

# Ekonomski rast: konkurentnost i ekonomske slobode

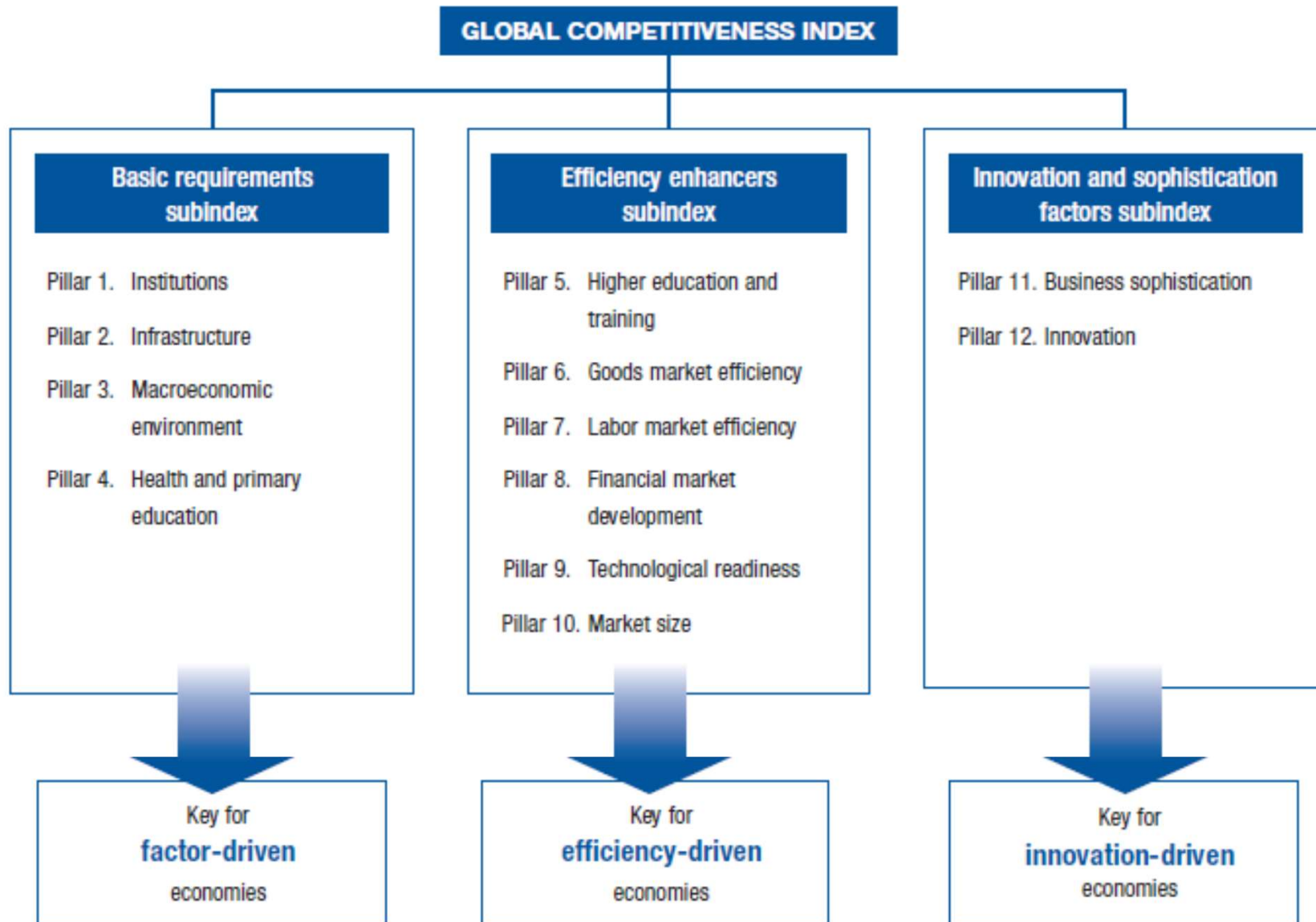
Prof. Maja Baćović

15.03.2019.

## Determinante rasta

- ▶ Aktualna istraživanja faktora rasta koje kontinuirano sprovodi Svjetski ekonomski forum (WEF), izvore rasta grupišu u tri kategorije:
  - ▶ Determinante značajne za ekonomije čiji je rast uslovljen korišćenjem **faktora proizvodnje** (institucije, infrastruktura, makroekonomska stabilnost i zdravlje i osnovno obrazovanje);
  - ▶ Determinante koje utiču na rast preko **rasta efektivnosti** (visoko obrazovanje i obuka, efikasnost tržišta roba, efikasnost tržišta rada, finansijsko tržište, tehnološki razvoj i veličina tržišta);
  - ▶ Determinante koje putem **inovacija** podstiču rast (Inovacije (istraživanja i razvoj) i sofisticiranost poslovanja).

Figure 1: The Global Competitiveness Index framework



See Appendix A for the detailed structure of the GCI.

	STAGE OF DEVELOPMENT				
	Stage 1: Factor-driven	Transition from stage 1 to stage 2	Stage 2: Efficiency-driven	Transition from stage 2 to stage 3	Stage 3: Innovation-driven
GDP per capita (US\$) thresholds*	<2,000	2,000–2,999	3,000–8,999	9,000–17,000	>17,000
Weight for basic requirements	60%	40–60%	40%	20–40%	20%
Weight for efficiency enhancers	35%	35–50%	50%	50%	50%
Weight for innovation and sophistication factors	5%	5–10%	10%	10–30%	30%

Note: See individual economy profiles for exact applied weights.

\* For economies with a high dependency on mineral resources, GDP per capita is not the sole criterion for the determination of the stage of development. See text for details.

Figure 1: Competitiveness and 10-year average growth rates, 2007–2016

Average growth rate, percent

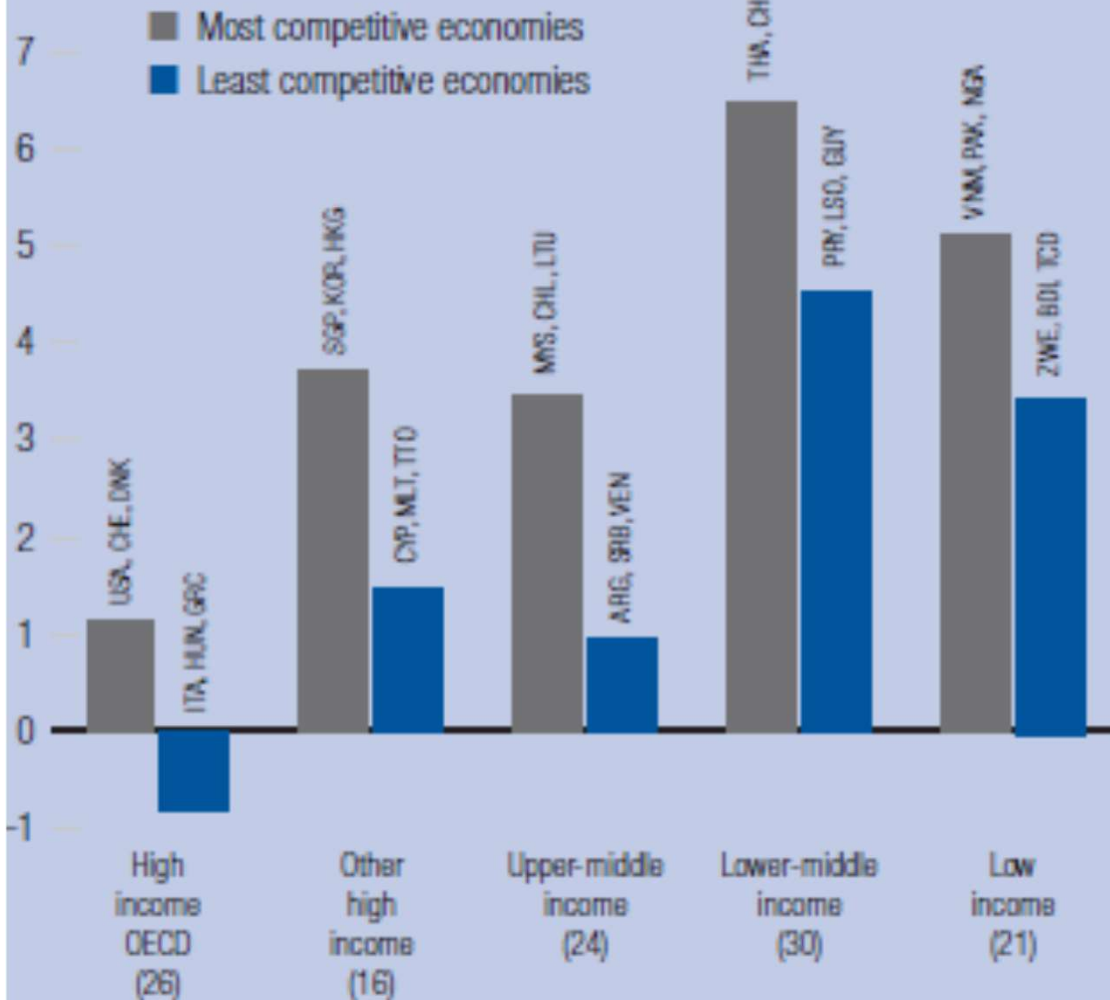
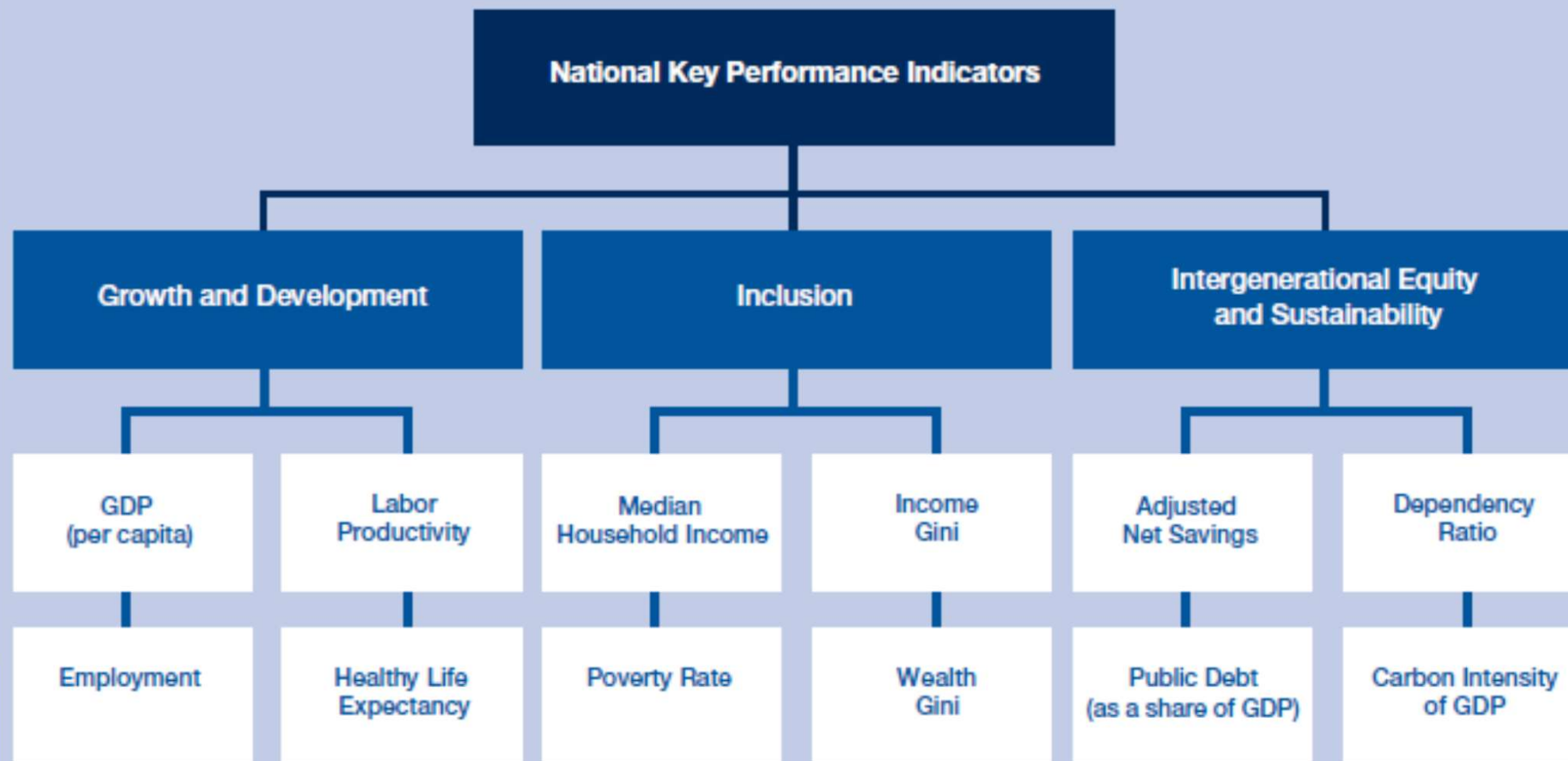


Figure 1: National Key Performance Indicators for Inclusive Development



Source: World Economic Forum 2017.

Table 1: Global Competitiveness Index 2017–2018 rankings and 2016–2017 comparisons

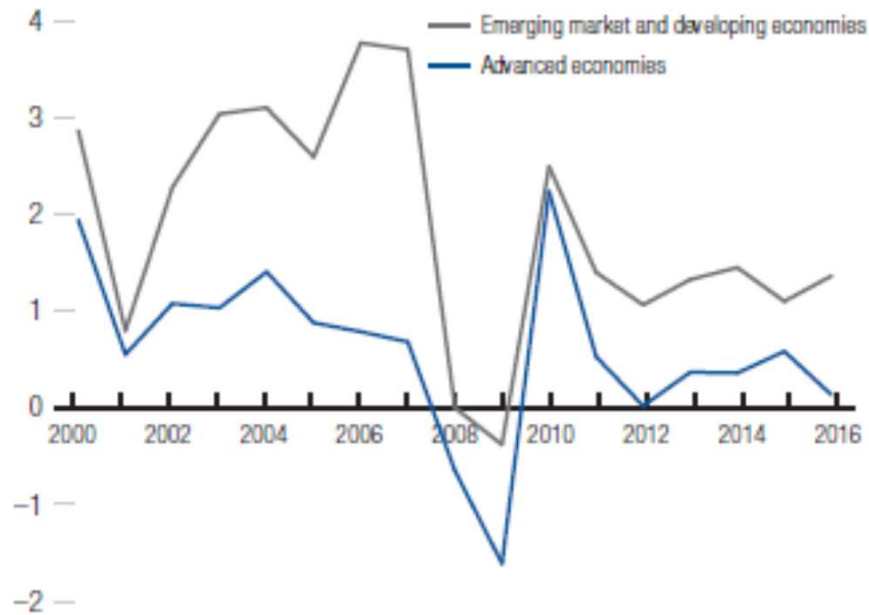
Economy	GCI 2017–2018		GCI 2016–2017		Economy	GCI 2017–2018		GCI 2016–2017	
	Rank (out of 137)	Score (1–7)	Rank (out of 136)	Score (1–7)		Rank (out of 137)	Score (1–7)	Rank (out of 136)	Score (1–7)
Switzerland	1	5.86	1	5.81	Jamaica	70	4.25	75	4.13
United States	2	5.85	3	5.70	Morocco	71	4.24	70	4.20
Singapore	3	5.71	2	5.72	Peru	72	4.22	67	4.23
Netherlands	4	5.66	4	5.57	Armenia	73	4.19	79	4.07
Germany	5	5.65	5	5.57	Croatia	74	4.19	74	4.15
Hong Kong SAR	6	5.53	9	5.48	Albania	75	4.18	80	4.06
Sweden	7	5.52	6	5.53	Uruguay	76	4.15	73	4.17
United Kingdom	8	5.51	7	5.49	Montenegro	77	4.15	82	4.05
Japan	9	5.49	8	5.48	Serbia	78	4.14	90	3.97
Finland	10	5.49	10	5.44	Tajikistan	79	4.14	77	4.12
Norway	11	5.40	11	5.44	Brazil	80	4.14	81	4.06
Denmark	12	5.39	12	5.35	Ukraine	81	4.11	85	4.00
New Zealand	13	5.37	13	5.31	Bhutan	82	4.10	97	3.87
Canada	14	5.35	15	5.27	Trinidad and Tobago	83	4.09	94	3.93
Taiwan, China	15	5.33	14	5.28	Guatemala	84	4.08	78	4.08
Israel	16	5.31	24	5.18	Sri Lanka	85	4.08	71	4.19
United Arab Emirates	17	5.30	16	5.26	Algeria	86	4.07	87	3.98
Austria	18	5.25	19	5.22	Greece	87	4.02	86	4.00
Luxembourg	19	5.23	20	5.20	Nepal	88	4.02	98	3.87
Belgium	20	5.23	17	5.25	Moldova	89	3.99	100	3.86
Australia	21	5.19	22	5.19	Namibia	90	3.99	84	4.02
France	22	5.18	21	5.20	Kenya	91	3.98	96	3.90
Malaysia	23	5.17	25	5.16	Argentina	92	3.95	104	3.81
Ireland	24	5.16	23	5.18	Nicaragua	93	3.95	103	3.81
Qatar	25	5.11	18	5.23	Cambodia	94	3.93	89	3.98
Korea, Rep.	26	5.07	26	5.03	Tunisia	95	3.93	95	3.92
China	27	5.00	28	4.95	Honduras	96	3.92	88	3.98
Iceland	28	4.99	27	4.96	Ecuador	97	3.91	91	3.96
Estonia	29	4.85	30	4.78	Lao PDR	98	3.91	93	3.93
Saudi Arabia	30	4.83	29	4.84	Bangladesh	99	3.91	106	3.80
Czech Republic	31	4.77	31	4.72	Egypt	100	3.90	115	3.67
Thailand	32	4.72	34	4.64	Mongolia	101	3.90	102	3.84
Chile	33	4.71	33	4.64	Nyrgyz Republic	102	3.90	111	3.75
Spain	34	4.70	32	4.68	Bosnia and Herzegovina	103	3.87	107	3.80
Azerbaijan	35	4.69	37	4.55	Dominican Republic	104	3.87	92	3.94
Indonesia	36	4.68	41	4.52	Lebanon	105	3.84	101	3.84
Malta	37	4.65	40	4.52	Senegal	106	3.81	112	3.74
Russian Federation	38	4.64	43	4.51	Seychelles	107	3.80	n/a	n/a
Poland	39	4.59	36	4.56	Ethiopia	108	3.78	109	3.77
India	40	4.59	39	4.52	El Salvador	109	3.77	105	3.81
Lithuania	41	4.58	35	4.60	Cape Verde	110	3.76	110	3.76
Portugal	42	4.57	46	4.48	Ghana	111	3.72	114	3.68
Italy	43	4.54	44	4.50	Paraguay	112	3.71	117	3.65
Bahrain	44	4.54	48	4.47	Tanzania	113	3.71	116	3.67
Mauritius	45	4.52	45	4.49	Uganda	114	3.70	113	3.69
Brunei Darussalam	46	4.52	58	4.35	Pakistan	115	3.67	122	3.49
Costa Rica	47	4.50	54	4.41	Cameroon	116	3.65	119	3.58
Slovenia	48	4.48	56	4.39	Gambia, The	117	3.61	123	3.47
Bulgaria	49	4.46	50	4.44	Zambia	118	3.52	118	3.60
Panama	50	4.44	42	4.51	Guinea	119	3.47	n/a	n/a
Mexico	51	4.44	51	4.41	Benin	120	3.47	124	3.47
Kuwait	52	4.43	38	4.53	Madagascar	121	3.40	128	3.23
Turkey	53	4.42	55	4.39	Switzerland	122	3.35	n/a	n/a
Latvia	54	4.40	49	4.45	Mali	123	3.33	125	3.46
Viet Nam	55	4.36	60	4.31	Zimbabwe	124	3.32	126	3.41
Philippines	56	4.35	57	4.36	Nigeria	125	3.30	127	3.39
Kazakhstan	57	4.35	53	4.41	Congo, Democratic Rep.	126	3.27	129	3.29
Rwanda	58	4.35	52	4.41	Venezuela	127	3.23	130	3.27
Slovak Republic	59	4.33	65	4.28	Haiti	128	3.22	n/a	n/a
Hungary	60	4.33	69	4.20	Burundi	129	3.21	135	3.06
South Africa	61	4.32	47	4.47	Sierra Leone	130	3.20	132	3.16
Oman	62	4.31	66	4.28	Lesotho	131	3.20	120	3.57
Botswana	63	4.30	64	4.29	Malawi	132	3.11	134	3.08
Cyprus	64	4.30	83	4.04	Mauritius	133	3.09	137	2.94
Jordan	65	4.30	83	4.29	Liberia	134	3.08	131	3.21
Colombia	66	4.29	61	4.30	Chad	135	2.99	136	2.95
Georgia	67	4.28	59	4.32	Mozambique	136	2.89	133	3.13
Romania	68	4.28	82	4.30	Yemen	137	2.87	138	2.74
Iran, Islamic Rep.	69	4.27	76	4.12					

Source: World Economic Forum.



**Figure 1: Total Factor Productivity 2000–2016**

PPP, GDP-weighted



Source: IMF 2017.

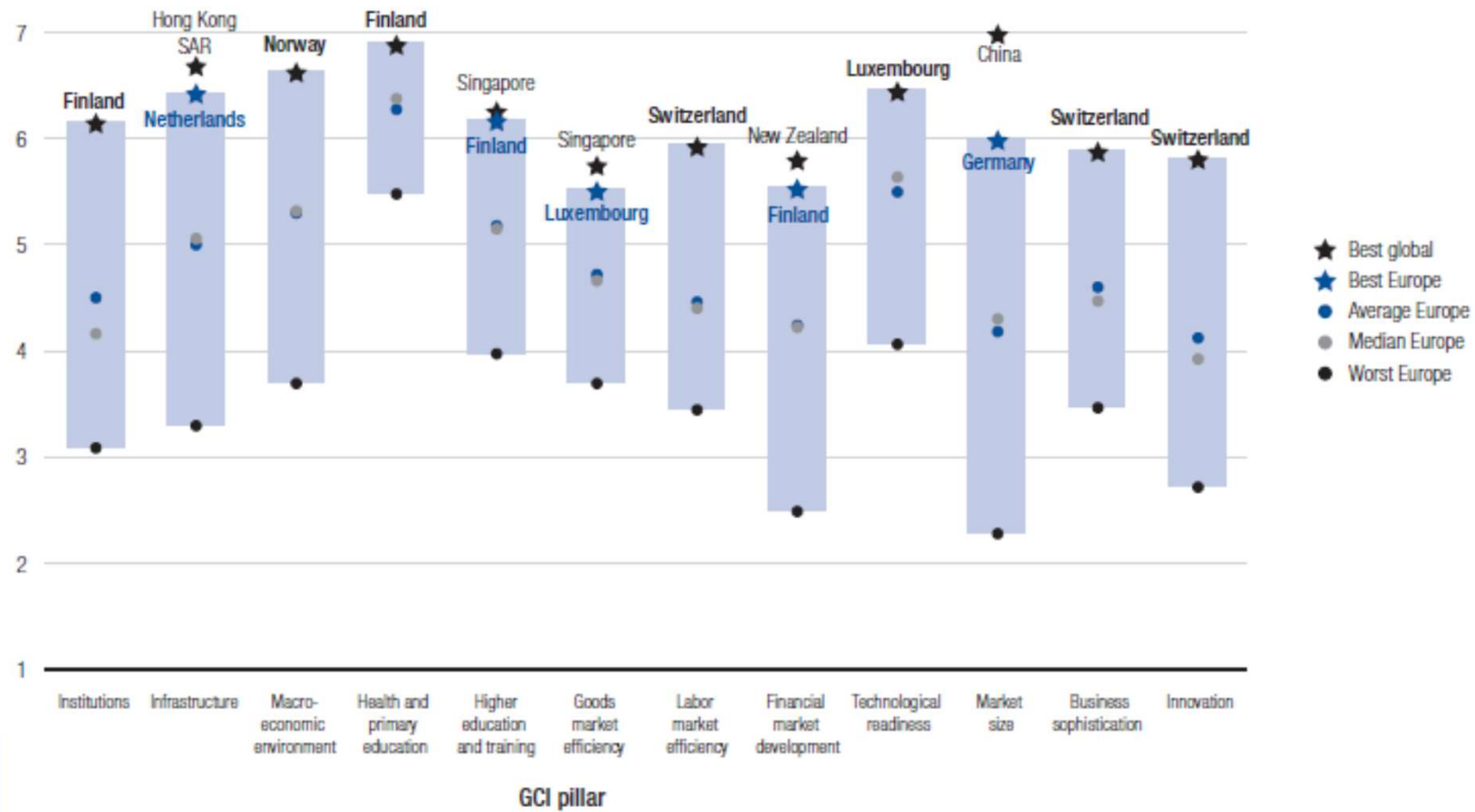
## INNOVATION CHALLENGES

The pace and disruptiveness of technological change are creating unprecedented opportunities and challenges that are set to be amplified by the convergence of digital, physical, and biological technologies that are characterizing the emerging Fourth Industrial Revolution.<sup>15</sup>



Figure 1: GCI score range for Europe across the 12 pillars, 2017–2018 edition

Score (1–7)

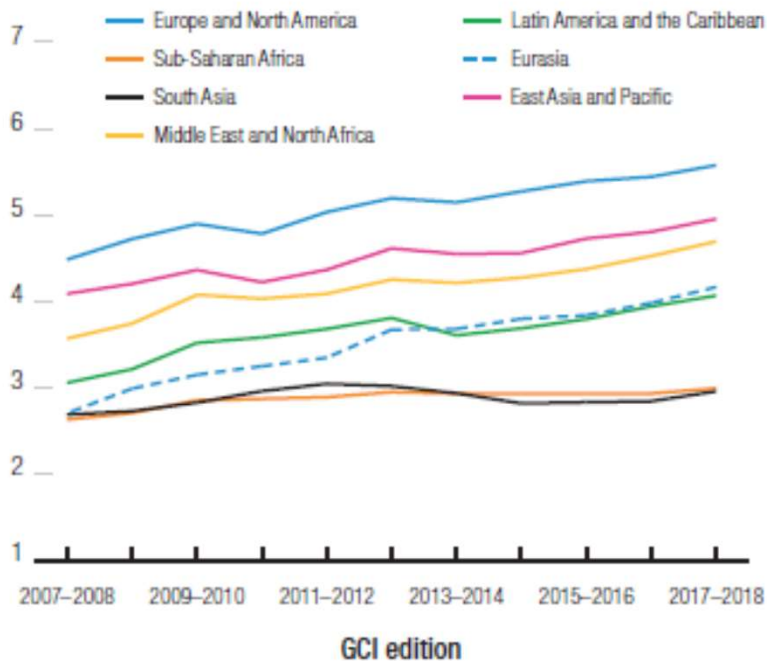


Source: Calculations based on the results of the Global Competitiveness Index 2017–2018.

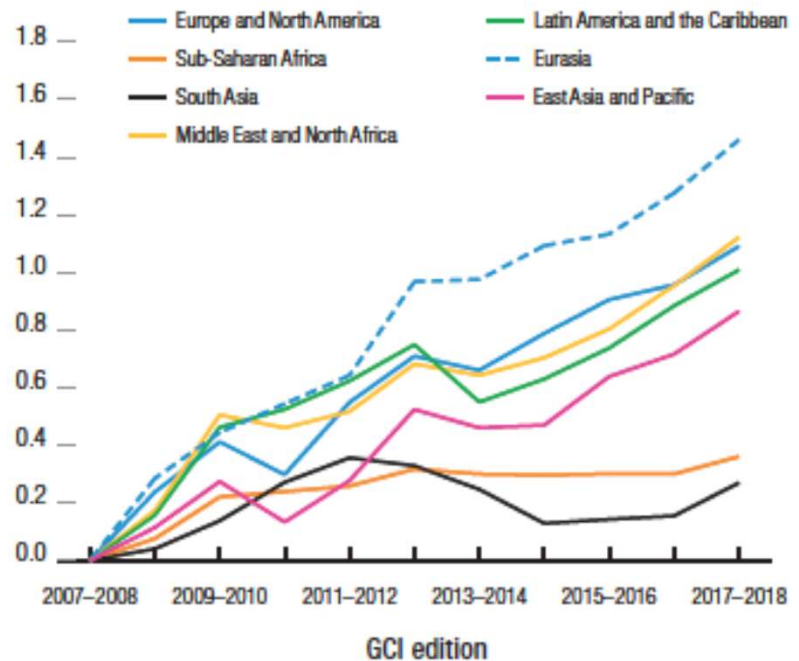
Note: The name of the best global economy is mentioned at the top; where the best European country does not coincide with the best global, the best European country is mentioned separately.

**Figure 4: Technological readiness by region**

**4a: Evolution of score**



**4b: Cumulative change in score**



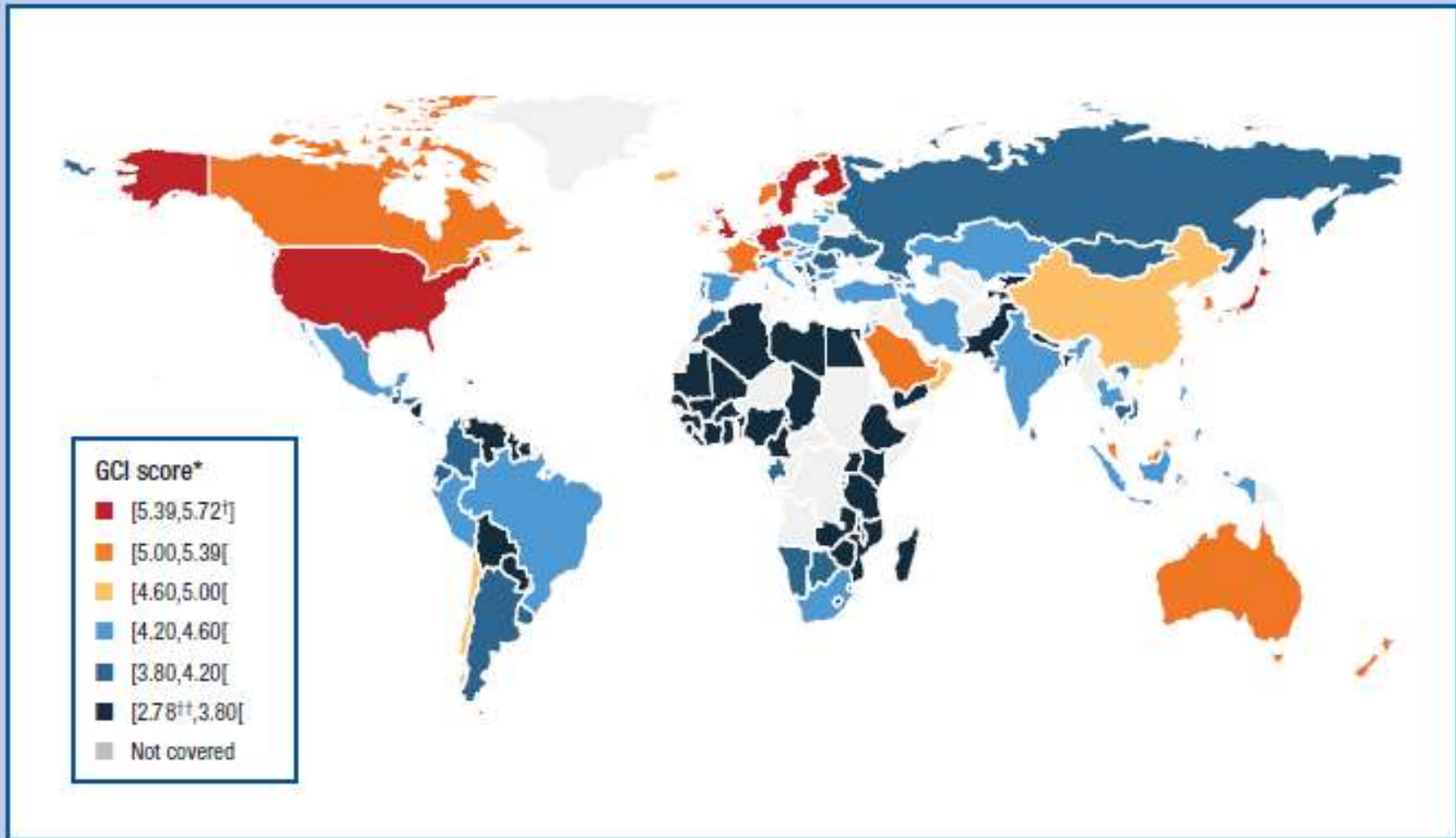
Source: Calculations based on the results of the Global Competitiveness Index 2007–2008 through 2017–2018.  
 Note: Based on a constant sample of 114 economies.

**Figure 7: Performance of North America and OECD countries, 2017–2018 edition**



Source: Calculations based on the results of the Global Competitiveness Index 2017–2018.  
Note: OECD = Organisation for Economic Co-operation and Development.

Figure 1: The GCI heat map



\* The interval  $[x,y]$  is inclusive of  $x$  but exclusive of  $y$ . <sup>†</sup>Highest value; <sup>††</sup>lowest value.

# Montenegro

77th / 137

The Global Competitiveness Index 2017-2018 edition



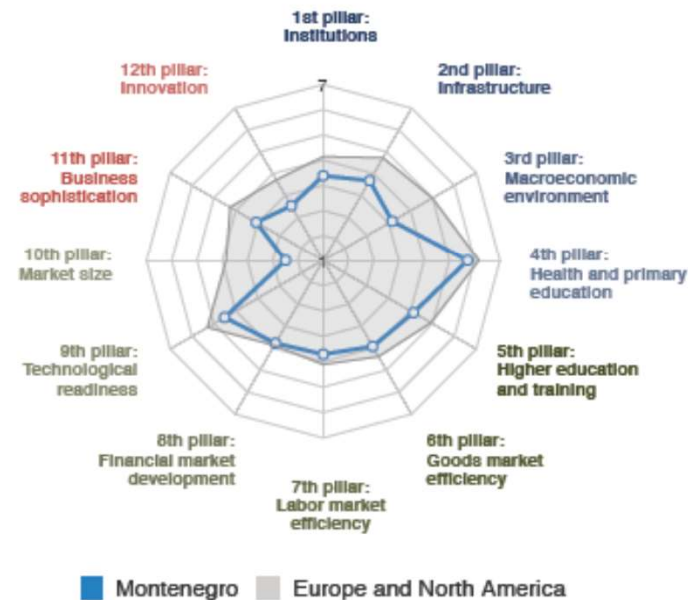
## Key indicators, 2016

Source: International Monetary Fund; World Economic Outlook Database (April 2017)

<b>Population</b> millions	0.6	<b>GDP per capita</b> US\$	6,628.6
<b>GDP</b> US\$ billions	4.1	<b>GDP (PPP)</b> % world GDP	0.01

## Performance overview

Index Component	Rank/137	Score (1-7)	Trend	Distance from best	Edition	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Global Competitiveness Index</b>	<b>77</b>	4.1			Rank	72 / 144	67 / 148	67 / 144	70 / 140	82 / 138	77 / 137
Subindex A: Basic requirements	80	4.4			Score	4.1	4.2	4.2	4.2	4.1	4.1
1st pillar: Institutions	66	3.9									
2nd pillar: Infrastructure	70	4.2									
3rd pillar: Macroeconomic environment	116	3.7									
4th pillar: Health and primary education	62	5.9									
Subindex B: Efficiency enhancers	72	4.1									
5th pillar: Higher education and training	61	4.5									
6th pillar: Goods market efficiency	65	4.4									
7th pillar: Labor market efficiency	74	4.2									
8th pillar: Financial market development	47	4.2									
9th pillar: Technological readiness	48	4.9									
10th pillar: Market size	128	2.3									
Subindex C: Innovation and sophistication factors	92	3.4									
11th pillar: Business sophistication	101	3.6									
12th pillar: Innovation	91	3.2									





## The Global Competitiveness Index in detail

## Montenegro

Index Component	Rank/137	Value	Trend	Index Component	Rank/137	Value	Trend
<b>1st pillar: Institutions</b>	<b>96</b>	<b>3.9</b>		<b>6th pillar: Goods market efficiency</b>	<b>65</b>	<b>4.4</b>	
1.01 Property rights	89	4.0		6.01 Intensity of local competition	122	4.4	
1.02 Intellectual property protection	98	3.6		6.02 Extent of market dominance	84	3.5	
1.03 Diversion of public funds	60	3.7		6.03 Effectiveness of anti-monopoly policy	75	3.6	
1.04 Public trust in politicians	59	3.2		6.04 Effect of taxation on incentives to invest	46	4.0	
1.05 Irregular payments and bribes	67	4.0		6.05 Total tax rate % profits	18	22.2	
1.06 Judicial independence	85	3.6		6.06 No. of procedures to start a business	53	6	
1.07 Favoritism in decisions of government officials	59	3.2		6.07 Time to start a business days	90	10.0	
1.08 Efficiency of government spending	39	3.8		6.08 Agricultural policy costs	54	4.0	
1.09 Burden of government regulation	52	3.6		6.09 Prevalence of non-tariff barriers	56	4.5	
1.10 Efficiency of legal framework in settling disputes	75	3.5		6.10 Trade tariffs % duty	46	3.2	
1.11 Efficiency of legal framework in challenging regulations	71	3.3		6.11 Prevalence of foreign ownership	88	4.3	
1.12 Transparency of government policymaking	58	4.2		6.12 Business impact of rules on FDI	78	4.4	
1.13 Business costs of terrorism	49	5.3		6.13 Burden of customs procedures	61	4.2	
1.14 Business costs of crime and violence	70	4.5		6.14 Imports % GDP	25	67.9	
1.15 Organized crime	90	4.4		6.15 Degree of customer orientation	90	4.4	
1.16 Reliability of police services	93	3.9		6.16 Buyer sophistication	96	3.0	
1.17 Ethical behavior of firms	56	4.0		<b>7th pillar: Labor market efficiency</b>	<b>74</b>	<b>4.2</b>	
1.18 Strength of auditing and reporting standards	98	4.1		7.01 Cooperation in labor-employer relations	100	4.0	
1.19 Efficacy of corporate boards	105	4.4		7.02 Flexibility of wage determination	55	5.1	
1.20 Protection of minority shareholders' interests	90	3.8		7.03 Hiring and firing practices	73	3.7	
1.21 Strength of investor protection 0-10 (best)	41	6.3		7.04 Redundancy costs weeks of salary	41	11.2	
<b>2nd pillar: Infrastructure</b>	<b>70</b>	<b>4.2</b>		7.05 Effect of taxation on incentives to work	67	4.0	
2.01 Quality of overall infrastructure	87	3.6		7.06 Pay and productivity	76	3.8	
2.02 Quality of roads	88	3.5		7.07 Reliance on professional management	99	3.7	
2.03 Quality of railroad infrastructure	63	2.9		7.08 Country capacity to retain talent	100	3.0	
2.04 Quality of port infrastructure	70	4.1		7.09 Country capacity to attract talent	107	2.6	
2.05 Quality of air transport infrastructure	72	4.3		7.10 Female participation in the labor force ratio to men	76	0.79	
2.06 Available airline seat kilometers million/week	118	25.4		<b>8th pillar: Financial market development</b>	<b>47</b>	<b>4.2</b>	
2.07 Quality of electricity supply	83	4.6		8.01 Availability of financial services	113	3.6	
2.08 Mobile-cellular telephone subscriptions /100 pop.	7	167.5		8.02 Affordability of financial services	106	3.2	
2.09 Fixed-telephone lines /100 pop.	40	23.8		8.03 Financing through local equity market	73	3.5	
<b>3rd pillar: Macroeconomic environment</b>	<b>116</b>	<b>3.7</b>		8.04 Ease of access to loans	84	3.6	
3.01 Government budget balance % GDP	104	-5.3		8.05 Venture capital availability	69	2.9	
3.02 Gross national savings % GDP	130	4.5		8.06 Soundness of banks	93	4.3	
3.03 Inflation annual % change	72	-0.4		8.07 Regulation of securities exchanges	84	4.0	
3.04 Government debt % GDP	102	71.3		8.08 Legal rights index 0-10 (best)	1	12	
3.05 Country credit rating 0-100 (best)	83	38.2		<b>9th pillar: Technological readiness</b>	<b>48</b>	<b>4.9</b>	
<b>4th pillar: Health and primary education</b>	<b>62</b>	<b>5.9</b>		9.01 Availability of latest technologies	79	4.5	
4.01 Malaria incidence cases/100,000 pop.	n/a	m.t.		9.02 Firm-level technology absorption	87	4.3	
4.02 Business impact of malaria	n/a	6.7		9.03 FDI and technology transfer	72	4.4	
4.03 Tuberculosis incidence cases/100,000 pop.	48	21.0		9.04 Internet users % pop.	52	69.9	
4.04 Business impact of tuberculosis	28	6.5		9.05 Fixed-broadband Internet subscriptions /100 pop.	49	18.5	
4.05 HIV prevalence % adult pop.	1	0.1		9.06 Internet bandwidth kb/lineuser	17	202.9	
4.06 Business impact of HIV/AIDS	15	6.6		9.07 Mobile-broadband subscriptions /100 pop.	68	60.7	
4.07 Infant mortality deaths/1,000 live births	31	4.3		<b>10th pillar: Market size</b>	<b>128</b>	<b>2.3</b>	
4.08 Life expectancy years	50	76.3		10.01 Domestic market size index	129	2.0	
4.09 Quality of primary education	61	4.1		10.02 Foreign market size index	124	3.1	
4.10 Primary education enrollment rate net %	91	92.9		10.03 GDP (PPP) PPP \$ billions	130	10.4	
<b>5th pillar: Higher education and training</b>	<b>61</b>	<b>4.5</b>		10.04 Exports % GDP	45	42.6	
5.01 Secondary education enrollment rate gross %	75	90.3		<b>11th pillar: Business sophistication</b>	<b>101</b>	<b>3.6</b>	
5.02 Tertiary education enrollment rate gross %	51	55.3		11.01 Local supplier quantity	113	3.9	
5.03 Quality of the education system	58	3.8		11.02 Local supplier quality	84	4.1	
5.04 Quality of math and science education	60	4.3		11.03 State of cluster development	109	3.1	
5.05 Quality of management schools	75	4.1		11.04 Nature of competitive advantage	69	3.5	
5.06 Internet access in schools	69	4.1		11.05 Value chain breadth	88	3.6	
5.07 Local availability of specialized training services	89	4.1		11.06 Control of international distribution	94	3.3	
5.08 Extent of staff training	109	3.4		11.07 Production process sophistication	103	3.3	
				11.08 Extent of marketing	96	4.1	
				11.09 Willingness to delegate authority	110	3.8	
				<b>12th pillar: Innovation</b>	<b>91</b>	<b>3.2</b>	
				12.01 Capacity for innovation	87	3.9	
				12.02 Quality of scientific research institutions	76	3.7	
				12.03 Company spending on R&D	83	3.2	
				12.04 University-industry collaboration in R&D	91	3.2	
				12.05 Gov't procurement of advanced technology products	74	3.3	
				12.06 Availability of scientists and engineers	85	3.7	
				12.07 PCT patents applications/million pop.	55	2.8	

Note: Values are on a 1-to-7 scale unless indicated otherwise. Trend lines depict evolution in values since the 2012-2013 edition (or earliest edition available). For detailed definitions, sources, and periods, consult the Interactive Economy Profiles and Rankings at <http://gcr.weforum.org/>

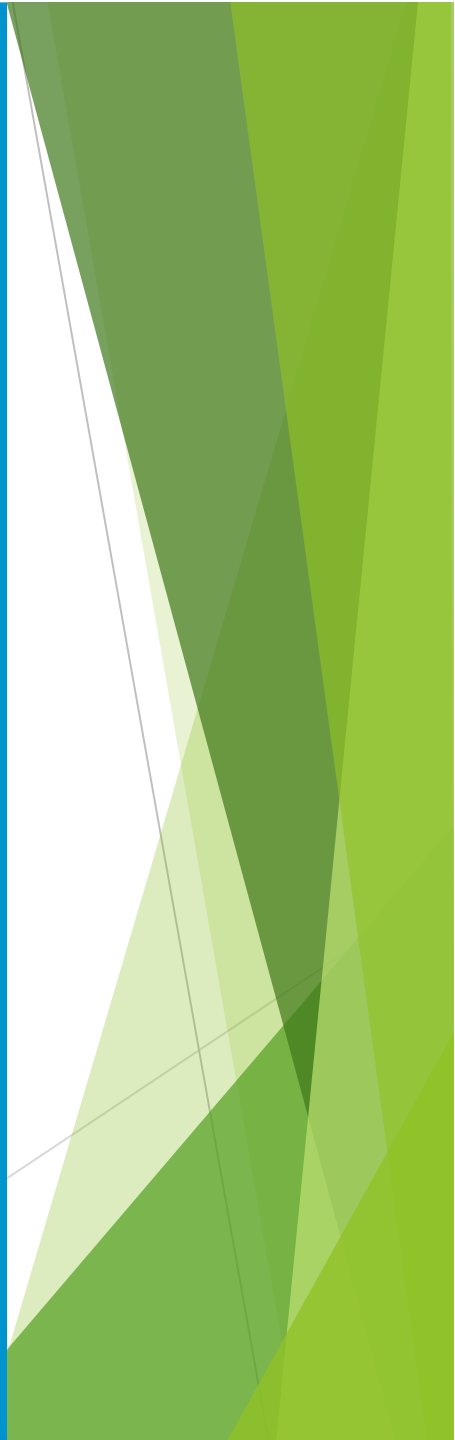
## Ekonomске slobode

- ▶ Od 2012.godine, ekonomske slobode se grupišu u 4 kategorije:
  - ▶ Pravni sistem (svojinska prava, odsustvo korupcije)
  - ▶ Ograničenja državne administracije (fiskalna sloboda, budžetski rashodi)
  - ▶ Efikasnost regulatornog sistema (sloboda poslovanja, tržište rada, monetarna sloboda)
  - ▶ Otvorenost tržišta (sloboda trgovanja, investiranja i finansijskih transakcija)



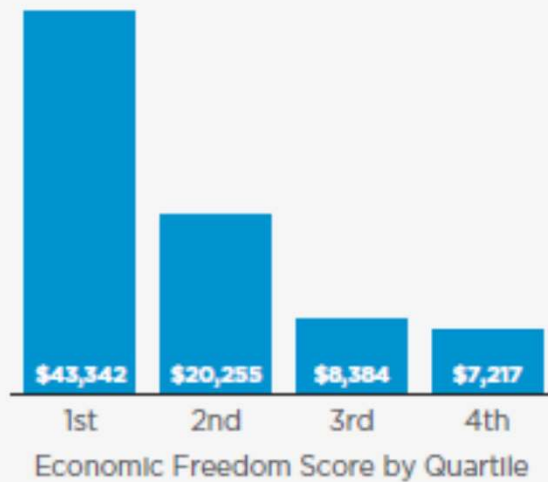
## RANKING THE WORLD BY ECONOMIC FREEDOM

Rank	Country	Overall Score	Rank	Country	Overall Score	Rank	Country	Overall Score
1	Hong Kong	89.8	64	Saudi Arabia	64.4	128	Bangladesh	55.0
2	Singapore	88.6	65	Albania	64.4	129	Mongolia	54.8
3	New Zealand	83.7	66	El Salvador	64.1	130	Barbados	54.5
4	Switzerland	81.5	67	Dominica	63.7	131	Mauritania	54.4
5	Australia	81.0	68	Azerbaijan	63.6	132	Micronesia	54.1
6	Estonia	79.1	69	Spain	63.6	133	Lao P.D.R.	54.0
7	Canada	78.5	70	Mexico	63.6	134	Lesotho	53.9
8	United Arab Emirates	76.9	71	Fiji	63.4	135	Kenya	53.5
9	Ireland	76.7	72	France	63.3	136	Gambia	53.4
10	Chile	76.5	73	Tonga	63.0	137	Lebanon	53.3
11	Taiwan	76.5	74	Guatemala	63.0	138	Togo	53.2
12	United Kingdom	76.4	75	Côte d'Ivoire	63.0	139	Burundi	53.2
13	Georgia	76.0	76	Dominican Republic	62.9	140	Brazil	52.9
14	Luxembourg	75.9	77	Portugal	62.6	141	Pakistan	52.8
15	Netherlands	75.8	78	Namibia	62.5	142	Ethiopia	52.7
16	Lithuania	75.8	79	Italy	62.5	143	India	52.6
17	United States	75.1	80	Paraguay	62.4	144	Egypt	52.6
18	Denmark	75.1	81	South Africa	62.3	145	Sierra Leone	52.6
19	Sweden	74.9	82	Oman	62.1	146	Burma	52.5
20	Latvia	74.8	83	Montenegro	62.0	147	Vietnam	52.4
21	Mauritius	74.7	84	Indonesia	61.9	148	Uzbekistan	52.3
22	Iceland	74.4	85	Seychelles	61.8	149	Malawi	52.2
23	South Korea	74.3	86	Morocco	61.5	150	Cameroon	51.8
24	Finland	74.0	87	Trinidad and Tobago	61.2	151	Central African Republic	51.8
25	Norway	74.0	88	Swaziland	61.1	152	Papua New Guinea	50.9
26	Germany	73.8	89	Kyrgyz Republic	61.1	153	Kiribati	50.9
27	Malaysia	73.8	90	Bahamas	61.1	154	Niger	50.8
28	Czech Republic	73.3	91	Uganda	60.9	155	Iran	50.5
29	Qatar	73.1	92	Bosnia and Herzegovina	60.2	156	Argentina	50.4
30	Austria	72.3	93	Burkina Faso	59.6	157	Maldives	50.3
31	Macedonia	70.7	94	Cambodia	59.5	158	Mozambique	49.9
32	Macau	70.7	95	Croatia	59.4	159	Haiti	49.6
33	Armenia	70.3	96	Benin	59.2	160	Ecuador	49.3
34	Botswana	70.1	97	Slovenia	59.2	161	Liberia	49.1
35	Brunei Darussalam	69.8	98	Nicaragua	59.2	162	Chad	49.0
36	Israel	69.7	99	Serbia	58.9	163	Afghanistan	48.9
37	Colombia	69.7	100	Honduras	58.8	164	Sudan	48.8
38	Uruguay	69.7	101	Belize	58.6	165	Angola	48.5
39	Romania	69.7	102	Mali	58.6	166	Ukraine	48.1
40	Japan	69.6	103	Gabon	58.6	167	Suriname	48.0
41	Jamaica	69.5	104	Belarus	58.6	168	Bolivia	47.7
42	Kazakhstan	69.0	105	Tanzania	58.6	169	Guinea	47.6
43	Peru	68.9	106	Guyana	58.5	170	Turkmenistan	47.4
44	Bahrain	68.5	107	Bhutan	58.4	171	Djibouti	46.7
45	Poland	68.3	108	Samoa	58.4	172	Algeria	46.5
46	Kosovo	67.9	109	Tajikistan	58.2	173	Timor-Leste	46.3
47	Bulgaria	67.9	110	Moldova	58.0	174	Equatorial Guinea	45.0
48	Cyprus	67.9	111	China	57.4	175	Zimbabwe	44.0
49	Belgium	67.8	112	Sri Lanka	57.4	176	Eritrea	42.2
50	Malta	67.7	113	Madagascar	57.4	177	Congo, Rep. of	40.0
51	Rwanda	67.6	114	Russia	57.1	178	Cuba	33.9
52	Vanuatu	67.4	115	Nigeria	57.1	179	Venezuela	27.0
53	Jordan	66.7	116	Cabo Verde	56.9	180	North Korea	4.9
54	Panama	66.3	117	Congo, Dem. Rep. of	56.4			
55	Thailand	66.2	118	Ghana	56.2			
56	Hungary	65.8	119	Guinea-Bissau	56.1			
57	Slovak Republic	65.7	120	Senegal	55.9			
58	Philippines	65.6	121	Comoros	55.8			
59	St. Vincent and the Grenadines	65.2	122	Zambia	55.8			
60	Turkey	65.2	123	Tunisia	55.7			
61	Kuwait	65.1	124	São Tomé and Príncipe	55.4			
62	St. Lucia	65.0	125	Nepal	55.1			
63	Costa Rica	65.0	126	Solomon Islands	55.0			
			127	Greece	55.0			

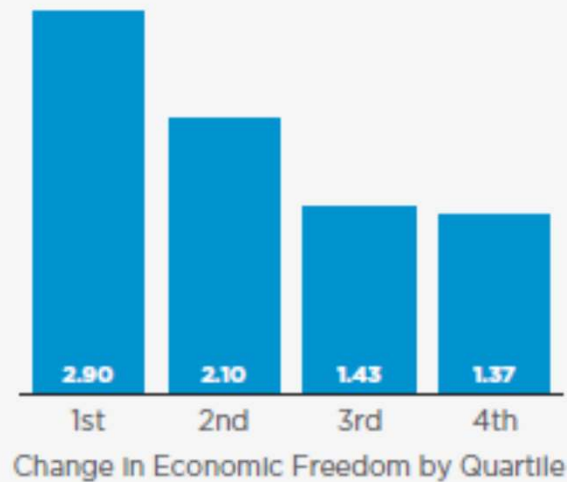


## WITH ECONOMIC FREEDOM COMES PROSPERITY AND MORE RAPID GROWTH


GDP per Capita, Purchasing Power Parity, Current U.S. Dollars



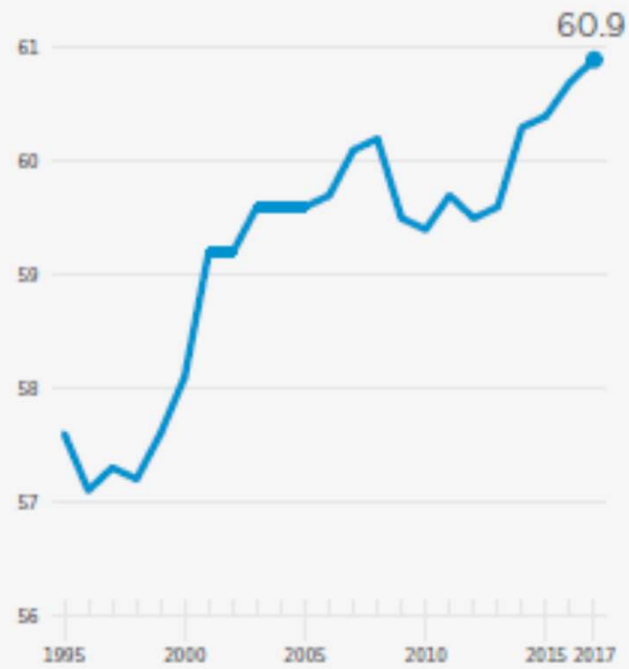
GDP per Capita, Purchasing Power Parity, 5-Year Growth Rate



**SOURCES:** Terry Miller and Anthony B. Kim, *2017 Index of Economic Freedom* (Washington: The Heritage Foundation, 2017), <http://www.heritage.org/index>; International Monetary Fund, World Economic Outlook Database, April 2016, <https://www.imf.org/external/pubs/ft/weo/2016/01/weodata/index.aspx> (accessed December 13, 2016); and The World Bank, World Development Indicators Online, <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators> (accessed December 13, 2016).

Chart 1  heritage.org

## GLOBAL ECONOMIC FREEDOM SCORE

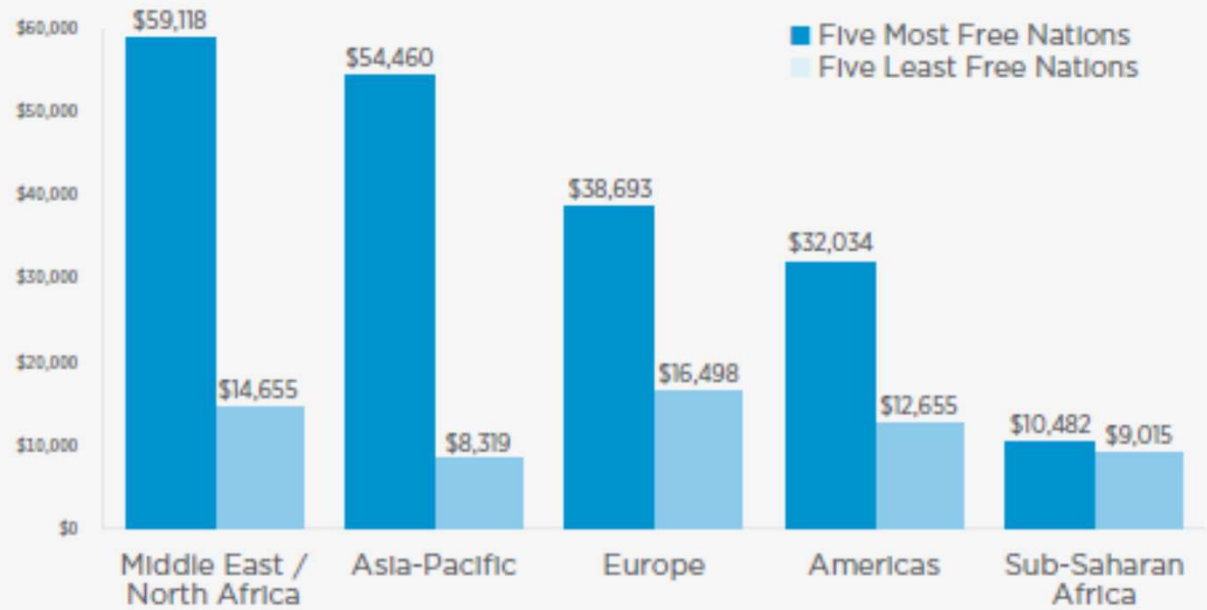


**SOURCE:** Terry Miller and Anthony B. Kim, *2017 Index of Economic Freedom* (Washington: The Heritage Foundation, 2017), <http://www.heritage.org/index>.

**Chart 1** heritage.org

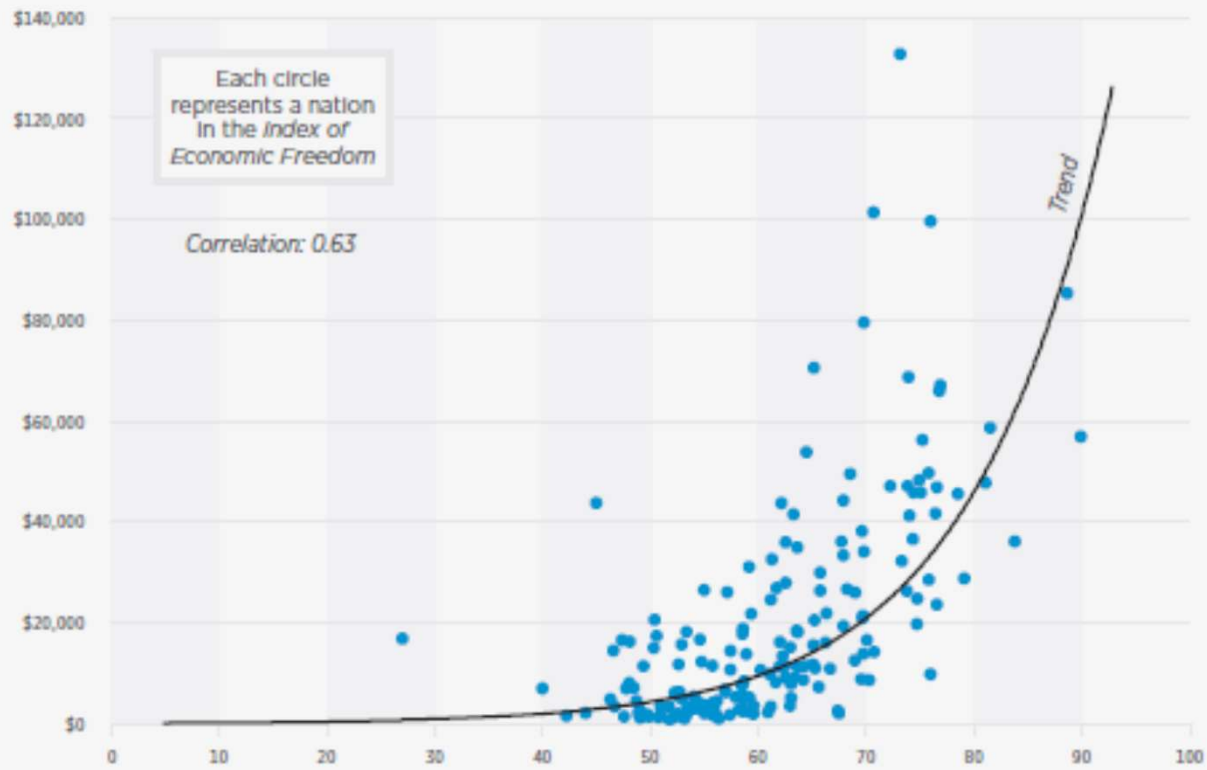
Overall Score in the 2017 Index of Economic Freedom

GDP per Capita (Purchasing Power Parity)



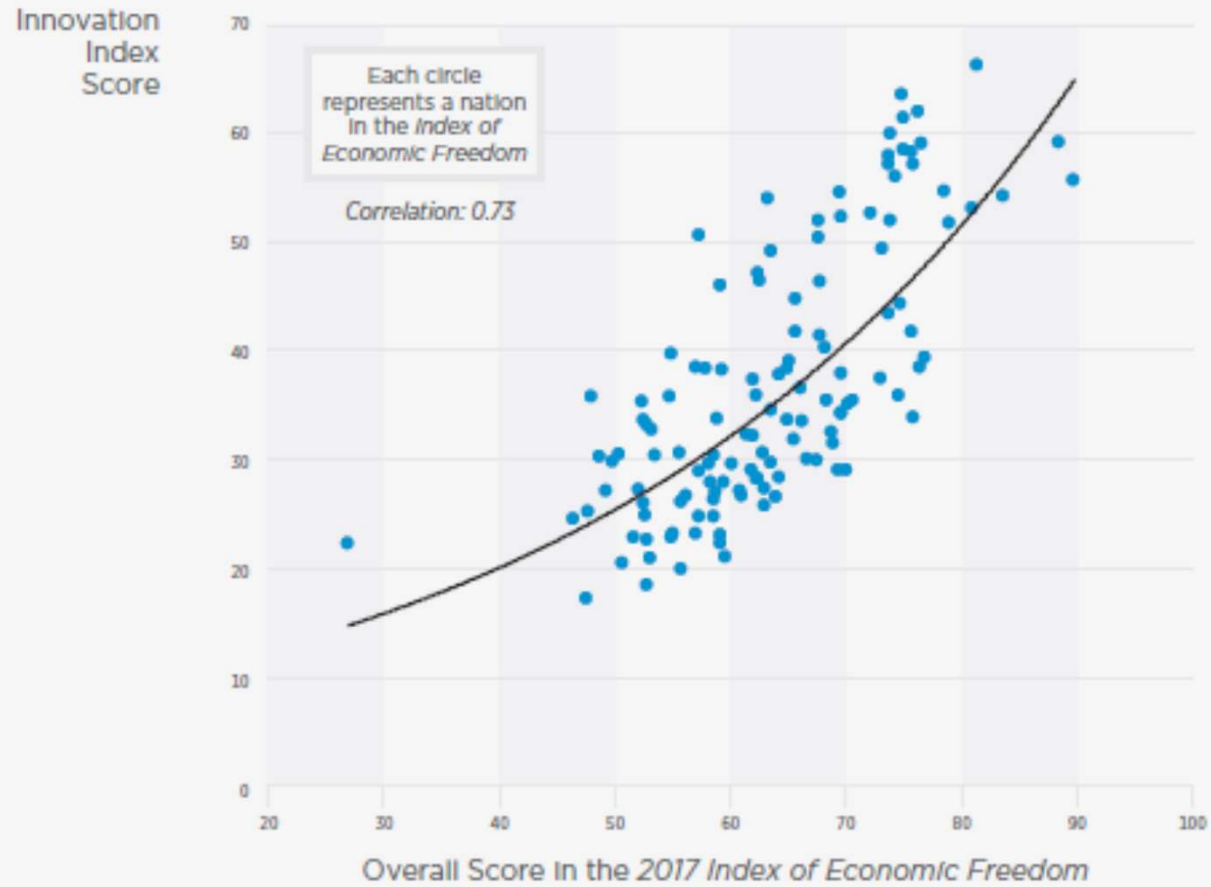
## ECONOMIC FREEDOM AND PER CAPITA INCOME

GDP per Capita (Purchasing Power Parity)



Overall Score to the 2017 Index of Economic Freedom

## ECONOMIC FREEDOM, INNOVATION, AND THE ENVIRONMENT





## ECONOMIC FREEDOM: REGIONAL VARIATIONS (REGIONAL AVERAGE)

Regional Ranking	The Americas (60.0)	Asia-Pacific (60.3)	Europe (68.0)	Middle East + North Africa (61.9)	Sub-Saharan Africa (55.0)
1	Canada	Hong Kong	Switzerland	United Arab Emirates	Mauritius
2	Chile	Singapore	Estonia	Qatar	Botswana
3	United States	New Zealand	Ireland	Israel	Rwanda
4	Colombia	Australia	United Kingdom	Bahrain	Côte d'Ivoire
5	Uruguay	Taiwan	Georgia	Jordan	Namibia
6	Jamaica	South Korea	Luxembourg	Kuwait	South Africa
7	Peru	Malaysia	Netherlands	Saudi Arabia	Seychelles
8	Panama	Macau	Lithuania	Oman	Swaziland
9	Saint Vincent and the Grenadines	Brunei Darussalam	Denmark	Morocco	Uganda
10	Costa Rica	Japan	Sweden	Tunisia	Burkina Faso
11	Saint Lucia	Kazakhstan	Latvia	Lebanon	Benin
12	El Salvador	Vanuatu	Iceland	Egypt	Mali
13	Dominica	Thailand	Finland	Iran	Gabon
14	Mexico	Philippines	Norway	Algeria	Tanzania
15	Guatemala	Azerbaijan	Germany	Iraq	Madagascar
16	Dominican Republic	Fiji	Czech Republic	Libya	Nigeria
17	Paraguay	Tonga	Austria	Syria	Cabo Verde
18	Trinidad and Tobago	Indonesia	Macedonia	Yemen	Congo, Dem. Rep. of
19	Bahamas	Kyrgyz Republic	Armenia		Ghana
20	Nicaragua	Cambodia	Romania		Guinea-Bissau
21	Honduras	Bhutan	Poland		Senegal
22	Belize	Samoa	Kosovo		Comoros
23	Guyana	Tajikistan	Bulgaria		Zambia
24	Barbados	China	Cyprus		São Tomé and Príncipe
25	Brazil	Sri Lanka	Belgium		Mauritania
26	Argentina	Nepal	Malta		Lesotho
27	Haiti	Solomon Islands	Hungary		Kenya
28	Ecuador	Bangladesh	Slovak Republic		Gambia
29	Suriname	Montenegro	Turkey		Togo
30	Bolivia	Micronesia	Albania		Burundi
31	Cuba	Laos	Spain		Ethiopia
32	Venezuela	Pakistan	France		Sierra Leone
33		India	Portugal		Malawi
34		Burma	Italy		Cameroon
35		Vietnam	Montenegro		Central African Republic
36		Uzbekistan	Bosnia and Herzegovina		Niger
37		Papua New Guinea	Croatia		Mozambique
38		Kiribati	Slovenia		Liberia
39		Maldives	Serbia		Chad
40		Afghanistan	Belarus		Sudan
41		Turkmenistan	Moldova		Angola
42		Timor-Leste	Russia		Guinea
43		North Korea	Greece		Djibouti
44			Ukraine		Equatorial Guinea
45			Liechtenstein		Zimbabwe
46					Eritrea
47					Congo, Rep. of
48					Somalia

Economic Freedom Scores

- 80-100 Free
- 70-79.9 Mostly Free
- 60-69.9 Moderately Free
- 50-59.9 Mostly Unfree
- 0-49.9 Repressed
- Not Graded



# EUROPE

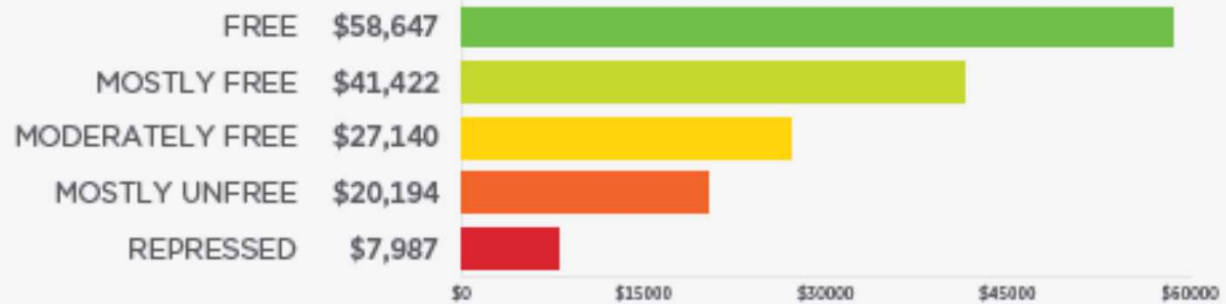


**Economic Freedom Scores**

- 80-100 Free
- 70-79.9 Mostly Free
- 60-69.9 Moderately Free
- 50-59.9 Mostly Unfree
- 0-49.9 Repressed
- Not Graded



### EUROPE: GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY



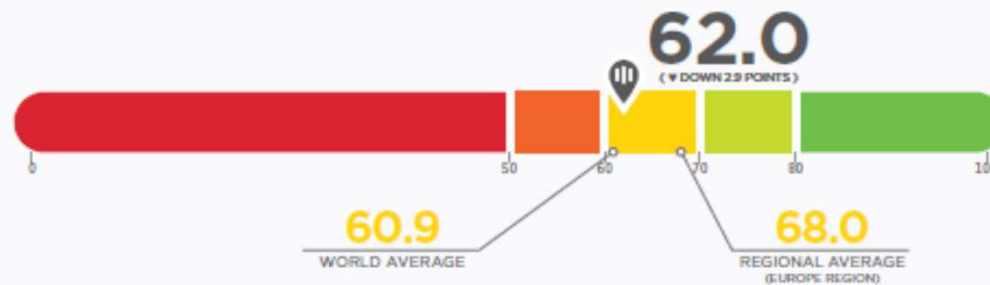
# MONTENEGRO



Montenegro's evolution into a modern, dynamic economy has made considerable gains. The trade regime is increasingly open, and the regulatory and legal frameworks governing investment and production have become more efficient, supporting the development of a growing private sector. Other previous reforms, which included further reduction of the already competitive flat tax rates and implementation of labor market reforms, have also contributed to an upsurge in entrepreneurship.

Despite the great strides made overall, Montenegro's economic freedom is still curtailed by the lack of institutional commitment to the strong protection of property rights or effective measures against corruption. The court system remains vulnerable to political interference and inefficiency.

## ECONOMIC FREEDOM SCORE



**NOTABLE SUCCESSES:**  
Trade Freedom and Tax Policy

**CONCERNS:**  
Rule of Law, Government Spending,  
and Fiscal Health

**OVERALL SCORE CHANGE  
SINCE 2013:**  
-0.6

## FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
0.6 million

**GDP (PPP):**  
\$10.0 billion  
4.1% growth in 2015  
5-year compound  
annual growth 2.0%  
\$16,123 per capita

**UNEMPLOYMENT:**  
18.2%

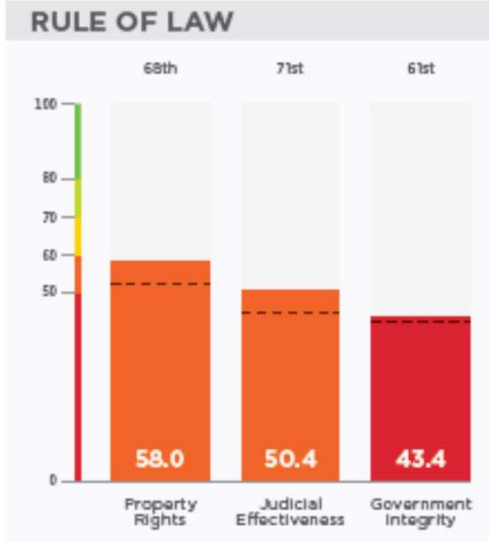
**INFLATION (CPI):**  
1.6%

**FDI INFLOW:**  
\$699.1 million

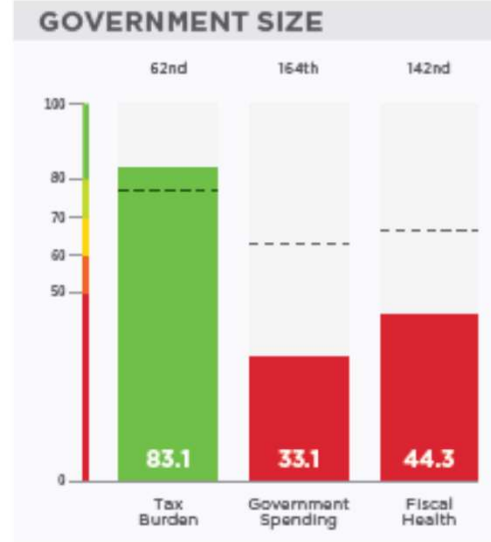
**PUBLIC DEBT:**  
66.4% of GDP

2015 data unless otherwise noted. Data compiled as of September 2016

# 12 ECONOMIC FREEDOMS | MONTENEGRO



Foreigners may own real property. Trademark and copyright violations are a significant problem in the outerwear and apparel markets; unlicensed software can easily be found on the general market. Politicization of the judiciary is a long-standing problem. Corruption is pervasive in health care, education, and all levels of government including law enforcement. Impunity, political favoritism, nepotism, and selective prosecutions are common.



The personal income and corporate tax rates are a flat 9 percent. Other taxes include a value-added tax and an inheritance tax. The overall tax burden equals 39.1 percent of total domestic income. Government spending has amounted to 47.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.4 percent of GDP. Public debt is equivalent to 66.4 percent of GDP.

