

“EMERGING ECONOMIES: New Risks and New Opportunities”



A Presentation of

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President of



for the

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THE GLOBAL PERSPECTIVE



Continued Weakening of the Economies of the Developed World

- United States of America
- The European Union
- Other European Countries
- Asian Countries closely linked with Developed World (Japan, Taiwan)
- Middle East Countries closely linked with Developed World

Emergent and Emerging Economies

- Large and Strong Domestic Base (China, India, Indonesia)
- Developed Domestic Base (Malaysia, Vietnam)
- Countries with Weak Links to the Developed World (Philippines, Pakistan, Laos, Cambodia, Myanmar)

Opportunities

- Destination for International Funds looking for good returns
- Destination for Investments fleeing weak markets
- Destination for Investments seeking stability and security
- Destination for International Talent seeking Better Opportunities

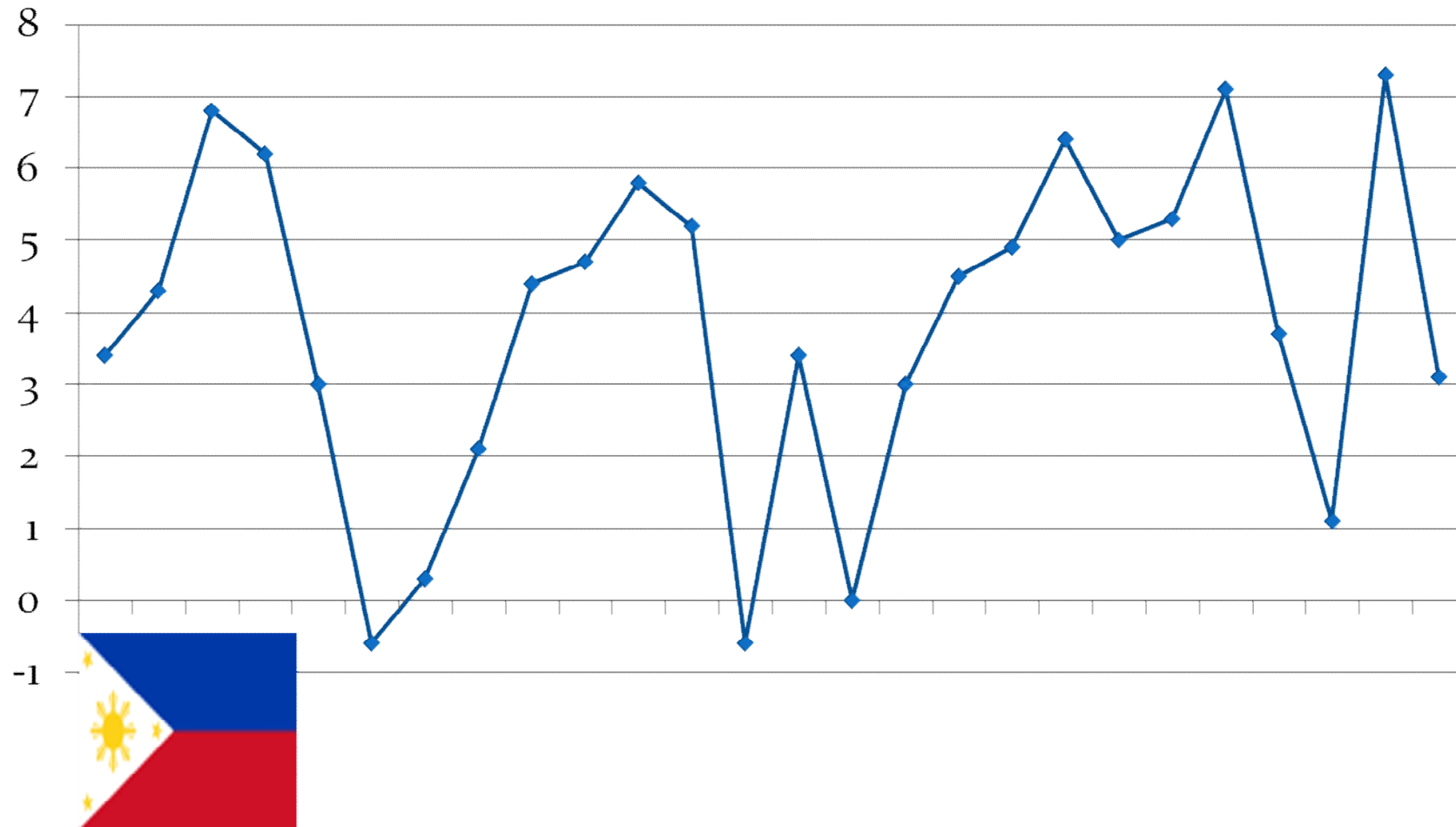
Risks

- Weakening of Sectors closely linked with the Developed World
- Inadequate Absorptive Capacity of Emerging Economies
- Vulnerability to excessive Foreign Influences
- Assault on Societal Structures and Institutions
- Inadequate Governmental Structures at National and Local Levels

The Philippines: A Case Study

Inclusive Growth and
Competitiveness with Integrity

Real GDP Growth (1985=100) 1986 - 2011

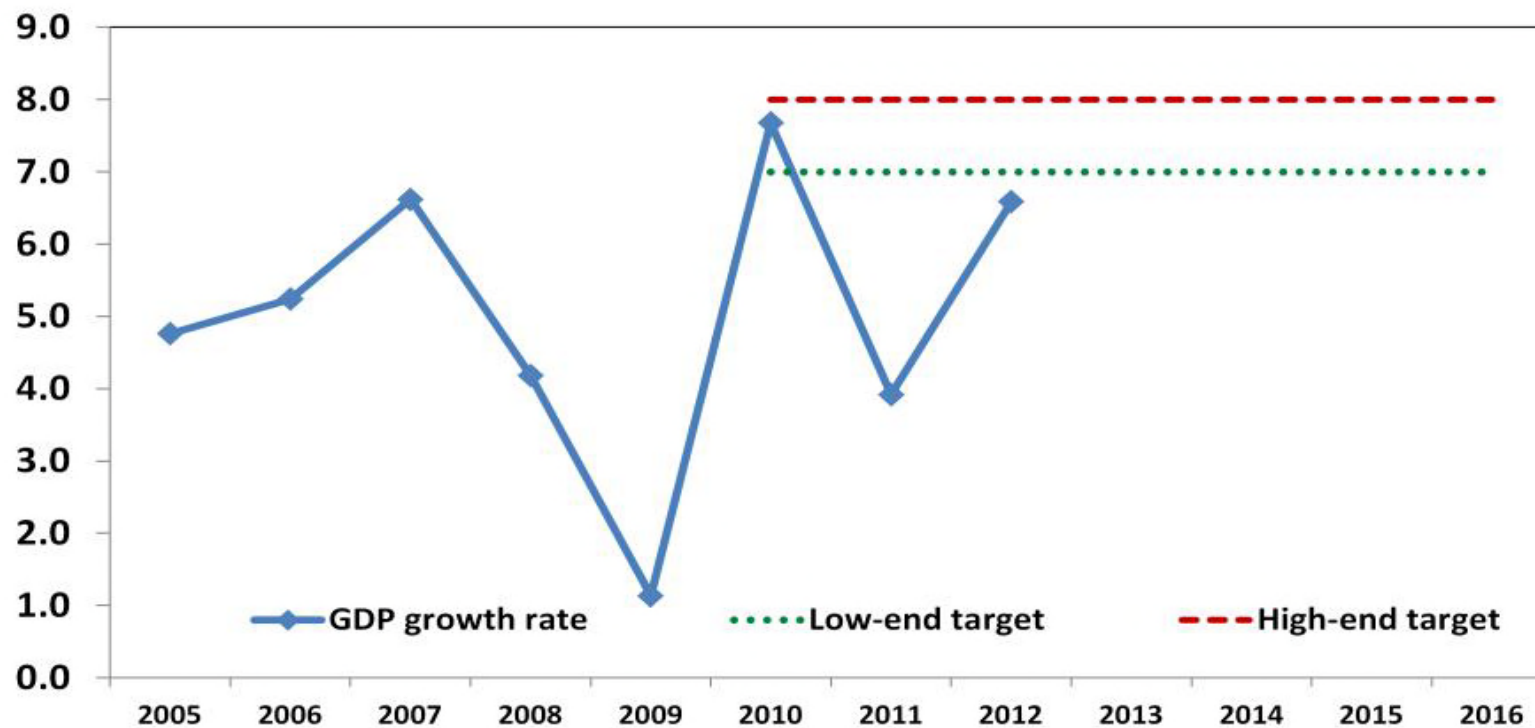


2012 A Banner Year

- Higher than forecasted GDP growth rate at 6.7%
- Continuing Strong Contribution of Services Sector
- Industrial Sector: Mixed Bag
- Agriculture Sector: Continuing Shrinkage

GDP growth of 6.1 % in the first semester of 2012

The 2012 growth brings us closer to 7-8% PDP target



*PDP: 2011 – 2016 targets

Strong Services Sector

- Transport, Storage and telecommunications fastest growing
- Financial Intermediation, wholesale and retail trade and repairs bounced back after 2011 slowdown
- Real Estate, Rentals and Business Processing Outsourcing have trended down slightly but still on a strong growth path

Industrial Sector: Mixed Bag

- Construction is on the Upswing with Public Construction on the Rise
- Manufacturing share to GDP continues to decline
- Mining has potential but not delivering because of unclear public policy (environmental concerns or growth)

Agriculture Shrinking and Trending Down

- Wrong Implementation of Land Reform
- Lack of Infrastructure in Support of Agriculture
- Transformation of Good Agriculture Land to Other uses
- Massive importations adversely affecting profitability of Agriculture Sector
(i.e. rice, poultry, etc.)



Contributors for Growth

- **Agriculture**
- **Industry**
- **Services**



Contributory Factors for Growth

- Higher Government Spending
 - Government Consumption (5.9%)
 - Public Construction (pushed total construction to 9.2%)
- Household Consumption (5.7%)
- Exports of Goods (7.9%) and Services (9.9%)

The years ahead will be
good years.



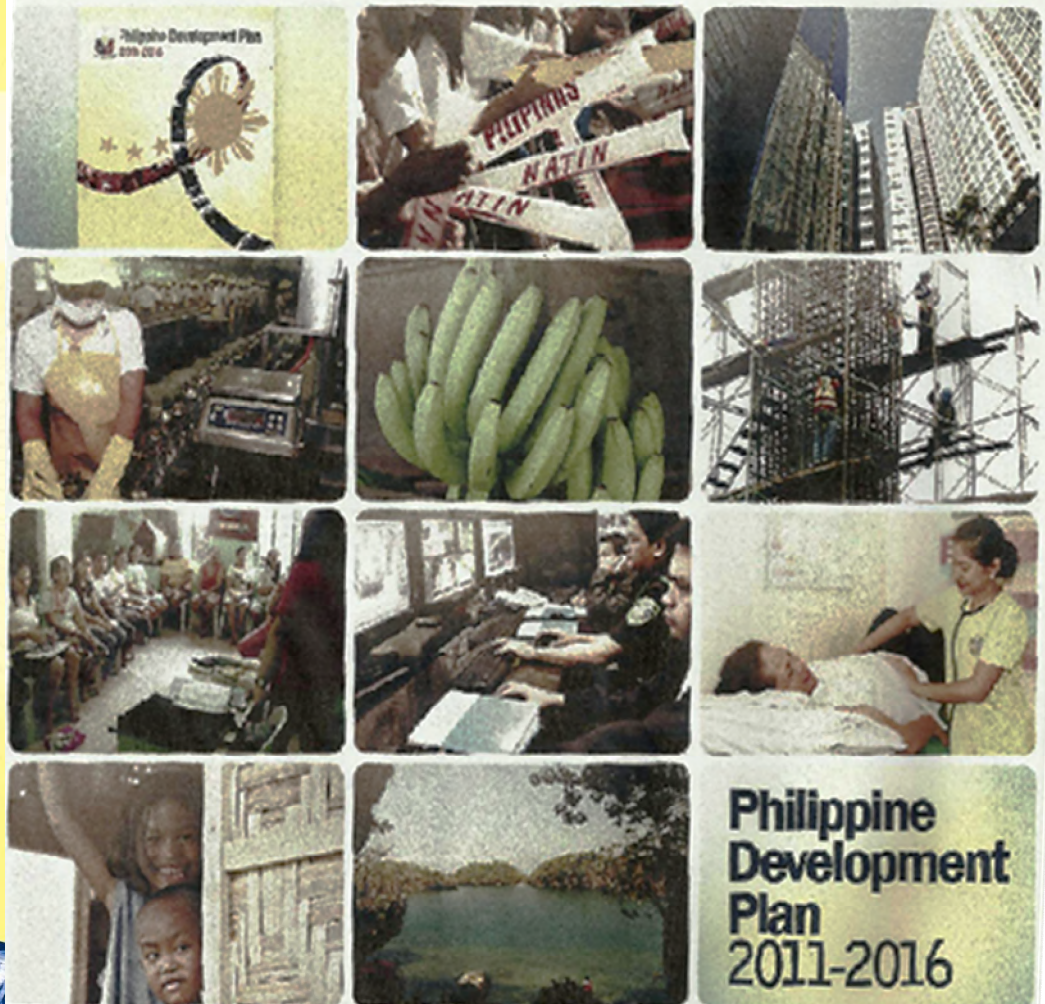
WHY I BELIEVE THAT GOOD RESULTS ARE FORTHCOMING.

- Philippine Development Plan Pushed.
- Public-Private Partnerships (PPP) Take Off.
- Foreign and Domestic Investors will pump money into business ventures.
- Global Economy will improve.

2011-2016 Philippine Development Plan



Philippine Development Plan
2011-2016



PPP Progressing

- Upsurge in Proposals for Infrastructure Projects: Highways, Telecommunications, Health Services, Education
- More pro-active government officialdom and bureaucracy

INVESTORS DRAWN

“Land ownership restrictions and court cases that take years to resolve are main reasons why less Americans are investing in the Philippines.”

US Ambassador HARRY K. THOMAS, JR.

Recent remarks in Cagayan de Oro

Amendments of the Economic Provisions of the Constitution after elections

- Question of Timing.
- Credibility of the President.
- Acceptance of Present Realities.



Effects of the Corona Impeachment on Philippine Judiciary

- **Stripping away the culture of impunity.**
 - Good bye “flip-flopping”.
 - Judiciary will follow the rules.
- **A new Chief Justice**
 - Who will start filling up court vacancies.
 - Champion transparency and accountability.



Global Economy Will Improve

- New Mandates for Leaders in China and the United States will mean decisive moves backed by the political will on solutions at national and global levels.
- European turmoil will run its course as populations realize the need for significant reforms and politicians temper their actions with existing reality.
- Stability in the Middle East as the “Arab Spring” leaves the Heat of Summer and enters the Cool of Autumn

Growth Sectors

— **Still BPO:**

- 2011 - \$11 billion in revenues (24% inc.)
 - 638,000 call center employees (22% inc.)
- 2016 - \$25 billion in revenues
 - 1.3 million employees

Source: Business Processing Association of the Philippines



— **Finally Mining:**

- Amendments to IRR
- P-Noy will use political will (bigger revenues for government and more value added –processing and more jobs)

More Growth Sectors

- **Agriculture Again:**
 - Joint ventures with consuming countries (China?)
 - High value, organic crops
- **Tapping Tourism:**
 - It's more Fun in the Philippines
 - Improved infrastructure
- **Reenergizing Real Estate:**
 - Still increasing demand from increasing OFWs
 - Still a backlog for low cost housing



Philippine Business & Management Must Do their Share

MAP Leading the Way

Inclusive Growth

- MAP: An active partner of government in creating an environment that provides the best opportunities and the right capabilities for the poor to seize these opportunities
- MAP: Link SME entrepreneurs to MAP large companies
- MAP: Farm Business Schools as main venue for fostering agriculture and countryside development

Inclusive Growth

A new mindset for growth

Going Out of Our Comfort Zone

Competitiveness

- MAP: A Master Plan for Philippine Competitiveness in the ASEAN Economic Community
- MAP: Management Development Fora
- MAP: Networking with AAMO
- MAP: Engaging the Cabinet and Reorganizing to Match Cabinet Structure

Integrity

**Good Governance
means
Good Results**

Integrity

- MAP: Integrity Initiative and UN Global Compact
- MAP: Support Full Disclosure Policy
- MAP: Help government keep to the Straight Path
- MAP: Follow the Rules

INCLUSIVE GROWTH and **COMPETITIVENESS** with **INTEGRITY**

The MAP Way