

2

Recent Economic Developments in The Philippines

Growth in the Philippine economy since the mid-1970's has been sporadic, tending to lag behind that of other countries in the ASEAN region. The ravages of the Marcos dictatorship had left the economy in relative impoverishment when, in 1986, the Aquino Government came to power. (The Economic Growth Table I in the Preface provides a comparative picture of the Philippines' economic growth performance over 3 years in relation to other countries.)

The Aquino administration made significant strides in restoring private sector and foreign confidence in the economy. Some of the economic reforms put in place by the Aquino government included the dismantling of monopolies, privatization, more liberal trade policies, financial sector

reform and encouragement to exporters. These reforms were set in motion as the Philippine government concluded debt rescheduling agreements with both official and private creditors. In early 1990, the Philippines became the first country after Mexico to negotiate a debt reduction agreement with its creditors under the Brady Plan and in 1991, the Philippines negotiated a new standby agreement with the International Monetary Fund (IMF) to provide additional financing to cover the country's debt repayments. A new loan restructuring agreement between the Philippines and its creditor banks is expected to be signed soon.

The economic recovery however lost momentum with the onset of the new decade. The expansionary fiscal and monetary policies of the

TABLE IV

ASEAN ECONOMIES AT A GLANCE

(IN \$US) 1991

	POP (M)	POP. GROWTH	GDP GROWTH	GNP PER CAPITA	EXPORTS (B)	FOREIGN DEBT(B)	INFLATION CPI	CURRENT ACCT(M)
BRUNEI	.3	2.8%	4.5%	\$18,000	\$2.2	0	2.3%	\$500
INDONESIA	183.0	1.8%	6.2%	\$605	\$28.9	\$67.9	9.2%	-\$2,400
MALAYSIA	18.2	2.3%	8.8%	\$2,465	\$34.7	\$19.5	4.4%	-\$1,672
PHILIPPINES	63.6	2.3%	0%	\$725	\$8.9	\$30.4	18.7%	-\$2,700
SINGAPORE	2.7	1.1%	6.7%	\$12,285	\$62.5	0	3.4%	\$2,350
THAILAND	57.3	1.4%	7.9%	\$1,605	\$28.4	\$25.9	6.0%	-\$7,953
ASEAN	325.1				\$165.6			
CANADA	26.9	.8%	-0.2%	\$21,750	\$127.8	\$149	4.4%	-\$18,718

NOTE:

M = Millions

B = Billions

CPI = Consumer Price Index

GDP = value of all goods and services produced in a country in one year

GNP per capita = GDP + or - surplus or deficit in trade / population

Current Account = surplus or deficit in trade

Source: Asia Week Magazine

IMF Direction of Trade

IMF International Financial Statistics Monthly

World Bank