

Amando M Tetangco, Jr: A tipping point and a rising tide is lifting up the Philippine economy

Remarks by Mr Amando M Tetangco, Jr, Governor of the Central Bank of the Philippines (Bangko Sentral ng Pilipinas), at the Philippine Economic Briefing, Central Bank of the Philippines, Makati City, 20 February 2007.

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Thank you Rene. Ladies and gentlemen, welcome and good afternoon.

Last year, the Government set out to "make things happen" and in the end, as you all know, it did. Many positive things happened. And while I wish I could be publicly swept up by what former Fed Chairman Alan Greenspan famously called "irrational exuberance," in my button-down role as Central Bank Governor, I have to settle for "rational exuberance" instead!

I'll leave any irrational comments to others who feel less constrained... but let me say this... 2006 was a good year, and 2007 promises to be even better.

I believe our economy has reached a tipping point and, to mix metaphors, the rising tide will lift up, not capsize, our boat. With some of the most stable macroeconomic fundamentals we have seen in a decade, including a much improved fiscal position, single digit rate of inflation with a downward trajectory – despite volatility in oil prices – a healthy external position, a strong peso and a substantial level of foreign exchange reserves, the rising tide of economic and fiscal reforms paired with sound monetary and external sector policies will continue to lift the boat of the Philippine economy.

Last year, these efforts earned us five credit rating outlook upgrades, double digit growth in portfolio and foreign direct investment and new heights for investor confidence. Most importantly, it is a clear sign that we are on our way to achieving further economic progress that will benefit domestic and foreign investors alike.

But the tide has not been raised enough to benefit all sectors of our economy. Our goal for 2007 is to build on our macroeconomic strengths to allow a broader base of the economy to experience the positive impact of our economic gains. But the Government's efforts alone are not enough.

As reflected in the theme of this year's economic briefing, ensuring the sustainability of economic momentum is a shared responsibility between the public and private sectors. This collaboration should focus on the exchange of new ideas to propel our economy forward, which is why we have invited business leaders to join us today in an open discussion to explore the areas where we can work together to build a stronger nation.

But actions speak louder than words. We call on the Philippine business community to take a bigger stake in the country's development. ...Build on the reform platform and favorable economic environment that we have worked hard with the Government to create by taking the next steps where entrepreneurial dynamism drives greater economic gains.

In summary, economic and fiscal achievements in 2006 have created a positive momentum for our country. A consistent implementation of reform measures by the Government, particularly in the area of revenue generation and debt and expenditure management, coupled with a stable monetary environment and healthy banking sector, will support the government's fiscal, growth and other macro and microeconomic targets for 2007.

The tide is rising and I believe it will continue to do so for some time. Now we must all row together in the same direction to ensure steady progress and a forward direction, even if the currents try to move us in a different direction or hinder our forward progress. We have a unique opportunity to make sure the tipping point lifts the boat, not tips it over. I am confident we are sailing in the right direction.

Thank you.