News Release

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Institutions and Innovation Increasingly Important for Competitiveness

2 September 2013

Oliver Cann, Associate Director, Media, Tel.: +41 (0)79 799 3405 oliver.cann@weforum.org

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- The Global Competitiveness Report 2013-2014 finds highly innovative countries with strong institutions continue to top international competitiveness rankings
- United States reverses its four-year downward trend and Japan rises to ninth place
- Download the full report profiling 148 economies, highlights, rankings and more at http://www.weforum.org/gcr. Watch the video interviews on the results of the report

Geneva, Switzerland, 4 September 2013 – Excellent innovation and strong institutional environments are increasingly influencing economies' competitiveness, according to The Global Competitiveness Report 2013-2014, which is launched today.

The report's Global Competitiveness Index (GCI) places Switzerland at the top of the ranking for the fifth year running. Singapore and Finland remain in second and third positions respectively. Germany moves up two places (4th) and the United States reverses a four-year downward trend, climbing two places to fifth. Hong Kong SAR (7th) and Japan (9th) also close the gap on the most competitive economies, while Sweden (6th), the Netherlands (8th) and the United Kingdom (10th) fall.

The United States continues to be a world leader in bringing innovative products and services to market. Its rise in the ranking is down to a perceived improvement in the country's financial market as well as greater confidence in its public institutions. However, serious concerns persist over its macroeconomic stability, which ranks 117 out of 148 economies.

In **Europe**, efforts to tackle public debt and avoid a break-up of the euro have taken the focus off addressing deeper competitiveness issues. Southern European economies such as Spain (35th), Italy (49th), Portugal (51st) and notably Greece (91st) all need to continue addressing weaknesses in the functioning and efficiency of their markets, boost innovation and improve access to finance in order to help bridge the region's competitiveness divide.

Some of the world's **largest emerging market economies** must also engage business, government and civil society to implement long-overdue reforms. Of the five BRICS, the People's Republic of China (29th) continues to lead the group, followed by South Africa (53rd), Brazil (56th) India (60th) and Russia (64th). Among the BRICS, only Russia improves its ranking, climbing three places, while Brazil drops eight places.

Among the **Asian economies**, Indonesia jumps to 38th, making it the most improved of the G20 economies since 2006, while Korea (25th) falls by six places. Behind Singapore, Hong Kong SAR, Japan and Taiwan (China) (12th) all remain in the top 20. Developing Asian nations display very mixed performances and trends: Malaysia places 24th while countries such as Nepal (117th), Pakistan (133rd) and Timor-Leste (138th) are near the bottom of the ranking. Bhutan (109th), Lao PDR (81st) and Myanmar (139th) join the index for the first time.

In the **Middle East and North Africa**, Qatar (13th) tops the region's rankings, with the United Arab Emirates (19th)

entering the top 20 for the first time. Saudi Arabia (20th) falls two places but remains among the top 20. Israel ranks 27th. Egypt (118th) drops a further 11 places on last year ' s index. Bahrain (43rd), Jordan (68th) and Morocco (77th) also decline. Elsewhere in the region, Algeria moves up to 100th place and Tunisia re-enters the index at 83rd.

In **sub-Saharan Africa**, Mauritius (45th) overtakes South Africa (53rd) as the region ' s most competitive economy. With only eight countries in the region featuring in the top 100, profound efforts across the board are clearly needed to improve Africa ' s competitiveness. Among low-income economies, Kenya makes the biggest improvement, rising by ten places to 96th position. Nigeria (120th) continues to be ranked low, highlighting the need for it to diversify its economy.

Despite robust economic growth in previous years, **Latin America** continues to suffer from low rates of productivity and the results show overall stagnation in competitiveness performance. Chile (34th) continues to lead the regional rankings ahead of Panama (40th), Costa Rica (54th) and Mexico (55th), which all remain relatively stable.

" Innovation becomes even more critical in terms of an economy ' s ability to foster future prosperity, " said Klaus Schwab, Founder and Executive Chairman of the World Economic Forum. " I predict that the traditional distinction between countries being ' developed ' or ' less developed ' will gradually disappear and we will instead refer to them much more in terms of being ' innovation rich ' vs. ' innovation poor ' countries. It is therefore vital that leaders from business, government and civil society work collaboratively to create education systems and enable environments which foster innovation. "

Xavier Sala-i-Martin, Professor of Economics, Columbia University, USA, said: " The report highlights a shift in the narrative of the global economy from one year ago, when fire-fighting still characterized much of global and regional economic policy. This has now given way to an increasing urgency for leaders to make wide-ranging structural reforms to their economies. "

Notes to Editors

The Global Competitiveness Report ' s competitiveness ranking is based on the GCI, which was introduced by the World Economic Forum in 2004. Defining competitiveness as the set of institutions, policies and factors that determine the level of productivity of a country, GCI scores are calculated by drawing together country-level data covering 12 categories – the pillars of competitiveness – that together make up a comprehensive picture of a country ' s competitiveness. The 12 pillars are: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation. For more information on the methodology of the report, click here.

Read The Global Competitiveness Report 2013-2014 at http://wef.ch/gcr13reader

Download the full Global Competitiveness rankings (PDF or Excel format)

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World Economic Forum, 91-93 route de la Capite, CH-1223 Cologny/Geneva
Tel. +41 (0)22 869 1212, Fax +41 (0)22 786 2744, http://www.weforum.org