

COUNTRY PROFILE



Peru

GLOBAL RANK: 65th of 104



Peru's strong religious faith and good family life ensure that it scores more highly on Comparative Liveability (57th) than on Economic Competitiveness (69th), leaving it ranked at 65th overall.

● BACKGROUND

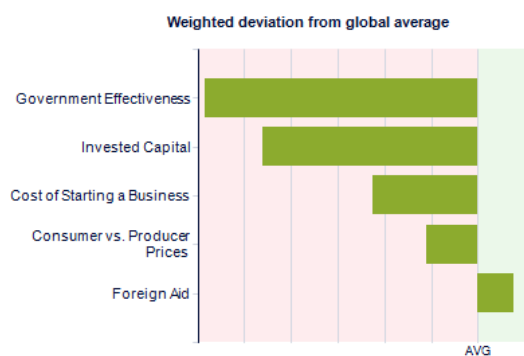
Peruvian politics has undergone many ideological shifts over the past decade, but free market reforms are currently prevailing over interventionism and economic populism. Key economic sectors have been opened to foreign investment, and a number of free trade agreements with other nations are planned. Peru's economy grew at 7.5% in 2007 with a healthy budgetary surplus, driven by strength in fishing and manufacturing. Lima is currently experiencing a construction boom. However, overall poverty levels are still high, and there is a gulf between the booming economy of Peru's coast, and its mountainous interior, where many farmers eke out a subsistence living.

FAST FACTS

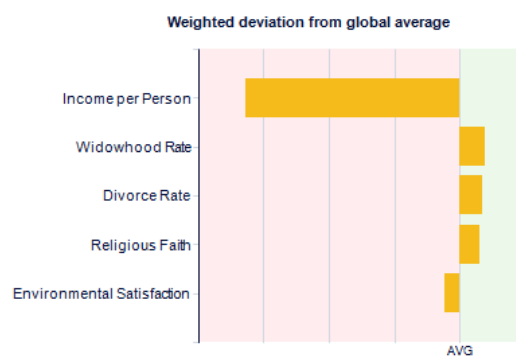
Population:	29.2 million (2008 est.)	FDI (net inflow):	2.08% (2006 est.)
Life Today	5 (2007 est.)	Exports	25.52% (2006 est.)
GDP (PPP)	\$219 billion (2007 est.)	Imports	19.21% (2006 est.)
GDP (Growth)	9% (2007 est.)	Unemployment:	6.9% (2007 est.)
GDP (per Capita)	\$7,800 (2007 est.)	Life Expectancy	70.44 years (2008 est.)
Political System:	Constitutional Republic		
Foreign Aid:	0.45% (2006 est.)		

● KEY SCORE DRIVERS

ECONOMIC COMPETITIVENESS



COMPARATIVE LIVEABILITY



Previously noted for terrorism, hyperinflation and a high level of government intervention in the economy, Peru has brought these problems under control. Yet challenges of institution-building remain. Peru has a substantial informal sector, which accounts for approximately 50-60% of the total economic turnover. In the private sector competition for government favours and contracts via political connections is rife, and government effectiveness rates low.

Cumbersome regulations also impinge upon entrepreneurship, with the costs of starting a business remaining prohibitively high. Although Peru's economy has diversified substantially in recent years, the country has not consolidated a strategy to attract investment capital.

Although Peru records an impressive macroeconomic performance, with growth rates reaching 8% in recent years, major challenges including low incomes remain. Almost half of Peruvians live in poverty, and a fifth in extreme poverty. Healthcare, which is an important driver of life satisfaction, suffers from a lack of funds. Peruvian health services have been under pressure from the exponential increase of HIV/AIDS transmission, which has contributed to a reduction in health-adjusted life expectancy to a mere 61 years. Overall satisfaction with personal health is low.

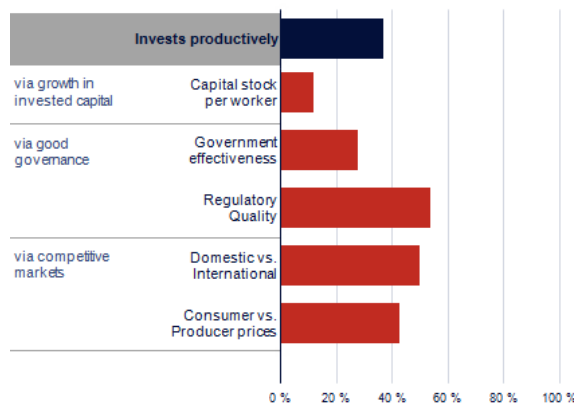
However, Peru's ranking reflects a number of positive factors as well, including strong family life indicators. The level of widowhood is

In the last few years economic stagnation, global financial turmoil, political instability and a stalled privatisation programme have led to increased government intervention in markets. This has resulted in worsening terms of trade and poor competitiveness, as represented by movements in the ratio of the consumer and wholesale price index.

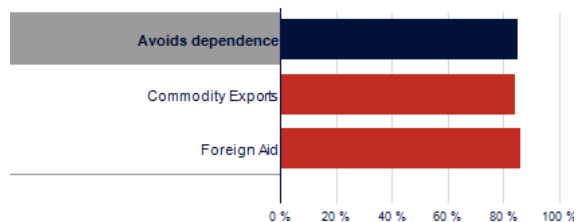
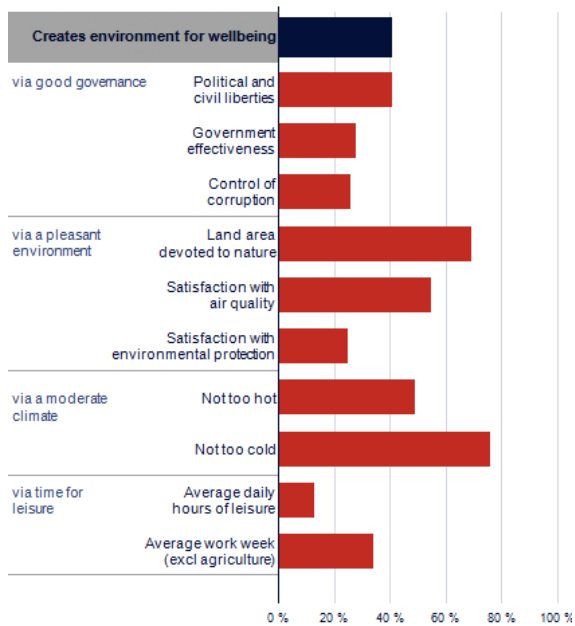
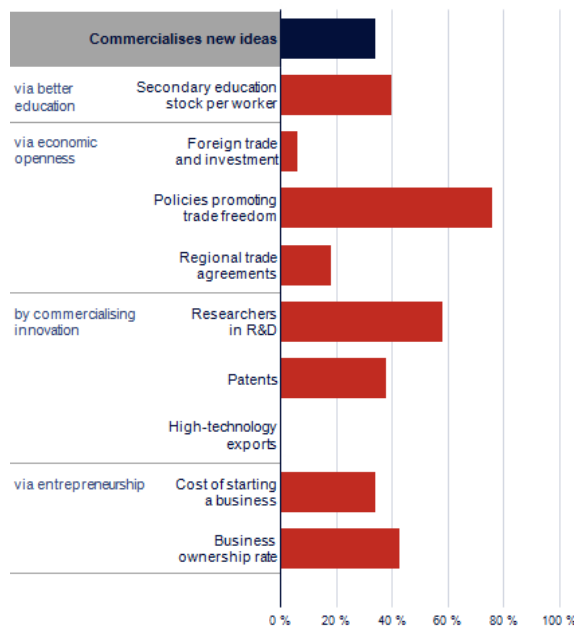
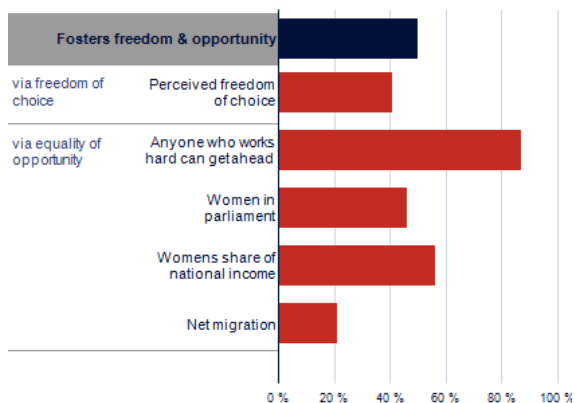
relatively low at 2%⁹ of the population. Rates of divorce are also low at a mere 0.4%⁹ of the population. The high degree of religious faith may contribute to this statistic.

Despite the positive influence of a moderately warm climate and the abundance of nature, there is widespread dissatisfaction with the efforts to preserve the environment, including the quality of air. Also, although some social indicators reflect positive development trends, the spread of development is uneven. Numerous rural municipalities remain isolated, with poor infrastructure and fragile institutions.

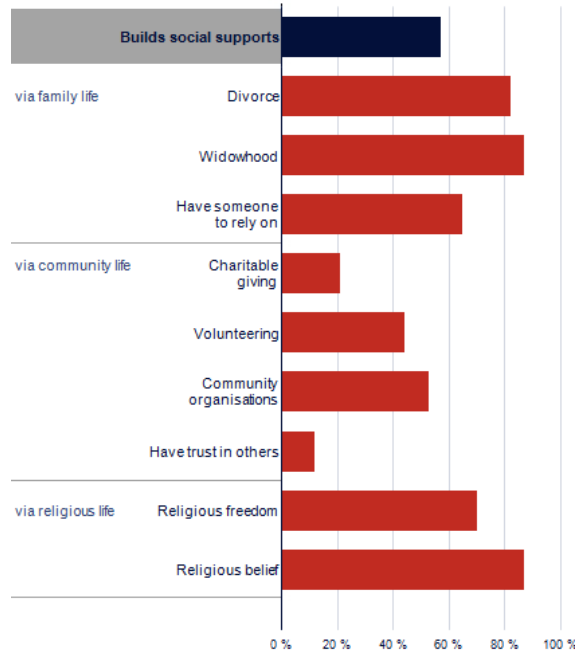
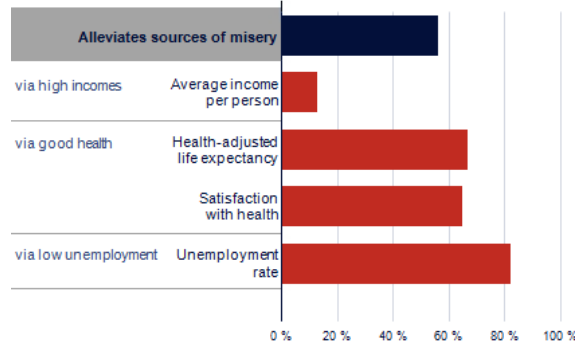
ECONOMIC COMPETITIVENESS: SCORECARD



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.