International Journal of Science and Research (IJSR)
ISSN (Online): 2319-7064
Impact Factor (2012): 3.358

Global Competitiveness Index (GCI) 2013-2014 Rankings for Asia and Pacific Countries and Evaluation of Competition Indicators for Pakistan

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Abstract: ***This paper presents Global Competitiveness Index (GCI) 2013-2014 Rankings for Asia and Pacific Countries. The Global Competitiveness Index 2013-2014 developed by World Economic Forum (WEF) ranked 148 countries on 114 indicators grouped into 12 pillars of economic competitiveness, which included metrics on institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size, business sophistication, and innovation. Among the Asian economies, Singapore (2nd), Hong Kong (7th), Japan (9th) and Taiwan (12th) are featured in the top 20 of the rankings of 148 economies. Pakistan has been ranked among the bottom 20 of the 148 economies around the world in the Global Competitiveness Index (GCI) 2013-2014. Pakistan lacks a long-term view of competitiveness and ranked at 133rd among 148 other countries on the index. Pakistan's secured ranking on 12 pillars: institutions (123), infrastructure (121), macroeconomic environment (145), Health and Primary Education (128), Higher Education and Training (129), Goods Market Efficiency (103), Labour Market Efficiency (138), Financial Market Development (67), Technological Readiness (118), Market Size (30), Business Sophistication (85), and Innovation (77).***

Keywords: World Economic Forum, Competitiveness, Asia and Pacific Countries

1. Introduction

Competitiveness, in recent times has grown in importance as an indicator of the performance or the potential of an economy in the context of international economic relations. Countries have become obsessed with defining and measuring competitiveness since its début as a determining factor of long-term growth and prosperity. A country's competitiveness is widely accepted as the key driver for sustaining prosperity and raising the well- being of its citizen. Enhancing competitiveness is a long term process that requires improvements across many areas as well as long-lasting commitments from relevant stakeholders to mobilize resources, time, and effort. In the globalized world, the concept of the competitiveness has gained and has been gaining an unprecedented importance in the recent years. After 1970s, there occurred an increase in foreign direct investments of the countries causing a change in the business segment of the firms. Before 1970s, the activities of the firms were concentrated on the manufacturing sector with the primary products; however, during and after 1970s, the activities of the firm gave its place to technology intensive manufacturing and services sector. Therefore, 1970s can be regarded as the turning point in the view of globalization. Furthermore, during 1980s, many developing countries started to be more liberal in their economic policies. Privatization, increasing market economy, financial liberalization and the attempts of the countries for the articulation to the world economy existed in these countries started to be in great demand. Then, developing countries began to be more connected to each other which brought an increasing competition in the world. Owing to these changes observed in the world economy, firms in the developed and developing countries became more efficient and they became as a serious rival at the international markets. All these developments and changes gave rise to the increased volume of trade in the world and paved the way for accelerating competitiveness and prevailing globalization. In this regard, the concept of "international competition power" gained importance in the world. This implies that in general, international competition power is explained as the share of trade volume in the world trade that a country owns.

In the matter of "competition power" or "competitiveness" of a country, competitiveness is defined as "the ability of a country to produce goods and services that meet the test of the international markets and simultaneously to maintain and expand the real income and also rise the welfare level of its citizens" (Haque, 1995). However; the concept of competition power shouldn't be totally explained by only the ability of a country's productivity, it should also be explained by the firm level competition power and the industrial level competition power.

2. Objectives

The purpose of this paper is to disclose the concept of the competition power of a country, to examine variables and indicators used for measuring the competition power, to compare the scores obtained from the indicators used for measuring competitiveness and to clarify the competitiveness of the countries, to compare the competition power of 25 Asia and Pacific countries and to evaluate the indicators used to measure competitiveness of Pakistan.

3. Methodology

The computation of the GCI is based on successive aggregations of scores from indicator level all the way up to the overall GCI score. This paper consists of four sections; after the introduction section, in the second section definition and 12 pillars of competitiveness have been given. In the third section, competition scores and the rankings of 25 Asia and Pacific countries according to the indices-

related with competitiveness prepared by World Economic Forum (WEF) have been analyzed. In the fourth and final section, the evaluation of competition indicators for Pakistan has been made.

4. Definition of Competitiveness

The World Economic Forum (WEF) views competitiveness as the potential of a country to grow in a sustained way over the medium to long term and thus create prosperity for its citizens. In his book "International Productivity and Competitiveness", Bert G. Hickman (1992) defines international competitiveness as "the ability to sustain, in a global economy, an acceptable growth in the real standard of living of the population with an acceptably fair distribution, while efficiently providing employment for substantially all who can and wish to work and doing so without reducing the growth potential in the standards of living of future generations". In line with the definition of IMD, competitiveness is defined as "to create added value and thus increase national wealth by managing assets and processes, attractiveness and aggressiveness, globality and proximity and by integrating these relationships into an economic and social model", whereas OECD defines international competitiveness as "at which level a country can, under free and fair market conditions, produce goods and services which meet the test of international markets while simultaneously maintaining and expanding the real incomes of its people over the long term".

National competitiveness as "the catchphrase in the global world" refers to a country's ability to create, produce, distribute and service products in the international trade while earning rising returns on its resources (Scott & Lodge, 1985). Although there are different criteria in determining the national competitiveness of the countries, competitiveness is substantially related with the productivity growth of the countries both at the macro and micro level. In this regard, national competitiveness is well enlightened by defining the national competitiveness at the firm level, at the industrial level and at the international level. National competitiveness at the firm level implies the ability to make production at lower costs and higher quality. Therefore, the most important determinants of the competitiveness at the firm level are quality, cost (such as labor costs and cost of capital) and the price levels. For a country to be more competitive, the development of countries should be improved at the firm level with the help of firms' increasing performance. National competitiveness at the industrial level is generally defined as the ability of an industry to achieve the highest level of efficiency to meet challenges posed by foreign rivals. In this regard, the term of "efficiency" has an important position since maintaining this efficiency is also crucial for the competitiveness at the industrial level. In the perspective of competitiveness at the international level, a country should have the ability to increase the welfare and real income levels by producing goods and services under fair international market conditions (Düzgün, 2007, pp. 422-424). Countries cannot be internationally competitive as a whole; however, they can have comparative advantage in certain products. In this regard, the performance of firms and industries play a crucial role for international competitiveness. In order for a country to achieve higher international competitiveness, firms and industries in that country should be in a good position in the view of competition.

5. Pillars of Competitiveness

We define competitiveness as 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 reached by an economy. The productivity level also determines the rates of return obtained by investments in an economy, which in turn are the fundamental drivers of its growth rates. In other words, a more competitive economy is one that is likely to grow faster over time.

The concept of competitiveness thus involves static and dynamic components. Although the productivity of a country determines its ability to sustain a high level of income, it is also one of the central determinants of its returns on investment, which is one of the key factors explaining an economy's growth potential. Many determinants drive productivity and competitiveness. Understanding the factors behind this process has occupied the minds of economists for hundreds of years, engendering theories ranging from Adam Smith's focus on specialization and the division of labor to neoclassical economists' emphasis on investment in physical capital and infrastructure,2 and, more recently, to interest in other mechanisms such as education and training, technological progress, macroeconomic stability, good governance, firm sophistication, and market efficiency, among others. While all of these factors are likely to be important for competitiveness and growth, they are not mutually exclusive—two or more of them can be significant at the same time, and in fact that is what has been shown in the economic literature. This open-endedness is captured within the GCI by including a weighted average of many different components, each measuring a different aspect of competitiveness. These components are grouped into 12 pillars of competitiveness:

1) First Pillar: Institutions

The institutional environment is determined by the legal and administrative framework within which individuals, firms, and governments interact to generate wealth. The importance of a sound and fair institutional environment has become all the more apparent during the recent economic and financial crisis and is especially crucial for further solidifying the fragile recovery, given the increasing role played by the state at the international level and for the economies of many countries. The quality of institutions has a strong bearing on competitiveness and growth. It influences investment decisions and the organization of production and plays a key role in the ways in which societies distribute the benefits and bear the costs of development strategies and policies. For example, owners of land, corporate shares, or intellectual property are unwilling to invest in the improvement and upkeep of their property if their rights as owners are not protected.

The role of institutions goes beyond the legal framework. Government attitudes toward markets and freedoms and the efficiency of its operations are also very important: excessive bureaucracy and red tape, overregulation, corruption, dishonesty in dealing with public contracts, lack of transparency and trustworthiness, inability to provide appropriate services for the business sector, and political dependence of the judicial system impose significant economic costs to businesses and slow the process of economic development. In addition, the proper management of public finances is also critical for ensuring trust in the national business environment. Indicators capturing the quality of government management of public finances are therefore included here to complement the measures of macroeconomic stability captured in pillar 3 below.

Although the economic literature has focused mainly on public institutions, private institutions are also an important element of the process of creating wealth. The global financial crisis, along with numerous corporate scandals, have highlighted the relevance of accounting and reporting standards and transparency for preventing fraud and mismanagement, ensuring good governance, and maintaining investor and consumer confidence. An economy is well served by businesses that are run honestly, where managers abide by strong ethical practices in their dealings with the government, other firms, and the public at large. Private-sector transparency is indispensable to business; it can be brought about through the use of standards as well as auditing and accounting practices that ensure access to information in a timely manner.

2) Second Pillar: Infrastructure

Extensive and efficient infrastructure is critical for ensuring the effective functioning of the economy, as it is an important factor in determining the location of economic activity and the kinds of activities or sectors that can develop within a country. Well-developed infrastructure reduces the effect of distance between regions, integrating the national market and connecting it at low cost to markets in other countries and regions. In addition, the quality and extensiveness of infrastructure networks significantly impact economic growth and reduce income inequalities and poverty in a variety of ways. A well-developed transport and communications infrastructure network is a prerequisite for the access of less-developed communities to core economic activities and services.

Effective modes of transport—including quality roads, railroads, ports, and air transport—enable entrepreneurs to get their goods and services to market in a secure and timely manner and facilitate the movement of workers to the most suitable jobs. Economies also depend on electricity supplies that are free from interruptions and shortages so that businesses and factories can work unimpeded. Finally, a solid and extensive telecommunications network allows for a rapid and free flow of information, which increases overall economic efficiency by helping to ensure that businesses can communicate and decisions are made by economic actors taking into account all available relevant information.

3) Third Pillar: Macroeconomic Environment

The stability of the macroeconomic environment is important for business and, therefore, is significant for the overall competitiveness of a country. Although, it is certainly true that macroeconomic stability alone cannot increase the productivity of a nation, it is also recognized that macroeconomic disarray harms the economy, as we have seen in recent years, notably in the European context. The government cannot provide services efficiently if it has to make high-interest payments on its past debts. Running fiscal deficits limits the government's future ability to react to business cycles. Firms cannot operate efficiently when inflation rates are out of hand. In sum, the economy cannot grow in a sustainable manner unless the macro environment is stable. Macroeconomic stability captured the attention of the public most recently when some advanced economies, notably the United States and some European countries, needed to take urgent action to prevent macroeconomic instability when their public debt reached unsustainable levels in the wake of the global financial crisis. It is important to note that this pillar evaluates the stability of the macroeconomic environment, so it does not directly take into account the way in which public accounts are managed by the government. This qualitative dimension is captured in the institutions pillar described above.

4) Fourth Pillar: Health and Primary Education

A healthy workforce is vital to a country's competitiveness and productivity. Workers who are ill cannot function to their potential and will be less productive. Poor health leads to significant costs to business, as sick workers are often absent or operate at lower levels of efficiency. Investment in the provision of health services is thus critical for clear economic, as well as moral, considerations.

In addition to health, this pillar takes into account the quantity and quality of the basic education received by the population, which is increasingly important in today's economy. Basic education increases the efficiency of each individual worker. Moreover, often workers who have received little formal education can carry out only simple manual tasks and find it much more difficult to adapt to more advanced production processes and techniques, and therefore contribute less to devising or executing innovations. In other words, lack of basic education can become a constraint on business development, with firms finding it difficult to move up the value chain by producing more sophisticated or value intensive products.

5) Fifth Pillar: Higher Education and Training

Quality higher education and training is crucial for economies that want to move up the value chain beyond simple production processes and products. In particular, today's globalizing economy requires countries to nurture pools of well-educated workers who are able to perform complex tasks and adapt rapidly to their changing environment and the evolving needs of the production system. This pillar measures secondary and tertiary enrollment rates as well as the quality of education as evaluated by business leaders. The extent of staff training is

also taken into consideration because of the importance of vocational and continuous on-the job training—which is neglected in many economies—for ensuring a constant upgrading of workers' skills.

6) Sixth Pillar: Goods Market Efficiency

Countries with efficient goods markets are well positioned to produce the right mix of products and services given their particular supply-and-demand conditions, as well as to ensure that these goods can be most effectively traded in the economy. Healthy market competition, both domestic and foreign, is important in driving market efficiency, and thus business productivity, by ensuring that the most efficient firms, producing goods demanded by the market, are those that thrive. The best possible environment for the exchange of goods requires a minimum of government intervention that impedes business activity. For example, competitiveness is hindered by distortionary or burdensome taxes and by restrictive and discriminatory rules on foreign direct investment (FDI)—which limits foreign ownership—as well as on international trade. The recent economic crisis has highlighted the high degree of interdependence of economies worldwide and the degree to which growth depends on open markets.

Protectionist measures are counterproductive as they reduce aggregate economic activity. Market efficiency also depends on demand conditions such as customer orientation and buyer sophistication. For cultural or historical reasons, customers may be more demanding in some countries than in others. This can create an important competitive advantage, as it forces companies to be more innovative and customer-oriented and thus imposes the discipline necessary for efficiency to be achieved in the market.

7) Seventh Pillar: Labor Market Efficiency

The efficiency and flexibility of the labor market are critical for ensuring that workers are allocated to their incentives to give their best effort in their jobs. Labor markets must therefore have the flexibility to shift workers from one economic activity to another rapidly and at low cost, and to allow for wage fluctuations without much social disruption. The importance of the latter has been dramatically highlighted by events in Arab countries, where rigid labor markets were an important cause of high youth unemployment, sparking social unrest in Tunisia that then spread across the region. Youth unemployment is also high in a number of European countries, where important barriers to entry into the labor market remain in place. Efficient labor markets must also ensure clear strong incentives for employees and efforts to promote meritocracy at the workplace, and they must provide equity in the business environment between women and men. Taken together these factors have a positive effect on worker performance and the attractiveness of the country for talent, two aspects that are growing more important as talent shortages loom on the horizon.

8) Eighth Pillar: Financial Market Development

The financial and economic crisis has highlighted the central role of a sound and well-functioning financial sector for economic activities. An efficient financial sector allocates the resources saved by a nation's citizens, as well as those entering the economy from abroad, to their most productive uses. It channels resources to those entrepreneurial or investment projects with the highest expected rates of return rather than to the politically connected. A thorough and proper assessment of risk is therefore a key ingredient of a sound financial market.

Business investment is also critical to productivity. Therefore economies require sophisticated financial markets that can make capital available for private-sector investment from such sources as loans from a sound banking sector, well-regulated securities exchanges, venture capital, and other financial products. In order to fulfill all those functions, the banking sector needs to be trustworthy and transparent, and—as has been made so clear recently—financial markets need appropriate regulation to protect investors and other actors in the economy at large.

9) Ninth Pillar: Technological Readiness

In today's globalized world, technology is increasingly essential for firms to compete and prosper. The technological readiness pillar measures the agility with which an economy adopts existing technologies to enhance the productivity of its industries, with specific emphasis on its capacity to fully leverage information and communication technologies (ICTs) in daily activities and production processes for increased efficiency and enabling innovation for competitiveness.14 ICTs have evolved into the "general purpose technology" of our time,15 given their critical spillovers to other economic sectors and their role as industry-wide enabling infrastructure. Therefore ICT access and usage are key enablers of countries' overall technological readiness. Whether the technology used has or has not been developed within national borders is irrelevant for its ability to enhance productivity. The central point is that the firms operating in the country need to have access to advanced products and blueprints and the ability to absorb and use them. Among the main sources of foreign technology, FDI often plays a key role, especially for countries at a less advanced stage of technological development. It is important to note that, in this context, the level of technology available to firms in a country needs to be distinguished from the country's ability to conduct blue-sky research and develop new technologies for innovation that expand the frontiers of knowledge. That is why we separate technological readiness from innovation, captured in the 12th pillar, described below.

10)Tenth Pillar: Market Size

The size of the market affects productivity since large markets allow firms to exploit economies of scale. Traditionally, the markets available to firms have been constrained by national borders. In the era of globalization, international markets have become a substitute for domestic markets, especially for small countries. Vast empirical

evidence shows that trade openness is positively associated with growth. Even if some recent research casts doubts on the robustness of this relationship, there is a general sense that trade has a positive effect on growth, especially for countries with small domestic markets. Thus exports can be thought of as a substitute for domestic demand in determining the size of the market for the firms of a country. By including both domestic and foreign markets in our measure of market size, we give credit to export-driven economies and geographic areas (such as the European Union) that are divided into many countries but have a single common market.

11)Eleventh Pillar: Business Sophistication

There is no doubt that sophisticated business practices are conducive to higher efficiency in the production of goods and services. Business sophistication concerns two elements that are intricately linked: the quality of a country's overall business networks and the quality of individual firms' operations and strategies. These factors are particularly important for countries at an advanced stage of development when, to a large extent, the more basic sources of productivity improvements have been exhausted. The quality of a country's business networks and supporting industries, as measured by the quantity and quality of local suppliers and the extent of their interaction, is important for a variety of reasons. When companies and suppliers from a particular sector are interconnected in geographically proximate groups, called *clusters,* efficiency is heightened, greater opportunities for innovation in processes and products are created, and barriers to entry for new firms are reduced. Individual firms' advanced operations and strategies (branding, marketing, distribution, advanced production processes, and the production of unique and sophisticated products) spill over into the economy and lead to sophisticated and modern business processes across the country's business sectors.

12)Twelfth Pillar: Innovation

Innovation can emerge from new technological and non technological knowledge. Non-technological innovations are closely related to the know-how, skills, and working conditions that are embedded in organizations and are therefore largely covered by the eleventh pillar of the GCI. The final pillar of competitiveness focuses on technological innovation. Although substantial gains can be obtained by improving institutions, building infrastructure, reducing macroeconomic instability, or improving human capital, all these factors eventually run into diminishing returns. The same is true for the efficiency of the labor, financial, and goods markets. In the long run, standards of living can be largely enhanced by technological innovation. Technological breakthroughs have been at the basis of many of the productivity gains that our economies have historically experienced. These range from the industrial revolution in the 18th century and the invention of the steam engine and the generation of electricity to the more recent digital revolution. The latter is not only transforming the way things are being done, but also opening a wider range of new possibilities in terms of products and services. Innovation is particularly important for economies as they approach the frontiers of knowledge and the possibility of generating more value by only integrating and adapting exogenous technologies tends to disappear.

Although less-advanced countries can still improve their productivity by adopting existing technologies or making incremental improvements in other areas, for those that have reached the innovation stage of development this is no longer sufficient for increasing productivity. Firms in these countries must design and develop cutting-edge products and processes to maintain a competitive edge and move toward even higher value-added activities. This progression requires an environment that is conducive to innovative activity and supported by both the public and the private sectors. In particular, it means sufficient investment in research and development (R&D), especially by the private sector; the presence of high-quality scientific research institutions that can generate the basic knowledge needed to build the new technologies; extensive collaboration in research and technological developments between universities and industry; and the protection of intellectual property, in addition to high levels of competition and access to venture capital and financing that are analyzed in other pillars of the Index. In light of the recent sluggish recovery and rising fiscal pressures faced by advanced economies, it is important that public and private sectors resist pressures to cut back on the R&D spending that will be so critical for sustainable growth going into the future.

6. The interrelation of the 12 Pillars

Although we report the results of the 12 pillars of competitiveness separately, it is important to keep in mind that they are not independent: they tend to reinforce each other, and a weakness in one area often has a negative impact in others. For example, a strong innovation capacity (pillar 12) will be very difficult to achieve without a healthy, well-educated and trained workforce (pillars 4 and 5) that is adept at absorbing new technologies (pillar 9), and without sufficient financing (pillar 8) for R&D or an efficient goods market that makes it possible to take new innovations to market (pillar 6). Although the pillars are aggregated into a single index, measures are reported for the 12 pillars separately because such details provide a sense of the specific areas in which a particular country needs to improve.

7. Global Competitiveness Index (GCI) 2013-2014 Rankings of Asia and the Pacific

The competitiveness landscape in Asia and the Pacific remains very mixed. The region is home to some of the most competitive nations, including three members of the top 10 (Singapore, Hong Kong SAR, and Japan) and some of the most dynamic and rapidly improving economies in terms of competitiveness, such as Indonesia and the Philippines. On the other hand, a number of Asian countries, including Pakistan and Timor-Leste, have been unable to improve their competitiveness. This year, we cover three new Asian countries: Bhutan (109th), Lao PDR (81st), and Myanmar (139th). Advancing one position, Taiwan (China) ranks 12th this year with a score of 5.3. Its performance has been very

stable and consistently strong over the past five years. Notable strengths include the capacity of Taiwanese businesses to innovate (8th), its highly efficient goods markets (7th), and its world-class primary education (9th) and higher education (11th). In order to enhance its competitiveness, Taiwan will need to further strengthen its institutional framework (26th), whose quality is undermined by some inefficiency within the government (28th) and various forms of corruption (30th), and will also need to address some inefficiencies and rigidities in its labor market (33rd).

Australia (21st, down one) exits the top 20 and is overtaken by New Zealand (18th), which jumps five places. Australia delivers a consistent—and essentially unchanged—performance across the board, the highlight of which is its 7th rank in the financial market development pillar, the only pillar where it features in the top 10. The country also earns very good marks for higher education and training, placing 15th. Australia's favorable macroeconomic situation is improving further (25th, up one place). Its budget deficit was reduced in 2012 and inflation brought to under 2 percent, while the public debt-to-GDP ratio, though on the rise, is the third lowest among advanced economies, behind only Estonia and Luxembourg. The main area of concern for Australia is the rigidity of its labor market (54th, down 12), where the situation has deteriorated further. Australia ranks 137th for the rigidity of the hiring and firing practices and 135th for the rigidity of wage setting. The quality of Australia's public institutions is excellent except when it comes to the burden of government regulation, where the country ranks a poor 128th. Indeed, the business community cites labor regulations and bureaucratic red tape as being, respectively, the first and second most problematic factor for doing business in their country.

Malaysia advances one position to 24th. Malaysia ranks no lower than 51st in any of the 12 pillars of the GCI and features in the top 10 of two of them. Its most notable advantages are its efficient and competitive market for goods and services (10th), its well-developed and sound financial market (6th), and its business friendly institutional framework (29th). In a region plagued by corruption and red tape, Malaysia stands out as one of the very few countries that have been relatively successful at tackling these two issues, as part of its economic and government transformation programs. The country, for instance, ranks an impressive 8th for the burden of government regulation, although the score differential with the leader, Singapore, remains large. Malaysia ranks a satisfactory 33rd in the ethics and corruption component of the Index, but room for improvement remains. Furthermore, Malaysia ranks 15th for the quality of its transport infrastructure, a remarkable feat in this part of the world, where insufficient infrastructure and poor connectivity are major obstacles to development for many countries. Finally, Malaysia's private sector is highly sophisticated (20th) and already fairly innovative (25th). All this bodes well for a country that aims to become a high-income, knowledge-based economy by the end of the decade. Amid this largely positive assessment, the government budget deficit, which represented 4.3 percent of GDP in 2012 (103rd); the low level of female participation in the workforce (121st); and the still comparatively low technological readiness (51st) stand out as some of Malaysia's major competitive weaknesses.

The Republic of Korea drops six positions to 25th. Its performance is uneven across the different dimensions of the Index. Korea possesses a remarkably sound macroeconomic environment (9th. The country also boasts excellent infrastructure (11th) and educational systems. Enrollment rates at all levels of education are among the highest in the world (Korea has the highest tertiary enrollment in the sample, with a 103 percent gross rate of enrollment). These factors, combined with the country's high degree of technological adoption (22nd) and relatively strong business sophistication (24th), contribute to explaining the country's remarkable capacity for innovation (17th). However, Korea's assessment is considerably weakened by the average quality of its public and private institutions (74th, down 12 positions), the extreme rigidity and the inefficiencies of its labor market (78th), and its poorly functioning financial market (81st). Korea falls sharply in those three areas, and without tackling these issues decisively, the country will not be able to close the competitiveness gap with the three other Asian Tigers.

China remains stable at 29th position this year. The country posts small gains in certain areas of the Index but loses ground in others, resulting in an overall performance virtually unchanged since last year. The Chinese institutional framework is improving slightly (47th), but weaknesses—including corruption (68th), security issues (75th), and low levels of accountability (82nd) and ethical standards (54th) among businesses—remain. In addition, problems endure in those areas that are becoming increasingly important for China as it becomes wealthier and can no longer rely on cheap labor: its financial market (54th) is undermined by the relative fragility of the banking sector; technological adoption by firms (86th) and by the population at large (79th) remains very low; and the efficiency of its goods market (61st) is seriously undermined by various barriers to entry and investment rules, which greatly limit competition. On a more positive note, China's macroeconomic situation remains favorable (10th). Inflation was back down to below 3 percent in 2012 (from 5.4 percent the previous year), the budget deficit is moderate, China's public debt-to-GDP ratio at 22.9 percent is among the lowest in the world, and the gross savings rate represents a staggering 50 percent of GDP. However, this rate is probably too high in light of the need for China to rebalance its economy away from investment and toward more consumption. Although China receives good marks in health and basic education (40th), the assessment is more negative when it comes to higher education (70th) because of China's low tertiary education enrollment, the average quality of teaching, and an apparent disconnect between educational content and business needs (54th). Finally, China's innovation capacity has been improving recently, but much remains done for it to become an innovation powerhouse.

Posting a one-notch gain for the second year in a row, Thailand ranks 37th as a result of a very small improvement in its performance, but the competitiveness challenges remain considerable. Political and policy instability, excessive red tape, omnipresent corruption and clientelism,

security concerns, low reliability and high uncertainty around property rights protection seriously undermine the quality of Thai public institutions (85th). Poor public health (74th) and education, two other critical building blocks of competitiveness, require urgent attention. For instance, Thailand displays one of the highest HIV prevalence rates outside Africa, while enrollment in and the quality of higher education remain abnormally low. Turning to more sophisticated areas, which are just as important given Thailand's stage of development, technological readiness remains low (78th) when considering technologies beyond mobile telephony. Only a quarter of the population accesses the Internet on a regular basis, and only a small fraction does so at broadband speeds, but the growth is rapid. On a more positive note, Thailand ranks high on the macroeconomic environment pillar (31st, its best showing among the 12 pillars) owing to a very favorable fiscal situation, its high savings rate, an inflation rate under control at around 3 percent, and—in international comparison—a relatively good debt-to-GDP ratio of about 44 percent in 2012. In addition, the county continues to improve in the financial development (32nd) and the market efficiency pillars (34th), having progressed 17 and 10 places, respectively, in the past four years. Room for improvement remains, however, especially when it comes to promoting domestic competition (60th). After three years of gradual decline, Indonesia (38th) bounces back, posting one of the largest improvements in this year's rankings. This positive development will contribute to sustaining Indonesia's impressive growth momentum—GDP grew by 5.2 percent annually over the past decade. The country progresses in 10 of the 12 pillars of the Index, but its overall performance remains uneven. Indonesia improves the most in the infrastructure pillar, where it leapfrogs 17 places to 61st. After years of neglect, Indonesia has been boosting infrastructure spending to upgrade roads, ports, water facilities, and power plants, and our results suggest that these improvements have started to bear fruit. The efficiency of its labor market (103rd) has also improved considerably, although from a very low base. Rigidities in terms of wage setting and hiring and firing procedures, along with the weak participation of women in the workforce (115th), continue to undermine Indonesia's performance in this pillar. But the quality of public and private institutions is improving (67th, up 5), with all indicators pointing in the right direction in this category. In particular, Indonesia ranks a satisfactory 45th in government efficiency and 54th for undue influence. The two main dark spots in this pillar remain bribery (106th) and security (104th). The country's macroeconomic environment (26th) is characterized by a very small deficit (equivalent to 1.3 percent of GDP) and gross government debt representing 24 percent of GDP (30th), an inflation rate that is low by historical standards, and a savings rate exceeding 30 percent of GDP. Turning to the more sophisticated drivers of competitiveness, Indonesia's technological readiness is also improving (75th, up 10), led by the private sector, which is increasingly aggressive in adopting the latest technologies (51st, up 13). The use of ICTs by the population at large remains comparatively low, but this is spreading rapidly (84th, up seven). One of the few areas where the situation has deteriorated is health (103rd). In particular, the incidence of communicable diseases and infant mortality rate are among the highest outside sub- Saharan Africa.

Advancing six positions, the Philippines ranks 59th overall. The trends are positive across most dimensions of the Index. In the institutions pillar (79th), the Philippines has leapfrogged over the past years. The current government, which came into power in 2010, has made the fight against corruption an absolute priority; corruption had historically been one of the country's biggest drags on competitiveness. There are signs that these efforts are producing results: in the ethics and corruption category, the country has jumped from 135th in 2010 to 87th this year. A similar trend has been observed in the government efficiency category (75th) and elsewhere in the Index. But improvements are coming from such a low base that the country cannot afford to be complacent. For instance, transport infrastructure has improved but remains in a dire state (84th), especially with respect to airport (113th) and seaport facilities (116th). Similarly, the labor market has become more flexible and efficient over the years, but the Philippines still ranks a low 100th. The recent successes of the government in tackling some of the most pressing structural issues are encouraging and proof that bold reforms and measures can yield positive results.

Down one position, India now ranks 60th, continuing its downward trend that began in 2009. With a GCI score essentially unchanged since then, India has been overtaken by a number of countries. It now trails them by several places and is behind China by a margin of 31 positions. India continues to be penalized for its very disappointing performance in the basic drivers underpinning competitiveness, the very ones that matter the most for India given its stage of development. The country's supply of transport, ICTs, and energy infrastructure remains largely insufficient and ill-adapted to the needs of the economy (85th), despite the steady improvement that has been made since 2006. The Indian business community repeatedly cites infrastructure as the single biggest hindrance to doing business, ahead of corruption and cumbersome bureaucracy. Notwithstanding improvements across the board over the past few years, very poor public health and education levels (102nd) remain a prime cause of India's low productivity. The quality of higher education is better, but enrollment rates at that level remain very low, even by developing country standards. Turning to the country's institutions (72nd, down two places), discontent within the business community remains high about the lack of reforms and the perceived inability of the government to push them through. Public trust in politicians has been eroding since 2009 and has now reached an all-time low at 115th, while bribery remains deeply rooted (110th). Indeed, India has lost almost 30 ranks on this indicator since 2010. Meanwhile, the situation has deteriorated further on the macroeconomic front, with India now 110th in this pillar. The inflation rate and public deficit-to-GDP ratio were dangerously close to double digits in 2012, and the debt to- GDP ratio is high. Another major concern is the country's low level of technological readiness (98th). Although businesses adopt new technologies relatively promptly (47th), penetration rates of fixed and mobile Internet and telephony among the population remain among the lowest in developing Asia. Furthermore, the situation has worsened in terms of labor market efficiency (99th), where the most salient problem remains the dismally low participation of women in the

workforce. With a ratio women-to-men of 0.36 (137th), India has the lowest percentage of working women outside the Arab world. Up five positions, Vietnam ranks 70th, regaining half of the ground it lost last year. This progression is mainly the result of a slightly better macroeconomic environment (87th, up 19 positions)—after jumping to almost 20 percent, inflation was back to single-digit levels in 2012—and improvements to the quality of transport and energy infrastructures, albeit from a very low base (82nd, up 13). Vietnam also advances in the goods market efficiency pillar (74th, up 17), thanks to lower trade barriers and a less heavy tax rate on businesses. Despite these encouraging developments, the foundation of Vietnam's economy and prosperity remain fragile. The country ranks no higher than 57th in any of the pillars except the market size pillar (36th). It loses ground in several areas of the Index, including labor market efficiency (56th, down five) and financial market development (93rd, down five). Another area of concern is technological readiness (102nd, down four): although new technologies are spreading among the population, Vietnamese businesses are particularly slow to adopt the latest technologies for their business use (128th), thus forfeiting significant productivity gains through technological transfer.

Mongolia falls to 107th position this year, almost entirely the result of a significant deterioration of its macroeconomic environment (130th) as captured by data from the IMF. In 2012, Mongolia's budget deficit doubled to 7 percent of GDP, inflation surged to 15 percent, the gross savings rate plummeted to 28 percent of GDP, and public debt increased slightly. The country's performance in most other dimensions of the Index remains stable, suggesting that a great deal remains to be done for Mongolia to live up to its significant economic potential. In order to create opportunities for its citizens and build up the confidence of businesses and investors, the country must urgently upgrade its institutional framework (113th), develop its transport and energy infrastructure (113th), improve the functioning and efficiency of its goods markets (96th), establish clear rules for foreign investment, and develop its fledgling financial sector (129th).

Dropping further nine places, Pakistan ranks 133th overall. Its performance continues to deteriorate in some of the most critical and basic areas of competitiveness. Pakistan's public institutions (126th) are crippled by inefficiencies, corruption, patronage, and lack of property rights protection. The security situation, already alarming, is worsening, with violence and terrorism taking a huge toll not only on the population, but also on businesses. The macroeconomic situation is also worrisome (145th). In 2012, the public deficit widened to near 10 percent of GDP, inflation remains in double-digit territory, and the savings rate dwindled to just 10 percent of GDP. Pakistan's infrastructure (121st)—particularly for electricity (135th)—remains in a dire state. Moreover, the country displays some of the lowest education enrollment rates in the world and basic education is poor (137th). Pakistan's competitiveness is further penalized by the many rigidities and inefficiencies of its labor market (138th, down eight), with female participation in the labor force among the lowest in the world (144th). Finally, the potential of ICTs is not sufficiently leveraged in Pakistan, where access to ICTs remains the privilege of a few (118th). On a slightly more positive note, Pakistan does comparatively better in the more advanced areas captured by the GCI. It ranks 67th in the financial development pillar, 85th business sophistication pillar, and 77th in innovation.

Myanmar enters the rankings at 139th among 148 economies, right behind Timor-Leste (138th). The government has embarked on an ambitious process of reforms to improve the country's economic landscape and prospects, notably by leveraging Myanmar's extraordinary assets, which include an abundance of natural resources, very favorable demographics, and a strategic location at the heart of Asia. Competitiveness is at the core of this strategy. Indeed, the government's *Framework for Economic and Social Reforms*, which sets the policy priorities through 2015, mirrors the 12 pillars of the GCI, thus making the Index a useful tool to monitor progress. The country's performance in the GCI confirms that it is starting from a very low base and that the road toward prosperity will be long and dauntingly arduous. Myanmar owes its presence at the very bottom of the GCI rankings to major weaknesses across the board. The country ranks 111th or worse in 10 of the 12 pillars of the Index, and is among the 10 worst performers in seven pillars. The two exceptions are the market size pillar (79th) and labor market efficiency pillar (98th). Given the extent of the task ahead, and in order to have the biggest impact in creating a more conducive environment for business to flourish, Myanmar needs to focus on the basic determinants of its competitiveness, namely the institutional framework (141st), transport, energy, and communication infrastructures (141st), health and primary education (111th), and the banking sector, as well as access to technology. Myanmar is among the world's least connected countries and ranks last (148th) in the technological readiness pillar of the Index. There are just 11 mobile subscriptions for every 100 population, compared with 80 for developing Asia; only 1 percent of the population accesses the Internet on a regular basis; broadband access is almost nonexistent; and firms are extremely slow at adopting technologies for doing business (148th).

8. Evaluation of Competition Indicators for Pakistan

Pakistan has slipped down to 133rd rank from 124th last year among 148 countries on the Global Competitiveness Index (GCI) of the World Economic Forum (WEF). Pakistan was ranked 124th in 2012-13 and 118th in 2011-12. The gradual slipping of Pakistan's rank shows weakening of its institutions and capacity of the economy to create space for innovation. The areas of public and private partnerships for cooperation for improving competitiveness are also diminishing as well. This indicates increasing mistrust between the public and the private sector due to increase corruption and policy instability issues. Pakistan has lost on almost all indicators of the GCI; an in-depth analysis on each pillar has been discussed below:

1st Pillar - Institutions: The Global Competitiveness Index 2013-14 shows that, Pakistan has shown poor performance on governments' use of diversion of public funds from 76th

in 2012-2013 to 103rd in 2013-2014. The GCI indicates that Pakistan has failed to come up with effective regulations on intellectual property protection, where the country lost its position of 106 to 109 from 2012-2013 to 2013-2014 respectively. Poor governance in terms of Favouritism in Decision-making has decreased ranking to 130. It further states that the wastefulness in government spending has also increased and the rankings have dropped from 96th last year's to 116th this year. Similarly the burden of government regulation has also deteriorated from 62nd to 82nd in 2012-2013 and 2013-2014 respectively. The efficiency of legal framework in challenging regulations, which means, how easy is it for private businesses to challenge government actions and/or regulations through the legal system has fallen 11 points since last year and ranks at 108 this year. This depicts a SRO culture has been prevalent in the country for economic decision making instead of legislations through legal frameworks. The law and order situation has been a serious threat to the economic activities, with war on terror and other target killing issues impacting throughout the year, the Reliability of Police Service has gone to 135 in the current year as compared to 127 in the last year. The businesses in Pakistan have also shown reluctance in improving the efficacy of corporate boards by fallen to 123rd in 2013-2014 from 111th in 2012-2013. However, the regulator on the securities market has shown improvements in terms of and protection of minority shareholders' interest from 81st in 2012-2013 to 73rd this year. Pakistan has maintained its competitiveness advantage in the region by securing the rank at 31st this year. The biggest impact on the pillar of institutions has been due to law and order and Pakistan's fight in the war on terror, where Pakistan ranks among the least 10 in the world; business cost of terrorism 144, business cost of crime and violence 138 and organized crime 141 among 148 countries globally. Pakistan has shown improvements on judicial independence, improving from 57th to 55th. The Burden of Government Regulation has declined from 62 in 2012-2013 to 82 this year, similarly the Transparency of Government Policy Making has also been decreased from ranking of 81 to 98.

2nd Pillar - Infrastructure: The overall infrastructure in the country has deteriorated from last year, where Pakistan stands at 119th as compared to 105th last year among 148 countries. Quality of air transport (88) lost 10 points this year, however the scheduled available airline seat kilometres per week originating in country is where Pakistan has a competitiveness advantage securing 46th out of 148 countries, this depicts the government's policy to open airspace to airlines however poor performance at the part of the Civil Aviation Authority in Pakistan.

3rd Pillar - Macroeconomic Environment: Government's budget balance percentage of gross domestic product has fallen to an alarming 138th place as compared to 125th last year; similarly the gross national savings has also dropped to 125th from 107th in 2013-2014 and 2012-2013 respectively. The General Government Debt has also seen poor performance as it has lost 6 points from last year, by being ranked at 113 in the current year. The Country Credit Rating Index has also declined from 116 this year to 123 compared to last year.

4th Pillar - Health and Primary Education: Although Pakistan has lost five points on the Health and Primary Education pillar from 117th in 2012-2013 to 128th in 2013-2014, the country has been successful in improving its ranking on business impact of tuberculosis 120th to 114th, business impact of HIV/AIDS 106th to 97th and HIV prevalence as percentage of population 12 to 11 in 2012-2013 to 2013-2014 respectively.

5th Pillar - Higher Education and Training: Pakistan showed improvements on the tertiary education enrolment indicator, where it moved to 121st this year from 125th in the last year. While the quality of math and science education dropped to an alarming 104th in 2013-2014 from 88th in 2012-2013, the extent of staff training has gone from bad to worst this year by securing the rank of 128th

6th Pillar - Good Market Efficiency: On goods market efficiency pillar, the extent of market dominance has lost 12 points from 65th to 77th, the effectiveness of the anti-monopoly policy has decreased from 71st to 85th and the effect of taxation on incentives to investment from 72nd to 82nd in this year. The buyer sophistication has also declined from 78th to 88th in 2013-2014, indicating a more price conscious business environment instead of quality, thus creating more space for imports from other countries for large consumptions. The intensity of local competition has improved ranking from 85th to 79th this year, in addition to improving prevalence of trade barriers from 114th from 92nd this year. However the country was successful to improve the extent of rules and regulations to encourage or discourage foreign direct investments, thus improving the business impact of rules on foreign direct investment and securing the 75th rank this year as compared to 95th last year.

7th Pillar - Labour Market Efficiency: Labour Market Efficiency pillar has shown insights into the human resource face of the economy, the cooperation in labour-employer relations have worsened in the last one year from 90th to 105th, similarly, the hiring and firing practices have slipped down from 21st to 35th this year, although keeping a competitiveness advantage in the region. The pay and productivity indicator has also fallen from 73rd in 2012-2013 to 86th in 2013-2014. The Labour Market Efficiency Pillar shows a decline in the cooperation between labour and employer relations whereas the rank has slipped from 90 to 105. The GCR also identifies that the businesses in Pakistan are shying away from reliance on professional management as the ranking has decreased from 101 to 102. Pakistan is also among the worst countries to include women in its workforce, ranked at 144th among the 148 countries.

8th Pillar - Financial Market Development: Both the financial market regulators have shown great improvements, while the incumbent regulator of the securities market, the Securities and Exchange Commission of Pakistan has shown significant improvements this year, improving seven points and securing the rank of 48 on the regulations of securities exchanges from 55th last year; the State Bank of Pakistan has also shown solid improvements in the soundness of the banking sector in the country, improving to 71st this year from 85th in the last year. However this gain has not able to improve the constantly declining the state of venture capital in Pakistan, slipping down to 77th. Although Pakistan ranked 59 in 2012-2013 on the Tax Collection Efficiency index, however the economy has lost its competitive advantage due to decline in 2013-2014 by ranking to 64, limitations on the ease of access to loans and venture capital

availability, where Pakistan stands at 72 and 77 respectively.
9th Pillar - Technological Readiness: Pakistan has shown significant gains on the technical readiness pillar, with the availability of latest technologies (79), firm-level technology absorption (81). Improvements in the international Internet bandwidth has been a catalyst for businesses to move towards a more knowledge-based economy, with ranks gaining from 108th last year to 101st this year. While the mobile broadband subscriptions per 100 population has fell from 121st to 126th. Although Pakistan has seen some improvement on the broadband usage, but the individual Internet usage has declined, ranking the country at 126 in 2013-2014 from 120 in 2012-2013.
10th Pillar - Market Size: Pakistan is maintaining its regional competitiveness advantage on the domestic market size index at 27th.
11th Pillar - Business Sophistication: The businesses have shown restrain on delegation of authority, shown corporate insecurity from large investors to professional managements, especially in the family owned businesses, the rank fell from 94 in 2012-2013 to 122 in 2013-2014. The State of Cluster Development has maintained its rank at 62.
12th Pillar - Innovation: Pakistan has shown improvements on capacity for innovation by improving 11 points and securing regional competitiveness advantage at 49. While the quality of scientific research institutions 75 and company spending on research and development with rank of 75 have been on the loss. The university-industry collaboration for research and development has been declined from 81st to 98th; making industry depends on replicating instead of creating new products and services. The government's Procurement of Advanced Technology Products has not been a priority where it showed deterioration from 110 to 109 this year as compared to last year. The commercialization of research has not been a priority in Pakistan, where the industry university collaboration has also seen negative fall from 81 to 98.

9. Conclusion

Global Competitiveness Index 2013–2014 is a tool that assesses the competitiveness of 148 economies across all geographies and stages of development. The GCI aims to capture the complexity of the phenomenon of national competitiveness, which can be improved only through an array of efforts in different areas that affect the longer-term productivity of a country, which is the key factor affecting economic growth performance of economies. Since its introduction in 2005, the GCI has been used by a growing number of countries and institutions to benchmark national competitiveness. The clear and intuitive structure of the GCI framework is useful for prioritizing policy reforms because it allows each country to identify the strengths and weaknesses of its national competitiveness environment and pinpoint those factors most constraining its economic development. More specifically, the GCI provides a platform for dialogue among government, business, and civil society that can serve as a catalyst for productivity-improving reforms, with the aim of boosting the living standards of the world's citizens. Over the years, the GCI has proved to be a very useful tool for advancing competitiveness across countries.

The WEF ranks countries on more than 100 economic indicators comparing 148 countries. The Asia and Pacific remains among the fastest-growing regions worldwide, and many of its economies have greatly improved their competitiveness over the past years. The excellent performance of some of the regional champions is reflected in the presence of five economies—Singapore; Hong Kong SAR; Japan; Taiwan, China; the Republic of Korea; and New Zealand—within the top 20. However, significant and growing differences persist in terms of the competitiveness performance within the region, with countries such as Bangladesh (110th), Pakistan (133rd), and Nepal (117th) lagging further and further behind. Indonesia jumps to 38th, while Korea (25th) falls by six places. Behind Singapore, Hong Kong SAR, Japan and Taiwan (China) (12th) all remain in the top 20. Developing Asian nations display very mixed performances and trends: Malaysia places 24th while countries such as Nepal (117th), Pakistan (133rd) and Timor-Leste (138th) are near the bottom of the ranking. Bhutan (109th), Lao PDR (81st) and Myanmar (139th) join the index for the first time.

Pakistan has been ranked among the bottom 20 of the 148 economies around the world in the Global Competitiveness Index (GCI) 2013-2014. Pakistan lacks a long-term view of competitiveness. The level of corruption and poor governance are some of the factors slowing down Pakistan's economic growth, therefore ranking Pakistan at 133 among 148 other countries on the index. Pakistan has lost its competitive advantage almost on all the pillars of the competitiveness index. Although Pakistan showed good performance on the innovation and sophistication pillars, but on the factors for basic requirements and efficiency enhancer pillars Pakistan continues to show poor performance. The Pakistani business community has identified corruption as the most problematic factor for doing business in the country. The GCI indicates that Pakistan has failed to come up with effective regulations on intellectual property protection. Poor governance in terms of Favouritism in Decision-making and Wastefulness of Government Spending have also shown significant decline in rankings. The Efficiency of Legal Framework in Challenging Regulations has also impacted the compositeness of Pakistan's economy. The law and order situation has been a serious threat to the economic activities, with war on terror and other target killing issues impacting throughout the year. On the Macroeconomic Pillar the government's performance has been weak with the budget balance (percentage of gross domestic product) deteriorated. The government's Procurement of Advanced Technology Products has not been a priority where it showed deterioration from this year as compared to last year. The State of Cluster Development has also been neglected and reflects in the index. The General Government Debt has also seen poor performance. The Labour Market Efficiency Pillar shows a decline in the cooperation between labour and employer relations. The GCR also identifies that the businesses in Pakistan are shying away from reliance on professional management. Although Pakistan has seen some improvement on the broadband usage, but the individual Internet usage has declined. The commercialization of research has not been a priority in Pakistan, where the industry university collaboration has also seen negative.

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Table 1: Global Competitiveness Index (GCI) 2013-2014 Rankings

Economy	*GCI rank 2013-2014*	*Score*	*GCI Rank 2012-2013*	*Score*	*GCI Rank 2011-2012*	*Score*	*Basic requirements*		*Efficiency enhancers*		*Innovation and sophistication factors*	
Singapore	2	5.6	2	5.7	2	5.6	Rank	Score	Rank	Score	Rank	Score
Hong Kong	7	5.5	9	5.4	11	5.4	1	6.3	2	5.6	13	5.1
Japan	9	5.4	10	5.4	9	5.4	2	6.2	3	5.6	19	4.8
Taiwan	12	5.3	13	5.3	13	5.3	28	5.4	10	5.3	3	5.6
New Zealand	18	5.1	23	5.1	25	4.9	16	5.7	15	5.2	9	5.2
Australia	21	5.1	20	5.1	20	5.1	12	5.8	14	5.2	27	4.5
Malaysia	24	5.0	25	5.1	21	5.1	17	5.7	13	5.2	26	4.6
Korea (Rep)	25	5.0	19	5.1	24	5.0	27	5.4	25	4.9	23	4.7
Brunei	26	4.9	28	4.9	28	4.8	20	5.6	23	4.9	20	4.8
China	29	4.8	29	4.8	26	4.9	18	5.6	65	4.1	54	3.8
Thailand	37	4.5	38	4.5	39	4.5	31	5.3	31	4.6	34	4.1
Indonesia	38	4.5	50	4.4	46	4.4	49	4.9	40	4.4	52	3.8
Philippines	59	4.3	65	4.2	75	4.1	45	4.9	52	4.3	33	4.1
India	60	4.3	59	4.3	56	4.3	78	4.5	58	4.2	58	3.8
Sri Lanka	65	4.2	68	4.2	52	4.3	96	4.2	42	4.4	41	4.0
Viet Nam	70	4.2	75	4.1	65	4.2	77	4.5	69	4.0	42	4.0
Lao P.D.R	81	4.1	n/a	n/a	n/a	n/a	86	4.4	74	4.0	85	3.4
Iran (I.R)	82	4.1	66	4.2	62	4.3	83	4.4	107	3.6	74	3.5
Cambodia	88	4.0	85	4.0	97	3.9	75	4.5	98	3.7	86	3.4
Mongolia	107	3.7	93	3.9	96	3.9	99	4.2	91	3.8	83	3.4
Bhutan	109	3.7	n/a	n/a	n/a	n/a	108	3.9	94	3.7	121	3.1
Bangladesh	110	3.7	118	3.6	108	3.7	84	4.4	125	3.3	117	3.2
Nepal	117	3.7	125	3.5	125	3.5	113	3.8	108	3.6	124	3.0
Pakistan	133	3.4	124	3.5	118	3.6	105	4.0	128	3.2	132	2.9
Timor-Leste	138	3.2	136	3.3	131	3.4	110	3.9	145	2.8	138	2.8
Myanmar	139	3.2	n/a	n/a	n/a	n/a	135	3.4	140	3.0	146	2.6

Table 2: Pillars Rankings -Basic Requirements

	1. Institutions		*2. Infrastructure*		*3. Macroeconomic environment*		*4. Health and primary education*	
Economy	**Rank**	*Score*	*Rank*	*Score*	*Rank*	*Score*	*Rank*	*Score*
Singapore	3	6.0	2	6.4	18	6.0	2	6.7
Hong Kong	9	5.6	1	6.7	12	6.1	31	6.2
Japan	17	5.3	9	6.0	127	3.7	10	6.5
Taiwan	26	4.9	14	5.8	32	5.6	11	6.5
New Zealand	2	6.1	27	5.2	43	5.2	5	6.6
Australia	23	5.0	18	5.6	25	5.8	22	6.4
Malaysia	29	4.8	29	5.2	38	5.4	33	6.1
Korea (Rep)	74	3.8	11	5.8	9	6.3	18	6.4
Brunei	25	5.0	58	4.3	1	7.0	23	6.3
China	47	4.2	48	4.5	10	6.3	40	6.1
Thailand	78	3.8	47	4.5	31	5.6	81	5.5
Indonesia	67	4.0	61	4.2	26	5.8	72	5.7
Philippines	79	3.8	96	3.4	40	5.3	96	5.3
India	72	3.9	85	3.7	110	4.1	102	5.3
Sri Lanka	54	4.1	73	4.0	120	3.9	52	5.9
Viet Nam	98	3.5	82	3.7	87	4.4	67	5.8
Lao P.D.R	63	4.0	84	3.7	93	4.4	80	5.6
Iran (I.R)	83	3.7	65	4.1	100	4.3	51	6.0
Cambodia	91	3.6	101	3.3	83	4.5	99	5.3
Mongolia	113	3.3	113	2.9	130	3.7	76	5.6
Bhutan	44	4.4	87	3.6	109	4.1	91	5.4
Bangladesh	131	3.1	132	2.4	79	4.6	104	5.3
Nepal	127	3.2	144	1.9	41	5.3	88	5.4
Pakistan	123	3.2	121	2.7	145	2.9	128	4.3
Timor-Leste	106	3.4	138	2.2	35	5.4	121	4.5
Myanmar	141	2.8	141	2.0	125	3.7	111	5.1

Table 3: Pillars Rankings- Efficiency Enhancers

	5. Higher education and training		6. Goods market efficiency		7. Labor market efficiency		8. Financial market development		9. Technological readiness		10. Market size	
Economy	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Singapore	2	5.9	1	5.6	1	5.8	2	5.8	7	6.0	34	4.7
Hong Kong	22	5.2	2	5.6	3	5.7	1	6.0	6	6.0	27	4.8
Japan	21	5.3	16	5.0	23	4.8	23	4.8	19	5.6	4	6.1
Taiwan	11	5.7	7	5.3	33	4.7	17	4.9	30	5.2	17	5.2
New Zealand	9	5.7	9	5.2	8	5.2	4	5.6	24	5.4	62	3.9
Australia	15	5.5	31	4.7	54	4.5	7	5.4	12	5.8	18	5.1
Malaysia	46	4.7	10	5.2	25	4.8	6	5.4	51	4.2	26	4.9
Korea (Rep)	19	5.4	33	4.7	78	4.2	81	3.9	22	5.6	12	5.6
Brunei	55	4.5	42	4.5	10	5.1	56	4.3	71	3.8	131	2.4
China	70	4.2	61	4.3	34	4.6	54	4.3	85	3.4	2	6.9
Thailand	66	4.3	34	4.7	62	4.3	32	4.6	78	3.6	22	5.1
Indonesia	64	4.3	50	4.4	103	4.0	60	4.2	75	3.7	15	5.3
Philippines	67	4.3	82	4.2	100	4.1	48	4.4	77	3.6	33	4.7
India	91	3.9	85	4.2	99	4.1	19	4.8	98	3.2	3	6.2
Sri Lanka	62	4.3	37	4.6	135	3.5	41	4.5	93	3.3	61	3.9
Viet Nam	95	3.7	74	4.3	56	4.4	93	3.8	102	3.1	36	4.6
Lao P.D.R	111	3.3	54	4.4	44	4.6	91	3.8	113	3.0	122	2.6
Iran (I.R)	88	4.0	110	3.9	145	3.0	130	3.2	116	3.0	19	5.1
Cambodia	116	3.1	55	4.3	27	4.8	65	4.0	97	3.2	92	3.2
Mongolia	82	4.1	96	4.1	51	4.5	129	3.2	66	3.8	119	2.7
Bhutan	107	3.4	121	3.9	29	4.7	123	3.3	132	2.6	143	1.8
Bangladesh	127	2.8	89	4.1	124	3.8	102	3.7	127	2.7	45	4.4
Nepal	130	2.7	127	3.7	133	3.7	95	3.8	133	2.6	100	3.1
Pakistan	129	2.8	103	4.0	138	3.5	67	4.0	118	2.9	30	4.7
Timor-Leste	134	2.6	134	3.6	109	4.0	141	2.7	145	2.3	142	1.9
Myanmar	139	2.5	135	3.6	98	4.1	144	2.4	148	2.0	79	3.6

Table 4: Pillars Rankings- Innovation and Sophistication Factors

	11. Business sophistication		12. Innovation			11. Business sophistication		12. Innovation	
Economy	Rank	Score	Rank	Score	Economy	Rank	Score	Rank	Score
Singapore	17	5.1	9	5.2	India	42	4.4	41	3.6
Hong Kong	14	5.2	23	4.4	Sri Lanka	34	4.5	49	3.5
Japan	1	5.8	5	5.5	Viet Nam	98	3.7	76	3.1
Taiwan	15	5.2	8	5.2	Lao P.D.R	78	3.9	68	3.2
New Zealand	26	4.8	26	4.3	Iran (I.R)	104	3.6	71	3.2
Australia	30	4.7	22	4.5	Cambodia	86	3.8	91	3.0
Malaysia	20	5.0	25	4.4	Mongolia	128	3.3	109	2.9
Korea (Rep)	24	4.9	17	4.8	Bhutan	117	3.5	114	2.8
Brunei	56	4.2	59	3.4	Bangladesh	113	3.5	131	2.5
China	45	4.3	32	3.9	Nepal	129	3.3	129	2.6
Thailand	40	4.4	66	3.2	Pakistan	85	3.8	77	3.1
Indonesia	37	4.4	33	3.8	Timor-Leste	140	3.0	134	2.5
Philippines	49	4.3	69	3.2	Myanmar	146	2.9	143	2.2