

Competitiveness Luxembourg – Singapore: partners or rivals?

Comparative study on the factors of competitiveness:
Luxembourg-Singapore,
Thierry Paccoud, Managing Director, InSyDe sarl



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Outline of the presentation

- **Introduction**
- **Competitiveness from a business perspective**
- **Other markers**
- **Conclusions**

Objectives of the study

**To compare Luxembourg and Singapore
analysing their economic and social contexts
and performances**

Two successive steps:

- Economic and social competitiveness and performances
- Social realities and quality of life

Base: indicators of the report from the Luxembourg
« Observatoire de la compétitivité »



Sequence of the work and outputs

August-September 2011

- Data gathering (Statec, Statistics Department Singapore, International data banks)

October 2011

- Specific chapter of the 2011 Luxembourg report on Competitiveness

December 2011

- Full report and statistical annex

May 2012 for the Conference

- Updated report



The study and the Conference

**Latest comparable data for key indicators
and competitiveness factors**

« Food for thoughts »



The business perception



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Main competitiveness ranking

	Luxembourg	Singapore	Number of countries
WEF – GCI 2011/12	23	2	142
IMD – Global CI 2011	11	3	59
Heritage Foundation – EFI 2012	13	2	179
Fraser Institute – EFW 2009	20	2	141

The Global Competitiveness Index 2011-2012 rankings

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Country/Economy	GCI 2011-2012		GCI 2010-2011	
	Rank	Score	Rank	Change
Switzerland	1	5,74	1	0
Singapore	2	5,63	3	1
Sweden	3	5,61	2	-1
Finland	4	5,47	7	3
United States	5	5,43	4	-1
Germany	6	5,41	5	-1
Netherlands	7	5,41	8	1
Denmark	8	5,40	9	1
Japan	9	5,40	6	-3
United Kingdom	10	5,39	12	2
Hong Kong SAR	11	5,36	11	0
Canada	12	5,33	10	-2
Taiwan, China	13	5,26	13	0
Qatar	14	5,24	17	3
Belgium	15	5,20	19	4
Norway	16	5,18	14	-2
Saudi Arabia	17	5,17	21	4
France	18	5,14	15	-3
Austria	19	5,14	18	-1
Australia	20	5,11	16	-4
Malaysia	21	5,08	26	5
Israel	22	5,07	24	2
Luxembourg	23	5,03	20	-3
Korea, Rep.	24	5,02	22	-2
New Zealand	25	4,93	23	-2
China	26	4,90	27	1

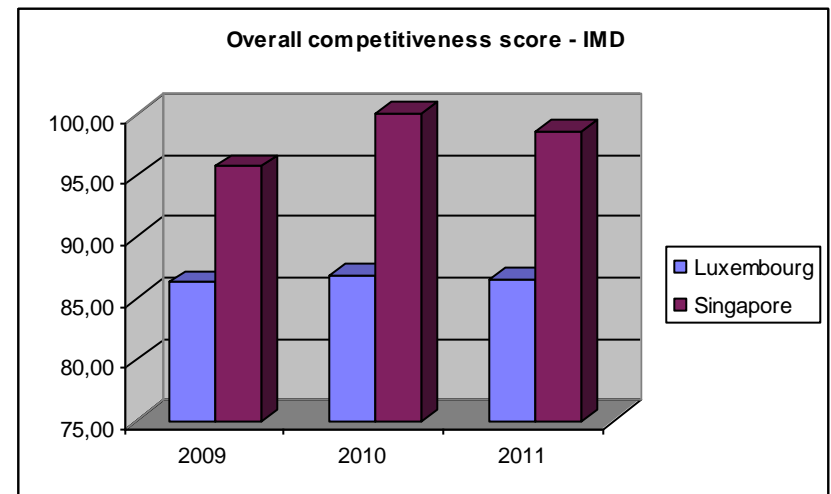
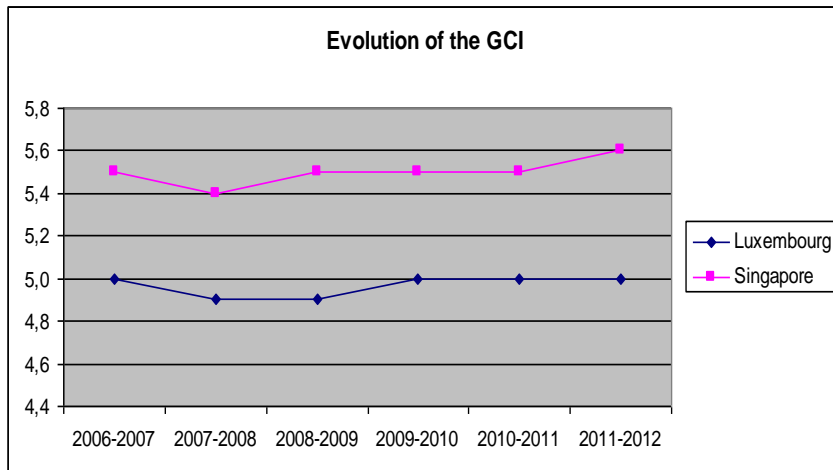
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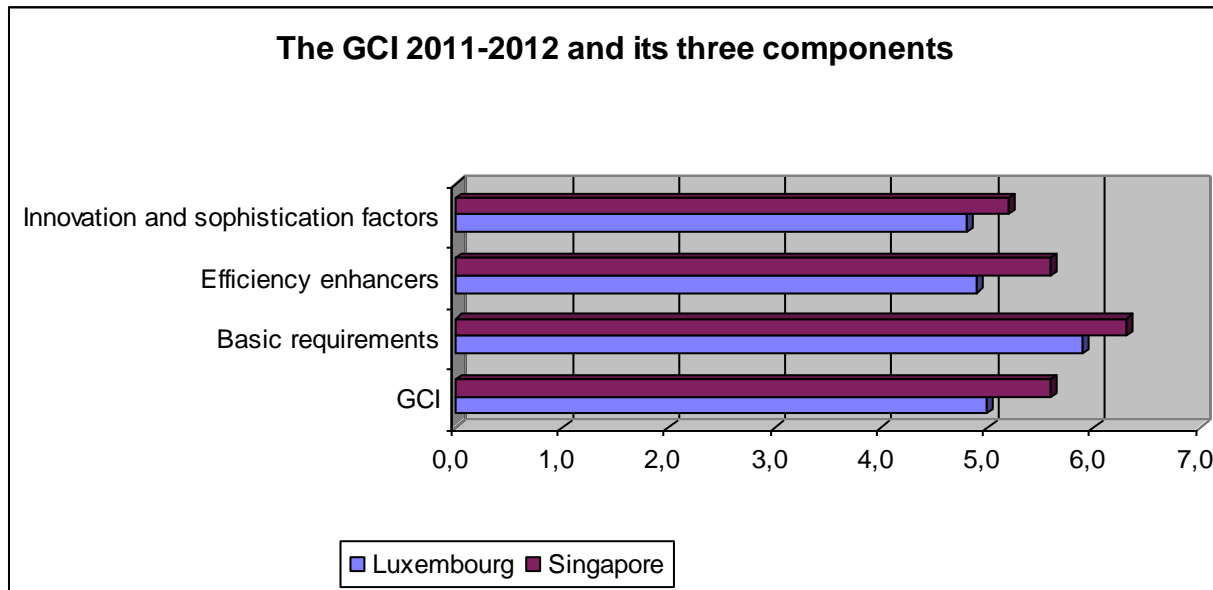
Recent trends - GCI and IMD



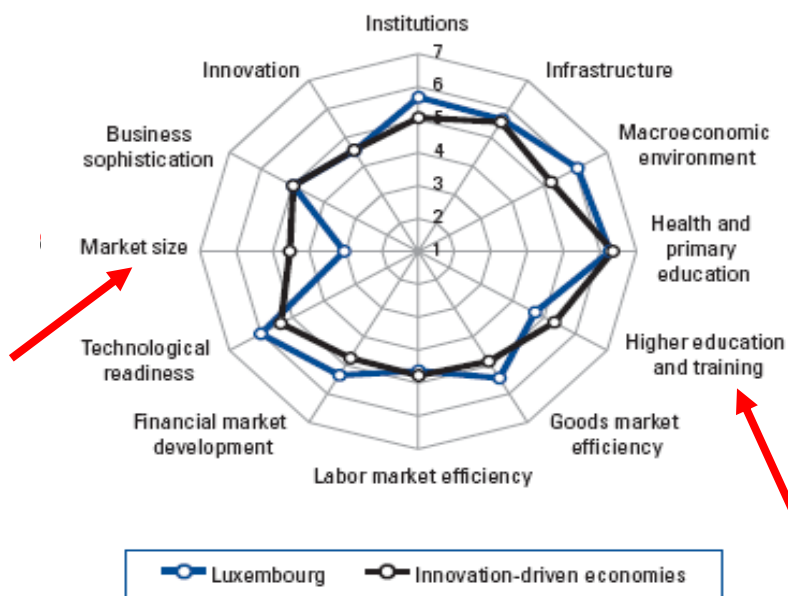
More details: the pillars of the GCI

Components	Pillars	Indicators
Basic requirements	Institutions	Property rights, public trust in politicians, judicial independence, Burden of government regulations, transparency, reliability of police services, protection of minority shareholder's interests...
	Infrastructure	Quality (roads, railways, port, air transport), electricity supply, fixed telephone lines, mobile phones ...
	Macroeconomic environment	Government budget, Gross national savings, Inflation, Interest rates, Debt, Credit rating ...
	Health and primary education	Business impact of HIV and tuberculosis, Infant mortality, life expectancy, quality of primary education ...
Efficiency Enhancers	Higher education and training	Secondary and tertiary enrollment rates, quality of education system (maths, sciences, management ...
	Goods market efficiency	Intensity of local competition, effectiveness of anti-monopoly policy, taxation, number of days to start business ...
	Labor market efficiency	Labor-employers relations, Flexibility of wage determination, rigidity of employment, pay and productivity, brain drain ...
	Financial market development	Availability and affordability of financial services, ease to access loans, soundness of banks ...
	Technological eadiness	Availability of latest technologies, level of absorption of the new technologies, internet users, internet bandwidth ...
	Market size	Domestic market and foreign market sizes (index), GDP, Exports...
Innovation and Sophistication factors	Business sophistication	Local suppliers (quantity and quality), cluster development, sophistication of the production process ...
	Innovation	Capacity for innovation, quality of scientific research institutions, Company spending on R&D, Collaboration industry-University in R&D, availability of scientists, patents ...

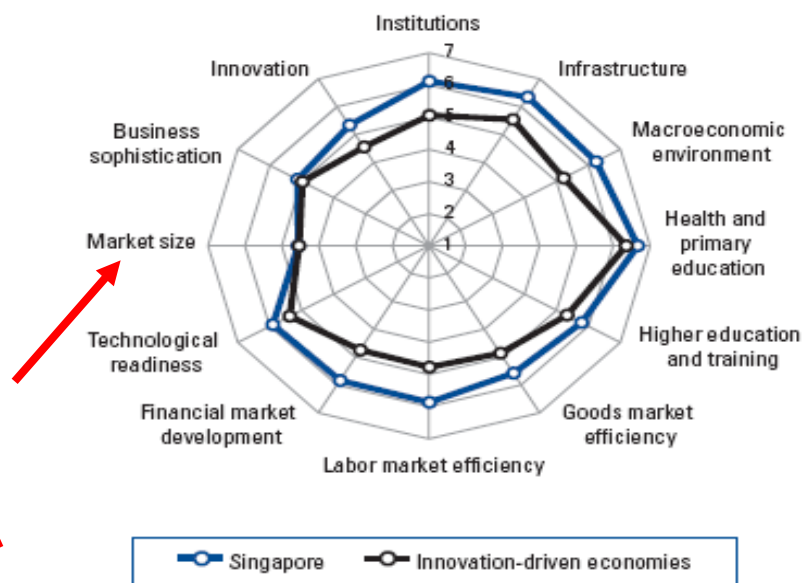
Details on the GCI: the 3 components of the index



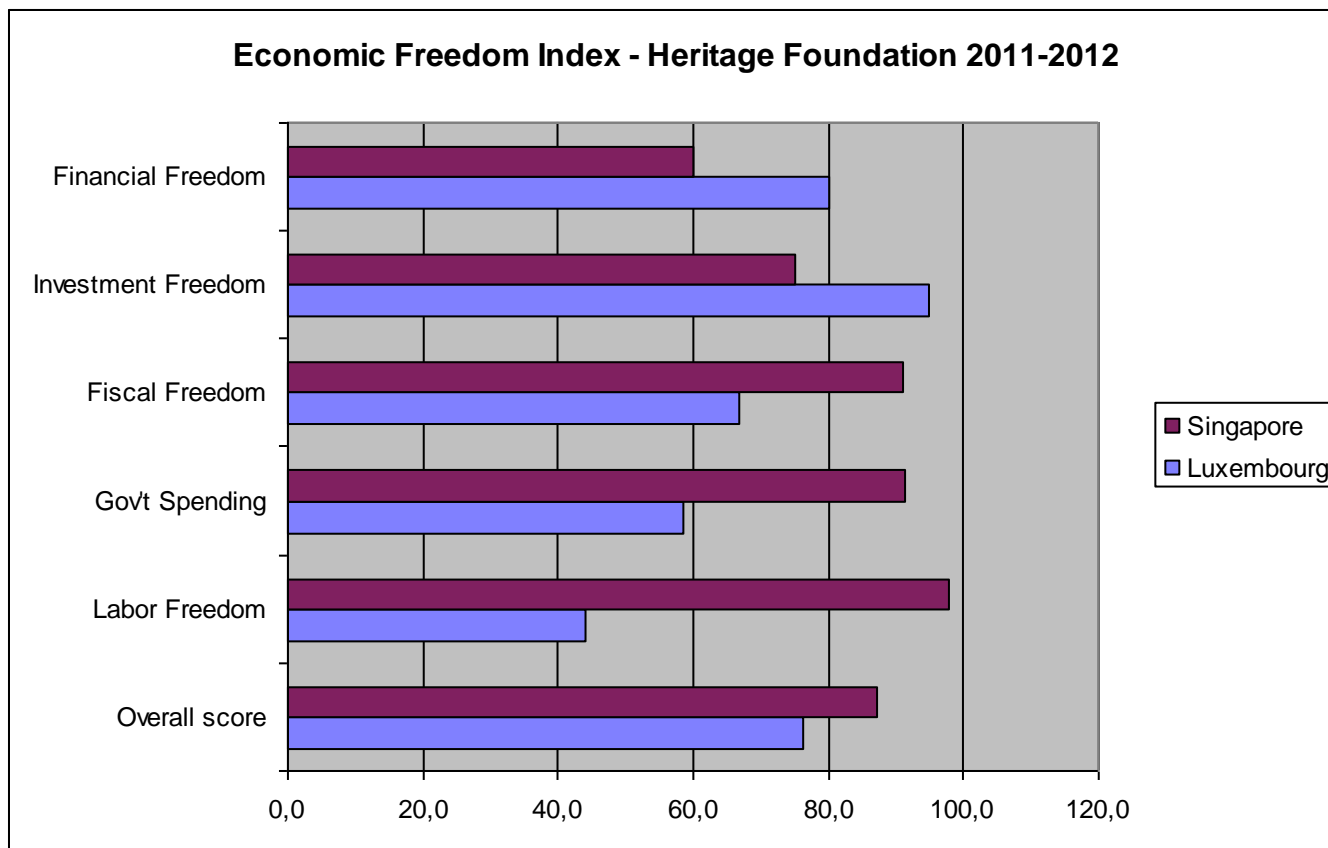
Stage of development



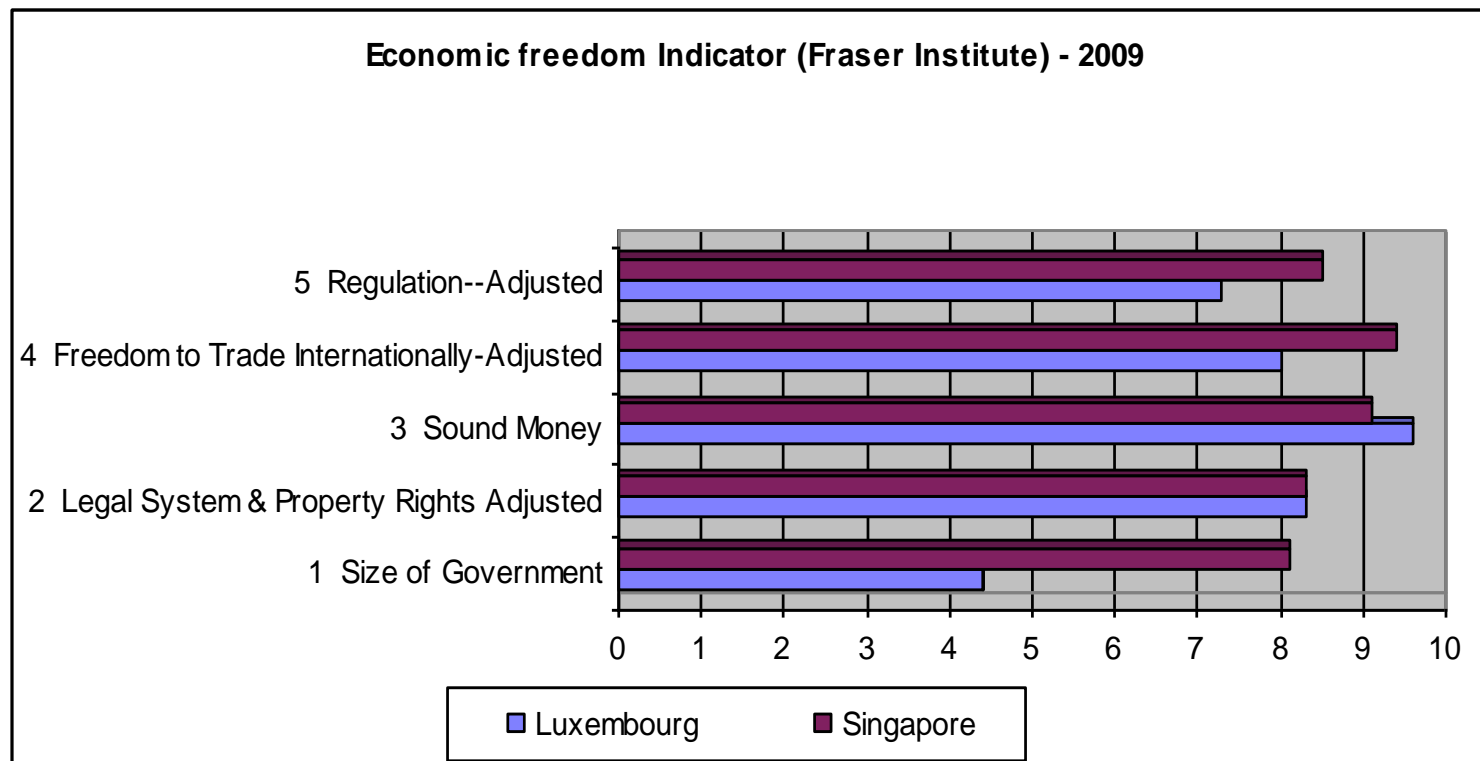
Stage of development



Economic Freedom Index – Heritage Foundation



Economic Freedom Indicator - Fraser Institute



IMD – Singapore>Luxembourg

	2010	2011
Legal and regulatory framework		
The legal and regulatory framework encourages the competitiveness of enterprises		
Luxembourg	5,76	6,23
Singapore	7,67	7,70

Adaptability of government policy

Adaptability of government policy to changes in the economy is high

Luxembourg	5,91	6,36
Singapore	8,30	8,04

Government decisions

Government decisions are effectively implemented

Luxembourg	5,94	6,35
Singapore	8,28	8,50

	2010	2011
Labor regulations		
Labor regulations (hiring/firing practices, minimum wages, etc.) do not hinder business activities		
Luxembourg	4,63	4,23
Singapore	7,45	7,05

Unemployment legislation

Unemployment legislation provides an incentive to look for work

Luxembourg	4,54	4,48
Singapore	7,41	7,14

IMD – Singapore>Luxembourg

	2009	2010	2011
Attitudes toward globalization			
Attitudes toward globalization are generally positive in your society			
Luxembourg	6,18	6,78	6,29
Singapore	7,75	7,70	7,82
National culture			
The national culture is open to foreign ideas			
Luxembourg	7,20	7,73	7,46
Singapore	7,85	8,08	8,00
Flexibility and adaptability			
Flexibility and adaptability of people are high when faced with new challenges			
Luxembourg	5,42	6,12	6,04
Singapore	7,08	7,03	6,77
Need for economic and social reforms			
The need for economic and social reforms is generally well understood			
Luxembourg	5,42	5,16	5,22
Singapore	7,60	7,24	7,03
Value system			
The value system in your society supports competitiveness			
Luxembourg	6,33	6,09	6,33
Singapore	7,92	8,08	7,61

IMD – Singapore<Luxembourg

	2010	2011
Social responsibility		
Social responsibility of business leaders is high		
Luxembourg	7,01	6,85
Singapore	6,08	6,17
Health, safety & environmental concerns		
Health, safety & environmental concerns are adequately addressed by management		
Luxembourg	7,19	7,56
Singapore	6,63	6,99
Quality of life		
Quality of life is high		
Luxembourg	9,24	9,09
Singapore	8,23	8,04

Some preliminary conclusions

- **Regulations and infrastructures are more conducive to economic freedom and competition in Singapore than in Luxembourg.**
- **The Government of Singapore is better trusted than the one of Luxembourg for its capacity to manage the country and to implement its decisions.**
- **Values and attitudes in Singapore are more positive on competitiveness and changes than in Luxembourg.**
- **Labour market in Singapore is more flexible and adaptable to changes than in Luxembourg.**

Other markers

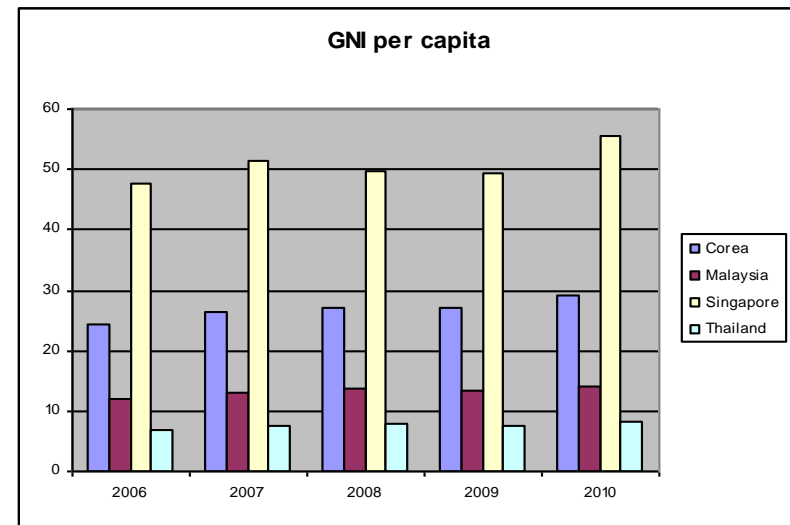
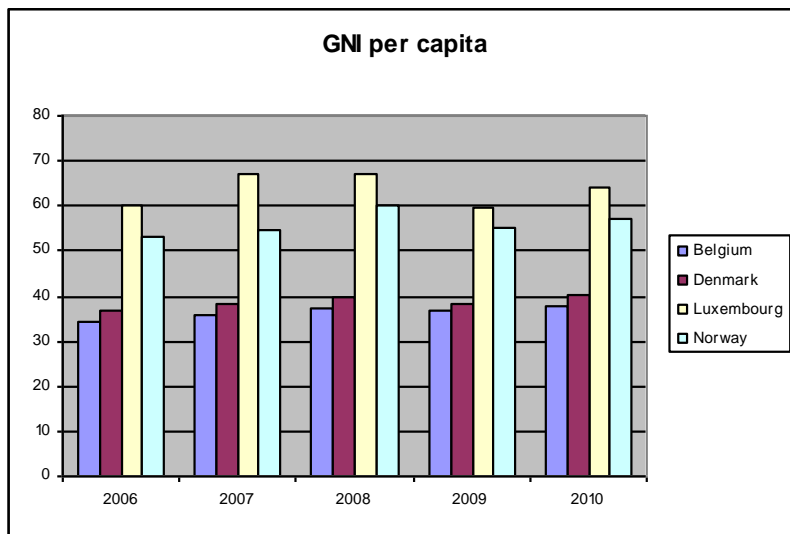
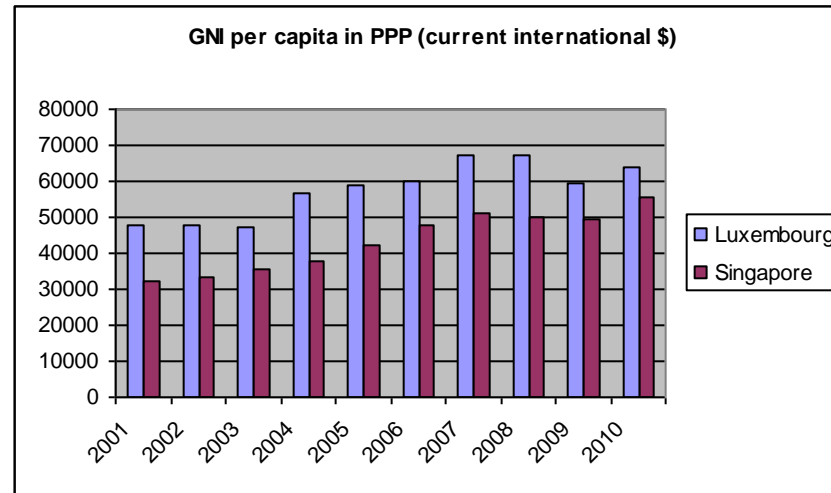


Economic wealth and its distribution

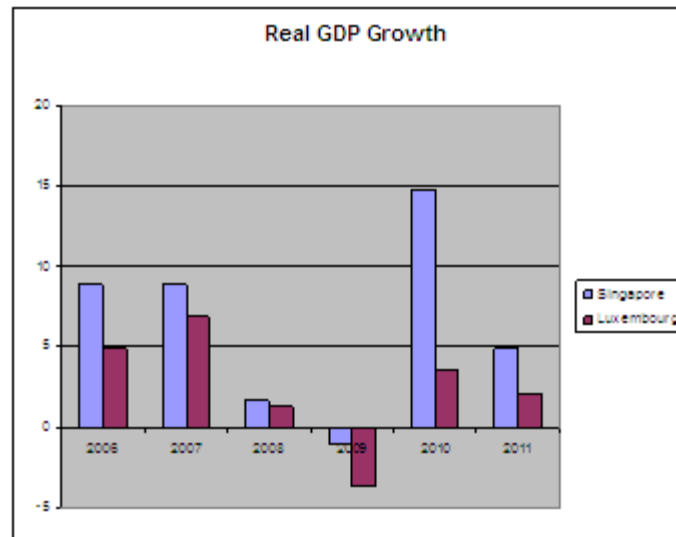


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Gross National Income



GDP Growth

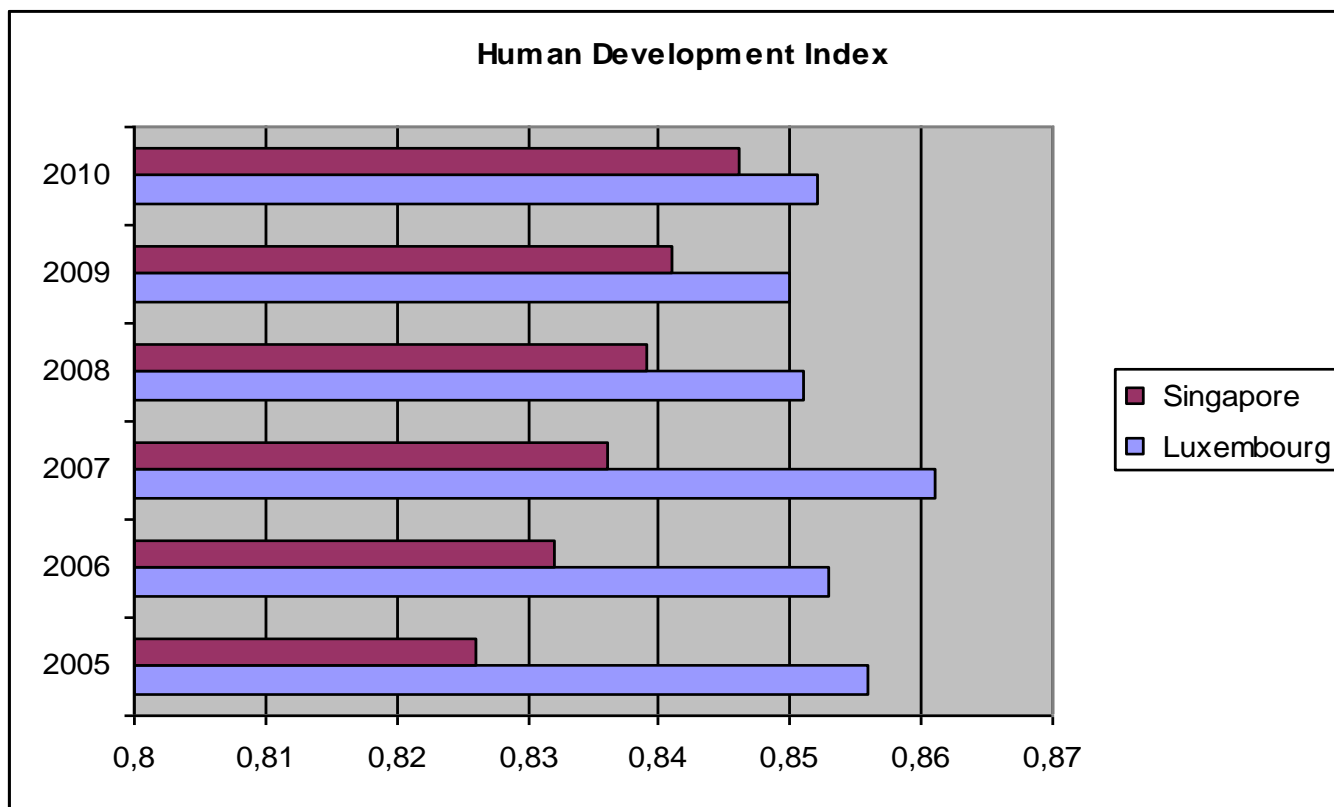


Inequalities

2009	Luxembourg	Singapore
Gini coefficient	30,8	42,5
Percentage of households income going to the lowest 10% households	3.5	1.9
Percentage of households income going to the highest 10% households	23.8	32.8

Source: UNDP

HDI (Income, Education and health)



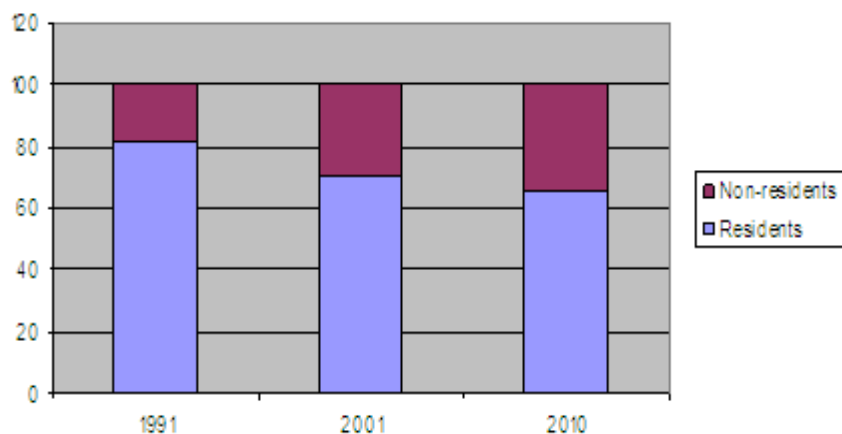
Employment and the labour market



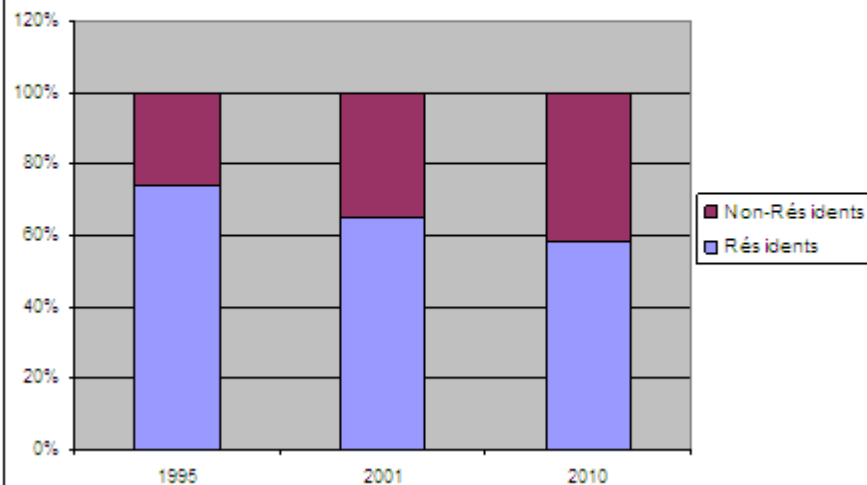
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Residents and non-residents

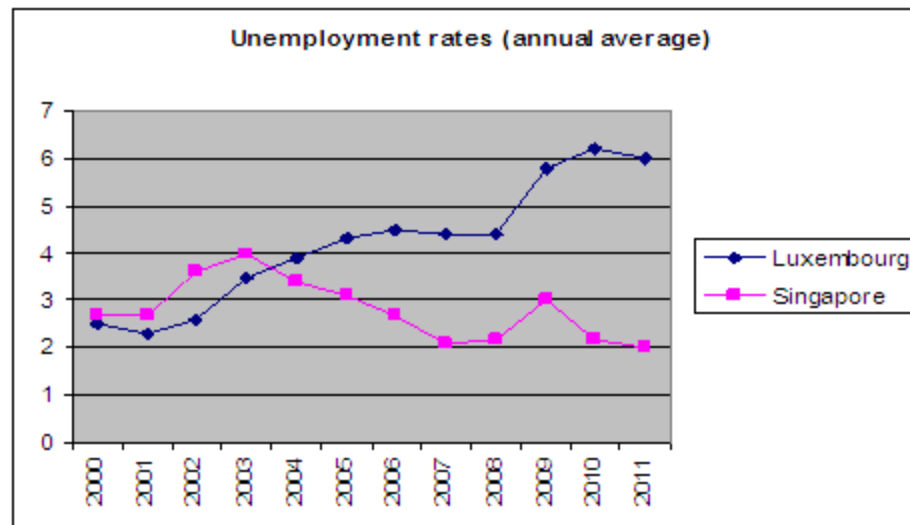
Share of Residents and non-Residents in the work force (%) - Singapore



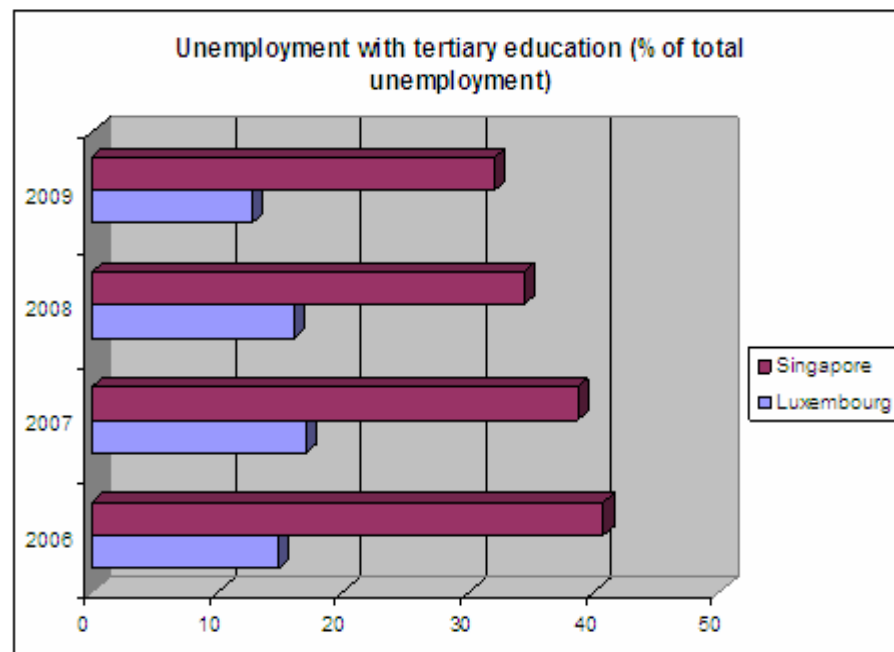
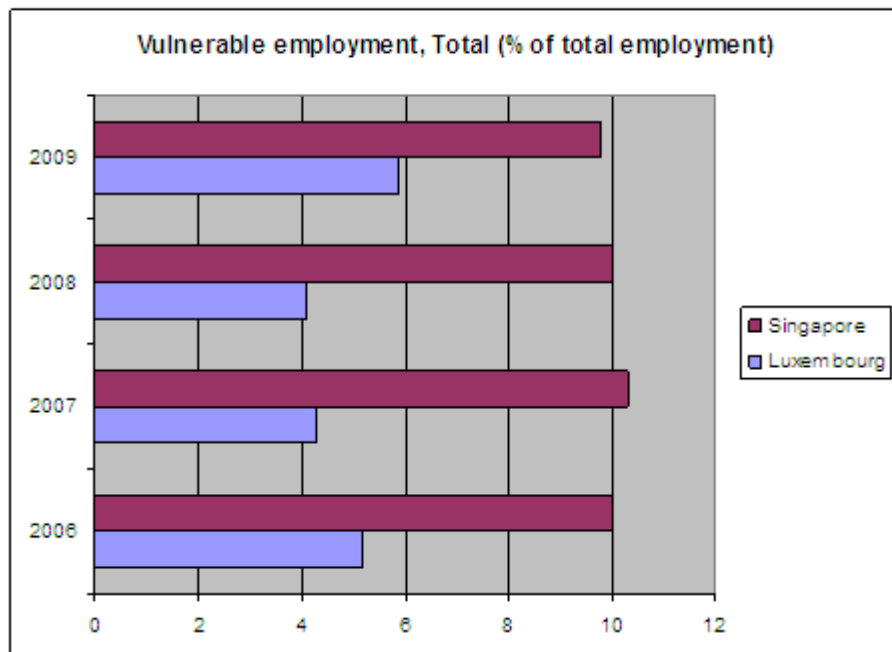
Share of Residents and non-Residents in Domestic Employment (%) - Luxembourg



Unemployment

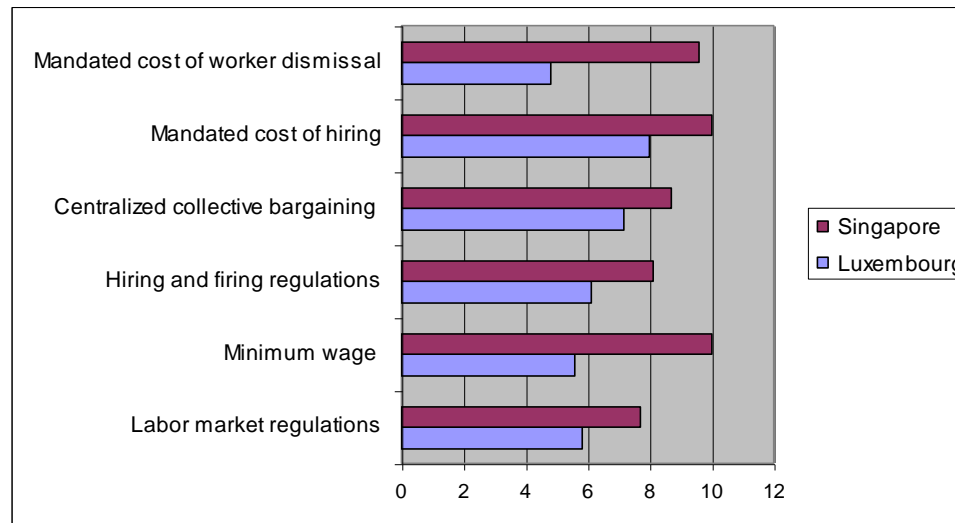


Some key differences



Labour Market Flexibility

Labour market regulations – Luxembourg & Singapore, 2009



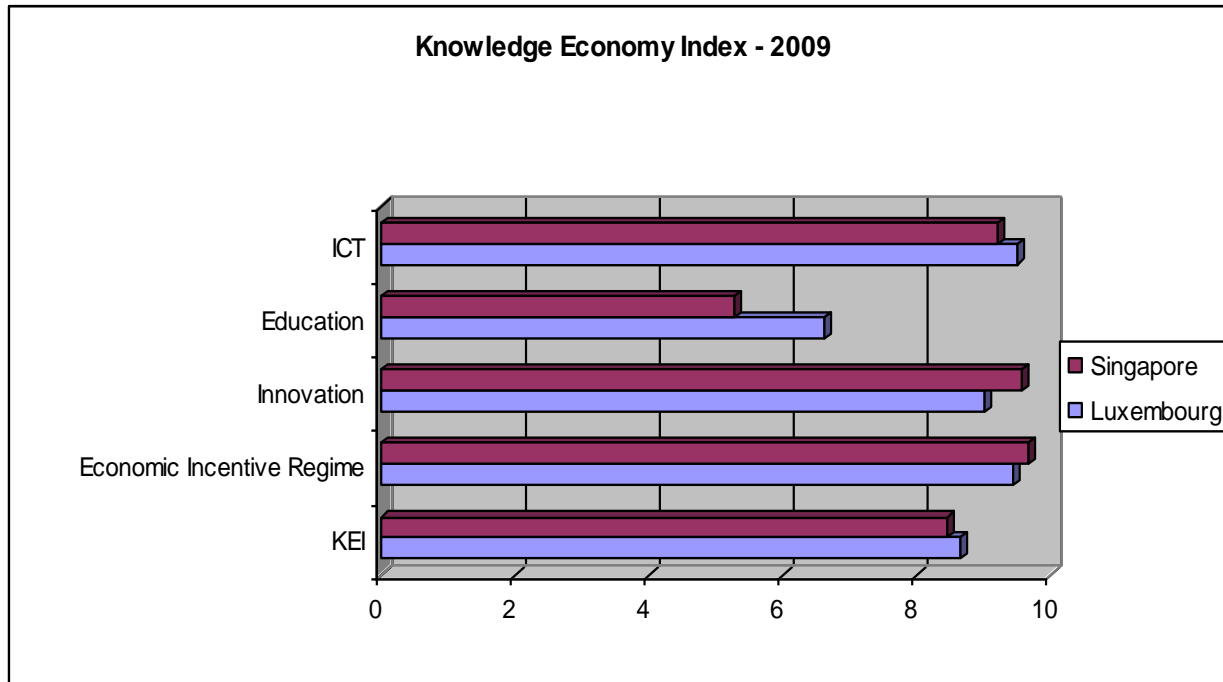
Source: Fraser Institute

Knowledge economy



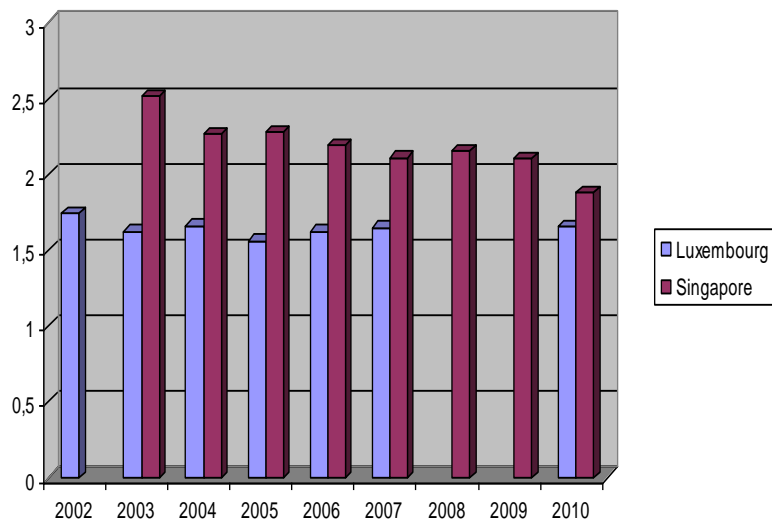
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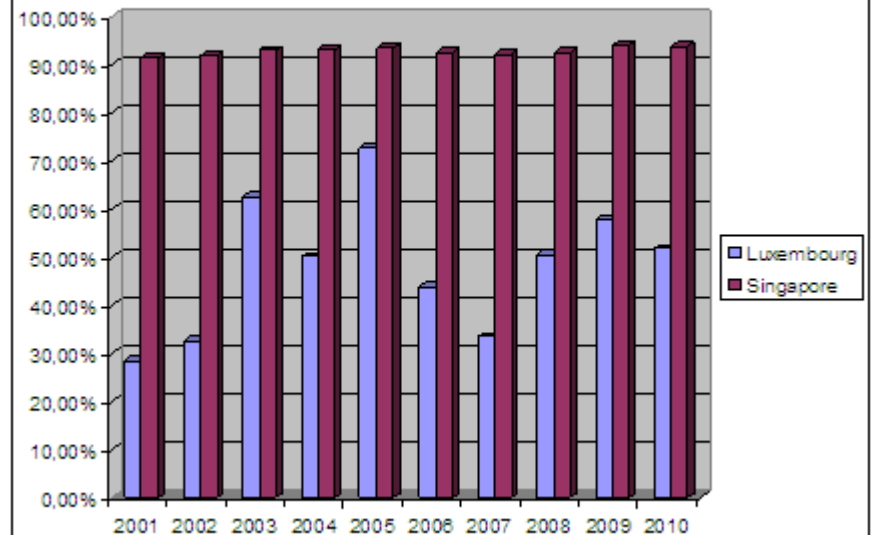


Some indicators

Research and Development expenditure (% of GDP)



Share of applications by non-residents (%)



World bank markers

Doing business – Luxembourg & Singapore, 2011

2011	Luxembourg	Singapore
Overall rank	50	1
Starting a business	81	4
Dealing with construction permits	33	3
Getting electricity	63	5
Registering property	134	14
Getting credit	150	8
Protecting investors	122	2
Paying taxes	17	4
Trading across borders	31	1
Enforcing contracts	1	12
Resolving insolvency	49	2

Source: World Bank

Governance indicators



World bank markers

	2004	2005	2006	2007	2008	2009
Voice and accountability						
LUXEMBOURG	96	96	98	99	98	98
SINGAPORE	49	52	36	34	35	35
Political stability						
LUXEMBOURG	95	95	99	100	100	96
SINGAPORE	87	85	93	88	97	90
Government Effectiveness						
LUXEMBOURG	95	96	92	92	94	96
SINGAPORE	96	99	99	100	100	100
Regulatory Qual.						
LUXEMBOURG	99	99	97	97	96	96
SINGAPORE	100	100	98	100	100	100
Rule of law						
LUXEMBOURG	98	97	95	96	97	98
SINGAPORE	94	96	92	92	93	92
Control of Corruption						
LUXEMBOURG	93	93	94	95	96	95
SINGAPORE	99	98	98	98	99	99



Autres marqueurs

	Luxembourg	Singapore
Reporters sans Frontières - indice de liberté de la presse		
Classement 2011 (179 pays)	16	136
Pricay International		
Classement 2006 (36 pays)	13	34

Logistics



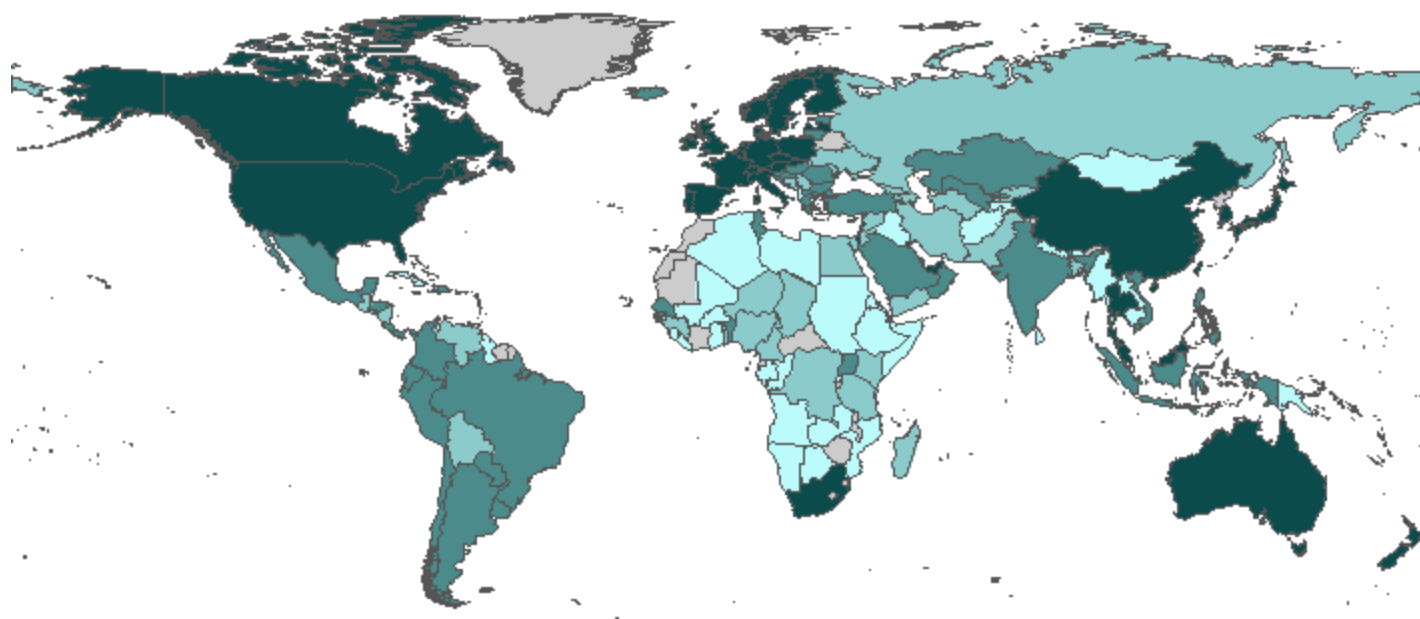
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Logistics Performance Index

Logistics Performance Index – Germany, Luxembourg & Singapore, 2010

	Luxembourg	Singapore	Germany
Overall LPI			
score	3,98	4,09	4,11
rank	5	2	1
Customs			
score	4,04	4,02	4,00
rank	1	2	
Infrastructure			
score	4,06	4,22	4,34
rank	9	4	
International shipments			
score	3,67	3,86	3,66
rank	7	1	
Logistics competence			
score	3,67	4,12	4,14
rank	21	6	
Tracking & tracing			
score	3,92	4,15	4,18
rank	19	6	
Timeliness			
score	4,58	4,23	4,48
rank	1	14	

Source: World Bank

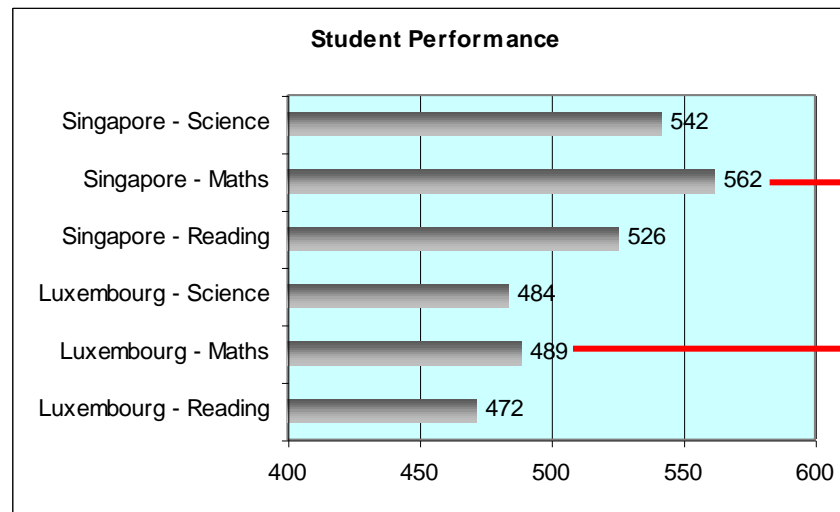


Education



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Performances in Sciences – grades – Luxembourg & Singapore, 2011



Source PISA 2011

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"How many hours do you typically spend per week attending <out-of-school-time lessons> in the following subjects (at school, at home or somewhere else)? - <Science>".

	Luxembourg	Singapore
Do not attend	57.46	37.26
Less than 2 hours a week	5.59	15.62
2 up to 4 Hours a week	2.53	20.26
4 up to 6 hours per week	1.87	8.93
6 or more hours a week	1.11	4.30

"What type of <out-of-school-time lessons> do you attend currently?"

"Enrichment lessons> in <Science>"

	Yes	No
Luxembourg	4,62	93,62
Singapore	33,87	65,25

Values



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Job

		Luxembourg	Singapore
Important in a job: good pay	Not mentioned	34.4 %	21.5 %
	Mentioned	65.6 %	78.5 %
	Total	1211 (100%)	1512 (100%)
Important in a job: not too much pressure	Not mentioned	64.2 %	52.9 %
	Mentioned	35.8 %	47.1 %
	Total	1211 (100%)	1512 (100%)
Important in a job: good job security	Not mentioned	40.9 %	34.4 %
	Mentioned	59.1 %	65.6 %
	Total	1211 (100%)	1512 (100%)

Future changes

		Luxembourg	Singapore
Future changes: Less emphasis on money and material possessions	Good thing	70.7 %	37.9 %
	Don't mind	11.9 %	46.0 %
	Bad thing	17.4 %	16.2 %
	Total	1153 (100%)	1511 (100%)
Future changes: Less importance placed on work	Good thing	47.1 %	28.7 %
	Don't mind	12.7 %	37.5 %
	Bad thing	40.2 %	33.8 %
	Total	1151 (100%)	1508 (100%)
Future changes: More emphasis on family life	Good thing	88.2 %	93.1 %
	Don't mind	8.9 %	4.6 %
	Bad thing	2.9 %	2.3 %
	Total	1169 (100%)	1506 (100%)

Cheating on taxes

		Luxembourg	Singapore
Justifiable: cheating on taxes	Never justifiable	40.8 %	67.5 %
	2	11.6 %	14.3 %
	3	9.8 %	5.8 %
	4	6.4 %	3.0 %
	5	9.4 %	3.9 %
	6	5.9 %	1.2 %
	7	4.2 %	1.5 %
	8	5.1 %	1.1 %
	9	1.5 %	0.1 %
	Always justifiable	5.3 %	1.6 %
	Total	1167 (100%)	1506 (100%)

Conclusions



From the business perspective

	Luxembourg	Singapore
1 st problematic factor	Restrictive labour regulations	Inflation
2 nd problematic factor	Inefficient Government bureaucracy	Restrictive labour regulations
3 rd problematic factor	Inadequately educated workforce	Inadequately educated workforce
4 th problematic factor	Inflation	Poor ethic in national labour force

Source: World Economic forum – Competitiveness report 2011-2012

Physical infrastructures

The state of readiness and development of the physical infrastructures allowing:

- the rapid circulation and exchange of information
- the fast integration of technical progress in the production process.

The legal and regulatory framework

More conducive to attracting and developing business activities.



Ability of the Government

to act quickly and wisely for taking benefit from opportunities and adapting to changes.

Values and attitudes

Government and the bureaucracy

Businesses

The population

Thank you for your attention!!!

Thierry.Paccoud@InSyDe.lu



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