

Cebu Economic Data: Implications on Business

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Rank of Central Visayas in GRDP, 2006

<i>ECONOMIC SECTOR</i>	<i>Rank</i>	<i>Higher-Ranked Region</i>
<i>Agriculture, Fishery, Forestry</i>	<i>12</i>	
<i>Industry</i>	<i>4</i>	<i>NCR, Calabarzon, Central Luzon</i>
<i>Service</i>	<i>3</i>	<i>NCR, Calabarzon</i>
<i>GRDP</i>	<i>5</i>	<i>NCR, Calabarzon, Central Luzon, Western Visayas</i>

Source: National Statistical Coordination Board

Share of Economic Sectors to CV GRDP

- *Agriculture (10.7%); Industry (29.5%); Service (59.8%)*
- *2 dominant economic sectors: trade (33%) & manufacturing (21%)*

Implication: Make representations (LGU & Congressmen) to NSCB to disaggregate data at the provincial level and to include Central Visayas in pilot regions for which annual data on regional social and economic trends are generated.

Rank of Central Visayas in Industry, 2006

<i>ECONOMIC SECTOR</i>	<i>Rank</i>	<i>Higher-Ranked Region</i>
<i>Mining & Quarrying</i>	<i>7</i>	<i>IVB, CAR, VI, V, X, Caraga</i>
<i>Manufacturing</i>	<i>4</i>	<i>NCR, Calabarzon, Central Luzon</i>
<i>Construction</i>	<i>4</i>	<i>NCR, Calabarzon, Central Luzon</i>
<i>Electricity & Water</i>	<i>6</i>	<i>NCR, IVA, III, V, IVB</i>
<i>INDUSTRY</i>	<i>4</i>	<i>NCR, Calabarzon, Central Luzon</i>

Source: National Statistical Coordination Board

Share of Industry in CV GRDP is 29.5%

- Manufacturing (21.1%); Construction (5.3%); Electricity & Water (2.4%); Mining & Quarrying (0.7%)*

Rank of Central Visayas in Service, 2006

<i>ECONOMIC SECTOR</i>	<i>Rank</i>	<i>Higher-Ranked Region</i>
<i>Transport, Communication, Storage</i>	<i>4</i>	<i>NCR, Calabarzon, Central Luzon</i>
<i>Trade</i>	<i>3</i>	<i>NCR, Calabarzon</i>
<i>Finance</i>	<i>3</i>	<i>NCR, Calabarzon</i>
<i>Office Dwellings & Real Estate</i>	<i>5</i>	<i>NCR, Calabarzon, III, VI</i>
<i>Private Services</i>	<i>2</i>	<i>NCR</i>
<i>Government Services</i>	<i>6</i>	<i>NCR, IVA, III, VI, V</i>
<i>SERVICE</i>	<i>3</i>	<i>NCR, Calabarzon,</i>

Share of Service to CV GRDP is 59.8%

- Trade (33.5%); Private Services (7.8%); Transport, Communication & Storage (7.6%); O. Dwellings & Real Estate (5.6%); Finance (2.6%); Government Services (2.5%)*

Lead of Cebu in Selected Indicators, 2006

INDICATOR	Rank	INDICATOR	Rank
<i>No. of Registered Voters, 2007</i>	<i>1</i>	<i>Inventory of Chicken</i>	<i>3</i>
<i>Financial Resources Generated</i>	<i>1</i>	<i>Inventory of Cattle</i>	<i>4</i>
<i>Internal Revenue Allotment</i>	<i>2</i>	<i>Inventory of Hogs</i>	<i>7</i>
<i>BIR Revenue Collections</i>	<i>2</i>	<i>Inventory of Goats</i>	<i>3</i>
<i>Number of Banks</i>	<i>1</i>	<i>Telephone Density</i>	<i>8</i>
<i>Number of Pawnshops</i>	<i>1</i>	<i>Visitor Arrivals</i>	<i>2</i>
<i>Total Bank Deposits</i>	<i>1</i>	<i>Registered Motor Vehicles</i>	<i>1</i>

Areas for Improvement:

- **IRA/capita (78); Social Services per Capita (63); 2002 Employment Rate (65); Government Health Workers per 100,000 population (60); Teacher-Student Ratio TSR in Public Elementary Schools (69); TSR in Public Secondary Schools (73); Classroom-Student Ratio CSR in Public Elementary Schools (68); CSR in Public Secondary Schools (70)**

What are the endangered businesses in Cebu ?

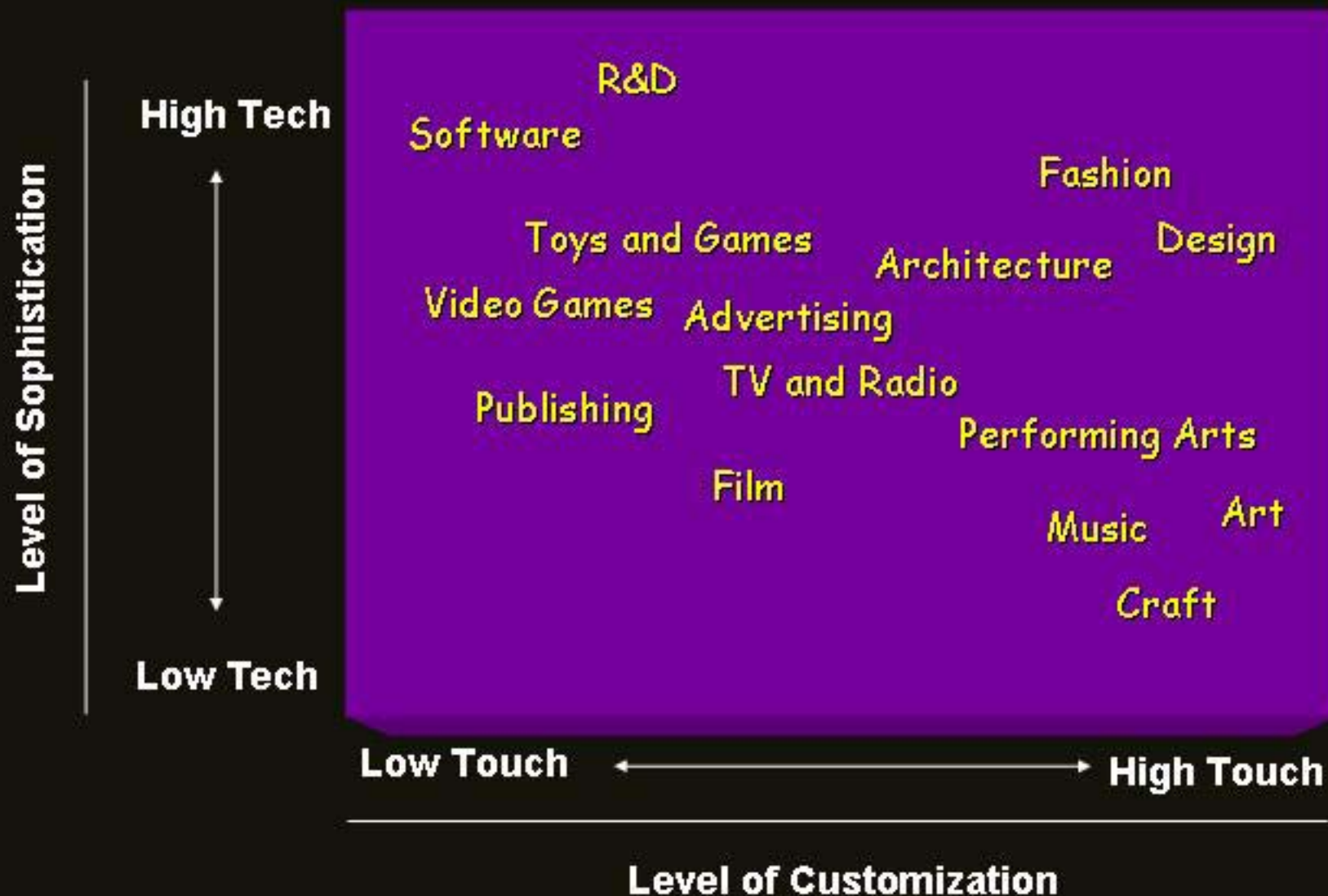
Regional Development Council (RDC) through DTI identified:

- *Shipbuilding, furniture, fashion accessories, GTH (gifts, toys & housewares), metal working, health and wellness, engineering/ construction and IT (information technology)*
- *Migration of skilled workers*
- *Lack of pool of available skilled workers and/or high learning curve to train skilled workers*

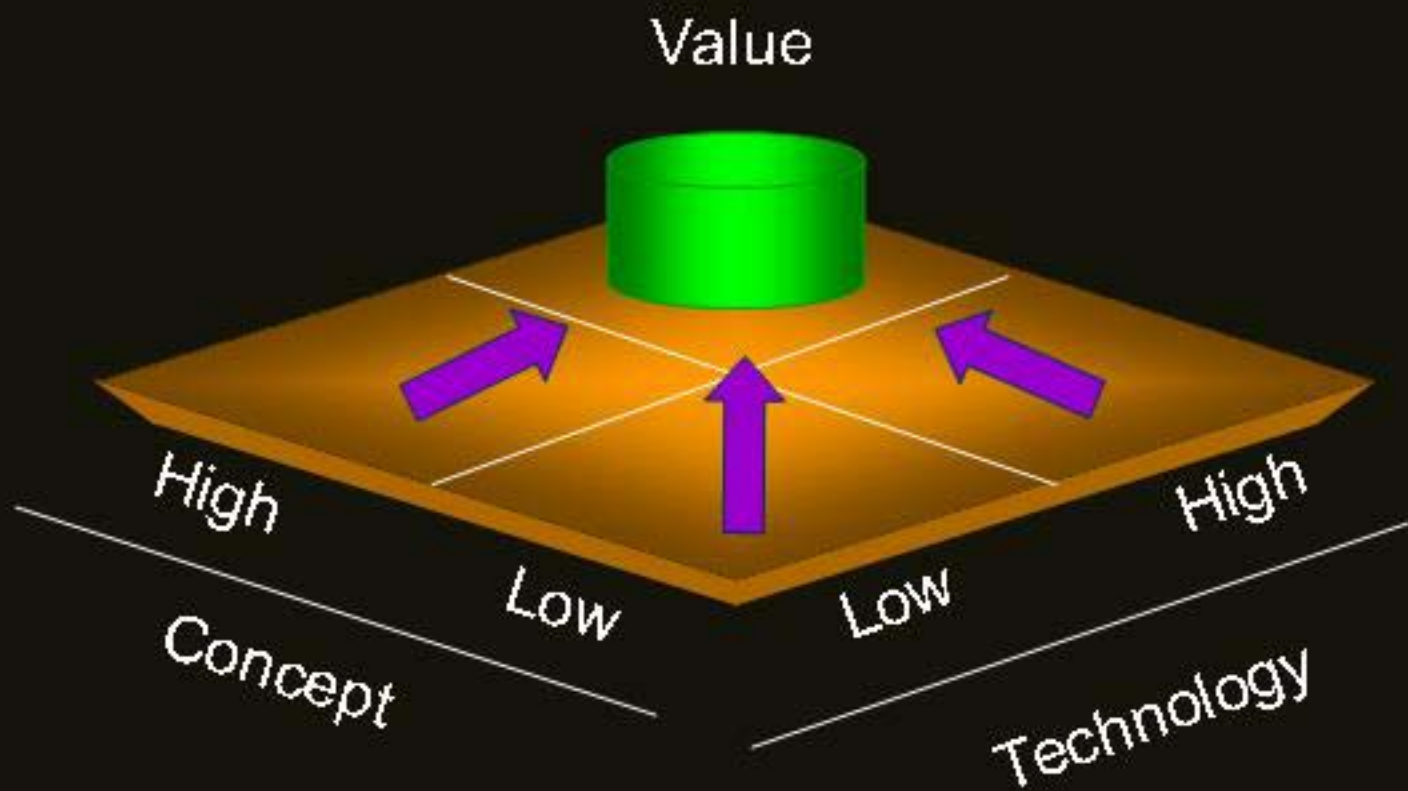
New opportunities:

- *Demand for training institutions to replace OFW skilled workers*
- *Creative economy: “Those industries that have their origin in individual creativity, skill and talent and that have a potential for wealth and job creation through the generation and exploitation of intellectual property rights” (UK Department of Culture, Media and Sport Mapping Document)*
- *Preparation for OFW comeback (high-tech, high touch)*

The Emergence of Creative Economy



The Most Important Intellectual Property in the Creative Economy is the Stuff Inside People's Head



What new industries could be spawned with the entry of in-demand industries *like call center & medical transcriptions, etc?*

Cebu is 2nd to NCR in contributing to personal services.

- *Study on the pattern of demand of young professionals (restaurants, clothing, condos, 24-hour convenience stores, recreation, motor vehicles, graduate education etc.)*
- *Study on the turn-over rates of these industries (global pattern and footloose industry: Ireland, India, Philippines, ???) and implications for training institutions*
- *Development of high-tech, low touch industries (software, toys and games, video games, advertising)*
- *Development of high-tech, high touch industries (fashion, design, architecture)*

Local import substitution. *What is being produced in Manila that Cebu itself could manufacture and distribute to Vis-Min?*

- *Cebu (CV) ranks 4th in manufacturing (Central Industrial Region – NCR, Calabarzon, Central Luzon)*
- *Cebu ranks high in inventory of chicken (3), cattle (4), hogs (7), and goats (3)*
- *Food manufacturing, especially those consumed by BOP (base of the economic pyramid) with sachet marketing (access barrier); healthy food products/supplements; native delicacies (extending shelf life)*
- *Furniture and houseware manufacturing, IKEA DIY (do it yourself) to complement the housing boom (OFWs, Yuppies and low-cost housing)*
- *Crafts catering to the booming tourism sector (Cebu ranks 2nd in tourist arrivals)*

Implication: Make representations (LGU & Congressmen) for NSO to break-down the Input-Output Table at the regional/provincial level.

Creating new businesses/products: An example

1. *What business products can be combined with other existing products to create a new business product?*

Left-over raw materials of furniture manufacturing is used either in GTH or fashion accessories. Cebu has an industrial cluster similar to Italy (but without the important link to the machine industry) with significant horizontal linkages across related industries and robust inter-firm cooperation (consolidating of small shipments, borrowing of materials, sharing of buyers, subcontracting)

2. *What existing business in Cebu can be complemented with the business of a new investor to come up with a new product?*

For Cebu to become Milan of Asia, updated design every 3 years; and customized machines to execute design. Link with machine industry.

Priority Industries/Services

BOP Market

- *Increase expenditures on social services/capita (education: teachers and classrooms; health; housing)*
- *Sachet marketing (packaging products in single-use or small units to lower purchase barriers) - consumer products, water; text messages and quarter-hour internet access; ladderized educational program*
- *Franchising health care services (e.g., Mexican Mi Farmacita Nacional: low cost generics, purified water, powdered milk, consultations, pre-operative services, telephone and internet and CFWshops Kenya (64): 250 government-approved health products & pharmaceuticals priced at US\$0.50; screening services and medication for malaria, diarrhea, amoebiasis, mosquito nets and water treatment products.*
- *Financial Services: Cebu ranks 1st in bank deposits. **Microfinance and low-cost remittance systems (Kwarta padala)***

Source: The Next 4 Billion: Market Size and Business Strategy at the Base of the Pyramid (International Finance Corporation, World Resources Institute, 2006)