

4.0 ECONOMIC SECTOR

4.1 General

After four decades of rapid urbanization in Metropolitan Manila, Pasay City has transformed into an important local corridor between major urban centers. Its southwestern portion provides access between the city of Manila in the north with cities and municipalities like Parañaque, Las Piñas as well as the nearby municipalities in Cavite in the south. Likewise, its southeastern portion links Parañaque, Muntinlupa and Laguna with the cities of Manila, Makati, Mandaluyong as well as Quezon City. In other words, Pasay City is a facilitator of trade among its neighboring LGUs. The city also serves as an international gateway not just to Metro Manila but the whole Philippines with the existence of both the domestic and international airports within its jurisdiction. The popularity of the Baclaran Church in nearby Parañaque City has not only created a religious devotion but has also intensified commercial activity that has overflowed into Pasay City. This has brought about benefits to Pasay City in the form of employment and more livelihood opportunities, a more robust local economy, and a rise in property values. These benefits, however, are not without its attendant urban problems of vehicular traffic congestion, blight, breakdown of services, and an increase of urban poor dependent on the thriving economic activities.

Complementing Pasay City's strategic location is its relatively flat terrain, which has the capacity to absorb a large population and intense commercial enterprises. Another feature that could work to its advantage is its western coastline that could be expanded through reclamation. In fact, a large portion of the city is already made up of reclaimed lands where prominent landmarks and national government offices are now established.

Policy actions of neighboring LGUs are known to affect the city's economy. The apparent rise in business tax collections of the city government, for example, was the result of the campaign by the Parañaque City government against Baclaran vendors who reacted by merely crossing the boundary into Pasay City. Likewise, the city has benefited from the transfer of local investors who were discouraged by Makati City's ordinance that increased the rate of local taxes on business enterprises. On the other hand, the rising crime index that has discouraged Pasay City's legitimate investors was a direct result of criminal elements moving into the city when Manila launched its intensive campaign against drugs and other criminal activities.

As a whole, Pasay City has the basic fundamentals that could sustain its economic machinery. It has highly educated and skilled manpower as well as managers; adequate supply of electricity and water; excellent access provided by light rail transit systems, excellent communication facilities, road networks and airports; and some land for expansion.

4.2 The Political Economy of Pasay City.

As an international gateway and a transport corridor, Pasay City shares in the administrative supervision of strategic roads such as Roxas Boulevard, Harrison

Road and Taft Avenue on the southwest and EDSA (C-4) which runs from east to west. These linkages facilitate economic interdependence. The efficiency of the city could be adversely affected should vehicular traffic in Pasay City be left unattended. Labor productivity among offices in the cities of Manila and Makati shall somehow decrease because of the workers' extended travel, which shortens their working hours. This shall also affect the earnings of people driving public conveyances who shall be discouraged to ply their route in the area. Transportation costs of students from the cities of Parañaque and Las Piñas as well as those from Cavite who study in Manila shall likewise increase, as they shall be forced to take longer routes going to and from their schools. Such unfavorable conditions have already occurred when the construction of Metro Rail Transit facility in EDSA permanently diverted the traffic flow that forced the motorists and travelers, particularly those going to the airports, to take alternative routes.

The City is host to the domestic and the international airports. As an international gateway, Pasay City holds the visitors' first and last impression that is crucial to the Philippines' business and industries, especially the tourism industry.

The city is like a corporate enterprise that needs to be sustained. It has to compete for investment for it to generate tax revenues, create livelihood and provide employment to its legitimate residents. With its strategically located reclaimed properties along its western coastline, the city could be competitive with its progressive neighboring LGUs.

4.3 Labor Force and Employment

In 2000, Pasay City had an estimated labor force of 291,800 representing 80.4% of the population. In spite of its highly urbanized character as evidenced by its numerous service enterprises, Pasay City had only 84.5% of its total labor force gainfully employed. Most of those employed worked for various enterprises, corporate firms and government agencies. There was also a significant number of those working which were considered self-employed.

4.4 The Leading Industries of Pasay City

Pasay City's rapid urbanization has seen the decline of traditional industries and their replacement with more service-oriented types of livelihood and industries. The rising population and the growing demand for their immediate needs have caused too much pressure on land and the surrounding environment. The demand for space and the subsequent invasion of creeks and rivers by informal settlers has eased out vegetable farming, fishing, livestock raising and the culture of marine products.

The recent trend towards a global-oriented economy had various impacts in the Philippines as the system promoted consumerism that created a demand for service-oriented industries. In Pasay City, such service industries took the form of financial services, medical services, retail and general merchandising, recreation services, public terminals, commercial garages, professional services, personal

services, utility services, and light manufacturing. In 2000, a total 8,461 enterprises were registered in the city. See Table 4.1.

Table 4.1
Classification of Industries in Pasay City, 2000

Business Classification	Number	Percent to Total
General Merchandising and Retail	4,792	56.6%
Professional Services	1,394	16.5%
Utility Services	762	9.0%
Financial Services	462	5.4%
Rest and Recreational Business Services	339	4.0%
Personal Services	258	3.0%
Allied Medical Services	209	2.5%
Manufacturing/Fabrication	168	2.1%
Public Terminals and Commercial Garage	41	0.5%
Private Learning Institutions	36	0.4%
Total	8,461	100.0%

Source : Pasay City Business Permits and License Division

4.4.1 General Merchandising and Retail

Of the numerous industries recorded in 2000, the general merchandising and retail sector had the biggest share with a total of 4,792 enterprises. This sector was dominated by retail and general merchandising with 1,964 and sari-sari stores with 1,346. The others were dealer/trading marketing, restaurants / fastfoods, food chains, bakeshops and those engaged in export activities.

Table 4.2
Profile of General Merchandising and Retail in Pasay City, 2000

General Merchandising And Retail Sector	Number of Establishments	Percent of Sector Total	Percent of Industry Total
General Merchandise & Retail	1,964	41.0%	23.2%
Sari-sari Stores	1,346	28.0%	15.9%
Food Chain Outlets	522	10.9%	6.2%
Dealer/Trading and Marketing	458	9.6%	5.4%
Export/Import	180	3.8%	2.1%
Restaurants/ Fastfoods	166	3.5%	2.0%
Bakeshops	156	3.2%	1.9%
Sector Total	4,792	100.0%	56.7%

Source: Pasay City Business Permits and License Division

The numbers presented above may even be more as inspections by the city government often reveal that there are several micro-enterprises operating without business licenses.

4.4.2 Professional Services

Professional Services had the second biggest share in the type of industries in Pasay City with 1,394. This consisted of 385 private agencies engaged in travel, security and labor recruitment, 668 establishments in land development; dealership and leasing; 155 general contractors; and 186 repair shops.

4.4.3 Utility Services

The 762 enterprises engaged in providing utility services included 258 firms providing general services; 184 forwarders and brokerage firms; and 231 that were either gasoline stations, funeral parlors or warehouses. There were also 86 operating as non-stock and non-profit institutions. Included in this category are the Manila Electric Company, the Maynilad Waterworks, Inc., and the branch office of PLDT.

4.4.4 Financial Services

Of the 462 establishments offering financial services in Pasay City in 2000, there were 78 banks, 29 money-changers, 105 pawnshops, 18 lending investors, and 232 insurance agencies and holdings. Banks cater to savers and entrepreneurs in need of capital for their enterprises. Micro entrepreneurs, on the other hand, are not afforded the same service and are forced to resort to underground financing that charge as high as 20% for a 60-day period. Money-changers cater to people and tourists who have foreign denominations while pawnshops lend money to people who have valuable property but lack the cash.

4.4.5 Rest and Recreational Business Services

Businesses related to rest and recreation were also prevalent economic activities in Pasay City. There were about 339 business services that were classified as rest and recreation in 2000. Of this total, 168 were amusement centers and 122 were *karaoke* bars, nightclubs and discos. The city had 20 high-end hotels and another 22 less luxurious lodging facilities. There were also seven theaters in 2000.

4.4.6 Personal Services

Of the 258 enterprises under Personal Services, about 254 were beauty parlors operating mostly on the easements of major and interior roads. The other four (4) enterprises were registered as lodging houses.

4.4.7 Allied Medical Services

There were 203 drug stores and optical clinics registered in 2000. The others were six (6) private hospitals, namely, the Manila Sanitarium and Hospital, San Juan de Dios Hospital, Miraculous Medical Hospital, Pasay Doctors Polyclinic, Balbido's Clinical Laboratory and Pasay- Parañaque Chest Clinic.

4.4.8 Manufacturing/ Fabrication

The 168 enterprises listed under the manufacturing/ fabrication category were as varied as the retail and general merchandising. While 22 were generally classified

as food manufacturers, the rest were engaged in different crafts, such as metal and steel fabrication, spare parts, cutlery, dress shops and tailoring shops.

4.4.9 Public Terminals and Commercial Garages

There were 15 bus terminals observed in the city, many of which are situated in the major thoroughfares such as EDSA or circumferential Road 4. There were also nine (9) commercial garages being used as terminals. It was learned that many of the bus companies have committed violations against local government regulations, which included about 15 bus companies that have not secured zoning clearances prior to operation and a majority which have not been issued Mayor's permits to operate.

In addition, it was estimated that there were about 2,500 tricycles providing short-distance travel to residents along the city's inner sections as well as in the secondary and tertiary roads. Like the bigger public utility vehicles, the tricycle drivers were organized and had their own terminals. The city government has allowed 15 terminals for the operation of tricycles and pedicabs.

Aside from public land transportation terminals, the city is also host to two rail transit terminals operated by Light Rail Transit and the Metro Rail Transit.

4.4.10 Private Learning Institutions

While private learning institutions perform a public function, they are of course managed and owned by private investors expecting returns on their investments. Of the 36 private learning institutions, three were private colleges, five were vocational schools and six were flying schools. The remaining 14 schools cater to primary and secondary education including the pre-school institutions.

4.5 Key Players in the Local Economy

There are several key players or groups that drive and sustain the city's economic activities. Some of them are identified and their roles in development are discussed below:

4.5.1 Private Investors

Private investments are the lifeblood of the city's economy. It was learned that private investors have four concerns in their operations. The first concern is the lack of parking space and spaces for pedestrians as sidewalks have been taken over by vendors. Another concern is the inefficient solid waste management system that would support business operations. Businesses and legitimate residents of Pasay City area also worried about the increasing number of illegal dwellers that have taken over many public and private properties. These informal settlers have contributed to urban blight in places, which could otherwise have been good locations for commercial uses. The illegal dwellers have also

contributed to the rising costs of water and electricity consumption of business enterprises and legitimate residents who have been forced to subsidize their consumption from illegal connections. Lastly, residents and business owners have voiced concern over the city's lack of will to enforce land-use and development plans.

As in many urban centers in the Philippines, the city government is not aware why certain businesses in their jurisdiction close shops despite the large number of consumers. They locate somewhere else where they could afford the lease of commercial space. Should numerous investors decide to relocate their business operations, such could adversely affect the city government's income and result in the loss of jobs among some of its residents. While it is not mandated for the city government to control the lease rates imposed by owners of business structures, having such information could somehow ease the burden of local investors in looking for modest business locations within their means. The city government could be ahead of its neighbors if it could provide information on the prevailing lease rates and business maps within its jurisdiction as an added service to prospective investors.

4.5.2 The Chambers of Commerce

Pasay City has two chambers of commerce and industry. The older one is the Chinese Chamber of Commerce whose membership is exclusive to Chinese businessmen. The other one is the more recently organized Pasay City Chamber of Commerce, which had an initial membership of 100 businessmen. As organizations of the city's employers, the two are considered very influential in the city's economic and political sustainability.

4.5.3 The Public Market

The public market is an important facilitator of trade and a great provider of employment. Pasay City has a public market operated by the city government and another owned by a private enterprise. The government public market is a 13,378.47 square meter two-story structure that provides livelihood to some 1,500 stall holders. The privately-owned public market has a floor space of about 500 square meters.

Although the market vendors belong to the lowest layer of commodity distribution, their capacity to influence market prices cannot be ignored. The market vendors in the Pasay City Public Market are organized and have formed themselves into an association of about 500 members.

4.6 Tourism

There are numerous recreational and cultural destinations that attract local visitors and foreign tourists. Cultural attractions include the Nayong Pilipino at the airport area that showcases miniature versions of real natural attractions in the Philippines, and the numerous venues for shows at the Cultural Center of the

Philippines (CCP) Complex. The reclamation area is also home to Star City, which is the favorite recreational destination by people during the Christmas season.

Pasay City has a key role in the Philippine tourism industry, as it hosts the Ninoy Aquino International Airport and thus serves as the country's international gateway. It also supports the tourism industry in Metro Manila and the nearby provinces in Southern Luzon as it has 20 hotels that accommodate foreign and local tourists. The ferry terminal beside the Tanghalang Francisco Balagtas also serves as the jump-off point to the historical island of Corregidor.

4.7 Economic Interdependence

Because of the city's prime location, the largest portions of its lands have been used for utilities, residential and commercial activities. It lacks the space production for the production of food and the other basic necessities of its people. Such a limitation has forced the city to accept economic interdependence. Although there is no hard data on the volume of incoming commodities, it is known that they sourced from various regions. Based on interviews with market vendors, Pasay City is dependent on the following regions:

- *Other Metro Manila LGUs.* Through the various dealers, producers operating in the industrial areas of the NCR supply different manufactured products for consumption in offices and households in the city, like paper, canned goods, hardware and construction items, cooking utensils, processed foods, clothing and wearing apparel.
- *Southern Tagalog Region.* Traders from this region directly supply the city residents of different consumable items like rice, corn, fish, food condiments, dried fish, pork, dressed and live chicken, fruits, ready-to-wear (RTWs) dresses and slippers, beef, fruit and leaf vegetables, citrus and delicacies, textiles, coconut and by-products, vinegar, salt, coffee, food delicacies, cutlery, ginger, among others. The products mostly come from Rizal, Laguna, Cavite and Mindoro.
- *Central Luzon.* Through the traders from Bulacan and Nueva Ecija, the region is a regular supplier of rice, fruit and leafy vegetables, onions, garlic, tubers, cabbage, fresh fish, pork and chicken. People from Bataan, Pampanga and Tarlac also trade their wares in the city.

The commodities and goods flowing in the city also come from other areas in the Philippines. As the location of the domestic airport, Pasay City can be considered the entry point of goods from the Visayas and Mindanao. Two of the more popular goods are textiles and cutlery from the Muslim provinces.

In exchange, Pasay City becomes a place of residence when they do business in Metro Manila. Residents in other regions also find work in industries established in the city. They are accommodated in lodging houses for them to enjoy the convenience of working in corporate offices and national government agencies in nearby cities of Manila, Makati and Parañaque.

4.8 Appraisal of LGU in Managing the Local Economy

The Local Government Code of 1991 has prescribed the basic organizational structure of the local government units nationwide. However, it does not impose restrictions on the creation of departments which are necessary for the delivery of services to the public.

The city government has several offices that are responsible for providing services in assisting the investors. It has an engineering office that checks the adequacy of structures, a city planning and development office that issues development permits, and a business licensing office that grant business permits and licenses. It has an office of the cooperatives that caters to micro enterprises established by cooperatives as well as a tourism office that caters to tourists and prospective investors. It was felt, however, that a business development office that will coordinate with the Department of Trade and Industry, Board of Investments, the chambers of commerce, and business associations would be needed for the city to coordinate and attract more local investments.