

COUNTRY PROFILE



Paraguay

GLOBAL RANK: 75th of 104



Ranking 75th overall, based on an Economic Competitiveness rank of 80th and a Comparative Liveability rank of 64th, Paraguay scores particularly poorly on innovation, governance and political life.

● BACKGROUND

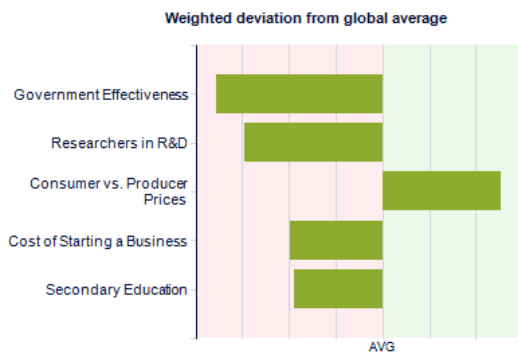
Landlocked and impoverished, this Central American country has seen real incomes stagnate for the majority of the last thirty years. Many rural dwellers live by subsistence farming, and 40% of the workforce is employed in the large informal economy. Corruption is high, and there is entrenched political opposition to market-based reform. Since 2003, however, there has been economic growth led by agricultural exports to China, with the soybean industry expanding rapidly. Paraguay is one of the most racially homogeneous nations in Latin America, with 95% of the population of mixed European and Indian (mestizo) ancestry.

FAST FACTS

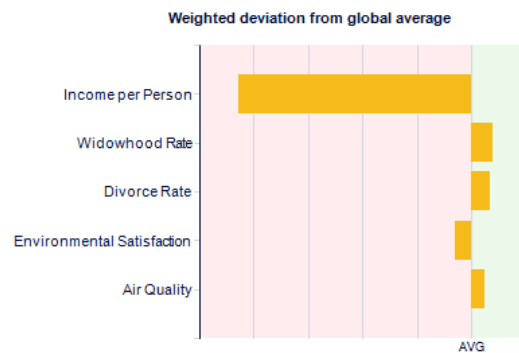
Population:	6.8 million (2008 est.)	FDI (net inflow):	1.74% (2006 est.)
Life Today	5 (2007 est.)	Exports	20.00% (2006 est.)
GDP (PPP)	\$27.08 billion (2007 est.)	Imports	63.90% (2006 est.)
GDP (Growth)	6.4% (2007 est.)	Unemployment:	5.6% (2007 est.)
GDP (per Capita)	\$4,500 (2007 est.)	Life Expectancy	75.56 years (2008 est.)
Political System:	Constitutional Republic		
Foreign Aid:	0.41% (2006 est.)		

● KEY SCORE DRIVERS

ECONOMIC COMPETITIVENESS



COMPARATIVE LIVEABILITY



Paraguay has long been one of the most agricultural economies of South America, although it manages to avoid dependence through sufficient diversification into the service sector. However, the struggling commercial sector remains underdeveloped.

Paraguay's economy is very dependent on Brazil and Argentina, its major trade partners. Nearly 38% of GDP derives from trade with and exports to these countries. Paraguay has benefited from the agricultural price boom of recent years, and the competitiveness indicator reflects this gain. However, few other indicators are positive. Levels of capital per worker are very low, and the high cost of starting a business leads to a low score for entrepreneurship. Moreover, human capital is a weakness, with mediocre mass education scores

As with many Latin American countries, Paraguay performs significantly better in Comparative Liveability indicators than in Economic Competitiveness. In Paraguay's case, this is related in part to strong family life scores, as Paraguay has the lowest divorce rate in Latin America and a low rate of widowhood. The favourable climate also provides a welcome boost to wellbeing. Nevertheless, low average incomes and poverty are still serious problems affecting the wellbeing of Paraguay's population.

Interestingly, environmental indicators deliver mixed messages: scores for abundance of nature suggest an enviable natural endowment, and reported satisfaction with air quality is very high. However, less than a quarter⁹ of the population is satisfied with

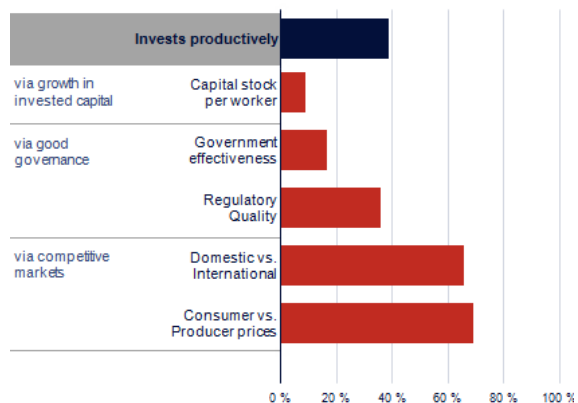
as well as low numbers of researchers in R&D positions. These problems contribute to Paraguay's low ranking compared to other Latin American countries.

Paraguay's large informal sector focuses on reselling consumer goods that have been imported illegally from neighbouring countries. This is symptomatic of continued weak growth in the formal sector, and the country's generally poor governance scores offer little confidence that these problems will be tackled soon.

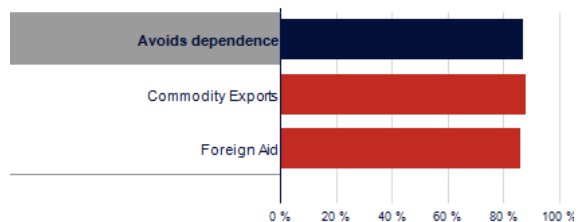
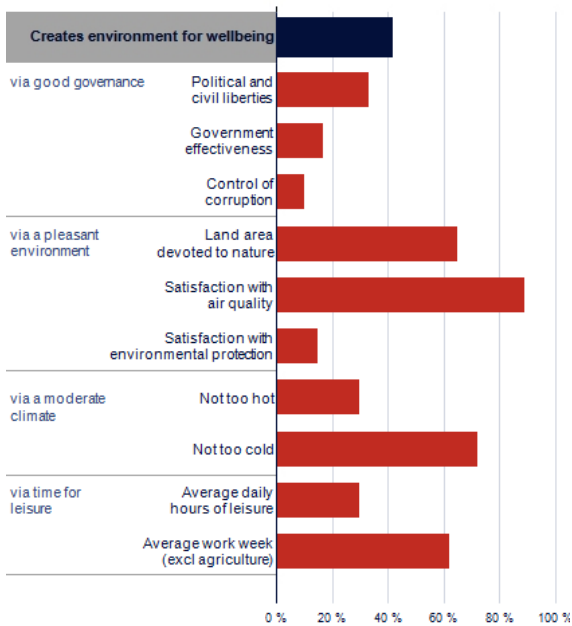
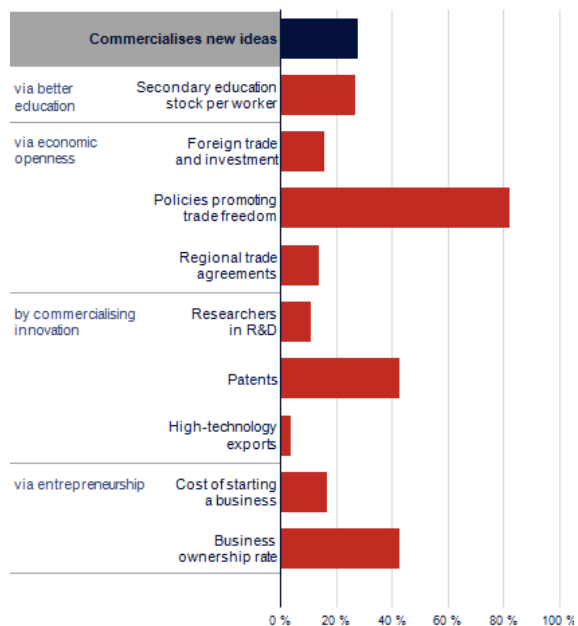
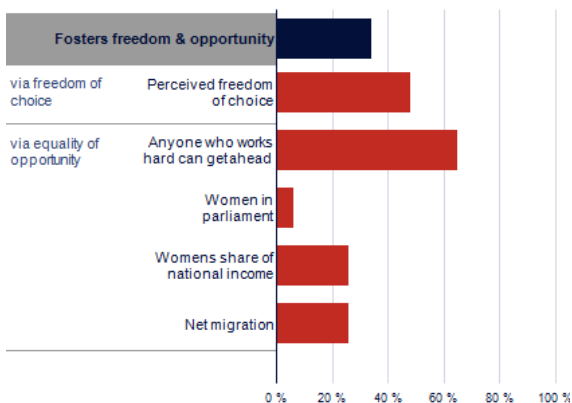
efforts to preserve the environment, according to the Gallup World Poll, which suggests that Paraguayans have little faith in their government's ability to manage this endowment effectively.

Paraguay scores weakly on political rights and civil liberties, and the rate of women's parliamentary representation is very poor even by Latin American standards. Women's salaries in relation to men's are the second lowest in the region, resulting in a low score for equality of opportunity. The widespread informal economy is likewise a symptom of limited opportunities.

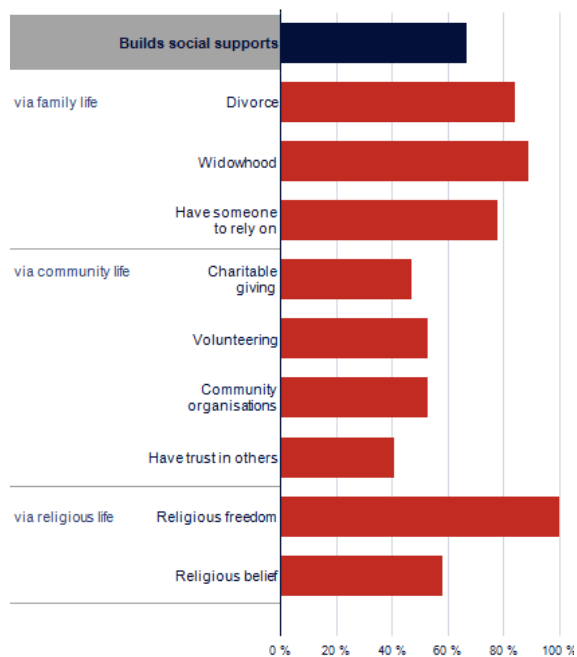
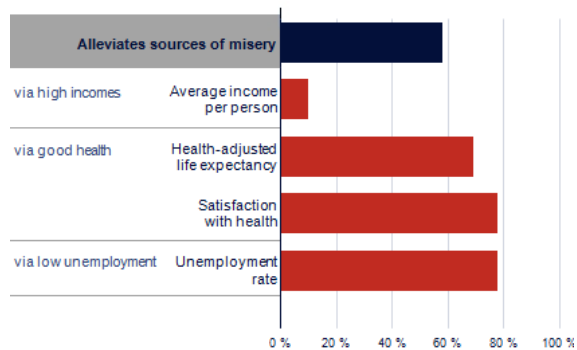
ECONOMIC COMPETITIVENESS: SCORECARD



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.