

FOR EMBARGO UNTIL THURSDAY, 27 AUGUST 2009, 10:00 A.M.

**STATEMENT OF NEDA ACTING DIRECTOR-GENERAL
AUGUSTO B. SANTOS ON THE RELEASE OF THE
SECOND QUARTER 2009 NATIONAL INCOME ACCOUNTS**

I am pleased to amplify NSCB's report that the country's Gross Domestic Product or GDP grew moderately by 1.5 percent in the second quarter of 2009. This is above the official forecast of -0.1 to 0.9 percent growth. The development occurred amidst signals that the global economic recovery was underway, with some industrialized countries already exiting their recessions, like France and Germany. This Philippine performance, however, was a deceleration from the 4.2 percent growth in the second quarter of 2008.

Indicators such as those in the April 2009 Labor Force Survey tracked the positive outturn of GDP growth. Despite earlier setbacks this year, employment growth was broad-based as employment grew strongly by 4.3 percent. Employment generation reached 1.458 million, and the unemployment rate improved to 7.5 percent from 8.0 percent a year ago. Government and private sector hiring programs, flexible working arrangements, and the frontloading of infrastructure projects under the Economic Resiliency Plan (ERP), all helped cushion the economy's growth and employment from the global recession.

As gathered from available data, the Philippines remains as one of the few economies enjoying positive GDP growth rates in the second quarter. Based on year-on-year calculations, these other countries also posted positive

growth rates: China (7.1%), Vietnam (4.5%) and Indonesia (4.0%). The rest still contracted: Taiwan (-7.5%), Japan (-6.4%), Thailand (-4.9%), Malaysia (-3.9%), Hong Kong (-3.8%), Singapore (-3.5%), and, South Korea (-2.5%).

Overseas Filipinos (OF) remittances supported Gross National Product (GNP) growth to 4.4 percent in the second quarter. Total OF remittances in dollar terms grew 3.1 percent in the same quarter, which mainly caused the 29.7 percent growth in Net Factor Income from Abroad (NFIA).

The economy's growth was supported by services (3.1 percent) and agriculture (0.3 percent). The industry sector was still in contraction (-0.3 percent) mainly due to manufacturing. Private consumption slowed down to 2.2 percent while government consumption accelerated by 9.1 percent. Capital formation slumped by 9.8 percent mainly on account of a decline in durable equipment. Construction investments continued with a brisk 11.7 percent growth rate, primarily due to the public sector's fiscal stimulus package. External trade growth still reflected the slump in global trade; fortunately exports of services grew by 15.2 percent.

The key growth drivers for 2009 are trade, BPOs, construction, mining and quarrying, private and government services. Positive prospects are seen in new markets for agricultural products, in medical tourism, in election spending during the next quarters, in the green industries, in renewable energy, and in the growing profit opportunities from measures concerning climate change adaptation and mitigation.

The race is indeed on for economies to recover fast and to prepare for the global rebound. Our government is armed with improved regulation, a manageable fiscal position, and appropriate monetary policies to mitigate the remaining impact of the crisis. Hence, our economy is expected to remain afloat, far from an economic recession. We should therefore take this opportunity to upgrade our competitiveness. As the crisis winds down, let us keep our focus on the long-term goal of all this policy work: reducing poverty in the Philippines. Indeed, fighting poverty is the chief aspiration of the resilient domestic and global Filipino. Mabuhay ang Pilipinas at maraming salamat.