WHY DO BUSINESS IN BATANGAS CITY

Batangas City, recognized as the “Industrial Port City of CALABARZON (Region IV-A)”, is one of the fastest urbanizing cities in the Philippines with an average annual growth rate of 2.13%. Rapid growth is largely due to improved employment and quality of life prospects, facilitated by excellent transportation networks, including an international port as well as accessible roads that are well-connected to nearby markets. The city is a first class city in the Southern Tagalog Region, steadily generating significant revenues (PhP1.69 billion in 2012).

BUSINESS-ENABLING ENVIRONMENT

Batangas City boasts of a supportive environment that caters to what businesses need and want. Critical to this is a well-developed infrastructure backbone. The city’s locational advantage, given its proximity to Metro Manila and nearby major regional and provincial cities, is harnessed by a keen emphasis on infrastructure. Maximizing its coastal resource, the presence of the international port facilitates movement of both people and goods. It currently handles over 3 million passengers and almost a million tons of cargo per year.

Connectivity to the South Luzon Expressway (SLEX) and the Southern Tagalog Arterial Road (STAR) enables easy access to the nation’s capital and the rest of CALABARZON. This has made the construction of extensive industrial infrastructure projects feasible. Petrochemical complexes, the country’s first power plants using natural gas, metal fabrication facilities, and special economic zones/industrial estates are now well established in Batangas City.

Within the city, improvements to further decongest high-traffic areas are in the pipeline, including construction of additional roads and bridges, and expansion and widening of existing streets.

Beyond infrastructure, businesses are attracted to the city because of its superior level of human capital. Batangueños are dependable world-class service providers. High level of English proficiency is complemented by competencies in various academic and technical fields. The city has an extensive pool of skilled workers, benefiting from the presence of the Technical Skills Development Authority (TESDA) and intensive training from global companies that have set up business in the city and adjoining municipalities including Pilipinas Shell, AG&P, First Gen, Kepco, and Keppel Shipyards.

Another aspect that helps Batangas City attract investments is its business-friendly governance. In 2010, Batangas City was recognized by the Asian Institute of Management (AIM) Policy Center, United States Agency for International Development (USAID) and the German Technical Cooperation Agency (GTZ) as the most honest and transparent city in its dealings and the most supportive city to micro, small and medium enterprises.

As one of the partner cities of the USAID Cities Development Initiative, the city government, through the INVEST Project, has further instituted sound business reforms and a better environment for investments through:

• a clearer vision for economic and investment growth for the city shared by all;
• reduced cost of doing business and more streamlined business registration processes;
• a city government that responds appropriately and speedily to the needs of investors;
• a city government that is more capable of managing and implementing investment policies and of encouraging innovation in the private sector; and
• a stronger partnership between the city government and different stakeholders.
INVESTMENT PROSPECTS AND OPPORTUNITIES IN A NUTSHELL
Batangas City is endowed with abundant resources that provide a wide range of possibilities to investors. The city is classified as a regional agro-industrial center under the country’s Regional Development Plan (RDP) 2011-2016. Its rich agricultural resources offer a diverse array of crops, dominated by yellow corn, eggplants, and cassava, that potential investors may explore evolving into higher-value products through agro-processing. Livestock is a vibrant industry, especially now with an upgraded slaughterhouse in the city.

The city is also blessed with diverse marine resources with an emerging ecotourism destination market, owing to its proximity to the Verde Island Passage Marine Biodiversity Conservation Corridor. Investors can unlock the city’s tourism potential by developing eco-tourism-based products, including adventure-based activities, as well as exploring new offerings such as cruises along the Calumpang River. As the meetings, incentives, conventions and exhibitions (MICE) market is an emerging segment, especially with the launch of the 1,800-seater, state-of-the-art Batangas City Convention Center in 2012, additional investments in accommodation facilities, especially catering to the business audience, will be feasible.

For industry, the city’s major competitive advantage lies in its port infrastructure which enables port-oriented industries to locate in Batangas City. In terms of other industries, beyond the 86-hectare Tabangao Special Economic Zone which houses Pilipinas Shell’s refrigerated LPG terminal, two economic zones are currently being developed in Batangas City, including the 84.7-hectare RLC Special Economic Zone. The city government is looking at the development of two additional ecozones targeting manufacturing, BPO/IT, and administrative and financial services.

RELEVANT PROJECTS UNDER THE 10-YEAR DEVELOPMENT PLAN OF BATANGAS CITY, 2008-2018

**AGRICULTURE**

**Feasibility Study on the Establishment of an Integrated Processing Plant**
This study will look into the viability of putting up an integrated processing plant in the most appropriate location in Batangas City.

**Upgrading of the City Slaughterhouse from AA to AAA standards**
Completed in 2013, the new slaughter house will help improve the quality of meat for processing and consumption in Batangas City and adjacent towns.

**HUMAN RESOURCE DEVELOPMENT**

**Scholarships for High School and College Students (ongoing)**
The city government sponsors academic scholarships for deserving high school and college students.

**Strengthen Teacher Capability in English, Science and Mathematics (ongoing)**
This skills building program trains teachers to be better instructors of English, Science and Mathematics.

**Integration of ICT in Learning Areas**
Information and Communication Technology (ICT) will be integrated in the learning areas in elementary and secondary levels. Training will be provided to both teachers and students.

**Skills Inventory and Mapping in Batangas City**
This initiative will entail the conduct of skills inventory and mapping among members of the labor force in Batangas City.

**Establishment of a Technical-Vocational Education and Training (TVET) Program**
The city government will collaborate with the TESDA Region IV-A office to develop a technical-vocational education and training program customized to Batangas City residents, including a local apprenticeship track. The government will collaborate with training institutions and colleges as well as with private industries for participation in the program.
INFRASTRUCTURE AND TRANSPORTATION

Improvement and construction of road systems and bridges

- Calumpang Bridge 3. New two-lane bridge via Rizal Ave. with ample pedestrian walkways to alleviate congestion on two existing bridges that connect the poblacion to the new emerging center in Pallocan.

- Roundabout (Rotonda) at Gulod Junction. Replace Gulod intersection with a roundabout system to facilitate efficient flow of vehicles at the intersection, especially during morning and afternoon peak hours.

- Viaduct between Sta. Clara and Bay Road via Malitam. Alternative road for Monte Maria Shrine that bypasses residential areas of Pallocan and Libjo (existing highway caters to mixed traffic, including heavy vehicles traveling to and from industrial areas along the coast).

- Geometric Improvement (Roundabout) of BIR Road-P. Herrera Junction. Implement roundabout system in the intersection to alleviate traffic from Provincial Capitol, other government offices, and Lyceum and facilitate travel towards national highway and STAR expressway.

Conduct of Public Transport Strategy Study

The study will look at public transportation demand and supply in the city to address the need to match the quantity of public utility vehicles with existing passenger demand in the city’s different corridors. It will aim to rationalize existing routes and identify new ones that will serve emerging demands as well as developmental areas. The study will also identify strategies and priority projects in the short, medium, and long term that will improve the quality of public transportation in the city.

Feasibility Studies for major transport projects

- Integrated Transport Terminal. Feasibility study for an efficient, integrated inter-modal transfer facility to rationalize the numerous terminals scattered across the city.

- Parking Building at Old Market. Feasibility study to convert off-street parking space near the Old Market building into a multi-level parking facility.

- STAR Tollway-Gulod Bypass Road. Study to assess feasibility of developing 6-kilometer bypass road along a corridor east of Gulod Labac as an alternative to the National Highway that currently links the STAR tollway to the poblacion (highway experiences heavy traffic because of dense built-up residential and commercial areas).

TOURISM

Tourism Master Planning

This entails preparation of a master plan for barangays with potential for eco-tourism (i.e., marine protected areas, upland areas, and waterfalls), mass-based tourism, and other options, such as medical tourism.
Batangas City is well-equipped with appropriate infrastructure sought by local and foreign investors. Beyond proximity to the nation’s capital, it boasts of transportation hubs and linkages, including ports, excellent inter and intra-city road networks, communication facilities, and power and water requirements.

PORTS
Batangas Bay’s strategic location provides direct and easy inter-island and foreign trade with the operation of the Batangas International Port. A multi-billion project of the Philippine Ports Authority (PPA), it is divided into four (4) phases with a total aggregate area of more than 500 hectares and a back-up area of about 250 hectares. ATI Batangas Inc., a fully-owned subsidiary of Asian Terminals Inc., currently operates the port’s passenger terminal, general cargo terminal and container terminal.

Phase I, completed in 1999 at a cost of PhP1.6 billion, involved the construction of vessel docketing facilities. Presently, it handles over 3 million embarking passengers per year. The port serves as a major gateway to the country’s nautical highway, linking Luzon to the southern provinces of the country and nearby island destinations. The terminal services high-speed ferries, motorized fast crafts and inter-island roll-on/roll-off ferries (RORO) 24/7. The cargo terminal with two cargo berths - foreign berth with a 185-meter length and a draft of 10.50 meters; and the multi-purpose berth with a length of 230 meters and a draft of 12 meters - handled 974,714 tons of domestic and foreign cargoes in 2011.

Phase II, completed in 2005 at a cost of almost PhP3 billion, saw the construction of an International Container Terminal equipped with two ship-to-shore cranes and other modern cargo stacking equipment. It has an annual throughput capacity of 480,000 TEUs.

The development and operation of the Batangas International Port provided the impetus for industrial activities to intensify in terms of trade and transport access for major industries of the CALABARZON region.
Batangas City boasts excellent road networks that connect to the National Capital region and nearby provinces and towns in Southern Luzon as well as facilitate intra-city access.

The 42-kilometer Southern Tagalog Access Road (STAR), which became operational in 1999, directly links the Batangas International Port to Metro Manila, cutting travel time by 45 minutes. In June 2013, construction began for two additional lanes between Lipa City and Batangas City which will better facilitate vehicular traffic. The PhP2.3 billion project is expected to be completed in 24 months; at the same time, pavement repair and asphalt overlay will also be undertaken on the 22-kilometer Sto. Tomas–Lipa City stretch, replete with fiber optic cables, CCTV cameras and additional street lights.

As of 2012, the road network of Batangas City comprises a total of 473 kilometers, covering 76 kilometers of national roads, 22 kilometers of city roads and 375 kilometers of barangay roads. The 200-meter flyover which extends from the Diversion Road in Barangays Balagtas and Bolbok to the Batangas International Port, completed in 2007 at a cost of PhP3 billion, has cut passenger and cargo travel time to and from the Batangas International Port by at least 20 minutes.

To further address congestion and meet transport demand from various locations in the city’s designated industrial zone, the local government will soon undertake the following priority projects:

- Construction of the City Integrated Transport Terminal in Brgy. Alangilan, along the Batangas Port Diversion Road
- Construction of the Batangas Bay Road – STAR Tollway Bypass Road
- Widening of the existing Batangas City – Bauan National Highway

Communication by land, sea or air is vital; this has to be complemented by a good telecommunication system. Communication facilities such as fixed lines, satellite links, cellular systems, and microwave features are readily available in Batangas City.

Batangas City is also well known for its natural gas energy production. Combined capacity of its plants can meet up to 40% of the energy needs of the Luzon grid.

Both First Gas Power, a wholly-owned subsidiary of First Gen Corporation, and KEPCO generate power from their natural gas-fired power plants of 1,500 and 1,200 MW, respectively. Another 110 MW are provided by the Batangas Power Corporation. Construction will soon start in phases for three natural gas-powered plants of FirstNat Gas Power Corporation, a sister subsidiary of First Gas Power, with a total capacity of 1,350 MW.

Water is supplied by the Batangas City Water District (BCWD), created as an autonomous entity under Presidential Decree No. 198 dated May 25, 1973. Water supply capacity (1,353,000 cubic meters per month on average) significantly surpasses demand (761,000 cubic meters per month on average).
INDUSTRIAL ESTABLISHMENTS
There are twenty (20) major industrial establishments in Batangas City: fifteen (15) large-scale establishments with capitalization of at least PhP60 million; two (2) medium-sized firms with capitalization of between PhP15 million and PhP60 million; and three (3) small-scale industries with capitalization of less than PhP15 million. These include petrochemical complexes such as JG Summit; natural gas power plants like First Gas and KEPCO; and metal fabrication shops like AGP.

SPECIAL ECONOMIC ZONES
The city’s first ecozone development, the 86-hectare Tabangao Special Economic Zone, opened its doors in 1983. It houses Pilipinas Shell’s refrigerated LPG terminal that supplies the domestic LPG needs of the Philippines and its Asian neighbors.

The passage of the Ecozone Act in 1995 opened the avenue for ecozones to further proliferate in the CALABARZON region, contributing to Batangas City being considered a leader in terms of investments and employment generation.

OTHER COMMERCIAL ACTIVITIES
Beyond heavy industries, Batangas City has a wide range of other large-scale commercial activities, including retail and recreational facilities. CitiMart Group of Companies is one of the pioneers in the retail industry in Batangas City, establishing its first store in 1986. The business has expanded its presence – it currently has four branches in the city, including modern commercial centers BayMall and Nuciti Central, as well as shops in nearby towns within the province.

SM Batangas is likewise a key driver of growth in this segment. The mall, which sits on a 9.3-hectare lot, opened in November 2004, the 19th SM Supermall and one of the first established outside Metro Manila. The mall features 150 tenants covering casual dining outlets, fashion apparel, health and wellness, IT and gadget shops, entertainment venues, and convenience service shops.

INVESTMENT PROSPECTS AND OPPORTUNITIES

ECOZONE DEVELOPMENT
Two economic zones are currently being developed in Batangas City – the 16.6-hectare Tigerland Agro-Industrial Economic Zone in Brgy. Mabacong and the 87.4-hectare RLC Special Economic Zone in Brgy. Simlong.

The city government is looking at the development of two (2) additional ecozones targeting different industries: manufacturing locators at the Philippine Port Authority area and BPO/IT and administrative/financial locators in the Sampaga-Tulo area.

PORT INFRASTRUCTURE
The access provided by the Batangas International Port makes investments in Batangas City even more attractive. The existence of deep coastal water in Batangas Bay has encouraged port-oriented industries to locate operations in the city’s strategic coastal stretch, a major industrial zone in the country.
CROPS, LIVESTOCK AND POULTRY
Batangas City has a total land area of 28,541 hectares, of which 19,374 hectares (68%) are classified as Strategic Agriculture and Fisheries Development Zones (SAFDZ).

The principal agriculture land use in the city is devoted to crop production, utilizing 8,142 hectares of SAFDZ. Majority of crop production (42%) is devoted to fruit-bearing trees (refer to Chart 1) while a significant share (15%) is used to produce major crops (refer to Chart 2). Predominant fruit crops are sugar apple (atis), coconut, and banana, while yellow corn, eggplant, and cassava utilize majority of land use for major crops.

In 2011, the production value of agricultural crops reached PhP45.30 million (in constant prices), largely attributed to corn, eggplant, mango, and banana yields.

On the other hand, 318 hectares - 1.6% of SAFDZ lands - are used for livestock and poultry production activities. These comprise 250, 58, and 10 hectares for ruminants, swine and poultry, respectively (refer to Chart 3).”

FISHERY RESOURCES
Fishery harvests in 2011 averaged 266.2 metric tons with an estimated value of PhP14.64 million. Municipal fisheries contributed 99.85% to total fisheries output while aquaculture accounted for 0.15%.

Total fisheries production is 8% higher compared with the record of the same period last year. Dumpilas yields accounted for majority of production (44.35%) followed by galunggong (20.50%), lagidlid (15.00%), hiwas (14.60%), and tulingan (5.40%).
INVESTMENT PROSPECTS AND OPPORTUNITIES

There are seven types of soil in Batangas City with corresponding agricultural potentials (refer to Table 1). Investors looking for diverse crop production may exploit the natural endowments of the city.

<table>
<thead>
<tr>
<th>TYPES OF SOIL</th>
<th>LOCATION</th>
<th>AGRICULTURAL POTENTIALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taal Sandy Loam</td>
<td>Sta. Rita Karsada, Sta. Rita Aplaya, Sta. Clara, and Cuta</td>
<td>Corn, citrus, sugarcane, fruit trees</td>
</tr>
<tr>
<td>Hydro Soil</td>
<td>Calicanto, Wawa</td>
<td>Saltbeds and fishponds</td>
</tr>
<tr>
<td>Calumpang Clay Loam</td>
<td>Libjo, Poblacion, and Pallocan</td>
<td>Sugarcane</td>
</tr>
<tr>
<td>Ibaan Clay Loam</td>
<td>Pinamucan, Mahabang Dahilig, Malalim, Sirang Lupa, Conde, Talumpok, Sto.Nino, Tulo, Paharang, Mahacot, Catandala, Bilogo, and San Jose Sico</td>
<td>Sugarcane, upland crops, rice, and inter-crops</td>
</tr>
<tr>
<td>Ibaan Loam</td>
<td>Balete, Conception and Bucal Mahabang Parang, Sorosoro, Tingga, Banaba, Balagtas, Alangilan, Bolbok, Kumintang San Pedro, Dumantay, Dalig, Gulod, Sampaga, San Isidro, Ambulong, and Tabangao Aplaya</td>
<td>Sugarcane, upland rice corn</td>
</tr>
<tr>
<td>Ibaan Loam (gravelly phase)</td>
<td>Talumpok, Conde, San Miguel, Sto. Nino, Tabangao Dao, Haligue, Talahib Payapa/Pandayan, Mabacong, Ilijan, and dela Paz</td>
<td>Coconut, atis, cacao, and coffee</td>
</tr>
<tr>
<td>Sibul</td>
<td>Isla Verde</td>
<td>Rice, peanuts, tomatoes, and vegetables</td>
</tr>
</tbody>
</table>

**TABLE 1**: Soil Type by corresponding agricultural potential and location

Beyond crop production, investors may explore the possibility of utilizing the abundance of crops to produce higher-value products through agri-processing techniques with the assistance of local and national/regional government entities.

With regard to livestock, prospective investors should take note that Batangas City has recently upgraded its slaughterhouse.
Batangas City’s charm as a tourist destination lies in its rich historical and cultural heritage – from the High Renaissance-styled Basilica Minore of the Immaculate Conception and its museum featuring artifacts from the colonial past, to centuries-old ancestral houses, colorful festivals and local cuisine.

The city is also fast becoming popular as an ecotourism destination, a jump-off point to the Verde Island Passage Marine Biodiversity Conservation Corridor. Considered the center of marine biodiversity in the world, its rich marine life provides opportunities for snorkeling and scuba diving, among others.

The meetings, incentives, conventions and exhibitions (MICE) market is likewise an emerging segment. The newly-built 1,800-seater, state-of-the-art Batangas City Convention Center, coupled with other well-appointed meeting and sporting facilities, positions the city as a choice destination for national and local events.

Both the leisure and MICE markets are supported by a wide range of recreational facilities (e.g. SM City Batangas) and accommodation facilities, from the world-class Pontefino Hotel and Residences to other resort-hotels offering other price point options such as Days Hotel.

**INVESTMENT PROSPECTS AND OPPORTUNITIES**

Batangas City provides significant investment prospects in tourism, including the following:

- New product development, including river cruises in the Calumpang River
- Eco-tourism development, including adventure-based activities, taking advantage of the slopes of Mt. Banoy and Matoco Point, waterfalls and natural springs
- Agri-tourism development, such as setting up firms to cater to week-end tourist farmers who may want to experience planting and harvesting their own crops
- Establishment of additional accommodation facilities, especially close to the Batangas City Convention Center
- Community-based tourism and livelihood projects, such as production of crafts and souvenir items which can be supported by the Design Center of the Philippines
The primary asset of Batangas City is its people. Beyond technical competencies and English proficiency, Batangeños are culturally adaptable, dependable, and committed world-class service providers. Batangas City has an extensive pool of skilled workers, benefitting early on from large global companies which set up business in the city and adjoining municipalities – e.g. Pilipinas Shell, First Gen, AG&P, Kepco, and Keppel Shipyards.

The city has one of the highest literacy rates in the country, being the educational center of the CALABARZON Region (IV-A). Batangas City is home to 9 tertiary educational institutions, including St. Bridget's College, Lyceum of the Philippines University (LPU)–Batangas, University of Batangas, Colegio ng Lungsod ng Batangas, and Batangas State University. These five had almost 9,000 enrollees in 2012 alone. Over the years, courses offered have grown to more than 50 degree and non-degree programs, associate programs, and graduate programs.

University of Batangas and LPU-Batangas were awarded ISO 9001:2008 accreditations. Both were also granted ‘autonomous’ status by the Commission on Higher Education (CHED). University of Batangas was granted Level IV-accreditation status by CHED and also hailed as a “Center of Excellence” in Teacher Education. It has likewise earned the distinction of consistently delivering 100% passing rates in government licensure examinations for engineering courses. LPU-Batangas, on the other hand, was cited by CHED as a “Center of Excellence” in Hotel and Restaurant Management.

Batangas State University, formerly Pablo Borbon Memorial Institute of Technology, has ten campuses in the province. It was named as the leading mechanical engineering school in the country prior to licensure examinations in March 2013.
Higher education is supported by a backbone of 35 secondary and 119 primary schools. Over the last five years, the city has initially appropriated an average of PhP180 million for education covering capital outlays, remuneration, and other programs. Emphasizing the importance of education, the city government supplements initial appropriations whenever savings or extra revenues are realized. In 2012 alone, the city appropriated an additional PhP345 million for education, sourced from outstanding Real Property Tax revenue windfalls. The city government plans to build 100 classrooms by the year 2016 in preparation for the K-12 program of the Department of Education. Moreover, the city will be hosting the regional campus of the Philippine Science High School System, recognized as the best secondary school system in the country, in the coming years.

Ensuring that poor but deserving students receive quality education, the local government provides scholarships, allocating an average of around PhP25.5 million annually over the last five years. The city has 1,680 high school and 2,920 college scholars enrolled in both public and private schools for the year 2012. In terms of vocational and technical training, the city enrolled 200 students at the Technical Education and Skills Development Administration (TESDA) in the same year.

INVESTMENT PROSPECTS AND OPPORTUNITIES

KNOWLEDGE-BASED SERVICES

Batangas City is ready to host global knowledge-based services firms. As a result of its deep talent pool, the city was recently cited by the Information and Communications Technology Office of the Department of Science and Technology (DOST-ICTO) and the Information Technology and Business Process Association of the Philippines (IBPAP) as one of the emerging IT-BPM locations. Moreover, a partnership between Microsoft and the city government to upgrade the technology of the Colegio ng Lungsod ng Batangas beginning with 857 scholars for the current school year will contribute to further enhancing the city’s excellent IT competencies.

The city government of Batangas City is considering plans to collaborate with private developers to develop a “techno hub” ecozone to be registered under the Philippine Economic Zone Authority (PEZA), taking advantage of the classification of BPO, IT, and IT-enabled services as an investment priority area, thus qualifying for incentives.

METAL FABRICATION

AG&P operates one of Southeast Asia’s largest steel fabrication and assembly yards in an area covering over 1.5 million sq.m. in the municipality of Bauan, less than 10 kilometers from Batangas City. It recently expanded its facilities with the addition of a 500,000 sq.m. stand-alone yard in Batangas City, adjacent to the Batangas International Port. By end of 2013, AG&P plans to hire 6,000 workers onsite, double its current workforce, to support the continued expansion of its global business. Its latest partnership with Flour Corporation, a Fortune 500 company, opened up 1,500 new jobs.

Upon gaining employment with AG&P, employees undergo intensive courses, certified by TESDA, in industrial welding, structural and pipe fitting, scaffolding, insulation and millwright, crane and heavy equipment operation in AG&P’s in-house world-class training facilities. These offer globally recognized qualifications, including SMAW, 3G, 4G, 6G/FCAW and GTAW.

On the other hand, the city government of Batangas is considering the opening of courses focusing on metal fabrication at the Colegio ng Lungsod ng Batangas in collaboration with TESDA. Students are trained in accordance with global standards, thereby enhancing employment prospects both locally and abroad.

SEAFARING

Recently, the Lyceum of the Philippines University built the Lyceum International Maritime Academy, cognizant of Batangas’ long tradition in seafaring. This new state-of-the-art campus is complete with maritime training facilities, including a simulator ship.