

Amando M Tetangco, Jr: Moving forward through stronger partnerships

Speech by Mr Amando M Tetangco, Jr, Governor of the Central Bank of the Philippines (Bangko Sentral ng Pilipinas), at the 2010 BSP Stakeholders' Awards and Appreciation lunch, Manila, 7 July 2010.

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Our esteemed awardees and partners from both private and government sectors, special guests, ladies and gentlemen, good morning. On behalf of the Members of the Monetary Board and my fellow central bankers, I thank all of you for attending this year's Awards Ceremony and Appreciation Lunch for BSP Stakeholders.

Today, we continue the tradition of recognizing our stakeholders who faithfully support the BSP's statistical activities and advocacy programs.

As you can tell, this event is important to us. Last Monday, we celebrated the BSP's 17th anniversary; two days later, we are holding today's event – our 7th Stakeholders Awards.

In other words, our Stakeholders Awards ceremony now represents one of the highlights of our anniversary celebration. For better measure, awarding ceremonies are held not only in Metro Manila but also in other parts in Luzon, Visayas and Mindanao.

We have also increased the number of awards this year to reflect BSP's broader and deeper alliances. This year, we added outstanding respondents to our Business Expectations Survey in three regions, namely: Region V or the Bicol area; Region IX or the Zamboanga Peninsula; and Region XII or the SOCSARGEN area.

Today, we will also recognize the contribution of selected public and private entities as valuable sources of information for our balance of payments projections.

The changes in this year's ceremony extend to the awards we shall be handing out today as created by Filipino artist Sajid Imao, one of the leading sculptors in the country today.

Even the BSP logo has changed to reflect the changes that continue to take place in our organization and the environment where we operate.

The principal element of our new logo is the Philippine Eagle, the world's largest. It symbolizes strength, freedom, and clear vision the qualities we aspire for as a central bank. Three golden stars represent the three pillars of central banking: price stability, stable banking system, and a reliable payments system. These elements are rendered on a blue background to represent stability. Our logo has a round shape, to symbolize our unending quest to become an excellent monetary authority committed to improve the quality of life of Filipinos.

It is fitting that we are implementing these changes just a week after the assumption into office of President Benigno Aquino III. He stood for change and received an overwhelming mandate from our people with a landslide win. Palakpakan po natin si Presidente Benigno Aquino III!

Ladies and gentlemen, let us unite and join President Aquino in making the changes our country needs to become a better place for all. As our theme says, let us keep "Moving Forward through Stronger Partnerships."

Indeed, we should take our theme to heart, given the many challenges and uncertainties ahead. Why do I say this?

First, we are looking at varying and uneven pace of recovery across the globe. Given global interdependencies and linkages, it could lead to slower growth over the medium term.

Second, the potential heavy influx of capital inflows, as risk appetites perk up, can also complicate monetary management. Additionally, the rebound of the global economy could create upward pressures on commodity prices and fan inflation. There could be positive surprises to investor confidence, which could foster a stronger-than-expected improvement in market sentiment and prompt a strong rebound in investment and demand.

Third, there are risks to the inflation outlook. For these reasons, the BSP is watchful of emerging signs of inflation that could be disruptive to consumption and investment, and ultimately have a corrosive impact on the economy.

One clear strategy in addressing these challenges is to forge and nurture greater partnership between the BSP and its stakeholders, through open communication. This is where your inputs, through your responses in the Business Expectations Survey, come in. Your responses enable us to discern public expectations on the general direction of economic indicators, particularly inflation, a crucial element in the BSP's monetary policy settings.

As in a jigsaw puzzle, each institution represents a piece whose absence will leave gaps that could adversely affect our proper appreciation of particular scenarios. This could potentially lead to weak or even wrong policies. It is important therefore that we keep on working together to gain clear perspectives that give rise to appropriate and timely policies.

Indeed, sound macroeconomic policies provided our economy with some insulation against the worst global crisis in post-war history. Among the key elements that enabled the BSP to calibrate well-informed and well-guided policies during the crisis was the constant supply of information from you, our partners in the BSP's programs. For this, we thank and applaud you. Palakpakan po natin ang lahat ng respondents and partners ng BSP!

Thus, today, the inflation environment remains benign while bank lending continues to expand. This enabled the Philippine financial system to avoid the credit gridlock which paralyzed other financial markets overseas.

Meanwhile, our external position remains healthy, with a balance of payments surplus, and Gross International Reserves reaching record levels of roughly \$48.4 billion in June 2010.

In particular, the data you share with us – through the Cross Border Transactions Survey, Foreign Direct Investment Survey, and Coordinated Portfolio Investments Survey – allowed us to derive sound baseline estimates critical in enhancing compilation of our external accounts and in calibrating well-anchored balance of payments projections. These projections are vital in estimating forecasts for inflation and in crafting our monetary policy formulation. Let us thank our respondents with a round of applause!

At the same time, remittances from overseas Filipinos coursed through banks have been hitting unprecedented levels and helped raise our international reserves to record high figures as well. This was made possible by our banks who have efficiently handled the billion dollar remittances of overseas Filipinos.

In effect, your reliable service provides significant benefits not only to our hardworking overseas Filipinos and their families but to our economy as well. Let us give our banks a well-deserved round of applause.

We also thank all our partners who have joined us in our economic and financial education programs as we push for a better-informed public. Your unqualified support and cooperation are valuable to the success of the BSP's economic and financial education programs. Let us give our partners in our education programs a big hand!

Once again, ladies and gentlemen, we at the Bangko Sentral ng Pilipinas thank and congratulate all of you for being our active partners. You have empowered us to craft and implement responsive policies that promote balanced and sustainable growth of our economy. Growth that empowers and improves the quality of life of Filipinos.

Moving forward, all we have to do is to act as a single force and move forward as one. Henry Ford once said: "If everyone is moving forward, then success takes care of itself."

Ladies and gentlemen. Today, therefore, let us commit to work more closely together and act in solidarity to be a single force and to move forward as one so that we can achieve the change we need, sooner rather than later.

Maraming salamat sa inyong lahat! Mabuhay ang Pilipinas!