

# The Global Competitiveness Report 2016–2017

## Highlights



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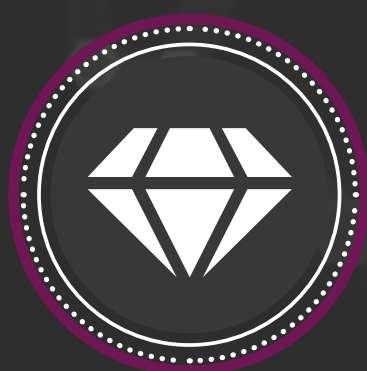
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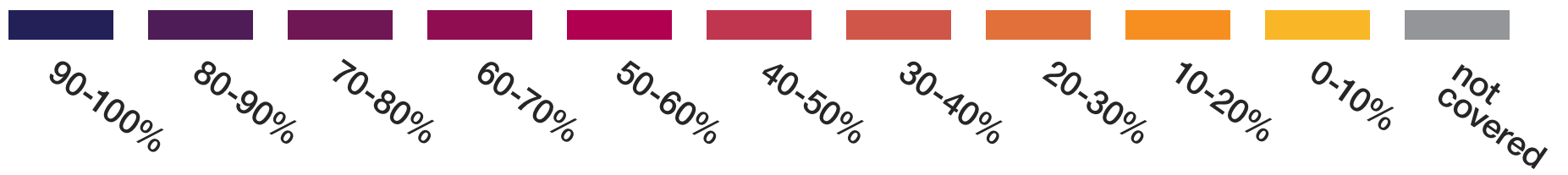


Acknowledgements



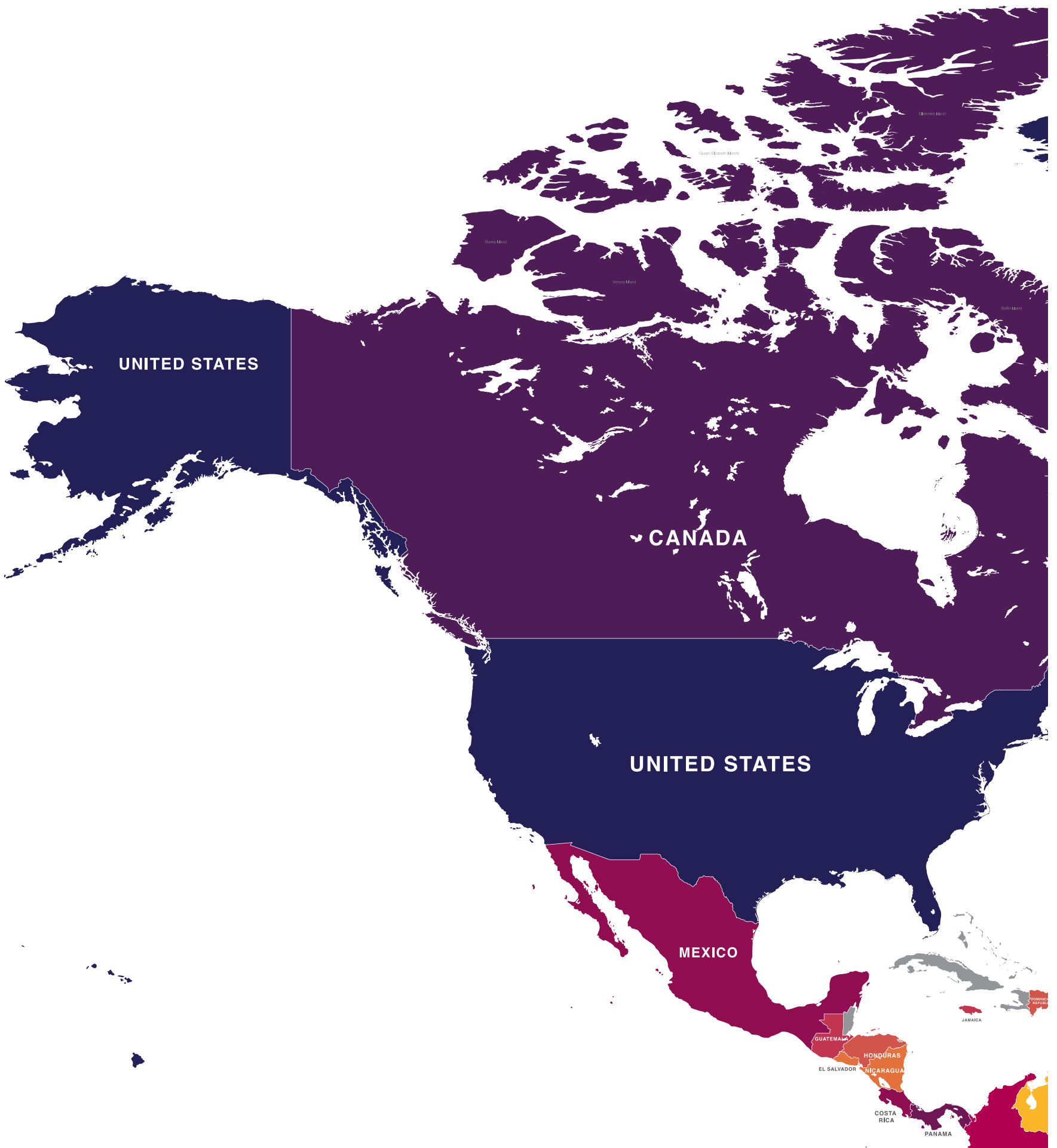
# The Global Competitiveness Map

## Global Competitiveness Index percentile rank

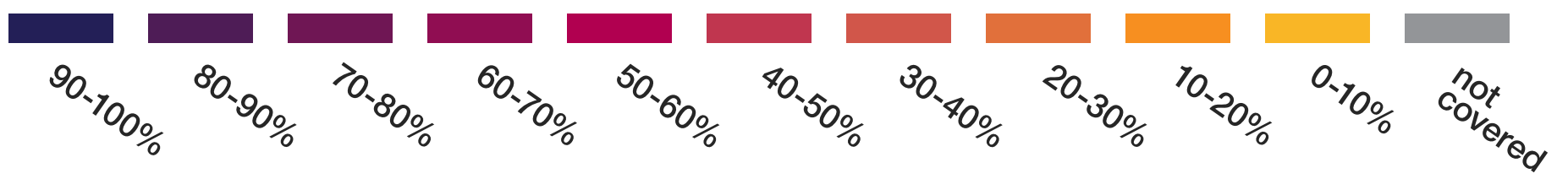


## North America

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 reinvigorated competitiveness agenda needs to address issues related to all competitiveness pillars, including infrastructure and institutions, and catching up on innovation and business sophistication.



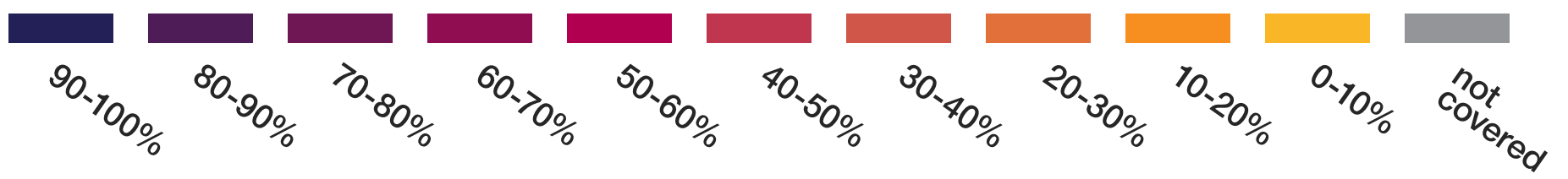
# Global Competitiveness Index percentile rank



## 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.

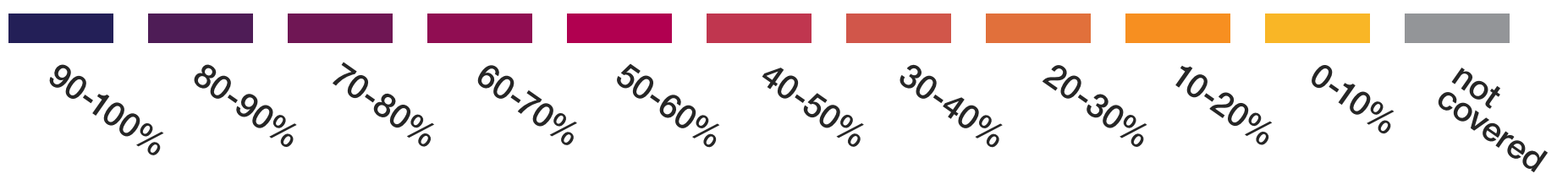
# Global Competitiveness Index percentile rank



## Europe

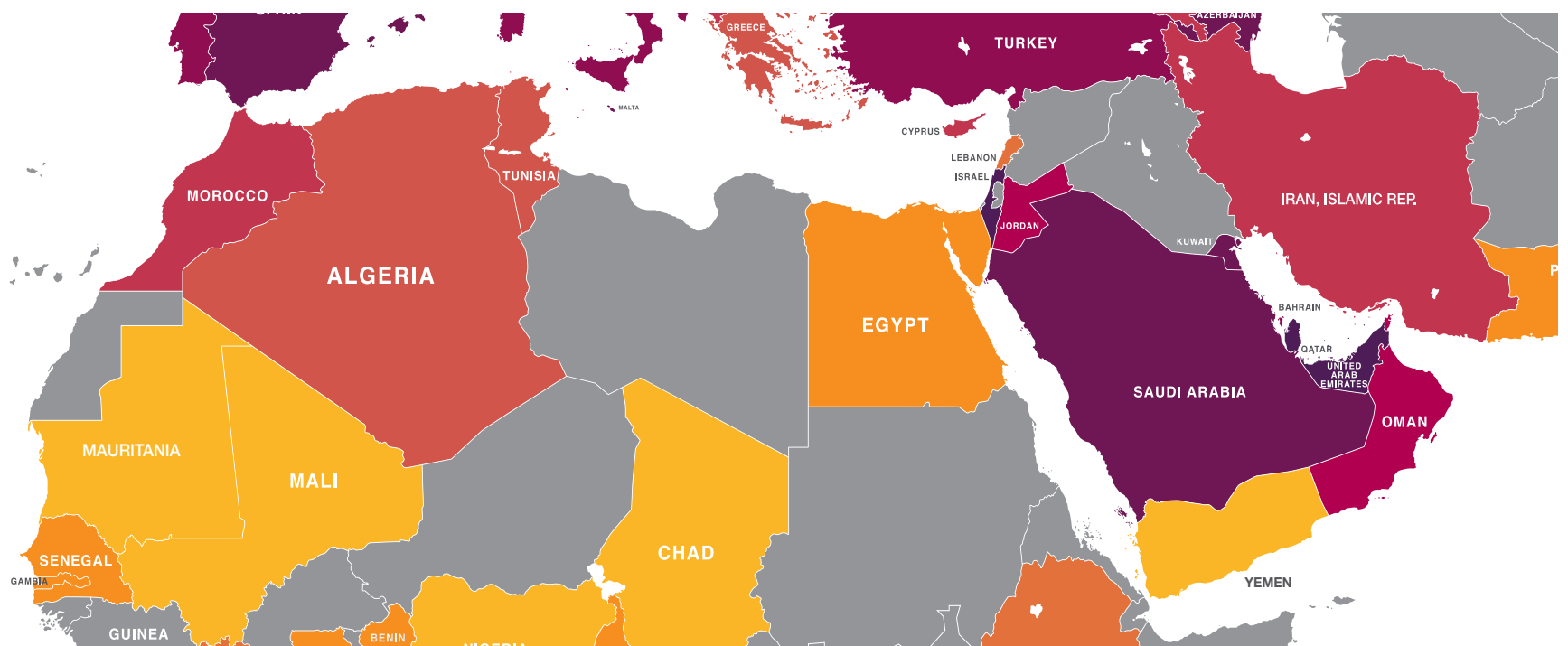
Switzerland tops the ranking for the eighth consecutive year and is followed by many European countries: Netherlands (4th), Germany (5th), Sweden (6th), United Kingdom (7th), Finland (10th), Norway (11th) and Denmark (12th). Although the region – which includes the EU-28, Iceland, Norway, Switzerland, 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.

# Global Competitiveness Index percentile rank



## 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.



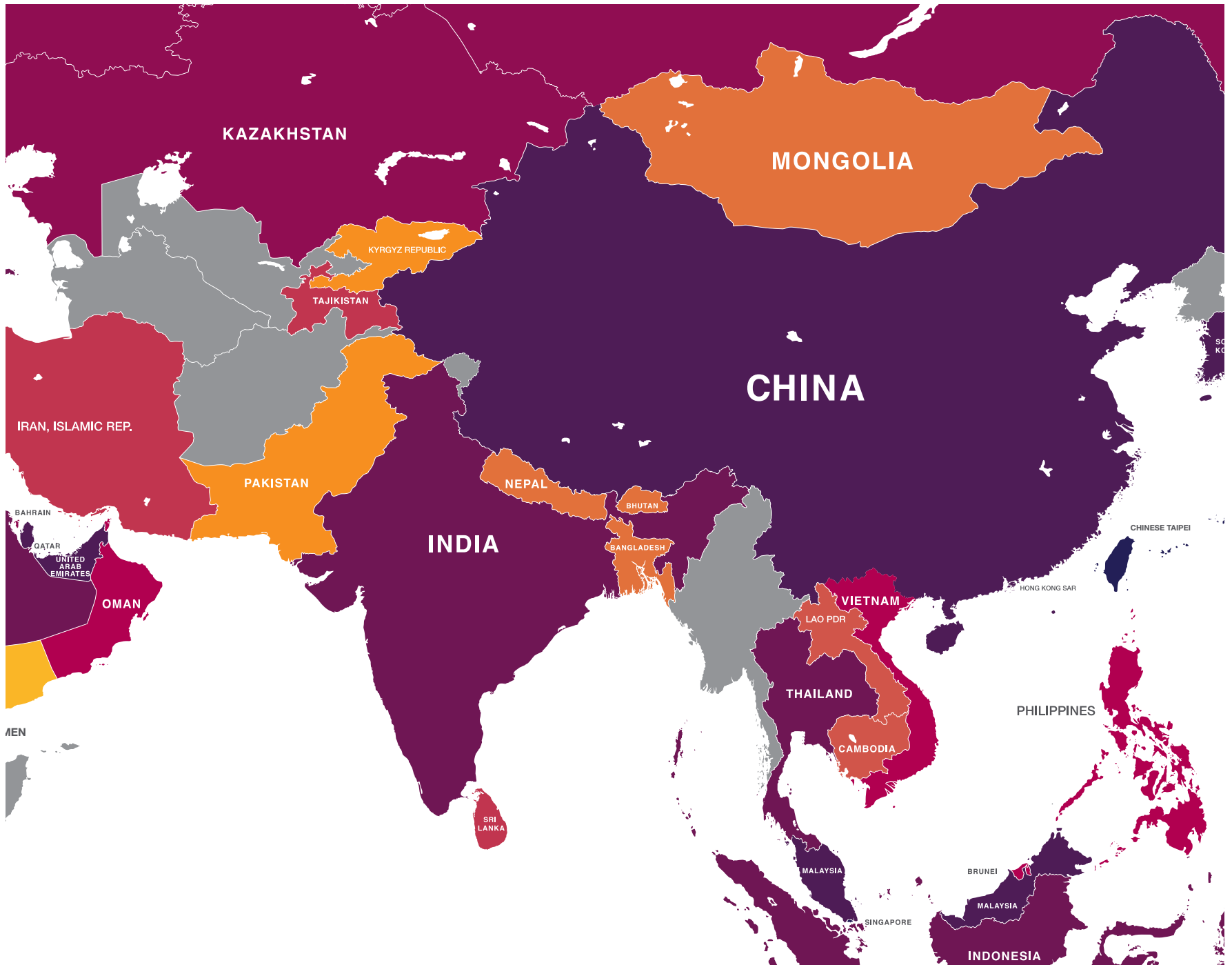
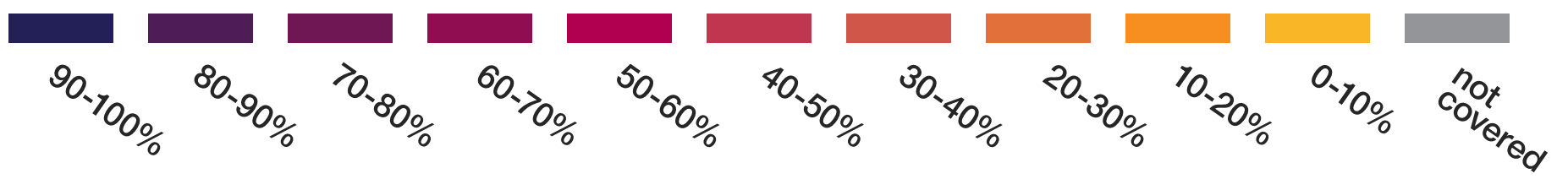
## Eurasia

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 (59th), 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.





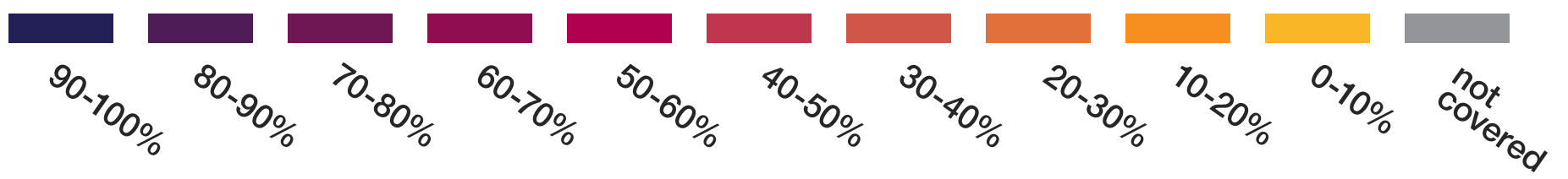
# Global Competitiveness Index percentile rank



## South Asia

South Asia continues its upward trend as competitiveness improves in most countries in the region. India is the best performer, climbing to 39th 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.

# Global Competitiveness Index percentile rank



## 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.

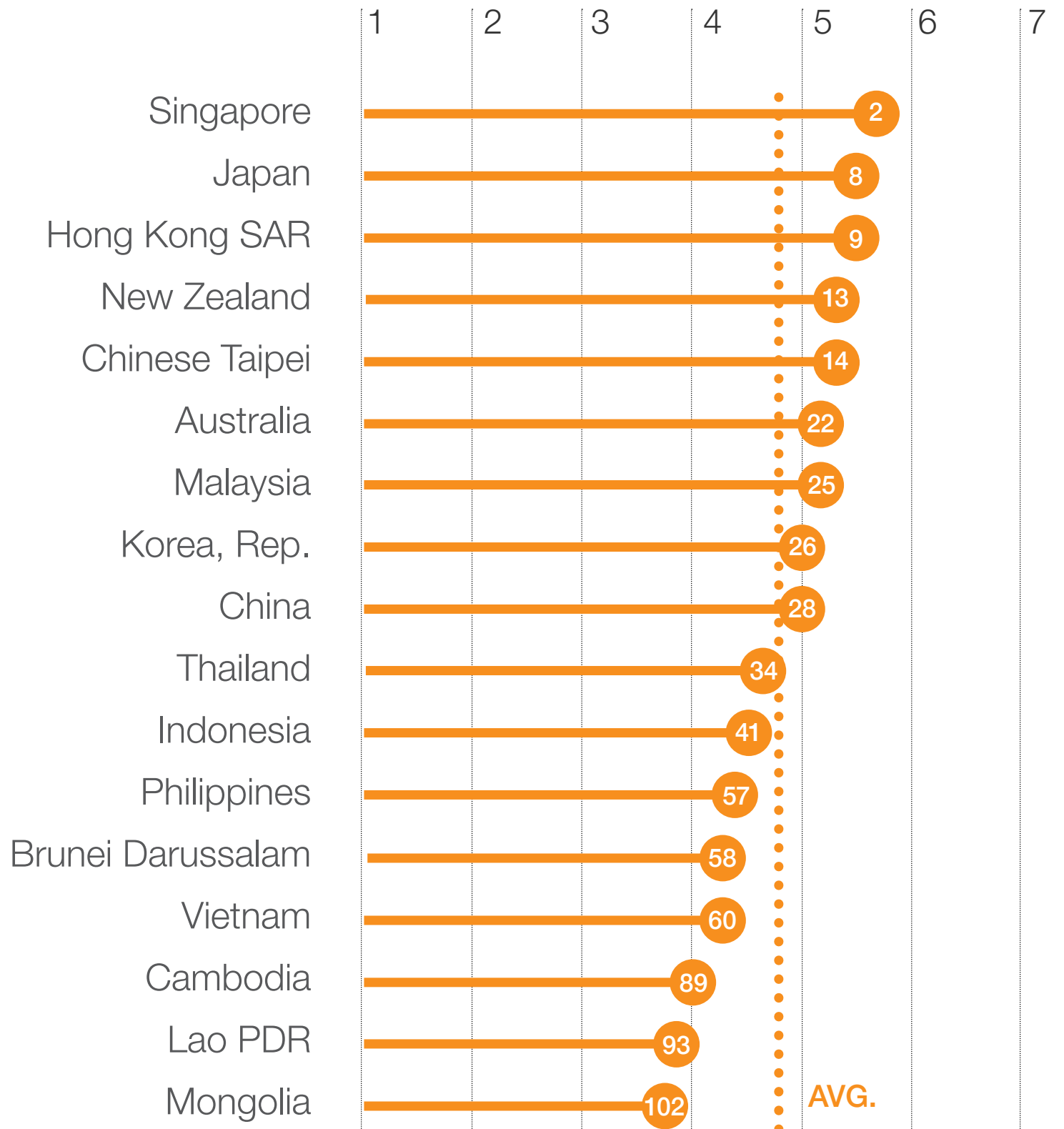




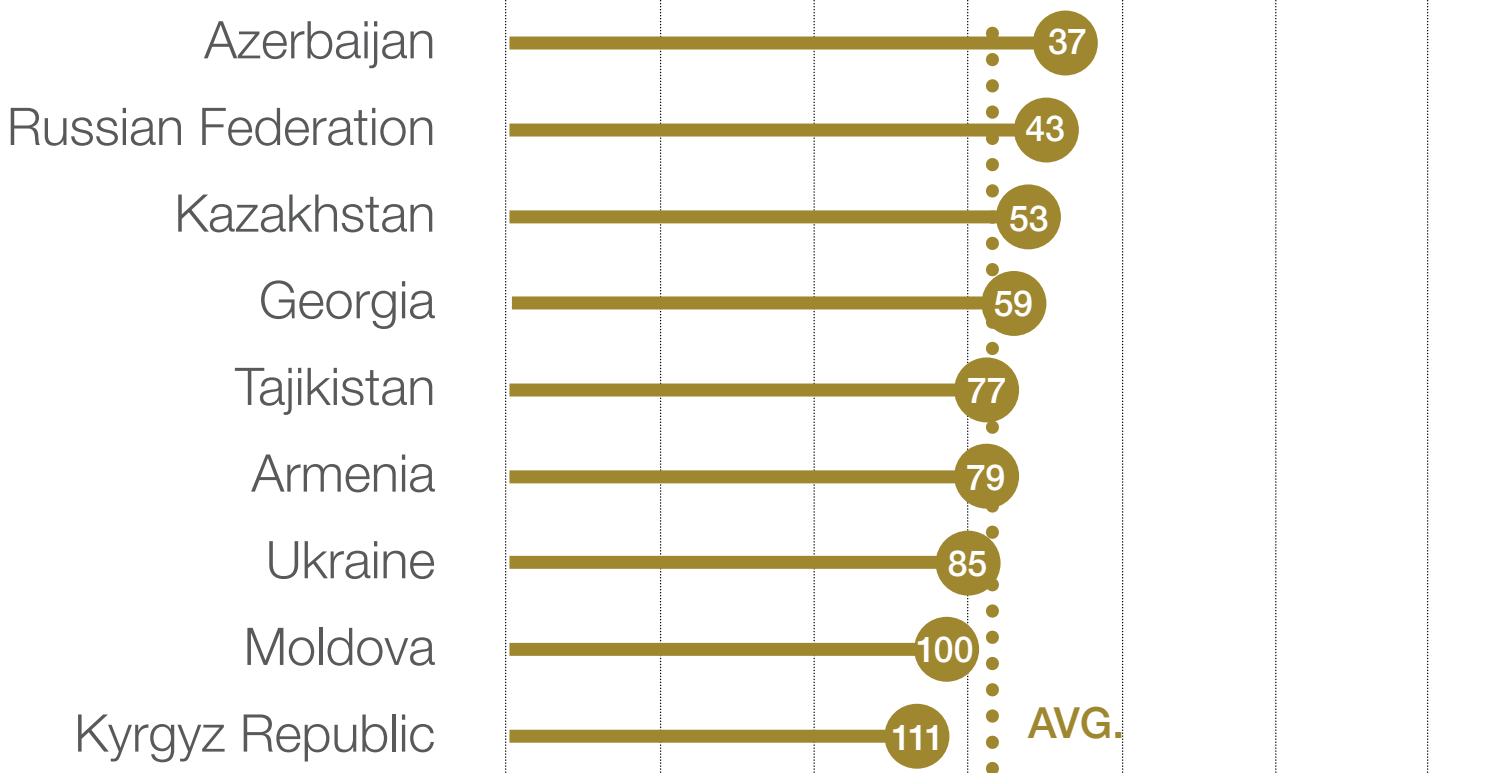


# Regional Rankings

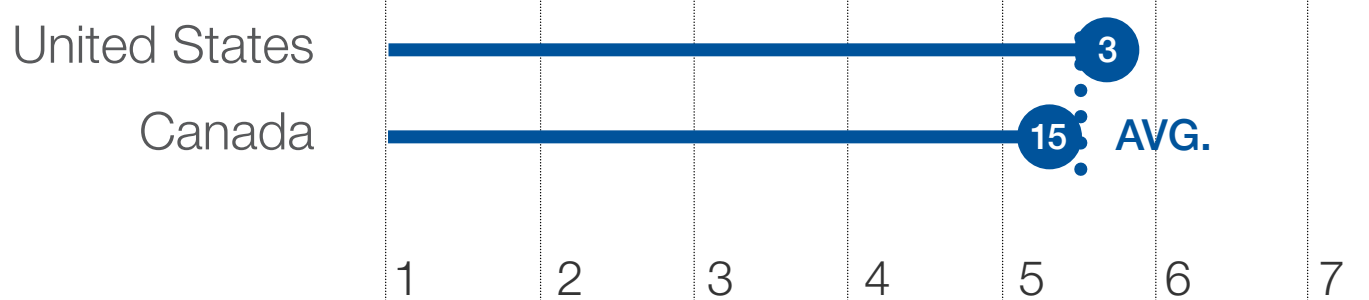
## East Asia and Pacific



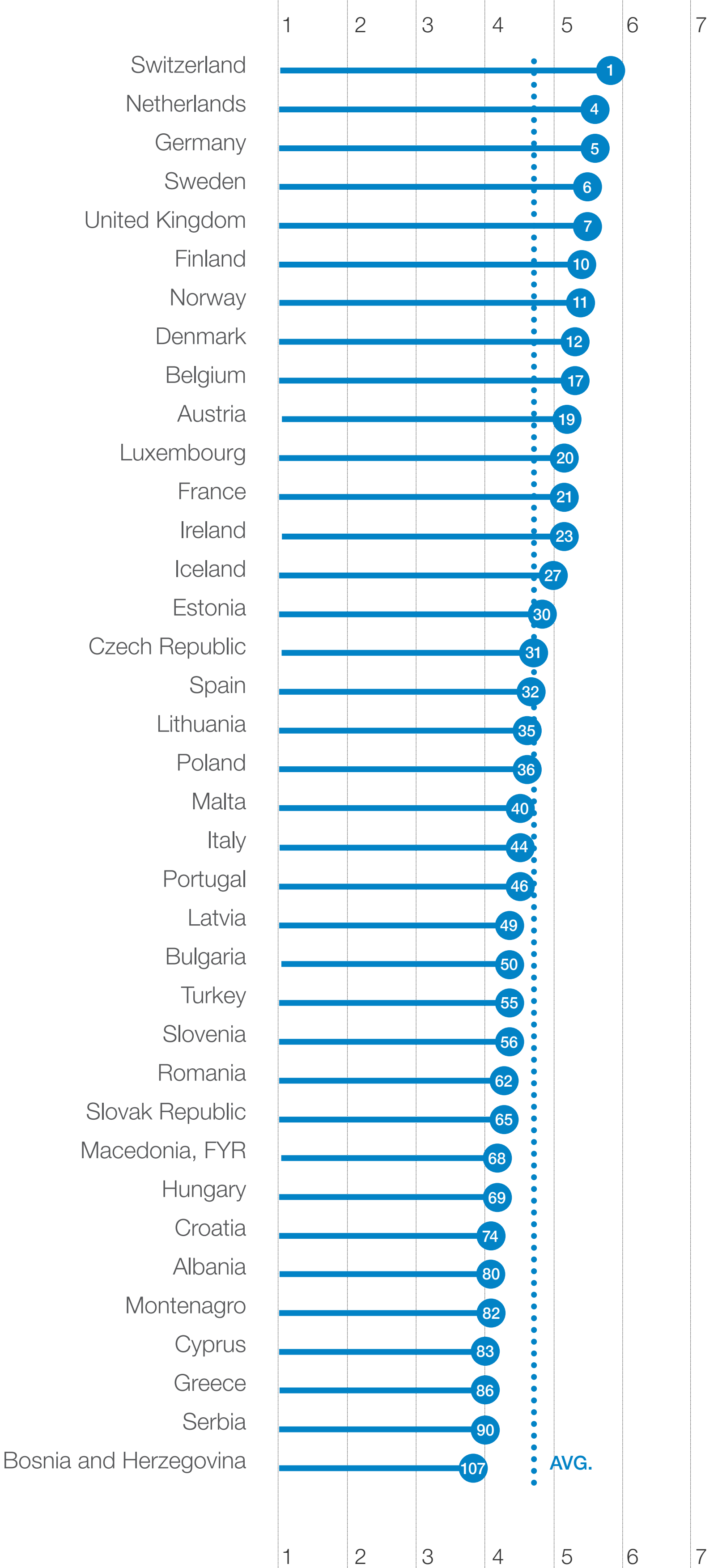
## Eurasia



## North America

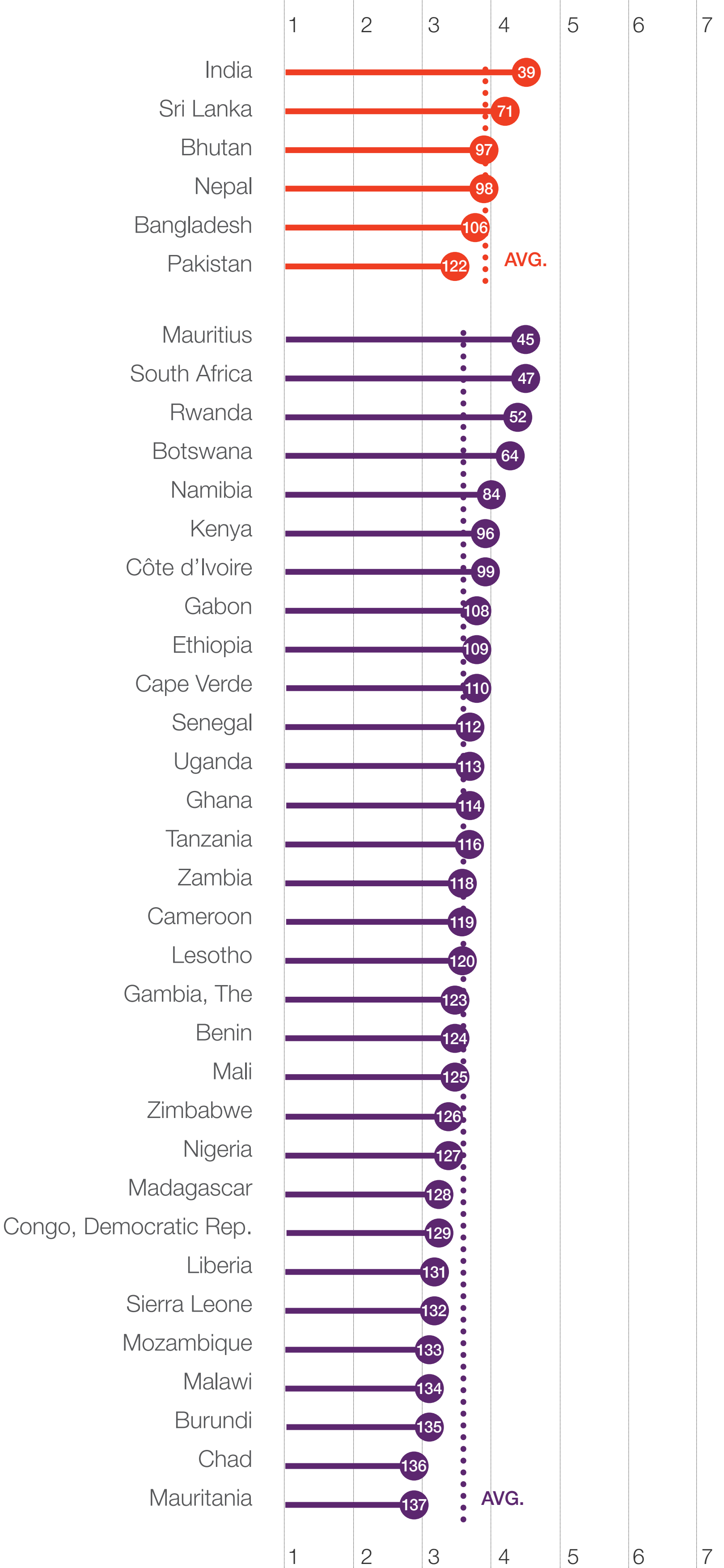


# Europe

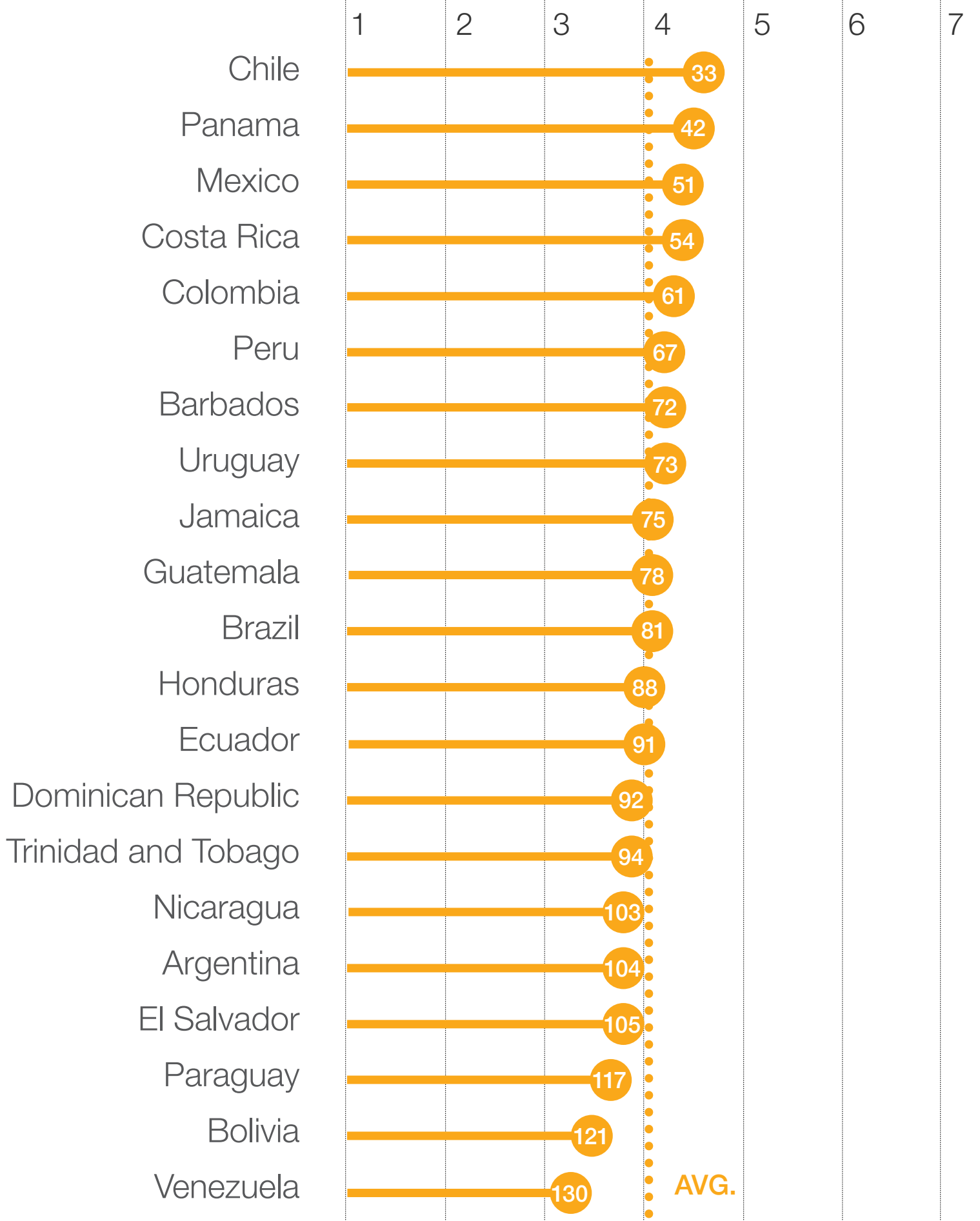


# South Asia

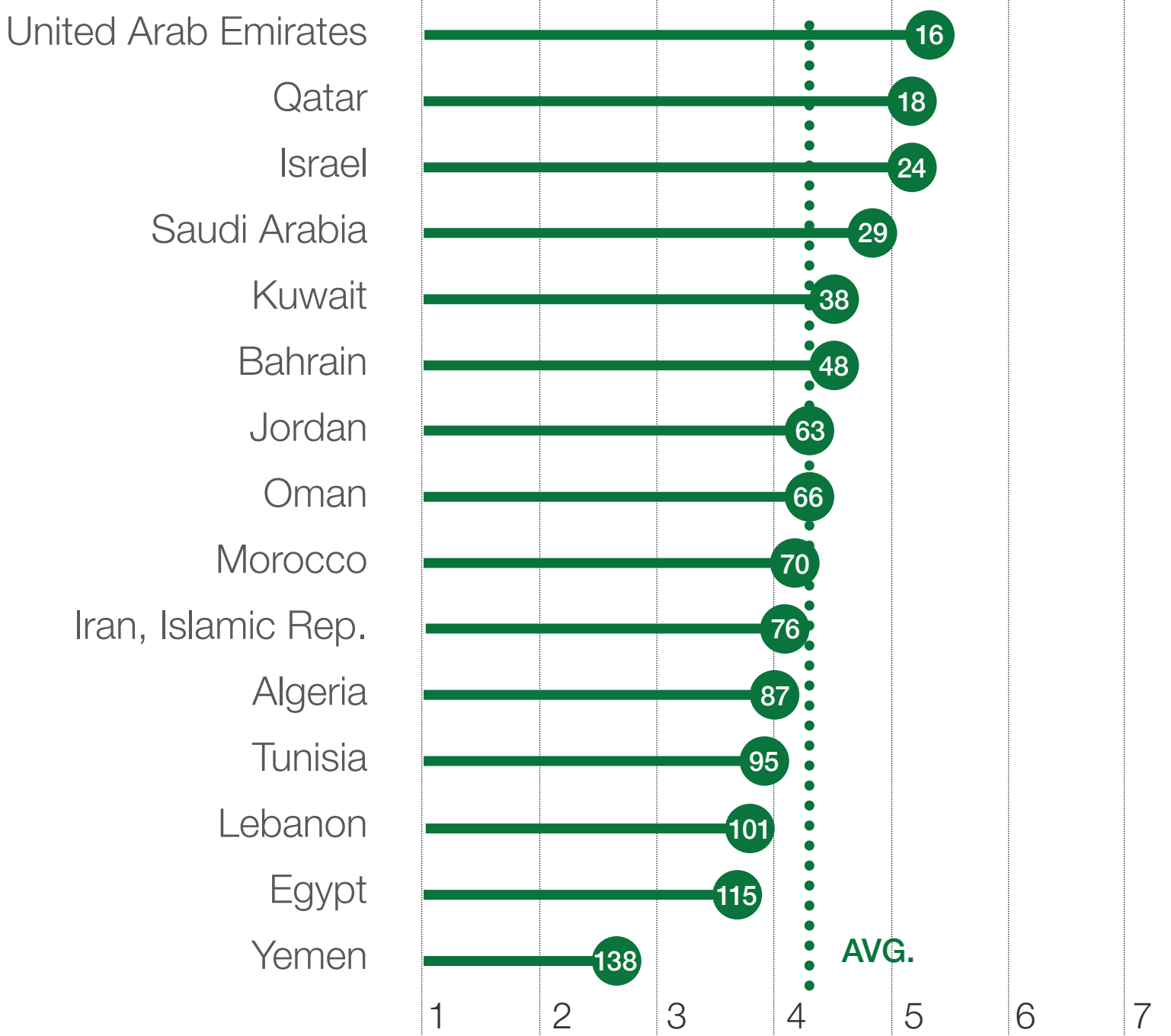
# Sub-Saharan Africa



# Latin America and the Caribbean



# Middle East and North Africa





# About the Global Competitiveness Index

Competitiveness is defined as the set of institutions, policies and factors that determine a country's level of productivity. The level of productivity, in turn, sets the level of prosperity that can be reached by an economy.

Since 2005, the World Economic Forum has based its competitiveness analysis on the Global Competitiveness Index (GCI), a comprehensive framework that measures the microeconomic and macroeconomic foundations of national competitiveness, grouped into 12 categories.

To produce *The Global Competitiveness Report*, as well as other regional and industry benchmarking reports, the World Economic Forum relies on a large set of data sourced from international organizations such as the World Bank, the United Nations and the International Monetary Fund, and from its own annual Executive Opinion Survey.

The Survey captures invaluable information on a broad range of economic and social factors, for which data sources are non-existent, too scarce, unreliable, or outdated. In 2016, the Survey captured the opinions of over 14,000 business executives.

## The GCI Framework: The 12 Pillars of Competitiveness





# 2015-2016 Rankings

	Economy	Score <sup>1</sup>	Prev. <sup>2</sup>	Trend <sup>3</sup>
1	Switzerland	5.81	1	
2	Singapore	5.72	2	
3	United States	5.70	3	
4	Netherlands	5.57	5	
5	Germany	5.57	4	
6	Sweden	5.53	9	
7	United Kingdom	5.49	10	
8	Japan	5.48	6	
9	Hong Kong SAR	5.48	7	
10	Finland	5.44	8	
11	Norway	5.44	11	
12	Denmark	5.35	12	
13	New Zealand	5.31	16	
14	Chinese Taipei	5.28	15	
15	Canada	5.27	13	
16	United Arab Emirates	5.26	17	
17	Belgium	5.25	19	
18	Qatar	5.23	14	
19	Austria	5.22	23	
20	Luxembourg	5.20	20	
21	France	5.20	22	
22	Australia	5.19	21	
23	Ireland	5.18	24	
24	Israel	5.18	27	

● East Asia and the Pacific
 ● Eurasia
 ● Europe
 ● Latin America and the Caribbean
 ● Middle East and North Africa
 ● North America
 ● South Asia
 ● Sub-Saharan Africa

Note: The Global Competitiveness Index captures the determinants of long-term growth. Recent developments (such as Brexit, commodity price changes, and market volatility) are reflected only in-so-far as they have an impact on data measuring these determinants. The Index should be interpreted in this context.

1 Scale ranges from 1 to 7.  
 2 2015-2016 rank out of 140 economies.  
 3 Evolution in percentile rank since 2007.

	Economy	Score <sup>1</sup>	Prev. <sup>2</sup>	Trend <sup>3</sup>
25	Malaysia	5.16	18	
26	Korea, Rep.	5.03	26	
27	Iceland	4.96	29	
28	China	4.95	28	
29	Saudi Arabia	4.84	25	
30	Estonia	4.78	30	
31	Czech Republic	4.72	31	
32	Spain	4.68	33	
33	Chile	4.64	35	
34	Thailand	4.64	32	
35	Lithuania	4.60	36	
36	Poland	4.56	41	
37	Azerbaijan	4.55	40	
38	Kuwait	4.53	34	
39	India	4.52	55	
40	Malta	4.52	48	
41	Indonesia	4.52	37	
42	Panama	4.51	50	
43	Russian Federation	4.51	45	
44	Italy	4.50	43	
45	Mauritius	4.49	46	
46	Portugal	4.48	38	
47	South Africa	4.47	49	
48	Bahrain	4.47	39	
49	Latvia	4.45	44	
50	Bulgaria	4.44	54	
51	Mexico	4.41	57	
52	Rwanda	4.41	58	

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	Economy	Score <sup>1</sup>	Prev. <sup>2</sup>	Trend <sup>3</sup>
53	Kazakhstan	4.41	42	
54	Costa Rica	4.41	52	
55	Turkey	4.39	51	
56	Slovenia	4.39	59	
57	Philippines	4.36	47	
58	Brunei Darussalam	4.35	<i>n/a</i>	
59	Georgia	4.32	66	
60	Vietnam	4.31	56	
61	Colombia	4.30	61	
62	Romania	4.30	53	
63	Jordan	4.29	64	
64	Botswana	4.29	71	
65	Slovak Republic	4.28	67	
66	Oman	4.28	62	
67	Peru	4.23	69	
68	Macedonia, FYR	4.23	60	
69	Hungary	4.20	63	
70	Morocco	4.20	72	
71	Sri Lanka	4.19	68	
72	Barbados	4.19	<i>n/a</i>	
73	Uruguay	4.17	73	
74	Croatia	4.15	77	
75	Jamaica	4.13	86	
76	Iran, Islamic Rep.	4.12	74	
77	Tajikistan	4.12	80	
78	Guatemala	4.08	78	
79	Armenia	4.07	82	
80	Albania	4.06	93	

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	<b>Economy</b>	<b>Score<sup>1</sup></b>	<b>Prev.<sup>2</sup></b>	<b>Trend<sup>3</sup></b>
81	Brazil	4.06	75	
82	Montenegro	4.05	70	
83	Cyprus	4.04	65	
84	Namibia	4.02	85	
85	Ukraine	4.00	79	
86	Greece	4.00	81	
87	Algeria	3.98	87	
88	Honduras	3.98	88	
89	Cambodia	3.98	90	
90	Serbia	3.97	94	
91	Ecuador	3.96	76	
92	Dominican Republic	3.94	98	
93	Lao PDR	3.93	83	
94	Trinidad and Tobago	3.93	89	
95	Tunisia	3.92	92	
96	Kenya	3.90	99	
97	Bhutan	3.87	105	
98	Nepal	3.87	100	
99	Côte d'Ivoire	3.86	91	
100	Moldova	3.86	84	
101	Lebanon	3.84	101	
102	Mongolia	3.84	104	
103	Nicaragua	3.81	108	
104	Argentina	3.81	106	
105	El Salvador	3.81	95	
106	Bangladesh	3.80	107	
107	Bosnia & Herzegovina	3.80	111	
108	Gabon	3.79	103	

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3 Evolution in percentile rank since 2007.

	Economy	Score <sup>1</sup>	Prev. <sup>2</sup>	Trend <sup>3</sup>
109	Ethiopia	3.77	109	
110	Cape Verde	3.76	112	
111	Kyrgyz Republic	3.75	102	
112	Senegal	3.74	110	
113	Uganda	3.69	115	
114	Ghana	3.68	119	
115	Egypt	3.67	116	
116	Tanzania	3.67	120	
117	Paraguay	3.65	118	
118	Zambia	3.60	96	
119	Cameroon	3.58	114	
120	Lesotho	3.57	113	
121	Bolivia	3.54	117	
122	Pakistan	3.49	126	
123	Gambia, The	3.47	123	
124	Benin	3.47	122	
125	Mali	3.46	127	
126	Zimbabwe	3.41	125	
127	Nigeria	3.39	124	
128	Madagascar	3.33	130	
129	Congo, Democratic Rep.	3.29	n/a	
130	Venezuela	3.27	132	
131	Liberia	3.21	129	
132	Sierra Leone	3.16	137	
133	Mozambique	3.13	133	
134	Malawi	3.08	135	
135	Burundi	3.06	136	
136	Chad	2.95	139	
137	Mauritania	2.94	138	
138	Yemen	2.74	n/a	





# Agenda to Reignite Growth

Despite policy efforts global economic growth remains low and continues to be revised downwards. Supply-side constraints to productivity and growth call for renewed competitiveness agendas. *The Global Competitiveness Report 2016-2017* calls for embracing openness, technology and innovation.

*The Global Competitiveness Report 2016-2017* comes out in a context of persistent slow growth despite unorthodox monetary policy and a near term outlook that is fraught with renewed uncertainty fuelled by continued geopolitical turmoil, financial market turbulences and sustained high debt levels in emerging markets. On the bright side, tremendous promise for higher economic growth and societal progress dawns with the Fourth Industrial Revolution (4IR).

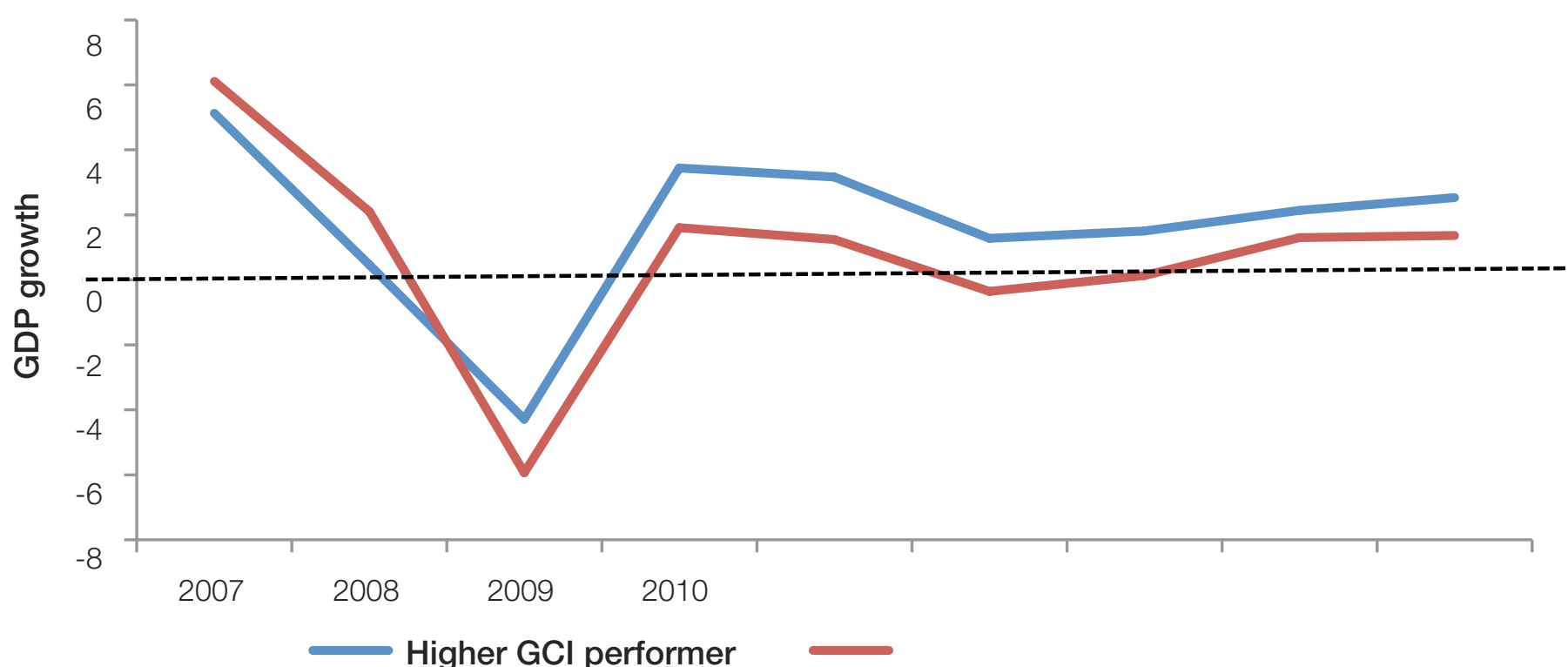
As societies learn to fully leverage the benefits of new technologies and business models linked with widespread digitalization and convergence, disruptions to current markets can lead to unevenly distributed income and prosperity, which if unaddressed through comprehensive competitiveness agendas can give rise to protectionism, polarization of societies and a retreat of globalization.

## **Monetary Stimulus is Not Enough**

Since the financial crisis of 2007-2008, central banks and governments have used monetary to jumpstart growth. However, success has been limited: near-zero interest rates have left little further scope for traditional monetary policy, and there have been mixed results from quantitative easing. Countries with lower competitiveness scores have seen their

central banks beef up their balance sheets more than their more competitive counterparts, and yet more competitive economies have recovered faster from the financial crisis. This suggests that many of the constraints to growth are to be found on the supply side. In economies that do not possess strong underlying competitiveness, efforts to reignite growth through monetary policy are bound to be less effective. Improving the conditions for businesses to flourish and increase their productivity is the main policy challenge for industrialized and emerging countries alike.

## GDP growth in higher and lower GCI performers



**Note:** sample includes countries for which central bank balance sheet data is available.

Higher GCI countries (GCI>4.6)

Lower GCI countries (GCI<4.6)

**Source:** GCI 2016-2017 and IMF; International Financial statistics, Central Bank Gross Asset total LCU 2015.

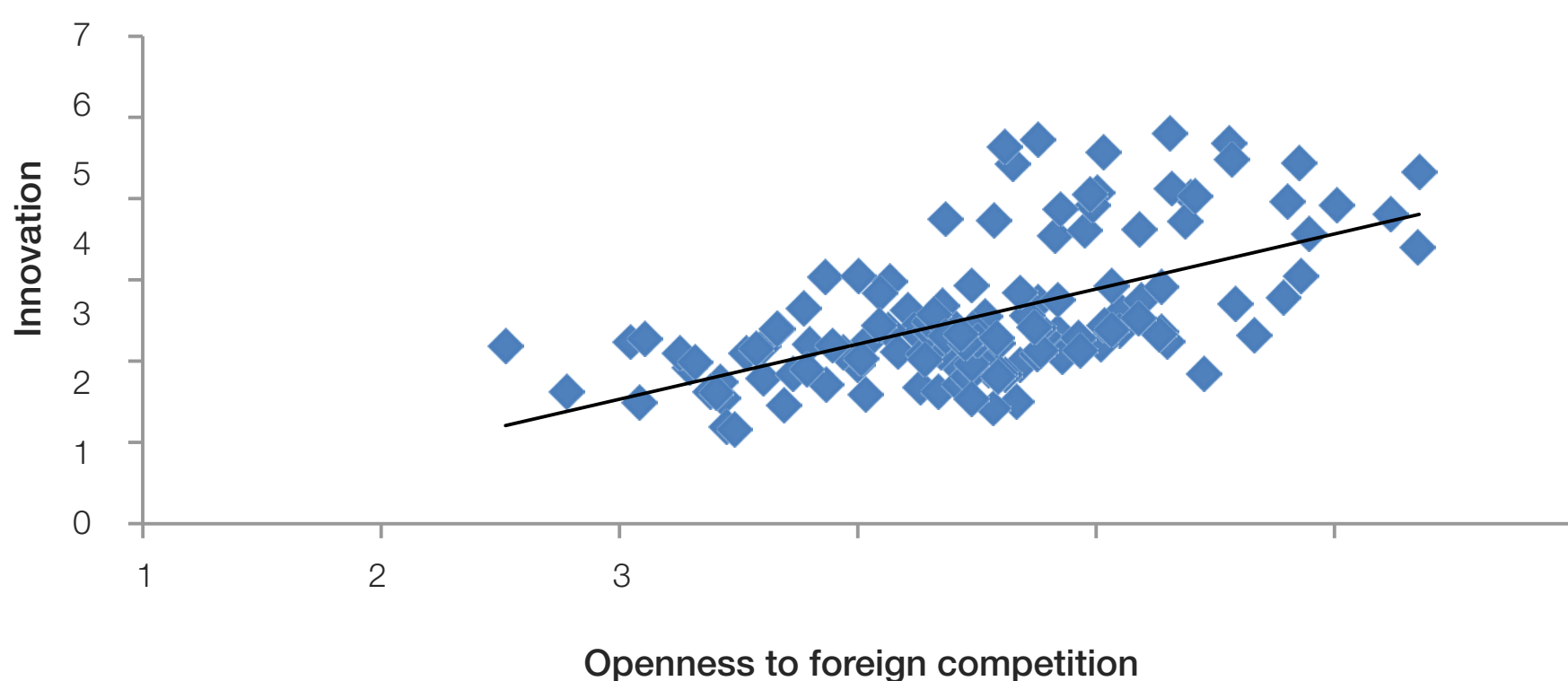
## At the dawn of the Fourth Industrial Revolution era, Technology and Innovation are Increasingly Driving Development

Finding new engines for growth not only requires traditional enabling horizontal conditions. Innovation and business sophistication, the process of creating new products and services and finding new ways to produce things, has become increasingly important as the Fourth Industrial Revolution brings a new wave of technological convergence and digitalization.

Innovation and business sophistication are playing a larger role in determining productivity and income levels in general and in developing countries and commodity-exporting countries in particular. Over the last few years GDP per capita has become more closely correlated with the technology and innovation components of the GCI in comparison with the infrastructure and markets components.

Infrastructure and well-functioning markets remain the bedrock of development. However, the current decade is witnessing a shift in which technology and innovation are emerging as a more powerful driver of development. The pro-competitiveness effects of innovation will be amplified by strong competitiveness fundamentals that will require comprehensive public-private competitiveness agendas.

## Correlation between openness to foreign competition and innovation



Source: GCI 2016-2017

## Declining openness is endangering future growth and prosperity

The insufficiency of traditional monetary policy to reignite growth, and the need to generate conditions that allow for more diversification through innovation, call for a more integrated global economy in which firms can source the best intermediate inputs available globally, and access large foreign markets. An open, trading world generates the incentives

to innovate and invest in new technologies as firms face competition from imports and benefit from larger markets abroad.

There is a strong link between openness and innovation; however, this virtuous circle is under threat from declining openness over the past decade, which has been most pronounced in high-income economies. This sends a clear warning that the benefits of openness and prosperity are at risk.

## **A tool for policymakers**

Recovering growth in the context of the Fourth Industrial Revolution will require the recognition that we need a shared assessment and understanding of the future sources of competitiveness. By reducing complexity and providing a tool to identify strengths and weaknesses and track progress, the Report serves as a means to inform this conversation and to support policymakers, businesses, and civil society in their development of a shared long-term vision.

Beyond the vision, enhancing competitiveness is a complex and often protracted process that demands difficult trade-offs, careful considerations for prioritizing policy actions, and room for calibrations as conditions change. Steering a course towards higher competitiveness requires close attention and commitment by all stakeholders along the way. In this process, the *Report* serves as a guide and monitoring tool.





# References

## Latest Research

Analysis published under the *System Initiative on Economic Growth and Social Inclusion* measures the drivers of social and economic development through a set of proprietary global indexes. These benchmarking frameworks offer policy-makers and other stakeholders a practical basis on which to identify and prioritize opportunities for advancing competitiveness, inclusive growth and sustainable development.



### Inclusive Growth and Development Report

Around the world, no bigger policy challenge preoccupies leaders than expanding social participation in the process and benefits of economic growth. The report, which covers over a hundred economies, seeks to improve our understanding of how countries can use a diverse spectrum of policy incentives and institutional mechanisms to make economic growth more socially inclusive without dampening incentives to work, save and invest. The next edition is scheduled for early 2017.



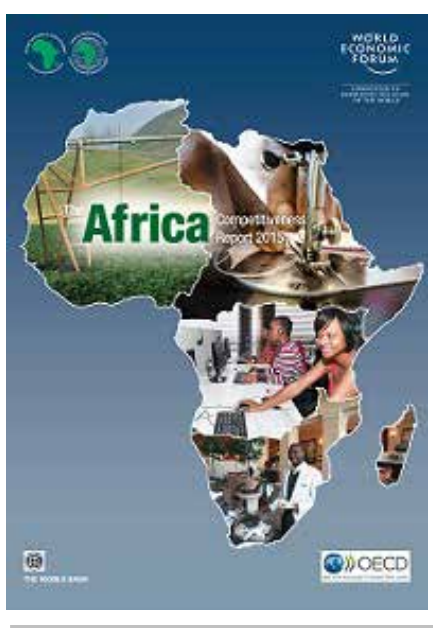
### The Global Information Technology Report

Launched in 2001, *The Global Information Technology Report* series features the Network Readiness Index, an annual assessment of the factors, policies and institutions that enable a country to fully leverage information and communication technologies (ICTs) for increased competitiveness and well-being. Under the theme, *Innovation in the Digital Economy*, the 2016 edition evaluates 139 economies and highlights the ways in which the digital revolution is changing both the nature of innovation and the rising pressure for firms to innovate continuously.



## Global Enabling Trade Report

Forthcoming in fall 2016, this report assesses the quality of policies, infrastructure and services facilitating the free flow of goods over borders and to their destinations. It explores new initiatives and efforts in measuring trade facilitation at a global and local level. It informs policy dialogue and provides a tool to monitor progress on several aspects of global trade.



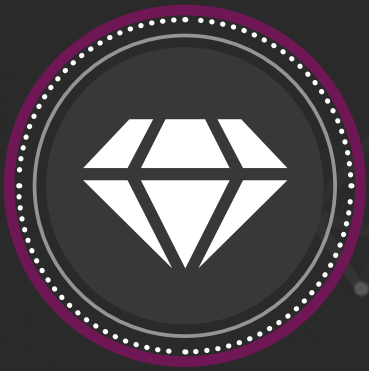
## The Africa Competitiveness Report

*The Africa Competitiveness Report* highlights areas that require policy action and investment to ensure Africa's sustained growth. The Report, which is the result of a long-standing collaboration, leverages the knowledge and expertise of the African Development Bank, the Organisation for Economic Co-operation and Development (OECD), the World Bank Group, and the World Economic Forum to present a joint vision to inform policies that can help Africa transform its economies.

Visit [www.weforum.org/acr](http://www.weforum.org/acr).







# Acknowledgements

The World Economic Forum is pleased to acknowledge and thank the network of valued Partner Institutes, without which the realization of *The Global Competitiveness Report 2016–2017* would not have been possible. Partner Institutes typically consist of leading research or academic institutes, business organizations, national competitiveness councils or recognized professional entities, committed to improving the competitiveness of their economy. By being responsible for the administration of the Executive Opinion Survey in their countries, the Partner Institutes provide the Forum with a representative sample of data, which allows the research to be carried out.

## About the World Economic Forum

The World Economic Forum is an international organization committed to improving the state of the world through public-private cooperation in the spirit of global citizenship. It engages with business, political, academic and other leaders of society to shape global, regional and industry agendas.

Incorporated as a not-for-profit foundation in 1971 and headquartered in Geneva, Switzerland, the Forum is independent, impartial and not tied to any interests. It cooperates closely with all leading international organizations.



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