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MANNY VILLAR
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Of Trees and Forest

Behind the Euphoria Over GDP

MANILA, Philippines — Amid the euphoria that greeted the strong performance of the economy in the second quarter of 2012, I felt some apprehension when I looked at the numbers behind the 5.9-percent overall growth in terms of Gross Domestic Product (GDP).

The services sector grew by 7.6 percent (in constant 2000 prices), an impressive acceleration from 5.0 percent growth in the second quarter of 2011.

The industry sector turned around to a growth of 4.6 percent compared to a contraction of 0.6 percent in the comparable period last year. However, the agriculture sector (including hunting, forestry, and fishery) barely improved at 0.7 percent, a significant slowdown from 7.1 percent growth in the second quarter of 2011.

My apprehension stems from the fact that most of our people depend on agriculture, and that most of our poor live in farming or rural areas. The agricultural sector, according to the Department of Labor and Employment, accounted for 30.9 percent of employed persons as of July, 2012, equivalent to 8.22 million of 37.6 million employed persons as of that month. The figure, obviously, does not include the unemployed among the labor force participants.

Let's also consider that among the three major sectors of the economy, agriculture is the most vulnerable to natural calamities, which are increasingly becoming more frequent and more destructive.

In 2011, typhoons Pedring and Quiel caused R12 billion in damage to the agriculture sector, according to the Department of Agriculture. As of August, 2012, the damage to agriculture wrought by typhoon Gener and the southwest monsoon stood at R167.9 million, with heavy losses reported in the rice sector.

The United Nations' Food and Agriculture Program (FAO) says the Philippines is highly susceptible and vulnerable to natural disasters, with some 20 active volcanoes that make the country prone to earthquakes and eruptions, in addition to frequent typhoons and other severe storms. The country faces an average of 20 typhoons per year, of which five are expected to cause significant damage.

The Climate Change Commission has underscored the impact of natural calamities on the economy. The CCC estimates that the country's economy has lost an average of 2 percent of its GDP in the past three years due to damage caused by extreme events like typhoons. Based on that estimate, our economy would have grown by 5.9 percent in 2011 instead of 3.9 percent.

My concern, however, is more on the impact of the slow growth on the lives of our farmers and fishermen, and on the poverty problem in the agriculture sector. The government, on both the national and local levels, has made significant progress when it comes to disaster preparedness, resulting in fewer casualties and less damage to property.

In my view, we should also focus on measures that will speed up recovery and sustain farming incomes despite the natural calamities. Immediate relief can be provided by the

conditional cash transfer and similar programs but by their nature, such programs should be temporary.

Taking a cue from the FAO, sustainable recovery in the agriculture sector should be through the provision of tools such as seeds, tools, fertilizers, small animals, and fishery inputs, as well as skills to resume livelihood and prepare the sector for calamities.

Measures, according to the UN agency, should enhance the availability and affordability of food in calamity-prone areas. Price control is effective as an immediate response, but, for longer-term security, we need to establish sustainable production systems, while enhancing the capability of local governments, farmers' organizations and rural communities in coping with natural disasters.

While we grieve at the loss of lives and act to repair the damage caused by calamities, we should also focus on rebuilding lives and livelihood, keeping in mind the millions of our countrymen who struggle to get out of poverty, calamity or no calamity.

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