

***Speech of Speaker Feliciano Belmonte Jr.
Meeting with Joint Foreign Chambers
November 14, 2012***

It is again a distinct privilege to address all of you in the Joint Foreign Chambers.

Our meetings have done much to establish and strengthen our working relationship. Specifically, our constant dialogues over the past two years have assisted the House in approving measures considered as priority by your Chamber, namely: Amendments to the Anti-Money Laundering Act, Common Carrier's Tax, Customs Modernization and Tariffs Act, Land Use Policy, Sustainable Forest Management Act, Universal Healthcare, and Whistleblower's Protection Act.

Indeed, we were able to better coordinate our reform initiatives, and move more closely towards common goals and directions—including those of sustaining the present momentum of growth and realizing more inclusive growth.

As you are all well aware, there is much to be pleased about on the matter of the Philippine macroeconomy. Consider the following developments:

- Average GDP growth in the first semester stood at 6.1 percent, making the year's projected growth of 5 to 6 percent achievable.

- The 2011 Debt-to-GDP ratio was at 50.9 percent, lower than that in 2010.
- The Philippines' competitiveness rankings also continue to improve. In the World Economic Forum's Global Competitiveness Report, we went up by 10 places in ranking as the 65th out of 114 economies.
- All three major credit rating agencies (Moody's, Standard & Poors, and Fitch) have upgraded the Philippines' credit rating to only a notch below investment grade.

As a result, it was widely reported in the newspapers and in international surveys that business confidence in the country has been rising. According to the 2012 Grant Thornton International Business Report, businesses in the Philippines remain very optimistic about the economy over the next 12 months.

Investment firm Religare Capital Markets also regarded the Philippines as the new darling for investors, noting the strong macroeconomy and solid political situation. The group also remarked that the country is well positioned as an alternative investment site to China and Hong Kong, which continue to be hounded by corporate governance issues.

But even without the official reports, the sense of rising optimism among the business community can easily be detected. In the various business conferences and engagements I have recently attended, I can sense the growing confidence among the country's entrepreneurs. It is a

confidence that is real and palpable, and one which I hope can be nurtured and sustained.

However, this is no time to be complacent. Much work remains to be done. To my mind, there are two major challenges that need to be addressed over the medium and long term.

The first challenge is enhancing the country's overall competitiveness.

While there have been significant gains in certain areas, such as macroeconomic environment and government institutions, there remain considerable weaknesses which need to be addressed, especially in the areas of infrastructure, health and primary education, and labor market efficiency. This is according to the World Economic Forum's Global Competitiveness Report.

Meanwhile, power supply security concerns, along with high electricity prices also continue to hinder the country's competitiveness. Doing business remains an issue as evidenced by the country's decline in the World Bank's Doing Business Survey for 2013.

The second challenge is creating more jobs and opportunities.

While GDP growth figures are certainly laudable, this should translate to more jobs generated. Jobs are the key to raising incomes, and evidence that growth is being properly translated.

How do we address these challenges? I believe there are five tasks we must work together to accomplish.

The first task is to sustain the robust macroeconomy.

This entails keeping the fiscal house in order, and approving a national budget that is truly responsive to the needs and demands of the people. Indeed, we are on the right track towards our fiscal consolidation efforts as the national government managed to post a primary surplus, net of interest payments, amounting to P139.2 billion for the period of January to September 2012 while increasing disbursements by 14% for the same period.

The House, for its part, passed on Third Reading the 2013 national budget last October 15, after a series of marathon hearings. Surely you have observed that ensuring the swift passage of the budget has been a priority of the House for the past three fiscal years. Our tireless work on the budget has effectively allowed the country to start the year with a new expenditure program which is needed to upgrade vital infrastructure such as ports and airports.

The second task is to focus on attracting new investments.

This means that economic restrictions of the Constitution have to be addressed, and the overall business environment has to be made more conducive to growth. While amendments to the economic provisions of the Constitution may not come sooner, I earnestly believe that this should be given priority by the next Congress. We have to realize much higher levels of investments.

Higher investments will lead to the creation of much-needed jobs and provide consumers with wider and better choices in goods and services.

The third task is to boost trade even further.

We need to make our products more competitive, find new markets, and expand existing ones. Small and medium enterprises have to be provided with more support; they are the engines of the national economy. Further, our economy has to be more knowledge-based. The continued support of key growth-enhancing sectors, such as business process outsourcing and ICT should further be pursued, but moving up the value chain is likewise imperative.

The fourth task is to make our human capital our greatest asset.

We need to invest more in our people, provide them with better health and education, and make them stakeholders in the country's future. Under the social services budget of P698 billion for 2013, P329.4 billion will go to education, culture, and manpower development while P169.3 billion is set aside for social security, welfare and employment. This only shows that our prudent spending over the past years has now allowed us to invest more on developing our human capital.

The fifth task is to establish a genuine peace and order situation.

Businessmen need to feel more secure operating in our country. This can only happen in a regime where there is greater

transparency and accountability. The signing of the framework agreement between the Government of the Republic of the Philippines and the Moro Islamic Liberation Front is therefore a welcome development.

The agreement, which was signed last October 15, 2012, defines the features of the political settlement between the government and the MILF, and also defines the powers of the Bangsamoro entity that will replace the Autonomous Region in Muslim Mindanao. It is hoped that in 2016, the Bangsamoro political entity would have been established, which shall be reflective of the aspirations and ideals of the people of Mindanao.

I am pleased to note that the priority bills being championed by the Joint Foreign Chambers and the Philippine Business Groups, and our own legislative agenda, address these five major tasks that I have mentioned. Moreover I am proud to inform you that out of the 31 legislative proposals that we tabled for discussions in our previous meetings, we already enacted three into law, approved 16 on third reading, and another 10 on second reading.

In closing, let me extend my deepest thanks to you -- the Joint Foreign Chambers -- for your support and cooperation in these last few years. Together, we were able to make meaningful discussions on legislative priorities and come to a mutual understanding of what reforms are needed and how these reforms should be instituted.

It is my fervent hope that our cooperation will extend well into the next Congress. The reform process that we have worked on together should continue, and the seeds of change we planted should be nurtured to their very end.

Even as mid-term elections approach, let our focus and resolve to effect meaningful reforms not waver. As I emphasized earlier, what the country needs is to become even more competitive and to create more jobs. Growth for the sake of growth will never be enough.

Again, to my colleagues and fellow legislators, and to the members of the Joint Foreign Chambers and Philippine Business Groups, thank you all for your support.