

COUNTRY PROFILE



Venezuela

GLOBAL RANK: 58th= of 104



Venezuela ranks 58th overall, tied with the Dominican Republic. The country fares better in terms of Comparative Liveability (45th) than Economic Competitiveness (74th), and high scores for public health and religious faith contrast with low marks for governance and trade freedom.

● BACKGROUND

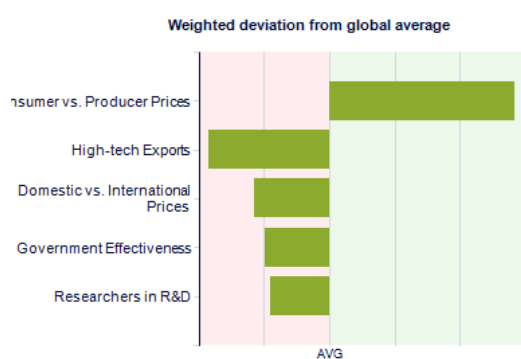
Since 1999, Venezuela has been in the grip of a 'Bolivarian Revolution', as its socialist government invests heavily in health, education, infrastructure and food subsidies, paid for by soaring oil revenues. Many 'strategic' industries have been nationalised, particularly in the energy sector. While high spending has reduced poverty by some estimates, Venezuela's economy still suffers from inflation, sluggish job creation, limited private sector investment, and capital flight. The human rights situation has deteriorated with political power becoming increasingly centralised, property rights undermined, and political opponents intimidated. Venezuela is now a regional hub for cocaine trafficking, with armed narcotics gangs active along its borders.

FAST FACTS

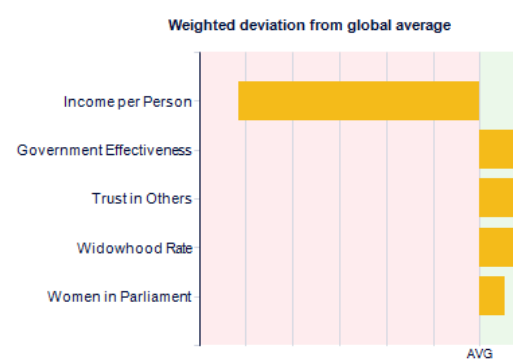
Population:	26.4 million (2008 est.)	FDI (net inflow):	2.50% (2006 est.)
Life Today	6.8 (2006 est.)	Exports	32.60% (2006 est.)
GDP (PPP)	\$334.6 billion (2007 est.)	Imports	18.51% (2006 est.)
GDP (Growth)	8.4% (2007 est.)	Unemployment:	8.5% (2007 est.)
GDP (per Capita)	\$12,200 (2007 est.)	Life Expectancy	73.45 years (2008 est.)
Political System:	Federal Republic		
Foreign Aid:	0.03% (2006 est.)		

● KEY SCORE DRIVERS

ECONOMIC COMPETITIVENESS



COMPARATIVE LIVEABILITY



Venezuela is an oil-based economy. Oil represents a third of GDP, three quarters of exports, and more than half of government revenue, and as a result the economy is heavily dependent on this and other natural resource exports. Although it is an important member of Mercosur, Venezuela is poorly integrated into world markets. In terms of governance, a relatively ineffective bureaucracy and poor regulation have severely limited the possibilities for capital accumulation and productive investment.

Foreign direct investment is a minor contributor to GDP, as economic openness is curtailed by restrictions on foreign trade and investment, and by perceived maltreatment of investors in some sectors. The

Although overall Venezuela ranks much higher for Comparative Liveability than for Economic Competitiveness, Comparative Liveability is substantially reduced by the presence of a large 'miserable minority'. This is mainly due to considerable poverty caused at least in part by an unemployment rate of 16%, which may be higher in reality, as actual figures are disputed. Even for those Venezuelans who are employed, wages are relatively low.

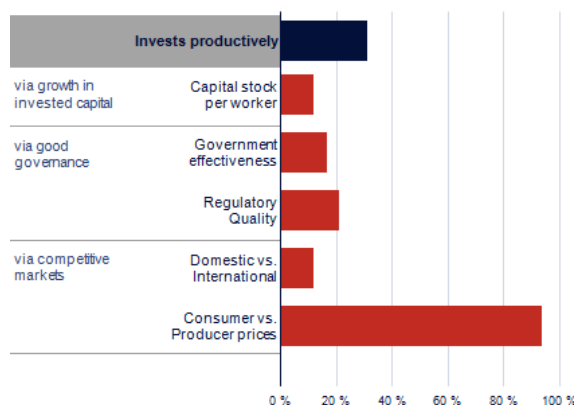
A warm climate and high levels of religious faith seem to produce a notable optimism. Despite recent political tumult, Venezuelans report great satisfaction with their freedom of choice, according to the Gallup World Poll. 95%⁹ of the population believe that they can

value of the country's total international merchandise trade, despite high oil exports, is equivalent to just over half of its GDP (56.9%). If judged by relative movements in consumer and producer price ratios, Venezuela achieves a high level of competitiveness in domestic markets, but struggles in some sectors.

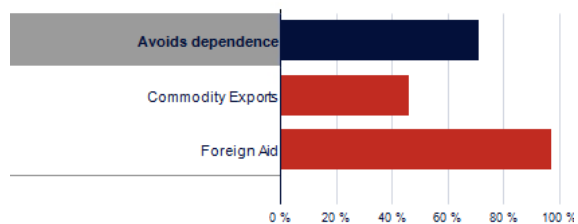
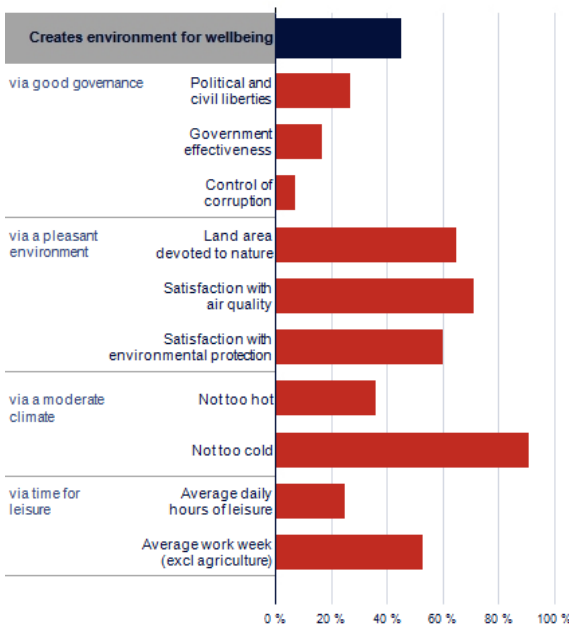
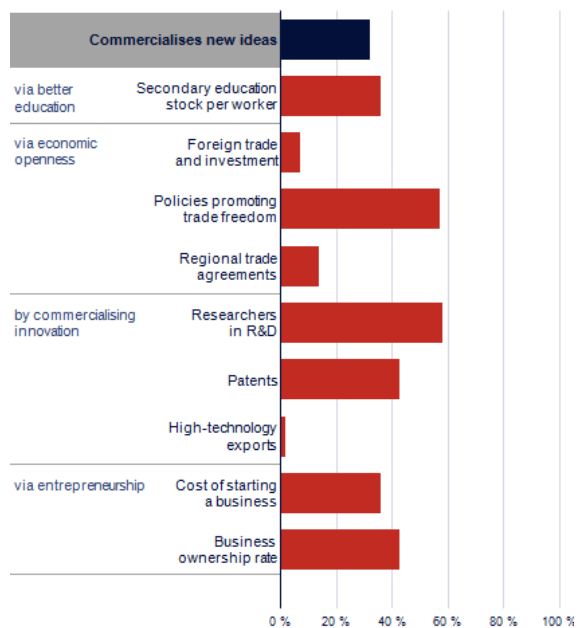
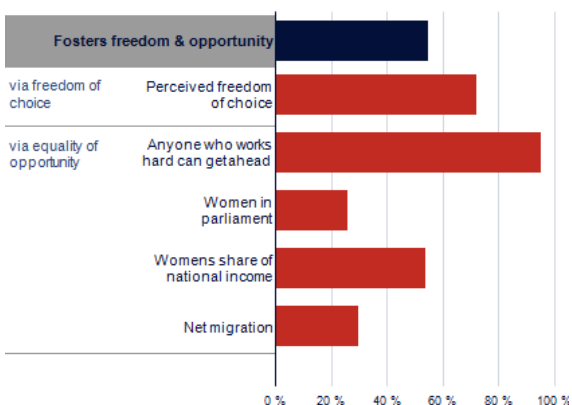
get ahead through hard work, and 90%⁹ report that they are satisfied with their health, despite the country's unexceptional performance on objective health indicators.

Even by Latin American standards, the level of education achieved by the average Venezuelan in the workforce is exceptionally poor. This contributes to an inability to commercialise innovation. In addition, and perhaps as a result, Venezuela exports a negligible quantity of high-technology goods.

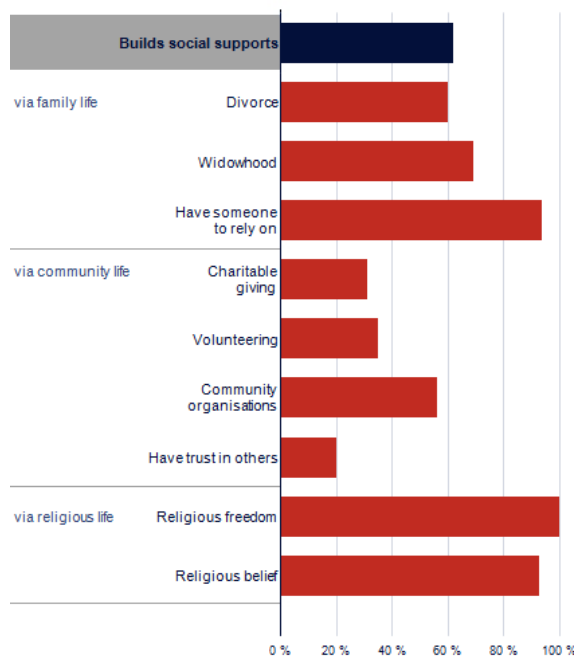
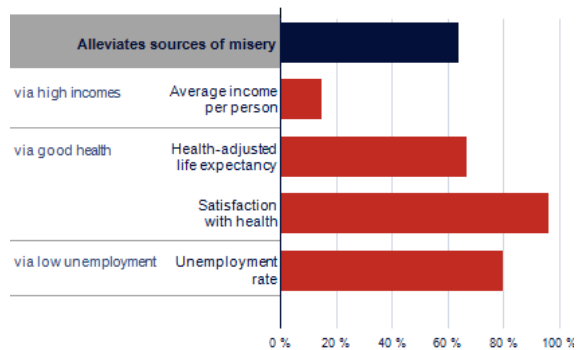
ECONOMIC COMPETITIVENESS: SCORECARD



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.