

WORLD
ECONOMIC
FORUM

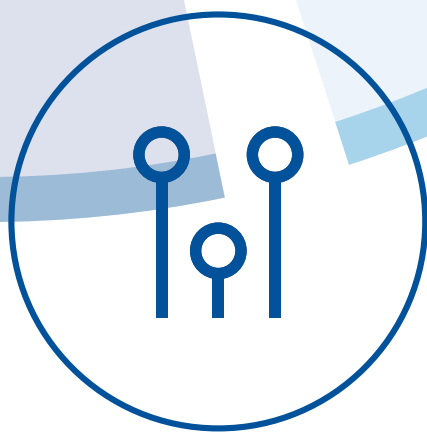
COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

The Global Competitiveness Report 2017–2018

Highlights



The Global
Competitiveness
Map



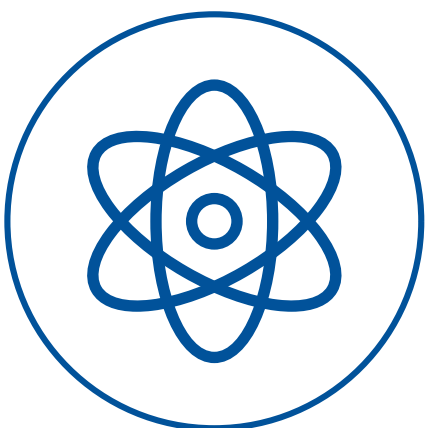
Regional
Rankings



About the Global
Competitiveness
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2017-2018
Rankings



The Quest for More
and Better Growth



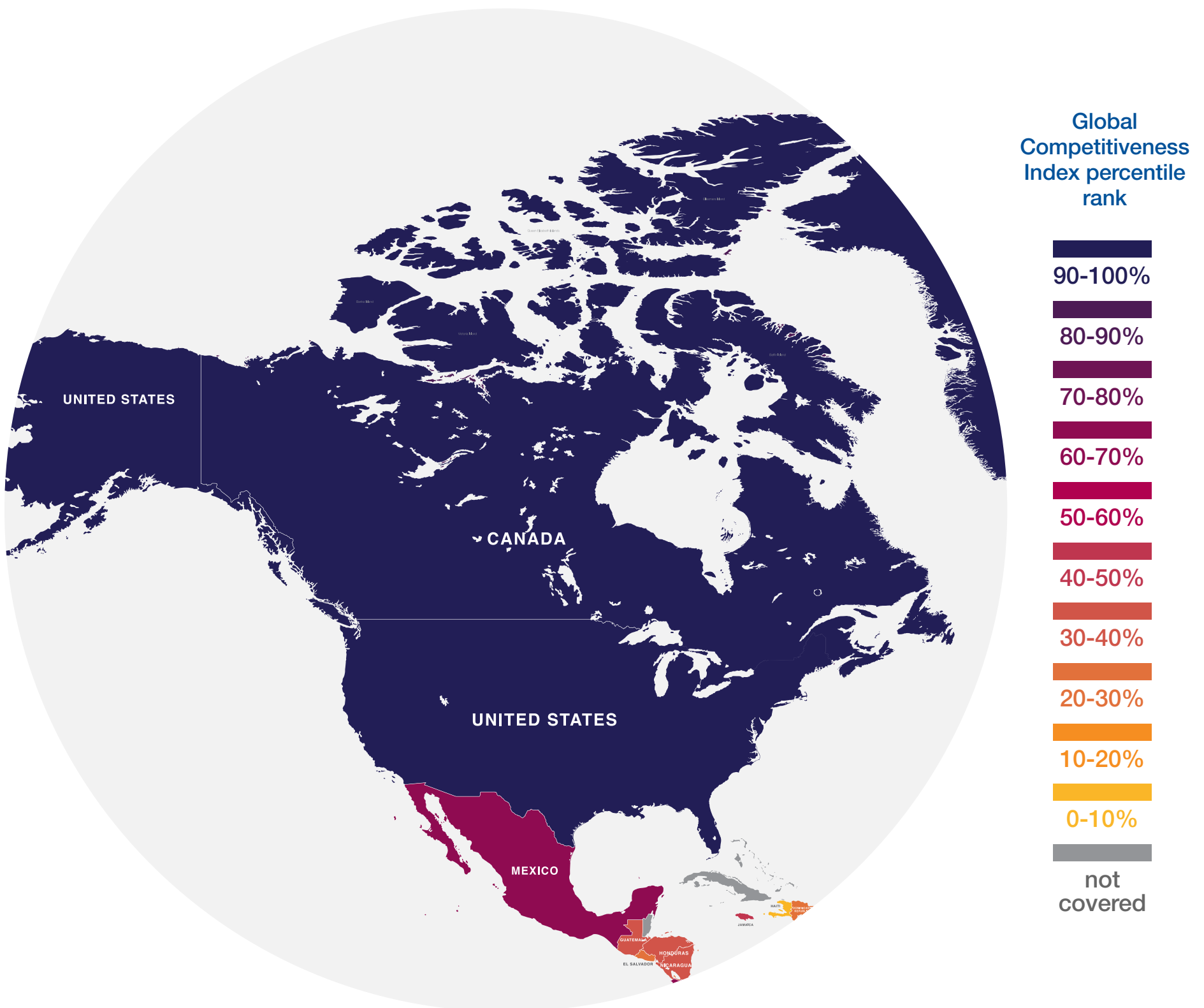
References



Acknowledgements



The Global Competitiveness Map



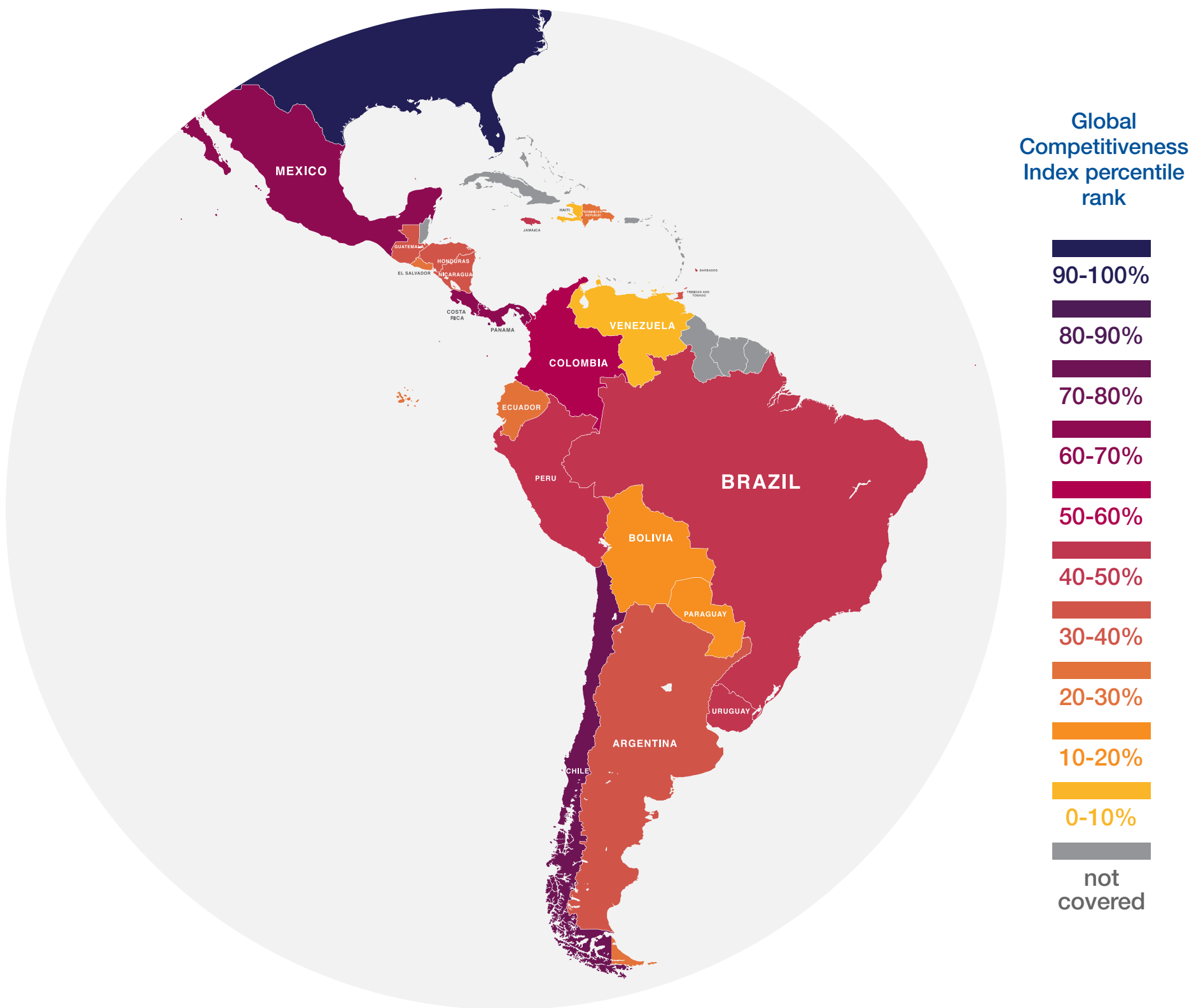
North America

North America remains one of the most competitive regions in the world. Leading in innovation, business sophistication, and technological readiness, and ranking close to the top in the other pillars of competitiveness, the economies of the United States and Canada show how all factors determining competitiveness are complementary. The large market size, together with efficient markets—particularly in the United States—help these economies respond to shocks and reallocate resources effectively.





The Global Competitiveness Map



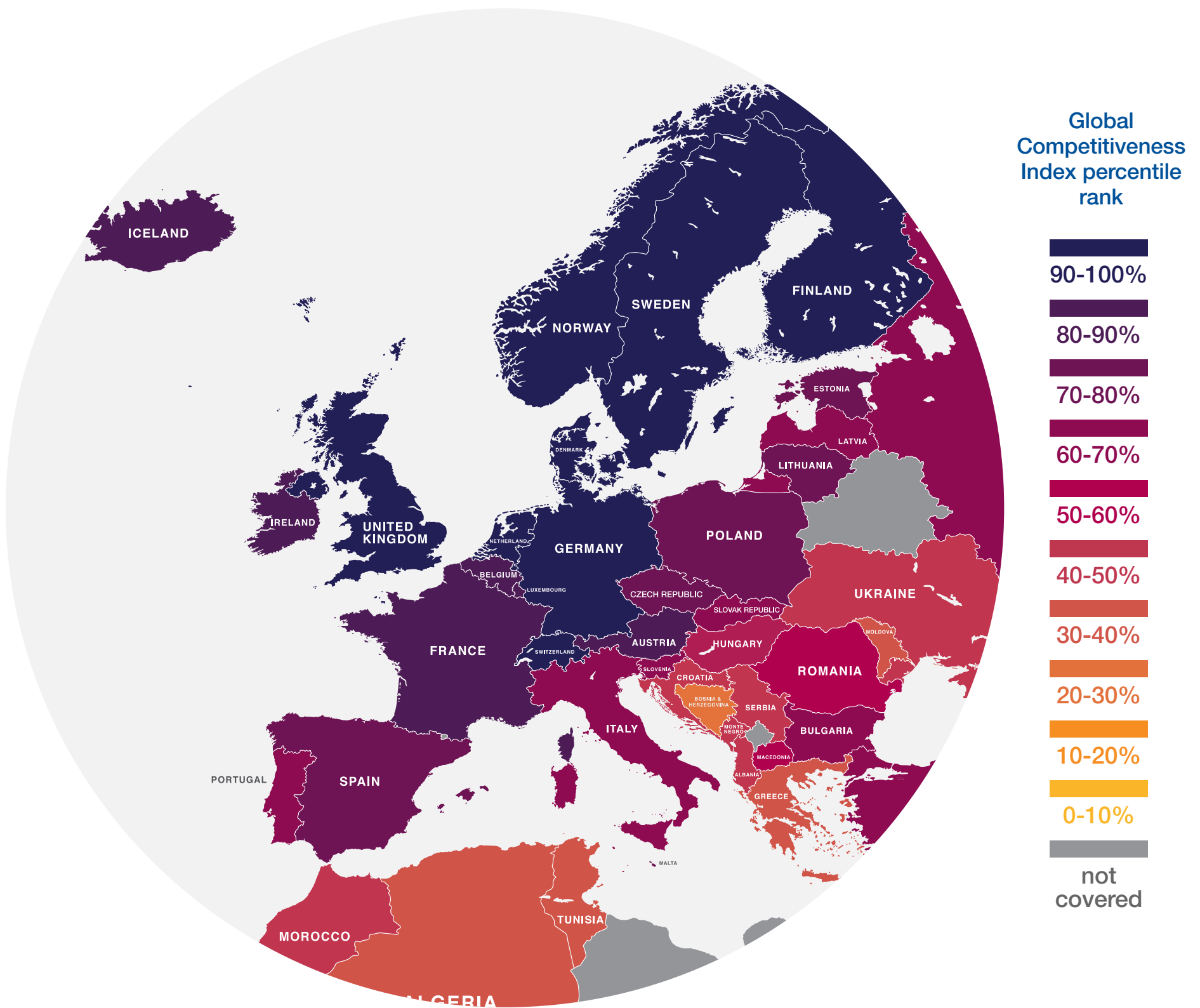
Latin America and the Caribbean

Latin America and the Caribbean has seen 10 years of continued improvement in competitiveness. Improvement has been driven mainly by technological readiness, higher education and training, and innovation. The region has experienced setbacks in its macroeconomic environment, institutions, and health and primary education. After healthy growth and capital inflows fueled by a commodity boom, Latin America and the Caribbean faces the challenge of diversifying its economies, closing competitiveness gaps, and avoiding a middle-income trap.





The Global Competitiveness Map



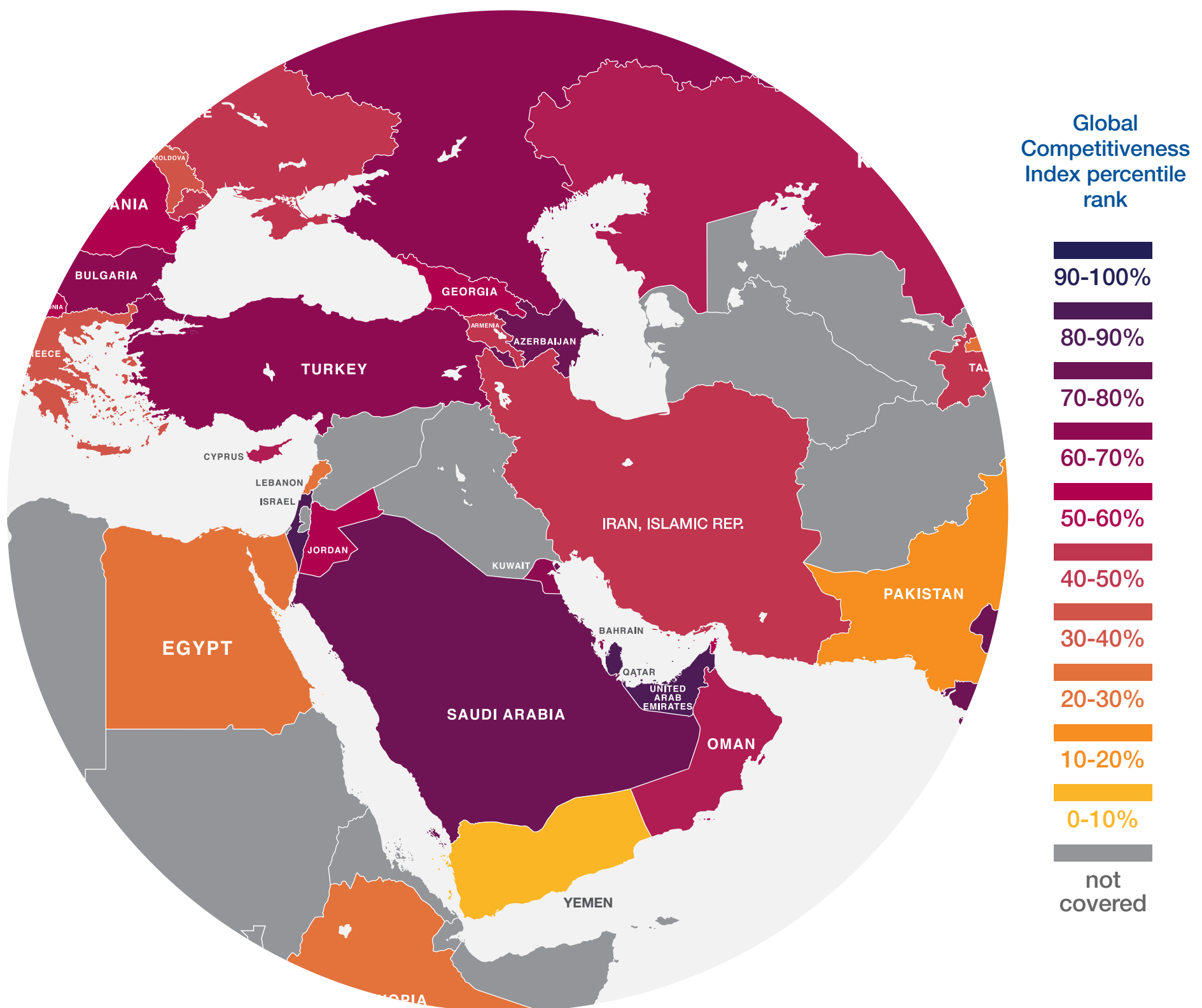
Europe

This year's GCI performance of the European region is stable overall relative to last year. The region's top performers remain at the competitiveness frontier, with six European countries in the top 10. However, there is little sign of the region's southeastern economies closing the gap with its northwestern ones. Iceland, Estonia, and the Czech Republic continue to occupy the middle ground. Over the last decade many European countries have improved aspects of their innovation ecosystems; however, over the same period the GCI shows a worrying deterioration in some important education indicators.





The Global Competitiveness Map



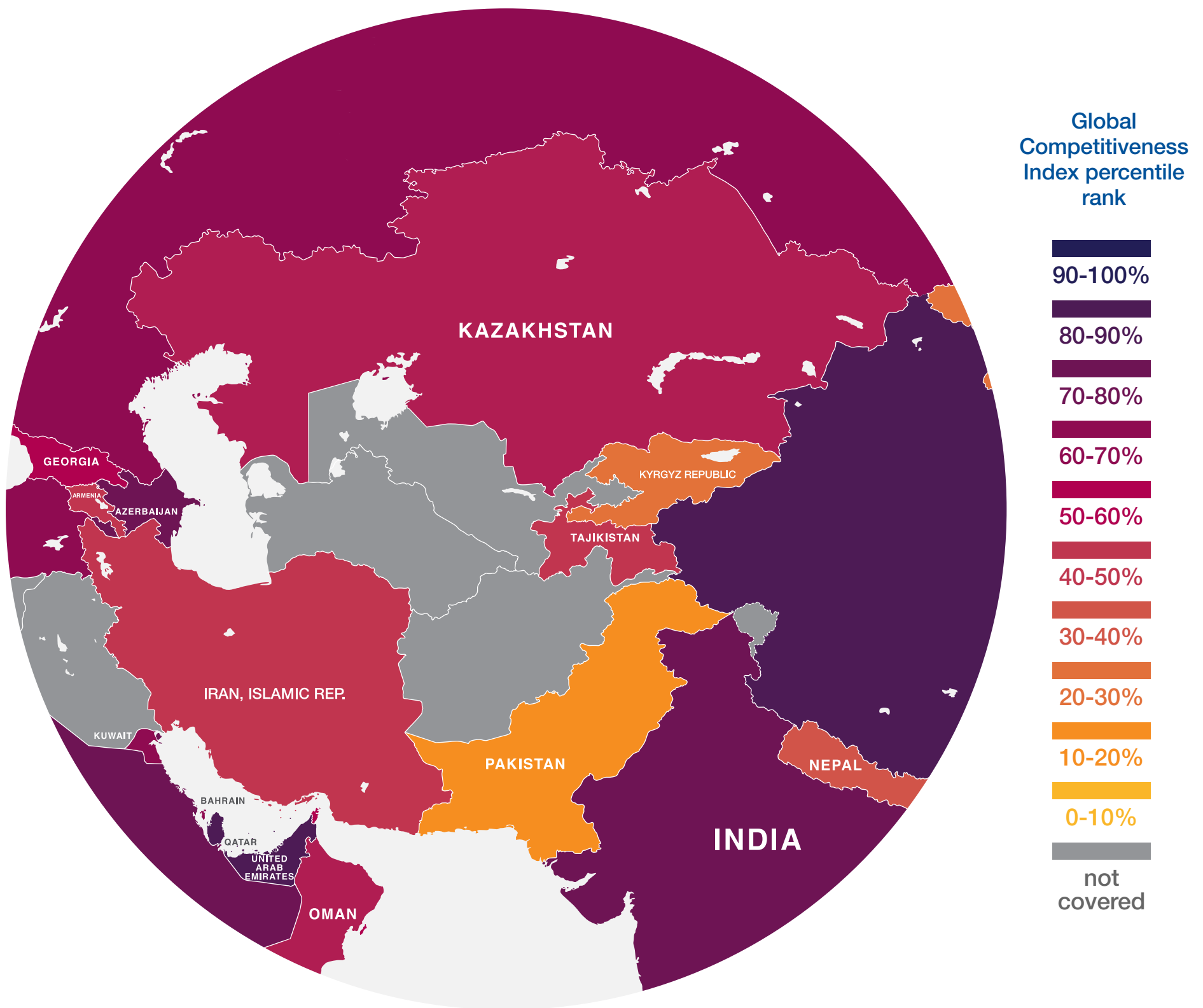
Middle East and North Africa

The Middle East and North Africa improves its average performance this year, in part because the new normal of low oil and gas prices is forcing countries to implement reforms to increase diversification, and heavy investments in digital and technological infrastructure have allowed major improvements in technological readiness. However, these have not yet led to an equally large turnaround in the region's level of innovation. Across the region, the most-improved country this year is Egypt (101st, up 14).





The Global Competitiveness Map



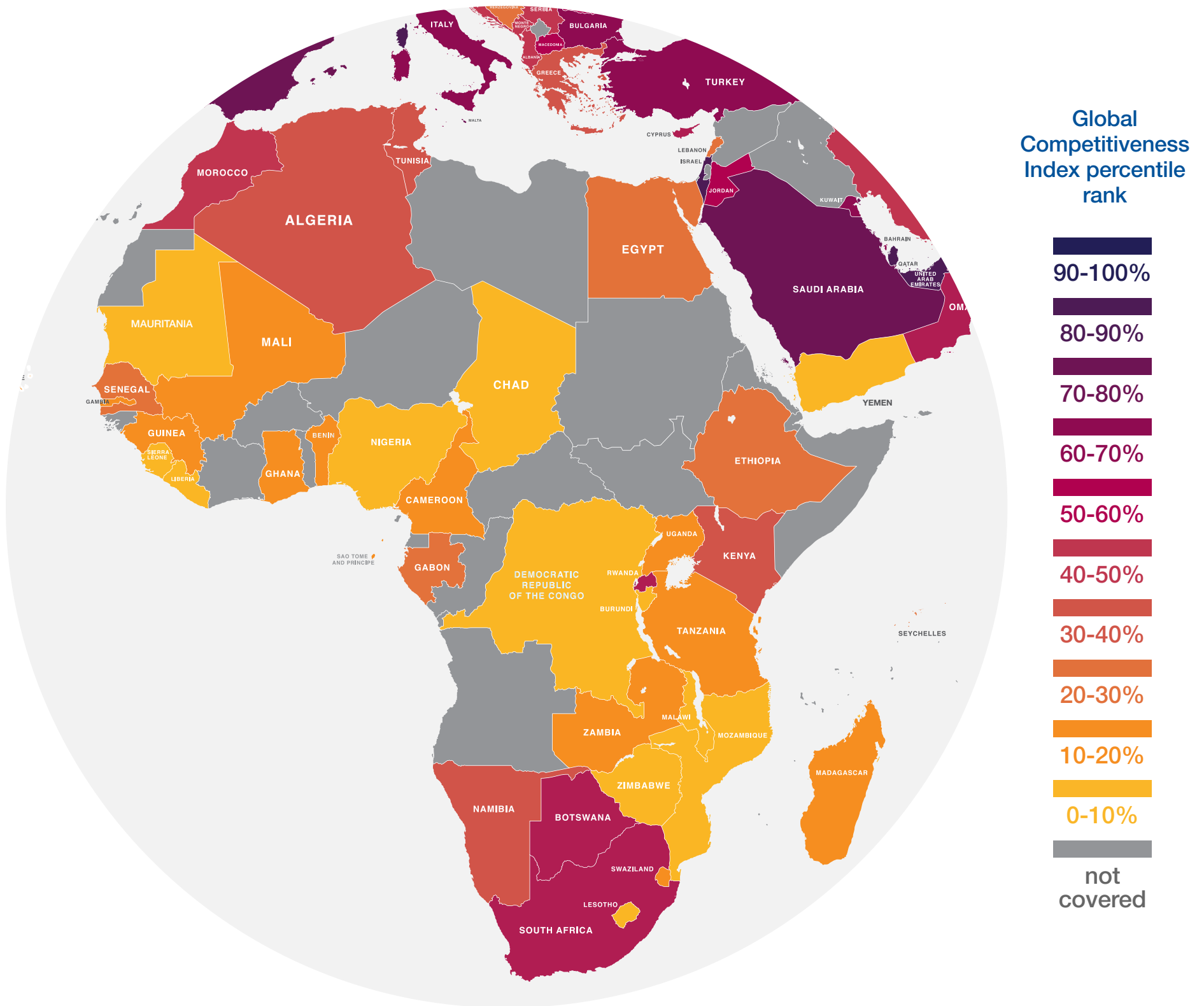
Eurasia

Eurasia's competitiveness performance shows slight improvement this year as it emerges from the 2015 recession, partially helped by the better-than-expected economic performances of major commercial partners. On average, Eurasia has improved in almost all competitiveness factors, benefiting especially from lower inflation and progress in technological readiness, innovation, and primary education. However, the region remains substantially below global average and should accelerate reforms to foster diversification and innovation.





The Global Competitiveness Map



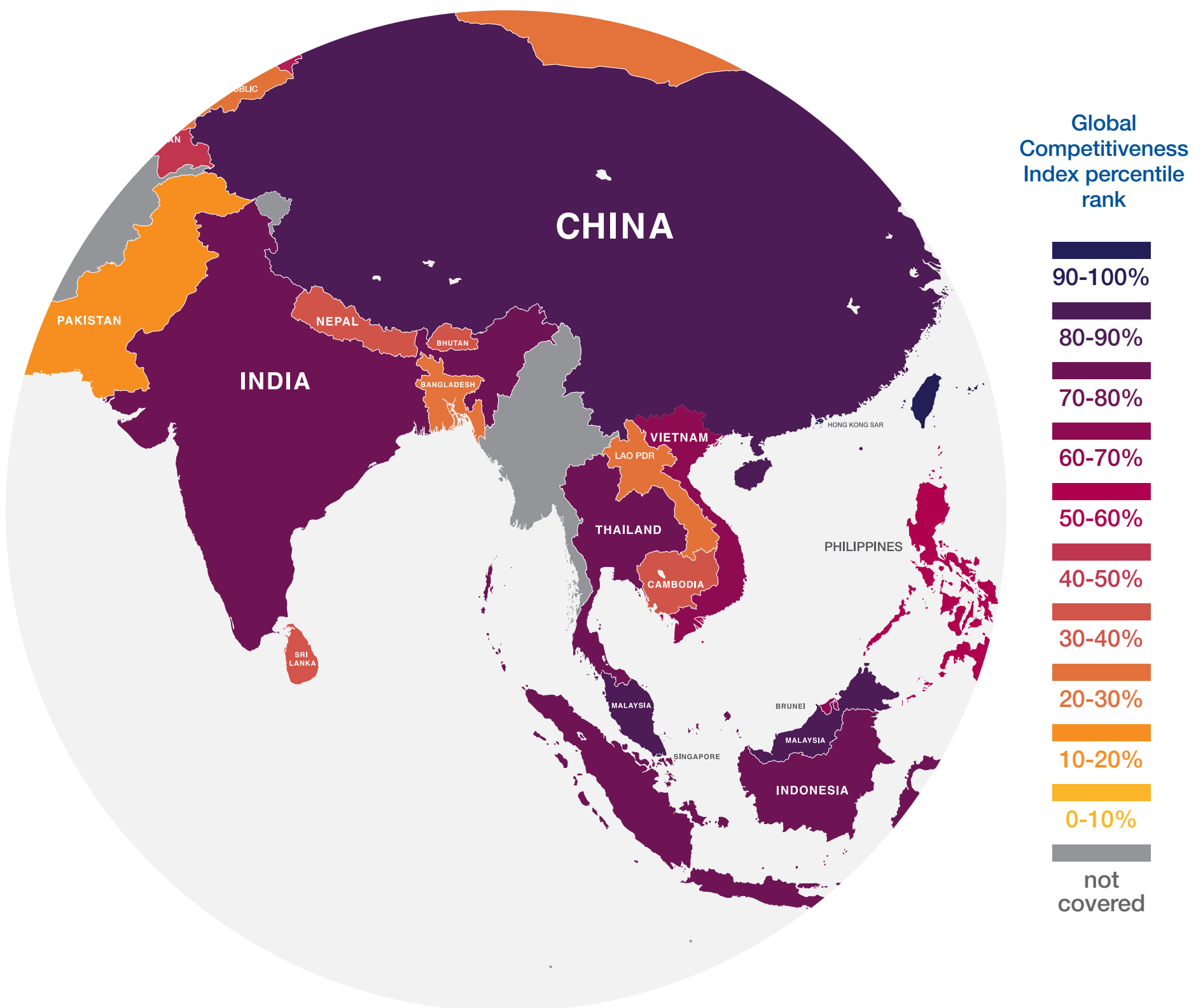
Sub-Saharan Africa

On average, sub-Saharan Africa's competitiveness has not changed significantly over the past decade and only a handful of countries (Ethiopia, Senegal, Tanzania, and Uganda) are continuing to improve this year. In general Africa is still being penalized by its macroeconomic environment: average inflation grew to double digits last year while public finances are still being affected by relatively low commodity prices, which curbed public revenues and hence governments investments. At the same time Africa's financial markets and infrastructures are still underdeveloped, and institutions' improvement process hit a setback this year, as political uncertainty is growing in key countries.





The Global Competitiveness Map



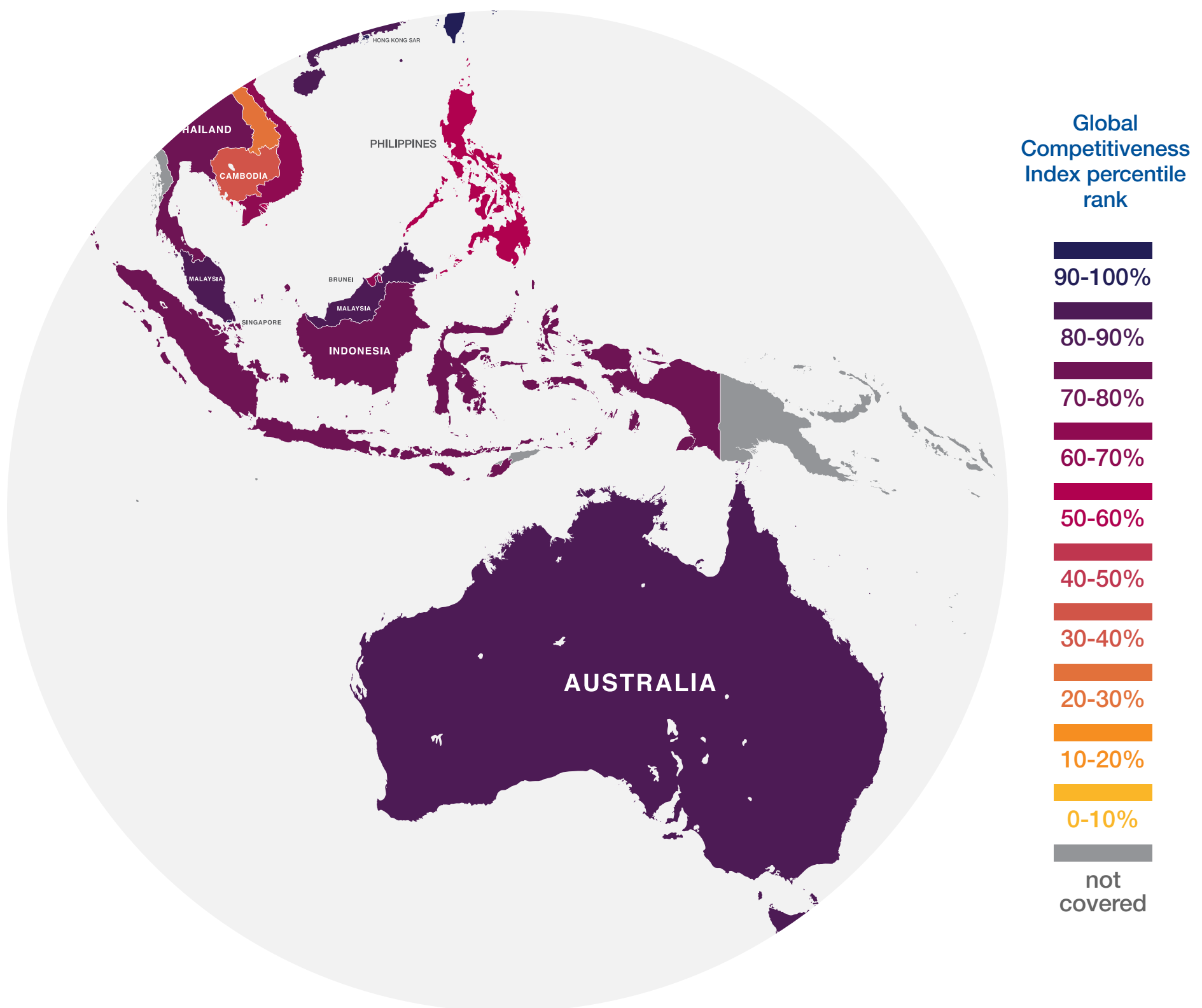
South Asia

Competitiveness has improved across most countries in South Asia, in particular in the two Himalayan countries of Bhutan (82nd, up 15) and Nepal (88th, up 10). On a similarly positive trend, Pakistan (115th, up seven) and Bangladesh (99th, up seven) have both improved their scores across all pillars of competitiveness, while India's has stabilized its performance at 40th after its big leap forward in the past two years. Upgrading ICT infrastructure and increasing ICT use remain among the biggest challenges for the region: over the past decade, South Asia has been the area where technological readiness stagnated the most, with a performance similar to that of sub-Saharan Africa.





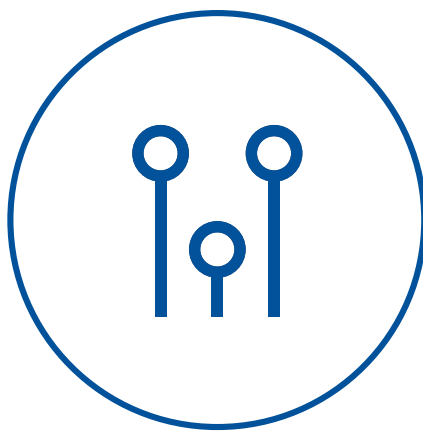
The Global Competitiveness Map



East Asia and Pacific

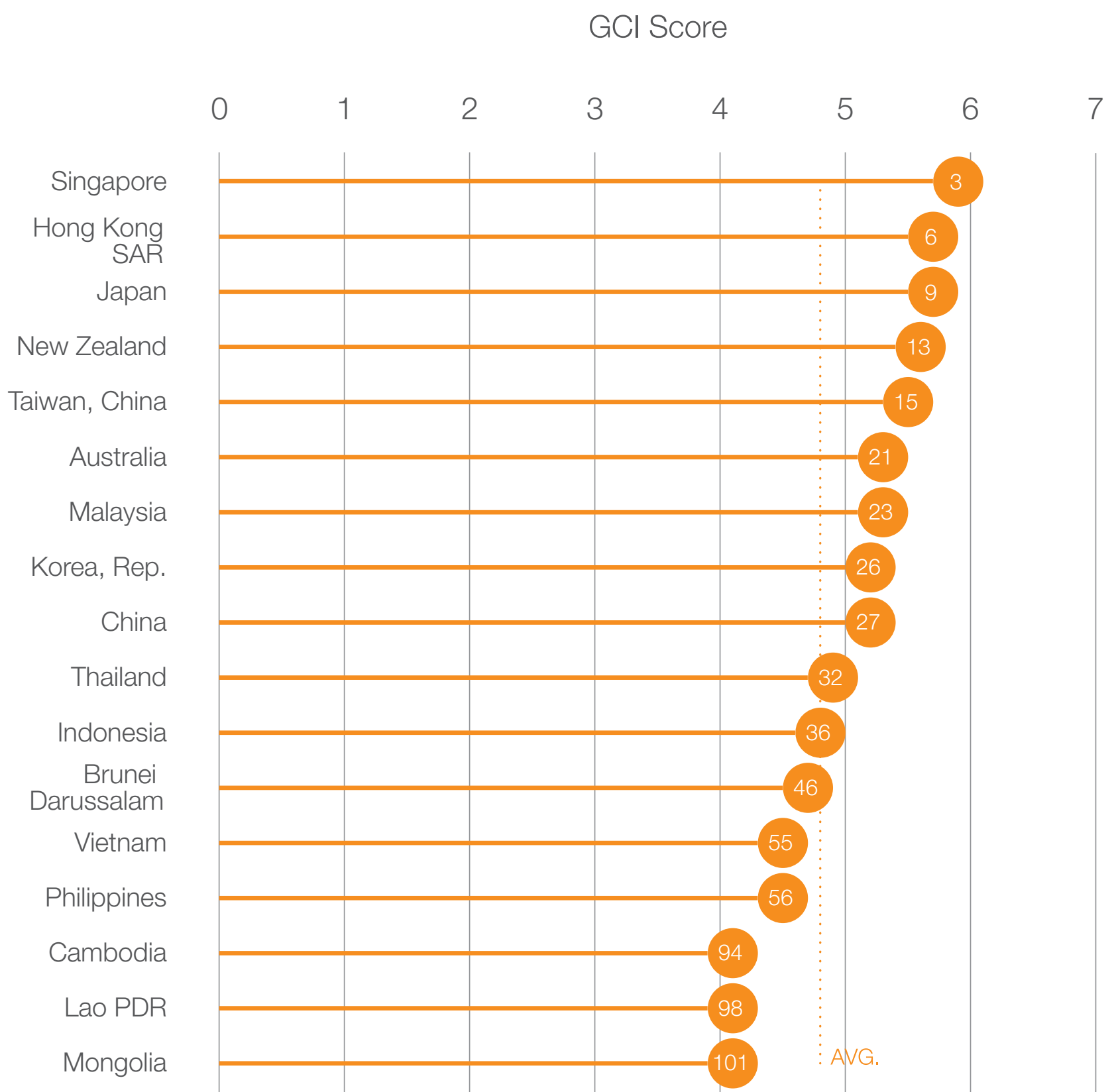
Among the 17 East Asia and Pacific economies covered by the GCI, 13 have increased their overall score—albeit marginally—with Indonesia and Brunei Darussalam making the largest strides since last year. Many of the region’s economies have benefited from a more favorable macroeconomic context, though high levels of household debt in many advanced economies may eventually threaten the region’s economic and financial stability. There have been signs of a productivity slowdown among the region’s advanced economies and in China, suggesting the need for greater focus on advancing technological readiness and promoting innovation. Innovation and sophistication factors are not the only priorities, however: emerging economies can still make large gains in competitiveness at a relatively lower cost by improving their performance on basic requirement factors.

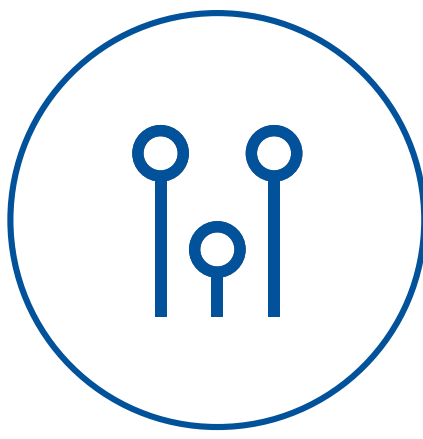




Regional Rankings

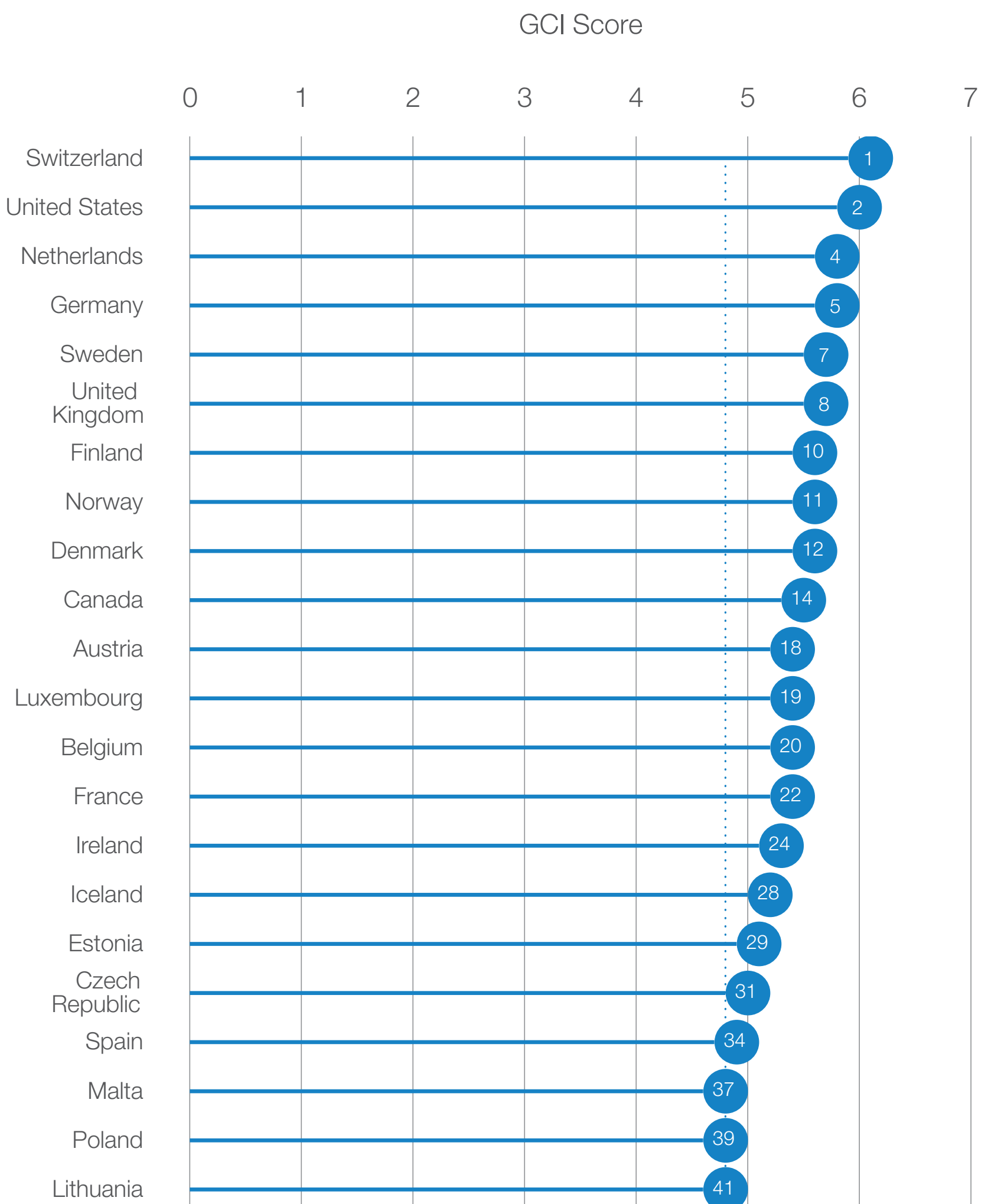
East Asia and Pacific

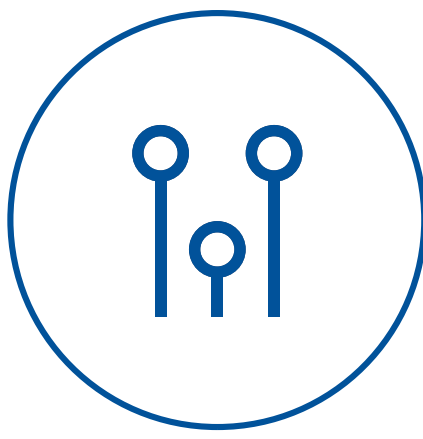




Regional Rankings

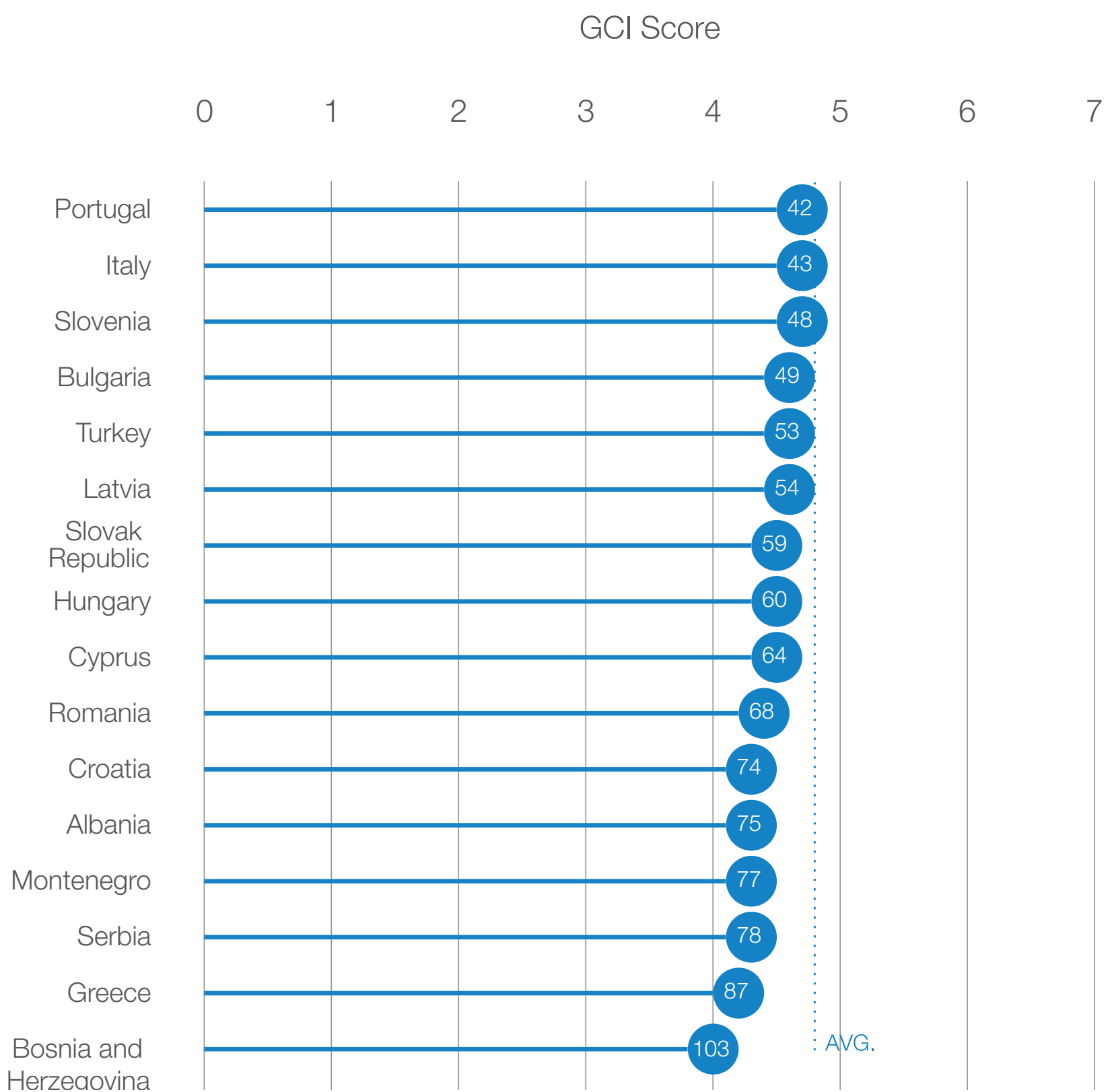
Europe and North America

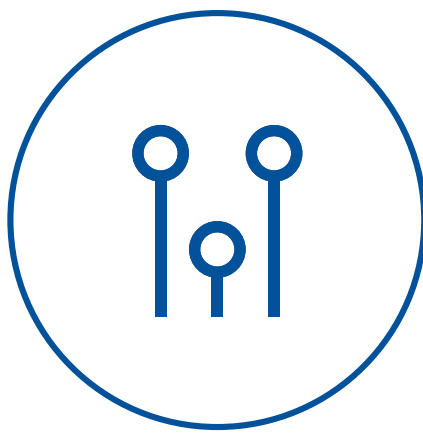




Regional Rankings

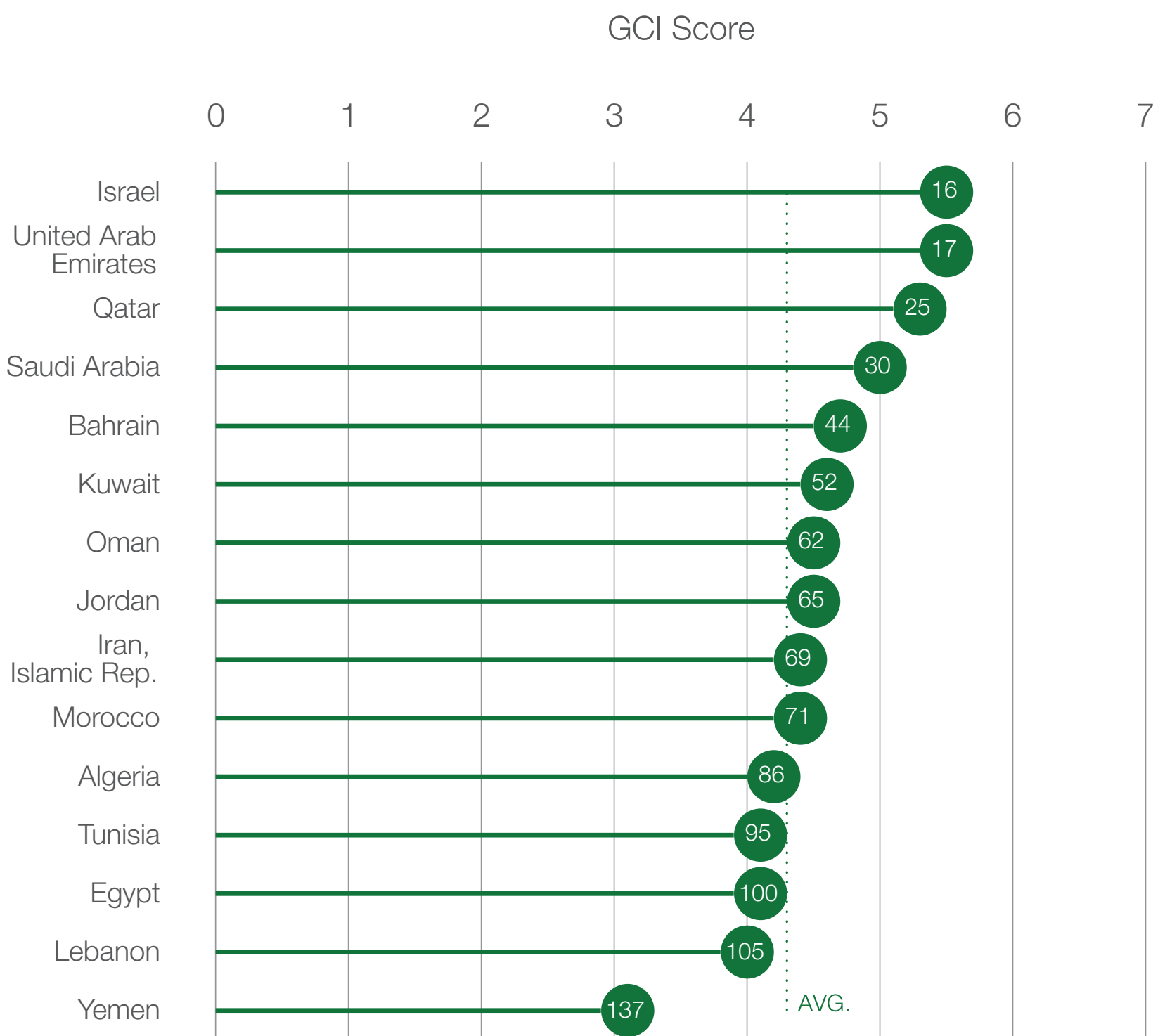
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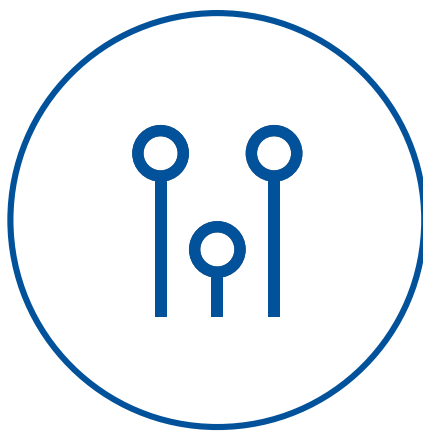




Regional Rankings

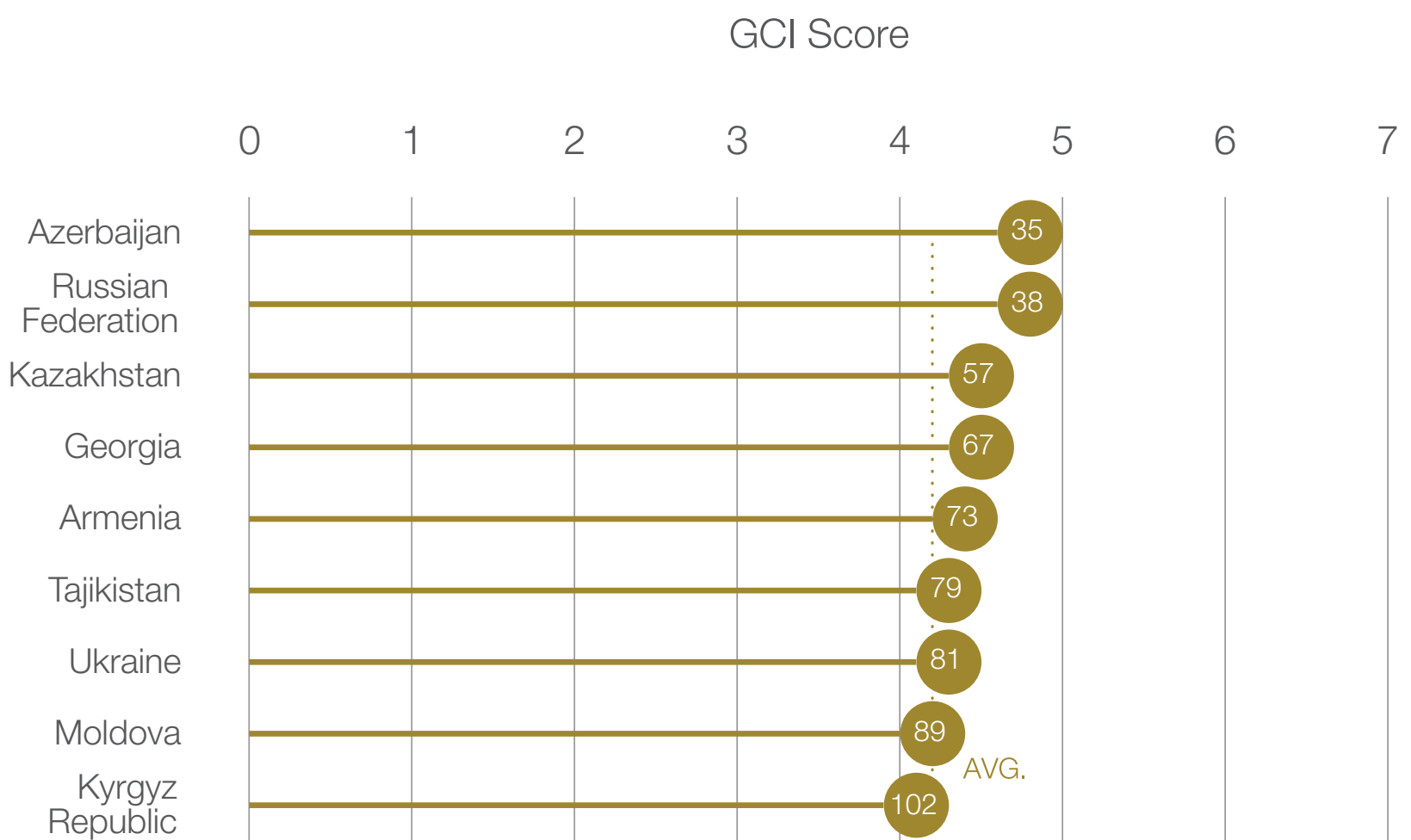
Middle East and North Africa

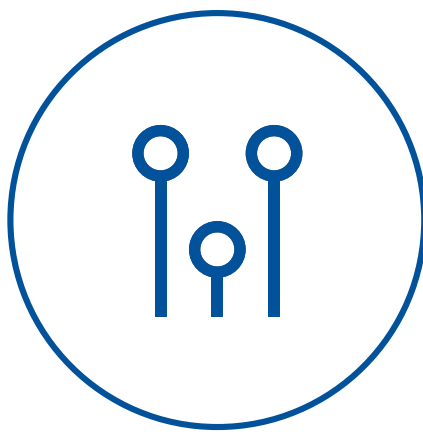




Regional Rankings

Eurasia

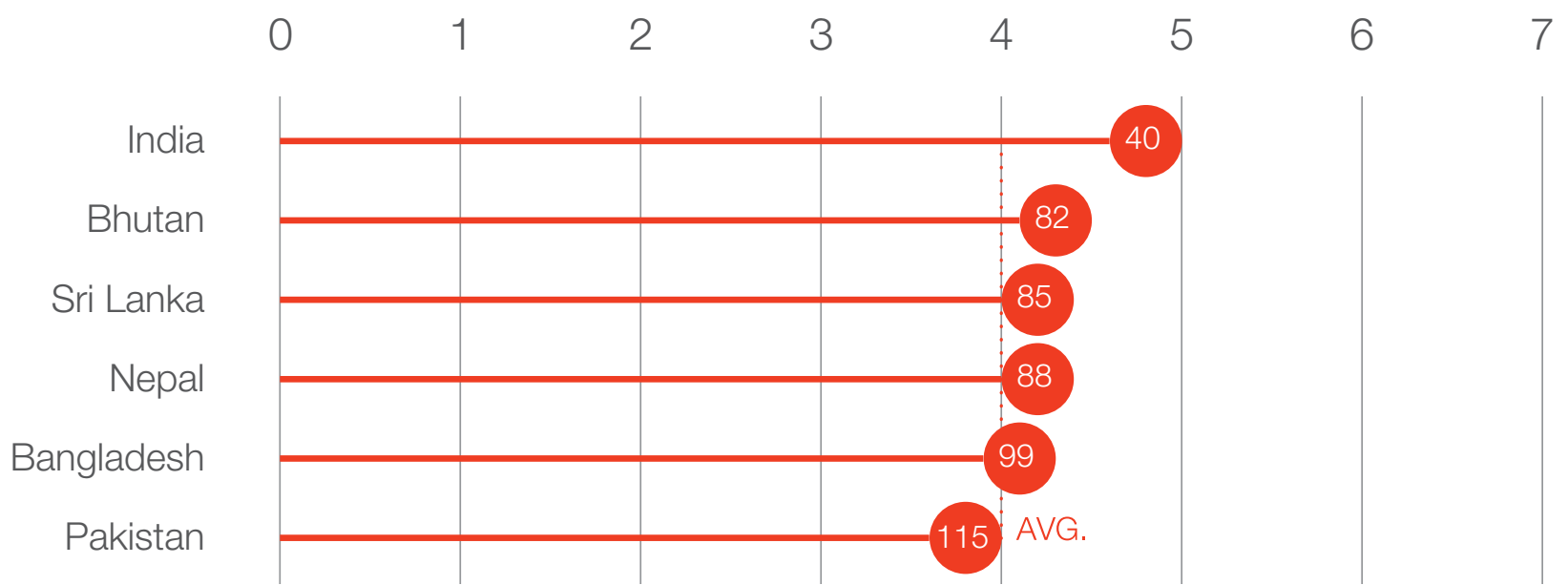


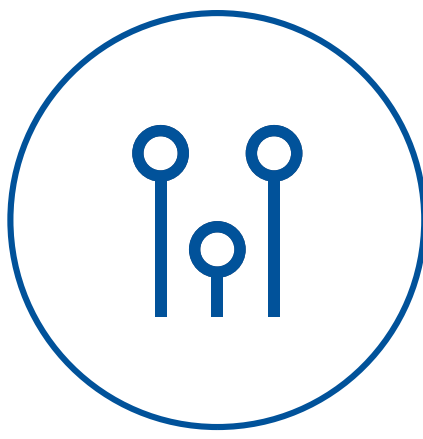


Regional Rankings

South Asia

GCI Score



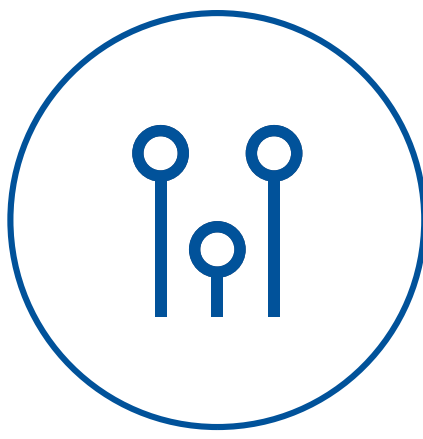


Regional Rankings

Latin America and the Caribbean

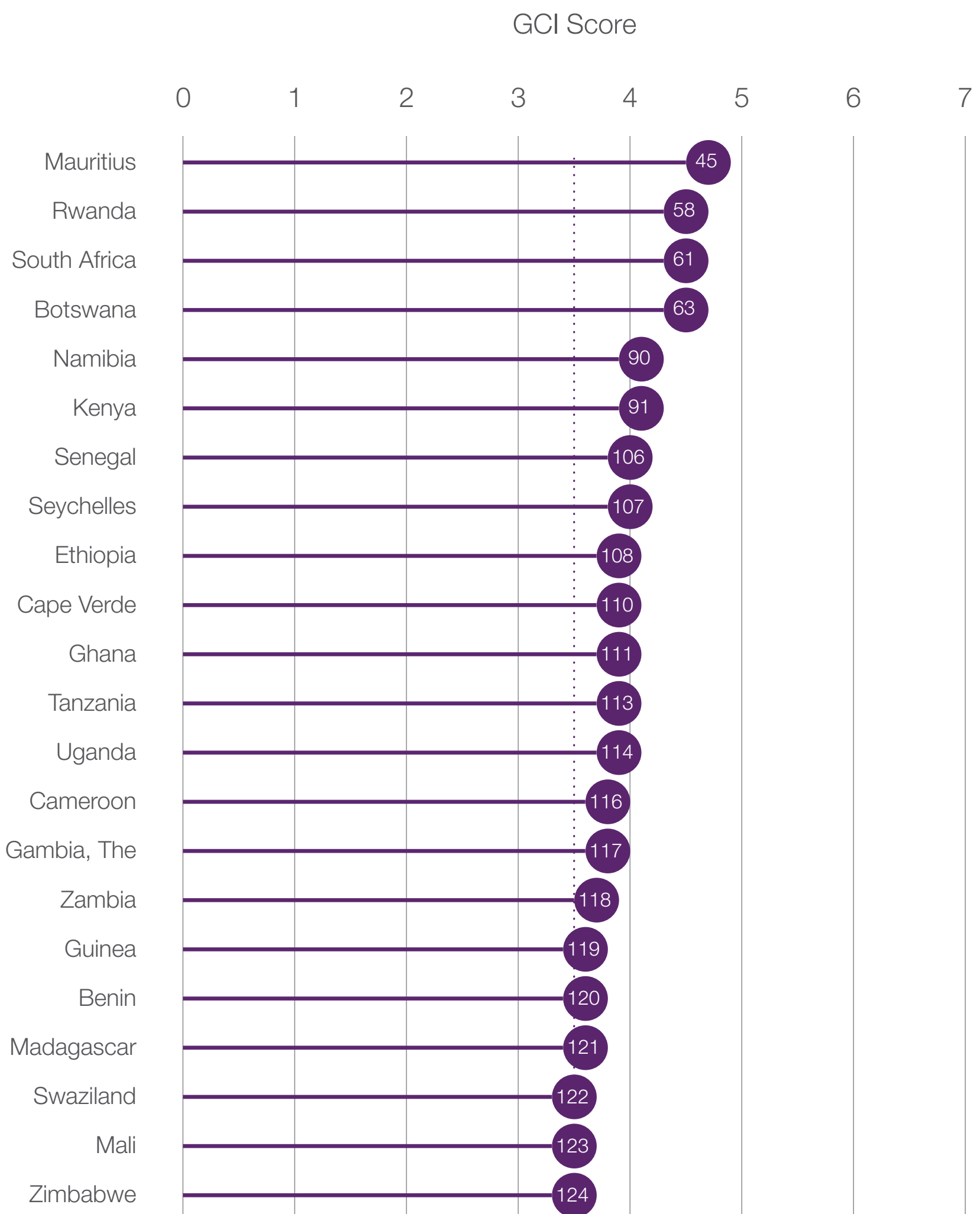
GCI Score

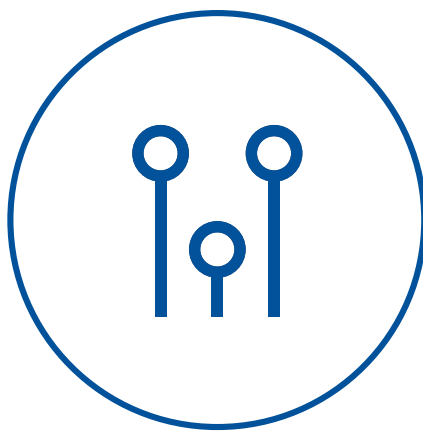




Regional Rankings

Sub-Saharan Africa





Regional Rankings

Sub-Saharan 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.

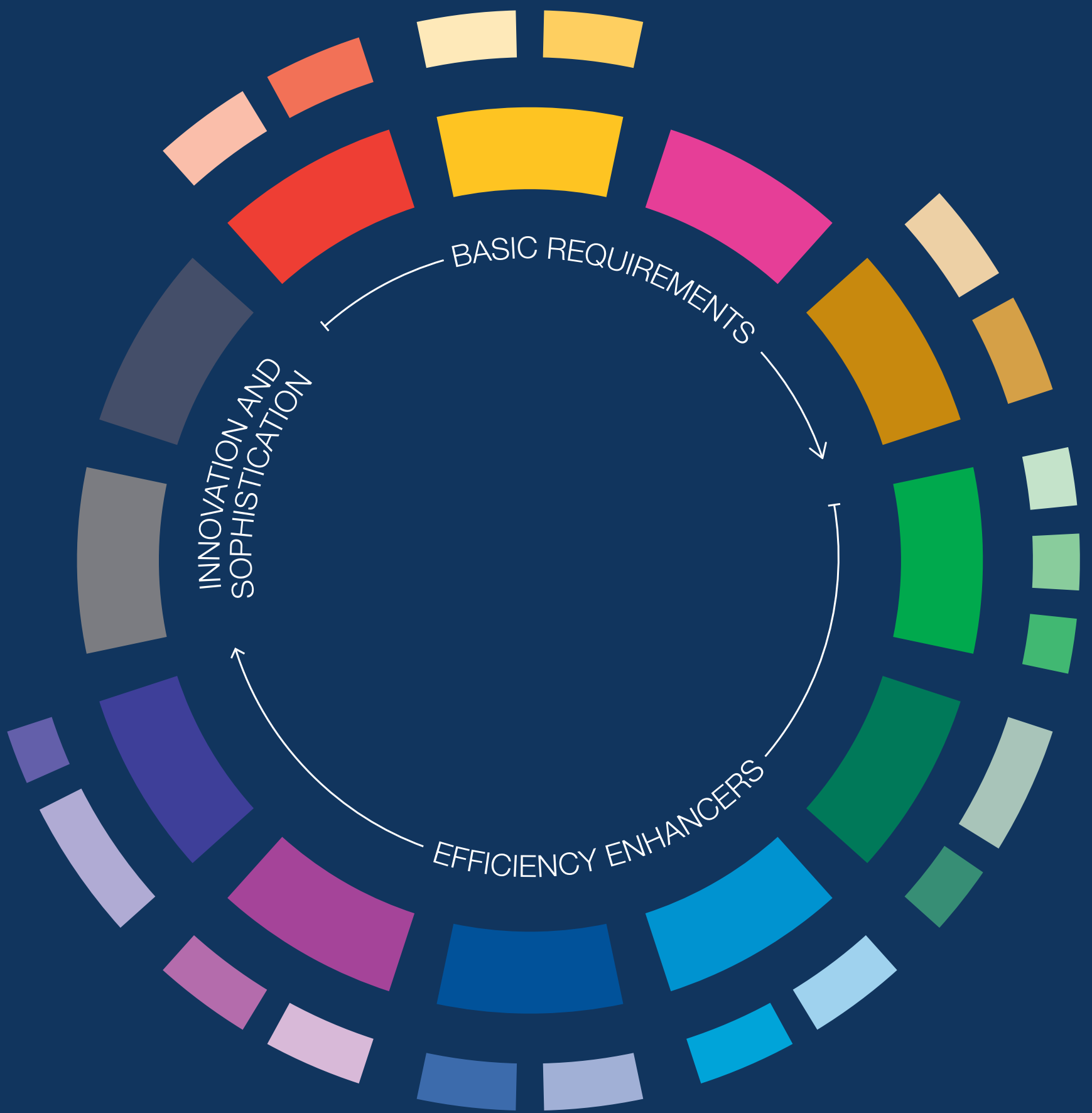
To produce *The Global Competitiveness Report*, as well as other regional and industry benchmarking reports, the World Economic Forum relies on a large set of data sourced from international organizations such as the World Bank, the United Nations and the International Monetary Fund, and from its own 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 2017, the Survey captured the opinions of over 14,000 business executives.



The GCI Framework

The 12 Pillars of Competitiveness



Institutions



Infrastructure



Macroeconomic environment



Health & primary education



Higher education & training



Goods market efficiency



Labour market efficiency



Financial market development



Technological readiness



Market size



Business sophistication



Innovation





About the Global Competitiveness Index



Institutions

Concepts related to protection of property rights, efficiency and transparency of public administration, independence of the judiciary, physical security, business ethics and corporate governance

- Public institutions
- Private institutions



Infrastructure

Quality and availability of transport, electricity and communication infrastructures

- Transport infrastructure
- Electricity & telephony infrastructure



Macroeconomic environment

Fiscal and monetary indicators, savings rate and sovereign debt rating



Health & primary education

State of public health, quality and quantity of basic education

- Health
- Primary education



Higher education & training

Quality and quantity of higher education, and quality and availability of on-the-job training

- Quantity of education
- Quality of education
- On-the-job training



Goods market efficiency

Factors that drive the intensity of domestic and foreign competition, and demand conditions

- Competition
- Quality of demand conditions





About the Global Competitiveness Index



Labour market efficiency

Labour market efficiency and flexibility, meritocracy and gender parity in the workplace

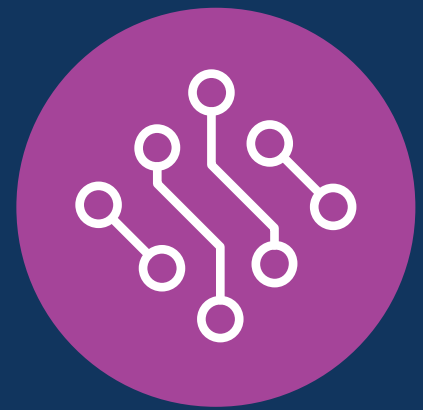
- Flexibility
- Efficient use of talent



Financial market development

Efficiency, stability and trustworthiness of the financial and banking system

- Efficiency
- Trustworthiness and confidence



Technological readiness

Adoption of the technologies by individuals and businesses.

- Technological adoption
- ICT use



Market size

Adoption of the technologies by individuals and businesses.

- Technological adoption
- ICT use



Business sophistication

Efficiency and sophistication of business processes in the country



Innovation

Capacity for, and commitment to technological innovation





2017-2018 Rankings

	Economy	Score ¹	Prev. ²	Trend ³
1	Switzerland	5.86	1	
2	United States	5.85	3	
3	Singapore	5.71	2	
4	Netherlands	5.66	4	
5	Germany	5.65	5	
6	Hong Kong SAR	5.53	9	
7	Sweden	5.52	6	
8	United Kingdom	5.51	7	
9	Japan	5.49	8	
10	Finland	5.49	10	
11	Norway	5.40	11	
12	Denmark	5.39	12	
13	New Zealand	5.37	13	
14	Canada	5.35	15	
15	Taiwan, China	5.33	14	
16	Israel	5.31	24	
17	United Arab Emirates	5.30	16	
18	Austria	5.25	19	
19	Luxembourg	5.23	20	
20	Belgium	5.23	17	

East Asia and Pacific

Eurasia

Europe and North America

Latin America and the Caribbean

Middle East and North Africa

South Asia

Sub-Saharan Africa

Note: The Global Competitiveness Index captures the determinants of long-term growth. Recent developments are reflected only in-so-far as they have an impact on data measuring these determinants. Results should be interpreted in this context.

1 Scale ranges from 1 to 7.

2 2016-2017 rank out of 138 economies.

3 Evolution in percentile rank since 2007 or earliest edition available.





2017-2018 Rankings

	Economy	Score ¹	Prev. ²	Trend ³
21	Australia	5.19	22	
22	France	5.18	21	
23	Malaysia	5.17	25	
24	Ireland	5.16	23	
25	Qatar	5.11	18	
26	Korea, Rep.	5.07	26	
27	China	5.00	28	
28	Iceland	4.99	27	
29	Estonia	4.85	30	
30	Saudi Arabia	4.83	29	
31	Czech Republic	4.77	31	
32	Thailand	4.72	34	
33	Chile	4.71	33	
34	Spain	4.70	32	
35	Azerbaijan	4.69	37	
36	Indonesia	4.68	41	
37	Malta	4.65	40	
38	Russian Federation	4.64	43	
39	Poland	4.59	36	
40	India	4.59	39	

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2017-2018 Rankings

	Economy	Score ¹	Prev. ²	Trend ³
41	Lithuania	4.58	35	
42	Portugal	4.57	46	
43	Italy	4.54	44	
44	Bahrain	4.54	48	
45	Mauritius	4.52	45	
46	Brunei Darussalam	4.52	58	
47	Costa Rica	4.50	54	
48	Slovenia	4.48	56	
49	Bulgaria	4.46	50	
50	Panama	4.44	42	
51	Mexico	4.44	51	
52	Kuwait	4.43	38	
53	Turkey	4.42	55	
54	Latvia	4.40	49	
55	Vietnam	4.36	60	
56	Philippines	4.35	57	
57	Kazakhstan	4.35	53	
58	Rwanda	4.35	52	
59	Slovak Republic	4.33	65	
60	Hungary	4.33	69	

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2017-2018 Rankings

	Economy	Score ¹	Prev. ²	Trend ³
61	South Africa	4.32	47	
62	Oman	4.31	66	
63	Botswana	4.30	64	
64	Cyprus	4.30	83	
65	Jordan	4.30	63	
66	Colombia	4.29	61	
67	Georgia	4.28	59	
68	Romania	4.28	62	
69	Iran, Islamic Rep.	4.27	76	
70	Jamaica	4.25	75	
71	Morocco	4.24	70	
72	Peru	4.22	67	
73	Armenia	4.19	79	
74	Croatia	4.19	74	
75	Albania	4.18	80	
76	Uruguay	4.15	73	
77	Montenegro	4.15	82	
78	Serbia	4.14	90	
79	Tajikistan	4.14	77	
80	Brazil	4.14	81	

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2017-2018 Rankings

	Economy	Score ¹	Prev. ²	Trend ³
81	Ukraine	4.11	85	
82	Bhutan	4.10	97	
83	Trinidad and Tobago	4.09	94	
84	Guatemala	4.08	78	
85	Sri Lanka	4.08	71	
86	Algeria	4.07	87	
87	Greece	4.02	86	
88	Nepal	4.02	98	
89	Moldova	3.99	100	
90	Namibia	3.99	84	
91	Kenya	3.98	96	
92	Argentina	3.95	104	
93	Nicaragua	3.95	103	
94	Cambodia	3.93	89	
95	Tunisia	3.93	95	
96	Honduras	3.92	88	
97	Ecuador	3.91	91	
98	Lao PDR	3.91	93	
99	Bangladesh	3.91	106	
100	Egypt	3.90	115	

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2017-2018 Rankings

	Economy	Score ¹	Prev. ²	Trend ³
101	Mongolia	3.90	102	
102	Kyrgyz Republic	3.90	111	
103	Bosnia and Herzegovina	3.87	107	
104	Dominican Republic	3.87	92	
105	Lebanon	3.84	101	
106	Senegal	3.81	112	
107	Seychelles	3.80	n/a	
108	Ethiopia	3.78	109	
109	El Salvador	3.77	105	
110	Cape Verde	3.76	110	
111	Ghana	3.72	114	
112	Paraguay	3.71	117	
113	Tanzania	3.71	116	
114	Uganda	3.70	113	
115	Pakistan	3.67	122	
116	Cameroon	3.65	119	
117	Gambia, The	3.61	123	
118	Zambia	3.52	118	
119	Guinea	3.47	n/a	
120	Benin	3.47	124	

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2017-2018 Rankings

	Economy	Score ¹	Prev. ²	Trend ³
121	Madagascar	3.40	128	
122	Swaziland	3.35	n/a	
123	Mali	3.33	125	
124	Zimbabwe	3.32	126	
125	Nigeria	3.30	127	
126	Congo, Democratic Rep.	3.27	129	
127	Venezuela	3.23	130	
128	Haiti	3.22	n/a	
129	Burundi	3.21	135	
130	Sierra Leone	3.20	132	
131	Lesotho	3.20	120	
132	Malawi	3.11	134	
133	Mauritania	3.09	137	
134	Liberia	3.08	131	
135	Chad	2.99	136	
136	Mozambique	2.89	133	
137	Yemen	2.87	138	

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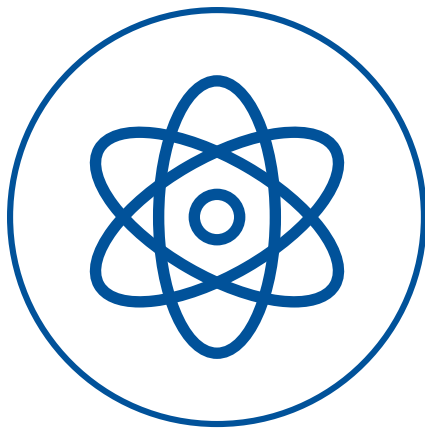
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The Quest for More and Better Growth

Recovering growth is welcome news but competitiveness challenges remain, in particular addressing financial vulnerability and spreading the benefits of technological progress ensuring shared prosperity.

After a long period of slow growth following the global financial crisis, the world economy appears to have picked up speed. Global GDP growth is set to edge up to 3.5 percent in 2017, according to the International Monetary Fund, with advanced economies growing at 2.0 percent and emerging markets at 4.6 percent. This is welcome news but many challenges remain: disruptive inequalities, rising protectionism and a backlash against globalization, and the challenges and uncertainties of the Fourth Industrial Revolution. In this context, competitiveness remains central to productivity growth—the long-term determinant of economic growth—and the ability of economies to address these challenges.

Analysis of the Global Competitiveness Index (GCI) points to three main challenges and lessons that are relevant for economic progress, public-private collaboration, and policy action.

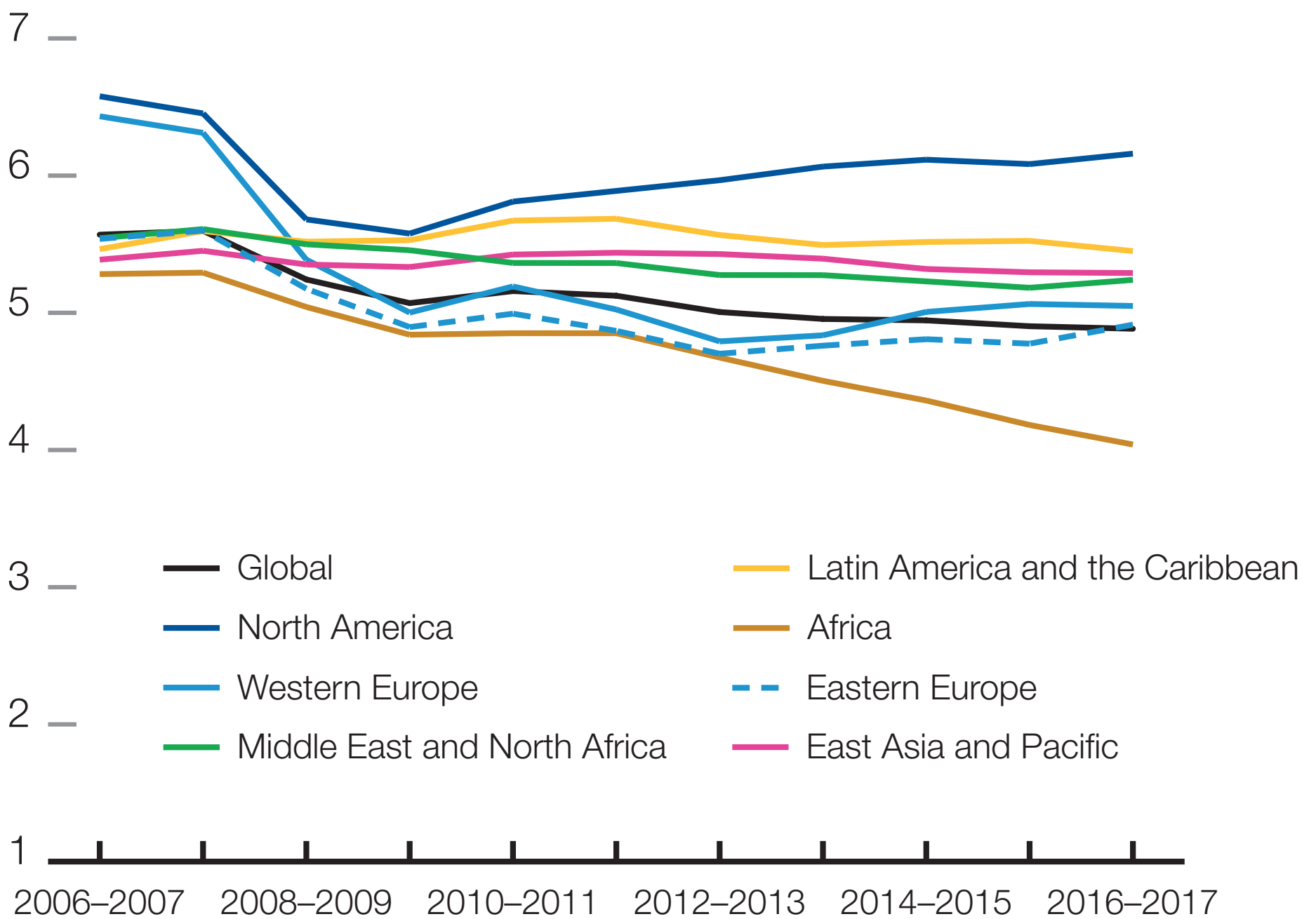


A healthy financial sector is required for innovation and growth

First, 10 years after the crisis, the financial sector remains vulnerable. GCI indicators of bank soundness have not recovered to pre-crisis levels, new sources of vulnerability have emerged—such as increasing private debt in emerging economies and the growth of non-regulated capital markets—and governments have less bandwidth than they did 10 years ago to cope with another crisis. Maintaining a sound financial sector is not only important to prevent recessions with deep and long-lasting effects on productivity and growth, but also to sustain innovation. In fact, providing adequate funds and instruments to support the most productive and innovative ideas is essential to take advantage of the Fourth Industrial Revolution.

Soundness of banks, 2006–2017

Source: Global Competitiveness Report 2017-2018

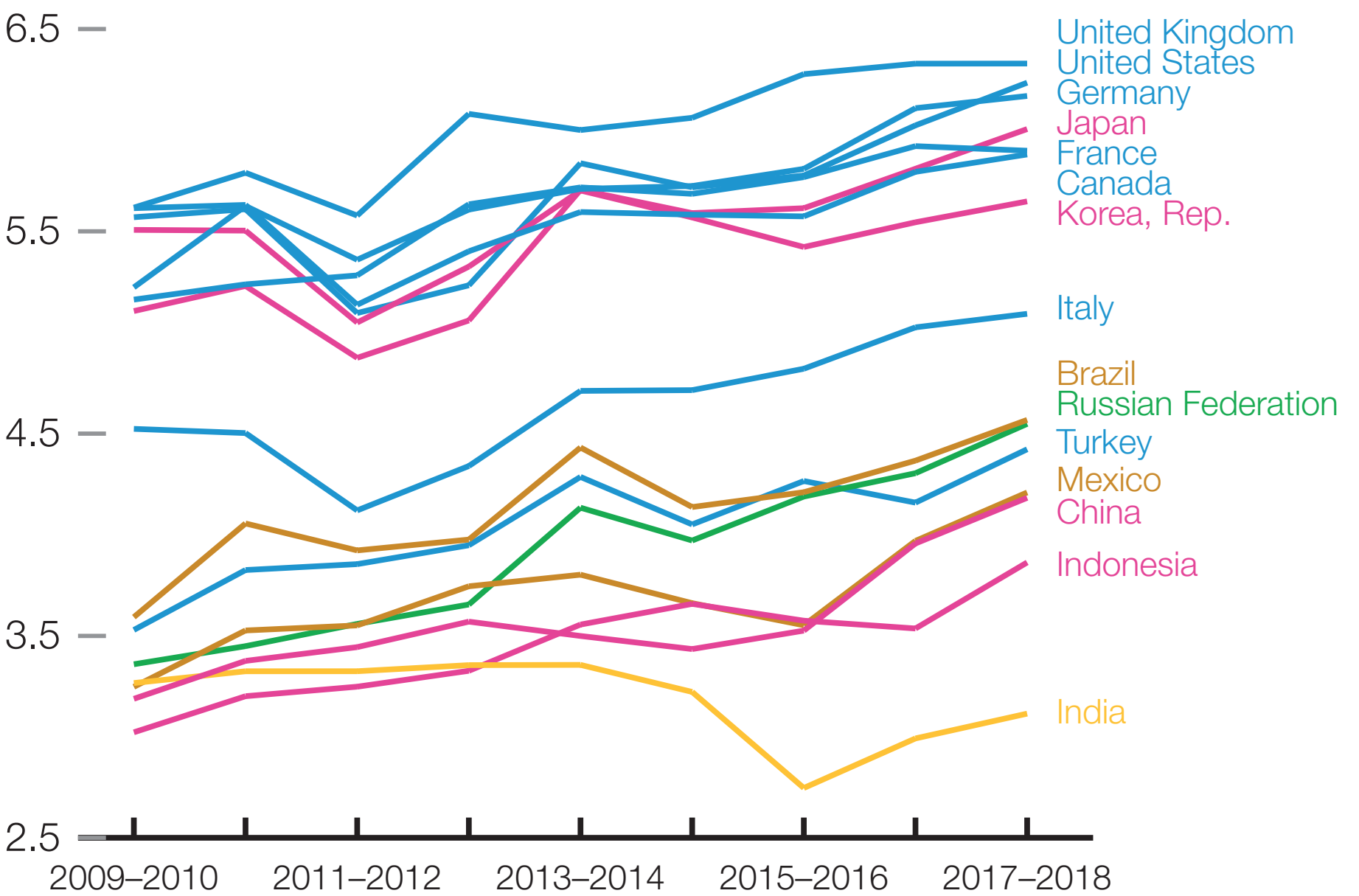


Emerging economies are becoming better at innovation but more can be done to spread the benefits

Second, more countries are able to innovate, but they must do more to spread the benefits. Major emerging markets such as China, India, and Indonesia are becoming centers for innovation, catching up with advanced economies. However, they are not making equally good progress in increasing the readiness of their people and firms to adopt new technologies, which is necessary to widely spread innovation's potential economic and societal benefits.

Evolution of technological readiness in large advanced countries and large emerging markets, 2009–2017

Source: Global Competitiveness Report 2017-2018



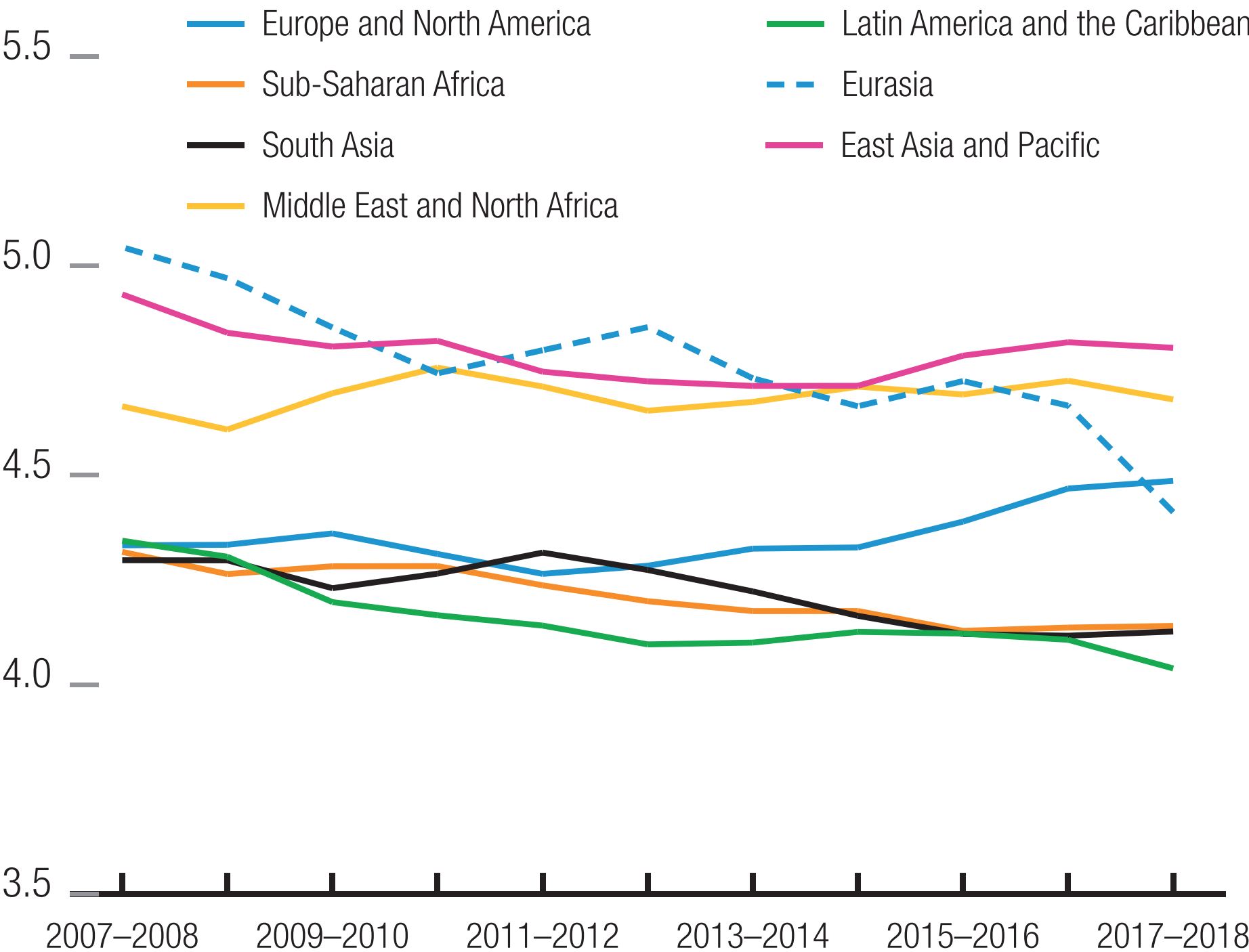
Labor market flexibility and worker protection are needed for competitiveness and shared prosperity in the Fourth Industrial Revolution

Third, both combining labor market flexibility and workers' right is needed to ensure shared prosperity in the 4IR era. As globalization and rapid technological progress require labor markets to reallocate workers between tasks and occupations, the GCI shows three parallel trends. First, measures of labor market flexibility are converging between advanced and emerging economies. Second, more openness and economic integration has been accompanied by increased labor flexibility—and third, contrary to widespread perception, greater labor market flexibility can coexist with protecting workers' rights, income protection, and reducing inequality.

Together, these issues underscore the overall challenge for both advanced and emerging economies: how to allow markets for factors of production to be flexible and responsive to technological trends while protecting people's well-being during adjustment periods.

Evolution of labor market flexibility, 2007–2017

Source: Global Competitiveness Report 2017-2018





References

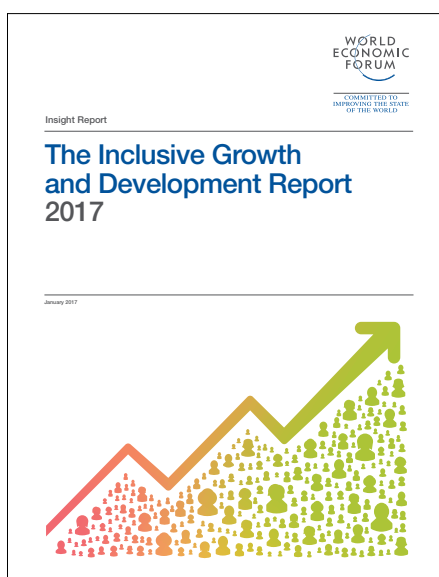
Research published under the *System Initiative on Shaping the Future of Economic Progress* measures the drivers of social and economic development through a set of proprietary global benchmarking tools and related analysis. These frameworks offer policy-makers and other stakeholders a practical basis on which to identify and prioritize opportunities for advancing competitiveness, inclusive growth and sustainable development.

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Africa Competitiveness Report 2017

The Africa Competitiveness Report was first published in 1998 and has, since 2007, been a biennial project highlighting areas that require policy action and investment to ensure Africa's sustained growth. As the result of a longstanding collaboration, the report incorporates the knowledge and expertise of the African Development Bank, the World Bank Group and the World Economic Forum, presenting a joint vision that can inform policies and help Africa transform its economies.



The Inclusive Growth and Development Report 2017

The Inclusive Growth and Development Report 2017 provides an actionable Framework for strengthening broad-based progress in living standards. The Report covers 109 economies and is intended to make discussions about socioeconomic inclusion and inequality more actionable by measuring the extent to which a country is exploiting the wide spectrum of policy and institutional levers relative to peer countries of the same level of development. The Report presents a new global index, the Inclusive Development Index (IDI), providing a richer and more nuanced assessment of countries' level (and recent performance) of economic development than the conventional one based on GDP per capita alone. Visit wef.ch/igd17.





Acknowledgements

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