

Regional Economic Situationer Fourth Quarter, 2007

Overall Assessment

The region's economy has been upbeat for the fourth quarter of 2007 with total investments reaching P1,928.71 million, 49.26 percent higher than the investments generated for the same period last year. Total export earnings amounted to US\$141.027 million in the fourth quarter of 2007, at a growth of about 25.33 percent compared to the US\$112.527 million earnings last year.

The region's commercial crops, such as palay, corn, sugarcane, rubber, banana, pineapple, coconut and mango, registered increased production attributable to the sufficient rainfall, thus resulting to higher yield.

On the other hand, total fish production in the fourth quarter of 2007 was 83,675.04 metric tons (MT) or about 12.76 percent higher than the 74,205 MT in the same period last year

Domestic and foreign tourists, who visited the region during the last three months of 2007, totaled 131,591, about 1.82 percent more than the 129,242 visitors in the fourth quarter of 2006.

Average inflation rate for the fourth quarter was recorded at 4.23 percent, which is 4.96 percent higher than the average inflation rate of 4.03 percent for the same period in 2006.

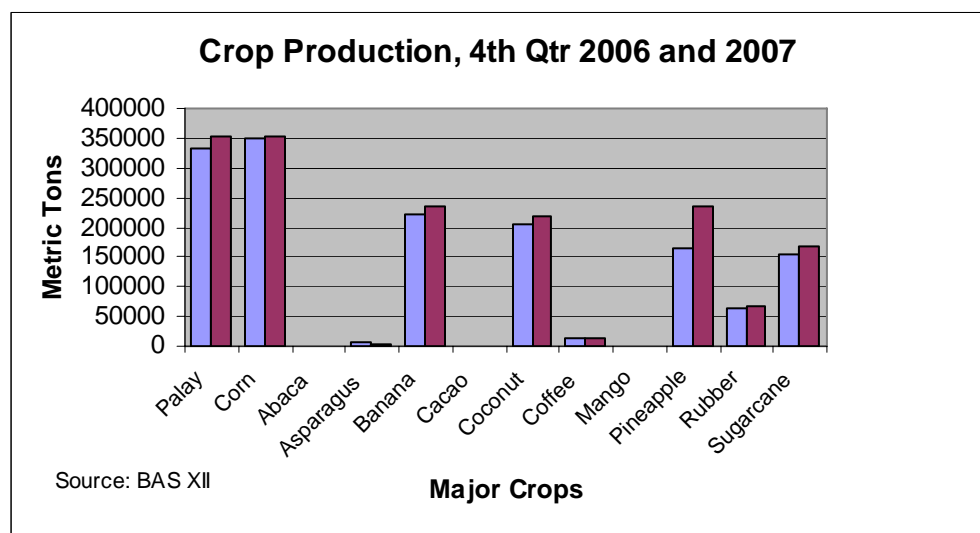
Preliminary estimates of Labor Force Statistics for October 2007 from NSO show that employment rate was estimated at 95.2 percent while Labor Force Participation Rate was recorded at 65.8 percent in October 2007. These figures are preliminary and may change.

I. Assessment of the Regional Economic Performance

a. Crops

Palay production posted a 6.20 percent growth in the fourth quarter of 2007 as compared to the same period in 2006, with harvests reaching 352,218 metric tons, surpassing the 331,652 MT recorded in the last quarter of 2006.

The growth can be attributed to the Quick Turn Around Planting Scheme Program of Department of Agriculture (DA), as well as, the sufficient rainfall for rainfed areas.



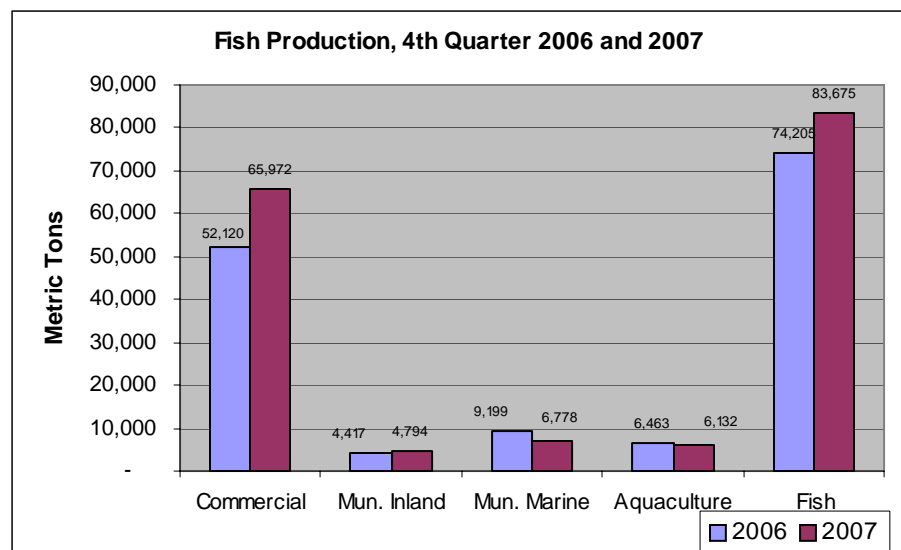
Over-all corn production however, recorded a very slight increase of 1.36 percent because of the change of cropping period resulting from the dry spell that occurred during the first semester of 2007.

The production output of commercial crops varied during the period under review. Four out of ten crops registered negative growth. These are abaca (-3.25), asparagus (-59.90), cacao (6.24) and mango (-1.00). The harvest of asparagus posted a significant decrease because planters in South Cotabato shifted to papaya and pineapple due to high cost of inputs. Thus, the losses in asparagus were translated into significant positive 43.60 percent growth for pineapple as compared to the figures for the same period in 2006. This increase in pineapple production is also attributed to additional expansion area of DOLE in both South Cotabato and Sarangani. Other high value crops that posted increases were banana (+6.77), coconut (+5.51), coffee (+3.05), rubber (+4.64) and sugarcane (+9.85). The intensified local and overseas market demand for mango and competitive prices of other HVCs boosted the production of commercial crops in the region.

b. Fishery

Total fish production in the fourth quarter of 2007 was 83, 675.04 MT or about 12.76 percent higher than the 74,205 MT in the same period last year.

Commercial fishing remained to be the biggest contributor to the total fish production of the region comprising 78.84 percent. The traditional tuna catch was augmented by the unloading of frozen tuna from Taiwanese fishing vessels for canning at General Santos City Fishport facilities, boosting the domination of commercial fishing. As compared to 4th quarter of 2006, commercial fish production increased by 26.58 percent.



However, municipal marine fishing suffered a setback as much as 26.32 percent decrease in production. During the quarter, fishing days were lessened because of the perils of strong waves brought by Typhoons Lando and Mina.

Similarly, aquaculture activities registered a decline because cropping movements dictated that stocks in fishponds be harvested during the months of July, August and September.

c. Investment

The amount of investments generated by the region during the period reached P1,928.15 million, significantly higher by 49.26 percent than the P1,291.81 million generated in the same period last year. The Department of Trade and Industry XII these out of their assisted activities like business matching, loan facilitation, investment missions, business name registration and OTOP program. The bulk of investments about P744 million were infused in General Santos City.

d. Export

Total export earnings amounted to US\$141.027 million, growing by about 25.33 percent compared to the US\$112.527 million earnings for the same period last year. Export winners of the region remained to be canned pineapple, chilled and frozen tuna, crude coconut oil and fresh pineapple. These products reached the USA, European Union, Japan and South Africa.

e. Tourism

Total tourist arrivals for the period classified as foreign, domestic and Overseas Filipinos reached 131,591, about 1.81 percent higher than the record of 129,242 last year. The slight increase can be attributed to the ongoing celebrations of the local government units, such as festivals, anniversaries, as well as, hosting of meetings and conventions.

Despite the travel advisory issued by embassies to their citizens prohibiting travels to some areas in Mindanao including Region XII, foreign arrivals increased from 953 in the 4th quarter of 2006 to 1,055 for the last three months of 2007.

f. Prices

For the period under review, average Consumer Price Index (CPI) for all items was 139.8 about 4.8 percent higher compared to 133.4 recorded for the same period last year.

Average inflation rate for the fourth quarter was recorded at 4.23 percent, which is almost 5.0 higher than the average inflation rate of 4.03 percent for the same period in 2006.

By commodity, the Services group had an inflation rate of 5.4 percent, with educational services marking the highest inflation rate of 12.3 percent; while medical and personal services was at 2.5 percent; and, transportation and communication services at 3.6 percent.

Inflation rate for the Food group was estimated at 5.3 percent. Price increments for the following food items were: dairy products 10.1 percent; rice 9.1 percent; cereals 8.6 percent; and, fruits and vegetables 8.0 percent.

Fuel, Light and Water (FLW) recorded an inflation rate of 3.7 percent. Specifically, fuel registered a price increase of 6.7 percent; while light was only at 0.1 percent and water had similar figures for the 4th quarter of 2006 and 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.

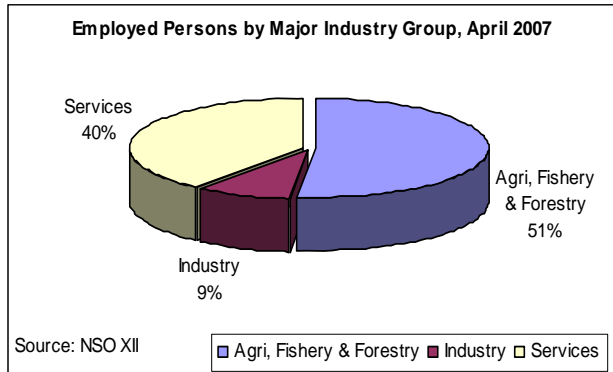
Labor and Employment Indicators, April 2006 and 2007*

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

* Results of July Labor Force Survey (LFS) not yet available.

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. 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

The year 2008 ushers in a sense of optimism, a new hop for prosperity, and a brighter future for a better quality of life for the people of Region XII. The momentum of the strong performance of the Philippine economy during the year shall be carried over to 2008.

Peace and order situation would be generally stable given the adherence of the government troops and the MILF forces to the existing ceasefire mechanism of the Joint GRP-MILF Coordinating Committee on the Cessation of Hostilities (CCCH) despite an impasse in the GRP-MILF peace negotiations.

However, the continued effort of local and international multi-sector stakeholders appealing to the GRP and MILF to return to the negotiating table conveys a positive note for sustaining peace and development in Southern Philippines. As vital agreements were reached during the OIC-GRP-MNLF Tripartite Meeting in November, the review of the implementation of the 1996 Final Peace Agreement is expected to move forward in 2008.