



News Release

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United States expected to take top position from China as the most competitive manufacturing country, according to Deloitte report

Moscow, 6 April 2016 – The United States is expected to become the most competitive manufacturing nation over the next five years, with the current leader, China, slipping into second position, according to the *2016 Global Manufacturing Competitiveness Index* (GMCI) report from Deloitte Touche Tohmatsu Limited's (Deloitte Global) Global Consumer & Industrial Products Industry group and the US Council on Competitiveness (Council).

The prediction is based on an in-depth analysis of survey responses from more than 500 chief executive officers and senior leaders at manufacturing companies throughout the world. As in the 2010 and 2013 reports, the executives ranked 40 countries in terms of their current and future manufacturing competitiveness and also rated the top drivers of global manufacturing competitiveness (listed below).

“Made in the USA is making a big comeback,” said Deborah L. Wince-Smith, president and CEO of the Council on Competitiveness. “Contrary to the view that manufacturing is declining, the study points to a manufacturing future characterized by innovation-driven growth. Manufacturing is sustainable, smart, safe, and surging – and America is expected to be among the leaders in this industry transformation.”

CEOs say that advanced manufacturing technologies are a key to unlocking future competitiveness. Predictive analytics, the network connectivity of common objects known as the “Internet of Things” (IoT), smart products and smart factories that are helping to define “Industry 4.0”, and advanced materials are viewed by executives as crucial to global manufacturing competitiveness.

“The US is currently among the top nations unlocking advanced manufacturing technologies including smart, connected products and factories, predictive analytics and advanced materials that are core to future competitiveness,” said Craig Giffi, vice chairman, Deloitte LLP and Deloitte US Automotive Sector leader. “The US continues to emphasize the connection between people, resources, policies, and organizations to form a cohesive ecosystem of innovation while investing in research and development.”

In the *2016 Global Manufacturing Competitiveness Index* country rankings, regional clusters of strength emerge with North America and Asia dominating the competitive landscape. Three North American countries – US, Mexico and Canada – rank in the top 10 and are expected to remain there in the next five years. In the Asia Pacific region, five nations are expected to be in

the top 10 by 2020 – China, Japan, India, Korea, and Taiwan – which only leaves two spots open for Germany and the United Kingdom to represent Europe in the top 10 by 2020.

Of the BRIC countries (Brazil, Russia, India, and China), only China is viewed by the respondents as a top 10 manufacturing country in 2016. Brazil fell from 8th in 2013 to 29th in 2016 while Russia fell from 28th in 2013 to 32nd in 2016. But, India, although currently ranked 11th, is expected to jump to the number five spot by 2020.

Another theme highlighted in the report is the rise of the Asia Pacific nations Malaysia, India, Thailand, Indonesia, and Vietnam (known by the acronym MITI V, or the “Mighty 5”). All of these countries are expected to be included in the top 15 nations by 2020 and could represent a “New China” in terms of low-cost labor, agile manufacturing capabilities, favorable demographic profiles, as well as market and economic growth.

2016 Global Manufacturing Competitiveness Index rankings by country¹

Current competitiveness

Rank	Country	2013 rank
1	China	1
2	United States	3
3	Germany	2
4	Japan	10
5	South Korea	5
6	United Kingdom	15
7	Taiwan	6
8	Mexico	12
9	Canada	7
10	Singapore	9
11	India	4
12	Switzerland	22
13	Sweden	21
14	Thailand	11
15	Poland	14
16	Turkey	20
17	Malaysia	13
18	Vietnam	18
19	Indonesia	17
20	Netherlands	23
21	Australia	16

Projected competitiveness in five years

Rank	Country
1	United States
2	China
3	Germany
4	Japan
5	India
6	South Korea
7	Mexico
8	United Kingdom
9	Taiwan
10	Canada
11	Singapore
12	Vietnam
13	Malaysia
14	Thailand
15	Indonesia
16	Poland
17	Turkey
18	Sweden
19	Switzerland
20	Czech Republic
21	Netherlands

¹ Source: Deloitte Touche Tohmatsu Limited and US Council on Competitiveness, 2016 Global Manufacturing Competitiveness Index

22	France	25
23	Czech Republic	19
24	Finland	-
25	Spain	33
26	Belgium	27
27	South Africa	24
28	Italy	32
29	Brazil	8
30	United Arab Emirates	30
31	Ireland	37
32	Russia	28
33	Romania	29
34	Saudi Arabia	34
35	Portugal	35
36	Colombia	31
37	Egypt	36
38	Nigeria	-
39	Argentina	26
40	Greece	38

22	Australia
23	Brazil
24	Finland
25	South Africa
26	France
27	Spain
28	Romania
29	Belgium
30	Italy
31	Ireland
32	Russia
33	United Arab Emirates
34	Colombia
35	Portugal
36	Saudi Arabia
37	Egypt
38	Nigeria
39	Argentina
40	Greece

In addition to the country ranking, CEOs identified the top drivers of manufacturing competitiveness. Talent was the leading driver with focus on the quality and availability of highly skilled workers that facilitate a shift towards innovation and advanced manufacturing strategies. 73 percent of executives believe that Germany is “extremely competitive” on talent, followed by Japan at 67 percent, and the United States at 66 percent; these countries represent the top three most competitive nations on talent. Executives ranked cost competitiveness as the second most influential driver of overall competitiveness, followed by productivity, supplier networks, and legal and regulatory systems to round out the top five factors.

“In order to be globally competitive, talent has to be a top priority on the agendas of manufacturing companies,” says Tim Hanley, Deloitte Global Leader for Consumer & Industrial Products Industry group. “Companies will need to be tuned into the needs of Millennials and the Generation Z workforce and use differentiated talent acquisition models and strategic retention strategies.”

Drivers of global manufacturing competitiveness

Drivers	2016 Rank
Talent	1
Cost competitiveness	2
Workforce productivity	3
Supplier network	4
Legal and regulatory system	5
Education infrastructure	6

Physical infrastructure	7
Economic, trade, financial, and tax system	8
Innovation policy and infrastructure	9
Energy policy	10
Local market attractiveness	11
Healthcare system	12

Visit www.deloitte.com/globalcompetitiveness to learn more about the *2016 Global Manufacturing Competitiveness Index*.

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About the 2016 Global Manufacturing Competitiveness Index

The 2016 Global Manufacturing Competitiveness Index (GMCI) report is the third study prepared by the Deloitte Touche Tohmatsu Limited (Deloitte Global) Global Consumer & Industrial Products Industry group and the US Council on Competitiveness, with prior studies published in 2010 and 2013. This multi-year research platform is designed to help global industry executives and policy makers evaluate drivers that are key to company and country level competitiveness as well as identify which nations are expected to offer the most competitive manufacturing environments through the end of this decade. The 2016 study includes more than 500 survey responses from senior manufacturing executives around the world. For more information concerning the specifics of this study and its participants, please visit www.deloitte.com/globalcompetitiveness.

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