

PRESS RELEASE

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Highlights:

- **Finland is the most competitive economy** holding first position in the Growth Competitiveness Index rankings due to a good all-round performance. The United States holds a commanding position in the technology area, but this is offset by some weakening in the quality of its public institutions and macroeconomic environment, particularly public finances, where the country ranks 50 among the 102 countries surveyed.
- **Six European economies are ranked among the top ten** (Finland (1), Sweden (3), Denmark (4), Switzerland (7), Iceland (8) and Norway(9) with a notable good performance from the Scandinavian countries.
- **United Kingdom and Canada drop to 15th and 16th** position respectively, mainly due to a perceived decline in the quality of their public institutions (particularly significant in Canada).
- **Germany (13th) and France (26th) show slight overall improvement** driven by better public institutions and technology, despite macroeconomic difficulties, particularly on the budget side.
- **Taiwan and Singapore, ranked 5th and 6th respectively**, are Asia's best performing countries. Taiwan's position is largely due to its excellent performance in technology and Singapore's to its sound macroeconomic environment and quality of public institutions.
- **Japan's move up in the rankings**, now in 11th place, is partly driven by its strength in technology, in particular in technical innovation. The Republic of Korea, however, now in the top 20 (in 18th place) is slowly catching up with Japan due to signs of an improving macroeconomic environment and technology.
- **Jordan (34th) shows significant strength** in all areas, in particular in terms of public institutions, which is encouraging for the region.
- **Botswana (36th) is Africa's best performing economy** showing progress in most areas, except for lower scores in innovation.
- **Chile (28th) is the highest ranking economy in Latin America**, way ahead of Mexico (47th), the second highest ranked economy in the region. Gradually, through a combination of good macroeconomic management and a broad range of institutional reforms Chile is joining the ranks of the most competitive economies in the world, effectively migrating, in a figurative sense, away from the economically troubled region.
- **China falls in the rankings** (now ranking 44) marked by a deterioration in the perceived quality of its public institutions, with substantially lower scores for such variables as the independence of its judiciary and an aggregate measure of corruption in the public sector.
- **Russia still holds a low ranking** (70), despite considerable improvements in its macroeconomic environment and technology. Russia is penalized, however, for remaining high inflation (rank of 93), inefficiencies in the banking system, and low scores in a broad range of institutional factors.

"By providing detailed information on the economic conditions of nations worldwide, *The Global Competitiveness Report* is a contribution to enhancing our understanding of the key ingredients of economic growth and prosperity. By highlighting the strengths and weaknesses of an economy, policy-makers and

business leaders are assisted in their decision-making, whether through the introduction of new economic measures or institutional reforms,” notes **Professor Klaus Schwab**, Executive Chairman of the World Economic Forum

The World Economic Forum’s annual *Global Competitiveness Report* evaluates the potential for sustained economic growth of 102 economies and ranks them accordingly. Since its first release in 1979, the Report has become the most authoritative and comprehensive study of its type. Professor Klaus Schwab of the World Economic Forum and Professor Michael E. Porter of Harvard University are Co-Chairs of the Report, and Professor Xavier Sala-i-Martin of Columbia University and Universitat Pompeu Fabra is the Editor of this year’s edition.

Geographic coverage this year has increased significantly from 80 to 102 economies. Particular efforts were made to increase coverage of Africa, increasing from 8 to 25 the number of African countries now featured in the Report. New entrants this year are Algeria, Angola, Cameroon, Chad, Egypt, Ethiopia, Gambia, Ghana, Kenya, Madagascar, Malawi, Mali, Mozambique, Senegal, Tanzania, Uganda and Zambia. Other new economies featured in this year’s Report are Luxembourg; Macedonia, FYR; Malta; Pakistan and Serbia. Geographic coverage of the Report accounts for 97.8% of the world’s GDP.

The Report is unique in that the methodology used to calculate the country rankings combines publicly available data with survey data that captures the perceptions and observations of business leaders operating in a given country. A record number of 7,741 responses to the Executive Opinion Survey, conducted in collaboration with a network of 104 Partner Institutes, were collected this year.

The Report uses two complementary indexes to assess a country’s competitiveness condition: the Growth Competitiveness Index (GCI) and the Business Competitiveness Index (BCI).

1. The **Growth Competitiveness Index** (GCI) aims to analyse the potential of the world’s economies to attain sustained economic growth over the medium and long term. The index is founded on three central components: the macroeconomic environment, the quality of public institutions, and technology.
2. The **Business Competitiveness Index** (BCI), renamed from last year’s Microeconomic Competitiveness Index, 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 subindex that focuses on company sophistication and another on the quality of the business environment.

In addition to the rankings, 160 data tables and 102 individual country profiles, *The Global Competitiveness Report 2003-2004* showcases the latest thinking and research on global competitiveness issues by leading experts. Chapters include a review of the most important economic events of the year, the key challenges facing policy-makers in the developing world, the conditions needed for national innovation, the recent behaviour of productivity growth, and governance and its effect on economic development.

The launch of *The Global Competitiveness Report 2003-2004* in Washington DC will be webcast LIVE on the World Economic Forum website at <http://www.weforum.org/gcrwebcast2003>

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

The World Economic Forum’s *Global Competitiveness Report 2002-2003* is published by Oxford University Press <http://www.oup-usa.org/reports/>

For more information about the publications and activities of the Forum’s Global Competitiveness Programme, please visit <http://www.weforum.org/gcp> or contact gcp@weforum.org

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