



Nation Brands 2017

The annual report on the world's most valuable nation brands

October 2017

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Foreword



David Haigh
CEO
Brand Finance plc

The effect of a country's national image on the brands based there and the economy as a whole is now widely acknowledged. In a global marketplace, it is one of the most important assets of any state, encouraging inward investment, adding value to exports, and attracting tourists and skilled migrants. The Brand Finance Nation Brands report shows the benefits that a strong nation brand can confer, but also the economic damage that can be wrought by global events and poor nation brand management.

The most important trend to emerge in this year's study is the gradual shift of the global centre of gravity from West to East. Asia is on the march, while established Euro-Atlantic nation brands stagnate. Particularly striking is the rise of China, which is narrowing the value gap with the United States at breakneck speed.

The beginning of the 21st century has witnessed the rise of China as an economic and political power. The country has become the world's largest manufacturer and exporter, and the largest economy by purchasing power. China's economic growth has in turn bolstered its political standing. With the leaders of the United States and Europe pursuing inward-looking agendas, China is seizing the moment to take on a global leadership role it has aspired to for a long time.

However, in an increasingly multipolar world, Asia is not the only challenger of Western dominance. Many African and Latin American nation brands, although starting from a lower base, have made considerable gains, hinting to where the global balance of power is heading in the years to come.

Nevertheless, not all of Europe is vegetating as those nation brands that many considered unable of making a full recovery, after the troubles that had plagued them since the Great Recession and the Eurozone Crisis, are now growing at double-digit rates. This is equally true of Southern European nations as of Ireland and Iceland – the fastest-growing nation brand of 2017.

In this time marked by change, it is more important than ever that governments, trade bodies, and businesses take steps to ensure that their nation brand is strategically appropriate and well-managed.

The team and I hope you enjoy this report and look forward to speaking to you soon.

Attracting Green Field Investment



Laurence Newell
Managing Director
Brand Finance Mexico

Nation branding applies widely used marketing concepts to countries in the interest of enhancing their reputation – principally among institutional investors - and why not? Corporate marketing has created immense value through brands, based on a clear understanding of certain consumption patterns and how brands meet them. Much like consumers, investors are predictable, and nation brand managers need to study their needs.

Central to positioning a nation brand is a clear understanding of what drives investor decision-making. Having had the opportunity in the past to help define brand strategy for the investor relations arm of the Mexico country brand, what was critical to success in that project was an understanding of what is most important to investors, and what drives their motivation to select one nation over another.

The results of ad-hoc research that was commissioned made it abundantly clear that the first and foremost reason for selecting a country to invest in, was political and economic stability. In fact, confidence and understanding of Mexico's political and economic conditions, were of critical importance, and came before any other choice driver was even considered. Almost of equal importance to stability, were geographic location and market size. Mexico's physical proximity to the United States was a no-brainer, and when the size of the country's population was added to the mix (130 million), a strong attraction to considering an investment decision was evident. Third came the availability of skilled labour, and last but not least, the 'ease of doing business' factor.

Communicating the facts was in this case central to the strategy of attracting foreign direct investment. There exists a popular adage in the advertising world that states: "Nothing kills a bad product faster than good advertising". By using fact-based marketing, related to the ease and speed of doing business, Mexico literally put their money where their mouth was. Brand Mexico's messaging was developed around the idea of how long it takes to start a business in the country. As a matter of fact, in Mexico it is 9 days, compared to 33 in China, and 119 in Brazil.

Focusing on measurement and collecting the right data going forward is a competitive advantage in itself, and knowing what not to measure can be as important as understanding what should be measured. Certainly the closer a metric is to income – or in this case, investment – the more seriously it will be taken by management. For instance: How many leads do we need in order to hit our investment targets? What is the average deal size? Are we retaining our investors?

As nations compete for investment, nation branding becomes a more recognised and a more familiar concept, and in this process, it is important to note that the principles and basics for nation branding are not too distant from those applied to traditional brands.

Nation Brand Strength and M&A



Mihai Bogdan
Managing Director
Brand Finance Romania

When looking to invest in a country – unless you literally spot a gold mine – there is always going to be another choice. Deciding between such options involves both financial and emotional arguments – and it is where nation brands come into play.

The value-based rationale is obvious. Technically speaking, the brand valuation methodology employs various risk rates, the same rates used by potential investors when assessing the target country. However, perceptions are equally powerful, and it was often demonstrated that investment and B2B decisions are far from being exclusively rational.

On the ground, the diversity of Europe offers many cases illustrating the correlation between the strength of the nation brand and the flow of M&A.

For instance, since the Brexit referendum, the pound has depreciated, making British brands attractive targets for foreign companies. If not for a strong Brand Britain, the country's corporate brands would either be sold at less-than-competitive prices or for nothing at all, unable to attract investors. For private brands, this is a casebook argument for the importance of measurement and valuation when managing a brand and proofing it for turbulent times like those brought about by Brexit.

But stars in the European constellation do not all shine with the same light. For instance, Brand Romania, Brand Slovakia, Brand Bulgaria in the east of the continent, are much weaker than their western neighbours – and with a long way to go before they could shoulder moments of economic distress. This was and is reflected also in the M&A flow over the past decades.

After the year 1989, with the former communist block stepping into capitalism, the mixed privatisation record produced some notable results – see VW Group's acquisition of Skoda in the Czech Republic or Renault's takeover of Dacia. Dacia is a successful, recognisable Romanian brand which flourishes under foreign ownership whilst retaining its importance for the home economy, and it is now the most valuable brand in Romania. However, once the gold rush was over, it was back to business as usual, and after the Great Recession, the M&A flow picked up much slower in Central and Eastern Europe compared to the West – even though the former showed resilient GDP growth rates.

The moral of the story is that the economic and political tribulations will not end today. The M&A will continue to flow according to a mix of rational and emotional criteria, and as such, a value-based mindset would work best for both nation and corporate brands.

It is worth bearing in mind, therefore, that managing the nation brand is less about national pride and more about the economic uplift a strong nation brand could bring and maintain for its country.

Opportunities for Asian Products



Ruchi Gunewardene
Managing Director
Brand Finance Sri Lanka

By virtue of a country's bio diversity, climate conditions, heritage and culture, many unique commodities and products are made available that generate appeal among customers in other countries. Whilst these are often traded, there is an opportunity for greater value creation by protecting their source of origin, so that similar products from another region cannot unfairly exploit the reputation that has been amassed.

Every nation in the world has such valuable intangible assets. These exported products add to the perceptions around a nation brand. However, a lot of work needs to go into protecting, regulating, and managing them in order to create an effective global marketing strategy and extract the hidden value.

Ceylon tea is a good example of a country of origin product that has survived for 150 years after it was first exported to the UK. Although it still retains the perception of being a good quality tea, it is now under pressure to use modern marketing and branding techniques to stay relevant in these rapidly changing times. Ceylon cinnamon has been less fortunate, as cheaper and inferior cassia from other Asian countries has impacted its ability to charge a premium. It is only now being recognised in many global markets as a much more superior product in terms of the health benefits it provides.

The means of protecting these assets are complex as can be observed on the example of Kobe beef from the Tajima strain of Wagyu cattle, raised in Japan's Hyogo Prefecture according to rules set out by the Kobe Beef Marketing and Distribution Promotion Association.

Branding strategies centering on the geographical origin of a product are a key basis for differentiating them from commodity products. And the use of such "geographical indication" (GI) can involve a range of unique quality characteristics associated with a particular location. A GI can be a name or a sign used on certain products which corresponds to that specific geographical location (which could be a town, region, or country). The GI tag ensures that none other than those registered as authorised producers (or at least those residing within the geographic territory) are allowed to use the popular product name.

As consumers in developed markets increasingly search for new experiences, they are open to experimenting with Asian brands. Significant opportunities are available to export well-known national brands, and a good example is beer. This is a category which uniquely embodies the essence of a country and is therefore perfectly suited to travel across continents. Australia's Fosters, Japan's Asahi, The Philippines' San Miguel have all found acceptance amongst consumers in the West.

There are many more opportunities for Asian goods and products which can be taken to global markets through better branding and marketing.

Nations as Tourism Brands



Jeremy Sampson
Director
Brand Finance South Africa

It was not that long ago that brands and branding were seen as the sole preserve of the FMCG (fast moving consumer goods) brigade. Not anymore. Today, everything is brandable from people to countries. And that means a value can be put on everyone and everything.

Tourism is a major potential source of income for all countries, regions, and cities. But competition is intense and so it is essential to ensure all touchpoints of the brand are aligned to provide the best possible experience. One of the unexpected consequences of Brexit, with the fall of the pound against the euro, has been the increase in tourists visiting London. Everyone knows of the numerous attractions, a wide choice of accommodation and restaurants, but pricing can be crucial.

A couple of years ago, the London Financial Times in the Travel section of their Weekend edition, ran a headline along the lines of: 'Would you take your children on holiday to Africa'. Perhaps not surprisingly, the letter of outrage I wrote to the editor, and I am sure I was not alone, went unpublished. Just as the world is your oyster, when it comes to travel and holiday options, sadly, there remain parts of the world thought to be best left unvisited, from countries to even cities.

Africa is a patchwork quilt of 54 countries, with a plethora of different cultures, currencies, and local languages. This fragmented geography, slowly harmonising, remains an obstacle to both easier trade and tourism. Another issue is the perception that Africa is a long way from everywhere, which is far from the reality. South Africa remains the gateway to the continent, with Johannesburg the hub. An overnight flight from Europe to Johannesburg is 10 - 11 hours, time for a good night's sleep and more time for reading, thinking and catching up on movies, and the time zones are much the same. Cape Town is a further 1000 miles or a two-hour hop to the south-west.

As I write this, I have flown from Johannesburg to Cape Town this morning, had a business meeting, and am now flying back, an easy day trip. My shuttle bus driver was enquiring what the hurry was? He reminded me that the whales were frolicking off Hermanus, the desert flowering in season on the west coast, the vines beginning to bud around Stellenbosch. Certainly when it comes to wine tourism there can be few more beautiful places in the world. Whilst in my British Airways in-flight magazine, veteran broadcaster John Simpson muses where he would live if not in Oxford. Nature's Valley gets an honorable mention. He could have added the number of visitors popping in for medical procedures, or those simply in search of some sun, And I have not even mentioned the abundant wildlife. Yes lions and elephants, but no tigers – that is another continent.

Some years ago, Jamaica broke the mould with some stunning advertising. Today, everyone has to fight for a share of the tourism wallet. Remember: it's the brand, stupid!

Executive Summary

Nation Brands



The Rise of Brand China

Later this month, President Xi Jinping will address the 19th National Congress of the Communist Party of China. It will mark the end of the Central Committee's five-year term which has seen a revolutionary change in China's approach to brands.

At the previous congress in 2012, President Xi declared that China should no longer only be a place to produce components for Western products. Instead, it should build its own world-renowned brands.

Now, Chinese companies make up 50 of the Global 500 most valuable brands, increasing from only 8 in 2008. Chinese brands lead in 4 sectors – banks (ICBC), spirits (Moutai), insurance (PingAn), real estate (Dalian Wanda) – as opposed to zero in 2008. The country also celebrates an annual Chinese Brands Day on May 10th and has a nationwide China Council for Brand Development, dedicated to research on brand building and brand evaluation.

In a virtuous circle, Chinese brands and the transformed national image of China as an emerging global power are reinforcing each other and further add to the country's attractiveness to investors and tourists. According to the Brand Finance Nation Brands study, China is the fastest-growing nation brand of 2017 in absolute terms, with a change of over US\$3.1 trillion year on year. This figure is equal to the entire nation brand value of the United Kingdom, which illustrates just by how much China is outpacing other countries.

In relative terms, China's nation brand value grew 44% year on year, or at a 20-times faster pace than the United States'. However, at US\$10.2 trillion, China's nation brand value is still only half that of America's and sustaining growth will be key to narrow the gap.

The Trump Effect

With a value of US\$21.1 trillion, the United States remains the most valuable nation brand in the world but the meagre growth of 2% year on year is putting its dominance at risk in the long run.

Top 20 Most Valuable Nation Brands

 United States	1 Rank 2017: 1 2016: 1 → BV 2017: \$21,055bn BV 2016: \$20,574bn +2% Brand Rating: AAA-	 Australia	11 Rank 2017: 11 2016: 10 ↓ BV 2017: \$1,505bn BV 2016: \$1,305bn +15% Brand Rating: AAA-
 China	2 Rank 2017: 2 2016: 2 → BV 2017: \$10,209bn BV 2016: \$7,087bn +44% Brand Rating: AA	 Spain	12 Rank 2017: 12 2016: 14 ↑ BV 2017: \$1,410bn BV 2016: \$966bn +46% Brand Rating: AA
 Germany	3 Rank 2017: 3 2016: 3 → BV 2017: \$4,021bn BV 2016: \$3,882bn +4% Brand Rating: AAA-	 Mexico	13 Rank 2017: 13 2016: 15 ↑ BV 2017: \$1,049bn BV 2016: \$915bn +15% Brand Rating: A+
 Japan	4 Rank 2017: 4 2016: 4 → BV 2017: \$3,439bn BV 2016: \$3,002bn +15% Brand Rating: AAA-	 Switzerland	14 Rank 2017: 14 2016: 13 ↓ BV 2017: \$1,014bn BV 2016: \$998bn +2% Brand Rating: AAA
 United Kingdom	5 Rank 2017: 5 2016: 5 → BV 2017: \$3,129bn BV 2016: \$2,942bn +6% Brand Rating: AAA	 Netherlands	15 Rank 2017: 15 2016: 12 ↓ BV 2017: \$1,005bn BV 2016: \$1,121bn -10% Brand Rating: AAA
 France	6 Rank 2017: 6 2016: 6 → BV 2017: \$2,969bn BV 2016: \$2,339bn +27% Brand Rating: AA+	 Indonesia	16 Rank 2017: 16 2016: 19 ↑ BV 2017: \$845bn BV 2016: \$630bn +34% Brand Rating: AA-
 Canada	7 Rank 2017: 7 2016: 8 ↑ BV 2017: \$2,056bn BV 2016: \$1,810bn +14% Brand Rating: AAA-	 Russia	17 Rank 2017: 17 2016: 18 ↑ BV 2017: \$832bn BV 2016: \$736bn +13% Brand Rating: A+
 India	8 Rank 2017: 8 2016: 7 ↓ BV 2017: \$2,046bn BV 2016: \$2,066bn -1% Brand Rating: AA	 Brazil	18 Rank 2017: 18 2016: 16 ↓ BV 2017: \$798bn BV 2016: \$820bn -3% Brand Rating: A
 Italy	9 Rank 2017: 9 2016: 9 → BV 2017: \$2,034bn BV 2016: \$1,521bn +34% Brand Rating: A+	 Sweden	19 Rank 2017: 19 2016: 17 ↓ BV 2017: \$703bn BV 2016: \$742bn -5% Brand Rating: AAA
 South Korea	10 Rank 2017: 10 2016: 11 ↑ BV 2017: \$1,845bn BV 2016: \$1,289bn +43% Brand Rating: AA	 Taiwan	20 Rank 2017: 20 2016: 28 ↑ BV 2017: \$625bn BV 2016: \$469bn +33% Brand Rating: AA+



The United States' nation brand value's stagnation can be attributed to macroeconomic challenges, like the declining participation rate caused by the mass-retirement of baby boomers, ultimately contributing to a slow pace of GDP growth compared to previous expansions.

However, perceptions of Donald Trump's presidency are not exactly helping Brand America either. Trump's administration is seen as increasingly unpredictable and although tax relief promises can boost FDI in the short run, a failure to fulfil them, considering that many propositions of new legislation fell through in Congress, will make investors' confidence disappear.

America's image in the world is also waning. Sabre rattling in the Middle East and Asia, closing borders to migrants and refugees, and breaching global commitments in relation to climate change, have all seriously undermined the United States' global leadership. Recovering that influence in the future may be close to impossible.

East and West: Trading Places

The dynamic between American and Chinese nation brands is mirrored by the broader trends of Western stagnation and Asian advance. Established European nation brands, such as Germany, Netherlands, Belgium, Switzerland, Sweden, Austria, record either a decline or a negligible growth of value. At the same time, Asian nation brands grow at breakneck speed.

Vietnam, the Philippines, Thailand and South Korea have all added between 37%-43% to their nation brand value. Vietnam received approximately US\$12.5 billion in foreign direct investment thus far this year, up 13.4% from

the same period in 2016. The Philippines is experiencing China-like rates of economic growth at 6.7%, with trade as well as business process outsourcing as the main driving forces. In Thailand, public investment is expected to rise to 9.2% in 2018 and government spending is set to remain a key contributor to the economy. South Korea's exports are growing, driven especially by a growth in memory chip and steel product shipments. However, tensions over North Korea and Trump's threats to terminate the trade agreement with the US cloud the outlook.

Brexit means...

Britain plays in a league of its own because of the Brexit process. Uncertainty has not inflicted the widely expected negative impact on the UK's nation brand value but the future of Brand Britain depends on the UK government's ability to mitigate potential dangers and negotiate a divorce deal with the European Union that secures the country's economic interests. Currently at US\$3.1 trillion, the UK's nation brand value is the one to watch in the next few years as its future becomes clearer and the first economic effects of Brexit, whether positive or negative, start kicking in.

From PIGS to Riches

Unlike their Northern neighbours, Southern European countries can boast record nation brand value growth year on year. Infamously branded as 'PIGS' during the Eurozone Crisis, Portugal (up 22%), Italy (up 34%), Greece (up 41%), and Spain (up 46%), as well as smaller Cyprus (up 57%), have since all introduced necessary reforms and regained the confidence of analysts and investors. Channelling those new levels of trust to a long-term advantage will be the most difficult task of those responsible for managing nation brands of Southern European economies. It seems particularly challenging in the case of Spain, which is balancing on the brink of anarchy following the Catalan independence vote.

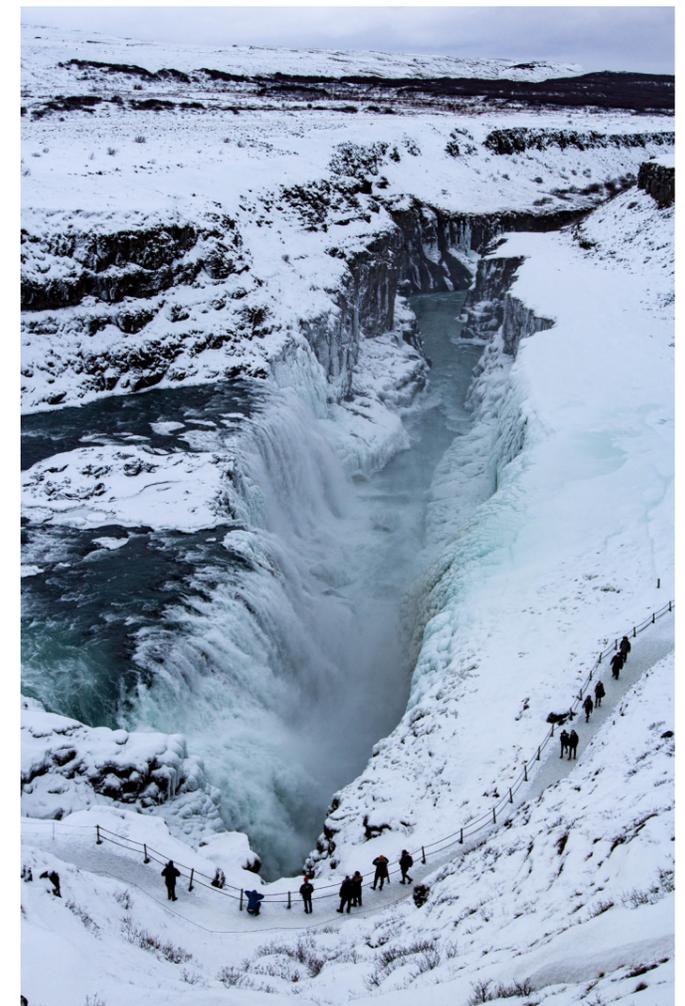


10 Best Performing Nation Brands

	1	Rank 2017: 88 2016: 101 ↑ BV 2017: \$26bn +83% BV 2016: \$14bn Brand Rating: AAA-
	2	Rank 2017: 100 2016: 108 ↑ BV 2017: \$15bn +57% BV 2016: \$10bn Brand Rating: AA-
	3	Rank 2017: 12 2016: 14 ↑ BV 2017: \$1,410bn +46% BV 2016: \$966bn Brand Rating: AA
	4	Rank 2017: 2 2016: 2 → BV 2017: \$10,209bn +44% BV 2016: \$7,087bn Brand Rating: AA
	5	Rank 2017: 45 2016: 50 ↑ BV 2017: \$203bn +43% BV 2016: \$141bn Brand Rating: A+
	6	Rank 2017: 10 2016: 11 ↑ BV 2017: \$1,845bn +43% BV 2016: \$1,289bn Brand Rating: AA
	7	Rank 2017: 58 2016: 61 ↑ BV 2017: \$80bn +41% BV 2016: \$57bn Brand Rating: A
	8	Rank 2017: 87 2016: 90 ↑ BV 2017: \$28bn +39% BV 2016: \$20bn Brand Rating: AA+
	9	Rank 2017: 30 2016: 33 ↑ BV 2017: \$466bn +38% BV 2016: \$338bn Brand Rating: A+
	10	Rank 2017: 29 2016: 31 ↑ BV 2017: \$483bn +37% BV 2016: \$353bn Brand Rating: AA-

Iceland: Money is Coming

Iceland is the fastest growing nation brand of 2017, up 83% from last year, and may only continue to enjoy unrivalled growth in the near future. The country's tourism industry is booming and expanding its share of GDP at the expense of the traditionally dominant fishing sector. Thanks to the hit television show, Game of Thrones, which films most of its winter scenes in Iceland, the country has seen a record 1.8 million foreign visitors in 2016, up 40% from 2015. The first two months of 2017 saw a 59% increase on the same period of 2016 and the figure is expected to reach 2.4 million by the end of this year. The increase in visitors brings great financial benefits to the nation. Tourists spent US\$212 million in 2016, using credit and debit cards alone, and as the number of visitors is forecast to increase, so will the injection of money.



Future Looks Bright for Singapore

Singapore has not only maintained its position as the strongest nation brand this year, but with a Brand Strength Index (BSI) of 92.9, it is also the only one to score over 90. Singapore's reputation for investing in its citizens has particularly boosted its 'People and Skills' result, factored in the BSI calculation. The SkillsFuture movement initiated by the government, which allows every Singaporean aged 25 and above to secure S\$500 for professional development, helps to maximise the nation's potential. More than 400,000 people undertook training in 2016, an increase from 379,000 in 2015. The state's willingness to invest in the development of its people demonstrates a nurturing element that many other nations have yet to adopt.



Top 10 Strongest Nation Brands

	1	BSI Score /100 92.9 Brand Value 2017: \$464bn Brand Rating: AAA+
Singapore		
	2	BSI Score /100 89.8 Brand Value 2017: \$1,014bn Brand Rating: AAA
Switzerland		
	3	BSI Score /100 88.8 Brand Value 2017: \$594bn Brand Rating: AAA
United Arab Emirates		
	4	BSI Score /100 88.4 Brand Value 2017: \$364bn Brand Rating: AAA
Hong Kong		
	5	BSI Score /100 86.9 Brand Value 2017: \$1,005bn Brand Rating: AAA
Netherlands		
	6	BSI Score /100 86.8 Brand Value 2017: \$322bn Brand Rating: AAA
Finland		
	7	BSI Score /100 86.6 Brand Value 2017: \$199bn Brand Rating: AAA
New Zealand		
	8	BSI Score /100 85.9 Brand Value 2017: \$703bn Brand Rating: AAA
Sweden		
	9	BSI Score /100 85.6 Brand Value 2017: \$550bn Brand Rating: AAA
Norway		
	10	BSI Score /100 85.3 Brand Value 2017: \$3,129bn Brand Rating: AAA
United Kingdom		

Brand Power Matches FDI Power



Courtney Fingar
Editor in Chief of *fDi Magazine*
and Head of Content for
fDi Intelligence, a specialist
division of the *Financial Times*

It was perhaps inevitable that China's ascendance as a global power would eventually translate into an enhanced nation brand. A new breed of globally minded Chinese companies, led by tech players such as Huawei, have led the charge of international expansion and become prolific generators of greenfield foreign direct investment around the world.

Chinese outbound investment is highly sought after in nearly every country on the globe now, having risen from US\$16 billion in 2006 to an estimated US\$110 billion in announced expenditure in 2016, according to crossborder investment monitor fDi Markets. Though inbound greenfield FDI into China has slowed down recently, the country's preeminent importance as a business destination cannot be denied.

With so much focus on China, the emergence of India as a top-tier investment destination has not received the notice that it warrants. India surpassed both China and the US to become the number one recipient of greenfield FDI by volume already in 2015. In addition, in 2016 Indian companies were responsible for 272 overseas projects, placing India third as an Asian source country for FDI, behind Japan and China. India's nation brand still lags behind that of China in the league table, but it now sits comfortably in the top ten and if its economic performance continues to stay strong, it might well crack the top five soon.

Meanwhile, China's rise up the Nation Brands ranks has it knocking on the door of top-placed United States – a country whose international image has taken a battering thanks to the combative current occupant of the White House. How well Brand USA can withstand Donald Trump's unique diplomacy is uncertain; but the US's chaotic leadership has not dented its appeal to foreign investors just yet. Many companies welcome Mr Trump's proposed plans to cut taxes and regulation and seem prepared to ignore the rhetoric. Indeed, the initial investor reaction to Mr Trump's inauguration was positive, with inward investment to the US jumping nearly 40% in January 2017 compared with the previous month and 35% on the same month the previous year, according to fDi Markets.

The same cannot be said for investor reaction to political upheavals in the US's closest ally nation. The UK's decision to leave the EU has done some short-term damage to the UK's once-enviable FDI position. The UK experienced a 42% decline in greenfield capital investment year on year in 2016 and a 9% decline in project numbers. Due to the long-term nature of greenfield investment, many such investors have opted to postpone UK expansion or investment plans until there is more clarity on what kind of agreement the UK is able to strike with Brussels – unlike M&A activity which has accelerated into the UK as foreign buyers bargain-hunt while the pound is weak. Despite these uncertainties, the UK has to date held on to its top-ranked position as an investment destination in Europe; whether it can continue to cling to that spot will depend on long-term resolution of the UK-EU trading relationship, immigration policies, and many other changes that we will not know the shape of for years to come.



Teresa de Lemus - Managing Director, Brand Finance Spain

“The events in Catalonia have a direct impact on Spain’s risk premium, which will increase if the region’s independence materialises. Future brand values of Spain and Catalonia combined could be significantly lower than the current brand value of Spain.”



Simon Haigh - Managing Director, Brand Finance Ireland

“An island of calm in a sea of macro and micro economic troubles haunting the US, UK, and the EU, Ireland has seen significant growth as a location for domestic and inbound investment.”



Massimo Pizzo - Managing Director, Brand Finance Italy

“After years of recession, reforms and improved economic conditions have led to a remarkable increase in brand value. Italy’s brand strength on the other hand has fallen, which can be attributed to the failure of the constitutional referendum.”



Brand Finance Network Comments

+ Offices and Representatives in over 20 locations worldwide



Andrew Campbell - Managing Director, Brand Finance Middle East

“In the Middle East, the UAE is the absolute champion of nation brand management. It is the world’s third most powerful, coming behind only Singapore and Switzerland, and the most valuable as well as fastest growing nation brand in the region.”



Mark Crowe - Managing Director, Brand Finance Australia

“Australia continues to perform consistently, maintaining an AAA- brand strength rating. However, inertia over reform to the taxation system is putting inbound investment at risk.”

Full Results

Most valuable Nation Brands 1-50

Rank 2017	Rank 2016	Nation	Nation Brand Value 2017 (USDbn)	Change (%)	Nation Brand Value 2016 (USDbn)	Nation Brand Strength 2017 (Rating)	Nation Brand Strength 2016 (Rating)
1	1	United States	21,055	2%	20,574	AAA-	AAA
2	2	China	10,209	44%	7,087	AA	AA
3	3	Germany	4,021	4%	3,882	AAA-	AAA-
4	4	Japan	3,439	15%	3,002	AAA-	AAA
5	5	United Kingdom	3,129	6%	2,942	AAA	AAA
6	6	France	2,969	27%	2,339	AA+	AA+
7	8	Canada	2,056	14%	1,810	AAA-	AAA-
8	7	India	2,046	-1%	2,066	AA	AA-
9	9	Italy	2,034	34%	1,521	A+	AA-
10	11	South Korea	1,845	43%	1,289	AA	AA
11	10	Australia	1,505	15%	1,305	AAA-	AAA-
12	14	Spain	1,410	46%	966	AA	AA
13	15	Mexico	1,049	15%	915	A+	A+
14	13	Switzerland	1,014	2%	998	AAA	AAA
15	12	Netherlands	1,005	-10%	1,121	AAA	AAA
16	19	Indonesia	845	34%	630	AA-	AA-
17	18	Russia	832	13%	736	A+	A+
18	16	Brazil	798	-3%	820	A	A
19	17	Sweden	703	-5%	742	AAA	AAA-
20	28	Taiwan	625	33%	469	AA+	AA+
21	25	United Arab Emirates	594	24%	478	AAA	AAA
22	23	Saudi Arabia	575	19%	482	AA	AA
23	21	Poland	571	11%	516	AA-	AA-
24	26	Turkey	570	20%	474	A+	AA-
25	24	Norway	550	15%	478	AAA	AAA
26	20	Belgium	548	3%	532	AA+	AAA-
27	30	Malaysia	489	35%	361	AAA-	AAA-
28	22	Austria	484	-3%	501	AAA-	AAA-
29	31	Thailand	483	37%	353	AA-	AA-
30	33	Philippines	466	38%	338	A+	AA-
31	27	Singapore	464	-1%	469	AAA+	AAA
32	29	Denmark	453	11%	408	AAA-	AAA-
33	32	Ireland	427	24%	344	AAA-	AAA-
34	34	Hong Kong	364	12%	325	AAA	AAA
35	35	Finland	322	20%	267	AAA	AAA
36	38	Argentina	314	33%	236	A-	A
37	39	Chile	301	31%	229	AA	AA
38	37	Czech Republic	299	26%	237	AA	AA
39	40	Iran	250	11%	225	A+	A
40	43	Colombia	239	32%	181	A+	A+
41	42	Israel	224	19%	189	AA+	AA
42	36	Qatar	223	-6%	238	AAA	AAA-
43	41	South Africa	222	13%	196	AA-	AA-
44	46	Bangladesh	208	22%	170	A-	A-
45	50	Vietnam	203	43%	141	A+	A+
46	45	New Zealand	199	15%	174	AAA	AAA
47	44	Nigeria	191	7%	178	A	A
48	48	Portugal	181	22%	149	AA	AA
49	47	Romania	175	6%	165	A	A+
50	53	Pakistan	171	34%	128	A	A

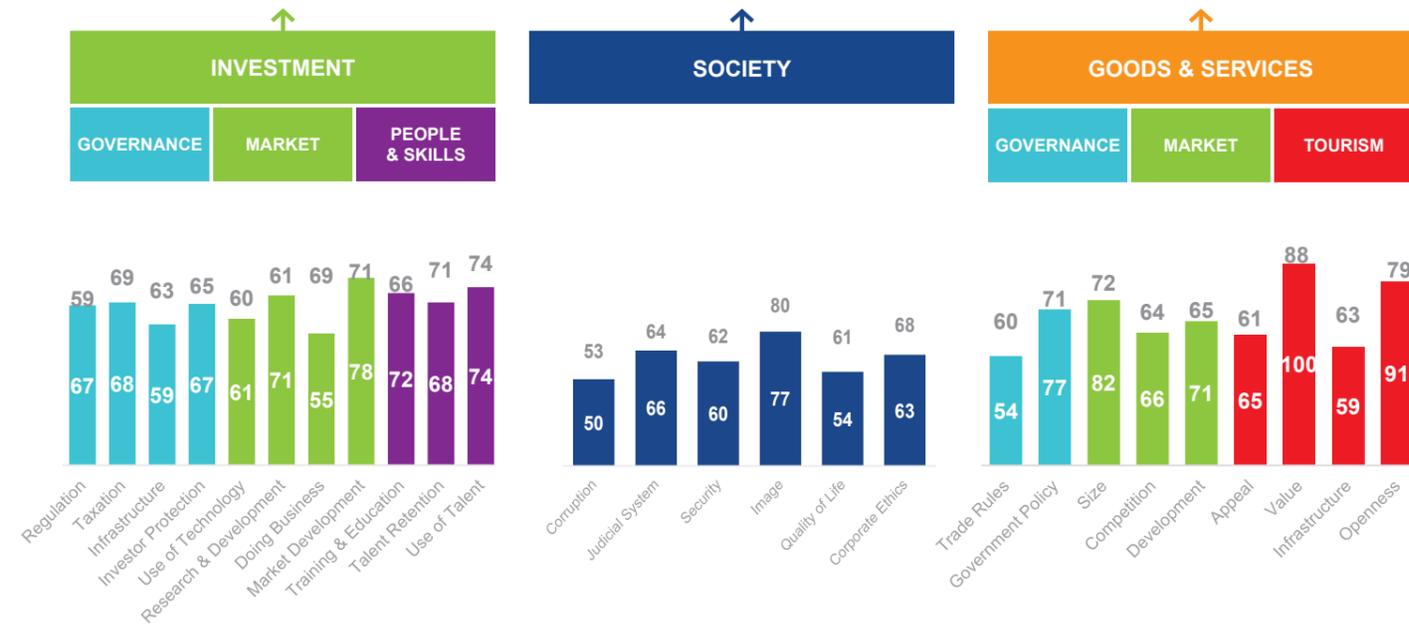
Most valuable Nation Brands 51-100

Rank 2017	Rank 2016	Nation	Nation Brand Value 2017 (USDbn)	Change (%)	Nation Brand Value 2016 (USDbn)	Nation Brand Strength 2017 (Rating)	Nation Brand Strength 2016 (Rating)
51	51	Kuwait	170	22%	140	AA-	AA-
52	52	Peru	166	20%	139	A+	A+
53	49	Kazakhstan	154	6%	145	AA-	AA-
54	54	Hungary	129	26%	102	A+	A+
55	57	Slovakia	104	30%	80	A+	A+
56	56	Luxembourg	97	14%	85	AAA-	AAA
57	55	Egypt	88	-10%	98	A+	A+
58	61	Greece	80	41%	57	A	A+
59	58	Sri Lanka	77	4%	74	AA-	AA-
60	60	Algeria	70	10%	64	A	A
61	62	Ukraine	68	22%	56	A-	A
62	64	Slovenia	63	20%	53	AA-	AA-
63	69	Panama	63	32%	48	AA	AA-
64	66	Guatemala	62	25%	50	A+	A+
65	63	Dominican Republic	61	9%	56	A	A
66	65	Iraq	60	17%	51	CC	CCC
67	59	Uzbekistan	56	-23%	72	A+	A+
68	73	Myanmar	55	25%	44	A-	BBB
69	71	Angola	52	14%	45	BB	B
70	74	Oman	50	22%	41	AA	AA
71	72	Sudan	49	9%	45	CC	CCC
72	75	Morocco	49	20%	40	AA-	AA-
73	70	Lithuania	48	4%	46	AA-	AA
74	68	Bulgaria	47	-3%	49	A+	A+
75	67	Costa Rica	38	-21%	49	AA-	AA-
76	84	Uruguay	38	33%	28	AA-	AA-
77	79	Kenya	38	27%	30	A+	A+
78	81	Azerbaijan	37	27%	29	AA-	A+
79	76	Ecuador	36	-7%	39	A	A
80	85	Latvia	34	30%	26	AA-	AA-
81	77	Serbia	34	2%	33	A	A
82	78	Croatia	33	1%	33	A+	A+
83	86	Ethiopia	31	27%	25	A	A
84	82	Turkmenistan	31	8%	29	A-	A-
85	83	Yemen	29	3%	29	BBB	BB
86	80	Bahrain	28	-2%	29	AA+	AA+
87	90	Estonia	28	39%	20	AA+	AA+
88	101	Iceland	26	83%	14	AAA-	AAA-
89	87	Jordan	25	4%	24	AA-	AA-
90	93	Ghana	25	33%	18	A+	A+
91	95	Bolivia	23	32%	17	A-	A-
92	89	Tunisia	22	8%	20	A+	A+
93	91	Tanzania	22	14%	19	A	A
94	92	Lebanon	21	15%	19	A+	A
95	88	Trinidad & Tobago	21	-2%	21	A+	A+
96	96	Paraguay	20	26%	16	A	A-
97	100	Libya	17	19%	14	DDD	DDD
98	n/a	Democratic Republic of the Congo	16	16%	14	BBB	A-
99	103	Nepal	15	31%	12	A	A
100	108	Cyprus	15	57%	10	AA-	AA

Methodology

Brand Finance Nation Brand Strength Index (BSI)

BSI (/100)



Brand Finance measures the strength and value of the nation brands of 100 leading countries using a method based on the royalty relief mechanism employed to value the world's largest companies.

Step 1 – Nation Brand Strength

Nation Brand Strength is the part of our analysis most directly and easily influenced by those responsible for their country's nation brand campaigns. It is determined by reference to performance on dozens of data points across three key 'pillars'; Goods & Services, Investment and Society. These are divided into sub-pillars; Tourism, Market, Governance and People & Skills. These are further subdivided into individual metrics. Each metric is scored out of 100 and together they contribute to an overall Brand Strength Index (BSI) score for the nation brand, also out of 100. Based on the score, each Nation Brand is assigned a rating from AAA+ to D in a format similar to a credit rating. For example, the UK's score of 85 puts it in 10th place and gives it an AAA brand rating.

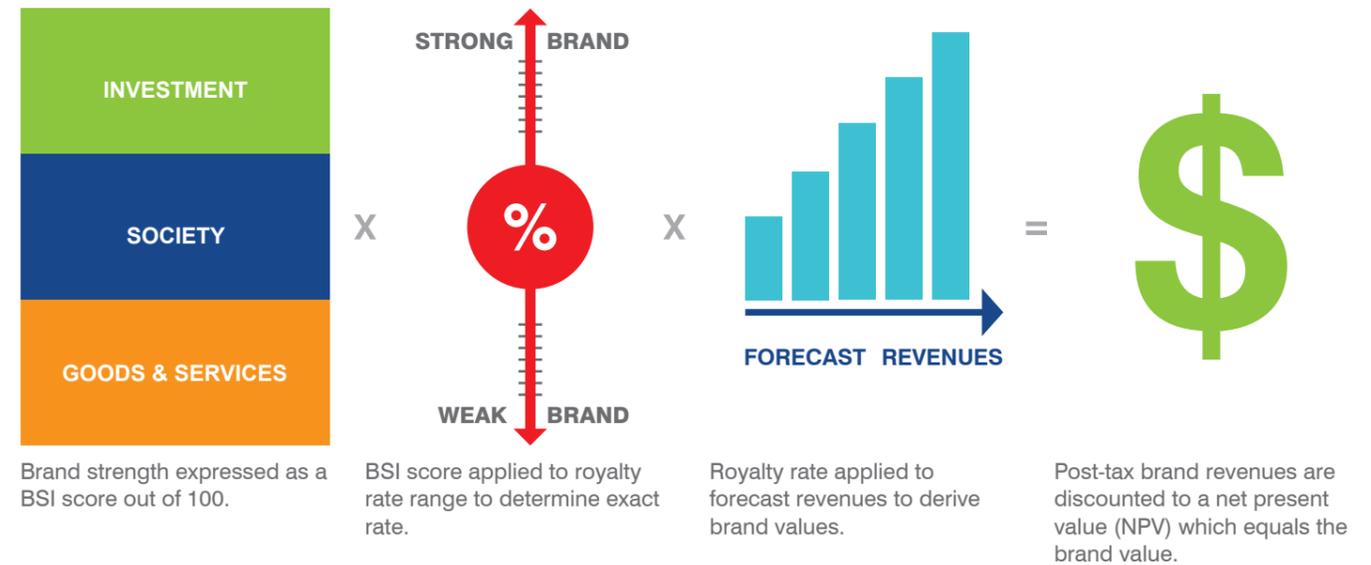
Nation Brand Strength Ratings

AAA + Exceptional	BBB Developing
AAA	BB
AAA -	B
AA + Very strong	CCC Weak
AA	CC
AA -	C
A + Strong	DDD Failing
A	DD
A -	D

Data Sources



BRAND STRENGTH INDEX (BSI) × BRAND "ROYALTY RATE" × BRAND REVENUES = BRAND VALUE



Step 2 – Royalty Rate

The hypothetical royalty rate charged is determined by reference to average rates seen in agreements among companies in the industries identified within the economy and corroborated by reference to affordability.

Step 3 – Revenues

The nation brand valuation is based on five year forecasts of sales of all brands in each nation. Gross domestic product (GDP) is used as a proxy for total revenues. Forecasts are taken from the world economic outlook of the IMF in local currencies, exchange rate is then applied to individual brand values.

Step 4 – Weighted Average Cost of Capital (WACC) or Discount Rate

In order to account for the risk across each national economy a discount rate is calculated. This represents the average cost of a brand's sources of finance and the minimum return required on the brand asset. The discount rate is used to calculate the present value of future brand

earnings (accounting for the time value of money and the associated risk).

Step 5 - Brand Valuation

The calculated royalty rate is applied to revenue data to derive a 'total brand contribution' for both the nation brand value (i.e. the nation brand plus corporate brands) and the pure nation brand effect value alone. The resulting figures are then taxed at the local corporate tax rate. The brand contribution after tax is discounted back to a 'net present value' using the discount rate. The original brand contribution figures are then added to their discounted values into perpetuity to derive both the nation brand value and the nation brand effect value.

Disclaimer

Brand Finance has produced this study with an independent and unbiased analysis. The values derived and opinions produced in this study are based only on publicly available information and certain assumptions that Brand Finance used where such data was deficient or unclear. Brand Finance accepts no responsibility and will not be liable in the event that the publicly available information relied upon is subsequently found to be inaccurate.

The opinions and financial analysis expressed in the report are not to be construed as providing investment or business advice. Brand Finance does not intend the report to be relied upon for any reason and excludes all liability to any body, government or organisation.

Our Approach

Helping you drive business performance in an age of marketing accountability

INSIGHT

How well are we currently doing? How can we track our performance?

Insight services help to uncover drivers of demand and end user decision journeys. Identifying the factors which drive behaviour allows an understanding of how brands create economic impact.

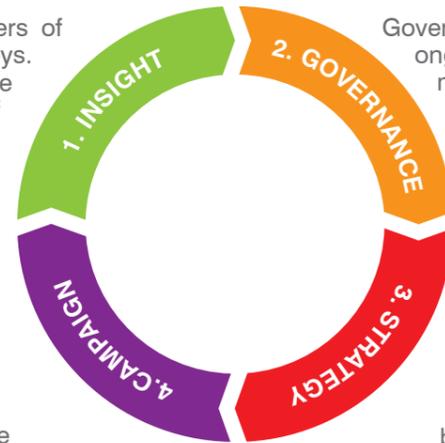
Brand Audits
Brand Scorecard Tracking
Brand Contribution Analysis

CAMPAIGN MANAGEMENT

Where should we invest budgets?

Strategic evaluations of campaign activities, focus and spend to ensure resources are allocated to those activities which have the most impact value and support your positioning long-term.

Market Structure Analysis
Strategic Prioritisation
Budget Setting



GOVERNANCE

How do we engage, direct, and manage all relevant stakeholders?

Governance services to help set up an ongoing framework for brand decision-making and management. We use insight from all stakeholders to develop approaches that are accepted and promoted by all relevant parties.

Governance Advisory
Project & Agency Management
Stakeholder Management

BRAND STRATEGY

How can we increase the value of our nation brand?

Strategic branding services enable brands to be leveraged to grow economies. Scenario modelling will identify the best opportunities, ensuring nation brand decisions create the most beneficial results.

Brand Architecture
Brand Name Development
Brand Positioning

Our Clients

Nation Brands Services Clients



National Quality Marks: Driving Competitiveness



Samir Dixit
Managing Director
Brand Finance Asia Pacific

Every country aims to drive some form of competitive advantage for their products through the country's brand image. Some use tourism advertising, some FDI campaigns, and some global events such as the Olympics. But all these drive the "inbound", which in an economic context is equivalent to focusing on imports only. What about exports – the "outbound"? After all, most countries have a better chance to ride out an economic slump due to their export concentration.

In the international marketplace, consumers have a much wider choice of products from different countries. They seek higher assurance of quality than what they simply get through the place of origin. Gone are the days when just saying "Made in XYZ" was enough. Clearly everything manufactured in Vietnam, Thailand, India, Australia, Turkey, China or America cannot be all great and vice versa. Consumers need a warranty and assurance from the governments about the quality of products the country is exporting. And the solution simply lays in a strong "National Quality Mark" which endorses the quality and authenticity of the products from the country.

Key advantages of a strong national quality mark:

- Builds strong brands from the country
- Improves quality perception and global competitiveness
- Drives local manufacturing
- Improves financial performance of the companies using the national quality mark
- Supports smaller and up-and-coming brands



Due to the efforts of the national mark program called "Vietnam Value", Vietnam's processed food industry now contributes upwards of US\$17 billion of Vietnam's exports. The apparel industry makes up over US\$22 billion of Vietnam's exports. These economic contributions are absolutely crucial for Vietnam's overall growth and would not have been entirely possible without the concentrated efforts by Vietnam's government.

Turkey's national quality mark program TURQUALITY® is aiming to reach a US\$500 billion export volume by 2023. The Turkish government has been investing in R&D, innovation, design, and branding to improve global competitiveness and to boost exports to reach the target.

There are a few critical aspects to developing a national quality mark for a country:

- A national mark must be owned and managed by the government and not held by a private enterprise.
- It cannot just pay lip service to the products without actual quality control and investment.
- It needs a clear outline on who can and cannot be allowed to use the national mark.
- It should be applicable across all industries and services that are export-focused.
- It must be effectively promoted globally.

A well-managed national quality mark is key to nation brand success and doing it right can bring great benefits.

About Brand Finance

Brand Finance is the world's leading independent brand valuation and strategy consultancy. Brand Finance was set up in 1996 with the aim of 'bridging the gap between marketing and finance'. For almost 20 years we have helped companies and organisations of all types (including government institutions, trade associations and nation branding agencies) to connect their brands to the bottom line.

We pride ourselves on four key strengths:

- Independence
- Technical Credibility
- Transparency
- Expertise

Brand Finance puts thousands of the world's biggest brands to the test every year, evaluating which are the most powerful and most valuable, including nation brands.

For more information, please visit our website:

www.brandfinance.com



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- Measurement

Brand Dialogue is in the process of being launched.

For more information, please contact Georgie Hackett at
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