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Global Recession Impact News (GRIN) and Positioning for the Rebound

**Acting Director-General Augusto B. Santos
National Economic and Development Authority**

March 23, 2010

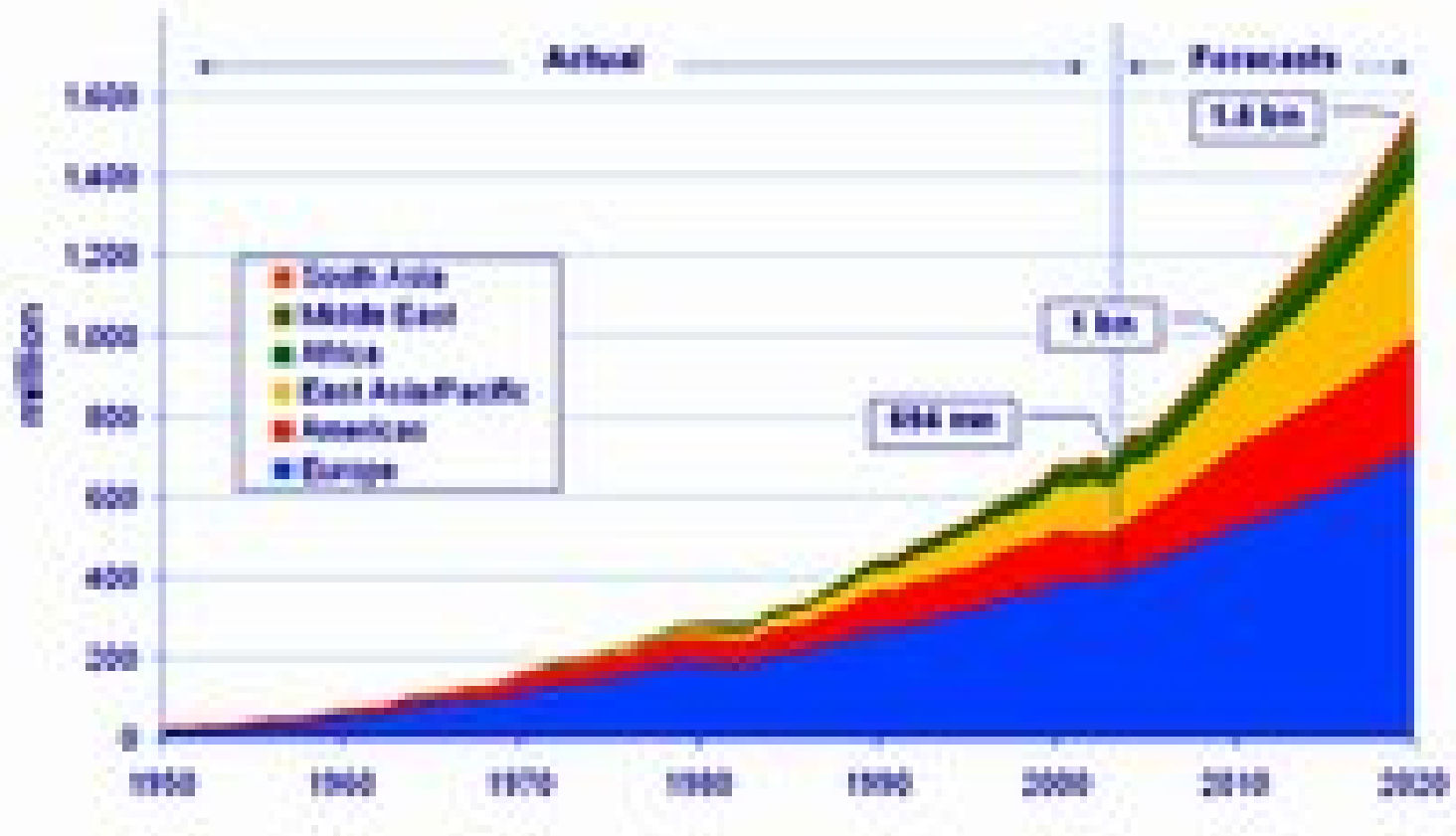


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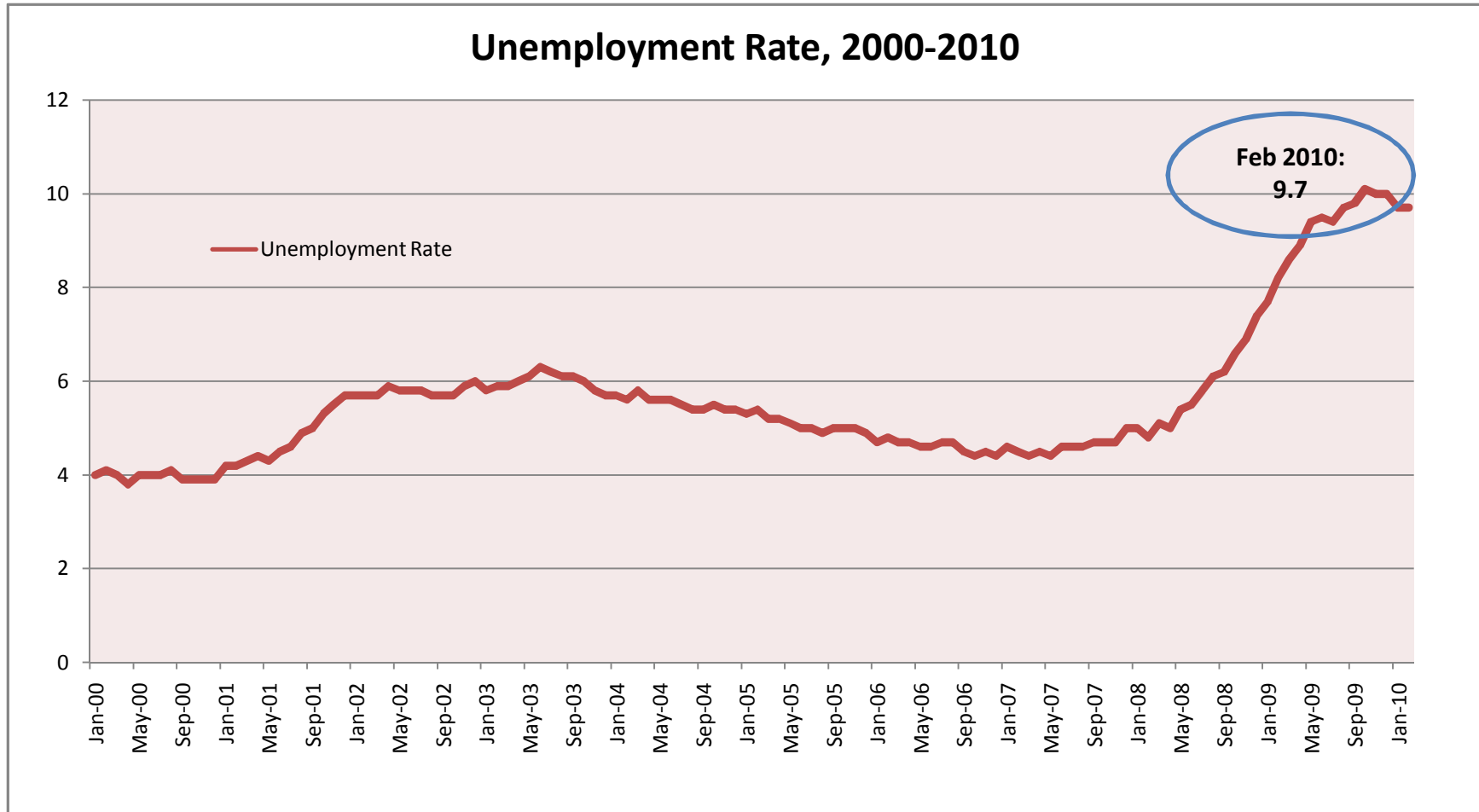
GLOBAL DEVELOPMENTS

al tourism to rebound by 3-4% in 2010



Source: UN World Tourism Organization

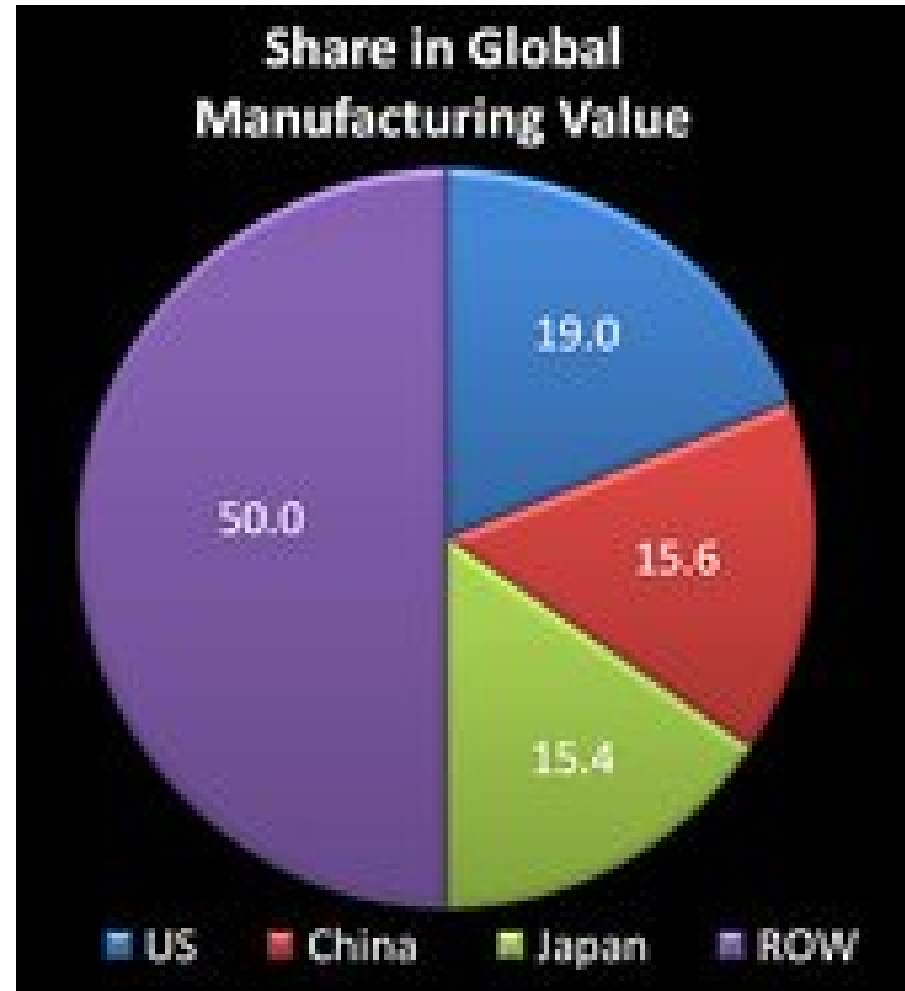
Progress passes incentives to curb unemployment



Source: Bureau of Labor Statistics,
http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=LNS14000000

China is now 2nd largest manufacturer

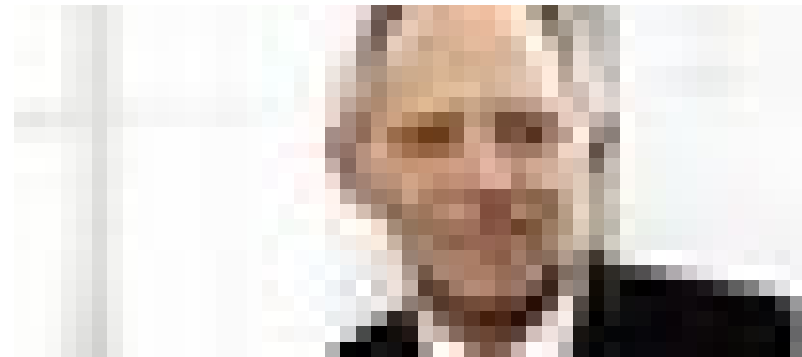
- “ China has replaced Japan as the second biggest industrial manufacturer, next to the US
- “ However, Japan remains most industrialized country in terms of manufacturing value added per capita



Proposal. European Monetary Fund

“We need the European Monetary Fund because we need stricter rules. The Euro Stability Pact is not enough. For then the possibility that a Euro government becomes insolvent was not considered.”

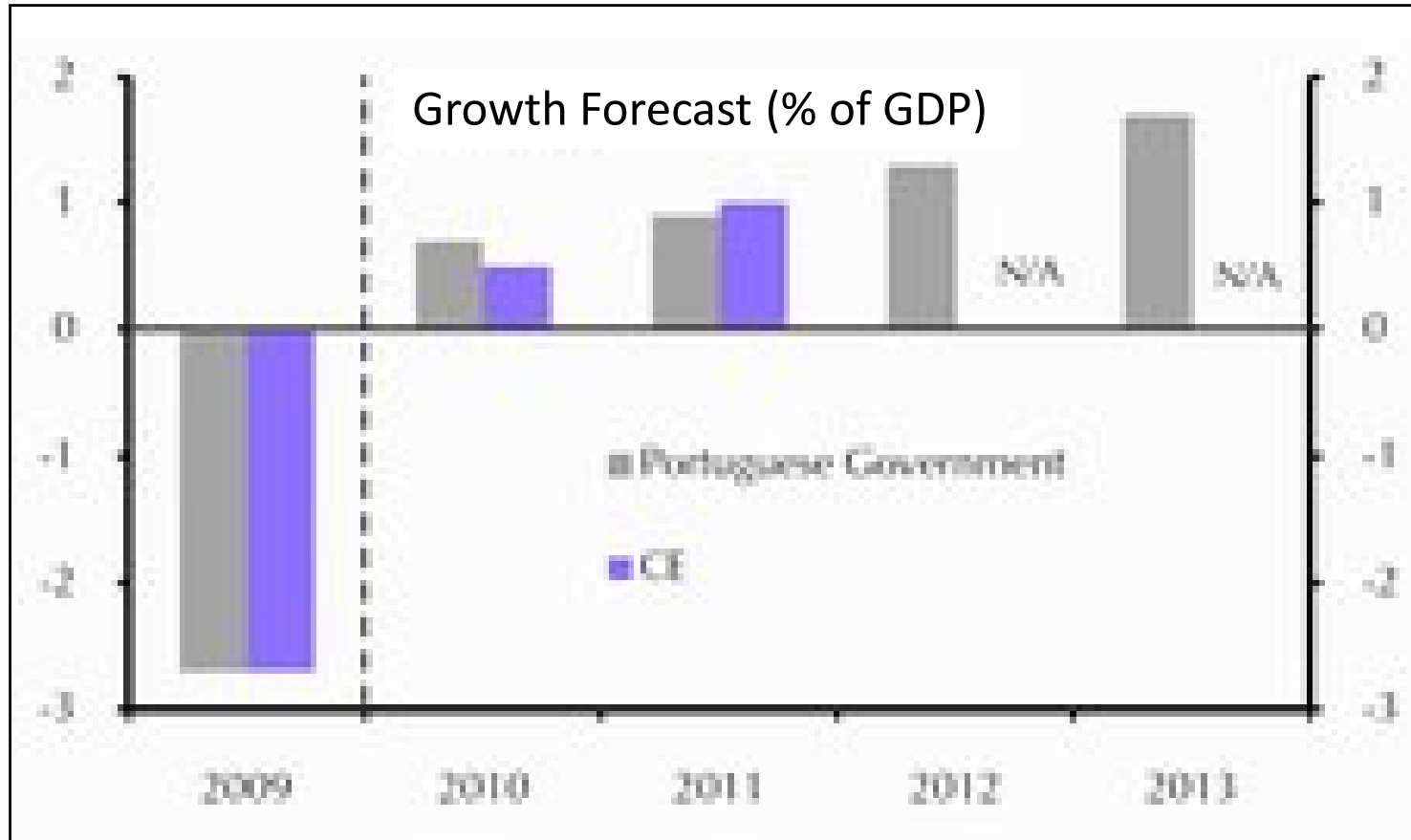
- German Finance Minister Schauble



EU holds off Greece bailout

- “ EU finance chiefs failed to produce a detailed bailout plan for Greece in the Brussels Eurogroup meeting, 16 March 2010.
- “ But they laid the groundwork for a potential rescue if the financial situation in Greece deteriorates sharply.

Portugal slips back into recession

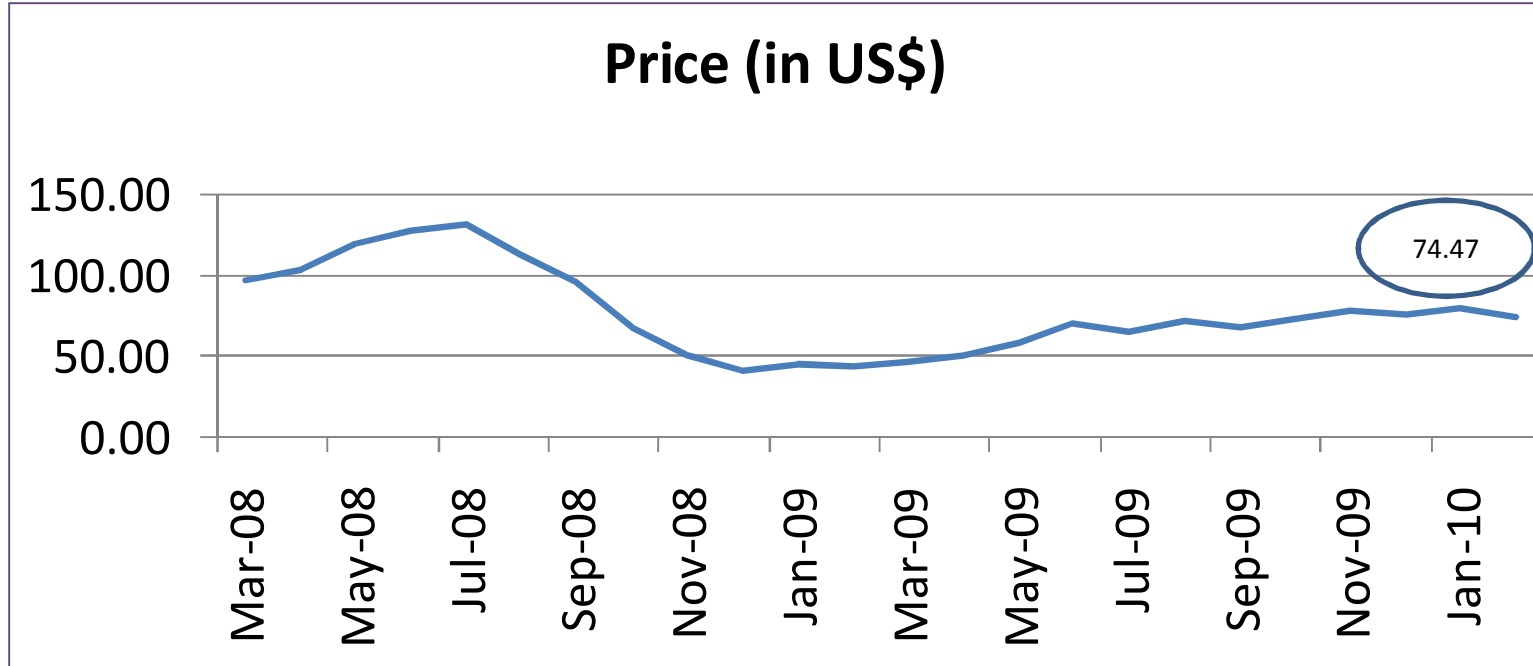


Source: Economics European Update, March 11, 2010. Capital Economics

Cisco reveals fastest internet router

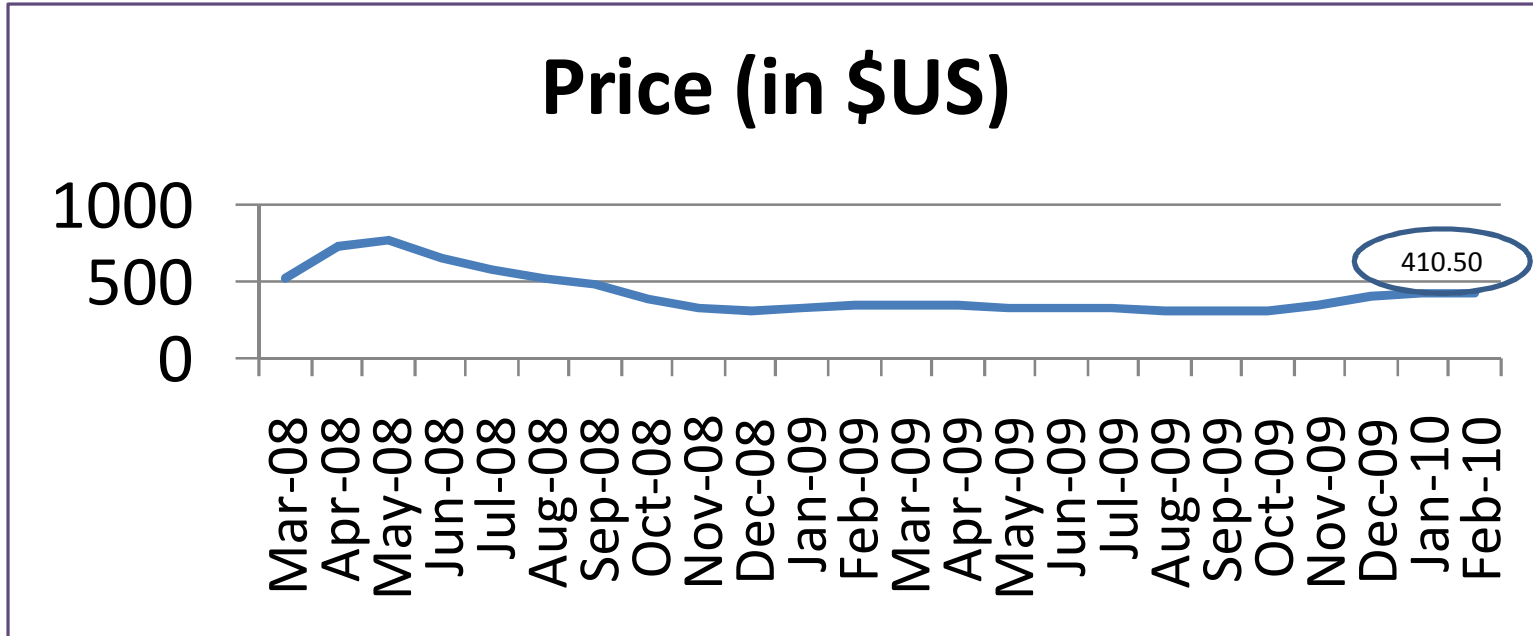
- “ On March 9, Cisco revealed its CRS-3 Carrier Routing System
- “ Can download entire printed section of US Library of Congress in just over a second
- “ Will help stimulate US economic activity as it addresses growing market for online videos.

Dubai oil prices



Source: Department of Energy

Global rice prices



Source: Food and Agriculture Organization

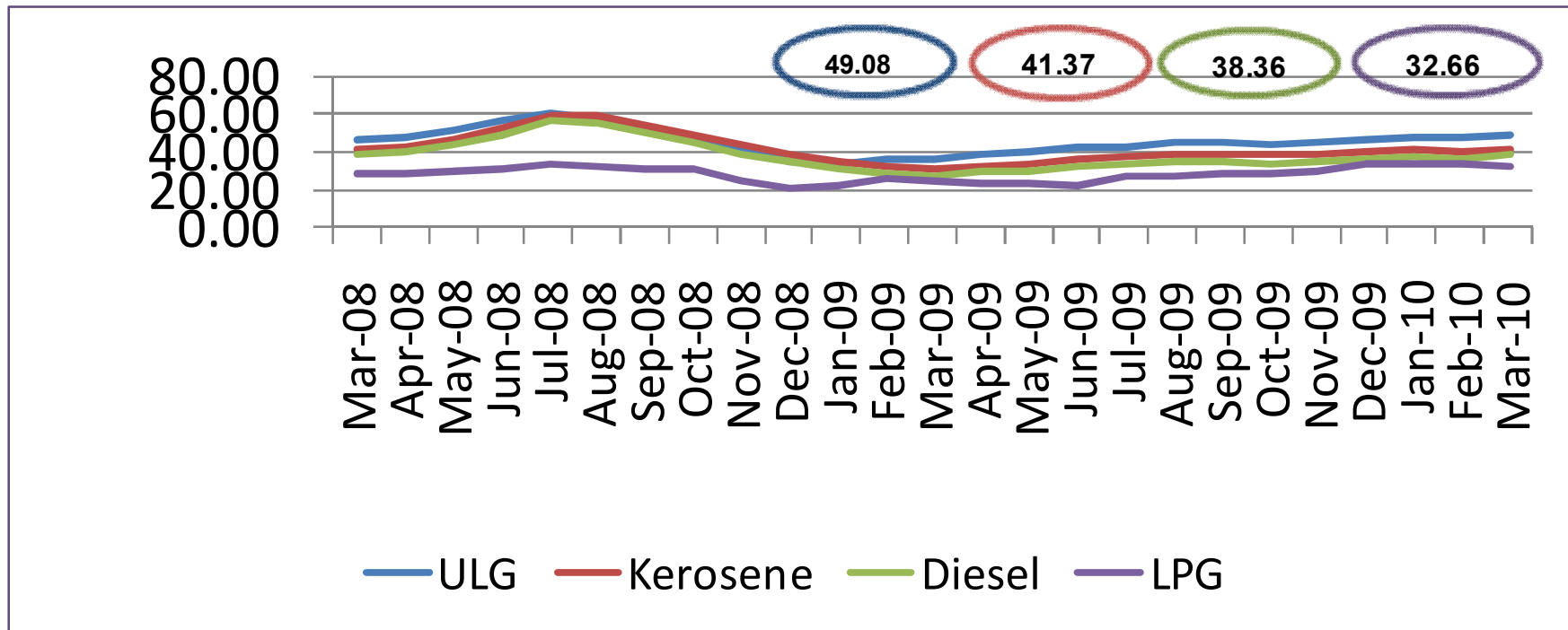


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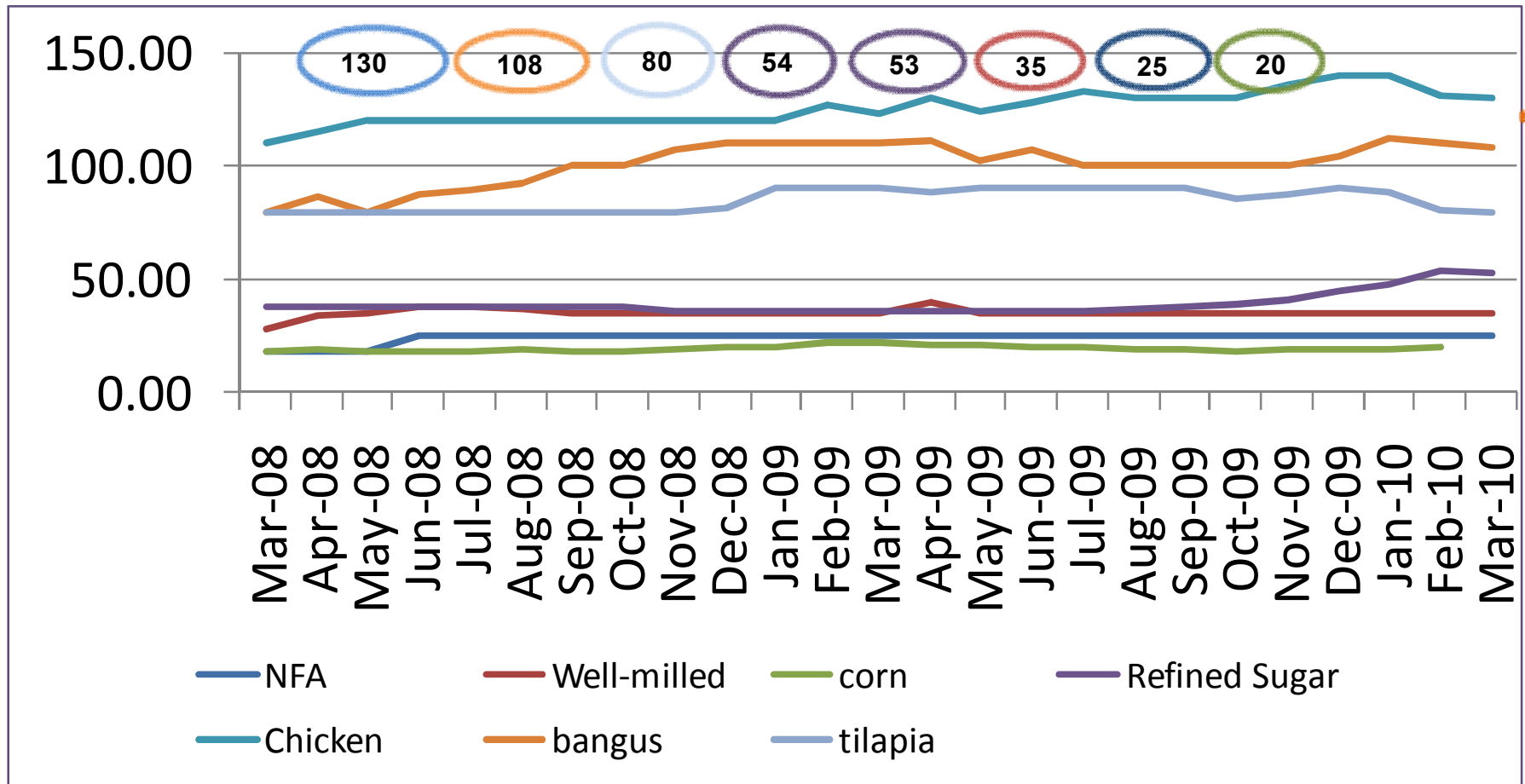
LOCAL DEVELOPMENTS

Domestic pump prices



Source: Department of Energy

Domestic selected commodity prices



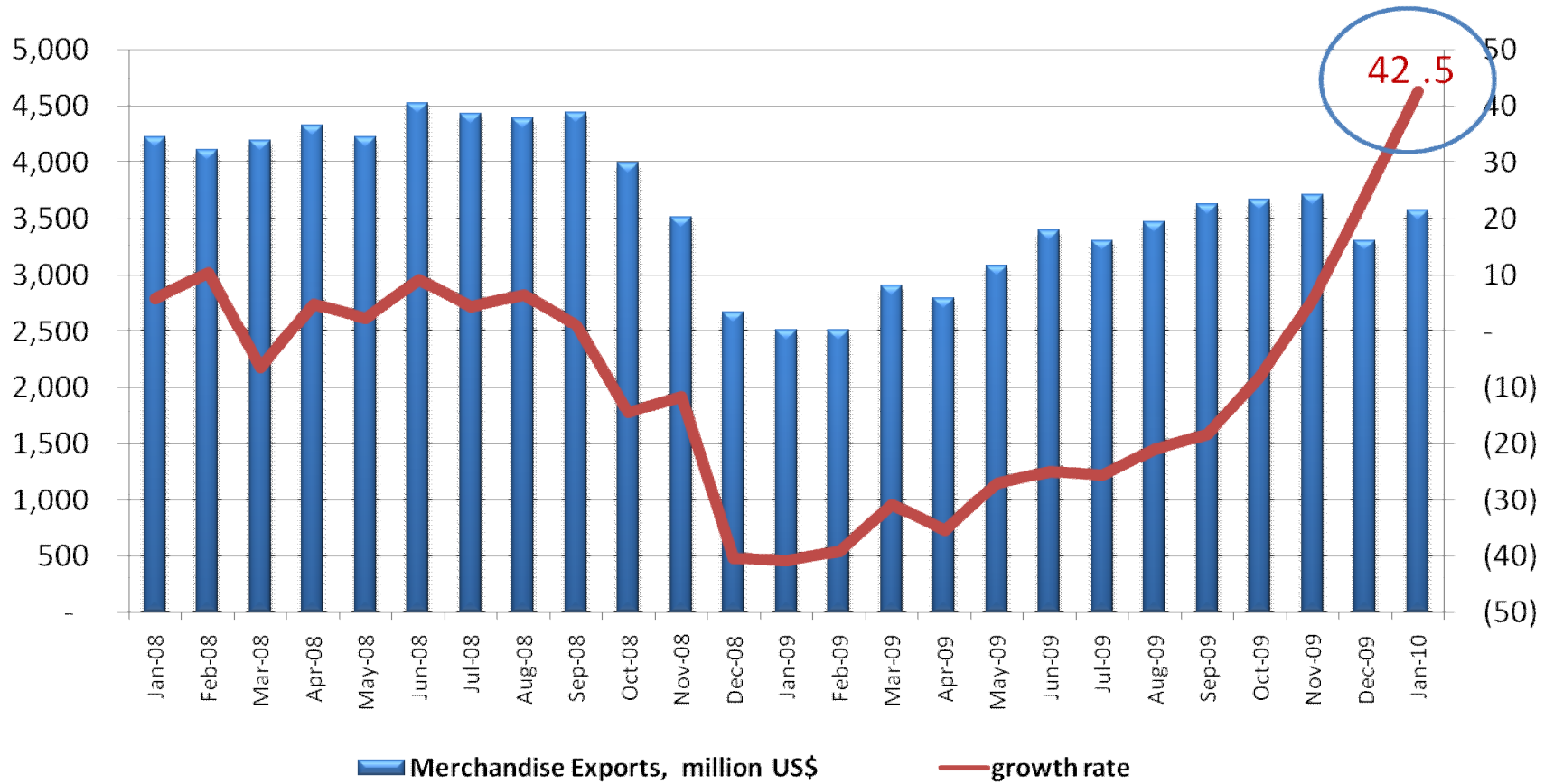
Source: Bureau of Agricultural Statistics

peso-dollar exchange rates



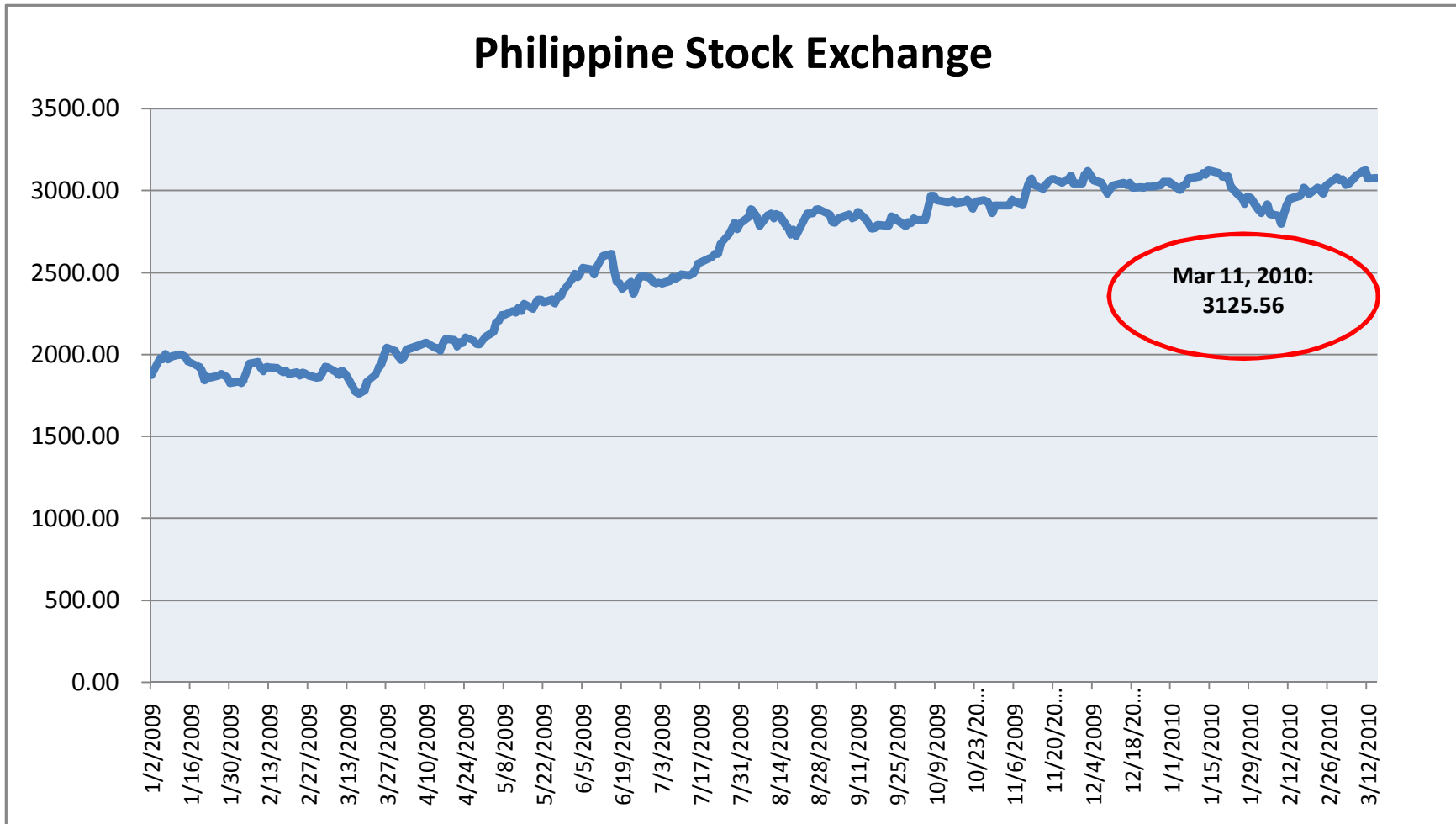
Source: Bangko Sentral ng Pilipinas

Exports. biggest surge in 15 years



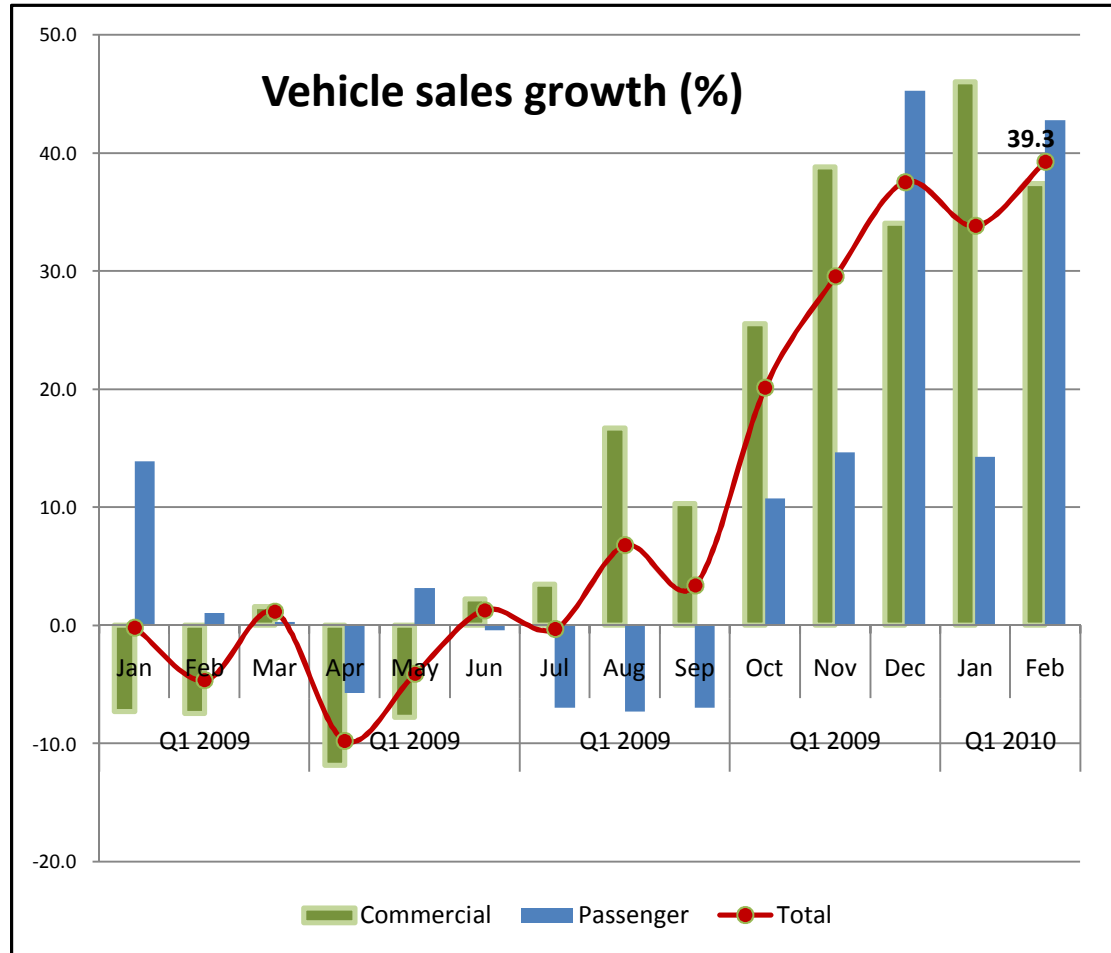
Source: National Statistics Office

ex breaches 3,100 mark



sales continue to boom: 39% growth in February

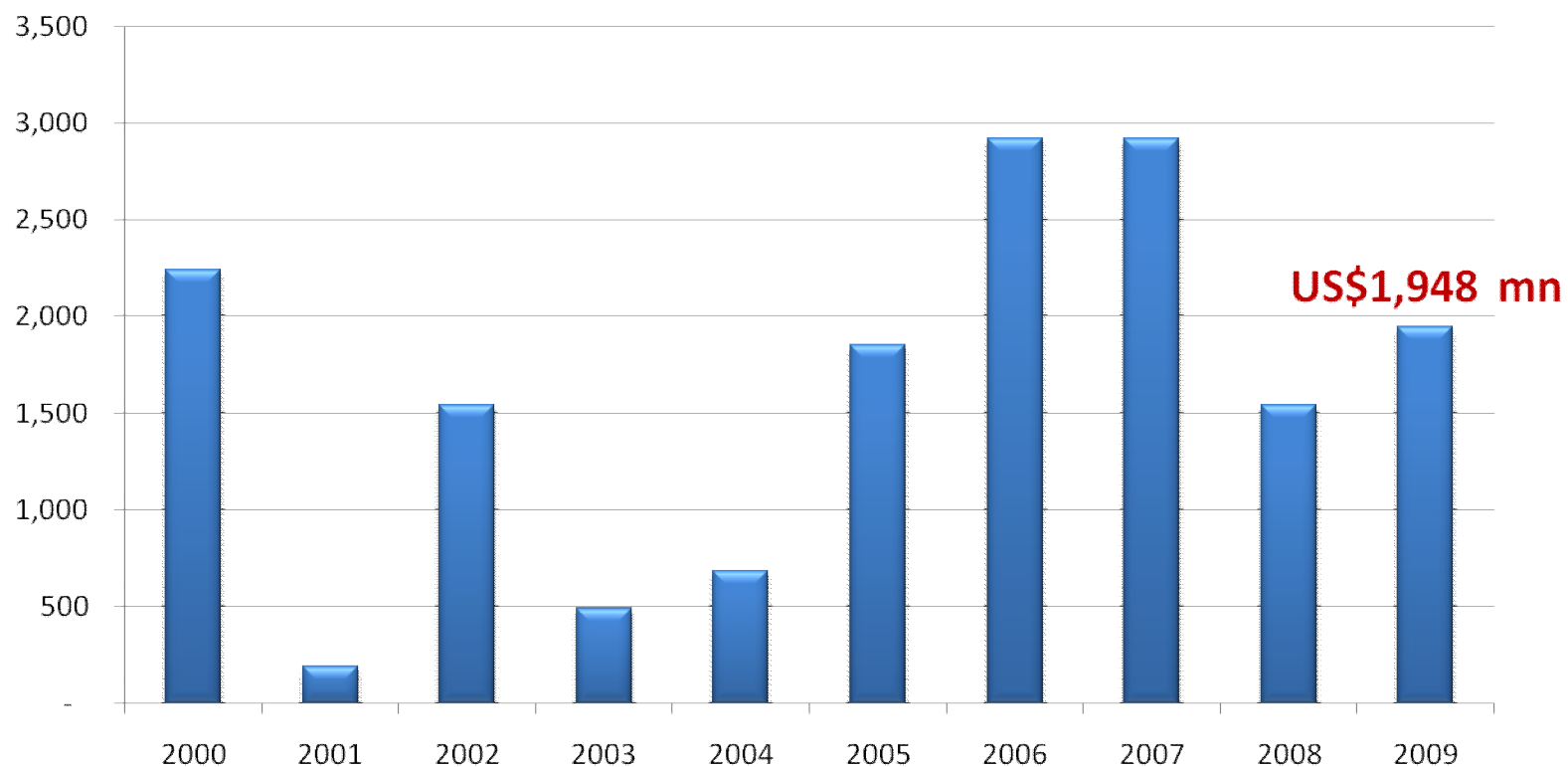
- First two-month sale up by 36.6%
- Increased sales buoyed by favorable financing and improving business sentiment



Source: CAMPI

Foreign direct investment grew by 26% in 2009 despite crisis

Net FDI, US\$ million



Source: Bangko Sentral ng Pilipinas

Capacity must double within 20 years

“ Problem

- Additional capacity needed in 2010-2030 is 16,550 MW
 - Luzon 11,900 MW
 - Visayas 2,150 MW
 - Mindanao 2,500 MW

“ Solution/Energy resources available

- 25 million barrels of oil; 2,135 billion cubic feet of natural gas and 54 million barrels of condensate
- 458 million metric tons of coal
- 10,621 MW from renewable sources of energy to include geothermal, wind, hydropower and biomass

Amend the EPIRA?

- “ Certain EPIRA provisions may need to be amended, in particular Section 71, to ensure reliable, secure electricity.
- “ Section 71, the Electric Power Crisis Provision, states that the Executive branch must seek Congress’ authorization for additional generation capacity when there is an imminent shortage of electricity.



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4 cities slash business red tape

World Bank & IFC cites cities

Manila, Quezon, Mandaluyong and Marikina

for their simplified business registration system:

- . Established one-stop business centers that pared down business registration to only two steps: filing and payment

Seen to enhance the country's competitiveness, which slipped to 144th in 2010 from 140th in 2009

World Bank suggests further scaling up Pantawid Pamilyang Pilipino Program

INDICATORS	PLAN	ACCOMPLISHMENT	
	(as of March 2010)	(as of March 2010)	% to Plan
Beneficiaries	1 million	900,702	90.1%
Total Budget Allocation	Php8.37B	Obligations Incurred: Php6.58B Utilization Rate: 78.54 percent	

Source : Department of Social Welfare and Development

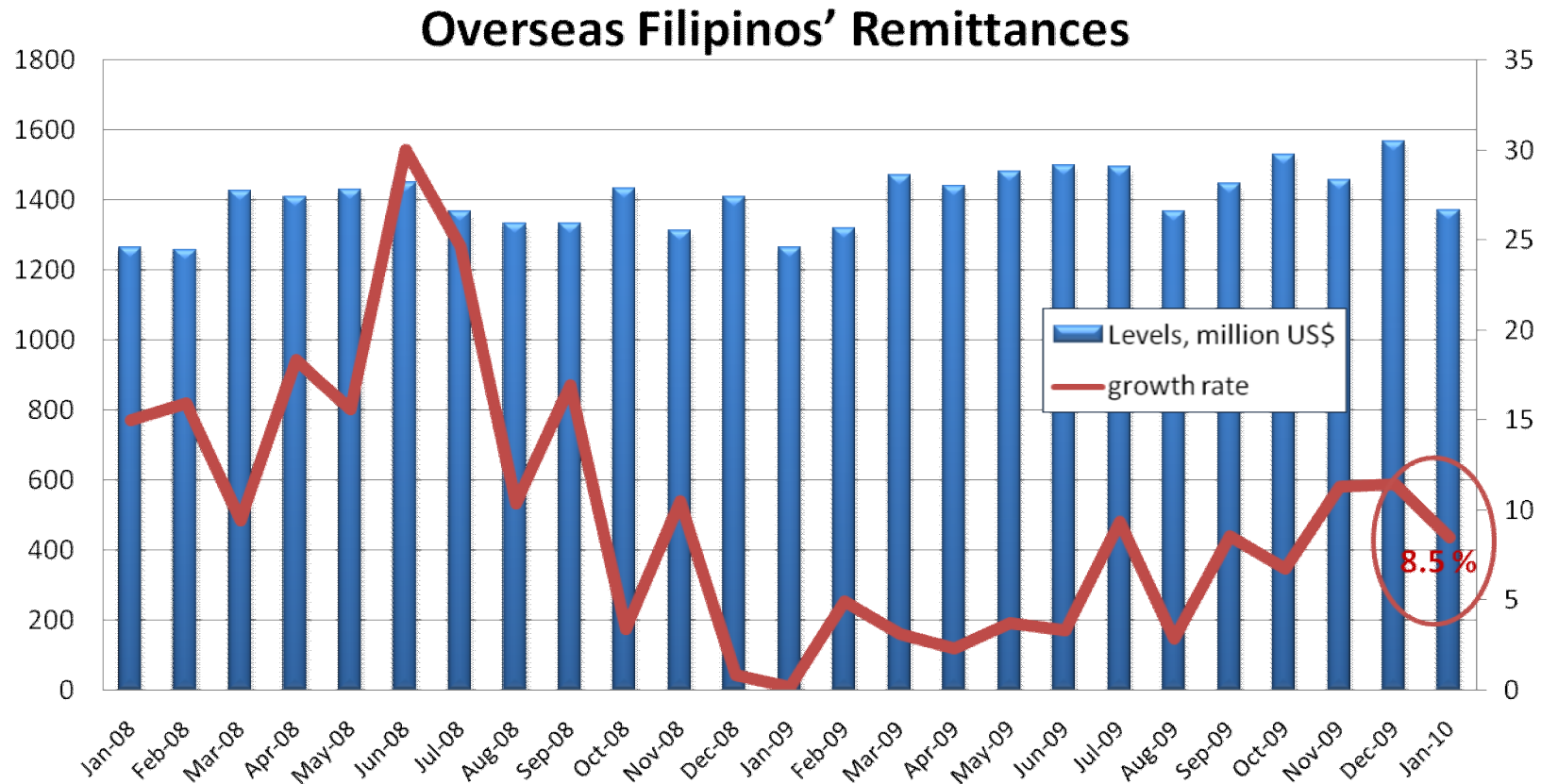
How to beat February 2010 target; BIR embarks on more reforms

Strategies for 2010

1. High visibility public awareness campaign on the enforcement and service BIR of programs
2. Integrated approach in administering large taxpayers
3. Re-invigorating the Run After Tax Evaders program
4. Enhanced and strategic enforcement approaches
5. Focus on big ticket items
6. More vigorous third party matching campaign
7. Expanded linkage with key institutions
8. Effective partnership with taxpayers and tax practitioners
9. Close monitoring of tax eroding measures, investment incentive programs
10. Motivating the BIR work force

Source: BIR

Remittances up by 8.5% in Jan-2010



Source: Bangko Sentral ng Pilipinas

BSR withdraws crisis-relief measures

- “ Keeps policy rates steady
- “ Peso rediscounting budget reduced from P60 billion to P40 billion.
- “ Adjusted loan value of rediscounting papers and non-performing loan ratio requirement

