

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

To reiterate the NSCB's estimates, the country's Gross Domestic Product or GDP grew by 0.8 percent in the third quarter of 2009. This reflects the economy's gradual recovery in the period. There are signals that the global economic rebound is underway, with some Asian neighbors freshly out of recession. We like to stress the point that the Philippines had never entered the recession. Our economic performance though was a deceleration from the strong growth of 4.6 percent in the third quarter of 2008.

Indicators such as those in the July 2009 Labor Force Survey were in phase with GDP growth. Employment growth was modest, at 2.6 percent, and lower compared to July 2008's 3.8 percent. Employment generation likewise reached 916,000 versus 1.275 million in July 2008, and the unemployment rate inched up to 7.6 percent from 7.4 percent a year ago.

Nevertheless, government and private sector jobs programs, flexible work arrangements, and the frontloading of infrastructure projects under the Economic Resiliency Plan (ERP), kept the economy's growth and employment afloat during the global recession. In contrast, several other economies are still experiencing massive layoffs and all-time high unemployment rates.

As gleaned from available data, ours joined economies with positive GDP growth in the third quarter. Based on year-on-year calculations, these

other countries also posted positive growth rates: China (8.9%), Vietnam (5.8%), Indonesia (4.2%), Singapore (0.6%), and, South Korea (0.6%). The rest still contracted: Japan (-4.4%), Thailand (-2.8%), Hong Kong (-2.4%), and Malaysia (-1.2%). With the latter list getting shorter, the race is indeed on in Asia's rebound.

Overseas Filipinos (OF) remittances boosted Gross National Product (GNP) growth to 3.5 percent in the third quarter. Total OF remittances in dollar terms grew by 6.9 percent in the same quarter, which mainly caused the 26.0 percent growth in Net Factor Income from Abroad (NFIA).

The economy's growth was supported by services (4.0 percent) and agriculture (1.6 percent). The industry sector still contracted (-4.4 percent), pulled down by manufacturing (-7.6 percent) and utilities (-2.2 percent). Private consumption was modest at 4.0 percent while government consumption remained healthy, at 7.9 percent. Capital formation slumped by 11.3 percent mainly on account of durable equipment (-5.7 percent) and the further drawing down of inventories. Construction investments remained afloat at 1.7 percent, as the cushioning effect of the stimulus package continued. External trade growth is improving yet still remains negative, at -13.6 percent for total exports.

Indeed the global crisis is not over, but the worst is over. We have reasons to be more confident. The key growth drivers for 2009 are trade, BPOs, construction, mining and quarrying, and private and government

services. Prospects remain bouyant for new markets of our agricultural products, for tourism's adventure travel, for service quality improvements, for campaign spending till 2010, for growing demand for climate-adaptable production, for renewable energy investments, and for biotechnology applications on food production.

Looking at the tasks ahead, we should continue upgrading our national competitiveness (e.g. cheaper power) even as we let the ERP fulfill its remaining work this year. We should expand our SMEs by channeling to them the sufficient liquidity in the financial system. We must actively safeguard the welfare of our overseas workers. We must join in the conference of nations to make climate negotiations supportive of the more vulnerable economies. We should navigate through the crisis through a calculated exit plan. And we should craft an even grander entrance plan for better socio-economic achievement in the coming years. Maraming salamat.