

EXECUTIVE SUMMARY

PERFORMANCE AND PROSPECTS OF THE PHILIPPINE ECONOMY

After two years of negative growth in gross national product (GNP) in 1984 and 1985, the Philippine economy started to recover in 1986, registering a 1.9 per cent real growth in GNP. The economic recovery continued in the succeeding years as real GNP grew by 5.9 per cent in 1987 and by 6.7 per cent in 1988. The growth of GNP in real terms in the first semester of 1989 is estimated at 5.3 per cent.

The leading sectors during the period 1986-88 were construction, which posted an average annual growth of 26.8 per cent, and housing and finance, which grew by 23.0 per cent. The sectors which registered moderate growth rates were manufacturing (7.8%), electricity, gas, and water utilities (7.7%), and transportation utilities (7.4%). Agriculture, fishery, and forestry and mining and quarrying grew at a slower pace than the other sectors with average annual growth rates of 1.2 and 1.3 per cent, respectively.

Real GNP is targeted to grow at the average rate of 6.3 per cent a year for the period 1989-92. This growth target is to be achieved mainly through expansion of exports, increased foreign investments, and more efficient use of resources.

During the period export volume is targeted to grow annually by an average of 10 per cent through increased investments in export industries. The loss of trade privileges of the newly industrialized countries also presents significant opportunities for Philippine exports.

Foreign investments, particularly from Japan and Taiwan, have started to pour into the country. However, the Philippines still has to equal the level of investments that those countries have infused into Malaysia and Thailand. Efforts are currently being exerted to attract investments from other countries such as the U.S. and Canada.

SECTORAL OVERVIEW

In the Philippines, used equipment are used in several industries and sectors including:

- o agriculture (plantation and small farm cultivation, fishery, and forestry)
- o mining and quarrying
- o oil and gas