

IMD World Competitiveness Yearbook 2014

– Main Results

Improvement in the developed world – Heightening challenges in emerging countries

IMD, a top-ranked global business school based in Switzerland, announced its annual world competitiveness ranking (World Competitiveness Yearbook 2014, WCY 2014) which was prepared in close cooperation with national partner institutes, such as the ICEG European Center.

The WCY 2014, which will be published at the end of June, measures how well countries manage all their resources and competencies to increase their prosperity. The overall ranking reflects more than 300 criteria, two-thirds of which are based on statistical indicators and one-third on an exclusive IMD survey of 4,300 international executives.

"The overall competitiveness story for 2014 is one of continued success in the US, partial recovery in Europe, and struggles for some large emerging markets," said Professor Arturo Bris, Director of the IMD World Competitiveness Center. "There is no single recipe for a country to climb the competitiveness rankings, and much depends on the local context."

The US retains the No. 1 spot in 2014, reflecting the resilience of its economy, better employment numbers, and its dominance in technology and infrastructure. There are no big changes among the top ten. Small economies such as **Switzerland (2)**, **Singapore (3)** and **Hong Kong (4)** continue to prosper thanks to exports, business efficiency and innovation.

Europe fares better than last year, thanks to its gradual economic recovery. **Denmark (9)** enters the top ten, joining **Switzerland, Sweden (5)**, **Germany (6)** and **Norway (10)**. Among Europe's peripheral economies, **Ireland (15)**, **Spain (39)** and **Portugal (43)** all rise, while **Italy (46)** and **Greece (57)** fall.

Japan (21) continues to climb in the rankings, helped by a weaker currency that has improved its competitiveness abroad. Elsewhere in Asia, both **Malaysia (12)** and **Indonesia (37)** make gains, while **Thailand (29)** falls amid political uncertainty.

Most **big emerging markets slide in the rankings** as economic growth and foreign investment slow down and infrastructure remains inadequate. **China (23)** falls, partly owing to concerns about its business environment, while **India (44)** and **Brazil (54)** suffer from inefficient labour markets and ineffective business management. **Turkey (40)**, **Mexico (41)**, the **Philippines (42)** and **Peru (50)** also fall.

Hungary's competitiveness in the 2013 ranking

Hungary's competitiveness has improved in the WCY 2014 since it rose from its 50th position of 2013 to **48th in the WCY 2014**. In its vicinity, one can find Ukraine (49) and Romania (47). Among the Visegrád countries, Slovakia (45) and the Czech Republic (33) increase their competitiveness with 2-2 places. Slovenia (55) continued its declining trend by falling back 3 places, while Poland (36) was not able to maintain their position either and seems to be losing grounds in terms of international competitiveness.

In case of Hungary, improvements were observable in two important dimensions, such as economic performance, and infrastructure; while slight declines were experienced in the dimensions of government efficiency and business efficiency.

- i. One of the most substantial improvements was documented in terms of **economic performance** since its 44th position was followed by 32nd in 2014. This was mainly due to the surplus in international trade, ameliorating FDI trends, and the dampening costs of living.
- ii. As for the **government efficiency**, it has slightly changed from 52nd position that of the 2013 edition to 53rd in the 2014 issue. As a consequence, it has remained relatively stable because of the fiscal prudence (i.e. fiscal indicators have gone through an amelioration in numerical terms). Still, the negative change can be mainly attributed, on the one hand, to the deteriorating transparency reported by the IMD Executive Opinion Survey; on the other hand, it is also the result of the challenging societal ageing phenomenon. The companies' executives expressed their concerns over the sustainability of the achievements via one-off measures like crisis taxes.
- iii. As far as the **business efficiency** is concerned, its 55th position of 2013 has slightly declined to 56th by 2014. Behind this trajectory were first and foremost the worsening productivity and investment activity as well as the brain drain (young people who emigrate). Additionally, the opinion survey confirmed that many enterprises and individuals are concerned about the critical approach of the government regarding globalisation.
- iv. In case of **infrastructure**, as a result of the fact that fostering sustainable development is rather problematic as well as the pent up progress in fields like green technological solutions, the Hungarian position changes rather slowly. It has improved to 37th position (from 38 of 2013). This was mainly due to high-tech exports (as part of technological infrastructure, a perceptible improvement was recognised in terms manufactured exports).

IMD World Competitiveness Yearbook 2014 – Ranking (60 countries)

country	ranking		country	ranking	
	2014	2013		2014	2013
USA	1	1	Chile	31	30
Switzerland	2	2	Kazakhstan	32	34
Singapore	3	5	Czech Republic	33	35
Hong Kong	4	3	Lithuania	34	31
Sweden	5	4	Latvia	35	41
Germany	6	9	Poland	36	33
Canada	7	7	Indonesia	37	39
UAE	8	8	Russia	38	42
Denmark	9	12	Spain	39	45
Norway	10	6	Turkey	40	37
Luxembourg	11	13	Mexico	41	32
Malaysia	12	15	Philippines	42	38
Taiwan	13	11	Portugal	43	46
Netherlands	14	14	India	44	40
Ireland	15	17	Slovak Republic	45	47
United Kingdom	16	18	Italy	46	44
Australia	17	16	Romania	47	55
Finland	18	20	Hungary	48	50
Qatar	19	10	Ukraine	49	49
New Zealand	20	25	Peru	50	43
Japan	21	24	Colombia	51	48
Austria	22	23	South Africa	52	53
China Mainland	23	21	Jordan	53	56
Israel	24	19	Brazil	54	51
Iceland	25	29	Slovenia	55	52
Korea	26	22	Bulgaria	56	57
France	27	28	Greece	57	54
Belgium	28	26	Argentina	58	59
Thailand	29	27	Croatia	59	58
Estonia	30	36	Venezuela	60	60

Note: Countries that rose in the 2013 rankings are in green. Those that fell are in pink. Nations with a “blank” are those that did not change.

ICEG European Center

ICEG European Center is an independent economic research institute based in Budapest, Hungary. ICEG European Center focuses its activities on research, macroeconomic and sectoral analyses and forecasts, policy advice and the dissemination of its research output through conferences and publications. For a full picture about the institute, please, visit our website:

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IMD World Competitiveness Center

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