

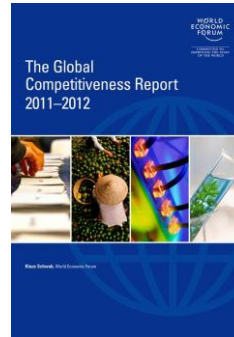
# Assessing Turkey's Competitiveness

Findings from the Global Competitiveness Report 2011-2012

Beñat Bilbao-Osorio  
World Economic Forum  
Istanbul, 16 November 2011

## The Centre for Global Competitiveness and Performance

Flagship product: The Global Competitiveness Report series



Launched in 1979 covering 16 countries

Currently covering 142 countries

### **Other examples of topical and regional reports:**

The Global Enabling Trade Report

The Travel & Tourism Competitiveness Report

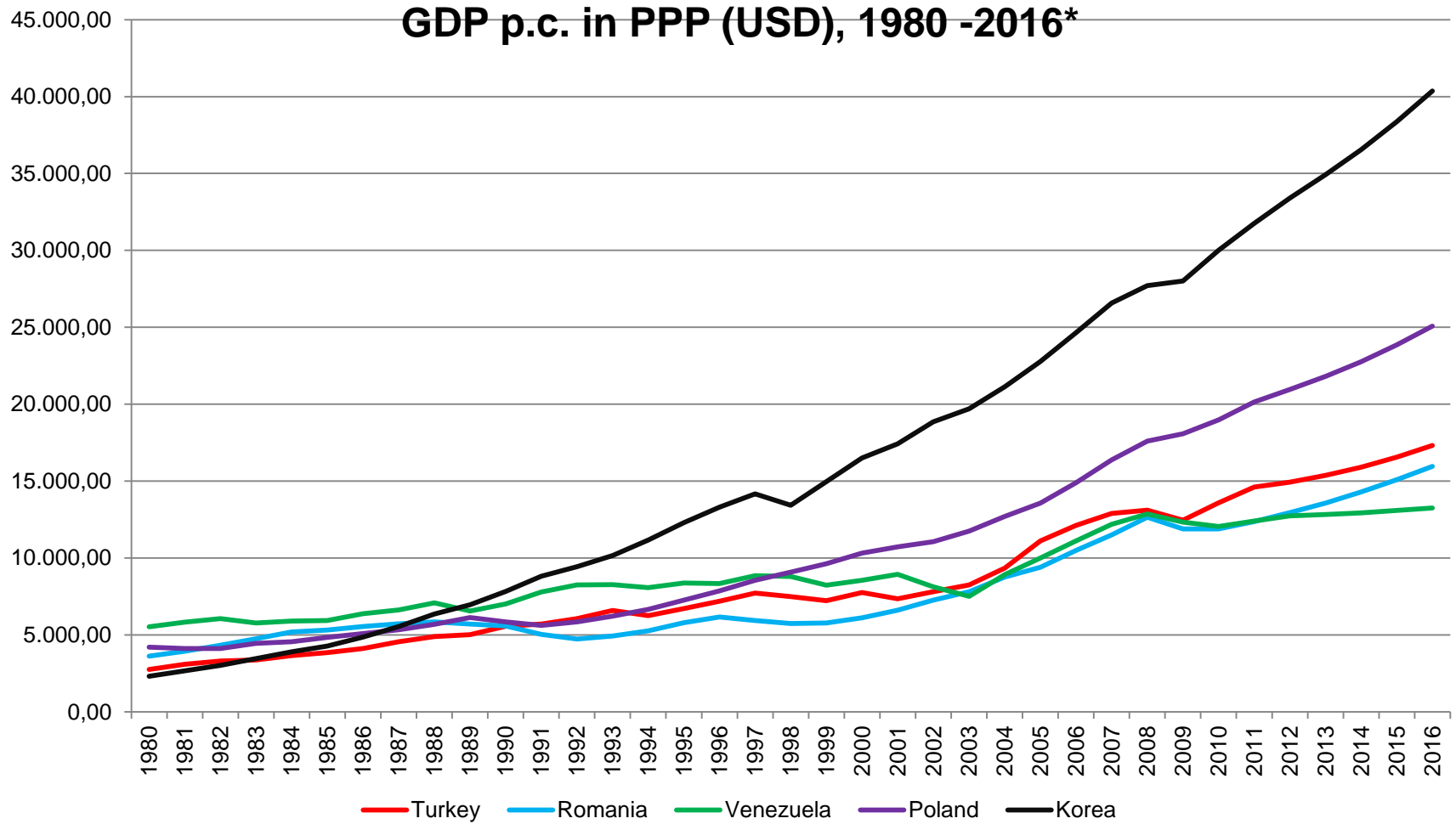
The Global Information Technology Report

The Africa Competitiveness Report 2011

The Russia Competitiveness Report 2011

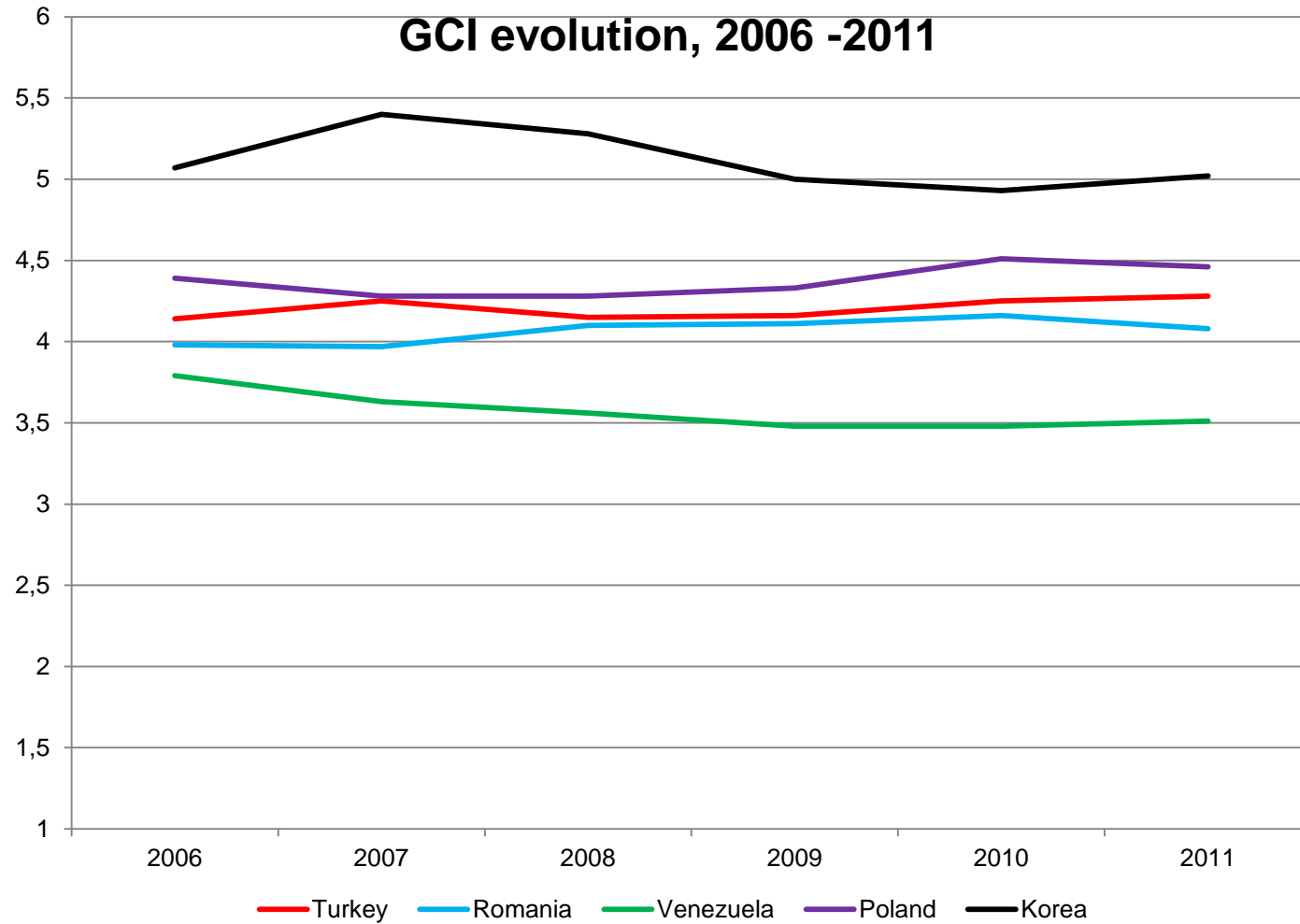
Enabling Trade in the Asean Region

# What we aim to measure: What lies behind different growth paths?



Source: IMF, WEO, September 2011

\* Estimates from 2010



Source: World Economic Forum, GCR 2011



**How we define competitiveness:**

“The set of institutions, policies, and factors that determine the level of productivity of a country”

*The level of productivity, in turn, sets the level of prosperity that can be earned by an economy.*

## The Global Competitiveness Report :

### Main Features

- ▶ Enables a cross country comparison of a large number of economies
- ▶ Produced in collaboration with leading academics and research institutes worldwide
- ▶ Includes comprehensive dataset on competitiveness

#### **Data Sources:**

##### **A) The Executive Opinion Survey:**

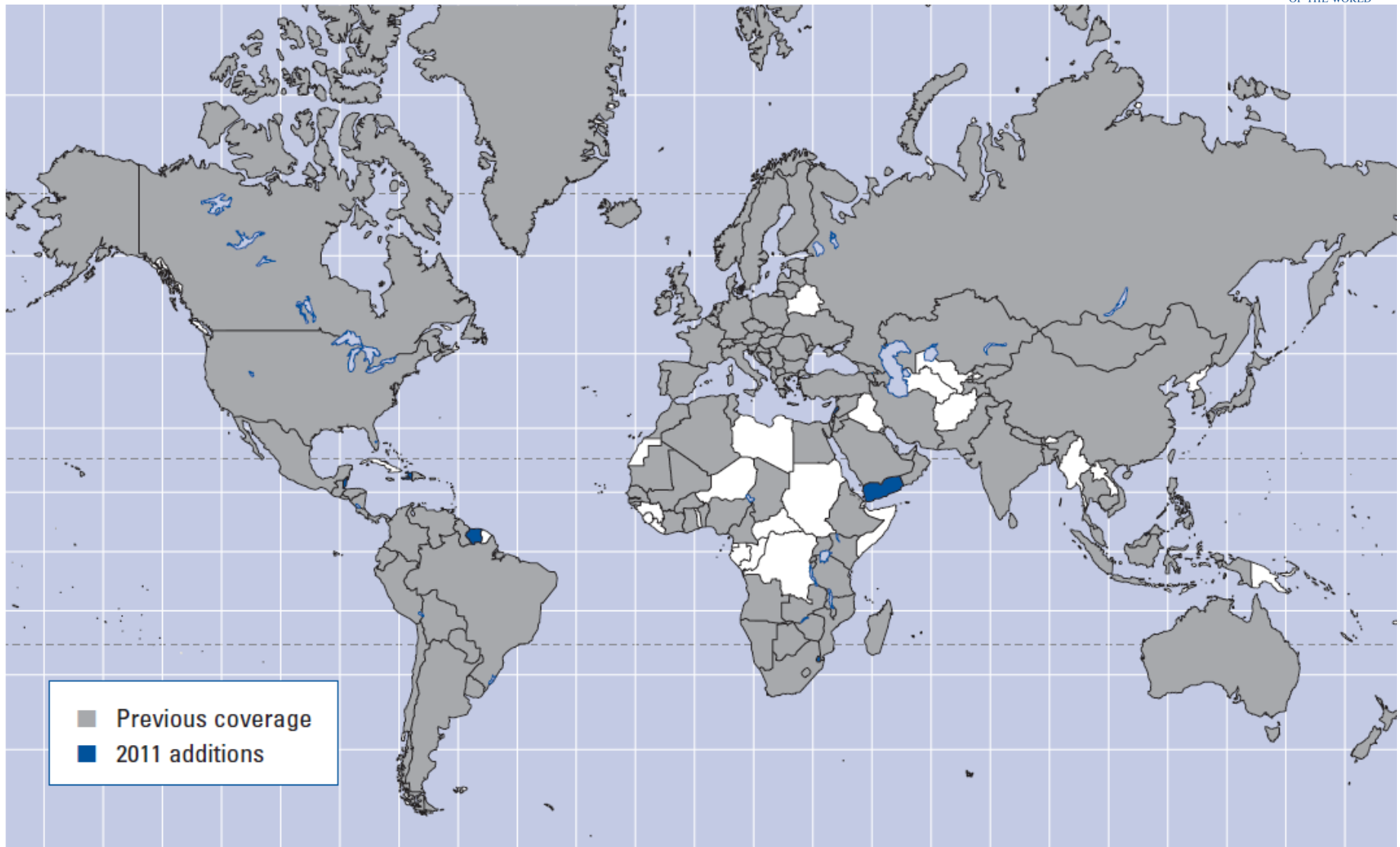
- ▶ Qualitative data capturing the perspectives of business leaders around the world
- ▶ Respondents assess their national operating environment with international standards on a wide range of dimensions.

##### **B) Other data available from international sources and data partners:**

- ▶ Quantitative measures comparable across countries. Some of the international sources used are the World Bank, the International Monetary Fund, UNESCO, ITU.

# The Global Competitiveness Report 2011-2012

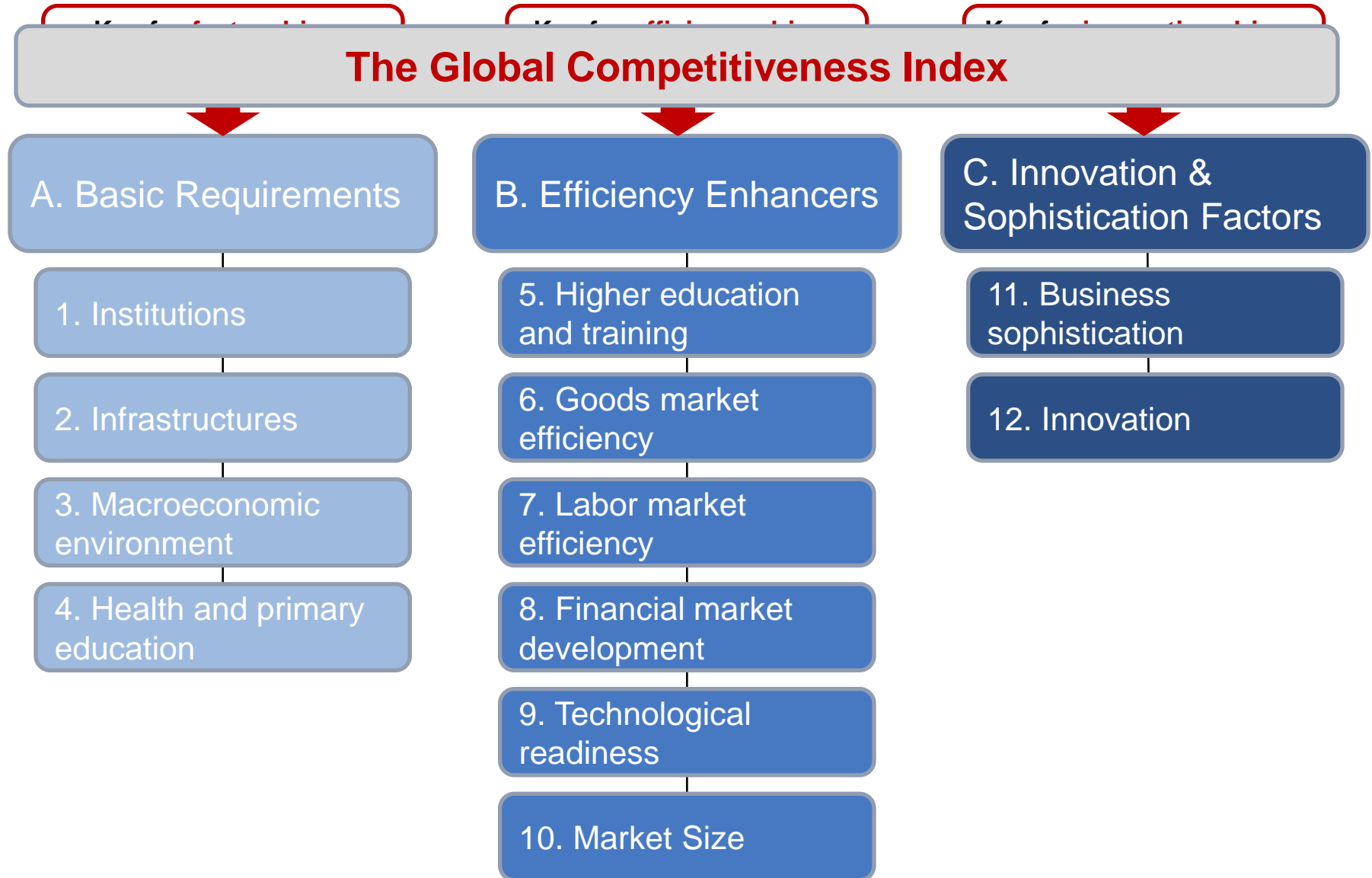
## Coverage



2011 additions: Belize, Haiti, Yemen, Suriname (re-instated)

# The Global Competitiveness Index

## The Framework





## Stages of development

The GCI assumes the process of economic development evolves in 3 stages:

- ▶ **Factor-driven** stage: Firms compete in prices, taking advantage of cheap factors.
- ▶ **Efficiency-driven** stage: Efficient production practices to increase productivity.
- ▶ **Innovation-driven** stage: Economies need to produce innovative products using sophisticated production methods.

Stages of development are determined as follows:

- ▶ **Mainly on GDP per capita, at market exchange rates**
- ▶ **In case a country's share of mineral exports exceeds 70% (out of total exports)**  **GDP per capita and mineral export share are combined**

Transitions are used to smooth the movement across stages.

# The Global Competitiveness Index

## Countries by Stage of Development

Stage 1	Transition from 1 to 2	Stage 2	Transition from 2 to 3	Stage 3
Bangladesh	Algeria	Albania	Argentina	Australia
Benin	Angola	Belize	Barbados	Austria
Bolivia	Armenia	Bosnia and Herzegovina	Brazil	Bahrain
Burkina Faso	Azerbaijan	Bulgaria	Chile	Belgium
Burundi	Botswana	Cape Verde	Croatia	Canada
Cambodia	Brunei Darussalam	China	Estonia	Cyprus
Cameroon	Egypt	Colombia	Hungary	Czech Republic
Chad	Georgia	Costa Rica	Latvia	Denmark
Côte d'Ivoire	Guatemala	Dominican Republic	Lebanon	Finland
Ethiopia	Guyana	Ecuador	Lithuania	France
Gambia, The	Honduras	El Salvador	Mexico	Germany
Ghana	Iran, Islamic Rep.	Indonesia	Oman	Greece
Haiti	Jamaica	Jordan	Poland	Hong Kong SAR
India	Kazakhstan	Macedonia, FYR	Russian Federation	Iceland
Kenya	Kuwait	Malaysia	Slovak Republic	Ireland
Kyrgyz Republic	Mongolia	Mauritius	Trinidad and Tobago	Israel
Lesotho	Paraguay	Montenegro	Turkey	Italy
Madagascar	Philippines	Morocco	Uruguay	Japan
Malawi	Qatar	Namibia		Korea, Rep.
Mali	Saudi Arabia	Panama		Luxembourg
Mauritania	Sri Lanka	Peru		Malta
Moldova	Syria	Romania		Netherlands
Mozambique	Ukraine	Serbia		New Zealand
Nepal	Venezuela	South Africa		Norway
Nicaragua		Suriname		Portugal
Nigeria		Swaziland		Puerto Rico
Pakistan		Thailand		Singapore
Rwanda		Tunisia		Slovenia
Senegal				Spain
Tajikistan				Sweden
Tanzania				Switzerland
Timor-Leste				Taiwan, China
Uganda				United Arab Emirates
Vietnam				United Kingdom
Yemen				United States
Zambia				
Zimbabwe				

# The Global Competitiveness Index 2011-2012

## Top 20 and selected economies

Rank	Economy	Score
1	Switzerland	5.74
2	Singapore	5.63
3	Sweden	5.61
4	Finland	5.47
5	United States	5.43
6	Germany	5.41
7	Netherlands	5.41
8	Denmark	5.40
9	Japan	5.40
10	United Kingdom	5.39
11	Hong Kong SAR	5.36
12	Canada	5.33
13	Taiwan, China	5.26
14	Qatar	5.24
15	Belgium	5.20
16	Norway	5.18
17	Saudi Arabia	5.17
18	France	5.14
19	Austria	5.14
20	Australia	5.11

Rank	Economy	Score
21	Malaysia	5.08
24	Korea, Rep.	5.02
26	China	4.90
27	United Arab Emirates	4.89
31	Chile	4.70
38	Czech Republic	4.52
41	Poland	4.46
46	Indonesia	4.38
50	South Africa	4.34
53	Brazil	4.32
56	India	4.30
58	Mexico	4.29
<b>59</b>	<b>Turkey</b>	<b>4.28</b>
66	Russian Federation	4.21
74	Bulgaria	4.16
77	Romania	4.08
95	Serbia	3.88
123	Belize	3.52
138	Yemen	3.06
141	Haiti	2.90

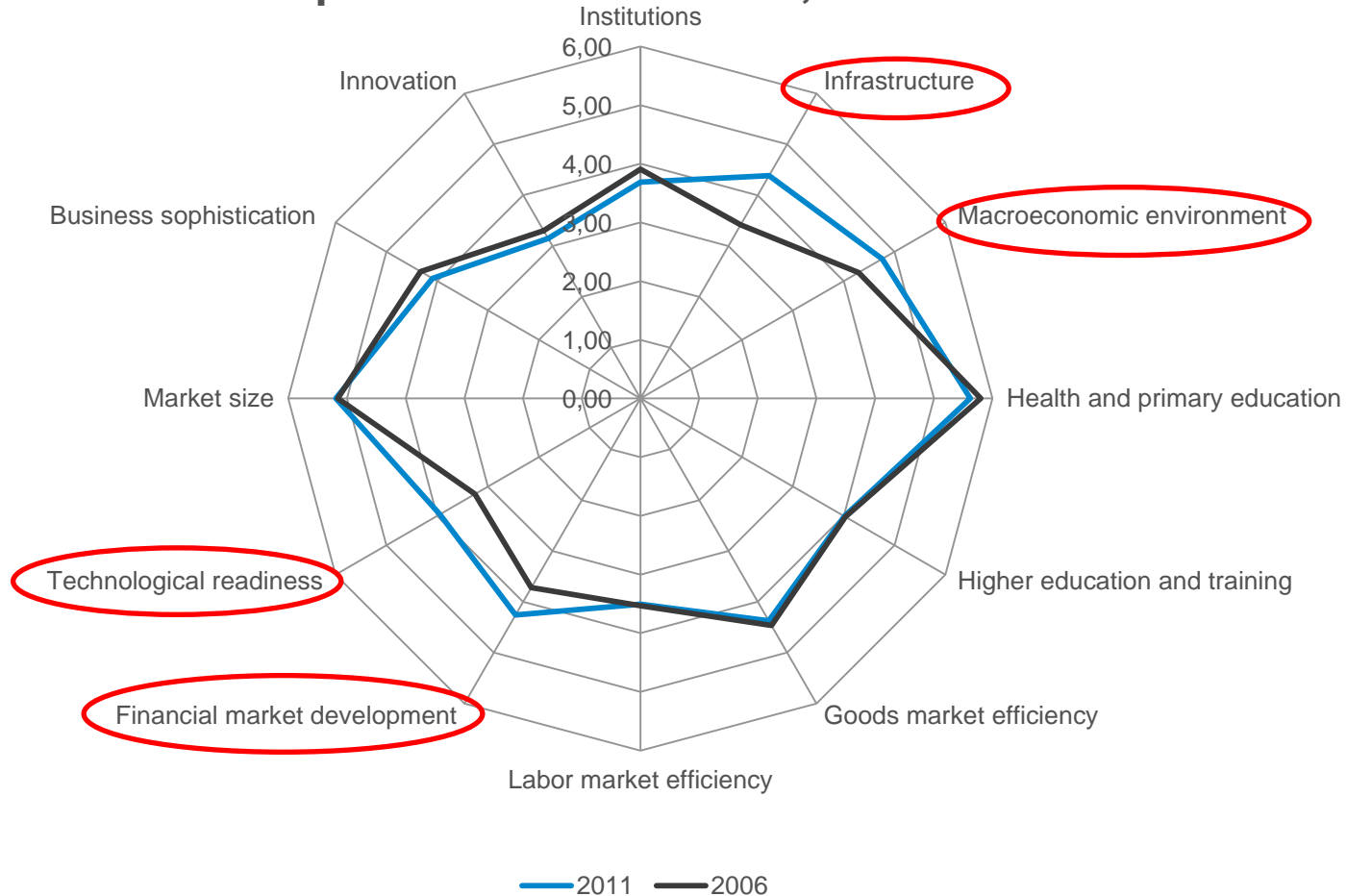
# Turkey's competitiveness has slightly improved over time...

	2006	2007	2008	2009	2010	2011
<b>GCI score</b>	4.14	4.25	4.15	4.16	4.25	4.28
<b>Ranking</b>	58	53	63	61	61	59
<b>Ranking- Constant sample</b>	58	50	59	57	56	55

Source: World Economic Forum, GCR 2011

...especially, in particular areas.

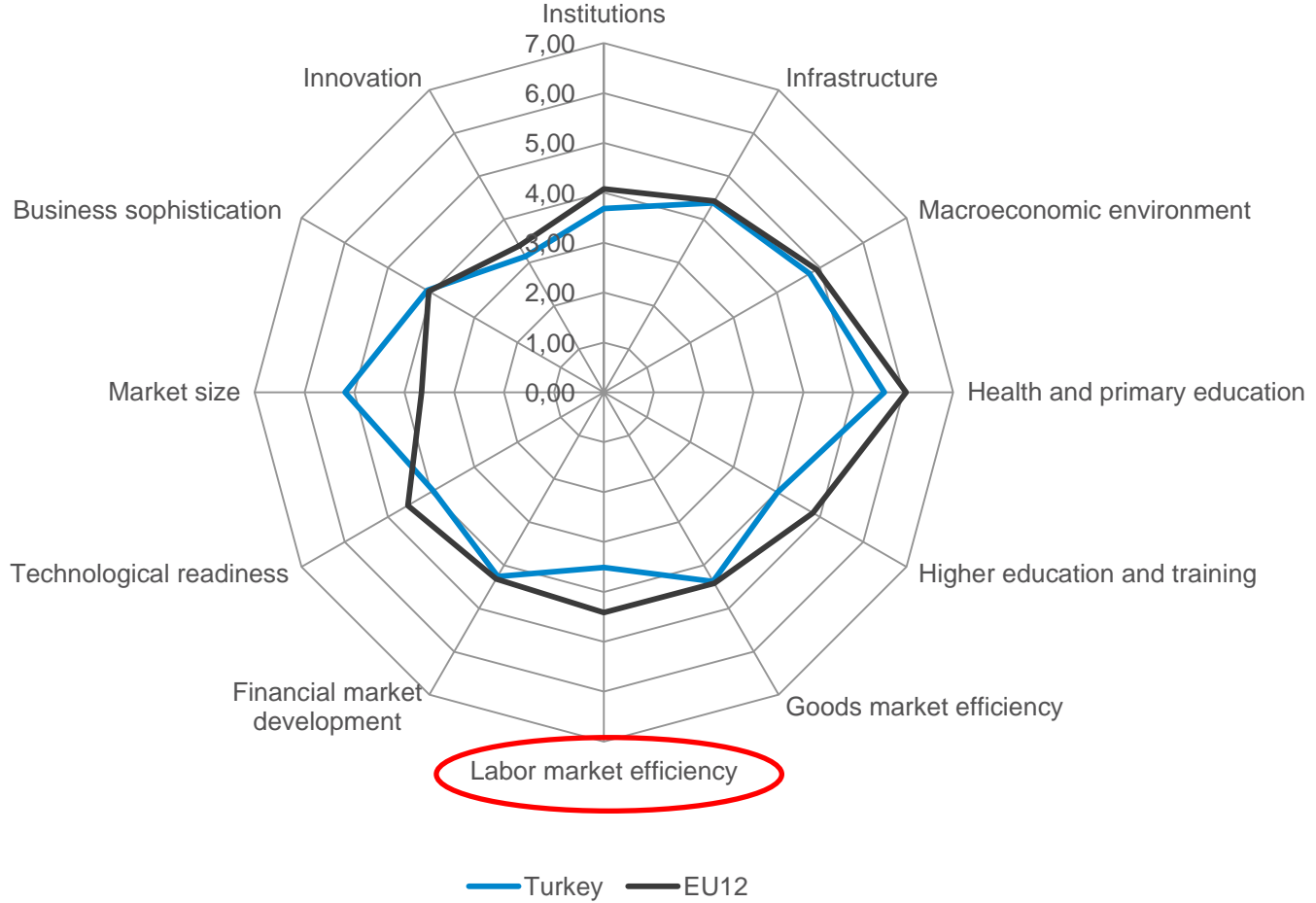
## Competitiveness evolution, 2006 - 2011



# Competitiveness in Turkey is similar to EU-12 average, although labour markets are less efficient...



## Competitiveness in Turkey and EU-12



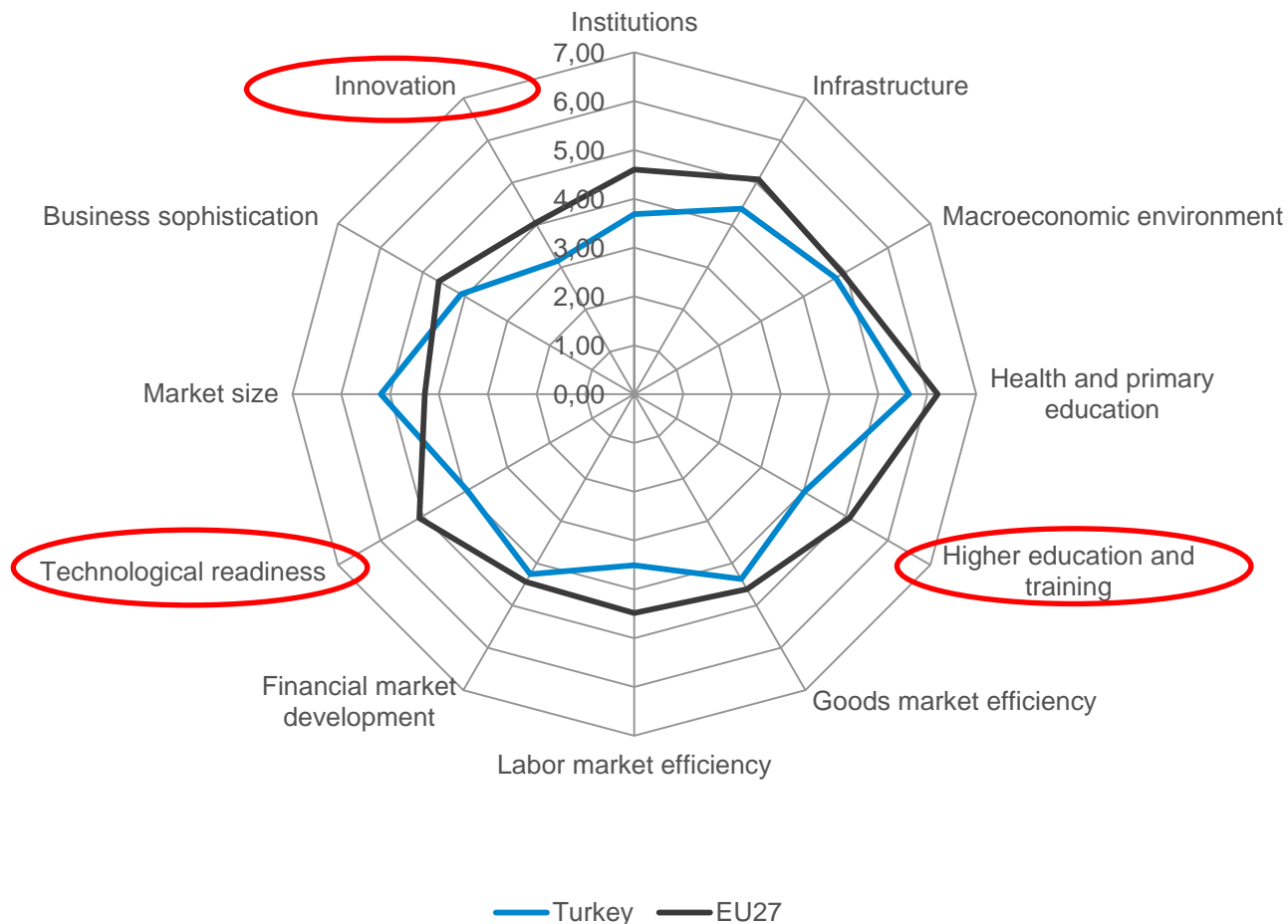
Source: World Economic Forum, GCR 2011

	Ranking	Score
<b>Labor market efficiency</b>	<b>133</b>	<b>3.51</b>
<b>A. Flexibility</b>	116	3.99
Cooperation in labor-employer relations	123	3.61
Flexibility of wage determination	54	5.23
Rigidity of employment index, 0–100 (worst)*	90	35.00
Hiring and firing practices	63	4.00
Redundancy costs, weeks of salary*	124	95.00
Extent and effect of taxation	122	2.85
<b>B. Efficient use of talent</b>	134	3.02
Pay and productivity	75	3.83
Reliance on professional management	80	4.10
Brain drain	97	2.94
Women in labor force, ratio to men*	133	0.35

Source: World Economic Forum, GCR 2011

# ... and still fall behind EU-27, especially in terms of preparing for a knowledge based economy...

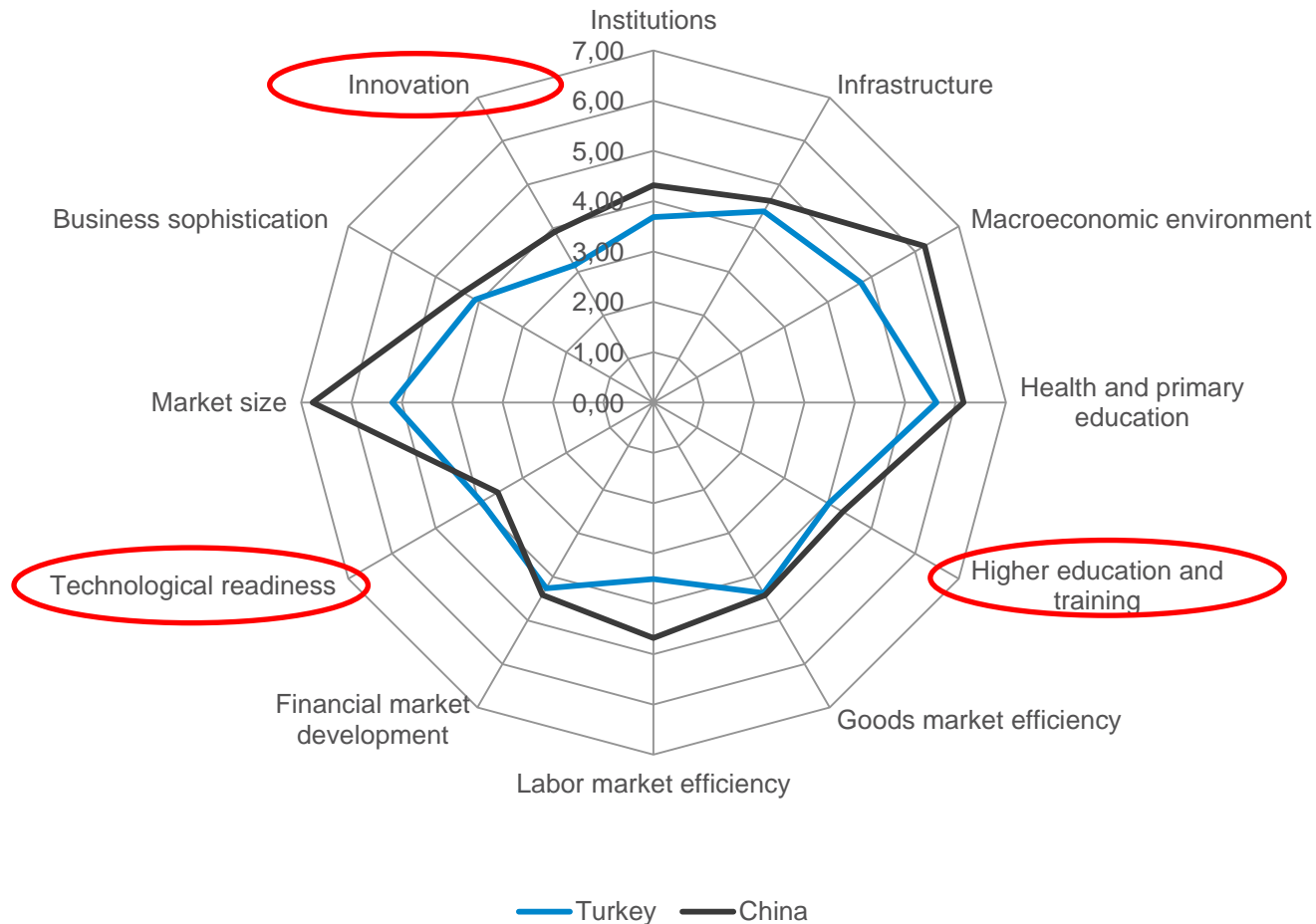
## Competitiveness in Turkey and EU-27





# ...and other emerging economies are quickly moving forward

## Competitiveness in Turkey and China



	Turkey		China	
	Ranking	Score	Ranking	Score
<b>Innovation</b>	<b>69</b>	<b>3.15</b>	<b>29</b>	<b>3.92</b>
Capacity for innovation	71	2.98	23	4.23
Quality of scientific research institutions	89	3.31	38	4.31
Company spending on R&D	62	3.11	23	4.19
University-industry collaboration in R&D	74	3.49	29	4.53
Gov't procurement of advanced tech products	56	3.81	16	4.44
Availability of scientists and engineers	35	4.54	33	4.63
Utility patents granted/million pop.*	69	0.38	46	1.96
Intellectual property protection	108	2.72	47	4.01

Source: World Economic Forum, GCR 2011

# Conclusions

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Turkey's competitiveness has improved in the last years...

... but in order to sustain long-term robust economic growth, the country will have to address the existing weaknesses in the labour market...

...and will have to keep investing to quickly move forward towards a more knowledge base economy by upgrading education and investments in innovation

Visit our website for further information and to download the Report:

[www.weforum.org/gcr](http://www.weforum.org/gcr)



The logo for the World Economic Forum features the words "WORLD", "ECONOMIC", and "FORUM" stacked vertically in a bold, grey, sans-serif font. A blue arc, resembling a stylized globe or a smile, curves around the text from the top left to the bottom right.

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