

**PGMA's Speech during the Economist Round Table Meeting "Business meets Government Roundtable One Year Counting" sponsored by the Philippine Business Leader's Forum**

*Manila Polo Club, McKinley Road, Forbes Park, Makati City*

*(29 June 2005)*

Members of the diplomatic corps, officials of the Asian Development Bank, Congressman Salceda, my economic team, leaders and members of the Philippine and foreign business community, ladies and gentlemen.

Thank you for joining me today.

As the business leaders of our nation, you are my most important partners. I recognize that your support for government is based on a shared vision of bringing this country forward, growing and making ourselves competitive on the global stage. For this reason, we regularly need to take a frank assessment of where we are and where we are going.

From day one of my presidency, I have responded and tackled head-on our fiscal and structural challenges. Now for the first time in a long time, we have the necessary legislation -- thank you, Joey and your colleagues -- we have the necessary legislation to raise revenues, balance the budget and ensure better tax collection through better accountability.

I'm proud to say that April tax collections were the highest ever -- thank you, Cesar. Preliminary collections in May are 18 percent higher than the same month last year, and exports are up -- thank you, Johnny.

Most importantly, my administration is clawing back the deficit as I had promised. This is the most significant economic achievement for the past few months. Even Fitch Credit Ratings Agency said that by 2006 the Philippines should have the lowest overall deficit in many, many years.

But we don't take these developments for granted, we know we must work hard everyday to keep this positive momentum and to drive our economic agenda.

The fact that we are making this progress in spite of the noise of Philippine politics is clear evidence that our macroeconomic fundamentals are sound and our foundation for our recovery is solid. It's clear that Phase One of my economic reform agenda was tough. Nobody likes to raise taxes but together with the legislators and the business community, we rose to the challenge of putting the Philippines on the path to economic stability and growth. The next phase of that economic reform agenda must ensure that our new revenues are used not only for continued deficit reduction but also for investments in much-needed infrastructure, social services and job creation.

At the same time, we're taking corruption head-on because we cannot build a better Philippines and generate additional revenues if we ignore this disease that affects our nation. We continue to file high-profile tax, corruption and smuggling cases. This is an unprecedented approach to enforcing the rule of law and improving governance

both outside and within the ranks of government. It's our way of saying that we're serious in giving rise to a level playing field for everyone operating in this country.

Let there be no mistake. I'm committed to a day when we can truly be proud to be one nation. That's why the divisions within our country must end. I want a nation that raises up the unfortunate without dragging down the fortunate. I aim to do this by breaking the status quo with investments, the rule of law and fiscal responsibility. This commitment goes beyond words, beyond convenience, beyond personal interests.

Over the past few weeks, I've also listened to advice from friends throughout the nation, but particularly from the business community. I know that there's concern that the good work we've been carrying out has been overshadowed by the political noise, including the political noise, rumor and innuendo associated with members of my family. This has been a subject of considerable pain for me and for the members of my family who've been subjected to these charges. To say that this goes with the territory in politics is easy, but it doesn't stop people from being distracted from the real work required if we are to build a better nation.

In a recent time magazine interview, I quoted my father who used to advise me: "when you're a public servant, the priority is God first, then country, and family is last." this is something that has guided me throughout my life in public service. My responsibility to the people is my highest priority.

My family knows that they must be self-effacing because the presidency is a position of greatest responsibility necessitating personal sacrifice, and not a fount of privilege or special favors. That's why my first administrative order, as with my father's term as president, was to prohibit government agencies from dealing with my family on matters of appointments, contracts and supplies. This was as much to do away with the palakan system, and to encourage transparency and accountability in government. I want to remind government officials of this administrative order.

The members of my family have supported me throughout my career in government, sometimes sacrificing their own advancement just to ensure that I carry out my duties to serve our countrymen without any question on my integrity. When I was executive director of GTEB, my husband stopped his law practice so that there would be no temptation to take in clients who might want to buy influence to get garments quotas. When I became president, my daughter Luli who have topped the foreign service exams on the eve of my sudden assumption readily accepted my decision not to appoint her to the service.

Today, my family is once again called to sacrifice our personal happiness to allow me to serve best as President of our country. My husband has volunteered to go abroad. He and even his contributions to health care and sports development have been the object of pillory especially by my political enemies who've been trying to distract me from fulfilling my reform agenda as President. And so he will leave to remove these distractions and doubts from our people's minds. As with Caesar's wife, my husband has volunteered to remove himself from any situation which will cast doubt on my presidency.

For my children and my granddaughters, missing their doting father and grandfather is their small contribution to rebuilding our society. As a wife, I'm grateful to my husband for his sacrifice. My family will miss him terribly, and I ask you to help pray

that we remain strong as a family.

I mention this here today because I want to signal to everyone that nothing can stop my administration from implementing Phase Two of our reform agenda. The future of our country rests on our working together to meet these objectives.

As I begin the second phase of my reform, we are faced with a looming oil crisis; that is, if the surge in the prices of crude oil in the world market remains unabated. As it is, at above 60 dollars per barrel, I'm aware of the heavy burden borne by everyone in this country, including the business community. I'm asking Secretary Santos to convene a tripartite national conference to address the oil shock.

In Phase Two, an enormous reform task stands before us. For instance, we should rationalize fiscal incentives and support a vibrant, well-governed banking system, ensure shareholder protection and generate savings for continued deficit reduction.

We also see the need to strengthen our financial system, to strengthen the Philippines as a place for business. And I know the key to this is choosing the right independent team in the Central Bank, and I'm proud of my choice of Central Bank incoming Governor Tetangco.

Finally, we need to promote investments in agri-business infrastructure, in energy conservation and independence, in the opening up of the mining sector and in the promotion of the Philippines as a global center for outsourcing. And as I've mentioned, with more revenue from Phase One, we can invest in vital social services for the poorest of our citizens.

In closing, I would ask that you work with us as we seek to reform our economy so that we can achieve true independence as a nation. Our country remains rich with natural resources. More importantly, it's blessed with intelligent, sensitive and caring individuals. Let's continue to harness these natural endowments so that we can reach greater heights, heights we have never experienced before.

Thank you.