



DHL Global Connectedness Index: Globalization surpassed pre-crisis peak, advanced modestly in 2015

- **Flows of information, capital and people boost overall connectedness; international trade remains weak**
- **Netherlands is the world's most connected country; Europe tops regional ranking**
- **New city rankings reveal Singapore as number one “Globalization Hotspot” and “Globalization Giant”**

Bonn / Mumbai, November 15, 2016 – DHL, the global logistics leader, today released the fourth edition of its Global Connectedness Index (GCI), a detailed analysis of the state of globalization around the world. The 2016 report shows that global connectedness, measured by cross-border flows of trade, capital, information and people, surpassed its 2007 pre-crisis peak during 2014. In 2015, globalization's post-crisis expansion slowed, but the data indicate that it did not go into reverse. Currently available evidence – still preliminary in some areas – suggests that the world was about 8% more connected in 2015 than in 2005.

The information pillar – measured by international internet traffic, telephone call minutes and trade in printed publications – showed the strongest growth over the reporting period (2013-2015). The gains in capital and people flows have been more modest, while the decline in the proportion of goods traded across borders – which began in 2012 – accelerated in 2015.

“Globalization has served as the world's engine of progress over the past half century,” commented Deutsche Post DHL Group CEO Frank Appel. “The GCI documents that globalization has finally recovered from the financial crisis, but faces an uncertain future. It is imperative that policymakers and business leaders support an environment in which globalization can continue to flourish and improve the lives of citizens around the world.”

The research on the GCI was led by internationally acclaimed globalization expert Pankaj Ghemawat, who highlighted how emerging economies still lag behind on global connectedness. “Advanced economies are about four times as deeply integrated into international capital flows, five times as much on people flows, and nine times with respect to information flows,” Ghemawat commented. The GCI also notes that if emerging economies become more similar to advanced economies in terms of their connectedness levels, this would provide a powerful



boost to overall connectedness.

The 2016 edition also documents a rising proportion of internet traffic crossing national borders, even as international trade and information flows lag their potential. “This underscores the tremendous headroom available for international e-commerce to boost business activity and expand the options available to consumers around the world,” commented Jürgen Gerdes, CEO Post – eCommerce – Parcel, Deutsche Post DHL Group.

The 2016 Country and Regional Index Results

In addition to a comprehensive overview on the state of globalization, the 2016 report also provides detailed insights into the connectedness of individual countries and regions. The index ranks countries on their depth (intensity of international flows) and breadth (geographical distribution of flows), which combine for an overall connectedness score between 0 and 100. The Netherlands retained its top rank as the world’s most connected country and Europe is once again the world’s most connected region. All but two of the top 10 most globalized countries in the world are located in Europe, with Singapore and the United Arab Emirates as the standouts. North America is the second most globally connected region and leads on the capital and information pillars, with the United States as the most connected country in the Americas. Overall the US is ranked 27th out of the 140 countries measured by the GCI. North America had the largest gain in overall global connectedness during the past two years, followed by South & Central America & the Caribbean. Countries in South & Central Asia and Sub-Saharan Africa suffered a drop in their average levels of global connectedness.

Suriname, Jamaica and Fiji were the biggest gainers in terms of rank changes from 2013 to 2015, moving up 23 (112th to 89th), 22 (107th to 85th) and 20 (94th to 74th) places respectively. Suriname’s rise was driven by a substantial broadening of its international interactions, whereas Jamaica and Fiji increased on both the depth and breadth dimensions of their global connectedness. Nigeria, Togo and Nicaragua experienced the largest decreases in terms of overall rank, dropping 28 (67th to 95th), 21 (72nd to 93rd) and 19 (71st to 90th) places respectively.

New City Indices on Globalization Giants and Hotspots

The twin trends of globalization and urbanization have prompted rising interest in global cities. The 2016 edition of the DHL Global Connectedness Index introduces two new city indices. The “Globalization Giants” index compares the size of cities’ international interactions. The



“Globalization Hotspots” index parallels the depth dimension of the country-level GCI and ranks the cities with the most intense international flows of trade, capital, people, and information compared to their internal activity. Singapore leads both of the new city-level globalization indices. “Even after controlling for Singapore’s structural advantages, the Lion City still outperforms on the depth of its international flows,” commented Ghemawat. “Credit must be given to policies aimed at growing Singapore’s connections beyond its immediate neighborhood,” he added.

London and New York, perennial leaders on rankings of global cities, place 3rd and 4th on the Globalization Giants index, but only 47th and 76th on the Globalization Hotspots index. Many smaller cities are far more intensively focused on international activity than these two megacities, according to the report. Unexpected high performers in the Hotspots index include Manama (2nd), Tallinn (6th) and Mumbai (13th).

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Note to editors:

The report was commissioned by DHL and prepared by Pankaj Ghemawat (Professor at New York University Stern School of Business and at IESE Business School in Barcelona, Spain) together with Steven A. Altman (Senior Research Scholar and Executive Director of the Center for the Globalization of Education and Management, New York University Stern School of Business).

The 2016 DHL Global Connectedness Index draws on more than 1.8 million data points from international flows covering trade, capital, information and people. It documents and dissects levels of globalization, both at the global level and for 140 countries and territories that jointly account for 99% of the world’s GDP and 95% of its population.

The report and supplemental background information can be downloaded at www.dhl.com/GCI

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