



# Report on Regional Economic Developments

*First Semester 2007*

**Department of Economic Research**  
*Monetary Stability Sector*  
*Bangko Sentral ng Pilipinas*



## Foreword

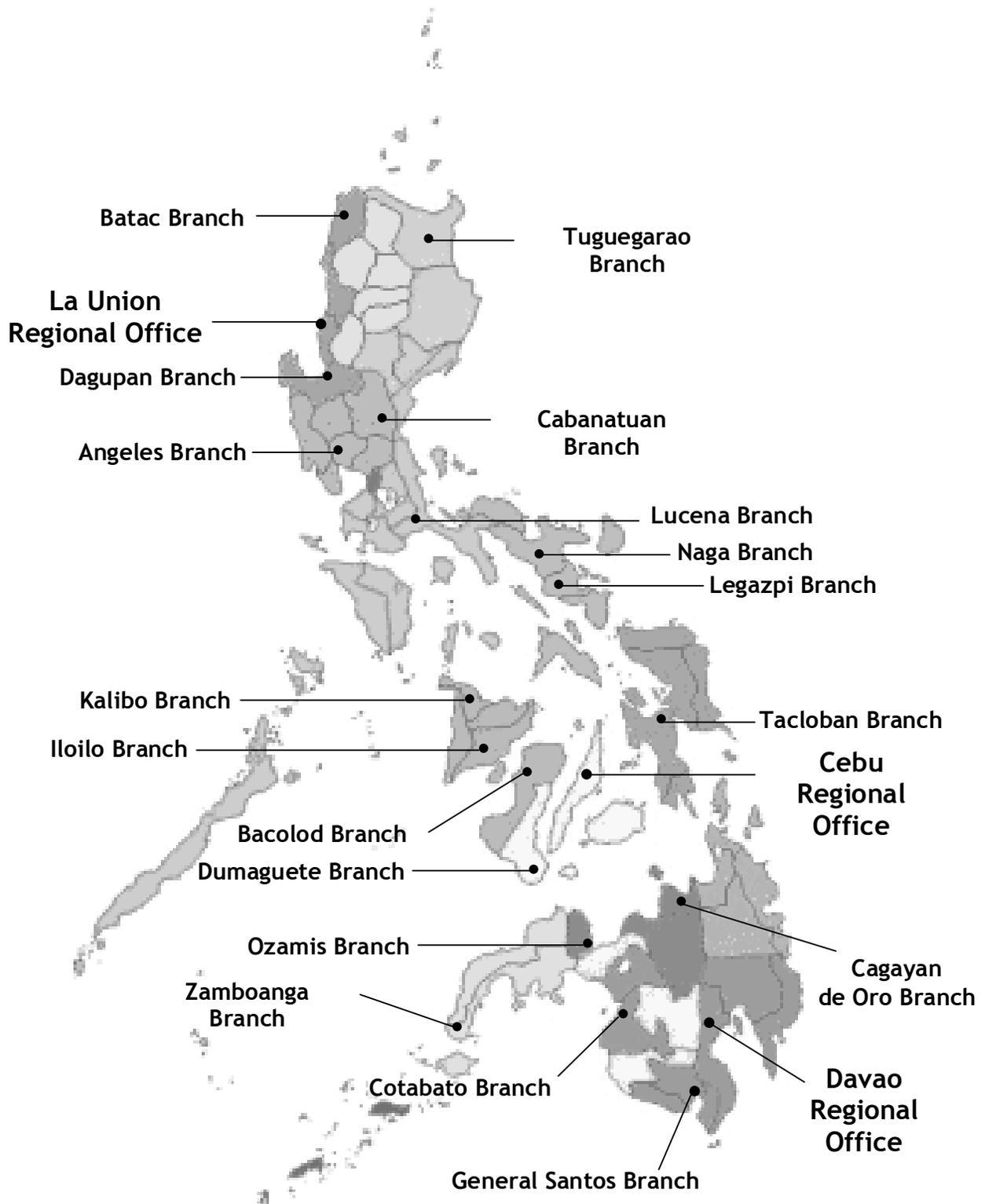
In June 2005, the Monetary Board approved the release of the maiden issue of the BSP's Report on Regional Economic Developments in the Philippines. The new report widens the scope of BSP's market surveillance, adding a geographic dimension to the economic indicators that it monitors regularly. Analysis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

The report tracks economic developments in the regions, focusing on the demand and supply conditions, price developments and monetary conditions, as well as emerging outlook. It helps confirm the results of business and consumer expectations survey 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 banana, 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



## PHILIPPINES: Regional Composition

Region <sup>1</sup>	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
Cordillera Administrative Region (CAR)	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 <sup>2</sup> , and Romblon
Region V - Bicol Region	Camarines Norte/Sur, Albay, Masbate, Sorsogon, and Catanduanes
Region VI - Western Visayas	Negros Occidental, Iloilo, Antique, Guimaras, Aklan, and Capiz
Region VII - Central Visayas	Bohol, Cebu, Negros Oriental, and Siquijor

<sup>1</sup> 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.

<sup>2</sup> The 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	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, Misamis 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 Cotabato, South Cotabato, Sultan Kudarat Province, 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

- Crop Production**
- Grain production in the first semester of 2007 continued to increase, although at a slower rate than the previous year. Double-digit growth rates were recorded in CARAGA, Eastern Visayas and Central Luzon regions due in large part to continued government support which mitigated the impact of adverse weather conditions. The main contributors to growth were Cagayan Valley, Central Luzon and Western Visayas.
- Livestock, Poultry, Fishery**
- Hog production further accelerated while both cattle and poultry productions exhibited favorable turnarounds. This helped meet the rise in demand for meat and poultry products. Quarantine activities, which resulted in foot and mouth disease-free regions, and the avian-free status of the country also boosted the sector. Fishery production likewise continued to expand due to the sustained growth of aquaculture.
- Construction**
- Overall construction activity exhibited a downtrend as majority of the regions reported declines in new building permits while about half of the regions registered lower housing starts. However several regions, such as Central Visayas and Central Luzon, CALABARZON and NCR reported significant growths, particularly in residential construction. The boom in residential construction on these regions may be attributed to the influx of OF remittances.
- Tourism**
- Tourism expanded anew in the first semester of 2007, as indicated in the rise in overall average occupancy rates. Strong positive turnarounds were recorded in Southern Luzon, CAR and Western Visayas. By contrast, tourism activity in the Bicol region weakened during the semester in review.
- Banking**
- NCR remained the center of financial activity as indicated by its higher loans-to-deposits ratio compared to other regions. However, this was lower than the previous year's loans-to-deposit ratio. Almost all the other regions posted lower loans-to-deposits ratios compared to last year as growth in loans extended was slower than the increase in deposit liabilities. On the other hand, bank density ratios for the first half of 2007 increased in majority of the regions as compared to the previous year. The NCR remained the

region with the highest concentration of banks. A notable development was the increased presence of banks during the semester in review in MIMAROPA.

#### **Inflation**

- Inflation in the majority of the regions remained subdued in 2007, supported largely by stable food prices and the firm peso. Full year inflation was recorded at 2.8 percent, significantly lower than the 6.2 percent registered in 2006. [However, higher rates were registered in the first quarter of 2008 which averaged at 5.6 percent, surpassing the 2.2 percent recorded in the same quarter last year. This was due mainly to price hikes in food, beverages and tobacco.]

#### **Employment**

- Employment rates in the regions were significantly higher compared to that of NCR due mainly to increased investment in agriculture, such as corn production and fishery and services.

#### **Opportunities and Challenges**

- Infrastructure projects and investments in the key sectors of the economy are underway and are expected to provide increased economic and social benefits. The continued improvement in the harvest and post-harvest facilities will facilitate further expansion in agriculture, fishery and forestry sectors. Moreover, the infrastructure development projects are seen to enhance the flow of products across 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 (OTOP) program; the establishment of micro, small and medium enterprise (MSMEs) support centers nationwide; and the 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, business and community in Luzon, in the Visayas and in Mindanao, and facilitate access to tourist areas. Promotion of peace and development in areas outside NCR, particularly in Mindanao and other impoverished areas are likewise being intensified.
- 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.

- A number of challenges need to be addressed to ensure the development and growth of the regions. These challenges include intensifying marketing efforts for trade products and tourist destinations across the various regions; addressing environmental concerns such as siltation and denudation, and illegal practices such as smuggling, poaching and dynamite fishing; minimizing power supply interruptions; and conducting intensive manpower skills training to meet business process outsourcing (BPO) qualification requirements.

## Agriculture, Livestock, Poultry and Fishery (First Semester 2007)

### Palay production sustains growth

Palay Production, in metric tons

Growth Rate in Percent, y-o-y

Region	1 <sup>st</sup> sem 2007	1 <sup>st</sup> sem 2006
PHILIPPINES	2.9	8.4
1 CAR	3.6	14.5
2 Ilocos Region (I)	0.4	6.7
3 Cagayan Valley (II)	3.1	13.1
4 Central Luzon (III)	12.3	(0.6)
5 Southern Tagalog-CALABARZON (IV-A)	(2.1)	6.5
6 Southern Tagalog-MIMAROPA (IV-B)	6.4	6.5
7 Bicol Region (V)	3.6	0.6
8 Western Visayas (VI)	(11.5)	7.1
9 Central Visayas (VII)	(18.6)	35.8
10 Eastern Visayas (VIII)	13.1	7.6
11 Zamboanga Peninsula (IX)	(10.4)	12.3
12 Northern Mindanao (X)	7.3	4.7
13 Davao Region (XI)	(5.4)	5.9
14 SOCCSKSARGEN (XII)	(2.5)	11.7
15 Caraga	12.8	8.2
16 ARMM	6.6	60

Source: National Statistics Coordinating Board

- Palay production posted a 2.9 percent growth in the first semester of 2007 despite the prolonged dry spell during the review period encountered in some areas in the country. This was, however, lower than the 8.4 percent increase recorded a year ago.
- Double-digit growth rates were seen in Eastern Visayas (13.1 percent), which is the fourth top palay-producing region in the country; CARAGA (12.8 percent); and Central Luzon (12.3 percent). The increase in area harvested in Agusan del sur, the region's top rice producer led the expansion in CARAGA. In Central Luzon, Tarlac recorded the highest increase of 33.3 percent.
- The higher palay production in these regions as well as the modest production growth recorded in the regions which were adversely affected by the dry spell, including CAR, Ilocos Region, Cagayan Valley and ARMM, were attributed to the following factors:
  - ✓ Favorable weather conditions in CARAGA;
  - ✓ Sustained use and timely availability of hybrid and high quality seeds, such as those distributed under the Ginintuang Masaganang Ani (GMA) Rice Program of the Government in CAR, ARMM, Central Luzon, MIMAROPA, Eastern Visayas and CARAGA<sup>3</sup>;
  - ✓ Location-specific interventions, with the use of Bio-N<sup>4</sup> fertilizers in Eastern Visayas and CARAGA;
  - ✓ Rehabilitation of irrigation systems and small water reservoirs in Ilocos Region, Cagayan Valley, Central Luzon, Bicol Region and Eastern Visayas;
  - ✓ Distribution of farm tools to 26,215 farmers through the World Food Program of the United Nations in the Bicol Region;
  - ✓ Technical assistance on "In-bred Rice Seed Production Technology and Management"

<sup>3</sup> CARAGA – Agusan del Norte, Agusan del Sur, Surigao del Norte and Surigao del Sur; MIMAROPA – Provinces of Mindoro, Marinduque, Romblon and Palawan

<sup>4</sup> Bio-N is an organic fertilizer suited for corn, rice and vegetables, which replaces 30-50 percent of the total amount of nitrogen requirement of the crop, enhances shoot growth and development, increases yield of the crop, maintains the natural soil properties and soil fertility and makes plants healthy and green even making them resistant to drought and pests.

- conducted by the Department of Agriculture and Fisheries (DAF) in ARMM;
- ✓ Increased usage of fertilizers in Eastern Visayas; and
- ✓ Expansion in area planted/harvested in CAR, Ilocos Region and CARAGA.

- These expansions were, however, offset by the decline of palay production in Central Visayas (-18.6 percent); Western Visayas (-11.5 percent); and Zamboanga Peninsula (-10.4 percent). These regions were all hit by the dry spell in the first semester of 2007. All provinces in Central Visayas saw palay production falling, except in Negros Oriental which recorded an expansion due to additional irrigational facilities. Meanwhile, the movement in cropping calendar and pattern<sup>5</sup>, as well as insufficient water supply contributed to the lower palay production in Western Visayas, which is one of the top three palay-producing regions in the country.

### Corn production slows down

Corn Production, in metric tons  
Growth Rate in Percent, y-o-y

Region	1 <sup>st</sup> sem 2007	1 <sup>st</sup> sem 2006
PHILIPPINES	5.7	32.0
1 CAR	(2.4)	33.0
2 Ilocos Region (I)	3.9	7.1
3 Cagayan Valley (II)	25.8	76.1
4 Central Luzon (III)	5.9	0.5
5 Southern Tagalog-CALABARZON (IV-A)	(16.7)	3.2
6 Southern Tagalog-MIMAROPA (IV-B)	(1.1)	23.9
7 Bicol Region (V)	19.6	37.8
8 Western Visayas (VI)	3.5	30.8
9 Central Visayas (VII)	(8.1)	19.9
10 Eastern Visayas (VIII)	14.7	15.4
11 Zamboanga Peninsula (IX)	5.4	12.7
12 Northern Mindanao (X)	(6.9)	34.5
13 Davao Region (XI)	3.4	12.4
14 SOCCSKSARGEN (XII)	(20.9)	73.7
15 Caraga	391.0	(78.5)
16 ARMM	9.5	17.0

Source: National Statistics Coordinating Board

- Corn production continued to grow during the first semester of 2007, but at a decelerating pace of 5.7 percent from the 32.0 percent increase in the same period last year. All regions posted lower growth compared to a year ago, except CARAGA (391.0 percent) and Central Luzon (5.94 percent).
- The slowdown in corn production was attributed largely to the dry spell during the first half of 2007. The adverse effect of this natural calamity was, however, mitigated by the following factors:
  - ✓ Improved weather conditions in Cagayan Valley and Eastern Visayas;
  - ✓ Increase in area harvested in Cagayan Valley, Bicol Region, Western Visayas, Zamboanga Peninsula, CARAGA and ARMM;
  - ✓ Sustained use of hybrid and certified open pollinated variety (OPV) of corn seeds in Ilocos Region, Cagayan Valley, Western Visayas, Eastern Visayas, Davao Region, CARAGA and ARMM;
  - ✓ Technical assistance on effective farming styles and management conducted by the DA in Cagayan Valley and Eastern Visayas;

<sup>5</sup> The movement of cropping calendar and pattern due to the dry spell in the first semester of 2007 delayed the planting season in both rain-fed and irrigated areas and resulted in low productivity.

- ✓ Seed and fertilizer subsidies from the local government units (LGUs), the GMA corn program, and other private institutions in Western Visayas and Zamboanga Peninsula;
  - ✓ Operationalization of the Bio-N Mixing Plant in Maguindanao, ARMM;<sup>6</sup>
  - ✓ Distribution of farm equipments and production inputs to member-local government units (LGUs) sponsored by the Metro Kutawato Development Alliance in ARMM; and
  - ✓ Increase in both market demand and price of corn in Bicol, Western Visayas and Eastern Visayas.
- The regions that experienced significant downturns in corn production during the first semester of 2007 from the year-ago expansions included SOCKKSARGEN (from 73.7 percent to -20.9 percent), Central Visayas (from 19.9 percent to -8.0 percent), Northern Mindanao (from 34.5 percent to -6.9 percent), CAR (from 33.0 percent to -2.4 percent) and CALABARZON (from 3.2 percent to -16.7 percent). These contractions were due mainly to the dry spell which hit these regions during the review period. The dry spell caused crop damage in the form of unfilled kernel, small ear with few kernels for crops in the vegetative/production stage and reduced size of ears and kernels for those in the maturing stage.

*Banana production increases*

- Banana production, one of the country's top three contributors to the crop sub-sector, expanded by 7.3 percent during the first semester of 2007 compared to the same period in 2006. Sufficient soil moisture during the crop's reproductive stage resulted in increased bearing hills, fully-developed fruits and longer bunches in Cagayan Valley, Western Visayas and Eastern Visayas. Increased area and bearing hills in both commercial and backyard farms due to higher local and export demands were also seen in Bukidnon, Lanao del Norte, Misamis Oriental, Misamis Occidental, North Cotabato, and South Cotabato during the review period.

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<sup>6</sup> Bio-N is an organic fertilizer suited for corn, rice and vegetables which replaces 30-50 percent of the total amount of nitrogen requirement for corn, enhances shoot growth and development, increases the yield of the crop, maintains the natural soil properties and soil fertility and makes plants healthy and green, making them resistant to drought and pests. Bio-N benefits farmers with greater yield and lower expenditure on fertilizers by 50 percent.

## Livestock, Poultry and Fishery

## Livestock and Poultry

*Livestock and poultry production expands*Cattle Production, in metric tons (liveweight)  
Growth Rate in Percent, y-o-y

Region	1 <sup>st</sup> sem 2007	1 <sup>st</sup> sem 2006
PHILIPPINES	2.8	(2.6)
1 CAR	4.6	(5.5)
2 Ilocos Region (I)	0.0	(6.7)
3 Cagayan Valley (II)	(5.0)	(8.7)
4 Central Luzon (III)	(2.0)	(7.1)
5 Southern Tagalog-CALABARZON (IV-A)	52.9	6.8
6 Southern Tagalog-MIMAROPA (IV-B)	(8.0)	4.0
7 Bicol Region (V)	3.5	(1.3)
8 Western Visayas (VI)	0.2	(7.7)
9 Central Visayas (VII)	(11.1)	(11.4)
10 Eastern Visayas (VIII)	(8.7)	5.7
11 Zamboanga Peninsula (IX)	0.1	4.0
12 Northern Mindanao (X)	(1.6)	5.8
13 Davao Region (XI)	(2.9)	(5.5)
14 SOCCSKSARGEN (XII)	4.9	(8.6)
15 Caraga	(16.4)	(2.3)
16 ARMM	4.3	10.8

Source: National Statistics Coordinating Board

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

Region	1 <sup>st</sup> sem 2007	1 <sup>st</sup> sem 2006
PHILIPPINES	1.2	(2.5)
1 CAR	1.3	1.8
2 Ilocos Region (I)	7.6	9.5
3 Cagayan Valley (II)	(15.2)	(22.0)
4 Central Luzon (III)	0.1	0.3
5 Southern Tagalog-CALABARZON (IV-A)	13.2	(0.6)
6 Southern Tagalog-MIMAROPA (IV-B)	(2.1)	(12.4)
7 Bicol Region (V)	(23.3)	(15.9)
8 Western Visayas (VI)	5.6	(1.4)
9 Central Visayas (VII)	(1.5)	(11.9)
10 Eastern Visayas (VIII)	0.8	(9.4)
11 Zamboanga Peninsula (IX)	(5.6)	(5.5)
12 Northern Mindanao (X)	2.6	8.0
13 Davao Region (XI)	(7.4)	(1.1)
14 SOCCSKSARGEN (XII)	4.0	(4.6)
15 Caraga	3.1	(3.7)
16 ARMM	2.8	(8.2)

Source: National Statistics Coordinating Board

- Cattle production grew by 2.8 percent in the first half of 2007 after declining by 2.6 percent during the same period a year ago. The remarkable growth in livestock and poultry production in CALABARZON (52.9 percent), which is the second highest cattle-producing region in the country, SOCKKSARGEN (4.9 percent), CAR (4.6 percent), ARMM (4.3 percent) and the Bicol Region (3.5 percent) contributed to the better performance of the cattle industry. CALABARZON showed a notable increase in its cattle production as a result of the region's status as food and mouth disease (FMD)-free area, and the implementation of a 24-hour quarantine checkpoint in the province of Cavite. The higher prices of slaughtered cattle in CAR also encouraged increased production of cattle.
- Chicken production expanded by 1.2 percent in the first semester of 2007, a reversal of the 2.5 percent contraction posted in the previous year. The improvement was due to the recovery in chicken production in CALABARZON (from -0.6 percent to 13.2 percent), Western Visayas (from -1.4 percent to 5.6 percent), SOCKKSARGEN (from -4.6 percent to 4.0 percent), and CARAGA (from -3.7 percent to 3.1 percent). The higher supply of chicks for contract growers and additional broiler farms in Ilocos Region, the declaration of the DA that Western Visayas and CALABARZON is free from bird flu, and the enhanced market demand for chicken due to consumers' preference over high-priced beef and fish in Western Visayas contributed to the improvement in chicken production.
- Growth in chicken production was registered amid the price hike in poultry feeds and farm inputs, the threat of avian virus in Cagayan Valley, and the reduction of areas devoted to chicken and duck production in Davao Region to give way to the expansion of banana farms.
- Swine production grew at a faster rate of 6.4 percent in the first half of 2007 from 4.1 percent in the same period in 2006. The high growth rates in the CALABARZON (38.0

Swine Production, in metric tons (liveweight)  
Growth Rate in Percent, y-o-y

Region	1 <sup>st</sup> sem 2007	1 <sup>st</sup> sem 2006
PHILIPPINES	6.4	4.1
1 CAR	9.8	5.0
2 Ilocos Region (I)	1.1	(4.0)
3 Cagayan Valley (II)	(13.7)	(5.7)
4 Central Luzon (III)	4.7	5.5
5 Southern Tagalog-CALABARZON (IV-A)	38.0	15.8
6 Southern Tagalog-MIMAROPA (IV-B)	1.6	3.7
7 Bicol Region (V)	5.2	17.2
8 Western Visayas (VI)	2.6	8.3
9 Central Visayas (VII)	4.3	(6.1)
10 Eastern Visayas (VIII)	(0.0)	6.2
11 Zamboanga Peninsula (IX)	(5.7)	2.4
12 Northern Mindanao (X)	6.0	3.0
13 Davao Region (XI)	1.7	(4.9)
14 SOCCSKSARGEN (XII)	5.2	0.3
15 Caraga	(13.8)	0.7
16 ARMM	7.0	16.8

Source: National Statistics Coordinating Board

percent), CAR (9.8 percent), Northern Mindanao (6.0 percent), SOCCSKSARGEN (5.2 percent), and Central Visayas (4.3 percent) contributed to the improved performance of the country's hog production. The rise in hog production was traced to the higher demand for hog meat during the election period, increased export demand, and attractive market price. The hog industry is the country's second principal agricultural industry after palay, and accounted for 82 percent of the total livestock production during the review period.

- Major swine-producing regions include Central Luzon and CALABARZON, which together accounted for 33.6 percent of hog production during the period.

## Fishery

### Growth in aquaculture boosts fishery production

Fish Production, in metric tons  
Growth Rate in Percent, y-o-y

Region	1 <sup>st</sup> sem 2007	1 <sup>st</sup> sem 2006
PHILIPPINES	7.4	8.1
1 CAR	8.7	(40.0)
2 Ilocos Region (I)	9.7	25.1
3 Cagayan Valley (II)	8.3	24.9
4 Central Luzon (III)	12.4	17.1
5 Southern Tagalog-CALABARZON (IV-A)	0.0	21.0
6 Southern Tagalog-MIMAROPA (IV-B)	2.1	17.2
7 Bicol Region (V)	8.4	48.6
8 Western Visayas (VI)	6.5	4.0
9 Central Visayas (VII)	16.0	2.2
10 Eastern Visayas (VIII)	14.2	(17.3)
11 Zamboanga Peninsula (IX)	3.3	19.0
12 Northern Mindanao (X)	12.8	(8.1)
13 Davao Region (XI)	35.9	8.3
14 SOCCSKSARGEN (XII)	7.5	5.9
15 Caraga	5.6	23.7
16 ARMM	8.0	4.8

Source: National Statistics Coordinating Board

- The fishery subsector grew by 7.4 percent in the first semester of 2007, lower than the year-ago level of 8.1 percent. The main source of growth, which accounted for almost half of the fishery subsector's production, was aquaculture, which grew by 5.8 percent during the review period. Significant increases were recorded in Davao Region (35.9 percent), Central Visayas (16.0 percent), Eastern Visayas (14.2 percent), and Northern Mindanao (12.8 percent).
- The reasons cited for the growth of the fishery subsector in these regions were:
  - ✓ Increase in production of seaweeds due to the shift in the use of the "spinosum" variety, which requires cheaper planting materials than the other varieties in Central Visayas;
  - ✓ Increase in area harvested coupled with the decline in mortality because of good quality fry in Northern Mindanao;
  - ✓ Increase in fishing trips and unloading due to good weather conditions in Western visayas, Central Visayas particularly in Bohol and Negros Oriental, and Northern Mindanao;

- ✓ Establishment of more fish shelters or payaos<sup>7</sup> under the auspices of the Bureau of Fisheries and Aquatic Resources (BFAR) in Western Visayas and Davao Region; and
  - ✓ Continued disposal of fingerlings led by BFAR in Northern Mindanao.
- Fishery production in all regions in Luzon slowed down during the first semester of 2007, except CAR. The BFAR carried out mitigating measures that compensated for the potential losses in the fisheries sector as a result of the dry spell in Luzon. These measures included the harvesting of rain water in non-drought areas by means of small impoundments and canal systems from bigger bodies of water, producing more tilapia fingerlings for freshwater areas and culture of milkfish, and opening up of new mariculture parks in Rosario, La Union as production sites for high-value fish species.

## Construction

### *Construction activity weakens*

Total Number of Approved Building Permits by Region  
2006-2007, First Semester

Region	1 <sup>st</sup> sem 2006	1 <sup>st</sup> sem 2007	Growth rate in percent
PHILIPPINES	50,440	46,544	(7.7)
1 CAR	459	431	(6.1)
2 Ilocos Region (I)	4,366	4,014	(8.1)
3 Cagayan Valley (II)	981	455	(53.7)
4 Central Luzon (III)	6,022	5,488	(8.9)
5 Southern Tagalog-CALABARZON (IV-A)	11,258	7,604	(32.5)
6 Southern Tagalog-MIMAROPA (IV-B)	524	334	(36.3)
7 Bicol Region (V)	1,010	1,143	13.2
8 Western Visayas (VI)	1,901	1,958	3.0
9 Central Visayas (VII)	5,048	5,672	12.4
10 Eastern Visayas (VIII)	1,025	984	(4.0)
11 Zamboanga Peninsula (IX)	562	466	(17.1)
12 Northern Mindanao (X)	1,918	2,099	9.4
13 Davao Region (XI)	4,488	4,273	(4.8)
14 SOCCSKSARGEN (XII)	1,055	601	(43.0)
15 Caraga	987	814	(17.5)
16 ARMM	52	4	(92.3)

Source: National Statistics Coordinating Board

- Construction activity declined in the first semester of 2007 reflective of the general decrease in both the number of building permits issued and the number of residential building constructions started. This was attributed to increases in the prices of construction materials as a result of rising cost of fuel during the first half of the year.
- During the first semester in 2007, the number of approved building permits dropped by 3,896 or 7.7 percent to 46,544 as against 50,440 in the same period in 2006.
- The decline in the number of building permits was most prominent in 12 regions led by CALABARZON, Central Luzon, Cagayan Valley, SOCCSKSARGEN and Ilocos. However, improved construction activity was observed in five regions, namely: NCR, Central Visayas, Northern Mindanao, Bicol and West Visayas.

<sup>7</sup> This is a fish-aggregating device consisting of a floating raft or drums anchored by a weighted line with suspended materials such as palm fronds which attract pelagic and schooling species of fish.

Total Number of Residential Building Construction Started  
2006-2007, First Semester

Region	1 <sup>st</sup> sem 2006	1 <sup>st</sup> sem 2007	Growth rate in percent
PHILIPPINES	48,172	46,544	(40.2)
1 CAR	741	345	(53.4)
2 Ilocos Region (I)	4,353	3,234	(25.7)
3 Cagayan Valley (II)	9,201	312	(96.6)
4 Central Luzon (III)	321	4,010	1,149.2
5 Southern Tagalog-CALABARZON (IV-A)	664	3,188	380.1
6 Southern Tagalog-MIMAROPA (IV-B)	1,395	216	(84.5)
7 Bicol Region (V)	3,437	832	(75.8)
8 Western Visayas (VI)	697	1,324	90.0
9 Central Visayas (VII)	252	4,232	1,579.4
10 Eastern Visayas (VIII)	1,277	699	(45.3)
11 Zamboanga Peninsula (IX)	3,115	270	(91.3)
12 Northern Mindanao (X)	712	1,060	48.9
13 Davao Region (XI)	494	2,783	463.4
14 SOCCSKSARGEN (XII)	15	370	2,366.7
15 Caraga	17,904	328	(98.2)
16 ARMM	-	4	-

Source: National Statistics Coordinating Board

## Tourism

### Hotel Occupancy

#### *Hotel occupancy increases*

Regional Hotel Occupancy Rate  
In percent

Region	2007 (Jan-Jun)	2006 (Jan-Jun)	Growthrate
PHILIPPINES	64.3	62.5	2.9
1 NCR	73.9	72.4	2.1
2 CAR	40.0	32.8	22.0
3 Ilocos Region (I)	31.9	42.1	(26.0)
4 Cagayan Valley (II)	71.7	57.3	25.3
5 Central Luzon (III)	59.9	59.9	(0.1)
6 Southern Luzon (IV)	60.5	52.6	15.2
7 Bicol Region (V)	32.0	38.1	(16.0)
8 Western Visayas (VI)	52.2	42.9	21.7
9 Central Visayas (VII)	65.0	71.8	(9.6)
10 Eastern Visayas (VIII)	-	33.2	-
11 Zamboanga Peninsula (IX)	-	40.7	-
12 Northern Mindanao (X)	59.0	60.5	(2.4)
13 Davao Region (XI)	60.9	63.9	(4.8)
14 SOCCSKSARGEN (XII)	50.3	52.2	(3.7)
15 Caraga	41.7	34.8	19.9

Source: DOT Regional Offices

- Likewise, the number of residential building constructions started decreased significantly by 19,353 or 40.2 percent to 28,819 during the period under review compared to 48,172 in 2006.
- Significant declines in housing starts were attributed to 8 regions led by CARAGA, Cagayan Valley, Zamboanga Peninsula, Bicol, MIMAROPA and Ilocos. By contrast, higher numbers of housing starts were observed in eight regions led by Central Visayas, Central Luzon, CALABARZON, Davao Region and NCR. The boom in residential construction on these regions may be attributed to the influx of OF remittances.

- Tourism activity remained favorable in the first semester of 2007 as indicated by the 2.9 percent rise in the average hotel occupancy rate in the country. Notable increases in hotel occupancy rates during the review period were recorded in Cagayan Valley (25.3 percent), CAR (22.0 percent), Western Visayas (21.7 percent), and CARAGA (19.9 percent).

- With the construction of new hotels, motels, casinos, and other sports and entertainment facilities at the Cagayan Economic Zone Authority (CEZA), the Cagayan Valley region was able to attract more domestic and foreign tourists. Major tourist spots such as the famous Callao caves also continued to draw visitors in the area.<sup>8</sup>
- Baguio City, which belongs to the Cordillera region, remained as one of the country's top tourist destinations. Regular events and festivities held during the first semester of every year in the city, such as the Spring Festival, Flower Festival (*Panagbenga*), and the Philippine Military Academy (PMA) Alumni Homecoming continued to be a magnet for visitors.

<sup>8</sup> "Agri, investments in construction, tourist arrivals power Cagayan Valley's first quarter growth", NEDA press release, 25 July 2007, available at [www.neda.gov.ph](http://www.neda.gov.ph)

- Tourism activity remained brisk in Western Visayas as both domestic and foreign tourists continue to flock to the world-famous white beach of Boracay in Aklan province, especially during summer.
- Meanwhile, the rise in the hotel occupancy rate in CARAGA was traced to the continued influx of local and foreign surfing enthusiasts in the country's surfing capital of Surigao del Norte. The province plays host to several surfing competitions annually.

## Banking

*NCR has more banks to service its population*

**Bank Density Ratio**  
Population per bank

Region	Jun 2007	Jun 2006
PHILIPPINES	11,436	11,264
1 NCR	4,119	4,097
2 CAR	14,458	14,029
3 Ilocos Region (I)	12,837	12,481
4 Cagayan Valley (II)	13,418	13,895
5 Central Luzon (III)	11,749	11,584
6 Southern Tagalog-CALABARZON (IV-A)	9,540	9,261
7 Southern Tagalog-MIMAROPA (IV-B)	26,588	31,589
8 Bicol Region (V)	24,388	24,146
9 Western Visayas (VI)	17,240	15,854
10 Central Visayas (VII)	12,876	12,594
11 Eastern Visayas (VIII)	30,934	30,542
12 Zamboanga Peninsula (IX)	26,655	26,123
13 Northern Mindanao (X)	15,990	15,784
14 Davao Region (XI)	16,288	16,214
15 SOCCSKSARGEN (XII)	22,606	21,967
16 ARMM	131,308	123,383
17 Caraga	20,744	20,530

Source: Supervisory Data Center, SES-BSP

### Total Deposit Liabilities

Growth Rate in Percent, y-o-y.

Region	2007 (June)	2006 (June)
PHILIPPINES	14.2	10.4
1 NCR	14.5	10.5
2 CAR	15.3	23.0
3 Ilocos Region (I)	8.6	5.6
4 Cagayan Valley (II)	15.9	9.4
5 Central Luzon (III)	11.3	9.9
6 Southern Tagalog-CALABARZON (IV-A)	12.9	9.2
7 Southern Tagalog-MIMAROPA (IV-B)	13.1	10.4
8 Bicol Region (V)	16.3	11.4
9 Western Visayas (VI)	9.8	7.2
10 Central Visayas (VII)	12.1	12.7
11 Eastern Visayas (VIII)	10.4	12.7
12 Zamboanga Peninsula (IX)	12.1	12.0
13 Northern Mindanao (X)	12.8	7.9
14 Davao Region (XI)	10.4	11.4
15 SOCCSKSARGEN (XII)	6.5	13.0
16 ARMM	11.3	9.1
17 Caraga	16.8	15.2

Source: Supervisory Data Center, SES-BSP

- With bank density ratios of 4,119 persons per bank as of June 2007 and 4,149 as of September 2007, the NCR continues to have the most number of banks relative to its population. Following NCR as the region with the highest concentration of banks were CALABARZON and Central Luzon, with bank density ratios of 9,540 and 11,749, respectively, for the first semester of 2007. Density ratios for these two regions as of September 2007 were 9,552 and 11,764, respectively.
- All regions continued to post positive growth rates in deposit liabilities in the first half of 2007. One of the major contributors to this favorable growth was the increase in overseas remittances. Topping the list of regions with high rates of deposits were CARAGA (16.8 percent), Bicol (16.3 percent), Cagayan Valley (15.9 percent), CAR (15.3 percent), and NCR (14.5 percent). These regions were able to record relatively strong loan growth rates during the review period as well.
- Banks in the Ilocos region, Eastern Visayas, and CALABARZON posted loan growth rates of 14.5 percent, 13.4 percent, and 9.1 percent, respectively, in the first six months of 2007, reflecting upbeat lending activity in these parts of the country. The overall growth in loans of 9.9 percent was weighed down by declines posted in the regions of ARMM, Central, Northern and Southern Mindanao, and MIMAROPA.

**Loan Portfolio to Deposit Ratio**  
 In percent

Region	2007 (June)	2006 (June)
PHILIPPINES	65.1	67.5
1 NCR	79.5	87.7
2 CAR	10.5	11.7
3 Ilocos Region (I)	19.1	18.1
4 Cagayan Valley (II)	35.1	38.8
5 Central Luzon (III)	21.6	23.9
6 Southern Tagalog-CALABARZON (IV-A)	15.7	16.3
7 Southern Tagalog-MIMAROPA (IV-B)	24.1	28.6
8 Bicol Region (V)	31.1	35.3
9 Western Visayas (VI)	18.4	19.9
10 Central Visayas (VII)	23.8	26.3
11 Eastern Visayas (VIII)	22.9	22.3
12 Zamboanga Peninsula (IX)	20.2	21.6
13 Northern Mindanao (X)	32.0	40.5
14 Davao Region (XI)	22.2	26.8
15 SOCCSKSARGEN (XII)	25.5	31.8
16 ARMM	12.1	20.1
17 Caraga	30.9	35.6

Source: Supervisory Data Center, SES-BSP

**Total Loan Portfolio**  
 Growth Rate in Percent, y-o-y

Region	2007 (June)	2006 (June)
PHILIPPINES	9.9	2.2
1 NCR	3.7	11.8
2 CAR	3.6	100.6
3 Ilocos Region (I)	14.5	115.0
4 Cagayan Valley (II)	4.8	78.7
5 Central Luzon (III)	0.4	77.3
6 Southern Tagalog-CALABARZON (IV-A)	9.1	128.7
7 Southern Tagalog-MIMAROPA (IV-B)	(4.6)	63.3
8 Bicol Region (V)	2.6	87.6
9 Western Visayas (VI)	1.5	38.0
10 Central Visayas (VII)	1.3	37.0
11 Eastern Visayas (VIII)	13.4	58.2
12 Zamboanga Peninsula (IX)	4.5	52.7
13 Northern Mindanao (X)	(10.9)	38.5
14 Davao Region (XI)	(8.7)	35.1
15 SOCCSKSARGEN (XII)	(14.7)	40.8
16 ARMM	(33.2)	(33.9)
17 Caraga	1.3	115.7

Source: Supervisory Data Center, SES-BSP

## Inflation

*Lower oil prices and rising food prices push inflation down*

- The NCR, which accounted for about 90 percent of the total loans of the banking sector, maintained its position as the region with the highest loans-to-deposits ratio at 79.5 percent. This was followed by Cagayan Valley (35.1 percent), Northern Mindanao (32.0 percent), Bicol region (31.1 percent) and CARAGA (31.0 percent), indicating the efficiency of banks in these areas in channeling deposits to lending activities. It may be noted that the 79.5 percent loans-to-deposits ratio in NCR was lower than the previous year's 87.7 percent, owing to the slowdown in loans extended from 11.8 percent in the first semester of 2006 to 3.7 percent in the review period.

- In terms of microfinance activities, the regions with the most number of rural banks engaged in microfinance operation were CALABARZON (32 rural banks), Central Luzon (21), and the Bicol region (16). Meanwhile only the NCR, Central Visayas, Central Luzon, CALABARZON, Western Visayas, and CAR have thrift banks engaged in microfinance operations.

- Inflation rates for the majority of the regions remained subdued for the first six months of 2007. Average inflation rate for the whole country during period in review was registered at 2.6 percent, significantly lower than the year-ago level of 7.1 percent. The deceleration in inflation was supported largely by stable food prices and the firm peso. Meanwhile, CAR posted the lowest average inflation rate at 1.5 percent as a result of lower prices for all commodities except for fuel, light, and water. Caraga posted the highest inflation rate at 4.7 percent as prices of all commodity groups in the region increased at a faster rate.

## Inflation Rates, in percent

Region	2008 (Jan-Feb)	2007	2007 (Sam <sup>1</sup> )	2006 (Sam <sup>1</sup> )
PHILIPPINES	5.1	2.8	2.6	7.1
1 NCR	4.0	2.6	2.4	8.0
2 CAR	4.5	1.8	1.5	6.9
3 Ilocos Region (I)	4.7	2.5	2.5	7.7
4 Cagayan Valley (II)	4.6	2.4	2.5	6.9
5 Central Luzon (III)	7.1	2.6	2.2	6.4
6 CALABARZON (IV-A)	4.4	2.6	2.6	6.8
7 MIMAROPA (IV-B)	5.8	3.3	2.9	7.2
8 Biod Region (V)	5.1	3.4	3.4	6.6
9 Western Visayas (VI)	5.6	2.9	2.6	5.3
10 Central Visayas (VII)	4.9	2.2	2.1	7.0
11 Eastern Visayas (VIII)	5.8	3.0	3.2	6.7
12 Zamboanga Peninsula (IX)	8.6	3.4	3.4	7.1
13 Northern Mindanao (X)	6.3	3.8	3.8	6.9
14 Davao Region (XI)	5.3	2.9	2.8	6.8
15 SOCCSKSARGEN (XII)	6.4	3.4	3.1	5.9
16 ARMM	7.5	2.3	2.1	6.9
17 Caraga	7.1	5.0	4.7	9.7

Source: National Statistics Office

- For the full year 2007, inflation rates across all regions declined markedly as compared to the previous year. Average inflation rate for the whole country was at a 21-year low of 2.8 percent. However, regional inflation rates accelerated in the first two months of 2008, driven by higher global oil and food prices. The uptrend was more pronounced in Central Luzon, Zamboanga Peninsula and Caraga.

## Employment

*Employment rates are highest in Cagayan Valley, Zamboanga Peninsula and ARMM*

Employment and Unemployment Rates By Region<sup>1</sup>  
April 2007, in percent

Region	Employment	Unemployment	Underemployment <sup>2</sup>
PHILIPPINES	926	7.4	18.9
NCR	875	12.5	11.9
CAR	953	3.7	14.1
Ilocos Region (I)	907	9.3	15.6
Cagayan Valley (II)	970	3.0	16.5
Central Luzon (III)	888	10.2	8.3
CALABARZON (IV-A)	907	9.3	14.8
MIMAROPA (IV-B)	958	4.2	22.0
Biod Region (V)	947	5.3	36.5
Western Visayas (VI)	921	7.9	25.5
Central Visayas (VII)	943	5.7	15.9
Eastern Visayas (VIII)	946	5.4	26.4
Zamboanga Peninsula (IX)	959	3.1	22.6
Northern Mindanao (X)	945	5.5	27.3
Davao Region (XI)	949	5.1	18.6
SOCCSKSARGEN (XII)	948	5.3	25.6
Caraga (XIII)	941	5.9	25.5
ARMM	952	3.8	16.6

Sources of Data: Bureau of Labor and Employment Statistics, NSO

<sup>1</sup>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.

<sup>2</sup>Underemployment rate is the proportion in percent of the total number of underemployed persons to the total number of employed persons. Underemployed persons include all employed persons who express the desire to have additional hours of work in their present job or an additional job, or to have a new job with longer working hours.

- Based on the April 2007 Labor Force Survey (LFS) of the National Statistics Office (NSO), employment rates were highest in Cagayan Valley (97.0 percent), Zamboanga Peninsula (96.9 percent) and ARMM (96.2 percent). These three regions surpassed the national employment rate of 92.6 percent. By contrast the lowest employment rate was registered in NCR at 87.5 percent.
- All sectors contributed to the growth in the employment rate in Cagayan Valley. The agriculture sector continued to absorb the most number of workers with 60.5 percent share of the total employed persons. This was, however, lower by 0.6 percent from the previous year's level due to the observed shift in employment to the services sector. Nevertheless, the agriculture sector showed an increase in the number of employed persons by 0.98 percent to reach 827,000 workers compared to 819,000 workers a year ago. Employment in the services sector grew by 6.8 percent due to the increase in the number of businesses, led by the interactive gaming support services in the Cagayan Social Economic Zone and Free Port (CSEZFP). Employment in the industry sector also rose by 7.2 percent led by the finance, banking and insurance sub-sectors.
- NCR posted the highest unemployment rate at 12.5 percent followed by Central Luzon at 10.2 percent and Calabarzon at 9.3 percent.

Unemployment rate was lowest in Cagayan Valley at 3.0 percent.

- Underemployment rates were highest in the Bicol Region (36.5 percent) and Northern Mindanao (27.3 percent), and lowest in Central Luzon (8.3 percent).
- The number of establishments, which were closed or resorted to reduction of workers due to economic reasons, declined to 1,363 in the first semester of 2007 from 2,979 in the same period in 2006.<sup>9</sup> The number of workers who were retrenched or laid-off dropped significantly to 20,478 in the first half of 2007 from 59,376 in the same period last year. The highest number of workers laid off was reported in NCR at 10,397.
- Based on the October 2007 LFS of the NSO, employment rates were highest in Cagayan Valley (97.7 percent), Zamboanga Peninsula (97.1 percent) and ARMM (97.0 percent). NCR registered the lowest employment rate at 89.4 percent.

### Demand and Supply Conditions

*Aggregate supply and demand indicators point to an upturn*

- Aggregate supply indicators in the agriculture and banking sectors showed robust growth during the first half of 2007 compared to their year-ago levels. Demand indicators exhibited mixed trends while inflation declined significantly during the same period.
- In the agriculture sector, the production of major crops experienced a marked slowdown due to the decrease in the area harvested because of the mild El Niño experienced during the semester in review. By contrast, livestock and poultry production rose on the back of higher demand for pork, beef and chicken. The country remained free from avian flu and FMD (in some regions) which contributed to sustained demand for livestock and poultry.
- Most of the regions showed sluggish growth in construction as evidenced by the decline in building permits and housing starts due to high

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<sup>9</sup> Preliminary data based on the reports submitted to the Department of Labor and Employment (DOLE) Regional Offices, Bureau of Labor and Employment Statistics (BLES), Current Labor Statistics, January 2008 publication and DOLE press release, 28 March 2008.

costs of labor, construction materials and housing lots.

- Performance indicators in the services sector revealed brisk lending activity in the banking system but slower growth in hotel occupancy rate.
- Financial market conditions improved during the review period, with credit rising by 9.9 percent, largely accounted for by the 3.7 percent growth of loans in the NCR. The region accounted for 89.1 percent of outstanding loans of the banking system. Moreover, savings mobilization grew at a faster rate of 14.2 percent during the first semester of 2007 from 10.4 percent during the previous year. Fourteen regions posted double-digit increases in their deposit rates.
- Loan utilization as a percent of total deposits ranged from 10 to 35 percent in all the regions in the first half of 2007, except in the NCR, which registered a 79.5 percent loans-to-deposits ratio.
- Demand indicators showed signs of improvement as unemployment fell to 7.4 percent in April 2007 from 8.7 percent in April 2006. Of the 17 regions, 13 registered lower unemployment rates during this period.
- Average inflation fell significantly during the first semester of 2007 to 2.6 percent compared to 7.1 percent during the same period in 2006. This positive development was traced to stable food prices and firmer peso. The NCR recorded the biggest reduction in inflation rate by 5.6 percentage points from 8.0 percent in the first semester of 2006 to 2.4 percent during the same period in 2007, followed by CAR and ARMM at 5.4 and 4.8 percentage points, respectively.

### Opportunities and Challenges

- Several projects and investments in the major sectors of the economy are expected to spur economic activity in the regions (Annex A). These include the improvement of irrigation systems to boost agricultural production, provision of financial assistance to agriculture and industrial workers, implementation of

government infrastructure programs, and construction of tourism-related projects such as hotels, resorts and amusement parks.

- 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 (OTOP) program; establishment of micro, small and medium enterprise (MSMEs) 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, business and community in Luzon, in the Visayas and in Mindanao, and facilitate access to tourist areas. Promotion of peace and development in areas outside NCR, particularly in Mindanao and other impoverished areas are likewise being intensified.
- 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 could slow down growth in the regions. Among these challenges are environmental concerns (i.e., soil erosion, siltation and slash and burn resulting to denudation of forest, and exploitation of watersheds), inadequate support facilities for BPOs and the tourism sector, frequent power supply interruptions, shortage of skilled workers, illegal practices such as smuggling, poaching and dynamite fishing, and peace and order issues in some areas.

**Sources of data and other information:**

- Bureau of Agricultural Statistics, Department of Agriculture (BAS-DA)
  - Palay, corn and banana production
  - Cattle, chicken and swine production
  - Fishery production
  - Performance of the Philippine agriculture (January-June 2007)
- Bureau of Fisheries and Aquatic Resources
- Department of Tourism (DOT)
  - Hotel occupancy rate
- National Economic Development Authority
  - Regional Economic Situationer
- National Statistics Office (NSO)
  - Approved building permits and housing starts
  - Residential building constructions started
  - Inflation
  - Employment
- Supervisory Data Center, Bangko Sentral ng Pilipinas (SDC-BSP)
  - Loans
  - Deposits
  - Bank density
  - 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"> <li>• In the services sector, Ayala Corporation’s business process outsourcing (BPO) unit, Live Its Solution Inc., has acquired US outsourcing firm Affinity Express Inc. This marked the continuing growth in outsourcing in the country, as companies around the world tap a low-cost English speaking workforce to do the back office work for them.<sup>1</sup></li> <li>• The Philippine National Construction Corporation (PNCC) would proceed with the extension of Metro Manila Skyway project from Bicutan to Alabang in Muntinlupa City (Stage 2). The project would offer a more convenient means of transportation for the public, facilitate the movement of goods and further boost business and development in other areas in the CALABARZON.<sup>2</sup></li> <li>• The Metro Manila Development Authority (MMDA) launched “Metro Gwapo, Pook Na Bulok, Negosyo Hindi Papasok,” a two-pronged project to clean up and draw investors to key areas of the metropolis. The main objective is to make the metropolis the country’s business showcase and main hub of economic activity. The project includes traffic management, relocation of sidewalk</li> </ul>

<sup>1</sup> Department of Trade and Industry (January 2007), Philippine Business Report, Volume 18 No. 01.

<sup>2</sup> Office of the President press release, 21 March 2007, “Skyway extension all set, PGMA announces.”

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>vendors and waterways dwellers, identification of metro walks and bikeways, cleanup and re-painting of the rundown structures along major thoroughfares.<sup>3</sup></p> <ul style="list-style-type: none"> <li>• The National Economic and Development Authority (NEDA) endorsed for funding and implementation the ₱6.323-billion LRT Line 1 North Extension Project of the Light Rail Transit Authority (LRTA). The project aims to complete the interconnection of the Monumento Station of LRT Line 1 to the North Avenue Station of MRT 3.<sup>4</sup> The project will be implemented for two years with construction to begin in 2008 until April 2010.</li> <li>• The Department of Public Works and Highways (DPWH) will undertake the construction of the three-kilometer Mindanao Avenue extension project in Barangay Ugong. The road extension is expected to reduce the travel time between the cities of Quezon, Caloocan and Valenzuela via the North Luzon Expressway (NLEX); provide another important North to South route to support the fast urbanization of the northern portion of Metro Manila; and provide access to businesses servicing the ongoing large-scale residential and industrial development in the area and the NLEX via the Malinta exit.<sup>5</sup></li> <li>• Based on the results of the First Quarter 2008 Business Expectations Survey (BES), more respondents from the NCR were optimistic on the economy than their counterparts from the Areas Outside the NCR (AONCR). The overall confidence index (CI) of NCR for first quarter</li> </ul>

<sup>3</sup> Office of the President press release, 6 August 2007, "Metro Gwapo part of government program to attract investors to metropolis."

<sup>4</sup> NEDA press release, 21 September 2007, "NEDA Board approves three projects worth PhP18.6 billion."

<sup>5</sup> Office of the President press release, 4 February 2008, "PGMA pushes 'surge in infrastructure'."

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>of 2008 was 34.0 index points, higher by 12.6 index points than AONCR, while the CI of NCR for the second quarter of 2008 was 42.2 index points, higher by 4.6 index points than AONCR.</p>
<p><b>CAR</b></p>	<ul style="list-style-type: none"> <li>• Tobacco production in the province of Abra is expected to increase after the National Tobacco Administration released a ₱2 million production assistance to tobacco farmers in the province of Abra. The assistance was given to 155 farmers cultivating 104 hectares of tobacco farmlands.</li> <li>• Farmers in Benguet expect to penetrate new markets for their produce with the opening of barangay-based food depots and retail outlets in various areas in Metro Manila. The DA is working for the opening of additional barangay food terminals and retail markets or bagsakan areas in various places in Metro Manila where Benguet farmers could deliver directly their produce.</li> <li>• The DA has approved the construction of six multi-purpose drying pavements under its Ginintuang Masaganang Ani Rice Program in the province of Ifugao to boost its agricultural production. The construction of these drying pavements is expected to be completed in time for the harvest season in the summer of 2008.</li> </ul>	<ul style="list-style-type: none"> <li>• The newly constructed ₱172-million flyover at the rotunda of the Baguio General Hospital was inaugurated on 25 January 2008. The flyover is one of the priority projects of the administration, and is expected to facilitate faster movements of goods to the commercial and business districts in Baguio.</li> <li>• A boom in economic activity for the land-locked Kabayan town of Benguet is expected as land access continued to improve with the start of the repairs in the three major bridges. A total amount of ₱231 million will be used for the repair of the Caling, Eddet, and Pangtal Bridges, all located along the Gurel-Bokod-Kabayan-Buguias-Abatan National Road. Repair works started along the Caling Bridge while repair of the other two will start simultaneously in January 2009.</li> <li>• SITEL Philippines Corp. and the provincial government of Ifugao signed on 7 January 2008 a Memorandum of Agreement (MOA) to conduct the First Mobile Training Partnership Program. SITEL will conduct free training in the province to raise English and technical proficiency levels to industry standards. Trainees who meet the standards of the company will be hired.</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> <li>The NEDA and Kalinga LGU allotted ₱990,000 to revive CAR's citrus industry. This project, known as "Production of Gayunan through Improved Technology", aims to produce and distribute quality, disease-free gayunan seedlings through the procurement of certified disease-free imported citrus seeds and asexual propagation or side-grafting which hastens the propagation and distribution of budded seedlings.</li> </ul>	
<p><b>Ilocos Region</b></p>	<ul style="list-style-type: none"> <li>Palay and corn productions are expected to post continued growths due to increased plantings in rainfed areas.</li> <li>The maintenance of the Bagsakan Center in Villasis, Pangasinan will help ensure a ready market for the crops produced in the province.</li> <li>The Office of the Provincial Agriculturist (OPAG) in La Union will strengthen the production of hybrid rice, off-season vegetables and exotic fruits (i.e., pomelo, guyabano, rambutan) to transform the province into a commercial producer of these commodities. The La Union Agriculture Development and Processing Center, with an estimated cost of ₱60 million, will also be established.</li> </ul>	<ul style="list-style-type: none"> <li>The DOLE, through its poverty-free zone program, granted financial assistance to selected registered workers' organizations, as follows: <ul style="list-style-type: none"> <li>✓ Upper Tomapoc Multi Purpose Cooperative in Burgos, La Union with their soft-broom making tiger-grass production and trading which started in 2005 with 135 members - ₱1 million;</li> <li>✓ Nambaran Multi-Purpose Cooperative in Sto. Domingo, Ilocos Sur with their canton noodles with squash, that started in 2004 with 140 members - ₱999,000; and</li> <li>✓ Sancagulis Multi-Purpose Cooperative in Bayambang, Pangasinan with their rice cracker production, which started in 2005, with 124 members - ₱1.1 million.</li> </ul> </li> <li>The completion of some infrastructure projects under the Super Regions blueprint is expected to spur economic development in the region. In Bayambang, Pangasinan,</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> <li>• The Provincial Government of Ilocos Sur assured financial assistance with low interest rates for the provision of farm inputs for corn growing in the 1<sup>st</sup> semester of 2008. Further, a MOA between the Provincial Government of Ilocos Sur and San Miguel Corporation (SMC) was forged to establish a marketing outlet for corn. The appropriate buying price per kilo of hybrid corn for the farmers is under negotiation.</li> <li>• The ₱9.50 to ₱10.00 per kilogram increase in the floor prices of all grades of flue-cured Virginia tobacco is expected to increase tobacco production in the region. The price increase was agreed during the tripartite conference among local officials, farmers, traders, manufacturers and stakeholders, held at the central office of the NTA in Quezon City on 10 December 2007.</li> </ul>	<p>the ₱50 million Calvo Bridge was completed, along with the Sinait, Ilocos Sur road project worth ₱15 million; while in La Union, the construction of the San Fernando-San Juan bypass road is nearing completion.</p> <ul style="list-style-type: none"> <li>• The new mango drying facilities and Extended Hot Water Treatment projects of the Pangasinan Tropical Fruits Multi-Purpose Cooperative are expected to considerably improve and enhance Pangasinan's, and the country's, fresh mango export. The additional drying facilities can contain 100 MT of fresh mango fruits, and could generate 150 jobs. The facilities were funded by the Department of Agriculture-Bureau of Agricultural Research (DA-BAR).</li> <li>• The SM Supermart in Rosales, Pangasinan which is under construction and is expected to generate investments and employment. Completion of the building is targeted by October 2008.</li> <li>• The opening of the 5-kilometer expressway linking Arellano and Lucao, Dagupan City in April 2008 will decongest the main thoroughfares in Dagupan City and cut the travel time of both traders and commuters.</li> <li>• The rehabilitation of the San Fernando (La Union) Airport began on 29 May 2007 and is expected to be completed by July 2008. The upgrade is expected to turn the airport into a modern facility that complies with international civil aviation standards to accommodate international flights from the Asia-Pacific region. The rehabilitated San Fernando Airport will provide infrastructure that is vital to tourism and commerce in the</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>Ilocos region.</p> <ul style="list-style-type: none"> <li>The impending closure of the Loakan Airport in Baguio that will divert all flights to the San Fernando Airport presents an opportunity for re-energizing the tourism industry in Region I.</li> </ul>
<p><b>Cagayan Valley</b></p>	<ul style="list-style-type: none"> <li>The establishment and operation of the Municipal Tilapia Hatchery in the municipalities of Cabarroguis and Diffun, Quirino are seen to boost aquaculture production in Region II and further promote investor interest in tilapia culture.</li> <li>The fishery production in the region is anticipated to increase as BFAR intensifies its programs on the: (a) expansion of fishery production areas; (b) establishment of deep-sea payao<sup>6</sup> at Buguey, Cagayan and Maconancon, Isabela, through the distribution of high value species; (c) promotion of polyculture technology; (d) provision of fishing gear; and (e) distribution of fingerlings.</li> <li>The expanded program of the DA on artificial insemination, particularly for carabao and swine, will help sustain carabao production in the region.</li> </ul>	<ul style="list-style-type: none"> <li>The intensified operation of the One Town One Product (OTOP) program using a multi-sectoral approach will generate more jobs as investments expand in all sectors.</li> <li>The efficient delivery of services in terms of power supply in the region is expected following the privatization of the Magat Dam Power Generator Component.</li> <li>The operation of the Casino and Entertainment Firm at the Cagayan Economic Zone Authority and the completion of a 300-room hotel, which will attract domestic and foreign tourists in the region, will lead to increased economic activity and will create of jobs in the region.</li> </ul>

<sup>6</sup> This is a fish aggregating device consisting of a floating raft or drums anchored by a weighted line with suspended materials such as palm fronds which attract pelagic and schooling species of fish.

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> <li>The grant of funding support by the Austrian government for the construction of nine bridges in the region amounting to about ₱377 million, will facilitate the flow of farm inputs to the rural areas as well as increase the efficiency of transporting goods to various market outlets.</li> </ul>	
<p><b>Central Luzon</b></p>	<ul style="list-style-type: none"> <li>The DPWH commits to finance the Balagtas interchange in Bulacan that will provide exchange facilities for the smooth flowing of agricultural and other products to and from Metro Manila and the rest of Luzon. This interchange will further expedite trade and commerce activities in the region.</li> <li>The success of the pilot project on capiz production in Samal, Bataan will be replicated in Pilar, Bataan in 2008.</li> <li>The clean-up drive in the Marilao-Meycauayan-Obando river system is seen to bring increased production for fishermen.</li> <li>The government, with the support of business groups, is continuously implementing measures to ensure that the entire island of Luzon will gain international recognition as a foot and mouth disease-free area.</li> </ul>	<ul style="list-style-type: none"> <li>A road network that would allow improved access between Zambales and the rest of Central Luzon is now under construction. This road network is expected to reduce travel time and contribute to the economic growth in the region.</li> <li>Japan Airlines (JAL) executives have expressed interest in using the Diosdado Macapagal International Airport (DMIA) as an alternate airport during emergency situations. DMIA's terminal is being expanded to accommodate at least two million passengers annually. This project is expected to be completed in 2008. The construction of the Terminal 2 project will start in the middle of 2008 and is expected to accommodate at least eight million passengers annually. DMIA is envisioned to be a premier gateway and mega logistics hub in the Philippines that will help boost economic activity in the region and the entire country.</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<b>CALABARZON</b>	<ul style="list-style-type: none"> <li>• The expansion of areas for corn and vegetable production is expected to supply not only the needs of CALABARZON but also the outlying regions affected heavily by dry spell.</li> <li>• The aggressive promotion and support to biofuel development in Quezon, including the moratorium on the issuance of permit to cut coconut trees, will provide strong support to the coconut industry. Establishment of an agri-based cooperative in Batangas is expected to boost the dairy production.</li> <li>• The continuation of the dispersal program for fingerlings and seaweeds seedlings is expected to result in the increased number of farmers engaged in seaweeds and tilapia production.</li> </ul>	<ul style="list-style-type: none"> <li>• CALABARZON has lined up investment promotion and capacity building activities for 2008, as follows: (a) Investments Promotion Group (IPG) partnership with Vietnam; (b) IPG business mission to Doha, Qatar and Dubai; (c) IPG Visit to Eastern Europe; (d) Capacity Building and Observation Course in Australia; and (e) Provincial Planning and Development Coordinators' (PPDCs) study visit to Oita, Japan. These activities are expected to boost investments and create jobs in the region.</li> <li>• The market link-up of SME products with business establishments (e.g., hotels and restaurants) is expected to improve business activity in the region.</li> <li>• The implementation of programs that are geared toward the development of new tourist destinations, especially in the area of eco-tourism, is expected to promote the tourism industry.</li> <li>• The development of the ICT industry in the region is expected to generate investments and jobs.</li> </ul>
<b>MIMAROPA</b>	<ul style="list-style-type: none"> <li>• The strengthening of the Brunei-Indonesia-Malaysia-Philippines – East Asian Growth Areas (BIMP-EAGA) in which Palawan is one of the areas included is anticipated to increase local demand and widen market opportunity.</li> <li>• The presence of investors on contract</li> </ul>	<ul style="list-style-type: none"> <li>• The establishment of additional market outlets for the products of Romblon in Manila and Caticlan will double the sales of Romblon products.</li> <li>• The on-going interaction of local designers of Romblon marble products with international designers as well as the re-training of a core group of marble artisans is expected to increase the production of these products.</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>growing that provides a ready market for several agricultural products, particularly in Palawan will promote further the development of the agriculture industry in the region.</p> <ul style="list-style-type: none"> <li>• The continued government initiatives as support to the production of industrial crops (i.e., cashew, mango, rubber, oil palm) under the “Plant Now Pay Later Scheme” in the province of Palawan will help sustain agricultural production.</li> <li>• The growing market interest on coco twines and geo-textiles will support the livelihood of marginal coconut farmers.</li> <li>• The development of wider areas for pasture land, particularly in the province of Palawan will improve livestock production.</li> <li>• Government initiatives and assistance to local fishermen through small-scale livelihood options, technology adaptation and conservation of marine habitat, particularly in the province of Palawan will enhance further the agriculture sector in the region.</li> <li>• The presence of multi-partite organizations that monitor closely the activities within the marine environment will help sustain fishery development in the region.</li> </ul>	<ul style="list-style-type: none"> <li>• The increase of mining applicants, particularly in small-scale mining and the reopening of the F. F. Cruz mining operation, is expected to boost the mining industry in the region.</li> <li>• The on-going infrastructures projects in the region will facilitate a more efficient movement of its goods and services. These projects include: <ul style="list-style-type: none"> <li>✓ Mansalay-Bulalacao Road in the Southern part of Oriental Mindoro;</li> <li>✓ Fish-landing facility;</li> <li>✓ Renewable energy source at Mt. Agong, Bulalacao (Exploration and Equipment Installation Phase);</li> <li>✓ Hydro power projects;</li> <li>✓ RORO port in Bulalacao, Oriental Mindoro that will connect the province to the major tourist destinations such as Boracay in Aklan and Coron in Northern Palawan, creating a <i>tourism triangle</i> (Bulalacao-Boracay-Coron); and</li> <li>✓ Construction of the Bulalacao – San Jose, Occidental Mindoro road.</li> </ul> </li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> <li>The interest expressed by potential investors for mariculture industry development, such as seaweeds production, pearl farming and fish caging is expected to expand the production capacity of the fishery sector in the region.</li> </ul>	
<b>Bicol</b>		<ul style="list-style-type: none"> <li>Restoration of the transportation and communication facilities in the region would contribute to better business opportunities and faster mobility of goods and services in the region.</li> </ul>
<b>Western Visayas</b>	<ul style="list-style-type: none"> <li>The ₱3 billion worth of irrigation projects covering about 98,000 hectares of croplands in Iloilo would increase farm yields and boost agricultural growth by about four to five percent.</li> <li>The introduction of the Palay Check System<sup>7</sup> in the province of Antique would enhance rice production in the region. This system is patterned after the Australia's Rice Check System, but with modifications to be consistent with the Philippine setting.</li> <li>The completion of the ₱12.7 million Communal Irrigation System (CIS) project in Fragante, Pandan, Antique and an additional ₱6.4 million extension project which was turned over to the Irrigators</li> </ul>	<ul style="list-style-type: none"> <li>The large amounts of receipts from the tourism industry in recent years have encouraged entrepreneurs to put up labor-intensive small and medium enterprises (SMEs).</li> <li>The direct flights from Korea to Kalibo will provide better opportunities to showcase export quality products from the region. The region is also proposed to become a retirement haven.</li> <li>There are three (3) ongoing major infrastructure projects which started in the first quarter of 2007 and are expected to be completed by 2010, namely:               <ul style="list-style-type: none"> <li>✓ The ₱548-million road widening project from Iloilo City leading to the new Iloilo airport in Cabatuan town;</li> <li>✓ The ₱676-million Metro Radial Road; and</li> <li>✓ The ₱453-million Pandan to Libertad Road up to the boundary of Antique and Aklan province.</li> </ul> </li> </ul>

<sup>7</sup> This is a rice integrated crop management system established by PhilRice to help farmers learn from their experiences in improving crop management.

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>Association on 8 March 2007 will enhance agriculture productivity and increase food production.</p> <ul style="list-style-type: none"> <li>• The establishment of a marine sanctuary in the region is expected to increase the fish population in the area.</li> <li>• The construction of an international standard-slaughterhouse in Sagay City will promote the export of livestock in the region.</li> </ul>	<ul style="list-style-type: none"> <li>• The operation of the new Iloilo International Airport in April 2007 would increase the number of flights in the area, facilitating increased tourist arrivals in the region.</li> <li>• The opening of a 2,700-seat convention hotel in Iloilo City will accommodate a larger number of tourists.</li> <li>• The completion of the ₱6-million electrification project in April 2007 for the three barangays of Pascuala, Laua-an and Anini-y in Antique would encourage livelihood activities.</li> <li>• The improved prospects for the establishment of a major call center company in Bacolod is expected to generate 1,000 new jobs in the region.</li> </ul>
<p><b>Central Visayas</b></p>	<ul style="list-style-type: none"> <li>• In Oriental Negros, the joint initiative of the Provincial Government and the Negros Island Sustainable Agriculture and Rural Development (NISARD) Foundation, Inc., known as, “Livestock Breeder Loan and Upgrading Program” will provide qualified farmers access to better breeds of livestock.</li> </ul>	<ul style="list-style-type: none"> <li>• The increasing numbers of foreign carriers that have direct flights to international airports in the region from major tourist markets is anticipated to boost the local tourism industry.</li> <li>• The establishment of new shipping routes and destinations would have a positive impact on the region’s shipping industry.</li> <li>• The real estate industry will also continue to be bullish due to increasing demand for residential properties by expatriates and Overseas Filipinos.</li> <li>• The construction of tourist-oriented establishments in various parts of the region would accommodate the increased volume of tourist arrivals.</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p><b>Eastern Visayas</b></p>		<ul style="list-style-type: none"> <li>• The establishment of three additional banks in the province of Southern Leyte is expected to widen further the access of residents and business enterprises to banking services.</li> <li>• The rehabilitation of unpaved roads, replacement of the Consuegra Bailey Bridge located along Cabungaab-Tabunok-Calbugos-Cabunga-an-Consuegra-Belen-Leyte, Leyte Road, and the development of Benit, San Ricardo as an alternative port to Liloan Ferry Terminal Port would provide a more efficient movement of goods and services within and outside the region.</li> </ul>
<p><b>Zamboanga Peninsula</b></p>	<ul style="list-style-type: none"> <li>• The repair/rehabilitation of farm-to-market roads at Barangays Langote and Kapatagan would contribute to a more efficient movement of farm produce to urban centers within and outside the region.</li> <li>• The construction of the Pagadian City Fish Port project amounting to ₱115 million will boost the fishing industry of the city.</li> <li>• The establishment of the six sites of Organic Vegetable Production will educate the farmers on the use of local resources to increase production.</li> <li>• The establishment of Seaweed Sea-Based Nursery at Mampang, funded by BFAR IX will provide quality seaweed seedlings for year-round cropping of seaweed farmers.</li> </ul>	<ul style="list-style-type: none"> <li>• The continued widening/improvement of Dapitan City-Dakak Road (9.5 km. with exceptions/gaps) would improve access to tourist spots in the area and promote economic and social development in the coastal part of the area.</li> <li>• The proposed construction of a private roll-on, roll-off seaport beside the existing Pulauan Port of Dapitan City will further promote tourism, provide small-scale business opportunities and generate additional employment in the area.</li> <li>• The participation of Zamboanga City in the annual WOW Zamboanga Peninsula in Pagadian City and Philippine Travel Mart in Mandaluyong City in September 2007 is expected to help promote Zamboanga City as tourist and investment destinations.</li> <li>• The 7<sup>th</sup> Annual Small and Medium Enterprises Development Cluster Meeting on September 10-13, 2007</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> <li>• The implementation of the Irrigation Development Project will increase the productivity of the agricultural areas in the city.</li> <li>• The implementation of the Palayamanan scheme<sup>8</sup> will benefit the farmers in the upland and rain-fed areas and introduce new technology on integrated farming system.</li> </ul>	<p>hosted by DTI IX will develop further the business skills of SMEs in the region and promote tourism as this meeting was attended by participants from other regions in the country and by representatives from neighboring ASEAN countries.</p> <ul style="list-style-type: none"> <li>• The construction and rehabilitation of water systems (e.g. artesian/deep wells, reservoir and pumping stations), that will provide access to potable water by residents in remote barangays not covered by the city's water district services will help create additional employment in the area.</li> <li>• The opening of Galas Sea Port in Dipolog City to commercial vessels which serves different sea routes from Dipolog to Visayas and Luzon will lead to a more vibrant economic activity in the area.</li> <li>• The declaration of the 12-hectare fraction of the 64-hectare Provincial Government Complex (PGC) as adventure and eco-park tourist zone by Sangguniang Panlalawigan could promote investment in tourist-related establishments and generate additional jobs in the area.</li> </ul>
<p><b>Northern Mindanao</b></p>		<ul style="list-style-type: none"> <li>• The Oro Best Expo 2007, a three-day business enterprise, services and trade exposition last 17-19 October 2007, which was organized by the Cagayan de Oro Chamber of Commerce and Industry has helped promote the region as an economic center that features thriving investment zones and related businesses.</li> </ul>

<sup>8</sup> This scheme aims to train farmers to plant short-maturing crops, such as vegetables after planting rice using the water left from the rainy season and also promote livelihood projects.

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<b>Davao Region</b>		<ul style="list-style-type: none"> <li>The mining industry is expected to expand due to the continuing increase in foreign direct investments in the industry. Moreover, the industry will benefit from various on-going government-initiated infrastructure support projects, such as construction and improvement of road networks providing access to mining sites.</li> </ul>
<b>SOCCKSARGEN</b>	<ul style="list-style-type: none"> <li>Sugarcane is expected to perform well because of the expansion of sugarcane areas in the province of Sultan Kudarat under the One-Town, One-Product scheme. Likewise, pineapple production is expected to register growth due to the expansion in plantations hectarage in the Upper Valley of South Cotabato and in Maasin of Sarangani.</li> </ul>	<ul style="list-style-type: none"> <li>There is a positive signal for investors to start and/or continue doing business in the region because of the progress in the GRP-MILF peace talks.</li> <li>The investments in the tourism industry will continue to improve tourist facilities and strengthen advocacy/promotional campaign to attract local and foreign tourist.</li> </ul>
<b>ARMM</b>		<ul style="list-style-type: none"> <li>The finalization of the Regional Economic Zone Authority (REZA) rules and regulations on the operation of Polloc Port as a free port area and the grant by the National Government of ARMM's request for subsidy in the 2008 budget for its operation is expected to boost investments and create jobs in the region.</li> </ul>
<b>Challenges</b>		
<b>CAR</b>	<ul style="list-style-type: none"> <li>The expansion of farmlands continues to</li> </ul>	<ul style="list-style-type: none"> <li>The packaging and design of strawberry and strawberry-</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>threaten Benguet's forests and watersheds. The Department of Environment and Natural Resources (DENR) reported that an average of 220 hectares of forest land is converted annually into vegetable gardens, an alarming trend for the province's 221,458.75 hectares of forest areas.</p> <ul style="list-style-type: none"> <li>• Authorities in Kalinga are concerned that Unoy farmers might expand their planting area through massive slash and burn practices because of the attractive price of Unoy rice. Most of the rice lands devoted to Unoy production in the region are in the upland and there is a tendency of expanding the land area through denudation.</li> </ul>	<p>by-products, wines, silver jewelry, and bamboo craft should be improved to better promote and increase the demand for these products.</p> <ul style="list-style-type: none"> <li>• The construction of farm-to-market roads in the southern barangays of Kiangnan, Ifugao is needed to encourage increased agricultural production.</li> </ul>
<b>Ilocos Region</b>	<ul style="list-style-type: none"> <li>• The farm lands suitable for irrigation in Pangasinan are about 181,000 hectares. However, there are only some 63,000 hectares of farmlands which are actually benefiting from irrigation.</li> <li>• Market linkage remains the primary concern of bangus producers in the Ilocos Region as it continues to increase production. The fish growers in the region are targeting an 18 percent growth to 84,000 MT in 2008 relative to the previous year.</li> </ul>	<ul style="list-style-type: none"> <li>• The high charges imposed by electric utility companies could adversely affect the operation of various major business establishments in the province of Ilocos Norte.</li> <li>• The promotional activities for the tourism sector must be intensified.</li> <li>• The delays in the development of the local airfield in Binalonan, Pangasinan is limiting the exit point for agricultural cargo not only for the province but also for nearby provinces.</li> </ul>
<b>Central Luzon</b>	<ul style="list-style-type: none"> <li>• Data from the regional soils laboratory of the DA reveal that around 150,000 hectares</li> </ul>	

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>(or more than 50 percent of irrigated lowland areas) of rice lands in Region III are suffering from zinc-deficiency. Zinc is a microelement needed by rice plants for normal growth and development. Without it, rice yield would not increase even if fertilizer is applied to the soil.</p> <ul style="list-style-type: none"> <li>• Pantabangan and Angat Dams in Nueva Ecija and Bulacan, respectively, which are the only major sources of domestic, industrial, and irrigation water for Central Luzon, are threatened by siltation caused by forest degradation of surrounding watersheds. Watersheds in both dams should be adequately forested.</li> <li>• The Disease Prevention and Regulatory Division of the Provincial Agriculture Office reported that 12 out of the 21 towns and the three cities in Bulacan have been hit by "hog cholera" and "swine influenza." The disinfection of farms, pig pens, slaughterhouses, trailers and other animal carriers are now being undertaken to prevent the further spread of disease. At least 183 hog growers have been affected while 2,823 hogs have been afflicted with the "cholera" and "swine influenza" virus.</li> </ul>	
<p><b>CALABARZON</b></p>	<ul style="list-style-type: none"> <li>• The rapid increase in the cost of agricultural inputs could result to a reduced application of the appropriate amounts of inputs that</li> </ul>	<ul style="list-style-type: none"> <li>• Concerns on the competitiveness of Micro, Small and Medium Enterprises (MSMEs) due to challenges in</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>may consequently result to lower crop yield.</p> <ul style="list-style-type: none"> <li>• The difficulty in creating to new markets due to lack of cold storage facilities, particularly in the province of Rizal is constraining the expansion of the agriculture industry in the region.</li> <li>• The outbreak of swine flu in Bulacan affected the region, which contributed to the decline in the production of pork.</li> <li>• The lack of accredited slaughterhouses and dressing plants as well as the absence of milk-processing centers in the different cities/municipalities of Cavite limit the production of the livestock industry in the region.</li> </ul>	<p>developing innovative operational methods and systems to create more business opportunities, particularly in the province of Quezon; limited access to financing; and increasing cost of product development, production and packaging are constraining economic growth and development in the region.</p> <ul style="list-style-type: none"> <li>• The insufficient road and communication networks hamper efficiency and productivity in the region.</li> <li>• The inadequate support facilities for BPO and call centers discourage prospective investors to invest in the region.</li> </ul>
<p><b>MIMAROPA</b></p>	<ul style="list-style-type: none"> <li>• Soil erosion and siltation due to denudation of forest brought about by increasing mining and illegal-logging activities in the region could prevent the growth of the agriculture industry in the region.</li> <li>• Pests and diseases like <i>brontispa</i> infestation and weevil threaten coconut and mango production.</li> <li>• There is inadequacy in the technical and financial capability of farmers and fishermen to attain sizable and marketable production</li> </ul>	<ul style="list-style-type: none"> <li>• The low-production yield due to calamities that frequently hit the provinces of Marinduque, Romblon, Oriental and Occidental Mindoro affects the supply of raw materials to their resource-based industries.</li> <li>• The limited access of MSMEs to financial resources restricts the expansion of production and investment in the region.</li> <li>• There is a security problem in the Southern part of Oriental Mindoro.</li> <li>• Natural calamities impede the development and growth in</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>output, particularly in the production of coco twine and coco-textiles, fishpond in Marinduque and pearl.</p> <ul style="list-style-type: none"> <li>The proliferation of poaching and illegal fishing activities, i.e., cyanide and dynamite fishing due to inadequacies in support facilities and manpower for the enforcement of the fishery law in some LGUs will hamper fish production in the long run.</li> </ul>	<p>the provinces of Oriental Mindoro, Marinduque, Occidental Mindoro and Romblon.</p>
<p><b>Bicol</b></p>		<ul style="list-style-type: none"> <li>The frequent power supply interruptions due to damaged transmission lines, aggravated by rampant theft of electric cables impede investment and production expansion.</li> </ul>
<p><b>Western Visayas</b></p>	<ul style="list-style-type: none"> <li>The proliferation of sugar smuggling in the country threatens the sugar industry in the region.</li> <li>The internal conflict among cooperative members that imperils the Dacongogon sugar central in Negros Occidental prevents the resumption of its operations for another milling season.</li> <li>The anti-mining group Defend Patrimony-Negros has signified its petition to reject the mining operation of Colet Mines in Sipalay City because of the impact of the mining operations to the livelihood of the people and environment. More than 100 hectares</li> </ul>	

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>of prime production area for rice in Sipalay City will be transformed into a mine tailing dump which will pollute creeks that are tributaries of Sipalay River.</p> <ul style="list-style-type: none"> <li>The DA regional office has issued a warning to local farmers against coconut leaf beetle infestation that threatens the coconut industry in the country. The leaf beetle <i>Brontispa Longgissima</i> (Gestro) inflicts damage to coconut and other native and exotic ornamental plants by drying and curling the young leaves and preventing the coconut tree from bearing fruits.</li> </ul>	
<p><b>Central Visayas</b></p>		<ul style="list-style-type: none"> <li>The problem on the lack of hotel rooms is preventing the further expansion of the region's tourism industry. The shortage of hotel rooms has been cited by some industry players as one of the factors that contributed to the decline in the number of tourists in the region.</li> <li>The shortage of qualified and skilled workers continues to hound the construction industry in the region. Some construction companies have shouldered the training expenses of prospective workers and forged linkages with training institutions to increase the pool of skilled manpower. However, current efforts are not enough to beef up the supply of qualified workers in the construction industry of the region.</li> <li>The sustained growth of the BPO industry in the region could be hampered by the high attrition or turnover rates of workers and the low acceptance rates of applicants by</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>BPO firms. It has been estimated that only about two to five percent of applicants meet the qualification requirements of BPO companies.</p>
<p><b>SOCCKSARGEN</b></p>		<ul style="list-style-type: none"> <li>• The peace and order situation in the area is undermining the development and growth of the region.</li> </ul>