

National Competitiveness Council

BUILDING A CULTURE OF COMPETITIVENESS

GUILLERMO M. LUZ
Private Sector Co-Chairman

*Presentation to the German-Philippine Chamber of Commerce
15 September 2011, Dusit Thani Hotel*

Mandate : Executive Order 44

- Advise the President on policy matters affecting competitiveness of the country
- Promote and develop competitiveness strategies and push for the implementation of an action agenda for competitiveness and link it to the Philippine Development Plan
- Provide inputs to the Philippine Development Plan, Investment Priorities Plan, Export Development Plan
- Recommend to Congress proposed legislation regarding country competitiveness
- Develop and execute strategy to improve Philippine competitiveness rankings

Who we are :

- Public – Private Sector Council

Gregory L. Domingo, Secretary of Trade and Industry (Chairman)

Cesar V. Purisima, Secretary of Finance

Jose Rene Almendras, Secretary of Energy

Ramon R. Jimenez, Jr., Secretary of Tourism

Cayetano Paderanga, NEDA Director-General

Bro. Armin Luistro, Secretary of Education

Guillermo M. Luz (Co-Chairman)

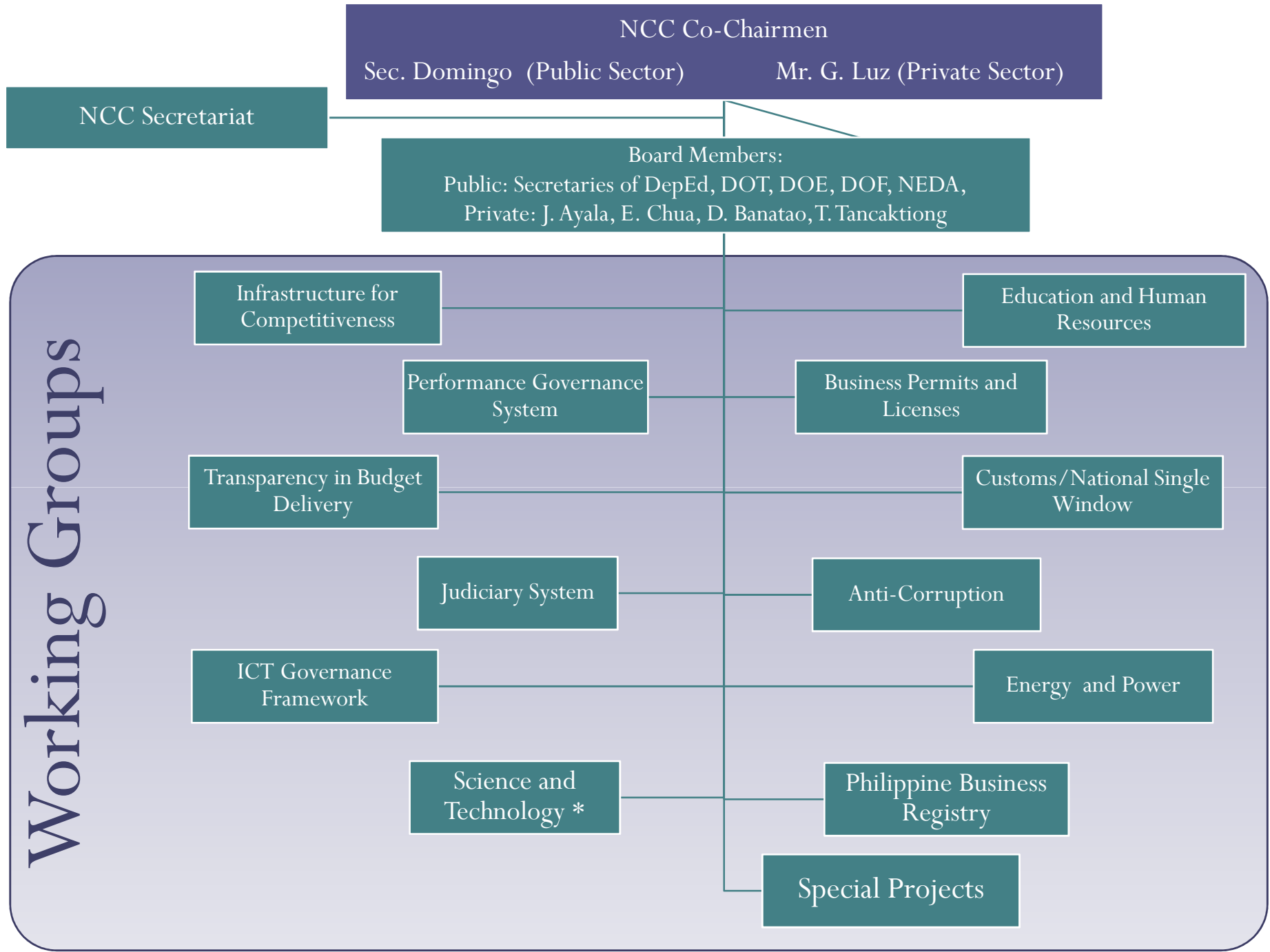
Dado Banatao, CEO, Tallwood Venture Capital

Jaime Augusto Zobel de Ayala, CEO, Ayala Corporation

Ed Chua, CEO, Shell Group

Tony Tan Caktiong, CEO, Jollibee Foods Corporation

- Working Groups composed of Public and Private Sector representatives



Working Groups

NCC Co-Chairmen
 Sec. Domingo (Public Sector) Mr. G. Luz (Private Sector)

NCC Secretariat

Board Members:
 Public: Secretaries of DepEd, DOT, DOE, DOF, NEDA,
 Private: J. Ayala, E. Chua, D. Banatao, T. Tancaktiong

Infrastructure for Competitiveness

Education and Human Resources

Performance Governance System

Business Permits and Licenses

Transparency in Budget Delivery

Customs/National Single Window

Judiciary System

Anti-Corruption

ICT Governance Framework

Energy and Power

Science and Technology *

Philippine Business Registry

Special Projects

Our vision

- A more competitive Philippines
- Instill a Culture of Excellence
- Public-Private Sector Partnerships as a development engine

Our Mission

To build up long-term competitiveness of the Philippines through –

- policy reforms
- project implementation
- institution-building
- performance monitoring
- goal-setting

Work Program - Country

- **Benchmark** against key global competitiveness indices
- **Map** each indicator to the agency responsible
- **Focus** on lowest-ranking or easiest-to-fix indicators
- **Track** city competitiveness and key indicators
- **Working Groups** concentrate on specific projects
- **Link** Competitiveness Plan to Philippine Development Plan, National Budget, LEDAC, Cabinet Agenda

Work Program - Industry

- Prepare 5 - 10 year industry roadmaps
- Roadmaps should describe –
 - State of industry today
 - Other country competitors
 - Potential of industry for value and employment growth
 - Projected investments by industry players
 - Policy environment required by industry (e.g., regulatory, infrastructure, human resources, financial, etc.)
- Examples : BPO, Tourism, NEDA-10


Special Projects

- Highly visible
- Start immediately
- Public-Private Partnerships at work
- Demonstrates that things can be done
- Rally people around the country
- Make people proud
- Inspire people to start their own projects
- Help establish the “brand” of the Philippines

Our target

- WEF Global Competitiveness Report
No. 30 or higher by 2016
- IFC Doing Business Survey
No. 50 or higher by 2016
- IMD World Competitiveness Report
No. 20 or higher by 2016
- FutureBrand's Country Brand Index
No. 30 or higher by 2016
- No. 2 or 3 in ASEAN in all rankings

World Economic Forum
GLOBAL COMPETITIVENESS RANKINGS

	2011	2010	2009	2008
				
PHILIPPINES	75	85	87	71

PHILIPPINE COMPETITIVENESS RANKING

WEF GLOBAL COMPETITIVENESS REPORT 2010 & 2011

<u>2010</u>	<u>2010</u>	<u>2011</u>	<u>2011</u>
RED – bottom 20% (111 th – 139 th)	25 indicators	(113 th – 142 nd)	21 indicators
PURPLE – bottom 40-21% (83 rd – 110 th)	37 indicators	(85 th – 112 th)	36 indicators
ORANGE – bottom 50 – 41% (69 th – 82 nd)	20 indicators	(71 st – 84 th)	17 indicators
BLACK (1 st – 68 th)	<u>29 indicators</u>	(1 st – 70 th)	<u>37 indicators</u>
	111 indicators		111 indicators

INDICATORS	RANKING (2010)	RANKING (2011)	change
OVER-ALL RANKING	85/139	75/142	+ 10
1st pillar: INSTITUTIONS			
1.01 Property rights	125	117	+ 8
1.02 Intellectual property protection	99	105	- 6
1.03 Diversion of public funds	103	102	+ 1
1.04 Public trust of politicians	135	127	+ 8
1.05 Public trust of politicians	134	128	+ 6
1.06 Irregular payments and bribes	128	119	+ 9
1.07 Judicial independence	128	119	+ 9
1.08 Favoritism in decisions of government officials	111	102	+ 9
1.09 Wastefulness of government spending	131	118	+13
1.10 Burden of government regulation	118	109	+ 9
1.11 Efficiency of legal framework in settling disputes	126	126	0
1.12 Efficiency of legal framework in settling disputes	122	115	+ 7

INDICATORS	RANKING (2010)	RANKING (2011)	change
1.11 Efficiency of legal framework in challenging regulations	116	118	- 2
1.12 Transparency of government policymaking	123	120	+ 3
1.13 Business costs of terrorism	126	130	- 4
1.14 Business costs of crime and violence	104	112	- 8
1.15 Organized crime	106	102	+ 4
1.16 Reliability of police services	105	112	- 7
1.17 Ethical behavior of firms	129	118	+ 11
1.18 Strength of auditing and reporting standards	75	62	+ 13
1.19 Efficacy of corporate boards	56	52	+ 4
1.20 Protection of minority shareholders' interests	80	84	- 4
1.21 Strength of investor protection*	109	111	- 2

INDICATORS	RANKING (2010)	RANKING (2011)	change
2nd pillar: INFRASTRUCTURE	104	105	- 1
2.01 Quality of overall infrastructure	113	113	0
2.02 Quality of roads	114	100	+ 14
2.03 Quality of railroad infrastructure	97	101	- 4
2.04 Quality of port infrastructure	131	123	+ 8
2.05 Quality of air transport infrastructure	112	115	- 3
2.06 Available airline seat kilometers*	28	28	0
2.07 Quality of electricity supply	101	104	- 3
2.08 Fixed telephone lines*	106	103	+ 3
2.09 Mobile telephone subscriptions*	88	92	- 4
3rd pillar: MACROECONOMIC ENVIRONMENT	68	54	+ 14
3.01 Government budget balance*	62	71	- 9
3.02 National savings rate*	74	70	+ 4
3.03 Inflation*	73	69	+ 4
3.04 Interest rate spread*	75	50	+ 25
3.05 Government debt*	102	89	+ 13
3.06 Country credit rating*	75	63	+ 12

INDICATORS	RANKING (2010)	RANKING (2011)	change
4th pillar: HEALTH AND PRIMARY EDUCATION	90	92	- 2
4.01 Business impact of malaria	101	101	0
4.02 Malaria incidence*	96	95	+ 1
4.03 Business impact of tuberculosis	106	107	- 1
4.04 Tuberculosis incidence*	117	119	- 2
4.05 Business impact of HIV/AIDS	83	80	+ 3
4.06 HIV prevalence*	1	1	0
4.07 Infant mortality*	89	95	- 6
4.08 Life expectancy*	84	82	+ 2
4.09 Quality of primary education	99	110	- 11
4.10 Primary education enrollment rate*	82	81	+ 1
5th pillar: HIGHER EDUCATION AND TRAINING	73	71	+ 2
5.01 Secondary education enrollment rate*	82	81	+ 1
5.02 Tertiary education enrollment rate*	76	75	+ 1
5.03 Quality of the educational system	69	61	+ 8
5.04 Quality of math and science education	112	115	- 3
5.05 Quality of management schools	61	55	+ 6
5.06 Internet access in schools	76	73	+ 3
5.07 Local availability of research and training services	77	62	+ 15
5.08 Extent of staff training	46	34	+ 12

INDICATORS	RANKING (2010)	RANKING (2011)	change
6th pillar: GOODS MARKET EFFICIENCY	97	88	+ 9
6.01 Intensity of local competition	65	47	+ 18
6.02 Extent of market dominance	109	117	- 8
6.03 Effectiveness of anti-monopoly policy	92	98	- 6
6.04 Extent and effect of taxation	77	52	+ 25
6.05 Total tax rate*	99	93	+ 6
6.06 Number of procedures required to start a business*	128	134	- 6
6.07 Time required to start a business*	120	112	+ 8
6.08 Agricultural policy costs	95	89	+ 6
6.09 Prevalence of trade barriers	89	89	0
6.10 Trade tariffs*	52	47	+ 5
6.11 Prevalence of foreign ownership	104	72	+ 32
6.12 Business impact of rules on FDI	98	89	+ 9
6.13 Burden of customs procedures	129	128	+ 1
(NEW) Imports as a percentage of GDP*		96	
6.14 Degree of customer orientation	42	46	- 4
6.15 Buyer sophistication	60	56	+ 4

INDICATORS	RANKING (2010)	RANKING (2011)	change
7th pillar: LABOR MARKET EFFICIENCY	111	113	- 2
7.01 Cooperation in labor-employer relations	56	55	+ 1
7.02 Flexibility of wage determination	96	102	- 6
7.03 Rigidity of employment*	75	79	- 4
7.04 Hiring and firing practices	116	113	+ 3
7.05 Redundancy costs*	114	118	- 4
7.06 Pay and productivity	82	76	+ 6
7.07 Reliance on professional management	47	50	- 3
7.08 Brain drain	85	91	- 6
7.09 Female participation in labor force*	104	103	+ 1
8th pillar: FINANCIAL MARKET DEVELOPMENT	75	71	+ 4
8.01 Availability of financial services	49	50	- 1
8.02 Affordability of financial services	37	42	- 5
8.03 Financing through local equity market	56	44	+ 12
8.04 Ease of access to loans	55	52	+ 3
8.05 Venture capital availability	75	71	+ 4
8.06 Restriction on capital flows	64	-	
8.07 Soundness of banks	38	46	- 8
8.08 Regulation of securities exchanges	73	64	+ 9
8.09 Legal rights index*	103	105	- 2

INDICATORS	RANKING (2010)	RANKING (2011)	change
9th pillar: TECHNOLOGICAL READINESS	95	83	+ 12
9.01 Availability of latest technologies	62	62	0
9.02 Firm-level technology absorption	59	52	+ 7
9.03 FDI and technology transfer	88	66	+ 22
9.04 Internet users*	112	88	+ 24
9.05 Broadband Internet subscriptions*	84	90	- 6
9.06 Internet bandwidth*	101	76	+ 25
10th pillar: MARKET SIZE	37	36	+ 1
10.01 Domestic market size index*	33	31	+ 2
10.02 Foreign market size index*	43	40	+ 3
11th pillar: BUSINESS SOPHISTICATION	60	57	+ 3
11.01 Local supplier quantity	68	52	+ 16
11.02 Local supplier quality	70	71	- 1
11.03 State of cluster development	55	54	+ 1
11.04 Nature of competitive advantage	67	74	- 7
11.05 Value chain breadth	59	67	- 8
11.06 Control of international distribution	45	47	- 2
11.07 Production process sophistication	86	72	+ 14
11.08 Extent of marketing	50	40	+ 10

INDICATORS	RANKING (2010)	RANKING (2011)	change
12th pillar: INNOVATION	111	108	+ 3
12.01 Capacity for innovation	80	95	- 15
12.02 Quality of scientific research institutions	108	106	+ 2
12.03 Company spending on R&D	85	85	0
12.04 University-industry collaboration in R&D	85	83	+ 2
12.05 Government procurement of advanced tech products	129	126	+ 3
12.06 Availability of scientists and engineers	96	97	- 1
12.07 Utility patents per million population*	71	68	+ 3

Special projects

- **Country Brand**

Creation of a new, unified country brand and campaign covering advertising, public relations, events, social marketing and new media for both international and domestic audiences. The first application of the brand will be on Tourism with applications following in Services, Investments, and Trade.

- **Renovation of airports**

Airports are the most visible “destination” for travellers which can leave a lasting impression at both arrival and departure stages of a trip. There is an urgent need to fix both NAIA and Mactan, renovating and modernizing the interiors and improving airport processes to make travel a more pleasant experience.

Moving Forward - Ideas

- Comprehensive, long-term strategic plan and process for the country and industry
- Performance Monitoring and Accountability
- Institutionalized exchange of managers between Government and Private Sector (Fellows Program)

Thank you

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