

## AGENDA 1 :



In line with her job creation agenda, President Gloria Macapagal-Arroyo stated public-private sector cooperation will be institutionalized to help the government meet its employment and income targets. “It will be private sector-driven and government-enabled,” Arroyo added.

Speaking before businessmen recently, she said her administration will foster business confidence to spur domestic and foreign investments and consequently generate more jobs.

There is thus a need to heighten promotional efforts for trade and investments. The President added that infrastructure will also be developed. To fast track the implementation and approval of ongoing or pipeline infrastructure projects, a new Philippine infrastructure corporation will be put up.

Three important economic goals can be met by accelerating infrastructure projects, Arroyo said. Firstly, providing vital infrastructure will open up the arteries of new economic activities outside Metro Manila; secondly, the economy will pick up through job creation and growth generation in the high multiplier sectors of construction especially in housing, agribusiness and mining; and thirdly, the revenue base of the government will be raised.

Socioeconomic Planning Secretary Romulo L. Neri has noted that Philippine infrastructure and capital outlay performance vis-à-vis other Asian countries was the lowest in 1998-2002, averaging 3.3 percent of the Gross Domestic Product (GDP). Other countries have infrastructure to GDP expenses at about five to six percent, he said.

Neri, also Director-General of the National Economic and Development Authority (NEDA), added the poor quality of infrastructure has been perennially cited as a main problem in the country’s global competitiveness. To arrest this, the government plans to increase spending on public infrastructure by an incremental PhP100 billion.

### **Promoting Global Competitiveness and Exports**

In the National Development Agenda of the Arroyo government, five strategic measures were outlined to strengthen and sustain the Philippines’ global competitiveness and create 10 million jobs.

First is to make food plentiful at reasonable prices to bring about a labor cost that is globally competitive. Logistics and transport systems must be improved and farmers must be made more productive.

Second is to reduce the cost of electricity so that the costs of running machines and manufacturing processes are regionally competitive.

Third is to modernize physical infrastructure and logistics systems at the least cost to ensure efficient movement of goods and people.

Fourth is to mobilize and disseminate knowledge for upgrading of technologies and increasing people's productivity. For self-sufficiency, there must be knowledge transfer.

And fifth is to reduce red tape in all government agencies for transaction costs to be lowered. The President has urged the Local Government Units to cooperate in this strategy.

### **Microeconomic Thrusts to Create Jobs**

On the microeconomic level, the Development Agenda specified thrusts of various sectors.

In agriculture, two million hectares of land for agribusiness are to be developed while the cost of rice, corn and sugar and other "wage goods" will be reduced through greater productivity and efficient transport and logistics. Another priority would be mining. President Arroyo said the sector would be revitalized by enhancing the industry road map, streamlining its start-up process, privatizing government assets in mining, and intensifying oil and gas exploration.

Neri stressed mining will be promoted under three rules: environmental sustainability, consultation with the stakeholders, and sharing of benefits.

For housing and construction, a huge backlog has the potential to employ a million more workers for the next 10 years, while achieving greater efficiency in the power sector can create jobs through distribution access and competition among generation companies.

In tourism, further liberalizing the airline frequencies can bring in jobs. Neri cited the case of Clark International Airport noting that when flights to Korea were opened up to about five to six a week, the occupancy rate in hotels went up by almost 90 percent. At the golf areas there, about 500 persons play daily.

"Imagine the employment that is generated by that. The rule of thumb is one tourist means one job. Right now, we are only getting two million tourists. If we can bring the level to even half of Thailand's 10 million tourists, we can easily increase the number of jobs over the years by about three million," he said.

Increasing shipping competition and demonopolizing ports would also generate new jobs as well as providing credit, technology and marketing support for Micro, Small and Medium Enterprises or MSMEs.

### **Mobilizing Knowledge for Job Creation and Increased Productivity**

Disseminating knowledge and technology to the rural poor can generate jobs and improve productivity. Toward this end, the government will:

- increase budgetary support to research and development (R&D) and field extension work;
- promote extensively mariculture activities with mangroves and fish sanctuaries;
- urge the Land Bank of the Philippines and Development Bank of the Philippines to finance demonstration projects of State Universities and Colleges;
- search for and disseminate free patents to small and medium enterprises; and
- interface vocational and technical courses toward college degrees through a ladderized curriculum/method.

### **Job Creation Thrusts**

Generating jobs for people with various skill levels would be factored in. For those requiring high skills, Neri said the government is aiming to capture a place in software manufacturing, business process outsourcing, call center commerce, fashion garments industry, jewelry and health care services.

President Arroyo said health care services for non-residents is an example of an industry that can flourish in the Philippines noting that "medical" tourism is a US\$ 600-million industry in Thailand.

For medium skills, it is looking at, among others, tourism, hotels and restaurants, entertainment, mining, agribusiness, mariculture; and for low skill, construction, SMEs and microcredit.

As Neri pointed out, when providing jobs, the government has "to take into account the whole spectrum so no one is left behind." ■

*Sources:*

1. *Speech of President Gloria Macapagal-Arroyo at a joint meeting of the Philippine Chamber of Commerce and Industry and the Makati Business Club, Shangri La Hotel, Makati City. 22 July 2004*
2. *National Development Agenda*