

An analysis of the decline of the world market to the philippine economy

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An Analysis of the Decline of the World Market to the Philippine Economy It was but a deafening thunder when the world experienced the Global Economic Crisis. The most depressing about this issue is that most of the first world countries suffered a lot on this including United States of America, main parts of Europe and Britain. The recession affected much of every country's economy. In the Philippines, it was declared that the economy is stable, though not really, is not yet in recession. Some of the renowned economists in the country cited their views and opinions regarding this matter. Most of them said that it really downgraded the Philippine economy, yet there are things which take the positive side of this dreadful phenomenon. The global economic recession affected badly the Philippine economy. Economist Benjamin Diokno described the impact of this occurrence as "serious" adding that in the Philippines, it would result in lower exports, slower inflow of remittances from Overseas Filipino Workers, and reduced foreign direct investments (FDI). Other negative reasons also were considered. One is the shutting down of operations of some of the biggest corporations in the country including Intel Philippines and Goodyear Tire & Rubber Co. For two decades of operations, these two giant companies decided to close their operations and plant causing a large number of Filipino to lose their jobs. Also there was a loss on overseas jobs. Overseas Filipino Workers (OFWs) are the major contributors to the country's economy. They mostly can be found in the U. S. A., U. K. and Middle East. Due to this global crisis, these OFWs have been forced to leave these countries and return to the Philippines without jobs, making their reintegration a major problem for the country and the government. Thus, it resulted to the loss of an average

of \$14. 4 Billion (about 700 Billion Pesos) annual remittance of OFWs.

Another is the effect of the U. S. Credit downgrade. The Philippine administration concluded a grave concern on this matter, the U. S being the country's biggest trading partner and leading source of foreign investments. Senator Francis " Chiz" Escudero, member of the Philippine Senate, urged the government's economic managers to take concrete steps to cushion the possible negative effect of the U. S. downgrade. He also said that the Philippine government should strengthen its economic ties with world economic giants like China in order to absorb the shock. On the other hand, economist Diokno also said that a slow-growing, possibly stagnating U. S. economy will mean weaker dollar-in opposition to strong peso-which will have serious negative effect on overseas remittance, exports and overall aggregate demand. Though it may be a painful phenomenon yet it gave some of the positive insights. One is the fact that Philippines is not yet on the Recession Phase as mentioned earlier. It did not reach the negative growth required for it to be classified as " in recession". It was mainly attributed to the strengthening of its banking system, pump-priming of the government through construction works and the increasing number of outsourcing jobs obtained by Filipinos from foreign countries. Another is the country's Gross Domestic Product (GDP) Statistics. Though the country's GDP growth rate fell below market expectations, Socioeconomic Planning Secretary Cayetano W. Paderanga Jr. said that its growth was faster than Thailand's and Singapore's GDP. This resulting growth was influenced by agriculture, manufacturing and service sector. Also there is recovery in the Stock Market. Though it may have performed badly the last quarter, Philippine Stock Market is slowly but

surely recovering. There is an increase of about twenty five percent and has been steadily rising. Another interesting fact is that Filipinos now want to save and spend less, in a survey conducted by Nielsen Media. This is a rather welcome development because it will help a lot especially during this recession we encounter. The decline of the world market indeed has a great impact in the Philippine Economy. Though mostly it resulted to its downfall, it turned out to result in some optimistic happenings. Also it was a bridge to challenge the Philippine government to strive hard to regain the strength of the country's economy. One may think that it is the government's duty to restore the economic status of the country, yet it is also the responsibility of every individual to take part in this endeavour. We may not know amidst the global recession, Philippines will shake the world as it will gradually fall into the top place in the economic standing. It's up to us then.