



# **EU-GCC Dialogue on Economic Diversification**

## **A Project funded by the European Union**

**Global Competitiveness Index 4.0 2019 Report**

**GCC Results**

9<sup>th</sup> of October 2019

A project implemented by  
GFA Consulting Group GmbH  
Centre for European Policy studies  
DMI Associates



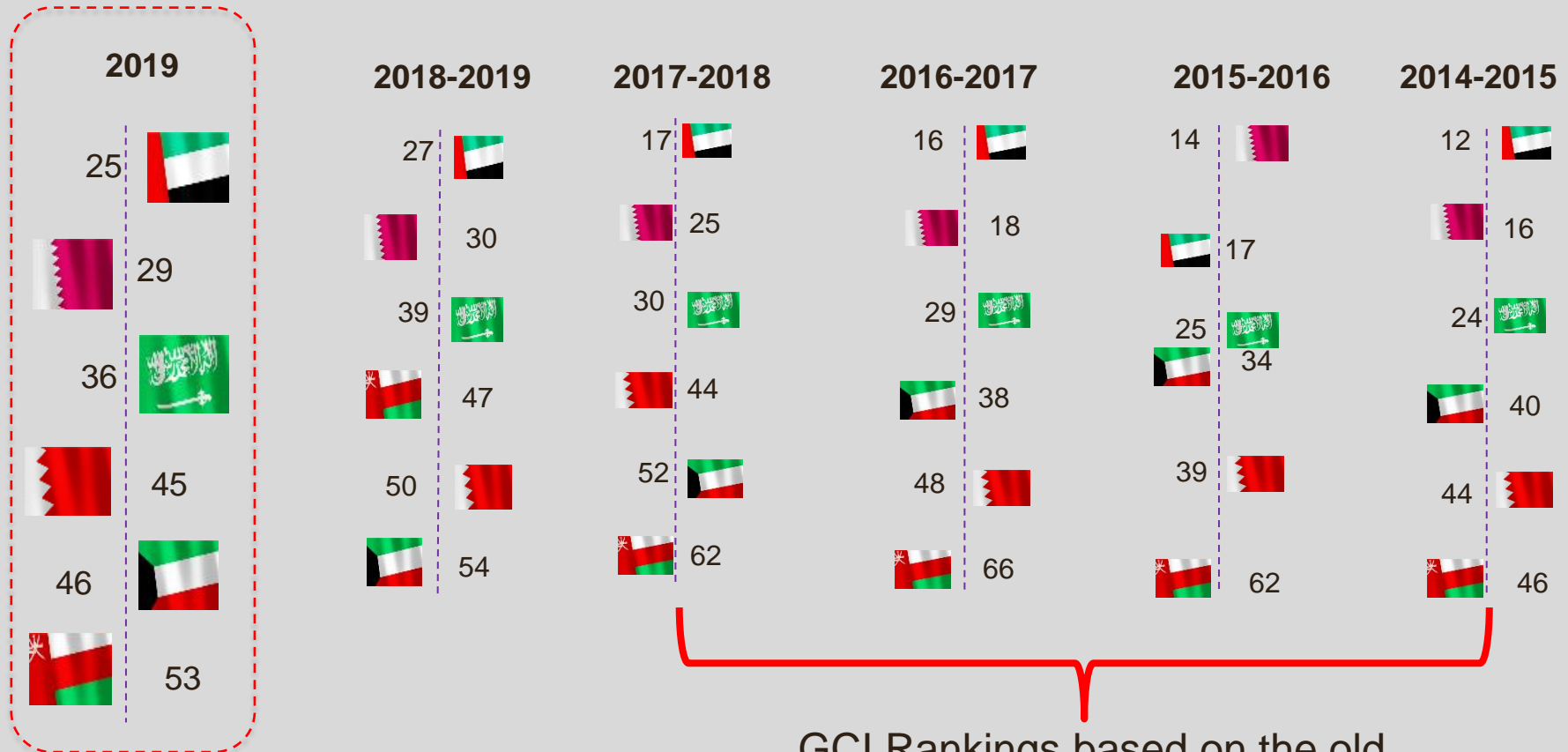
# Executive Summary

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- The Global Competitiveness Report series, launched in 1979, provides an annual assessment of the drivers of productivity and long-term economic growth. The assessment is based on the Global Competitiveness Index (GCI), which maps the competitiveness landscape of 141 economies through 103 indicators organized into 12 pillars.
- Building on four decades of experience in benchmarking competitiveness, the World Economic Forum's Global Competitiveness Index 4.0 is a composite indicator that assesses the set of factors that determine an economy's level of productivity – widely considered as the most important determinant of long-term growth.
- Singapore is the world's most competitive economy in 2019, overtaking the United States, which falls to second place.
- The report is a reminder to national policy-makers to apply a holistic approach and better balance short-term considerations against factors whose impact is felt beyond quarterly results and election cycles. For example, the results of the index show that labour and education policies have not been keeping up with the pace of innovation in most countries.
- The United Arab Emirates (25th) lead the regional ranking, followed by Qatar (29th) and Saudi Arabia (36th); Kuwait is the most improved in the region (46th, up eight) while Oman (53th) lose some ground. The region has caught up significantly on ICT adoption and many countries have built sound infrastructure. Greater investments in human capital, however, are needed to transform the countries in the region into more innovative and creative economies.
- The world's largest economies also have room for improvement when it comes to technology governance. Asked how the legal frameworks in their country are adapting to digital business models, only four G20 economies make it into the top twenty. These are; the United States (1st), Germany (9th), **Saudi Arabia (11th)** and the United Kingdom(15th). China comes 24th in this category.

# UAE is leading GCC followed by Qatar, KSA, Bahrain, Kuwait and Oman

## GCC Countries



Out of 141 Countries

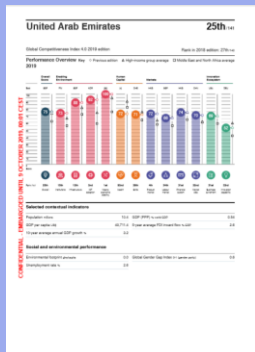
GCI Rankings based on the old methodology












# The United Arab Emirates (UAE) Ranks 25 / 141

## United Arab Emirates Ranking



✓ The UAE is 1<sup>st</sup> in Macroeconomic stability and 2<sup>nd</sup> in ICT adoption

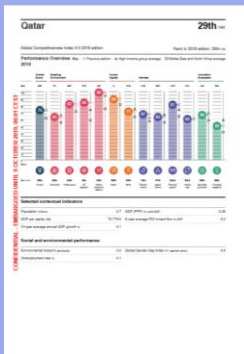


		2019	2018	
	1 Institutions	15	19	Enabling Environment
	2 Infrastructure	12	15	
	3 ICT adoption	2	6	
	4 Macroeconomic stability	1	1	
	5 Health	92	79	Human Capital
	6 Skills	39	53	
	7 Product market	4	11	Markets
	8 Labor market	34	42	
	9 Financial system	31	31	
	10 Market size	32	28	
	11 Business dynamism	31	33	Innovation Ecosystem
	12 Innovation capacity	33	35	

Qatar



✓ Qatar is 8<sup>th</sup> in ICT adoption



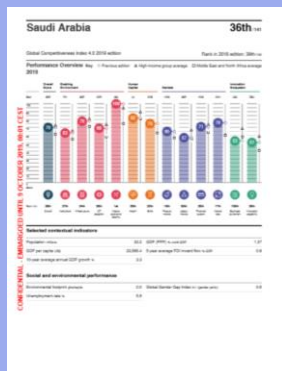
		2019	2018	
	1 Institutions	35	31	Enabling Environment
	2 Infrastructure	24	26	
	3 ICT adoption	8	9	
	4 Macroeconomic stability	40	40	
	5 Health	39	40	Human Capital
	6 Skills	40	38	
	7 Product market	13	25	Markets
	8 Labor market	47	54	
	9 Financial system	22	34	
	10 Market size	53	51	
	11 Business dynamism	39	40	Innovation Ecosystem <sup>5</sup>
	12 Innovation capacity	38	37	







# Saudi Arabia Ranks 36 / 141

## Saudi Arabia



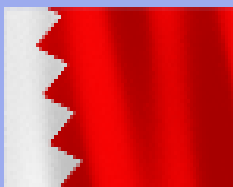
✓ Saudi Arabia is 1<sup>st</sup> in Macroeconomic Stability and 17<sup>th</sup> in Market Size



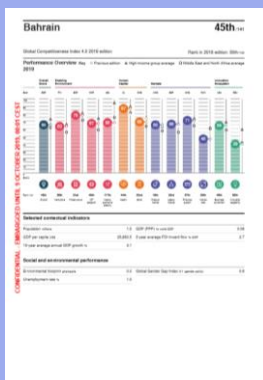
		2019	2018	
	1 Institutions	37	39	Enabling Environment
	2 Infrastructure	34	40	
	3 ICT adoption	38	54	
	4 Macroeconomic stability	1	1	
	5 Health	58	64	Human Capital
	6 Skills	25	30	
	7 Product market	19	32	Markets
	8 Labor market	89	102	
	9 Financial system	38	45	
	10 Market size	17	17	
	11 Business dynamism	109	114	Innovation <sup>6</sup> Ecosystem
	12 Innovation capacity	36	41	

# Bahrain Ranks 45 / 141

Bahrain



✓ Bahrain is 18<sup>th</sup> in Product market



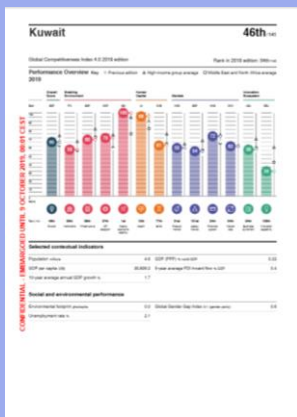
		2019	2018	
	1 Institutions	38	42	Enabling Environment
	2 Infrastructure	31	30	
	3 ICT adoption	46	38	
	4 Macroeconomic stability	117	119	
	5 Health	44	74	Human Capital
	6 Skills	52	28	
	7 Product market	18	28	Markets
	8 Labor market	33	46	
	9 Financial system	37	33	
	10 Market size	90	90	
	11 Business dynamism	48	54	Innovation <sup>7</sup> Ecosystem
	12 Innovation capacity	65	72	

# Kuwait Ranks 46 / 141

Kuwait



✓ Kuwait is 1<sup>st</sup> in  
Macroeconomic Stability



1 Institutions

2019

65

2018

57



2 Infrastructure

66

61



3 ICT adoption

37

62



4 Macroeconomic stability

1

1

Enabling  
Environment



5 Health

12

38



6 Skills

77

79

Human  
Capital



7 Product market

51

69



8 Labor market

101

120



9 Financial system

34

48



10 Market size

54

54

Markets



11 Business dynamism

94

96



12 Innovation capacity

108

103

Innovation<sup>8</sup>  
Ecosystem

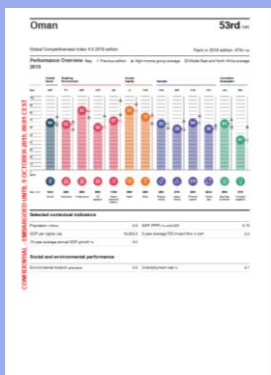













# Oman Ranks 53 / 141

Oman



✓ Oman is 28<sup>th</sup> in Infrastructure and 26<sup>th</sup> in Product market

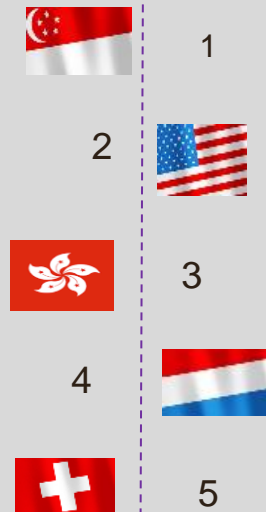


		2019	2018	
	1 Institutions	39	36	Enabling Environment
	2 Infrastructure	28	24	
	3 ICT adoption	66	61	
	4 Macroeconomic stability	119	58	
	5 Health	69	65	Human Capital
	6 Skills	38	36	
	7 Product market	26	33	Markets
	8 Labor market	97	93	
	9 Financial system	59	56	
	10 Market size	62	62	
	11 Business dynamism	56	52	Innovation Ecosystem
	12 Innovation capacity	57	86	

# Singapore became the top-ranked economy among the 141 Countries based on the new index

## Top 5 Countries

2019



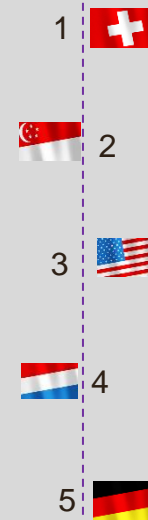
2018



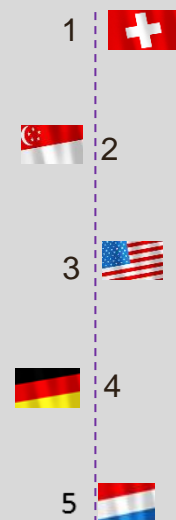
2017-2018



2016-2017



2015-2016



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# The Global Competitiveness Index 4.0

## Detailed Index

**Strength:** Rank 1-20  
**Improvement:** Rank 90 - 140

# UAE: Key Areas of Strength and Improvement ( 1 / 2)

#15 Institutions	# 12 Infrastructure	# 2 ICT adoption
<ul style="list-style-type: none"> <li># 7 Organized Crime</li> <li># 11 Reliability of policy services</li> <li># 4 Efficiency of Legal Framework in challenging regulation</li> <li># 4 Burden of Government regulation</li> <li># 6 Efficiency of Legal Framework in settling disputes</li> <li># 3 Governments responsiveness to change</li> <li># 4 Legal framework's adaptability to digital business models</li> <li># 4 Government long term vision</li> <li># 17 Shareholder Governance</li> </ul> <p># 110 Freedom of Press</p>	<ul style="list-style-type: none"> <li># 7 Quality of road infrastructure</li> <li># 19 Airport connectivity index</li> <li># 7 Efficiency of air transport services</li> <li># 12 Liner Shipping Connectivity Index</li> <li># 13 Efficiency of seaport services</li> <li># 2 Electricity access % pop.</li> </ul>	<ul style="list-style-type: none"> <li># 2 Mobile-cellular telephone subscriptions /100 pop</li> <li># 1 Mobile-broadband subscriptions /100 pop</li> <li># 4 Fibre Internet subscription /100 pop</li> <li># 5 Internet Users % pop</li> </ul>
#1 Macroeconomic stability	#92 Health	# 39 Skills
<ul style="list-style-type: none"> <li># 1 Inflation annual % change</li> <li># 1 Debt dynamics 0-100</li> </ul>	<p># 91 Healthy life expectancy years</p>	<ul style="list-style-type: none"> <li># 14 Digital skills among population</li> <li># 8 Ease of finding skilled employees</li> <li>#8 Critical thinking in teaching</li> </ul> <p># 92 Pupil-to-teacher ratio in primary education Ratio</p>
# 4 Product market	# 34 Labor Market	# 31 Financial System
<ul style="list-style-type: none"> <li># 5 Distortive effect of taxes and subsidies on competition</li> <li># 11 Extent of market dominance</li> <li># 9 Prevalence of non-tariff barriers</li> <li># 15 Border clearance efficiency</li> </ul>	<ul style="list-style-type: none"> <li># 9 Redundancy costs weeks of salary</li> <li># 9 Hiring and firing practices</li> <li># 5 Ease of hiring foreign labour</li> <li># 17 Internal labor mobility</li> <li># 4 Pay and productivity</li> </ul> <p># 116 Workers' rights</p> <p># 109 Ratio of wage and salaries female workers to male workes</p>	<ul style="list-style-type: none"> <li># 9 Financing of SMEs</li> <li># 4 Venture capital availability</li> <li># 1 Credit gap</li> </ul>

## UAE: Key Areas of Strength and Improvement ( 2 / 2)

#32 Market size	# 31 Business dynamism	# 33 Innovation capability
# 19 Imports % GDP	<div># 14 Time to start a business (days)</div> <div># 7 Attitudes toward entrepreneurial risk</div> <div># 5 Growth of innovative companies</div> <div># 9 Companies embracing disruptive ideas</div> <div># 111 Cost of starting a business</div> <div># 96 Insolvency recovery rate cents/\$</div>	<div># 2 Diversity of workforce</div> <div># 9 State of cluster development</div> <div># 12 Buyer sophistication</div>

# Qatar: Key Areas of Strength and Improvement ( 1 / 2)

# 35 Institutions	# 24 Infrastructure	# 8 ICT adoption
<ul style="list-style-type: none"> <li># 6 Homicide rate /100,000 pop</li> <li># 7 Efficiency of Legal Framework in challenging regulation</li> <li># 6 Burden of Government regulation</li> <li># 8 Efficiency of Legal Framework in settling disputes</li> <li># 6 Governments responsiveness to change</li> <li># 8 Government long term vision</li> <li># 105 Freedom of Press</li> <li># 101 Renewable energy regulations</li> </ul>	<ul style="list-style-type: none"> <li># 16 Quality of road infrastructure</li> <li># 14 Efficiency of air transport services</li> <li># 15 Efficiency of seaport services</li> </ul>	<ul style="list-style-type: none"> <li># 19 Mobile-cellular telephone subscriptions /100 pop</li> <li># 15 Mobile-broadband subscriptions /100 pop</li> <li># 1 Internet Users % pop</li> </ul>
# 40 Macroeconomic stability	# 39 Health	# 40 Skills
--	--	<ul style="list-style-type: none"> <li># 16 Quality of vocational training</li> <li># 8 Skillset of graduates</li> <li># 11 Digital skills among population</li> <li># 3 Ease of finding skilled employees</li> <li># 6 Critical thinking in teaching</li> <li># 91 School life expectancy</li> </ul>
# 13 Product market	# 47 Labor Market	# 22 Financial System
<ul style="list-style-type: none"> <li># 6 Distortive effect of taxes and subsidies on competition</li> <li># Extent of market dominance</li> </ul>	<ul style="list-style-type: none"> <li># 8 Hiring and firing practices</li> <li># 10 Ease of hiring foreign labour</li> <li>#10 Active labour market policies</li> <li># 8 Pay and productivity</li> <li># 106 Redundancy costs weeks of salary</li> <li># 116 Workers' rights</li> <li># 101 Ratio of wage and salaried female workers to male workers</li> </ul>	<ul style="list-style-type: none"> <li># 4 Financing of SMEs</li> <li># 5 Venture capital availability</li> <li># 137 Credit gap percentage points</li> </ul>

## Qatar: Key Areas of Strength and Improvement ( 2 / 2)

# 51 Market size	# 40 Business dynamism	# 37 Innovation capability
--	<ul style="list-style-type: none"><li># 10 Attitudes toward entrepreneurial risk</li><li># 10 Growth of innovative companies</li><li># 14 Companies embracing disruptive ideas</li><li># 96 Insolvency recovery rate cents/\$</li></ul>	<ul style="list-style-type: none"><li># 12 Diversity of workforce</li><li># 16 State of cluster development</li><li># 14 Multi-Stakeholder collaboration</li><li># 14 Buyer sophistication</li></ul>

# Saudi Arabia: Key Areas of Strength and Improvement ( 1 / 2)

# 37 Institutions	# 34 Infrastructure	# 38 ICT adoption
<ul style="list-style-type: none"> <li># 15 Organized Crime</li> <li># 8 Reliability of police services</li> <li># 10 Burden of Government regulation</li> <li># 2 Government's responsiveness to change</li> <li># 2 Government long-term vision</li> <li># 124 Terrorism incidence</li> <li># 96 Budget transparency</li> <li># 138 Freedom of Press</li> <li># 98 Quality of land administration</li> <li># 107 Environment related treaties in force</li> </ul>	<ul style="list-style-type: none"> <li># 1 Road connectivity index</li> <li># 102 Railroad density</li> </ul>	<ul style="list-style-type: none"> <li>#13 Internet users</li> </ul>
# 1 Macroeconomic stability	# 58 Health	# 25 Skills
<ul style="list-style-type: none"> <li># 1 Inflation annual % change</li> <li># 1 Debt. dynamics</li> </ul>	--	<ul style="list-style-type: none"> <li># 13 Digital skills among active population</li> <li># 14 Ease of finding skilled employees</li> <li># 20 Pupil-to-teacher ratio in primary education Ratio</li> <li># School life expectancy</li> </ul>
# 19 Product market	# 89 Labor Market	# 38 Financial System
<ul style="list-style-type: none"> <li># 7 Distortive effect of taxes and subsidies on competition</li> </ul>	<ul style="list-style-type: none"> <li># 14 Hiring and firing practices</li> <li># 20 Flexibility of wage determination</li> <li># Active labour market policies</li> <li># 106 Redundancy costs weeks of salary</li> <li># 116 Workers' rights</li> <li># 97 Ease of hiring foreign labour</li> <li># 132 Ratio of wage and salaried female workers to male workers</li> </ul>	<ul style="list-style-type: none"> <li># 19 Financing of SMEs</li> <li># 12 Venture capital availability</li> <li># 1 Credit gap</li> <li>Non-performing loans in % loan portfolio value</li> <li># 111 Insurance premium</li> </ul>



## Saudi Arabia: Key Areas of Strength and Improvement ( 2 / 2)

# 17 Market size	# 109 Business dynamism	# 36 Innovation capability
# 16 Gross domestic product (PPP,\$)per Capita # Imports of goods and services	# 7 Growth of innovative companies # 100 Time to start a business # 133 Insolvency recovery rate # 135 Insolvency regulatory framework	# 8 Diversity of workforce #14 State of cluster development

# Bahrain: Key Areas of Strength and Improvement ( 1 / 2)

# 38 Institutions	# 31 Infrastructure	# 46 ICT adoption
# 3 Organized Crime # 9 Homicide rate # 5 Reliability of police services Efficiency of legal framework in challenging regulations # 12 Burden of Government regulation # 10 Government ensuring policy stability # 8 Government's responsiveness to change # 6 Government long-term vision  # 104 Terrorism incidence # 134 Freedom of Press # 102 Renewable energy regulation # 126 Environment related treaties in force	# 2 Electricity access # 4 Electricity supply quality	# 14 Mobile-broadband subscriptions /100 pop # 4 Internet users % pop.
# 117 Macroeconomic stability	# 44 Health	# Skills
# 1 Inflation annual % change  # 136 Debt dynamics 0-100	--	# 18 Ease of finding skilled employees  # 90 Mean years of schooling
# 18 Product market	# 33 Labor Market	# 37 Financial System
# 14 Distortive effect of taxes and subsidies on competition # 8 Competition in services # 15 Prevalence of non-tariff barriers	# 9 Flexibility of wage determination # 18 Active labour market policies # 8 Ease of hiring foreign labour  # 102 Workers rights # 110 Ratio of wage and salaried female workers to male workers	# 20 Venture capital availability

## Bahrain: Key Areas of Strength and Improvement ( 2 / 2)

# 90 Market size	# 48 Business dynamism	# 65 Innovation capability
# 90 Gross domestic product	# 101 Insolvency regulatory framework	# 9 Diversity of workforce # 120 Scientific publications # 113 R&D expenditures % GDP # 116 Research institutions prominence

# Kuwait: Key Areas of Strength and Improvement ( 1 / 2)

# 65 Institutions	# 66 Infrastructure	# 37 ICT adoption
# 113 Renewable energy regulation # 95 Environment related treaties in force	# 2 Electricity access  # 115 Efficiency of air transport services # 93 Efficiency of seaport services	# 6 Mobile cellular telephone subscription # 11 Mobile-broadband subscriptions /100 pop # 2 Internet users  # 90 Fixed broadband internet subscription / 100 pop
# 1 Macroeconomic stability	# 12 Health	# 77 Skills
# 1 Inflation annual % change # 1 Debt dynamics	# 11 Healthy life expectancy	# 2 Pupil-to-teacher ratio in primary education Ratio  # 102 Mean years of schooling Years # 112 Skillset of graduates
# 51 Product market	# 101 Labor Market	# 34 Financial System
# 109 Competition in services # 100 Prevalence of non-tariff barriers	# 122 Redundancy costs weeks of salary # 116 Workers rights # 131 Internal labor mobility # 101 Reliance on professional management	# 121 Insurance premium % GDP # 133 Credit gap percentage

## Kuwait: Key Areas of Strength and Improvement ( 2 / 2)

# 54 Market size	# 94 Business dynamism	# 108 Innovation capability
--	# 125 Time to start a business days # 101 Insolvency regulatory framework # 92 Willingness to delegate authority	# 117 R&D expenditures # 126 Trademark applications

# Oman: Key Areas of Strength and Improvement ( 1 / 2)

# 39 Institutions	# 28 Infrastructure	# 66 ICT adoption
<ul style="list-style-type: none"> <li># 6 Organized Crime</li> <li># 9 Homicide rate</li> <li># 1 Terrorism incidence</li> <li># 14 Reliability of police services</li> <li># 19 Judicial independence</li> <li># 14 Efficiency of legal framework in challenging regulations</li> <li># 17 Burden of Government regulation</li> <li># 7 Efficiency of legal framework in settling disputes</li> <li># 20 Property rights</li> <li># 18 Intellectual property protection</li> <li># 15 Government ensuring policy stability</li> <li># 10 Government's responsiveness to change</li> <li># 7 Government long-term vision</li> </ul> <ul style="list-style-type: none"> <li># 111 Renewable energy regulation</li> <li># 109 Freedom of Press</li> <li># 106 Shareholder governance</li> </ul>	<ul style="list-style-type: none"> <li># 15 Road connectivity index</li> <li># 10 Quality of road infrastructure</li> </ul>	--
# 119 Macroeconomic stability	# 69 Health	# 36 Skills
<ul style="list-style-type: none"> <li># 1 Inflation annual % change</li> </ul> <ul style="list-style-type: none"> <li># 139 Debt dynamics</li> </ul>	--	<ul style="list-style-type: none"> <li># 15 Critical thinking in teaching</li> <li># 7 Pupil-to-teacher ratio in primary education Ratio</li> </ul>
# 26 Product market	# 97 Labor Market	# 59 Financial System
<ul style="list-style-type: none"> <li># 13 Distortive effect of taxes and subsidies on competition</li> </ul>	<ul style="list-style-type: none"> <li># 19 Cooperation in labor-employer relations</li> </ul> <ul style="list-style-type: none"> <li># 139 Redundancy costs weeks of salary</li> <li># 129 Ratio of wage and salaried female workers to male workers</li> </ul>	<ul style="list-style-type: none"> <li># 92 Insurance premium</li> <li># 139 Credit gap percentage points</li> </ul>

## Oman: Key Areas of Strength and Improvement ( 2 / 2)

# 62 Market size	# 56 Business dynamism	# 57 Innovation capability
--	# 101 Insolvency recovery rate	# 6 Diversity of workforce # 91 R&D expenditures

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# The Global Competitiveness Index 4.0

## GCI 4.0 - Methodology



# Why the two indexes are not comparable

1

## Reorganization of pillars

- Certain pillars have been repurposed
- Certain pillar components have been moved around

2

## Changes within pillars

- Reorganization within pillars
- Change in concept definition
- Change in concept measurement
- Introduction/deletion of concepts/indicators

3

## Aggregation and weights

- The overall GCI score is the average of the 12 pillars for all countries. The “stage of development” *weighting scheme is discontinued*

4

## Computational innovations

- Distance to frontier
- Imputation of missing data points

# Key features of the new index

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Assesses the drivers of productivity, the single most important determinant of long-term economic growth and a critical enabler of welfare



Covers 141 economies (99% of global GDP and 94% of world population)



Future-oriented, 4IR-ready – A successful economy in the 4IR needs to be agile, resilient, human-centric and innovative



A policy tool for identifying priority areas and monitoring progress







Solidly anchored in economic theory and empirical literature




Builds on four decades of experience

# The 12 pillars of competitiveness

## Enabling environment

-  1 Institutions
-  2 Infrastructure
-  3 ICT adoption
-  4 Macroeconomic stability



## Human capital

-  5 Health
-  6 Skills

## Markets

-  7 Product market
-  8 Labor market
-  9 Financial system
-  10 Market size

## Innovation ecosystem

-  11 Business dynamism
-  12 Innovation capacity

- Embracing the Fourth Industrial Revolution
- Rethinking innovation
- Integrating the lessons from the global financial crisis and latest empirical evidence
- Leveraging new data sources

# The new framework has an significant change to calculating the ranking



## Executive Opinion Survey



- Counts **30 %** of the result

## Data from other sources



- Counts **70 %** of the result

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# EU-GCC Dialogue on Economic Diversification

A project funded by the European Union

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