

**“Global Economic Recovery and the Philippines:
Ready? Set? Go!”**

Speech

Ambassador Kristie A. Kenney

Global Financial Crisis and Economic Downturn:

Impact on the Philippines

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Main points:

- Severe global financial and economic conditions pose challenges to all, including to less developed economies like the Philippines;
- While the Philippines in all likelihood will avoid an outright financial crisis, the global economic situation presents special challenges to economies that rely on remittances and exports;
- The global economy will recover. In the meantime, the Philippines can position itself for this recovery by improving its competitiveness, including especially a more open orientation to trade and investment.

Members of Government and the National Competitiveness Council,

Distinguished speakers,

Our good friends from the private sector,

Ladies and gentlemen,

Good Afternoon.

On behalf of the U.S. Government and the American people, I would like to thank Secretary Peter Favila for the kind invitation to participate in this important event, and to acknowledge the leadership of the Department of Trade and Investment in bringing us all together to discuss this important topic.

I'd also like to acknowledge the excellent work and tremendous contributions of the National Competitiveness Council for never losing sight of the big picture – maintaining the focus on competitiveness.

We meet at an important time for the Philippines, this region, and for the global economy.

We have faced extraordinary challenges and every country in the world has been affected in some way. This is the nature of the globalized economy of which we are now all part. But how these challenges play out on international, regional, and even local levels will differ, and each challenge offers opportunities to make constructive choices. Actions – or the failure to act – all will affect our economies and people for years to come.

For our part, the United States has taken dramatic and unprecedented action to put our own economic house in order. In the words of the famous investor Warren Buffett: the Federal Reserve and Treasury have gone “All In”.

In February, President Obama signed into law the \$787 billion American Recovery and Reinvestment Act that authorized stimulus and other measures. March brought the announcement of the major elements of the financial reform program, designed in large part to reduce systemic risk by imposing more stringent capital and liquidity requirements for all financial institutions.

I want to assure all of you that, looking forward, we will never lose sight of how our fortunes are tied to other nations and peoples connected by the global economy. This is a time for the world to come together. As President Obama has emphasized, the world faces a global financial and economic crisis requiring a coordinated, global response. Already, the degree of international coordination among economies in their responses has been amazing, and is in itself a major reason for optimism going forward.

President Obama recently joined heads of state of the Group of 20 in London, and at that meeting they discussed the path to recovery and efforts to avert future crises of this magnitude.

Among other points discussed, countries reaffirmed their commitment to international trade and investment and to avoid protectionist measures that could threaten recovery. This will be a challenge for all of us, to be sure. Yet, President Obama has spoken clearly about the need to avoid protectionism even as the United States confronts its own crisis.

In the Philippines, I am happy to note that the government has resisted responding to this challenge with new protectionist measures – a stance that many respected economists and business leaders here support. Boosting competitiveness to take advantage of global markets, rather than putting up barriers, makes sense.

Globally, things may currently look bleak, but this crisis will end. There have been some early indications – “Green Shoots” of growth – signs that the dramatic efforts taken to stabilize markets have taken hold. Glimmers of recovery in individual sectors are signs that, slowly but surely, our coordinated approach is working.

And that is precisely why the Philippines would do well to position itself for the eventual global recovery.

The Philippines is an amazing country, blessed with a diversity of resources; and most importantly with a dedicated and hard-working people.

For example, the renewable energy market here has tremendous growth potential, with great, untapped resources in geothermal, hydro, wind, and solar energy. Just last year, for example, Sunpower started up a new production facility in Batangas and they remain committed to the Philippines. Global conditions notwithstanding, the outlook for the Philippines is still sunny.

In fact, the Philippines is practically an environmental “super-power” with immeasurable wealth in its natural resources and biodiversity. Responsibly managed, these resources are better than money in the bank – they can provide livelihood and opportunities for investment, tourism, and trade on a global scale. But the Philippines should work even harder to protect these treasures so they last for generations to come. That’s why really effective environmental protection and other aspects of stewardship are so important.

Yesterday was Earth Day and I can’t speak today without telling you how moving it was to be with so many people and kids celebrating the environment at the Mall of Asia.

And we can’t ignore another obvious success story that everyone’s been talking about: the business process outsourcing sector is booming. There are almost too many examples to cite, but even from what I’ve seen in the last few months I can mention a few American companies doing very well by linking up with Filipino talent and resources:

- Sitel in Baguio
- Convergys in Bacolod
- Teletech in Iloilo

Having so far avoided a financial crisis of its own, the Philippines is in a good position for recovery. Now we need to ensure that the country will be positioned to take advantage when the global growth accelerates again. For that, it will only happen if the Philippines can become more competitive and open to global markets.

Fortunately it seems that, as our global economy gets more and more interconnected, the world is discovering that Filipinos can be globally competitive – among the best in the world, in fact. The rapid growth of the BPO industry demonstrates how much the Philippines has to offer the world, if it gets the opportunity. It's proof that the Philippines can be globally competitive.

So far, it seems that the Philippines has been insulated somewhat from the impact of the global conditions. While this might look like an advantage today, it's important to recognize that this insulation has been limiting the economic growth of the country for decades. If the Philippines is to catch the next wave of global growth, it must open its economy further.

I think we all realize that--whatever the systemic challenges we may face now--open markets and trade are not “outmoded ideas.”

Sustained job creation and poverty reduction require open and competitive markets that attract investment. And yet over the years the Philippines has attracted far less investment than other countries in the region. That's why your Competitiveness Agenda is so important, both to the Philippines today and to the nation tomorrow.

For example, it needs to be easier for Filipinos to get their products to market, easier for companies to invest, and easier for people from all over the world to bring their products and their investments to the Philippines – or to come here as tourists or businesspeople and discover everything this country has to offer.

As partners and friends, we will work together. We will rely on each other for mutual support and benefit. We will engage with respect and appreciation for the different challenges confronted by all of our peoples.

Despite the current global economic climate, this could turn out to be a good time for the Philippines if you can seize the moment. But change doesn't happen by itself. And make no mistake, other countries are already positioning themselves. This is no time for complacency.

In closing, let me congratulate all of you here -- the Economic Managers, the policymakers, and the Business Leaders – who are working hard to make the Philippines a better place. Let me also acknowledge the sacrifices, heroism, and hard work of the many millions of Filipinos that face each day just trying to get by, and in the end, stand to gain the most from a globally competitive Philippines.

I'd like to leave you with a few words from President Obama that seem to me very applicable to the Philippines and to your efforts to improve the nation's competitiveness:

“Change will not come if we wait for some other person or some other time. We are the ones we've been waiting for. We are the change that we seek.”

Thank you and good afternoon.