



7 September 2011

PRESS RELEASE

PHILIPPINES' GLOBAL COMPETITIVENESS RANKING RISES TO NO. 75
10 positions higher than 2010; one of the biggest jumps in the world

The Philippines jumped to No. 75 in the latest Global Competitiveness Index ranking released today by the World Economic Forum (WEF). The country ranked No. 85 out of 139 economies in the world in 2010 and moved up to No. 75 out of 142 economies in 2011. This jump is one of the highest recorded worldwide for this year by the WEF and is the highest on record for the Philippines since its entry into the global competitiveness rankings in 1994.

The Global Competitiveness Index measures over 110 key indicators spread across 12 major categories or "pillars". The Philippines recorded improvements in ranking in nine of the 12 pillars, with significant jumps in terms of "macroeconomic environment" (from No. 68 to No. 54), "technological readiness" (from No. 95 to No. 83); and "institutions" (from No. 125 to No. 117).

National Competitiveness Council co-chairman Guillermo M. Luz said the Council was pleased with the gains but said it was cognizant of the challenges which lie ahead. "We are extremely happy with the results thus far. When we set out to improve our rankings, we realized that we had to be systematic and persistent in our efforts in order to record consistent gains over time. The teamwork between government and the private sector and the coordination among different government agencies is beginning to show results", he stated.

The key driver for the rise in rankings was in the management of the macroeconomic environment. In particular, the Philippines showed improvements in its rankings on credit rating (from No. 75 to No. 63), government debt management (from No. 102 to No. 89), interest rate spreads (from No. 75 to No. 50), and management of inflation (from No. 73 to No. 69). Another key driver was in the area of market efficiency for goods, particularly in the intensity of local competition (from No. 65 to No. 47), extent and effect of taxation (from No. 77 to No. 52), prevalence of foreign ownership (from No. 104 to No. 72), and local supplier quantity (from No. 68 to No. 52). On the technological readiness front, the country showed marked improvement in FDI and technology transfer (from No. 88 to No. 66), internet users (from No. 112 to No. 88), and internet bandwidth (from No. 101 to No. 76).

The Philippines' domestic market size and local business sophistication and practices were also key drivers of competitiveness, with rankings at the top half of the global scale.

Luz pointed out that challenges remain and expressed confidence that improvements in these key sectors would begin to yield results. "Although our Institutions ranking improved marginally, this remains a key challenge for us. This category looks into the strengths of our public institutions in their management of public funds, counter-corruption, legal framework, and favoritism and transparency in government decisions. Many of these indicators have begun to move

in the right direction in terms of slightly improved rankings but room for improvement and gains remain. We also recognize that security issues need to be addressed”, he said.

The other key challenge for the country was in the area of Infrastructure. While the overall ranking of quality of infrastructure improved marginally, all key infrastructure sectors remained low in rankings, particularly the areas of port infrastructure (No. 123) and air transport infrastructure (No. 115).

Finally, the health and primary education sector was also cited as an area in need of improvement, along with our quality of science and math education (which fell from No. 112 to No. 115 in the last year).

According to the National Competitiveness Council, “Notwithstanding these challenges, we are pleased with the progress made thus far and the significant jump in our ranking to No. 75. We have reorganized and revitalized 10 Working Groups or Task Forces who are concentrating on finding solutions to the challenges cited above and we are confident that solutions can be delivered in due time.”

The 10 working groups are concentrating on Infrastructure, Power and Energy, Streamlining Transaction Costs and Flows, Budget Transparency, Governance, Anti-Corruption, Judicial Reforms, and ICT Governance. Among the projects in the Streamlining Transactions program are efforts to simplify business permit issuance in local governments; speed up incorporation procedures for new companies; and streamline clearance procedures at the Bureau of Customs.

Each Working Group is co-chaired by an Undersecretary or Assistant Secretary and a senior business executive or professional and have been meeting regularly to prepare recommendations for the Economic Cluster and the Cabinet.

###