

# Industry Competitiveness

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# Competitiveness: How Important

*United Kingdom Cabinet Office's White Paper on Competitiveness (1996)*

“Improving competitiveness is central to raising the underlying rate of growth of the economy and enhancing living standards. Achieving this means removing the impediments to investment in machines, people and ideas and improving efficiency with which resources are used throughout the economy, not just in sectors directly involved in international trade. It means giving people the freedom to grasp new opportunities. It involves benchmarking all our activities against the best of our competitors to see how we are doing compared to them and what we can learn from them.

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# Competitiveness: How Important

“The need to improve our competitiveness is not imposed by Government, but by changes in the world economy. Improving competitiveness is not about driving down living standards. It is about creating a high skills, high productivity and therefore high wage economy where enterprise can flourish and where we can opportunities rather than threats in changes we cannot avoid.”

# Global Realities

- Rapid technical progress
- Global supply chain
- Cooperation between productive and other sectors
- New skills and work specialization

# Triangle of National Competitiveness

ENTREPRENEURIAL SKILLS

INCENTIVES

FACTOR MARKETS

- Macro Policies
- Trade Regime
- Industrial Policies

- Skills
- Technology
- Supplier Clusters

ENTERPRISE  
COMPETITIVENESS

INSTITUTIONS

- Education & Training
- Technology Support
- Finance

# Initiatives for Industry Competitiveness

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# Initiatives for Industry Competitiveness

- **Industrial Plans**
  - Development Plans
  - Industrial Development Plan of the Philippines
  - Export Development Plans
  - Science and Technology Plans
  - Investment Priorities Plan
- **Councils**
  - Industry Development Council
  - Domestic Trade Development Council
  - Export Development Council
  - National Competitiveness Council

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# Initiatives for Industrial Competitiveness

- **Enactment of Sector Specific Laws**
- **Industry Clustering**
- **Philippine Quality Awards Program**
- **Industry Development Program**

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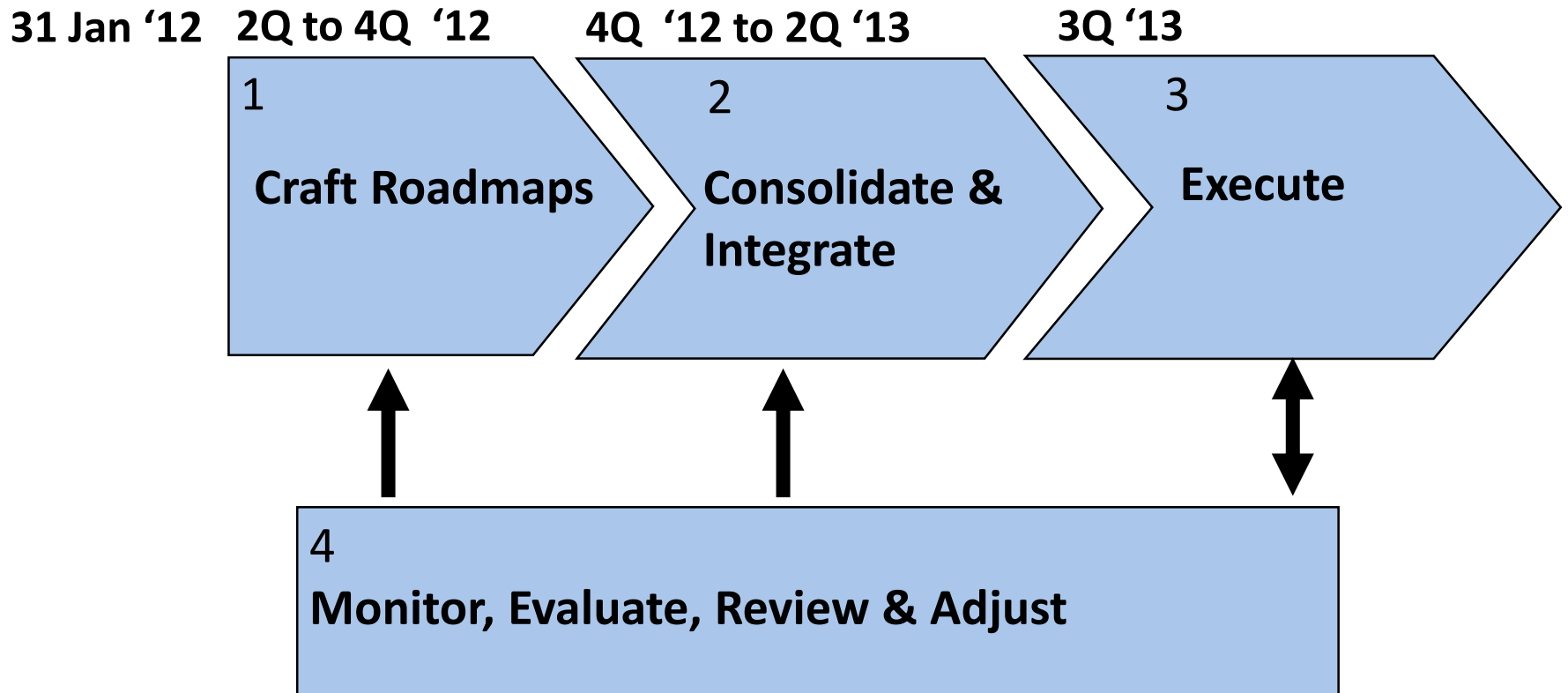


# Industry Development Program

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# Industry Roadmaps Process Flow



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# Where Are We Now?

(as of June 2013)

Launched Industry Development Program	Jan 30, 2012
Conducted the Inception Workshop	Oct 19, 2012
Completed 22 Industry/Sectoral Roadmaps	Aug 2012-Jan 2013
Conducted Brown Bag Sessions	Nov 2012-Mar 2013
Designated Sectoral and Industry Champions	Jan 2013
Created Operational Management Teams	Feb 2013

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# Industry/Sectoral Roadmaps

Manufacturing			Other Sectors
Rubber	Motorcycle	Chemicals	Mass housing
Copper	Motorcycle parts	Petrochemicals	Air Cargo Logistics
Biodiesel	Motor Vehicle	Plastics	IT-BPM
Cement	Motor Vehicle parts	Ceramic Tiles	
Paper	Electric Vehicle	Creative industry	
Bamboo	Iron & Steel	Tool & Die	
Furniture	Metal casting		

**On-going:** Shipbuilding, Electronics, Mining, Food Processing, Marine Processing, Aerospace, Medical Travel, Garments and Textile, Manufacturing Industry Roadmap (MIR) and Comprehensive National Industrial Strategy (CNIS)

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# Goals

## PDP

*“Globally Competitive and Innovative Industry and Services Sectors Contributing to Inclusive Growth and Employment Generation.”*

## IDP

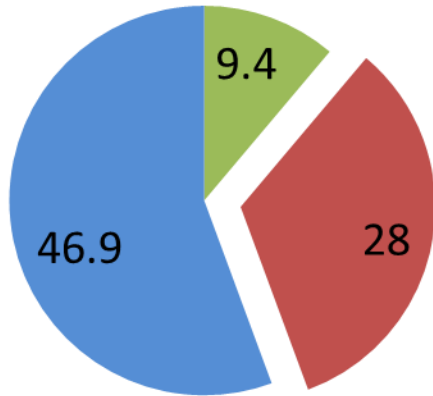
*“Revival of the Manufacturing Sector”*

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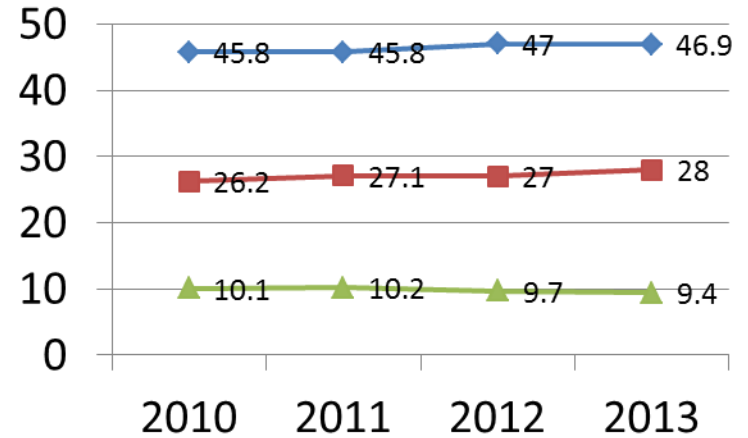
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# GROSS NATIONAL INCOME by INDUSTRIAL ORIGIN

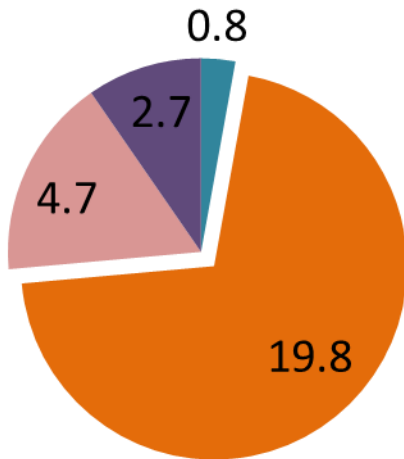
Percent Share to GNI, At Constant Prices  
First Quarter Estimates



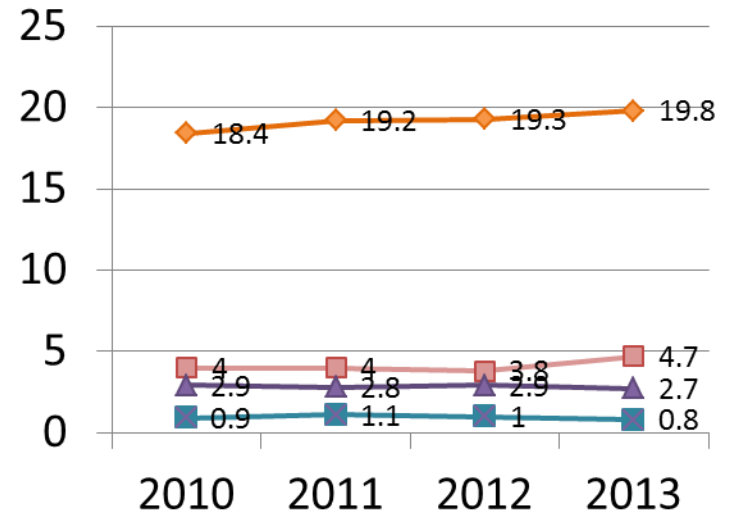
- AGRI., HUNTING, FORESTRY & FISHING
- INDUSTRY SECTOR
- SERVICE SECTOR



## Industry Sector



- Mining and Quarrying
- Manufacturing
- Construction
- Electricity, Gas & Water Supply



# Current State of the Manufacturing Industry

Performance Indicators	1970s	2000s
Manufacturing Share to GDP	5.9%	4.1%
Manufacturing Share to Value Added	28.2%	23.7%
Manufacturing Share to Employment	11.3%	9.1%
Manufacturing Average Labor Productivity	84.09	97.54
Performance Indicators	1991-1995	2006-2011
No. of Product Groups with RCA	6	2

Source: Dr. Aldaba's draft Manufacturing Industry Roadmap

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# DTI Perspective

## 1. Sustain growth in revenue streams (“big ones”)

ex. e-Services (IT-BPO), Semiconductors and electronics (SMS/EMS), Shipbuilding...

## 2. Pursue Countrywide Growth (SMEs-“inclusive”)

Agri-based (ex. Bamboo, banana, pineapple, coffee, cocoa, coconut, rubber, processed food), Fishery, Tourism, Infrastructure...

## 3. Develop new revenue streams (“new BPOs”)

Creative industries (animation, software, gaming, etc), Medical space (clinical support services), Mineral Processing, coconut...

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# DTI Perspective

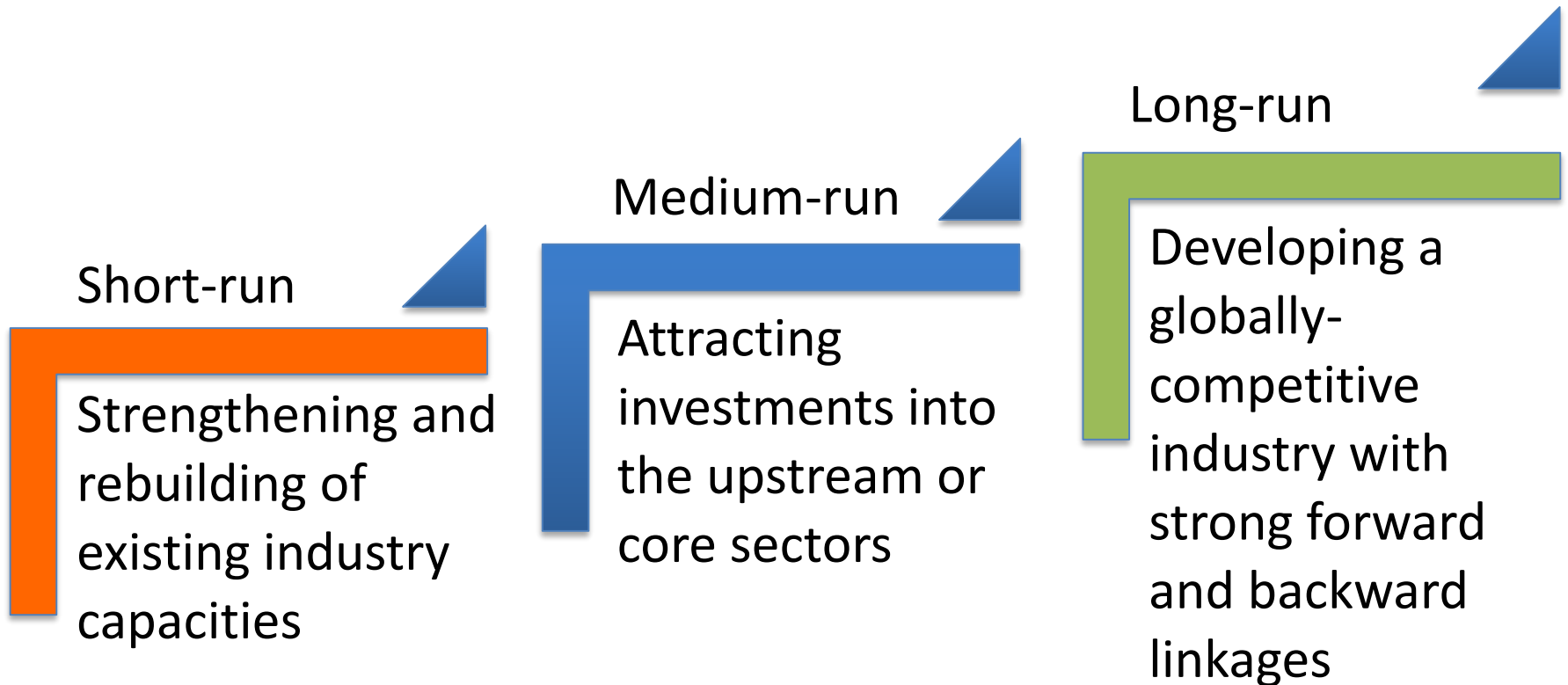
## 4. Revisit the backbone sectors

- Iron and steel
- Petrochemicals
- Copper downstream
- Chemicals

## 5. Recover / Recapture Sectors

- Motor vehicles/auto parts
- Apparel
- Footwear
- Travel goods
- Consumer electronics

# Broad Strategies



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# Identified Interventions - Horizontal

1. Creation of Councils/Boards to oversee implementation of the roadmaps
2. Formulation and enforcement of product standards
3. Manpower development and retention
4. Research & development
5. Enhancement of MSMEs' access to finance and technology
6. Ensuring power supply adequacy and reliability at reasonable costs
7. Development of infrastructure to facilitate movement of goods
8. Elimination/Reduction of smuggling

# Identified Interventions - Vertical

1. Competitiveness measures, e.g., common tool & die facility, testing laboratories (motor vehicle parts, rubber)
2. Support for transition to higher value-added products (iron & steel)
3. Industry clustering (copper and chemicals)
4. Establishment of supply hubs for raw materials, marketing and promotion support (furniture)
5. Provision of fiscal incentives (motor vehicle parts, rubber)
6. Provision/Identification of lands for expansion of plantations (bamboo, paper)

# Next Steps

Launching of Industry Roadmaps	July 16, 2013
Roadmap Series/Dialogues	July-Nov 2013
Revival of Industry Development Council	Q1 2014
Prioritization of Concrete Action Plans	2013
Implementation of Action Plans	2013-2016

# Strategy for Industry Competitiveness

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# Projects and Programs

## a. Institutional & Operational Support

- Industry Development Program (DTI-BOI)
  - ↳ Operationalization of the Industry Development Council
  - ↳ Publication/Printing of Roadmaps/CNIS and Related Materials
  - ↳ Conduct of Feasibility Studies
  - ↳ Resolution of Horizontal and Vertical Issues
- Strengthening of Testing and Analytical Capabilities of Regional Laboratories (DOST)
- Technology Needs Assessment in Biotechnology (DOST)

# Projects and Programs

## b. Research & Development

- Food – fermented foods, cacao & cocoa products, food additives, healthy & convenient food products, intermediate food products and ingredients, food safety
- Agro-industrial – rubber and rubber products, abaca, recombinant production, essential oils
- Electronics – ADMATEL, product development hub
- Metals and Engineering – value-adding technologies
- Mining and Minerals - value-adding technologies, responsible mining



# Projects and Programs

## c. Enterprise Development

- Agro-industrial Hub (DA-PCA)
- KEDP-Community/Household-level Coconut Processing (PCA)
- Establishment of Technology/Business Incubation Centers (DTI & DOST)
- The Big Push for MSME Development (DTI-RODG)
  - ↳ Shared Service Facility (SSF)
  - ↳ OTOP-TP Stores
  - ↳ Micro Enterprise Development Program
  - ↳ Industry Cluster Development

# Projects and Programs

## d. Manpower Development and Retention

- Labor Code Amendment (DOLE)
- Labor Law Compliance and Incentivizing System (DOLE)
- Productivity Improvement
- Single Entity Approach (DOLE)
- Training Contract Scheme (TCS) for SMEs (TESDA)
- Bridging Competency Gap Phase 2 (DOST)
- Philippine Institute of Integrated Circuits (DOST)
- SME Roving Academy (DTI-RODG)
- Capacity-building Activities (DTI-BOI)