



Grant Thornton

An instinct for growth™



Global Dynamism Index (GDI) 2013 summary report

Model developed by the
Economist Intelligence Unit (EIU)

What is the Global Dynamism Index (GDI)?

- the GDI assesses the dynamism of 60 of the world's largest economies

What does it measure?

- dynamism refers to the changes in an economy which are likely to lead to a fast future rate of growth
- the GDI ranks the development of the business growth environments of each economy in the past year

How is it calculated?

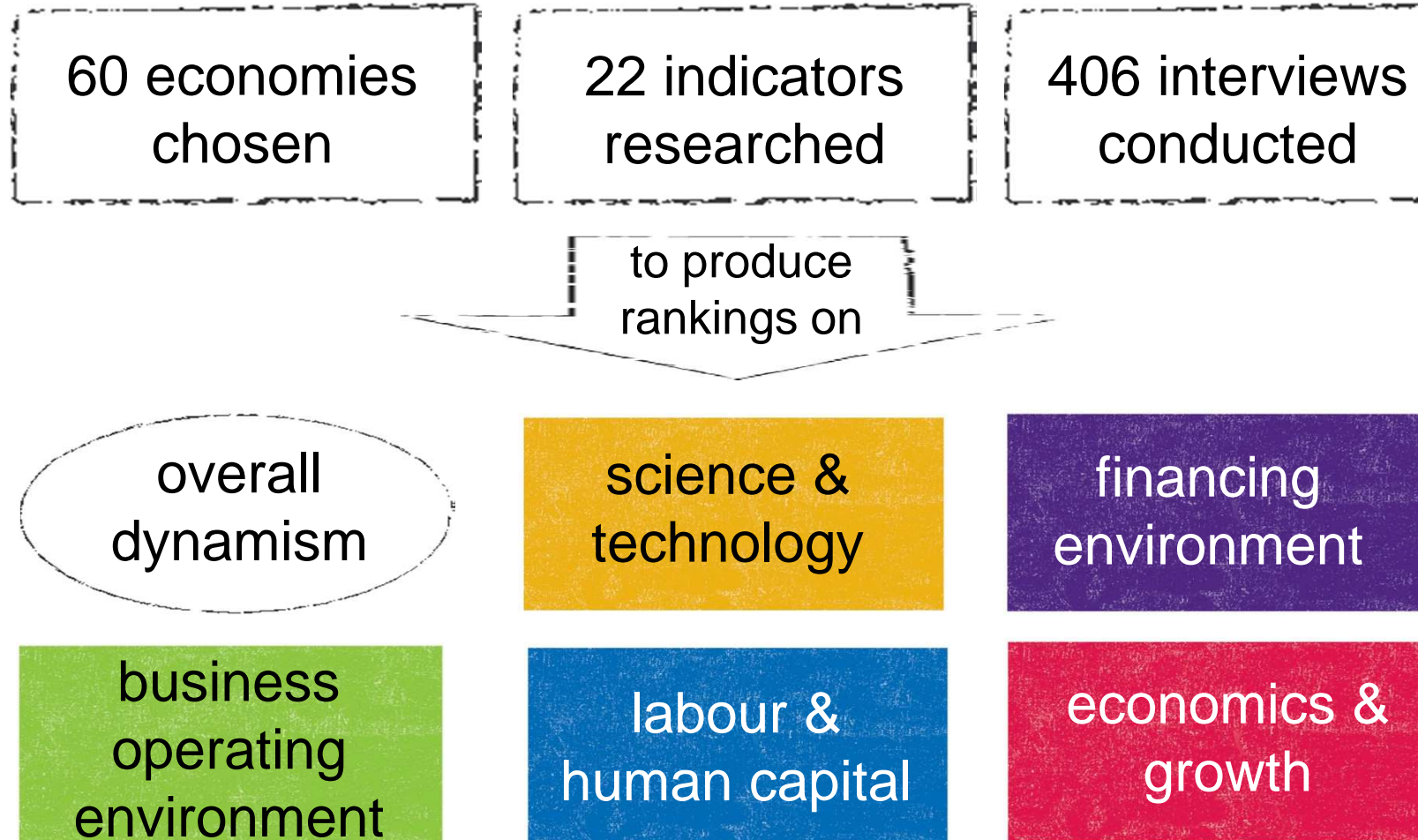
- economies are ranked on 22 indicators across five categories: business operating environment, science & technology, labour & human capital, financing environment, economics & growth

What is new in 2013?

- we have added 10 new economies since 2012: Algeria, Hong Kong, Kenya, Morocco, Pakistan, Peru, Romania, Saudi Arabia, Thailand, Ukraine



Methodology



Overall dynamism: top five

1

Australia

Up from 7 in 2012

2

Chile

Up from 11 in 2012

3

China

Up from 20 in 2012

4

New Zealand

Up from 13 in 2012

5

Canada

Up from 16 in 2012

Finland

Down from 2 in 2012

Overall dynamism: risers & fallers



Philippines (+25)



China (+17)



Venezuela (+15)

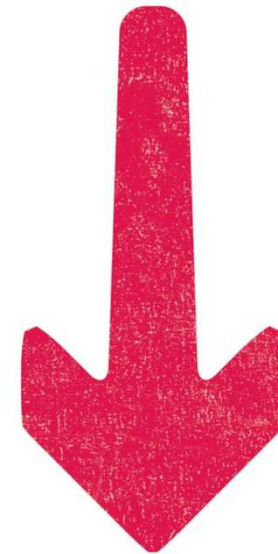
Argentina (-19)



Italy (-19)



Netherlands (-17)



Business operating environment

It can take many years for an economy to develop a sound business operating environment so advanced economies tend to score higher in this category.

Indicators

- political stability
- legal & regulatory risk
- private enterprise policy
- foreign trade & exchange controls



North America,
Western Europe, G7



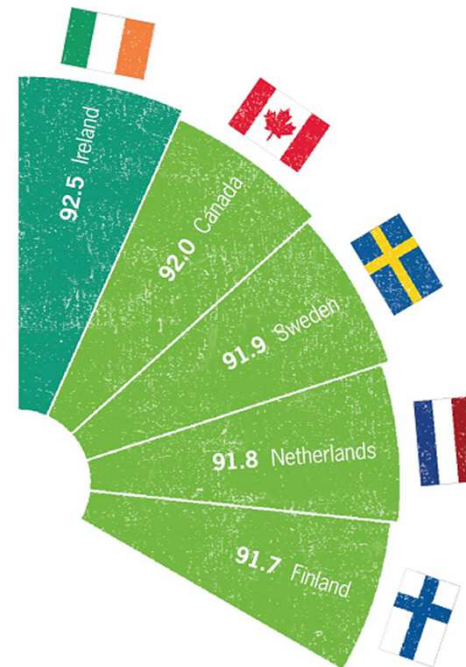
BRIC, MINT, Middle
East & Africa



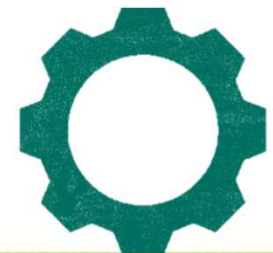
Chile is the top ranked
emerging economy (17)



Little movement in this category year to year,
but Switzerland moved up 2 places to rank 13=



- as in 2012, Ireland and Canada top the ranking
- the top five remain the same as 2012
- seven of top ten from Western Europe.



Science & technology

Investment in science & technology indicates whether an economy's infrastructure can keep up with dynamic business growth needs.

Indicators

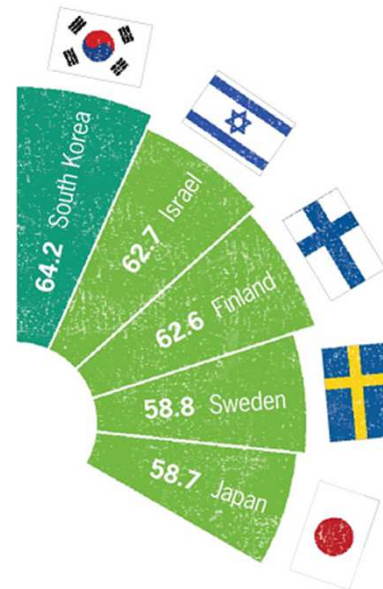
- research & development (R&D)
- broadband penetration
- broadband penetration growth
- IT spending growth



Developed APAC,
North America, G7



Latin America, MINT,
Middle East & Africa



- South Korea up three places due to increased R&D spending
- Japan up one place
- Israel, Finland, Sweden all remain in top five
- US and Germany also in top ten.



Venezuela (28) moved up 22 places due to 18.1% IT spending growth ahead of 2012 presidential election



China (14) moved up 8 places due to increase in level of R&D spend to 1.7% of GDP



Labour & human capital

However sound a business idea, it still takes the right people to translate it into growth. The best people increase productivity, save an organisation time and money and ultimately expand the business.

Indicators

- labour productivity growth
- unemployment
- time spent in education
- population under 30



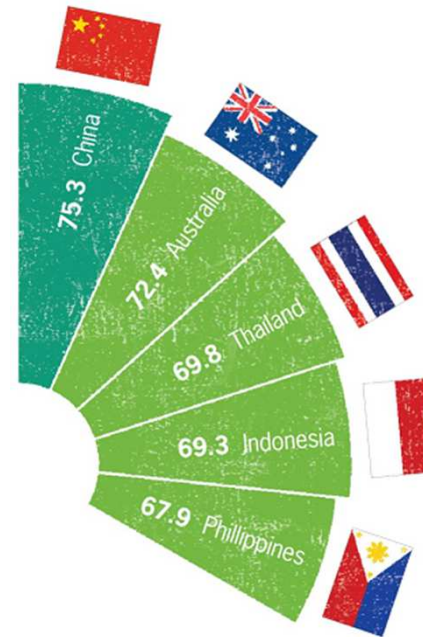
Emerging APAC,
Asia Pacific, Latin
America



Western Europe,
Eastern Europe +
Israel, Middle East
& Africa



Despite rising unemployment, Spain
posted 3.3% labour productivity growth
and climbed 25 places



- China climbs three places due to 7.4% labour productivity growth
- Australia and Indonesia both up five places
- Thailand straight in at three
- Philippines moves up 40 places.



Financing environment

Finance can bring the growth ambitions of a dynamic business to life. The impact of the financial crisis and the ensuing 'credit crunch' provides evidence of the importance of robust systems to economic growth.

- Indicators**
- financial regulatory system
 - access to capital
 - inward M&A deals
 - private sector indebtedness
 - inward direct investment
 - corporate tax burden



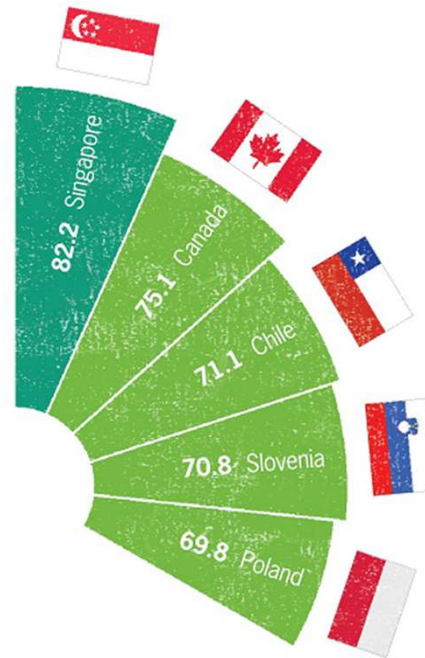
North America, Developed APAC, Eastern Europe + Israel



BRIC, MINT, Middle East & Africa



Brazil (14) and India (33=) both moved up 10 places in an otherwise poor wider performance



- Singapore remains top
- Canada climbs 11 places due to a decrease in private sector indebtedness
- Chile climbs one place and Slovenia six.



Economics & growth

A dynamic business needs demand to match its products and services in order to grow. Emerging markets tend to have an advantage in this category in that they are (generally) starting from a lower base and therefore have greater growth potential.

Indicators

- real GDP growth
- private consumption growth
- stockmarket growth



Emerging APAC, MINT, Latin America



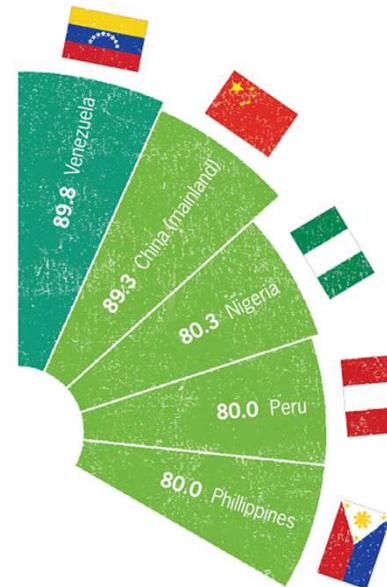
Eastern Europe + Israel, G7, Western Europe



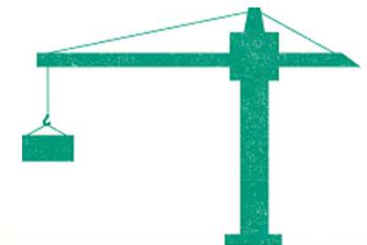
Despite the turmoil of the 'Arab Spring', Egypt improved across all three indicators



Economic performance in Japan and the US improved markedly from 2011



- Venezuela the big riser due to pre-election spending of Hugo Chavez
- Philippines climbs 11 places and Nigeria 4
- Peru straight in at 4
- China remains second



More information

More information about the Global Dynamism Index is available via www.gti.org/thinking

To go straight to the results, our data visualisation tool is available via www.globaldynamismindex.com

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