



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

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National Economic and Development Authority**

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GLOBAL DEVELOPMENTS

Wall Street jumps to 11-month high

- Dow Jones Industrial Average up 80.26 pts.
- Nasdaq Composite Index up 23.63 pts.
- Standard & Poor's 500 Index up 10.77 pts.

- US June imports accelerate
- Jobless claims dropped to 550,000
- Positive profit outlooks from major industry players (Procter&Gamble, Texas Instruments, United Airlines)

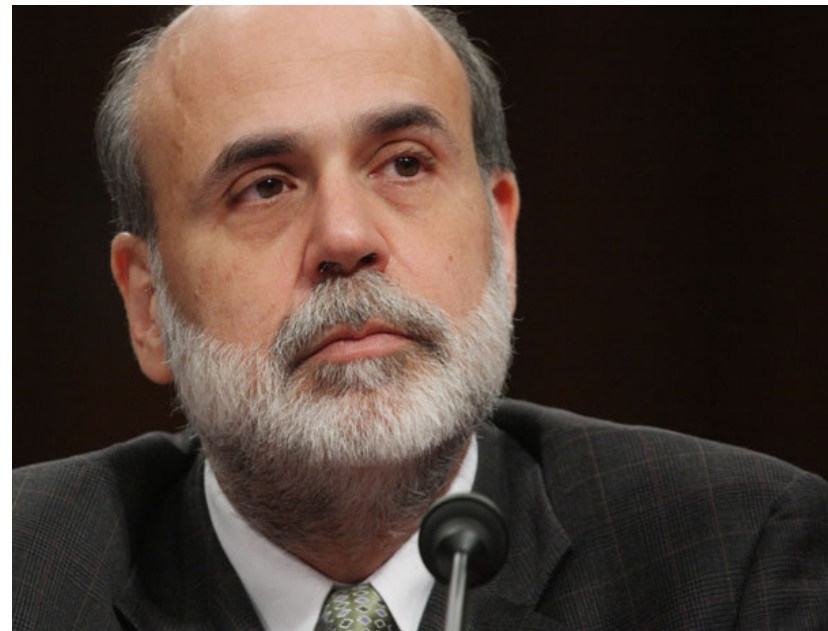
- These indicate a lift in consumer spending

Source : ["Wall Street indices jump to 11-month highs". 11 September 2009.](http://business.inquirer.net/money/breakingnews/view/20090911-224654/Wall-Street-indexes-jump-to-11-month-highs)
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US Fed's Bernanke says “recession is very likely over”

"Even though from a technical perspective the recession is very likely over at this point, it's still going to feel like a very weak economy for some time."

- 3% growth for US in Q3, says Blue Chip survey
- 2010 still sluggish due to unemployment, tight credit conditions
- Fed still seen to maintain ultra-low interest rates



2010 Ease of Doing Business: Singapore tops

World (Top 5)

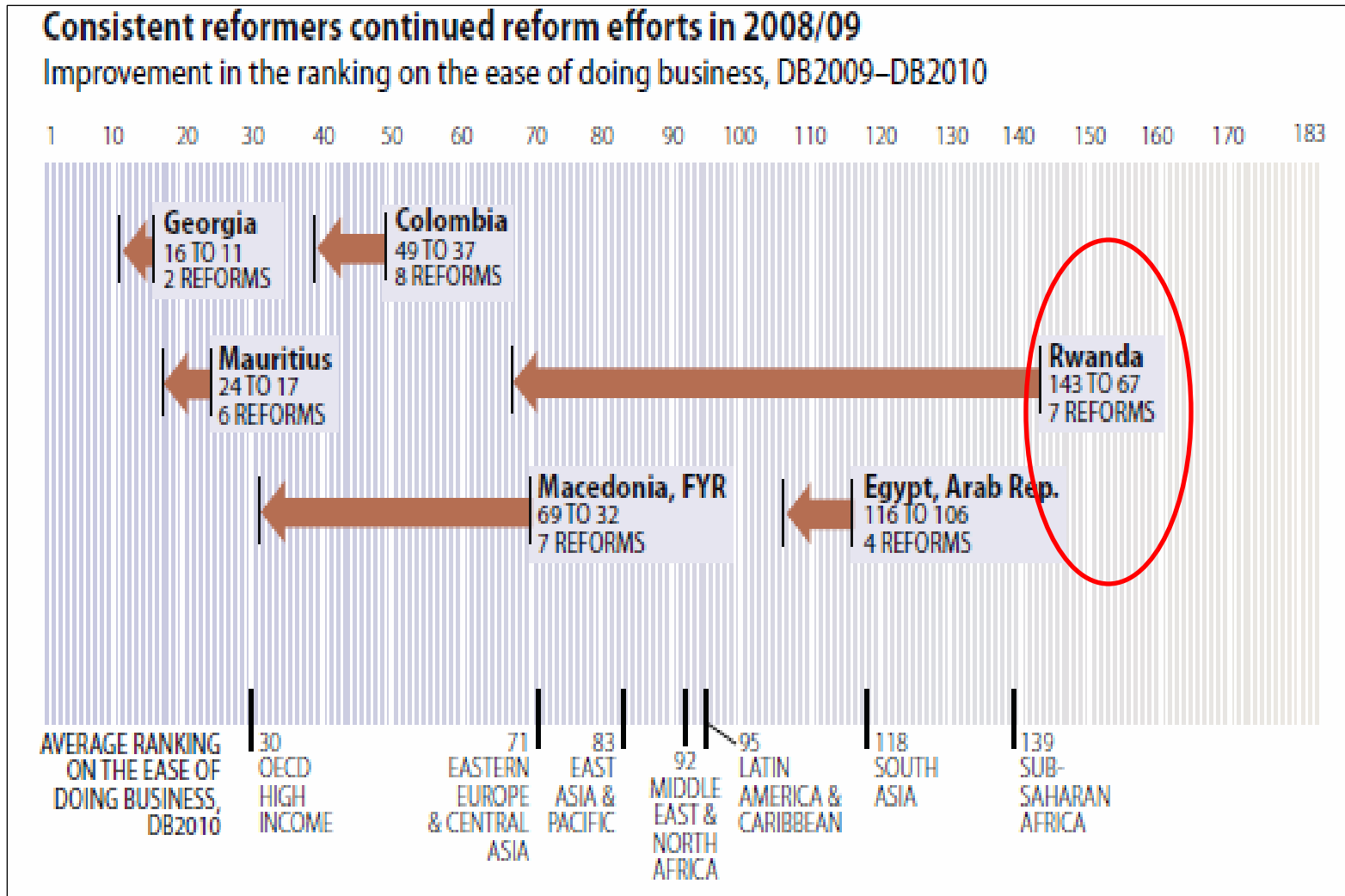
- Singapore
- New Zealand
- Hong Kong
- United States
- United Kingdom
- Denmark

Asia-Pacific

(Selected, Overall Rank)

- Singapore (1)
- Hong Kong (2)
- Thailand (12)
- Malaysia (23)
- Taiwan (46)
- China (89)
- Vietnam (93)
- Indonesia (122)
- **Philippines (144)**

2010 Ease of Doing Business: Rwanda is fastest reformer



Source: *Doing Business Report, 2010*

Indonesia rising: “Enter the Komodo”

- Being considered for “BRIICS” grouping:
Brazil, Russia, India, **Indonesia**, China, **South Africa**
- Growth of 4.9% in the first half of 2009
- 84% rise in stock market – 2nd best in the world
- East Asia’s “leading reformer of business regulations”
- Rupiah recovered after a 30% slump last year
- Domestic demand remains strong

Asian economies unanimously adopt *Manila Declaration, Framework of Action on Green Industry*

- To set appropriate institutional and policy framework towards efficient and low-carbon industry transition
- Promotes use of renewable energy and energy-efficient industry processes, R&D programs for green innovation, investments and financing in low-carbon manufacturing industries
- Green industry performance tools
- Green industries' energy management standards.

Global turning point: half of fish consumed now raised in farms

- Aquaculture production tripled over 1995- 2007; seen to supply half of total demand for fish and shellfish in 2009
- Aquaculture's share of total demand for fishmeal and fish oil also surged to 68% and 88% respectively



India has comprehensive innovation and R&D platforms



- National Innovation Bill
- \$180 million National Innovation Project (September 2007)
- National Innovation Foundation (launched February 2000)
- Global Innovation Index or GII

LOCAL DEVELOPMENTS

Economic Impact of Typhoon Ondoy

Cost of Damage	:	Php108.9M
Roads and bridges	:	P 89.5M
Schools	:	P 19.2M
Agriculture	:	P 0.212M

Summary of affected population

89,953 families / 451,683 persons

Estimated impact on GDP (NEDA):

Economic Impact of Typhoon Ondoy

All other factors being equal:

estimated impact on GDP (preliminary):

drop by at least 0.043 percentage points

or

0.7-1.7 real GDP growth rate in 2009

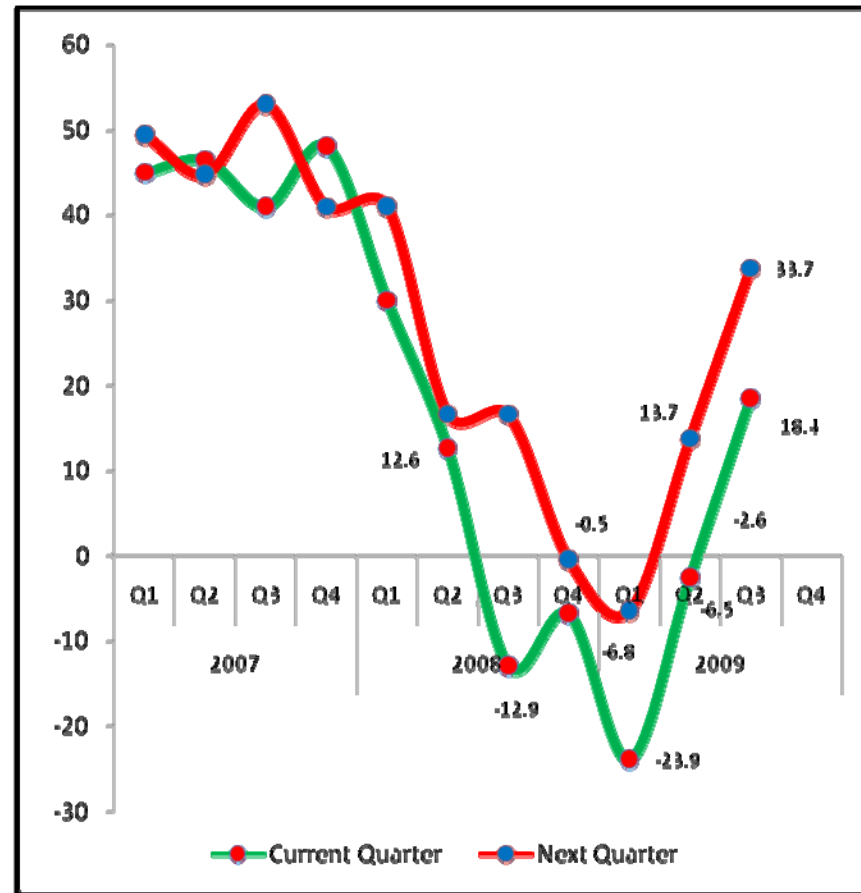
Note: but remittances stronger than expected

Overall confidence improves in Q3

Consumer Expectations

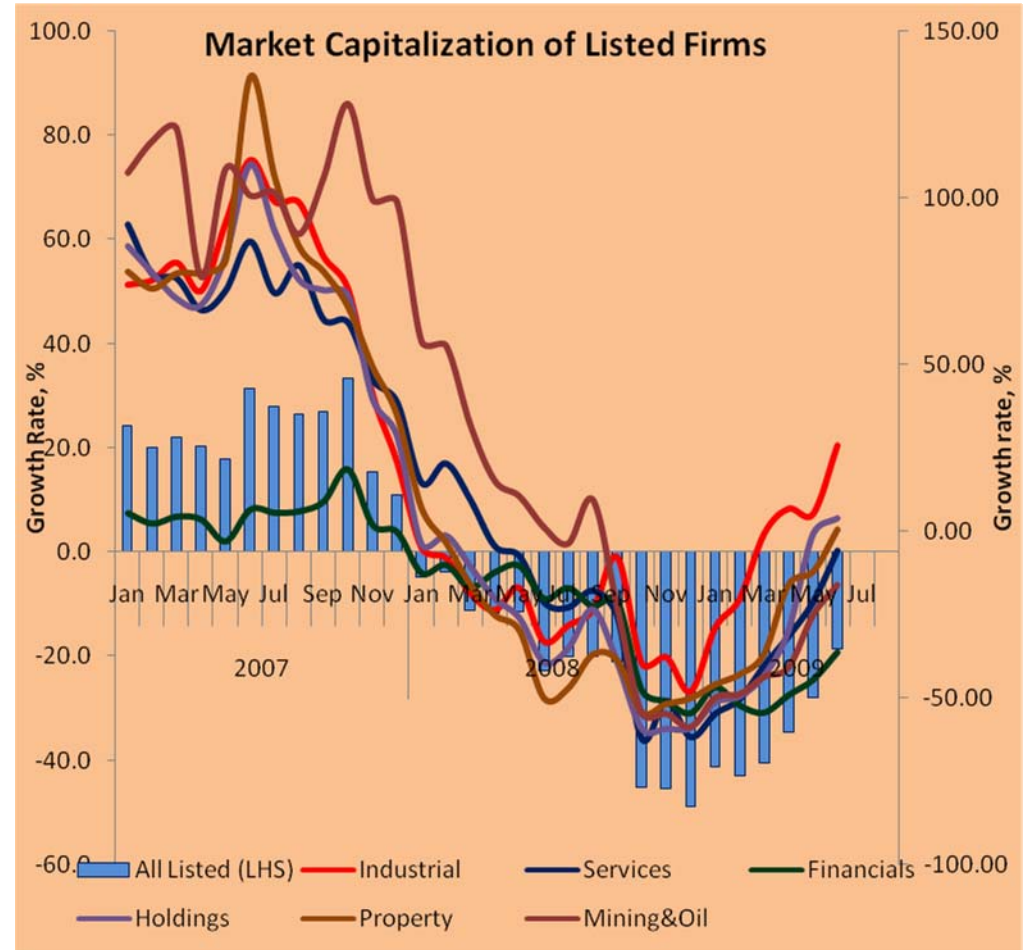


Business Confidence



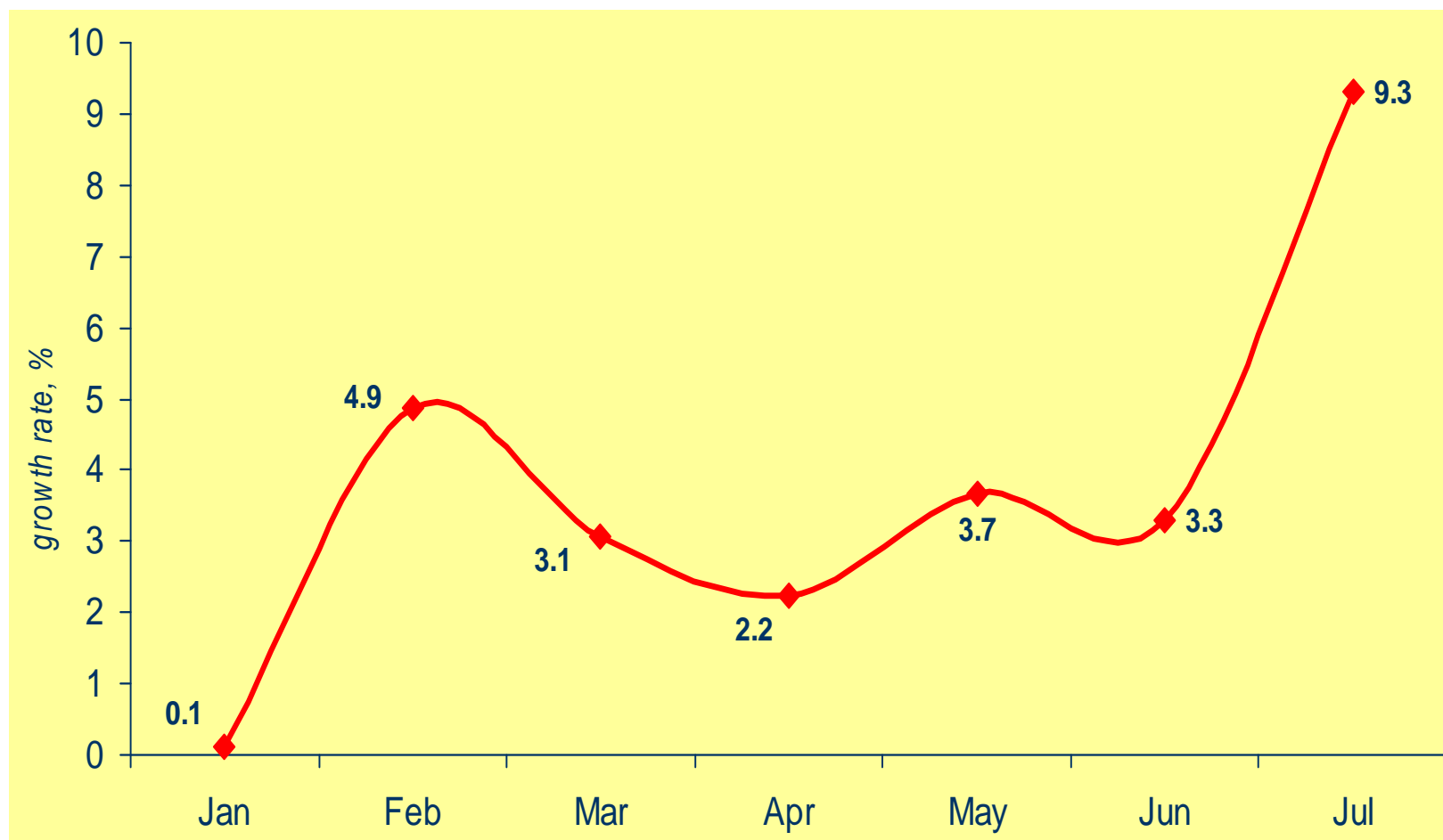
Sources: http://www.bsp.gov.ph/downloads/Publications/2009/bES_3qtr2009.pdf;
http://www.bsp.gov.ph/downloads/Publications/2009/CES_3qtr2009.pdf

Corporate profits up by 46%, market capitalization improving



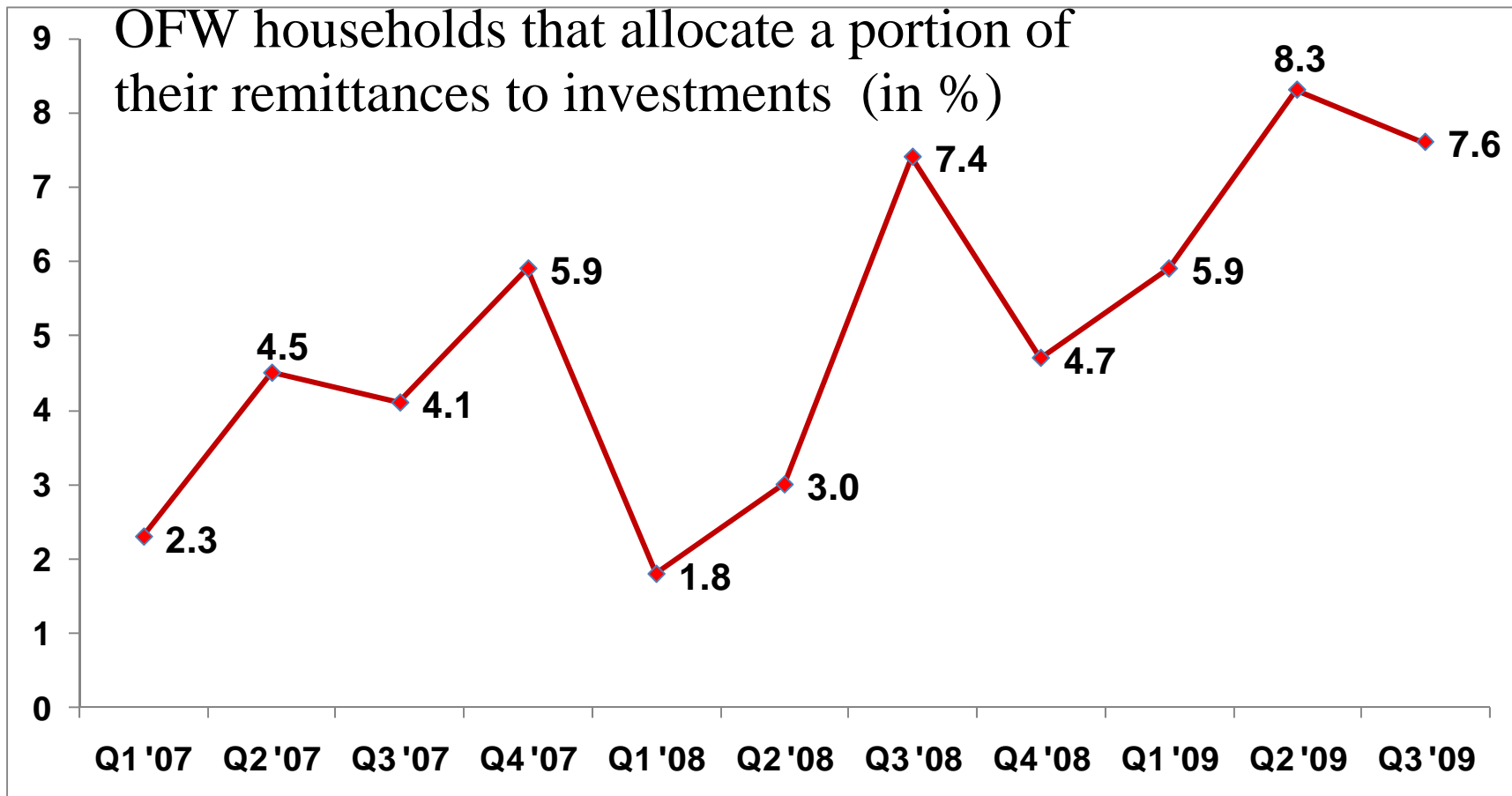
Sources: *Philippine Stock Exchange, Bangko Sentral ng Pilipinas*

Remittances surge by 9.3% in July

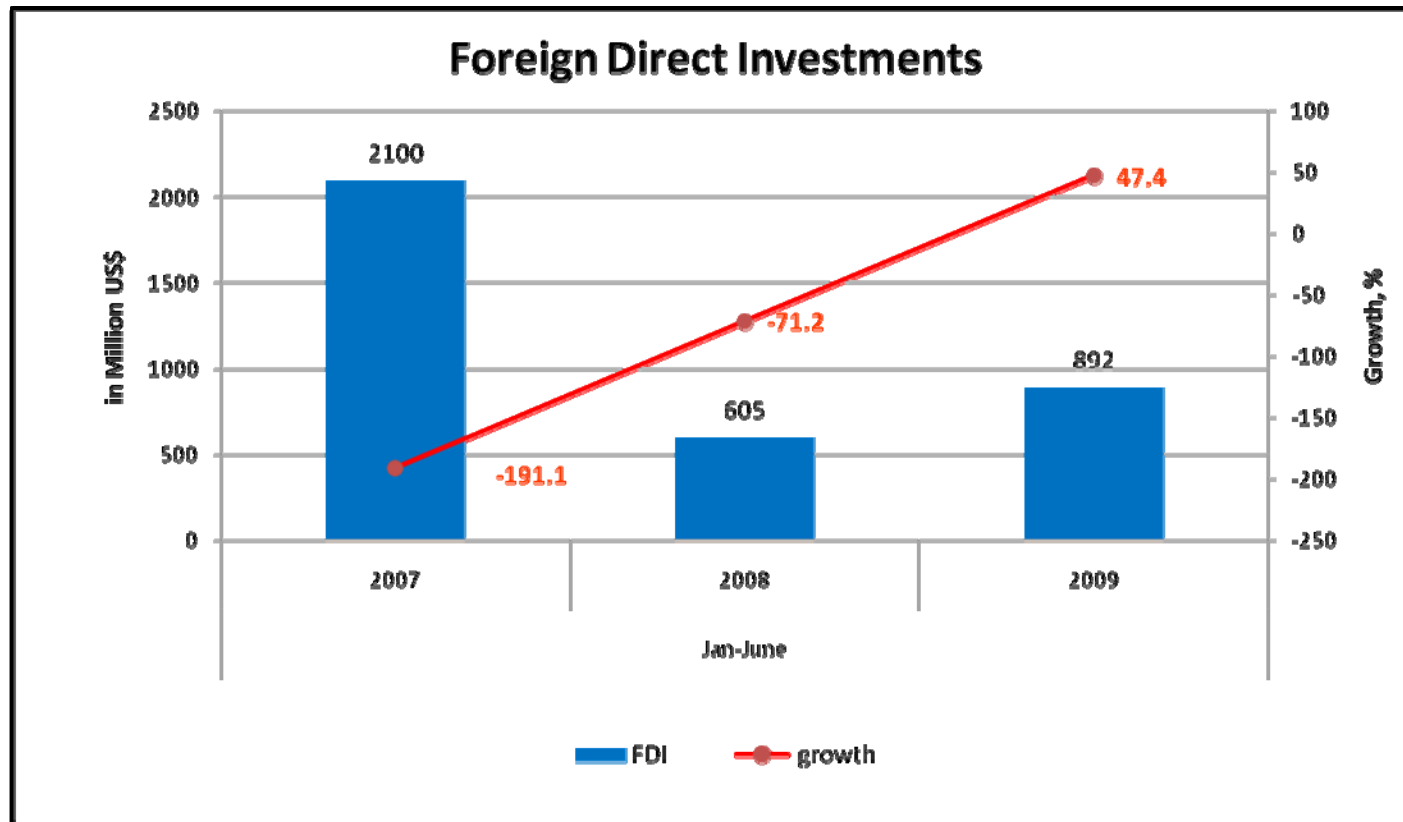


Source: *Bangko Sentral ng Pilipinas*

But OFW families are under-investing



Net FDI increased by 47% in first half



Source: *Bangko Sentral ng Pilipinas*

Bank loans to property sector up 23%

- Property sector loans and corporate bond investments increased 23% year-on-year to P377.8 billion in June
- Loans for purchase of real estate at P368.9 billion
 - P204.1 billion for purchase of commercial property
 - P164.8 billion for purchase of residential property

Source : "Bank loans to property sector up" 11 September 2009.
<http://business.inquirer.net/money/topstories/view/20090911-224697-Bank-loans-to-property-sector-up>

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“Renewables rising” – Inquirer editorial

- Ethanol-power plant in San Carlos city launched
- Ethanol-power plant in La Carlota city by Feb. 2010
- DOE approves 5 wind energy service contracts, 1 hydro service contract, 1 biomass
- DOE to bid out 8 sites for geothermal contracting
- Being processed: 50 wind
20 hydro projects
- Sec. Reyes: Negros as “Saudi Arabia of the Philippines”



Industry offers, CICT supports, plan to fuel growth via ICT

- In 2nd half of 1990s, ICT contributed 0.3 to 0.9 percentage points per year to GDP growth of 9 OECD countries

“The eGrowth Plan” a joint paper of

- Information Technology Association of the Philippines
- Business Processing Association of the Philippines
- Computer Manufacturers, Distributors and Dealers Association of the Philippines

Some immediate easy steps in eGrowth plan

1. Fast-track eTESDA project
2. National roll-out of DepEd's eSkwela by converting community e-centers into eSkwela centers
3. Raise the ratio of computers in DepEd's computer labs from 10 to 20; mobilize private sector to donate used PCs; simplify procedures to allow PEZA companies to donate
4. DepEd to adopt National ICT Competency Standard for Teachers (NICS Teachers)

Some immediate easy steps in eGrowth plan

5. Private sector offers to DepEd to develop an ICT competency standard, training course for principals
6. National use of Community Health Information Tracking System (CHITS) open source software
7. Move eProcurement from mere bulletin board to full system; adopt timetable and milestones
8. CICT to develop training program for civil servants on eProcurement

ERP Update: Infrastructure Spending

Agency	Commitment (in billion)	Utilization rate		
		Obligation (% of Commitment)	Disbursed (% of obligation)	Period
DPWH	62.785 <i>(1st sem)</i>	94%	46%	Sept 2
DOTC	12.975 <i>(1st sem)</i>	77%	38%	Sept 2
DA	16.150 <i>(1st quarter)</i>	79%	83%	Sept 2
DepEd	2.8 <i>(1st quarter)</i>	102%	57%	Sept 2

Recommendations

1. Set radical targets, timetables and plans for vast improvements in competitiveness. Learn too from Indonesia, East Asia's "leading reformer of business regulations."
2. Draw from the documents of the Green Industry forum to prepare/enrich strategies for promoting Green Industry in the Philippines.
3. Aquaculture is the wave of the present. Step up further government programs to promote aquaculture.

Recommendations

4. Determine what can be replicated from India's innovation platforms. What should be contained in proposed laws and programs?
5. Adopt the immediate steps proposed in the ICT eGrowth plan.
6. CICT should present on the other near term and long-term measures in the eGrowth plan.



THANK YOU