

Brazil Falls to 72th Place in Competitiveness, the Same as Sri Lanka

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Brazil fell from 66th to 72nd place, among 131 countries, in the ranking of global competitiveness created by the World Economic Forum. With this classification - 3.99 points - Brazil is in the company of Sri Lanka and the Philippines. To put this in perspective, the last in the list, Chad, got 2.78 points while the first one, the United States received 5.67 points.

Among the BRIC countries Brazil appears in the rear end with China showing in 34th place, India in 48th and Russia in 58th. In Latin America, Brazil loses to Chile (26th), Mexico (52nd) and Colombia (69th).

"Despite the potential of its large domestic market, its diversified industrial base, and substantial progress to improve the administration of the public treasury, Brazil continues behind the world's most dynamic markets", said World Economic Forum's senior economist for Latin America, Irene Mia.

And continued: "Our indicators show a widespread lack of confidence in the public institutions, credited to the lack of ethics and the bureaucratic inefficiency when the State is concerned."

The United States tops the overall ranking in The Global Competitiveness Report 2007/2008. Switzerland is in second position followed by Denmark, Sweden, Germany, Finland and Singapore, respectively. The report is not encouraging for Mercosur members or Latinamerican leading economies though.

The rankings are calculated from both publicly available data and the Executive Opinion Survey, a comprehensive annual survey conducted by the World Economic Forum together with its network of Partner Institutes (leading research institutes and business organizations) in the countries covered by the Report. This year, over 11,000 business leaders were polled in a record 131 countries

Despite the federal budget deficit and the subprime mortgage collapse, the US economic competitiveness is second to none and the keys to U.S. success have been described as follows: a flexible labor market, a huge domestic economy, and continual business innovation, all of which earn top marks.

Also cited are the outstanding U.S. higher education system and its contributions to research and development. However, the United States also ranks 12th in the availability of scientists and engineers. If U.S. immigration policies fail to attract skilled labor, it may see future declines in this area.

Denmark, Sweden, and Finland take the third, fourth, and sixth spots, respectively, in the survey. Nordic macroeconomic stability, efficient institutions, and top-notch education systems make these countries shining examples of successful hybrid social-market economies.

Despite big-time government spending in social services, these economies boast budget surpluses and low levels of public indebtedness. However, their success does not come without its consequences: high tax rates and regulations in Denmark were the chief complaints of over 50% of the business leaders surveyed.

France kept its 18th spot due to high marks for the country's infrastructure (ranked second), sophistication of the business community, and advances in technical innovation. President Sarkozy has some work to do, though, if he is to improve his country's fortunes. Out of the 131 countries listed in the survey, France ranks 129th for labor market flexibility and 114th for red tape. The French president will be in for a particularly hard battle over labor reforms with the country's powerful unions.

Thanks to Hugo Chávez's Bolivarian Socialist vision of the world, Venezuela slipped to number 98 in this year's report. Venezuela ought to be profiting from record-high oil prices, yet Chávez's administration has instead run up worrying budget deficits. Fiscal ineptitude has driven inflation so high that the country now ranks 128th overall in that category.

Government seizures of private property, institutional inefficiency, and interference in the economy have earned Venezuela dead-last rankings in all three categories. Even Chávez's efforts to aid the poor are backfiring: in spite of increases in health and education spending, Venezuela's rankings in both areas have fallen in the past year.

The top ten are United States, Switzerland, Denmark, Sweden, Germany, Finland, Singapore, Japan, United Kingdom and Netherlands. The world's two largest developing economies, China figures in position 34 and India, 48.

In the 2007/08 edition the best ranked Latinamerican country is Chile, followed by Mexico, 51, Colombia, 69; Brazil, 72; Uruguay, 75; Argentina, 85; Peru, 86; Venezuela, 98; Ecuador, 103; Bolivia, 105 and Paraguay, 121. However all have fallen back compared to the previous report, 2006/07.

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