



2009 PHILIPPINE YEAR-END ECONOMIC PERFORMANCE

The summary of the Philippines Economic Managers' Year-End Economic Briefing is presented as follows:

- Philippines Outlook.** The Philippines posted a modest 0.9 % GDP growth in 2009 and a 3.0 % increase in GNP. The Philippines is among a few Asian countries which registered a positive growth for the year.¹

	2009 Actual	2009 Target	2010 Target
GNP	3.0	2.1 – 3.1	4.7 – 5.6
GDP	0.9	0.8 – 1.8	2.6 – 3.6

As expected, Philippine export performance declined, from US\$ 59.2 billion in 2008 to US\$ 47.4 billion, posting a negative 20% growth for the year. With the exception of the BPO (business process outsourcing) Services sector, which managed a 26% increase from US\$ 6.1 billion to US\$ 7.9 billion for the year, all other sectors increased significant declines.

	Value (US\$ B)	% Growth		Value (US\$ B)	% Growth
Electronics	22,173	-22%	Construction	183	0%
Motor vehicle components	2,636	-12%	Petroleum	290	-77%
Food	2,011	-20%	Metal components	481	-17%
Homestyle products	1,114	-16%	Coconut products	801	-41%
Minerals	1,469	-41%	Others	5,318	-3%
Natural/organic products	67	0%	BPO	7,890	26%
Textile/apparel	1,784	-22%	Other services	-1,187	-72%
			Total Exports	47,404	

The *Bangko Sentral ng Pilipinas* posed the following outlook / projections for the Philippine economy in 2010.

	Actual		Projection 2010
	2008	2009	
Real GDP growth (%)	2.8	0.9	2.6-3.6 ^{al}
Headline inflation (%)	9.3	3.2	3.5-5.5 ^{al}

¹ With China (8.7%), Vietnam (5.3%), Indonesia (4.5%)

	Actual		Projection 2010
	2008	2009	
Exports growth (%) ^{2/}	-2.5	-29.3 (Jan-Sep)	7.0-9.0 ^{a/}
Imports growth (%) ^{2/}	5.6	-31.5 (Jan-Sep)	13.0-15.0
OF Remittances ^{1/}			
Amount (US\$ bn)	16.4	17.3	18.1 ^{b/}
Growth rate	13.7	5.6	6.0 ^{b/}
Current account (US\$ bn)	3.9	6.2 (Jan-Sep)	4.5 ^{b/}
Balance of Payments (US\$ bn)	0.1	5.3	3.2 ^{b/}
GIR (US\$ bn)	37.6	44.2	47.0 ^{b/}

^{a/} Based on projections adopted by the Development Budget Coordinating Committee (DBCC) in December 2009.

^{b/} Based on projections as of October 2009.

^{1/} Remittances coursed through banks.

^{2/} Based on Balance of Payments (BPO) concept. Based on NSO date, exports (US\$ 5.0 billion) declined by 21.9 percent in 2009; imports (US\$ 35.5 billion) declined by 26.8 percent in January to November 2009.

2. **Economic Resiliency.** The continuing resiliency of the economy is attributed to the implementation of critical policy reforms in the government's fiscal consolidation program, inflation targeting, financial sector reforms and its prudent regulation thereat, sector-specific reforms, and upgrading of transportation infrastructure.

Furthermore, under the 2009 Economic Resiliency Plan (ERP), strategic and well-targeted programs saved and created jobs, provided work skills, and shielded vulnerable sectors. For one, public-led infrastructure investments boosted business confidence, while lower tax rates and increased deductions and tax exemptions in personal income provided timely relief.

3. **Challenges and Strategies.** The ability to sustain macroeconomic stability would hinge on various challenges, risks and strategies in revolving around world economic conditions, the country's fiscal position, crude oil prices, consumer price direction, exchange rate, natural calamities, narrowing sources of investment, and the stronger recovery of Asian neighbors.

The government reiterated its commitment towards working for fiscal consolidation and debt sustainability, adopting macroeconomic policies that would encourage private investments and entrepreneurship, ensure adequate and efficient infrastructure, minimize corruption and political discord, and adopt measures to improve governance and strengthen various institutions of government.