



The Research Institute of Boao Forum for Asia

# **Asian Competitiveness**

Annual Report **2011**



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**Asian Competitiveness**  
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# Foreword

The eastward movement of the world economic center of gravity is a historical event that is currently taking place. With the strengthening status in the world economy, Asia has been playing an important role in speeding up the global economic growth.

The strength of an economy is mainly determined by the increment of the economic development rather than the stock, while the competitiveness of an economy is determined by its cell—the competitiveness of enterprises. Many people have taken a broad and long-term view and keenly grasped the new impulse of Asian economic development. Entrusted by Boao Forum for Asia, China Center for International Economic Exchanges carried out a detailed research on Asian Competitiveness and first published *The Research Institute of Boao Forum for Asia Asian Competitiveness Annual Report 2011*, which aims to help Asian economies and enterprises recognize their positions of competitiveness and identify their directions of development in the future, to promote close cooperations between Asian economies and enterprises, and finally to motivate Asian economies and enterprises to seize the opportunities of the world economic structure change and share the achievements of growth with not only Asia itself but also the whole world.

This report covers two parts: the competitiveness of Asian economies and the competitiveness of listed Asian enterprises. Based on objective and verifiable data, it gives considerations to characteristics of both Asian economies and listed enterprises, and then sets up a competitiveness evaluation index system. It calculates the scores of competitiveness of Asian economies and listed enterprises through models and then has their competitiveness rankings. Objectively speaking, in terms of the selections of index or evaluation methods, this report is open to discussion. After all, this research is an initiative work that first systematically describes the basic pattern of Asian competitiveness, shows a whole picture of Asian competitiveness and identifies the main influential factors of improving Asian competitiveness, which provides inspirations and paths for economies and enterprises to better recognize their competitiveness, form competitiveness development strategies and continuously strive to improve their competitiveness. It is undoubtedly of practical significance of promoting Asian economies and enterprises to complement each other's advantages, enhance cooperations and avoid blind competitions.

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**Zhou Wenzhong**

**Secretary General, Boao Forum for Asia**

**President, The Research Institute of Boao Forum for Asia**

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# Introduction

## 1. Competitiveness—the Foundation of Future Development of Asia

Asia faces the Pacific Ocean on the east, the Arctic Ocean on the north and the Indian Ocean provides Asia's northern boundary; Asia and Europe are separated by the Ural Mountains, Ural River, Caspian Sea, Great Caucasus, Black Sea and the Turkish Straits at the west. The boundary between Asia and Africa is conventionally considered to run through the Gulf of Aden, Bab el Mandeb Strait at the northwest and the Bering Strait parts North America from Asia at the northeast.

Asia, on the one hand, has a large population, vast territory, abundant resources and a long history; on the other hand, it is also the cradle of the Asian civilization. Lacking enough influence of the first Technology Revolution, most of the Asian countries became targets of colonialist aggression.

The two World Wars saw the booming of the national independence movement in Asia. As a result, all the economies got rid of colonial rule successively and attained national independence by breaking free of colonial shackles and started their national reconstruction. What is more, by proceeding from the realities in Asia, all the economies introduced overseas capital and technologies in an active, rational and effective way. The result is that Asian economies have gradually evolved into an important influential force in the process of world economic development. However, success and frustration succeed each other. Both the East Asia Miracle and Asian Financial Crisis

happened during this period. By making full use of outer and inner resources and relying on their diligence and wisdom, all the Asian economies developed as the main engine of world economic growth during the global financial crisis which caused by the US Subprime Mortgage Crisis.

Attend to the history of human progress we can realize that the competition of overall national strength is the core of international competition. There are two manifestations: first, the competition of overall national strength can be directly seen as competition of synthesized competitiveness of all the economies; second, go even further and say, basic economic cell of each economy—enterprises' competitiveness can be deeply regarded as the core of international competition. Today, along with the rapid process of economic globalization and integration, how to improve the competitiveness of enterprises and economies effectively and comprehensively is the essential problem ahead of wide awake Asians.

## 2. The Origin of Annual Report 2011

The rapid development of economic globalization and integration calls for more Asian economic cooperations. Under this background, Boao Forum for Asia emerged at a historic moment. After ten years' untiring efforts, the Asian financial crisis has been fading away and the economies once hit by the crisis are recovering quickly. Although attacked by the international financial crisis, Asian economies still maintained rapid growth momentum, and

became the engine of world economic growth, bringing earnest benefit to Asian people.

In order to carry forward the principles of equality, mutual benefit, cooperation and win for all and prompt all the Asian economies to seize all the opportunities and improve their international competitiveness, Boao Forum for Asia tries to provide a platform for stock-taking the competitiveness of all the economies, helping them to understand their own situation and international competition pattern, then accelerating a rapid development of competitive power.

CCIEE<sup>1</sup> is an international service agency with the permission of government of the People's Republic of China, which is responsible for international economics research, interaction and consultation. It is a synthetic social organization converging top-level talents of economics researching field and linking up to different economies; it is a new-style intelligence vault that governed by the principle of practice, creation, sagacity, and compatibility; it is a synthetic social organization integrating domestic and foreign resources; it is a synthetic social organization making every effort to share human ingenuity and conniving global development.

With the aim of creating a brand with international influence, Boao Forum for Asia entrusted CCIEE to develop Asia competitiveness evaluation model as well as this report based on authoritative data. The original intention of the report is to boost Asian economic development through regional economic integration.

### 3. The Significance of Annual Report 2011

The release of this report is an important affair in the history of Boao Forum for Asia.

First, this report makes an inventory of Asian economies and enterprises<sup>2</sup>, figures out competitive environment and provides a guidance of participating in international competition. There is no doubt that competitiveness is crucial to the development prospect of economies and enterprises. However, not all the economies and enterprises identify their advantages and

weaknesses explicitly nor do they grasp the widening gap between themselves and other economies or enterprises. After all, knowing oneself and each other is the foundation of formulating development strategies. The report makes an inventory of Asian economies and enterprises, and figures out the gaps between Asian and other economies; it provides basic information about participating in competition rationally; it helps economies and enterprises get out of a dilemma in strategic decisions.

Second, this report directs Asian economies and enterprises to go to the right way. For one thing, the report ranks most of the Asian economies and takes an overall ranking of some enterprises (top 300); for another thing, it ranks most of the Asian enterprises' competitiveness according to their business. As a result, on one hand, the report can provide a valuable reference system for all the Asian economies and enterprises to improve their competitiveness; on the other hand, it points out the right direction for them to participate in international competition.

Last, this report provides fundamental support for the all-round rejuvenation of Asia. To change the passive role, it's required to improve enterprises' competitiveness. For Asia, this can be achieved through narrowing the gap between Asian enterprises and the Western ones, and upgrading its position in the world economy. It can stimulate the initiative of enterprises, help them have a clear sense of self-identities and the way to improve them, promote the competitiveness of each economy and enterprise, and finally raise the rank of Asia in the world economy.

### 4. The Logical Frame of Annual Report 2011

In order to help Asian economies and enterprises to get a clear understanding of their own economic situation and competitiveness, for the sake of ensuring objectivity of economies' and enterprises' ranking, this report covers two parts: Part one, Annual Report 2011—Competitiveness of Asian Economies; Part two, Annual Report 2011—Competitiveness of Listed Asian enterprises.

Annual Report 2011—Competitiveness of Asian Economies firstly combs through the ranking of different economies in the world and identifies

<sup>1</sup> China Center for International Economic Exchanges

<sup>2</sup> We only chose listed companies but not all enterprises in Asia in the report because of limited data. Generally speaking, listed companies are those with relatively high competitiveness, which are selected based on their listing conditions. Thus these listed companies can be taken as representatives of Asian competitiveness.

features of present rankings in the report. Then, it introduces how to evaluate these rankings, choose indices, determine the target of evaluation and calculate competitiveness evaluation index. Finally it makes a concrete analysis of this part.

Annual Report 2011—Competitiveness of Listed Asian Enterprises firstly combs through the rankings of different enterprises in the world and identifies features of present rankings in the report. Then, it introduces how to evaluate these rankings, choose indices, determine the target of evaluation

and calculate competitiveness evaluation index. Finally it makes a concrete analysis of this part. The second part is a detailed result which includes the overall ranking of competitiveness of listed Asian enterprises (Top 300), the ranking of enterprises' competitiveness according to their capacities (Top 50), the ranking of competitiveness according to different regions in Asia (Top 50), and the ranking of competitiveness according to the industries of enterprises (Top 10).



**Part One**  
**Annual Report 2011—**  
**Competitiveness of**  
**Asian Economies**





# Chapter 1

## The Present Research Situation of National Competitiveness Evaluation

### 1.1 Origin of the Research on National Competitiveness

Research efforts on national competitiveness have a long history. Since the 1980s, along with the quickened pace of economic globalization and informationization, the contemporary national competitiveness theory and evaluation system have been formed gradually. It is a comprehensive and creative outcome combined plutonomy, management and theory of industrial organization under new international economic climate. All in all, there are mainly two reasons of the rapid development of national competitiveness theory and evaluation system. First, on a microscopic level, since the 1980s, with the in-depth development of economic globalization, the scale of multinational companies in the US and Europe has expanded rapidly after a ten-year rapid development. International competition has become intensified. All the phenomena have proved that how to improve enterprises' competitiveness, boost their market share and have an early lead in the market have already become the fieldtogether matter of concern, which forms the demand of evaluating international competitiveness. Second, on a macroscopic level, for countries all over the world, how to evaluate their capacity of participating in the process of economic globalization has become a focus between academia and decision making circle. The reasons are complicated. First, in the late 1980s, Soviet and East Europe experienced radical social changes. After the end of the Cold War, the world has undergone great changes. Second, Fried

and Hayek's theory of neoliberalism has become the theoretical foundation of Reagan administration and Thatcher Union. At the same time, this theory has metastasized all through Latin American region and transitional countries of Central Asia. Third, marketization, liberalization and privatization have become the mainstream of world economy. Fourth, impacts of the clash between different ideologies and arms races during the cold war have gradually been replaced by international economic competition. Therefore, economy-based evaluation of national competitiveness has been promoted.

Competitiveness is derived from the word competition. At the age of economic globalization, national competitiveness refers to the integrated performance of a country's ability to participate in economic globalization. In the academic world, people pay more attention to comparing competition capability and how to improve this ability. Researches from international agencies and nongovernmental organizations, such as IMF, The World Bank, OECD<sup>1</sup>, IMD, WEF, show that the biggest gap between developed and developing countries is the key area or industry gap of the developing country. Even more, competitiveness is regarded as core power of capitalism which guides the way of global economy. As a result, in order to improve competitiveness, major world organizations, such as The World Bank, change the focus from development of the developing countries to encourage and improve competition. From the national perspective, for the purpose of prompting discussion, analysis and comparative studies, the US

<sup>1</sup> Organization for Economic Cooperation and Development