

DevPulse

NEDA Development Advocacy Factsheet

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RP avoids recession in 2009

Despite the onslaught of natural calamities and the global economic crisis, the Philippine economy as measured in gross domestic product (GDP) managed to grow by 0.9 percent in 2009, within the official target of 0.8 to 1.8 percent. GDP is the value of all final goods and services produced inside the country's borders.

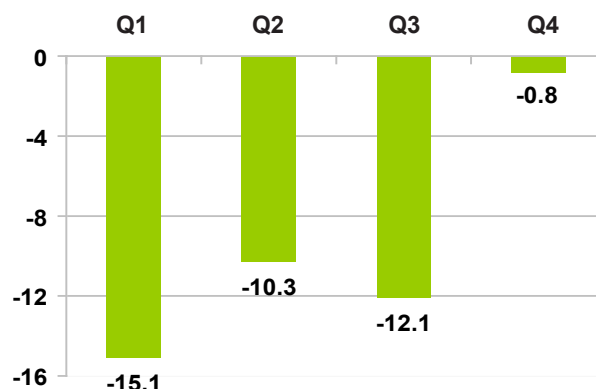
Albeit slower than last year's 3.8 percent, Acting Socioeconomic Planning Secretary Augusto B. Santos pointed out that the economy "never entered into a recession despite the odds," partly crediting the government's fiscal stimulus program called "Economic Resiliency Plan (ERP)" for making it possible. "Having kept the economy from a recession thus far, the tasks ahead are clear. As the ERP delivers its primary goals of saving and creating jobs, protecting the most vulnerable and starting infrastructure development to enhance competitiveness, we must ascertain that the subdued economic recovery this year will benefit most Filipinos," he said.

Meanwhile, gross national product (GNP), or the equivalent of GDP plus the income of Filipinos abroad (i.e. from remittances and investments), grew by 3.0 percent in 2009,

Figure 1
2009 GDP Growth (constant, %)



Figure 2
Capital Formation (constant, %)



driven primarily by a 20.1 percent surge in net factor income from abroad (NFIA).

Q4 growth highest for the year

GDP expanded by 1.8 percent during the fourth quarter, led by a resurgent services sector. The sector grew by 4.2 percent during the period, the fastest in nearly two years, as finance (11.0%), private services (6.1%) and trade (3.5%) posted hefty gains. The other subsectors, namely government services (3.4%), transport, communication and storage (1.9%) and ownership of dwellings and real estate (0.3%) also registered positive numbers.

Industry, on the other hand, finally broke its losing streak after posting a modest 1.1 percent expansion in Q4. It benefited from the recovery of manufacturing (1.3%) as well as gains in mining and quarrying (17.0%) and electricity, gas and water (0.5%). Construction (-5.8%) was the only subsector that declined.

For its part, agriculture contracted by 2.8 percent as it bore the brunt of two powerful typhoons. The 0.7 percent growth of forestry failed to offset the 2.8 percent decline in agriculture and fishery, weighed down by a 13.9 percent decline in palay output.

On the expenditure side, personal consumption expenditure (PCE) and government consumption led the way after growing 5.1 and 12.1 percent, respectively. The NSCB said that government consumption benefited from the disbursement of funds for relief and rehabilitation, as well as the continued release of funds for the automated 2010 elections. Capital formation, meanwhile, continued its negative growth, albeit at a slower rate of -0.8 percent. The same was true for exports, which posted -10.0 percent.

Next steps

Acting Secretary Santos said that for 2010, government would continue to build the necessary environment to support the country's key growth drivers, namely trade, outsourcing, finance, mining and quarrying, construction and private services. It will also



Bad weather dealt a huge blow to farm output during the year

look into ways of developing agribusiness/aquaculture, renewable energy, shipbuilding, tourism and ICT.

Santos, who is also Acting Director-General of the National Economic and Development Authority, added that government would pursue stronger ties with the private sector in 2010. "The government would work seriously with the private sector to improve our competitiveness and create more jobs. For instance, we urge farmers to shift from poor rice cultivation towards high value agriculture. Farmers that produce rice alone are trapped in poverty because rice is a low-value crop and is susceptible to weather changes. There is thus the need to mechanize its production and put farmers to work in high-value agribusiness," he explained.

The NEDA official likewise underscored the reasons to be optimistic for 2010. "Looking at the many tasks ahead, this year is a welcome start for all of us: the global rebound is underway, our economy has proven itself resilient, and elections will bring fresh mandates and new energy to our society," he said.

Note: GDP and GNP figures are in constant 1985 prices

Sources: NSCB, Statement of Acting Sec. Augusto B. Santos
Photos:

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