

Philippine economy shrank at record pace in 2020



The Philippines has the highest number of coronavirus infections and COVID-19 deaths in Southeast Asia after Indonesia. (Photo:Lisa Marie David / Reuters)

Manila, January 28 (RHC)-- The Philippine economy shrank at a slower pace in the fourth quarter of last year, helped by higher government spending, but saw a record full-year contraction in 2020 as it grappled

with the fallout of the COVID-19 pandemic.

Gross domestic product (GDP) shrank by 8.3 percent in the September-to-December quarter from a year earlier, the statistics agency said. Economists in a Reuters poll had forecast an 8.5 percent contraction after a fall of 11.4 percent in the third quarter.

A 4.4 percent year-on-year increase in government spending helped to limit the slump. For the whole year, GDP shrank 9.5 percent, the biggest contraction on record and compared with a government forecast for an 8.5-9.5 percent slump in 2020.

The Philippines, which has the highest number of coronavirus infections and COVID-19 deaths in Southeast Asia after Indonesia, suffered its first recession in nearly 30 years in the second quarter of 2020.

“Private consumption remained weak,” said Economic Planning Secretary Karl Chua at a briefing. “Restrictions on the demand side, notably the mobility of children and families, prevented private consumption from making a stronger comeback.”

President Rodrigo Duterte has eased quarantine curbs from the strictest level imposed in March last year, but partial restrictions remain in the capital region as local cases reached more than half a million and deaths exceeded 10,000. The restrictions reduced household spending by 2.2 billion pesos (\$45.72 million) a day, the government said.

The economy grew by a seasonally adjusted 5.6 percent in the fourth quarter compared with the previous three months, slowing from 8 percent growth in July-September period. Chua said the prospects for 2021 were “encouraging”, reiterating a government forecast for 6.5 percent-7.5 percent growth this year. But some analysts say conditions for the rest of the year are likely to remain tough.

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