

InvestChile Executive Summary

Title of Study: **IMD World Competitiveness Ranking 2024**

Author of Study: **IMD / World Competitiveness Center**

The World Competitiveness Ranking prepared by the International Institute for Management Development Switzerland (IMD) includes a set of macroeconomic, social and business management variables that allow us to determine competitive advantages and weaknesses, in order to better understand the structural challenges faced by countries.

Measuring competitiveness becomes more complex every year. The global economy is moving toward a new set of key performance indicators. Currently and in the future, the prosperity of nations will be measured according to their capacity to guarantee this condition to future generations, while preserving the quality of life of current generations. This requires an appropriate balance of economic, social, cultural and environmental objectives.

IMD identifies three major challenges that prosperous economies must face over the next decade: the insertion of emerging markets, the advent of the fourth industrial revolution, and the transition to zero carbon and circular economy.

In 2024, 67 economies are evaluated on four factors. The 2024 ranking shows that the most competitive economies combine strong economic performance with efficient and effective public-private sectors, high-quality infrastructure, and social and human capital. It also highlights not only developed countries, but also emerging countries, especially in terms of innovation and digitalization, among which Chile is mentioned.

Chile's Performance

Chile placed 44th in the ranking. The overall result places Chile in the same position as last year's evaluation, and it continues to rank first in Latin America.

In this ranking, Chile has always led the region, obtaining the following positions in recent years:

Country	2020	2021	2022	2023	2024
Chile	38	44	45	44	44
Mexico	53	55	55	56	56
Colombia	54	56	57	58	57
Brazil	56	57	59	60	62
Peru	52	58	54	55	63

Argentina	62	63	62	63	66
Venezuela	63	64	63	64	67

The study contemplates four main pillars in the evaluation of countries' competitiveness.

- Economic performance
- Government efficiency
- Business efficiency
- Infrastructure

Chile rose in three of these pillars, dropping only in economic performance. However, in this last pillar, it stands out for its good performance in international investment and price stability. In terms of government, the ranking highlights Chile for its public finances and business legislation.

Challenges for Chile

Chile leads the countries in the region; however, South America is at the lowest level of the pillars evaluated. Therefore, the country faces the following challenges if it wants to improve its competitiveness.

- Reform the political system to reduce fragmentation and improve governance.
- Reduce legal uncertainty to encourage investment and growth.
- Improve public safety by strengthening and supporting police work.
- Increase productivity by applying new technologies and artificial intelligence.
- Improve the quality and relevance of education on different levels.

Regional Competitiveness Trend in 2024

On a macro level, growing geopolitical tension is challenging the stability of the global economy, exacerbating underlying global problems. Another issue is the growing trade friction between the United States and China, which ultimately affects the finances of other countries. All of the above leads to a global slowdown. On a micro level, there are significant challenges in the implementation of artificial intelligence.

While East Asia and Western Europe remain the most competitive regions in the world, South American economies continue to decline in competitiveness. The subregion ranks 60th on average, representing the lowest level since 2020.

There were significant differences in the global trends that executives consider most important to their business practices. In most sub-regions, the main concern is the AI technology-driven transformation underway in many industries and sectors. Business leaders in East Asia and Eastern Europe, however, are more concerned about the global recession.