The World Economic Forum ranked the United States as the most competitive economy in the world, followed by Switzerland, Denmark, Sweden, Germany and Finland.

By Eliane Engeler

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GENEVA --
The United States has regained its status as the world's most competitive economy thanks to strong innovation and excellent universities, according to a survey released Wednesday by the World Economic Forum.

The United States rebounded from sixth place last year to knock Switzerland from the top spot in the "global competitiveness index." The Swiss were second this year, followed by Denmark, Sweden, Germany and Finland.

The study by the Geneva-based Forum said the United States was boosted by its close cooperation between universities and business on research and development, high intellectual property protection, as well as efficient use of employees and investment.

DANGER AHEAD

But increasing public indebtedness in the United States threatens to hamper the country's growth, it said.

"This danger has most recently been demonstrated by the fallout and contagion caused by the country's sub-prime mortgage crisis and the ensuing global credit crunch," said Xavier Sala-i-Martin, a professor of economics at Columbia University and one of the authors of the survey.

Sala-i-Martin said the weaknesses "present a risk to the country's overall competitiveness potential and to the global economy as a whole."

Switzerland was credited with an excellent capacity for innovation, a sophisticated business culture, outstanding scientific research institutions and strong intellectual property protection.

Denmark and Sweden were ranked third and fourth respectively, followed by Germany and Finland. The Nordic countries -- traditionally strong in the survey -- were praised for their budget surpluses and very low levels of public indebtedness.
Germany's good performance is largely due to its high-quality infrastructure and the efficiency of its goods and financial markets, according to the survey. The same positive elements also boosted Britain, which came in ninth.

More than 11,000 business leaders in 131 countries took part in the survey which ranked Singapore seventh, followed by Japan, Britain and the Netherlands.

**CHINA AND INDIA**

China and India were in the middle of the 131-nation list. China has improved to 34th from 54th last year. Its competitiveness was based mainly on its large market and a stable economy with low inflation and high savings.

India's 48th place ranking was mainly attributed to the high availability of scientists and engineers and good quality of scientific research institutions in an economy with a large market size.

At the bottom of the list were countries such as Mozambique, Zimbabwe, Burundi and Chad.

The aim of the survey is to examine the factors that can affect a country's business environment and development. Included are judicial independence, government favoritism and corruption.