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**President Gloria Macapagal-Arroyo's
STATE OF THE NATION ADDRESS
Third Regular Session of the 13th Congress
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July 24, 2006**

Thank you.

Thank you, Speaker de Venecia. Congratulations, Senate President Manny Villar; Vice-President Noli de Castro; President Ramos; Chief Justice Panganiban; Members of the diplomatic corps; Senators; Congressmen and Congresswomen; Other officials, ladies and gentlemen.

Sa araw na ito, nakatuon ang isip natin sa ating mga kababayan sa Lebanon. Nasa kuko sila ngayon ng malagim na paglala ng digmaan. Kahapon lamang, sinalubong natin ang unang dalawang-daang Pilipinong lumikas doon. Limang-daan pa ang mauuwi natin sa susunod na apat na araw.

Sa ating mga OFW, tunay kayong mga bagong bayani. Sa inyong paglilingkod sa pamilya, sa ating bayan at sa Diyos, maraming salamat.

Sa ating mga kababayan, a journey of a thousand miles does not begin with a single step. It starts with the first step, with gathering the means to complete it successfully. Those means are now at hand.

To my friends in Congress who, in the face of grave political consequences, championed and passed some of the most severe and critical fiscal reforms to save our economy, maraming salamat. You are the true friends of the Filipino people. For the real challenge has never been to blame but to fix what is wrong in our country and our economy.

Dahil sa inyo, sa wakas may pondo na tayo, hindi lamang para ibayad sa interes, kundi para sa edukasyon, mas mabuting tulay at kalsada, pagbigay kalinga sa kalusugan at higit na trabaho sa ating bansa. Now, we have the money to pay down our debt and to build up our country.

To the civil servants who rose to the challenge of turning a weakening economy to a strong republic, through more vigorous tax collection and more vigilant action against corruption, maraming salamat. We have achieved record revenue collections. We are

lining up corrupt officials to face the consequences of their misdeeds. And finally earned the respect of the international community as a serious and viable state for our fiscal discipline and billions of pesos in annual interest savings that are now going into necessary public investments.

To our men and women in the armed services, the huge and deep core of your loyalty has earned the nation's accolade. The few mutineers have been condemned by the people. They and their partisan cohorts and funders are being brought to justice. Sa nakararaming kawal at pulis na nagtaguyod ng watawat at Saligang Batas, maraming salamat.

And at a time when we must each, as individuals and as communities, take greater responsibility, our local government officials man the frontline of change: change for greater accountability, for better service and more responsiveness to their constituents. Sa inyong lahat, mga local government officials, maraming salamat.

Higit sa lahat, salamat sa sambayanang Pilipino, para sa inyong mga sakripisyo, sa inyong tiyaga, for believing, in the face of the greatest hardships, in our ability to surmount the obstacles to the future you deserve; you who have resisted persistent if not pathetic calls for despair instead of faith, for anarchy instead of harmony, salamat, salamat, tauspusong pasasalamat.

So I stand before you today to deliver a state of the nation that is focused on what the people want; the people want to know the plan to put us on the path to prosperity.

I am not here to talk about politics; I am here to talk about what the people want; details on the state of the nation and what their government is doing to make progress every single day.

Sama-sama nating isusulong ang bansa patungo sa **kinabukasang nagniningning**.

Gaya ng nakikita sa graph na ito, dahil sa ating reporma sa ekonomiya, we now have the funds to address **social inequity and economic disparity**. Too many ... masyadong marami, ang mamamayang nagugutom. Hindi ako hihinto hanggang magtagumpay ang ating laban sa kahirapan.

We now have the funds to **stamp out terrorism and lawless violence**.

May pondo na tayo para **labanan ang katiwalian**.

Our reforms have earned us P1 billion from the U.S. Millennium Challenge Account for more investigators, prosecutors, and new technology to fight corruption. We are matching this with another billion from our fiscal savings.

We now have the funds for **constitutional and electoral changes**. Sa kasalukuyang sistema, napakabagal ng proseso, at bukas sa labis na pagtutunggali, at sikil ang

lalawigan at mamamayan sa paghahari ng Imperial Manila. Panahon nang ibalik ang kapangyarihan sa taumbayan at lalawigan. For surely, there must be a better way to do politics, so that those who lose elections do not make the country pay for their frustrated ambitions. There must be a better way so that those who win the nation's mandate to govern can work without delay and whimsical obstruction. There must be a better way.

Meanwhile, now we can fund the **Medium Term Public Investment Program**.

Sumusulong na ang ating plano na may tatlong yugto. Una, ang makaahon sa mga dekada ng utang at kapos ng pondo. Nagawa na natin ito. Ikalawang yugto, ang pagbabalik sa taumbayan ang mas malaking kita ng pamahalaan: upang makapagpundar ng kalinga sa kalusugan, edukasyon at trabaho na kailangang-kailangan ng mamamayan. Ginagawa na rin natin ito. And finally, Phase Three: to invest in the natural advantages and natural resources of each section of our nation so that when harnessed together, the major economic regions of the nation are larger than the sum of its parts.

We will enhance the competitive advantage of the natural "super regions-"of-the-Philippines: the North Luzon Agribusiness Quadrangle, the Metro Luzon Urban Beltway, Central Philippines, Mindanao and the Cyber Corridor.

In North Luzon, we will prioritize agribusiness investments. The agricultural and fisheries potential of the Cordilleras, Ilocandia, and Cagayan Valley can feed Luzon affordably. And nearness to North Asia holds the rich promise of agricultural exports and tourism.

My father built the Halsema Highway from Baguio to Bontoc, and the Bagabag airport in Nueva Vizcaya to access the Ifugao rice terraces, which by the way, the UNESCO has recently praised for the way we have carried out our heritage preservation policy. We have rehabilitated the Baguio to Mount Data leg of the highway and the rest of Halsema will now follow. We will upgrade the Bagabag airport and build a new one in Lallo, Cagayan, which will connect to Cordillera by upgrading the Tabuk-Tuguegarao Road.

Sa Tabuk, Kalinga, noong Abril, tumanggap ng titulo sa lupa ang ilang matatanda, pagkatapos nilang naghintay ng dalawampung taon mula noong napirmahan ang Mount Data Accord ng gobyerno at ng Cordillera People's Liberation Army. May isang matanda, suot ang lumang uniporme ng CPLA. Pumila, hila-hila ang isang binatilyo. Sabi niya, "This is not for me but for him." Agad inabot ang titulo sa apo. Narito ngayon si Ginoong Ama Balunggay at ang kaniyang apo si Jacob.

And our post-harvest support shall continue, like the cold chain that we set up in 2004 for La Trinidad, Benguet under Mayor Nestor Fongwan. It consisted of a refrigerated storage facility and refrigerated trucks to deliver vegetables to Metro Manila. Nais kong tumaas ang kita ng mga magsasaka, at ang ina ng bawat tahanan ay makabili ng mura at sariwang gulay para sa kaniyang mga anak.

So that the people will know how well their money is spent, Benguet and its towns of Bakun, Bokod and Itogon have rolled out the new electronic government accounting system in their jurisdictions.

If Ifugao was able to cut its poverty in half in the first three years of our administration, from 56 to 28%, congratulations. We hope that through these programs, the other provinces can replicate the success of Ifugao. Hangad nating dumami ang mga taga-Cordillera sa mga propesyon na tinitingalaan ng bayan, gaya ng mga abogadong gaya nina Maurice Domogan at Romeo Brawner. Ibig din nating makapaghanda ang Cordillera sa awtonomiya pagdating ng pederalismo, ayon nawa sa pagbabago ng Saligang Batas.

Sa Dagupan, inilunsad na ng mga kolehiyo gaya ng Northwestern Lyceum University and ladderized system of education. Sa ganitong sistema, magagamit sa unibersidad and mga kursong kinuha sa vocational school at ang karanasan sa trabaho.

We will expand President Ramos' flagship San Roque Multipurpose Dam with the massive Agno River Project. Another major project is the Banaoang Irrigation. We allocate P200 million a month for small irrigation projects like those in the flood control plan of the Region II Development Council headed by Bishop Ramon Villena. Plus another P200 million a month for farm to market roads.

Also in the works is an international airport in Poro, La Union and the improvement of the two airports in Batanes as recommended by Governor Vic Gato. Ilocos Sur will have a seaport in Salomague while the Cagayan Zone Authority will better the one in Port Irene.

To save dollars, windmills in Batanes and Ilocos Norte turn megawinds into megawatts. When Army Commander Romy Tolentino was North Luzon commander, he became a soldier-farmer, planting jatropha as yet another alternative fuel.

The **Metro Luzon** Urban Beltway spans most of Central Luzon, Metro Manila, Calabarzon, Mindoro and Marinduque. It must be a globally competitive urban, industrial and services center, because it produces more than half of the country's GDP.

To be world-class we invest in five comprehensive strategies for global competitiveness:

1. Make food plentiful and affordable to keep our labor cost globally competitive.
2. Reduce the cost of electricity to make our factories regionally competitive.
3. Modernize infrastructure at least cost to efficiently transport goods and people.
4. Mobilize, upgrade and disseminate knowledge and technologies for productivity.
5. Reduce red tape in all agencies to cut business costs.

The most prohibitive red tape is in our outmoded Constitution. We need Constitutional change to bring our rules of investment into the new millennium

The new public bidding process has been shortened to 45 days for infrastructure, and 26 days for supplies, as of today. Even before this, Metro Manila firms paying bribes for public contracts declined from 57% in 2003 to 46 today. Congratulations, Metro Manila

Machine readable electronic passports will enhance the credibility of Philippine travel documents, improve the mobility and increase the prospects of Philippine business and labor.

Legitimate mobility is hampered by human trafficking. Through the support of the USAID, we have convicted human traffickers with the Tongco spouses who were sentenced in a Quezon City court last December. These accomplishments removed us from the from the priority anti-trafficking watchlist.

To lower power costs we introduced the Wholesale Electricity Spot Market last month. Let's give it a chance to work. And we would like big power consumers like electronics, our number one exports, to avail of lower power rates from the National Power Corporation. On coco-biodiesel, we now have enough capacity for the proposed 1% blend just waiting to be passed into law.

The Subic-Clark corridor is on its way to a competitive international logistics center. This will be my legacy to my *cabalens*, jointly with Lito and Mark Lapid, Rey Aquino, Ana Bondoc, Blue Boy Nepomuceno, my son Mikey and Tarzan Lazatin. We jumpstarted it with giant investments in the Subic Seaport, the Clark Airport, and the Subic-Clark-Tarlac Expressway.

And to bring the beltway to the west we will connect the Subic-Clark-Tarlac Road to Dingalan Port through Nueva Ecija, and the Marikina- Infanta Road to the port of Real.

Upang ibsan ang pagod ng mga empleyadong namamasahe sa trapiko sa Kalakhang Maynila, mangangapital tayo sa mga expressway at tren.

We will have a continuous highway from Clark to Metro Manila to Batangas Port. Tapo na iyong expressway mula Clark hanggang Maynila.. Sa ngayon wala nang isang oras ang biyahe mula Clark hanggang Monumento. Ngayon iiwasan natin ang trapiko mula Monumento, dahil idudugtong natin ang North Expressway sa C-5. Tutulong si Sonny Belmonte sa right-of-way. Ang C-5 naman ay konektado na sa South Luzon Expressway. Ang South Luzon Expressway ay pinapalapad naman hanggang Calamba. Sa Agosto, pahahabain ito hanggang Batangas. We will also build the Coastal Road to Bacoor, which has become urban under Jesse Castillo.

Pagdurugtongin natin ang MRT at LRT mula Monumento hanggang North EDSA upang mabuo ang biyahe paikot sa Kamaynilaan, at maibsan ang trapik. We will construct the Northrail to Clark and the Southrail to Lucena and on to Bicol, and upgrade the link between them. We will also extend the LRT to Bacoor. Sa pagbilis ng biyahe patungo at

palabaas ng Metro Manila, makakatira ang manggagawa sa mas mura at maaliwalas na lalawigan.

Maayos na ang kapaligiran sa riles ng tren sa South Superhighway. Masaya ang mga pamilyang hinatid namin ni Vice President Noli de Castro sa kanilang bago at permanenteng reloksyon. Teddy Boy Locsin said it hadn't been done before, and couldn't be done at all. Well, Teddy?

Ngayon gagawin ito sa Maynila, si Lito Atienza ang bahala.

We thank China for agreeing to fund these housing needs. Huwaran ng ating programang pabahay para sa mahihirap ang mga proyekto ng Iglesia ni Kristo at Gawad Kalinga.

Ngunit kapos sa tubig ang mga taga-West Zone ng Kamaynilaan. Kaya bibigyan natin ng prayoridad hindi lamang ang edukasyon, koryente, enerhiya at kalusugan, kundi tubig din. We are setting up a 300 million liters per day pumping station for Muntinlupa, Las Pinas and Paranaque.

We will build a roll-on-roll-roll-off port system to link Lucena, Quezon to Boac, Marinduque, like the Batangas-Mindoro RORO.

Sa ganitong mga proyekto, palalakasin natin ang ekonomiya ng mga barangay at lalawigan. And we will end the long oppression of barangays by rebel terrorists who kill without qualms, even their own. Sa mga lalawigang sakop ng 7th Division, nakikibaka sa kalaban si Jovito Palparan. Hindi siya aatras hanggang makawala sa gabi ng kilabot ang mga pamayanan at maka-ahon sa bukaang-liwayway ng hustisya at kalayaan.

In the harshest possible terms I condemn political killings. We together stopped judicial executions with the abolition of the death penalty. We urge witnesses to come forward. Together we will stop extrajudicial executions.

Central Philippines has the competitive edge in tourism in its natural wonders and the extraordinary hospitality of its people. The area sweeps across Palawan and Romblon, the Visayas and Bicol, plus the northern Mindanao islands of Camiguin, Siargao and Dapitan. Topbilled by Boracay, Cebu, Bohol and Palawan, it attracts more than half of the foreign tourists to the Philippines. It is also the center of geothermal power in the country, which we continue to develop.

The priority here is tourism investments. Coming soon for superstar Boracay are an instrument landing system for the Kalibo airport and a P3 billion private investment in a San Jose, Romblon airport, plus good roads to spillover destinations all over Panay.

In Cebu, Gwen Garcia is constructing a world-class convention center for the ASEAN and East Asian Summits in December.

Helping our infrastructure upgrading, is the fall in bribery for public sector contracts in Metro Cebu, from 62% of companies in 2004 to 47 today. Congratulations to Cardinal Vidal for shepherding his flock and to Metro Cebu Mayors Osmena, Ouano and Fernandez, and Metro Cebu representatives del Mar, Cuenco, Gullas and Soon-Ruiz.

Bohol became a destination distinct from Cebu since it defeated the terrorist insurgency with community initiatives led by the power tandem of Rico Aumentado and General Johnny Gomez, now the NCR Commander. It now merits its own international airport, just as our country deserves a world-class Constitution strongly supported by Governor Aumentado and the league of local authorities.

Tourism in Palawan requires the upgrading of the airports of Puerto Princesa, Busuanga, San Vicente (hometown of Congressman Alvarez that's why he's clapping) and the building of a new one in Balabac; as well as a continuous road backbone from El Nido to Bataraza.

We will lengthen the Dumaguete runway for tourism as well as electronics. Valencia, Oriental Negros could attract semiconductor firms with power rates subsidized by the geothermal field of Palimpinon. Negros will also advance energy independence with ethanol projects in San Carlos City and Tamlang Valley, once the biofuel law is passed. (You have done your part, Migs)

We will serve Guimaras by the airport being built in Santa Barbara, Iloilo and by a new RORO port in Sibunag. We will link Sipalay via Silay airport funded by the national government and Kabankalan airport being built by its local government. Thank you.

For Bicol's whalesharks, beaches and, of course, Mount Mayon, we have started acquiring the right of way for an international airport in Daraga, Albay. We will provide the means to the perfect surfs of the Pacific by upgrading the airports of Siargao, Guiuan and Tacloban.

We will widen the road to Dakak in Dapitan, and RORO will connect Siquijor to Santander, Cebu; Camiguin to Jagna, Bohol; Ubay, Bohol to Maasin, Southern Leyte, for diving in Limasawa.

We will bring Masbate and Biliran into the RORO Eastern Nautical Highway from Surigao through Leyte through Naval and Maripipi in Biliran through Esperanza, Aroroy and Burias Island in Masbate and on to Bicol. The much-awaited 10-megawatt generator set arrived in Masbate last Saturday. It is ready to power up the province before the end of the month.

Camiguin, Romblon and Camarines Norte got out of the list of poorest provinces in 2003. With tourism these provinces can become rich.

Also winning the war against poverty and calamity, undaunted by unimaginable catastrophe, the valiant people of Southern Leyte, under the leadership of Rosette Lerias

and Oging Mercado (our Rudy Guliani) are rebuilding the lives of Saint Bernard and San Francisco from their tragic mudslides. Yesterday, I asked the Japanese government to help Southern Leyte implement an integrated management approach to deal with their critical ecosystem, like the one the World Bank has approved for the Bicol River Basin.

Mindanao is our priority for agribusiness investments in the south. Mindanao is mostly fertile and largely typhoon-free, exporting coconut products and high value crops, and from its waters come 40% of the country's fish catch. Our investment priorities mirror those for North Luzon, and more because Mindanao has the poorest regions and poorest provinces and because we have to spend on a logistics system linking it to the north.

In 2003 we introduced the RORO from Zamboanga del Norte through Negros, Panay and Mindoro to Batangas. This system has slashed travel time from Mindanao to Luzon from 36 hours to 24 hours, and freight cost by 30 percent, so crucial to food shipments. Now we will develop more routes like the one from Cagayan de Oro through Camiguin, Bohol, Cebu and Masbate to Bicol, the Central Nautical Highway.

Also in 2003, Sulu, Lanao del Sur, and Tawitawi registered double-digit declines in poverty incidence from the year 2000. Congratulations.

Kitang-kita ang pag-ibayo ng mga isla ng Sulu, Basilan at Tawi-Tawi. Nagbukas ang Jollibee sa Basilan. The Balikatan exercises with the United States, combined with the US GEM program and other donor-assisted projects, have no doubt contributed to this.

Sa Sulu, isang araw ng Mayo, umuulan, nagwakas ang isang mahabang pagtutunggali nang pumasok ang mga kawal at sibilyan sa Kampong Bitan-ag sa Panamao na hawak ng mga rebelde. Nagyakapan at nagkamayan ang dalawang panig. Dahil sa matinding pagnanais para sa kapayapaan ni Marine General Ben Dolorfino, naganap ang pagkakasundo. Gayon natapos ang isang madugong kabanata. Congratulations, General Ben Dolorfino.

Susi sa anumang pag-ibayo ang malakas na suporta at ma-abilidad na liderato ng pamahalaang local. Halimbawa, iyong "from arms to farms" ni Governor Ben Loong ng Sulu, with his caravan of tractors literally invading former rebel camps in his province. Congratulations.

Mahigit isang linggong nakaraan, dumating sa "Eleven Islands" ang daan-daang rebeldeng at kanilang pamilya, sa pamumuno ng dating MNLF Commander na si Aribari Samson. Dito sa mga pulo na kilalang "no man's island," dati nagtatago ang mga rebelde at criminal. Ngayon sa tulong ng isang programa ng United Nations, nagtayo tayo ng dalawang daang tahanan at panibagong buhay para sa pangkat ni Samson. Thank you for giving peace a chance. Congratulations, Commander Samson.

I take this occasion to express our gratitude to the donor community from the US, the Organization of the Islamic Conference and the European Union, Australia, Japan, our

ASEAN neighbors, the multilaterals and the rest of the world. Thank you for helping us in our peace process.

If we can harness the forces of good in our nation, the positive force at work here at home and those from abroad such as the US, Malaysia, the OIC and others, we shall prevail in Mindanao with a peace agreement that brings freedom and hope to all Filipinos. With this peace, we would reap dividends in resources invested in agribusiness, not aggression, to build up, not tear down, the Philippine south.

Among the possible peace dividends would be pro-poor road projects like the Siocon-Sirawai-Sibuco-Baligyan Road in Zamboanga del Norte; the Lebak to Maguindanao which Sim Datumanong started when he was Secretary of Public Works; the Dinagat Island road network in Surigao Del Norte; the Hawilian-Salug-Sinakungan barangay road in Agusan del Sur; the Pangil Bay Bridge; and the Surigao-Davao Road, which we want to be as beautiful as the Bukidnon Highway completed during the administration of Joe Zubiri and the term of Migs Zubiri.

Mindanao's number one export, coconuts, has been growing continuously for the last three years, at the rate of 10% a year. The coconut farmers deserve a portion of the peace dividend. I invite Congress and the Bishops-Ulama-Priests-Pastors-Farmer-Lumad Conference led by Archbishop Fernando Capalla to help me ensure their rightful share.

On top of peace and investment, progress also demands good governance. I congratulate Donkoy Emano for the drop in reports of corruption for public contracts in Cagayan de Oro from 65% of firms last year to 38 this year. Also Rudy Duterte and the other leaders of Metro Davao led by Majority Leader Boy Nograles for a similar drop, 57% last year to 49 now. Things are coming together for Mindanao, a prelude to their readiness for eventual federalism.

The **Cyber Corridor** will boost telecommunications, technology and education. The corridor runs the length of all the super regions, from Baguio to Cebu to Davao. The cities of Davao, Tagum and Samal Island Garden all operate electronic government accounting systems. There are many wings now to the corridor because enterprising local executives like L-Ray Villafuerte and Jerry Trenas have aggressively attracted call centers to their jurisdictions (Congratulations, Jerry) In this corridor, the English and information and communication technology skills of the youth give them a competitive edge in call centers and other business process outsourcing.

In 2001, in this hall, we hailed ICT as a key growth sector. So we built up telecommunications infrastructure and opened the market for Internet phone calls. Today international calls cost 6 cents a minute, down from 40 cents. From 2,000 BPO workers in 2001, we now have 200,000.

I had coffee with some call center agents last Labor Day. Lyn, a new college graduate, told me, "Now I don't have to leave the country in order for me to help my family. Salamat

po." I was so touched, Lyn by your comments. With these structural reforms, we not only found jobs, but kept families intact. Thank God, I thought, or someone might also try to impeach me for violating Article 15 of the Constitution on the solidarity of the family as the foundation of the nation.

As Louie Villafuerte argues, to step into the future, a country that wants to be a player in the global economy needs bold and well-funded research and development initiatives of its own. To this end, we will continuously increase the budget for science and technology, and education. For in today's global economy, knowledge is the greatest creator of wealth.

In summary, I named only a few priorities to illustrate that on many fronts, your government is working, and working well. Our economy is now growing over the longest period in the last quarter-century: 22 consecutive quarters of growth. Umakyat ng mahigit tatlung porsyento ang kita ng pinakamahihirap na pamilya sa unang tatlong taon ng ating panunungkulan, at bumaba ang dami ng maralita sa 25% ng mga pamilya, mula 28%, katumbas ng dalawang milyong katao na lumaya sa kahirapan. According to Thornton and Punongbayan, 70% of medium-sized business owners are optimistic, the fifth most optimistic among 30 countries, just behind India, Ireland, South Africa and China.

Bickering in politics may delay, but not derail the initiatives that need to be taken on our pro-poor, pro-growth, and pro-peace agenda. Regardless of the fate of the national budget, we must automate our election process. Local governments must get their rightful share of revenues. I ask Congress to pass a supplemental budget to effect this.

We are a great people. We have honest students and honest cops. We have scaled the heights of Mount Everest, dominated the Southeast Asian games, we have won international beauty titles, and of course punched our way to triumph in the boxing world. Our people compete and win every day in every imaginable job throughout the world. Individually, we've taken the world on and won; together, we must take on the challenge of creating a new, peaceful, humane and competitive nation and prevail.

For those who want to pick up old fights, we're game but what a waste of time. Why not join hands instead? Join hands in the biggest challenge of all, where we all win or we all lose: the battle for the survival and progress of our one and only country.

After three years, eleven months, and six days, I shall relinquish the Presidency, with much if not all that I have outlined completed. I do not want it said then that, in the end, I defeated my enemies. I would rather have it said that all of us, you and I, friends and foes today, achieved together a country progressive, prosperous and united.

Thank you. Mabuhay!