

(Conclusion)

The main principle which governs the Board of Investments' selection of the areas of economic activity that will be declared preferred areas of investment, rests on the concept of industrialization discussed earlier. The main approach is to harness the healthy interplay of the raw material producing sector and the sector that processes these raw materials. Using this principle as springboard for its economic plans the Board of Investments has given emphasis on an agro-industrial type of development based on indigenous raw materials, whose processed and manufactured goods are better earners of foreign exchange in the export market than the traditional products. Of the 93 industries, for instance, that were proposed to be declared as preferred areas of investment in 1969, 59 are major users of indigenous raw materials. Examples of these industries are: corn and its related industries, wood industries, livestock production, processing of marine products, food processing, etc. The very fact that these industries will be using extensively indigenous raw materials means an upward thrust on the incomes of the provinces where the raw materials usually come from. Furthermore, since these industries are raw material oriented they can be expected to locate their opera-

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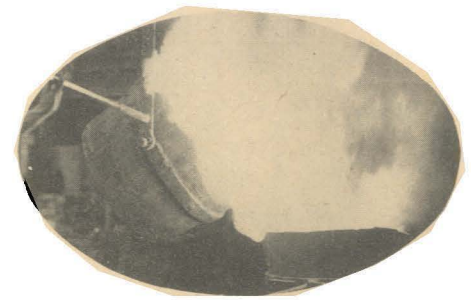
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where the agro-industries will establish their operations will now have a better chance of getting employed. The magnitude of this emphasis on agro-industries may be appreciated more if we look at the estimated labor generation in these industries as compared to those expected to be generated in other areas.

Table 2
Estimated Employment Generation
of the Second IPP
(For three years, 1970-72)

Agro-industries	177,000
Mining & Mineral processing	18,000
Manufacturing	41,000
Others	36,000
T o t a l	272,000

If we consider that the mineral processing industries, like the agro-industries, must also be located near the sources of raw materials, then the impact on employment opportunities in the provinces becomes even greater. The extent of the actual labor



spawn a host of other intermediate industries. In the Priorities proposed for 1969 for example, the industries that have high linkage effects are integrated pulp and paper, wood processing, coconut oil, integrated ramie, copper smelting, steel, ferro-alloys, aluminum smelting, coal, and many others. Small scale industries that can supply specialized inputs to operation of these industries will become viable if they locate close to these new markets. The small tool industry is a good example of an industry that may be established owing to the emergence of these new markets.

In a country which has minerals and trained manpower in sufficient supply, the adequacy of the infrastructure facilities to support the establishment of industrial projects is essential in order to form a viable base for industrialization. Recognizing this necessity the Board of Investments has recommended specific infrastructure projects that should be undertaken in various provinces to make the dispersal of these industries feasible. The recommended infrastructure projects cover the entire country. Among others, it includes the building of 32 kilometers of additional highways, 1 river control project, portworks, more than 300 irrigation systems, improvement of airports, etc. Should these projects be completed they can lead to other economic benefits for the areas where they are built. One thing that is sure to happen is that there will be increased volume of inter-island trade as it will now be possible to transport products to otherwise inaccessible areas. Increased trade will in turn increase the incomes of the people in the provinces and will, therefore, enable them to enjoy more of the fruits of balanced geographical economic progress. The domestic market for the products of not only of agro-industries but also all the other industries will, therefore, become wider as the purchasing power of the rural population increase. **PM**

Table 1
Some Approved Projects
To be Located In The Provinces

<i>F i r m</i>	<i>Industry</i>	<i>Location</i>
M & S Company	Plywood manufacturing	Cotabato
Plaridel Lumber Co.	Plywood manufacturing	Cotabato
Paper Industries Corp. of the Phil.	Newsprint, Linerboard	Surigao del Sur
Resins, Inc.	Methanol	Misamis Oriental
F. C. Ordoveza, Inc.	Grain Dryers	Laguna
Peroxide Philippines	Hydrogen Peroxide	Bulacan
International Chemical Industries Inc.	Ammonium Chloride	Bulacan

tions near the sources of raw materials in the provinces.

The physical presence of processing operations in the provinces will surely bring about still another benefit, i.e., increased employment opportunity in these areas. It is reasonable to expect that the manpower formerly unemployed or underemployed and who are available near the areas

generation, however, will depend on how much of the measured capacities have been filled up.

Since one of the criteria used in the selection of preferred areas of investment is the extent of the forward and backward linkages of the industries, the establishment of preferred agro-industries and mineral processing industries in the provinces can be expected to