuala Lumpur, I'll discuss one of the most important steps we can take to grow our economies—and that's the Trans-Pacific Partnership.

As business leaders in the Asia Pacific, you have a great stake in each of these issues. But the topic that I want to focus on today could have an even greater impact—not just on your companies, but on every country in this region and around the globe. And I'm talking about the urgent and growing threat of climate change—a challenge, but also, I would argue, an opportunity.

No nation is immune to the consequences of a changing climate. But with its many low-lying islands, its coastal regions that are vulnerable to flooding and land loss, few regions have more at stake in meeting this challenge than the Asia Pacific region. Now, last year, in fact, the island nation of Kiribati was purchased—or purchased a plot of land in case its people—future climate change refugees—needed to seek safety from the rising sea. And here in the Philippines, you're barely removed by about two years from Super Typhoon Haiyan, a storm that claimed thousands of lives and cost billions of dollars in damage.

We know that no single weather event is necessarily caused by climate change alone. But the patterns and the science don't lie—temperatures and sea levels are rising; ice caps are melting; storms are strengthening. If we want to prevent the worst effects of climate change before it's too late, the time to act is now. And it is going to affect people's bottom lines. Agricultural production will be impacted if we do not get on top of this. Economic disruptions—we will be able to price the costs. In serious ways already, insurance companies are factoring it into their determinations.

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And that's why, in Paris, just two weeks from now, we have to come together around an ambitious framework to protect the one planet we have while we still can. Now, the good news is, already more than 160 countries representing about 90 percent of global emissions have put forward climate targets for post-2020. But we've got a lot more to do. And nevertheless, I'm optimistic that we can get an outcome that we're all proud of, because we understand what's at stake.

An ambitious agreement in Paris will prompt investors to invest in clean energy technologies because they will understand that the world is committed to a low-carbon future. That's a signal to the private sector to go all-in on renewable energy technologies. And if we can get an agreement done, it could drive new jobs and opportunities, and investment in a global economy that, frankly, needs a boost right now.

One of the topics of discussion in the G20 was where can we generate sufficient demand. The United States economy is doing relatively well, but we are impacted by weakening demand around the world. China is undergoing a necessary transition in its economy, but it means that its growth rates will not be necessarily as fast. A lot of other emerging markets have seen slow growth, or in some cases, like Brazil, contraction.

And as a consequence, the possibility for us to start investing in clean energy, power generation that is sustainable, leap-frogging old technologies and getting into new technologies all could provide an enormous boost. And there is a lot of capital out there looking to invest. And if we send a signal that this is something that every nation around the world is serious about, it can be an enormous generator of opportunity.

So, the United States is leading on this issue. Since I took office, we've doubled the distance new cars will go on a gallon of gas by 2025. We're producing three times as much wind power as we were when I came into office. And we are producing about 20 times as much solar power as when I came into office. Thanks in part to the investments we've made, there are already parts of America where clean power from wind or sun is actually cheaper than dirtier, conventional power. Since 2005, even as our economy is growing, America has cut our total carbon pollution by more than any other country on Earth.

And other nations are stepping up, as well. Last year, renewable energy accounted for more than half of all new power plants built around the world. For the first time, China has pledged to peak, and then reduce, its carbon emissions. Here in the Philippines, you're boosting wind power. APEC is working to double renewable energy and reduce energy intensity by 45 percent over the next two decades. And through the Green Climate Fund and other avenues, the international community is helping developing nations to adapt to climate change and, as I said, leapfrog over the dirtier phases of development.

One of the things we tried to emphasize in Antalya and what we're emphasizing throughout this climate discussion is there is not a contradiction between growth, development, and being good stewards of the planet. They are complementary. And we have to break out of the mindset that says that if we're doing something about climate change, that slows growth. We have to accelerate it.

And the fact that President Xi and I, when we met, were able to put forward an accord as the two largest emitters sends I think a pretty strong signal to other countries that we see this not just as a challenge, but as an opportunity as well.

Now, the problem is governments can't do it by themselves. The good news is, is that more and more companies are realizing that climate change presents a huge business opportunity. And we see this in America. Google, Apple, Costco are among the world's largest corporate buyers of renewable energy. Walmart has installed more onsite solar capacity than any business in America.

Last month, I announced that 81 companies have joined our American Business Act on Climate Pledge, and more pledges are coming in every day. And these companies committed a total of at least \$160 billion in areas like clean energy, combatting deforestation, reducing emissions and water usage. And this progress is not limited to big businesses. You've got small businesses and folks up and down the supply chain who are investing in energy efficiency and clean energy, too. And oftentimes they're finding that they're saving money while operating in a cleaner way.

We're seeing great examples across Asia as well. The private sector is getting involved in renewable energy in countries like Vietnam. Right here in the Philippines, we're seeing major investments in a massive wind and solar project.

So my message to you today is, is that your businesses can do right by your bottom lines and by our planet and future generations. The old rules that said we couldn't grow our economies and protect our environment at the same time, those are outdated. We can transition to clean energy without squeezing businesses and consumers. When we doubled fuel-efficiency standards on cars, that's money in people's pockets because they're spending less money at the gas station. And that's true across our economy.

The old rules that said we couldn't grow our economies and protect our environment at the same time, those are outdated. We can transition to clean energy without squeezing businesses and consumers.

And this is the way that the world is headed. It's going to go in fits and starts. There will be some countries and some sectors that resist. But it is inexorable, it is inevitable that we move in this direction. And I hope that the companies that are represented here see this is as an opportunity. Innovators are coming up with new ideas every single day, which brings me back to my two partners here for this panel—Jack Ma and Aisa Mijeno.

Aisa is an entrepreneur here in the Philippines who launched a startup around a brilliant idea, which is selling lamps that run on nothing more than saltwater. She's an engineer. She'll have to explain the physics around this thing. (Laughter.) And I guess you've heard of Jack. (Laughter.) But he's not just the founder of Alibaba, a giant in e-commerce. He also happens to be a leader on environmental issues like clean water and climate change.

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And part of what we thought would be useful was to have a young new entrepreneur, a young-at-heart, but not as young, large entrepreneur—(laughter)—compare notes about why they see this as an opportunity; why they think that it's good business sense, as well as good environmental sense; and how we collectively can be more supportive and encouraging of the kind of innovation that they represent.

So with that, we'll begin our discussion. Thank you. (Applause.)

Moderated dialogue with Ma and Mijeno

So let me start with you, Jack. Is the mic on? Yes? All right. Jack, I know you've been passionate about the need to—something is going on here. Is it working?

AUDIENCE: Yes.

PRESIDENT OBAMA: Okay. I know you've been passionate about the need to fight could. I want to get a sense from you of why you think it's so important. I also want to get a sense of why you think it's so important that business has a role in this process. And I know that in addition to the work that you've been doing with nonprofits recently, you've also been in conversations with Bill Gates about the potential of really turbocharging investment and research and development around clean energy. And we may be able to make some announcements about sort of this mission innovation in Paris. Give me a sense of how it looks to you from the vantage point of one of the most successful and largest organizations in history.

MR. MA: Thank you, President. Well, it's not the passion, is the concern, the worry. When I was 12 years old, I went to swim in a lake, and I almost died in that lake because the water was too deep—much deeper than I thought. About five years ago, I went to that lake again; the total lake was dry.

A lot of people have disease. The second concern, I have young colleagues died of cancer. Twenty years ago, very few people have heard about cancer, the word. But now almost—most of the families, my friends, they have people have cancers. So we've been working so hard. If we work so hard and put all the money in the hospital, to buy medicine—it will be a disaster. Why we should work? So without a healthy environment of this Earth, no matter how much money you make, no matter how wonderful you are, you have a bad disaster. So it's the concern that we have.

So we started six years ago, and put 0.3 percent of the money—of the total Alibaba revenue—of encouraging, enable all the young people to find creative ways to solve the problem. And I think the money is always not enough, but the money we use to try to wake up the people's consciences. They should know that the climate change problem; they should agree that the water is a problem, the food is a problem. So that is what we think.

And after we're doing that, all we believe is where is the opportunity. The opportunity always lies in the place where people worry. If you solve the worry problem, that's the greatest opportunity you have. So after five years, we—this is a huge chance to, as you said two weeks ago, about inviting to join the force together, investing in clean technology. I think it's a fantastic idea, and I think to me and the company believe this is something we can do to contribute.

The opportunity always lies in the place where people worry. If you solve the worry problem, that's the greatest opportunity you have.

As you say, we are not the company—compared to 50 years ago, we are big. But compared to 50 years later, we are small. But if we do not care about this Earth, we do not care about the water, food, environment, I think nobody can survive whether you're big or small. So this is the concern. This is the worry I have.

PRESIDENT OBAMA: Now, you mentioned the need for continuous innovation in this area, and that's why we have Aisa here. And Jack remembers when he was starting a company, and Aisa is sort of at that early stage. But as an engineer by training, you have an idea that could both do well and do good. So tell us a little bit about what your idea was. Tell us about SALt and what lessons have you learned as a young entrepreneur in terms of making an impact.

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MS. MIJENO: Well, first of all, let me take this opportunity to express my deepest appreciation for allowing me to see you, Mr. President, to share our (inaudible) and of course, a more serious matter, like climate change.

So my brother and I founded SALT, so it's Sustainable Alternative Lighting. And we focus—we wanted to address light inequality gap first in the Philippines by focusing on the people at the bottom of the pyramid because it comprises about 15 to 20 percent of the country's population.

Most of these families live on island communities and they are not connected to power grids, so they maybe use kerosene and fuel-based lamps as the main source of lighting. And we know the danger that kerosene lamps poses. It can cause fire accidentally. So that's the main reason why—what we wanted to see was we wanted to provide these people a lighting option that was more cost-effective, more safe, more sustainable and environmentally friendly by the way of a lantern that uses saline solution or ocean water as a means to generate electricity. In theory, we would be able to power up LED and of course, power up a USB port where you can also charge more power, more devices like your phones. Very essential during emergencies, especially disaster scenarios.

So that's how we're trying to, of course, contribute in terms of climate change. We are starting with the lamp. And what we see is the huge impact that we'll be able to contribute when we try or when we dive into developing on a large scale for the technology that we have. Just imagine if you would be able to power up a whole island using the ocean water. So our plan is composed of 70 percent saltwater, so that's what we're trying to aim for. (Applause.)

PRESIDENT OBAMA: That's great. Just to be clear, Aisa, so with some saltwater, the devise that you've set up can provide—am I right?—about eight hours of lighting?

MS. MIJENO: Eight hours of lighting. And all you need to do is you just have to replenish the saltwater solution, and then you have another eight hours of lighting.

PRESIDENT OBAMA: And the lamp is \$20—

MS. MIJENO: Around \$20.

PRESIDENT OBAMA: Around \$20. And it will last you for?

MS. MIJENO: This presumably inside—you have to change every now and then, so the main science behind the lamp is it's a chemical reaction. You're trying to convert the chemical reaction into energy. So there's something inside that you have to change, but you only have to change that like six months, if you're using the lamp eight hours a day, every day. And that only costs the consumable part about \$3–\$4, \$3. So you're just going to sustain the lamp, you have to spend like \$6 annually.

PRESIDENT OBAMA: Which means that you potentially save even within a certain amount of time, you're already saving enough on kerosene to have paid for the lamp. And then from that point forward, basically you're getting a modest amount but an important amount of electricity that you can use for a wide variety of purposes.

MS. MIJENO: Yes.

PRESIDENT OBAMA: So I think Aisa is a perfect example of what we're seeing in a lot of countries—young entrepreneurs coming up with leap frog technologies—in the same ways that large portions of Asia and Africa, the old landline phones never got set up. People just went straight to

mobile. And obviously they're buying stuff through Alibaba on there all the time. (Laughter.)

But the point is, is that they did not have to make some of the massive infrastructure investments. This is part of the reason why the whole idea of development and environmental sustainability I think is outdated. It does raise the issue, though, of how we can do more to support young entrepreneurs like Aisa.

And, Jack, you have the benefit of having been on both sides of the equation—early entrepreneur, scratching and clawing to get things done, and then now obviously a very successful businessman. How can both government and larger companies be assisting in creating the kind of climate for innovation that encourages young entrepreneurs like Aisa?

MR. MA: Government is useful just to reduce the tax, so no tax for these guys. (Laughter and applause.)

PRESIDENT OBAMA: There you go. Well, you've got a lot of cheers from your fellow CEOs. (Laughter.)

MR. MA: Yes, but I think I feel so excited about hearing this story. A startup for entrepreneurs is like a baby, and I have five babies so far—experienced father.

PRESIDENT OBAMA: Do you love them all equally or—(laughter)—or do you have some favorites? You shouldn't say that.

MR. MA: I do—these are the kids that I have. But one thing I would advise—we just had a discussion in the back office that nobody can help you if we can only help ourselves. Ambassadors, government—we are uncles and aunts. You are the father and you are the mother of the kid. Don't give up the kid. Because when we start out talking about our kid, our passion, this all sounds crazy, but you are the guy take care of the kids.

But what we do is that we are platform. Our job is to enable. We sell—on the (inaudible) day we sold \$14.4 billion, and this year we got like \$500 billion sales totally on platform. We do not sell anything. We empower other people to sell. So our platform is to empower the small business to realize their dreams.

A company like that—we have a company that is—they have APP, helping trucks. Because the truck logistic, they normally deliver from this city to that city, full of packs, but we come back all empty. So the application is tied to making sure all the truck drivers can find the resources. So our technology and platform tried to empower this company. And last year alone, they saved \$1.5 billion in fuel because of the thing. So I think using the technology in innovative ways.

And other things, big companies—it's difficult for big companies to keep innovation, keep up. The innovation is always outside your company. So for us, when we see companies like that, we're excited. We put the money inside. We're using technology. And we also promote them on our platform if they're environmentally friendly.

PRESIDENT OBAMA: Excellent. Aisa, what have been the biggest challenges for you in terms of scaling up? You've got a technology. You feel confident that it can work. She's won, by the way, a lot of prizes and gotten a lot of attention. So this is not like one of those infomercials—(laughter)—where you order it, and you can't make the thing work. (Laughter.)

But what have been the biggest challenges? And how could both the public sector and the private sector be more helpful in terms of encouraging young entrepreneurs like you?

MS. MIJENO: Well, based on our experience, I guess what we need here is like a support system. Because we have the passion. So if you don't mind me telling you the backstory of how we started.

The main inspiration of coming up with the application, the lighting application, was when I did a personal immersion up in the mountains of Kalinga. So, there, I learned of a story that because of scarcity of public transportation, people had to travel down the mountain and walk six hours just to get kerosene for the lamps. And they do that every other day.

So we have the passion. So what we need is a support system both from the private sector and the government to mentor us, guide us how we can scale up the project. And, yes, we also need a lot of support in terms of funding. So that's where—that's our main challenge right now. We're in a critical phase. We're trying to mass-produce the lamp. So we're just looking for someone to fund us to get the project moving. (Applause.)

We have the passion. So what we need is a support system both from the private sector and the government to mentor us, guide us how we can scale up the project. And, yes, we also need a lot of support in terms of funding.

PRESIDENT OBAMA: I'm just saying—serving as a matchmaker here, a little bit. (Laughter.) But a couple of things—and I know we're running out of time, but I just want to comment on.

First of all, I do think that there's a role to play for government in providing tax incentives for the production of clean energy. What's been interesting—if you look at solar, for example, heavy subsidies on the front end, but because of the trend lines in reducing the costs per BTU coming out over the last several years, it's exceeded many of our expectations. And increasingly, the subsidies become less and less necessary. So, early phase, you may need some support. Over time, less support.

A second area, Jack, where I do think that the government has an important role to play—and I think you wouldn't disagree with this—is on basic research and development. Most of your businesses of the people in this audience, you have an R&D budget, but oftentimes it's commercializing a technology that's relatively proven, tweaking it. Where governments can do what it's hard for companies to do is that front-end basic research that doesn't have necessarily an immediate payoff, but will then serve as the laboratories for young people like Aisa to discover—based on that basic research, I've got a new idea, and I can do something else. And that's, in fact, how the Internet came about, in part was a combination of incredible innovation, but also some basic government funding that had come in on the front end.

But the thing that I maybe want to ask you, Jack, sort of in closing, is whether you think that other businesses that you're interacting with and dealing with, particularly in the APEC countries feel the same urgency that you do. Or do you think that you're still an early evangelist for this and you have to persuade others a little bit more?

And the reason I say that is because I think—China is an interesting example. Like the earlier patterns of England or the United States, when a country is growing rapidly, it doesn't pay a lot of attention to the environment. As it enters into sort of middle-income status, suddenly people start looking at cancer rates. They start looking at the air, the water, and you become more conscious that that's a good value that we have to price and care about. And I'm wondering whether you think your fellow business leaders are seeing that same kind of transition and opportunity in this region.

MR. MA: Yes, I think—take China, for example. I think today, because of the air in Beijing, the smoggy, it caused—the government and all the business changed a lot in the past four years. I just came back from Beijing three weeks ago. My throat was pained. And I think we organized called the Paradise Foundation. I invited 45 business leaders in China—all joined, all put the money inside. And we think that there are a lot of things business should do.

It's too late to complain whose fault. Whether your fault or my fault, let's solve the problem together. It's the combination—we're combining the work of government, private sectors, scientists, and sociologists and philanthropists. We have to work together.

So I think the thing is how we can work in a way more efficiently. I believe always you should have a philanthropic heart inside, but business way. Because you have to get things done. That is what scientists tell us how to do properly. Business should tell us how to get things done efficiently. And government should have the good environment and the foundations of researching. And also we need a lot of media to tell people how we do it.

But I think this area, the Asia Pacific, especially China, we are taking good actions. But we need to do it in a way that is really workable. I bought a big piece of land in Bandon—in the States, the forest. The reason I bought it is not for buying the forest. The reason I buy it buy the experience. How did America solve the problem in the last century—the '30s—how they solved the problem there. And we'll bring the technology, bring the know-how back to China, back to this part of the world. I think it's the opportunity. And it's too late to worry. We have to make action, join together. This is what we believe.

PRESIDENT OBAMA: Excellent, excellent.

And, Aisa, the closing comments. I mean, obviously you're about to scale up, and we're confident that you'll be successful. But one of the most important things that you've said, in my mind at least, is that this starts from the bottom up; that when—whether it's in the Philippines or in Tanzania, or anywhere in the world, that people who are trying to improve their lives—that they can't be asked to just stay poor in order to solve this problem.

They need electricity. They want transportation. They want the same things that exist in developing nations. But what that means is, is that if we're working at that grassroots level, seeing what folks need, and figuring out in an efficient way how to deliver improved quality of life while being environmentally sustainable, that's an enormous opportunity. But it starts at looking at the aspirations and hopes of ordinary people. Is that a fair thing to say?

MS. MIJENO: Yes. It's mainly a collaborative effort. You should not just rely on the government. Of course, you should also do your part, both as a citizen of the nation to help your people.

So like what we're doing, I'm focusing on what I'm good at, which is, of course, R&D;—research and development. And we just entered—with the help of local incubation program here in the Philippines, we were able to partner with a local manufacturing company who is trying to help us assemble the lamp. And we're also in talks—we are getting so many support from organizations and foundations to distribute the lamps across the Philippines. So with all those, it's a collaborative effort.

So you have to, of course, be open with regards to partnering and helping out people—especially in our case, people that don't have access to electricity. Electricity is a basic need, and we should—light is a basic need, and we should be addressing that. And before—of course, before I close—before I get to my closing remark, I would like to focus on climate change, coming from an academic background. So I just wanted to emphasize that climate change is real. So it's a fact. It's not myth that scientists created in order to get funding or grants. (Laughter.) So it's real. So it's happening now.

Just to give you like a simple analogy of what stage we are in climate change right now, it's like—climate change is like cancer. So stage one your cells start mutating. And then at stage two, you start feeling the symptoms. If you're self-aware, you go to the doctor and get treatment. If you're not aware, of course, you take it for granted, and then you go into stage three. You start

feeling the severe effects of the symptoms, until finally stage four, you're noticing that your health starts declining. You get the best oncologists, pay the best hospital, but it's not working because everything is too late.

So climate change is like that. So right now I believe so we are in stage two. So it's—we're stage two.

PRESIDENT OBAMA: I'm just saying, people. (Laughter.) You don't want to get to stage four.

MS. MIJENO: Yes, and we don't want to get cancer.

PRESIDENT OBAMA: And we all have a huge investment in making sure that our children, our grandchildren, our great grandchildren are able to enjoy prosperity. And that's dependent ultimately on a planet that accommodates us.

I will say that the lamp you talked about, in addition to providing light, you can also charge a cell phone, right?

MS. MIJENO: Charge a phone, yes.

PRESIDENT OBAMA: And if people have these lamps, they're more likely to charge their cell phone, which means they're more likely to use e-commerce.

MS. MIJENO: Yes.

PRESIDENT OBAMA: And more likely to purchase things through Alibaba. (Applause.)

MR. MA: We will sell it online. (Applause.)

PRESIDENT OBAMA: So I think that there's a synergy here. Everybody please give Jack and Aisa a big round of applause. (Applause.)

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