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Chile most competitive economy in the region

The World Economic Forum rated Finland as the most competitive economy in the World followed by United States. In Latinamerica and the Caribbean Chile figures leading the pack with a distant Uruguay runner up, with Mexico, El Salvador and Colombia behind, according to the latest release from the organization.



Mercosur two main economies had a disappointing performance: Argentina managed to advance to place 72 and Brazil dropped from 57 to 65.

"Latinamerica has an only country, Chile, with a competitiveness level ranking among developed countries", said the Forum's head economist Bolivian Augusto Lopez-Claros.

Behind Finland and the US come Sweden, Denmark, Taiwan, Singapore, Iceland, Switzerland, Norway and Australia. Chile ranks 23.

"As in previous annual editions Chile ranks far ahead in Latinamerica. Actually Chile has managed incredible macroeconomic and fiscal policies. Only eight European Union countries have an institutional environment superior to Chile", said Mr. Lopez-Claros.

The WEF Competitiveness Growth Index which includes 117 countries is made up of the technological level, public institutions soundness and macroeconomic conditions plus the "perceptions" of 11.000 businessmen about several aspects of the countries.

The model has been developed by US economists Jeffrey Sachs and John MacArthur, but some countries have criticized the "subjectivity" of "perceptions" and consider the methodology has "insufficient analytical basis" and "not too serious".

Praising Chile, economist Lopez-Claros pointed out to the fact that the distance between Chile ranked 23 and

Uruguay ranked 54 is 31, "something which does not happen in any other area of the world".

"Chile benefits from a very competitive macroeconomic and institutional framework, with a degree of transparency and efficiency similar to EU country members", and is far different from Argentina, 72, is spite of the fact this country is a very rich country.

Regarding Latinamerica's leading economies, the competitiveness index for Mexico dropped one point, and eight points for Brazil compared to the 2004 report. "Mexico and Brazil have suffered strong setbacks in the indicators which reflect the quality of public institutions that involve issues such as Justice and judges independence, and favoritism in political decisions and awarding government contracts", argued Mr. Lopez-Claros.

The Brazilian administration of President Lula da Silva "is adopting the right macroeconomic decisions, but lately we have been faced with adverse headlines which do not praise the public sector and government institutions".

However Mr. Lopez-Claros was quick to point out that the WEF does not assess or judge the institutional management of a country, in this case Brazil, but rather we collect and process the opinion of the business community.

The Lula da Silva administration and his Workers Party are currently involved in a corruption scandal with dramatic political consequences which still has to be sorted out.

Behind Chile, Uruguay and Mexico the WEF ranks El Salvador 56, Colombia 57, Costa Rica 64, Brazil 65, Peru 68, Argentina 72, Panama 73, Venezuela 89, Honduras, 93, Guatemala 97, Nicaragua 99, Bolivia 101 and Dominican Republic 102.

WEF underline that overall in Latinamerica besides the macroeconomic and institutional shortcomings, the region faces other problems such as excessive bureaucracy, corruption and restrictions to foreign ownership of land and assets.

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