

**PRESIDENT GLORIA MACAPAGAL ARROYO'S SPEECH**  
**DURING THE 26th GENERAL MEETING OF THE ASIAN**  
**BANKERS ASSOCIATION (ABA)**

*Carlos P. Romulo Auditorium, Yuchengco Tower*  
*RCBC Plaza, Makati City*  
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Thank you very much.

I'd like to thank my Presidential Adviser, the Honorable Alfonso Yuchengco, for introducing me and also for inviting me to be in this very, very important event.

I'd like to also acknowledge Dr. Jeffrey Koo, the founder of the ABA, a well-known personality in the APEC Business Advisory Council and a renowned banker, and Madame Susan Chang. And I'm sure Secretary Favila and the other officials of the Philippine government join me in welcoming all our guests. Welcome to the Philippines!

I would also like to acknowledge, I see in this gathering three former Cabinet members: I see former Prime Minister Cesar Virata, former Secretary of Finance as well; I see former Trade and Industry Secretary Roy Navarro, of course, because RCBC is the host and he is also the incumbent chairman of the Clark Development Corporation; and I see my former Secretary of Finance who with great pain and suffering worked to do the reforms that are now making our economy resilient today, Secretary Lito Camacho.

The backdrop to this summit, as we have heard from Presidential Adviser Yuchengco, is an economic crisis that still grips much of the world, complicated by natural disasters that have left and are still leaving a tragic scar in our part of the world. The economic crisis is surely man-made, too often as a result of the poor judgment of some of our fellow global financial citizens. And increasingly even our natural disasters are being laid at the feet of manmade global warming.

I was just reminded that the last time I was here in this building was when we heard "The Inconvenient Truth" that was being preached then about global warming, and here we are today. Today, we have again a momentous event, a discussion on what's ahead for Asian banking. Of course, you are the bankers, you are the experts, you will be the ones to come up with the answers, but what I can say is that if men and women make these problems,

then men and women must solve them, too. And at no time has the need for greater cooperation been demanded of the international community than now.

But, I congratulate the Asian banks, because as Ambassador Yuchengco said, you have shown that you can come together to beat back the challenge of economic calamity. Compared to other regions, Asia has a healthy financial system that remains steady and ready to support growth. Our region's banks are virtually free of toxic assets. In general, you have not needed government bailout money. Years of trade surpluses and high savings rates have contributed to record foreign reserves. Debt loads for governments, corporations and consumers are a fraction of those in the U.S. and Europe. Inflation and interest rates have fallen rapidly as you the Asian banks have deftly managed this fluid global environment. So, we can say looking at the Asian banking sector that given the overall global economic picture, the region is doing well and therefore prospects for Asian banking are strong. This is reinforced by a recovery that has already started.

The nations of Asia are addressing the challenges of the global economic crisis cooperatively, and your meeting here together is an example of that. Asia's response to the crisis has shown that our region is well-positioned to accelerate its growing share of the global economy once the storm clouds of this crisis have abated.

Although all Asian economies have fought the pain coming from the global recession, that pain has not been evenly distributed -- Do I see also Gabby Singson, former Central Bank governor? How are you, Governor? -- To go back to the different Asian economies, China and India as we know and we expect will long remain regional and global out-performers. Their growth continues to be remarkable. The most trade-dependent economies in our region have been the worst hit because the global recession has led to a virtual collapse in international trade. They have endured months of recession, fortunately, that now appears to be easing.

The Asian states that have been performing best, that are still enjoying positive growth are those emerging markets where private consumption is a high proportion of GDP. Indonesia and Vietnam have private consumption at 65%, the Philippines 70%, Sri Lanka 65%, and Bangladesh 75%. These states are outperforming the trade-dependent economies. Also, those of us who took the bitter medicine of reform some years ago have done better. That is certainly the case with the Philippines, which is why I mentioned Secretary Lito Camacho earlier, he was the one who started those reforms.

The Philippines is therefore a country that I am pleased to say has demonstrated the strength and resiliency of emerging market economies during this period of global economic crisis. The Economist magazine has tagged the Philippines as among the top key emerging markets beyond the BRIC countries, because as I said earlier, well before the global crisis and before Lito went back to the private sector, to banking sector, we were

setting a new economic course for the Philippines. This course was at the core of our economic reform agenda. Our reforms have generated 34 consecutive quarters of growth, the fastest growth in 30 years, created 8 million jobs, and allowed us to maintain the lowest inflation in a generation. More importantly, poverty went down, revenue went up, and allowed the nation to invest in human and physical infrastructure unprecedented in a generation.

The rating agencies upgraded our rating. Moody's said: "The upgrade was prompted by the relatively high degree of resilience exhibited by both the country's financial system and external payments position in the face of global financial and economic crisis."

The peso has remained stable and strong even amidst the global financial downturn. The growth of remittances from our overseas workers still defy expectations, a good indicator and reflection of the stability of our economy.

The Philippines, however, is not alone. While many nations in Asia have been deeply affected by the global downturn, many have also been havens of stability and islands of calm during this period of tremendous volatility. And I am glad to see that capital is returning to the region.

This is a good setting in which to ask not only what's ahead for Asian banking but to influence what is ahead for Asian banking. These are good setting in which to step up the formation of a new global financial regulatory regime that can accommodate the new scope and complexities of the world's financial transactions today.

And I am confident that the Asian bankers will be a catalyst having been successful through this crisis, a catalyst in the gathering groundswell for the reforms in the banking system of Asia and the world to make the new financial order more responsive to the needs of the 21st century.

So, my very best wishes for your success. Congratulations in the previous successes and all the best once again for the future.

Thank you.