



Press Statement

27 September 2017

**PH ONE SPOT HIGHER IN GLOBAL COMPETITIVENESS RANKINGS AT 56th,
BUT SLIDES DOWN TWO SPOTS IN ASEAN RANKINGS IN THE
WORLD ECONOMIC FORUM (WEF) GLOBAL COMPETITIVENESS REPORT (2017-2018)**

27 September 2017 – *The Global Competitiveness Report 2017-2018*, published today, sees the Philippines going up in global competitiveness rankings by 1 notch, from 57th in 2016 to 56th in 2017. However, the country has slid down the ASEAN rankings, **now standing at the 7th out of 9 in the region, from 5th in 2016 (as Myanmar has not been included in the Report since 2016)**. With this two-point drop in regional standing, the Philippines is now below Vietnam and Brunei Darussalam, which both made large strides in their respective competitiveness rankings.

COMPETITIVE ADVANTAGES, DISADVANTAGES IN PH

In 2017, the Philippine's highest gains, by pillar, are in Market Size (4 notches higher from its 2016 ranking), Labor Market Efficiency (4 notches up), and Higher Education and Training (3 notches up). Macroeconomic Environment remains as the country's highest-ranking pillar; however, now at 22nd, it has slid down 2 spots from its 2016 ranking at 20th. Financial Market has also slid down, 4 notches from 48 in 2016, to 52 in 2017, but remains the third-highest Pillar of the country. On the bright side, Market Size, the second highest-ranking pillar, has jumped 4 notches up, now at 27th.

Based on top-ranked indicators, the Philippine's competitive advantages include: inflation (ranked 1st out of 137), HIV prevalence (ranked 1st), government budget balance (ranked 24th), business impact of Malaria (26th), domestic market size index (27th), and available airline seat kilometers (27th). Out of the 5 top-ranked competitive advantages, government budget balance slid down 7 spots from 2016, while domestic market size gained 3 notches up from the previous year.

Meanwhile, bottom indicators considered as competitive disadvantages has considerably slid further down in rankings. These bottom-ranked indicators include: the number of procedures to start a business (ranked last

out of 137), tuberculosis incidence (126th; not in the top 5 disadvantages of the previous year), burden of Customs procedures (ranked 125th, down 4 spots from 2016), business cost of terrorism (ranked 125th, down 5 spots from 2016), and quality of air transport infrastructure (ranked 124th, down 8 spots from 2016).

Based on the Executive Opinion Survey, a major component of the *Report*, the most problematic factors for doing business in the Philippines also remain the same: inefficient government bureaucracy (same rank in 2016), inadequate supply of infrastructure (same rank in 2016), corruption (same rank in 2016). Tax regulations are now in 4th, a spot higher than last year, while tax rates slip one spot, now at 5th.

PH, AMONG ASEAN COUNTRIES

Despite its one-notch gain, the Philippines has slid further down among ASEAN countries, the only country with considerable decline in regional ranking; Singapore remains as the most competitive in the region, despite its one-notch slide down to being 3rd most competitive globally, now behind the United States.

In the region, Indonesia, Vietnam, and Brunei Darussalam made the largest strides in terms of rankings, with Indonesia going up 5 notches, Vietnam with a 5-notch gain, and Brunei with the most significant improvement in the region, jumping 12 spots from its rank the previous year.

MBC Chairman Edgar Chua notes, “It is good to see that we have maintained our overall competitiveness and even moved one notch higher. However, as we implement changes to improve, other countries are doing the same. In fact, Vietnam and Brunei have overtaken us this year. We therefore need to do much more at a much faster pace. We call on Congress to focus on passing priority bills identified by the business sector especially the Comprehensive Tax Reform Program and not allow itself to be diverted by various political maneuvers like impeachment proceedings.”

According to the Report, Vietnam, Cambodia, the Philippines, Lao PDR, and Mongolia could all make large gains in competitiveness at a relatively lower cost by improving their performance on infrastructure, health, and education. MBC Executive Director Peter Perfecto comments, “The state of Philippine infrastructure is in dire need of attention and action. While the quality of air transport infrastructure was identified as one of the country’s greatest disadvantages, ranking 124th out of 137 countries, the quality of other infrastructure such as roads and ports stand as big disadvantages, as well. In fact, we trail behind our ASEAN neighbors in almost all measures of infrastructure. We ranked lowest in ASEAN in terms of Quality of Overall Infrastructure, in Quality of Roads, and in Quality of Air Transport Infrastructure.” He adds, “Implementing the plans under the “Build Build Build” program is critical for the effective functioning of a growing Philippine economy.”

Mr. Chua further explains, “We cannot advance to the next stage unless our public institutions are strengthened by addressing corruption and we improve our legal and regulatory frameworks. The GCR figures on cost of terrorism, crime and violence are sources of concern and we believe that a root cause of

these is poverty. We all need to work on helping government implement its 10-point socio-economic agenda and achieve a truly inclusive growth.”

THE GLOBAL COMPETITIVENESS REPORT 2017-2018

The *Report*, an annual assessment of the factors driving productivity and prosperity in 137 countries, offers insight into how priorities may be shifting for nations in earlier stages of development. This year, it covers 137 economies based on data availability. Altogether, the combined output of the economies covered in the GCI accounts for 98% of world GDP.

While basic drivers of competitiveness such as infrastructure, health, education and well-functioning markets will always be important, data in the Global Competitiveness Index (GCI) suggests that a nation’s performance in terms of technological readiness, business sophistication and innovation is now as important in driving competitiveness and growth.

NOTE TO EDITORS

The Global Competitiveness Report’s competitiveness ranking is based on the Global Competitiveness Index (GCI), which was introduced by the World Economic Forum in 2005. Defining competitiveness as *the set of institutions, policies and factors that determine the level of productivity of a country*, GCI scores are calculated by drawing together country-level data covering 12 categories – the pillars of competitiveness – that collectively make up a comprehensive picture of a country’s competitiveness. The 12 pillars are: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size, business sophistication, and innovation.

The Makati Business Club administered the 2017 WEF Executive Opinion Survey, a major component of the Global Competitiveness Report, from March 1 – May 31, 2017.

The World Economic Forum, committed to improving the state of the world, is the International Organization for Public-Private Cooperation. The Forum engages the foremost political, business and other leaders of society to shape global, regional and industry agendas. (www.weforum.org).

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