

Annual IPS ASEAN 9+1 Competitiveness Ranking Indices

The IPS ASEAN 9 + 1 Competitiveness Ranking Indices (IPS ASEAN CRI) is compiled by a team of researchers* led by Dr Tan Khee Giap, Adjunct Senior Fellow, Institute of Policy Studies (IPS).

Abstract

The Harvard Institute of International Development defines competitiveness as a measure of the levers a country has, to promote sustained improvements in its well being given the global competition. It is but a relative concept. In formulating the IPS-Competitiveness Ranking Indices (IPS-CRI), based on the similar World Competitiveness Yearbook's methodology, we have identified separately the respective strategic strengths and limitations of most ASEAN countries as reflected in our adopted criteria.

Our study revealed the relative positions of the ASEAN members, namely Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam (Brunei excluded due to data constraints), in terms of their comparative and competitive advantages. In view of the recent emergence of China as a regional economic powerhouse, we have therefore also included China in our ranking exercise. When China is included, our results suggest that countries such as Singapore and Malaysia have maintained their relative top positions in the CRI, at least as of 2002. Given the nature of their economies, our ranking findings on the less developed ASEAN members are not unexpected. We hope to extend this annual release of IPS-CRI to include India in the next round. Given the vast and diverse nature of the Chinese economy, we also hope to include some of her provinces in future competitive ranking exercises. The Summary Table of Competitiveness Indices (Table 4-1) and the List of Competitiveness Components used (Appendix 1) are enclosed.

* The study was jointly conducted with Ms Wong Ying Yin, Ms Lee Jia Yee and Ms Tan Aivee, graduates from Nanyang Technological University, Singapore.

Dr Tan Khee Giap

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He has consulted extensively with various government ministries, statutory boards and government linked companies of the Singapore government including Ministry of Finance, Ministry of Trade & Industry, Ministry of Manpower, Housing & Development Board, Civil Aviation Authority of Singapore, Singapore Tourism Board, Trade Development Board, Maritime Port Authority and StarHub Pte Ltd on policies concerning financial, fiscal, trade, tourism, public housing, labor, telecommunication, airport and seaport activities. He has served as a consultant to international agencies, international financial institutions and multinational corporations, such as the Asian Development Bank, Asian Development Bank Institute, United Nations Industrial Development Group, World Gold Council and ASEAN Secretariat. Recently he served in the 2002 Economic Review Committee (ERC) and was Chairman of the Task Force on Portable Medical Benefits (PMB). He also served as the Deputy Chairman of the 2002 IPS Forum for Economic Restructuring (IFER). He has published in international refereed journals in the area of central banking policies, capital flows, economic forecasting, financial development and banking sector reform. His current research interests include regional financial arrangements, bond markets development, banking consolidation and ASEAN-link model. He is also currently the coordinator for PECC Singapore, Deputy President of the Singapore Economic Society and Director on Education for the Tong Ann District Guild.

The Full Report and the Singapore Country Report are available from the Institute of Policy Studies (IPS). For more information, please contact IPS at email: ips@ips.org.sg or tel: (65) 6215-1010.

TABLE 4-1: SUMMARY TABLE OF COMPETITIVENESS INDICES

	ASEAN-9 COMPETITIVENESS INDEX					ASEAN-9+1 COMPETITIVENESS INDEX				
	Overall	Economic Environment	Political Environment	Business Environment	Social Environment	Overall	Economic Environment	Political Environment	Business Environment	Social Environment
	Singapore	1	1	1	1	1	1	1	1	1
Malaysia	2	3	2	2	2	2	4	2	3	2
China	-	-	-	-	-	3	2	3	2	5
Thailand	3	2	3	3	3	4	3	4	4	3
Philippines	4	4	4	4	4	5	5	5	5	4
Vietnam	5	6	6	5	5	6	7	6	6	6
Indonesia	6	5	5	6	8	7	6	7	7	9
Cambodia	7	7	8	8	6	8	8	10	9	7
Myanmar	8	8	7	7	9	9	10	8	8	10
Lao PDR	9	9	9	9	6	10	9	9	10	8

Appendix 1: List of Competitiveness Components

Economic Environment

National Accounts

1.1.01 Gross Domestic Product (GDP)	US\$ millions
1.1.02 Gross domestic capital formation*	Percentage of GDP
1.1.03 Gross domestic savings*	Percentage of GDP
1.1.04 Real GDP – growth	Percentage change
1.1.05 GDP per capita	US\$ per capita (constant 1995)
1.1.06 Inflation	Percentage
1.1.07 Consumer price index (CPI)*	1995 = 100
1.1.08 Money growth (M2)*	Percentage (annual rate)

International Transactions

1.2.01 Current account balance	Percentage of GDP
1.2.02 Exports	US\$ millions
1.2.03 Imports	US\$ millions
1.2.04 Openness	(Exports + Imports) / GDP
1.2.05 International tourism, receipts*	US\$ billions

Foreign Investment

1.3.01 Foreign Direct Investment (FDI)*	US\$ millions
1.3.02 Discrimination	against new FDI
1.3.03 Levelness	of local playing field for existing foreign investors
1.3.04 Transparency	of investment approval and licensing process
1.3.05 Nationalism	extent to which it is an impediment to foreign investment

Political Environment

Government Finance

2.1.01 External indebtedness	US\$ millions
2.1.02 International reserves	US\$ millions
2.1.03 Government expenditure*	US\$ millions
2.1.04 Foreign assets*	US\$ millions

* Projected data for Year 2001.

2.1.05 International Monetary Fund (IMF) Credit	US\$ millions
2.1.06 Overall budget deficit, including grants*	Percentage of GDP

Government Policies

2.2.01 Fiscal balance	Percentage of GDP
2.2.02 Taxes*	US\$ millions
2.2.03 Tax system	is an efficient tool in administrating income distribution policies and in tax revenue collection
2.2.04 Money supply*	US\$ millions
2.2.05 Government policies	if they are constructive and successfully realized
2.2.06 Government economic	the soundness of these policies and the effectiveness of the government in implementing them
2.2.07 Government environmental protection/enhancement policies	serve their purposes well

Institutional Framework

Central Bank

2.3.01 Interest rate (3-month time deposits)*	Percentage
2.3.02 Interest rate spread*	Lending rate minus deposit rate
2.3.03 Exchange rate (average of period)	National currency per US\$ (market rate)
2.3.04 Central bank/Monetary Authority	Efficiency of policies

State Competency

2.3.05 Government stability	is ubiquitous
2.3.06 Political leadership	is of high quality
2.3.07 Political system risk	is low
2.3.08 Government responsiveness	to the needs of businesses
2.3.09 Legislature/parliament	is of exacting standards
2.3.10 Conduct of state affairs by key institutions	is carried out with a great degree of transparency
2.3.11 Institutional sophistication	its ability to adapt to the changing political and economic environment
2.3.12 Bureaucracy/red tape	does not hamper business operations
2.3.13 Corruption	the degree that is inherent in the system structure
2.3.14 Cronyism	impediment it poses to just and fair administration
2.3.15 State-owned enterprises	extent to which they are a problem

* Projected data for Year 2001.

Standards and Regulations

2.3.16 Corporate governance	promotes good disclosure practices
2.3.17 Regulatory environment	possesses adaptability to changing conditions
2.3.18 Transparency	the degree to which government objectives behind economic policies are known and explained
2.3.19 Monopolies and cartels	their prevalence and the extent to which market forces are distorted between public and private sectors
2.3.20 Level of competition	the ease of doing so
2.3.21 Establishment of a company	presence of official and unofficial barriers to imports and exports of goods and services
2.3.22 Barriers	are prevalent
2.3.23 Intellectual property rights pirates	is high
2.3.24 Regional competitiveness	
<i>Justice and Security</i>	
2.3.25 Judiciary	has an established role in ensuring justice
2.3.26 Legal system	the degree to which it can be relied on to defend against intellectual property rights abuse
2.3.27 Legal system	Overall integrity
2.3.28 Police	is effectual in enforcing law and order
2.3.29 Political change	Potential for disruptive upheavals
2.3.30 Social stability	Overall level of social cohesion

Business Environment

Financial Markets

Banking Efficiency

3.1.01 Bank claims on private sector	US\$ millions
3.1.02 Domestic credit provided by banking sector*	US\$ millions
3.1.03 Banking and financial system	is resilient to external shocks
3.1.04 Credit to private sector*	US\$ millions

Stock Market Efficiency

3.1.05 Listed domestic companies*	Number count
3.1.06 Market capitalization*	US\$ billions

* Projected data for Year 2001.

3.1.07 Stocks traded*	Percentage of GDP
3.1.08 Credit rating	is sound
3.1.09 Stock market regulatory authority	is effective in ensuring the proper operation of the market

Labor Market

3.2.01 Unemployment rate*	Percentage of total labor force
3.2.02 Labor force*	Percentage of total population
3.2.03 Cost of production labor	competitiveness of compensation
3.2.04 High quality production staff	is widely available
3.2.05 Management staff	is highly paid
3.2.06 High quality management staff	is readily employable
3.2.07 Skill level	of labor force
3.2.08 Work ethics	are established
3.2.09 Labor turnover	is low

Productivity

3.3.01 Agriculture, value-added*	Percentage of GDP
3.3.02 Industry, value-added*	Percentage of GDP
3.3.03 Manufacturing, value-added*	Percentage of GDP
3.3.04 Services, value-added*	Percentage of GDP

Social Environment

Basic Infrastructure

Physical Infrastructure

4.1.01 Population	Millions
4.1.02 Local road system	is generally efficient
4.1.03 Rail facilities	are adequate
4.1.04 Airport facilities	are satisfactory
4.1.05 Access to airport	is easy and convenient
4.1.06 Public transport system	is efficient
4.1.07 Electric power	is a public good and readily available
4.1.08 Water and other utilities	are widely available and accessible

Education

4.1.09 Illiteracy rate	Percentage of people ages 15 and above
4.1.10 Primary schooling	is universal
4.1.11 Secondary schooling	is attained for indigenous population
4.1.12 University and post-graduate education	is broadly pursued

* Projected data for Year 2001.

Technological Infrastructure

4.2.01 Telecommunications system	is amply invested in
4.2.02 Telephone mainlines*	Number of main lines per 1000 people
4.2.03 Internet users*	Thousands
4.2.04 Cellular mobile telephone subscribers*	Number of subscribers per 1000 people
4.2.05 Internet and the services supporting it	meet business requirements
4.2.06 Personal computers*	Number of computers per 1000 people
4.2.07 High technology expenditure*	Percentage of GDP
4.2.08 Information and communication expenditure*	Percentage of GDP
4.2.09 High-technology proficiency	is good

Quality of Life

4.3.01 Human development index*	combines economic, social and educational indicators / Source: Human Development Report
4.3.02 Health expenditure*	Percentage of GDP
4.3.03 Urban population	Percentage of total population
4.3.04 Urban population growth*	Percentage (annual rate)
4.3.05 Public security and safety	is high
4.3.06 Freedom of press and other local media	the extent to which freedom of expression is exercised
4.3.07 Quality of press and other local media	is high
4.3.08 Freedom of speech	is allowed
4.3.09 Information flows	freely
4.3.10 Freedom of religion	the degree to which a country is dominated by any one religion
4.3.11 Religious unrest	threatens the well-being of society
4.3.12 Labor unrest	is rampant
4.3.13 Racial unrest	occurs frequently
4.3.14 Labor activism	is an issue
4.3.15 Water quality	if it is safe for consumption
4.3.16 Air quality	is low
4.3.17 Noise pollution	does not severely affect urban areas
4.3.18 Traffic congestion	the degree to which accessibility is impeded

* Projected data for Year 2001.