An Analysis of the History of Philippine Trade Policy[*]

(1950-2004)

CHRISTIAN LALUNA, ARNIL PARAS and VANESSA SOLIVA

Introduction

Does the Philippines have a consistent, independent trade policy?

If the question was simply, "do we have a trade policy," then it would have to be an unqualified "yes": we have numerous executive orders (EOs), Repuiblic Acts (RAs), tariff and customs codes, international treaties and obligations, and so forth, that dictate how imports and exports in the Philippines are to be treated. This is a country arguably built on trade, where we acquire some of our inputs from abroad and hope to earn through exporting our own products to foreign customers.

Yet if the question is more precise—a *consistent*, *independent trade policy?*—the evidence does not point in that direction. It is not just that we have numerous policies that apply to Philippine trade, but that in the course of post-independence Philippine economic history the direction of Philippine trade policy has changed significantly in many occasions.

Here we argue, though the analysis of historical data available (from 1949 to present) that we do not have any constant trade policy that is consistent with a given economic or ideological framework. Rather, what we have are trade policies (deliberately in the plural) that are often the result of two competing forces: global economic forces or shocks to which the government must react to or respond to, and the local political economy that has for the most part of this history captured trade policy

---

[*] *A paper submitted to Prof. Jeremy I. Gatdula in fulfillment of the requirements in International Trade subject.*

and enjoyed its benefits—even as the costs of such policies were finally taking its toll on the economy.

We argue that two significant global economic events—a 1949 currency crisis and the 1980s' debt crisis—forced government to take steps needed to stabilize the economy. We further argue that the consequences of these steps, creating two distinct business classes (a traditional industrial elite post-1949, and a more globally-oriented entrepreneurial class post-1980) which have helped shape the political economy out of which further developments in trade policy came out of.

Embedding of Protectionism: Quirino 1950 - Macapagal 1960s

The first big shock that would alter postwar Philippine trade (and economic) policy was a result of the foreign exchange crisis of 1949. The import-substitution policies adopted by the state were not in fact intended as a long-term development framework; rather, it was to conserve scarce foreign currency assets in the Central Bank. Power and Sicat (1970:28) could not find any evidence of import substitution and foreign currency controls (which also had the effect of restricting imports) as "a planned decision whose long-term consequences were foreseen."

Net consequence of this, however, was the development of a business class that profited from the de facto protectionism and the reservation of foreign currency reserves for their import needs. The import/exchange controls set by the Central Bank in 1949 quickly resulted to "resulting profit incentive [which] evoked a strong entrepreneurial response; and what began as an emergency tactic... became the principal policy instrument for promoting industrialization [in the 1950's]" (Power, Sicat 1970: 28). Further Congressional acts in the 1950s under Quirino, Magsaysay, and Garcia, elevated the "emergency tactic" into Philippine industrialization policy in 1950; "Furthermore, for the first time there was a clear protective intent in the law" (Power, Sicat 1970: 97), specifying industrial sectors that would enjoy import protection and access to foreign currency (mostly along the lines of capital-intensive industry and consumable goods).

Tariffs in this era figured lightly in Philippine import (restriction) policy; Power and Sicat (1970: 102) noted that the Philippines and the US had a free trade agreement (under Constitutional parity provisions that allowed American goods duty-free into the Philippines). Additionally, Frank Golay (1961: 181) assessed as "efficient" enough the use of import and exchange controls. On the other hand, these control policies were soon accompanied by incidences of corruption and black marketeering. The Import Control Administration created by the 1949 Import Control Law (RA 330) suffered from accusations of corruption; newspaper editorials criticized "inadequate preparation, gross mismanagement, political interference, and greedy business interests willing to use corrupt practices to gain competitive and monetary advantages." A *Manila Chronicle* article declared that "legitimate business is 'fast being driven from the field by a new race of pseudo-importers, ten percenters, and other racketeers, and by the confusion and incompetence which reigns in the Import Control Office'" (both from Hartendorp 1958: 669-670). The same criticisms could be made of the exchange controls in the same period.

Though Congress in response would assign all import control powers and duties to the Central Bank in an effort to stem the corruption, by the 1960s the government had begun a phase of decontrol in imports and the foreign exchange market to bleed out the corruption that plagued the 1950s, and ease the administrative burden on government. A tariff structure was set in place in 1962 under the Macapagal Administration (Sicat 2002: 9) that preserved the same industrial structure that had been protected by the earlier import/exchange control structure (Power, Sicat 1970: 103). The highest tariff rates was set on consumer goods, and imported capital equipment enjoyed the lowest rates ("virtually none at all," as noted by Power and Sicat). This structure would remain essentially unchanged until the early 1970's (Power, Sicat 1970: 107).

Power and Sicat draw an interesting conclusion from this as well. The transition from controls to tariffication only heightened the demand of the newly-emerging industrial sector for increased protection from foreign competition, and thus only served to "embed" the 1950s economic structure. "This no doubt helps to explain why the transition to decontrol was less painful than some had imagined it would be" (Power, Sicat 1970: 103). This phase of import substitution, based at first on controls enacted as a short-term response to a world currency crisis, and later on a tariff structure that changed nothing in the economic structure at all, led to (among others) an inward-looking industrial sector highly dependent on imported inputs, an excessive reliance of the economy on a few primary exports, slow economic growth, and greater economic inequality (Power, Sicat 1970: 9).

Conflicting Signals: Marcos 1970s

The 1970s brought with it political and economic upheavals, resulting to several changes in trade policy, often conflicting in trade orientation or objective. On the one hand, reforms made under the early Marcos Administration targeted export-oriented industries, and it was also at this stage that economic diplomacy entered the picture through ASEAN (Sicat 2002: 9). On the other hand, no "significant trade liberalization" had been made by the Administration (Bautista, Power, et. al. 1979: 20), and with the declaration of martial law, many major industries fell under the control of Marcos cronies. Moreover, the combined political and economic crisis that was brewing at the end of the decade would force the reversal of a number of these reforms (Sicat 2002: 10).

The roots of the industrial targeting policies pursued in this decade come from the 1967 Industrial Incentives Act (RA 5186) that created the Board of Investments (BOI), and the 1970 Export Incentives Act (RA 6135), which specified the qualifications of a domestic industry to receive tax exemptions and subsidies on imports, and expanded the list of qualified industries and businesses. Between these two laws, beneficiary sectors of Philippine manufacturing would thrive: analyses by the Bautista/Power & Associates study note only "modest increases in the annual growth rate of manufacturing output" from 1970-1973 (averaging 5%), though there was a sudden acceleration to 14.8% in '73. The authors attribute such performance to the fact that it was already a big improvement relative to the decelerating rate of growth in the mid-to-late '60's (Bautista, Power, et. al. 1979: 24).

More telling, however, is *the low number of firms which availed of BOI incentives*, which necessarily affected assessments of the effects of incentives on national economic performance (Bautista, Power, et. al. 1979: 24). The strong performance of the export sector of the economy in 1973 could be better attributed to a world price commodity boom in the same period, than solely to devaluations of the Philippine currency (Bautista, Power, et. al. 1979: 25).

As with the 1950s and 1960s, the Central Bank continued to administer both tariff policy and remaining import controls over “nonessential” products. The simplified tariff code was issued effective January 1, 1973, raising rates on 796 product lines, reducing rates on 451, and leaving 392 lines unchanged (Bautista, Power, et. al. 1979: 21). Also like before, the objective of these barriers to trade was to improve the balance-of-payments position of the Philippines—the country in fact enjoyed a surplus of US$44 million in 1973 (Bautista, Power, et. al. 1979: 21).

The first OPEC oil crisis of 1973, however, would wipe out most of these gains in manufacturing, including the 1973 trade surplus (Bautista, Power, et. al. 1979: 22). More puzzling, however, given the desire for an export-oriented manufacturing sector, was that the sectors of industry enjoying the highest effective protection rates (EPR) were those which *did not export to any significant extent*. Worse still, those which did export were being penalized relative to their foreign competitors (Bautista, Power, et. al. 1979: 40; 39). Insult to injury, the foreign loans that sustained growth during this period would finally take its heavy toll in the debt crisis of 1980 as Marcos cronies abused the economic sector (de Dios, Hutchcroft, in Balisacan, Hill 2003: 50).

Perhaps the best evaluation of policy efforts in the 1970's could come from *Catching Up With Asia's Tigers*, page 24: “It would appear that the Industrial Incentives Act of 1967, the Export Incentives Act of 1970, and the tariff rationalization in 1973 did not change much the structure of industrial protection, as reflected in the continuing high effective protection rates for industrial consumer goods that were on average four times those for capital goods in both 1965 and 1974... Export production continued to be heavily penalized relative to other industries, the average EPR for the latter being about 15 times that for the former in 1974… Furthermore, despite the large nominal devaluation... the real exchange rate remained highly overvalued during the 1970's.”

Force Majeure Liberalization: **Marcos 1980s - Aquino 1992**

Again the world economic context would force a revamp of Philippine trade (and economic) policy, this time through the International Monetary Fund (IMF), and this time in a Philippine environment of rapidly unraveling economic fundamentals (Sicat 2002: 10) and political chaos.

Liberalizing conditionalities were attached to the structural adjustment loans extended by the IMF to the Philippine government to head off the impending debt and BOP crisis the country faced at the end of the 1970s. As a result, among others, the government embarked on the first Tariff Reform Program of 1981 (TRP 1981), which aimed to reduce EPRs to between 30%-80%, even off protection for all sectors of the economy, reduce tariffs from highs of 100% for many "nonessential" products, and tariffication or import decontrol of the remnants of the Central Bank's import restriction list (Erlinda, Tecson, et. al. 1996: 25). Changes to tax policy would also reduce the bias for domestic industry (Tan, in Erlinda, Tecson, et. al. 1996: 170). A 1983 BOP crisis would, however, lead government to suspend the import liberalization program for three years (Tan, in Erlinda, Tecson, et. al. 1996: 170), and introduce a general import tax and additional duties on imports, and devalue the Philippine peso (to further curtail imports) (Bautista, Tecson, in Balisacan, Hill 2003: 141)

1983 would also see the assassination of Senator Benigno "Ninoy" Aquino, and the political chaos as a result would unseat Marcos from 20 years of continuous rule and install Aquino's widow, Corazon "Cory" Aquino, as the new President of the Republic. She continued the economic liberalization policy agreed to by the Marcos Administration in the early 1980s, but interestingly enough, trade policy reform now also acquired the flavor of being "anti-Marcos" (in that it targeted the protection enjoyed by the crony-operated industries) and thus earning social legitimacy (de Dios, Hutchcroft, in Balisacan, Hill 2003: 53). In addition, in the last months of the Aquino Administration the Philippines would sign into the ASEAN Free Trade Agreement of 1992, emplacing another set of trade/tariff commitments (on top of GATT) to the international community (in this case, ASEAN member countries).

Embedded Liberalization:
The Ramos Administration (1992-1998) and Beyond

If the 1949 currency exchange crisis had embedded protectionism into the policy framework and political economy of the Philippines (as argued earlier), the 1980s' combination of debt crisis and structural reform, and People Power Revolution, would sow the seeds of embedded liberalization and global orientation into the same policy framework. Though the traditional industrial elite which had benefited from over three decades or more of protection and state coddling would still resist (quite naturally), government policy would reflect the economic liberalization mindset that began to pick up pace in the 1980s around the world. The more open and democratic space post-Marcos would also introduce new political voices in the economic policy arena, based around small and medium enterprises and exporters (de Dios, Hutchcroft in Balisacan, Hill 2003: 54), which would compete with the traditional industrial lobbies.

Key to this embedding were EO 470 which would launch the next phase in Philippine tariff reform, and the election of President Fidel V. Ramos in the next year (1992). EO 470, which coincided the second phase of the Tariff Reform Program (TRP II), would further lower average tariff rate from 28% to 20% (Erlinda, Tecson, et. al. 1996: 25).

The Ramos Administration would provide the proverbial kick in the pants that would launch Philippine trade policy into mass liberalization and globalization. Under Ramos, the country signaled its participation in international trading agreements—GATT-WTO, AFTA, APEC—that would cement Philippine tariff and trade commitments in international law (EAAU 1998: 88, Rodolfo November 2002: 33). EOs were promulgated that operationalized the intents of EO 470 (Rodolfo November 2002: 33).

In the incredible momentum of trade liberalization under Ramos, it is important to note the role of the Presidency in bringing about this sea change in policy orientation in both government and society. In particular, "the success of the Ramos reforms rested on the deft and savvy leadership of the president and his key advisers, especially (Jose) Almonte" (de Dios, Hutchcroft, in Balisacan, Hill 2003: 55). The two combined a liberalizing ideology and—especially in Almonte's case—a "marked distrust of the Philippine business elite"—with savvy political maneuvering and exercise of strong executive leadership (under the aegis of a "strong state") (de

Dios, Hutchcroft, in Balisacan, Hall 2003: 55-56) to push forward tariff reform, international trade agreements, and other liberalizing policies, often in the face of political-economic oligarchies. But even the business elite came around to Ramos' and Almonte's view (de Dios, Hutchcroft, in Balisacan, Hall 2003: 56). Not that a strong and sustained economic growth from 1992-1997 did not help one bit in generating legitimacy for liberalization, either.

The 1997 Asian Financial Crisis did nothing to derail greatly the trade liberalization momentum under Ramos; neither did the short presidency of Joseph Estrada (1998-January 2001) undertake any major policy shifts. He, in fact, made explicit commitments to continue the liberal reforms undertaken under Ramos. The *juetengate* scandal that blew up in October 200, however, undermined the credibility of the Administration, and threatened the modest gains from the Ramos reforms and the post-1997 Philippine economic recovery (de Dios, Hutchcroft, in Balisacan, Hall 2003: 62)."If the Estradqa episode demonstrated anything, it was that institutions themselves were weak, corruptible, and susceptible to capture, *even in their normal state*" (de Dios, Hutchcroft, in Balisacan, Hill 2003: 63)—a condition all too common even in the years from 1950-1986.

The Gloria Macapagal-Arroyo administration which succeeded Estrada, and then after which she went on to win a presidential term in 2004, is one of mixed signals in the arena of trade policy reform/liberalization. As an economist, she would have understood the rationale for prudent liberalization of trade and the economy. Even Sicat was willing to say that "Gloria Macapagal Arroyo has shown by her perseverance on economic issues that she will move the forward motion towards a more open economy" (Sicat 2002: 10). On the other hand, recent pronouncements on her part indicate a desire to slow down or suspend/postpone trade liberalization (especially in the case of AFTA, where she recently invoked the Protocol that suspended liberalization of the petrochemical industry), and even raise tariff rates to the maximum allowable under WTO bindings [this would not be in breach of WTO commitments). Moreover, the country is in fact *behind* its AFTA commitments: the Administration had not, as early as 2002, enacted the EOs required to comply with AFTA inclusion list requirements (Rodolfo November 2002: 36). And empirical analysis of average tariff rates for agriculture and manufacturing shows an increase in rates for 2003.

CONCLUSION

It would be unfair to say that no attempts (apart from Ramos) had been made by policymakers to formulate an independent trade policy dependent on economic logic and national interest alone and not bound by historical or political considerations. But as this history demonstrates, trade policy had often been either an unintentional reaction to global economic and political events, or captured by local elites demanding protection of their gains and benefits from the vagrancies of competition and deregulation/liberalization. What grand dreams Marcos had for the Philippine economy, for example, had been lost to the winds of the oil shock-induced economic crisis of 1973, and later to the political crisis that cost him the Presidency—if not thoroughly abused by crony capitalism.

But on the whole of it trade policy direction in this country has been initially reactive to global forces—either the currency crisis that threatened to drain the Central Bank's reserves, or the IMF conditionalities that mandated the liberalization of the trading sector—and later gained its own momentum as the business beneficiaries of these policies set about to embed the economic framework (import substitution, liberalization) into government policy. In the overarching analysis of trade policy history from 1949-2004 we highlight the following important points and characteristics of this history:

- Trade policy does not exist alone or in a policy vacuum; in this Philippine case, it is enmeshed within a larger development agenda and strategy which is often the arena for political competition among politicians, elites and lobbyists, and at times international businesses and organizations (ex: IMF).
- But even while enmeshed under a greater framework or strategy, the two big changes to trade policy we have noted above (in 1949 and the 1980s-1992) did not come about as a result of independent government action, but as a result of government *reaction* to global economic events, shocks, or demands.
    - In the 1949 case, the Philippines adopted import controls and other similar barriers to imports in order to prevent the currency crisis from draining the Central

Bank's foreign reserves, and thus conserve scarce foreign currency assets.

- In the 1980-1992 case, because of the fiscal and balance of payments bind the country was in as a result of economic setbacks in the 1970s, the government adopted liberal reforms specified under IMF conditionalities that saw the beginning of the liberalization of the import sector.

- After these initial reactions, however, their economic consequences began to develop momentum in favor of the economic development framework which best suited such trade policies.
  - What began as a short-term tactic to conserve foreign currency reserves was elevated by the government of Quirino, Magsaysay, and Garcia into an import-substituting industrialization strategy of Philippine development. The decontrol under Macapagal, and industrial targeting and export orientation under Marcos, simply changed the favored tools of this strategy (from import controls to tariffs, and an expansion of the subsidies and credits for favored industry), but not the oberall thrust of the policy framework or the industrial structure it protected.
  - Both Estrada and Macapagal-Arroyo had explicitly stated that they would continue the trade liberalization and reform program begun under Ramos (although in the Macapagal-Arroyo case she had recently given indicators otherwise in explicit pronouncements and foot-dragging over policy).
- These policies also develop a beneficiary group of business elites or class which then agitate for the continuation or extension of the policy framework.
  - The 1949-1979 policies created a business class based on consumables and heavy manufacturing, dependent on cheap imports and easy access to foreign currency reserves (and loans), and thus lobbied for ISI-based policies and protection.
  - The contemporary policies from Aquino, Ramos, and beyond in turn nurtured a globally-oriented entrepreneurial class that supported trade liberalization

in that it gave them access to both global resources *and* a global market (whereas the prior era was biased in favor of domestic-consumption industries).

- President Fidel Ramos in particular figures most strongly in this analysis because, while events in the 1980s embedded liberalization in the country's economic and policy framework, Ramos did more than most to actualize or operationalize this framework in Philippine trade policy, making it an *active* commitment and participation of the Philippine government, rather than a passive reaction to events and lobbying.

Does this mean then that there is hope for a future Philippine trade policy consistent with liberalization? No… and yes. No, because, as indicated before, the institutions of Philippine policymaking are easily captured, corruptible, or at least swayed. President Macapagal-Arroyo's actions in recent years, which indicate a softening of the official Philippine position on trade liberalization, are indicative of this trend. And this country will still have to react to global events that greatly change the political and economic context of the world economy (e.g. 9/11 and the following recession, oil prices). Yet liberalization—or at least the minimal commitment to internationally-agreed upon trade barriers and tariff rates—is embedded not only in the policy framework of Philippine government, but also in international obligations and law. Whatever reversals Arroyo or anyone else in the future will make can only go as far as the limits set under the WTO, AFTA, and elsewhere, and there will be a cost associated with renegotiating these limits. Additionally, the rise of a new business middle class that enjoys benefits from globalization and liberalization of the economy will ensure that there is at least one political supporter in favor of continued liberalization. It is this class' participation in the policy formulation and implementation procedures in Philippine government that can help set the tone for the future of Philippine trade policy.

APPENDIX

TABLE 1. Structural Policy by Type of Market of Objectives, 1949-1995

Period	Growth	Stability
1949-1959	Import-driven and industrial Investment-led	Import and exchange controls
1960-1966	Debt-driven growth; later in the 1960's, investment-led growth	Decontrol of imports and foreign exchange restrictions/deficit financing
1967-1973	Debt-driven growth; greater export-orientation	Devaluation; floated peso
1974-1979	Debt-driven and export-led growth	IMF credit facility; massive construction spending thru government barrowing; export diversification
1980-1985	Growth Objective postponed in favor for stability due to serious economic crisis	IMF stabilization/structural adjustment program pushing for trade liberalization; Market oriented exchange rate; devaluation; deregulation of interest rates; foreign exchange rationing; moratorium on debt repayment; debt restructuring
1986-1992	Investment-led growth; industrial revitalization; restoration of free enterprise system	Import liberalization; tariff reform; financial liberalization; privatization; removal of restrictions on foreign investments
1993-1995	Export and investment-led growth	Deregulation of industries; further trade; financial and investment liberalization and privatization; rehabilitation of energy and water resources sectors
Source: Dejillas & Constantino, 1996, p. 37		

TABLE 2. Philippine Global Economic Policy as Contrasted with Local Policy

	Broad Characterization	**RP Economic Structure**
Spanish Colonial Era	Absence of Local Economic Policy -RP as part of Galleon Trade (Spain, Mexico, China) -In later years, commercial dominance of other western countries	Mainly Agricultural Agricultural Crop exports: Sugar cane, abaca, tobacco leaves, coconut, coffee beans
American Period	Local Policy as part of Global Policy (Classical Colonial Economy) -RP as provider of Raw Materials to US -US as source of manufactured goods for RP	Mainly Agricultural Main Processed Agricultural exports: Processed sugar, coconut products, cigars, abaca products
Period of Reconstruction (1946-1950's)	Local Policy as an Extension of Global Policy (Neo-Colonialism) -RP as provider of raw materials to US and Japan	Agriculture and services oriented (Industries were damaged by the war) Main export product: traditional agricultural products (sugar, coconut products, etc.)
Period of Import Substitution (1950's-1960's)	Global Policy as a extension of Local Policy (Import-Substituting Industrialization Strategy) -Local goal of industrialization promoted thru Import and Foreign Exchange Controls	Increased Industrial production and service sector growth; decline in agriculture Main Export product: traditional agricultural products, mineral products (e.g. Copper)
Period of Export and Investment Promotion (mid-1960's-1980's)	Globally Dependent Policy (Export Promotion Strategy) -Integrating local production with global market needs -Exports, Foreign Investments and Foreign Debt as tripod of local Policy	Growth of Industrial and services sectors Ain export product: Garments, Agric Products, including fisheries (prawns and tuna) and fruits (mango bananas, pineapple) mineral products (copper)
Globalization (1990's)	Globalization as the Local Policy -Continuation of Trade Reform and Liberalization of Sectors -Minimal Government intervention; reliance on market	Service oriented economy: Decline of Agri. Main Export Product: Electronics, Garments, Export Crops
Source: Rodolfo, 2002. p. 35		

TABLE 3. HISTORY OF PHILIPPINE ECONOMIC POLICIES

Year	President	Major Events of Period		Regulatory Regimes		
		Philippine Politics and Economic Policy	**World Political and Economic Events**	**Foreign Exchange**	**Trade Restrictions**	**Domestic Investement**
1949	Elpidio Quirino	Import and Exchange controls adopted		Central Bank begins operations.		
1950	Elpidio Quirino		Korean War, 1950-1953	Exchange controls are instituted		
1951	Elpidio Quirino	New and necessary legislation for national wages	Minimum wage legislation for national wages, for industrial and agricultural workers		Link of opening of lectters of credit via goods classified for imports	

1955	Ramon Magsaysay	Laurel-Langley Agreement revises the Bell Trade Act provisions		Exchange rate sovereignty restored to the Philippines under the revised trade agreement	Bilateral preferential agreement becomes favorable to other Philippine non-traditional exports	
1958	Carlos P. Garcia	Filipino First				
1960	Carlos P. Garcia	Basic Industries Law	American Intervention in Vietnam's Civil war begins escalating			
1962	Diosdado Macapagal	Exchange decontrol		Removal of exchange controls		
1963	Diosdado Macapagal	Tariff Code and Protection			Protective tariffs replace some quotas and exchange controls	Credit policy for preferred industries available with the government financial institutions

1964	Diosdado Macapagal	Retail trade nationalization	Birth of ASEAN		Tariff provisions have barriers: rates dependent on certification	
1965	Diosdado Macapagal				Retail trade restrictions to foreigners	
1968	Ferdinand Marcos	Creation of BOI and Investment			Some tariffs linked to preferred and pioneer	Preferred and pioneer industries given high protection
1970	Ferdinand Marcos	Export Incentives Law		Floating exchange rates		More liberal export incentives, extended also to foreign investment

1971	Ferdinand Marcos	Consultative Group for the Philippines chaired by the World Bank or-ganized to co-ordinate foreign Development Assistance				Creation of PEZA Leads to PEZs in Mariveles, Mactan Baguio, and Cavite in later years during 1970s
1972	Ferdinand Marcos	September 21--Martial Law declared				
1974	Ferdinand Marcos	1973 Constitution adopted. NEDA is created, merging the Presidential Economic Staff (PES) and the National Economic Council	Middle East War OPEC and first oil shock			

1974	Ferdinand Marcos		Abandonment of Bretton Woods system -- floating exchange rates		Abolition of tariff protection with prior approvals -- tarification ofprotection	
1975	Ferdinand Marcos		Fall of Vietnam to Communism			
1976	Ferdinand Marcos	Financial Reforms in banking -- early phase of increased bank capitalization program	Economic Minister of ASEAN set up structure for economic cooperation and Bali Summit of leaders approves structure.			
1978	Ferdinand Marcos		Second oil shock			
1981	Ferdinand Marcos		US Fed interest rate shock to cure US inflation.			

1982	Ferdinand Marcos	Ninoy Aquino's assasinantion triggers political and economic crisis				
1986	Corazon Aquino	EDSA Revolt; Fall of Marcos; Mrs. Aquino assumes government	Beginning of large flows of foreign direct investments to China and Southeast Asia, especially to Thailand Malaysia, and Indonesia			
1987	Corazon Aquino	1987 Constitution; Elections, Presidency and Congress restored			Resumption of Trade liberalization and structural adjustment.	Transfer of non-performing assets and liabilities to government of PNB and DBP to clean their books ad restructure.

1988	Corazon Aquino	Nuclear power plant, Although almost finished, isnot Commissioned to Service and abolishes Energy Department				
1990	Corazon Aquino	Power shortages in Metro Manila become Common and Disruptive.	Fall of Soviet Union			
1992	Corazon Aquino	US military bases Treaty abrogated generation. Government				

1993	Fidel Ramos	Power shortage becomes an early Priority with a fast-track authority to Rebuild capacity of Energy generation. The passage of the Local Government Autonomy Act. Creation of PEZA -- Philippine Export Zone Authority. Naval Base becomes a Freeport Zone. Clark Air Base transformed also into an Export Processing Zone.				Use of BOT, BOOT and other financial innovations allow private financing of investment.

1994	Fidel Ramos		World Trade Organization (WTO) is created; ASEAN announces Free Trade Area agreement for 2010.	Liberalization of foreign exchange transactions apply to capital flows	Accession to WTO commits country to less restrictive trade policies. ASEAN announcement leads to anticipated changes in regional trade and first to adjust are multinational companies that realign their plants and markets in region	

1996	Fidel Ramos					PEZA further liberalizes setting up export processing zones set up by private sectors and joint ventures thereby extending and further encouraging foreign direct investments for export industries.
1999	Joseph Estrada	Liberalization of retail trade industry.				
2000	Joseph Estrada	Estrada Impeachment trial				
2001	Gloria Macapagal-Arroyo	EDSA II -- January 2001 -- Gloria Macapagal-Arroyo installed as President	Sept 11 - Terrorism in World Trade Center, NYC			Electricity reform to restructure NPC and created competition in energy generation.

Source: Sicat, pp. 62-69

BIBLIOGRAPHY

Bautista, Maria Socorro, and Dante Canlas. (2003). "Monetary and Exchange Rate Policy." *The Philippine Economy: Development, Policies, and Challenges*. Arsenio Balisacan and Hal Hill (Eds.). Quezon City: Ateneo de Manila University Press.

Bautista, Romeo M., John H. Power and Associates (1979). *Industrial Promotion Policies in the Philippines*. Makati: Philippine Institute for Development Studies.

Bautista, Romeo, and Gwendolyn Tecson. (2003). "International Dimensions." *The Philippine Economy: Development, Policies, and Challenges*. Arsenio Balisacan and Hal Hill (Eds.). Quezon City: Ateneo de Manila University Press.

David, Cristina. (2003). "Agriculture." *The Philippine Economy: Development, Policies, and Challenges*. Arsenio Balisacan and Hal Hill (Eds.). Quezon City: Ateneo de Manila University Press.

Dejillas, Leopoldo, and German Constantino. (1996). "Structural Policy and the Market Economy." *Economic Policy and the Market Economy*. Leopoldo Dejillas (Ed.). Makati: Institute for Development Research and Studies.

de Dios, Emmanuel, and Paul Hutchcroft. (2003). "Political Economy." *The Philippine Economy: Development, Policies, and Challenges*. Arsenio Balisacan and Hal Hill (Eds.). Quezon City: Ateneo de Manila University Press.

East Asia Analysis Unit. (1998).

Golay, Frank. (1968). *The Philippines: Public Policy and National Economic Development*. New York: Cornell University Press.

Hartendorp, A.V.H. (1958). *History of Industry and Trade of the Philippines*. Manila: American Chamber of Commerce of the Philippines, Inc.

Hill, Hal. (2003). "Industry." *The Philippine Economy: Development, Policies, and Challenges*. Arsenio Balisacan and Hal Hill (Eds.). Quezon City: Ateneo de Manila University Press.

Medalla, Erlinda, Gwendolyn Tecson, Romeo Bautista, John Power and Associates,.(1996). *Catching Up with Asia's Tigers*. Makati: Philippine Institute for Development Studies, 2 volumes.

Power, J. H. and G. P. Sicat. (1971). *The Philippines: Industrialization and Trade Policies*. London, Oxford University Press.

Rodolfo, Perry. *SMN*. Vol. 2, No. 1. November 2002. University of Asia and the Pacific.

Sicat, Gerardo. *The Political Economy of Philippine Economic Reforms*. <http://dirp3.pids. gov.ph/silver/documents/Sicat%20paper.pdf.>