



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

Deputy Director-General Rolando Tungpalan  
National Economic and Development Authority

July 21, 2009

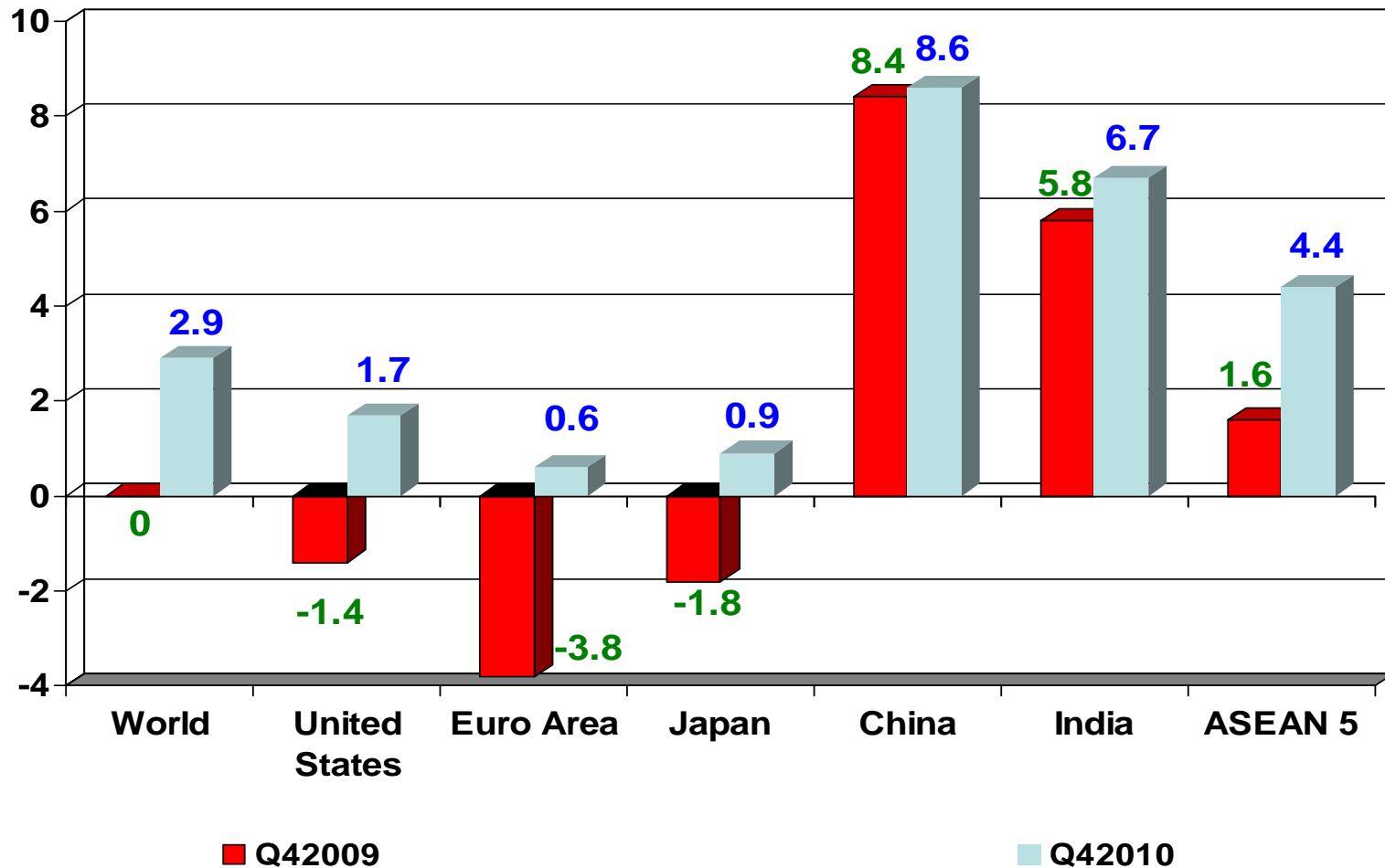
# **I. Global Developments**

# G8 Summit Developments

L'Aquila, Italy, July 8-10, 2009

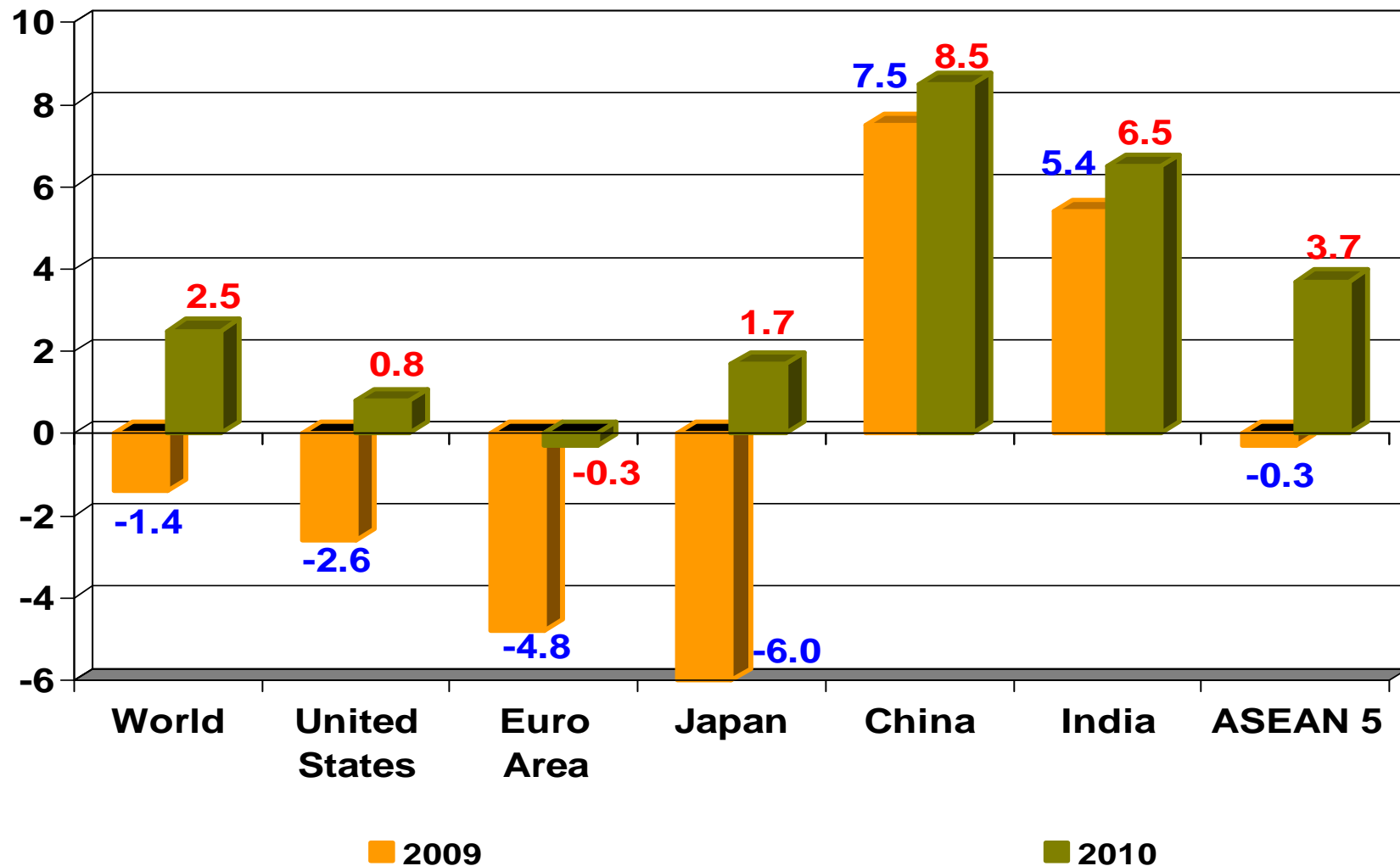
- Foster a balanced recovery by spending on infrastructure, innovation, social safety nets
- Resist protectionism, complete the Doha Round
- Continue policies to repair the financial system
- Measures to assist the most vulnerable
- Medium-term fiscal sustainability
- Cut global CO<sub>2</sub> emissions by 50% by 2050
- Mobilize \$ 20 billion for food security

# July 8 IMF forecast: flat growth for world economy in Q4 2009



Source: WEO Update, July 8, 2009

# IMF on world growth: -1.4 % in 2009 and 2.6% in 2010



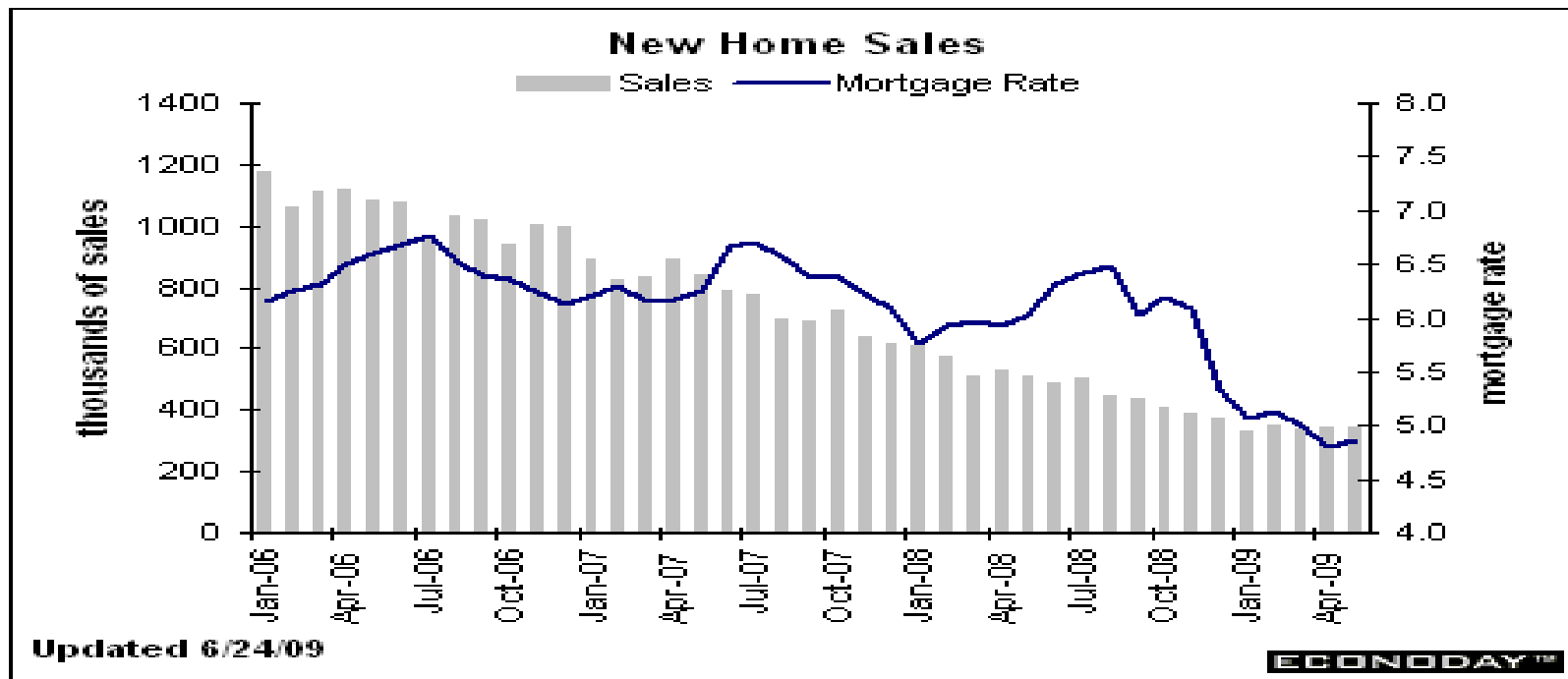
Source: WEO Update, July 8, 2009

Fed also revises upward the projected US GDP growth rates

	2009		2010	
	Previous	Revised	Previous	Revised
<b>Fed</b>	-2.0 to -1.3	-1.5 to -1.0	2.0 to 3.0	2.1 to 3.3
<b>IMF</b>	-2.8	-2.6	0.0	0.8

# Still no clear sign of recovery in the US housing market

- New Home Sales fell 0.6% in May 2009
- Prices up 4.2% month-on-month



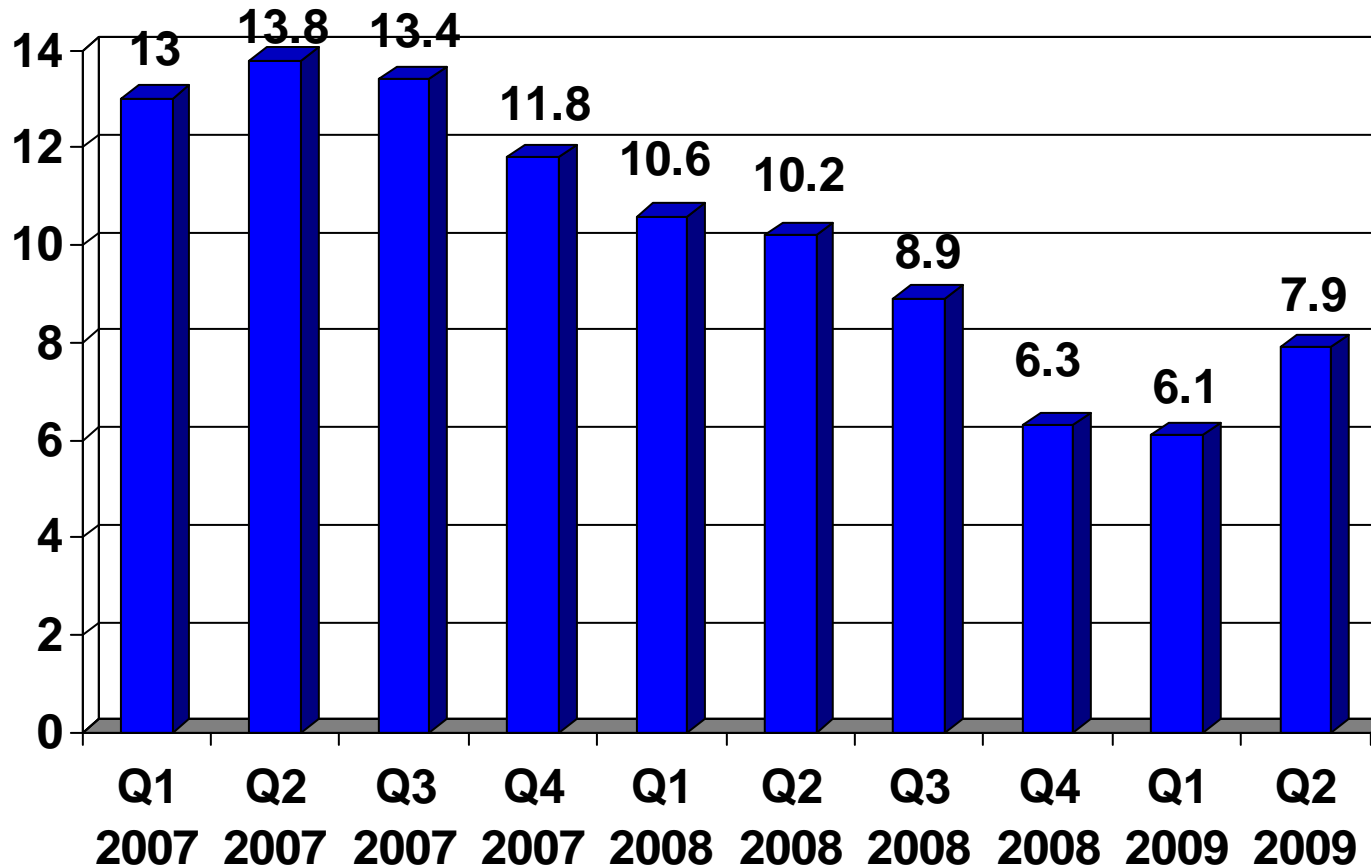
Source: Bloomberg

# Controversy over America's Troubled Asset Relief Program (TARP)

***“Start loaning the money that we gave you.  
Get it on the street!”***

- Few of the banks that got the first \$350 billion from TARP cited lending as their priority.
- Banks used TARP money also for absorbing losses, bolstering capital, and opportunistic acquisitions.
- TARP generous to holding companies, but little passed on to subsidiary banks.

# China continues to post strong growth: Quarterly GDP growth rates



# India's bold housing plan: slum-free in the next 5 years

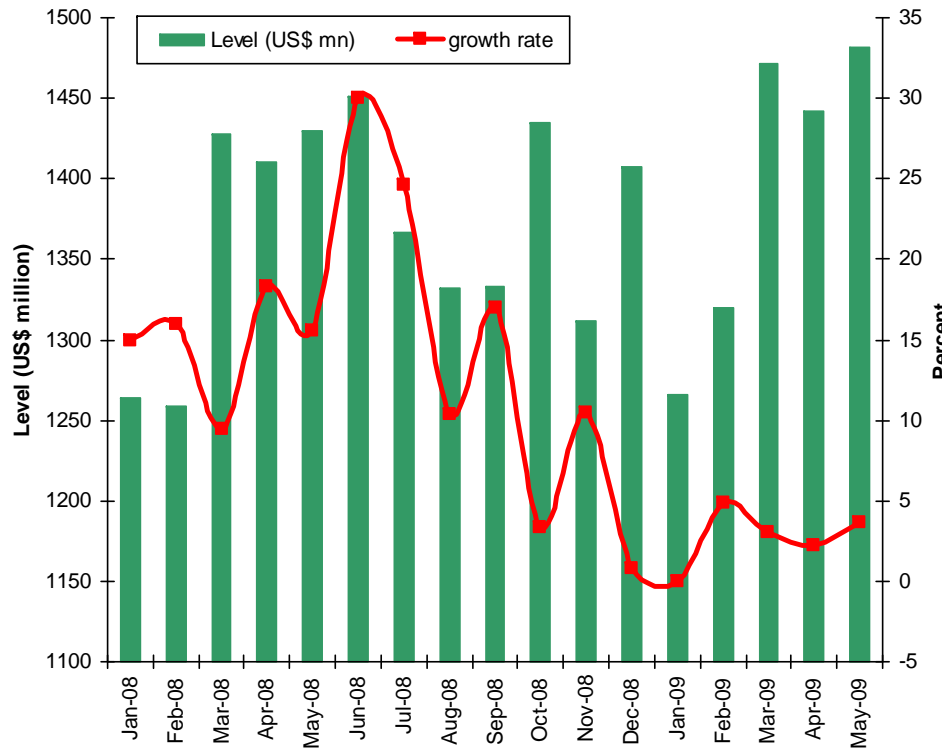
- \$850 Million for housing and basic services including for the Rajiv Gandhi Housing Plan
- Focus on according property rights to slum dwellers
- Provision of basic amenities
- Build more low cost housing
- Guidelines of the plan are being formulated
- Skepticism from the Slum Dwellers Federation

## **II. Local Developments**

# Philippine economy won't fall into recession, says Global Source

- 0.5 – 1.0 % growth for 2009
- 3.0 – 3.5 % for 2010
  - Remittances managed to hold steady
  - Bottoming out of exports and imports
  - Election-related spending
  - Global recovery
- Threats remain: A(H1N1), still low capital formation, cautious fiscal stance (i.e. due to deficit ceilings)

# Remittances still defy gravity, grow by 3.7% in May, up 2.8% in 2009 to \$ 6.98 B



2009 Forecasts	
BSP	0.0%
World Bank	-4.0%
IMF	-4.0%

# Positive outlook for retail trade

- Inflation rate decelerates to 1.5% in June
- Unemployment recedes to 7.5% in April
- U/KBs loans to Wholesale and Retail Trade grew by 1.3% in May, after -16.6% in March and -4.0% in April
- FDI to Trade/Commerce increased to \$6.4M in Jan-Apr 2009 from \$0.82M in Jan-Apr 2008
- Business confidence index for the sector increased to -3.1 in the second quarter, from -24.1 in the first quarter

# Positive outlook for retail trade

- As of May, auto loans up by 48 percent from -6.6 percent last year
- Leading convenience store 7-11 has earmarked close to PhP 200 million this year to put up additional stores
- SM malls in negotiations to construct 3 more malls in Cebu. For the rest of 2009, 4 new malls are set to open.

# Updates on Housing Programs & Projects

(as of 31 May 2009)

## 1. Php85B Economic Stimulus Package of the HDMF (Pag-IBIG Fund)

<b>PROGRAM DESCRIPTION</b>	<b>2009 TARGET</b>	<b>2009 Allocation (in billions)</b>	<b>STATUS OF IMPLEMENTATION (Jan – May 2009)</b>
<b>End-User Financing</b>	81,351 units	P43.0	P16.9B released (28,140 units)
<b>Institutional Loans</b>	various projects	P7.5	P1.2B released (47 housing projects)
<b>Short-Term Loans (multi-purpose)</b>	2,044,030 members	P34.5	P15.6B released (871,467 members)
<b>TOTAL</b>	<b>81,351 units 2,044,031 members</b>	<b>P85.0</b>	<b>P33.7B released</b>

# Updates on Housing Programs & Projects

(as of 31 May 2009)

## 2. Rail Resettlement Program of the NHA

PROGRAM DESCRIPTION	2009 TARGET	2009 Allocation (in billions)	STATUS OF IMPLEMENTATION (Jan – May 2009)
<b>Northrail</b> <i>(Caloocan-Clark, Pampanga)</i>	490 house & lot packages 14,306 houses (13 resettlement sites) 78.81km ROW cleared (42,342 affected families)	P1.808	9,368 houses constructed (P703M) 3,222 under construction
<b>Rail Linkage</b> <i>(Caloocan-Calamba, Laguna)</i>	14,250 house & lot packages 4,173 houses (15 resettlement sites) 66.55km ROW cleared (56,399 affected families)	P5.06	6,050 houses/h & lot packages built (P1.059B). 108 under construction
<b>TOTAL</b>	<b>18,479 houses</b> <b>14,740 house &amp; lot packages</b>	<b>P6.87*</b>	<b>9,368 houses &amp; 6,050 house &amp; lot packages built (total cost P1.762B)</b>

# **III. Opportunities from Green Industries**

# Philippines can be a global leader in Green Architecture

- US, Europe (2006): buildings used up 40% of energy
- Green architecture: techniques to reduce impact of buildings on environment and human health
- Reducing energy use: energy-efficient designs, solar water heating, on-site generation of renewable energy, use of high-efficiency windows and insulation
- Wasting less energy, water and materials during construction
- Additional construction cost of only 5% - World Business Council for Sustainable Development

Source: BizNews Asia, Vol. 7 No. 14 July 2009

# Quezon City's Green Roof Ordinance; Example of green roofing in Singapore



# Leadership in Energy and Environment Design: PASIG RIVER

Pasig River three-fold 'front-door' development

- i. Proposed Multi-development along Pasig River as catalyst for renewal
- ii. Identified urban renewal areas for riverbanks 500 meters
- iii. Environment Protection Areas inc. 10-meter riverbank setback



\* By Palafox Associates. Source: BizNews Asia, Vol. 7 No. 14 July 2009

# Leadership in Energy and Environment Design: MARIKINA

Marikina of tomorrow: Ecological balance at the Riverbanks' 70 hectares



\* By Palafox Associates. Source: BizNews Asia, Vol. 7 No. 14 July 2009



## *The RE Policy Framework 100/10*



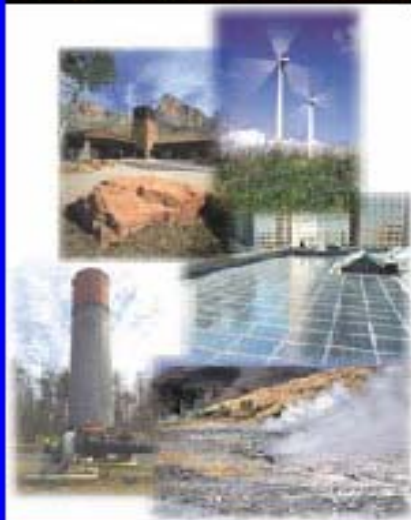
❖ *To increase RE-based capacity by 100% by 2013*

❖ *To be the number one geothermal energy producer in the world*



❖ *To be the leading wind energy producer in Southeast Asia*

❖ *Double hydro capacity by 2013*



❖ *Increase non-power contribution of RE to the energy mix by 10 MMBFOE in the next ten years*

❖ *To become a regional solar manufacturing export hub*

❖ *Expand contribution of biomass, solar, micro-hydro and ocean by 250 MW*

# Philippines' potential in renewable energy

<b>ENERGY SOURCE</b>	<b>YIELD PER DAY</b>
Ocean	170,000 MW
Wind	76,600 MW
Hydro	13,097 MW
Geothermal	4,531 MW
Biomass	277 MMBFOE
Solar	5.0 – 5.1 kwh/m2
Source: Department of Energy	

Advantage of an archipelago:  
Access to vast power from ocean waves



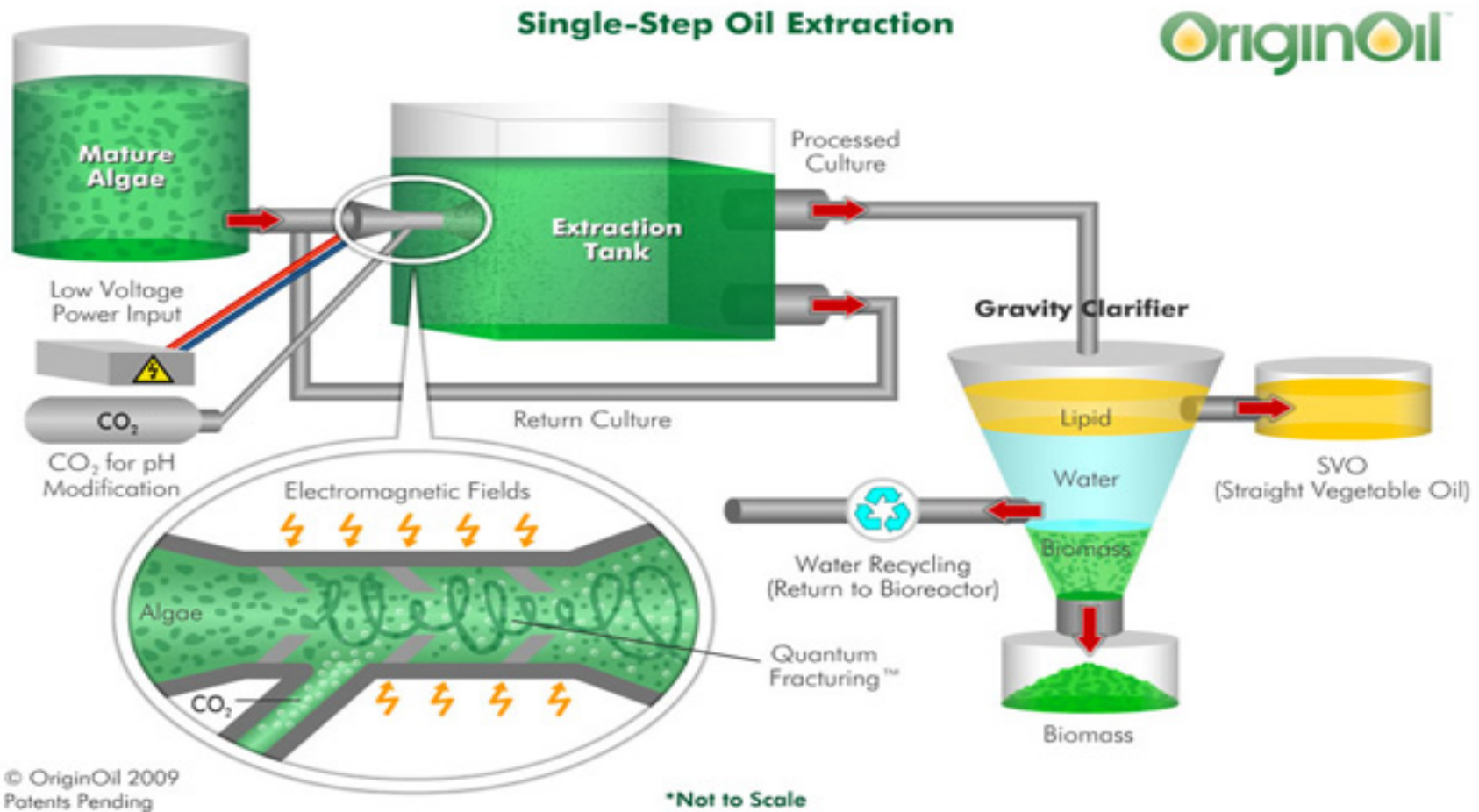
# California firm ties up with Lumads; will export jatropha oil from Mindanao

- Abundant Biofuels Corporation
- Joint Venture: to develop lumad ancestral domain for Jatropha production without deforestation or diversion of agricultural lands
- 10 year contract in multiples of 50,000 barrels
- Lumad-based production to export 30 million gallon to US starting 2010
- Infrastructure development: housing, medical, educational facilities

# Cellulosic ethanol: alcohol from waste rice straw



Algae grows 20-30 times faster than food crops. Can extract biofuel - or protein.



# Recommendations

1. Despite progress in the ERP, having passed the midpoint of the year, government cannot be complacent. Must end strongly by working double-time in infrastructure. The rebound is coming. We must be ready for it.
2. China continues to post strong growth. We reiterate the importance of engaging China for more trade, investment, and tourism.
3. Determine what can be learned or replicated from India's plan to be slum-free in 5 years. (What is a realistic time frame to be slum-free ?)

# Recommendations

4. Rigorously promote Philippine leadership in green building standards and green architecture.
5. Actively promote the development of price-competitive renewable sources of energy.