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## Globalization and Glocalization: Experiences in the Local Philippine Context

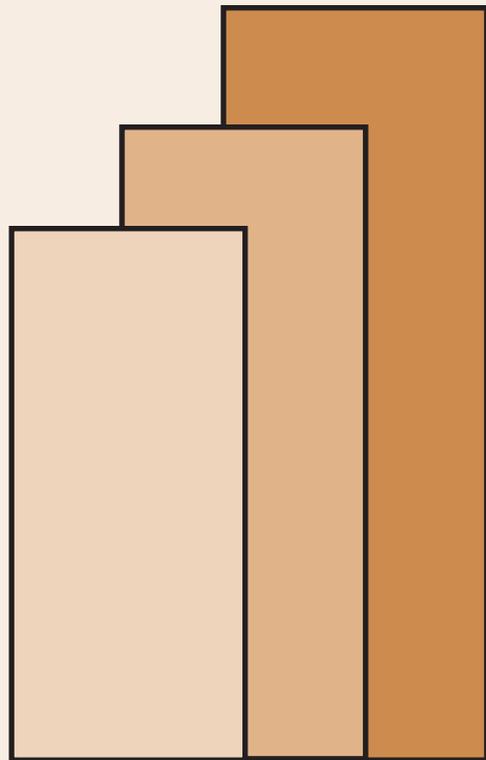
*Ma. Divina Gracia Z. Roldan*

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For comments, suggestions or further inquiries please contact:

**The Research Information Staff**, Philippine Institute for Development Studies

5th Floor, NEDA sa Makati Building, 106 Amorsolo Street, Legaspi Village, Makati City, Philippines

Tel Nos: (63-2) 8942584 and 8935705; Fax No: (63-2) 8939589; E-mail: [publications@pids.gov.ph](mailto:publications@pids.gov.ph)

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# **GLOBALIZATION AND GLOCALIZATION: EXPERIENCES IN THE LOCAL PHILIPPINE CONTEXT<sup>1</sup>**

**Ma. Divina Gracia Z. Roldan\***

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<sup>1</sup> This paper is part of the “Globalization, Governance and the Philippine State”, a collaborative research project undertaken in 2004 and completed in 2005 under the Philippine APEC Study Center Network (PASCN).

\*Formerly a faculty member of the University of the Philippines- Cebu and University of the Asia and the Pacific (UAP). She is currently a faculty member of the Political Science Department of De La Salle University (2010).

## **Abstract**

The study examines local responses to globalization, with Cebu as a case in point. It describes the initiatives of the business, export, and ICT sectors in adjusting to global demands. Manifestations of *glocalization* are indicated in the increased role of local players, intensified global-local linkaging, and the translocal and decentralized nature of responses by government. Attendant issues and challenges concerning Cebu's *glocal* experience such as, persistent poverty and increasing inequalities are also discussed.

Keywords: globalization, glocalization, local governance

## EXECUTIVE SUMMARY

Globalization poses challenges, as well as, opportunities. Localities can capacitate themselves by merging global opportunities with local interest. Glocalization then takes place when local actors have a more pronounced role in addressing global challenges

This study examines local responses to globalization. It determines how globalization and glocalization are experienced in the local Philippine setting, with Cebu City as a case in point. It focuses on selected sectors, namely, business, export, and ICT and looks at policy initiatives from these sectors as responses to changing global conditions. Local government responses are also included insofar its conduct of city or transtate diplomacy is concerned.

Cebu City is an interesting case, having evolved into one of the fast-growing urban areas in the Philippines outside Metro Manila. Its strategic location in Central Visayas has contributed to it becoming a regional center for trade, commerce, transportation, culture, and education. Eighty per cent (80%) of the country's inter-island shipping capacity is based in Cebu, which is also known as the tourism gateway for Central and Southern Philippines. Its stable peace and order situation, proactive local government, assertive civil society, and strong private sector have contributed to its growth as the premier city of the South.

In the 2003 competitiveness ranking of Philippine cities by the Asian Institute of Management Policy Center, Cebu City ranked 5<sup>th</sup> among the metro cities. Compared to other cities, Cebu City's noted strengths are its dynamic local economy, human resource base, and competitiveness in linkages and accessibility. Its weaknesses are in the areas of infrastructure and quality of life (i.e., low road density, low number of internet service providers, unreliable water and power supply).

Despite its economic potential, Cebu has not been spared from factors that caused a slowdown in the overall national economy. Yet, the overall performance of the export and business sectors has been sustained, if not growing. The Cebu Chamber of Commerce and Industry and the Philippine Exporters Confederation-Cebu are lead private sector organizations which advocate and suggest policies to sustain the growth and development of business and the export industry.

The globalization of knowledge has also led to many possibilities in the local economy. Growth in the electronics industry has paved the way for faster and wider information and communication technology (ICT) diffusion in Cebu. Educational institutions and IT companies aimed at improving the number and

quality of IT graduates in Cebu to meet foreign and local demands. Local ICT initiatives to improve service delivery to the public have also been started.

Glocalization in Cebu is manifested in the key areas of business, export trade, governance, and transborder diplomacy. While there are positive consequences of globalization – decentralization of power, improved governance, economic efficiency and expanded communications - there are also challenges posed by it. Negative outcomes include persistent poverty and increasing inequalities. The digital divide between the “information rich” and “information poor”, whether it be on a country, regional or local level, widen. In this regard, local initiatives in Cebu, spearheaded by the private sector and civil society groups, seek to address these attendant effects by providing technology and skills to disadvantaged groups such as in barangays within the city and outside of Metropolitan Cebu. Government can work with the private sector on providing safety nets for these disadvantaged groups.

Nevertheless, Cebu’s experience of glocalization shows that there are enabling factors that can maximize global opportunities: **leadership** not only of the local chief executive but also of the private sector and civil society organizations that propel Cebu’s development. The role of **information** is another. The ability to use, process, analyze data on resource inputs to the locality which is of vital importance. Specifically, ICT is a potential tool currently introduced from the grassroots to the local government. **Education** that meets global labor demands. And a **mindset** that is global in orientation but grounded on local realities.

# **GLOBALIZATION AND GLOCALIZATION: EXPERIENCES IN THE LOCAL PHILIPPINE CONTEXT**

**Ma. Divina Gracia Z. Roldan  
University of the Philippines in the Visayas Cebu College**

## **Introduction**

Globalization has ushered in changes in the way trade, communications, and even policy decisions are carried out. This process of increased mobility of goods, services, labor, technology, and capital throughout the world has permeated and affected not only regional economies but domestic institutions and politics, as well. While globalization gives rise to global cooperation, global-local tensions surface as localities adapt to economic, technological and societal changes brought about by this process.

In the course of adjusting to conditions brought about by globalization, localities can also accommodate opportunities to capacitate themselves and strengthen local quality of life. This approach referred to as “glocalization” denotes a merging of global opportunities and local interests, aiming to create a more socio-economically balanced world, which calls for the accommodation of global perspectives to local conditions, as well as for a more pronounced role of local actors addressing global challenges.

As agents of glocalization, urban actors (e.g., cities) are accorded greater roles in activities traditionally carried out on the national level. Glocalization makes cities key players in decentralized foreign policy, diplomacy, trade and inter-city projects forwarding social and economic development. This activity happens through the creation of coalitions where local governments serve as a balancing force to international private and public sector organizations in the framework of joint projects (Glocal Forum, n.d.).

Savir (n.d.) notes that:

“If unified and networked, major cities can be essential players in reforming globalization, cities can harness local civil society for capacity-building, more effectively direct peace-building activities, and take into account local labor, cultural expressions, languages, businesses, and communities at all levels of decision making. ...City-to-city cooperation can be developed with local government playing an operational role in

development and post-conflict situations and together with civil society contribute technical know-how to projects. Wealthy cities can support disadvantaged cities in the realm of governance, infrastructure development, rural-urban integration, youth and education, information technology, cultural heritage, tourism, and peace-building...”

In the case of Rome and Kigali, for instance, glocalization is seen in both cities engaging in a multi-sector project which focuses on food security, job creation, and market development in the city of Kigali. Projects on culture, sports, information and communication technology, and youth were also created between the two cities as part of a peace-building process. Civil society groups were formed – the “Friends of Kigali” in Rome and the “Friends of Rome” in Kigali. Another pilot project for decentralized cooperation is underway between the cities of Sao Paulo and Maputo under the auspices of the United Nations’ Food and Agriculture Agency and The Glocal Forum.

In this view, municipal leaders and city governments are said to be ideally suited to lead the reform of globalization as they are more sensitive to social and cultural needs and closer in proximity to citizens than their national counterparts.

Glocalization, therefore, suggests a more dynamic and two-way relationship between the realms of the “global” (multinational corporations, international terrorism, the entertainment industry, CNN, the Web) and the “local” (the sense of place, neighborhood, town, locale, ethnicity and other traditional sources of identity), especially as they are brought into contact on the Web and in other media (Stroupe, 2000). Among those who take part in this “alternative” process are *social entrepreneurs* – local community leaders, nonprofit organizations, business groups, among others – who employ the same spirit of enterprise in helping solve social problems, building social capital and social profit to improve the quality of life in excluded communities through partnerships with central and local government, and other local and national institutions (Community Action Network, 2003).

It is in this light that the study shall examine local responses to globalization, and to look into the possibility of describing these responses and experiences as manifestations of glocalization. It will discuss how the globalization of knowledge and the growth of a global civil society impact on local policy and development thrusts to include community initiatives in the areas of business, information and communications technology, and city diplomacy. An assessment of these issues, responses, and problems faced shall be made.

This chapter basically seeks to: (1) determine how globalization or glocalization is experienced in the local Philippine setting, with Cebu City as a case in point; (2) to determine how the business, export, and ICT sectors respond and adjust to this phenomenon; (3) to examine how the globalization of knowledge and the creation of a global civil society impact on the metropolitan

area's development concerns; and (4) to underscore attendant issues and problems faced by metropolitan areas concerning globalization.

## **Conceptual framework**

Globalization may be defined in so many ways yet it “suggests a radical dissociation between the global and the local” (Stroupe, n.d.). It is the process of increasing the connectivity and interdependence of the world's markets and businesses with increased mobility of goods, services, labor, technology and capital throughout the world. In the last two decades major driving forces for the increased pace of the process were advances in telecommunications infrastructure and the rise of the internet.

While usually associated by neoliberals with liberalization (a global world without regulatory barriers to transfers of resources between countries), globalization may also be viewed as what Scholte calls as *deterritorialization* - the growth of “supraterritorial” relations between people (Scholte, 2000, pp. 45-46). This definition underscores a reconfiguration of social space. In the case of global transactions, “place” is not territorially fixed, territorial distance is covered in effectively no time, and territorial boundaries present no particular impediment. Satellite television, the US dollar, the women's movement, the anthropogenic greenhouse effect and many other contemporary conditions have a pronounced supraterritorial quality (Scholte, 2000, p.48).

Glocalization, for its part, refers to the balancing of global and local with worldwide network of cities which aims at strengthening economic, social, and cultural sectors through peace building and development projects.(Glocal Forum, n.d.). It may be seen as “a reformed globalization of a very strategic nature that relies on cities as the core socio-political anchor...a reform placing a strong emphasis on social equity as the basis for international stability (Savir, n.d.).

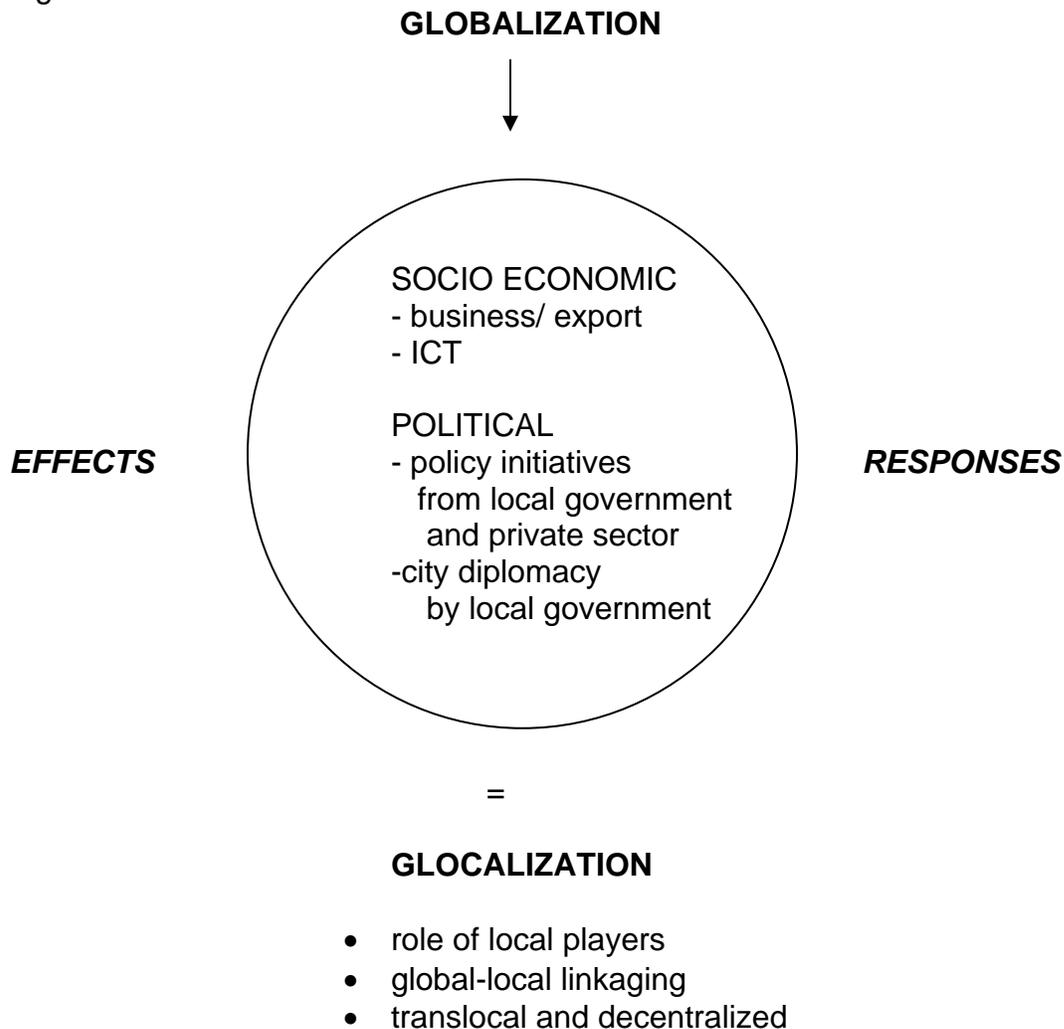
Moreover, glocalization is also referred to the combination of intense local and extensive global interaction. It was a move away from a solitary groups in a single locale to contact between people in different places and multiple social networks ( Wellman, n.d., p.3). It is likewise marked by the development of diverse, overlapping fields of global-local linkage [creating] a condition of globalized panlocality. This condition of glocalization represents a shift from a more territorialized learning process bound up with the nation-state society to one more fluid and translocal. Culture has become a much more mobile, human software employed to mix elements of diverse contexts (Gabardi, 2000).

Globalization has encouraged the growth of additional loci of governance besides the state [and] the spread of additional forms of community besides the nation (Sholte, 2000). It has paved the way for multilayered public governance in

which there is a widespread devolution of competences from state to substate governance, increased transborder collaboration between substate authorities, proliferation and growth of multilateral regional regimes, and expanded role of transworld institutions and global laws.

The following diagram illustrates the framework used in the study. (Figure 1) As shown below, globalization produces effects on and responses from localities. These are felt in a socioeconomic and political sense and by different sectors (e.g., government and the private sector). The developments brought about by globalization in the domestic environment could lead to a process of glocalization in which the role of local players are emphasized, linking internally and externally is intensified and, responses are translocal and decentralized shown in the bullet points under glocalization. These manifest glocalization as indicated in the study.

Figure 1.



The framework covers the socioeconomic and political aspects of local responses to globalization. On the socioeconomic level, the responses of the business, export, and ICT sectors in Cebu are identified. On the political level, policy initiatives by said sectors, as well as, the local government's conduct of city diplomacy are examined. The responses to the challenges of globalization both in the local government and private sector are taken within the context of their own separate systems and environments (public and private). This is so because it is argued that with globalization, governance becomes multilayered and privatized. However independent the responses may be as they deal with issues concerning their own domains, they address the same concern – that is, to adapt to the demands of a globalizing world.

The framework supports the argument that that globalization has encouraged the privatization of governance – that is, increased regulatory activity through nonofficial channels, the use of nonofficial agencies to implement public policies, the expanded involvement of civic associations in official policy formulation, and the considerable construction of regulations by nonofficial bodies (Scholte, p.157).

Such conditions can also be related to the concept of glocalization in which local players take on a greater role in the decision-making process given increased global-local interaction. Through information and communications technology (ICT), glocalized networks emerge, operating more independently of their surrounding environment. Wellman (n.d.) posits that “glocalized connectivity affords fluid systems for using ramified networks to access resources at work and in the community: material, cognitive, and influential...the very fact of their ties to other networks will be resources, creating the possibility of linkage, trade and cooperation.”

These are, therefore, tied up with the following indicators that would characterize glocalization, namely: (1) the role of local players as key agents in forwarding development activities; (2) global-local linkaging; and (3) the translocal and decentralized nature of responses.

The role of local players in the globalization/ glocalization process is seen in the policy initiatives on the political and economic fronts. The private sector and local government share in responding to challenges and opportunities posed by this process. One such response is in seizing the opportunity to expand domestic and foreign linkages which emerges out of a more open environment.

### **Scope, research context and methods**

Globalization has far-reaching effects on different sectors of society. This study, however, focuses only on the selected sectors, namely, business, export,

and ICT. The study deals with policy initiatives from these sectors as responses in the light of changing global conditions. Local government responses are also included insofar its conduct of city or transtate diplomacy is concerned.

A combination of etic (outsider) and emic (insider) approaches were adopted in the research using participant observation, key informant interviews, and documentary analysis.

The study was undertaken in two major phases. The first phase involved a survey of literature regarding the concepts of globalization and glocalization. The second phase involved field research. Data on Region VII / Cebu examined within a five-year period included:(1) volume of foreign investments and export trade;(2) number of sister-city or twinning agreements forged by local government; and (3) policy initiatives made by selected private sector organizations pertaining to business and ICT development. Foreign and domestic politico-security developments were also considered as a variable as they affect local institutions and operations.

Key informant interviews were conducted among representatives from the business, export sectors, and nonprofit organizations in Cebu City during the first two quarters of 2004. The questions asked were about perceptions of what globalization is and how selected sectors have addressed its impact.

The focus of discussion in this study is on the city level to include the initiatives of both local government and private sector organizations. However, statistics on trade, industry, and exports for Cebu go beyond the city level as data recorded on these include the metropolitan area and the province according to key informants.

## **Cebu Profile**

### **Historical background**

Located at the center of the archipelago, Cebu has been a hub for trade and commerce since the 1860's. Globalization has been experienced here early on with its exposure to trade and commercial activities as early as the 19<sup>th</sup> century.

The opening of Cebu port to international trade in 1863, by virtue of a royal decree issued on July 30, 1860, ranked as one of the local events that stimulated trade and brought Cebu into trade with English, United States and Spanish ports. In the early 1860's, Cebu acquired increased importance as an emporium for Visayan products and successfully retained this position into the 1880's. As a regional emporium, Cebu ships brought sugar and tobacco from Bohol, rice from Panay, abaca from Mindanao and Leyte, and coffee, wax and mother-of-pearl from Northern Mindanao. Some of these goods were retailed in

Cebu, others exported to Manila and still others exported directly to foreign ports (Sy, 1996, p.32).

Foreign commercial houses which were set-up in the mid 1860's also played a dominant role in the economic life of Cebuanos. British and American export firms infused skills and resources (e.g., capital loaned to local entrepreneurs) to the local economy. Economic expansion was felt as business organizations proliferated. It was noted that in general a symbiotic relationship existed between the large foreign firms and the local companies. An example of which in the late 1800's was the La Compania de Barcos Costeros with the British commercial firm MacLeod and Company as major stockholder and 16 Cebu city merchants as other stockholders (Sy, p.35).

Since then, Cebu City has evolved into one of the fast-growing urban areas in the Philippines outside Metro Manila. Its strategic location in Central Visayas has allowed it to become a regional center for trade, commerce, transportation, culture, and education. Eighty per cent (80%) of the country's inter-island shipping capacity is based in Cebu, which is also known as the tourism gateway for Central and Southern Philippines. As a hub, it likewise experienced a high degree of in-migration from neighboring the rest of the Visayas and Mindanao. Its stable peace and order situation, proactive local government, assertive civil society, and strong private sector have contributed to its growth as the premier city of the South.

### **Socio- political profile**

Cebu Island has an estimated population of three million, 50% of which is in Metro Cebu. As educational hub of the Central and Southern Philippines, it boasts of over 25 tertiary institutions which help provide skilled and efficient workforce in the region. As of 2001, the employment rate in the Central Visayas region (which includes Cebu, Negros Oriental, Bohol and Siquijor) was 87.9%. Cebu province has 48 municipalities, six congressional districts, three component cities (i.e., Lapu lapu, Danao and Toledo), two highly urbanized cities (i.e., Cebu and Mandaue), and 1,122 barangays. Of the 73 barangays comprising the Cebu City, 30 are categorized as mountain barangays with land area totaling 27,797 hectares.

In the 2003 competitiveness ranking of Philippine cities by the Asian Institute of Management Policy Center, Cebu City ranked 5<sup>th</sup> among the metro cities (1<sup>st</sup> - Marikina, 2<sup>nd</sup> - Pasig, 3<sup>rd</sup> - Davao, 4<sup>th</sup> - Makati). The drivers of competitiveness for the ranking are: (1) cost of doing business; (2) dynamism of local economy; (3) linkages and accessibility; (4) human resources and training; (5) infrastructure; (6) responsiveness of LGU; and (7) quality of life. Compared to the other cities, Cebu City's noted strengths are its dynamic local economy, human resource base, and competitiveness in linkages and accessibility. Its weaknesses are in the areas of infrastructure and quality of life (i.e., low road

density, low number of internet service providers, unreliable water and power supply).

### Economic profile

Despite its economic potential, Cebu has not been spared from factors that caused a slowdown in the overall national economy. In recent times, political uncertainties, a weakening peso, the war in Iraq, domestic terrorism – have one way or the other affected the performance of its economy.

A look at the trade and industry indicators show the following trends:

Table 1.

Cebu Province:	CY					1995	–	2000
INDICATORS	1995	1996	1997	1998	1999	2000		2000
<b>A. INVESTMENTS</b>								
New Business Establishments Registered with DTI	6,000	8,861	6,001	6,814	7,387	5,684		
No. of SEC-registered Corporations	753	768	947	604	655	672		
<b>B. BALANCE OF TRADE (P Million)</b>								
Value of Exports	1,382.23	1,632.74	1,887	2,036.00	2,407.57	2,812.00		
Value of Imports	1,191.12	967.88	866	707.58	986.10	1,265.96		
Balance of Trade	228.319	664.86	1021	1,328.42	1,421.47	1,546.04		

Compiled by: DTI-Cebu Management Information Service & InfoNet7

Source: [www.dticebu.net.ph](http://www.dticebu.net.ph)

For the period 1995-2000, the number of new business establishments registered with DTI decreased from 6,000 in 1995 to 5,684 in 2000. The number of SEC-registered companies also decreased from 753 in 1995 to 672 in 2000.

The balance of trade, however, increased from P228,319 in 1995 to P1,546.04 million in 2000 with exports reaching P2,812.08 in 2000 from P1,382.23 in 1995 higher than imports amounting from P1,191.12 in 1995 to P1,265.96 in 2000.

Traditional manufacturing in the furniture and handicrafts sectors has been overtaken by advanced high technology industries. Most of these are export-oriented and foreign-owned. The largest markets are USA and Japan. Cebu's

track record is impressive, with an export list topped by semiconductors, electronic watches, electrical equipment, cameras and furniture. Total export sales exceeded \$2.0 billion in 1998, representing close to 7% of total Philippine exports. The exports are increasing with an average growth rate of more than 12% over the past five years

Table 2. Cebu's Top Export as of 2002

<b>2002</b>	<b>% to total Exports</b>
Electronics	39.14%
Other Industrial Goods	13.21%
Furniture	7.77%
Electrical Equipment	6.69%
Gift, Toys and Housewares	4.94%
Fashion Accessories	4.25%
Marine Products	4.11%
Garments	2.71%
Steel / Metal Products	2.05%
Vehicles, Machinery Parts	1.35%

([www.dticebu.net.ph](http://www.dticebu.net.ph)).

**Table 3. Cebu's Top markets**

<b>2002</b>	<b>% to total Exports</b>
USA	16.77%
Japan	14.55%
Hong Kong	9.98%
Singapore	3.22%
Australia	3.17%
Belgium	2.69%
Taiwan	1.72%
United Kingdom	1.64%
China	1.48%
Thailand	1.16%

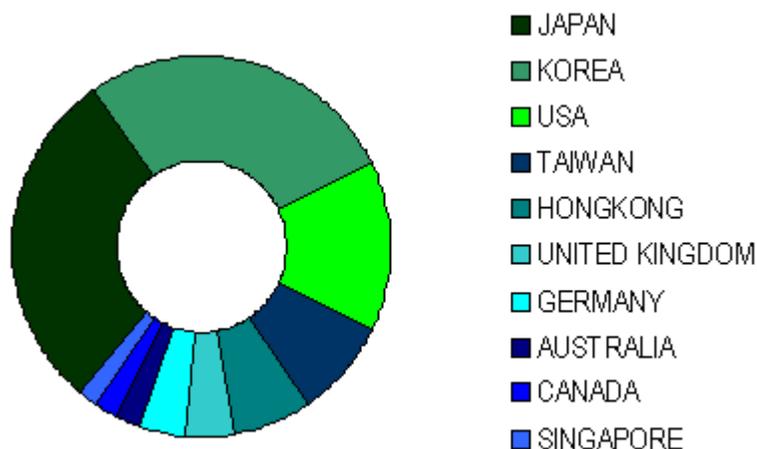
Source: [www.philexportcebu.org](http://www.philexportcebu.org)

Based on PHILEXPORT figures, Central Visayas contributes a nine per cent (9%) average share to total Philippine exports and a 10% average increase per year. Cebu has generated an average of US \$2.08 billion or P157 billion export revenue per year.

Because of its location, geographical features, culture, and hotel and transportation facilities, Cebu is also known for its tourist industry. Foreign tourism, in particular, grew at a faster rate in Cebu province than in the entire country in the first four months of 2004.

Cebu's top ten visitors as of 2001, yearly visitor arrivals by country from 1997-2001, and purpose of visit are as follows:

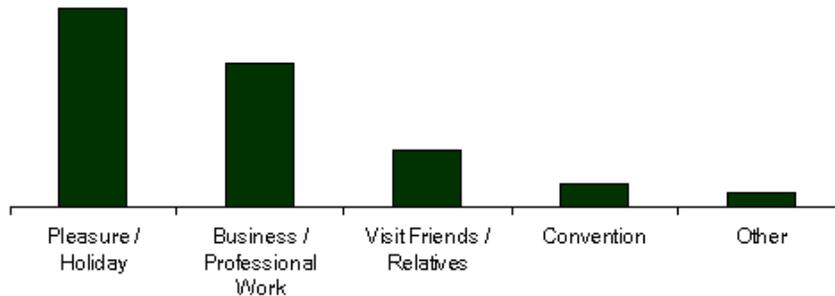
**Figure 2. Top Ten Visitors- 2001**



**Table 3. Yearly Visitor Arrivals By Country of Residence 1997-2001**

COUNTRY OF RESIDENCE	1997	1998	1999	2000	2001
ASEAN	23,512	13,634	14,866	12,655	7,507
East Asia	160,214	134,699	154,567	182,406	171,886
South Asia	1,047	1,084	1,297	1,326	666
Middle East	1,247	1,453	1,695	1,837	828
North America	27,506	34,274	37,258	43,194	38,172
Central America	129	160	291	271	
South America	292	346	456	319	
Western Europe	19,000	20,010	19,771	18,340	25,923
Northern Europe	11,615	13,761	14,628	14,438	
Southern Europe	3,311	3,048	3,114	3,657	
Eastern Europe	507	667	703	372	
Oceania	8,191	8,325	8,241	7,348	5,954
Africa	104	280	326	275	
Others	18,687	9,402	8,762	7,845	19,114
Balikbayans	2,252	1,751	1,395	1,904	3,826
Total Int'l. Arrivals	277,614	242,894	267,370	296,187	273,876
Total Domestic Arrivals	380,031	391,847	421,073	527,311	543,497
<b>Grand Totals</b>	<b>657,645</b>	<b>634,741</b>	<b>688,443</b>	<b>823,498</b>	<b>817,373</b>

**Figure 3. Purpose of Visit**



Source: NEDA-7

To date, the Department of Tourism Region 7 figures show that the growth rate of foreign tourists visiting Cebu from January to April 2004 was 27.52 % at 113, 263 tourists compared to 88,822 in January to April 2003. In contrast, the number of foreign travelers who visited the Philippines grew just 24.3% (771, 569 from 20,966 in 2003). Figures also suggest that Cebu province absorbed 15% of all the foreign travelers who visited the country. According to the National Statistical Coordination Board, among the 79 provinces in the Philippines, Cebu ranked number one in foreign tourist arrivals in 2000, receiving 294,282 foreign guests. Koreans and Japanese were the top foreign travelers in 2004 bringing in 31,195 travelers each during the January to April period. Together they accounted for 55% of foreign tourists in Cebu (Sun Star, 29 June 2004).

Tourism is also linked to business and export promotion as investments are poured in by foreigners who see the potential of doing business in Cebu. There are foreigners (e.g., British, Japanese, Korean nationals) who have decided to live and establish businesses in Cebu after first coming in as tourists. In addition, tourism also leads to other home grown businesses (e.g., souvenir shops, shellcraft, etc.) which serve as livelihood for locals.

### **Globalization and National Initiatives**

The trends in globalization have far-reaching effects on the national and local levels. These trends include reduced constraints on flows of goods, services, and capital across regions and the rise of cross-border exchanges and inter linkages. Sholte (2000) notes that the growth in supraterritorial relations between people have encouraged capitalist extension of activities, information industries, as well as consumerism. The process has led to an increased initiative by substate and non-state agencies, which tend to diffuse regulation.

In this light, the Philippine government has embarked on a number of policy initiatives that reinforce globalization and glocalization as these initiatives seek to bolster Philippine participation in the global economy. Among these initiatives are:

- The Export Development Act of 1994, which mandates government and the private sector to jointly promote exports as a focal strategy for development;
- The Investment Priorities Plan of 2000, which seeks to achieve countrywide development through globally-competitive industries;
- The Philippine Electronic Commerce Act of 2000 (based on the model law on electronic commerce drafted by the United Nations Commission for International Trade Law), which provides for the legal infrastructure for online transactions in the country and prepares the Philippines' full participation in global e-commerce; and
- The Special Economic Zone Act of 1991, establishing the legal framework and mechanisms for special economic zones (ecozones), to include the development of information technology parks, to attract locators in various regions of the country.

### **The Mactan Export Processing Zone**

The setting up economic zones or industrial estates is a major strategy to spur development outside Metro Manila. Special economic zones have been established to encourage foreign investments and exports. They provide incentives such as income tax holidays and duty-free importation of equipment, and put all the physical and administrative infrastructures necessary for business on site.

One example of this is the Mactan Export Processing Zone (MEPZ) which has drawn most of the region's export-oriented foreign direct investments (FDIs). The MEPZ was started in 1979 and is considered as one of the successful export zones in the country. Initially comprising an area of 120 hectares, it has added 90 more hectares to accommodate new locators covering a wide range of industries such as, electronics, computers, metals, chemicals, garments, furniture, precision instruments, jewelry, plastic products, and communication. Regulated by the Philippine Economic Zone Authority, the MEPZ has accelerated investments in Cebu as seen in the increase in the number of locators contributing to Cebu's FDIs.

Having the MEPZ as a model, other similar industrial zones are being developed around the Cebu Island namely, the West Cebu Industrial Park in Balamban, Asiatown I.T. Park in Lahug, Cebu Light Industrial Park in Lapu lapu City, New Cebu Township One/ Cebu Techno Park in Naga, and Cebu South Reclamation Properties in South Coastal, Cebu City.

In MEPZ I and II, total exports amounted to US\$1,919 million in 2000 from US\$ 895.95 in 1995. MEPZ I, the first and one of the most successful export zones in the Philippines, had 109 companies in operation employing close to 40,000 workers. MEPZ's value of exports contributes almost two-thirds of Cebu's total exports. Its balance of trade showed an upward trend in a five-year period from US\$114.65 in 1995 to US\$ 927.00.

The Cebu Investment Promotions Center (CIPC) 10-Year Report shows an increase from 9 FDIs in 1978 to 270 in 2002 with an average growth rate of 17.8%. The uptrend was sustained despite tumultuous periods such as, the EDSA Revolution in 1986 with 17 FDIs registered and the Asian financial crisis with 196 FDIs between 1996 to 1998. Despite domestic and international crises, Cebu's figures continue to show an uptrend. This may be due to a combination of factors – a responsive local government, an aggressive business community, and a general orientation and mindset that looks at opportunity amidst crisis.

The uptrend in PEZA-registered investments and number of firms at the Cebu's economic zones are as follows:

**Table 4. PEZA- REGISTERED INVESTMENTS IN CEBU**

	1999	2000	2001	2002	2003
Investments (P Million)	157.88	2,691.00	1,621.00	DNA	4,290.00
Total Exports (US\$ Million)	1,626.37	1,919.00	1,755.72	1,775.77	1,868.36
Total Exports (US\$ Million)	697.78	992.00	1,333.11	1,208.33	739.84

NA – data not available

**No. of Firms**

<b>Ecozone</b>	1997	1998	1999	2000	2001	2002	2003
MEPZ I	101	103	103	109	108	108	107
MEPZ II	14	19	25	32	37	40	39
New Cebu Township	2	1	1	1	1	2	2
West Cebu Industrial Park	5	5	5	5	5	5	5
Cebu Light Industrial Park					1	1	4
Asiatown IT Park						2	6

Source: Cebu Economic Factbook 2003

## **Local Responses to Globalization: Export, Business, and ICT Sectors**

The study mainly focuses on the business, export, and ICT sectors as these have largely felt the impact of globalization. In view of this, said sectors have also been active in finding ways to respond to the opportunities and challenges brought about by this process.

### **The Export Sector, PHILEXPORT, and its Initiatives**

Mandated by the Export Development Act of 1994, the Confederation of Philippine Exporters Foundation Cebu, Incorporated (PHILEXPORT Cebu) became the primary umbrella organization of exporters in Central Visayas. As the largest multi-sectoral export group in the region, it represents the voice of the exporters and concerns itself with matters of common interest among member industries and sectors.

Philexport Cebu performs the essential roles of providing leadership and direction to the exporting community; the fielding of a common vision for Cebu's export industry through which the various export sectors are unified; the facilitation of strategic agreements on issues vital to the exporting community; the upkeep of productivity and professionalism, and the advocacy for legislation that sustains a favorable export climate in Cebu.

Pursuant to these roles, the organization maintains a 13-fold program of service encompassing all the elements essential for a thriving export industry in Cebu, namely, which includes: a one-stop export documentation center, export development act accreditation, endorsement to trade fairs, organization of trade shows and missions, community integration projects, market information and membership database, government and institutional linkages, industry strengthening, business advisory and export-related information, technical and management training and policy advocacy.

PHILEXPORT Cebu continuously guards against policy developments detrimental to the growth of the export sector and the national economy. Conversely, the organization rallies behind measures which would result in a better socio-economic climate. Thus, representations have been made on the foreign exchange situation, labor, energy and infrastructure. The organization has taken positions in legislative bills and other government policies. PHILEXPORT Cebu initiated the creation of the Save Ce-Boom Council and organized the Exporters' Congress as venues for policy discussions.

Part of its policy advocacy, PHILEXPORT Cebu carries "the voice of the exporting community in the formulation and implementation of frame conditions

(legislation, export climate, etc.) favorable to the sustained growth and development of the export industry in Cebu.”

To keep track of market opportunities for the local export sector, Philexport Cebu recently organized a market intelligence seminar in Cebu City in collaboration with the Dutch government's development agency, CBI (Center for the Promotion of Imports from developing countries) and the UNCTAD/ WTO's International Trade Center in Geneva to capacitate the Market Information officers of business support organization (BSO) in Visayas and Mindanao in gathering market intelligence using the worldwide web.

The latest information gathering trends and tips on helpful websites, as well as, models of information service of successful business chambers in Western Europe and developing countries, were presented to serve as standards by which export chambers in Visayas and Mindanao may pattern their future membership information services. (Philexport, n.d.)

Philexport Cebu has also forged a partnership with Interactive Design, to offer web services to its members. Based on a recently held export industry wide consultation, exporters asserted that for market linkage and information to be made faster and easier to access, the need to utilize the latest information and communications technology (ICT) becomes an SOP, thus a website is identified as a must and urgent for the organization like Philexport and for the members themselves.

Philexport Cebu and its allied organizations are one in advocating for the use of internet technology for its members. A change in mindset is encouraged for them to take advantage of the faster and cheaper means of communications that the Internet, and its related technology, have to offer with regards to their market information and linkage needs.

In an interview with PHILEXPORT-Cebu president Mr. Alan Suarez, globalization has definitely affected the local export industry. He believes, however, that globalization has long been there and is an expected natural occurrence. Cebu as experienced globalization early on in its history when trading of copra was still a main activity in the island. But because of the orientation of people here being outward looking, adjusting to this phenomenon may not be difficult. Suarez believes it only involves resetting the mindset of people and defining the strengths and weaknesses in the local economy. Business is quick to change according to the environment.

According to Suarez, government policy should be attuned to these developments and should act fast. A problem which the export sector faces is in coordinating with government which has bureaucratic inefficiencies as a weakness.

Among the issues in the local export sector that PHILEXPORT Cebu seeks to address are as follows:

Proliferation of foreign flags engaged in illegitimate coastwide trade especially in Palawan which deprives legitimate food exporters much-needed raw materials like fish, crustaceans and cephalopods. For the Department of Trade and Industry (DTI) and all concerned agencies to find ways to curb the situation.

Depletion of natural resources (e.g., shells and fibers) leading to unstable prices of these raw materials. PHILEXPORT Cebu proposed a program to manage natural resources of certain materials (i.e., culture of particular shells or propagation of plants and trees that produce useful fibers).

Non-availment of fashion accessories exports of the Jewelry Industry Development Act. For the Export Development Council and Department of Finance (DOF) to amend existing implementing rules and regulations removing requirement for Cebu exporters to get endorsement from DOF Manila.

High cost of international trade fair participation. For DTI & CITEM to increase export promotion by subsidizing participation to identified international trade fairs where Philippine products have an advantage as exemplified by many Asian countries.

Additional fees on top of usual importation fees affecting the furniture sector. For the Bureau of Customs to conduct a review on whether the additional fees are legitimate.

A pressing issue urgently facing Cebu exporters is the International Ship and Port Facility Security (ISPS) Code which came about as a result of 9/11. The ISPS, which the Philippine government adopted among 165 contracting governments, aims to establish an international framework involving cooperation between port facilities of all contracting governments to detect security threats and take preventive measures against security incidents affecting ships or port facilities used in international trade.

The implication of the ISPS to business is that when ship calls on an ISPS-compliant port, it will be subjected to stringent security measures based on the Code. As it is, the Cebu International Port has yet to be ISPS compliant. Companies serving the US market will be hardest hit with the USA bent on enforcing the Code by July 1, 2004. With the US as the Philippines' main export market (majority of the Philippines' export products are shipped there annually), "non compliance to this requirement will invariably snuff the life out of the Philippine economy as international ships will be forced to stop calling on the ports of Cebu. Exportation and importation in Cebu, then, will surely come to a

halt. It possible that some 200,000 workers will be put out of work, businesses can close and export revenues amounting to more than US\$ 3 billion in Cebu in Cebu alone for the past year will be lost.

As a response to this issue, PHILEXPORT-Cebu has undertaken to inform and lobby with local authorities, government agencies, and its constituents about the urgency and importance of this issue.

### **The Business Sector, the Cebu Chamber of Commerce & Industry (CCCI), and its initiatives**

The Cebu Chamber of Commerce and Industry (CCCI)'s mission is to lead market opportunities for local business. As the voice of business in Cebu, it seeks to initiate and influence the development plans of government affecting business; promote and institutionalize linkages between the Cebu business community with domestic as well as foreign organizations, and strengthen the skills, capabilities and resources of the organization as well as its members and the business community.

In order to promote business and enterprises development especially among small and medium enterprises, the CCCI regularly conducts: (1) trade promotions, fairs and exhibits giving emphasis to small and medium enterprises in exploring a wide range of local market as well as in the international market; (2) trade missions to explore international business linkages; and (3) conducting seminars, training and fora on ICT, marketing and family business management, negotiation skills, sales, regional linkaging, and health care to gear them up in facing an increasingly competitive business environment in the global arena.

In an interview with CCCI president Mr. Robert Go, the effect of the GATT/WTO agreement attendant with globalization can be felt especially in the retail and manufacturing sectors. Visible effects are in the flooding of goods from China in the downtown area and even in the closure of some long-established manufacturers in Cebu.

Unfortunately, production costs are still high such as high electricity rates and labor. Government has yet to address infrastructure problems to help make local businesses more competitive.

The Chamber has established and institutionalized a strong advocacy program that upholds the cause of business and continuously works to create an environment conducive to the growth and development of a competent entrepreneurship base. In this year's, Cebu Business Month, for instance, activities point to two opportunities for local business to harness given the global environment – tourism and ICT.

Through the Chamber's policy advocacy program, the local business community is assisted to responsibly and meaningfully participate and contribute in the socio-economic growth of the metropolis. This is done through consultations, dialogues, and lobbying with concerned institutions, government agencies and local government units. Good government relations have enabled the Chamber to take a very active part in numerous programs and projects affecting business and industry as well as in the legislation process.

Through the years, the CCCI has covered a wide area of multi-sectoral concerns that affect business such as, taxation, utilities, infrastructure, transportation, solid waste management, traffic, anti-smuggling, peace and order, and the environment.

Some of the issues addressed by the CCCI through its policy advocacy are on:

Taxation. A position paper was drawn up requesting the Cebu City government to address delinquency payments of realty taxes, the lack of due process which prevents the city from collecting delinquency payments, and validity of realty tax clearance issued by the City Treasurer, among others.

Utilities. A manifesto requesting for exclusion from the universal levy all entities maintaining generation facilities as standby power systems was drafted. The CCCI recommended that the imposition of the universal levy shall exclude or exempt entities maintaining generation facilities solely as standby power system dedicated to serve the end-users' own consumption or internal use in time of power failure and/or deficiency by power supply companies.

Tariff. The ceramic industry petitioned against the importation of ceramic wall and floor tiles. The CCCI opposed any move to impose any tariff increase in any imported products or implement any punitive duty on tiles or cement in light of world trade liberalization.

Transportation. Proposed increase of not less than 3.571 pesos per nautical mile for passenger rates and 30% on the indicative regulated cargo rates in the Visayas island.

A resolution requesting the President of the Philippines to pass a law creating the Metro Cebu Traffic Authority was also made. It was deemed that the creation of the Metro Cebu Traffic Authority would address the serious traffic scenario of Metro Cebu more efficiently and effectively through planning, supervision and coordination among local government units of Metro Cebu and various agencies.

Others. Regional consultation among Cebu employers with the theme, “Global Compact Initiative, Reaching Out and Making it Work” was conducted to generate ideas and insights on the establishment of a multi-sectoral Global Compact Initiative committees in the regions.

A resolution was also passed expressing Cebu Business’ commitment to support the global framework promoting sustainable growth and good citizenship through committed and creative corporate leadership. The CCCI and its affiliate associations have unanimously agreed to commit themselves to the nine principles governing the Global Compact Agenda protecting internationally proclaimed human rights, labor standards and environmental initiatives ([www.esprint.com/-ccci](http://www.esprint.com/-ccci)).

### **The ICT Sector**

The globalization of knowledge has led to many possibilities in the local economy. Growth in the electronics industry has paved the way for faster and wider information and communication technology (ICT) diffusion in Cebu. Cebu’s ICT profile indicates the potential in this sector:

**Table 5. Information & Communication Technology (ICT) Statistics (Cebu)**

<b>Type of ICT Organization:</b>	<b>Number</b>
⊕ Internet Service Providers	21
⊕ Internet Cafes	315
⊕ Software Developers	38
Employees of Software Developers	1,900
No. of Registered Internet Subscribers	42,000
Estimated Internet Users	100,000

Communications			Number of Providers
⊕	Land-based	lines	21
⊕	Mobile	phones	315
⊕		Pagers	38
⊕		ISPs	21
⊕		Telex/Fax	6
⊕		VSAT	2
⊕	International Gateway		1

Source: [www.dticebu.net.ph](http://www.dticebu.net.ph)

The local government and private sector are gradually transforming the city into the country's hub for ICT. Among the reasons why Cebu has the potential for becoming the Philippines' software and e-services hub are: (1) software development is a core strength with a number of small and medium I.T. enterprises forming the backbone of the industry; (2) an I.T. Park was set up to house companies investing in ICT services; (3) the city's location, infrastructure, amenities, and stable economic and political environment make it a preferred site for investment and expansion; and (4) Cebu's IT graduates base at an estimated 2,200 per year remains stable and is expected to increase to 30,000 in the next five to seven years to cope with the growing demand in the industry.

The demand for broadband internet, virtual private networks, and international leased lines in Cebu have also increased recently with the entry of call service providers in the city. Other companies engaged in business process outsourcing, software development, animation, and medical transcription have also contributed to the growth of the ICT industry in Cebu (The Freeman, 2004).

Industry organizations and the business sector are currently consolidating various ICT initiatives to realize the objective for Cebu be an e-services hub. An ICT industry working group, composed of representatives from government agencies like the Board of Investments and the National Computer Center, and ICT organizations like the CyberPromdi and Cebu Education Development for Information Technology (CEDFIT), and private sector companies, was formed into the Regional Information Technology and E-Commerce Council (RITECC) to work alongside the national advisory body - the Information Technology and E-commerce Council (ITECC)- in pushing for the use and development of ICT in the region.

In 2001, the Cebu is I.T. Summit was held bringing together government agencies, local government, venture capitalists, the academe, and private sector organizations to map out strategies for ICT development in Cebu. An outcome of the summit was the creation of the CEDFIT consisting of educational institutions

and IT companies aimed at improving the number and quality of IT graduates in Cebu to meet foreign and local demands.

Local ICT initiatives to improve service delivery to the public have also been started. E-government is gradually implemented by the city government in building up information systems. Some private sector and nongovernment organizations have also initiated projects such as, the Barangay.Net project by the Barangay.Net Alliance, Inc. and Community Information Centers by World Corps Volunteers to introduce ICT to the barangay / grassroots level. These projects are aimed at improving delivery of basic services in the barangay and assisting in livelihood through the use of ICT.

### **City Government Initiatives**

Part of the local government response to the demands of a changing, glocalizing environment is to make its internal systems more efficient. In Mayor Tomas Osmena's administration, emphasis is given to improving the performance of the internal and external offices of the city government. Two significant programs that address this are the Services and Procedures Rationalization and Improvement in Government (SPRING) Program and the computerization program. SPRING involves drawing up case studies through documentation and analysis to improve internal systems. In-house seminars and workshops lead to the creation of service manuals in offices such as, the city budget office, city accounting office, engineering and public works, internal control office, supply office, and management information and computer services department. By documenting and analyzing the flow of procedures in each office, the unit involved is able to examine its own work processes, and to set up its own performance evaluation indicators.

Another important initiative is the city government's computerization drive which started in 1994. Initially, computerization was introduced in real property assessments and payments. The first ever one-stop shop business permits renewal was organized. For this, Cebu was given the Galing Pook award in the field of local government tax computerization.

In 1997, a Local Area Network was set up for the accounting, budget and financial departments. The city government also provided technical support for the Department of Education Culture and Sports regional office's Wide Area Network computer literacy program for the city's public schools. Window-based applications were later on developed in 1999 for personnel information, procurement, property inventory, and GSIS remittance, and civil registry systems. By 2002, the city's official website was re-launched.

Other accomplishments are the establishment of the following:

- a Geographic Information System, providing detailed data on Cebu which helps the information needs of citizens and city officials in planning and decision-making;
- Office of Senior Citizens Affairs Information System, which has a database of registered senior citizens residing in Cebu City, and is useful in planning and implementing projects and services for senior citizens of Cebu City;
- Human Resource Information Systems which maintains a database of city government employees information, service records and leave records;
- “Know Your Precinct Number” facility for Cebu City registered voters in the May 2004 national elections to inquire their precinct assignments through the Cebu City government website and public assistance or help desk for those who do not have internet access; and
- Demographic survey to determine the basic services for the urban poor constituents of the city.

Computerization of administrative functions resulted in the increase of the city’s income, rationalized the planning and decision making process of executives; and minimized the delays in the delivery of services. The civil registry information system, for example, sped up the release of documents, increased the collection of civil registration fees, minimized fixing, document deterioration, and increased efficiency in problem resolution. (MICS document, n.d.)

### **Local and International Networking**

Cebu is able to spread and learn more about capability building measures with other local government units (LGUs) by networking. Trainings and sharing of best practices through the SPRING program are held in other LGUs such as, Iligan, Bohol and Naga City. Representatives from the Cebu City government are also sent to other LGUs (e.g., Quezon City and Antipolo in Luzon) to meet with counterparts and learn about areas which they have successfully addressed.

An example of the advantage of networking is the holding of the Solid Waste Management Best Practices Symposium on May 27-28, 2003 in Cebu City sponsored by the International Resource Cities Program and the Cebu City government. This was borne out of a technical exchange between Fort Collins, Colorado and Cebu City to improve solid waste management which is a major concern of Cebu City. Emphasis was on applying source separation (segregation) and recycling strategies to reduce the amount of waste placed in landfills.

It was found out through the symposium that the right elements to sustainable change in waste prevention is found in Cebu. These are: (1) the high level of awareness of the issue in the LGU; (2) strong institutional framework – with NGOs devoting time and resources to solid waste issues; (3) existing Solid Waste Management Board; (5) existing and potential international partners; and (6) community involvement and economic benefit in such an undertaking such that the city government can help improve the urban economy by creating new jobs in waste segregation and recycling, and in attracting investors for processing plants that use recycled material in manufacture of new products (Cebu City Government, 2003).

### **City / Transborder Diplomacy**

With local governments acquiring more autonomy, transborder diplomacy develop through direct transborder contacts with counterparts abroad.

Since the 1960's, Cebu had started establishing links with other cities, starting with Kaohsiung, Taiwan with the signing of a Memorandum of Goodwill by then Mayor Sergio Osmena Sr.. This was followed through in more recent times with the active establishment of sisterhood agreements during the first term of Mayor Tomas Osmena from 1995 to 1998.

To date, Cebu City has increased the number of its sister-cities to include: Harlemermeer, the Netherlands; Seattle, Washington; Honolulu, Hawaii; Salinas City, California; Xiamen, People's Republic of China; Sevilla, Spain; Guadalajara, Mexico; Punta Arenas, Chile; Ngiwal, Palau; Yochon, South Korea; Parramatta, Australia; Vladisvostok, Russia; and Kitchener, Canada.

Among the more active arrangements are sister-city ties with: (1) Kaohsiung, in which cultural exchanges have taken place, as well as, an exchange of local government officials to share ideas on local administration, and a donation of vehicles from Kaohsiung for public transport; (2) Xiamen, which donated bulldozers, heavy equipment, and fire trucks to Cebu City; and (3) Harlemermeer which donated trauma vans and ambulances to the city and helped train Cebu's emergency rescue unit on paramedic work.

The town twinning or sister-city program which Cebu has effectively tapped clearly provides resource inputs to the local community. Through people-to-people diplomacy which this scheme has helped foster, the role of local communities and organizations in transborder networking is emphasized. Even the private sector and nongovernment organizations facilitate the process of cooperation abroad. A case in point is the currently proposed sister-city agreement between Cebu and Kortrijk, Belgium. Contact between the two city governments was facilitated by the Center for Participatory Governance

(CPaG), a Cebu NGO engaged in participatory governance in the city. City officials are now exploring possibilities of joint cooperation in the areas of mobility, waste management, children, education, and participatory planning.

Even on the provincial level, Cebu also has agreements with Hawaii, Hainan, China and Chullabok-do, Korea. The provincial government participates in the East Asia Inter-regional Tourism Forum (EATOF) founded in 1999, an international cooperation body in East Asia among provincial governments. The group seeks to encourage inter-provincial tourism cooperation, work on common issues, and promote the region as a whole, as a tourism destination.

The province of Cebu is a founding member of EATOF together with eight other provinces, namely, Chiang Mai Province (Thailand); Gangwon Province (Korea); Jilin Province (China); Primorsky Territory (Russia); Sarawak Province (Malaysia); Tottori Prefecture (Japan); Tuv Province (Mongolia); and Yogyakarta Special Province (Indonesia). These provinces are represented by senior delegations of academics, tourism officials, and business people led by governors or vice-governors at the annual EATOF meeting whose location is rotated among the members every year. There is a collective commitment to encourage further growth of EATOF and its related activities; implementation of a variety of bilateral agreements; and to broaden the future scope of inter-regional cooperation in the fields of tourism, culture, arts and sports ([www.eatof.org](http://www.eatof.org)). In 2002, Cebu was host to the EATOF symposium. Cebu is then promoted and placed in the economic and cultural map of the world.

### **Levels of interaction and partnership**

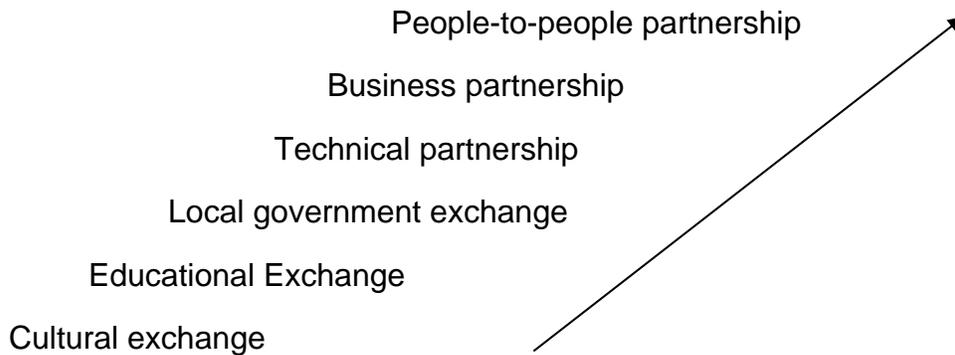
The town twinning program is an effective mechanism for LGUs to establish links both locally and internationally. Interactions may range from:

- Cultural exchange (e.g., Xiamen sending delegation to the *Sinulog* festival; Cebu sending English teachers to teach Chinese students);
- Educational exchange (e.g., Cebuano student exposure to school system in Honolulu);
- Technical exchange (e.g., paramedic training for Cebu city health workers by Harlemermeer experts); to
- Local government administration (e.g., official visit by city mayors to share experiences in organization and management).

Representatives from the business sector usually accompany city mayors when making official visits to a sister-city or province. Business partnerships can be separately forged with local government merely facilitating contacts. Potential town twinning arrangements may also materialize as a result of the initiative of

individuals who have propose the exchange through their own personal contacts, and as such, may later on be taken up by local officials.

The levels of partnership may be viewed as follows:



The highest level of partnership is when it transcends the local government level and becomes a people-to-people partnership with government playing only a supportive role. An example of which is the Harlemermeer Friendship Society in Cebu City which was formed by citizens of both cities to sustain interactions and conduct their own activities, (i.e., facilitating technical assistance provision, among others) through their own initiative.

There is difficulty in obtaining specific data on how twinning translate into capital infusion or investments as documentation on this is lacking. However, Cebu City certainly benefits from it in terms of obtaining resources (i.e., equipment donations, transfer of knowledge) to meet the development needs of the local community.

### **Local Impact of Globalization of Knowledge and Global Civil Society**

Although globalization can pose a number of problems, it can also present opportunities. As Amidon (2003) puts it:

“Globalization is not about defense against an enemy or competitive advantage; it is about the power of shared knowledge. The more we know about and value one another, the more we walk together. Valuing diversity and acting upon our knowledge are survival ethics for the 21st century.”

Globalization has led to the formation of a global civil society in which civic groups and international nongovernmental organizations have linked together to press for reforms...”creating an alliance for reducing poverty, for creating a better environment, and a global society with more social justice.” (Stiglitz, A17 & A21).

Cebu's advantage is that it has active civil society groups, NGOs and POs, which are at the forefront of development work. These groups and organizations have their own international linkages which assist them in obtaining funds and in monitoring issues of concern (e.g., environment, women and children). Civil society representation is assured and operationalized at the city's local development council. This serves as a venue to engage local government in ensuring transparency and accountability. With the help of their own global networks, civil society groups can strengthen capability- and institution-building in order to push for their interests in the local development agenda.

Another benefit that globalization brings is the globalization of knowledge in which processing and dissemination of information is made available to many across cultural and geographic boundaries. An example is the globalization of healthcare information and knowledge which empowers populations and individuals through access to delivery of effective health services, otherwise made unavailable through ineffective system management.

Globalization of knowledge also paves the way for the growth of the ICT sector as a contributor to the national and local economy. For Cebu, this is exemplified in the electronics and communications industries which have become major sources of export revenues. Aside from the financial contribution of these industries to the economy, globalization of knowledge also leads to improvements in education, skills training, as well as, efficient governance. Networking and linking is facilitated with the use of ICT. ICT education is currently being strengthened in Cebu to meet labor demand for IT professionals both domestically and internationally. The city government has also been keen on improving its computerized information systems to make internal planning and processes more efficient. All these are triggered by the attendant effects of globalization not only in the economic and political sense, but also in the realm of knowledge and social processes.

### **Issues / Problems Faced Concerning Globalization**

One of the issues faced by metropolitan areas concerning globalization as pointed out by Scholte is that, "although local government and substate authorities have gained greater autonomy from the state in the context of accelerated globalization, they have not necessarily gained greater policy initiative. After all, like states, municipal and provincial governments have faced pressures to accommodate global companies, global financial markets and global civic associations as well as (or more than) their local constituents. In addition, substate agencies have in contemporary history had to contend not only with the state, but also with new centres of suprastate governance that hold regional and transworld remits." (Scholte, 2000, p.146) It is for this reason that Cebu private sector organizations in particular engage government in drawing

attention to local policy imperatives because of the struggle that sometimes occur between global pressures and local interests.

There are also costs of volatility involved: “without adequate safety nets, recessions that follow from capital market liberalization lead to impoverishment.” (Stiglitz, p. A18). Government, therefore, needs to provide safety nets for those marginalized and ill-equipped to adjust to a globally-competitive environment namely, the rural communities, urban poor, and out-of-school youth, among others.

Another problem is how to make government more facilitative in effecting measures so that the private sector is capable in competing globally. This concern is expressed specifically by the local export and business community which seeks swift implementation by government to comply with internationally-agreed standards and procedures (e.g., the case on ISPS compliance). Bureaucratic bottlenecks have to be eased if metropolitan areas are to adjust to the demands of globalization.

### **Possible Interventions**

Policy interventions are needed to meet the challenges brought about by globalization. To maximize the benefits it brings to the local economy, business, civil society, and local government need to get their act together and direct efforts towards a common development plan. There is a need to invest on infrastructure development, reduce the cost of doing business, simplify export procedures, and create a conducive environment for trade and investment.

An acceptance of international realities should be foremost in the minds of local policymakers. In business, it is suggested that a shift of focus can be made from manufacturing to upgrading the service sector and exploring other opportunities found in ICT and tourism where Cebu may have a competitive advantage. Niche marketing for ICT-capable businesses and tourism that caters to retirees and provision of medical services can be the thrust.

For local government, there is a need to solve problems on infrastructure and utilities (e.g., shortage in water supply, high power costs), arrest urban decay (e.g., problems on garbage, peace & order, squatters), and re-engineer institutions. In streamlining bureaucracy, changes are needed to create a culture of transparency, flexibility, and responsiveness which fits the norms needed to effectively adapt to a globalizing/ glocalizing world.

There is a need for a deliberate effort on the part of the private sector and the LGU to draw up a collaborative program to reach sectors adversely affected by globalization (e.g., agricultural sector, unskilled labor).

## **Glocalization in the Local Context**

On the whole, Cebu has managed to adjust quite well given the onslaught of globalization. For instance, while other localities have experienced a decrease in export earnings, Cebu has registered an uptrend in recent years despite the volatile international market.

In the case of Cebu, the local economy's dynamism, skilled human resource base, and competitiveness in linkages are drivers that allow for glocalization to take place. The business community as well as the local government's outward-orientedness and strategic positioning in export trade and tourism manifest Cebu's adaptability to changes in the global market. The production of a professional and skilled labor force (e.g., IT graduates) by educational institutions in Cebu have also been geared towards meeting the demands of the global market. Proactive civil society and private sector organizations work for mechanisms to provide feedback to decision-making to incorporate local development needs in policy. With the globalization of knowledge, adapting information and communication technology to community concerns is being carried out. Transborder contacts emerge with the forging of sister-city or town twinning programs with local governments abroad. Glocalization then here is manifested in the key areas of business, export trade, governance, and transborder diplomacy.

The implications to policy include the necessity to create a decision-making environment where feedback and policy inputs from a wider range of stakeholders is encouraged. Multilayered governance should be embodied not merely in terms of symbolic representation by business groups or nongovernment organizations, but in functional representation to local decision-making bodies where suggested action plans are actually carried out. For governance to be made more effective in a globalizing/ glocalizing environment, devolution of competencies from local government to these other sectors need to take place.

The education policy also has to be oriented in such a way that it does not aim only to produce a labor force that meets global labor demands but also provides empowerment opportunities for people in excluded (e.g., rural) areas through access to vital information. ICT as a tool offers possibilities to bridge the education gap in marginalized communities to improve health and livelihood.

Cebu, nevertheless, continues to face challenges as adjustments are made to global conditions. Swift local government responses are still called for to enable local players (e.g., the private sector) to compete globally. Application of internationally-agreed standards on facilities, provision of adequate infrastructure, lowering the cost of doing business are continuing challenges as well. More effort needs to be exerted on the part of local administration to ensure that the benefits from globalization accrue to the rest of society. That is, to address problems of ongoing unemployment, illiteracy, and poverty.

However, lessons can be drawn from Cebu's experience in coping with challenges brought about by globalization. Political will is important. So is responsive leadership both on the part of the local government and private sector and nongovernment organizations. Cultivating an outlook that seeks out opportunities and risk taking are likewise essential in managing the glocalization process.

## **Summary and Conclusion**

Globalization has promoted a major growth of regional and transworld governance mechanisms. As a result of this multiplication of substate and suprastate arrangements alongside regulation through states, contemporary governance has become considerably more decentralized and fragmented (Scholte, p .143).

In a globalizing/ glocalizing world, local players are engaged, global-local linking is intensified, and governance becomes decentralized.

This can be seen in the way private sector and civil society players in Cebu have taken on an active role in lobbying for solutions to local concerns. Policy initiatives have been proposed by private sector organizations such as, PHILEXPORT Cebu and the Cebu Chamber, not only on sectoral issues but also on areas such as, the environment, children, and peace and order.

In policy making, aside from the bilateral, institutional links of private sector organizations to government conducted through fora and dialogues, the local development council also serves a mechanism to include the voice of the private sector and civil society in the local development agenda. In Cebu City's local development council, private sector and NGO representation is close to 50%. In the last council, the development administration committee, for instance, was headed by the Center for Participatory Governance, an NGO working to institute participatory development planning in the barangay level. Despite this, however, much is still to be done to ensure that NGO and private sector inputs to policy are carried out.

Globalization has its benefits and challenges. For one, the globalization of knowledge has made it possible for metropolitan areas in the developing world like Cebu to capitalize on ICT to compete in the global economy. In developing this sector, further growth may accrue to the local economy in terms of revenues and investments. Aside from this, the globalization of knowledge allows for participation by civil society in tackling development issues that concern the local community. Free flow of information and networks forged, in part through the use of ICT, enables greater participation by a globalized civil society in governance issues. This is exemplified in the case of addressing problems such as solid waste management (e.g., symposium by city government with International Resource Cities Program) and better delivery of basic services (e.g.,

Barangay.Net) through links made locally and internationally. By linking, lessons learned and competencies are likewise shared with other local LGUs.

Globalization's other positive effect to governance is the pressure it creates on institutions to become more transparent and accountable. This is seen in the way the city government seeks to improve its systems and procedures (e.g., through online business permits, property assessments) to curb corruption and to provide efficient service to the public.

Cebu has also undertaken transborder initiatives as it is connected to global cities. Global links with other city and provincial governments have been broadened. The various networks forged by the private sector and civil society groups have filled the gap in addressing local problems.

While there are positive consequences of globalization – decentralization of power, improved governance, economic efficiency and expanded communications - there are also challenges posed by it. Negative outcomes include persistent poverty and increasing inequalities. The digital divide between the “information rich” and “information poor”, whether it be on a country, regional or local level, widen. In this regard, local initiatives in Cebu, spearheaded by the private sector and civil society groups, seek to address these attendant effects by providing technology and skills to disadvantaged groups such as in barangays within the city and outside of Metropolitan Cebu. Government can work with the private sector on providing safety nets for these disadvantaged groups.

Apparently, globalization and glocalization are very much what we make of it. It is not inherently good or bad but the outcomes are largely a result of how well global opportunities are merged and accommodated to local conditions.

Cebu's experience of glocalization shows that there are enabling factors that can maximize global opportunities: **leadership** not only of the local chief executive but also of the private sector and civil society organizations that propel Cebu's development. The role of **information** is another. The ability to use, process, analyze data on resource inputs to the locality which is of vital importance. Specifically, ICT is a potential tool currently introduced from the grassroots to the local government. **Education** that meets global labor demands. And a **mindset** that is global in orientation but grounded on local realities.

Glocalization balances off pressures from the external environment and helps attune global developments to local needs. The effective management of globalization on the local level is important for Cebu and other local government units (LGUs) as they stand to gain from opportunities to enhance aspects of the economy, as well as, governance. By looking at the experiences of localities such as, Cebu, other LGUs can obtain insights on how to best adapt to a changing, glocalizing world.

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