

Foreword

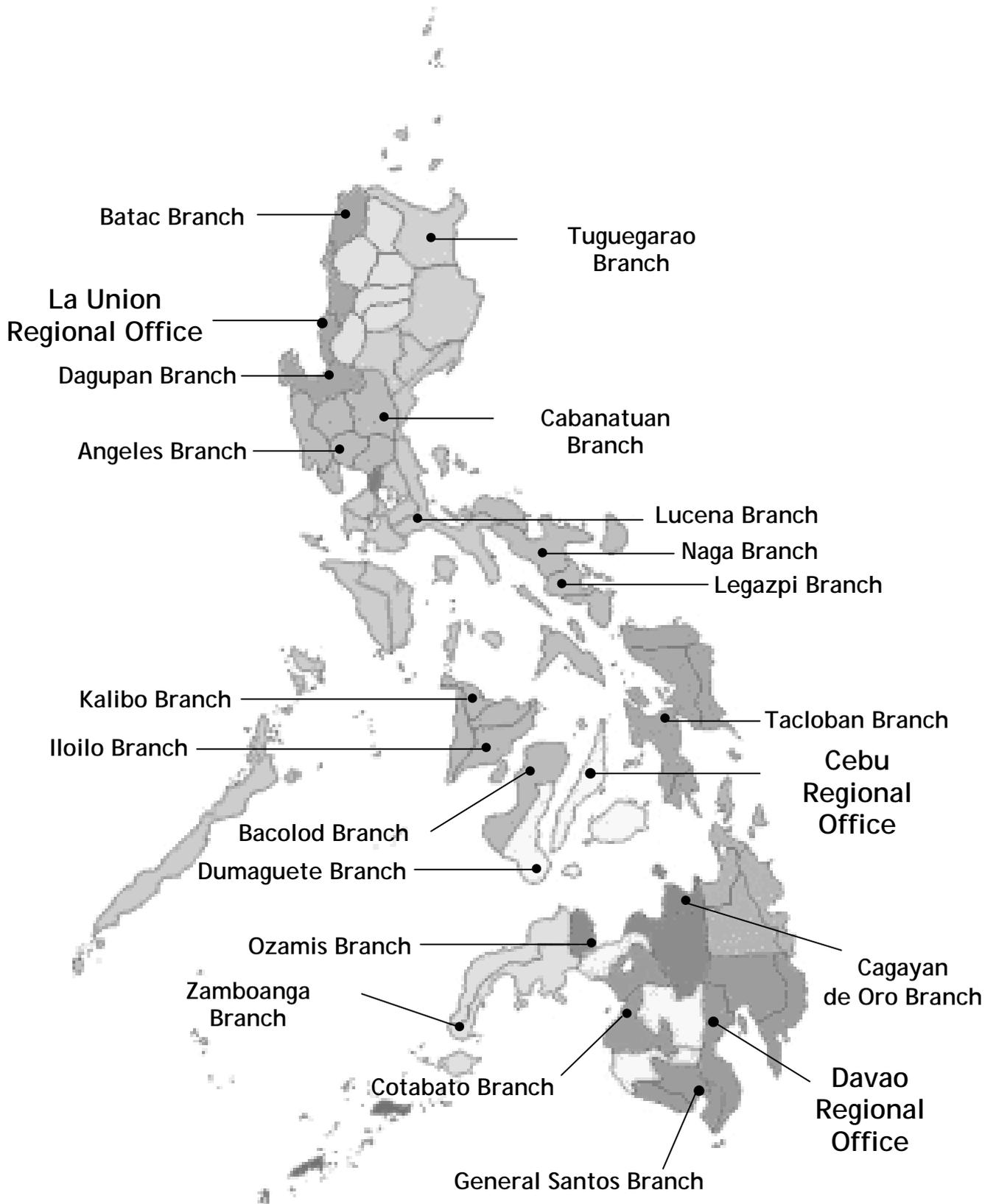
In June 2005, the Monetary Board approved the release of the maiden issue of the BSP's Report on Regional Economic Developments in the Philippines. The new report widens the scope of BSP's market surveillance, adding a geographic dimension to the economic indicators that it regularly monitors. Analysis of regional trends and developments helps in honing the BSP's analytical tools for monetary policy formulation and financial supervision.

The report tracks economic developments in the regions, focusing on demand and supply conditions, price developments and monetary conditions, as well as the emerging outlook. It helps confirm the results of business and consumer expectations surveys conducted by the BSP. Moreover, identifying opportunities and challenges faced by the different regions enhances further the BSP's forward-looking and proactive approach to monetary policy.

Regional performance is gauged using developments in output, prices, and employment. Selected key indicators in each of the major sectors of the economy are the focus of the surveillance. Agriculture covers rice and corn, crops such as coconut and tobacco, livestock, fishery, and poultry production. In industry, the number of building permits and housing starts are used to measure construction activity; while in the services sector, hotel occupancy rate and banking sector performance are analyzed. Developments in major industries particular to each region are also included.

Qualitative and quantitative information used in the report are collected from primary and secondary sources and reflect the extensive information gathered by the BSP regional offices and branches on a provincial level.

BSP Regional Offices/Branches ^{1/}



PHILIPPINES: Regional Composition

Region ¹	Provinces
National Capital Region (NCR)	Cities of Caloocan, Las Piñas, Quezon City, Makati, Manila, Muntinlupa, Parañaque, Pasig, Pasay, Malabon, Mandaluyong, Marikina, and Valenzuela, and the Municipalities of Navotas, Pateros, San Juan, and Taguig
CAR (Cordillera Administrative Region)	Abra, Benguet, Ifugao, Kalinga Apayao, and Mountain Province
Region I - Ilocos Region	Ilocos Norte/Sur, La Union, and Pangasinan
Region II - Cagayan Valley	Batanes, Cagayan, Isabela, Nueva Vizcaya, and Quirino
Region III - Central Luzon	Aurora, Tarlac, Pampanga, Zambales, Bataan, Nueva Ecija, and Bulacan
Region IV A - CALABARZON (Cavite, Laguna, Batangas, Rizal, and Quezon)	Cavite, Laguna, Batangas, Rizal, and Quezon
Region IV-B MIMAROPA (Mindoro, Marinduque, Romblon, and Palawan)	Occidental/ Oriental Mindoro, Marinduque, Palawan, and Romblon
Region V - Bicol Region	Camarines Norte/Sur, Albay, Masbate, Sorsogon, and Catanduanes
Region VI - Western Visayas	Negros Occidental, Iloilo, Antique, Guimaras, Palawan ² , Aklan, and Capi
Region VII - Central Visayas	Bohol, Cebu, Negros Oriental, and Siquijor

¹ BSP Regional Offices are located in Regions I (La Union), VII (Cebu), and XI (Davao). There are BSP branches/offices located in Regions I - XII. These offices/branches have currency units which handle cash transactions in the regions.

² Implementation of Executive Order transferring Palawan to Region VI has been deferred. This province will be included in the report of Region VI once the deferment is lifted.

Region ¹	Provinces
Region VIII - Eastern Visayas	Leyte, Southern Leyte, Biliran, Eastern/ Northern Samar, and Samar
Region IX - Zamboanga Peninsula	Zamboanga Sibugay, Zamboanga del Norte/del Sur, Zamboanga City (Zamboanga Peninsula), and Isabela City (Basilan Province)
Region X - Northern Mindanao	Bukidnon, Camiguin, Misamis Oriental/Occidental, and Lanao del Norte
Region XI - Davao Region	Davao City, Davao del Norte/Sur, Davao Oriental, and Compostela Valley
Region XII - Central Mindanao and SOCKKSARGEN (South Cotabato, Cotabato, Sultan Kudarat, Sarangani and General Santos City)	North/South Cotabato, Sultan Kudarat, Sarangani, and the cities of Cotabato, General Santos, Kidapawan, Koronadal, and Tacurong
Region XIII - Caraga	Agusan del Norte/Sur and Surigao del Norte/Sur
ARMM (Autonomous Region in Muslim Mindanao)	Basilan, Lanao del Sur, Sulu and Tawi-Tawi, and Maguindanao Province

Key Regional Developments

Gross Domestic Product

- Gross Domestic Product (GDP) grew at a faster pace of 5.4 percent in 2006 from 4.9 percent in the previous year, buoyed by the strong performance of Cagayan Valley which grew by 7.2 percent, Northern Mindanao by 6.8 percent and SOCCSKSARGEN by 6.7 percent. The slowest growing regions were Zamboanga Peninsula (2.1 percent), MIMAROPA (2.3 percent) and Bicol Region (2.6 percent).

Crop Production

- In the second semester of 2006, grain production continued to grow as a result of improvement in yield; area expansion; favorable weather conditions in major rice producing areas such as Central Luzon and Western Visayas; and sustained usage of hybrid and high quality inbred seeds. The highest growth rates were registered in the Ilocos Region for palay, and Cagayan Valley for corn.

Livestock, Poultry, Fishery

- Cattle production registered a decline while chicken and swine production recorded moderate increases. The decrease in cattle production was due to the decrease in cattle inventory, owing mainly to low breeding base, unavailability of ranching areas and inadequate veterinary services. Technical and financial assistance for swine raisers led to an increase in swine production in the second semester of the year.

Construction

- Construction activity for commercial and residential structures remained weak as shown by the decline in the number of new building permits in 12 out of 17 regions and housing starts in 13 out of 17 regions. Robust upturns (19-34 percent) were posted in the National Capital Region (NCR) and Eastern Visayas. High cost of construction and strong typhoons in the last four months of the year dampened construction activity in Bicol Region, CALABARZON and MIMAROPA.

Tourism

- Tourism activity posted moderate growth in 2006 as a result of continued adoption of programs by the Department of Tourism to promote the Philippines as a tourist

- destination. Posting high growths in occupancy rates were the Bicol region and Northern Mindanao.
- Banking**
- The NCR is the country's financial center where 70 percent of the total deposits and 90 percent of the total loans of the banking system were concentrated. Most regions recorded increases in deposits and loans, reflecting the ample liquidity and increasing economic activity.
- Inflation**
- Inflation continued to be benign for most of the regions in the first ten months of 2007 as a result of stable food prices and the firmness of the peso. CAR posted the lowest average inflation at 1.6 percent while ARMM registered the highest average inflation rate with 4.7 percent, due to higher increases in all commodity groups.
- Employment**
- Five regions of the country recorded high employment rates with 96 percent of their labor force reported as employed, based on the July 2007 Labor Force Survey. On the other hand, NCR and Central Luzon posted unemployment rates of more than ten percent.
- Opportunities and Challenges**
- Many projects and programs are being implemented to promote the continued development and sustainable growth of the regions. Construction of highways and bridges and rehabilitation of provincial airports are foreseen to support infrastructure development, while the establishment of malls and offices for BPOs are expected to provide business and employment opportunities for many Filipinos in the regions.
 - To stimulate further economic growth in the regions, the Medium Term Development Plan (MTDP) 2004-2010 included in its roadmap for development, the adoption of the One Town One Product program; establishment of small and medium enterprise support centers nationwide; and expansion of agricultural product mix through planting of high-value crops and adoption of innovative packaging and agro-processing techniques. Priority

infrastructure projects were likewise identified to decongest Metro Manila and support the development of new centers of government, facilitate access to tourist areas, promote peace and development in areas outside NCR, particularly in Mindanao and other impoverished areas.

- Further serving as a catalyst for development, the “Super Regions” strategy was adopted to capitalize and focus on the economic strengths of the regions. The geographical units grouped into five super regions were the Northern Luzon Agribusiness Quadrangle, the Metro Luzon Urban Beltway, the Central Philippines, the Mindanao Super Region and the Philippine Cyberservices Corridor, which traverses the “super”regions from Baguio to Cebu to Davao.
- On the other hand, a number of challenges remain. In agriculture, high cost of farm inputs, inadequate supply of agricultural extension workers, insufficient irrigation and post-harvest facilities and cheap imports which compete with local products are some of the challenges that need to be addressed. Access to financing remains a concern across industries.

Second Semester 2006 Economic Performance

Economic Performance

Gross Regional Domestic Product (2006)

GRDP picks up in 2006 led by Cagayan Valley, Northern Mindanao, NCR, and SOCCSKSARGEN

Gross Domestic Product, By Region
At constant prices
Growth Rate (%), y-o-y

Region	2005	2006
PHILIPPINES	4.9	5.4
1 NCR	7.4	6.8
2 CAR	0.7	3.5
3 Ilocos Region (I)	5.2	6.2
4 Cagayan Valley (II)	-4.3	7.2
5 Central Luzon (III)	2.7	4.8
6 CALABARZON (IV-A)	2.6	4.6
7 MIMAROPA (IV-B)	6.4	2.3
8 Bicol Region (V)	5.0	2.6
9 Western Visayas (VI)	4.9	4.9
10 Central Visayas (VII)	6.0	5.0
11 Eastern Visayas (VIII)	3.1	4.9
12 Zamboanga Peninsula (IX)	6.9	2.1
13 Northern Mindanao (X)	4.4	6.8
14 Davao Region (XI)	4.1	4.4
15 SOCCSKSARGEN (XII)	2.3	6.7
16 Caraga	3.9	4.9
17 ARMM	3.7	4.1

Source: National Statistical Coordination Board

CALABARZON is the major contributor to agricultural production

- Total Gross Domestic Product (GDP) grew at a faster pace of 5.4 percent in 2006 from 4.9 percent in the previous year, buoyed by the strong performance of Cagayan Valley which grew by 7.2 percent, Northern Mindanao by 6.8 percent, NCR by 6.8 percent and SOCCSKSARGEN by 6.7 percent. The slowest growing regions were Zamboanga Peninsula (2.1 percent), MIMAROPA (2.3 percent) and Bicol Region (2.6 percent).
- Cagayan Valley posted a marked turnaround from its 4.3 percent decline in 2005 due to the rebound in its agriculture and industry sectors. The agricultural sector, which accounted for more than half of the region's output, benefited from the increase in corn, coconut, banana, and sugar cane and fishery production. Its industry sector was boosted by the significant growth of mining and quarrying, due to the increase in production of natural gas in Isabela.
- For Northern Mindanao, growth was underpinned by the sharp increase in its industry sector led by mining and quarrying, and utilities which expanded by 31.5 percent and 12.1 percent respectively.
- The NCR posted a 6.8 percent growth, slower than the 7.4 percent expansion a year ago. The deceleration was due to the contraction in agriculture and slack in services.
- SOCCSKSARGEN grew at a robust pace due to the recovery of its agricultural sector and the sustained upturn of its industry sector. This regional economic corridor has abundant agriculture and natural resources and modern infrastructure including an international airport.
- By economic activity, CALABARZON remains a major source of agricultural and fishery products, as it accounted for 12.2 percent of the total agriculture, forestry and fishery (AFF) output. The region's agricultural products include coconut, coffee, cabbage, hogs, and fish. The other regions with significant shares

NCR accounts for the largest share of industry and services output

in total AFF were Central Luzon (11.0 percent) and Western Visayas (10.2 percent).

- In the industry sector, NCR continued to be the center of industrial production as it contributed more than a third to industry output. Manufacturing dominated NCR's industry sector. CALABARZON came in second with a 15.7 percent share while Central Luzon followed with 9.4 percent.
- In the services sector, NCR likewise accounted for 43.6 percent of the sector's GDP. Driving the expansion of the services sector in the NCR were finance, private services, other dwelling and real estate and trade. CALABARZON followed with a 10.2 percent share and Central Visayas with 8.7 percent.

Agriculture, Livestock, Poultry and Fishery (Second Semester 2006)

Palay production increases due to continued use of high-yielding varieties and favorable weather conditions

Palay Production, in metric tons
Growth Rate (%), y -o-y

Region	2nd Semester 2005	2nd Semester 2006
PHILIPPINES	1.3	2.5
1 CAR	-0.2	10.3
2 Ilocos Region (I)	6.6	17.6
3 Cagayan Valley (II)	0.4	-3.1
4 Central Luzon (III)	1.8	9.6
5 CALABARZON (IV -A)	-4.6	-21.7
6 MIMAROPA (IV -B)	-2.9	5.1
7 Bicol Region (V)	-3.5	-19.4
8 Western Visayas (VI)	-8.4	12.2
9 Central Visayas (VII)	-7.1	4.7
10 Eastern Visayas (VIII)	11.9	2.6
11 Zamboanga Peninsula (IX)	6.3	-18.7
12 Northern Mindanao (X)	5.3	-2.7
13 Davao Region (XI)	-1.1	-2.4
14 SOCCSKSARGEN (XII)	2.3	1.4
15 Caraga	22.4	3.1
16 ARMM	16.2	-22.7

Source: Bureau of Agricultural Statistics, Department of Agriculture

- Palay production in the second semester 2006 reached 8.8 million metric tons or a 2.5 percent growth compared with the 1.3 percent growth recorded in the same period last year.
- Significant increases in palay production were recorded in Ilocos Region (17.6 percent); Western Visayas (12.2 percent); CAR (10.3 percent); Central Luzon (9.6 percent); and MIMAROPA (5.1 percent). Central Luzon, Ilocos Region and Western Visayas were the top producers of palay accounting for almost half of the total production for the period.
- The higher growth in palay production was attributed to the following:
 - ✓ Use of hybrid and quality inbred seeds (CAR- Kalinga, Apayao and Benguet and Ifugao, Ilocos Region, Central Luzon, MIMAROPA, Western Visayas, Central Visayas, ARMM-Maguindanao, CALABARZON, MIMAROPA, Central Visayas, Eastern Visayas, Zamboanga Peninsula);
 - ✓ Sufficient rainfall and no destructive typhoons (CAR, Central Luzon, Western Visayas);
 - ✓ Increase in area harvested/area planted for palay production (Ilocos Region, Central Luzon, MIMAROPA, Western Visayas, Central Visayas);

- ✓ Intervention from the Ginintuang Masaganang Ani (GMA) Program of the Department of Agriculture (DA) (CAR; MIMAROPA, Western Visayas);
- ✓ Adoption of the "quick-turn-around" project, wherein the DA gave farmers free seedlings and fertilizers to improve palay production (Western Visayas);
- ✓ Support from local government units (LGUs) such as financial assistance (MIMAROPA, Western Visayas);
- ✓ Early harvest in December 2006 instead of January due to the use of early maturing varieties such as Rc28 and Rc14 (Pangasinan);
- ✓ Plantings in newly opened upland areas (Ilocos Norte); and
- ✓ Improvement/rehabilitation of irrigation systems (Ilocos Region-Ilocos Sur, Western Visayas -Negros Oriental).

ARMM, CALABARZON, Bicol Region and Zamboanga Peninsula register double-digit declines in palay harvest

- Regions that experienced double-digit declines in palay production include ARMM (-22.7 percent); CALABARZON (-21.7 percent); Bicol Region (-19.4 percent); and Zamboanga Peninsula (-18.7 percent). The reasons for the decrease in production include:
 - ✓ Bacterial leaf blight/tungro infestation which affected hybrid and inbred palay production (Cagayan Valley, Northern Mindanao-Misamis Oriental);
 - ✓ Crop damage due to typhoons Milenyo, Paeng and Reming which hit the country in the last four months of 2006 (CALABARZON, Bicol Region);
 - ✓ Rice black bug infestation (Sorsogon, Albay, Camarines Sur and Catanduanes);
 - ✓ Repair and rehabilitation of irrigation systems (Zamboanga del Sur); and
 - ✓ Decline in area harvested due to change in cropping pattern (Zamboanga Peninsula).

Corn production grows at a slower pace

- Corn production continued its growth but at a slower pace. Corn harvests grew by 6.0 percent in the second half of 2006, marginally lower than the 6.6 percent growth posted in the same period a year ago. Majority of the regions posted an increase in their production except for six regions which posted declines. Cagayan Valley (45.6 percent) and Western Visayas (34.5 percent) were the regions with strongest growth while CALABARZON (-25.8 percent) and Zamboanga Peninsula (-14.2

Corn Production, in metric tons
Growth Rate (%), y-o-y

	Region	2 nd Semester 2005	2 nd Semester 2006
	PHILIPPINES	6.6	6.0
1	CAR	39.1	14.5
2	Ilocos Region (I)	21.1	1.4
3	Cagayan Valley (II)	-17.3	45.6
4	Central Luzon (III)	109.5	-1.7
5	CALABARZON (IV-A)	11.4	-25.8
6	MIMAROPA (IV-B)	48.2	7.9
7	Bicol Region (V)	50.3	7.6
8	Western Visayas (VI)	23.7	34.5
9	Central Visayas (VII)	5.3	-7.7
10	Eastern Visayas (VIII)	17.4	7.8
11	Zamboanga Peninsula (IX)	16.7	-14.2
12	Northern Mindanao (X)	13.6	-6.8
13	Davao Region (XI)	21.0	19.2
14	SOCCSKSARGEN (XII)	1.1	-4.4
15	Caraga	-3.1	16.1
16	ARMM	9.0	3.9

Source: Bureau of Agricultural Statistics, Department of Agriculture

percent) recorded the biggest growth declines. The following factors contributed to the increase in corn production:

- ✓ Sustained use of hybrid, quality Open-Pollinated Variety (OPV) seeds and bacillus thuringiensis (BT) corn variety (Region I);
 - ✓ Use of bio/organic and bio-N fertilizers (Ilocos Region-Ilocos Norte, Cagayan Valley);³
 - ✓ Less occurrence of pest and diseases due to the implementation of the Integrated Pest Management by the local government units (La Union);
 - ✓ Abundant irrigation facilities (Ilocos Sur);
 - ✓ Sufficient rainfall (Ilocos Region, Cagayan Valley);
 - ✓ Gains in the GMA-Corn Program in the government (Cagayan Valley);
 - ✓ Provision of lime in acidic corn areas (Cagayan valley);
 - ✓ Technical assistance on modern and mechanized corn farming (Cagayan Valley); and
 - ✓ Tapping of successful farmers as Farmer Leader Extensionists (Cagayan Valley).
- For regions which recorded a decline in corn production, the decrease in harvest was traced to the following:
 - ✓ Strong typhoons in the last four months of the year (CALABARZON, Zamboanga Peninsula); and
 - ✓ Reduction in area harvested (Central Luzon, CALABARZON, Central Visayas, Zamboanga Peninsula, and SOCCSKSARGEN)
 - In the Bicol Region, abaca production grew by 7.5 percent in the third quarter of 2006. The increase in abaca output was traced to the increase in demand and the favorable prices for abaca fibers in the local and international markets, coupled with improved crop management particularly in the province of Catanduanes, where abaca yield was highest in the region. However, the gains in the third quarter were offset by the typhoons that hit the region during the later part of the year.⁴

Abaca production increases due to higher demand for abaca fiber both in the local and international markets

³ Bio-N fertilizers make plants more "naturally resistant" to diseases and even insects.

⁴ NEDA Fourth Quarter 2006 Economic Situationer.

Livestock, Poultry and Fishery

Cattle production contracts, while hog and chicken productions increase

Cattle Production, in metric tons (liveweight)
Growth Rate (%), y-o-y

Region	2 nd Semester 2005	2 nd Semester 2006
PHILIPPINES	-3.5	-3.4
1 CAR	-5.2	2.0
2 Ilocos Region (I)	-5.7	2.0
3 Cagayan Valley (II)	3.3	-11.0
4 Central Luzon (III)	-3.8	4.9
5 CALABARZON (IV-A)	-8.0	6.0
6 MIMAROPA (IV-B)	-3.1	-2.5
7 Bicol Region (V)	6.5	-6.0
8 Western Visayas (VI)	-11.1	-16.6
9 Central Visayas (VII)	2.7	-17.8
10 Eastern Visayas (VIII)	-4.0	-32.8
11 Zamboanga Peninsula (IX)	-7.6	1.0
12 Northern Mindanao (X)	-0.2	1.9
13 Davao Region (XI)	-1.2	12.3
14 SOCCSKSARGEN (XII)	-3.2	1.2
15 Caraga	-5.8	-0.3
16 ARMM	-12.6	7.2

Source: Bureau of Agricultural Statistics, Department of Agriculture

Chicken Production, in metric tons (liveweight)
Growth Rate (%), y-o-y

Region	2 nd Semester 2005	2 nd Semester 2006
PHILIPPINES	-5.6	0.7
1 CAR	-2.0	-4.6
2 Ilocos Region (I)	17.1	17.2
3 Cagayan Valley (II)	3.6	-6.6
4 Central Luzon (III)	1.4	7.1
5 CALABARZON (IV-A)	-23.0	-3.8
6 MIMAROPA (IV-B)	8.1	4.6
7 Bicol Region (V)	-2.2	-9.3
8 Western Visayas (VI)	11.5	2.4
9 Central Visayas (VII)	-2.6	-24.7
10 Eastern Visayas (VIII)	-11.6	4.1
11 Zamboanga Peninsula (IX)	2.9	-5.4
12 Northern Mindanao (X)	12.2	13.0
13 Davao Region (XI)	-5.4	-1.4
14 SOCCSKSARGEN (XII)	1.7	-8.8
15 Caraga	-2.1	-3.0
16 ARMM	-16.5	13.4

Source: Bureau of Agricultural Statistics, Department of Agriculture

- Cattle production continued to decline in the second semester of 2006. Total cattle production further dropped by 3.4 percent from the 3.5 percent decline in the same period last year as a result of the decrease in production due to decline in some regions, particularly in Eastern Visayas (-32.8 percent), Central Visayas (-17.8 percent), Western Visayas (-16.6 percent) and Cagayan Valley (-11.0 percent). Ilocos Region was the top cattle producer with a total production of 14,527 metric tons (live weight) or 12 percent of total production. The decrease in production could be traced to the reduction in cattle inventory. Among the problems faced by the cattle industry are low breeding base, unavailability of ranching areas and inadequate veterinary services.
- Chicken production expanded by 0.7 percent, a reversal of the 5.6 percent decrease in the previous year. Total production slightly rebounded as some regions posted increases in their production. These were the regions of Ilocos Region (17.2 percent), ARMM (13.4 percent), Northern Mindanao (13.0 percent), and Central Luzon (7.1 percent). In contrast, Central Visayas and the Bicol Region continued to post declines in production. Chicken production in Central Visayas was adversely affected by the limited supply of broiler chicks.
- Central Luzon was the biggest source of chicken for the second semester 2006 with a 35 percent share of the total chicken production.
- Swine production, meanwhile, continued to grow but at a slower pace. In the second half of 2006, total production expanded by 3.2 percent compared to the 5.3 percent growth in the same period in 2005. Significant growths in hog production were recorded in CALABARZON (11.0 percent), Central Luzon (7.5 percent), Eastern Visayas (6.2 percent), and Northern Mindanao (4.4 percent). The increase in hog production was traced to the growing use of breeders and continued government financial and technical assistance to swine raisers. The hog industry is the country's second principal industry after palay,

Swine Production, in metric tons (live weight)
Growth Rate (%), y-o-y

Region		2 nd Semester 2005	2 nd Semester 2006
	PHILIPPINES	5.3	3.2
1	CAR	1.4	-5.8
2	Ilocos Region (I)	-2.9	-0.1
3	Cagayan Valley (II)	-3.0	-0.6
4	Central Luzon (III)	7.7	7.5
5	CALABARZON (IV-A)	16.9	11.0
6	MIMAROPA (IV-B)	0.9	2.1
7	Bicol Region (V)	10.9	-1.1
8	Western Visayas (VI)	10.8	-1.0
9	Central Visayas (VII)	7.6	-3.4
10	Eastern Visayas (VIII)	-2.5	6.2
11	Zamboanga Peninsula (IX)	-1.5	-1.5
12	Northern Mindanao (X)	8.0	4.4
13	Davao Region (XI)	-3.0	0.6
14	SOCSCSARGEN (XII)	4.4	4.2
15	Caraga	-4.8	2.9
16	ARMM	6.8	-3.8

Source: Bureau of Agricultural Statistics, Department of Agriculture

and accounts for 88.5 percent of total livestock production.

- Central Luzon and CALABARZON continued to be the major swine producing regions, which together accounted for one-third of the total hog production. The increase in swine production in Central Luzon was attributed largely to favorable weather conditions that resulted to lower production losses, while the growth in CALABARZON was due to the increase in the inventory of fatteners. In Central Visayas, the rise in swine production was traced to the increased demand for processed meat by companies selling roasted pig and chicharon for export.

Fishery

Fishery slows down but aquaculture registers robust growth

Total Fish Production, in metric tons
Growth Rate (%), y-o-y

Region		2 nd Semester 2005	2 nd Semester 2006
	PHILIPPINES	6.9	3.8
1	NCR	-12.3	-30.9
2	CAR	4.0	12.3
3	Ilocos Region (I)	20.3	17.4
4	Cagayan Valley (II)	19.1	15.7
5	Central Luzon (III)	23.1	2.4
6	CALABARZON (IV-A)	8.7	0.6
7	MIMAROPA (IV-B)	10.5	8.7
8	Bicol Region (V)	25.5	10.0
9	Western Visayas (VI)	2.8	-3.8
10	Central Visayas (VII)	7.6	-6.9
11	Eastern Visayas (VIII)	17.7	6.8
12	Zamboanga Peninsula (IX)	3.8	10.1
13	Northern Mindanao (X)	16.1	-7.9
14	Davao Region (XI)	4.6	4.3
15	SOCSCSARGEN (XII)	-8.4	-4.1
16	Caraga	-0.8	3.8
17	ARMM	3.2	8.7

Source: Bureau of Agricultural Statistics, Department of Agriculture

- The fishery subsector experienced a slowdown in the second semester of 2006. From a 6.9 percent growth in the second half of 2005, it slowed down to 3.8 percent in the second semester of 2006. Total fishery production was recorded at 2.18 million metric tons. Nonetheless, aquaculture and marine municipal production continued to post robust growth at 8.2 percent and 7.9 percent, respectively. Aquaculture is the main source of fishery products comprising half of total fishery production.
- Substantial growth in fishery production was recorded in Ilocos Region (17.4 percent), Cagayan Valley (15.7 percent), and CAR (12.3 percent). NCR registered the biggest decline at 30.9 percent.
- Among the factors cited for the growth of the fishery subsector in the Ilocos Region were:
 - ✓ Good weather condition that allowed more fishing days;
 - ✓ Competitive market prices of fishery products;
 - ✓ Setting-up of additional skylab and bigger fish shelters in selected rivers;
 - ✓ Establishment of fish sanctuaries particularly in the Lingayen Gulf;
 - ✓ Increased number of fish cages and pens; and

- ✓ Availability of quality fingerlings.

In the other regions, the following factors contributed to the increase in fishery production:

- ✓ Strict implementation of the stocking density ceiling to avoid overcrowding that causes fishkills and the continued expansion and rehabilitation activities in the municipalities of Lamut, Aguinaldo and Alfonso Lista in Ifugao (CAR-Ifugao);
- ✓ Higher demand for seaweeds which encouraged better planting materials and farm management, additional area stocked, and new technology introduced by “Buhi International” enhanced the production of grouper and siganid in the last quarter of 2006 (Zamboanga Peninsula)⁵;
- ✓ Distribution of fishing gears which encouraged fishermen to increase fishing activities (Mindoro Oriental and Palawan);
- ✓ Strict implementation of fishery laws (MIMAROPA);
- ✓ Good partnership between fish farmers association and extension technologists (MIMAROPA);
- ✓ Rehabilitation of the over-fished marine habitat into a more productive eco-system (MIMAROPA); and
- ✓ Protection of marine environment through the establishment of fish sanctuaries and marine-protected areas (MIMAROPA).

Construction

(Second Semester 2006)

- Construction activity in the second semester 2006 remained weak as reflected by the significant drop in building permits and housing starts. Approved building permits nationwide registered a total of 43,761 applications during the second semester of 2006 representing a 11.1 percent decrease compared to 49,215 applications during the same period of 2005. Housing starts also

⁵ Buhi International is known for introducing a waterless method of transporting fish. Live or fresh fish can be transported without water or ice by bathing the fish in a “buh blend” that puts them in a soothing state of hibernation. The transport method was tested on 12 species of fish with 100 percent success. Grouper is a type of salt water fish while siganid is a kind of fish harvested at all stages: juveniles are used as fish sauce, and adult fish are sold dried or fresh.

Approved Building Permits
 Growth Rate (%), y-o-y

Region	2 nd Semester 2005	2 nd Semester 2006
PHILIPPINES	-0.5	-11.1
1 NCR	21.3	28.5
2 CAR	-20.6	-8.4
3 Ilocos Region (I)	-34.1	7.4
4 Cagayan Valley (II)	-35.3	2.4
5 Central Luzon (III)	12.6	-14.6
6 CALABARZON (IV-A)	1.5	-19.0
7 MIMAROPA (IV-B)	-1.8	-45.3
8 Bicol Region (V)	-1.0	-29.1
9 Western Visayas (VI)	-8.3	-20.1
10 Central Visayas (VII)	18.2	-17.5
11 Eastern Visayas (VIII)	-12.4	19.7
12 Zamboanga Peninsula (IX)	23.4	-17.7
13 Northern Mindanao (X)	-37.1	-34.9
14 Davao Region (XI)	14.9	-24.6
15 SOCCSKSARGEN (XII)	-13.7	-15.6
16 Caraga	65.4	-17.3
17 ARMM	-89.0	-88.0

Source: National Statistics Office

Total Number of Residential Building Construction Started by Region
 Growth Rate (%), y-o-y

Region	2 nd Semester 2005	2 nd Semester 2006
PHILIPPINES	-2.33	-12.8
1 NCR	9.0	33.9
2 CAR	-21.8	-1.9
3 Ilocos Region (I)	-38.1	4.0
4 Cagayan Valley (II)	-44.4	6.6
5 Central Luzon (III)	18.1	-20.9
6 CALABARZON (IV-A)	2.9	-20.5
7 MIMAROPA (IV-B)	-15.2	-38.6
8 Bicol Region (V)	6.0	-25.0
9 Western Visayas (VI)	-12.8	-20.9
10 Central Visayas (VII)	24.8	-19.6
11 Eastern Visayas (VIII)	-2.3	27.4
12 Zamboanga Peninsula (IX)	7.8	-19.4
13 Northern Mindanao (X)	-35.9	-28.8
14 Davao Region (XI)	5.9	-18.0
15 SOCCSKSARGEN (XII)	-15.7	-21.7
16 Caraga	61.3	-5.8
17 ARMM	-88.4	-89.8

Source: National Statistics Office

recorded a reduction of 12.8 percent. Double-digit declines in approved building permits and residential construction started were observed in most of the regions (12 regions for approved building permits and 11 for housing starts, out of 17 regions). The decline in overall construction activity stemmed mainly from the drop in the number of building permits and residential start ups in the MIMAROPA and the CALABARZON area due to increased costs of construction materials and strong typhoons which hit these provinces. Cavite and Laguna were among the five provinces of the country that recorded approved building permits exceeding the thousand mark during the the second half of 2006.

- While CALABARZON recorded a decrease in construction of residential buildings during the second semester of 2006, the region still leads in terms of the total number of residential construction started at 8,626 units, representing 30 percent of the country's total residential buildings constructed. This is due to the fact that CALABARZON has been absorbing the spillover in the housing needs of Metro Manila. In the Bicol region, the slowdown in construction activities was attributed to the calamities that struck the region in the latter part of the year, which caused construction activities to be put on hold.
- While good economic conditions are often translated into higher construction activity, it should be noted that construction activity is also seasonal. It peaks during summer season and slows down during the rainy season, contributing to the larger decline in construction activity in the second half of the year.
- Recording a more favorable performance were NCR and Eastern Visayas, which posted substantial increases in approved building permits and housing starts. NCR recorded the fastest growth in approved building permits and housing starts at 28.5 percent and 33.9 percent, respectively. Eastern Visayas recorded an equally remarkable growth of 27.4 percent for housing starts.

Tourism (2006)

Hotel Occupancy

Hotel occupancy posts modest growth

Hotel Occupancy Rates

	Region	Average Occupancy Rate (%)		Growth Rate (%)
		2005	2006	
	PHILIPPINES	62.3	62.6	0.6
1	NCR	71.7	72.0	0.3
2	CAR	27.6	30.3	10.1
3	Ilocos Region (I)	43.2	40.3	-6.8
4	Cagayan Valley (II)	59.1	63.3	7.0
5	Central Luzon (III)	57.9	58.2	0.5
6	Southern Luzon (IV)	60.9	51.3	-15.8
7	Bicol Region (V)	29.9	36.0	20.5
8	Western Visayas (VI)	51.5	51.1	-0.6
9	Central Visayas (VII)	72.0	70.1	-2.6
10	Eastern Visayas (VIII)	38.1	34.1	-10.4
11	Zamboanga Peninsula (IX)	42.6	43.0	1.1
12	Northern Mindanao (X)	53.7	68.1	26.9
13	Davao Region (XI)	65.2	60.7	-6.9
14	SOCCSKSARGEN (XII)	57.4	52.9	-7.8
15	Caraga	35.3	38.4	8.9

Source: Department of Tourism

- Tourism activity posted a modest growth in the whole year of 2006 as indicated by the 0.6 percent increase in hotel occupancy rate.
- Hotel occupancy rates showed a significant upturn in Northern Mindanao (26.9 percent) and the Bicol Region (20.5 percent).
- The double-digit growth rate in hotel occupancy in the Bicol region was due to the following:
 - ✓ The Philippine Cable Wakeboard Nationals Competition held on 27-31 October 2006 at the Camarines Sur Water Sports Complex (CWC) attracted a lot of foreign and local tourists;
 - ✓ Mayon Volcano's silent eruption was able to bring tourists to the city of Legazpi; and
 - ✓ The annual Peñafrancia Festival in Naga City attracted devotees and tourists in the city.

Banking (March 2007)

NCR has the most number of banks to service its population

Total Deposit Liabilities
Growth Rate (%), y-o-y

	Region	End-March 2006	End-March 2007
	Philippines	4.8	22.2
1	NCR	4.7	23.9
2	CAR	-0.7	24.4
3	Ilocos Region (I)	3.0	14.0
4	Cagayan Valley (II)	9.4	15.6
5	Central Luzon (III) ^{1/}	2.7	19.1
6	CALABARZON (IV-A) ^{2/}	5.0	17.4
7	MIMAROPA (IV-B) ^{2/}	-27.0	18.0
8	Bicol Region (V)	5.2	25.4
9	Western Visayas (VI)	8.5	18.6
10	Central Visayas (VII)	6.7	23.3
11	Eastern Visayas (VIII)	8.1	16.9
12	Zamboanga Peninsula (IX)	4.2	17.8
13	Northern Mindanao (X)	2.0	20.3
14	Davao Region (XI)	8.2	18.4
15	SOCCSKSARGEN (XII)	9.5	15.5
16	Caraga	9.1	19.1
17	ARMM	2.5	24.9

Source: Supervisory Data Center, Supervision and Examination Sector

- The concentration of banking offices in the NCR was reflected in its density ratio of 4,146 persons served per bank as of end-March 2007. Next to NCR, banks chose to locate their branches and offices in CALABARZON and Central Luzon, which posted density ratios of 9,372 and 11,617 persons per bank, respectively. On the contrary, ARMM registered the highest bank density ratio of 125,529 persons per bank, indicating the inadequate presence of banks branches and offices in the region.
- Double-digit growth rates in deposits were posted in all regions, indicating ample liquidity conditions in the country. The regions of Bicol, ARMM, CAR, NCR, Central Visayas, and Northern Mindanao registered growths of more than twenty percent.

**Total Loan Portfolio
Growth Rate (%), y-o-y**

Region		End-March 2006	End-March 2007
	Philippines	9.5	10.1
1	NCR	11.0	10.2
2	CAR	-10.2	5.9
3	Ilocos Region (I)	-10.1	20.0
4	Cagayan Valley (II)	8.6	19.8
5	Central Luzon (III)	-4.1	8.4
6	CALABARZON (IV-A)	-1.6	16.9
7	MIMAROPA (IV-B)	-46.0	-6.1
8	Bicol Region (V)	-3.3	23.5
9	Western Visayas (VI)	6.5	6.0
10	Central Visayas (VII)	6.0	-1.6
11	Eastern Visayas (VIII)	8.4	14.4
12	Zamboanga Peninsula (IX)	2.7	11.9
13	Northern Mindanao (X)	-10.6	8.1
14	Davao Region (XI)	-1.2	6.2
15	SOCCSKSARGEN (XII)	-3.6	2.8
16	Caraga(XIII)	-4.1	4.4
17	ARMM	-29.8	7.7

Source: Supervisory Data Center, Supervision and Examination Sector

Loan Portfolio to Deposit Ratio (in %)

Region		End-March 2006	End-March 2007
	Philippines	74.4	66.9
1	NCR	97.4	86.7
2	CAR	11.4	9.7
3	Ilocos Region (I)	18.6	19.6
4	Cagayan Valley (II)	38.0	39.3
5	Central Luzon (III)	26.0	23.7
6	CALABARZON (IV-A)	16.4	16.3
7	MIMAROPA (IV-B)	30.7	24.4
8	Bicol Region (V)	35.1	34.6
9	Western Visayas (VI)	21.6	19.3
10	Central Visayas (VII)	29.1	23.2
11	Eastern Visayas (VIII)	23.4	22.9
12	Zamboanga Peninsula (IX)	22.1	21.0
13	Northern Mindanao (X)	41.4	37.2
14	Davao Region (XI)	28.6	25.6
15	SOCCSKSARGEN (XII)	32.7	29.0
16	Caraga(XIII)	37.6	33.0
17	ARMM	18.9	16.3

Source: Supervisory Data Center, Supervision and Examination Sector

Total Number of Microfinance Banks

Region		End-March 2006	End-March 2007
	PHILIPPINES	205	216
1	NCR	12	16
2	CAR	5	5
3	Ilocos Region (I)	13	13
4	Cagayan Valley (II)	9	11
5	Central Luzon (III)	23	22
6	CALABARZON (IV-A)	33	35
7	MIMAROPA (IV-B)	3	3
8	Bicol Region (V)	15	17
9	Western Visayas (VI)	13	16
10	Central Visayas (VII)	14	15
11	Eastern Visayas (VIII)	5	6
12	Zamboanga Peninsula (IX)	10	10
13	Northern Mindanao (X)	15	15
14	Davao Region (XI)	11	7
15	SOCCSKSARGEN (XII)	9	9
16	Caraga	12	14
17	ARMM	3	2

Source: Bangko Sentral ng Pilipinas

- In terms of bank credit, all regions except for Central Visayas and MIMAROPA recorded increases in growth. Banks in the Bicol Region, Ilocos Region, Cagayan Valley, CALABARZON, Eastern Visayas, Western Visayas, and NCR posted strong loan growth of 23.5 percent, 20.0 percent, 19.8 percent, 16.9 percent, 14.4 percent, 11.9 percent and 10.2 percent respectively. These growth rates were way above the national average of 4.4 percent, reflecting brisk lending activity in these parts of the country.
- As of end-March 2007, loans-to-deposits ratio for the banking system declined to 67.0 percent compared to the 74.4 percent recorded in the same period last year as a result of faster growth in the deposits of banks. The NCR has the highest loans-to-deposits ratio at 86.7 percent followed by Cagayan Valley at 39.3 percent and Northern Mindanao at 37.2 percent. CAR posted the lowest loans-to-deposit ratio at 9.7 percent indicating weak lending activity in the region.
- The NCR continues to be the country's financial center where 70 percent of the deposits and 90 percent of the total loans of the banking system are concentrated.
- The BSP has been advocating the participation of banks in microfinance activity to provide greater access to low-income households. As of end-March 2007, there were 216 microfinance banks nationwide, 8 of which were microfinance-oriented banks and 208 were banks engaged in microfinance.⁶ CALABARZON has the highest concentration of microfinance banks with 35. Compared to the same period last year, there was an increase of 5.4 percent in the number of microfinance banks.
- Specific BSP initiatives to promote microfinancing include the following: two-year exemption (from September 2006) of micro and small enterprises from the requirement imposed by banks to borrowers to submit their income tax returns and audited financial statements; reduction in risk weighting of microfinance loans in the computation of capital provisions; partial lifting of the

⁶ Microfinance-oriented banks are banks whose microfinance loans account for at least 50 percent of their loan portfolio while banks engaged in micro-finance are those whose microfinance loans are less than 50 percent.

moratorium on bank establishment for banks engaged in microfinance activities; opening of a rediscount facility for microfinance loans; issuance of guidelines for the establishment of branches/loans collection and disbursement points (LCDPs) of microfinance-oriented banks and the establishment of microfinance-oriented branches/LCDPs of banks that are not microfinance-oriented; and (5) lifting of the one-year profitability requirement before microfinance-oriented banks can set up new branches subject to certain conditions.

Inflation

(January - October 2007)

In 2007 a stronger peso and stable food prices keep inflation low

Inflation Rates (in %)

Region	2006 Jan-Oct	2007 Jan-Oct
PHILIPPINES	6.6	2.6
1 NCR	7.4	2.5
2 CAR	6.1	1.6
3 Ilocos Region (I)	6.9	2.4
4 Cagayan Valley (II)	6.5	2.3
5 Central Luzon (III)	6.3	2.3
6 CALABARZON (IV-A)	6.4	2.5
7 MIMAROPA (IV-B)	6.4	3.0
8 Bicol Region (V)	6.0	3.2
9 Western Visayas (VI)	4.8	2.6
10 Central Visayas (VII)	6.4	2.0
11 Eastern Visayas (VIII)	6.5	2.9
12 Zamboanga Peninsula (IX)	6.7	3.0
13 Northern Mindanao (X)	6.6	3.7
14 Davao Region (XI)	6.4	2.7
15 SOCCSKSARGEN (XII)	5.6	3.1
16 Caraga(XIII)	6.4	2.0
17 ARMM	9.3	4.7

Source: National Statistics Office

- Inflation rates for the majority of the regions remained subdued during the first ten months of 2007. Average inflation rate for the whole country was registered at 2.6 percent significantly lower than the 6.6 percent recorded in the same period last year. The deceleration in inflation was supported largely by stable food prices and the continued strengthening of the peso. Meanwhile, CAR posted the lowest average inflation at 1.6 percent as a result of lower prices for all commodities, except for fuel, light, and water.
- On the other hand, ARMM posted the highest inflation rate at 4.7 percent, 2.1 percentage points higher than the national average of 2.6 percent, due to higher increases in all commodity groups.

Employment (July 2007)

Employment and Unemployment Rates By Region¹
July 2007, in percent

Region	Employment	Unemployment
PHILIPPINES	92.2	7.8
1 NCR	87.0	13.1
2 CAR	94.9	5.1
3 Ilocos Region (I)	92.1	7.9
4 Cagayan Valley (II)	96.2	3.7
5 Central Luzon (III)	88.5	11.5
6 CALABARZON (IV-A)	90.8	9.2
7 MIMAROPA (IV-B)	95.6	4.4
8 Bicol Region (V)	94.4	5.6
9 Western Visayas (VI)	93.2	6.8
10 Central Visayas (VII)	93.0	7.0
11 Eastern Visayas (VIII)	95.3	4.7
12 Zamboanga Peninsula (IX) ²	96.1	3.9
13 Northern Mindanao (X)	93.1	6.9
14 Davao Region (XI)	93.3	6.7
15 SOCCSKSARGEN (XII)	95.9	4.0
16 Caraga(XIII)	91.6	8.4
17 ARMM ³	95.7	4.3

^{1/} Starting April 2005, the new unemployment definition was adopted per NSCB Resolution No. 15 dated October 20, 2004. The definition of unemployed includes the availability criterion. Previously, only those without jobs and looking for work were considered unemployed. Hence, data for labor force, labor force participation rate, employment rate, unemployed and unemployment rate are not comparable with previous survey rounds.

^{2/} Starting July 2003, Isabela City (Basilan) is part of Region IX.

^{3/} Starting July 2003, Basilan province, which was formerly part of Region IX, is now under Armm by EO 36.

Sources of Data: Bureau of Labor and Employment Statistics, National Statistics Office

- Based on the July 2007 Labor Force Survey, five regions recorded high employment rates. These were the regions of Cagayan Valley (96.2 percent), Zamboanga Peninsula (96.1 percent), ARMM (95.7 percent), SOCCSKSARGEN (95.5 percent), and MIMAROPA (95.6 percent). On the contrary, NCR and Central Luzon registered the lowest employment rates at 87.0 percent and 88.5 percent respectively.

Demand and Supply Conditions

Aggregate supply and demand indicators point to an upturn

- Most indicators related to aggregate supply showed strong growth particularly in banking, agriculture and tourism. Demand indicators likewise showed improvements—inflation continued to be benign and employment remained high.
- In the agriculture sector, major crop production continued to post growth as a result of improvement in yield, area expansion, sustained usage of hybrid and high quality inbred seeds. Meanwhile, swine and chicken production recorded moderate increases. Technical and financial assistance for hog raisers led to an increase in swine production in the second semester of the year.
- In industry, construction activity remained lackluster in most regions as shown by the decline in building permits and housing starts. These were attributed to high costs of labor, construction materials, and housing lots.
- The performance indicators in the services sector showed a moderate increase in hotel occupancy rate and a rise in lending activity in the banking system due to increased economic activity.
- Supply of funds continued to perform favorably during the period as reflected by the double-digit growth rates in deposits posted in all regions indicating improved macroeconomic conditions in the country. The regions of Bicol, ARMM, CAR, NCR, Central Visayas, and Northern Mindanao registered growths of more than 20 percent.
- Demand for funds was reflected in the brisk lending operations in the Bicol Region, Ilocos Region, Cagayan Valley, CALABARZON, Eastern Visayas, Western Visayas, and NCR as shown by strong growth in loan portfolio, which was way above the 10.1 percent national average.
- The NCR continues to be the country's financial center where 70 percent of the deposits and 90 percent of the total loans of the banking system are concentrated.

- Demand indicators showed signs of improvement as unemployment fell to 7.8 percent in July 2007 from 8.1 percent a year ago. Five regions namely, Cagayan Valley, MIMAROPA, Eastern Visayas, Zamboanga Peninsula, and ARMM recorded high employment rates with 96 persons employed for every 100 persons in the labor force on the average.
- Inflation continued to be benign for the first ten months of 2007 as a result of stable food prices and the firmness of the peso.

Opportunities and Challenges

- A number of projects and programs are being implemented to promote the continued development and sustainable growth of the regions (Annex A). Construction of highways and bridges and rehabilitation of provincial airports are seen to support infrastructure development, while the establishment of malls and offices for business process outsourcing (BPOs) are expected to provide business and employment opportunities for many Filipinos in the regions.
- To stimulate further economic growth in the regions, the Medium Term Development Plan (MTDP) 2004-2010 included in its roadmap for development, the adoption of the One Town One Product program; establishment of small and medium enterprise support centers nationwide; and expansion of agricultural product mix through planting of high-value crops and the adoption of innovative packaging and agro-processing techniques. Priority infrastructure projects were likewise identified to decongest Metro Manila and support the development of new centers of government, facilitate access to tourist areas, promote peace and development in areas outside NCR, particularly in Mindanao and other impoverished areas.
- The agenda likewise also includes the provision of power and water supply to all barangays, decongestion of Metro Manila by developing new centers for government and housing in Luzon, Visayas and Mindanao, and development of Subic and Clark into the best international service and logistics center in Asia.

- To accelerate the development of the country, the Philippines five super regions were identified, namely: the Northern Luzon Agribusiness Quadrangle, the Metro Luzon Urban Beltway, the Central Philippines, the Mindanao Super Region and the Philippine Cyberservices Corridor (PCC/CC).⁷ The super-regions concept forms part of the Medium-Term Public Investment Program (MTPIP) where the country's 16 regions have been grouped into four mega-regions, plus another region that cuts across the four mega-regions. The super regions shall have primary, through not exclusive, development themes: North Luzon Agribusiness Quadrangle - agribusiness center in the North; Metro Luzon Urban Beltway - globally competitive industrial and service center; Central Philippines - tourism; Mindanao Super Region - agribusiness center in the South; and PCC/CC - information and communication technology and knowledge economy. Food costs, labor wages, and electricity rates will be made competitive while infrastructure will be modernized at least cost, production technology upgraded and red tape cut to attract investments in these areas.
- Moreover, the continued government support through the rehabilitation of irrigation/other facilities, provision of subsidy for high-yielding rice and corn varieties, as well as farmers' use of sustainable farming technologies, are seen to boost the agriculture industry.
- Increased tourism-related projects such as airports, hotels, resorts and amusement parks also indicated favorable environment for tourism.
- On the other hand, a number of challenges remain. In agriculture, the high cost of farm inputs, inadequate supply of agricultural extension workers, insufficient irrigation and post-harvest facilities and cheap imports which compete with local products are some of the challenges that need to be addressed.

⁷ The compositions of the super regions are as follows: North Luzon Agribusiness Quadrangle (Ilocos Region, CAR, Cagayan Valley, and Central Luzon); Metro Luzon Urban Beltway (Central Luzon, Metro Manila, CALABARZON, and part of MIMAROPA such as Marinduque, Occidental and Oriental Mindoro); Central Philippines (other part of MIMAROPA such as Romblon and Palawan, Bicol Region, Western Visayas, Central Visayas, Eastern Visayas, Zamboanga Peninsula, Northern Mindanao, and part of Caraga such as Siargao Island and Surigao del Norte); Mindanao Super Region (Zamboanga Peninsula, Northern Mindanao, Davao Region, SOCCSKSARGEN, rest of Caraga, and ARMM); Philippine Cyberservices Corridor (PCC/CC) - traverses the above super regions.

- Access to financing remains a concern across industries. Likewise, the high prices of petroleum products and power remain a challenge for all sectors.

Sources of data and other information:

- Bureau of Agricultural Statistics, Department of Agriculture (BAS-DA)
 - Palay, corn and abaca production
 - Cattle, chicken and swine production
 - Fishery production
 - Performance of the Philippine Agriculture (January-December 2006)
 - Swine Industry Performance Report (January-December 2006)
 - Cattle industry Performance Report (January-December 2006)
- Bureau of Fisheries and Aquatic Resources
- Department of Tourism (DOT)
 - Hotel occupancy rate
- National Economic Development Authority
 - Regional Economic Situationer
- National Statistical Coordination Board (NSCB)
 - National Income Accounts
 - Report on Gross Regional Domestic Product (2004-2006)
- National Statistics Office (NSO)
 - Approved building permits and housing starts
 - Inflation
 - Employment
- Supervisory Data Center, Bangko Sentral ng Pilipinas (SDC-BSP)
 - Loans
 - Deposits
 - Microfinance
- Various newspapers articles and websites

Annex A

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<i>Opportunities</i>		
NCR		<ul style="list-style-type: none"> ▪ The continuing strength of the property sector in the NCR is evident in the expansion of existing malls and shopping centers, as well as in the increased property value and demand for office space, mostly by business outsourcing companies. Land value in Makati increased by 7 percent to ₱235,000/sq. m. in the second quarter of 2007 from the year-ago price of ₱220,000 /sq. m. while land value in Ortigas increased by 14 percent to ₱114,750/sq. m. in the second quarter from the year-ago price of ₱100,500/sq. m . Residential rental value in Makati increased by 21 percent to ₱519/sq. m. while office rental value increased by 32 percent to ₱1,018/sq. m. ▪ Increased hotel occupancy in the NCR also indicated a favorable environment for tourism. As of September 2007, the hotel occupancy rate in Metro Manila reached 72.8 percent, an improvement over the 69.6 percent recorded a year ago. ▪ The on-going Northrail project and the expansion of the South Luzon Expressway would provide more efficient transport services for passengers and goods between Metro Manila and the neighboring provinces.
CAR	<ul style="list-style-type: none"> ▪ The operation of the ₱20 million fruit and vegetable packing plant La Trinidad Trading Post in Benguet in March 2007 is seen to boost the agriculture industry in the region. 	<ul style="list-style-type: none"> ▪ Demand for CAR electronics exports is expected to remain robust, with the forecast increase in global electronics sales. ▪ Investments in tourism are expected to increase with the

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> ▪ The foreign market for Kalinga's <i>unoy</i> or traditional red rice is expanding. Montana, USA, the first foreign market for <i>unoy</i> rice, requires about 10 metric tons this year. Meanwhile, the Slow Foundation, a European foundation based in Tuscany, Italy, and the local government of Kalinga are currently finalizing the agreement for the marketing of <i>unoy</i> rice in the European continent. ▪ The Department of Agriculture, through the Provincial Agriculture Environment and Natural Resources Office of Ifugao, has handed out 40 kilos of Red Bourbon Arabica coffee seeds to the local government units for distribution to beneficiary farmers. This program intends to maximize the use of 10,000 hectares of unproductive land, while providing an alternative livelihood for the people in the next two to three years. This is also in support of the province's vision of becoming one of the largest coffee processors in the country and a top producer of quality coffee beans by the year 2009. ▪ The declaration of Tabuk as a new city is expected to bring more irrigation systems, funds for livelihood projects, lighted streets, and concrete roads, following the expected increase in the Internal Revenue Allotment (IRA) share of the city government. Based on estimates, Tabuk's IRA share can go up three times higher than its present IRA share. 	<p>application of John Hay and Baguio Country Clubs as Tourism Ecozones.</p> <ul style="list-style-type: none"> ▪ To boost the marketing reach of Small and Medium Entrepreneurs (SMEs) in Ifugao, the Department of Trade and Industry (DTI) and the provincial government launched the "SMEs BAZAAR" on 15 September 2007. The launching of the SME Bazaar in support of the livelihood development of Ifugao, encourages SMEs to bring their products to the Provincial Livelihood Center on a consignment basis and for consumers to patronize the products. ▪ The Baguio–Nueva Viscaya Road Rehabilitation Project is 86 percent complete, which is foreseen to translate into business and tourism opportunities in areas traversed by the national highway.
<p>Ilocos Region (Region I)</p>	<ul style="list-style-type: none"> ▪ The region's economic take-off is anticipated with the implementation of the North Luzon Agribusiness Quadrangle (NLAQ) Development Plan. Region I, as 	<ul style="list-style-type: none"> ▪ The construction of a multi-million bridge project in Sarrat, Ilocos Norte is expected to increase business ventures within the eastern part of the province.

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>part of the NLAQ is expected to become an agribusiness center. This is seen boost the economic and market potentials of the region's agricultural sector. It will also create job opportunities, increase farm income and reduce poverty incidence in the area.</p> <ul style="list-style-type: none"> ▪ In line with the President's priority program of promoting agricultural productivity and poverty alleviation in the rural areas, a total of eleven (11) Small Water Impounding Projects and Diversion Dams were approved and funded in Region 1. ▪ The construction of the ₱7.8 billion Agno River Integrated Irrigation Project in San Manuel will be a big boost to the agricultural productivity of the province of Pangasinan. The irrigation facility can irrigate 34,500 hectares of farmlands not only in Pangasinan, but also in northern Nueva Ecija and northern Tarlac. ▪ This year, the municipal government of Villasis (Pangasinan) will provide farmers with financial and technical assistance, particularly in terms of a 10 percent eggplant seed subsidy and off-season technology. ▪ The Korean government pledged a \$2 million grant for the establishment of a <i>bangus</i> processing plant in Dagupan City, Pangasinan in order to maximize the financial and livelihood potential of the growing <i>bangus</i> production. ▪ The declaration of Batac as a new city in the province of Ilocos Norte is expected to boost agricultural production in the province with the provision of more 	<ul style="list-style-type: none"> ▪ The approved rehabilitation of the Agua Grande mini-hydro power plant in Pagudpud, Ilocos Norte is expected to add to the electricity supply of the province as well as lower the cost of electricity. ▪ The opening of the Chinese Consulate in April 2007 at San Nicolas, Ilocos Norte indicates China's intent to enhance its economic relations with the region, paving the way for increased business activity in trade and tourism in the province. ▪ President Gloria Macapagal-Arroyo unveiled on 2 August 2007, the marker signaling the operation of the Carmen-Rosales (Pangasinan) Central Transport Terminal (CRCTT), a project that will earn for the town a 30 percent share in the net profit of the project. The CRCTT is a ₱30 million peso project constructed by the Hausland Development Corporation with no counterpart fund from the local government. ▪ The CRCTT is seen as a vital infrastructure project that would boost growth and development in the area as well as reduce traffic congestion. The Carmen area is a recognized major crossroad linking Metro Manila, Central Luzon, Ilocos, Baguio and Cagayan Valley. ▪ The on-going construction of the Ilocos Norte Hotel and Convention Center in Paoay, Ilocos Norte is expected to boost the tourism industry in the province. This is anticipated to attract more investors in the area and tourists from China, Taiwan, and Korea, among others. Furthermore, business groups and other local organizations are seen to use the center as a venue for investment forums and conferences.

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>financial and technical assistance to farmers from the anticipated increase in the IRA share of the city government.</p> <ul style="list-style-type: none"> ▪ The construction of the Banawang Pump Irrigation Project is expected to enhance the agricultural production in the 1st District of Ilocos Sur. ▪ The creation of the Grains Marketing Assistance in Ilocos Sur (GMAIS) is expected to enhance the marketability of the province's products. 	
<p>Cagayan Valley (Region II)</p>	<ul style="list-style-type: none"> ▪ The government's thrust to modernize the agriculture sector and construct flood mitigation projects such as "Small Water-Impounding Projects" (SWIPs), will help boost production and productivity, which will eventually generate more jobs. ▪ The establishment and operation of the private fresh water prawn hatchery in Abulug, Cagayan and Cauayan City are seen to boost fresh water prawn production in Region 2. Likewise, the establishment of the Municipal Bangus Satellite Hatchery in barangay Taggat in Claveria, Cagayan is expected to boost aquaculture production by 2010. ▪ Owing to the development of three more sources of potable water by the Metro Tuguegarao Water District (MTWD), the current water charges will likely be maintained despite the increasing cost of fuel and disinfectant materials such as chlorine. 	<ul style="list-style-type: none"> ▪ Substantial increase in tourists and investors, especially foreigners, are expected as a result of the various sales missions conducted by the Department of Toursim Regional Office II in China, Korea and Malaysia. ▪ Local investments will likely grow with the intensified promotion and development of "One Town, One Project" (OTOP) in the region and the infusion of ₱2.5 Million for product development by the DTI in Region 2. The project aims to enhance the competitiveness of local products by improving packaging and labeling, pricing, costing, and technology; and by observing good manufacturing practices and hazard critical control analysis. ▪ The proposed construction of the five-hectare Megamall and recreation center by the SM Prime Holdings, Inc. in Santiago City is seen to boost investments and employment in the region, as this facility will encourage retailers to locate in the said shopping mall. The mall will also entice consumers/shoppers from the neighboring areas thus, leading to the growth in domestic tourism in the region.

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<ul style="list-style-type: none"> ▪ More employment will be generated as the government agencies step up efforts to alleviate poverty. The Department of Labor and Employment (DOLE) Region 2, in particular, intensifies its program of rural employment through Self-employment and Entrepreneurship Development (PRESEED) and the “Poverty Free Zone” program with an initial allocation of ₱3.739 million, while the Department of Social Welfare and Development continues to provide livelihood assistance through the “Self-Employed Assistance sa Kaunlaran” (SEA-K) program. Under the said program, beneficiaries undertake social preparation and entrepreneurship development seminars and skills training on top of the capital fund given to them for their livelihood projects. The programs aim to create jobs, especially for rural women, alleviating the incidence of poverty in the countryside. ▪ The continuous efforts of the region towards accelerating and strengthening infrastructure support such as the enhancement of the region’s transportation network will also provide a favorable investment climate in the region. ▪ In addition, the Austrian government has granted fund support for the construction of nine bridges and approaches projects for the four provinces of the region amounting to about ₱377 million, which is being implemented by the Department of Public Works and Highways. With these developments taking place in the region, greater accessibility in the rural areas will hasten the transport of farm inputs to the farms as well as the harvests of the farmers to the various markets.
<p>Central Luzon (Region III)</p>	<ul style="list-style-type: none"> ▪ Good <i>palay</i> harvest is expected to be sustained in the second semester of 2007 with the availability of hybrid 	<ul style="list-style-type: none"> ▪ The services sector (particularly hotel, tourism, transport, and housing) is expected to perform better due the following

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>and inbred seeds and better irrigation systems.</p> <ul style="list-style-type: none"> ▪ Corn production is expected to increase further in 2007 with the anticipated support coming from the government and private sector as well as expectation for better pricing of corn in the market. 	<p>developments:</p> <ul style="list-style-type: none"> ➤ Infusion of ₱2.0 billion by the BB International Leisure and Resort Development Corporation for the construction of hotel, resort, recreation, amusement, entertainment, casino and other tourism-related projects in the Clark Special Economic Zone; ➤ Signing of an agreement worth ₱41.3 million between Trans-global Airways Corporation, a China-based cargo firm, and Clark Development Corporation for the establishment of a support facility for air passenger and cargo transport operations within Asia-Pacific countries; and ➤ Investment of Sutherland Global Services Philippines, Inc, another multi-million-peso business process outsourcing firm, that provides consulting, technology support, account management, technical support/help desk, and back office processing services for the operation of a call center.

Region	Agriculture, Fishery and Forestry	Industry/Services/General
CALABARZON (Region IV-A)	<p>To promote agricultural growth in the region, the following measures were adopted:</p> <ul style="list-style-type: none"> ▪ Palay <ul style="list-style-type: none"> ➤ Strengthened research and development to improve high-yielding varieties; ➤ Implemented crop protection strategies to prevent pests and diseases; and ➤ Used agricultural equipment to reduce cost of production. ▪ Corn <ul style="list-style-type: none"> ➤ Expanded corn production areas (particularly in the second cropping season, July-December in Quezon province), to meet high demand for yellow corn as feeds. ▪ Other crops <ul style="list-style-type: none"> ➤ Promoted Laguna as the chief source of fruits for Metro Manila and the whole of Luzon by 2010. ▪ Livestock and Poultry <ul style="list-style-type: none"> ➤ Conducted continuous research and development programs; ➤ Provided artificial insemination using superior bloodlines; 	<ul style="list-style-type: none"> ▪ To further enable faster economic growth in CALABARZON, the following are on-going projects to support infrastructure development in the region: <ul style="list-style-type: none"> ➤ The STAR Project involves the construction of a 19.74-kilometer road from Sto. Tomas, Batangas to Batangas City. The project, which is due for completion in December 2007, will cut travel time from Sto. Tomas to Batangas City by 40 minutes. ➤ The Manila-Cavite Toll Expressway Project (R1 Expressway Extension), which amounts to ₱4.3 billion, is an expressway from Kawit, Cavite to Zapote. The project is due for completion in November 2008 and construction works in the Zapote Interchange Bridge is ongoing. ➤ The Lucena Port Project involves the construction of a passenger terminal building and the concrete paving of a backup area costing ₱65.47 million. The passenger terminal building has already been completed while the concreting of the backup area is expected to be finished by December 2007. ➤ Once the ₱898.33 million Batangas Port Development Project is completed, the port will be able to accommodate Panamax and post-Panamax size vessels and an estimated cargo volume of approximately three million tons annually. The passenger boarding bridges are already completed. The cranes to carry the containers to Batangas Port has arrived in October 2007 and will be operational by January 2008. ➤ The Northrail-Southrail Linkage Project, Phase 1 involves the rehabilitation of the 34-km railway from Caloocan to Alabang while Phase 2 covers the upgrading of the 27-km railway

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> ➤ Distributed animals (swine and cattle) as a source of livelihood for farm families; ➤ Developed the dairy industry as a profitable economic enterprise; and ➤ Made loan facilities available to livestock raisers ▪ Fishery <ul style="list-style-type: none"> ➤ Increased fresh water fish production through seeding of tilapia fingerlings in communal water and lakeshore municipalities ➤ Implemented the stock-now-pay-later scheme for tilapia fingerlings 	<p>from Alabang to Calamba, Laguna. This ₱7.0 billion project, which will shorten travel time from Caloocan to Calamba from 2 hours and 38 minutes to 1 hour and 20 minutes and reduce bus fares to ₱38 from ₱70, will be completed by December 2010. On 1 June 2007, the groundbreaking of the Caloocan-Alabang section took place.</p>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>MIMAROPA (Region IV-B)</p>	<p>The following positive developments and measures were adopted for the region:</p> <ul style="list-style-type: none"> ▪ Palay <ul style="list-style-type: none"> ➤ Trained farmers through farmers' field schools; ➤ Established market linkages for agricultural products; ➤ Implemented integrated pest management programs; and ➤ Made available farm inputs as incentive to farmers practicing the latest technology in rice production. ▪ Corn <ul style="list-style-type: none"> ➤ Promoted massive planting of yellow corn following strong demand for corn feeds; ➤ Expanded corn production areas; and ➤ Trained corn farmers through farmers' field school for corn farmers. ▪ Coconut <ul style="list-style-type: none"> ➤ Promoted coconut twining and geotextile making as alternative sources of livelihood for marginal coco farmers. 	<p>To promote faster economic growth in MIMAROPA, the following are the ongoing support infrastructure projects in the region:</p> <ul style="list-style-type: none"> ▪ The ₱32.9 million reconstruction of the Cawit Port in Boac, Marinduque will strengthen roll-on/roll-off (RoRo) links of Marinduque to the rest of Luzon. The reconstruction of the port is more than half complete with the construction of the RoRo ramp. The construction of rock causeway pier and wharf had been started on 12 February 2007. The whole project is expected to be completed by December 2007. ▪ In Palawan, there are four (4) airports being developed to increase tourism in the island: <ul style="list-style-type: none"> ➤ The ₱303 million San Vicente Airport Development Project in Northern Palawan started in February 2007 and will be completed by January 2008. ➤ The ₱1.25 billion Busuanga Airport Project in Coron Island, Palawan is expected to be completed by December 2008. Civil works based on the Master Plan shall be completed by June 2010. ➤ The Notice of Award for the ₱3.25 billion Puerto Princesa Airport was issued last 23 May 2007, activities had commenced end July 2007. Phase 2 of the project shall be finished by October 2010. ➤ The ₱303 million new Balabac Airport in Southern Palawan is in the feasibility study stage. Construction activities are targeted to start in October 2007 and to be completed in December 2009.

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> ▪ Other crops <ul style="list-style-type: none"> ➤ Export of raw/processed high-value commercial crops; ➤ Availability of banana planting materials and technical assistance from the Department of Agriculture and the LGUs; ▪ Livestock and Poultry <ul style="list-style-type: none"> ➤ Establishment of the BIMP-EAGA as a bigger livestock market; ➤ Availability of artificial insemination services; ➤ Increase in number of farmers who engaged in commercial broiler and native chicken production; ➤ Increase in the number of farmers involved in goat raising; ➤ Higher demand for native chicken; ➤ Continuous upgrading of breeder stock; ➤ Certification of the region as FMD-free; and ➤ Establishment of the Romblon Goat and Sheep Raisers Association to strengthen the sector. 	<ul style="list-style-type: none"> ▪ The El Nido-Bataraza-Rio Tuba Road, costing ₱3.2 billion, shall serve as the road backbone of Palawan. The road improvement project involves five sections, two of which have already been completed. The Puerto Princesa-Taytay section was inaugurated on 31 March 2006 and the El Nido-Taytay section was completed on 28 March 2007. The remaining three sections shall be completed in September 2009.

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> ▪ Fishery <ul style="list-style-type: none"> ➤ Provision of sustainable supply of fingerlings (for aquaculture production); ➤ Continued government subsidy on farm inputs; ➤ Provision of market information; ➤ Rehabilitation of fishing ground (for municipal fishing); ➤ Establishment of marine sanctuaries, marine protected areas, marine reserves and other community resource management projects; and ➤ Protection of the fishing grounds from illegal fishing (through Bantay Dagat programs and similar monitoring activities); and ▪ Seaweeds <ul style="list-style-type: none"> ➤ Promotion of seaweeds as a high-value (local and export) commodity; and ➤ Expansion of areas for seaweeds production. 	
<p>Bicol (Region V)</p>		<ul style="list-style-type: none"> ▪ The establishment of the Camarines Sur Watersports Complex and the growing popularity of the wakeboarding¹ as a water sport will boost the region's tourism industry.

¹ A form of water skiing. Wakeboarding can also be performed in a variety of media including close-coursed cables.

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<ul style="list-style-type: none"> ▪ The opening of three banks/branches including Banco de Oro branch will help improve financial intermediation in the region. ▪ The setting up of an SM shopping mall in Naga City is also expected to boost the local economy. The formal groundbreaking was held last 28 April 2007 at the new central business district of Naga City.
<p>Western Visayas (Region VI)</p>		<ul style="list-style-type: none"> ▪ The opening of Central Azucarera de San Antonio (CASA), a cane diffusion sugar mill and the groundbreaking of the 5-megawatt renewable energy power station in Passi City on 31 October 2006 will provide Ilonggos affordable, clean and renewable agri-based energy source, increased economic activity and enhanced energy security for the country by providing locally-sourced alternatives. The improved processing of sugar cane and higher returns on the planters' investment are expected to lead to conversion of idle lands into productive farm lands and will create more employment. ▪ The continuing growth of PLDT Ventus, one of the biggest call centers in Iloilo City, will provide employment opportunities to the Ilonggos.
<p>Central Visayas (Region VII)</p>	<ul style="list-style-type: none"> ▪ Continued government support through the rehabilitation of irrigation/other facilities, provision of subsidy for high-yielding rice and corn varieties as well as farmers' use of sustainable farming technologies are expected to improve the production of crops; 	

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>Eastern Visayas (Region VIII)</p>		<ul style="list-style-type: none"> ▪ Allocation of ₱700 million for the concreting of the national highway and the circumferential road of Biliran Province based on the Medium Term Development Plan will boost economic activity in the province. ▪ The establishment of three (3) additional banks/branches in the province of Southern Leyte, to include UnionBank branch reflects positive outlook on the economic potential of the region. ▪ Growing participation in the Visayas One-Town-One-Product (OTOP) Fair in Boracay. This is to show that the OTOP Small and Medium Enterprises (SMEs) are now ready for a bigger market. This is expected to encourage LGUs to actively participate in the OTOP Program, and realize the importance in promoting tourism-oriented activities in their localities, thus maximizing their revenue and job-generating potential. ▪ The development of Benit, San Ricardo as an alternative port to Liloan Ferry Terminal Port will facilitate greater cargo and passenger movement in the province.
<p>Zamboanga Peninsula (Region IX)</p>		<ul style="list-style-type: none"> ▪ The approval of the proposed Zamboanga Peninsula Growth corridor is expected to result in the completion of the road network and upgrading of seaports and airports in the region. ▪ The plan of Gaisano Malls to invest in Zamboanga City is seen to promote retail trade in the area . ▪ The Philippine National Bank has recognized the potentials of Zamboanga City as a business and financial center. Officers of the bank are planning to set up a regional credit center in the city that will further improve the city's capacity for development and growth.

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>Northern Mindanao (Region X)</p>		<ul style="list-style-type: none"> ▪ The Ayala Land Corporation, developer of the country's high-end subdivisions, will start the development of its 350-hectare property in the mountains of Camaman-an and Indahag, Cagayan de Oro City. ▪ The Department of Agrarian Reform turned over to the city government a ₱1.7-million rural water system funded by the Japan Bank for International Cooperation (JBIC) through the Agrarian Reform Infrastructure Support Project (ARISP) II, benefiting some 220 households in Barangay Mambuaya. ▪ JBIC also funded three other infrastructure projects in Barangay Mambuaya, namely: ₱24-million irrigation system, which has a city government counterpart of ₱6.4 million; a ₱1.1-million post-harvest facility with an LGU counterpart of ₱290,000 ; and a ₱13-million farm-to-market road project. ▪ Ispat Industries Ltd. of India has committed \$1.6-billion worth of investment in Iligan City. The company plans to build a large steel mill in the city, which is expected to generate more jobs for the people of the city.

Region	Agriculture, Fishery and Forestry	Industry/Services/General
Davao Region (Region XI)	<ul style="list-style-type: none"> ▪ According to the Davao City Chamber of Commerce and Industry Inc. (DCCCII), Taiwanese investors will assist SMEs from Davao in the food processing and packaging business. ▪ Taiwanese businessmen, who visited Davao City for a business matching activity and for the Taiwan Technology and Investment Forum, have shown interest in fruit and meat products of the Davao Region. According to trade and industry assistant regional director Marizon Loreto, Taiwanese businessmen are interested in products such as processed fruits, pineapple, and banana chips and even meat products such as pork. 	
SOCCKSARGEN (Region XII)		<ul style="list-style-type: none"> ▪ Regional export performance is expected to improve due to the combined effects of increased market demand for the region's export products and improved production levels in the agriculture and fishery sectors. ▪ In addition, good production of commercial crops such as mango, sugarcane, rubber and coconut are expected to be sustained given the favorable weather condition, increased interest in high-value crops farming and favorable market value for the said crops. However, <i>palay</i> and corn production are expected to slow down in the first half of 2007, picking up in the third quarter as land preparation and planting season resume. ▪ Improved levels of production of agri-based export products as well as government efforts to address persistent peace and order concerns are expected to help buoy Region XII's economy in

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>2007. Sustained economic growth, in turn, is expected to translate to better employment conditions.</p>
<p>ARMM</p>	<ul style="list-style-type: none"> ▪ The Bureau of Fisheries and Aquatic Resources (BFAR), ARMM and the Mindanao State University – Maguindanao (MSU-Maguindanao) joined efforts in the establishment of the Freshwater Fisheries Technology Center at MSU-Maguindanao. The fish center is essential for the production and continuous supply of tilapia fingerlings to sustain the needs of the fish pens, fish cages and fishponds operators in ARMM. The Memorandum of Agreement, among other things, provided for the establishment of a one-hectare fish demonstration farm and nursery to be established at the MSU campus and funding support by the BFAR for operation and maintenance of the center. ▪ Various farmers, fruit growers and stakeholders from the province of Maguindanao and nearby municipalities converged last September 13-14, 2006 at the Shariff Kabunsuan Cultural Complex, Cotabato City for the 1st ARMM Fruit Investment Forum (Maguindanao Leg). The event aimed to achieve a more unified support initiative for the ARMM fruit industry development and to strengthen the fruit industry in the area. Market matching and encounter with prospective investors from Davao City and Cagayan de Oro City was also conducted during the two-day affair. ▪ The ARMM is expecting the ₱200 million BIMP-EAGA halal chicken poultry project to take off within the year. It was reported that Iran is interested in 	<ul style="list-style-type: none"> ▪ Regional prospects remain positive. In September 2007, the Makati Business Club (MBC) signed a memorandum of understanding (MOU) with the ARMM Business Congress (ABC). The MOU assures a continuing partnership between MBC's 52 business organization-members and ARMM's business leaders to help the region attract both local and foreign investments. ▪ Specifically, the MOU aims to gain access to the global market for halal food and non-food products. Capturing a share of the halal global industry would translate to increased investments, better employment conditions and sustained regional economic growth. ▪ Private Enterprise Accelerated Resource Linkages (Pearl) also signed an agreement with ABC, to help develop ARMM as the main halal processing center in the south. The Pearl project operates under the sponsorship of the Canadian International Development Agency (CIDA). ▪ The Islamic Development Bank (IDB) approved US\$16 million worth of funds in July 2006 for ARMM, earmarking 40 percent of the total funds for infrastructure, while the rest is aimed at promoting education and health. ▪ Infrastructure development is given added boost, with the inclusion of ARMM in the Infrastructure for Rural Productivity Enhancement Sector (INFRES), which approved farm-to-market road projects costing ₱131.6 million. ▪ Moving forward, peace initiatives as well as accelerated infrastructure development remains crucial to the region's efforts

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>importing chicken poultry products from the region. The BIMP-EAGA halal chicken project will be located at the 123-hectare economic zone at Polloc Port, Parang, Maguindanao. The poultry project will be the first physical investment at the economic zone under the Regional Economic Zone Authority. Brunei investors have partnered with the Davao City-based Maharlika Agro Ventures to operate the project.</p>	<p>to gain access to investment opportunities, which will help sustain economic growth as well as social progress in the region.</p> <ul style="list-style-type: none"> ▪ The construction industry in the region is expected to benefit from the anticipated drop in the price of cement. Portland cement would now be ₱10 pesos cheaper in Cotabato City and Maguindanao with the re-opening of an ancient route between the Muslim South and China. On 2 July 2007, the first shipment ever of 125,000 bags of cement from mainland China arrived in Polloc Port, Maguindanao ferried by the 5,000 ton M/V Ho Feng 7, the first ever Chinese ship to transport merchandise from abroad to the autonomous region since its creation in 1990. The ferry is expected to transport more goods from mainland China to the port and other seaports in the autonomous region in the forthcoming months. Chinese vessels, on the other hand, that would dock here will be loaded with Muslim products, exotic fruits, seaweeds, and coconuts to be sold to buyers in different parts of China. The event is an attempt to revive/reopen the once progressive trade linkages between China and the Moro sultanates in Mindanao. It is seen to also hasten the efforts of building economic ties between the ARMM and Brunei which is a potential market for halal dressed chicken and butchered cattle and goats from the ARMM.
Challenges		
NCR		<ul style="list-style-type: none"> ▪ Among the regions, the National Capital Region (NCR) registered the lowest employment rate at 87.0 percent for July 2007. Moreover, the Department of Labor and Employment (DOLE) reported that 12 establishments have already filed a formal petition for wage hike exemption. Additional petitions for wage hike exemption are expected to be filed before the end of 2007.

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>CAR</p>	<ul style="list-style-type: none"> ▪ Ifugao fishermen and the Department of Agriculture have to contend with the decrease in fish production at Magat Dam. The pollution of major rivers such as the Ibulao, which is contributing to the water of the dam, and the siltation of the Magat Dam, are some of the factors contributing to the anticipated decrease in fish production. ▪ The presence of middlemen is causing the increase in the prices of vegetables produced in the Cordillera. 	<ul style="list-style-type: none"> ▪ The UNESCO National Commission of the Philippines reported that the Ifugao Rice Terraces might no longer be a world heritage site if the government fails to restore its natural grandeur in two years, which in turn will dampen tourism in the region.
<p>Ilocos Region (Region I)</p>	<ul style="list-style-type: none"> ▪ Hog raisers in Pangasinan are seeking the government's help to save their dying industry through stringent measures against the smuggling of pork, particularly from China. 	<ul style="list-style-type: none"> ▪ The DTI has warned some business establishments in the region that have been overpricing their commodities.
<p>Central Luzon (Region III)</p>	<ul style="list-style-type: none"> ▪ Underutilization of land suitable for crop production due to the following factors: <ul style="list-style-type: none"> ➢ Non-cultivation of lahar-affected crop lands; ➢ Conversion of agricultural land to other uses; ➢ Poor management of water resources; ➢ Inadequate supply of certified and good seeds; ➢ Inadequate post-harvest handling and processing facilities; and ➢ Poor access to financing programs. 	<ul style="list-style-type: none"> ▪ Some of the problems that require attention to sustain growth in the region are the following: <ul style="list-style-type: none"> ▪ Lack of backward linkage support resulting in high percentage of imported raw materials; ▪ Difficulty in accessing financial assistance due to stringent collateral requirements of formal institutions; ▪ High cost of doing business due to corruption and red tape; ▪ High power costs; ▪ Inadequate access to markets; and ▪ High cost of marketing promotions.

Region	Agriculture, Fishery and Forestry	Industry/Services/General
CALABARZON	<p>The following concerns need to be addressed to improve crop, livestock and poultry production in the region.</p> <ul style="list-style-type: none"> ▪ Palay <ul style="list-style-type: none"> ➤ Inadequate research on drought resistant varieties for rainfed areas; ➤ Reduced viable lands for <i>palay</i> production due to conversion of lands for other uses; ➤ High production costs; and ➤ Damaged irrigation facilities. ▪ Corn <ul style="list-style-type: none"> ➤ Reluctance of farmers to plant yellow corn, hybrid and high-yielding varieties; and ➤ Lack of post-harvest facilities ▪ Other crops <ul style="list-style-type: none"> ➤ Insufficient vegetable seeds and quality fruit planting materials; and ➤ Lack of processing equipment and post-harvest facilities for vegetables. ▪ Livestock and Poultry 	

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> ➤ Weak animal health and animal disease surveillance 	
<p>MIMAROPA</p>	<p>The following concerns need to be addressed to improve crop, livestock and poultry production in the region.</p> <ul style="list-style-type: none"> ▪ Palay <ul style="list-style-type: none"> ➤ Insufficiency of irrigation and post-harvest facilities; ➤ Poor rural credit delivery; ➤ High cost of agricultural farm inputs; ➤ Lack of agricultural extension workers; and ➤ Soil infertility (in the case of Palawan). ▪ Corn <ul style="list-style-type: none"> ➤ High cost of seeds (farm inputs); and ➤ Unstable market (selling) price. ▪ Coconut <ul style="list-style-type: none"> ➤ Lack of working capital for coco twine and geotextile production. ▪ Other crops <ul style="list-style-type: none"> ➤ Lack of technical expertise in food processing; and ➤ Insufficient farm-to-market linkages. 	<ul style="list-style-type: none"> ▪ The growth of medium, small and micro enterprises has been hampered by limited access to capital.

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> ▪ Livestock and Poultry <ul style="list-style-type: none"> ➤ Lack of breeder stock (especially for goat production) and artificial insemination facilities; ➤ Poor slaughter house facilities; ➤ Lack of backyard livestock extension personnel; ➤ Increasing production costs, i.e., cost of feeds; and ➤ Limitations of facilities of the Palawan Artificial Breeding Center to swine artificial insemination. ▪ Fishery <ul style="list-style-type: none"> ➤ High cost of farm inputs and low selling price of produce; ➤ Encroachment of commercial fishing operators in municipal waters; ➤ Limited technical personnel to assist fishermen; and ➤ Weak enforcement of fishery laws (in Occidental Mindoro). ▪ Seaweeds <ul style="list-style-type: none"> ➤ Poor timing in seaweeds planting; and ➤ Disorganized seaweeds growers. 	

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>Bicol (Region V)</p>		<ul style="list-style-type: none"> ▪ Poverty incidence, particularly in Albay and Camarines Sur provinces, is expected to rise considering the large number of families that were displaced and left homeless by the calamities that befell the region recently. ▪ Development programs and projects would have to give way to immediate rehabilitation of damaged infrastructure facilities in the typhoon-affected areas. ▪ Commercial establishments in the typhoon-affected areas incurred heavy losses. ▪ The high prices of petroleum products and power remain a concern for all sectors in the region.
<p>Western Visayas (Region VI)</p>	<ul style="list-style-type: none"> ▪ The island-province of Guimaras was greatly affected by the oil slick coming from the oil tanker, M/T Solar 1 chartered by Petron Corp that ran aground in August 2006 off the waters of southern Guimaras. Mangroves and coral reefs had been badly damaged. 	
<p>Eastern Visayas (Region VIII)</p>		<ul style="list-style-type: none"> ▪ The Eastern Visayas Tourism Master Plan may have to be updated to revitalize tourism activity in the region and encourage investments in tourist facilities and services. ▪ No calamity funds released for the Leyte 3rd Engineering District for the repair and rehabilitation of the badly damaged road sections caused by the past typhoons. In this regard, the Leyte 3rd Engineering District has requested the RDC to extend assistance to meet the financial needs for repair works of the damaged road sections.

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<ul style="list-style-type: none"> ▪ The construction of the Old Catarman Bridge remains unfinished despite the release of more than ₱200 million for the purpose. Its targeted completion date was in April 2007.
<p>Zamboanga Peninsula (Region IX)</p>	<ul style="list-style-type: none"> ▪ Processing plants for tomatoes are needed in key production areas of the Zamboanga Peninsula. 	
<p>Davao Region (Region XI)</p>		<ul style="list-style-type: none"> ▪ There is a need for baseline data regarding the capability and capacity of the Davao region to be considered a suitable place for the setting up of BPOs.
<p>Soccsksargen (Region XII)</p>		<ul style="list-style-type: none"> ▪ Concerns on the region's peace and order situation continue to be a crucial factor in the region's investment prospects. Moreover, travel advisories issued by foreign embassies against Central Mindanao during the May 2007 elections are expected to have some negative consequences on the tourism sector. Nevertheless, the region continues to exert efforts to counter these negative reports, including hosting of conferences and seminars that showcase the tourism-friendly areas of the region.
<p>ARMM</p>	<ul style="list-style-type: none"> ▪ A United States funded electrification program in Maguindanao was burned down in the course of the fighting between government and Moro rebel forces. The cost of the damage was estimated at ₱10.8 million. This sets back efforts to light up homes, mosques, schools and barangay halls in the area. ▪ Strong opposition to the building the Quirino Delta Bridge to replace the old bridge will affect 	

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>development plans in the region. Constructed in the early 50s, the old Quirino Bridge served as the only link of Cotabato and other key areas in south-central Mindanao and mainland ARMM to the northern areas in Mindanao. The completion of the project is needed to ensure security of the area as well as the safety of the traveling public and ease the flow of goods and commodities. It is also seen to provide marginal farmers, grade school children and village tradesmen, among others, easy access to main roads and highways, schools and commercial and government service centers.</p>	