



PRESS RELEASE

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Countries with strong institutions and effective governance lead in this year's IMD World Competitiveness Ranking

- The [World Competitiveness Center](#)'s annual report identifies **effective governance** and **institutional strength** as key drivers for maintaining economic prosperity amid global socio-political fragmentation.
- **Switzerland** reclaims the top spot (up one place), followed closely by **Singapore** (down one) and **Hong Kong SAR** (up two), reflecting their strong performance in global indicators of quality of life.
- The need to **address fragmentation is signaled as the top priority for leaders today**, with countries exhibiting lower levels of socioeconomic and political polarization (e.g., **Switzerland, Denmark, and Sweden**) achieving higher competitiveness scores.
- In today's world of tariff wars, the most competitive nations in the long term are those that have **strong currencies** (not weak ones, meaning you can export more).

Lausanne, Tuesday 17 June 2025 – Governmental policies that are conducive to long-term competitiveness have emerged as a decisive factor for economies managing today's fragmented sociopolitical environment, according to the results of the 2025 IMD World Competitiveness Ranking (WCR).

The Government Efficiency factor in the WCR, which measured 69 global economies in 2025, is one of four factors that group the data used to compute the results, the others being Infrastructure, Economic Performance, and Business Efficiency.

"Government efficiency and fragmentation are highly connected," said **Arturo Bris**, Director of the [IMD World Competitiveness Center \(WCC\)](#) which is behind the research for the 37th year in a row. Economic and political consensus creates stability, and vice versa."

"The top 10 economies all maintain strong institutional frameworks, robust infrastructure, and adaptive governance models, which is what is required to remain competitive in today's fragmented world in which currency risk has become a strategic priority, together with protecting domestic needs."

A weak currency provides an advantage, as exports become cheaper for foreign buyers. However, a strong currency reflects robust economic fundamentals, such as investor confidence, stable governance, and the existence of high-value exporting companies that are resilient to price pressures, the report explains.

This year, there is a fresh offering from the WCC in the form of a white paper entitled *From Government Policy to Business Acumen: Strategizing for Competitiveness in a Fragmented World*. It is a practical guide for business executives navigating today's fragmented global competitiveness landscape, offering regional snapshots of strengths and challenges as well as feedback from local executives and institutions.

Also emerging clearly from the 2025 report is how **traditional determinants of competitiveness** – macroeconomic stability, business-friendly environments, and quality infrastructure – remain **necessary but no longer sufficient**.

“Institutional quality is not merely an administrative feature but **a strategic asset**,” the report writers said. “Countries that combine institutional strength with inclusive outcomes are able to withstand external shocks without yielding to **internal fragmentation**. In contrast, those that overlook institutional reform risk deepening social divisions and losing their competitiveness levels.”

“As such, policymakers and business leaders must view **government efficiency** not as a governance ideal, but as **a practical requirement** for sustaining **economic resilience and investment appeal** in the years ahead.”

Other **key takeaways of the 2025 WCR** are:

- **Qatar's** entry into the top 10 highlights the growing competitiveness of Gulf economies, boosted by strategic investments in labor market efficiency and financial infrastructure.
- The **UAE** and **Taiwan (Chinese Taipei)** have made significant advances, mainly because of improvements in business dynamism, investment flows, and innovation capacity.
- **Canada, Germany, and Luxembourg** show the greatest improvements in the Top 20; **Australia** and **Ireland** show the greatest declines.
- Small, agile **European economies** continue to demonstrate that size is not the determining factor of economic competitiveness if governance is effective and policy is coherent.
- While **Denmark** and **Sweden** maintain their positions through excellence in infrastructure and social cohesion, they also face challenges from high operational costs and labor market constraints.
- **Ireland** and the **Netherlands**, though still within the top 10, show **signs of strain** in productivity and investment flows, likely the result of **the volatility of global capital** and the importance of sustained innovation.

- The Asian economies of **Taiwan, Malaysia, and the Philippines** continue their upward trajectory, which is attributed to strategic industrial policies and digital investments.

Staying relevant: data updates

The World Competitiveness Center (WCC) revises its dataset annually, adding or removing criteria each year as appropriate. For the 2025 ranking, **six fresh data points** were included because of their relevance to assessing today's competitiveness landscape:

1. **"Freely elected government"** from Freedom House: Asks whether the freely elected head of government and national legislative representatives determine the government policies.
2. **"Passport freedom"** from www.passportindex.org: Measures how many countries a passport holder can enter without a visa and how many different nationalities can enter a country without a visa.
3. **"Media bias"** from V-Dem Institute: Examines whether the print and broadcast media cover all newsworthy parties and candidates as impartially as possible and in proportion to their newsworthiness. Sheds some light on whether competing political parties face an even playing field.
4. **"Patent publications for AI-related technology"** from WIPO Statistics Database: Looks at the number of patent publications from different countries (determined by the country of residency of the first-named applicant in the application).
5. **"Food waste"** from the Food Waste Index Report (UNEP): Quantifies food waste (in kg lost per capita, including household, service, and retail), allowing countries to comprehend the magnitude of the issue, thereby revealing the size of the opportunity while establishing a baseline for tracking progress.
6. **"Environmental Performance Index"** from the Yale Center for Environmental Law & Policy: Assesses the environmental performance of a state's policies by ranking countries on climate change performance, environmental health, and ecosystem vitality, feeding into a national scale of how close countries are to established environmental policy targets.

The WCR measures the quality of institutions, human development, and government, and feeds it into one overall competitiveness score by ranking 262 pieces of information: 170 items of external hard data and 92 survey responses to a WCC survey of local executives.

There were 6,162 responses to the **2025 WCC Executive Opinion Survey**.

Three new economies were added this year: **Namibia, Kenya, and Oman**. Africa and the Middle East are considered by the WCC to be areas of exceptional opportunity for improving competitiveness, with effective benchmarking tools viewed as a key enabler in this process.

Media pack, including results tables, is downloadable [here](#)

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