

# DevPulse

NEDA Development Advocacy Factsheet

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## Region 12 posts gains despite high inflation, tourism slump

DESPITE DOUBLE-DIGIT INFLATION and slumping tourism numbers, Region 12's economy managed to post significant gains during the first semester of the year, notably in crop production, fish production and investments.

Region 12, also known as SOCCSKSARGEN, covers the provinces of South Cotabato, Cotabato, Sultan Kudarat and Saragani, as well as General Santos City.

### Crop production expands

Palay and corn production increased 16 percent and 49 percent, respectively, due to the hybridization program of the Department of Agriculture, sufficient water supply and increase in areas planted with these crops. NEDA Regional Office 12 said that the higher yield production of palay came from both rainfed and irrigated areas. For corn production, the increase is also attributed to the shift from the white to yellow variety thanks to the seed subsidy program. The area harvested for yellow corn increased by 63 percent while those for white corn fell 6 percent. Cotabato province maintained its position as the biggest palay and corn producer in the region.

Among commercial crops, sugar posted the highest year-on-year growth rate at 62 percent due to an increase in planting area, good weather and use of early maturing variety. Pineapple came in second after growing 32 percent, followed by banana at 8 percent. In terms of volume, sugar tops the list with 659,126 metric tons (MT), followed by banana at 495,171 MT and pineapple at 447,645 MT.

### Fish production expands, but municipal marine, aquaculture flat

Fish production hit 160789 MT in the first semester, a 24 percent increase from last year. Commercial fishing continued to dominate the industry with a 72 percent share of total value of production. NEDA 12 attributed the increase to the higher volume of fish unloaded by local and foreign vessels from Taiwan, Japan, China and Papua New Guinea for processing by canneries in General Santos City. Municipal inland production also enjoyed a modest 2 percent growth.

Production of other commercial crops (MT)

Crops	2007	2008	Growth rate (%)
Abaca	373	391	5
Asparagus	7,933	7,538	-5
Banana	457,635	495,171	8
Coconut	425,094	445,116	5
Mango	45,961	42,652	-7
Pineapple	338,157	447,645	32
Rubber	61,845	65,091	5
Sugarcane	407,642	659,126	62



Banana is the region's number one crop



General Santos City is a major producer of fresh and processed tuna

Municipal marine and aquaculture production, in contrast, registered less than stellar numbers.

“Municipal marine dropped by about 22 percent and aquaculture by 7 percent. Less fishing activities were recorded for municipal marine during the period due to high operation cost and also the presence of strong winds brought about by typhoons Butchoy and Frank. There was also a recorded damage of fish pens for aquaculture farming because of farming,” explained NEDA 12 OIC-Director Teresita Ramos.

### Investments hit PhP3.3 billion

Investments in the region grew 63 percent to PhP3.288 billion, with General Santos City cornering 43 percent of the total amount or PhP1.46 billion. The region’s other cities also posted increased investments, notably Koronadal, Cotabato City and Kidapawan at 284 percent, 152 percent and 87 percent, respectively. Tacurong, meanwhile, declined 4 percent.

For provinces, only North Cotabato posted higher investments with a growth rate of 92 percent. In contrast, investments in Sultan Kudarat and Sarangani fell 56 percent and 8 percent, respectively.

Ramos said that the overall improvement in investment numbers was due to Department of Trade and Industry’s (DTI) efforts in assisting businesses. “The investments came from DTI directly assisted activities such as business facilitation, business name registration and one town one product-related activities,” she added.

### Tourism plunges 8 percent due to travel warnings

The number of local and foreign tourists that visited the region plunged 8 percent on average due to the escalation of tensions between the government and Muslim separatists. Foreign tourists, in particular, declined 43 percent during the

period as a result of travel warnings issued by embassies.

Domestic tourists fell 7.8 percent to 292,675 from 317,277 last year while foreign tourists declined by 43.4 percent to 1,262 from 2,231 in 2007.

### June inflation higher than national average

The region’s consumer price index for the second quarter rose 10.4 percent on the back of higher inflation of food, beverages and tobacco at 13.5 percent, primarily driven by the 14.1 percent increase in food inflation.

The services group also had a higher than usual rate of 7.6 percent due to higher inflation of educational services at 11.5 percent, as well as personal, medical, and transportation and communications at 6.5 percent, 6.2 percent and 6.3 percent, respectively.

Ramos explained that the inflation rate started rising early this year and lasted until June. “Inflation rate started to rise in January 2008 at 6.3 percent, reaching a double digit inflation rate of 10.8 percent in April. In May, inflation rate was already posted at 12.2 percent and finally increased to 18.9 percent in June 2008.”

She added that the region posted the second highest inflation in June rate among all regions behind Caraga’s 19.8 percent. The national average was recorded at 11.4 percent.

### Employment rate posts slight increase

The preliminary results of the January Labor Force Survey showed that the region had an employment rate of 95.4 percent, slightly better than the 95.3 percent posted in the same period last year. The survey also indicated that labor force participation rate and underemployment rate declined by 0.5 percent and 1.2 percent, respectively.

### Outlook remains mixed

Despite the onslaught of typhoon Frank that affected 27 municipalities and 35 barangays, NEDA 12 expects palay production to remain sufficient in the coming months and should lead to stable and favorable prices in the second half. It also expects higher production of other commodities and stable fuel and commodity prices. “Production of all commercial crops is expected to increase given favorable weather conditions, except that mango production could be critical in their fruiting stage during the rainy season,” Ramos explained.

However, NEDA 12 also warned that continued fighting between government and rebel forces could lead to disruption of classes, higher demand for food relief and basic goods, as well as demand for health services in evacuation areas.