



**ANNUAL
MEETINGS**
2017 | WASHINGTON DC
WORLD BANK GROUP
INTERNATIONAL MONETARY FUND

Governor's Statement No. 20

October 13, 2017

Statement by the Hon. **CARLOS G. DOMINGUEZ**,
Governor of the Bank for **PHILIPPINES**

Statement by the Hon. Carlos G. Dominguez,
Governor of the Bank for the Philippines

The Philippines has emerged as an important engine of growth for East Asia. We are now the second fastest growing economy in the region.

We are aspiring to achieve a growth rate of 7% this year and through the medium term. That is a rate of growth we consider sustainable given our macroeconomic fundamentals. It is a rate of growth that will happen through increased investments in modernizing our infrastructure.

The increased investments in infrastructure will be pursued without sacrificing the fiscal stability we worked so hard to achieve. We intend to fund the investments through official development assistance and a substantially broader revenue base.

A comprehensive tax reform program has been prepared to ensure a reliable flow of revenues. This will, in addition, help us reshape our economic growth to be investments-led. The new revenue architecture will be conducive to investments, simpler and easier to implement. It will be a powerful tool for achieving inclusive economic development for the Philippines.

The first, and more politically challenging component of this package is in the advanced stages of legislation. We expect the new tax policies introduced in this component to be enacted by the end of the year. The investment community warmly welcomes this package of measures and will consider enactment an indication of government's political will to do what is necessary to achieve inclusive growth.

The infrastructure program will be the main stimulus to help sustain high growth. That program is well on its way. We programmed infrastructure investments at more than a trillion Philippine pesos annually into the medium term. The whole of government is primed to see this program proceed as scheduled.

Rapid growth will be assisted by what we call a demographic "sweet spot." Over the next few years, the Philippines will have one of the youngest workforces in the world. We are investing in the health and education of young Filipinos. This will ensure a robust base of competitive human capital. The high growth rate we are fostering will help ensure young Filipinos will not want for quality jobs in the future.

By improving our national logistics backbone, we hope to achieve dramatic improvements in both agriculture and industry. We will support this with trade facilitation, further liberalization in more areas of the economy and the achievement of an orderly political community.

There are, to be sure, some areas in the country with serious security concerns. The Philippines has become a frontline state in the global effort to contain terrorism. This year, we faced our biggest challenge as a large force of terrorists occupied parts of the southern Philippine city of Marawi. That challenge had been decisively quashed.

We expect Mindanao to lead our economic growth. With abundant mineral resources and rich agricultural land, the island holds much potential for wealth creation. That potential has been stymied by many decades of armed conflict. The present leadership aims to achieve both peace and prosperity in Mindanao over the next few years. A major portion of our infrastructure investments will go to Mindanao, helping support business activity and reducing poverty.

Philippine politics is habitually turbulent. Fortunately, there is always more sound than substance in the apparent turbulence. We are confident in sustaining the stability and sound governance that are preconditions to progress. The present leadership is unrelenting in realizing administrative reforms and fighting corruption.

Regional developments will help support our strong economic performance. The ASEAN Free Trade Area is moving ahead as scheduled. Regionalization will support industrialization. A large and increasingly prosperous regional common market will provide a nurturing base for our industries, and hence for our expanded trade with the rest of the world.

We are actively cultivating bilateral and multilateral partnerships to support our own development. These reliable partnerships have been helpful in realizing the inclusive growth we pursue.

In sum, we are moving forward as planned. The regional context is hospitable. The resurgence of global economic growth will help us sustain ours. A broad global consensus for freer trade overwhelms those instances where protectionism seems on the rise.

We are optimistic about the future. We are confident in our own ability to push forward with a viable strategy for rapid economic expansion. We are proud to perform our newfound role as a vital engine for regional and global growth.

In this beneficial context, we will be relentless in finding complementarities with our regional partners. We will be decisive in seizing opportunities. We will be assertive in transforming our economy to bring the best benefits for our people.

@ @ @