



Press Release

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*The first and most well-known reference for analysing and ranking the competitiveness of nations
Articles should refer to the official IMD site: www.imd.ch/wcc.*

THE BIG SHAKE UP!

The race is on to catch up with the US

(All quotes can be attributed to Professor Stéphane Garelli, IMD)

The results of the 2007 edition of IMD's World Competitiveness Yearbook highlight a big shake-up in economic and business power. Emerging nations are quickly catching up in competitiveness. New companies and new brands are appearing all over the world. They now contest the long-standing competitive supremacy of industrialized nations. "This could lead to an increase in protectionist measures in Europe and the US", says Professor Stéphane Garelli, Director of IMD's World Competitiveness Center.

Of the 55 economies ranked by IMD, the US still ranks No. 1 in 2007, closely followed by Singapore and Hong Kong. However, 40 economies are now increasing or maintaining their competitiveness compared to the US - in other words, "closing the gap". Only 15 are losing ground. For the first time, the ranking indicates not only the competitive position of nations in 2007 but also their ability to catch up with the leader (the US). These trends are based on past competitive performance, drawn from the world's most comprehensive database on world competitiveness built up over two decades by IMD. (You can find the chart "Competitiveness in Perspective" on the following page).

China, Russia, India, the Slovak Republic, Estonia, Sweden, Austria, Australia, Denmark, Switzerland and Hong Kong have displayed a strong improvement in their competitiveness performance in recent years. This does not imply that all of these nations are already at the top of the competitiveness league. However, they are catching up quickly. Such strong performances will obviously impact future rankings.

On the other hand, Indonesia, Italy, Argentina, Brazil, Mexico, Turkey, the Philippines and France have tended to lose ground compared to the top league. Despite some real and specific competitive advantages, these nations will, sooner or later, lose their standing in world competitiveness if they do not improve their overall performance.

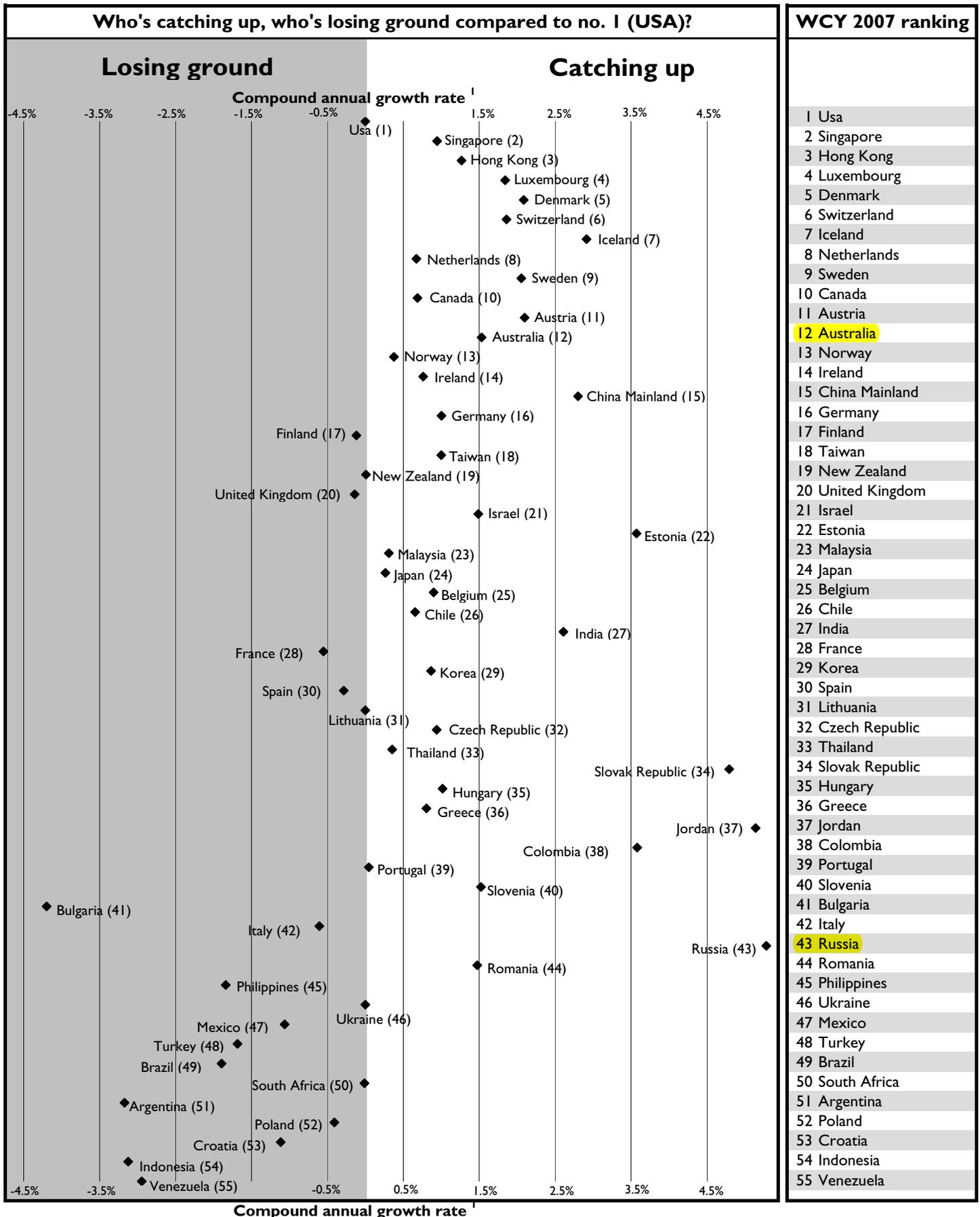
Economic and business power is shifting to new countries: China, Russia and India have together stacked up more than \$1,700bn in foreign currency reserves. Local companies from South-East Asia, India, China, Russia and the Gulf countries are buying industrial assets the world over.

In all likelihood, industrialized nations will find it hard to tolerate such a power shift. They will not accept the loss of some of their "business jewels" to newcomers without a fight. We shall thus face a year of rising protectionist measures. An increase in the number of complaints filed at the WTO for unfair practices can be expected.

But the new faces of protectionism will be subtler than in the past: corporate governance, environmental protection, intellectual property or social rights are the new key words. In 2007 and beyond, economic relations will be more tense than ever as emerging markets turn into emerging powers and challenge the established order for competitiveness.

COMPETITIVENESS IN PERSPECTIVE 1997-2007

For the first time, the WCY ranking indicates not only the competitive positions of nations in 2007 but also their ability to catch up with the leader (USA). These trends are based on past competitive performance, drawn from the world's most comprehensive database on world competitiveness built up over two decades by IMD.



¹ Long-term trends based on the evolution of overall competitiveness drawn from the IMD WCY database (up to 10 years, when available). Lithuania & Ukraine included in 2007.

WHAT IS THE WCY?

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| <ul style="list-style-type: none">• Competitiveness of 55 countries, based on 323 criteria• Focuses primarily on Hard data (2/3 from international, regional and national sources)• Survey data (1/3) – from our annual WCY Executive Opinion Survey 2007 | <ul style="list-style-type: none">• Published annually since 1989 and updated on a regular basis on-line• Worldwide reference point with objective benchmarking• Reliable and up-to-date data with unique network of 50 Partner Institutes worldwide |
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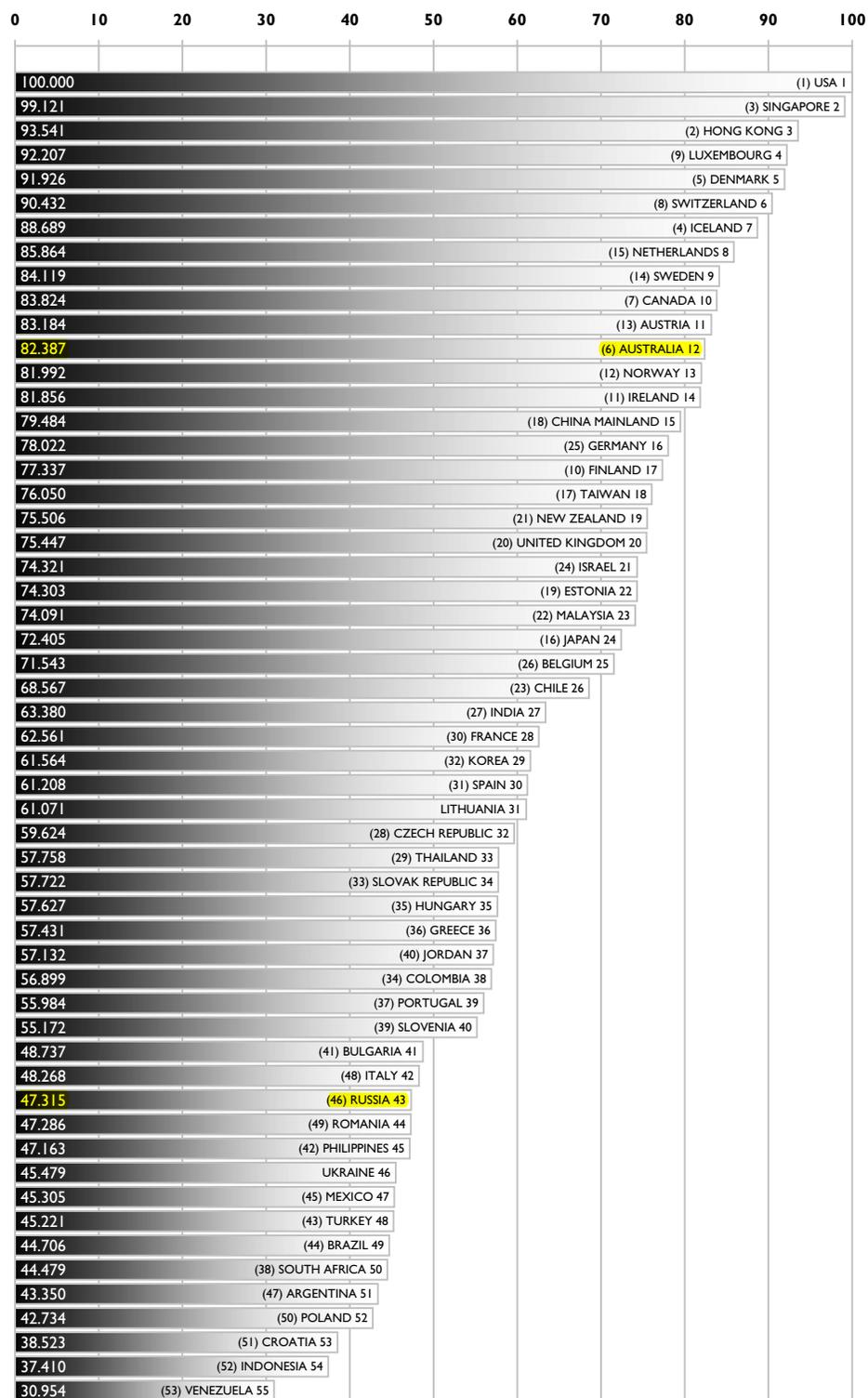
WHAT IS IMD?

IMD, International Institute for Management Development, in Lausanne, Switzerland, is recognized as one of the world leaders in executive education. For over 60 years IMD has worked with leading global companies to develop and retain management talent. IMD is the "global meeting place": the most international of business schools worldwide. IMD offers learning based on innovative and highly relevant research. Learning that can be applied to business challenges - immediately. This is IMD's "Real World. Real Learning" approach. (www.imd.ch)

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THE WORLD COMPETITIVENESS SCOREBOARD 2007



(2006 rankings are in brackets)