

## The World Competitiveness Yearbook 2018

The annual **IMD World Competitiveness Yearbook** analyses the capacity of 63 countries to stimulate and sustain business competitiveness, using a composite competitiveness index based on four pillars: **economic performance, government efficiency, business efficiency, and infrastructure.**

In 2018, France rose three places and is now ranked 28th in the world.

### France's position since 2007

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
28th	25th	28th	24th	29th	29th	28th	27th	32nd	32nd	31st	28th

### France's performance ranking

	2013	2014	2015	2016	2017	2018
Economic performance	19	22	27	25	24	30
Government efficiency	44	50	50	52	52	39
Business environment	42	37	39	37	40	31
Infrastructure	8	9	12	15	12	12

The report has highlighted a number of strengths. These include:

- **Net improvement in France's position in terms of government efficiency (up 13 places).** The rankings also show significant improvements in terms of government debt (+8), management of public finances (+9), interest rate differential (+42), effectiveness of government decisions (+31), transparency of governance policy (+22), complex administrative regulations (+9), labor market regulations (+7), and political risk (+13).
- **Net improvement in France's position in the business environment (+9).** France's economic image has greatly improved with the business environment moving nine places up the ranks. Significant improvements in 2017 included: use of digital tools (+14), brain drain (+12), international experience of managers (+11), adapted banking and financial regulations (+12), and a change in the market stock index (+20).
- **France's infrastructure is among the best in the world** (France is ranked 12th for scientific infrastructure and 11th for health and environmental infrastructure). France also stands out for the quality of its environmental technologies (5th), distribution infrastructure (6th), exports of high technology products (7th), and the quality of energy (8th) and health infrastructure (10th).
- **France stands out for its innovation capacity and scientific performances,** as seen for example by the number of Nobel prizes since 1950 (4th), qualified engineers available in the labor market (3rd), the number of R&D personnel (7th), business expenditure on R&D (6th), patent grants (6th), scientific articles published (7th), and intellectual property enforcement (10th).

- **France has the highest literacy rate among sample countries.** In addition, a highly skilled and productive workforce is another positive factor underpinning the competitiveness of the French economy: France is ranked 12th for hourly labor productivity, and 13th for productivity per person.

- **France's business environment performances** include a skilled workforce (6th), low interest rate differentials (2nd), the number of days to start a business (6th), and disposable income (9th).

- **France is an economy with an international outlook**, as the world's eighth largest exporter of goods, the fourth largest exporter of services, the seventh leading country for outward FDI stocks, the 11th leading country for inward FDI stocks, ninth for FDI outflows, and 10th for FDI inflows.

**The French government's recent actions have been viewed favorably abroad. Highlights include:**

- International press coverage of the election of President Emmanuel Macron who has shaped the image of France abroad as a country that does not like extremes, one that is eager to benefit from reforms and one ready to trust a new generation of policies.

- **France's popularity as an investment location**, with 54% of foreign executives (16-point increase on 2016) interviewed by Kantar Public for Business France confirming that the attractiveness of France has improved over the past two years.

- **A sharp rise in foreign investment projects:** France saw 1,298 new foreign investment decisions in 2017 (of which one-third, or 412, were made by new economic players in the French market), creating 33,489 jobs (+11%). Investment decisions increased by 16% compared with 2016.

**However, it is important to emphasize that there are a number of methodological limitations.**

While translating a country's competitiveness into a single composite index can prove difficult, the weight of opinion polls on the estimation of this index means that results should be treated with caution.

- **There is still a significant gap between perception and economic reality.**

- o **France has seen its economy suffer in the past as a result of preconceived ideas about it being a highly bureaucratic country and one that opposes globalization.** For the "Are investment incentives attractive or not for foreign investors?" criterion France is in 30th place, while for "The attitude of society towards globalization" France is ranked 58th. **The reality is that France is an economy with a strong international outlook**, as the fourth largest exporter of services and 11th for inward FDI stocks.

- o **A lack of knowledge regarding the dynamic business environment:** France ranks 57th in terms of entrepreneurial buoyancy, yet it has the strongest enterprise creation dynamic among developed countries and is first in Europe for enterprise creations.

## **METHODOLOGY**

Competitiveness is examined using 340 variables (225 statistical data points, and 115 from an opinion survey of international business leaders) divided into four main factors and 20 sub-factors. These variables are intended to cover various facets of a country's competitiveness.

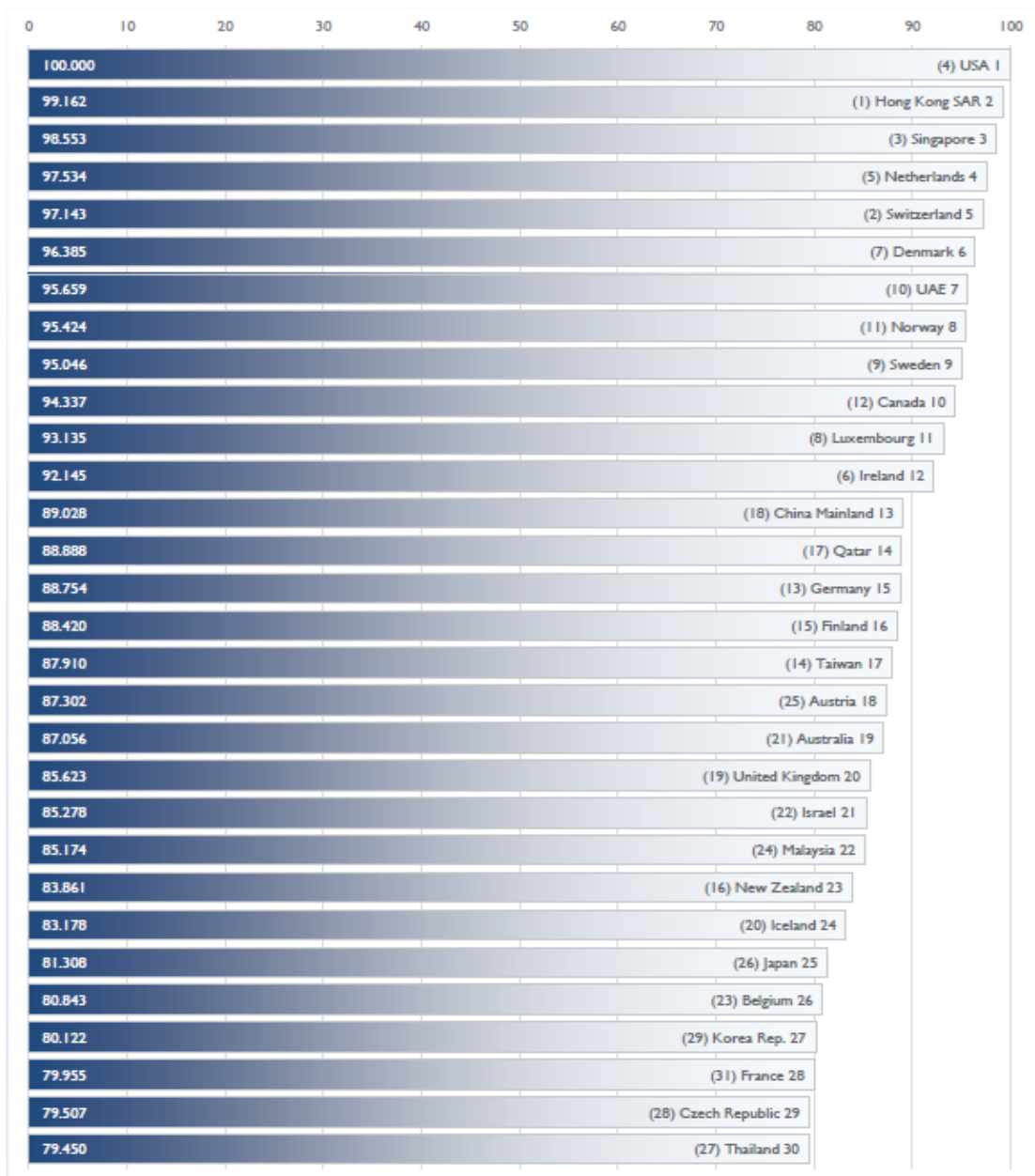
The four factors are:

- **Economic Performance:** Domestic Economy, International Trade, International Investment, Employment, Prices.
- **Government Efficiency:** Public Finance, Fiscal Policy, Institutional Framework, Business Legislation, Societal Framework.
- **Business Efficiency:** Productivity and Efficiency, Labor Market, Finance, Management Practices, Attitudes and Values.
- **Infrastructure:** Basic Infrastructure, Technological Infrastructure, Scientific Infrastructure, Health and Environment, Education.

After statistical processing, the sub-factors are aggregated in a single index.

An opinion survey is sent to more than 6,300 business executives to gauge their perception of the competitiveness of the economy in which they operate and have resided over the last year.

### Top 30 in the World Competitiveness Ranking (2018)



(2017 rankings are in parentheses)

### The rankings of France, Germany and the United Kingdom in the World Competitiveness Index

	France				Royaume-Uni				Allemagne			
	2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018
<b>Indice Global</b>	<b>32</b>	<b>32</b>	<b>31</b>	<b>28</b>	<b>19</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>10</b>	<b>12</b>	<b>13</b>	<b>15</b>
<b>Economic Performance</b>	<b>27</b>	<b>25</b>	<b>24</b>	<b>30</b>	<b>18</b>	<b>28</b>	<b>29</b>	<b>45</b>	<b>8</b>	<b>8</b>	<b>7</b>	<b>12</b>
Domestic Economy	22	17	19	17	4	10	20	26	3	4	6	5
International Trade	30	18	23	33	38	26	30	32	5	9	7	13
International Investment	18	15	12	11	33	38	21	18	26	11	10	30
Employment	43	45	48	52	28	20	17	20	11	11	14	10
Prices	30	38	39	46	40	57	60	62	20	18	25	34
<b>Government Efficiency</b>	<b>50</b>	<b>52</b>	<b>52</b>	<b>39</b>	<b>19</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>19</b>	<b>21</b>	<b>19</b>
Public Finance	51	52	52	49	42	38	37	35	17	15	16	17
Fiscal Policy	61	61	63	63	27	26	27	26	55	52	56	58
Institutional Framework	23	27	33	15	12	14	16	20	7	12	17	14
Business Legislation	32	34	32	24	11	8	7	9	21	19	18	22
Societal framework	15	14	13	11	20	17	16	16	11	9	8	9
<b>Business Efficiency</b>	<b>39</b>	<b>37</b>	<b>40</b>	<b>31</b>	<b>20</b>	<b>18</b>	<b>21</b>	<b>21</b>	<b>16</b>	<b>15</b>	<b>16</b>	<b>19</b>
Productivity and Efficiency	18	16	20	18	21	19	23	23	8	12	13	14
Labor Market	54	53	55	56	28	26	25	24	17	13	12	20
Finance	19	21	18	15	11	12	11	11	16	17	15	13
Management Practices	35	40	48	43	28	23	22	25	19	21	27	28
Attitudes and Values	58	60	61	53	22	17	28	36	27	27	25	37
<b>Infrastructure</b>	<b>12</b>	<b>15</b>	<b>12</b>	<b>12</b>	<b>16</b>	<b>16</b>	<b>15</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>9</b>	<b>11</b>
Basic Infrastructure	9	11	14	17	20	27	29	28	22	25	17	23
Technological Infrastructure	17	17	13	11	19	11	16	12	15	16	12	16
Scientific Infrastructure	13	12	13	12	10	9	9	9	4	6	6	6
Health and Environment	14	14	10	12	19	19	17	13	8	9	6	6
Education	29	29	24	24	20	27	21	16	22	23	29	32