

2011 IT INDUSTRY COMPETITIVENESS INDEX

Peru

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
Chile	32	43.2	27	46.1
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

- > Peru's overall position in the IT Industry Competitiveness Index is 55th globally, which is unchanged from 2009.
- > IT infrastructure, human capital and the R&D environment are particular areas of weakness, with a decline in the latter category contributing most to the half point fall in Peru's overall score.
- > On the positive side, the overall business environment for IT producers is improving, with particular progress in strengthening private property protection and reducing red tape.

Peru remains in the lower quintile of the IT Industry Competitiveness Index, at 55th position in 2011. Within the Latin American region its position also stands unchanged at 6th, just behind Colombia and ahead of Venezuela and Ecuador.



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.

Business environment: The overall business environment in which IT producers operate is the main area of Peru's improvement in the 2011 Index, the country advancing three places in the category table to 49th. Particular progress has been registered in two areas: the institutional protections accorded to private property, and the level of regulation involved in establishing new businesses. The World Bank notes that the time required for starting a business declined from 41 days to 27 days between 2009 and 2010.

IT infrastructure: By contrast, infrastructure is one of the weaker areas of the IT industry environment in Peru. Its rank in this category remains at 54th as in 2009, although slight improvements have been recorded in each of the indicators. Ownership of personal computers remains below 20% of the population; the government's PCs for schools program is also understood to have lost momentum. Adoption of broadband by individuals and businesses is below 5%, although it is not the lowest level in the region. Mobile subscriptions penetration, however, increased to close to 80% at end-2010, according to Pyramid Research.

Human capital: This is another area of weakness: Peru comes last in the region (62nd globally) when it comes to development of human capital for the IT industry. Enrolment levels in higher education are no more than 34% of the university age population, according to UNESCO. (By contrast, the corresponding figures in Venezuela, Argentina and Chile are above 50%, and in the US — nearly 80%). A positive note is that the pool of students enrolled in tertiary science courses is estimated to be smaller than only Brazil's and Mexico's in the region, although the quality of technology skills and training gets low marks from the Economist Intelligence Unit.

R&D environment: When it comes to this critical aspect of IT industry competitiveness, Peru fares poorly both in regional and global comparison (last in the region and 60th in the global category table). There has also been a significant deterioration in Index terms since the previous study, with IT patent filing declining (based on data from the World Intellectual Property Organization) and receipts from royalty and license fees also down. Public and private-sector spending on R&D, on the other hand, although extremely low in per capita terms, have increased from previous levels, according to UNESCO data.

Legal environment: Peru's overall IT industry competitiveness also suffers from a relatively weak legal environment: it ranks second to last in the Latin American region (although considerably higher than Venezuela) and 51st in the world, a fall of one place from 2009. Protection of intellectual property (IP) is rated as poor by the Economist Intelligence Unit. Enforcement, however, is seen to have improved of late, although the country remains on the USTR Watch List. A positive feature is the existence of legislation governing electronic signatures.

Support for IT industry development: Neither does Peru score highly when it comes to government support for IT industry development. It ranks 53rd in the world (5th in the region) in this category, down one place from 2009. Firms' medium term access to investment capital is limited, and public procurement of IT has declined in recent years. The government does a better job than some others in the region, however, in following a technology-neutral approach to procurement and overall industry policy.