

# NZ lags in global race

By YOKE HAR LEE

New Zealand has stagnated for a second year in 13<sup>th</sup> place in the latest World Economic Forum survey of global competitiveness.

Singapore maintains top spot as the world's most competitive economy while the world's largest economy, the United States, moves up a notch to take second spot.

New Zealand was the fifth most competitive nation in 1997.

In the meantime, small countries such as Taiwan, Switzerland, Luxembourg, Ireland and Finland have made giant leaps in improving their economic competitiveness.

The Geneva-based forum's Global Competitiveness Index confirms a recent diagnosis of the New Zealand economy — that its macro-economic reforms have not been matched by microeconomic reforms.

Professor Michael Porter and Professor Roland Christensen of the Harvard Business School said that in Canada, New Zealand and Britain macro-reforms had triggered spurts of investment and growth "but have not yet materially increased the prosperity of the average citizen".

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However, New Zealand is likely to rank among the world's faster-growing economies with a projected average expansion of 3.86 per cent annually between 2000 to 2008, according to the forum.

Singapore, Taiwan, Malaysia and Hong Kong are forecast to be countries with the highest average growth in GDP

But in terms of market growth, a measure that takes into account the size of the economy, New Zealand remains well down the list at 42<sup>nd</sup> out of 59 countries. The US will be the largest growth market, forecast to add \$U5346 billion (\$664.36 billion) a year to its economy, followed by Japan, Germany, Britain, France and China.

In microeconomic competitiveness, NZ ranks 16<sup>th</sup>, up one place from last year.

This measure is based on factors such as operations of companies and strategies, along with the quality of the national business environment.