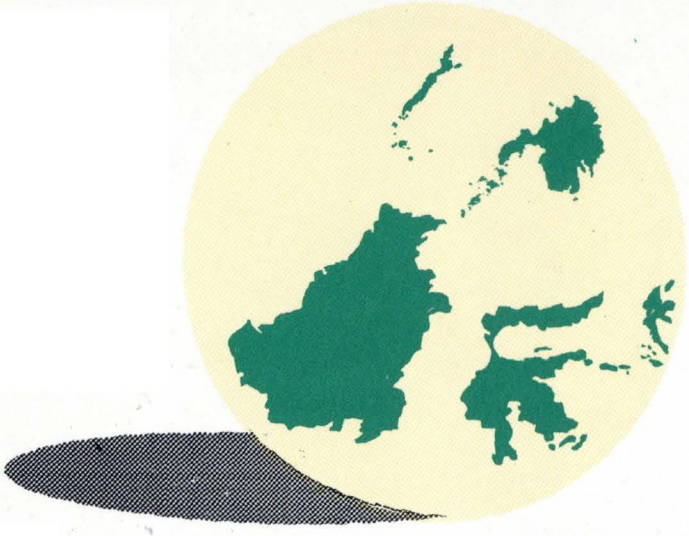
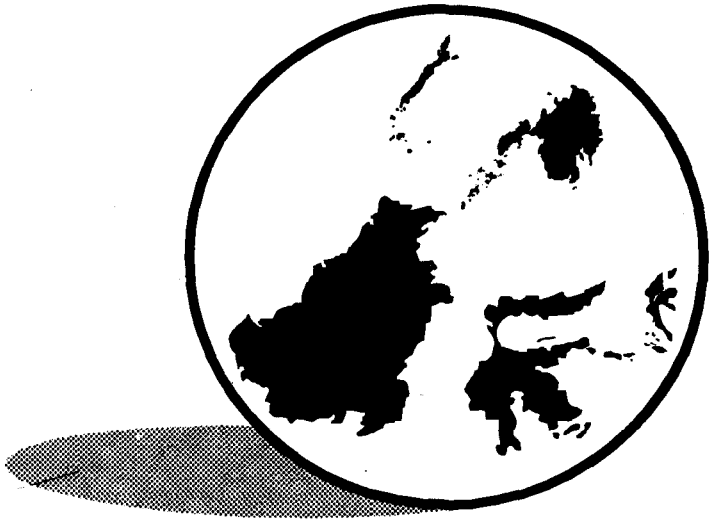
Mindanao and the East ASEAN Growth Area



Proceedings of the 1995 Seminar-Workshops in Western Mindanao and the Autonomous Region of Muslim Mindanao

University of the Philippines
Center for Integrative and Development Studies

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FOREWORD

This volume contains the proceedings of two workshops, the first of which was held on January 20-21, 1995 in Zamboanga City and the second on April 25-26, 1995 in Cotabato City. Conceptualized in the light of the lackluster participation of Western Mindanao—particularly of the Autonomous Region of Muslim Mindanao (ARMM)—in the emergent plans of the East ASEAN Growth Area (EAGA), both workshops aimed to explore the factors that facilitate or constrain the potential involvement of this region in EAGA development. More importantly, it sought to generate concrete suggestions from representatives of academe, the private business sector, and nongovernment organizations on how to translate the concept of EAGA into a reality that is sensitive to the needs and culture of the people living in Western Mindanao.

Given the rapid changes in Mindanao as a consequence of the development blueprint for the region, residents of Western Mindanao face the challenge of successfully steering EAGA development in Western Mindanao without ignoring cultural differences and the interest of those at the grassroots. To fail to live up to this challenge may lead to an unfortunate collision between people and plans. This danger is eloquently demonstrated in the following narrative cited by Father Eliseo Mercado in a paper in this volume in which the lighthouse is used as an apt metaphor for people.

> *Two battleships assigned to the training squadron had been at sea on maneuvers in heavy weather for several days. I was serving on the lead battleship and was on watch on the bridge as night fell. The visibility was poor with patchy fog, so the captain remained on the bridge keeping an eye on all activities.*
>
> *Shortly after dark, the lookout on the wing of the bridge reported, light, bearing on the starboard.*
>
> *'Is it steady or moving astern?' the captain called out.*
>
> *Lookout replied, 'Steady, captain,' which meant we were on a dangerous collision course with that ship.*
>
> *The captain then called to the signalman, 'Signal that ship: We are on collision course, advise you change course 20 degrees.'*
>
> *Back came a signal, 'Advisable for you to change 20 degrees.'*

The captain said: 'Send, I'm a captain, change course 20 degrees.'

I'm a seaman second class,' came the reply. 'You had better change course 20 degrees.'

By that time, the captain was furious. He spat out,

'Send, I'm a battleship. Change course 20 degrees.'

Back came a flashing light, 'I'm a lighthouse.'

We changed course.

The UP Center for Integrative and Development Studies (UP-CIDS) wishes to acknowledge the following institutions and individuals for making this publication possible: the Mindanao State University for co-sponsoring both workshops with the UP-CIDS; the Notre Dame University for co-sponsoring and serving as a very efficient Secretariat of the Cotabato workshop; Ms. Melinda Hussein of the Office of the Canadian International Development Agency (CIDA) Adviser for ARMM and Mr. Maugan Mosaid of the Local Government Support Program for facilitating the CIDA grant: Dr. Isagani Medina for preparing the proceedings; Dr. Oscar Alfonso for his editorial comments and Jocelyn de Jesus for editorial assistance. Bella Lucas supervised the final technical work on this volume with the assistance of Michael Patrick Arciga and Nanie Domingo while Joy Aparis coordinated with the UP Printery.

Maria Cynthia Rose Banzon Bautista
Executive Director
Center for Integrative and Development Studies
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UP-MSU Seminar-Workshop on "Western Mindanao and the East ASEAN Growth Area"

(20-21 January 1995, Zamboanga City)

Introduction

The seminar-workshop on Western Mindanao and the East ASEAN Growth Area (EAGA) co-sponsored by the University of the Philippines (UP) and the Mindanao State University (MSU) explored the factors that are essential to the assessment of Mindanao 2000 as a basis of hope for Western Mindanao. The two-day interactions that often went overtime to allow a deeper discussion of political and cultural issues resulted in a consensus on the nagging problems and the probable approach to their solution.

The EAGA concept

The workshop revealed the relative lack of understanding of the EAGA Concept on the part of the private sector in Western Mindanao, particularly in Zamboanga City, which is supposed to be the center of EAGA's development processes in the region (see Appendices for an extensive discussion of the concept of the EAGA). Apparently, until the concept and plan were presented and illustrated in the workshop by the Presidential Assistant for Mindanao and his staff, there had only been an ambiguous recollection of such a concept on the part of those expected to operationalize it. Moreover, only a few intellectuals seemed to have a firm idea of what EAGA is all about, and only Ateneo de Zamboanga appeared to have some publications on the subject. In fact, since the articulation of the plan in the media and various fora, even a working knowledge of the plan has not been quite evident among the rank and file businessmen in the city, and presumably in the region. The off-session exchanges confirmed this fact.

Prospects of EAGA

The prospects of EAGA being internalized and used as a point of reference for development projects and activities in Western Mindanao initially require a strong and sustained public information campaign with a high level of credibility. At the time of the workshop, the private sector, whose active role and resources are expected to be used principally in the enforcement of the growth plan, was surprisingly unaware of its importance as a sector and seemed to have been apathetic. The big businessmen in the region, especially the *taukes*, a popular term of endearment used by natives since precolonial times for Chinese capitalists or tycoons, barely had enough interest in the EAGA plan. Since this group has dominated both wholesale and retail trade and commerce in the region, the views they expressed on the huge and risky financial requirement for the region's realistic role in EAGA is a constraining factor to the immediate operationalization of the concept. Since the idea of just maintaining the business status quo seemed to hold sway, a lot of incentives and convincing arguments to reverse or modify existing economic processes are required if EAGA is to take off.

Entry points in the EAGA plan

The absence of specific entry points for local investors in the EAGA plan leaves practically everything to adventurous and imaginative businessmen from the outside world, including foreign entrepreneurs. In the existing plan, which is at best theoretical, there is reference only to possibilities in transport systems, communication, tourism, and marine industries. Experience has shown, however, that general statements in development plans have tended to dilemmas or ambiguities in local or regional responses. Even the intensive workshop sessions failed to give more specificity to the economic roles of Western Mindanao in EAGA. This may be because of a lack of fit between the concept and realities in the region. It is not clear whether the EAGA plan for Western Mindanao is based on reliable research and studies. There is no reference to any body of empirical or scientific studies of the region's actual resources and potentials. Thus, when a vital component such as capital formation in the region is underlined as a priority, there is

no prospect of realization through either the banking system or cooperatives. The latter has not worked in the region while the former has yet to be developed as a conduit for regional capital formation.

Response of the Muslim sector

The indifferent response of the Muslim sector to the EAGA plan has remained a puzzle considering that most, if not all, Muslims believe Islam not to be antidevelopment or antichange. Sulu, Tawi-Tawi, and Basilan have dominant Muslim populations, but at the moment, they do not figure significantly in the EAGA beyond mention in the jargon of development theories and concepts. Plans reflective of either provincial or municipal visions of growth and progress are not explicitly articulated in the EAGA plan. It is important to address this oversight in order to avoid repeating past problems associated with the implementation of national agency plans that have very little relevance to the needs and goals of the local people.

Prospect of development in the region

In effect, the only clear prospect of modern agro-industrial development in the region, in line with the EAGA concept, lies in the influx of outside capital. Foreign investments or loans are the only clear sources in addition to government counterparts. But what is the price of the entry of the foreign sector, including even those of the Muslim world? As actual data from the Autonomous Region of Muslim Mindanao (ARMM) show, even Arab investments have their own reasons for timidity and watchful waiting. Concern with Islam is not necessarily the main force behind the movement of Arab investments in the world. They are as responsive to market forces and realities as the rest of the business world. As centuries of Islamic history confirm, Muslim traders and businessmen have substantially penetrated closed or hostile domains in the non-Muslim societies. Their approach to Western Mindanao or ARMM will not be essentially different.

Therefore, the burden of harnessing the full potentials of the region's private sector in order to make EAGA relevant to Western Mindanao, rests

largely on the resolution of economic, cultural and political conflicts. All conferences, seminars, and studies on Mindanao confirm that the factors tending to hinder the meaningful integration of Western Mindanao and ARMM into the EAGA development plan have to do with nagging peace and order issues.

SAMUEL K. TAN
Director
Mindanao Studies Program
Center for Integrative and Development Studies
University of the Philippines

Summary of Proceedings*

Day One (Friday), 20 January 1995

On the first day of the seminar-workshop Dr. Samuel K. Tan, Convenor of the UP-CIDS Mindanao Studies Program (MSP) gave an overview of the workshop, of the objectives of the University of the Philippines-Center for Integrative and Development Studies (UP-CIDS) and the Mindanao State University (MSU) agreement on the Mindanao Studies Program, and introduced the members of the core group.

1. Dr. Nagasura Madale of MSU-Marawi acted as the facilitator of the morning session together with Dr. Cayetano Paderanga of the Bangko Sentral ng Pilipinas and UP-CIDS/MSP. Dr. Paderanga led the participants in identifying the problems of Western Mindanao in relation to the East ASEAN Growth Area (EAGA). Some of the problems identified were peace and order, low income, and poor integration of markets, lack of infrastructure such as roads, ports, stevedoring, arrastre service, etc. Dr. Paderanga said that in identifying problems, focus must be given to the question of feasibility. Other problems that emerged during the discussion included low productivity of commodities, failure of the barter trade, monopoly of capitalists, graft and corruption as well as transport and communication and energy problems, among others.

2. Some problems/solutions were identified by Zamboanga City Councilor Roberto Villares by way of wondering whether Zamboanga is ready for the EAGA plans for Western Mindanao. These problems include the extreme poverty in Zamboanga; the longstanding neglect of most of the indigenous groups; economic, social and political inequality; and the high illiteracy rate. Councilor Villares suggested people empowerment as a solution and referred to fields of cooperation in nine areas.

*Prepared by Dr. Isagani R. Medina of the UP-CIDS Mindanao Studies Program

He also cited problems in peace and order, corruption, violations of human rights, delays in the due process. He emphasized the need to put "our act together," or for synergy and teamwork in finding solutions. Zamboangueños must change themselves and each individual must reform himself within and without. As an educator he wants to strengthen education by establishing technical vocational schools.

3. Mr. Noel B. Kintanar of the Office of the President, Davao City, gave a briefing on the EAGA. He identified institutional mechanisms for participation in EAGA: the private sector, the ministerial sector, the 13 areas — air and sea linkages, tourism, people mobility, human resources, etc.

4. Atty. Mehol Sadain of the UP Institute of Islamic Studies as a facilitator described Western Mindanao as a viable place for business, citing the stable peace and order, and power/energy.

5. "Zamboanga for Zamboangueños" should not be the case according to Mr. Edward Lim, a businessman from Zamboanga City. The Muslims should not cluster together but must include the Christians. Businessmen should go global or international.

6. The briefing by Presidential Assistant for Mindanao, Secretary Paul Dominguez, on "Mindanao's Two Key Development Strategies" highlighted the first day of the seminar-workshop. The strategies are (a) full physical integration through infrastructure projects into a vibrant economic unit, and (b) direct global trade and economic links through the East ASEAN subregion of which Mindanao is a component. Projects for immediate implementation and their respective lead countries were enumerated.

Day Two (Saturday), 21 January 1995

The second and last day was devoted to identifying problems and solutions concerning Western Mindanao and the proposed EAGA plans.

1. Participants were divided into two groups, each tasked to enumerate the problems, categorized as fundamental and nonfundamental. Efforts to link Western Mindanao to EAGA trade activities were focused on the private sector. Linkages were identified by enumerating the problems and their solutions.

2. On the whole, the two-day seminar-workshop was congenial, enriching and successful due to the friendly interchange and sharing of ideas of the participants from the different sectors of Western Mindanao and other areas of the Philippines.

   Following are the highlights of the workshop discussions.

Workshop Group Reports

GROUP A: Major problems that constrain the participation of Western Mindanao in the EAGA plan

A. Economic

1. Slow capital formation
   - Flight of capital
   - Weak financial system
   - poor banking and other financial facilities
   - usurious practices

2. Extreme poverty

3. High rate of underemployment
   - muscle/brain drain

4. Lack of infrastructure facilities

5. Lack of land-use planning
   - urban/rural planning/ zonification/ conversions

B. Sociocultural/Educational factors

1. Sociocultural

   a. need for value formation
      - cultural/attitudinal factors
   b. apathy
   c. lack of self-reliance
   d. lack of religious openness/ethnocentrism
   e. lack of coordination and control (*"kanya-kanya"* system)

2. Educational Factors

   a. deficient educational facilities/services
   b. lack of participatory mechanisms
      media/information dissemination/monitoring systems
   c. lack of technical know-how

C. Political factors

1. lack of transparency/accountability to constituents
   - graft and corruption
2. politics of accommodation instead of politics for development

D. Overriding problem that transcends all the major problems

-Peace and order

GROUP B: Concrete proposals to link Western Mindanao to the EAGA trade

A. Areas of possible linkages

1. Transportation and communication
   linkages and contacts are easier facilitated through efficient transportation and communication
   a. prevailing prices in the Malaysian market are easily identified
   b. marine facilities or shipping facilities are also easily identified
   c. teaching of Bahasa as medium of communication
      - teaching can be based in private institutions
      - private and public institutions in Western Mindanao should be tapped
      - the teaching of Bahasa can be a business in itself
      - Bahasa should not be a regular school course but a kind of extension course
      - the Malaysian paradigm can be tried

- communicating with other countries in their own language is best
- modern satellites and cable facilities can be used

d. a computer center should be made available to businessmen

2. Traditional and nontraditional approach to business
   - "smuggling" is not really smuggling the traditional way
   a. people-to-people relations, not only exchange of goods, are important
   b. the religious dimension should be considered; network of relationship should include Muslim and Muslim; Muslims and Chinese; Muslims and Christians; Christians and Christians
   c. proper identification of businessmen
      - the best in the group should make representation to government
      - there should be an accreditation system that can benefit all, and not just a monopoly of businessmen
      - prepare the group first before going to other countries to engage in business

      build mutual trust between and among peoples
   d. research on the "right trading"
   e. develop the capability of businessmen
   f. businessmen should know the laws in other countries

3. Sociopolitical linkages
   a. awareness of rules and regulations
   b. capital formation and market identification

4. Linkages among educational institutions

B. The linkages identified were not categorized into fundamental and nonfundamental because the group considered all linkages fundamental.

C. Proposals

1. Formalize groupings into chambers and organizations, for example, one group for Siasi-Jolo-Tawi-Tawi. Integration of all the chambers of commerce (a conference can be held).

2. Identify funding sources like the Mindanao Business Council.

3. Provide access to banking facilities; businessmen can put up a bank.

4. Monitor traders' activities.

5. Organize a group of businessmen who could serve as ambassadors of goodwill. They must be honest and have integrity.

6. Start communicating with counterparts in other countries.

7. Upgrade the level of knowledge of businessmen in Western Mindanao so that they can compete with other businessmen in the region.

8. Correct the traditional or wrong image that Islam is antidevelopment.

9. Build mutual trust among businessmen, whether Muslim or non-Muslim.

10. Act locally but think globally.

11. Develop educational components of the linkages. Even if "we lack the capital" Western Mindanao's contribution to the EAGA can be substantial. A research network of businessmen and academics can be established.

12. Build or tie up business activities in Western Mindanao with EAGA on an official basis.

13. Specific suggestions:
    a. Financial assistance is needed.
    b. A conference with business groups from the other three EAGA countries can be held.
    c. Passage of the bill making Zamboanga a free port.

The Mindanao Studies Program at the
University of the Philippines-Center for Integrative and Development Studies
and the Mindanao State University

SEMINAR-WORKSHOP ON WESTERN MINDANAO AND THE EAST ASEAN GROWTH AREA

Program

Day one (Friday), 20 January 1995

8:00	9:00	a.m.	Registration
9:00	9:30	a.m.	Opening Session: Overview of the Workshop - Dr. Samuel K. Tan
9:30	10:30	a.m.	Topic 1: "Problems of Western Mindanao" - Dr. Cayetano Paderanga, Jr.
10:30	10:45	a.m.	Coffee break
10:45	12:30	p.m.	Discussion / Moderator: Dr. Nagasura T. Madale
12:30	2:00	p.m.	Lunch break and personal interaction
2:00	3:00	p.m.	Topic 2: "Solutions to Western Mindanao's Problems" - Roberto B. Villares Sangguniang Panlungsod, Zamboanga City
3:00	3:30	p.m.	Coffee break
3:30	5:00	p.m.	Discussion / Moderator: Dr. Nagasura T. Madale
5:00	6:00	p.m.	Presentation: Mr. Paul Dominguez Presidential Assistant for Mindanao
6:00	7:00	p.m.	Discussion / Moderator: Dr. Samuel K. Tan
7:00	8:30	p.m.	Dinner and personal interaction

Day two (Saturday), 21 January 1995

9:00	10:00	a.m.	Topic 3: "The EAGA Development Plan" - Dr. Lourdes A. Adriano
10:00	10:30	a.m.	Discussion / Moderator: Dr. Nagasura T. Madale
10:30	10:45	a.m.	Coffee break
10:45	11:45	a.m.	Topic 4: "Specific Role of Western Mindanao in EAGA"
11:45	12:30	p.m.	Discussion / Moderator: Atty. Mehol K. Sadain
12:30	2:00	p.m.	Lunch break and personal interaction

WORKSHOPS

2:00	3:30	p.m.	Group A — "Addressing Problems that Constrain the Participation of Western Mindanao in the EAGA Development Plan" - Prof. Calbi A. Asain Group B — "Concrete Proposals to Link Western Mindanao to the EAGA Trade" - Prof. Bobby Dagbusan
3:30	5:00	p.m.	Workshop Reports and Plenary Session (Recommendations) - Moderator: Dr. Samuel K. Tan Summary of Proceedings - Dr. Isagani R. Medina

Seminar-Workshop of the University of the Philippines and Mindanao State University on WESTERN MINDANAO AND THE EAST ASEAN GROWTH AREA (EAGA) DEVELOPMENT PLAN

20-21 January 1995, Lantaka Hotel
Zamboanga City

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UP-MSU-NDU Seminar-Workshop on the Autonomous Region of Muslim Mindanao(ARMM) and the East ASEAN Growth Area (EAGA) Development Plan

(25-26 April 1995, Cotabato City)

Summary of Proceedings*

Day One (Tuesday), 25 April 1995

The opening session of the seminar-workshop convened by the University of the Philippines-Center for Integrative and Development Studies (UP-CIDS), the Mindanao State University System (MSUS) and the Notre Dame University (NDU) was emceed by Dr. Nagasura T. Madale of the MSU. By way of introduction, Dr. Cynthia Rose Banzon Bautista, Executive Director of the UP-CIDS, gave an overview of the two-day activity and a brief background of the UP-CIDS Mindanao Studies Program and its collaboration with MSU and NDU. Dr. Bautista said that the seminar-workshop was already the second in a series of brainstorming sessions on Western Mindanao and its relation to the EAGA plan. In fact, the third workshop in the series is planned to be held sometime in 1995 in General Santos City. She also noted the slight changes in the program and apologized for some errors as it was prepared in Manila.

Mr. Jacques Bedard, Counsellor for Development of the Canadian International Development Agency (CIDA), followed the overview with his remarks on Canada's involvement in the Philippines since the redemocratization of the country under President Corazon C. Aquino in 1986. He discussed the assistance they have extended to the country in the areas of poverty alleviation, telecommunications, revenue generation and shared prosperity in business in Mindanao. He particularly traced his personal links to the region, citing as a painful observation the lack of development of Mindanao after twenty years of being away.

---

*Prepared by Dr. Isagani R. Medina of the UP-CIDS Mindanao Studies Program

Topic 1 of the seminar-workshop was on "The ARMM Component of the EAGA Development Plan," with Ms. Biogene Yagong of the Mindanao Executive Development Council-Davao City giving a very informative briefing using transparencies on the BIMP-EAGA (Brunei Darussalam, Indonesia, Malaysia, the Philippines - East ASEAN Growth Area). She said the two key development strategies in Mindanao are the full physical integration of infrastructure projects and the "strengthening of Mindanao's direct global trade and economic links through the East ASEAN subregion of which Mindanao is a component."

Ms. Yagong's presentation was essentially the same as what Presidential Assistant for Mindanao, Paul Dominguez, and Noel B. Kintanar of the Office of the President, Davao City, discussed in the first workshop in Zamboanga City on 20 January 1995. Ms. Yagong, however, gave a detailed update on the status of the BIMP-EAGA projects as of April 24 and the calendar of activities for 1995. She enumerated the areas of cooperation in the BIMP-EAGA, which include population mobility, environment protection and management, energy, construction and construction materials (with the Philippines as the lead country), among others.

Ms. Yagong emphasized the twin roles of government in the EAGA: (a) as facilitator, that is, opening the doors and building bridges, and (b) as explorer of ways and means to strengthen the existing environment for cooperation by gradually dismantling barriers. She also stressed the role of the private sector in the EAGA as the "engine of growth for the accelerated development of the growth area."

Topic 2 on "The Assessment of the Nongovernment Organizations (NGOs) and the EAGA/Peace Process," was a succinct paper presented by Father Eliseo Mercado Jr., President of the Notre Dame University. Father Mercado spoke on infrastructure projects, local trade and the four component areas, with focus on peace, people and culture in relation to the ARMM and the EAGA. He concluded by likening people to lighthouses. Government planners should approach exciting plans with caution, ever open and ready to examine existing paradigms of development, changing course when necessary to avoid direct collision with the human lighthouses.

A lively exchange of ideas followed during the open forum. Mr. Yusoph Muhammad of the MINSUPALA Development Foundation in Cotabato City, commenting on the leadership of ARMM, said that the

leaders should be honest and true to their promise. He cited a printed report about a completed bridge that turned out to be made of coconut trunk.

Dr. Lourdes S. Adriano of the University of the Philippines-Los Baños/Office of the President-Mindanao said there is "no such thing" as an EAGA Development Plan. The idea of a growth polygon she said, had been proposed by President Fidel V. Ramos in 1993. However, it is yet evolving with inputs from various sectors. Dr. Adriano ended her discussion of some of the BIMP-EAGA plans and activities with a challenge: The concept can be made to work and, indeed, various sectors are already translating it into reality. The people in Western Mindanao can either choose to ignore the development but they also have the opportunity to shape EAGA's future so that it would address the needs of the people in this part of the region.

A participant from Tawi-Tawi asked why ARMM is not participating in the EAGA and how Tawi-Tawi can participate. Another participant, Prof. Eddie M. Alih of MSU-Tawi-Tawi, suggested that workshop participants be grouped by province to explore the answers to this question more meaningfully.

Mrs. Marlene Tamano of the MSU-Center for Women's Studies questioned the noninclusion of the role of women in ARMM in the discussions. She proposed that "the best women graduates be sent to the BIMP-EAGA" on exchange to boost the country's image.

Mr. Anthony Tongson of the Department of Trade and Industry-ARMM informed the audience of the creation of the Maguindanao Chamber of Commerce and the plan to create a Chamber of Commerce in Sulu and Tawi-Tawi in May 1995.

A piece of information that was well received by the forum participants came from Mrs. Eva Tan of the Notre Dame University. Citing the experience of Prince Albert in Saskatchewan, Canada, Mrs. Tan said small businessmen could form the backbone of EAGA development by formulating a strategic and action plan. Dr. Samuel K. Tan of the UP-CIDS Mindanao Studies Program added that the Program he heads is willing to help think of business ventures for the residents of Western Mindanao, particularly the marginalized. Shipbuilding in Sibutu is one such alternative.

A power failure cut short the afternoon session. It was ironic since Topic 3 was about the role of Lake Lanao in the East ASEAN Growth Area. The paper on the significance of energy in relation to EAGA was presented, with transparencies, by Dr. Ali G. Macawaris, Vice President for Planning and Development of the Mindanao State University, Marawi City. Dr. Macawaris envisioned Lake Lanao as a reliable source of power that could effectively reduce the cost of power in Mindanao.

Besides discussing the potential role of Lake Lanao in EAGA's long-term development, Dr. Macawaris also noted the need to do the following: (a) increase the fish yields of the lake and restore the vanishing endemic cyprinids in it; (b) set up an irrigation system for the lowland areas affected by the fluctuation of the lake water surface; (c) establish a waterworks system for the areas affected by the fluctuation of the lake water surface; (d) institute livelihood projects for the people around the lake; and (e) undertake navigation and dredging projects.

Day 2 (Wednesday), 26 April 1995

For Topic 4, Chancellor Moner Bajunaid of the Mindanao State University-General Santos animatedly described the role of the Mindanao State University in relation to the EAGA/SOCSARGEN (South Cotabato, Saranggani and General Santos) using comprehensive data, through transparencies, drawings and colored photographs. Chancellor Bajunaid began by saying that General Santos is *the* Southern gateway of the Philippines, not being battered by typhoons and less vulnerable to economic fluctuation. On the other hand, Saranggani is rich in tuna and skipjack, while South Cotabato's leading products are corn, pineapple, cotton, asparagus and tuna; its secondary products are livestock and prawns. The USAID-financed projects that will facilitate the flow of these goods include roads, the new airport, the Makar port and fishport. Another project financed by Italtel on telecommunications will start in June.

Chancellor Bajunaid discussed various incentives given to cultural minorities such as distance-learning for the Tibolis in Lake Cebu, as well as the role of MSU in the SOCSARGEN. He described the MSU in General Santos City as a catalyst in the development of SOCSARGEN, so the faculty members have been tapped to work in the areas of agriculture, fisheries,

agribusiness and even engineering. The Fish Tank assessment of Saranggani Bay and the Mount Matutum Biodiversity study are examples of research relevant to SOCSARGEN development.

For Topic 5, Dr. Sukarno D. Tanggol of the College of Public Affairs and Acting Director of the Press and Information Office, MSU-Marawi City, discussed "The ARMM and EAGA: A Policy Statement." He said prospects for the year 2000 do not look too rosy because of economic backwardness; the ARMM region is still the traditional supplier of raw materials. He also cited continued cases of smuggling and kidnapping in the ARMM.

Dr. Tanggol said that since the BIMP-EAGA is still young, it might be premature to make an objective assessment of ARMM in relation to it. Instead, he raised several policy issues and problems for consideration. He also said he doubted the National Government's commitment to ARMM's development, particularly within the BIMP-EAGA framework. Dr. Tanggol raised questions regarding the beneficiaries of this economic growth plan. Is it for big business at the expense of the masses? Is it only for the Christian entrepreneurs at the expense of the indigenous tribes of Mindanao? Is it only reserved for "imperial" Manila or Davao or General Santos with the rest of the region perennially waiting for the so-called "trickle-down effect"?

For Dr. Tanggol, it seems that the bigger problem is the policy attitude of Manila toward the Muslim problem. He noted the incoherence of government policy *vis-á-vis* the Muslim problem, from President Ferdinand E. Marcos to President Corazon C. Aquino.

Dr. Tanggol analyzed four constraints in ARMM which its leaders and policy makers should address if the region is to be a vital cog in the BIMP-EAGA economic wheel: (1) improvement of the human resource component of the regional government, as the autonomous government is short of technical skills for all aspects of governance; (2) development of physical infrastructure in ARMM, as roads and bridges, seaports and airports, and other infrastructural support facilities attract potential investors; (3) improvement of peace and order in the ARMM provinces, as there is a proliferation of loose firearms and armed groups, kidnapping and other forms of lawlessness; and (4) activation of a more organized development and assertive private sector, as the BIMP-EAGA is supposed to be led by

the private sector, with the government providing facilitative support including the creation of an atmosphere conducive to business.

Discussions in the open forum on the second day dwelt mostly on the SOCSARGEN and the problems of housing; water supply; communication; and education, especially of indigenous peoples. General Santos City is described as the "city of migrants," migration in the SOCSARGEN being the highest in the Philippines. Further clustering of growth centers in this area may exacerbate the effects of an unchecked flow of migrants.

The plenary session started at 4:00 p.m. with the following reporters and their respective groups discussing the strengths, weaknesses, opportunities and threats in their areas.

(1) Prof. Evelyn G. Rasul on Tawi-Tawi
(2) Dr. Calbi Asain on Sulu
(3) Mr. Yusoph Muhammad on Maguindanao and Cotabato City
(4) Mr. Arif Diragun on Lanao provinces (Maranao)

[See attached reports.]

UP-CIDS Executive Director, Dr. Cynthia Rose Banzon Bautista's remarks formally closed the seminar-workshop.

With the full support of the participants and their rich inputs, the seminar-workshop was resolved by the body to be a success.

Closing Remarks

In what seemed to be more than two days, we compressed a lot of discussion on the concept and reality of the East ASEAN Growth Area (EAGA) and the participation of the constituents of the Autonomous Region of Muslim Mindanao (ARMM) in EAGA development. Biogene Yagong's informative and comprehensive discussion of the EAGA was infectious in its enthusiasm. So were the complementary presentations of the plans for the SOCSARGEN (South Cotabato, Saranggani, General Santos) by Chancellor Moner Bajunaid (Mindanao State University-General Santos), and the statements of intention of the Tawi-Tawi representatives to develop the equivalent of SOCSARGEN in their area.

But even as we shared the enthusiasm of our presentors and co-participants, the workshop was also balanced by words of caution regarding (1) the possibility of ramming our ship against the human lighthouses of Mindanao, an apt metaphor at different levels, for indeed, the constituents of Mindanao in general and the ARMM in particular are heterogenous culture lighthouses; (2) the significance of peace and order, since the failure to address the fundamental problems of the marginalized Muslims in the region can easily undermine the painstaking efforts to make Mindanao not just a land of promise but a land of fulfillment; (3) the need to creatively explore mechanisms for making those who may not have direct access to development efforts share in their fruits; (4) the need to also consider the industries appropriate to the tradition, cultural preferences and skills of the people in the area; and (5) the imperative of paying attention to the requisites of EAGA development. Dr. Ali Macawaris's paper (Mindanao State University Vice President) drew our attention to the importance of power as a requisite infrastructure which government must be responsible for.

Our many reservations notwithstanding, we seem to have taken for granted that the official pronouncements regarding the EAGA are legitimizing and hastening the formation of centuries-old cultural and market links among the respective regions in Indonesia, Malaysia and the Philippines. EAGA is in the process of becoming an objective reality in Mindanao and, as such, cannot be wished away. The question of the ARMM's involvement in the EAGA, particularly its lackluster participation relative to other areas

of Mindanao, was what prompted the three Universities (University of the Philippines, Mindanao State University and Notre Dame University) to conduct the workshop.

The constraints noted in this seminar resonate those raised in the Zamboanga workshop: (1) capital flight from the provinces; (2) unresolved conflicts and unstable peace and order; (3) cultural resistance to change; (4) a weak private sector; (5) poor leadership; (6) inadequate facilities; (7) fragmentation of the people; and (8) lack of communications.

But the workshop is noteworthy for its concrete recommendations and resolutions. I will not repeat the output of each group's productive discussion. Let me, however, underscore some of the insights that cut across the earlier plenary and workshop discussions:

Realization of the EAGA plan

The EAGA "plan" or whatever is currently being evolved, essentially gives the State the mandate to set the infrastructure in place. For sure, there may be problems of implementation. But what is crucial in the plan is that the different members of the private sector — businessmen who are willing to invest and, in the case of Tawi-Tawi, to take over the operation of some of the facilities that are within the purview of government; and development NGOs (nongovernment organizations) that can humanize the economic activities and ensure long-term sustainability — would serve the crucial role of catalyst to ensure the performance of government and the ultimate realization of the plan.

Policy implications

There is an urgent need to seriously rethink our categories and the policy implications of the development thrust we will be taking. An earlier discussion, highlighting the policy implications of rethinking and even changing regional definitions and boundaries, went as far as to raise the fundamental question of mechanisms for seriously taking Muslim interests and concerns into account, while maximizing the gains of regional market

development. The Sulu group and Fr. Eliseo Mercado Jr. (Notre Dame University President), for instance, mentioned the rethinking of political and administrative structures. The former's suggestion of experimentation at the lowest level with administrative mechanisms based on the Islamic religion, and Fr. Mercado's question regarding the match between political regional boundaries and economic market categories such as the EAGA indicate the possible directions of such a rethinking.

The workshop could not resolve many of the issues. As expected, it even raised a lot more. But despite hesitations and many reservations, the spirit of the participants here seems to be to give the EAGA concept a try. To avoid being paralyzed by the suspicion of hidden agendas, it is suggested that we actively direct the development process. As with the General Agreement on Tariffs and Trade (GATT), our role is to anticipate the negative effects of regional development in order to be in a better position to capture the opportunities and shape the outcomes that will benefit the people of Mindanao. EAGA may, afterall, open windows of opportunity that can finally move Mindanao, particularly the Western provinces, out of the stagnation, which Counsellor Jack Bedard (Canadian Embassy in Manila) observed upon his return after 20 years of absence.

On behalf of the organizers, we would like to thank all our participants.

Dr. Cynthia Rose Banzon Bautista
Executive Director
Center for Integrative and Development Studies
University of the Philippines

Workshop Group Report: Tawi-Tawi

(based on a series of visioning workshops conducted in Tawi-Tawi in 1993)

A. Profile of Tawi-Tawi

1. Historical Brief

The Province of Tawi-Tawi was carved out of the province of Sulu on September 27, 1973, through Presidential Decree No. 302 issued by then-President Ferdinand E. Marcos.

Tawi-Tawi is now one of the four provinces comprising the Autonomous Region of Muslim Mindanao (ARMM) after its residents voted to join the new region in a plebiscite conducted in February 1989.

What is believed to be the country's oldest mosque is found in the island of Simunul at Tubig-Indangan. It was established by Sheik Karimul Makhdum, a Muslim missionary who set foot on Philippine soil in 1380 A.D.

2. Geography

Area	:	1,087 square kilometers
Population	:	228,204 (1990 census)
Municipalities	:	10
Barangays	:	203
Capital	:	Bongao

Tawi-Tawi forms the southernmost frontier of the Philippines. It defines the international boundary with the neighboring area of Sabah. It is bounded by the Sulu Sea on the north and west, and the Celebes Sea on the east and south.

*Group Members: Dr. George D. Lee and Dr. Jainal M. Hamad of the Bongao People's Economic Council; Prof. Evelyn G. Rasul and Prof. Eddie M. Alih of the Mindanao State University-Tawi-Tawi; and Engineers Henry Chew and Rolando Lim.

Tawi-Tawi's proximity to Sabah fostered trade between the peoples of the two areas, a lucrative activity that has flourished for generations and lasts to this day.

3. People

Tawi-Tawi's population is dominated by the Sama, with the Tausug, Jama Mapun, Badjao and other small ethnic groups making up the rest. Languages spoken include Sinama, Tausug, Cebuano, Filipino as well as English and Chinese.

4. Religion

Tawi-Tawi's population is 95-percent Muslim, with the remainder a mixture of Christian and other faiths.

5. Educational Institutions

University	:	1
State College	:	1
National High Schools	:	16
Other High Schools	:	5 (private schools)
Elementary Schools	:	104 (public)
	:	1 (private)
Primary Schools	:	105 (public)

6. Transportation

The province has one airport at Sanga-Sanga, which services a daily Philippine Airlines (PAL) flight to and from Zamboanga City. Nine sea vessels ply the Tawi-Tawi route. One international vessel plies the Zamboanga-Bongao-Sandakan route.

7. Communications

The province has three telegraph stations and 15 post offices.

8. Power (Electricity)

The Tawi-Tawi Electric Cooperative (TAWELCO) services only the capital town of Bongao, with a coverage of 1,652 households.

9. Water Service

One water system is operating, serving 1,376 households in Bongao.

10. Health Services

The province has five hospitals, 11 rural health centers, seven private medical clinics and two dental clinics.

11. Media

One radio station serves the area, RADIO DXCD (mother station DXMM/Veritas), with 1-K power at 549 khz on the AM band. Station Manager is Sister Erlinda Hisug, OND. The station broadcasts from 6 am to 7 pm daily.

The province has no local newspaper.

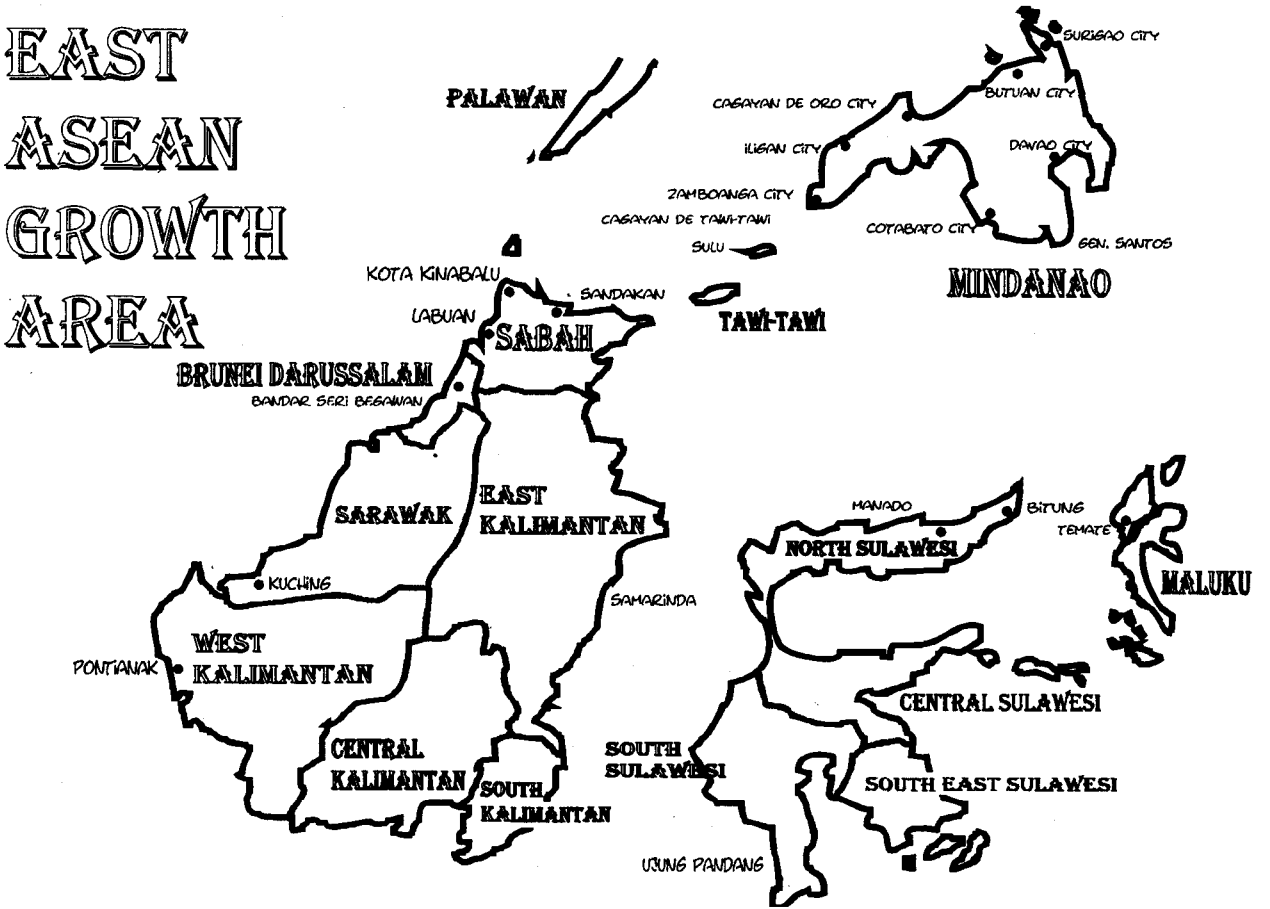
B. Strengths

1. Geographic

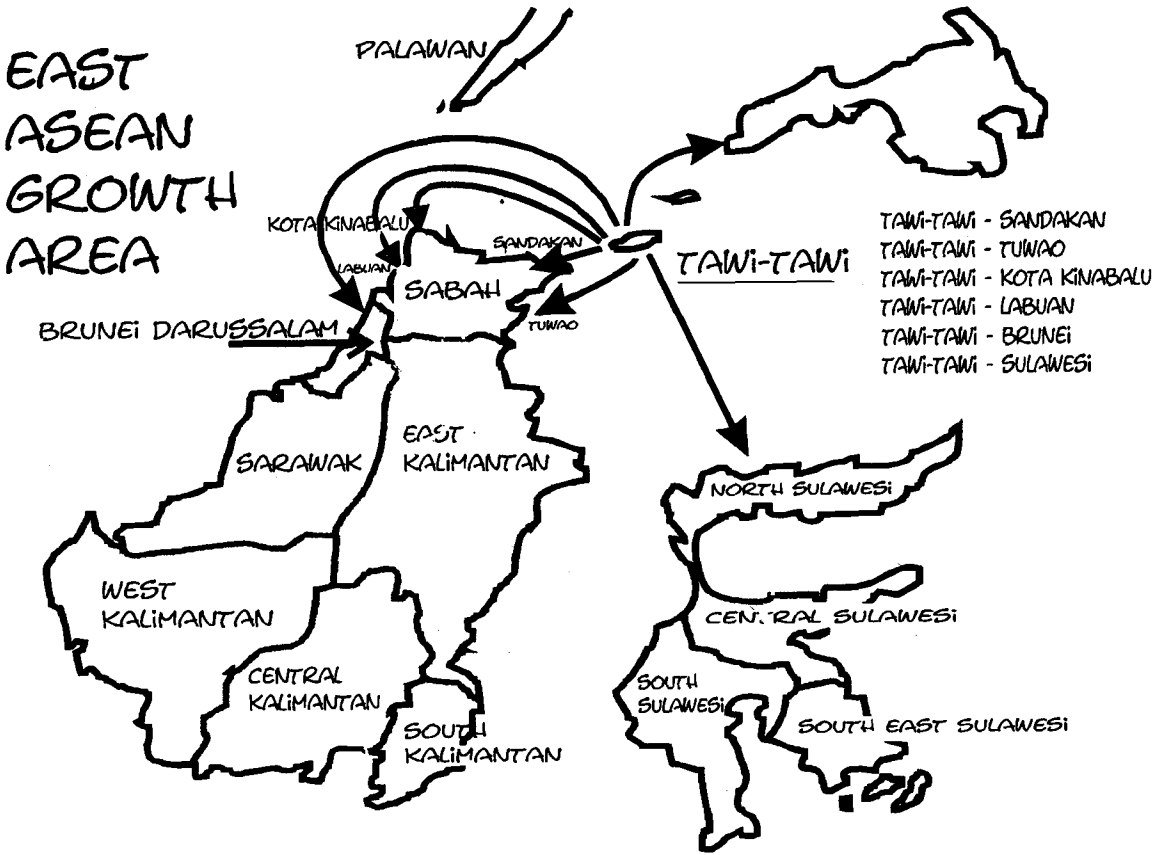
a. Proximity to East ASEAN Growth Area (EAGA) countries,
   1) many Sabah government officials and law enforcers are natives of Tawi-Tawi

      - o Haji Sandukong of Dewan Undangan Negeri Sabah is Datuk Haji Hassan Alban.

      - o former Chief Minister of Sabah Tun Mustapha Harun


EAST ASEAN GROWTH AREA
PALAWAN
SURIGAO CITY
BUTUAN CITY
CAGAYAN DE ORO CITY
ILIGAN CITY
DAVAO CITY
ZAMBOANGA CITY
CAGAYAN DE TAWI-TAWI
COTABATO CITY
GEN. SANTOS
SULU
MINDANAO
KOTA KINABALU
SANDAKAN
LABUAN
SABAH
TAWI-TAWI
BRUNEI DARUSSALAM
BANDAR SERI BEGAWAN
SARAWAK
EAST KALIMANTAN
MANADO
BITUNG
TERNATE
NORTH SULAWESI
MALUKU
KUCHING
SAMARINDA
WEST KALIMANTAN
PONTIANAK
CENTRAL SULAWESI
CENTRAL KALIMANTAN
SOUTH KALIMANTAN
SOUTH SULAWESI
SOUTH EAST SULAWESI
UJUNG PANDANG

EXISTING BARTER TRADE ROUTE



International Sea Linkage with BIMP EAGA
ZAMBOANGA
SANDAKAN
TAWI-TAWI

2) climate of trust between Sabah and Tawi-Tawi

3) trade relations have made Tawi-Tawi traders and nontraders fluent in Bahasa Melayo and Bahasa Indonesia

b. Sibutu Channel as an international route

2. *Economic*

o Industries

1) *kumpit* industry
2) seaweeds and fishery products; forestry products
3) long-standing barter trade between Tawi-Tawi and EAGA
4) three banks - two public (Land Bank of the Philippines and Philippine National Bank)
- one private (Allied Bank)

3. *Political*

o stable peace and order (considered most peaceful among the ARMM provinces)

4. *Social*

a. harmonious relations transcend religious gaps
b. pool of professionals/labor power
c. high literacy rate
d. educational institutions

5. *Ecological*

a. wide forest cover
b. mineral and natural resources
c. turtle and bird sanctuaries
d. white monkeys of Bud Bongao
e. pristine waters and white beaches

6. Others

- o absence of natural and man-made calamities

C. Weaknesses

1. Inadequate infrastructure facilities
   a. power
   b. water
   c. ports
   d. postharvest facilities for agro-fishery and forestry products
2. Economic
   a. slow capital formation
   b. weak financial system
3. Lack of land use/planning/zoning
4. Socio-psycho-cultural
   a. "*trapo*" mentality
   b. inadequate trimedia

D. Opportunities

1. available credit-financing agencies
2. available investors
3. available market for agro-forestry and marine products
4. implementation of the General Agreement on Tariffs and Trade (GATT) — [This is a double-edged sword.]

E. Threats

1. implementation of GATT
2. indifference of the national government
3. innocent and free passage of foreign boats through Sibutu Channel
4. intrusion of foreign and domestic commercial fishing boats in municipal waters

F. Proposals

Key Critical Activity	Office of Primary Responsibility	Partners	
		Private Sector	Government Agencies (GAs)
1. Prepare a provincial development plan	Office of the Provincial Governor (OPG)	nongovernment organizations (NGOs)	GAs, municipal governments (MGs), Mindanao State University (MSU)
2. Formulate a growth plan and an investment plan (Tawi-Tawi as growth area)	initiated by the OPG; Office of the Regional Governor-Autonomous Region of Muslim Mindanao (ORG-ARMM)	NGOs	Department of Trade and Industry (DTI), Department of Agriculture (DA), MGs; role of MSU, Department of National Defense (DND), Department of Environment and Natural Resources (DENR), Commission on Audit (COA)



F. Proposals (continued)

Key Critical Activity	Office of Primary Responsibility	Partners	
		Private Sector	Government Agencies (GAs)
3. Immediately provide/ improve basic facilities			
o water	Bongao Water District	monitored by NGOs	
o power		Tawi-Tawi Electric Coop. (TAWELCO)	National Power Corporation (NPC)
o communication		RCPI, Canadian International Development Agency (CIDA), NGOs	Department of Transportation and Communication (DOTC)
o construct a road network	Provincial District Engineer (PDE)	NGOs	Department of Public Works and Highways (DPWH)
o contruct seaport and airport	PDE	NGOs	DPWH

F. Proposals (continued)

Key Critical Activity	Office of Primary Responsibility	Partners	
		Private Sector	Government Agencies (GAs)
4. Organize business groups initiated by DTI	Chamber of Commerce	realized through the efforts of NGOs	DTI
5. Improve fish capture technology and facilities	DA	participation of NGOs particularly on social mobilization	MSU
6. Pass a provincial ordinance banning commercial fishing (for non-Tawi-Tawi residents) and plunder of marine resources	*Sangguniang Panlalawigan* (SP)	NGOs	
7. Enforce the ordinance	Philippine National Police (PNP)	NGOs	
8. Immediately implement agreements between GRP and neighboring countries	Department of Foreign Affairs (DFA)		Bureau of Customs Bureau of Immigration

G. Resolutions (addressed to concerned offices)

1. Privatize the National Power Corporation in Bongao, Tawi-Tawi (approval from the Office of the President-Mindanao)

2. Immediately implement agreements with neighboring countries like Malaysia and Indonesia (request the Office of the President-Mindanao to check on the status of the agreement)

3. Provide experts for the research on the inventory of fish stocks and environmental scanning needed in making a comprehensive plan (request the University of the Philippines President through the UP-CIDS Mindanao Studies Program)*

*UP-CIDS Executive Director, Dr. Cynthia Rose Banzon Bautista said the UP-CIDS through the Mindanao Studies Program will provide help. UP Visayas and the UP-Marine Science Institute may also be requested to be involved in the effort.

Workshop Group Report: Sulu

A. *Profile of Sulu*

Population	:	500,000 (1973)
Capital	:	Jolo (population 50,000)
Municipalities	:	18
Religion	:	97-percent Muslim; the rest belong to other groups; harmonious relations exist between Christians and Muslims
Language/People	:	Tausug

B. *Factors/Obstacles why Sulu is being left behind (along with recommendations)*

1. Attitudinal

a. value system deter development
b. gun as a status symbol instead of the law
c. spirit of *umma* not strong

Recommendations

a. develop sense of unity and belongingness
b. make educational system relevant; indigenize the system; make it more relevant to the people's needs, values and aspirations; strengthen educational system; a functional literacy program is needed
c. return to Islamic values — *umma*; more education on these values; full Islamization; integrate indigenous values; return to an Islamic way of education
d. values should become more obligation-conscious than rights-conscious

*Group Members: Bishop Benjamin D. de Jesus, OMI; Idris Sulayman of the Amanat Foundation, Inc.; Angel S. Bertomo and Brend Virgilio S. Vergara of Notre Dame of Jolo College; Calbi Asain of MSU-Sulu; Meinrad B. Yanga of the Sulu Provincial Government; and Dr. Samuel K. Tan of the UP-CIDS Mindanao Studies Program.

2. Economic

a. lack of capital/outflow of capital (banks facilitate the outflow of capital from Sulu; money goes out of the province instead of being used to develop the province)
b. extreme poverty spawns other problems like peace and order
c. agricultural production (affected by land-ownership conflicts)

Recommendation: Organize the people into cooperatives and let these cooperatives deal/link with EAGA more fruitfully; it should be a "bottom-up" policy and not just "big-scale business."

3. Political

a. political activity not geared toward development
b. political situation polarizes instead of unifies; people keep loyalties to specific groups

Recommendation: Come up with an entirely new political structure that is more effective in bringing about development; for instance, returning to a Sultanate while setting aside the foreign political idea of a democracy; shift to an Islamic system of governance.

4. Peace and Order

*dragging conflict between the Armed Forces of the Philippines (AFP) and the Moro National Liberation Front(MNLF); as well as "among themselves."

Recommendation: "Driving the AFP out and letting the MNLF take over" could be "big gamble" and one that has not been tried before." The "big question" is whether such will succeed.

5. Cultural

*resistance to change, especially if it is introduced by outsiders because they have been "used to being imposed upon by extraneous forces."

Recommendations:

a. provide more information about EAGA and its advantages
b. inform people that EAGA has no hidden agenda so they can participate

6. Other Factors

*Weak/not organized private sector

Recommendation: Organize the private sector because this is "central to EAGA," particularly a Chinese Chamber of Commerce and a Tausug Chamber of Commerce.

Workshop Group Report: MAGUINDANAO / COTABATO CITY*

A. *Why is the Autonomous Region of Muslim Mindanao (ARMM) being left behind?*

1. Problem of leadership
   a. not development-oriented
   b. no political will
   c. traditional style of leadership
   d. inadequate managerial skills

2. Inadequate facilities and services to attract investors

B. *Specific proposals to integrate Maguindanao province to the East ASEAN Growth Area (EAGA)*

1. Formalize groups into chambers and organizations in ARMM.
2. Identify projects and funding sources.
3. Provide access to banking facilities; businessmen can put up a bank.
4. Monitor traders' activities.
5. Organize groups of businessmen who could serve as ambassadors of goodwill.
6. Start communicating with counterparts in other countries.
7. Build mutual trust among businessmen, whether Muslim or non-Muslim.
8. Act locally but think globally.
9. Develop educational component of the linkages even if "we lack the capital." ARMM's contribution to the EAGA can be substantial.

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*Group Members: Manuel A. Ceniza and Cristy R. Regala of the Office of the Regional Governor, ARMM; Moner K. Dumana of BIMP-EAGA ARMM Secretariat; Lally B. Estacion of Notre Dame Educational Association; Raul Flores and Percival T. Guerrero of Land Bank of the Philippines-Maguindanao Field Office; Merlinda M. Hussein of the Canadian International Development Agency (CIDA) Adviser's Office in ARMM; Maugan P. Mosaid, Sukarno D. Pendaliday and Gani Petron of the Local Government Support Program of CIDA; Yusoph I. Muhammad of Minsupala Development Foundation, Inc.; Abdul Rakin Al-Mutin and Larzon G. Santos of the Regional Board of Investments, ARMM; Ali S. Satol of MAPEA, Inc.; Alberto Solis of COLIGHT; Eva K. Tan of Notre Dame University, Cotabato City; and Anthony A. Tongson of the Department of Trade and Industry-ARMM.

10. Tie up business activities in ARMM to EAGA on an official basis.
11. Designate areas for foreign and local investors.
12. Organize all barter traders to conform with the objectives of the EAGA.
13. Make people aware of/promote BIMP-EAGA activities.
14. Restudy barter trade scheme.

Workshop Group Report:
LANAO DEL SUR / MARAWI CITY*

A. *Profile of Lanao: Center of the Maranao Culture and Tradition*

1. Provinces/Cities : Lanao del Sur and Lanao del Norte; Marawi and Iligan Cities
2. Lanao del Sur : a province in the Autonomous Region of Muslim Mindanao (ARMM); has 37 municipalities and two congressional districts; Marawi City is the provincial capital
3. Climate : humid and cold
4. Population : about 830,000; more than 400,000 voters
5. Culture : Maranaw – 97 percent; religion – Islam
6. Center of Education : Mindanao State University (MSU)
7. Communication : DXSO; SA in cable; more than 100 radio clubs
8. Agriculture : abundant crops – rice, corn, cassava, coconut, cacao, coffee
9. Industries : brass; loom weaving in Tugaya; soap, *toyo*, vinegar (indigenous)
10. Other resources : logs, marine and aquatic fishes
11. Energy : LASURECO
12. Prospects :
    a. cheap labor
    b. natural resources, particularly Lake Lanao as a source of energy
    c. airport and other transport outlets
    d. business organization (hardly any business corporation)

*Group Members: **Engr. Mohamadali D. Macaraya** of the Lakers Economic Council; **Engr. Somerado Mangondaya** of the Federation of Lanao del Sur Farmers Multi-Purpose Cooperative; **Hj. Basir S. Datu-Imam** of the Ranao Jaycees; **Arif L. Diragun** of the Apo Ranao and Ranao Ragat Federation of Cooperatives; **Dr. Ali G. Macawaris, Dr. Nagasura Madale, Dr. Sukarno Tanggol, Asa Madale and Haj. Casan Cana** of the Mindanao State University - Marawi City; **Sheikh Abdul Rakin Mutin** of the Regional Board of Investments; and **Prof. Marlene Hofer Tamano** of the MSU Center for Women Studies.

B. Why is the ARMM left out in the East ASEAN Growth Area (EAGA) Development Plan?

Perception of nongovernment organizations (NGOs)

1. Lack of communication and information exchange between the proper government agencies and Lanao constituencies;

2. Lack of cooperation and coordination;

3. Lack of assertiveness on the part of the Autonomous Region of Muslim Mindanao (ARMM) *vis-á-vis* the EAGA Development Plan;

4. No conducive peace and order;

5. Local, provincial and national leaders are reluctant to attract investors;

6. Lack of facilities and amenities;

7. Lack of infrastructure connecting different areas;

8. An indifferent national government which is perceived to have biases and prejudices;

9. Lack of investment potentials that are attuned to the EAGA Development Plan;

10. Hesitance on the part of BIM (Brunei, Indonesia, Malaysia) prospective investors to pour their resources in Lanao; and

11. A seeming lack of sincerity of the Office of the President - Mindanao to wish the development of the ARMM, particularly the Lanao areas.

C. Proposals to link the ARMM to the EAGA

1. Strengthen the Lanao Chambers of Commerce and Industry, the Lakers Economic Council and other NGOs in Lanao, and enforce as per MOA/COSED Lanao del Sur;

2. Open up communication trilinkages with, by, and between the ARMM; the EAGA-BIMP Secretariat and the national government, viz, telephone, fax and pagers;

3. Motivate the ARMM into "selling the region for possible investment" from the BIM;

4. Expedite the early resolution of the Government of the Republic of the Philippines - Moro National Liberation Front (GRP-MNLF) peace negotiation in order to create peace and order conducive to investment;

5. Inculcate among the local, provincial leaders of Lanao that one vital factor of growth is to attract investors to the province;

6. Encourage the construction of housing projects and good hotels with help from the ARMM and the national government, as well as the organization of a better transport cooperative and provision of better services;

7. Immediately enforce infrastructure projects for the ARMM particularly in Lanao, according to the Development Plan of the ARMM; notably the expansion of the Malabang and Baloi airports to cater to an international traffic, the conversion of the Balabagan wharf to international seaport and other fishing ports in the coastal areas;

8. Identify investment prospects in the following areas: integrated coco-processing plant in Malabang, cassava processing, fish processing, rice straw-board processing, corn oil/flour mill, fruit processing, seaweeds, rubber, palm oil, crafts development of the Tugaya brass industries, oil refinery in Malabang, Bayang sports center, cutflower products in Balabagan and coffee production and coffee mill in Bayang and Balabagan;

9. Provide financing facilities for viable and feasible business ventures, especially cooperatives;

10. Operationalize KV Line 69 to fully energize Lanao as an indisputable prerequisite to industrialization, wisely tapping Lake Lanao; support the Lake Lanao projects propounded by the Lake Lanao Development Authority (LLDA) to develop Lake Dapao as tourist center;

11. Open the RIC and Lanao Export Processing Zone Authority (LEPZA) in Malabang to substantiate the creation of the Malabang Coastal Economic Corridor;

12. Establish the Agro-Industrial Marketing Assistance Center (AIMAC) for Lanao, as per project proposal hereto attached;

13. Create a Human Resources Development Center (HRDC) for women and HRD programs at the MSU; and

14. Allow the NGOs to act as monitoring centers for all government projects in Lanao.

D. Suggested Projects for Lanao del Sur

1. Infrastructure: circumferential roads; Marawi-Cotabato road; provincial and municipal roads; airport in Malabang; port-Malabang International Port; water works; and bridges

2. Irrigation: Ramain River Irrigation Project; Rugnan Irrigation Project; Malaig Irrigation Project; Communal Irrigation Project

3. Mechanized pre- and postharvest facilities; heavy farm tractors (50-100 units); power tillers (400-600 units); threshers, shellers, mills; solar and mechanical dryers, etc.; and storage facilities

4. Fishing: Lanao Lake — development and operation of fishponds/ fishpens within the vicinity; and coastal areas

5. Agro-Forestry: palm tree; rubber; fruits; and reforestation (mahogany and coffee plantation)

6. Industry: integrated coco-processing plant; cassava processing plant; fish processing plant; rice straw-board processing plant; corn oil mill; fruit processing plant; seaweed processing plant; rubber processing plant; and palm oil-processing plant

7. Agribusiness Assistance Center

8. Communication: telephone; access to global highway of information (MSU)

9. Tourism and Sports (Marawi, Dapao, Malabang, Ramain): hotels; beach resorts; sports complex; and golf courses

10. ARMM corridor: Malabang-Parang Economic Corridor

11. Energy: energization of all municipal areas

12. Stabilization of peace and order

13. Transport

14. Housing

15. Health

16. Revitalization of chambers of commerce

Proponents

1. Autonomous Region of Muslim Mindanao (ARMM)
2. Local government units
3. Nongovernment organizations (NGOs)
4. Mindanao State University (MSU)
5. Department of Transportation and Communication (DOTC), Department of Tourism (DOT), Department of Agriculture (DA), Department of Environment and Natural Resources (DENR), Department of Agrarian Reform (DAR), Department of Public Works and Highways (DPWH), Department of Science and Technology (DOST), Local Water Utilities Administration (LWUA)

Note:

* For Marawi City - National officer
* For Lanao del Sur - ARMM officer
* "We are supporting the Lake Lanao Development Plan"
* "We are supporting the ARMM Development Plan"
* "We support the early resolution of the GRP-MNLF negotiation"
* Government and private sector teamwork - allow the NGOs to monitor all government projects and programs.

E. Resolutions

1. Challenge the national leadership, through President Fidel V. Ramos, to prove its sincerity and concern for the improvement and welfare of the ARMM people by developing the areas of the ARMM through the BIMP-EAGA development plan.

2. Authorize nongovernment organizations of Lanao del Sur to monitor and participate in the planning and implementation of government programs and projects.

3. Organize the women's association of the BIMP-EAGA to help in improving the skills of women and organizing other projects concerning capability-building and human resource development of women in ARMM.

4. Improve the media network, through radio/television and other forms of communication, to make it more effective in the dissemination of information on vital programs and activities between the government and the private sector.

5. Renovate cultural houses and develop tourist destinations in ARMM; revive native sports; and hold agro-industrial trade fairs to encourage creativity.

F. Strategies to Improve ARMM-EAGA Relationship

1. Improve existing physical infrastructure facilities and amenities in the ARMM.
2. Install standard communication facilities like telephones, fax and computer machines.
3. Build new hotels.
4. Reactivate Marawi/Lanao del Sur Chambers of Commerce and Industry.
5. Renovate ancestral cultural old houses (or **torogan**) with related activities like cottage industries to become tourist destinations, especially the historical places in Lanao del Sur and Marawi City.
6. Make available more banking facilities in the area of the ARMM.
7. Initiate trade/economic missions to the other 11 areas of the BIMP-EAGA which should be conducted with the active participation of the private sector/NGO.
8. Produce and disseminate literature on the ARMM's investment opportunities.
9. Conduct extensive information/awareness drive among the people in the ARMM about the BIMP-EAGA.
10. Address messages to prospective investors in the ARMM.
11. Develop a corridor area with Marawi as a junction city, and Malabang, Parang, Polloc port as major components for investment opportunities.
12. Improve capital formation and financial services for NGOs with assistance from Muslim countries.
13. Improve/Increase educational linkages via exchange or fellowship/ scholarship grants or programs among the EAGA educational institutions and MSU.
14. Encourage the holding of cultural/religious festivals with "our Malay brothers" as guests.
15. Support the MSU programs on Malay Studies and the teaching of Bahasa.
16. Encourage the holding of agro-industrial trade fairs.
17. Upgrade the economic perspective and orientation of businessmen.
18. Sponsor seminars among businessmen about the EAGA.
19. Organize the BIMP-EAGA-women sector in the ARMM, with the wives of the heads of state of the BIMP as honorary chairwomen.

20. Organize/Establish a BIMP-EAGA monitoring office at MSU-Marawi City.

G. Attachment: Project Proposal

I. Project Title: Agro–Industrial Marketing Assistance Center (AIMAC)

II. Project Proponents:
1. *Lakers Economic Council*
2. *Federation of Farmers' Cooperatives of Lanao del Sur*
3. *Ranao-Ragat Federation of Multi-Purpose Cooperatives*
4. *UMDP/Moriatao Deragun Multi-Purpose Cooperative*

III. Budgetary Estimate: P50 Million

IV. Rationale

One of the national government's objectives for the year 2000 is a strong and dynamic industrial economy as envisioned in its Philippines 2000 and other major programs for revitalized economic growth. With the advent of the East ASEAN Growth Area (EAGA) concept, together with other favorable international trade developments involving the Philippines, the realization of these goals is strongly enhanced and brought into clearer focus.

Agricultural production and industrialization are among the foremost components in realizing these objectives and goals. A strong and effective marketing concept to respond to increased industrialized production will, however, be necessary and cannot be overemphasized.

Based on the above premises, and for the province of Lanao del Sur, the Lakers, the Federation of Farmers' Cooperatives of Lanao del Sur and Nongovernment Organizations (NGOs) of the province of Lanao del Sur are hereby proposing the establishment of an Agro-Industrial Marketing Assistance Center (AIMAC).

The proposed center will embark on activities similar to those of the FTI of Manila. However, it will expand its operations by further providing farm inputs to the farmers in addition to providing marketing assistance services and physical facilities for the efficient and profitable disposal of their farm products.

The area's climatic condition is favorable to all types of crops/ livestock. With the proper application of soil management technologies, adequate farm inputs, farm mechanization, and farmer training, among others, production will not be a major problem. It is the marketing aspect that poses the major problems. Foremost among these are transportation of farm products, warehousing and product processing, preservation, storage and distribution.

In general, the Center's main objectives are:

1. To provide financial assistance to the farmers;
2. To train farmers in relation to their chosen commodity;
3. To provide farm inputs and technical services;
4. To market their products;
5. To process farm products (milling, sorting, standardization and packaging for marketing); and
6. To provide employment.

V. Operation and Management of the Center

A. Operation

The center will be operationalized by the Lakers and Federation of Farmers' Cooperatives of Lanao de Sur after establishing the physical facilities with the assistance of experts from the Mindanao State University, particularly the Colleges of Agriculture, Engineering, and Business Administration. Appropriate Memorandum of Agreement with the University Administration will be secured.

Activities of the Center

1. Identification of commodities (crops or livestock) worth commercializing;
2. Identification of growers or raisers for assistance (financially and technically);
3. Construction of storage facilities (FTI-model);
4. Construction of warehouses;
5. Acquisition of rice miller, corn miller, coffee skinner and others; and
6. Acquisition of three cargo trucks and tractors (big and small) for land preparation and hauling of farm products.

B. Management of the Center

Generally, the Center will be managed and controlled by the Lakers and Federation of Farmers' Cooperatives in the province of Lanao del Sur. However, technical people will be employed to do the planning and implementation of the plans. A Board of Consultants will be created, the members of which will be taken from the different appropriate agencies such as the business sector, academic sector and the financial institutions (banks).

VI. Impact of the Project

Should this project materialize, the production of our farmers will be augmented and it will create employment. More important, the goals and objectives of the national government in the year 2000 will be greatly enhanced.

The Mindanao Studies Program of the
University of the Philippines-Center for Integrative and Development Studies (UP-CIDS),
the Mindanao State University System (MSUS) and the Notre Dame University (NDU)
SEMINAR-WORKSHOP ON THE ARMM AND THE EAGA

Program

Day one (Tuesday), 25 April 1995

8:00 - 9:00 a.m.	Registration	
9:00 - 9:10 a.m.	Opening Session	
9:10 - 9:20 a.m.	"Overview of the Seminar-Workshop" *Dr. Cynthia Rose Banzon Bautista* Executive Director, UP-CIDS	
9:20 - 9:30 a.m.	Remarks *Jack Bedard* Counsellor for Development Canadian Embassy in Manila	
9:30 - 10:00 a.m.	Topic 1: "The ARMM Component of the EAGA Development Plan" *Ms. Biogene Yagong* Mindanao Executive Development Council, Davao City	
10:00 - 10:15 a.m.	Topic 2: "NGOs and the EAGA/Peace Process: An Assessment" *Fr. Eliseo Mercado, Jr.* President, Notre Dame University	
10:15 - 10:30 a.m.	Break	
10:30 - 12:30 p.m.	Discussion Moderator: *Dr. Nagasura T. Madale* Mindanao State University	
12:30 - 2:00 p.m.	Lunch	
2:00 - 3:00 p.m.	Topic 3: "Lake Lanao Development Plan and EAGA" *Dr. Ali Macawaris* Vice President for Planning and Development, MSU	
3:00 - 3:15 p.m.	Break	
3:15 - 5:30 p.m.	Discussion Moderator: *Dr. Samuel K. Tan* *UP-CIDS Mindanao Studies Program*	

Day two (Wednesday), 26 April 1995

9:00 - 10:15 a.m.	Topic 4: "MSU and the EAGA/Socsargen" *Chancellor Moner Bajunaid,* MSU-General Santos
10:15 - 10:30 a.m.	Break
10:30 - 11:30 a.m.	Topic 5: "The ARMM and EAGA: A Policy Assessment" *Dr. Sukarno Tanggol,* Mindanao State University
11:30 - 12:30 p.m.	Discussion Moderator: *Dr. Calbi Asain* Mindanao State University-Jolo
12:30 - 2:00 p.m.	Lunch
2:00 - 4:00 p.m.	Workshop (Organization/Orientation)
4:00 - 5:30 p.m.	Plenary (Group Reports) 1) Tawi-Tawi 2) Sulu 3) Cotabato City / Maguindanao 4) Marawi City / Lanao del Sur
5:30 - 6:00 p.m.	Closing Session Closing Remarks - *Dr. Cynthia Rose Banzon Bautista*

Seminar-Workshop of the
University of the Philippines
Center for Integrative and Development Studies,
Mindanao State University System and
Notre Dame University
"AUTONOMOUS REGION OF MUSLIM MINDANAO (ARMM) AND
THE EAST ASEAN GROWTH AREA (EAGA) DEVELOPMENT PLAN"

25-26 April 1995, Casa Blanca Restaurant
Cotabato City

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MESSAGE FOR THE SEMINAR-WORKSHOP ON THE ARMM AND THE EAGA DEVELOPMENT PLAN

APRIL 25-26, 1995, COTABATO CITY

JACK BEDARD*

ASSALAMU ALAIKUM URAKMATULLAHI BARAKATUHU, PEACE BE WITH YOU

I am glad to be back here in Mindanao, which has always been known as the "Land of Promise." Mindanao, particularly the areas of Davao and Cotabato, is close to my heart because I spent the best part of my youth and adulthood serving the Mindanaoans, participating in their development and progress. More important, however, it is in Mindanao that I met my wife some 23 years ago.

Almost ten years ago, that was in 1986, inspired by the EDSA Revolt, the Canadian Government, through the Canadian International Development Agency (CIDA), a federal government agency administering the Official Development Assistance Program, responded to support the economic and social reforms of then-President Corazon C. Aquino by initially providing a Cdn $ 100 Million grant for five years. The goals had been to support poverty alleviation and structural adjustment programs; to strengthen the capacity of institutions in support of decentralization; and to strengthen GO-NGO (government–nongovernment organizations) capacity to develop and enforce policies and programs. National as well as regional development initiatives on institutional strengthening through human resource development and capacity building were undertaken in response to the above-mentioned goals.

Today, we are witnessing the fruits of the investments in our shared future of putting poverty first, of helping people achieve social and economic

*Counsellor for Development, Canadian Embassy, Project Team Leader, Local Government Support Program-Canadian International Development Agency (LGSP-CIDA)

progress, of encouraging self-reliance through human resource development and institutional capacity building and of fostering and strengthening GO-NGO partnership.

In the Autonomous Region of Muslim Mindanao (ARMM), initiatives with CIDA support are in the telecommunication projects in Sulu and Tawi-Tawi; support to NGO and Women in Development program; commodity assistance through the Department of Health (DOH), Department of Agriculture (DA) and Department of Education, Culture, and Sports (DECS); support to area-based programs of the United Nations International Children's Emergency Fund (UNICEF); support for institutional linkages through nonformal education and cooperative development; and support to decentralization through the Local Government Support Program (LGSP).

Of particular concern in the support to decentralization is the strengthening and enhancing of the capacity of local governments in decision making, revenue generation, and control and access to programs through improved planning and administrative skills. With these objectives of LGSP, we are confident that the local government units in ARMM will eventually expand their outlook and respond to the demands of EAGA's development and progress.

This seminar-workshop supported by LGSP is an initial activity in a series of activities for continuing dialogue and discussion on determining the specific role and contribution of ARMM to the East ASEAN Growth Area (EAGA) development plan. With the University of the Philippines, the Mindanao State University System and Notre Dame University responding to ARMM's need for technical guidance in translating the broad EAGA plan into concrete and specific components, prospects for regional growth will ultimately be attained.

Canada understands that peace and prosperity in one part of the world make the world better off. Canada understands that peace and prosperity in Asia, in the EAGA and the ARMM in particular, offer opportunities for other parts of the world — for Canada specifically — to make fruitful and peaceful alliances and share in the prosperity through business.

So today, as a representative of the Canadian Government, I am here only as an observer with a purpose. The instructions I received from my

superiors are simple. I am given the responsibility to find out whether there are ways that Canada, through CIDA, can be of assistance to the development of EAGA.

Actually, it is a known fact that CIDA is already assisting the Philippine side of it through its various programs in Mindanao and particularly through its Local Government Support Program in Region 11 and in the ARMM.

But Canada also has experience in the creation and development of regional organizations such as the North American Free Trade Area (NAFTA), Asia Pacific Economic Cooperation (APEC) and others. So, maybe, through its regional program managed from the Canadian Embassy in Singapore, CIDA can also assist to the development of EAGA as a polygon of development in the region. I wish this workshop all success.

THANK YOU AND GOOD DAY. WASSALAM

MINDANAO A LAND OF PROMISE - REVISITED

Eliseo R. Mercado Jr.,OMI*

I am very happy that nongovernment organizations (NGOs) and people's organizations (POs) are gathered together in serious consultation to discuss the development issues involving Mindanao. Since 1986, people working with NGOs and, to a certain extent, POs have been evolving into development workers. Whether it is a new name or a new emphasis in our vision remains debatable among NGOs and POs. I do not intend to dwell on that debate. What is important for us all, regardless of our positions *vis-à-vis* development issues now confronting the Philippines in general and Mindanao in particular is to take a serious look at the blueprint of Mindanao development.

Mindanao constitutes more than a third of the country's total land area (102,000 sq. km.). It is divided into five administrative regions: Regions 9, 10, 11, 12 and the Autonomous Region of Muslim Mindanao (ARMM). Traditionally, Mindanao's role in the Philippine economy is simply as a supplier of raw materials and agricultural products to the more developed regions of the country.

Today, with the creation of the BIMP-EAGA (Brunei, Indonesia, Malaysia, Philippines-East ASEAN Growth Area), Mindanao's role in the overall Philippines 2000 Plan is being defined anew. In a similar yet different vein, Mindanao, the so-called land of promise, is now poised to be a leading edge in the Philippines' drive for accelerated growth within the next five years.

The blueprint for Mindanao's development is anchored on two strategies. First is the full physical integration of Mindanao through infrastructure projects that will facilitate and accelerate the union of the five regions into a vibrant economic unit and an attractive consumer market. And second is Mindanao's direct global trade and economic links, particularly to ASEAN through the East ASEAN subregion of which Mindanao is a component.

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The East ASEAN subregion referred to comprises four component areas: (a) Brunei Darussalam; (b) North Sulawesi, East and West Kalimantan; (c) Sarawak, Sabah and Labuan; and (d) Mindanao. Planners constantly remind all and sundry that this new economic subregion forms a formidable market. In fact the population of this subregion is close to 30 million consumers. The subregion can definitely provide new markets for any businessman in the area.

The blueprint also provides for the participation of NGOs, subsumed under the general heading of Private Sector. According to the plan, we are tasked to organize the BIMP-EAGA Business Council. This council will identify among others joint-venture investments, capital formations and financial services, and human resources development. In short, the business community and training institutions will play a major role in the planned "subregion common market."

At a glance, the economic blueprint of Mindanao seems to answer the perennial challenge of geography and market. It seems to put an end to the narrow regionalism and parochialism ailing our society. The plan seems to overtake the endless wranglings over areas and territories between and among ethnic and religious borders.

Yet, the leveling off of the countless borders is Market. Yes, the bottom line is Capital and Business. What is good for business is good for all.

The rich heritage of cultural and religious diversities, or pluralism, a major feature of our subregion, is swept under the rug in the same market. It is true that a mix of cultural and religious diversities is, at times, an explosive cocktail. But are we pursuing an economic path that reduces all in terms of business opportunities and monetary gains without any consideration for our given diversities, gifts, and identities? While we do concede that indeed, development is crucial for survival in the next millennium, we equally believe that humankind is not reducible to simple economic factors and variables.

Another major factor in our subregion is the vast and still largely untapped indigenous resources. This refers not simply to fertile lands, rich fisheries and unexplored mineral resources. There is also the dynamic

young, colorful and varied character of peoples. The first refers to things that are exhaustible, unreplenishable, things that do not endure. The second refers to peoples and specific characters that endure as long as humanity is there.

Yet, our economic blueprint for the next millennium poses not only threats to our indigenous resources but also to our main protagonists in the regions, that is, the very people who inhabit the place. While peoples are consumers they are not reducible simply to terms of market.

Thus, when we tackle the challenge of geography and market, let us not forget the equally important challenge of genuine people empowerment, the challenge of moral values and the survival of our market.

People possess the basic instinct to express aspiration, frustration and at times fury, particularly when their dignity, identity and dreams are trampled upon.

Similarly, basic ethical values governing not only relations between and among peoples but also humankind and environment need to be upheld. As a matter of fact, the challenge of people empowerment guarantees human development, and the challenge of moral values ensures not only equity and justice between peoples and nations but also the humanization of development and harmony between mankind and environment.

The collision between people and a development blueprint from the top is almost inevitable. This is better described in the story narrated by Stephen Covey in his famous book, *The Seven Habits of Highly Effective People*:

> *Two battleships assigned to the training squadron had been at sea on maneuvers in heavy weather for several days. I was serving on the lead battleship and was on watch on the bridge as night fell. The visibility was poor with patchy fog, so the captain remained on the bridge keeping an eye on all activities.*
>
> *Shortly after dark, the lookout on the wing of the bridge reported, light, bearing on the starboard.*

'Is it steady or moving astern?' the captain called out.

Lookout replied, 'Steady, captain,' which meant we were on a dangerous collision course with that ship.

The captain then called to the signalman, 'Signal that ship: We are on collision course, advise you change course 20 degrees.'

Back came a signal, 'Advisable for you to change 20 degrees.'

The captain said: 'Send, I'm a captain, change course 20 degrees.'

I'm a seaman second class,' came the reply. 'You had better change course 20 degrees.'

By that time, the captain was furious. He spat out,

'Send, I'm a battleship. Change course 20 degrees.'

Back came a flashing light, 'I'm a lighthouse.'

We changed course.

People are like lighthouses. We can see in the story a reality that is superseded by the captain's limited perception. Tragically, when we plan for the coming years, we oftentimes continue to be saddled by a reality similar to the captain's, circumscribed by our personal likes and dislikes as well as by our dreams and a blueprint of development.

In conclusion, I invite all to look closely at our basic paradigms of development as we discuss the government and business-led BIMP-EAGA plan for the next five years. And before it is too late, let us change course like the powerful Captain of that proud battleship—else we hit the lighthouse!

THE ARMM AND EAGA: A POLICY ASSESSMENT

Sukarno D. Tanggol*

Introduction

Since the organization of the Autonomous Region of Muslim Mindanao (ARMM) in 1990, a lot of attention has been given to this new subnational political entity.

I understand that some of us have reservations about the present constitution of ARMM as created by Republic Act (RA) No. 6734, while some also think that it is the answer to the development requirements of Muslim Mindanao.

With the development of BIMP-EAGA (Brunei Darussalam, Indonesia, Malaysia, Philippines-East ASEAN Growth Area), questions have been raised about the kind of role ARMM should take and the benefits it may reap from this economic network.

In this brief paper, I will try to describe and evaluate government policy *vis-á-vis* ARMM as it relates to the BIMP-EAGA.

BIMP-EAGA and ARMM

The development of the economic network called BIMP-EAGA is based on the principles of cooperation and complementation among member countries (Dominguez, 26 October 1993). Understandably, the common need for development is better addressed when individual nations deliberately join their talents, efforts and resources. Because of varying levels of progress and different sectoral strengths and weaknesses of the concerned national economies, complementation assures a more responsive arrangement for

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regional development. The similarities and dissimilarities in resource endowment and technological givens are factors that must be objectively identified and structured for maximum utility. Cooperation and complementation imply the integration of differentiated subregional economics into one vibrant regional economy.

The BIMP-EAGA specifically involves the following: Brunei Darussalam; the provinces of East and West Kalimantan and North Sulawesi in Indonesia: Sabah and Sarawak in Malaysia; and Southern Philippines (Mindanao, Sulu Archipelago and Palawan). Sometimes referred to as a Triangle or Polygon, this growth area is supposed to be a "Gateway to collective prosperity in the ASEAN Region" (Dominguez).

Philippine external economic relations have been principally focused toward the North and other more advanced countries. More often than not, these past relations have been exploitative of our own weaknesses, a fact manifested in our economic backwardness.

The Philippine South, besides being a traditional supplier of agricultural products and other raw materials, was also known for barter trade, smuggling, and kidnapping.

A closer scrutiny will reveal that the provinces now constituting ARMM are probably the best showcase in Mindanao for being the haven of smugglers and kidnappers.

ARMM was formally created on 1 August 1989, when then-President Corazon C. Aquino signed into law Republic Act No. 6734. Subsequently, a plebiscite held on 19 November 1989 caused its so-called ratification in the four provinces now constituting ARMM. I say "so-called" because our experience as active participants in the plebiscite process hints that the Commission on Elections (COMELEC) count in this ARMM provinces is not necessarily consistent with the real sentiments of the people. Now, if one is as familiar as Haydee B. Yorac is with Moro electoral realities, it might not be easy to dismiss this allegation.

On 17 February 1990, the first election for ARMM regional officials was held; on 6 November 1990, ARMM was formally inaugurated.

The four provinces constituting ARMM belong to the poorer areas of the country. They are not contiguous although they are united in lawlessness and the other manifestation of Gunnar Myrdal's "soft state." No city is part of ARMM even if its seat is located in the City of Cotabato.

The Regional Government has inherent powers under RA 6734. Its legislative powers are vested in the Regional Legislative Assembly (RLA) and the nature and extent of these powers may be gleaned from the fact that since the first RLA session on 23 April 1990 to date (or almost exactly five years) it has only passed 37 laws.

The Regional Government (RG) enjoys some taxing powers, of course with exceptions. Through its constituent local units, it is supposed to collect taxes subject to a sharing schedule as provided by RA 6734. Why the Regional Government is not collecting these taxes while the National Government's Bureau of Internal Revenue continues to collect the same is probably symptomatic of what remains of the RG's taxing powers when those exceptions are removed. (Perhaps at this point I should just refer you to my book *Muslim Autonomy in the Philippines: Rhetoric and Reality* for more details about the structures, processes and shortcomings of ARMM.)

Potentially, the ARMM can benefit much from the BIMP-EAGA. As the most underdeveloped region in the South, it may have nothing to lose in this arrangement. Its southern islands are closer to the BIMP areas than to the rest of the Philippines. It enjoys the closest cultural proximity to Brunei, Indonesia and Malaysia.

ARMM Policy Directions

Recognizing the significance of BIMP-EAGA to the development of ARMM, the Regional Governor issued Executive Order No. 02 on 5 January 1995 "Creating the ARMM Task Force on BIMP-EAGA and MEDCO Affairs" with the following functions (EO 2):

1. To oversee all projects and activities of ARMM in relation to BIMP-EAGA and the Mindanao Economic Development Council (MEDCO);

2. To ensure and facilitate the active participation of ARMM in all BIMP-EAGA and MEDCO activities and other related activities;

3. To directly facilitate and assist in trade and investment projects and activities in ARMM in relation to BIMP-EAGA and other foreign ventures;

4. To study and recommend policies and programs in ARMM that shall improve and enhance the trade and investment development and promotion of the region;

5. To assist local and foreign private business organizations, nongovernment organizations, and the like, in the conduct of trade and investments in ARMM in relation to BIMP-EAGA and other foreign ventures;

6. To directly coordinate with the Office of the President-Mindanao, MEDCO and BIMP-EAGA Secretariat on MEDCO and BIMP-EAGA related interregional activities; and

7. To act on other BIMP-EAGA and MEDCO-related matters as directed.

This Task Force was composed of "the Office of the Regional Governor, as Chairman, with DTI-ARMM, DOT-ARMM, DAF-ARMM, DENR-ARMM, RBOI-ARMM and RPDO, as members, as well as the Office of the President-Mindanao (OP-MIN), which will be invited as an ex-officio member" (EO 2). The heads of these offices comprise the Executive Committee of the Task Force.

On 22 March 1995, the Regional Government issued Executive Order No. 04, "Amending Executive Order No. 02. . . By Creating the ARMM BIMP-EAGA Council."

As the policy-making body of the ARMM on BIMP-EAGA matters, this Council is composed of the following: Regional Governor, Chairman; DTI-ARMM Regional Secretary, Vice Chairman; DOT-ARMM Regional Secretary, Member; DENR-ARMM Regional Secretary, Member; DAF-ARMM Regional Secretary, Member; DOLE-ARMM Regional Secretary,

Member; DECS-ARMM Regional Secretary, Member; RBOI-ARMM Chairperson, Member; RPDO Executive Director, Member; and OP-Mindanao Area Management Officer, Ex-Officio, Member.

EO 4 also creates the ARMM BIMP-EAGA Secretariat that "shall manage the day to day affairs of the ARMM BIMP-EAGA Council and shall have the following functions":

1. To oversee all projects and activities of ARMM in relation to BIMP-EAGA;

2. To study and recommend policies and programs in ARMM that shall improve and enhance the trade and investment development and promotion of the region;

3. To ensure and facilitate the active participation of ARMM on all BIMP-EAGA activities and related activities;

4. To coordinate and assist other government agencies, especially national government agencies in all BIMP-EAGA-related undertakings;

5. To assist local and foreign private business organizations in the conduct of trade and investments in ARMM in line with the BIMP-EAGA projects;

6. To directly coordinate with OP-Mindanao and the BIMP-EAGA national related matters; and

7. To act on all other BIMP-EAGA related matters as directed by the Regional Governor.

The Secretariat "shall be headed by an Executive Director who shall direct the implementation of approved policies, plans and programs" of the Council. "The ORG Chief of Staff shall be designated as the Executive Director."

According to one of the members of the Council, consultations were already done between ARMM, MEDCO and OP-Mindanao regarding

BIMP-EAGA and ARMM. ARMM representatives have participated in various sectoral meetings, conferences and workshops. The Regional Government has started upgrading ports and airports and the hastening of the peace process. These, I was told, are intended to create the necessary infrastructure and climate to attract investors to ARMM.

Issues and Problems

As the BIMP-EAGA is still in its infancy, it may be premature to make an objective assessment of it at this point, particularly as it relates to ARMM. We shall instead raise several policy issues and problems for everyone's consideration.

With regard to the National Government, some sectors doubt its commitment toward ARMM's development, especially within the BIMP-EAGA framework. Already, people are asking: For Whom? Is it for big business at the expense of the masses? Is it only for the Christian entrepreneur at the expense of the indigenous tribes of Mindanano? Is it only for "imperial" Manila or Davao or General Santos with the rest perennially waiting for that so-called trickle-down effect?

We were, however, informed that the government, through OP-Mindanao and MEDCO, has been trying to reach out to ARMM and invite the latter's participation in BIMP-EAGA activities.

A more important issue concerns the attitude of the National Government *vis-á-vis* ARMM as a political entity. With the ongoing talks between the Government of the Republic of the Philippines (GRP) and the Moro National Liberation Front (MNLF), we are quite uncertain about the future of ARMM. Whether it will expand or constrict, politically, and in terms of area is uncertain. No one exactly knows whether or not we will have regional elections next year. This naturally leads to a lot of insecurity on the part of those who will be affected by any political changes in ARMM. And, of course, we understand how insecurity takes its toll on efficiency and effectiveness.

The bigger problem, it seems, is the policy attitude of Manila toward the Muslim problem. Elsewhere, we have noted the incoherence of government policy *vis-á-vis* the Muslim problem. From former Presidents Ferdinand E. Marcos to Corazon C. Aquino on to the present leadership, we have noted the shifting focus of government policy actions. At times, the political question would be addressed. On other occasions, especially when bilateral discussions proved intractable, the socioeconomic or development issue would be raised. Autonomous governments, including the present ARMM, were installed, and the Muslim problem still stares us in the face.

It is important to note that any discussion on ARMM cannot be isolated from the bigger issue of dealing with the Muslim problem. For the ARMM is a contrived solution supposedly to cure the latter. An attitude toward the ARMM betrays an attitude toward the Muslim grievance. The perceived transitory nature of ARMM is probably responsible for the kind of attitude it elicits from concerned sectors.

While development is a real problem of the people of Mindanao regardless of regional, ethno-religious or political boundaries, I submit the thesis that the Muslim problem in the Philippines must be confronted through a policy package that addresses the twin issues of Muslim self-determination and social justice. As I have said earlier:

> *This calls for enough political, fiscal, and administrative powers for the Muslims — some tools and space where they can cook their own food. This means enough policy-making powers for the regional legislature so regional lawmakers do not have to nibble at the existing powers of the local government units. It means sufficient taxing base so the region need not beg for money from Manila and thereby negate the concept of autonomy. It means having effective hold over the administrative machinery of the region so that goods and services are delivered faster to the people. And it means taking a qualitative and quantitative improvement in approaching the issues of area of autonomy, ancestral domain, Shariah Courts, and national aid, among others* (Tanggol, 1993).

This means that RA 6734 must be seriously assessed as a policy formula and replaced by a more responsive one that approximates the above requirements.

Natural Constraints in ARMM

The Regional Government is obviously faced with enormous challenge if ARMM should be a significant cog in the BIMP-EAGA economic wheel. ARMM leaders and policy makers should direct their policy efforts toward addressing certain realities or constraints.

First, the human resource component of the Regional Government should be improved. It is a common observation, something we have confirmed in our research, that the Autonomous Government is short of technical skills for all aspects of governance. An ambitious personnel development must be put in place, and recruitment of new staff must be based on merit rather than partisan or personal factors. After all, human resource is one of the most critical determinants of administrative capability.

Second, the physical infrastructure in ARMM should be developed. Roads and bridges, seaports and airports, and other infrastructural support facilities should be put in place to attract potential investors. The 615 million pesos annual subsidy should be properly managed and prioritized in accord with the new economic directions of the country and the ARMM.

Third, a lot should be done to improve peace and order in the ARMM provinces. Whether part of what we read in the media regarding the proliferation of loose firearms and armed groups, kidnapping and other forms of lawlessness is true or not, it seems that the ARMM is not winning the hearts and minds of big-time investors.

Fourth, the private sector should be more organized and assertive. BIMP-EAGA is supposed to be led by the private sector, with the government just trying to provide its facilitative support, including the provision of the necessary atmosphere for our businessmen to move about.



Concluding Statement

A few parting statements may be said here.

First, the National Government should be clearer in its policy orientation with regard to ARMM and the Muslim problem. A clear policy position is needed so that concerned sectors are adequately guided.

With regard to BIMP-EAGA, it may help if the ARMM is given a more important and active role in the Growth Area's activities.

Second, on the level of ARMM, both the government and private sector should be more active in working to make ARMM more livable and worthy of BIMP-EAGA investment.

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IMPORTANCE OF LAKE LANAO IN THE EAST ASEAN GROWTH AREA

Dr. Ali G. Macawaris*

Introduction

When I received the invitation to speak on the "Lake Lanao Development Plan and the East ASEAN Growth Area" for the Workshop on the Autonomous Region of Muslim Mindanao and the East ASEAN Growth Area, I assumed I had to focus on the plan of the Mindanao State University for Lake Lanao. After I conferred with Ms. Joy Aparis of the University of the Philippines-Center for Integrative and Development Studies, I got the impression that my paper should include the plans of other government agencies. Consequently, I changed the focus of the paper to the "Importance of Lake Lanao to the East ASEAN Growth Area."

This afternoon I will expound on the contribution of the lake and its watershed to the success of Philippines 2000 and the East ASEAN Growth Area (EAGA), on the adverse effects of hydropower development on the Maranaos living around the lake, and on projects that will ease the negative effects of generating power. I will also dwell specifically on the projects proposed by the Lake Lanao Watershed Protection and Development Council. The projects aim to rehabilitate and protect the lake and its watershed, to develop the area using a sustainable management concept, and to improve the well-being of the people within and around the watershed.

Philippines 2000 and the BIMP-EAGA

The battlecry of the Ramos administration is Philippines 2000 which was launched on February 25, 1993. It is (1) a vision of the development of the country for the year 2000; (2) a strategy to attain the

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goals of development; and (3) a movement to rally all Filipinos behind President Fidel V. Ramos's vision for development and to collectively work toward the goal of an improved qualify of life for all Filipinos by the year 2000. Its specific aspects related to our discussion are protecting the environment and increasing income per capita to $1,220, reducing poverty to 30 percent, and attaining a status of a newly industrialized country by the end of this century. Two of the 16 most economically depressed provinces in the country are located in the Autonomous Region of Muslim Mindanao (ARMM).

The economic development of Mindanao can contribute significantly to the realization of the goals of Philippines 2000. To achieve economic prosperity for Mindanao, the following twin strategies for development have been adopted: (1) to fully integrate Mindano's regions economically through strategic investment in interregional infrastructure projects; and (2) to make the area internationally competitive by developing direct links with the rest of the world, especially within the East ASEAN region.

To realize the first strategy, the projects in the Cagayan-Iligan Corridor in Northern Mindanao and the General Santos-Davao Corridor in Southern Mindanao are being vigorously pursued. The envisioned economic development can hardly be realized because of the absence of parallel economic corridors in other regions in Mindanao. Rapid economic growth in Southern and Northern Mindanao breeds a lopsided development because there are no equivalent economic activities in other parts of the island, particularly in the ARMM. This inevitably results in an uneven distribution of wealth, which in turn spawns many social ills.

To accelerate the process of industrialization and enforce the second strategy for Mindanao development, President Ramos discussed the concept of East ASEAN Growth Area with East ASEAN heads of government in Brunei Darussalam in October 1992. Indonesian President Suharto publicly endorsed it when President Ramos visited Jakarta in September 1993. Malaysian Prime Minister Mahathir Mohamad also supported it when he visited Manila in February 1994. Finally, the Ministers' Meeting in Davao City formalized the creation of the Brunei, Indonesia, Malaysia and the Philippines-East ASEAN Growth Area (BIMP-EAGA) in March 1994. [See Figure 1.]

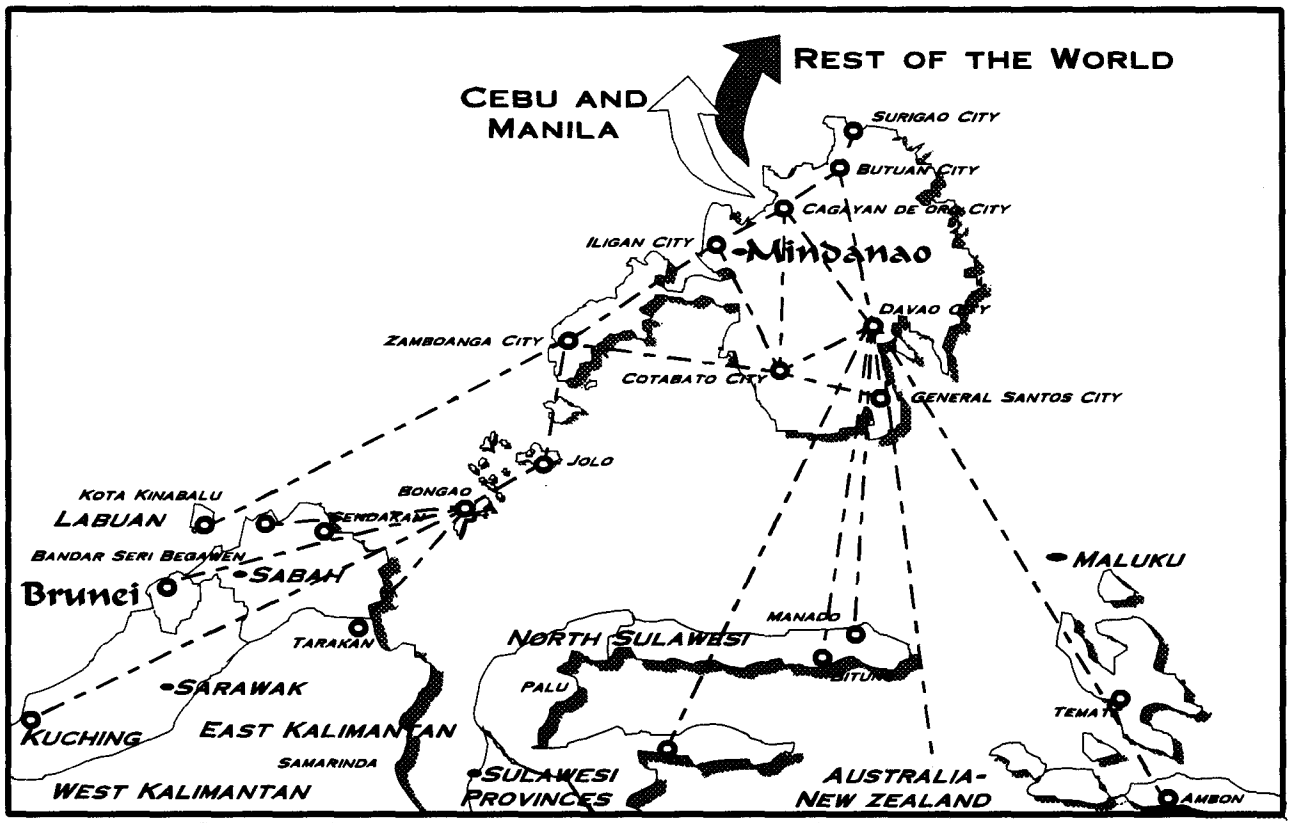


FIG.1- BRUNEI, INDONESIA, MALAYSIA AND THE PHILIPPINES-EAST ASEAN GROWTH AREA
SOURCE: UPDATED MINDANAO DEVELOPMENT FRAMEWORK PLAN 1996-1998

The BIMP-EAGA's general objective is cooperation and complementation in the spirit of solidarity for mutual benefits and development, particularly to accelerate economic enterprises in the area which will compete in the global economy. BIMP-EAGA's territories include Brunei Darussalam; Labuan, Sabah and Sarawak of Malaysia; Kalimantan, Maluku and Sulawesi of Indonesia; and Mindanao of the Philippines. The area has a total population of 27.6 million in 1994. It is basically a "collapsing" of economic borders to allow the interflow of goods and products from and among EAGA countries. It is a must for the Philippines to economically develop Mindanao, the latter being a major component of BIMP-EAGA.

The ratification of the General Agreement on Tariffs and Trade (GATT) automatically made the Philippines a member of the World Trade Organization (WTO), which counts as members more than 100 countries. The Philippines has to produce quality world-class goods at competitive costs of production. Otherwise, it will become a dumping ground of products of WTO—and EAGA member-countries.

Lake Lanao, Its Watershed and the Agus River Hydroelectric Power Plants

Lake Lanao plays a vital role in the economic development of Mindanao and in the production of world-class goods because its water can be utilized to generate about 70 percent of the power requirements of Mindanao by the end of the century. Besides power generation, its water can be used for irrigation, recreation, navigation and other purposes linked to producing basic services and agricultural products supportive of the industrialization of Mindanao.

Lake Lanao is a big natural reservoir, [see Figure 2] with a surface area of 356.6 square kilometers. It is shallower in the northern part and progressively deepens toward the south. An extensive area with depth greater than 110 meters is located east of Balut Maito and Balut Masla Islands. Its maximum depth, shoreline length and volume are 112 meters, 124 kilometers and 21.5 cubic kilometers, respectively. Its recorded maximum surface and minimum surface elevation are 702.92 and 698.59 meters above mean sea level.

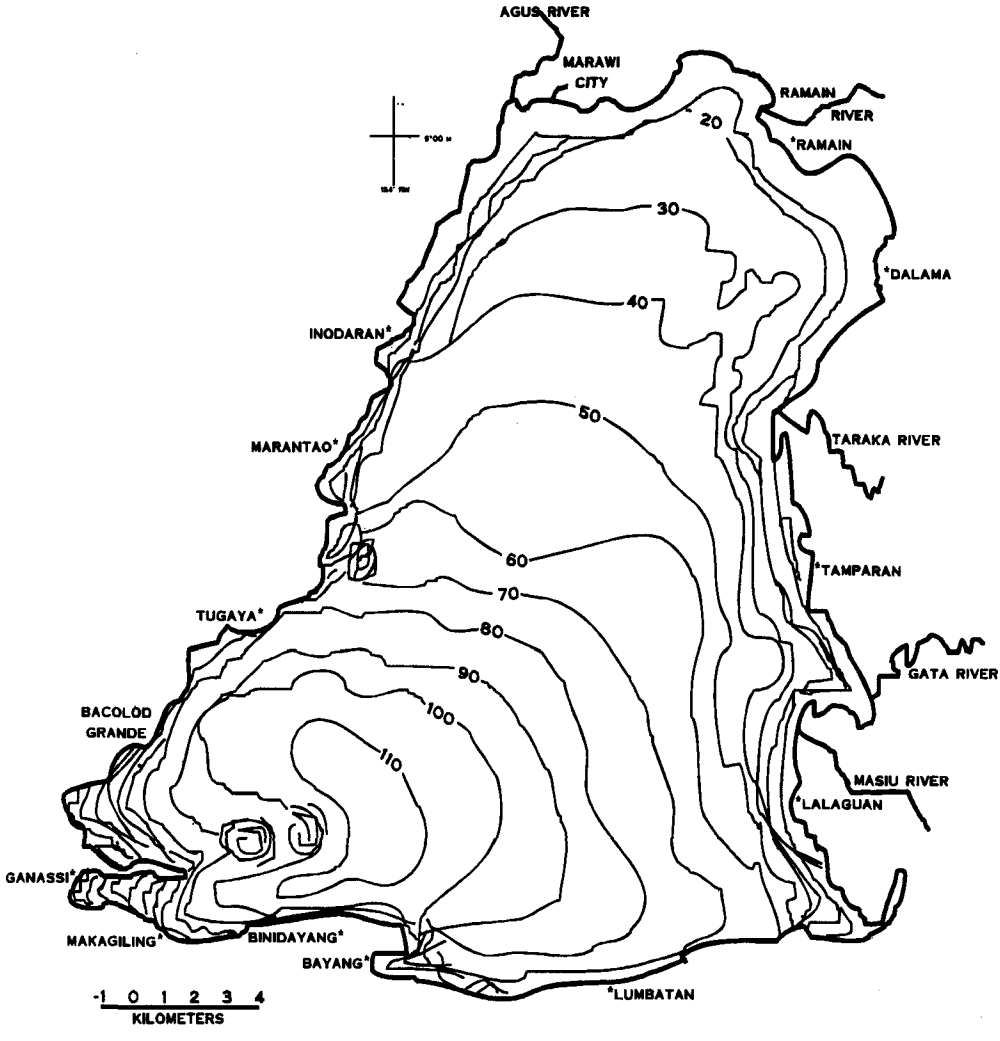


FIG. 2 - LAKE LANAO
SOURCE: NATIONAL POWER CORPORATION

About 95 percent of the Lake Lanao watershed is located in Lanao del Sur and the rest in Maguindanao. The watershed has an area of 145,460 hectares, excluding the lake's area. Disposable and alienable land covers 45,460 hectares. The remaining 100,000 hectares are under the jurisdiction of the government and are classified as timber and forest land. Forest cover is estimated at 45.6 percent. About 12.5 percent of the watershed is planted to rice, 25.3 percent to corn and other diversified crops, and the rest is for urban development. The vegetative map of the watershed is shown in Figure 3.

About 30 rivers feed water to the lake. Agus River is its only outlet. The four largest rivers that feed water into the lake are the Ramain, Taraka, Gata, and Masiu. The lake's southern side is a relatively rugged and forested area. Its highest peak has an elevation of about 2,615 meters above mean sea level. The immediate eastern side of the lake is a fairly level area.

Agus River flows northwesterly from Marawi City to Iligan City, a distance of about 36.5 kilometers away. It has an average slope of 0.0234 and a drop in head of 702 meters above sea level. The National Power Corporation plans to build seven hydroelectric power plants along the river with an aggregate power capacity of more than 800 MW (megawatts). At present, there are six existing power plants with a total capacity of 719 MW [see Figure 4]. Due to water-availability constraints the power utilization is only 57.07 percent. If its hydropower potential is fully utilized, it is sufficient to supply more than 800 megawatts of energy.

The Lake Lanao watershed's forest area has been denuded. Uncontrolled and indiscriminate fishing has considerably depleted the number of fresh-water species in the lake. To sustain economic development, the denuded forest area and vanishing fish must be restored and protected. The continuous degradation of the lake and its watershed has to be arrested by the establishment of forestry, agricultural and fishery projects, and structural and engineering measures. The ultimate goals are to improve the quality of life of the people living in and around the watershed, to sustain the water requirement of the power needed in Mindanao and contribute to the success of BIMP-EAGA.

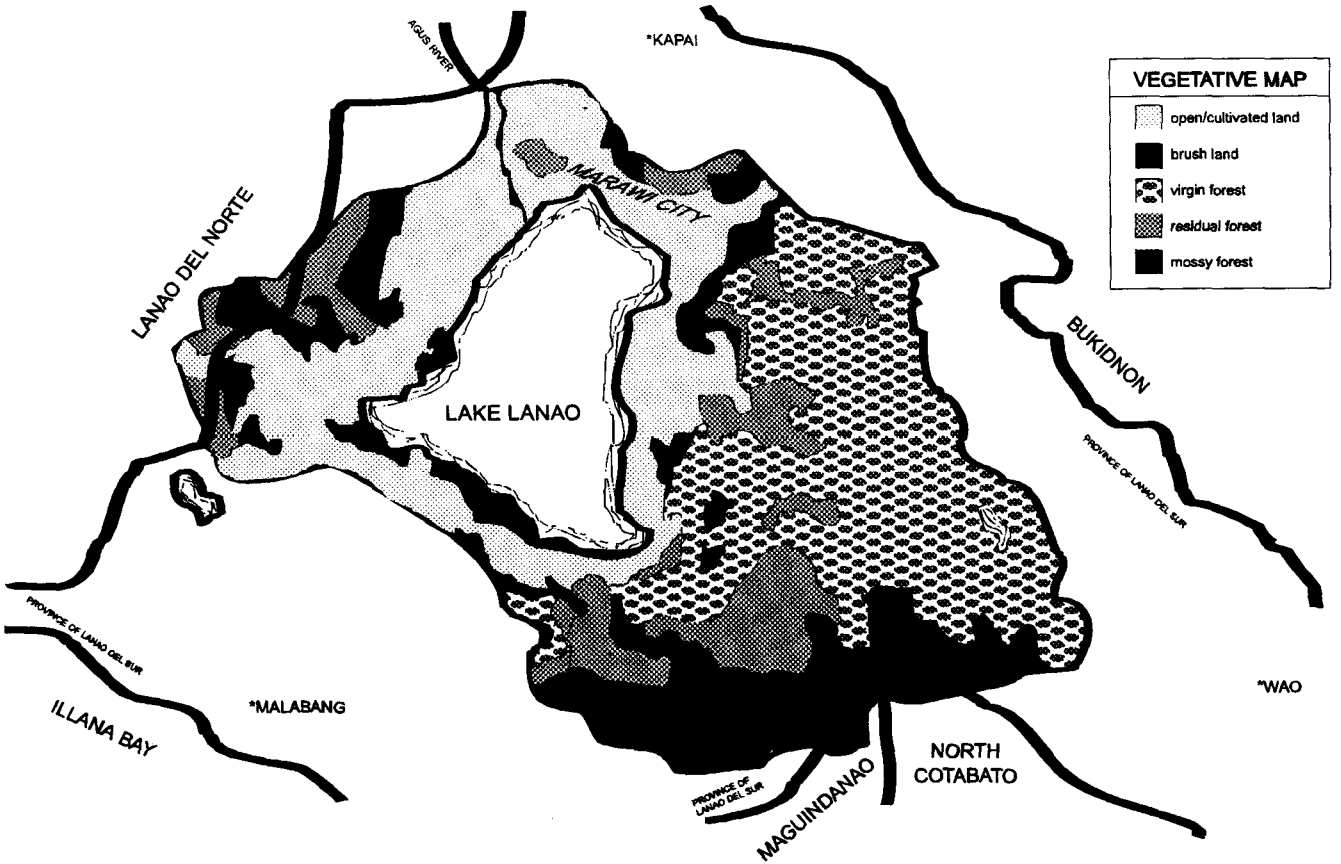


FIG. 3 LAKE LANAO WATERSHED VEGETATIVE MAP
SOURCE: MACAWARIS

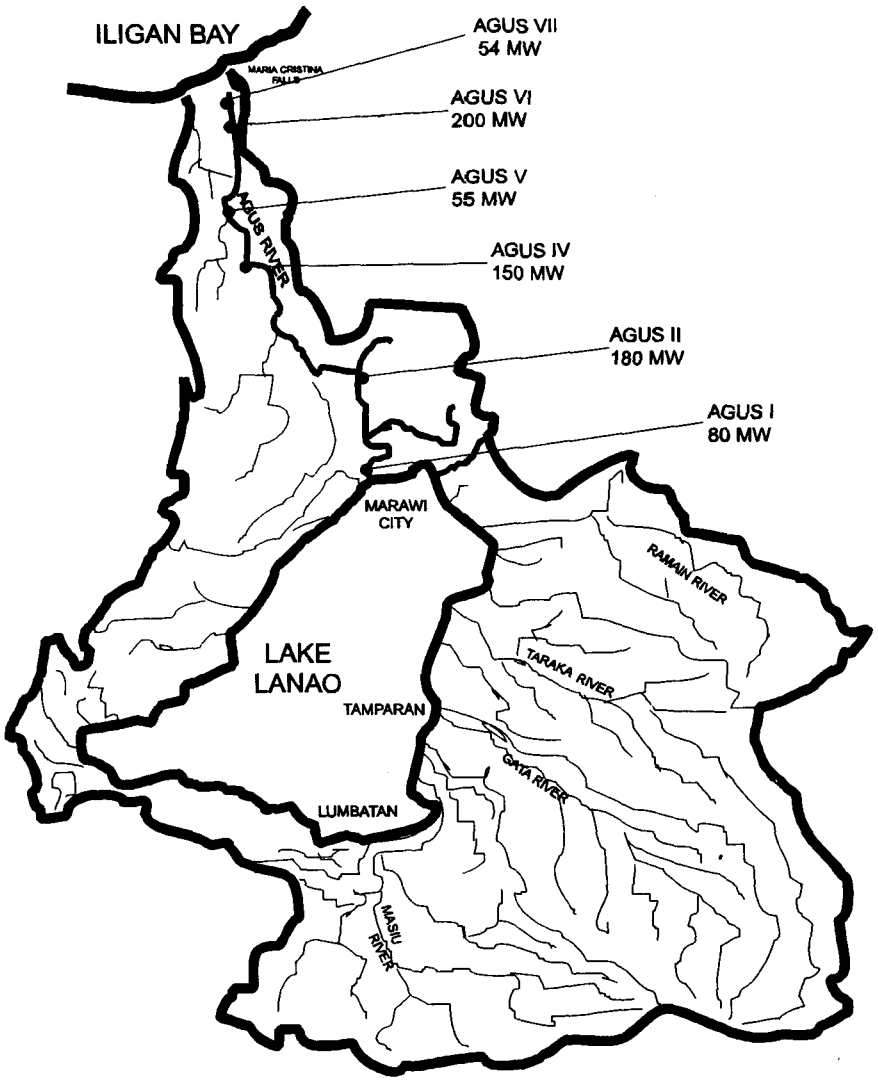


FIG. 4 - LAKE LANAO WATERSHED AND POWER PLANTS ALONG AGUS RIVER

SOURCE: NATIONAL POWER CORPORATION

Adverse Consequences of the Fluctuation of the Lake Water Surface

Agus 1 is the hydroelectric power plant nearest the mouth of Agus River. When it is fully operational the lake water level will fluctuate from an elevation of 702 meters to an elevation of 698.15 meters above mean sea level, a drop of about four meters. Water-level fluctuation has adverse effects on fisheries, agriculture, transportation and domestic water needs.

On fisheries

About 23 square kilometers of the littoral zone would be exposed when the water level is at an elevation of 698.15 meters. Exposure to sunlight of this sizeable area will reduce the productivity of fish species, such as carp, *tilapia*, catfish, mudfish, etc. The carp will be most severely affected because it attaches its eggs to aquatic plants. Next to carp is the nestbreeder *tilapia*, which places its eggs in a "nest" in the ground. Exposure of the carp and *tilapia* eggs to sunlight before hatching results in mass mortality. Other fish species will be subjected to a "culling effect," *i.e.*, undue stress caused by changing environmental conditions in the habitat.

On agriculture

The receding water level of Lake Lanao has deplorably affected the lowland rice fields around the lake in the municipalities of Ramain, Ditsaan, Tamparan, Mulundo and Taraka. First, the rain-fed areas are no longer suited to rice farming from January to May. Farmers are shifting to corn during these months while rice is planted during the months of June to November. The net result is only one rice cropping a year.

On the transportation system

As a result of a drawdown of the lake's water surface, the waterline recedes from the shore. Ramain, Taraka, Gata and Masiu Rivers may no longer be effective for navigation because of their very shallow entrances.

This hinders loading and unloading of passengers and cargoes. In some cases, the boats may be forced to anchor at a distance from the shoreline, which will consequently increase the cost of ferrying goods and passengers.

On domestic water needs

Maranaos living around the lake are using the lake water to meet their domestic, health and hygiene needs. Lower water levels can cause inconvenience because they have to walk a distance, in some cases 200 meters, to get water for drinking, bathing and washing purposes. At an elevation of 696.15 meters, a major area of the lakebed fronting the piers of mosques around the lake is exposed. Maranaos pray five times a day. They have to walk tens or even hundreds of meters every time they perform their ablution [the washing of one's body or part of it as a religious rite] which is a prerequisite to prayer.

Projects related to water fluctuation in Lake Lanao

The adverse consequences on living resources and the daily life of Maranaos living around the lake have quite naturally led Maranaos to believe that other people are reaping the economic fruits of utilizing the lake water for power generation at their expense. This runs counter to their belief that exploitation of a God-given natural resource shall benefit those living in the area. Lake Lanao's exploitation for power generation has doubtless brought about an economic boom in other provinces. On the other hand, its full development bears adverse consequences. The following alleviation projects may help ease the negative impact:

1. Projects to increase fish yields of the lake and restore the vanishing endemic cyprinids in the lake;

2. Irrigation system projects for lowland areas affected by the fluctuation of the lake water surface;

3. Waterworks system projects in areas affected by water fluctuation;

4. Livelihood projects to increase the income of the people around the lake; and

5. Navigation and dredging projects.

Lake Lanao Watershed Protection and Development Council

Lake Lanao is a main source of electricity for industries in Mindanao. It is also the Maranao's chief source of fish and livelihood. The survival of the lake watershed is imminently threatened by indiscriminate deforestation. This is manifested by the steady decline in rainfall in the watershed over the past decades. Wanton fishery activities have diminished the lake's yield and reduced the number of endemic cyprinids therein.

It is imperative to protect and rehabilitate the lake and its watershed because of its vital contribution to the success of Philippines 2000 and BIMP-EAGA. Equally important are the economic, social and cultural advancement of the Maranaos and the establishment of livelihood projects for economic prosperity of Lanao del Sur. The development of the watershed and the utilization of the lake have to be compatible with their preservation and protection.

In line with the policy of the government to rehabilitate and protect the remaining forest areas around Lake Lanao, President Ramos issued Memorandum Order No. 30 on August 14, 1992, creating the Lake Lanao Watershed Protection and Development Council. It is composed of representatives from the Department of Environment and Natural Resources (DENR), the National Power Corporation (NPC), the Mindanao State University (MSU), the Save Lake Lanao Movement (SALLAM), the Autonomous Region of Muslim Mindanao (ARMM), the Armed Forces of the Philippines (AFP), the Philippine Chamber of Commerce and Industry (PCCI) and the Mindanao Association of Electric Cooperatives. The DENR Secretary and NPC President are the Chairman and Vice Chairman of the Council, respectively.

The purposes of the Council are to (1) prepare and enforce a watershed protection plan; (2) procure and install hydraulic monitoring devices; (3) establish a watershed data bank; (4) conduct watershed studies;

and (5) prepare and submit policy recommendations to the President. To pursue these objectives, the Council created the Lake Lanao Environmental Studies Center based at the MSU. The Center assists the Council in performing its tasks. Moreover, the Council also developed a Lake Lanao Watershed Protection Plan that incorporated development, protection and rehabilitation projects and programs for the lake and its watershed. The plan also includes livelihood projects that seek to increase the per capita income of the people in Lanao del Sur.

Development, Protection and Rehabilitation Projects for Lake Lanao and Its Watershed

The Council identified development, protection and rehabilitation projects for the lake and its watershed. These projects are intended to arrest environmental degradation through the establishment of forest plantations, structural and engineering measures, protection and rehabilitation. The projects' overall objective is to develop and manage the lake and its watershed in order to sustain water requirements for hydropower, irrigation, navigation, recreation, industrial and domestic uses and aquatic life resources production. The enforcement of these projects is expected to improve the quality of life of the people living within and around the watershed.

The descriptions of the projects discussed below are culled from the Lake Lanao Watershed Development Plan prepared by the Council. The plan has six components: watershed rehabilitation and protection, agricultural development, fishery development, ecotourism, research and development, and infrastructure and social services. They are under the direct responsibility of the Council through its Chairman. The implementing agencies are the DENR, NPC, ARMM, MSU, Department of Public Works and Highways (DPWH), local government units (LGUs), Department of Tourism (DOT), Department of Transportation and Communication (DOTC), Department of Agriculture (DA) and National Irrigation Administration (NIA). The duration of the project is 10 years beginning in 1996, with an estimated cost of about 3.1 billion pesos.

Watershed rehabilitation and protection

The objective of the watershed rehabilitation and protection is to rehabilitate and protect Lake Lanao and its watershed using a sustainable management and development concept. It includes three major activities — watershed rehabilitation, watershed protection, and forestry development of alienable and disposal land.

Watershed rehabilitation involves the restoration of some 5,000 hectares of open and denuded areas through forest plantation. Enrichment planting and assisted natural regeneration shall be conducted to enhance the growth of inadequately stocked logged-over areas. Structural measures shall be undertaken to minimize soil erosion, especially in severely eroded river banks and areas where landslides occur.

Watershed protection entails active and strict enforcement of forestry laws. Forest-fire prevention measures shall be vigorously pursued to check illegal activities within the watershed. Forest development of alienable and disposable land will be undertaken with the people's participation. Reforestation and agroforestation will be adopted with small-landholding farmers.

The project will be carried out by ARMM and DENR. It costs 490 million pesos with a duration of 10 years beginning in 1996.

Agricultural development

The objectives of agricultural development are (1) to transform Lanao del Sur into a food basket through improved farming technologies; (2) to conserve water and soil resources through rational farming practices especially in the upland; and (3) to improve the income of the people through higher farm productivity.

Several types of crops and different cropping systems are suited to the agricultural areas within the watershed. The presence of a favorable climate and fertile soil are conducive to the development of vegetable and cash crop production, rice production, corn production, fruit production,

livestock production, silk industry, product marketing and post-harvest development, and agricultural and socioeconomic infrastructure.

The project will last 10 years beginning in 1996, with a financial requirement of 193 million pesos. The implementing agencies are DA, MSU, DPWH and NIA.

Fishery development

The objective of fishery development is to increase the fish productivity of Lake Lanao including other aquatic life resources. The project intends to increase freshwater fish production by utilizing appropriate fishery technology and management. It includes the following components: fish-cage operation, fingerling production and dispersal, continuous restocking of fingerlings in the lake to sustain fish productivity, and law enforcement.

The project will last five years beginning in 1996, with a financial requirement of 13.6 million pesos. The implementing agencies are MSU and DA.

Infrastructure and social services development

The objectives of infrastructure and social services development are (1) construction and improvement of needed infrastructure and installation of communication and means of transportation when appropriate; and (2) provision of social services to improve the quality of life of the people around the lake.

The presence of adequate and improved infrastructure ensures economic progress. Existing roads and bridges around the lake will be improved for more efficient transport of goods and delivery services. Improvement of all existing provincial, municipal and barangay roads will be given highest priority, including access roads to farm sites. An efficient communication system shall also be developed.

The project will last five years beginning in 1996. It will cost 1,640 million pesos. The implementing agencies are DPWH, ARMM, and DOTC.

Research and Development

The objective of research and development is to generate appropriate technology for the development and management of the lake and its watershed. Appropriate technology and its proper application play a vital role in the region's economic progress. This project envisions the establishment of a research and development center that will undertake studies in water yield, hydro-agro meteorology, limnological investigation, effects of socio-cultural practices on development, among others.

The project will take 10 years beginning in 1996, and cost 728 million pesos. The implementing agencies are MSU and DENR.

Ecotourism

An alternative to mass tourism is ecotourism, which is concerned with protecting, rehabilitating and conserving the bounty of nature. Ecotourism also reduces the negative impact of man's activities on his environment.

Some of the components of the project are establishment of nature park, limnological and geological explorations, sail boating and water skiing, game and sport fishing, nature trails for hiking, climbing and hunting, golf-course development, and resort hotels and restaurant development.

The project will take 10 years beginning in 1996, and cost 50 million pesos. The implementing agencies are DOT, LGUs and DENR.

Conclusion

Lake Lanao can play an invaluable role in the realization of the goals of Philippines 2000 and the success of BIMP-EAGA because it can provide as much as 70 percent of the power requirements of Mindanao by the end of this century.

Moreover, the implementation of development, protection and rehabilitation projects for Lake Lanao and its watershed will spawn economic prosperity in Lanao de Sur and nearby provinces which is vital to Mindanao's industrialization. The projects will also arrest the environmental degradation of the lake and its watershed, accelerate their rehabilitation, and improve the economic and social well-being of the Maranaos. Furthermore, the enforcement of the projects will convince the Maranaos that the government really cares about their welfare, and that the Maranaos enjoy their share in the economic bounty.

Finally, the projects, along with hydropower generated from the lake water, will make the products of Mindanao-based industries globally competitive in terms of quality and cost. By producing world-class quality goods at competitive prices, the Philippines will not merely be a dumping ground for goods from BIMP-EAGA and WTO countries. The Philippines can also become an exporter of goods that can compete in the world market, an indispensable requisite for industrialization.

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APPENDICES*

A. Mutual Economic Benefit and Development in the East ASEAN Growth Area (A Briefing Paper, 26 October 1993)

B. Mindanao and the EAGA: Moving Towards the Vision of Philippines 2000 (Speech delivered by Presidential Assistant for Mindanao, Mr. Paul G. Dominguez in Davao City, 6 February 1994)

C. Agreed Minutes of the Inaugural Ministerial Meeting of the Brunei Darussalam, Indonesia, Malaysia, the Philippines-East ASEAN Growth Area (Davao City, 26 March 1994)

Annex: Some Facts and Figures on BIMP-EAGA

- Brunei Darussalam
- North Sulawesi East and West Kalimantan
- Sarawak, Sabah and Labuan
- The Province of Mindanao

D. EAGA: Growth without Borders
(Address by President Fidel V. Ramos to the First East ASEAN Business Convention and Exhibits, Davao City, 18 November 1994)

E. BIMP-EAGA Business Ventures: Philippines-Malaysia

*Briefing papers from the Office of the President, Mindanao

Appendix A

MUTUAL ECONOMIC BENEFIT AND DEVELOPMENT IN THE EAST ASEAN GROWTH AREA

A Briefing Paper
October 26, 1993

Introduction

Cooperation and complementation, in a spirit of solidarity for mutual benefit and development, has always been at the bedrock of the efforts of the ASEAN nations to promote the economic advancement of the region. Thus the burgeoning interest in the potentials of mutual economic development among neighboring countries through cooperation in the context of "growth triangles" has elicited much excitement and anticipation in the region.

The concept underlying growth triangles is not new, nor is it complex. Arrangements of the sort have been in operation among countries and economies which by the similarity and jointness of their respective natural endowments finds it unavoidable and efficient to cooperatively share borders, shipping and transport lanes and other resources. This has been the case in the Canton-Shenzhen-Hongkong zone and among various countries in Europe and North America.

The concept of the growth triangle is quite simple. National borders are most often administrative or political in nature. The patterns of economic activity and growth are however greatly determined by natural endowments and the success with which these resources are managed. Endowments are often distributed quite dissimilarly across countries, to the extent that the structure and content of production, as well as the economic efficiency of countries markedly differ. Such differences are then often either compounded or minimized by the economy's level of development, which often reflects the success of the nation's governance of its resources and opportunities.

ASEAN - Association of Southeast Asian Nations

The East ASEAN Growth Area: A Gateway to Collective Prosperity in the ASEAN Region

The ASEAN Free Trade Area (AFTA) is evolving into a major initiative towards concretizing the concept of regional economic integration. However there have emerged obstacles to the AFTA's wholesale implementation over the whole economies of the ASEAN member-nations. These difficulties arise in part due to the differing competitiveness and readiness not only of the total economies of the member-nations, but also of the internal, domestic variability in the respective economies of the ASEAN countries. Therefore, the promotion of economic integration in phases, for example, by subregions within the ASEAN appears to be a viable transition to whole-country integration.

The potential of sub-ASEAN economic integration has captured the interest of the leaders of the ASEAN. The leaders of the ASEAN have, in various fora, discussed the concept of the EAGA. The discussions have so far led to general agreement to further explore and refine the concept. Furthermore, initiatives toward the formalization and operationalization of the EAGA have taken the form of efforts toward the drafting of a Memorandum of Understanding (MOU) between Brunei Darussalam, Indonesia, Malaysia and the Philippines on the EAGA. Finally, the ASEAN Economic Ministers, meeting in Singapore on 8 October 1993, referred to their respective countries' interest in the promotion of the EAGA agreeing to jointly prepare the Terms of Reference (TOR) of a major study of the economic and enterprise potentials of the EAGA.

The East ASEAN Growth Area (EAGA), made up of the subnational economies of Brunei Darussalam, Eastern Indonesia, East Malaysia, and the island of Mindanao embodies a sub-ASEAN economic region which may serve as a major transition to the ASEAN vision of broad, intensive economic complementation. The EAGA's implementation provides the key to the eventual integration of the ASEAN economies in the foreseeable future. The potentials for benefit to the member-nations from economic integration initially in the EAGA and eventually the whole of the ASEAN are clearly enormous.



Complementation

Within the subregional economy of the East ASEAN, Mindanao of the Philippines is relatively advanced in plantation agriculture, the fishing industry, processing of ocean products such as seaweed, and the processing of natural resources such as wood, cement, and steel. On the other hand, East Indonesia and East Malaysia have vast, still relatively untapped natural resources, while Brunei and Malaysia have access to relatively greater amounts of investable capital. With respect to manpower and technologies, Mindanao has the largest and most skilled human resource base in the subregion because of relatively more advanced educational services. It is therefore quite obvious that critical in the success of this undertaking is the identification of areas of complementation.

Complementation is the basic principle underlying the concept of economic integration. Complementation has become a must for enterprises to maintain a competitive edge in the global economy. Specialization is necessary for industries to remain competitive, and for countries to maintain their competitive and complementary niches.

The potentials for economic complementation across and within the EAGA include:

1. **Commodities trade:** plantation-based agricultural products and raw materials can be developed in specific areas that possess the comparative advantage;

2. **Service industries development:** excess managerial and skilled manpower may be redeployed into areas which are relatively wanting in the same resources;

3. **Common facilities and infrastructure investments:** regional sharing of communications, transportation and power utilities may be more economically beneficial;

4. **Industrial complementation:** backward and forward linkages could be established between industrial firms within the area; industrial planning is a strategic activity in developing the major industrial grids within the subregional growth perimeter; and

5. **Tourism development:** tourism to East ASEAN may be jointly promoted, as has been demonstrated in the successful "Visit ASEAN" campaigns in recent years.

Institutional Mechanisms

The overall integration of economies within the region cannot be achieved solely by the freer movement of goods in the area. It is imperative that integration be fostered at various levels. The nurturing of the region's economic growth will require the creation and institutionalization of mechanisms for region-wide policymaking and resource sharing.

The effectivity and sustainability of these institutions will be better assured if these are predominantly, if not wholly, private in nature.

Private businessmen and entrepreneurs must be supported in their exploration of investment potentials in the EAGA. In the final analysis it will be businessmen, making business decisions and deals, which will generate investment, trade and growth in the region — with spillover effects through the entire economy and country. **The ultimate yardstick for the success of the EAGA initiative will be the level and sustainability of investments and enterprises actually generated over time in the area.**

The fundamental task of government in the promotion of the EAGA is to facilitate enterprise, and create the appropriate environment for trade and investment. The principal actions required of government are **public investments in public goods and deregulation in trade and commerce-related laws and procedures.** It is the provision of these fundamental items, and the nurturing of an enterprise-friendly policy environment that facilitate the workings of private enterprise, trade and investment. The **essential public goods** required from government include: investment information and facilitation, critical ports and airports, and telecommunication infrastructure.

The East ASEAN Business Council

The Philippine Chamber of Commerce and Industry (PCCI), led by the Mindanao Chambers, and joined by Sulawesi Chambers of Commerce and Industry and some Malaysian businessmen, meeting in the Mindanao Business Conference in Davao City, Philippines on October 10, 1993, agreed to the implementation of actions toward the creation of the EAST ASEAN BUSINESS COUNCIL in 1994. The EABC, while focusing on the economy of the EAGA region, will implement strategies and actions which ultimately will be in support and complementation with those of the broader, respective country-wide Chambers of Commerce and Industry and with the regional ASEAN Chamber of Commerce and Industry (ASEAN-CCI).

The Davao meeting was also the occasion for the creation of the MINDANAO BUSINESS COUNCIL (MBC) — as a sub-unit of the Philippine CCI. The Meeting further agreed that the MBC will serve as a transitional, provisional Preparatory Secretariat for the activities leading to the formal creation of the EABC in the near future.

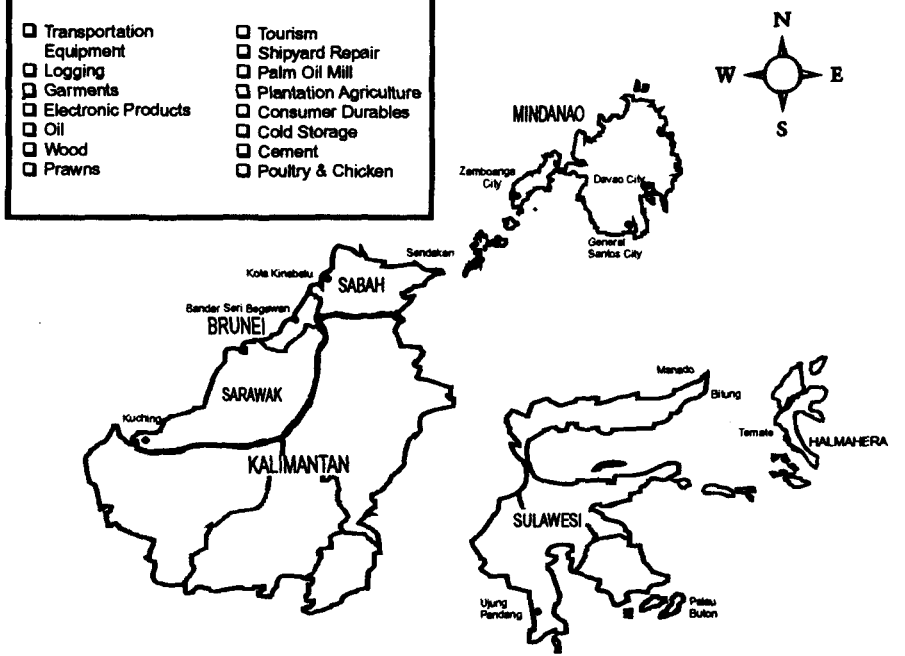
PAUL G. DOMINGUEZ
Presidential Assistant for Mindanao and
Chairman, Mindanao Economic Development Council

EAST ASEAN REGION
ECONOMIC COMPLEMENTATION MAP

EAST MALAYSIA

Economic Activities

- Transportation Equipment
- Logging
- Garments
- Electronic Products
- Oil
- Wood
- Prawns
- Tourism
- Shipyard Repair
- Palm Oil Mill
- Plantation Agriculture
- Consumer Durables
- Cold Storage
- Cement
- Poultry & Chicken



MINDANAO

Economic Activities

- Cement
- Activated Carbon
- Processed & Canned Goods
- Coconut Oil Mill
- Hospitals & School
- Fish Canning
- Cold Storage Facilities
- Prawns & Agriculture
- Cattle Farming
- Tourism
- Fruit Juices & Processing
- Grains
- Garments
- Consumer Durables
- Construction Materials

EAST INDONESIA

Economic Activities

- Deep Sea Fishing
- Wood & Marine Products
- Plantation Agriculture
- Fertilizer
- Activated Carbon
- Grains
- Garments
- Consumer Durables
- Palm Oil Mill
- Logging & Plywood
- Construction Materials

Appendix B

MINDANAO AND THE EAGA: MOVING TOWARDS THE VISION OF PHILIPPINES 2000

Speech Delivered by Mr. Paul G. Dominguez
Presidential Assistant for Mindanao
Briefing on Mindanao and the East ASEAN Growth Area
Official Visit of H.E. Dato' Seri Dr. Mahathir Bin Mohamad
Prime Minister of Malaysia
Insular Hotel, Davao City, 06 February 1994

1. GREETINGS

Your Excellency Dato' Seri Dr. Mahathir Mohamad, distinguished officials from the Malaysian government and private sector, honorable officials from the Philippine government ... ladies and gentlemen, Good Morning.

2. WELCOME

Your Excellency, it is fitting indeed that the first head of government that Mindanao is proudly hosting should be the leader of Malaysia, a nation with whom we share a tightly woven history. As Philippine President Fidel V. Ramos has said, and I quote, "We are more than neighbors and more than friends. We are family."

3. PURPOSE OF BRIEFING

Our objective this morning is to familiarize Your Excellency with Mindanao and the increasingly significant role this island is playing in attaining the President's vision of Philippines 2000. We will also brief Your Excellency on the most recent developments in the East ASEAN Growth Area project and the potential for greater economic cooperation between Mindanao and East Malaysia.

4. MINDANAO: A LAND - A PEOPLE - TRANSFORMING

Mindanao island is 102,000 square kilometers in size, comprising over one third of the country's land area. It is divided into four administrative regions and the Autonomous Region in Muslim Mindanao.

With fifteen million people, or one-fourth of the nation's population, Mindanao has a dynamic and skilled work force of multi-ethnic origin. The integration of indigenous and immigrant people has kept alive a strong pioneering spirit which manifests itself in vigorous entrepreneurship, ingenuity and perseverance. Blessed with a favorable climate and free of destructive typhoons, Mindanao is the nation's leader in agriculture and agri-based industries.

Your host city Davao, with its population of 1 Million, is the largest city in Mindanao as well as in the East ASEAN subregion. Although it was settled only in the 1850s, Davao Gulf developed rapidly due to the abaca hemp plantations established in the 1920s by Japanese firms who were the earliest foreign investors in Mindanao. The city is rapidly developing and we hope to show Your Excellency a glimpse of Davao's outstanding tourism potential during your visit to the Pearl Farm Resort.

Mindanao's traditional role in the Philippine economy was to export raw materials and agricultural products to the more developed regions of the country as well as to the world market. It represents 36 percent of Philippine agriculture but only 13 percent of Philippine industrial and manufacturing output. However, with diminishing natural resources and a steadily increasing population, Mindanao's present economic structure cannot assure sustainable development.

President Ramos strongly supports the drive to transform Mindanao from a supplier of raw materials into a balanced agro-industrial and service based economy. The President is paying special attention to Mindanao's development in order to effectively address the root causes of past insurgencies. This concern is manifested in the President's 24 visits to Mindanao in his first 18 months in office.

To undertake this effort, the President has also put in place the needed institutional mechanisms to carry out his programs by establishing the Office of the President in Mindanao and operationalizing the Mindanao Economic Development Council which coordinates the development planning efforts in the Island.

5. MINDANAO'S TWIN DEVELOPMENT STRATEGIES

To effect this economic transformation, Mindanao is pursuing two key development strategies. There is a broad consensus throughout the island that these two strategies, which are neither new nor original are indeed the missing elements needed for economic take off in Mindanao.

First, government is determined to bring about the ***full physical integration of Mindanao through infrastructure projects that will better integrate the region's 15 million people into a vibrant economic unit and an attractive consumer market.*** Specifically, we hope to complete over the next seven years, the upgrading of the Mindanao arterial highway network as well as the modernization of major seaports and airports to accommodate the anticipated increase in traffic of people and goods.

At present, Mindanao has the lowest telephone density in the country at 240 people per telephone. Nevertheless, our national policies have been recently liberalized and this has encouraged more firms to invest in telecommunications to better link Mindanao with itself and to the global community.

The second strategy which we are pursuing is the ***strengthening of Mindanao's direct global trade and economic links, particularly to ASEAN through the East ASEAN subregion of which Mindanao is a component.***

6. EAST ASEAN GROWTH AREA

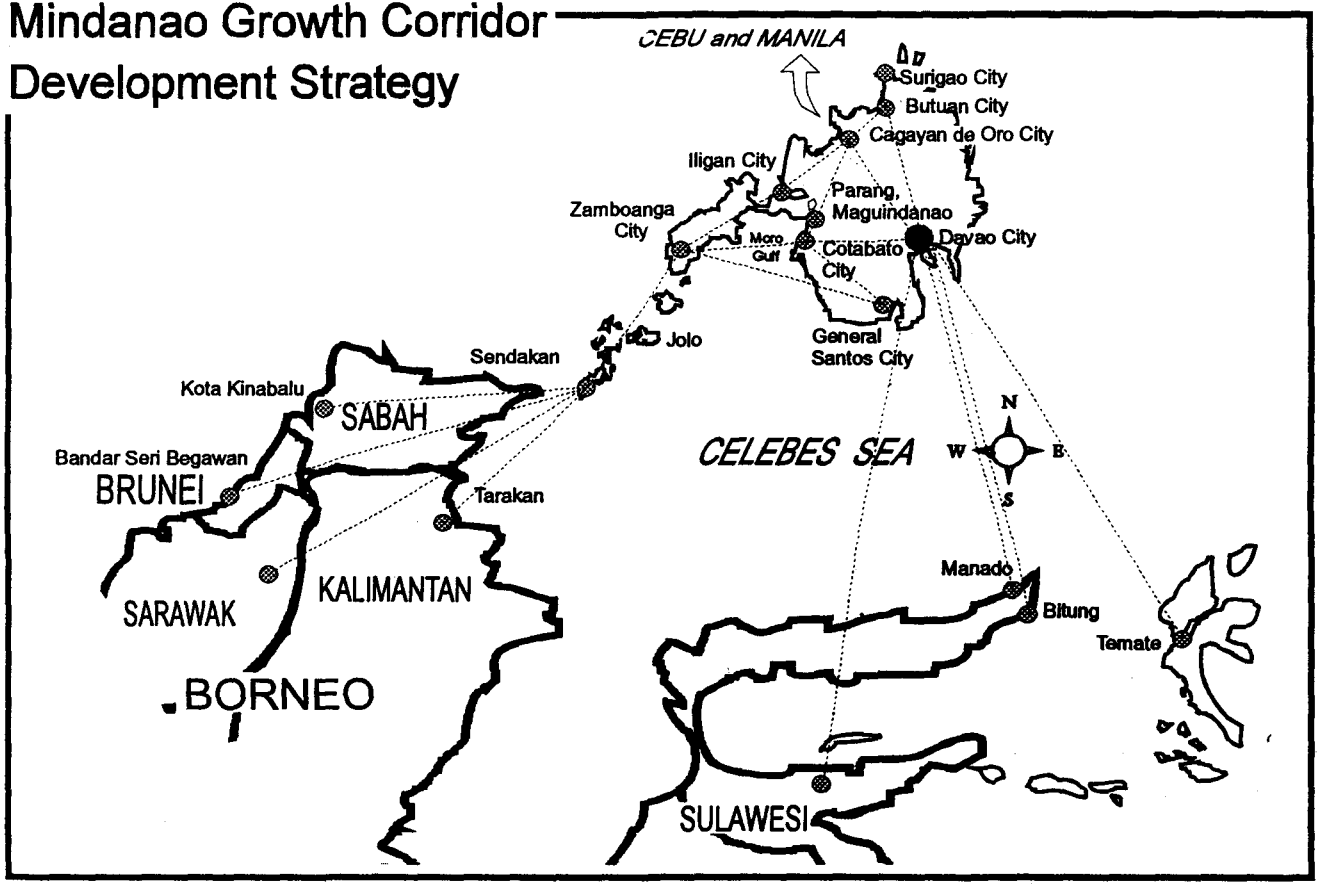
Historically, the people in the East ASEAN subregion were united by their culture and trade until the colonizers reoriented our respective economies to the west. Nevertheless, traditional trading continued over the centuries and exists up to the present, especially between Sabah and the Sulu archipelago in Western Mindanao.

Today, upon the foundation of our common historical bond, we have begun to build a new era of increased economic cooperation through the East ASEAN Growth Area initiative.

7. AREAS OF COOPERATION AND COMPLEMENTATION

The East ASEAN Growth Area proposes to **increase the economic linkages** between East Malaysia, East Indonesia, Brunei Darussalam and Mindanao.

Mindanao Growth Corridor Development Strategy



Specifically, it aspires to enhance cross border trade and investments by improving the transportation and communication linkages within the subregion.

But most important, as in the other growth areas in ASEAN, **complementation** is the basic principle underlying the concept of the East ASEAN Growth Area.

Our preliminary studies indicate significant potential for economic complementation in the following areas:

1. **Commodities trade** – plantation based agriculture products and raw materials can be developed in specific areas that possess the comparative advantage;

2. **Service industries development** – excess managerial and skilled manpower may be redeployed in areas which are relatively wanting in the same resources;

3. **Common facilities and infrastructure investments** – regional sharing of communications, transportation and power utilities may be more economically beneficial;

4. **Industrial complementation** – backward and forward linkages could be established between industrial firms within the area. Particular focus should be given to the potentials for complementation in the fishing and canning industry; and

5. **Tourism development** – Ecotourism in the East ASEAN may be jointly promoted.

We have especially taken note of Your Excellency's insights which were earlier discussed with our President and Congressional leaders as to how to accelerate the development of the resource-rich East ASEAN. With its involvement in two other growth triangles, Malaysia has been providing us, through Tun Daim, with the wise counsel as to how to get the East ASEAN Growth Area off the ground.

We have also taken note of Your Excellency's advise that policy reform must be bold, focusing on deregulation of trade and commerce-related laws and procedures to nurture an enterprise-friendly policy environment.

8. PROOF THAT THE EAST ASEAN GROWTH AREA IS VIABLE

In the short time since the Growth Area concept was first discussed during President Ramos's state visit to Malaysia a year ago, we already note increased cross-border trade and investments.

Joint venture investments by the private sector in the fishing and canning industry are already operational between Southern Mindanao and North Sulawesi. We now have nine tuna canning factories, compared to five just two years ago. A Philippine-Indonesian firm is establishing a network of cold storage facilities to service fishing vessels in the Celebes sea. The opportunities for further expanding fishing operations to include East Malaysia are promising. Up to 75 percent of the tuna caught in these waters are still processed in Thailand which is as long as four days voyage away.

Mindanao and Sulawesi have recently begun to trade in construction materials. Mindanao cement mills supplied 100,000 tons of cement over the last two months to North Sulawesi which was experiencing a severe shortage. The shipping distance between Manado and Davao is one-third the distance between Manado and the island of Java.

These transactions were facilitated by the regular exchange of trade and investment delegations between Eastern Indonesia and Southern Mindanao which were initiated by the local Chambers of Commerce in both areas.

We are now seeing Malaysian investments in Mindanao. The Ekran Berhad investment in Samal Island would likely be the largest tourism investment in Mindanao to date. We have also had preliminary discussions with Malaysian and Indonesian officials regarding joint promotions of our Eco-Tourism sites such as Samal Island, Bunaken Sea Garden and the Mulu Caves. The shortest route from North Asia to the tourist attractions in the East ASEAN would be through the Philippines.

East Malaysian feed mills are now looking into regularly sourcing corn from Mindanao. We are also preparing to receive a Malaysian technical mission to study the viability of Malaysian investments in rubber and palm oil in Mindanao.

9. DEVELOPMENT STATUS

We are now moving expeditiously to formalize the East ASEAN Growth Area. Senior Economic Officials from Malaysia, Indonesia, Brunei Darussalam and the Philippines will be meeting in Davao in late March to formalize an MOU. We will also review the Terms of Reference for the development study of the East ASEAN Growth Area which we anticipate will be supported by the ADB. We are at present also making arrangements for a Ministerial level signing of the MOU immediately after the Senior Officials Meeting.

We have also encouraged the private sector to organize the East ASEAN Business Council which we hope will be launched during the East ASEAN Business Convention to be held here in Davao in May of this year. This major convention will be the first ever conference to bring together as many as 500 businessmen from the East ASEAN area.

10. CONCLUSION

We recognize that to succeed in transforming Mindanao and implementing the East ASEAN Growth Area, we would have to focus, not on rhetoric but on what has to be done "on the ground." We have listed the tasks which we are proposing that the four participating governments undertake to enable the East ASEAN Growth Area initiative to take off quickly:

1. To **review and finalize the Memorandum of Understanding** between Malaysia, Indonesia, Brunei and the Philippines forming the East ASEAN Growth Area.

2. To **undertake a medium and long-term development study of the Growth Area.**

3. To steadily **expand transportation and communication linkages** between the areas covered by the Growth Area. We welcome the Malaysian government's confirmation of its willingness to participate in the Borneo-Mindanao-Sulawesi rural airline project, and to even start this on a bilateral basis if necessary. We also hope that regular shipping services will also soon be established.

MOU - Memorandum of Understanding
ADB - Asian Development Bank

My mother, who was born and raised in the Sulu archipelago, vividly recalls that before World War II, the ships regularly sailed the Sandakan - Jolo - Zamboanga route. My late grandfather who had a modest marine products business shipped his products to Europe through this route and not through Manila. There is every reason to believe that reestablishing this service could be viable.

4. To **increase the contacts of the business sector** in the Growth Area through the East ASEAN Business Council and regular trade and investment missions.

5. To **undertake other Key Flagship Projects** that will accelerate the implementation of the East ASEAN Growth Area such as a regular news service, expanded cooperation in fishing and joint tourism promotions.

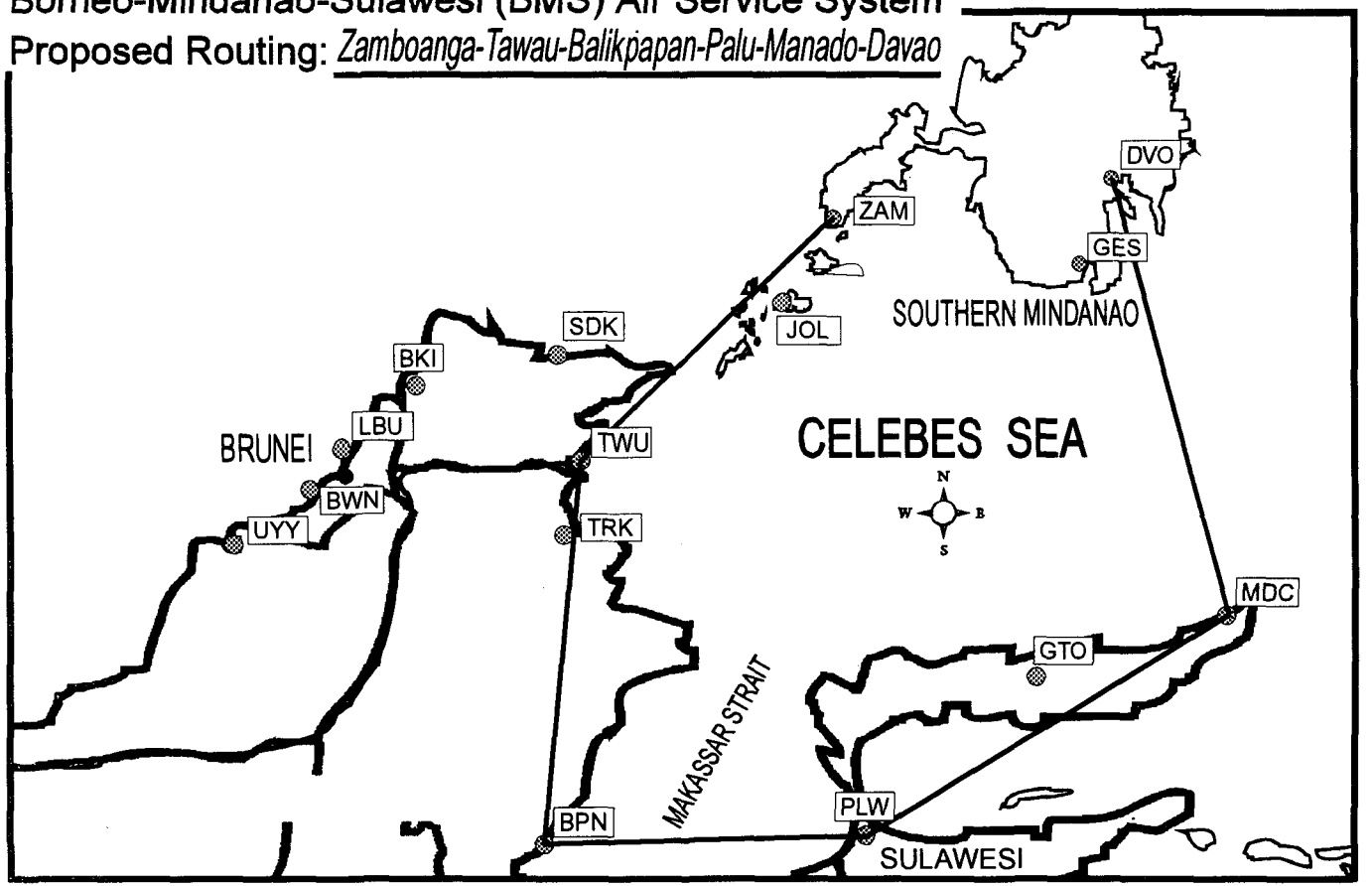
It is clear that government must take the lead in the pursuit of increased economic cooperation in the subregion. It must build the infrastructure and improve the policy environment to enable businesses to better interact. By doing this, we will be sending strong signals to the private sectors of the participating countries, and to the investors of other countries, all of whom we are certain will respond to the opportunities enhanced by the Growth Area.

But your historic visit today, Your Excellency, is the strongest signal yet and would have great long-term impact on the development of the East ASEAN Growth Area. You have not only brought Malaysian officials and investors to Mindanao, you have focused the world's attention to Mindanao and the East ASEAN Growth Area.

Dr. Mahathir, through your visit, you have injected a much welcomed shot of adrenaline into East ASEAN Growth Area initiative.. History will reveal that you truly made a difference.

Thank you.

Borneo-Mindanao-Sulawesi (BMS) Air Service System
Proposed Routing: *Zamboanga-Tawau-Balikpapan-Palu-Manado-Davao*



AIRCRAFT TYPE: FOKKER 50 TWIN TURBOPROP (54 SEATS)

Appendix C

AGREED MINUTES OF THE INAUGURAL MINISTERIAL MEETING OF THE BRUNEI DARUSSALAM INDONESIA MALAYSIA THE PHILIPPINES-EAST ASEAN GROWTH AREA (BIMP-EAGA)

26 March 1994
DAVAO CITY, PHILIPPINES

I. INTRODUCTION

1. Pursuant to the consultations among the Heads of Governments of Brunei Darussalam, Indonesia, Malaysia and the Philippines, the establishment of a growth area involving Brunei Darussalam, Indonesia, Malaysia, and the Philippines was agreed upon by their respective governments. This growth area shall be comprised of Brunei Darussalam; the provinces of East and West Kalimantan and North Sulawesi in Indonesia; Sabah, Sarawak, and Labuan in Malaysia; and Southern Philippines. As a follow-up, the Inaugural Meeting of the Ministers of the participating countries was held in Davao City, Philippines on 26 March 1994.

2. The Brunei Delegation was led by H.E. Pehin Dato' Abdul Rahman Taib, Minister of Industry and Primary Resources. The Indonesian Delegation was led by H.E. Hartarto, Coordinating Minister for Industry and Trade. The Malaysian Delegation was led by H.E. Tun Daim Zainuddin, r Coordinating the Growth Triangle Project for Malaysia. The ne Delegation was led by H.E. Rizalino S. Navarro, Secretary of nd Industry. The list of delegates appears as Annex A.

LCOMING ADDRESS BY H.E. RIZALINO S. NAVARRO

In his welcoming address, H.E. Rizalino S. Navarro, Secretary of ıd Industry of the Philippines, welcomed this historic meeting which s to be a rebirth of the growth area to its glorious past and

progressive future. In behalf of the Philippine government, he thanked Brunei Darussalam, Indonesia, and Malaysia in accelerating the process towards the speedy establishment of a growth area in this region. He noted the tremendous tasks ahead for the new cooperative endeavor. However, what would guide the Ministers and what has guided the Senior Officials who met in the past two days are the success of the two subregional initiatives, namely: the SIJORI Triangle and the Indonesia, Malaysia, and Thailand Growth Triangle (IMT-GT).

4. Secretary Navarro expressed appreciation for the cooperation of participating countries and the preparatory work of the Senior Officials who agreed, among others, on a framework and mechanism for cooperation in the form of a recommended set of detailed and integrated proposals which establishes the implementing and consultative mechanism including the crucial role of private sector and non-participating countries and/or entities. They have identified four (4) sectors for immediate and advanced implementation and fourteen (14) potential sectors for cooperative efforts. Finally, Secretary Navarro stated that for the Ministers, Senior Officials and the private sector, the challenge is the more important task of implementation of the visions, programs, and projects in the Growth Area. The welcoming address appears as Annex B.

III. OPENING REMARKS

5. In his opening remarks, H.E. Hartarto expressed his sincere gratitude and appreciation to the Philippine government for a well-organized and eventful meeting as well as for its warm and gracious hospitality. He cautioned that the Growth Area comprising the designated subregions of the four countries may lack apparent factors that could facilitate growth, but he expressed his admiration for the striking features of the Growth Area in terms of its beauty, the richness of its soil and natural resources, and the strong ties on language, culture, religion, and trade among its population that extends back for ages. If it could be complemented by deepening its infrastructures and development of its human resources, and by harmonizing the rules, procedures and policies for an unobstructed flow of factors across national borders, the exploitation of these resources could be enhanced and accelerated. In his opinion, the biggest challenge confronting the cooperation

in this subregion, is how to make the Growth Area competitive in attracting capital investments from the outside. H.E. Hartarto identified a number of areas where immediate collaborative efforts could be undertaken, such as: tourism, agriculture, agro-industry, fishery, forestry, industry, trade, and energy. For an in-depth study on the Growth Area Project, he endorsed that an exhaustive investigative study be undertaken. He took note of the activities and initiatives taken by the private sector in the subregion, and reiterated the important role of the private sector as the engine of growth of the Growth Area. The opening remarks appears as Annex C.

6. H.E. Pehin Dato Abdul Rahman Taib, Minister of Industry and Primary Resources of Brunei, in his opening statement, stated that members need to put their full commitment and adopt a practical and pragmatic approach that will send clear signals and directions to the private sector in order that it can be confident in taking bolder steps to achieve worthwhile results. He suggested that concrete steps be taken to facilitate and support stronger and continuing interactions and cooperation between government and the private sector. The Minister stated that the development of infrastructure in the field of transportation and communications is the prerequisite foundation for growth in the area. In this regard, Brunei Darussalam fully endorses the immediate consideration of the promotion and the development of air, sea, and telecommunication linkages. Brunei Darussalam believes that such development would help to facilitate and enhance the movement of people, goods and services within the subregion and will generate earlier momentum in the process toward developing the growth area. He further added that Brunei Darussalam's strategic location in Southeast Asia, in particular within the growth area and with her modern telecommunication, airport and seaport facilities, would conveniently serve as a gateway to international linkages for this growth area. The opening remarks appears as Annex D.

7. Recognizing the increasing globalization of the world economy and the strong current moving the developed world toward greater regionalism, especially the developments in EU and NAFTA, H.E. Tun Daim Zainuddin of Malaysia advised ASEAN nations to be very conscious of the danger of these new waves of regionalism transforming themselves into trade blocs.

EU - European Union
NAFTA - North American Free Trade Area
EAEC - East ASEAN Economic Caucus
AFTA - ASEAN Free Trade Area

Therefore, H.E. Tun Daim said that Malaysia has always pushed for increased collaboration among ASEAN countries under ASEAN and EAEC. Realizing that AFTA is a long-term goal to be attained, the experience of SIJORI and IMT-GT seemed to indicate that collaboration on a subnational basis appeared easier to establish and likely to be successful. H.E. Tun Daim commended President Fidel Ramos for his vision of the BIMP-EAGA which has much to offer and has development potential, which would benefit the Philippines as well as the other two partners. H.E. Tun Daim also noted that the future economic outlook for BIMP-EAGA seems very bright. He informed the meeting that in responding positively to the BIMP-EAGA idea, Malaysia is fully alive to the political differences that Malaysia has with her prospective partners, in particular with the Philippines. But, political differences should not mar the cooperative efforts in developing further avenues for collaboration, so long as such intensified cooperation and collaboration will enable the countries to leap-frog together into higher tempo of sustained development. Recent developments showed that the relationship among the four countries improved tremendously. H.E. Tun Daim felt that the success of the BIMP-EAGA greatly depends on the clear and workable framework, a proper plan as well as effective and adjustable strategy and programs. BIMP-EAGA needs a strong and dynamic private sector. It is the private sector's response to market forces that will cement trade and investment links in the neighboring subregions. The Government's role as the facilitator is also important to establish a secured economic region and improved investment environment so that private ventures can actively participate. The opening remarks appears as Annex E.

IV. ELECTION OF CHAIRMAN

8. The Meeting elected H.E. Rizalino S. Navarro, Secretary of Trade and Industry of the Philippines, as Chairman of the Meeting.

V. ADOPTION OF THE AGENDA

9. The Meeting adopted the agenda which appears as Annex F.

VI. BUSINESS ARRANGEMENTS

10. The Meeting was held both in Plenary and in Closed Session.

VII. CONSIDERATION OF THE AGREED MINUTES OF THE SENIOR OFFICIALS MEETING

11. The Ministers considered the Agreed Minutes of the Senior Officials Meeting (SOM) and endorsed the recommendations therein, as follows:

(A) Name of the Growth Area

12. The Ministers took note of the discussion in the Senior Officials Meeting and agreed that the growth area shall officially be referred to as the Brunei Darussalam Indonesia Malaysia the Philipines-East ASEAN Growth Area (BIMP-EAGA).

(B) Terms of Reference for an Investigative Study for the Development of the Growth Area

13. The Ministers approved the Terms of Reference (TOR) for the Investigative Study for the Development of the Growth Area.

14. The Ministers agreed that Indonesia, Malaysia, and the Philippines would submit the request to the Asian Development Bank (ADB) within two weeks of this Inaugural Ministerial Meeting. Brunei Darussalam will participate in this study in a manner mutually acceptable to it and the Bank.

15. The Ministers also agreed that joint efforts be made to ensure that the ADB Study be completed at the earliest possible time. Towards this end, all concerned agencies at the central and local government levels shall provide the necessary support and cooperation to ADB.

16. The Ministers further agreed on the *modus operandi* as contained in the Agreed Minutes of the Senior Officials Meetings.

17. The Ministers requested the Philippines to negotiate with the ADB for the speedy approval and conduct of the Investigative Study.

(C) Areas and Potential Fields of Cooperation

18. The areas covered under the BIMP-EAGA for each participating country may be modified by the countries concerned.

19. The Ministers agreed that close cooperation be promoted in the following fields as identified by the Senior Officials:

(a) transport and shipping services;
(b) fisheries;
(c) joint tourism development;
(d) agriculture and horticulture;
(e) energy exploration and development (gas, geothermal, coal, hydro, and oil);
(f) environmental protection and management;
(g) forestry and timber products;
(h) human resources development;
(i) industry;
(j) institutional arrangements;
(k) joint infrastructure network links;
(l) natural resources development;
(m) services; and
(n) trade and investment.

20. In order to facilitate the implementation of close cooperation in the above-mentioned fields, the Ministers further agreed that necessary steps be taken to:

(a) make available capital and banking services needed for the development of the Growth Area;

(b) facilitate the movement of people within the Growth Area;

(c) facilitate the exchange of advisers, experts, and technicians; and

(d) minimize and where possible remove legal constraints and administrative barriers.

(D) Projects Identified for Immediate Implementation

21. Cooperation plans and activities in the following sectors were identified for advanced and accelerated implementation:

(a) Expansion of Air Linkages;
(b) Expansion of Sea Linkages, Transport and Shipping Services;
(c) Expansion of Fisheries Cooperation; and
(d) Joint Tourism Develpment.

22. In this connection, the Ministers endorsed the recommendations of the Senior Officials to convene ad hoc working groups to determine and implement these programs of action.

23. To accelerate growth in the BIMP-EAGA, the Ministers endorsed the following possible fields of cooperation which were recommended by the Senior Officials to be given priority consideration:

SECTOR	LEAD COUNTRY
People Mobility	Indonesia
Environmental Protection and Management	Brunei Darussalam
Energy	Malaysia
Construction and Construction Materials	Philippines
Telecommunications	Brunei Darussalam
Human Resources Development	Malaysia
Agro-Industry	Philippines
Capital Formation and Financial Services	Malaysia
Forestry	Indonesia

(E) Private Sector Participation

24. The Ministers emphasized the crucial role and participation of the private sector in accelerating the successful implementation of the BIMP-EAGA programs and projects.

25. In this regard, the Ministers endorsed the establishment of a private sector BIMP-EAGA Business Council.

(F) Bilateral and Non-Participating Country Arrangements

26. The Meeting agreed that cooperation within the BIMP-EAGA should not be limited to quadrilateral arrangements. Any two or three participants could always initiate cooperative arrangements which will be recognized as part of the BIMP-EAGA cooperation. Cooperative arrangements between participating and non-participating country/ies or organizations will be considered as part of the programs and projects in the BIMP-EAGA. Any participating country could always join in the projects if and when it is ready.

(G) Implementing Mechanism

27. The Ministers further agreed that each member country establish a High Level Council under the Chairmanship of a Minister to be responsible for the BIMP-EAGA. The mechanism for consultation between the participating countries in the BIMP-EAGA shall be the Ministers and Senior Officials meeting on dates and in venues to be agreed upon by them. A meeting of the BIMP-EAGA Business Council shall be held parallel to the SOM and Ministerial Meetings.

28. Furthermore, the Ministers agreed to the designation of a Ministry or agency in the individual countries which shall serve as the focal point for the exchange of information and coordination of programmes related to the BIMP-EAGA.

VIII. CONCLUSION

29. The Meeting agreed that the Second Ministerial Meeting would be hosted by Indonesia in Manado on 24 September 1994, which shall be preceded by a SOM on 22-23 September 1994.

30. In their closing remarks, the Ministers reaffirmed their Governments' full support for the BIMP-EAGA.

31. The delegations of Brunei Darussalam, Indonesia, and Malaysia expressed their appreciation to the Government of the Republic of the Philippines for the warm hospitality extended to them and the excellent arrangements made for the Meeting.

Done in Davao City, Philippines on 26 March 1994.

H.E. Pehin Dato'Abdul Rahman Taib
Minister of Industry and
Primary Resources
Brunei Darussalam

H.E. Hartarto
Coordinating Minister for
Industry and Trade
Indonesia

H.E. Tun Daim Zainuddin
Minister Coordinating the Growth
Triangle Project for
Malaysia

H.E. Rizalino S. Navarro
Secretary for Trade
and Industry
Philippines

(Annex to the Terms of Reference)

SOME FACTS AND FIGURES ON THE BRUNEI DARUSSALAM-INDONESIA -MALAYSIA-THE PHILIPPINES EAST ASEAN GROWTH AREA

A brief economic profile of Brunei Darussalam and the three subregions involved is presented below, together with an indication of the scope for development and cooperation. Each of four component areas (with the exception of Brunei Darussalam) are separately referred to as subregions: the combined area is referred to as the region.

(a) Brunei Darussalam

Brunei Darussalam, with an area of 5765 square kilometers, has a population of 260 thousand. The capital city and main centre of population is Bandar Seri Begawan.

Major roads development in Brunei Darussalam comprises newly-constructed roads and improvement to existing roads with a total length of about 2,506.4 km. Brunei's ports are in Muara and Kuala Belait and can accommodate vessels of 9 meters draught. The telecommunications system in Brunei Darussalam, is one of the leading in Southeast Asia, and there are plans to improve it further. The average annual percentage growth of telephones has been 10.5 per cent with the ratio of persons per telephone for 1988 at 18.5. In the International Airport at Berakas the development and expansion of terminal and cargo facilities have been done to meet the anticipated increase in passenger and airfreight movement in the future.

Agriculture development puts great emphasis on reducing reliance on food imports which is estimated at 80 per cent of domestic requirements. The Sultanate imports most of its rice. Consumption is about 20,000 tons a

year. Strong government support has stimulated commercial participation in integrated enterprises. Government programmes to increase productivity have been successful, and the country is almost self-sufficient in poultry, meat, eggs as well as fresh tropical vegetables. However, the country imports most of its requirements for temperate and dried vegetables. Demand for indigenous fruits is increasing and current production is unstable and inadequate.

The total forest cover of Brunei Darussalam is 469,046 hectares which represents 80.6 per cent of its total land area. Given the importance accorded to strategic planning for forests and forest resources, forest land within Permanent Forest Estates are allocated and designated for specific purposes. These are protection forests, conservation forests, recreational forests and production forests.

Slow industrialization has been partly due to the shortage of labor. In 1991, about 46 per cent of the total working population, or some 49,000, work for the Government and five per cent for Brunei Shell. The Government has allowed the recruitment of foreign labour, but there is concern that a heavy influx might result in social problems.

The potential of the timber industry in Brunei Darussalam is yet to be fully exploited. At present, sawmilling and furniture manufacture are the only areas being actively pursued. There are 26 registered sawmills most of which operate with one to four saws. The sawn timber produced is for the local market. Logs and rough sawn timber are not allowed to be exported. Brunei Darussalam is the third largest producer of oil in Southeast Asia after Indonesia and Malaysia. Oil production in 1988 was estimated at 54.9 million barrels. In 1988 Brunei's oil exports to ASEAN were at 31.4 per cent most of which went up to Thailand, Singapore and the Philippines. The rest were exported to East Asia, the United States and Latin America. The country uses only about three per cent of its oil production for domestic purposes. Brunei Darussalam is the fourth largest producer of liquified natural gas (LNG) in the world. It is estimated that about 36 per cent of its natural gas reserves have been recovered.

(b) North Sulawesi, East and West Kalimantan

The North Sulawesi province occupies most of the northern peninsula of the island and is surrounded by the Sulawesi Sea on the north, the Maluku Sea to the East and Tomini Gulf to the South. This province also includes 77 small islands which form two major groups stretching to the north and northeast of the peninsula. The province's total area is about 27,488 sq. km. Manado, the capital, is the largest city in Eastern Indonesia after Ujung Pandang in South Sulawesi.

North Sulawesi is virtually monocultured with coconuts comprising 85 per cent of total free crop acreage and with 14 per cent of tree crop acreage in cloves. New tree crops will also be developed: nutmeg, coffee, vanilla, cocoa, cashews. The fisheries sector of North Sulawesi is being developed, with exploitation confined to the 12-mile (sovereignty) zone for marine fisheries and some coastal fishponds. The Government will attempt to encourage cooperation among rural fishermen and large-scale private fisheries processing companies.

The North Sulawesi growth in 1987-1991 was spread over the various sectors of the economy. Four leading sectors of regional development are agroindustry, mining, marine resources and tourism. Agriculture showed an overall growth rate of 10.5 per cent annually, with food crops (which contribute 41.5 per cent of the agricultural sector) showing a growth rate of 15.75 per cent. Small holder tree crops showed a growth rate of 35.16 per cent annually while forestry grew more than 100 per cent annually (but this was from a very small base). Livestock and fisheries both showed low growth rates, of 8.79 per cent and 11.30 per cent respectively, which suggest that the development strategy discussed above is not unrealistic. Mining showed an annual growth of 29.37 per cent during this period, however, this was from a small base and prices (particularly of gold) helped to boost growth rates specified in monetary terms. Industry, which is slated to be an engine of growth during Repelita V, showed 17.33 per cent annual growth, which may be related to the slow growth of investment noted above.

The total forest area in North Sulawesi is about 18,722.2 sq. km. The main priorities in the activities of forestry development are comprised of reforestation in environmentally critical areas, optimizing function of river

basins, especially the Lake Limboto watershed and the Bone River basin. The development of the wood processing and wood product industry will be carried out by private forest concession investors. Attention will also be paid to the possibility of developing such secondary forest products as rattan.

Tourism development is currently one of the most important sectoral programmes for all provinces, including North Sulawesi. There are 51 attractive tourist destinations consisting of beautiful natural sceneries, ancient art and cultural heritage, coastal resorts, etc. The Provinces programme for tourism is focused on several activities such as: upgrading of basic facilities; establishment of regular scheduled flights to resort destinations within the province; improvement of the quality of human resources, etc.

East Kalimantan covers an area of 211,440 sq. km. In the north, its area is adjacent to the east part of Malaysia (Sabah), in the east side it is bordered by the Makassar strait and Sulawesi Sea, in the south it is adjacent to South Kalimantan and the west side is adjacent to Central Kalimantan, West Kalimantan and Sarawak (eastern part of Malaysia). According to the 1990 Population Census the population of East Kalimantan is 1,875,032 persons, with an average population density of 7 persons per sq. km. The population growth rate from 1980 to 1990 was 4.44 per cent annually. There are 469,768 persons in the labor force where 464,681 persons are employed.

The potential area for food crops covers 1,167,000 ha. These are utilized mostly for paddy and palawija is only grown in about 128 thousand ha. From 1984 to 1987, the food crop production had been experiencing remarkable growth that reached 10.75 per cent annually. Of the 1,109,000 ha. potential plantation area, 101,731 ha. have been utilized by smallholders, and government owned and private estate plantations. The main commodities include rubber, coconut, coffee, palm oil, pepper, cocoa and cloves.

Total forest area of East Kalimantan covers 17,292,000 ha. which consist of: Production forest, Limited Production forest; Tourism and Reserve forest, Kutain national park, Forest for Research and Development; Protection forest; and Conversion forest. Forestry production has been fluctuating. Its rate of growth is 35.8 per cent annually, the bulk of which is log production. The other main non-wood forest commodity is rattan.

East Kalimantan is very rich in mining resources such as oil, natural gas, coal, gold, etc. Oil and LNG have contributed a lot of foreign exchange for the Indonesian government. In 1990, oil/LNG export value from East Kalimantan totalled US$ 2,573 million (with Riau and Irian Jaya, East Kalimantan being the three biggest oil producers in Indonesia).

Manufacturing industry contribution to non Oil/LNG GRDP went up from 8.8 per cent in 1983 to 19.2 per cent in 1990. Most of them were stimulated by wood and wood product processing, fertilizers (ammonia-mca) chemical and construction materials and metal. Besides its high rate of growth, manufacturing industry subsectors also provide a lot of job opportunities, especially the wood processing industry, small scale industry, and various others.

To increase electricity production efficiency, interconnection networks have been established in East Kalimantan *i.e.*, the Samarinda-Tenggarong and Samboja-Balikpapan system. The improvement in access to electricity can be seen from the increase in the number of customers from 56,403 in 1984/85 up to 136,114 in 1990/91 (more than double) even though it is still not evenly distributed since 69 per cent of the total customers live in Samarinda and Balikpapan. Energy production has increased by an average of 35 per cent annually, while its efficiency rate increased from 88 per cent to 90 per cent. On the other hand, to solve an excess demand for energy in the near future, it has been planned to increase East Kalimantan energy capacity by extending the capacity of existing energy plants such as, PLTD (diesel energy plant), Sungai Kledang, Bontang, and Tarakan, and establishing a new gas based utility plant at Tanjung Batu, Kutai.

West Kalimantan covers an area of 146.8 thousand sq. km. On the north side, the region has a common border with neighboring country, Malaysia. This province, like the other provinces in Kalimantan has many wide and long rivers with potential for transportation or other purposes such as energy sources and irrigation. In fact, most of them have long been utilized for intra as well as interregional transportation. In 1990, the population of West Kalimantan was 3.2 million people. With a density of 17 persons per sq. km., it is much lower than the national average of 93 persons per sq. km.

Between 1983 to 1990 the regional growth rate of production, was on the average 12.2 per cent per year. During the period, the annual growth of

the agriculture sector was 7.2 per cent, industry/secondary 19.6 per cent, and trade and services 12.9 per cent. In the transportation sectors, road infrastructures are being developed. However, at the moment, road development is still separated from one region to another. For instance, the road in Ketapang regency is not connected to roads in other regencies. The port of Pontianak that is located on the west coast is now available to support trunk shipment, whereas, other ports such as Teluk Air, Sintete, Singkawang, Sambas and Ketapang are now available to serve local shipment. The airport Supadi of Pontianak is now capable of serving DC-9 planes with limited capacity. Moreover, there are also 6 other smaller airports that are being improved. These airports are located in Ketapang, Nangapinoh, Paloh, Putusibau, Singkawang and Sintang.

It is interesting to note that despite the absence of oil production in this province, West Kalimantan is one out of only few provinces in Indonesia that always has a trade surplus (value of export greater than import). In 1990, West Kalimantan trade surplus was $432 million, while in 1986 it was $237 million. The main export commodities are wood and wood products (74 per cent), rubber (24 per cent), fishery products (1 per cent), and others (1 per cent). West Kalimantan exports between 1985-90 grew by 13.13 per cent a year, although production was very variable. Three major commodities that were exported from Kalimantan are rubber, wood and fishery products. Plywood was the main exportable manufacturing industry commodity (80 per cent of total export value). West Kalimantan's total export in 1990 was $498 million. Import value in 1990 was $65 million and was growing very fast (in 1985 it was only $9 million). Most of them (93 per cent) were machinery and raw materials.

1985 rice production in West Kalimantan with a harvested area of 275,269 ha. reached 578,755 tons, while in 1989 it grew to 689,049 tons with an area of 302,176 ha. Therefore, there was an increase of 2.4 per cent a year for production area and 4.8 per cent a year of production. This also means there was an increase in this subsector's productivity per ha. With a population rate of growth of 2.65 per cent annually (1980-90), there was some improvement in per capita food production.

West Kalimantan also has great potential in the fisheries. Fish production which is divided into sea, inland water and cultivated fishery, together produced 76,029 tons in 1985. In 1990, it went up to 87,115 tons, implying

an average growth rate of 3 per cent/year. About 64,993 tons (75 per cent) was the result of traditionally managed sea fish production, although cultivated fish production had the highest rate of growth during this period (3.9 per cent a year). In 1990, 1768 tons of fish were expected with an export value of US$9,158,941. Other sectors that play an important role in the West Kalimantan economy is manufacturing industry and trade sector. Looking at these two sectors rate of growth during 1983-90, which were 22.2 per cent and 14.5 per cent, respectively, it looks like these sectors can be given high priority in development strategy in order to increase average income and provide employment.

(c) Sarawak, Sabah and Labuan

The total land area of Sabah is 7.37 million hectares, of which approximately 2.2 million hectares are suitable for crop cultivation and livestock farming. The two major agricultural crops grown in Sabah are palm oil and cocoa. In 1985, the area covered by palm oil plantation was 187,226 hectares which represents 32.5 per cent while cocoa occupied 172,713 hectares or 39 per cent of Sabah's cultivated land area.

Sabah possesses relatively rich fishing grounds and fish resources within its 320-kilometre Exclusive Economic Zone. In 1984, Sabah also had approximately 5,000 freshwater fishponds totalling 622 hectares in areal coverage. Even deep sea fishing with reasonable modern fishing infrastructure exists throughout the state. Fishery complexes have been established in Kota Kinabalu, Sipiang, Kuala Penyu, Papar, Kudat, Lahad Datu and Semporna.

Sabah is also endowed with rich forest resources, with about 60 per cent of its total landmass under forest cover. Sabah's forest produced timber of superior quality, including red or white Seroya, Kapur, Keruing, etc.

In the petroleum sector, during the Fifth Malaysia's Development Plan, about 50 exploration wells are expected to be drilled in which 10 will be in Sabah. In addition, about 400 development and production wells will be drilled with 69 in Sabah. Sabah shares 20.6 per cent of Malaysia's oil production, with production capacity in 1987 registered at 47,850 bpd. Potential mineral resources in Sabah was reported in an area totalling 9,800 sq. km., consisting of copper and gold deposits. Several other important geochemical anomalies were also reported.

The industrial sector is under promotion traditionally as a small sector which is dependent on export-led demand and domestic demand. The industrial sectors contribution to the state economy is not very substantial, giving a share of 6.7 per cent to GDP. There are approximately 764 companies, concentrating in the food, wood and metal manufacturing industries. To accelerate industrial development, industrial estates are promoted by a Government Agency named SEDCO. There are four industrial estates (Tawau, Likas, Lok Kawi and Sandakan) in existence with a total area of 230.1 hectares.

Infrastructure remains an underlying obstacle to Sabah's economic development. Electricity, roads, airports, ports and harbors, shopping centers, industrial estates, *etc.*, are some of the most important areas for development to meet future requirements.

Sarawak is the largest state in Malaysia with a total area of 124,450 sq. km., on the north side adjacent to Sabah and Brunei Darussalam. On the west side it is bordered by South China Sea, on the east and west side it is adjacent to East Kalimantan and West Kalimantan (Indonesia). The total population is estimated at 1.65 million people based on the 1991 national census.

The main forest product of the state of Sarawak is logs, of which the total output this year is estimated at 16.5 million cubic meters, a decrease of about 11 per cent from the previous year. The total logs export of 4.7 million cubic meters during the first half of this year constituted 25 per cent of the total export revenue of Sarawak.

The total land area potential for agriculture development areas in the State of Sarawak covers 2.2 million hectares, of which 25 per cent have been cultivated with various plantation and smallholders crops, i.e. palm oil, rubber, paddy, pepper, tea, cocoa, etc. managed by small and estate holders. The important agriculture export commodity is pepper, with production reaching 31,000 tons, in 1992. Palm oil and sago starch are also becoming increasingly important agricultural export commodities in the years to come with the rapid development of oil palm and sago plantations recently. The government is implementing an Integrated Agriculture Development Project (IADP) covering an area of about 247,000 hectares, in Samarahan and Kalaka-Saribas regions.

Joint venturing of industrial projects have been developed in the state of Sarawak. LNG in Bintulu is the biggest joint industrial project, with the share composition of 61 percent belonging to Petronas Malaysia, 17 per cent to Shell International B.V., 17 per cent to Mitsubishi Corporation and another 5 per cent to the Sarawak State Government, with a capital accumulation of 3.3 billion Malaysian Ringgit. Total production capacity reached 7 million tons per year. The second biggest is ASEAN Bintulu Fertilizer industry with a capital accumulation from ASEAN member countries, but predominantly the share is owned by the Malaysian Government. The cement industry in the Pending Industrial estate, Kuching, is one local joint venture industry between the Sarawak Economic Development Corporation and the Sabah Economic Development Corporation. There are 17 plywood industries that had been supported by government in its industrialization programme.

In the tourism sector, the State of Sarawak, has started intensively to promote cultural adventure and nature tourism. Some of the tourism packages are a visit programme to the Iban and Badayuh longhouses as well as to the Sarawak Cultural Village and Heritage Centre. There are some attractive tourist destinations which consist of places of immense natural beauty and adventure in Bako, Mulu and Niah National Parks. Other tourist attractions include beaches/resorts in Santubung, Damai, Batang Ai, etc.

Labuan which was declared a Federal Territory on 16 April 1984, is directly administered by the Labuan Development Authority, a statutory body of the Federal Government. The Federal Territory of Labuan comprises the island of Labuan and covers the territories within 4.8 kilometers off the Island of Labuan including the islands of Burung, Dahat, Kuraman, Papan, Rusukan Besar and Rusukan Kecil. The Federal Territory of Labuan has a total area of 91 square kilometres, with an estimated population of 54,300.

The main economic activities of the Federal Territory of Labuan are focused on petroleum, construction and trade. In 1990, the Federal Territory of Labuan was declared an international Offshore Financial Centre (IOFC). Strategically located at the heart of Southeast Asia, Labuan is well placed to take off as an important IOFC serving the rapidly growing commercial and financial markets of the Asia-Pacific region. At the end of December 1992, there were 90 offshore companies incorporated or registered in Labuan.

(d) The Province of Mindanao

Mindanao is the second largest island in the Philippines, covering about 102,074 sq. km. The total population in 1992 was estimated at 15 million, roughly 24 per cent of the total Philippine population. The island has 23 provinces, 19 of which are in the mainland while 4 are island provinces. The largest province is Agusan del Sur, with an area of 8,965.5 sq. km.

Surigao, Bukidnon and Agusan provinces rising from the Northern Coastline have rich timberland as well as deposits of nickel, copper, silver and gold. Further, west and south, in Davao and Cotabato, are the broad green fields of the Philippine's largest banana, pineapple and abaca plantations. Mindanao therefore remains the prime contributor to the nation's agriculture production. Further west, lies the Zamboanga Peninsula. The Sulu Sea yields pearls and corals as well as a hundred varieties of fish.

Mindanao's economy remains heavily oriented to agriculture, fishery and natural resource products. Mindanao's agricultural output alone accounts for 36 per cent of the country's total agricultural production. This focus on agriculture is due to favorable soil, climate and abundant water resources. Just as important, Mindanao is outside the typhoon belt. The island supplies 67 per cent of the country's corn, 23 per cent of palay and 62 per cent of coconut. All of the country's export of bananas, natural rubber, and pineapples are produced in Mindanao. Mindanao's industrial sector, however, contributes only about 14 per cent of the nation's total production.

The Government's Medium Term Public Investment Programme will focus heavily on infrastructure development in Mindanao. Specifically, the plan is to complete the arterial road network on the island which is needed to fully develop trade among the regions in Mindanao. Improved infrastructure is expected to reduce post harvest costs, increase agricultural productivity and create business opportunities for Mindanao's entrepreneurs in the countryside. A recently constructed highway in South Cotabato has led to a 30 per cent cut in transportation costs and a doubling in traffic.

Northern Mindanao which is Mindanao's gateway to Luzon and the Visayas, would likewise be a suitable site for investments in agroprocessing and various agricultural ventures. Inspite of recent setbacks, Mindanao will

continue to have the country's most inexpensive source of power due to its hydro resources. Electric power rates are 40 per cent less than Luzon or the Visayas. The current power shortfall of approximately 200 megawatt which is more manageable than elsewhere in the country, is being addressed by several fast-track build-operate-transfer projects. In the long-term, however, the government hopes that it can maintain Mindanao's comparative advantage in energy cost by continuing to develop hydro and geothermal energy sources. Lake Lanao continues to have the potential to supply most of Mindanao's power needs and an honest-to-goodness watershed protection and development programme is being put in place. PNOC is also proceeding with the development of the Mt. Apo plant which has the potential to produce up to 240 megawatts. Likewise worth watching is the oil exploration programme with PNOC which is starting in the Cotabato River Basin bordering Cotabato City.

At the same time, Davao City is being developed as the Regional Industrial Center. Davao has also recently become the center of mining activity. High grade gold and copper deposits have been discovered in the highly mineralized mountain range running down the eastern side of Mindanao. Lastly, Western Mining of Australia has had the most active exploration programme and is currently test drilling on two properties. Zamboanga City has also been identified as the leading trade center for Western Mindanao. The feasibility of establishing a free port or an export processing zone in Zamboanga is presently being evaluated. Zamboanga is geographically and culturally much closer to the northern part of Borneo and trade with these areas is readily expandable.

Davao City is the country's third leading city and the most developed area in Mindanao. It has the best airport, telecommunications and pier facilities in Mindanao and is the leading agribusiness center of the Philippines. Noted for its exotic fruits and flowers, Davao City has been identified as among the three major Philippine tourism destinations and a tourism development plan is underway.

PNOC - Philippine National Oil Company

Appendix D

EAGA : GROWTH WITHOUT BORDERS

Address of H.E. President Fidel V. Ramos
First East ASEAN Business Convention and
Exhibits (EABCE), Central Bank Convention Center
Davao City, Philippines
November 18, 1994

INTRODUCTION

MAY I EXTEND MY WARMEST WELCOME — AND THAT OF ALL FILIPINOS — TO YOU, THE ORGANIZERS, LEADERS AND DELEGATES TO THIS FIRST EAST ASEAN BUSINESS CONVENTION AND EXHIBITS (EABCE).

THIS GATHERING, WHICH HAS BEEN LONG OVERDUE, IS REALLY SOMETHING OF A "FAMILY REUNION," AND OURS IS A FAMILY THAT CAN TRACE ITS CONNECTIONS BACK TO A THOUSAND YEARS.

OVER THAT TIME — AND AS WITH ANY FAMILY — SOME OF OUR MEMBERS HAVE FARED BETTER THAN OTHERS.

BUT HERE, TODAY, WE MEET TO REAFFIRM NOT ONLY OUR BASIC TIES IN THE PAST, BUT ALSO — AND EVEN MORE SIGNIFICANTLY — OUR SHARED INTERESTS AND PROSPECTS IN WHAT IS CERTAIN TO BE A PROSPEROUS FUTURE FOR ALL.

THE ASEAN SPIRIT

YOUR VERY PRESENCE IN THIS CONFERENCE ATTESTS TO THE VITALITY OF THE ASEAN SPIRIT.

THE EAGA WAS A MERE CONCEPT WHICH I STARTED DISCUSSING WITH THE ASEAN HEADS OF THE GOVERNMENT IN OCTOBER 1992. PARTICULARLY, PRESIDENT SOEHARTO OF INDONESIA,

WHEN WE ALL MET IN BRUNEI ON THE OCCASION OF THE SILVER JUBILEE OF HIS MAJESTY SULTAN HASSANAL BOLKIAH. BUT SUCH WAS OUR BELIEF IN THE DESIRABILITY — AND WORKABILITY OF THE IDEA — AND SUCH WAS OUR COMMITMENT TO MAKING IT HAPPEN — THAT, WITH THIS CONVENTION, THE EAGA HAS NOW BECOME A PRACTICAL REALITY.

WHILE WE ALL HAVE OUR INDIVIDUAL STRENGTHS, IT MAKES SENSE FOR THOSE OF US WITHIN A COMMON AND GEOGRAPHIC AND CULTURAL ZONE TO AVAIL OURSELVES OF THE COMPLEMENTARITIES OF OUR ECONOMIES.

IN THE GLOBAL MARKETS OF THE 21ST CENTURY, THE COUNTRIES THAT WILL BEST SURVIVE AND PROSPER ARE THOSE THAT COOPERATE WITH THEIR LOGICAL ECONOMIC PARTNERS IN ACHIEVING SYNERGISTIC EFFICIENCIES AMONG THEM.

THUS, THE GOVERNMENTS AND PEOPLES OF ASEAN HAVE A STRATEGIC STAKE IN EAGA'S SUCCESS. AND FOR EAGA TO WORK AS A SOUND ECONOMIC CONCEPT, IT MUST BE SUPPORTED BY POLITICAL COMMITMENT OF OUR RESPECTIVE NATIONAL LEADERS, AND OF OUR BUSINESS SECTORS.

I MUST COMMEND YOU — THE BUSINESS LEADERS OF ASEAN — FOR EXERTING MAXIMUM EFFORTS TO ACHIEVE THIS CHERISHED GOAL.

THE BUSINESS SECTOR HAS RESPONDED IN VERY CONCRETE TERMS TO THE EAGA INITIATIVE BY EXPANDING CROSS-BORDER INVESTMENTS AND INTENSIFYING TRADE IN OUR SUBREGION.

YOUR SEVERAL BUSINESS AGREEMENTS AND PARTNERSHIPS AND THE LAUNCHING OF A MASSIVE RESORT DEVELOPMENT PROJECT ON SAMAL ISLAND, A PIONEER EAGA PROJECT INVOLVING SUBSTANTIAL MALAYSIAN INVESTMENTS, REPRESENT WHAT EAGA IS ALL ABOUT.

IN STRENGTHENING OUR TIES, WE SEE MINDANAO TO BE OUR MAIN BRIDGE TO THE REST OF THE REGION. OUR ENTHUSIASM FOR A GROWTH AREA IN THE PHILIPPINE SOUTH IS CONSISTENT

WITH OUR VISION OF ACHIEVING COMPREHENSIVE AND SUSTAINED DEVELOPMENT THROUGHOUT THE PHILIPPINES.

AS WE APPROACH THE NEW CENTURY, WE HAVE EMBARKED ON A GREAT ENTERPRISE OF TRANSFORMING THE PHILIPPINES INTO A NEWLY-INDUSTRIALIZING COUNTRY (NIC) BY THE TURN OF THE CENTURY. THIS VISION OF OURS — WE HAVE CALLED "PHILIPPINES 2000!!!".

WITHIN THIS VISION, WE SEE MINDANAO BECOMING A CRUCIAL AND DYNAMIC CENTER OF GROWTH. TRADITIONALLY, MINDANAO HAS BEEN THE COUNTRY'S LEADING AGRICULTURAL EXPORTER AND A MAJOR CONSUMER MARKET.

WITH THE FORMATION OF THE EAGA, MINDANAO CAN DIRECTLY EXPAND ITS TRADE WITH A MARKET OF 40 MILLION PEOPLE IN THE EAGA, AND WITH THE REST OF THE WORLD. WE IN THE NATIONAL GOVERNMENT WILL SUPPORT MINDANAO IN THIS EFFORT BY PROVIDING THE NECESSARY INFRASTRUCTURE INCENTIVES AND GROWTH-PRIMING POLICIES.

RECENT PHILIPPINE PERFORMANCE

OUR EXPERIENCE OVER THE PAST TWO YEARS LEADS US TO VIEW PROSPECTS OF MINDANAO, THE PHILIPPINES AND EAGA AS A WHOLE, WITH CONFIDENCE.

FROM NEAR-ZERO ECONOMIC GROWTH, IN THE EARLY 90S, OUR ECONOMY GREW BY MORE-THAN-5% IN REAL GNP OVER THE FIRST HALF OF THIS YEAR. THIS MORE THAN DOUBLED LAST YEAR'S GROWTH

EXPORTS FOR THE FIRST NINE MONTHS OF 1994 ARE UP 18% OVER THE RECORD EXPORT LEVEL OF US$11.9 BILLION THAT WE REGISTERED IN 1993.

MOST IMPORTANT, FOREIGN AND DOMESTIC INVESTMENTS IN THE FIRST SEMESTER OF 1994 HAVE HIT US$3.3 BILLION. THIS IS

A 330% INCREASE OVER THE SAME PERIOD LAST YEAR, AND BY ITSELF IS ALREADY 144% HIGHER THAN TOTAL INVESTMENTS IN THE WHOLE YEAR OF 1993.

INFLATION HAS BEEN BROUGHT DOWN TO 7.8% AS OF END OCTOBER. WE SHOULD BRING IT DOWN TO 7.5% BY THE YEAR-END, AND TO 5% BY THE END OF 1995.

OUR DEBT-SERVICE RATIO HAS DECLINED TO 18% OF EXPORT EARNINGS, DOWN FROM 37% JUST A YEAR AGO. LAST YEAR, WE RE-ENTERED THE INTERNATIONAL CAPITAL MARKET AND HAVE SUCCESSFULLY RAISED US$ 1.0 BILLION THROUGH A SERIES OF EUROBOND FLOTATIONS.

THE PHILIPPINE STOCK MARKET HAS BECOME ONE OF THE REGION'S STRONGEST AND MOST ACTIVE, WITH ORDINARY CITIZENS INVESTING THEIR SAVINGS IN OUR MOST PROFITABLE CORPORATIONS.

ON THE REBOUND

THESE ARE ALL CLEAR SIGNS OF AN ECONOMY ON THE REBOUND, AND FINANCIAL INSTITUTIONS, ECONOMIC ANALYSTS AND INDEPENDENT OBSERVERS THE WORLD OVER HAVE GIVEN THE PHILIPPINES HIGH MARKS FOR ACHIEVING THIS TURNAROUND.

THEY ALSO NOTED THAT THE PHILIPPINES HAS FINALLY MANAGED TO ACHIEVE POLITICAL STABILITY AS THE FIRM FOUNDATION FOR ECONOMIC GROWTH. I AM PLEASED TO TELL YOU THAT OUR POLITICAL LEADERS HAVE AGREED ON A CONSENSUS FOR GROWTH — SETTING ASIDE PARTISAN DIFFERENCES FOR THE NATIONAL GOOD.

WE BELIEVE THAT WE CAN SUSTAIN THIS MOMMENTUM BY STICKING TO THOSE POLICIES THAT HAVE BEEN WORKING VERY WELL FOR US.

WE ARE NOW COMMITTED TO THE PURSUIT OF A MORE OPEN AND OUTWARD-LOOKING ECONOMY. WE HAVE REPUDIATED PROTECTIONISM AS AN ECONOMIC PHILOSOPHY THAT LEADS ONLY TO INEFFICIENCY AND STAGNATION.

INSTEAD, WE HAVE EMBRACED THE CHALLENGES OF AN OPEN GLOBAL ECONOMY. WE REALIZE THAT THIS WILL REQUIRE DIFFICULT ADJUSTMENTS IN OUR WAYS OF THINKING AND DOING THINGS. BUT WE ALSO REALIZE THAT ENDURING GROWTH IN THE 21st CENTURY CAN ONLY BE ACHIEVED ON THESE TERMS.

THUS, WE LOOK FORWARD TO ACCEDING TO THE GATT URUGUAY ROUND (GATT-UR) AGREEMENTS IN TIME FOR THE ACTIVATION OF THE WORLD TRADE ORGANIZATION (WTO) IN JANUARY 1995.

THE DIRECTION HAS CLEARLY BEEN TOWARD FREE TRADE EVEN PRIOR TO THE GATT-UR. UNILATERALLY, WE HAVE PARED DOWN A PAST LIST OF 2,720 ITEMS RESTRICTED FOR IMPORT BY 95% TO A MUCH SHORTER LIST OF ONLY 183 PROTECTED ITEMS.

LIBERALIZATION FOR GROWTH

LIBERALIZATION IS THE CENTRAL THEME OF OUR ECONOMIC GROWTH.

OVER THE PAST TWO YEARS, WE HAVE LIBERALIZED AND DEREGULATED KEY INDUSTRIES THAT WERE LONG MONOPOLIZED AND CARTELIZED BY VESTED INTEREST GROUPS. IN THE TELECOMMUNICATIONS INDUSTRY, FOR INSTANCE, WE ARE WITNESSING UNPRECEDENTED INVESTMENTS AND GROWTH AS A RESULT OF DEREGULATION. IN MINDANAO ALONE, 1993 SAW A 27% INCREASE IN TELEPHONE LINE CAPACITY AND THE PLACING OF DIGITAL INTERCONNECTION OF TELEPHONE SERVICES IN MOST MAJOR URBAN CENTERS.

RECENTLY, WE ALSO OPENED UP AND DECARTELIZED INTER-ISLAND SHIPPING AND INSURANCE AND ARE MOVING TO MORE DEREGULATION IN LAND AND AIR TRANSPORTATION. MORE FILIPINOS NOW ENJOY BETTER AND CHEAPER SERVICES BECAUSE OF THE RESULTANT COMPETITION.

WE HAVE PASSED LAWS THAT PROVIDE BROAD OPPORTUNITIES FOR THE PRIVATE SECTOR TO INVEST IN KEY PUBLIC INFRASTRUCTURE PROJECTS THROUGH EXPANDED BUILD-OPERATE-TRANSFER (B-O-T) ARRANGEMENTS WITH GOVERNMENT.

AND I AM SURE IT WILL BE OF GREAT INTEREST TO YOU TO KNOW THAT THE PHILIPPINES RECENTLY PASSED VERY LIBERAL LAWS ON THE ENTRY OF FOREIGN INVESTMENTS AND THE LONG-TERM LEASE OF LAND BY FOREIGN ENTITIES.

FOREIGNERS MAY NOW HOLD 100% EQUITY IN PRACTICALLY ALL AREAS OF INVESTMENTS. FOREIGNERS MAY ALSO LEASE LAND FOR AS LONG AS 75 YEARS.

WE HAVE ALSO PRIVATIZED DOZENS OF GOVERNMENT ASSETS AND CORPORATIONS OR COMPONENTS THEREOF.

THE PHILIPPINES, THEREFORE, IS FULLY PREPARED AND VERY EAGER TO PLAY ITS PART IN EAGA.

A BORDERLESS ECONOMIC REGION

HAVING COME THIS FAR, WE SHOULD NOW TAKE A LOOK AT WHAT MAY LIE AHEAD FOR EAGA, AS A WHOLE IN ITS SECOND, POST PLANNING AND OPERATIONAL PHASE.

THE VISION THAT THE PHILIPPINES WOULD LIKE TO SHARE FOR EAGA PHASE II IS THAT OF A BORDERLESS ECONOMIC REGION — A ZONE OF FREE TRADE IN REAL AND CONCRETE TERMS.

WE VIEW THE EAGA IN THE FUTURE AS A DYNAMICALLY GROWING SUBREGION WHERE THERE IS NO DISTINCTION BETWEEN DOMESTIC AND FOREIGN INVESTMENTS AND BUSINESSES OPERATING WITHIN THE GROWTH AREA.

THIS IS THE KIND OF ECONOMIC COMPLEMENTATION WE MUST SEEK THROUGH EAGA. IT REFLECTS VERY MUCH THE GLOBALIZATION OF BUSINESS HAPPENING IN EVERY CORNER OF THE WORLD.

A BORDERLESS ECONOMIC REGION, WHERE THE MOVEMENT OF GOODS, SERVICES AND PEOPLE IS FREE AND UNRESTRICTED SHOULD DRAMATICALLY INCREASE TRADE, TOURISM AND INVESTMENT.

TO OPEN EXCHANGE OF RAW MATERIALS, FINANCIAL CAPITAL, TECHNOLOGIES AND EXPERTISE AND LABOR WOULD ALLOW BUSINESSES TO SEEK FURTHER COMPARATIVE ADVANTAGES IN ORDER TO ENHANCE THEIR COMPETITIVENESS IN THE GLOBAL MARKET.

WHAT WE MUST STRIVE FOR IS AN EAGA TARIFF REGIME AS LIBERAL AS POSSIBLE. HISTORICALLY, OUR FOREFATHERS HAD PRACTICED FREE TRADE IN THIS AREA. IF IT IS TO THE MUTUAL BENEFIT OF ALL PARTIES, I CANNOT SEE WHY WE CANNOT PRACTICE IT ONCE AGAIN IN THE EAGA. I CHALLENGE OUR BUSINESSMEN TO MASTER THESE ISSUES AND THEIR COMPLICATIONS.

WE SHOULD ALSO BE PREPARED TO CONSIDER THE HARMONIZATION OF CUSTOMS POLICIES AND PROCEDURE AS ANOTHER ELEMENT OF A BORDERLESS EAGA. UNNECESSARY TEDIOUS CUSTOMS PROCEDURES SERVE AS BARRIERS WHICH CAN BE MORE TAXING THAN TAXES THEMSELVES.

IN ASIA, IT IS FACE-TO-FACE INTERACTION THAT MAKES BUSINESS TRANSACTIONS HAPPEN. WITH EXISTING RESTRICTIONS ON THE MOVEMENT OF PEOPLE, WE LOSE NUMEROUS OPPORTUNITIES FOR INCREASED TRADE AND INVESTMENT WHICH COULD HAVE MATERIALIZED WITH GREATER PERSONAL INTERACTION WITHIN THE PRIVATE SECTOR.

TO EASE THIS PROBLEM, I RECENTLY LIFTED THE COLLECTION OF TRAVEL TAXES ON FILIPINO NATIONALS WHO TRAVEL BY SEA FROM MINDANAO TO EAGA DESTINATIONS. WE ARE CURRENTLY STUDYING APPLYING THE SAME FOR AIR TRAVEL.

THIS IS A CONCRETE FIRST STEP, AND THIS UNILATERAL CHANGE IN POLICY REFLECTS THE SERIOUSNESS WITH WHICH THE PHILIPPINES BELIEVES IN EAGA.

TOGETHER, WE MUST ELIMINATE OTHER OBSTACLES TO THE FREE MOVEMENT OF PEOPLE WHICH BLOCK THE PURSUIT OF OPPORTUNITIES IN BUSINESS, RECREATION AND TOURISM, EMPLOYMENT AND CULTURAL EXCHANGE.

PROMOTING INVESTMENTS IN EAGA

FINALLY, WE MUST REVIEW AND HARMONIZE OUR POLICIES AND INCENTIVES WITH RESPECT TO FOREIGN INVESTMENTS, PARTICULARLY THOSE TO BE BASED IN THE EAGA.

WE MUST REALIZE THAT ALTHOUGH INTRA-EAGA VENTURES WILL HELP FUEL GROWTH IN THE AREA, WE MUST LOOK TOWARDS ATTRACTING A LARGER SHARE OF THE INVESTMENTS HEADED FOR ASIA FROM THE DEVELOPED COUNTRIES AND THE NICs TO THE EAGA.

PROMOTING THE EAGA AS A CONSOLIDATED AREA WILL IMPROVE OUR CHANCES OF CAPTURING A LARGER SHARE OF GLOBAL INVESTMENTS IN ASIA.

OUR COMBINED RESOURCES AND NATURAL ENDOWMENTS ARE ATTRACTIVE AND STILL RELATIVELY UNTAPPED. TOGETHER, THEY CAN FORM A FORMIDABLE PACKAGE OF INVESTMENTS PROSPECTS.

IT IS TIME TO OPEN OUR SHOP AND PUT UP OUR SIGN, EAGA IS OPEN FOR BUSINESS, AND WE WELCOME ALL COMERS.

EXACTLY HOW GOOD BUSINESS WILL BE WILL DEPEND LARGELY ON THE RESPONSE OF THE PRIVATE SECTOR IN TERMS OF CONCRETE INITIAL INVESTMENTS AND TRADE.

TO PROVE TO THE REST OF THE WORLD THAT EAGA WORKS, WE SHALL HAVE TO PROVE THIS FIRST AMONG OURSELVES. AND HERE THE PRIVATE SECTOR — WITH ADEQUATE POLICY SUPPORT FROM ALL OUR GOVERNMENTS — WILL TAKE THE LEADING ROLE.

CLOSING

THIS IS WHY THIS CONFERENCE IS SO SIGNIFICANT. AND THIS IS WHY I AM EXTREMELY OPTIMISTIC ABOUT THE PROSPECTS OF THE EAGA.

THE ENTREPRENEURS OF THIS PART OF THE WORLD HAVE WEATHERED CENTURIES OF WAR AND POLITICAL VICISSITUDES. INDEED, THEY HAVE SHOWN THE REST OF THE WORLD THAT, IN THE END, WHAT COUNTS AMONG PEOPLE EVERYWHERE IS PEACE AND THE PROSPERITY IT MAKES POSSIBLE.

I HAVE THE HIGHEST HOPES FOR THE SUCCESS OF THIS CONFERENCE AND EXHIBITION, AND, IN CLOSING, I REITERATE MY WARMEST CONGRATULATIONS AND HIGHEST COMMENDATIONS TO ITS ORGANIZERS AND PARTICIPANTS.

MAY WE ALL ACHIEVE ANOTHER MILLENNIUM OF GROWTH, IN FRIENDSHIP AND COOPERATION.

MABUHAY ANG EAGA! A LONG LIFE TO ALL, AND THANK YOU.

Appendix E

BIMP-EAGA BUSINESS VENTURES
PHILIPPINES-MALAYSIA

Signed during PFVR Visit to Singapore
12-13 October 1994

Proponents	Type of Project	Project Cost
Malaysia Consotech Sdn. Bhe. (Sabah) **Philippines** East Asian Marketing Corporation	detergent manufacturing in Davao Province	US$20M
Malaysia Well-Beng Huat **Philippines** Ramon Mitra	Bullet Express Corporation passenger ferry service in Visayas	US$10M
Malaysia Sarawak Economic Development Corporation **Philippines** San Andres Fishing	joint study on deep sea fishing in Sarawak	—

About the UP Center for Integrative and Development Studies

The University of the Philippines-Center for Integrative and Development Studies (UP-CIDS) was established in September 1985 to promote interdisciplinary studies on critical topics that influence development policies and issues.

The UP-CIDS initiates and supports research involving innovative methodological approaches and multidisciplinary collaboration. While public policy questions are the primary concern of UP-CIDS, it also encourages basic research that is needed for informed formulation of policy.

The UP-CIDS functions under the Office of the UP President. The UP-CIDS has four major programs: the UP State of the Nation Assessment Program; the Peace, Conflict Resolution, and Human Rights Program; the Education Research Program; and Special Programs. For further information, contact: The Executive Director, UP-CIDS, UP Diliman, Quezon City. Tel. Nos. 97-35-40, 99-96-91 (fax) and 98-24-71/79 local 5518.

Mindanao Studies Program at UP (MSP-UP)

The Mindanao Studies Program which the UP-CIDS is seeding began from the need for a meaningful presence of the University in Mindanao. This need has been increasingly felt because of the major changes generated in the region by development processes and the continuing problems of separatism and insurgency. The Program represents a more organized effort by the University to contribute its intellectual, academic, and professional expertise and resources towards enhancing the understanding of government, the private sector, and media of the development of regional potentials for political, economic, social, and cultural progress.

As the premier state university in the country, the University of the Philippines is expected to contribute substantially, not only to the intellectual growth of the nation in general, but also to the region in particular.

The Mindanao Studies Program is the University's modest response to the challenge of Mindanao. The MSP-UP seeks to explore areas of cooperation and collaboration with existing institutions and agencies involved in the development of Mindanao.

In addition, the Program aims to help in the systematic documentation, organization, preservation, and dissemination of knowledge and information on Mindanao through research, studies, seminars, and workshops. At the same time, the Program hopes to contribute meaningfully towards state policy formulation and public information service in relation to Mindanao. MSP-UP's ultimate goal is to institutionalize the Program in a sustainable and responsive manner.