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PRESS RELEASE

Embargoed until 00:01 local time, May 30, 2013

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IMD RELEASES ITS 25TH ANNIVERSARY WORLD COMPETITIVENESS RANKINGS

Competitiveness and austerity: the divorce?

The good performance of the US (1), Switzerland (2), Hong Kong (3), Sweden (4) and even Japan (24) – while the euro zone stagnates – calls austerity into question

(Plus a historical perspective on winners and losers over time)

LAUSANNE, SWITZERLAND (May 30, 2013): IMD, a top-ranked global business school based in Switzerland, today announced its 25th anniversary world competitiveness rankings. In addition to ranking 60 economies for 2013, the IMD World Competitiveness Center also looks at the winners and losers since its creation.

Professor Stephane Garelli, director of the IMD World Competitiveness Center, said: "While the euro zone remains stalled, the robust comeback of the US to the top of the competitiveness rankings, and better news from Japan, have revived the austerity debate. Structural reforms are unavoidable, but growth remains a prerequisite for competitiveness. In addition, the harshness of austerity measures too often antagonizes the population. In the end, countries need to preserve social cohesion to deliver prosperity."

Highlights of the 2013 ranking

The **US** has regained the No. 1 spot in 2013, thanks to a rebounding financial sector, an abundance of technological innovation and successful companies.

China (21) and **Japan** (24) are also increasing their competitiveness. In the case of Japan, Abenomics seems to be having an initial impact on the dynamism of the economy.

In Europe, the most competitive nations include **Switzerland** (2), **Sweden** (4) and **Germany** (9), whose success relies upon export-oriented manufacturing, diversified economies, strong small and medium enterprises (SMEs) and fiscal discipline. Like last year, the rest of Europe is heavily constrained by austerity programs that are delaying recovery and calling into question the timeliness of the measures proposed.

The BRICS economies have enjoyed mixed fortunes. **China** (21) and **Russia** (42) rose in the rankings, while **India** (40), **Brazil** (51) and **South Africa** (53) all fell. Emerging economies in general remain highly dependent on the global economic recovery, which seems to be delayed.

In Latin America, **Mexico** (32) has seen a small revival in its competitiveness that now needs to be confirmed over time and by the continuous implementation of structural reforms.

THE 2013 WCY OVERALL RANKING							
	Rank				Rank		
Country	**2013**	2012	*1997*	Country	**2013**	2012	*1997*
USA	**1**	2	*1*	Lithuania	**31**	36	
Switzerland	**2**	3	*12*	Mexico	**32**	37	*40*
Hong Kong	**3**	1	*3*	Poland	**33**	34	*43*
Sweden	**4**	5	*19*	Kazakhstan	**34**	32	
Singapore	**5**	4	*2*	Czech Republic	**35**	33	*33*
Norway	**6**	8	*5*	Estonia	**36**	31	
Canada	**7**	6	*6*	Turkey	**37**	38	*35*
UAE	**8**	16		Philippines	**38**	43	*29*
Germany	**9**	9	*16*	Indonesia	**39**	42	*38*
Qatar	**10**	10		India	**40**	35	*41*
Taiwan	**11**	7	*18*	Latvia	**41**		
Denmark	**12**	13	*13*	Russia	**42**	48	*46*
Luxembourg	**13**	12	*8*	Peru	**43**	44	
Netherlands	**14**	11	*4*	Italy	**44**	40	*39*
Malaysia	**15**	14	*14*	Spain	**45**	39	*26*
Australia	**16**	15	*15*	Portugal	**46**	41	*32*
Ireland	**17**	20	*10*	Slovak Republic	**47**	47	
United Kingdom	**18**	18	*9*	Colombia	**48**	52	*45*
Israel	**19**	19	*25*	Ukraine	**49**	56	
Finland	**20**	17	*7*	Hungary	**50**	45	*37*
China Mainland	**21**	23	*27*	Brazil	**51**	46	*34*
Korea	**22**	22	*30*	Slovenia	**52**	51	
Austria	**23**	21	*20*	South Africa	**53**	50	*42*
Japan	**24**	27	*17*	Greece	**54**	58	*36*
New Zealand	**25**	24	*11*	Romania	**55**	53	
Belgium	**26**	25	*23*	Jordan	**56**	49	
Thailand	**27**	30	*31*	Bulgaria	**57**	54	
France	**28**	29	*22*	Croatia	**58**	57	
Iceland	**29**	26	*21*	Argentina	**59**	55	*28*
Chile	**30**	28	*24*	Venezuela	**60**	59	*44*

Note: Countries that rose in the 2013 rankings are in green. Those that fell are in pink. Nations with a "blank" in the 1997 column were not ranked in that year. Latvia is ranked for the first time in 2013. Between 1997-2013 some nations may have risen and then fallen (e.g. Ireland) or surged ahead recently (e.g. Mexico). Others may have fallen largely by being bypassed by newcomers (e.g. Brazil).

*The charts for the **World Competitiveness Ranking 2013**, the **Comparison between 1997 and 2013 rankings** and **country profiles** can be downloaded from www.worldcompetitiveness.com/Press*

A 25th anniversary perspective on World Competitiveness

In 1989, the IMD World Competitiveness Yearbook had a split ranking. The most competitive advanced economies were Japan, Switzerland and the Netherlands. Among emerging markets, Singapore, Hong Kong and Malaysia led the way. Globalization had not yet kicked in. China, Russia and several other nations (some of which did not exist back then) were not included.

By 1997, the world of competitiveness had become increasingly global, and IMD first produced a unified ranking including both advanced and emerging economies. Here are the countries that have risen and fallen the most since then:

Winners since 1997 (+ 5 or more ranks):	Losers since 1997 (- 5 or more ranks)
China, Germany, Israel, Korea, Mexico, Poland, Sweden, Switzerland, Taiwan.	Argentina, Brazil, Chile, Finland, France, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Philippines, Portugal, South Africa, Spain, United Kingdom and Venezuela.

Winners:

- The **US**, **Singapore** and **Canada**, although not in the "winners" list, have very stable and enduring competitiveness models that rely on long-term advantages such as technology, education and advanced infrastructure.
- In Europe, **Switzerland**, **Sweden** and **Germany** share the same recipe for success: exports, manufacturing, diversification, competitive SMEs and budget discipline.
- In Asia, **China**'s success has had a pull effect on the region's competitiveness, prompting many Asian economies to redirect their exports from the US and Europe to other emerging markets.
- **Mexico** and **Poland** are seeing a revival in competitiveness that will need to be confirmed over time.

Losers:

- Europe has lost ground and accounts for more than half of the "losers" since 1997.
- The **UK** and **France** in particular are losing their dominant position and competitive clout, while **The Netherlands**, **Luxembourg** and **Finland** need to adapt their competitiveness models to a changing environment.
- In Southern Europe **Italy**, **Spain**, **Portugal** and **Greece** are all lagging behind. They did not diversify their industry enough or control public spending and are now facing austerity programs.
- The fate of **Ireland** and **Iceland** shows that competitiveness needs to be sustainable, and that uncontrolled fast expansion can also lead to disaster.
- Latin America has been disappointing, with larger economies such as **Chile**, **Brazil**, **Argentina** and **Venezuela** all losing ground and being challenged by the emerging competitiveness of Asian nations.

Professor Garelli added: "Generalizations are, however, misleading. True, Europe's competitiveness is declining, but Switzerland, Sweden, Germany and Norway are shining successes. Latin America is disappointing, but there are great global companies all over that region. Brazil, Russia, India, China and South Africa are immensely different in their competitiveness strategies and performance, but the BRICS remain lands of opportunities."

“In the end, the golden rules of competitiveness are simple: manufacture, diversify, export, invest in infrastructure, educate, support SMEs, enforce fiscal discipline, and above all maintain social cohesion,” concluded Professor Garelli.

The IMD World Competitiveness Center is a part of IMD

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IMD MEDIA CONTACTS

UK & Ireland, Eastern Europe, Turkey, Middle East & Africa, India:
Richard Eames, +41 21 618 0799 richard.eames@imd.org
North America, Benelux & Scandinavia:
Matthew Mortellaro, +41 21 618 0352 matthew.mortellaro@imd.org
Asia, Australasia and Russia:
Sarah Decorvet, +41 21 618 0353 sarah.decorvet@imd.org
Western Europe and Latin America:
Aicha Besser, +41 21 618 0507 aicha.besser@imd.org