



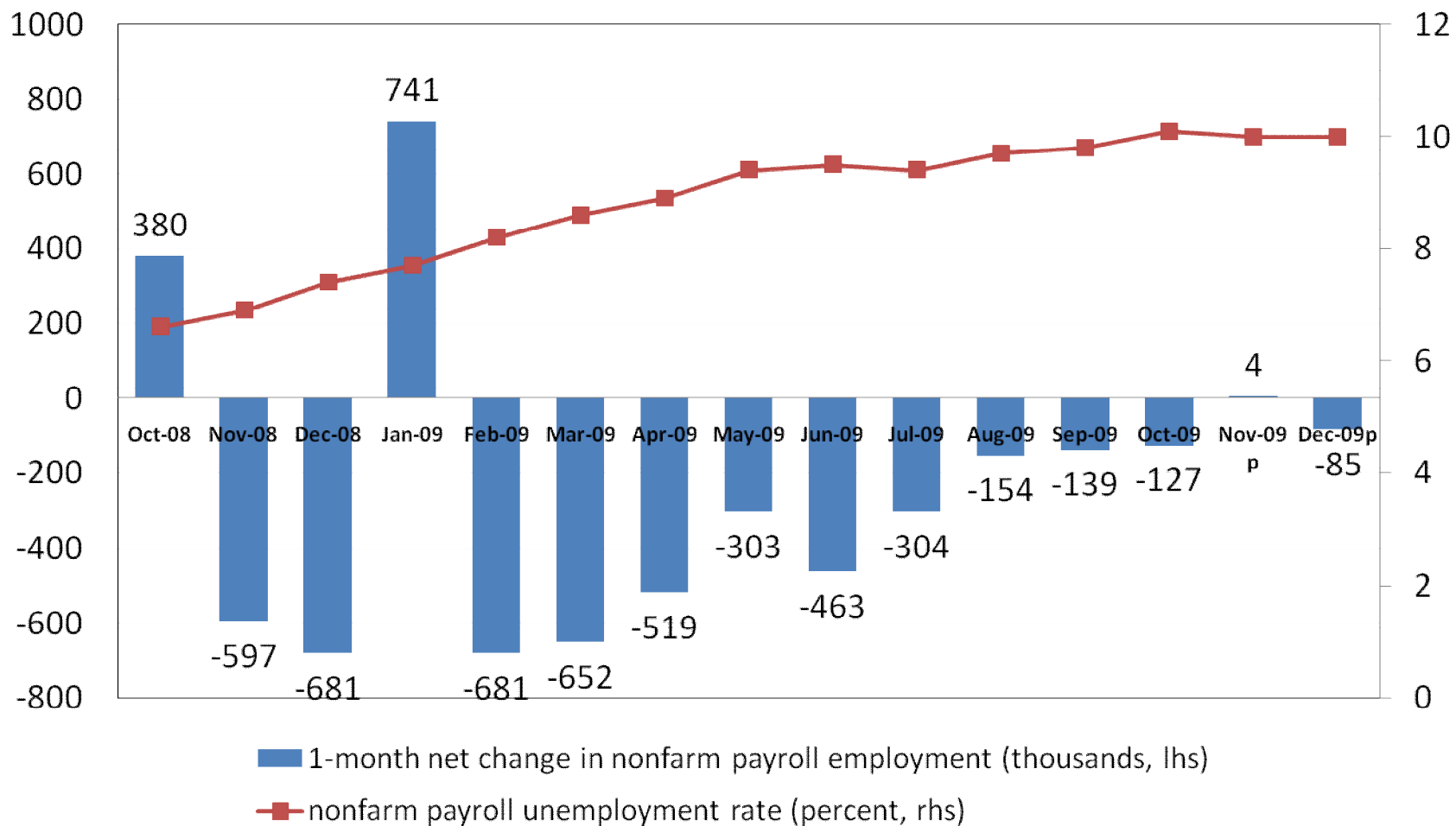
# **Global Recession Impact News (GRIN) and Positioning for the Rebound**

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

**January 12, 2010**

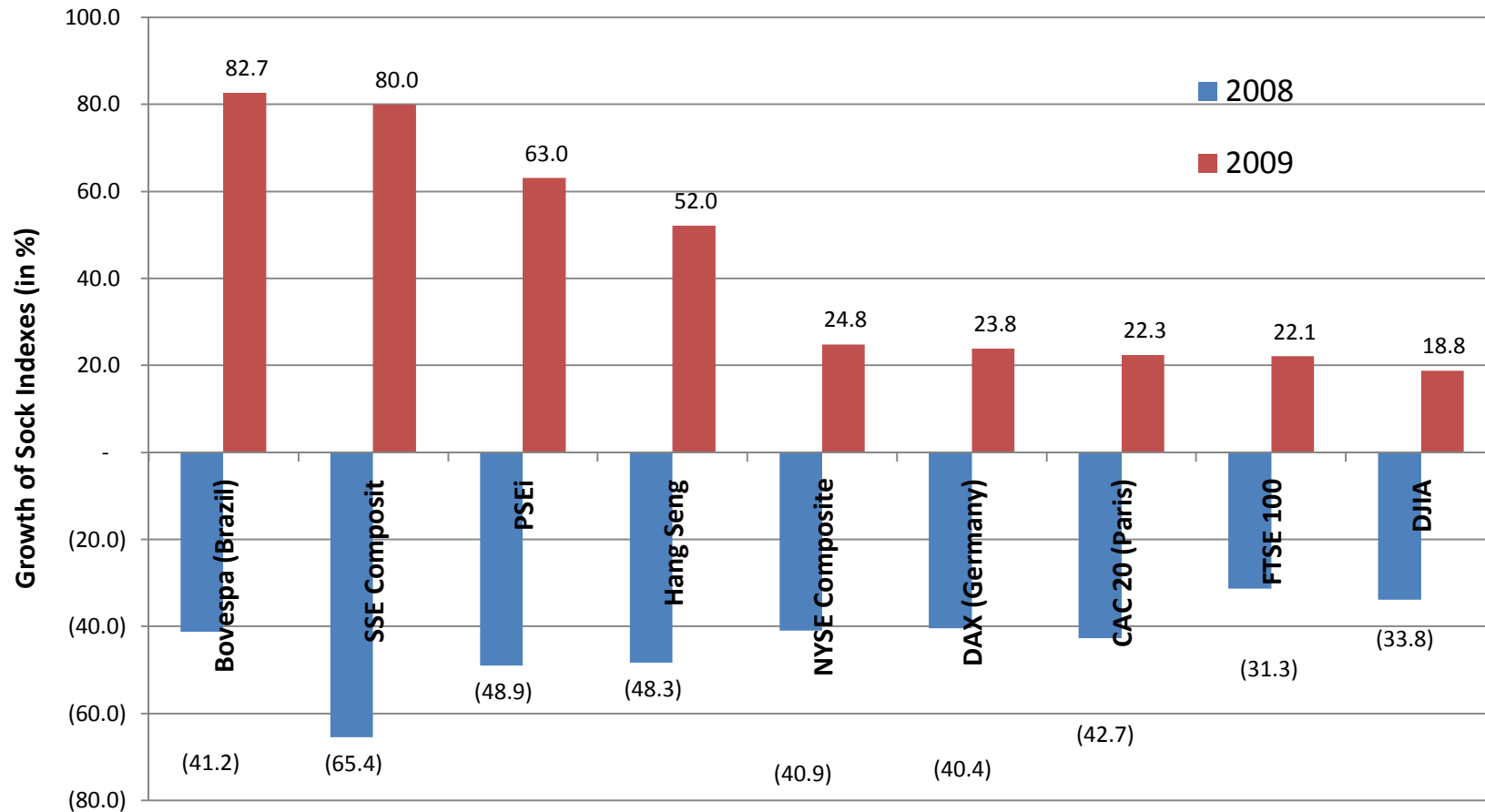
# GLOBAL DEVELOPMENTS

# US lost 85,000 jobs in December



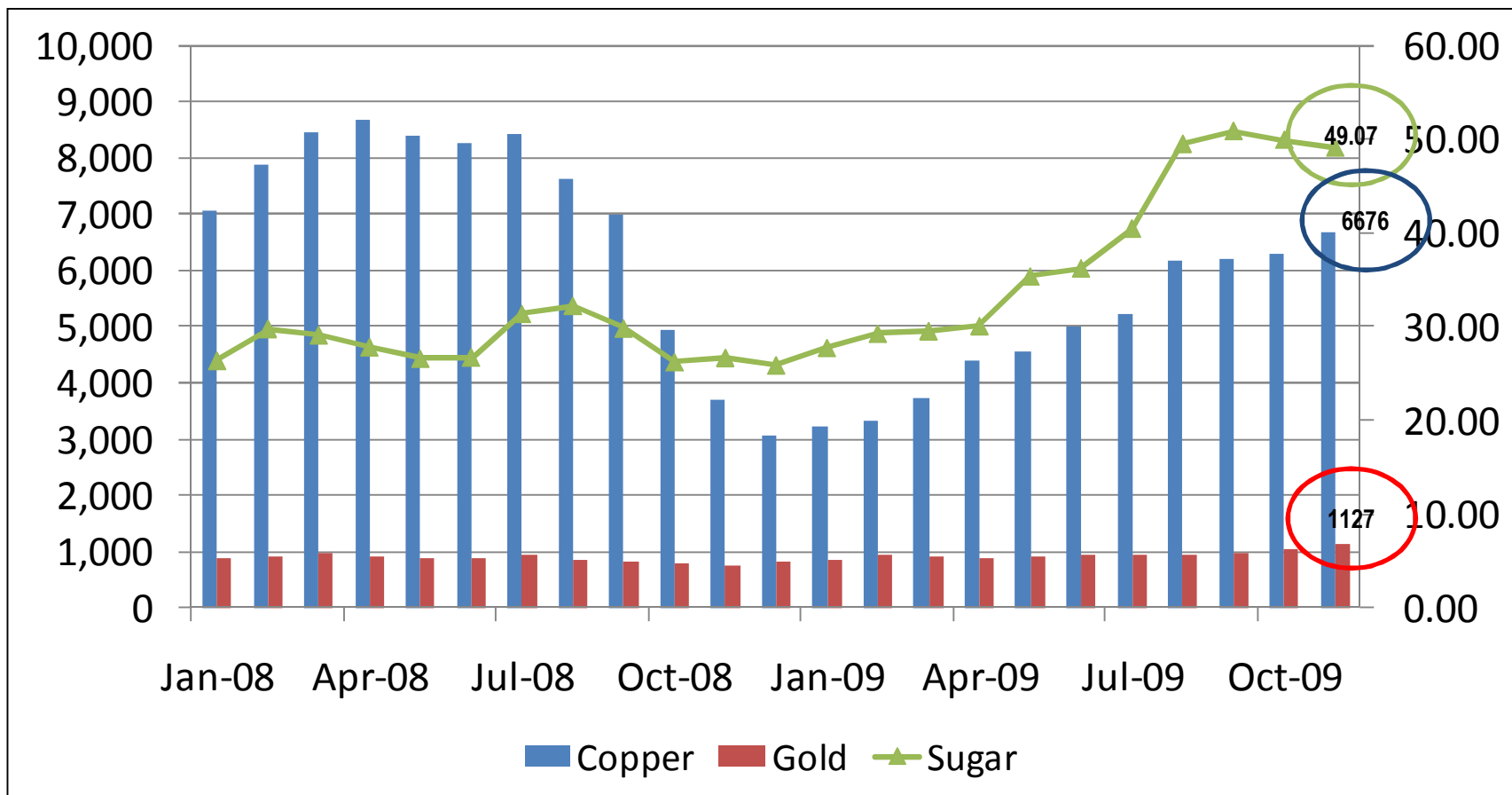
Source: US Bureau of Labor Statistics,

# Stocks rebounded around the world in 2009



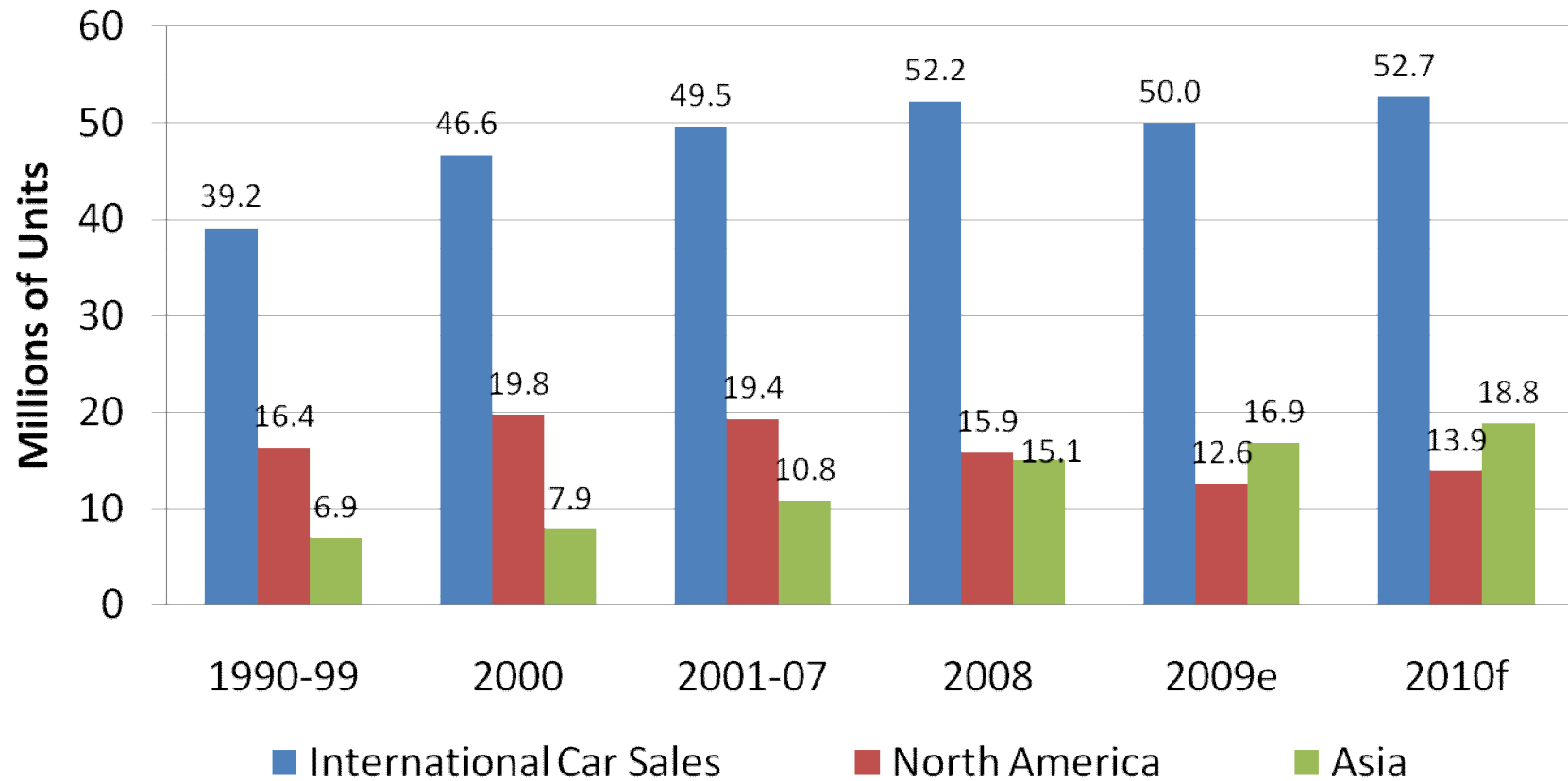
Source: Philippine Stock Exchange, Yahoo Finance

# Gains in world commodity markets



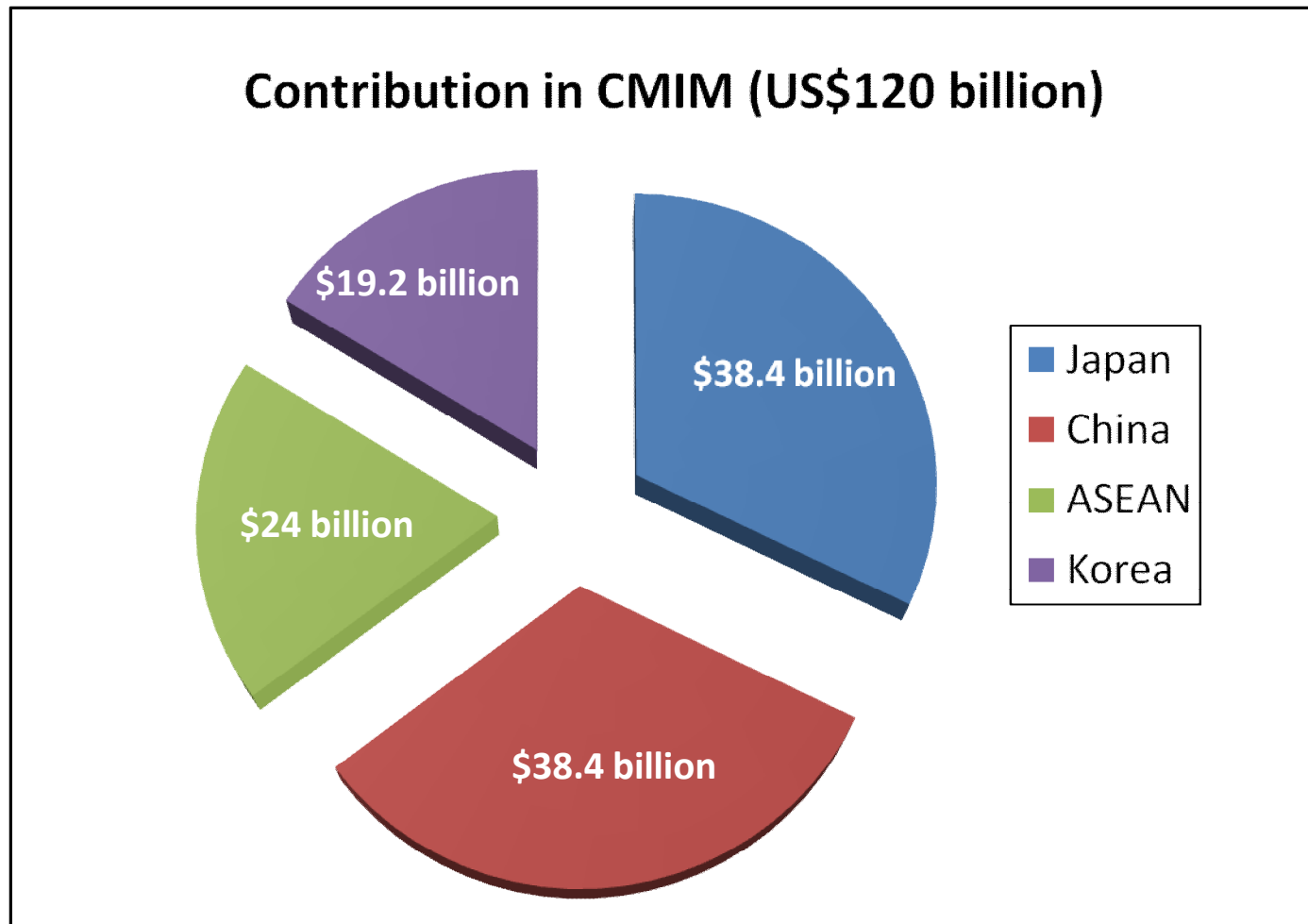
Source: WorldBank Commodity Pinksheet

# World car sales to rise in 2010



Source: Scotia Bank –Global Auto Report

# Chiang Mai Initiative Multilateralization



Source: Bangko Sentral ng Pilipinas

# Tariffs fall to zero in ASEAN

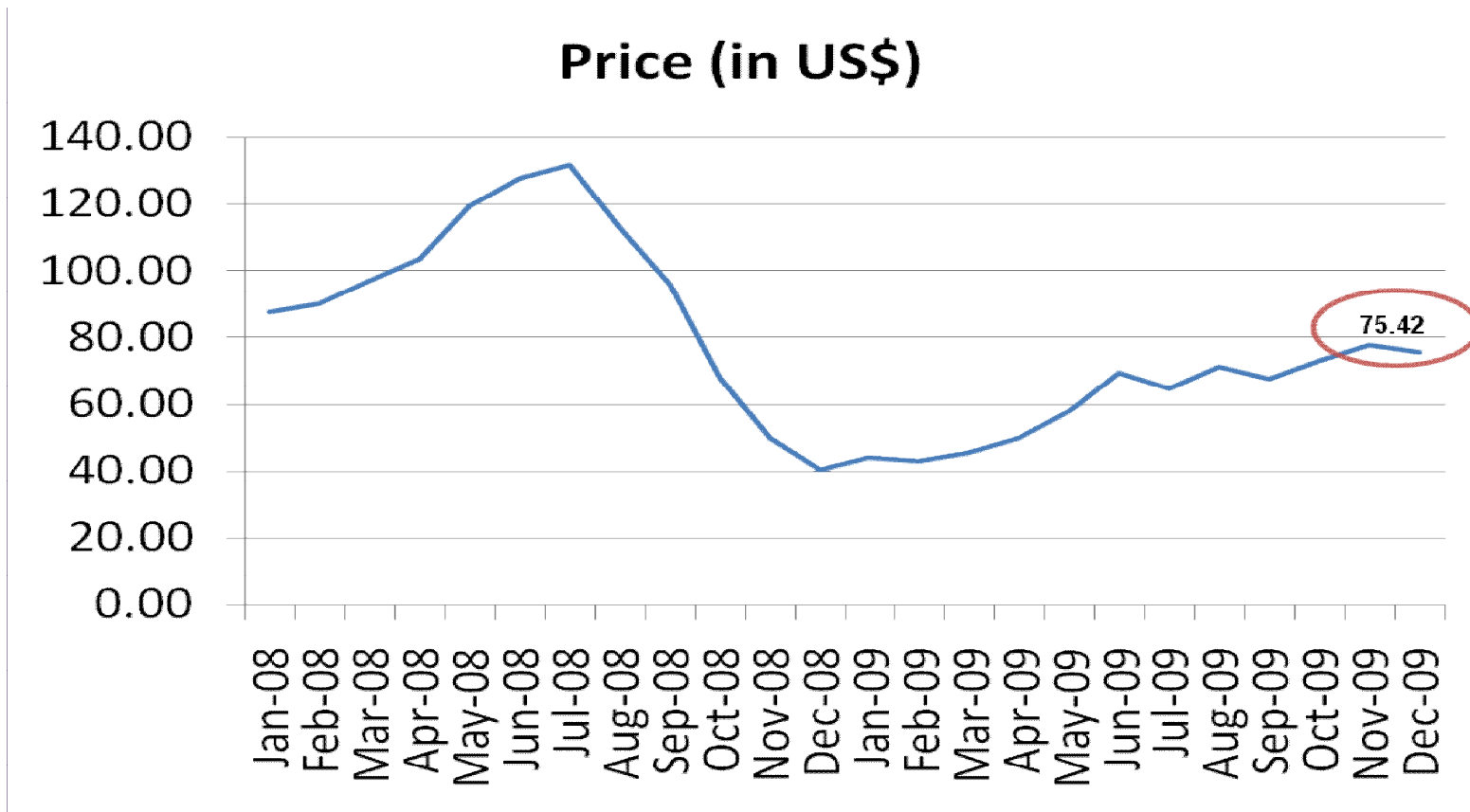
- “ Starting January 1, 2010, additional 7,881 tariff lines for ASEAN-6\* will have zero tariffs
- “ Tariff lines include:
  - . **Final consumer products:** e.g. air conditioners, chilli, fish and soya sauces, etc.
  - . **Intermediate materials:** e.g. motorcycle components and motor car cylinders, etc.
  - . **Others:** iron and steel, plastics, machinery and mechanical appliances, chemicals, etc.

\*ASEAN-6 is composed of Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand

# El Nino: Honduras declares state of emergency

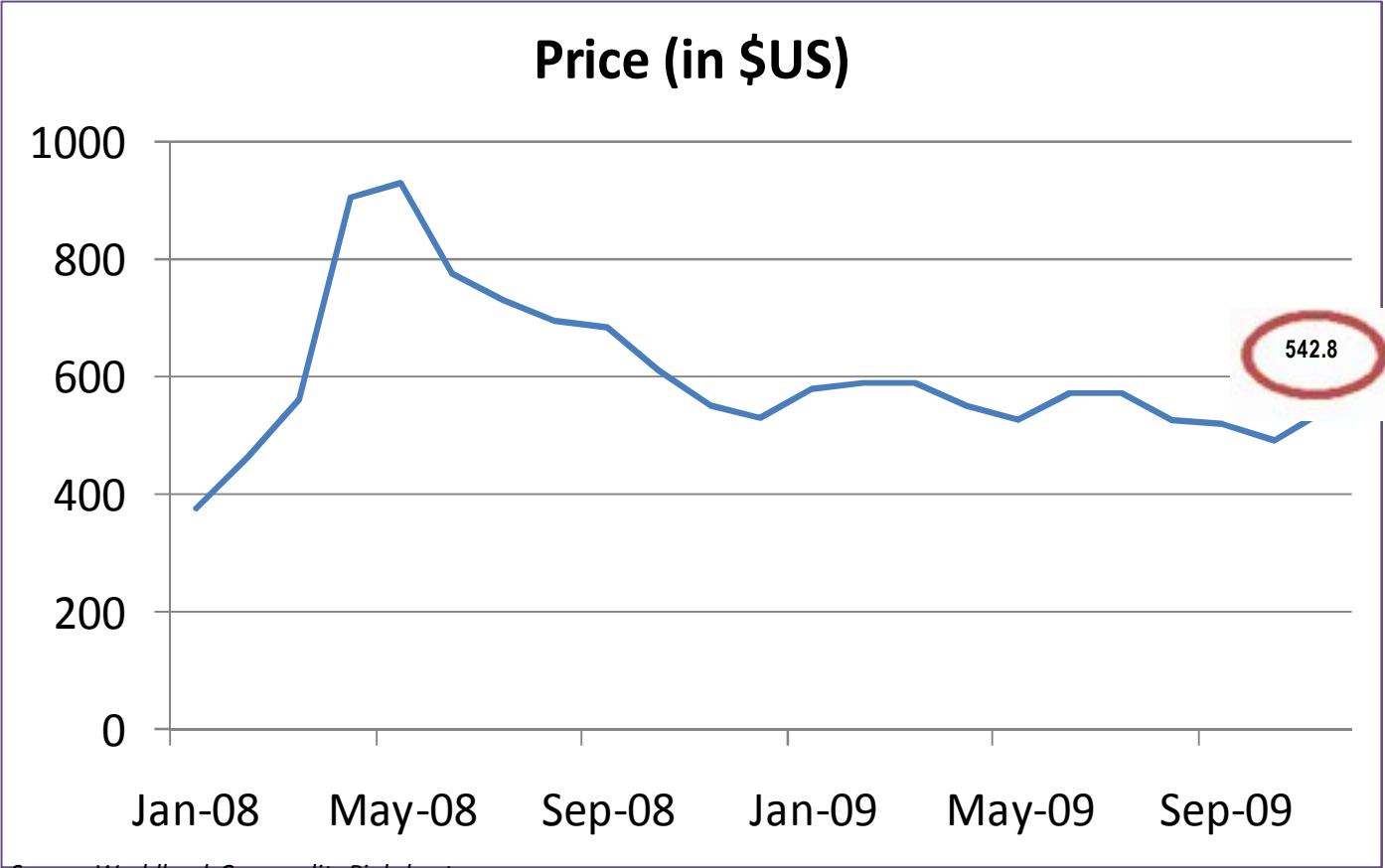
- “ City of Tegucigalpa put under state of emergency due to severe water shortage
  - . Two major dams at critical levels (55-65% full)
  - . 40% of the city’s population feared to face water shortage by April 2010
  
- “ UN Office for the Coordination of Humanitarian Affairs:
  - . up to 100,000 people may suffer from famine in Honduras

# Dubai oil prices



Source: Department of Energy

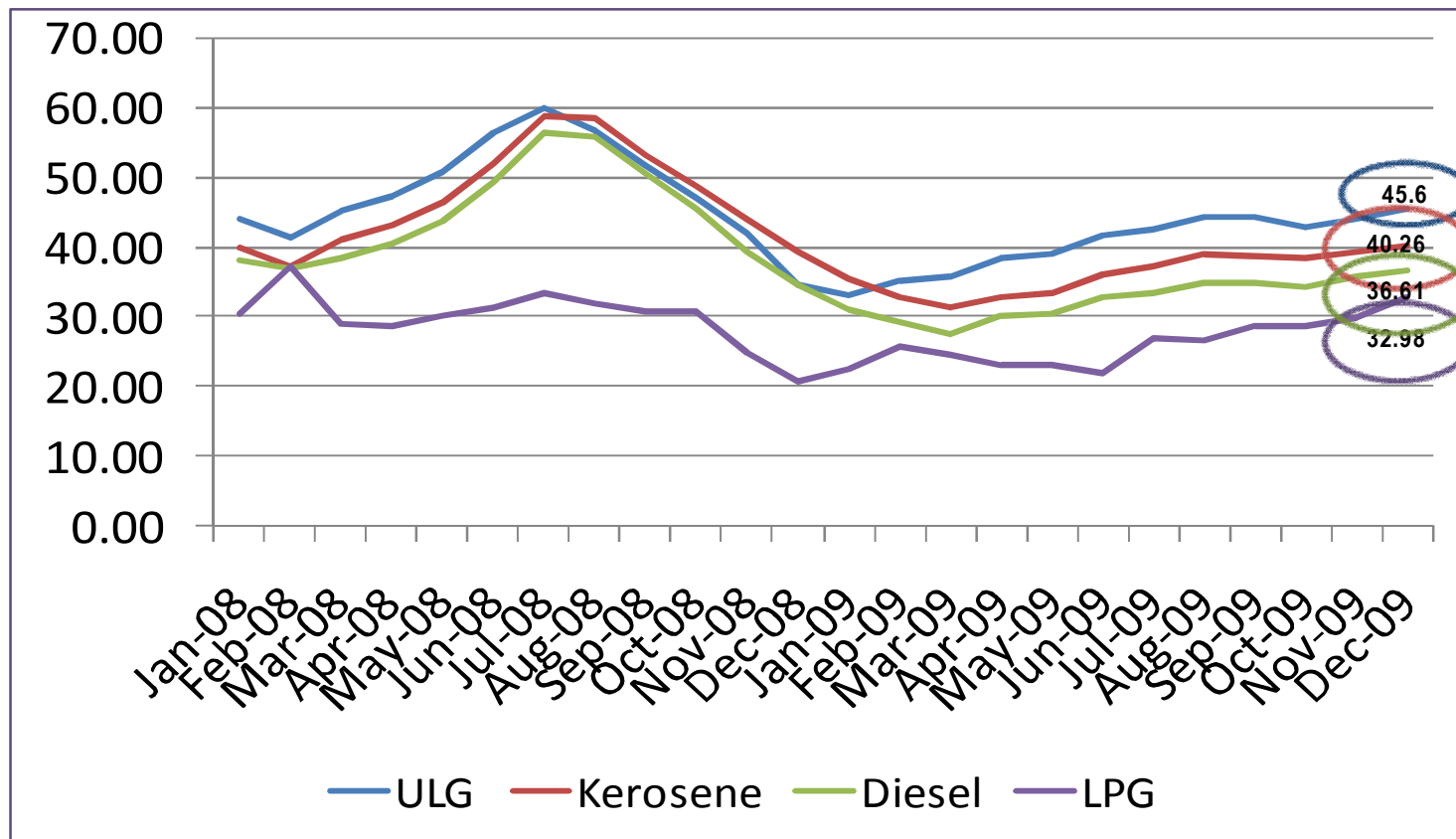
# Global rice prices (Thai, 5% broken)



Source: Worldbank Commodity Pinksheet

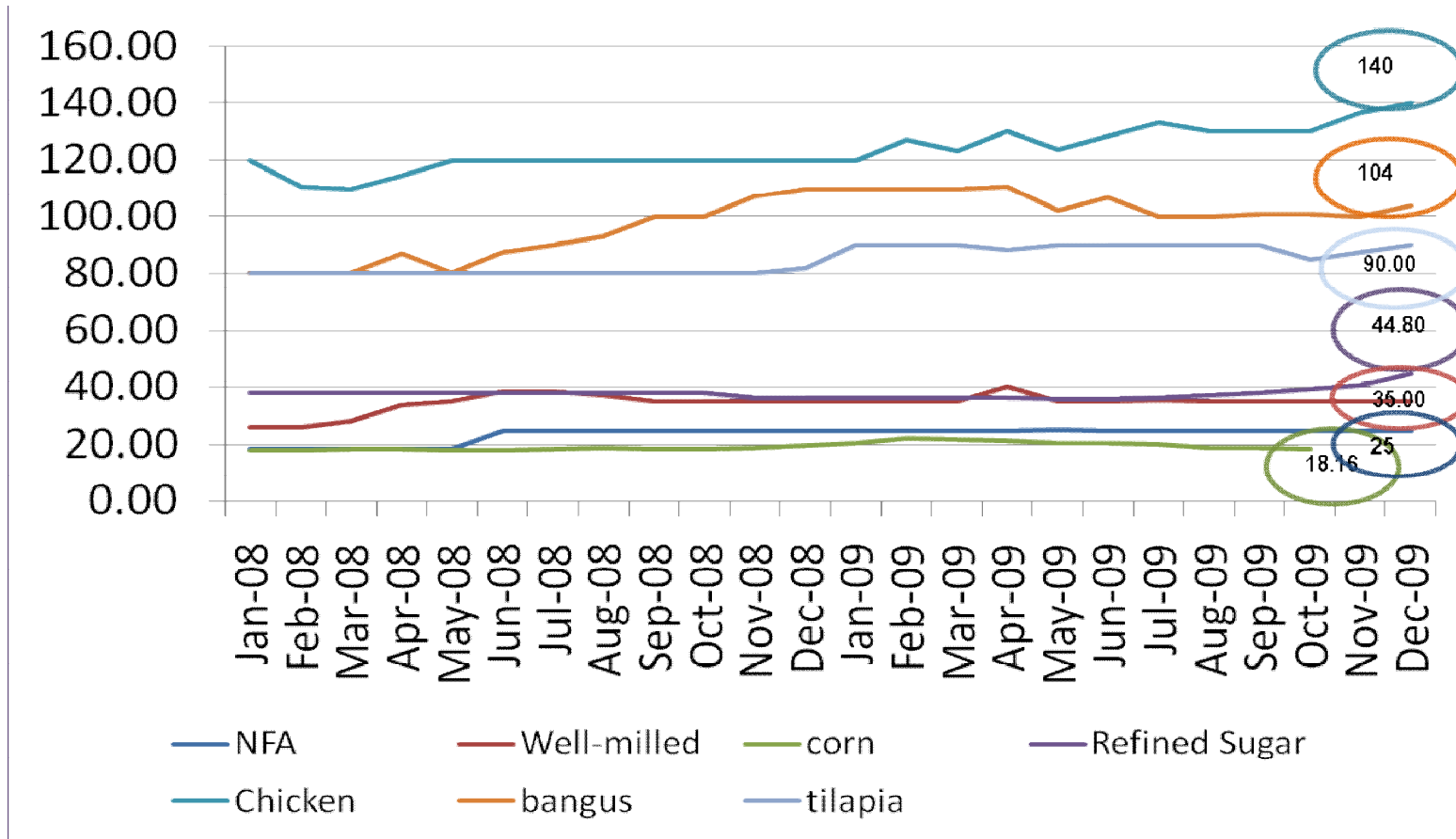
# LOCAL DEVELOPMENTS

# Domestic pump prices



Source: Department of Energy

# Domestic commodity prices



Source: Bureau of Agricultural Statistics

# Peso-dollar exchange rates



Source: Bangko Sentral ng Pilipinas

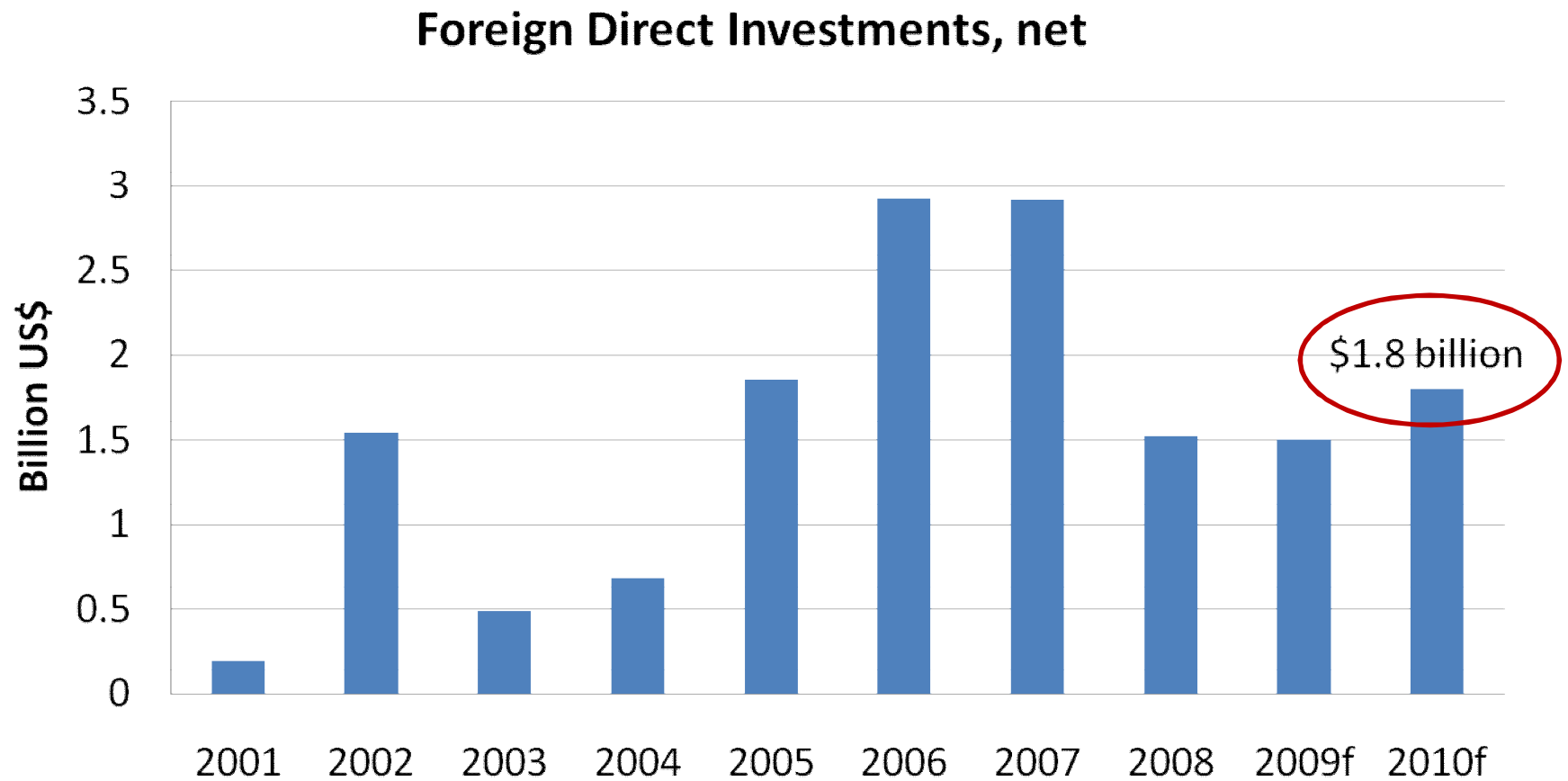
# Philippine businesses among most optimistic in the world

Survey: Grant Thornton's International Business Report

Chile	85%	Philippines	68%
India	84	New Zealand	66
Australia	79	Hong Kong	64
Vietnam	72	Botswana	62
Brazil	71	Canada	62

Source: <http://www.grantthorntonibos.com/Press-room/2010/optimism.asp>

# Foreign capital to rise in 2010



Source: Bangko Sentral ng Pilipinas

# **BIR embarks on administrative reforms**

1. Compulsory business registration
2. Personnel reshuffling
3. Running after tax-evading local & GOCC execs
4. Business inventory checking
5. Stricter conditions for tax incentives



# Mayon: not big bang but business boom

- Visitors reached 75,000 in December, higher than the number for the whole of 2008.
- Tourists estimated at 2,400 per day
- 30% increase in revenues among businesses
- Hotels, including budget hotels, are fully-booked
- Round-the-clock operations of car rental services

## **CAB: passengers now favor budget flights**

- “ Budget carriers may soon dominate the world’s skies as more travellers choose thrift
- “ Philippine Airlines (PAL) already overtaken by Cebu Pacific in domestic operations.
- “ PAL rebranded sister firm Air Philippines into its domestic budget carrier, PAL Express

# Metal production surged in 2009

- “ Metal production valued at P107 billion, 39 percent higher than in 2008, with gold, copper and nickel as the top performers
- “ Expanded production came from Filminera and CGA Mining for the Masbate gold project, Atlas’ Carmen Copper Corp. in Cebu, Philsaga in Agusan, line 2 of Sumitomo’s Coral Bay project, Rapu-Rapu, and TVI’s copper production.

# A string of recent sea disasters

**December 26, 2009**: 3 people confirmed dead and at least 22 others are still missing after car ferry MV Baleno-9 sinks

**December 24, 2009**: 4 people confirmed dead with 23 others still missing as Catalyn B with 73 people on board collides with a fishing vessel at the mouth of Manila Bay.

**September 6, 2009**: 9 people killed after Superferry 9 tilts sharply and then sinks near Zamboanga.

**May 2009**: Wooden-hulled Commander 6 cracks open and sinks just south of Manila, leaving 12 dead.

# Over-aged decrepit vessels

- “ The country has 142 RORO ferries under 500 gross tons, while there are 37 large RORO ships. Of the 179 ferries, 80 are cargo passenger ships.
- “ *Average age of inter-island passenger ships in the country is 34 years.*
- “ In Japan, ferries reach 10 years of age are deemed unsafe and are sold off .

# Shipping industry woes are due to protectionism

Under the Constitution, all transportation companies in the Philippines need to be at least 60-percent owned by Filipinos. This limits foreign investment, competition, and the entry of superior technology.



Source: <sup>1</sup><http://business.inquirer.net/money/topstories/view/20091230-244733/PPA-pushes-for-review-of-Charter-restrictions>  
<http://newsinfo.inquirer.net/inquirerheadlines/nation/view/20091231-244937/Palace-We-need-Cha-cha-for-ro-ro>

# Updates on housing programs

- “ On the P85 billion contribution to the stimulus package for 2009: Pag-IBIG Fund has exceeded the target, releasing P87.2 billion for housing and multi-purpose loans.
- “ On the Rail Resettlement Program, 28,027 or 84% of total target beneficiaries have benefited through the construction of housing units and community facilities.

*Source: Office of the Vice President*