

## 2011 IT INDUSTRY COMPETITIVENESS INDEX

# Chile

### OVERALL RANKING

COUNTRY	2011 RANK	2011 SCORE	2009 RANK	2009 SCORE
United States	1	80.5	1	78.9
Canada	7	67.6	4	71.3
<b>Chile</b>	<b>32</b>	<b>43.2</b>	<b>27</b>	<b>46.1</b>
India	34	41.6	44	34.1
China	38	39.8	39	36.7
Brazil	39	39.5	40	36.6
Mexico	44	37.0	48	32.0
Argentina	45	36.2	41	36.5
Russia	46	35.2	38	36.8
Colombia	49	33.7	52	28.4
Peru	55	25.5	55	26.0
Venezuela	58	24.5	57	24.4
Ecuador	59	23.1	60	22.7
OECD	—	57.3	—	57.1

### HIGHLIGHTS

- > Despite falling back in the IT industry competitiveness table this year, Chile remains the Latin American region's leader and strongest performer.
- > Solid gains were recorded in the categories of IT infrastructure and support for IT industry development, but there was a marked decline in the R&D environment score.

Chile boasts the world's highest score in government technology neutrality, thanks to its avoidance of 'picking winners' among industry players or technologies. Chile has fallen back to 32nd place worldwide for IT industry competitiveness, from 27th in the previous Index update. This is due primarily to a decline in its R&D environment score, and specifically in the level of its IT-related patent activity. Notwithstanding this, the country remains the most conducive environment for IT producers in the Latin American region.



## ABOUT THE INDEX

The IT Industry Competitiveness Index gauges the information technology (IT) industry environment of 66 countries by assessing the enablers of competitiveness and determining their relative importance in IT sector performance. Now in its fourth year, it is the centerpiece of a major program of research, created by the Economist Intelligence Unit for the Business Software Alliance, into the forces that drive the competitiveness of countries' IT industries.

A complete description of the Index indicators, scoring methodology, and definitions, as well as written analysis, case studies, video interviews and other content, can be found at [www.bsa.org](http://www.bsa.org).

**Business environment:** Ranked 6th worldwide for the quality of its business environment in relation to the IT sector, Chile's score improved slightly in 2011 thanks to an upgrade in its marks for openness to foreign investment, already one of the most liberal approaches in the world. The Economist Intelligence Unit also accords the country its top marks for private property protection and the high degree of freedom for businesses to compete domestically.

**IT infrastructure:** Chile has registered solid progress in this area of IT industry competitiveness since 2009, its category position rising four places to 35th. Domestic spending on hardware, software and IT services has increased steadily in recent years, and PC ownership has also been on the rise. Penetration of mobile subscriptions is well over 100%, and broadband adoption, although still low in comparison with other OECD members, has breached the 10% level.

**Human capital:** The country's performance in this area has been steady, although its category rank fell by one place to 35th globally. Enrolment figures have increased slightly since the last study; however, when it comes to higher education, Chile trails both Venezuela and Argentina in the share of university-age people studying in tertiary programs. In terms of the size of its IT sector workforce and its pool of advanced science & engineering students, Chile does not offer the advantages of other regional countries with strong technology sectors, such as Brazil and Mexico. However, the quality of its technology education, and consequently the skills of its IT workers, is accorded a positive assessment — the best in Latin America.

**R&D environment:** A significant fall-off recorded in IT patent filing activity in the years covered by the study has resulted in a sharp decline for Chile in this heavily weighted category, and is the primary cause of the country's drop in the overall Index. Its R&D score has plummeted 21 places to 52nd, putting it behind Brazil, Argentina, Mexico and Colombia. Private and public sector R&D spending have increased, on the other hand, as have receipts from royalty and license fees. Chile boasts one of the region's most liberal policies on licensing.

**Legal environment:** Chile's ranking in this category remains unchanged at 28th place. IT and other producers enjoy the strongest system of legal protection for intellectual property (IP) in Latin America. Its score for enforcement has been upgraded due to increased efforts by the government to bolster efforts in this area, including the increasing of penalties for IPR infringement. Electronic signature and cybercrime laws are in place, although this is not yet the case when it comes to data privacy.

**Support for IT industry development:** Rising three places in the category rank to 13th place, Chile owes its advance in support for IT industry development to a slight improvement in the score for public procurement of IT. The country's strongest plank in this category is the high score it earns in government technology neutrality — above all other countries in the Index. This means the government studiously avoids 'picking winners' among industry players or individual technologies, and generally maintains an even-handed approach to sector development.