

## 2007 Regional Economic Situationer Region XII

### Overall Assessment

The year 2007 has been favorable for the production of all commercial crops because of the good climate condition.

Commercial, municipal inland and aquaculture fish production exhibited increased production except for the slight decline in the municipal marine fish production due to typhoons experienced in the latter part of the year.

Total visitor arrivals both domestic and foreign, registered an increase of 0.91% in 2007. However, slight declines were noted for foreign arrivals. The ongoing negative travel advisory of foreign embassies in view of security reasons in Region XII was not favorable to the tourism sector. Meanwhile, total investments decreased by 5.0% from P5,529.52 Million in 2006 to P5,250.57 Million in 2007.

The export industry was vibrant, with total earnings in 2007 of US\$473.249 Million, around 21% higher than the US\$390.566 Million earnings in 2006.

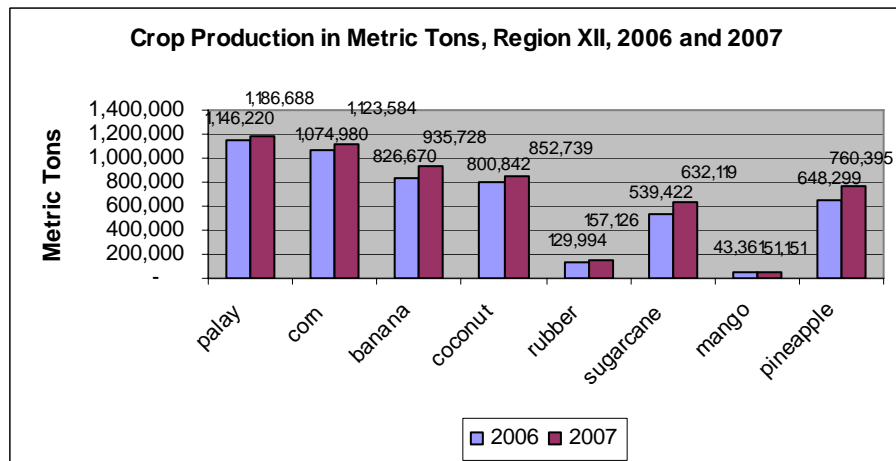
Employment rate was estimated at 94.7% with a slight increase of 0.6 percentage point from last year's estimate of 94.1%. Total number of employed was 1.516 million persons in April 2007.

Inflation rate in 2007 was estimated at 3.4%, which was 1.9 percentage points lower than last year's estimate of 5.3 %.

### I. Assessment of the Regional Economic Performance

#### a) Crops

The year 2007 has been favorable for the production of all commercial crops because of the good climate condition. Palay and corn production increased by about 3.5 and 4.5%, respectively. Another factor for the increased production was the GMA for rice and corn program,

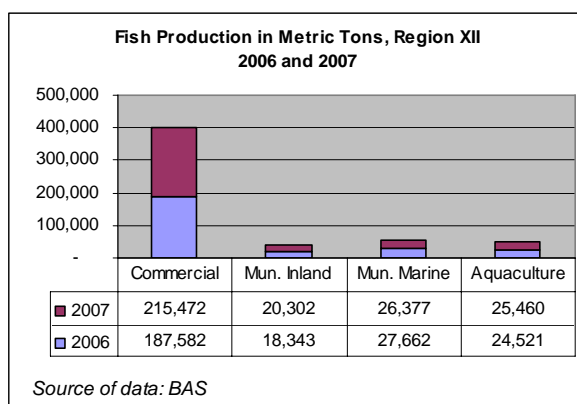


which covers seed subsidy, soil analysis, extension support, education and training to promote technologies on hybrid production. Production of rubber was able to attain 21% growth, mango 18%, sugarcane and pineapple 17%, banana about 13% and coconut 6.5%. Additional productive trees have been recorded during the year for commercial crops, and demand was good in both local and export markets.

The Department of Agriculture also supported the GMA High Value Commercial Crops (HVCC) Program, which implemented the construction, rehabilitation and improvement of LGU nurseries for the new agribusiness land areas of the region.

## b) Fishery

Commercial fishing remains to be the major sector of the fishing industry in the region, contributing about 72% of the total production. In 2007, commercial fish production grew by about 15%, compared to last year's production of 177



thousand metric tons. Also, municipal inland and aquaculture production increased by 10.7 and 3.8%, respectively. The increased production was attributed to the abundant fish supply and favorable

weather. However, a slight decline of about 5% can be noted for the municipal marine production because of strong winds and waves caused by typhoons in the second semester of the year.

## c) Tourism

Total arrivals, both domestic and foreign, registered a slight increase of 0.91% in 2007 compared with the total number of visitors last year. The number of domestic visitors grew by 0.94% while foreign arrivals dropped by 2.7%. Meetings, conferences, festivals and other celebrations conducted in the region contributed to the performance of the tourism industry. The marked decline in foreign tourist arrivals has been attributed to the negative travel advisory of foreign embassies, prohibiting their nationals to visit Region XII for security reasons.

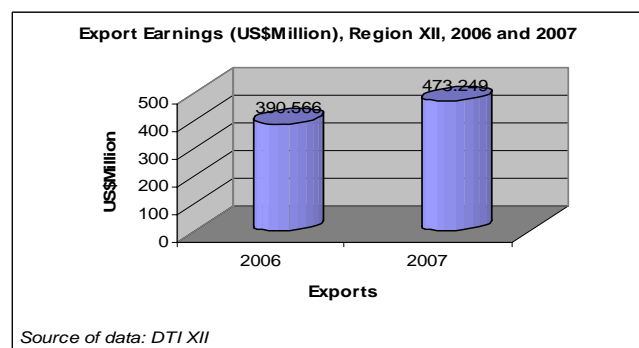
### Visitor Arrivals, Region XII, 2006 and 2007

Visitor	2006	2007	Growth Rate (%)
Domestic	621,526	627,357	0.94
foreign	4,335	4,218	(2.7)
Total	625,861	631,575	0.91

Source of data : DOT XII

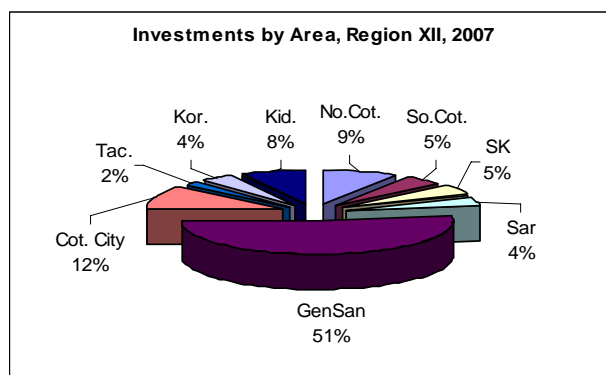
## d) Investment

Total investments in 2007 was P5,250.57 Million, about 5.0% lower than



last year's record of P5,529.52 Million. These investments came from directly-assisted activities of DTI XII, such as business matching, loan and investment facilitation, business name registration and One-Town, One-Product (OTOP) - related activities.

Most of the investments were from General Santos City (51%), followed by Cotabato City (12%), North Cotabato (9%) and Kidapawan City (8%).



The decline in investments was attributed to the series of bombing incidents in 2007, particularly in the major cities of the region where investments are located.

#### e) Export

Total export earnings in 2007 reached US\$473.249 Million, around 21%



higher than the US\$390.566 Million earnings in 2006.

The region's export products are canned and fresh pineapple, canned/fresh/chilled/frozen tuna, crude coconut oil, fishmeal, banana chips, corn seed and frozen milkfish. These products are exported to USA, EU, Singapore, Japan, Canada, Vietnam, Kuwait, China, Korea and Israel.

#### f) Prices

Inflation rate in 2007 was estimated at 3.4 %, which was 1.9 percentage points lower than last year's estimate of 5.3 %.

By commodity group, highest inflation rate for the year was recorded for the food group, followed by services and then by fuel, light and water group.

For the food group, fruits and vegetable registered a price increase of 8.2%; corn 6.7%; dairy product 6.3%; cereals 5.7% and, rice 5.6%. Prices for other food items increased from 2.0-5.0 %.

The highest increase for the services sector was recorded for education at 9.1%. Inflation rates for medical, personal and transportation & communication services were estimated at 3.4, 3.3 and 2.1 percent, respectively.

Under fuel, light and water, fuel recorded a very high inflation rate of 25.3%, while prices for water and light increased by 4.2 and 1.6 percent, respectively. Prices of petroleum products started to rise in the third quarter, until December of 2007.

## g) Labor and Employment

Total population 15 years old and over was 2.374 million, while Labor Force Population was estimated at 1.6 million persons in April 2007, which translates to a Labor Force Participation Rate of 67.4 percent.

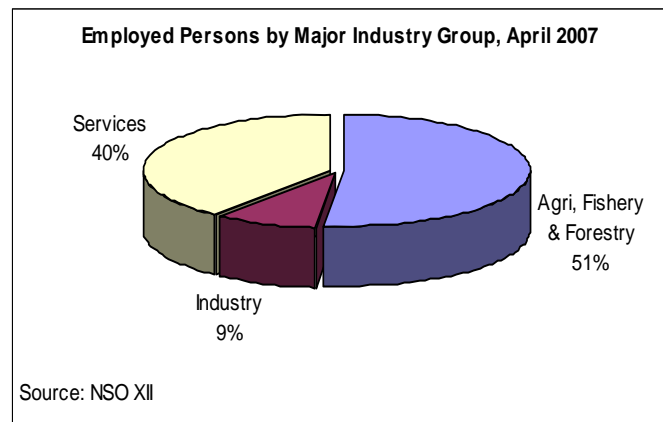
Employment rate was estimated at 94.7% with a slight increase of 0.6 percentage point from last year's estimate of 94.1 %. Total number of employed was 1.516 million persons in April 2007.

### Labor and Employment Indicators April 2006 and 2007

Indicator	April 2006	April 2007	% Change
Population 15 years old and over ('000)	2,400	2,374	(1.08)
Labor Force Participation Rate (%)	66.7	67.4	0.7
Employment Rate (%)	94.1	94.7	0.6
Unemployment Rate (%)	5.9	5.3	(0.6)

Source of data: NSO XII

Of the total employed 965,000 or 63.65 % were males and the remaining 551,000 or 36.35 % were females.



Looking at employment by major industry group, majority or about 51% were engaged in agriculture, fishery and forestry. The other 40% were employed in the services sector and the remaining 9% were working in the industry group.

## II Development Outlook

- Crop production shall increase in the first quarter of 2008 but a decline is expected during the dry season in the second quarter of the coming year.
- Inflation rate is expected to remain at below 5.0 % level with moderate price increase for all items.
- Unemployment in the April round of survey may slightly go up as compared in the January survey considering the new graduates that would enter the labor force by then. Nonetheless, unemployment rate may be maintained or decreased with the coming in of more investments in the region.
- Export earnings is foreseen to increase because of the abundant supply of raw materials, which are basically agri-based, as well as, the availability of manpower supply throughout the year.
- Tourism industry shall continue to boom with the efforts of tourism offices and local government units to promote tourism activities, facilities, sites and the maintenance of peace and order in the area to attract more investors and visitors. Likewise, positive development in the GRP-MILF peace talks may boost tourism and investments for the region in 2008.