



COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

Global Competitiveness Report 2016-2017

September 2016

Our Conversation Today

The Global
Competitiveness
Index

Rankings

Key messages

GCI 2.0

The Global Competitiveness Index

The set of institutions, policies, and factors that determine the level of productivity of a country.

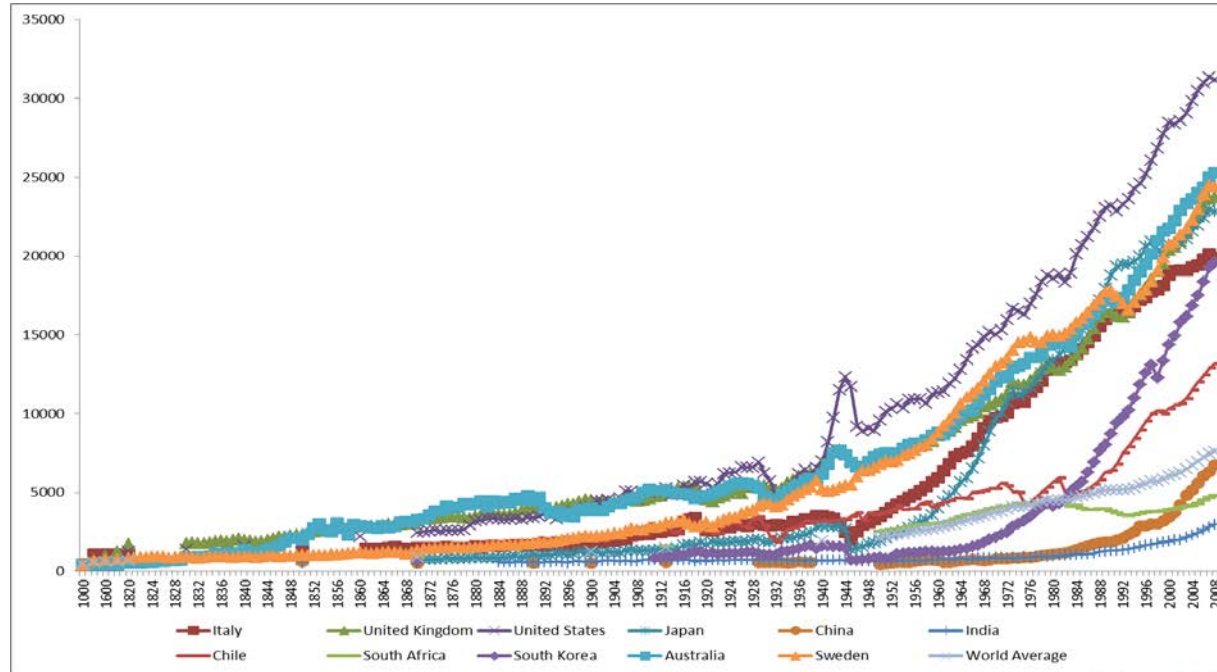
The level of productivity, in turn, sets the level of prosperity that can be achieved by an economy.



What we aim to measure:

What lies behind different growth paths?

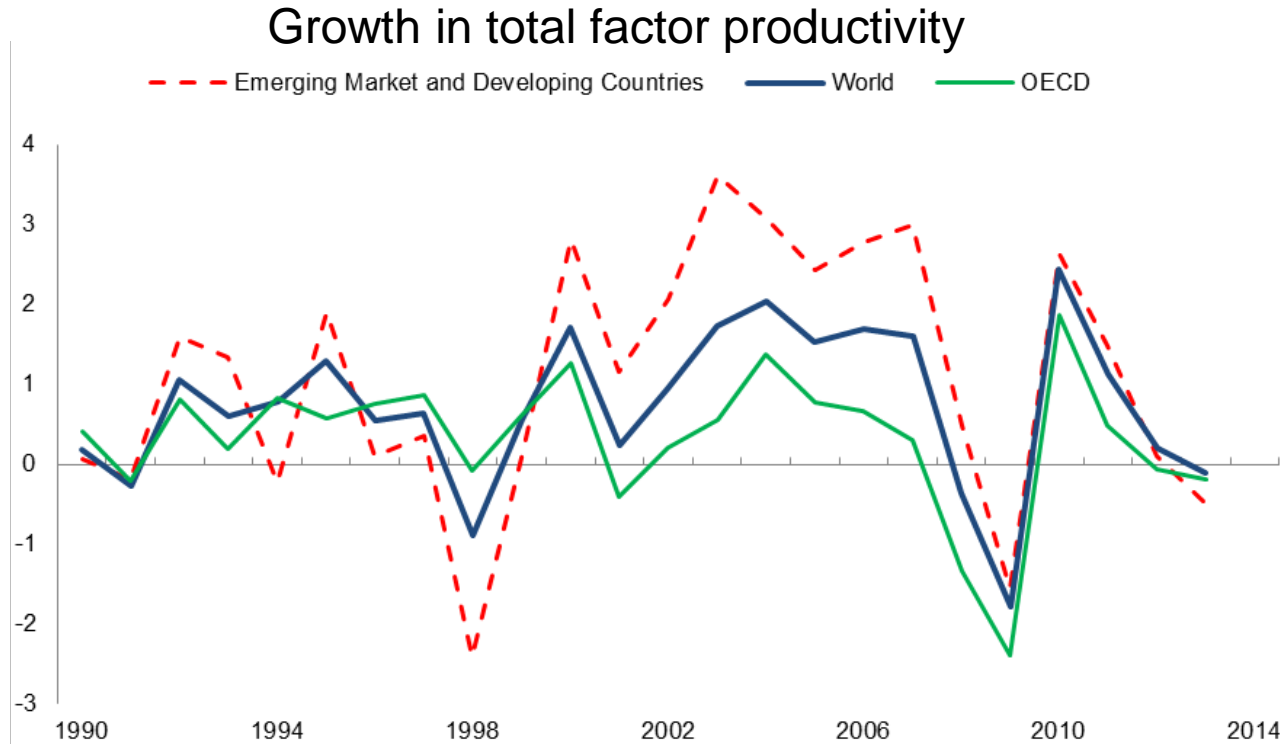
Real GDP per capita around the world (PPP adjusted), since 1000



Source: The Maddison-Project, <http://www.ggd.net/maddison/maddison-project/home.htm>, 2013 version.

What we aim to measure:

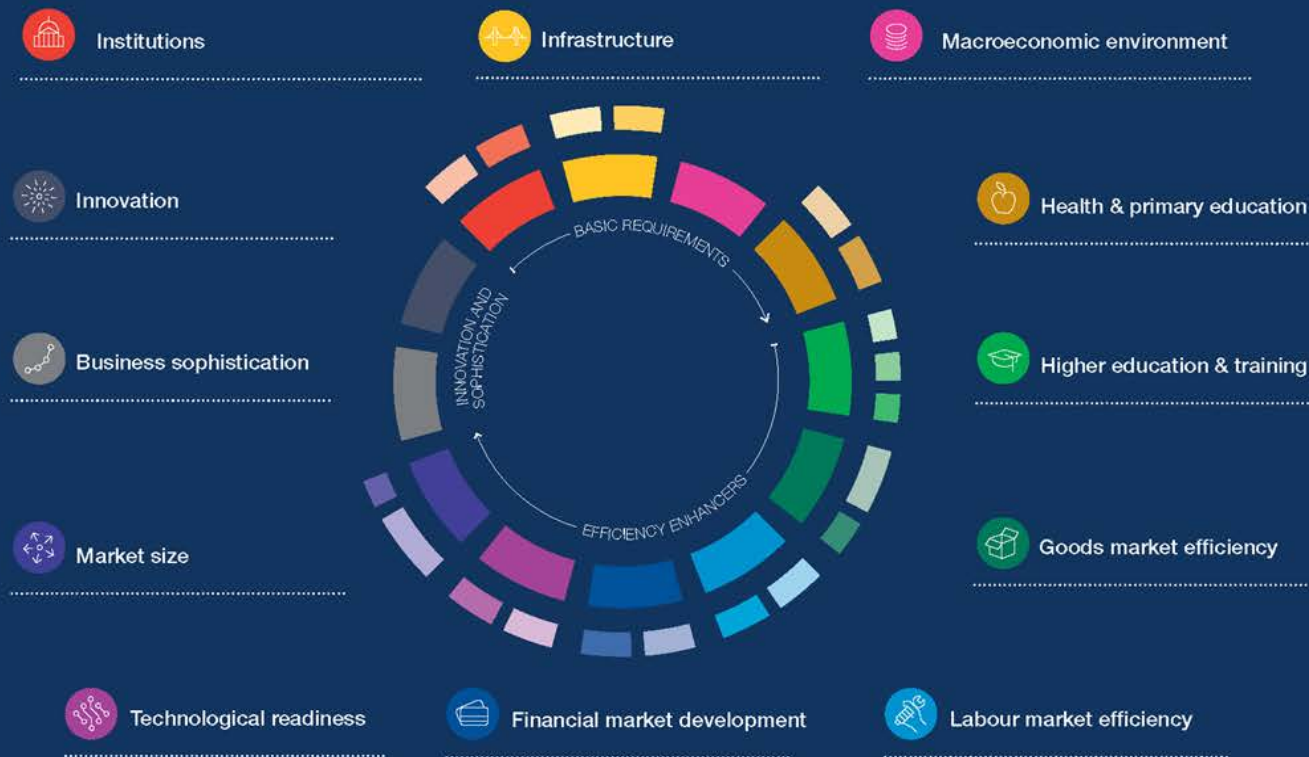
Productivity is falling



Source: OECD, The Future of Productivity (2016)

Notes: : Multi-factor productivity (MFP) growth measures the growth of GDP over the combined contributions of total hours, workforce skills, machinery and structures and ICT capital.

The Global Competitiveness Index Framework



Data sources

160+

Partner Institutes

Survey 14,000
Business Executives

Combined with 5,600+
International organizations'
data points

Produce 114 Indicators
Distributed in 12 Pillars

Used to rank 138 Accounting
of World GDP 98%

Since 1979

Quantitative data sourced from international organizations.



International
Trade
Centre

Qualitative data sourced from the annual Executive Opinion Survey carried out by the network of the World Economic Forum's Partner Institutes.

Rankings

Rank/138	Economy	Score	Rank/138	Economy	Score
1	Switzerland	5.8	29	Saudi Arabia	4.8
2	Singapore	5.7	33	Chile	4.6
3	United States	5.7	39	India	4.5
4	Netherlands	5.6	41	Indonesia	4.5
5	Germany	5.6	43	Russian Federation	4.5
6	Sweden	5.5	44	Italy	4.5
7	United Kingdom	5.5	45	Mauritius	4.5
8	Japan	5.5	47	South Africa	4.5
9	Hong Kong SAR	5.5	51	Mexico	4.4
10	Finland	5.4	52	Rwanda	4.4
15	Canada	5.3	55	Turkey	4.4
16	United Arab Emirates	5.3	81	Brazil	4.1
21	France	5.2	89	Cambodia	4.0
22	Australia	5.2	104	Argentina	3.8
26	Korea, Rep.	5.0	127	Nigeria	3.4
28	China	5.0	138	Yemen	2.7

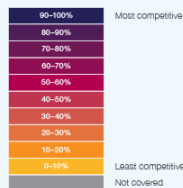
The Global Competitiveness Report 2016-2017: Heatmap

The Global Competitiveness Map

North America

Despite efforts to reignite growth through non-orthodox monetary policy, growth prospects continue to be revised downwards as productivity stalls. A jobs revival requires more than counter-cyclical monetary policy. A reinvented competitiveness agenda needs to address issues related to all competitiveness pillars, including infrastructure and institutions, and catching up on innovation and business sophistication.

Global Competitiveness Index percentile rank



Note: Unless mentioned otherwise, the ranks cited in the country and regional highlights are the Global Competitiveness Index overall rank among 138 economies.

Latin America and the Caribbean

Chile, Panama and Costa Rica continue to lead in a region of great disparities. After almost a decade of strong growth since the global financial crisis, growth rates in the region have fallen. The end of the commodity super cycle resulted in a drop in export values for major commodity-exporting countries, including Brazil, Venezuela, Colombia, Ecuador and Argentina. The subsequent fall in global trade has also hit demand for manufacturing exports, further reducing the value of exports across most of the region.

Europe

Switzerland tops the ranking for the eighth consecutive year and is followed by many European countries: Netherlands (4th), Germany (5th), Sweden (8th), United Kingdom (7th), Finland (10th), Norway (11th) and Denmark (12th). Although the region – which includes the EU-28, Iceland, Norway, Switzerland, Balkans and Turkey – is pushing frontiers in almost all areas, performance is not homogenous and we see a significant gap between the innovation assessment for Northern and Western European countries compared with Central, Eastern and Southern European ones. To maintain current levels of prosperity, accelerating innovation efforts is essential and Europe would do well to focus its resources on nurturing its talent.

Middle East and North Africa

The drop in energy prices has heightened the urgency of advancing competitiveness agendas in the MENA region, making diversification an urgent priority for oil-exporting countries. Oil importers, which are on average less competitive, need to continue to advance on competitiveness agendas amid security concerns. Several economies in the region – United Arab Emirates, Qatar, Saudi Arabia and Israel – are ranked among the top 30 global economies.

Eurasia

Commodity prices, volatile exchange rates and recessions in key countries have affected competitiveness, reducing government budgets, shrinking their market size and putting financial systems under stress. In this context, the largest economy in the region, Russian Federation (43th) remains stable, while Georgia (60th), the least dependent on mineral resources, is the most improved, gaining seven places. Strengthening micro-economic fundamentals should be complemented by improvements in institutional quality, infrastructure, skills and innovation to build the foundations for more diversified and competitive economies.

East Asia and Pacific

Competitiveness trends have been overwhelmingly positive in the past decade: 13 of the region's 15 economies covered since 2007 have achieved a higher score, with Cambodia, China and the Philippines posting the largest gains. However, many challenges remain. The region's advanced economies need to further develop their innovation ecosystems. And developing countries, all of which have achieved middle-income status, must improve on the more complex areas of competitiveness, including digital infrastructure and business sophistication, to sustain growth and avoid the middle-income trap.

South Asia

South Asia continues its upward trend as competitiveness improves in most countries in the region. India is the best performer, climbing to 30th from 55th last year. Over the past decade, the subcontinent has focused on improving overall health and primary education levels and upgrading available infrastructure, areas of particular importance given the resource-driven nature of its economy. However, the latter remains the second weakest spot in the region, just after technological readiness.

Sub-Saharan Africa

A slowdown in emerging countries' growth and low commodity prices have decelerated African development. Mauritius (45th) and South Africa (47th), the most competitive economies in the region, remain substantially stable, while Ghana (114th) is the most improved, climbing five places. Despite recent improvements, productivity is still low. Looking ahead, commodity-price related shrinking of public budgets may slow down investment in infrastructure, technological readiness and human capital, areas that are sub-Saharan Africa's main priorities to reap the demographic dividend.

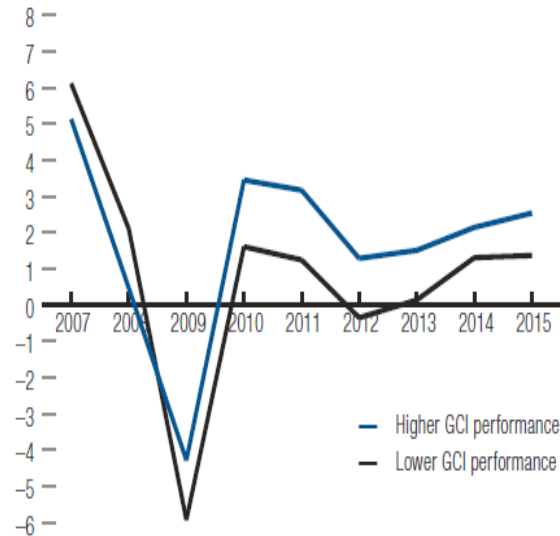
Key Messages

Monetary policy is not enough: Insufficient competitiveness is a constraint for reigniting growth worldwide

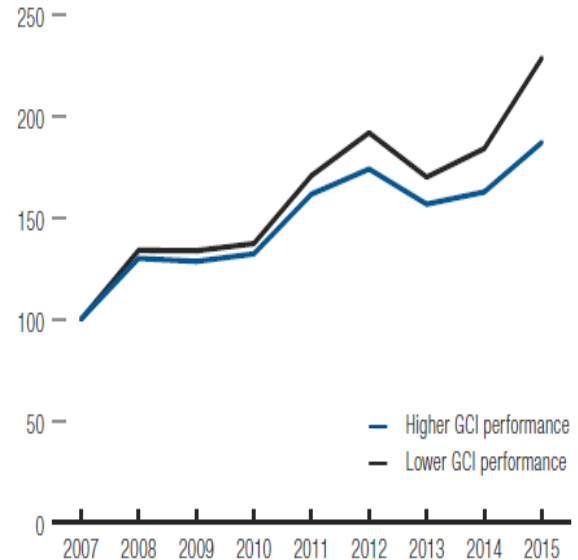
- More quantitative easing has not resulted in consistently higher growth rates.
- Countries with higher GCI scores have had higher growth rates since the Great Recession despite boosting their central bank balance sheets less.
- Constraints to growth are on the supply-side.

Figure 2: Central bank assets and GDP growth economies with higher and lower GCI performance

2A: GDP growth



2B: Central bank gross assets (% GDP)

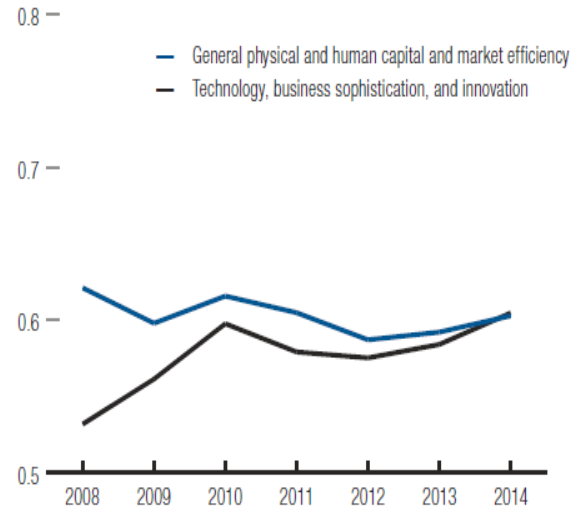


At the dawn of the Fourth Industrial Revolution era, technology and innovation are increasingly driving development

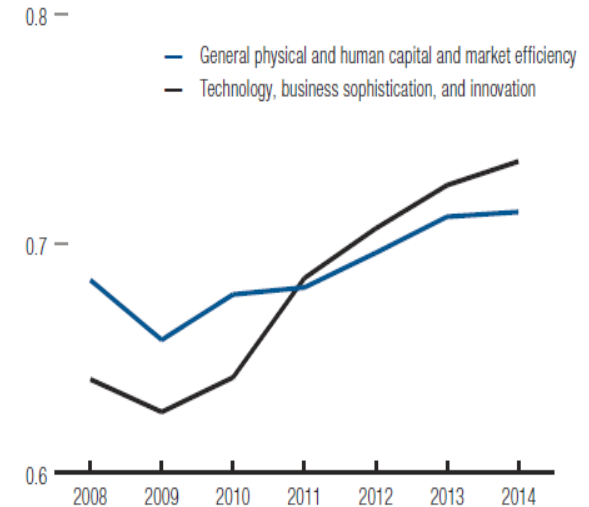
- The relationship between technology, business sophistication and innovation and income levels has become stronger, specially since 2011 and for emerging economies and net commodity exporters.

Figure 3: Correlation between GDP per capita and lagged GCI pillars over time

3A: Emerging economies



3B: Net commodity exporters



Declining openness is endangering future growth and prosperity

- Openness and innovation go together and reinforce each other.
- The retreat of openness is a threat to future prosperity.

Figure 4: Openness in 2007–2008 and 2016–2017 editions, by income group

Openness perception score (1–7)

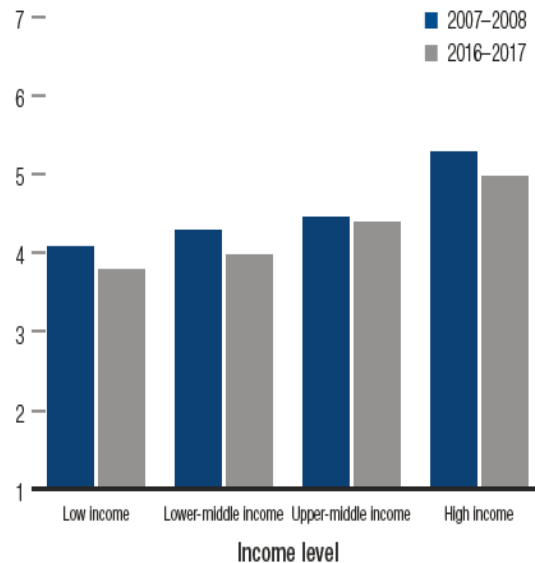
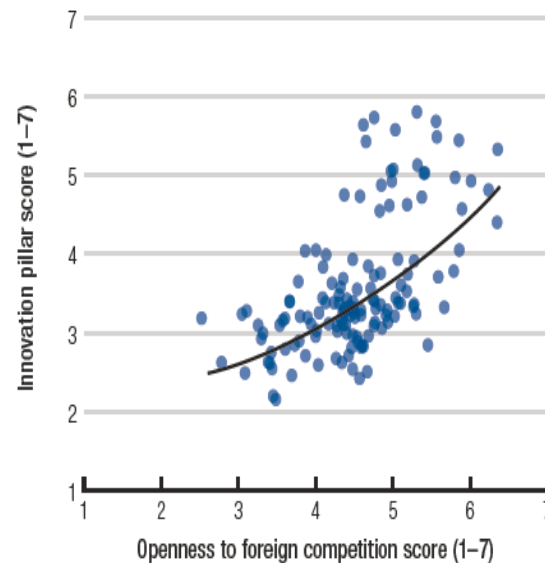


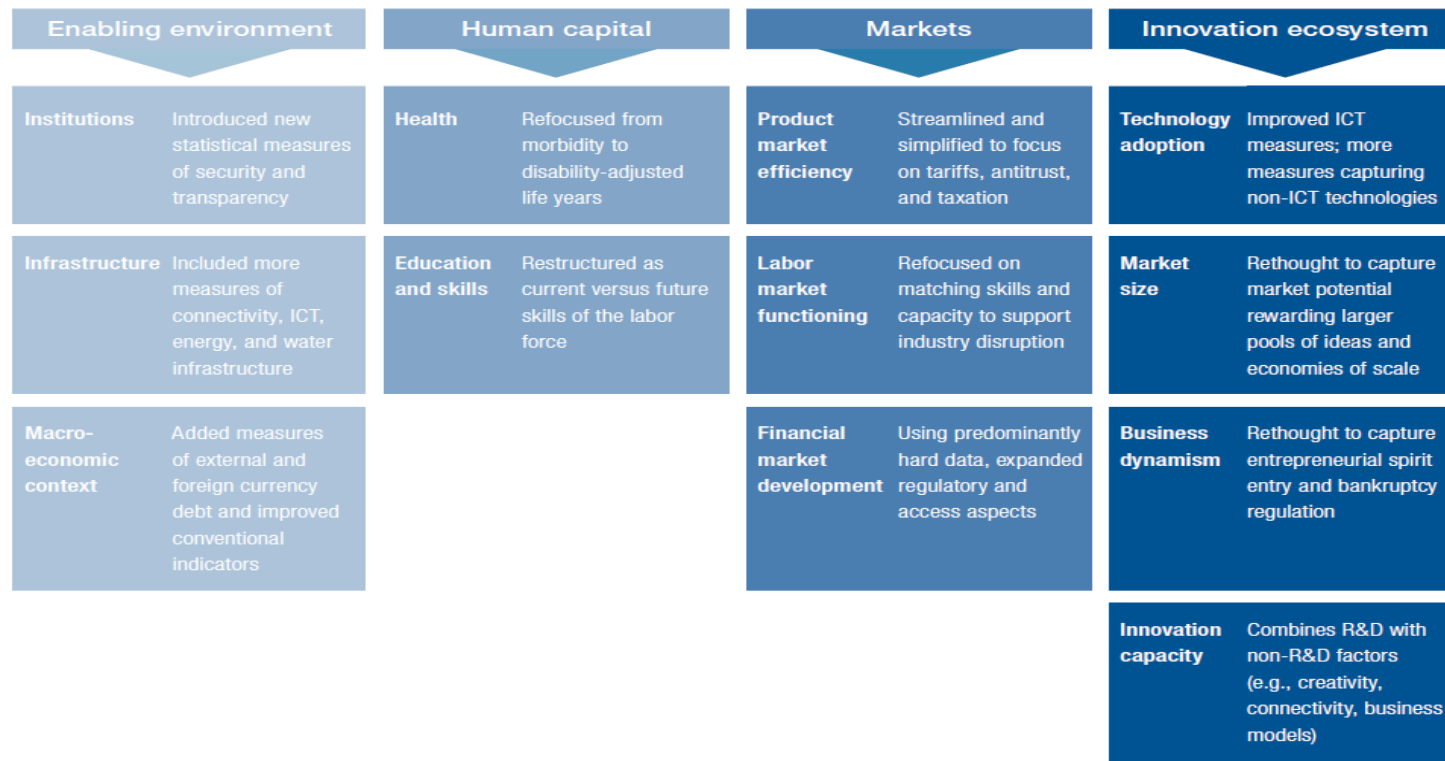
Figure 5: Correlation between openness and innovation, 2016–2017 edition



GCI 2.0

The Global Competitiveness Report 2016-2017: GCI 2.0

Figure 2: The updated GCI framework



Global Competitiveness Report 2016-2017



Q&A

23.09.2016

Thank you for your attention

**Visit our website for further
information and to download
the Report:
www.weforum.org/gcr**