

President's Report  
**Roadmap to Recovery, Resilience and Resurgence**  
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**PHILEXPORT 2<sup>nd</sup> Quarter General Membership Meeting**  
**Part 1 – Epidemic Control**  
June 9, 2020 \* 2:00pm - 4:30pm \* Zoom Webinar

Our long-time partners and esteemed guests who will be introduced later; my colleagues in the Board of Trustees; PHILEXPORT members; other guests from the public and private sector including media; friends, ladies and gentlemen:

As our Chairman said earlier, we are now all part of the first-ever online General Membership Meeting of PHILEXPORT. It is a very welcome innovation towards the shift to the digital economy that PHILEXPORT has envisioned in its Road to FIRE project also mentioned earlier. This means that even after COVID-19, there is no turning back from technology which is a major silver lining in this pandemic.

Technology has also allowed PHILEXPORT to continue 100% operations on flexible working schedules for the staff, even as the New Normal safety and health protocols have also been put in place in the office. We were in fact busier assisting our members cope and continue operations. It was also during this period that we were able to facilitate the payment of a P700,000 project by a government agency to a PHILEXPORT member-supplier.

## **The current realities**

While we are now under General Community Quarantine (GCQ), many businesses remain partially operational mainly because public transportation is still severely limited. We agree that the initial ECQ was necessary to save lives and promote good health. However, it ended up becoming one of the longest lockdowns in the world, according to Manila Times and AsiaTimes, resulting in massive economic damage. Based on the quarterly report of a local consulting group, GlobalSource Partners, the economic cost of the 45-day lockdown was at P1.1 trillion or 5.6% of GDP. With firms unable to operate at normal capacity, production levels immediately collapsed at the quickest rate since January 2016.

The Department of Trade and Industry (DTI) stated that 52.66% or over half of the total number of MSMEs have shut down their operations during the ECQ. This is close to what PHILEXPORT got from our survey which says that 51.2% of exporters have suspended operations. This resulted to a double digit decline in export sales in March 2020. According to PSA data, export sales of most commodities contracted by 24.9%. In contrast, shipments of agricultural products increased dramatically compared to the same month last year.

While exporters are exempted from the community quarantine in principle, they are however unable to either procure raw materials or ship products due to the previously imposed LGU checkpoints. Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI) President Danilo C. Lachica said in a recent interview that the industry is still suffering

from supply chain disruptions, with air and sea shipments of supplies remain irregular and unreliable. Meanwhile, the workers moving these goods are being quarantined at the company's expense. Adding to the problem is the fact that they have to shoulder the cost of testing their employees. MSMEs cannot afford these expenses and may just decide not to re-open anymore. Adding to this is the weak global demand and financing need to pay salaries, rents and other expenses.

As to employment, about 30 million jobs and livelihood in the non-essentials sectors alone have been put at risk. This can get worse due to the lingering effects of the virus and lockdowns. As of May 25, 2020, the Department of Labor and Employment (DOLE) has already reported 2.76 million displaced workers.

### **Rescue Plan**

As part of the initial response, the government has implemented several economic relief measures. Some P30.2 billion in cash has already been disbursed through programs such as the Small Business Wage Subsidy (SBWS), COVID-19 Adjustment Measures Program (CAMP), TUPAD, and AKAP to 4.1 million formal and informal employees . Meanwhile, payment of residential and commercial rents and loans falling due until end May has also been extended to help especially MSMEs.

While these are good measures, several issues remain. From our latest survey, majority or 41.86% of respondents said that no economic support measures from the government were effective. We therefore strongly

welcome the P2.8-trillion stimulus packages namely the P1.3 trillion ARISE or Accelerated Recovery and Investments Stimulus for the Economy and the P1.5 trillion COVID-19 Unemployment Reduction Economic Stimulus (Cures) approved in third and final reading at the Lower House last Friday, as well as the proposed 25% corporate income tax by July 2020 being deliberated at the Senate. This is the first-ever stimulus package this size and impact developed by a group of Congress's most brilliant economists and trade and industry advocates. This is also the first-ever assistance which government sees as an investment rather than an expense. We believe that these are positive signals to existing and potential investors and much welcome relief for MSMEs.

### **PHILEXPORT's role: Roadmap towards resurgence**

Meanwhile, as a private sector response, PHILEXPORT has developed the "New Normal Export and MSME Roadmap" to help MSMEs and exporters transition to the New Normal while bridging the gap from this stage of the crisis to the strategies in the Philippine Export Development Plan and the even the Micro, Small and Medium Enterprise Development Plan.

We presented the Roadmap three weeks ago during the joint meeting of the members of the Export Development Council and Executive Committee. It also proved to be very timely, as PHILEXPORT received in the same meeting its renewed mandate as the accredited umbrella organization under the Export Development Act.

In putting this Roadmap together, PHILEXPORT requested inputs from our Chapters and affiliated industry associations. This gives us at least 1,500 companies in the essentials and non-essentials, products and services, and direct and indirect export sectors which issues and recommendations are represented in this Roadmap.

Anchored on three pillars called Recovery, Resilience, and Resurgence, this roadmap proposes several programs and policies. For Recovery, we urge the immediate implementation of programs and policies that can help enterprises to re-open gradually from this crisis until reaching their full capacity. The objective is to build confidence for people to start going out again and resuming as many of the economic-related functions and activities as possible, even as social distancing and hygiene protocols are strictly observed.

For Resilience, we recommend the continuing implementation of programs and policies that will help enterprises withstand disasters and shocks and keep the enterprise operational even at 25% capacity until they reach full capacity. The objective is to ensure that the enterprises have institutionalized systems that will enable them to remain productive and able to employ people to perform certain core functions.

And finally for Resurgence, we push for medium- to long-term and continuing implementation of programs and policies that will help enterprises achieve at least 5% enterprise and industry growth targets consistently for as long as possible. The objective is to strengthen and

expand global market presence and increase employment capacity, while also contributing to the economic activities in the domestic market through the supply chain. Overall, this roadmap aims to control the epidemic, restart and expand economic activities, and finally transition exports and MSMEs to a digital economy. As you are aware, these are the topics in this three-part GMM.

## **Conclusion**

Despite what appeared to be an extremely challenging situation until a vaccine is developed, both the government and private sector are positive of a major turnaround. Specifically, the Development Budget Coordination Committee (DBCC) said that it expects a rebound in 2021, with the economy growing between 7.1% and 8.1%, supported by an economic recovery program to cushion the impact of the pandemic. And with Philippines ranking 6th among 66 emerging market economies in terms of public debt, foreign debt, cost of borrowing, and reserve cover, we can be confident in having enough fiscal space to counteract a recession.

Weathering this COVID-19 pandemic will require focus and strong private-public partnership to maximize resources. Through this journey, PHILEXPORT, with our services, programs, and network, commits to continue to play a major role towards recovery, resilience and resurgence for exports, MSMEs and other stakeholders. Together, we hope to come out of this crisis stronger and much better as a people and as a nation. Let me end here and wish us all a meaningful meeting ahead. Thank you and good afternoon.