PHILIPPINES-SINGAPORE
BUSINESS COUNCIL

PSBC NEWSLETTER | SECOND QUARTER 2013

Philippine Q1 2013 GDP shoots to 7.8%, exceeds expectations

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The Philippines' National Statistical Coordination Board reported a 7.8% gross domestic product (GDP) growth for the first three months of the year, surpassing expectations of various international financial institutions and other similar agencies. Not only did the country exceed performance forecasts, it posted the fastest growth rate in Asia for the same period. First quarter 2012 GDP was at 6.5%.

The agriculture and industry sectors reflected more than double growth gains from the previous year. Agriculture was able to rally within a one-year period, growing 3.3% from 1.1% in 2012, with significant recovery in the fisheries subsector. Industry's growth rate of 10.9%, from 5.3%, was mainly due to developments in the construction and manufacturing subsectors, having grown 32.5% and 9.7% in a year, respectively. The services sector has sustained its pace at a 7.0% growth rate, with consistent gains in all its subsectors.

The Philippine government is steadfastly keeping within target of its 6-7% GDP growth by year-end 2013. It remains confident that the country's strengthened public spending and robust domestic consumption will sustain and anchor its strong economic fundamentals throughout the year.

CONTRIBUTIONS TO GDP GROWTH (IN %)

	2013 Q1
AHFF	0.4
Industry	3.5
Services	3.9
GDP	**7.8**

Source: NSCB

GROWTH RATES OF MAJOR INDUSTRIES (IN %)

	2012		2013
	Q1	Q4	Q1
Agriculture, Hunting, Fisheries and Forestry (AHFF)	1.1	4.9	3.3
Industry	5.3	8.9	10.9
Services	8.4	6.5	7.0

Source: NSCB

A quarterly publication of the Philippines-Singapore Business Council, the **PSBC Newsletter** provides the latest socio-economic updates, as well as news on developments in trade and investments between the two countries.

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PSBC SECRETARIAT
2/F, AIM Conference Center
Benavidez Street cor. Trasierra Street
Legaspi Village, 1229, Makati City
Philippines Tel (+63 2) 751-1143
Fax (+63 2) 751-1160

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PH Ambassador to Singapore leads trade missions

Two Singaporean business delegations arrived in the Philippines for trade missions from 12-16 March 2013. At the helm were Philippine Ambassador to Singapore, H.E. Minda Calaguian-Cruz and the Philippine Trade and Investment Center. Both visits aim to pursue further investment and sourcing opportunities in the Philippines.

The first delegation was composed of Singapore-based companies mainly engaged in IT services, manufacturing, franchising, trade, infrastructure, and property development. Representatives from key Singaporean business organizations also joined the mission.

The first delegation paid a courtesy call to the Department of Trade and Industry on 12 March, where they were briefed by the Board of Investments. A networking session in partnership with the Philippines-Singapore Business Council immediately followed the briefing. The second and third days consisted of site visits to the Subic-Clark economic zones and trade briefings, a courtesy call with Finance Secretary Purisima, and concluding with a visit to Manila FAME International on 14 March.

The second business delegation, composed of companies engaged in oil and gas, property development, hotel and hospitality, and retail, meanwhile, was led by Bill Foo, Vice Chairman of ANZ Banking Group Ltd. in Southeast Asia. The delegation was welcomed by the Philippines-Singapore Business Council on 15 March at the Tower Club, Makati City. ■

PHL receives 2 investment grade ratings, expects higher FDI within the year

The Philippines was awarded its first-ever investment grade rating last March after international credit-rating agency Fitch Ratings raised the country's BB+ rating to BBB-. The country's credit rating was furthermore assigned a stable outlook, now considered a "net creditor" due to a "persistent current account surplus, underpinned by remittance inflows."

In May, Standard & Poor's (S&P) credit rating agency likewise awarded the Philippines the same minimum investment grade (BBB-), with the Philippines beating Indonesia to said rating. S&P likewise echoes Fitch's "stable" outlook for the country, given the Philippines' consistently strong economic showing and stable macroeconomic fundamentals.

With the two firms' respective seals of approval and confidence, the Philippine government is optimistic a higher flow of foreign direct investment (FDI) will start steadily pouring into the country. According to the United Nations Conference on Trade and Development, the Philippines has lagged behind seven of its ASEAN counterparts in attracting FDI in 2012, receiving only $1.5 billion. The figure trails Cambodia ($1.8 billion), Myanmar ($1.9 billion), Thailand ($8.1 billion), Vietnam ($8.4 billion), Indonesia ($19.2 billion), and Singapore ($54.4 billion). Amando Tetangco Jr., Bangko Sentral Governor, is positive the investment-grade ratings will translate into actual short- to medium-term investments in the Philippines, and that the country can expect to catch up with its ASEAN neighbors with a more competitive FDI rate level.

The government hopes to attract and channel incoming investments towards the expansion and improvement of infrastructure, revival of the manufacturing sector, sustaining the business process outsourcing industry, promotion of more public-private partnership initiatives, and supporting the booming tourism sector. ■

Join the Philippines-Singapore Business Council!

The PSBC was established in 1994 to promote trade and investments between the Philippines and Singapore. The council is composed of top business executives who seek to explore business opportunities between the two countries and to promote the exchange of views on policies of mutual concern. The Makati Business Club serves as the secretariat of the PSBC.

For membership inquiries, contact Ms. Maria Victoria Sibal, PSBC Coordinator at (+63 2) 751-1143 or send an email to v.sibal@mbc.com.ph or mbc.businesscouncils@gmail.com