

COUNTRY PROFILE



Brazil

GLOBAL RANK: 43rd= of 104



Brazil ranks 44th on both subindices, which translates into 43rd position overall, tied with Mexico. The lack of social trust and low levels of openness to foreign trade and investment constrain its otherwise moderately high ranking.

● BACKGROUND

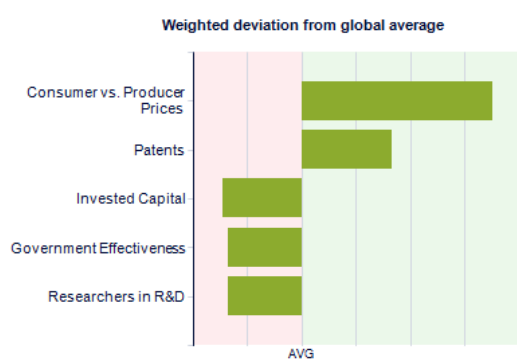
The largest economy and by far the most populous country in South America, Brazil is endowed with a wide range of natural resources, from minerals to natural gas. Heavy investment in ethanol fuel helped the country achieve energy independence for the first time in 2006. In recent years an export-driven boom has stabilised public finances, boosted living standards, and spurred investment in infrastructure. However, economic inequality is pronounced, and, partly as a result of restrictive labour laws, 40% of the population operates in the informal economy. Nearly a fifth of Brazilians live in shanty towns, which are often controlled by violent drugs gangs.

FAST FACTS

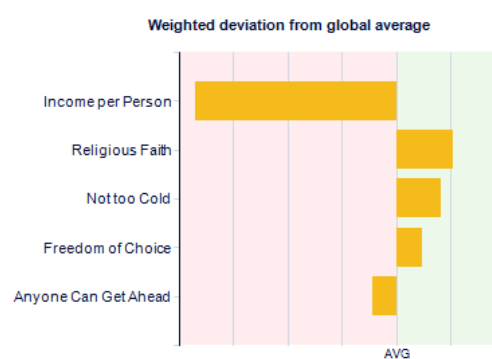
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|--------------------------|-------------------------------|--------------------------|----------------------------|
| Population: | 191.9 million (2008 est.) | FDI (net inflow): | 2.21% (2006 est.) |
| Life Today | 6.5 (2007 est.) | Exports | 12.91% (2006 est.) |
| GDP (PPP) | \$1.8 trillion (2007 est.) | Imports | 8.98% (2006 est.) |
| GDP (Growth) | 5.4% (2007 est.) | Unemployment: | 9.3% (2007 est.) |
| GDP (per Capita) | \$9,700 (2007 est.) | Life Expectancy | 72.51 years (2008 est.) |
| Political System: | Federal Republic | | |
| Foreign Aid: | 0.00% (2006 est.) | | |

● KEY SCORE DRIVERS

ECONOMIC COMPETITIVENESS



COMPARATIVE LIVEABILITY



Brazil is the tenth-largest economy in the world, and the largest national economy in Latin America. Its recent economic strength has been due in part to a global boom in commodities prices. The positive, yet almost certainly temporary, impact of trade shocks may have influenced the price level indicators, which show a good level of competitiveness.

Fairly low levels of openness are an important structural problem. Despite a recent surge in foreign investment in Brazil, merchandise trade forms a remarkably small part of the country's economy, although this is less of a problem given the size of Brazil's domestic market. More seriously, an extremely low number of researchers

Incomes in Brazil are far below the global average and fairly low compared with the rest of the region, and already-high poverty levels are exacerbated by extreme income inequality. Around a fifth of the population lives in poverty. Slightly ameliorating these factors is the warm climate, which will have less significance as Brazil's average incomes rise.

Because Brazil's federal system devolves extensive power to the municipal level, federal public policies have limited local results. This has bedevilled the public health programs of successive Brazilian administrations. Health falls marginally below the global norm: although there is an 86%⁹ rate of individual health

working in R&D hints at weaknesses in highly-skilled human capital, limiting Brazil's ability to adopt the latest technologies and commercialise innovation.

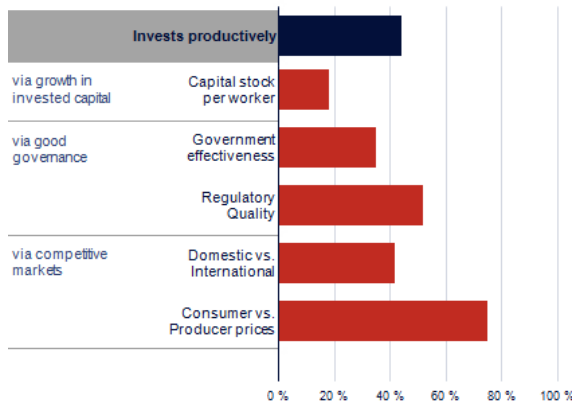
Although Brazil scores badly in terms of its effectiveness of governance, it nevertheless performs above the world average for an emerging market. Brazil's major problem is a bloated bureaucracy, which makes for a difficult business environment. Differences between regions make tackling problems and undertaking reforms difficult. Brazil is plagued by over-regulation, which limits its ability to attract capital investment, particularly in high-tech and capital-intensive industries. The country has also had to deal with an excess of speculative short-term capital inflows, which undermines financial stability. These problems are compounded by Brazil's limited integration into the world market -- in sharp contrast to another emerging economic giant, China.

satisfaction, this is not mirrored in the average health-adjusted life expectancy of less than 60 years.

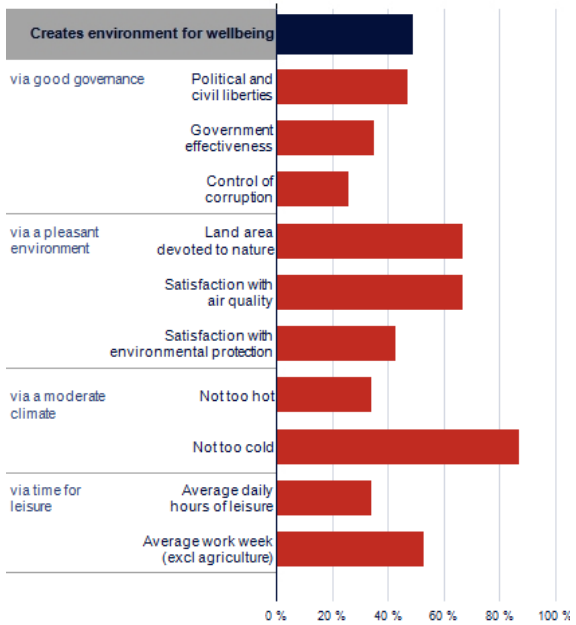
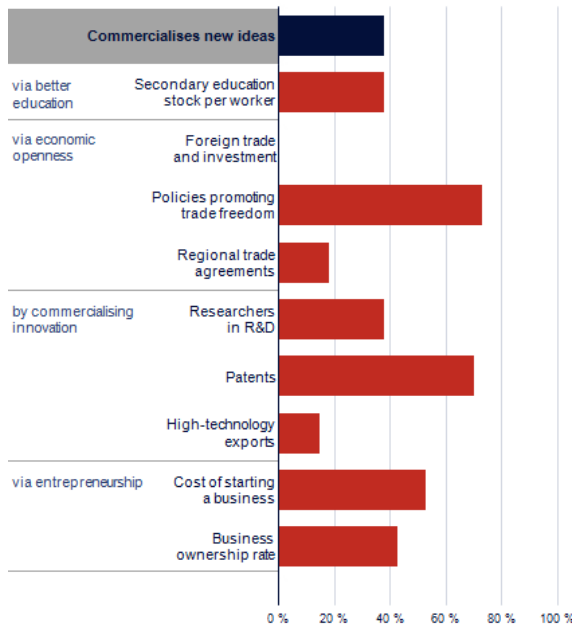
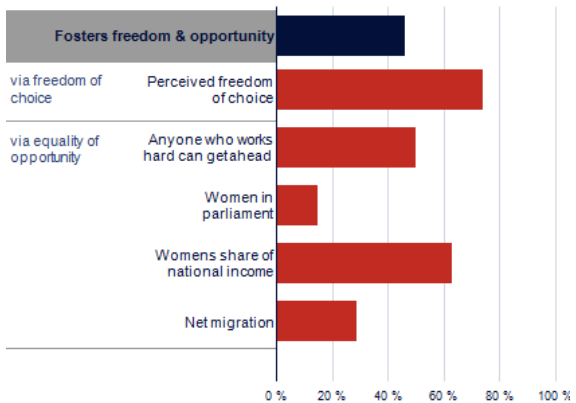
High levels of religious belief, religious freedom, and community involvement all point to a strong religious and community life. However, these factors are offset by low levels of social trust, which may be related to the country's notoriously high crime rates.

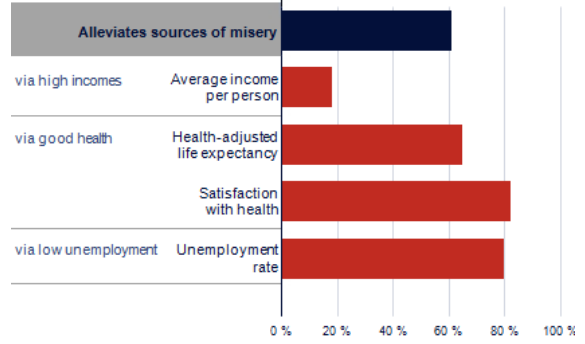
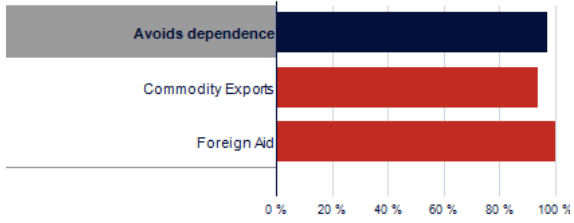
Equality of opportunity is constrained, as indicated by Brazil's meagre 7% of women in parliament and widespread pessimism over the opportunity to advance through hard work, as reported to the Gallup World Poll. These factors doubtless contribute to dissatisfaction with the ability to choose what to do with one's life, as represented by a poor freedom of choice score. Nonetheless, recent indicators suggest that social mobility is increasing, partly as a result of progressive public policies in basic education, health and nutrition.

ECONOMIC COMPETITIVENESS: SCORECARD

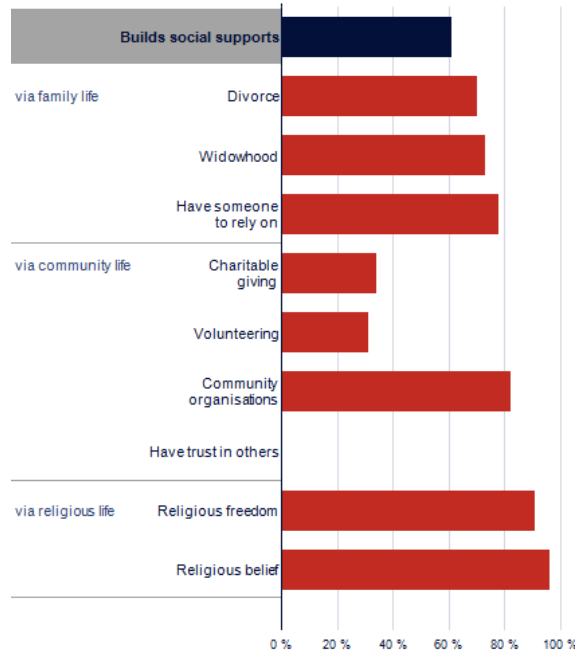


COMPARATIVE LIVEABILITY: SCORECARD





All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



References:

^{9, w} See www.prosperity.com/references.aspx for further details including date of survey, sample size, and margin of error.