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Singapore slips and Europe shows strength as a region in world competitiveness ranking

Innovation, digitalization, welfare benefits and social cohesion are key to economic performance in 2021 rankings which see Switzerland (1st), Sweden (2nd), Denmark(3rd), Netherlands(4th), Singapore (5th)

Europe has showed its strength as a block in the [IMD World Competitiveness Ranking 2021](#). Top-performing economies are characterized by varying degrees of investment in innovation, diversified economic activities and public policy, according to the experts at the World Competitiveness Center. Strength in these areas prior to the pandemic allowed these economies to address the economic implications of the crisis more effectively.

Switzerland (1st) improved largely in its economic performance compared to last year, when it ranked 3rd, particularly in international investment and employment. In addition, under government efficiency, it boots its position to the top of the ranking in public finance and institutional framework.

Switzerland also advances in productivity and efficiency, labor market, management practices, and attitudes and values of managers, which are all components of business efficiency. The country advances to lead the rankings in infrastructure; it reaches the top in education and takes the 3rd spot in health and environment.



Sweden (2nd, up from 6th last year) also performs well in economic performance, specifically in domestic economy and employment. It also progresses in government efficiency with advances in public finance. Under business efficiency, Sweden slightly improves in productivity and efficiency and management practices but greatly advances in labor market. It remains at the top of the ranking in health and environment and performs well in education.

Despite performing soundly in international trade, overall economic performance and business efficiency (in which it ranks first), **Denmark** (3rd) drops in the rankings (from 2nd in 2020). The decline stems from a relatively poor performance in government efficiency (mainly tax policy and, to a lesser extent, public finance). In addition, Denmark's display in infrastructure shows a slight decline in all of its components, with the exception of basic infrastructure.

Italy (44th to 41st), **Portugal** (37th to 36th), **Greece** (49th to 46th) and **France** (32nd to 29th) have all increased in 2021. **Portugal** slightly increases from 37th to 36th while **Spain** loses its foothold on 36th, dropping to 39th.

Despite economic fluctuations and even potential recessions on the cards in Europe, the ranking picks up on how these economies have the right pillars in place – reliable private and public sectors and strong education – to generate prosperity over the coming decade, the World Competitiveness Center experts explained.

The fact the **UK** stepped up from 19th to 18th is partially attributed to the country's proximity to Europe in a time of restricted movement, and in spite of Brexit, they said.

China's rise in the rankings, from 20th to 16th, continues the upward trajectory it has been on for a decade, thanks to its continued reduction of poverty and boosting of infrastructure and education, said Arturo Bris, Director of the World Competitiveness Center.

While **Singapore** remained the top-performing Asian country, it did not manage to maintain the top position it enjoyed both last year and in 2019. Singapore has run into problems with job losses, lack of productivity and the economic impact of the pandemic, according to the analysts at the center.

Regionally, **Eastern and Central Asia, and Western and Eastern Europe all rose in the competitiveness rankings overall this year, while North and South America and Western Asia and Africa declined.**

Eastern Asia remains at the top of the group, with an average competitiveness position increasing from 17th to 18th, meaning a slowly declining trend that started in 2018 is today in reverse.

Western Europe continues its positive trend, started in 2019, and keeps narrowing its competitiveness gap with Eastern Asia. Over the past year, countries in this sub-region have steadily improved their competitiveness performance, reaching an average position of 19th in 2021.

North America (USA, Canada and Mexico) as a region remains on a declining path in 2021. Since 2016, the competitiveness levels of the countries in this sub-region have fallen from an average 21st position in the ranking to an average 26th in 2021.



Southern Asia and the Pacific experienced a minor decline between 2020 and 2021 from 28th to 29th position. In Western Asia and Africa, the decline in competitiveness sees an average position of 34th fall to one of 38th.

Eastern Europe remains stable with an average position of 43rd.

Central Asian economies, in turn, experience a rebound in overall competitiveness reaching an average position of 46th.

South America experiences a reversal in the competitiveness improvements achieved between 2019 and 2020. On average and over the past year, countries in this sub-region have, as a whole, fallen in terms of their competitiveness and lost 3 places, declining from 54th to 57th.

Western Asia & Africa showed slight declines this year, with only one country (Jordan, 49th) posting an improvement. Botswana (61st) was added to the ranking this year.

The ranking, produced each spring by the [IMD World Competitiveness Center](#), measures the prosperity and competitiveness of 64 nations by examining four factors via **statistical data** (two-thirds) given by national bodies, and a **survey answered by executives** (one third) operating in the respective economies.

The four main factors measured are **economic performance, government efficiency, business efficiency** and **infrastructure**. Five further sub criteria are measured under each.

Notes to editors:

- The IMD World Competitiveness Center releases the following rankings:

The [IMD World Digital Competitiveness Ranking 2021](#) will be released on 29 September 2021.

The [IMD World Talent Ranking 2021](#) will be released on 9 December 2021.

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