

REGIONAL ECONOMIC SITUATIONER
Western Visayas Region
2009

Despite the worldwide financial crisis in 2009, the region's economy remained resilient and strong. Inflation and unemployment rates were kept at single digit level throughout the year. Production of major agricultural and fishery products increased. New business name registration, paid up capital of business establishments and exports also increased. Foreign tourist arrivals, however, declined last year.

Region VI continues to be the 3rd fastest growing regional economy outside of Metro Manila during the last three years. In 2008, our growth rate went down to only 4.4 percent owing to the global economic crisis, but this was higher than that of the country which grew by only 4 percent.

I. ECONOMIC INDICATORS

1. Prices

Average annual inflation rate reduced significantly by 56 percent from 10.9 percent in 2008 to only 4.8 percent in 2009. This was brought about by decreases in the prices of food and non-food products, most especially fuel and petroleum products.

Food inflation rate remained low throughout the year due to the abundant supply of agriculture products which resulted to lower selling prices in local markets. Likewise, due to the prevalence of good weather conditions throughout the year, prices of fresh fish, shrimps, crabs and shells in the wet markets remained low compared with the previous year which brought down food inflation rate.

Several rollback in prices of fuel products as a consequence of low fuel demand in the world market resulted in deflation of 2.4 percent in the Fuel, Light and Water commodity group.

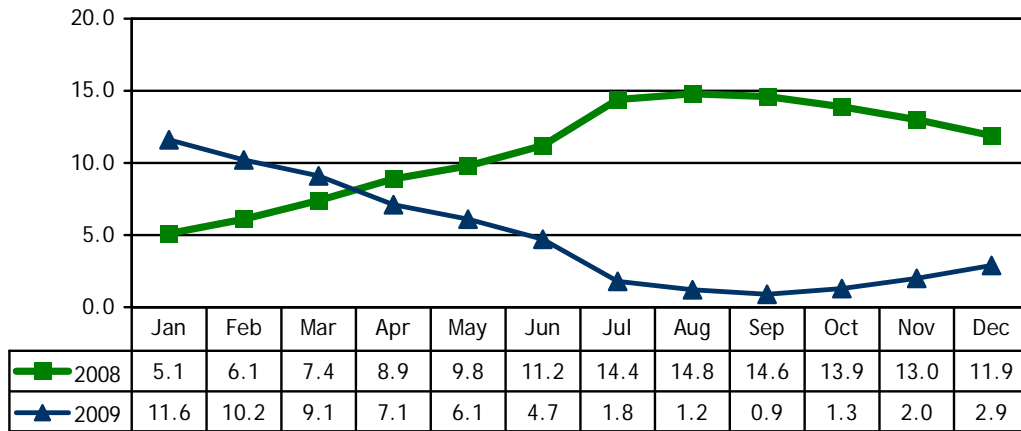
Table 1
Inflation Rate by Commodity Group, Region VI
 Western Visayas Region, 2008 and 2009
 2000 Based (In Percent)

Commodity Group	2008	2009
All Items	10.9	4.8
I. Food, Beverages & Tobacco	14.7	7.5
A. Food	15.5	7.9
B. Beverages	7.1	3.6
C. Tobacco	5.3	3.3
II. Non-Food	6.9	2.0
A. Clothing	2.8	2.4
B. Housing & Repairs	3.1	2.6
C. Fuel, Light & Water	13.7	-2.4
D. Services	8.0	3.4
D. Miscellaneous	4.9	2.9

Source: National Statistics Office, Region VI

Figure 1 shows that monthly inflation rates continuously declined throughout the year. The decline could be attributed to the lower consumer demand and the deceleration in the price of fuel products due to the impending world financial crisis. Compared with 2008 when the spiraling fuel prices jacked up prices of basic commodities, fuel prices in 2009 were relatively stable.

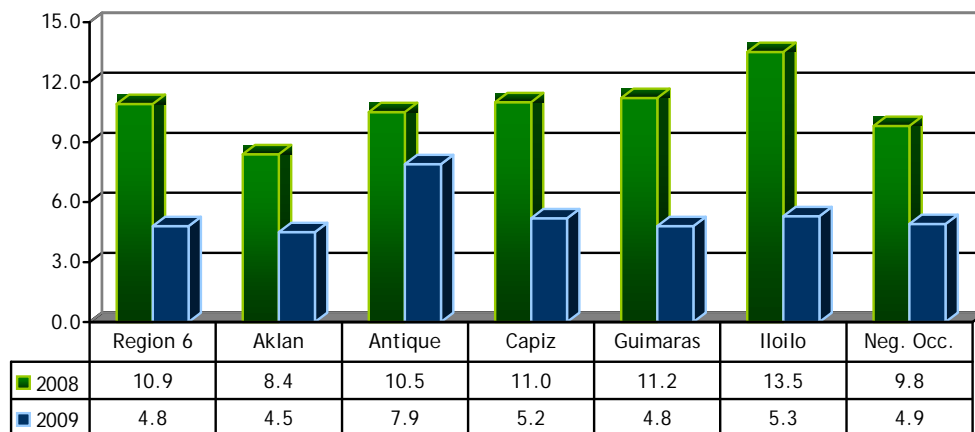
Figure1
Monthly Inflation Rate
 Western Visayas Region, 2008 and 2009



Source: National Statistics Office, Region VI

Inflation rates in all the six provinces were relatively lower in 2009 as compared with 2008. The lowest inflation rate was recorded in the Province of Aklan (4.5 percent), while the highest was recorded in the Province of Antique (7.9 percent).

Figure 2
Average Annual Inflation Rate, By Province
 Western Visayas Region, 2008 and 2009

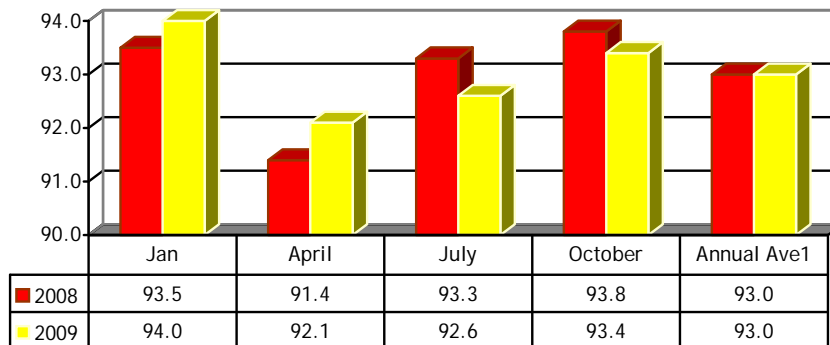


Source: National Statistics Office, Region VI

2. Employment

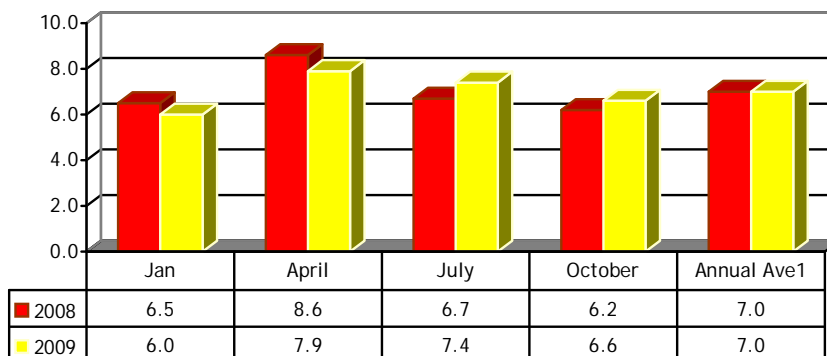
Employment rate in 2009 remained the same as that of 2008 (93 percent). The highest employment rate was recorded during the October 2009 round (93.4 percent), while the lowest was in the April round (92.1 percent). The low employment rate during April is attributed to the low level of activities in the agriculture sector during the summer months. Lack of sufficient water and high daytime temperatures dissuade farmers from engaging in productive activities in the farm.

Figure 3
Quarterly Employment Rate
 Western Visayas Region, 2008 and 2009



Preliminary/subject to change October 2009 data
 Source: National Statistics Office-Labor Force Survey

Figure 4
Quarterly Unemployment Rate
 Western Visayas Region, 2008 and 2009



Source: National Statistics Office-Labor Force Survey

Despite the high employment rate, the number of establishments which retrenched their workers increased by 279 percent, from 154 firms in 2008 to 584 firms in 2009. Total number of employees affected also increased by 125.6 percent, that is, from 2,876 workers in 2008 to 6,488 workers in 2009. Most of the affected employees were male employees. The panic resulting from world financial crisis prompted employers to shave off a large segment of their workers to save on operating costs.

The number of firms which shut down in 2009 was the same as that of 2008 (46 firms). However, the number of employees affected increased by 21 percent.

Overall, the total number of employees affected by retrenchment and shutdown reached 7,766 employees in 2009.

Table 2
**Number of Establishments and Employees Affected
 By Shutdown and Retrenchment**
 Western Visayas Region, 2008 and 2009

	2008	2009	% Change over 2008
RETRENCHMENT			
No. of Establishments	154	584	279.2
No. of Employees Affected	2,876	6,488	125.6
Male	2,204	5,026	128.0
Female	672	1,462	117.6
SHUTDOWN			
No. of Establishments	46	46	0.0
No. of Employees Affected	1,056	1,278	21.0
Male	779	828	6.3
Female	277	450	62.5
TOTAL			
No. of Establishments	200	630	215.0
No. of Employees Affected	3,932	7,766	97.5

Source: Department of Labor and Employment, Region VI

3. **Agricultural Production**

Palay and banana showed modest growths while corn, sugarcane, mango and coconuts showed negative growths.

In terms of slaughtered animals, only goat production suffered a decline. Carabao, cattle, swine, chicken and duck production increased during the year.

Fisheries production increased to 8.1 percent in 2009 primarily due to high municipal fishery production (14.6 percent) and aquaculture production (9.2 percent). Favorable climate coupled with good prices resulted in high production.

Table 3
Selected Agricultural Production Indicators
 Western Visayas Region, 2008 and 2009

PRODUCT	2008	2009	% Change over 2008
A. Crops (MT)			
Palay	2,117,598	2,205,071	4.1
Corn	350,259	272,844	-22.1
Sugarcane	13,770,505	13,075,431	-5.0
Banana	396,720	400,969	1.1
Mango	46,421	44,487	-4.2
Coconuts ('000 nuts)	482,735	478,314	-0.9
B. Animals Slaughtered (MT-Liveweight)			
Carabao	19,923	20,071	0.7
Cattle	18,257	19,400	6.3
Swine	167,755	176,260	5.1
Goat	7,892	7,301	-7.5
Chicken	74,588	76,388	2.4
Duck	2,892	3,019	4.4
C. Fisheries (MT)	400,742	433,231	8.1
Commercial	111,314	109,159	-1.9
Municipal	147,362	168,937	14.6
Aquaculture	142,066	155,135	9.2

Source: Bureau of Agricultural Statistics, Region VI

4. Private Investments

Business name registration increased by 16.5 percent during the year. The highest number of new businesses was recorded in the Province of Guimaras (54.7 percent), followed by the Province of Aklan (38 percent). Only the Province of Negros Occidental registered negative growth. Most of the new businesses are in the services sector.

Table 4
Business Name Registration
 Western Visayas Region, 2008 and 2009
 (In Million Pesos)

INDICATOR	2008	2009	% Change over 2008
Business Name Registration	9,963	11,604	16.5
Number of Firms			
Aklan	1,054	1,454	38.0
Antique	701	762	8.7
Capiz	947	978	3.3
Guimaras	137	212	54.7
Iloilo	3,374	4,525	34.1
Negros Occ.	3,750	3,673	-2.1

Source: Department of Trade and Industry, Region VI

Paid up capital of business establishments registered a positive growth of 27.4 percent in 2009. The highest increase in paid up capital was recorded in the Province of Capiz (103.1 percent) while the lowest was recorded in the Province of Guimaras (-97.9 percent).

However, in terms of number of firms, there was a decline of 18.8 percent. The highest decline was recorded in the Province of Guimaras (-42.9 percent). Only the provinces of Antique and Iloilo recorded positive increases (40 percent and 4.9 percent, respectively).

Table 5
Paid Up Capital of Business Establishments
Western Visayas Region, 2008 and 2009

INDICATOR	2008	2009	% Change over 2008
Paid Up Capital (In Million Pesos)	290.39	370.05	27.4
Aklan	11.40	13.19	15.7
Antique	8.22	7.91	-3.8
Capiz	5.72	11.62	103.1
Guimaras	15.24	0.32	-97.9
Iloilo	77.93	133.68	71.5
Negros Occ.	171.88	203.33	18.3
Number of Firms	537	436	-18.8
Aklan	30	21	-30.0
Antique	10	14	40.0
Capiz	17	17	0.0
Guimaras	7	4	-42.9
Iloilo	163	171	4.9
Negros Occ.	310	209	-32.6

Source: Securities and Exchange Commission, Region VI

5. Foreign Trade

Exports from the ports of Iloilo and Pulupandan significantly increased during the year (54.7 percent) as compared with 2008. Exports reached \$160.70 million, with Iloilo Port generating \$92.2 million. Coal in bulk remains the biggest export of the region (\$83 million), followed closely by Philippine raw cane sugar (\$60 million). Other exports include crabmeat, Philippine cane molasses, steel scrap, assorted marine products and ginger tea.

Imports, however, declined by 26.9 percent. Imports dropped to only P8.7 billion in 2009, lower than the P11.9 billion registered in 2008. The region's major imports were fertilizer (P2.5 billion), wheat (P2.5 billion), construction materials and equipment (P1.57 billion), and rice (P1.50 billion).

Table 6
Exports and Imports
 Western Visayas Region, 2008 and 2009

	2008	2009	% Change over 2008
Exports (in million US \$)	103.90	160.70	54.7
Port of Iloilo	58.3	92.2	58.1
Sub-Port of Pulupandan	45.6	68.5	50.2
Imports (in billion pesos)	11.9	8.7	-26.9
Port of Iloilo	6.9	5.9	-14.5
Sub-Port of Pulupandan	5.0	2.8	-44.0

Source: Bureau of Customs, Region VI

Major Export 2009

Commodity	Value (in US dollars)
1. Coal in Bulk	82,868,610.99
2. Philippine Raw Cane Sugar	60,485,936.46
3. Crabmeat	7,806,985.70
4. Philippine Cane Molasses	7,116,898.69
5. Steel Scrap	1,722,434.31
6. Assorted Marine Products	731,209.27
7. Instant Ginger Tea	19,604.49

Major Imports 2009

Commodity	Value (in Philippine Pesos)
1. Fertilizer	2,525,367,718.24
2. Wheat	2,507,558,774.56
3. Construction Materials and Equipment	1,570,997,164.40
4. Rice	1,498,604,122.56
5. Liquefied Petroleum Gas	353,337,036.01
6. Used Second Hand Sugarmill Machineries & Accessories, Dry Milling Machine & Used Second Hand Tractors	80,540,783.12
7. Marine Salt	76,440,057.28
8. Tapioca Powder	52,207,410.53
9. Various Ceramic Tiles and Borders	37,934,758.96
10. Steel Sheet Pile Materials	26,973,882.43

6. Tourist Arrivals and Receipts

Tourist arrivals dropped in 2009. Foreign tourist arrivals declined by 29.2 percent as compared with 2008. The economic uncertainties as a result of the world financial crisis made many tourists postpone their trips abroad. Receipts from tourism also declined, from P36.9 billion in 2008 to only P28.4 billion in 2009 or -22.9 percent.

Even local tourism decreased in 2009. Domestic tourism decreased by 19.7 percent while returning Filipinos declined by 52.2 percent. The bleak economic situation in their respective host countries discouraged overseas Filipino workers from going for a vacation to their country of origin.

Likewise, the region is slow in introducing new tourist destinations aside from the usual places. Many potential tourism sites have not been fully marketed and infrastructure facilities are not of international standards.

Table 7
Tourist Arrivals and Receipts
 Western Visayas Region, 2008 and 2009

INDICATOR	2008	2009	% Change over 2008
Total Tourist Arrivals (Number)	2,005,826	1,546,383	-22.9
Domestic	1,560,856	1,252,694	-19.7
Foreign	352,333	249,448	-29.2
OFW	92,637	44,241	-52.2
Receipts (Billion Pesos)	36.9	28.4	-22.9

Source: Department of Tourism, Region VI; (CY 2009 - Partial Report)

II. DEVELOPMENT OUTLOOK

Higher inflation rates are expected in the second half of the year due to the decrease in food supply brought by El Niño. Many farmers refrain from planting during the first quarter of the year due to the anticipated reduction in water supply.

The El Niño phenomenon will result in lower agricultural production. Crops like rice and corn will have lower production. Livestock production is expected to decline due to hot weather which can cause various illnesses and diseases among livestock. Swine and chicken production will most likely suffer decreases in production.

On the positive side, due to hot weather, tourism is expected to pick up especially in prominent tourism sites like Boracay Island, Guimaras Province and Southern Negros Occidental. Shorter rainy days will encourage local tourists to venture into many unexplored sites.

There are also crops that are suited for summer. Crops like watermelon, peanuts, onions and rootcrops will most likely increase their production as they thrive mostly in hot weather.