

The New Zealand Herald

NZ climbs ranks of global competitiveness



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New Zealand has been ranked the 18th most competitive country in the world, jumping five places from last year and overtaking Australia.

The country performed strongly in many areas - including higher education and financial markets development - but scored poorly for the quality of its infrastructure and number of skilled workers.

Released annually, the World Economic Forum's Global Competitiveness Report ranks 148 countries based on their level of productivity and prosperity. Each country is assessed on 12 "pillars", including infrastructure, health and primary education, technological readiness, market size and business innovation.

New Zealand climbed to 18th in this year's ranking, while Australia dropped out of the top 20 for the first time with a score of 21.

Last year, New Zealand was ranked 23rd out of 144 countries and in 2011, 25th out of 142 countries.

Oliver Hartwich, executive director of the New Zealand Initiative, said New Zealand's climb up the ladder reflected an improving local economy and "prudent" pro-growth policies.

He said New Zealand was holding its competitive ground while other countries were slipping amid a weaker global growth outlook.

"The performance is more startling when you consider that just five years ago New Zealanders were staring at ballooning deficits and a deep recession while the Australian government was debt free and riding the tailwind of a mining boom," Hartwich said.

Australia's labour market ranking slumped 12 places to 54th globally and its government regulatory burden was ranked 128th.

The top 10:

1. Switzerland
2. Singapore
3. Finland
4. Germany
5. United States
6. Sweden
7. Hong Kong SAR
8. Netherlands
9. Japan
10. United Kingdom

Meanwhile, New Zealand placed in the top 10 for the quality of its institutions, health and primary education, higher education, goods and labour market efficiency, and financial markets development.

The country was ranked best in the world for the strength of investor protection, number of days to start a business, and ethical behaviour of firms.

The World Economic Forum said the biggest challenges to doing business in New Zealand were an inadequate supply of infrastructure and inadequately educated workforce.

Phil O'Reilly, head of Business NZ, said New Zealand ranked well on many issues but the critical ones, which supported innovation-driven exports, needed improvement.

"With one of our most problematic factors being 'an inadequately educated workforce', the consequences for innovation are obvious," he said.

"Our economy has a critical need for more relevant skills. We urgently need to see more of the right applied skills coming out from our secondary and tertiary education institutions."

O'Reilly said businesses needed to be collaborating more with research bodies to drive higher-value technology products.

"With the establishment of Callaghan Innovation, we should see improved outcomes in future for business development based on science and technology."

Better industry-university collaboration and more company spending on research and development would help grow the number of new goods and services, he said.

Hartwich said New Zealand had failed improve on its innovation and business sophistication factors, ranking 27th, behind both Puerto Rico and Qatar.

"We need to focus on boosting our capacity to innovate and in areas of the economy besides our traditional agricultural strengths," he said.

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