

'Amid crisis, RP an island of calm'

By PAOLO ROMERO

The Philippines remains "an island of calm" amid the global financial storm because of its good macroeconomic fundamentals, an official of Standard & Poor's said.

Press Secretary Jesus

Dureza and National Economic and Development Authority (NEDA) deputy director general Rolando Tungpalan made public the statement of Agost Bernard, S&P's associate director,

Turn to Page 13

during a news briefing in Malacañang yesterday.

The statement was also part of Tungpalan's presentation to President Arroyo during a NEDA Cabinet Group meeting at the Palace on the current global economic developments.

"The Philippines is 'lucky' because they have made the necessary adjustments and reforms when times were still good. So they are facing the global market problems and economic slowdown from a considerably improved position, compared to what they were in three to four years ago," Tungpalan said quoting Bernard.

"The Philippines is an 'island of calm' currently, while there is turmoil in the higher rated and previously stable countries," he said. The S&P official apparently was referring to Malaysia and Thailand but Tungpalan declined to confirm this.

The NEDA official did not read Bernard's entire statement but said it was part of an email of the S&P official to the Investor Relations Office of the Department of Finance the other day.

In an earlier report, S&P's said the global financial crisis will not threaten the Philippines' credit ratings but the government must improve its fiscal position.

The President earlier called for a coordinated regional action to help cushion the effects of the global economic slowdown.

The country's economic contingency plan as well as the performances of the stock markets around the world was discussed during the Cabinet meeting. Press Secretary Jesus Dureza said Mrs. Arroyo is expected to issue a statement today on her call for a region-wide approach to addressing the financial crisis.

He said Mrs. Arroyo had dispatched Finance Secretary Margarito Teves, Socio-economic Planning Secretary Ralph Recto and Budget Secretary Rolando Andaya to the US to discuss her proposal.

The economic managers were expected to return to the country yesterday and report to the President.

Tungpalan said the improvement in the stock markets around the world "gave us a boost of confidence in where we are right now."

He said there "seems to be better comfort" from the initiatives taken by developed countries to address their financial problems. But he said the Philippines will not let down its guard.

Mrs. Arroyo earlier told an economic forum that despite the looming recession in the US and in other major economies in Europe, the Philippines will not experience negative growth at least until next year.

"There is no doubt that we live in unsettled times today. The world is at a tipping point," she said.

She said the setbacks from "the past

year and the past weeks are real and profound. It will take time and perseverance to put the pieces back together."

She said that while a recession in advanced economies is a cause for concern, "we are in best position to be able to weather such slowdown."

"It (reform) is paying off. Our economy is more resilient today than ever before," she said.

"We have created almost seven million jobs in seven years. Our international reserves cover six months of imports and the reforms have given us some running room to weather the wave of global price shocks that reverberated across the world this year," Mrs. Arroyo said.

"It hasn't been easy but Filipinos are tough and resilient and that is one of our sources of competitiveness," she said.

"We have pulled together. We have been able to draw on additional revenues to provide targeted investments in food and fuel to keep our poor afloat until a better day," she pointed out.

She argued that while some economies in the region were experiencing recession in 2001, the Philippines was posting growth.

She said the administration is doing everything it can to keep the country's fundamentals stable.

The country, she said, has already diversified its export markets and that the US is no longer its No. 1 market but China.

"Our banks are well capitalized and the innate conservatism of our bankers is matched by the prudential foresight of our regulators," Mrs. Arroyo said.