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The Global Competitiveness Report 2000

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The term "country" as used in this report does
not in all cases refer to a territorial entity that is
a state as understood by international law and
practice. The term covers well-defined, geo-
graphically self-contained economic areas that
are not states but for which statistical data are
maintained on a separate and independent
basis.

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Preface

KLAUS SCHWAB

President, World Economic Forum

The global economy is undergoing tremendous change, not only bringing about huge opportunities, but also important challenges. In several countries, most notably the United States, the rapid development of information technology has led to increased productivity and higher economic growth. In Europe, a cyclical recovery is underway, and it is hoped that monetary unification will provide renewed impetus for further deregulation and accelerated market-oriented reforms. In the emerging markets, the financial crises are behind us, and many countries have begun to return to a sustained growth path. On the other hand, large disparities in the global economy continue to exist. Indeed, there is a nontrivial risk that the *digital divide*—the gap between those countries that have access to communications infrastructure and those that do not—will widen further, undermining economic integration and development in a large part of the world.

Seizing the opportunities of the network economy and coping with the challenges of increased globalization requires substantial efforts on many fronts. First and foremost, however, this entails improving our understanding about the complexity of the dramatic changes in the world economy. It is with great pleasure, therefore, that I present the World Economic Forum's *Global Competitiveness Report 2000*, which I hope will make an important contribution in this endeavor.

Aiming at helping to *make a difference*—the theme of this year's annual meeting of the Forum—the *Global Competitiveness Report 2000* includes a number of important innovations, three of which are particularly worth noting. To begin with, we attach significantly greater weight than before to technology as a key driver of sustained economic growth. As a result, our rankings reflect to a much larger degree whether countries belong to the group of innovators or adopters whose economies look set to expand particularly fast, or whether they are technologically disconnected. In this context, the Report also discusses the role of education in achieving technological progress and narrowing the gap.

Second, this year's Report focuses on the environmental performance of individual countries, recognizing that the standards of living are inextricably tied to the quality of the natural environment. This analysis builds

upon a project that was launched in Davos earlier this year by the Environmental Task Force of the Global Leaders for Tomorrow of the World Economic Forum. In contrast to this project, which attempts to measure sustainability in a single index, the Report seeks to explain differences in environmental performance across countries based on differences in their policy environments.

Finally, the Report assesses the recent experience with the Euro, the introduction of which in early 1999 arguably represents the most important change in the international monetary system since Bretton Woods. In so doing, the Report takes advantage of the information contained in the Executive Opinion Survey, a truly unique set of data. Comparing the views of key decision makers in the business community, not only across member countries of the European Monetary Union but also over time, suggests a number of important policy conclusions.

As it is becoming increasingly clear just how far-reaching the implications of globality are, it seems fitting that this year's Report will reach a wider audience than ever before. We are pleased that Oxford University Press has agreed to publish the 2000 Edition, and its tradition of excellence in publishing will surely contribute to the continued success of the Report.

The *Global Competitiveness Report* is the result of an extremely fruitful cooperation with our partners at Harvard University, especially Professor Michael Porter of the Harvard Business School and Professor Jeffrey Sachs of Harvard's Center for International Development, who each draw from their command of their disciplines to make their intellectual mark on the Report. Important analytical and empirical contributions have again been made by Dr Andrew Warner of the Center for International Development, helping to ensure the excellence of the Report. At the World Economic Forum, Dr Peter Cornelius has been charged with heading the Global Competitiveness Program under which the *Global Competitiveness Report* is published. I would like to thank especially Dr Macha Levinson, who has continued to ensure the coordination of the Report and the execution of the Executive Survey.

Rankings

Table 1. Growth Competitiveness Ranking*

	Growth Competitiveness Ranking 2000	Competitiveness Ranking 1999
United States	1	2
Singapore	2	1
Luxembourg	3	7
Netherlands	4	9
Ireland	5	10
Finland	6	11
Canada	7	5
Hong Kong SAR	8	3
United Kingdom	9	8
Switzerland	10	6
Taiwan	11	4
Australia	12	12
Sweden	13	19
Denmark	14	17
Germany	15	25
Norway	16	15
Belgium	17	24
Austria	18	20
Israel	19	28
New Zealand	20	13
Japan	21	14
France	22	23
Portugal	23	27
Iceland	24	18
Malaysia	25	16
Hungary	26	38
Spain	27	26
Chile	28	21
Korea	29	22
Italy	30	35
Thailand	31	30
Czech Republic	32	39
South Africa	33	47
Greece	34	41
Poland	35	43
Mauritius	36	29
Philippines	37	33
Costa Rica	38	34
Slovak Republic	39	45
Turkey	40	44
China	41	32
Egypt	42	49
Mexico	43	31
Indonesia	44	37
Argentina	45	42
Brazil	46	51
Jordan	47	40
Peru	48	36
India	49	52
El Salvador	50	46
Bolivia	51	55
Colombia	52	54
Vietnam	53	48
Venezuela	54	50
Russia	55	59
Zimbabwe	56	57
Ukraine	57	58
Bulgaria	58	56
Ecuador	59	53

*NOTE: The concept behind the "Growth Competitiveness Ranking, 2000" and the "Competitiveness Ranking, 1999" is the same: to measure growth potential. However, the methodology for the 2000 ranking has been revised in light of new evidence. Please see the Executive Summary and the chapter on Economic Creativity for further explanation.

Table 2. Current Competitiveness Index Ranking

	Current Competitiveness Index Ranking 2000	Current Competitiveness Index Ranking 1999
Finland	1	2
United States	2	1
Germany	3	6
Netherlands	4	3
Switzerland	5	5
Denmark	6	7
Sweden	7	4
United Kingdom	8	10
Singapore	9	12
Australia	10	13
Canada	11	8
Belgium	12	15
Austria	13	11
Japan	14	14
France	15	9
Hong Kong	16	21
Iceland	17	22
Israel	18	20
New Zealand	19	16
Norway	20	18
Taiwan	21	19
Ireland	22	17
Spain	23	23
Italy	24	25
South Africa	25	26
Chile	26	24
Korea	27	28
Portugal	28	29
Turkey	29	31
Malaysia	30	27
Brazil	31	35
Hungary	32	33
Greece	33	36
Czech Republic	34	41
Jordan	35	32
Slovakia	36	48
India	37	42
Mauritius	38	30
Egypt	39	43
Thailand	40	39
Poland	41	37
Mexico	42	34
Costa Rica	43	38
China	44	49
Argentina	45	40
Philippines	46	44
Indonesia	47	53
Colombia	48	52
Peru	49	46
Zimbabwe	50	45
El Salvador	51	47
Russia	52	55
Vietnam	53	50
Venezuela	54	51
Bulgaria	55	54
Ukraine	56	56
Ecuador	57	57
Bolivia	58	58