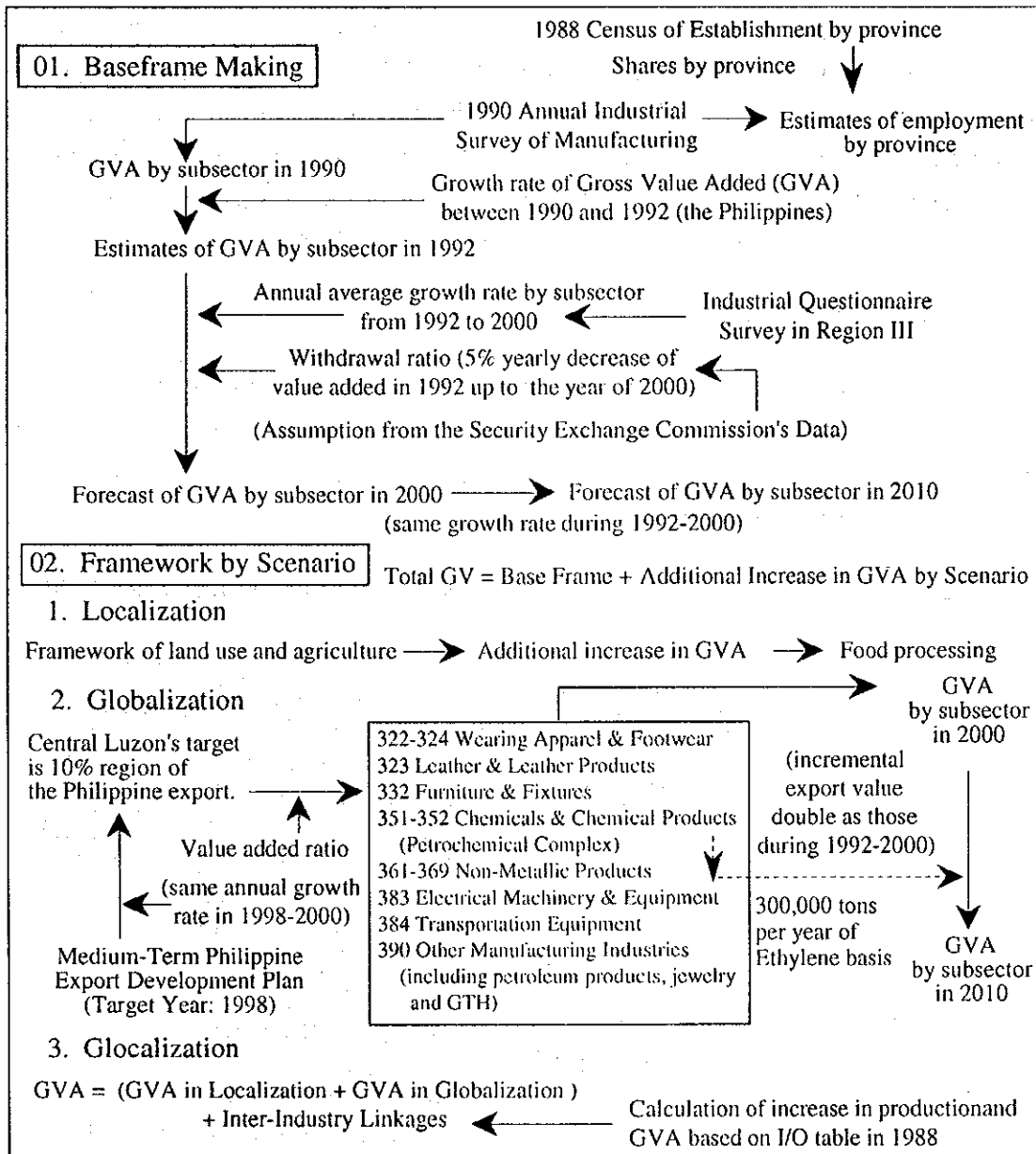


1.5 Industrial Development Scenarios and Frameworks

1.5.1 Industrial growth under alternative development scenarios

Industrial growth by subsector has been projected by taking steps and considerations shown in Figure 1.14 for the three development scenarios of Localization, Globalization and Glocalization.

Figure 1.14 Method and Steps for Projection of GVA by Scenario



(1) Projection procedure with seven steps

Projection of industrial growth in terms of the gross value added (GVA) and employment of manufacturing by subsector and by province involved the following seven steps. The base year is 1990 and the target is the year 2010. GVA value is in 1990 constant price.

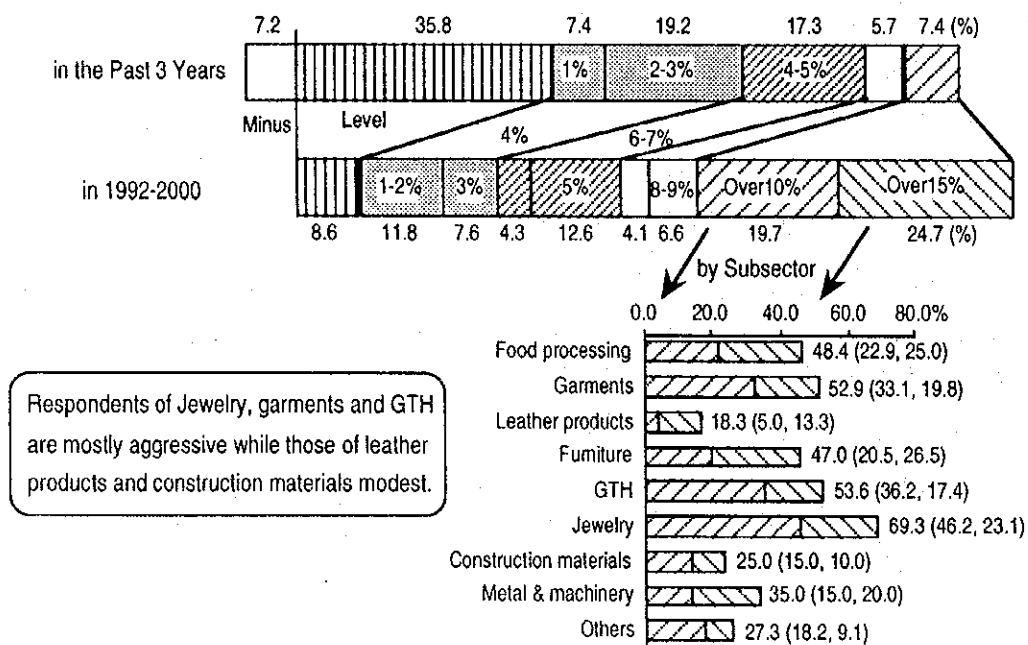
Step 1 : Estimates of 1990 GVA and employment by province

The 1988 Census of Establishments (CE) and the 1990 Annual Industrial Survey (AIS) are available for the projection. The CE provides the GVA and employment data of manufacturing by province but the data are outdated. The AIS covers the latest data in the region but not including the data by province. The 1990 GVA and employment by province was estimated based on the 1988 CE by using the provincial shares by subsector to the region's total (establishment basis not including "house industries"). The Central Luzon's manufacturing GVA by subsector in 1992 was estimated based on the growth rates at the national level, in order to project the incremental export from 1992 to 2000.

Step 2 : Baseframe making

As the base of projection by scenario, a baseframe GVA is calculated using the growth rates derived from answers of the IQSR3. Responded growth rates are annual average growth rates up to 2000 on individual respondent base, and therefore integrated into subsector by calculating weighted growth rates (Figure 1.15).

Figure 1.15 Targeted Growth Rate of Production during 1992-2000



Source: Industrial Questionnaire Survey in Central Luzon (JICA Study Team and DTI)

In addition, "withdrawal ratio" of 5% every year upto the year 2000 was taken into consideration based on the recent trends of the Security Exchange Commission's data. As for the period 2000-2010, GVA's growth rates by subsector were assumed to be the same as those in 1990-2000. This baseframe's growth rate in the manufacturing total is averaged at around 4% annually.

Step 3 : GVA of food processing by scenario

This is basically dependent on the GVA projection of the agricultural production by scenario including forestry and fishery. The GVA from the projection was converted to agricultural output-value and processed into the GVA of food processing by using the 1988 Philippine Inputs-Outputs Table (PIOT), where calculated output-value of food processing industry was also converted to the GVA by value-added ratio. This incremental GVA of food processing by scenario was added to that of the baseframe.

Step 4 : GVA of other industries by scenario

In case of Localization, the GVA of industries except for food processing is the same as those of the baseframe. In the Globalization scenario, the GVA from export expansion was added to the baseframe GVA. Export value was estimated by subsector based on the Medium-Term Philippine Export Development Plan (1992-1998). Central Luzon's target is set at 10% of export from the Philippines. The incremental export value (1992-2000) by product was converted to the GVA in pesos through value-added ratio and exchange rate (US\$1.00=₱25.212), and then added to the baseframe GVA. The following are subsectors with incremental GVA by export up to the year 2000 in the Globalization scenario.

- 322-324 Wearing Apparel (Garments) & Footwear
- 323 Leather & Leather Products (Leather Goods)
- 332 Furniture & Fixtures (Furniture)
- 361-369 Non-Metallic Products (Ceramics and Marble)
- 381 Fabricated Metal Products Metal Component)
- 382 General Machinery
- 383 Electrical Machinery & Equipment (Semiconductor)
- 384 Transportation Equipment
- 390 Other Manufacturing Industries (GTH and Jewelry)

In case of Globalization during 2000-2010, the incremental export value in Central Luzon is estimated to be double as those during 1992-2000. In addition, a petrochemical complex was taken into account on ethylene conversion basis of 300,000 tons per year.

In Globalization, it is projected further how the increment of export values will bring about multiplier/inter-industry linkages effects. For this, the increment of export values were input

into the 1988 Philippine Inputs-Outputs Table (PIOT), where calculated output-values of related industries were also converted to the GVA by value-added ratio.

Step 5 : Employment by subsector and by scenario

The manufacturing employment is calculated by labor productivity (LP: GVA per worker). In case of the baseframe and the Localization scenario, the LP is estimated to grow at an annual average of 1% from 1990 to 2010, even if actual LP has been at the same level according to the NSO data. In Globalization, the LP of incremental export is assumed to be higher than those of corresponding subsectors as well as the LP of incremental GVA obtained from multiplier effects in the Glocalization scenario.

Step 6 : GVA and employment by province

These are obtained by a break-down method. Coefficients or the six provinces' shares to the region used for the break-down are as follows:

- existing accumulation by subsector and by province (amount of GVA and employment size),
- labor/market potentials (based on number of population and manufacturing workers by province but the latter including the house manufacturing workers), and
- land use potentials (potential land for urban and industrial use from the GIS analysis and the available land area of existing and planned IEs).

Labor/market potentials and land use potentials were weighted for break-down by subsector so that industry's locational preference can be taken into account. In terms of the land potentials by province (shares to the region's total), Pampanga is the largest considering a large area of Clark Field while Nueva Ecija being the smallest mainly due to dominant primary agricultural land - 0.1500 for Bataan, 0.1000 for Bulacan, 0.0750 for Nueva Ecija, 0.4250 for Pampanga, 0.1500 for Tarlac, and 0.1000 for Zambales.

In addition, existing accumulation by subsector was also weighed considering that in some industries, existing manufacturers constitute not only a core of the formation of integrated industrial clusters but also consolidated growth base.

Step 7 : GVA and employment by province

All the above steps are on the establishment basis. The total GVA and employment of manufacturing in Central Luzon was ₱25.8 billion and 249,000 in 1990 while ₱17.8 billion and 105,000 according to the Annual Industrial Survey. The difference is large in employment mainly due to whether or not "house workers" are included. Based on the proportion between the two kinds of data, the total GVA and employment are estimated.

(2) Results: framework by scenario

Results of the projection on the establishment basis are shown in Table 1.13. In the Glocalization scenario, the growth rate of GVA total is annually averaged at 9.9% during 1990-2010, around ₱11 billion or 10% larger than those of Globalization. This increment of GVA is due to the multiplier effects or increase in inter-industry linkages. By province in 2010, GVA's shares of Nueva Ecija, Tarlac and Zambales against the region's total will be larger in both cases of the establishment and total basis than those in 1990. This is interpreted as a regional development effect. However, such high growth rates have limited effects due to the very small size of their GVA in 1990 (Tables 1.13 through 1.16).

Table 1.13 Comparative Growth Rates by Scenario (establishment basis)

VALUE ADDED (in million pesos)	1990	2000	2010	Annual average growth rate (%)		
				1990 -2000	2000 -2010	1990 -2010
BASEFRAME	17,835.9	26,873.1	41,497.5	4.2	4.4	4.3
LOCALIZATION	17,835.9	30,159.1	52,450.5	5.4	5.7	5.5
GLOBALIZATION	17,835.9	50,473.1	107,130.5	11.0	7.8	9.4
GLOCALIZATION	17,835.9	55,373.8	118,300.9	12.0	7.9	9.9
EMPLOYMENT (in persons)	1990	2000	2010	Annual average growth rate (%)		
				1990 -2000	2000 -2010	1990 -2010
BASEFRAME	104,450	147,914	215,479	3.5	3.8	3.7
LOCALIZATION	104,450	160,686	254,017	4.4	4.7	4.5
GLOBALIZATION	104,450	268,922	454,038	9.9	5.4	7.6
GLOCALIZATION	104,450	300,550	481,653	11.1	4.8	7.9

Table 1.14 GVA by Province : Glocalization Scenario (establishment basis)

	GVA		Growth	Employment		Growth
	(in million pesos)		Rate	(in persons)		Rate
	Y1990	Y2010	(%)	Y1990	Y2010	(%)
Central Luzon	17,835.9	118,300.9	9.9	104,450	481,653	7.9
Bataan	5,310.1	34,356.3	9.8	22,601	95,656	7.5
Bulacan	5,154.9	27,287.4	8.7	40,687	136,153	6.2
Nueva Ecija	312.2	8,389.1	17.9	9,289	48,048	8.6
Pampanga	6,024.4	32,605.4	8.8	19,386	124,646	9.8
Tarlac	712.5	9,802.7	14.0	8,991	50,350	9.0
Zambales	321.8	5,859.9	15.6	3,496	26,800	10.7
(% shares to the total)						
	Y1990	Y2010	difference	Y1990	Y2010	difference
Central Luzon	100.0	100.0	0.0	100.0	100.0	0.0
Bataan	29.8	29.0	-0.7	21.6	19.9	-1.8
Bulacan	28.9	23.1	-5.8	39.0	28.3	-10.7
Nueva Ecija	1.8	7.1	5.3	8.9	10.0	1.1
Pampanga	33.8	27.6	-6.2	18.6	25.9	7.3
Tarlac	4.0	8.3	4.3	8.6	10.5	1.8
Zambales	1.8	5.0	3.1	3.3	5.6	2.2

Table 1.15 GVA by Province : Glocalization Scenario (total basis)

	GVA		Growth	Employment		Growth
	(in million pesos)		Rate	(in persons)		Rate
	Y1990	Y2010	(%)	Y1990	Y2010	(%)
Central Luzon	25,836.6	171,418.0	9.9	249,000	722,480	5.5
Bataan	5,474.0	35,444.5	9.8	25,562	100,590	7.1
Bulacan	9,230.2	54,343.5	9.3	114,316	258,822	4.2
Nueva Ecija	1,138.3	13,873.4	13.3	24,214	72,913	5.7
Pampanga	8,058.4	46,109.0	9.1	56,134	185,870	6.2
Tarlac	1,432.0	14,579.5	12.3	21,990	72,008	6.1
Zambales	503.8	7,067.9	14.1	6,783	32,277	8.1
(% shares to the total)						
	Y1990	Y2010	difference	Y1990	Y2010	difference
Central Luzon	100.0	100.0	0.0	100.0	100.0	0.0
Bataan	21.2	20.7	-0.5	10.3	13.9	3.7
Bulacan	35.7	31.7	-4.0	45.9	35.8	-10.1
Nueva Ecija	4.4	8.1	3.7	9.7	10.1	0.4
Pampanga	31.2	26.9	-4.3	22.5	25.7	3.2
Tarlac	5.5	8.5	3.0	8.8	10.0	1.1
Zambales	1.9	4.1	2.2	2.7	4.5	1.7

Table 1.16 GVA by Subsector : Glocalization Scenario (establishment basis)

	GVA			Employment		Labor Productivity	
	(in million pesos)		Growth	Y1990	Y2010	(in pesos/person)	
	Y1990	Y2010	Rate			Y1990	Y2010
All Industries	17,835.9	118,300.9	9.9	104,450	481,653	170,760	245,615
311-313 Food & Beverage	7,683.0	32,142.0	7.4	32,985	113,091	232,925	284,213
321 Textiles	425.5	1,401.0	6.1	8,109	14,261	52,477	98,236
322 & 324 Wearing Apparel & Footwear	874.8	10,436.6	13.2	18,993	101,003	46,057	103,329
323 Leather & Leather Products	175.9	662.1	6.9	2,620	5,364	67,146	123,432
331 Wood Products	393.7	724.0	3.1	5,015	6,796	78,507	106,543
332 Furniture & Fixtures	257.4	2,596.1	12.2	7,280	26,927	35,363	96,413
341 Paper and Paper Products	559.8	1,421.8	4.8	1,516	2,993	369,232	474,979
342 Printing and Publishing	68.3	175.0	4.8	1,409	2,488	48,452	70,349
351-352 Chemicals & Chemical Products	406.4	16,376.6	20.3	866	15,005	469,298	1,091,445
355-356 Rubber & Plastic Products	322.1	1,009.8	5.9	4,463	8,628	72,178	117,047
361-369 Non-Metallic Products	1,003.5	3,667.3	6.7	5,221	13,971	192,206	262,497
371-372 Basic Metal Industries	88.8	614.9	10.2	838	2,856	105,951	215,263
381 Fabricated Metal Products	108.0	1,826.0	15.2	3,619	28,503	29,854	64,063
382 General Machinery	94.8	733.2	10.8	1,529	5,799	62,009	126,429
383 Electrical Machinery & Equipment	774.1	31,603.3	20.4	4,501	82,303	171,982	383,988
384 Transportation Equipment	229.0	1,140.6	8.4	1,383	4,288	165,547	266,013
390 Other Manufacturing Industries	4,370.7	11,770.5	5.1	4,103	47,375	1,065,249	248,454

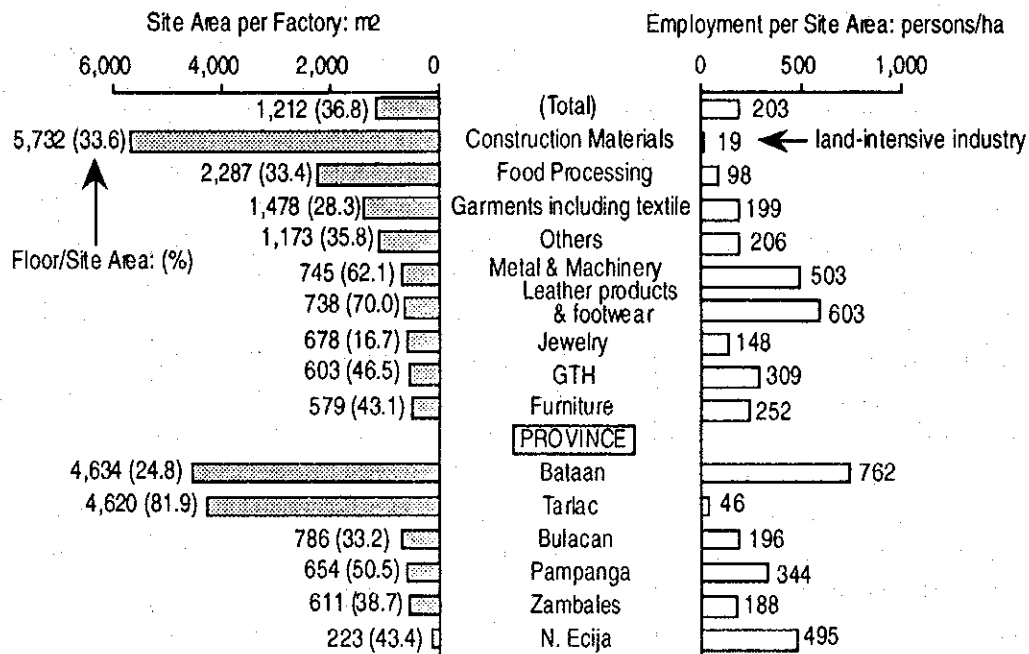
By subsector on the establishment basis, electrical machinery and equipment will grow very rapidly with annual average rate of 20.4% during 1990-2010 in the Glocalization scenario, followed by chemical products containing the petrochemical complex, wearing apparel and footwear, fabricated metal products, and furniture (Table 1.16).

(3) Land demand

Increase in production will demand an additional land for factories. Industrial land demand (gross and establishment basis) is estimated by taking the following considerations and steps:

- 1) Incremental workers for estimation of additional land
 - 1-a workers in 2010 - (workers in 1990 x 1.5) = 481,653 - (104,450 x 1.5)
= 481,653 - 156,675
= 324,978
 - 1-b Subtraction of petrochemical complex workers = 324,978 - 5,000
= 319,978
- 2) average workers per site area 200 per ha
- 3) average workers per developed area 160 per ha
(site area constitutes 80% of the developed area)
- 4) additional land area to be prepared = 1-b / 3) = 2,000 ha

Figure 1.16 Factory Site Area, Factory Floor and Employment per Site Area of Manufacturing in Central Luzon



Source: Industrial Questionnaire Survey in Region III (JICA Study Team and DTI)

This estimation is based on the establishment data since the growth of industries will not be directly linked to actual land demand. This is learning from experience. In terms of incremental workers for estimation of additional land, workers to be subtracted from workers in 2010 are 150% of workers in 1990. This implies that existing factories have land space for expansion to some extent and that some land areas are already occupied by locators. That is why it is better to avoid overestimation of additional land demand. In addition, land for the petrochemical complex is already prepared and the method of estimation based on average workers per site area is not applicable.

The average workers per site area is 200 per ha based on the result of the IQSR3 with total average of 203 workers per ha (Figure 1.16). The average workers per developed area is 160 per ha or 80 % of the site area while the remaining 20% is used for roads and other public facilities.

Meanwhile, at least the land with a total of 2,000 ha will be developed, excluding the land for the petrochemical complex. Clark Field can supply more than 4,000 ha but all the land is not for manufacturing. According to the CDC plan, land for industrial use is totally 1,050 ha, a portion of which is already occupied by locators.

1.5.2 Formation of integrated industrial clusters

(1) Industrial capital

An “Industrial Capital” is a center specific to specified industry that has an agglomeration or cluster of related industries, attracts mass flow of related human, goods, information, technology, etc. and leads the growth and development of the field worldwide. For example, there are “Industrial Capitals” (IC) in the world like Milan in Italy for fashion apparel, Solingen in Germany for cutlery, Silicon Valley in the US for electronics and Detroit in the US for automobiles.

Integrated productive clusters in Central Luzon are envisioned toward the establishment of the IC in the long-term, and may compose of two industry complexes: the Total Fashion Industry (TFI) and the Total Interior Design Industry (TIDI). Both of them are expected to take the lead in life style trendsetting or creation. Particularly, the TFI will hopefully be a world class information center with the function of producing and transmitting advanced fashion and design information and thereby leading the trends of life style in Asia (Figure 1.17).

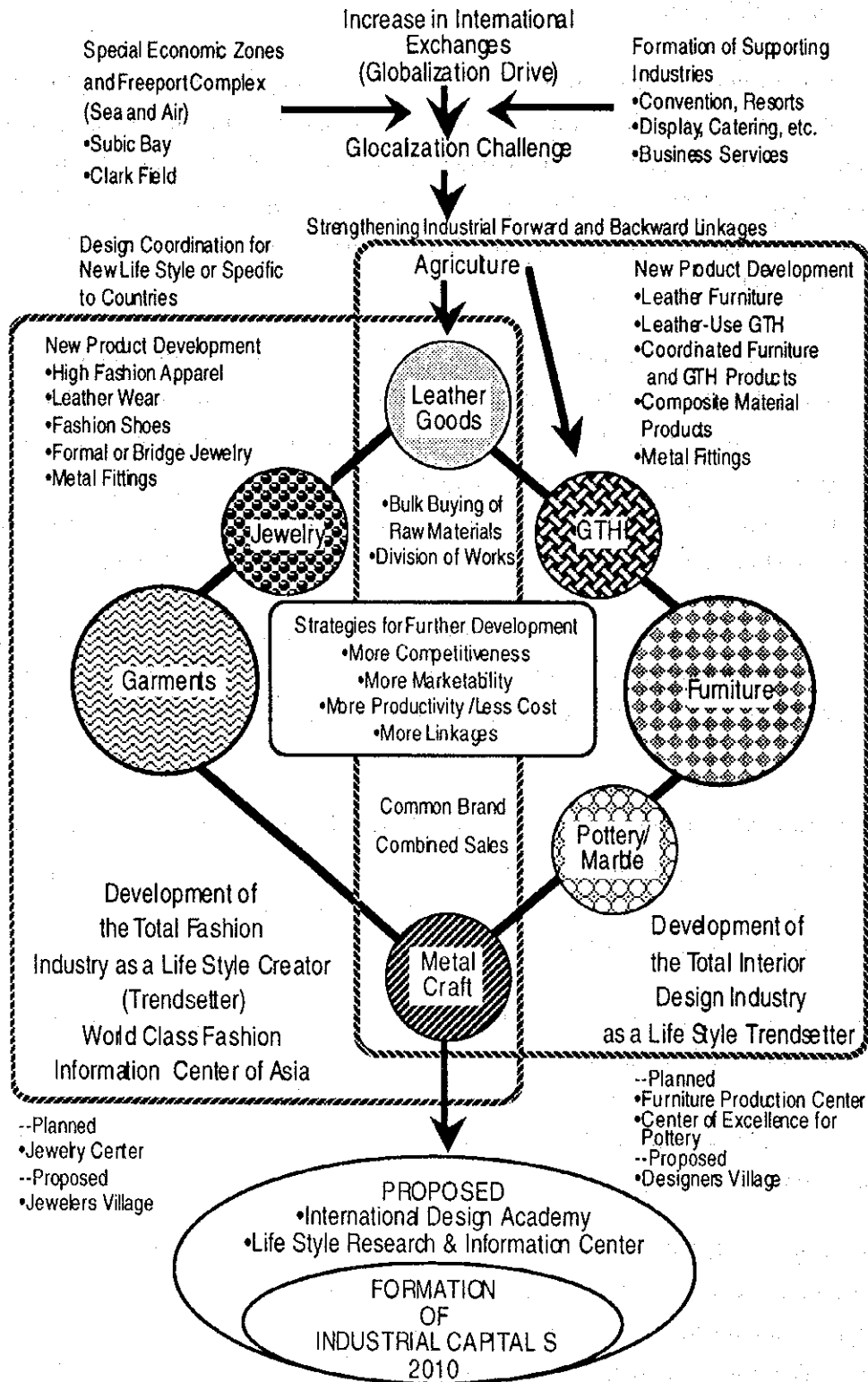
These integrated industrial clusters or soft complexes will become viable through the strengthening of industrial forward and backward linkages including those with agriculture and supported by productive specialization among related manufacturers or division of works.

Some critical factors should be built in or installed for TFI and TIDI integration. The first is that image concept or vision of the TFI and the TIDI will be shared and supported by manufacturers with strong entrepreneurship in Central Luzon. There is no integration and growth without concept and vision.

The second is to educate or generate creative persons continuously to produce new design and information. Such humanware is a driving force for the growth and development of the TFI and the TIDI. A jewelers and designers village will be effective to this end since information could be generated from a sort of communication among persons with same interests or concerns.

The third is to establish the International Design Academy (IDA) and the Life Style Research & Information Center (LSRI). These are targeted and strategically oriented toward the formation of an industrial capital. They will provide necessary humanware functions for the “Capital.” These ICs may represent a realizable dream. Many people in Central Luzon have genuine talents for design and ingenuity. They can give shape and life to everything. Subic Bay and Clark Field are strongly supportive of ICs by offering world-class airport and convention facilities.

Figure 1.17 Design of Integrated Productive Clusters in Glocalization



(2) Agro-industrial rurban community (AIRC)

Urbanization does not necessarily deny rural life. A "rurban" community represents an ideal harmony between urbanization and rural life where industrial production is not isolated from the community. This does not always mean "community-based" but at least "community-supported." Agro-industrial rurban community in Central Luzon is one of the targets to be realized by the CLDP Master Plan.

An agro-industrial rurban community (AIRC) is developed basically in a rural area with a potential for urbanization that needs planned development. Components are the following:

- 1) agro-processing or industrialized/commercial agricultural production as the mainstay of community,
- 2) facilities, amenities and environment necessary for the residents to live, work, learn and take a rest, and
- 3) facilities supporting production activities.

Some IEs, Productivity Centers (PCs) and People's Industrial Enterprises (PIEs) may be a candidate of AIRC. For example, the Luisita Industrial Park is located in a rural area, San Miguel-Tarlac and a component of the planned and comprehensive new town to be accommodated not only with housing and institutional facilities but also with R&D functions. The Pandacaqui resettlement area in Mexico-Pampanga has a PC located together with housing and other public or institutional facilities.

Specifically, PCs will be turned over to respective host municipalities after the scheduled dissolution of the Mt. Pinatubo Commission (MPC) in 1998. After that, PCs and resettlement sites will be formed into a "new barangay" and new development strategy will be needed. In this context, AIRC may have a strategic importance in leading the growth and development. This is an important post MPC issue.

(3) Techno-Polis: Clark Field

A complex or an integrated unit of residence, industry and industrial supporting facilities such as R&D, testing and training is a component of an ideal and efficient industrial community or agro-industrial rurban community. Clark Field is expected to become a Techno-Polis specializing in advanced technology with a large complex of residence, industry and universities or R&D institutes. As mentioned before, a couple of universities have proposed to put up their branch facilities in Clark Field with courses of manufacturing engineering and information technology.

1.5.3 Development phasing for Glocalization

Among the alternative scenarios, the Glocalization is recommendable due to the well considered integration between agriculture and industry, and a balanced development among the economic, social and environment sectors. Regional development of Central Luzon along the Glocalization scenario will be realized in steps, as the resources base including financial capacity expands and related institutional development takes place over time. To plan for regional development, the planning period up to the year 2010 is divided into three phases: Phase I up to 1998, Phase II for 1999 - 2004, and Phase III for 2005 - 2010. Expected performance of Central Luzon's industrial sector focusing on manufacturing in each phase is described below. The details regarding projects/programs cited are examined in the next section.

(1) Phase I (up to 1998)

A basis for a steady growth of industry during this phase will be consumer goods and construction material industries along with increase in income levels as well as existing handicraft and agro-processing industries. Additional growth will be provided by more footloose industries and various spillover industries from Metro Manila.

The Special Economic and Freeport Zone will be strengthened by liberalizing it from the customs law and simplifying enterprise accounting with a transaction tax in place of income tax. The Special Economic Zones will be expanded to form a network to meet a wider range of requirements by various industries and to promote linkages among them. A few more exclusive industrial areas will be established to accommodate enterprises of specific countries.

Introduction of support measures to improve products quality will be particularly important during this phase. To support the on-going ISO 9000 accreditation campaign, an accelerated depreciation incentive will be introduced. Regional testing and R & D functions will be expanded targeting at strategic industries in Central Luzon.

Supports to SMEs will be strengthened and systematized. More common service facilities for SMEs will be established, including processing and waste treatment or recycling facilities, showrooms, and welfare facilities for employees. Other services will also be extended such as conduit finance, documentation for export and maintenance services as well as joint procurement and marketing.

Trucking and export services for SMEs will also be established on a cooperative basis. Business cooperatives or industrial associations (IAs) will become more important as

conduits or bodies for subsidy to promote SMEs product development, marketing, training, working environment improvement, public finance and special incentives for taxation.

(2) Phase II (1999-2004)

This phase will see an active transformation of physical and organizational structure in Central Luzon. Physical structure will be characterized by the established National Triad Growth Centers effectively linked to each other by intra-regional artery system. The organizational structure will be characterized by alternative trading and financial systems, the established networking for extension of rural technology and dissemination of market information.

This phase is for technological innovation and internationalization. Improved products quality will be the main theme across all the subsectors. Industrial structure will be transformed as more domestic industries are linked with multi-national enterprises in the Special Economic and Freeport Zone.

New agro-industries will be established based on expanded raw materials production. Also resources recycling industries or industries processing agricultural wastes/byproducts will develop supported by BOI incentives.

Handicraft and other traditional industries will be upgraded to become viable economic units. Tourism will provide additional market outlets for their products.

Integrated industrial clusters will start to be formulated through forward and backward linkages centering around strategic industries in Central Luzon. One kind of cluster may be called the total fashion industry (TFI) and encompasses leather goods, jewelry, garments and metal craft industries. The other kind may be called the total interior design industry (TIDI) which includes leather goods, GTH, furniture, pottery/marble, and metal craft industries.

(3) Phase III (2005-2010)

During this phase, better balance will be achieved between agriculture and industry, urban and rural areas, and domestic and international markets for agricultural and manufactured products. The active and lively rural sector will be the base of social stability partly building up "agro-industrial rural community." "Industrial Capitals" or industrial communities led by integrated clusters with support industry and service activities will be also the base of social stability in urban areas. The strong private sector will participate actively in the provision of some infrastructure and social services.

Industrial and trade niches will be well established for strategic export industries. Foreign investments will continue to flow in attracted more by amenities and human resources of high quality as well as social and political stability.

The integrated industrial clusters will be established. Central Luzon will enjoy a reputation for high quality products of the total fashion and the total interior design industries. Central Luzon will become a world center for these industries with functions of design-related education, research and life style trend setting.

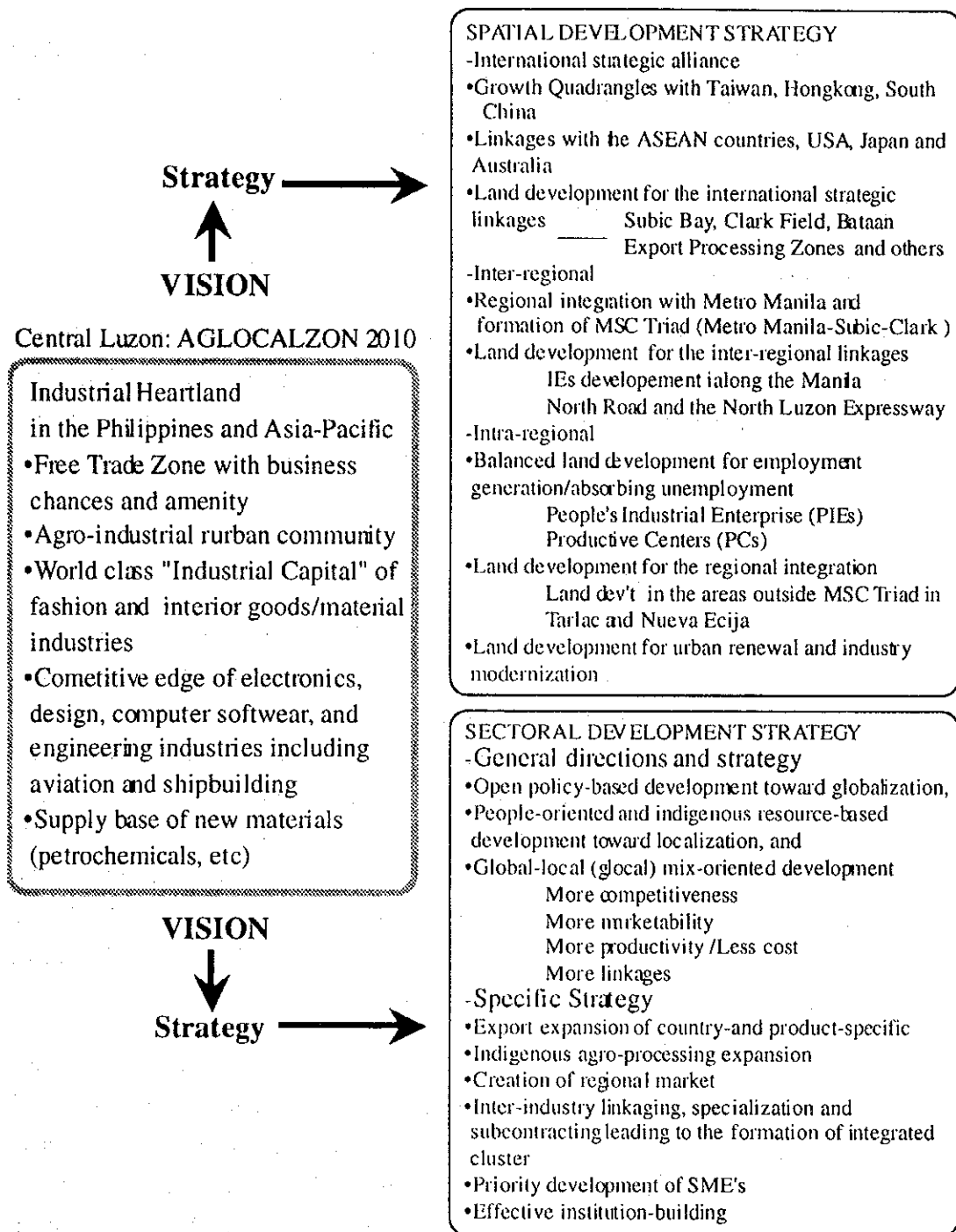
Continuous technological innovation and skill upgrading will maintain the competitive edge. For this, testing and R & D functions will be expanded, and provincial testing and R&D centers will be established. Industrial estates will be equipped also with various amenity facilities. Some of them will be practically new towns with housing of various grades conducive to the formation of rurban communities.

1.6. Industrial Development Plan for Central Luzon

The vision and strategy of industrial development in Central Luzon presented so far are summarized in Figure 1.18.

This section examines first how the existing policy measures are strengthened in the light of Central Luzon's industrial development strategy and second puts up integrated projects/programs toward further growth and formation of an industrial heartland in the Philippines and the Asia-Pacific region.

Figure 1.18 Vision and Strategy of Industrial Development in Central Luzon



1.6.1 Strengthening of existing policy measures

As seen previously, the existing policy measures centering on the sector (manufacturing) development in Central Luzon are comprehensive and well accommodated. However, there are a few points to be strengthened or revised as follows.

(1) Spatial strategy related measures

1) Expansion of exclusive IEs

Expansion of IEs development exclusively accommodating for specified foreign country's enterprises is an extension of linkage similar to that between Subic and Taiwan. Linkages with other countries such as Japan, USA, Korea, Hongkong, Australia, ASEAN countries like Singapore and Malaysia, and other advanced countries are expected to be pursued.

2) Strengthening of SEFZ functions

Strengthening of SEFZ functions would mean adding more liberalized functions. SEFZ is independent from the customs territory but subject to customs law. However, there is another type of free zone like the foreign trade zone or FTZ in the USA that is also independent from the customs territory but not subject to customs law. If a SEFZ is not subject to customs law, SEFZ enterprises shall be able to freely import commodities regulated or under quota needing clearance or permits from appropriate government agencies. This treatment seems to expand business opportunities through storing and selling commodities responding flexibly to changes in international market situations, although import duty rates will become lower according to the AFTA and GATT agreements.

In addition, revision of the tax system could be considered. A final 5% gross income tax of SEFZ is attractive with a "tax shelter" function compared to 17% income tax in Hongkong. However, enterprise accounting is subject to the ordinary system that is very complicated and costly. If SEFZ enterprises establish solely independent head offices and do business definitely inside the SEFZ, replacement of income tax by transaction tax will contribute to the simplification of accounting and cost reduction. This transaction tax will be supported by a computer real-time network that comprises shipping and cargo information system, POS (Point of Sale) system and the like. The United Nations is developing the Electronic Data Interchange (EDI) as a global standard of documentation on international trade and transaction. The Asian EDIFACT Board is already organized with Japan,

Singapore, Korea, China and Malaysia as members, while Taiwan is a quasi-member. It is expected that the Philippines and SEFZ will address such situations and will offer more attractive business environment.

3) Expansion of SEZ

Expansion of SEZ or ECOZONE is to create new zones. This is under examination at the House of Representatives committee on economic affairs. There are so many candidates of SEZ throughout the Country. In order to ensure development effects of SEZ, some screening is needed and two ways are to be considered. One is not to grant SEZ function to zones or areas but to permit it to export factories. In this case, existing SEFZs and bonded factories co-exist. Another is to minimize the number of new SEZs. In this case, area expansion of existing SEFZ or SEZs and creation of new SEZs are limited to areas other than Luzon, for example. Meanwhile, the Subic SEFZ should be expanded to include the surrounding areas of Hermosa and San Marcelino. In addition, bonded manufacturing system is expected to be expanded to some export industry's clustered areas in Bulacan and Pampanga, provided that there is strict self-customs management by factories and bonded transportation.

4) IEs development in Bulacan

This is based on inter-regional strategy. Bulacan is the most suitable area for receiving the spillover from Metro Manila. In the medium and long term, sites of existing IEs will be sold out and there is no plan for IE development. In order to further promote the spillover, new IE development is expected.

5) Possible land development in Tarlac and Nueva Ecija outside MSC Triad

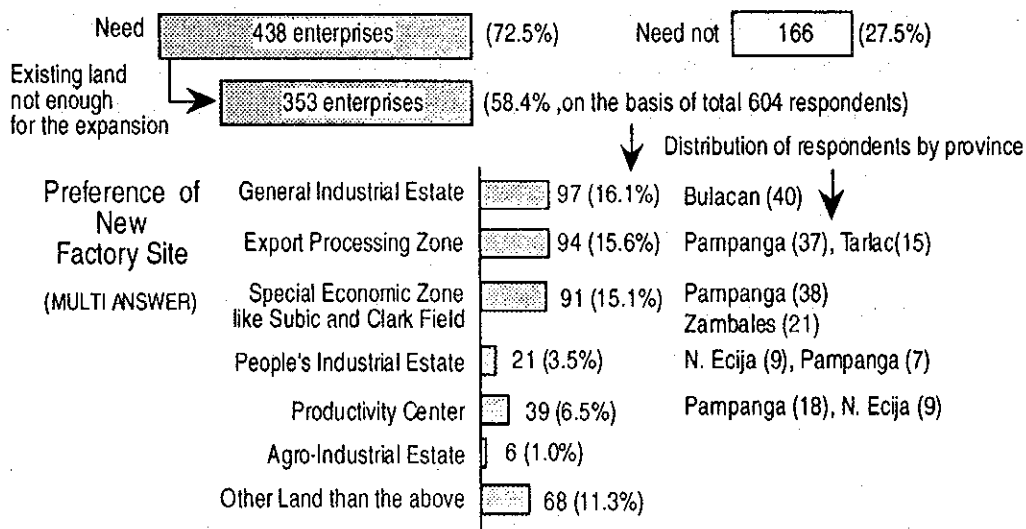
This is in line with the intra-regional strategy for the regional integration of Central Luzon. There already exist one IE, Productivity Centers (PCs) in Tarlac and proposed People's Industrial Enterprises (PIEs) in Tarlac and Nueva Ecija. For regional integration in Central Luzon, PIEs development especially in Nueva Ecija should be realized as early as possible. To this end, implementation methods or measures for PIEs are expected to be developed. For example, a new third sector or development corporation for PIEs may be effective based on the Local Government Code of 1991. Limited budget of LGUs is the main reason of delay in the implementation although PIEs feasibility is another factor. Participation of the private sector and utilization of its resources will promote PIEs development.

6) Land development in Meycauayan and other areas

This is based on urban renewal and industry modernization. There are clustered industries in Meycauayan centering on jewelry and leather goods. Other candidates will be studied in relation to the urban development plan and strategy of the CLDP Master Plan.

Meanwhile, 353 enterprises who are respondents to the IQSR3 will need land for their expansion of production (Figure 1.19). These enterprises account for 58.4% of the total respondents. By province, responded rating for their needing land is the highest and 68% in Zambales followed by Tarlac (65%), Pampanga (62%), Nueva Ecija (54%), Bataan (53%) and Bulacan (50%). As such, land demand will not be so small.

Figure 1.19 Needs of Factory Site for Expansion by the Year 2000



Source: Industrial Questionnaire Survey in Region III (JICA Study Team and DTI)

(2) Sector strategy related measures

Industrial development in Central Luzon is led by the general directions and strategy comprising open policy toward globalization, people-oriented and indigenous resource-based toward localization, and global-local (glocal) mix-oriented development. In this context, key factors are "higher competitiveness, better marketability, higher productivity/lower cost and stronger linkages." In terms of specific strategy, there are a few points to be strengthened or revised in terms of existing policy measures.

1) Orientation to markets of underdeveloped countries

This is country- and product-specific export strategy. The Medium-Term Philippine Export Development Plan (1993-1998) adopts this strategy focusing on advanced countries (ACs) with a large market. This is reasonable for expansion of Philippine products with good quality and thus possibly with a high-value added. Subsequently, penetration of the Philippine products into ACs market will be conducive to further upgrading of the Philippine technology and brands, and will change Filipino mentality from “blue seals” to “by Filipino.” However, there is a market potential in underdeveloped countries for most SMEs with ordinary quality and technology. Such “market gap” should not be neglected. Thus, multi-faceted export promotion is expected to be pursued.

2) Development of indigenous/local raw materials

This is related to the strategy of indigenous agro-processing expansion. Indigenous/local raw materials of furniture, some GTH and leather goods are decreasing or have poor quality. Addressing this issue therefore is very critical. In line with this, a “reforestation plan” should be matched first with needs of user industries as much as possible. Furniture Industry’s Action Plan covers the following.

- Government
 - coordinate with DENR to get priority access to confiscated lumber,
 - create a Task Force to inspect and certify items for export which are declared as finished wooden products, and
 - request exemption of imported raw materials from SGS inspection.
- Private
 - coordinate with DOST (PCARRD & FPRDI) on dissemination of information on the use of alternative furniture materials or wood species,
 - continue to liaise with PWPA on industry requirement for rattan and lumber,
 - study viability of rattan plantation operations and promote the development of plantations for alternative wood species,
 - undertake reforestation projects with PWPA and other agencies or associations, and
 - immediately implement the bulk-buying scheme (Manila, Cebu, Pampanga).

The second is to deregulate ban on young Carabao’s use for leather or to accelerate mechanization of agriculture. Another step is to breed more cattle through the development of potential pasture land. Potential pasture land amounts to a total of

around 223,000 ha (sector report on environment and land husbandry). Capitalizing on this, development of livestock industry is highly prospective.

3) Development of resource recycling industry or industrial estate

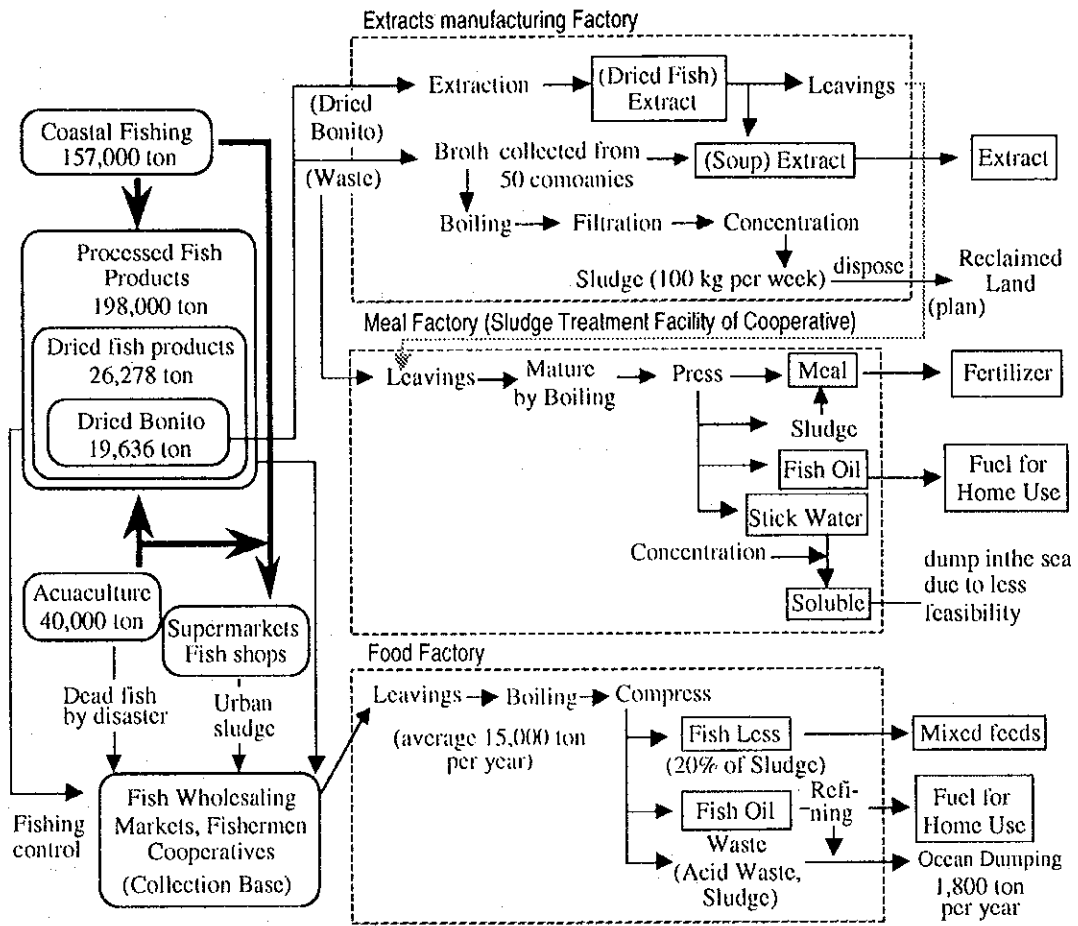
Agricultural and industrial wastes including unsold goods are a sort of indigenous resources. DOST is active in R&D of wastes utilization. Aside from sugar industry, collection and stable supply of wastes have to be systematized so that commercial use would become viable. In this context, the following are expected to be done:

- grant BOI incentives to resource recycling industries,
- conduct a survey to identify the volume and distribution of wastes and to develop optimum collection system,
- make a model of recycling industry complex with closed forward and backward linkages.

Resource recycling is a sort of cascaded use of resources. Figures 1.20 and 1.21 illustrate material recycling system in fish and meat processing that may also be possible in Central Luzon.

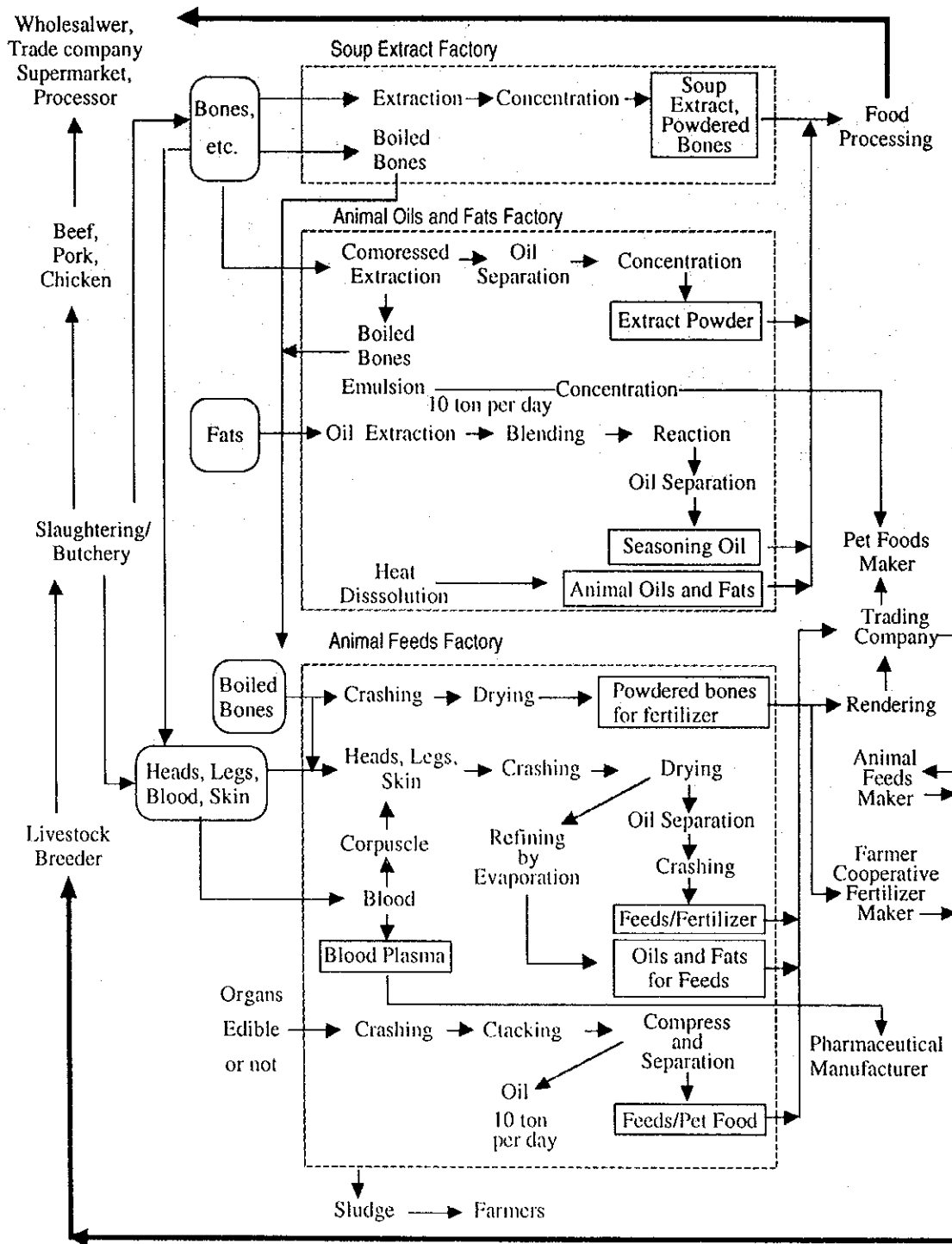
There is a variety of recycling. Dust from skin polishing is already used for making mosquito killer. Rice husk can be used for chemical fertilizer. In addition, rice bran from milling and oil extraction is a component of animal feeds. Silk worms eat leaves of mulberry, the bark of which is available for paper making as well as rice straw. Feasibility of recycling agricultural and industrial wastes depends to a great extent on cost of collecting wastes and material balance. In this sense, recycling industry complex is expected to be studied in Central Luzon.

Figure 1.20 Example of Material Recycling System in Fish Processing



Source: Japan Location Center

Figure 1.21 Example of Material Recycling System in Meat Processing



Source: Japan Location Center

4) Industrial centers formation linked with tourism

This is related to the strategy of creating domestic/local market which aims to develop the market for products in line with tourism development. Handicrafts, wood carving, pottery and some GTH products are suitable for factory visit tours for tourists who would buy additional products. Jewelry making is also attractive for tourists by providing window laboratory and jewelry at reasonable prices. The planned Jewelry Center in Meycauayan-Bulacan is expected to provide such attractions. In order to attract more tourists in general, it is effective that formation of industrial clusters and a sort of landscape development are integrated.

5) Support measures for accreditation of ISO 9000 and PNS

DTI-Region III undertakes an on-going campaign for ISO 9000 accreditation. However, there exist no significant support measures for that, although DTI-BOI Investment Priority Plan 1994 grants incentives of duty-free equipment import or tax credit to projects classified into the Modernization and Rehabilitation Program. An accelerated depreciation incentive is expected to be introduced so that manufacturers can mitigate a burden for additional investments to obtain the accreditation.

6) Expansion of regional testing and R&D function

Expansion of regional testing and R&D function initiated by the public sector is strengthened. The Furniture Production Center in Pampanga is a good example. The RP-India Handtool Center is also initiated by the governments sector. The Metal Industry Research and Development Center (MIRDC) has a plan to establish the Regional Service Centers (RSCs) for SMEs. According to the Philippine Metals and Engineering Industries National Action Plan (1990-2000), the RSCs are envisioned to have the following functions:

- consultancy for problem-solving,
- training for technical and craft-level skills.
- facilities sharing for product development,
- testing and quality control for metal products and processes,
- relevant applied research, and
- technology incubator function, where all the above functions directed to nurture small potential enterprises until they can productively utilize that particular technology (on a larger frame).

Central Luzon's RSC to be established will target at heat treatment, tool and die (Phase III), and forging (Phase III). In line with the devolution, it could be considered that such functions as consultancy for problem-solving, training for technical and craft-level skills, testing and quality control would be shouldered by provincial or city governments while facilities sharing for product development, relevant applied research, and technology incubator function may be retained by the central government's regional offices. There is no development without research.

7) Improvement of manpower training

Improvement of manpower training is to address the problem on how to improve the mismatch between training programs and needs of industry. The mismatch is mostly attributed to the degree and extent of training by many public sector institutes. One solution is to coordinate and integrate duplicated training into one with upgraded components, and thereby to satisfy the needs of manufacturers.

Another solution is to promote "on the job training" which has been very effective in some cases. For example, BOI may provide incentives to ordinary SMEs, by allowing an additional deduction for labor expense for the first five years from registration. Otherwise, subsidies may be more effective to "on the job training." At present, the BOI incentive allows an additional deduction from taxable income of fifty percent (50%) of the wages corresponding to the increment in the number of direct labor for skilled and unskilled workers if the project meets the prescribed ratio of capital equipment to number of workers set by the Board. This additional deduction shall be doubled if the activity is located in a Less Developed Area.

8) Strategic subcontracting financing

This is related to the strategy of inter-industry linkaging, specialization and subcontracting leading to the formation of integrated cluster. The Taiwanese Government introduced the Center-Satellite Factory System (C-S System) to the Philippines as mentioned previously. The same system will be expanded not only to other countries along with expansion of IEs development exclusively accommodated for specified foreign county's enterprises but also to the formation of industrial clusters of garments, furniture, GTH, jewelry, leather goods and metal craft in Central Luzon based on ODA or local funds.

9) Enhancement of institution-building and cooperative activities

Enhancement of institution-building and cooperative activities is very effective to strengthening SMEs capability as a whole. There are thirty-seven industrial

associations (IAs) and around 2,985 cooperatives in Central Luzon. The following activities are expected to be extended in the future:

a) SMEs common service and facilities

SMEs are mostly self-employed and literally small corporations. As such, they have disadvantages compared to large firms in the light of productivity, market channels, bargaining power, especially social security or welfare for the employees and so on. In order to address these problems, several types of cooperatives and common facilities are already established. In the future, the following functions and common services are expected to be extended.

- joint bulk buying of raw materials and common facilities such as storing, transportation and so on (furniture, jewelry, leather goods),
- joint reception of orders and joint or combined selling,
- common facilities of cutting, finishing and packaging (garments)-pursuit of economic scale merits, and wastes treatment or recycling (leather goods),
- show room (furniture, GTH),
- common service such as conduit finance, documentation for export, and maintenance service (garments and other industries), and
- common facilities for the employees (health, recreation, etc.: garments).

b) Cooperative development of trucking and export services for SMEs

The so-called 'Non-Industrial Services' defined by NSO statistics is a significant factor in productivity or cost reduction. It is not always reasonable for SMEs to perform all functions related to their activities. Transportation is one of these. According to the IQSR3, 56.9% of the respondents use their own cars to transport raw materials and 54.7% for products. The share of using transporters is low: 11.1% for raw materials and 20.8% for products. For cost reduction, one way is to adopt a joint transportation by cooperatives and the other way is to establish transport function outside firms as an independent non-industrial business. Such division of works will be conducive to strengthening the competitiveness of Central Luzon's manufacturing and export.

c) Mutual benefit association for SMEs

This is a reserve for retirement allowance and also a fund for low interest rate loans for SMEs, especially the self-employed. SME entrepreneurs or

executives are generally not covered by SSS as they are small capitalists. In the case of Japan, members of this association deposit money, the amount of which is deducted from taxable personal income. Members can borrow money at low interest rates without collateral nor guarantor. Of course, they can cancel the contract and recover some portion of the deposited money depending on the duration of deposit. The deposit to be deducted from taxable income amounts to ¥840,000 at the maximum per year, being equivalent to an allowance for over two children. This system is significantly effective to save tax. The total fund or deposit of the similar Japanese association operated by the government-owned public corporation amounts to ¥4 trillion in 1993.

10) More institution-building

Japan is similar to the Philippines in terms of business cooperatives or industrial associations (IAs) being conduits or bodies for subsidy to promote SMEs product development, informationalization, marketing, training, foreign trainee reception, working environment improvement, public finance and special incentives for taxation. DTI-Region III is active in organizing SMEs and this activity in the near future is expected to focus on the formation of regional and national federations. These IAs can be empowered to do business efficiently and successfully through the division of work between multi-layered IAs and the government sector. Considering the present situation in Central Luzon, it will be reasonable that multi-layered IAs can shoulder such functions initiated by DTI-Region III at present as various promotion and enlightenment activities, manpower and entrepreneurship development, marketing, subcontracting intermediation, and financing specific to respective industry.

Furthermore, not the Chamber of Commerce and Industry but association of commerce and industry at municipality level is viable so that LGUs can organize the so-called "informal sector" and systematically enhance and develop small industry or business.

1.6.2 Integrated projects/programs

(I) Development phasing for policy measures and projects/programs

The plan period is divided into Phase I (1995-1998), Phase II (1999-2004) and Phase III (2005-2010). Policy measures to be strengthened or the integrated projects/programs are phased as shown in Table 1.17.

Table 1.17 Line-Up of Policy Measures and Projects/Programs by Development Phase

	Phase I (1995-1998)	Phase II (1999-2004)	Phase III (2005-2010)
1) Strengthening of existing policy measure			
SPATIAL			
01. Foreign Industrial Estates	X		
02. Strengthening SEZ's function	X		
03. Expansion of the SEZ or ECOZONE	X		
04. IEs dev't in Bulacan for receiving spillover		X	
05. Possible land dev't in Tarlac and Nueva Ecija outside MSC Triad		X	
06. Land development in Meycauayan and others for urban renewal and industry modernization		X	
SECTORAL			
01. Turn-up of underdeveloped countries' market	X		
02. Dev't of indigenous/local raw materials	X		
03. Dev't of resource recycling industry or IEs with incentives		X	
04. Industrial centers formation linked with tourism		X	
05. Support for accreditation of ISO 9000 and PNS	X		
06. Expansion of regional testing and R&D function	X		
07. Improvement of manpower training	X		
08. Strategic subcontracting financing	X		
09. More enhancement of institution-building and cooperative activities	X		
a) SME's Common Service and Facility	X		
b) Coop. Dev't of Trucking and Export Service for SME's	X		
c) Mutual Benefit Association for SME's		X	
10. More institution-building	X		
2) Integrated projects/programs			
01. World class designer invitation program	X		
02. Skills expert system development	X		
03. Oversea workers' incubation program	X		
04. Industrial cluster's international partnership program	X		
05. Tripartite R&D promotion program	X		
06. Industrial cluster's integrated modernization program		X	
07. Post MPC agro-industrial urban community project		X	
08. Regional World Trade Center		X	
09. Central Luzon Research Triangle		X	
10. Techno-Communicator dev't program		X	
11. Provincial Industry Testing Center			X
12. International Design Academy			X
13. Life Style Research & Information Center			X

Phase I is the period for starting up the Central Luzon's Industrial Heartland (CLIH). Existing development policies will be strengthened as much as possible while some integrated

projects/programs will be implemented. Phase II is the take-off period where all instruments for the further growth will be mobilized and built in. Central Luzon's regional integration will make a great progress in this phase. Phase III is the final stage towards the attainment of the CLIH with core projects to be implemented. Central Luzon's growth and development after that will be sustained supported by well-accommodated policy measures and facilities, strong entrepreneurship and self-reliance of people as well as excellent talents.

(2) Integrated projects/programs

Phase I

1) World class designers invitation program

This aims to transfer design sense and skills from famous designers, not only by fashion apparel designers but also by designers of fashion leather goods, GTH, pottery, metal craft, fashion coordination, souvenirs, and industrial designers. The following are also expected to be accomplished.

- World class designers and their many staff will visit Central Luzon; they will disseminate information about the Philippines, especially Filipinos' excellent sense and skills.
- They may entrust their "Designers Brand" products to be made in Central Luzon.
- They may periodically and voluntarily visit and stay in Central Luzon given the Designers Village facilities.
- Their staff may be interested in working in Central Luzon.

This program may be costly but return will be bigger than cost. The former US base facilities will be suitable for the Designers' Village.

- Implementation body: relevant industrial association, member firms and DTI
- Support measures:
 - a) subsidy and DTI budgeting
 - b) related cost to be exempted from taxation

2) Skills expert system development

This is a technology transfer system which aims to make software/information system for skills developed personally by "excellent craftsman or master" and to be made available to their successors from the second generation. Progress of knowledge engineering has developed an Expert System (ES) which is composed of three systems: knowledge base, reasoning/deduction, and interface. Knowledge

base is an aggregate of expertises arranged in a certain way of expression that is served to the optimum solution through experienced reasoning.

By developing these ES skills, traditional skills developed through experiences and intuitions of masters could become accessible by everybody and then skill-intensive manufacturing will be industrialized. An excellent piece by the master will be mass-produced continuously. Viable areas for ES are wood carving, metal craft, jewelry and other handicrafts. Along with mechanization, ES will be very effective and related production tools or machines may then be newly developed by Central Luzonians.

This ES development is suitable for joint activities between the public R&D institutions or universities and the manufacturing subsector.

- Implementation body: relevant industrial association (IA) /member firms, Industrial Technology Development Institute (ITDI) and DTI
- Support measures: a) Foreign assistance and DOST/DTI budgeting
b) related cost by firm to be exempted from taxation

3) Strategic overseas workers management program

This aims at mobilizing overseas workers substantially for Central Luzon's future development. Overseas Filipino workers amount to around 600,000 in 1990. According to the 1987 statistics, 144, 541 Filipinos worked as production process workers, transport equipment operators and laborers. However, their experiences are not utilized although their contribution to GNP is big because of their remittances. Overseas experience/training is very useful, particularly in advanced countries. Therefore, a strategic overseas workers management program is needed and will be implemented as follows:

- identify job areas matching the needs derived from future industrial structure in Central Luzon,
- give priority to the identified job areas where overseas works are permitted,
- give priority to the application as a link of training programmed by Central Luzon's SMEs,
- monitor overseas workers whose attained technology or skill is transferred or not in Central Luzon or inside factory, and
- if not, they will be assisted and establish new firms based on attained technology or skills.

- Implementation body: Philippine Overseas Employment Administration (POEA), DTI-Region III, DOLE, LGUs, etc.
- Support measures: a) fund for outfit allowance and start-up
- Requirement for the program: coordination between the government and private sector

4) Industrial cluster's international partnership program

This aims to promote efficient technology transfer and linkages between Central Luzon and foreign countries thereby sustaining mutual complementary growth/development. This will also cover investment promotion which is different from the conventional type since mutual linkages are expected to be a conduit for investments. For example in Japan, the Ministry of International Trade and Industry (MITI) has subsidized a model project named "Foreign Trainee Joint Receiving Project" to be implemented by manufacturing cooperatives. By organizing cooperatives, SMEs in Japan can break through the limitation of the number of foreign trainees legally regulated. On the other hand, foreign trainees can work as "trainees on the job training" with wages after passing the skill examination for one year and two months. Supported by these incentives, some SMEs in Japan are active in receiving foreign trainees. In addition, Japan's local governments and business societies are generally active in a sister city or province partnership.

These partnership and technology transfer/exchange are not limited to Japan but applicable to other countries. This program will be implemented as follows.

- Implementation body: industrial associations or cooperatives and LGUs
- Support measures: None (self-help)
- Requirement for the program: dispatch of mission

5) Tripartite R&D promotion program

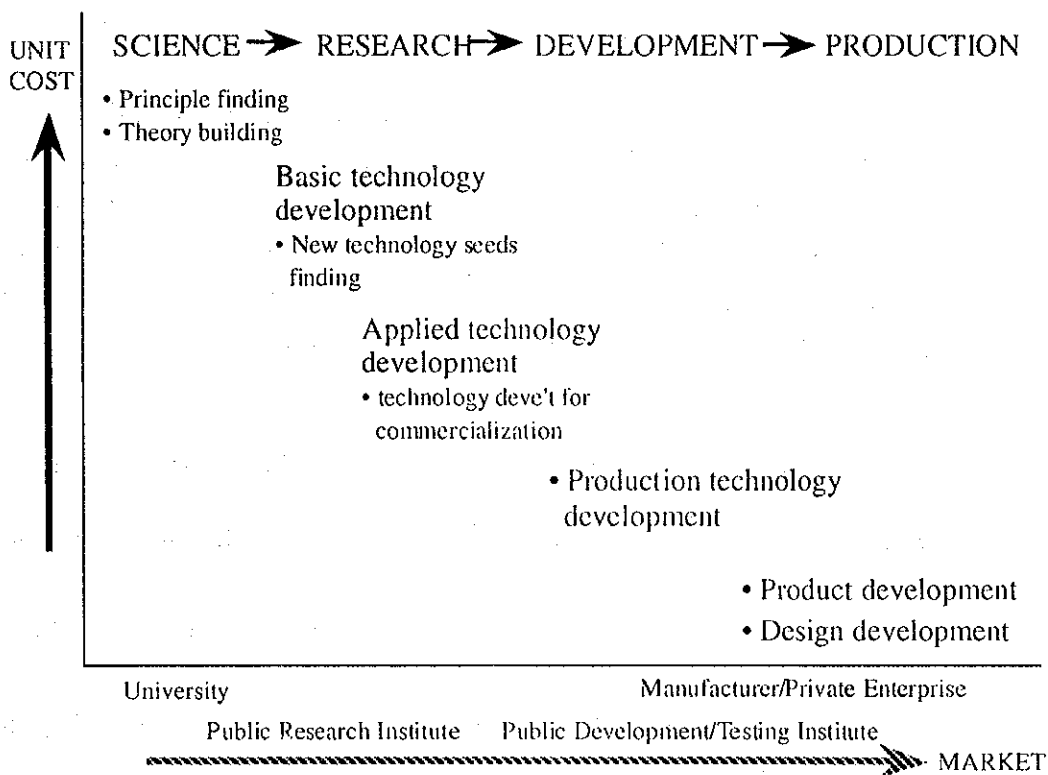
This is a cooperation program between the government, private sector and academe for regional R&D activities. Such linkages are not so popular at the regional level. R&D themes particularly concerning Central Luzon will increase according to the progress of agro-industrialization and industry modernization. In addition, closeness between science and technology has been conspicuous since advanced technology handles the field at molecule and atom, and therefore inter-disciplinary cooperation is imperative for efficient R&D. This point also could be supported by the fact that basic science/research is costly and its results are a sort of "public

goods” relatively remote from the actual production or market. Academe has in general limited budgets but plenty of talents which should be mobilized for joint R&D resulting in improvement of R&D fundamentals of Central Luzon (Figure 1.22).

In order to actively address the situation, the maximum use of limited resources should be pursued. This program will be implemented as follows.

- Implementation body: commission composed of manufacturers in specified area, member of academe such as the Central Luzon State University, UP-Angeles City Branch, Polytechnic University of the Philippines-Mariveles Branch and other colleges or schools of Arts and Trade, DTI-Region III and DOST-Region III
- Support measures:
 - a) subsidy from the governments
 - b) provision of R&D facilities from the public sector
- Requirement for the program: initiation and coordination by DTI-Region III

Figure 1.22 Perspective of Science, Research and Development



Phase II

6) Industrial cluster's integrated modernization program

This program aims to provide integrated measures for specified industrial cluster's modernization or mechanization. Candidates of this program are industries where mechanization is imperative for future growth such as garments, furniture, leather goods, metal craft, and jewelry. The implementation will be done along with specialization among manufacturers. The program will be implemented as follows.

- Implementation body: industrial association or cooperative established specific to the program
- Support measures:
 - a) lease of advanced machinery and equipment to proponents by a foundation with a low charge
 - b) compensation for replaced machinery and equipment
- Requirement for the program: formulation of modernization plan

The existing policy measures provide loans and duty-free procurement for modernization but these are not enough. This program is more effective in realizing industry modernization.

7) Post MPC agro-industrial rural community project

This aims at sustaining the development of Mt. Pinatubo-related resettlement sites and forming agro-industrial rural communities based on Productivity Centers (PCs). PCs are scheduled to be turned over to respective host municipalities after the ad hoc-Mt. Pinatubo Commission (MPC) will dissolve in 1998. This turn-over will bring about significant effects to PCs and resettlement sites such as decrease in investments due to retraction of incentives, withdrawal of existing locators, and resettlers moving outside.

In order to sustain vital resettlement sites and PCs, the following will be needed:

- Continuation of existing incentives or provision of new incentives specific to PCs,
- Formation of new industrial clusters by developing new agro-industrial products,
- Strengthening linkages between agriculture and industry by providing post harvest facilities,
- Strengthening manpower training and S&T education at school conducive to enhancement of craftsmanship,

- Budgeting for maintenance and management for PCs by organizing cooperatives,
- Transfer of land tenure and building to municipality or other management body from the government so as to sell it to locators, and
- Preparation of a measure for locators to be given the privilege buy housing units for their employee's dormitory.

To this end and in preparation for the MPC dissolution, studies should be conducted to address constraints or problems specific to respective resettlement sites.

8) Regional World Trade Center (ECLUZON)

Exports of Central Luzon (ECLUZON) is already planned aiming at introduction of Central Luzon's SMEs to the export market. On the other hand, a World Trade Center (WTC) is under construction in Metro Manila for all exported products in line with the Magna Carta Law.

The Regional World Trade Center of ECLUZON will resolve the problem of accessibility of export-oriented SMEs to foreign market caused by the lack of major trading firms or wholesalers in the Philippines. It will install such facilities or functions as an exhibition hall, permanent showroom combined with head or representative offices of SMEs, trade agents and relevant government agencies, meeting facilities including function rooms, hotels and amusement facilities.

The World Trade Center (WTC) in Taipei may be a model of ECLUZON. Taiwanese SMEs had the same problem as that of Central Luzon's SMEs. In order to address it and to promote export, the Economic Development Bureau built the WTC at the state owned land. The WTC has a trade and convention complex along with a big convention hall and the first class hotels.

9) Central Luzon Research Triangle

This aims at the formation of R&D complex or bases in Central Luzon composed of the Science Community in Munoz, UP-Angeles City Branch and Luisita in Tarlac. The Science Community in Munoz is already established. UP-Angeles City will lead in such areas of technology as electronics, computer software (science) and engineering. In Luisita, a science city is envisioned in the long-term like Tsukuba in Japan.

It is important to form linkages and networking among the three R&D cores and to ensure complementary cooperation for efficient R&D activities conducive to the development of Central Luzon. R&D themes on inter-disciplinary or inter-industry will increase and efficient R&D network will have a strategic importance. However, this research triangle is still just an idea but may have promotional impact to attract investments.

10) Techno-communicator development program

A techno-communicator is a professional who disseminates information on useful technology and technological seeds and thereby coordinate/organize some actors into technology development and transfer or commercialization. He will make manufacturers, engineers and researchers in Central Luzon aware of the importance of R&D. In some cases, he will promote symposia or seminars on trends in technology development. For basic research, researchers can meet and exchange information and comments about present situations, since basic theory is not disturbed by actual interest and opposition among the business society. These voluntary meetings will give incentives to researchers and promote R&D activities.

Direct subsidy for export promotion is surely countered by compensating tariff, as it is regarded as dumping under the WTO regime in place of GATT. Instead, R&D should be supported by the government conducive to strengthening overall competitiveness of the Philippine products. At present, the functions of techno-communicators are partly shouldered by R&D institutes belonging to the government. However, need for it will increase according to the expected export expansion by leaps and bounds and expanded needs for R&D activity throughout Central Luzon.

Phase III

11) Provincial Industry Testing Center

This is an extension of the regional testing and R&D functions. The Metal Industry Research and Development Center (MIRDC) has a plan to establish the Regional Service Centers (RSCs) for SMEs. Central Luzon's RSC will be established to target heat treatment, tool and die (phase III), and forging (phase III). In line with the devolution, it could be considered that such functions as consultancy for problem-solving, training for technical and craft-level skills, testing and quality control will be shouldered by provincial or city governments, while facilities sharing for product development, relevant applied research, and technology incubating function will be provided by the central government regional office.

This project will be implemented in Phase III after Central Luzon's industrialization has progressed throughout the region.

12) International Design Academy

The International Design Academy (IDA) is proposed not only as a main common facility or soft-infrastructure for the industry complex of total fashion industry and interior design industry in Central Luzon but also as an Asian Institute of Design including extensive areas of computer software (CAD/CAM), the Computer Assisted Instruction (CIA), engineering, industrial design and the like. This IDA is expected to serve the growth and development of design-related industries with a function of design education or training, R&D activities, identification and formation of unique Filipino design items, information services and other-related activities. Designers' Village will be a step to this IDA.

13) Life Style Research & Information Center

The Life Style Research & Information Center (LSRIC) will be an annex to IDA that will specialize into design related information. Together with the IDA, it will provide necessary humanware functions for "Industrial Capital."

Needs for design information and technology are felt significantly among manufacturers in Central Luzon. Some furniture makers evaluated the IDA to provide even a regional brand common to all.

Final Report
Volume IV : Sector Report 2

TOURISM

2. TOURISM

2.1 Existing Conditions of Tourism

2.1.1. Government institutions, policies and plans

(1) Government institutions

The Department of Tourism (DOT) is the principal government agency responsible for the encouragement, promotion and development of both domestic and international tourism. Following agencies are attached to DOT.

Philippine Tourism Authority (PTA)

It serves as the implementing arm for infrastructure development and implementation of all policies and programs of DOT.

Philippine Convention and Visitors Corporation (PCVC)

It is a government controlled corporation which serves as the marketing arm of DOT.

National Parks Development Corporation (NPDC)

It is tasked with the operation and maintenance of national parks.

Intramuros Administration (IA)

It is the agency responsible for restoring the walls and fortifications and reviving the cultural and religious traditions in the Intramuros.

(2) National tourism policies

The tourism master plan prepared by DOT in 1991 defines the government policies on tourism at present. It sets four main goals for tourism as follows.

- Economic goal to optimize the contribution of tourism to economic growth at national and regional levels,
- Socio-cultural goal to enhance and contribute to social cohesion and cultural preservation at a local level,
- Physical environmental goal to develop tourism on an environmentally sustainable basis, and
- Marketing goal to develop a diversity of destinations, attractions and markets to minimize exposure to major internal and external threats to tourism activities.

The tourism master plan expects the main source of the international market from East Asia whose share is projected to increase from 43% in 1993 to 59% by 2010.

The master plan adopts a cluster development approach. The Philippines consists of three clusters:

- Luzon cluster (including Palawan, Mindoro, Marinduque),
- Visayas cluster, and
- Mindanao cluster.

The master plan characterizes the Luzon cluster as “a multi-faceted destination providing attractions for all markets”. This characterization may be compared with the Visayas cluster as “a resort and cultural heritage destination,” and the Mindanao cluster as “an exotic wilderness and cultural destination.”. For the Luzon cluster, the master plan encourages tourist accommodation development outside of Metro Manila.

The master plan chooses five priority areas for development:

- Baguio, La Union, Ilocos Norte and Sur (Luzon cluster),
- Tagaytay, Taal, Batangas, Ternate (Luzon cluster),
- Northern Palawan (Luzon cluster),
- Panglao Island (Visayas cluster), and
- Samal Island (Mindanao cluster).

Zambales and Bataan coastlines in Central Luzon were listed as one of 18 candidates for the priority areas but not chosen. Central Luzon, however, will serve to disperse accommodations from Metro Manila.

(3) Tourism plans and programs in Central Luzon

Table 2.1 lists the existing plans and programs for tourism development in Central Luzon. A major investment made in Central Luzon is for the Paskuhan Village in the amount of ₱ 64 million. Except this, there had been no intensive investments in the region. Also noted is that DOT spared its budget to build parks and gardens for local residents rather than tourists.

In addition DOT Region III is currently planning to expand the Mount Arayat National Park, and to launch intensive promotion of Pinatubo Volcano tours.

Table 2.1 Existing Plans and Programs in Central Luzon

Plans and programs	Estimated cost
I. INTERNATIONAL TOURISM PROMOTION	
1 Promotion of Existing Destinations thru Better Collateral Materials	250,000
2 Contingency Planning	650,000
3 Foreign Marketing Program	300,000
4 Fan Tour Programs	175,000
5 Inter-city Program	600,000
6 Balikbayan Program	300,000
7 Silver Market Program	200,000
8 Conventions and Incentives	165,000
9 Participation in Travel Fairs, Sales Missions	980,000
10 Linkages with Foreign Offices	420,000
11 Publicity and Advertising	300,000
II. PRODUCT DEVELOPMENT AND DOMESTIC TOURISM PROMOTION	
1 Identification/Development of Town Plazas, Public Parks	690,000
2 Establishment of Tree Parks in Strategic Areas	1,500,000
3 Improved Standards of Tours	700,000
4 Diversification of Tourist-related activities in existing destinations	650,000
5 Program for Heritage Conservation	1,200,000
6 Marketing Subic Base as Secondary Gateway for Luzon Cluster	1,600,000
7 Exploration of New Product Opportunities	800,000
8 Improved Transport Services	200,000
9 Establishment of CAA Terminal as Primary Gateway	2,500,000
10 Pilot Satellite Destination Areas	1,800,000
11 Tourism Awareness Program (Middle to Upper Income Groups)	740,000
12 Tourism Awareness Program (Middle to Lower Income Groups)	800,000
13 Development of Tour Packages and Programs	230,000
14 Special Cultural Tours Programs (Schools and Returned Citizens).	140,000
15 Development of Incentive Travel Program	210,000
16 Development of New Special Interest Resort Products	350,000
17 Packaging of Mt. Pinatubo as Source of Scientific Expedition	2,300,000
III. TOURISM RESEARCH/MANAGEMENT INFORMATION SYSTEM	
1 Needs Assessment Survey	1,500,000
2 Institutionalized Linkages with Private Sector	300,000
3 Management Info System	1,700,000
4 Regional Tourism Research	2,200,000
5 Land Use Planning/Development	750,000
6 Validation/Updating of Existing Tourism Information Base	550,000
7 Integration of Regional Plan into Luzon Cluster Plan	70,000
8 Preparation of Prefeasibility Studies for New Products & Facilities	880,000
9 Inventory Assessment of Existing Potential Products	80,000
IV. TOURISM SERVICES AND FACILITIES	
1 Preservation of Dive Sites and Environmental Protection	1,200,000
2 Improved Visitor Interpretation Facilities	1,300,000
3 Improved Standards of Service in Accommodation and Resort Facilities	950,000
4 Manpower Skills Training Program	1,200,000
5 Formation of Industry Associations	378,000
6 Establishment of Faculty and Trainers Devt Program	900,000
7 Establishment of Travel and Tourism Library in Schools	1,700,000

Source: Department of Tourism Region III, Medium Term Plan

2.1.2. Tourism markets

(1) Overview of the global market

The number of tourist arrivals in the world in 1992 reached 476 million. This represents a healthy 4.5% growth from the previous year, recovering from the negative growth in 1991 caused by the Gulf War.

Tourism in the East Asia and Pacific region is growing the fastest in the world receiving 58 million visitors in 1992 (Table 2.2). The average annual growth from 1980 to 1992 was 9.3%, much higher than the world average of 4.4%.

Table 2.2 Number of International Tourist Arrivals in the World

	1980	1985	1990	1991	1992	Share	Growth*
Africa	7,070	9,706	14,973	15,845	16,988	4%	7.6%
America	53,703	66,495	93,532	97,503	102,073	21%	5.5%
East Asia & Pacific	19,967	30,389	52,253	53,892	58,322	12%	9.3%
Europe	196,000	214,264	284,178	277,904	287,529	60%	3.2%
Middle East	5,821	6,242	7,479	6,712	7,177	2%	1.8%
South Asia	2,280	2,540	3,179	3,244	3,491	1%	3.6%
World Total	284,841	326,435	455,594	455,100	475,580	100%	4.4%

Source: World Tourism Organization

An important factor for the East Asia and Pacific region's growth is the high growth rates of tourists from East Asia. Also noted is their small numbers of international tourists per population that shows potential for future growth as shown in Table 2.3.

Table 2.3 Number of Tourists from Major Countries

	1980 (000)	1991 (000)	Growth	Tourists per per year population
Japan	3,909	10,634	9.5%	8.6%
Korea	339	1,856	16.7%	4.4%
Taiwan	485	3,360	19.2%	16.8%
Hong Kong	916	2,046	7.6%	35.5%
Thailand	452	995	7.4%	1.8%
UK	17,507	30,497	5.2%	53.3%
France	8,000	10,100	2.1%	18.0%
Germany	19,700	26,600	2.8%	33.8%
USA	22,365	41,941	5.9%	16.9%
Canada	12,823	21,937	5.0%	83.7%
Australia	1,204	2,099	5.2%	12.5%
World total	285,000	450,000	4.2%	-

Source: WTO, Japan National Tourist Organization

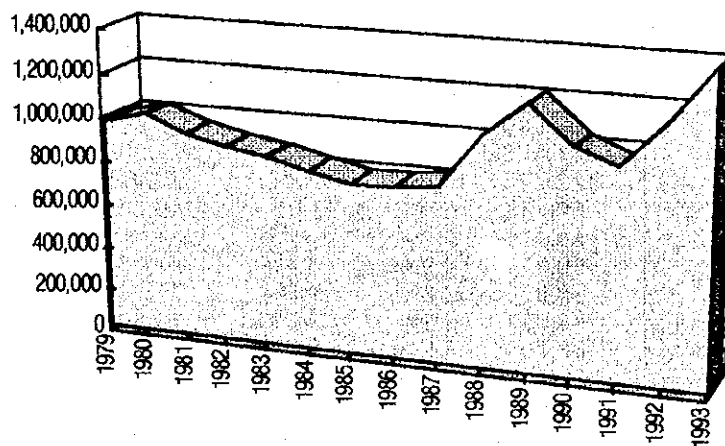
Philippine tourism has a great advantage in that she is close to these growing tourism markets. This comparative advantage is widely recognized by DOT as reflected in the strategy of tourism master plan that puts importance on the East Asian market.

(2) Tourism in the Philippines

Tourist arrivals and receipts

The Philippines had been a pioneer in tourism among the ASEAN countries and the number of visitor arrivals to the Philippines hit the million mark (1.008 million) already in 1980. Philippine tourism, however, had stagnated during the 1980s due to the world recession and the political instability that followed as shown in Figure 2.1. The EDSA revolution in 1986 brought a short tourist boom in the late 1980s but it was put to an end by the coup attempt, the earthquake that destroyed Baguio, and the Pinatubo eruption that occurred in 1989, 1990 and 1991, respectively. Thanks to the achieved political stability and a growth of East Asian market, tourist arrivals showed a rapid recovery since 1992.

Figure 2.1 Trend of International Tourist Arrivals to the Philippines



1993 figure is an estimate by JICA Study Team
 Source: Department of Tourism

Table 2.4 shows that international tourist arrivals in 1992 was 1.15 million representing a 21% growth from the previous year. Tourism receipts amounted to US\$ 1674 million achieving a 31% growth. The number of arrivals in 1993 is estimated to be 1.4 million or 20% growth from the previous year. This favorable trend still continues in 1994.

Table 2.4 International Tourists Arrivals and Tourism Receipts

	International arrivals		Int'l tourist receipts	
	Number (1000)	Growth	Amount (\$ mln.)	Growth
1988	1,043	31%	1,301	-
1989	1,190	14%	1,465	13%
1990	1,025	-14%	1,306	-11%
1991	951	-7%	1,281	-2%
1992	1,153	21%	1,674	31%

Source: Statistical Report on Travel and Tourism 1992, Department of Tourism

No reliable statistics on domestic tourism are available except the survey on regional tourism conducted in 1989 by DOT. According to the survey, total number of domestic tourists were 1,987,000 in 1989. Time series data are not available but the growth potential is considerable taking into account the anticipated "take-off" of the Philippine economy. Furthermore, domestic tourism would serve to disperse business risks for the Philippine tourism sector as it is less influenced by economic and political situation of the international market.

Sources of international visitors

Table 2.5 shows major sources of international visitors to the Philippines in 1992. USA topped the list recording 221,630 visitors closely followed by Japan. They were followed by Taiwan, Korea, Australia, UK and Germany.

Table 2.5 Major Source of International Tourists in 1992

	Arrivals	Share	Annualized growth (87-92)	Hotel guests	Package tourists
Total	1,035,312	100.0%	7.7%	561,000	235,000
USA	221,630	21.4%	4.8%	52,000	12,000
Japan	221,578	21.4%	11.9%	154,000	77,000
Taiwan	122,177	11.8%	27.8%	98,000	74,000
Hongkong	66,238	6.4%	-3.9%	49,000	21,000
Korea	54,115	5.2%	30.2%	32,000	19,000
Australia	50,911	4.9%	3.4%	22,000	3,000
UK	38,916	3.8%	14.4%	21,000	2,000
Germany	36,031	3.5%	9.6%	15,000	4,000
Canada	28,794	2.8%	9.9%	8,000	1,000
Sigapore	20,467	2.0%	2.8%	16,000	3,000
Malaysia	14,633	1.4%	4.1%	11,000	2,000
Saudi Arabia	14,275	1.4%	-6.9%	10,000	1,000
France	13,180	1.3%	14.1%	8,000	2,000
Switzerland	12,254	1.2%	8.2%	6,000	1,000

Note: "Total" excludes overseas Filipinos that is included in Figure 2.3
Numbers of hotel guests and package tourists are estimated from the result of the airport survey in 1992.

Source: Statistical Report on Travel and Tourism 1992, Department of Tourism

Taiwan and Korea showed 27.8% and 30.2% annual growth rates, respectively, during the past five years. These figures were extremely high compared with the Philippine average of 7.7% during the same period. Though overshadowed by them, European countries and Japan also showed double digits growths during the period. Growth rates of USA and Australia were below the average.

It must be noted that visitors from USA and Canada include considerable numbers of naturalized Filipinos who tend to stay at friends' and relatives' homes. Despite their great contribution to the Philippine economy, their contribution to the tourism sector is not as large as the number of arrivals indicates. Japan and Taiwan generate more hotel guests than USA, and East Asia including Japan, Taiwan, Hong Kong and Korea is the principal generator of package tourists to the Philippines. Also noted is the nature of the VFR (visit friends and

relatives) market, on which tourism promotion have little influence since visitors are already strongly motivated to visit their home country. Accordingly, the Philippines should give the priority of promotion to the market segments that face keen international competitions such as package tourists and international conventions.

There have been three booms for Philippine tourism as already shown in Table 2.5. The first peak in 1980 was led by Japanese tourists, the second one in 1989 by Hong Kong tourists, and the third one at present by Taiwanese. It tends to take longer periods for once stagnated markets to recover in the Philippines than other destinations. The Japanese market took a decade to recover, and the Hong Kong market has not recovered to the 1989 level even in 1993. These could be attributed, at least partly, to the insufficient efforts to regain tourism images by the Philippine travel trade, and the fact that the booms did not produce good images in the source markets. In the Japanese market, the Philippines still has the images of a sex tour destination, and this greatly hampers the market growth at present.

(3) Tourism in Central Luzon

Regional tourist arrivals

Of the total domestic and international tourists in the Philippines, 38% stayed in Metro Manila. Region I including Baguio accommodated 21% and Region VII 10% in 1989 (Table 2.6).

Table 2.6 Tourist Arrivals by Region in 1989

	Domestic		International**		Total	
Total	1,986,935	100%	1,528,730	100%	3,515,665	100%
National Capital Region	173,271	9%	998,455	65%	1,171,726	33%
I. Ilocos*	612,235	31%	126,343	8%	738,578	21%
II. Cagayan Valley	38,930	2%	12,427	1%	51,357	1%
III. Central Luzon	30,534	2%	50,370	3%	80,904	2%
IV. Southern Tagalog	80,154	4%	132,382	9%	212,536	6%
V. Bicol	72,891	4%	4,038	0%	76,929	2%
VI. Western Visayas	205,844	10%	30,266	2%	236,110	7%
VII. Central Visayas	194,394	10%	146,835	10%	341,229	10%
VIII. Eastern Visayas	98,542	5%	6,315	0%	104,857	3%
IX. Western Mindanao	76,362	4%	2,865	0%	79,227	2%
X. Northern Mindanao	182,287	9%	7,067	0%	189,354	5%
XI. Southern Mindanao	125,281	6%	10,056	1%	135,337	4%
XII. Central Mindanao	96,210	5%	1,311	0%	97,521	3%

Note: Based on report submitted by hotels. The number, in particular, of domestic tourists is supposed to be larger than reported.

Source: Department of Tourism

Regional imbalance of visitor arrivals is more prominent for international tourists. International visitors tend to concentrate in Metro Manila and Central Visayas, while domestic tourists stay more evenly in the Philippines except that they show a concentration in Region I that included Baguio at the time of this survey.

Central Luzon had 53,460 reported visitor arrivals in 1990, of which 51% were domestic and 49% were international tourists (Table 2.7). It was a 34% decrease from the previous year caused by the sharp decline of international tourists due to the political instability. International arrivals probably have decreased further in 1991 because of the Pinatubo eruption and the withdrawals of US bases in Angeles and Olongapo that followed the eruption.

Table 2.7 Tourist Arrivals to Central Luzon

	Domestic		International*		Total	
1988**	19,873	46%	22,922	54%	42,795	100%
1989	30,534	38%	50,370	62%	80,904	100%
1990	27,011	51%	26,449	49%	53,460	100%

* Includes Balikbayan (home-coming) Filipinos

** Number of hotels surveyed was smaller than later years

Source: Department of Tourism

More recent statistics are not available but interviews with the local travel trade revealed that international tourism demand has not recovered to the 1989 level even in 1994 except a few resorts that are successful in the Taiwan market.

Tourist arrivals by province in Central Luzon

Pampanga accounted for almost a half of the international arrivals to Central Luzon in 1990 followed by Bataan with a share of 23% (Table 2.8). An 80% of international tourists concentrated in Pampanga while a 39% of domestic tourists concentrated in Bataan though they scattered more evenly throughout the region.

Table 2.8 Tourists Arrivals by Province in Central Luzon in 1990

	Domestic		International*		Total	
Region III total	27,011	100%	26,449	100%	53,460	100%
Bataan	10,429	39%	1,867	7%	12,296	23%
Bulacan	2,447	9%	57	0%	2,504	5%
Nueva Ecija	6,261	23%	281	1%	6,542	12%
Pampanga	4,640	17%	21,120	80%	25,760	48%
Tarlac	2,817	10%	593	2%	3,410	6%
Zambales	417	2%	2,531	10%	2,948	6%

* Includes Balikbayan (home-coming) Filipinos

Sources: Department of Tourism

The above statistics do not include the number of excursionists who make day trips from Metro Manila and within Central Luzon. SBMA estimates the number of its visitors to be more than 2 million in 1993. The Paskuhan Village that is the principal man-made tourist attraction in Central Luzon attracted 263,000 visitors in 1993 (Table 2.9).

Table 2.9 Number of Visitors to Paskuhan Village

Year	Visitors
1991	381,000
1992	310,000
1993	263,000

Note: Decline of visitors is partly due to the issuance of seasonal passes.

Source: Department of Tourism

International tourist arrivals by nationality

Table 2.10 shows tourists from USA shared noticeably a higher percentage in Central Luzon than the Philippine average in 1990. This is due to the presence of US bases at the time of this survey and considerable number of expatriate residents living in the vicinity of the bases. The return of the Clark Air Base and the Subic Naval Base to the Philippines in 1991 and 1992, respectively, is reported to have resulted in the decline of this largest market segment.

Table 2.10 International Tourists by Country of Origin in 1990

	Region III		Philippines total	
Total	26,449	100%	1,152,952	100%
USA	13,383	51%	203,941	18%
Australia	5,078	19%	47,351	4%
Western Europe	3,227	12%	112,083	10%
Japan	1,825	7%	201,982	18%
Balikbayans	1,746	7%	130,757	11%
Others	1,190	7%	456,838	40%

Source: Department of Tourism

It is obvious that Central Luzon has to seek for new markets to sustain the existing tourism sector. Recent statistics are not available at present but resort hotels in and around the Subic Bay reported that package tourists from Taiwan who enjoy marine sports have replaced former American clientele.

Hotels in Angeles City are partly successful to compete with Metro Manila for a transit stop-over on the way to other Philippines islands, making use of its inexpensive hotel prices, night entertainment and a good transportation link with the capitol. Pinatubo tours have become another selling point for the hotels in Angeles that are struggling to survive.

Seasonality

No data for seasonality of visitor arrivals to Central Luzon are available. Interviews with the travel trade revealed, however, that the peak season is May for the domestic market that corresponds to a long school holiday, and the Chinese New Year for the Taiwan and Hong Kong markets. Weekly fluctuation is more conspicuous than monthly fluctuation for both the domestic and the East Asian markets.

For those who visit Central Luzon for beaches, the rainy season, especially from July to September, does not suit their purposes. Development of beach resort tourism could result in concentration of visitors in the dry season.

(4) Market needs for tourism development in the Philippines

Interviews with Philippine tour operators conducted as part of the CLDP Master Plan Study have revealed the following points to be considered for tourism development in Central Luzon.

Concentration in short-haul markets

A tour operator that specializes in the European and the Australian markets concluded that there would be little prospective for attracting European tourists to Central Luzon. The Philippines is a cultural destination rather than a beach destination for Europeans since it is very long-haul. For them, "culture" is synonymous with the tribal cultures less affected by Christianity. Therefore, Central Luzon is not considered to be very attractive as a cultural destination. Besides, they prefer to stay at a remote beach resort after their sight-seeing thanks to their long itineraries and a general characteristic of long-haul tourists that tend to travel through larger areas than short-haul tourists.

In contrast to the above, tour operators for East Asian markets consider the tourism potential of Central Luzon for a "long weekend" type of beach resort tourism.

Target at beach resort tourism

Tour operators reported the increasing popularity of beach resort tourism in the East Asian markets, in particular, among young people. They also stressed the importance of marine sports activities rather than a leisurely stay at a resort.

It should be noted that the stereo type of Chinese tourists that prefer itinerant sight-seeing tours could be attributed partly to a special situation in Taiwan. The ban on beach swimming in Taiwan until the late 1980s came from the political confrontation with the mainland China, and had hindered beach resort tourism to develop in Taiwan. The lift of the ban in 1988 is causing a drastic change in the market characteristics.

Price sensitivity of resort tourism

Beach resort tourism is highly price elastic in general, and this tends to make tourism development in remote areas difficult even though they have excellent tourism resources. The fact that most of the beach resorts that cater for mass international tourism have developed within a few hours distance from an international airport proves the nature of the market.

A few tour operators expressed their apprehension for the proposed tourism developments by DOT in remote areas as they might not be accepted by the international market because of

high transportation costs and long itineraries. The Taiwan market that tourist statistics indicate prospective in the future, is reported to be very price sensitive. These, in turn, imply the potential for tourism development in Central Luzon.

More shopping attractions

Long-haul tourists from Europe tend to combine the Philippines with Hong Kong or Singapore reflecting the lack of shopping attractions in the Country. For those from East Asia, shopping is also an important part of a travel experience. The lack of shopping attractions does not only lead to the loss of business opportunities for the Philippines but also adversely affect the competitiveness of the destination. Therefore, the Philippine travel trade should make efforts to provide more attractive shopping items to promote Philippine products, and to utilize duty free shopping at free port zones for tourists.

Shopping and entertainment in combination with resort areas

Tour operators specialized in the East Asian market suggested the necessity to combine shopping and entertainment with resort areas. A reason for Taiwan tourists' itinerant tour routes in the Philippines such as "Manila -Puerto Azul -Subic" was reported to come from the separation of a resort area from a shopping and entertainment area. A reason for the popularity of Bali is reported to be a good combination of a resort area with shopping opportunities and entertainment in the neighborhood. A tour operator for the Japanese market also referred to the shortcoming and stated that Cebu's popularity came from the short distance between resort hotels and Cebu City that provides tourists shopping attractions and entertainment.

Improvement of restaurants in resort areas

Food served in resort hotels is generally poor and needs improvement. Chinese tourists stick strongly to Chinese food and they prefer to dine out if Chinese restaurants are available outside of their accommodations. A resort area that does not serve good Chinese food will not be successful in realizing the potential of the Taiwan market in beach resort tourism.

2.1.3. Tourism resources

(1) Tourism resources in Central Luzon

A total of 274 tourism resources are identified in Central Luzon based on "Tourism Situation Report Central Luzon" compiled by DOT and field surveys by the JICA Study Team as summarized in Table 2.11. The tourism resources are reclassified by the JICA Study Team. Man-made attractions in the table are facilities built for visitors and guests like museums and amusement parks, and different from the "man-made attraction" of the Tourism Situation Report that includes architecture and historical buildings. A complete list of tourism resources is presented in Appendix to this chapter.

Table 2.11 Number of Tourism Resources by Type

Natural	58	Cultural	190	Man-made	26
Fluvial	7	Religious	27	Leisure facility	7
Lake	8	Archaeological	0	Cultural facility	14
Topographical	6	Historical	82	Park/garden	5
Rock formation	0	Ethnographic	4		
Cave	6	Architectural	6		
Scenic view point	1	Artistic	0		
Underwater scenery	3	Town/landscape	5		
Beach	13	Festival	49		
Coastal scenery	1	Local specialty	10		
Springs	5	Amusement area	5		
Natural phenomena	1	Mine	1		
Flora/fauna	0	Factory	1		
Natural park	7	Commercial facility	0		
Site for sports	0			Total	274

Source: Tourism Situation Report Central Luzon by DOT, JICA Study Team

There are 58 natural tourism resources, 190 cultural resources, and 26 man-made attractions in Central Luzon. In spite of the great number of tourism resources identified above, few of them reaches a level that could attract long-haul international tourists. There is little concentration of tourism resources although almost every municipality has a resource or two. Central Luzon lacks in a tourism core that has an appeal to outside markets.

The coastal area facing South China Sea has fairly attractive beaches and coral reefs that have development potential. These beaches, however, reach the level for attracting "short-haul" international tourists and are not equal to those in Boracay, Palawan and Puerto Galera that attracts visitors even from Europe.

Following are observations and comments on principal tourism resources in Central Luzon.

Natural tourism resources

- Long coastlines facing South China Sea are lined with beautiful beaches and coves that have development potential.
- Off-shore islands in Zambales, namely, Gaines Island, Grande Island, Capones Island, Magalawa Island, Salvador Island, Hermana Menor and Hermana Major have rich underwater scenery and beaches. Wrecked ships found in the area could also be good attractions for divers.
- Several places in the region are suitable for mountain resorts for domestic tourists. They are the Pantabangan reservoir area and Minalungao in Nueva Ecija, the Bustos reservoir and the Angat hydro power area in Bulacan, and Mt. Arayat in Pampanga.

- The Pinatubo volcano is a potential tourism resource to attract domestic and international tourists since its eruption has become world famous through mass media.

Cultural and historical tourism resources

- Central Luzon abounds in famous festivals known nationwide such as the Carabao festival in Pulilan and the fertility rites in Obando.
- Central Luzon has many century old churches. Typical examples are the Betis church in Guagua and the Parochial church in Apalit.
- Pampanga has been known for its cuisine and for this reason, many of the restaurant chains have their origins in Pampanga. Central Luzon is also famous for its sweets.
- Pampanga, Bulacan and Bataan have a tradition of producing wood carvings, furniture and handicrafts. Factories producing these products with traditional methods would become potential tourism objectives.
- There are markers and sites for historical events related to revolutionary heroes in Central Luzon, particularly in Bulacan. They includes the Barasoain church in Malolos as the site for the first Philippine government and Biak na Bato that had been a hideout for revolutionary forces.
- Bataan and Pampanga have markers related to World War II such as Dambana ng Kagitingan on the top of Mt. Samat, Kamikaze East Field Marker, and many Death March markers found along the historical trail.

Man-made attractions

- The Paskuhan (Christmas) Village in San Fernando is the principal man-made attraction in the region. However, it needs more investment to create new attractions to pull "repeaters". Though scarce at present, Central Luzon has the great potential to develop man-made attractions due to the proximity to Metro Manila and the region's huge population.

(2) Tour itineraries and tourism circuits in the Philippines

Manila is the principal gateway to the Philippines handling 95% of international visitors in 1992. Accordingly, most of Philippine tour itineraries originate in Manila. Although its function as an international gateway is limited, Cebu is another tourism center rivaling Manila. It works as the transport hub to other Visayan islands and Mindanao. Mindanao is

planned to be the third gateway to the Philippines according to the DOT master plan but the function is negligible at present.

Interviews with Philippine tour operators revealed that the lengths of package tours are 3 - 5 days for the East Asian market and approximately 10 days for the Western markets. Many tour itineraries in the Philippines tend to make a simple return trip to an island from Manila due to a limited transportation network. Tourist circuits currently identified are as follows.

- North Luzon Mountain Circuit
(Manila -Banaue -Bontoc -Sagada -Mt. Apo -Baguio -Manila)
- Visayas-Mindanao circuit (Cebu-Bohor-Mindanao-Cebu)

Typical tour itineraries in the Philippines are shown below together with dominant markets for each itinerary. Asterisks (*) indicate the numbers of nights tourists usually spend at respective places.

- Manila*-Puerto Azul*-Subic*-Manila
(Taiwan and Hong Kong markets)
- Manila*-Puerto Azul*-Cebu*-Manila
(Taiwan and Hong Kong markets)
- Manila*-Cebu***-Manila
(Japanese market)
- Manila*-Boracay***-Manila*
(Japanese and Hong Kong market)
- Manila**-North Luzon circuit*****-Bohor***-Manila
(Western market)
- Manila**-Visaya Mindanao circuit****-Boracay****-Manila (Western market)

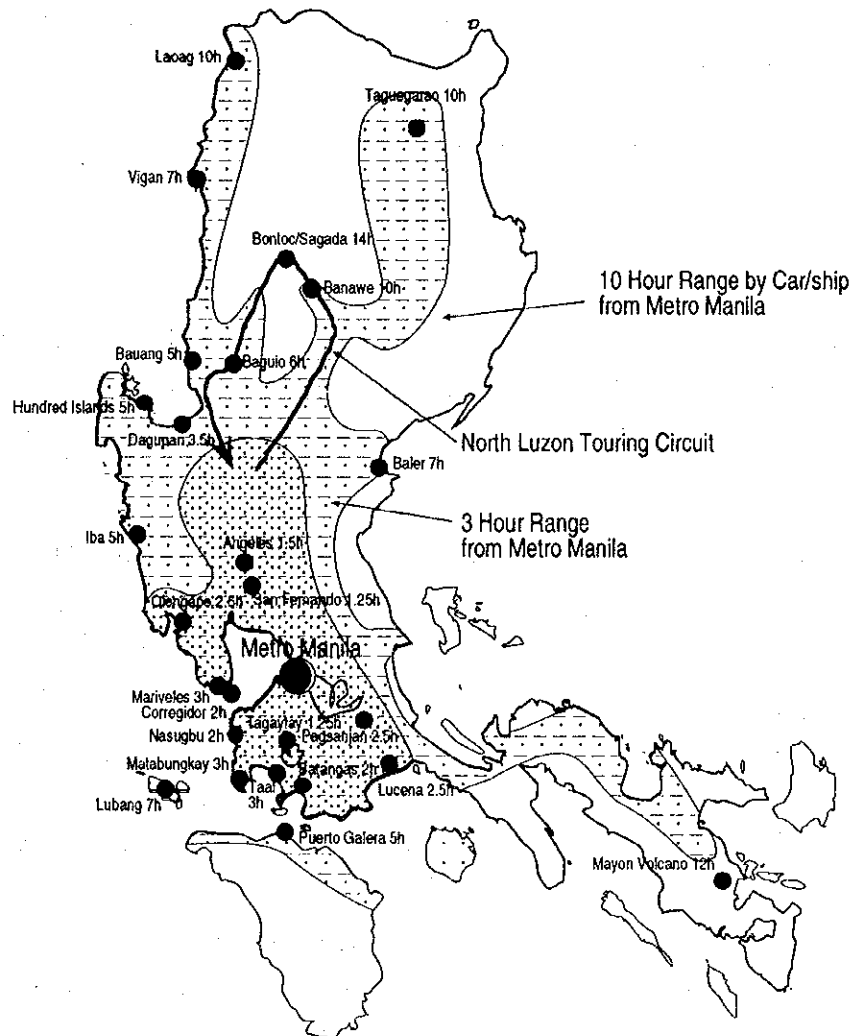
Western tourists prefer to combine a touring itinerary with a leisurely stay at a resort area. Within the market, Europeans and Americans are more culturally motivated than Australians who put more importance on beaches and night life. They tend to choose a remote island for a several-day stay. It could be attributed partly to their longer itineraries and their market characteristics as the long-haul tourists that tend to be affluent and to travel through larger areas than short-haul tourists.

A higher percentage of tourists from East Asia choose Manila and its vicinity as their principal destination than westerners. It is probably due to their characteristics as the short-haul tourists, and also to their preference for a “lively” resort area.

(3) Central Luzon’s position among destinations in the Luzon Island

Figure 2.2 shows three-hour and ten-hour driving ranges from Metro Manila. The three-hour range indicates the area where day-trip from Manila is possible. The ten-hour range represents the maximum distance that tourist can travel in a day from Manila.

Figure 2.2 Tourist Destinations and Their Time Distance from NCR



Source: JICA Study Team, various travel documents

The day-trip zone coincides roughly with the area where international visitors can reach on the day when they arrive at the NAIA. Thus, it has a great advantage in attracting international tourists, in particular, those whose itineraries are short. The area covers Central Luzon extensively except the northern part of Zambales. The opening of Clark International

Airport and the completion of the road that links Tarlac and Zambales would make the zone to include the rest of Central Luzon.

Major destinations within the ten-hour range are Manila itself, the Tagaytay ridge, Baguio, the rice terraces in Banaue, historical Vigan town, beaches in Calabarzon, Puerto Galera, Hundred Islands and beaches in La Union.

The beaches in Bataan and Zambales can rival other beaches in the three-hour range such as Hundred Islands, the Cavite-Batangas area and La Union. Although the Bataan and Zambales beaches fall behind those in Puerto Galera that is within the ten-hour range, they could have a good market opportunity for both international and domestic markets and could be an anchor accommodation base, taking into account the time-distance from Manila and various tourist attractions that can be visited from the area.

2.1.4 Tourism facilities and travel conditions

(1) Accommodations

Accommodation by category

Accommodations in Central Luzon are generally small in scale. As of 1990, there was no accommodation that belonged to the deluxe category and an 82% of the room supply fell into the standard or economy category (Table 2.12). A 76% of rooms concentrated in Pampanga that has Angels City catering for Clark Air Base at the time of this survey.

Table 2.12 Number of Rooms by Class by Province in 1990

	Deluxe	1st class	Standard	Economy	Resort	Others	Total
Region III total	0	83	706	616	91	115	1,611
Bataan	0	0	0	50	64	0	114
Bulacan	0	0	0	0	8	0	8
Nueva Ecija	0	0	28	0	0	20	48
Pampanga	0	0	634	490	0	95	1,219
Tarlac	0	0	44	0	0	0	44
Zambales	0	83	0	76	19	0	178

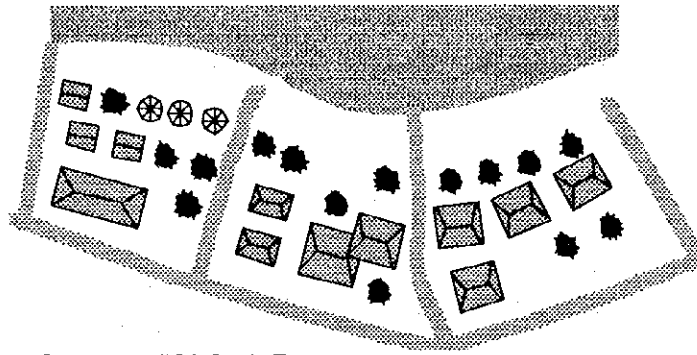
Source: Department of Tourism

Hotels and resorts in Central Luzon suffer from the withdrawal of the US bases that had provided clientele for them. The lack of deluxe and first class hotels is a disadvantage in attracting international tourists especially those using package tours.

Segmented beach and enclosure policy

Beach resort owners in the Philippines tend to segment beach front and enclose their guests inside of their establishments as shown in Figure 2.3. It is partly for a security reason but this activity spoils the original charm of the beach and makes the area less competitive in both domestic and international markets.

Figure 2.3 An Example of a Segmented Beach



Source: JICA Study Team

Lack of resort areas

Resort accommodations in Central Luzon and Calabarzon tend to be built independently with little considerations of other tourism-related establishments outside. As coastal roads are generally underdeveloped, resort owners build long access roads to their establishments individually. This, in turn, forces their guests a long walk if they want to dine out or go shopping in a neighboring host community.

Together with the enclosure policy, this discourages distribution of tourism benefits to local communities. It also hinders “resort areas” to develop, which should be composed of resort hotels as well as restaurants and various commercial and entertainment establishments.

Vicious cycles of small scale development

Vicious cycles of tourism development is commonly observed in the Philippines. Small and “natural” establishments attracting nature lovers ironically deteriorate natural environment due to the lack of appropriate environmental infrastructure. The deterioration provokes a new small developments in a different place.

(2) Restaurants and souvenir shops

Table 2.13 shows the number of restaurants and souvenir shops listed by DOT Region III, which presumably reflects the number of restaurants and souvenir shops that could cater for up-market tourists. Agglomerations of tourist restaurants are observed in Olongapo city, Angeles city and San Fernando.

Table 2.13 Number of Restaurants and Souvenir Shops Listed by DOT

Province	Restaurant	Suvenir shops
Total	139	28
Bataan	25	-
Bulacan	-	-
Nueva Ecija	24	5
Pampanga	27	2
Angeles City	17	9
Tarlac	12	10
Zambales	-	-
Olongapo City	34	2

Note: Number of restaurants and bars listed in
Tourism Situation Report 1994
Source: Tourism Situation Report 1994 by DOT Region III

Angeles City and Olongapo City still have many bars and night entertainment establishments that used to cater for US bases for decades. Their business is on the decline particularly in Olongapo City. Duty free shops have opened in SBMA and Clark Field after the withdrawal of the bases, as new magnets for local tourists.

In the coastal areas of Bataan and Zambales except Subic Bay, commercial establishments for tourists have rarely developed in spite of on-going tourism development. This would be attributed, in part, to the enclosure policy of resorts and the lack of coastal roads resulting in isolation of resorts from local community.

(3) Transportation services

Air transport

The Ninoy Aquino International Airport (NAIA) currently serves as the international gateway to Central Luzon but the services the airport provides leave many points for improvement. Although the airport is located in Pasay City, it would be worth pointing out its shortcomings as they could be reflected in the management of the Clark International Airport. They are as follows.

- The airport lacks "a sense of arrival" as the airport is poorly lighted, not very clean nor properly displayed.
- Services that the airport provides such as free city calls and shuttle bus services between the domestic and the international terminals, are not properly informed to arriving passengers.
- The airport authority does not allow those who need to meet arriving visitors to enter the arrival lobby. It is particularly inconvenient for visitors who have prearranged transport from the airport and need to meet their drivers at the airport.

- Tourist information provided at the airport is very limited.
- No public bus services to the downtown, major hotels and neighboring tourist destinations are available from the airport.
- Taxis from the airport are not metered and have a notorious tradition of overcharging.
- At the departure terminal, poor availability of carts and unauthorized “porters” undermine favorable impressions of the Philippines that departing passengers has had by then.

Road transport

Several companies operate frequent bus services to major cities and municipalities in Central Luzon from Metro Manila. Absence of direct bus services from the NAIA, however, hinder international visitors’ inflow to Central Luzon. International visitors’ use of the bus services is limited due to the lack of information.

Sea transport

There is a sea transport service from Manila South Harbor to Mariveles via Corregidor but frequency of the service is not satisfactory.

(4) Tourist infrastructure

Road network and conditions

Central Luzon has a relatively developed road network but the following shortcomings exist for tourists.

- Access roads to beaches and tourism objectives out of town proper are generally very poor.
- Many of the falls, caves and springs in mountain areas are not accessible without the help of local guides.
- Tourist trails rarely exist as “pleasure of walking” is not widely recognized in the Philippines.
- No road nor trail exists for climbing the Pinatubo Volcano in spite of its tourism potential.
- Lack of coastal roads hinders development of resort areas.

- The closed Morong gate of SBMA hampers tourism development in Morong and Bagac in Bataan Province.

Other infrastructure

Since the tourism in Central Luzon is at the initial stage, most tourism-related infrastructure facilities are insufficient except those in Subic and Clark Field. Of all the insufficiencies, the most threatening to tourism at present would be the lack of infrastructure that protects natural environment on which tourism depends, such as sewerage and waste disposal in coastal areas.

(5) Tourist information

Brochures and maps

DOT Region III provides brochures of Central Luzon at the tourist information office in the Paskuhan Village. The brochures contain many color photos and are considered to aim principally at promoting favorable tourism images of Central Luzon. They, however, does not give detailed information on know-how to explore Central Luzon.

SBMA and Angeles City provide brochures and city maps of themselves but other municipalities do not have brochures exclusively for tourism purposes.

Road signs and interpretation board

In spite of the huge number of cultural tourism resources, only a few of them have appropriate road signs to respective sites. Besides, existing road signs to tourism objectives lack in conformity of designs. Private enterprises put up, in many cases, shabby road signs to their establishments independently and, in consequence, spoil the beauties of villages and resort areas.

Except some markers which themselves are interpretation boards, many of cultural tourism resources lack in what gives tourists the knowledge of the resources. As with road signs, interpretation boards lack in conformity.

Tourist information

There is a lack of tourist information at bus terminals and town plazas, where visitors arrive.

SBMA has an office that provides their visitors with the information on SBMA, and arrange various tours inside of the area. It, however, does not cover the neighboring municipalities, for which SBMA works as the transportation hub.

Visiting off-shore islands is one of the greatest attractions in Central Luzon but no information on prices, places and establishments for boat hires is available.

2.2 Issues and Prospects for Tourism Development in Central Luzon

2.2.1 Constraints and prospects

(1) Constraints

Withdrawal of the US bases and lack of expertise in international tourism

Tourism in Central Luzon had been dependent on the VFR (visit friends and relatives) market to, and the recreation demands from, the two US bases. Withdrawal of the bases meant the loss of the largest market segment and caused a slump in the region's tourism sector.

Central Luzon has had little experience of international tourism in the real meaning, in which, unlike the VFR market, destinations face tough global competition and package tourists could critically affect the fate of a destination. In spite of the increasing importance of the East Asian market in the past decades, the region made little efforts to develop the new market due to the overwhelming presence of the tractable American market.

Unfavorable tourism images of the Philippines and Manila

Those living in tourist-generating countries regard the Philippines as one of unsafe countries. Manila that serves as the gateway to Central Luzon still has a biased image of the crime capitol and the sex tour destination especially in Japan. Political instability for the past decade, tolerance for carrying firearms, and shady tourism thrived in the past would be attributed to these unfavorable images but little effort has been made by DOT to wipe them off.

Lack of anchor tourist attractions

Central Luzon has a very poor image as a tourist destination since there has been no anchor tourist attractions nor resort areas except night entertainment that had been related to the bases. Small scale and scattered tourism development and absence of regional promotion campaign so far also contribute to the lack of region's tourism image.

Insufficient Government intervention

Insufficient Government intervention in tourism developments makes isolated small scale developments very common in Central Luzon. It does not only deteriorate natural environment on which tourism depends, but also hinders the formation of "resort areas" that are composed of various tourism related establishments and feed back economic benefit to local community. This is also a factor for the lack of an appealing tourism image.

Possible threat to tourism by industrial development

Proposed industrial development in the region might adversely affect the natural environment and the image of Central Luzon as a tourist destination, unless the development and tourism promotion are properly coordinated.

(2) Prospects

Recovery of international tourism in the Philippines

Political stability in the Philippines has greatly improved in the past few years and it has resulted in a recovery of tourist arrivals since 1992. The recovery is helped by strong demand from the neighboring countries, in particular, from Taiwan.

With the economic growth and the liberalization policy, People's Republic of China that already generated more than two million overseas travelers in 1992, should be an important market for the Philippines.

Proximity to Metro Manila

Metro Manila is the major source of domestic tourists. Man-made tourist attractions would be more feasible in Central Luzon than any other parts of the Philippines.

Manila is the anchor tourist destination of the Philippines that abounds in historical tourism objectives such as the Intramuros and the Malacañang Palace as well as various markets and shopping centers. They are easily accessible for the tourists who could stay more safely and peacefully in Central Luzon than in the capitol.

Proximity to East Asia

East Asia is the tourism market showing the highest growth rate in the world, and Central Luzon is one of the most easily accessible areas that have tropical climate from the market. Not only beaches but tourist attractions related to "tropical country life" could have market opportunities in Central Luzon thanks to the locational advantage.

Proposed opening of Clark International Airport

The proposed Clark International Airport would shorten travel time from the international market to potential tourist destinations in Central Luzon. The area that the new international airport benefits the most would be the northern part of Zambales that has been remained almost untouched by tourism development because of a long travel time from Metro Manila. This, however, is conditional on the completion of a road that links Tarlac with Zambales.

Tourism resources suitable for international beach resorts

Central Luzon provides ideal sites for tourism development for beach and marine sports activities. These sites are found along the coastlines that face South China Sea stretching from Mariveles in Bataan up to Santa Cruz in Zambales.

Tourism resources suitable for mountain resorts

Central Luzon provides potential sites for mountain resorts primarily targeted at residents in Metro Manila who want cool climate within a easy reach. These sites include the Pantabangan reservoir area in Nueva Ecija, Bustos-Angat in Bulacan, and Mt. Arayat in Pampanga.

Tourism potential in Pinatubo Volcano

The Pinatubo volcano has become world famous since the disastrous eruption in 1991. The name of Pinatubo could attract tourists both domestic and international for its crater lake and the area thickly covered with lahar. The tourists would also be the potential customers for products produced by resettlers.

Presence of local industries exploitable for tourism

Central Luzon has local industries that could be tourist attractions, and for which tourism could work as a market channel and a promotion medium.

2.2.2 Roles of Central Luzon tourism

(1) Central Luzon's roles in the tourism master plan

The tourism master plan by DOT sets the roles of the Luzon cluster as "a multi-faceted destination based on full range of markets and products." These roles will be satisfied through the collaboration of various areas of the cluster.

Central Luzon has a price competitiveness and an advantage in location over other areas of the cluster such as Palawan, Mindoro and the mountain provinces, while it falls behind these areas in terms of nature and wilderness. These remote areas, however, will have to adopt the "low volume high income" strategy as they are sensitive environmentally as well as socioculturally.

Central Luzon has relatively developed infrastructure and a rigid society. Central Luzon within the Luzon cluster could therefore aim at "mass tourism" market and adopt the "high volume low income" strategy. The strategy would be applicable also to the Calabarzon area that shares the strengths with Central Luzon.

(2) **Tourism roles in the Central Luzon regional development**

Tourism roles in the Central Luzon regional development are identified to be as follows:

- Contribute to Central Luzon's socio-economy by tourism income and job creation
- Promote and improve the image of Central Luzon
- Lure investments and talented persons into Central Luzon by its resort level amenity for living

(3) **Tourism supports to the Glocalization scenario**

Central Luzon tourism should support the Glocalization scenario of its Master Plan in the following sense. First it aims at international and domestic markets. Second, it will combine the development of a resort area with an international level of amenity and tourist attractions based on local industries, agriculture, lifestyles and traditions.

2.2.3 Market opportunities

(1) **International tourists**

As previously discussed, Central Luzon should adopt the "high volume low income" strategy making use of its price competitiveness derived from the locational advantage. As tourism resources in the region are of the "short-haul" international tourists level, prospective market segments of international tourists would be budget conscious tourists from East Asia who expect to enjoy a beach resort equipped with good marine sports facilities. In the long term, Mainland China would also be prospective.

For the target market, Central Luzon is one of the nearest and the lowest-priced tropical rural areas. Low travel costs to the region imply a high percentage of potential tourists who travel with their children. Attractions targeted at the family market could be prospective in Central Luzon if the image of the Philippines is improved.

(2) **Domestic tourists**

It is obvious that there are numerous market opportunities targeted at recreation needs from Metro Manila residents. Lack of anchor attractions in Central Luzon indicates a necessity to build man-made attractions such as amusement parks, mountain resorts and various attractions based on local industries and traditions. With the progress of urbanization in Metro Manila, tourists facilities presenting a typical rural life as attractions could come to appeal to urbanized Menileños in the future. Considering the great popularity of Baguio and

its long distance from the capital, development of mountain resorts would also be prospective.

(3) Corporate market

The corporate market is more important in the Philippines than developed countries as personal consumption is limited due to low income. Central Luzon should aim to cater for convention, seminar and exposition markets in Metro Manila and Central Luzon itself for a relatively immediate effect. Subic could be an alternative international convention center that could rival Metro Manila making its excellent natural setting, resort-level amenity and the proximity to the Clark Airport.

2.3 Policies, Strategy and Frameworks for Central Luzon Tourism

2.3.1 Central Luzon tourism policies

Three basic policies are set based on the issues and prospects for tourism development in Central Luzon examined in Section 2.2. They are neighborhood orientation, revision of spatial pattern of tourism, and linkage between tourism and other sectors. Each policy is discussed below.

(1) Neighborhood orientation

The comparative advantage of Central Luzon tourism lies in its strategic location to markets rather than its tourism resources. Central Luzon should aim at developing market oriented tourism rather than resource based tourism.

Tourism in Central Luzon had been heavily dependent on the two US bases for decades. Withdrawal of the bases, however, is forcing Central Luzon tourism a drastic change in its strategy. Identified new target markets are Metro Manila residents that seek for attractions within easy reach, and the international tourists from East Asia that seek for an inexpensive tropical beach resort. Tourism in the region must learn, and adapt to, the new potential customers.

(2) Revision of spatial pattern of tourism

Tourism in the Philippines largely lacks in intra- and inter-regional collaboration and integration. The spatial pattern of Central Luzon tourism must be revised with the whole Luzon island in sight and in consideration of the expansion of Metro Manila and the development in SBMA.

As Metro Manila expands, it has to relocate leisure facilities outside of the city. Likewise, as SBMA reaches a new status as a business and convention center, it should have satellite

resorts that supplement SBMA with better natural environment to formulate an integrated resort area.

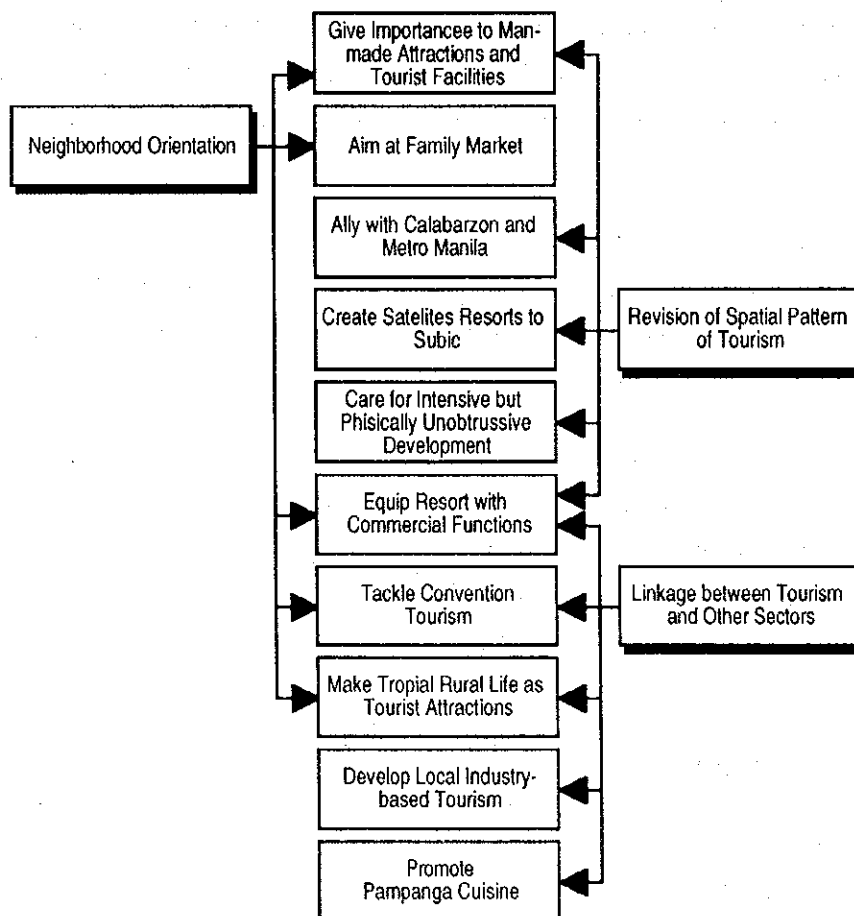
(3) Linkages between tourism and other sectors

Inter-sectoral linkages must be enforced to maximize tourism impacts on regional economy. The Glocalization scenario also requires the utilization of local industries and traditions as resources for tourism objectives with global appeals.

2.3.2 Central Luzon tourism strategy

Ten components are identified for Central Luzon tourism strategy in line with the tourism policies discussed above. Relationships between the policies and the components are illustrated in Figure 2.4. Each component is described below.

Figure 2.4 Basic Policies and Strategy for Central Luzon Tourism



Source: JICA Study Team

(1) Give importance to man-made attractions and tourist facilities

The policy of neighborhood orientation and market oriented tourism implies the importance of developing man-made attractions that would offset the lack of anchor tourism resources. They would better be combined with local industries.

Opportunities for developing man-made attractions abound in Central Luzon. They include leisure facilities targeted at Manileños such as amusement park, swimming pool resort, mountain resort, tourism-agriculture complex such as tourist farm, fish pond restaurant, and fishermen's wharf, and tourism-industry complex such as workshop open for tourists.

Likewise, beach resorts equipped with full-range of marine sports facilities could make up for the scarcity of natural wilderness as found in remote areas like Palawan and Mindanao.

(2) Aim at family market

Low transportation cost and short travel time from the markets, namely, Metro Manila and the neighboring countries, make it easier for those who travel with their children to visit Central Luzon than any other parts of the Philippines. This would provide market opportunities for family-oriented attractions typically represented by an amusement park.

Better security in the region than in Metro Manila could be an advantage for the domestic market but the international market would require further improvement of the conditions as well as the region's image as a safe place.

(3) Ally with Calabarzon and Metro Manila

To enforce its competitiveness and enhance its presence in the international market, Central Luzon should collaborate with Calabarzon and Metro Manila to formulate a tourism belt for beach resort tourism and a touring circuit that includes Manila, Pagsanjan, the Taal volcano and Taal town. The allied area will have two international airports within a few hours distance and cater primarily for "mass market" taking advantage of its location.

(4) Create satellite resorts from Subic

Proposed development plans in SBMA would require a revision of the roles of Olongapo City in regional tourism. It had better work as a service town that provides convention, seminar and exposition facilities, entertainment and shopping attractions to neighboring resorts, than as a single resort town at present. This would rationalize the developments of satellite resort areas that assume SBMA and Olongapo City as the center.

(5) Care for intensive but physically unobtrusive development

To terminate the vicious cycles of small scale development followed by deterioration of natural environment, tourism development should be large in scale but physically unobtrusive with sufficient environmental protection. Tourism development in Central Luzon requires intensive investment in infrastructure and tourist facilities as it will aim at mass tourism. However, with the growing awareness of environmental protection, tourism markets come to put importance on physically unobtrusiveness of tourist facilities such as low-rise hotels, set back of buildings and architectural style based on a local tradition. It requires careful coordination by the Government to steer a local community and tourism enterprises in inducing this type of development.

(6) Equip resort area with more commercial functions

Lack of shopping attractions and entertainment in resort areas in the Philippines was reported, in particular, from the tour operators handling tourists from East Asia. Resort development in the Philippines requires more efforts to combine tourism with these commercial functions to create "lively" resort areas. This would also enforce linkages between tourism and local communities.

(7) Tackle convention tourism

Central Luzon should tackle with developing convention, seminar and exposition tourism. This is a profitable market segment in general, and it could also serve to reduce its seasonality by hosting them in a low or shoulder season. It is also a realistic scenario to target at the corporate market when the personal income level of the domestic market is low.

The Subic area could be the most suitable center for convention tourism taking into account its natural setting, resort-level amenity and good transportation link with the capital. Subic's growing role as a business center also requires the development of this type of tourism.

(8) Make tropical rural life as tourist attractions

Central Luzon is one of the nearest rural areas with tropical climate both from Metro Manila and East Asia. Central Luzon should make use of this comparative advantage to develop man-made tourist attractions with "tropical rural life" as the principal concept. This would also serve to link tourism with other sectors, in particular, agriculture and fishery.

(9) Develop local industry-based tourism

Emphasis on linkages between tourism and other sectors suggests utilization of existing local industries and agriculture as tourist attractions. This strategy also links with the strategy that puts importance on man-made attractions.

Presence of local industry-based tourist attractions could serve to differentiate the region from other destinations. Tourism, in turn, could be a promotion and a marketing channel for products from other industries.

(1) Promote Pampanga cuisine

Pampanga cuisine, famous in Metro Manila, could be a selling point to lure out domestic tourists to Central Luzon. As for the international market, promoting Pampanga cuisine could contribute greatly to improving the poor image of the Philippines as a gourmet destination. This would also strengthen the linkage between agriculture and tourism providing a new market channel for local agricultural products.

2.3.3 Tourism development frameworks

(1) Targets of visitor arrivals

The tourism master plan sets the targets of visitors to the Philippines and the Luzon cluster as shown in Table 2.14. It expects 7,037,000 domestic and 2,682,000 international arrivals to the Luzon cluster in 2010. Central Luzon determines its target within this framework.

Table 2.14 Targets of Visitor Arrivals to the Philippines

		Short Term -1993	Medium Term -1996	Long Term -2010
Luzon	Domestic	3,117,000	3,593,000	7,037,000
	Foreign	1,072,000	1,158,000	2,682,000
	Sub total	4,189,000	4,751,000	9,719,000
Visayas	Domestic	1,341,000	1,520,000	2,815,000
	Foreign	344,000	417,000	1,663,000
	Sub total	1,685,000	1,937,000	4,478,000
Mindanao	Domestic	1,400,000	1,593,000	1,989,000
	Foreign	84,000	136,000	1,019,000
	Sub total	1,484,000	1,729,000	3,008,000
Total	Domestic	5,858,000	6,706,000	11,841,000
	Foreign	1,500,000	1,711,000	5,364,000
	Total	7,358,000	8,417,000	17,206,000

Note: Number of domestic tourists includes tourists using non commercial accommodations

Source: Department of Tourism, Tourism Master Plan 1991

Table 2.15 shows the Central Luzon's share in the Luzon cluster in 1989. Central Luzon accounts only for 3% of domestic arrivals and 3.8% of international arrivals in the cluster. There is a considerable gap in arrivals between Southern Tagalog (Calabarzon) and Central Luzon although tourism potentials of both regions are at comparable levels.

Table 2.15 Central Luzon's Share in the Luzon Cluster in 1989

	Domestic		International		Total	
Luzon Cluster Total	1,008,015	100.0%	1,324,015	100.0%	2,332,030	100.0%
National Capital Region	173,271	17.2%	998,455	75.4%	1,171,726	50.2%
I. Ilocos*	612,235	60.7%	126,343	9.5%	738,578	31.7%
II. Cagayan Valley	38,930	3.9%	12,427	0.9%	51,357	2.2%
III. Central Luzon	30,534	3.0%	50,370	3.8%	80,904	3.5%
IV. Southern Tagalog	80,154	8.0%	132,382	10.0%	212,536	9.1%
V. Bicol	72,891	7.2%	4,038	0.3%	76,929	3.3%

Source: Department of Tourism

The tourism master plan chooses the Ilocos area that includes Baguio, and the Southern Tagalog area that includes Palawan as the priority areas for development. It also aims to disperse tourists from NCR. Taking these into account, the priority areas and Central Luzon should increase their shares in the Luzon cluster.

Taking into account also the policy for mass-market orientation and the current gap between Central Luzon and Calabarzon, Central Luzon's share is targeted to be at 6.0% for both domestic and international visitors in 2010. The numbers of arrivals are summarized in Table 2.16.

Table 2.16 Targeted Number of Tourists in 2010

	Domestic	International	Total
Total arrivals to Luzon Cluster	7,037,000	2,682,000	9,719,000
Central Luzon (Arrivals)	422,000	161,000	583,000
(Share)	6.0%	6.0%	6.0%

Source: JICA Study Team

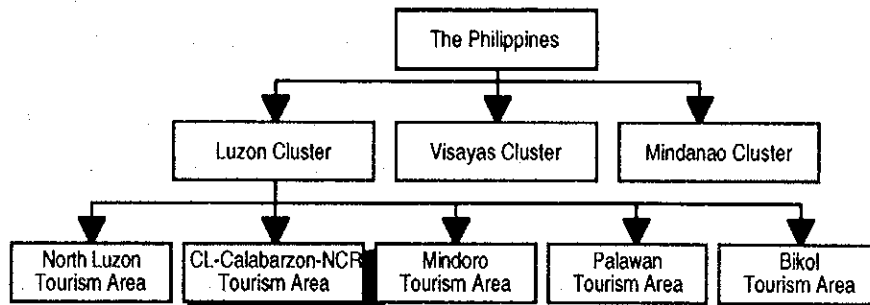
(2) Spatial framework

Interregional framework

The area covering Central Luzon, Calabarzon and NCR roughly coincide with the three-hour range from Manila that is identical with the day-trip range for Manileños, and the range where international visitors can reach from NAIA or Clark Airport within a day when they arrive in the Philippines. This justifies the formulation of an integrated tourism area for these regions under a common planning policy.

The integrated area should cater basically for the mass tourism market and attach relative importance to creating man-made attractions and tourist facilities. It should be linked with the North Luzon Mountain Circuit and other parts of the Luzon cluster that should aim at more exclusive and nature-based tourism. All these areas should be integrated into the Luzon cluster that aims at "a multi-faceted destination providing attractions for all markets" as a whole as shown in Figure 2.5.

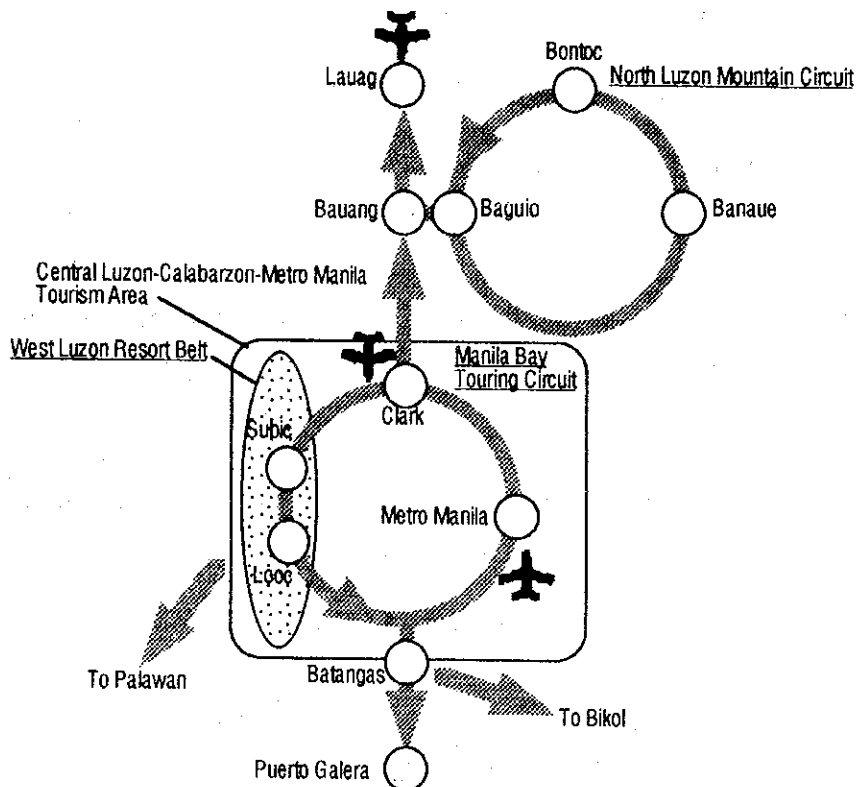
Figure 2.5 The Luzon Cluster and Its Tourism Areas



Source: JICA Study Team

The Central Luzon-Calabarzon-NCR tourism area will share two international airports, the Manila Bay Touring Circuit as the sight-seeing route, and the West Luzon Resort Belt as the base for beach resort tourism. Figure 2.6 shows the spatial concept of this tourism area.

Figure 2.6 Spatial Concept of the CL-Calabarzon-NCR Tourism Area



Source: JICA Study Team

Intraregional framework

As discussed above, the western part of Central Luzon, namely, the West Luzon Resort Belt will lead the tourism in the region. Other areas in the region have respective roles that supplement the resort belt.

Central Luzon has the Triad Growth Centers for industrial development. Since Subic is where the resort belt and the Triad Growth Centers meet, it should aim at developing convention and conference tourism that could intermediate between industry and tourism.

Thanks to the proximity to Metro Manila, Clark Field also has opportunities for man-made tourist attractions typically represented by an amusement park. Demarcation of Subic and Clark would be as follows.

- Subic could attract international visitors while Clark should put more importance on residents in Metro Manila and Central Luzon.
- Within the convention and conference market, Subic could be suitable for resort conventions that are actually incentive travels for organizers. Clark should concentrate on authentic conferences and seminars.

The eastern part of Central Luzon abounds in areas suitable for mountain resort tourism. This would cater primarily for domestic tourists.

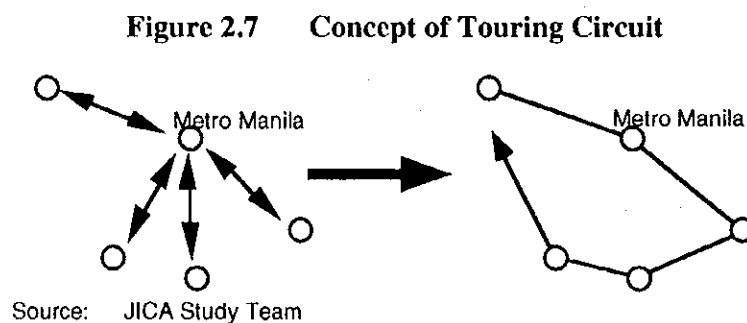
2.4 Tourism Development Plan for Central Luzon

2.4.1 Development of tourism circuits and areas

(1) Manila Bay Touring Circuit

The establishment of the Manila Bay Touring Circuit aims to enforce competitiveness of the Central Luzon-Calabarzon-Metro Manila tourism area by improving the efficiency of touring itineraries.

As shown in Figure 2.7, a circuit system provides tourists more alternatives for accommodations than a hub system. This would facilitate accommodation development outside of Metro Manila as the Tourism Master Plan specifies.



The circuit will include the following tourism objectives that exist at present.

- Intramuros (Fort Santiago, San Agustin church, old houses)

- Malacañang Palace and other historical sites in Manila
- Pagsanjan rapids and falls
- Hot springs in Los Baños
- Tagaytay ridge and Taal Volcano
- Taal town (Taal Church, old buildings, and museums)
- Coves in Ternate-Nasugbu
- Corregidor Island
- Subic Bay

The circuit also has potential tourism resources mostly in Central Luzon. They are:

- Pinatubo Volcano,
- Mount Arayat, and
- Old churches and traditional houses.

Besides these potential tourism resources, there are many opportunities for man-made attractions and tourism-related services along the touring circuit.

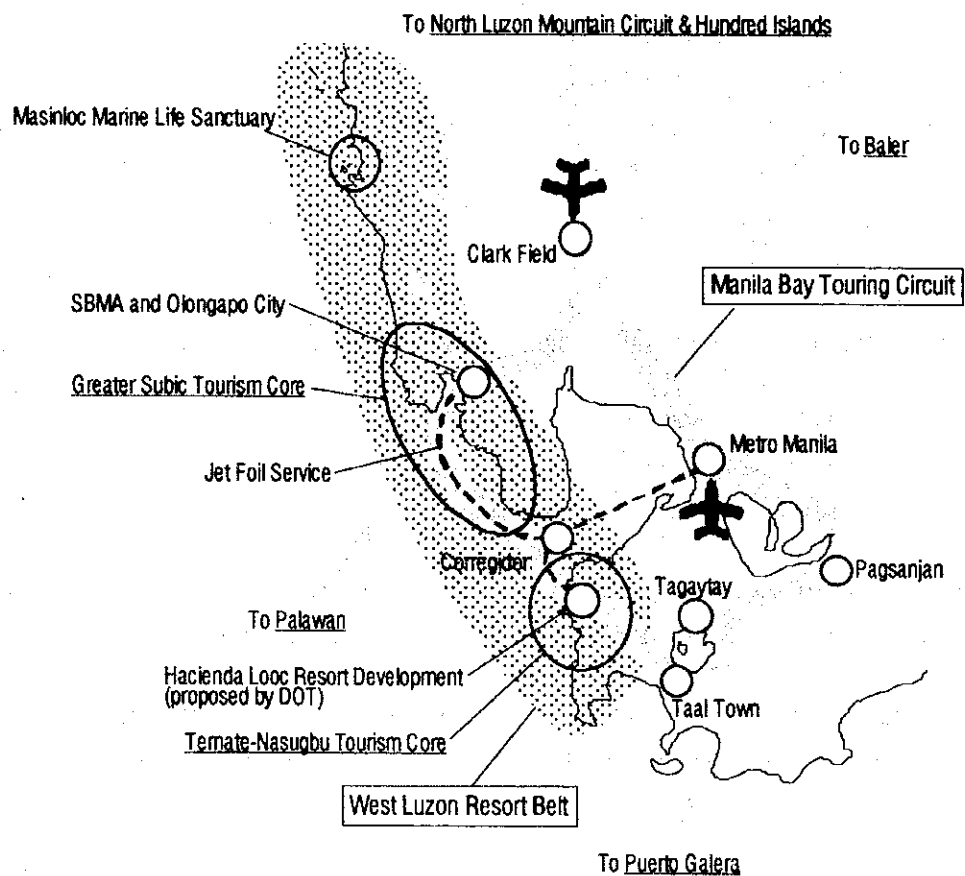
The establishment of the circuit requires an introduction of high speed sea transport link between Nasugbu in Batangas and Subic via Corregidor Island. The most appropriate sites for the ports would be SBMA and Looc Hacienda where DOT has a plan to develop a resort area.

(2) West Luzon Resort Belt

The West Luzon Resort Belt as shown in Figure 2.8 will be the anchor accommodation base in the Central Luzon-Calabarzon-NCR tourism area. The resort belt would basically cater for beach resort tourism making use of good accessibility from both domestic and international markets.

It is approximately a 250 km-long coastal strip that abounds in beaches, off-shore islands, wrecked ships, and coral reefs. It will be accessible within three hours from the international airports and Metro Manila. It stretches from Calatagan Peninsula in Batangas to Santa Cruz in Zambales. The Manila Bay Touring Circuit that shares a part of the resort belt, will serve as the principal sight-seeing route for those who stay in the belt.

Figure 2.8 Manila Bay Touring Circuit and West Luzon Resort Belt



Source: JICA Study Team

The West Luzon Resort Belt will have two tourism cores in Central Luzon and Calabarzon, respectively. The Greater Subic Tourism Core will include SBMA, Olongapo City, and Subic as well as neighboring San Antonio, Morong, Bagac and Mariveles. The Ternate-Nasugbu Tourism Core that extends over Cavite and Batangas, will include Puerto Azul and Hacienda Looc.

Besides these cores, the Clark International Airport would promote tourism development in the northern part of Zambales that includes the Masinloc Marine Life Sanctuary, Hermana Menor and Hermana Mayor Islands.

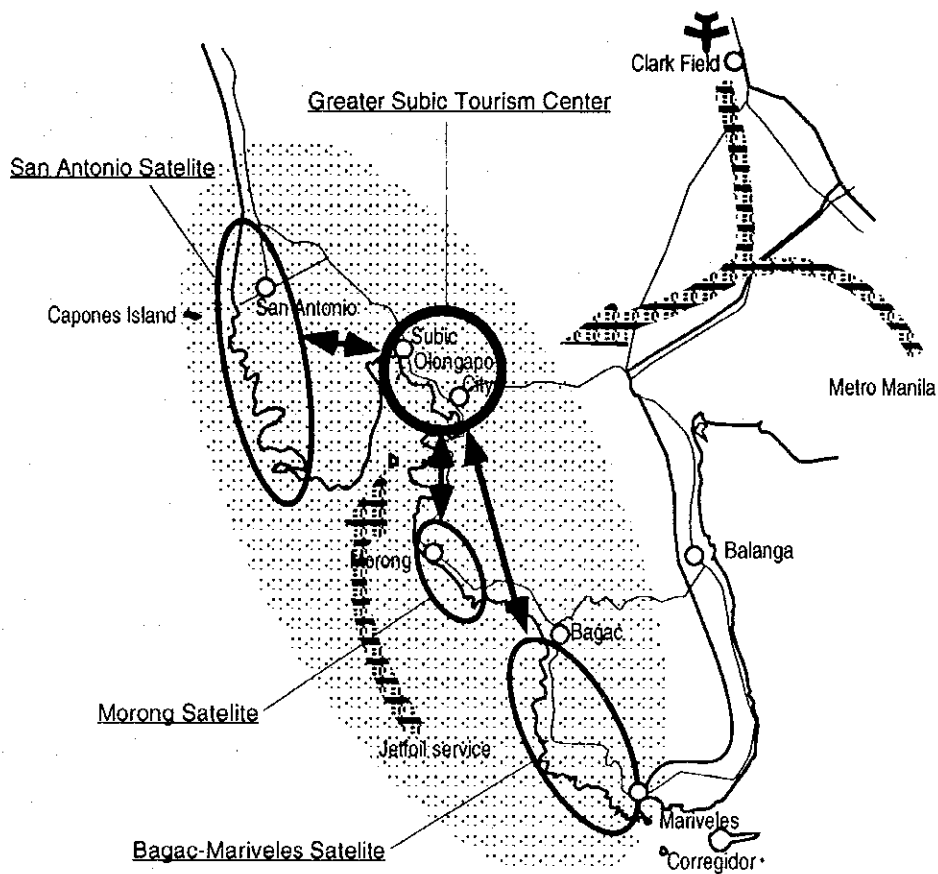
As with the Manila Bay Touring Circuit, the resort belt requires high-speed sea transport between the Greater Subic and the Ternate-Nasugbu Cores. Construction of the Tarlac-Iba road is a prerequisite to facilitate tourism development in the northern part of Zambales.

(3) Greater Subic Tourism Core

The Greater Subic Tourism Core is tasked to mediate industry and tourism by developing convention and conference tourism. It will compose a core of the West Luzon Resort Belt linked with the Ternate-Naugbu Tourism Core by high speed sea transport.

As shown in Figure 2.9, the Greater Subic Tourism Core will consist of a Center and a few Satellites located within the maximum of one-hour distance from the Center.

Figure 2.9 Greater Subic Tourism Core



Source: JICA Study Team

The Center provides convention and exposition facilities, shopping attractions, gourmet, and various entertainment while Satellites provide stays in better natural environments than the Center. SBMA and Olongapo city is the Center of the Greater Subic Tourism Core and Satellites should be developed in San Antonio, Morong and Bagac. Eco-tourism in Tala - Mt. Natib area may also be incorporated. The Center and Satellites should be closely linked each other by efficient public transport and telecommunication network, and the Greater Subic Tourism Core as a whole provides its visitors with both urban amenities, convenience, and liveliness and leisurely stays in the nature.

Satellites development requires the improvements of transport network as follows.

Opening of Morong Gate in SBMA

Opening of Morong Gate in SBMA is a prerequisite for Satellites development in Morong and Bagac-Mariveles, and the establishment of the Manila Bay Touring Circuit.

Coastal road or beach access roads between Mariveles and Bagac

Mariveles and Bagac are linked with a road but the road has no access to the coves located between the two municipalities. New coastal roads or access roads to potential coves would facilitate the Bagac-Mariveles Satellite development.

Coastal road between Subic and San Antonio

There is no coastal road between the Subic town and San Antonio and the construction of the coastal road would stimulate the extension of San Antonio Satellite toward Silaguin Beach at the southern tip of the San Antonio municipality.

2.4.2 Other tourism promotion measures

(1) Formulation of resort areas

As already discussed, the lack of resort areas is widely recognized as an issue for the Philippine tourism. Formulation of resort areas is not only to facilitate the distribution of tourism benefits to host communities but to cater for tourist needs as well. A resort area is defined as follows.

- It consists of various types of tourism-related establishments such as shops, restaurants, and entertainments other than accommodations.
- It does not exclude local people., it even encourages tourists to mingle with local communities.
- It is the area for those who would like to enjoy a stay in a local atmosphere.
- It is a tourism development method suitable for small and medium sized enterprises since a resort area as a whole has a variety of attractions equal to a single large-scale resort hotel.

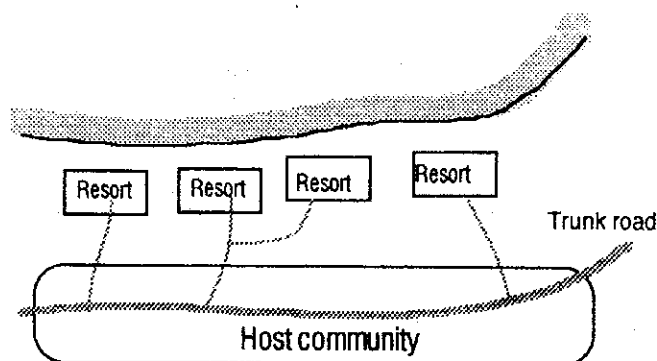
To promote the formulation of resort areas requires the following arrangements by the public sector.

Development of coastal roads

The lack of coastal roads hinders resort areas to develop as shown in Figure 2.10. Resort owners build long access roads to their establishments individually, which discourages their

guests to go outside. Resort hotels in the Philippines are generally small in scale and does not provide many alternatives for their guests to enjoy their stay.

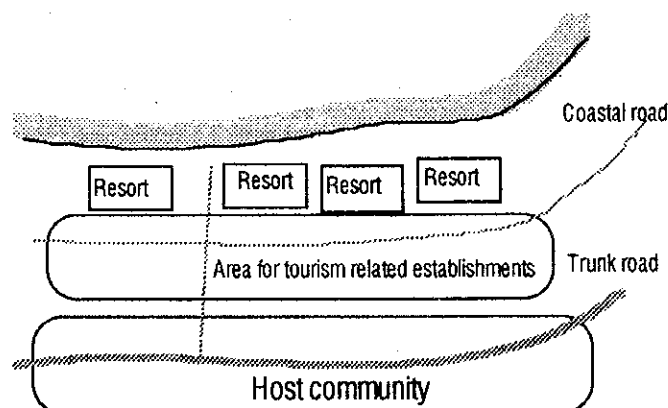
Figure 2.10 An Isolated Beach Resort



Source: JICA Study Team

Construction of coastal roads promotes various tourism-related establishments to develop outside of resorts as shown in Figure 2.11.

Figure 2.11 A Coastal Road and a Resort Area

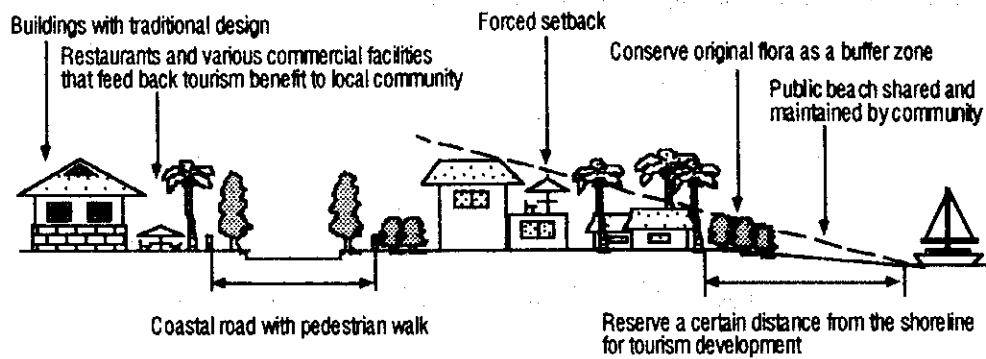


Source: JICA Study Team

The area along a coastal road could have opportunities for commercial activities. It also serves as a buffer between the host community and resort accommodations, which could reduce negative tourism impacts on the host community.

Figure 2.12 shows an example of a well-coordinated resort area developed along a coastal road. The illustration indicates a tourism development that successfully introduced tourism-related commercial establishments without sacrificing natural setting. As coastal roads could be a catalyst for tourism development, they need to be designed so as to cater for tourists needs and images. Consideration for pedestrians is important especially when a resort area aims at international tourism.

Figure 2.12 Crosssection of a Well-Coordinated Resort Area



Source: JICA Study Team

Introduction of the Tourism Promotion Zone system

A Tourism Promotion Zone is the area where tourism-related establishments are encouraged to locate. Consequently, tourism developments outside of the zone are discouraged to avoid the vicious cycles of scattered small-scale developments. More specifically, it aims at:

- formulation of resort areas,
- intensive development to increase investment efficiency, and
- minimization of negative tourism impacts by preventing uncontrolled development.

In a tourism promotion zone, various establishments collaborates each other to increase the attractiveness of a whole area by developing communal tourist infrastructure and facilities such as coastal road, tourist pier and shopping complex.

Development of Tourism Communities

A Tourism Community is an advanced form of Tourism Promotion Zone. It is a subdivision consisting primarily of tourism-related establishments and villas. Partnership between the private and the public sector is important to implement the Tourism Communities developments.

At the first stage, the public sector evaluates tourism potential and purchases an appropriate land, makes master planning of the land by a participatory approach, and installs infrastructure. The investment by the public sector is paid back by selling the land in lots to the private sector at the second stage. The private sector develops their lots as the master plan specifies at the final stage.

This method of development would be applicable for the Satellites developments in the Greater Subic Tourism Core, and mountain resort developments in various parts of Central Luzon. DOT should promote this method of tourism development to local governments with the assistance in master planning.

Setting up or activation of local tourism associations

Coordinated tourism development requires active local tourism associations. They should be the marketing bodies for respective tourism areas. More specifically, their tasks are:

- to make market research,
- to set up marketing strategies based on the research,
- to coordinate tourism development so as to be consistent with the marketing strategies,
- and
- to advertise respective tourism areas to prospective markets.

Local associations should consist of members both from the public and private sectors.

(2) Filipino experience promotion

“Tropical country life” is a key concept for Central Luzon to develop tourist attractions as discussed in the development strategies. The Filipino Experience Program aims to develop locality-based tourism. Locality plays an important role to direct a “sense of arrival” especially for international visitors. Locality-based attractions could also be a tool to differentiate Central Luzon from destinations that provide only beaches for tourists.

It should be noted that locality differs with market segments. What Manileños consider very common could be very exotic for international visitors. Central Luzon’s proximity to the East Asian market implies that anything related to “tropical” or “Filipino” could be tourist attractions for international visitors.

Following localities are identified to be potential tourist attractions.

Jeepney

For most international visitors, Jeepney would be the first impression of the Philippines. It should be more widely used so as to give international visitors a sense of arrival to the Philippines.

The use of jeepneys by foreigners is rare at present because of the lack of information on travel routes, prices and manners for use. Regional tourism associations should provide visitors such information not only for their convenience but also for their Filipino experiences.

Introduction of “tourist jeepney” is recommendable for the public transport between the Center and Satellites in Greater Subic Tourism Core, and between Clark Airport and Greater Subic. This is the jeepney that has more spacious seats than the ordinary ones, and that stops at fixed places including major hotels.

Pampanga cuisine

Pampanga cuisine needs to be regarded as the Central Luzon cuisine as it is one of the most widely recognized in the Philippines. As Olongapo and its vicinity constitute the anchor tourism center in Central Luzon, Pampanga restaurants should advance into the area for new markets including international tourists. They could better be combined with the fishery in Zambales and Bataan.

A commercial complex composed of restaurants that serve Pampanga cuisine, and shops that sell local products including processed marine products, could be suitable in the "Center" of Greater Subic Tourism Core.

A fish pond restaurant is another form of the tourism-fishery complex that could be developed with smaller capital than the commercial complex.

Tourist farm

A fruits farm could have a good market opportunity in Central Luzon as it has the Metro Manila market. They would appeal greatly to international visitors that are not familiar with tropical fruit trees. In Central Luzon, mango farms in Zambales might be prospective for this type of tourism. The farm, however, should have various fruits to make "a tropical experience" more appealing, as well as to lessen seasonality.

A typical tourists farm charges a certain fee for an entrance and tourists who paid the fee can pick up and eat fruits as much as they can. Picked up fruits are charged additionally if they are taken out of the farm. As tourist farm requires only picnic huts and clean toilets, it is easy to develop with small capital. Therefore it could be good supplementary livelihood for farmers.

Hacienda

There are examples of private ranch tourism in countries like USA, Australia and South Africa. Central Luzon has an opportunities for hacienda tourism that provides tourists an experience of the Filipino country life in good old days. There is an example of an hacienda used as a tourist attraction in the Quezon province (Villa Escudero) but there could be different ways to entertain tourists.

This type of tourism should be differentiated from the tourist farms in that it aims at an upper-market segment. Hacienda tourism could include several elements of the Filipino Experience Program discussed in this section.

Workshops for handicrafts

Although modernization is a goal for the industrial sector, some factories and workshops that produce traditional products in a traditional way could find their way in tourism. These

“fossilized” workshops that present traditional skill for tourists could make good attractions. More details about factory tours are discussed below.

Traditional houses

The charm of traditional houses has been undervalued by both domestic and international tourists. There are some examples of old houses converted to museums but they are also suitable for commercial facilities like café, restaurants and souvenir shops. Tourism could serve greatly to conserve old houses by providing financial background. A street lined with traditional houses has more tourism value than a single architecture.

It is likewise important to build tourist facilities with traditional design so as to give tourists a sense of arrival to the Philippines.

Churches

Central Luzon abounds in beautiful churches that could be a part of Filipino experiences. They need more promotion by preparing a special brochure on churches in Central Luzon.

Cock fight

Although this is a popular leisure for Filipinos, very few international visitors have opportunities to see it. Provision of information on time and place for fights could promote it as a tourist attraction.

US Base towns

Olongapo and Angeles have entertainment districts that catered for US Bases for decades and currently suffer from the loss of clientele. Buildings in the districts still retain the atmosphere of the past and a few of them could be converted into tourist attractions that show the town's history and provoke nostalgia for the past. A small museum for town's history, shop that sells imported American goods and clothes, and restaurant that serves American food might be prospective.

(3) Improvement of shopping attractions

Scarcity of shopping attractions is synonymous with poor linkage between tourism and other sectors. Tourism, in turn, could be a sales channel and an advertising media for local products.

Products development

Following products or materials are currently identified to be prospective for souvenir items in Central Luzon but efforts should be made to search for new products marketable for visitors.

- Wood curving

- Furniture
- Capiz
- Pottery
- Buntal products

Following points would improve the shopping attractions in Central Luzon.

1) Promotion of domestic brands

Brands do not only promote sales of products by providing guidelines for shoppers, but could motivate tourists to visit a country. International visitors to the Philippines, however, have little awareness of Filipino brands. The Philippines has shown good performance in producing articles under subcontracts with foreign companies but has tended to neglect efforts to promote domestic brands.

This situation should be improved through publicity by both the private and the public sectors, as well as promotion to foster domestic brands. Establishing a brand does not only require a skill to control product quality, but also to manage product images; the latter lack in the Philippines.

International visitors could be a vehicle to publicize Filipino brands outside of the Philippines. This secondary effect should not be neglected in terms of industrial development.

2) Articles for daily-use

The more people experience overseas travel, the less they prefer to buy mementos for their travel such as wall decorations and shelf ornaments. Instead, they come to prefer items that they can use for their daily life in their countries. This requires intensive researches into the lifestyles of people who visit the Philippines.

The Lifestyle Research and Information Center as proposed by the CLDP Master Plan should play a vital role to develop products that suit the lifestyles in source markets.

3) Indigenous elements

Souvenirs and Filipino brands that appeal to the world, however, require indigenous elements such as unique tropical materials and ethnic designs. The industrial sector in Central Luzon with the Lifestyle Research and Information Center needs researches into these elements. A few of successful Filipino brands such as Cora

Jacobs have overcome the contradictory requirements of locality and internationality. This is also the requirement of the Glocalization scenario.

At present, shopping bags made of indigenous materials could make good souvenirs corresponding to the increasing awareness of global environmental issues and the revival of natural materials.

Shopping opportunities

1) Factory and workshop visit

There are plenty of opportunities for factory tours in Central Luzon as it has the traditions of producing various handicrafts, and an advantage in the access from markets.

A factory tour is a better alternative than ordinary shopping in towns. It aims to provide tourists an rare opportunity to see a production process, to have a deeper knowledge of products, and to buy products preferably at discounted prices. For factories, it serves as a market channel, as well as to publicize their products. Factory tours could be utilized to dispose of unsold and rejected articles.

Although many factories and workshops are happy to invite visitors inside, there is a lack of information on what companies are welcome and how tourists can arrange their visits. DOT should make proper arrangements with the assistance from chambers of commerce and industry, and include them in tourist brochures.

2) Shopping and restaurant complex

As discussed above, a commercial complex composed of Pampanga restaurants and shops selling local products could be prospective in the "Center" of Greater Subic Tourism Core. It would be better if shops attach small workshops to show visitors how craftsmen make products.

(4) Promotion of convention, seminar, and exposition tourism

Being the node of West Luzon Resort Belt and the Triad Growth Centers, the Greater Subic Tourism Core has a good opportunity for convention, seminar, and exposition tourism in addition to beach resort tourism.

Subic convention and exposition center

The Center of the tourism core needs convention facilities to cater for convention needs. This could be better combined with the Regional World Trade Center that has exposition facilities and show rooms as proposed by the CLDP Master Plan.

Central Luzon Convention Bureau

Central Luzon should have a convention bureau that promotes convention, conference, seminar and exposition tourism. The bureau should be independent from SBMA and cover the whole area of Greater Subic Tourism Core.

Incentive conventions to Subic

As Metro Manila is within three-hour distance from Subic, Greater Subic should seek for a strategy to co-exist with, and supplement, the capital.

As Subic has a better natural setting and resort level amenities, it should attach more importance to the "incentive convention" or "resort convention" than the capital. This is a sub-category of the convention market, in which convention tends to be a ceremony such as honoring employees that showed good results, rather than an opportunity for serious discussions. In a incentive convention, post-convention activities are more important than authentic conventions. Therefore incentive convention is more suitable to be held at resort areas like Subic than large cities like Manila.

Conventions in other parts of Central Luzon

Clark Field could be a domestic convention center in Central Luzon that supplement Subic. Clark should put more emphasis on authentic conventions such as seminars and meetings. Being the center of Central Luzon, Clark could be suitable for the convention demands within Central Luzon.

(5) Pinatubo tourism development

Lack of tourist infrastructure and facilities currently constrains the development of Pinatubo tourism. Therefore physical development should have the first priority as far as Pinatubo tourism is concerned

Opening of Pinatubo trails

There is no established trail to the caldera lake of Pinatubo Volcano, which makes Pinatubo trekking lengthy and dangerous. Opening of Pinatubo trails and the installation of road signs have the first priority to promote Pinatubo tourism. The trails could be widened for vehicles as lahar flow settles down in the long-term. Efforts should be made to make the volcano accessible for a wider range of people.

The most promising starting point for the trekking trails would be Angeles city as it has been the base for expeditions to the volcano and has a variety of accommodations.

Even lahar affected areas could impress tourists. Visiting the Pinatubo museum and a drive around the affected areas could be sellable for general interest package tours as an easier alternative of Pinatubo tours.

Pinatubo museum

Although there is a display of the Pinatubo eruption in Paskuhan Village, the festive atmosphere of the Christmas village does not seem to suit the display. The more appropriate place for a Pinatubo museum would be Clark Field where the volcano and the lahar affected area are closer, there is an agglomeration of accommodations, and it has good transportation links from everywhere.

The museum should not only have displays of eruption but sells products produced by resettlers.

Pinatubo flight

Helicopter tours to Pinatubo have been operated for years. Although the expensive cost and unfavourable market perception of helicopter as a transportation are major constraints, this is the easiest method to see the crater lake. A heliport for the flights should be located near the Pinatubo museum to enhance the experience. Short-term promotion activities should be focused on Pinatubo flights as it is acceptable for general interest tourists.

(6) Inland resort development

There are good opportunities for developing inland resorts in Central Luzon taking advantage of its proximity to Metro Manila. A principal target market would be domestic visitors who make day-trips or week-end trips from Manila and within Central Luzon.

Clark Field and Angeles City

Being a transportation hub with developed infrastructure, Clark Field and Angeles City have good potentials for tourist facilities targeted at domestic tourists. Considering the high percentage of young population in the Philippines as well as the lack of large-scale outdoor amusement park in Metro Manila, a major amusement park would be a potential tourist attraction in Clark Field.

Clark also has a potential for developing convention tourism. Compared to Subic, the natural setting and scenery of Clark is less impressive and therefore incentive convention or resort convention would be less prospective. Clark Field should attach more importance to authentic convention and seminar markets within Central Luzon.

Another opportunity for Clark and Angeles City is as the base for the Pinatubo tourism. The starting point for the Pinatubo trails, heliport for Pinatubo flights, and the Pinatubo museum would be all suitable in Clark and Angeles City.

Mountain resorts

Mt. Arayat and eastern parts of Bulacan and Nueva Ecija have potential for mountain resort tourism that is popular for Filipinos as a cool climate gives a strong incentive for them. Following places are identified to be suitable for the development:

- Mount Arayat,
- Balintingon Reservoir,
- Minalungao National Park, and
- Pantabangan Dam.

The tourism community development method should be applied by local governments and DOT to develop these areas to avoid small-scale sprawling developments.

(7) Tourist information improvement

Provision of know-how brochures

There are two types of tourist information to be provided for tourists. One is to motivate potential tourists to visit a destination and another is to give practical know-how to explore the destination for those who are already motivated. Their differences are summarized in Table 2.17.

Table 2.17 Comparison of Motivation and Know-how Brochures

	Motivation brochure	Know-how brochure
Purpose	Motivate potential tourists to visit a destination	Give actual tourists know-how to travel a destination
Provision sites	Potential market side Gate way city Overseas and Central tourist offices	Destination Gate way city Regional tourists offices Hotels
Type of information given	Favorable image of a destination Color photos	Know-how to travel (public transportation, accommodation, restaurant) Accurate map
Others		Priority of availability to quality and visual

Source: JICA Study Team

As discussed in the analysis of existing conditions, Central Luzon lacks in brochures that give visitors the know-how to explore. A know-how brochure should include the following information.

- accurate map of Central Luzon,
- how to reach major tourism objectives in Central Luzon from Manila and Baguio,
- how to arrange local transportation such as jeepneys, tricycles and boats, including guidelines for appropriate prices for hire,
- list of local products, shops selling local products, and workshops/factories open for tourists, and
- list of accommodations and other tourism-related services including contact address, prices, number of rooms, transportation and any features of respective establishments.

A know-how brochure is more important at the destination side than the market side. Therefore they should be distributed through hotels within Central Luzon as well as NAIA, tourist information centers, bus terminals and major hotels in Manila and Baguio.

Town maps

Local chambers of commerce and industry should prepare “town maps” for major cities in Central Luzon. Town maps facilitate visitors to explore towns, which benefits local establishments as well as visitors. In other words, town maps could make a good advertisement for establishments in the towns.

A town map should include accurate locations of anything that are considered to be useful for visitors. They would be shops, public markets, restaurants, tourism objectives, sports facilities, entertainment, bus stops, hospitals and government buildings.

Town maps should be distributed through accommodations, tourist information centers, local government offices, chambers of commerce and industry, and bus terminal offices in respective towns.

Road signs and interpretation boards

Local governments in Central Luzon need to install more road signs to, and interpretation boards on, major tourism objectives in their municipalities. In installing signs and interpretation boards, following points should be noted.

1) Conformity

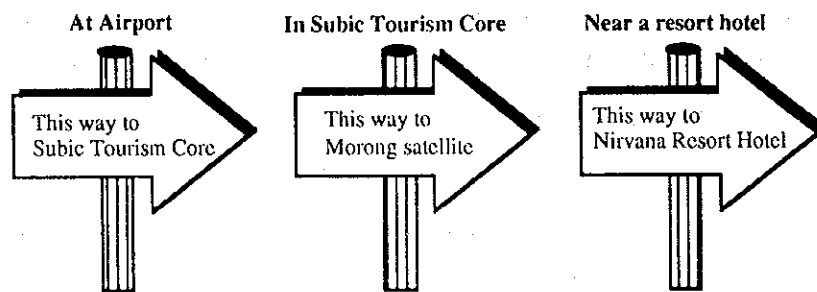
Signs and interpretation boards should have a conformed design and a description format all through Central Luzon for beautification of towns and villages, and easier recognition by visitors.

2) Communal signs

Tourism establishments should have communal road signs for the beautification of road sides, easier recognition by visitors, and efficient use of resources. Local tourism associations should be responsible for setting up communal road signs.

Signs far from a resort area does not necessarily give information on respective establishments. More specific information should be given as shown in Figure 2.13 as tourists come closer to their destinations.

Figure 2.13 Examples of Signs by Distance from an Establishment



Source: JICA Study Team

In setting a standard for signs and interpretation boards, DOT Regions III should take an initiative.

Tourist information

Although DOT Region III has a tourist information office in Paskuhan Village, it is not sufficient to cater for needs of visitors to Central Luzon as the place is not a transportation hub. Tourist information should be additionally provided at the following sites.

1) Bus terminals and town plazas

As discussed in the analysis of existing conditions, there is the lack of tourist information at bus terminals and town plazas where visitors first arrive. DOT and the tourism sector should make efforts to provide the information at these sites.

Bus companies might cooperate to provide tourist brochures as they could increase their passengers. Local governments generally located near town plazas are also

potential cooperators for the provision of tourist information as they are partly responsible for tourism development.

2) Tourist counters at the international airports

Local tourist associations in Central Luzon should collaborate to set up “tourist counters” at NAIA and Clark Airport. The counters are tasked to publicize Central Luzon tourism for arriving visitors, to provide them brochures and tourist information as discussed in this section, and to make bookings of accommodations.

2.4.3 Tourism development programs and projects

(1) Promotion of Tourism Estates Development

1) Location

Not specified

2) Implementing agency

Department of Tourism

3) Objectives

To introduce and promote a method of tourism development to formulate better resort areas

4) Expected effects

Environmental protection

Better distribution of tourism benefits to local community

Enforcement of competitiveness of a destination

5) Project cost

Not to be specified

6) Implementation schedule

Immediate

7) Description

Philippine tourism lacks in resort areas that work as tourism-commerce complex for which both tourists and local communities need. Small scale and uncontrolled tourism development has been common in the Philippines, which causes deterioration of natural environment and shortens resort life-cycle.

Tourism Estate Development consists of five phases, namely, purchase of land, master planning, infrastructure development, and selling land in lots by the public sector, and tourist facility development by the public sector.

At the master planning stage, public sector makes a land use planning so that the estate would be an integrated resort community equipped with various commercial functions that cater for tourist needs. The land use plan is forced on the development by private sector. Public sector recovers their investment by selling the estates.

This method should be promoted to local governments where tourism development is devolved. It would also be applicable for the satellite resort development for Greater Subic Tourism Core as well as mountain resort developments.

- (2) Filipino Experience Promotion Program
 - 1) Location
Various places in Central Luzon
 - 2) Agency
Department of Tourism
Chambers of commerce and industry
Local government
The private sector
 - 3) Objectives
To introduce locality-based tourism
To utilize tourism for the development of local industries
 - 4) Expected effects
Job creation
Wider distribution of tourism benefits
Diversification of tourist attractions
Reinforcement of the linkage between tourism and industries
 - 5) Project cost
 - 6) Implementation schedule
Phase I, Phase II, Phase III

7) Description

Central Luzon has a good market potential for man-made attractions that declare “tropical rural life” the key concept. This also serves to enforce linkage between tourism and other industries. Tourism is also expected to serve as a marketing channel and a promotion media.

Possible attractions in Central Luzon are as follows.

- Jeepney
- Pampanga cuisine
- Tourist farm
- Hacienda
- Workshops for handicrafts
- Traditional houses
- Church
- Cock fight
- US Base towns

Each development should be implemented by local government or the private sector but DOT should promote the concept of locality based tourism and give assistances for developments.

(3) Greater Subic Tourism Development

1) Location

SBMA, Olongapo City, Subic, San Antonio, Morong, Bagac and Mariveles

2) Agency

Department of Tourism, Private Sectors, Local Government

3) Objectives

To creat an anchor tourist destination for beach resort tourism and convention

4) Expected effects

Job creation and activation of local economy

High image of Central Luzon as a first class tourism destination

5) Project cost

6) Implementation schedule

Phase I , Phase II, Phase III

Step-wise development through three phases

7) Description

Subic Bay and its vicinity is proposed as Greater Subic Tourism Core that is expected to be a major tourist destination in Luzon Island.

The tourism core consists of the center in SBMA and Olongapo city, and satellite resorts in San Antonio, Morong and Mariveles-Bagac. The functions of the center and the satellites need to be carefully integrated so as to provide both urban amenity and the natural attractions. The Center provides convention, seminar and exposition facilities, shopping attractions, gourmet, and various entertainment while Satellites provide accommodations in a good natural condition, basic commercial facilities and good transportation link with the center.

Center

The Center should tackle convention tourism, Shopping and entertainment is existing but further elaboration is necessary. Development of Fishermen's Wharf is proposed in the trade sector report corresponding to this project.

As Subic port is capable of hosting cruise ship, and the Philippine as a whole is a potential destination for cruise ship tourism, Greater Subic should consider to develop the market in the long term.

Satellite resorts

The satellites should be created using the Tourism Estate Development Method that is also proposed in this report. Improvement of road access is a prerequisite for the development of Satellites.

(4) Resort Roads Development

1) Location

Mariveles and Bagac
Subic and San Antonio

2) Agency

Department of Public Works and Highways with the assistance from Department of Tourism

3) Objectives

To develop coastal roads in potential resort areas to facilitate tourism development.
To facilitate Satellites development of Greater Subic Tourism Core

4) Expected effects

Shorter travel time from the Center of the Core to Satellites

Formation of Greater Subic Tourism Core

Formation of "resort areas"

- 5) Project cost
- 6) Implementation schedule
Phase II, Phase III

7) Description

This is a sub-project of Greater Subic Tourism Core Development.

Coastal area between Mariveles and Bagac, and Subic and San Antonio are potential resort areas, and are proposed as the Satellites of Greater Subic Tourism Core. The coastal road should be built so as to encourage a formation of resort community consisting of accommodation and various commercial and service facilities.

(5) Jet Foil Connection between Subic and Looc

1) Location

Nasugbu, SBMA, Olongapo

2) Implementing agency

Department of Transportation, private sector

3) Objectives

To introduce high speed sea transport to formulate a new touring circuit
To shorten travel time from Subic to tourist attractions in Calabarzon

4) Expected effects

Distribution of accommodations outside of Metro Manila
More competitiveness of Central Luzon and Calabarzon in the tourism market

5) Project cost

6) Implementation schedule

Phase II

It depends, however, on the progress of Ternate-Nasugbu road construction project and Looc Hacienda Tourism Development.

7) Description

This is a sub-project of Greater Subic Tourism Core Development.

To formulate West Luzon Resort Belt and Manila Bay Touring Circuit, transportation link must be established between Calabarzon and Central Luzon. Subic is expected to be the core of Central Luzon tourism, while Looc is the proposed site for tourism estate development by DOT and is supposed to be another core of West Luzon Resort Belt. Combining both tourism cores will generate a new tourist circuit and enforce competitiveness of the area as a whole.

Necessary on both sides. The jet foil should link Looc and Subic with a short stop at Corregidor that is supposed to be an important tourist attraction.

Puerto Azul could be an alternative for the jet-foil pier on the Calabarzon side.

(6) Masinloc Marine Park

- 1) Location
Masinloc
- 2) Agency
Department of Tourism, Department of Environment and Natural Resources,
Masinloc municipal government
- 3) Objectives
To establish a marine park that cater for both domestic and international tourists
- 4) Expected effects
Job creation
Activation of local economy by tourism income
Conservation of natural environment
Provision of financial background for the conservation
- 5) Project cost
- 6) Implementation schedule
Phase II
- 7) Description
Masinloc and its off-shore islands such as Magalawa and Salvador abounds in rich underwater scenery. As the area was recently designated as a marine life sanctuary, natural condition will be kept in a good condition in the future.

The park aims at attracting visitors from Central Luzon, Metro Manila, as well as international tourists who choose Greater Subic as the base for their stay in the Philippines. The project requires;

- Operation of glass boat,
- Tourism Estate Development,
- Diving Facility, and
- Fish Pond Restaurants.

Proposed Iba-Tarlac road is to shorten the travel time from Clark International Airport is an important prerequisite to attract international visitors.

(7) Clark Field Amusement Park

1) Location

Angeles City (Clark Field)

2) Agency

Private sector

3) Objectives

To establish the first large scale amusement park in the Philippines.

4) Expected effects

Job creation

Activation of local economy by tourism income

5) Project cost

6) Implementation schedule

Phase II

7) Description

The Philippines has a high percentage of young population and it suggests a possibility for an amusement park. Manila has a few amusement parks but their small scale provides a good opportunity for a large scale outdoor amusement park in Clark Field.

The park's target should be the children in Central Luzon and Metro Manila. The park will be a large-scale outdoor amusement park with various ride attractions including a Ferris wheel and a jet coaster. Since the park will be the first large-scale

amusement park and its principal target is the domestic market. The park should not be a "theme park" but have authentic attractions.

(8) Balintingon Reservoir Resort Development

1) Location

General Tinio

2) Agency

Department of Tourism, National Irrigation Administration, General Tinio municipality

3) Objectives

To develop a mountain resort area for domestic tourists

4) Expected effects

Job creation

Activation of local economy by tourism income

5) Project cost

6) Implementation schedule

Phase II, Phase III

7) Description

Balintingon Reservoir Multipurpose Project proposed by the agricultural sector plan, and road construction that accompanies the project would facilitate tourism development.

This project aims to create a resort estate by introducing Tourism Estate Development Method.

(9) Promotion of Convention and Exposition Tourism

1) Location

Central Luzon

Especially in Greater Subic Tourism Core

2) Agency

Department of Tourism

3) Objectives

To promote convention, seminar and exposition tourism in Central Luzon

- 4) Expected effects
 - Job creation
 - Activation of local economy by tourism income
 - Promotion of local industries
- 5) Project cost
- 6) Implementation schedule
 - Phase I, II, III
- 7) Description

Being the node of West Luzon Resort Belt and Triad Growth Centers, Greater Subic Tourism Core has a good market opportunity for convention tourism. This project requires a construction of a Subic Convention Center in SBMA or Olongapo city, and establishment of Central Luzon Convention Bureau that is tasked to promote convention tourism in Greater Subic Tourism Core.

The convention center would be better combined with Regional World Trade Center as proposed by the industry sector plan.

(10) Pinatubo Tourism Development

- 1) Location
 - Angeles City, Botolan
- 2) Agency
 - Department of Tourism
 - Department of Public Works and Highways
- 3) Objectives
 - To develop and promote Pinatubo tourism to create a new tourist attraction
- 4) Expected effects
 - Job creation particularly for resettlers
 - Activation of local economy by tourism income
- 5) Project cost
- 6) Implementation schedule
 - Phase I (promotion of helicopter tours and coach tours around lahar affected areas)
 - Phase II (Pinatubo trail and museum)
 - Phase III (Access road to the crater)

7) Description

Pinatubo eruption in 1991 became world famous. It has a good potential for volcano viewing tourism.

Since the lack of tourist infrastructure constrains the Pinatubo tourism development, physical development must have the priority. Development of Pinatubo tourism requires the following infrastructure, facility and promotion activities.

- Pinatubo trail
- Pinatubo museum
- Promotion of Pinatubo helicopter flights and lahar viewing tours

Angeles City and Clark Field are supposed as the base for Pinatubo tourism. The starting point of the trail, the museum, and the heliport would be best located in the city.

The Pinatubo trail could be widened for vehicles in the future as lahar flow settles down.

Appendix List of Tourism Resources in Central Luzon

Code	Name	Province	City/municipality	Primary attraction	Secondary attraction
BC1	Alelluia (Salubong)	Bataan	-	Festival	
BC2	Cenaculo	Bataan	-	Festival	
BC3	Pabasa	Bataan	-	Festival	
BC4	Hossana	Bataan	-	Festival	
BC5	Flores de Mayo	Bataan	-	Festival	
BC6	Araw ng Kagitingan (Bataan Day)	Bataan	-	Festival	
BC7	Bataan Woodcraft	Bataan	-	Local specialty	
BC8	Bangkal Settlement	Bataan	Abucay	Ethnographic	
BC9	Tomás Pinpin Monument	Bataan	Abucay	Historical	
BC10	Abucay Municipal Hall	Bataan	Abucay	Historical	
BC11	Abucay Catholic Church	Bataan	Abucay	Historical	Religious
BC12	Maria Canon Statue	Bataan	Abucay	Religious	
BN1	Pusukutan Falls	Bataan	Abucay	Fluvial	
BN2	Sibul Spring	Bataan	Abucay	Springs	
BN3	Mt. Natib	Bataan	Abucay	Topographical	
BN13	Baras Bakal	Bataan	Angat	Cave	
BC13	Zero Kilometer Marker	Bataan	Bagac	Historical	
BC14	Philippine-Japanese Friendship Tower	Bataan	Bagac	Historical	
BC15	Battle of Toul Pocket Marker	Bataan	Bagac	Historical	
BN4	Montemar Beach	Bataan	Bagac	Beach	
BN5	Sun Moon Beach	Bataan	Bagac	Beach	
BC16	Fall of Bataan Marker	Bataan	Balanga	Historical	
BC17	Surrender Site Marker	Bataan	Batanga	Historical	
BC18	Catholic Church Belfry	Bataan	Balanga	Religious	Architectural
BC19	First Line of Defense Marker	Bataan	Dinalupihan	Historical	
BM1	Roosevelt National Park	Bataan	Dinalupihan	Park/garden	
BN6	Mt. Malasimbo	Bataan	Dinalupihan	Topographical	
BC20	Democracy Marker	Bataan	Hermosa	Historical	
BC21	Death March Marker	Bataan	Limay	Historical	
BC22	Lamao World War II Marker	Bataan	Limay	Historical	
BC23	Zero Kilometer Marker	Bataan	Mariveles	Historical	
BC24	Bataan Export Processing Zone	Bataan	Mariveles	Local specialty	
BN7	Talaga Beach	Bataan	Mariveles	Beach	
BC25	U. N. Refugee Center	Bataan	Morong	Ethnographic	
BN8	Matikis Beach	Bataan	Morong	Beach	
BN9	Long Beach	Bataan	Morong	Beach	
BC26	Statue of USAFFE Soldiers	Bataan	Orani	Historical	
BC27	Santo Rosario Parish Church	Bataan	Orani	Religious	Architectural
BC28	Cayetano Arellano Marker	Bataan	Orion	Historical	
BC29	Francisco Balagtas Monument	Bataan	Orion	Historical	
BC30	Dambana ng Kagitingan	Bataan	Pilar	Historical	
BC31	Final Battle Site Marker	Bataan	Pilar	Historical	
BC32	Battle of Trial 2	Bataan	Pilar	Historical	
BC33	Sitlo Diwa	Bataan	Pilar	Historical	
BC34	Flaming Sword	Bataan	Pilar	Historical	
BN10	Dunsulan Falls	Bataan	Pilar	Fluvial	

Code	Name	Province	City/municipality	Primary attraction	Secondary attraction
BN11	Mt. Samal	Bataan	Pilar	Topographical	
BC35	Samal Embroidery	Bataan	Samal	Local specialty	
BN12	Sun Moon Beach	Bataan	Bagac	Beach	
LC36	Bulacan Sweets	Bulacan		Local specialty	
LC37	Angat Church	Bulacan	Angat	Religious	
LN14	Angat Hydroelectrification	Bulacan	Angat	Lake	
LC38	Bahay na Tisa	Bulacan	Balagtas	Architectural	
LC39	Balagtas Monument	Bulacan	Balagtas	Historical	
LC40	The Feast of Virgin del Rosario	Bulacan	Baliuag	Festival	
LC41	In-laid Furniture	Bulacan	Baliuag	Local specialty	
LC42	Baliuag Church	Bulacan	Baliuag	Religious	Architectural
LC43	Pagoda sa Wawa	Bulacan	Bocauc	Festival	
LM2	Bocauc Museum	Bulacan	Bocauc	Cultural facility	
LC44	Marcelo H.del Pilar Shrine	Bulacan	Bulacan	Historical	
LN15	Bustos Dam	Bulacan	Bustos	Lake	
LC45	Calumpit Libad Festival	Bulacan	Calumpit	Festival	
LC46	Calumpit Bridge	Bulacan	Calumpit	Historical	
LC47	Calumpit Church	Bulacan	Calumpit	Religious	Architectural
LC48	Torch of Freedom	Bulacan	D.R. Trinidad	Historical	
LM3	National Manpower Youth Center	Bulacan	Guiguinto	Cultural facility	
LC49	Feast of San Antonio de Padua	Bulacan	Haganoy	Festival	
LC50	Santo Niño Festival	Bulacan	Haganoy	Festival	
LC51	Panunuluyan	Bulacan	Haganoy	Festival	
LC52	Linggo ng Bulacan	Bulacan	Malolos	Festival	
LC53	Panunuluyan	Bulacan	Malolos	Festival	
LC54	Santo Niño Fiesta	Bulacan	Malolos	Festival	
LC55	Santa Cruzan	Bulacan	Malolos	Festival	
LC56	Pag-Akyat	Bulacan	Malolos	Festival	
LC57	Feast of San Vicente	Bulacan	Malolos	Festival	
LC58	Santo Niño Festival	Bulacan	Malolos	Festival	
LC59	Casa Real	Bulacan	Malolos	Historical	Architectural
LC60	Institute del Mujeres	Bulacan	Malolos	Historical	
LC61	Barasoain Church	Bulacan	Malolos	Historical	Religious
LC62	Siar Tree	Bulacan	Malolos	Historical	
LC63	Kamistisuhan Streets	Bulacan	Malolos	Town/landscape	
LC64	Malolos Cathedral	Bulacan	Malolos	Religious	
LM4	Hiyas ng Bulakan	Bulacan	Malolos	Cultural facility	
LM5	Hiyas Galeria	Bulacan	Malolos	Cultural facility	
LC65	Gat. Ciriaco Contreras Marker	Bulacan	Meycauayan	Historical	
LC66	Old Malhacan Church	Bulacan	Meycauayan	Religious	
LN16	Marsh Gas Flame	Bulacan	Norzagaray	Natural phenomena	
LC67	Obando Fertility Rites	Bulacan	Obando	Festival	
LC68	Panunuluyan	Bulacan	Obando	Festival	
LC69	Obando Church	Bulacan	Obando	Religious	
LC70	Kakarong de Sili (Site of Kakarong Battle)	Bulacan	Pandi	Historical	
LN17	Pandi Mineral and Bath Spring	Bulacan	Pandi	Springs	
LC71	Lenten Rites	Bulacan	Paombong	Festival	
LC72	Sukang Paombong (Vinegar)	Bulacan	Paombong	Local specialty	

Code	Name	Province	City/municipality	Primary attraction	Secondary attraction
LC73	Salubong	Bulacan	Plaridel	Festival	
LC74	John Stotsenburg Marker	Bulacan	Plaridel	Historical	
LC75	Carabao Festival	Bulacan	Pulilan	Festival	
LM6	Dr. Manuel Calderon House	Bulacan	Pulilan	Cultural facility	Park/garden
LC76	Grotto of Our Lady of Lourdes	Bulacan	San Jose del Monte	Religious	
LM7	Manila New Farm and Recreational Complex	Bulacan	San Jose del Monte	Leisure facility	
LC77	Bulusukan	Bulacan	San Ildefonso	Historical	
LC78	Grotto Central Cement	Bulacan	San Ildefonso	Religious	
LN18	Maalangaan Cave and Spring	Bulacan	San Ildefonso	Cave	
LC79	Biak na Bato	Bulacan	San Miguel	Historical	Cave
LC80	Don Felipe Buencamino Marker	Bulacan	San Miguel	Historical	
LN19	Madlum Cave	Bulacan	San Miguel	Cave	Historical
LN20	Tilandong Falls	Bulacan	San Miguel	Fluvial	
LN21	Sibul Spring	Bulacan	San Miguel	Springs	
LC81	San Rafael Catholic Church	Bulacan	San Rafael	Religious	Architectural
LC82	The Feast of Santa Maria	Bulacan	Santa Maria	Festival	
LC83	Huseng Batute Marker	Bulacan	Santa Maria	Historical	
LC84	Santa Maria Church	Bulacan	Santa Maria	Religious	
EN22	Mt. Olivete	Nueva Ecija	Bongabon	Topographical	Religious
EN23	Pajanuic Falls	Nueva Ecija	Carranglan	Fluvial	
EN24	Capintalan	Nueva Ecija	Carranglan	Natural park	Topographical
EN25	Minalungao Cave	Nueva Ecija	Gapan	Cave	
EN99	Minalungao Park	Nueva Ecija	Gapan	Natural park	
EN26	Rubber Dam	Nueva Ecija	Llanera	Lake	
EM8	Maligaya Research and Training Center	Nueva Ecija	Munoz	Cultural facility	
EM9	Central Luzon State University	Nueva Ecija	Munoz	Cultural facility	
EM10	Philippine Rice Research Institute (Philrice)	Nueva Ecija	Munoz	Cultural facility	
EN27	Pantabangan Dam	Nueva Ecija	Pantabangan	Lake	Architecture
EN28	General Luna Falls	Nueva Ecija	Rizal	Fluvial	
EM11	Diamond Park	Nueva Ecija	San Jose	Park/garden	
EN29	Burbuyaroc Springs	Nueva Ecija	Talugtog	Lake	
EC85	Taong Putik of Aliaga	Nueva Ecija	Aliaga	Festival	
EC86	Augustinian Church Ruin	Nueva Ecija	Bongabon	Festival	
EC87	Barrio Labi	Nueva Ecija	Bongabon	Historical	
EC88	Carabao-Carroza Festival	Nueva Ecija	Cabanatuan	Festival	
EC89	Camp Pangatian	Nueva Ecija	Cabanatuan	Historical	
EC90	General Luna Statue and Marker	Nueva Ecija	Cabanatuan	Historical	
EC91	Dalton Pass	Nueva Ecija	Carranglan	Historical	
EC92	Augustinian Church Ruin	Nueva Ecija	Carranglan	Historical	
EC93	Apolinario Mabini Marker	Nueva Ecija	Cuyao	Historical	
EC94	Gapan Winery	Nueva Ecija	Gapan	Factory	
EC95	Triala House	Nueva Ecija	Guimba	Historical	Architectural
EC96	General Luna Statue and Marker	Nueva Ecija	Munoz	Historical	
EC97	Apolinario Mabini Marker	Nueva Ecija	Munoz	Historical	
EC98	Ruin of Augustinian Church	Nueva Ecija	Pantabangan	Historical	
EC99	Araquoio of Peñaranda	Nueva Ecija	Peñaranda	Festival	
EC100	Holy Week Rituals	Nueva Ecija	Puncan	Festival	
EC101	Tabacalera Ruin	Nueva Ecija	San Ildefonso	Historical	

Code	Name	Province	City/municipality	Primary attraction	Secondary attraction
EC102	The Sedeco of San Isidro	Nueva Ecija	San Isidro	Historical	
EC103	The Wright Institute of San Isidro	Nueva Ecija	San Isidro	Historical	
EC104	Pampanga sweets	Pampanga	-	Local specialty	
PC105	Pampango woodcarving	Pampanga	-	Local specialty	
PC106	Nepo Mart Complex	Pampanga	Angeles	Amusement area	
PC107	San Nicolas Market	Pampanga	Angeles	Amusement area	
PC108	Balibago	Pampanga	Angeles	Amusement area	
PC109	Holy Rosary Cathedral	Pampanga	Angeles	Architectural	Historical
PC110	La Naval Fiesta	Pampanga	Angeles	Festival	
PC111	Piestang Apu	Pampanga	Angeles	Festival	
PC112	Clark Field	Pampanga	Angeles	Historical	Amusement area
PC113	Balc Matua	Pampanga	Angeles	Historical	Architectural
PC114	Angeles Post Office	Pampanga	Angeles	Historical	Architectural
PC115	Pamintuan Residence	Pampanga	Angeles	Historical	Architectural
PC116	Holy Family Building	Pampanga	Angeles	Historical	Architectural
PM12	Casino Filipino	Pampanga	Angeles	Leisure facility	
PC117	Apung Iru Fluvial Parade	Pampanga	Apalit	Festival	
PC118	Parochial Church	Pampanga	Apalit	Religious	Architectural
PC119	St. Peter Shrine	Pampanga	Apalit	Religious	
PC120	Arayat Shrine	Pampanga	Arayat	Religious	
PC121	San Bartolome Catholic Church	Pampanga	Arayat	Religious	Architectural
PM13	Mt. Arayat Natural Park	Pampanga	Arayat	Leisure facility	
PN30	Mt. Arayat	Pampanga	Arayat	Topographical	
PC122	Malig Residence	Pampanga	Bacolor	Architectural	
PC123	Sabat Santacruzán	Pampanga	Bacolor	Festival	
PC124	Don Honorio Ventura College of Arts & Trade	Pampanga	Bacolor	Historical	
PC125	San Guillermo Parish Church	Pampanga	Bacolor	Religious	Architectural
PC126	Hanging Bridge	Pampanga	Candaba	Architectural	
PC127	Candaba Church	Pampanga	Candaba	Religious	Architectural
PC128	Candaba Swamps	Pampanga	Candaba	Town/landscape	
PN31	Wild Duck Sanctuary	Pampanga	Candaba	Natural park	
PN32	Palakol Summer Place	Pampanga	Floridablanca	Natural park	
PC129	Sto. Niño Fiesta	Pampanga	Guagua	Festival	
PC130	Betis Artesian Well	Pampanga	Guagua	Historical	
PC131	Betis Catholic Church	Pampanga	Guagua	Religious	Architectural
PC132	San Agustin Church	Pampanga	Lubao	Religious	Architectural
PC133	Marcos Village	Pampanga	Mabalacat	Ethnographic	
PC134	Kamikazc East Airfield	Pampanga	Mabalacat	Historical	
PC135	Marcos Santos Residence	Pampanga	Mabalacat	Historical	
PC136	Magalaang old houses	Pampanga	Magalang	Architectural	
PC137	Magalang Church	Pampanga	Magalang	Religious	Architectural
PM14	Pampanga Agricultural College	Pampanga	Magalang	Cultural facility	
PC138	San Juan's Day	Pampanga	Masantol	Festival	
PC139	Aguman Sandok	Pampanga	Minailin	Festival	
PC140	Lenten Rites	Pampanga	San Fernando	Festival	
PC141	Pampanga Day	Pampanga	San Fernando	Festival	
PC142	Giant Lantern Festival	Pampanga	San Fernando	Festival	

Code	Name	Province	City/municipality	Primary attraction	Secondary attraction
PC143	Good Friday	Pampanga	San Fernando	Festival	
PC144	Death March Marker	Pampanga	San Fernando	Historical	
PC145	Abad Santos Residence	Pampanga	San Fernando	Historical	
PC146	Camp Olivas	Pampanga	San Fernando	Historical	
PM15	Archdiocesan Museum and Archives	Pampanga	San Fernando	Cultural facility	
PM16	Pampanga Convention Center and Sports Complex	Pampanga	San Fernando	Cultural facility	
PM17	Paskuhan Village	Pampanga	San Fernando	Leisure facility	
PC147	Sta. Lucia Fiesta	Pampanga	Sasmuan	Festival	
PC148	Sta. Lucia Church	Pampanga	Sasmuan	Religious	Architectural
PC149	Camel-Back Bridge	Pampanga	Sta. Ines	Historical	Architectural
PC150	Bacolor Quaint Spanish Houses	Pampanga	Bacolor	Town/landscape	Architectural
TC151	Camp Concepcion L Planas	Tarlac	Anao	Historical	
TN33	Anao Quinabutok Creek	Tarlac	Anao	Natural park	
TN34	Bamban Caves and Park	Tarlac	Bamban	Natural park	Cave
TC152	Catholic Church of Camiling	Tarlac	Camiling	Historical	
TM18	Maria Clara Museum	Tarlac	Camiling	Cultural facility	
TC153	Sto. Domingo Death March Marker	Tarlac	Capas	Historical	
TC154	Camp O'Donnel	Tarlac	Capas	Historical	
TC155	Capas Death March Monument	Tarlac	Capas	Historical	
TC156	Camp Servillano Aquino	Tarlac	Capas	Historical	
TN35	Bueno Hot Springs	Tarlac	Capas	Springs	
TC157	Hacienda Luisita	Tarlac	Concepcion	Town/landscape	
TM19	Paradise Island	Tarlac	Concepcion	Leisure facility	
TN36	Dolores Springs	Tarlac	La Paz	Lake	
TN37	Magsaysay Dam	Tarlac	Mayantoc	Lake	
TM20	San Bartolome Tree Resthouse	Tarlac	Mayantoc	Leisure facility	
TC158	Accocolao	Tarlac	Paniqui	Historical	
TC159	Paniqui Catholic Convent	Tarlac	Paniqui	Historical	
TC160	Barangay Matalapitap	Tarlac	Paniqui	Historical	
TC161	Paniqui Sugar Mills	Tarlac	Paniqui	Historical	
TC162	St. Rose of Lima Church	Tarlac	Paniqui	Religious	Architectural
TM21	Don Melencio Cojuangco Freedom Park	Tarlac	Paniqui	Park/garden	
TC163	Japanese War Veterans marker and Park	Tarlac	Sta. Ignacia	Historical	
TC164	CAT Sugar Mills	Tarlac	Tarlac	Historical	
TC165	San Sebastian Cathedral	Tarlac	Tarlac	Historical	Religious
TM22	Diwa ng Tarlac	Tarlac	Tarlac	Cultural facility	
TM23	Maria Cristina Park	Tarlac	Tarlac	Park/garden	Architectural
TM24	Luisita Golf Course	Tarlac	Tarlac	Leisure facility	
TC166	Tinang Site of Voice of America	Tarlac	Tinang	Historical	
ZC167	Kalighawan	Zambales	-	Festival	
ZC168	Acta Village	Zambales	Botolan	Ethnographic	
ZC169	Lenten Rites	Zambales	Botolan	Festival	
ZC170	Fort Paynauen	Zambales	Botolan	Historical	Architectural
ZC171	Ina Poon Bato	Zambales	Botolan	Religious	
ZN38	Mount Pinatubo	Zambales	Botolan	Topographical	
ZN39	Potipot Island	Zambales	Canderaria	Beach	Underwater scenery
ZC172	Magsaysay Residence	Zambales	Castillejos	Historical	Architectural

Code	Name	Province	City/municipality	Primary attraction	Secondary attraction
ZM25	Balaybay Calvary	Zambales	Castillejos	Cultural facility	
ZN40	Looc Lake	Zambales	Castillejos	Lake	
ZC173	Camp Conrado Yap	Zambales	Iba	Historical	
ZC174	St. Augustine Cathedral	Zambales	Iba	Religious	Architectural
ZC175	Fishing Village	Zambales	Iba	Town/landscape	
ZN41	Iba Beach	Zambales	Iba	Beach	
ZC176	Binabayani	Zambales	Masinloc	Festival	
ZC177	Coto Mines	Zambales	Masinloc	Mine	
ZN42	San Salvador Island	Zambales	Masinloc	Beach	Underwater scenery
ZN43	Magalawa Island	Zambales	Masinloc	Underwater	
ZC178	Subic Free Port Zone	Zambales	Olongapo	Amusement area	
ZC179	Magsaysay Drive and Rizal Avenue	Zambales	Olongapo	Amusement area	
ZC180	City Fiesta	Zambales	Olongapo	Festival	
ZC181	Oktoberfest	Zambales	Olongapo	Festival	
ZC182	Mardi-Gras	Zambales	Olongapo	Festival	
ZC183	Spanish Gate	Zambales	Olongapo	Historical	
ZC184	Olongapo Bremerton Sisterhood Marker	Zambales	Olongapo	Historical	
ZC185	Grotto of Our Lady of Pardon	Zambales	Olongapo	Religious	Architecture
ZM26	Gordon Memorial Park	Zambales	Olongapo	Park/garden	Scenic view point
ZN44	Grande Island	Zambales	Olongapo	Beach	
ZN45	Subic Bay	Zambales	Olongapo	Coastal scenery	Beach
ZN46	Subic Bay Lighthouse	Zambales	Olongapo	Scenic view point	
ZC186	Caponos Lighthouse	Zambales	San Antonio	Architectural	Scenic view point
ZN47	Caponos Island	Zambales	San Antonio	Beach	Underwater scenery
ZN48	Camera Island	Zambales	San Antonio	Beach	Underwater scenery
ZN49	Talisay Cave	Zambales	San Antonio	Cave	
ZC187	Santo Niño Beach	Zambales	San Felipe	Historical	Beach
ZC188	San Felipe Pottery	Zambales	San Felipe	Local specialty	
ZN50	Lubong Waterfall	Zambales	San Felipe	Fluvial	
ZN51	Lubong Uneg Crystal Cave	Zambales	San Narciso	Cave	
ZN52	La Paz Forest Park	Zambales	San Narciso	Natural park	
ZN53	Hermana Menor Island	Zambales	Santa Crua	Underwater	Beach
ZC189	Salt Works	Zambales	Santa Cruz	Local specialty	
ZN54	Baloc-Baloc Spring	Zambales	Santa Cruz	Springs	
ZN55	Hermana Mayor Island	Zambales	Santa Cruz	Underwater	Beach
ZC190	Caracol Boat Race	Zambales	Subic	Festival	
ZN56	Gaines Island	Zambales	Subic	Beach	
ZN57	Balon Fall	Zambales	Subic	Fluvial	

Note: First character of code, B - Bataan, L - Bulacan, E- Nueva Ecija, P - Pampanga, T - Tarlac, Z - Zambales
Second character of code, C - cultural tourism resource, M - man-made attraction, N - natural tourism resource