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Bulletin on Recovery: GDP, Trade, and FDI

- The Philippines has grown more than expected in the second and third quarters, averaging 4.88% in the first three quarters of the year. With higher-than-expected growth, the Philippine economy is on its way to recover lost ground. Indeed, outlook on the Philippine economy by the private sector, including credit rating agencies, improved. Fitch, for instance, revised upward its 2021 growth outlook for the Philippines from 4.2% to 4.5%.
- The Philippines' total merchandise trade in the first three-quarters of the year is 125.11% its pre-pandemic level. Such recovery in external trade is broadly in line with similarly rated peers and ASEAN neighbors.
- The Philippines managed to attract nearly \$4.3 billion in FDI in the first half of 2021, 40% higher than the level in the same period of 2020 and nearly half the full-year pre-pandemic level.

DOF View

- The arrival of much needed vaccines and the efficient administration thereof should be able to help in the safe and gradual reopening of the economy, bring back investor confidence, and speed up recovery. Still, the country needs to stay alert and not let its guard down—already, the newly identified Omicron variant is threatening to dampen the merry mood of the Yuletide season—lest hopes be dashed again as the previous scenes replay where the situation would appear to get better before things got much worse. Living prudently with the virus bears in mind that it ain't over 'til it's over. Otherwise, it will be quarantines redux and the future is exactly what it used to be.
- The passage of important economic bills—the amendments to the Public Service Act, Foreign Investment Act, and the Retail Trade Liberalization Act—in addition to CREATE and the Build, Build, Build, Program will help attract more investments, generate yet more employment, hasten the country's recovery, and put the country back on its stellar pre-pandemic growth rate of above 6%.

Table 1 GDP Growth (%): Year-to-Date, Historical, and Projection

	Year-to-Date			Average*	
	2020	2021		2010-19 ^H	2022-26 ^P
Argentina	(12.43)	10.27	a	1.30	1.97
Brazil	(5.63)	6.42	a	1.42	1.98
Bulgaria	(5.43)	3.45	a	2.35	3.60
Chile	(7.77)	11.57	b	3.28	2.22
Croatia	(7.30)	7.76	a	1.01	3.88
Cyprus	(6.10)	5.14	a	1.29	2.96
Hungary	(5.85)	7.60	a	2.79	3.46
India	(15.87)	11.78	a	6.97	6.72
Indonesia	(2.03)	3.24	b	5.43	5.68
Italy	(12.17)	8.60	a	0.25	1.76
Malaysia	(6.42)	2.97	b	5.35	5.40
Mexico	(9.45)	6.13	b	2.66	2.44
Panama	(18.84)	10.02	a	6.15	5.00
Peru	(14.45)	17.48	b	4.47	3.74
Philippines	(10.06)	4.88	b	6.40	6.59
Portugal	(10.31)	4.34	a	0.84	2.71
Romania	(4.46)	7.05	a	3.06	3.90
Russia	(2.70)	3.88	a	2.08	2.01
Thailand	(6.75)	1.29	b	3.62	3.83
Vietnam	2.12	1.42	b	6.53	6.90

Notes: * - Geometric Average; a - Q1to Q2; b - Q1 to Q3; H – Historical; P – Projection

Sources of Basic Data: World Economic Outlook, IMF (October 2021); Country Statistics Offices

Table 2 Net FDI Inflows (Million US\$)

	Annual		Q1-Q2		
	2019	2020	2019	2020	2021
Bulgaria	2,221.3	2,701.9	888.6	927.0	1,264.8
Croatia	1,170.1	1,466.7	357.7	755.5	
Cyprus	41,997.3	(327.2)	29,602.8	2,043.9	2,795.5
Hungary	98,216.6	168,928.3	29,468.6	148,139.4	7,291.7
India	50,610.6	64,362.4	26,984.1	17,290.9	22,926.0
Indonesia	24,993.6	18,893.2	14,104.3	10,129.1	11,292.8
Italy	31,185.2	(22,090.9)	13,609.4	(3,247.8)	7,996.0
Malaysia	9,154.9	4,313.0	6,092.7	1,256.3	5,707.0
Mexico	29,400.5	31,026.3	19,495.0	24,391.9	18,985.6
Panama	5,891.3	(2,388.5)	1,240.0	744.0	(17.6)
Peru	6,313.1	2,979.9	2,800.9	(98.0)	4,263.5
Philippines	8,671.4	6,585.6	4,057.8	3,054.5	4,298.5
Portugal	10,320.0	4,708.5	5,463.8	453.0	2,192.2
Romania	7,365.4	3,602.4	3,443.5	(29.9)	5,076.0
Russia	31,974.8	9,478.8	16,933.1	2,497.5	10,994.4
Thailand	4,790.4	(4,845.4)	2,371.2	2,366.1	5,866.1
Vietnam	16,120.0	15,800.0	7,190.0	6,760.0	7,400.0

Sources: IMF; OECD

Table 3 Year-to-Date Total Merchandise Trade* Level, Growth, and % to Pre-Pandemic Level

	Level (US\$ Millions)			Growth (%)		% to Pre-Pandemic Level		
	2019	2020	2021	2020	2021	2020	2021	
Bulgaria	34,800	30,925	41,574	(11.14)	34.43	88.86	134.43	a
Croatia	22,839	20,231	26,997	(11.42)	33.44	88.58	133.44	a
Cyprus	6,517	5,660	6,355	(13.15)	12.28	86.85	112.28	a
Hungary	179,979	166,392	206,855	(7.55)	24.32	92.45	124.32	b
India	614,960	462,045	694,354	(24.87)	50.28	75.13	150.28	b
Indonesia	251,098	220,827	301,684	(12.06)	36.62	87.94	136.62	b
Italy	516,113	418,732	568,153	(18.87)	35.68	81.13	135.68	a
Malaysia	217,439	196,521	257,641	(9.62)	31.10	90.38	131.10	a
Mexico	685,209	568,905	727,244	(16.97)	27.83	83.03	127.83	b
Panama	6,964	4,800	6,828	(31.07)	42.25	68.93	142.25	a
Peru	43,680	33,844	51,497	(22.52)	52.16	77.48	152.16	a
Philippines	136,903	112,336	140,545	(17.94)	25.11	82.06	125.11	b
Portugal	117,188	99,835	126,193	(14.81)	26.40	85.19	126.40	b
Romania	87,397	72,360	99,526	(17.21)	37.54	82.79	137.54	a
Russia	489,799	408,667	561,450	(16.56)	37.39	83.44	137.39	b
Thailand	241,685	217,510	262,230	(10.00)	20.56	90.00	120.56	a
Vietnam	243,408	239,665	317,623	(1.54)	32.53	98.46	132.53	a

Notes: * - Imports plus Exports; a - Q1 to Q2; b - Q1 to Q3

Sources of Basic Data: WTO; PSA; Country Statistics Offices