



Abstract

As reported by the World Bank in 1997 in its document “Philippines Managing Global Integration” the Philippine ecozones are perceived to be an important factor behind the Philippines’ accelerating foreign direct investment (FDI) inflows and export growth because of the integrated investment policies, streamlined procedures, physical infrastructure and facilities offered by the ecozones. The purpose of this research was to determine the impact of the ecozone program in the country’s foreign capital inflow and growth in the export sector giving consideration on the relationship between foreign investment inflows and exports and the effects of the change in the policy framework. Comparisons were made between FDI inflows and export outside the zones and inside the zones using correlational techniques. Tests of significance were performed to determine the significance of the ecozone performance in terms of FDI inflow and export growth. In conclusion, the ecozone program was proven to be an effective tool in the promotion of exports and the change in the policy framework proved favorable and effective because of the marked difference



in export growth between the different scenarios. On the other hand, the ecozone program being an effective tool in attracting FDI was not proven empirically because of the quality of the existing data on investments and the manner in which these investment data are reported. Nonetheless, a comparison between the Bangko Sentral ng Pilipinas (BSP, only one of the three FDI registering and monitoring agencies) registered foreign direct investment and ecozone registered investment was done but the relationship between the two was found to be insignificant. Apparently, and in consideration of the limitations of the data available for research, this paper answered only the question of whether or not the change in the ecozone policy framework made a significant impact on the foreign direct investment inflow registered with the BSP, in as far as the impact of the ecozone to FDI inflow is concerned.