

**WELCOME REMARKS** 

**Carlos G. Dominguez** Secretary of Finance Lead Convenor, Sulong Pilipinas

Sulong Pilipinas E-Conference May 14, 2020

"All sectors need to come together and engage in dialogue on reshaping public policy toward meeting the needs of Filipino families and businesses."



## 1st Quarter Philippine GDP performance vs other ASEAN countries

Country	Q1 GDP growth (%)	Start of lockdown period			
Singapore	-2.2	"Circuit breaker" measures started April 7; extended to June 1			
Philippines	-0.2	NCR and Cainta community quarantine started on March 15 Luzon enhanced community quarantine started on March 17			
Thailand	Negative*	"Broad lockdown" started March 25			
Malaysia	2.2**	Nationwide movement control order started March 18			
Indonesia	3.0	Area-specific lockdowns, with the earliest imposed on April 10			
Vietnam	3.8	"National isolation" (stay-at-home order) started March 31			

\*according to Bank of Thailand (BOT), no specific number declared yet \*\*forecast

### The economy is resilient, and can bounce back

- Global experts have advised not to focus on quarterly GDP performance during this crisis.
- The most important actions are fundamental reforms and conservative economic management.
- Philippine debt is the smallest in the region; our reserves are at an all-time high, and resilience indicators remain very strong.

### The economy is resilient, and can bounce back

- Conservative economic policies and the pursuit of economic reforms (such as TRAIN and other tax reforms) have kept the country's financial position strong.
  - Lowest recorded debt-to-GDP ratio of 39.6% in 2019
  - Credit rating of BBB+ is the highest in our country's history and one notch below the A-rating category.
  - Hefty reserves at USD 89 billion as of March 2020 is the highest recorded so far, and can cover close to 8 months of imports.

### • Rice tariffication has kept inflation stable.

April 2020 inflation at 2.2% is well within target range of 2% to 4%.

On April 30, The Economist ranked the **Philippines**' financial strength 6th among 66 emerging economies.

### Rout 66 Selected emerging economies ranked on four measures of financial strength 1=strongest Public Foreign Cost of Reserve Country (with ran Bots

33 Uruguay

	untry th rank)	Public debt % of GD	Foreign debt P, 2020*	Cost of borrow- ing <sup>†</sup>	Reserve cover <sup>‡</sup>		u <b>ntry</b> th rank
1 2	Botswana Taiwan						Croati Qatar
3	South Korea				_	36	Kazak
4	Peru					37	Egypt
5	Russia						Namil
6	Philippines			1000			Ugano
/	панани						Costa
8	Saudi Arabia					41	Ethiop
9	Bangladesh					42	Kenya
10	China					43	Pakist
11	Guatemala					44	Turkey
12	Vietnam					45	Iraq
13	Poland						Seneg
14	Nigeria		_				South
15 16	Trinidad & Tob. Indonesia			-	_		Ghana Hunga
17	UAE	-					Jordar
18	India					51	Panan
	Czech Rep.						Gabo
	Paraguay						Ukrair
21	Bolivia						Ecuad
	Kuwait						El Salv
23	Azerbaijan					56	Jamai
24	Ivory Coast					57	Argen
25	Malaysia					58	Omar
26	Morocco					59	Mong
27	Romania					60	Tunisi
28	Mexico			_		61	Sri La
	Colombia						Angol
30							Bahra
31	Chile Dom Bon						Zamb
32	Dom. Rep.					05	Lebar

Public Cost of Reserve Foreign debt borrow- cover<sup>‡</sup> debt ing<sup>†</sup> % of GDP, 2020\* tia khstan ibia nda a Rica pia astan egal h Africa na gary n ma on ine dor lvador ica ntina n golia sia anka bla ain bia non 66 Venezuela

Sources: EIU; IMF; JPMorgan Chase; iShares; The Economist;

\*Forecast <sup>†</sup>Yield on hard-currency bond or real yield on local bond <sup>‡</sup>Foreigncentral banks; Haver Analytics; World Bank; Finanzen.net exchange reserves, relative to 2020 foreign-debt payments and current-account deficit

### Strongest Weakest

## Government has put in place measures and programs to provide economic relief to people and sectors



 Social Amelioration Program - the largest social protection program in the country's history, targeted to 18 million low-income, informal sector households.



Small Business Wage Subsidy Program (SBWS) - wage
subsidies for 3.4 million employees of small businesses
whose operations have been disrupted because of the
enhanced community quarantine.

## **Options for reviving the economy**

- Restart and accelerate the Build, Build, Build program, subject to minimum health standards.
- 2. Mass hiring of contact tracers to lower the peak of COVID-19 infections and provide jobs.
- **3. Attract foreign investors** to relocate from other countries; **pass the CITIRA bill** that will include flexible incentives.



## Options for reviving the economy

- 4. Stimulate consumer spending by **reviving manufacturing of products** that have strong, inelastic demand, **especially food production and logistics**.
- **5. Support the whole value chain** of these products, including food markets for efficient distribution of produce (e.g., fruit and vegetable markets in Japan)



# Sulong Pilipinas allows us to engage and build collaborative relationships with all sectors of society

- Participation and collaboration have always been at the heart of these consultative workshops since we first launched this series in 2016.
- Top recommendations from past Sulong events:
  - O Build, Build, Build
  - O National ID system
  - O Comprehensive Tax Reform Program
  - O Ease of Doing Business
  - O Universal Health Care and Sin Taxes

We are fortunate to see such strong engagement from the youth.

- Last year, we held our very first youth-focused Sulong
   Pilipinas: 2019 Students'
   Tax Convention and Youth
   Consultative Workshop.
- Around 500 participants from over 40 universities and colleges participated.











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