

Towards World Competitiveness 2.0

IMD announces the 2011 World Competitiveness Rankings and the results of the “Government Efficiency Gap”

1. JUST RELEASED: IMD WORLD COMPETITIVENESS YEARBOOK 2011

(Released annually since 1989)

A tie at the top (1st time): Hong Kong and the USA! And a new star, Sweden, in 4th place!

MESSAGE:

1. The recovery of financial markets pushes the US back to the top, sharing 1st place with Hong Kong, and slightly ahead of Singapore.
2. Sweden jumps to 4th place, highlighting the competitiveness of the Nordic model.
3. Germany shines and gains 6 ranks to 10th position thanks to buoyant exports and a more flexible labor market.
4. Qatar, Korea and Turkey continue their ascent in competitiveness.
5. The recession highlighted the “resistant” (Switzerland) and the “resilient” (Taiwan). Only 4 big economies are in the top 20.

QUOTE: IMD Prof. Stephane Garelli, Director of IMD’s World Competitiveness Center

“The world of competitiveness becomes more national. ‘World Competitiveness 2.0’ is thus characterized by a greater self-reliance of countries. It increasingly emphasizes re-industrialization, exports, and a more critical look at delocalization. This trend is triggered by the rise in commodity and transport prices and higher labor costs in emerging economies. National champions are favored everywhere and borders re-surface – again!”

THE TOP 20 (OUT OF 59)

Score 2011	Country	Rank 2010	Rank 2011	Score 2011	Country	Rank 2010	Rank 2011
100.0	Hong Kong	2	1	86.5	Luxembourg	11	11
100.0	USA	3	1	86.4	Denmark	13	12
98.6	Singapore	1	3	86.3	Norway	9	13
94.1	Sweden	6	4	85.7	Netherlands	12	14
92.6	Switzerland	4	5	84.4	Finland	19	15
92.0	Taiwan	8	6	84.1	Malaysia	10	16
90.8	Canada	7	7	81.6	Israel	17	17
90.2	Qatar	15	8	81.6	Austria	14	18
89.3	Australia	5	9	81.1	China	18	19
87.8	Germany	16	10	80.3	UK	22	20

(NB. The scores are actually indices (0 to 100) generated for the unique purpose of constructing charts and graphics.)

2. NEW! THE GOVERNMENT THAT YOU DESERVE

The following table compares how countries rank in *Government and Business Efficiency*, and shows the gap in their relative competitiveness. Some governments—listed below—heavily trail behind business competitiveness, others pave the way ahead. Do countries always have the government they deserve?

MESSAGE:

1. The overall competitiveness of the US is “rescued” by its business efficiency.
2. In more advanced economies (Japan, Belgium, Ireland, US, Germany, etc.) the government lags behind business in efficiency. Switzerland is the exception.
3. In emerging economies, Brazil and India are struggling, while Russia, South Africa, Chile, Estonia and Indonesia are ahead.
4. A sound ‘balance’ between government and business efficiency can be found in Hong Kong, Singapore and Australia.

QUOTE: IMD Prof. Stephane Garelli,
Director of IMD’s World Competitiveness
Center

“Government spending has reached new highs since the recession: on average 47% of the GDPs in the most advanced economies. 12 European countries are already above the 50% threshold. The 23 biggest spenders are all European governments. How long can it last? In a new world of ‘state capitalism’, government efficiency will become a key determinant to competitiveness. Alas, the time lag between government reforms and economic imperatives keeps on increasing.”

THE GOVERNMENT - BUSINESS EFFICIENCY GAP IN 2011

(Countries with at least a 6-rank difference: full list on the website)

Country	Government Efficiency	Business Efficiency	Difference
Brazil	55	29	-26
Japan	50	27	-23
Belgium	39	23	-16
Ireland	30	18	-12
USA	19	10	-9
China	33	25	-8
Colombia	45	37	-8
Germany	24	16	-8
Austria	27	20	-7
Denmark	13	6	-7
India	29	22	-7
Taiwan	10	3	-7
Argentina	57	51	-6
Iceland	40	34	-6
Luxembourg	15	9	-6
Philippines	37	31	-6

The table above shows countries’ rankings for Government Efficiency and Business Efficiency (two competitiveness factors drawn from the WCY 2011) and the gap between the two. All rankings are across 59 economies, in descending order from best (1st) to worst (59th).

About IMD

Based in Switzerland, IMD is consistently top-ranked among business schools worldwide. With more than 60 years’ experience, IMD takes a real world, real learning approach to executive education. IMD offers pioneering and collaborative solutions to address clients’ challenges. Our perspective is international – we understand the complexity of the global environment. Real-impact executive learning and leadership development at IMD enables participants to learn more, deliver more and be more. (www.imd.ch).

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