



## ECONOMY AND VALUES RESEARCH CENTER

### Press release

08 September, 2009, Yerevan

*According to the Global Competitiveness Report 2009-10, Armenia ranks 97th out of 133 countries*

The Global Competitiveness Report's competitiveness ranking is based on the Global Competitiveness Index (GCI), developed for the World Economic Forum (WEF). The GCI is based on 12 pillars of competitiveness and provides a comprehensive assessment of country competitiveness.

The rankings are calculated based on both publicly available data and the Executive Opinion Survey, a comprehensive annual survey conducted by the World Economic Forum together with its network of Partner Institutes in the countries covered by the report.

The Economy and Values Research Center, as a partner institute of the WEF's Global Competitiveness Network in Armenia, presents the key highlights of the Global Competitiveness Report 2009-10.

The Global Competitiveness Report 2009-10 profiles 133 economies worldwide. Switzerland leads the rankings of the World Economic Forum's Global Competitiveness Report 2009-2010. The United States falls to second place, with weaker financial markets and less macroeconomic stability. Singapore, Sweden and Denmark are also included in the list of top five countries.

In the context of competitiveness Armenia has moved toward a new development stage, where the role of the competitiveness drivers is changed. Currently, economic efficiency and innovation capacities assume a growing importance for Armenia.

The outlook of the ranking changes in CIS region is provided below. The only positive change in competitiveness performance was observed in Azerbaijan. On the contrary, competitiveness rankings dropped considerably in Russia and Ukraine.

	Rank 2009	Rank change 09/10, points	Score 2009	Score change 09/10, %
Armenia	97	0	3.71	-0.4%
Azerbaijan	51	18	4.30	4.8%
Georgia	90	0	3.81	-1.3%
Kazakhstan	67	-1	4.08	-0.8%
Kyrgyz Republic	123	-1	3.36	-1.2%
Russian Federation	63	-12	4.15	-3.7%
Tajikistan	122	-6	3.38	-2.3%

Ukraine	82	-10	3.95	-3.3%
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According to the Global Competitiveness Report 2009-10, Armenia ranks 97th out of 133 countries, registering no change compared to the 2008 ranking. Meanwhile, the score of Armenia's overall competitiveness deteriorated slightly, which was driven by the country's re-classification into a new development stage, resulting in changes in the weights of different competitiveness factors. The performance of basic factors was comparably good. There has been a considerable improvement in infrastructure and macroeconomic environment. Goods market efficiency and innovation capacity deteriorated slightly. Higher education and training, as well as labor market efficiency improved by absolute scores but lost 2 points in ranking. This evidences the comparative efficiency of other countries in improving their performance in these areas.

### Changes of Competitiveness Pillars

Pillars	Rank 2009	Rank change 09/10, points	Score 2009	Score change 09/10, %
Institutions	95	1	3.49	-0.1%
Infrastructure	81	9	3.25	13.0%
Macroeconomic stability	53	30	4.78	1.0%
Health and primary education	97	0	5.00	-1.1%
Higher education and training	96	-2	3.46	1.1%
Goods market efficiency	116	-6	3.65	-2.5%
Labor market efficiency	47	-2	4.61	1.0%
Financial market sophistication	97	10	3.79	3.0%
Technological readiness	105	7	2.86	11.8%
Market size	109	2	2.69	8.8%
Business sophistication	112	8	3.35	1.5%
Innovation	108	-2	2.71	-2.0%

Armenia's competitive advantages are the low level of government debt, labor market regulations, agricultural policy costs, as well as the low level of business costs of crime and violence. The major disadvantages are the extent of market dominance and insufficient level of competition, which indicate the inefficiency of competition policy. Compared to the previous study, the list of major disadvantages also included the burden of customs procedures, government procurement of advanced technological products, the quality of management schools, the degree of customer orientation and the willingness of shareholders to delegate authority.

### Notable Competitive Advantages and Disadvantages of Armenia

Notable advantages	Rank	Notable disadvantages	Rank
1. Business impact of malaria	1	Effectiveness of anti-monopoly policy	132
2. Malaria incidence	1	Burden of customs procedures	131
3. HIV prevalence	15	Extent of market dominance	129
4. Government debt	19	Venture capital availability	129
5. Firing costs	19	Intensity of local competition	128
6. Hiring and firing practices	22	Quality of management schools	125

7. Business costs of crime and violence	23	Foreign market size index	125
8. Business costs of terrorism	26	Willingness to delegate authority	125
9. Agricultural policy costs	26	Degree of customer orientation	124
10. Business impact of HIV/AIDS	34	Government procurement of high-tech	124

## **Economy and Values Research Center**

Economy and Values Research Center (EV) is a think tank, focused on introducing new concepts of development utilizing top level international connections and a select network of associates. EV's core competence is competitiveness spanning from general economic development to business level development work, with the key areas of national and sectoral strategy formulations, foreign investments, Diaspora networks and values in business and public spheres.

EV Consulting is EV Center's business consulting arm. EV Consulting is a business advisory, research and financial advocate firm that serves companies and industries aspiring to be competitive and innovative.

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