

Insight Report

# The Global Competitiveness Report 2017–2018

Klaus Schwab, World Economic Forum





Insight Report

---

# The Global Competitiveness Report 2017–2018

---

**Professor Klaus Schwab**  
World Economic Forum  
Editor

**Professor Xavier Sala-i-Martin**  
Columbia University  
Chief Advisor of *The Global Competitiveness Report*

*The Global Competitiveness Report 2017–2018* is published by the World Economic Forum within the framework of the System Initiative on Shaping the Future of Economic Progress.

**Professor Klaus Schwab**

Executive Chairman

**Professor Xavier Sala-i-Martin**

Chief Advisor of *The Global Competitiveness Report*

**Richard Samans**

Head of Global Agenda, Member of  
the Managing Board

**THE SYSTEM INITIATIVE ON SHAPING THE FUTURE OF ECONOMIC PROGRESS**

**Margareta Drzeniek Hanouz**, Head of the System Initiative on  
Shaping the Future of Economic Progress

**Silja Baller**, Practice Lead, Digital Economy and Innovation Research

**Marcus Burke**, Project Specialist

**Aengus Collins**, Head, Content Strategy

**Gemma Corrigan**, Practice Lead, Inclusive Growth

**Jonathan Eckart**, Project Specialist, Inclusive Business Strategies

**Roberto Crotti**, Practice Lead, Competitiveness Research

**Attilio Di Battista**, Practice Lead, Trade and Competitiveness  
Research

**Thierry Geiger**, Head of Research and Regional Impact

**Daniel Gómez Gaviria**, Lead, Competitiveness Research

**Liana Melchenko**, Lead, Partnership Engagement

**Ciara Porawski**, Head of Partnerships

**Katharine Shaw**, Project Specialist

**Jessica Toscani**, Project Specialist

**Jean-Francois Trinh Tan**, Economist, Research and  
Regional Impact

**Stéphanie Verin**, Community Specialist, Partnerships

We thank Hope Steele and Andrew Wright for their superb editing work and Neil Weinberg for his excellent graphic design and layout. We are grateful to Hassen Nass for his invaluable research assistance.

World Economic Forum  
Geneva

Copyright © 2017  
by the World Economic Forum

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, or otherwise without the prior permission of the World Economic Forum.

ISBN-13: 978-1-944835-11-8

The Report and an interactive data platform are available at [www.weforum.org/gcr](http://www.weforum.org/gcr).

**TERMS OF USE AND DISCLAIMER**

*The Global Competitiveness Report 2017–2018* (herein: “Report”) presents information and data that were compiled and/or collected by the World Economic Forum (all information and data referred herein as “Data”). Data in this Report is subject to change without notice.

The terms *country* and *nation* as used in this Report do not in all cases refer to a territorial entity that is a state as understood by international law and practice. The terms cover well-defined, geographically self-contained economic areas that may not be states but for which statistical data are maintained on a separate and independent basis.

Although the World Economic Forum takes every reasonable step to ensure that the Data thus compiled and/or collected is accurately reflected in this Report, the World Economic Forum, its agents, officers, and employees: (i) provide the Data “as is, as available” and without warranty of any kind, either express or implied, including, without limitation, warranties of merchantability, fitness for a particular purpose and non-infringement; (ii) make no representations, express or implied, as to the accuracy of the Data contained in this Report or its suitability for any particular purpose; (iii) accept no liability for any use of the said Data or reliance placed on it, in particular, for any interpretation, decisions, or actions based on the Data in this Report.

Other parties may have ownership interests in some of the Data contained in this Report. The World Economic Forum in no way represents or warrants that it owns or controls all rights in all Data, and the World Economic Forum will not be liable to users for any claims brought against users by third parties in connection with their use of any Data.

The World Economic Forum, its agents, officers, and employees do not endorse or in any respect warrant any third-party products or services by virtue of any Data, material, or content referred to or included in this Report.

Users shall not infringe upon the integrity of the Data and in particular shall refrain from any act of alteration of the Data that intentionally affects its nature or accuracy. If the Data is materially transformed by the user, this must be stated explicitly along with the required source citation.

For Data compiled by parties other than the World Economic Forum, as specified in the “Technical Notes and Sources” section of this Report, users must refer to these parties’ terms of use, in particular concerning the attribution, distribution, and reproduction of the Data.

When Data for which the World Economic Forum is the source (herein “World Economic Forum”), as specified in the “Technical Notes and Sources” section of this Report, is distributed or reproduced, it must appear accurately and be attributed to the World Economic Forum. This source attribution requirement is attached to any use of Data, whether obtained directly from the World Economic Forum or from a user.

Users who make World Economic Forum Data available to other users through any type of distribution or download environment agree to make reasonable efforts to communicate and promote compliance by their end users with these terms.

Users who intend to sell World Economic Forum Data as part of a database or as a standalone product must first obtain the permission from the World Economic Forum ([gcp@weforum.org](mailto:gcp@weforum.org)).

# Contents

---

<b>Preface</b>	<b>v</b>
by Richard Samans	
<hr/>	
<b>Introduction</b>	<b>vii</b>
<hr/>	
<b>At a Glance:</b> Global Competitiveness Index 2017–2018 Rankings	<b>ix</b>
<hr/>	
<b>Chapter 1:</b> The Quest for More and Better Growth	<b>1</b>
<hr/>	
<b>Chapter 2:</b> Key Findings of the Global Competitiveness Index 2017–2018	<b>11</b>
<hr/>	
<b>Chapter 3:</b> Regional Analysis and Selected Economy Highlights	<b>21</b>
<hr/>	
<b>Economy Profiles</b>	<b>37</b>
How to Read the Economy Profiles	39
Index of Economy Profiles	41
Economy Profiles	42
<hr/>	
<b>Appendix A:</b> Methodology and Computation of the Global Competitiveness Index 2017–2018	<b>317</b>
<hr/>	
<b>Appendix B:</b> Global Competitiveness Index 2017–2018 Rankings	<b>325</b>
<hr/>	
<b>Appendix C:</b> The Executive Opinion Survey: The Voice of the Business Community	<b>333</b>
<hr/>	
<b>Appendix D:</b> Technical Notes and Sources	<b>341</b>
<hr/>	
<b>Appendix E:</b> The Future of Competitiveness Benchmarking: A Proposal	<b>353</b>
<hr/>	
<b>Acknowledgments</b>	<b>375</b>



# Preface

**RICHARD SAMANS**

Head of Global Agenda, Member of the Managing Board

*The Global Competitiveness Report 2017–2018* comes out at a time when the global economy has started to show signs of recovery and yet policymakers and business leaders are concerned about the prospects for future economic growth. Governments, businesses, and individuals are experiencing high levels of uncertainty as technology and geopolitical forces reshape the economic and political order that has underpinned international relations and economic policy for the past 25 years. At the same time, the perception that current economic approaches do not serve people and societies well enough is gaining ground, prompting calls for new models of human-centric economic progress.

In many advanced economies the value of economic growth for society has come into question as a result of increasing inequality, the challenges of technological change, and the complex impacts of globalization—including those related to trade in goods, services, and data, and to the movement of people and capital. In emerging economies, record decreases in poverty and a growing middle class have fueled higher aspirations and demands for better public goods; these demands are now clashing with slower growth and tightening government budgets.

The goal of human-centric economic progress is the increase in sustainable and equitable welfare for a country's population. And while economic growth, as measured by GDP, is not an end in itself, it remains a precondition for enhancing human welfare. It provides the resources necessary for improving health, education, and security. It is therefore important for countries to monitor closely the factors that determine competitiveness, while keeping an eye on the wider societal goals and related trade-offs.

Ensuring future economic growth will require solutions that are more creative than any we have seen so far. The World Economic Forum, the international organization for public-private collaboration, seeks to provide guidance, inform future-oriented solutions, and shed light on trade-offs that policymakers will face going forward. This flagship report, presenting the results of the Global Competitiveness Index, offers impartial information that allows leaders from the public and private sectors to better understand the main drivers of growth. This year it

includes rankings and detailed data profiles for close to 140 countries and comparable time series.

We invite policymakers, business leaders, civil society leaders, academics, and the public at large to consult the performance of their countries in the Global Competitiveness Index and, together, identify the main challenges and barriers to growth facing their economies. We invite all stakeholders to look beyond rankings and to analyze the evolution of each indicator and each concept covered, identifying areas of improvement and areas where economies are lagging. Benchmarking and monitoring can support public-private collaboration toward identifying priorities, thereby allowing for the design and implementation of more forward-looking policies that balance market, state, and community to make economies more competitive, productive, and prosperous.

As well as the thought leadership of Professor Xavier Sala-i-Martin, *The Global Competitiveness Report 2017–2018* has benefited from the dedication and collaboration of 160 Partner Institutes worldwide. We would like to convey our appreciation to all the business executives who responded to our Executive Opinion Survey, one of the unique inputs to the Index. Appreciation also goes to Professor Klaus Schwab, Executive Chairman, who developed the original concept back in 1979; Margareta Drzeniek Hanouz, Head of the System Initiative on Shaping the Future of Economic Progress; and team members Silja Baller, Aengus Collins, Gemma Corrigan, Roberto Crotti, Attilio Di Battista, Thierry Geiger, Daniel Gómez Gaviria, Liana Melchenko, Ciara Porawski, Katharine Shaw, Jean François Trinh Tan, and Stéphanie Vérin.





# Introduction

As we approach the 10th anniversary of the global financial crisis, the world economy is showing encouraging signs of recovery, with GDP growth accelerating to 3.5 percent in 2017. Despite this positive development, leaders are facing major predicaments when it comes to economic policy. Uneven distribution of the benefits of economic progress, generational divides, rising income inequality in advanced economies, and increasing environmental degradation have heightened the sense that the economic policies of past years have not served citizens or society well. Coupled with growth rates that remain below historical levels, these quandaries put many prevalent models of economic growth and related policies into question. Major technological disruption and the new fault lines emerging in the global economic and political order add further uncertainty about the types of policies that will make economies future-proof. Taken together, all of these factors are challenging decision makers to find new approaches and policies to advance economic progress.

The emerging consensus is that economic growth once again needs to focus more on human well-being. Such human-centric economic progress is multidimensional by nature—it is broad based by benefitting the vast majority of people, environmentally sustainable, and equitable in terms of creating opportunities for all and not disadvantaging future generations. In this new context, competitiveness remains an important contribution to the broader goal of human-centric economic progress by creating the resources needed for increased well-being, including better education, health, and security, and higher per capita income.

The Global Competitiveness Index (GCI) tracks the performance of close to 140 countries on 12 pillars of competitiveness. It assesses the factors and institutions identified by empirical and theoretical research as determining improvements in productivity, which in turn is the main determinant of long-term growth and an essential factor in economic growth and prosperity. *The Global Competitiveness Report* hence seeks to help decision makers understand the complex and multifaceted nature of the development challenge;

to design better policies, based on public-private collaboration; and to take action to restore confidence in the possibilities of continued economic progress.

Improving the determinants of competitiveness, as identified in the 12 pillars of the GCI, requires the coordinated action of the state, the business community, and civil society. All societal actors need to be engaged to make progress on all factors of competitiveness in parallel, which is necessary to achieve long-lasting results. This year the GCI points to three main challenges and lessons that are relevant for economic progress, public-private collaboration, and policy action: first, financial vulnerabilities pose a threat to competitiveness and to economies' ability to finance innovation and technological adoption; second, emerging economies are becoming better at innovation but more can be done to spread the benefits; third, labor market flexibility and worker protection are needed for competitiveness and shared prosperity in the Fourth Industrial Revolution.

The *Report* starts by laying out the current landscape on economic progress and key future challenges in Chapter 1, followed by deep dives into selected topics based on the results of the GCI in Chapter 2. The *Report* then analyses the results of the GCI for the world's geographic regions and selected countries in Chapter 3. Finally, the *Report* presents the Economy Profiles with detailed scores and rankings for all economies covered in all indicators, subpillars, pillars, and the overall GCI; it also provides comparisons between relevant reference groups. The appendices present detailed methodological notes and the World Economic Forum's latest thinking on new concepts and measurements of competitiveness.



# The Global Competitiveness Index 2017–2018 Rankings

Covering 137 economies, the Global Competitiveness Index 2017–2018 measures national competitiveness—defined as the set of institutions, policies and factors that determine the level of productivity.

Economy	Score <sup>1</sup>	Prev. <sup>2</sup>	Trend <sup>3</sup>	Economy	Score <sup>1</sup>	Prev. <sup>2</sup>	Trend <sup>3</sup>	Economy	Score <sup>1</sup>	Prev. <sup>2</sup>	Trend <sup>3</sup>
1 Switzerland	5.86	1		46 Brunei Darussalam	4.52	58		92 Argentina	3.95	104	
2 United States	5.85	3		47 Costa Rica	4.50	54		93 Nicaragua	3.95	103	
3 Singapore	5.71	2		48 Slovenia	4.48	56		94 Cambodia	3.93	89	
4 Netherlands	5.66	4		49 Bulgaria	4.46	50		95 Tunisia	3.93	95	
5 Germany	5.65	5		50 Panama	4.44	42		96 Honduras	3.92	88	
6 Hong Kong SAR	5.53	9		51 Mexico	4.44	51		97 Ecuador	3.91	91	
7 Sweden	5.52	6		52 Kuwait	4.43	38		98 Lao PDR	3.91	93	
8 United Kingdom	5.51	7		53 Turkey	4.42	55		99 Bangladesh	3.91	106	
9 Japan	5.49	8		54 Latvia	4.40	49		100 Egypt	3.90	115	
10 Finland	5.49	10		55 Viet Nam	4.36	60		101 Mongolia	3.90	102	
11 Norway	5.40	11		56 Philippines	4.35	57		102 Kyrgyz Republic	3.90	111	
12 Denmark	5.39	12		57 Kazakhstan	4.35	53		103 Bosnia and Herzegovina	3.87	107	
13 New Zealand	5.37	13		58 Rwanda	4.35	52		104 Dominican Republic	3.87	92	
14 Canada	5.35	15		59 Slovak Republic	4.33	65		105 Lebanon	3.84	101	
15 Taiwan, China	5.33	14		60 Hungary	4.33	69		106 Senegal	3.81	112	
16 Israel	5.31	24		61 South Africa	4.32	47		107 Seychelles	3.80	n/a	
17 United Arab Emirates	5.30	16		62 Oman	4.31	66		108 Ethiopia	3.78	109	
18 Austria	5.25	19		63 Botswana	4.30	64		109 El Salvador	3.77	105	
19 Luxembourg	5.23	20		64 Cyprus	4.30	83		110 Cape Verde	3.76	110	
20 Belgium	5.23	17		65 Jordan	4.30	63		111 Ghana	3.72	114	
21 Australia	5.19	22		66 Colombia	4.29	61		112 Paraguay	3.71	117	
22 France	5.18	21		67 Georgia	4.28	59		113 Tanzania	3.71	116	
23 Malaysia	5.17	25		68 Romania	4.28	62		114 Uganda	3.70	113	
24 Ireland	5.16	23		69 Iran, Islamic Rep.	4.27	76		115 Pakistan	3.67	122	
25 Qatar	5.11	18		70 Jamaica	4.25	75		116 Cameroon	3.65	119	
26 Korea, Rep.	5.07	26		71 Morocco	4.24	70		117 Gambia, The	3.61	123	
27 China	5.00	28		72 Peru	4.22	67		118 Zambia	3.52	118	
28 Iceland	4.99	27		73 Armenia	4.19	79		119 Guinea	3.47	n/a	
29 Estonia	4.85	30		74 Croatia	4.19	74		120 Benin	3.47	124	
30 Saudi Arabia	4.83	29		75 Albania	4.18	80		121 Madagascar	3.40	128	
31 Czech Republic	4.77	31		76 Uruguay	4.15	73		122 Swaziland	3.35	n/a	
32 Thailand	4.72	34		77 Montenegro	4.15	82		123 Mali	3.33	125	
33 Chile	4.71	33		78 Serbia	4.14	90		124 Zimbabwe	3.32	126	
34 Spain	4.70	32		79 Tajikistan	4.14	77		125 Nigeria	3.30	127	
35 Azerbaijan	4.69	37		80 Brazil	4.14	81		126 Congo, Democratic Rep.	3.27	129	
36 Indonesia	4.68	41		81 Ukraine	4.11	85		127 Venezuela	3.23	130	
37 Malta	4.65	40		82 Bhutan	4.10	97		128 Haiti	3.22	n/a	
38 Russian Federation	4.64	43		83 Trinidad and Tobago	4.09	94		129 Burundi	3.21	135	
39 Poland	4.59	36		84 Guatemala	4.08	78		130 Sierra Leone	3.20	132	
40 India	4.59	39		85 Sri Lanka	4.08	71		131 Lesotho	3.20	120	
41 Lithuania	4.58	35		86 Algeria	4.07	87		132 Malawi	3.11	134	
42 Portugal	4.57	46		87 Greece	4.02	86		133 Mauritania	3.09	137	
43 Italy	4.54	44		88 Nepal	4.02	98		134 Liberia	3.08	131	
44 Bahrain	4.54	48		89 Moldova	3.99	100		135 Chad	2.99	136	
45 Mauritius	4.52	45		90 Namibia	3.99	84		136 Mozambique	2.89	133	
				91 Kenya	3.98	96		137 Yemen	2.87	138	

● East Asia and Pacific
 ● Eurasia
 ● Europe and North America
 ● Latin America and the Caribbean
 ● Middle East and North Africa
 ● South Asia
 ● Sub-Saharan Africa

Note: The Global Competitiveness Index captures the determinants of long-term growth. Recent developments are reflected only in-so-far as they have an impact on data measuring these determinants. Results should be interpreted in this context.

1 Scale ranges from 1 to 7.

2 2016–2017 rank out of 138 economies.

3 Evolution in percentile rank since 2007 or earliest edition available.

