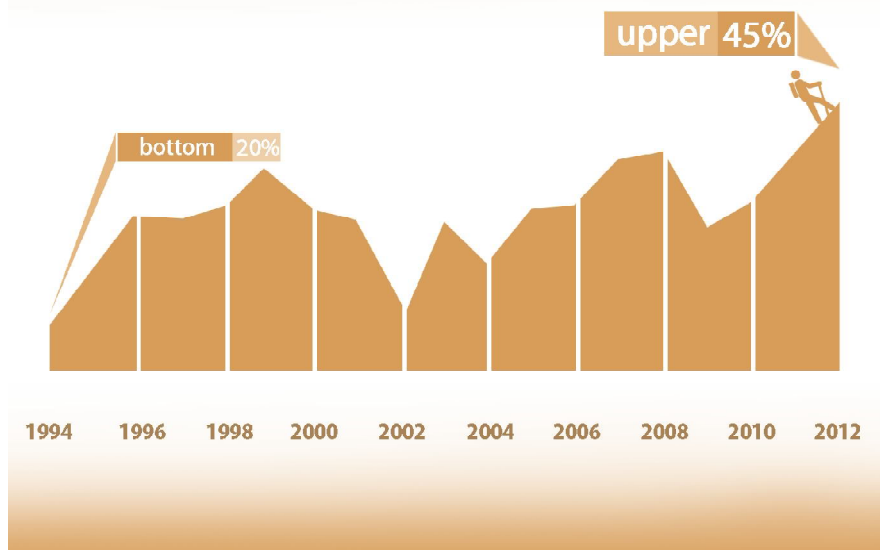


Philippine Competitiveness Rankings



WORLD ECONOMIC FORUM'S GLOBAL COMPETITIVENESS REPORT 2012–2013

Philippines: Sustained Advance

HIGHLIGHTS

- The Philippines' competitiveness standing rose by another 10 steps up to no. 65 out of 144 economies evaluated by the Global Competitiveness Report 2012–2013 of the World Economic Forum.
- Backed by improvements in 11 out of 12 pillars of global competitiveness, the Philippines has reached the upper 45th percentile of countries in the global competitiveness index ranking, posting a record-high score of 4.23 on a scale of 1 to 7.
- In addition to market size, the macroeconomic environment and business sophistication pillars have become competitive advantages for the country.
- The Philippines has overtaken Vietnam in terms of overall competitiveness and is no longer the lowest scorer in ASEAN in terms of the labor and goods markets pillars. However, the country is still at the bottom in the region in terms of the institutions and innovation pillars.
- Based on the sustainable competitiveness index introduced a year ago, which takes into account additional social and environmental sustainability pillars, the global competitiveness standing of the Philippines would have been adjusted downwards to a 59th percentile rank.

MBC Research Report is published by the Makati Business Club. Materials appearing in this publication may not be reproduced in any form or by any means without the prior consent of the Club. Permission must be requested in writing from the editors.



Chairman

RAMON R. DEL ROSARIO JR.

Vice Chairmen

ROBERTO F. DE OCAMPO
JAIME AUGUSTO ZOBEL DE AYALA II

Treasurer

AURELIO R. MONTINOLA III

Trustees

CORAZON S. DE LA PAZ-BERNARDO
EDGAR O. CHUA
LANCE Y. GOKONGWEI
DORIS MAGSAYSAY HO
RICARDO J. ROMULO
TONYTAN CAKTIONG
WILFRED STEVEN UYTENG SU JR.

Executive Director

PETER ANGELO V. PERFECTO

Deputy Director

MARC P. OPULENCIA

Research by

MICHAEL B. MUNDO

Senior Research Associate

Email: michael.mundo@mbc.com.ph

Design and Layout by

ROMUALDO BENJAMIN F. DEL ROSARIO

Copyright 2012

MAKATIBUSINESS CLUB

2nd Floor, AIM Conference Center
Benavidez Street corner Trasierra Street
Legaspi Village, 1229 Makati City
Philippines

Tel: 751-1137 to 38

Fax: 750-7405 to 06

Email: makatibusinessclub@mbc.com.ph

Website: www.mbc.com.ph

The World Economic Forum defines competitiveness as “the set of institutions, policies, and factors that determine the level of productivity of a country.”

Accordingly, the Forum’s Global Competitiveness Report ranks economies based on a Global Competitiveness Index, which measures the macroeconomic and microeconomic foundations, as well as the static and dynamic components, of national competitiveness. The index is based on publicly available data and data gathered through the Executive Opinion Survey, which is conducted by the World Economic Forum with its network of partner institutes.

In the Philippines, the Makati Business Club has been the Geneva-based organization’s partner institute in the preparation of the Global Competitiveness Report since 1994. In the first half of 2012, as in previous years, MBC administered the Forum’s Executive Opinion Survey in the country. Out of 15,000 business leaders polled around the world for the Global Competitiveness Report 2012-2013, 132 respondents participated from the Philippines.

PHILIPPINES RANKING

The latest edition of the Global Competitiveness Report provided a summary of the Philippines’ performance in the competitiveness rankings: “*Ranked 65th, the Philippines is one of the countries showing the most improvement in this year’s edition. Indeed, it has advanced 22 places since reaching its lowest mark in 2009. The Philippines makes important strides this year in improving competitiveness—albeit often from a very low base—especially with respect to its public institutions (94th, up 23 places). Trust in politicians has made considerable progress (95th, up 33), although significant room for improvement remains. The perception is that corruption (108th, up 11) and red tape (108, up 18) are finally being addressed decisively, even though they remain pervasive. The macroeconomic environment also exhibits marked improvement (36th, up 18) and represents one of the strongest aspects of the Philippines’ performance, along with the market size pillar (35th). In addition, the financial sector has become more efficient and increasingly supportive of business activity (58th, up 13).*”

Of 144 economies around the world, the Philippines is one of just 15 economies whose competitiveness rankings rose by double digits. From a ranking of no. 75 in the 2011–2012 report, the Philippines jumped to no. 65 in the 2012–2013 rankings. This is the second straight year that the country climbed 10 places up the competitiveness ladder. In 2011–2012, the country

improved from no. 85 to no. 75. With a record-high global competitiveness index score of 4.23, the Philippines has reached the upper 45th percentile of economies assessed by the World Economic Forum in 2012, from the previous high of 53rd percentile in 2008 and in 2011.

PILLARS OF COMPETITIVENESS

The sustained and rapid advance of the Philippines in the global competitiveness index is attributed to improvements in 11 out of the 12 pillars comprising the index.

Looking at the *institutions* pillar, the Philippines jumped 23 places to no. 94, with notable gains in government efficiency and ethical behavior of private firms. *Infrastructure* rose 7 places to no. 98, largely owing to improvements in overall infrastructure quality and quality of roads. *Macroeconomic environment* improved 18 places to no. 36 as the government deficit ratio to GDP dropped and the savings ratio to GDP rose.

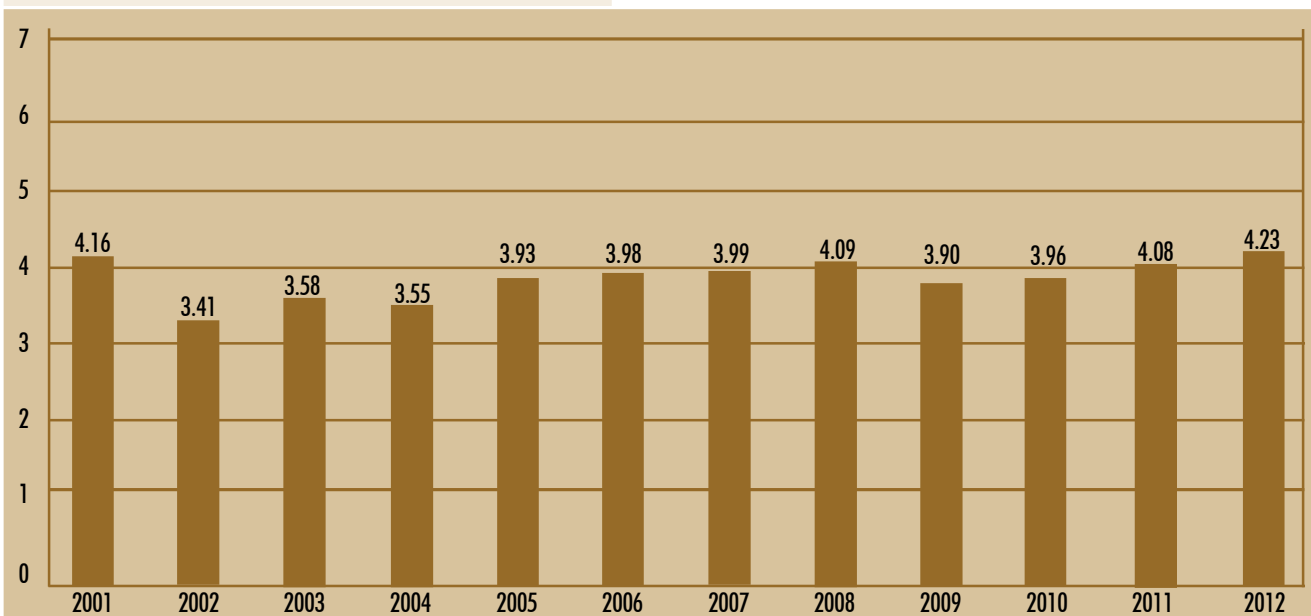
Higher education and training is up 7 places to no. 64, especially in terms of the quality of math and science education, educational system, and management schools. *Goods market efficiency* moved up 2 places only to no. 86, although there were significant changes in the business impact of rules on FDI, extent of market dominance, degree of customer orientation, effectiveness of anti-monopoly policy, agricultural policy costs, and

prevalence of trade barriers. *Labor market efficiency* rose 10 places to no. 103, particularly with the reversal of brain drain, the closer link between pay and productivity, stronger cooperation between labor-employer relations, and heavier reliance on professional management. *Financial market development* went up 13 places to no. 58 despite the country's poor ranking in the legal rights index. *Technological readiness* is higher by 4 places to no. 79 as advances in technological adoption made up for slippages in rankings on ICT use. *Market size* inched up 1 place to no. 35 even as the Philippines' ranking in terms of foreign market size remained unchanged.

Business sophistication is up 8 places to no. 49 despite a drop in ranking in control of international distribution. Finally, *innovation* rose 14 places to no. 94, boosted by more company spending on research and development, stepped-up government procurement of advanced technology products, and greater protection of intellectual property.

The lone category in which the Philippines did not see an improved ranking was in the *health and primary education* pillar, where the country dropped 6 places to no. 98, even as positive developments have been observed in the quality of primary education (with the introduction of the K to 12 program). The report's UNESCO data on primary education in the Philippines do not reflect recent available enrolment figures from the Department of Education.

PHILIPPINES: COMPETITIVENESS INDEX SCORE



Sources: World Economic Forum and MBC Research

STRENGTHS AND WEAKNESSES

Out of the 111 indicators listed by the Global Competitiveness Report, the Philippines ranked within the top 50 in 25 indicators. These indicators, considered competitive advantages of the Philippines, are the following: HIV prevalence (though our ranking dropped in this category, HIV prevalence in the Philippines is still low compared to other countries), available airline seat kilometers, degree of customer orientation, willingness to delegate authority, domestic market size, extent of staff training, affordability of financial services, government budget balance, financing through local equity market, cooperation in labor employer relations, reliance on professional management, state of cluster development, quality of management schools, FDI and technology transfer, foreign market size, soundness of banks, extent of marketing, quality of the educational system, ease of access to loans, regulation of securities exchanges, firm-level technology adoption, gross national savings, local supplier quantity, intensity of local competition, and availability of financial services.

On the other hand, the report also pointed out the various areas for improvement. *“Despite these very positive trends, many weaknesses remain to be addressed,”* it noted. *“The country’s infrastructure is still in a dire state, particularly with respect to sea (120th) and air transport (112th), with little or no progress achieved to date. Furthermore, various market inefficiencies and rigidities continue, most notably in the labor market (103rd).”*

The competitive disadvantages of the Philippines, particularly the areas wherein the country ranked no. 100 or worse, are: number of procedures to start a business, burden of customs procedures, business costs of terrorism, tuberculosis cases, redundancy costs, quality of port infrastructure, flexibility of wage determination, business impact of tuberculosis, quality of air transport infrastructure, number of days to start a business, strength of investor protection, ratio of women in labor force to men, burden of government regulation, hiring and firing practices, irregular payments and bribes, business costs of crime and violence, efficiency of legal framework in settling disputes, government procurement of advanced technological products, fixed telephone lines, business impact of malaria, efficiency of legal framework in challenging regulations, life expectancy, total tax rate, quality of scientific research institutions, diversion of public funds, net primary education enrolment, and reliability of police services.

Not surprisingly, corruption, inefficient government bureaucracy, and inadequate supply of infrastructure are still the top three problematic factors for doing business in the Philippines. This has been the finding of the World Economic Forum’s Executive Opinion Survey in the last five years, although these weaknesses have been cited by fewer survey respondents in the 2012–2013 report. An increasing proportion of survey respondents, however, cite policy instability and tax regulations, which emerged as the fourth and fifth problematic factors for doing business in the country.

Regarding taxes, 3 of the 25 indicators wherein the Philippines experienced a drop in ranking this year are concerned with taxation. Total tax rate slid from no. 93 last year to no. 102; trade tariffs went down from no. 47 to no. 53; and the extent and effect of taxation dropped from no. 52 to no. 57. Aside from these, the country’s rankings also slipped in the following areas: life expectancy, net primary education enrolment, flexibility of wage determination, patent applications, HIV prevalence, business impact of tuberculosis, tuberculosis cases, control of international distribution, women in labor force ratio to men, mobile telephone subscriptions, business impact of HIV/AIDS, intensity of local competition, number of procedures to start a business, redundancy costs, individuals using Internet, inflation rate, business impact of malaria, tertiary education enrolment, imports as a percentage of GDP, buyer sophistication, broadband internet subscriptions, and extent of marketing.

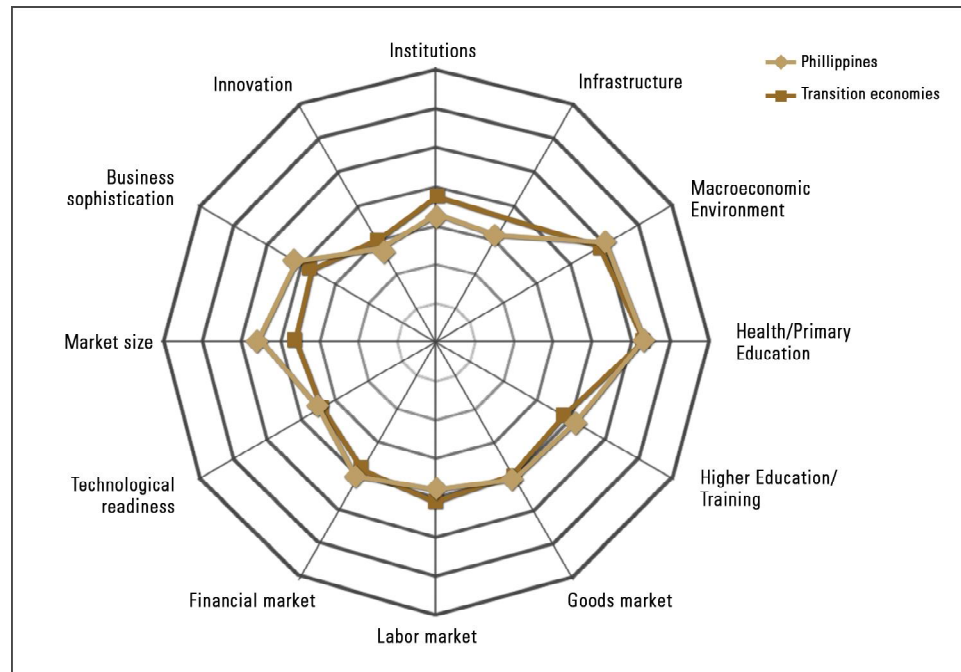
TRANSITION STAGE

According to the World Economic Forum’s methodology, competitiveness takes into account each country’s stage of economic development based on the amount of per capita GDP and the proportion of mineral products to overall exports.

Since 2011, the Philippines, with per capita GDP of above \$2,000, has entered the transition phase from stage 1, or the factor-driven stage of development, to stage 2, the efficiency-driven stage of development. The other countries in this transition category are Qatar, Saudi Arabia, Brunei Darussalam, Kuwait, Azerbaijan, Iran, Sri Lanka, Botswana, Honduras, Mongolia, Gabon, Bolivia, Egypt, Algeria, Libya, and Venezuela.

Gradually, some of the weight of the country’s global competitive index score is transferred from the basic

COMPETITIVENESS SCORE AMONG ECONOMIES IN TRANSITION FROM STAGE 1 TO STAGE 2



Source: Global Competitiveness Report 2012-2013

requirements subindex into the efficiency-driven and innovation and sophistication factors subindices. This explains why basic requirements now account for only 55.5% of the GCI from 59.9% last year. On the other hand, efficiency enhancers now constitute 38.4% of the GCI from 35.1%, while innovation and sophistication factors comprise 6.1% of the GCI from 5%.

The Philippine GCI score of 4.23 is above average and ranks 6th among 17 economies in transition between stage 1 to stage 2. Last year, the country's GCI score of 3.08 was exactly the same as the average among 24 transition economies. A more detailed comparison of the economies in the same phase as the Philippines this year reveals that the Philippines' labor market efficiency score improved to above average from below par. The country also posted better-than-average scores in terms of the rest of the efficiency enhancers (higher education and training, goods market efficiency, financial market development, technological readiness, and market size), as well as in the macroeconomic environment and business sophistication pillars. On the other hand, its scores and rankings are below the group average in terms of most of the basic requirements (institutions, infrastructure, and health and primary education), as well as in innovation.

PERFORMANCE AMONG ASEAN

In ASEAN, Singapore continues to lead its neighbors,

while the Philippines is 6th out of the 8 ASEAN economies that were ranked. In terms of movement in rankings from last year, Singapore and Brunei maintained their competitiveness standing at nos. 2 and 28, respectively. On the other hand, Indonesia and Malaysia fell by 4 places each. Cambodia climbed 12 places up to no. 85, although it was still the lowest ranked in the group. Vietnam and the Philippines switched places to no. 75 and no. 65, respectively.

In the basic requirements component of the GCI, the Philippines now ranks ahead of Vietnam. The Philippines is still ranked lowest in institutions in the region but is closely tied with Vietnam in terms of the rounded off score of 3.6. It also ranks just above worst-rated Cambodia in infrastructure and health and primary education. However, the Philippines is far ahead of Vietnam and Cambodia in terms of macroeconomic environment stability.

Under the efficiency enhancers category, the Philippines performed better than Brunei, Vietnam, and Cambodia. The country's scores in higher education and training are higher than those of Indonesia, Vietnam, and Cambodia. The Philippines has moved up from ASEAN's bottom in terms of labor market and goods market efficiencies. It ranks higher than Cambodia, Indonesia, and Vietnam in terms of financial market development. In technological readiness, the country fared better than Thailand, Indonesia, Vietnam, and

PHILIPPINES PERFORMANCE VIS-A-VIS ASEAN

Rank against 144 economies

	Singapore	Malaysia	Brunei	Thailand	Indonesia	Philippines	Vietnam	Cambodia
Global Competitiveness Index	2	25	28	38	50	65	75	85
Basic requirements	1	27	21	45	58	80	91	97
1. Institutions	1	29	31	77	72	94	89	73
2. Infrastructure	2	32	57	46	78	98	95	104
3. Macroeconomic environment	17	35	1	27	25	36	106	91
4. Health and primary education	3	33	31	78	70	98	64	102
Efficiency enhancers	1	23	68	47	58	61	71	85
5. Higher education and training	2	39	57	60	73	64	96	111
6. Goods market efficiency	1	11	73	37	63	86	91	50
7. Labor market efficiency	2	24	13	76	120	103	51	28
8. Financial market development	2	6	56	43	70	58	88	64
9. Technological readiness	5	51	64	84	85	79	98	100
10. Market size	37	28	124	22	16	35	32	89
Innovation and sophistication	11	23	62	55	40	64	90	72
11. Business sophistication	14	20	65	46	42	49	100	74
12. Innovation	8	25	59	68	39	94	81	67

Source: Global Competitiveness Report 2012-2013

Cambodia. The country's market size is bigger than those of Singapore, Cambodia, and Brunei.

With respect to innovation and sophistication factors, the Philippines scored better than Cambodia and Vietnam. It is ahead of Brunei, Cambodia, and Vietnam in terms of business sophistication. But the country lagged behind all its neighbors in innovation.

Out of 111 indicators, the Philippines got the lowest ranking in ASEAN in terms of the following areas: number of procedures to start a business, business cost of terrorism, burden of customs procedures, quality of port infrastructure, flexibility of wage determination, quality of air transport infrastructure, hiring and firing practices, efficiency of legal framework in settling disputes, business costs of crime and violence, efficiency of legal framework in challenging regulations, total tax rate, quality of scientific research institutions, net primary education enrolment, diversion of public funds, judicial independence, quality of math and science education, quality of railroad infrastructure, favoritism in decisions of government officials, effectiveness of anti-monopoly policy, capacity for innovation, and pay and productivity.

EVOLVING CHALLENGE OF SUSTAINABILITY

Should the pillars of social and environmental sustainability be taken into account, the 45th percentile rank of the Philippines in terms of the global

competitiveness index would have been adjusted downwards into the 59th percentile notch. Malaysia's percentile rank would have gone down from 17th to 24th; Thailand, from 26th to 48th; Indonesia, from 35th to 54th; and Cambodia, from 59th to 81st. Unfortunately, the World Economic Forum lacks sustainability data for Singapore, Brunei, and Vietnam.

Composed of nine indicators, the social sustainability pillar measures the "set of institutions, policies and factors that enable all members of society to experience the best possible health, participation and security; and to maximize their potential to contribute to and benefit from the economic prosperity of the country in which they live." A separate category made up of eleven indicators is the environmental sustainability pillar, which measures "the set of institutions, policies and factors that ensure an efficient management of resources to enable prosperity for present and future generations."

The report also mentioned the Philippines as an example in its discussion of the negative impact on the economy of climate-related natural catastrophes: "Recent floods in the Philippines have claimed at least 1,500 lives, with corresponding negative impacts to infrastructure and land." ■

THE PHILIPPINES UP CLOSE:

Basic Requirements Subindex

	2011-2012 GCR		2012-2013 GCR		Change	
	Score / Hard Data	Rank Out of 142 Countries	Score / Hard Data	Rank Out of 144 Countries	Score / Hard Data	Rank
GLOBAL COMPETITIVENESS INDEX: Philippines	4.08	75	4.23	65	0.15	10
BASIC REQUIREMENTS SUBINDEX	4.17	100	4.35	80	0.18	20
1st Pillar: Institutions	3.22	117	3.57	94	0.35	23
A. Public institutions						
1. Property rights						
1.01 Property rights	3.61	105	4.10	74	0.49	31
1.02 Intellectual property protection ^{1/2}	2.80	102	3.24	87	0.44	15
2. Ethics and corruption						
1.03 Diversion of public funds	2.25	127	2.76	100	0.51	27
1.04 Public trust of politicians	1.84	128	2.36	95	0.52	33
1.05 Irregular payments and bribes	3.01	119	3.20	108	0.19	11
(a) imports and exports	2.36	131	2.66	119	0.30	12
(b) public utilities	4.76	75	4.86	66	0.10	9
(c) tax collection	2.92	125	3.18	118	0.26	7
(d) awarding of public contracts and licenses	2.15	129	2.56	110	0.41	19
(e) obtaining favorable judicial decisions	2.88	114	2.95	111	0.07	3
3. Undue influence						
1.06 Judicial independence	2.95	102	3.02	99	0.07	3
1.07 Favoritism in decisions of government officials	2.42	118	2.83	87	0.41	31
4. Government efficiency						
1.08 Wastefulness of government spending	2.59	109	3.02	86	0.43	23
1.09 Burden of government regulation	2.57	126	2.97	108	0.40	18
1.10 Efficiency of legal framework in settling disputes	2.87	115	3.19	107	0.32	8
1.11 Efficiency of legal framework in challenging regulations	2.78	118	3.17	102	0.39	16
1.12 Transparency of government policymaking	3.61	120	3.97	97	0.36	23
1.13 Government services for improved business performance	<i>n.a.</i>	<i>n.a.</i>	3.93	51	<i>n.a.</i>	<i>n.a.</i>
5. Security						
1.14 Business costs of terrorism	4.25	130	4.39	126	0.14	4
1.15 Business costs of crime and violence	3.75	112	3.94	107	0.19	5
1.16 Organized crime	4.47	102	4.70	97	0.23	5
1.17 Reliability of police services	3.28	112	3.63	100	0.35	12
B. Private institutions						
1. Corporate ethics						
1.18 Ethical behavior of firms	3.24	118	3.67	87	0.43	31
2. Accountability						
1.19 Strength of auditing and reporting standards	4.77	62	5.12	41	0.35	21
1.20 Efficacy of corporate boards	4.75	52	4.72	51	-0.03	1
1.21 Protection of minority shareholders' interests	4.01	84	4.33	57	0.32	27
1.22 Strength of investor protection, 0-100 [best] (World Bank hard data)	4.00	111	4.00	110	0.00	1

Continued next page

	2011-2012 GCR		2012-2013 GCR		Change	
	Score / Hard Data	Rank Out of 142 Countries	Score / Hard Data	Rank Out of 144 Countries	Score / Hard Data	Rank
2nd Pillar: Infrastructure	3.09	105	3.19	98	0.10	7
A. Transport infrastructure						
2.01 Quality of overall infrastructure	3.38	113	3.64	98	0.26	15
2.02 Quality of roads	3.11	100	3.43	87	0.32	13
2.03 Quality of railroad infrastructure	1.65	101	1.90	94	0.25	7
2.04 Quality of port infrastructure	3.03	123	3.32	120	0.29	3
2.05 Quality of air transport infrastructure	3.63	115	3.63	112	0.00	3
2.06 Available seat kilometers/week, millions (IATA hard data)	867.02	28	970.20	26	103.18	2
B. Electricity and telephony infrastructure						
2.07 Quality of electricity supply	3.44	104	3.73	98	0.29	6
2.08 Mobile telephone subscriptions per 100 population (ITU hard data) ^{1/2}	85.67	92	92	95	6.33	-3
2.09 Fixed telephone lines per 100 population (ITU hard data) ^{1/2}	7.27	103	7.2	103	-0.07	0
3rd Pillar: Macroeconomic environment	4.99	54	5.33	36	0.34	18
3.01 Government budget balance, % GDP (IMF hard data)	(3.67)	71	(0.80)	36	2.87	35
3.02 National savings rate, % GDP (IMF hard data)	20.11	70	24.60	47	4.49	23
3.03 Inflation, annual % change (IMF hard data)	3.80	69	4.80	70	1.00	-1
3.04 General government debt, % GDP (IMF hard data)	47.34	89	40.50	72	-6.84	17
3.05 Country credit rating, 0-100 [best] (Institutional Investor hard data)	54.00	63	53.60	60	-0.40	3
4th Pillar: Health and primary education	5.38	92	5.31	98	-0.07	-6
A. Health						
4.01 Business impact of malaria	5.09	101	5.08	102	-0.01	-1
4.02 Malaria cases per 100,000 population (WHO hard data)	143.9	95	67.9	95	-76.00	0
4.03 Business impact of tuberculosis	4.51	107	4.34	116	-0.17	-9
4.04 Tuberculosis cases per 100,000 population (WHO hard data)	280.0	119	275.0	126	-5.00	-7
4.05 Business impact of HIV/AIDS	5.06	80	5.08	83	0.02	-3
4.06 HIV prevalence, % adult population (WHO hard data)	< 0.1	1	0.1	12	n.a.	-11
4.07 Infant mortality, deaths per 1,000 live births (WHO hard data)	26.20	95	23.20	91	-3.00	4
4.08 Life expectancy, years (WHO hard data)	72.08	82	68.50	102	-3.58	-20
B. Primary education						
4.09 Quality of primary education	3.06	110	3.46	86	0.40	24
4.10 Primary education enrollment rate, net % (UNESCO hard data)	91.69	81	88.30	101	-3.39	-20

Prepared by MBC Research using exclusive unpublished World Economic Forum Executive Opinion Survey data and data published in the Global Competitiveness Reports.
Notes: Scores range from 1 to 7 with 7 as the highest except for hard data.
n.a. not available

THE PHILIPPINES UP CLOSE:

Efficiency Enhancers Subindex

	2011-2012 GCR		2012-2013 GCR		Change	
	Score / Hard Data	Rank Out of 142 Countries	Score / Hard Data	Rank Out of 144 Countries	Score / Hard Data	Rank
GLOBAL COMPETITIVENESS INDEX: Philippines	4.08	75	4.23	65	0.15	10
EFFICIENCY ENHANCERS SUBINDEX	4.03	70	4.17	61	0.14	9
5th Pillar: Higher education and training	4.13	71	4.30	64	0.17	7
A. Quantity of education						
5.01 Secondary education enrollment rate (UNESCO hard data)	82.46	81	84.80	81	2.34	0
5.02 Tertiary education enrollment rate (UNESCO hard data)	28.69	75	28.90	76	0.21	-1
B. Quality of education						
5.03 Quality of the educational system	3.83	61	4.14	45	0.31	16
5.04 Quality of math and science education	3.14	115	3.55	98	0.41	17
5.05 Quality of management schools	4.38	55	4.70	39	0.32	16
5.06 Internet access in schools	4.03	73	4.08	73	0.05	0
C. On-the-job training						
5.07 Local availability of specialized research and training services	4.17	62	4.30	62	0.13	0
5.08 Extent of staff training	4.42	34	4.55	32	0.13	2
6th Pillar: Goods market efficiency	4.05	88	4.17	86	0.12	2
A. Competition						
1. Domestic competition						
6.01 Intensity of local competition	5.16	47	5.09	50	-0.07	-3
6.02 Extent of market dominance	3.11	117	3.34	98	0.23	19
6.03 Effectiveness of anti-monopoly policy	3.61	98	3.82	84	0.21	14
6.04 Extent and effect of taxation ^{1/2}	3.67	52	3.61	57	-0.06	-5
6.05 Total tax rate, % profits (World Bank-IFC hard data)	45.8	93	46.5	102	0.70	-9
6.06 Number of procedures required to start a business (World Bank-IFC hard data)	15	134	15	137	0.00	-3
6.07 No. of days to start a business (World Bank-IFC hard data)	38	112	35	112	-3.00	0
6.08 Agricultural policy costs	3.63	89	3.84	76	0.21	13
2. Foreign competition						
6.09 Prevalence of trade barriers	4.21	89	4.26	76	0.05	13
6.10 Trade tariffs, % duty (hard data)	4.03	47	4.20	53	0.17	-6
6.11 Prevalence of foreign ownership	4.68	72	4.81	66	0.13	6
6.12 Business impact of rules on FDI	4.39	89	4.64	69	0.25	20
6.13 Burden of customs procedures	2.99	128	3.17	126	0.18	2
6.14 Imports as a percentage of GDP (World Bank, EIU, et al. hard data)	36.48	96	35.70	97	-0.78	-1
B. Quality of demand conditions						
6.15 Degree of customer orientation	4.93	46	5.26	27	0.33	19
6.16 Buyer sophistication	3.58	56	3.61	57	0.03	-1

Continued next page

	2011-2012 GCR		2012-2013 GCR		Change	
	Score / Hard Data	Rank Out of 142 Countries	Score / Hard Data	Rank Out of 144 Countries	Score / Hard Data	Rank
7th Pillar: Labor market efficiency	3.92	113	4.01	103	0.09	10
A. Flexibility						
7.01 Cooperation in labor-employer relations	4.47	55	4.71	38	0.24	17
7.02 Flexibility of wage determination	4.54	102	4.31	117	-0.23	-15
7.03 Hiring and firing practices	3.29	113	3.42	108	0.13	5
7.04 Redundancy (firing) costs, weeks of salary (World Bank hard data)	91	118	27	120	-64.00	-2
6.04 Extent and effect of taxation ^{1/2}	3.67	52	3.61	57	-0.06	-5
B. Efficient use of talent						
7.05 Pay and productivity	3.82	76	4.06	57	0.24	19
7.06 Reliance on professional management ^{1/2}	4.62	50	4.92	38	0.30	12
7.07 Brain drain	3.05	91	3.40	71	0.35	20
7.08 Women in labor force, ratio to men (ILO hard data)	0.63	103	0.63	109	0.00	-6
8th Pillar: Financial market development	4.02	71	4.25	58	0.23	13
A. Efficiency						
8.01 Availability of financial services	4.89	50	4.95	50	0.06	0
8.02 Affordability of financial services	4.67	42	4.81	34	0.14	8
8.03 Financing through local equity market	3.98	44	4.18	36	0.20	8
8.04 Ease of access to loans	3.03	52	3.15	46	0.12	6
8.05 Venture capital availability	2.58	71	2.72	62	0.14	9
B. Trustworthiness and confidence						
8.06 Soundness of banks	5.57	46	5.66	41	0.09	5
8.07 Regulation of securities exchanges	4.25	64	4.58	46	0.33	18
8.08 Legal rights index, 0-10 [best] (World Bank hard data)	3.0	105	4.0	99	1.00	6
9th Pillar: Technological readiness	3.47	83	3.63	79	0.16	4
A. Technological adoption						
9.01 Availability of latest technologies	5.16	62	5.22	56	0.06	6
9.02 Firm-level technology absorption	5.06	52	5.17	46	0.11	6
9.03 FDI and technology transfer	4.69	66	4.97	40	0.28	26
B. ICT use						
9.04 Internet users per 100 population (ITU hard data)	25.0	88	29.00	90	4.00	-2
9.05 Broadband Internet subscriptions per 100 population (ITU hard data)	1.85	90	1.90	91	0.05	-1
9.06 Internet bandwidth, kilobytes per second per capita (ITU hard data)	2.68	76	12.40	75	9.72	1
9.07 Mobile broadband subscriptions per 100 population (ITU hard data)	n.a.	n.a.	3.40	93	n.a.	n.a.
2.08 Mobile telephone subscriptions per 100 population (ITU hard data) ^{1/2}	85.67	92	92.00	95	6.33	-3
2.09 Fixed telephone lines per 100 population (ITU hard data) ^{1/2}	7.27	103	7.20	103	-0.07	0
10th Pillar: Market size	4.57	36	4.62	35	0.05	1
10.01 Domestic market size index, 1-7 [best] (hard data)	4.42	31	4.5	29	0.08	2
10.02 Foreign market size index, 1-7 [best] (hard data)	5.02	40	5.0	40	-0.02	0
Prepared by MBC Research using exclusive unpublished World Economic Forum Executive Opinion Survey data and data published in the Global Competitiveness Reports. Notes: Scores range from 1 to 7 with 7 as the highest except for hard data. n.a. not available						

THE PHILIPPINES UP CLOSE:

Innovation and Sophistication Factors Subindex

	2011-2012 GCR		2012-2013 GCR		Change	
	Score / Hard Data	Rank Out of 142 Countries	Score / Hard Data	Rank Out of 144 Countries	Score / Hard Data	Rank
GLOBAL COMPETITIVENESS INDEX: Philippines	4.08	75	4.23	65	0.15	10
INNOVATION AND SOPHISTICATION FACTORS SUBINDEX	3.45	74	3.60	64	0.15	10
11th Pillar: Business Sophistication	4.11	57	4.23	49	0.12	8
11.01 Local supplier quantity	5.00	52	4.95	49	-0.05	3
11.02 Local supplier quality	4.40	71	4.47	68	0.07	3
11.03 State of cluster development	3.80	54	4.14	38	0.34	16
11.04 Nature of competitive advantage	3.30	74	3.62	58	0.32	16
11.05 Value-chain breadth	3.60	67	3.63	66	0.03	1
11.06 Control of international distribution	4.20	47	4.19	54	-0.01	-7
11.07 Production process sophistication	3.60	72	3.75	64	0.15	8
11.08 Extent of marketing	4.60	40	4.53	41	-0.07	-1
11.09 Willingness to delegate authority	4.20	33	4.45	27	0.25	6
7.06 Reliance on professional management ^{1/2}	4.62	50	4.92	38	0.30	12
12th Pillar: Innovation	2.79	108	2.97	94	0.18	14
12.01 Capacity for innovation	2.71	95	2.94	86	0.23	9
12.02 Quality of scientific research institutions	3.01	106	3.17	102	0.16	4
12.03 Company spending on R & D	2.88	85	3.23	58	0.35	27
12.04 University-industry collaboration in R&D	3.39	83	3.46	79	0.07	4
12.05 Government procurement of advanced technology products	2.82	126	3.14	107	0.32	19
12.06 Availability of scientists and engineers	3.66	97	3.71	91	0.05	6
12.07 PCT patents, applications/ million pop (OECD/UN DESA hard data) — new sources	0.4	68	0.3	83	-0.10	-15
1.02 Intellectual property protection ^{1/2}	2.80	102	3.24	87	0.44	15

Prepared by MBC Research using exclusive unpublished World Economic Forum Executive Opinion Survey data and data published in the Global Competitiveness Reports.
Notes: Scores range from 1 to 7 with 7 as the highest except for hard data.

THE PHILIPPINES UP CLOSE:

Sustainability Indicators, 2012-2013

	Score / Hard Data	Rank Out of 79 Countries
SUSTAINABILITY ADJUSTED GCI	3.99	47
SOCIAL SUSTAINABILITY-ADJUSTED GCI	3.82	39
ENVIRONMENTAL SUSTAINABILITY-ADJUSTED GCI	4.16	41
Social sustainability pillar	3.89	61
S01 Income Gini index (World Bank hard data)	42.98	57
S02 Youth unemployment (ILO hard data)	17.6	32
S03.01 Access to sanitation (WHO hard data)	74.00	65
S03.02 Access to improved drinking water (WHO hard data)	92.00	59
S03.03 Access to healthcare	3.28	73
S04 Social safety net protection	3.11	60
S05 Extent of informal economy	3.99	56
S06 Social mobility	4.37	39
S07 Vulnerable employment (World Bank hard data)	43.5	66
Environmental sustainability pillar	4.48	39
S08.01 Stringency of environmental regulation	4.00	45
S08.02 Enforcement of environmental regulation	3.26	61
S09 Terrestrial biome protection (Yale and Columbia hard data)	10.88	42
S10 No. of ratified international environmental treaties (IUCN hard data)	21.00	26
S11 Agricultural water intensity (FAO hard data)	14.00	61
S12 CO2 intensity (World Bank hard data)	2.10	27
S13 Fish stocks overexploited (Yale and Columbia hard data)	0.41	17
S14.01 Forest cover change (Yale and Columbia hard data)	1.04	15
S14.02 Forest loss (Yale and Columbia hard data)	0.06	41
S15 Particulate matter (2.5) concentration (Yale and Columbia hard data)	3.48	14
S16 Quality of the natural environment	3.96	59
Prepared by MBC Research using exclusive unpublished World Economic Forum Executive Opinion Survey data and data published in the Global Competitiveness Reports. Notes: Scores range from 1 to 7 with 7 as the highest except for hard data.		