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## **2023 IMD World Competitiveness Ranking: new report signals growing chasm between protectionist and open-trade economies**

- Denmark, Ireland and Switzerland rank in the top three of 64 economies measured for their global competitiveness
- Clear winners and losers are emerging from a combination of political, economic, and social events of global reach
- Countries late to open up after the COVID-19 pandemic starting to see improvement in their competitiveness (Thailand, Indonesia and Malaysia); those early to open up see decline (Sweden and Finland)
- Business leaders wanting to win need to understand the complex interdependencies between inflation, geopolitical risks, and an increasingly fragmented world

**20 June 2023 – Denmark, Ireland and Switzerland** are the world’s most competitive economies, according to the 2023 IMD World Competitiveness Ranking (WCR). Denmark retains its position at the top of the ranking, Ireland rises sharply from seventh to second, and Switzerland drops one place to third.

Published by IMD’s World Competitiveness Center (WCC), the 2023 WCR is the 35<sup>th</sup> edition of the annual ranking and report, covering 64 global economies.

“Political fragmentation is a result of COVID-19 and the Ukraine war, and a major upshot is that more and more countries – Singapore, Saudi Arabia and India, for example – are pursuing their own interests. With inflation pressures easing and uncertain stock markets, we are now able to see winners and losers in a context where multiple crises overlap,” said Professor Arturo Bris, Director of the WCC.

## Key messages:

- **Denmark's top position** is based on its continuous achievements across all competitiveness factors measured. It remains first in business efficiency and infrastructure, slightly improving in government efficiency to fifth (from sixth).
- **Ireland's sharp rise in the overall ranking** is largely the result of its robust achievements in economic performance where it increases from **seventh to second**.
- **Switzerland takes third place** thanks to its strong performance across all competitiveness factors measured. It remains first for government efficiency and infrastructure, ranks seventh in business efficiency (a decline from fourth) and improves in economic performance (up to 18th from 30th).
- **Despite the complex interplay of inflation, geopolitical risk, and political fragmentation**, the global competitiveness scene remains dynamic – especially in Europe.
- Navigating today's unpredictable environment requires **agility and adaptability**. **Countries excelling here tend to build resilient economies such as Ireland, Iceland, and Bahrain or their governments are able to adapt policies based on current economic conditions in a timely fashion such as** the UAE, Saudi Arabia, Qatar, and Singapore.
- The most **successful economies tend to be smaller, have a good institutional framework including strong education systems**, and – in the fragmented world in which we are living – good access to markets and **trading partners** (e.g., Denmark, Switzerland, and Singapore in fourth place). **Singapore** drops one position to fourth. The **Netherlands** improves one place moving up to fifth (from sixth). **Taiwan, China** gains one spot (up to sixth, from seventh). **Hong Kong SAR** declines to seventh (from fifth), as does **Sweden** – from fourth to eighth. The **USA** improves one place, in ninth, and the **UAE** increases two places to round up the top 10.
- **Global business confidence levels are gloomy**, according to the WCR's Executive Opinion Survey, which forms part of the data set comprising the results of the WCR: risks of a global economic recession or slowdown, inflationary pressures, and geopolitical conflicts outweigh concerns about environmental issues and climate change.
- Countries that did better in the 2022 WCR were largely those first to open up their economies after the global pandemic; they have fallen in 2023. Sweden and Finland are key examples.
- **Inflation has impacted regional competitiveness scores** with countries that are experiencing the highest inflation rates globally (mostly Eastern European economies) losing ground over those with low levels of inflation (Eastern Asia and Western Asia and Africa).
- The effects of the turbulence in the world economy on the competitiveness of those regions and countries that have **stable indigenous energy production, robust supply chains, and favorable trade balances** is positive; they have been able to maintain or improve their levels of prosperity. For instance: China, Saudi Arabia, Switzerland, and Taiwan. Economies heavily reliant on raw material and energy imports have experienced a decline in their competitiveness. For instance: Estonia, Latvia, Lithuania, and Poland. **Indonesia experiences the largest increase** to 34th (from 44th). Its progress is driven by robust achievements in economic performance and business efficiency.
- **Latvia experiences the largest drop** in the overall ranking, falling to 51st (from 35th). Such a decline is mainly the result of its worsening performance in government efficiency and business efficiency caused by record levels of inflation in 2022.

- While remaining the most competitive regions in the world, both **Eastern Asia (19th in 2023)** and **Western Europe (21st in 2023)** fell in their competitiveness rankings by one point. **North American economies remain stable** in 26<sup>th</sup> position (the same as in 2022). **Eastern Europe experienced the largest decline** in competitiveness (from 39th to 42nd).

## Results 2023 WCR

1	Denmark	23	Israel	45	Cyprus
2	Ireland	24	Austria	46	Hungary
3	Switzerland	25	Bahrain	47	Turkey
4	Singapore	26	Estonia	48	Romania
5	Netherlands	27	Malaysia	49	Greece
6	Taiwan, China	28	Korea Rep.	50	Croatia
7	Hong Kong SAR	29	United Kingdom	51	Latvia
8	Sweden	30	Thailand	52	Philippines
9	USA	31	New Zealand	53	Slovak Republic
10	UAE	32	Lithuania	54	Jordan
11	Finland	33	France	55	Peru
12	Qatar	34	Indonesia	56	Mexico
13	Belgium	35	Japan	57	Bulgaria
14	Norway	36	Spain	58	Colombia
15	Canada	37	Kazakhstan	59	Botswana
16	Iceland	38	Kuwait	60	Brazil
17	Saudi Arabia	39	Portugal	61	South Africa
18	Czech Republic	40	India	62	Mongolia
19	Australia	41	Italy	63	Argentina
20	Luxembourg	42	Slovenia	64	Venezuela
21	China	43	Poland		
22	Germany	44	Chile		

## Notes to Editors

The **WCC collaborated with [57 local Partner Institutes](#)** to assess **64 economies** via a mixture of **hard data – 164 competitiveness criteria** selected as a result of comprehensive research using economic literature, international, national, and regional sources, and feedback from the business community, government agencies, and academics – as well as **92 survey questions answered by 6,400 senior executives**.

All data was then fed into **four factors** (economic performance, government efficiency, business efficiency, and infrastructure), each with five sub-factors. As distinct criteria exhibit different scales and units, **the Standard Deviation Method** was used to compute the overall, factor, and sub-factor results. This measures the **relative difference between the economies' performances**, resulting in a more accurate assessment of each country's relative position in the final rankings. Statistical data accounts for two-thirds of the results, whilst survey answers account for the remaining one third and were carried out in Q1-Q2 2023.

Due to limited reliability of the data collected, **Russia** and **Ukraine** were not assessed in 2023's WCR. However, **Kuwait** entered the ranking for the first time.

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