



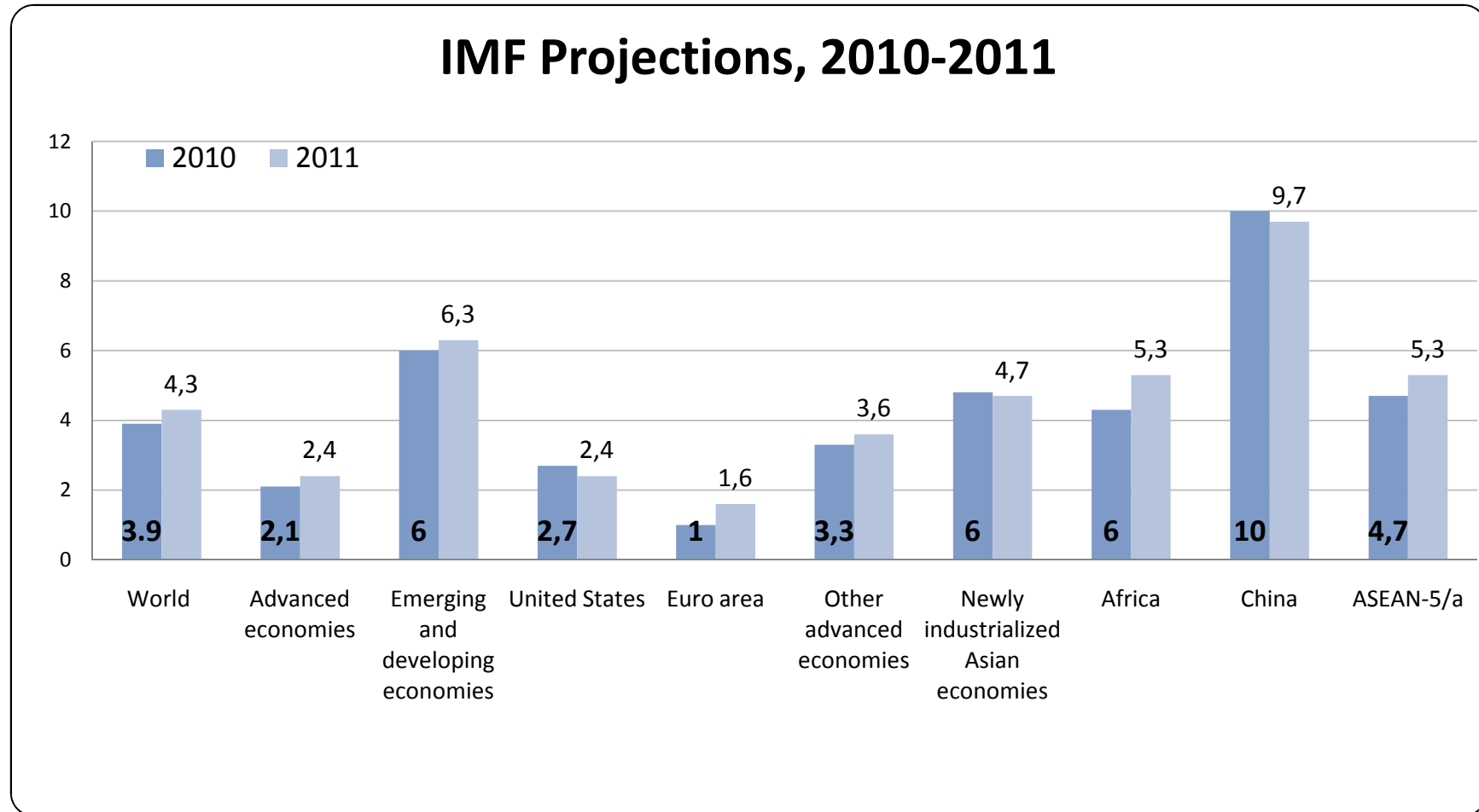
Global Recession Impact News (GRIN) and Positioning for the Rebound

**Acting Secretary Augusto B. Santos
National Economic and Development Authority**

February 9, 2010

GLOBAL DEVELOPMENTS

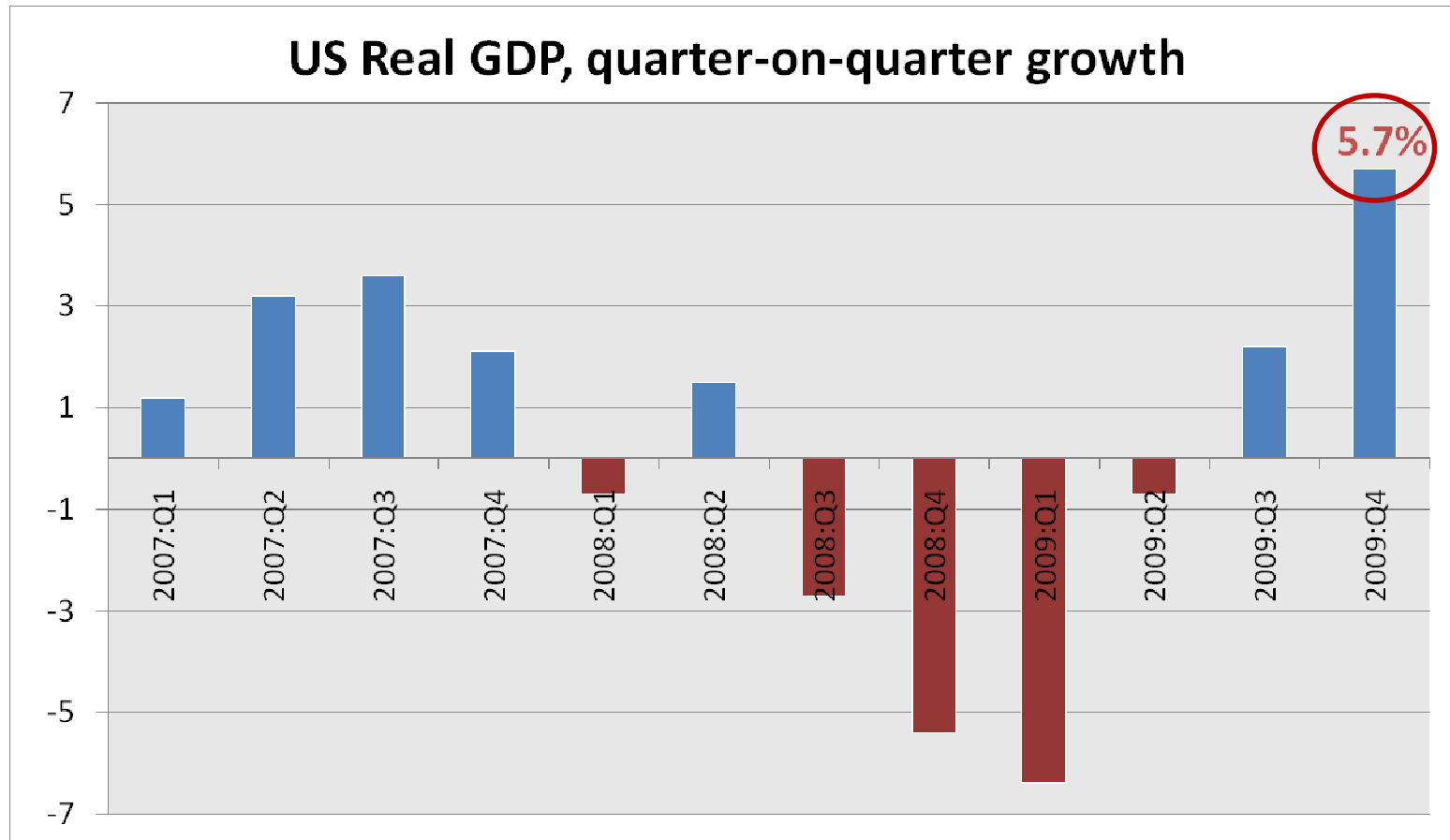
IMF sees 3.9% global growth



Source: IMF World Economic Outlook Update, January 26, 2010

a: Indonesia, Malaysia, Philippines, Thailand and Vietnam

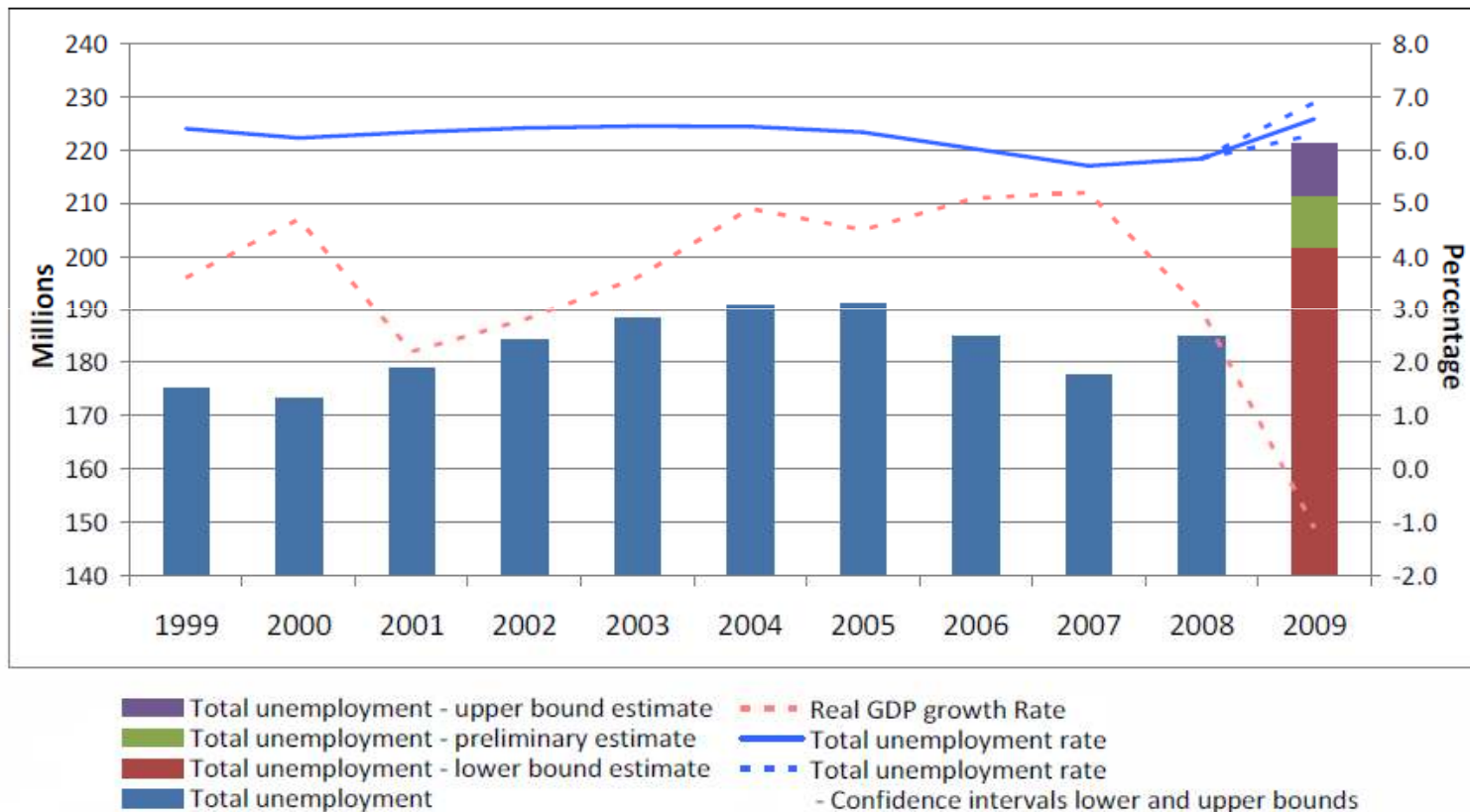
US economy grew by 5.7% in Q4 2009



Source: US Bureau of Economic Analysis

Global unemployment climbed to record high in 2009

Global unemployment, 1999-2009



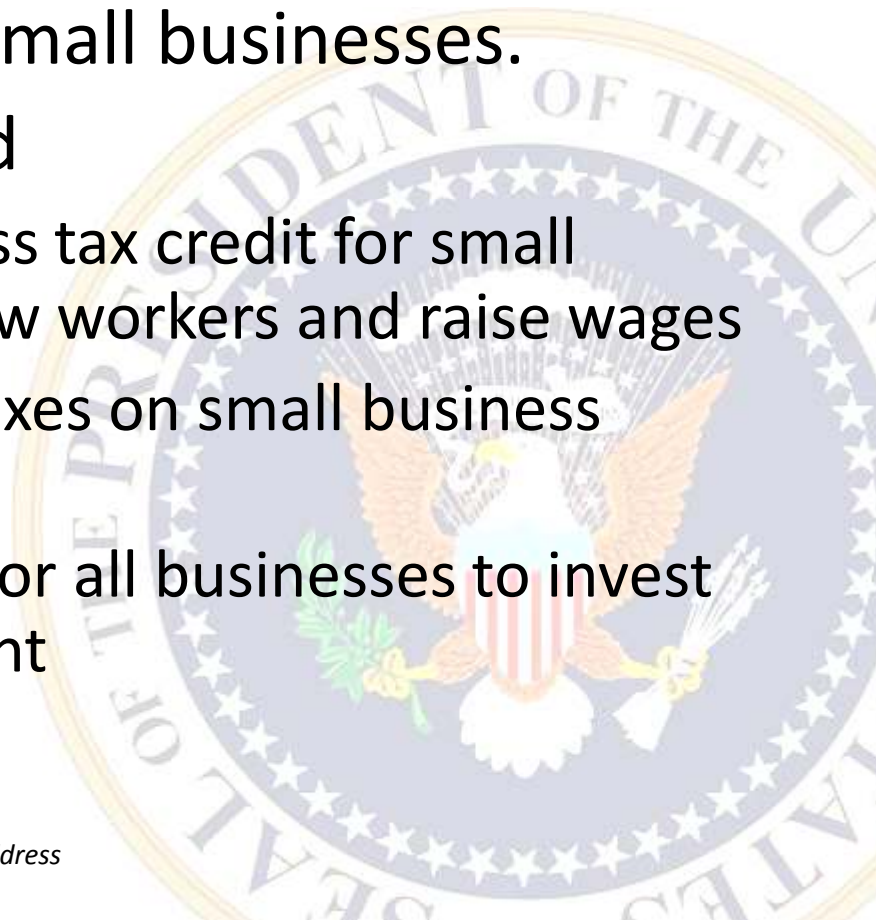
Source: International Labour Organization

Pres. Obama: jobs must be number-one focus in 2010

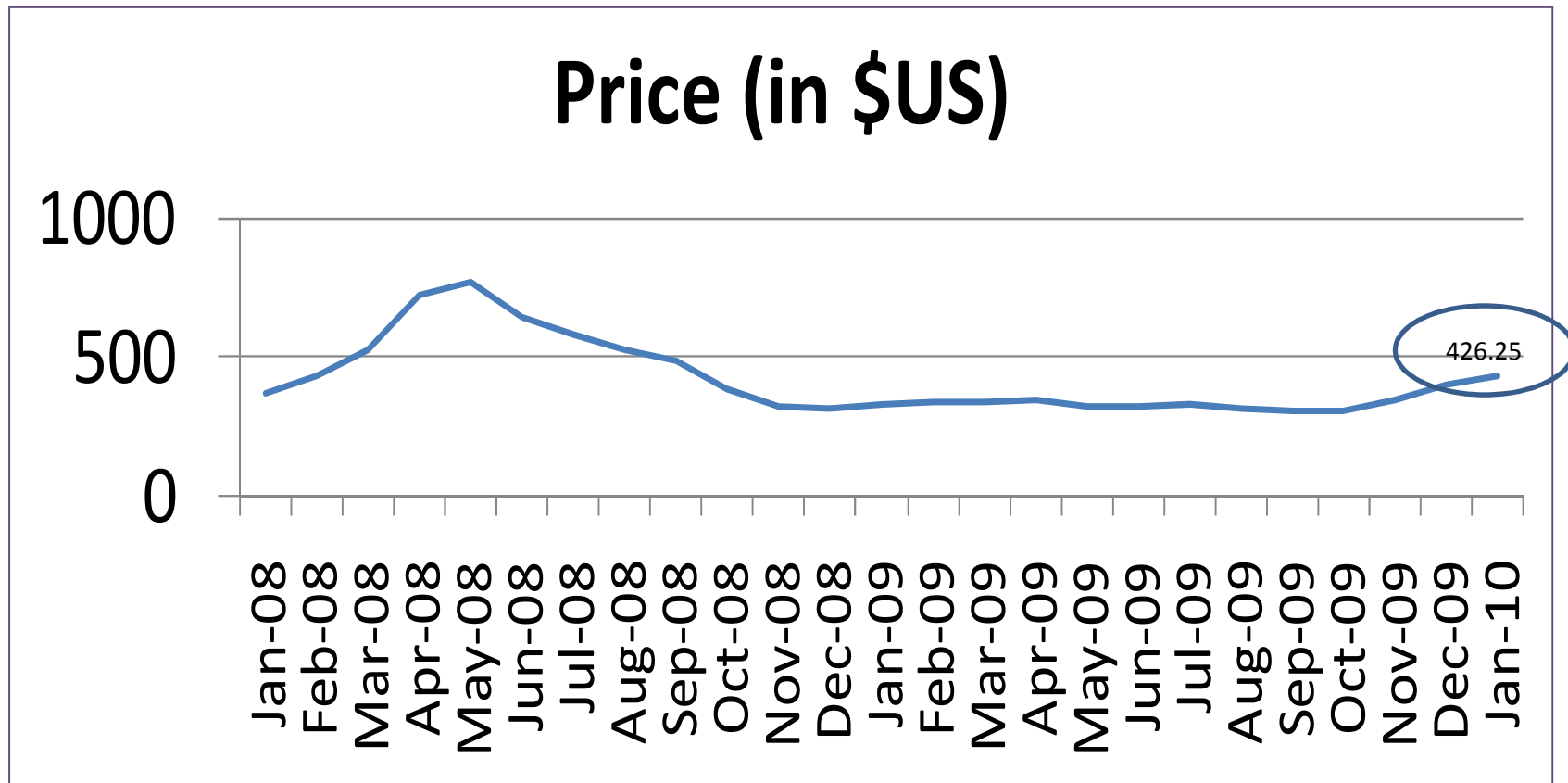
- Focus on businesses as the true engine of job creation
 - \$30 billion fund for community banks giving loans to small businesses
 - Fiscal incentives to small businesses
- Goal: double American exports in next 5 years
- Encourage American innovation
 - Stress on R&D, infrastructure, energy (e.g., nuclear power plants, and oil and gas development)

Pres. Obama unveils \$30B fund for small businesses

- US President proposes to channel the funds repaid by Wall Street banks towards community banks to extend credit to small businesses.
- Obama also recommended
 - installing new small-business tax credit for small businesses who will hire new workers and raise wages
 - eliminate all capital gains taxes on small business investments
 - and provide tax incentives for all businesses to invest in new plants and equipment

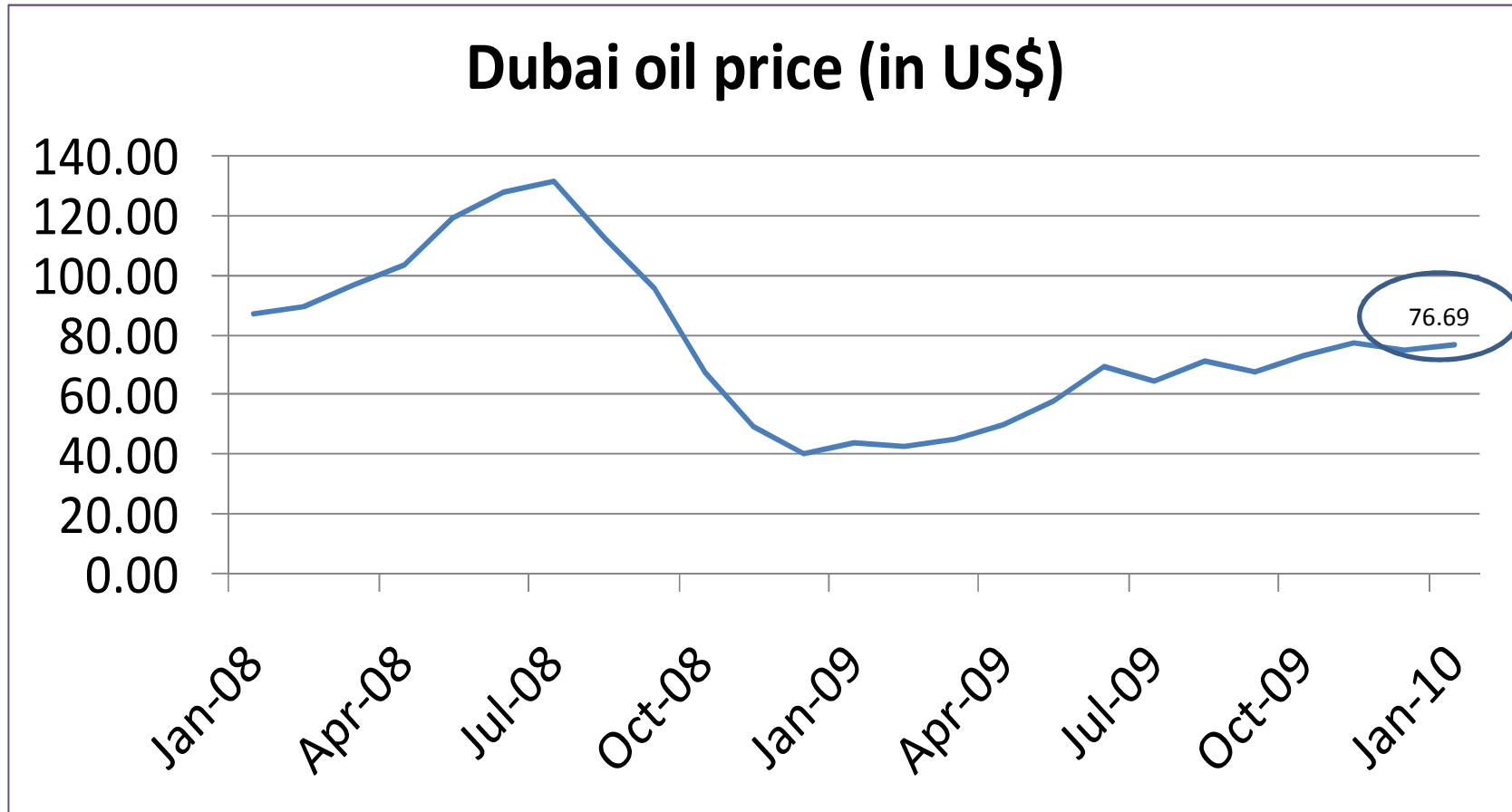


Global rice prices



Source: Food and Agriculture Organization

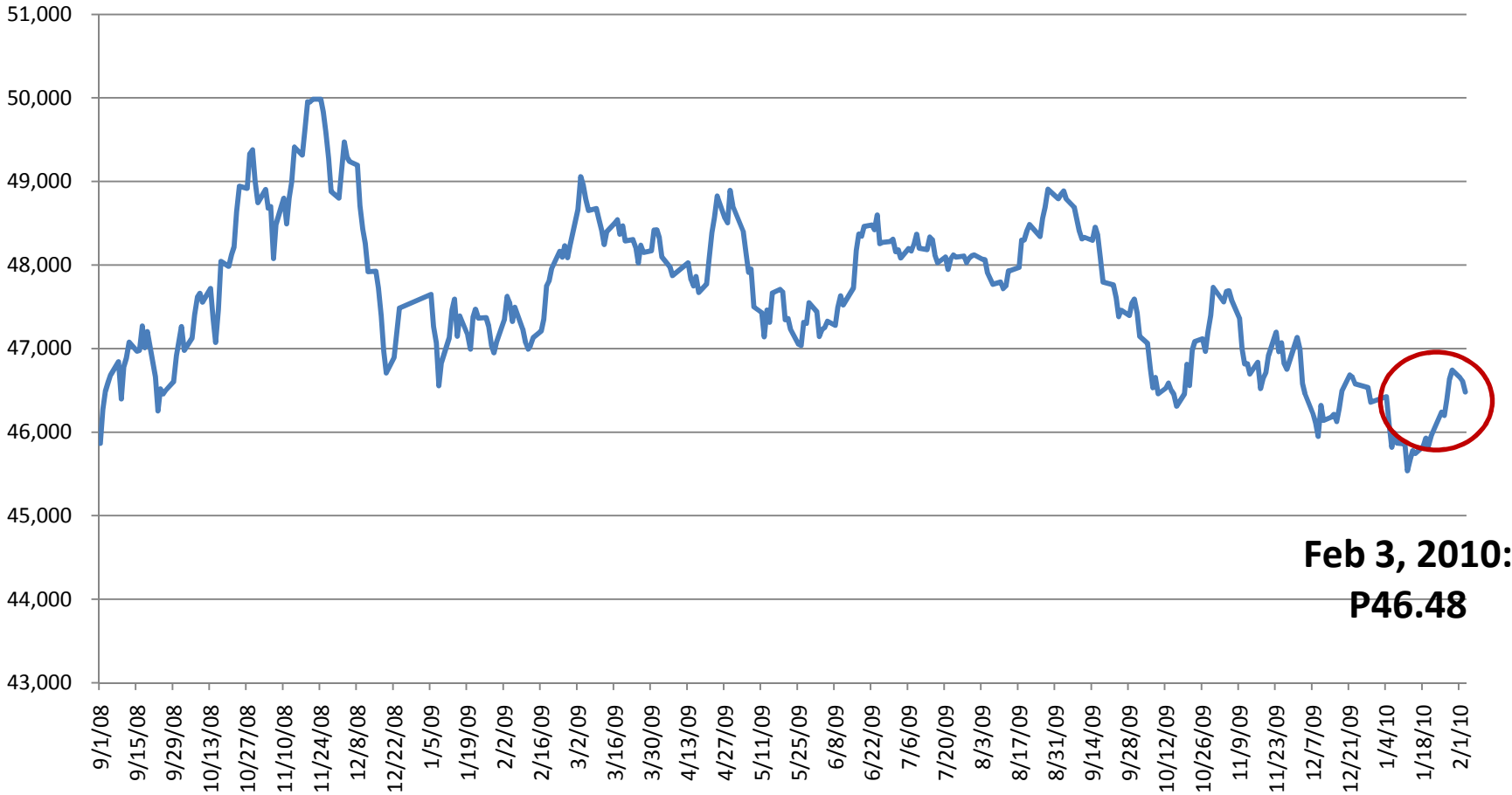
Rising oil prices



Source: Department of Energy

LOCAL DEVELOPMENTS

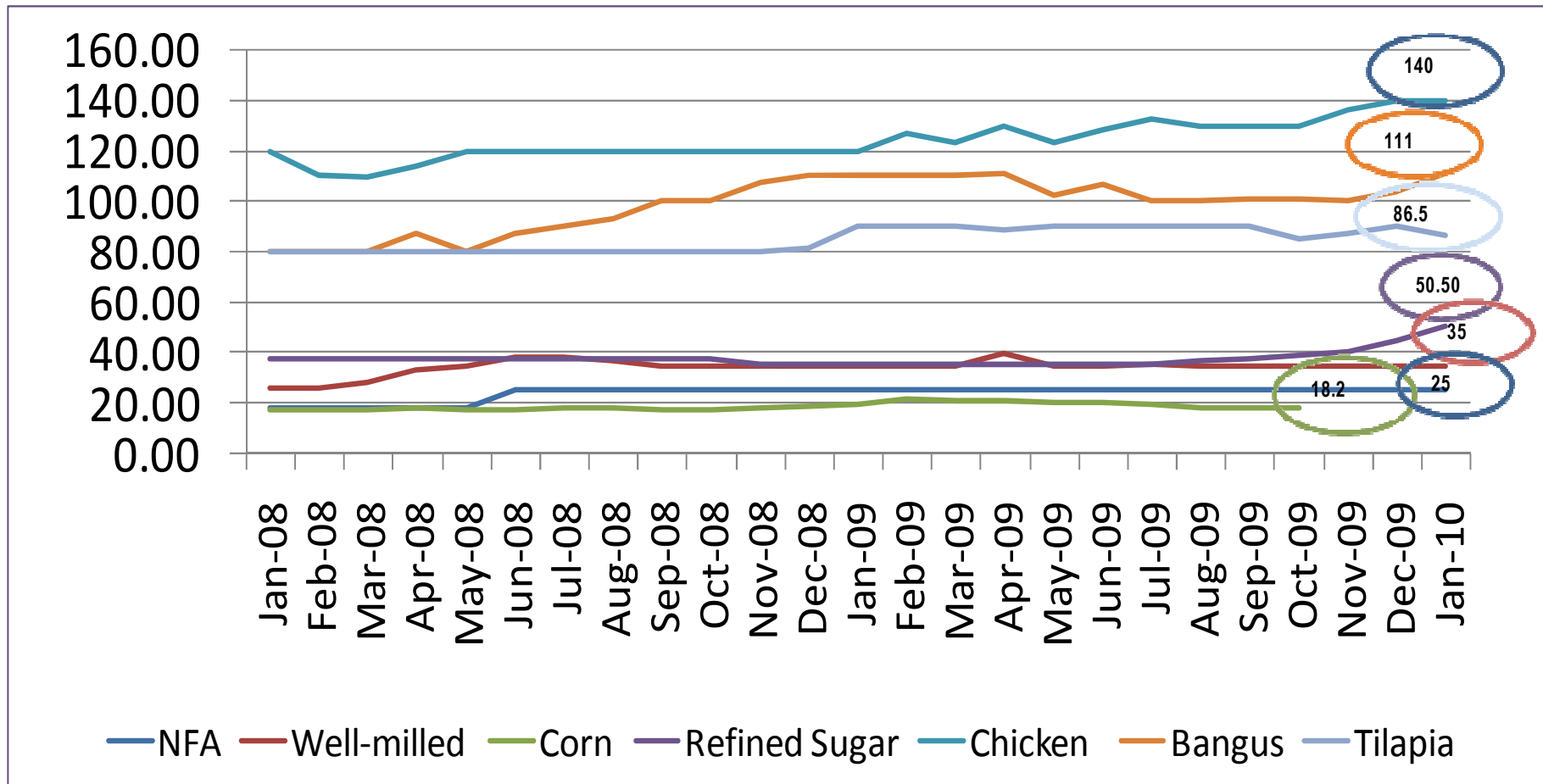
Peso-Dollar exchange rates



**Feb 3, 2010:
P46.48**

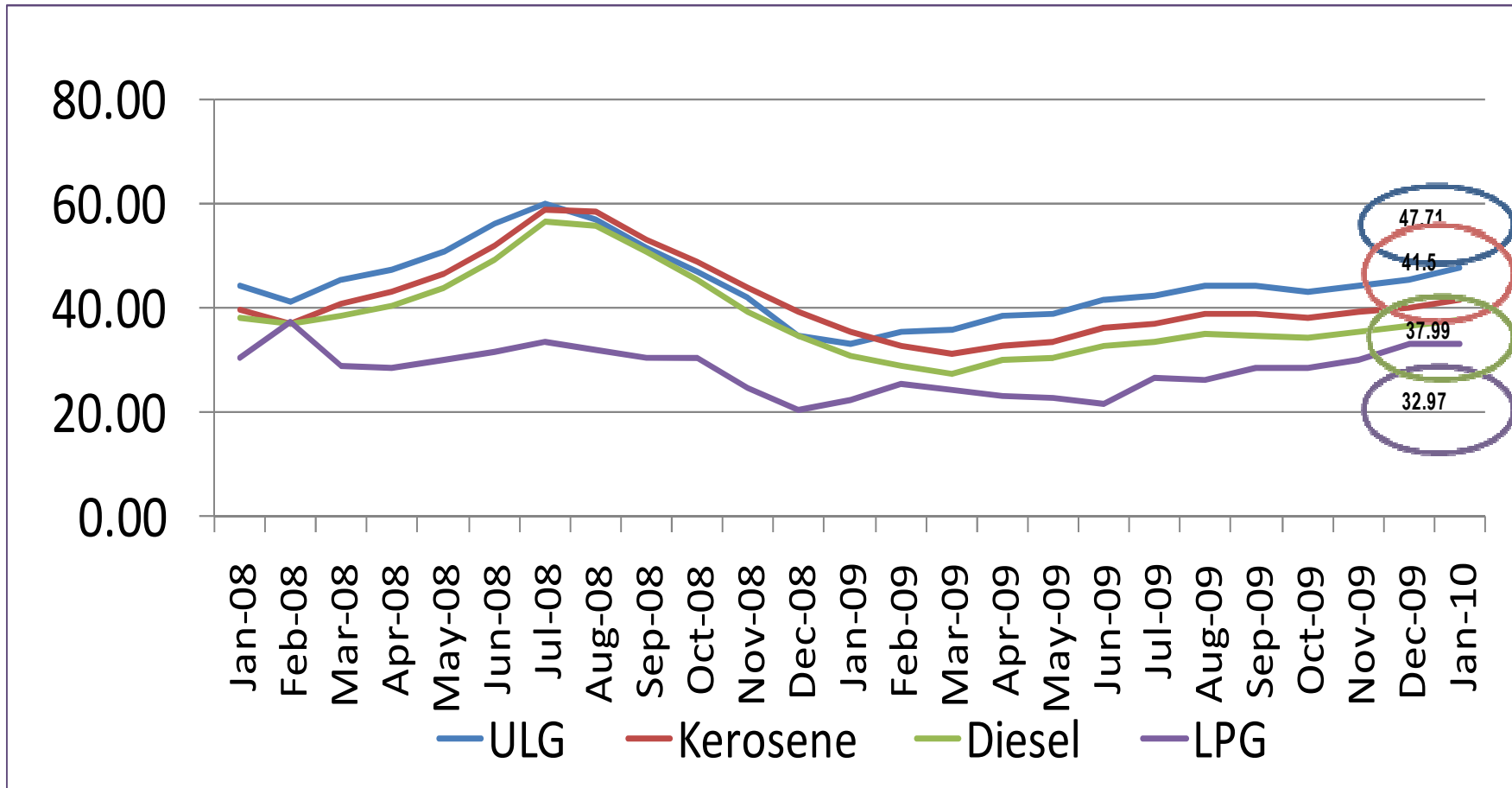
Source: Bangko Sentral ng Pilipinas

Select domestic commodity prices



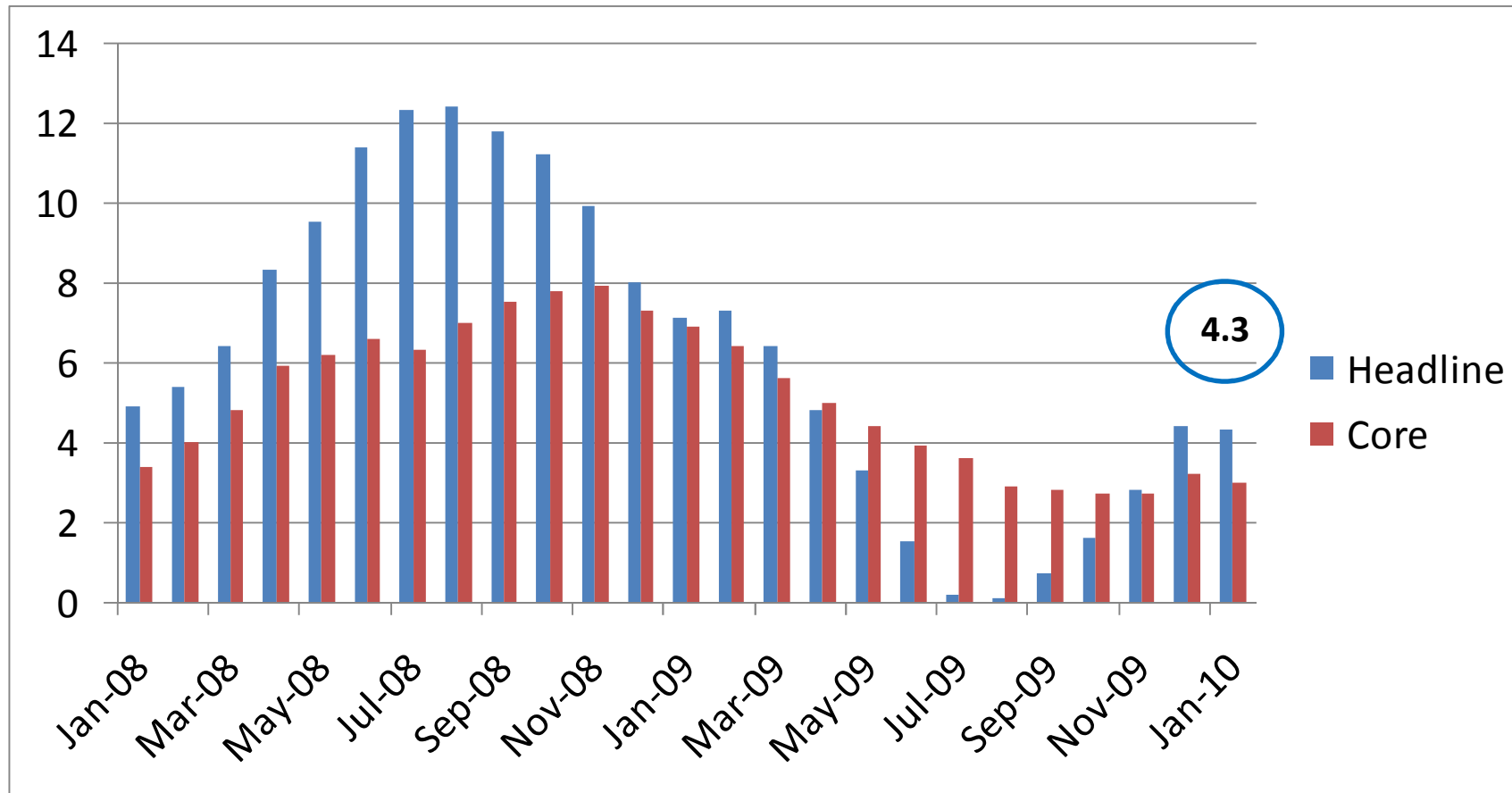
Source: Bureau of Agricultural Statistics

Domestic pump prices



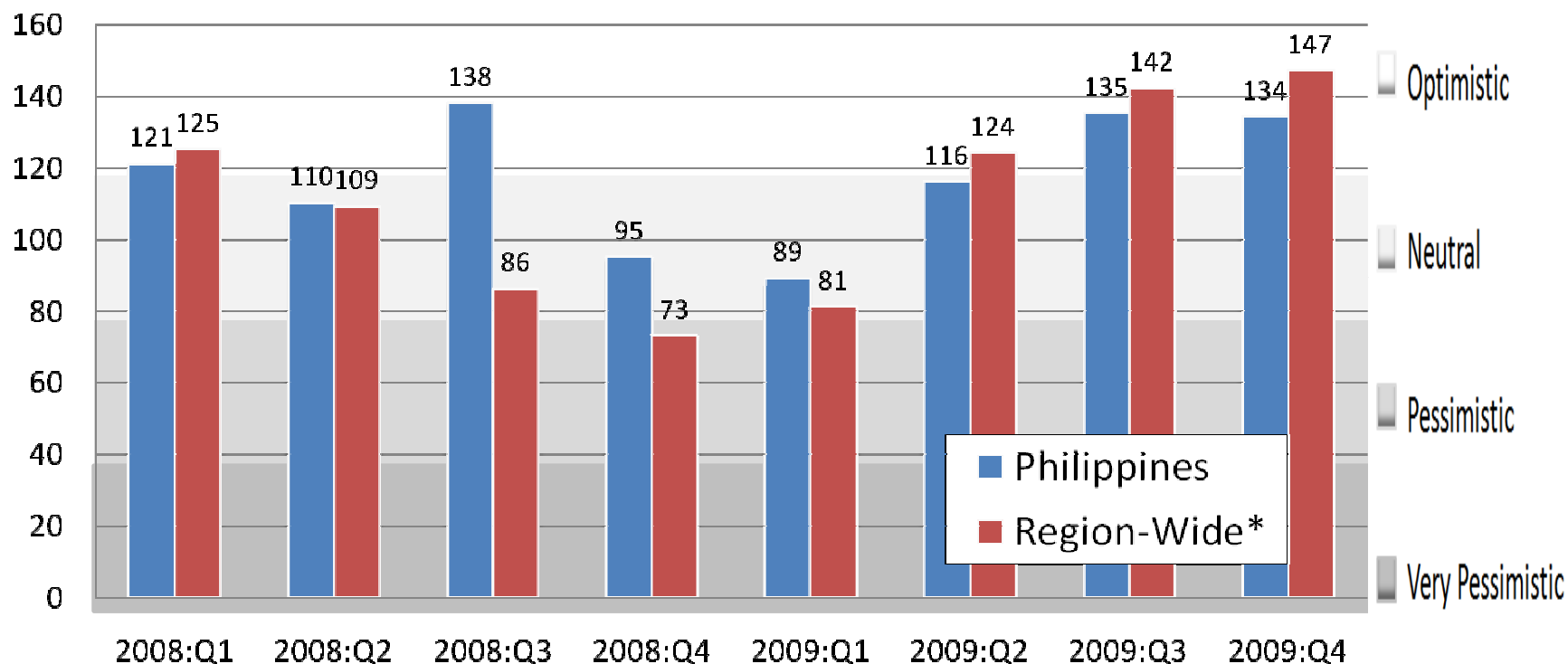
Source: Department of Energy

Inflation declined in January 2010



Investors remain optimistic on RP

ING Investor Dashboard Sentiment Index



*Includes Hong Kong, China, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, and Thailand
Source: ING Asia

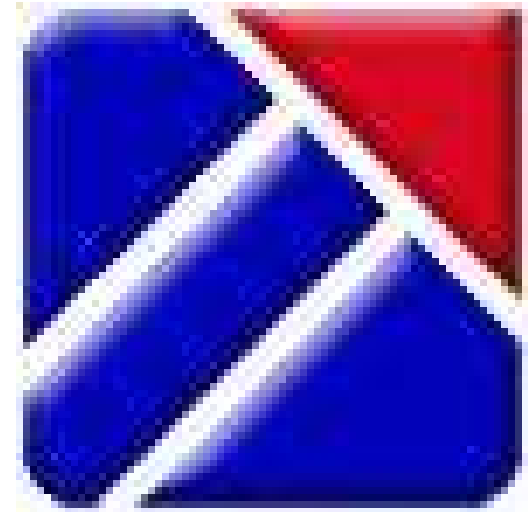
Credit rating agency Standard and Poor's projects 3.7% growth

- S&P more bullish than RP government
- Possible credit rating adjustment depending on fiscal performance
- Rating may also worsen if revenue performance deteriorates



PEZA investments up 13.3% in 2009

- Exceeded the 10% 2009 target at 13.3%; approved PhP 175.4 billion pesos worth of investments.
- Investment commitments for January 2010 increased by 61 percent. Expected to provide 10,023 jobs and generate \$790.3 million worth of exports.



BIR & BOC exceed collection targets

- The BIR and BOC exceeded their collection targets for January 2010.

| | January Collection (In Billion Pesos) | | | Growth (vs. 2009) | Surplus (vs. Target) |
|-----|---------------------------------------|------|--------|----------------------|-------------------------|
| | Actual | | Target | | |
| | 2009 | 2010 | 2010 | | |
| BIR | 55.2 | 61.7 | 56.0 | 11.7% | 10.1% |
| BOC | 14.4 | 17.4 | 14.1 | 20.5% | 23.1% |

- Growth attributed to:
 - ✓ SanTAX Claus Project
 - ✓ Run After Tax Evaders (RATE) Program
 - ✓ Higher Imports

Power supply inventory sought

- National Association of Electricity Consumers for Reforms Inc. asks government to conduct an inventory of the capacity of all power plants
- Two-hour rotating brownouts in Metro Manila due to the tripping of the Sual Plant in January



DA invites US investors to convert agricultural waste into bioethanol

- Cellulosic ethanol: alcohol from agricultural waste like grass, rice straw, sugarcane bagasse
- US firms have commercialized the technology
- Opportunity for farmers to earn from what they would usually burn
- Total bioethanol requirement for 2010 is 219 million liters. This will increase to 461 million liters in 2011.
- Local producers only provide 39 million liters of bioethanol annually.

Education reform campaign to elect 'Education President'

Education Nation's 10 point Education Reform Agenda

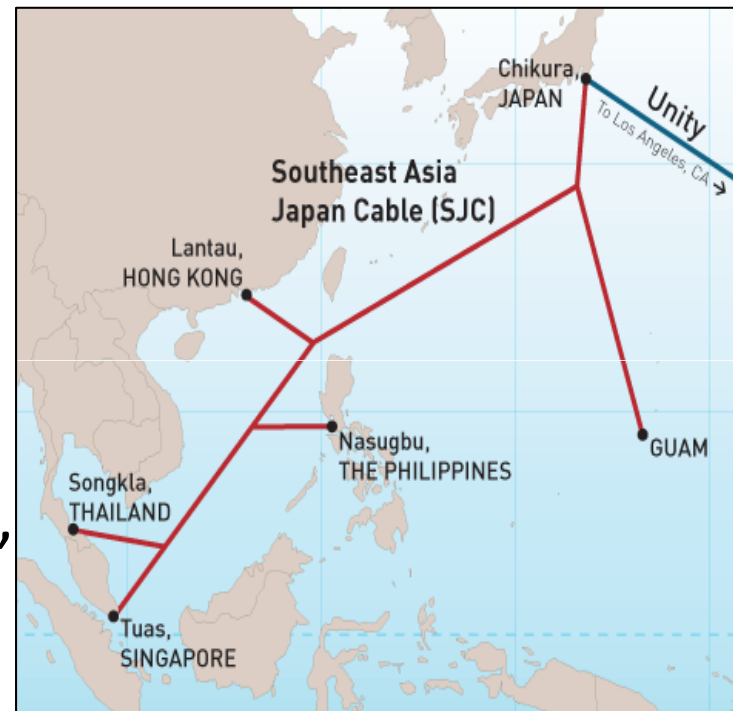
1. Increasing the education budget to 4 percent of gross national product to make it at par with other countries.
2. Enhancing basic education by adding two more years to it.
3. Promoting academic excellence by developing globally benchmarked standards of excellence.
4. Developing community ownership of schools.
5. Ensuring universal access to education.
6. Strengthening higher education.
7. Empowering teachers.
8. Building transparency and accountability.
9. Supporting private education.
10. Maximizing alternative learning.

Small is pro-poor: micro-insurance and micro-lending

- **“Magpaseguro para protektado”** (Be protected, get insured) is the government’s micro-insurance project that caters to the poor.
- The Bangko Sentral ng Pilipinas is encouraging banks to extend housing loans to small borrowers.
 - Under Circular No. 678
 - Banks may lend up to P300,000 with maximum tenor of 15 years (for house construction and lot acquisition)
 - Bank can lend P150,000 with maximum tenor of 5 years (for home improvements and repairs)

Broadband speeds up 10-fold by 2012

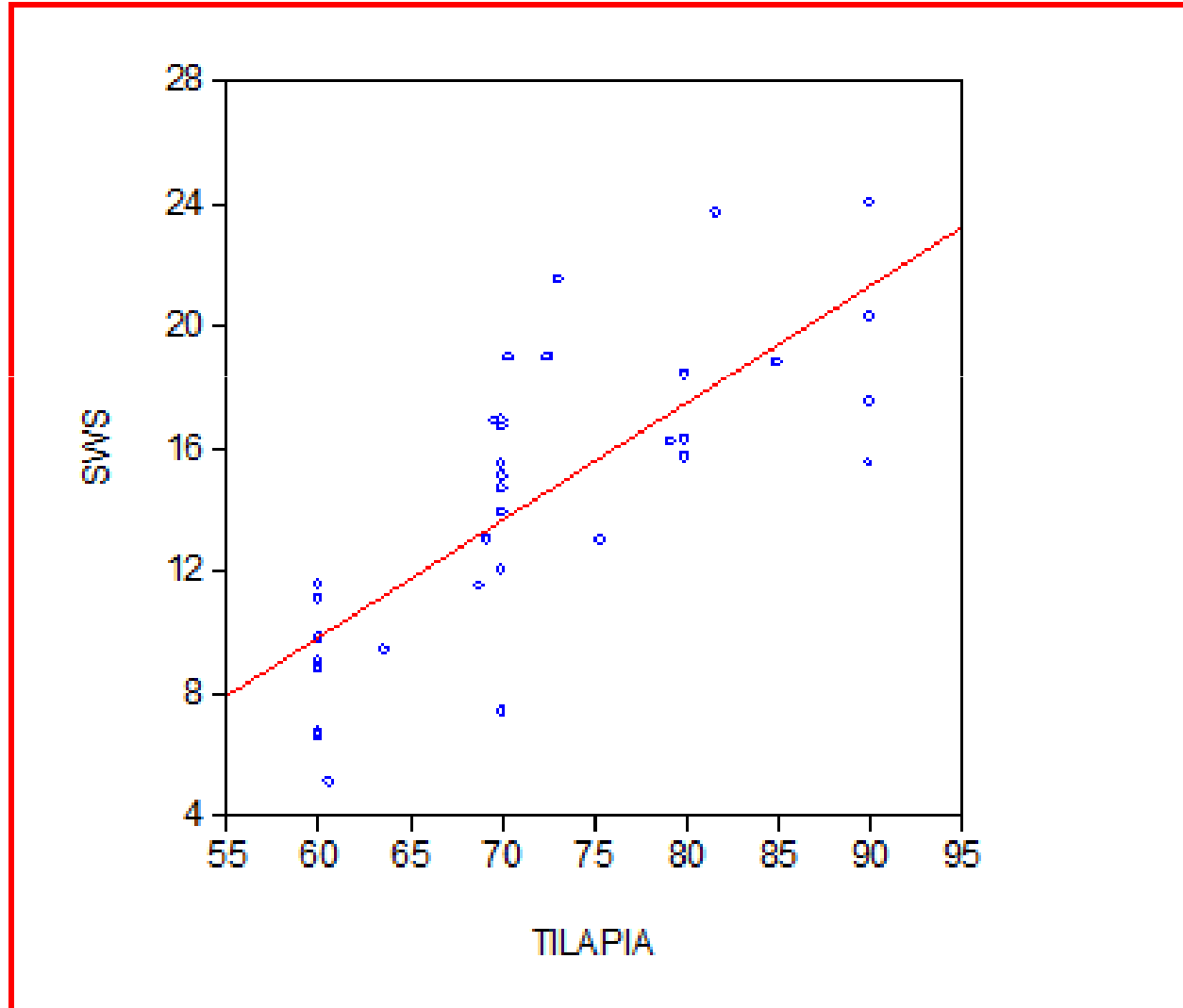
- \$400-million Southeast Asia Japan Cable (SJC) system
 - Subsea cable system with design capacity of 17 Terabits per second (Tbps)
 - Will link Singapore, Indonesia, the Philippines, Hong Kong and Japan by Q2 of 2012
 - To be built by a consortium of eight firms including Google, and the Philippines' Globe Telecom



Sources: BusinessWeek, PDI

Source of image: <http://wallstreetpit.com/424-google-plans-new-undersea-sjc-cable-across-southeast-asia>

Hunger positively correlated with price of tilapia



Update on CLEEP achievement

Allocation

P 13,734, 727,722

Obligation

P 10, 174, 409,894

Utilization rate: 74.08%

Job generation target:

258,445

Job generation achievement

218,292

Achievement rate: 84.46%

Target individuals employed

490,319

Employment achievement

381,967

Achievement rate: 77.72%

END OF PRESENTATION