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Statement by the Hon. **AMANDO M. TETANGCO**,
Governor of the Fund for the **PHILIPPINES**

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IMF Managing Director Christine Lagarde, World Bank President Jim Yong Kim, Honorable Governors, Ladies and Gentlemen, I would like to express my appreciation to the Bank, the Fund and to the Government of Japan for the excellent arrangements in this year's Annual Meetings. I also wish to take this opportunity to convey my respect and admiration for the resilience and tenacity of the Japanese people to overcome their losses and together move on to rebuild their country.

Indeed, hosting this year's Annual Meetings is a most fitting showcase of how unity, cooperation and determination can triumph over the most difficult of challenges. Given this scenario, Japan represents the most appropriate venue for the Annual Meetings at this time when we continue to find ways to revitalize global economic health for the long term.

The past year has been particularly challenging for all of us: the Euro crisis intensified; the US economy weakened; and the growth momentum of emerging market economies moderated. Combined, these three factors caused a slowdown in global economic activities. In the process of confronting these issues, three forms of responses emerged – domestic, regional and global.

In our case, the crisis affected the Philippines mainly through the trade and the investment channels since the United States and the European region are two of our largest economic partners. Nevertheless, the Philippine economy managed to grow by 6.1 percent in the first half of 2012 backed up by a robust service sector, steady remittances from millions of overseas Filipinos and well-anchored inflation expectations.

In addition, the *Bangko Sentral ng Pilipinas* implemented measures to maintain the stability of our financial system such as facilitating continued access to foreign exchange resources and ensuring adequate liquidity in the financial system. It is noteworthy therefore that it was at this time when our sovereign credit rating was upgraded and the outlook on our rating, raised from stable to positive. As the Philippines faces headwinds that could undermine its positive outlook, we stand ready to preserve the gains we have achieved through appropriate macroeconomic policies that ensure growth that is sustained and is inclusive.

Regional strategies to address the crisis were also mounted. The size of the ASEAN+3's multilateralized Chiang Mai Initiative was doubled from US\$120 billion to US\$240 billion. In addition, the ASEAN+3 Macroeconomic Research Office was expanded to include more specialists to carry out surveillance, effective monitoring, and early detection of risks in the regional economies. We also note the efforts of the European authorities as they attempt to bring an end to their sovereign debt concerns. The establishment of the European Financial Stability Facility, the proposed banking union and the most recent Outright Monetary Transactions resulted from intensive discussions, driven by determined efforts to preserve the union.

Global initiatives to deal with the crisis have also been formulated to complement national initiatives and regional strategies. In this connection, I would like to take this opportunity to acknowledge the Fund which has been at the forefront of efforts to address the crisis since it started. One of its more important initiatives is the mobilization of financial support to create a crisis firewall. The Philippine central bank itself supported the Fund's call for additional resources by committing US\$1 billion through its bilateral borrowing facility. This is on top of the commitment we made to provide about US\$500 million through its New Arrangements to Borrow facility.

As a member of the global community of nations, we believe it is in our interest to ensure economic and financial stability across the globe. Indeed, in the midst of the ongoing crisis, the Fund remains a reassuring presence that fosters global financial stability. Moving forward, we in the Philippines renew our commitment to work with the Fund on national, regional and global levels in fostering growth that is sustained and inclusive.

Thank you and Mabuhay!