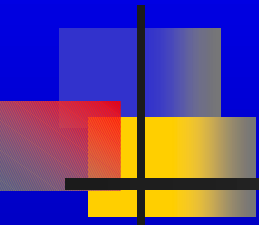
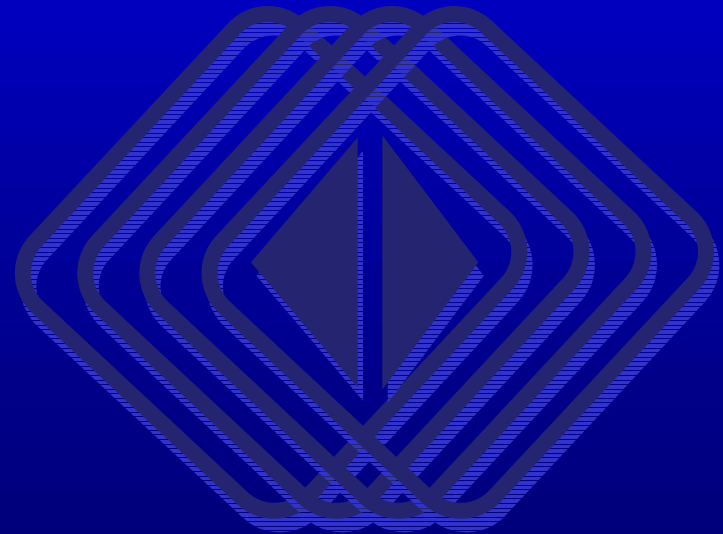


Towards a Competitive Business Environment: a private sector perspective



Julio Favre
President of CONFIEP



Globalization

- A globalized world requires competitive enterprises
- To participate of the benefits of globalization it is necessary to improve the productivity level and competitiveness of enterprises
- Economies which are not capable to propitiate the adjustment of enterprises will be more vulnerable to the process.

Governments



Macro Factors

**“To identify and
eliminate barriers that
don’t let the
development of
competitive
capabilities”**

Enterprises



Micro Factors

**“To improve the
productivity”**



**Together effort to ameliorate
competitivity**

Where are we in terms of competitiveness?

Country	Current Competitiveness Ranking 2001	Current Competitiveness Ranking 2000	Ranking de Estrategias y operaciones de las empresas 2000	Ranking de Calidad del entorno nacional para los negocios 2000
Chile	29	26	27	24
Brasil	30	31	29	32
Costa Rica	50	43	39	42
México	51	42	42	43
Argentina	53	45	45	44
Colombia	56	48	48	48
Perú	63	49	53	51
El Salvador	64	51	57	50
Venezuela	66	54	49	55
Ecuador	72	57	55	58
Bolivia	75	58	58	57

Obstacles for enterprise competitiveness

Independence of the Judicial System

<i>Country</i>	<i>Ranking</i>
Costa Rica	29
Chile	35
Brasil	37
El Salvador	47
Colombia	50
México	51
Argentina	54
Ecuador	56
Bolivia	57
Venezuela	58
Perú	59

Access to internet

<i>Country</i>	<i>Ranking</i>
Chile	21
Brasil	30
México	32
El Salvador	33
Colombia	37
Venezuela	43
Ecuador	44
Argentina	45
Perú	49
Bolivia	55
Costa Rica	57

Obstacles for the enterprises competitiveness

Quality of public schools

<i>Country</i>	<i>Ranking</i>
Costa Rica	37
Chile	43
Argentina	49
México	50
Colombia	51
Brasil	53
Perú	55
El Salvador	56
Venezuela	57
Bolivia	58
Ecuador	59

Cooperation University - Enterprise

<i>Country</i>	<i>Ranking</i>
Brasil	25
Costa Rica	36
México	37
Colombia	40
Argentina	44
Bolivia	46
Venezuela	48
Chile	51
Perú	53
Ecuador	57
El Salvador	58

Obstacles for the enterprises competitiveness

Sophistication of financial markets

<i>Country</i>	<i>Ranking</i>
----------------	----------------

Brasil	17
Chile	21
México	34
Argentina	38
El Salvador	44
Costa Rica	47
Perú	48
Ecuador	49
Colombia	52
Venezuela	54
Bolivia	57

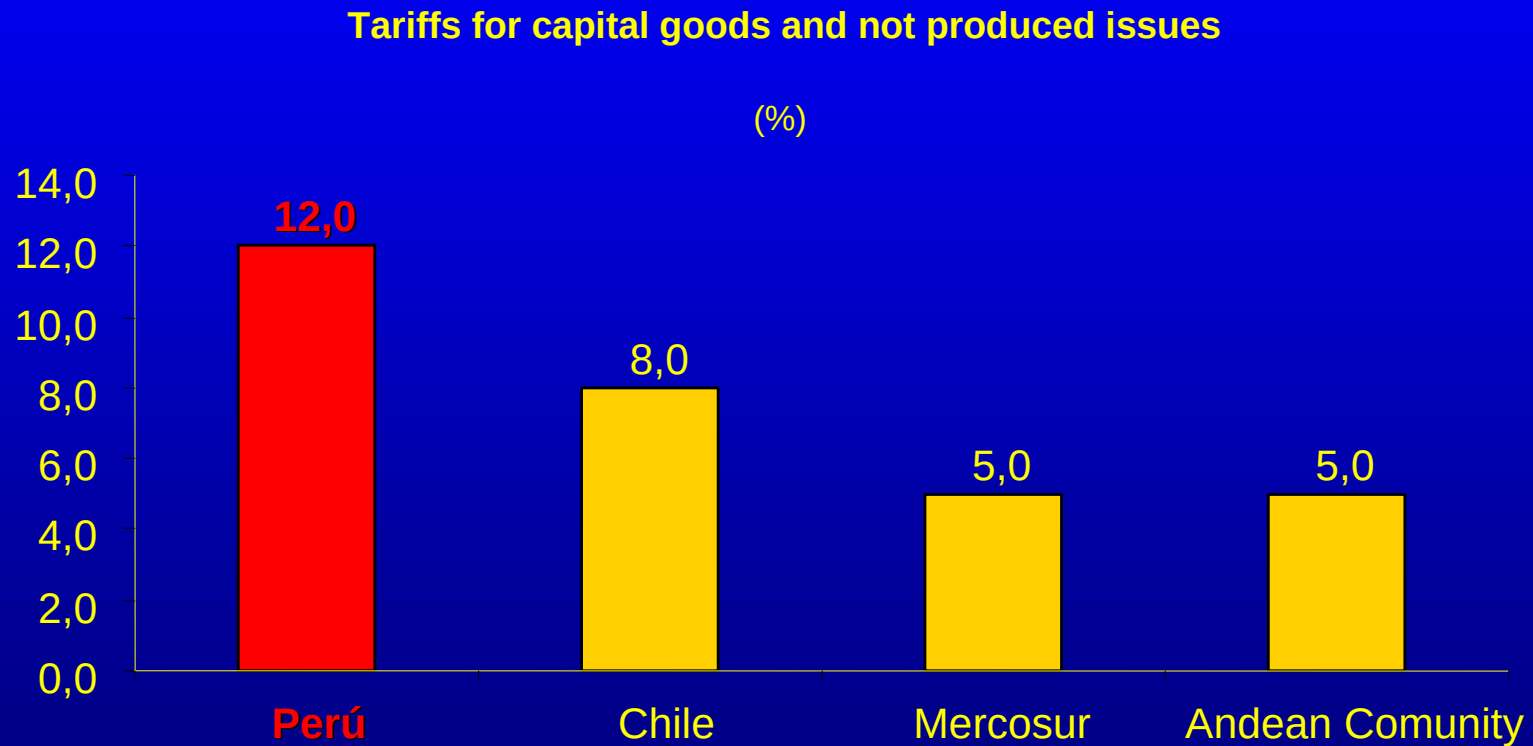
Average tariffs

<i>Country</i>	<i>Ranking</i>
----------------	----------------

México	31
Costa Rica	32
Bolivia	33
El Salvador	34
Chile	38
Perú	42
Argentina	43
Ecuador	44
Venezuela	46
Colombia	48
Brasil	55

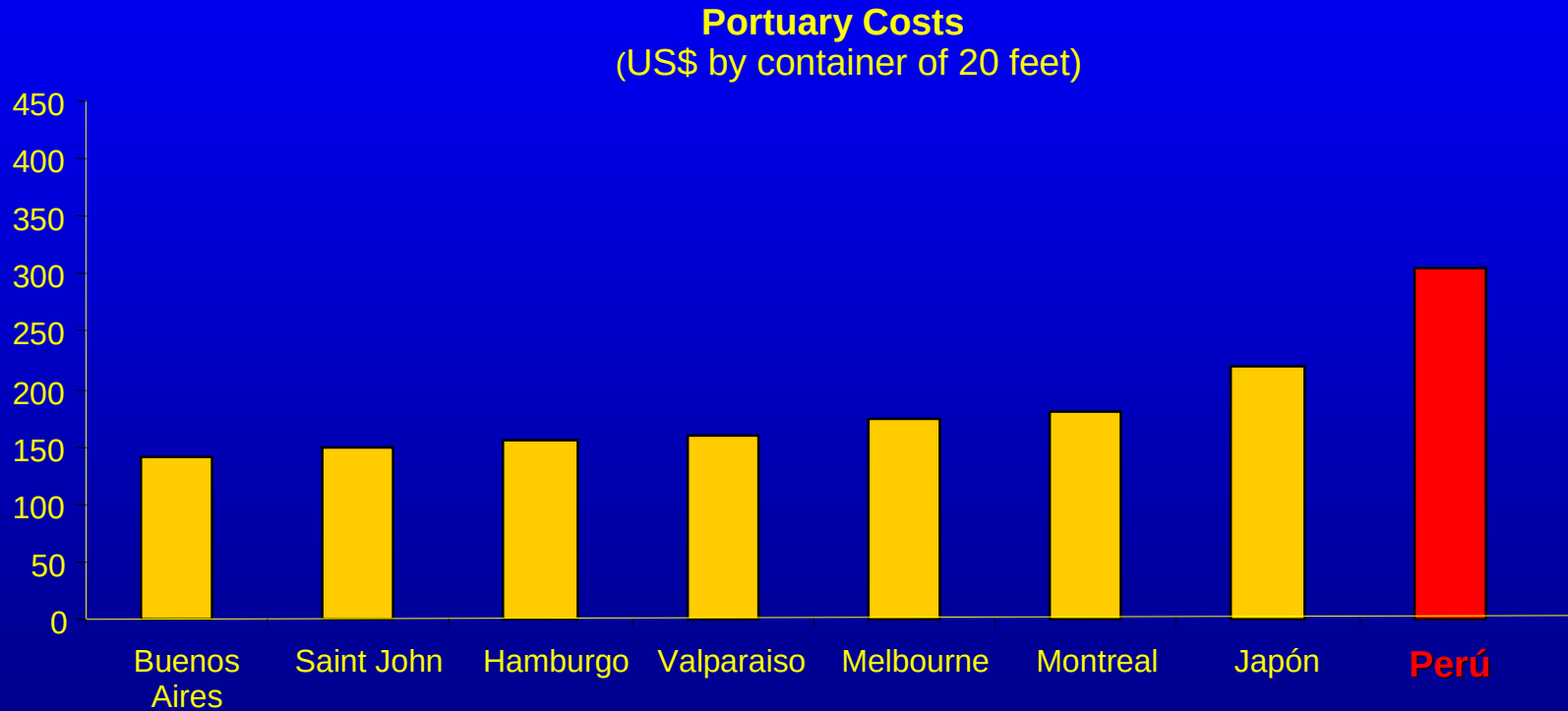
Costs of making business

Cost for capital goods and not produced issues



Fuente: Comex

In Perú, the total average expenses for a container of 20' is in between 30% and 70% over the average expense in the world



Fuente: Enapu, Agentes de Aduana, Drewry Shipping Consultants.

At the Callao Port, the time of delay in the wharf (time of rotation) is about 29 hours, when the international average is about 20 hours. The occupability rate is below optimum (60%)

INDICATORS OF EFFICIENCY OF PORTS

(Average January-June 2000)

Port	Time of rotation 1/ (hours)	Measure of occupability 2/ (%)
Paita	28,5	31,0
Callao	28,9	38,2
Ilo	30,8	20,1
Matarani 3/	33,3	36,9
Salaverry	42,1	17,3
San Martín	49,6	24,9
Chimbote	138,3	44,0

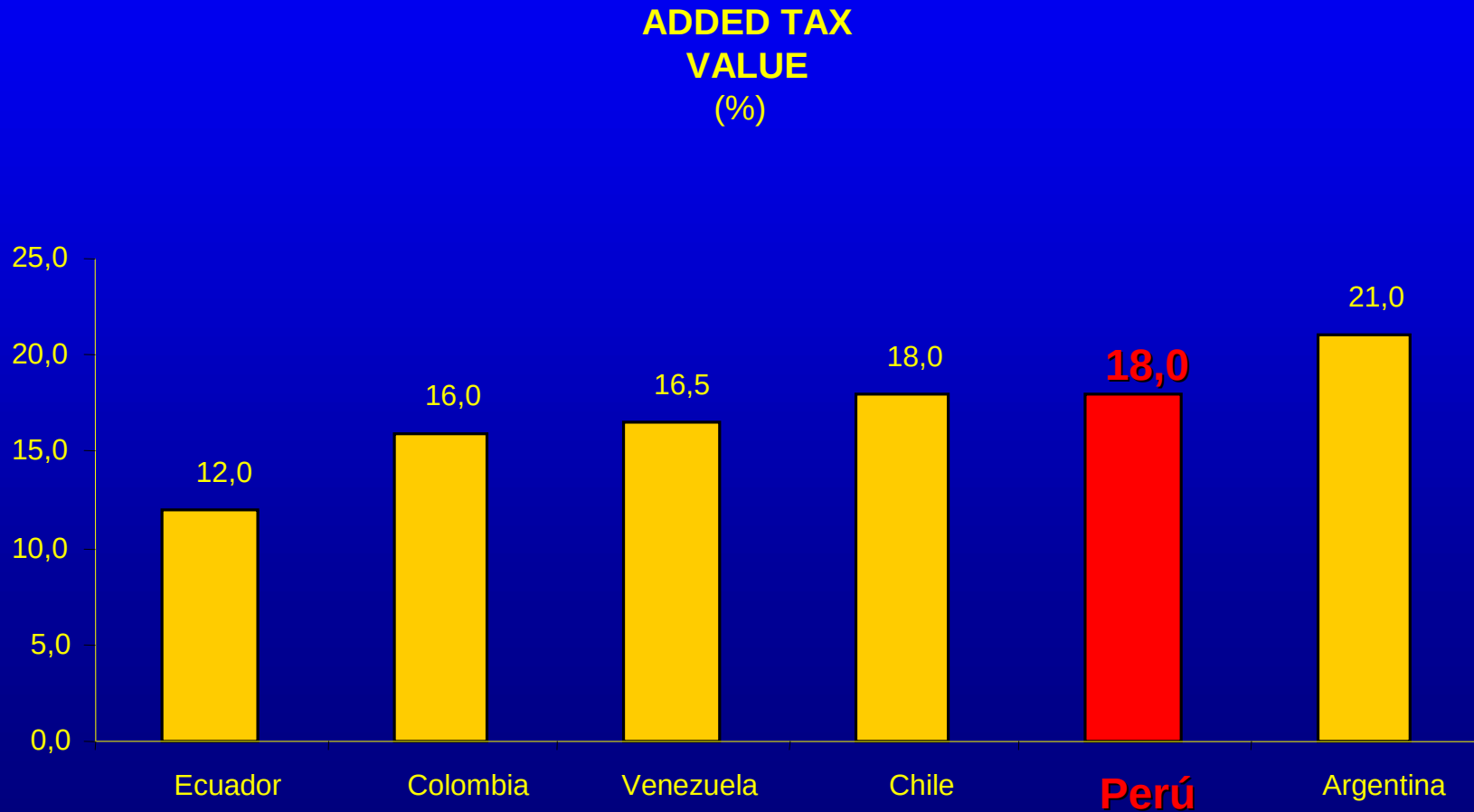
1/ Tiempo total de amarradero / número de naves

*2/ Tiempo total de amarradero / tiempo disponible * 100*

3/ Promedio Agosto-Diciembre 1999.

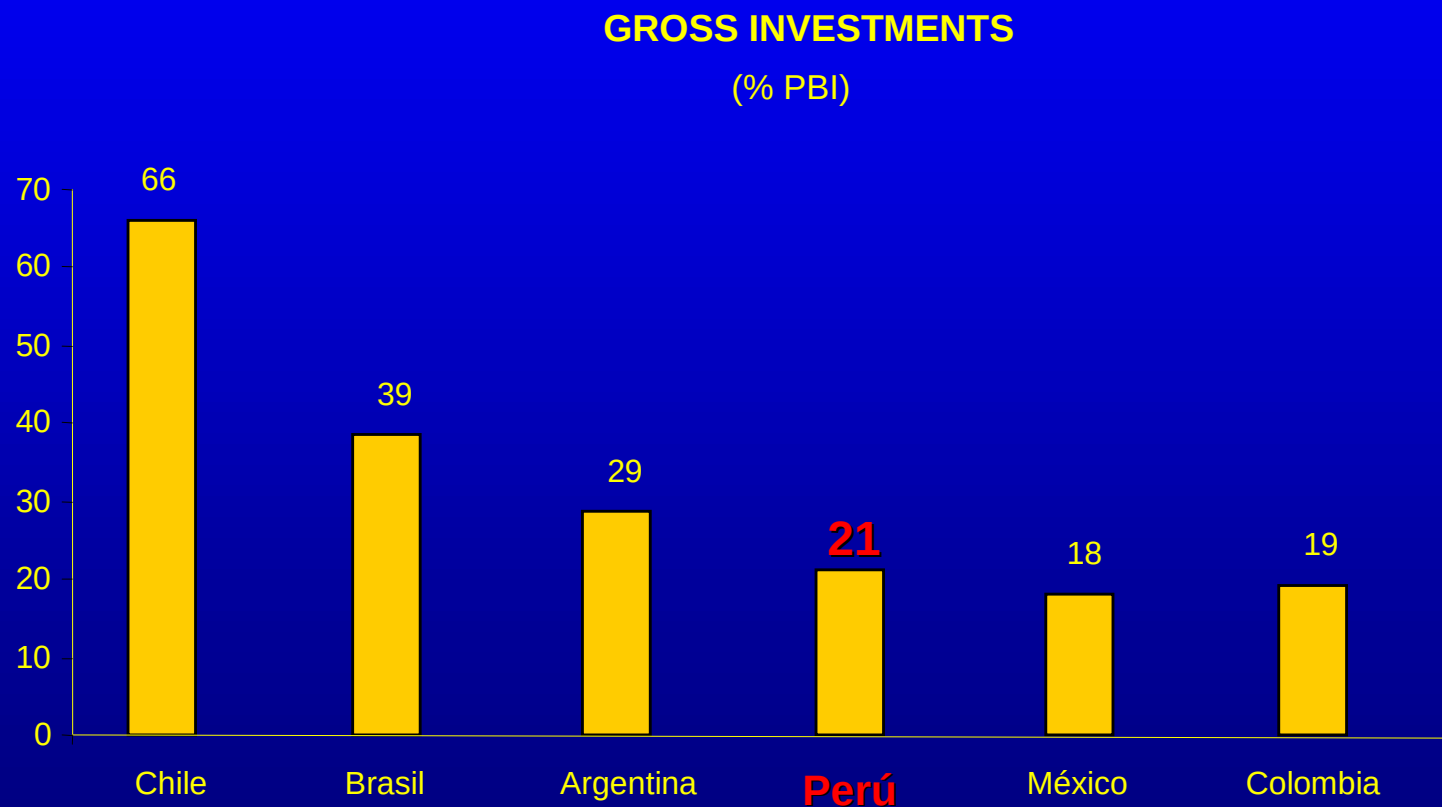
Fuente: ENAPU

High taxes: higher rates, reduced tributary basis and collection concentrated in few contributors



Fuente: Banco Mundial

High costs of financenment: scarce banking financenment, expensive Majority of short term

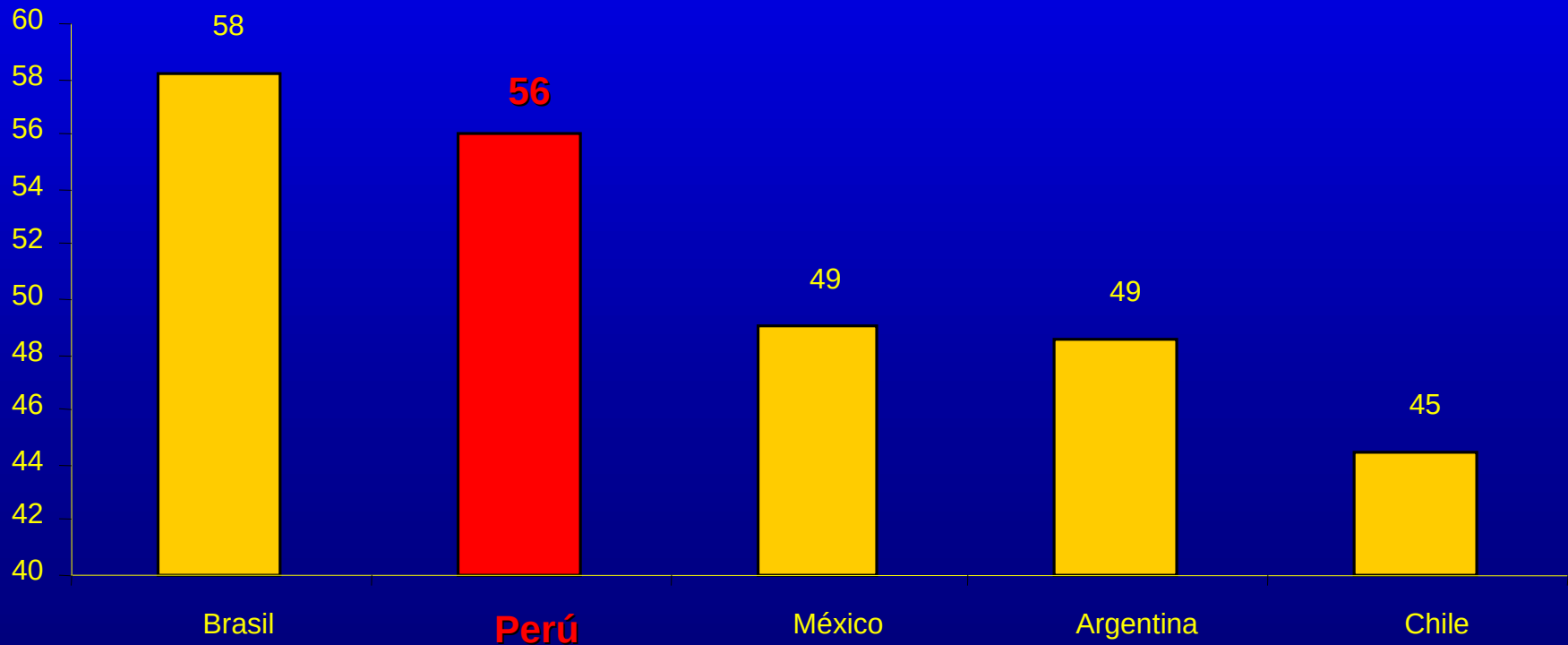


Fuente: SBS, LatinFinance

Higher labor costs which encourages informal contracting workers

LABORAL COSTS FOR THE EMPLOYER IN LATIN AMERICA

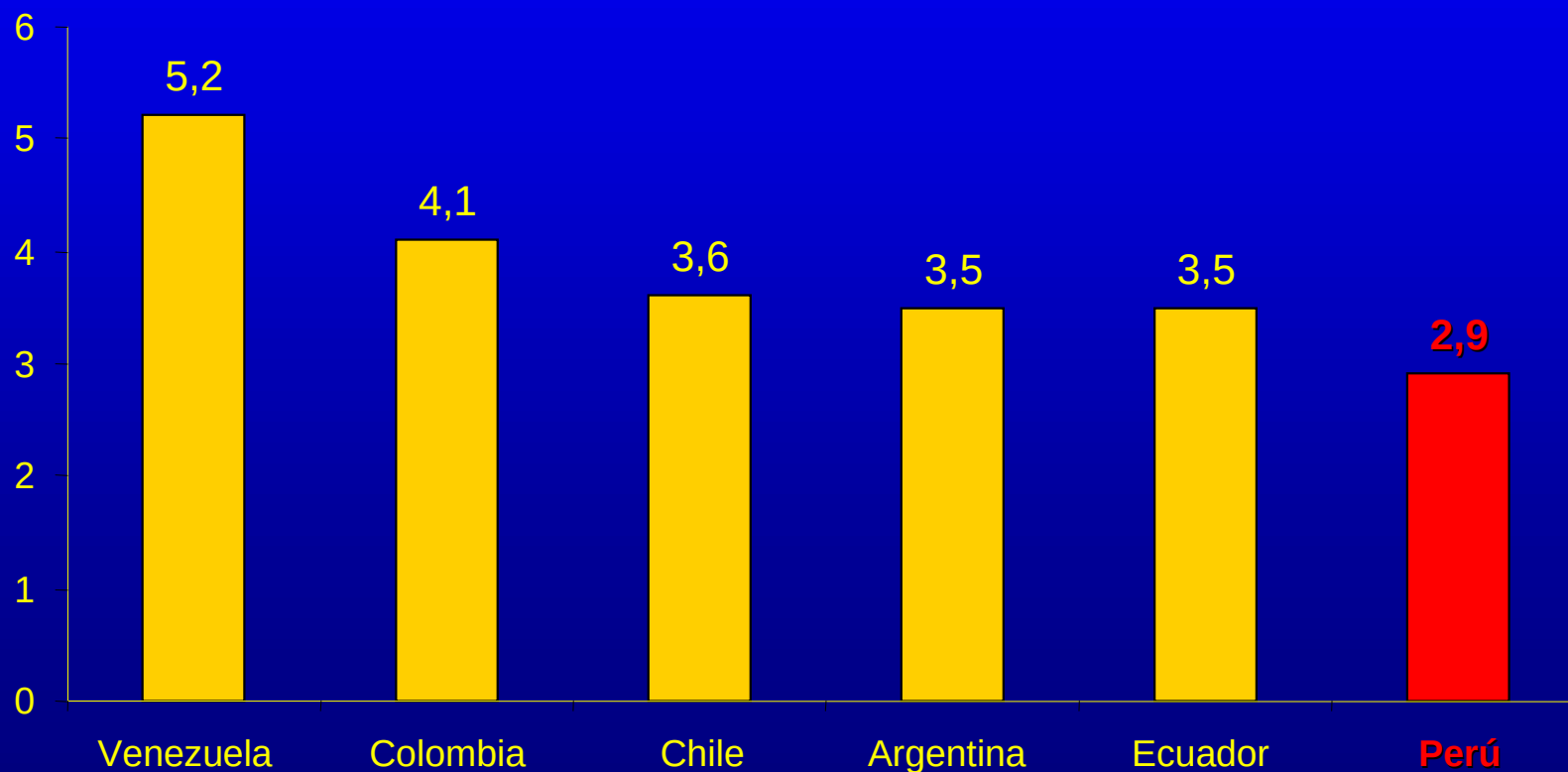
(Remuneración bruta = 100)



Fuente: OIT

Few investments in human capital which generates less prepared and less productive labour force

PUBLIC EXPENDITURE IN EDUCATION
(% del PBI)

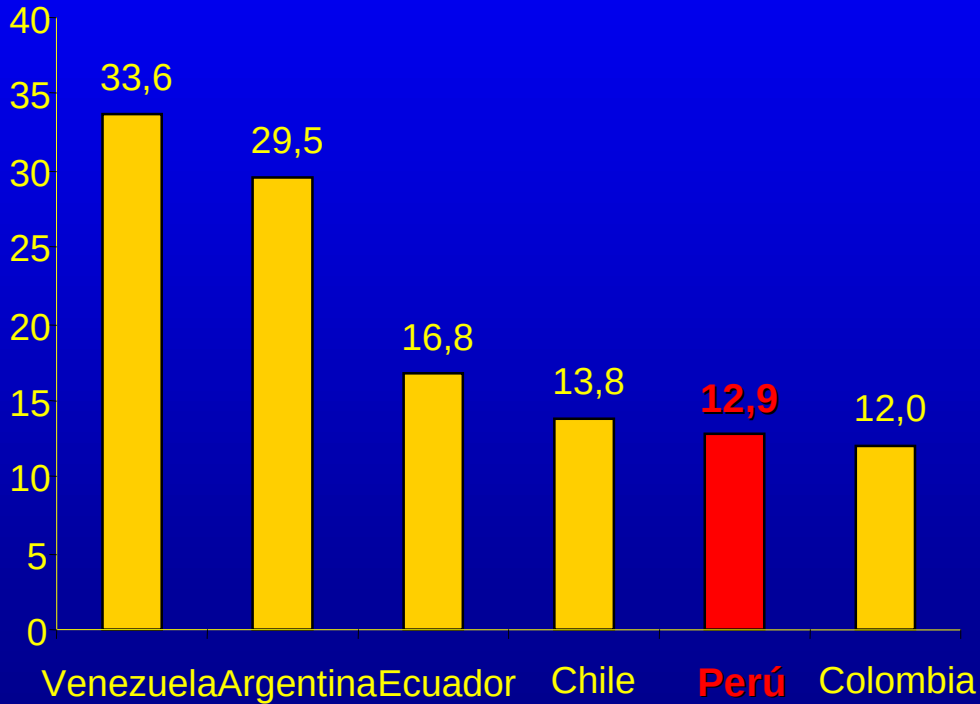


Fuente: Banco Mundial

Scarce Basic Infrastructure

Paved roads

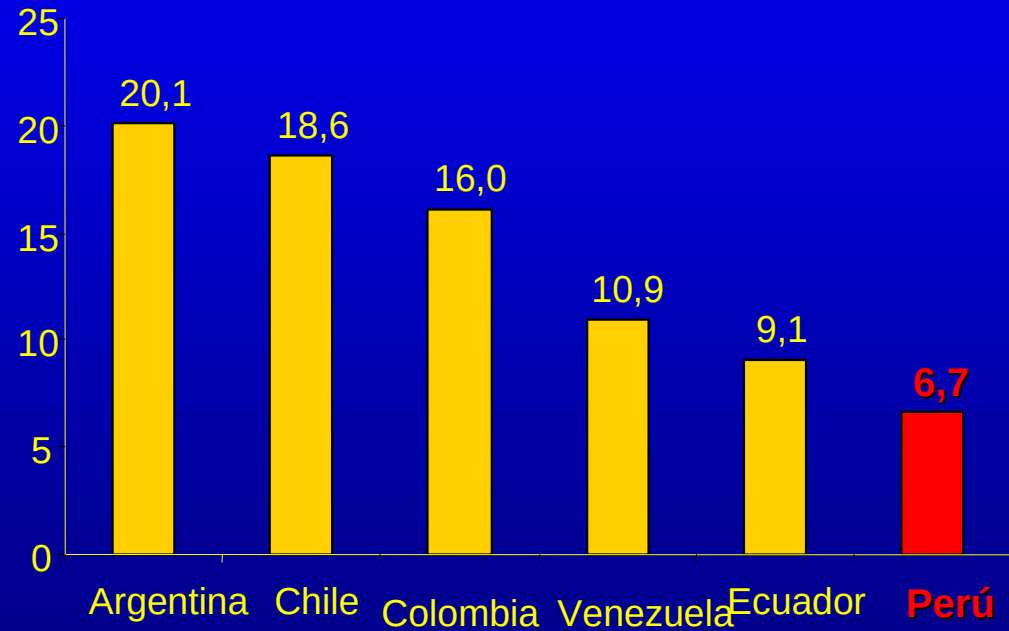
(% del total de vías)



Fuente: Banco Mundial, última data disponible

Telephone communications

(Por cada 100 habitantes)



Fuente: UIT

Essential components for a National Competitiveness Politic

Essential components for a National Competitiveness Policy

- Sense of urgency shared by all sectors
- Common understanding of the problem
- Redefined roles for both public and private sector
- New approach on public and private relations
- Three main specific objectives:
 - Export promotion on higher valued added goods
 - Increased FDI flows
 - Sustainable development
- Strategy based on competitive advantages over comparative advantages
- Clusters oriented

Strategic networks for competitiveness

“The strategic approach require the participation of all society but with strong government and private sector leadership. Nevertheless there are subjects which have to be taken care by the enterprises, it is also true that there are other problems that need direct government action as the educational reform, judicial stability, market regulations, among others. This strategic association for competitiveness will strenghten the dialog not only between themselves but with the rest of society”.



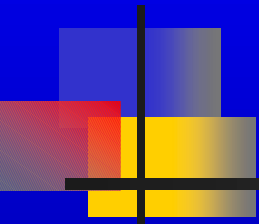
Ing. Leonel Guerra Casanova
Centro de Estudios Estratégicos
Sistema ITESM

A final reminder

“What less developed nations need is access and equal opportunities to compete in global market, specially developed nations markets.

As our leaders in Shanghai stated, we must work together for a prosperous region, where benefits from globalization and New Economy are shared among all nations.”

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