

**High-level Regional Policy Dialogue on
"Asia-Pacific economies after the global financial crisis: Lessons learnt,
challenges for building resilience, and issues for global reform"**

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Country Experiences 1: ASEAN Economies

Presentation

**The Philippine Economy after the Global Financial Crisis:
Lessons Learned and Current Challenges**

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The Philippine Economy after the Global Financial Crisis: Lessons Learned and Current Challenges

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Outline

- Introduction
- Lessons Learned
- New Challenges
- Conclusion: Way forward

Introduction

- Philippine economy dodged a recession following the 2008 global financial crisis.
- Real GDP slowed down in 2008, flat in 2009.
- Inflation surged in 2008 but moderated soon after.
- Recovery came in 2010 with real GDP growing 7.3%.
- In light of current challenges, what can the Philippines do to protect itself from adverse shocks in the future?

Introduction

- Aggregate Economic Performance: 2007-10

Lessons Learned

- Globalization: good and the bad come with integration with the world economy via trade in commodities, securities, and national currencies;
- Financial innovation outpacing regulation;
- A well-run and regulated banking system as protection against financial shocks;
- Sound macroeconomic policies and strong fundamentals as shield against various shocks.

New Challenges

- Stabilization with flexible exchange rates and internationally mobile capital: peso appreciation
- Taxation of labor and capital: labor also voting with its feet
- Dealing with energy-and food-price shocks: shifts to bio-fuels, away from food production
- Inequality and growth: pressure to raise tax rates for redistributive policies

Conclusion: Way Forward

- Fiscal policy reforms
 - Responsible deficit reduction
- Human capital investments
 - Creating educated labor
- Product-variety diversification for exports
 - Expanding intermediate goods from R&D
- Financial-market development
 - Credit- and market-risk management

Conclusion: Way Forward

- Institutional strengthening
 - Capacity building for regulatory bodies
 - Eliminating corruption
- Reforming International financial institutions
 - Providing liquidity
 - Guarding against moral hazard
 - Coordinating with regional financial institutions