

MAIN OBSTACLES TO IMPROVING PHILIPPINE ECONOMIC CONDITIONS AND ACHIEVING COMPETITIVENESS

Meneleo J. Carlos, Jr.

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>General Observations on Competitiveness Rankings

Ranking at the bottom in ASEAN means that when AFTA takes full effect next year and brings tougher competition we better prepare ASAP.

Much of our non-competitiveness stems from a small market base due to lack of purchasing power, due to lack of jobs. Otherwise our manufacturers enjoy economies of scale to compete abroad. This small market is further reduced by smuggling and sub-standard goods.

More jobs to grow the domestic market can be generated from the use of our land and seas, through sustainable practices of agriculture, aquaculture, and forestry provided these are supported with technology and infrastructure like farm to market roads. LGU's should provide basic inputs like seeds, seedlings, and fish fries for these, and earn taxes from the produce. Food, clothing and shelter should be adequate and affordable. Anticipating global competition, China promoted the Spark and Torch programs to prepare the urban and rural areas for competitiveness through technology inputs.

>Strengthening Our Human Resource Health & through Scientific & Education Infrastructure

Our people are competitive compared with other nationalities abroad when working side-by-side. We must replicate those working conditions here. More often than not, the problems lie with the managers and CEO's for their lack of planning, organizing, supporting, and performance monitoring. Healthwise, former Senator & Sec. of Health Juan Flavio Velasco wanted to add iron in rice, iodine in salt, and Vit A in cooking oil, just as China has done for nutrition. Affordable generic drugs are now more available.

Healthcare should devolve to LGU's with a budget for health care in their communities to prevent health problems from escalating.

More important than teacher/student ratio is to improve quality and pay of empowered-teachers teaching English, mathematics, and sciences to empower students to continually pursue more knowledge.

Increase DEPED budget to improve secondary education for all students

Improve primary & secondary school curriculum to make school education relevant to competitiveness.

Innovation & constant improvements are the key to industry & agriculture competitiveness. Fund DOST to enable it to extend R&D into the tertiary school system & induce as many schools to become research institutions, improving the quality of education, and linking academe to industrial &

agricultural challenges. Industry can better fund development or pilot projects..

>Issues Pertaining to the National Government (Legislative, Executive, Judiciary)
Government should realize and improve the factors affecting our competitiveness , e.g.

Need for more transparent and equitable bidding rules to promote genuine competition and obtain most cost-effective projects.

Reduce the cost of doing business caused by red-tape by applying the E-commerce law, avoiding personal contact in transactions, and monitoring time limits for government action

Stop outright and technical smuggling to earn P100 B more each year. Stop CBW's (420 of them). Even boatloads of oil and rice are being smuggled.

Rationalize fiscal incentives. If a firm makes money, he should pay income taxes so why give income tax holidays. Instead create a more level playing field by making taxes uniformly lower & comparable with competing countries.

Excessive cost of government agency fees, e.g. the CIQ Overtime of Airlines amount to P250M per year. Fees charged in excess of the costs are in effect additional taxes.

High cost of infrastructures & services are due to regulatory capture which arose when the regulatory functions were transferred from the Public Service Commission to the line agencies concerned. There is the tendency to overlook the interests of the public in favor of the service providers – except when such attention is called by political considerations.

Are laws being implemented effectively & are they still relevant to our times?

Congress should monitor all laws affecting competitiveness and amend these to improve their effectiveness. Laws tend to disable, and ineffective laws tend to expand corrupt practices. For example, all PD's which were established under a centrally planned economy should be reviewed to conform to the realities of a market economy.

>Effective Hard Infrastructure Planning & Management for Competitiveness

Need enough budget for infrastructure maintenance, deterioration from new to old too fast.

Need ROW courts e.g. C6, STAR, and purchase of Batangas Port.

Long term planning and timely execution of projects are essential to Useful Infrastructures. Note traffic jams due to constructions in SLEX.

RORO Water Transport linking islands and coastal sites are more cost effective than trucking and cargo-handling of ordinary shipping. Now studying use of coastal barges to move heavy trucks along water like in India, and decongest our roads.

Planning for Batangas-Subic-Clark logistics hub

>Social Mobilization as Key to a Competitive Energy Sector

Need a long-term policy and plan to prepare capital and manpower for future energy needs including the environmentally cleaner nuclear power.

How much of our country should be interconnected by power lines?

ERC needs to promote energy conservation thru CFL's, DSM practices, etc.

Need to level playing field e.g natural gas royalties vs imported natural gas.

Need to ready for LNG as cleaner energy form than coal or oil, and cheaper than oil.

ERC should compare line item costs to generate and distribute electricity in countries with similar situations, but where power costs are much lower.

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>Raising Cities Competitiveness to Drive National Competitiveness

Promote cooperation between national and local governments in planning, implementation, and monitoring of devolved services and projects.

Many model cities like Marikina, Naga, etc who can demonstrate good governance and good public service practices that national government can copy.

National government should try partnering or joint-venturing with deserving LGU's in deriving fiscal revenues, developing local infrastructures, etc for greater efficiency and effectiveness.

**COMPETITION IS GOOD BUT THE PLAYING FIELD MUST BE LEVELLED NOW
WE HAVE NO MORE TIME TO LOSE.**