

## **PGMA's Speech during the Philippine Mid-Year Economic Briefing**

Date: Tuesday, September 05, 2006

Place: Grand Ballroom, Dusit Hotel, Makati City

Occasion: 2006 Mid-Year Economic Briefing

Thank you, Gary.

Governor Tetangco, our economic managers, leaders of the business community, members of the diplomatic corps, ladies and gentlemen.

As we have seen earlier the theme of this briefing is "Making Things Happen." And I would like to emphasize that our economic team has indeed been working hard to make good things happen in the Philippines. Congratulations to them!

And I'm pleased to join you today. It's appropriate that we mark a successful half-year of economic performance with the people who have been a key part of that success. Congratulations too to all of you!

When I assumed office as President in 2001, I committed our administration to an economic plan that would lay the foundation for building prosperity for the greatest number of our people.

Today, despite the challenge posed by soaring oil prices we have made significant progress towards achieving that economic goal. We have much work to do, but it's clear that progress is being made. The economic indicators that you have seen in the presentation, and that the members of the economic team will discuss with you today underscore the success of our policy -- the deficit is down, the stock market is up, and the peso is strong.

And for the first time in many years, we're paying less in interest on our debt while bringing in more tax revenue, freeing up capital to invest in vital infrastructure and human needs to increase the quality of life for our hardworking Filipinos here at home. Foreign investment levels are helping us to create thousands... Hundreds of thousands of new better paying jobs.

There was a political price to pay for forging ahead with this long overdue economic reforms, but I'm content to see my popularity go down as long as the nation's fortunes rise as a result of this positive economic reforms.

And let me be clear -- these reforms will continue.

The first phase of our economic turnaround plan was to stabilize our budget and spending and then secure increased revenue through better tax and customs collection and through an increase in the value-added and other taxes. These were painful but necessary steps, and the performance of our economy validates these actions.

Phase two of our plan is to take advantage of our improved economic environment to strengthen the competitiveness of the Philippines -- we're well into this phase. The most

significant part of this phase is to restructure our economy to strengthen the natural advantages of five distinct regions of the country. These super regions need to be build up to create opportunity across the country because as I've said before our country is too Manila focused in its politics and its economic wealth.

We genuinely need to lift up the entire country and not rely on trickle down economics from Manila to do the job. We're making progress, but much more remains to be done. Our success in extending economic gains to all corners of our country lies in creating the national infrastructure. We need to lower costs, increase productivity and better compete for the increased levels of foreign investment. We need to drive economic growth and create well-paying jobs.

In our Medium-Term Public Investment Program more than two trillion pesos will be invested by the national government, the government-owned-and-controlled corporations, the government financial institutions, the local governments and the private sector B-O-T investors in roads, railways, sea ports, airports and other infrastructure over the period 2006 to 2010. These are investments in competitiveness.

But economic development is not just about roads and railways, it's also about providing people with right incentives and opportunities to be entrepreneurs or well-paid workers and get the education and training they need for the career they want. Our improved fiscal position has provided us a boost in funding for science and technology, education and training that will produce a skilled workforce suited to the opportunities that are being created in our national economy.

During the first half of this year new revenues from the VAT and other tax reforms were invested in new school buildings, new text books and teaching materials, and training programs for teachers and school administrators.

While we remain thankful for the contributions of our Overseas Filipino Workers, I'm pleased to see that our economic growth is broad-based with significant contributions being made by the services sector, agriculture and exports. In the services sector over the last five years, we have created 200,000 new BPO jobs and our focus now turns to growing this important industry in which our nation is globally competitive. Agriculture and the exports sector will benefit greatly and become more competitive from our investments in new infrastructure.

Today, we acknowledge the results of our economic plan -- steady economic growth, rising imports and related exports, a strong stock market and peso, higher revenues and a lower deficit. But we also acknowledge the need to continue the economic reforms that have produced these positive results.

We will continue our policy of prudent economic management.

Our revenues will continue to rise and our economic managers are determined that the budget will be in balance by the end of 2008.

We will continue to invest responsibly in the infrastructure that will boost our

international competitiveness, attract job creating investments, and deliver social services that will improve the quality of the people's lives.

Only a strong economy will reduce poverty and expand our middle class. Progress is being made and our economic managers today will expound on that theme.

To all of you, thank you and thank you for being part of the progress that we are making.

Maraming salamat.