

2019 Annual Regional Economic Situationer

I. Gross Regional Domestic Product, 2018¹

CALABARZON remained the second largest economy in the country next to the National Capital Region. The Gross Regional Domestic Product (GRDP) accelerated from 6.7 percent growth in 2016 to 7.3 percent in 2018. The GRDP at constant 2000 prices amounted to PHP1.56 trillion (Table 2) resulting to a per capita GRDP of PHP104,708, the second biggest per capita GRDP among regions in the country.

Table 1. CALABARZON GRDP Growth Rates and Targets, 2016-2018

Indicators/Units	Targets	Actual		
	2018	2016	2017	2018
GRDP	5.3-7.1	4.8	6.7	7.3
AFF	2.2-3.7	3.4	-0.6	0.7
Industry	5.2-7.0	3.7	7.8	7.9
Services	6.1-7.7	7.3	6.0	7.1

Source: Philippine Statistics Authority and CALABARZON Regional Development Report 2018

Table 2. CALABARZON GRDP at constant 2000 prices (in PHP '000), 2016-2018

Indicators/Units	Gross Value Added		
	2016	2017	2018
GRDP	1,364,736,594	1,456,341,332	1,562,497,002
AFF	74,622,793.00	74,146,533.00	74,650,856.00
Industry	836,700,049	901,666,083	973,201,658
Services	453,413,752.00	480,528,716.00	514,644,480.00

Source: Philippine Statistics Authority and CALABARZON Regional Development Report 2018

The fast growth of the GRDP was due to the industry and services sectors which grew by 7.9 and 7.1 percent, respectively. Both sectors also exceeded the regional targets in 2018. Sustained growth in the industry sector can be attributed to the continued expansion of the manufacturing sector which accounts for about 83 percent of industry sector and 53.9 percent of the regional economy. The continued efforts of the government to provide an enabling environment for investments contributed to the positive growths. The same is true for the higher growth in the services sector as all subsectors performed well in 2018.

While the agriculture, fishery and forestry sector posted a positive growth at 0.7 percent, this was lower than the regional target of 2.2-3.7 percent. Increasing the resiliency of the agriculture to climate change remains a challenge to sustain production and growth.

The agriculture and forestry sector accelerated in 2018 at 2.7 while the fishery subsector continued contraction at 6.4 percent which affected the overall growth of the agriculture, forestry and fishing. Despite the small share of the agriculture and fisheries sector to the Region's economy, CALABARZON ranks as the second highest in terms of national

¹ The 2019 GRDP will be released in October 2020

agricultural output next to Central Luzon. The Region is the top producer of various agricultural commodities in the country, including roundscad (1st), tilapia (2nd), eggplant (3rd), calamansi (2nd), chicken eggs (1st), chicken (2nd), hog (2nd), and cattle (3rd).

All subsectors in the industry and services sectors posted positive growth in 2018. Acceleration of the subsectors in the industry except construction contributed to its fast growth. The industry sector remained the main driver of regional growth and top contributor to the industry output at the national level owing to numerous economic zones. Similarly, subsectors in the services sector posted positive growth in 2018. Except for real estate, renting and business activities, all subsectors accelerated from 2017 to 2018. CALABARZON has the second largest share in the national output on services sector.

Table 3. CALABARZON Percent Growth Rates by Sector/Sub-Sector (at constant 2000 prices), 2016-2018

Industry	Growth Rates (%)	
	2016-2017	2017-2018
GROSS REGIONAL DOMESTIC PRODUCT	6.7	7.3
I. AGRICULTURE, HUNTING, FORESTRY AND FISHING	-0.6	0.7
a. Agriculture and Forestry	0.8	2.7
b. Fishing	-5.4	-6.4
II. INDUSTRY SECTOR	7.8	7.9
a. Mining and Quarrying	1.0	3.5
b. Manufacturing	7.4	8.0
c. Construction	15.6	9.5
d. Electricity, Gas and Water Supply	3.4	3.9
III. SERVICES SECTOR	6.0	7.1
a. Transport, Storage & Communication	3.7	4.5
b. Trade and Repair of Motor Vehicles, Motorcycles, Personal & Household Goods	4.0	5.8
c. Financial Intermediation	7.4	8.8
d. Real Estate, Renting & Business Activities	6.9	6.0
e. Public Administration & Defense, Compulsory Social Security	8.9	15.5

Source: Philippine Statistics Authority and CALABARZON Regional Development Report 2018

Table 4 shows the percent distribution of the different sectors and sub-sectors in CALABARZON. The industry sector remained the main contributor to the regional economy with highest percent distribution in 2018 compared to 2016 and 2017. Among its subsectors, manufacturing accounted to more than half of the regional economy at 53.9 percent. Second to industry, services accounted to 32.9 percent of the regional economy. Among the services' subsectors, real estate, renting and business activities has the largest percent distribution with 8.8 percent while public administration and defense, and compulsory social security has the least percent distribution with 1.3 percent. On the other hand, the agriculture, forestry and fishing sector continued decrease in percent contribution from 2016 to 2018.

Table 4. CALABARZON GRDP percent distribution by sector and sub-sectors (at constant 2000 prices), 2016-2018

Industry	Percent Distribution		
	2016	2017	2018
I. AGRICULTURE, HUNTING, FORESTRY AND FISHING	5.5	5.1	4.8
a. Agriculture and Forestry	4.2	4.0	3.8
b. Fishing	1.3	1.1	1.0
II. INDUSTRY SECTOR	61.3	61.9	62.3
a. Mining and Quarrying	0.2	0.2	0.2
b. Manufacturing	53.2	53.5	53.9
c. Construction	4.6	5.0	5.1
d. Electricity, Gas and Water Supply	3.3	3.2	3.1
III. SERVICES SECTOR	33.2	33.0	32.9
a. Transport, Storage & Communication	6.7	6.5	6.3
b. Trade and Repair of Motor Vehicles, Motorcycles, Personal & Household Goods	7.6	7.4	7.3
c. Financial Intermediation	3.8	3.9	3.9
d. Real Estate, Renting & Business Activities	8.9	8.9	8.8
e. Public Administration & Defense, Compulsory Social Security	1.2	1.2	1.3

Source: Philippine Statistics Authority and CALABARZON Regional Development Report 2018

II. Prices and Inflation

CALABARZON experienced slower increase in prices as evidenced by significantly lower inflation rate. From 4.8 percent in 2018, inflation dropped by 2.2 percentage points in 2019 at 2.6 percent. Among the provinces, both Quezon and Laguna had the slowest price increase at 1.7 percent with Quezon having the biggest drop at 4.2 percentage points. On the other hand, Rizal province recorded the highest 2019 inflation at 3.2 percent and the smallest drop in inflation with only 1 percentage point from 2018, indicating a more stable economic activity compared with other provinces in the Region.

Meanwhile, the average consumer price index (CPI) continued to rise at PHP118.3 in 2019 from PHP115.3 in 2018, indicating a 2.6 percent increase within the one year. Among the provinces, Quezon recorded the highest CPI at PHP121.7, followed by Batangas and Cavite at PHP121.1 and PHP120.3, respectively. Despite the slower inflation, purchasing power of peso decreased from 0.87 in 2018 to only 0.85 in 2019. In 2019, Laguna Province recorded the highest purchasing power with 0.89 while Quezon had the lowest with only 0.82.

The deceleration of inflation was mainly attributed to the stabilization of food prices, particularly, rice, due to the implementation of Rice Tariffication Law. In addition, 2019 also experienced lower domestic prices for gasoline, diesel, and kerosene, thereby, lowering prices for transportation and water, electricity and other fuels. Prices of other food and non-alcoholic beverages, furnishings and household equipment and maintenance,

and health, restaurant and miscellaneous goods also declined in the same year contributing to the deceleration of inflation.

Table 5. Inflation Rate, Consumer Price Index (CPI), and Purchasing Power of Peso (PPP) in Calabarzon, 2018-2019

Area	Inflation Rate		CPI		PPP	
	2018	2019	2018	2019	2018	2019
Cavite	4.7	3.0	116.8	120.3	0.86	0.83
Laguna	4.8	1.7	111.0	112.9	0.90	0.89
Batangas	4.9	2.9	117.7	121.1	0.85	0.83
Rizal	4.2	3.2	114.1	117.7	0.88	0.85
Quezon	5.9	1.7	119.7	121.7	0.84	0.82
CALABARZON	4.8	2.6	115.3	118.3	0.87	0.85

III. Labor and Employment

CALABARZON has the highest working age (15 years and over) population at 10,300,000. The increase was recorded at 2.03 percent, from 10,096,000 in 2018 to 10,300,000 in 2019. This population constitutes to 14.12 percent of the working age population in the country. The labor force participation rate was recorded at 64.1 percent in 2019, 1.4 percentage points higher as compared to the previous year.

The employment rate in the CALABARZON Region improved by 0.5 percentage points, from 93.4 percent in 2018 to 93.9 percent in 2019. Moreover, underemployment rate improved by 2.0 percent, from 13.4 percent in 2018 to 11.8 percent in 2019. This improved employment performance can be attributed to the decreased number of retrenched and closed establishments in the Region. However, it can be noted that CALABARZON was second in terms of low employment rate.

Table 6. Labor force survey annual estimates in CALABARZON, 2018-2019

Indicator	2018	2019
Total Population 15 Years and Above	10,096,000	10,300,000
Labor Force Participation rate	62.7	64.1
Employment Rate	93.4	93.9
Unemployment Rate	6.6	6.1
Underemployment Rate	13.4	11.8

Source: Philippine Statistics Authority Region IV-A

The number of retrenched establishments in CALABARZON decreased by 59.63 percent in 2019, from 1,246 in 2018 to 503 in 2019. Hence, the affected employees also decreased by 66.25 percent, from 42,426 to 14,319. Furthermore, closed establishments reduced by 46.58 percent, from 73 in 2018 to 39 in 2019.

Table 7. Labor force survey annual estimates in CALABARZON, 2018-2019

Indicator	2018	2019
Retrenchments		
No. of Establishments	1246	503
No. of Employees Affected	42426	14319
Shutdown		
No. of Establishments	73	39
No. of Employees Affected	4289	1447

Source: Department of Labor and Employment Region IV-A

Based on the labor force survey in July 2019, wholesale and retail trade, and repair of motor vehicles and motorcycles group has the most employees at 21.3 percent of the labor force. On the other hand, mining and quarrying, and electricity, gas, steam, and air conditioning supply have the least percent distribution of employees.

Table 8. Percent distribution of employed persons by sex and major industry group, July 2019.

Major Industry Group	Total	Male	Female
CALABARZON	6,325,181	3,628,127	2,697,055
Wholesale and retail trade; repair of motor vehicles and motorcycles	21.3	15.5	29.0
Manufacturing	15.1	13.2	17.8
Construction	9.8	16.6	0.7
Transport and storage	8.0	13.1	1.2
Other service activities	7.9	4.4	12.5
Agriculture and forestry	6.7	9.1	3.5
Accommodation & food service activities	6.2	4.9	8.0
Public administration and defense; compulsory social security	5.8	5.6	6.0
Administrative and support service activities	5.0	5.7	4.1
Education	3.3	1.3	5.9
Financial and insurance activities	2.1	1.8	2.5
Arts entertainment and recreation	1.9	1.8	1.9
Fishing	1.4	2.1	0.5
Real estate activities	1.3	1.0	1.8
Human health & social work activities	1.3	0.6	2.2
Information and communication	1.3	1.7	0.7
Professional scientific and technical activities	1.2	1.0	1.4
Water supply; sewerage, waste management and remediation activities	0.2	0.3	0.1
Mining and quarrying	0.1	0.2	-
Electricity, gas, steam, and air conditioning supply	0.1	0.1	0.2

IV. Ports

Batangas Port

Total ship calls at Batangas Base Port, including government and private ports decreased by 3.30 percent in 2019. On the other hand, total passengers increased by 10.28 percent which can be attributed to the improved number of RoRos in Batangas ports.

Non-containerized cargoes declined by 5.46 percent while containerized cargoes increased by 23.70 percent. Decline in non-containerized total cargo through-put can be

attributed to decrease in total cargoes handled in private ports in Batangas. On the other hand, increased number of importer and exporter companies in the region contributed to the increase in total containerized cargoes in the Batangas International Container Terminal. The said container terminal is the only international port in the Region and is continuously being improved to enhance quality and efficiency of service.

Table 9. Batangas Base Port, Government and Private Ports Ship Calls, Cargo, Passenger Traffic, 2018-2019

Indicator	2018	2019
Total shipcalls	43,520	42,082
Total passengers	6,696,113	7,384,272
Non-containerized cargo through-put	24,648,763	23,301,915
Containerized cargoes	254,321	314,819

Source: Philippine Ports Authority Port Management Office - Batangas

Lucena Port and Private Ports in Quezon

Total shipcalls and total passengers in Lucena and private ports in Quezon declined in 2019 by 22.36 and 27.94 percent, respectively. Significant decline in shipcalls and number of passengers can be attributed to weather disturbances experienced by the province in 2019 resulting to cancellation of ship travels.

Likewise, non-containerized and containerized cargoes significantly declined by 51.56 and 46.34 percent, respectively. This negative performance can be attributed to decline in total cargoes in the second and fourth quarter of 2019. Majority of cargoes transported in Quezon were coal, and palm and coconut oil.

Table 10. Lucena Port & Private Ports Ship Calls, Cargo, Passenger Traffic, 2018-2019

Indicator	2018	2019
Total shipcalls	5,712	4,435
Total passengers	967,141	696,940
Non-containerized cargo through-put	5,542,355	2,685,238
Containerized cargoes	5,712	3,065

Source: Philippine Ports Authority Port Management Office - Marquez

V. Agriculture Performance

Overall, production of major agricultural crops in the Region contracted compared to last year's production performance. Meanwhile, livestock, poultry, and fisheries posted gains in production by 3.33 percent, 6.33 percent and 2.66 percent, respectively.

Crops

Palay, coconut, sugarcane, corn, pineapple, coffee, and banana posted declines in production in 2019. Among the crops that recorded the biggest contraction are sugarcane (32.33%), corn (23.66%) and coffee (27.31%). The decline in volume of major crops produced in the Region can be attributed to the long dry spell in 2019 and lower farm gate prices. On the other hand, cassava and sweet potato posted gains in production in 2019 due to the shift in the production of some high-value crops like tomato.

Table 11. Volume of production in metric tons of crop sub-sector by commodity, 2018 and 2019

Commodity	2019P	2018	Percentage Change
Sugarcane	1,131,780	1,670,120	(32.23)
Coconut	1,643,479	1,679,779	(2.16)
Rice/Palay	380,782	420,233	(9.39)
Corn	69,787	91,418	(23.66)
Cassava	42,253	42,190	0.15
Pineapple	84,248	94,034	(10.41)
Banana	109,261	114,871	(4.88)
Sweet potato	29,713	29,170	1.86
Coffee	1,496	2,058	(27.31)

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

Livestock and Poultry

Livestock production increased by 3.33 percent despite the decline in the volume of production of cattle and goat. The expansion of livestock production from 420,647 metric tons (MT) to 434,467 was brought about by the increase in hog and carabao production. The increase was noted despite the uncertainty and lower prices brought about by the African Swine Fever in 2019. The positive production performance can also be attributed to the sustained demand for meat processing, high demand during the election period, and higher average live weight of hogs disposed of in the Region. On the other hand, the production decline of cattle and goat was due to lack of pasture area brought about by prolonged drought, which resulted in limited stocks available for slaughter and a lower number of marketable stocks.

Poultry production doubled from 3.02 percent in 2018 to 6.33 percent in 2019, increasing its production from 491,527 MT to 522,663 for the same time period. The gains in poultry

production can be attributed to output expansion due to higher demand for chicken, more chicken stocks available for dressing, and the emergence of new broiler integrators. Chicken and duck eggs also contributed to the gains in poultry production increments due to an increase in the inventory of laying flocks.

Table 12. Volume of production in metric tons of livestock and poultry sub-sector by commodity, 2018 and 2019

Commodity	2019P	2018	Percentage Change
Livestock	434,467	420,467	3.33
Hog	395,545	381,590	3.66
Cattle	27,310	27,534	(0.81)
Carabao	7,945	7,625	4.20
Goat	3,667	3,718	(1.37)
Poultry	522,663	491,527	6.33
Chicken	343,265	330,940	3.72
Chicken Eggs	174,939	156,317	11.91
Duck	647	663	(2.41)
Duck Eggs	3,812	3,607	5.68

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

Fisheries

Fisheries production significantly improved from a loss of 11.71 percent in 2018 to a gain of 2.66 percent in 2019. Aquaculture fishing thrived in 2019 due to the high survival rate of fingerlings and higher market demand. Permit to operate milkfish pens and cages also contributed to gains in fisheries production. Meanwhile, lesser fishing activities caused by rough seas and strong winds brought about by Typhoons “Kammuri” (Tisoy) and “Phanfone” (Ursula) in December 2019 contributed to the declines in production of municipal and commercial fishing.

Table 13. Volume of production in metric tons of fisheries sub-sector by commodity, 2018 and 2019

Commodity	2019P	2018	Percentage Change
Fisheries	300,887	293,077	2.66
Aquaculture	166,183	151,587	9.63
Municipal	98,978	100,689	(1.70)
Commercial	35,726	40,801	(12.44)

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

VI. Tourism

Based on the preliminary data submitted by the local government units, the region recorded an increase in same day tourist arrival by 19.26 percent from 51,212,675 in 2018 to 61,075,494 in 2019. Rizal Province recorded the highest number of same-day visitors, followed by Laguna Province.

Overnight tourists reached 8,943,397, a 19.41 percent increase from 2018 overnight tourist arrivals. Rizal Province also recorded the highest number of overnight tourists followed by Batangas Province. The hosting of Southeast Asian Games is one of the possible contributors in the increased tourist arrivals particularly during the fourth quarter of 2019.

Table 14. Tourist arrivals in CALABARZON

Indicator	2019P	2018	Percentage Change
Overnight Tourist	8,943,397	7,489,563	19.41
Domestic	8,670,222	6,932,735	25.06
Foreign	268,584	553,296	-51.46
Overseas Filipinos	4,591	3,532	29.98
Same Day Arrivals	61,075,494	51,212,675	19.26
Domestic	59,925,451	49,942,479	19.99
Foreign	1,150,043	1,270,196	-9.46

Source: DOT Region IV-A, Provincial Tourism Offices
 Partial and unofficial data as of February 24, 2020

VII. Challenges

- COVID-19 brought almost all economic activities to a halt in the entire country and in the rest of the world. With the island of Luzon under a community quarantine, only the establishment engaged in food, health and utilities were allowed to operate. With 56 percent of CALABARZON's economy coming from manufacturing, the suspension of work will have a tremendous impact on CALABARZON's economic performance. Travel ban and the prohibition of operation of public transportation will definitely pull down the tourism industry and the services sector. For years, CALABARZON recorded the most number of same day tourist arrivals due to the range of tourism activities it can provide. Work suspension, particularly for the daily wage earners and contractual workers may reverse the gains in reducing poverty. Likewise, small companies might not be able to recover from their losses.
- The disruption in economic activities brought about by Taal volcano eruption resulted to economic losses and infrastructure damages. However, more than the losses and damages incurred, the vulnerabilities of the population were heightened, and local governance were put to the test. The challenge lies on how affected local government units, individuals and families will be able to build forward better in terms of providing safe and sustainable infrastructure, housing and settlements, livelihood and business opportunities, and in ensuring that welfare of those affected will be improved.
- As of December 2019, African Swine Fever (ASF) affected 10,709 pigs in 49 Barangays in CALABARZON, as such, the Region was considered among those that are severely affected by ASF. Hence, a significant drop in pork consumption and lower prices was noted in the 4th quarter of 2019. While preventive measures are in place, ASF continues to threaten the swine industry such that large farms are managing the decline by lowering their inventories.
- The shutdown of Honda Cars Philippines Inc. which has been operating for 30 years in resulted to the unemployment of almost 387 workers. Moreover, the closure of Honda meant the loss of business of its suppliers and logistics providers.
- The Bangko Sentral ng Pilipinas forecasts upticks in prices of food items which could pull up the inflation rate during the first quarter of 2020. This can also be aggravated by the increase in excise taxes on sin products starting January 2020.
- Despite the improvement in production efficiency and quality of farm produce, employment in the agriculture sector remains a challenge due to aging farmers and increasing displacement risk of the unskilled and manual farm laborers due to Farm Mechanization Program.

VIII. Prospects

- The stimulus package of the government to address the impact of the crisis brought by COVID-19 can alleviate the projected negative impact in the economy. Provision of financial assistance to affected sectors can sustain the limited operation while the

entire Luzon is under “community quarantine” avoiding shutdown of business establishments.

The crisis also challenged the country’s medical and healthcare system. The current situation can provide opportunity to enhance the government health services through enhancement of medical facilities and improving capacities of the human resource.

- Government spending is expected to increase given the amount of investment requirement needed for rehabilitation and recovery for Taal Volcano eruption. Moreover, better land use planning is expected in the coming years as affected LGUs are preparing for their DRR-CCA enhanced Comprehensive Land Use Plans. Better disaster management can also be expected with the lessons learned on preparing and handling response, rehabilitation and recovery efforts.

Further, infrastructure rehabilitation will boost the employment performance in the construction sector.

However, the impact of the eruption might negatively affect the production of coffee, corn, pineapple as well as aquaculture fishing in the Region since affected LGUs are among the major producers of these agriculture and fisheries commodities.

- To combat the negative effects of ASF, the Regional Sectoral Committee on Economic Development endorsed the preparedness plan of DA Region IV-A. The plan outlines how the DA and LGUs can work together in responding to an animal disease outbreak including the mobilization of a Rapid Action Team, financing and compensation policy, and livestock insurance. It is expected that the ASF will be contained and eradicated in 2020 given the convergence approach in addressing the issue. Provincial agricultural outputs will play a significant role in providing food to the Region and to Metro Manila given the need for food during the COVID-19 pandemic. Quezon, which is a major producer of rice, corn, and vegetables in the Region, is also pushing for the process-ing and production of virgin coconut oil, coconut sap sugar, coconut wine, and copra besides its other byproducts, while Batangas remains among the largest producer of livestock and poultry products.