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TO ALL JOURNALISTS AND NEWS EDITORS

RE: SA's competitiveness drops amid Covid-19 pandemic

South Africa's international competitiveness ranking has dropped further in 2021 to 62, out of 64 countries according to the 2021 World Competitiveness Yearbook (WCY) produced by the Swiss based Institute of Management Development (IMD).

The Institute of Management Development (IMD) 's World Competitiveness Yearbook (WCY) is an annual report that ranks the international competitiveness of 63 selected countries and is recognised internationally as the leading Survey of competitiveness between nations. The rankings are drawn from a combination of hard data and an Executive Opinion Survey. Productivity SA is the information partner institute for the IMD in South Africa.

According to the Chief Economist at Productivity SA, Dr Leroi Raputsoane, Covid-19 pandemic has presented countries with new and far reaching challenges for their local economies. Over and above the health crisis wrought by the pandemic, Covid-19 has diminished the ability of countries to facilitate a conducive environment in which business can thrive.

The widespread lockdowns, which in most cases led to the total closures of economic and social activities in the quest to limit the spread of the coronavirus resulted in massive loss of work and business hours, business closures and bankruptcies, disruption of international tourism and global supply chains.

Governments around the world reacted to the developing challenges presented by the spread of the Covid-19 pandemic by prioritising and reorientating of public funds from the economic imperatives to support and strengthen health and social welfare systems. The Covid-19 pandemic has serious implications for countries to establish and maintain an environment that empowers businesses to generate sustainable value thereby ensuring long term profitability, ability to generate employment and to ultimately enhance the welfare of their citizens.

As a result, the emergence of Covid-19 pandemic also presented special challenges for South Africa, a country that is already beset with challenges concerning slow GDP growth, high unemployment as well as high incidences of poverty and inequality. The big challenge for the country, as with many others, was to find a balance between the competing priorities between supporting economic development and safeguarding health and welfare of citizens.

The Institute of Management Development (IMD) 's World Competitiveness Yearbook (WCY) evaluates each country's data based on about 346 distinct criteria, which are grouped into 4 factors, where South Africa performed as follows among the 64 selected countries:

- Economic performance (61st)
- Government efficiency (61st)
- Business efficiency (58th)
- Infrastructure (61st)

The Institute of Management Development (IMD)'s World Competitiveness Yearbook (WCY) shows that, in 2020, the following countries topped the global competitiveness rankings

- Switzerland (1st)
- Sweden (2nd)
- Denmark (3rd)
- Netherlands (4th)
- Singapore (5th)

The Institute of Management Development (IMD)'s World Competitiveness Yearbook (WCY) further shows that the BRICS countries performed as follows

- Brazil (57th)
- Russia (45th)
- India (43rd)
- China (20th)
- South Africa (62st)

According to the Institute of Management Development (IMD) 's World Competitiveness Yearbook (WCY), the fall in South Africa's global competitiveness ranking was underpinned by the following challenges

- Deteriorating headline and youth unemployment
- Rising public debt levels amid a shrinking fiscal space
- Lack of decisive plans to revive the struggling economy
- Ongoing electricity supply problems and rolling blackouts
- Slow vaccination rates to fast track post Covid-19 recovery

According to Professor Arturo Bris, IMD, Competitiveness provides the framework to quantify the outcome of dealing with the challenges, such as, international trade and investment, employment, the openness, political stability, etc. from a country perspective. Ultimately, it allows the IMD to recognise the factors that facilitate prosperity, and this is how the institute expects its rankings to be used and interpreted that competitiveness is both a tool and an objective of economic policy.

Chief Economist Leroi Raputsoane, Productivity SA, further argues that, although the effects of Covid-19 pandemic were global, the response of individual countries in terms of safeguarding lives while making sure that local economies continue to thrive has separated the extend of gains and losses experienced by different countries' economies and their citizens.

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