



**ARANGKADA PHILIPPINES FORUM:
MOVING TWICE AS FAST**
JANUARY 26, 2012 8:30 AM-2:30 PM
GRAND BALLROOM, MARRIOTT HOTEL
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Secretary Gregory Domingo, members of the Joint Foreign Chambers of Commerce, members of the business community, ladies and gentlemen,

Good morning! It is such an honor to be here with all of you today. It has been over a year since the publication of *Arangkada Philippines*. USAID is proud to have supported the development of this outstanding document. I commend the Joint Foreign Chambers of Commerce and all the business associations and organizations that collaborated to produce *Arangkada*. It has truly been very useful in informing decisions and actions to help transform the Philippines into a more inviting destination for local and foreign investors.

The publication of the *Arangkada* could not have come at a better time for us in the United States Government. As some of you may know, over the last year, we, along with members of the Philippine Government collaborated to form a new partnership, which we call the Partnership for Growth – or PFG for short. *Arangkada* provided us with key inputs in the development of our joint action plan for the PFG.

The PFG embodies a new approach to development cooperation. It incorporates all the instruments that both our governments can bring to bear on constraints to economic growth. It includes strategies to leverage the resources and tools of partners, especially the private sector, and to increase effectiveness of policies and institutions necessary for development.

U.S. Secretary of State Hillary Rodham Clinton and Philippine Secretary of Foreign Affairs Albert del Rosario launched the U.S.Philippines PFG by signing the PFG Statement of Principles in November 2011. The PFG aligns with policy reform areas outlined by President Aquino in the Philippine Development Plan.

As you all know, the challenge for all of us here is how to ensure the realization of the Philippines' goal of achieving an accelerated, sustained, and inclusive economic growth. In the midst of the global economic uncertainty, there is reason to be optimistic. It appears that investors are taking notice of the Administration's policy reforms to improve the business climate. However, these reform efforts need to be sustained to further reduce the cost of doing business, ease barriers to market entry, and improve fiscal performance.

Changes need to be made to improve the regulatory environment in the Philippines in order to further encourage both foreign and domestic investment. It is worth noting that while the country's savings rate has improved, investments continue to lag despite having over a trillion pesos in special deposit accounts sitting in the Bangko Sentral ng Pilipinas.

The Philippine government needs to increase public spending to improve the quality and quantity of infrastructure and human capital because they are crucial in making the country more internationally competitive. Pushing and sustaining tax efforts to above 13% of GDP through better tax administration is crucial to attain these spending targets.



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We look to you in the private sector and the broader civil society of the Philippines to ensure that the ambitious agenda set out by the *Arangkada*, PFG, and the Aquino administration come to fruition. The private sector plays an important role in the success of these initiatives; and business associations provide a voice for the private sector to lead advocacy efforts in support of an improved business climate conducive to higher and more inclusive growth.

In partnership with the Philippine Government, the donor community, and the private sector, the U.S. Government stands ready to do its part to promote economic reforms and a more conducive business environment. The PFG provides the basis for our strong commitment in economic development. Through this enhanced bilateral engagement, we will assist the Philippines achieve the goal of moving from a low growth path to a higher, sustained and more inclusive growth trajectory in line with other high-performing emerging economies.

In conclusion, the timing of the *Arangkada Philippines* Forum could not have come at a more opportune time. Many of us in government, the private sector and multilateral organizations have known and written about what needs to be done to help transform the Philippines into a rising star in Southeast Asia. But never before have the levers for transformational change been so well aligned as in the current context. Now is the time to execute what many of us have been advocating, in order to capitalize on the competitive advantages that the Philippines has to offer.

I thank you all for your participation in today's *Arangkada Philippines* Forum and look forward to learning from your contributions.