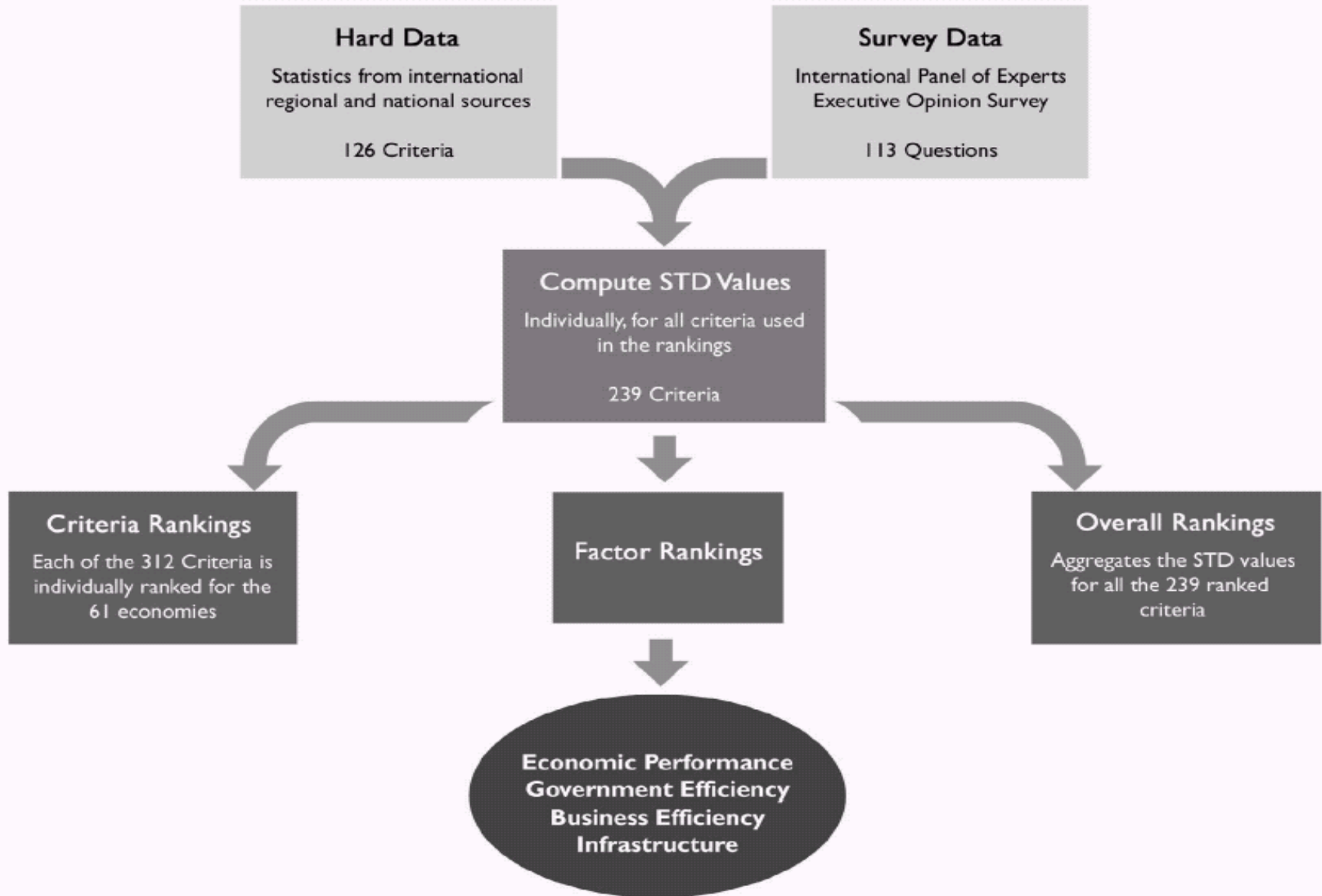


# State of Philippine Competitiveness 2006

- **Methodology and Coverage**
- **Philippine Competitiveness Ranking**
  - Rankings classified by population, income and geographical region
  - Factor Rankings
    - Regional Comparison
    - Strengths & Weaknesses
- **Recommendations**

# **METHODOLOGY AND COVERAGE**

# 2006 State of Philippine Competitiveness



# 2006 State of Philippine Competitiveness

- **WCY: Competitiveness ranking of 53 countries and 8 regions**
- **Countries are grouped by population, income, geographical region:**

## **Population:**

- i. **Population less than 20M**
- ii. **Population greater than 20M**

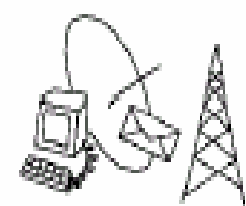
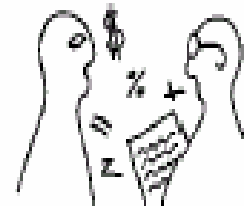
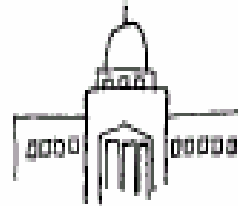
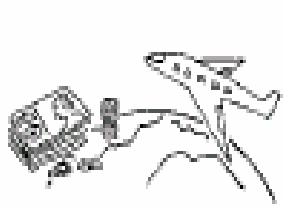
## **Income:**

- i. **GDP per capita less than \$10T**
- ii. **GDP per capita greater than \$10T**

## **Geographical Region:**

- i. **Europe- Middle East- Africa**
- ii. **Asia- Pacific**
- iii. **The Americas**

# 2006 State of Philippine Competitiveness



## Economic Performance

Domestic Economy

International Trade

International  
Investment

Employment

Prices

## Government Efficiency

Public Finance

Fiscal Policy

Institutional Framework

Business Legislation

Societal Framework

## Business Efficiency

Productivity

Labor Market

Finance

Management Practices

Attitudes and Values

## Infrastructure

Basic Infrastructure

Technological  
Infrastructure

Scientific Infrastructure

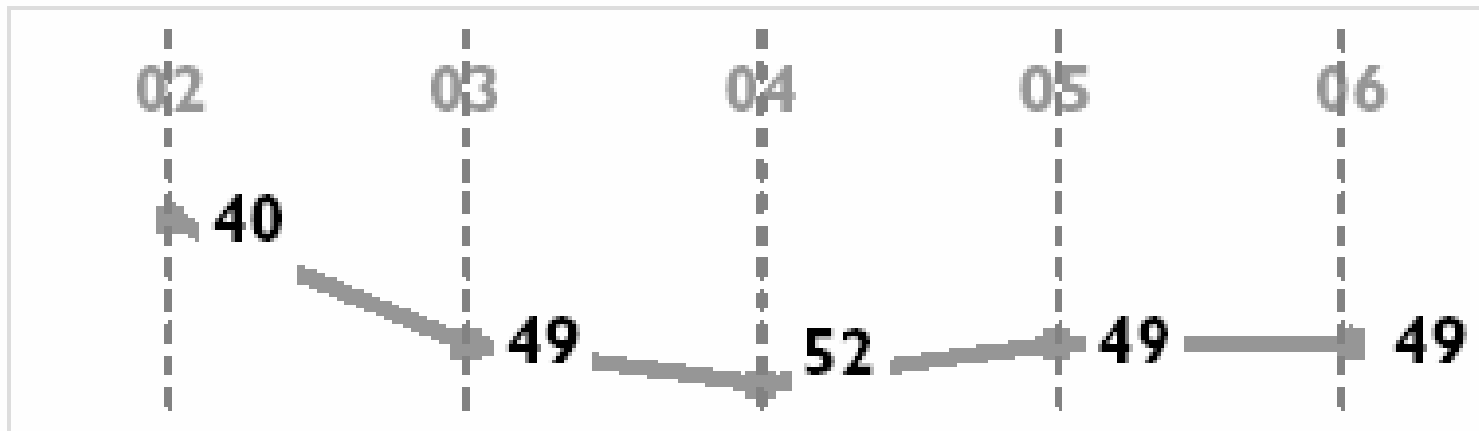
Health and Environment

Education

**PHILIPPINE  
COMPETITIVENESS  
RANKING**

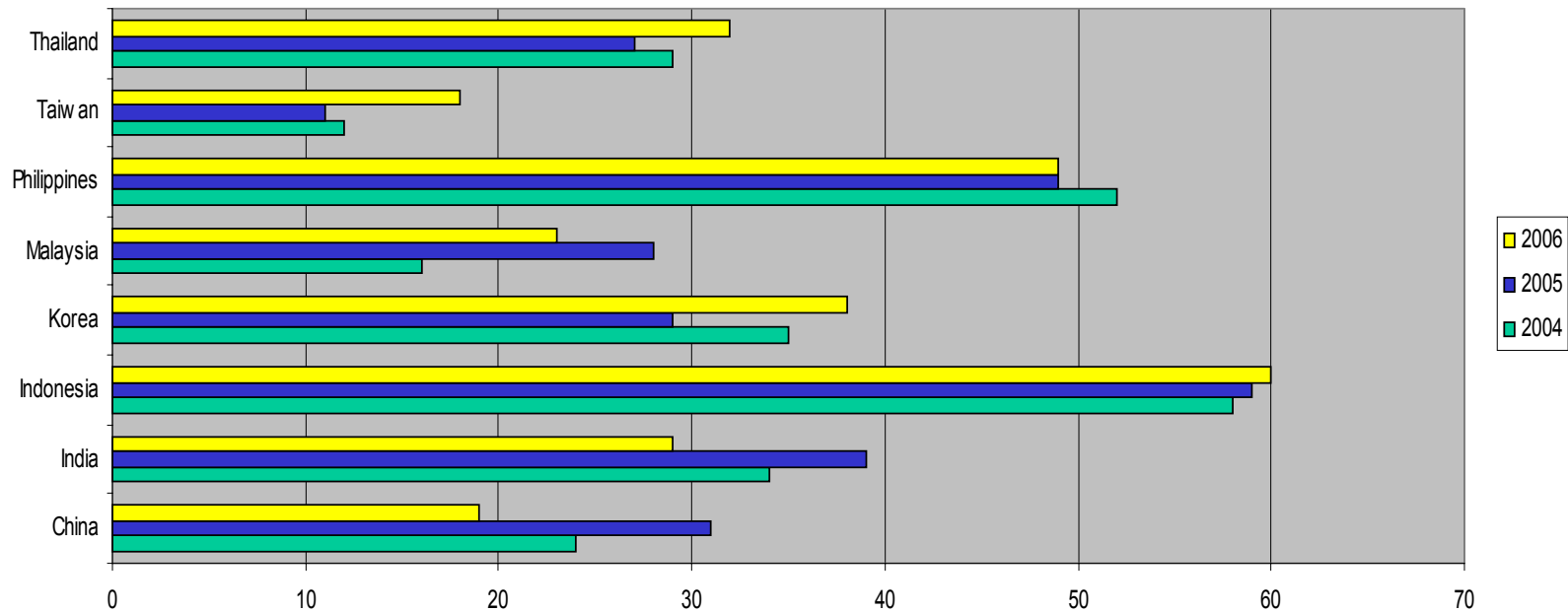
# Overall Competitiveness Philippines

## OVERALL PERFORMANCE



# 2006 State of Philippine Competitiveness

## Overall Competitiveness



	China	India	Indonesia	Korea	Malaysia	Philippines	Taiwan	Thailand
2006	19	29	60	38	23	49	18	32
2005	31	39	59	29	28	49	11	27
2004	24	34	58	35	16	52	12	29

Note: The longer the bar line, the lower the rank is.

## Competitiveness Ranking by Population

- The Philippines ranked 20th among 30 countries with population more than 20 million.

<u>Country</u>	<u>Rank</u>
Taiwan	5
China	6
Malaysia	8
India	10
Thailand	11
Korea	16
<i>Philippines</i>	<i>20</i>
Indonesia	29

## Competitiveness Ranking by Income

- The Philippines ranked 15<sup>th</sup> among 25 countries with GDP per capita less than \$10,000.

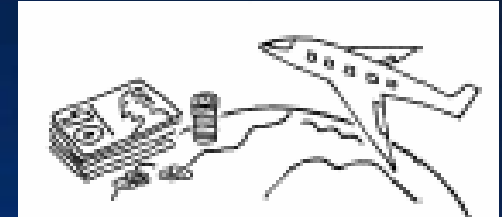
<u>Country</u>	<u>Rank</u>
China	1
Malaysia	3
India	5
Thailand	6
<i>Philippines</i>	<i>15</i>
Indonesia	24

## Competitiveness Ranking by Geographical Region

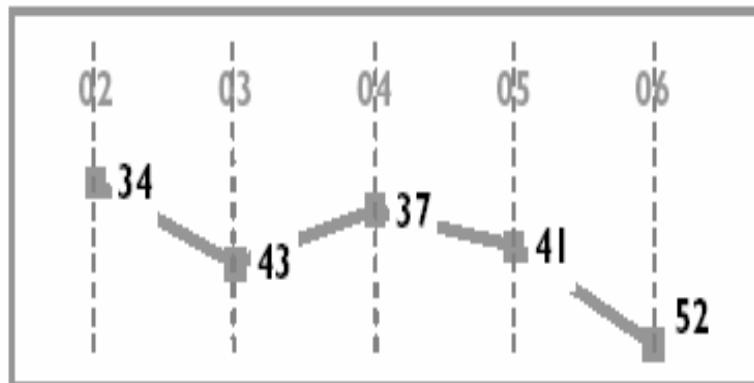
- The Philippines still ranked 14<sup>th</sup> among 15 countries in the Asia-Pacific region.

<u>Country</u>	<u>Rank</u>
Taiwan	5
China	6
Malaysia	8
India	9
Thailand	10
Korea	13
<i>Philippines</i>	<i>14</i>
Indonesia	15

## ECONOMIC PERFORMANCE Philippines



### ECONOMIC PERFORMANCE



### Macroeconomic evaluation of the domestic economy

<u>Subcategories</u>	<u>Rank</u>
Domestic Economy	59
International Trade	53
International Investment	58
Employment	49
Prices	13

# 2006 State of Philippine Competitiveness

Economic Performance - International Trade

## Exports of goods - growth

Percentage change based on US\$ values

Values	2001	2002	2003	2004	2005
China Mainland	6.78	22.36	34.59	35.39	28.43
India	2.32	13.58	15.91	32.43	18.79
Indonesia	-12.30	3.14	8.36	10.39	21.84
Korea	-12.67	8.00	19.29	30.97	12.16
Malaysia	-10.41	6.88	11.60	20.52	11.38
Philippines	-17.89	11.75	1.44	7.19	3.86
Taiwan	-16.90	7.32	11.49	21.13	7.77
Thailand	-5.92	4.83	17.95	21.26	13.02
<b>Sources</b>					

World Trade Organization Statistics 2005

[www.wto.org](http://www.wto.org)

Press release April 2006

National sources

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# 2006 State of Philippine Competitiveness

Economic Performance - International Trade

## Exports of commercial services - growth

Percentage change based on US\$ values

Values	2000	2001	2002	2003	2004
China Mainland	15.21	9.14	19.70	17.76	33.81
India	14.45	4.80	13.85	20.74	71.66
Indonesia	13.66	5.94	21.59	-21.10	0.00
Korea	15.45	-5.53	-2.70	15.20	27.12
Malaysia	17.05	3.76	2.95	-8.77	23.75
Philippines	0.00	-20.91	-2.70	8.95	24.31
Singapore	11.50	-1.03	3.07	2.43	19.33
Taiwan	16.75	-0.65	8.81	7.10	10.87
Thailand	-5.20	-6.19	18.34	2.55	20.63
<b>Sources</b>					

World Trade Organization Statistics 2005

[www.wto.org](http://www.wto.org)

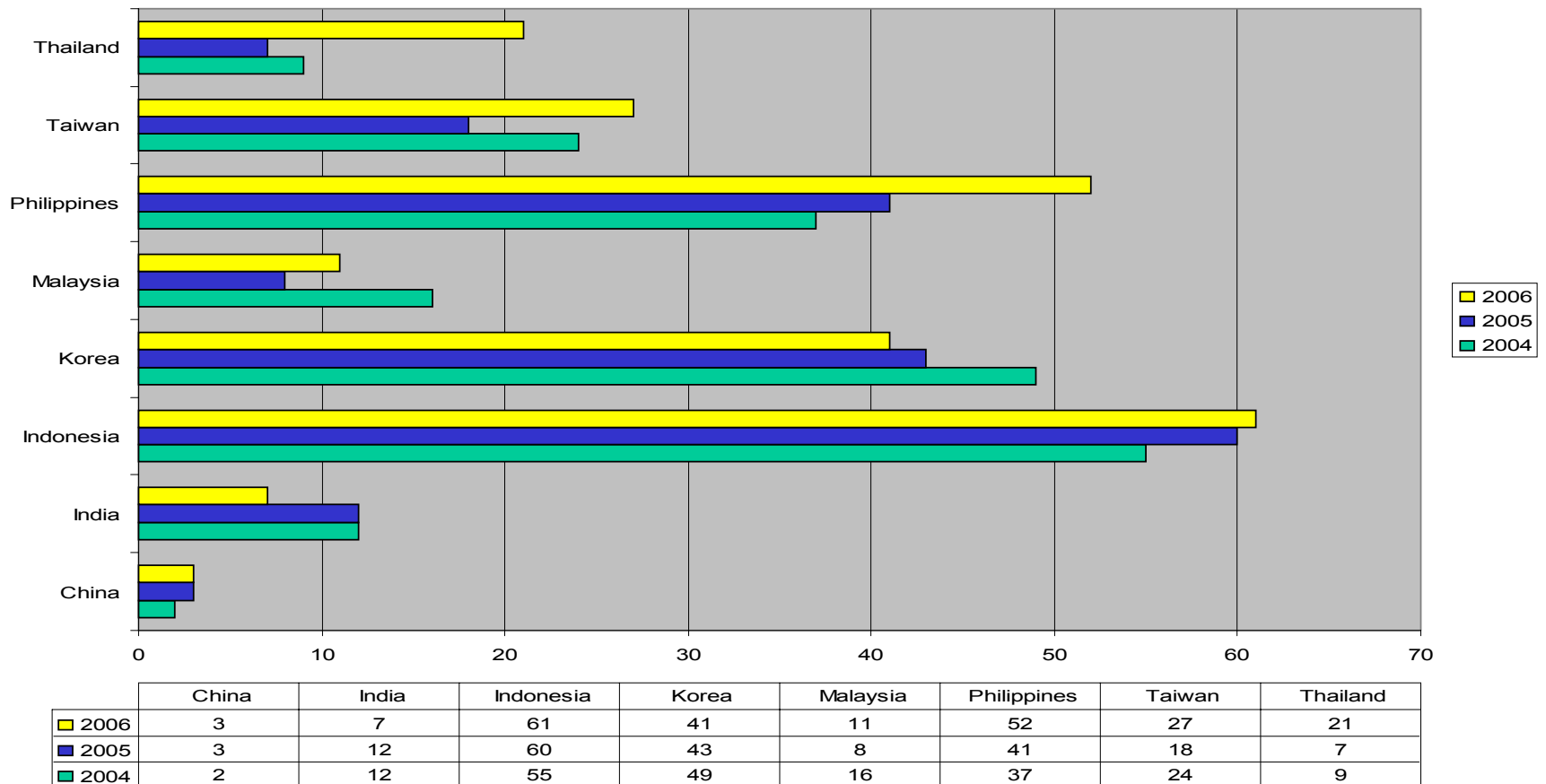
Press release April 2006

National sources

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# 2006 State of Philippine Competitiveness

## ECONOMIC PERFORMANCE Regional Comparison



Note: The longer the bar line, the lower the rank is.

## ECONOMIC PERFORMANCE

### RP Strengths & Weaknesses

#### Strengths

<u>Criteria</u>	<u>Rank</u>
Cost of Living	1
Current Account Balance	14
Exports of goods	17
Trade-to-GDP ratio	19
Long-term unemployment	21

#### Weaknesses

<u>Criteria</u>	<u>Rank</u>
GDP per capita	59
GDP (PPP) per capita	58
Relocation of production	55
Consumer price inflation	54
Employment	54

## 2006 State of Philippine Competitiveness

### GDP per capita

Countries	2003	2006	Percentage Change
Philippines	977	1146 (59)	0.17
Thailand	1955	2710 (54)	0.39
Taiwan	12500	15198 (34)	0.22
Malaysia	3814	4998 (47)	0.31
Korea	9797	16311 (33)	0.67
Indonesia	802	1283 (58)	0.60
India	445	656 (61)	0.47
China	963	1702 (57)	0.77

## 2006 State of Philippine Competitiveness

### GDP (PPP) per capita

Countries	2003	2006	Percentage Change
Philippines	4015	4723 (58)	0.17
Thailand	6495	8269 (51)	0.27
Taiwan	22760	25594 (27)	0.12
Malaysia	8848	10594 (46)	0.20
Korea	15869	21226 (33)	0.34
Indonesia	2958	3763 (60)	0.27
India	2960	3332 (61)	0.13
China	4297	6289 (56)	0.46

## ECONOMIC PERFORMANCE

### RP Strengths vs. Asia Weaknesses

#### Strengths PHILIPPINES

<u>Criteria</u>	<u>Rank</u>
Cost-of-Living	1
Trade-to-GDP ratio	19

#### Weaknesses ASIA

	<u>Rank</u>
Cost-of-living index Korea	59
Trade-to-GDP ratio India	54

## ECONOMIC PERFORMANCE

### Asia Strengths vs. RP Weaknesses

#### Strengths ASIA

<u>Criteria</u>	<u>Rank</u>
Relocation of production India	3
Employment Thailand	5
China	3

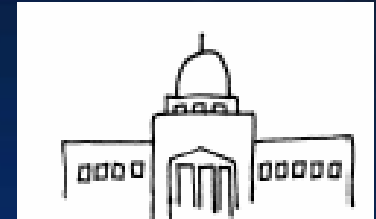
#### Weaknesses PHILIPPINES

<u>Criteria</u>	<u>Rank</u>
Relocation of production	55
Employment	54

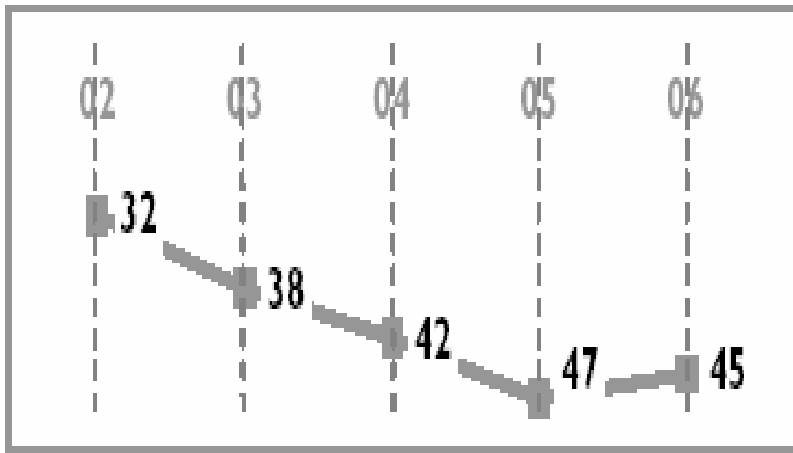
## Employment

Countries	2003	2006	Percentage Change
Philippines	38.35	37.13 (54)	-0.032
Thailand	52.01	54.3 (5)	0.044
Taiwan	41.98	43.66 (36)	0.040
Malaysia	38.52	38.2 (52)	-0.008
Korea	45.57	47.33 (20)	0.039
Indonesia	42.51	43.31 (38)	0.019
India	39.56	40.11 (46)	0.014
China	57.41	57.99 (3)	0.010

## GOVERNMENT EFFICIENCY Philippines



### GOVERNMENT EFFICIENCY

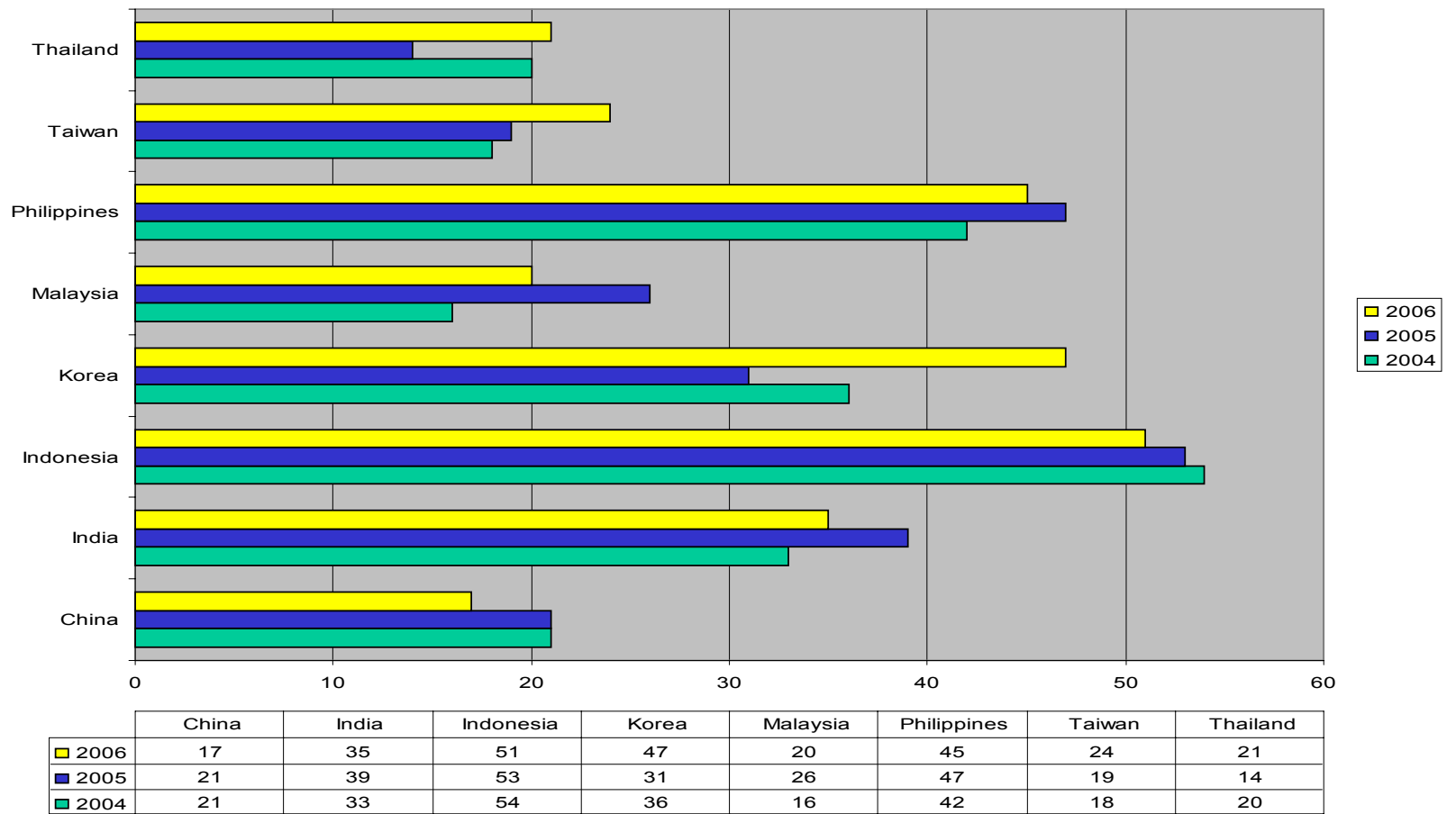


Extent to which government policies and practices are conducive to competitiveness

<u>Subcategories</u>	<u>Rank</u>
Public Finance	58
Fiscal Policy	15
Institutional Framework	54
Business Legislation	49
Societal Framework	28

# 2006 State of Philippine Competitiveness

## GOVERNMENT EFFICIENCY Regional Comparison



Note: The longer the bar line, the lower the rank is.

## GOVERNMENT EFFICIENCY RP Strengths & Weaknesses

### Strengths

<u>Criteria</u>	<u>Rank</u>
Real short-term interest rate	2
Consumption tax rate	6
Collected total tax revenues	7
Government Subsidies	11
Mgt. of public finances	12

### Weaknesses

<u>Criteria</u>	<u>Rank</u>
Low risk of political instability	60
Bribing and corruption	60
Custom's authorities	59
Public service	59
Country credit rating	58

# GOVERNMENT EFFICIENCY

## RP Strengths vs. Asia Weaknesses

### Strengths PHILIPPINES

<u>Criteria</u>	<u>Rank</u>
Government Subsidies	11

### Weaknesses ASIA

<u>Criteria</u>	<u>Rank</u>
Government Subsidies Malaysia	56

## GOVERNMENT EFFICIENCY

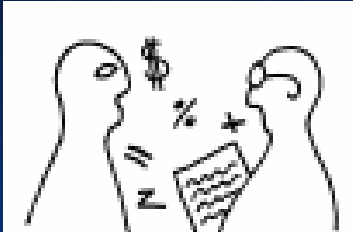
### Asia Strengths vs. RP Weaknesses

#### Strengths ASIA

<u>Criteria</u>	<u>Rank</u>
Risk of Political Instability <i>Singapore</i>	12
Bribing and Corruption <i>Singapore</i>	5
<i>Hong Kong</i>	11
Public Service <i>Hong Kong</i>	1

#### Weaknesses PHILIPPINES

<u>Criteria</u>	<u>Rank</u>
Risk of Political Instability	60
Bribing and Corruption	60
Public Service	59



## BUSINESS EFFICIENCY Philippines

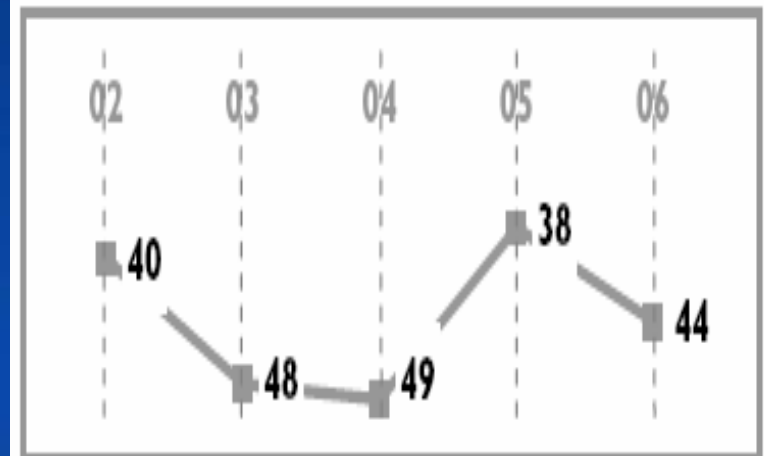
Extent to which enterprises are performing in an innovative, profitable and responsible manner

### Subcategories

### Rank

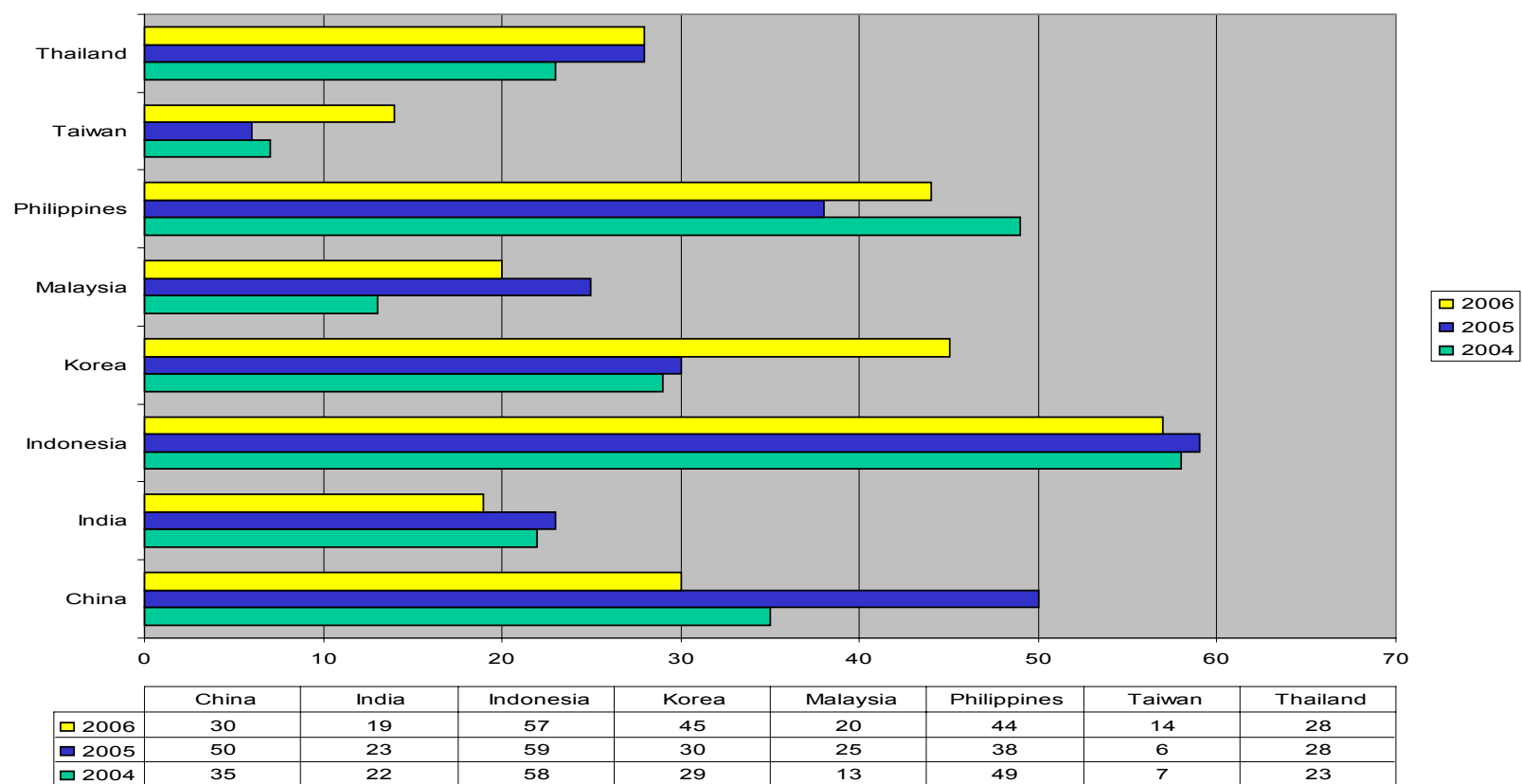
Productivity	46
Labor Market	15
Finance	55
Management Practices	40
Attitudes & Values	39

### BUSINESS EFFICIENCY



# 2006 State of Philippine Competitiveness

## BUSINESS EFFICIENCY Regional Comparison



Note: The longer the bar line, the lower the rank is.

## BUSINESS EFFICIENCY

### RP Strengths & Weaknesses

#### Strengths

<u>Criteria</u>	<u>Rank</u>
Compensation levels	4
Working hours	5
Remuneration in services profession	6
Remuneration of management	15
Flexibility and adaptability	16

#### Weaknesses

<u>Criteria</u>	<u>Rank</u>
Brain Drain	58
Value traded on stock markets	58
Overall Productivity (PPP)	57
Foreign high-skilled people	57
Image abroad of country/region	57

## BUSINESS EFFICIENCY

### RP Strengths vs. Asia Weaknesses

<b>Strengths</b>	
<b><u>PHILIPPINES</u></b>	
<u>Criteria</u>	<u>Rank</u>
Remuneration in services profession	6
Remuneration of management	15

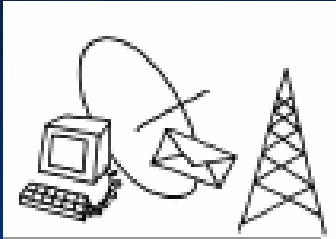
<b>Weaknesses</b>	
<b>ASIA</b>	
<u>Criteria</u>	<u>Rank</u>
Remuneration in services profession	
<i>Singapore</i>	32
<i>Hong Kong</i>	38
Remuneration of management	
<i>Hong Kong</i>	35
<i>Singapore</i>	27

## BUSINESS EFFICIENCY Asia Strengths vs. RP Weaknesses

<b>Strengths ASIA</b>	
<u>Criteria</u>	<u>Rank</u>
<b>Brain Drain</b>	
<i>Hong Kong</i>	<b>10</b>
<i>Singapore</i>	<b>13</b>
<i>India</i>	<b>15</b>
<i>Japan</i>	<b>16</b>
<b>Value traded on stock markets</b>	
<i>Hong Kong</i>	<b>2</b>
<i>Taiwan</i>	<b>12</b>

<b>Weaknesses PHILIPPINES</b>	
<u>Criteria</u>	<u>Rank</u>
<b>Brain Drain</b>	<b>58</b>
<b>Value traded on stock markets</b>	<b>58</b>

# 2006 State of Philippine Competitiveness

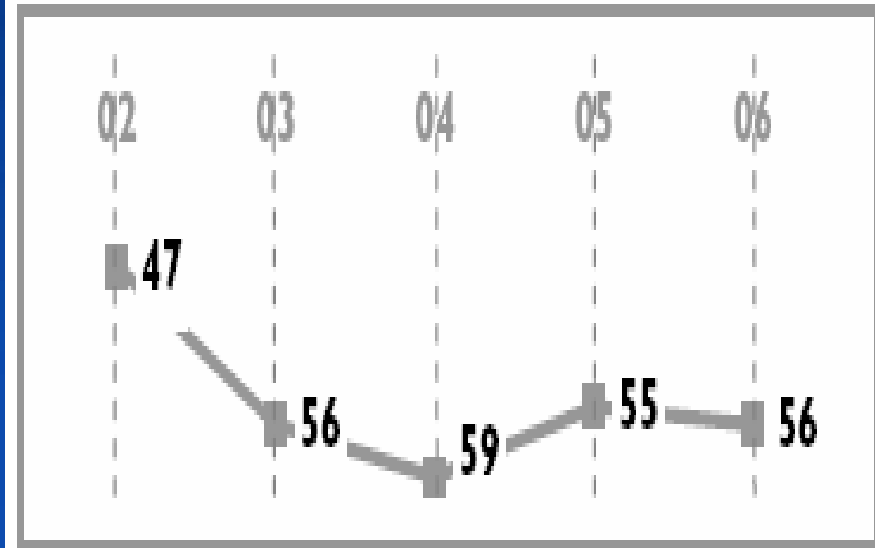


## INFRASTRUCTURE Philippines

Extent to which technological, scientific & human resources meet the needs of business

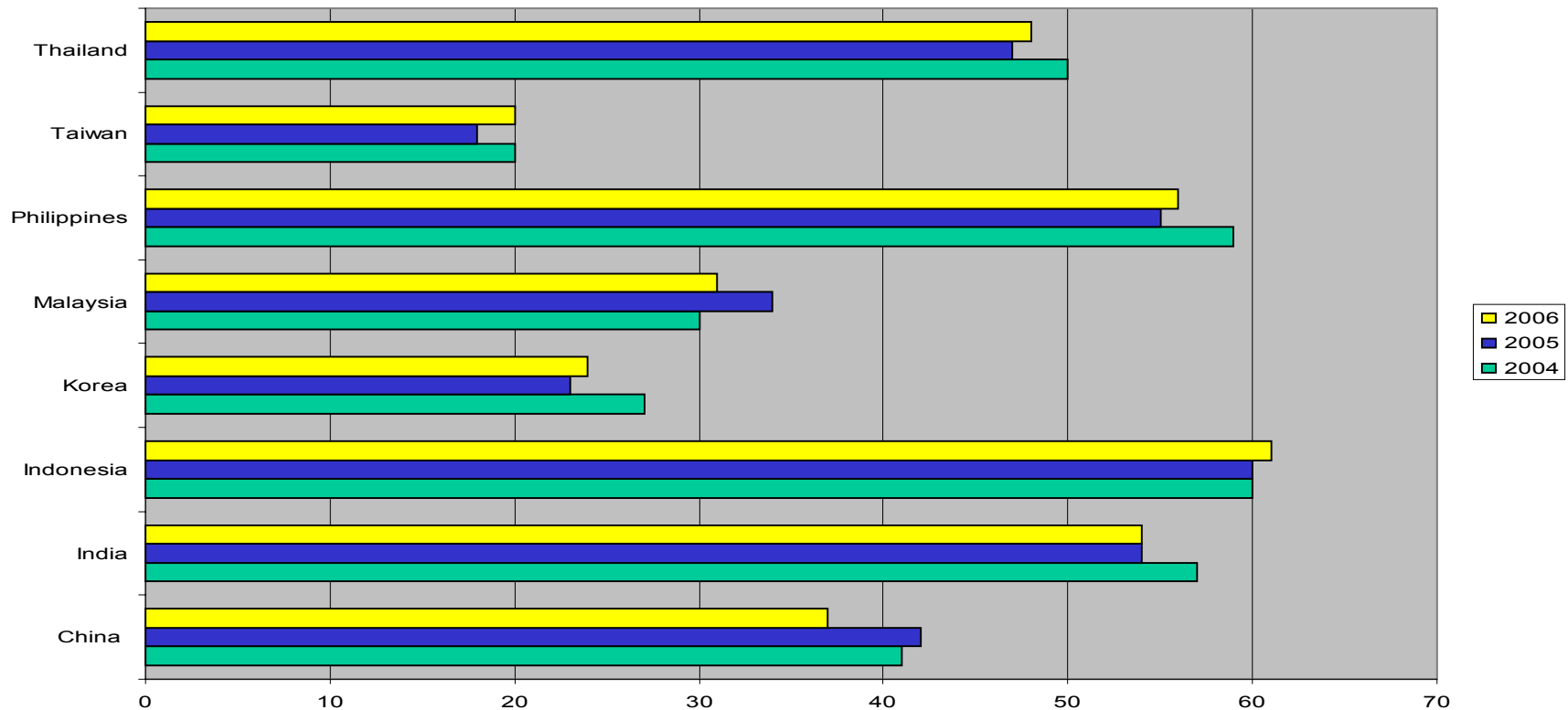
<u>Subcategories</u>	<u>Rank</u>
Basic Infrastructure	61
Technological Infrastructure	37
Scientific Infrastructure	58
Health & Environment	53
Education	57

### INFRASTRUCTURE



# 2006 State of Philippine Competitiveness

## INFRASTRUCTURE Regional Comparison



■ 2006  
■ 2005  
■ 2004

	China	India	Indonesia	Korea	Malaysia	Philippines	Taiwan	Thailand
<span style="color: yellow;">■</span> 2006	37	54	61	24	31	56	20	48
<span style="color: blue;">■</span> 2005	42	54	60	23	34	55	18	47
<span style="color: green;">■</span> 2004	41	57	60	27	30	59	20	50

Note: The longer the bar line, the lower the rank is.

# INFRASTRUCTURE

## RP Strengths & Weaknesses

### Strengths

<u>Criteria</u>	<u>Rank</u>
High-tech exports	1
Investment in telecom	9
Mobile phone costs	12
Internet costs	15
Language skills	18

### Weaknesses

<u>Criteria</u>	<u>Rank</u>
Pupil / teacher ratio (secondary)	61
Dependency ratio	60
Total health expenditure	60
Total public expenditure on education	60
Total expenditure on R&D	60

## INFRASTRUCTURE

### RP Strengths vs. Asia Weaknesses

#### Strengths PHILIPPINES

<u>Criteria</u>	<u>Rank</u>
High-tech exports	1

#### Weaknesses ASIA

<u>Criteria</u>	<u>Rank</u>
High-tech exports <i>India</i>	54

# INFRASTRUCTURE

## Asia Strengths vs. RP Weaknesses

### Strengths ASIA

<u>Criteria</u>	<u>Rank</u>
Dependency ratio	
Thailand	13
Korea	3

### Weaknesses PHILIPPINES

<u>Criteria</u>	<u>Rank</u>
Dependency ratio	60

## RECOMMENDATIONS

- Improve quality of basic education (achieve demonstrable ratings improvements in Math, Science and English)
- Undertake capacity-building for regulatory agencies to promote transparency, non-discrimination and procedural fairness
- Establish credibility of public anti-corruption efforts by vigorously prosecuting/securing conviction of some “big fish”
- Accelerate implementation of e-governance projects to promote transparency and facilitate trade
- Strongly encourage private investment in infrastructure
- Improve distribution infrastructure for faster turn-around times and lower transaction costs
- Progress on a clear and coherent population policy

**THANK YOU!**