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Press Release

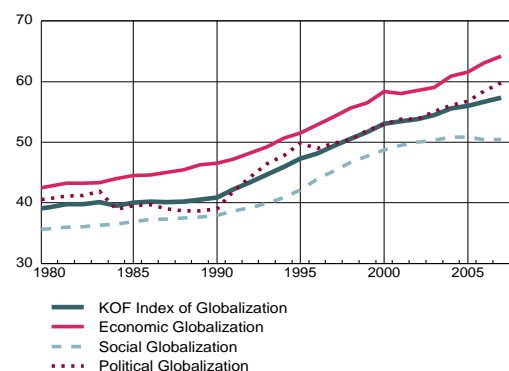
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KOF Index of Globalization 2010

Once again, Belgium comes first in the globalization stakes. Austria, which was in 3rd place last year, now ranks 2nd. This year's fast climber is Luxembourg, which advanced from 21st place to 14th place. Switzerland still comes 4th on the globalization index. While economic and political globalization is advancing, social globalization is stagnating.

The KOF Globalization Index measures the economic, social and political dimensions of globalization. The current analysis refers to the year 2007. Consequently, the developments triggered by the financial and economic crisis are not yet included. Globalization in the economic, social and political fields has been on the rise since the 1970s, receiving a particular boost after the end of the Cold War. Political and economic globalization advanced once again compared to the previous year. In contrast, social globalization is stagnating - and has been since 2001.

Chart 1
 KOF Index of Globalization Worldwide



The emerging markets in Eastern Europe and Central Asia are recording the biggest jump on the KOF Globalization Index. Although the degree of globalization is highest in the industrialised nations and Western Europe, it has stagnated for quite some time. In East Asia and the Pacific region, the globalization process has slowed down compared to the previous year, while index rankings actually went down in the Near East and North Africa.

The top three positions on the KOF Index of Globalization are still held by Belgium, Austria (previous year: 3rd place) and the Netherlands (previous year: 2nd place). Macedonia made the biggest jump, advancing 25 places to rank 65. Lebanon and Algeria suffered the biggest setback. Among the industrialised countries, Norway, which slipped down 4 places to rank 20, recorded the least favourable change. Myanmar, Kiribati and the Solomon Islands are at the bottom of the league.

Chart 2
The World's 15 Most Globalized Countries

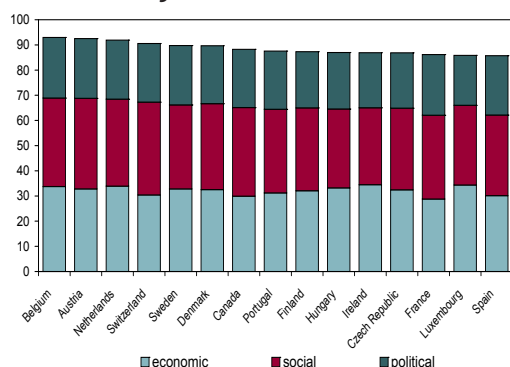
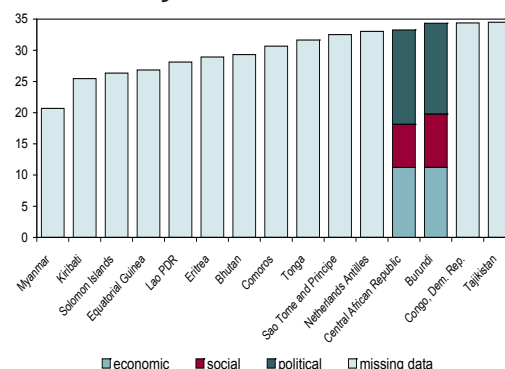


Chart 3
The World's 15 Least Globalized Countries



Singapore still ranks top of the list in terms of economic globalization, followed by Ireland, Luxembourg, the Netherlands and Malta - all smaller open economies that have just recently advanced to the top ranks. Switzerland comes in at place 22, down one place from the previous year. As before, the lowest level of economic globalization was recorded in Iran, Niger and Rwanda, as well as other African states such as Burundi and Ethiopia. The position table referring to social globalization is still topped by Switzerland, Austria and Canada. At the bottom of the table are Myanmar, the Democratic Republic of Congo and Niger. European countries still get the highest scores in the field of economic globalization. France is again top of the league, followed by Italy, Belgium, Austria and Sweden, with territories, microstates and islands such as the Isle of Man, the Channel Islands and Mayotte bringing up the rear. Switzerland continues to rank 8th. Worldwide, the average degree of social globalization has been stagnant for some years now, while economic and political integration is advancing steadily.

Information on Selected Countries

Globalization in Germany

While the KOF Globalization Index for Germany was going up consistently in the 1990s, the globalization process slowed down somewhat at the beginning of the new decade (2001). Since then, it has been moving sideways in small waves. At present (2007), the country ranks 18th, the same position as in 2006. In terms of economic globalization, the German economy slipped three places to rank 41. This is predominantly due to restrictions on capital movements. The same is true for political globalization, where Germany ranks 12th (two places lower than in the previous year). In contrast, Germany advanced further in the field of social globalization, reaching rank 8 in 2007. This is due, among other reasons, to a higher degree of Internet usage.

Globalization in the UK

The UK was consistently among the 20 most globalized countries until the beginning of the new millennium. Since then the island nation has lost some ground compared to other countries. At present the UK comes in at position 24 (previous year: position 23). The country lost points particularly in the field of economic globalization, dropping to rank 32. In contrast, the degree of social globalization in the UK is still high in international comparison. However, political globalization is different matter. In this field, the country slid down a further seven places to rank 85 due, predominantly, to progressive interconnectedness between other countries, an area in which the UK is losing ground.

Globalization in France

As in the previous year, the Globalization Index ranked France in 13th place. The economic, political and social globalization sub-indices also remained unchanged. In the field of economic globalization, the country holds a rather modest 34th place. At least, the previous year's downward trend did not continue. France still tops the index in terms of political globalization, a position it has held without interruption since 1998. The country's wealth of foreign embassies in Paris, its memberships in international organisations, the extent of its participation in UN peace missions and the number of international treaties it is party to is unparalleled.

Table 1

KOF Index of Globalization, Selected Countries

	Germany	United Kingdom	France	Italy	Switzerland	United States
1970–79	54.25	61.72	59.34	51.71	69.06	61.74
1980–89	60.78	69.32	70.35	56.92	78.31	67.91
1990–99	72.72	76.60	79.77	71.78	87.73	74.63
2000	83.61	81.61	85.55	81.31	93.81	78.03
2001	82.23	80.91	84.44	81.02	92.77	77.40
2002	82.87	80.46	84.90	80.27	91.95	76.16
2003	81.92	80.97	84.19	79.40	92.13	76.35
2004	80.58	80.20	84.82	80.38	90.01	77.69
2005	83.09	80.77	85.53	80.61	90.81	76.67
2006	83.61	80.16	85.47	81.31	90.43	78.22
2007	84.16	80.18	86.18	82.26	90.55	78.80

Globalization in Italy

Italy has slid down two places since the previous year and is currently ranking 22nd. As regards economic globalization, the country advanced two places to number 40. Given the country's structural problems and slow economic growth, it is doubtful whether the downward trend that has been observed for about 10 years has come to an end. Italy retained its rankings in terms of both social globalization (rank 24) and political globalization (rank 2 behind France).

Globalization in Switzerland

Until the year 2000, Switzerland's score on the KOF Index of Globalization was consistently on the rise, only to stagnate in the following years. In 2004, the country's ranking declined and has since been moving sideways. In terms of country ranking, Switzerland has consistently been among the five most globalized countries. At present, as in the year before, Switzerland comes in at position 4. Economic integration in Switzerland continued to decline this year. Social globalization is stagnating, although Switzerland tops the overall ranking in this area, and there is no more room for upward movement. The country's degree of political globalization remained at the previous year's level.

Globalization in the USA

The USA's ranking on the KOF Index of Globalization dropped one place to number 27. There has been a slight advance in economic globalization compared to the previous year. Both the "Actual Flows" sub-indicator, which includes trade and capital movements, and the removal of trade restrictions have led to an increase in economic globalization. All in all, globalization in the USA has stagnated since the end of the 1990s. Similar to most other industrialised countries, social globalization in the USA has remained unchanged for several years now. This is also true for political globalization which was rising until 1993 and has stagnated since.

Methodological Aspects

The KOF Globalization Index measures the economic, social and political dimensions of globalization. The index records changes in globalization across a large number of countries over a long period of time. The KOF Index of Globalization 2010, which is based on 24 different variables, compares 181 countries over the period 1970 to 2007.¹

The economic dimension of the KOF Index quantifies not only actual trade and investment flows but also the extent to which countries protect themselves by imposing restrictions on trade and capital movements. The social dimension of globalization reflects the flow of ideas and information, while the political dimension examines the degree of political cooperation between countries.

The KOF Index measures globalization on a scale from 1–100, whereby the underlying variables are divided into percentiles to curtail the impact of extreme data points and reduce fluctuations over time. Using the original sources, the relevant data were also updated for the previous years. Due to the updating of the database, the current data are not comparable with last years' KOF Index. Hence, all comparisons with earlier years that appear in the text are based on the new calculation method.

Detailed information regarding the KOF Index of Globalization 2010 can be found at:

- <http://www.kof.ethz.ch/globalisation>
- Dreher, Axel, Noel Gaston and Pim Martens (2008),
Measuring Globalisation – Gauging its Consequences, New York: Springer.

If you have any questions, please contact: dreher@kof.ethz.ch.

¹ Most recent data available for the underlying variables. At the beginning of each year, the KOF Index of Globalization is updated by one year.

Chart 4a
KOF Index of Globalization Across Regions

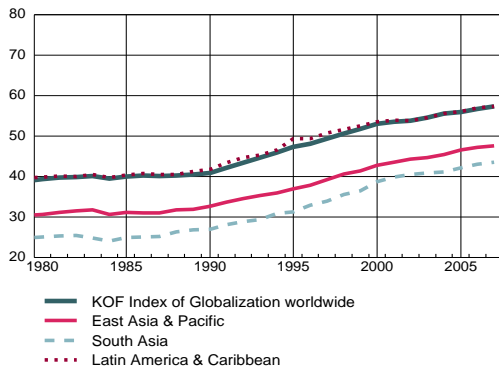


Chart 4b
KOF Index of Globalization Across Regions

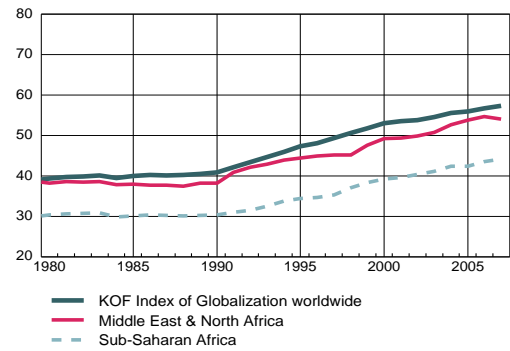


Chart 4c
KOF Index of Globalization Across Regions

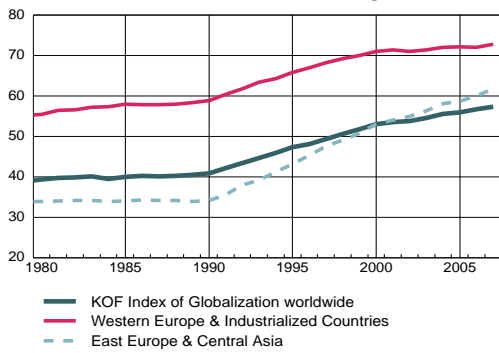


Chart 5
KOF Index of Globalization According to Income

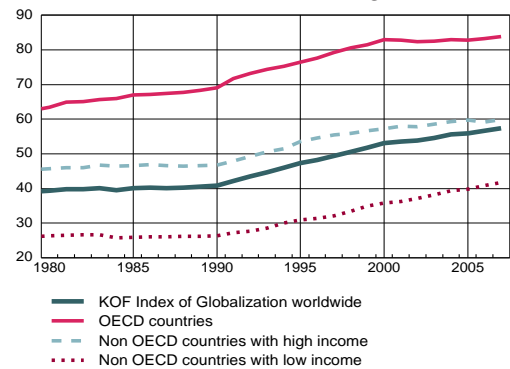


Chart 6
The Biggest Changes
(as compared to previous year)

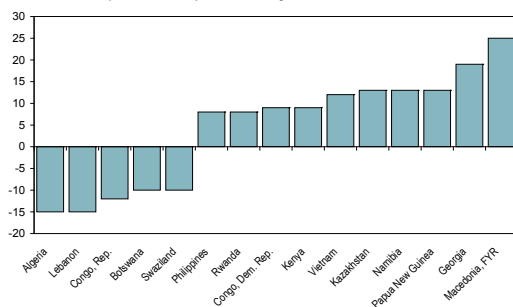


Chart 7
The Changes Among Most Globalized Countries
(as compared to previous year)

