

## CALABARZON REGIONAL ECONOMIC SITUATIONER 2018

### I. GROSS REGIONAL DOMESTIC PRODUCT, 2017<sup>1</sup>

Calabarzon continues to be the second biggest contributor to Philippine Gross Domestic Product from 2015 to 2017 next to the National Capital Region.

*Table 1. Calabarzon GRDP Growth Rates and Targets, 2015-2017*

Indicators/Units	Target	Actual		
	2017	2015	2016	2017
GRDP	5.2-6.8	5.9	4.8	6.7
AFF	2.0-3.5	2.6	3.4	(0.6)
Industry	5.0-7.0	5.5	3.7	7.7
Services	6.0-7.6	7.4	7.2	6.0

*Source: Philippine Statistics Authority and Calabarzon Regional Development Report 2017*

*Table 2. Calabarzon GRDP at constant 2000 prices (in PHP '000), 2015-2017*

Indicators/Units	2015	2016	2017
GRDP	1,302,297,272	1,364,951,206	1,456,088,132
AFF	72,134,407	74,588,701	74,145,281
Industry	807,516,677	837,489,176	901,436,149
Services	422,646,188	452,873,329	480,506,702

*Source: Philippine Statistics Authority and Calabarzon Regional Development Report 2017*

Calabarzon's economy growth in 2017 was posted at 6.7 percent which is 1.9 percentage points higher compared to 2016. The region's economy growth was within the target of 5.2 to 6.8 percent. In 2017, the region's gross regional domestic product went up to PHP1.46 trillion compared to PHP1.36 trillion the previous year.

The industry sector recorded a 7.7 percent growth in 2017, faster than the 3.7 percent growth in the previous year. High economy growth was achieved due to the performance of the export and foreign markets which fueled the manufacturing sub-sector. The services sector grew by 6.0 percent in 2017, 1.2 percent slower than of 2016. Slow performance in miscellaneous services including business processes outsourcing industry contributed to the lower growth of the sector. The agriculture, forestry and fisheries (AFF) sector in 2017 decelerated to negative 0.6 percent from 3.4 percent in 2016. The effects brought by typhoon and climate change affected the growth of the sector. Despite the negative growth, the region is the second largest contributor to the national output at 10 percent.

In spite of economic growth, Calabarzon is still facing the challenge of the existence of pockets of poverty particularly in the geographically isolated areas and those in the agriculture and fisheries sector. The need to increase agricultural labor productivity and expand economic opportunities in these areas has to be addressed.

Table 3 shows the percent distribution of the different sectors and sub-sectors in Calabarzon from 2015 to 2017. Only the industry sector grew among the three sectors with 7.7 percent growth rate while the construction sub-sector has the highest contribution to its growth.

<sup>1</sup> 2018 GDP and GRDP estimates will be released on April 2019

Table 3. Calabarzon percent Growth Rates by Industry /Sub-industry (at constant 2000 prices), 2015-2017

<b>INDUSTRY/YEAR</b>	<b>2015-2016</b>	<b>2016-2017</b>
<b>I. AGRICULTURE, HUNTING, FORESTRY &amp; FISHING</b>	3.4	(0.6)
a. Agriculture and Forestry	4.6	0.8
b. Fishing	(0.3)	(5.4)
<b>II INDUSTRY SECTOR</b>	3.6	7.7
a. Mining and Quarrying	(1.8)	1.0
b. Manufacturing	3.7	7.3
c. Construction	1.0	15.9
d. Electricity, Gas and Water Supply	6.7	3.4
<b>III SERVICE SECTOR</b>	7.3	6.0
a. Transportation, Storage & Communication	6.6	3.7
b. Trade and Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	6.1	4.1
c. Financial Intermediation	8.4	7.4
d. Real Estate, Renting & Business Activities	7.2	6.9
e. Public Administration & Defense; Compulsory Social Security	7.4	8.0
f. Other Services	9.3	8.5
<b>REGIONAL GROSS DOMESTIC PRODUCT</b>	4.8	6.7

Source: Philippine Statistics Authority

Table 4 shows the percent distribution of the different sectors and sub-sectors in Calabarzon from 2015-2017. For the three year period, the industry sector has the largest share with approximately 61 percent, followed by the services sector with 33 percent and AFF with the least share with approximately six percent. The manufacturing sub-sector has the highest contribution in the industry sector while mining and quarrying has the least. Real estate, renting and business activities have the largest contribution to the services sector GRDP while public administration and defense and compulsory security has the least contribution. Agriculture and forestry sub-sector contributed more to the AFF sector GRDP compared to the fishing sub-sector.

Table 4. Calabarzon GRDP percent distribution by industry/sub-industry (at constant 2000 prices), 2015-2017

<b>INDUSTRY/YEAR</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>I. AGRICULTURE, HUNTING, FORESTRY &amp; FISHING</b>	5.5	5.5	5.1
a. Agriculture and Forestry	4.2	4.2	4.0
b. Fishing	1.3	1.3	1.1
<b>II INDUSTRY SECTOR</b>	62.0	61.3	61.9
a. Mining and Quarrying	0.2	0.2	0.2
b. Manufacturing	53.8	53.2	53.5
c. Construction	4.7	4.6	5.0
d. Electricity, Gas and Water Supply	3.3	3.3	3.2
<b>III SERVICE SECTOR</b>	32.5	33.2	33.0
a. Transportation, Storage & Communication	6.6	6.7	6.5
b. Trade and Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	7.5	7.6	7.4
c. Financial Intermediation	3.7	3.9	3.9

d. Real Estate, Renting & Business Activities	8.7	8.9	8.9
e. Public Administration & Defense; Compulsory Social Security	1.2	1.2	1.2
f. Other Services	4.7	4.9	5.0

Source: Philippine Statistics Authority

## II. REGIONAL ECONOMY, 2018

Average inflation rate increased compared to last year. Average consumer price index also increased; thus, higher prices lowered the purchasing power of peso. For labor and employment, working age population increased but labor force participation rate decreased compared to last year. Similarly, underemployment rate decreased compared to previous year. Passenger traffic in Batangas Port decreased with the increase in the total ship calls in the port. Agriculture production contracted compared to last year's production performance due to decline in production of crops and fisheries sub-sectors. Meanwhile, livestock and poultry posted production gains. The discussion below provides a brief situationer of the sectors that stimulated the economic activities in the region in 2018.

### Prices and Inflation

Average inflation rate increased by 1.9 percentage points from 2.9 percent in 2017 to 4.8 percent in 2018. Highest inflation rate was recorded in Quezon province due to the limited supply of goods and services because of its geographical location. Conversely, lowest inflation rate was observed in Rizal because of its proximity to Metro Manila which allows for the continuous supply of goods and services. Further, the highest increase in inflation rate was observed in Laguna with an increase of 2.8 percentage points from last year.

Average consumer price index for 2018 exhibited a 4.8 percent increase from last year. Significant price increases were observed from alcoholic beverages and tobacco, food and non-alcoholic beverages, housing, water electricity, gas and other fuels. The increase was attributed to the immediate effects of the Tax Reform for Acceleration and Inclusion (TRAIN) Law. Towards the second half of the year, prices of transport, and recreation and culture went up due to the increasing prices of fuel in the world market and the high demand during the holiday season.

Relatively, higher prices meant lower purchasing power of peso (PPP) as the increase in prices brought the average PPP down by 4.4 percent. Among the provinces, Batangas and Quezon recorded the highest change in PPP while Rizal Province exhibited more stable prices as evidenced by the lowest change in PPP.

Table 5. Inflation Rate, Consumer Price Index, and Purchasing Power of Peso (in Calabarzon), 2017-2018

AREA	Inflation Rate		CPI		PPP	
	2017	2018	2017	2018	2017	2018
Cavite	3.0	4.7	111.6	116.8	0.90	0.86
Laguna	2.0	4.8	105.9	111.0	0.94	0.90
Batangas	3.5	4.9	112.2	117.7	0.89	0.85
Rizal	2.9	4.2	109.5	114.1	0.91	0.88
Quezon	4.0	5.9	113.0	119.7	0.88	0.84
<b>Calabarzon</b>	<b>2.9</b>	<b>4.8</b>	<b>110.0</b>	<b>115.3</b>	<b>0.91</b>	<b>0.87</b>

Source: Philippine Statistics Authority Region IV-A

## Labor and Employment

Calabarzon has the highest population in the country with 14,414,774 based on 2015 Census on Population. The region also has the highest workforce at 10,195,000 (Table 6) which comprises 14 percent of the country's total labor force. Working age population increased by 3 percent in 2018. This increase can be attributed to the first batch of students to graduate from K to 12 Program. The labor force participation rate decreased by 2.2 percentage points compared to 2017. This decline can be attributed to the increase in the working age population but less labor force population as they preferred to put off work to pursue higher education due to subsidy under the Universal Student Financial Assistance System for Tertiary Education and Universal Access to Quality Tertiary Education Act.

The employment rate increased from 93.0 percent in 2017 to 93.4 percent in 2018. This improvement can be partly attributed to the continuous job facilitation and placement activities by the government and schools that have encouraged new graduates to seek immediate employment and more jobs created under the government's intensified infrastructure program. The continued increase in the employment rate caused the unemployment rate to decline from 7.0 percent to 6.6 percent. Similarly, underemployment rate decreased from 14.0 percent in 2017 percent to 13.4 in 2018.

Table 6. Quarterly Labor Force Survey indicator results, 2017-2018

INDICATOR	2017				2018			
	JAN	APR	JULY	OCT	JAN	APR	JULY	OCT
Population 15 years and above (in '000)	9,733	9,721	9,840	9,855	9,973	10,062	10,153	10,195
Labor Force Participation Rate	63.2	63.7	62.4	65.5	62.9	62.1	62.3	63.3
Employment Rate	91.8	92.9	93.0	94.3	93.3	93.4	93.7	93.4
Unemployment Rate	8.2	7.1	7.0	5.7	6.7	6.6	6.3	6.6
Underemployment Rate	14.8	11.5	14.4	15.1	13.1	12.7	14.5	13.2

Source: Philippine Statistics Authority Region IV-A

## Ports

### *Batangas Port*

Total ship calls in Batangas Port increased by 0.81 percent from 43,170 in 2017 to 43,520 in 2018. Ship calls in the province was dominated by domestic ships however, an increase in ship calls was observed among foreign ships with 8.59 percent increase. Foreign ships docking in the provinces were mainly trading vessels as indicated by the higher number of foreign cargo throughput which increased by 10.62 percent in 2018. Further, foreign cargoes were highly dominated by import products which increased by 8 percent from 13,899,000 metric tons in 2017 to 15,010,000 metric tons in 2018.

On the other hand, passenger traffic declined by 3.40 percent which was attributed to the bad weather conditions towards the second semester of the year and the closure of Boracay Island for rehabilitation. The island is considered among the top destinations of travelers, particularly foreigners, from the Batangas Port.

*Table 7. Batangas Base Port, Government and Private Ports Ship Calls, Cargo, Passenger Traffic, 2017-2018*

	<b>2017</b>	<b>2018</b>
Shipcalls	43,170	43,520
Domestic	41,493	41,699
Foreign	1,677	1,821
Cargo Throughput (in MT)	25,134,032	26,482,529
Domestic	10,571,296	10,369,623
Foreign	14,520,106	16,061,943
Import	13,898,808	15,010,125
Export	621,298	1,051,817
Transshipment	42,630	50,963
Passenger Traffic	6,931,708	6,696,113
Disembarked	3,886,375	3,702,148
Embarked	3,045,333	2,993,965

*Source: Philippine Ports Authority Batangas*

### *Lucena Port and Private Ports in Quezon*

The total number of shipcalls in Lucena and other private ports in Quezon decreased by 2.82 percent from 5,882 in 2017 to 5,716 in 2018. The decline was attributed to the lesser RoRo shipcalls in Lucena Port due to the repairs and maintenance of the vessels and lesser demand for wheat from Sariaya Port.

Meanwhile, cargo throughput increased by 18.48 percent which was dominated by cargoes from the private ports in Sariaya, Mauban and Pagbilao. Cargoes from these ports consist mainly of coal and petroleum imports. On the other hand, cargo throughput from Lucena port declined due to the decrease in demand for palm oil, coconut oil, and copras.

Total passenger traffic at ports in Quezon province posted a positive growth with a 7.67 percent increase in 2018. The upsurge in passengers was attributed to the higher volume of visitors to the provinces of Marinduque and Romblon, particularly during the Moriones Festival which was held every March in Marinduque.

Table 8. Lucena Port & Private Ports Ship Calls, Cargo, Passenger Traffic, 2017-2018

	2017	2018
Ship calls	5,882	5,716
Port of Lucena	5,379	5,529
Private Ports	503	187
Domestic	428	92
Foreign	75	95
Cargo Throughput (in MT)	4,680,105	5,544,816
Port of Lucena	227,772	157,872
Private Ports	4,452,333	5,386,944
Domestic	145,951	55,221
Foreign	4,306,382	5,331,723
Passenger Traffic	879,771	947,257
Disembarked	436,938	462,801
Embarked	442,833	484,456

Source: Philippine Ports Authority MarQuez

## Investment

Twenty-seven percent decline in number of ecozones was observed from the 39 economic zones located in Calabarzon in 2018 compared to the previous year. Majority of the ecozones are located in Cavite with a total of 15 ecozones while the least are located in Rizal with three ecozones. In terms of investment, although Batangas is second with most ecozones, the province has the most approved investments with a total of PHP17.16 billion. Conversely, Rizal has the least approved investments at around PHP1.30 billion while Quezon Province has no economic zone yet.

Table 9. Number of economic zones and approved investments, 2017-2018

Province	Economic Zones		Approved Investments (PHP Million)
	2017	2018	
Cavite	19	15	16,548.70
Laguna	15	14	8,237.22
Batangas	15	7	17,158.49
Rizal	4	3	1,304.50
Quezon	1	0	0
TOTAL	54	39	43,248.91

Source: Philippine Economic Zone Authority

Electronics and semi-conductor sub-sectors contributed immensely to the growth of the manufacturing sector which posted the highest approved investments at around PHP24.58 billion. Likewise, real estate, renting, and business activities ranked second with total investments around PHP17.95 billion. Meanwhile, electricity, gas and water supply sector incurred the least investments at around PHP79.76 million.

Table 10. Number of economic zones and approved investments, 2018

Industry Sector	Approved Investments (PHP Million)
Manufacturing	24,580.16
Information Technology Services	550.18
Real Estate, Rental, Business Activities	17,951.48
Electricity, Gas, Water Supply	79.76
Transport, Storage and Communications	87.34
TOTAL	43,248.92

Source: Philippine Economic Zone Authority

## Approved Foreign Investment

In terms of location, the region was among the top three regions with highest approved foreign investments during the first, second, and fourth quarter of the year. Majority of the approved foreign investments in the first quarter of 2018 was in Calabarzon amounting to PHP7.4 billion or 52.0 percent. This investment was intended to the region's finance projects. During the second quarter, the region has the second biggest approved foreign investments amounting to PHP8.0 billion or 25.7 percent. The region's approved foreign investments in fourth quarter posted the second highest amounting to PHP20.3 billion, representing 22.3 percent of the total.

## Agriculture Performance

Overall, agriculture production contracted compared to last year's production performance due to significant decline in production of crops and fisheries sub-sectors. Meanwhile, livestock and poultry posted gains in production at 2.26 and 3.02 percent, respectively.

### Crops

Palay, coconut and banana posted output expansion in 2018. The increases in volume of crop production can be attributed to increase in demand and better post-harvest activities and facilities as a result of DA-LGU intervention programs. On the other hand, coffee, pineapple, sugarcane and cassava production posted significant decline in production due to shift to more profitable crops, lower prices and reduction in area harvested. Other crops also posted negative performance, particularly the annual crops like squash, eggplant and amplaya due to the effect of pests and frequent rains in the size and quantity of harvest.

Table 11. Volume of production in metric tons of crop sub-sector by commodity, 2017-2018

Commodity	2018P	2017	Percentage Change
Sugarcane	1,670,120	1,795,255	(9.73)
Coconut	1,679,779	1,549,308	8.42
Rice/Palay	420,233	410,833	2.29
Corn	91,418	92,762	(1.45)
Cassava	42,188	47,589	(11.35)
Pineapple	94,034	97,696	(3.75)
Banana	114,871	114,130	0.65
Sweet potato	29,170	29,703	(1.79)
Coffee	2,058	2,109	(2.42)

Source: Philippine Statistics Authority Region IV-A

P=Preliminary Data

### *Livestock and Poultry*

Livestock production increased by 2.26 percent despite the decline in volume of cattle and goat production. The expansion of livestock production was brought about by increasing hog demand from hotel and restaurant industries and households. It can also be attributed to higher farm gate prices, sustained demand from meat processors and expansion of commercial farms. Conversely, decline in production of cattle and goat are due to reservation of the existing stock for breeding purposes and strict implementation of RA 8485 or Animal Welfare Act by the National Meat Inspection Service.

Poultry production grew by 3.02 percent. The gains in poultry production can be attributed to the increase in production of chicken, ducks and eggs. Production increments can be attributed to opening and expansion of commercial farms in the region while the growth in egg production is due to increase in laying flock inventory and higher egg laying efficiency ratio.



Table 12. Volume of production in metric tons of livestock and poultry sub-sector by commodity, 2017-2018

<b>Commodity</b>	<b>2018P</b>	<b>2017</b>	<b>Percentage Change</b>
<b>Livestock</b>	<b>420,467</b>	<b>411,182</b>	<b>2.26</b>
Hog	381,590	371,713	2.66
Cattle	27,534	28,126	(2.10)
Carabao	7,625	7,527	1.30
Goat	3,718	3,816	(2.57)
<b>Poultry</b>	<b>491,527</b>	<b>477,097</b>	<b>3.02</b>
Chicken	330,940	328,646	0.70
Chicken Eggs	156,317	145,017	7.79
Duck	663	584	13.53
Duck Eggs	3,607	2,850	26.56

Source: Philippine Statistics Authority Region IV-A  
**P**=Preliminary Data

### *Fisheries*

Fisheries production went down by 11.72 percent due to decline in volume of production from all fishing sub-sectors (aquaculture, municipal and commercial). Rough sea conditions and dry-docking of some commercial fishing boat resulted to production shortfalls from commercial and municipal fishing. Aquaculture production declined due to limited supply and inferior quality of fingerlings. Aside from effect of heavy rains and strong winds during the 3<sup>rd</sup> quarter of 2018, sulfur upwelling in fish cages and delayed stocking also contributed to decline in fisheries production.

Table 13. Volume of production in metric tons of fisheries sub-sector by commodity, 2017-2018

<b>Commodity</b>	<b>2018P</b>	<b>2017</b>	<b>Percentage Change</b>
<b>Fisheries</b>	<b>293,059</b>	<b>331,947</b>	<b>(11.72)</b>
Aquaculture	151,587	170,935	(11.32)
Municipal	100,621	111,261	(9.56)
Commercial	40,851	49,751	(17.89)

Source: Philippine Statistics Authority Region IV-A  
**P**=Preliminary Data

## Challenges

- Despite the excess supply of crude oil in the Asian market, oil prices are expected to rise due to the implementation of TRAIN 2. The increase in oil prices can push prices of goods and services and eventually fuel the increase in inflation rate.
- The decline in agriculture production in the region can be attributed to continuing decline in number of farms, farm sizes, and agricultural land area due to incessant land conversion and urban sprawl. While agriculture sector remains an important contributor to Calabarzon's growth, land use planning continually favor urbanization over agricultural development. There is a need to find innovative ways to increase agriculture production despite the decreasing agricultural land area.

## Prospects

- The passage of Rice Tariffication Law can aid in pushing down prices of rice and help stabilize prices of food. Thus, the need to fast track the passage of its implementing rules and regulations to fully implement the regulation of rice supply.
- The approval of the 10-year Maritime Industry Development Plan (MIDP) which includes modernization and upgrading of domestic vessels and improvement of ports and terminals will contribute to the enhancement of ports performance in the region and are expected to attract more domestic and foreign tourists in the region.
- Calabarzon's thrust to promote vertical and horizontal alignment of plans provides avenue to ensure that the programs and projects for implementation are aligned with the national, regional and local development agenda, and supportive of the current administration's 0 + 10 point agenda (which includes agricultural development). This translates to efficient and effective allocation of resources, including agricultural land resources.
- Government interventions which aim to further boost agriculture production performance including innovations in urban agriculture, edible landscaping, off-season production, and commercial and backyard farm expansions contributes to the agriculture sector's positive outlook.