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Press Release

Tuesday, January 27, 2009, 11.30 a.m.

KOF Index of Globalisation 2009

According to the KOF Index of Globalisation 2009, Belgium and Ireland are the world's most globalised countries – Switzerland ranks 4 (last year: rank 3). The KOF Index of Globalisation 2009 shows that globalisation is still on the rise, driven by increased economic and political globalisation, while social globalisation stagnates.

The KOF Index of Globalisation measures the economic, social and political dimensions of globalisation. The index allows comparing degree and changes in globalisation over a large number of countries and more than 30 years: The KOF Index of Globalisation 2009 is available for 158 countries over the period 1970–2006, and is calculated on the basis of 24 variables. The method employed in the calculations allows direct comparison of a specific country's degree of globalisation over time.

The economic dimension of the KOF Index measures long distance flows of goods, capital and services as well as information and perceptions that accompany market exchanges. In addition to actual flows of trade and foreign investment, it captures the degree to which a specific country restricts capital and trade flows. The social dimension measures the spread of ideas, information, images, and people, while the political dimension captures diffusion of government policies.

Chart 1 shows how globalisation has developed over time – measured by the average of the individual country indices: The degree of globalisation has been increasing since the 1970s, particularly since the 1990s according to all three dimensions of globalisation. Social globalisation, however, has been stagnating since 2001. According to charts **2 and 3**, the development for the overall index has mostly been independent of income and region, even though the degree of globalisation differs to a large extent. The charts show in particular that globalisation is most prevalent in Western, high income countries. There, however, the process of globalisation practically came to a halt in 2001.

¹ More recent data for the variables employed in constructing the index are not available. The KOF Index of Globalisation is updated on a yearly basis at the beginning of the year.

Chart 1
KOF Index of Globalisation worldwide

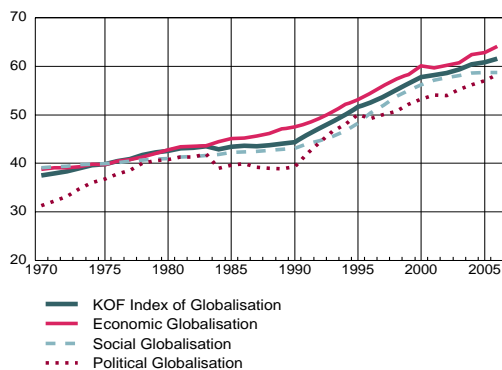


Chart 2
KOF Index of Globalisation worldwide

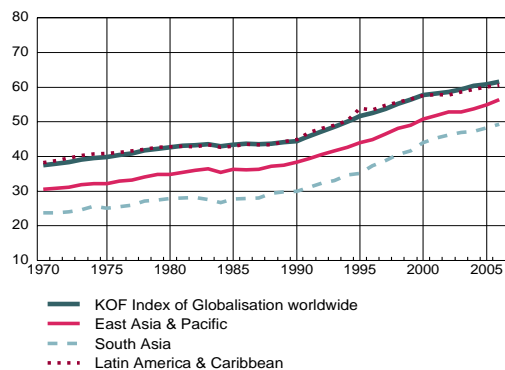
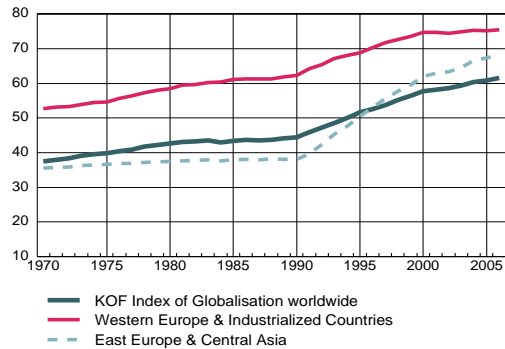
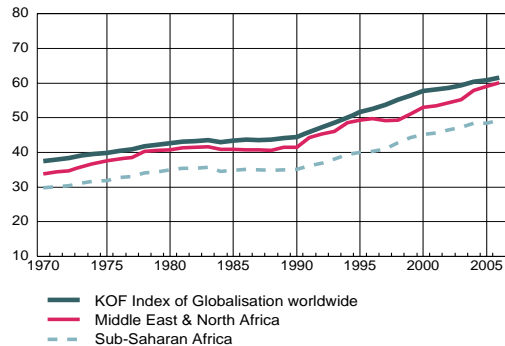
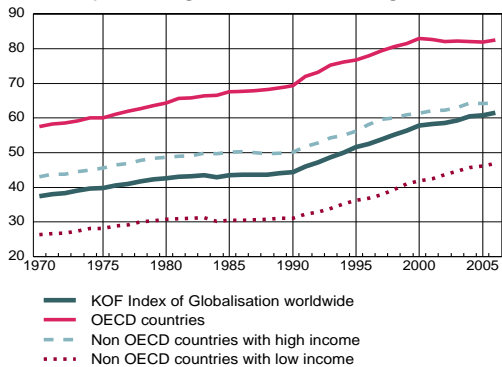
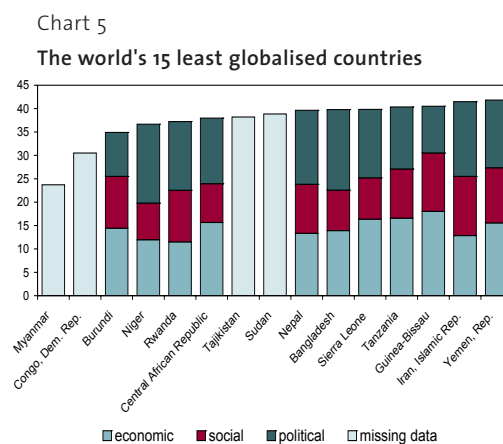
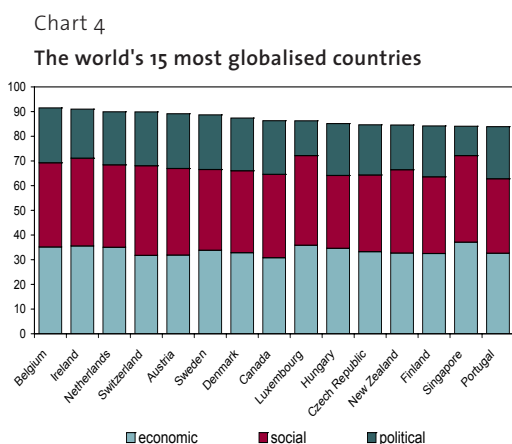


Chart 3
Development of globalisation according to income



Country Rankings

According to the new calculations, Belgium has been listed on top of the globalisation ranking since 2004. On the bottom of the 2009 ranking are Myanmar, the Democratic Republic of the Congo and Burundi. **Chart 4** shows the world's 15 most globalised countries, while those least globalised are displayed in **chart 5**. Countries at the bottom of the ranking consistently score lower across all three dimensions.



Regarding economic globalisation – and in line with the results for the previous year – Singapore shows the highest score. Luxembourg ranks second, followed by Ireland, Malta, and Belgium – all of them small open economies. Switzerland ranks 22 (previous year: 18). Least globalised in economic terms are Rwanda, Niger, and Iran. The social globalisation ranking is headed by Luxembourg, Switzerland (previous year: 2), and Ireland, whereas Myanmar, Niger, and the Democratic Republic Congo are at the bottom of the ranking. According to the political sub-index of globalisation, France is the world's most globalised country. Italy, Belgium, Austria and Sweden are also among the most politically globalised countries, whereas the Isle of Man, Channel Islands, and Mayotte show the lowest political globalisation score. Regarding political globalisation, Switzerland ranks 7 (previous year: 7). According to the world average, social globalisation has no longer been proceeding since a number of years, while economic and political integration did.

Charts 6 and 7 display the changes in the KOF globalisation ranking as compared to the previous year. While **chart 6** shows the most severe changes across the world, **chart 7** focuses on the changes across the most globalised countries. As compared to the previous year, globalisation decreased most dramatically in Venezuela (20 positions), while the greatest increase

in the degree of globalisation has been experienced by Djibouti (16 positions). Among the most globalised countries, New Zealand (+8) displays the greatest increase in globalisation – Austria (–3) decreased its degree of globalisation the most.

Chart 6
The biggest changes
(as compared to previous year)

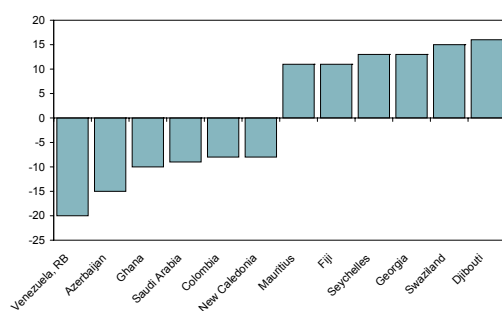
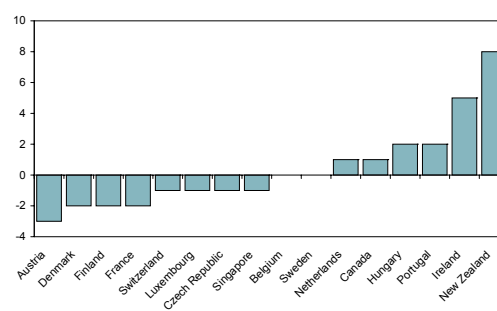


Chart 7
The changes among most globalised countries
(as compared to previous year)



Methodological Aspects

The KOF Index of Globalisation measures globalisation on a scale of 1–100, where the underlying variables enter in percentiles. The impact of extreme data points is thus reduced, also introducing fewer fluctuations over time. One variable included in the previous version of the index is no longer included, as the original source is not updated: the number of radios per capita. The 2009 KOF index adds the number of international treaties that a country has ratified since 1945. The new index also covers a larger number of countries (158 instead of 122). Political globalisation can be calculated for 207 countries, given the available raw data. Due to these revisions, the current data can not directly be compared with the previous version of the index. Comparisons reported in the text are based on the 2009 version of the KOF Index.

Information on individual countries

Globalisation of Germany

The KOF Index of Globalisation for Germany had been continuously increasing since the 1970s for about 30 years. Since the beginning of the 1990s Germany had been among the world's 20 most globalised countries for most of the time. In 2004, Germany lost some ground and ranked 27th. From there, it substantially increased its position in the two most recent years and ranks 22 according to the new KOF Index. This increase is mainly due to the

substantial rise in economic globalisation, in which Germany has increased its position by ten ranks over the course of two years (due to a substantial increase in foreign direct investment). While political globalisation stagnated until German reunification, it has been surging since the beginning of the 1990s.

Globalisation of Great Britain

The KOF Index of Globalisation for Great Britain had been continuously increasing since the 1970s. Until the end of the 1990s the UK has always been among the world's 20 most globalised countries. However, the degree of globalisation has been stagnating in recent years, so the UK ranks 27 according to the new index (previous year: 26). Concerning economic (social) globalisation, Great Britain ranks 4 (2) positions lower as compared to the previous year. Political globalisation, in particular, decreased in the last year. This is due to the decrease in the UK's participation in United Nations peace keeping missions.

Globalisation of France

The KOF Index of Globalisation for France had been continuously increasing since the 1970s for about 30 years. While the degree of globalisation has been stagnating in the last couple of years, France ranks 16 according to the new index, as compared to 14 in the previous year. Trade openness increased by about 2 percentage points, while the stock of foreign direct investment increased by more than 12 percentage points. However, trade barriers became somewhat stricter at the same time. Since 1998 France is on top of the political globalisation ranking.

Table 1

KOF Index of Globalisation, selected countries

	Germany	United Kingdom	France	Italy	Switzerland	United States
1970–79	53.68	62.18	59.33	52.16	68.72	61.25
1980–89	59.55	69.20	67.91	56.72	77.74	66.09
1990–99	71.26	75.16	77.34	69.22	87.20	71.51
2000	81.96	80.14	83.18	78.71	93.46	74.98
2001	80.52	79.36	82.36	78.50	92.18	74.18
2002	81.36	78.92	82.62	77.74	91.37	72.81
2003	80.34	79.54	82.00	76.76	91.64	73.06
2004	78.72	78.99	82.66	77.84	89.64	74.61
2005	81.19	79.52	83.54	78.24	90.13	73.10
2006	81.75	79.31	83.68	78.80	89.87	74.93

Globalisation of Italy

The KOF Index of Globalisation for Italy had been continuously increasing since the 1970s for about 30 years – and particularly since the mid-80s. While Italy's degree of globalisation has been stagnating during the last couple of years, Italy ranks 28 according to the new index, as compared to 27 in the previous year. This increase is mainly due to a rise in foreign direct investment and openness to trade.

Globalisation of Switzerland

The KOF Index of Globalisation for Switzerland had been continuously increasing since the 1970s for about 30 years. Since the 1990s Switzerland is among the world's five most globalised countries. While the degree of globalisation has slightly been decreasing in the last couple of years, Switzerland still ranks 4 according to the new index (as compared to 3 in the previous year). Since the beginning of the 1990s, political globalisation has been stagnating; economic globalisation has even been declining since 2000. As is true for most industrialized countries, social globalisation has been stagnating since about 2000.

Globalisation of the USA

The KOF Index of Globalisation for the US had been continuously increasing since the 1970s for about 30 years, but now has been stagnating since some years. The US ranks 38 according to the new index (previous year: 39). In terms of economic globalisation the US increased its position by 13 ranks from rank 72 in the previous year. Social and political globalisation is largely unchanged as compared to the previous year (rank 56 and 9, respectively).

Detailed Information about the KOF Index of Globalisation 2009:

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

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