

Most attractive countries to invest post-Covid? China, South Korea and France enter top 10 for first time

- The 2021 Venture Capital and Private Equity Country Attractiveness Index sees the US hold on to the world's number 1 spot, followed by the UK (2), Japan (3), Germany (4) and Canada (5).
- Within the top 10, the most remarkable gains were seen for China, South Korea and France, who entered the top 10 for the first time. All top-ranked countries are expected to make swift recoveries from the COVID-related recession, especially China
- In its 10th edition, this year's report also includes a five-year historic comparison, pointing out which economies are moving in the right direction in terms of their VC/PE attractiveness

Lyon, July 07, 2021. The United States remains unparalleled as a magnet for investors, according to the 10th anniversary edition of the Venture Capital (VC) and Private Equity (PE) Country Attractiveness Index, released today. The index ranks 125 countries according to the quality of their investment environment for adventurous VC and PE investors. The countries are analysed and ranked according to thousands of weighted data points covering six key drivers: **economic activity, depth of capital markets, taxation, investor protections and corporate governance, human and social environment**, and finally **entrepreneurial culture and deal opportunities***.

Based on its strong performance in all six areas, the United States continues to be the index benchmark with a score of 100. It is followed by the United Kingdom, Japan, Germany, and Canada to round out the top five.

Within the top 10, the most remarkable gains were seen for China, South Korea and France, who entered the top 10 for the first time. All top-ranked countries are expected to make swift recoveries from the COVID-related recession, especially China (now 7th), where GDP growth is already recorded.

The world's most attractive spots for VC/PE investors

Country	Rank	Score
United States	1	100.0
United Kingdom	2	90.3
Japan	3	87.4
Germany	4	87.3
Canada	5	87.2
Singapore	6	85.0
China	7	84.7
Australia	8	84.0
Korea, South	9	83.8
France	10	83.6

Spain, meanwhile, entered the top 20, having climbed seven places in the ranking since 2015. Its success is due to increasing capital market activity and a professionalism of its financial community, as well as a more entrepreneur-friendly culture.

In terms of regions, North America, Australasia and Western Europe are the most attractive for capital allocations, as the heat map below shows. (Visit the VC/PE Country Attractiveness Index 2021 website for an interactive map to drill down for individual country analyses.)

The United Kingdom stays on top in Europe

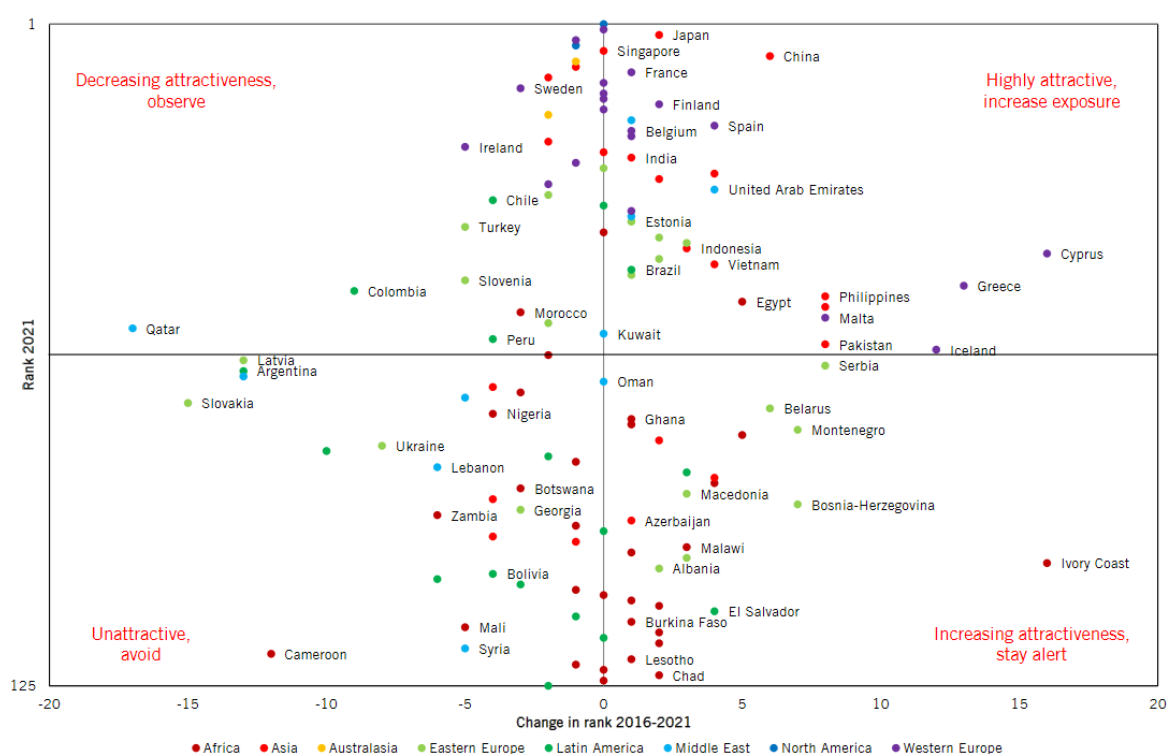
In the previous edition, published in 2018, all eyes were on the United Kingdom to see how much its position might change due to Brexit. However, the analysis finds that, “potential Brexit effects are not (yet) visible in the data and have been somewhat superimposed by the COVID-related damages.”

Nevertheless, the gap between the United States in first place and United Kingdom in second has widened, while the gaps between the others in the top five have narrowed. These changes are partly driven by the pandemic's impact on financial markets everywhere, reducing the differences between many countries in terms of their "depth of capital markets" indicators.

Tracking 5 year trends in VC/PE country attractiveness

In order to demonstrate shifts in the VC and PE country attractiveness, the authors also performed a historic comparison, tracking ranking changes from 2016-2021. This analysis reveals strong increases of VC and PE attractiveness for certain countries, as well as highlighting the impact of financial and economic crises on others.

Current rankings and changes from 2016-2021



In the VC and PE arena, many investors are looking to emerging economies for faster growth. While many are promising, the index creators warn that underdeveloped markets or other risk factors should be taken into account. That said, tracking five-year trends can reveal which economies are moving in the right direction in terms of their VC/PE attractiveness. Tracking changes in the index can be useful for investors watching developments in countries' institutions and socio-economic situations over the years.

About the report

Designed and elaborated by IESE Business School's [Center for International Finance](#), working in conjunction with **emlyon** business school and **eXapital**, the VC/PE Country Attractiveness Index and accompanying report were prepared by [Alexander Groh](#) (**emlyon** business school), [Heinrich Liechtenstein](#) (IESE Business School), [Karsten Lieser](#) (eXapital) and IESE guest researcher Markus Biesinger. This year, the index celebrates its 10th anniversary and the research team plans to release a series of additional alternative investment indices covering real estate, infrastructure and impact investing.

The results are presented on the [VC/PE Country Attractiveness Index 2021 website](#) which includes dynamic features for ad-hoc analyses and the [full report](#) with additional information.

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**The six key drivers covered by the ranking are:*

- **economic activity**, including the economy's size, expected GDP growth and employment levels
- **depth of capital markets**, including the markets' size, liquidity and IPO activity as well as M&A activity, lending and the health of the banking system
- **taxation**, focused on entrepreneurial incentives and burdens
- **investor protections and corporate governance**, including property rights protections and the quality of legal enforcement
- **human and social environment**, including measures of education, labor practices and corruption
- **entrepreneurial culture and deal opportunities**, including indicators of innovation, scientific output, the ease of starting (and closing) a business, as well as corporate R&D

About IESE Business School

IESE is one of the world's most international business schools, with campuses in Barcelona, Madrid, New York, Munich and São Paulo. Consistently ranked within the top ten worldwide, IESE has pioneered business education in Europe since its founding in 1958 in Barcelona. IESE seeks to develop business leaders with solid business skills, a global mindset and a desire to make a positive impact on society. The school distinguishes itself in its general-management approach, extensive use of the case method, international outreach, and emphasis on placing people at the heart of managerial decision-making. The Financial Times currently ranks IESE no.1 in the world for executive education, and has done so every year since 2015.

About emlyon business school

Founded in 1872 by the Lyon CCI, **emlyon** business school has an enrolment of 8,600 students of 121 nationalities. The school has six campuses around the world (Lyon, Saint-Étienne, Casablanca, Shanghai, Paris and Bhubaneswar), a network of 190 international academic partners and an active community of 33,000 alumni in 130 countries. **emlyon** business school's mission is to foster "makers", to provide life-long training for leaders, managers, entrepreneurs and senior executives with solid international experience and intra/entrepreneurial abilities, who are capable of understanding the complexity of the world and give it meaning, as well as shaping and transforming companies and the society in which they operate, as part of a collaborative approach. **emlyon** business school provides opportunities to develop these skills through original learning methods that combine the creation and output of academic research of excellence and innovative learning paths based on action and experimentation.

About eXapital

eXapital ("eX") is a founder-owned capital and investment solutions boutique linking alternative assets with global investors. Based on decades of experience and best-in-class technology the firm delivers smart funding solutions and pre-qualified investment opportunities. In addition, eX offers M&A advisory (buy-side & sell-side) providing access to unique transactions and platform investments across alternative strategies (PE, VC, RE and Digital Infra).

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