



SPEECHES

Response Address

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Deputy Governor, Bangko Sentral ng Pilipinas
39th SEACEN Governors' Conference
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The Honorable K.N. Choksy, Minister of Finance,
 The Honorable Amarananda Somasiri Jayawardena, Governor, Central Bank of Sri Lanka,
 Honorable Governors and Heads of Delegations,
 Mr. Knight, Mr. Callaghan, Prof. Indrawati, Dr. Subarjo
 Distinguished Delegates, Guests,
 Ladies and Gentlemen,

I wish to personally convey the apologies of Governor Rafael B. Buenaventura. He will not be able to participate in our Meeting today originally because of pressing commitments in Manila. Over the past week, he has also been indisposed due to illness.

Nevertheless, I am honored to deliver this Response Address by Governor Buenaventura on behalf of the Governors and delegates to the 39th Conference of South East Asian Central Banks.

Since we last met in Manila, the global economic outlook has been improving. Recovery is picking up a little faster than anticipated in most places, in spite of continuing uncertainty about international security. The IMF, for example, has projected global growth to rise from 3¼ percent in 2003 to about 4 percent this year. The fiscal and monetary stimulus in the United States is working its way through to economic activity. Japan has seen some good growth results recently and Europe has shown signs of a pick-up. For countries in the Asian region, timely macroeconomic stimulus and decisive policy action by our governments have helped minimize the economic impact of SARS and sustain the pace of economic activity.

But we know that risks remain. Chief among these risks is the growing global current account imbalances. These imbalances are unsustainable over the medium-term, heightening the risk of abrupt exchange rate movements that could be disruptive to the economic recovery of emerging market economies. Resolving these imbalances in an orderly manner will require vigilance and decisive economic policy management by all those concerned. Another risk that can emerge is about the economic consequences of avian influenza. Public health experts still do not have a full understanding of the avian influenza virus and its possible transmission to humans. We commend current regional collaborative undertakings among our public health and agriculture officials to coordinate prompt and effective common action in the fight against current and future threats.

The task at hand for our central banks and monetary authorities is to carefully determine the appropriate monetary policy response and make faster progress with financial sector reforms to support economic performance. In this area, we have already made progress in developing and strengthening our respective domestic financial systems to enhance their robustness to shocks. The larger task, however, would be to ensure that structural reforms continue to be pursued with greater vigor to provide a sound basis for sustained economic growth and poverty reduction.

In the last SEACEN Governors Conference, we discussed the challenges of structural change and growth to central banking. The Governors shared the view that our economies were likely to obtain greater benefits through enhanced mutual economic cooperation among the SEACEN member countries. The Governors observed that greater regional economic collaboration could be facilitated by strengthening financial cooperative structures and by consolidating the channels for policy consultations.

Governor Jayawardena has outlined the agenda for this meeting. We fully agree with the relevance and timeliness of the issues for discussion. Along this line, we strongly believe in the need to further reinforce a "club spirit" where information sharing in terms of both data and best practice experiences is continuously encouraged and facilitated. Regional meetings such as this complement the equally important initiatives in such regional organizations as the Association of Southeast Asian Nations (ASEAN) and the Executives' Meeting of East Asia and the Pacific (EMEAP), among others, in nurturing a regional network of information exchange and expertise and mutual trust among central banks and monetary authorities. I am confident that the exchange of views in this Conference will help strengthen economic decision-making in our countries and prepare us better for the challenges ahead.

In conclusion, allow me on behalf of all the Governors and delegates, to express our sincerest appreciation to Governor Jayawardena, and to the staff of the Central Bank of Sri Lanka responsible for the excellent arrangements and warm hospitality extended to us. We look forward to a fruitful and successful discussion ahead of us.

Thank you and good morning.