

ADB: Philippine GDP to slide at 2% in 2020 due to COVID-19; rebound to 6.5% in 2021

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The Philippines' economic performance will drastically slow down this year as the country reels from disruptions in economic activities due to coronavirus disease 2019 (COVID-19), but a strong rebound is seen next year, Manila-based Asian Development Bank (ADB) said Friday.

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In its latest annual flagship publication, Asian Development Outlook 2020, the multilateral lender projects the Philippines gross domestic product (GDP) will grow 2.0% in 2020 on the back of "enhanced community quarantine imposed by the government in March to stop the spread of the COVID-19 in the country."

The projected growth this year is much slower compared to last year's 5.9% growth and 6.2% growth in 2018.

The ADB cited disruptions in tourism, trade, and manufacturing as well as slower domestic demand as factors of the growth slowdown, but the government's expansionary fiscal and monetary policies are seen to partly offset the potential slid.

The multilateral lender, however, is expecting a strong recovery to 6.5% GDP growth in 2021, assuming that COVID-19 infections in the country are curbed by June this year.

"This unprecedented and extraordinary public health emergency brought about by the COVID-19 pandemic will substantially slow down economic growth this year, with most of the contraction in the economy occurring in the second quarter," ADB country director for the Philippines Kelly Bird said.

“We are anticipating a bounce back starting in the second half of this year, supported by the government’s stimulus spending and easier monetary policies,” he said.

The ADB Philippine director said the lender has been working closely with the Philippine government in its fight to ease the impact of the COVID-19 pandemic on Filipinos.

“We have provided two grants totaling \$8 million to assist the government and we are now in advanced stages of preparing a larger and comprehensive assistance to help alleviate the impacts of the pandemic on communities’ well-being and support fiscal stimulus,” Bird said.

On 14 March, ADB approved a \$3 million grant to help the government deliver much-needed emergency medical supplies and equipment, including a new laboratory to enhance the country’s capacity to conduct more COVID-19 tests.

This week, ADB launched a \$5 million project to provide critical food supplies for poor families in Metro Manila.

The quarantine measures have shut down schools and most government offices and private establishments in Metro Manila and the entire Luzon island, which accounts for over half of the country’s total population and generates more than two-thirds of the country’s overall GDP, according to the ADB report.

Sustained public investment—especially in priority projects under the government’s “Build, Build, Build” (BBB) infrastructure development program—and a rebound in private consumption will drive economic growth in 2021, the report said.

The economy will also benefit from the government’s large-scale fiscal spending to boost the delivery of relief measures to vulnerable sectors affected by the pandemic.

Meanwhile, inflation is expected to reach 2.2% this year and 2.4% in 2021, with further downside pressure from lower global oil prices, well within the government’s target range of 2.0% to 4.0% as price pressures caused by African swine fever counter lower global oil prices.

With inflation projected to remain within the Bangko Sentral ng Pilipinas' target range, monetary authorities have room for further monetary policy expansion to cushion any lingering effects of the pandemic on the economy, the ADB said.

In addition to combating the COVID-19 pandemic, the Philippines is taking steps to address climate change, it said.

"The government's infrastructure development program focuses on improving mass urban transit systems to help shrink the country's carbon footprint," the ADB said.

The lender cited the ADB-funded Malolos–Clark Railway project, a 53-kilometer elevated railway project that will connect Metro Manila to northern provinces.

ADB said it is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty.

Established in 1966, it is owned by 68 members—49 from the region.—**AOL, GMA News**

<https://www.gmanetwork.com/news/money/economy/732505/adb-philippine-gdp-to-slide-at-2-in-2020-due-to-covid-19-rebound-to-6-5-in-2021/story/>