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## Press Release

Embargo until: Friday, 18 March 2011, 11.30 a.m.

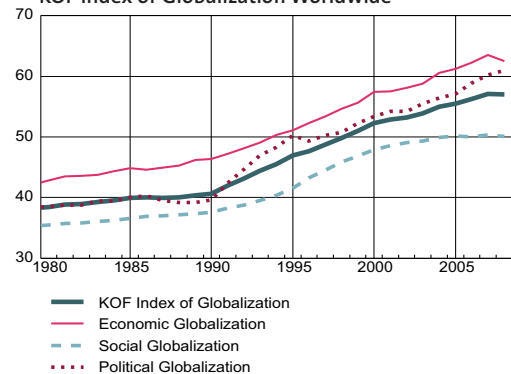
### KOF Index of Globalization 2011 Economic Crisis Slows Down Globalization

The pace of economic and social globalization decelerated in 2008. Only political globalization continued unabated. Belgium, Austria, the Netherlands and Sweden head the KOF Index of Globalization Index as in the previous year. Switzerland has moved up one place and is now ranked 5th. The Kingdom of Brunei Darussalam is the highest climber of the 186 countries surveyed: +38 places (now ranked 68th). The Netherlands Antilles have slipped furthest down the list (-25 places, now ranked 175th) and the People's Republic of China (-24 places, now ranked 92nd).

The KOF Index of Globalization measures the economic, social and political dimensions of globalization. The current analysis, which applies to 2008, shows the consequences of the financial and economic crisis. The crisis is clearly visible in the results of the current KOF Index of Globalization: a falling trend in economic and social globalization. Only the third component of the Index of Globalization – political globalization – has continued undiminished.

Chart 1

KOF Index of Globalization Worldwide



There has been a progressive upward trend in the three dimensions – economic, social and political – of globalization since the 1970s with a strong boost after the end of the Cold War. The bursting of the dot-com bubble and the events of 9/11 merely slowed down the pace of globalization; the latest economic and financial crisis has, however, created a severe setback for the globalization process.

Chart 2  
The World's 15 Most Globalized Countries

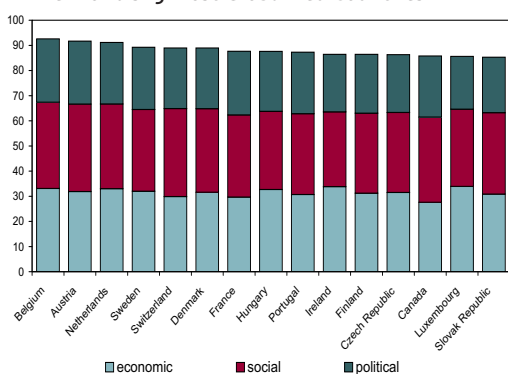
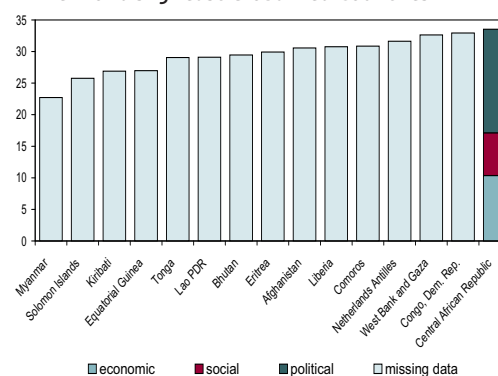


Chart 3  
The World's 15 Least Globalized Countries



There has been a progressive upward trend in globalization in the developing and emerging countries in Eastern Europe and Central Asia in recent years. However, the Index of Globalization 2011 now shows that this trend stagnated in 2008. The extent of globalization is highest in Eastern Europe, in Central Asia, in the industrial nations and in Western Europe, although globalization in the industrial nations and Western Europe has been stagnating for quite some time. The globalization process moves sideways in East Asia and the Pacific area. After falling down the list in the Index of the previous year, the Middle East and North Africa are showing a higher level of globalization again. The most recent events in this region are not shown in the current Index.

Belgium, Austria, the Netherlands and Sweden still occupy the first four positions in the KOF Index of Globalization. Switzerland (ranked 5th) and Denmark (ranked 6th) have changed places. Germany (ranked 16th) is no longer among the 15 most globalized countries. Brunei Darussalam has moved furthest up the rankings: this country has moved 38 places up to 68th position. The Netherlands Antilles and China have fallen furthest in the Index of Globalization. The People's Republic of China is now ranked 92nd, one place behind Ecuador and one place ahead of Fiji. Equatorial Guinea, Kiribati, the Solomon Islands and Myanmar bring up the rear as in the previous year.

### Economic Globalization

As in previous years, Singapore leads the economic globalization rankings, followed by Luxembourg, Ireland, Malta and Belgium – all of them are quite small, open economies. The Netherlands rank 6th in the economic globalization stakes. Switzerland comes 24th as in the previous year. Larger countries such as Germany and the USA are ranked 28th and 50th respectively. Japan is actually ranked 92nd. Countries such as Burundi, Niger, Iran and Ethiopia are still the least economically globalized countries.

### **Social Globalization**

Switzerland, Austria, Belgium and Canada continue to top the social globalization rankings. In terms of social globalization Germany is ranked 12th in the current Index of Globalization. Countries such as China or India are ranked 130th and 150th respectively. Myanmar, Timor-Leste and the Democratic Republic of Congo are ranked last.

### **Political Globalization**

There was no change in the top rankings of European countries in the political globalization component of the Index. France remains in 1st place ahead of Italy, Belgium, Austria and Spain with the Northern Mariana Islands, the Isle of Man and the Channel Islands bringing up the rear. Switzerland occupies 13th place as in the previous year. Great Britain comes 90th, Japan 34th and the USA 15th.

### **Information on Selected Countries**

#### **Globalization Germany**

The KOF Index of Globalization for Germany rose steadily in the 1990s. At the beginning of the new century (2001) the globalization process lost some of its momentum. Since then it has been moving sideways with some cyclical movements. Germany is currently (2008) ranked 16th. It has thus moved down two places. In terms of economic globalization, Germany is ranked 29th as in the previous year. In terms of political globalization, Germany has slipped to 18th place (previous year: 14th). Germany comes 12th (previous year: 11th) in the social component of globalization.

#### **Globalization Great Britain**

In comparison to the last ranking, Great Britain was able to make up some ground again against other countries: the island state is currently ranked 21st (previous year: 22nd). In terms of economic globalization it now comes 22nd (previous year: 20th). However, Great Britain's degree of social globalization remains high in an international comparison: 7th place. The same cannot be said of political globalization. Great Britain ranks 90th (previous year: 86th) behind Serbia and ahead of Nepal. This has mainly to do with the ongoing process of creating networks with other countries to which Great Britain is losing ground relatively speaking.

#### **Globalization France**

France still occupies 7th place in the current rankings. In terms of economic globalization, it has slipped two places and is currently in 25th place. There is no change in its level of social and political integration (8th and 1st places respectively). The combination of foreign embassies in Paris, membership of international organizations, participation in UN Security Council missions and the number of international treaties signed is not surpassed by any other country.

Table 1

**KOF Index of Globalization, Selected Countries**

	GER	UK	F	I	CH	USA	J	CHN
1970–1979	56.42	62.85	61.38	51.85	69.09	63.25	41.72	21.06
1980–1989	63.04	71.18	72.30	57.10	78.13	69.78	46.97	25.77
1990–1999	74.66	78.45	81.15	72.46	87.01	77.11	56.80	44.40
2000	84.95	83.09	86.92	81.47	92.89	80.21	62.81	55.71
2001	84.63	82.62	85.94	80.87	92.06	79.72	62.77	58.28
2002	85.26	82.78	86.40	80.27	91.62	78.43	63.09	56.88
2003	85.35	83.09	86.12	79.82	91.40	79.09	64.38	57.59
2004	85.10	82.23	87.14	80.59	89.38	79.71	64.69	59.84
2005	85.32	82.41	87.33	80.44	89.95	79.96	65.13	60.93
2006	85.45	82.10	87.43	80.45	88.95	80.58	70.23	60.41
2007	86.00	82.12	88.02	81.40	89.31	81.20	70.81	61.64
2008	85.10	81.68	87.65	81.12	88.97	79.83	69.13	56.27

**Globalization Italy**

Italy still occupies 23rd place in the current rankings. In terms of economic globalization, the country has moved up from 47th to 46th place. Despite structural problems and low economic growth, Italy's development has proved to be relatively stable during the last three years. In terms of social globalization, Italy's ranking also remains unchanged (27th place). Italy was able to maintain its lead in the political globalization stakes (ranked 2nd behind France).

**Globalization Switzerland**

Until 2000 the KOF Index of Globalization for Switzerland had risen steadily. It stagnated in subsequent years. In 2003 it fell slightly and since then it has been moving sideways. In the country rankings Switzerland, as a small open economy, is still among the first six of the most globalized countries. It is currently ranked 5th (previous year: 6th). Switzerland's economic integration remains unchanged. In terms of social globalization, Switzerland occupies first place again in the overall ranking. Its ranking in the political globalization stakes also remains unchanged: Switzerland occupies 13th place again.

**Globalization USA**

The USA has slipped down compared to the rankings of the previous year and now comes 27th (previous year: 24th). The USA has lost ground in terms of economic globalization compared to the previous year. The USA is now ranked 50th (previous year: 43rd). As a large economy, a high

proportion of its trade is internal, which means that the USA does not “need” to be as globalized as small countries. The “Actual Flows” sub-indicator that includes trade and cash flows has fallen as a result of the financial and economic crisis. Signs of the crisis that originated in the USA are evident here. The “Restrictions” indicator, which comprises import restrictions, customs and taxes on international goods and capital movement restrictions, has fallen at the same time. As in the majority of industrial nations, social and political globalization has remained at virtually the same level for several years in the USA.

#### **Globalization Japan**

Last year Japan had to surrender its position as the world’s second largest economy to China. The KOF Index of Globalization, which applies to 2008, already shows this development. In the overall ranking Japan comes a mere 44th (previous year: 41st) and is consequently way behind other major economies such as the USA or Germany. In term of economic globalization, the Land of the Rising Sun managed to move up four places, but is still only ranked 92nd. In terms of social globalization, Japan has fallen ten places and is ranked 48th in the current KOF Index of Globalization. In terms of political globalization the island state has also lost ground and is in 34th place (previous year: 31st) – between Ireland and Senegal.

#### **Globalization China**

Now the second largest economy in the world, China is ranked 92nd in the KOF Index of Globalization 2011. Compared to the previous year, China has fallen 24 places. In terms of economic globalization, the People’s Republic has moved up one place (currently: 103rd), it has lost ground in terms of social integration, however, and is now ranked 130th. Owing to its involvement in international politics and its increasing importance China is still ranked 41st in the political globalization component and is in the top midrange score.

### Methodological Comments

The KOF Index of Globalization measures the economic, social and political dimensions of globalization. The KOF Index can be used to observe the change in globalization in a large number of countries over a long period of time. The KOF Index of Globalization 2011 is now available for 186 countries for the period 1970–2008 and comprises 23 variables.<sup>1</sup>

The economic dimension of the KOF Index measures an actual trade and investment volume on the one hand, as well as the extent to which countries apply trade and capital movement restrictions to protect their own economies on the other hand. The social dimension of globalization reflects the extent of the dissemination of information and ideas, whereas the political dimension shows the degree of political cooperation between countries.

The KOF Index measures globalization on a scale of 1–100 and the expressions of the underlying variables are divided into percentiles. This reduces the impact of extreme data points, which results in fewer fluctuations over time. The data used have been updated for past years on the basis of the original sources. The current data are not comparable with the KOF Index that was published one year ago as the database has been updated. The comparisons with previous years mentioned in the text are consequently based on the new computation method.

Detailed Information about the KOF Index of Globalization 2011:

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

Please contact [dreher@kof.ethz.ch](mailto:dreher@kof.ethz.ch) for additional information.

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<sup>1</sup> These are the 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

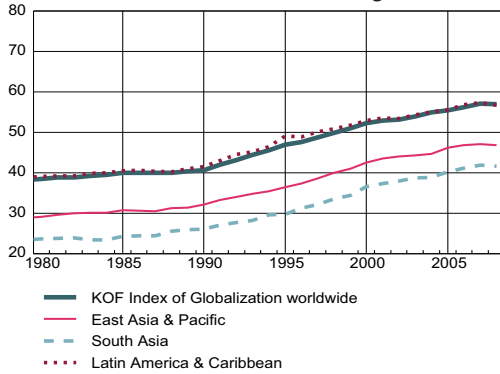


Chart 4b  
KOF Index of Globalization Across Regions

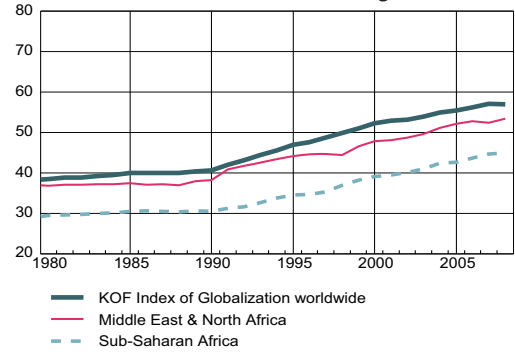


Chart 4c  
KOF Index of Globalization Across Regions

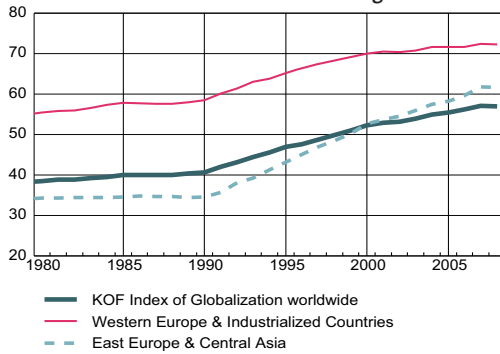


Chart 5  
KOF Index of Globalization According to Income

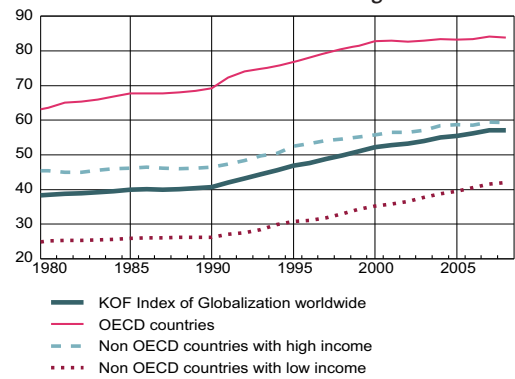


Chart 6  
The Biggest Changes  
(as compared to previous year)

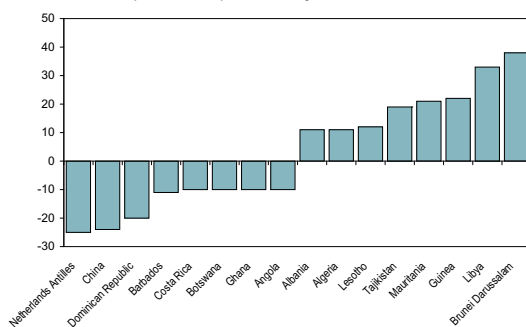


Chart 7  
The Changes Among Most Globalized Countries  
(as compared to previous year)

