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Economies with strong institutions lead the 2026 IMD World Competitiveness Ranking

The annual ranking of 70 economies shows that competitive advantage increasingly depends on **institutional credibility, adaptability, and resilience**.

- **Singapore** climbs to **first** place from second in 2025, regaining the top spot it held in 2024, led by a seven-place jump in Business Efficiency to first globally. **Hong Kong's** rise to **second** builds on three consecutive years of improvement and reinforces the dominance of Asian economies at the top of the ranking.
- **Switzerland** drops two positions to **third**, conceding the top spot it held in 2025 after reclaiming it from Singapore. The decline is driven by a **sharp fall** in **Economic Performance**, one of four key competitive factors, which dropped 24 places to 37th.
- Taiwan (**Chinese Taipei**) rises two places to **fourth**, continuing a strong upward trajectory from eighth in 2024 and sixth in 2025. The **United Arab Emirates** is **fifth**, holding the position it secured in 2025 after a period of rapid ascent from seventh in 2024.

Lausanne, Thursday, 18 June 2026 – Strong institutions and the ability to navigate volatility and absorb shocks are proving critical to economic success as geopolitical tensions rise, this year's IMD World Competitiveness Ranking finds.

Competitiveness in 2026 is no longer primarily a contest of cost, scale, or even of innovation, but one of institutional credibility. The more fragmented the world becomes, the more valuable are predictable rules, enforceable commitments, and legitimate state capacity.

“Geopolitical conditions are worsening and global fragmentation is increasing,” said Arturo Bris, Director of the [World Competitiveness Center](#). “Nations with their own tried and tested, credible institutions gain the advantage in this context because – as the international system ceases to serve so many national needs – business can carry on as usual.”

Singapore's return to first place highlights how quickly agile economies can regain momentum. Its rise is driven by a broad recovery across several areas of

competitiveness, led by Business Efficiency. Economic Performance fell two positions to third, however, while Government Efficiency held steady in third and Infrastructure gained one place to rank fifth.

Hong Kong's rise reflects sustained performance across the four competitiveness factors measured: Government Efficiency, Infrastructure, Economic Performance, and Business Efficiency. Government Efficiency remains its defining competitive strength, keeping second place for the second consecutive year.

Switzerland's sharp drop in Economic Performance – driven by a severe deterioration in direct investment flows – demonstrates that even the strongest economies remain exposed to geopolitical and investment shocks. A cost-of-living index of 109.75 (65th) and gasoline prices of \$2.07 per liter (64th) underline the high-cost environment facing Swiss businesses. Employment also slipped, with the ranking falling to 30th. Employment growth slowed to 0.21% (49th), while long-term employment growth turned negative at -0.30% (60th).

The rise of Taiwan (Chinese Taipei) on the back of strong GDP and export growth reflects improvements or stability in all four competitive factors, while the UAE holds fifth, supported by record employment growth and long-term investment.

Ireland's surge in Economic Performance to second, meanwhile, is a testament to economies open to foreign capital investments. The Netherlands' recovery from 10th to eighth follows a similar pattern, with a strong reversal in investment flow data.

For the European economies in this year's top ten, however, the main narrative is one of gradual slippage. Denmark and Sweden fall further down a ranking they once led, weighed down by high fiscal burdens, rising costs, and weaker labor markets, even as their institutional strengths remain intact.

The US re-enters the top 10 from 13th, driven by a rebound in executive sentiment. But the report warns that business confidence may be improving faster than the underlying fiscal and trade fundamentals, raising questions about whether the recovery can be sustained.

China's climb to 12th from 16th was bolstered by a sharp improvement in Business Efficiency, helped by gains in productivity and efficiency, finance, and the labor market. Government Efficiency also edged up, rising one place on stronger business legislation and tax policies. Economic Performance, meanwhile, fell two places to seventh, led by a decline in international trade.

Saudi Arabia advances to 13th from 17th, driven by Economic Performance and Government Efficiency. Gains in international trade, employment, business legislation, and tax policy supported the rise. Business Efficiency also improved, moving up three places to ninth, while Infrastructure rose from 31st to 28th.

2026 IMD World Competitiveness Ranking

Economy	2026	2025	One-year change
Singapore	1	2	+1
Hong Kong SAR	2	3	+1
Switzerland	3	1	-2
Taiwan (Chinese Taipei)	4	6	+2
UAE	5	5	—
Denmark	6	4	-2
Ireland	7	7	—
Netherlands	8	10	+2
Sweden	9	8	-1
USA	10	13	+3

Note to editors

The full report, “The power of reliable institutions: Buffering against geopolitical shocks” is attached or available in the Media Kit.

The ranking comprises 92 survey questions and 172 pieces of hard data.

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