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ANNUAL MEETINGS
WORLD BANK GROUP
INTERNATIONAL MONETARY FUND

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

The events of recent weeks highlight how closely movements in financial markets affect the real sectors of economies, and in turn the reaction functions of monetary authorities. The recent events also highlight that the channels for global contagion continue to evolve.

While these events suggest the strong interconnection of the global economy, they also reflect our vulnerabilities. As policymakers, it is therefore imperative that we carefully consider these market stresses and the new transmission mechanisms that are now in play.

Moving forward, the balance of risks to global growth is tilted to the downside. A break in the traction of growth in the advanced countries, a more pronounced slowdown in major emerging market economies and increased financial market volatility could make it difficult for many to achieve their economic growth targets. Lower oil and commodity prices could weigh on commodity exporters while the positive effect on importers may not be fully felt. Geopolitical tensions remain compounded by border migration challenges. Where uncertainties lie, concerted policies and actions are required to bring about a normalization of economic conditions.

Through all these, the Philippines is seen to remain resilient. The economy grew by 5.6 percent in the second quarter due to healthy government spending and strong domestic consumption underpinned by remittances and other service revenues. Prudent and measured policy actions are expected to sustain strong fundamentals: low inflation, strong balance of payments position, adequate international reserves and sound fiscal condition. The banking sector remains healthy with low levels of non-performing loans, ample liquidity and adequate capitalization.

We view our current monetary policy to be appropriate, having put in place preemptive tightening measures last year, which have also helped to stave off brewing financial stability pressures. Consistent with our past stance, the Bangko Sentral ng Pilipinas remains watchful of domestic and external conditions and stands ready to take the appropriate policy actions, as and when needed, to minimize the potential adverse impact of risks to the economy.

The Philippine government is paying particular attention to infrastructure development, especially in transportation and power, which are critical for a growing economy. We are also pushing for more public and private investments that can help improve education, increase the number of available high-quality jobs and raise the incomes of Filipinos. In addition, we are actively pursuing financial inclusion with the

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[1] Statement of Governor Amando M. Tetangco, Jr. of the Bangko Sentral ng Pilipinas for the 2015 Annual Meetings of the International Monetary Fund (IMF) and the World Bank (WB), 9-11 October 2015, Lima, Peru

adoption of a national strategy for financial inclusion. Efforts are also being exerted to enhance competitiveness as the region achieves greater integration.

Over the years and across varying crises, the fundamental role of the Fund remains the same—that is, to conduct effective surveillance, design relevant programs, provide financial liquidity, and extend technical assistance. It continues to be a trusted confidential advisor delivering tailored and cohesive policy advice to its 188 members.

The Annual Meeting in Lima, Peru is a timely opportunity to assess the impact of recent developments and arrive at a cooperative and collaborative plan of action. Towards this end, we support the Managing Director's action plan to strengthen surveillance by sharpening the analysis of risks and spillovers. The Bangko Sentral ng Pilipinas shall remain an active partner of the Fund in the global policy dialogue and in helping provide global liquidity support.

Thank you all and Mabuhay!