

CEDA media release

Australia's competitiveness drops to lowest level in 25 years

Strictly embargoed until 6pm, Thursday 17 June 2021

Australia has fallen four places to 22nd in a global ranking of the competitiveness of 64 nations released today. It is Australia's worst result in 25 years.

CEDA Chief Economist Jarrod Ball said our performance in the *IMD World Competitiveness Yearbook 2021* showed we could not afford to stand still, despite our early success in managing the COVID-19 pandemic and recent strong economic recovery.

"Australia cannot waste any time getting match-fit for the post-pandemic era," Mr Ball said.

"The rankings show business will need to do a lot of the heavy lifting, with business efficiency leading Australia's slide in the rankings, driven by a lacklustre 58th place for management practices.

"We are among the lowest-ranked of 64 nations on company agility, entrepreneurship, customer satisfaction and credibility of managers.

"But it is not just our management practices that are deteriorating. Our heavy reliance on mineral resources and a narrow set of markets sees us rank in the 50s for our export sophistication.

"We will need to be a lot more dynamic, innovative and open up new markets for new goods and services in future to deliver another generation of solid economic growth, jobs and rising incomes."

Mr Ball said Australia slipped 11 places on technological infrastructure and ranked just 44th for ICT services exports this year, showing we must lift our game on the digitisation of our economy.

"Governments also need to play their part," Mr Ball said. "Australia's tax regime is called out in the survey as a drag on competitiveness, with Australia ranking 54th and 57th respectively for its corporate and personal income tax burdens."

Australia also continues to rank poorly on energy infrastructure (56).

"We must boost our climate resilience and regain our energy advantage," Mr Ball said.

"The Federal Government should commit Australia to net-zero by 2050 and announce more ambitious policies to get us there."

“On the positive side, Australia limited the economic damage of COVID-19 far more than other economies, which saw us move up the rankings on economic performance,” he said.

“Australia’s skilled workforce, policy stability, legal environment, healthcare and life expectancy are all strengths for the competitiveness of our economy.”

This year, Australia must speed up its COVID-19 vaccine rollout and build fit-for-purpose quarantine facilities to help in the safe reopening of our borders, so we can rebuild the competitiveness of our economy for future generations.

Overall, Switzerland rose to first place from third in 2020, while Sweden jumped from sixth to second and Denmark slipped one place to third. Rounding out the top five, the Netherlands remained in fourth place, while Singapore dropped from first to fifth in 2021.

The report found that globally, this year highlighted the importance of “innovation, digitalisation of the economy, welfare benefits and social cohesion”.

“Highly competitive countries have been able to tackle these challenges by strengthening their institutional and social frameworks,” the report found.

It also found that “trends in highly ranked economies show that the health and education systems remain at the core of competitiveness, contributing to having successfully endured the pandemic – so far.”

The rankings are part of the Swiss-based Institute for Management Development’s (IMD’s) *World Competitiveness Yearbook 2021*, which ranks the prosperity and competitiveness of 64 countries on more than 330 criteria.

The four main factors are economic performance, government efficiency, business efficiency and infrastructure.

Two-thirds of the criteria are based on statistical indicators, and one-third on a survey of more than 5700 international executives taken from March to April this year. CEDA is the yearbook’s Australian partner.

Media can access the Australian results [here](#): [link](#)

The full results are available [here](#).

This year, CEDA will survey Australian management practices to understand how managers can become more dynamic and innovative, as part of its work on Business Dynamism and Competitiveness.

Jarrold Ball is available for further comment and interviews.

CEDA chief executive Melinda Cilento will join IMD’s livestream panel discussion “Policies that succeed in pandemic times” to launch the yearbook at 7pm AEST on Thursday June 17. More information [here](#).

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CEDA – the Committee for Economic Development of Australia – is an independent, membership-based think tank. CEDA’s purpose is to identify policy issues that matter for Australia’s future and pursue solutions that deliver better economic and social outcomes for the greater good.

CEDA has almost 700 members including leading Australian businesses, community organisations, government departments and academic institutions. Our membership spans every state and territory.

CEDA was founded in 1960 by leading economist Sir Douglas Copland. His legacy of applying economic analysis to practical problems to aid the development of Australia continues to drive our work today.