



## **IMD Releases Its 2016 World Competitiveness Ranking**

### **The USA toppled as world's most competitive economy**

*By Arturo Bris, Christos Cabolis and José Caballero*

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**LAUSANNE - (May 30, 2016)** - The USA has surrendered its status as the world's most competitive economy after being overtaken by China Hong Kong and Switzerland, according to the **IMD World Competitiveness Center**.

The sheer power of the economy of the USA is no longer sufficient to keep it at the top of the prestigious World Competitiveness Ranking, which it has led for the past three years.

The IMD World Competitiveness Center, a research group within [IMD business school](#), has published the ranking each year since 1989 and it is widely regarded as the foremost annual assessment of the competitiveness of countries.

The 2016 edition ranks **China Hong Kong** first, **Switzerland** second and the **USA** third, with **Singapore, Sweden, Denmark, Ireland, the Netherlands, Norway** and **Canada** completing the top 10.

WCY 2016	Country	WCY 2015	Change
1	China Hong Kong	2	+1
2	Switzerland	4	+2
3	USA	1	-2
4	Singapore	3	-1
5	Sweden	9	+4
6	Denmark	8	+2
7	Ireland	16	+9
8	Netherlands	15	+7
9	Norway	7	-2
10	Canada	5	-5
11	Luxembourg	6	-5
12	Germany	10	-2
13	Qatar	13	-
14	Taiwan	11	-3
15	UAE	12	-3
16	New Zealand	17	+1
17	Australia	18	+1
18	United Kingdom	19	+1
19	Malaysia	14	-5
20	Finland	20	-
21	Israel	21	-
22	Belgium	23	+1
23	Iceland	24	+1
24	Austria	26	+2
25	China Mainland	22	-3
26	Japan	27	+1
27	Czech Republic	29	+2
28	Thailand	30	+2
29	Korea Rep.	25	-4
30	Lithuania	28	-2

WCY 2016	Country	WCY 2015	Change
31	Estonia	31	-
32	France	32	-
33	Poland	33	-
34	Spain	37	+3
35	Italy	38	+3
36	Chile	35	-1
37	Latvia	43	+6
38	Turkey	40	+2
39	Portugal	36	-3
40	Slovak Republic	46	+6
41	India	44	+3
42	Philippines	41	-1
43	Slovenia	49	+6
44	Russia	45	+1
45	Mexico	39	-6
46	Hungary	48	+2
47	Kazakhstan	34	-13
48	Indonesia	42	-6
49	Romania	47	-2
50	Bulgaria	55	+5
51	Colombia	51	-
52	South Africa	53	+1
53	Jordan	52	-1
54	Peru	54	-
55	Argentina	59	+4
56	Greece	50	-6
57	Brazil	56	-1
58	Croatia	58	-
59	Ukraine	60	+1
60	Mongolia	57	-3
61	Venezuela	61	-

Professor Arturo Bris, Director of the IMD World Competitiveness Center, said a consistent commitment to a favourable business environment was central to **China Hong Kong's** rise and that **Switzerland's** small size and its emphasis on a commitment to quality have allowed it to react quickly to keep its economy on top.

"The **USA** still boasts the best economic performance in the world, but there are many other factors that we take into account when assessing competitiveness," he said.

"The common pattern among all of the countries in the top 20 is their focus on business-friendly regulation, physical and intangible infrastructure and inclusive institutions."

A leading banking and financial center, **China Hong Kong** encourages innovation through low and simple taxation and imposes no restrictions on capital flows into or out of the territory.

It also offers a gateway for foreign direct investment in **China Mainland**, the world's newest economic superpower, and enables businesses there to access global capital markets.

**China Hong Kong** and **Singapore** aside, however, the research suggests Asia's competitiveness has declined markedly overall since the publication of last year's ranking.

**Taiwan, Malaysia, Korea Republic, and Indonesia** have all suffered significant falls from their 2015 positions, while **China Mainland** declined only narrowly retaining its place in the top 25.

The study reveals some of the most impressive strides in Europe have been made by countries in the East, chief among them **Latvia**, the **Slovak Republic** and **Slovenia**.

Western European economies have also continued to improve, with researchers highlighting the ongoing post-financial-crisis recovery of the public sector as a key driver.

Meanwhile, 36th-placed **Chile** is the sole Latin American nation outside the bottom 20, while **Argentina**, in 55th, is the only country in the region to have improved on its 2015 position.

Each ranking is based on analysis of over 340 criteria derived from four principal factors: economic performance, government efficiency, business efficiency and infrastructure.

Responses from an in-depth survey of more than 5,400 business executives, who are asked to assess the situation in their own countries, are also taken into consideration.

Professor Bris said: "One important fact that the ranking makes clear year after year is that current economic growth is by no means a guarantee of future competitiveness.

"Nations as different as **China Mainland** and **Qatar** fare very well in terms of economic performance, but they remain weak in other pillars such as government efficiency and infrastructure."

Data gathered since the first ranking was published more than 25 years ago also lend weight to fears that the rich are getting richer and the poor poorer, said Professor Bris.

"Since 1995 the world has become increasingly unequal in terms of income differences among countries, although the rate of increase is now slowing," he said.

"The wealth of the richest countries has grown every year except for the past two, while the poorer countries have seen some improvement in living conditions since the millennium.

"Unfortunately, the problem for many countries is that wealth accumulation by the rich doesn't yield any benefits for the poor in the absence of proper social safety nets.

"Innovation-driven economic growth in poorer countries improves competitiveness, but it also increases inequality. This is obviously an issue that demands long-term attention."