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

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Governor of the Bank for the Philippines

Over the past few years, the Philippines spared no effort in preparing its economy for sustained and rapid inclusive growth. We have maintained the highest standards of fiscal discipline, reformed our tax system, reduced our debt service load, increased our foreign currency reserves, and managed the fiscal deficit.

We also enacted new laws that will improve the ease of doing business in the country, improve the efficiency of our financial system, and open up the economy further by liberalizing our market. We likewise accelerated our spending program on infrastructure modernization and our people, two areas of investment that will provide the highest returns in the short-run and prove beneficial well into the future.

All these efforts have borne fruit. The Philippines today is one of the fastest growing economies in the most dynamic region in the world. Our credit rating has been upgraded to BBB+ and we are expected to achieve upper middle-income economy status next year, way ahead of schedule.

The game-changing reforms we have pursued all have a tangible effect on the lives of every Filipino, resulting in more money in the pockets of our people, while reducing inflation and creating more jobs. We have been able to bring down unemployment to the lowest in 40 years while poverty incidence is declining from 27.6 percent in the first half of 2015 to 21 percent in the first half of 2018. With additional human capital investments through education, training, and our new Universal Health Care program, we aim to bring it down further to 14 percent by 2022.

However, along with other emerging economies, we do find ourselves today amidst much uncertainty. The Philippines views with concern the lingering trade tensions, the alarming effects of climate change, the slowdown in global growth, and the increasing negative interest rate policies. Debt levels among low-income developing countries are high and infrastructure spending has decreased, all while official development assistance has dropped across the globe. These are events that threaten to curtail our own growth.

Any slowdown in global economic performance will have detrimental effects on the low-income countries and emerging economies. If present trends continue, all the work we have put in preparing our economies for competitive trade, improving our domestic efficiency, and maintaining the highest standards for fiscal discipline will fail to ensure inclusive growth.

We call on the International Monetary Fund and the World Bank to help emerging countries in mitigating, if not reversing, these factors that threaten prospects for growth.

We fear that the traditional tools we have used to address such issues might prove insufficient, especially in dealing with disruptions in business models brought about by technologies, trade war, and changes in the supply chain models.

The International Monetary Fund and the World Bank must re-examine the traditional interventions and discard those that no longer work in favor of bold, out-of-the-box solutions for the institutions to remain in the foreground of the global economic landscape. This should underpin the concept of the “new multilateralism”.

They should also closely collaborate with regional multilateral institutions as they have a more intimate understanding and appreciation of the socio-cultural and economic contexts of the member countries in the region and hence, their development needs.

We look forward to closer collaboration between these two institutions and regional development mechanisms such as the Asian Development Bank and the Asian Infrastructure Investment Bank.

The near term may be fraught with challenges but we are confident in the long-term progress of emerging economies within the framework for cooperation and stability offered by the World Bank and the International Monetary Fund.

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