GLOBAL ATTRACTIVENESS INDEX

The barometer of country’s attractiveness

Lorenzo Tavazzi
Head Scenario and Intelligence Division

For the fourth consecutive year, The European House - Ambrosetti has been nominated - in the "Best Private Think Tanks" category - the No. 1 Think Tank in Italy, ranking in the European top ten and ranking in the World top one-hundred independent out of 6,846 Think Tanks globally, in the University of Pennsylvania 2016 Global Go To Think Tanks Report.

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The European House – Ambrosetti

- The European House – Ambrosetti (TEH-A), established in 1965, is a consultancy firm headquartered in Italy and with offices world-wide.

- **TEH-A is among the world’s top private think tanks** (the University of Pennsylvania ranked TEH-A 1st in Italy and in the top ten in Europe).

- TEH-A provides strategy and management consulting services, strategic scenarios and research, forums and top-executive education programs.

- Our flagship forum “Intelligence On The World, On Europe, On Italy” ("Villa d’Este Forum") is one of the most important gatherings of top executives taking place in Europe; 2017 has marked the **43rd forum**.
The European House – Ambrosetti: key facts and figures*

300 EVENTS
2,000 EXPERTS
10,000 MANAGER
Over 100 STUDIES AND RESEARCH
1° CONSULTING FIRM
1° THINK TANK
Over 50 YEARS
400 CLIENTS
200 PEOPLE
Over 70 FAMILY BUSINESSES
12 COUNTRIES
130 ENGINEERS

Organized meetings and gatherings yearly
National and international experts involved in per year
Accompanied in their search for growth and development
Addressed to Italian and international institutions per year
In cross-border M&A operations, with its affiliate K-Finance
1st in Italy, in the European top ten and in the World top one-hundred most-esteemed independent out of 6,846 Think Tanks globally (*)
Working alongside entrepreneurs to help them grow
Served in consulting per year
Demonstrating their passion and commitment
Served each year, through counseling in the Family Agreements and Governance Systems
Direct presence or partnership
Dedicated to the digital transformation consultancy by partnering with CEFRIEL (Politecnico of Milan)

(*) In the University of Pennsylvania 2016 Global Go To Think Tanks Report

(*) With reference to a single year
Attractiveness is the most important aspect of competitiveness: there is no competitiveness if there is no attractivity

In a globalized world, the **competitiveness** (in comparative terms) of a territory is essential

If a territory is competitive it is also attractive: external stakeholders want to come and **use the skills and assets** that make it competitive

**Attractiveness** is thus an essential feature of the competitiveness of a territory

This stimulates the **local enterprises (and territories) to improve** and become even more competitive

This stimulates **positive spinoffs** (increased income, value added and employment, better quality and quantity of capital available, cultural cross-fertilization, widespread innovation, etc.)

To be attractive means to **attract «inputs» for growth** (capital, skills, people, know how, investments, etc.)

Source: The European House – Ambrosetti, 2017
Mission and objectives of the Global Attractiveness Index initiative (GAI)

Launched in 2015 with the mission of:
Making available to international decision makers an index able to provide a sound representation of country's attractiveness and competitive sustainability and, thus, reliable guidance to support business choices and public policy

1. Analyzing the methodologies applied by main international rankings and highlight and building an innovative and reliable Index on country-attractiveness
2. Identifying attractiveness’ Key Performance Indicators (KPI) and set up an interpretative model (“Tableau de Bord”)
3. Studying the best practices to manage the country’s image and positioning in international rankings
4. Devising recommendations and proposals for an effective strategy in order to improve the Country image and attractiveness
The partners of the initiative

**PARTNERS**

- ABB
- TOYOTA
- Unilever

**SCIENTIFIC COMMITTEE**

- **Enrico Giovannini**
  Full Professor of Economic Statistics, Università Di Roma “Tor Vergata”; former President ISTAT and Minister of Labour and Social Policies

- **Ferruccio de Bortoli**
  Journalist, Chairman, Casa Editrice Longanesi and Associazione Vidas

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TEH-A WORKING TEAM: Lorenzo Tavazzi, Massimiliano Sartori, Cetti Lauteta, Benedetta Brioschi, Arianna Landi, Diego Begnozzi, Silvia Caliaro with the supervision of Valerio de Molli
Every year we present the annual GAI report at the TEH-A’s Forum in Cernobbio

Key facts and figures of the 2017 edition of the TEH-A’s Forum “Intelligence on the World, Europe and Italy”
September 1-2-3, Villa d’Este (Cernobbio)

- For the 4th year in a row The European House - Ambrosetti (TEH-A) has been named the No. 1 Think Tank in Italy, in the European top ten and in the World top one-hundred independent out of 6,846 Think Tanks rankings, according to University of Pennsylvania
- Italian Prime Minister, Undersecretary of State to the Presidency of the Council of Ministers, 7 Ministries of Italian Government
- The 1st Vice-President of the European Commission and 4 European Commissioners
- 7 foreign Governments represented, Eurogroup President, European Central Bank Vice-President and OECD Secretary-General
- Launch of the Peres Heritage Initiative for young talents under 35
- National and international Media
- 3rd survey of the 2017 Ambrosetti Club Economic Indicator
- 18 working sessions
- 15 Countries
- 9 TEH-A studies presented: e-Mobility Revolution, Technology and Labour, The future of Urban Mobility, Global Attractiveness Index, Judicial system and corruption in Italy, Brexit one year later, Celebrating the 60th anniversary of the Treats of Rome, Macroeconomic forecasts of main global economies and the Ambrosetti Club Economic Indicator
- 90% international speakers in the first 2 days
- More than 60 speakers
- Strictly limited participation to 200 international and Italian top manager
... in addition the GAI initiative had visibility in several other events

- Presentation to Bruxelles’ business community (September 2016, Bruxelles)
- Presentation at Tech Insight 2016 (October 2016, Milan)
- Communication Forum TEH-A/WPP: “The role of communication for tomorrow’s society – Generate value and cultural change” (November 2016, Milan)
- Presentation at BizTravel Forum 2016 (November 2016, Milan)
- On-line session Ambrosetti Live, with more than 500 Italian and foreign managers (November 2016, Milan)
- Round Table Ambrosetti Club (December 2016, Milan)
- Presentation at Italy-Spain Chamber of Commerce (March 2017, Milan)
- Presentation at Italy-Germany Chamber of Commerce (May 2017, Milan)
- Presentation at «Invest in Italy» event in Farnesina (June 2017, Rome)
- Presentation at «Invest in Italy» event in Turkey (June 2017, Istanbul)
- Presentation at the German Embassy (June 2017, Rome)
- Presentation at European Political Strategy Centre - EPSC (June 2017, Bruxelles)
- Presentation at Sweden Embassy in Italy (July 2017, Rome)
- Presentation at Oporto Stock Exchange (July 2017, Oporto)
- Presentation at Philippine Embassy in Italy (July 2017, Rome)
- Presentation at Club dell’Economia (July 2017, Rome)
- Presentation at XII Italian Ambassadors’ Conference (July 2017, Rome)
- Round Table Ambrosetti Club (October 2017, Rome)
The objectives defined to build the Global Attractiveness Index (GAI)

**REPLICABILITY**
Annual update, allowed by the usage of variables (KPI) **periodically detected** from main international institutions

**OBJECTIVITY**
Principally based on **quantitative and objective variables** coming from main international database

**SOUNDNESS**
Few proxy indicators, non-dependent between each other

**MEANINGFULNESS**
Focus on results (output) compared to efforts (input)

GAI goal: **measure the attractiveness of a Country**, critical element to evaluate its development capability

**INTERNAL**
Capability to **retain** resources already in the Country

**EXTERNAL**
Capability to **attract** resources not yet in the Country

Source: The European House – Ambrosetti, 2017
We have identified 4 attributes to define a country’s attractiveness ...

- **Openness**: Allows the *circulation* of human and economic resources
- **Endowment**: Owns *distinctive and valuable assets* with a strong ranking in the mind map (business community and public opinion)
- **Innovation**: Promotes *scientific and technological progress* both for companies and citizens
- **Efficency**: Ensure the *correct functioning* of capital market, products market and labor market

Source: The European House – Ambrosetti, 2017
Global Attractiveness Index – The Barometer of country’s attractiveness

... and identified the characteristics of a country’s sustainability

Reacts adequately to shocks

Has sound macro-economics, institutional and social fundamentals

High life standards and environment standards

Resilience (+)

Reacts to/absorbs shocks and/or crisis or uncertainty periods and is capable to positively adapt itself to changes, adjusting institutional, social and economic structures and models.

Vulnerability (-)

Is exposed to negative impacts coming from harmful situations/events (internal or external), because of its intrinsic economic, social and organizational characteristics.

Source: The European House – Ambrosetti, 2017
Global Attractiveness Index – The Barometer of country’s attractiveness

Global Attractiveness Index structure

**GLOBAL ATTRACTIVENESS INDEX**
(144 COUNTRIES)

Positioning Index (IP)
- Openness
- Innovation
- Efficiency
- Endowment

**Dynamics Index (ID)**
- Δ Openness
- Δ Innovation
- Δ Efficiency
- Δ Endowment

**Sustainability Index (IS)**

- Resilience
- Vulnerability

Source: The European House – Ambrosetti, 2017
## The Key Performance Indicators used in the GAI

<table>
<thead>
<tr>
<th>Openness</th>
<th>Innovation</th>
<th>Efficiency</th>
<th>Endowment</th>
<th>Resilience</th>
<th>Vulnerability</th>
</tr>
</thead>
<tbody>
<tr>
<td>- (FDI flows + Country’s investments abroad) on world total</td>
<td>- Employees in high-tech sectors on total employees</td>
<td>- Unemployment rate</td>
<td>- GDP on world total</td>
<td>- Human Development Index</td>
<td>- Debt/GDP</td>
</tr>
<tr>
<td>- (Export+Import) on world total</td>
<td>- Export of high-tech goods on world total</td>
<td>- Logistics Performance Index</td>
<td>- Gross National Product per-capita</td>
<td>- Global Peace Index</td>
<td>- Inflation rate</td>
</tr>
<tr>
<td>- (Foreign tourists + national tourists travelling abroad) on total population</td>
<td>- Internet users as a share of population</td>
<td>- TFP</td>
<td>- Gross Fixed Investments on national GDP</td>
<td>- Life expectancy at birth</td>
<td>- Market concentration index</td>
</tr>
<tr>
<td>- Foreign College Students on young pop.</td>
<td>- ICT Development Index</td>
<td>- Total Tax Rate</td>
<td>- Index of Natural and Cultural endowment</td>
<td>- World Giving Index</td>
<td>- Number of people killed by natural disasters (on 1,000 people, in the last 3 years)</td>
</tr>
<tr>
<td>- Number of immigrants on total pop.</td>
<td>- Number of scientific publications on world total</td>
<td>- Rule of Law Index</td>
<td>- Number of graduates on world total</td>
<td>- Average number of years of schooling</td>
<td>- Number of suicides, % of total population</td>
</tr>
</tbody>
</table>

Source: The European House – Ambrosetti, 2017
The GAI database is a wide-ranging repository of information on countries attractiveness performance and trend

- 11 years analyzed
- 144 Countries considered
- 65 KPIs mapped and evaluated
- Computation of the historical index on five years (2013-2017)
- Update and verification of more than half a million of available data

Source: The European House – Ambrosetti, 2017
Global Attractiveness Index 2017

First 25 Countries

<table>
<thead>
<tr>
<th></th>
<th>GAI 2017 Rank</th>
<th>GAI 2017 Value</th>
<th>GAI 2016 Rank</th>
<th>GAI 2016 Value</th>
<th>Dynamics 2017</th>
<th>Sustainability 2017</th>
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<td>88.2</td>
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<td>7</td>
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<tr>
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<td>Spain</td>
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<td>56.3</td>
<td>25</td>
<td>55.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Legend

- **High**
- **Medium**
- **Low**
- **Critic**

Index expressed as 1=min, 100=max

Source: The European House – Ambrosetti, 2017
Global Attractiveness Index – The Barometer of country’s attractiveness

GAI reflects attractiveness

Global Attractiveness Index and Gross Fixed Investments
(Gross Fixed Capital Formation, bln. US$), 2016, world economies

GFCF (logarithmic scale, (1=min; 100=max)

Source: The European House – Ambrosetti elaboration on World Bank data, 2017
The GAI model provides a Tableau de Bord to manage the country attractiveness

Global Attractiveness Index – The Barometer of country’s attractiveness

The GAI Tableau de Bord is available for each of the 144 analyzed countries

Source: The European House – Ambrosetti, 2017
Global Attractiveness Index – The Barometer of country’s attractiveness

... and recommendations to improve the country attractiveness can be drawn according to the GAI model

### Areas of improvement (KPI specific)

1. **Innovation Ecosystem**
2. **Productivity**
3. **Private and Public Investments**
4. **Labor market and Training System**
5. **Services’ system**

### National policies

- **Institutional organization for attractiveness’s management**
- **Quality and the promptness of data provided to international institutions**
- **Country image management and positioning**
- **Integrated communication strategy abroad**
- **International sensibilisation on the quality of rankings**

Source: The European House – Ambrosetti, 2017
Global Attractiveness Index – The Barometer of country’s attractiveness


Integrated communication strategy
Thank you for your attention

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