

PRESS RELEASE

Contact: Fon Mathuros, Senior Press Officer
Communications and Public Affairs
Tel.: (41 22) 869 1403, 869 1212
Fax: (41 22) 869 1394
E-mail: fmathuro@weforum.org



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FINLAND RANKS FIRST ON THE GLOBAL COMPETITIVENESS REPORT 2001 LAUNCHED TODAY BY THE WORLD ECONOMIC FORUM

Geneva, Switzerland, 18 October 2001 at 07.00 GMT – According to *The Global Competitiveness Report 2001* released by the World Economic Forum today, Finland is the most competitive economy in the world. The Report, which measures the comparative strengths and weaknesses of national economies, is produced in partnership with Harvard University. Professor Michael E. Porter of the Harvard Business School and Professor Jeffrey D. Sachs, Director of the Center for International Development at Harvard University, are co-chairs of the Report.

The World Economic Forum has been publishing *The Global Competitiveness Report* since 1979. This year's Report, which ranks 75 countries, is the most comprehensive to date. "The tremendous uncertainty in the global economy brings about important challenges," said Professor Klaus Schwab, Founder and President of the World Economic Forum. "It is now more critical than ever to assess how countries will fare over the next five years. *The Global Competitiveness Report* is an invaluable tool for identifying existing impediments to economic growth."

Since 2000, *The Global Competitiveness Report* has consisted of two index rankings (please see attachment):

1. **The Growth Competitiveness Index (GCI)** aims to measure the factors that contribute to the future growth of an economy, measured by the rate of change of GDP per person. It is comprised of three sub-indexes: the level of technology in an economy, the quality of public institutions, and the macroeconomic conditions. These factors explain why the prosperity of some countries is improving faster than others.
2. **The Current Competitiveness Index (CCI)** aims to identify the factors that underpin high current productivity and hence current economic performance, measured by the level of GDP per person. It reflects microeconomic fundamentals, with one sub-index that focuses on company sophistication and another, on the quality of business environment. These factors explain why some countries can sustain a higher level of prosperity than others.

The dimensions of the two competitiveness indexes are related as they both focus on the conditions supporting productivity, albeit over different time horizons. In previous Reports (up to 1999), the main emphasis has been on growth competitiveness. The Survey for the two indexes featured in this year's Report was conducted with over 4,600 business leaders worldwide. The Survey blends perceptions and observations of business leaders operating in a given country. Careful assessment of both indexes, and their component variables, reveals many of the relative strengths and weaknesses of growth within each economy.

Ranking – For the first time ever, Finland ranks first in both the Global Competitiveness Index (GCI) and the Current Competitiveness Index (CCI). This indicates that Finland now has the best prospects for growth over the next five years. The United States slipped into second place while Japan, which continues to experience economic stagnation, maintains a low position at 21st, down one slot from last year. Rankings of several Asian economies also fell, including Singapore (from 2nd to 4th), Hong Kong SAR (from 7th to 13th) and Malaysia (24th to 30th). But notable gains in the rankings were posted by several European economies, including Finland (from 6th to 1st), Norway (from 15th to 6th) and Sweden (from 12th to 9th). Bangladesh and Nigeria, though ranking near the bottom of the GCI scale, showed tremendous potential for growth if they are able to enhance their political and technological capacities under the auspices of stable macroeconomics.

"We are pleased to add 17 countries to our analysis," said Peter Cornelius, Director of the Global Competitiveness Programme of the World Economic Forum. "It reflects the rising integration of developing countries into the global economy. It also ensures that *The Global Competitiveness Report* remains the most authoritative source for policy-makers, the business community and other stakeholders."

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The new entrants are regionally diversified with one economy from Africa (Nigeria); two from Asia (Bangladesh and Sri Lanka); five from central and eastern Europe (Estonia, Latvia, Lithuania, Romania and Slovenia); and nine from the Western Hemisphere (Dominican Republic, Guatemala, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Trinidad and Tobago, and Uruguay).

In addition to the rankings and country profiles, *The Global Competitiveness Report 2001* contains the latest thinking and research on global competitiveness by the leading authorities on the subject. Essays cover a range of issues relating to economic performance such as innovation, trade, labour and environment. This year, the Report emphasizes an increasingly important theme confronting many nations: countries face very different challenges and priorities as they move from resource-based to knowledge-based economies. The findings highlight the need to set and align a nation's economic priorities with its level of development. The World Economic Forum sees the Report as an invaluable tool for identifying existing impediments to economic growth and thereby help in the design of policy measures intended to remove such obstacles.

The World Economic Forum's *Global Competitiveness Report 2001* is published by Oxford University Press.

For more information, please visit our website at www.weforum.org/gcp.

For any additional assistance, please contact Fon Mathuros, Communications Department, at fmathuro@weforum.org, tel.: (41 22) 869 1403, fax: (41 22) 869 1394.

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