



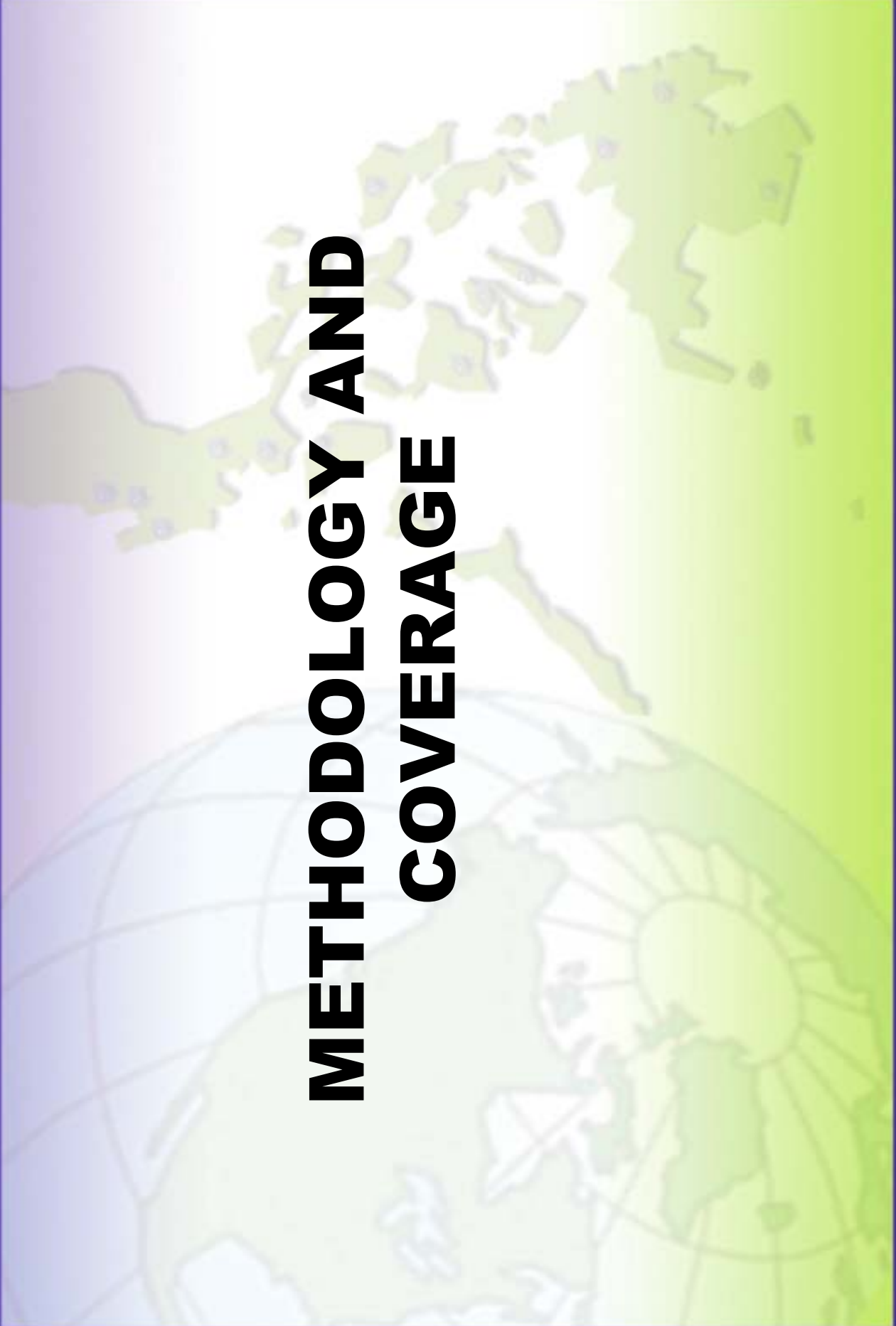
STATE OF PHILIPPINE COMPETITIVENESS 2003

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- ♠ Methodology and Coverage
- ♠ Philippine Competitiveness Ranking
 - Factor Rankings
 - Regional Comparison
 - Strengths & Weaknesses
- ♠ Factors Affecting Competitiveness

METHODOLOGY AND COVERAGE

The background of the slide features a light green and yellow gradient. Overlaid on this is a faint, stylized globe with a grid of latitude and longitude lines. In the upper right portion of the globe, there is a detailed map of the Philippines, with several small blue dots indicating specific locations across the archipelago.

- ♣ WCY: Competitiveness ranking of 59 economies based on 320 criteria
- ♣ Countries are grouped into two categories:
 - Group I – 30 economies with population greater than 20 million
 - Group II – 29 economies with population less than 20 million

Criteria grouped into four categories
called **Competitiveness Input Factors**:

- ♣ **Economic Performance**
- ♣ **Government Efficiency**
- ♣ **Business Efficiency**
- ♣ **Infrastructure**

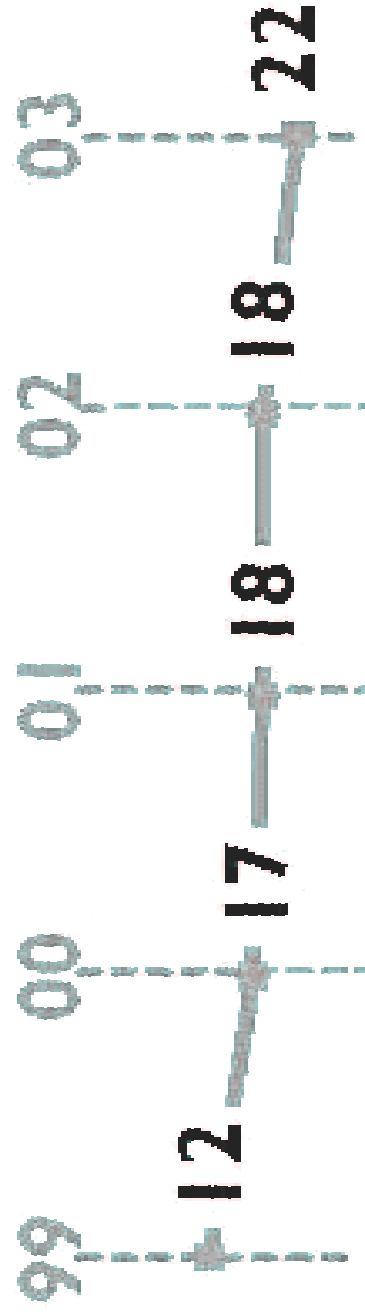
PHILIPPINE COMPETITIVENESS RANKING



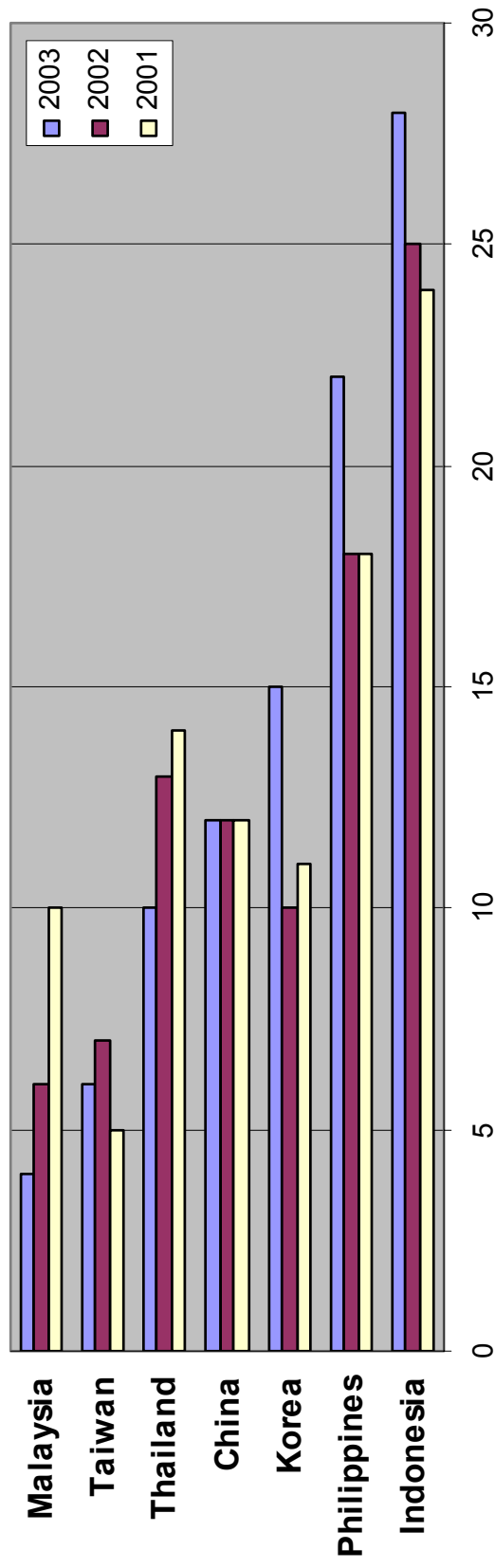
OVERALL COMPETITIVENESS

Philippines

OVERALL PERFORMANCE



OVERALL COMPETITIVENESS Regional Comparison

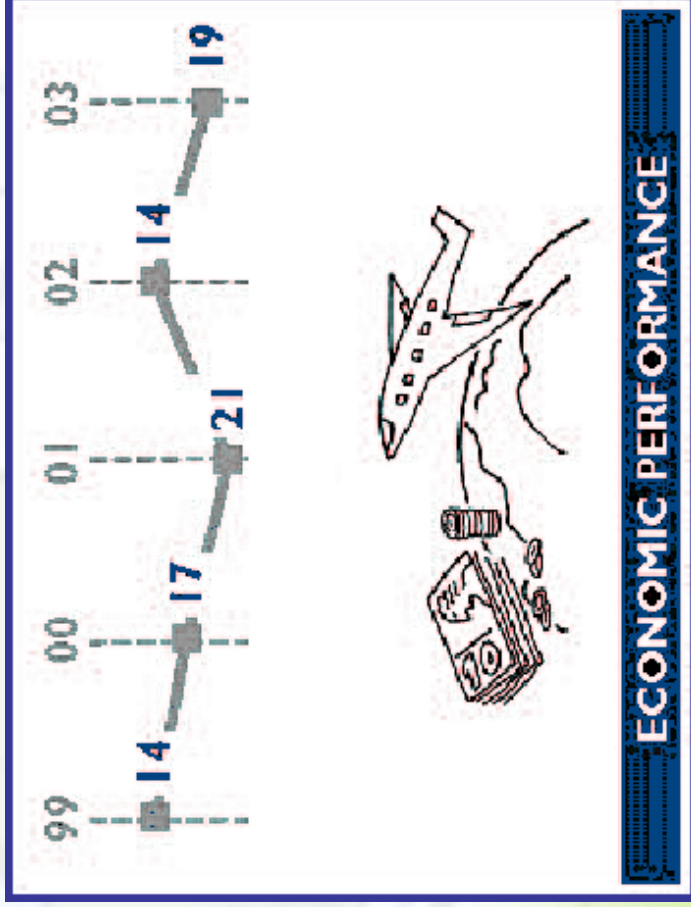


	Indonesia	Philippines	Korea	China	Thailand	Taiwan	Malaysia
2003	28	22	15	12	10	6	4
2002	25	18	10	12	13	7	6
2001	24	18	11	12	14	5	10

Note: The longer the bar line, the lower the ranking.

ECONOMIC PERFORMANCE

Philippines



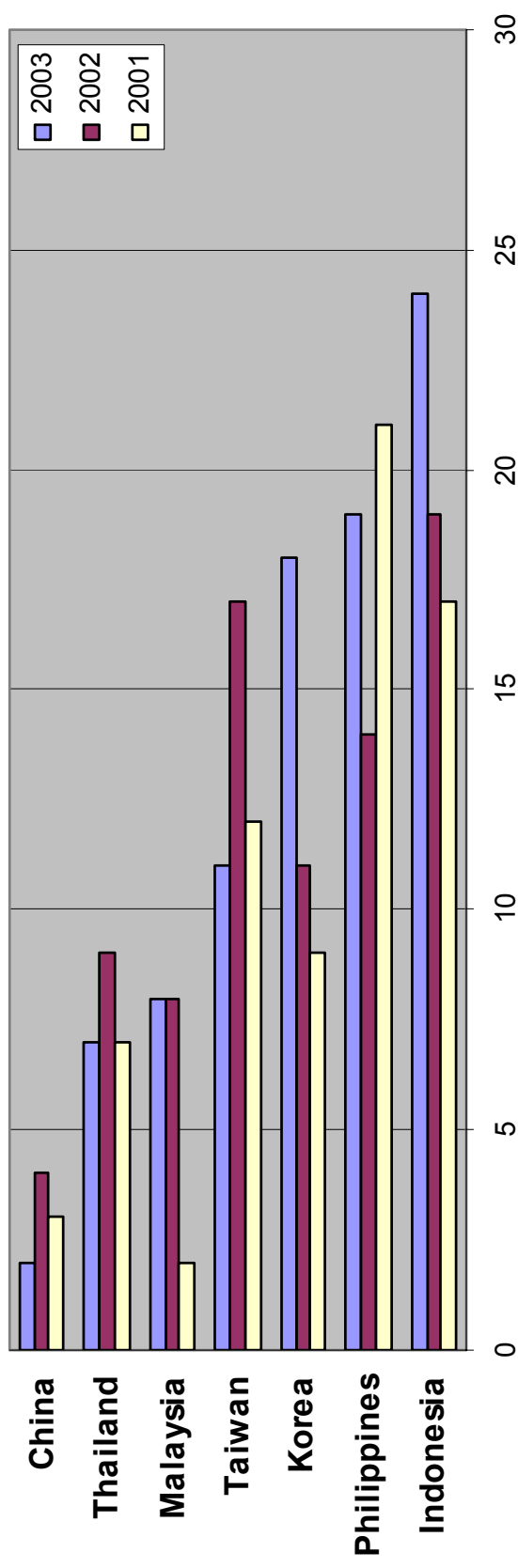
Macroeconomic evaluation of
the domestic economy

Subcategories

Rank

Domestic Economy	23
International Trade	22
International Investment	23
Employment	23
Prices	3

ECONOMIC PERFORMANCE Regional Comparison



	Indonesia	Philippines	Korea	Taiwan	Malaysia	Thailand	China
2003	24	19	18	11	8	7	2
2002	19	14	11	17	8	9	4
2001	17	21	9	12	2	7	3

ECONOMIC PERFORMANCE

RP Strengths & Weaknesses

Strengths

<u>Criteria</u>	<u>Rank</u>
Trade to GDP ratio	3
Terms of trade index	3
Exports of goods	4
Cost of Living	4
Real GDP growth	5

Weaknesses

<u>Criteria</u>	<u>Rank</u>
Exports (real growth)	30
Commercial services exports	30
Direct investment (%GDP)	29
Direct Investment (US\$Bn)	29
GDP per capita	28



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ECONOMIC PERFORMANCE

RP Strengths vs. Asia Weaknesses

Strengths PHILIPPINES

<u>Criteria</u>	<u>Rank</u>
Terms of trade index	3
Cost of Living	4

Weaknesses ASIA

<u>Criteria</u>	<u>Rank</u>
Terms of trade index	26
Korea	25
Thailand	
Cost of living	
Korea	28
China	26
Taiwan	25

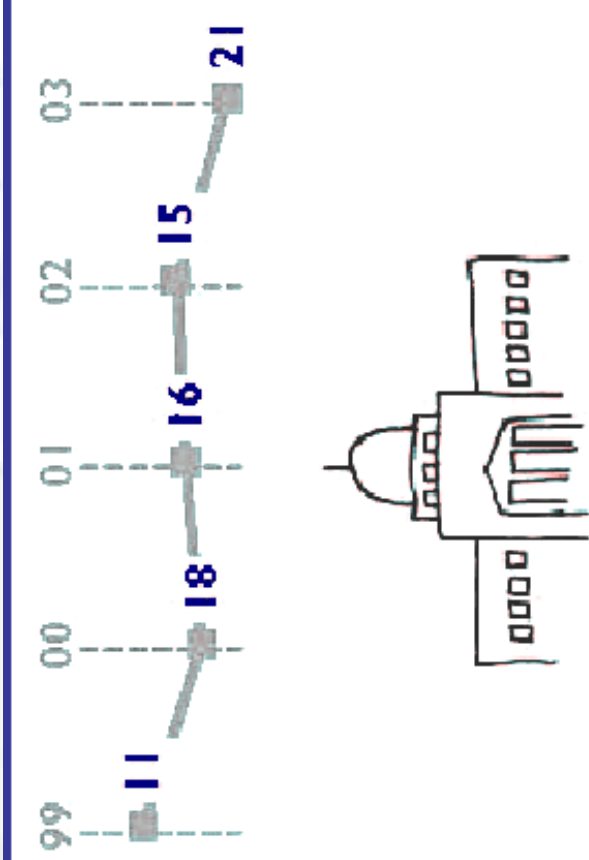
ECONOMIC PERFORMANCE

Asia Strengths vs. RP Weaknesses

Strengths ASIA		Weaknesses PHILIPPINES	
<u>Criteria</u>	<u>Rank</u>	<u>Criteria</u>	<u>Rank</u>
Exports (real growth) China	1	Exports (real growth)	30
Commercial services exports Malaysia	1	Commercial services exports	30

GOVERNMENT EFFICIENCY Philippines

Extent to which government policies and practices are conducive to competitiveness

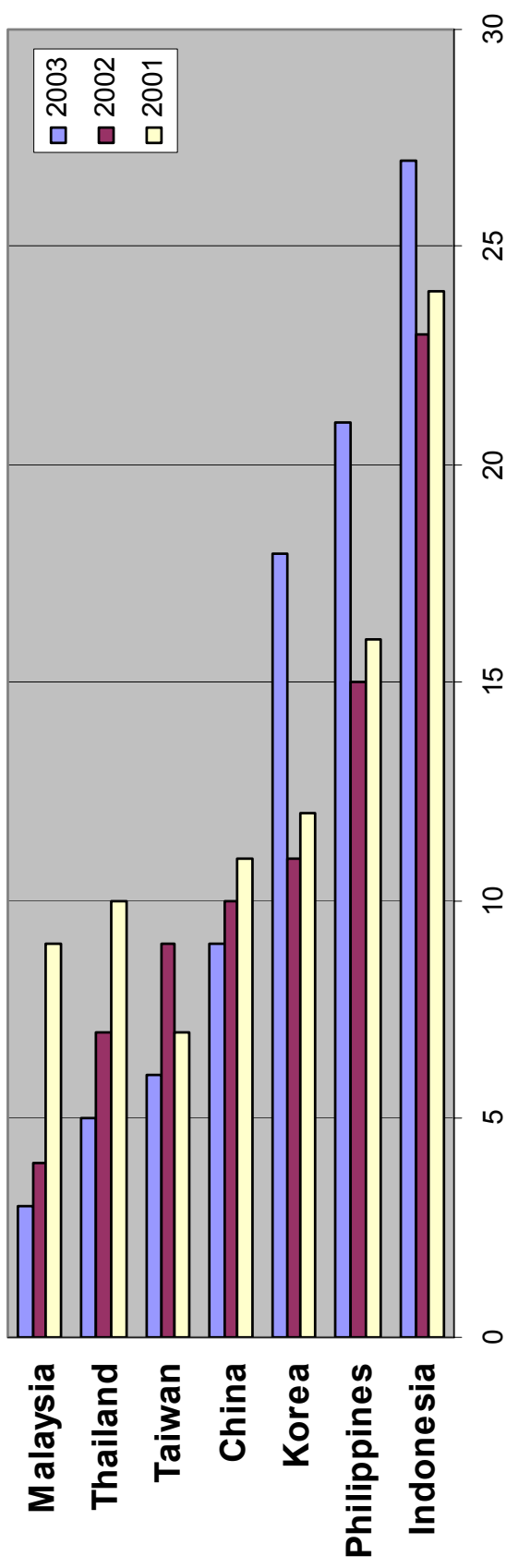


Subcategories

Rank

Public Finance	28
Fiscal Policy	9
Institutional Framework	21
Business Legislation	19
Societal Framework	12

GOVERNMENT EFFICIENCY Regional Comparison



	Indonesia	Philippines	Korea	China	Taiwan	Thailand	Malaysia
2003	27	21	18	9	6	5	3
2002	23	15	11	10	9	7	4
2001	24	16	12	11	7	10	9

GOVERNMENT EFFICIENCY

RP Strengths & Weaknesses

Strengths

<u>Criteria</u>	<u>Rank</u>
Discrimination	3
Female positions	3
Government subsidies	4
Real short term interest rates	4
Central bank policy	5

Weaknesses

<u>Criteria</u>	<u>Rank</u>
Tax evasion	29
Public service	29
Foreign investors	28
Budget surplus/ deficit	27
Interest payment	26

GOVERNMENT EFFICIENCY

RP Strengths vs. Asia Weaknesses

Strengths PHILIPPINES		Weaknesses ASIA	
<u>Criteria</u>	<u>Rank</u>	<u>Criteria</u>	<u>Rank</u>
Discrimination	3	Discrimination Indonesia Korea	29 28
Government subsidies	4	Government subsidies Indonesia Malaysia	29 23

GOVERNMENT EFFICIENCY

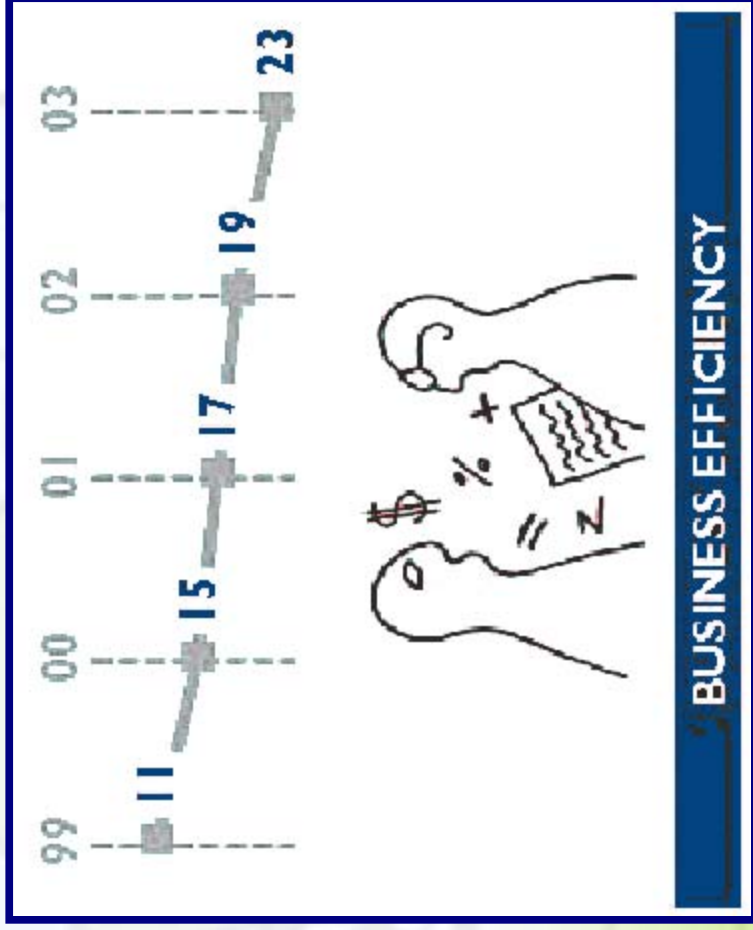
Asia Strengths vs. RP Weaknesses

Strengths ASIA		Weaknesses PHILIPPINES	
<u>Criteria</u>	<u>Rank</u>	<u>Criteria</u>	<u>Rank</u>
Budget surplus/deficit Korea	2	Budget surplus/ deficit	27
Interest payment Korea	2	Interest payment	26

BUSINESS EFFICIENCY

Philippines

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



Subcategories

Rank

Productivity

19

Labor Market

6

Finance

23

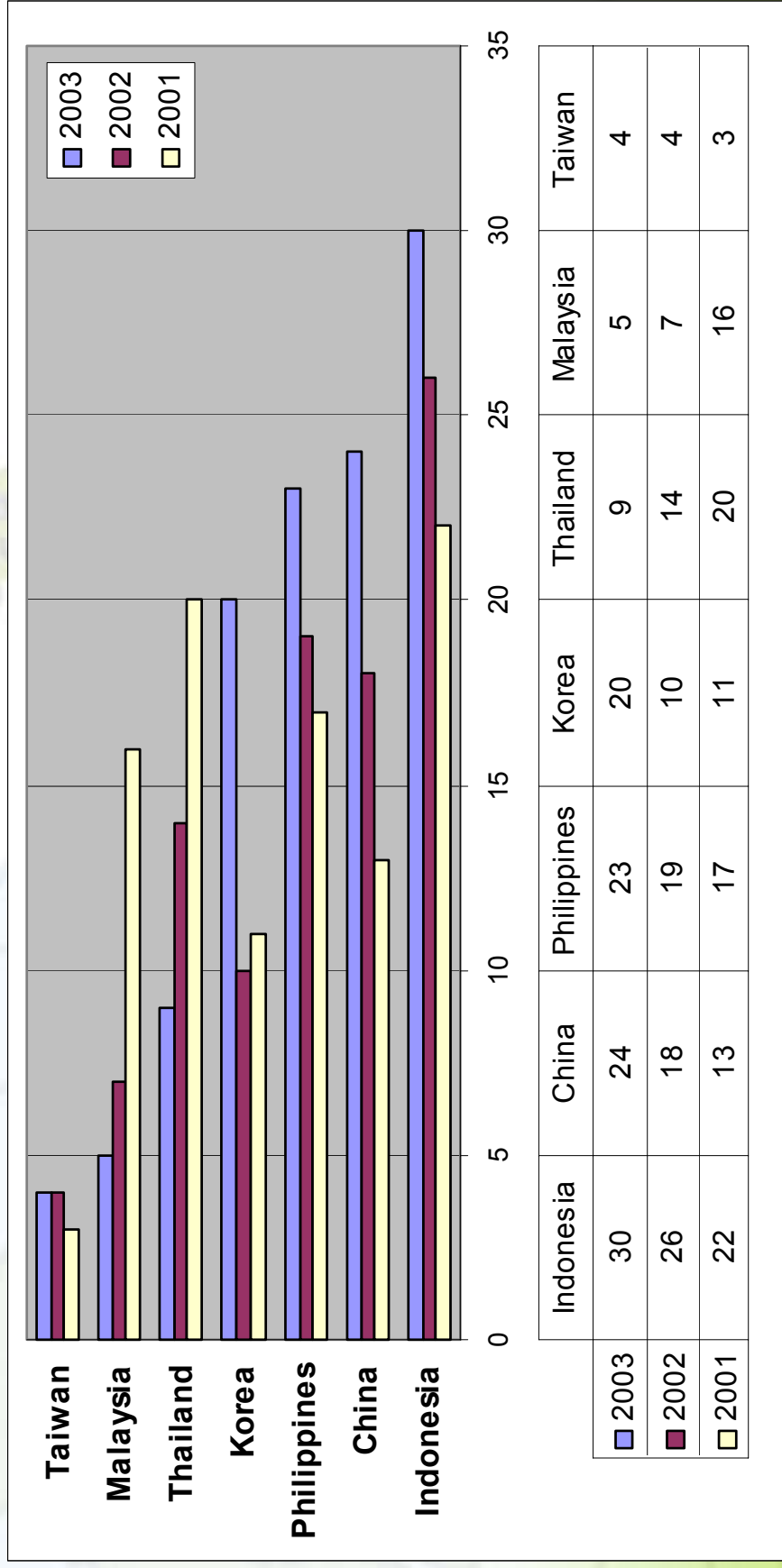
Management Practices

14

Attitudes & Values

25

BUSINESS EFFICIENCY Regional Comparison



BUSINESS EFFICIENCY

RP Strengths & Weaknesses

Strengths

<u>Criteria</u>	<u>Rank</u>
Skilled labor	2
Competent senior managers	3
Labor costs	3
Remuneration in services	4
Availability of finance skills	5

Weaknesses

<u>Criteria</u>	<u>Rank</u>
Globalization	29
Production relocation abroad	29
Country's image abroad	28
Stock market trading	27
Overall productivity	26

BUSINESS EFFICIENCY

RP Strengths vs. Asia Weaknesses

Strengths PHILIPPINES	
<u>Criteria</u>	<u>Rank</u>
Skilled labor	2
Competent senior managers	3

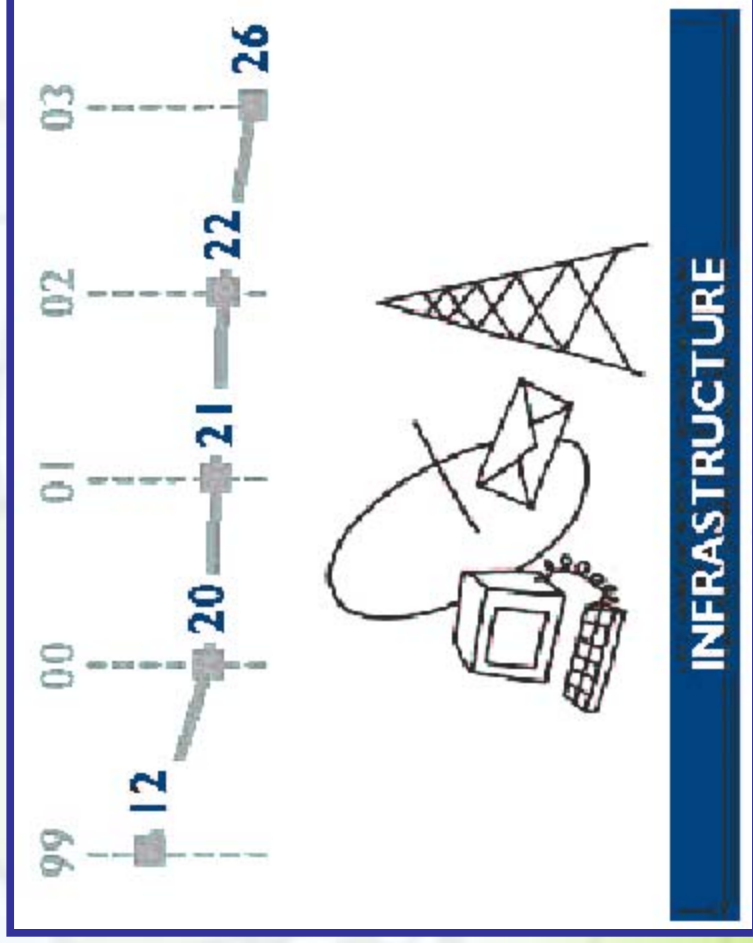
Weaknesses ASIA	
<u>Criteria</u>	<u>Rank</u>
Skilled labor Indonesia China	30 28
Competent senior managers China	29

BUSINESS EFFICIENCY

Asia Strengths vs. RP Weaknesses

Strengths ASIA		Weaknesses PHILIPPINES	
<u>Criteria</u>	<u>Rank</u>	<u>Criteria</u>	<u>Rank</u>
Globalization Korea	5	Globalization	29

INFRASTRUCTURE Philippines



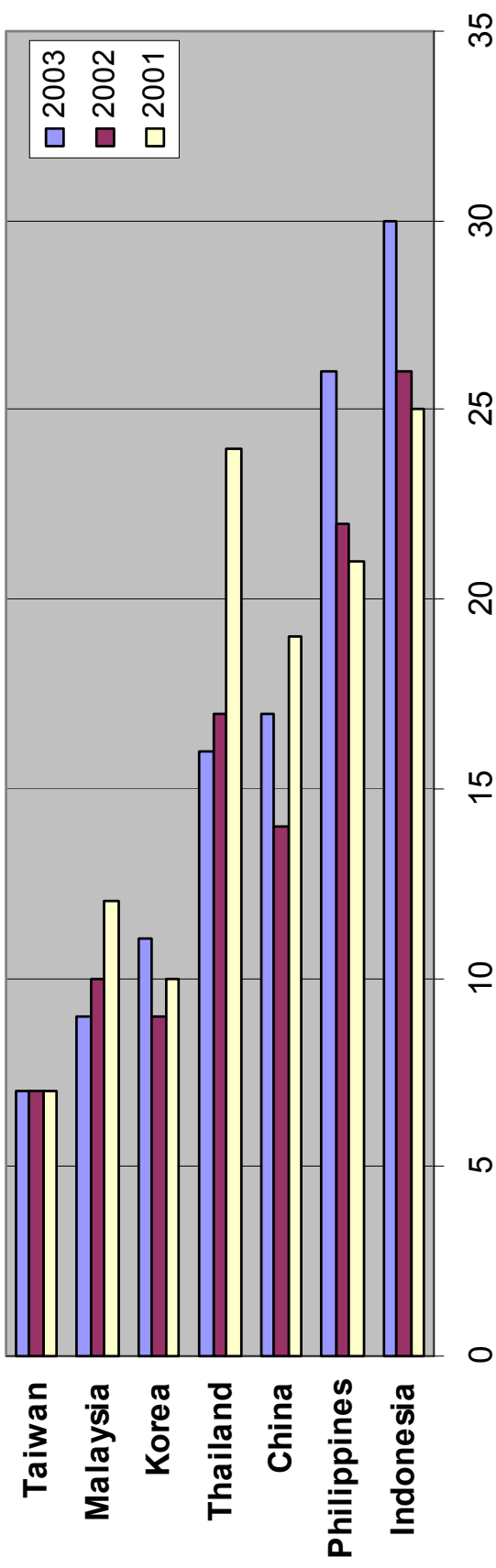
Extent to which technological, scientific & human resources meet the needs of business

Subcategories

Rank

Basic Infrastructure	30
Technological Infrastructure	11
Scientific Infrastructure	28
Health & Environment	23
Education	17

INFRASTRUCTURE Regional Comparison



	Indonesia	Philippines	China	Thailand	Korea	Malaysia	Taiwan
2003	30	26	17	16	11	9	7
2002	26	22	14	17	9	10	7
2001	25	21	19	24	10	12	7

INFRASTRUCTURE

RP Strengths & Weaknesses

Strengths

<u>Criteria</u>	<u>Rank</u>
High-tech exports	1
International telephone costs	1
Information technology skills	6
Knowledge transfer	6
Education in finance	8

Weaknesses

<u>Criteria</u>	<u>Rank</u>
Pupil-teacher ratio	30
Dependency ratio	30
Pollution problems	30
Distribution infrastructure	30
Expenditure on R & D	29

INFRASTRUCTURE

RP Strengths vs. Asia Weaknesses

Strengths PHILIPPINES		Weaknesses ASIA	
<u>Criteria</u>	<u>Rank</u>	<u>Criteria</u>	<u>Rank</u>
Information technology skills	6	Information technology skills	30
		Indonesia	29
Education in Finance	8	China	
		Education in finance	30
		China	

INFRASTRUCTURE

Asia Strengths vs. RP Weaknesses

Strengths ASIA	
<u>Criteria</u>	<u>Rank</u>
Dependency ratio Korea	2
Thailand	6
Expenditure on R & D Korea	2

Weaknesses PHILIPPINES	
<u>Criteria</u>	<u>Rank</u>
Dependency ratio	30
Expenditure on R & D	29

FACTORS AFFECTING COMPETITIVENESS



METHODOLOGY

- ♠ Correlation analysis was conducted to isolate the most influential drivers of national competitiveness
- ♠ All 320 criteria from all four categories were included in the analysis
- ♠ Factors that displayed highest and lowest correlation with the variable being studied were included

METHODOLOGY

The following economic variables were analyzed:

- ♣ **Real GDP Growth**
- ♣ **Domestic Investment Growth**
- ♣ **Export Growth**

RESULTS: Economic Growth

Directly Correlated

- Overall productivity - real growth 0.86
- Gross domestic investment 0.57
- Employment 0.47

Negatively Correlated

- Inflation forecast - 0.46
- Unemployment rate - 0.45

RESULTS: Domestic Investment Growth

Directly Correlated

- Imports of goods & commercial services 0.60
- Total energy production 0.45
- Employment 0.44

Negatively Correlated

- Income tax rate - 0.48
- Poor distribution infrastructure - 0.48

RESULTS: Export Growth

Directly Correlated

- Overall productivity - real growth 0.58
- Image abroad 0.46
- Employment 0.46

Negatively Correlated

- Inflation forecast - 0.35
- Unemployment rate - 0.28

CONCLUSION

Based on the results of our statistical analysis, three factors have been shown to be highly correlated with the different measures of competitiveness:

- Productivity**
- Employment growth**
- Basic Infrastructure**

KEYS TO COMPETITIVENESS

- ♣ **Increased overall productivity**
- ♣ **Adequate Infrastructure**
- ♣ **Maintained employment growth**

STATE OF PHILIPPINE COMPETITIVENESS 2003

2003

IMD WORLD
COMPETITIVENESS
YEARBOOK

