

# Compete.

The Competitiveness Index:  
Where America Stands

3<sup>rd</sup> Competitiveness Congress  
Istanbul, Turkey  
8 November 2007

Chad Evans  
Vice President - Strategic Initiatives  
Council on Competitiveness



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Council on  
Competitiveness

# The Competitiveness Index: Where America Stands



## Competitiveness — Our View

Looking Back — Twenty Years of US Global Leadership

The Changing Global Competitiveness Environment

Looking Ahead — Challenges and Opportunities

- › Innovation
- › Entrepreneurship
- › Regulation
- › Education
- › Energy

# The Competitiveness Index: Where America Stands



## Competitiveness — Our View

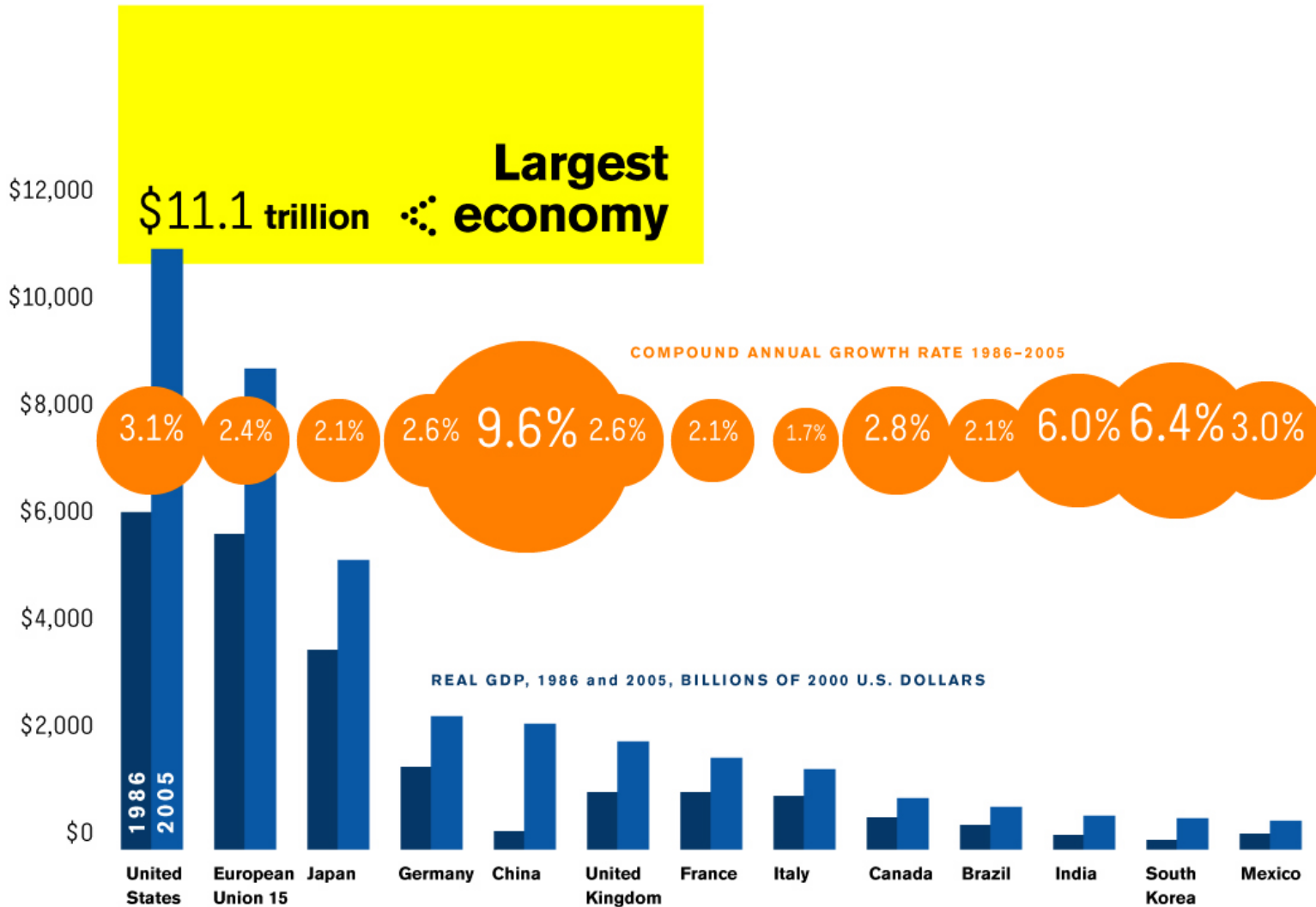
### Looking Back — Twenty Years of US Global Leadership

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# The United States Has the World's Largest Economy and Growth Has Outpaced Other Developed Economies

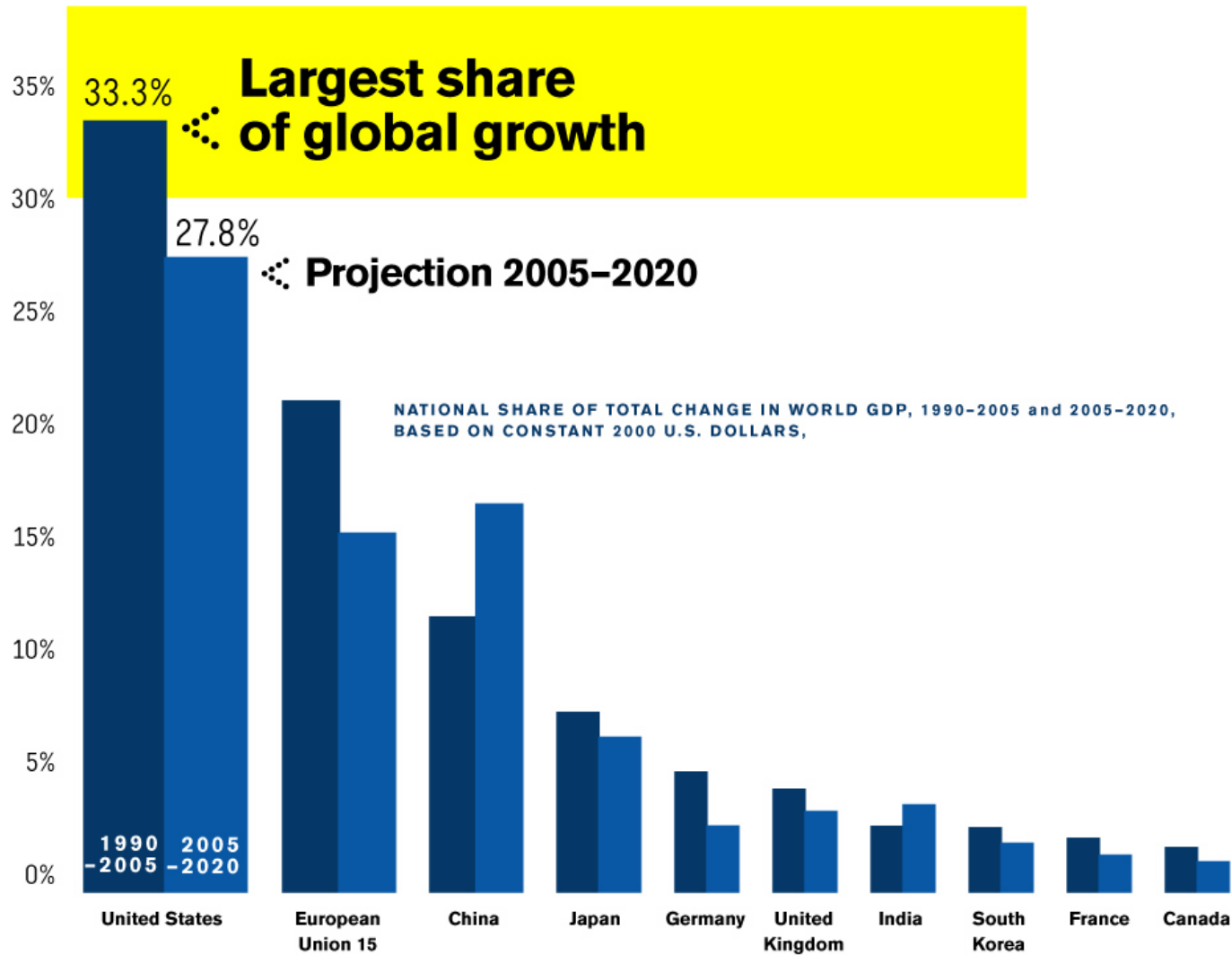


Source: Global Insight, Inc.

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# The United States Was Directly Responsible for One Third of Global Growth Over the Past 15 Years



Source: Global Insight, Inc.

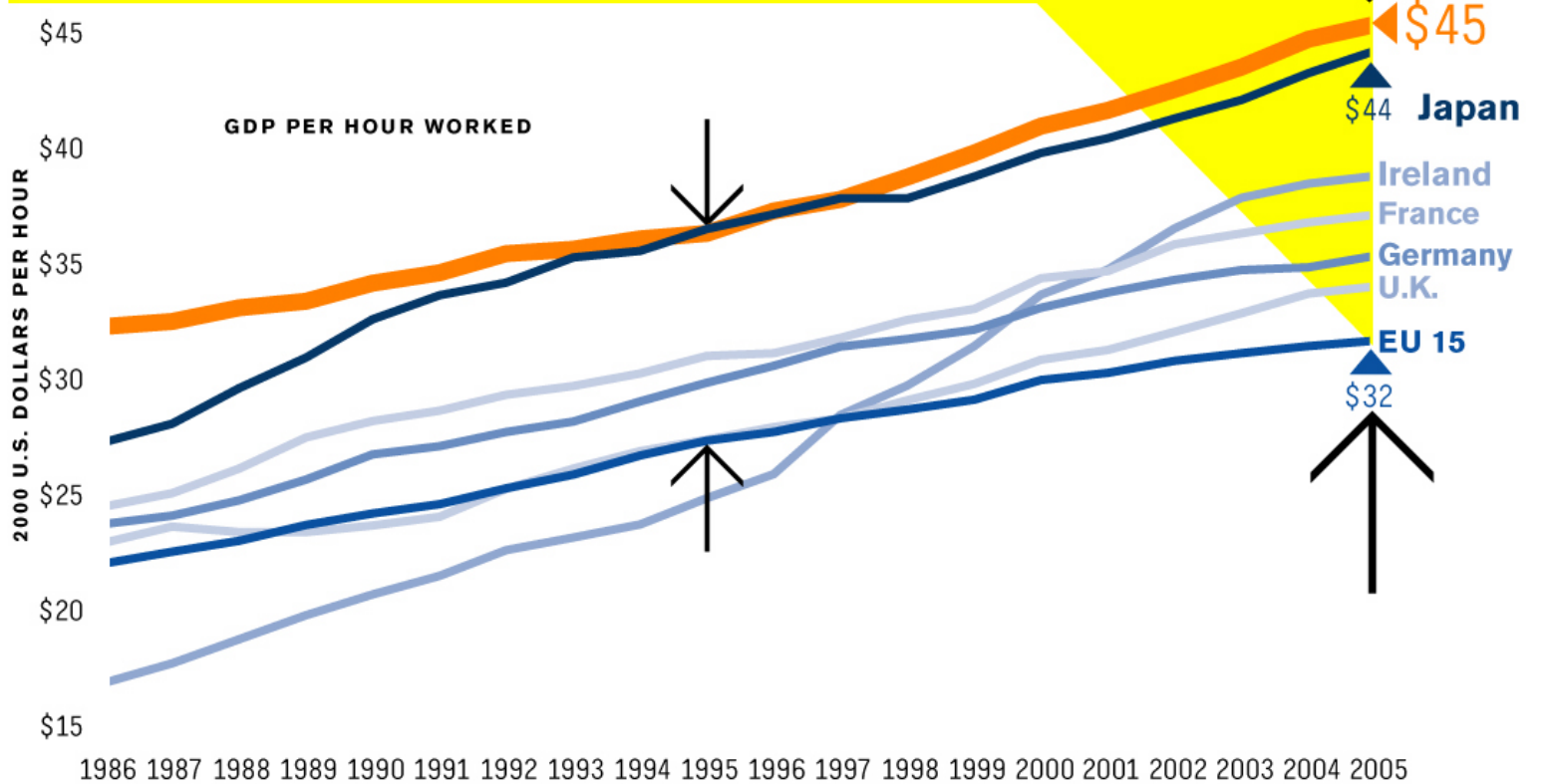
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# U.S. Productivity Growth Has Accelerated, Increasing Its Lead over Europe and Japan



**Increased productivity lead over Europe and Japan**



Source: Global Insight, Inc.

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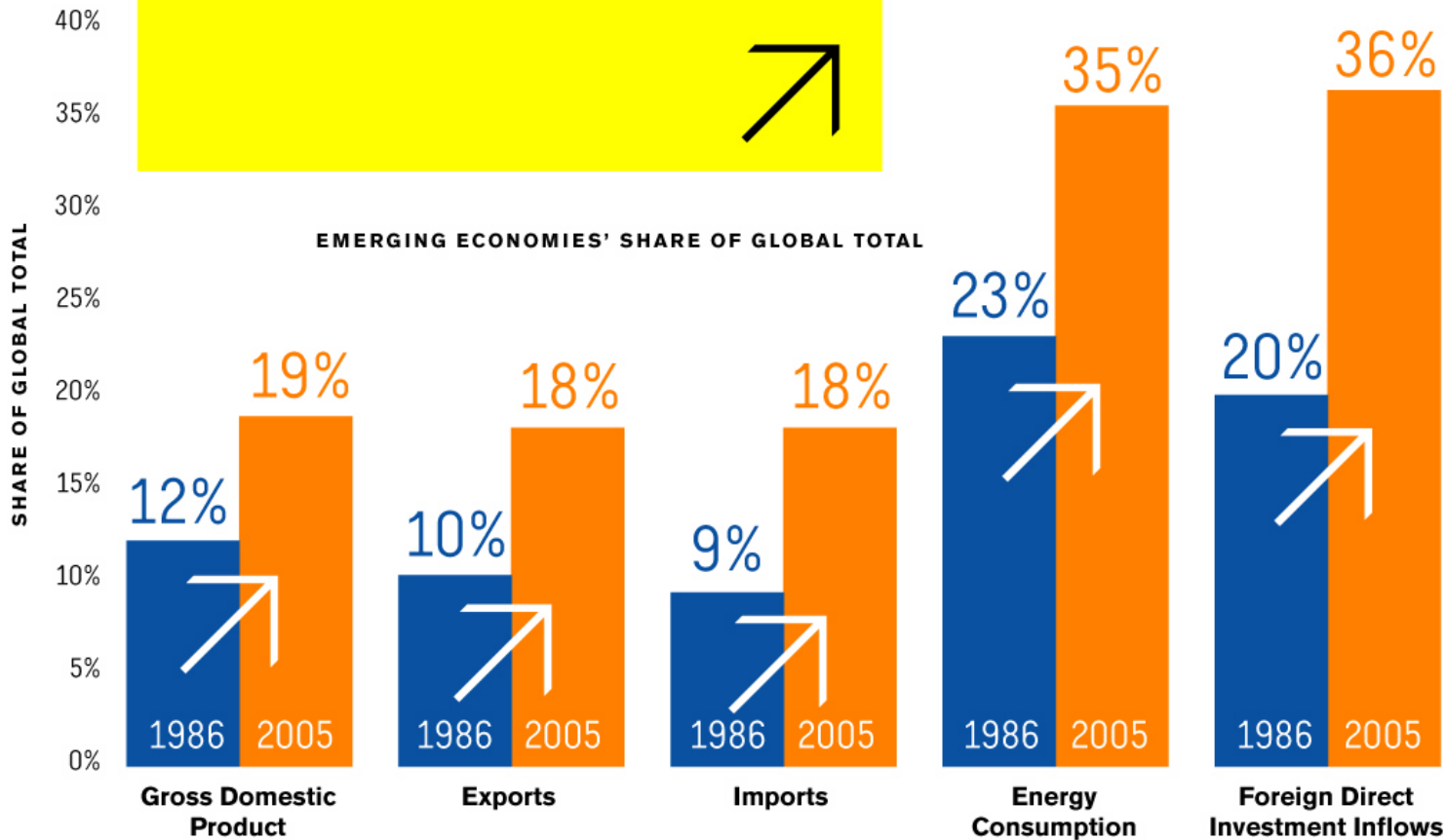
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# Emerging Markets Are Rapidly Growing Their Economies, Exports and Share of Global Investment Flows



**Growing share of the global economy**



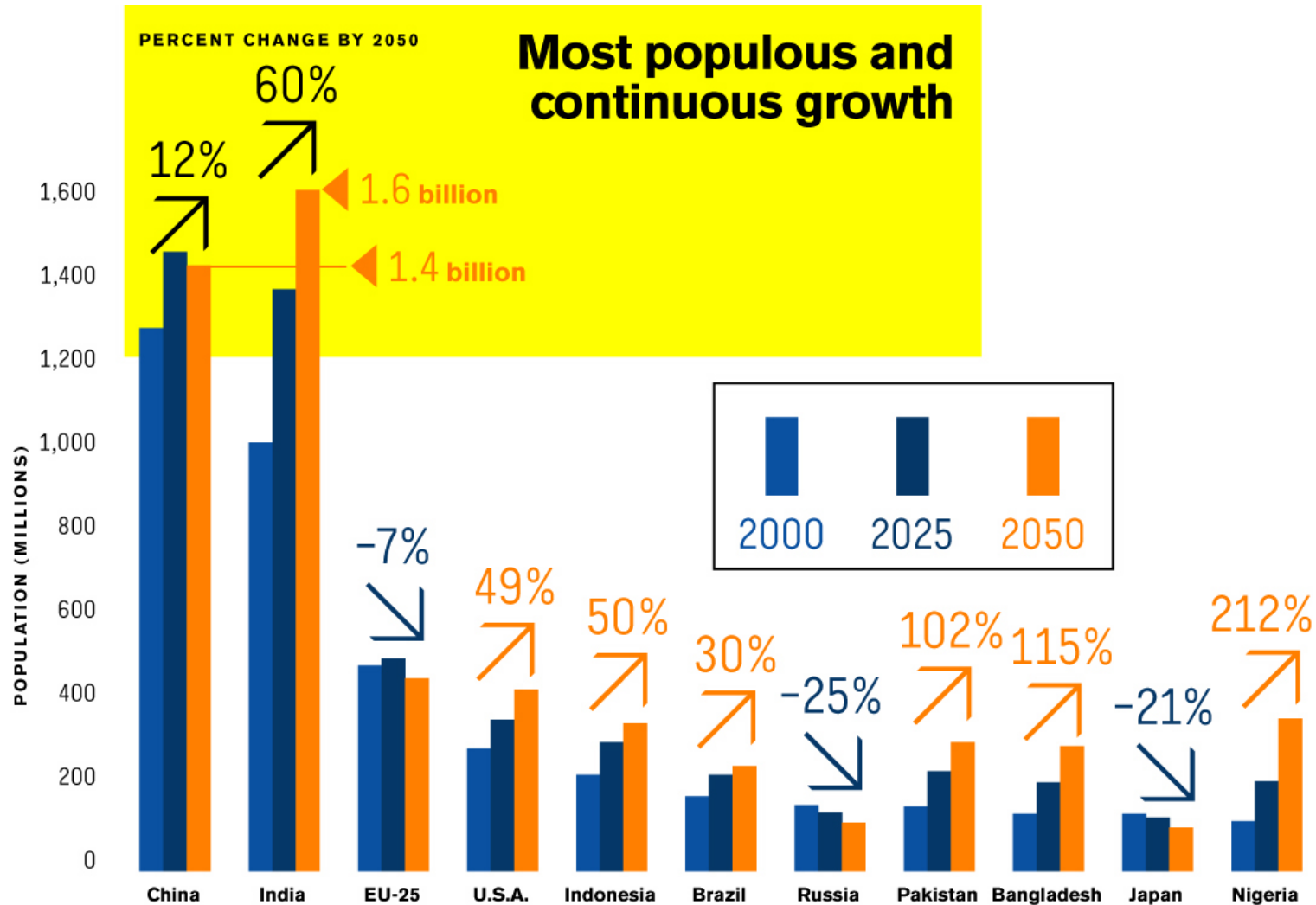
Source: World Bank, UNCTAD, U.S. Department of Energy, EIA

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# Emerging Markets Already Have the Largest, Fastest Growing Populations



Source: U.S. Census

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# Emerging Markets Have Large Supplies of Young Professionals



## Large professional workforce in emerging markets

YOUNG PROFESSIONALS, 2003, THOUSANDS

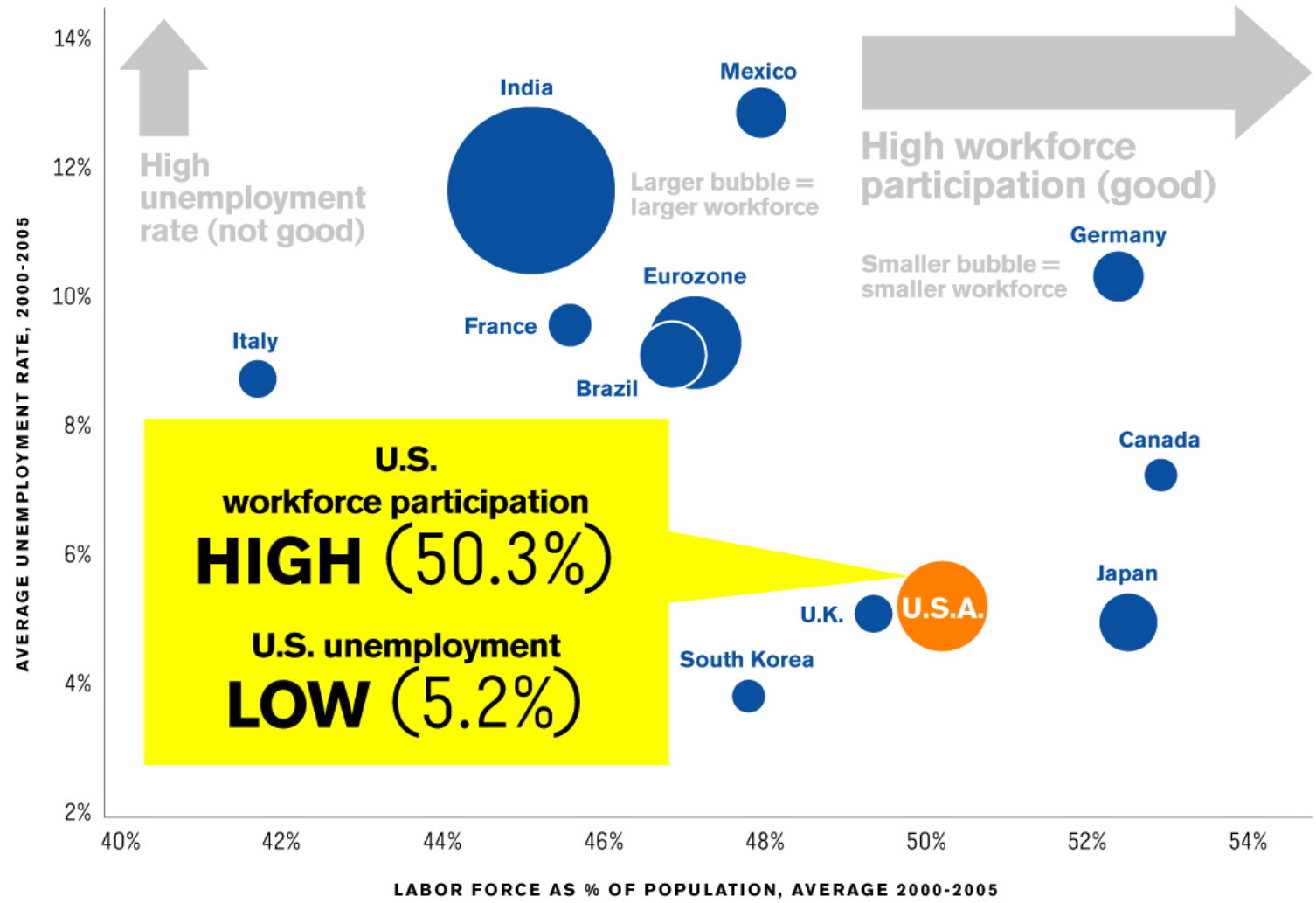
	Engineers	Finance/ Accounting	Life sciences researchers	Analysts	
<b>China</b>	1,589	945	543	202	← Emerging Markets
United States	667	1615	852	175	
<b>India</b>	528	2273	674	537	
<b>Russia</b>	486	1082	108	107	
Japan	317	702	180	55	
<b>Phillippines</b>	290	423	14	16	← Developed Economies
<b>Brazil</b>	158	355	75	16	
U.K.	150	165	100	27	
Germany	128	137	31	26	
<b>Mexico</b>	115	319	23	8	
<b>Poland</b>	82	231	25	22	
Canada	81	150	89	18	
<b>Malaysia</b>	49	83	19	11	
<b>Hungary</b>	27	59	2	1	
Ireland	22	32	4	3	
<b>Czech Republic</b>	15	33	2	5	

Source: McKinsey Global Institute, The Emerging Global Labor Market: Part II-- The Supply of Offshore Talent in Services (June 2005)

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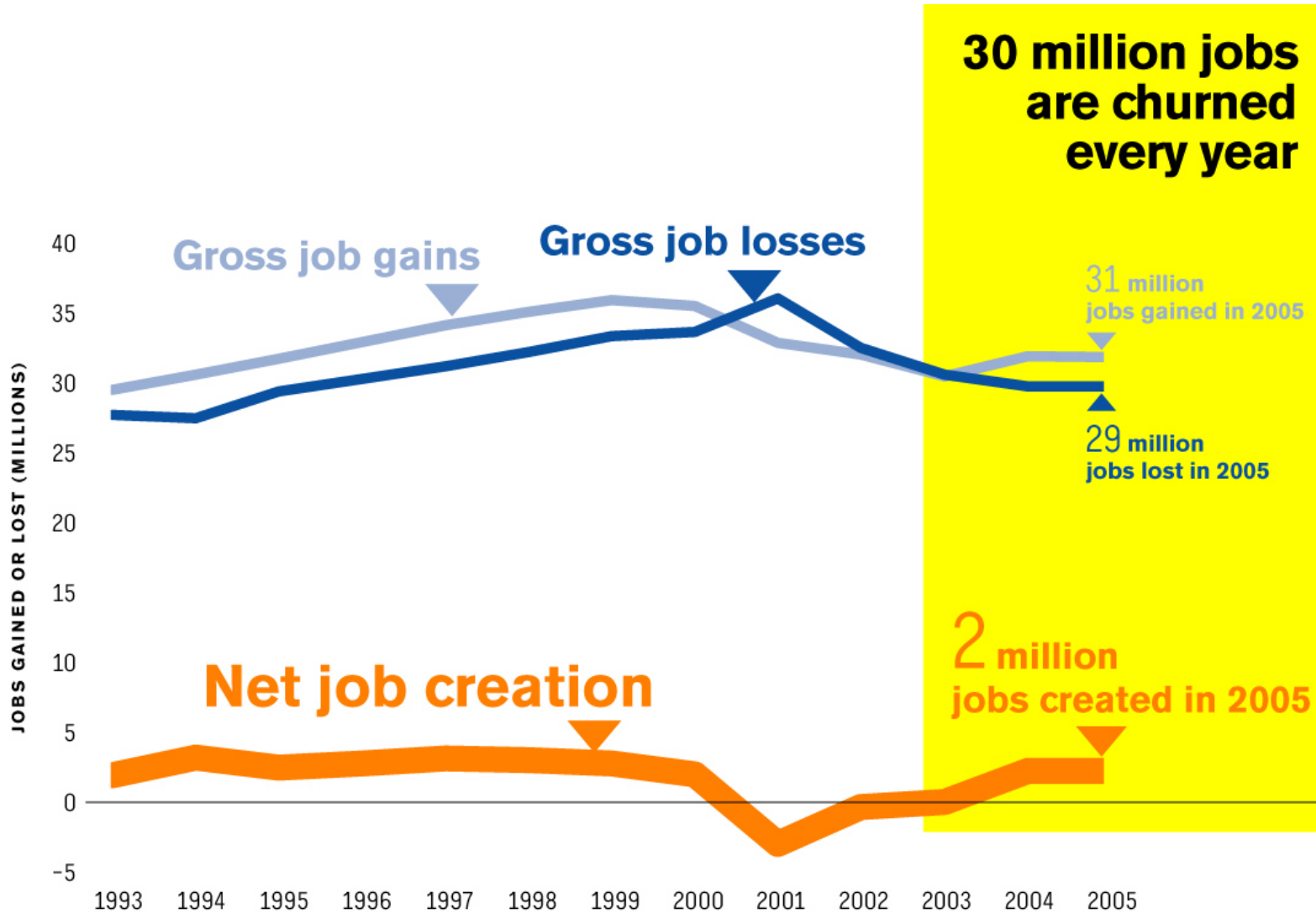
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# The United States Combines High Workforce Participation Rates with Low Unemployment



Source: Global Insight, Inc.

# The United States Has High Levels of Job Churn



Source: U.S. Bureau of Labor Statistics

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# Emerging Markets Now Number Among the World's Leading Technology Exporters



## Emerging economies now lead

### Top Ten High Tech Exporters (1986)

Billions of 1997 U.S. Dollars

1. United States \$65
2. Japan \$53
3. Germany \$31
4. United Kingdom \$24
5. France \$14
6. Netherlands \$9
7. Italy \$8
8. Switzerland \$8
9. Taiwan \$7
10. South Korea \$7

Emerging economies

Developed economies

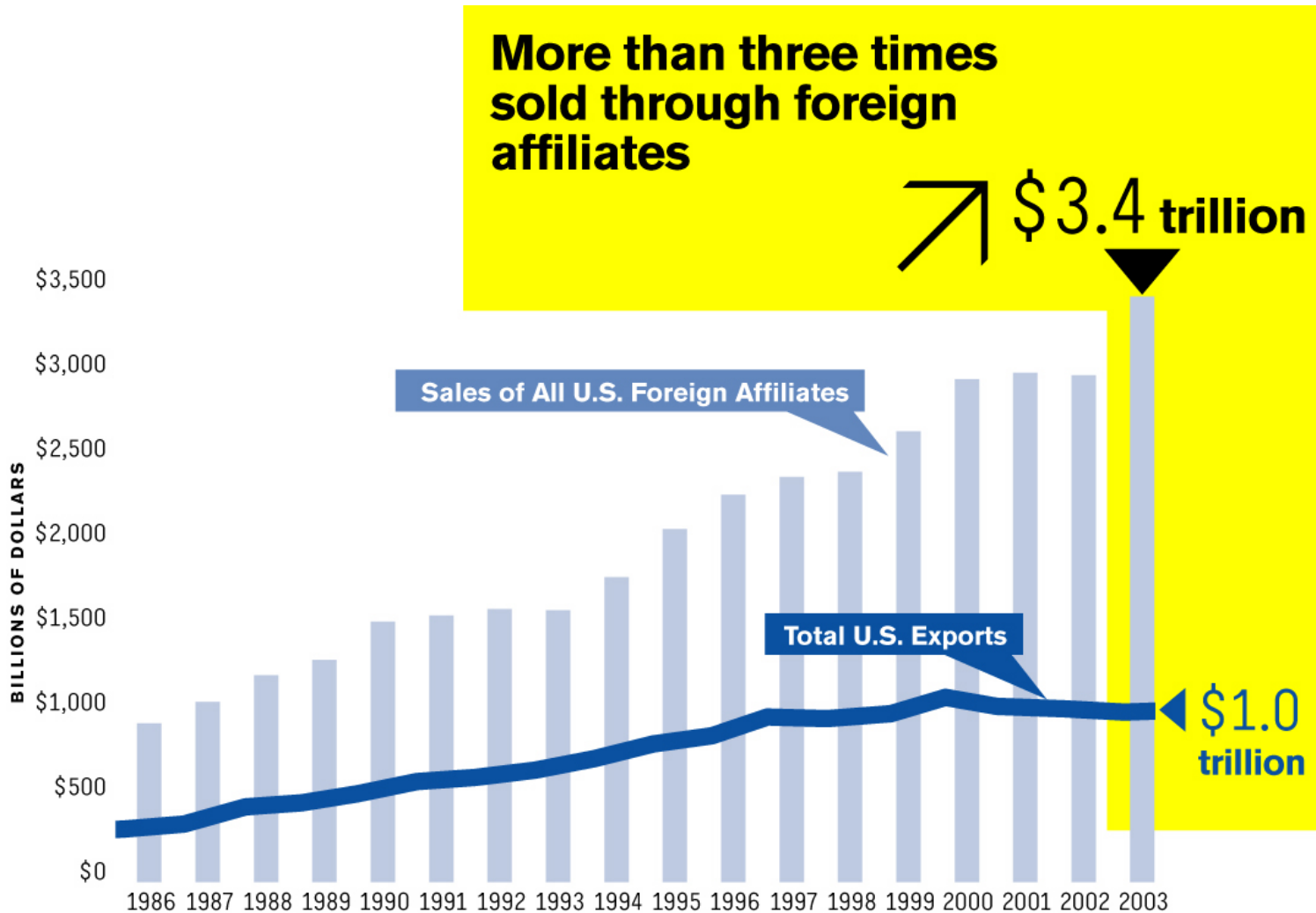
### Top Ten High Tech Exporters (2005)

Billions of 1997 U.S. Dollars

1. China \$406
2. United States \$284
3. Japan \$212
4. Germany \$183
5. South Korea \$167
6. Hong Kong \$157
7. Taiwan \$145
8. Singapore \$126
9. Malaysia \$99
10. United Kingdom \$95

Source: Global Insight, Inc.

# U.S. Multinationals Sell Three Times More Through Foreign Operations Than Through Exports



Source: U.S. Bureau of Economic Analysis

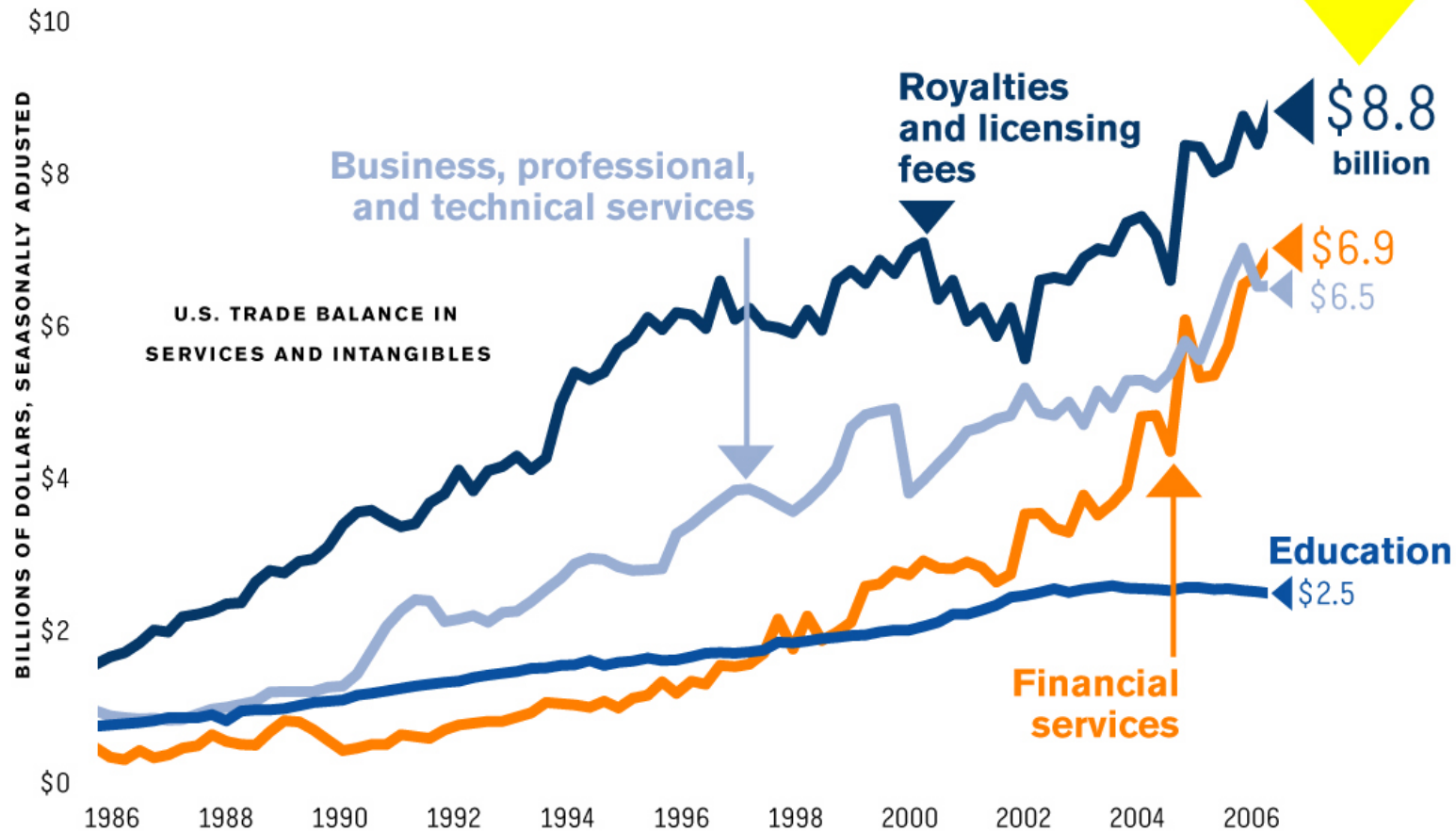
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# The United States Has Trade Surpluses in Services and Intangibles



## Trade surpluses in services and intangibles

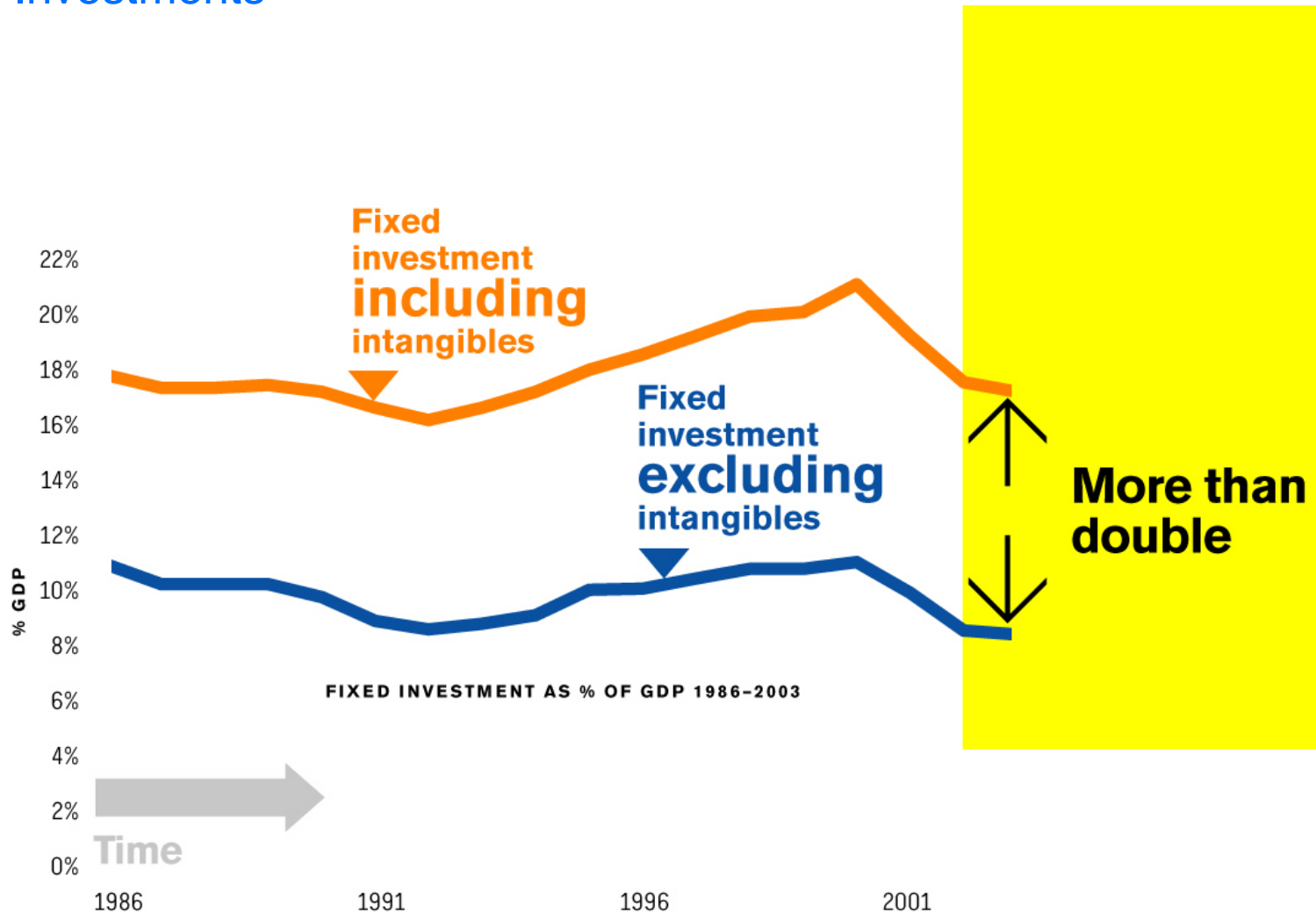


Source: U.S. Bureau of Economic Analysis

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# U.S. Investment in Intangible Assets Now Rivals Traditional Tangible Investments



Source: Carol Corrado, Charles Hulten, and Daniel Sichel, "Intangible Capital and Economic Growth," Finance and Economics Discussion Series, Divisions of Research & Statistics and Monetary Affairs, Federal Reserve Board, Washington, D.C. (April 2006)



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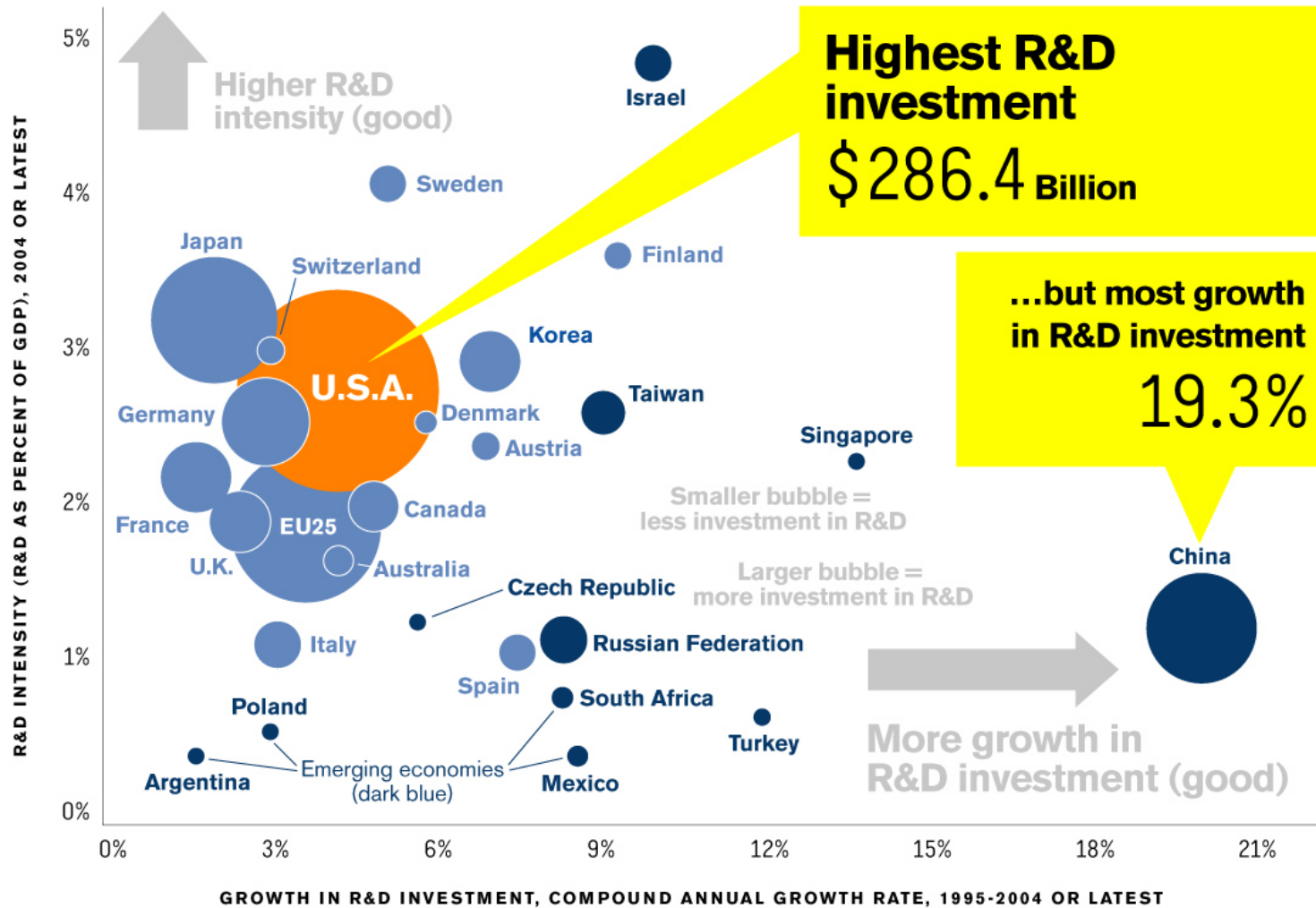
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# U.S. R&D Investment Remains the World's Largest, But Others Are Increasing Their Investment Faster



Source: OECD, Main Science and Engineering Indicators (2006)

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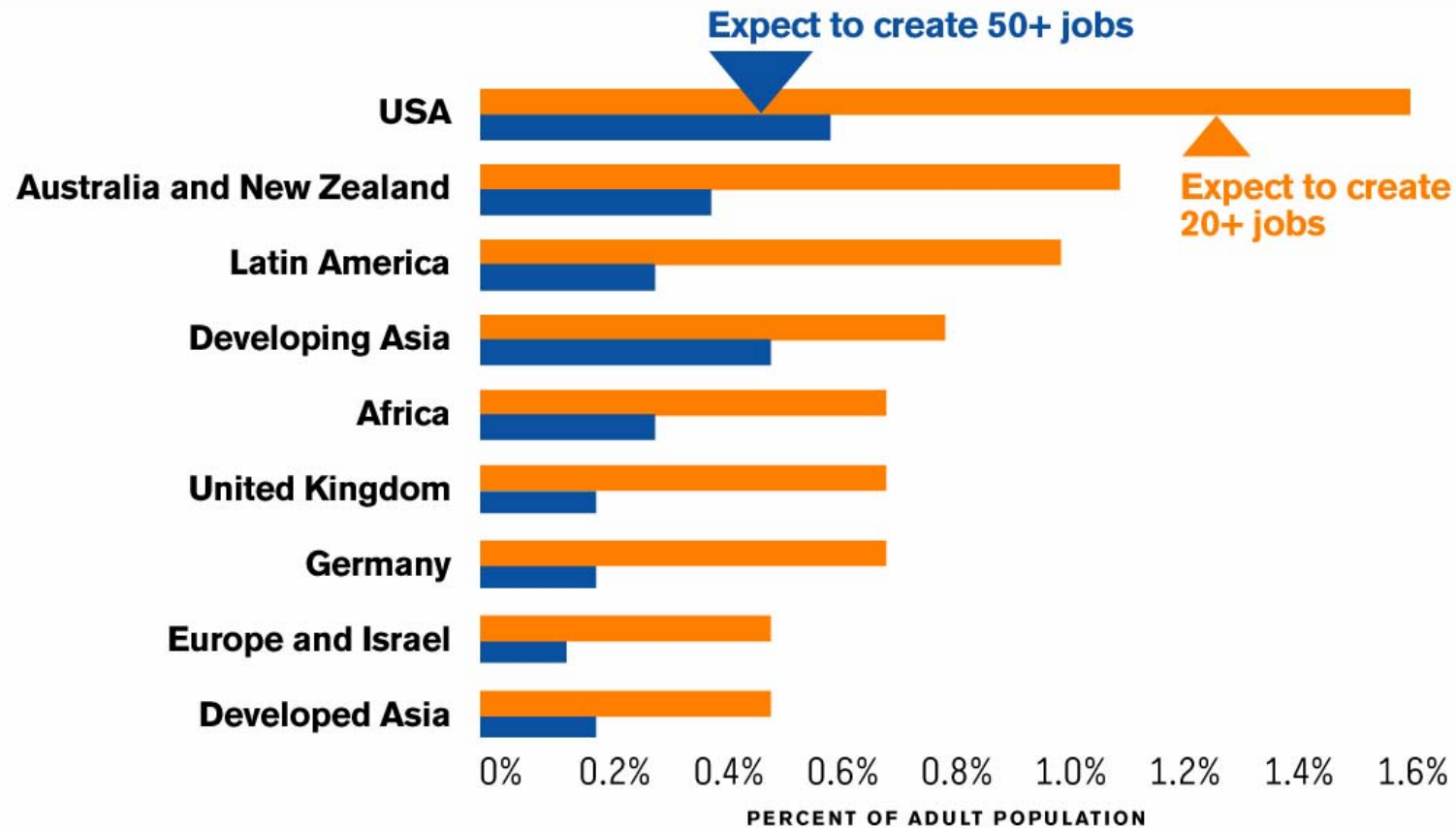
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# U.S. Entrepreneurs Aim to Create More Jobs



## America leads in high-expectation entrepreneurship

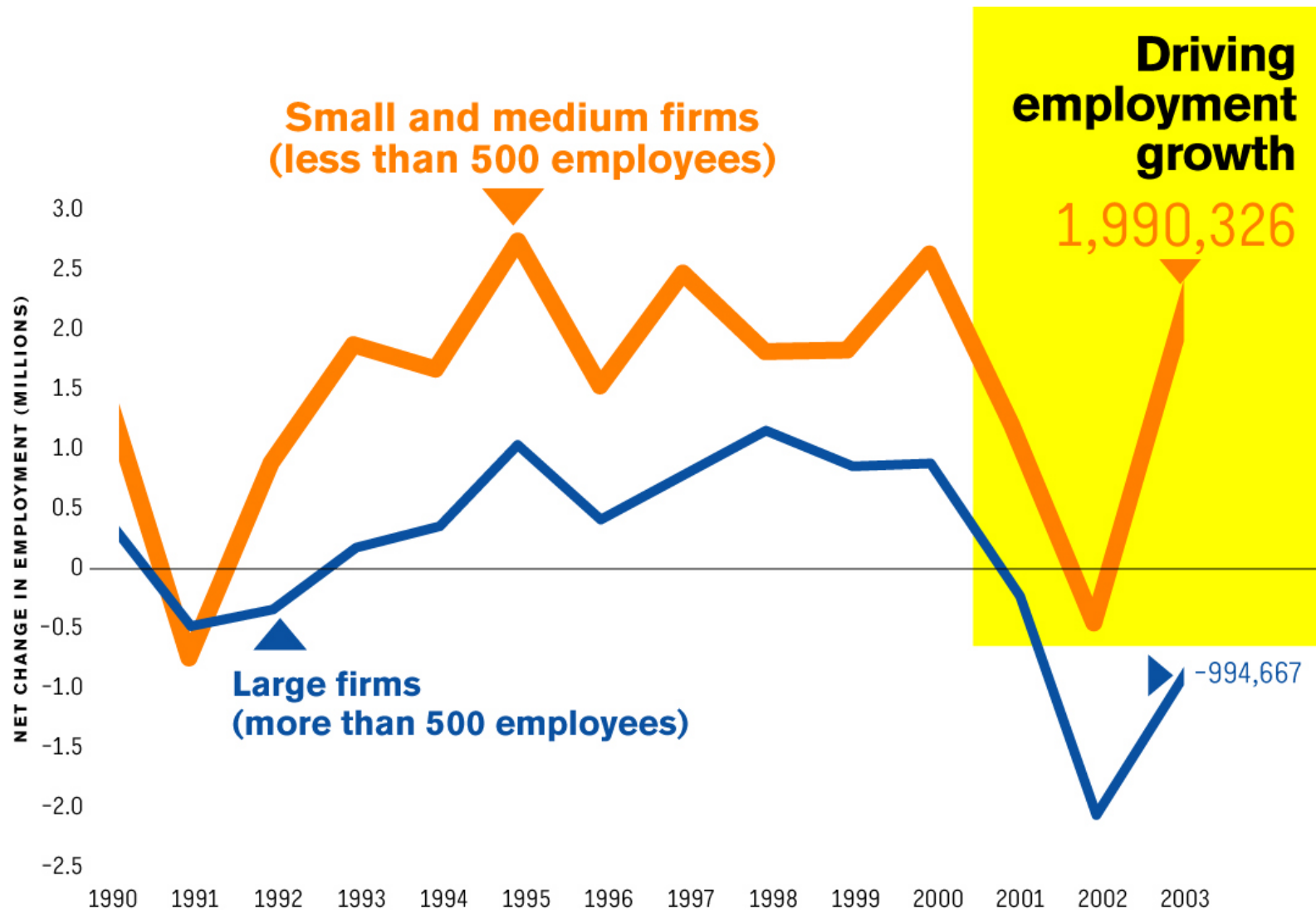


Source: Global Entrepreneurship Monitor, High-Expectation Entrepreneurship 2005

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# Small and Medium-Sized Firms Create Most New Jobs



Source: Office of Advocacy, U.S. Small Business Administration

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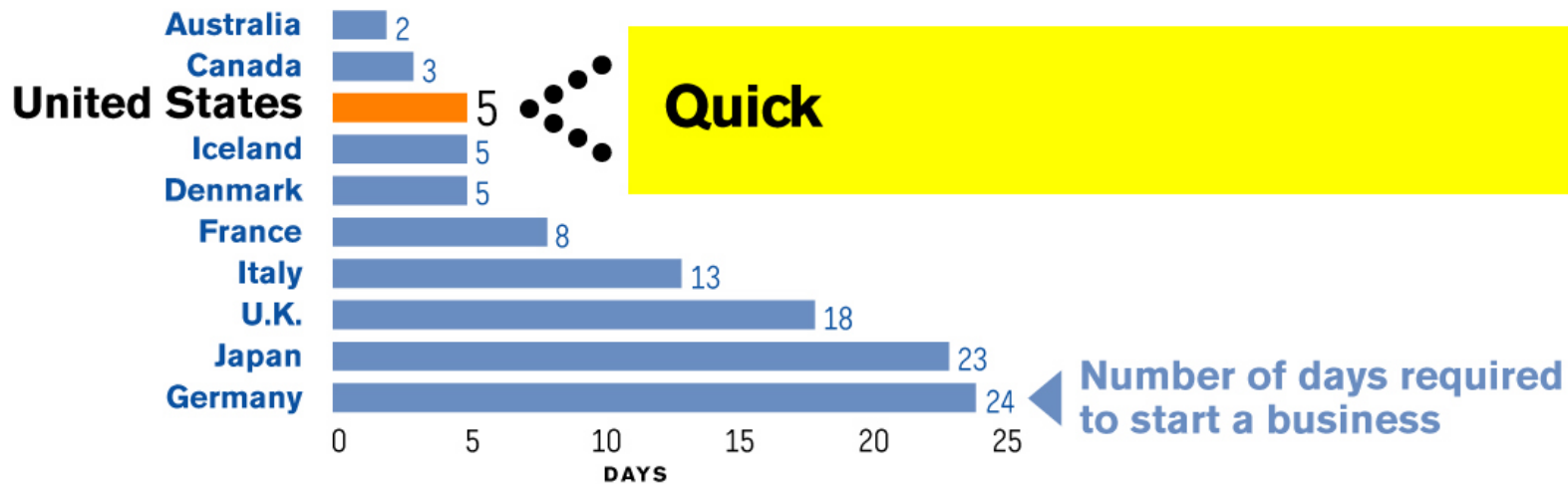
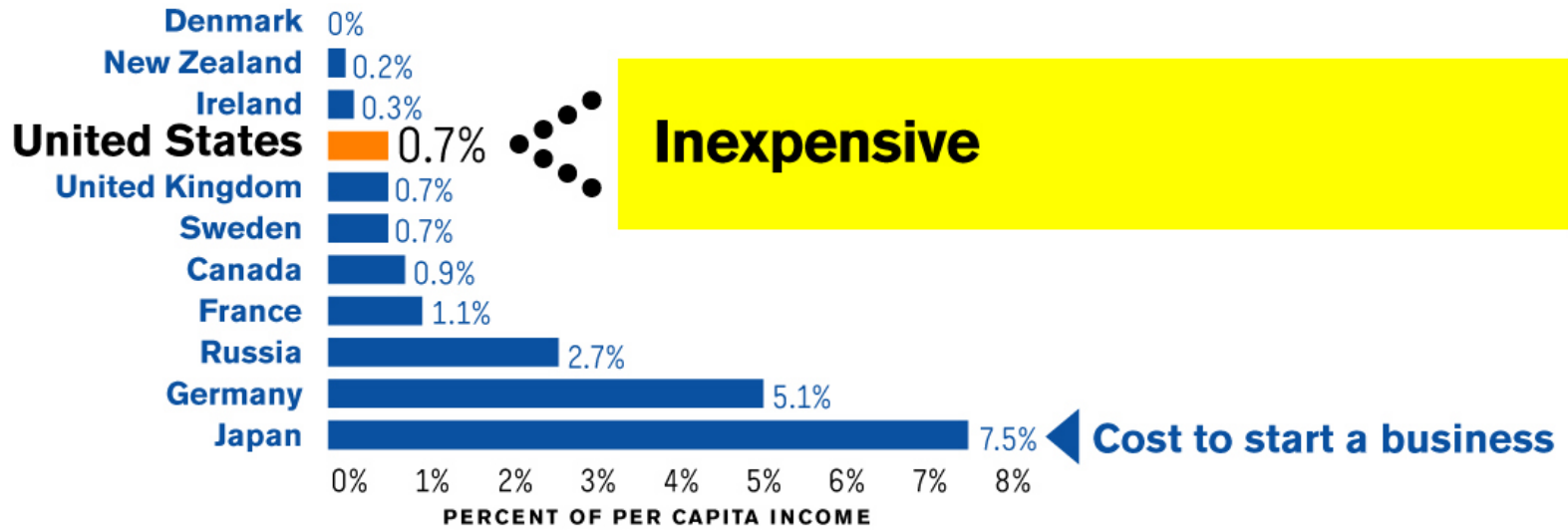
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# The United States Is One of the Easiest Places to Start a Business



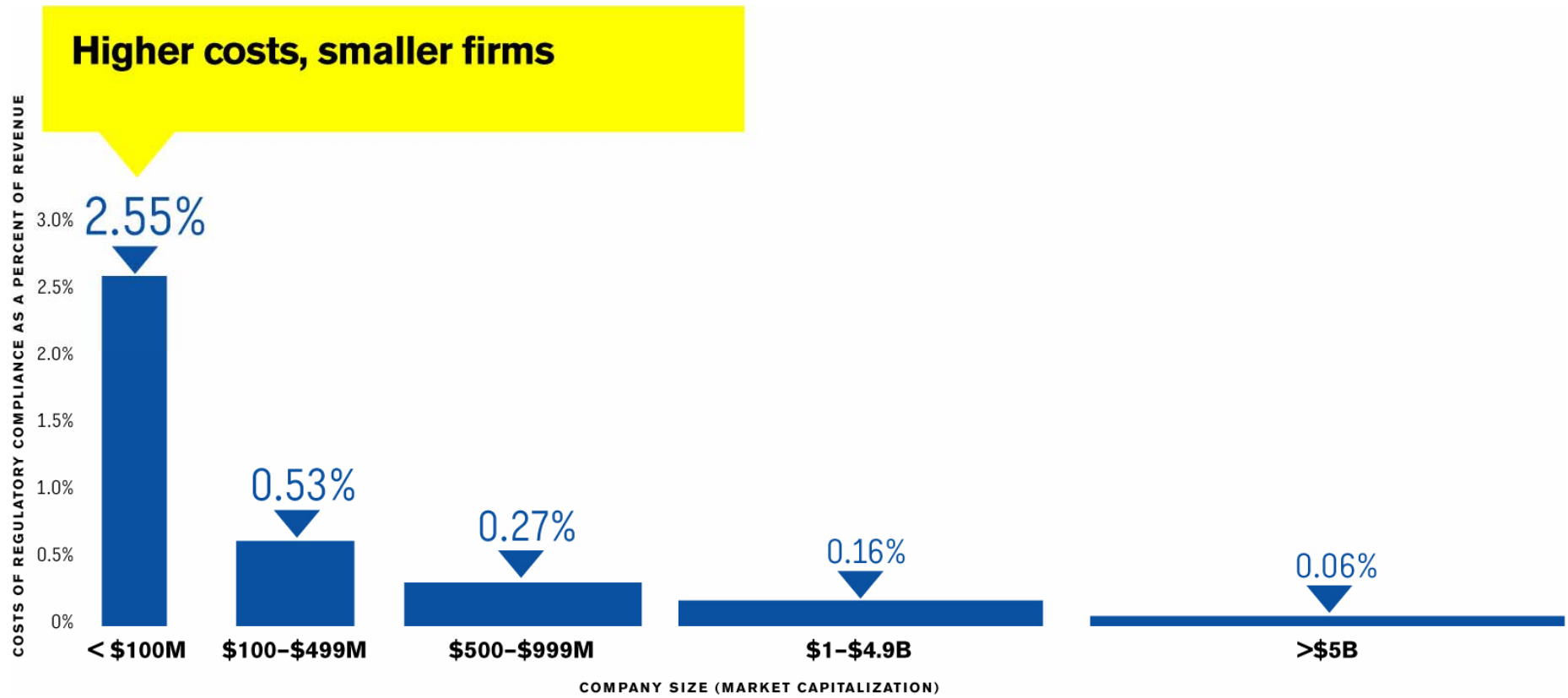
Source: World Bank, Doing Business 2007

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# Sarbanes-Oxley Imposes a Significantly Higher Burden on Smaller Firms



Source: American Electronics Association, "Sarbanes-Oxley Section 404: The 'Section' of Unintended Consequences and Its Impact on Small Business" (Feb 2005)

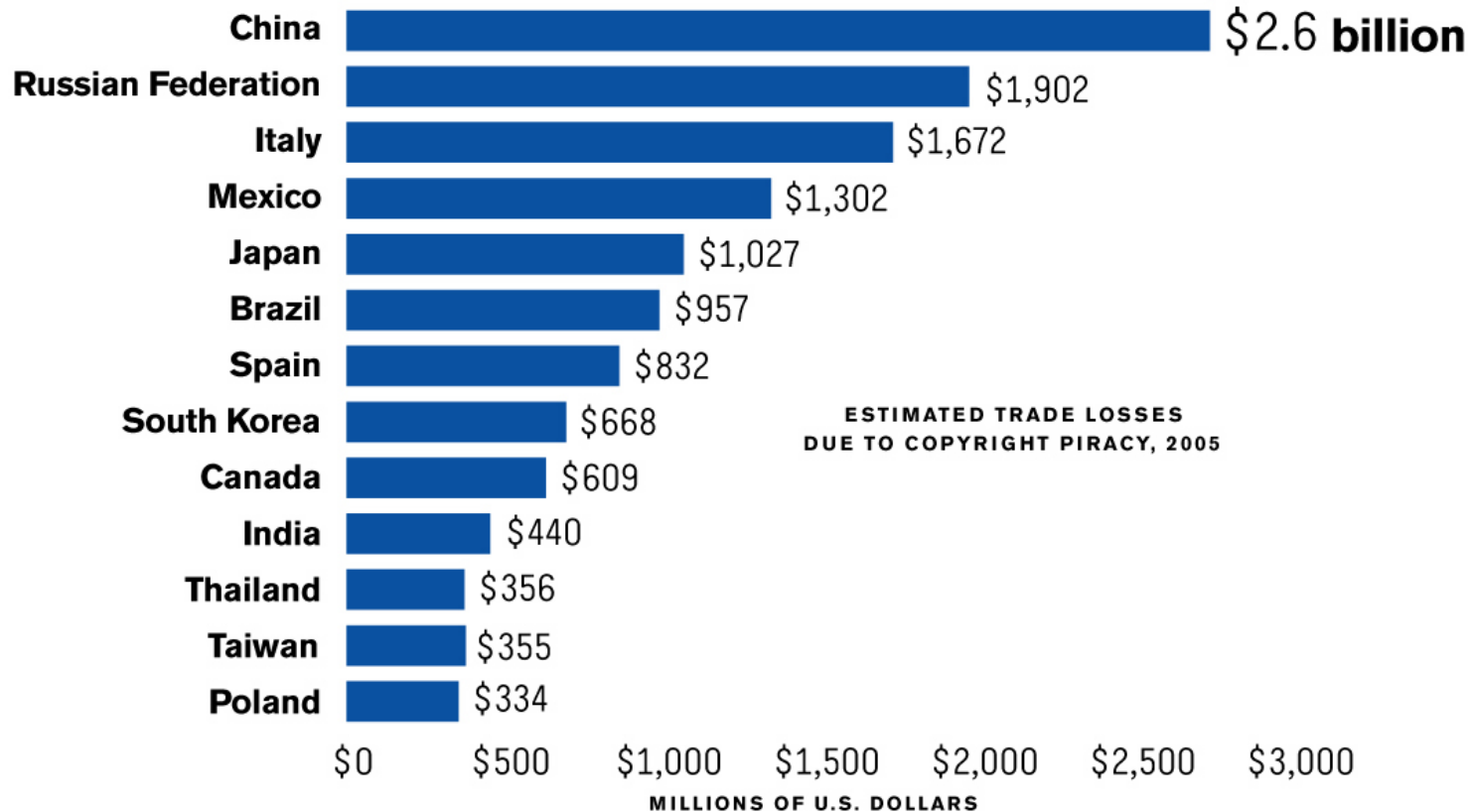
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# American Businesses Lose Billions of Dollars Annually Due to Intellectual Property Violations



## American companies lose billions in intellectual property



Source: International Intellectual Property Alliance, "2004-2005 Estimated Trade Losses Due to Copyright Piracy" (Sep. 18, 2006)

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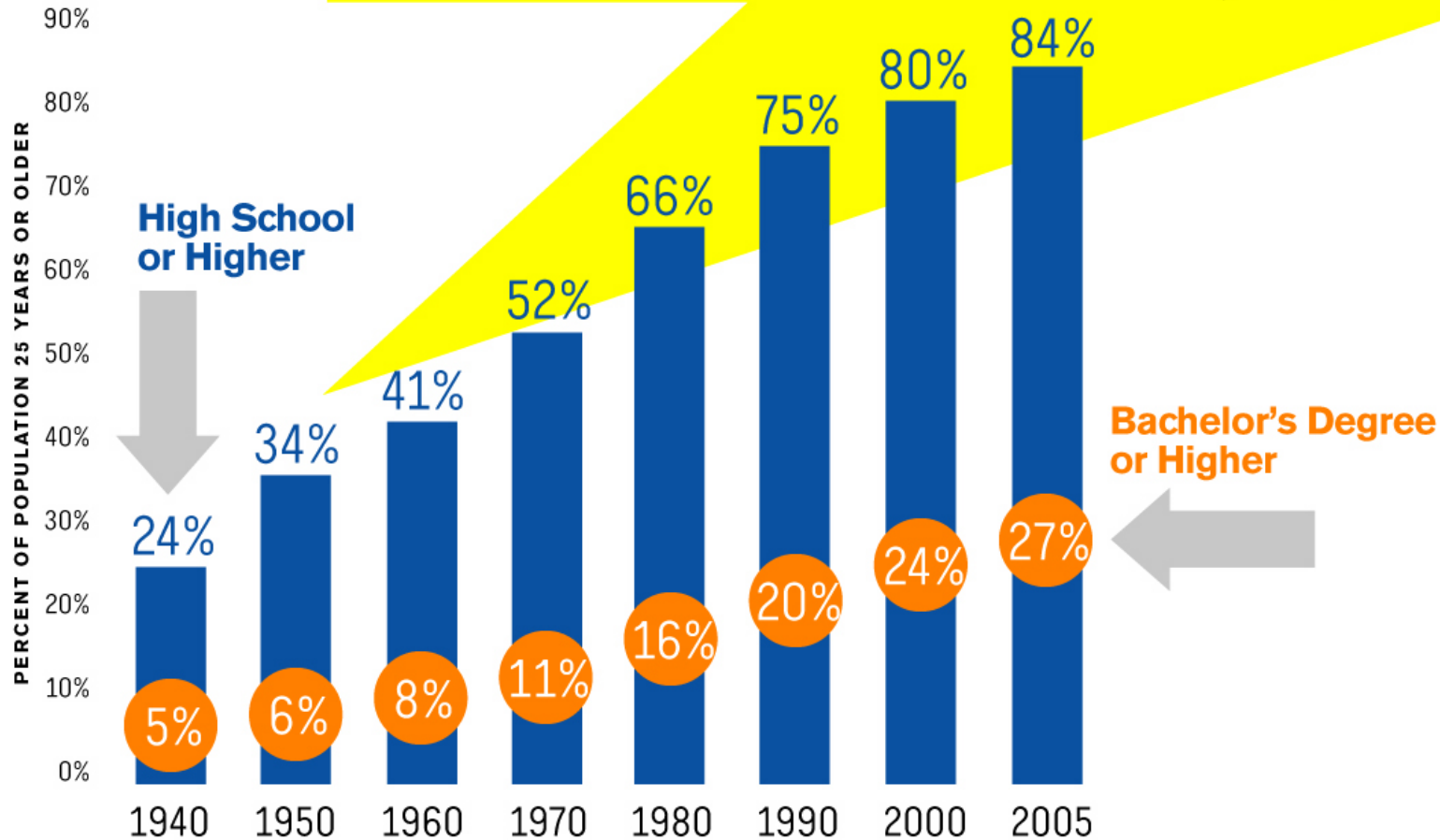
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# Levels of Educational Attainment Grew Rapidly After World War II



**Impressive gains in educational attainment, since WWII**

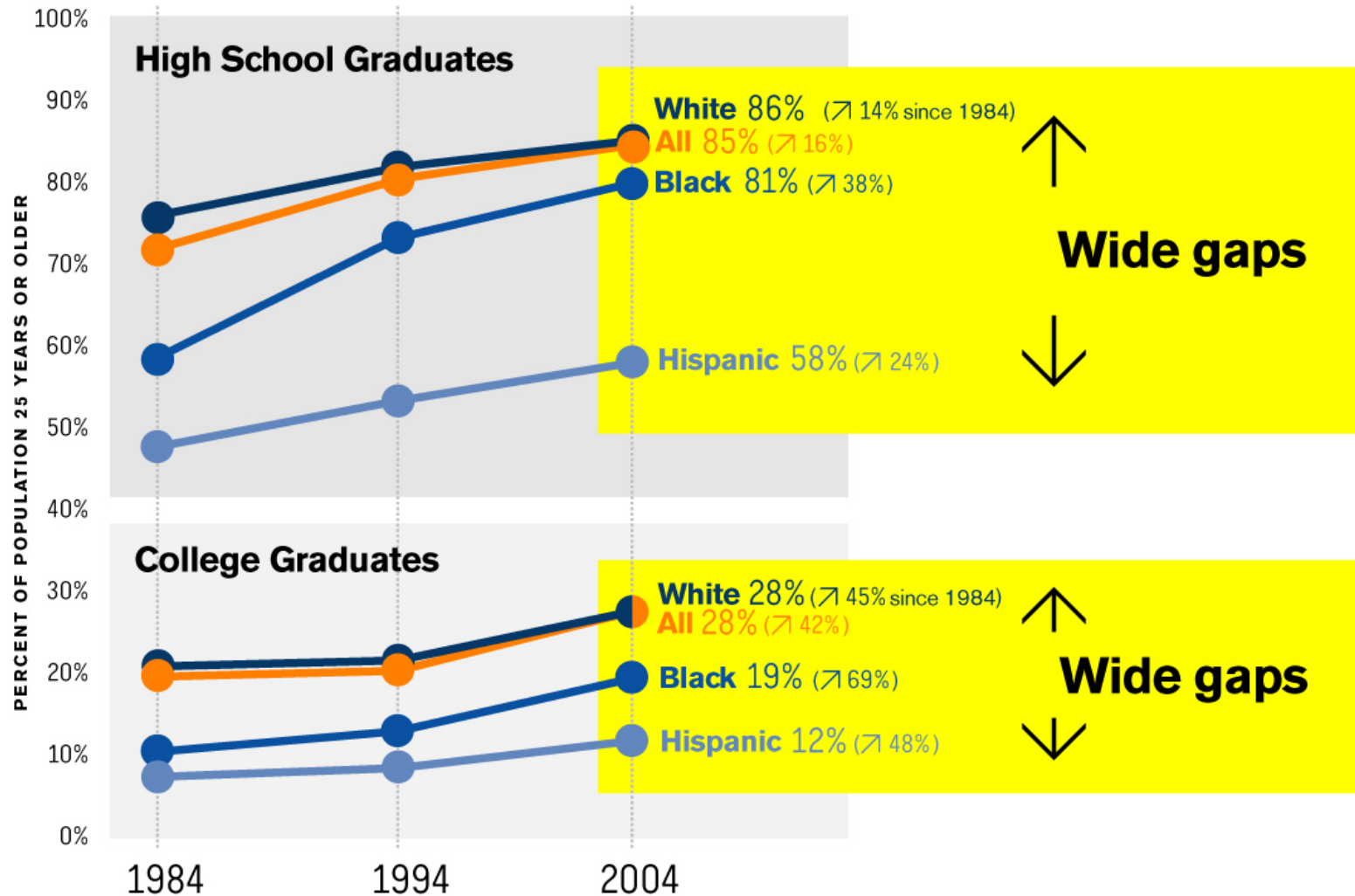


Source: U.S. Census

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# All Racial and Ethnic Groups Have Improved High School and College Attainment

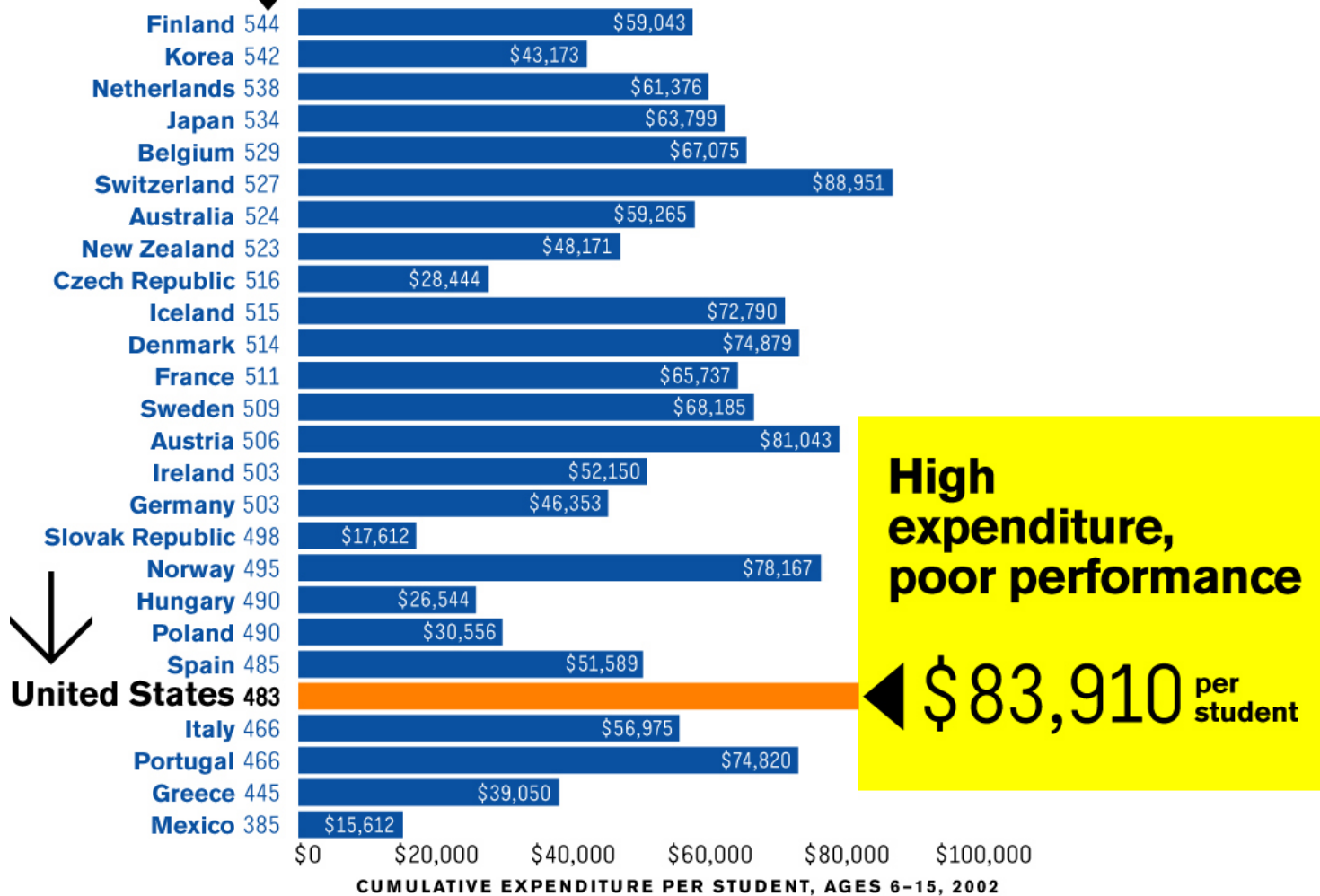


Source: U.S. Census

# The United States Invests Significantly More in Education, Yet Test Scores Are Low Compared to Other Nations



PISA PERFORMANCE IN MATHEMATICS, 2003

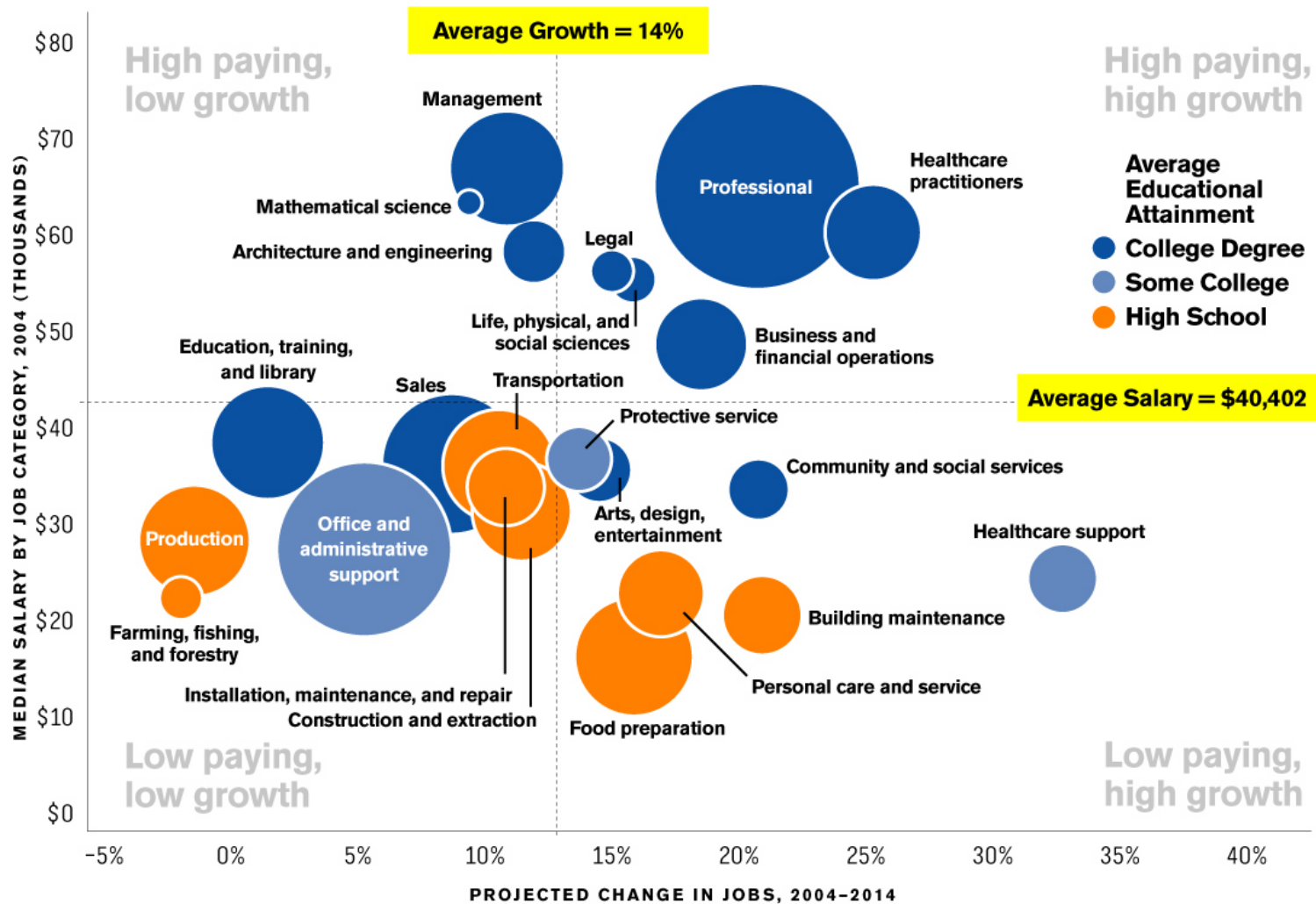


Source: OECD, Education at a Glance (2006)

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# High-Wage, Fast-Growth Occupations Require Higher Levels of Education



Source: U.S. Bureau of Labor Statistics

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# The United States Lags in Support for Job Training



Source: OECD, Education at a Glance (2006)

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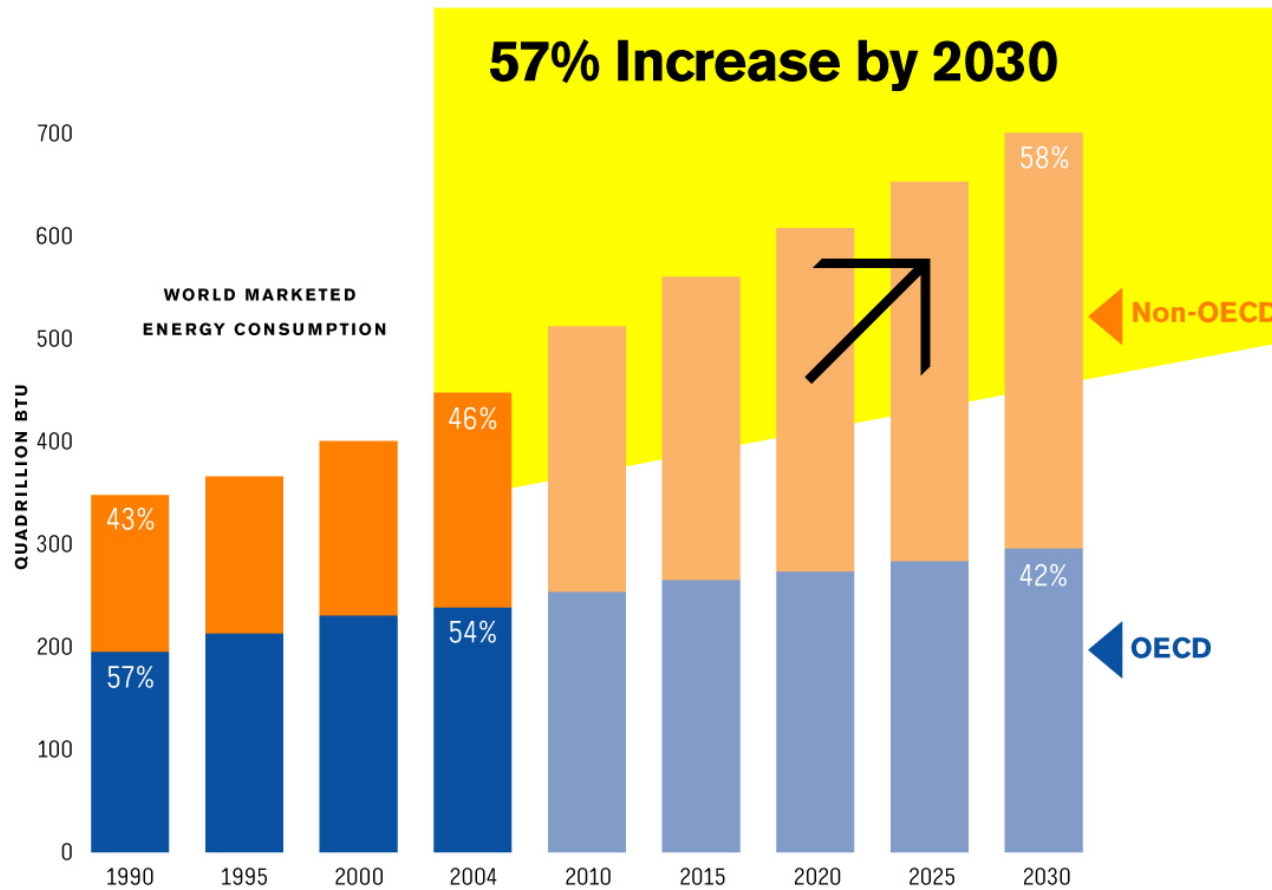
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# The United States Is Not Alone in its Growing Appetite for Energy. Demand Is Projected to Grow in Both Developing and Developed Countries Alike



Source: Energy Information Administration



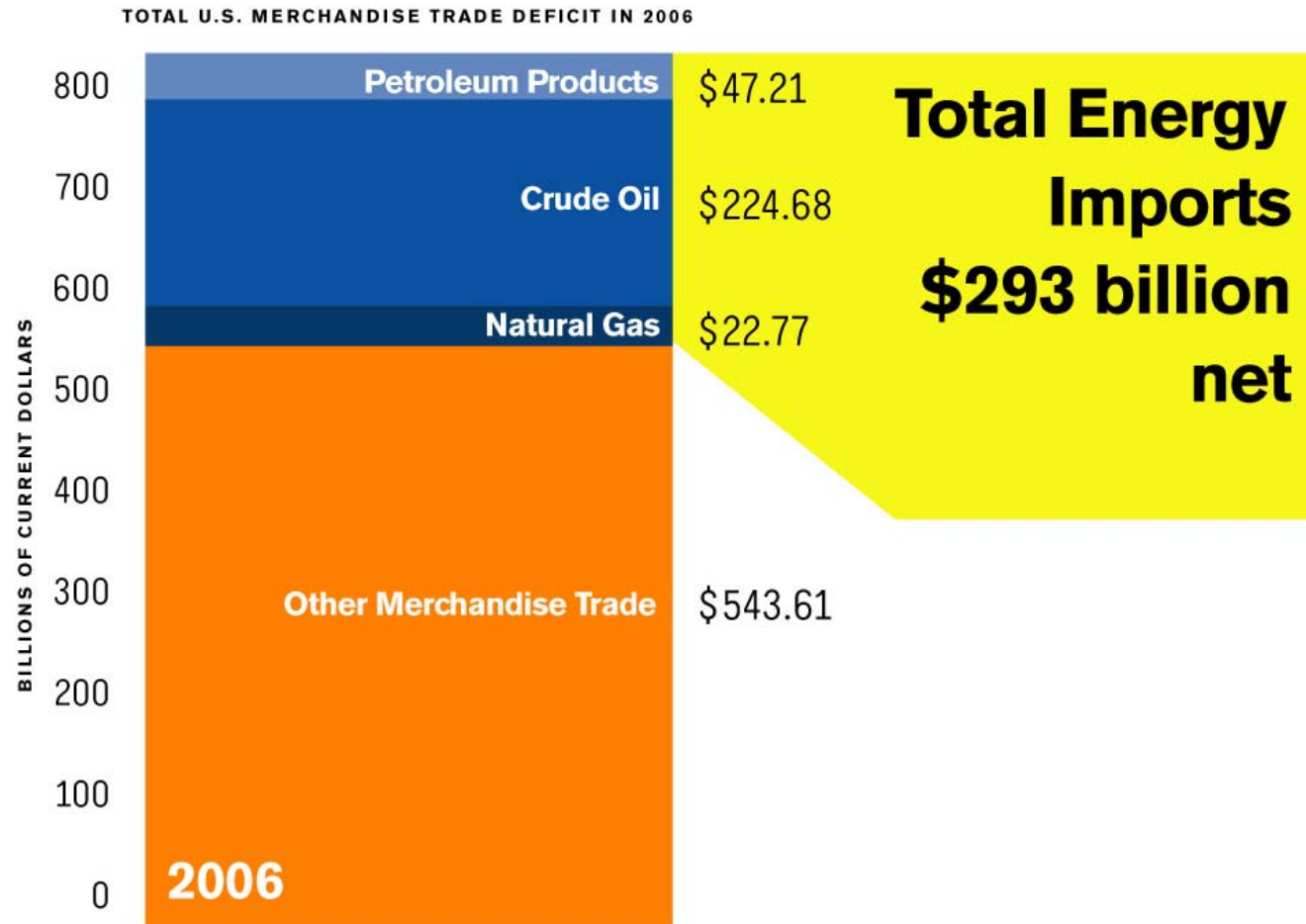
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# Total Energy Imports Accounted for Over One-Third of the U.S. Merchandise Trade Deficit in 2006



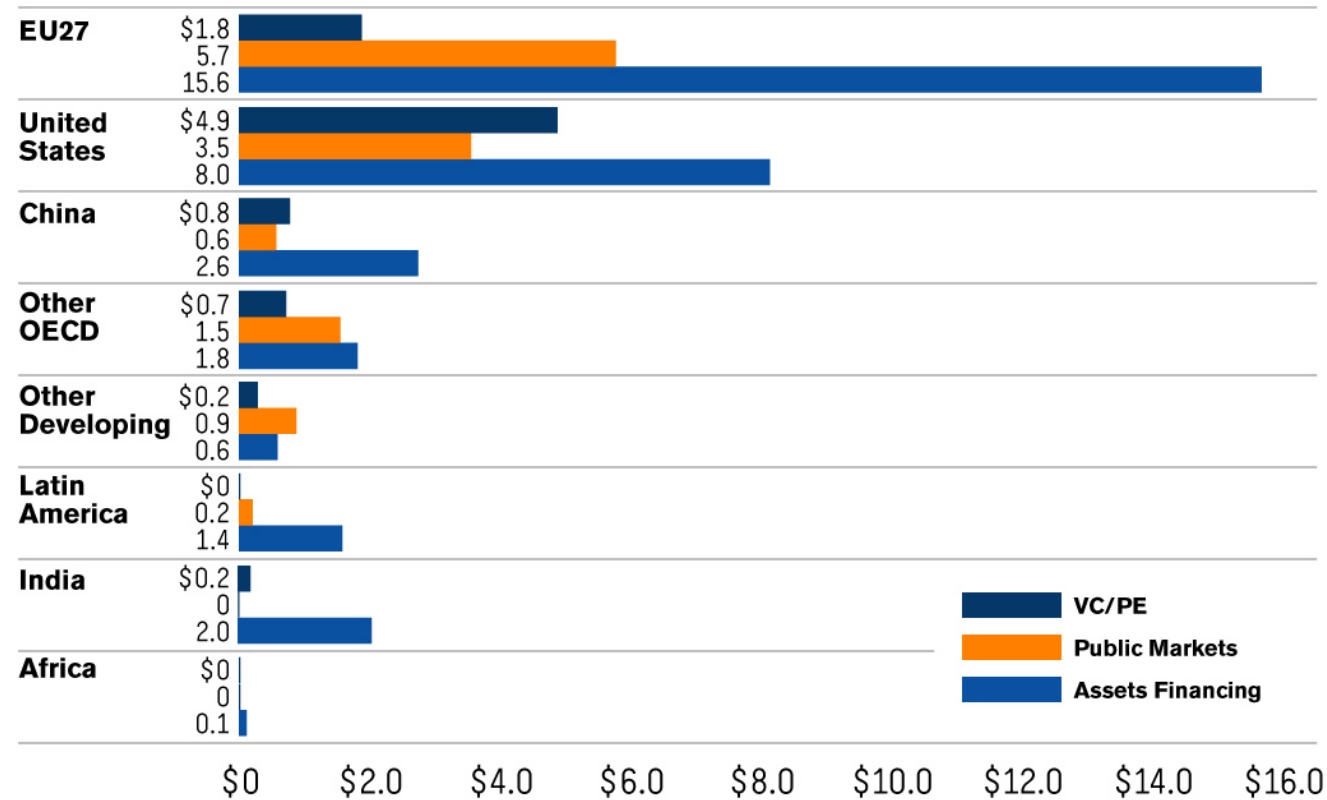
Source: Bureau of Economic Analysis & Energy Information Administration



# Investment in Sustainable Energy Soared in Most Regions in 2006 With the Heaviest Capital Flows Existing in the U.S., the EU, and the Large Economies Such as China and India



Source: SEFI, UNEP Sustainable Energy Finance Initiative



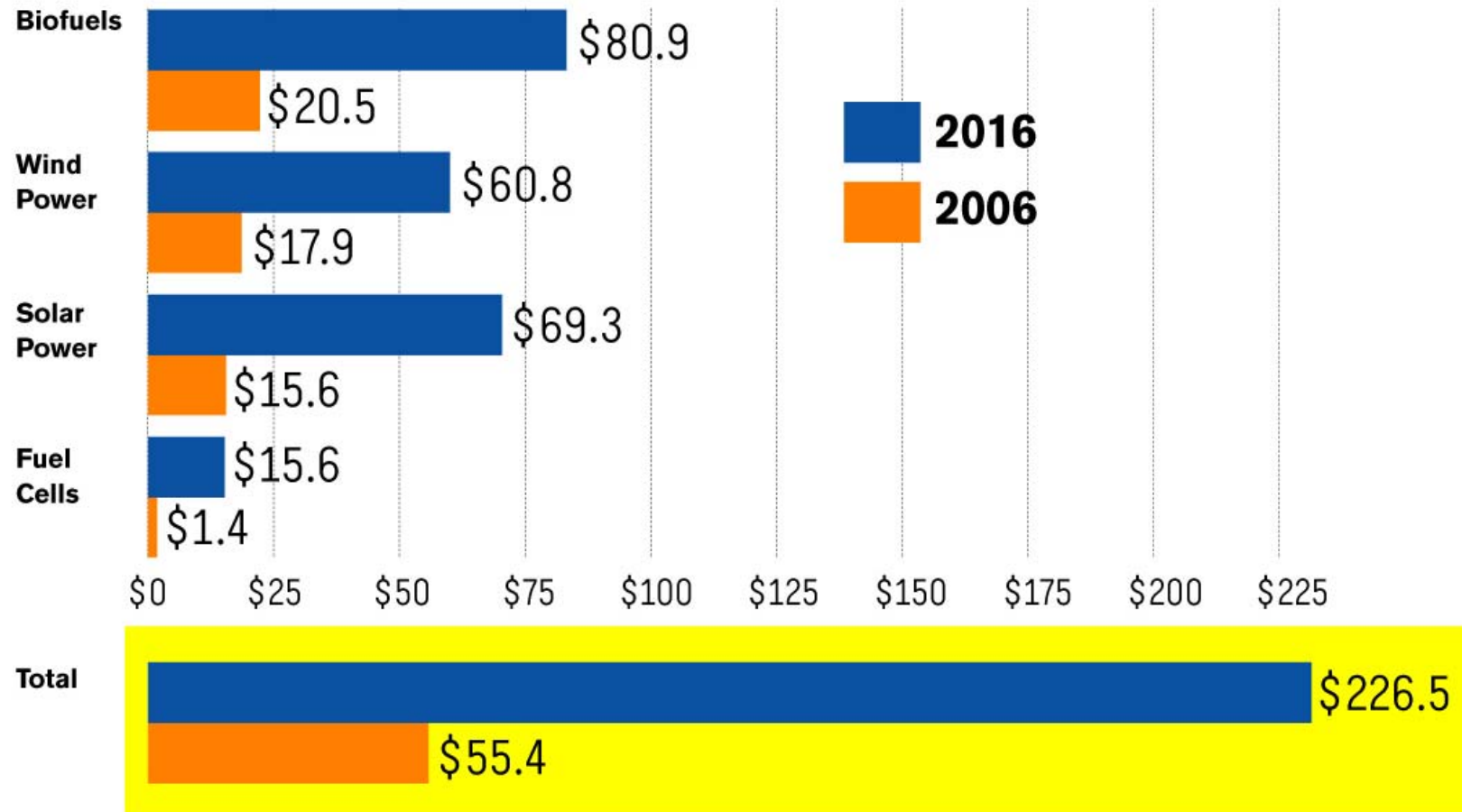
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# The Global Clean Energy Market Is Set to Quadruple in the Next Decade



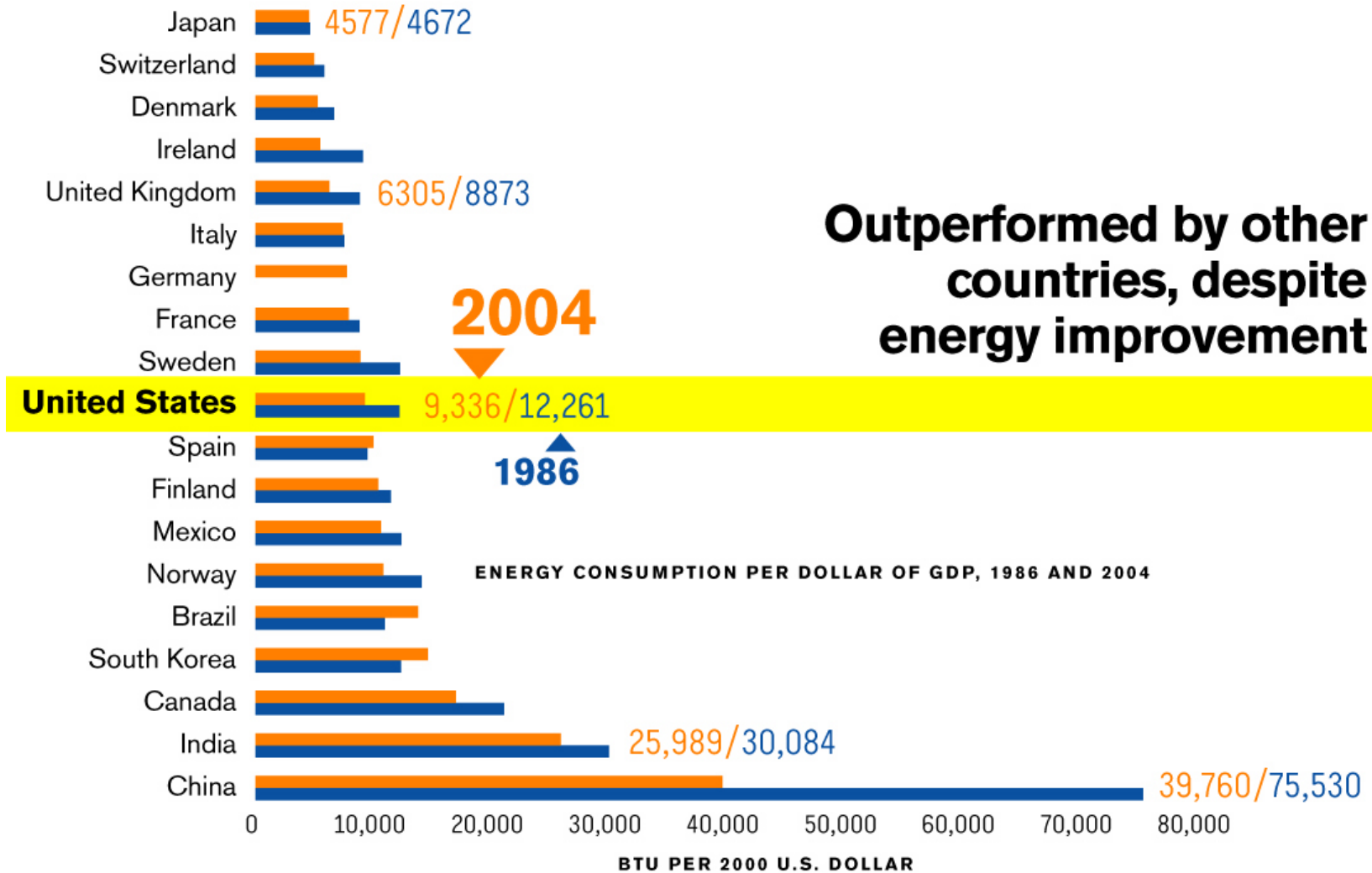
Source: Clean Edge, Inc.



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# The United States Is Making Gains in Energy Efficiency ... But Not As Fast as Some Other Countries



Source: International Energy Agency, International Energy Annual 2004, Table E. 1 p

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# The Council's Energy Security, Innovation and Sustainability Initiative



- Outgrowth of the Council's National Innovation Initiative
- Formally launched in July 2007
- Diverse 40+ member CEO-level Steering Committee. Co-chaired by Caterpillar, Rensselaer Polytechnic Institute and the Utility Workers Union of America. Including:
  - FedEx, Exelon, Wal-Mart, First Energy, Pfizer, Shell, ACORE, NEI, NAM, CH2MHill, CCX ....
  - MIT, MSU, ASU, Georgetown, Dartmouth ...
  - LBL, Battelle, NREL, Argonne ...



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