

The Latin-American Situation on Globalization and Competitiveness

Globalization as a concept has been discussed in many academic, political, and social spheres, and so far, there is no clear definition on what it exactly is. A very broad definition for globalization may be as an increasing process on human activities beyond national borders. But, to define every human activity may be a very exhaustive task that is not the main purpose of the Globalization and Regional Integration Research Group. A fact is that Globalization is happening and it is affecting our societies.

Analysing how societies are been influenced is the goal of our group. Instead of trying to conceptualize about globalization, the principal purpose of this paper is to identify the real consequences of globalization in our region, Latin America. The methodology of this project is to analyze the situation of the last five years of Latin-American countries in terms of their score in the Globalization Index developed by the KOF institute, the Index on Economic Freedom built by the Heritage Foundation and finally, the Ranking in

the Global Competitiveness Report published by the World Economic Forum.

The first part analyze the situation of each country in the three indexes mentioned, providing a brief description of the main causes that led the country to that particular situation. In this section one may find information collected from our three main sources, KOF institute, Heritage Foundation and the World Economic Forum.

On the second chapter, there is preliminary comparative analysis between countries. We try to identify similarities and differences on the scored obtained by each State on the indices studied. The next chapter is an attempt to identify a relation between the concepts of Globalization, Economic Freedom and Competitiveness. Is there any relation? Is there one recipe to reach development by applying Globalization Economic Freedom or Competitiveness? If one county is more globalized, would it be more competitive? Do you need to be more competitive first, and then go to the global arena? Those kind of questions are

the ones we try to encompass in our analysis.

Finally, we conclude the article by giving some recommendations based on the good practices implemented by the countries with the highest scores. These recommendations may serve as a guiding route for other Latin-American countries to follow, in order to improve their situation in terms of Globalization and competitiveness.

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ARGENTINE REPUBLIC

(CIA World Fact book, 2014)

BACKGROUND



Total Area: 2.780.400 sq km

Population: 43.024.374

GDP (ppp): \$771 billion

GDP - real growth rate: 3.5%

GDP per capita (ppp): \$18.600

Unemployment rate: 7.5%

Public debt: 45.8% of GDP

GDP - composition, by sector of origin:

Agriculture: 9.3%

Industry: 29.7%

Services: 61%

Exports: \$85.08 billion

Imports: \$71.3 billion

Education: 6.3% of GDP

Military: 0.91% of GDP

Gini: 45,8.

Population below poverty line: 30%

HDI: 0.808. World Rank: 49

Argentine Republic is a federal republic located in southeastern South America. Covering most of the Southern Cone, Argentina bordered on the north with Bolivia and Paraguay, northeast with Brazil, east with Uruguay and the South Atlantic Ocean, west with Chile and the south with the Drake Passage.

The Argentine Republic is the fourth largest country in America, is the second largest in Latin America and worldwide, it is the eighth largest country.

Argentina's economy has several advantages because it has a great variety of natural resources, thanks to its biodiversity and natural wealth Argentina is among the 10 richest countries in natural resources, providing the ability to generate food and fight global warming, in education Argentina is considered one of the most advanced in Latin America, besides agriculture is essential for the economy due to the extent of its territory and climate variability has enabled it to generate optimal conditions for their crops, and that much of the economy

relies on the export of soybeans, petroleum and gas, vehicles, wheat, and corn.

The Republic of Argentina in the last decade was confronted with the strong impact of various economic and political crises that affect not only the welfare of society and those vulnerable sectors but also the overall economy.

Argentina was dominated for a long time due to internal political conflict between Federalists and Unitarians and between civilian and military factions. After World War II, an era of Peronist populism and direct and indirect military interference in subsequent governments was followed by a military junta that took power in 1976. (CIA, 2014). According to Lewis “the justicialist party, better known as the peronist party, has in recent decades been Argentina’s dominant Political force. Ideologically, it is often labeled as conservative and has traditionally been nationalistic in its economic and foreign policies”. (2001, p.8)

Argentina passing through one of the deepest crisis in history, the economic

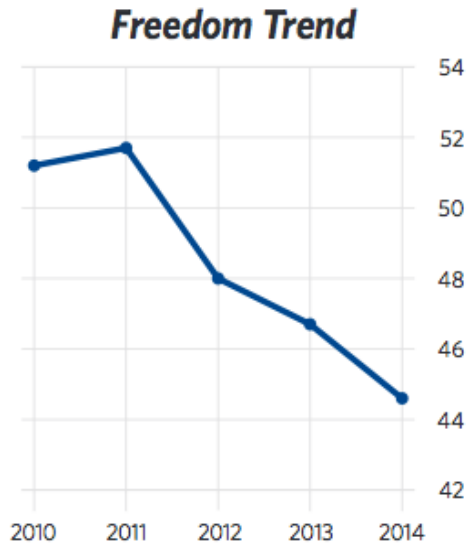
crisis of 2001-2002, This crisis led to a rebellion where his crucial point is the suppression of Puente Avellaneda (2002), characterized by a massive mobilization. Argentina went through a serious economic and social situation, frequent adjustments, bad macroeconomic policies, the freeze of bank deposits *Corralito* and *Corralon*, multiplying of currencies, the absence of international finance for both public sector and private, unleashed violent protests, the resignation of President Fernando de la Rúa on December 20 of 2001 and the succession of four presidents continuously.

Currently under President Cristina Fernandez de Kirchner has adopted a series of economic policies such as devaluation of the peso accumulating a fall nearly 22% in the year, also the Argentine government has failed to reach a compensation agreement with Repsol for the expropriation of YPF and an agreement to pay its arrears to the Paris Club. (CIA, 2014).

However Argentina has been recovering showing rapid and stable growth, despite

the different economic problems it has been facing in the last years.

INDEX OF ECONOMIC FREEDOM



Argentina's economic freedom score is 44.6, placing its economy the 166th freest in the 2014 Index. Your overall score was reduced by 2.1 points, showing a decline in investment freedom, business freedom, labor freedom, and the management of government spending. Argentina is currently ranked 27th of 29 countries in the South and Central America and its overall score is far below the regional and world averages.

Argentina during the 20 year history of the index has been characterized by being a state with a repressed economy. With its overall score dropping by 23.4 points, Argentina has registered the second most severe score decline since the Index began. The state's interference in the Argentine economy has increased since 2003. Institutional shortcomings continue to undermine the foundations for lasting economic development. The judicial system has become more vulnerable due to political interference and corruption. Regulatory pressure on the private sector has continued to rise, with populist spending measures and price controls further distorting markets.

Rule of law

The government in 2013, imposed draconian bans on foreign currency transactions to protect dwindling dollar reserves. Besides approved a law with the objective of weaken the judiciary. The government through to his power and corruption has seized private property and largely manipulated official inflation statistics to reduce interest paid to bondholders.

Government Size

The fiscal freedom decreased by nearly one point and the government spending fell by 2.2 point over the previous year. The top individual and corporate tax rates are 35 percent. Government revenue equals 34.6 percent of GDP, and government spending is 40.9 percent of total domestic income. Public debt is about 45 percent of GDP.

Regulatory efficiency

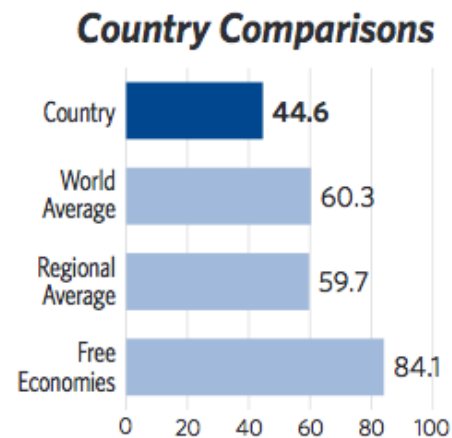
About the business freedom was reduced by 6.2 points, 2.5 points in labor freedom and monetary freedom was reduced only in 0.4. The government continues to regulate all activities in private businesses, the prices of electricity, water, and gasoline, and pressures companies to fix prices and wages.

Open markets

The only aspect that has improved the Argentina's economy is trade freedom increasing 1.3 points however investment freedom fell 10 points and financial freedom remained the same compared to the previous year. Argentina has a 5.6

percent tariff rate. The government's policy of import substitution is one of many non-tariff barriers to trade. The government continues to interfere in the financial sector and the presence of foreign banks has fallen in recent years.

Analysis



In recent years Argentina has been showing a reversal in ranking of Economic Freedom keeping close to the last places. In the last year, Argentina fell 6 locations now ranking 166th out of 178 countries, defining it as a Repressed Economic Freedom. Several of the reasons are related to the previous year, price controls, this is not something new to Argentina, the freezing of prices on supermarket chains, was imposed by the Argentine government as a measure to curb the high inflation, that after the sharp

currency devaluation suffered earlier this year significantly increased inflation in the country, making it a threat to the economy.

Also currently the Argentine government has had a constant involvement in the economy. Other factors such as import restrictions, as Argentina increasingly makes use of non-automatic licensing, pre-registration and permission of the imports, this allows greater control of the trade, but these controls primarily affect goods such as textiles and electronics.

Argentina's economic system is becoming more fragile due to corruption since according to the Corruption Perception Index Argentina ranks 106 with 34 points characterized as one of the most corrupt countries in the world. This and the policy intervention has largely limited economic freedom of the country. (TRANSPARENCY, 2014)

INDEX OF GLOBALIZATION

Dreher (2005) defined globalization, based on the definition of Norris (2000, p.155) as process “that erodes national boundaries, integrates national economies, cultures, technologies, governance and produces complex

relations of mutual interdependence”. Studying the index through three dimensions Economic globalization, Political globalization and social Globalization.

In terms of globalization Argentina is currently ranked 80th in a total average of 58.38 defining it as a mostly non-globalized country.

Economic Globalization

Argentina is in the position 140 with a score of 39.53 points, falling 10 places from the previous year. Argentina's GDP in 2013 showed a variation of 3.0% compared to 2012 and has grown by 0.9% over the first quarter. On the other hand though Argentina in 2012 showed the highest number of foreign investment in the last decade, FDI inflows decreased to \$ 9.082 million in 2013, 25% less than the previous year. Regarding non-tariff barriers, the government has imposed several policies based largely on import substitution but have affected the importation of goods, measures such as inspections, restrictions on entry ports and use licenses import. Besides the

restrictions on capital flows have also affected the economy.

Social Globalization

It is ranked 90th with a score of 52.61 points, up two places from the previous year. It is classified into three categories, personal contacts, information flows and cultural proximity.

Regarding international tourism Argentina has had a positive growth in the last 10 years, the number of arrivals in Argentina for 2012 was 5.585 million. On the other hand Argentina is one of the leaders in the use of internet, people with internet access in 2013 was 59.9 better at 4 points based on the previous year. In addition to the study of the index includes the number of McDonald's restaurants and Ikea because it's synonymous with globalization, Argentina has approximately 209 restaurants and businesses Ikea 0.

Political Globalization

It is in 14th place with a score of 93.06 points up a position with respect to 2013. Argentina has a large presence abroad

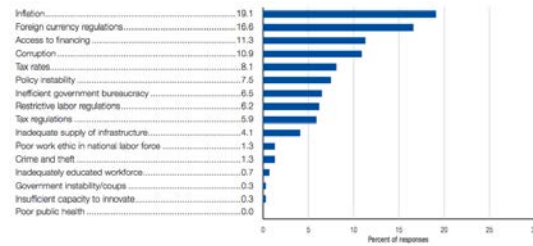
and currently has more than 80 embassies and consulates abroad. In a globalized world the association plays a key role to achieve significant progress in all aspects. Argentina actively participates in many international organizations such as CAN, MERCOSUR, CELAC, G20, IMF, UNESCO, OAS, Paris Club and many others. Argentina also has accessed a number of international treaties such as the Antarctic Treaty signed in 1959 the Treaty of Montevideo signed in 1980 and in constitutional matters has been part of the United Nations Convention against Torture to enter into force on June 26, 1987, the Convention on the Elimination of All Forms of Discrimination against Women was created in 1946, the Genocide Convention adopted in 1948, the Convention on the Rights of the Child in 1989, the International Covenant on Economic, Social and Cultural rights in 1966 among many others and is a party to all major treaties of humanitarian law and human rights.

GLOBAL COMPETITIVENESS INDEX

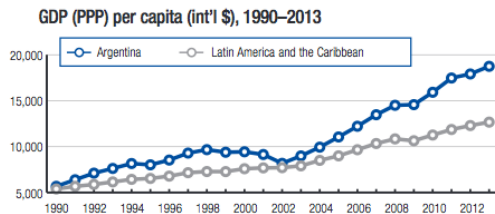
WEF define competitiveness “as the set of institutions, policies, and factors that

determine the level of productivity of a country”. The index consists of 12 pillars, which are divided into three different groups; Basic requirements, Efficiency enhancers and Innovation factors. Thus each pillar receives a different score depending on the development in which the economy is.

The most problematic factors for foing bussines



Argentinas GDP growth 1990-2013



Position Argentina by pillars of global competitiveness index

	Rank (out of 144)	Score (1-7)
GCI 2014-2015	104	3.8
GCI 2013-2014 (out of 148).....	104	3.8
GCI 2012-2013 (out of 144).....	94	3.9
GCI 2011-2012 (out of 142).....	85	4.0
Basic requirements (33.1%)	104	4.1
Institutions.....	137	2.8
Infrastructure.....	89	3.5
Macroeconomic environment.....	102	4.2
Health and primary education.....	67	5.8
Efficiency enhancers (50.0%)	93	3.8
Higher education and training.....	45	4.8
Goods market efficiency.....	141	3.1
Labor market efficiency.....	143	3.0
Financial market development.....	129	3.0
Technological readiness.....	82	3.5
Market size.....	24	5.0
Innovation and sophistication factors (16.9%)	96	3.4
Business sophistication.....	96	3.7
Innovation.....	97	3.0

Overall, Argentina has been showing a decline in recent years, showing its strongest decline in the 2012-2013 report when retreated 10 locations, positioning it in the place that is now. Currently Argentina in terms of competitiveness hasn't changed from the previous report, continues ranked 104th of 144 countries with a score of 3.8 points characterizing it as one of the least competitive countries in the world.

One of the main concerns of Argentina is its economic resilience and flexibility in a rapidly changing global economic context characterized by lower commodity prices because Argentina doesn't have the strength to face a drop in prices and is very important because the economy depends heavily on exports of raw materials. This along with various

economic imbalances currently facing, drastically affect the Argentine economy. Furthermore the country is facing adverse macroeconomic conditions that have affected their access to credit, another main concern, because it's considered increasingly need access to credit as essential to increase the competitiveness and development of the country.

Overall, Argentina about Basic requirements has a percentage of 33.1% ranked 104th with a score of 4.1 points. In terms of institutions ascended 6 places but despite rise in the ranking, Argentina suffers from a weak institutional set, in terms of corruption, Argentina is one of the countries with higher levels of corruption, locating it in the 139th place, government inefficiency in 142nd place, government favoritism and transparency issues facing the country in terms of wastage of public funds are in 143rd place, the deficiency in infrastructure and high inflation are among the main problems facing the country affecting even more the country's competitiveness.

In terms of Efficiency enhancers has a percentage of 50% placing it in the position 93 with a score of 3.8 points

major problems such as the deterioration in the labor and financial markets, continue to hamper and hinder largely the functioning of the economy and the country's potential. But benefits from factors such as the large size of the market and the possibility of developing significant economies of scale.

In terms of Innovation factors has a percentage of 16.9% locating it in 96th place with a score of 3.4 points characterized by factors such as business sophistication in the 96th place and it's capacity for innovation in the 80th place.

It also identifies the major problems factors in investing as inflation, foreign exchange regulations, corruption among others. Once again Argentina is characterized by constant government intervention in the market, subsidies, excessive regulation of prices, import restrictions, freezing interest rates etc... attributes to the fall in the index and prevent rise in the ranking of global competitiveness.

ANALYSIS

Argentina is a country that has great opportunities but government mismanagement has gradually affected the economy of the country. By analyzing each of these three indexes we see that Argentina has fallen in each of these indicators and variables that determine the competitiveness of a country and economic growth in a globalized world. **They agree** that Argentina in recent years has been experiencing stagnation in all aspects, economic, political and social.

Economic freedom brings greater progress for the country, there is labor freedom, financial, and investment. Is strongly related to cleaner environments, human development and poverty eradication.

Globalization is becoming more important for the development of the country which measures connectivity, economic integration, and global interdependence of countries in economic, political and social terms.

Competitiveness makes emphasis on innovation, competitive economy is one that grows rapidly over time.

These three indexes are closely related because globalization and

competitiveness depend highly on the highest level of economic freedom that have a country. Thus, making the country has more free trade, with a transparent policy environment, reaching a higher level of welfare and development for the population.

Argentina's economy over the past 20 years has experienced a series of major structural and macroeconomic changes that show internal weakness of the Argentina economy generated by the inconsistency of the economic policies that have been implemented. Due to this Argentina last year had massive protests against the fragile government and its policies.

A policy adopted this year was the drastic devaluation which also affected the economy because in the beginning this measure cheapened imports but due to international competition, exports fell affecting the productivity of the country. Several sectors have been affected by these policy measures have created an unattractive environment for investment, protectionism, loss of competitiveness and difficulty of doing business in

Argentina becoming worse keeping it close to the last places.

The three indexes agree that Argentina is currently in an unstable and uncontrollable economic situation and the most influential aspects in the reversal of the rankings are related to the actions of the government, consider that the most important economic problems and listened with most frequently are due to capital controls, restrictions market, subsidies, rising inflation, corruption, distrust of institutions and unemployment. these are just some aspects to that must currently face the Argentine government and gradually push the country to high economic crisis, preventing him from having a stronger and more competitive economy.

Argentina should take advantage of every opportunity that are presented by adopting market friendly reforms and try to change the focus of the current government before they destroy completely the economic freedom of Argentina. Have a different point of view about the destructive economic policies that have adopted toward international financial institutions. Thus correct some

bad economic decisions made by President *Cristina* Fernández making the judiciary more transparent and efficient, and institutionalizing the fight against corruption. (HERITAGE, 2014).

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BOLIVIA



Total Area: 1,098,581 sq km
Population: 10,631,486
GDP (ppp): \$59.11 billion
GDP - real growth rate: 6.8%
GDP per capita (ppp): \$5,500
Unemployment rate: 7.4%
Public debt: 36% of GDP
GDP - composition, by sector of origin:
 Agriculture: 9.2%
 Industry: 38.5%
 Services: 52.3%
Exports: \$12.16 billion
Imports: \$9.282 billion
Education: 6.9% of GDP (2011)
Military: 1.47% of GDP (2012)
Gini: 47 (2011)
Population below poverty line: 45%
HDI: 0.66. World Rank: 113

(CIA World Fact book, 2014)

BACKGROUND

Since he assumed office in 2005, Bolivian President Evo Morales has used the confiscation of property and the nationalization of redistributing wealth. A new Constitution has expanded the executive branch and given the control of the state most of the natural resources and the key industries, including the gas and electricity.

Re-elected in 2009 to 64 percent of the votes, Morales promised move toward Bolivia "socialism community." In Bolivia, the president may be reelected only once, but Morales has announced that it will be submitted to a third term in 2014.

According to Morales, Bolivia associated closely with Cuba and Venezuela and has strengthened relations with Iran. Both the foreign private investment and local have been reduced, and approximately half of Bolivia's population still lives in poverty. Almost 60 percent of the working arrangements are informal, and drug trafficking has increased. (heritage.org/index/country/Bolivia)

In 1982 established a democratic civilian government but there have been many problems of extreme poverty, social unrest, and manufacture of illicit drugs. Since December 2005 Evo Morales has been the president. The president has been elected by the widest margin since the restoration of civilian government in 1982, with the promise of changing the traditional political class, and help the poor, the indigenous majority in this nation. In December 2009 he won the election or the party that is part took control of the legislative branch, what he meant to continue more easy with the proposed change. (CIA, 2014).

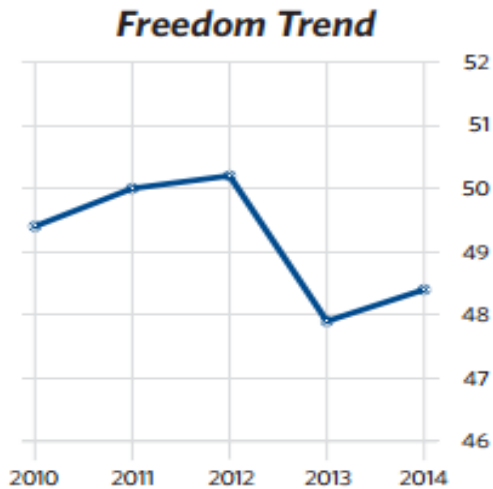
Bolivia has the income inequality more high in Latin America and one of the highest in the world. Public education is of poor quality and the opportunities of education is among the most unequal of Latin America, where indigenous children and in rural areas do not know how to read or write, or cannot complete the primary school. By the lack of education and family planning services do that Bolivia has a high rate of fertility. This leads to have more children without any form of education. The lack of safe drinking

water and basic sanitation, mainly in rural areas, that there are serious health problems.

Bolivia has good natural resources with a strong growth thanks to captive markets for exports of natural gas. But Bolivia remains one of the least developed of the continent due to State policies that discouraged foreign investment and growth.

The Bolivian government passed a law to the detriment of foreign companies increasing the royalties for the exploitation of hydrocarbons operating under joint venture contracts benefiting the state-owned company in exchange for a share in default service. The global recession slowed growth, but Bolivia registered the highest growth rate in South America during 2009, thanks to the high prices of raw materials since 2010 Bolivia has had a growth, however has not been constant due to the lack of foreign investment and the internal social conflicts. (CIA, 2014).

BOLIVIA'S ECONOMIC FREEDOM



Bolivia's economic freedom score is 48.4, making its economy the 158th freest in the 2014 Index. Its overall score is 0.5 point better than last year, with notable improvements in investment freedom and trade freedom offsetting declines in business freedom, fiscal freedom, and government spending. Bolivia is ranked 25th out of 29 countries in the South and Central America/Caribbean region, and its overall score is far below the world and regional averages.

During the 20-year history of the index, the economic freedom of Bolivia has deteriorated in 8.5 points, the sixth worst drop score. Significant declines have occurred in six of the 10 economic

freedoms, in particular the rights of property and investment freedom, whose scores plummeted 40 and 55 points, respectively. Regulatory efficiency, measured via the free enterprise, freedom of labor and monetary stability, has also greatly diminished as a State interference in the economy has grown.

Bolivia was a economy "moderately free" during the first 10 years of the index but has been in a downward spiral of economic freedom since 2005 with the economy to dive into the ranks of the "repressed" in the past two years, the Bolivians are suffering in a climate of increasing economic subjugation. The high raw material prices have recently led to a strong economic growth, but the long-term economic development remains hampered by institutional weaknesses.

Rule of law

There have been cases of corruption and mismanagement of the government in the past few years. With the law, specifies that the government is who controls the access to natural resources and limited access to foreign investors. Expropriation is a problem, as is the illegal occupation of the privately owned rural.

Government size

The tax rate on individual income is higher than the 13 percent, and the maximum corporate tax rate is 25 percent. Other taxes include a value-added tax (VAT) and a tax on financial transactions. The total tax burden is 22.2 percent of GDP. The public expenditure amounts to 35.4 percent of GDP and has been funded by the revenues from the gas and mining. The public debt is about 33 percent of the gross domestic production.

Regulatory efficiency

Despite some measures to reform the regulatory framework cumbersome, persistent bureaucracy and the lack of transparency often make the formation and functioning of the private companies costly and burdensome. Non-wage labor costs of hiring a worker is moderate, but the rigidity of the whole in the hiring and firing is high. The prices of fuel, subsidized and controlled by the government, are frozen for years at a time. Electricity is also subsidized.

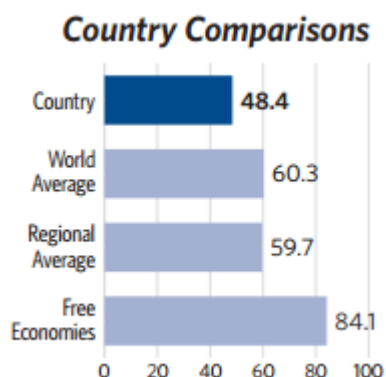
Open markets

Bolivia has a average tariff rate of 3.7 percent. Piracy and counterfeiting are not uncommon. The government screens new foreign investments, and the legal and regulatory systems can be difficult to navigate. The financial sector remains vulnerable to interference by the State, with credit to the private sector in expanding slowly. Capital markets are focused on the negotiation of the government bonds.

(heritage.org/index/country/Bolivia)

ANALYSIS

Bolivia has good natural resources will put in a good economic position and competitiveness to other countries of the continent and the world. His big problem is the deficiency of education and political instability. Since the government has closed the doors to foreign investors to exploit Bolivia resources that the country by itself cannot do. If the country would provide confidence to investors would improve their investment rate and would be a competitive country in the world with the potential resources that this country has.



In comparison with free economies, Bolivia is way below average. Even is below the regional average, considering that in the region there are many countries with an economy closed by political instability as Bolivia, but the country is incompetent for not having at least moderately free economy, under the world and regional average. The average improve by providing more opportunity for investors to do of Bolivia a country with a better economy.

INDEX OF GLOBALIZATION

The globalization Index is an indicator that measures the connectivity, integration and global interdependence of the countries in the cultural, ecological, economic, political, social and technological areas. The data have been collected and processed by the Institute of

Economic Research of the KOF Konjunkturforschungsstelle Federal Polytechnic School in Zurich, whose globalization index measures three dimensions: economic, political and social. In addition, calculates an overall index of globalization.

According to this study the globalization index of Bolivia is 53.14 and is ranked 100. In the year 2009, the index was 53.86 , in the year 2010 was 53.33 . From 2009 until 2011, the index decreased by 0.72 .

Economic globalization involves the creation of a global market that is deleted all tariff barriers to allow the free movement of capital: financial, commercial and productive. In economic globalization Bolivia ranks 102, with an index of 53.89 , in the year 2009, the index was 56.21 , in the year 2010 was 55.25 . From 2009 until 2011, the index decreased by 2.32 . Could be in a better position if not restricting both the access to foreign investors and the barriers that hinder the free movement of trade.

Social globalization relates to the impact that this process has on the life and work of the people, as well as on their families

and their societies. Includes the concerns and problems related to the impact of globalization on employment, working conditions, income and social protection. In this aspect Bolivia is in the post 139 with an index of 35.48 . In the year 2009, the index was 35.04 , in the year 2010 was 34.73 . It is clear that although in the year 2010 the index decreased compared to the previous year, in the 2011 increased 0.75 . Although in this index has been an increase, remains very low the index, consequence of the little education that there are in this country and the illiteracy that exists.

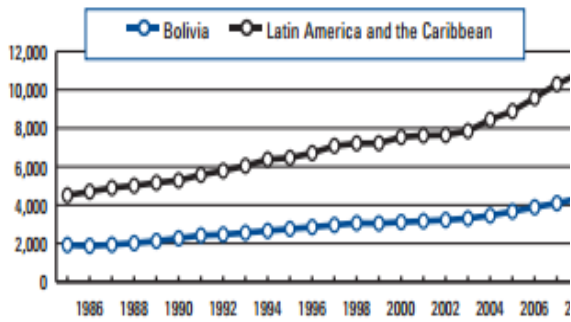
Political globalization is the process that allows you to develop institutions and mechanisms on a planetary scale to address the issues that affect all the inhabitants of the Earth. In this aspect Bolivia ranks 63 with an index of 77.82 . In the year 2009, the index was 77.98 , in the year 2010 was 77.73 .Although 2011 increase the index from the previous year, is below than the index of the year 2009.

GLOBAL COMPETITIVENESS

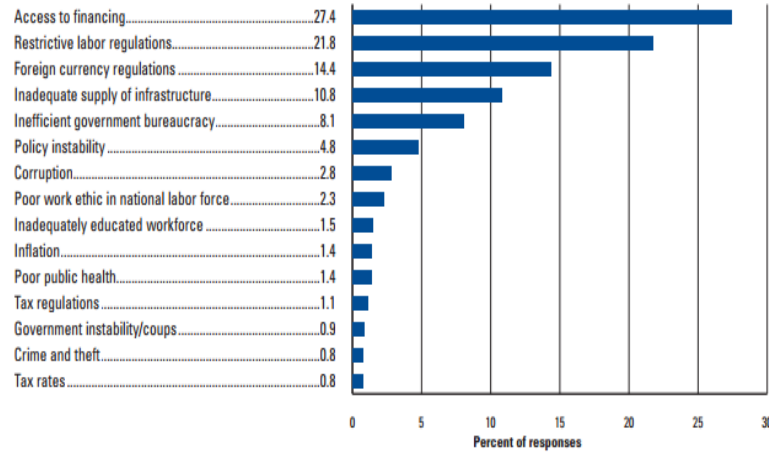
There are 12 pillars in the global competitiveness, which are grouped into three indexes. The first, basic requirements that encloses the pillars of the 1 to 4 and are the key to the factor-driven economies. The four pillars that are measured in this first stage are, institutions, infrastructure, macroeconomic environment, health and primary education. The second stage efficiency enhancers is the key to the efficiency-driven economies. This stage grouped six stages, higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size. The last stage innovation and sophistication factors is the key to innovation-driven economies and encases the last two pillars business sophistication and innovation.

Bolivia is in the transition between the first and second stage

GDP (PPP) per capita (int'l \$), 1985–2010



The most problematic factors for doing business



Global Competitiveness Index

	Rank (out of 142)	Score (1-7)
GCI 2011–2012	103	3.8
GCI 2010–2011 (out of 139).....	108	3.8
GCI 2009–2010 (out of 133).....	120	3.8
Basic requirements (60.0%)	95	4.0
Institutions.....	123	3.8
Infrastructure.....	104	3.8
Macroeconomic environment.....	32	5.0
Health and primary education.....	103	5.0
Efficiency enhancers (35.0%)	125	3.8
Higher education and training.....	95	3.8
Goods market efficiency.....	136	3.8
Labor market efficiency.....	140	3.8
Financial market development.....	122	3.8
Technological readiness.....	125	2.8
Market size.....	84	3.8
Innovation and sophistication factors (5.0%)	107	3.8
Business sophistication.....	106	3.8
Innovation.....	106	2.8

The biggest problems of Bolivia to do business and be competitive are the access to finance, the strict government restrictions for foreign investment and political instability, which affect that foreign investors see with good eyes the possibility of investing and put your business in this country. Prefer to seek other horizons in which their capital and their businesses have a security. The index is 3.8 on 7, a rate below the average that is located as a country just in development to be competitive.

ANALYSIS-CONCLUSION

In conclusion it is clear that for Bolivia, the main difficulties to be competitive and to be open to a globalization more efficient policies are their problems. The political instability and the restrictions imposed on foreign investors, make Bolivia a country less attractive for the investment.

And even though the country has done has made efforts to improve education, infrastructure, and other factors that contribute to the development of the country , closing their doors to globalization and to the entry of foreign investment, do not generate a breakthrough in international indexes . Political management that has been given has not been the best. We might deduce that the power was still in the hands of Evo Morales because the majority of the population is indigenous and see this President a referent. Although the handling that has wanted to give it and the current that has followed has not been the best in terms of foreign affairs primarily with the capitalist countries .

For these reasons we can say that Bolivia is stagnant with respect to the

world and other countries of Latin America. The natural resources that has could be harnessed to make Bolivia a country globally competitive. A management of the government that it is not unstable and that provides greater guarantees to foreign investors would improve the development of Bolivia at the international level and to the interior of the country in its population.

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BRAZIL



Total Area: 8,514,877 sq km
Population: 202,656,788 (July 2014 est.)
GDP (ppp): \$2.19 trillion
GDP - real growth rate: 2.3%
GDP per capita (ppp): \$12,100
Unemployment rate: 5.7%
Public debt: 59.2% of GDP
GDP - composition, by sector of origin:
 Agriculture: 5.5%
 Industry: 26.4%
 Services: 68.1%
Exports: \$244.8 billion
Imports: \$53.5 billion
Education: 4.4% of GDP
Military: 3.28% of GDP
Gini: 51.9
Population below poverty line: 21.4%
HDI: 0.744 World Rank: 79
(CIA World Fact book, 2014)

Background

Officially the Federative Republic of Brazil. Is the largest country in South America, by population it is the largest Portuguese-speaking country in the world. Currently Brazil has industrial and agricultural growth with a fast development, exploiting many natural resources; it is South America's leading economic power and a regional leader.

Brazil is located in Eastern South America. It is bordered on the north by Venezuela, Guyana, Suriname and the French overseas region of French Guiana; on the northwest by Colombia; on the west by Bolivia and Peru; on the southwest by Argentina and Paraguay and on the south by Uruguay. The official language is Portuguese. The capital is Brasilia with 3.813 million people in population. (CIA World Fact book, 2014)

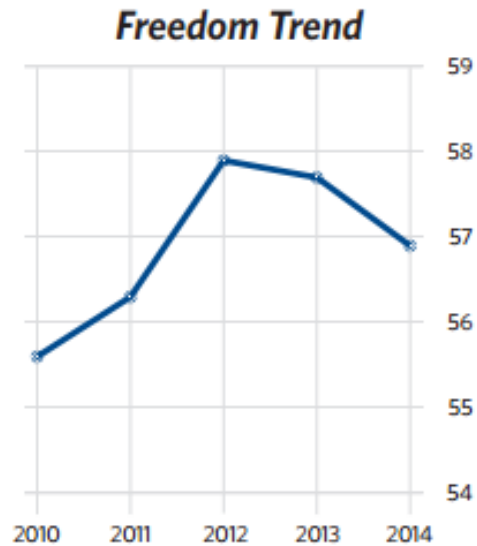
Brazil's government type is federal republic and has five fundamental principles sovereignty, citizenship, dignity of human beings, the social values of labor and freedom of enterprise, and

political pluralism. The branches of power are executive, legislative and judiciary. The executive and legislative are organized independently in all three spheres of government, while the judiciary is organized only at the federal and state/Federal District spheres. The chief of state is the President Dilma Rousseff since 1 January of 2011. The president and vice president elected on the same ticket by popular vote for a single four-year term. (CIA, 2014)

Brazil has a mixed economy with abundant natural resources. Agriculture, mining, manufacturing, and service sectors all well-developed. Major export products include aircraft, electrical equipment, automobiles, ethanol, textiles, footwear, iron ore, steel, coffee, orange juice, soybeans and corned beef. The GDP is \$2.416 trillion in 2013. It exports products mainly to China, United States, Argentina, and Netherlands.¹

Brazil have problems with Illicit drugs because it's second-largest consumer of cocaine in the world and is illicit producer of cannabis currently has a large-scale eradication program to control cannabis. (CIA, 2014)

INDEX OF ECONOMIC FREEDOM



Brazil's economic freedom score is 56.9, making its economy the 114th freest in the 2014 Index. Its score is 0.8 point worse than last year, with declines in labor freedom, monetary freedom, fiscal freedom, and trade freedom. Brazil is ranked 20th out of 29 countries in the South and Central America/Caribbean region, and its overall score is below the world average. Over the 20-year history of the Index, Brazil's economic freedom score has improved by only 5.5 points.

Rule of Law

The Corruption affect economic freedom for this Brazil had massive nationwide protests in 2013 over poor public services

and the bad level of political and institutional effectiveness. Contracts are secure, but the judiciary is inefficient and subject to political and economic influence.

Limited Government

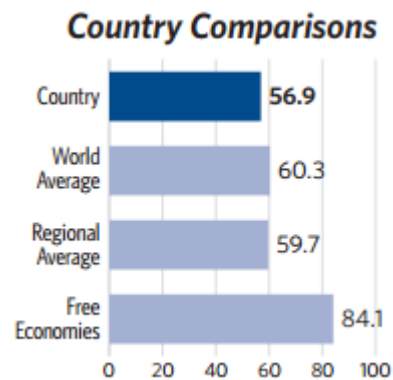
The top individual income tax rate is 27.5 percent. Overall tax revenue is 34.8 percent of GDP. The government has vowed to boost spending to ease protesters, but expenditures stay in steady at 39.1 percent of the domestic economy. Public debt is about 69 percent of GDP.

Regulatory Efficiency

Regulatory efficiency remains poor, and the application of regulations is appalling. On average, it requires over 100 days to incorporate a company, and obtaining necessary permits takes 400 days. The labor markets not allow the supply increase and hinders job. Agricultural subsidies increased from 2011 to 2013 and are about \$10 billion. In 2013, subsidies for electricity were also increased.

Open Markets

The Brazil average tariff rate is 7.9 percent. Is not allowed to import used clothing or cars. Foreign investment in several sectors is limited by the government. Banking and capital markets are advanced. But the role of the state in credit markets has also steadily expanded, and public banks now account for 50 percent of total to the private sector.



The index of economic freedom it results for many factors, among them are the bad level of political and institutional effectiveness, because the judiciary is intervened and this makes it inefficient to have a high public debt. Brazil doesn't have a good control system. Create a society takes a long time and other important factor is that the foreign investment is limited. This reasons affect that some factors decrease to compare last year to this year how freedom From Corruption, Fiscal Freedom, Trade

Freedom and Monetary Freedom principally.

Some problems are lack of skilled labour, deficient educational, inadequate investment, high and inefficient public spending, high public debt and debt servicing costs, corruption thriving on inequalities.

One of principal problems is the heavy government intervention in the economy of Brazil with topics like bad assignation of capital one consequence that the population doesn't believe in your government and the private sector doesn't grow.

INDEX OF GLOBALIZATION

Globalization is a process that pretend do away with national boundaries, integrates economies, cultures, technologies and governance and produces relations of mutual interdependence.

The globalization index for 2014 in Brazil is 59.78 this is the average that covers the economic, social and political dimensions of globalization.

Brazil is in the position 76 of the general ranking. In economic globalization, Brazil is placed in 113th position with a

score of 51.59. Regarding to social globalization, it is located in 115th spot with 43.61. In terms of political globalization, Brazil has 94.72 points and is the 8th country in the list respect to other countries in the world.

More specifically, the three dimensions of the KOF index are defined as: Economic globalization, characterized as long distance flows of goods, capital and services as well as information and perceptions that accompany market exchanges; Political globalization, characterized by a diffusion of government policies and social globalization, expressed as the spread of ideas, information, images and people.

Economic globalization

In economic globalization Brazil is in the position 113 this is because Brazil has some barriers to the foreign investment also have restrictions on trade and capital. Brazil also exhibits a weaker macroeconomic performance.

The heavy government intervention in the economy continues to cause the misallocation of capital, limit mobility, and fuel a sense of injustice (CIA, 2014)

Social globalization

About social globalization Brazil is in the position 115 is bad because is the way of measure of how the population interact with persons of other countries through international telecom traffic also traffic Information flows. Brazil has a recent advantage in this sphere regarding the event of the World Cup where thousands of people traveled to Brazil and of course interacted with their culture in different scenarios.

Political globalization

In Political Globalization Brazil obtained the best position because Brazil have a foreign policy where Brazil participate in many supranational organizations and try participate in principal actions of the third world, is significant that Brazil have sovereignty over your natural resources through of the control in development own. The position is 8 and this aspect improvement the average that Brazil has.
[2]

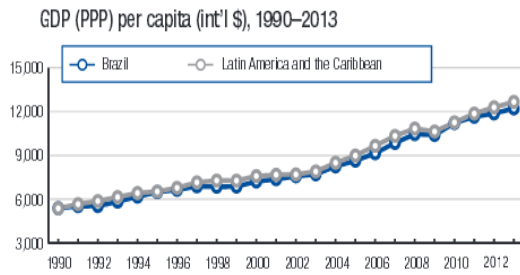
Brazil has a large global network of diplomatic missions, with representations in over 125 countries.^[3]

Brazil is placed in the twenty principal contributors to United Nations peacekeeping operations, and has participated in peacekeeping efforts in the Middle East, the former Belgian Congo, Cyprus, Mozambique, Angola, and more recently East Timor and Haiti.

GLOBAL COMPETITIVENESS INDEX

We define competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country. The level of productivity, in turn, sets the level of prosperity that can be reached by an economy. The productivity level also determines the rates of return obtained by investments in an economy, which in turn are the fundamental drivers of its growth rates. In other words, a more competitive economy is one that is likely to grow faster over time.

The next chart shows, the GDP growing between 1990-2013 in Brazil.



Brazil drops one position and ranks 57th this year. This for many factors one by insufficient progress in addressing its persistent transport infrastructure and an important deterioration in the functioning of its institutions, with a real preoccupation about government efficiency and a level increased of corruption, also have a difficult of access to financing, and a bad education system. Brazil as for other BRICS economies, will require implementing reforms and engaging in productive investments. With its tight labor market and high taxes, Brazil is the least competitive of the big four emerging markets according to the World Competitiveness Index by Swiss business school, the Institute for Management Development, or IMD.^[4]

The Global Competitiveness index is composed by 12 pillars of competitiveness, as are shown: Basic requirements (Institutions, Infrastructure,

Macroeconomic Stability, Health and Primary Education); Efficiency enhancers (Higher Education and Training, Goods Market Efficiency, Labour Market Efficiency, Financial Market Sophistication, Technological Readiness, Market Size), and Innovation and sophistication factors (Business Sophistication, Innovation).

These pillars are shown in the following chart.

	Rank (out of 144)	Score (1–7)
GCI 2014–2015	57	4.3
GCI 2013–2014 (out of 148).....	56.....	4.3
GCI 2012–2013 (out of 144).....	48.....	4.4
GCI 2011–2012 (out of 142).....	53.....	4.3
Basic requirements (34.2%)	83	4.4
Institutions.....	94.....	3.5
Infrastructure.....	76.....	4.0
Macroeconomic environment.....	85.....	4.5
Health and primary education.....	77.....	5.7
Efficiency enhancers (50.0%)	42	4.5
Higher education and training.....	41.....	4.9
Goods market efficiency.....	123.....	3.8
Labor market efficiency.....	109.....	3.8
Financial market development.....	53.....	4.3
Technological readiness.....	58.....	4.2
Market size.....	9.....	5.7
Innovation and sophistication factors (15.8%)	56	3.8
Business sophistication.....	47.....	4.3
Innovation.....	62.....	3.3

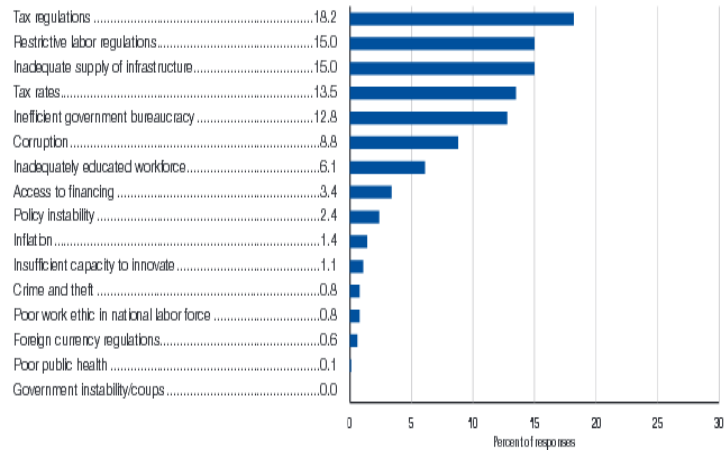
The country have to face difficulties related to recent shifts in the global economy, like a drop in the international price of commodities and potential outflows of capital that had come into the country from some advanced economies during the height of the financial crisis.

However Brazil gets benefits in aspects how it's large market size and its fairly sophisticated business community, with pockets of innovation excellence research-driven. In terms of social sustainability in Brazil the inequality is still very high and, despite some developments, the country is characterized by that its population is limited access to the healthcare system and the social safety net.

Moreover, these factors are a bit compensated by its low youth unemployment and almost universal access to improved drinking water. The adoption of tighter environmental regulations is needed to make sure that Brazil's rich natural resources is managed responsibly and will remain an advantage for future generations.

According to the next chart, it's important to take into account tax regulations, restrictive labor regulations and inadequate supply of infrastructure are the most outstanding barriers that executives face at doing business in Brazil.

The most problematic factors for doing business



In terms of tax regulations and tax rates Brazil have that implement changes because searching greater openness and engagement in all types of cross-border exchanges could produce opportunities for productivity enhancements and economic growth.

Also is evident that the poor road and rail infrastructure, combined with cumbersome procedures and bottlenecks at Brazil's ports, limits growth in Brazil. Brazil must build the necessary infrastructure to integrate states into a single domestic market and then connect Brazil to the world.

Brazil has sectors with global market forces, but others remain heavily protected and taxed, a great example of

that Brazil should eliminate trade and tariff barriers is Brazil's agriculture sector that is more productive since it was gradually opened; Brazil began eliminating price controls and marketing boards that regulated production of certain crops; it also reduced export tariffs and import restrictions then of this changes was evident the development in the sector, the production of tractors and other agricultural equipment, has quadrupled in the past three decades, and exports of these machines have increased 24-fold since 1970. Today the yields for Brazil's main crops are on a par with those of developed economies. (World Economic Forum, 2014)

The policy-makers have focused on mitigating the risks of openness, but today government and business leaders must harness the potential of global flows to increase productivity and the innovation.

Analysis

Analyzing these three indices we can say that globalization is the global economic competitiveness and have a very close relationship of globalization and competitiveness or rather an economy with global competitiveness is what make a country with power in this moment.

Currently Brazil is considered a regional leader in South America for its emerging economy, strong levels of growth and your abundant natural resources however Brazil have many aspects negative to improve for begin in terms of corruption Brazil had massive protests for the poor public services and this is cause of bad institutional effectiveness this is the problem in the government that the judiciary is inefficient.

The previous aspect is analyzed in the index of economic freedom but on the other hand in the index of globalization in terms of political globalization Brazil obtained a good position or one of the best in all indexes because Brazil have a foreign policy with an important objective is that Brazil participate in many supranational organizations also

Brazil participate in a large global network of diplomatic missions, with representations in over 125 countries and is one of principal contributors to United Nations peacekeeping operations.

Although Brazil have a good foreign policy internally there a problem with a regulatory efficiency poor. The government has vowed to boost spending to ease protesters for to improve the bad public services and increased subsidies for sectors how agriculture and system of electricity.

For another hand the foreign investment is limited in some sectors this aspect is analyzed in the index of economic freedom and is evidenced in the economic globalization in the same aspects because coincide in that Brazil has some barriers to the foreign investment also have restrictions on trade for example in tax rates and tax regulations.

The country have to face difficulties related to recent shifts in the global economy , with a drop in the international commodities and potential outflows of capital that had come into the country

from some advanced economies during the height of the financial crisis.

In the next chart showing the ranking for the BRIC'S, China Ranks 28th this country continues to lead the BRICS economies by a wide margin—well ahead of Russia (53rd), South Africa (56th), Brazil (57th), and India (71st). (World economic Forum, 2014)

How the BRICS stack up	
The Global Competitiveness Index 2014-2015	Global rank*
China	28
Russian Federation	53
South Africa	56
Brazil	57
India	71

Source: The Global Competitiveness Report 2014-2015
 Note: * 2014-2015 rank out of 144 economies

The necessary reforms for BRIC'S are particularly critical in three areas: (1) boosting competition, especially in strategic sectors of the economy, by removing bottlenecks and barriers to entry; (2) making the labor markets more flexible and more effective at using all existing talent; and (3) improving the efficiency of public institutions, which is also crucial to ensure an effective implementation of structural reforms. [8]

In general for Brazil as for other BRICS economies, will require implementing

reforms and engaging in productive investments. Russia still ranks a low 119th in market competition and 102nd in public institutions. Among the BRICs, China has lost 22 places in terms of market competition since 2010, and both India and Brazil have lost considerable ground in all three areas. (WEF, 2014)

These results prove how important it will be for emerging economies to promptly and efficiently implement structural reforms. Those reforms are necessary to increase their competitiveness, build their resilience against future external shocks, allow a more efficient allocation of resources, and facilitate the transition toward more productive activities. (WEF, 2014)

In the next chart showing the ranking for the Latin America Top 10. (World economic Forum, 2014)

Latin America Top 10	
The Global Competitiveness Index 2014-2015	Global rank*
Chile	33
Panama	48
Costa Rica	51
Brazil	57
Mexico	61
Peru	65
Colombia	66
Guatemala	78
Uruguay	80
El Salvador	84

Source: The Global Competitiveness Report 2014-2015
 Note: * 2014-2015 rank out of 144 economies

Finally in the level of Latin America Brazil ranks the third position. Overall, the region suffers for problems related to weak investments, a fall in exports and commodity prices, and tighter access to finance. In conclusion the situation of Brazil is the same of the countries of Latin America, some with other aspects that worsen the situation but how an example Chile have a good position and are related to a strong institutional setup with low levels of corruption this is an important differential of the rest of countries.

More integration with global markets and value chains would provide competitive pressures that spur Brazilian companies and leaders to improve. The World Bank ranks Brazil only 124th in the world for ease of trading across borders, and it notes that the cost of exporting a container from Brazil is \$2,215 – more than double the OECD average (World Bank 2013). Pursuing agreements with larger and more developed markets would allow increasing trade; Brazil should integrate in the production networks of multinationals, and increase its access to leading-edge technology and processes.^[5]

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CHILE



Total Area: 756,102 sq. km

Population: 17,363,894

GDP (ppp): 320.5 billion

GDP - real growth rate: 4.4%

GDP per capita (ppp): \$19,100

Unemployment rate: 6.5%.

Public debt: 11.2% of GDP

GDP - composition, by sector of origin:

Agriculture: 3.6%

Industry: 35.4%

Services: 61%

Exports: \$77.94 billion

Imports: \$75.7 billion

Education: 4.5% of GDP

Military: 2.04% of GDP

Gini: 50.8

Population below poverty line: 15.1%

HDI: 0.82. World Rank: 41

BACKGROUND

Chile is a country of America located in the southwestern tip of South America. Its official name is the Republic of Chile and its capital is the city of Santiago.

It is divided into three areas which are continental Chile comprises a long narrow strip of land on the west coast of the Southern Cone that extends over 4270 km mostly from the southeastern shore of the Pacific Ocean to the Andes.

Chile Island corresponds to a group of volcanic islands in the South Pacific: the archipelago of Juan Fernandez and Desventuradas islands belonging to South America, Salas y Gómez Island and Easter Island, geographically located in Polynesia. The third, called Chilean Antarctic Territory is an area of the Antarctic; this claim is frozen as required by the Antarctic Treaty of which Chile is a signatory, without its signature constitutes a waiver. Due to its presence in the Americas, Oceania and Antarctica, Chile defines himself as a tri-continental country.

Republic of Chile is a South American country occupying a long, narrow strip of land between the Andes Mountains to the east and the Pacific Ocean to the west. It

borders Peru to the north, Bolivia to the northeast, Argentina to the east, and the Drake Passage in the far south.

Chile's northern desert contains great mineral wealth, principally copper. The relatively small central area dominates in terms of population and agricultural resources, and is the cultural and political center from which Chile expanded in the late 19th century when it incorporated its northern and southern regions. Southern Chile is rich in forests and grazing lands, and features a string of volcanoes and lakes. The southern coast is a labyrinth of fjords, inlets, canals, twisting peninsulas, and islands.

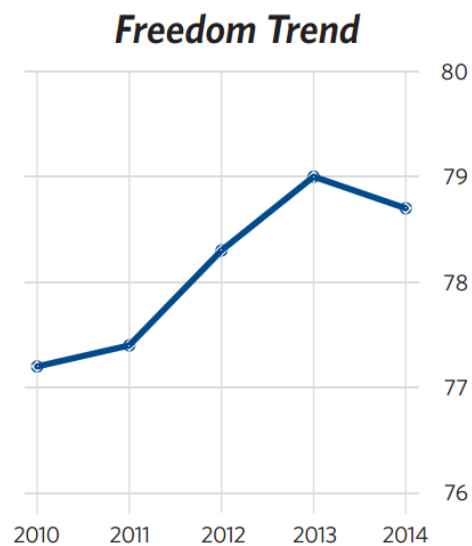
Chile has increasingly assumed regional and international leadership roles befitting its status as a stable, democratic nation. In January 2014, Chile assumed a nonpermanent seat on the UN Security Council for the 2014-15 term.

From 1999-2009 the leftist government of Augusto Pinochet maintained institutions and market-based economic policies. But since Sebastian Piñera took power in 2010 have increased corporate taxes and intervened personally to stop the construction of a coal-fired plant that had cleared all regulatory hurdles. None of it has complied with the left, and the

large street protests have become a constant problem for the government.

Despite that, Chile maintains its leadership in foreign investment, is the first country in South America to join the Organization for Economic Cooperation and Development, is the world's largest copper producer, and the economy is very open to imports, but it is also a leading exporter of minerals, timber, fruits, fish and seafood, and wine.

INDEX OF ECONOMIC FREEDOM



The economic freedom score in Chile is 78.7, being the seventh freest economy in the world in the 2014 index, and the one with the highest degree of economic freedom in the region of South and Central America / Caribbean.

Chile has been consistently ranked as one of the "mostly free" to be higher in areas such as freedom from corruption, investment freedom and financial freedom, monetary freedom and trade freedom economies.

Chile still remains a world leader in economic freedom thanks to its principles of keep limited government and taking prudent management of public finances, since this has kept the deficit and public debt budget under control. This is reflected in the active participation of the country in negotiating the Trans-Pacific Partnership that reflects its commitment to trade and investment liberalization.

Rule of law

The legal aspect carries great weight in analyzing the economic freedom of Chile because the Constitution makes a very important role in establishing the independence of the judiciary and therefore the courts are generally free of political interference. During the last years, the Chilean government approved relevant laws against corruption, transparency and financing of campaigns that help the reputation of good government of Chile.

It also takes into account respect for property rights thus expropriation is somewhat atypical.

The rates of delinquency thanks to the above have declined significantly over the period 2009-2013.

Limited Government

In this regard it is noted as the maximum tax rate on individual income of Chile was reduced to 40%, which tends to greater domestic investment. The corporate tax rate has increased to 20% that would cover new educational expenses.

The fall in the price of raw materials could squeeze revenue, though public spending has remained stable at 23.2% of GDP and public debt occupies about 11% of the national economy.

Regulatory Efficiency

This aspect is one of the most important in showing that Chile may increase or decrease its position in economic freedom, since it shows how the incorporation of a business takes less than 10 procedures, without capital paid minimum required though to complete the licensing requirements remains slow and costly.

The increases to the minimum wage have exceeded productivity growth in recent

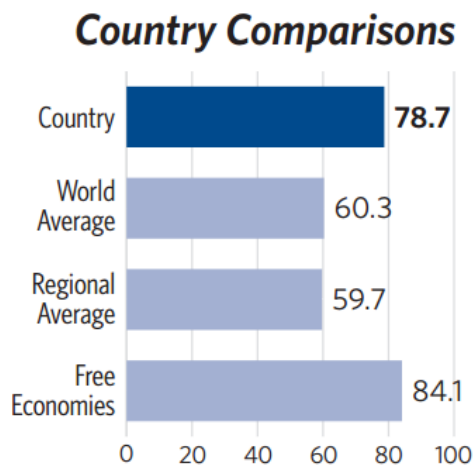
years and there is a price support by the government for agriculture that are less than 5% of total farm income, indicating one of the lowest rates among OECD countries.

Open Markets

Chile tariff rate is 4% which is low and allows the entry and investment products and services in the country.

Foreign investment is welcome and the financial system is dynamic by facilitating high levels of bank and provides efficient access to financing.

There are reforms to improve market liquidity capital and the processes to improve access to financial services for small businesses have progressed.



From the aspects that define the economic freedom of a country, Chile remains in property rights, freedom of trade and financial freedom. Improvement in

freedom for corruption, Government spending and investment freedom. And worsens in Business Freedom, Labor Freedom, Fiscal Freedom and Monetary Freedom in comparison with previous years.

Chile has been characterized by its high position in the rankings, but had a minor punctuation this year compared to 2013 in response to new reforms and tax charges presented by the country, as well as an increase in the minimum wage would exceed productivity gains.

As I mentioned above Chile shows a decrease in the aspect of fiscal freedom due to increased first category tax that is paid by companies.

In terms of freedom of business and labor freedom, there is a need to improve aspects such as job flexibility, costs of doing business in the country and increased productivity at work, as well as also promote Chilean peso and to stay ahead of other currencies.

With the issue of free trade, investment and finance, Chile stands out for being an open economy to foreign investment, has been handled bank independence and good tariffs which facilitates the process

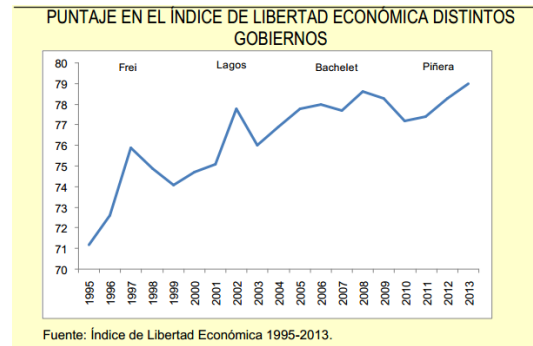
of investment and appreciation of the country.

In conclusion they have to improve the handling and speed when opening and closing a business, labor rigidity, the tax burden on businesses and individuals and raising the minimum wage above the average growth productivity.

And the highlights include the security of contractual agreements, transparency and efficiency of the courts, respect for property rights which indicates a low level of corruption, the management of public finances, debt stability published, and the removal of regulatory obstacles to doing business.

On the other hand, in trade weighted average tariff rate is 4%, non-tariff barriers are relatively low and search for FTAs is continuous. Domestic and foreign investments generally receive the same treatment and they are transparent and efficient. The banking sector is well capitalized and stable, offers a wide range of services, like financial system.

These are characteristics that make Chile a highlight over many countries in Latin America and made better punctuation in investment freedom.



In 2012 (index 2013), during the administration of President Sebastian Piñera, Chile obtained the highest score since makes this ranking, reaching 79.0 points. This is due to advancements bureaucratic important matters, specifically, in the reduction of time and number of procedures to start a business and various measures within the Agenda Competitive Impulse that have improved Gauge freedom of business.

That might be the difference with the current index.

KOF INDEX OF GLOBALIZATION

KOF team defines globalization as "the process of networking connections between actors at distances of several continental mediated through a variety of streams, including people, information and ideas, capital and goods. Globalization is conceptualized as a process that erodes national boundaries, integrates national economies, cultures, technologies and governance, and

produces complex relations of mutual interdependence”.

Are three index analyzed by KOF which are: economic, social and political aspects of globalization.

. Economic globalization is measured by the actual flows of trade, foreign direct investment and portfolio investment, as well as the restrictions applying to these flows.

. Social globalization is expressed as the spread of ideas, information, images and people. It is estimated by personal contact, information flows, and cultural proximity.

. Political globalization is characterized by the degree of political cooperation. It is measured by the number of embassies, membership of international organizations, participation in UN Security Council missions, and number of international treaties.

In terms of globalization Chile is currently ranked 37th in a total average of 72,41 points defining it as mostly globalized country. Being the most globalized country in Latin America.

Economic Globalization

It is ranked 23th with a score of 80.80points in this aspect.

Chile's economy is the sixth largest in Latin America in terms of gross domestic product (GDP) nominal and seventh in terms of GDP in purchasing power parity (PPP) economy. Chile has the highest per capita income in Latin America and belongs to the category of high-income countries, according to the World Bank.

The Chilean economy is one of the strongest since it has high levels in relation to competitiveness, economic freedom, financial development, economic growth and most favorable debt of the continent, becoming one of the most dynamic economies in Latin America.

Foreign investment is a noteworthy aspect of Chile since sack nearly 28% of investments in Latin America in 2012 and attracted 50% of these in the same year, being also the second largest in terms of foreign trade economy.

Based on this, we can say that the main economic sector in Chile is the services to 61% of GDP, followed by industry 35.4% of GDP and agriculture 3.6%. Being the

largest producer of copper, lithium, iodine and other products like fresh grapes, blueberries, plums, dried apples, salmon, trout and lithium carbonate.

The destinations most appreciated by Chile for its exports are China 23.9%, US 12.2%, Japan 10.6% and Brazil with 5.5%.

And the main imports are oil and its derivatives, chemicals, electrical and telecommunications equipment, industrial machinery, vehicles and natural gas.

The main countries of origin of these imports were US with 21.9%, China 18.2%, Argentina and Brazil with 6.7% to 6.5%.

Social Globalization

It is ranked 91th with a score of 52.51 points in this aspect.

Chile has nine companies according to Forbes among the most important in the world, according to America Economic magazine, among the 80 internationalized Latin American companies are 20 Chilean companies.

Chile is also friendly to entrepreneurship and innovation development.

It was Latin American leader in the deployment of a concession system has facilitated public-private collaboration to the Financing and execution infrastructure. With the purpose of attracting innovative entrepreneurs around the world through the world "startup Chile" program.

It is also the country of Latin America with the highest rate of introduction of broadband internet two megabytes or more in terms of fixed or mobile connections. Therefore ranks first in Latin America in the world ranking of growth and development of the information technologies sector.

Political Globalization

It is ranked 30th with a score of 89.70 points in this aspect.

It is one of the largest recipients of foreign direct investment in the world.

Part of the OECD since 2010 list, and the report of the World Economic Forum said that is one of the economies with the best macroeconomic world government, with solid institutions and low corruption points.

The country has an established democracy, clear legal rules and independent institutions.

Chile adopted a development model based on the idea of freedom, based on a democracy where there is legal certainty, free enterprise, competition and encouraging foreign investment. Since 1974 the foreign investment is regulated under the principles of non-discrimination and guarantee of tax stability, ensuring foreign capital.

GLOBAL COMPETITIVENESS INDEX

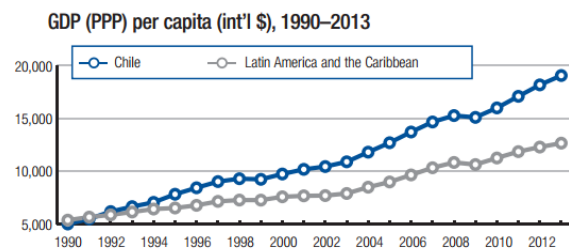
The World Economic Forum's Global Competitiveness Report remains the best indicator to show the evaluation of national competitiveness worldwide.

Allowed a platform for dialogue between government, business and civil society on the actions needed to improve economic prosperity.

Competitiveness is related to the level of productivity of a country taking into account several factors that determine it. And so the same level of productivity is related to the level of prosperity that is given through the economy.

Different aspects of competitiveness on 12 pillars that make up the Global Competitiveness Index are captured.

That pillars are institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size, business sophistication and innovation.



Classification Chile in based of the 12 pillars

Global Competitiveness Index

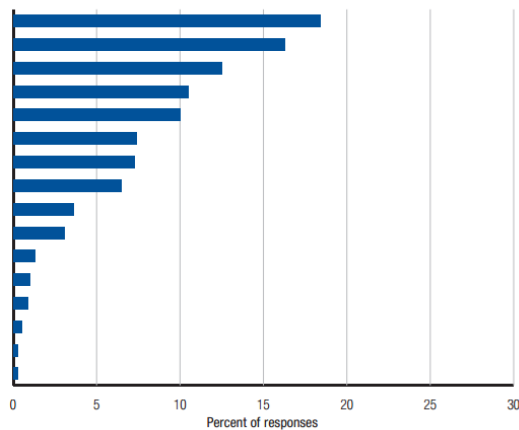
	Rank (out of 144)	Score (1-7)
GCI 2014-2015	33	4.6
GCI 2013-2014 (out of 148).....	34	4.6
GCI 2012-2013 (out of 144).....	33	4.6
GCI 2011-2012 (out of 142).....	31	4.7
Basic requirements (23.1%)	30	5.3
Institutions	28	4.8
Infrastructure	49	4.6
Macroeconomic environment	22	5.9
Health and primary education.....	70	5.7
Efficiency enhancers (50.0%)	29	4.7
Higher education and training.....	32	5.1
Goods market efficiency	34	4.7
Labor market efficiency	50	4.4
Financial market development	19	4.9
Technological readiness.....	42	4.6
Market size.....	41	4.5
Innovation and sophistication factors (26.9%)	49	3.9
Business sophistication	55	4.2
Innovation.....	48	3.5

In terms of Competitiveness, it is necessary analyze the advantage and

barriers to doing business

The most problematic factors for doing business

Restrictive labor regulations.....	18.4
Inadequately educated workforce.....	16.3
Inefficient government bureaucracy	12.5
Insufficient capacity to innovate.....	10.5
Tax regulations	10.0
Tax rates.....	7.4
Inadequate supply of infrastructure.....	7.3
Access to financing.....	6.5
Poor work ethic in national labor force	3.6
Poor public health	3.1
Policy instability	1.3
Corruption	1.0
Crime and theft	0.9
Inflation.....	0.5
Foreign currency regulations.....	0.3
Government instability/coups	0.3



Chile is ranked 33 of 144 economies evaluated with a score of 4.6 measured 7 as the highest.

Recovers lost the position last year and remains the most competitive economy in Latin America, with a very stable profile. We must highlight the development of the financial market Chile which puts him in this position. Although it also must take

into account the weaknesses as innovation and sophistication.

The country continues to develop and improve those aspects that make it stand out which are, strong institutional structure whereby low levels of corruption and efficient government are evident; solid macroeconomic stability with low levels of public deficit and debt; and efficient markets that still has some barriers in the labor market by constant firing costs.

Another aspect to consider in this ranking is the way of doing business in the country. Therefore, the report of the World Bank reveals that Chile is one of the five largest economies in Latin America where it is easier to do business. In which it performs particularly well in the areas of starting a business, registering property, paying taxes and trading across borders.

Since 2013, entrepreneurs in Chile have been able to register limited liability companies through a unified electronic record company that is accessible from anywhere for free. This online business registration has made the incorporation process faster and more convenient,

allowing higher productivity among local entrepreneurs.

Starting a new business in Chile now takes only five days and a half, on par with international best practices.

It is important to note the ease with which a country to doing business, because it is one of the keys to potentiate, assess and improve the country's competitiveness, more facilities for access to foreign investment, generate more competitive country globally. In this case that is one of the predominant factors for the position currently occupied by Chile.

While it is important to note also that the country needs to diversify its economy, pointing it toward knowledge-based because there are major weaknesses in the education system, speaking in terms of quality, lacking because of this human capital to improve production or create innovative projects, problems turns out to be a barrier to doing business.

In addition, the country has a low investment in innovation advancement of knowledge as an important aspect for the economic development and thus increasing competitiveness.

ANALYSIS

Chile is currently regarded as an emerging economy that is notable for having political, social and economic standards that could compares easily with development economies.

It is a country with a geographical small space but who knows manage natural and spatial resources are there, so it is one of the largest recipients of foreign investment in the world, in addition to have major multinational with great influence abroad.

In economic terms, Chile is the seventh freest economy in the world and can say it is the only Latin American economy in that position, so their competitiveness and development is above the Latin American countries.

As said the World Economic Forum, is "one of the economies with better macroeconomic world government, with strong institutions and low corruption."

It is definitely a mostly free country according to the index of economic freedom "Heritage Foundation" because it has adopted policies that favor the continued growth of the country, domestic measures that allow has little

corruption, investment freedom, financial freedom and overall freedom economic. In addition to the prudent management of public finances.

Foreign investment is welcome making it a highly competitive by having a tariff rate of 4%, also managing bank independence and good rates that allow easy access to investment within the country. It is also the country in Latin America that have greater growth and sustainability of GDP in recent years despite the economic crisis. Have reduced mortality rates and poverty too.

As Vittorio Corbo,(Research Associate of the Centre for the Study of Public, Former President of Banco Central de Chile and Professor of Economics at the Catholic University of Chile and the University of Chile), said "these advances have played a prominent role at the political and economic reforms undertaken by the various governments", among which "the creation of an autonomous central bank with a clear mandate to ensure price stability; the introduction of a fiscal rule to reduce public spending cycles and maintain sound fiscal solvency; banking supervision and regulation aimed at

maintaining a sound financial system; the creation of an efficient tax system; the opening of its economy; a pension system based on capitalization and continuous improvement of infrastructure through the use of advanced public-private partnership".

Speaking of political and institutional terms, is a stable and solid country with a consolidated democracy, clear legal rules and institutions.

The Chilean Ambassador to Spain, said that "Chile adopted a development model based on the idea of freedom, which is expressed through democracy in the political sphere, which has allowed an alternation in government of the country and Power legislative-and the market economy with our economic organization founded on respect for private property system where there is legal certainty, free enterprise, competition and encouragement of foreign investment."

Thus, the main factors that competitiveness and freedom that presents Chile is derived , among others, clear rules of the game, a solid institutional framework where activities that improve the economy such as

motivation to foreign investment, tends to respect for property rights and equality and justice on law.

Besides Santiago de Chile as capital, offers ample business services for communications, financial services, infrastructure, air links and quality of life.

Moreover, freedom and globalization go hand in hand in Chile because thanks to internal progress made by the country, the results are reflected externally, making it besides a mostly free country also globalized and competitive in certain aspects.

Regarding the KOF Globalization Index, Chile is largely globalized and major globalizing also from Latin America as mentioned above with respect to GDP and for having the highest per capita income for the region, for its economic freedom, its low external debt and the accumulation having outside of capital stock which is great.

It's a nice country for business since according to the Doing Business report of the World Bank 2013, Chile ranks 37th for business, hand in hand with other relevant aspects such as the growth of the technology sector information that

according to "The Economist" ranks is first in Latin America.

This explains the high degree of competitiveness of the country and who is ranked 33 of 144 economies, the most competitive in Latin America.

The ease of starting business and cross-border trade are the basis of this competitiveness since it gives easy access to investment and this is one of the main aspects that develop and potentiate an economy to go to be competitive.

However, despite all the initiatives and positive results showing in Chile, must also indicate areas for improvement that would place in a better position in long term.

Chile still has deficiencies in production and this is due in part to the lack of quality in education.

Furthermore, although progress has been made in the diversification of products, is still keeping the price high dependence on international markets, with respect to copper and other minerals.

It requires a macroeconomic management and introduction of new reforms to ease tensions that exist with respect to the high growth of the country and the relationship with the labor market, rigidities existence

of markets and asset prices in particular regarding the level required private debt.

As a socially aspect, Chile has very high levels of social inequality, concentrating economic power in some families and where economic sectors are controlled by certain companies as well.

Should then improve on aspects such as quality of education, economic diversification and innovative projects generating company in the country.

In conclusion we can say that much of the positive results are due to Chile is a responsible country, in terms of how to organize its economy and foreign investment given bargaining power. Taking into account other relevant issues such as legal seriousness of the country, the formality and transparency in institutions, business opportunities and easy access, the low rate of corruption tending stability and economic freedom that attracts and provides a good environment of business and develops largely the competitiveness.

COLOMBIA

Background



Total Area: 1.138.910 sq. Km
Population: 46.245.297
GDP (ppp): \$526,5 billion
GDP - real growth rate:4.2% (2013 est.)
GDP per capita (ppp): \$11.100
Unemployment rate:9.7% (2013 est.)
Public debt:39.6% of GDP (2013 est.)
GDP - composition, by sector of origin:
 Agriculture: 6.6%
 Industry: 37.8%
 Services: 55.6%
Exports:\$58.7 billion (2013 est.)
Imports: \$53.5 billion (2013 est.)
Education:4.4% of GDP (2012)
Military:3.28% of GDP (2012)
Gini: 55.9
Population below poverty line: 32.7%
HDI: 0.71. World Rank: 98

(CIA World Fact book, 2014)

Colombia is the northern country in South America. It shares coasts on both Atlantic and Pacific Ocean.

As almost all Latin-American countries, cities in Colombia are very populated, people migrated internally due to political violence and looking for a higher income in the largest cities.

Colombia has been facing one of the eldest armed conflicts in the world. For more than half a century, guerrillas, paramilitary units, organized crime and the armed forces has been struggling for territorial control. At the beginning, the conflict was an ideological one, with the guerrillas promoting socialism and the central government protecting the liberalism and democracy. Nowadays, the conflict has evolved in to a war business, financed by illicit drugs, human smuggling and extortions.

The internal conflict is one of the main reasons of the economic situation of Colombia, the rural sector has been abandoned because of fear, and foreign investment are too shy to go to Colombia

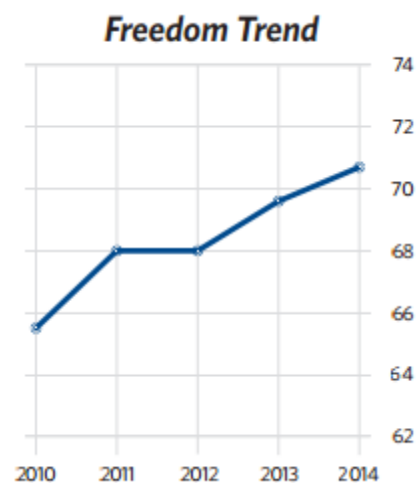
due to the high risk they face in some regions. However in the last decade, national armed forces have controlled partially the guerrillas and the paramilitaries, generating a more stable situation for those who plan to invest in Colombia.

The “democratic security” policy pursued by former President Alvaro Uribe (2002–2010) significantly reduced crime and violence and increased government control of national territory. Uribe also helped to re-establish business confidence. Former Defense Minister Juan Manuel Santos, elected president in June 2010, has engaged in controversial peace talks with the rebel group FARC. He has also emphasized global economic integration.

The Trade Agreements entered into force between Colombia and countries like the United States, the European Union, Canada, Chile among others, has encouraged job creation and investment. Colombia has pursued free trade agreements with dozens of other nations and is one of four members in the Pacific Alliance. (Heritage, 2014)

Colombia’s economy depends heavily on exports of petroleum, coffee, and cut flowers and is positioned to surpass Argentina as South America’s second-largest economy. Poverty has been reduced thanks to robust economic growth and a “prosperity for all” policy conducted by president Santos. However, economic reforms stated on the Santos administration have been widely criticized inside and outside Colombia. There is a fear among local and foreign investors due to the change in taxes collect and restrictions to the free trade policies advances in the previous governments.

INDEX OF ECONOMIC FREEDOM



Economic freedom is an ideological concept, applied to the field of market economy, which comes from economic

liberalism. In terms of economy, a free society, individuals are free to work, produce, consume and invest in everything they want.

The last numbers in Colombia about economic freedom are better in 6.2 points. The numbers in Colombia in terms of economic freedom are better at 6.2 points. Increases in these figures are in 70% of economic freedoms, including trade freedom, monetary freedom, labor freedom, and freedom from corruption.

It is necessary to continue with the efforts that have been made to maintain the growth of economic freedom for a dynamic economic development.

Unfortunately the judicial system and corruption are some aspects that do not improve in the country causing concern.

RULE OF LAW

The increase of corruption in recent years in various government departments is worrying because although measures to reduce these indices are taken has not been possible.

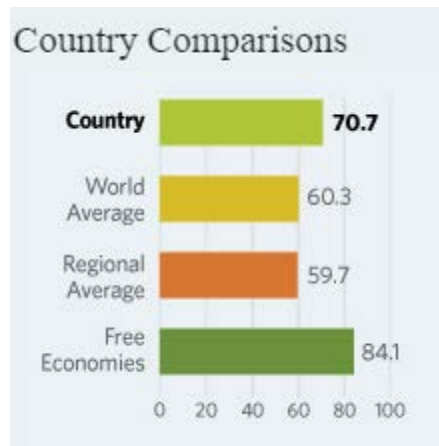
Regulatory efficiency

Colombia has few regulatory bottlenecks. It takes less than 10 Procedures to start a business, with no minimum equity required.

The non-salary cost of hiring is moderate, but informal work continues to grow. During 2013 the increased government aid for coffee producers even though these aids are much lower than those of other countries in the same region.

Open markets

Colombia tariff rate is an average of 5.6%, is part of the Pacific Alliance being the world's ninth largest economy. The financial sector remains competitive. By reforming the development of the capital markets promotes improving flexibility and market competitiveness.



According to the chart Colombia has a relatively good economic freedom, which can increase the confidence of both Colombian investors as extraverts which has produced several trade agreements with different countries of the world (CAN, MERCOSUR FTA with USA, MEXICO) and others who are in the process of being signed. These agreements have increased exports and imports therefore the above increases revenues of the country and therefore the Citizens.

The economic freedom score of Colombia has improved in 6.2 points in the last 20 years Colombia improvement in seven of ten items of economic freedom like a monetary freedom and labor freedom all this makes Colombia a “mostly free” economy.

GLOBALIZATION

Globalization is a set of transformations in the visible world political and economic order since the end of the twentieth century. It is a phenomenon that has created common ground on economic, technological, social, cultural and political spheres, and thus became the world in an interconnected world into a global village.

Colombia has 59.29 on the globalization index, which has placed at the 77th position.

In economic globalization, Colombia is placed in 94th position with a score of 57.21. Regarding to social globalization, it is located in 106th spot with 46.62. In terms of political globalization, Colombia has 80.61 points and is the 59th country in the list respect to other countries in the world.

Economic globalization

According to economic freedom scale, Colombia, in terms of economic globalization is a fairly globalized country.

Colombia has been signing various trade agreements that facilitate exports and imports, reducing tariffs in the future reach 0 likewise passes for products that Colombia exports with lower than normal tariffs. Also measures taken by the government benefit international investors.

Social globalization

On the other hand, social globalization has three dimensions: personal contacts, information flows, and cultural proximity.

in the last 10 years these are the numbers in terms of personal contacts the improvement in score is 3.03 points, information flows the decrease in score is 2.67 points and in terms of cultural proximity score the decrease is 3,10 points, but overall in social globalization the decrease is only 0.92

Political globalization

(Wikipedia, 2014) (central intelligence agency)

ECUADOR



Total Area: 283,561 sq km
Population: 15,654,411
GDP (ppp): \$157.6 billion (2013 est.)
GDP - real growth rate: 4% (2013 est.)
GDP per capita (ppp): \$10,600
Unemployment rate: 4.2% (2013 est.)
Public debt: 23.2% of GDP
GDP - composition, by sector of origin:
Agriculture: 5.9%
Industry: 35.1%
Services: 59% (2013 est.)
Exports: \$25.48 billion (2013 est.)
Imports: \$26.22 billion (2013 est.)
Education: 4.4% of GDP (2012)
Military: 2.83% of GDP (2012)
Gini: 48.5 (December 2013)
Population below poverty line: 25.6% (December 2013 est.)
HDI:

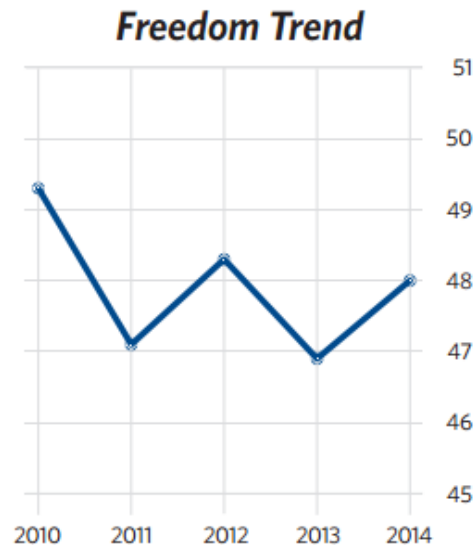
The Republic of Ecuador is a representative democratic republic in northwestern South America, bordered by Colombia on the north, Peru on the east and south, and the Pacific Ocean to the west. Ecuador also includes the Galápagos Islands in the Pacific, about 1,000 kilometers (620 mi) west of the mainland. (Wikipedia, 2014) But Ecuador hasn't always been as we know it now, 480 years ago was part of the Inca Empire until the Spanish. Quito, the capital, became the seat of the Spanish colonial government in 1563 and part of the Viceroyalty of New Granada in 1717. The territories of the Viceroyalty - New Granada (Colombia), Venezuela, and Quito - gained their independence between 1819 and 1822 and formed a federation known as Gran Colombia. When Quito withdrew in 1830, the traditional name was changed in favor of the "Republic of the Equator." Between 1904 and 1942, Ecuador lost territories in a series of conflicts with its neighbors. A border war with Peru that flared in

1995 was resolved in 1999. A border war with Peru that flared in 1995 was resolved in 1999. Although Ecuador marked 30 years of civilian governance in 2004, the period was marred by political instability. Protests in Quito contributed to the mid-term ouster of three of Ecuador's last four democratically elected presidents. In late 2008, voters approved a new constitution, Ecuador's 20th since gaining independence. General elections were held in February 2013, and voters re-elected President Rafael CORREA. (central intelligence agency)

Ecuador's high poverty and income inequality most affect indigenous, mixed race, and rural populations. The government has increased its social spending to ameliorate these problems, but critics question the efficiency and implementation of its national development plan. Nevertheless, the conditional cash transfer program, which requires participants' children to attend school and have medical check-ups, has helped improve educational attainment and healthcare among poor children. Ecuador is stalled at

above replacement level fertility and the population most likely will keep growing rather than stabilize. (central intelligence agency)

ECONOMIC FREEDOM



The score in the Economic Freedom in Ecuador is 48.0, making its economy the 159th freest in the 2014 *Index*. 1.1 points higher than last year, with deteriorations in the management of government spending and freedom from corruption offset by improvements in investment freedom, trade freedom, and labor freedom. Ecuador is ranked 26th out of 29 countries in the South and Central America/Caribbean region, and its overall score is far below the world and regional averages.

for 20 years, this index has fallen nearly 10 points, for 20 years, this index has

fallen nearly 10 points. Aspects like the investment freedom, government spending, and property rights have deteriorated 30 points or more. although in 1990 the economic freedom in this country rose to “moderately free”, this has declined steadily since..

RULE OF LAW

Ecuador is a country with many political, economic and social difficulties, has long suffered from political instability and corruption.

The weak and politicized judiciary and lack of investigative capacity in government oversight agencies contribute to an atmosphere of impunity. Illicit payments for official favors and theft of public funds reportedly take place frequently. Expropriation is a problem, and the government is constitutionally empowered to control strategic sectors such as natural resources.

LIMITED GOVERNMENT

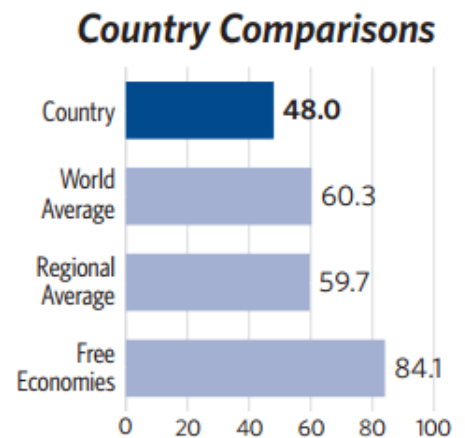
Ecuador’s top individual income tax rate is 35 percent. The top corporate tax rate has been reduced to 22 percent, and the special rate for reinvested profits remains at 15 percent. Other taxes include a value-added tax (VAT) and an inheritance tax. The overall tax burden is 17.6 percent of GDP. Government spending has risen to

44 percent of GDP. Public debt is low, but the economy continues to suffer from a debt default in 2008.

REGULATORY EFFICIENCY

Despite ongoing reform efforts, the overall regulatory environment remains burdensome. Starting a business takes almost two months, but the cost of obtaining necessary permits has been reduced to about half of the level of average annual income. Lack of flexibility in the labor market hinders job growth.

Although



dollarization produces a modicum of monetary stability, the state makes extensive use of subsidies and price controls.

OPEN MARKETS

Ecuador’s average tariff rate is 4.1 percent, and non-tariff barriers continue to interfere with trade. In 2012, the International Centre for Settlement of Investment Disputes (ICSID) hit Ecuador

with the largest penalty in the ICSID's history for expropriating property. Government interference in the underdeveloped financial sector is growing, and state banks have become more dominant.

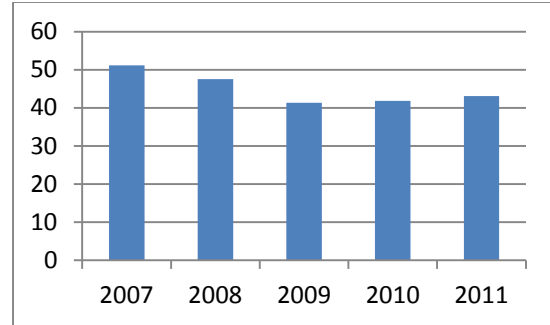
Ecuador continues to lag notably in promoting the rule of law and strengthening the legal framework. The judicial system remains vulnerable to political interference, with corruption further exacerbating institutional shortcomings. Expansionary public spending threatens fiscal sustainability.

INDEX OF ECONOMIC GLOBALIZATION

Ecuador is currently ranked as the 95th country in KOF globalization ranking, with a general average of 60 points over 100 and classifies the country as almost no Globalized.

ECONOMIC GLOBALIZATION

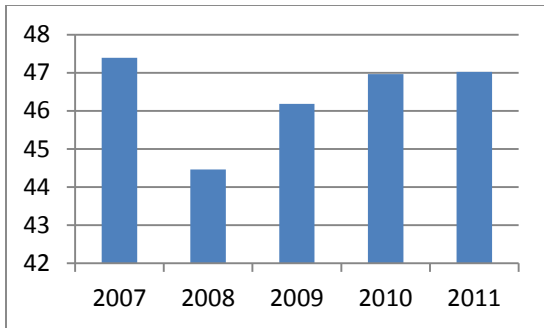
Ecuador reached the 128th position in the world, scoring 43.09 in 2011, 1.26 points more than the previous year.



Ecuador's economy has traditionally been based on agriculture, mining and fishing. Since the seventies the oil industry occupied a vital role in the development of the country, but from this century, exports of agricultural products are the real engine of economic growth. According to macroeconomic data, Ecuador is in a constant growth, gross domestic product has been tripled in the last 10 years, in the same upline is its per capita income has increased 235% over the same period. But in recent years, exports of Ecuador are down and this directly affects the economic globalization and keeps in mind that Ecuador is recovering from an economic crisis that took years ago.

SOCIAL GLOBALIZATION

Ecuador scored 47.02 in 2011 in the social globalization aspects; this positions the country as the 105th in the world, according to the KOF Index of Globalization.

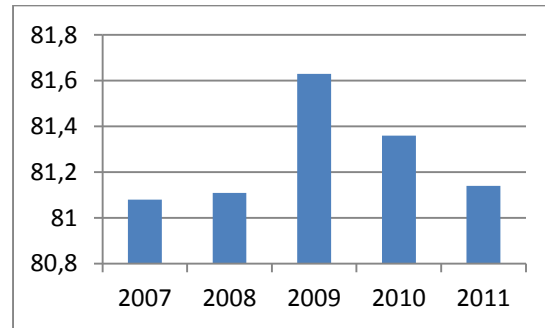


The poverty line in Ecuador in 2011 is \$ 72.87, that is if a person receives an average monthly income below that amount is considered poor in Ecuador. According to ECLAC, affiliated body of the United Nations, Ecuador in the last ten years has reduced poverty by 16 percentage points. In 2011, 32.4% of Ecuadorians live in poverty and 10.1% in extreme poverty. From December 2006 to December 2011 totaled 93,700 Ecuadorian middle class. In 2012 Ecuador will be the second biggest in Latin America reduced poverty, falling 4.7 points in one year. Inequality has also declined, the Gini coefficient fell from 0.539 in December 2006-0473 in December 2011. This means that poverty has declined, but the wealth has also been better distributed; these aspects can try the slight growth in social globalization of Ecuador.

POLITICAL GLOBALIZATION

Ecuador was positioned in 2011 as the 58th country in the world in political

globalization, scoring 81.14 in the KOF Index of globalization.

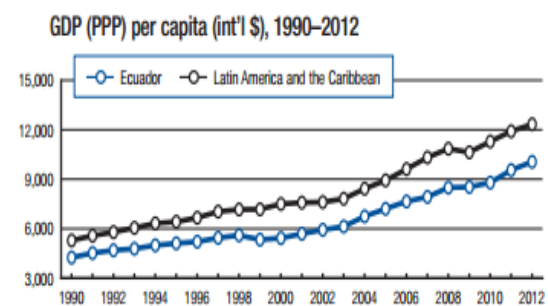


The main challenge facing Ecuador is: work on the functioning of its institutions, the lack of independence of the judicial system, inefficient operation of their resources, labor and financial markets.

COMPETITIVENESS

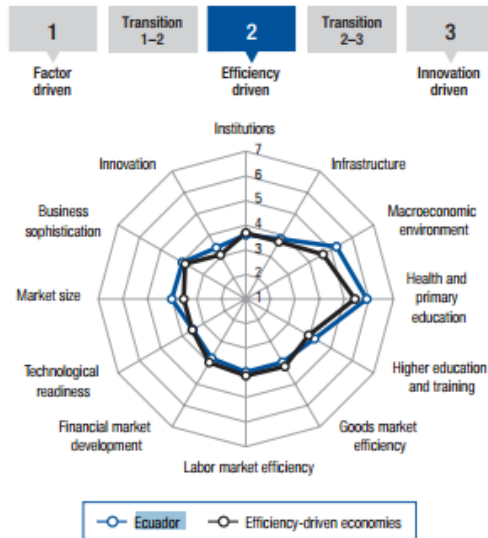
For analyzing global competitiveness index, was necessary to use the report for the year 2013-2014 since in the last report Ecuador was not included because of data availability issues.

Key Indicators, 2012



Global Competitiveness Index

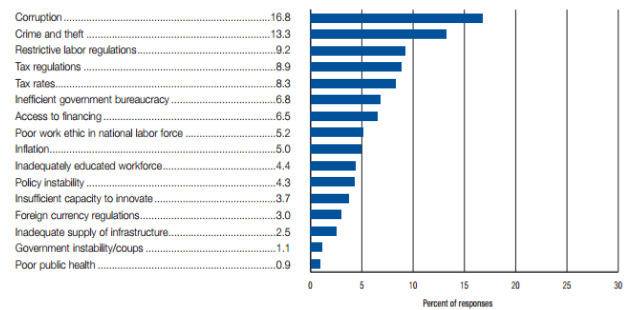
Stage of development



In the reporting year 2013-2014 Ecuador was in the 71th position in the ranking of The Global Competitiveness Index, improves by 15 places in the ranking, respect to the last year. Ecuador received a punctuation of 4.18, so its position in the ranking.

	Rank (out of 148)	Score (1-7)
GCI 2013-2014	71	4.2
GCI 2012-2013 (out of 144).....	86	3.9
GCI 2011-2012 (out of 142).....	101	3.8
Basic requirements (40.0%)	62	4.6
Institutions.....	92	3.6
Infrastructure.....	79	3.8
Macroeconomic environment.....	44	5.2
Health and primary education.....	54	5.9
Efficiency enhancers (50.0%)	81	3.9
Higher education and training.....	71	4.2
Goods market efficiency.....	106	4.0
Labor market efficiency.....	111	4.0
Financial market development.....	89	3.8
Technological readiness.....	82	3.5
Market size.....	59	4.0
Innovation and sophistication factors (10.0%)	63	3.7
Business sophistication.....	69	4.0
Innovation.....	58	3.4

The Most Problematic Factors For Doing Business



Although Ecuador has a low country credit rating (121st), maintains a stable macroeconomic condition (44a), for this reason it has been able to obtain financing and loans.

The main challenge facing Ecuador is: work on the functioning of its institutions, the lack of independence of the judicial system, inefficient operation of their resources, labor and financial markets.

According to economic reports, this development is due to improvements in efficiency factors in technological readiness, innovation, infrastructure and macroeconomic stability.

In this report the categories of FDI (*Foreign Direct Investment*) and technology transfer also had a better rating for the country, like the signing of broadband internet. Ecuador also showed a good performance of the domestic industry.

Ecuador's economy achieved significant growth allowing warn that government business management and decisive action, lead to certain levels of stability and growth prospects.

Also, thanks to the consistent economic policy, contained in the Productive Transformation Agenda, the Code of Production and Industrial Policy, the Business Confidence Index in July 2012 recorded an increase of 12.9% over the previous year.

Ecuador walks towards the diversification of production, with production bets involving strategic reduction in imports \$ 650 million and increased exports \$ 500 million through 2015. Additionally, they work in developing the institutional framework

for the creation of the Vice Ministry of Basic Industries, where large investments in strategic industries will be made.

ANALYSIS

Ecuador's economy is mainly based on agriculture, mining and fishing. The exploration and oil exports have played a major role in the Ecuadorian economy since the 1970s, however, over the last century, economic development depends on exports of cocoa and bananas, which Ecuador was the largest exporter of world for decades.

In March 2000, Congress passed a series of structural reforms that also provided for the adoption of the US dollar as legal tender. Dollarization stabilized the economy and positive growth again in the years that followed, helped by high oil prices, remittances and increased non-traditional exports.

In recent years, levels of foreign investment in Ecuador have been the lowest in the region as a result of an unstable regulatory environment, weak rule of law, and the displacement effect of public investments.

In 2013, oil production marginally reversed a downward trend and expected that production increased slightly in

2014, although prices would probably be lower than in previous years. And to give answer to these expectations the president of Ecuador, Rafael Correa, said the his economy grew 4.9% in the first quarter of 2014 despite the global economy there is a slowdown in growth.

This is good news for Ecuador since the oil sector grew the first tirmestre almost 13% while the non-oil sector grew by a significant 4.3%. But global conditions are now much more difficult for economic emerging such as the Ecuadorian.

This year there is great uncertainty in the global economy, this directly affects the Ecuadorian economic growth and thus became known in the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) where the growth forecast for the region declined from 3.2% to 2.7% in 2014, due to lower than not expected expansion in Brazil and Mexico.

Facing a 2013 trade deficit of \$ 1.1 billion, Ecuador erected technical barriers to trade in December 2013, causing tensions with its major trading partners. Ecuador also decriminalized violations of intellectual property rights, in February 2014.

In relation to the information above, we conclude that Ecuador is on good track but still needs to strengthen many economic issues so they can get to have development and competitiveness compared to different countries in the region. the role of the current president of that country, Rafael Correa, stands out for its economic and trade policies appear to have been effective.

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MEXICO



Total Area: 1,972,550 km²

Population: 114.9 million

GDP (PPP)

\$1.7 trillion

3.9% growth in 2012

5-year compound annual growth 1.6%

\$15,312 per capita

Unemployment rate: 4.8%

Public debt:

GDP - composition, by sector of origin:

Agriculture: 3.6%

Industry: 36.6%

Services: 59.8% (2013 est.)

Exports: \$ 370,900,000,000 2013 est.

Imports: \$ 370,700,000,000 2013 est.

Education: 5.2% of GDP

Military: 0.6% of GDP

Gini: 47.2

Population below poverty line: 52.3%

HDI: 0,756 World Rank: 71

(CIA World Fact book, 2014)

BACKGROUND

Geographically speaking, Mexico does not belong to South America but to North America, and for this reason it should be considered a Latin country only in terms of ethnology. Since this country's population makes it through the TOP 20 of the world's most populated places, it could be assured that it is in fact the place where the largest populations of Spanish speakers are, especially when 70% of their people are concentrated in urban areas.

Over the last two decades Mexico is surprisingly making a transition from a small economy to a widely open and diverse economy. As good as this sounds, is not without drawbacks, since there are high rates of underemployment, just as it happens in other countries of Latin America. In the case of Mexico, this affects the places of the country with various types of social concerns (such as violence or border state issues) specially the southern states. Now, there is also a major fact when it comes to economics functioning, and that is the income distribution, which most of the times is inequitable. This inequality is far more

obvious back in 2008's massive economic recession.

Current economic and social concerns include few advancement opportunities for the largely Amerindian population in the impoverished southern states, also the high rates of underemployment for a segment of the population.

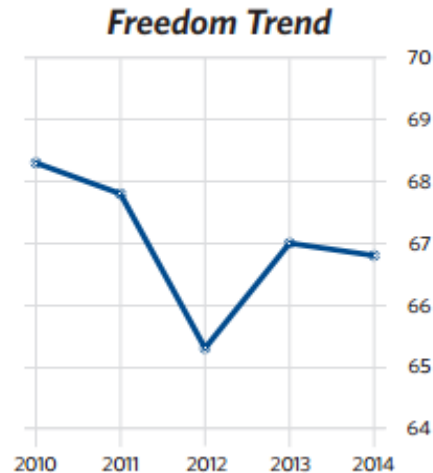
The global financial crisis beginning in late 2008 caused a massive economic downturn the following year, although growth returned quickly in 2010.

Mexican economy has a mixture of modern and outdated practices in both its industries and in agriculture. Furthermore, the Mexican economy is increasingly being dominated by the private sector. Recently, the government has made improvements in infrastructure and has opened competition in seaports, electricity generation, telecommunications, airports, distribution of natural gas and railroads; all of which is a positive action in contrast with the violence and drug troubles Mexico struggles with.

INDEX OF ECONOMIC FREEDOM

World Rank: 55

Overall score: 66.8



Rule of law

Corruption in Mexico is present in all levels of society and is a cultural factor that remains along the time, fed by and empowering monopolists, party bosses, and other mafias. Entrance of billions of narco-dollars to Mexico each year from the U.S. affects politics particularly at the state and local levels. Although contracts are generally upheld, usually courts are vulnerable to political interference, which makes them inefficient.

Limited Government

The new government has proposed a tax overhaul given that the top individual income and corporate tax rates are 30 percent, also the corporate income tax is

set to decline to 29 percent in 2014 and 28 percent in 2015. Other taxes include a value-added tax (VAT). The overall tax burden is 10.6 percent of gross domestic income. Government spending equates to 27 percent of GDP, and public debt is equal to 43 percent of domestic output.

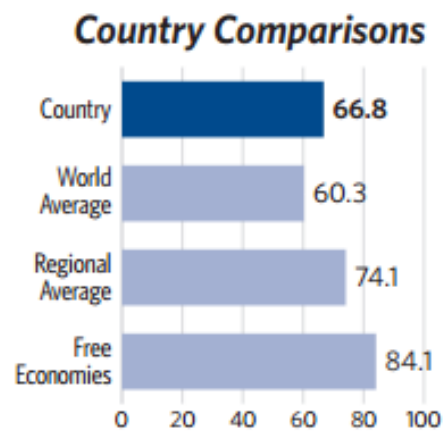
Regulatory Efficiency

In general, the process of implementation has been simplified, and there is no minimum capital required for initiation. Although it is taken six days on average to launch a business, it takes over two months to complete the requirements for licensing. Energy plans and tax reforms have been announced by the government, however it is still needed a lot of changes to reduce subsidies.

Open Markets

Mexico tariff rate on average is 2.2% and by numerous trade agreements has been achieved unilaterally reduce non-tariff barriers. Foreign investment is restricted in several sectors of the economy by the government. There is a greater openness in the financial system and strengthened the regulatory framework, however, the

domestic bank credit to the private sector accounts for less than 20% of GDP.



Although Mexico grew in the score of economic freedom in the Index, getting the 55th position in the score by showing an improvement in some aspects of market opening, fiscal management and government spending; the country still has some issues to resolve in order to improve and develop the economic freedom.

A reform initiative that was aimed to increase labor market flexibility was weakened by amendments to protect the most powerful ones in the country.

The judicial system is still vulnerable to political interference, whereas propriety rights are not protected.

Corruption is one of biggest issues Mexico is currently having and interferes with its economical freedom development.

INDEX OF ECONOMIC GLOBALIZATION

México is currently ranked as the 70th country in KOF globalization ranking, with a general average of 70 points over 100, which barely classifies the country as Mostly Globalized.

Economic Globalization

México reached the 78th position in the world, scoring 61.59 in 2011, 0.65 points more than the previous year:



Due to the high dependence of Mexico with the US, the 2008 economic crisis affected considerably Mexico's economy, the unemployment rate rose from 3,96% to 4.6% and the steady decline in oil production had a budgetary impact forced to raise taxes such as value added tax, the income tax and institute new taxes on telecommunications. However, after the crisis of 2008, which involved significant economic losses

during the 2009 economic recession, 2010 was a year of adjustments and 2011 a year of strong economic recovery for the country.

Social Globalization

Mexico scored 51.79 in 2011 in the social globalization aspects; this positions the country as the 94th in the world, according to the KOF Index of Globalization:



- Personal Contact aspects:

In mid-2013 a new law of telecommunications was created. This new law generated a reform, which had as its main task to point out a new regulator, one that would eliminate barriers to foreign investments and reduce the fees of the most dominant operators. The aim of these reforms was to make the telecommunications market more competitive in Mexico. The telecommunications sector in Mexico retains a significant growth potential over the next 5-10 years with a population of

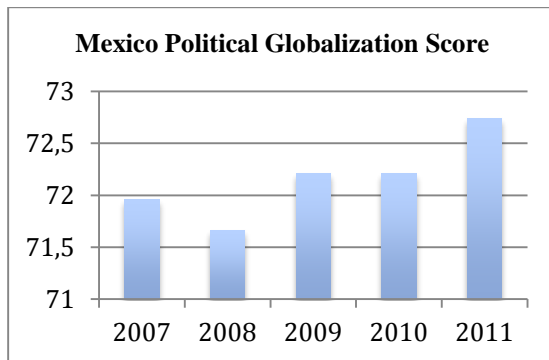
around 109 million and fixed-line teledensity of around 17%.

- Cultural proximity aspects:

The increase in foreign population during the decade from 2000 to 2010 is an important aspect that should be emphasized, since the population increase of foreigners in Mexico was of 53%: Mexico passed from 483.968 to 1.034.958 foreign residents in the country, where 738.103 of the population are from the US.

Political Globalization

Mexico was positioned in 2011 as the 80th country in the world in political globalization, scoring 72.74 in the KOF Index of globalization:

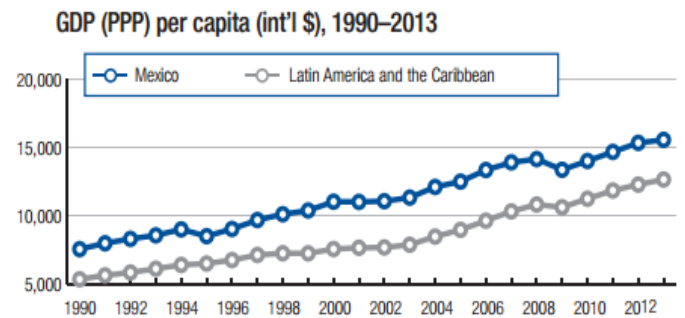


Mexico currently has 79 embassies, 72 consulates, 7 permanent missions to international organizations in the world and 6 diplomatic missions to open.

The political and diplomatic presence in Mexico, Central America and the Caribbean has improved in recent years.

Mexico currently holds forty-two consulates in Canada, and diplomatic relations with 90 countries, which include 228 international treaties and agreements involving the United States.

INDEX OF GLOBAL COMPETITIVENESS



Although the country fell six points in the ranking of competitiveness, Mexico has taken important structural reforms in the past year. The decline in the ranking reflects the perception of impaired functioning of institutions, the quality of the education system, which does not comply with the skills required by the Mexican economy; Additional to the low level of implementation of ICT. The need for effective reforms to increase the level of competition and efficiency in the functioning of markets of Mexico implementation is emphasized. There are some changes that have been recently observed, particularly in the telecommunications market. In the

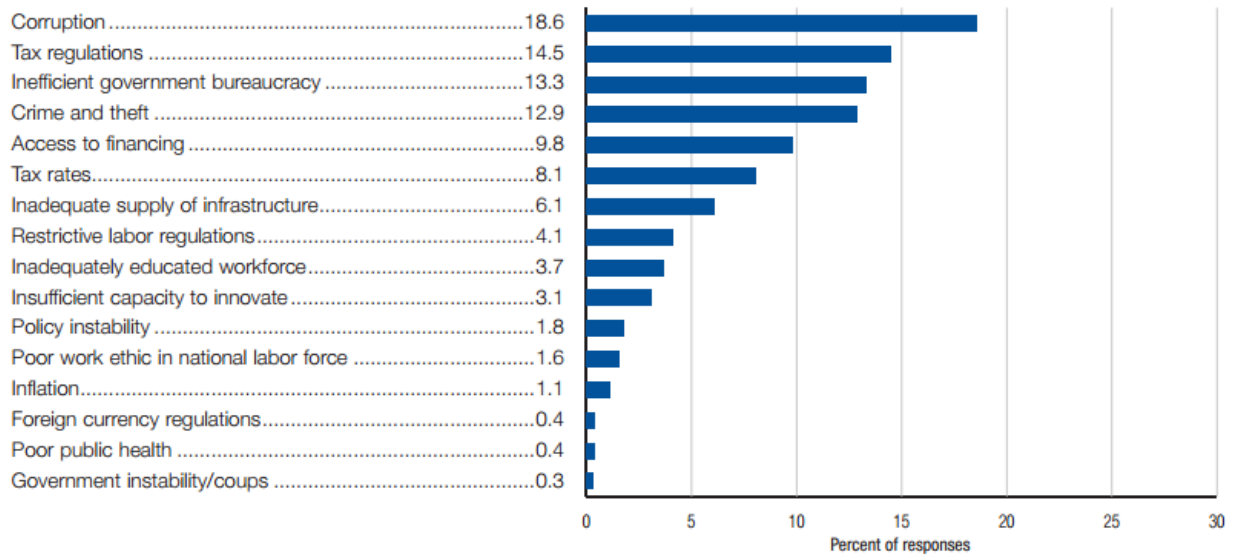
process of improving, Mexico can continue to count on its traditional strengths: a large internal market of economies of scale, a relatively stable macroeconomic environment and a lot of sophisticated business, which is very uncommon in its stage of development.

Global Competitiveness Index

	Rank (out of 144)	Score (1-7)
GCI 2014–2015	61	4.3
GCI 2013–2014 (out of 148).....	55	4.3
GCI 2012–2013 (out of 144).....	53	4.4
GCI 2011–2012 (out of 142).....	58	4.3
Basic requirements (35.9%)	69	4.6
Institutions.....	102	3.4
Infrastructure.....	65	4.2
Macroeconomic environment.....	53	5.0
Health and primary education.....	71	5.7
Efficiency enhancers (50.0%)	60	4.2
Higher education and training.....	87	4.0
Goods market efficiency.....	86	4.2
Labor market efficiency.....	121	3.7
Financial market development.....	63	4.1
Technological readiness.....	79	3.6
Market size.....	10	5.6
Innovation and sophistication factors (14.1%)	59	3.7
Business sophistication.....	58	4.1
Innovation.....	61	3.3

Mexico, in terms of competitiveness is not fully sustainable, even in environmental issues, where several factors are penalized, and in view of its lax regulations, this may be the reason for the poor performance of the country's most dimensions of Forestry, water management, fish stocks and carbon intensity. Regarding the performance of social sustainability, despite the limited coverage of the social safety net, a widespread informal economy and its relatively high level of inequality, is offset by a low level of youth unemployment, widespread access to water and sanitation.

The most problematic factors for doing business



ANALYSIS

Corruption is one of the main problems Mexico is currently facing, affecting all aspects analyzed in this report. Various initiatives for a reform in areas such as improving working conditions and entrepreneurship has been laid down to protect individuals or the government in power interests. This also explains why the economy is increasingly being dominated by the private sector, because even though the government has invested in infrastructure improvements and has worked to promote competition and business creation, private interests prevail in its decisions and strengthen the monopolies and the political interests of a few.

Corruption has also affected political globalization, as though it has increased foreign residents in Mexico during the last decades, the perception of an inequitable functioning of state institutions is not attractive to foreigners looking to invest in the country, in addition to the lack of protection of copyright, which will decrease the chances for Mexico to strengthen its economy through foreign investment.

Despite their early recovery of one of the largest recessions the country has experienced in history, so dependent economy, as is the case of Mexico with the United States, and with such levels of corruption, Mexico has a very low chance to be competitive with other economies that already have economic empowerment policies and laws seeking to manage and regulate resources efficiently.

While Mexico fails to decrease the level of corruption, shortcomings in important factors for economic, political and social growth as educational quality and improvement implementation and effective use of ICT will negatively affect the process of expansion and economic development country.

Finally, it is essential to create laws and reforms and even institutions to monitor and promote equity and strengthening the country's judicial system, which is also vulnerable to political interference.

PARAGUAY



Total Area: 406,752 sq. Km
Population: 6,703,860
GDP (p p p): \$45.9 billion
GDP - real growth rate: 12%
GDP - per capita (PPP): \$6,800
Unemployment rate: 6.6%
Public debt: 15.7% of GDP
GDP - composition, by sector of origin:
Agriculture: 20.4%
Industry: 17.7%
Services: 61.9%
Exports: \$14.7 billion
Imports: \$12.37 billion
Education: 4.8% of GDP
Military: 1.66% of GDP
Gini: 48.0
Population below poverty line: 34.7%
HDI: 0.676
(CIA World Fact book, 2014)

BACKGROUND

In the research presented below it will be unveiled with broad strokes the South American country Paraguay, is a landlocked country. The country is rich in natural resources: the world's largest drinking water reservoir (Guarani Aquifer). It's also the world's fifth largest exporter of soya beans, as well as a renowned producer of beef. Despite this, it is one of the poorest countries in South America. (BBC, 2012)

Paraguay achieved its independence from Spain in 1811. In the disastrous War of the Triple Alliance (1865-70) - between Paraguay and Argentina, Brazil, and Uruguay. Paraguay lost much of its territory. The country stagnated economically for the next half century. Following the Chaco War of 1932-35 with Bolivia, Paraguay gained a large part of the Chaco lowland region. (CIA, 2014)

The 35-year military dictatorship of Alfredo STROESSNER ended in 1989, and, despite a marked increase in political infighting in recent years, Paraguay has held relatively free and regular presidential elections since the country's return to democracy. Paraguay is located in Central South America, north east of Argentina, south west of Brazil, has total area of 406,752 sq km and they border countries

are Argentina 1,880 km, Bolivia 750 km, Brazil 1,365 km. (CIA, 2014)

Paraguay has the following natural resources Hydropower, timber, iron ore, manganese and limestone.

current issues Environment are deforestation; water pollution; inadequate means for waste disposal pose health risks for many urban residents; loss of wetlands and has international environmental agreements that are Biodiversity, Climate Change, Climate Change-Kyoto Protocol, Desertification, Endangered Species, Hazardous Wastes, Law of the Sea, Ozone Layer Protection, Wetlands, but had not ratified any of the previous agreements. The type of government that has Paraguay is constitutional republic.

Paraguay's agricultural products are cotton, sugarcane, soybeans, corn, wheat, tobacco, cassava (manioc, tapioca), fruits, vegetables; beef, pork, eggs, milk; timber.

Up to 95% of Paraguayans are mestizo, people of mixed Spanish and native American descent. Many speak the language of the indigenous Guarani; the rest are bilingual or only speak Spanish. There is a Japanese community, a legacy of post-World War II migration.

With few mineral resources, Paraguay's economy revolves around agriculture. The

1990s saw slow, steady growth, but by 2002 the economy was in serious trouble, partly because of a financial crisis in neighbouring Argentina. Emergency loans - conditional on economic reforms - were negotiated with the IMF.

Corruption is widespread and Paraguay is a centre for smuggling, money laundering and organised crime.

The triple border region, where Paraguay touches both Argentina and Brazil, has long been associated with drug-smuggling and other contraband trade.

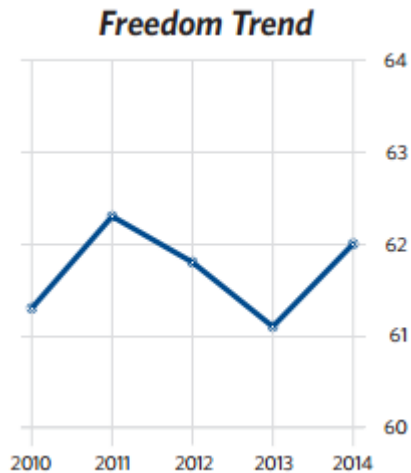
It is also home to a large Middle Eastern community, and the United States has identified it as a source of funding for Islamic militant groups - though Argentina, Brazil and Paraguay reject that allegation.

The commercialization of agriculture, population growth and forest clearances have led to a dramatic increase in the number of landless families.

This has boosted migration into urban areas and shanty towns have burgeoned. Around 60% of Paraguayans live in poverty.

Much of the north-west is taken up by the Chaco, a vast and largely uninhabited plain. (CIA, 2014)

INDEX OF ECONOMIC FREEDOM



Paraguay's economic freedom score is 62.0, making its economy the 78th freest in the 2014 Index. Paraguay is ranked 15th out of 29 countries in the South and Central America/Caribbean region, and its overall score is above the world average.

Improvements in half of the 10 economic freedoms have been outweighed by score declines of more than 10 points in property rights, business freedom, and investment freedom.

The overall entrepreneurial environment remains constrained. An overbearing regulatory framework, exacerbated by poor access to credit and high financing costs, stifles economic activity and retards the development of a vibrant private sector.

Rule of law

Corruption cases languish in the courts for years without resolution, and corruption

often goes unpunished as judges favor the powerful and wealthy. At Paraguay is very noticeable in inequality.

Limited government

The top individual income and corporate tax rates are 10 %. Other taxes include a value-added tax (VAT) and a property tax. The overall tax burden equals 13.4 percent of gross domestic income. Government spending makes up one-fifth of the domestic economy. Public debt is a modest 11 percent of GDP.

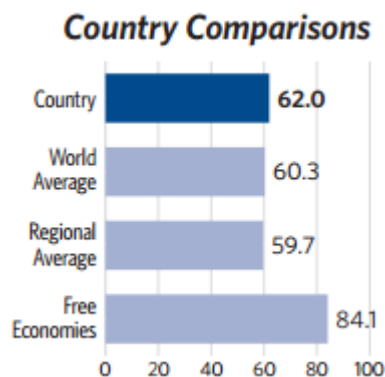
Regulatory efficiency

Exists within the regulatory a minimum capital requirement for starting a business, but the process still takes more than a month. The cost of completing licensing requirements remains almost twice the level of average annual income. The labor market's lack of flexibility hurts formal-sector job growth. State-owned companies have monopolies for petroleum products and (100 percent hydro-generated) electricity markets.

Open markets

Paraguay's average tariff rate is 4.5 percent. Tariffs provide about 13 percent of government revenue. The level of financial intermediation has been improving gradually, but an inefficient legal framework remains a considerable

impediment to the creation of a more dynamic financial sector. Capital markets remain underdeveloped.



Paraguay is a country that is fortunate to have lots of natural resources. One of the most outstanding activities of Paraguay's is energy manufacturing as livestock and agriculture.

Throughout the country large flows of water that demarcate the hydrographic network of the "cuenca de la plata", where is the Guarani Aquifer, which is considered one of the largest reserves of fresh water on the planet is going through.

In Paraguay the economic is small and open and is very dependent on agricultural production and foreign trade, especially soybeans and beef which represented approximately 40% of exports in 2013. However, the high levels of poverty and inequality remain challenges for development.

It is clear that poverty has declined in the last decade, particularly from 2011 onwards, continues to affect one in four Paraguayans, while poverty extreme one in ten.

In the last decade, Paraguay has made significant progress in relation to the macroeconomic, solid and strong results in fiscal, monetary and with the onset of major and social reforms.

One of the most important aspects in recent years has been access to free primary health care and basic education, as the growth of conditional cash transfer programs to mark on the most vulnerable populations.

Respect the recent economic development, Paraguay has experienced high volatility in growth. After a fall in Gross Domestic Product (GDP) close to 1.2% in 2012, the economy rebounded strongly with growth of 13.6% of GDP, the highest growth rate in Latin America in 2013.

The situation of international reserves continue to have very high levels, so much so that over US \$ 7.200 million at the end of August this year. The rate has remained stable in recent years.

Globalization

Globalization is an inevitable phenomenon in human history that's been bringing the world closer through the exchange of

goods and products, information, knowledge and culture. But over the last few decades, the pace of this global integration has become much faster and more dramatic because of unprecedented advancements in technology, communications, science, transport and industry.

The average index covers the economic, social and political dimensions of globalization.

Paraguay has 57.53 in index globalization, which has placed it in the 81th position. In economic globalization, Paraguay is placed in 105rd position with a score of 53.46. Regarding to social globalization, it is located in 103rd spot with 47.51. In terms of political globalization, Paraguay has 77.78 points and is the 65th country in the list respect to other countries in the world.

Economic globalization

Paraguay operates in international trade, virtually all economic sectors in the Real Sector is a supplier of raw materials, which represents most of their export, thus represents a significant fraction of GDP, currently the major markets import those goods from Paraguay are reduced aggregate demand, that will make commodity prices experience a significant decline globally, it is likely that exporters

are not yet feeling the impact, because global crisis occurred after exports most important of Paraguay, mainly grain, namely, after the business of exports of the 2008 harvest have been realized, so the true impact feel just 2009 and will extend beyond 2010, this will be so because no we affect prices, and commodities are no products to expect improvement in international prices due to the cost of storage and a number of other financial nature of the producers who must repay the loans financing the harvest that were awarded and that in the majority of cases they are short term.

Social globalization

The election process has not altered the basic social relationship; deepening social inequality and development of conflicts today are the difficulties to continue holding a representative democracy. The dictatorial legacy policy affects the present and the future.

A little over a year of governance, the implementation of a project conservative change is beginning to show its conflicting edges can be seen through the economic downturn, the development of social conflict and the loss of legitimacy of the political leadership. Promises of economic reactivation. Of fighting poverty and

fighting for social justice. Globalization based on globalization of capitalism is not absent in our country. Result is the widening gap between rich and poor and deepening inequalities and dependencies between nations of central and peripheral endangering our existence as a species and life itself on the planet.

The deficit in the Paraguay at all levels is part of the deterioration

General of the peoples of Latin America and the world impoverished and increasingly globalized. Nearly 2 million 557 thousand Paraguayans live in poverty. Between 1999 and 2003 poverty in Paraguay increased from 33.7% to 41.4% and extreme poverty (those with incomes below the cost of a basic food basket) of 15.5% to 20.1%

Education had a tough year as the authorities themselves because in 2009, became effective exchange Minister Horacio Galeano Perrone, who was replaced in office by his former deputy, Luis Alberto Riart. Thus, the emergence of influenza A H1N1 caused many students would be absent in much of the winter months which, in turn, impacted on the school calendar.

Another event that marked education this year, teachers were constant strikes and the

inability to have about 75 million in the Public Budget. Among the positive highlights that for the first time, the Education Ministry had about 5,000 items for pro bono teachers, the program was extended technology in classrooms, and an educational channel is enabled.

Political globalization

Paraguay did not follow in the 1960s and 1970s, the substitution model imports adopted by most Latin American countries, and developed by the same token, highly protectionist policies. It was thus more exposed than other countries in the region to international competition. In addition, the permeability of its borders and its institutional weakness to contain the flow of smuggled imports from Brazil and Argentina made him the most open economy in Mercosur. However, the degree of openness and low protection did that industrial production gained international competitiveness.

Indeed, Paraguay has been detained in a stadium in very low industrial development because of the economic model that favored the export of agricultural commodities; the structural constraint of the narrowness of the domestic market (relatively formal, then surpassed by the constitution of Mercosur); and also

probably to the difficulty of emerging industries to develop in the high-intensity environment of smuggling, in the absence of genuine political support factory activity.

This result is not surprising when you consider that you are growing evidence that countries that trade less with the rest of the world and whose foreign trade is highly dependent on commodity exports tend to grow less than the rest; and that countries that rely on exports of natural resources show a greater disadvantage now than before the period of intense globalization and technology in the late twentieth century changes.

On the other hand, one can not overlook that the international competitiveness depends not only on the efficiency or productivity that companies are able to develop, but also to a large extent on factors external to the firm. That is, the competitive environment including, among other variables, macroeconomic stability and institutional quality. In the case of Paraguay, high levels of corruption in public administration, weak institutions and poor enforcement of the principle of legality are factors that significantly deteriorated business climate.

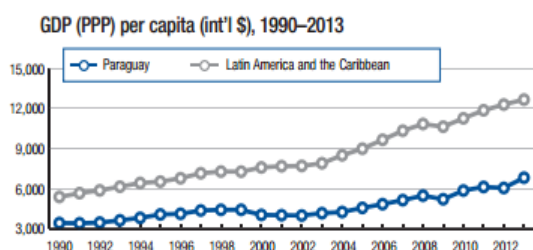
Important court cases had resolution as well as its share of surprises. The Supreme Court gave a final cut to the case Ycuá Bolaños to ratify the ruling of first instance sentenced to prison convicts major casualty in 2004. Another case that came to an end was the dismissal of the former chairman of the President Luis González Macchi, in the case of secret accounts abroad.

Several events marked the news in 2009, but the possibility of impeachment against the president, Fernando Lugo, dominated the scene. The opposition argues that there are arguments (buying land Teixeira, poor performance and even to irresponsible parenting), but also recognizes that there are limitations to the votes to carry out this process in Congress.

COMPETITIVENESS

The competitiveness of the Paraguayan production and its exports in recent years has become a major topic of discussion at the national level. While Paraguay has held for the last 20 years GDP growth and GDP per capita by an average of 3% and 1%, respectively percentage, this was not sufficient to achieve greater competitiveness and prosperity. This growth has been uneven in the different sectors of the

population and the various regions the country. So in 2010, the unemployment rate was 5.7% and the underemployment rate of 22.9%. The 34.7% of the population is in poverty, equivalent to a total of 2,197,309 persons in the population.



Overall, the statistics indicate that Paraguayan exports them six fold between 2000 and 2011 (from USD 869 million to USD 5.486 million). This increase was mainly due to the export of agricultural commodities (products with low or no processing). Note that the export of processed products has also had a significant increase, from USD 438 million to USD 2.221 million, constituting a large part of our exports, representing on average 50% for the period 2000/2011.

12 PILARES

Global Competitiveness Index

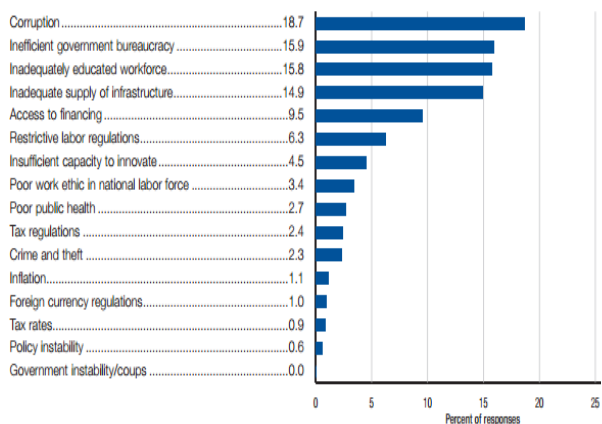
	Rank (out of 144)	Score (1-7)
GCI 2014-2015	120	3.6
GCI 2013-2014 (out of 148).....	119	3.6
GCI 2012-2013 (out of 144).....	116	3.7
GCI 2011-2012 (out of 142).....	122	3.5
Basic requirements (40.0%)	112	3.8
Institutions.....	133	2.9
Infrastructure.....	117	2.7
Macroeconomic environment.....	54	5.0
Health and primary education.....	111	4.8
Efficiency enhancers (50.0%)	112	3.5
Higher education and training.....	112	3.3
Goods market efficiency.....	92	4.2
Labor market efficiency.....	115	3.8
Financial market development.....	93	3.7
Technological readiness.....	110	2.9
Market size.....	92	3.3
Innovation and sophistication factors (10.0%)	132	2.9
Business sophistication.....	121	3.4
Innovation.....	134	2.4

According to the Global Competitiveness Index 2011 - 2012 of the World Economic Forum, Paraguay ranks 122 of 142 countries, representing a position extremely low. Key indicators that explain this low level competitiveness highlights innovation (133), low quality of institutions public (132), the lack of efficiency in the (127) labor market, the lack of a appropriate infrastructure (125), higher education (116) and the limited progress technology (112), thereby imposing significant economic costs for business and reducing the economic development process.

Additionally, the report of the World Economic Forum, The Global Competitiveness Report 2011 - 2012,

indicates that the main obstacles to doing business in Paraguay stand in order of importance: corruption (17.3%), hand force with inadequate rating (16.1%), inefficient government bureaucracy (15.1%), inadequate supply of infrastructure (10.5%), and restrictive labor laws (9.0%). Importantly, given the low tax burden in the country, the rules and tax rates listed as less influential when it comes to doing business in the country.

The most problematic factors for doing business



Analysis

Economic freedom is an important right of all people to direct their work and property. When speaking of an economically free society, individuals are free to work, produce, consume, and invest in whatever they want. In the Index of Economic Freedom mentioned several criteria are considered as property rights and corruption, fiscal freedom, government

spending, labor freedom, trade freedom, among others.

When we talk about property rights and corruption is when a person to invest in a country not at risk of being dispossessed of your company or your project while their work is conditioned or limited; when you live in a country where the government spends more than it needs, its economic freedom will be very low because the government charged more taxes or the country will have inflation.

When there is economic freedom in a country and its citizens can't be autonomous is work or to invest and people do not want to produce and choose to operate elsewhere.

The phenomenon of globalization is making a big impact on all countries, because if a country wants its products to enter and compete in the market you have to relate to other countries to be sold and there link relative to other countries.

In Paraguay there is an Executive Working Group dedicated to the implementation of the proposed Internal Control Model defines the objectives and scope of work, the working group should report very precisely the Technical Working Group, in order that it continued with the

development of Plan Design and Implementation.

This group works with performance standards, where the functions are required, and responsibilities are delegated to each of those responsible with working times, schedules and more. With regard to the definition of activities is where an internal control is implemented and implemented a standard model; when responsibilities are allocated to achieve government objectives should ensure that all activities are entirely satisfactory and well defined.

To perform a good development of all activities required a schedule where a running order and also a definition of resources required to perform all scheduled activities and subsequently trained people needed will be translated to perform all these processes as precisely as possible, so with a team of high quality internal control is implemented in Paraguay for the realization of all their activities are already being political or economic optimum as possible.

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GDP per capita (ppp): \$11,100

Unemployment rate: 3.6% (2012 est.)

Public debt: 14.9% of GDP (2013 est.)

GDP - composition, by sector of origin:

Agriculture: 6.2%

Industry: 37.5%

Services: 56.3%

Exports: \$41.48 billion (2013 est.)

Imports: \$42.13 billion (2013 est.)

Education: 2.8% of GDP (2012)

Military: 1.28% of GDP (2012)

Population below poverty line: 25.8%

(CIA World Fact book, 2014)

PERU



Total Area: 1,285,216 sq km

Population: 30,147,935

GDP (ppp): \$344 billion

GDP - real growth rate: 5.1% (2013 est.)

BACKGROUND

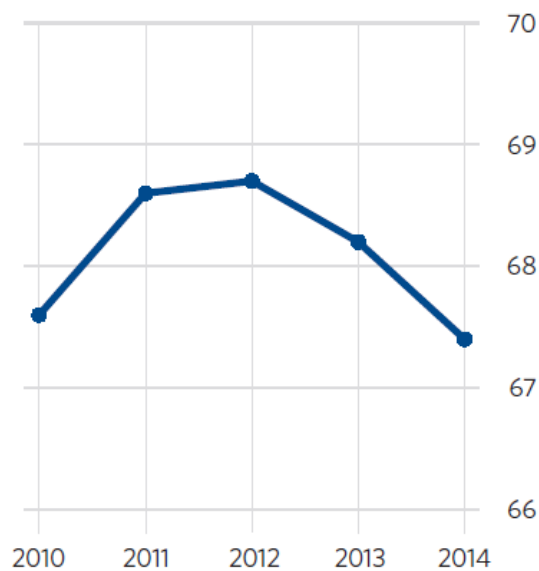
This country is between Chile and Ecuador west of South America, is smaller than Alaska, and it has a tropical climate; The desert this in the west and temperate too cold in the Andes. In this country there are many areas the land jungles Amazonian and have seashore in the western part.

The wonders of South American countries are the natural resources. In this case Peru has, gold, petroleum, fish, iron and many others. Is the second largest producer of silver and third largest copper producer. The Peruvian economy has grown in the

international prices of metals and minerals, although it's depend on this for the price increase. Agriculture is manifested in asparagus, coffee, rice, corn, oranges, medicinal plants, among other. its exports are among \$ 41,480, and imports \$ 42.13 billion. The currency of exchange rate is the US dollar; its permanent crops are at 0.66%. The concern in this country it is deforestation because much the felling of trees is illegal, in the wake of this Lima the capital city has the polluted air; Water are also being polluted. Ethnic groups are Amerindian, mestizo (mixed Amerindian and white), white, black, Japanese, Chinese, and others, the official language is Spanish, although they have the Quechua language, that is also official and other native Aymara languages (with large minor) Amazonian languages. The most important religion is Roman Catholic. Poverty is one factor that affects all countries and in Peru is 25.8%, the economic situation produced disadvantages about 2 million have emigrated to the USA, Spain and Argentina. Is a population of 30,147,935, and the 68.9% of the population buys contraceptives, more of the expenditures made for health that are of 4.8%; The doctors that graduate and then get work are

1000, but this not reaches needs of the population being that nearby of 1000 peoples go to hospitals and only there are 1.5 beds for the services of health. Now speaking of child job it is of 5 to 14 years. What stands out in this country is its flag has a red color to the side a coat of arms of the cinchona tree and yellow horn of abundance. Finally one must know that Peru is formed with a head of state that is the President Ollanta Humala Tasso and two vice presidents with 130 jobs for the congress of the republic. Through this we can see that is Peru in recent years

**INDEX OF ECONOMIC FREEDOM
FREEDOM TREND**



The economic freedom of Peru is of 67.4, for 2014 came a index of 47 in the economy the country this is due it has a weakness that is the job, being that, haven't capacity

neither processes necessary that people need for a job worthy; Peru have an improvement in trade freedom, although free trade is 0.8 lower than last year. Peru holds the position 7 out of 29 countries of the region of American, Caribbean Central and South and its overall score is above the world average. In recent years of continuous history in an improvement in economic freedom with 11 points, has improved two points to the extent of the 10 economic freedoms and thus a monetary freedom and international trade is created, in which has also improved by more than 35 points, and reinforced by the participation in the global economy on trade.

In the area of economic development are weak and becomes the long term; The judicial system is relatively inefficient

RULE OF LAW

Corruption in Peru is a problem, is a negative area that affects Peru in all aspects. when was position of ex president Alan Garcia was started an inspection by corruption in Congress, but the government of former President Alan had very few penal accusations, in 2012, many people of the Congress was under investigation for corrupt practices; this government is in one judiciary produces that distrust and in

Peru the scandals are common over corruption.

LIMITED GOVERNMENT

The income and tax rates are above 30 percent, and other taxes have the (VAT) tax and tax on financial processes. Gross national income was 17 percent in the tax burden. The leftist government has commitment fiscal policies, with this government spending falling to 19 percent of GDP and public debt is below 20 percent of GDP

REGULATORY EFFICIENCY

The starting a business has procedures that can complement and perform in Peru, has a delay of even a month and requires a minimum capital; the requirements are expensive to buy a license and this request takes much time by a answers, something important is to know that even though it is complex to create a company is growing slowly the employment and the government gives subsidies to people with little capital.

Also help with money for the growth of electricity and motor fuels of kitchen and in 2013 the subsidies for gasoline decreased in this country

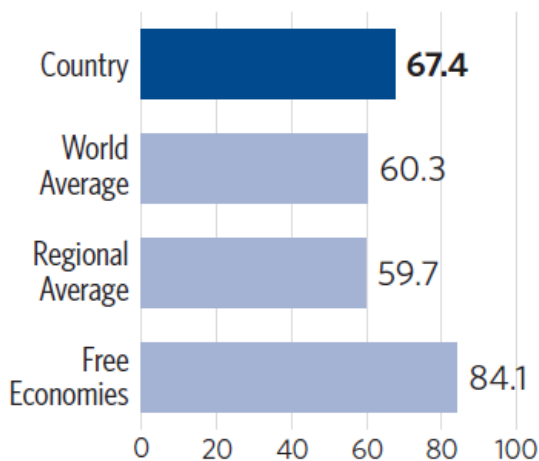
OPEN MARKETS

In 2013, in Colombia, México, Chile y Peru started proceedings free-trade called

the Pacific Alliance, for that export and import into countries can be help among them,

but in this country the government prohibits imports of used vehicles and clothing. When investment of other country start in Peru are treated equally. One problem is that Credit of private sector increased

COUNTRY COMPARISONS



Peru is a country with great potential, but they have a disadvantage in corruption because it is of enough scandals and the poverty is one factor of debility; has an economic freedom in trade advertising, and although companies are created are likely to continue to grow although their processes are slow; imports are restricted only on clothing and vehicles used is good to note that when this area is restricted in Peru is understood that the idea is to be a power in sales of cars and clothes without

competition to increase the economy of this country, too, through the corruption It has been neglected education and the idea is to invest in education and culture, when grown from within is understood that the domestic economy begins to grow strong and support internal processes to reduce poverty.

interaction with the alliance pacific economic doors opened and this also gives the country economic fruits because its history of free trade has good potential, also, will be good for that all its weaknesses become strengths the for thus their strategies are not to return the same Peru of last years, so, increases economy internal.

GLOBLIZATION

The globalization is one part fundamental of the countries, with this measured the factors in city from increases economics, cultural, policy, have a percent that help people and companies to construct one country development; is evaluated with the following percentages each globalization process:

- Very Good-100-80,
- Good-79.9-70,
- Rregular-69.9-60,
- Bad-59.9-50,
- very Poor-49.9-0,

Nothing-N/A.

Perú in the world is number 53 in globalization index, with percent 65.73 about 100% its globalization is in REGULAR condition, in economic globalization Peru this in the spot 35, with percent 75.98 about 100% its economy is in GOOD condition, now talking of social Globalization this country is the 121, with percent 42.35%, this means that Perú is VERY POOR in their processes social; the political globalization this in the spot 44, and have 85.49%, what makes us understand that the political globalization this country have in a position VERY GOOD.

Economic globalization

although in his earlier years is evidence that not it was in one good position is see reflected that the economy of Peru is located for the 2011 in one 75,98% of economic Globalization, leaving it on a regular economy



As shown in the scale of economic freedom Peru has in economic globalization of

75.98 over 100%, meaning that in 2011 the country was in good process in its economic, over the years this country strengthened in its economy following this percentage increases each year for growth in the city.

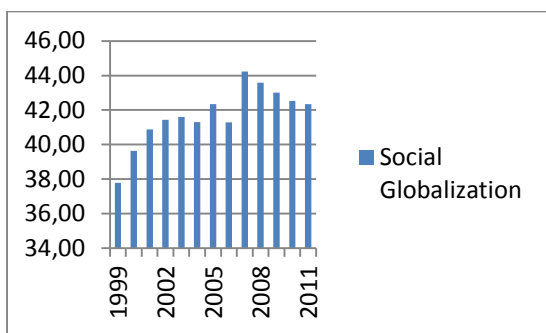
Earlier in Peru's economy was based on mining, processing and export, agricultural and fishery resources, while for the last years, this process has changed considerably with the supply of exportable goods and services, became the fifth Latin American economy.

The country's economy is affected by basic economic rights due to the weakness of the justice system is a failure in the ability to improve coordination of government, because there are social inclusion and this creates instability and conflict. In 2011, exports amounted to 46,270 million. Based on the mining products, and during the first month of 2013, there was a fall of 32% in exports compared with 2012 and too in the 2012 was a conflict with export enterprises because there was not enough money, and exports were reduced to 2, 1%. During 2012, of the 7,801 exporting companies, a total of 2465 stopped making exports due to the problems of poor infrastructure, excessive logistics costs; in 2013 non-traditional

agricultural exports fell. In this year the economy has grown thanks to the service process, construction and mining, for January to March financial, insurance and pension services grew by 12.9%, followed by construction with 5, 3%. Mining also grew 5.2%, driven by higher production levels of copper, iron, tin and silver.

Social globalization

for 2007 it was on a scale of 44.24%, what to towards a social globalization very poor, although in 2011 was at 42.35% of social globalization, is unable the comply the expectations because decreases instead of increase, this even prevents enter a string of social globalization high, because it keeps in a social globalization poor



Cultural diversity helps Perú because it promotes the development of the country with its ethnic, social, traditions, resources, regions, fauna, flora and landscape. All this means that Peru is in the eyes of the world and attracts the attention of many tourists, business leaders and rulers to help domestic economic growth.

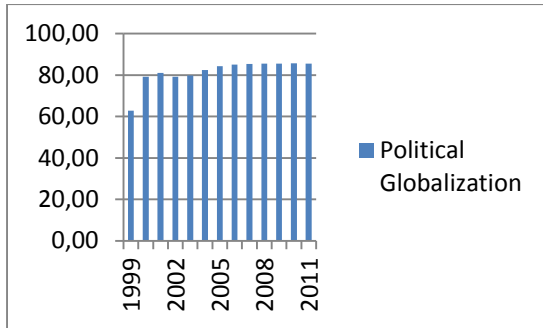
Peru is facing a crisis as companies are breaking because they are not very competitive to face the globalized world, is in the process of industrialization is slow and affects their production and trade; Peru has a telecommunications system that covers most of the territory, , is noteworthy that have airports that are rated for connection with other countries, most Peruvians has Internet.

for Peru in 2003 there were 74.4% of energy throughout the country, providing visibility at night to most population; education is managed by the Ministry of Education, but 87.73% of Peruvians three or more years old literate

Have 54 companies in Mc Donald's. According to economic freedom scale, Perú in terms of social globalization is a non-globalized country because of its score (42.35)

Political globalization

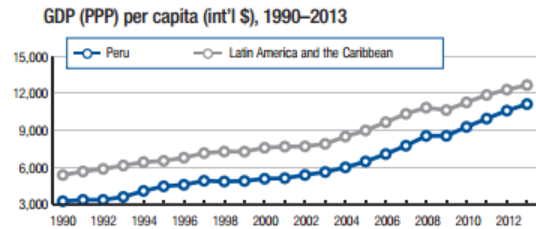
Although initially its economic globalization it was in a regular state, are can be seen that in the passing of the years is in a very good position, because in the 2011 has a political globalization in 85.49%



According to economic freedom scale, Perú about the political globalization It is a country with a political very good process in the globalization with a punctuation of (5.49)

Peru has invested in signed agreements to avoid double taxation with Brazil, Chile and Canada, too have FTAs with China, Singapore, Canada, USA and Chile. Is in the process of negotiation with México, Japan and Korea. This country has 22 embassies in different countries of the world, and into country have 13 embassies of different countries; on February 17, 1995, was signed in Brazil " Declaration of Itamaraty Peace ", where he proceeds to remove all military forces of each country, also the 1929 treaty called treaty of Lima where it ends the dispute over the territories between the provinces of Tacna and Arica

GLOBALIZATION COMPETITIVE



Although the country is growing one can show that in 1990 Peru was with a GDP (PPP) in \$3000 a sum of goods and services produced by the country very low, to elapse the years has changed its GDP (PPP) and increased enough as evidenced in 2012 that it is located on a \$ 11,000 approximately of goods and services, but it is see that has not passed to the countries of Latin America and the Caribbean, in the area of GDP (PPP)

Global Competitiveness Index

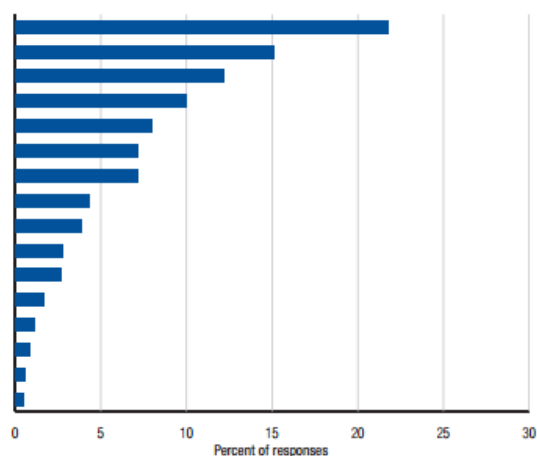
	Rank (out of 144)	Score (1-7)
GCI 2014-2015	65	4.2
GCI 2013-2014 (out of 148).....	61.....	4.3
GCI 2012-2013 (out of 144).....	61.....	4.3
GCI 2011-2012 (out of 142).....	67.....	4.2
Basic requirements (40.0%)	74	4.5
Institutions.....	118.....	3.3
Infrastructure.....	88.....	3.5
Macroeconomic environment.....	21.....	5.9
Health and primary education.....	94.....	5.4
Efficiency enhancers (50.0%)	62	4.2
Higher education and training.....	83.....	4.1
Goods market efficiency.....	53.....	4.5
Labor market efficiency.....	51.....	4.3
Financial market development.....	40.....	4.5
Technological readiness.....	92.....	3.3
Market size.....	43.....	4.5
Innovation and sophistication factors (10.0%)	99	3.3
Business sophistication.....	72.....	3.9
Innovation.....	117.....	2.8

The index of competitiveness of Peru in the year 2014 scored ranking de 65 between 144 in a score of 4.2 from 1 to 7

which tells us that even this with an economy of low sustainability. Peru is with low infrastructure which weakens the process of one competitive economy, and as infrastructure is slow, the health and primary education are in processes low growth, because the infrastructure is an area that need the education and health systems for that give fruit, as the technology not is it competitive because is not growing within the country.

The most problematic factors for doing business

Inefficient government bureaucracy	21.8
Corruption	15.1
Restrictive labor regulations.....	12.2
Inadequate supply of infrastructure.....	10.0
Inadequately educated workforce.....	8.0
Crime and theft	7.2
Tax regulations	7.2
Policy instability	4.3
Tax rates.....	3.9
Insufficient capacity to innovate	2.8
Access to financing.....	2.7
Poor work ethic in national labor force	1.7
Government instability/coups	1.1
Poor public health	0.9
Foreign currency regulations.....	0.6
Inflation.....	0.5



Peru in education has a very low improvement in quality; and technology has little growth, markets have increased, as labor has positioned, but has a deficiency in income sources, markets have increased, as labor has positioned, although, it has a recruitment process that not good.

Peru is a country where corruption is shown in high percentages, but equally it is fighting corruption, although, not reflected no changes; And therefore the quality of education and internal processes should be restructured to make technology be owned by individuals and businesses and so it will

be held for economic growth using the technology

While in the area of innovation capacity not increase, these actions require time to develop and bear fruit; although their minerals have risen in price and have a benefit in this area, the country needs more capital for growth and robustness of the system;.

ANALYSIS

Is necessary that Peru obtain a reform in the system educational because it does not meet basic needs of the population, also needs to be increased the level of competences of Peruvian economic.

The Competitiveness, economic freedom and globalization hold hands to get everyone have in common purpose, is necessary to project the education in a system that teach, and fill the head small of student to be big businessman, after taking an hourly intensity in education, all dreamers, who have a launched project to be supported by the government, if these projects are launched in the market national, the competitiveness will be taken covering internal growth, then his can launch international companies that have raised big capital to project in competences multinational, and when this process is achieved in Peru the economic freedom

barriers be open to all those wishing to increase their economy, and will be a country of great powers that include the ability to provide assistance to low-profile companies.

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URUGUAY



Total Area: 176,215 sq km
Population: 3.332.972
GDP (ppp): \$56.27 billion
GDP - real growth rate: 3.5%
GDP per capita (ppp): \$16,600
Unemployment rate: 6.5%
Public debt: 62.8% of GDP
GDP - composition, by sector of origin:
 Agriculture: 7.5%
 Industry: 21.5%
 Services: 71%
Exports: \$ 10.5 billion
Imports: \$12.5 billion
Education: 4.5% of GDP
Military: 1.95% of GDP
Gini: 45.3 (2010)
Population below poverty line: 18, 6%
(CIA World Fact book, 2014)

Background

Is located in the southern of South America, between Argentina and Brazil and bordering with Atlantic Ocean, the capital is Montevideo and is the second smallest South American country after Suriname. Is divided in 19 departments.

The official currency is Uruguayan peso and the official language is Spanish but in the frontier with Brazil the Portuguese is mixed with Spanish.

The climate is warm temperature and about the terrain is fertile. Uruguay has a natural resources such as arable land, hydropower, minor minerals and fish.

The agriculture, the livestock and the service sector that include transportation, communication and financial services are important for this country. About environmental Uruguay has a big problem with water pollution from meat packing industry and waste disposal for the above problems this country is part of an important international agreements in terms of environment such as Environmental Protocol and Climate Change Kyoto Protocol.

The Uruguay's independency was 25 August of 1825.

The president is Jose Mujica (since 1 March 2010). The president and vice-president are elected by popular vote for five years.

Uruguay has a free market economy characterized by an export-oriented agricultural sector, a well-educated work force and high levels of social spending. The principal agricultural products that this country has are rice, beef, fish and lumber and in other hand, the principal industries that the country has are food processing, electrical machinery, transportation equipment, petroleum products, textiles and chemicals.

The export commodities more important are beef, soybeans, rice and wood. And the export-partners of this country are Brazil (18, 6%), China (17, 9%), Argentina (6, 2%) and Germany (4, 3%).

The import commodities are crude oil, transportation vehicles, vehicle parts and cellular phones. The principal import partners are China (16, 4%), Brazil (14, 9%), Argentina (14, 6%), USA (9, 1%) and Paraguay (7, 3%).

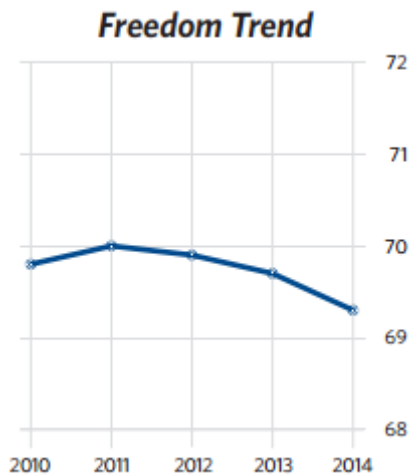
Uruguay is member of the UNITED NATIONS, MERCOSUR, OEA, UNASUR and other important international organizations.

This country is ranked first in Latin America in democracy, lack of corruption and peace.

The education is free and mandatory. The population have access to the free education since the primary until the university. One of the most important achievements of education in the country is the high rate of literacy (97, 7%) according to the I.N.E. (National Institution of Statistics in Uruguay)

About transnational issues Uruguay has a problem with the illicit drugs because has a weak border control along Brazilian frontier, increasing consumption of cocaine base and synthetic drugs. The situation in Trafficking in persons is other problem of this country, many womens and girls exploited in sex trafficking and foreign works in domestic service and agriculture are vulnerable to forced labor. (CIA, 2014)

ECONOMIC FREEDOM



The score in the Economic Freedom in Uruguay is 69.3, making its economy in the position 38 in the 2014 Index. Its score is 0.4 lower than last year, with declines in fiscal freedom, labor freedom, monetary freedom and trade outweighing improvements in freedom from corruption, business freedom and investment freedom. In comparison with countries of South and Central America also with the Caribbean region Uruguay is ranked in the 5 position.

Uruguay usually has been ranked near the upper boundary of the moderately free category because this country has government policies that promote the global trade and investment and the private sector contributes to economic growth, but the state interference in the financial sector

that not allow a more dynamic development.

Rule of Law

Uruguay is one of Latin America's least corrupt countries. This country has a transparency law criminalizes and the judiciary is independent but still is backlogged. The situation in the private property is secure, the contracts are forced and the expropriation is unlikely.

Limited Government

The index related with the limited government is that the public expenditures are equivalent to one-third of the domestic economy, the government debt is 54 percent of GDP and the overall tax revenue constitutes 27.2 percent of the economy.

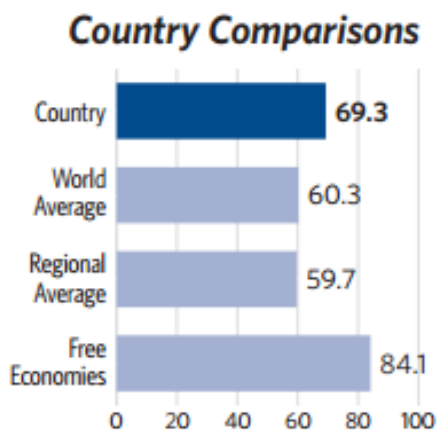
Regulatory Efficiency

The non-salary cost of employing a working is low and the restrictions on work hours are not flexible. The government shut down the state-owned oil refinery in 2011 but subsidies increased in the electricity company in 2012.

Open Markets

The average tariff rate in Uruguay is 3.8 percent. The financial sector continues to evolve, but the government is involved through ownership and allocation of credit. Capital markets are underdeveloped and concentrate on government debt.

The Index of Economic Freedom has been existed over 20 years and Uruguay has advanced over 6 points and the improvements in some of the 10 economic freedoms include: Investment freedom, trade freedom, monetary freedom and freedom from corruption, this score has improved by 20 points. (Freedom, 2014)



Uruguay is the country in the region with better distribution of income in which the “rich people” have a lower portion of the wealth generated in the county and in which the “poor people” have access to a

larger share of income, for this reason Uruguay have minimum level of indigence in comparison with other countries of the region. Nowadays exist a low rate of unemployment and the employment is in a highest level.

The growth of wages and pensions is significant for the country, Uruguayan citizens earning minimum wage but can afford a decent life.

Uruguay’s economy is the result of a highly literate population, the decrease of poverty and of a strong presence of the state, all these strategies implemented in the mandate of Jose Mujica that was part of guerrilla. He also increased the purchasing power and the wealth had a better distribution. The country has recovered for its consolidated democracy, its organization and for its high standards of welfare.

INDEX OF GLOBALIZATION

The country is in the position number 51 in the ranking of the KOF with a index of 66.04.

Three important aspects are necessary for measuring globalization: Economic, Social and Political.

Economic globalization in Uruguay is ranked in the position 60 with an index of 65.46. It exists a regime in Uruguay and exchange of economic freedom, which has more than 30 years of operation.

The inflow and outflow of foreign exchange and people is absolutely free. Uruguay was one of the first Latin American economies that evolved into a trade internationally open and unrestricted.

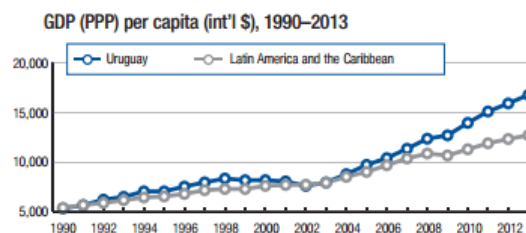
In the social globalization Uruguay is ranked 85 with an index of 54.05. Social Globalization is all concerned with the quality of life, education, security, health, etc...in these aspects the country offers a high quality of life that is hard to find in other parts of the world, this statement is affirmed by many foreigners who reside in Uruguay, who often comment that they perceive a remarkable superiority in the quality of life enjoyed in this country, compared to other parts of the world. Also is the country with the highest literacy rate in Latin America (98%) with free and compulsory education but at the same time have serious problems with drugs and

public safety because exist a high level of juvenile crime, complaint by sexual acts, delinquents and homicides.

In political globalization Uruguay is in the position number 49 with an index of 84.29. The Uruguay is distinguished by its political history. Its culture of negotiation and compromise, by attachment of the society to the ideas of political liberalism, by disregard and marginalization of the Catholic Church and the Army in the affairs of State. These and other factors contributed to give the country peaceful and democratic coexistence frame and mark with strong strokes, their peculiarities regionally. (KOF, 2014)

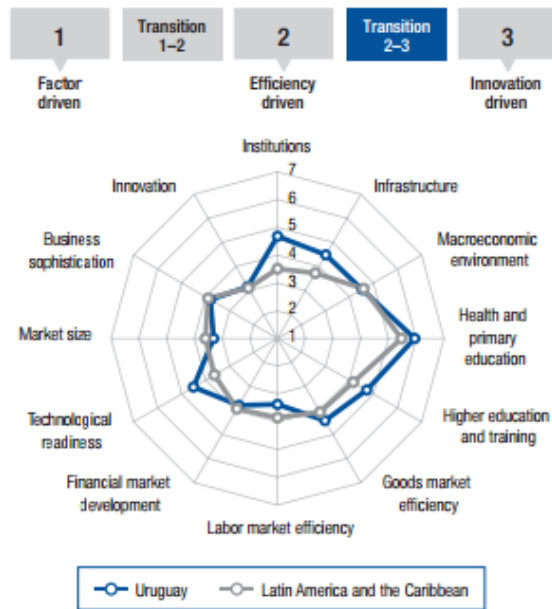
GLOBAL COMPETITIVENESS

Key Indicators, 2013



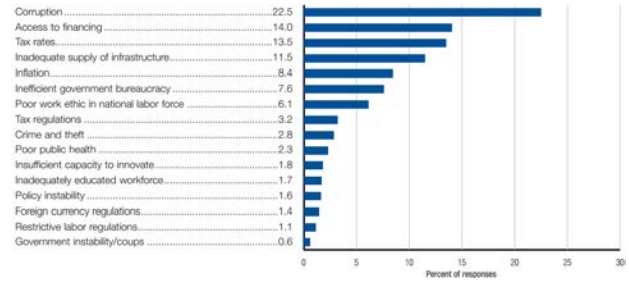
Global Competitiveness Index

Stage of development



	Rank (out of 144)	Score (1-7)
GCI 2014-2015	122	3.6
GCI 2013-2014 (out of 148).....	129	3.4
GCI 2012-2013 (out of 144).....	123	3.5
GCI 2011-2012 (out of 142).....	121	3.6
Basic requirements (60.0%)	126	3.6
Institutions	115	3.3
Infrastructure	129	2.3
Macroeconomic environment	96	4.4
Health and primary education.....	122	4.4
Efficiency enhancers (35.0%)	110	3.5
Higher education and training.....	129	2.7
Goods market efficiency	119	3.9
Labor market efficiency	27	4.7
Financial market development	81	3.8
Technological readiness.....	119	2.8
Market size.....	86	3.3
Innovation and sophistication factors (5.0%)	104	3.3
Business sophistication	109	3.5
Innovation.....	96	3.1

The Most Problematic Factors For Doing Business



Uruguay, in the latter period received a score of 4.05 points score placed him in the 85th position in the ranking, eleven points behind in the previous year.

It is important to emphasize, although there is a noticeable drop in position evidence that the major cause of the collapse was not the deteriorating conditions inside the country, was the improvement in the score received other countries on Uruguay.

On another note, from the results of the report, was possible to analyze the profile of Uruguay according to a Unsupervised segmentation or segmentation clusters. The results of this study were very similar to those presented in the graph of the Forum, placing Uruguay in the media segment and identifying countries main pillars to pay attention.

To continue on a path of growth in the long term will be essential to make special emphasis on the pillars of efficiency and innovation, since these are where Uruguay is currently laggard. (Forum, 2014)

ANALYSIS

Analyzing these three aspects are clear that exist many benefits of economic freedom, globalization and competitiveness. These aspects help that a country advances in the world and have more opportunities to expand.

Economic freedom, globalization and competitiveness are associated.

The freest countries have higher per capita incomes, lower unemployment, lower inflation, and greater poverty reduction, democratic institutions better and better environmental protection.

According to the study of economic freedom, countries that enjoy greater economic growth and poverty reduction are those who achieve consistently higher scores on a scale from 0 to 100 in this case Uruguay is considerate in a moderately free in terms of economic freedom. In economically free society, individuals are free to work, produce, consume, and invest as they please, with that protected by the state and not limited by the same freedom.

In economically free societies, governments allow the capital, labor and goods to move freely. (Freedom, 2014)

Countries with economies that foster investment, labor and productivity are among the most developed in the world.

Is important emphasize in economic globalization which involves the creation of a global market in which all tariff barriers are removed to allow free movement of capital: financial, commercial and production. With an economic globalization Uruguay will incursion in an international market more integrated.

Also is important emphasize in the social dimension. It concerns to the impact that this process has on the live and work of people, their families and societies. Also concerned to the impact of globalization on employment, working conditions, income and social protection, security, culture and identity, inclusion or exclusion and social cohesion of families and communities. Of the above aspects we can conclude that Uruguay has a high standard of living, working and education compared to other countries of the region.

Political globalization has united the world, making it one. Actually a country cannot

live isolated from the international environment. It has built an interaction between countries that are increasingly being strengthened more and more..

All the above aspects allow that a country in this case Uruguay could have competitively in the world and a competitive country generates wealth in economic growth, providing a climate of favorable business, resulting in more and better jobs and a better standard of living for population. Is important that the country invest more in innovation, infrastructure and the relationship between wages and productivity. I cite these factors because they are where Uruguay worse. This country have many patents registered, that is to say that innovation is not an advantage in Uruguay. And the country must improved in this aspect for be more dynamic with the other countries in the world. (Observador, 2012)

The strategy of President Jose Mujica focuses on four areas in which the progress of the country could be more competitive: public education, safety, environment and energy. It appears that the Uruguayan people support that the political continue with the development in these aspects. (Pais, 2012)

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VENEZUELA



Total Area: 912,050 sq. km
Population: 28,868,486
GDP (ppp): \$13,600
GDP - real growth rate: 1.6%
GDP per capita (ppp): \$13,600
Unemployment rate: 7.9%
Public debt: 34.2% of GDP
GDP - composition, by sector of origin:
Agriculture: 7.3%
Industry: 21.8%
Services: 70.9%
Exports: \$91.78 billion
Imports: \$59.32 billion
Education: 6.9% of GDP
Military: 1.05% of GDP
Gini: 39
Population below poverty line: 31.6%
HDI: 0.76. World Rank: 93

BACKGROUND

Venezuela is widely known for its petroleum industry, the environmental diversity of its territory, and its natural features.

Hugo Chavez was president from 1999 to 2013, sought to implement a Socialism system, which purported to alleviate social ills while at the same time attacking capitalist globalization and existing democratic institutions. His successor, President Nicolas Maduro, continues Chavez's socialist programs.

Social investment in Venezuela during the Chavez administration reduced poverty from nearly 50 % in 1999 to about 27 % in 2011, increased school enrollment, substantially decreased infant and child mortality, and improved access to potable water and sanitation through social investment. During these governments, a lot of social programs were developed in some aspects such as: education, nutrition, healthcare, and sanitation thanks to petroleum incomes (CIA, 2014).

As soon as Chavez came to power in 1999, more than one million predominantly middle- and upper-class Venezuelans

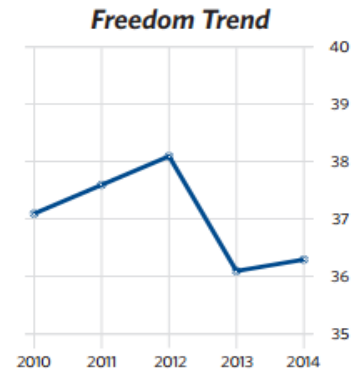
emigrated, because of a repressive political system, lack of economic opportunities, steep inflation, a high crime rate, and corruption. Most of them emigrated to Canada, Colombia, and the United States (CIA, 2014).

Venezuela remains highly dependent on oil revenues, which represents 96% of export earnings, about 45% of budget incomes, and around 12% of GDP (CIA, 2014).

Former President Hugo Chavez's efforts to increase the government's control of the economy by nationalizing firms in the agribusiness, financial, construction, oil, and steel sectors hurt the private investment environment, reduced productive capacity, and slowed non-petroleum exports.

Yet most Venezuelans live in poverty, many of them in shanty towns, some of which sprawl over the hillsides around the capital, Caracas (BBC, 2014).

INDEX OF ECONOMIC FREEDOM



Economic freedom is a fundamental right of every human to control his or her own labour and property. In terms of economy, a free society, individuals are free to work, produce, consume, and invest in any way they want. Moreover, in free societies, governments allow labour, capital and goods to exchange freely, and renounce from coercion or constraint of liberty beyond the extent necessary to protect and maintain liberty itself (TOVAR, 2012).

Economic restrictions in Venezuela have been generating bad results in trade freedom, rule of law, competitiveness and entrepreneurship. This is reflected in the country score under the 2012 Index of Economic Freedom. In spite of going up a step and ranking 174 out of 179 economies, Venezuela is still in the worst conditions for growth and economic freedom.

Venezuela's economic freedom score is 36.3, which becomes its economy the 175th freest in the 2014 Index. Venezuela is ranked 28th out of 29 countries in South and Central America and Caribbean region.

Venezuela's economic freedom has been decreasing 23.5 points, which means the worst decline of any country. Some categories such as: property rights and the area of market openness have had significant losses.

Rule of law

Little by little Venezuelan political system starts turning into a black shade where there isn't anyone who could change that situation. Corruption and inflation is going up and no one can do anything about it.

Government size

Government expenses have reached 40% of GDP; the public debt is increasing up to 60% of growth domestic product.

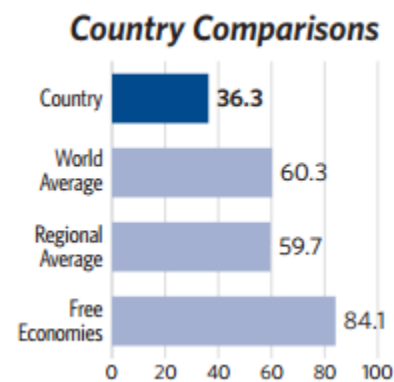
Regulatory efficiency

There is no a minimum capital to create business, but this process could have been taking 27 procedures and 100 days. The labour market remains under state control.

Open markets

Venezuela's average tariff rate is 8.6 percent. There are not tariff barriers restrict imports of cars and agricultural products. Therefore, it could take a lot of time to import goods. Restrictive currency controls, expropriation of private property, and other government measures discourage foreign investment. Banks are controlling the financial sector, which has remained under state control.

Long-term finance is scarce.



After the death of Hugo Chávez in 2013, which led to elections where Nicolas Maduro won and became his successor. At that time Venezuelans had been living more than 14 years of socialism, therefore political freedom there wasn't. Food is running out of, inflation is rising, corruption is spreading, and the capital, Caracas, becomes as one of the most dangerous cities in the world.

Economic freedom is very important for any country, because it's an indicator that measures quality life. Currently, it's widely known that Venezuela has the worst level of economic freedom according to the Heritage Foundation, which doesn't allow to citizens to have good life conditions.

Venezuelan crisis is the result of a radical government change which was promoted by The ex-former president Hugo Chavez, who wanted to get the support of citizens, fed up of the corruption of the last governments whose led to Venezuela to a revaluated populist socialism, with a high corruption level too, but with an extra ingredient: "the popular help", gave him an important legitimacy to get a constitutional reform in order to keep running Venezuelan political System during the last years of his life. Therefore, the remaining of those ideas which have this country into a very deep economic and social crisis that no one had ever seen before.

Venezuela situation is every time more difficult as long as the time goes by, in economics and social aspects, which isolates this country from opened markets. For example, if someone wants to

export a 20ft container to Venezuela, it will take 49 days and the cost per load is USD2.590, which represents 50% more than any other product in Latin-America. Besides, for creating business in another country it takes 141 days more than you could spend on any other region. This is a sample which shows all the barriers are imposed for countries who want to trade with Venezuela.

GLOBALIZATION

Globalization is well-known as the process that decreases national boundaries and integrates economies, cultures and technologies in order to generate interdependence among them.

The average index covers the economic, social and political dimensions of globalization.

Venezuela has 51.63 in index globalization, which has placed it in the 104th position. In economic globalization, Venezuela is placed in 127th position with a score of 43.38. Regarding to social globalization, it is located in 100th spot with 49.01. In terms of political globalization, Venezuela has 66.94 points and is the 95th

country in the list respect to other countries in the world.

Economic globalization

According to economic freedom scale, Venezuela, in terms of economic globalization is a non-globalized country.

Venezuela keeps restrictions on professional services, audiovisual services, and telecommunications services. Moreover, in any company with more than ten workers, foreign employees are restricted to 10% of the work force, and Venezuelan law limits foreign employee salaries to 20% of the payroll.

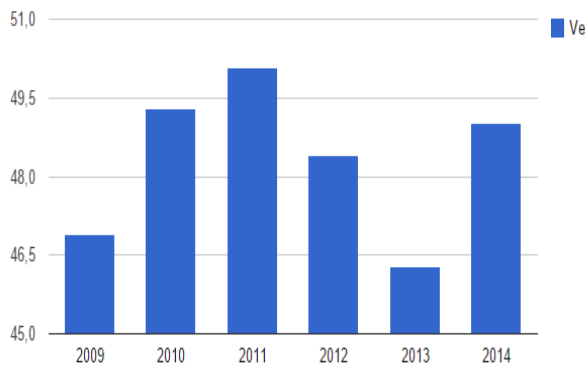
Between 2008-2010 Venezuela had been nationalizing a lot of companies such as: banks, cement companies, gas stations and a large amount of companies who are involved in agricultural products. In addition, Venezuela was withdrawn from the Andean Community in April 2006, because President Chavez did not agree with the policy that countries who belong to this community kept in touch with USA (Demetrios, 2013).

Foreign investment has been restricted in the petroleum sector. The exploration, production, refinement, transportation, storage, and foreign and domestic sale of hydrocarbons are reserved to the state.

Social globalization

On the other hand, social globalization has three dimensions: personal contacts, information flows, and cultural proximity. The sub-index on personal contacts includes international telecom traffic, degree of tourism, transfers, foreign population, and number of international letters. The sub-index on information flows includes number of internet users, share of households with a television set, and trade in newspapers. The sub-index on cultural proximity includes trade in books and number of McDonald's restaurants and Ikea located in a country.

According to economic freedom scale, Venezuela, in terms of social globalization is a non-globalized country because of its score (49.01). In the graph below the last 6 years score are shown in this aspect (The Swiss Institute of Technology in Zurich, 2014).



Political globalization

According to economic freedom scale, Venezuela, in terms of political globalization is almost non-globalized country (66.94 points).

Venezuela has acceded to the most of the international conventions regarding to: armed conflict, human rights, weapons, counter-terrorism and international crimes.

Venezuela takes part into the Geneva Conventions, but it doesn't belong to the convention on environmental modification in armed conflict. In contrast, Venezuela belongs to the most of the conventions and protocols regarding to means and methods of warfare including those concerning to the use of gas, chemical weapons, biological weapons, and the 1980

convention about certain conventional weapons that are indiscriminate or unnecessarily harmful. It is also belongs to the Ottawa Convention on anti-personnel mines, although not to the new convention on cluster bombs.

Almost all the major human rights conventions have been acceded to, with the exception of the disability rights and migrant workers' rights conventions. Venezuela is also a party to most of the protocols to the human rights conventions.

Finally, regarding to international crimes, Venezuela is a party to the Rome Statute of the international criminal court, the convention on genocide, and the main counter-terrorism conventions. It's important to take into account that has not acceded to the convention concerning the removal of statutory limitations on war crimes, or the slavery convention yet. (Geneva Academy of International Humanitarian Law and Human Rights, Switzerland , 2014).

On the other hand, Venezuela has 96 foreign ambassadors such as: Argentinian, Armenian, Belgian etc. (sa, 2014).

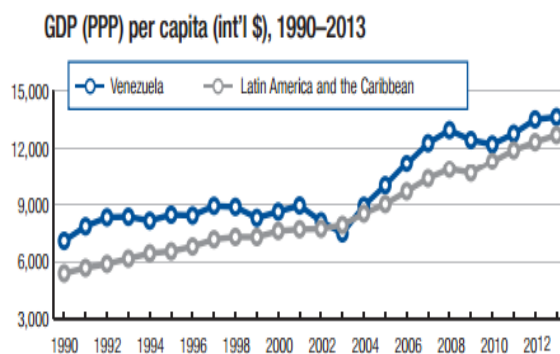
COMPETITIVENESS

The situation of Venezuela is getting worse, instead of getting better.

Venezuela has been submerged in a very deep macroeconomic crisis, with high levels of inflation and corruption, public debt, and deficit combined with a weak government which does not allow distributing all resources as should be.

Therefore, all these problems delay processes required to achieve important assets such as: well educated population.

The next chart shows, Venezuela GDP growing between 1990-2013. In 2013 had a peak reaching USD12.472.



The Global Competitiveness index is composed by 12 pillars of competitiveness, as are shown: Basic requirements

(Institutions, Infrastructure, Macroeconomic Stability, Health and Primary Education); Efficiency enhancers (Higher Education and Training, Goods Market Efficiency, Labour Market Efficiency, Financial Market Sophistication, Technological Readiness, Market Size), and Innovation and sophistication factors (Business Sophistication, Innovation).

These pillars are shown in the following chart with its scores and ranking respectively.

Global Competitiveness Index

	Rank (out of 144)	Score (1-7)
GCI 2014-2015	131	3.3
GCI 2013-2014 (out of 148).....	134	3.4
GCI 2012-2013 (out of 144).....	126	3.5
GCI 2011-2012 (out of 142).....	124	3.5
Basic requirements (56.0%)	131	3.4
Institutions	144	2.1
Infrastructure	121	2.6
Macroeconomic environment	139	3.1
Health and primary education.....	87	5.5
Efficiency enhancers (38.0%)	124	3.3
Higher education and training.....	70	4.3
Goods market efficiency	144	2.8
Labor market efficiency	144	2.6
Financial market development.....	131	2.9
Technological readiness.....	106	3.0
Market size.....	40	4.6
Innovation and sophistication factors (6.0%)	135	2.7
Business sophistication	134	3.0
Innovation.....	137	2.4

As we can see, Venezuela has got 3.35 points in 2014 in the Competitiveness Index published by the World Economic

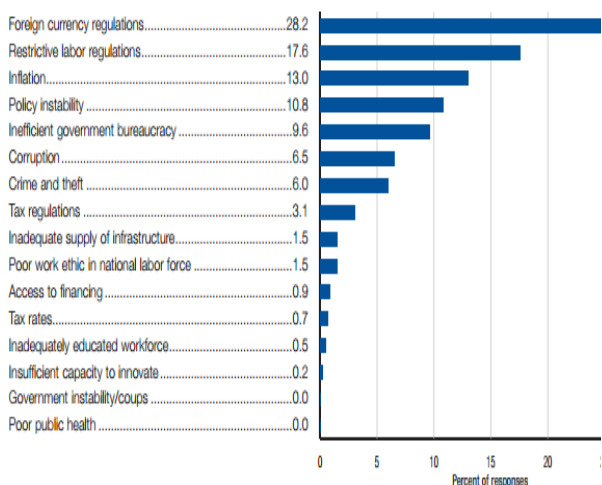
Forum, which measures how a country uses its resources and how to provide well conditions to habitants.

This score places Venezuela in 134th position, therefore, this country has a deficient world competitiveness level.

The following chart summarizes the most problematic factors seen by executives in Venezuela’s economy for doing business.

According to the next chart, it’s important to take into account that foreign currency regulations, restrictive labour regulations and inflation are the most outstanding barriers that executives face at doing business in Venezuela.

The most problematic factors for doing business



Analysis

Venezuela has a lot of natural resources, which could become it as one of the most important south american economies, but the last governments have had a negative impact on its economy.

Currently, Venezuela is deeply immersed into a dark and dense layer of corruption which does not allow to increase its incomes and make its economy far stronger.

Competitiveness and economic freedom measure how strong a country is. Productivity and competitiveness are quite closed, because they both depend on each other. The more productivity a country has, the more competitive it will be.

Every time is heard: prices are rising, and food is running out of and productivity is decreasing, so that, the low-class people suffer the consequences of this economic crisis.

In spite of this devastating problem, Venezuelan government instead of looking for a solution, it is focus on keeping an unfinished struggle against other countries

which could be one way to help it to get out of this dramatic situation.

Too many citizens start worrying about their economic future because, there is not any hopes for them, so that, emigration becomes as one of the easiest ways to solve this economic problem.

Moreover, Venezuelan high-social class is facing a terrible situation because Venezuela's government does not give them any support.

Generally this social class provides employees, speeds up economies in any country.

It's widely known that trade balance in any country defines how strong an economy is. However, Venezuelan government is not willing to give up and open its markets to the world easily to become more competitive and get out from this problem. Although Venezuelan exports are far higher than imports, this country imposes some barriers in order to make more difficult the exchange of goods and services among several countries.

Venezuela has a competitive advantage on petrol, but this country has not realized how

important it could be for its economy, because this natural resource is not being well-worked in a positive way for the wellbeing of the population.

After the description in detail of the aspects mentioned before such as: globalization, economic freedom and competitiveness, Venezuela is not well marked. Too many people think that these results are cause of a bad direction since Former Chavez arrived to power (CIA, 2014).

These three aspects have a special bond, because they are interdependent, and show how stable a country is in economic, political and social terms.

Venezuelan government should start opening its markets with the world in order to increase and improve its economy, as long as, trade barriers are reduced in terms of tariffs, quotas, and commodities.

If this happens, abroad investment will be coming, employment rates are increasing, the population will be motivated to get a lot of goods and services and different countries could be interested in exporting products to Venezuela. All of the above mentioned will improved and increase Venezuelan GDP (BBC, 2014).

On the other hand, education cannot be isolated, because well-prepared people could work together to fight against social poverty and social inequality and at the same time to get better working conditions. In conclusion, while Venezuela continues with this type of government, citizens will never get good life conditions.

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