

COMPETITIVENESS INDICES: A “TOOLBOX” FOR POLICY-MAKERS

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BELARUS – NOV 15, 2012



Why does Competitiveness Matter?



Global Trends

Economic balance of power shifting from West to East

Growing middle class in emerging economies

Ageing societies in developed and some developing nations

Growing inequalities in income distribution WITHIN countries

Climate change and resource depletion

New geopolitics about energy scarcity

Why are Competitive Environments Important?

- ▶ Create more added value for enterprises
- ▶ Create jobs
- ▶ Attract investments & talents
- ▶ Create revenues for the state



PROSPERITY FOR PEOPLE



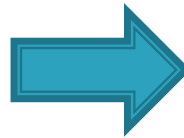
Competitiveness matters because...

“Competitiveness is not an end in itself, but is rather the means to an end, that is, long-term improvements in prosperity.”

How has Competitiveness Evolved?

OLD MODEL

Government drives economic development
TOP – DOWN through policy decisions and incentives (e.g. industrial policy)

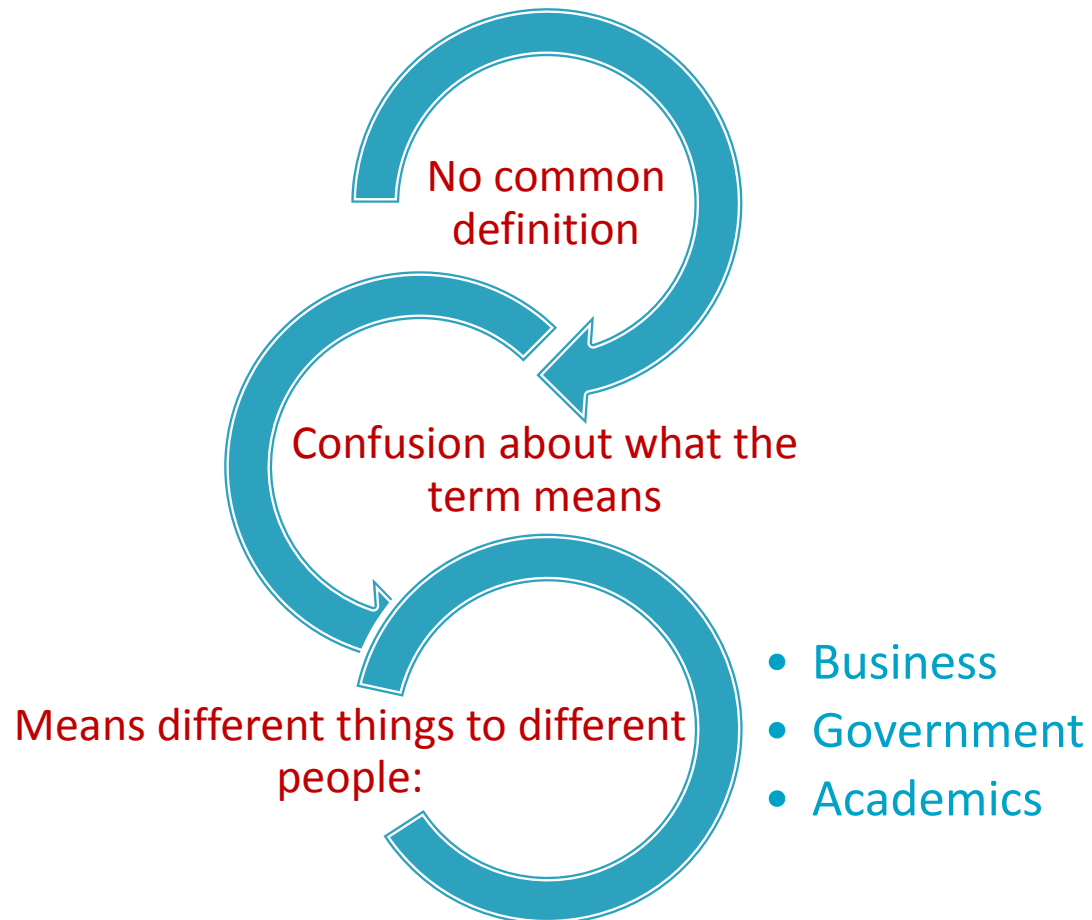


NEW MODEL

Economic development is a COLLABORATIVE PROCESS involving government at multiple levels, companies, teaching & research institutions and private sector organizations

Source: Dr. C. M. Ketels, ISC, HBS

What is Competitiveness?



Perceptions of Competitiveness

BUSINESS

The ability to compete in world markets

- Price-competitiveness

GOVERNMENT

Positive trade balances

- Export-competitiveness

ACADEMIC

Low unit labor costs

- Cost-competitiveness

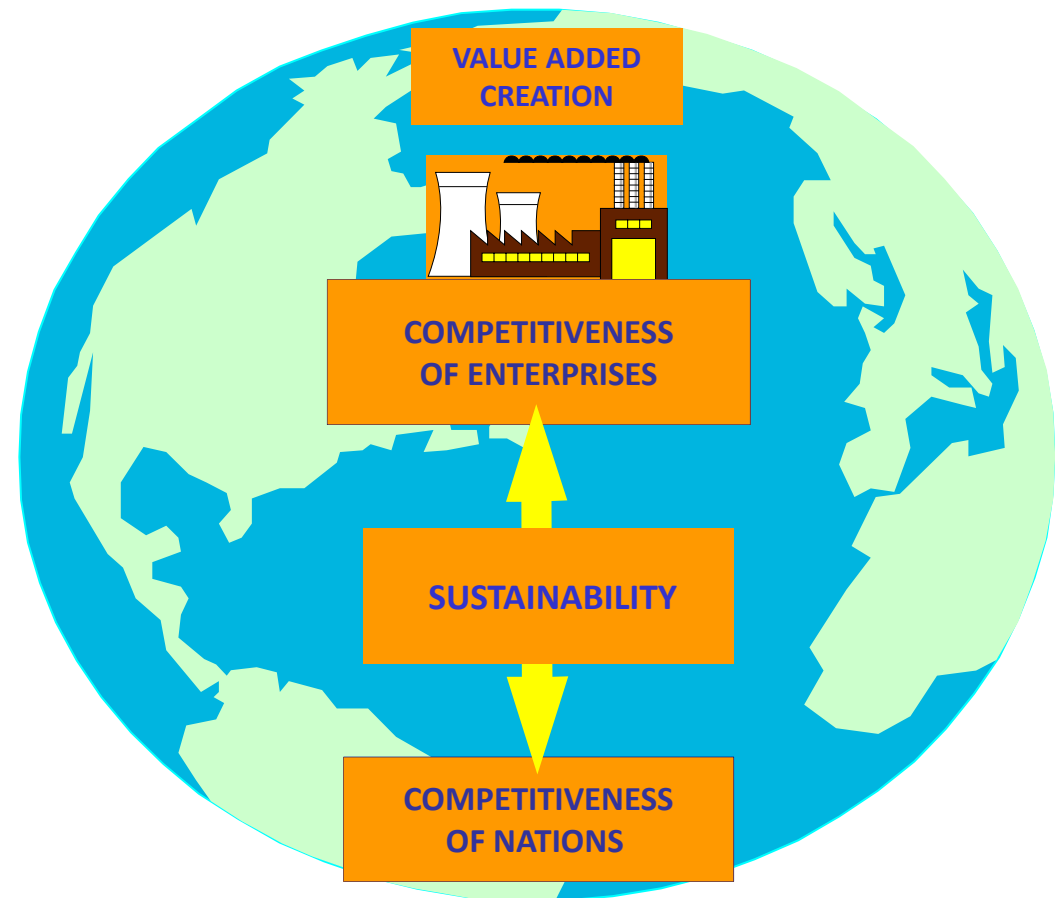
Traditional definition

OECD :

Competitiveness is the degree to which a nation can, under free trade and fair market conditions, produce goods and services which meet the test of international markets, while simultaneously maintaining and expanding the real incomes of its people over the long-term.

Technology and the Economy, OECD 1992

COMPETITIVENESS
ANALYZES
HOW NATIONS AND
ENTERPRISES
MANAGE THE
TOTALITY OF THEIR
COMPETENCIES
TO ACHIEVE
LONG-TERM PROSPERITY



Source: IMD World Competitiveness Yearbook 2012

Competitiveness



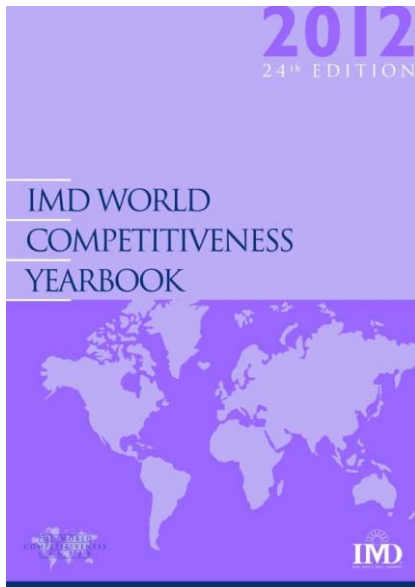
COMPETENCIES

- ❖ NATURAL ENDOWMENTS & GEOGRAPHY
- ❖ DRIVERS OF GROWTH
 - SKILLS & TALENTS
 - INFRASTRUCTURE
 - PRODUCTIVITY
 - INNOVATION, ETC....

MINDSET

- ❖ ATTITUDES & VALUES
 - GOVERNMENTS
 - BUSINESSES
 - PEOPLE
- ❖ CULTURE
 - NATIONAL
 - CORPORATE

Competitiveness Indices can be used as A MAPPING PROCESS...



Ensuring international comparability of data is important for benchmarking and policy-making

ASSETS

LIABILITIES

CAPITALIZING ON
STRENGTHS!



IMPROVING
WEAKNESSES!

NO ONE CAN MANAGE SOMETHING THEY CAN'T MEASURE!

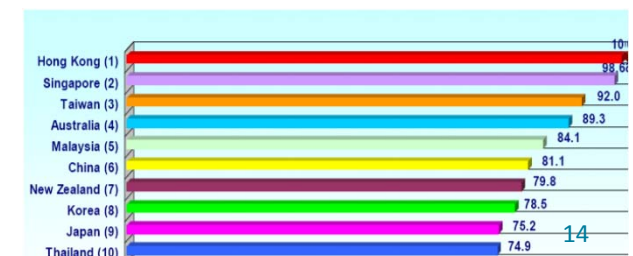
Why are rankings useful?

BUSINESS:

- Assess countries for investment
- Understand competitive strengths & weaknesses
- Make cross-country comparisons (benchmarking)

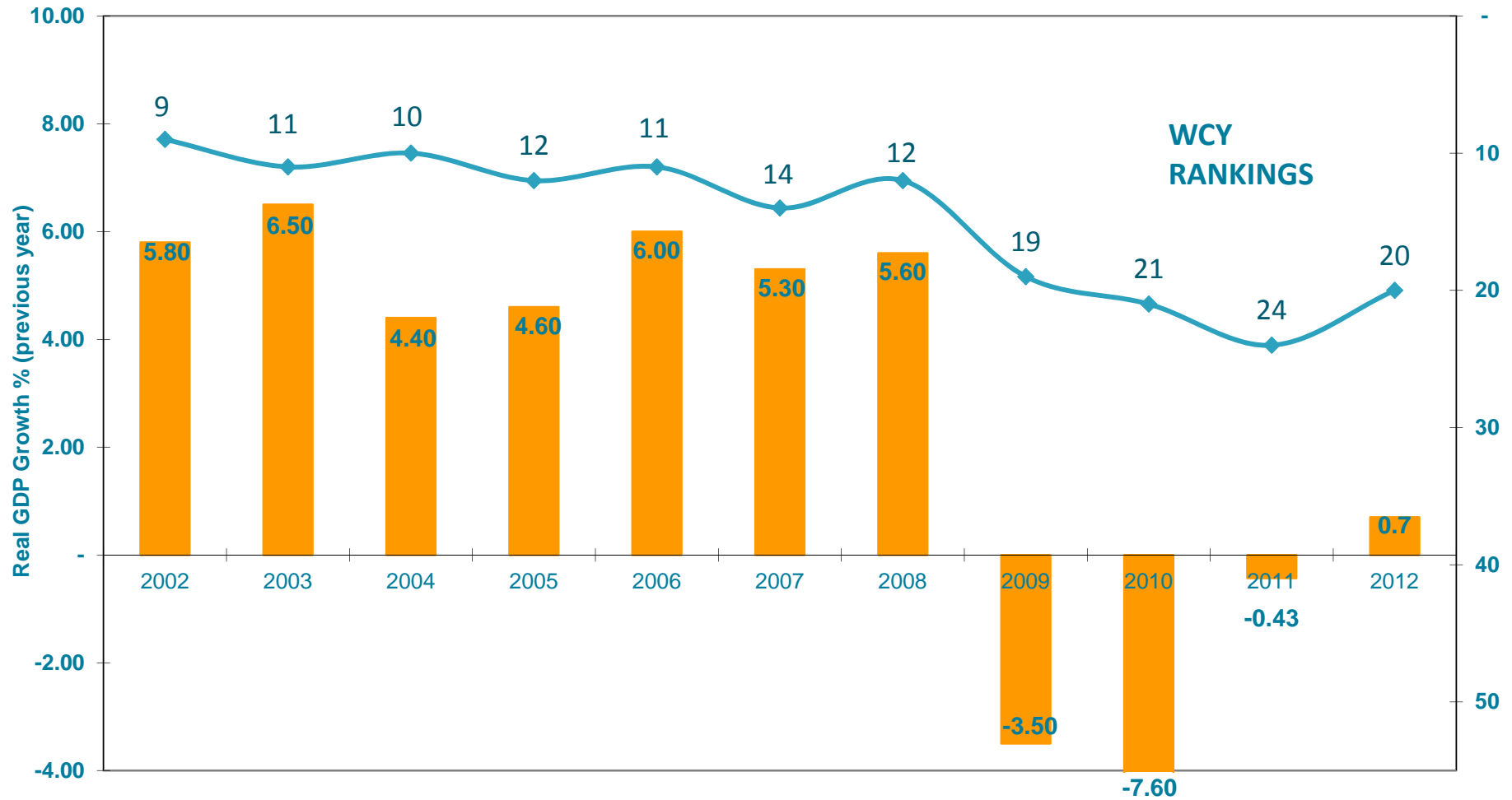
GOVERNMENT:

- Promote the country / Attract investments
- Benchmark to identify areas for policy action
- Learn from others...



To Assess Long-Term Trends

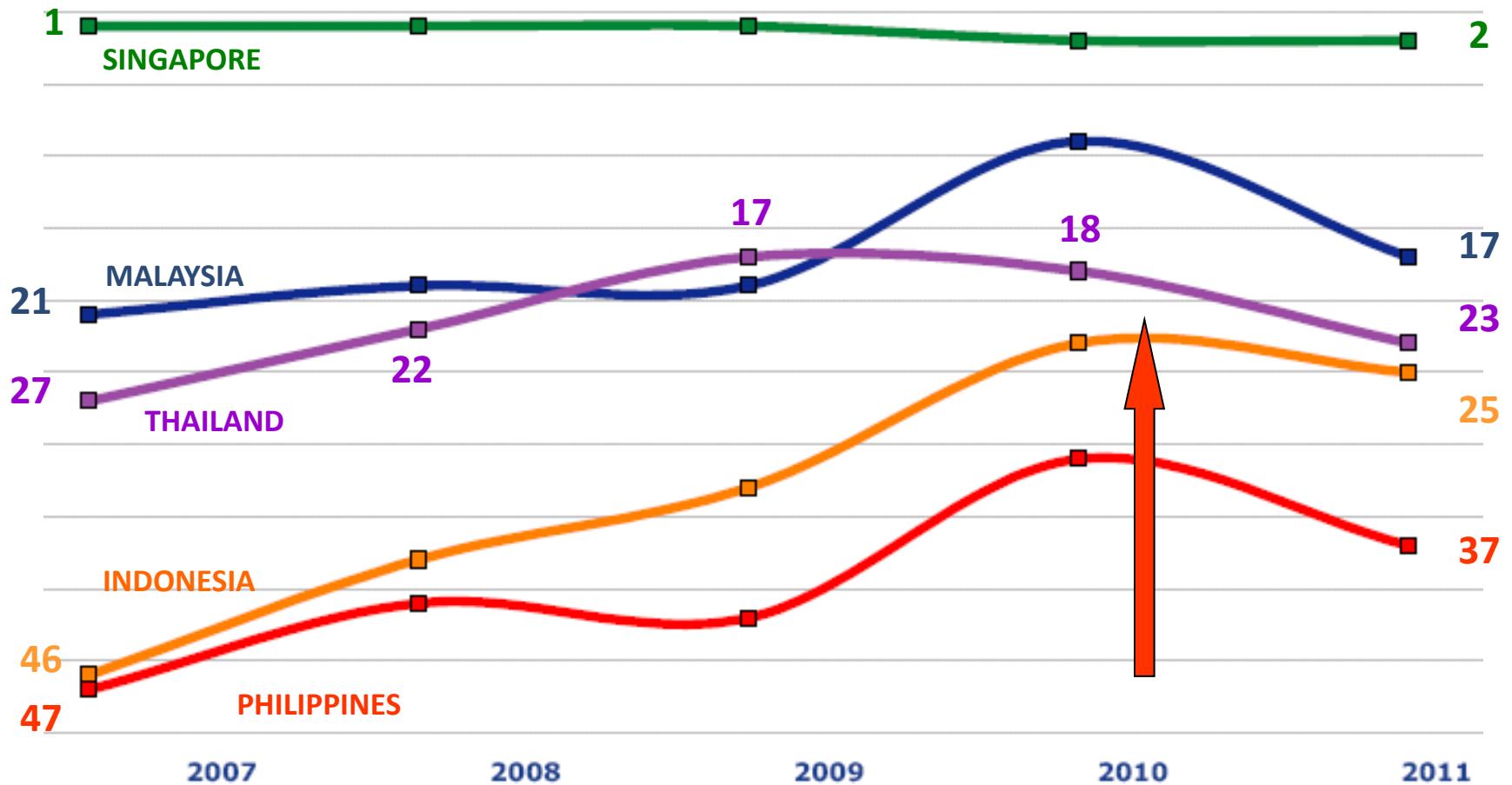
Example of Ireland 2002-2012



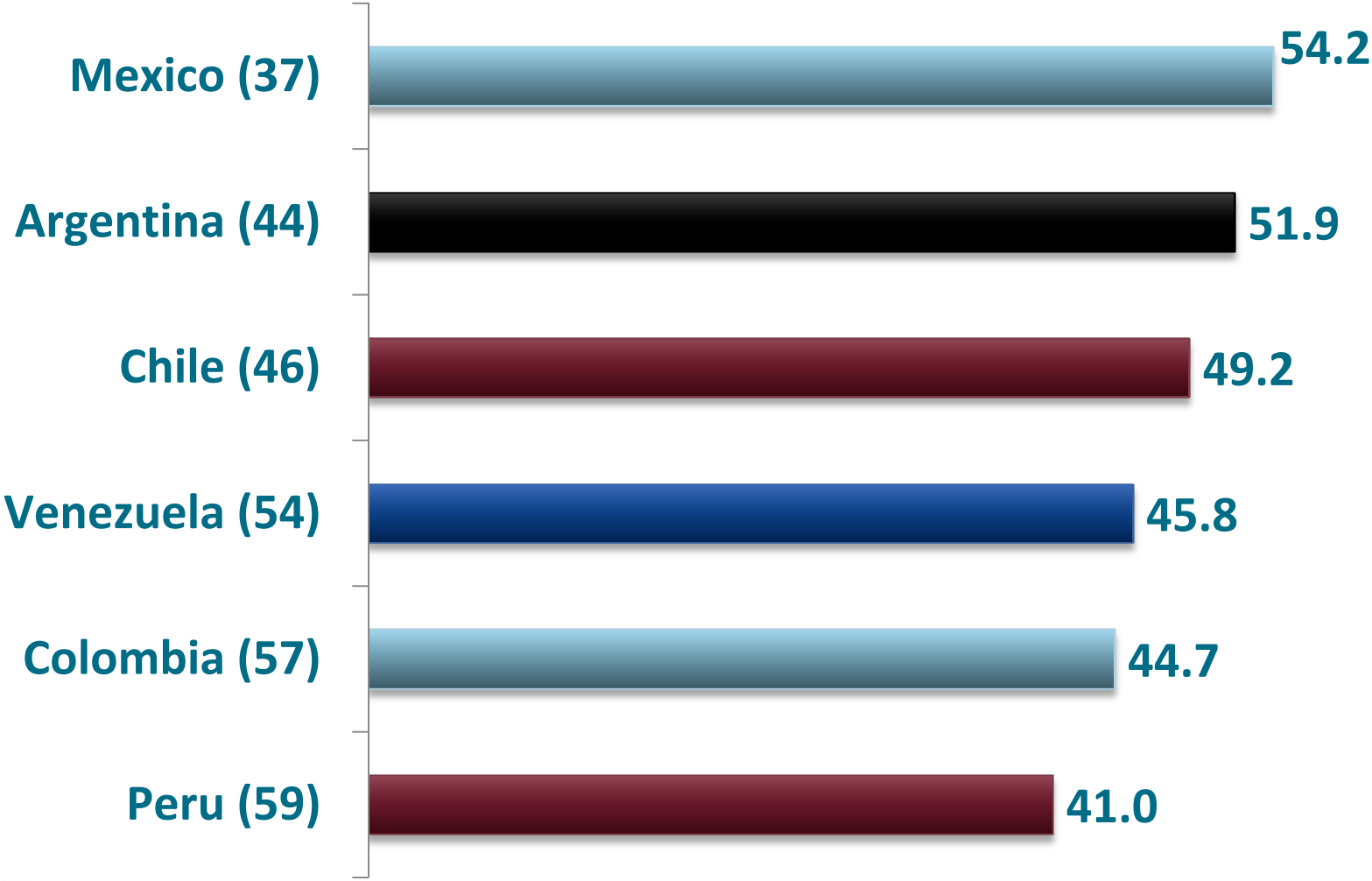
Source: IMD World Competitiveness Yearbooks 2002-2012

To Compare Nations within Regions - ASEAN

WCY Government Efficiency Rankings



Scientific Infrastructure – Latin America



To Benchmark Strengths & Weaknesses

	Brazil	China	India	Russia	South Africa
Overall	46	23	35	48	50
Economic Performance	47	3	21	45	57
Government Efficiency	55	34	42	45	29
Business Efficiency	27	32	24	53	37
Infrastructure	45	29	53	38	54

Source: IMD World Competitiveness Yearbook 2012

International Comparisons

IMD World Competitiveness Yearbook

WEF Global Competitiveness Report

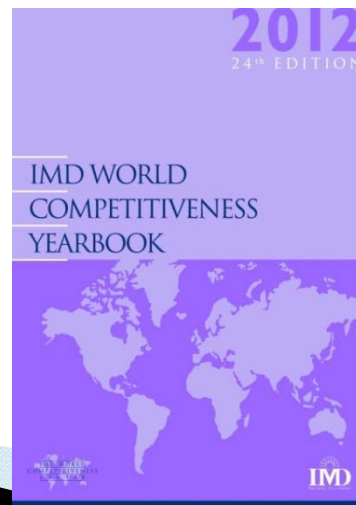
World Bank's Ease of Doing Business

IMD Definition



WORLD COMPETITIVENESS YEARBOOK (WCY):

Competitiveness of nations is a field of economic theory, which analyzes the facts and policies that shape the ability of a nation to create and maintain an environment that sustains more value creation for its enterprises and more prosperity for its people.



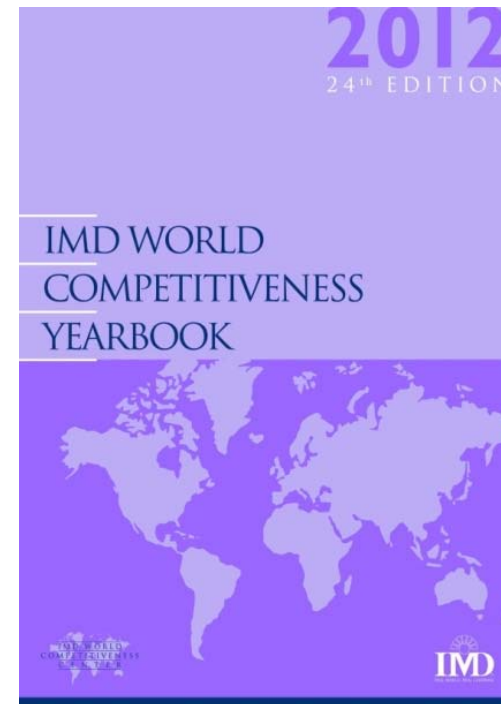
The IMD World Competitiveness Yearbook 2012

59 ECONOMIES

329 CRITERIA

54 PARTNER INSTITUTES

30 INFORMATION PROVIDERS



IMD – WCY Methodology

329
Criteria

- 2/3 Hard data
- 1/3 Survey data

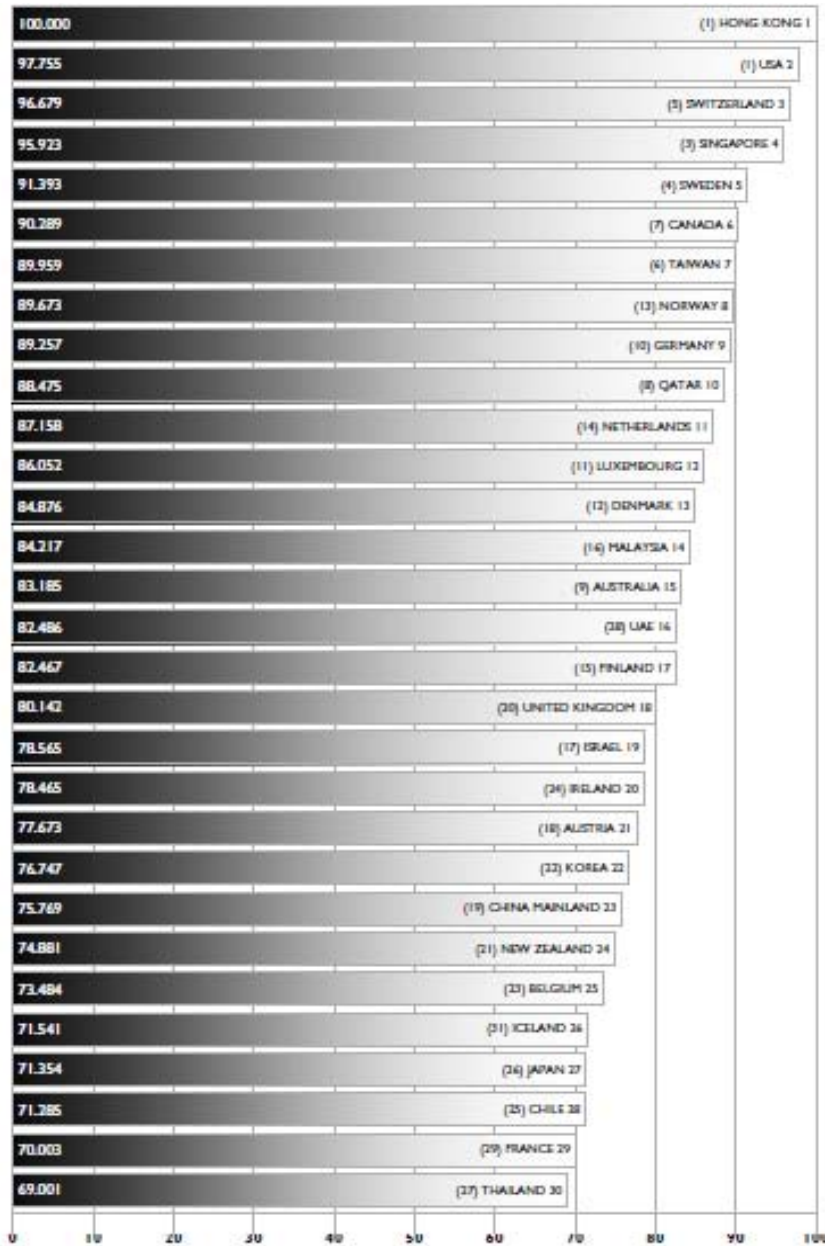


The emphasis on HARD FACTS ensures objectivity and transparency

WCY Framework



IMD World Competitiveness Yearbook Ranking 2012:



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

Source: WCY 2012, IMD

WEF Definition:

GLOBAL COMPETITIVENESS REPORT (GCR):

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



Source: GCR 2012-2013, WEF

The WEF Global Competitiveness Report (GCR)

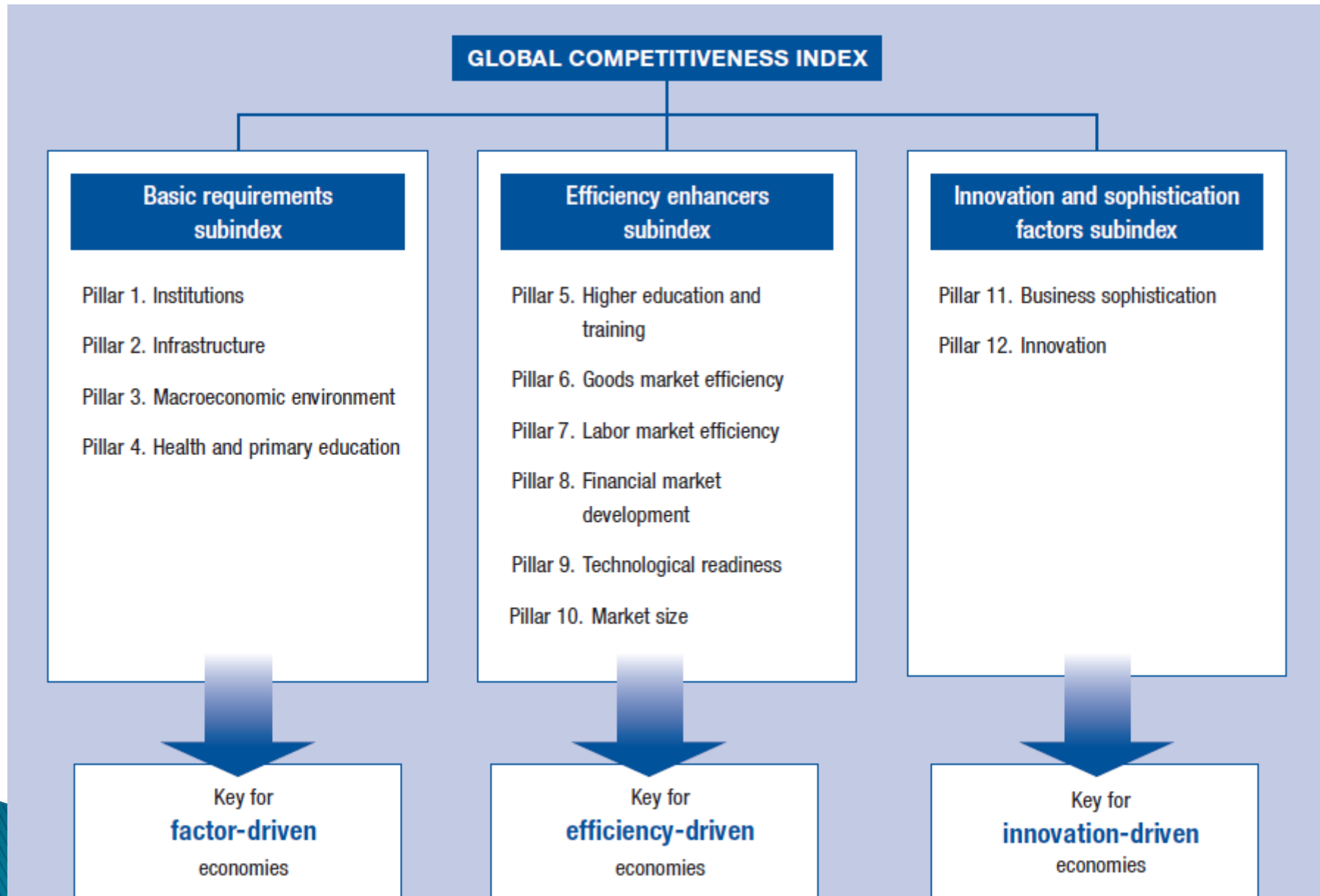
144 ECONOMIES

111 CRITERIA

+160 PARTNER INSTITUTES



The GCR Framework:



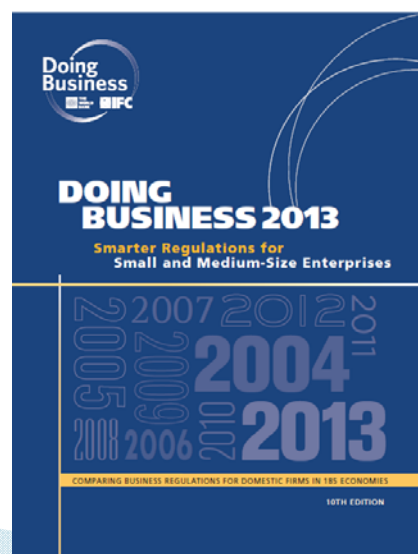
WEF's Global Competitiveness Report Ranking 2012-2013:

GCI 2012-2013					GCI 2012-2013				
Country/Economy	Rank/144	Score (1-7)	Rank among GCI 2011-2012 sample	GCI 2011-2012 rank	Country/Economy	Rank/144	Score (1-7)	Rank among GCI 2011-2012 sample	GCI 2011-2012 rank
Switzerland	1	5.72	1	1	Ukraine	73	4.14	73	82
Singapore	2	5.67	2	2	Uruguay	74	4.13	74	63
Finland	3	5.55	3	4	Vietnam	75	4.11	75	65
Sweden	4	5.53	4	3	Seychelles	76	4.10	n/a	n/a
Netherlands	5	5.50	5	7	Georgia	77	4.07	76	88
Germany	6	5.48	6	6	Romania	78	4.07	77	77
United States	7	5.47	7	5	Botswana	79	4.06	78	80
United Kingdom	8	5.45	8	10	Macedonia, FYR	80	4.04	79	79
Hong Kong SAR	9	5.41	9	11	Croatia	81	4.04	80	76
Japan	10	5.40	10	9	Armenia	82	4.02	81	92
Qatar	11	5.38	11	14	Guatemala	83	4.01	82	84
Denmark	12	5.29	12	8	Trinidad and Tobago	84	4.01	83	81
Taiwan, China	13	5.28	13	13	Cambodia	85	4.01	84	97
Canada	14	5.27	14	12	Ecuador	86	3.94	85	101
Norway	15	5.27	15	16	Moldova	87	3.94	86	93
Austria	16	5.22	16	19	Bosnia and Herzegovina	88	3.93	87	100
Belgium	17	5.21	17	15	Albania	89	3.91	88	78
Saudi Arabia	18	5.19	18	17	Honduras	90	3.88	89	86
Korea, Rep.	19	5.12	19	24	Lebanon	91	3.88	90	89
Australia	20	5.12	20	20	Namibia	92	3.88	91	83
France	21	5.11	21	18	Mongolia	93	3.87	92	96
Luxembourg	22	5.09	22	23	Argentina	94	3.87	93	85
New Zealand	23	5.09	23	25	Serbia	95	3.87	94	95
United Arab Emirates	24	5.07	24	27	Greece	96	3.86	95	90
Malaysia	25	5.06	25	21	Jamaica	97	3.84	96	107
Israel	26	5.02	26	22	Gambia, The	98	3.83	97	99
Ireland	27	4.91	27	29	Gabon	99	3.82	n/a	n/a
Brunei Darussalam	28	4.87	28	28	Tajikistan	100	3.80	98	105
China	29	4.83	29	26	El Salvador	101	3.80	99	91
Iceland	30	4.74	30	30	Zambia	102	3.80	100	113



WORLD BANK DOING BUSINESS REPORT:

Measures and tracks changes in the regulations applying to domestic companies in 11 areas in their life cycle. A fundamental premise of *Doing Business* is that economic activity requires good rules that are transparent and accessible to all.



World Bank Group

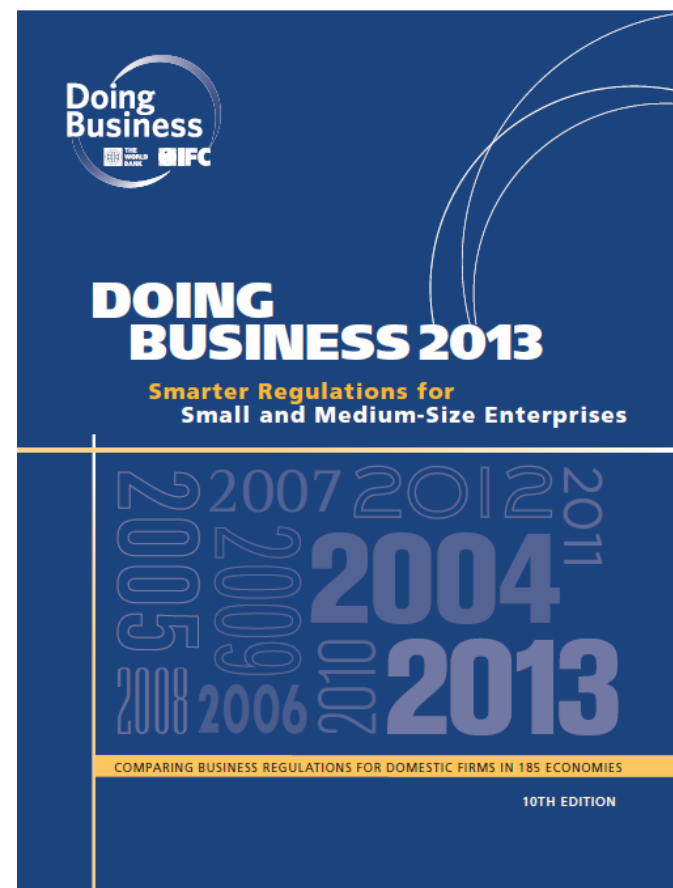
Source: Doing Business Report 2013, World Bank

The World Bank Group's Doing Business Report 2013

185 ECONOMIES

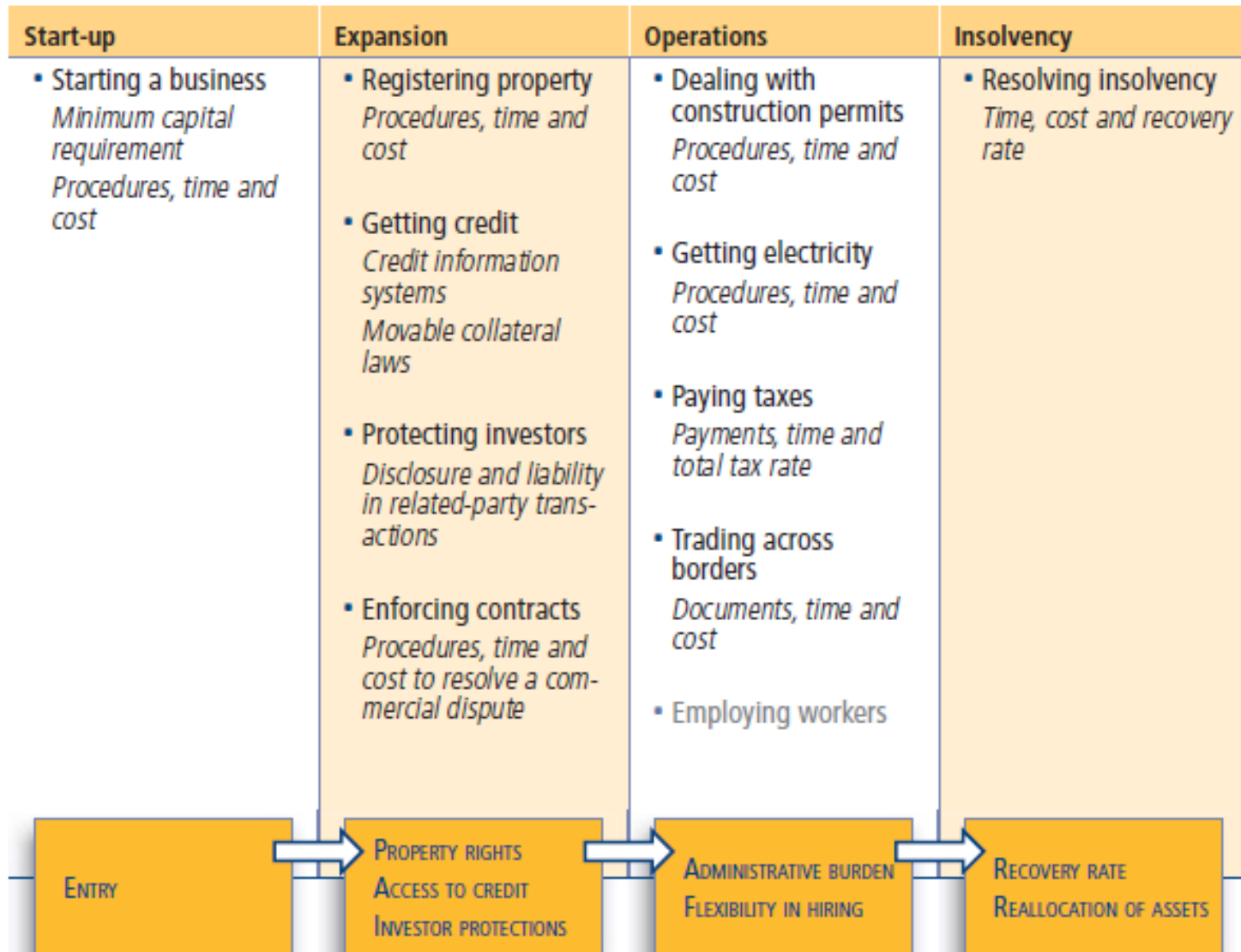
11 INDICATOR SETS

+9,600 LOCAL EXPERTS



Source: Doing Business
Report 2013, World Bank

The *Doing Business Report* Framework:



World Bank Group's *Doing Business* Report 2013 Ranking:

TABLE 1.1 Rankings on the ease of doing business

Rank	Economy	DB2013 reforms	Rank	Economy	DB2013 reforms	Rank	Economy	DB2013 reforms
1	Singapore	0	63	Antigua and Barbuda	0	125	Honduras	0
2	Hong Kong SAR, China	0	64	Ghana	0	126	Bosnia and Herzegovina	2
3	New Zealand	1	65	Czech Republic	3	127	Ethiopia	1
4	United States	0	66	Bulgaria	1	128	Indonesia	1
5	Denmark	1	67	Azerbaijan	0	129	Bangladesh	1
6	Norway	2	68	Dominica	1	130	Brazil	1
7	United Kingdom	1	69	Trinidad and Tobago	2	131	Nigeria	0
8	Korea, Rep.	4	70	Kyrgyz Republic	0	132	India	1
9	Georgia	6	71	Turkey	2	133	Cambodia	1
10	Australia	1	72	Romania	2	134	Tanzania	1
11	Finland	0	73	Italy	2	135	West Bank and Gaza	1
12	Malaysia	2	74	Seychelles	0	136	Lesotho	2
13	Sweden	0	75	St. Vincent and the Grenadines	0	137	Ukraine	3
14	Iceland	0	76	Mongolia	3	138	Philippines	0
15	Ireland	2	77	Bahamas, The	0	139	Ecuador	0
16	Taiwan, China	2	78	Greece	3	140	Sierra Leone	2
17	Canada	1	79	Brunei Darussalam	2	141	Tajikistan	1
18	Thailand	2	80	Vanuatu	0	142	Madagascar	1
19	Mauritius	2	81	Sri Lanka	4	143	Sudan	0
20	Germany	2	82	Kuwait	0	144	Syrian Arab Republic	1
21	Estonia	0	83	Moldova	2	145	Iran, Islamic Rep.	1
22	Saudi Arabia	2	84	Croatia	1	146	Mozambique	0
23	Macedonia, FYR	1	85	Albania	2	147	Gambia, The	0
24	Japan	1	86	Serbia	3	148	Bhutan	0
25	Latvia	0	87	Namibia	1	149	Liberia	3
26	United Arab Emirates	3	88	Barbados	0	150	Micronesia, Fed. Sts.	0
27	Lithuania	2	89	Uruguay	2	151	Mali	1
28	Switzerland	0	90	Jamaica	2	152	Algeria	1
29	Austria	0	91	China	2	153	Burkina Faso	0
30	Portugal	3	92	Solomon Islands	0	154	Uzbekistan	4

World Bank's Doing Business Report 2013



TABLE 1.1 Rankings on the ease of doing business

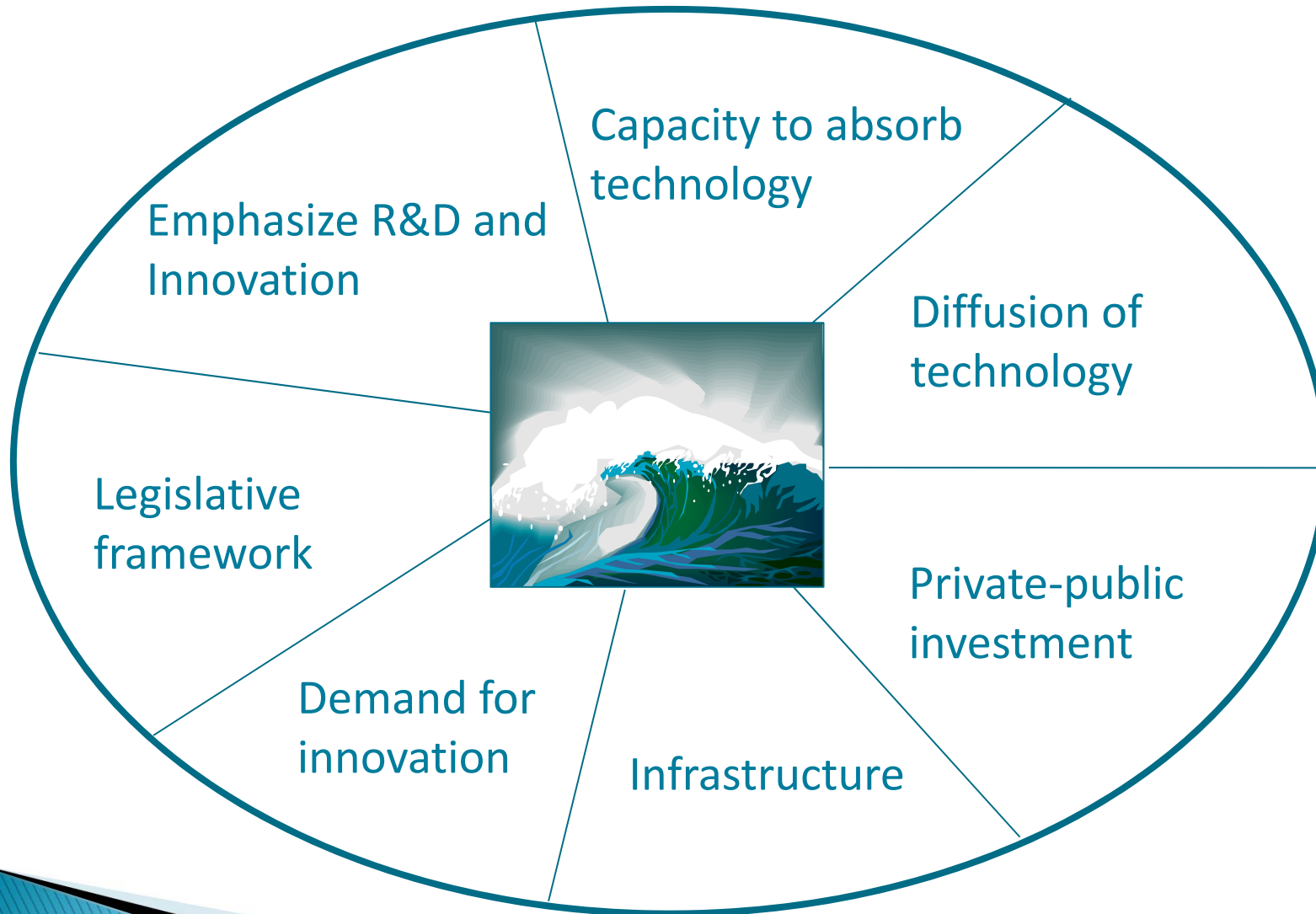
Rank	Economy	DB2013 reforms
50	Tunisia	0
51	Montenegro	2
52	Rwanda	2
53	St. Lucia	0
54	Hungary	3
55	Poland	4
56	Luxembourg	0
57	Samoa	0
58	Belarus	2
59	Botswana	1
60	Fiji	1
61	Panama	3
62	Tonga	0

The World Bank ranks Belarus in 58th place out of 185 countries in 2013 Report

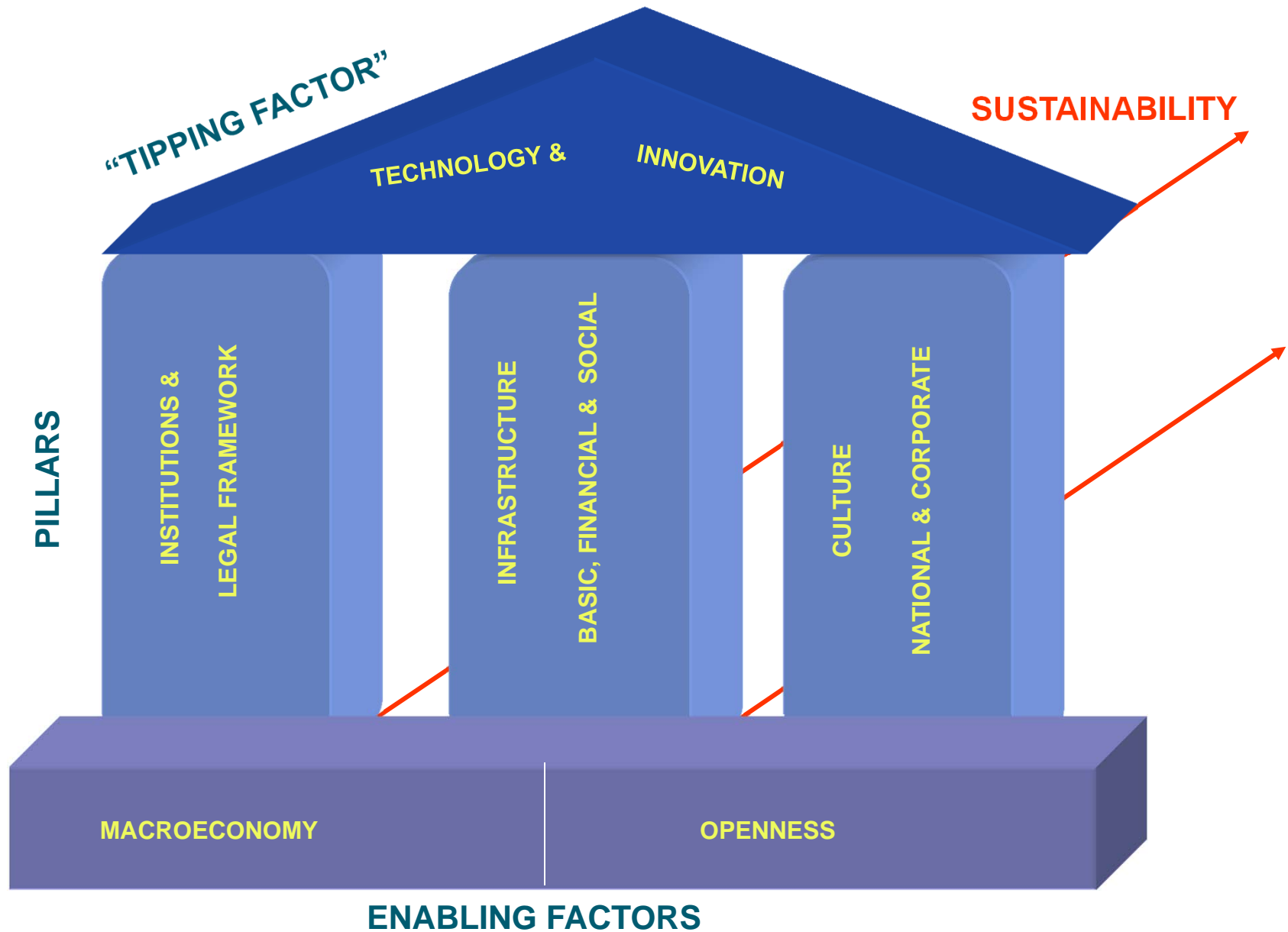
(Belarus ranks 9th for “starting a business” and ranked 60th overall in 2012)

- **Kazakhstan ranks 49th**
- **Russia ranks 112th**
- **Ukraine ranks 137th**

Innovation Roadmap



Model of Sustainable Competitiveness



If you would like any additional information, please contact:

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Thank You!