

The Extent of Gateway Business Park Locators' Integration with the Local Economy

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ABSTRACT

Export processing zones (EPZs) are one of the main components of the foreign-investment-led, export-oriented industrialization (EOI) strategy. The Philippine government as well as private investors was encouraged to put up economic zones in response to the implementation of "*The Special Economic Zone Act of 1995*." When EPZs were established in certain localities, a number of socio-economic changes happened and development soon followed. This research examined the extent of integration of the Gateway Business Park (GBP) locators with the domestic economy as well as how the local entrepreneurs optimize the benefits or opportunities that GBP provides. It clarified EPZs' spill over effects to the host economy and to the local entrepreneurs. The scope of the study covered the year when GBP was established, year 1990 until year 2007. The findings revealed that the usage of local raw materials in the manufacturing processes was not fully utilized, since most of the GBP locators use 100% imported raw materials. Likewise, almost half of the GBP locators export their products. Furthermore, it was found out that the linkage between the GBP locators and the local entrepreneurs in terms of the use of raw materials in the manufacturing processes was not that strong.

Key Words: export-oriented industrialization strategy, export processing zones, locators' integration, technology transfer, foreign investment

Since the early 1960s, many developing countries have implemented export-oriented industrialization strategy to promote industrialization. Export processing zones (EPZs) are one of the main components of the foreign-investment-led, export-oriented industrialization (EOI) strategy.

It is the policy of the Philippines to attract, promote and welcome productive investments from foreign individuals, partnerships, corporations, and governments, including their political subdivisions in activities which significantly contribute to national industrialization and socio-economic development to the extent that foreign investment is

allowed in such activity by the Constitution and relevant laws. This was supported by the Republic Act No. 7042 otherwise known as the Foreign Investments Act of 1991. Aside from the implementation of this law, another law enacted and this was the Republic Act No. 7916 otherwise known as the Special Economic Zone of 1995.

The Republic Act No. 7916 otherwise known as the Special Economic Zone Act of 1995

It is the declared policy of the government to translate into practical realities the following State policies and mandates in the 1987 Constitution, namely:

- (a) The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments. (Sec. 20, Art. II)
- (b) The State shall promote the preferential use of Filipino labor, domestic materials and locally produced goods, and adopt measures that help make them competitive (Sec. 12, Art. XII).

In pursuance of these policies, the government shall actively encourage, promote, induce and accelerate a sound and balanced industrial, economic and social development of the country in order to provide jobs to the people especially those in the rural areas, increase their productivity and their individual and family income, and thereby improve the level and quality of their living condition through the establishment, among others, of special economic zones in suitable and strategic locations in the country and through measures that shall effectively attract legitimate and productive foreign investments.

One way of doing this is by establishing eco-zones. In order to promote the flow of investors whether local or foreign, the government has to put up special economic zones which would generate employment opportunities and establish backward and forward linkages among industries in and around the economic zones. Based on RA 7916, one of the criteria for the establishment of eco-zones is the availability of skilled, semi-skilled and non-skilled trainable labor force in and around the ECOZONE (Sec. 6).

The Philippine government established a number of EPZs, Information Technology parks and Tourism economic zones in the different parts of the archipelago when the country decided to adopt the EOI strategy. The Philippines has IT parks with 265 operating firms; tourism economic zones with five (5) operating firms; four (4) public economic zones namely: Baguio City Economic Zone, Bataan Economic Zone, Cavite Economic Zone and Mactan Economic Zone

with 423 operating firms within these economic zones. Private investors were also encouraged to put up economic zones and there are 528 firms operating in these private economic zones (<http://www.peza.gov.ph>, 2008).

The Municipality of General Trias' decision of adopting the EOI strategy through the establishment of Gateway Business Park (GBP) has provided impetus to the development of Cavite and more specifically that of the municipality of General Trias. Studies revealed that, as long as the EPZ firms are highly integrated with the local economy, the local entrepreneurs could maximize the benefits or opportunities that EPZs provide (Treanor, 2008). Likewise, literature revealed that the extent of EPZ firms' integration to the local economy can be measured or gauged in terms of the local content of the products manufactured, location of the EPZ, government intervention, equity of participation, economic aspect, social and political background of the countries that adopted this EOI strategy (Wong and Chu, 1984).

Background of the Export Processing Zones in the Philippines

The idea of establishing EPZs in the Philippines dates back to 1923 (Castro, 1982) when the Chamber of Commerce of the Philippines agreed on the setting up of a free port to serve as a free trade zone. In 1937, President Quezon received a favorable recommendations from the committee appointed to study the plan. After the 1946 Declaration of Independence, implementation of the plan was delayed for several years (Castro, 1982).

In August 1967, Congressman Roman of Bataan proposed a bill for Congress to consider the establishment of a free port in the municipality of Mariveles, Bataan. On June 21, 1969, the original free port plan, with some amendments, was signed into law (Republic Act No. 5490) by President Marcos. The Law provided for the conversion of Mariveles into a port of entry, thus establishing the first free port zone in the Philippines. The Foreign Trade Zone Authority was also set up to plan, develop and manage the zone. It was the forerunner of the Export Processing Zone Authority (EPZA) and Bataan became the first EPZ in the Philippines (Castro, 1982; Diokno, 1989; Warr, 1984).

In the 1970s, there was a shift from an inward-looking import substitution policy of the 1950s and 1960s to a more outward-looking, market-oriented policy. That move was to hasten the development of the country. It was at this time when the government-sponsored export processing zones were developed. These zones were intended to compensate for infrastructure deficiencies throughout the country, thereby facilitating investment in manufacturing. By developing sites with readily available transportation, power and communication

facilities, the four EPZs located in Bataan, Mactan, Baguio and Cavite are said to be attractive destinations for foreign direct investment (FDI).

The enactment of RA 6135 of the Investments Incentives Act and RA 5186 of the Exports Incentives Act support the liberalization of the Philippine economy during the Marcos administration. Through these laws, foreign investors were encouraged to invest in the Philippines. Moreover, the late President Marcos issued Presidential Decree No.66 that provided the benefits and privileges of the investors to encourage them to put up their businesses in the Philippines. Between 1973 and 1986, four (4) export processing zones were set up in the country and these EPZs draw more foreign investors in the archipelago (Diokno, 1989).

The successors of the late President Marcos continued the export-oriented growth strategy to promote industrialization. On October 19, 1990, former President Corazon C. Aquino launched the CALABARZON (Cavite-Laguna-Batangas-Rizal-Quezon), a regional development program that aims to promote an export-oriented industrialization (EOI) strategy (PEZA, 1997). The passage of different laws such as Development Act of 1994, RA No.7916 or the Special Economic Zone Act of 1995, RA No.7227 or the Bases Conversion and Development Act of 1992, clearly manifests the commitment of the Ramos administration to promote foreign investments. The Bases Conversion Development Authority has the Subic Bay Metropolitan Authority (SBMA) and the Clark Development Corporation (CDC) as the implementing arms.

On February 24, 1995, Republic Act No. 7916 provided for the creation of the Philippine Economic Zone Authority (PEZA) attached to the DTI. Under the new law, the responsibility of the PEZA includes the administration of industrial estates (IEs), free trade zones (FTZs), and tourist/recreational centres referred to as special economic zones (SEZs) or ecozones (Congress of the Philippines, 1995). A controversial aspect of the act, also known as the Special Economic Zone Act of 1995, is that it makes it possible for EPZ-based enterprises to sell some of their output in the domestic market, hereby competing with local producers.

The emphasis that is being placed on the promotion of these zones must be understood in the context of the 1993-98 Philippine Development Plan, which identifies industrialization as being critical for attaining the goals of poverty alleviation, social and economic development and global competitiveness.

The Estrada administration conceptualized the Philippine Export Development Plan to support the export-oriented industrialization (Philippine Exporters Confederation, Inc., 1999). The Arroyo administration, on the other hand, promoted foreign investment through the Philippine Export Development Plan (PEDP) 2001-2004,

which is a part of her Medium-Term Philippine Development (MTPDP). The PEDP focuses on sectors such as food, marine and organic or natural products, construction materials, electronics, motor vehicle parts and information technology services. The government is also pushing the conversion of agricultural lands into agro-industrial estates to produce crops for export under the Agriculture and Fisheries Modernization Act (AFMA).

Based on the study conducted by Remedio (1996), there were several reasons why the Philippine government continues to attract foreign investors. According to her, among others are: the strategic location of the country, the government's positive attitude towards foreign investment, favorable business climate which is attributed to the passage of the Omnibus Investment Code of 1987 and the Foreign Investment Act of 1991, large supply of labor, presence of competent managerial and technical personnel, high labor productivity, competitive wage rates, high standard of living at low cost, large market, ideal land area because most of the eco zones are close to the airport, sea ports and are very accessible, adequate facilities, lower investment and operating costs, and exemption from taxes and duties. Until now, the Philippines is adopting the export-oriented industrialization strategy. In fact, there are a number of EPZs located in almost all part of the archipelago.

Since the inception of the first four economic export processing zones in the following areas: Bataan, Baguio City, Mactan, and Cavite in 1972, EPZs in the Philippines have been a success in terms of attracting FDI, diversifying exports and creating direct and indirect employment in regions where they are located. It has also contributed to national and local economic growth and they have had a positive impact on the performance of exports, the value of inward investment and more importantly employment (Remedio, 1996).

Cavite's Export-Processing Zones

The province of Cavite is 30 kilometers south of Manila and like other parts of the archipelago, the province adopted an export-led industrialization strategy through establishments of different economic zones.

In Cavite, there are 12 PEZA-registered export-processing zones situated in various parts of the province (<http://www.peza.gov.ph>, 2008). These are the following:

[1] **Cavite Economic Zone** located at Rosario, Cavite with 278.51 hectares. PEZA owns and operates this EPZ. This EPZ is about 278.51 hectares. The equity of participation is 100% Filipino. The

preferred type of industries are: tobacco products, wearing apparels, leather products, wood and wood products, paper and paper board products, plastic, rubber, and glass products, fabricated metal, office computing machinery, Electrical Machines, Food Industries, Clocks and Watch Parts, Packaging of Airline and Hotel Supplies, Fiberglass Products.

[2] **Cavite Eco-Industrial Estate located at Pasong Kawayan**, General Trias, Cavite with 104.95 hectares. The said EPZ is also the owner and developer of this eco-zone. The equity of participation is 100% Filipino. The EPZ prefers light to medium scale, non-pollutive industries.

[3] **Cavite Productivity and Economic Zone** located at Sahud-Ulan, Tanza, Cavite with 116.22 hectares. The said EPZ is also the owner and developer of this eco-zone. The equity of participation is 100% Filipino. The EPZ prefers Electronic Products, Electrical Machinery, Semiconductors industries.

[4] **Daiichi Industrial Park** located at Maguyam, Silang, Cavite with 55.02 hectares. The Daiichi Property Ventures, Inc. is the owner and developer of this eco-zone. The equity of participation is 100% Filipino. The EPZ prefers Moulds, Plastic Products, Plastic Injection and Parts for Audio Components & Other Electronic Equipment Fabrication of Precision Molding Dye, Design of Equipment for Automation and Energy Conservation Electronic Products, Electrical Machinery, Semiconductors industries.

[5] **EMI Special Economic Zone** located at Brgy. Anabu II, Imus, Cavite with 26.68 hectares. The EMI-Jolou Realty Inc. is the owner and developer of this eco-zone. The equity of participation is 60% Filipino and 40% Japanese. The EPZ prefers Light Scale Industries.

[6] **Fil-Estate Industrial Park** located at Trece Martirez City and Tanza, Cavite with 80.62 hectares. The Fil-Estate Industrial Park, Inc. is the developer and operator of this eco-zone. The equity of participation is 100% Filipino. The EPZ prefers electronics, garments, Food processing, leather products, metal fabrication, toys, gifts and house wares.

[7] **Fil-Oil Special Economic Zone** located at Rosario, Cavite with 50.32 hectares. The Fil-oil Development and Management Corporation is the developer and operator of this eco-zone. The equity of participation is 100% Filipino and there is no preferred industries.

[8] **First Cavite Industrial Estate (FCIE)** is located in Brgy. Langkaan, Dasmariñas, Cavite. It has an area of sixty hectares (60). Types of industries are Garments, Tents, Metal Stamping Parts, Printed Circuit Boards, Dyed Yams, Lead Frames, Mold and Die-cast Metal Products and Screws, Magnetic Floppy Disks, Aluminum Products,

Polyethylene Foams into Lid and Tray, Bags and Luggages, Automated Machine and Machine Parts, Various Grating Steel Products. The developer and operator is the First Cavite Industrial Estate, Inc. Equity participation is 60% Filipino and 40% Japanese.

[9] **Gateway Business Park** located at Governor's Drive, Barangay General Trias, Cavite with 27.81 hectares. The Gateway Property Holdings, Inc. is the developer and operator of this eco-zone. The equity of participation is 80% Filipino and 20% Indonesian. The EPZ prefers Semiconductors, Metal Moulds, Connector Parts, High Grade Gold Bonding Wires, Plastic Products, Plating of Pins, Electronic Circuit, Gaseous & Liquid Nitrogen and Special Gases, Microprocessor Electronic Integrated Circuits, Intimate Apparels, Cordless Telephone, Carrier Tape Labeling Machines, Various Contamination Control and Cleaning Products and Electronics. GBP is the most expensive industrial estate in the country, and is one of Asia's most sophisticated industrial estates (Philippine Daily Inquirer, December 3, 1994). GBP is equipped with the state-of-the-art facilities and infrastructures, including an on-site digital exchange system and a P40 million-wastewater treatment plant processing three million gallons of wastewater per day. In another newspaper article, the GBP was one of the most high-tech in terms of its facilities and infrastructures located within its premises (Manila Bulletin, December 4, 1994).

[10] **Golden Mile Business Park** located at Barangay Maduya, Carmona, Cavite with 37.4763 hectares. The Golden Mile Resources Development Corp. is the developer and operator of this eco-zone. The equity of participation is 64% Filipino and 36% Chinese. The EPZ prefers Light to medium scale, non-pollutive industries and Electronics.

[11] **Island Cove Tourism Economic Zone** located at Covelandia Road, Binakayan, Kawit, Cavite with 13.8935 hectares. The Island Cove Corporation is the developer and operator of this eco-zone. The equity of participation is 100 % Filipino and there is no preferred industries.

[12] **People's Technology Complex (PTC)** located in Maduya, Carmona, Cavite. It has an area of 53 hectares. Types of industries are light and medium intensity industries like processed food, metal products, electronics, garments, gifts, toys and house wares. Investors must provide their own water treatment facilities for pollutants. Water supply sources are two (2) deep wells with depth of 600 feet each with an elevated storage tank of 50,000-gallon capacity. The developer and operator is the ROHM Realty Corporation. Equity participation is 100% Filipino.

Among these economic zones, Gateway Business Park (GBP) was considered as the most expensive industrial estate and was even

regarded as one of Asia’s most sophisticated industrial estate, as such how it emerged and came into existence is in order.

Profile of the Gateway Business Park

The 180 hectares of land where the Gateway Business Park is situated used to be a mango plantation owned by Mr. Geronimo delos Reyes, a real estate developer. However, as years passed by, trees were not that very fruitful and productive. Mr. delos Reyes hired an agriculturist to check on the situation and found out that the soil was no longer suitable for agriculture. The delos Reyes family then thought of converting their land into an industrial estate, just in time when the Aquino administration came out with the Omnibus Law, which gave tax holidays to investors who would set up an industrial estate.

In the year 1990, the Gateway Business Park (GBP) was established where it accommodated 16 PEZA registered firms classified under special economic zones (SEZs) and 11 non-PEZA registered firms. These special economic zones (SEZs) are composed mostly of firms that manufacture semi-conductors and electrical products. The Gateway Business Park (GBP) is very selective when it comes to industries inside the industrial estate. GBP claims that it prefers light to medium and environmentally responsible firms. Below is the list and profile of the 16 PEZA registered and 11 non-PEZA registered firms (The Gateway Business Park Administration & PEZA, 2007).

Table 1
Profile of these sixteen (16) PEZA registered firms

Name of Company	Product / Activity	Equity Participation
Analog Devices Gen. Trias, Inc.	Manufacture, assembly and testing of semiconductor devices and inspection of dice.	99.993% Dutch 00.005% Filipino 00.002% American
Cypress Manufacturing, Limited – Philippine Branch	Manufacture of electronic integrated circuits.	100% American
Enomoto Philippine Manufacturing, Inc.	Manufacture of metal moulds & connector parts.	99.8% Japanese 00.2% Filipino

Name of Company	Product / Activity	Equity Participation
Fujihiro Philippines, Inc.	Provide smooth material feeding of metal strips to export enterprise engaged in lead-frame, connectors & semiconductor mfg & to undertake sophisticated high value metal scrap recycling system.	100% Japanese
Fujihiro Philippines, Inc. (Warehousing)	Serve as warehouse for the Company	100% Japanese
Heraeus Electronic Materials Philippines, Inc.	Manufacture of high-grade gold bonding wires & stamped etched lead frames.	100% German
Intel Technology Philippines, Inc.	Manufacture / assembly and test of microprocessor Integrated circuits, Specifically, Pentium.	100% American
Japan Aviation Electronics Philippines, Inc.	Manufacture of electronic connectors for digital and analog component and equipment.	100% Japanese
Luzon Electronics Technology, Inc.	Manufacture of magnetic recording heads such as plated coil D-MIG Slider, D-MIG Head Slider and Magnetic resistive slider-gimbal (Double-sided metal in gap)	100% Japanese
Maxim Philippine Assembly Corporation	Assembly and test (A & T) procedures, test and reel (T & R) activities.	100% Filipino
Maxim Philippines Operating Corporation	Final Manufacture and testing of integrated circuits (ICs).	100% Filipino

Name of Company	Product / Activity	Equity Participation
Philippines Epson Optical, Inc.	Manufacturer and assembler of optical-related devices	100% Japanese
Sanno Philippines Mfg. Corporation	Plating of pins used for semiconductors	100% Japanese
Taiyo Plastic Corporation of the Philippines	Manufacture of plastic products, especially plastic radio / stereo face covers and components thereof; and Plastic vacuum bottle caps.	99.93% Japanese 00.07% Filipino
Telford SVC Philippines, Inc.	To provide inspection, de-taping, tape and reel, and rework services for the semiconductor industry.	48.5% Malaysian 48.5% Singaporean 03.0% Filipino
Tottori Sanyo Electric (Philippines) Corporation	Manufacture of consumer Electronics / Semiconductors and electronic components	99.99% Malaysian 00.01% Filipino

Source: (The Gateway Business Park Administration and the PEZA office in GBP, Cavite. 2007).

Aside from these 16 PEZA registered firms under special economic zones, there are 11 non-PEZA registered firms classified under general industrial zone category, which manufacture or produce mostly general consumer products such as corrugated boxes, consumer food products like bottled drinks, distilled water, cosmetics and soap among others, and other firms that render services.

Table 2
Profile of the eleven non-PEZA registered firms.

Name of Company	Product / Activity	Equity Participation
Meralco Sub-station (Tower)	Electricity services	100% Filipino

Name of Company	Product / Activity	Equity Participation
Philippine Beverage Partners, Inc.	Water, juice, beverage	100% Filipino
Unilever Philippines, Inc.	Food Manufacturing	100% Filipino
PLDT (Tower)	Telephone and Communication Service	31% First Pacific 15% Nippon Telegraph 5% Fidelity Investments 49% Other owners (includes government and public stock):
Globe Telecom (Tower)	Telephone and Communication Service	45% Singapore Telecom 34% Ayala Corporation 21% Public Stock
RCBC	Bank, Financial Institution	100% Filipino Owned
South Superhighway Medical Center-Satellite	Medical Services, satellite hospital	100 % Filipino
Steniel Cavite Packaging Corp.	Manufacture and distributor of packaging products	100% Filipino
Metrolab Sara Lee Company	Facial and Skin Care Products, Cosmetics	100% Filipino
Equitable PCIB	Bank, Financial Institution	57.16% PCD Nominee Corporation 21.01% SM Investments Corporation 7.13% Trans Middle East Philippines Equities

Name of Company	Product / Activity	Equity Participation
		2.15% Shoemart 3.87 SSS 1.48% EBC Investments 6.81% Public stock:
BPI	Bank, Financial Institution	35.55% PCD Nominee Corporation 23.28% Ayala Corporation 21.43% Ayala DBS Holdings 8.51% Roman Catholic Archdiocese of Manila 0.08% BPI directors and officers 11.15% Public stock

Source: (The Gateway Business Park Administration and the PEZA office in GBP, Cavite. 2007).

As of the present, there are 21 companies inside the GBP. These companies are the following: A2 Logistics, Inc., Analog Devices (Phils.) Inc., Analog Devices Gen. Trias, Inc., Analog Devices Gen. Trias, Inc.-Warehousing Division, Cypress Manufacturing, LTD., Philippine Branch, East global Realty & Development Corp., Enomoto Philippine Manufacturing, Inc., Florafield Inc.; Fujihiro Philippines, Inc., GRM Ecozones Storage Inc., JAE Philippines, Inc., JTECH Philippines, Inc., Maxim Philippine Assembly Corporation, Maxim Philippines Operating Corporation; Optis Philippines, Inc., Optis SNI Manufacturing Philippines MFG. Corporation, SANNO Philippines MFG. Corporation, TAIYO Plastic Corporation of the Philippines, Telford Property Management, Inc., Telford SVC Phils., Inc., and Test Solution Services, Inc. (Gateway Business Park website, 2012).

THEORETICAL FRAMEWORK

According to Watson (2005), international political economy is the relationship between political and economic activities at the global and domestic levels. It covers a wide range of issues and actors, such as

the role of international public and private institutions in both domestic and global arenas, the nature of power politics and international cooperation and conflict. Similarly, international political economy is inextricably connected to forces shaping domestic political and economic conditions.

In order to achieve development, most of the countries adopted the export-oriented industrialization strategy (EOI). Export-led growth implies opening of domestic markets to foreign competition in exchange for market access in other countries. Export-oriented industrialization was particularly characteristic of the development of the national economies of Japan, South Korea, Taiwan and Singapore in the post World War II period.

When the Philippines decided to adopt the export-oriented industrialization strategy through establishing several export-processing zones, she opened the State to the global as well as to the international arena. By adopting this EOI strategy, the Philippine government did follow and apply the neo-liberal perspective.

Neo-liberalism is not just economics; it is a social and moral philosophy. Neo-liberalism refers to a political-economic philosophy that has major implications for government policies beginning in the 1970s and increasingly prominent since 1980, that de-emphasizes or rejects government intervention in the economy, focusing instead on structured free-market methods, and fewer restrictions on business operations and greater rights to multinational corporations (Treanor, 2005). Neo-liberalism is promoted as the mechanism for global trade and investment supposedly for all nations to prosper and develop fairly and equitably (Shah, 2007).

Neo-liberal View of the Export Processing Zones

In a neo-liberalism perspective, export-led growth and foreign direct investments serve as factors of growth to every state. The main objective why these countries set up an EPZ is always to attract investment (<http://www-ilomirror.cornell.edu/public>, 2008). Countries look to such investments to: create jobs; transfer new skills to local human resources; boost the export sector; earn foreign exchange; create links to increase the output and raise the standards of local enterprises that supply goods and services to zone investors; introduce new technology; and even to kick-start the economy as well. Indeed, these export-processing zones (EPZs) are the most common form in which this strategy has been implemented (Amirahmadi & Wu, 1995).

Neo-liberal scholars argued that the success of the NICs was derived from their adherence to market discipline and promotion of export-led growth, and the developing nations should open their

markets to the outside and focus on exporting. (Hughes, 1989) The strong East Asian economic performance resulted from the fact that the export-led growth strategy was outward-oriented and this export-led growth relies on deep involvement in international trade as motor to development. To apply this EOI strategy, just like other nations, the Philippines established several export-processing zones, and one of these eco-zones is the Gateway Business Park located in Barangay Javalera, General Trias, Cavite. This barangay used to be a rural area, however, when GBP was introduced to the area, a lot of changes occurred in the barangay and it was transformed from a rural to an urbanized area.

Neo-liberal perspective views EPZs as having important dynamic functions. EPZs play a crucial initiating role in the development of national industrial capacity by offering a platform for internationally mobile productive units; creating an environment conducive to concentrated exchanges between domestic and foreign private sectors; initiating a shift in the orientation of the domestic private sector toward export activities. And just like what happened to Barangay Javalera, with the presence of GBP, it served as venue for foreign firms to expand their market and for the local firms to learn from the foreign firms in terms of: (a) familiarization with the global markets and market standards; (b) these local firms were able to improve their products and increase their productivity; (c) gain confidence to enter the global market since their products are now competitive in the international trade; and (d) was able to acquire that technology transfer and linkage with the foreign zone firms.

Neo-liberals also believed that an entrepreneur is a person whose profession is, to respond to market forces (Treanor, 2008). An entrepreneur changes activities in accordance with the market. Without the entrepreneur, there is no free market therefore; market liberals demand a privileged status for the entrepreneur. Neo-liberals tend to believe that humans exist for the market, and that is good to participate in the market and that those who do not participate have failed in some way. Every human being is an entrepreneur managing their own life, and should act as such.

When GBP was established at Barangay Javalera, General Trias, Cavite, the people there grabbed the opportunity to put up their own business from offering commercial and residential units for rent to opening a small eatery or mini-store. These only show that being an entrepreneur is innate to the people of Barangay Javalera. Likewise, these local entrepreneurs also tried to penetrate the zone by accepting sub-contracts from the foreign zone firms. Through this activity, there would be technological transfer from the foreign zone firms to the local entrepreneurs of Barangay Javalera. Such technological transfer would

foster industrial development in non-traditional goods and efficiency gains in production processes of the traditional ones. Such a transfer would also foster a backward linkage to the local firms which would allow them to step in as suppliers to the foreign firms located inside GBP. This process would integrate the zone into the regional and national economy and promote regional development beyond the immediate and limited servicing of the enclave structure. Eventually, these local supplier firms would mature to compete in the international market.

Interaction and linkage among economic actor/s such as the foreign firms and domestic firms is expected (Treanor, 2008). Formal equality and access is not enough, they must be used to create links to other members of the society. This attitude has been accurately labeled 'connectionist' (Treanor, 2008). MNCs should adjust their production and marketing operations to meet the local needs and tastes, and to become heavily involved in joint ventures and strategic alliances to take advantage of foreign markets. As well as the creation of sub-markets typically within an enterprise is being practiced by the foreign firms inside the economic zones. Sub-contracting is itself an old market practice, but was usually outside the firm. It is now a standard practice for large companies to create competition among their constituent units.

Over time, the EPZ has fostered the development of a competent core of domestic firms that have progressively increased their capability to serve foreign markets under a number of production arrangements. This has been made possible by extensive cooperation between foreign and domestic firms. Under a number of arrangements, including sub-contracting, joint ventures and observation, domestic firms progressively learned production techniques, internalized elements of production, distribution and marketing processes that they use to upgrade their competitive position (FDI magazine, 2004).

One of the prospects of establishing EPZ is to provide possible backward and forward linkages between foreign zone firms and the local firms. It is believed that EPZ can stimulate the inflow of local raw materials, equipment, components and packaging material from the domestic sector, and can also provide impetus to subcontracting, thus encouraging the growth of supporting industries and ancillary services (FDI magazine, 2004). It is without doubt that, with the gradual shift towards more technologically-oriented productions in the GBP, the amount of domestic linkage will increase. This will normally be achieved by subcontracting the production of parts and components to local firms, leaving the integration of the more advanced production lines to the foreign zone firms or locators.

For linkage to occur, the foreign firms inside the GBP should use basic production processes, where domestic raw materials and

intermediate inputs could be used. In the case of local entrepreneurs in Barangay Javalera, it is helpful to know and identify the profile of the zone enterprises or locators as well as the profile of the local entrepreneurs to determine if there has really been a linkage between the two actors (GBP locators and the local entrepreneurs).

Neo-liberals tend to see the world in terms of market metaphors (Treanor, 2008). Referring to nations, cities and regions as companies is common nowadays. In neo-liberal regional policy, cities are selling themselves in a national and global marketplace of cities. They are considered equivalent to an entrepreneur selling a product, but the product is the decision of a city or a region as a location for entrepreneurs. Just like what happened in Barangay Javalera, General Trias, Cavite, the Municipality of General Trias adopted the export-oriented industrialization strategy by establishing eco-zones like the Gateway Business Park. This was part of the CALABARZON program wherein agricultural lands had to be converted to industrial villages or parks where all companies have to do is put up their factory or building. With the establishment of GBP to an agricultural area assumes changes in the socio-economic conditions in the place.

Neo-liberals believe that greater economic and political interdependence will lead to progress and a reduction of international conflict. Greater international economic transactions create greater opportunities for cooperation among nations, governments and corporations and can eventually lead to a more peaceful world. Liberalism assumes that international economic interactions can be mutually beneficial or a positive-sum game (Watson, 2005). In a positive-sum game, all actors can gain together. There is mutual gain from exchange, in which everyone benefits. In the case of a successful EPZ foreign direct investment would be accompanied by technological transfer, knowledge spill-over and demonstration effects that would act as catalysts for domestic entrepreneurs to engage in production of non-traditional products. Gateway Business Park (GBP) provides the physical location and infrastructure and acts as a matchmaker in bringing together the foreign firms and the local firms.

As for the foreign zone firms or locators, the net impact will be positive. These zone firms or locators will provide additional resources and capabilities to the local firms. Likewise, these zone firms or locators will also bring new management styles and more dynamic and competitive practices by injecting entrepreneurship, work cultures and more dynamic competitive practices.

Aside from these, the local firms and entrepreneurs will become more familiar with the global markets and market standards, to improve their products and productivity, and to become more competitive in the international trade. Inside Gateway Business Park, there are four (4)

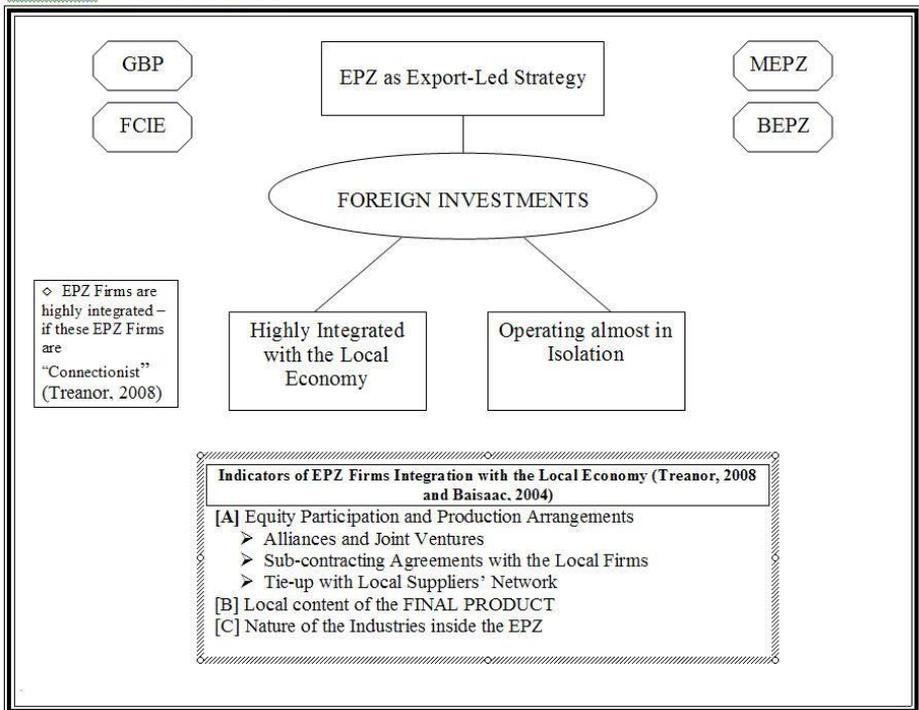
zone firms that use locally available raw materials. In that sense, with the interaction of these zone firms or locators, the local entrepreneurs can learn from these big companies, how they operate in the global arena, thus initiating a shift in the orientation of the local firms toward export activities. However, to obtain a really effective linkage between the GBP locators and the local entrepreneurs, it requires time and patience. This involves the training of local personnel, both on the job and abroad, and technical cooperation between foreign zone enterprises and local firms.

Based from the discussion above, neo-liberalism perspective is the appropriate paradigm to explain the extent of GBP locators' linkage with the local economy as well as how the local firms responded to the establishment of an export-processing zone such as Gateway Business Park.

This research has sought to examine the extent of GBP locators' integration with the local economy. In implementing this EOI strategy, there were five (5) actors involved in this study namely: the Philippine government and the Municipality of General Trias, Cavite; the EPZs like the Gateway Business Park; the GBP Locators and the local firms.

Below is the theoretical framework of the study.

FIGURE 1. Theoretical Framework



As what the figure depicts, the export-processing zones or EPZs served as an export-oriented industrialization (EOI) strategy or an export-led industrialization (ELI) strategy. Being an EOI strategy, these EPZs could increase the foreign investments to the host countries, thus contributing to the growth of the local economy. How can we say that these EPZs are contributing to the growth of the economy? If these EPZs are highly integrated with the local economy or these EPZs are operating almost in isolation. EPZ firms are highly integrated with the local economy if these EPZ firms are “*connectionists*” (Treanor, 2008).

To determine whether a certain EPZ is a connectionist, there are indicators to be considered: [a] the equity of participation and production arrangements (like alliances and joint ventures; sub-contract agreements with the local firms; tie-ups with the local suppliers’ network) between the EPZ firms and the local entrepreneur; [b] local content of the final product; [c] and the nature of the industries inside the EPZs (Treanor, 2008; Baissac, 2004). The more integrated these EPZ firms with the local economy, the more EPZs opportunities are maximized.

According to Dunning, (as cited in Tecson, 2003) if there is a linkage and interaction among the zone firms or locators and the local entrepreneurs, that also depends on the EPZ firms’ type of foreign investments. Generally speaking, firms undertake foreign production, and hence, direct investments in foreign countries, in order to advance their long term-profitability.

There are three sets of determining factors for Foreign Direct Investment (FDI) to take place, embodied in what is usually referred to as Dunning’s eclectic theory of international direct investments (UNCTAD, 1998). A firm must possess (a) ownership - specific advantage/s such as proprietary technology and brand name; (b) internationalization motives, these factors are firm-specific determinants and which may be partly influenced by home-country conditions and (c) locational advantages of the host countries which is directly determined by the host country, factor that may be influenced by political and economic policies of the host-country.

Likewise, there are four (4) different types of foreign investors (as cited in Tecson, 2003). It will be readily understood that these types are not mutually exclusive, so that a foreign investor may fall under more than one category. These types of foreign investors are the following:

[A] *Resource seeking firms* – are firms that are motivated to invest abroad in order to have access to specific resources at a lower real cost than could be had at the home country or elsewhere. They may be seeking physical resources such as raw materials, agricultural products or location-bound resources needed by service industries;

human resources which are plentiful and cheap, well-motivated skilled and unskilled labor; or technological capability like management/marketing expertise and organizational skills.

[B] *Market-seeking firms* – are firms attracted by the possibilities of supplying a country or region with its goods or services. Often these firms have been supplying the market from their home base as exports, but have eventually found it more economical to produce near the centers of consumption than to supply from a distance. Centers of consumption may either be the domestic market itself (domestic-market oriented investments- which includes tariff-jumping investments or tariff factories that are set-up in order to circumvent trade barriers set up against imports and investments in the light consumer and consumer-durable goods markets) or adjacent and other third country markets (export-oriented investments).

In domestic-market oriented investments, the need to adapt to local conditions can also explain the trend for forming joint ventures with the local entrepreneurs who are more knowledgeable about domestic market conditions. While in the export-oriented investments, firms are able to source intermediate inputs anywhere in the world and, to ship out their goods to other destinations. Such firms have less need for tie-ups with local entrepreneurs, and hence tend to be fully owned subsidiaries.

[C] *Efficiency seeking firms* – these are firms motivated by the need to rationalize the structure of established resource-based or market-seeking investment in such a way that the investing company can gain from the common governance of geographically dispersed activities. This type of investment is usually of two kinds: (1) driven by the possibilities for division of labor like those firms that take advantage of differences in relative availability and cost of traditional factor endowments in different countries and thus undertake production-related activity in both developed and developing countries and (2) economies of scale or scope like firms that locate production in countries with broadly similar economic structures and income levels.

[D] *Strategic asset seeking firms* – these are firms who aim to sustain or advance international competitiveness by acquiring assets of foreign corporations as part of their long-term strategic objectives.

While various motives may drive firms to undertake foreign production, the ability to do so, is however, to a large extent, conditioned by the policy framework in the home country (Tecson, 2003).

It is important to know the profile of GBP locators in order to know what type of foreign investments these GBP locators have and to determine the internationalization motives of these GBP locators. In that sense, the researcher would be able to know whether these GBP locators

made use of the services of the local entrepreneurs as their sub-contracts for the products that they produce or had any tie-ups with the local suppliers' networks for the supply of raw materials needed in their manufacturing processes. Likewise, it is also worthwhile to know if these GBP locators had alliances and joint ventures with the local entrepreneurs.

In the neo-liberal perspective, there are certain implications of adopting the EOI strategy. The linkage between the GBP locators and the local entrepreneurs may create on the part of the local entrepreneurs a familiarization with the global markets and market standards; the local firms may see an improvement in their products; and there could be a sense of competitiveness in the international trade. While on the part of the GBP locators, depending on the type of investments that they have, establishing their companies here in the Philippines is already an advantage for them. These GBP locators could enjoy cheap labor, tax incentives and market expansion. The local government could expect an increase in the foreign investments; GBP generates employment and an increase in the revenue of the local government thru the taxes and fees from these GBP locators.

What happened to Barangay Javalera, General Trias, Cavite and with the establishment of GBP in the area, it was really a positive-sum game. In a positive-sum game, all actors can gain together (Watson, 2005). There is mutual gain from exchange, in which everyone benefits. The foreign zone firms, the GBP, the local entrepreneurs, the municipality of General Trias, the people of Barangay Javalera, and the whole province of Cavite as well as the whole country, all benefited from this EOI strategy.

Again, the researcher emphasized that the more integrated these EPZ firms with the local economy, the more EPZs opportunities are maximized by the host community. In the case of the Gateway Business Park, it is worthwhile to know if this EPZ is highly integrated with the local economy or this GBP is operating almost in isolation.

METHODOLOGY

The researcher used the descriptive method to examine the extent of integration of the GBP locators with the domestic economy as well as how the local entrepreneurs maximize the benefits or opportunities that the GBP locators provide. This covers the year 1990 when GBP was established until the year 2007. Likewise, the study clarified EPZs' spill over effects to the host economy and to local entrepreneurs.

The researcher used the descriptive method to describe the profile of the foreign zone firms as well as the profile of the local firms.

By knowing the profile of each actor, the researcher was able to know the line of business of each enterprise, thus determines whether domestic linkages and transfer of technology took place.

The method of gathering data for this research consisted of getting information from both primary sources and secondary sources. Primary source was gathered through interviews and through the survey questionnaire.

The researcher secured permission from the GBP administrator for her to conduct the study inside the zone. An arrangement was made with the foreign zone firms operation managers before the distribution of the survey questionnaire. The profile sheet or the survey questionnaire includes the data of the foreign zone firms and the local firms such as: business name; business ownership (foreign-owned, fully Filipino-owned, joint-ventures); line of business; date started or date of incorporation; business address (location of head office or office branches); their use and purchase of raw materials; and the prospects of expanding the volume of sub-contracting. The researcher saw to it that the respondents were given sufficient time to answer the questionnaire without disrupting their usual activities and they did not answer in a hurry to avoid inaccuracy of the results. The same procedure was done when it was time for the researcher to gather data from the local firms.

Interviews with GBP administrator, zone firms and local firms were also conducted while retrieving the survey-questionnaire. In addition, public documents were also consulted to support the interview. Information obtained in the interview with GBP administrator, PEZA officer, and the local entrepreneurs forms the basis for the discussion. The information contained in journalistic and academic accounts has also been consulted.

Books, journals, articles and other public documents relevant to the study were also consulted and served as the secondary sources. The research materials that were used in this study were gathered from the following offices: (1) Provincial Planning and Development Office in Cavite; 2) NEDA Office Region IV; (3) PEZA Office; (4) Gateway Business Park Office; (5) Municipal of General Trias, Cavite (6) and from the different libraries (De La Salle-Manila Library, De La Salle-College of St. Benilde LRC, De La Salle-Dasmaringas' Museo ng Cavite and library.

The respondents of this study were 16 (100%) PEZA registered zone firm owners and 11 (100%) non-PEZA registered firm owners, composed of four (4) manufacturing firms; four (4) servicing firms and three (3) financial institutions or banks. On the part of the local entrepreneurs, the researcher was able to 95% respondents from the population through a random sampling.

Tables were presented in order to show the profile of each foreign zone firms and local firms. Through these tables, the task was made easy in examining the extent of integration of the GBP locators with the domestic economy as well as how the local entrepreneurs optimize the benefits or opportunities that GBP provides. Likewise, having the information presented using tables it was easier for the researcher to clarify GBP's spill over effects to the host economy and local entrepreneurs.

Aside from these, the researcher also included the profile of General Trias, Cavite specifically the profile of Brgy. Javalera. The researcher considered the profile of the said barangay prior to the establishment of the Gateway Business Park and after GBP was set up in order to determine if there was development in the area.

Municipal ordinances were also included as part of the analyses in order to determine whether the said municipality has done her share in fostering linkage among the different sectors (GBP locators, local entrepreneurs, and the residents of the area). Moreover, the plans and programs of the local government were also consulted and were treated as part of the analysis to ascertain that there was a linkage among the different stakeholders of the export-oriented industrialization (EOI) strategy adopted by the Municipality of General Trias, Cavite.

RESULTS & DISCUSSION

The researcher examined the extent of integration of the GBP locators with the domestic economy as well as how the local entrepreneurs optimize the benefits or opportunities that GBP provides.

Profile of the Municipality of General Trias, Cavite

General Trias, with a land area of 117.68 square kilometres, is a first class municipality in the province of Cavite, Philippines. It achieved the said status last June 1, 1996.

General Trias used to be an agricultural area but now it is one of the most progressive municipalities in the province of Cavite. According to their planning officer, this economic growth was due to the LGU's decision to adopt the EOI strategy. The master plan is to achieve an agro-industrial and residential balance. In fact, industrialization has become the centerpiece of the municipality's development plans and programs. Several major industrial estates, such as Gateway Business Park and the New Cavite Industrial City (NCIC) in Manggahan have chosen General Trias to be their home base. The Cavite Export Processing Zone (CEPZ) with 110 operating firms occupies about 0.60 square kilometres of the municipal land. The others

are the Golden Gate Industrial Park (Phase I) in Buenavista II and Golden Gate Industrial Park (Phase II) in Panungyanan while the rest are found at Barangay Manggahan, Barangay San Francisco and along Governor's Drive.

According to the 2000 census, it has a population of 107,691 people in 23,299 households. From 66,837 in 1995, it increased by around 61.12% over a five-year period. The present growth rate is 10.76% per annum as compared to the past census year, with only 4.80%, indicating it has more than doubled in five years. The population is distributed in its 33 barangays and is considered to be 5.52% of the total provincial population of 2,063,161. Majority of the population (63.11%) belonged to the working group (15-64 year old). The town's population last year (2007) was at 209,859. The population projection indicates that with an increasing growth rate, it will arrive at a count of 230,845 for the year 2008 and will be 279,323 by the year 2010. This growth rate has mainly been attributed to in-migration brought about by the development of economic and socialized housing projects as well as increasing business and employment opportunities.

The Experience of Barangay Javalera

With the development of General Trias, the same progress was also experienced by Barangay Javalera where the Gateway Business Park (GBP) was located.

Barangay Javalera has a land area of 686.488 hectares and used to be an agricultural area. It has a 2,931 population with a 662 number of households based from the 2000 Census. The projected population in the years 2003, 2005, 2008 and 2010 are 3899; 4718; 6279; and 7598 respectively. This continued growth in the population was due to the in-migration of workers being employed in the different locators in GBP.

Aside from these, an improvement in the infrastructure, telecommunication and electrical facilities are now experienced by the residents of the barangay. A number of infrastructure and development projects were done and enjoyed by the people of Barangay Javalera. These development projects were summarized in the table below.

Table3
Development Projects in Barangay Javalera

Type of Development Projects	Cost of the Project (Php)	Year of Completion
Construction of the canal lining,	14,190	1996

Type of Development Projects	Cost of the Project (Php)	Year of Completion
Phase II		
Construction of the Elementary School fence	72,868.84	1996
Rehabilitation of Gen.Trias-Amadeo Provincial Road	48,000	1997
Construction of Barangay Javalera Road	449,427	1997
Construction of the canal lining in Phase V	69,975	1997
Construction of one unit deep well with motor pump and pressure tank	48,830	1997
Rehabilitation of the Elementary School Rooms	99,955.64	1997
Construction of Canal Lining in Ph. VI	149,976.20	1999
Concreting of Brgy. Rd. Ph.III	1,328,066	1999
Construction of one unit deep well motor for the Barangay Hall	77,630	1999
Construction of a Waiting Shed	76,695	1999
Construction of a canal lining in Ph.VII	17,790	1999
Construction of Basketball Fence in Phase I	118,935	2000
Rehabilitation of the Elementary School Canteen	98,820.48	2000
Construction of a Waiting Shed	18,683	2001

Type of Development Projects	Cost of the Project (Php)	Year of Completion
in Alejandro Memorial Elementary School		
Construction of a Perimeter Fence near the Basketball Court	150,650	2001
Rehabilitation of five classrooms in Javalera Elementary School	99,054	2001
Construction of Landscape and Plant Boxes in Alejandro Genuino Memorial Elementary School	140,000	2002
Construction of Basketball Court Lighting Systems in Phase I	90,045	2002
Construction of a Canal Lining	46,240	2002
Concreting of the Canal Lining	46,240	2002
Construction of (120) units of Street Lights	399,568.07	2003
Construction of (80) units of Street Lights in Phase II	284,822	2003
Construction of the Basketball Court	484,510.40	2003

Source: Munisipalidad ng General Trias, Ulat sa Bayan, 1992-2004

Emergence of Local Businesses in the Area as a Response to the Existence of GBP

The establishment of GBP in the area brought all of these socio-economic changes in the barangay. Moreover, this industrial estate has affected and somewhat influenced the local entrepreneurs of Barangay Javalera. The local entrepreneurs of Barangay Javalera, General Trias, Cavite, took the opportunity to conduct businesses when they learned that an economic zone will be established in their area. In fact, these

local entrepreneurs had put up their businesses as a reaction to the establishment of GBP.

Based from the interviews and the survey gathered, it showed that ninety-five percent (95%) of the total number of local entrepreneurs have decided to establish their businesses because they had the vision that more number of customers will avail of their products and services. These possible clients or customers are the employees of different locators in GBP, and of course, there was also a possibility that visitors or people going inside the industrial park like GBP locators' visitors could also be customers or clients of these local entrepreneurs.

Although small scale businesses could emerge with or without the presence of GBP, most of the local entrepreneurs that were interviewed mentioned that it was the presence of GBP in the area that influenced their decision to put up small-scale businesses in the vicinity. The mere presence of this EPZ, the GBP in Barangay Javalera, General Trias, Cavite, the proliferation of local businesses emerged in the area. The types of industries are classified under general merchandise category or small-scale businesses which sell or produce mostly general consumer products such as food, beverage and other small businesses that offer service like vulcanizing shop, barbershop, computer shop and recreation services to the consuming public. Table two (2) presents the different types of local businesses that emerged after GBP was established in Barangay Javalera, General Trias, Cavite.

Table4
Types of Local Businesses

Types of Local Businesses	Number of Local Entrepreneurs
Eatery or Karinderya	14
Food Stand	11
Vulcanizing Shop	3
Hardware	1
Electro-Mechanical Contractor	1
Computer Shop	4
Gas and Service Station	1
Apartment, Commercial Space	16

Types of Local Businesses	Number of Local Entrepreneurs
Sari-sari Store	32
Restaurant	1
Barbershop	7
Hotel	1
Golf Course	1
Recreation Game/Billiards	2

There are one hundred (100) local establishments around Barangay Javalera, General Trias, Cavite and the researcher was only able to retrieve 95% of the survey sheets and questionnaire.

Based from the table, Sari-sari store got the highest score. Thirty-two (32) of the respondents had put-up small merchandise store otherwise known as a Sari-sari store; this only shows that local entrepreneurs prefer this type of business. Next to the sari-sari store is the apartment or commercial space. Sixteen (16) of the respondents prefer this type of business.

The eatery or “karinderya” and the food stand occupied the third and the fourth place in terms of the types of businesses local entrepreneurs established in the area. Fourteen (14) of the local entrepreneurs preferred the eatery or “karinderya” type of business, and eleven (11) of the local entrepreneurs preferred the food stand business. Seven (7) of the respondents decided to put-up a barbershop, four (4) provided a computer shop and three (3) had their vulcanizing shops while two (2) of the local entrepreneurs decided to offer recreation games or billiards to the customers.

One (1) local entrepreneur had decided to put-up hardware, then another local entrepreneur had a hotel, another one (1) decided to establish a golf course and one (1) local entrepreneur decided to be an electro-mechanical contractor. One (1) local entrepreneur had put-up a gas service station, (1) partnership decided to set up a restaurant.

With these types of businesses, it was very obvious that most of these local entrepreneurs put up a sole or single proprietorship, next was partnership and the least was a corporation. Table three (3) presents the different forms of business organizations present at Barangay Javalera, General Trias, Cavite.

Table5
Forms of Business Organizations

Forms of Business Organizations	Number of Local Entrepreneurs
Corporation	2
Partnership	1
Sole/Single Proprietorship	92
Total	95

Among the local entrepreneurs, only one (1) established a partnership. Two (2) of the local entrepreneurs formed a corporation and ninety- two (92) of the respondents decided to put up a single or sole proprietorship.

Based on the data gathered, the local entrepreneurs did respond to the opportunities brought about by the establishment of GBP to the area. In fact, local businesses emerged in the area even before GBP was established and continue to grow in number until the present time.

According to the respondents, the main purpose why they decided to put up a business is to have a source of income. They saw the potential of the area since there is the existence of GBP. They firmly believed that the businesses they will put up would provide to the employees and visitors of GBP. This only shows that entrepreneurship is natural to the Filipinos. These local entrepreneurs believed that they could get something in return when they establish businesses near the industrial zone.

Although these local entrepreneurs had decided to form businesses near the industrial zone, it was not the type of businesses that was mentioned in several studies done abroad. Just like in the case of China's SEZs, there was a joint-venture between the foreign firms inside the SEZs and the local entrepreneurs in the area. The type of business that a local entrepreneur had matches the industries found inside the SEZs. For example, the foreign firm inside the SEZ needs raw material for the manufacturing process, it is readily available from the local market, in that sense, local entrepreneurs served as suppliers of raw materials for the SEZ firm.

However, in the case of the local entrepreneurs in Barangay Javalera, General Trias, Cavite, they did not think that they could enter the zone and have joint business ventures with the locators. What they had in mind is to just put up a sole proprietorship and engaged in small

eatery or karinderya, house for rent, sari-sari store and other businesses that will only serve the employees, visitors, and the residents of the barangay.

According to sixty percent (60%) of the local entrepreneurs that were interviewed, they did not have this thinking that they can compete globally, they lack confidence and most of them were just contented in their status as local entrepreneurs. While the thirty-five percent (35%) of the local entrepreneurs that were interviewed mentioned that, even if they want to tie-up or form business ventures with the locators, they do not have the capability to do such thing. They lack the technology expertise, skills and the capital to push for a bigger business. The remaining five percent (5%) were uncertain. They were not sure of the reason why they decided to establish their business near GBP.

Most of the local entrepreneurs that were interviewed said that even if they want to become suppliers of local materials for the locators' need, that would be impossible since, most of the locators were engaged in semiconductor manufacturing, most of their raw materials are imported.

Even if these local entrepreneurs were not able to enter the industrial estate and had tie-ups or joint ventures with the GBP locators, there is one thing for sure that, entrepreneurship is inherent to the Filipinos. These local entrepreneurs grabbed the opportunities that came their way. These local entrepreneurs were keen in observing and trying all the possibilities.

GBP Locators' Ability to Blend and Connect with the Local Economy

With the presence of GBP in the area, it is worthy to examine whether these GBP locators were able to blend and connect with the local economy. The GBP locators' ability to blend and connect with the local economy can be measured using the factors identified by Treanor (2008) in his study. The extent of EPZ firms' integration with the local economy could be measured or gauged in several factors involving four (4) main actors: the government, the EPZ developer or owner, foreign investors and the local entrepreneurs (Treanor, 2008). These factors are the following: a] Production arrangements and equity participation like sub-contracting of the products to the local entrepreneurs, alliances and joint ventures among the foreign zone firms and the local entrepreneurs, and tie-ups with the local suppliers' network; b] the local content of the final product and c] the nature of the industries or types of businesses inside the economic zones.

Likewise, the geographic location of the export-processing zone; the social and economic aspect, as well as the political

background of the State; the extent of government intervention; and the local entrepreneurs' participation also matters to the success of the export-oriented industrialization strategy (EOI) being adopted by any State (Treanor, 2008).

In the case of Gateway Business Park, these factors could also be applied. The Philippine government adopts the EOI strategy by allowing EPZs to be established in different parts of the archipelago through the implementation of Republic Act No. 7916 or the Special Economic Zone Act of 1995.

The GBP was strategically located, and is accessible to the main road and with electric and water supplies. In terms of security and police assistance, GBP has its own security force within and around the vicinity of the business park. Also, GBP has its very own centralized wastewater treatment plant.

Aside from being environment friendly, the GBP is also locator friendly. The term locator refers to the different firms located inside the GBP industrial zone. The GBP provided support outside the industrial needs of its locators. GBP also assists these locators in such matters as forming corporation, selecting local partners, applying for national and local government incentives, choosing professional service firm and sourcing technical staff and employees.

Within the zone are commercial banks like PCIB, RCBC and BPI that have set up their branches. They provide standard banking services such as savings, demand and time deposits as well as foreign exchange transactions for the locators' inward and outward remittances. Express teller machine services are available for after-hour transactions. All of these services attract foreign investors in the economic zone.

GBP is a complete industrial park, aside from the locators, the centralized wastewater treatment plant, the services and utilities available, the banks and other facilities; GBP has another thing to offer to the possible locators, and most especially to the people of Cavite. Here, people can find the Geronimo Berenguer delos Reyes Jr. Foundation Museum which was inaugurated last September 21, 1996. It is a private museum, which houses a priceless collection of antique photos and books.

The export-processing zone (EPZ) firms are highly integrated with the local economy if these EPZ firms are "connectionists" (Treanor, 2008). These EPZ firms are "connectionists" if they developed a somewhat relationship or cooperation with the local economy through the local entrepreneurs. And how do we determine or gauge the EPZ firms' integration with the local economy? It can be gauged or measured in terms of business connections with the local entrepreneurs. Factors like production arrangements like sub-contracting of the products to the local entrepreneurs, alliance and joint

ventures among the foreign zone firms and the local entrepreneurs, tie-ups with the local suppliers' network; local content of the final product and the nature of the industries or types of businesses inside the economic zones determines the extent or level of integration with the local economy of these GBP locators.

Table 6
The number of locators with local purchases

Locators	Number of Firms	Number of Firms w/ Local Purchases
PEZA and non- PEZA registered locators	27	19

Table 6 shows that out of 27 locators of GBP, 19 of both PEZA and non-PEZA registered locators have made local purchases for the year 2007. Out of 16 PEZA registered firms, only eight (8) have made local purchases for the year 2007. These are the following: Enomoto Philippine Manufacturing, Inc.; Fujihiro Philippines, Inc.; Fujihiro Philippines, Inc. (Warehousing); Heraeus Electronic Materials Phils., Inc.; Japan Aviation Electronics Philippines, Inc.; Philippines Epson Optical Inc.; Taiyo Plastic Corporation of the Philippines; and TelfordSVC Philippines, Inc. While all the eleven (11) non-PEZA registered firms had local purchases for the year 2007. These eleven (11) non-PEZA registered firms are the following: South Superhighway Medical Center-Satellite; Meralco Sub-station; PLDT Tower; Globe Telecom Tower; Equitable PCIB; RCBC; BPI; Philippine Beverage Partners, Inc. (formerly Metro Bottled & Wine Corporation)-Wilkins; UnileverPhilippines, Inc. (formerly California Manufacturing Co., Inc.); Steniel Cavite Packaging Corp. and Metrolab Sara Lee Company. This only proved that not all of the GBP locators avail of the local materials.

Table7
Use of 100% Local Materials in the Manufacturing Industry

Locators	No. of Firms	100% Local Raw Materials
PEZA and Non-PEZA Firms	27	0

Table 7 presents the number of locators that use 100% local raw materials in their manufacturing processes.

As reflected in Table 7, both the PEZA and non-PEZA registered locators do not use a hundred percent (100%) local raw materials for their manufacturing processes. Based on the data gathered, neither of the PEZA nor the non-PEZA registered locators avail or use 100% local materials for their production process. The reason for such is because, these PEZA and non-PEZA registered firms make use of both the local and imported raw materials for their manufacturing processes.

Likewise, seven (7) out of 11 non-PEZA registered firms are all servicing firms that is why they will not use local nor imported materials for the manufacturing processes since these non-PEZA firms are engaged in servicing sector. The South Superhighway Medical Center is engaged in medical services and serves as a satellite hospital; the Meralco Substation is engaged in power and electricity lines; while both PLDT Tower and the Globe Telecom Tower are engaged in telecommunication services. Aside from these, four (4) of these seven (7) servicing companies of the non-PEZA firm are engaged in the money and banking services. These are Equitable PCIB; RCBC and BPI. The remaining four (4) non-PEZA registered firms like the Philippine Beverage Partners, Inc. (formerly Metro Bottled & Wine Corporation)-Wilkins; Unilever Philippines, Inc. (formerly California Manufacturing Co., Inc.); Steniel Cavite Packaging Corp. and Metrolab Sara Lee Company use both the local and imported raw materials for their manufacturing processes.

In the next table, the number of locators that use a hundred percent (100%) imported raw materials in their manufacturing processes is presented.

Table8
Use of 100% Imported Raw Materials in the Manufacturing Industry

Locators	No. of Firms	100% Imported Raw
PEZA Registered	16	8
Non-PEZA Registered	4	0

Table 8, reflected that eight (8) out of 16 PEZA registered locators use one hundred percent (100%) imported raw materials for their manufacturing processes. These eight (8) PEZA registered firms are the following: Analog Devices; Cypress Manufacturing Limited-

Philippine Branch; Intel Technology Philippines, Inc.; Maxim Philippine Assembly Corporation; Luzon Electronics Technology, Inc.; Maxim Philippines Operating Corporation; Sanno Philippines Manufacturing Corporation and Tottori Sanyo Electric (Philippines) Corporation. These eight (8) PEZA registered firms are all engage in the manufacture and assembly of semiconductors, metal moulds and connector parts, microprocessor, electronic connectors and integrated circuits. According to the operating managers of these firms, all of their raw materials are imported from Japan, USA and Germany.

Table 8 also reflects that the four (4) non-PEZA registered locators namely: Philippine Beverage Partners, Inc. (formerly Metro Bottled & Wine Corporation)-Wilkins; Unilever Philippines, Inc. (formerly California Manufacturing Co., Inc.); Steniel Cavite Packaging Corp. and Metrolab Sara Lee Company did not use a hundred percent (100%) imported raw materials for their manufacturing processes since these non-PEZA manufacturing firms use both the local and imported raw materials for their manufacturing processes. This only shows that the raw materials needed by these four (4) non-PEZA locators in their manufacturing processes are also available in the local market.

Table 9 presents the number of locators that use a combination of local and imported raw materials in their manufacturing processes.

Table 9
Use of both Local and Imported Raw Materials in the Manufacturing Industry

Locators	No. of Firms	Combination of Local and Imported Raw Materials
PEZA Registered	16	6
Non-PEZA Registered	4	4

In Table 9, six (6) out of 16 PEZA registered locators have used both local and imported raw materials in their manufacturing processes. These six (6) PEZA registered firms in the manufacturing industry are the following: Enomoto Philippine Manufacturing, Inc.; Fujihiro Philippines, Inc.; Heraeus Electronic Materials Phils., Inc.; Japan Aviation Electronics Philippines, Inc; Philippines Epson Optical Inc. and Taiyo Plastic Corporation of the Philippines. Aside from importing their raw materials, about forty percent (40) of the content of the final product is source from local suppliers from the municipality of Dasmariñas, Imus, Manila and as far as from Cebu and other parts of

the archipelago. Most of their local materials are being supplied by other firms located in other economic zones in the Philippines.

While the two (2) non-PEZA firms namely: Fujihiro Philippines, Inc. (Warehousing) and Telford SVC Philippines, Inc. are engaged in the servicing sector. The former serve as the warehousing arm for the Fujihiro Philippines, Inc. and the latter is engaged in services that provide inspection, de-taping, tape and reel, and re-work services for the semiconductor industry.

The four (4) non-PEZA registered locators that are engaged in the manufacturing industry use both local and imported raw materials for their manufacturing processes. These four (4) non-PEZA registered firms are the following: Philippine Beverage Partners, Inc. (formerly Metro Bottled & Wine Corporation)-Wilkins; Unilever Philippines, Inc. (formerly California Manufacturing Co., Inc.); Steniel Cavite Packaging Corp. and Metrolab Sara Lee Company.

Findings as reflected in Tables seven (7) eight (8), and nine (9), only show that the use of local raw materials were not fully utilized. This is because the raw materials needed by most of the locators in GBP are not available in the locality. The linkage between the GBP locators and the local entrepreneurs is not that strong in terms of the usage of raw materials in the manufacturing processes of these GBP locators.

Both PEZA and non-PEZA registered locators use both local and imported raw materials for their manufacturing processes. None of them use a hundred percent (100%) local materials for their manufacturing processes since not all of the raw materials are available in the local suppliers. According to the interviewees, if ever they use locally purchased raw materials, they did not get it directly from Barangay Javalera, but instead they got it from neighboring municipalities like Dasmariñas, Imus and as far as Cebu and Visayas part of the archipelago. Suppliers are from other locations and not from Barangay Javalera where GBP was established.

In order to make greater use of local materials, there could be a possibility that new industries be introduced in the area. As the researcher had observed, agricultural products such as mango, coffee, coconut, banana, palay and other agricultural products are still common in the barangay. Industries that will manufacture products with the use of these produce could be introduced and be part of the locators in GBP. In that note, the entrepreneurs both foreign and Filipino could maximize the use of locally available raw materials. Animal farm, hog, or swine industry can be considered also. If the local entrepreneurs will try to raise these animal farms, and there is an industry that will make use of the by-products, then that will increase the income of these local entrepreneurs and a linkage between the GBP locators and the local entrepreneurs will further develop.

There could really be a problem in terms of the usage and delivery of raw materials if these raw materials will be supplied by the local entrepreneurs since most of the GBP locators are engaged in the semi-conductor businesses. The thirteen (13) out of sixteen (16) PEZA registered locators namely: Analog Devices; Cypress Manufacturing Limited-Philippine Branch; Enomoto Philippine Manufacturing, Inc.; Fujihiro Philippines, Inc.; Heraeus Electronic Materials Phils., Inc.; Intel Technology Philippines, Inc.; Japan Aviation Electronics Philippines, Inc; Maxim Philippine Assembly Corporation; Luzon Electronics Technology, Inc.; Maxim Philippines Operating Corporation; Philippines Epson Optical Inc.; Sanno Philippines Manufacturing Corporation and Tottori Sanyo Electric (Philippines) Corporation are all engage in the manufacture and assembly of semiconductors, metal moulds and connector parts, microprocessor, electronic connectors and integrated circuits. While Taiyo Plastic Corporation of the Philippines is engaged in the manufacture of plastic vacuum bottle caps; Fujihiro Philippines, Inc. is a servicing company which offers warehousing services for the mother company and the last PEZA registered locator, the Telford SVC Philippines, Inc. is engage in services that provide inspection, de-taping, tape and reel, and re-work services for the semiconductor industry.

With 11 non-PEZA registered locators, four (4) are engaged in the manufacturing processes and only one (1) directly get the raw materials for their production in the locality, and this is the Philippine Beverage Partners, Inc. (formerly Metro Bottled & Wine Corporation)-Wilkins; while the three (3) remaining non-PEZA registered locators namely: Unilever Philippines, Inc. (formerly California Manufacturing Co., Inc.); Steniel Cavite Packaging Corp. and Metrolab Sara Lee Company use both the local (coming from other municipalities like Dasmariñas, Imus, Manila and from other locators in other economic zones) and imported raw materials (coming from United States, etc.,) for their manufacturing processes.

The remaining seven (7) non-PEZA registered locators are all engaged in the servicing industry. The South Superhighway Medical Center is engaged in medical services and serves as a satellite hospital; the Meralco Sub-station is engaged in power and electricity lines; while both PLDT Tower and the Globe Telecom Tower are engaged in telecommunication services. While, Equitable PCIB; RCBC and BPI are all engaged in the money and banking services.

By just looking at the profile of these GBP locators, there is really difficult to find a match with the GBP locators and the local entrepreneurs in terms of the supply and delivery of raw materials needed by these GBP manufacturing locators. If only the Philippines could follow the tactic used by Japan, Philippines could have also been

successful in this EOI strategy. Japan had successfully built a cohesive and almost complete network of ancillary industries supporting her assembly industries. As a result, Japan's industrial sector became characterized by a relatively low degree of import dependence, except perhaps in raw materials not available in Japan (Morisawa and Tecson, 1997).

Aside from the factors that were discussed above regarding the extent of GBP locators extent of integration with the local economy, another factor that can also be considered is the type of foreign investments that these GBP locators have. According to Dunning (1972), (as cited in Postwar Japanese Direct Investment, by Gwendolyn R. Tecson, 2003) if there is a linkage and interaction among the zone firms or locators and the local entrepreneurs, that also depends on the EPZ firms' type of foreign investments.

Dunning (1972) mentioned that there are four (4) different types of foreign investors (as cited in Tecson, 2003). These types of foreign investors are: [A] Resource seeking firms that are motivated to invest abroad in order to have access to specific resources at a lower real cost than could be had at the home country or elsewhere and these firms maybe seeking physical resources, human resources, or technological capability; [B] Efficiency seeking firms which are motivated by the need to rationalize the structure of established resource-based or market-seeking investment in such a way that the investing company can gain from the common governance of geographically dispersed activities; [C] Strategic asset seeking firms who aim to sustain or advance international competitiveness by acquiring assets of foreign corporations as part of their long-term strategic objectives; and [D] Market-seeking firms that are attracted by the possibilities of supplying a country or region with its goods or services with centers of consumption that is either be the domestic market itself (domestic-market oriented investments) or adjacent and other third country markets (export-oriented investments).

In domestic-market oriented investments, the need to adapt to local conditions can also explain the trend for forming joint ventures with the local entrepreneurs who are more knowledgeable about domestic market conditions. While in the export-oriented investments, firms are able to source intermediate inputs anywhere in the world and, to ship out their goods to other destinations. Such firms have less need for tie-ups with local entrepreneurs, and hence tend to be fully owned subsidiaries.

In the case of the GBP, all 27 GBP locators fall under the resource seeking firms. These GBP locators could also be classified under the market-seeking type of investors with the export-oriented investments orientation.

Table10
Number of Locators with 100% Local Sales

Locators	No. of Firms	100% Local Sales
PEZA Registered	16	0
Non-PEZA Registered	11	4

It is shown in Table 10 that four (4) of the non-PEZA registered firms have sold their products or have offered their services to the local market only. These are the following: the South Superhighway Medical Center which is engaged in medical services and serves as a satellite hospital; the Meralco Sub-station which is engaged in power and electricity lines; the Philippine Beverage Partners, Inc. (formerly Metro Bottled & Wine Corporation)-Wilkins which is engaged in the manufacturing and distribution of bottled water and fruit juices and Steniel Cavite Packaging Corp. which is engaged in the manufacture and distribution of packaging products. None of the PEZA registered firms, on the other hand, have sold their products or have offered their services to the local market.

These data only shows that not all GBP locators export their products. The said industrial estate, the Gateway Business Park also accepts local manufacturing firms to be part of the industrial zones. The succeeding tables will reflect the number of GBP locators that export their products as well as the number of GBP locators that offer their services or sell their products both locally and internationally.

Table11
Number of Locators and their Exports

Number of Locators per category	No. of Firms	100% Exports
PEZA Registered	16	14
Non-PEZA Registered	11	0

It is reflected in Table 11 that 14 of the PEZA registered firms have exported their products or have offered their services to the international market. These 14 PEZA registered locators are the following: Enomoto Philippine Manufacturing, Inc.; Fujihiro Philippines, Inc.; Heraeus Electronic Materials Phils., Inc.; Japan

Aviation Electronics Philippines, Inc; Philippines Epson Optical Inc.; Taiyo Plastic Corporation of the Philippines; Analog Devices; Cypress Manufacturing Limited-Philippine Branch; Intel Technology Philippines, Inc.; Maxim Philippine Assembly Corporation; Luzon Electronics Technology, Inc.; Maxim Philippines Operating Corporation; Sanno Philippines Manufacturing Corporation and Tottori Sanyo Electric (Philippines) Corporation. These fourteen (14) PEZA registered firms are all engage in the manufacture and assembly of semiconductors, metal moulds and connector parts, microprocessor, electronic connectors and integrated circuits. While none of the PEZA registered firms have sold their products or have offered their services to the international market.

Table 12 presents the number of locators that sell their products or offer their services both to the local and international markets.

Table12
Number of Locators with both Local Sales and Exports

Number of Locators per category	No. of Firms	Both Local Sales and Exports
PEZA Registered	16	2
Non-PEZA Registered	11	7

Table 12 reflects that two (2) out of 16 PEZA registered firms have sold their products or have offered their services to both the local and international markets. Most of the PEZA registered locators exports their products. Only two (2) of these PEZA registered locators offer their products and services both to local and international markets. These two (2) PEZA registered locators are the following: Fujihiro Philippines, Inc. (Warehousing) which serve as the warehousing arm for the Fujihiro Philippines, Inc. and Telford SVC Philippines, Inc. which is engage in services that provide inspection, de-taping, tape and reel, and re-work services for the semiconductor industry.

While seven (7) of the 11 non-PEZA registered firms have sold their products or have offered their services to both the local and international markets. These seven (7) non-PEZA registered firms are the following: the PLDT Tower and the Globe Telecom Tower which are engaged in telecommunication services; the Equitable PCIB; RCBC; and BPI which are engaged in the money and banking services; the Unilever Philippines, Inc. (formerly California Manufacturing Co., Inc.) which is engaged in the food manufacturing and the Metrolab Sara Lee

Company which is engaged in the manufacture and distribution of cosmetics, facial and skin care products.

Aside from the local content of the products produce by these GBP locators, the extent of their integration in the local economy could also be measured in terms of the contracting services that they offer to the local entrepreneurs. Findings revealed that twenty-seven (27) of the GBP locators have offered contracting services to the local entrepreneurs.

Interviews and documents gathered revealed that the following contracting services were offered by the GBP locators to the local entrepreneurs: [a] shuttle bus or services; [b] delivery and service vans; [c] freight forwarder; [d] customs broker [e] trucks; [f] security guards; [g] janitorial and maintenance services; [h] concessionaires; [i] suppliers; [j] warehouse location and [k] contractors. According to the PEZA officer, these contracting services usually lasts from three (3) to a year or 12-month period. Upon the termination of contract, the said economic zone service enterprise who handled the contracting service will still have a chance to participate in the bidding process and if the said company won in the bidding, they can still offer their services or products to the locators. These are only the contracting services offered by the GBP locators since these are the only services these GBP locators need.

Foreign Firms are attracted to the Philippines

The Philippines is fast becoming the preferred haven for foreign investments in the Asia-Pacific region (PEZA, 2008). The reason for such is that the Philippines' investment climate is conducive to foreign investors. First, the policy of the government in adopting the EOI strategy shows that the government is really for export-oriented policies and thus encourages foreign investors in the country. The government provides facilitative assistance and simplified investment procedures. It has rid itself of excessive government regulations and has liberalized all sectors of its economy.

Under the Generalized System of Preferences (GSP), the Philippine government continues to enjoy tariff preferences when exporting various products to developed countries such as the United States and those in Europe. In contrast, many of the neighboring countries in Asia no longer enjoy this advantage, thus giving the Philippines an edge in competing for the export market (PEZA, 2008).

The Philippines has granted a full (100%) foreign ownership of enterprises to the foreign investors. Likewise, the priority investment projects are in export-oriented industries, among others. Aside from these, under the Philippine law, there are investment incentives for the

economic zone developer and operators as well as to the economic zones or IT locators (PEZA, 2008). Overall, the Philippines have implemented a very liberal foreign investment laws that attracts foreign investors. The Philippines has granted a full (100%) foreign ownership of enterprises to the foreign investors. Likewise, the priority investment projects are in export-oriented industries, among others. Aside from these, under the Philippine law, there are investment incentives for the economic zone developer and operators as well as to the economic zones or IT locators (PEZA, 2008). Overall, the Philippines have implemented a very liberal foreign investment laws that attracts foreign investors.

Investment Incentives for the Economic Zone Developer and Operators:

- (1) Income Tax Holiday;
- (2) Incentives under the Build-Operate-Transfer Law, which includes government support for accessing Official Development Assistance and other sources of financing;
- (3) Provision of vital off-site infrastructure facilities;
- (4) Option to pay a special 5% Gross Income Tax, in lieu of all national and local taxes;
- (5) Permanent resident status for foreign investors and immediate family members;
- (6) Employment of foreign nationals;
- (7) and assistance in the promotion of economic zones to local and foreign locator enterprises.

Investment Incentives for the Economic zone and IT Locators:

- (1) an Income Tax Holiday (ITH) or Exemption from Corporate Income Tax for four years, extendable to a maximum of eight years; After the ITH period, the option to pay a special 5% Tax on Gross Income, in lieu of all national and local taxes;
- (2) Exemption from duties and taxes on imported capital equipment, spare parts, supplies, raw materials, likewise, a breeding stocks and /or genetic materials or the equivalent tax credit on these items, when source locally;
- (3) Domestic sales allowance equivalent to thirty percent (30%) of total sales;
- (4) Exemption from wharfage dues and export taxes, imports and fees;
- (5) Permanent resident status for foreign investors and immediate family members;
- (6) Employment of foreign nationals;

- (7) Simplified import and export procedures;
- (8) and, the other incentives under Executive Order 226 or the Omnibus Investment Code of 1987 as may be determined by the PEZA Board.

The government agency in-charge of the zones promotes the incentive package. The zone authority normally offers a one-stop-shop to investors, allowing them to deal with just one office in obtaining the approvals and completing the procedures required to set up operations (ILO, 2008). This has been implemented by the Philippine government. PEZA is the government agency in charge of the foreign investors establishing businesses inside the EPZ.

The incentive package promoted by the Philippine government is very attractive to the foreign investors. The International Labor Organization has come up with the comparison of incentives offered by different countries to the foreign investors putting up businesses inside the EPZs (<http://www-ilomirror>, 2008; cornell.edu/public).

Another reason why foreign investors are attracted here in the Philippines is because there is also an abundant supply of quality labor with a large pool of knowledge-based, multi-skilled, highly educated, highly trainable, literate, and English-speaking workforce. Likewise, there is a low employment turnover (less than 1%), high productivity yields, highly adaptable to model changes, and familiar to quality work needs. There is a fast learning curve: 8 weeks (2 months) to train Filipino workers compared to 16 to 24 weeks (4 to 6 months) in other countries (PEZA, 2008).

Moreover, the location of the Philippines is also an advantage. Strategically located, the Philippine government provides a natural gateway to other Asia-Pacific economies. It has flourishing trade links with its Asian neighbors due to shared history, cultures, and tradition.

Besides being a foreigner-friendly, culturally adaptable and a world-renowned hospitality, Filipino people could also be a potential market for the products or services offered by these foreign investors. The Philippine market is composed of 76.5 million Filipino consumers; this is a good start for those investors who are a market-seeking type.

Depending on the type or kind of investments, the Philippines was highly regarded as a suitable regional hub for the following activities: (a) labor intensive manufacturing; (b) regional operations center, (c) marketing support base for the region, (d) distribution and logistics hub for the region and (e) center for regional human resource and training functions (PEZA, 2008).

In adopting the EOI strategy and implementing the Republic Act No. 7916, it is also expected that the Philippine government increase their revenue by collecting taxes from these EPZ firms. Based on Section 24 of R.A. No.7916, all registered enterprises which conduct

their business activities inside the economic zone, and these economic zones were established under PEZA shall, in lieu of paying local national taxes, pay five percent (5%) final tax on their gross income earned (GEI) to the Bureau of Internal Revenue (BIR). This five percent (5%) will be paid and remitted as follows:

(a) three percent (3%) to the National Government;

(b) one percent (1%) to the Local Government Units affected by the declaration of the ECOZONE to be distributed in proportion to their population land area, and equal sharing factors; and

(c) one percent (1%) for the establishment of a development fund of municipalities outside and contiguous to each ECOZONE. If the respective share of the affected local government unit shall be determined based on the following formula: population – fifty percent (50%); land area-twenty-five percent (25%); and equal sharing – twenty-five percent (25%).

CONCLUSION

Creation and development of linkages with the domestic industry is an important long-term goal for many countries in which export-processing zones are active. Different countries have adopted this strategy, believing that these countries would achieve industrialization and would bring a better life for their people.

The Philippines like the other countries had adopted the EOI strategy. A number of export-processing zones were developed and one of these is the Gateway Business Park (GBP). With the establishment of GBP at Barangay General Trias, Cavite, several changes happened in the area and a number of people experienced changes in their lives.

It is evident that since GBP was established, a number of changes happened in the area. This brought a great leap in the economy of the barangay, the municipality as well as the province of Cavite and to the whole country. The municipality of General Trias experienced an increase in their income through these five percent (5%) tax on gross earned income tax earned from business or license permit fees.

To gauge the performance of GBP as a strategy for export-oriented industrialization, it is evident that the said ECOZONE was able to perform its function well. The Municipality of General Trias' decision of adopting the EOI strategy through the establishment of GBP has served as the stimulus to the development of Cavite and more specifically that of the municipality of General Trias.

However, the researcher saw that there was no substantive linkage between GBP locators and the local entrepreneurs of Barangay Javalera, General Trias, Cavite. The GBP locators were not that fully

integrated with the local economy since most of their needed raw materials are not available in the locality. These GBP locators still have to search for local suppliers coming from nearby municipalities like Dasmariñas and Imus, in the Manila area and as far as Cebu and other ecozones outside the Cavite province.

The local entrepreneurs of Barangay Javalera were not able to optimize the benefits or opportunities that GBP provides since they did not form joint ventures, subcontracting or tie-ups with the GBP locators. The reasons for such were lack of knowledge and technological know-how, capabilities and capital.

Although findings showed that there was no substantive linkage between GBP locators and the local entrepreneurs of Barangay Javalera, General Trias, Cavite in terms of production arrangements and use of local raw materials, there is still a line linking the GBP locators and the local entrepreneurs. These GBP locators offers contracting services like having these local entrepreneurs to provide shuttle bus or services; delivery and service vans to the GBP locators; serve as a freight forwarders and customs brokers for GBP locators and accepting these local entrepreneurs as firms that provide security guards; janitorial; maintenance services and concessionaires; and building contractors.

Again, the researcher emphasized that the more integrated these EPZ firms with the local economy; the host community can maximize the opportunities provided by these EPZs. In the case of the Gateway Business Park (GBP), it is not that highly integrated with the local economy.

RECOMMENDATION

Based on the findings and conclusions of this study, the researcher has suggested the following recommendations.

1. The role of the government in development does not end in attracting foreign investments; it must be involved in coordinating foreign and local businesses to maximize the gains of foreign investment.

2. Government should further domestic processing of agricultural products and raw materials.

3. Regulation should encourage domestic investment in the EPZ sector. However, this investment should meet tough criteria of export performance and productivity/production development. Partnership with the foreign investors should be encouraged under a variety of schemes.

4. Governments can devise a broad macro-economic framework, and institute legal and administrative reforms that ensure positive linkages between local firms and foreign firms. It is vital that the state promotes integration with global structures by creating the

necessary infrastructure thus domestic firms would have sufficiently developed the capabilities for continued participation in world trade and production.

5. There should be an evaluation of the existing laws regarding the economic zones. The legislators might consider revising the existing R.A. No.7916. Likewise, government entities such as the Congress and the PEZA should perform a careful analysis of the existing policies regarding foreign investments specifically that of the incentives offered to the foreign investors, their costs to the country, and the type of industries and investment packages.

6. The government, specifically the PEZA in partnership with the local government should conduct seminars, forum, symposium and the like to create public awareness regarding the benefits that stakeholders can get from these economic zones.

7. The stakeholders like the EPZ property developers, owners and managers, EPZ operators, labor representatives, and government officials in charge of regulation and administration of the EPZ regime should work closely together on EPZ development strategy and policy.

8. There should be a provision in the EPZ law regarding the choice of Filipino partner for industrial cooperation inside the EPZ. A partner may be chosen by formulating or establishing a criterion for selection approved by both the government and the EPZ foreign firm. Aside from this, another provision emphasizing that before a foreign investor can put up a business inside the EPZ; the said foreign investor must get a Filipino partner from a list provided by the Philippine government.

9. The Municipality of General Trias with the help of Barangay Javalera, should regularly evaluate the GBP programs' effects. Such a study might help decision makers to assess the contributions of the industrial estate to the municipality as well as to the whole country. Moreover, this gesture could also help better design zone enterprises' policies. A non-partisan organization should conduct the evaluation to arrive at an objective evaluation.

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