PH economy slows down halfway into Duterte term

By Jasmine Abbygail Boiser

Halfway into President Rodrigo Duterte's term, the country's economic growth rate has been lagging below the government's target growth.

A 7-8% growth rate for the country's annual GDP growth is projected in the government's Philippine Development Plan (PDP) for 2017-2022.

National Economic and Development Authority (NEDA) reported a surge in the GDP growth rate as the third quarter of 2019 garnered a 6.2%, after hitting the term's slowest expansion in the second quarter at 5.5%.

"The Philippine economy has been steadily growing for the past three years," said NEDA secretary Ernesto Pernia in a statement. "We expect to sustain this momentum in the following years and cement the Philippines' standing as one of the fastest-growing economies in Asia."

But data from Philippine Statistics Authority (PSA) show that the average annual GDP growth rate has been slowing down in the first three years of the Duterte administration, from the 6.9% in 2016, to 6.7% in 2017, and to 6.2% in 2018.

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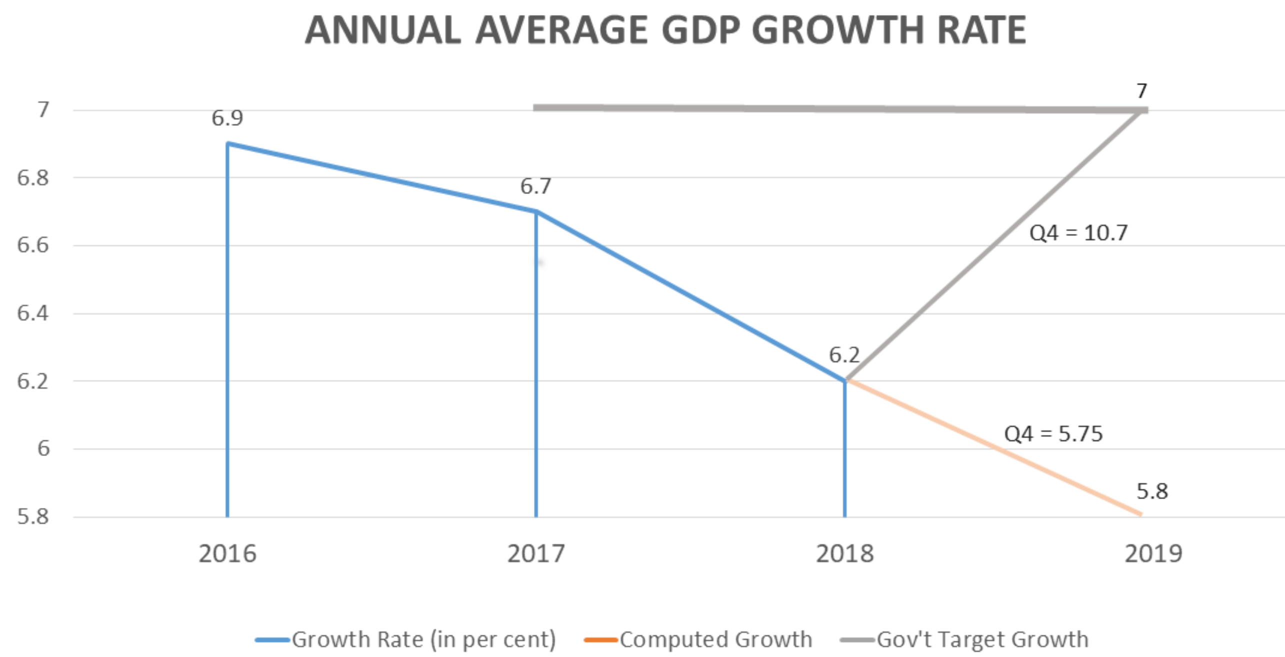

Source: Philippine Statistics Authority National Accounts

Moreover, the fourth quarter of 2019 must project at least a 10.7% to reach the government's target annual growth. The computed quarterly average growth for the fourth quarter, however, is only at 5.75%, which will yield an annual average growth of 5.8%.

Gross Domestic Product (GDP), the total monetary value of finished goods and services produced within the country's border, primarily accounts for a country's economic growth.

Independent research group IBON foundation attributed the economic downtrend to the government's over-reliance on external and foreign factors.

For the last two decades, overseas remittances were the key drivers in sustaining above-trend economic growth rates in the country.

The Duterte administration, however, had seen a decline in the annual overseas remittance growth rate, from 5.2% in 2017 to 3.8% in 2018.

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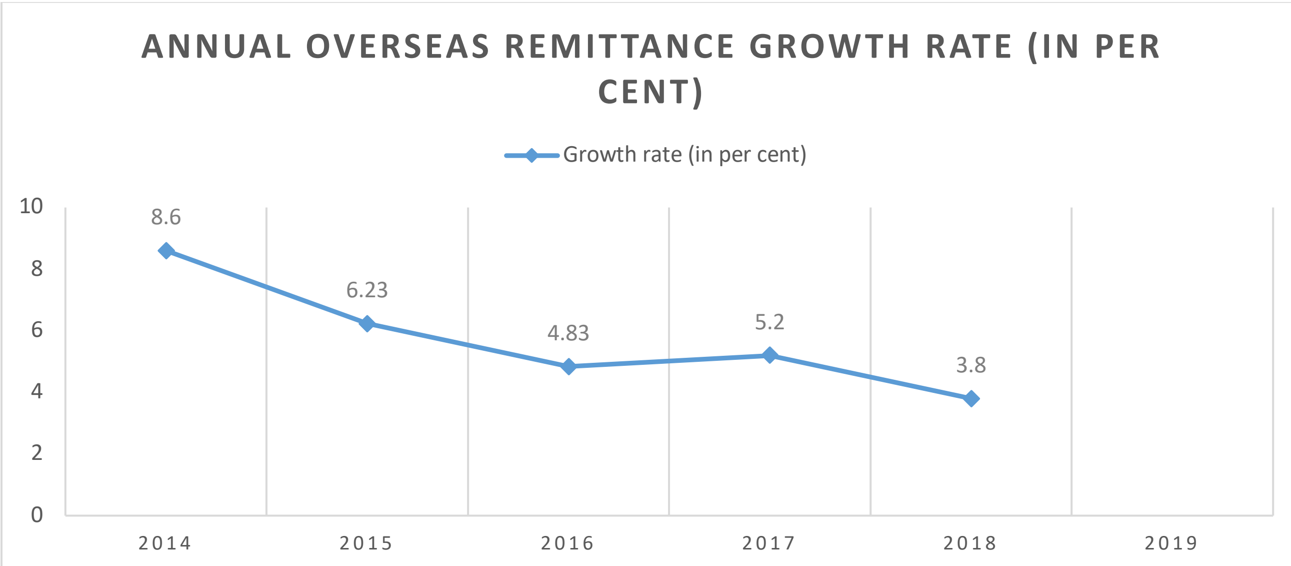

Source: Bangko Sentral ng Pilipinas OFW Remittance Rates

Infrastructure offences by the Duterte administration to offset economic growth dampeners have also been ineffective for his first three years, said IBON foundation in a report.

"Much greater attention is needed on strengthening agriculture and domestic industry for the infrastructure to have a long lasting program," IBON foundation said.

Against this backdrop of extensive public infrastructure projects and remittance-driven spending, the domestic industry is left lagging.

Despite providing the most employment in the population, the agriculture industry has manifested the slowest growth among all industries.

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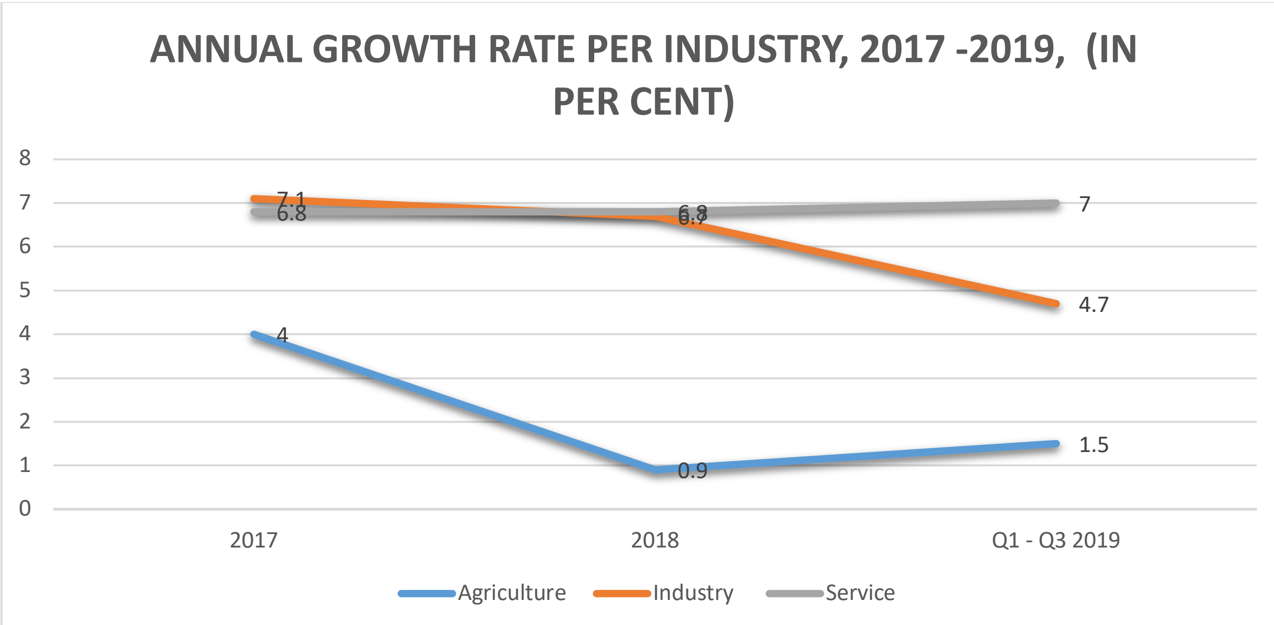

Source: Philippine Statistics Authority National Accounts

Inflation at rise

Along with the economic slowdown, the country has also been facing a constant rise in the inflation.

Since Duterte took seat in June 2016, the monthly inflation rate hit the 1% margin and had not ease down until only the last quarter of 2019.

The annual average inflation rate rose from 0.5% in 2015, 1.6% in 2016, 2.9% in 2017, to 5.2% in 2018.

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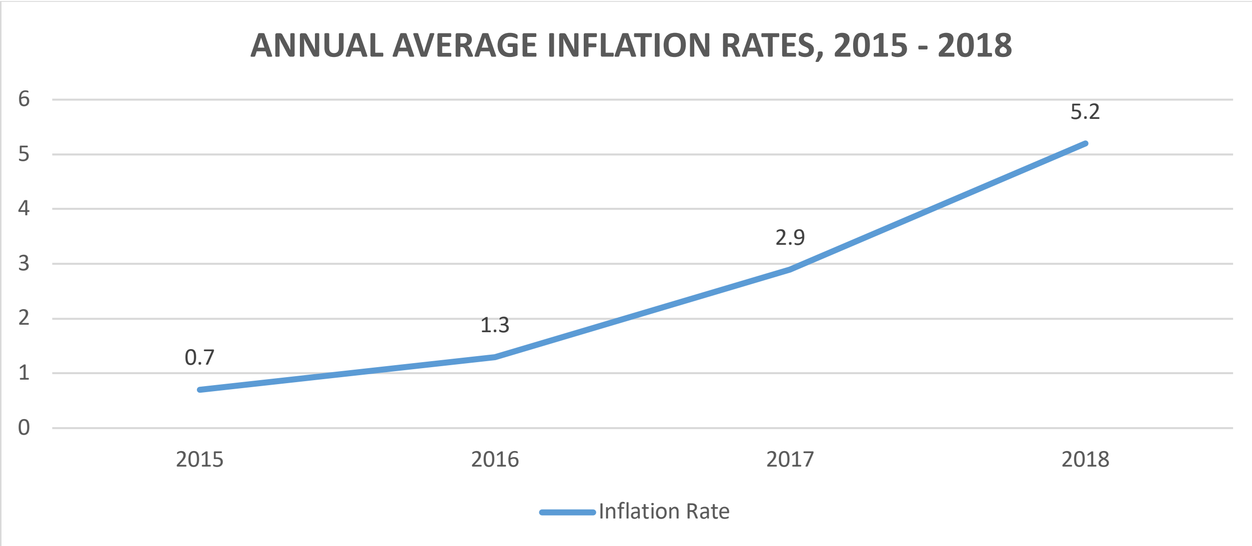

Source: Philippine Statistics Authority INFLATION – CPI Summary

The 5.2% annual average inflation rate in 2018 is the highest in a decade and more than double the government's original annual inflation projection of 2% in the PDP.

Inflation is the increase in the general pricing of goods and services in an economy over a period of time.

According to IBON foundation, the rising prices always indicate difficulty for the poor who are mostly unemployed or with low incomes.

"The poor Filipino families worst affected by the last year's high prices will continue to carry the burden of these into the new year if government does not take genuine measures to curb inflation and arrest a faltering economy," said IBON foundation.

30