

# “EMERGING ECONOMIES: New Risks and New Opportunities”



A Presentation of

**Mr. MELITO “Mel” S. SALAZAR, JR.**

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

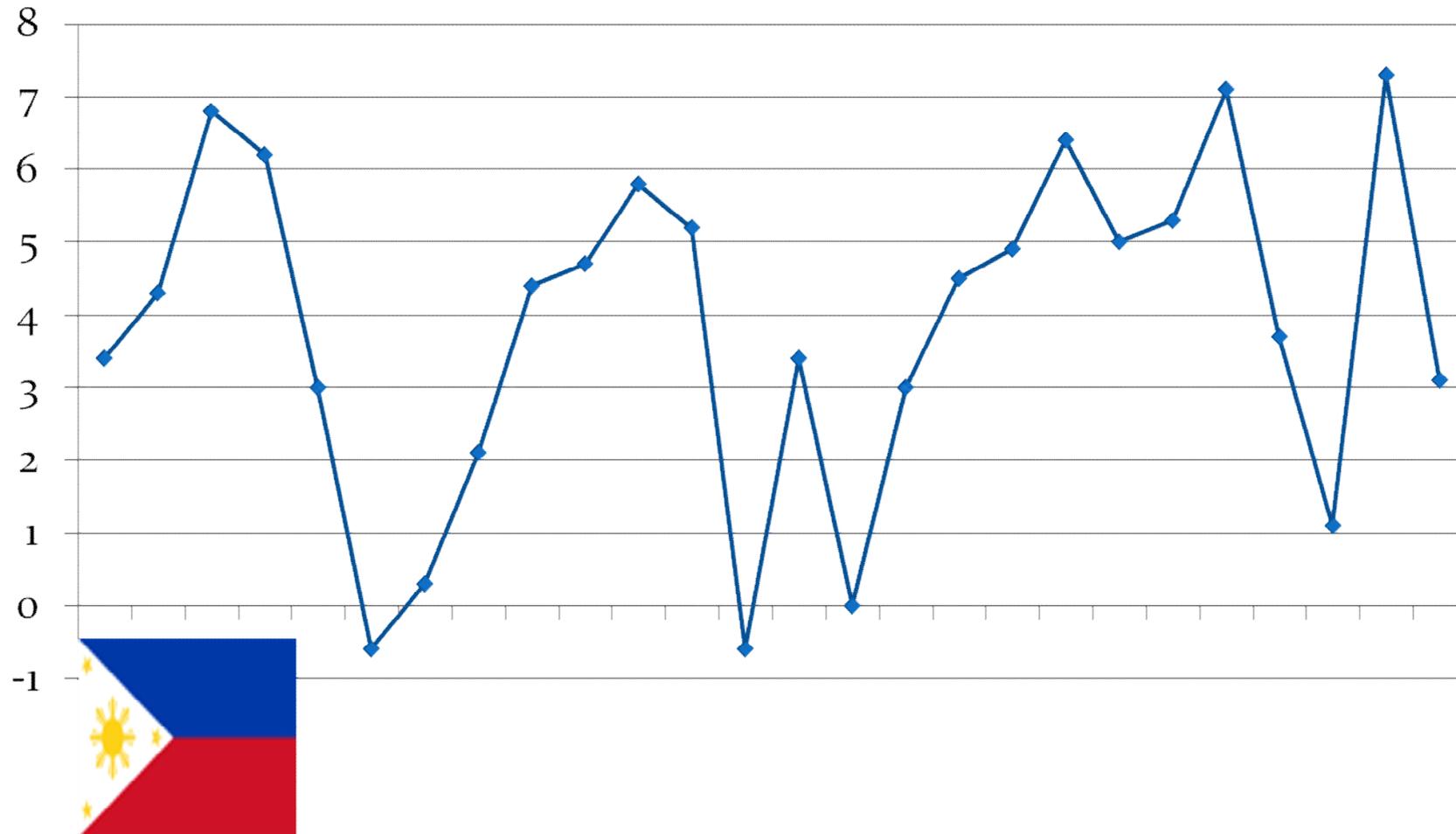
# Risks

- 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

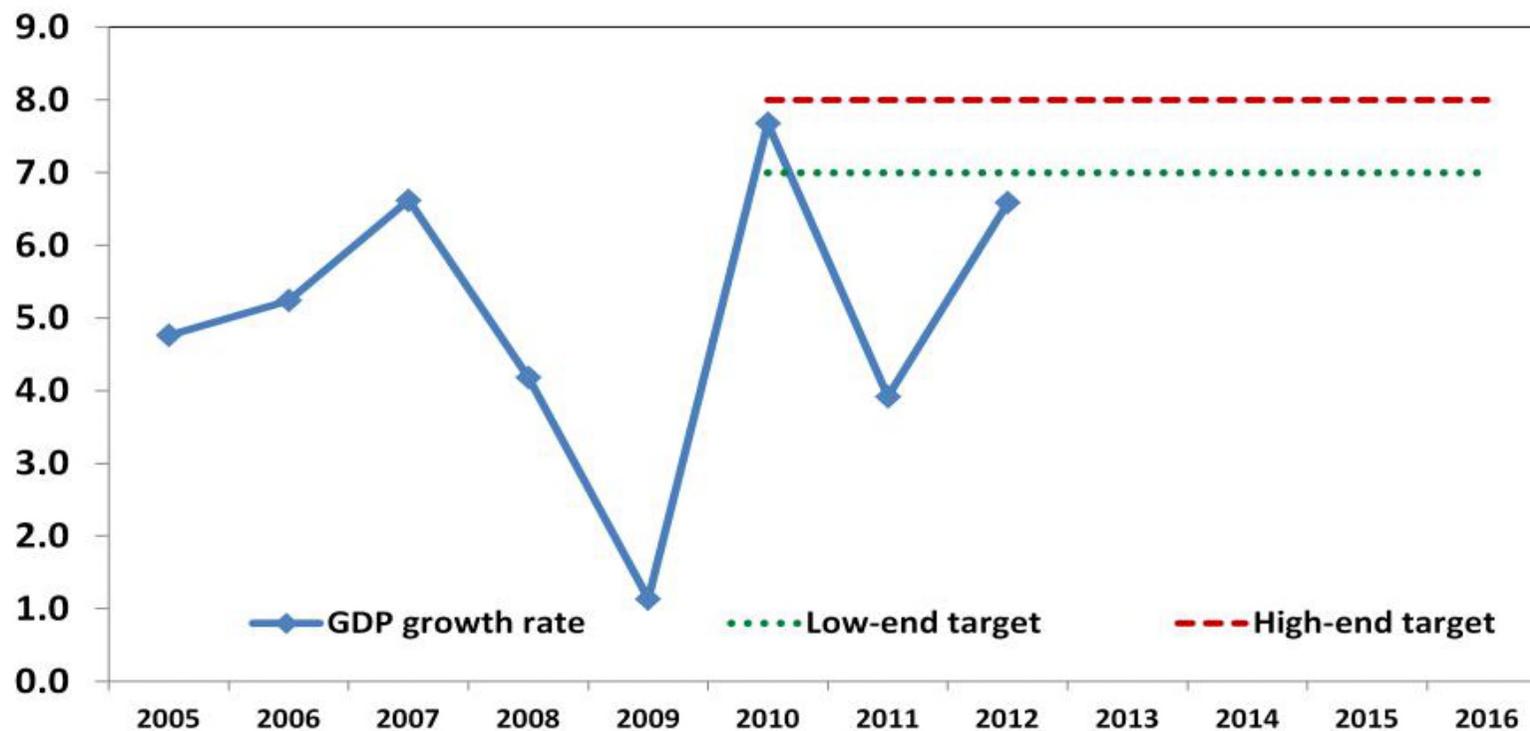


# 2012 A Banner Year

- 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