

PRESS RELEASE

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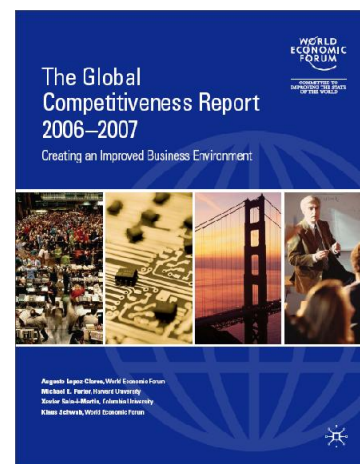
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UNITED STATES IN 6TH PLACE IN THE WORLD ECONOMIC FORUM'S 2006 COMPETITIVENESS RANKINGS

The US remains a powerhouse of technological innovation

Geneva, Switzerland 27 September 2006 – The United States is in sixth place in the World Economic Forum's Global Competitiveness Index (GCI) rankings for 2006-07, behind Switzerland, Finland and Sweden and just ahead of Japan. The efficiency of the country's markets, the sophistication of its business community, the impressive capacity for technological innovation that exists within a first rate constellation of universities and research centres, all contribute to make the United States a highly competitive economy. However, a number of weaknesses, particularly related to macroeconomic imbalances and the institutional environment, are beginning to erode the country's overall competitiveness potential.

"The United States will remain, for the foreseeable future, one of the most competitive economies in the world, reflecting the existence of a long pipeline of innovation, nurtured by a first class system of higher education. However, two areas are of some concern and if unattended could allow other countries—in a highly competitive global economy—to challenge the US's privileged position. First, with potentially open-ended expenditure commitments linked to defence and homeland security, ongoing plans to lower taxes further, as well as other longer-term potential claims on the budget, the prospects for sustained fiscal adjustment seem not too bright. With a low savings rate, record-high current account deficits and a worsening of the US's net debtor position, there is a non-negligible risk to both the country's overall competitiveness and, given the relative size of the US economy, the future of the global economy. Second, while the US has, in general, an excellent institutional framework, the quality of the country's public institutions falls somewhat short of the levels of transparency and efficiency seen in other OECD members," said Augusto Lopez-Claros, Chief Economist and Head of the World Economic Forum's Global Competitiveness Network.



Switzerland, Finland and Sweden are the world's most competitive economies according to the report. Denmark, Singapore, the United States, Japan, Germany, the Netherlands and the United Kingdom complete the top ten list.

The rankings are drawn from a combination of publicly available hard data and the results of the Executive Opinion Survey, a comprehensive annual survey conducted by the World Economic Forum, together with its network of Partner Institutes (leading research institutes and business organizations) in the countries covered by the Report. This year, over 11,000 business leaders were polled in a record 125 economies worldwide. The survey questionnaire is designed to capture a broad range of factors affecting an economy's business climate that are critical determinants of sustained economic growth. The Forum annually delivers a comprehensive overview of the main strengths and weaknesses in a large number of countries, making it possible to identify key areas for policy formulation and reform.

Global Competitiveness Index 2006 and 2005 comparisons					
	GCI	GCI	GCI		
Country/Economy	2006 Rank	2006 Score	2005 Rank	Changes 2005-2006	
Switzerland	1	5.81	4	▲	3
Finland	2	5.76	2	↔	0
Sweden	3	5.74	7	▲	4
Denmark	4	5.70	3	●	-1
Singapore	5	5.63	5	↔	0
United States	6	5.61	1	●	-5
Japan	7	5.60	10	▲	3
Germany	8	5.58	6	●	-2

Netherlands	9	5.56	11	ä	2
United Kingdom	10	5.54	9	æ	-1

Download the full [Global Competitiveness Rankings](#) ([PDF](#) or [Excel format](#))

This year marks an important progression in *The Global Competitiveness Report's* methodology, with the adoption of a new, more comprehensive, tool to assess countries' competitiveness: the Global Competitiveness Index (GCI). Developed for the World Economic Forum by Professor Xavier Sala-i-Martin of Columbia University, the new index – representing two years of collaboration with him and feedback from a broad set of users – extends and deepens the concepts and ideas underpinning the earlier index used by the Forum.

“The introduction of the Global Competitiveness Index is a logical extension of the World Economic Forum’s competitiveness work. Changes in the global economy and the increasing complexity which characterize the business environment have made it necessary to develop an instrument that captures a larger set of factors affecting the evolution of economic growth. We are confident that this index, elegant in design and with a strong conceptual underpinning, will become an important tool for dialogue with policy-makers and the business community on the key drivers of productivity,” said Augusto Lopez-Claros.

“With the growing complexity of the global economy, *The Global Competitiveness Report* is a contribution to enhancing our understanding of the key factors which determine economic growth and will help explain why some countries are much more successful than others in raising income levels and opportunities for their respective populations. By providing detailed assessments of the economic conditions of nations worldwide, the Report offers policy-makers and business leaders an important tool in the formulation of improved economic policies and institutional reforms,” noted Klaus Schwab, Founder and Executive Chairman of the World Economic Forum.

Harvard Business School Professor Michael E. Porter presents the results of the Business Competitiveness Index (BCI), an especially useful complement to the GCI, with its emphasis on a range of company-specific factors conducive to improved efficiency and productivity, such as the sophistication of the operating practices and strategies of companies and the quality of the microeconomic business environment in which a nation’s companies compete. Results of the BCI rankings are fully reported in the Executive Summary and available online at www.weforum.org/gcr.

The World Economic Forum continues to expand geographic coverage of *The Global Competitiveness Report* and with the current instalment featuring a total of 125 economies, this Report is the most comprehensive of its type. This year, coverage has been expanded to Angola, Barbados, Burkina Faso, Burundi, Lesotho, Mauritania, Nepal, Suriname and Zambia.

This year’s Report features a number of country-specific boxes on Argentina, Brazil, France, Hungary, Israel, Japan, South Africa, Turkey and the United States, providing an in-depth analysis of the issues affecting national competitiveness. Moreover, the Report contains a number of external studies on pertinent issues related to global competitiveness and, more generally, themes which emanate from the World Economic Forum’s concern with growth and development. In addition to these, the Report also includes an interview, in which the Forum’s Chief Economist Augusto Lopez-Claros talks to Harvard Professors Richard Cooper and Kenneth Rogoff about the ramifications of global imbalances.

The Report contains a detailed country/economy profile for each of the 125 economies featured in the study, providing a comprehensive summary of the overall position in the Index rankings as well as a guide to what are considered to be the most prominent competitive advantages and competitive disadvantages of each. Also included is an extensive section of data tables with global rankings covering over 100 indicators.

Notes to Editors:

Click here to see the [highlights](#) of the report and download the full [Global Competitiveness Rankings](#) ([PDF](#) or [Excel format](#))

Click here to read the [Contents](#), the [Preface](#), the [Executive Summary](#) and the [FAQs](#).

Should you require country profiles or specific information, please contact gcp@weforum.org

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