



## How will currency fluctuations impact competitiveness?

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The latest currency fluctuation wave in Europe will indeed impact several competitiveness criteria. In terms of the World Competitiveness Yearbook hard statistics, such an impact will be felt in the long-term. Changes in exchange rates will resonate, for example, in indicators such as stock prices and export sales for 2016 (if not later).

Currency stability, however, is fundamental for the degree of confidence that economic actors have in a particular economy. In this sense, there are competitiveness indicators that will display the impact of fluctuations more substantially in the short-term. We expect therefore that data gathered through our 2015 Executive Opinion Survey will exhibit such an impact. For example, we largely expect survey

participants residing in directly affected countries to conceive of exchange rates as a hindrance for the competitiveness of enterprises. In addition, opinions about the resilience of those economies to withstand economic cycles could become unfavourable.

The image abroad or branding of some countries may be affected negatively, which could eventually impact business development in those economies. Respondents may take an adverse stand in regards to the government. For example this could affect their impressions about the adaptability of government policy to changes in the economy, the effectiveness of the implementation of government decision and, in some cases, the likelihood of an increased risk of political instability.

Perceptions about credit availability and the financing of companies could also suffer. It could be the case that respondents find that credit is not easily available for businesses and that the levels of financing to companies are inadequate. In addition, opinions about the banking and financial services could shift. Respondents may perceive a decline in the support that these institutions provide to businesses. Undoubtedly, assessments of risk factors in the financial system will be affected as well as the relationship between the cost of capital and business development. Capital markets (foreign and domestic) could be found as inaccessible. At the same time, survey respondents may find that the investment environment in their respective countries lacks attractiveness for foreign investors.

To sustain competitiveness it is fundamental for countries to maintain the levels of confidence that their institutions enjoy which in turn depends on the perceptions of market agents. In this sense, our Executive Opinion Survey is an accurate tool to gauge and capture market sentiments about current economic events. Be ready then for a “reality check,” we compile the 2015 survey results by the end of May.

## EXCHANGE RATES

2014

Exchange rates

hinder the competitiveness  
of enterprisessupport the competitiveness of  
enterprises

Ranking			
1	LITHUANIA		7.31
2	QATAR		7.17
3	POLAND		7.02
4	ESTONIA		6.95
5	UAE		6.88
6	MALAYSIA		6.88
7	HONG KONG		6.53
8	CHILE		6.51
9	BULGARIA		6.43
10	JAPAN		6.39
11	MEXICO		6.38
12	USA		6.35
13	SLOVAK REPUBLIC		6.30
14	GERMANY		6.28
15	PERU		6.12
16	JORDAN		6.10
17	DENMARK		5.97
18	THAILAND		5.93
19	CZECH REPUBLIC		5.82
20	INDONESIA		5.78
21	AUSTRIA		5.63
22	PHILIPPINES		5.60
23	TAIWAN		5.58
24	IRELAND		5.54
25	CANADA		5.52
26	LATVIA		5.52
27	SINGAPORE		5.34
28	UNITED KINGDOM		5.33
29	SLOVENIA		5.31
30	NETHERLANDS		5.19
31	LUXEMBOURG		5.07
32	SWEDEN		4.93
33	NORWAY		4.80
34	KAZAKHSTAN		4.78
35	CHINA MAINLAND		4.70
36	SOUTH AFRICA		4.60
37	KOREA		4.49
38	INDIA		4.46
39	COLOMBIA		4.46
40	TURKEY		4.43
41	RUSSIA		4.42
42	BELGIUM		4.41
43	HUNGARY		4.04
44	ISRAEL		4.00
45	AUSTRALIA		3.98
46	FRANCE		3.97
47	GREECE		3.92
48	SPAIN		3.89
49	CROATIA		3.83
50	SWITZERLAND		3.75
51	NEW ZEALAND		3.70
52	FINLAND		3.69
53	BRAZIL		3.64
54	PORTUGAL		3.61
55	ITALY		3.57
56	ROMANIA		3.52
57	ICELAND		3.33
58	UKRAINE		3.23
59	ARGENTINA		2.67
60	VENEZUELA		0.23

## EXCHANGE RATE STABILITY

2013

Parity change from national currency to SDR, 2013 / 2011

Ranking		Parity change
1	KAZAKHSTAN	0.001
2	CANADA	0.002
3	SWITZERLAND	0.005
4	DENMARK	0.007
5	BULGARIA	0.008
6	MALAYSIA	0.009
7	NORWAY	0.009
8	LITHUANIA	0.009
9	MEXICO	0.010
10	UNITED KINGDOM	0.014
11	ICELAND	0.014
12	CHILE	0.014
13	LATVIA	0.017
14	COLOMBIA	0.027
15	POLAND	0.027
16	CROATIA	0.028
17	AUSTRALIA	0.028
18	ISRAEL	0.029
19	THAILAND	0.030
20	UKRAINE	0.034
21	SWEDEN	0.034
22	QATAR	0.037
23	USA	0.037
24	UAE	0.037
25	JORDAN	0.037
26	HONG KONG	0.041
27	SINGAPORE	0.042
28	RUSSIA	0.043
29	KOREA	0.049
30	ROMANIA	0.051
31	PERU	0.056
32	PHILIPPINES	0.057
33	AUSTRIA	0.059
34	BELGIUM	0.059
35	ESTONIA	0.059
36	FINLAND	0.059
37	FRANCE	0.059
38	GERMANY	0.059
39	GREECE	0.059
40	IRELAND	0.059
41	ITALY	0.059
42	LUXEMBOURG	0.059
43	NETHERLANDS	0.059
44	PORTUGAL	0.059
45	SLOVAK REPUBLIC	0.059
46	SLOVENIA	0.059
47	SPAIN	0.059
48	CZECH REPUBLIC	0.065
49	HUNGARY	0.071
50	NEW ZEALAND	0.073
51	CHINA MAINLAND	0.077
52	TURKEY	0.094
53	INDONESIA	0.148
54	JAPAN	0.177
55	INDIA	0.209
56	BRAZIL	0.241
57	ARGENTINA	0.279
58	SOUTH AFRICA	0.280
59	VENEZUELA	0.357
-	TAIWAN	-