

GLOBAL ATTRACTIVENESS INDEX

The barometer of country's attractiveness

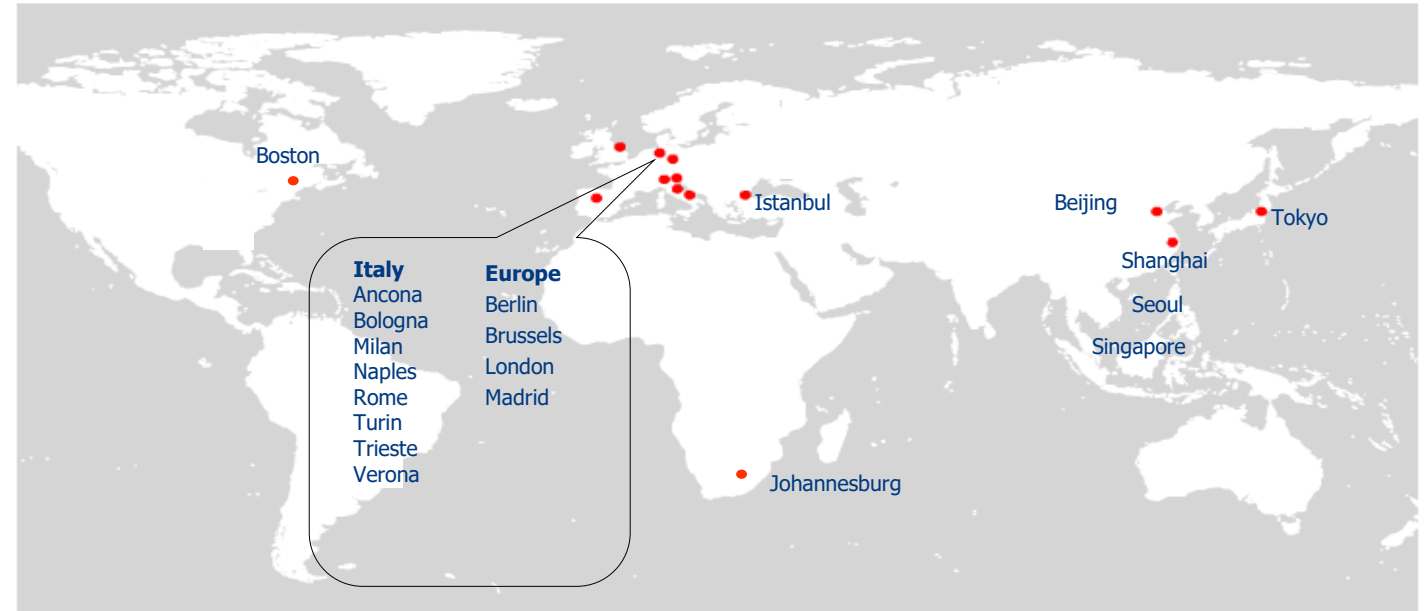
Lorenzo Tavazzi

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.

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*

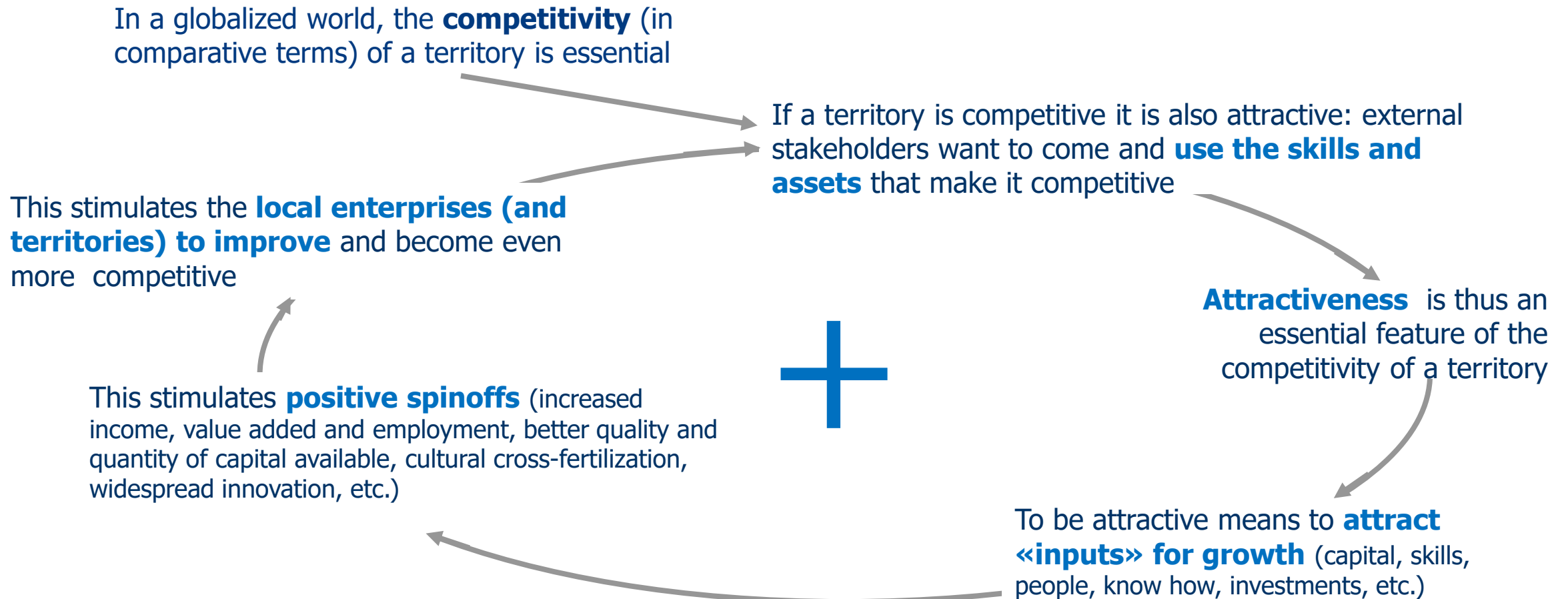


(*) In the University of Pennsylvania 2016 Global Go To Think Tanks Report



(*) With reference to a single year

Attractiveness is the most important aspect of competitiveness: there is no competitiveness if there is no attractiveness



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



TOYOTA

MATERIAL HANDLING



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

INDEPENDENT STATISTICAL AUDIT Joint Research Center (JRC)

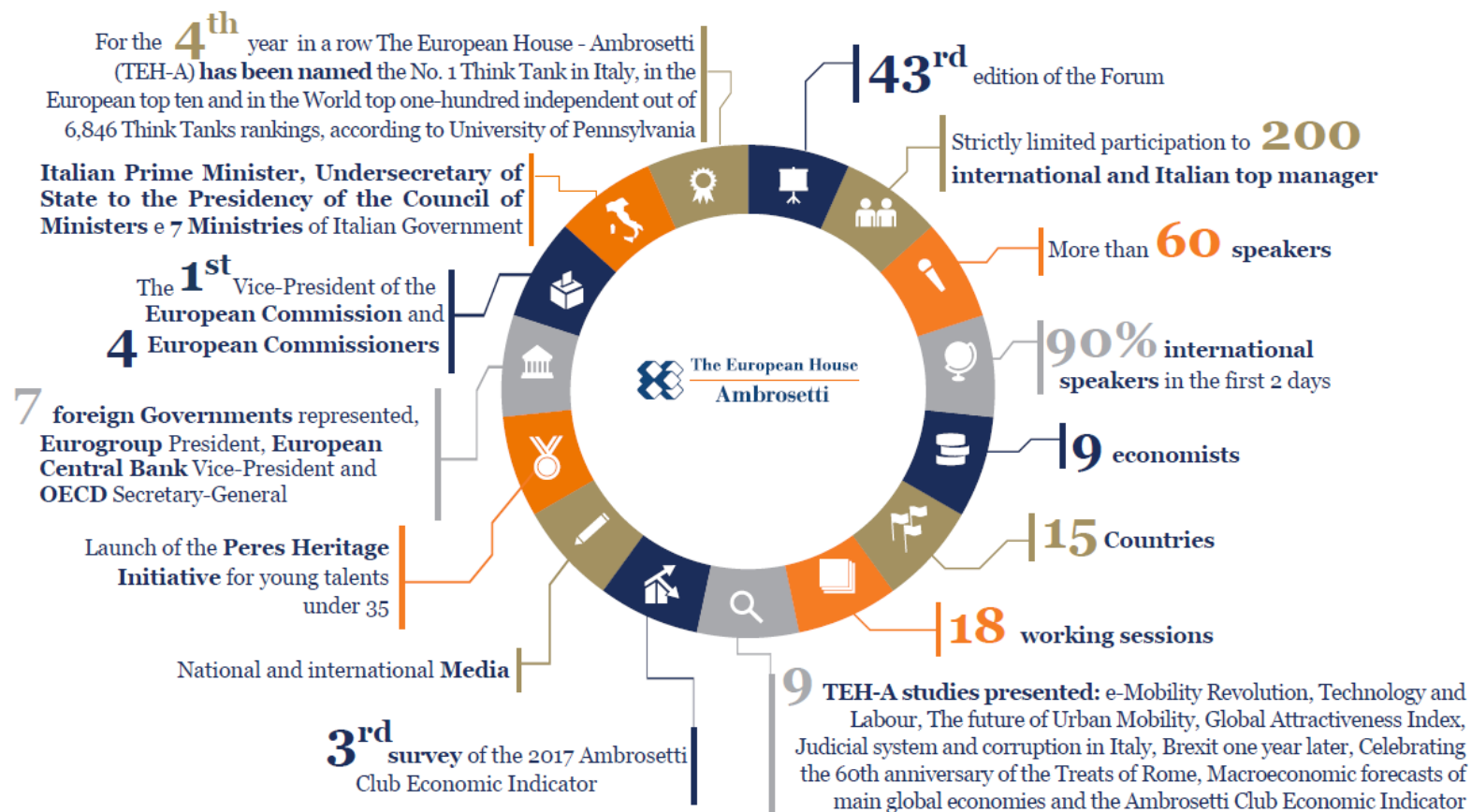


TEH-A WORKING TEAM: Lorenzo Tavazzi, Massimiliano Sartori, Cetti Lauteta, Benedetta Brioschi, Arianna Landi, Diego Begnozzi, Silvia Caliaro with the supervision of Valerio de Molli

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)



... 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

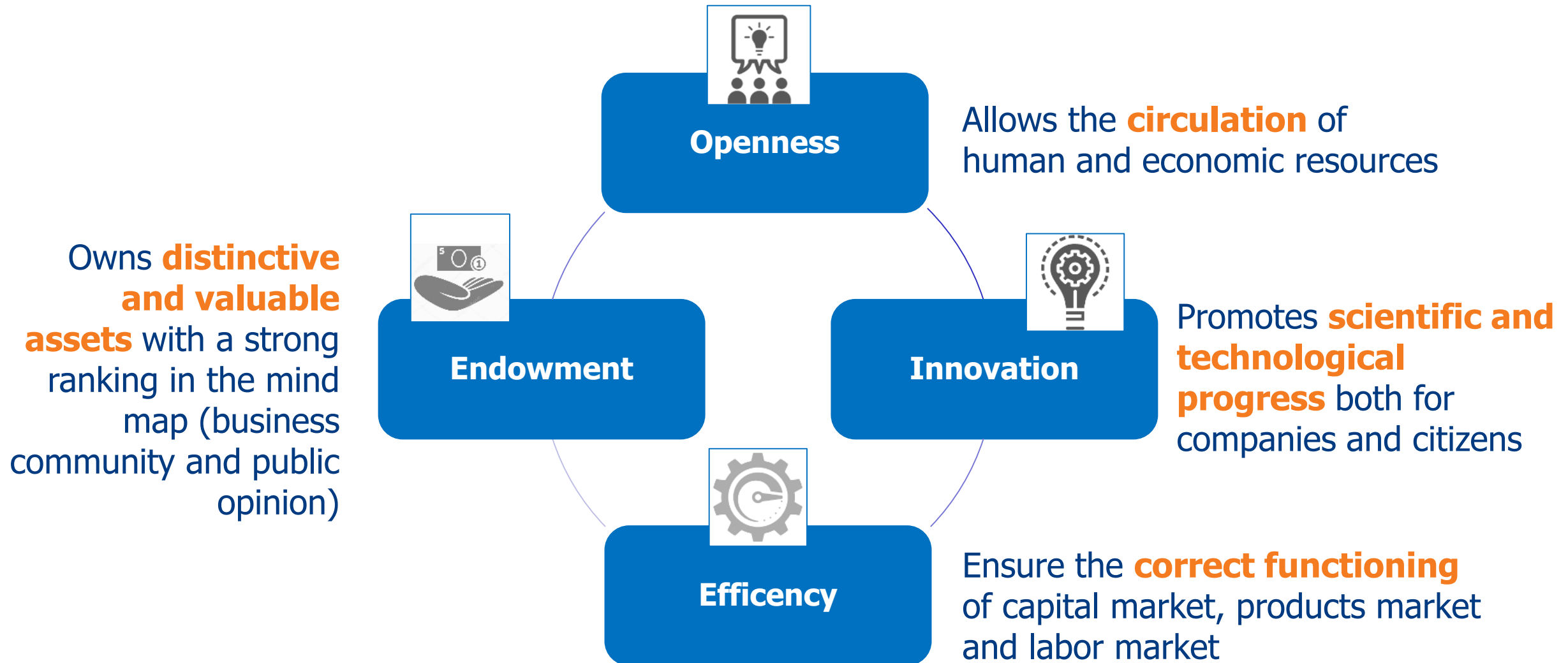
INTERNAL

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

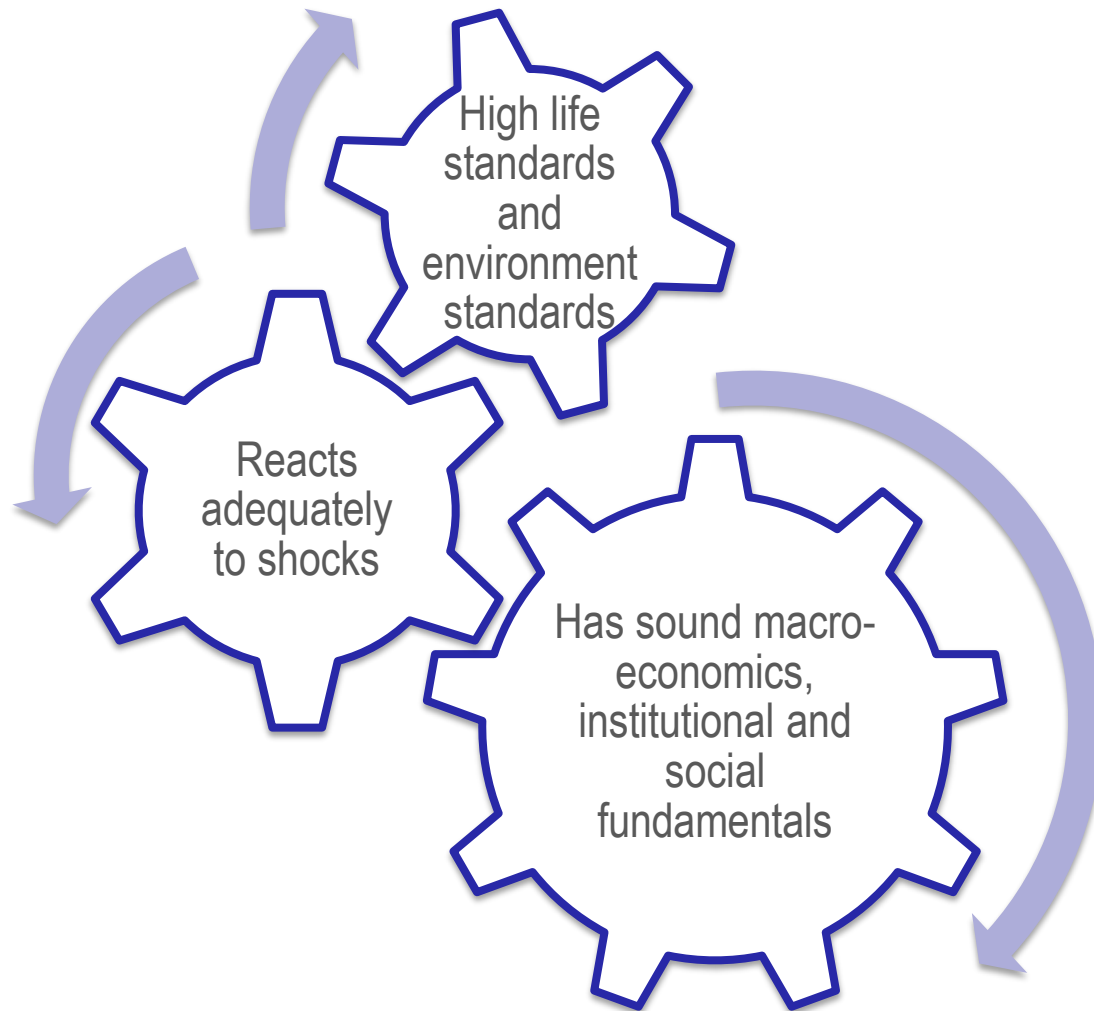
EXTERNAL

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

We have identified 4 attributes to define a country's attractiveness ...



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



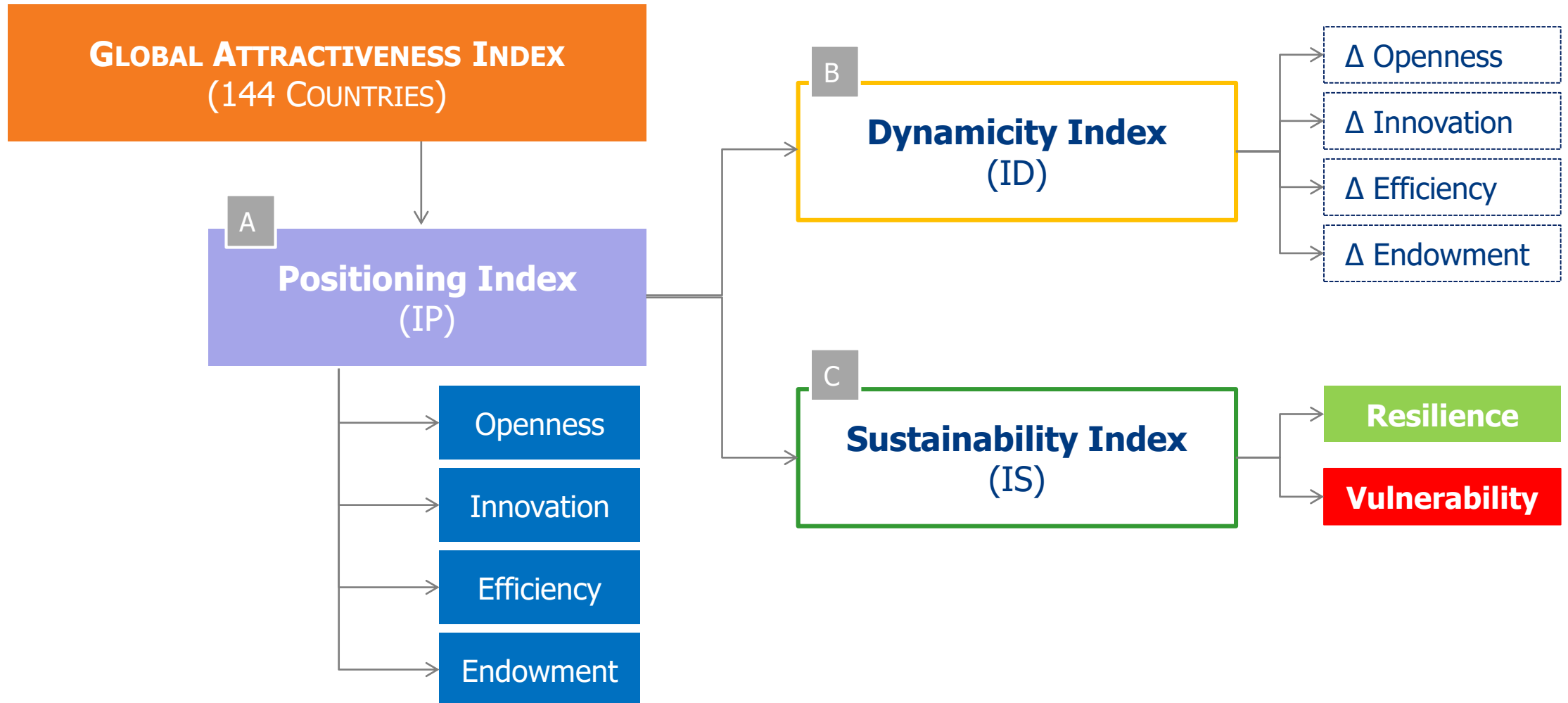
Resilience
(+)

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

Global Attractiveness Index structure

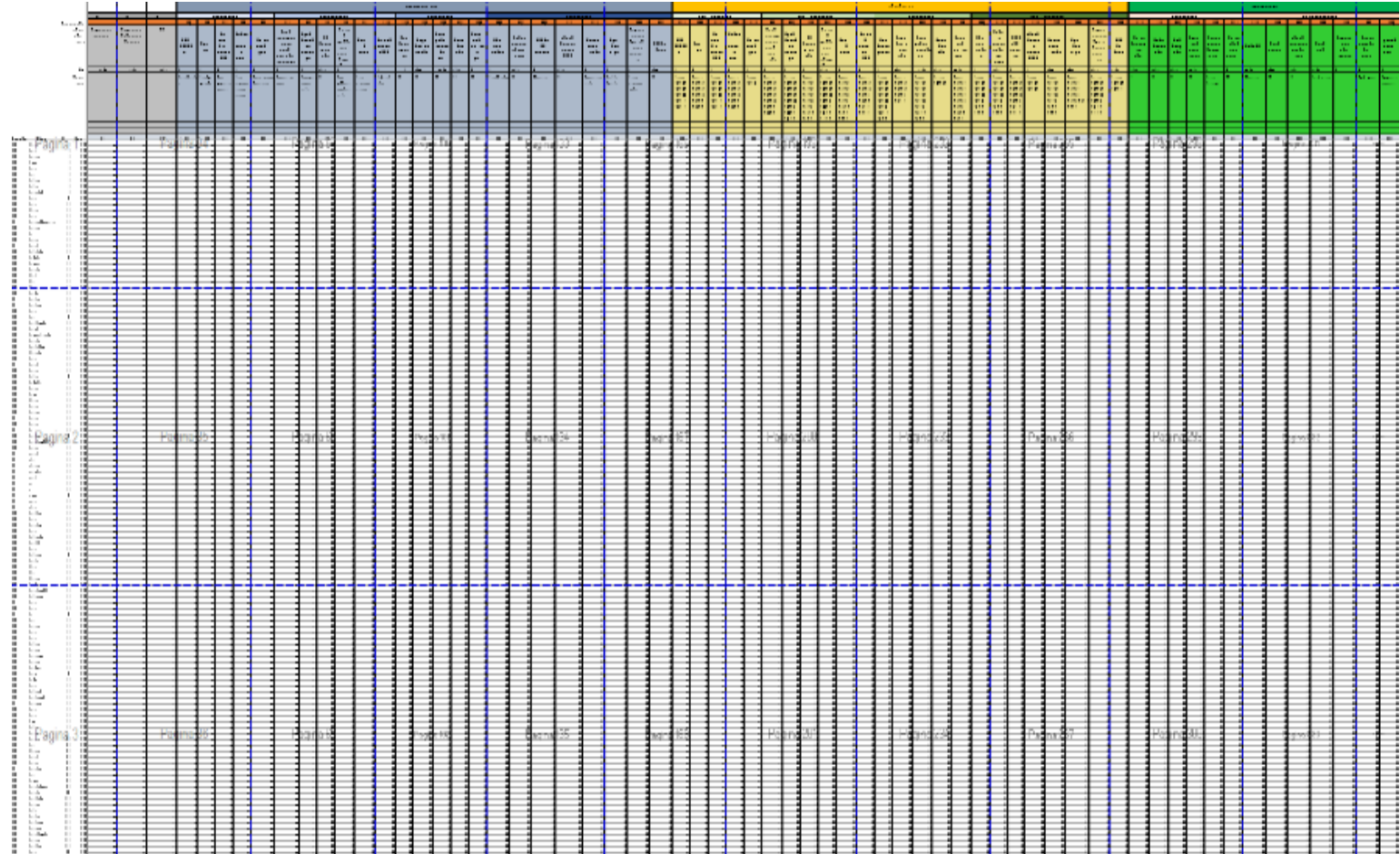


The Key Performance Indicators used in the GAI

Openness	Innovation	Efficiency	Endowment	Resilience	Vulnerability
<ul style="list-style-type: none"> ▪ (FDI flows + Country's investments abroad) on world total ▪ (Export+Import) on world total ▪ (Foreign tourists + national tourists travelling abroad) on total population ▪ Foreign College Students on young pop. ▪ Number of immigrants on total pop. 	<ul style="list-style-type: none"> ▪ Employees in high-tech sectors on total employees ▪ Export of high-tech goods on world total ▪ Internet users as a share of population ▪ ICT Development Index ▪ Number of scientific publications on world total 	<ul style="list-style-type: none"> ▪ Unemployment rate ▪ Logistics Performance Index ▪ TFP ▪ Total Tax Rate ▪ Rule of Law Index 	<ul style="list-style-type: none"> ▪ GDP on world total ▪ Gross National Product per-capita ▪ Gross Fixed Investments on national GDP ▪ Index of Natural and Cultural endowment ▪ Number of graduates on world total ▪ Students' skills – PISA Test Score Ranking (added in 2017) 	<ul style="list-style-type: none"> ▪ Human Development Index ▪ Global Peace Index ▪ Life expectancy at birth ▪ World Giving Index ▪ Average number of years of schooling 	<ul style="list-style-type: none"> ▪ Debt/GDP ▪ Inflation rate ▪ Market concentration index ▪ Number of people killed by natural disasters (on 1,000 people, in the last 3 years) ▪ Number of suicides, % of total population ▪ Population at risk of poverty, % of total population (added in 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**



Global Attractiveness Index 2017

First 25 Countries

	GAI 2017 Rank	GAI 2017 Value	GAI 2016 Rank	GAI 2016 Value	Dynamicity 2017	Sustainability 2017
UNITED STATES	1	100,0	1	100,0	High	Low
GERMANY	2	92,5	2	92,2	Medium	High
CHINA	3	88,2	4	86,1	High	Critic
JAPAN	4	87,3	3	87,7	Critic	Critic
SINGAPORE	5	81,9	5	82,6	Medium	High
CANADA	6	80,7	7	80,6	Medium	High
FRANCE	7	80,4	8	80,1	Critic	Medium
UNITED KINGDOM	8	80,3	6	80,7	High	High
NETHERLANDS	9	73,8	9	73,7	Medium	High
KOREA	10	73,5	10	73,4	Low	Low
AUSTRALIA	11	71,8	11	71,5	Critic	High
SWITZERLAND	12	70,9	12	71,0	High	High
HONG KONG	13	69,3	13	69,2	High	Critic
AUSTRIA	14	65,7	14	64,5	Low	High
BELGIUM	15	64,2	15	64,0	Medium	High
ITALY	16	62,2	17	61,9	Low	Medium
IRELAND	17	61,8	16	62,8	High	High
DENMARK	18	59,9	18	60,5	High	High
SWEDEN	19	59,5	19	59,4	Low	High
LUXEMBOURG	20	58,2	21	58,3	High	High
ICELAND	21	57,7	23	56,8	Medium	High
NEW ZELAND	22	57,3	20	58,4	High	High
CZECH REPUBLIC	23	56,7	24	55,9	High	High
NORWAY	24	56,6	22	58,1	Low	High
SPAIN	25	56,3	25	55,4	Medium	Medium

Legend

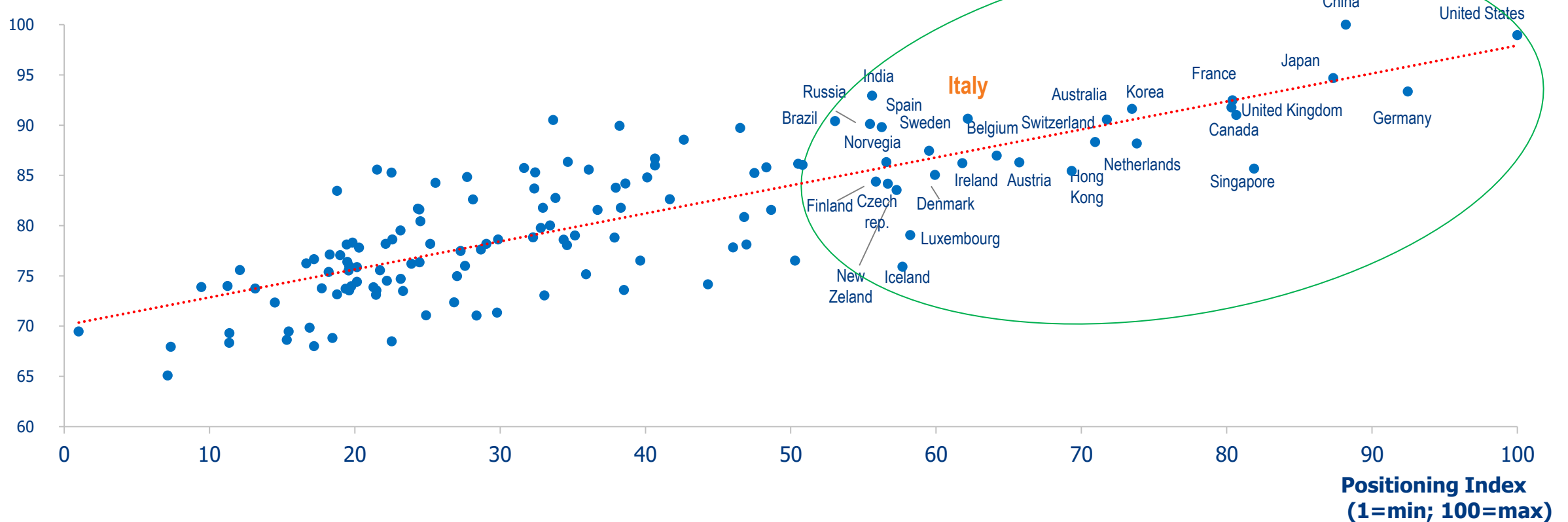
High	Medium	Low	Critic
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Index expressed as
1=min, 100=max

GAI reflects attractiveness

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

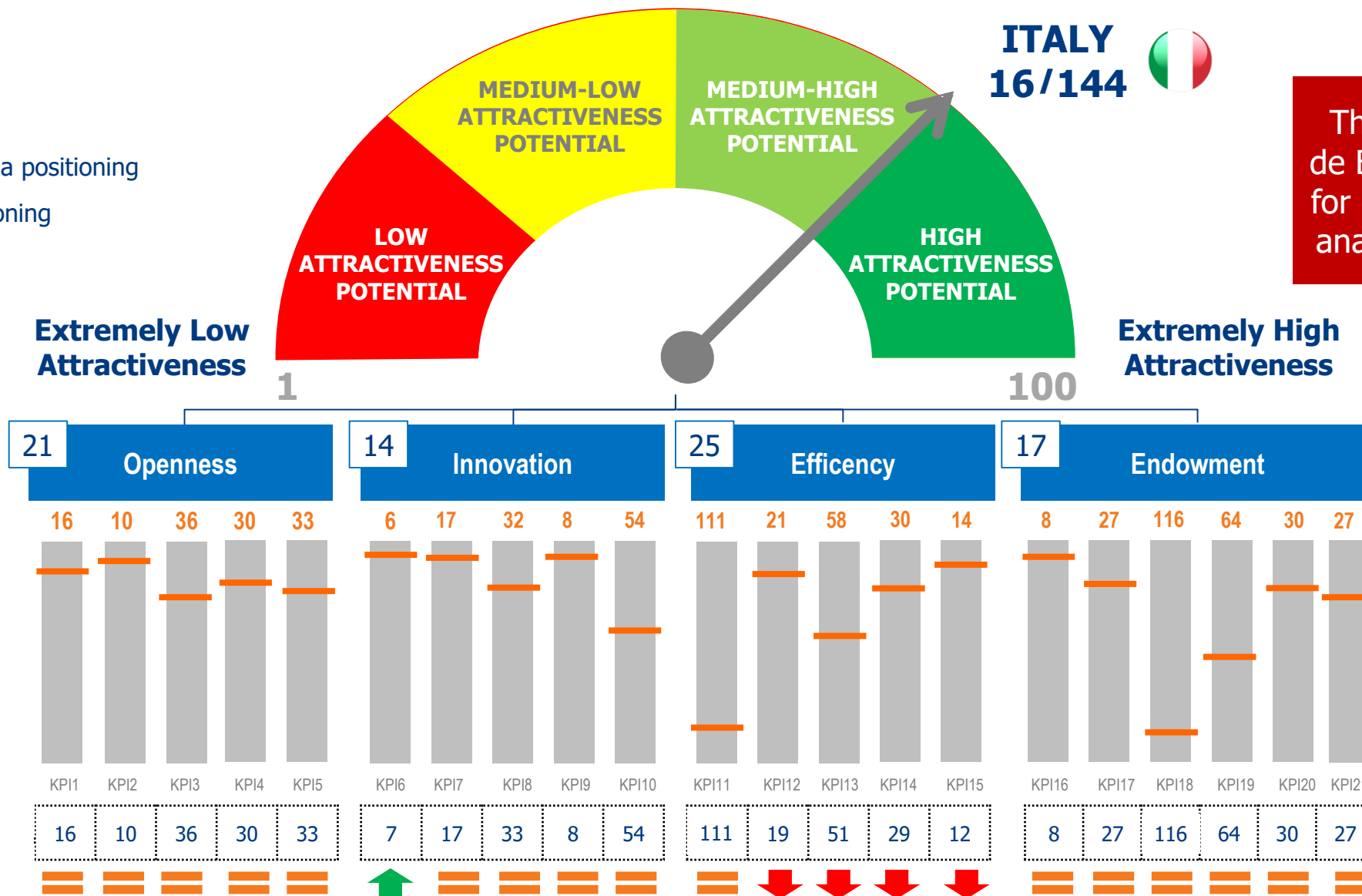
GFCF (logarithmic scale,
(1=min; 100=max))



The GAI model provides a Tableau de Bord to manage the country attractiveness

2017 Rank

n = macro-area positioning
— = KPI positioning

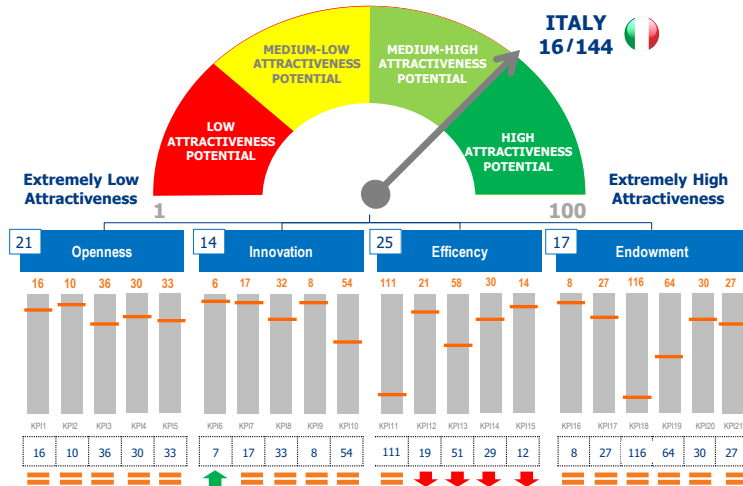


The GAI Tableau de Bord is available for each of the 144 analyzed countries

Positioning 2016 (KPI)
Variation 2017 vs 2016

Source:
The European House
– Ambrosetti, 2017

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



Areas of improvement (KPI specific)

INNOVATION ECOSYSTEM

PRODUCTIVITY

PRIVATE AND PUBLIC INVESTMENTS

LABOR MARKET AND TRAINING SYSTEM

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

GAI Report 2017 with its latest updates is freely available at www.ambrosetti.eu/en/global-attractiveness-index



Integrated communication strategy



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ATTRACTIVENESS GLOBAL ATTRACTIVENESS INDEX

Through the Global Attractiveness Index The European House – Ambrosetti, in evaluating the attractiveness of country systems, has endeavored to build and transfer an approach and methodologies that are more objective and reliable than those used to-date.



In fostering development and growth, we believe that one of the central issues is the ability to **strategically manage a "pro-business" image of the country** and its position in international classifications of competitiveness which carry significant weight in guiding strategic decision-making and investment.

Today, unlike Italy, many of the most dynamic and competitive countries have developed precise communications strategies for their country's image and have created the framework for monitoring and managing its ranking in international classifications. In addition, these classifications – in which Italy is always near the bottom – make use of methodological features (for example, many are based on qualitative surveys) that lead to even significant distortion (as in the case of Italy) in what is the actual situation.



On the basis of these considerations, in 2016 The European House – Ambrosetti—in conjunction with **ABB**, **Toyota Material Handling Europe** and **Unilever**—launched the "Global Attractiveness Index" project with the goal of making available to Italian and international decision makers an innovative and reliable country index that could offer a representative snapshot of a country's attractiveness and sustainability and, as a result, provide dependable information for making system-wide decisions regarding attractiveness, growth and optimization of the pro-business environment.

In 2017, in light of the success of the first year, The European House–Ambrosetti has launched a second year of activities. The 2017 ranking will be presented during our 43rd annual Forum *"Intelligence on the World, Europe, and Italy"*.



PARTNERS

ABB
Toyota Material Handling Europe
Unilever

PRESS REVIEW

La Rivista – Distorsioni della realtà oggettiva (di Corrado Bianchi Porro)

Corriere.it – Classifiche internazionali. Quanto vale davvero l'Italia? (di Fausta Chiesa)

ItaliaOggi – Marchi e città testimonial d'Italia (di Francesca Sottillaro)

EconomyUp.it – Perché l'Italia è più attrattiva di quello che dicono le classifiche sull'Italia (di Luciana Maci)

EconomyUp.it – Tech Insights 2016: l'Italia, un Paese in cerca di investitori (di Luciana Maci)

La Stampa.it – Magrini: per ampliare il mercato italiano del venture capital servono gli investitori istituzionali (di Camilla Colombo)

Thank you for your attention



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