

SNAPSHOTS

DOING BUSINESS 2016
ASIA-PACIFIC ECONOMIC COOPERATION (APEC)

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This snapshot analyzes Asia-Pacific Economic Cooperation (APEC) progress in the World Bank Doing Business 2016 report. It focuses on the priorities chosen for the first (2010-2015) and second (2016-2018) APEC Ease of Doing Business (EoDB) Action Plans: 1) Starting a Business, 2) Getting Credit, 3) Trading across Borders, 4) Enforcing Contracts, and 5) Dealing with Permits.

In 2009, APEC leaders launched the first EoDB Action Plan to make it easier, cheaper, and faster to do business within APEC economies by 2015. It set a target of 25% improvement in selected indicators, with an interim target of 5% improvement by 2011. After the expiration of the first Action Plan in August 2014, the APEC Economic Committee (EC) agreed to develop a second EoDB Action Plan (2016-2018) that would: a) continue to focus on the existing five priorities EoDB areas, b) run for a period of three years, and c) set an APEC-wide target of 10 percent improvement in the overall EoDB score by 2018. Some APEC economies volunteered to serve as “Champion Economies,” coordinating the work program, managing capacity building, and providing technical assistance for each of the five EoDB priority areas.

This snapshot uses one of two overall scoring methodologies used by the World Bank Doing Business 2016 report to reflect progress: Distance to Frontier (DTF). The other methodology is country ranking. DTF shows the distance of each economy to the best performing economy observed in each of the indicators in the Doing Business sample since 2005. An economy’s distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. Percentage improvements under this methodology do not, therefore, reflect percentage improvements against the performance goals set by APEC.

APEC EoDB PERFORMANCE 2010-2015

On overall EoDB scores, the Philippines (9.3 percent); Chinese Taipei* (7.7 percent); and Vietnam (4.5 percent) improved the most since 2005. In 2015, APEC economies were ranked from 1 (Singapore) to 145 (Papua New Guinea) out of 189 world economies. Nine APEC economies received a better score than the OECD average. Papua New Guinea (-11.1 percent); Hong Kong, China* (-5.6 percent); and Singapore (-5.5 percent) regressed the most from 2010 to 2015. The average ‘Trading across Borders’ score decreased by 8.6 percent for APEC economies from 2010 to 2015, the most among the five priority indicators. Among the five priorities, APEC increased the most (5.8 percent) on the ‘Starting a Business’ indicator.

APEC Priority Areas EoDB 2010-2015	APEC Change 2010-2015	Lowest APEC Performer - 2015	Highest APEC Performer - 2015	Champions Economies 2016-2018
Trading Across Borders	-8.6%	Russia	Korea	Singapore and Malaysia
Getting Credit	-7.6%	Papua New Guinea	New Zealand	Mexico and the United States
Enforcing Contracts	0.2%	Indonesia	Singapore	Korea and Hong Kong, China
Dealing With Construction Permits	2.3%	China	Singapore	Singapore
Starting a Business	5.8%	Indonesia	New Zealand	New Zealand and the United States

Note: The following APEC economies did not have overall DTF score for 2010: China, Indonesia, Japan, Mexico, Russia, and the United States.

Source: World Bank, Doing Business

*These economies adhere to the Asia-Pacific Economic Cooperation (APEC) naming standards.



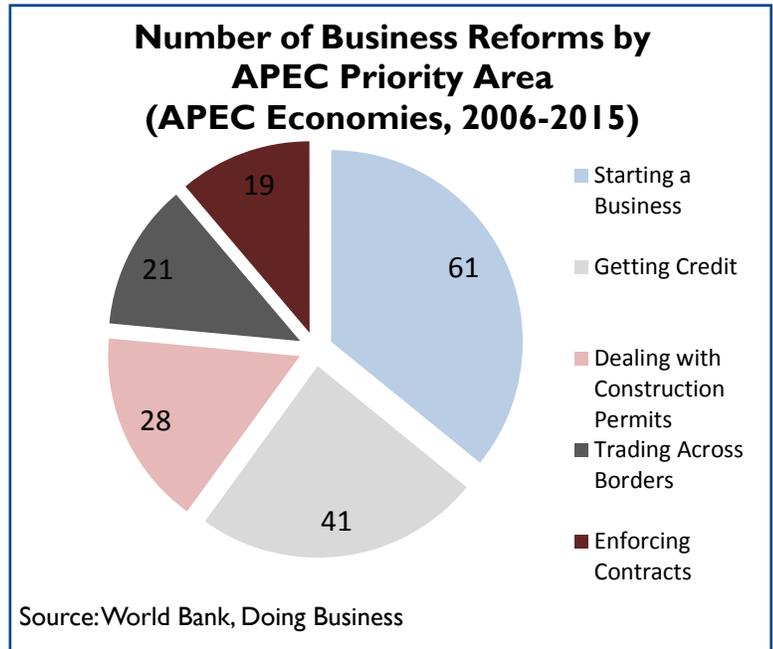
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REFORMS FOR APEC PRIORITY AREAS

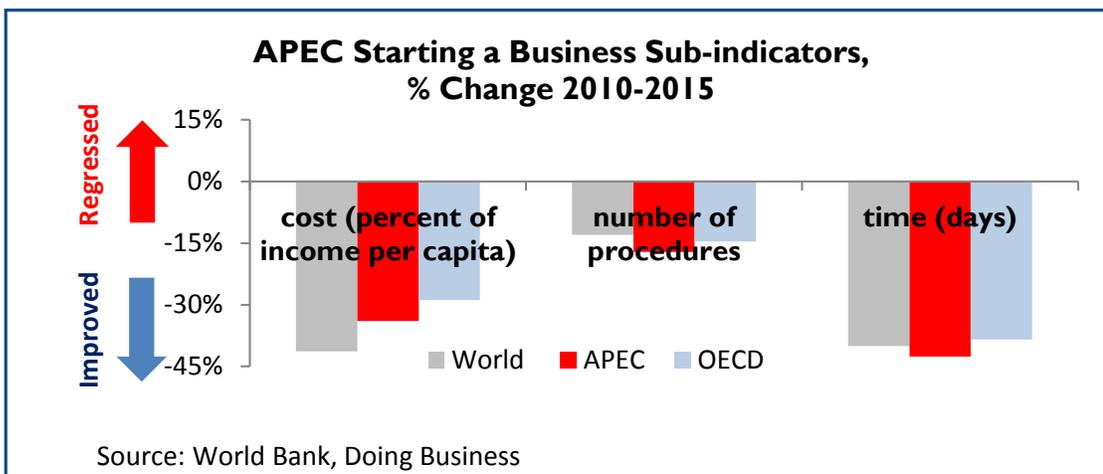
Since 2006, EoDB has tracked business reforms implemented by economies that made it easier or more difficult to do business. For the five priority areas, APEC economies have implemented 170 business reforms in total with an average of 8.1 reforms per economy in the last 10 years, mostly in 'Starting a Business' (61 reforms) and 'Getting Credit' (41 reforms) areas. The APEC business reform average is higher than the Organization for Economic Co-operation and Development (OECD) economies average (6.3 business reforms) and the world average (8 business reforms) since 2006.

For non-APEC priority areas (i.e. resolving insolvency, paying taxes, registering property, getting electricity, and protecting minority investors), APEC implemented a total of 137 business reforms in total or 6.5 reforms per economy since 2006.



STARTING A BUSINESS

The 'Starting a Business' overall DTF score improved by 5.8 percent from 83.3 in 2010 to 88.1 in 2015 for APEC economies, the highest increase among all APEC EoDB priority areas (2010-2015). In 2015, it took APEC economies an average of 14.9 days to open a new business, whereas OECD needed 8.2 days, and the world 20.4 days. In terms of number of procedures, APEC businesses needed 6 procedures, while OECD businesses required 4.8 procedures and the world 6.9 procedures. Lastly, on average, it is more costly to start a business in APEC (6.2 percent of income per capita) than in OECD (4 percent of income per capita).

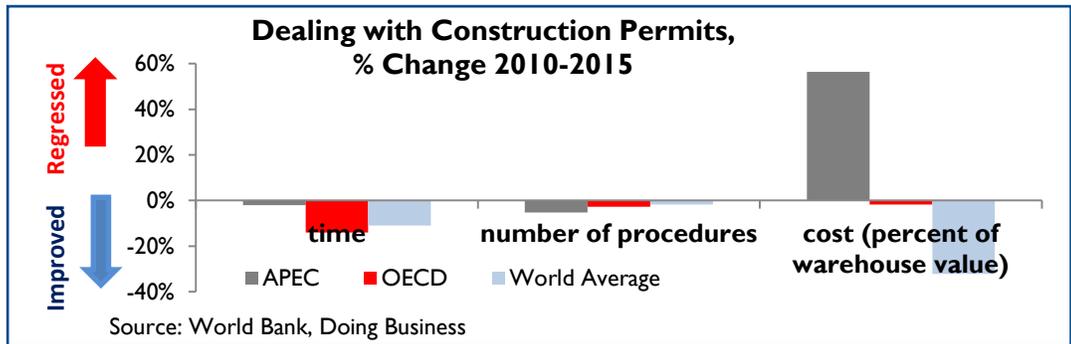


Brunei improved by 81.5 percent, the most among APEC economies in 'Starting a Business' overall DTF from 2010 to 2015, followed by Malaysia at 16.4 percent, and Chile at 11.9 percent. In Doing Business 2016, Brunei made starting a business easier by improving online procedures and simplifying registration and post registration requirements. Also, in 2013, Malaysia made starting a business less costly by reducing the company registration fees. Chile created a new online system for business registration.

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DEALING WITH CONSTRUCTION PERMITS

The APEC 'Dealing with Construction Permits' overall DTF score slightly increased to 75.8 in 2015, higher than the world average of 65.7 and OECD average at 75.2. Singapore has the highest score of all economies and was APEC's champion economy for this priority area under the second APEC EoDB Action Plan (2016-2018). Before 2010, Singapore made dealing with construction permits easier through new workplace safety and health regulations that allow companies in low-risk industries to submit documents online. Singapore also made it easier to obtain construction permits by improving internal data management and processing at agencies involved in the permitting process.

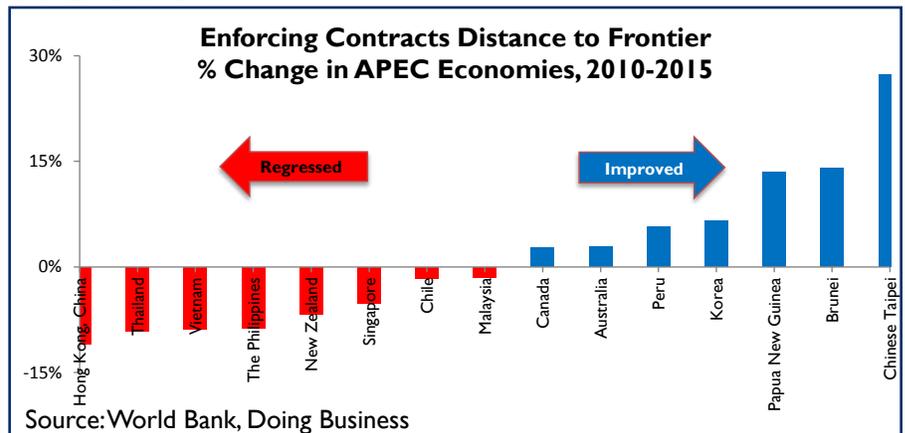


Korea regressed by 10.9 percent, the most among all APEC economies on 'Dealing with Construction Permits' overall DTF score from 2010 to 2015. It now takes longer (28 days) to build a warehouse than in 2010 (27 days), and requires more procedures

(10) in 2015 than in 2010 (9). Alternatively, Malaysia improved the most (by 49.1 percent) in 'dealing with construction permits' from 2010 to 2015. Malaysia decreased its time to deal with construction permits from 262 days in 2010 to 79 days in 2015. Malaysia has made dealing with construction permits easier and faster by establishing a one-stop shop in EoDB 2014 and by reducing the time to connect to telephone service in EoDB 2013.

ENFORCING CONTRACTS

The 'Enforcing Contracts' overall DTF score slightly improved by 0.2 percent from 65.8 in 2010 to 66.0 in 2015 for APEC economies. Meanwhile, OECD economies regressed by 2.8 percent and the world average decreased by 1.4 percent during the same period. Hong Kong, China and Korea were chosen as champion economies for this priority area under the second APEC EoDB Action Plan (2016-2018). In EoDB 2012, Korea made filing a commercial case easier by introducing an electronic case filing system. Despite the 10.9 percent decrease in the overall 'Enforcing Contracts' score from 2010 to 2015, Hong Kong, China is still above the APEC average of 66 for 2015. Hong Kong, China's decrease in the overall score is caused by the increase in days it takes to enforce a contract, going from 280 in 2010 to 360 in 2015.



Chinese Taipei made the biggest improvement among all APEC economies in the overall 'enforcing contracts' score. It scored 17.7 on cost as percent of debt, compared to 33.7 for APEC and 21.5 for OECD average in 2015. However, Chinese Taipei did not improve in the days it takes to enforce contracts; it stayed the same at 510 days in 2010 and 2015.

GETTING CREDIT

The 'Getting Credit' overall DTF score regressed by 7.6 percent from 70.8 in 2010 to 65.5 in 2015 for APEC economies, whereas it decreased by 11 percent for OECD economies and 5.7 percent for the world average for the same time period. Among APEC economies, Papua New Guinea (15); the Philippines (40); and Thailand (45) scored the lowest on the DTF. Mexico and the U.S. were chosen as champion economies for this priority area under the second APEC EoDB Action Plan (2016-2018).

Brunei (14.3 percent); the Philippines (6.7 percent); and New Zealand (6.7 percent) increased their scores the most from 2010 to 2015 among APEC economies. In EoDB 2016, Brunei improved access to credit information by establishing a public credit registry. Moreover, the Philippines and New Zealand made it easier to get credit by beginning to include positive information in addition to negative information about prospective borrowers.

TRADING ACROSS BORDERS

The 'Trading across Borders' overall DTF score for APEC regressed by 8.6 percent from 82.7 in 2010 to 75.6 in 2015, the most out of all five EoDB priority areas (2010-2015). Papua New Guinea (-33.2 percent); Brunei (-21.1 percent); Australia (-12.4 percent); and the Philippines (-11 percent) regressed the most. Canada (3.6 percent) and Thailand (1.5 percent) were the only two APEC economies that improved from 2010.

Thailand reduced the time and number of documents for exporting and importing by upgrading the electronic data interchange system in EoDB 2008 and 2009. In addition, Thailand reduced the time required for trading across borders by implementing a system allowing electronic submission of customs declarations and simultaneous verification of data by different agencies. Moreover, based on EoDB 2015, trading across borders became more difficult in the Philippines because of a new city ordinance restricting truck traffic in Manila.

In 2015, Russia (96 hours); Papua New Guinea (72 hours); and Brunei (72 hours) took the longest time among all APEC economies for preparing and submitting documents during port or border handling, customs clearance, and inspection procedures when exporting. In terms of imports, Indonesia (99 hours); Russia (96 hours); and China (92 hours) were the slowest in 2015 among all APEC economies.

Trade Across Borders (2015)	Distance to Frontier (higher is better)	Export		Import	
		Border compliance	Documentary compliance	Border compliance	Documentary compliance
APEC	75.57%	\$ 392.67	\$ 117.14	\$ 427.67	\$ 124.86
World Average	67.32%	\$ 388.63	\$ 174.53	\$ 464.61	\$ 200.87
OECD	92.64%	\$ 172.76	\$ 37.82	\$ 148.00	\$ 30.53

Source: World Bank, Doing Business

For questions, please contact the author of this report **Georges Fadel, at gefadel@usaid.gov**. To access the complete Doing Business dataset, visit the International Development and Economic Analysis (IDEA) website at <https://idea.usaid.gov>.

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