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Philippine-Japan Economic Linkages: A Case Study of Cebu

Victorina Zosa

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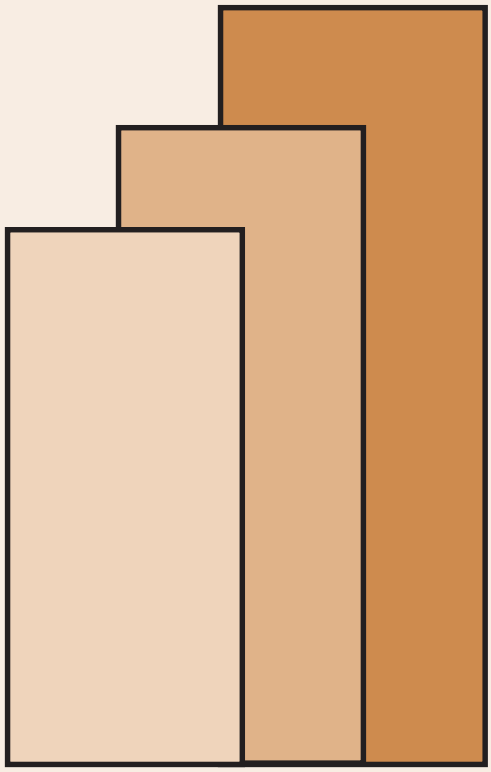

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Philippine – Japan Economic Linkages: A Case Study of Cebu

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Paper prepared for the Japan- Philippines Economic Partnership Research Project

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ABSTRACT

The impact of the Japan-Philippine Economic Agreement (JPEPA) can be enriched by providing a regional dimension in its macro-analysis. Cebu-Japan cooperation largely hinges on Cebu's economic competitiveness which manifests itself through its quality human resources, its dynamic export sector and tourism industry, its proximity to international entry and exit points, its infrastructures, its cost of doing business, its quality of life and the responsiveness of LGU to business needs. On the other hand, Cebu, as a destination of Japanese investments, is hampered by the relatively high wages of both unskilled and skilled labor, an unstable wage rate environment and moderately high costs of telecommunication, water, gas, and container transport. With this, the exercise on cost-benefit analysis yielded positive gains for Cebu's economy. The foreign exchange loss, driven by the balance of trade deficit between Cebu and Japan, and the foregone corporate income taxes were offset by the Japanese direct investments, salaries and mandatory contributions of Cebu Economic Zones (CEZ) employees, income for Japanese tourists, remittances of OCWs in Japan, estimated cost-of-living expenses of Japanese nationals residing in Cebu and the Japanese ODA to Cebu.

Keywords: economic linkages, economic competitiveness, investments, human resource, bilateral agreement

EXECUTIVE SUMMARY

The impact of the Japan-Philippine Economic Agreement (JPEPA) can be enriched by providing a regional dimension in its macro-analysis. Cebu is a good case study for this regional analysis for the following reasons. *First*, Cebu is basically an export-led economy. *Second,* Japanese direct investments (JDIs) have become increasingly important over the years. *Third,* Japanese tourists account for a substantial portion of foreign tourist arrivals in Cebu. *Fourth,* Cebu is the recipient of a substantial amount of Japanese Official Development Assistance (ODA). *Fifth,* there are several Cebu-based associations of Filipino professional-grantees who studied and trained in Japan. In addition, there is a Japanese Association of Cebu, Inc., with a membership of over 1,000 Japanese nationals. And *sixth,* there is the Cebu Investment Promotion Center (CIPC), active in attracting JDIs into Cebu.

Information on the economic competitiveness of Cebu is derived from the 2003 survey of 202 local businessmen and the 2002 JETRO Survey of Investment-Related Costs in 26 Asian cities. Cebu-Japan cooperation largely hinges on Cebu's economic competitiveness which manifests itself through its quality human resources, its dynamic export sector and tourism industry, its proximity to international entry and exit points, its infrastructures, its cost of doing business, its quality of life and the responsiveness of LGU to business needs. When rated among 26 Asian cities, Cebu is the most competitive in terms of monthly wage of mid-level managers and supervisors and the second most competitive in terms of monthly housing rent for foreigners. On the other hand, Cebu, as a destination of Japanese investments, is hampered by the relatively high wages of both unskilled and skilled labor, an unstable wage rate environment and moderately high costs of telecommunication, water, gas, and container transport

Cebu's basic formula for attracting Japanese direct investments (JDIs), referred to above, has remained virtually unchanged over the years. External trade has captured a significant and ever-growing share in the GRDP over the years. The share of CEZ exports to Gross Regional Domestic Product has substantially increased from 6.37% in 1990 to 32.06% in 2002. In addition, the estimated receipts from foreign tourists are substantially more than GRDP.

The growth of export industries in Cebu has likewise increased the demand for higher education In 2003, Cebu's higher education institutions (HEIs) enrolled a total of 131,664 students and produced 22,920 graduates, which is the annual addition to the local workforce. The quality of Cebu's labor force is enhanced through the firm's investment in training and skills development, quality circles, the workers' desire for self-improvement, availability of IT programs in the city, and industrial peace. In addition, Japanese scholarships and training programs are available to the graduates and workers of Cebu, thereby facilitating technology transfer. A substantial number of the Cebuano workforce has been exposed to the Japanese work ethic. In turn, Japanese engineers based in Cebu have interacted with local labor. Within this work environment, it may be possible, in the future, for Cebu-based Japanese firms to host production processes requiring high-precision technology and highly-educated workforce.

An unintended consequence of a trained human resource is labor mobility. Thus, it is common for workers to seek employment in other firms within the zone, and specifically, for workers in Japanese firms to job-hunt in American or European firms. On the other hand, there are also cases when Japanese engineers, with expired work contracts, would seek employment in other Japanese firms within the economic zone.

CEZ is an example of the agglomeration of Japanese firms. Large Japanese firms would sub-contract their input or service requirements to other Japanese firms, usually of the SME category. It is not unusual for Japanese firms to buy, even their office supplies, from a Japanese company. In the literature, Krugman (1991) argues that firms agglomerate due to increasing returns. The geographic concentration of similar activities results in technical externalities, such as the development of specialized suppliers, workers investing in industry specific skills, and knowledge spilling between firms. These technical externalities reduce the firms' cost, improve their product quality or both.

Crucial in the development of the economic zones is the role of Japanese ODA. By providing funds for the support infrastructure in industrial development, such as the renovation of the Mactan International Airport and Cebu International Port, the construction of the Mactan-Cebu Bridge and the upgrading of the Leyte Geothermal Project to supply the needed electricity, the Japanese government has made Cebu an attractive location for Japanese investors, workers and tourists.

The exercise on cost-benefit analysis yielded positive gains for Cebu's economy. The foreign exchange loss, driven by the balance of trade deficit between Cebu and Japan, and the foregone corporate income taxes were offset by the JDIs, salaries and mandatory contributions of CEZ employees, income for Japanese tourists, remittances of OCWs in Japan, estimated cost-of-lving expenses of Japanese nationals residing in Cebu and the Japanese ODA to Cebu.

In terms of human development, Cebu's export-led growth was able to reduce poverty incidence by approximately 8% from 1988 to 2000. There was also a more stable income distribution for Cebu, especially in its key cities. Lapulapu City, the site of the Mactan Export Processing Zone, has the lowest Gini ratio. While more income opportunities became available in Metro Cebu, the other provinces in Central Visayas suffered from a relatively high income inequity, especially Bohol and Negros Oriental. There is a need for Cebu's economic growth to spillover to ts neighboring provinces. The eco-tourism potential of Bohol, Siquijor and Negros Oriental has attracted a lot of foreign and domestic tourists. However, there is a need to complement tourism development with industrial development, as in the case of Cebu.

1.0. Introduction

The impact of the Japan-Philippine Economic Partnership Agreement (JPEPA) can be enriched by providing a regional dimension in its macro-analysis. It answers the question *How is a particular region benefited by JPEPA?* Cebu is a good case study for this regional analysis for the following reasons. *First*, Cebu is basically an export-led economy. It is home to 7 Cebu Economic Zones (CEZ), which provide local employment and generates foreign exchange earnings. In 2003, Japan is the major export destination of CEZ products. *Second*, Japanese direct investments (JDIs) have become increasingly important over the years. Majority of CEZ locators are Japanese. *Third*, Japanese tourists account for a substantial portion of foreign tourist arrivals in Cebu, from 52% in 1984 to 30% in 2002. *Fourth*, Cebu is the recipient of a substantial amount of Japanese Official Development Assistance (ODA). *Fifth*, there are several associations of Filipino professional-grantees who studied and trained in Japan. There is also a Japanese Association Cebu, Inc. with a membership of over 1,000 Japanese nationals. And *sixth*, there is the Cebu Investment Promotion Center (CIPC), active in attracting JDIs into Cebu.

1.1. Objectives of the Study

The study provides a regional dimension to the JPEPA by looking at the existing economic arrangement between Cebu and Japan, together with its accompanying benefits and constraints. The Cebu experience could provide insights into a meaningful cooperation framework between Japan and the Philippines. The specific objectives of the study are:

1. To describe the existing structure of Cebu-Japan economic arrangements, in terms of:
   a. Trade in goods and services
   b. Foreign direct investments
   c. Tourism
   d. Movement of natural persons, including Filipino overseas contract workers (OCWs), teachers, professionals and workers sent to Japan for study and training grants
   e. Information technology
   f. Other socio-cultural and political factors including Japanese ODA

2. To discuss the economic competitiveness of Cebu from the perspective of local and Japanese businessmen

3. To quantify the benefits and costs of Japanese economic presence in Cebu

4. To identify possible gains and losses which arises from the bilateral trading arrangement

5. To propose a cooperation framework which would promote stronger economic linkages between Cebu and Japan, based on the Philippines reform objectives of:
   a. Global competitiveness
   b. Sustainable growth
   c. Revenue increase
   d. Resource allocation efficiency
   e. Poverty alleviation

1.2. Organization of the Study

Section 2 enumerates the Data Sources and the Analytical Approach used in the study. **Section 3** presents the regional situationer of Central Visayas, including its natural advantage, its population, its economic characteristics, and its development constraints. **Section 4** describes the existing structure of Cebu-Japan economic arrangements. **Section 5** asks why local and Japanese businessmen prefer to locate in Cebu. **Section 6** sketches the elements of a cooperation framework between Cebu and Japan. In providing the summary and conclusion, **Section 7** uses the Cebu experience in defining a cooperation framework which would promote stronger economic linkages between the two countries.

2.0. Data and Approach

To cast the regional situationer, secondary data were obtained from the 2002 Labor Force Survey (LFS), 2000 Census of Population, various Philippine Statistical Yearbooks and 1998 Annual Survey of Establishments (ASE). The location quotient (LQ) uses the 2002 LFS sectoral employment. LQ compares the local (regional) economy to a reference (national) economy, with the end view of identifying specializations in the local economy**.** Characteristics of establishments are computed using the 1998 ASE. These measures of the competitiveness of the region's industries include output (value added and revenues), employment, firm size (number of firms, employment/firm, revenues/firm), factor intensity (ratio of capital expenditures to compensation and capital/labor ratio) and labor productivity (output/labor).

To describe the economic relationships between Cebu and Japan, secondary data were obtained from the Department of Trade and Industry Region VII (DTI RO7), 2000 Foreign Trade Statistics in the Philippines, Philippine Economic Zone Authority (PEZA) Website, Top 5000 2002 and Top 7000 Corporations 2002, Department of Tourism Region VII (DOT RO7), Cebu Investment and Promotion Center (CIPC) Website, 2001 Survey on Overseas Foreign Workers (OFWs), the Association for Overseas Technical Scholarship (AOTS) Website, AOTS Cebu Chapter, the Philippine Association of Japan Ministry of Education Scholars (PHILAJAMES) Website, the Development Academy of the Philippines (DAP) listing of Asian Productivity Organization (APO) trainees, and the National Economic Development Authority Regional VII (NEDA RO7) for the listing of Japanese Official Development Assistance (ODA).

To discuss the decision-to-locate factors of local and Japanese businessmen, the results of two surveys were used. For the local businessmen, the 2003 survey of the Philippine Cities Competitiveness Ranking Project (PCCRP) covering 30 cities in the Philippines provided the analysis of broad and specific location factors. A total of 202 businessmen from the cities of Cebu, Lapulapu and Mandaue were asked to rate the attractiveness of their respective cities, in terms of several indicators. The PCCRP, wherein the University of San Carlos is an academic partner, is funded by the Asian Institute of Management. In November 2002, the Japanese External Trade Organization (JETRO) conducted a Survey of Investment-Related Costs in 26 Cities of 16 Asian Countries. Manila and Cebu are included in this survey. JETRO overseas offices collected the survey information, with assistance from the local Japanese Chambers of Commerce and selected Japanese manufacturing companies.

To measure the Japanese economic presence in Cebu, a cost-benefit exercise is undertaken. Benefits of JDIs in Cebu include amount of investment, wages of CEZ employees including the mandatory contributions. JDI costs to Cebuano society include foregone income tax earnings, equivalent to 32% of the net income of CEZ firms belonging to the Top 7000 Corporations. Foreign exchange earnings and losses from CEZ exports and imports are likewise computed. To estimate the net contribution of Japanese firms in foreign direct investments (FDIs) and foreign exchange generation, an allocation factor is used. This net contribution is further increased by receipts from Japanese tourists, remittances of the region's OCWs in Japan, estimated cost-of-living expense of Japanese nationals residing in Cebu, the annual allocation of Japanese ODA, and the share of Japanese firms in CEZ local purchases.

To determine the effect of the Cebu-Japan economic linkage on Philippine reform objectives of sustainable growth and poverty alleviation, the Philippine Institute of Development Studies (PIDS) website provided time-series data on Gross Regional Domestic Product (GRDP) and foreign exchange. The time-series data on regional employment was obtained from the various Philippine Statistical Yearbooks. The 2000 Family Income and Expenditure Survey gave information on the total family income of the provinces and selected key cities in Central Visayas, from which the respective Gini ratios were computed. The Department of Interior and Local Government Region VII (DILG RO7) furnished information on the local government unit (LGU) income and expenditures for 2000.

To provide a qualitative flavor in the research, key informant interviews were conducted. The Mactan Economic Zone Administrators, Presidents of the Japanese Association of Cebu, Cebu Chamber of Commerce, and Mandaue Chamber of Commerce together with the project leader of the Japan International Cooperation Agency (JICA), the Filipina wife of a Japanese national, and a human resource trainor of Japanese corporations were interviewed.

3.0. Regional Situationer

This section discusses the natural advantage of Cebu, the population of Central Visayas Region, the economic structure of the region, and the constraints and weaknesses confronting the region. Cebu's natural advantage, which is its strategic location, is enhanced by the presence of these Japanese-funded infrastructures: an international airport, an international port and two bridges that connect Mactan Island (site of the Mactan Export Processing Zone) to Mainland Cebu.
Cebu accounts for about 60% of the regional population (2000 Census of Population). Metro Cebu is the largest urban concentration in the country. Population-wise, the region is the third fastest-growing region in the country, next to Southern Tagalog and Central Luzon.

Central Visayas ranks 4th in 2002 Gross Regional Domestic Product, next to the Central Industrial Regions (NCR, Southern Tagalog and Central Luzon). In terms of economic sector, Central Visayas ranks 2nd in Services Gross Value Added (GVA) and 4th in Industrial GVA. The industrial-service orientation of the regional economy is likewise evident in the 62% share of non-agricultural employment. The manpower requirements of service and industrial establishments are supplied by its higher education and technical/vocational graduates.

The main constraints confronting the region are the looming power shortage in Cebu, the salt water intrusion into Cebu's water table, and inability of the fruits of development to trickle down to the other provinces in the region.

3.1. Natural Advantage

Cebu is strategically located at the center of the Philippine archipelago, making it readily accessible as both air and sea routes. As the Tourism Gateway for Central and Southern Philippines, Cebu hosts the Mactan Cebu International Airport which has regular direct international flights to Singapore, Kota Kinabalu (Malaysia), Hongkong, Narita (Japan) and Seoul (South Korea), and chartered/extra flights to Incheon (Korea), Taipei and Kaoshiong (Korea), Kansai and Nagoya (Japan). It has reliable airfreight to and from Cebu, as evidenced by the presence of international freight forwarders (DHL, FedEx, UPS and TNT).

Cebu is base to over 80% of the inter-island shipping capacity in the Philippines, with one (1) international port and 44 domestic ports. There are 44 local shipping lines and 13 international carriers and/or shipping lines in Cebu. The Cebu International Port handles foreign/domestic cargo and passengers. Its 8-kilometer shipping berth is the largest outside Manila. The Japanese government funded the upgrading of the Mactan Cebu International Airport, the Cebu International Port and the two bridges connecting Mactan Island to mainland Cebu.

3.2. Population

For 2000, the census population of Cebu province is 3,356,137, or 59% of the population of Central Visayas (5,701,064). Central Visayas is composed of the four (4) island provinces of Cebu, Bohol, Negros Oriental and Siquijor. On the other hand, Metro Cebu consists of the four cities of Cebu, Mandaue, Lapulapu and Talisay and the six municipalities of Cordova, Consolacion, Liloan, Compostela, Minglanilla and Naga. As of 2000, it has a population of 1,661,899, or 50% of Cebu's population, making it the second largest urban center in the Philippines, next to the National Capital Region (NCR).

The regional intercensal population growth rate (1995-2000) of 2.79% is the third highest in the Philippines, trailing behind Southern Tagalog and Central Luzon **(Annex Table 1).** The 1995-2000 intercensal population growth rates of Cebu Province and Metro Cebu are 2.88% and 3.49%, respectively. It is interesting to note that ecozones such as Lapulapu City and Balamban had intercensal population growth rates of 4.52% and 3.64%, respectively. The land area of Central Visayas is 14,951.5 sq.km., making it the 11th smallest region in the country, in terms of land area. In terms of population density, Central Visayas ranks third at 381 persons/sq. km., next to NCR and Central Luzon.

3.3. Economic Characteristics

Next to the Central Industrial Region (CIR), consisting of NCR, Southern Tagalog and Central Luzon, Central Visayas contributed the fourth largest share in Gross Regional Domestic Product (GRDP) in 2002 –**Annex Table 1.** More broadly, it ranked second in Service Gross Value Added (GVA) and fourth in Industry GVA as of 2002.

Using the more detailed 1998 Annual Survey of Establishments **(Annex Table 2)**, Central Visayas *ranked first* in some economic characteristics for *Hotels & Restaurants* (ratio of capital expenditures to compensation and capital/labor ratio), *Health Services* (Ratio of Capital Expenditures to Compensation and capital/labor ratio), and *Real Estate & Business Activities* (Average Firm Size - employment).

Meanwhile, Central Visayas *ranked second* in some measures of economic performance for *Electricity, Gas & Water* (average firm size – employment), *Private Education* (average firm size – employment, average firm size – revenues and labor productivity), *Construction* (average firm size – employment and capital expenditures), *Transport, Storage & Communication* (average firm size – revenues, labor productivity, employment, total revenues and value added), and *Wholesale & Retail Trade* (capital expenditures).

Central Visayas *ranked third* in *Manufacturing* (average firm size – employment and employment), *Financial Intermediation* (labor productivity, value added and total revenues), *Fishing* (number of firms), and *Community and Personal Services* (number of firms).

The location quotient is used to determine the degree of specialization of economic activities in Central Visayas. A location quotient > 1 indicates that Central Visayas specializes in that activity, while a location quotient <1 shows that Central Visayas has a lower share in that economic activity relative to the national average. **Annex Table 3** shows that Central Visayas has a larger employment concentration in the following economic activities: agriculture and forestry, fishing, manufacturing, utilities, construction, wholesale & retail trade, and community & personal services.

Central Visayas, particularly Cebu Province, has a large presence of major bank branches, including international banks. There are likewise available modern land lines with IDD, fiber optic data lines and Internet providers. The Philippine Long Distance Telephone Co. (PLDT) is expected to put up its third cable landing station in Cebu. This submarine cable landing stations will allow faster transfer of high-scale voice and data via fiber optic networks and interconnections in the country. PLDT will likewise set up an Innovation Laboratory in Cebu to showcase its various products and services for its corporate clients.

Summing up, the industrial-service orientation of the Central Visayas economy is also evident from the high proportion of non-agricultural employment (62%) and from its larger share in regional commodity flow (air and sea transport). The manpower requirements of service and industry firms are partly supplied by the graduates of its higher education institutions (HEIs) and non-formal education (NFE) graduates. Central Visayas is the third largest source of higher education graduates (from SY 1993 to 1999) and the fourth largest supplier of technical or vocational graduates for 1996.

3.4 Development Constraints

As of July 2003, Cebu's installed capacity is 447.7 megawatt (MW), of which only 326 MW (73%) is considered dependable capacity. During peak hours, the demand reaches 375 MW, pointing to a 49 MW deficit. To remedy the supply-deficit gap, two projects will be implemented, viz., (a) the $68.5 million Leyte-Cebu Interconnection Uprating which will supply Cebu with an additional 200 MW of geothermal power from Tongonan (Leyte) in 2005, and (b) the $40 million Cebu-Mactan Interconnection Project which will benefit mainly the Mactan

Export Processing Zone. The Leyte-Cebu Interconnection Project, contracted to the Japanese consortium of J-Power Systems and Kanematsu and financed mainly by the Japan Bank for International Cooperation – International Finance Office (JBIC-IFO), will install a second circuit submarine cable from Leyte to Cebu, spanning 32.5 kilometers. Early in 2003, Kanematsu Corp. was awarded the 20 MW Palinpinon Geothermal Complex in Negros Oriental, which will build a power plant and transmission lines and will develop a steam field.

From 1995-2000, the estimated water generation was 269,874 thousand cubic meters in Cebu Province, while the estimated water consumption was 168,476 thousand cubic meters (DTI Cebu Website). This implies that there is still an adequate supply of potable water, sourced from the Metro Cebu Water District (MCWD), individually owned wells and independent water districts. However, the Water Resources Center of the University of San Carlos (USC-WRC) reports that the present capacity of Cebu's coastal aquifer is 150,000 cubic meters daily, while the actual pumping is double or 300,000 cubic meters per day. As a result of this practice, seawater intrusion has been observed since 1975, causing the "saline edge" to move three kilometers inland. If unmitigated, it is estimated that 50% of the coastal aquifer will be permanently lost in 2025.

The performance of Central Visayas in agriculture is dismal, as it ranked 11th in agricultural GVA and 10th in agricultural productivity in 2002. Moreover, the region's basic education indicators are not spectacular. Although its elementary cohort survival rate and NEAT average are slightly higher than the national average (2000), the functional literacy rate of its population (1994), the NSAT average and secondary cohort survival rates (2000) are lower than the national average. This could perhaps indicate the inadequate provision of basic education resources in the region, partly as a result of rapid population growth (2.79%) – the third highest in the country, next to NCR and Southern Tagalog.

Two consequent features of rapid urbanization and industrialization are: (a) the high incidence of poverty and (b) the high income inequality in the region. Although its per capita poverty threshold in 2000 is the third lowest in the country at P11,061, its poverty incidence is 43.7%, much higher than the national poverty incidence of 39.4%. The per capita poverty threshold is the annual per capita income required or the amount to be spent to satisfy the nutritional requirements of 2,000 calories and other basic needs. The Gini concentration of Central Visayas is 0.4696, a relatively higher coefficient compared to that of the 0.4507 national average. A Gini concentration close to 0 would mean a more equitable income distribution, while a value close to 1 would mean a very inequitable income distribution. Only two other regions (Eastern Visayas and Northern Mindanao) exhibited a higher Gini concentration than Central Visayas.

Thus Central Visayas, despite its strong economic performance, failed to distribute income growth equitably among its provinces. Perhaps, this could be due to the inability of investments in social capital (education and basic services) to keep pace with business investments and its high population growth. A 2.79% regional population growth rate means that its population is expected to double in 25 years.

4.0. Cebu-Japan Economic Relationship

This section looks into the trade pattern with Japan, Japanese investment flow, human resource flows (Japanese tourist arrivals in Cebu, Cebuano overseas contract workers in Japan and the pool of Cebuano professionals and workers who studies and trained in Japan), the extent of Japanese participation in Information Technology (IT), and the role of other socio-political factors such as the Official Development Assistance (ODA) in regional development.

4.1. Foreign Trade

4.1.1 Philippine Trade Relations with Japan

Japan is the second largest trading partner of the Philippines. From January to November 2003, 16% of Philippine merchandise exports went to Japan **(Annex Table 4)**. In terms of the major products, Japan was a major market for our fresh foods (54%), mineral products (43%), machineries/transport equipment (31%), non-metallic products (30%), furniture & wood products (28%), construction materials (26%), other industrial manufactures (25%), and marine products (22%). Japan is likewise a major source of our imports, with 20% of Philippine imports originating from Japan (January to November 2003). Japan is a major supplier of machineries and transport equipment (40%), electronics (31%), metal manufactures (23%), other industrial manufactures (21%), and non-metallic minerals (20%).

Annex Table 5 presents the trading pattern with Japan. Philippine exports to Japan in 2003 are dominated by electronics (62%), followed by machineries/transport equipment (10%). Likewise, electronics comprised 45% of Japanese imports in 2003, followed by other industrial manufactures (24%) and machineries/transport equipment (16%). **Annex Table 6** provides information on the net trade balance with Japan in 2003. The export/import (X/M) ratio is used to determine whether the trade balance is favorable or not. A value of $X/M > 1$ indicates a trade surplus, while a value of $X/M < 1$ depicts a trade deficit. Among the commodities with a trade surplus are: fresh foods, garments & footwear, marine products, seaweeds/carageenan/cut flowers, furniture & wood products, housewares, giftwares, processed foods, forest products, petroleum products and electronics. Meanwhile, the Philippines suffered a trade deficit in the following products: textiles, non-metallic minerals, machineries & transport equipment, metal manufactures, construction materials, chemicals and other industrial manufactures.

Palanca-Tan (2003) observes that the Japanese direct investments (JDIs) in the Philippines are trade-creating, generating both imports and exports for the host country. Japanese firms located in the Philippines import machinery and production inputs from Japan. Meanwhile, these Japanese firms export their finished product, not towards the Japanese market, but towards a third country (such as the United States). Thus, the result is an increasing trend towards trade deficit between Japan and the Philippines.

4.1.2. Central Visayas Foreign Trade Performance

Table 1 gives the 2002 export values of Central Visayas and the Philippines. While Central Visayas exports only account for 9% of total Philippine exports in 2002, preliminary data reveal that Central Visayas is a major source of the following exports: GTH (gifts, toys and housewares – 67%), furniture & wood products (60%), marine products (30%), and seaweeds & carageenan (26%).

Table 1. Share of Central Visayas to the Philippine Merchandise Exports : 2002
FOB Value in US 1,000 Dollars

Major Product	Central Visayas [1]		Total Philippine Exports [2]		Central Visayas Share
	Value	Percent	Value	Percent	
ALL PRODUCTS	**3,108,127**	**100%**	**35,208,159**	**100%**	8.83%
Consumer Manufactures	*632,758*	*20.36%*	*3,662,105*	*10.40%*	*17.28%*
Garments & Footwear	84,260	2.71%	2,353,385	6.68%	3.58%
Housewares	6,853	0.22%	189,755	0.54%	3.61%
Furniture & Wood Products	241,558	7.77%	402,554	1.14%	60.01%
Giftware & Accessories	282,412	9.09%	418,981	1.19%	67.40%
Other Consumer Products	17,674	0.57%	297,430	0.84%	5.94%
Food & Food Preparations	*143,332*	*4.61%*	*1,396,362*	*3.97%*	*10.26%*
Processed Foods	20,050	0.65%	588,214	1.67%	3.41%
Fresh Foods	986	0.03%	396,017	1.12%	0.25%
Marine Products	122,296	3.93%	412,131	1.17%	29.67%
Resource-Based Products	*56,283*	*1.81%*	*1,719,896*	*4.88%*	*3.27%*
Coconut Products	2,790	0.09%	357,113	1.01%	0.78%
Mineral Products	8,203	0.26%	279,506	0.79%	2.93%
Forest Products, Tobacco, Marble	3,184	0.10%	69,031	0.20%	4.61%
Seaweeds, Carageenan, Cutflowers	19,917	0.64%	75,194	0.21%	26.49%
Textile Yarns, Twine, Cordages	21,911	0.70%	220,080	0.63%	9.96%
Non-metallic Mineral			22,486	0.06%	
Petroleum Products			379,102	1.08%	
Other Resource-Based Products	277	0.01%	317,383	0.90%	0.09%
Industrial Manufactures	*1,479,109*	*47.59%*	*26,713,309*	*75.87%*	*5.54%*
Electronics	1,424,472	45.83%	24,321,896	69.08%	5.86%
Machineries/Transport Equpt	42,094	1.35%	1,511,372	4.29%	2.79%
Metal Manufactures	[3]		51,501	0.15%	
Construction Materials	1,504	0.05%	122,855	0.35%	1.22%
Chemicals	11,039	0.36%	322,068	0.91%	3.43%
Other Industrial Manufactures	[3]		383,617	1.09%	
Special Transactions	*310,435*	*9.99%*	1,716,487	*4.88%*	*18.09%*

1 www.dtiro7.net.ph

2 http://tradelinephil.dti.gov.ph

3 Available data inconsistent with national figures

From January to September 2003, Central Visayas exports increased by 17% from US $ 2,099.34 million in same-period 2002 to US $ 2,453.703 million. For the first time, Japan was the top export market for Central Visayas exports. The top five exporters include Pentax Cebu Phils Corp., Cebu Mitsumi Inc., Lexmark International (Phil) Inc. and Muramoto Audio Visual Philippines. For the same period, the top ten export products in descending order are: electronics, furniture, electrical equipment, other industrial goods, garments/wearables, marine products, steel/metal products, traditional products, GTH (gifts, toys and housewares) and processed foods.

Table 2 determines the volume of foreign trade in Cebu (exports and imports) vis-à-vis that of the Philippines, using 2000 Foreign Trade Statistics of the Philippines. The data reveal that, except for electronics, the ranking for the top ten exports and imports for Cebu and the Philippines are not congruent. For instance, included in Cebu's top ten exports but excluded from the Philippines top ten exports are: other industrial goods, electrical equipment, marine products, and mineral products. And included in Cebu's top ten imports, but excluded from the Philippines top ten imports are: forest products, resource-based products, mineral products, chemicals, consumer manufactures and wood products, NES.

Table 2. Top Ten Exports and Imports, Philippines and Cebu: 2000

Philippines				Cebu			
Rank	**Exports**	**Value (US$M)**	**Percent**	**Rank**	**Exports**	**Value (US$M)**	**Percent**
1	Electronics	22,880.14	60.09%	1	Electronics	946.24	33.65%
2	Garments	2,562.62	6.73%	2	Other Industrial Goods	360.22	12.81%
3	Woodcraft & Furniture	592.84	1.56%	3	Electrical Equipment	234.24	8.33%
4	Ignition Wiring Sets	576.28	1.51%	4	Furniture	219.62	7.81%
5	Coconut Oil	463.94	1.22%	5	Garments	157.47	5.60%
6	Petroleum Products	436.35	1.15%	6	Steel/Metal Products	100.95	3.59%
7	Metal Components	431.52	1.13%	7	Marine Products	71.71	2.55%
8	Other Manufactured Products	369.56	0.97%	8	Gifts, Toys & Housewares	46.4	1.65%
9	Bananas (Fresh)	291.65	0.77%	9	Vehicles, Machinery	34.59	1.23%
10	Cathodes (Refined Copper)	233.79	0.61%	10	Mineral Products	28.12	1.00%
	Total of Top Ten	**28,838.69**	**75.74%**		**Total of Top Ten**	**2,199.56**	**78.22%**

Philippines				Cebu			
Rank	**Imports**	**Value (US$M)**	**Percent**	**Rank**	**Imports**	**Value (US$M)**	**Percent**
1	Electronics	6,804.61	21.68%	1	Machinery/Transport Eqpt	388.85	30.81%
2	Mineral Fuels & Lubricants	3,876.61	12.35%	2	Electronics	100.43	7.96%
3	Telecommunication Equipment	2,931.35	9.34%	3	Industrial Manufactures	95.14	7.54%
4	Industrial Machinery	1,909.98	6.09%	4	Forest Products	91.14	7.22%
5	Office and EDP Machines	1,536.19	4.89%	5	Resource-based Products	63.19	5.01%
6	Electrical Machinery	1,444.19	4.60%	6	Metal Manufactures	56.53	4.48%
7	Transport Equipment	1,149.73	3.66%	7	Mineral Products	54.84	4.35%
8	Textiles	1,114.20	3.55%	8	Chemicals	51.5	4.08%
9	Iron and Steel	886.07	2.82%	9	Consumer Manufactures	23.11	1.83%
10	Plastics	694.77	2.21%	10	Wood Products, NES	14.81	1.17%
	Total of Top Ten	**22,347.70**	**71.19%**		**Total of Top Ten**	**939.54**	**74.45%**

Sources: 2000 Foreign Trade Statistics of the Philippines (NSO) and DTI Region VII

4.2. Foreign Direct Investments

Foreign direct investments (FDI) play an important role in capital and employment generation. **Annex Table 7** details the approved investments and actual FDI, by promotion agency for 2002 and the Three Quarters of 2003. The promotion agencies are: Board of Investments (BOI), Philippine Economic Zone Authority (PEZA), Subic Bay Metropolitan Authority (SBMA) and Clark Development Corporation (CDC). In 2002, the total approved investments were P 99,183.7 million with a projected employment of 110,429. However, the 2002 FDI was P 46,048.7 million, with PEZA accounting for 50% of total FDI. The realized FDI (ratio of FDI to approved investments) for PEZA is 59%, indicating that out of the total PEZA-approved investments of P38,741.1, only P 22,796.1 million was translated into actual investments.

Annex Table 8 decomposes FDIs by country and industry. In 2002, Japan is the largest foreign investor in the country, accounting for 37% of total FDI. Manufacturing is the recipient of 52% of total FDI in 2002, followed by mining (25%), and services (11%).

4.2.1. PEZA Locators

The Philippine Economic Zone Authority (PEZA), a government corporation attached to the Department of Trade and Industry (DTI), was established by the Special Economic Zone Act of 1995. It is mandated to accelerate employment generation in the countryside and to spur export growth by encouraging investments in the economic zones. Incentives are granted to ecozone developers/operators, and ecozone and IT locators. For ecozone developers, the investment incentive package consists of: (a) income tax holiday (ITH), (b) government support for accessing financing, including Official Development Assistance (ODA), (c) provision of vital off-site infrastructure facilities, (d) option to pay 5% Gross Income Tax in lieu of all national and local taxes, (e) permanent resident status for foreign investors and immediate family members, (f) employment of foreign nationals, and (g) promotion assistance to prospective local and foreign locators. For ecozone locators, the investment package includes: (a) ITH or exemption from corporate income tax for four years, extendable to a maximum of eight years, (b) after the ITH period, the option to pay a special 5% tax on gross income, in lieu of all national and local taxes, (c) exemption from duties and taxes on imported capital equipment, spare parts, supplies, raw materials, (d) domestic sales allowance equivalent to 30% of total sales, (e) exemption from wharfage dues and export taxes, imposts and fees, (f) permanent resident status for foreign investors and immediate family members, (g) employment of foreign nationals, and (h) simplified import and export procedure.

Annex Table 9 lists the number of PEZA operating firms as of September 2003. Out of the total 940 firms, 436 firms (46%) are public economic zones, 444 (47%) are private economic zones, and 60 (6%) are IT Parks. The public economic zones are: Baguio City Economic Zone, Bataan Economic Zone, Cavite Economic Zone and Mactan Economic Zone. The table likewise describes the types of economic zones, such as industrial estate (IE), export processing zone (EPZ), free trade zone (FTZ), tourist/recreational center, agro-industrial economic zone and information technology (IT) park.

Annex Tables 10 and 11 portray the economic characteristics of PEZA firms. For instance, over the period 1995-2002, 41% of the PEZA locators are Japanese; while the main product produced is electronics (58%), followed by electrical machinery (13%). The average annual growth rate of investments (1994 – 2002) is 3.6%, while average annual PEZA employment is 583,643. Manufactured exports of PEZA firms likewise grew at an average of 30.71% (1994 – 2000). To generate one job, an investment of P163,036 is required. To generate a dollar of exports, P8 worth of investment is needed. And one worker in the zone can generate $24.50 worth of exports. **Annex Table 12** delineates the distribution of PEZA firms, by industry group and region. For instance, 91% of PEZA firms are engaged in manufacturing. Majority (66%) of the PEZA firms are located in CALABARZON (Southern Tagalog). The second most preferred location of PEZA firms is Cebu, with 160 establishments, or 18% of total PEZA firms.

Table 3 summarizes the extent of Japanese participation in PEZA in 2003. There are a total of 907 PEZA firms, of which 417 (46%) are owned by Japanese companies. The regional breakdown shows that 597 (66%) are located in Southern Tagalog, while 160 (18%) are sited in Central Visayas. Out of the 160 Cebu EZ firms, 96 (60%) are controlled by Japanese corporations, indicating the preference of Japanese investors for Cebu as a location site. As to the type of industrial activity, Japanese firms seem to prefer the following industries: motor vehicles & other transport equipment (82%), computer equipment (73%), machinery & equipment (67%), medical, precision & optical instruments including watches (65%), metal products (59%), chemical & other products (57%), electrical machinery (45%), recycling (41%), semiconductor & electronics (38%), other manufactures (28%), computer & related business activities (26%) and garments (17%). With regards to the equity participation, 78% of Japanese investors opted for full ownership (99% to 100%). Some 14% of the Japanese investors had a majority share (51% to 99%), while only 8% had a minority interest (50% and below).

Japanese direct investments (JDIs) in the Philippines centered on economic activities, which required cheap unskilled or semiskilled (assembly-type) labor. This is in contrast with JDIs in Singapore, South Korea or Taiwan, which required more technically demanding production processes. While the R&D intensive activities are still mainly carried out in Japan. Tecson (2003) pointed out that this practice of distributing different value-adding activities to different countries is a response to the efficiency considerations in order to take advantage of differences in relative factor endowments.

Table 3. Distribution of Japanese Firms in PEZA, by Selected Characteristics: 2003

Selected Characteristics	Total		Japanese	
	Number	Percent	Number	Percent
Region	**907**	**100%**	417	46%
Southern Tagalog	597	65.8%	294	49%
Central Visayas/Cebu	160	17.6%	96	60%
NCR	68	7.5%	12	18%
Central Luzon	66	7.3%	12	18%
CAR/Benguet	13	1.4%	1	8%
Eastern Visayas/Leyte	1	0.1%	1	100%
North Mindanao/Misamis Oriental	1	0.1%	1	100%
Central Mindanao/South Cotabato	1	0.1%	1	100%
Industry	**907**	**100.0%**	**417**	**46%**
Motor Vehicles & Other Transport Equipment	72	7.9%	59	82%
Office, Accounting & Computing Equipment	66	7.3%	48	73%
Machinery & Equipment	55	6.1%	37	67%
Medical, Precision & Optical Instruments, Watches	34	3.7%	22	65%
Basic Metals & Metal Products	85	9.4%	50	59%
Chemical, Rubber, Plastic & Non-Metalic Products	79	8.7%	45	57%
Electrical Machinery	58	6.4%	26	45%
Furnitures, Recycling & Other Manfuactures	54	6.0%	22	41%
Semi-conductor and Electronics	123	13.6%	47	38%
Food, Tobacco, Leather, Wood, Paper, Printed & Petroleum Products	53	5.8%	15	28%
Computer & Related Business Activities	76	8.4%	20	26%
Textiles & Wearing Apparel	152	16.8%	26	17%
Owners' Share	**907**	**100.0%**	**417**	**100.0%**
50% and Below	84	9.3%	34	8.2%
51% - 99%	138	15.2%	58	13.9%
99.01% - 99.99%	256	28.2%	131	31.4%
100%	421	46.4%	194	46.5%
No information	8	0.9%		
Filipino Owners Share	**907**	**100.0%**	**417**	**100.0%**
0%	372	41.0%	212	50.8%
50% and Below	369	40.7%	185	44.4%
51% - 99%	74	8.2%	18	4.3%
99.01% - 99.99%	4	0.4%	2	0.5%
100%	88	9.7%		

Source: PEZA Website, DTI Region VII, Annex Table 12

4.2.2. Contribution of Cebu Ecozones to the Regional Economy

There are seven (7) Cebu economic zones (CEZ), the earliest of which is the Mactan Export Processing Zone established in 1979. **Table 4** highlights *the 59% contribution of Cebu Ecozone firms* to total regional exports over the period 1991 – 2002. In 1991, the ecozone firms accounted for 34% of regional exports, peaking at 68% in 2000. Ecozone firms are relatively import-intensive, claiming 66% of the total imports passing through Cebu ports and airports over the period 1991 – 2002. In 1991, ecozone firms accounted for 42% of regional imports, rising steadily and reaching 79% of total imports in 2002. The imported products, obtained from Manila ports, are not included in this data.

Table 4. Central Visayas and Cebu Ecozone (EZ) Foreign Trade Indicators: 1991 – 2002 (in US $ Million)

Year	Central Visayas			Cebu Economic Zone			Cebu EZ Share	
	Exports ($M)	Imports ($M)	Trade Balance	Exports ($M)	Imports ($M)	Trade Balance	Exports	Imports
1991	749.00	424.00	325.00	251.00	179.00	72.00	33.51%	42.22%
1992	806.00	440.00	366.00	306.00	213.00	93.00	37.97%	48.41%
1993	1,006.00	545.00	461.00	466.00	287.00	179.00	46.32%	52.66%
1994	1,291.00	1,248.00	43.00	663.00	415.00	248.00	51.36%	33.25%
1995	1,454.00	1,203.00	251.00	896.00	781.00	115.00	61.62%	64.92%
1996	1,694.00	1,013.00	681.00	1,103.00	604.00	499.00	65.11%	59.62%
1997	1,941.00	872.00	1069.00	1,102.00	627.00	475.00	56.77%	71.90%
1998	2,200.00	909.00	1291.00	1,349.00	634.00	715.00	61.32%	69.75%
1999	2,407.57	986.10	1421.47	1,626.37	697.78	928.59	67.55%	70.76%
2000	2,812.00	1,265.96	1546.04	1,919.00	992.00	927.00	68.24%	78.36%
2001	2,988.00	1,694.00	1294.00	1,755.72	1,333.11	422.61	58.76%	78.70%
2002	3,108.13	1,522.44	1585.69	1,775.77	1,208.33	567.44	57.13%	79.37%
Total	**22,456.70**	**12,122.50**	**10,334.20**	**13,212.86**	**7,971.22**	**5,241.64**	**58.84%**	**65.76%**
Average	*1,871.39*	*1,010.21*	*861.18*	*1,101.07*	*664.27*	*436.80*		

Source: DTI Region VII Website

Table 5 gives an interesting commentary on the contribution of Cebu Economic Zones (CEZ) on regional employment and investments. Regional investments are classified into regional FDIs and total investments. Regional FDIs include investments for BOI-registered firms and CEZ investments. Total regional investments include regional FDI and new investments made by DTI-registered and SEC-registered firms. The employment generation potential of CEZ is quite limited, estimated at 3% of regional employment. CEZ's contribution to regional FDI ranges from a low of 2% to a high of 67%. From 1999 onwards, there was an increasing trend for regional FDI to locate in the Cebu Economic Zones. This indicates that foreign investors would tend to avail more of the incentives granted by PEZA vis-à-vis BOI incentives. As a case in point, Mitsumi was initially a BOI registered firm, but later switched to become a PEZA-registered locator.

Table 5. Share of Cebu Economic Zones in Regional Employment and Investments: 1990 - 2002

Year	Employment		Investments (in P Million)			Cebu EZ Share in Regional		
	Cebu EZ	Region VII	Cebu EZ	Regional FDI	Region VII	Employment	FDI	Investments
1990	11,678	1,734,000	246.580	4,089.398	8,871.000	0.67%	6.03%	2.78%
1991	13,317	1,753,000	620.090	7,536.823	12,136.000	0.76%	8.23%	5.11%
1992	16,310	1,832,000	340.230	960.388	6,699.000	0.89%	35.43%	5.08%
1993	19,710	1,880,000	582.250	10,150.385	19,627.000	1.05%	5.74%	2.97%
1994	25,665	1,928,000	1,539.130	53,682.981	68,136.000	1.33%	2.87%	2.26%
1995	29,243	1,945,000	498.000	7,902.432	21,198.000	1.50%	6.30%	2.35%
1996	32,811	1,961,000	679.408	7,556.278	24,226.000	1.67%	8.99%	2.80%
1997	36,047	2,056,000	500.000	20,801.754	38,760.000	1.75%	2.40%	1.29%
1998	35,920	2,038,000	600.961	12,105.379	28,434.000	1.76%	4.96%	2.11%
1999	43,433	2,073,000	157.880	449.978	15,101.000	2.10%	35.09%	1.05%
2000	50,065	2,049,000	2,691.000	4,245.426	15,411.000	2.44%	63.39%	17.46%
2001	48,114	2,115,000	1,621.000	2,404.372	17,828.000	2.27%	67.42%	9.09%
2002	43,354	2,180,000	1,621.00	1,820.014	12,122.000	1.99%	89.07%	13.37%
Total	**405,667**	**25,544,000**	**11,698**	**133,706**	**288,549**	**1.59%**	**8.75%**	**4.05%**
Average	*31,205*	*1,964,923*	*899.810*	*10,285.047*	*22,196.077*			

Note: Regional FDI includes investments in Cebu Economic Zones and BOI-registered firms.
Regional Investments include investments in Regional FDI, capitalization of DTI-registered and SEC-registered firms.
Source: DTI Region VII, Various Philippine Statistical Yearbooks and Labor Force Survey (Regional Employment)

Table 6 puts into perspective the contribution of Cebu EZ firms to PEZA. In 1994, Cebu EZ firms contributed 11% of PEZA employment, 16% of PEZA investments and 24% of PEZA exports. However, CEZ share dwindled over the years, and in 2001, it merely contributed 7% of PEZA employment, 2% of PEZA investments, and 9% of PEZA exports. This decline in the relative share of CEZ is due to the increasing attractiveness of PEZA firms located in Southern Tagalog (CALABARZON). It is estimated that one job can be generated for every P350,000 worth of investment in CEZ. Likewise, an investment of P10.59 can generate a dollar worth of exports. And, one CEZ worker can generate $2,541 worth of exports.

Table 6. Share of Cebu Economic Zones in PEZA Employment, Exports and Investments: 1994-2002

Year	Employment		Investments (in P Million)		Exports (in US Million)		Cebu EZ Share in PEZA		
	Cebu EZ	PEZA	Cebu EZ	PEZA	Cebu EZ	PEZA	Employment	Investments	Exports
1990	11,678		246.580		185.63				
1991	13,317		620.090		251.17				
1992	16,310		340.230		305.87				
1993	19,710		582.250		465.51				
1994	25,665	229,650	1,539.130	9,600	663.48	2739	11.18%	16.03%	24.22%
1995	29,243	304,557	498.000	52,500	898.95	4284	9.60%	0.95%	20.98%
1996	32,811	380,625	679.408	65,300	1,103.00	6500	8.62%	1.04%	16.97%
1997	36,047	562,085	500.000	159,700	1,102.32	10626	6.41%	0.31%	10.37%
1998	35,920	609,044	600.961	96,900	1,349.01	13270	5.90%	0.62%	10.17%
1999	43,433	617,690	157.880	155,700	1,626.37	15807	7.03%	0.10%	10.29%
2000	50,065	696,035	2,691.000	156,700	1,919.00	20025	7.19%	1.72%	9.58%
2001	48,114	708,657	1,621.000	80,800	1,755.72	19498	6.79%	2.01%	9.00%
2002	43,354	820,960	1,621.000	38,700	1,775.77	22723	5.28%	4.19%	7.81%
Total	**405,667**	**4,929,303**	**11,698**	**815,900**	**13,402**	**115,472**	**8.23%**	**1.43%**	**11.61%**
Average	*31,205*	*547,700*	*839.711*	*90,656*	*1,030.91*	*12,830*	5.70%	0.93%	8.03%
Investments/Employment Ratio			P 349,816	P 163,036					
Investments /Export Ratio			P/$ 10.59	P/$ 7.96					
Export/Employment Ratio			$ 2,541	$ 22,343					

Source: PEZA Website and DTI Region VII

4.2.3. Japanese Role in Cebu Ecozones

Some 96 Japanese firms are distributed in seven Cebu Economic Zones located in Mactan Island (Mactan Export Processing Zone I and II and Cebu Light Industry Science Park I), Cebu City (Asia Town Technology Park), Danao City (Mitsumi Realty Inc. Special Economic Zone), Naga (New Cebu Township) and Balamban (West Cebu Industrial Park). **Annex Table 13** lists the Japanese firms in CEZ, including its product and equity participation. **Table 7** breaks down the nationality of CEZ locators as well as its major products. Out of 160 CEZ firms, 96 (60%) are owned by Japanese shareholders. Japanese firms produce carageenan extract, bags & Braille copying. They also manufacture garment products, plastic & non-metal products, computer peripherals, machinery & equipment, electronics, dental & medical products, optical products, watches, car parts manufacturing, shipbuilding, furniture, recycled clothing, jewelry & fashion accessories and computer & business services. **Table 8** focuses on the equity participation of the 96 Japanese firms. Some 52% are wholly owned by the Japanese, and another 35% have Japanese equity participation of 99% - 99.99%. Only 2% of the Japanese firms have equity participation below 50%.

Table 7. Nationality of Cebu Economic Zone (CEZ) Locators, by Product: 2003

Code	Product	Firms	Japanese	Filipino	European	American	Asian	Others
Food, Bags, Wood & Printing Products		**7**	**3**	**2**			**2**	
15132	Carageenan Extract	2	1	1				
19121	Bags Manufacturing	3	1				2	
20121	Wood Products	1		1				
22221	Braile Copying	1	1					
Garments		**27**	**9**	**6**	**4**		**8**	
17200	Textile Products	3	2	1				
18000	Garments	24	7	5	4		8	
Chemical, Plastic & Non-Metals		**15**	**9**	**2**	**1**	**2**	**1**	
24113	Liquid Gas Manufacturing	3		2	1			
24253	Laminated Core Mfg.	1	1					
25204	Plastic Manufacturing	8	6			2		
26109	Non-metal Products	3	2				1	
Metals and Metal Products		**15**	**12**		**1**		**1**	**1**
27210	Metals	7	5				1	1
28920	Metal Products	8	7		1			
Business Machines		**4**	**3**		**1**			
30001	Computer Peripherals	4	3		1			
Machinery & Equipment		**7**	**7**					
29130	Machinery & Equipment	7	7					
Electronics & Electrical Machinery		**15**	**9**	**1**	**2**	**3**	**0**	**0**
31000	Electrical Machinery	5	3		1	1		
32000	Electronics	10	6	1	1	2		
Precision Instruments & Watches		**22**	**17**	**2**			**2**	**1**
33111	Dental & Medical Products	3	3					
33201	Optical Products	14	12	1			1	
33301	Watches	5	2	1			1	1
Motor Vehicles								
34300	Car Parts Manufacturing	9	7	1		1		
35111	Shipbuilding	4	3		1			
35201	Other Transport Equipment	4	2	1		1		
Furnitures, Recyling, Jewelry & Other Manufactures		**20**	**10**	**3**	**4**	**1**	**2**	
36010	Furnitures	8	5		1		2	
37201	Recylced Clothing	2	1			1		
39110	Jewelry, Fashion Accessories & Handicrafts	10	4	3	3			
Computer & Business Services		**11**	**5**		**3**	**2**		**1**
55292	In-flight Catering	1						1
72300	Computer Services	9	4		3	2		
74220	Business Services	1	1					
		160	**96**	**18**	**17**	**10**	**16**	**3**
		100%	*60%*	*11%*	*11%*	*6%*	*10%*	*2%*

Source of Basic Data: PEZA Website

Table 8. Distribution of Japanese Firms in Cebu Economic Zones, by Equity Participation: 2003

Code	Product	Japanese					Filipino		
		Total	Below 50%	50%-98%	99%	100%	Below 50%	50%-98%	99% - 100%
Food, Bags, Wood & Printing Products		**3**	**1**		**1**	**1**	**1**	**1**	
15132	Carageenan Extract	1	1					1	
19121	Bags Manufacturing	1				1			
20121	Wood Products								
22221	Braile Copying	1			1		1		
Garments		**9**		**2**	**2**	**5**	**4**		
17200	Textile Products	2		1	1		2		
18000	Garments	7		1	1	5	2		
Chemical, Plastic & Non-Metals		**9**			**4**	**5**	**4**		
24113	Liquid Gas Manufacturing								
24253	Laminated Core Mfg.	1				1			
25204	Plastic Manufacturing	6			3	3	3		
26109	Non-metal Products	2			1	1	1		
Metals and Metal Products		**12**		**3**	**4**	**5**	**7**		
27210	Metals	5			2	3	2		
28920	Metal Products	7		3	2	2	5		
Business Machines		**3**			**1**	**2**	**1**		
30001	Computer Peripherals	3			1	2	1		
Machinery & Equipment		**7**			**3**	**4**	**3**		
29130	Machinery & Equipment	7			3	4	3		
Electronics & Electrical Machinery		**9**		**1**	**3**	**5**	**4**		
31000	Electrical Machinery	3		1	2		3		
32000	Electronics	6			1	5	1		
Precision Instruments & Watches		**17**		**1**	**10**	**6**	**11**		
33111	Dental & Medical Products	3		1	2		3		
33201	Optical Products	12			7	5	7		
33301	Watches	2			1	1	1		
Motor Vehicles		**12**	**1**	**2**	**2**	**7**	**4**	**1**	
34300	Car Parts Manufacturing	7			2	5	2		
35111	Shipbuilding	3	1	2			2	1	
35201	Other Transport Equipment	2				2			
Furnitures, Recyling, Jewelry & Other Manufactures		**10**		**1**	**2**	**7**	**3**		
36010	Furnitures	5		1		4	1		
37201	Recylced Clothing	1				1			
39110	Jewelry, Fashion Accessories & Handicrafts	4			2	2	2		
Computer & Business Services		**5**			**2**	**3**	**3**		
55292	In-flight Catering								
72300	Computer Services	4			2	2	2		
74220	Business Services	1				1	1		
		96	**2**	**10**	**34**	**50**	**45**	**2**	**0**
		100%	*2%*	*10%*	*35%*	*52%*	*47%*	*2%*	*0%*

Source of Basic Data: PEZA Website

Due to the difficulty in obtaining financial data for CEZ firms, the information published by the Top 7000 Corporations: 2002-2003 was used. **Table 9** indicates the importance of Japanese business presence in Cebu. CEZ firms belonging to the top 7000 corporations generated a total of P71.242 billion in total revenues in 2002, while earning a profit of P7.182 billion in 2002. These CEZ firms owned P47.228 billion worth of assets, incurred liabilities totaling P18.342 billion and had a net worth of P28.886 billion.

Some 59% of CEZ firms in the Top 7000 corporations are Japanese-owned. These Japanese firms contribute 57% of gross sales, account for 48% of profits generated in the CEZ, comprise 57% of the total assets of CEZ locators, incur 69% of the total liabilities of CEZ locators, and contribute 50% of owner's equity.

Table 9. Financial Performance of Top 7000 Corporations in Cebu Economic Zones: 2002

Financial Indicators	Cebu EZ Locators	Japanese Locators	Share of Japanese Firms
No. of Firms in CEZ	160	96	60.00%
No. of CEZ Firms in Top 7000 Corporations	81	48	59.26%
Gross Sales of Top 7000 Corporations (P1,000)	71,242,483	40,892,410	57.40%
Profits of Top 7000 Corporations (P1,000)	7,181,671	3,417,263	47.58%
Assets (P1,000)	47,228,408	27,030,367	57.23%
Liabilities (P1,000)	18,342,098	12,698,710	69.23%
Stockholders' Equity (P1,000)	28,886,307	14,331,655	49.61%

Source: Top 7000 Corporations in the Philippines: 2002-2003

Annex Table 14 details the financial performance of the Japanese firms belonging to the Top 7000 Corporations, by industry group. The top five revenue earners are firms producing metal products, followed by semi-conductors, electronic valves and tubes, supporting activities to water transport, and electronic products. There are several industry groups dominated by Japanese firms. These are the manufacture of electronic valves, supporting activities to water transport, electronics, electronic data processing (EDP) equipment, insulated wires and cables, builder's carpentry and joinery, non-ferrous smelting and refining, repair of personal & household goods, plastic products, electrical transformers, refined petroleum products, jewelry, fabricated metal products, metal containers, wood furniture, wholesaling, buttons, fabricated wire products, medical equipment, other computer related activities and glass fibers.

It has been widely observed that Japanese firms tend to sub-contract their production processes to other Japanese firms. Thus, there is a tendency for the agglomeration of Japanese firms. This practice is consistent with their Just-in-Time Delivery in the procurement of their raw materials. The above data seem to validate this practice. In the manufacture of electronic or computer products, other Japanese firms supply the needed raw materials such as electronic valves, insulated wires and cables, plastic products, electrical transformers, fabricated metal products, fabricated wire products, and the like.

4.3. Tourism

Cebu is a tourism gateway in the Philippines. In the 1980s, Cebu was marketed as an island in the Pacific. Tourists are drawn by its mix of metropolitan and rural ambience. The presence of hotels, convention centers, cosmopolitan restaurants, and shopping complexes make Cebu an

ideal combination for business meetings cum tourism activities. A number of beach resorts, ranging from a five-star to inexpensive category, dot the island. Cebu offers a feast to nature lovers, from the Olango Bird Sanctuary (where migratory birds from Siberia stop over enroute to Australia) to a diversity of flowering plants (most of 8,120 species of which 5,832 are unique to the Philippines). Its cool highlands, golf resorts, scuba diving sites, and a wonderful view of the night lights at the Busay Tops are welcome sites to any tourist. As the country's oldest city, Cebu is rich in cultural heritage as shown in its old churches, museums, forts and monuments. More recently, Cebu has become a jump-off point for eco-tourism in the Visayas and Mindanao. Its accessibility to both sea and air transport makes it easy for both the domestic and foreign tourists to spend a day or two in Cebu island, and vacation away in the islands of Bohol, Negros Oriental, Siquijor, Camiguin and Surigao.

Table 10 documents tourist arrivals for both the Philippines and Cebu from 1982 to 2002. While the share of Japanese tourists to Philippine tourist arrivals ranges from 6% to 21%, the preference of Japanese tourists for Cebu is shown by these figures. Over the 21-year period, Japanese tourists account for 30% (2002) to 52% (1984) of foreign tourist arrivals. The attractiveness of Cebu to the Japanese tourists may be due to the insular character of Cebu. In fact, a number of hotels and beach resorts were built with the Japanese tourist market as their target. Also, there were direct flights from Cebu to Japan. Japanese tourists generally opt to forego Manila and proceed directly to Cebu.

Table 10. Foreign Tourist Arrivals in the Philippines and Cebu: 1982 - 2002

Year	Philippines			Cebu		
	Total	Japan	Percent	Total	Japan	Percent
1982	890,807	157,399	17.67%	63,067	21,237	33.67%
1983	860,550	177,166	20.59%	69,034	30,433	44.08%
1984	816,721	156,944	19.22%	96,689	50,079	51.79%
1985	773,074	153,511	19.86%	92,043	47,004	51.07%
1986	781,517	134,261	17.18%	88,958	34,410	38.68%
1987	794,700	126,127	15.87%	99,379	31,061	31.26%
1988	1,043,114	181,741	17.42%	110,185	37,518	34.05%
1989	1,189,719	215,634	18.12%	130,194	47,868	36.77%
1990	1,024,520	201,982	19.71%	111,475	44,886	40.27%
1991	951,365	197,540	20.76%	109,830	43,348	39.47%
1992	1,152,952	221,578	19.22%	131,859	47,779	36.23%
1993	1,372,097	243,412	17.74%	164,138	52,921	32.24%
1994	1,573,821	93,673	5.95%	188,903	65,359	34.60%
1995	1,760,163	107,151	6.09%	227,329	88,918	39.11%
1996	2,049,367	350,242	17.09%	248,311	99,588	40.11%
1997	2,222,523	376,714	16.95%	277,614	106,122	38.23%
1998	2,149,357	361,631	16.83%	242,894	83,448	34.36%
1999	2,170,514	387,513	17.85%	289,098	118,361	40.94%
2000	1,992,169	390,517	19.60%	296,187	127,751	43.13%
2001	1,796,893	343,840	19.14%	273,876	106,769	38.98%
2002	1,932,677	374,441	19.37%	286,783	87,168	30.40%
Total	**29,298,620**	**4,953,017**	**16.91%**	**3,597,846**	**1,372,028**	**38.13%**

Source: National Statistics Office, 2001 & Department of Tourism Region 7, 2002

Initially, Japanese tourists joined tour groups organized by their companies. There were three periods in which Japanese tourist arrivals peaked. First was in 1984, when Japanese tourist arrivals registered 50,079. After this period, there was an 8-year decline, with tourist arrivals registering below 1984 level. From 1992 onwards, tourist arrivals were on the upswing (except for the single year 1988), reaching its peak in 2000 with 127,751 tourist arrivals. From thereon, Japanese tourist arrivals were again on the downtrend. A Japanese national commented that this could perhaps be reflective of the waning of promotional activities. While in the past, he observed a proliferation of tourism brochures in Japan, more recently, there was a dearth of information regarding Cebu as a tourist destination.

4.4. Movement of Natural Persons

Movement of natural persons refers to the activities of the Overseas Filipino Workers (OFWs) as well as Filipinos trained using Japanese resources. The 2001 Survey on OFWs, a rider survey to the October Labor Force Survey, estimated the number of OFWs who are working or had worked abroad during the last six months preceding the survey period. It provides information on the socioeconomic characteristics of OFWs and the amount of remittances.

Table 11 sketches the profile of the overseas contract worker (OCW) as of 2001. For Central Visayas, over two-thirds (67%) of the OCWs are males and over half (51%) belong to age group 25 to 35 years. About a fourth (24%) of the OCWs worked in Saudi Arabia, while 15% worked in Japan. Over half (53%) are trade & promotion operators. OCWs working in Japan contribute 15% of total remittances in Central Visayas. In 2001, there are about 94,000 Filipinos working in Japan, with 7,000 coming from Central Visayas. The Cebuano OCWs contributed P252.515 million in remittances in 2001.

Table 11. Selected Information on Overseas Contract Workers, October 2001

Variables	Central Visayas		Philippines		Central Visayas Share
	No.	Percent	No.	Percent	
Number of OCWs (1,000)	**46**	**100.00%**	**1,029**	**100%**	**4.47%**
Male	31	67.39%	528	51.31%	5.87%
Female	15	32.61%	501	48.69%	2.99%
Age Distribution	**45**	**100%**	**1,030**	**100%**	**4.37%**
15 - 24	5	11.11%	127	12.33%	3.94%
25 - 34	23	51.11%	417	40.49%	5.52%
35 – 44	14	31.11%	284	27.57%	4.93%
45 & Over	3	6.67%	202	19.61%	1.49%
Place of Work	**46**	**100%**	**1,029**	**100%**	**4.47%**
Saudi Arabia	11	23.91%	266	25.85%	4.14%
Hongkong	2	4.35%	123	11.95%	1.63%
Japan	7	15.22%	94	9.14%	7.45%
Taiwan	4	8.70%	87	8.45%	4.60%
Singapore	2	4.35%	58	5.64%	3.45%
Others	20	43.48%	401	38.97%	4.99%
Occupation	**45**	**100%**	**1,030**	**100%**	**4.37%**
Managers / Professionals	2	4.44%	118	11.46%	1.69%
Technicians, Associate Professionals & Clerks	5	11.11%	103	10.00%	4.85%
Service Workers	5	11.11%	116	11.26%	4.31%
Trade & Promotion Operators	24	53.33%	336	32.62%	7.14%
Laborers & Unskilled Workers	9	20.00%	346	33.59%	2.60%
Others (Special Occupations & Farmers)		0.00%	11	1.07%	0.00%
Remittance of OCWs (in P1 ,000)	**1,683,680**	**100.00%**	**38,514,872**	**100.00%**	**4.37%**
Saudi Arabia	557,796	33.13%	9,477,131	24.61%	5.89%
Hongkong	55,922	3.32%	3,305,933	8.58%	1.69%
Japan	252,515	15.00%	3,704,804	9.62%	6.82%
Taiwan	70,570	4.19%	2,454,522	6.37%	2.88%
Singapore	79,091	4.70%	1,842,209	4.78%	4.29%
Others	667,786	39.66%	17,730,273	46.03%	3.77%

Source: 2001 Survey on Overseas Filipino

Table 12 concentrates on the Filipino OCWs in Japan. Nationwide, 29% of Filipino OCWs in Japan are hired as technicians and associate professionals, while another 28% work as plant and machine operators & assemblers. Some 11% are service workers and shop workers. In Central Visayas, approximately, 4,000 Filipino OCWs or 57% found jobs as plant and machine operators & assemblers. Perhaps, their experiences in Japanese firms based in the Philippines have boosted their chances for Japanese overseas employment.

Table 12. Distribution of OCWs in Japan by Occupation: 2001

	Philippines		Central Visayas	
	No.	**Percent**	**No.**	**Percent**
Executives & Managers				
Professionals	9	9.57%		
Technicians & Associate Professionals	27	28.72%	1	14.29%
Clerks				
Service Workers & Shop Market Sales Workers	10	10.64%	1	14.29%
Farmers, Forestry Workers & Fisherman				
Trades & Related Workers	6	6.38%		
Plant & Machine Operators & Assembers	26	27.66%	4	57.14%
Laborers & Unskilled Workers	10	10.64%	1	14.29%
Special Occupations				
Not specified	6	6.38%		
Total	**94**	**100.00%**	**7**	**100.00%**

Source: 2001 Survey on Overseas Filipinos

Japan has long been active in the human resource development of the Filipino workers through scholarship and technical training programs. For more than 50 years, an annual average of 100 Philippine scholars studied in Japan under six (6) different scholarship categories. Thus, two organizations of former Filipino scholars to Japan were formed: PHILAJAMES (Philippine Association of Japan of Ministry of Education Scholars), organized in 1972 and the Association of Philippine Private Alumni of Japanese Universities (APPAJU). Japan also contributed to the training of the Filipino labor force through the Association of Overseas Technical Scholarships (AOTS). Supported by the Japanese Ministry of Economy, Trade and Industry (METI), AOTS recognizes that manpower development of developing countries is the most effective form of technical cooperation. Technology transfer between Japan and the developing countries can best be effected: (a) if the innate human abilities of the workers are realized (b) if there is a mutual understanding and friendly relation between technology provider and user, and (c) if the trainee acquires an awareness of Japanese society. A substantial number of AOTS scholars are workers of Japanese firms based in Cebu or workers of Cebu firms who do business with Japanese firms.

Japan's strategy of technology transfer to developing countries is to provide the LDC workforce with technical training. **Table 13** shows the distribution of AOTS trainees. From 1959 to 2001, a total of about 100,000 AOTS trainees from over 160 countries and regions availed of training in Japan. The top recipients of AOTS scholarships are China, Indonesia, Thailand, Malaysia, Korea and the Philippines. In a way, this is indicative of the investment preference of Japanese firms. The training programs are geared towards industrial structure improvement, SMEs, IT engineers, and improved productivity, among others.

Table 13. Distribution of Association for Overseas Technical Scholarship (AOTS): 1959 - 2001

Region/Country	Number (1959 – 2001)	Percent
Asia	*74,871*	*81.12%*
China	17,944	19.44%
Indonesia	10,824	11.73%
Thailand	10,369	11.23%
Malaysia	6,990	7.57%
Korea	6,639	7.19%
Philippines	4,939	5.35%
India	4,820	5.22%
Singapore	2,657	2.88%
Vietnam	2,029	2.20%
Pakistan	1,711	1.85%
Sri Lanka	1,686	1.83%
Taiwan	1,126	1.22%
Others	3,137	3.40%
Middle East	*2,981*	*3.23%*
Africa	*3,957*	*4.29%*
Latin America	*7,722*	*8.37%*
Oceania	*520*	*0.56%*
Europe	*2,249*	*2.44%*
Total	**92,300**	**100.00%**

Source: AOTS Website

It is interesting to note that the Cebu workforce is a recipient of training opportunities in Japan. **Table 14** breaks down the human resource development extended by the Japanese government to Filipino professionals. Out of 4,939 AOTS scholars, 391 (8%) are from Cebu. Specifically, 248 (63%) of the Cebuano participants are employed by Cebu Ecozone firms. The Japanese Ministry of Education likewise grants scholarships for PhD and Master's programs. Out of the reported 207 PHILAJAMES grantees, 18 (9%) hail from Cebu, of which a third (33%) work for Cebu Ecozone firms. The Asian Productivity Organization (APO), administered in the Philippines by the Development Academy of the Philippines, likewise gave training opportunities to Filipino professionals. From 1993 – 2003, a total of 1,230 professionals attended seminars. Of these, 70 (6%) are hired by Cebuano firms.

Table 14. Number of Recipients of Japanese Scholarships and Trainings: 2003

Organization	Philippines	Cebu	Cebu EZ Firms	Cebu Share	Share of Cebu EZ Firms
Association for Overseas Technical Scholarship, 1959 - 2000	4939	391	248	7.92%	63.43%
Philippine Association of Japanese Ministry of Education (PHILAJAMES)	207	18	6	8.70%	33.33%
AsiaN Productivity Organization, 1993 - 2003	1230	70	n.d.	5.69%	
Total	**6376**	**479**	**254**	**7.51%**	**53.03%**

Sources: Cebu AOTS, Phil. Association of Japanese Ministry of Education, Development Academy of the Philippines

Annex Table 15 specifies the Cebu-based companies which benefited from the AOTS training of their workers. Foremost of them are NEC Technologies Philippines, Inc, NEC Telecom Software Philippines, Inc., Cebu Jewelpico Corp., Tsuneishi Shipbuilding Inc., Tamiya Phils. Inc., Tsukiden Software Philippines Inc., Tsuneishi Heavy Industries Cebu Inc., Epson Precision Inc., Honda Philippines Inc., Coral Bay Nickel Corp and the like. The University of San Carlos , Taiyo Yuden Philippines, Asahi Optical, University of the Philippines Cebu College, Cebu City General Hospital, Cebu Mitsumi Inc., and Pit-os National High School are among the beneficiaries of Japan Ministry of Education scholarships. Likewise, the Asian Productivity Organization (APO) seminars have benefited government officials, industry representatives and academicians in Cebu.

4.5. Information Technology

Cebu has long-desired to be the IT hub of the Philippines, and eventually, in South East Asia. However, Cebu's planners and businessmen have not formally come up with a definition of IT. A glance at the Japanese IT firms in Cebu **(Table 15)** shows that the IT industry may include the manufacture of electronic products, computer products, software programming and computer aided design applications . More recently, there was an increase in the demand for e-services to locate in Cebu, specifically call centers. Presently, there are twelve firms expressing their desire to locate in Cebu, with three call centers already operational: Sykes, WesternWats and People Support.

Table 15. List of Japanese IT-Related Firms in CEZ: 2003

	Firm	Products and Services	Equity
	Mactan Economic Zone		
1	Cebu Daichi Corp.	Molding dies & industrial plastic parts for use of electronic & automotive industries	100.00%
2	Cebu Microelectronics Corp.	Assembly of super precision electric discharging mechatronics (EDM) tools, etc.	99.92%
3	Cebu Shensei Corp.	Laminated cores for magnetic tape heads	100.00%
4	Daitoh Precisions, Inc.	Plastic parts for electronic assemblies like floppy disk drives & audio heads	99.00%
5	Exas Phils. Inc.	Pressed steel part of floppy disk drives of personal computers	100.00%
6	Goji Industry Corp.	Manufacture of CD ROM mechanism and magnetic audio head	100.00%
7	Halsangz Plating Cebu Corp.	Electroplating of electronic parts	99.95%
8	Ingram Systems Phils. Corp.	Development of software programs/applications	99.99%
9	Intec Cebu Inc.	Manufacture of printed circuit board (PCB) for CD and CD--ROM players	100.00%
10	KKS A&I International Inc.	Architectural and interior computer assisted design	99.99%
11	Mactan Parts Technology Inc.	Manufacture of plastic frame and tray for CDRW	100.00%
12	Mactan Showa Electric Wire Inc.	Production of stud wires for semiconductors	100.00%
13	Muramoto Audio-Visual Phils. Inc.	Floppy disk drives for computers, CD-ROM	100.00%
14	NEC Technologies Phils Inc.	Transmission and telecommunication equipment and system	99.99%
15	Phil. Makoto Corp.	Magnetic eraser heads for industrial semiconductor	99.92%
16	Taiyo Yuden (Phils) Inc.	Electronic components	99.96%
17	Tokiwa Optical Phils. Corp.	Sensory elements for handheld bar code laser scanner, laser pointer & desktop scanner	99.00%
18	Tokyo Steel Phils. Corp	Stainless steel shafts and screws for computer and audio video equipment	100.00%
	Mactan Economic Zone II		
19	Koshin Phil. Corp.	Optical filters and fiber-optic devices for electronic, medical, optical, other applications	99.93%
20	Makoto Metal Technology	Alloy diecast for component parts of optical devices	100.00%
21	Matluster Corporation	High precision glass for optical and electronic applications	99.99%
	Mitsumi Realty Inc		
22	Cebu Mitsumi Inc.	Electronic Products: magnetic tape head, floppy disk drive, CD-ROM	100.00%
	Asia Town Information Technology Park		
23	NEC Telecom Software Phils.	Software for telecommunication equipment and system engineering	100.00%
24	Tsuneishi Technical Services (Phils) Inc.	Computer aided ship design (CASD), computer aided engineering design (CAED) and Electronic Data Archival (EDA)	100.00%

Source: PEZA Website

Why was Cebu able to service the manpower requirements of the IT industry? **Table 16** provides an insight that the Cebuano workforce is gearing up towards the increased supply of IT professionals. Of the total higher education enrolment of 131,664 in SY 2003-2004, 22,651 (17%) are enrolled in Information Technology (IT) courses, next only to business and accountancy. In March 2003, there were a total of 22,920 higher education graduates. Of these, 3,045 (13%) pursued an IT degree.

Table 16. Enrolment and No. of Graduates of Cebu Higher Education Institutions, by Field of Discipline

Field of Discipline	Enrolment SY 2003 - 2004		Graduates SY 2002 - 2003	
	No.	Percent	No.	Percent
Business Administration	25,861	19.64%	5,449	23.77%
Information Technology [1]	22,651	17.20%	3,045	13.29%
Medical & Allied Fields	22,067	16.76%	2,358	10.29%
Education & Teacher Training	17,864	13.57%	4,354	19.00%
Engineering	14,254	10.83%	2,409	10.51%
Marine (Naval) Engineering / Transportation	7,688	5.84%	775	3.38%
Trade, Craft & Industry	5,385	4.09%	1,426	6.22%
Criminology	4,383	3.33%	732	3.19%
Social & Behavioral Sciences	3,264	2.48%	690	3.01%
Laws & Jurisprudence	1,921	1.46%	279	1.22%
Humanities	1,898	1.44%	381	1.66%
Architecture & Town Planning	1,456	1.11%	206	0.90%
Natural Sciences	1,147	0.87%	308	1.34%
Agriculture	718	0.55%	332	1.45%
Fine & Applied Arts	564	0.43%	70	0.31%
Tourism	401	0.30%	48	0.21%
Mathematics	142	0.11%	58	0.25%
Total	**131,664**	**100.00%**	**22,920**	**100.00%**
No. of HEIs	**73**			

[1] Includes Computer Engineering, Computer Science and Information Technology Courses

Source: CHED Region 7 Form BC

Cebu ventured into the world of IT on March 29, 1994 when the Department of Science and Technology and the University of San Carlos provided internet services. Today, Cebu hosts the only PEZA-registered IT park outside Luzon, the five-hectare Asia Town Cyberpark. There are 7 multimedia companies, 41 programming firms with P125 million declared capitalization, employing an estimated of 12,000 persons. There are 422 registered internet cafes, with an average of 10 computers per café and 250,000 internet café users per week. There are 41 higher education institutions (HEIs) producing IT graduates. Likewise, there are internationally accredited Software Learning Centers in Cebu such as the CISCO Networking Academy, Microsoft Certified Training Centers, and the Oracle Programming Academy. Broadband services through Digital Subscriber Lines (DSL) are provided by PLDT and Globe, while Wireless Application Protocol (WAP) services are available through the dual-band GSM facilities provided by Globe and Smart. More importantly, the Cebu Educational Foundation for Information Technology (CEDF-IT) was established in 2001 to improve the quality of Cebu's IT workforce. The founding members included leading IT firms (NEC Telecom Software, Lexmark), universities and colleges offering IT courses, business associations (Cebu Chamber of Commerce, Tritech, etc.), and representative government agencies (NEDA, DOST, DTI, CHED, TESDA, etc.). Since then, certification programs were offered to upgrade the skills of IT teachers.

4.6. Sociocultural and Political Factors

4.6.1. Japanese ODA.

The Official Development Assistance (ODA) consists of grant aid, technical cooperation, subscription and contribution to the U.N. agencies and international financial institutions and government loans. ODA is intended to promote the economic development and welfare of developing countries. Japan is the top donor country to the Philippines for the past 23 years, contributing a cumulative total of US$9.144 billion. This makes the Philippines the third largest recipient of Japanese Official Development Assistance (ODA), next to Indonesia and China. Cebu has likewise been the recipient of Japanese ODA over the years. For instance, Japan International Cooperation Agency (JICA) funded the Long-Term Development Plan of Cebu Province in the 1990s. The Japanese government has funded Cebu's major infrastructures such as the rehabilitation of the international airport and seaport, the two bridges connecting Mactan to Cebu mainland, and recently, a reclamation project. **Table 17** enumerates the sources of government funded projects as of 2003. As of 2003, there are a total of 87 development projects, amounting to P 36.509 billion. Of these, P20.450 billion (56%) was funded by the Japanese government, while another P1.014 billion (3%) enjoyed Japanese funding with local counterpart. Disaggregated by province, P8.831 billion (42%) went to Cebu. In terms of sector, P13.899 billion (65%) were infrastructure projects.

Table 17. Central Visayas Development Projects: 2003

By Local/Foreign Source

Source	No. of Projects	Amount (in Php M)	% Share
Local	59	8,380.08	22.95%
Local/ Japan	3	1,014.34	2.78%
Japan	12	20,449.80	56.01%
Foreign	13	6,665.07	18.26%
TOTAL	**87**	**36,509.29**	**100.00%**

By Sector, Province

Sector/Province	Japan	Local/Japan	Total	% Share
Sector				
Infrastructure	13,335.91	563.03	13,898.94	64.75%
Economic	7,113.74	231.31	7,345.05	34.22%
Social Services	0.15		0.15	0.00%
Development Administration		220.00	220.00	1.02%
TOTAL	**20,449.80**	**1,014.34**	**21,464.14**	**100.00%**
Province				
Cebu	8,831.10	220.00	9,051.10	42.17%
Bohol	4,473.36		4,473.36	20.84%
Negros Oriental	145.18	563.03	708.22	3.30%
Siquijor			-	0.00%
Regionwide	7,000.15	231.31	7,231.46	33.69%
TOTAL	**20,449.80**	**1,014.34**	**21,464.14**	**100.00%**

Source: National Economic Development Authority 7

Table 18 lists the Japanese-funded government projects in Central Visayas. A substantial amount (P7 billion) was invested in the region-wide Agrarian Reform Infrastructure Support Project. The second biggest Japanese-funded project is the Metro Cebu Development Project III, known as the Cebu South Coastal Road Project. Other projects in Cebu include the Cebu North Coastal Road Project, the Cebu South Road Improvement Project, and the Cebu Socio-Economic Empowerment Development (SEED) Project. Cebu-based projects account for 36% of total Japanese projects.

4.6.2. Other Socio-Cultural and Political Factors

Japanese manufacturing firms generally outsource their jobs to other Japanese firms. In the case of semi-conductor firms, only the packaging is outsourced to Filipino firms. Japanese firms send their Filipino workers, such as the engineers, supervisors and operators to Japan for training. According to the key informants, Japanese investors prefer Cebu because of its favorable peace and order condition, industrial peace, a trainable workforce, the workers' fluency in English, less bureaucratic procedures in doing business, more LGU support to foreign investors, tourist attraction in Cebu. Some economic zones have their own power provider, East Asia Utilities Corporation.

Japanese firms are transparent in their financial transaction and comply with environmental rules and regulations. Mitsumi, for instance, has a multipartite monitoring team composed of DENR, PEZA and LGUs which monitors the extent of pollution brought about by their economic activity of washing the chips and discharging waste water.

One of the main beneficiaries of foreign locators is the small and medium enterprises (SMEs) in Cebu. The foreign locators facilitate technology transfer in SMEs. An important contribution of Japanese presence in Cebu is the exposure to the Japanese work ethic. The Japanese worker requires less supervision, and they can solve the operational problems without referring them to their supervisors. However, once an SME is tapped by a Japanese firm as its sub-contractor, the SME can no longer directly export to Japan.

A Filipina started a local car assembly using surplus Japanese parts. While working in Japan, she married a Japanese who owned coffee shops, restaurants and real estate. In Japan, she saw the potential of surplus car parts piled in the junkyard. With the assistance of her brother, an engineer based in Guam, she set up her local business. Her husband assists her in the acquisition of surplus car parts and distributes these to Cebu, Myanmar and Kenya. The bureaucracy is the main obstacle for doing business in the Philippines. Its wishy-washy implementation of rules and regulations make it difficult for businessmen to predict the business environment. A few years back, the government encouraged the assembly of local motor vehicles using surplus car parts. Just recently, this incentive was repealed.

The Japanese Association of Cebu has about 1,000 members. About 65% of them are Japanese technicians working in the Cebu Economic Zones. Some 20% are independent businessmen, while 15% of them are retired Japanese who live on their pension. The Japanese technician usually stay in Cebu for about 3 to 4 years, after which they are assigned to another country. There is an estimated 200 Japanese retirees in Cebu, spending P40,000 per month for their daily needs. To assist non-English speaking Japanese tourists, there is a need for a Japanese-speaking personnel at the Bureau of Immigration. While the CEZ administrators take care of the VISA

Table 18. List of Japanese Funded Government Projects in Central Visayas: 2003

Name of Project	Location	Fund Source	Duration	Amount	Yearly Application
Cebu Projects					
Arterial Road Links Development Project VI (Cebu North Coastal Road Project)	Cebu	JBIC L/A PH-P227, 25th Yen Loan Package	2003 - 2006	970,930,000	323,643,333
Arterial Road Links Development Project IV (B. Naga - Toledo Road Project)	Cebu	JBIC Loan No. PH-P204	2003 - 2006	555,000,000	185,000,000
MCDP III - Cebu South Coastal Road Project	Southeastern part of Cebu City	JBIC PH-P175/C-004, 21st Yen Loan Package; JBIC PH-P158 (20th YCP)	February 11, 2002 - February 10, 2004	4,053,146,463	2,026,573,232
Arterial Road Links Development Project IV (Cebu South Road Improvement Project)	Cebu Province	JBIC PH-P188	Package I: February 10, 2003 - January 29, 2005: Package II; January 8, 2003 - October 28, 2004	785,150,000	392,575,000
South Reclamation Infrastructure (Stage 1-1) Project	South Reclamation Area, Cebu City	JBIC Loan Agreement PH-P157	February 2003 - July 2004	339,385,740	339,385,740
Cebu Socio-Economic Empowerment Development (Cebu SEED) Project	20 municipalities in the northern part of Cebu province including the islands of Camotes and Bantayan	JICA with counterpart from the province of Cebu and the beneficiary LGUs	March 1999 to February 2004	220,000,000	44,000,000
Subtotal				6,923,612,204	3,311,177,305
Percent				*35.81%*	*48.20%*
Central Visayas Projects					
Agrarian Reform Infrastructure Support Project (ARISP II)	ARC in Estaca, Pilar, Bohol; ARC in Anopog-Camugao, Pinamungahan, Cebu; and Bayawan, Negros Oriental	Japan Bank for International Cooperation (JBIC)	June 2002 - December 2003	7,000,000,000	3,500,000,000
Forestry Sector Project (FSP) JBIC Loan II	Regionwide	JBIC	1996 - 2000 (extended)	231,310,000	57,827,500.00
Expansion of National Tuberculosis Control Project	Regionwide	Japan International Cooperation Agency (JICA)	1998 - 2003	149,560	29,912
Arterial Road Links Development Project IV (A. Bohol Circumferential Road Improvement Project)	Bohol	JBIC	2003 - on going	1,975,620,000	
Sixth Road Improvement Project, Contract Package NG-A	Negros Oriental Province	JBIC, Asian Development Bank (ADB)	August 28, 2001 - February 13, 2004	563,034,462	
Rural Road Network Development Project	Negros Oriental	JBIC Loan No. PH-P162	January 4, 2001 - December 2002 (Extended)	145,184,965	
Bohol Irrigation Project - Phase II	Bohol Province	JBIC PH-P202, 23rd Yen Loan Package	2003 - on going	2,384,000,000	
Bohol Integrated Agriculture Promotion Project	Capayas Irrigation Project, Lumanog, Ubay, Bohol	JICA Grant	November 1996 - November 2003	113,740,000	
Subtotal				12,413,038,987	3,557,857,412
Percent				*64.19%*	*51.80%*
Total				**19,336,651,191**	**6,869,034,717**
Percent				***100%***	***100%***

Source: *Regional Project Monitoring Committee: Sectoral Reports 1st Quarter 2003: NEDA Region 7*

requirements of Japanese nationals employed at CEZ, there is a need to provide Japanese immigrants with VISA assistance. At present, the Japanese Association of Cebu is holding Saturday classes for children of Japanese nationals. These classes are funded by the Japanese government.

Both governments should encourage the exchange of students between Cebu and Japan to explore the different cultures. A feedback mechanism should be set up in Cebu so that the Filipino professionals and workers who benefited from study and training grants in Japan can effect a technology transfer in their respective work environments. It has also been observed that Japanese companies were able to reduce the delivery time of their work output from 180 days to 45 days. These lessons in work productivity could benefit the local labor force. Over the past years, it has been a practice in CEZ to showcase the best practices in labor productivity. Perhaps, the different business, employees, academic, government and non-governmental organizations can benefit from the success stories. It was observed that the Japanese contribution to the local economy was under-rated. More importantly, in order to forge a meaningful economic relationship between Cebu and Japan, there must be an understanding of the richness of their respective cultures.

5.0. Economic Competitiveness of Cebu

Why is Metro Cebu attractive to investors? To answer this, two surveys are presented. The first survey was administered to 202 Cebuano businessmen under the auspices of the Philippine City Competitiveness Ranking Project 2003. The second is the 2002 JETRO Survey on the Investment-Related Costs of Selected 26 Asian Cities, administered to the local Japanese Chamber of Commerce and selected Japanese businessmen.

5.1. Perceptions of Local Businessmen

Table 19 ranks seven (7) broad location factors, including its 49 selected indicators. The broad location factors, ranked in order of importance, are: quality of human resources 1st, dynamism of local economy 2nd, linkages and accessibility 3rd, infrastructure 4th, cost of doing business 5th, quality of life 6th, and responsiveness of local government unit (LGU) to business 7th.

The human resources, required by business and industry, are readily supplied by Cebu's educational institutions. Cebu is the educational center in Southern Philippines. The ensuing discussion highlights the respective ranks of selected economic indicators. The educational institutions in Cebu are perceived to play an important role in training the skilled manpower 7th. The role of schools is evident through the on-the-job training (OJT) provided to their students 8th, the upgrading of their school curricula to address the issue of relevance 14th, and the numerous training programs jointly organized by both the schools and industry 21st. Aside from schools, the quality of Cebu's labor force is likewise an asset. The worker's productivity is enhanced through the firm's investment in training and skills development 1st, quality circles 3rd , fair labor practice 9th, eagerness of the local workers to develop skills 11th, job satisfaction 12th, additional benefits 15th, availability of IT programs in the city 17th, and the existence of a healthy relationship between labor and management 26th. However, firms are not perceived as effective in managing their human resources 48th .

The businessmen acknowledge the dynamism of tourism in spurring regional growth 6th. Other factors attributed to a dynamic local economy are: access to business financing 19th, conducive regulatory environment 24th, and the perception of a more favorable business climate within the next six months 28th.

The accessibility of Metro Cebu is measured in terms of proximity to international entry and exit points 4th, reasonable time from raw material source to the factory 16th, benefits of collaborating with other firms in the industry 23rd, availability of business support services 27th, proximity to sources of raw materials and other productive inputs 32nd, and good services provided by national agencies 34th. The strategic role of Cebu's international airport and port is highlighted in this set of location factors. Likewise, the role of agglomeration economies is imputed in this measure of accessibility and linkages.

Infrastructure received diverse ratings from high to low. Belonging to the plus factors are: adequate cellular phone signals 2nd, adequate ISPs 5th and ease of connection to telephone lines from other service providers 10th. Businessmen are starting to become wary of the reliability of both electric power 18th and water services 22nd. While, businessmen have expressed concern over the congested traffic during peak hours 49th, the garbage problem 44th, and road and traffic management 37th.

Table 19. Ranking of Location Factors by Metro Cebu Businessman: 2003

Rank	Broad Category	Rank	Indicators
1	Quality of Human Resources	1	Investing in training and skills development is important.
		3	Workers' suggestions about ways to improve business operations are encouraged.
		7	Availability of skilled labor needed by the company.
		8	Allows on-the-job trainees from schools.
		9	Poor labor practices such as discrimination and harassment are discouraged.
		11	Workers from the local pool are eager to develop skills.
		12	Job satisfaction of my workers and productivity is existent.
		14	Curricula and academic programs in local HEIs equip graduate with basic skills needed by local industries
		15	Good performance by workers can be attained through additional benefits.
		17	Availability of IT programs in the city
		21	Existence of training programs jointly organized by schools and industry partners.
		26	Relations between management and labor are constructive.
		48	Effective management of my firm's human resources is a key priority.
2	Dynamism of Local Economy	6	Tourism as an industry is a very vibrant sector
		19	Access to financing for private businesses is available.
		24	The city's regulatory environment is conducive to business.
		28	In the next six months, revenues of local businesses are expected increase considerably.
3	Linkages and Accessibility	32	Proximity to location of raw materials and other productive inputs
		16	Reasonable time in transporting raw materials from domestic sources in the city
		4	Proximity to international entry and exit points (airports, seaports & other transshipment points)
		27	Available business support services, such as advice on product or process development, marketing, and business strategy making.
		23	The benefits of collaborating with other firms in the industry is existent.
		34	The level of services provided by national agencies (e.g. DENR, BFAR, BFAD) is good.
4	Infrastructure	37	Management of road network and traffic
		49	During peak hours, roads are clear.
		18	Reliable electric power
		22	Reliable water services
		10	Ease of connection to telephone lines from other service providers
		2	Adequate cellular phone signals
		5	Adequate ISPs
		44	Adequate facilities for managing garbage
5	Cost of Doing Business	20	Profitability of doing business in this is city is high.
		45	Non-existence of informal fees
6	Quality of Life	40	Clean roads and public open spaces
		46	Clean open bodies of water
		41	Clean air quality in the city
		13	Adequate rest and recreational facilities (cinemas, bookstores, malls, etc.)
		25	Security environment is conducive for business.
7	Responsivenss of LGU to Business	36	Simple and efficient process in securing business permit.
		39	Local government units are dynamically involved in developing human resources.
		47	Local government programs are effective in assisting displaced workers.
		43	Honesty and transparency of LGUs in its dealings
		30	The city's administration of justice is fair.
		29	Policies and regulations in the city is reflective to business needs.
		42	LGU holds regular forums to elicit opinions of its constituents
		38	Very effective Clean and Green Program
		31	Reasonable business taxes imposed by LGU.
		33	Well-implemented master development plan.
		35	Reasonable and flexible land-use regulations such as zoning

The cost of doing business is quite high due to the existence of informal fees 45th and the limited profit potential 20th. The latter could reflect the phenomenon of business overcrowding, and could serve as a signal for businesses to disperse outside of Metro Cebu.

Among the quality of life indicators, only adequate rest and recreational facilities and security environment fared well 13th. The remaining indicators, such as clean open bodies of water 46th, clean air quality 41st, and clean roads and public open spaces 40th did not fare as well. Metro Cebu now manifests a deterioration of environmental quality, as a result of increased economic activity and uncoordinated societal response to the environmental problems.

The lowest rating went to the responsiveness of LGU to business concerns. LGUs are rated low in the following: effective programs in assisting displaced workers 47th, honesty and transparency in its dealings 43rd, holding of regular forums to solicit their constituents' opinions 42nd, dynamic involvement in developing human resources 39th, very effective Clean and Green program 38th, simple and efficient process in securing business permit 36th, reasonable and flexible land-use regulations 35th, well-implemented master development plan 33rd , reasonable business taxes 31st, and fair administration of justice 30th. The low rating to LGUs could also indicate that economic activities in Metro Cebu are largely private-driven, with the LGUs taking the back seat in steering the economic actors to the road of economic development.

5.2. Ranking of Japanese Businessmen

Table 20 enumerates the advantages of Cebu, in terms of belonging to the top five most competitive Asian cities. Cebu is most competitive in the monthly wage of mid-level managers and department chiefs, paying an equivalent of US$ 122 – 243. Cebu imposes the lowest value added tax (10%) and the lowest tax on royalties remitted to Japan (10%).

Cebu is the second most competitive city in terms of bonus payments (next to Shenzhen), monthly office rent at US$ 3.75 to 7.02 (next to Hanoi), monthly housing rent for foreigners at US$ 468 to 665 (next to Shenzen), and tax on dividends remitted to Japan at 10% (next to Beijing, Shanghai, Dalian, Shenyang, Chongqing and Shenzhen). Cebu is the third most competitive city in terms of monthly gas rate for business use at US $ 0.52/kg (next to Yangon and Colombo).

Cebu is the fourth most competitive city in terms of social security burden ratio to employers at 6.21% (next to Yangon, Bangkok and Hongkong), international call charge to Japan at US$ 1.2 per three minutes (next to Hongkong, Taipei and Singapore), regular gasoline price at US$ 0.32 to 0.36 per liter (next to Yangon, Batam, Jakarta, Kuala Lumpur, Manila, Hanoi, and Ho Chi Minh), and value-added tax rate at 19% (next to Singapore, Okinawa, Yokohama and Bangkok).
Cebu is considered the fifth most competitive city in terms of social security burden ratio to employees at 3.33% (next to Karachi, Yangon, Batam, Jakarta and Taipei), monthly industrial estate rents at US $0.34 to 0.36 per square meter (next to Seoul, Colombo, Ho Chi Minh and Dalian), larger passenger car purchase price of US$ 29,307 (next to Batam, Yokohama, Okinawa and Manila), and personal income tax rate at 32% (next to Hongkong, Yangon, Dhaka, Singapore, and Kuala Lumpur).

Table 20. Competitiveness of Cebu, In terms of Top 5 Ranking in Investment-Related Costs JETRO Survey of 26 Asian Cities, 2002

Investment Costs	Rank	Value	Higher Ranked Cities (Country)
WAGES			
Mid-level managers (monthly; section and department chief level)	1	US$ 122 - 243	
Bonus payments (fixed bonus+ variable bonus months)	2	Basic wage x 1 month	Shenzhen (China)
Social Security burden Ratio (A. Employer)	4	6.21% (SSS: 5.21%, EC: 1%)	Yangon (Myanmar), Bangkok (Thailand) and Hong Kong (China)
Social Security burden Ration (B. Employee)	5	3.33% (SSS)	Karachi (Pakistan), Yangon (Myanmar), Batam (Indonesia), Jakarta (Indonesia) and Taipei (Taiwan)
LAND COSTS and OFFICE SPACE			
Office rent (monthly) (per sq.m)	2	US$ 3.75 - 7.02	Hanoi (Vietnam)
Housing rent for foreigners (monthly)	2	US$ 468 - 655	Shenzhen (China)
Industrial estate rents (monthly) (per sq.m)	5	US$ 0.34 - 0.36	Seoul (Korea), Colombo (Sri Lanka), Ho Chin Minh City (Vietnam) and Dalian (China)
TELECOMMUNICATION COSTS			
International call charge (for 3 min. to Japan)	4	US$ 1.2	Hong Kong (China), Taipei (Taiwan), and Singapore (Singapore)
PUBLIC UTILITIES COST			
Value-added tax (standard tax rate)	1	10%	
Tax on royalties remitted to Japan (highest tax rate)	1	10%	
Tax on dividends remitted to Japan (highest tax rate)	2	10%	Beijing (China), Shanghai (China), Dalian (China), Shenyang (China), Chongqing (China) and Shenzhen (China)
Gas rate for business use (monthly basic charge)	3	US$ 0.52/kg	Yangon (Myanmar) and Colombo (Sri Lanka)
Regular gasoline price (1 liter)	4	US$ 0.32 - 0.36	Yangon (Myanmar), Batam (Indonesia), Jakarta (Indonesia), Kuala Lumpur (Malaysia), Manila (Philippines), Hanoi (Vietnam), and Ho Chin Minh City (Vietnam)
Value-added tax rate (highest tax rate)	4	10%	Singapore (Singapore), Okinawa (Japan), Yokohama (Japan), and Bangkok (Thailand)
Large passenger car purchase price (sedan over 2500cc)	5	US$ 29,307	Batam (Indonesia), Yokohama (Japan), Okinawa (Japan) and Manila (Philippines)
Personal income tax rate (highest tax rate)	5	32%	Hong Kong (China), Yangon (Myanmar), Dhaka (Bangladesh), Singapore (Singapore), and Kuala Lumpur (Malaysia)

Source: http://www/jetro.go.ip

Annex Table 16 details the competitiveness of Cebu in other investment-related costs. For instance, Cebu ranks 14th in legal minimum wage, ranks 10th in nominal wage increase rate, 9th in monthly salary of engineers, and 7th in monthly salary of worker. Dhaka has the lowest monthly wage for workers and engineers. Bangkok has the lowest nominal wage rate increase from 1999 to 2001. And Colombo has the lowest legal minimum wage.

Cebu is relatively not competitive with respect to telecommunication, water rate, gas rate and container transport. With respect to monthly basic telephone charges, Cebu and Manila are the least competitive cities. Cebu is also not so competitive in terms of monthly basic mobile phone charges 19th, broadband internet connection fee 16th, and internet connection fee 12th. Beijing reports the lowest internet connection fee, while Seoul charges the lowest broadband internet connection fee. Ho Chi Minh and Hanoi enjoys the lowest monthly basic telephone fee, while Colombo charges the minimum monthly basic mobile phone fee.

Cebu ranks 14th in business water rates and 16th in business gas rate. Cebu is 20th in container transport. New Delhi charges the lowest water rate for business use, while Hongkong charges the lowest gas rate for business use. Mumbai (India) charges the lowest fee for container transport.

The Philippines, and Cebu, as a destination of Japanese investments is hampered by many factors. Foremost is the relatively high wages of both unskilled and skilled labor. Dhaka has the lowest wage rates. Bangkok has guaranteed a stable wage rate environment, by minimizing wage rate increases from 1999 to 2001. Despite the liberalization of the telecommunication, utilities and the shipping industries in the country, our rates are still globally uncompetitive. The time is now opportune to the look into the efficiency of these industries.

6.0. Elements of the Cooperation Framework Between Cebu and Japan

This section looks into the benefits and constraints spurred by the economic relationship between Cebu and Japan. Based on the analysis, a cooperation framework which could address the Philippines' reform objectives is suggested.

6.1. Estimates of Japanese Economic Presence in Cebu: An Exercise

Japanese economic presence in Cebu is felt in the following areas: (a) foreign direct investments, (b) foreign trade, (c) movement of natural, (d) Japanese Official Development Assistance, and (e) estimated local purchases of Cebu Economic Zones. **Table 21** presents the economic estimates of Japanese economic presence in Cebu.

Foreign direct investments (FDIs), undertaken by CEZ firms is reported at P1.621 billion in 2002. In addition, these CEZ firms generate local employment. Using a 1996 estimate, it was noted that 88.54% of the CEZ workforce were factory workers; some 10.88% were managers and staff, while 0.58% were foreign nationals. Estimates of salary contribution, withheld income taxes and mandatory employment contribution comprise societal benefit from employment generation. Mandatory employment contribution for both employees and employers include: (a) Social Security Systems (SSS) contribution for the social security benefits of the employees, (b) National Health Insurance Program (PhilHealth) contribution for the medical insurance/benefit

Table 21. Measure of Japanese Economic Presence in Cebu, 2002

Activity		Estimated Benefits (in Pesos)	Estimated Costs (in Pesos)	Net Benefit/Cost (in Pesos)
Foreign Direct Investments, 2002				
Amount of Investments, 2002		1,621,000,000		
Employment Generation: 43,354 workers				
Salaries to factory workers (88.54%) @ P8,000/mo		3,992,105,686		
Salaries to Filipino managers & staff (10.88% @ P40,000/mo)		2,452,795,904		
Withholding Taxes on Wages: Factory Workers		372,339,091		
Withholding Taxes on Wages: Filipino managers		234,900,883		
SSS Contribution: Factory Workers		350,998,215		
SSS Contribution: Filipino managers & staff		80,376,235		
PHILHEALTH: Factory Workers		92,125,516		
PHILHEALTH: Managers & staff		14,150,746		
Home Development Mutual Fund: P200/month per worker		104,049,600		
Income Taxes Foregone: 32% of Total Income of Top 7000 Corp.			2,298,134,720	
Sub-total		9,314,841,877	2,298,134,720	7,016,707,157
Foreign Trade, 2002				
Exports @ P51.60 for US $1: US $ 1775.77 Million		91,629,732,000		
Imports @ P 51.60 for US $1: US $ 1208.33 Million			62,349,828,000	
Import Adjustments, RP-Japan Export/Import Ratio (0.732157)			62,800,578,681	
Sub-total		91,629,732,000	125,150,406,681	(33,520,674,681)
Total Foreign Direct Investments and Foreign Trade, 2002		100,944,573,877	127,448,541,401	(26,503,967,524)
Share of Japanese Firms (96 out of 160 locators or 60%)	A	*60,566,744,326*	*76,469,124,841*	*(15,902,380,515)*
Movement of Natural Persons				
Japanese tourists: 87,168 x US $1,058.75/tourist @ P51.60 for US $1		4,762,118,592		
Remittances of Filipino OCWs in Japan		224,660,000		
AOTS Trainings				
Japanese Scholarships				
Japanese Nationals in Cebu, 1200 persons @ P40,000/month		576,000,000		
Sub-total	B	*5,562,778,592*	-	*5,562,778,592*
Japanese Official Development Assistance				-
Cebu Projects		3,311,177,305		
Regional Projects: 40% of municipalities x P6,869,034,717		2,758,604,342		
Sub-total	C	*6,069,781,647*		*6,069,781,647*
Estimated Local Purchases of Cebu Economic Zone Firms, 2002		8,205,128,205		
Share of Japanese Firms (96 out of 160 locators)	D	*4,923,076,923*		*4,923,076,923*
Measure of Japanese Presence in Cebu *(A + B + C + D)*		**77,122,381,488**	**76,469,124,841**	**653,256,648**

of the employees, and (c) Home Development and Mutual Fund (HDMF) contribution for the housing needs of the employees. The total benefits from FDI are estimated at P9.315 billion in 2002.

However, CEZ locators are generally exempt from corporate income tax, the maximum of which is 32%. Data from Top 7000 Corporations in the Philippines located in CEZ report a total net profit of P7.182 billion in 2002. Assuming an income tax rate of 32%, the income taxes foregone is estimated at P2.298 billion.

The net benefit of CEZ FDIs is estimated at P7.017 billion in 2002. The estimated benefits total P9.315 billion, of which P1.621 billion is attributed to total FDIs. Some P7.694 billion represents the salaries and mandatory contributions or the employment generation potential of CEZ firms. On the other hand, the opportunity cost of foregone income taxes is estimated at P2.298 billion.

Another perceived benefit of FDIs is foreign exchange earnings. In 2002, CEZ exports are valued at P91.630 billion, while CEZ imports are reported at P62.350 billion. At first glance, it seems that CEZ enjoys a balance of trade surplus equivalent to P29.280 billion. But these reported data merely refer to the exports and imports which are processed in Cebu ports. A substantial portion of imported raw materials still pass through the Manila ports. Thus, an import adjustment factor is incorporated, representing the average RP-Japan export-import ratio in 2002. It seems that CEZ firms, having a high import content, is estimated to have lost some P33.521 billion in foreign exchange earnings.

To arrive at an estimate of the contribution of Japanese firms, the 60% allocation factor is used. It is noted that 96 out of 160 locators in CEZ are Japanese firms. Thus, in terms of FDI and foreign trade, the net contribution loss of Japanese firms is estimated at – P17.944 billion, mainly due to the foreign exchange loss.

Nonetheless, the net contribution loss is partly offset by the following: (a) contribution of Japanese tourists which generate tourist income of P4.762 billion, (b) remittances of Central Visayas OCWs working in Japan amounting to P224.660 million, (c) estimated cost-of-living expenses of Japanese nationals residing in Cebu running at P576 million, (d) estimated Cebu allocation of Japanese Official Development Assistance (ODA) amounting to P6.070 billion, and (e) share of Japanese firms in CEZ local purchases estimated at P4.923 billion. On the whole, Japanese economic presence is still favorable to the Cebuano economy, with an estimated net contribution of P653 million in 2002.

6.2. Possible Gains and Losses in a Bilateral Arrangement

Bilateral relationship between Cebu and Japan has long been in place. Since 1959, the 391 Cebuano workers benefited from AOTS, 18 Cebuano scholars enjoyed Japanese Ministry of Education study grants, and 70 Filipino trainees attended Asian Productivity Organization (APO) seminars. As a result, the local universities have a pool of Japanese-trained PhDs in Biology, Marine Sciences, Robotics and Engineering. AOTS scholars have returned to their workplaces, while some of them moved on to other companies, bringing with them the technical skills they acquired from their Japanese experience. Moreover, APO scholars have attempted to improve

the productivity of their respective workplaces, with some of them spearheading local productivity workshops.

The strategy of bringing in Japanese nationals first as tourists and then as potential investors could account for the relatively higher share of Japanese firms in the Cebu Economic Zones. In the 1980s when the Japanese economy was booming, some Japanese investors partnered with local businessmen to set up golf courses. This venture was subsequently abandoned when Japan went into recession from 1990s onwards. Nevertheless, there are still a lot of local hotel resorts, which cater largely to Japanese tourists. As noted in *Section 3.3,* Central Visayas ranked *first* in some economic characteristics for *Hotels & Restaurants* in the 1998 Annual Survey of Establishments. The tourist amenities savored by the Japanese tourists are also enjoyed by the locals. During the tourist lean season, hotel resort operators open their facilities to the locals at a at a discounted rate.

But not all Japanese tourists set up manufacturing firms in CEZ. Some of them bring with them their illegal activities, as reported by one Japanese national.

Japan's interest in Cebu is not limited to tourism, foreign investments and technology transfer. Even the Japanese government contributed to the development of Cebu by providing both the Long-Term Cebu Development Plan and the infrastructures needed to transform Cebu into a region with low agricultural productivity to an export region with industrial-service orientation. **Table 22** attempts to measure the economic openness of Cebu. The share of CEZ exports to Gross Regional Domestic Product has substantially increased from 6.37% in 1990 to 32.06% in 2002. This validates the export orientation of Central Visayas. In addition, the estimated receipts from foreign tourists are substantially more than the GRDP. As an open economy, Cebu's growth hinges on the external developments of its trading partners. Its economy is likewise cushioned against the uncertainties generated by national politics.

What is the development implication of Cebu's export-led growth? In 1988, Central Visayas was the fourth poorest region, with a poverty incidence of 46.7% of total families and 52.1% of regional population. In 2000, Central Visayas slid down to the ninth poorest region, reporting a slight alleviation of its poverty situation. The proportion of poor families dropped by 7.9% from 46.7% in 1988 to 38.8% in 2000. Likewise, there was an 8.4% reduction of poverty incidence of the regional population from 52.1% in 1988 to 43.7% in 2000. Offhand, it seems that the CEZ was able to alleviate the poverty situation in Central Visayas.

Table 23 shows the provincial distribution of family and municipal/city income and expenditures in Central Visayas. Cebu is home to 59% of total families in Central Visayas. Cebu contributes 65% of total family income and claims 66% of total family expenditures. Although Cebu accounts for 40% of total cities and municipalities in the region, Cebu generates 65% of total local government unit (LGU) income and expenditures.

Central Visayas has the third highest Gini ratio in 2000, next to Eastern Visayas and Northern Mindanao. However, among the four provinces in Central Visayas, Cebu has the lowest Gini ratio. More interesting is that among the three urbanized cities in Cebu, Lapulapu, the site of three economic zones, has the lowest Gini ratio. This indicates that the export economy of Cebu has contributed to a more equitable income distribution within the province. Japanese nationals have also commented on the favorable peace and order conditions in Cebu as an important

location factor. It is worth noting that a favorable peace and order condition is associated with an equitable income distribution.

Table 24 affords a glimpse of the 1990-2000 changes in the physical infrastructures, commercial establishments and service facilities, especially on Metro Cebu barangays. The period saw an increase in the number of barangay halls, public plazas, public markets and streets within Metro Cebu. There was also an increase in the number of barangays with stores, lodging facilities, shops, banks and recreational facilities. More Metro Cebu barangays reported an increase in the following services: telephone, health, high school, electricity, newspaper circulation, elementary schools, communal systems and telegraph.

Table 25 details the change in the educational attainment of Cebu's population belonging to age group 20 years and older from 1990 to 2000. It is observed that the working population of Metro Cebu has become more literate. Specifically, there was an increase in the proportion of the working population who attended high school (+5%), completed post-secondary (+3%), and attended college (+0.8). On the other hand, there was a decrease in the proportion of the working population who did not attend school (-2.4%), or merely attended elementary school (-9.2%). The quality of the labor force, in terms of number of years of schooling, has slightly improved in Metro Cebu over the years.

Table 22. Measure of Economic Openness of Cebu: 1990 - 2002

Year	GRDP (P1,000) at Current Prices	Average Exchange Rate (P/$)	CEZ Exports (US$1,000)	Peso Equivalent of CEZ Exports (P1,000)	Share of CEZ Exports to GRDP (A)	Foreign Tourist Arrivals	Average Daily Expenditure (US $)	Average Length of Stay	Estimated Receipts from Foreign Tourists	Share of Tourism to GRDP (B)	Economic Openness of Cebu (A + B)
1990	70,766,356	24.3	185,630	4,510,809.00	6.37%	111,475	144.94	10.31	4,047,908,405	5720%	5726.47%
1991	82,821,213	27.5	251,170	6,907,175.00	8.34%	109,830	144.94	10.31	4,513,366,486	5450%	5457.87%
1992	88,830,818	25.5	305,870	7,799,685.00	8.78%	131,859	144.94	10.31	5,024,546,624	5656%	5665.09%
1993	94,892,469	27.1	465,510	12,615,321.00	13.29%	164,138	144.94	10.31	6,646,994,975	7005%	7018.06%
1994	108,492,900	26.4	663,480	17,515,872.00	16.14%	188,903	144.94	10.31	7,452,289,270	6869%	6885.06%
1995	121,438,468	25.7	898,950	23,103,015.00	19.02%	227,329	155.92	9.22	8,398,867,154	6916%	6935.17%
1996	140,543,545	26.2	1,103,000	28,898,600.00	20.56%	248,311	156.28	9.18	9,333,474,257	6641%	6661.54%
1997	158,892,511	29.5	1,102,320	32,518,440.00	20.47%	277,614	148.24	8.93	10,841,272,104	6823%	6843.49%
1998	176,998,511	40.9	1,349,010	55,174,509.00	31.17%	242,894	130.82	8.44	10,968,738,590	6197%	6228.25%
1999	200,794,772	39.3	1,626,370	63,916,341.00	31.83%	289,098	134.87	8.50	13,024,825,717	6487%	6518.47%
2000	236,042,793	44.2	1,919,000	84,819,800.00	35.93%	296,187	120.37	8.30	13,079,303,429	5541%	5577.00%
2001	260,533,534	51.0	1,755,720	89,541,720.00	34.37%	273,876	105.17	9.16	13,455,861,242	5165%	5199.10%
2002	285,817,257	51.6	1,775,770	91,629,732.00	32.06%	286,783	115.58	9.16	15,667,385,465	5482%	5513.67%

Sources: PIDS Website (GRDP, Average Exchange Rate), DTI ROVII (CEZ Exports), DOT ROVII (Foreign Tourist Arrivals
2002 Philippine Statistical Yearbook (Average Daily Expenditures and Average Length of Stay of Foreign Tourists)

Table 23. Central Visayas Income and Expenditures and Gini Coefficient, by Province: 2000

Income and Expenditures	Central Visayas	Cebu	Highly Urbanized Cities			Bohol	Negros Oriental	Siquijor
			Cebu City	Lapulapu	Mandaue			
All Families	1,104,989	415,507	151,406	40,507	45,058	210,182	224,933	17,397
Percent	*100.00%*	*37.60%*	*13.70%*	*3.67%*	*4.08%*	*19.02%*	*20.36%*	*1.57%*
Percent of Cebu		*59.05%*						
Total Family Income (P1,000)	109,980,924	34,788,250	23,211,578	6,841,716	7,170,536	16,245,161	20,347,245	1,376,436
Percent	*100.00%*	*31.63%*	*21.11%*	*6.22%*	*6.52%*	*14.77%*	*18.50%*	*1.25%*
Percent of Cebu		*65.48%*						
Average Family Income (P)	99,531	83,725	153,307	168,902	159,140	77,291	90,459	79,119
Total Family Expenditures (P1,000)	92,425,706	29,602,038	19,576,968	5,748,955	6,375,625	14,062,687	16,078,422	981,011
Percent	*100.00%*	*32.03%*	*21.18%*	*6.22%*	*6.90%*	*15.22%*	*17.40%*	*1.06%*
Percent of Cebu		*66.33%*						
Average Family Expenditures (P)	83,644	71,243	129,301	141,925	141,498	66,907	71,481	56,390
All Municipalities	132	50	1	1	1	48	25	6
Percent	*100.00%*	*37.88%*	*0.76%*	*0.76%*	*0.76%*	*36.36%*	*18.94%*	*4.55%*
Percent of Cebu		*40.15%*						
Total Municipal Income (P1,000)	7,432,617	1,780,532	2,299,400	393,050	389,812	1,133,566	1,345,416	90,841
Percent	*100.00%*	*23.96%*	*30.94%*	*5.29%*	*5.24%*	*15.25%*	*18.10%*	*1.22%*
Percent of Cebu		*65.43%*						
Ave. Municipal Income (P)	15,140,173	35,610,636	2,299,400	393,050	389,812	24,118,417	53,816,629	15,140,173
Total Municipal Expenditures (P1,000)	6,880,655	1,576,861	2,268,953	339,367	347,110	1,068,893	1,195,168	84,314
Percent	*100.00%*	*22.92%*	*32.98%*	*4.93%*	*5.04%*	*15.53%*	*17.37%*	*1.23%*
Percent of Cebu		*65.87%*						
Ave. Municipal Expenditures (P)	14,052,256	31,537,224	2,268,953	339,367	347,110	22,268,596	47,806,714	14,052,256
Gini Coefficient	**0.502850**	**0.465396**	**0.445494**	**0.431513**	**0.465416**	**0.548261**	**0.476963**	**0.469351**

Sources: Local Productivity & Performance Measurement System, Department of Interior & Local Government RO VII

2000 Family Income & Expenditures Survey (National Statistics Office)

Table 24. Percent of Cebu Barangays with Selected Facilities and Services: 1990 & 2000

Facility / Services	Cebu Province			Metro Cebu			Outside Metro Cebu		
	1990	2000	% Change	1990	2000	% Change	1990	2000	% Change
Physical Infrastructures									
Street Pattern	32.2	42.7	10.5	61.5	63.5	2.0	23.7	36.7	13.0
Highway Access	63.1	83.4	20.3	90.4	91.1	0.7	55.2	81.1	25.9
Public Plaza	31.6	33.3	1.7	20.0	27.3	7.3	35.0	35.0	0.0
Barangay Hall	60.1	92.9	32.8	80.4	93.0	12.6	54.3	92.9	38.6
Church	83.8	86.8	3.0	85.9	85.2	-0.7	83.2	87.2	4.0
Public Market	24.0	25.4	1.4	27.0	33.2	6.2	23.1	23.1	0.0
Commercial Establishments									
Store, any kind	66.5	80.9	14.4	71.1	89.3	18.2	65.1	78.4	13.3
Repair shop, any kind	21.1	34.1	13.0	41.9	56.1	14.2	15.1	27.7	12.6
Lodging Facility	8.3	15.1	6.8	19.3	35.1	15.8	5.2	9.3	4.1
Recreational Facility	10.1	13.4	3.3	18.9	28.8	9.9	7.5	8.9	1.4
Financing Institution	6.2	10.4	4.2	14.1	28.0	13.9	3.9	5.3	1.4
Service/Communication Facilities									
Elementary School(s)	77.5	83.0	5.5	76.7	80.8	4.1	77.8	83.6	5.8
High School	17.5	27.5	10.0	26.3	42.4	16.1	14.9	23.2	8.3
Health Services	51.5	79.7	28.2	70.4	90.8	20.4	46.0	76.5	30.5
Post Office	15.2	18.7	3.5	31.5	21.8	-9.7	10.5	17.8	7.3
Telephone Service	13.2	32.3	19.1	39.3	60.9	21.6	57.0	23.9	-33.1
Telegraph Service	8.2	8.6	0.4	12.2	15.1	2.9	7.1	6.8	-0.3
Newspaper	9.2	22.5	13.3	29.6	37.6	8.0	3.3	18.1	14.8
Communal Water System	36.4	54.9	18.5	53.7	56.8	3.1	31.3	54.3	23.0
Electricity	62.1	76.9	14.8	81.9	92.6	10.7	56.3	72.3	16.0

Source: Zosa & Zosa. Cebu A Demographic & Socio-economic Profile based on the 2000 Census

Table 25. Percent of Populatiopn 20 Years & Older, by Highest Educational Attainment in Cebu Province : 1990 & 2000

Cebu Province, Metro Cebu and Selected Cities, by Census Year	Educational Attainment						
	All Persons 20 and Older	No Grade Completed	Pre-School	Elementary School *	High School *	Post Secondary *	College or More *
Cebu Province							
1990	1,319,644	6.9	0.1	49.4	21.1	2.9	19.0
2000	1,762,265	2.8	0.1	40.3	27.0	4.9	21.3
Percent Change	33.54%	-4.1	0.0	-9.1	5.9	2.0	2.3
Metro Cebu							
1990	654,185	4.0	0.0	37.7	25.9	3.7	28.1
2000	919,695	1.6	0.1	28.5	30.9	6.7	28.9
Percent Change	40.60%	-2.4	0.1	-9.2	5.0	3.0	0.8
Outside Metro Cebu							
1990	665,459	9.8	0.2	60.9	16.4	2.1	10.1
2000	842,570	4.1	0.1	53.2	22.7	2.9	13.0
Percent Change	26.60%	-5.7	-0.1	-7.7	6.3	0.8	2.9

* Including graduates, currently enrolled, and drop-outs Percent do not add to 100.0 because Not Stated cases are omitted.

Source: Zosa & Zosa. Cebu A Demographic & Socio-economic Profile based on the 2000 Census

7.0. Summary and Conclusion

The Cebu-Japan cooperation is boosted by the economic competitiveness of Cebu. Cebu's competitiveness manifests itself through its quality human resources, its dynamic export sector and tourism industry, its proximity to international entry and exit points and its infrastructures, its cost of doing business, its quality of life and the responsiveness of LGU to business needs. When rated among 26 Asian cities, Cebu is the most competitive with regards to the monthly wage of mid-level managers and supervisors and the second most competitive city in terms of monthly housing rent for foreigners. On the other hand, Cebu, as a destination of Japanese investments, is hampered by the relatively high wages of both unskilled and skilled labor, an unstable wage rate environment and moderately high costs of telecommunication, water, gas, and container transport.

Cebu's basic formula for attracting Japanese direct investments (JDIs), referred to above, has remained virtually unchanged over the years. External trade has captured a significant and ever-growing share in the GRDP over the years. The share of CEZ exports to Gross Regional Domestic Product has substantially increased from 6.37% in 1990 to 32.06% in 2002. In addition, the estimated receipts from foreign tourists are substantially more than GRDP.

The growth of export industries in Cebu has likewise increased the demand for higher education In 2003, Cebu's HEIs enrolled a total of 131,664 students and produced 22,920 graduates, which is the annual addition to the local workforce. The quality of Cebu's labor force is enhanced through the firm's investment in training and skills development, quality circles, the worker's desire for self-improvement, availability of IT programs in the city, and industrial peace. In addition, Japanese scholarships and training programs are available to the graduates and workers

of Cebu to facilitate technology transfer. A substantial number of the Cebuano workforce has been exposed to the Japanese work ethic. In turn, Japanese engineers based in Cebu have interacted with local labor.

An unintended consequence of a trained human resource is labor mobility. Thus, it is common for workers to seek employment in other firms within the zone, or for Filipino workers in Japanese firms to job-hunt in American or European firms. On the other hand, there are also cases when Japanese engineers, with expired work contracts, would seek employment in other Japanese firms within the economic zone.

CEZ is an example of the agglomeration of Japanese firms. Large Japanese firms would sub-contract their input or service requirements to other Japanese firms, usually of the SME category. It is not unusual for Japanese firms to buy, even their office supplies, from a Japanese company. In the literature, Krugman (1991) argues that firms agglomerate due to increasing returns. The geographic concentration of similar activities results in technical externalities, such as the development of specialized suppliers, workers investing in industry specific skills, and knowledge spilling between firms. These technical externalities reduce the firms' cost, improve their product quality or both.

Crucial in the development of the economic zones is the role of Japanese ODA. By providing funds for the support infrastructure in industrial development, such as the renovation of the Mactan International Airport and Cebu International Port, the construction of the Mactan-Cebu Bridge and the upgrading of the Leyte Geothermal Project to supply the needed electricity, the Japanese government has made Cebu an attractive location for Japanese investors, workers and tourists.

In terms of human development, Cebu's export-led growth was able to reduce poverty incidence by approximately 8% from 1988 to 2000. There was also a more stable income distribution for Cebu, especially in its key cities. Lapulapu City, the site of the Mactan Export Processing Zone, has the lowest Gini ratio. While more income opportunities became available in Metro Cebu, the other provinces in Central Visayas suffered from a relatively high income inequity, especially Bohol and Negros Oriental. There is a need for Cebu's economic growth to spillover its neighboring provinces. The eco-tourism potential of Bohol, Siquijor and Negros Oriental has attracted a lot of foreign and domestic tourists. However, there is a need to complement tourism development with industrial development, as in the case of Cebu.

Philippine - Japan Economic Linkages:
A Case Study of Cebu

LIST OF ANNEX TABLES

Annex Table 1
Regional Situationer, Central Visayas: 2000 - 2002

Variable	Philippines	Central Visayas			Better Ranked Regions
		Number	% Share	Rank	
Population, 2000	76,498,735	5,701,064	7.45%	5	IV, NCR, III, VI
Pop. Growth Rate 1995-2000 (in %)	2.35%	2.79%		3	IV, III
Land Area (sq. km.)	300,000	14,951.50	4.98%	11	NCR, ARMM, I, X, XII
Population Density (persons/sq km)	255	381		3	NCR, III
Metro Cebu to Total City Population	23,039,451	1,661,899	7.21%	2	NCR (10,319,507--45%)
2002 GRDP at constant 1985 prices (in thousand pesos)	1,046,083,473	74,429,639	7.12%	4	NCR, IV, III
2002 GVA Agriculture at constant 1985 prices (in thousand pesos)	206,198,004	9,649,801	4.68%	11	IV, III, XI, VI, IX, I, II, X, XII, V
2002 GVA Industry at constant 1985 prices (in thousand pesos)	361,167,417	24,376,692	6.75%	4	NCR, IV, III
2002 GVA Services at constant 1985 prices (in thousand pesos)	478,718,052	40,868,860	8.54%	2	NCR
Total Employment, July 2002 (in 1,000)	30,104	2,180	7.24%	5	IV, NCR, III, VI
Agricultural Employment, July 2002 (in 1,000)	11,114	825	7.42%	4	IV, VI, V
Industrial Employment, July 2002 (in 1,000)	4,694	444	9.46%	4	IV, NCR, III
Service Employment, July 2002 (in 1,000)	14,266	910	6.38%	5	NCR, IV, III, VI
Overall Value Added/Labor (2002)	34,749	34,356	0.99	5	NCR, CAR, XI, IV
Agricultural Value Added/Labor (2002)	18,503	11,697	0.63	10	XI, III, IV, IX, VI, I, II, XII, X
Industrial Value Added/Labor (2002)	76,942	54,902	0.71	11	CAR, NCR, XI, X, XII, VI, IV, CARAGA, III, VII
Service Value Added/Labor (2002)	33,557	44,911	1.34	5	NCR, IV, III, VI, VII
Commodity Flow, by Water (in P1,000), 2000	256,121,473	29,825,133	11.64%	2	NCR
Commodity Flow, by Air (in P1,000), 2000	2,962,598,798	208,373,008	7.03%	4	NCR, XI, IX
Higher Education Enrolment, SY 2000-01	2,430,392	215,139	8.85%	4	NCR, IV, VI
Cumulative Higher Education Graduates, SY1993 to SY1999	2,286,705	185,843	8.13%	3	NCR, VI
Non-Formal Education Graduates, 1996	113,697	12,217	10.75%	4	VIII, I, VI
Functional Literacy of Population 10-64 Years Old, 1994 (in %)	83.80%	80.90%		7	NCR, IV, III, II, I, X, V
NEAT Average Grade, 2000	51.73	53.28		7	VIII, XIII, X, XI, I, X
NSAT Average Grade, 2000	53.39	52.2		11	VI, V, XII, ARMM
Elementary Cohort Survival Rate, 2000	67.21%	68.40%		6	I, NCR, III, IV, II
Secondary Cohort Survival Rate, 2000	73.05%	74.41%		7	I, IV, II, CAR, III, NCR
Incidence of Poor Families, 2000 (in %)	33.70%	38.80%		9	NCR, III, IV, II, CAR, I
Incidence of Poor Population, 2000 (in %)	39.40%	43.70%		9	NCR, IV, III, II, I, CAR
Per Capita Poverty Threshold, 2000 (in P)	13,823	11,061		13	VIII, XII
Gini Concentration, 2000	0.4507	0.4696		3	VIII, X

Source: 2002 Philippine Statistical Yearbook, July 2002 Labor Force Survey

Annex Table 2
Competitiveness of Central Visayas, In Terms of Top 5 Ranking in Selected Economic Characteristics
1997/1998 Annual Survey of Establishments

Sector	Philippines	Central Visayas			Higher Ranked Regions
		No.	% Share	Rank	
Hotels & Restaurants: 1997 ASE					
Ratio of Capital Expenditures to Compensation	0.427	1.385	324%	1	
K/L Ratio	27.695	77.472	280%	1	
Labor Productivity	137.066	149.129	109%	2	NCR
Average Firm Size (Employment)	25.718	26.015	101%	2	NCR
Average Firm Size (Revenues)	8,542.11	8,008.61	94%	2	NCR
Capital Expenditures (P1,000)	4,762,149	818,257	17%	2	NCR
Value Added (P1,000)	23,568,643	1,575,105	7%	2	NCR
Total Revenue (P1,000)	57,112,557	3,251,494	6%	2	NCR
No. of Firms	6,686	406	6%	4	NCR, IV & III
Employment	171,951	10,562	6%	4	NCR, IV & III
Other Services (Health): 1998 ASE					
Ratio of Capital Expenditures to Compensation	0.350	0.789	225%	1	
K/L Ratio	26.681	57.589	216%	1	
Average Firm Size (Employment)	54.526	85.291	156%	2	VI
Capital Expenditures (P1,000)	1,718,136	270,150	16%	2	NCR
Average Firm Size (Revenues)	14,985.85	24,170.80	161%	3	VI & NCR
Labor Productivity	130.540	118.048	90%	3	NCR & VIII
Total Revenue (P1,000)	17,698,288	1,329,394	8%	3	NCR & IV
Employment	64,395	4,691	7%	3	NCR & IV
Value Added (P1,000)	8,406,120	553,763	7%	3	NCR & IV
No. of Firms	1,181	55	5%	5	NCR, IV, III & XI
Real Estates & Business Activities: 1998 ASE					
Average Firm Size (Employment)	67.109	81.583	122%	1	
Employment	279,510	16,806	6%	2	NCR
No. of Firms	4,165	206	5%	2	NCR
Value Added (P1,000)	62,157,403	2,945,096	5%	2	NCR
Average Firm Size (Revenues)	25,603.62	22,204.89	87%	3	NCR & XI
Labor Productivity	222.380	175.241	79%	3	NCR & IV
Total Revenue (P1,000)	106,639,081	4,574,207	4%	3	NCR & XI
Capital Expenditures (P1,000)	8,229,143	169,250	2%	3	NCR & III
Capital Productivity	7.553	17.401	230%	5	Caraga, CAR, VIII & IV
Electricity, Gas & Water: 1998 ASE					
Average Firm Size (Employment)	114.894	137.580	120%	2	NCR
No. of Firms	603	50	8%	3	IV & III
Average Firm Size (Revenues)	436,864.10	379,309.08	87%	4	NCR, VIII & IV
Employment	69,281	6,879	10%	4	NCR, IV & III
Total Revenue (P1,000)	263,429,052	18,965,454	7%	5	NCR, IV, VIII & III

Sector	Philippines	Central Visayas			Higher Ranked Regions
		No.	% Share	Rank	
Private Education: 1998 ASE					
Average Firm Size (Employment)	53.229	59.220	111%	2	NCR
Average Firm Size (Revenues)	9,851.19	10,849.02	110%	2	NCR
Labor Productivity	140.324	133.076	95%	2	NCR
Total Revenue (P1,000)	38,705,315	2,614,615	7%	3	NCR & IV
Capital Productivity	4.457	9.408	211%	4	VIII, Caraga & ARMM
Employment	209,136	14,272	7%	4	NCR, IV & III
Value Added (P1,000)	29,346,798	1,899,261	6%	4	NCR, IV & III
Construction: 1998 ASE					
Average Firm Size (Employment)	129.574	101.520	78%	2	NCR
Capital Expenditures (P1,000)	4,010,497	251,506	6%	2	NCR
Employment	191,122	7,614	4%	3	NCR & IV
K/L Ratio	20.984	33.032	157%	4	VI, II & Caraga
No. of Firms	1,475	75	5%	4	NCR, IV & III
Total Revenue (P1,000)	134,329,186	2,673,931	2%	4	NCR, IV & III
Value Added (P1,000)	50,368,485	934,039	2%	4	NCR, IV & III
Ratio of Capital Expenditures to Compensation	0.271	0.523	193%	5	VI, II, Caraga & XI
Average Firm Size (Revenues)	91,070.63	35,652.41	39%	5	NCR, IV, III & CAR
Transport, Storage & Communication: 1998 ASE					
Average Firm Size (Revenues)	68,074.91	51,721.91	76%	2	NCR
Labor Productivity	446.646	311.988	70%	2	NCR
Employment	203,653	12,314	6%	2	NCR
Total Revenue (P1,000)	204,973,557	11,120,210	5%	2	NCR
Value Added (P1,000)	90,960,859	3,841,821	4%	2	NCR
No. of Firms	3,011	215	7%	3	NCR & IV
K/L Ratio	445.474	43.518	10%	4	NCR, III & VI
Capital Expenditures (P1,000)	90,722,187	535,882	1%	4	NCR, VI & III
Capital Productivity	1.003	7.169	715%	5	I, V, ARMM & II
Wholesale & Retail Trade: 1998 ASE					
Capital Expenditures (P1,000)	43,026,614	1,001,431	2%	2	NCR
Average Firm Size (Employment)	31.843	33.866	106%	3	XI & NCR
No. of Firms	17,903	1,288	7%	3	NCR & IV
K/L Ratio	75.474	22.958	30%	4	NCR, V & VIII
Employment	570,084	43,620	8%	4	NCR, XI & IV
Total Revenue (P1,000)	1,170,501,744	47,092,960	4%	4	NCR, XI & IV
Value Added (P1,000)	163,620,666	5,353,561	3%	5	NCR, XI, IV & III
Average Firm Size (Revenues)	65,380.20	36,562.86	56%	5	NCR, XI, I & IX
Ratio of Capital Expenditures to Compensation	0.861	0.399	46%	5	NCR, V, VIII & ARMM
Manufacturing: 1998 ASE					
Average Firm Size (Employment)	74.22	97.84	132%	3	IV & ARMM
Employment	1,163,387	113,203	10%	3	NCR & IV
No. of Firms	15,674	1,157	7%	4	NCR, IV & III
Capital Expenditures (P1,000)	88,652,664	5,400,951	6%	4	IV, NCR & III
Total Revenue (P1,000)	1,568,657,638	69,168,650	4%	4	IV, NCR & III

Sector	Philippines	Central Visayas			Higher Ranked Regions
		No.	% Share	Rank	
Value Added (P1,000)	569,069,870	24,165,392	4%	5	NCR, IV, III & CAR
Financial Intermendiation: 1998 ASE					
Labor Productivity	2,017.797	1,016.913	50%	3	NCR & X
Value Added (P1,000)	499,027,464	6,709,595	1%	3	NCR & IV
Total Revenue (P1,000)	634,379,862	7,880,550	1%	3	NCR & IV
K/L Ratio	123.939	37.684	30%	4	NCR, Caraga & IV
Average Firm Size (Revenues)	110,442.18	24,397.99	22%	4	NCR, X & II
No. of Firms	5,744	323	6%	4	NCR, IV & III
Capital Expenditures (P1,000)	30,651,848	248,640	1%	4	NCR, IV & XI
Ratio of Capital Expenditures to Compensation	0.521	0.207	40%	5	NCR, Caraga, IV & XI
Employment	247,313	6,598	3%	5	NCR, IV, III & XI
Fishing: 1998 ASE					
No. of Firms	506	79	16%	3	IV & VI
Average Firm Size (Employment)	51.103	36.405	71%	4	NCR, XI & IX
Employment	25,858	2,876	11%	5	NCR, XI, IV & VI
Total Revenue (P1,000)	5,754,038	261,894	5%	5	NCR, XI, VI & IV
Capital Expenditures (P1,000)	221,402	7,203	3%	5	NCR, XI, VI & IV
Community & Personal Services: 1995 ASE					
No. of Firms	2,065	163	8%	3	NCR & IV
Labor Productivity	419.215	219.876	52%	4	NCR, V & III
Average Firm Size (Revenues)	21,103.93	9,031.45	43%	4	NCR, III & V
K/L Ratio	56.223	20.218	36%	4	IV, NCR & VI
Employment	67,966	4,123	6%	4	NCR, IV & III
Total Revenue (P1,000)	43,579,620	1,472,126	3%	4	NCR, IV & III
Value Added (P1,000)	28,492,347	906,550	3%	4	NCR, IV & III
Capital Expenditures (P1,000)	3,821,264	83,357	2%	4	IV, NCR & VI
Average Firm Size (Employment)	32.913	25.294	77%	5	NCR, III, IV & IX
Ratio of Capital Expenditures to Compensation	0.543	0.291	54%	5	IV, NCR, VI & X
Mining & Quarrying: 1998 ASE					
Ratio of Capital Expenditures to Compensation	2.956	3.183	108%	4	VI, NCR & Caraga
Labor Productivity	335.890	267.281	80%	4	I, VI & Caraga
Capital Productivity	1.049	1.130	108%	5	III, IV, X & I
K/L Ratio	320.085	236.606	74%	5	NCR, VI, XI & Caraga
Capital Expenditures (P1,000)	6,611,365	156,870	2%	5	VI, I, Caraga & NCR
Agriculture: 1997 ASE					
Average Firm Size (Employment)	103.839	107.804	104%	4	XI, IX & Caraga
Employment	124,191	12,074	10%	4	XI, VI & III
No. of Firms	1,196	112	9%	5	VI, IV, XI & III
Value Added (P1,000)	10,398,243	582,743	6%	5	XI, III, IV & VI
Total Revenue (P1,000)	29,797,965	1,184,484	4%	5	XI, IV, III & VI

Source: 1997/1998 Annual Survey of Establishments

Annex Table 3

Comparative Location Quotient, Central Visayas: 1998 and 2002

Sectors	1998 Value Added[1]	Employment	
		1998 [1]	2002 [2]
Agriculture and Forestry	1.6641	1.2930	1.0062
Fishing	0.6691	1.4792	1.1661
Mining and Quarrying	0.7585	0.4269	0.8204
Manufacturing	1.2610	1.2941	1.3962
Electricity, Gas and Water	2.6095	1.3205	1.2786
Construction	0.5507	0.5298	1.1760
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods	0.9716	1.0176	0.9201
Hotels and Restaurants	1.9845	0.8169	0.4512
Transport, Storage and Communications	1.2542	0.8041	0.8893
Financial Intermediation	0.3992	0.3548	0.6716
Real Estate, Renting and Business Activities	1.4070	0.7996	0.7365
Private Education	1.9217	0.9076	0.9389
Health & Social Work	1.9561	0.9688	0.8883
Other Community, Social and Personal Services	0.9448	0.8068	1.2540

Sources:

[1] *Annual Survey of Establishments (ASE), 1997 & 1998*

[2] *Labor Force Survey, July 2002*

Annex Table 4
Share of Japan to Total Philippine Merchandise Exports and Imports: 2003 and 2002
FOB Value in US 1,000 Dollars

Major Product Grouping	Philippine Exports						Philippine Imports					
	Jan - Nov 2003			Jan - Dec 2002			Jan - Nov 2003			Jan - Dec 2002		
	Japan	Total Exports	Share	Japan	Total Exports	Share	Japan	Total Imports	Share	Japan	Total Imports	Share
ALL PRODUCTS	**5,224,377**	**32,441,278**	**16.10%**	**5,295,454**	**35,208,159**	**15.04%**	**6,979,132**	**34,380,315**	**20.30%**	**7,232,676**	**35,426,508**	**20.42%**
Consumer Manufactures	*252,751*	*3,222,123*	*7.84%*	*268,146*	*3,662,105*	*7.32%*	*85,842*	*1,392,761*	*6.16%*	*95,784*	*1,370,864*	*6.99%*
Garments & Footwear	64,927	2,025,239	3.21%	77,911	2,353,385	3.31%	854	81,703	1.04%	943	87,803	1.07%
Housewares	24,570	163,795	15.00%	26,577	189,755	14.01%	2,697	56,470	4.78%	5,535	61,553	8.99%
Furniture & Wood Products	97,997	355,112	27.60%	92,566	402,554	22.99%	4,794	46,475	10.32%	11,310	51,004	22.18%
Giftware & Accessories	32,538	357,578	9.10%	39,166	418,981	9.35%	4,763	71,483	6.66%	3,911	77,933	5.02%
Other Consumer Products	32,719	320,400	10.21%	31,927	297,430	10.73%	72,735	1,136,631	6.40%	74,086	1,092,571	6.78%
Food & Food Preparations	*339,823*	*1,442,539*	*23.56%*	*381,152*	*1,396,362*	*27.30%*	*8,075*	*1,968,694*	*0.41%*	*7,817*	*2,283,273*	*0.34%*
Processed Foods	36,963	648,720	5.70%	36,292	588,214	6.17%	6,027	1,256,338	0.48%	3,481	1,376,214	0.25%
Fresh Foods	215,605	397,277	54.27%	223,169	396,017	56.35%	47	666,528	0.01%	121	850,455	0.01%
Marine Products	87,254	396,542	22.00%	121,692	412,131	29.53%	2,001	45,827	4.37%	4,215	56,604	7.45%
Resource-Based Products	*282,860*	*1,979,855*	*14.29%*	*259,895*	*1,719,896*	*15.11%*	*147,749*	*5,752,148*	*2.57%*	*175,548*	*5,777,150*	*3.04%*
Coconut Products	27,159	444,396	6.11%	21,732	357,113	6.09%		3,624	0.00%		6,890	0.00%
Mineral Products	127,929	295,004	43.37%	141,329	279,506	50.56%	11,586	382,071	3.03%	12,744	374,055	3.41%
Forest Products, Tobacco, Marble	7,419	79,728	9.31%	14,644	69,031	21.21%	4,971	382,566	1.30%	5,385	386,705	1.39%
Seaweeds, Carageenan, Cutflowers	1,694	75,484	2.24%	2,085	75,194	2.77%	57	8,543	0.67%	35	6,264	0.56%
Textile Yarns, Twine, Cordages	27,486	216,017	12.72%	26,726	220,080	12.14%	73,539	944,574	7.79%	89,283	1,113,795	8.02%
Non-metallic Mineral	6,719	22,233	30.22%	6,583	22,486	29.28%	13,417	66,586	20.15%	31,178	99,378	31.37%
Petroleum Products	69,618	462,082	15.07%	32,237	379,102	8.50%	8,216	3,366,355	0.24%	1,700	3,159,307	0.05%
Other Resource-Based Products	14,836.6	384,912	3.85%	14,559	317,383	4.59%	35,963	597,827	6.02%	35,224	630,756	5.58%
Industrial Manufactures	*3,964,426*	*24,111,023*	*16.44%*	*4,047,984*	*26,713,309*	*15.15%*	*6,660,205*	*24,442,593*	*27.25%*	*6,808,153*	*24,915,205*	*27.33%*
Electronics	3,261,420	21,491,974	15.18%	3,392,718	24,321,896	13.95%	3,158,487	10,156,216	31.10%	3,237,947	9,950,422	32.54%
Machineries/Transport Equpt	514,191	1,673,611	30.72%	478,696	1,511,372	31.67%	1,127,168	2,843,918	39.63%	1,184,264	2,883,451	41.07%
Metal Manufactures	12,472	64,804	19.25%	8,194	51,501	15.91%	241,551	1,042,012	23.18%	262,473	1,000,583	26.23%
Construction Materials	34,104	132,308	25.78%	31,836	122,855	25.91%	91,873	505,647	18.17%	93,760	517,146	18.13%
Chemicals	33,789	307,034	11.00%	35,817	322,068	11.12%	361,404	2,054,073	17.59%	352,734	1,977,058	17.84%
Other Industrial Manufactures	108,450	441,292	24.58%	100,724	383,617	26.26%	1,679,721	7,840,727	21.42%	1,676,976	8,586,545	19.53%
Special Transactions	*384,518*	*1,685,737*	*22.81%*	*338,276*	1,716,487	19.71%	*77,261*	*824,120*	*9.37%*	*145,374*	*1,080,016*	*13.46%*

Source: http://tradelinephil.dti.gov.ph

Annex Table 5
Exports and Imports to Japan: 2003 and 2002
FOB Value in US 1,000 Dollars

Major Product Grouping	Jan - Nov 2003				Jan - Dec 2002			
	Exports		Imports		Exports		Imports	
	Value	Percent	Value	Percent	Value	Percent	Value	Percent
ALL PRODUCTS	**5,224,377**	**100%**	**6,979,132**	**100%**	**5,295,454**	**100%**	**7,232,676**	**100%**
Consumer Manufactures	*252,751*	*4.84%*	*85,842*	*1.23%*	*268,146*	*5.06%*	*95,784*	*1.32%*
Garments & Footwear	64,927	1.24%	854	0.01%	77,911	1.47%	943	0.01%
Housewares	24,570	0.47%	2,697	0.04%	26,577	0.50%	5,535	0.08%
Furniture & Wood Products	97,997	1.88%	4,794	0.07%	92,566	1.75%	11,310	0.16%
Giftware & Accessories	32,538	0.62%	4,763	0.07%	39,166	0.74%	3,911	0.05%
Other Consumer Products	32,719	0.63%	72,735	1.04%	31,927	0.60%	74,086	1.02%
Food & Food Preparations	*339,823*	*6.50%*	*8,075*	0.12%	*381,152*	*7.20%*	*7,817*	*0.11%*
Processed Foods	36,963	0.71%	6,027	0.09%	36,292	0.69%	3,481	0.05%
Fresh Foods	215,605	4.13%	47	0.00%	223,169	4.21%	121	0.00%
Marine Products	87,254	1.67%	2,001	0.03%	121,692	2.30%	4,215	0.06%
Resource-Based Products	*282,860*	*5.41%*	*147,749*	*2.12%*	*259,895*	*4.91%*	*175,548*	*2.43%*
Coconut Products	27,159	0.52%		0.00%	21,732	0.41%		0.00%
Mineral Products	127,929	2.45%	11,586	0.17%	141,329	2.67%	12,744	0.18%
Forest Products, Tobacco, Marble	7,419	0.14%	4,971	0.07%	14,644	0.28%	5,385	0.07%
Seaweeds, Carageenan, Cutflowers	1,694	0.03%	57	0.00%	2,085	0.04%	35	0.00%
Textile Yarns, Twine, Cordages	27,486	0.53%	73,539	1.05%	26,726	0.50%	89,283	1.23%
Non-metallic Mineral	6,719	0.13%	13,417	0.19%	6,583	0.12%	31,178	0.43%
Petroleum Products	69,618	1.33%	8,216	0.12%	32,237	0.61%	1,700	0.02%
Other Resource-Based Products	14,836.6	0.28%	35,963	0.52%	14,559	0.27%	35,224	0.49%
Industrial Manufactures	*3,964,426*	*75.88%*	*6,660,205*	*95.43%*	*4,047,984*	*76.44%*	*6,808,153*	*94.13%*
Electronics	3,261,420	62.43%	3,158,487	45.26%	3,392,718	64.07%	3,237,947	44.77%
Machineries/Transport Equpt	514,191	9.84%	1,127,168	16.15%	478,696	9.04%	1,184,264	16.37%
Metal Manufactures	12,472	0.24%	241,551	3.46%	8,194	0.15%	262,473	3.63%
Construction Materials	34,104	0.65%	91,873	1.32%	31,836	0.60%	93,760	1.30%
Chemicals	33,789	0.65%	361,404	5.18%	35,817	0.68%	352,734	4.88%
Other Industrial Manufactures	108,450	2.08%	1,679,721	24.07%	100,724	1.90%	1,676,976	23.19%
Special Transactions	*384,518*	*7.36%*	*77,261*	1.11%	*338,276*	6.39%	*145,374*	2.01%

Source: http://tradelinephil.dti.gov.ph

Annex Table 6
Net Trade Balance with Japan: 2003 and 2002
FOB Value in US 1,000 Dollars

Major Product Grouping	Jan - Nov 2003				Jan - Dec 2002			
	Exports	Imports	Balance of Trade		Exports	Imports	Balance of Trade	
			Value	X/M Ratio			Value	X/M Ratio
ALL PRODUCTS	**5,224,377**	**6,979,132**	**(1,754,755)**	**0.75**	**5,295,454**	**6,979,132**	**(1,683,678)**	**0.76**
Consumer Manufactures	*252,751*	*85,842*	*166,909*	*2.94*	*268,146*	*85,842*	*182,304*	*3.12*
Garments & Footwear	64,927	854	64,073	*76.05*	77,911	854	77,057	*91.26*
Housewares	24,570	2,697	21,873	*9.11*	26,577	2,697	23,880	*9.86*
Furniture & Wood Products	97,997	4,794	93,202	*20.44*	92,566	4,794	87,771	*19.31*
Giftware & Accessories	32,538	4,763	27,775	*6.83*	39,166	4,763	34,403	*8.22*
Other Consumer Products	32,719	72,735	(40,015)	*0.45*	31,927	72,735	(40,808)	*0.44*
Food & Food Preparations	*339,823*	*8,075*	*331,748*	*42.09*	*381,152*	*8,075*	373,077	*47.20*
Processed Foods	36,963	6,027	30,936	*6.13*	36,292	6,027	30,265	*6.02*
Fresh Foods	215,605	47	215,558	*4,587.55*	223,169	47	223,122	*4,748.47*
Marine Products	87,254	2,001	85,254	*43.61*	121,692	2,001	119,691	*60.82*
Resource-Based Products	*282,860*	*147,749*	*135,111*	*1.91*	*259,895*	*147,749*	112,146	*1.76*
Coconut Products	27,159		27,159		21,732		21,732	
Mineral Products	127,929	11,586	116,343	*11.04*	141,329	11,586	129,744	*12.20*
Forest Products, Tobacco, Marble	7,419	4,971	2,448	*1.49*	14,644	4,971	9,673	*2.95*
Seaweeds, Carageenan, Cutflowers	1,694	57	1,637	*29.66*	2,085	57	2,028	*36.51*
Textile Yarns, Twine, Cordages	27,486	73,539	(46,053)	*0.37*	26,726	73,539	(46,813)	*0.36*
Non-metallic Mineral	6,719	13,417	(6,698)	*0.50*	6,583	13,417	(6,834)	*0.49*
Petroleum Products	69,618	8,216	61,402	*8.47*	32,237	8,216	24,021	*3.92*
Other Resource-Based Products	14,836.6	35,963	(21,126)	*0.41*	14,559	35,963	(21,403)	*0.40*
Industrial Manufactures	*3,964,426*	*6,660,205*	*(2,695,780)*	*0.60*	*4,047,984*	*6,660,205*	(2,612,221)	*0.61*
Electronics	3,261,420	3,158,487	102,933	*1.03*	3,392,718	3,158,487	234,230	*1.07*
Machineries/Transport Equpt	514,191	1,127,168	(612,978)	*0.46*	478,696	1,127,168	(648,473)	*0.42*
Metal Manufactures	12,472	241,551	(229,079)	*0.05*	8,194	241,551	(233,358)	*0.03*
Construction Materials	34,104	91,873	(57,769)	*0.37*	31,836	91,873	(60,037)	*0.35*
Chemicals	33,789	361,404	(327,615)	*0.09*	35,817	361,404	(325,588)	*0.10*
Other Industrial Manufactures	108,450	1,679,721	(1,571,271)	*0.06*	100,724	1,679,721	(1,578,996)	*0.06*
Special Transactions	*384,518*	*77,261*	*307,256*	*4.98*	*338,276*	*77,261*	*261,015*	*4.38*

Source: http://tradelinephil.dti.gov.ph

Annex Table 7
Approved Investments and Foreign Direct Investments, by Promotion Agency
2002 and January to September 2003

Type of Investment, by Year	Total	BOI	PEZA	SBMA	CDC
2002					
Approved Investments (AI)					
Value (P Million)	99,183.7	28,352.1	38,741.1	4,542.2	27,548.2
Percent	*100.00%*	*28.6%*	*39.1%*	*4.6%*	*27.8%*
Projected Employment	110,429	30,130	36,536	2,868	40,895
Investment/Employment Ratio (P 1,000 / Worker)	*898.167*	*940.992*	*1,060.35*	*1,583.75*	*673.63*
Foreign Direct Investments (FDI)					
Value (P Million)	46,048.7	8,815.1	22,796.1	746.7	13,690.7
Percent	*100.0%*	*19.1%*	*49.5%*	*1.6%*	*29.7%*
Ratio of FDI to AI (in percent)	*46.43%*	*31.09%*	*58.84%*	*16.44%*	*49.70%*
Jan to Sept 2003					
Approved Investments (AI)					
Value (P Million)	38,228.6	19,150.8	16,012.4	1,350.7	1,714.6
Percent	*100.0%*	*50.1%*	*41.9%*	*3.5%*	*4.5%*
Projected Employment	53,938	18,356	30,149	2,206	3,227
Investment/Employment Ratio (P 1,000 / Worker)	*708.751*	*1,043.299*	*531.109*	*612.285*	*531.329*
Foreign Direct Investments (FDI)					
Value (P Million)	19924.4	5433.7	13780.7	336.4	373.7
Percent	*100.0%*	*27.3%*	*69.2%*	*1.7%*	*1.9%*
Difference (AI- FDI), in P Million					
Ratio of FDI to AI (in percent)	*52.12%*	*28.37%*	*86.06%*	*24.91%*	*21.80%*

Source: BOI Website (National Statistical Coordination Board)
BOI - Board of Investments, PEZA - Philippine Economic Authority, SBMA - Subic Bay Metropolitan Authority, CDC - Clark Development Corporation
Approved Investments refer to the project cost or committed investments.

Annex Table 8
Foreign Direct Investments, by Country and Industry
2002 and January - September 2003

Country/ Industry	2002			Jan - Sept 2003		
	Rank	Value (P Million)	Percent	Rank	Value (P Million)	Percent
Top 10 Countries						
Japan	1	17,053.80	37.03%	1	6,373.4	31.99%
Taiwan	2	12,197.80	26.49%	7	540.1	2.71%
USA	3	3,627.00	7.88%	2	5,494.3	27.58%
Germany	4	2,554.90	5.55%	8	421.2	2.11%
Switzerland	5	1,764.00	3.83%			
Korea	6	1,344.50	2.92%	6	524.4	2.63%
Singapore	7	1,168.20	2.54%	9	279.7	1.40%
PROC	8	892.80	1.94%	10	219.4	1.10%
France	9	725.10	1.57%			
UK	10	617.90	1.34%	3	2,256.7	11.33%
Netherlands				4	1,611.8	8.09%
Australia				5	985.6	4.95%
Sub-total		*41,946.00*	*91.09%*		*18,706.6*	*93.89%*
Others		4,102.80	8.91%		1,217.8	6.11%
Total		**46,048.70**	**100.00%**		**19,924.40**	**100.00%**
Industry						
Manufacturing	1	23,690.80	51.45%	1	11,707.2	58.76%
Mining	2	11,589.40	25.17%	4	855.7	4.29%
Services	3	5,113.80	11.11%	2	4,296.0	21.56%
Transportation	4	2,054.20	4.46%	8	58.7	0.29%
Communication	5	1,054.40	2.29%	7	97.3	0.49%
Electricity	6	996.50	2.16%		-	
Trade	7	675.50	1.47%	5	722.5	3.63%
Finance & Real Estate	8	564.30	1.23%	10	10.6	0.05%
Construction	9	125.40	0.27%		-	
Agriculture	10	97.80	0.21%	9	24.3	0.12%
Storage		71.70	0.16%	6	324.9	1.63%
Water		15.00	0.03%		-	
Gas		0.00		3	1,827.2	9.17%
Total		**46,048.70**	**100.00%**		**19,924.4**	**100.00%**

Source: http://tradelinephil.dti.gov.ph

Annex Table 9
Distibution of PEZA Firms, by Zone: September 2003

Economic Zone	Operating Firms	Percent	Types of Economic Zones
Public Economic Zones	**436**	**46.38%**	
Baguio City Economic Zone	12	1.28%	**Industrial Estate (IE**) - refers to tract of land subdivided and developed according to a comprehensive plan under a unified continuous management and with provisions for basic infrastructure and utilities, with or without pre-built standard factory buildings and community facilities for the use of a community of industries.
Bataan Economic Zone	52	5.53%	
Cavite Economic Zone	268	28.51%	
Mactan Economic Zone	104	11.06%	
Private Economic Zones	**444**	**47.23%**	
Amkor Anam Economic Zone	1	0.11%	
Angeles Industrial Park	6	0.64%	
Calamba Premiere Industrial Park	11	1.17%	
Carmeltray Industrial Park I	22	2.34%	**Ezport Processing Zone (EPZ) -** refers to a specialized industrial estate located physically and/or administratively outside the customs territory and predominantly oriented to export production. Enterprises located in EPZs are allowed to import capital equipment and raw materials free from duties, taxes and other import restrictions.
Carmeltray Industrial Park II	31	3.30%	
Cebu Light Industry & Science Park	2	0.21%	
Cocochem Industrial Park	3	0.32%	
Daichi Industrial Park	4	0.43%	
EMI-Jolou Realty, Inc	1	0.11%	
First Cavite Industrial Park	65	6.91%	
First Philippine Industrial Park	14	1.49%	
Gateway Business Park	16	1.70%	**Free Trade Zone** - refers to an isolated political area adjacent to a port of entry (such as a seaport) and /or airport where imported goods may be unloaded for immediate transhipment or stored, repacked, sorted, mixed or otherwise manipulated. However, movement of these imported goods from the free-trade area to a non-free trade area in the country shall be subject to customs and internal revenue rules and regulations.
Greenfield Automotive Park	3	0.32%	
Jasaan Misamis Oriental Special Economic Zone	1	0.11%	
Laguna International Industrial Park	25	2.66%	
Laguna Technopark, Inc.	69	7.34%	
Leyte Industrial Development Estate	1	0.11%	
Light Industry & Science Park I	35	3.72%	
Light Industry & Science Park II	23	2.45%	
Lima Technology Center	11	1.17%	
Luisita Industrial Park	4	0.43%	**Tourist/Recreational Cente**r - refers to an area within the ECOZONE where tourist accommodation facilities such as hotels, apartelles, tourist inns, pension houses, resorts, sports and/or recreational facilities are provided to render tourism services for both local and foreign tourists, travellers and investors in accordance with the guidelines issued by the PEZA.
Macroasia Ecozone	1	0.11%	
Mactan Economic Zone II	43	4.57%	
Mitsumi Realty Inc., SEZ	1	0.11%	
New Cebu Township	2	0.21%	
People's Technology Complex	15	1.60%	
Plastic Processing Center	2	0.21%	
Sarangani Economic Development Zone	1	0.11%	
Subic Shipyard Special Economic Zone	2	0.21%	
Tabangao Special Economic Zone	1	0.11%	**Agro-Industrial Economic Zone** - refers to a large and suitable tract of land subdivided and developed in accordance with a comprehensive plan, with provisions for basic infrastructures which are export-oriented. Accordingly, the industry mix of an agro-industrial ecozone should be influenced mainly by the agricultural and natural resources abundant in their surrounding areas.
TECO-Special Economic Zone (SEZ)	1	0.11%	
Toyota Sta. Rosa Industrial Complex	3	0.32%	
Victoria Wave	15	1.60%	
West Cebu Industrial Park	5	0.53%	
Yakazi Torres Mfg. Inc Realty SEZ	4	0.43%	
IT Park & Buildings	**60**	**6.38%**	
Asia Town Information Technology (IT) Park	2	0.21%	
E-Squire IT Park	10	1.06%	**Information Technology (IT) Park** - refers to an area developed or which has the potential to be developed into a complex capable of providing the necessary infrastructure support facilities and amenities to the IT industry in order to promote the development and export of IT software products and other IT related services.
Eastwood City Cyberpark	16	1.70%	
Eugenio Lopez Jr. Communication Center	1	0.11%	
GT Tower	1	0.11%	
Northgate Cyberzone	6	0.64%	
Pacific IT Center	5	0.53%	
PBCom Tower	3	0.32%	
Philamlife IT Building	1	0.11%	**Investments, Commercial, Banking & Financial Centers**
RCBC Plaza	10	1.06%	
Summit One Office Tower	4	0.43%	
Total	**940**	**100.00%**	

Source: PEZA Website

Annex Table 10
PEZA Locator Investments, by Nationality and Products: 1995 - 2002
(in percent)

Nationality	Percent	Product	Percent
Japanese	41%	Electronic Parts & Products	58.00%
Filipino	17%	Electrical Machinery	12.80%
American	13%	Transport/Car Parts	7.50%
Dutch	8%	Chemical & Chemical Products	3.60%
British	6%	Rubber & Plastic Products	2.40%
Singaporean	5%	Medical & Precision Instruments	2.30%
Korean	4%	Garments & Textiles	1.50%
German	2%	IT Services	1.00%
Taiwanese	1%	Other Manufactures	10.90%
Malaysian	1%		
Others	2%		
Total	**100%**	**Total**	**100%**

Source: Philippine Economic Zone Authority (PEZA) Website

Annex Table 11
Selected Economic Variables of PEZA Firms, 1994 - 2003

Year	Investments			Employment			Manufactured Exports		Ratio		
	Value (P Billion)	Change (P Billion)	Growth Rate (in Percent)	Number	Change	Growth Rate (in Percent)	Value ($ Billion)	Growth Rate (in Percent)	Investment / Employment (in Pesos)	Investment / Exports (P/$)	Exports / Employment (in Dollars)
1994	9.6			229,650			2.7390		41,803	3.50	11,927
1995	52.5	42.9	446.88%	304,557	74,907	32.62%	4.2840	56.41%	172,382	12.25	14,066
1996	65.3	12.8	24.38%	380,625	76,068	24.98%	6.5000	51.73%	171,560	10.05	17,077
1997	159.7	94.4	144.56%	562,085	181,460	47.67%	10.6290	63.52%	284,121	15.02	18,910
1998	96.9	-62.8	-39.32%	609,044	46,959	8.35%	13.2700	24.85%	159,102	7.30	21,788
1999	155.7	58.8	60.68%	617,690	8,646	1.42%	15.8070	19.12%	252,068	9.85	25,591
2000	156.7	1.0	0.64%	696,035	78,345	12.68%	20.0250	26.68%	225,132	7.83	28,770
2001	80.8	-75.9	-48.44%	708,657	12,622	1.81%	19.4980	-2.63%	114,018	4.14	27,514
2002	38.7	-42.1	-52.10%	820,960	112,303	15.85%	22.7230	16.54%	47,140	1.70	27,679
2003				907,129.00	86,169	10.50%	27.3130	20.20%			30,109
Total	**815.9**						**142.7880**				
Average	*90.7*	*3.6*		*583,643*	*75,275*	*17.32%*	*14.2788*	*30.71%*	*163,036*	*7.96*	*22,343*

Source: PEZA Website

Annex Table 12
Distribution of PEZA Firms, by Region and Industry: 2003

PSIC	All PEZA Firms		Region															
			NCR		CAR		Central Luzon		Southern Tagalog &		Central Visayas		Eastern Visayas		Northern Mindanao		Central Mindanao	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Mining and Quarrying	**1**	**0.11%**							**1**	**0.17%**								
Non-Metallic Mining and Quarrying	1	0.11%							1	0.17%								
Manufacturing	**828**	**91.29%**	**17**	**25.00%**	**11**	**84.62%**	**65**	**98.48%**	**583**	**97.65%**	**149**	**93.13%**	**1**	**100%**	**1**	**100%**	**1**	**100%**
Food Products and Beverages	9	0.99%	1	1.47%			1	1.52%	4	0.67%	2	1.25%					1	100%
Tobacco Products	1	0.11%					1	1.52%										
Textiles	59	6.50%			2	15.38%	14	21.21%	40	6.70%	3	1.88%						
Wearing Apparel	95	10.47%	2	2.94%			17	25.76%	51	8.54%	25	15.63%						
Tanning and Dressing of Leather; Luggage, Handbags and Footwear	11	1.21%			1	7.69%	5	7.58%	2	0.34%	3	1.88%						
Wood, Wood Products and Cork, Except Furniture	8	0.88%	3	4.41%	1	7.69%	1	1.52%	2	0.34%	1	0.63%						
Paper and Paper Products	19	2.09%	1	1.47%	1	7.69%	1	1.52%	14	2.35%	2	1.25%						
Publishing, Printing and Reproduction of Recorded Media	9	0.99%	1	1.47%					7	1.17%	1	0.63%						
Coke, Refined Petroleum and other Fuel Products	1	0.11%							1	0.17%								
Chemicals and Chemical Products	24	2.65%			1	7.69%	6	9.09%	13	2.18%	3	1.88%			1	100%		
Rubber and Plastic Products	60	6.62%			2	15.38%	4	6.06%	44	7.37%	10	6.25%						
Other Non-Metallic Mineral Products	12	1.32%	1	1.47%			1	1.52%	5	0.84%	5	3.13%						
Basic Metals	36	3.97%	2	2.94%			1	1.52%	24	4.02%	8	5.00%	1	100%				
Fabricated Metal Products, Except Machinery and Equipment	47	5.18%	1	1.47%			1	1.52%	38	6.37%	7	4.38%						
Machinery and Equipment, N.E.C.	56	6.17%							51	8.54%	5	3.13%						
Office, Accounting and Computing Machinery	61	6.73%					1	1.52%	55	9.21%	5	3.13%						
Electrical Machinery and Apparatus, N.E.C.	56	6.17%	1	1.47%	2	15.38%	3	4.55%	45	7.54%	5	3.13%						
Radio, Television and Communication Equipment and Apparatus	119	13.12%	1	1.47%	1	7.69%	2	3.03%	105	17.59%	10	6.25%						
Medical, Precision and Optical Instruments, Watches and Clocks	34	3.75%					1	1.52%	14	2.35%	19	11.88%						
Motor Vehicles, Trailers and Semi-Trailers	61	6.73%					2	3.03%	51	8.54%	8	5.00%						
Other Transport Equipment	9	0.99%	1	1.47%			1	1.52%			7	4.38%						

PSIC	All PEZA Firms		Region															
			NCR		CAR		Central Luzon		Southern Tagalog &		Central Visayas		Eastern Visayas		Northern Mindanao		Central Mindanao	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Manufacture and Repair of Furniture	9	0.99%							2	0.34%	7	4.38%						
Recycling	7	0.77%	1	1.47%					4	0.67%	2	1.25%						
Manufacture, N.E.C.	25	2.76%	1	1.47%			2	3.03%	11	1.84%	11	6.88%						
Construction	**1**	**0.11%**	**1**	**1.47%**														
Wholesale and Retail Trade; Repair of Motor Vehicles, Personal and Household Goods	**2**	**0.22%**					**1**	**1.52%**	**1**	**0.17%**								
Sale, Maintenance and Repair of Motor Vehicles	2	0.22%					1	1.52%	1	0.17%								
Hotels and Restaurants	**1**	**0.11%**									**1**	**0.63%**						
Transport, Storage and Communications	**16**	**1.76%**	**16**	**23.53%**														
Postal and Telecommunications Services	16	1.76%	16	23.53%														
Real Estate, Renting and Business Activities	**56**	**6.17%**	**33**	**48.53%**	**2**	**15.38%**			**11**	**1.84%**	**10**	**6.25%**						
Computer and Related Activities	43	4.74%	29	42.65%	2	15.38%			4	0.67%	8	5.00%						
Research and Development	2	0.22%							1	0.17%	1	0.63%						
Miscellaneous Business Activities	11	1.21%	4	5.88%					6	1.01%	1	0.63%						
Other Community, Social and Personal Service Activities	**2**	**0.22%**	**1**	**1.47%**					**1**	**0.17%**								
Recreational, Cultural and Sporting Activities	1	0.11%	1	1.47%														
Other Service Activities	1	0.11%							1	0.17%								
Total	**907**	**100.00%**	**68**	**7.50%**	**13**	**1.43%**	**66**	**7.28%**	**597**	**65.82%**	**160**	**17.64%**	**1**	**0.11%**	**1**	**0.11%**	**1**	**0.11%**

Source: PEZA Website, 2003

Annex Table 13
List of Japanese Firms in Cebu Economic Zones: 2002

Company	Product/Activity	Equity Participation
Mactan Economic Zone		
1 Aso Seiyaku Phils., Inc.	Health-care products spec. first-aid adhesive bandages	99.99%
2 Auto Liv Izumi Phils., Inc.	Autoparts, steering wheels, plastic parts & leather wrapping for steering wheels ; to include the manufacture of cellular phone, its components and parts; Manufacture of wooden steering wheels	100%
3 Cebu Dai-ichi, Corp.	Molding dies & industrial plastic parts for use of electronic & automotive industries	100%
4 Cebu Daiki Corporation	Ladies' and men's ready-to-wear garments such as suits, jackets, skirts, pants, sportswear, polos and blouses as well as accessories such as shoulder paddings, collars, interlinings cloths, buttons, zippers, laces and tapes	99.99%
5 Cebu Iwakami Corp.	Manufacture of various precision injection-molded rubber/resin parts and components of optical machineries, electrical appliances and contrivances, automobile parts, food processing and sports industries, among others. ; sub-assembly of camera parts	99.97%
6 Cebu Jewelpico Corporation	Clasps for necklaces	100%
7 Cebu Logitem Inc.	Manufacture, produce, assemble and process corrugated cartons, boards, boxes, cardboard boxes, styrofoam containers	99%
8 Cebu Microelectronics, Corp.	Visual inspection and screening test of capacitors and assembly of super precision Electric Discharging Mechatronics (EDM) tools, microwave amplifiers, microwave chip devices, pick-up needles for chip devices, electronic circuit boards, laser connector optical devices primarily used for microwave communications system and made-to-order electronic parts	99.92%
9 Cebu Nagata Corporation	Manufacture of communication components parts and assembly of communication parts; die casting of aluminum ingot alloy	100%
10 Cebu Nisico Corp.	Super high optical elements of lenses	99.99%
11 Cebu Shensei Corporation	Laminated cores for magnetic tape head	100%
12 Cebuano Materials Inc.	Pallets made of wood and pallets made of plastic or metal and other products of similar nature and character	100%
13 Cebuano Mfg. Gloves Corp.	Industrial & disposable gloves	100%
14 Cozo Filters Phils. Corp.	Manufacture and processing of finished optical glass filters with or without mount and other optical components	100%
15 Daitoh Precisions, Inc.	Various types of small, plastic parts for various electronic assemblies like floppy disk drives and audio heads	99%
16 Drecome, Inc.	Plating of various metal products	60%

Company	Product/Activity	Equity Participation
17 Exas Phils., Inc.	Pressed steel parts of floppy disk drives of personal computers, chemistry assays, enzymeimmuno assays, hormone assays, infectious diseases assays, immunoflourescent assays and over the counter assays. Manufacture of die set	100%
18 Far East Wire Harness Corporation	Wire harness and paging systems, body massage and shower with suction type cleaner and letter opener	99.70%
19 Fas Cebu Corporation	Car covers, seat covers, working clothes/gowns, floor carpets/mats and other automotive and car accessories	91%
20 Goji Industry Corporation	Manufacture of flash units, flash components, CD-ROM mechanism, and other photographic and optical equipment .Manufacture of magnetic audio head	100%
21 Halsangz Plating Cebu Corp.	Electroplating or painting of electronic parts, building decorations, fashion accessories, jewelries, interior decorations and light engineering with zinc, gold, nickel, aluminum and chromium	99.95%
22 Imcon World Corp.	Patrol lights for machineries and equipment and red beam controllers for body health or massage devices ; manufacture of contact assembly for machine power switches; plating or surface treatment of metal and non-metal products	90%
23 Ingram Systems Phils. Corp.	Designing, development, creation and production of software programs / applications	99.99%
24 Intec Cebu Inc.	Manufacture/assembly of mechanical system & printed circuit board (PCB) for cassette tape recorder, CD and CD-ROM players	100%
25 International Jewelry Mfg., Inc.	Manufacture of jewelries and jewelry parts	99.73%
26 KH Cebu Corp.	RTW ladies dresses	88%
27 KKS A & I International, Inc.	Architectural and interior computer assisted design	99.99%
28 KT Sakurai Corp.(formerly Philippine Sakurai Plastic Corp.)	Industrial plastic component parts of prismatic binoculars ; increase in capacity of production of plastic component parts for prismatic binoculars ; manufacture of industrial molding dies	100.00%
29 Kanepackage Phils., Inc.	Manufacture of shock-absorbing packaging system	100%
30 Karikawa Cebu Corp.	Ready-to-wear ladies dresses such as suits, jackets, skirts, pants, blouses, one-piece dresses and camisole	100%
31 Kubo Optical Phils. Corp.	Primitive binoculars	99%
32 Lookwell Philippines, Inc.	Shell buttons and other fashion accessories	100%
33 M Plating Corp.	Engage in Plating/surface treatment up metal & non-metal products	98%
34 Mactan Parts Technology, Inc.	Stamping metal parts of cassette deck mechanism and other audio- visual parts ; precision plastic molding for the manufacture of plastic (Poly Oxy Metylene) frame and tray for compact disc re-writable (CDRW)	100%
35 Mactan Steel Center Inc. (formerly JS Steel Cebu Corp.)	Metal sheets coils into sheared and slitted metal sheets	100%
36 Mactan Showa Electric Wire Inc.	Production of stud wires for semiconductors	100%
37 Mobilia Products Corp.	Exclusively designed interior furniture such as tables, chairs, sofas	100%

	Company	Product/Activity	Equity Participation
38	Muramoto Audio-Visual Phils.,Inc.	Car stereos, video tape loading mechanism & floppy disk drives for computers and to increase the production capacity of floppy disc drives (FDD) mechanism for computers, compact disk-read-only memory (CD-ROM) mechanism with changer for computers	100%
39	NEC Technologies Phils. Inc.	Transmission and telecommunication equipment & system specifically types of coil & transformers, panels and data communication equipment	99.99%
40	Nihon Fuji Multi-Products Corp.	Plastic laundry hangers	45%
41	Pentax Cebu Phils. Corp. (formerly Asahi Optical (Phils.) Corp.)	Various camera models, plastic camera components, optical devices, camera production; assembly of cartridge	100%
42	Philippine Lino Corporation	Motorcycle engine knockpins	100%
43	Philippine Kenko Corp.	Lenses and piano	100%
44	Philippine Makoto Corp.	Aluminum (diecasting) body and other mechanical component parts of prismatic binoculars and magnetic eraser heads ; manufacture of filter rings & step rings for cameras ; Production of microscope for industrial, semiconductor, Bio and Medical use. ; Manufacture of automotive parts	99.92%
45	Philippine Tonan Corp.	Kitchen apparatus and equipment, office furnitures and fixtures, warehouse/factory fixtures and household fixtures made of metal sheets, other plastic and metal based products such as laundry and clothers hanger, terminal connector and airconditioning parts, dehumifying box (Toyo living Auto Dry); galvanized iron	100%
46	Phil-Japan Metals and Refined Products Co., Inc.	Recovery of precious metals such as silver as main product; By products: palladium, platinum & gold	99.96%
47	Precision Springs Cebu Inc.	Various metal springs	99.99%
48	Shemberg Food Ingredients Corp.	Blended carageenan seaweed extract	Japanese; 2%
49	Souhatsu Cebu Mfg.,Inc.	Various metal rods & springs, processing of pipes, control cables, wire works and wire harness processing in addition to processing/ shaping of various iron rods and parts for car airconditioners	99.94%
50	St. Jane International Inc.	Manufacture of cosmetics bags, ladies' tote bags, basket, craft box, accessories fabric covered box, bed and bath items, kitchen set, linen and home decorations	100%
51	Sun-Pleats Cebu Corp.	Ready-to-wear ladies dresses such as suits, jackets, skirts, pants, blouses, one-piece dresses and camisole	100%
52	Swallow Glove Cebu Corporation(formerly Cebu Swallow Eishin Corp.)	Industrial gloves	100%

	Company	Product/Activity	Equity Participation
53	Taiyo Yuden (Phils.), Inc.	Electronic components, such as inductors and compound filters, processing of semi-axial ceramic capacitors & axial lead conductors, electromagnetic interference suppression filters ; assembly and sale of electronic machinery and equipment used for electronic parts assembly, i.e. multi-layer pressing machines ; taping of multi-layer ceramic chip capacitors which are used in cordless telephones, CD-ROM and Digital Video Disc (DVD); ferrite chip (FC) bead inductor	99.96%
54	TOA Kiko Cebu Corp.	Electronic lighting fixtures	99.92%
55	Tokiwa Optical Phils. Corp.	Various component parts for optical and photographic products such as plastic optical lenses, objective lens cylinder, eyepiece lens cylinder and focusing lever ; manufacture of sensory elements for handheld bar code laser scanner, laser beam pointer and desktop scanner	99%
56	Tokyo Dress Cebu Corporation	Ladies' dresses such as suits, jackets, shirts, pants, and blouses	100%
57	Tokyo Steel Phils. Corp.	Manufacture of stainless steel shafts and screws for computer and audio and video equipment	100%
58	Toritsu Ind. Cebu Inc.	Manufacture, produce, assemble and process plastic magnets, super engineering plastic parts for computers, optical instruments, medical instruments.	99.00%
59	Toyo Flex Cebu Corp.	Manufacture/processing of wire rope or steel cable attachments	100%
60	Trigger Co., Phils.	Carbide-typed circular saws, tungsten carbide tipped circular saws	100%
61	Yamashin Cebu Filter Mfg. Corp.	Hydraulic filters; manufacture of process filters, filter case assembly and metal worked parts	100%
	Mactan Economic Zone II		
62	Blaze Manufacturing Inc. (formerly Yamaso Philippines Corp.)	Manufacture of blocks made of mortar wth ducts inserted in it	100%
63	Cebu Mold Tech., Inc.	Manufacture of mold/ die and parts	99.99%
64	Cebu Sarah, Inc.	Manufacture of network-control-unit and transformer coils for transmission equipment	100%
65	Cebu Toa Kakou Corp.	Manufacture of flexible, plastic polymer tubings	99.98%
66	Cebu Toyo Corporation	Element lenses and assembled lenses	100%
67	Chase Dental Corp. (formerly Cebu Yamaichi Corporation)	Paraffin wax, impression materials, resin teeth & acrylic resin materials for making dentures	100%
68	Hideka Manufacturing Corp.	Importation of used clothing for recycling partly in wiping rags and partly for shredding into wood, polyester and cotton fibers	100%
69	Ina Micro Opto Corporation	Manufacture of high powered microscopes	100%
70	KGS Phils. Corporation	Braille cells	99.93%
71	KY Polymer Corp.	Manufacture of artificial marble	99.97%
72	Kinken Cebu Corp.	Engage in plating or surface treatment of metal or non-metal products	99.99%

Company	Product/Activity	Equity Participation
73 Koshin Philippines Corp.	Manufacture and coatings processing of various thin-film optical filters and modular fiber-optic devices for electronic, medical, optical photographic, communications and general industrial applications	100.00%
74 Makoto Metal Technology, Inc.	Manufacture of aluminum and zinc alloy diecasting products for component parts of microscope, binocular, automotive, lighting fixture, optical devices and other similar goods	100%
75 Matluster Corporation	Manufacture of wrist watch cover glass and high precision glass element for optical and electronic applications	99.99%
76 Merasenko Corporation	Manufacture of medical disposable devices such as blood tubing circuit for dialysis, surgical knife sharpener, F-type aseathiung circuit, infusion line, and tracheotomy tube in semi-finished form	100%
77 NKC Conveyors Philippines Corp.	Manufacture of rubber seals and sash rollers and other bearing-related products	100%
78 NKC Manufacturing Philippines Corp.	Manufacture of rubber seals and sash rollers and other bearing-related products	100%
79 Olympus Optical Products Phils., Inc	Manufacture and assembly of precision medical equipment and apparatus and its component parts, and the design and development of software for the manufacture of, usage/operation of after sales support of precision equipment and apparatus	100.00%
80 Philippine Iino Corp.	Manufacture of motorcycle parts	100%
81 Sarah Digital Network, Inc.	Manufacture, assembly of PC boards for computers and testing equipment	99.98%
82 T&H Furnishing Industries Inc.	Ship furnitures and fixtures	100%
83 Tamiya Phils.	Manufacture of precise plastic vehicle models such as plastic, stationary, four-wheel vehicle, solar poweered and helicopter models among others	99.99%
84 Ube Electronics (Phils.) Inc.	Microwave delectric ceramic filters and duplexes	99.99%
85 Yamashin Cebu Filter Mfg.	Hydraulic filter elements	100%
Asian Town Information Technology Park		
86 NEC Telecom Software Philippines, Inc	Operation and management software for telecommunication equipment and transmission systems and system engineering	100%
87 Tsuneishi Technical Services (Philippines), Inc.	Engage in ship design, Computer Aided Ship Design (CASD), Computer Aided Engineering Design (CAED) and Electronic Data Archival (EDA)	100%
Cebu Light Industry and Science Park		
88 Enomoto	Molds and dies	100%
Mitzumi Reality Inc.		
89 Cebu Mitsumi Inc.	Manufacture of variouselectronic products such as : Magnetic tape head (MTH), floppy disk drive (FDD), connector (CON), flexible printed circuit (FPC), CD-ROM Drive (CD-ROM), etc.	100%

	Company	Product/Activity	Equity Participation
	New Cebu Township		
90	KSS Philippines, Inc.	Manufacture of SMD Quartz crystals	100%
	West Cebu Industrial Park		
91	Asian Craft (Cebu), Inc	Fabrication of metal products.	100%
92	Cebu Asiatic Shipping & Port Services, Inc.	To provide transhipment of THIS's raw materials from ports to its facilities at WCIP-SEZ, shot-blasting operations of the steel plates, tubes and pipes for new vessels, paining and other finishing activities of the new vessels.	40%
93	K & A Metal Industries, Inc.	Fabrication/manufacture of hull blocks, steel beams for export and shot-blasting of steel plates for companies inside WCIP	60%
94	T&H Furnishings Inc.	Wooden furnitures for ships	100%
95	Tsuneishi Heavy Industries (Cebu) Inc	Ship building of bulk carriers and ship repair	80%
96	Tsunetetsu (Cebu), Inc.	To engage in outfitting works for the engine room of the ships built or repaired by the THI, machining of steel, shaped steel, pipe and iron materials and subsequently, undertake outfitting of different kinds of plants.	70%

Source: PEZA Website

Annex Table 14

Selected Financial Institution of Top 7000 Corporation in Cebu Economic Zones: 2002

Industry Code	Product	Gross Revenues (in P'000)			No. of Firms			Profit (in P'000)			Assets			Equity		
		CEZ Firms	Japanese	Percent	CEZ Firms	Japanese	Percent	CEZ Firms	Japanese	Percent	CEZ Firms	Japanese	Percent	CEZ Firms	Japanese	Percent
28999	Manufacture of miscellaneous fabricated metal products, n.e.c.	16,479,644	1,326,262	8.05%	8	6	75.00%	2309249	166,435	7.21%	6,951,674	1,241,098	17.85%	4,483,432	196,798	4.39%
32200	Manufacture of semi-conductor devices and other electronic components	12,748,367	6,352,534	49.83%	6	2	33.33%	1862592	886,721	47.61%	11,692,881	5,345,101	45.71%	9,186,423	4,287,191	46.67%
32100	Manufacture of electronic valves and tubes	11,732,688	11,732,688	100.00%	1	1	100.00%	31,168	31,168	100.00%	2,076,587	2,076,587	100.00%	483,393	483,393	100.00%
63200	Supporting and auxiliary activities to water transport	5,953,471	5,953,471	100.00%	1	1	100.00%	746,845	746,845	100.00%	5,750,367	5,750,367	100.00%	1,796,863	1,796,863	100.00%
32400	Manufacture of television and radio receivers, sound or video recording or reproducing apparatus, and associated goods	3,463,064	3,463,064	100.00%	1	1	100.00%	204,135	204,135	100.00%	1,532,884	1,532,884	100.00%	1,027,965	1,027,965	100.00%
33309	Manufacture of other watch and clock parts, n.e.c.	2,646,596	1,473,577	55.68%	3	1	33.33%	178865	155,439	86.90%	1,786,716	1,204,606	67.42%	432,970	182,448	42.14%
30002	Manufacture of electronic data processing equipment and accessories	1,985,999	1,985,999	100.00%	1	1	100.00%	867,611	867,611	100.00%	3,713,980	3,713,980	100.00%	3,049,969	3,049,969	100.00%
31300	Manufacture of insulated wire and cables	1,735,593	0	0.00%	1	0	0.00%	386,098	0	0.00%	1,462,180	0	0.00%	1,178,576	0	0.00%
29199	Manufacture of other general purpose machinery, n.e.c.	1,423,790	1,423,790	100.00%	2	2	100.00%	-63590	-63,590	100.00%	1,156,956	1,156,956	100.00%	90,560	90,560	100.00%
20130	Manufacture of builders' carpentry and joinery; millworking	1,372,561	0	0.00%	1	0	0.00%	43,338	0	0.00%	614,459	0	0.00%	316,368	0	0.00%
21020	Manufacture of containers and boxes of paper and paperboard	1,250,802	1,250,802	100.00%	2	2	100.00%	65394	65,394	100.00%	509,215	509,215	100.00%	138,442	138,442	100.00%
18990	Manufacture of other wearing apparel, n.e.c.	889,558	104,858	11.79%	4	1	25.00%	17038	978	5.74%	307,721	68,815	22.36%	93,864	23,069	24.58%
33202	Manufacture of photographic equipment and accessories	767,515	767,515	100.00%	3	3	100.00%	9127	9,127	100.00%	540,568	540,568	100.00%	345,671	345,671	100.00%
27220	Non-ferrous smelting and refining, except precious metals	728,361	728,361	100.00%	1	1	100.00%	86,494	86,494	100.00%	278,536	278,536	100.00%	200,908	200,908	100.00%
52609	Repair of personal and household goods, n.e.c.	706,591	0	0.00%	1	0	0.00%	60,752	0	0.00%	3,042,839	0	0.00%	2,925,148	0	0.00%
33201	Manufacture of optical instruments and lenses	567,598	567,598	100.00%	3	3	100.00%	22,992	22,992	100.00%	361,289	361,289	100.00%	143,184	143,184	100.00%
25209	Manufacture of plastic products, n.e.c.	548,075	548,075	100.00%	1	1	100.00%	24,436	24,436	100.00%	681,604	681,604	100.00%	621,041	621,041	100.00%
25205	Manufacture of other plastic industrial supplies	534,176	534,176	100.00%	2	2	100.00%	71,281	71,281	100.00%	478,310	478,310	100.00%	383,535	383,535	100.00%
74219	Architectural, engineering and other technical activities related to Architectural and Engineering	521,158	0	0.00%	1	0	0.00%	93,753	0	0.00%	107,075	0	0.00%	86,840	0	0.00%
27110	Operation of blast furnaces and steel making furnaces	503,173	0	0.00%	1	0	0.00%	-17,433	0	0.00%	375,642	0	0.00%	-181,537	0	0.00%
31102	Manufacture of electrical transformers	446,435	446,435	100.00%	1	1	100.00%	-672	-672	100.00%	590,427	590,427	100.00%	517,369	517,369	100.00%
23200	Manufacture of refined petroleum products	393,621	393,621	100.00%	1	1	100.00%	29,165	29,165	100.00%	276,231	276,231	100.00%	123,886	123,886	100.00%
18120	Women's and girl's and babies' garment manufacturing	299,373	104,875	35.03%	2	1	50.00%	-7161	-17,490	244.24%	256,423	38,606	15.06%	23,055	-11,571	-50.19%
6910	Gathering of laver and other edible seaweeds	286,405	0	0.00%	1	0	0.00%	24,188	0	0.00%	287,932	0	0.00%	200,612	0	0.00%
39100	Manufacture of jewelry and related articles	258,043	258,043	100.00%	1	1	100.00%	5,190	5,190	100.00%	82,253	82,253	100.00%	35,452	35,452	100.00%
39190	Manufacture of jewelry and related articles, n.e.c.	233,214	233,214	100.00%	2	2	100.00%	9802	9,802	100.00%	14,140	14,140	100.00%	11,652	11,652	100.00%

Industry Code	Product	Gross Revenues (in P'000)			No. of Firms			Profit (in P'000)			Assets			Equity		
		CEZ Firms	Japanese	Percent	CEZ Firms	Japanese	Percent	CEZ Firms	Japanese	Percent	CEZ Firms	Japanese	Percent	CEZ Firms	Japanese	Percent
63191	Freight terminal facilities for trucking companies	200,481	0	0.00%	1	0	0.00%	4,192	0	0.00%	108,362	0	0.00%	25,472	0	0.00%
28990	Manufacture of other fabricated metal products, n.e.c.	197,299	197,299	100.00%	2	2	100.00%	32551	32,551	100.00%	168,564	168,564	100.00%	73,061	73,061	100.00%
34300	Manufacture of parts and accessories for motor vehicles and their engines	165,195	165,195	100.00%	2	2	100.00%	-797	-797	100.00%	144,224	144,224	100.00%	130,440	130,440	100.00%
28120	Manufacture of tanks, reservoirs and containers of metal	158,379	158,379	100.00%	1	1	100.00%	6,449	6,449	100.00%	101,244	101,244	100.00%	67,208	67,208	100.00%
32300	Manufacture of television and radio transmitters and apparatus for line telephony and line telegraphy	156,568	59,017	37.69%	2	1	50.00%	7,195	6,360	88.39%	88,444	15,753	17.81%	10,623	13,026	122.62%
73120	Research and experimental development in engineering and technology	149,004	0	0.00%	1	0	0.00%	3,765	0	0.00%	157,787	0	0.00%	117,431	0	0.00%
18900	Manufacture of wearing apparel, n.e.c.	133,392	0	0.00%	1	0	0.00%	367	0	0.00%	42,925	0	0.00%	3,174	0	0.00%
85129	Private medical, dental and other health services, n.e.c.	130,556	0	0.00%	1	0	0.00%	303	0	0.00%	209,833	0	0.00%	138,921	0	0.00%
25206	Manufacture of primary plastic products	123,416		0.00%	1	0	0.00%	-4,525	0	0.00%	131,422	0	0.00%	36,157	0	0.00%
52334	Radio and television, including parts and accessories, retailing	122,517	0	0.00%	1	0	0.00%	-1,647	0	0.00%	129,561	0	0.00%	13,465	0	0.00%
36010	Manufacture and repair of wood furniture	113,723	113,723	100.00%	1	1	100.00%	501	501	100.00%	106,338	106,338	100.00%	54,551	54,551	100.00%
51909	Other wholesaling, n.e.c.	97,936	97,936	100.00%	1	1	100.00%	8,401	8,401	100.00%	66,592	66,592	100.00%	56,187	56,187	100.00%
62200	Non-scheduled air transport	93,916	0	0.00%	1	0	0.00%	-6,519	0	0.00%	37,381	0	0.00%	-1,301	0	0.00%
39991	Manufacture of buttons, except of plastic	93,659	93,659	100.00%	1	1	100.00%	2,353	2,353	100.00%	161,902	161,902	100.00%	17,180	17,180	100.00%
15142	Canning/packing and preserving of vegetables and vegetable juices	90,274	0	0.00%	1	0	0.00%	-3,165	0	0.00%	44,911	0	0.00%	-15,109	0	0.00%
28996	Manufacture of fabricated wire products	89,096	89,096	100.00%	1	1	100.00%	11896	11,896	100.00%	114,191	114,191	100.00%	105,204	105,204	100.00%
51504	Professional and scientific and measuring and controlling equipment, wholesaling	85,085	85,085	100.00%	1	1	100.00%	-3,217	-3,217	100.00%	42,100	42,100	100.00%	30,145	30,145	100.00%
18100	Ready-made garments manufacturing	84,277	0	0.00%	1	0	0.00%	9,907	0	0.00%	27,359	0	0.00%	11,295	0	0.00%
20121	Manufacture of veneer sheets and plywoods	81,562	0	0.00%	1	0	0.00%	8,504	0	0.00%	82,049	0	0.00%	52,118	0	0.00%
72900	Other computer related activities	78,546	78,546	100.00%	1	1	100.00%	14,345	14,345	100.00%	34,320	34,320	100.00%	31,945	31,945	100.00%
24241	Manufacture of drugs and medicines including biological products such as bacterial and virus vaccines, sera and plasma	66,119	66,119	100.00%	1	1	100.00%	25,443	25,443	100.00%	96,665	96,665	100.00%	94,619	94,619	100.00%
24252	Manufacture of cleaning preparations, except soap and detergents	63,145	0	0.00%	1	0	0.00%	-10,036	0	0.00%	22,893	0	0.00%	7,074	0	0.00%
18200	Custom tailoring and dressmaking	62,243	0	0.00%	1	0	0.00%	-8,941	0	0.00%	19,779	0	0.00%	1,316	0	0.00%
55292	Catering and take-out activities (carried on sep. units)	50,989	0	0.00%	1	0	0.00%	10,621	0	0.00%	60,324	0	0.00%	45,599	0	0.00%
39390	Manufacture of sporting and athletic goods, n.e.c.	39,837	0	0.00%	1	0	0.00%	1,551	0	0.00%	63,447	0	0.00%	53,627	0	0.00%
26103	Manufacture of glass fibers and yarn of glass fibers	39,398	39,398	100.00%	1	1	100.00%	11,517	11,517	100.00%	36,901	36,901	100.00%	10,264	10,264	100.00%
TOTAL		**71,242,483**	**40,892,410**	**57.40%**	**81**	**48**	**59.26%**	**7,181,671**	**3,417,263**	**47.58%**	**47,228,407**	**27,030,367**	**57.23%**	**28,886,307**	**14,331,655**	**49.61%**

Source: Top 700 Corporations 2002 - 2003

Annex Table 15
Distribution of AOTS, PHILAJAMES and APO : 2003

	Company/Project Title	No. of Trainees
	Association for Overseas Technical Scholarship, 1959 - 2000	
1	Nec Technologies Philippines, Inc.	159
2	Nec Telecom Software Philippines, Inc.	52
3	Asian Arts, Inc.	10
4	Cebu Jewelpico Corporation	10
5	Apti-Philippines, Incorporated	9
6	Philippine Iron Construction And Marine Works Inc.	9
7	Tsuneishi Shipbuilding Cebu Inc.	9
8	Tamiya Philippines, Inc.	8
9	Kmp Engineering, Inc.	7
10	Center For Industrial Technology And Enterprise	6
11	Philippine Forklift Center, Inc.	6
12	Cebu Chamber Of Commerce And Industry, Inc	3
13	Tino's Sales Service Center	3
14	Tsukiden Software Philippines Inc.	3
15	Tsuneishi Heavy Industries Cebu Inc.	3
16	Vicente Sotto Mem. Medical Center	3
17	Department Of Trade And Industry	2
18	Electro Alloys Corp.	2
19	Epson Precision (Philippines), Inc.	2
20	Honda Philippines, Inc.	2
21	International Elevator & Equipment, Inc.	2
22	Monark Equipment Corporation	2
23	National Power Corp.(Retired)	2
24	Pacmac, Incorporated	2
25	Pks Shipping Co., Inc.	2
26	Sandoval Shipyards Inc.	2
27	Treasure Island Industrial Corp.	2
28	**University of San Carlos**	2
29	Abowar Corporation	1
30	Advanced Packaging Technology Group Fairchild Semiconductor	1
31	Alamag Processing Corporation	1
32	Almont Hotels, Inc	1
33	Atlas Consolidated Mining & Dev't Corp.	1
34	Balili Marine Yacht Club Resort Inc.	1
35	C & M Metalcraft	1
36	Carlos Antonio Disenos Inc.	1
37	Cebu Institute of Medicine	1
38	Cebu Legacy Marketing Corporation	1
39	Cebu Shipyard & Eng'g Worls Inc.	1
40	Cebu Southern Motors Inc.	1
41	Cebu Velez General Hospital	1
42	Center For Quality And Productivity	1
43	Cite Technical Institute Inc.	1
44	Coral Bay Nickel Corporation	1
45	Crafters Of Cebu, Inc.	1
46	Dalisay Sweets	1
47	Department Of Environment And Natural Resources	1
48	Digital Network Communications & Computer Inc.	1
49	Dotanah Engineering	1
50	Emilia &Sons Inc.	1

Company/Project Title	No. of Trainees
51 Empress Auto Supply	1
52 Fashion Accessories Manufactures & Exporters	1
53 Fermell Fishing Corporation	1
54 Fine Interiors Trading Corp.	1
55 Foundation For Resouce Linkage & Development, Inc.	1
56 Gencoal Corporation	1
57 Greenhills Products, Inc.	1
58 Hammercon Incorporated	1
59 Hinatuan Mining Corporation	1
60 Iwg-Philippines Inc.	1
61 Jh Trading House Co., Ltd.	1
62 Jojo's Food Products	1
63 Kankuyo Philippines Corporation	1
64 Kawashima Textile Mfg. Phils., Inc.	1
65 La Tondena Distillers, Inc.	1
66 Linea Fina, Inc.	1
67 Lucky Tableware Factory, Inc.	1
68 Maiscor (Phils) Inc.	1
69 Mandaue Compressed Gases Corporation	1
70 Metropolitan Bank & Trust Company	1
71 Mhi Plant Construction Co., Ltd.	1
72 Mobilia Products Inc.	1
73 Nesic Philippines Inc.	1
74 Nkc Manufacturing Philippines Corporation	1
75 Norkis Trading Co., Inc.	1
76 Philippine Polyamide Industrial Corp.	1
77 Precision Machinist Corporation	1
78 Primary Structures Corporation	1
79 Quest International Phils. Corp.	1
80 Saikoh Motor Sales(Cebu) Inc.	1
81 San Miguel Corp.	1
82 Sea Commercial Co., Inc.	1
83 Sunpride Foods, Incorporated	1
84 Ting Guan Trading Corp.	1
85 Touchcom Philippines, Inc.	1
86 Ube Electronics (Phils) Inc.	1
87 Universal Cement Co., Inc.	1
88 Universal Rubina Co.,	1
89 Utility Enterprises Corp.	1
90 Visayan Automotive Corp./ Mitsubishi Motors Corp.	1
91 Visayas Association Of Quality Circles	1
92 Yamashin Cebu Filter Manufacturing Corp.	1
93 Not Elsewhere Classified	3
Subtotal	*391*
Philippine Association of the Japanese Ministry of Education	
1 De La Salle University. 2401 Taft Ave, Manila, 1004	7
2 SEAFDEC Aquaculture Department	7
3 University of San Carlos	7
4 University of the Philippines Diliman	6
5 Benguet State University, Institute of Physical Education and Sports	5
6 University of Baguio, College of Dentistry	5
7 University of the Philippines	4
8 Ateneo de Davao University, College of Arts and Sciences, Faculty Member	3

	Company/Project Title	No. of Trainees
9	Department of Education Culture and Sports	3
10	Taiyo Yuden Philippines, MEPZA	3
11	University of the Philippines Cebu College, Natural Sciences and Mathematics Division	3
12	University of the Philippines Mindanao College of Science and Mathematics, Faculty Member	3
13	Asahi Optical Philippines, MEPZA	2
14	Department of Agriculture	2
15	Don Mariano Marcos Memorial State University, Northern Luzon Aquatic and Marine R&D Zonal Center	2
16	DOST-CAR, BSU Campus	2
17	Embassy of Japan	2
18	Holy Angel University, College of Engineering	2
19	Infratech Systems Consultants, Inc / Quali-Infra Construction	2
20	Institute of Biological Sciences, CAS	2
21	Isabela State University, College of Forestry and Management, Dept. of Environmental Science and Management	2
22	Mapua Institute of Technology	2
23	Mariano Marcos State University, College of Arts & Sciences, Batac	2
24	National Institute of Molecular Biology and Biotechnology	2
25	United Airlines	2
26	University of the Philippines Visayas, Ilo-ilo City	2
27	Angel Personal Messaging Off.	1
28	Aquaculture Department, Southeast Asian Fisheries Development Center	1
29	Asian Development Bank	1
30	Asian Hospital & Medical Center	1
31	Asia-Pacific Telocommunity	1
32	ASPAC, Department of Foreign Affairs	1
33	Ateneo de Manila University	1
34	Baguio City National High School	1
35	Bataan Polytechnic State College	1
36	BIOTECH	1
37	Botolan Reforestation Inc	1
38	Bureau of Plant Industry	1
39	Businessman	1
40	Capstone, Inc.	1
41	Cebu City General Hospital	1
42	Cebu Mitsumi Inc.	1
43	CEM, Department of Agribusiness Mgt.	1
44	Chuo Kaihatsu Corp.	1
45	Dairy Training & Research Institute	1
46	Dakudao & Sons, Inc., Architect	1
47	Del Monte Fresh Produce (Phils) Inc., Director for Research	1
48	DENR, Mines and Geosciences Bureau	1
49	Dental Clinic	1
50	Department of Trade and Industry, Bureau of Trade and Regulation on Consumer Protection	1
51	DEP-ED-RO-CAR	1
52	DMMMSU	1
53	Doctor of Philosophy	1
54	DOLE, Senior Scientist, Stanfilco, A Division of Dole Phil Inc.	1
55	Earthquake Disaster Mitigation Research Center	1
56	Exfam GB for Mindanao Programme	1
57	EZQ Computer Telephony Phils.	1

Company/Project Title	No. of Trainees
58 Farming Systems and Soil Resources Institute	1
59 FDPSavills	1
60 Fisheries Resources Management Project Phil.	1
61 Foreign Service Institute, Department of Foreign Affairs	1
62 Forest Products Research and Development Institute	1
63 Fujitsu Philippines, Inc.	1
64 Government Service Insurance System (GSIS)	1
65 GREYFOUR Law Offices	1
66 Hitachi Cable Phils.	1
67 Honda Cars Phils., Inc.	1
68 i2 Technologies Japan Ltd	1
69 Institute of Food Science and Technology	1
70 International Rice Research Institute	1
71 Itochu Corp	1
72 KSS Philippines, Inc.	1
73 La Tondeña Distillers, Inc.	1
74 Lakan Dula High School	1
75 Lamb of God, School Director	1
76 Mapandan Central School	1
77 Masa Ecological Development Inc.	1
78 Mindanao State University, Dept. of Mathematics and Physics	1
79 Ministry Of Education, Brunei Darussalam	1
80 Mitsumi Philippines, Inc.	1
81 Moscow Electro-technical Institute of Communications,	1
82 Mountain Province State Polytechnic College	1
83 National Agriculture Research Center for Kyushu Okinawa Region	1
84 National Economic and Development Authority	1
85 National Power Corporation, Visayas Regional Center, Jones	1
86 National Research Council of the Philippines	1
87 Network of Aquaculture Centres in Asia-Pacific (NACA),	1
88 Office of the Ombudsman-Mindanao, Lawyer	1
89 Office of the Press Secretary	1
90 Osato Laboratory	1
91 Pangasinan State University	1
92 Philajames - Mindanao Chapter	1
93 Philippine Carabao Center	1
94 Philippine Long Distance Telephone Company	1
95 Philippine Military Academy	1
96 Philippine Trade Training Center	1
97 Philippines TRC, Inc.	1
98 PICHE	1
99 Pit-os National High School, Pit-os	1
100 PricewaterhouseCoopers Financial Advisors, Inc.	1
101 RCBC-Securities & Stock Market Research	1
102 Research Institute for Solvothermal Technology	1
103 San Miguel Corporation	1
104 School of Urban & Regional Planning	1
105 Scinvent, Inc.	1
106 Ship and Ocean Foundation	1
107 Smartflex Systems Philippines	1
108 South Western University, College of Dentistry	1
109 Southeast Asian Fisheries Development Center	1
110 Southpoint Aquatic Resources, Inc.	1
111 Taikisha Philippines, Inc.	1

	Company/Project Title	No. of Trainees
112	The Hebrew University of Jerusalem, Faculty of Dental Medicine	1
113	The Medical City;	1
114	Union Cement Corp.	1
115	University of Bohol, Science High School, University of Baguio	1
116	University of Mindanao, Faculty Member	1
117	University of Santo Tomas	1
118	University of the Philippines Los Baños	1
119	University of the Philippines, Center for International Studies	1
120	University of Miami School of Medicine	1
121	Vibrametrics, Inc.;	1
122	Virgen Milagrosa Educational Institute, College of Dentistry	1
123	Woodfields Consultants, Inc.	1
124	Not Elsewhere Classified	26
	Subtotal	*207*
	Asian Productivity Organization, 1993 - 2003	
1	International Productivity Conference	14
2	Labour-Management Consultation Mechanism from the Philippines to Japan	6
3	Venture 2001: Asian Forum on Venture Business	5
4	Venture 2000: Asian Forum on Venture Business	5
5	Symposium on Adaptation of SMEs in a Transitional Age-Coping with Challenges and Changes	2
6	International Forum on SMEs: Accelerating Growth and Enhancing Competitiveness in the Knowledge Economy	2
7	Workshop on Productivity in Service Sector: Hotel Sector	2
8	Seminar on Development of Women	2
9	Symposium on the Application of Information Technology in Small Industries	2
10	Advanced Workshop on Green Productivity for Productivity Facilitators	2
11	Advanced Workshop on Green Productivity for Professionals	1
12	Effective Problem Solving for Production Managers	1
13	Forum on B2B Cooperation on E2 Commerce	1
14	Forum on B2B Cooperation on E2Commerce	1
15	Information Technology for Problem Solving	1
16	International Conference on Productivity in the E-Age	1
17	Productivity Improvement in Foundry Industry	1
18	Seminar on Comparative Study on Planning Process of Community Development Component of People's Participation	1
19	Seminar on Electronic Commerce	1
20	Seminar on Human Resources Management for Globalizing SMEs	1
21	Seminar on Productivity for Enhancing Competitiveness in E-Age.	1
22	Seminar on Total Productivity Management	1
23	Study Meeting on Application of Information Technology in Community/Rural Development	1
24	Study Meeting on Regional Industrialization and Development	1
25	Study Meeting on the Use and Regulation of Genetically Modified Organisms	1
26	Symposium on Concept and Management of Six Sigma for Productivity Improvement	1
27	Symposium on Productivity Measurement: Service Sector	1
28	Symposium on Reengineering for Higher Productivity	1
29	Symposium on Supply Chain Management: A New Management Tool	1
30	Symposium on Technical Information Mechanism for Small Industries	1
31	Top Management Forum: Knowledge Management: A Key to Corporate Competitiveness	1
32	Trainer's Training on 5s for Supporting Industry	1

	Company/Project Title	No. of Trainees
33	Training Course on Small Industries Development of Export Promotion	1
34	Venture 2002: Asian Forum on Venture Business	1
35	Workshop on Green Productivity for the Food Processing Industry	1
36	Workshop on Green Productivity with a Special Focus on Occupational Health and Safety	1
37	Workshop on Green Productivity with a Special Focus on Occupational Health and Safety	1
38	Workshop on Tools and Techniques for Productivity Improvement	1
	Subtotal	*70*
	TOTAL	**668**

Sources: Cebu AOTS, Phil. Association of Japanese Ministry of Education, Development Academy of the Philippines

Annex Table 16
Investment Costs in 26 Asian Cities
JETRO November 2002 Survey

Costs	Rank of Cebu	Rank 1	Rank 26 or last
Workers (monthly, general industry)	7	Dhaka (Bangladesh)	Yokohama (Japan)
Engineers (monthly, mid-level engineers)	9	Dhaka (Bangladesh)	Yokohama (Japan)
Mid-level managers (monthly; section and department chief level)	1	Cebu (Philippines)	Yokohama (Japan)
Legal minimum wage	14	Colombo (Sri Lanka)	Yokohama (Japan)
Bonus payments (fixed bonus_ variable bonus months)	2	Shenzhen (Chinal)	Seoul (Korea)
Social Security burden Ration (A. Employer)	4	Yangon (Myanmar)	Shanghai (China)
Social Security burden Ration (B. Employee)	5	Karachi (Pakistan)	Singapore (Singapore)
Nominal wage increase rate (1999-2000-2001) (%)	10	Bangkok (Thailand)	Seoul (Korea)
Industrial estate (land) purchase rate (per sq.m)	7	Colombo (Sri Lanka)	Yokohama (Japan)
Industrial estate rents (monthly) (per sq.m)	5	Seoul (Korea)	Yangon (Myanmar)
Office rent (monthly) (per sq.m)	2	Hanoi (Vietnam)	Singapore (Singapore)
Housing rent for foreigners (monthly)	2	Shenzhen (Chinal)	Yokohama (Japan)
Telephone installation fee	8	Singapore (Singapore)	Yangon (Myanmar)
Telephone Charge (monthly basic charge)	20	Ho Chin Minh City & Hanoi (Vietnam)	Cebu & Manila (Philippines)
Telephone Charge (call charge per min.)	nil	Singapore, Beijing, Seoul, Jakarta, Batam, Ho Chin Minh City, Hanoi, Taipei, Kuala Lumpur, Colombo, Dhaka, & New Delhi	Yangon (Myanmar)
International call charge (for 3 min. to Japan)	4	Hongkong (China)	Yangon (Myanmar)
Mobile phone subscription fee	nil	Dalian (China)	Yangon (Myanmar)
Mobile phone charge (monthly basic charge)	19	Colombo (Sri Lanka)	Hong Kong (China)
Mobine phone charge (call charge per min.)	8	Mumbai (India)	Taipei (Taiwan)
Internet connection fee (telephone lin) (A. initial contract fee, B. monthly basic charge, C. connection fee per hour)	12	Beijing (China)	Yangon (Myanmar)
Internt connection fee (broadband)	16	Seoul (Korea)	New Delhi (India)
Electricity rate for business use (monthly basic charge)		Batam (Indonesia)	Okinawa (Japan)
Electricity rate for business use (charge per kWh)	7	Shanghai (China)	Hong Kong (China)
Electricity rate for general use (monthly basic charge)		Manila (Philippines)	Karachi (Pakistan)
Electricity rate for general use (charge per kWh)	7	Taipei (Taiwan)	Okinawa (Japan)
Water rate for business use (monthly basic charge)	8	Karachi (Pakistan)	Jakarta (Indonesia)
Water rate for business use (charge per cu.m)	12	Batam (Indonesia)	Okinawa (Japan)
Water rate for business for general use (monthly basic charge)	10	Colombo (Sri Lanka)	Taipei (Taiwan)
Water rate for business for general use (charge per cu.m)	14	New Delhi (India)	Okinawa (Japan)

Costs	Rank of Cebu	Rank 1	Rank 26 or last
Gas rate for business use (monthly basic charge)	3	Yangon (Myanmar)	Kuala Lumpur (Malaysia)
Gas rate for business use (charge per cu.m)		Hongkong (China)	Karachi (Pakistan)
Gas rate for general use (monthly basic charge)	8	Yangon (Myanmar)	Hong Kong (China)
Gas rate for general use (charge per cu.m)		Dhaka (Bangladesh)	Hong Kong (China)
Container transport (40 - foot container) (plant-nearest port) (Yokohama Port)	13	Batam (Indonesia)	New Delhi (India)
Container transport (40 - foot container) (plant-nearest port) (Los Angeles Port)	20	Mumbai (India)	Chongqing (China)
Passenger car purchase price (1500 cc sedan)	8	Seoul (Korea)	Singapore (Singapore)
Large passenger car purchase price (sedan over 2500cc)	5	Batam (Indonesia)	Karachi (Pakistan)
Regular gasoline price (1 liter)	4	Yangon (Myanmar)	Hong Kong (China)
Corporate income tax rate (effective tax rate)	7	Hong Kong (China)	Karachi (Pakistan)
Personal income tax rate (highest tax rate)	5	Hong Kong (China) & Yangon (Myanmar)	Hanoi & Ho Chin Minh (Vietnam)
Value-added tax rate (highest tax rate)	4	Singapore (Singapore)	Beijing, Shanghai, Dalian, Shenyang,Chongqing, Shenzhen
Value-added tax (standard tax rate)	1	Jakarta, Batam, Seoul, Singapore, Hanoi, Ho chin Minh, Manila, Cebu, Beijing, Shanghai, Dalian, Shenyang, Chongqing, Shenzhen, Dhaka & Karachi	Colombo (Sri Lanka)
Tax on dividends remitted to Japan (highest tax rate)	2	Beijing, Shanghai, Dalian, Shenyang, Chongqing, Shenzhen	Kuala Lumpur (Malaysia)
Tax on royalties remitted to Japan (highest tax rate)	1	Jakarta, Batam, Seoul, Singapore, Hanoi, Ho Chin Minh, Kuala Lumpur, Manila, Cebu, Beijing, Shanghai, Dalian, Shenyang, Chongqing, Shenzhen, Dhaka & Colombo	Taipei, Mumbai, & New Delhi