

# Arroyo admits RP affected, hopes the worst is over

By MARVIN SY

The global economic downturn has stymied the Philippines' growth, but reforms set in place by the administration will help the country weather the storm, President Arroyo said yesterday.

In her message before the Philippine Economic Briefing at the Shangri-La Hotel in Makati City yesterday, the President said the poor bore the brunt of the economic slowdown as prices of goods, par-

ticularly rice and fuel, rose significantly.

"This has led to unfortunate levels of inflation and even greater pressures on our poor," the President said of the slowdown.

From an average growth rate of 7.3 percent in gross domestic product in 2007, growth slowed to 4.6 percent in the second quarter of this year.

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# Arroyo admits

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Mrs. Arroyo emphasized that the country's neighbors have also experienced economic setbacks such as Singapore and Hong Kong whose economic growths are seen to soften this year to 2.1 percent and 4.2 percent, respectively, from last year's 9 percent and 6.2 percent.

"Our team is doing their best on all fronts to manage inflationary pressures, provide the safety nets to those members of our society who are hit hardest by these global developments and deliver the growth that will continue to generate jobs and the tough revenues that we need to fuel our investments in the future," she said.

The President said several government programs have helped ease the impact of the global problem on the poor.

She said the programs include the lifting of tariffs on petroleum products, cash and rice subsidies to poor families to en-

courage their children to attend school regularly, interest-free loans and scholarships for college students, fuel discounts for public utility vehicles, loans for the conversion of public utility vehicle engines to LPG or compressed natural gas engines, income tax exemption for minimum wage earners, and assistance to elderly people not covered by social security.

"The recent challenges we faced are broadly external but they nevertheless require strong, decisive and targeted action internally," she told the gathering of business executives and economists. "The heights to which oil and other commodities prices have risen were unexpected and the depth of the financial market turbulence in the US is still unknown," Mrs. Arroyo said.

With the recent downtrend in the price of oil in the world market, the President said the country may have already weathered the worst of the global storm.

"While no one can predict the future during these uncertain global economic times, it seems that our measures at home are seeing us through the toughest times as we prepare for a day with lower global fuel and food prices," the President said.

"Our reforms have helped us in this time of global economic upheaval. Without them, we would not be as confident as we are that our economy will withstand these external shocks," she pointed out.

Comparing the country to a boxer in the ring, the President said that the global economy has delivered a knock down punch but the Filipinos have "gotten up off the mat and dusted ourselves off."

"Filipinos are fighters, naturally optimistic and we don't quit. Our sto-

ry as a people has a practical down-to-earth theme, beat the odds," Mrs. Arroyo said.

"We will continue to be vigilant against further challenges to our economy. We must maintain the fiscally prudent policies that have given us the strength to weather this global storm," she added.

## Unity pushed

Later in Pagadian City, Mrs. Arroyo said unity will help the Philippines survive a looming global recession even as she ordered her economic managers to ensure that food and fuel prices remain stable.

"Unity is very important especially now because of the increases in oil and food prices in the world market that slow down our economic growth as well as in other countries throughout the world," Mrs. Arroyo said in her speech at the 56th anniversary celebration of Zamboanga del Sur.

"We Filipinos are fighters, naturally optimistic and we don't give up. We are optimistic that as our celebrations for Christmas and New Year draw nearer, the economic clouds will begin to lighten," Mrs. Arroyo said.

"But we can only realize this if we share our whole strength and collective will to sustain our unity," she said.

She said she has invited the leaders in Congress and political leaders during the celebration "so that they can assure us that we have a clear and realistic plan and will stay the course with determination and compassion."

The administration's economic team, she said, has strived to ease inflationary pressures and help those who have been greatly affected by the global crisis.

"There is no doubt that while the recent economic picture has been challenging, we are better off because we were prepared with our measures through our tough choices to reform our tax system," Mrs. Arroyo said.

She said the increased revenues have benefited the country by making available more funds to finance programs to cushion the impact on the poor of the spikes in the prices of oil, food, and other commodities.

She said VAT proceeds funded the upgrading of public hospitals nationwide including the Zamboanga del Sur Medical Center.

"We also have projects like our Farm-to-Market roads in Ramon Magsaysay, Tukuran and Kumalarang (towns in Zamboanga del Sur) where we have given the Certificates of Turnover to the mayors," Mrs. Arroyo said.

"All of these projects have contributed to a better life and have eased the burden during these difficult times," she said.

- Paolo Romero