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## The Role of Financial Markets in Competitiveness: The Case of Lithuania

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# THE WORLD COMPETITIVENESS SCOREBOARD 2014

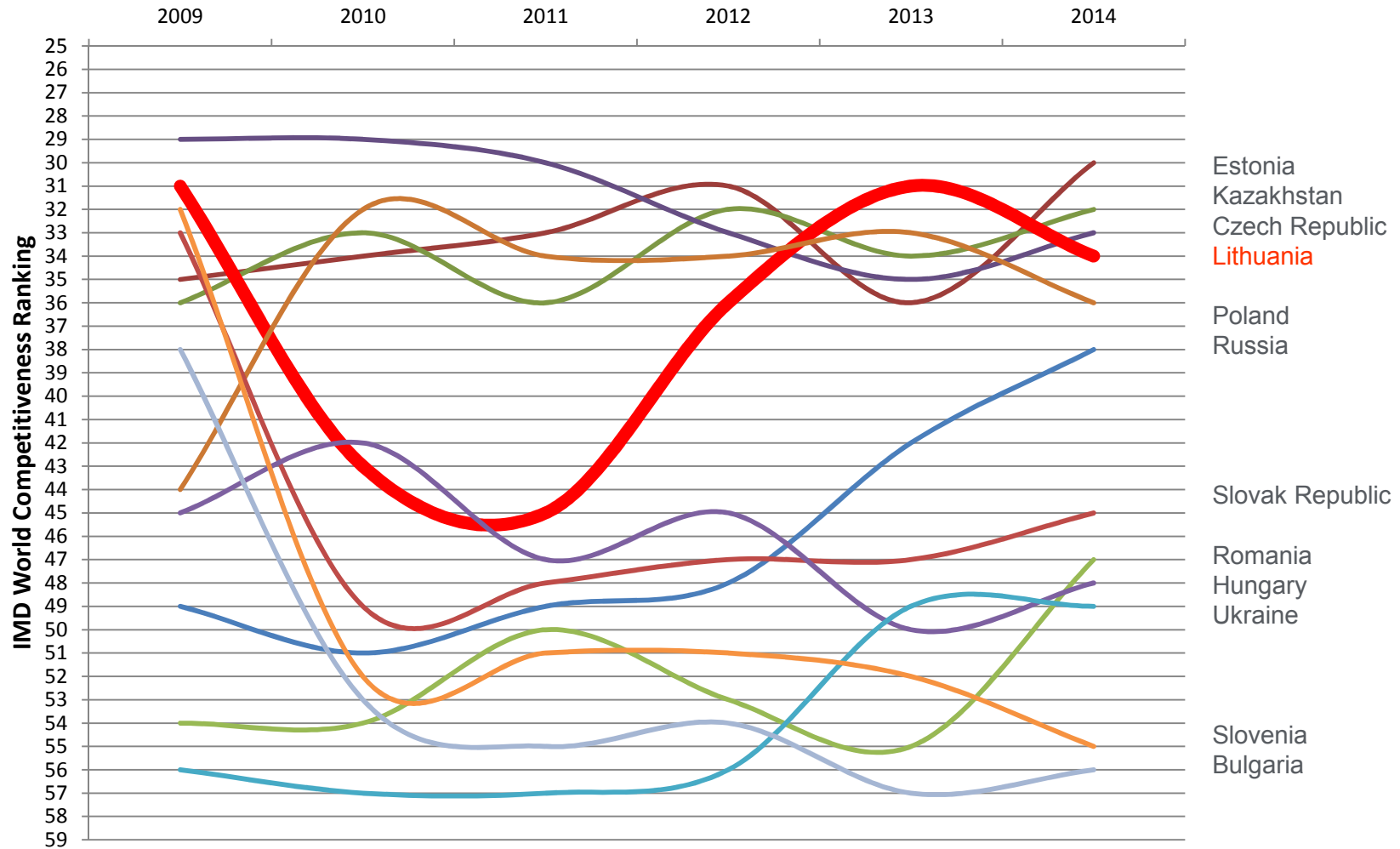
## – Best Improvements

### WORLD COMPETITIVENESS RANKING MOVED UP FROM 2013 TO 2014

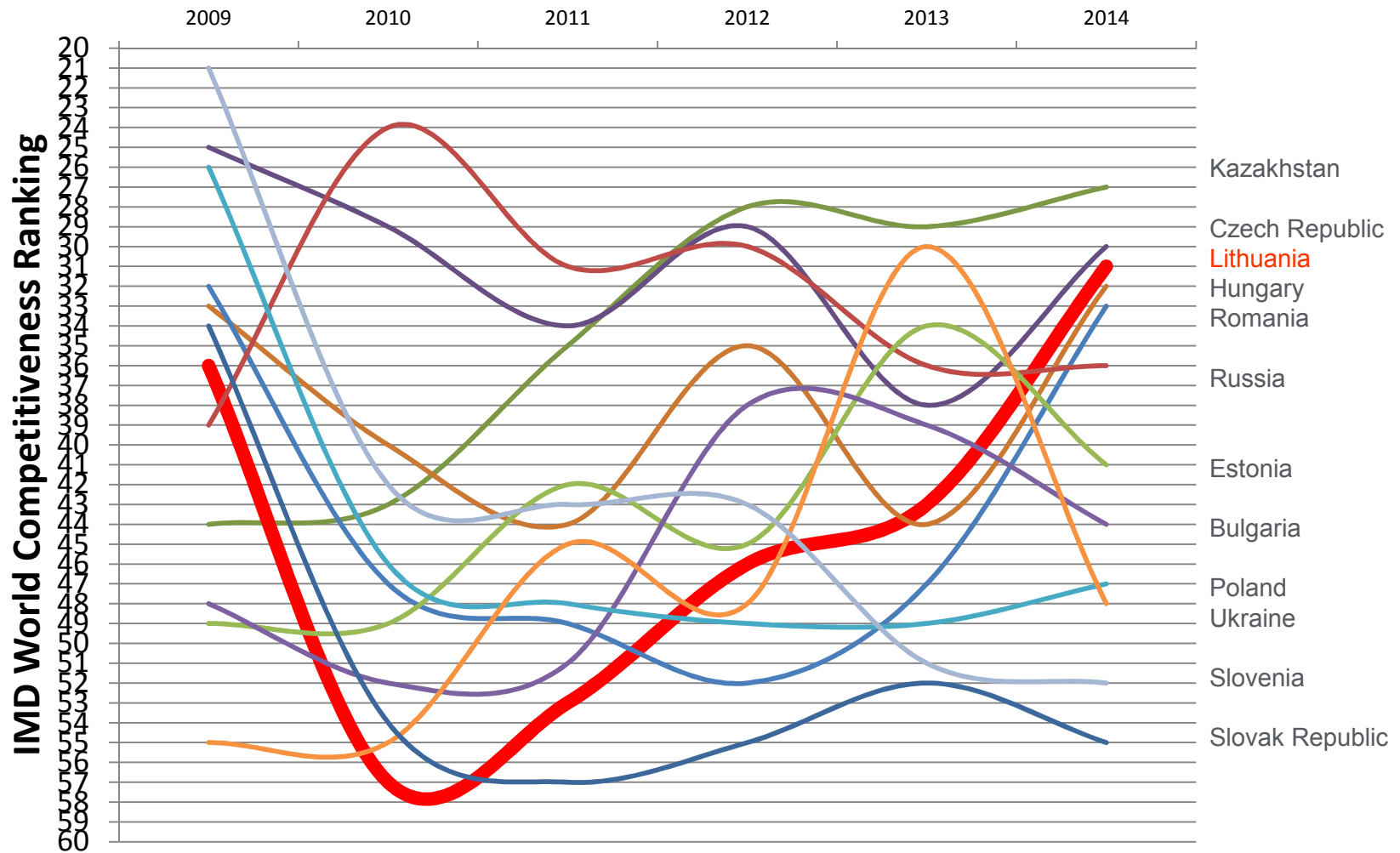
2013 - 2014



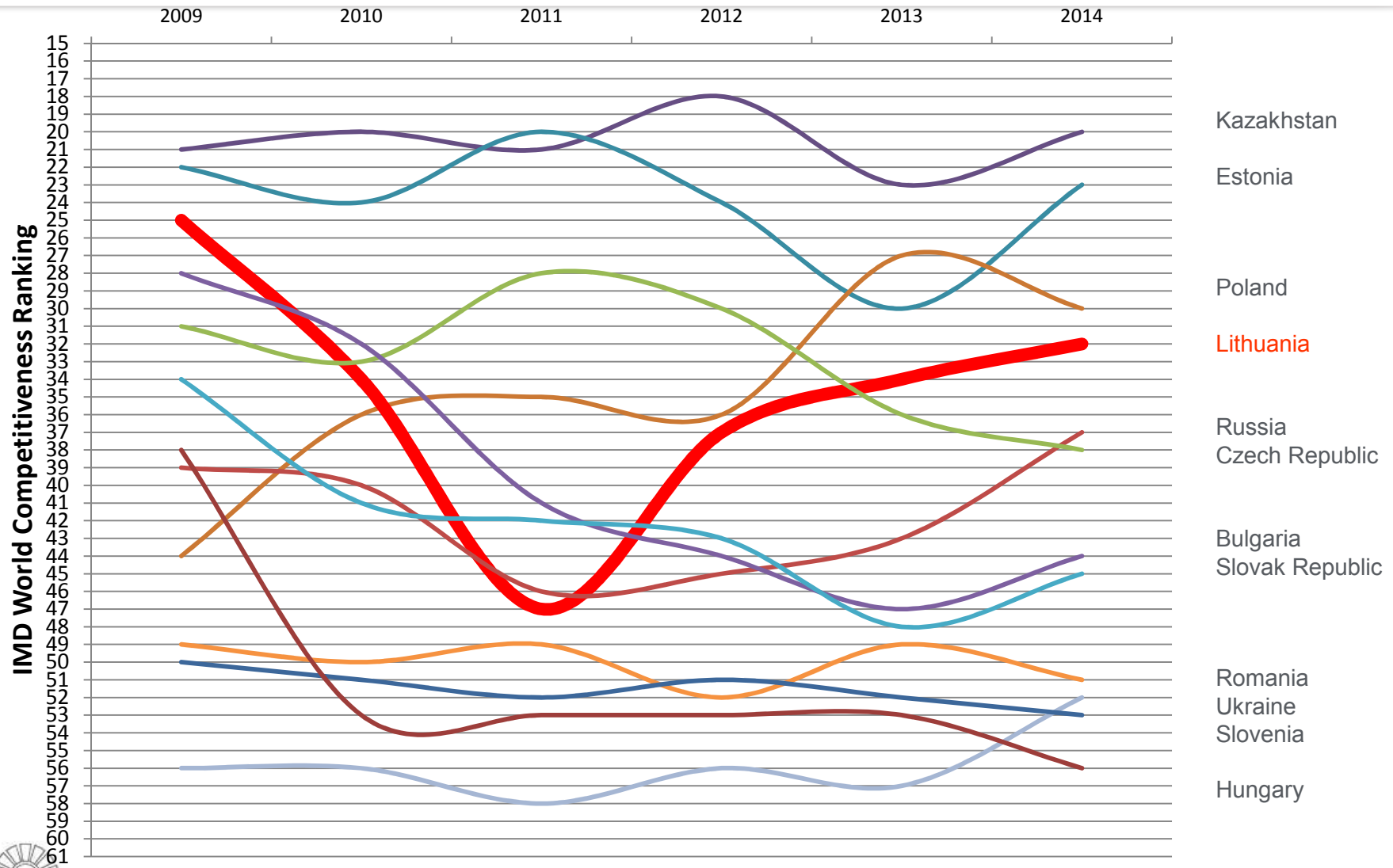
# Eastern Europe, 2009-2014



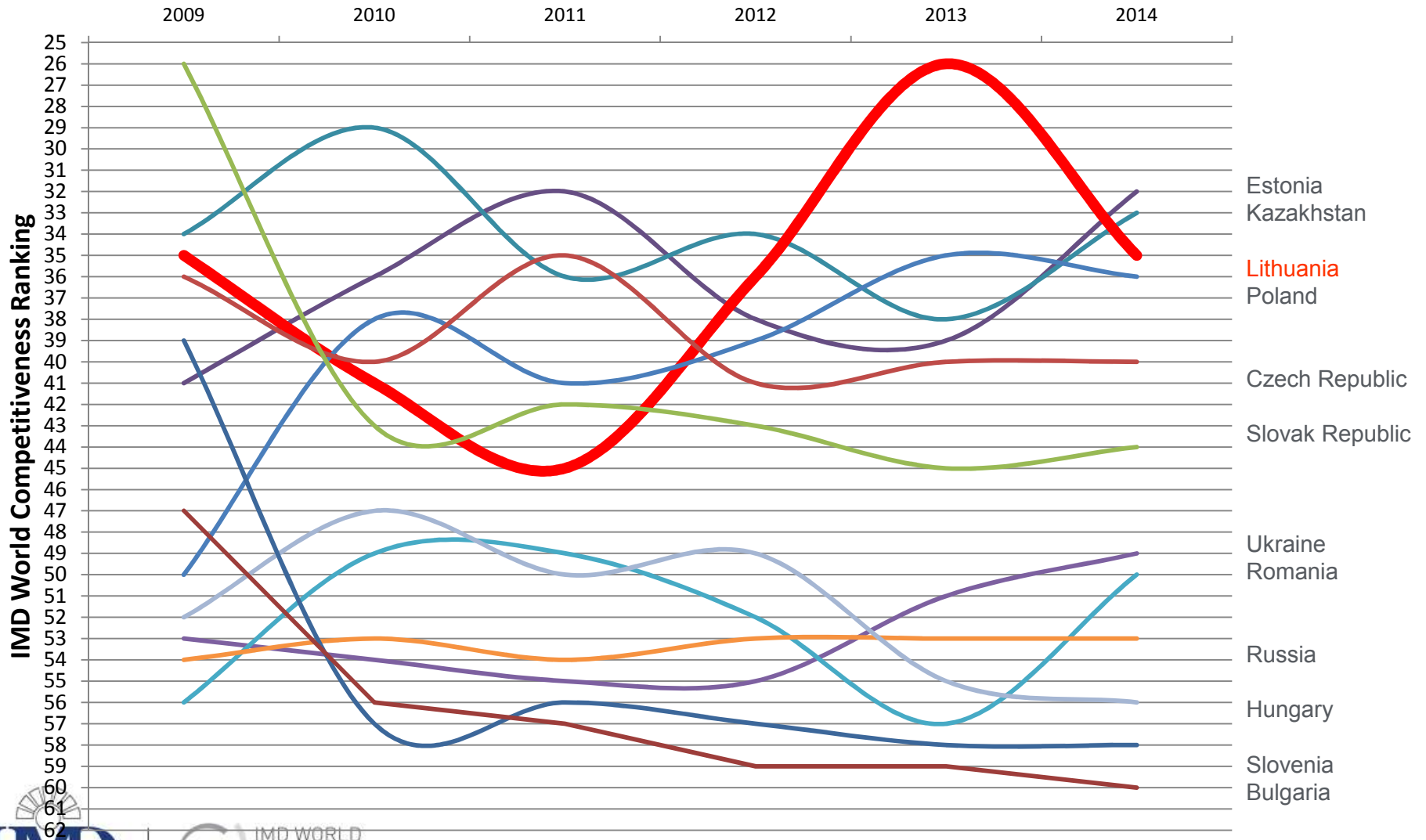
# Economic Performance



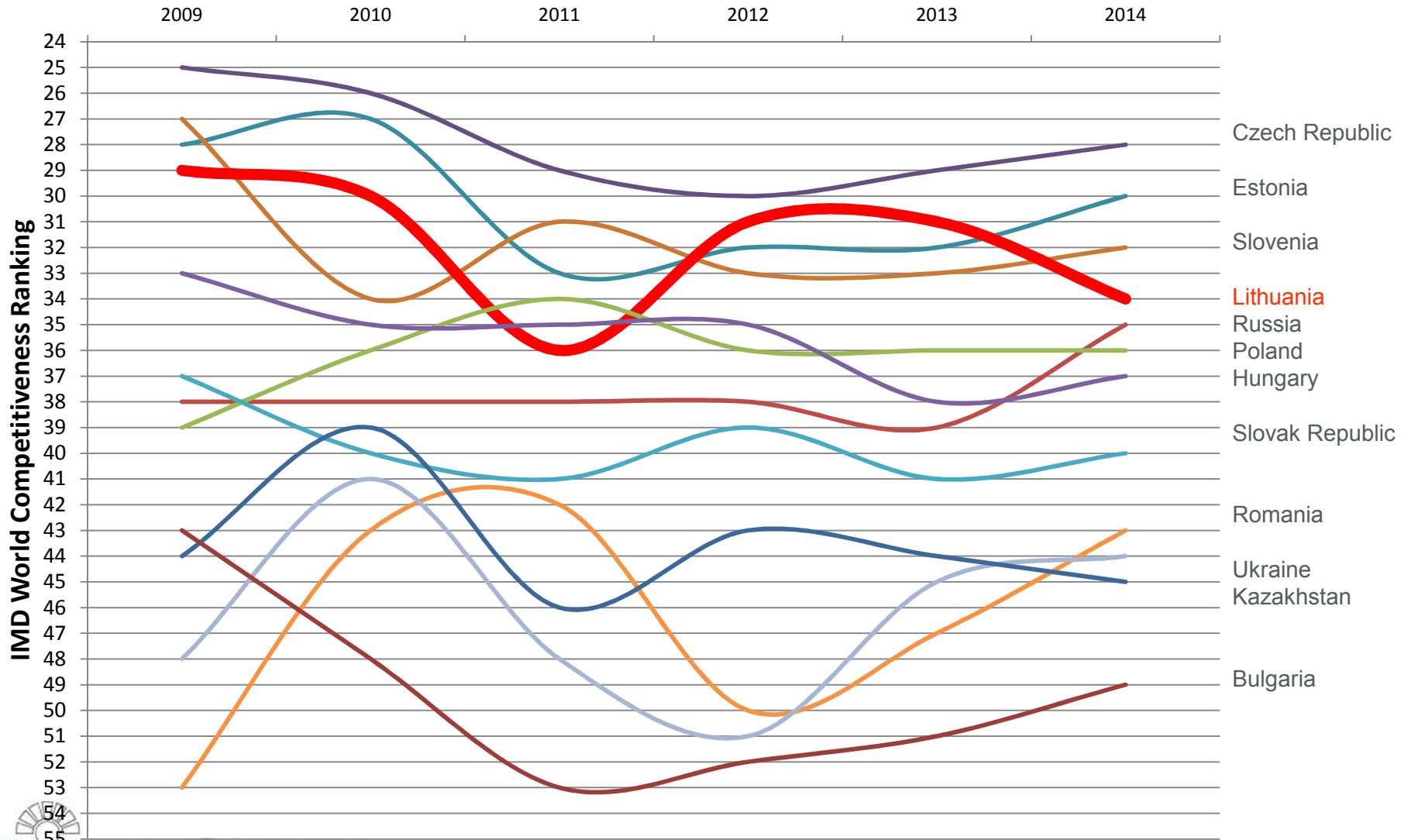
# Government Efficiency



# Business Efficiency

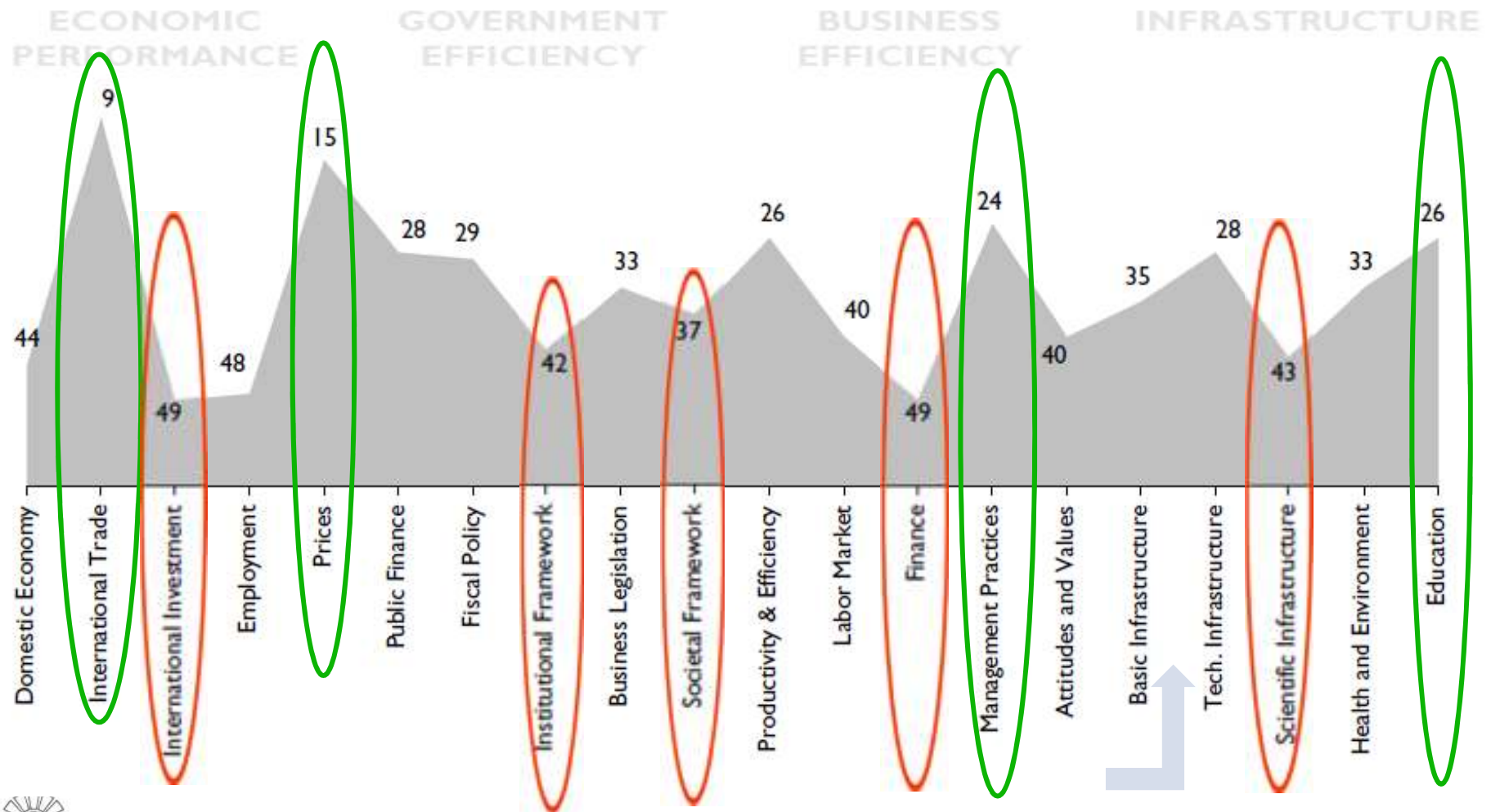


# Infrastructure



# Lithuania: 2014 COUNTRY PROFILE

– Competitiveness landscape - 20 sub-factors





# Lithuania: KEY ATTRACTIVENESS INDICATORS

– The Top 5 from the perceptions of Lithuanian executives



**Skilled Workforce 75.4%**

**High Education Level 73.8%**

**Cost Competitiveness 55.5%**

**Reliable Infrastructure 55.7%**

**Business-Friendly Environment 36.1%**

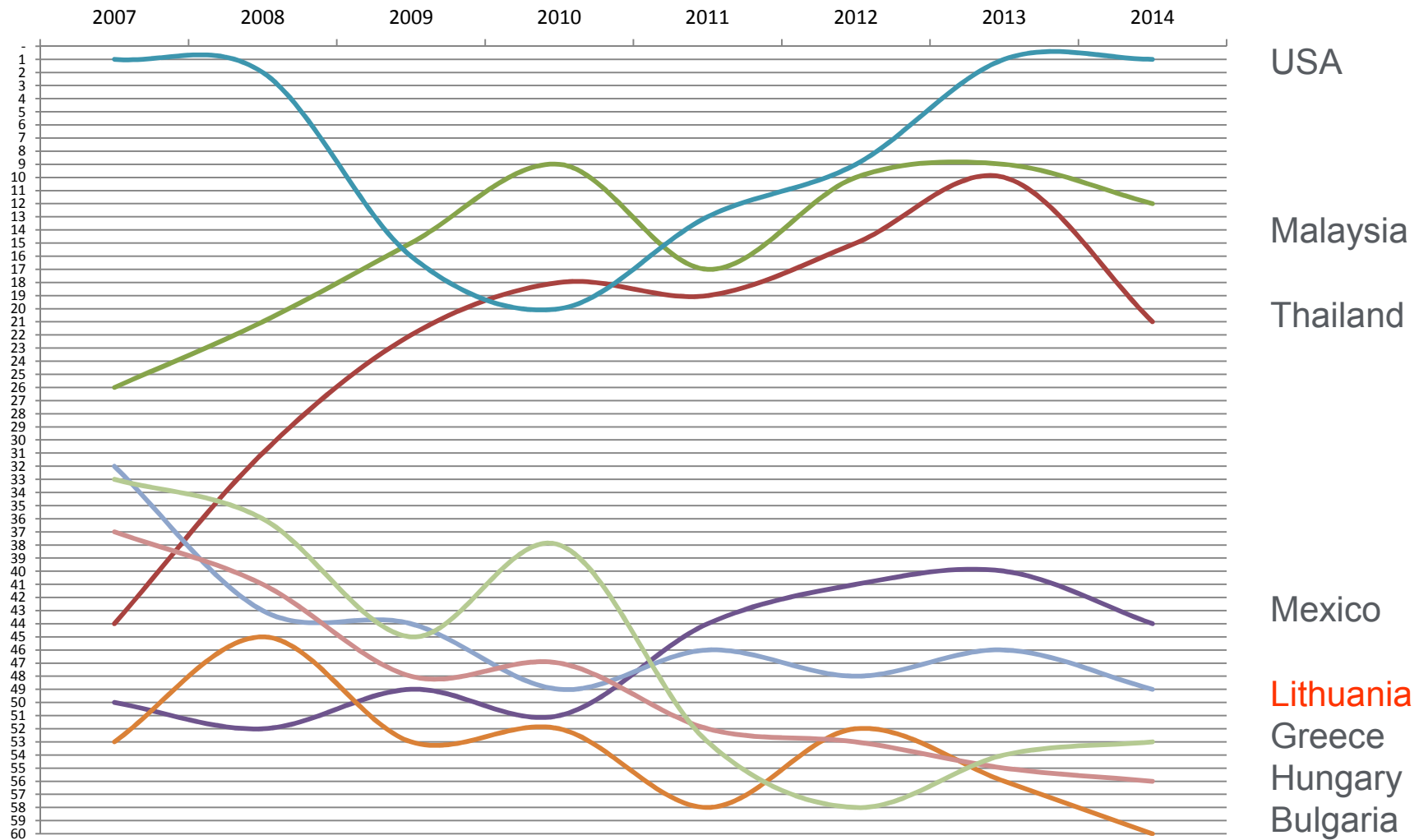
**Quality of Corporate Governance 31.1%**

**Access to Finance 18.0%**



© IMD World Competitiveness Yearbook 2014 (% of responses among a list of 15 indicators)



# Financial Markets Development and Competitiveness





## Financial Markets Development: Inputs

|                                | Lithuania  |                  | Thailand  |                  |
|--------------------------------|---|------------------|--|------------------|
|                                | 2014  | Change 2007-2014 | 2014   | Change 2007-2014 |
| <b>Overall 2000</b>            | <b>34</b>   | <b>+3</b>        | <b>29</b>  | <b>-4</b>        |
| Finance skills                 | <b>55</b>   | +16              | <b>36</b>  |                  |
| Banking sector assets (%)      | <b>45</b>   | -7               | <b>14</b>  | -7               |
| Financial cards in circulation | <b>42</b>   | +7               | <b>39</b>  |                  |
| Investment risk                | <b>40</b>   | +3               | <b>42</b>  | -1               |
| Banking and financial services | <b>42</b>   | +13              | <b>18</b>  | -20              |
| Finance and banking regulation | <b>39</b>   | +15              | <b>19</b>  | -23              |
| Stock markets                  | <b>43</b>   | +11              | <b>16</b>  | -20              |

Rankings out of 60 countries

## Financial Markets Development: Outputs

|                                    | Lithuania  |                  | Thailand  |                  |
|------------------------------------|---|------------------|--|------------------|
|                                    | 2014  | Change 2007-2014 | 2014   | Change 2007-2014 |
| <b>Overall 2000</b>                | <b>34</b>   | <b>+3</b>        | <b>29</b>  | <b>-4</b>        |
| Shareholders' rights               | <b>27</b>   | +2               | <b>28</b>  | -15              |
| Access to Credit                   | <b>44</b>   | +12              | <b>22</b>  | -17              |
| Venture capital                    | <b>24</b>   | +3               | <b>39</b>  | +6               |
| Corporate debt                     | <b>38</b>   | -4               | <b>22</b>  | -13              |
| Stock market capitalization (\$bn) | <b>57</b>   | +3               | <b>25</b>  | -6               |
| Stock market capitalization (%)    | <b>56</b>   | +11              | <b>14</b>  | -12              |
| Value traded on stock markets      | <b>54</b>   | +6               | <b>31</b>  | -6               |
| Listed domestic companies          | <b>54</b>   | +2               | <b>17</b>  | +1               |
| Stock market index (%)             | <b>17</b>   | -33              | <b>48</b>  | -9               |
| Financial card transactions        | <b>32</b>   | +32              | <b>33</b>  | -7               |

Rankings out of 60 countries

# Competitiveness Breakdown

## 333 Criteria

- Domestic Economy
- International Trade
- International Investment
- Employment
- Prices



### Economic Performance

- Public Finance
- Fiscal Policy
- Institutional Framework
- Business Legislation
- Societal Framework



### Government Efficiency

- Productivity
- Labor Market
- Finance
- Management Practices
- Attitudes and Values



### Business Efficiency

- Basic
- Technological
- Scientific
- Health & Environment
- Education



### Infrastructure



# THE WORLD COMPETITIVENESS SCOREBOARD 2014

– Who are the winners and losers?

| IMD WORLD COMPETITIVENESS YEARBOOK 2014 - OVERALL RANKING |      |      |        |                 |      |      |        |
|---|------|------|--------|-----------------|------|------|--------|
| Country   | Rank |      |        | Country         | Rank |      |        |
|   | 2014 | 2013 | Change |                 | 2014 | 2013 | Change |
| USA   | 1    | 1    | —      | Chile           | 31   | 30   | ↘      |
| Switzerland   | 2    | 2    | —      | Kazakhstan      | 32   | 34   | ↗      |
| Singapore   | 3    | 5    | ↗      | Czech Republic  | 33   | 35   | ↗      |
| Hong Kong   | 4    | 3    | ↘      | Lithuania       | 34   | 31   | ↘      |
| Sweden  | 5    | 4    | ↘      | Latvia          | 35   | 41   | ↗      |
| Germany   | 6    | 9    | ↗      | Poland          | 36   | 33   | ↘      |
| Canada  | 7    | 7    | —      | Indonesia       | 37   | 39   | ↗      |
| UAE   | 8    | 8    | —      | Russia          | 38   | 42   | ↗      |
| Denmark   | 9    | 12   | ↗      | Spain           | 39   | 45   | ↗      |
| Norway  | 10   | 6    | ↘      | Turkey          | 40   | 37   | ↘      |
| Luxembourg  | 11   | 13   | ↗      | Mexico          | 41   | 32   | ↘      |
| Malaysia  | 12   | 15   | ↗      | Philippines     | 42   | 38   | ↘      |
| Taiwan  | 13   | 11   | ↘      | Portugal        | 43   | 46   | ↗      |
| Netherlands   | 14   | 14   | —      | India           | 44   | 40   | ↘      |
| Ireland   | 15   | 17   | ↗      | Slovak Republic | 45   | 47   | ↗      |
| United Kingdom  | 16   | 18   | ↗      | Italy           | 46   | 44   | ↘      |
| Australia   | 17   | 16   | ↘      | Romania         | 47   | 55   | ↗      |
| Finland   | 18   | 20   | ↗      | Hungary         | 48   | 50   | ↗      |
| Qatar   | 19   | 10   | ↘      | Ukraine         | 49   | 49   | —      |
| New Zealand   | 20   | 25   | ↗      | Peru            | 50   | 43   | ↘      |
| Japan   | 21   | 24   | ↗      | Colombia        | 51   | 48   | ↘      |
| Austria   | 22   | 23   | ↗      | South Africa    | 52   | 53   | ↗      |
| China Mainland  | 23   | 21   | ↘      | Jordan          | 53   | 56   | ↗      |
| Israel  | 24   | 19   | ↘      | Brazil          | 54   | 51   | ↘      |
| Iceland   | 25   | 29   | ↗      | Slovenia        | 55   | 52   | ↘      |
| Korea   | 26   | 22   | ↘      | Bulgaria        | 56   | 57   | ↗      |
| France  | 27   | 28   | ↗      | Greece          | 57   | 54   | ↘      |
| Belgium   | 28   | 26   | ↘      | Argentina       | 58   | 59   | ↗      |
| Thailand  | 29   | 27   | ↘      | Croatia         | 59   | 58   | ↘      |
| Estonia   | 30   | 36   | ↗      | Venezuela       | 60   | 60   | —      |

