

PRESS RELEASE

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USA RECLAIMS TOP RANKING IN GLOBAL COMPETITIVENESS REPORT 2002-2003 LAUNCHED TODAY BY THE WORLD ECONOMIC FORUM

Geneva, Switzerland, 12 November 2002 at 14.30 GMT – The United States is the most competitive economy in the world according to *The Global Competitiveness Report 2002-2003* released by the World Economic Forum today. This year the United States swaps positions with Finland, last year's top-ranked country. The United States owes its high competitiveness mainly to its stellar performance in technology-related factors and a business environment that is conducive to entrepreneurship and risk taking. The USA also scores well in its macroeconomic environment, although the country's low savings rate remains a matter of concern. The Report measures the comparative strengths and weaknesses of 80 national economies.

"While a global recovery will lift all boats in the short term, there remain fundamental differences in the growth dynamics in the triad, making it much more likely for Europe, Japan and the United States to follow different growth paths in the medium and longer term," said Peter Cornelius, Chief Economist of the World Economic Forum. "That the United States is ranked number one in both the Growth Competitiveness Index and the Microeconomic Competitiveness Index should not lead to complacency for to maintain this leading position, the country has to resolve outstanding reform issues, especially the need to improve its governance system," he added.

Highlights of *The Global Competitiveness Report 2002-2003* are:

- USA is the most competitive economy in the world, mainly due to its excellent performance in technology.
- Japan is moving up in the competitiveness ranking. Despite deterioration in its macroeconomic environment and public institutions index rankings, Japan's position rises in the overall Growth Competitiveness Index, with technological innovation as the key driver.
- The rankings show significant strengthening of China and India's competitive positions. Much of India's gains stem from its performance in the technology and macroeconomic environment indexes, while China derives much of its ascent from gains in the public institutions index.
- Crisis countries, Argentina and Turkey, have experienced the largest drop in this year's Growth Competitiveness Index rankings. Future growth prospects of both countries look particularly concerning because the declines were not only due to lower macroeconomic environment scores; that both countries' positions in the public institutions index also dropped does not augur well for their prospects of immediate recovery.
- There is a wide divergence of performance among the European countries, with Sweden and Switzerland rising to the 4th and 5th positions from last year's rankings of 9th and 15th, respectively; while France and Italy fall to 30th and 39th positions from last year's rankings of 20th and 26th, respectively.

The biggest changes have been experienced by Switzerland having climbed from 15th to 6th place in the Growth Competitiveness Index (GCI) thanks to a dramatic improvement of their technology. Turkey, on the other hand, has the worst performance in this year's Report slipping by 16 spots, dragged down primarily by a worsening performance in public institutions. Regarding technology performance, Israel shows surprisingly the greatest improvement going up 19 places from 26th to 7th, while New Zealand has experienced the hardest fall – 16 places. The worst performers in the macroeconomic environment were Brazil and Argentina, dropping 34 and 25 places respectively. India shows the best increase in macroeconomic performance along with the Russian Federation.

"In view of the fragility of global economic recovery, it is more important than ever to assess the growth prospects of countries," said Professor Klaus Schwab, Founder and President of the World Economic Forum. "For the recovery to be strengthened and sustained, obstacles to growth must be identified and overcome and, to this end, *The Global Competitiveness Report* is intended to be a benchmarking tool for policy-makers as they seek to improve the conditions of growth and competitiveness."

A more detailed version of this press release is available on our website at <http://www.weforum.org/mediacentre>. The launch of the Report will be webcast LIVE on Tuesday 12 November at 14.30 GMT on our website at <http://www.weforum.org/gcrwebcast>. General information on the Report can be found at <http://www.weforum.org/gcr>. Should you require country profiles or further specific information, please contact public.affairs@weforum.org or gcp@weforum.org. The World Economic Forum's *Global Competitiveness Report 2002-2003* is published by Oxford University Press (<http://www.oup-usa.com>)

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