

COUNTRY PROFILE



Colombia

GLOBAL RANK: 61st= of 104



Colombia's overall ranking of 61st, tied with Turkey, is based on a contrasting 46th place for Comparative Liveability and 75th place for Economic Competitiveness. This disparity results from a particularly good score for strength of family life, set against low scores for capital investment and commercialisation of innovation.

● BACKGROUND

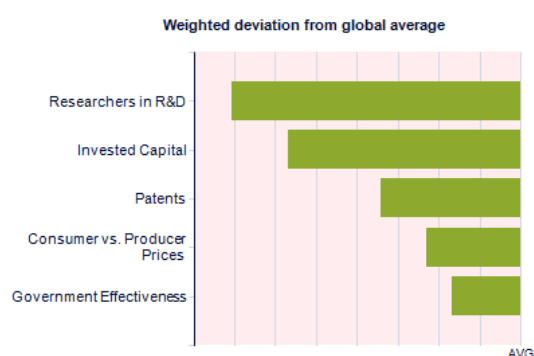
Since the 1960s, the Colombian state has been embroiled in a war with various paramilitary organisations and drug cartels. Chief among these is the FARC, a Marxist guerrilla insurgency who operate a kidnapping and drug-trafficking ring in about 20% of Colombia's territory. However, recent military strikes against the rebels have turned the tide in favour of the government. The Colombian economy is currently experiencing strong growth, and unemployment is falling. Coffee, coal, and petroleum are key exports. Free trade agreements, which are pending with both Canada and the USA, if finalized will serve as a further spur to growth and market reform.

FAST FACTS

Population:	45 million (2008 est.)	FDI (net inflow):	3.31% (2006 est.)
Life Today	6.1 (2007 est.)	Exports	17.95% (2006 est.)
GDP (PPP)	\$319.5 billion (2007 est.)	Imports	19.17% (2006 est.)
GDP (Growth)	7% (2007 est.)	Unemployment:	11.2% (2007 est.)
GDP (per Capita)	\$6,700 (2007 est.)	Life Expectancy	72.54 years (2008 est.)
Political System:	Republic; executive branch dominates government structure		
Foreign Aid:	0.72% (2006 est.)		

● KEY SCORE DRIVERS

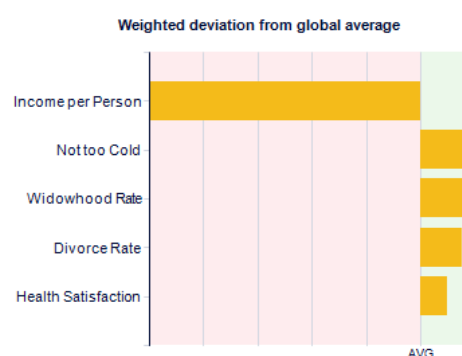
ECONOMIC COMPETITIVENESS



Colombia is the United States' fifth-largest export market in Latin America, but, with a relative lack of exports and investment, it does not score well for openness in the Index. Its prospects for raising incomes and climbing the value chain are limited by a notable weakness in commercialisation of innovation, indicated by the low levels of patents and the small number of highly-skilled researchers in the workforce. Low levels of capital per worker also suggest difficulties in moving into higher value-added business activities.

The Colombian economy is currently suffering from austerity government budgets, and from the destabilising effects of the drug

COMPARATIVE LIVEABILITY



Colombia has a higher level of Comparative Liveability than its Economic Competitiveness might suggest. This is despite moderately high levels of unemployment (12%). Colombia suffers from severe income disparities, poverty, and inadequate social services. Drugs, poverty, violence and an economy pressured by illegal groups affect the quality of life. According to USAID, nearly 50% of Colombians live in poverty. Poverty issues have been addressed by government action, but with mixed results.

Social indicators reflect positive social development trends -- particularly the high family life score, led by the 0.4%⁹ divorce rate

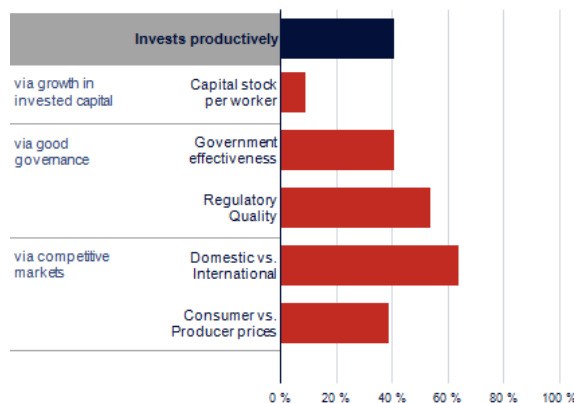
trade and serious armed internal conflict. Although drug-dealing generates an estimated \$4 billion a year -- according to Fedesarrollo, a research foundation, almost 10% of Colombian GDP -- the accompanying violence disrupts the market economy, imposing considerable costs even on those who are not directly affected. Still, governance scores are not as negative as these issues, largely confined to selected rural areas, might lead one to suspect.

Some economists argue that the drug trade slows Colombian economic growth, as drug money spent on imports generates contraband sales, and local industries are consequently forced out of business. Whatever the cause, the Colombian economy is rated somewhat poorly both for international competitiveness and for levels of competition in domestic markets.

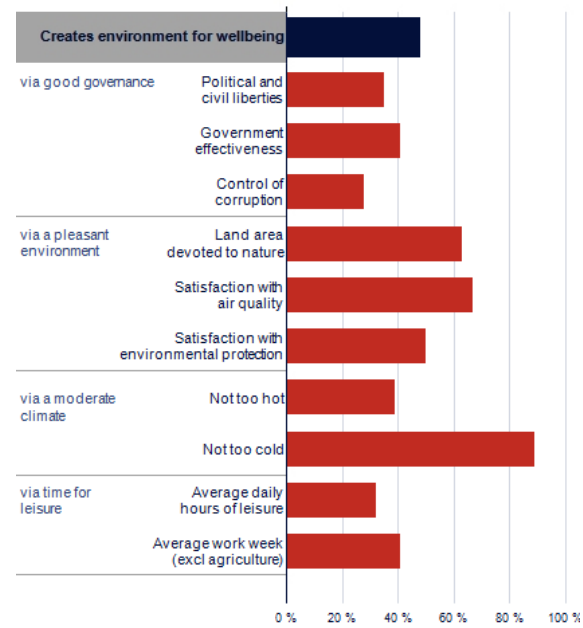
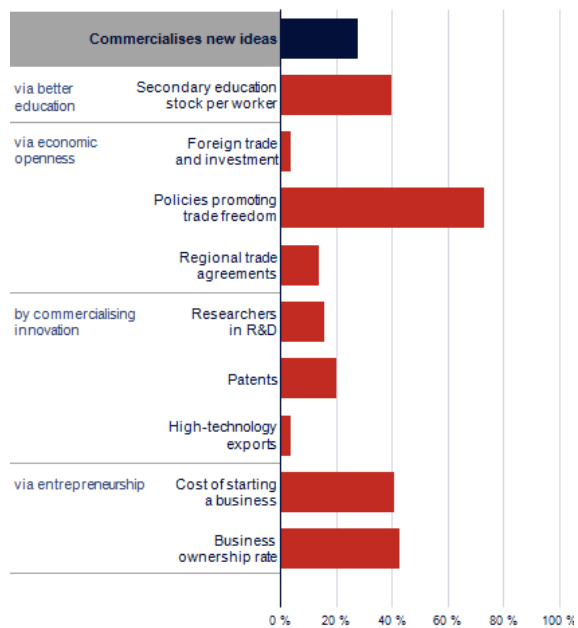
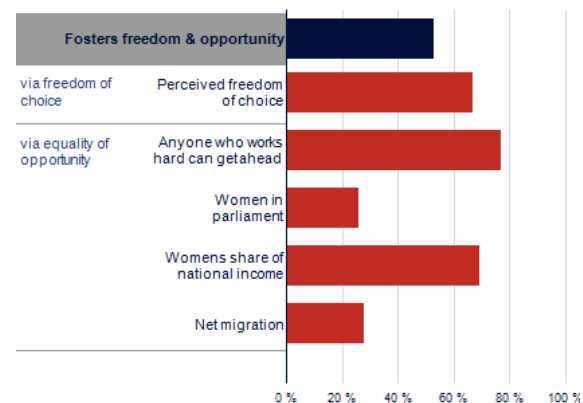
and 2.1%⁹ widowhood rate. 87%⁹ of Colombians report satisfaction with individual health to the Gallup World Poll, and the country scores well for gender equality of opportunity. Religious faith is also a source of comfort in difficult times, according to the World Values Survey. However, there have recently been unprecedented rates of homicide and domestic violence, largely affecting the poor, and property crime, affecting the better-off.

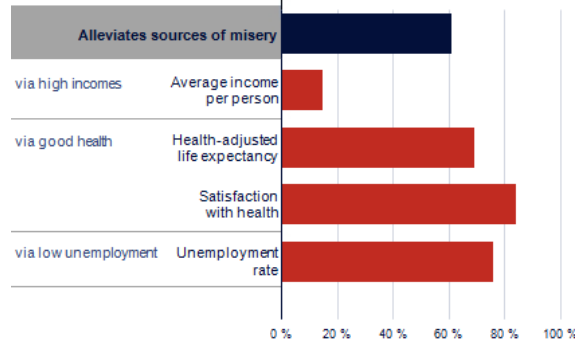
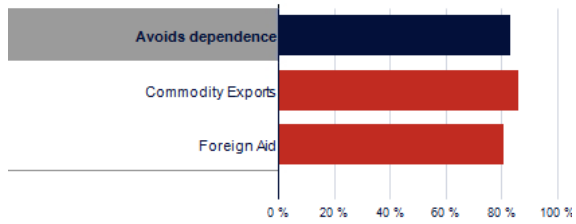
Colombia's increasing economic insecurity has triggered calls for policy instruments, such as safety-net programmes, to enhance social protection. Development is very uneven, and numerous rural municipalities remain isolated, with poor infrastructure and fragile institutions. This makes villagers easy targets for human rights abuses, aggression by illegal armed groups, and forced displacement by organised gangs. Counterbalancing these negative factors, Colombia has a long history of national democratic government, and the current president's tough approach appears to have forced the largest guerrilla organisations onto the back foot. A warm climate further enhances wellbeing, especially for those who cannot afford adequate housing.

ECONOMIC COMPETITIVENESS: SCORECARD

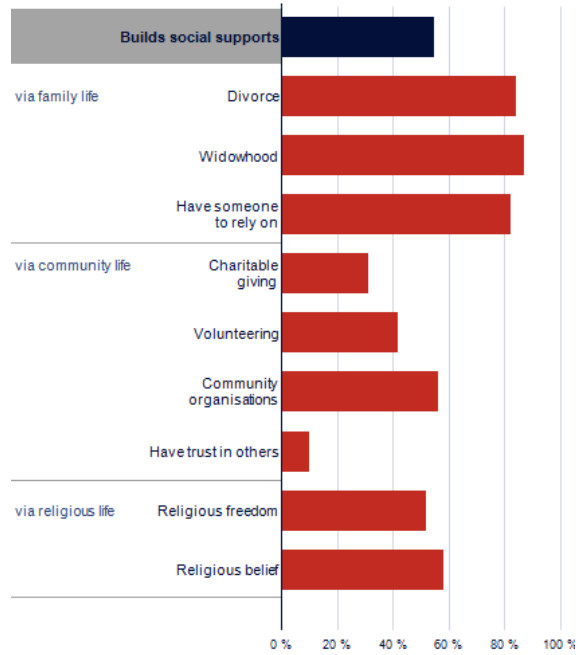


COMPARATIVE LIVEABILITY: SCORECARD





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.