



**Asia-Pacific
Economic Cooperation**

APEC's Ease of Doing Business – Interim Assessment 2009-2012

**A collaborative report between the APEC Economic
Committee and the APEC Policy Support Unit**

July 2013

Advancing Free Trade for Asia-Pacific Prosperity

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APEC# 213-SE-01.13



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The authors are grateful to the APEC Economic Committee members for their helpful comments and suggestions and Ratih Dwi Ramahdanti for her editorial assistance. The views expressed in this paper are those of the authors and do not necessarily represent those of APEC Member Economies.

EXECUTIVE SUMMARY

APEC Leaders in 2009 endorsed an APEC-wide improvement of 25 percent by 2015 in five key areas of doing business: 1) Starting a Business; 2) Dealing with Permits; 3) Getting Credit; 4) Trading Across Borders; and 5) Enforcing Contracts, with an interim target of 5 percent improvement by 2011, and a gradual target increase in 5 percent points every year from 2012 to 2015. This initiative is called the APEC's Ease of Doing Business (EoDB).

Last year, the APEC Economic Policy Report 2012, which covered an assessment of the EoDB initiative during the period 2009-2011, found that progress in the APEC region was continuing, with a combined improvement equivalent to 8.2 percent, which was above the 5 percent pro rata benchmark for 2011.

Using the new set of indicators from the World Bank's Doing Business database, this new interim assessment confirms that APEC has continued to make collective progress in the EoDB initiative from 2009 to 2012. APEC's combined improvement across the five EoDB priority areas between 2009 and 2012 is equal to 11.5 percent, exceeding the 2012 pro rata benchmark of 10 percent improvement.

APEC: Accumulated Overall Progress of Ease of Doing Business Initiative (Average Values)

Improvement	Starting a Business	Dealing with Construction Permits	Getting Credit	Trading Across Borders	Enforcing Contracts	Overall Progress	Benchmark
2009 – 2010*	7.5	-0.8	5.6	1.8	0.0	2.8	2.5%
2009 – 2011♦	18.3	10.3	8.8	3.1	0.7	8.2	5%
2009 – 2012†	23.4	15.8	16.1	2.3	0.1	11.5	10%

Source: PSU calculations using data from World Bank, Doing Business 2011, 2012 and 2013 and updates to Doing Business database.

Note: Improvements are shown with positive values.

* The figures were taken from the APEC's Ease of Doing Business Interim Assessment published in October 2011.

♦ The figures were taken from the APEC Economic Policy Report published in October 2012.

† The figures were computed from the Doing Business 2013 dataset.

The priority areas of Starting a Business, Dealing with Construction Permits and Getting Credit registered strongest accumulated improvements, well above the pro rata benchmark of 10 percent improvement. The improvement in Starting a Business priority area was particularly strong, with remarkable progress across the whole APEC region. In contrast, APEC's performances in Trading Across Borders and Enforcing Contracts were below the pro rata benchmark, and even fell back in 2012 in comparison to 2011.

APEC's collective progress is still uneven across its members. The inclusion of median values provides a more accurate look at APEC's progress. For the period 2009-12, the combined improvement of APEC's median values in all priority areas was equal to 8 percent, below the 10 percent pro rata benchmark. Only two areas improved above this benchmark: Starting a Business, with a median value of 23 percent, and Getting Credit, with a median value of 11.2 percent.

APEC: Accumulated Overall Progress of Ease of Doing Business Initiative (Median Values)

Improvement	Starting a Business	Dealing with Construction Permits	Getting Credit	Trading Across Borders	Enforcing Contracts	Overall Progress	Benchmark
2009 – 2011♦	24.7	-1.0	0.9	5.0	0.0	5.9	5%
2009 – 2012†	23.0	1.2	11.2	5.0	-0.3	8.0	10%

Source: PSU calculations using data from World Bank, Doing Business 2011, 2012 and 2013 and updates to Doing Business database.

Note: Improvements are shown with positive values.

♦ The figures were taken from the APEC Economic Policy Report published in October 2012.

† The figures were computed from the Doing Business 2013 dataset.

The comparison between changes in the average and medium values indicates that the most striking differences appear in the area of Dealing with Construction Permits, where averages improved significantly, but median values barely changed. A closer look to the data indicates that most of APEC's average progress in this priority area during the period 2009-12 was mostly explained by improvements in some economies that did not performed well and were located in the bottom half during the baseline year (2009).

Despite the collective progress achieved so far, there is room for improvement across the APEC region in all EoDB priority areas. The collective improvement rate of 11.5 percent achieved in 2012 is good, but as the APEC's median values indicate, progress needs to be stronger and more uniform across its members. In addition, there are some areas in which APEC can improve, taking into account performances by other regions as references. For example, the average number of procedures to obtain a construction permit in APEC was close to 17; whereas for the rest of the world, it was around 15 procedures.

It will be important for APEC to intensify its efforts to meet the ambitious goal of a 25 percent improvement in EoDB by 2015. Capacity-building activities and the implementation of reform programs must continue to benefit the APEC community and move collectively closer to the goal of making it 25 percent cheaper, faster and easier to do business in the APEC region.

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INTRODUCTION: APEC'S EASE OF DOING BUSINESS

A. HISTORY

APEC's Ease of Doing Business (EoDB) initiative dates back to February 2009, when Senior Officials meeting in Singapore agreed to put in place an Action Plan to improve the business environment in the APEC region through regulatory reforms that make it cheaper, faster and easier to do business.¹

This initiative is based on the World Bank's Doing Business project, which developed indicators in 11 areas for 183 economies (including all APEC member economies) to provide objective measures on business regulations and their enforcement. These indicators offer measurable benchmarks for reform.²

APEC Ministers Responsible for Trade agreed in July 2009 to focus on five priority areas of Doing Business, namely: 1) Starting a Business; 2) Dealing with Permits; 3) Getting Credit; 4) Trading Across Borders; and 5) Enforcing Contracts.

Later, APEC Leaders agreed in November 2009 to set an APEC-wide improvement target of 25 percent by 2015 in these five areas, with an interim 5 percent improvement target by 2011.

The EoDB initiative also includes capacity-building programs in order to assist APEC member economies in their efforts to improve their business environment. APEC's EoDB capacity-building activities to date have proceeded in two phases:

- Phase 1: Activities to share information and experiences, such as seminars and workshops.
- Phase 2: Technical experts conduct a diagnostic study, tailored to an individual economy's priority area for improvement, and develop customized, practical recommendations for creating a more favorable environment for doing business in that area.

Under the EoDB initiative, APEC has identified champion economies in each of the priority areas to lead capacity-building activities. Champion economies by priority areas are:

- Starting a Business: New Zealand and the United States
- Dealing with Permits: Singapore
- Getting Credit: Japan
- Trading Across Borders: Hong Kong, China³ and Singapore
- Enforcing Contracts: Korea

¹ See APEC (2009), "Discussion Paper on Ease of Doing Business (EoDB)", 2009/CSOM/023, Concluding Senior Officials' Meeting - Plenary Session, 9 November 2009.

² See <http://www.doingbusiness.org/about-us>

³ Hong Kong, China served as champion economy during Phase 1 only.

B. TARGET FOR 2015

When the EoDB initiative was launched, its framework highlighted the importance of measuring results APEC-wide, in the sense that the aim is for an improvement in the APEC average.

A document produced by the APEC SOM's Chair Office in 2009 showed that APEC economies had made substantial progress in many Doing Business areas from 2005 to 2009. For example, during that period, starting a business got 28 percent cheaper and 26 percent faster on average in APEC. Dealing with permits got 20 percent cheaper and credit information improved by 23 percent.⁴

More revealing, this 2009 document found that if all APEC economies performing below the median level of APEC were to improve up to the median, this would have resulted in substantial improvements such as making it 50 percent cheaper and 45 percent faster on average to start a business; 37 percent cheaper to enforce contracts and 29 percent easier to deal with permits.⁵

The results between 2005 and 2009 showed that despite the good progress by APEC, there was room for improvement and therefore, potential for reform. Based on those results and the strong commitment to conduct regulatory reforms across APEC, the target equivalent to a 25 percent improvement by 2015 was endorsed by APEC Leaders.

Achieving the target by 2015 will represent substantial gains for businesses, as it could potentially reduce on average the cost of importing and exporting a container of goods by up to US\$450; reduce on average the time taken to start a business by one week; and remove on average five procedures to obtain a construction permit.⁶

C. INTERIM ASSESSMENT MEASUREMENT APPROACH

The report seeks to establish if APEC collectively met the interim pro rata target of 10 percent improvement by 2012. APEC annual average values are calculated for each of the EoDB priority areas' sub-indicators. Averages for year 2012 are compared against those for 2009 to assess APEC's accumulated progress in the EoDB initiative.

For a more accurate assessment, median values are compared against the average values. As explained in the APEC Economic Policy Report 2012: Ease of Doing Business Interim Assessment, the inclusion of median values is justified by the presence of extreme values (outliers) in many of the EoDB indicators. As opposed to averages, median values are not affected by outliers in the Doing Business database and provide a closer indication of the trend that APEC members are collectively following in their EoDB indicators.

The report also compares the performance of the APEC region *vis-à-vis* other regions or economic blocks to show how well the APEC region is doing relative to the rest of the world.

⁴ APEC (2009), op. cit.

⁵ Ibid.

⁶ APEC (2009a), "2009 APEC Ministerial Meeting: Joint Statement – Sustaining Growth, Connecting the Region", http://www.apec.org/en/Meeting-Papers/Ministerial-Statements/Annual/2009/2009_amm.aspx

1. APEC'S OVERALL EODB INITIATIVE PERFORMANCE

APEC's performance in the EoDB initiative was measured by comparing the average and median performance of each of the EoDB indicators belonging to the five priority areas between 2009 and 2012. A summary is presented in this section.

The following table summarizes the performance of the EoDB indicators in all the priority areas in comparison with the pro rata benchmark of 10 percent improvement:

Performance in EoDB Indicators – APEC Average Values between 2009 and 2012

Benchmark: 10 percent improvement	Improvement equal to or above benchmark	Improvement, but below benchmark	No change	Declining conditions
Starting a Business	<ul style="list-style-type: none"> • Procedures (number) • Time (days) • Cost (% income per capita) • Paid-in Minimum Capital (% of income per capita) 			
Dealing with Construction Permits	<ul style="list-style-type: none"> • Time (days) • Cost (% of income per capita) 	<ul style="list-style-type: none"> • Procedures (number) 		
Getting Credit	<ul style="list-style-type: none"> • Public Registry Coverage (% of adults) • Private Bureau Coverage (% of adults) 	<ul style="list-style-type: none"> • Strength of Legal Rights Index • Depth of Credit Information Index 		
Trading Across Borders		<ul style="list-style-type: none"> • Documents to Export (number) • Time to Export (days) • Documents to Import (number) • Time to Import (days) 		<ul style="list-style-type: none"> • Cost to Export (USD per container) • Cost to Import (USD per container)
Enforcing Contracts		<ul style="list-style-type: none"> • Procedures (number) • Time (days) 		<ul style="list-style-type: none"> • Cost (% of claim)

APEC's progress measured by average values displayed a mixed performance across the priority areas. While continuous improvement was experienced in all Starting a Business; Dealing with Construction Permits; and Getting Credit indicators; the areas of Trading Across Borders and Enforcing Contracts did not improve much or even showed declining conditions in many of its indicators.

Some highlights of APEC's EoDB initiative performance measured by average values are:

- Starting a Business is the priority area with the best performance. It is the only one in which all its indicators improved above the pro rata benchmark.
- Most of the progress has been in terms of doing business faster (time). Progress in terms of time has been more evident compared with cost and procedures.

- However, progress is not keeping the necessary pace in all areas to meet the 25 percent improvement target by 2015. The evidence shows that:
 - 17 EoDB indicators registered improvements (85% of the EoDB indicators) between 2009 and 2012, as opposed to the 19 EoDB indicators (95% of the EoDB indicators) by the end of 2011.
 - While 10 EoDB indicators (50% of the EoDB indicators) had improved beyond the benchmark set for year 2011; only 8 EoDB indicators improved beyond the 10 percent improvement benchmark (40% of the EoDB indicators) by 2012.
 - The conditions in 3 EoDB indicators declined (15% of the EoDB indicators) between 2009 and 2012.

The measurement of APEC's progress by median values shows a different perspective, as a great proportion of APEC's EoDB indicators had their median values unchanged between 2009 and 2012.

Performance in EoDB Indicators – APEC Median Values between 2009 and 2012

Benchmark: 10 percent improvement	Improvement equal to or above benchmark	Improvement, but below benchmark	No change	Declining conditions
Starting a Business	<ul style="list-style-type: none"> • Procedures (number) • Time (days) • Cost (% income per capita) 		<ul style="list-style-type: none"> • Paid-in Minimum Capital (% of income per capita) 	
Dealing with Construction Permits	<ul style="list-style-type: none"> • Time (days) 		<ul style="list-style-type: none"> • Procedures (number) 	<ul style="list-style-type: none"> • Cost (% of income per capita)
Getting Credit	<ul style="list-style-type: none"> • Private Bureau Coverage (% of adults) 		<ul style="list-style-type: none"> • Strength of Legal Rights Index • Depth of Credit Information Index • Public Registry Coverage (% of adults) 	
Trading Across Borders		<ul style="list-style-type: none"> • Time to Export (days) • Cost to Export (USD per container) • Time to Import (days) • Cost to Import (USD per container) 	<ul style="list-style-type: none"> • Documents to Export (number) • Documents to Import (number) 	
Enforcing Contracts			<ul style="list-style-type: none"> • Procedures (number) • Time (days) 	<ul style="list-style-type: none"> • Cost (% of claim)

Most of APEC's progress measured by median values was explained by improvements in Starting a Business, as well as in Getting Credit, albeit to a minor extent. In the other priority areas, most of its indicators improved their median values below the pro rata benchmark, did not change or experienced declining conditions.

Some highlights of APEC's EoDB initiative performance measured by median values between 2009 and 2012 are:

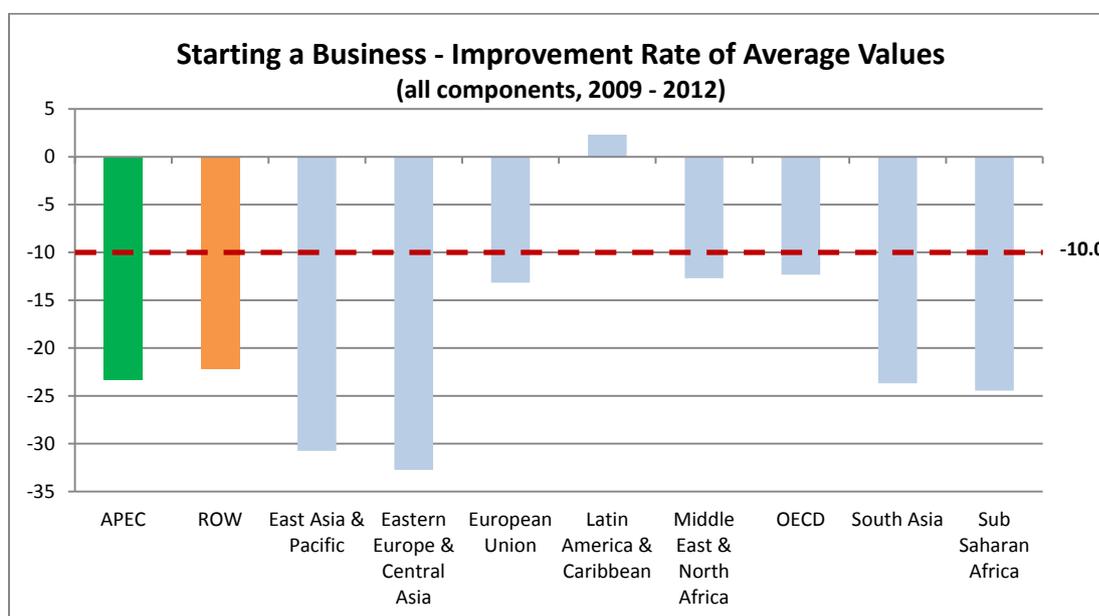
- Starting a Business was the only priority area in which most of its indicators improved median values above the pro rata benchmark of 10 percent.

- In the rest of priority areas, improvements in some indicators were offset by the lack of progress or declining conditions in the median values of other indicators. For example: in Dealing with Construction Permits, the improvement in the median time to obtain a construction permit was neutralized by the increase in the cost to obtain a permit as percentage of the income per capita.
- 9 EoDB indicators registered improvements (45% of the EoDB indicators), as opposed to 7 indicators (35% of the EoDB indicators) by 2011.
- However, only 5 EoDB indicators registered improvements beyond the benchmark (25% of the EoDB indicators), which falls below the 6 EoDB indicators that went beyond the benchmark set in 2011.
- 9 EoDB indicators did not change (45% of the EoDB indicators).
- 2 EoDB indicators showed declining conditions (10% of the EoDB indicators), one more in comparison to 2011.

Overall, APEC has achieved progress but it has been uneven across areas as shown by the preceding tables. In addition, most of the indicators for the APEC region advanced in their average values (either above or below the pro rata benchmark), but not necessarily in their median values, which implies that progress was asymmetrical across APEC member economies. In this sense, most of the progress has been explained so far by the improvement in the performance of APEC economies that were located in the bottom half of many of the indicators at the beginning of the evaluation period (year 2009).

A. STARTING A BUSINESS

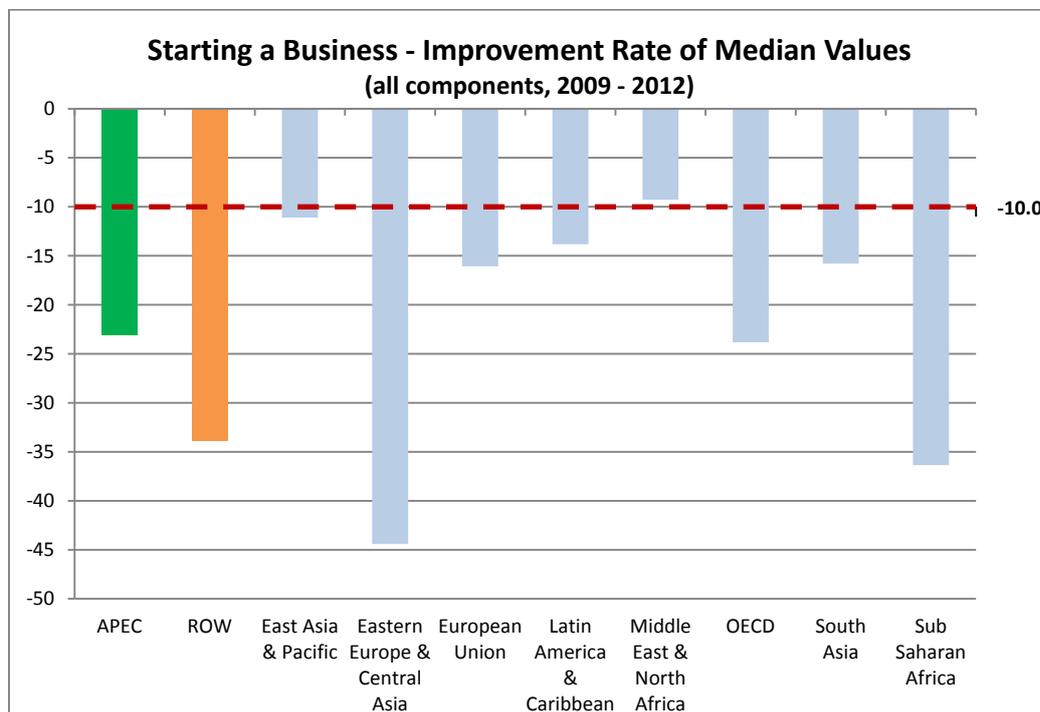
All of APEC's Starting a Business indicators improved beyond the benchmark of 10 percent in their average values. This resulted in a combined improvement rate of 23.4 percent, better than that of the rest of the world (22.1 percent). Eastern Europe and Central Asia placed itself as the region with most progress in percent terms, followed by East Asia & Pacific. APEC's improvement rate was mostly explained by the faster time and the lower paid-in minimum capital requirements to start a business.



Source: World Bank – Doing Business

Note: Improvements are shown with negative values.

APEC's combined improvement rate by taking median values was also good, as it was equivalent to 23 percent, well beyond the 10 percent improvement benchmark, due to the strong decrease in the median number of procedures and time to start a business. However, this figure is 1.7 percentage points below the improvement registered during the period 2009 – 2011, due to increasing median costs between 2011 and 2012.

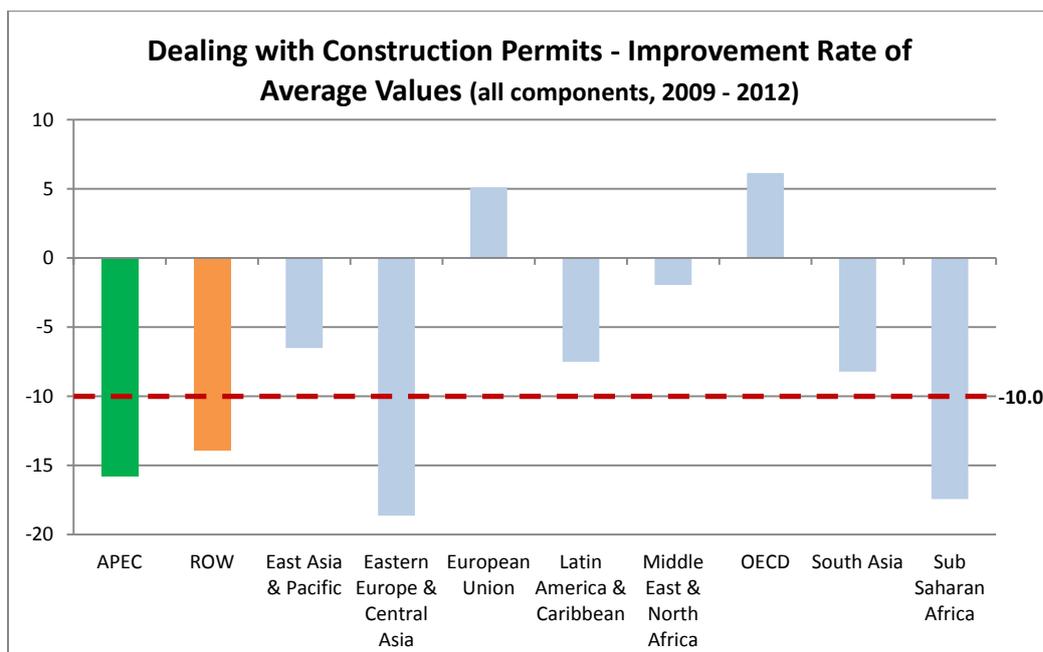


Source: World Bank – Doing Business

Note: Improvements are shown with negative values.

B. DEALING WITH CONSTRUCTION PERMITS

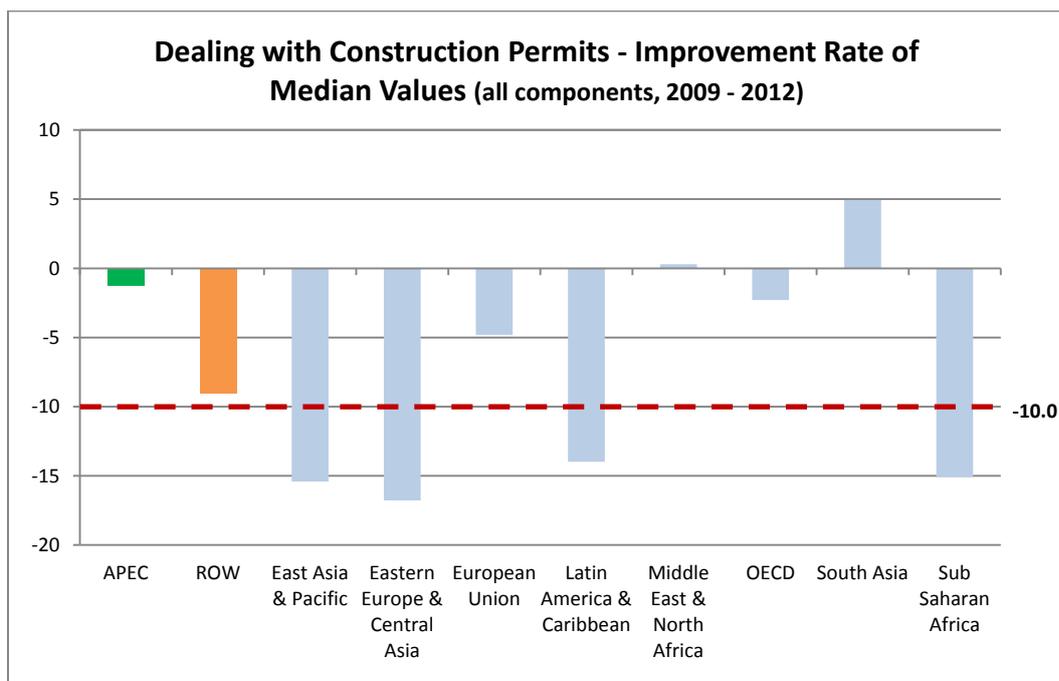
APEC's combined improvement in the averages of the three Dealing with Construction Permits indicators was the third best among all regions (behind Eastern Europe and Central Asia, and Sub-Saharan Africa) and equal to 15.8 percent. This result is mostly explained by the reduction of the average cost as a percentage of the income per capita, which decreased in 21 percent from 2009 to 2012.



Source: World Bank – Doing Business

Note: Improvements are shown with negative values.

APEC's combined performance measured by median values slightly improved (only 1.2 percent). Despite the substantial improvement of the median time to obtain a construction permit (21.1 percent), this progress was mostly offset by the rising median cost to obtain a construction permit (17.4 percent).



Source: World Bank – Doing Business

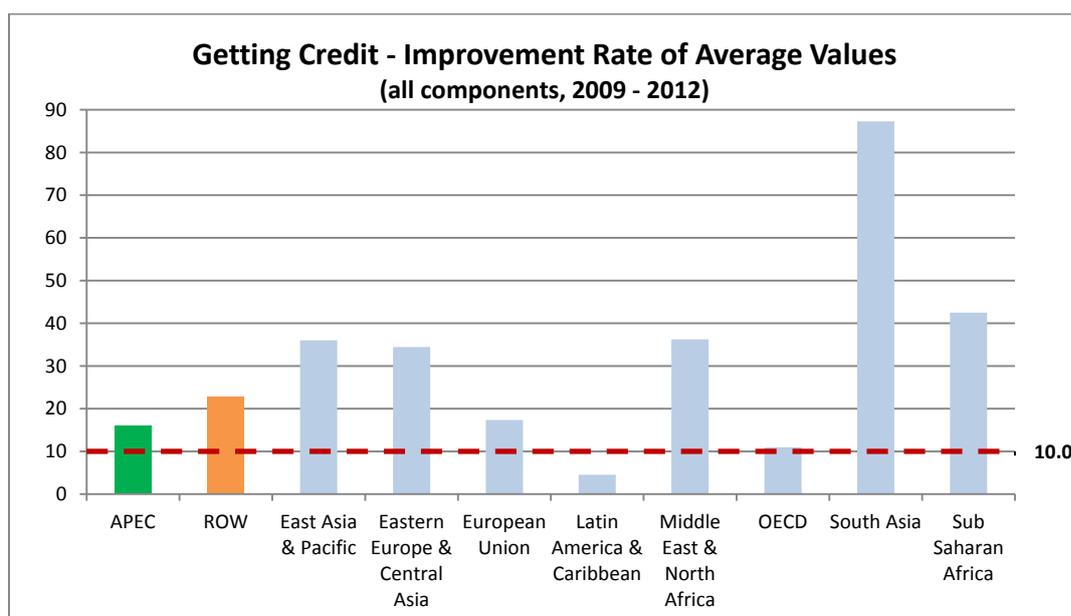
Note: Improvements are shown with negative values.

The difference between the improvement rates of the average and median values continue to be significant. This is mostly explained by two reasons: 1) most of the progress was explained for economies that had not performed well during the baseline year (2009); and 2)

some high-income APEC members that had faced relatively low costs to obtain a construction permit in 2009, registered increasing costs by 2012.

C. GETTING CREDIT

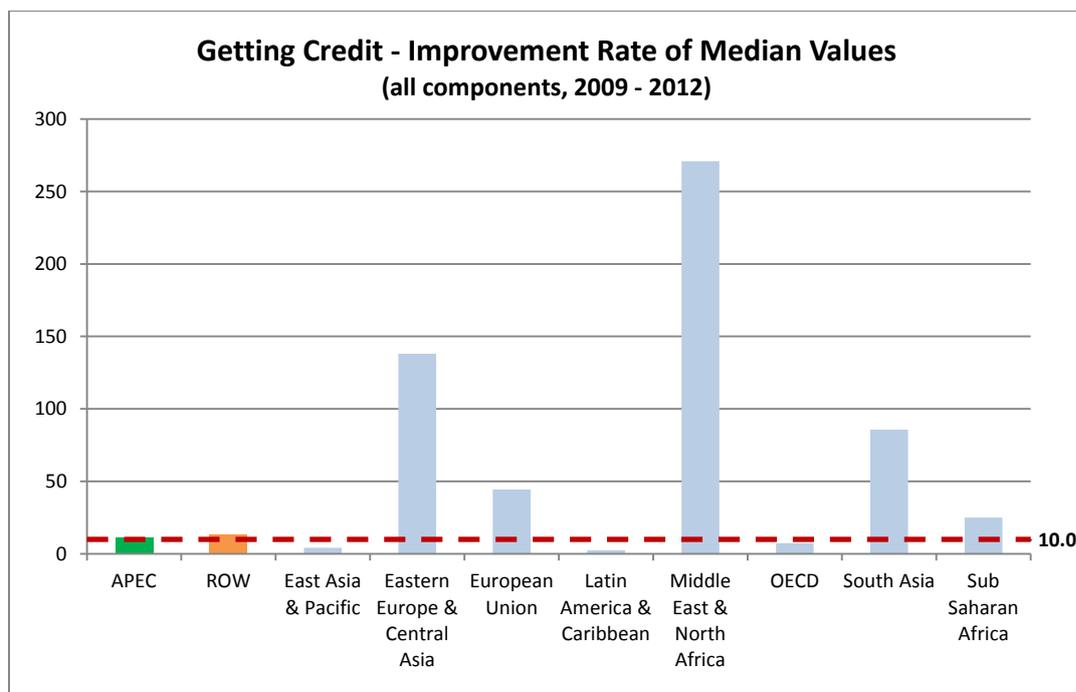
In terms of Getting Credit, APEC's rate of improvement measured by its average values reached 16.1 percent, well above the 10 percent benchmark, but beyond the improvement rates registered by other regions such as South Asia, Sub Saharan Africa, Middle East & North Africa, East Asia & Pacific, among others. The relatively stronger position in this area by APEC economies, in comparison with the rest of the world, at the beginning of the assessment period explains this situation. All APEC's Getting Credit indicators improved, but this result is explained to a great extent by the expansion of public and private credit registry coverage in the APEC region.



Source: World Bank – Doing Business

Note: Improvements are shown with positive values.

The improvement rate measured by the median shows that APEC's progress was also above the 10 percent pro rata improvement target (11.2 percent), but below the strong progress made by other regions including Middle East & North Africa and Eastern Europe & Central Asia. In the case of APEC, when the EoDB initiative started in 2009, most of its members already had very strong legal rights provisions to protect borrowers and lenders, as well as comprehensive systems to access credit information from individuals and firms. Therefore, the progress made in APEC's median values was explained by a single indicator: the increase of the percentage of the adult population with their credit information available in private credit bureaus.

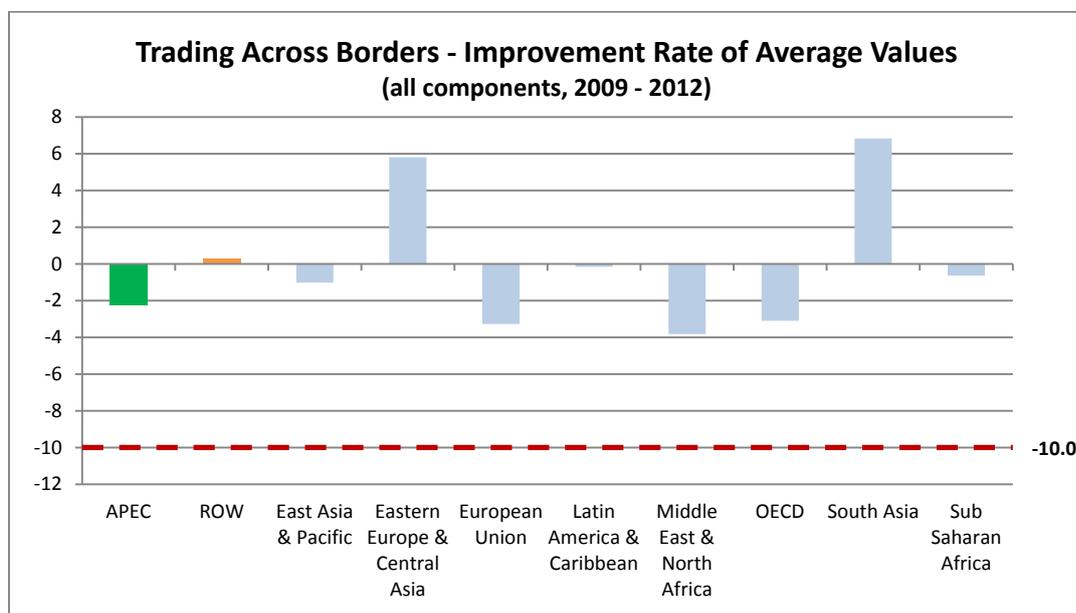


Source: World Bank – Doing Business

Note: Improvements are shown with positive values.

D. TRADING ACROSS BORDERS

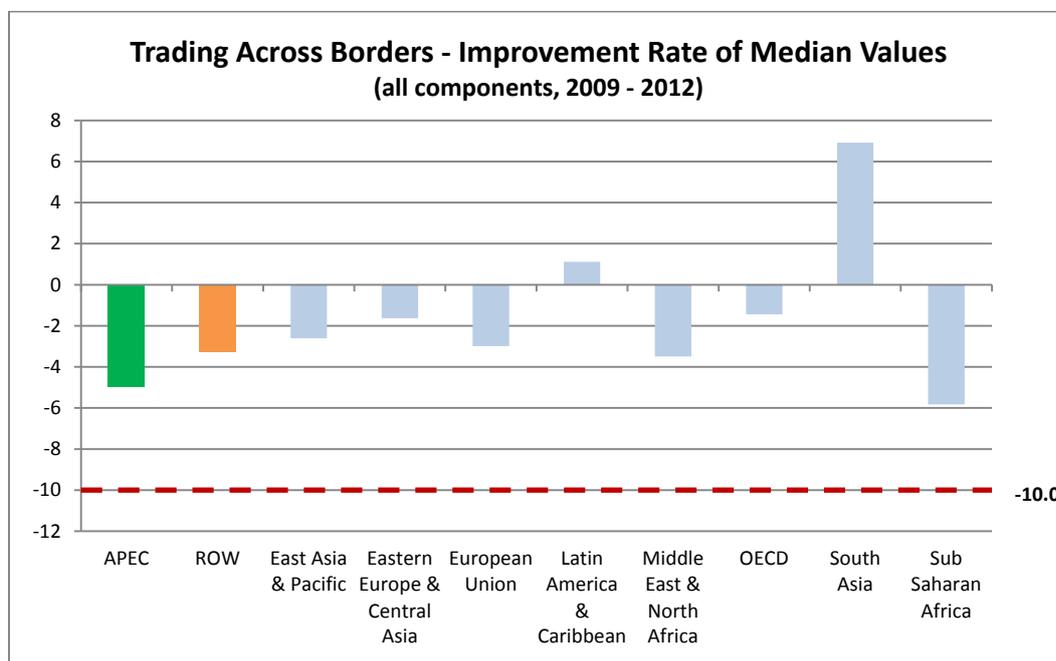
In comparison to the average values obtained in 2009 in the Trading Across Borders indicators, APEC's improvement rate of 2.3 in 2012 was lower than the rate of 3.1 recorded in 2011, far from the 10 percent benchmark rate. APEC was able to make progress especially in reducing the average time to export and import a container. However, in comparison to last year, the average cost went up, offsetting the positive effect caused by the faster average time achieved to trade a container.



Source: World Bank – Doing Business

Note: Improvements are shown with negative values.

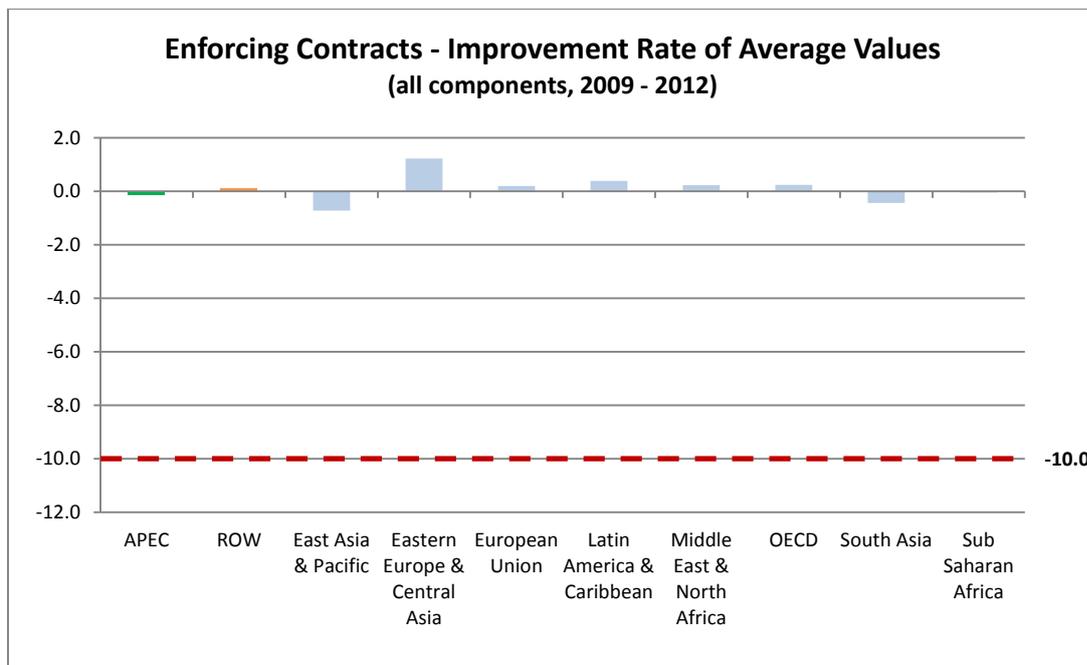
Even though APEC’s progress measured by the median was below the 10 percent benchmark, it is the second best among all regions, only behind Sub Saharan Africa. This is remarkable considering the fact that APEC economies had experienced in this priority area one of the best performances in comparison with other regions at the start of the EoDB initiative, which in turn made it more challenging for APEC to achieve substantial progress in percentage terms. Again, this improvement was mostly explained by a reduction of the median time and cost to export and import a container.



Source: World Bank – Doing Business
 Note: Improvements are shown with negative values.

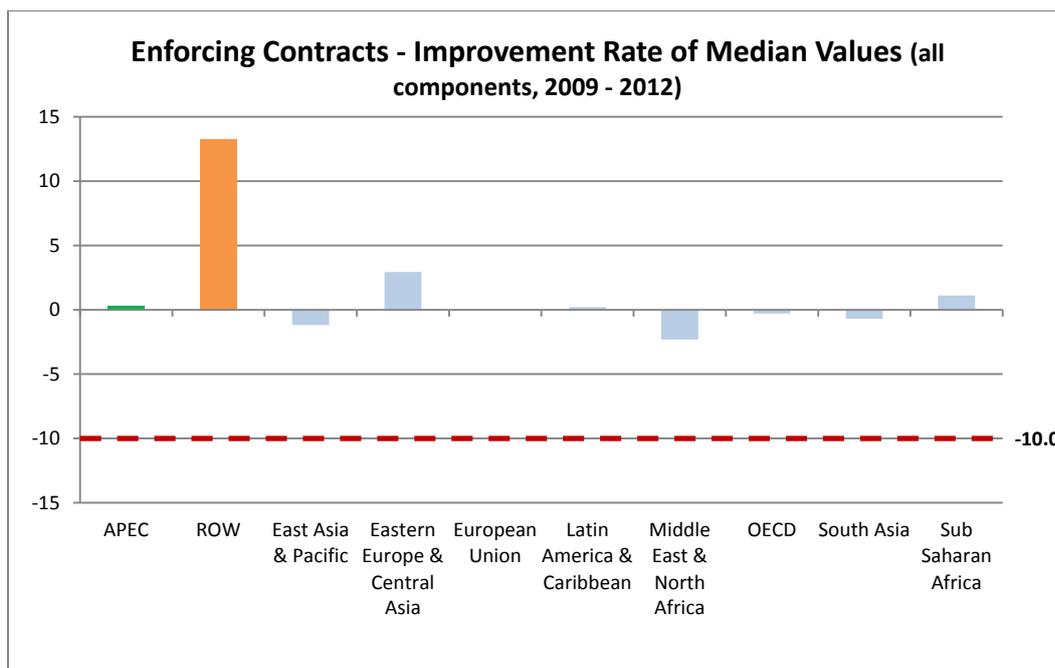
E. ENFORCING CONTRACTS

APEC indicators in Enforcing Contracts barely changed during the period 2009-2012, as it was the case for the rest of the world. While the average number of procedures and days to enforce a contract went slightly down, the cost as a percentage of the claim went up. As such, APEC’s performance of 0.1 percent improvement by the end of 2012 was below the performance registered in 2011 of 0.7 percent improvement, and continues to be far below the 10 percent improvement target.



Source: World Bank – Doing Business
 Note: Improvements are shown with negative values.

When analyzing APEC’s median values in its Enforcing Contracts indicators, while the median number of procedures and days remained steady, the median cost of a claim increased between 2009 and 2012. This fact caused a deterioration of APEC’s median performance in Enforcing Contracts in 0.3 percent. This pattern was also experienced by other regions such as Latin America & Caribbean and Eastern Europe & Central Asia.



Source: World Bank – Doing Business
 Note: Improvements are shown with negative values.

F. COMBINED PROGRESS IN ALL PRIORITY AREAS

If progress of all priority areas measured by the averages is equally combined to obtain an average rate of improvement for the EoDB initiative, APEC's combined improvement rate for the period 2009 – 2012 was equal to 11.5 percent, which is above the benchmark of 10 percent. This result indicates that overall APEC is moving in the right direction to meet the target and continued efforts should be made to promote the business environment and to make doing business easier, faster and cheaper. Nevertheless, in order to meet the target set by 2015, efforts need to be strengthened, especially in the areas in which progress so far is well below the pro rata improvement benchmark, such as Trading Across Borders and Enforcing Contracts.

APEC - Overall Progress at Ease of Doing Business Initiative (2009 -2012)
Average Values

Benchmark = 10 percent

Region	Starting a Business	Dealing with Construction Permits	Getting Credit	Trading Across Borders	Enforcing Contracts	Overall Progress
APEC	23.4	15.8	16.1	2.3	0.1	11.5
ROW	22.1	13.9	22.8	-0.3	-0.1	11.7
East Asia & Pacific	30.7	6.5	36.0	1.0	0.7	15.0
Eastern Europe & Central Asia	32.7	18.6	34.5	-5.8	-1.2	15.8
European Union	13.2	-5.1	17.3	3.3	-0.2	5.7
Latin America & Caribbean	-2.3	7.5	4.5	0.2	-0.4	1.9
Middle East & North Africa	12.7	2.0	36.2	3.8	-0.2	10.9
OECD	12.3	-6.1	11.0	3.1	-0.2	4.0
South Asia	23.7	8.2	87.3	-6.8	0.4	22.6
Sub Saharan Africa	24.4	17.4	42.5	0.6	0.1	17.0

Source: World Bank - Doing Business

Note: All components have been calculated by using simple averages. Improvements are shown with positive values.

By equally combining the progress of all priority areas' indicators using median values, APEC's rate of improvement is of 8.0 percent, below the benchmark of 10 percent.

APEC - Overall Progress at Ease of Doing Business Initiative (2009 – 2012)
Median Values

Benchmark = 10 percent

Region	Starting a Business	Dealing with Construction Permits	Getting Credit	Trading Across Borders	Enforcing Contracts	Overall Progress
APEC	23.0	1.2	11.2	5.0	-0.3	8.0
ROW	33.9	9.1	13.3	3.3	-13.3	9.3
East Asia & Pacific	11.1	15.4	4.2	2.6	1.2	6.9
Eastern Europe & Central Asia	44.4	16.8	138.0	1.6	-2.9	39.6
European Union	16.1	4.8	44.4	3.0	0.1	13.7
Latin America & Caribbean	13.8	14.0	2.5	-1.1	-0.2	5.8
Middle East & North Africa	9.3	-0.3	270.8	3.5	2.3	57.1
OECD	23.8	2.3	7.4	1.4	0.3	7.1
South Asia	15.8	-4.9	85.7	-6.9	0.7	18.1
Sub Saharan Africa	36.4	15.1	25.0	5.8	-1.1	16.2

Source: World Bank - Doing Business

Note: Improvements are shown with positive values

G. APEC IS MAKING PROGRESS, BUT NEEDS TO INTENSIFY EFFORTS

Despite the combined progress achieved by the APEC region between 2009 and 2012 in the EoDB initiative, APEC members need to intensify their individual and collective efforts to make doing business easier, faster and cheaper and achieve the goal of 25 percent improvement by 2015.

APEC's performance still has room for improvement, as it is behind other regions in some aspects of doing business. For example, in Starting a Business, it took on average 22 days and an average cost equivalent to 7.4 percent of the income per capita to start a business in APEC; while it took nearly 13 days and an average cost of 4.8 percent of the income per capita to start a business in the European Union. Similarly, the median time to start a business in APEC was equal to 10 days, 1.5 more days than the median time in OECD, and the median cost was equivalent to 6.7 percent of the income per capita, 4.5 percent higher than the median cost in OECD.

In Dealing with Construction Permits, APEC required on average 17 procedures, which is higher than the average of 14 procedures required in Latin America & Caribbean. In the same way, the median time and cost to obtain a construction permit in APEC was equal to 112 days and 62.8 percent of the income per capital, which is behind the median time and cost by East Asia & Pacific, with 109 days and 41.5 percent of the income per capita.

With regards to Getting Credit, the average public credit registry coverage in APEC reached 10.8 percent of the adult population, which was lower than the 17.3 percent achieved by Eastern Europe & Central Asia. The average private credit registry coverage in APEC was

higher by reaching 55.7 percent of the adult population. However, it was lower than the level achieved by OECD at 68.5 percent. Similarly, APEC's median private credit registry coverage was equal to 58.3 percent, which was lower than OECD median equivalent to 98.8 percent.

As for Trading Across Borders, the average time to export and import a container for APEC was around 13 and 14 days, respectively. These times were longer than the 11 days that it takes on average in the European Union for both cases. In the same way, for APEC, the median time to export and import a container totaled 12 days for both cases, longer than the median time of 9 and 10 days in the European Union.

In the area of Enforcing Contracts, APEC still has room to improve, as the average cost to enforce a contract as percentage of the claim increased in 2012, compared to previous years. APEC's average cost was equal to 33.2 percent of the claim, which was higher than South Asia's average cost equivalent to the 27.2 percent of the claim. APEC's median cost to enforce a contract (26 percent of claim) was also above South Asia's median cost (24.4 percent of claim).

APEC's combined progress of 11.5 percent in the average indicators belonging to the five EoDB priority areas is positive. However, APEC must intensify its efforts in the entire region, as the collective progress has been uneven across its members and across priority areas. Progress in EoDB priority areas has been disproportionate, as the rate of improvement in the area of Starting a Business exceeded the pro rata benchmark in more than double, whereas APEC's progress in Enforcing Contracts was barely marginal. In addition, APEC's combined progress in its median indicators was equal to 8 percent, below the 10 percent pro rata benchmark improvement, which means that progress has not been proportionate among APEC members.

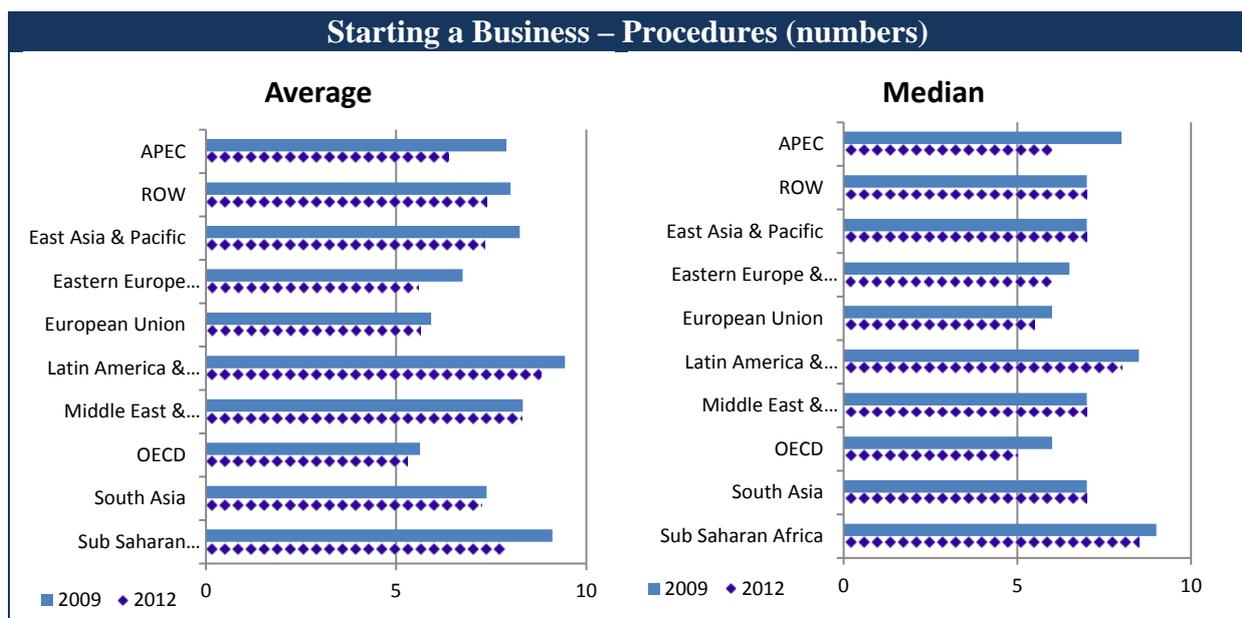
APEC economies at all levels of economic development stand to benefit from additional improvements. APEC developing economies made in general remarkable progress between 2009 and 2012, but more work can be done, as described earlier. Progress in APEC industrialized members was slower, in part because of the good business conditions that are already in place. Nevertheless, APEC industrialized members also have room for improvement in specific areas, such as the cost of trading across borders and dealing with construction permits, which increased in many high-income APEC members compared with previous years.

2. APEC'S IMPROVEMENTS BY PRIORITY AREA

A. STARTING A BUSINESS

APEC continued making important progress in all the Starting a Business indicators. In fact, most of APEC's progress in the EoDB initiative has been achieved in this priority area.

Between 2009 and 2012, the average number of procedures required to start a business in the APEC region declined from nearly eight to six, which is similar to the change in the median number of procedures. APEC was the region that experienced the most significant reduction in the number of procedures, as measured both by average and median values. However, APEC is still behind the OECD, which required only five procedures to start a business.

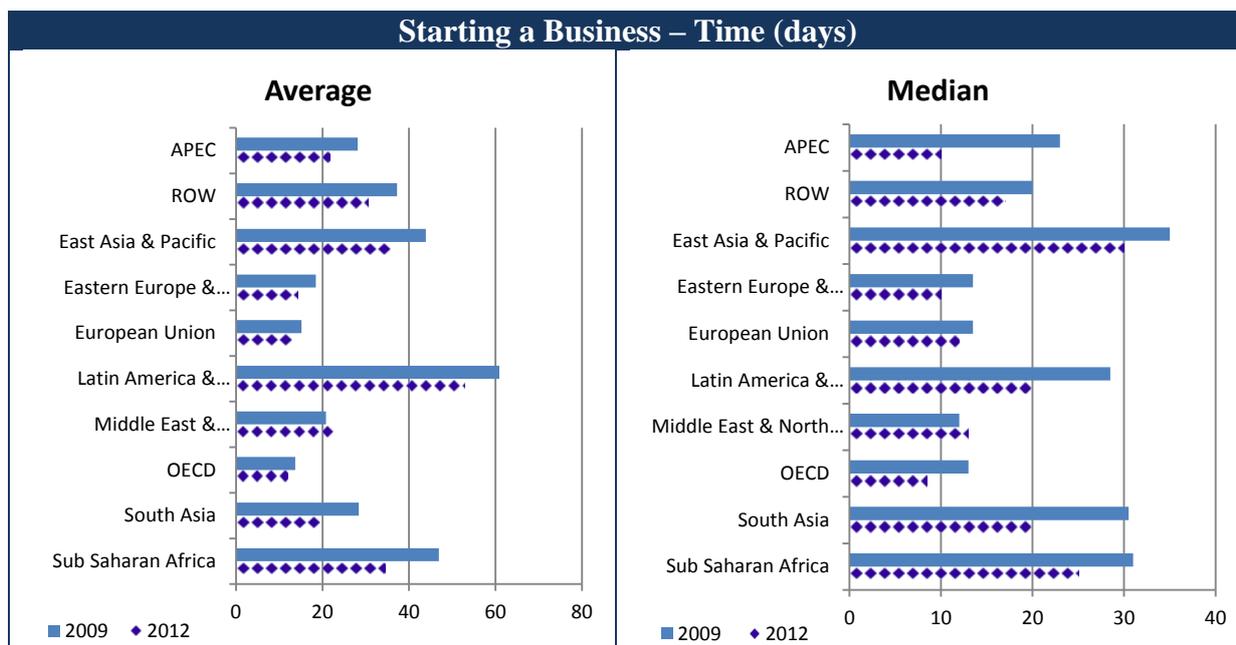


Source: World Bank – Doing Business⁷

In the same way, APEC reduced the time it takes to start a new business, the average number of days went down by 22.5 percent from nearly 28 to 22 days. Despite this improvement, starting a business in APEC took on average at least more than a week compared to OECD, European Union and Eastern Europe & Central Asia. APEC's median time to start a business experienced the largest cut among all regions, going from 23 to 10 days, only behind OECD in one day and a half.

These results indicate that many APEC economies were able to decrease the time it takes to start a business, but it still takes a long time for some APEC economies to start a business.

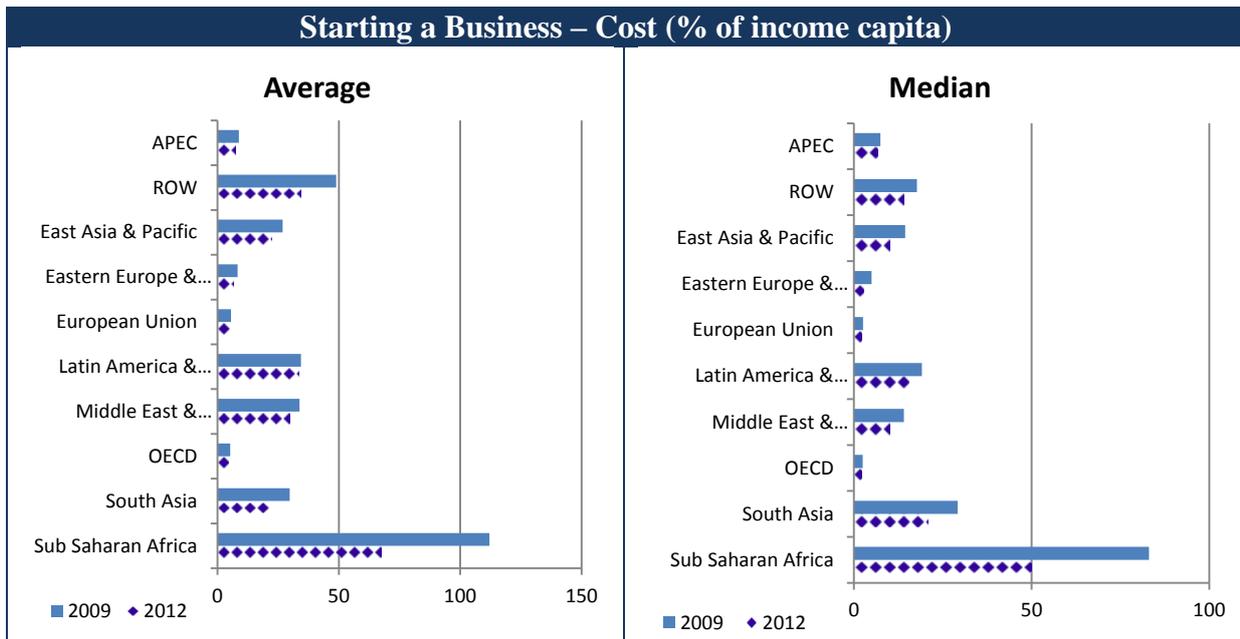
⁷ The details on the list of economies considered for each economic or geographic group can be found in Appendix 2.



Source: World Bank – Doing Business

In terms of the cost of starting a business measured by the percentage of income per capita, APEC’s average cost went down from 8.8 percent to 7.4 percent. In 2012, APEC’s average cost was the fourth lowest among all regions, placing behind OECD (4.6 percent), European Union (4.8 percent) and Eastern Europe & Central Asia (6.8 percent). Also, APEC’s average cost was substantially lower than other regions, as it was around 14 to 26 percentage points below the average cost incurred in other regions such as South Asia, Middle East & North Africa and Latin America & Caribbean.

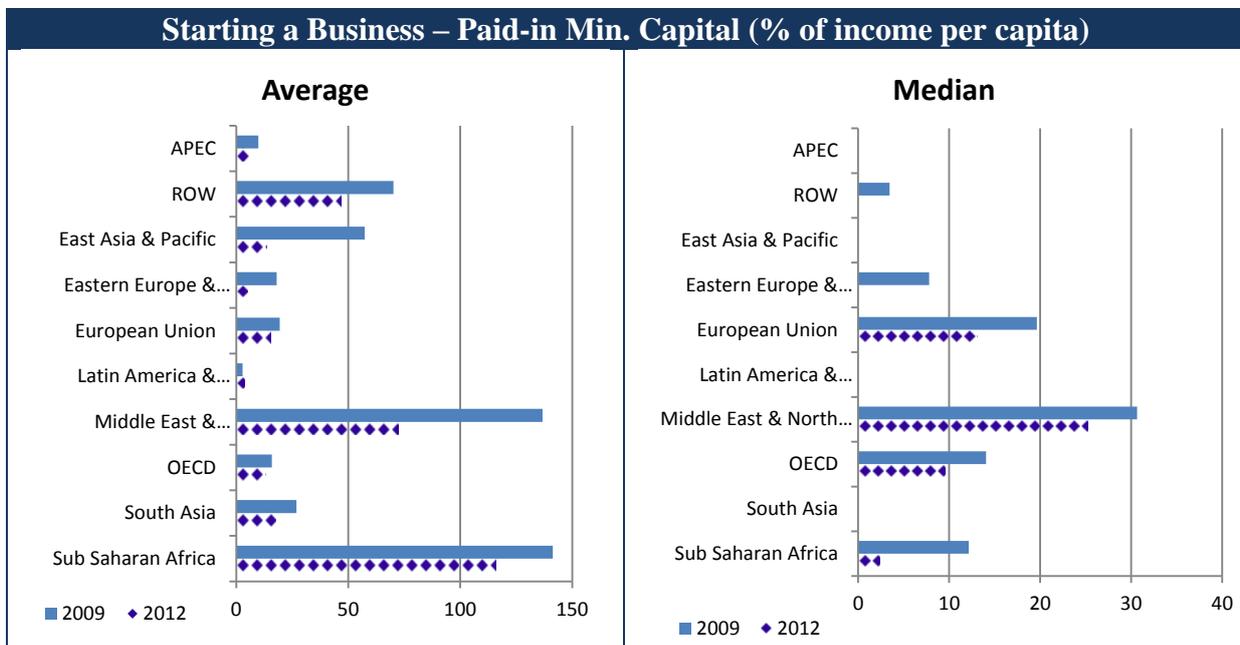
APEC’s median cost of starting a business declined as well from 7.5 to 6.7 percent, placing behind OECD (2.2 percent), European Union (2.3 percent) and Eastern Europe & Central Asia (2.8 percent), but in front of East Asia & Pacific (10.1 percent), Middle East & North Africa (10.2 percent), among others.



Source: World Bank – Doing Business

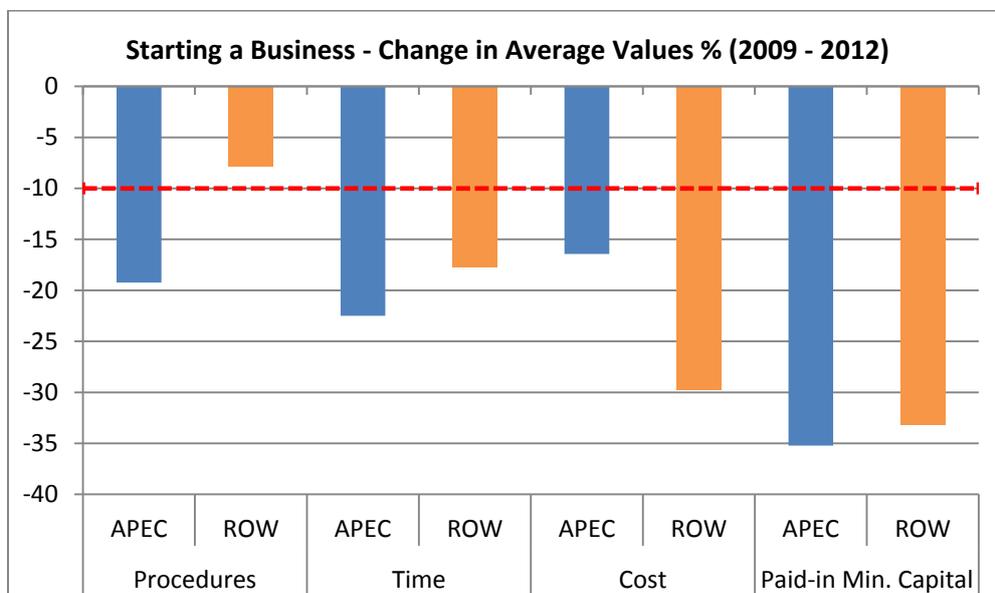
Regarding the paid-in minimum capital requirement for deposit in a bank or with a notary to start a business, measured in terms of the percentage of income per capita, the average paid-in minimum capital requirement in APEC went down from 9.9 percent to 6.4 percent, being the third-best region after Latin America & Caribbean and Eastern Europe & Central Asia with performances equal to 3.7 and 5 percent, respectively.

APEC's median paid-in minimum capital requirement shows an interesting result, as it was equal to zero during the whole period 2009-2012. This means that more than 50 percent of APEC members did not request any paid-in minimum capital to start a business. In 2012, a similar situation took place in East Asia & Pacific, Eastern Europe & Central Asia, Latin America & Caribbean and South Asia.



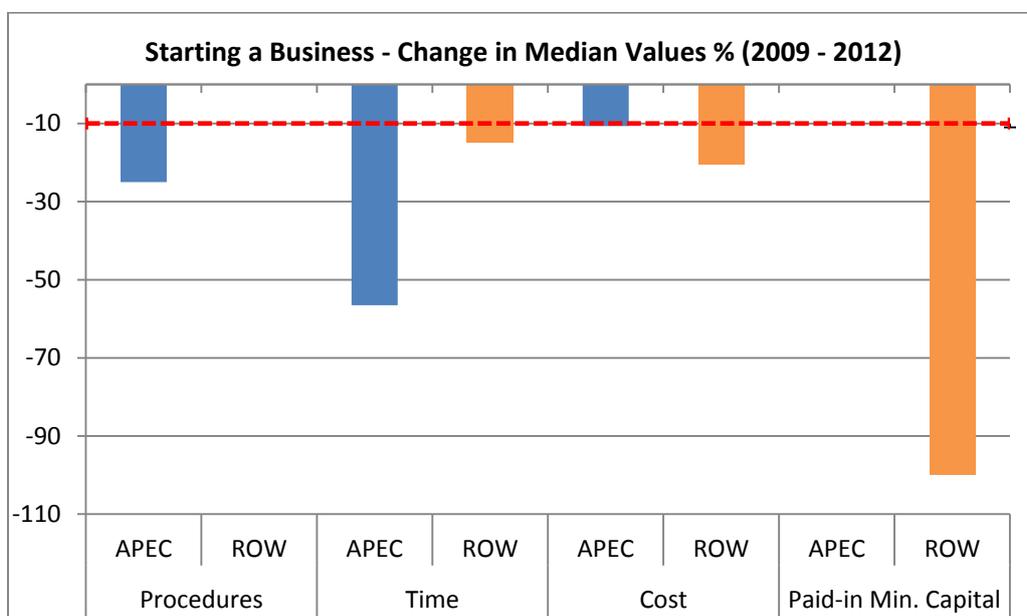
Source: World Bank – Doing Business

On average, the conditions to start a business in APEC were better than those in the rest of the world by the end of 2012. In addition, during the period 2009-2012, APEC was able to improve in all Starting a Business indicators beyond the 10 percent pro rata target. Globally, in comparison with non-APEC members, APEC's progress was higher in percent terms in 3 out of 4 Starting a Business indicators and had a combined improvement in this area equivalent to 23.4 percent, higher than that of the rest of the world (22.1 percent).



Source: World Bank – Doing Business.
 Note: Improvements are shown with negative values.

Similarly, APEC's progress is worth acknowledging as the median number of procedures, days and cost to start a business declined substantially beyond the 10 percent pro rata benchmark. The only indicator which did not change its median value was the paid-in minimal capital, as more than half of APEC members were not requiring anymore a paid-in minimum capital to start a business.



Source: World Bank – Doing Business.
 Note: Improvements are shown with negative values.

Making it Easier to Start a Business

Despite significant progress achieved in this area, APEC members are still looking to implement measures to make it easier to start a business. Some interesting recent examples can be found in Indonesia, Mexico and the Philippines.

In Indonesia, the Investment Coordinating Board (BKPM) announced a program that will allow companies in Jakarta to apply online for business and investment licenses. The intention of this new system is to allow applicants to track the approval process and require the BKPM to issue approvals within 14 days of receiving an application. The program is expected to increase transparency and reduce the bureaucratic burden to establish a new business.

Mexico has been finding ways to simplify procedures and improve the regulatory framework to start a business. In this sense, the Mexican Government has been promoting among local and state governments the implementation of the System for the Rapid Opening of Companies. Currently, 97 of these systems are available in Mexico. The government also upgraded its website www.tuempresa.gob.mx in order to reduce transaction costs and procedures for business registration. In order to reduce further costs to establish a company, the paid-in minimum capital requirement for limited liability companies was eliminated.

In January 2012, the Department of Trade and Industry of the Philippines launched the Philippine Business Registry (PBR), a one-stop shop which aims to reduce the time to register new businesses. The PBR is linking the systems of several agencies involved in the issuance of permits and licenses that are necessary to operate businesses such as sole proprietorships and partnership corporations.

Sources:

- White, Andrew, "'Ease' of Doing Business in Indonesia Making Would-Be Investors Uneasy". Published by Jakarta Globe, 1 November 2012. Available at http://www.thejakartaglobe.com/commentary/ease-of-doing-business-in-indonesia-making-would-be-investors-uneasy/553489#Scene_1
- Ferrari, Bruno, "Los Retos Externos e Internos de México". Published by CNN Expansión, 30 November 2012. Available at <http://www.cnnexpansion.com/economia/2012/11/29/mexico-con-retos-externos-e-internos>
- CNN Expansión, "México Avanza 5 Sitios en Doing Business". 22 October 2012. Available at <http://www.cnnexpansion.com/economia/2012/10/22/mexico-mejora-5-lugares-en-ranking-del-b>
- Dumlao, Doris, "Business Registration in Philippines Now Made Easier". Published by Philippine Daily Inquirer, 23 March 2012. Available at <http://business.inquirer.net/50595/business-registration-in-philippines-now-made-easier>
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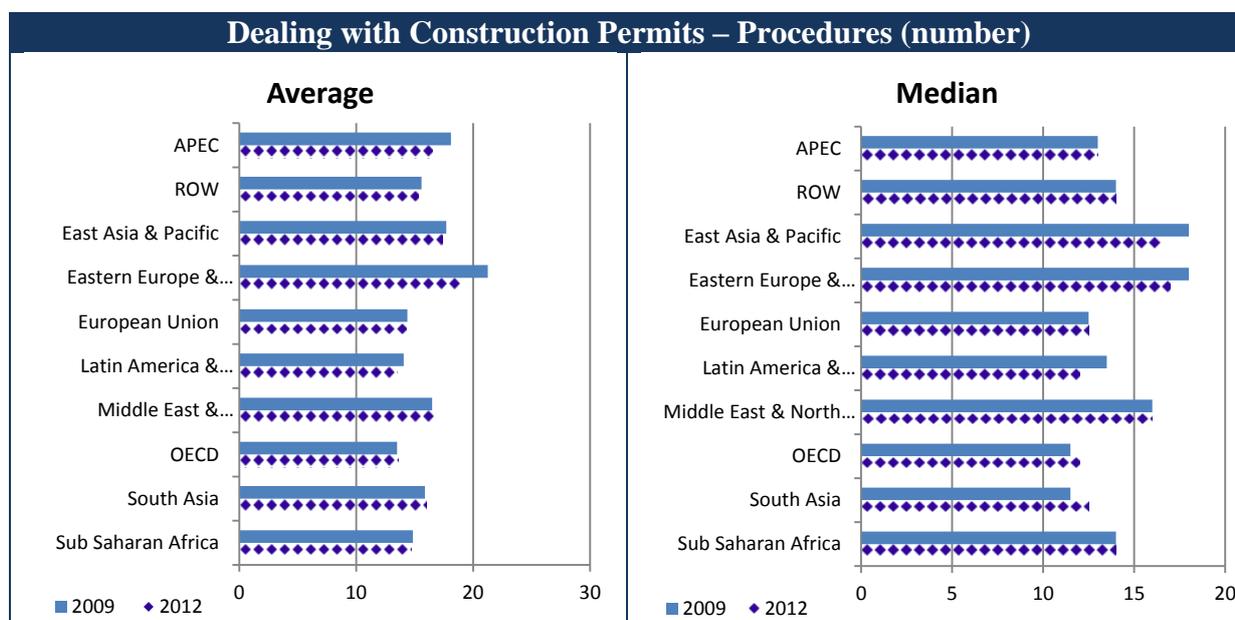
The improvements made by APEC economies in the Starting a Business' indicators, both measured by average and median values, show the continuous efforts and implementation of reforms that APEC economies are undergoing in order to make it easier, faster and cheaper to start a business following the ideals of the EoDB initiative.

B. DEALING WITH CONSTRUCTION PERMITS⁸

APEC's average performance improved in all three indicators included in this priority area. However, most of the progress was uneven, as it was mostly explained by APEC economies that were placed in the bottom half when the APEC's EoDB initiative started in 2009. As opposed to the average values, APEC's median values in one of the indicators (procedures) did not change and the cost indicator to obtain a construction permit worsened.

Between 2009 and 2012, the average number of procedures required to obtain a construction permit in the APEC region went down from 18 to 17 procedures. Despite this improvement, APEC is still behind the rest of the world. For example, for many regions, it took around 13 to 16 procedures to obtain a construction permit in the European Union, Latin America & Caribbean, OECD, South Asia and Sub-Saharan Africa.

APEC's median number of procedures remained at 13, below OECD and Latin America & Caribbean with 12 procedures.

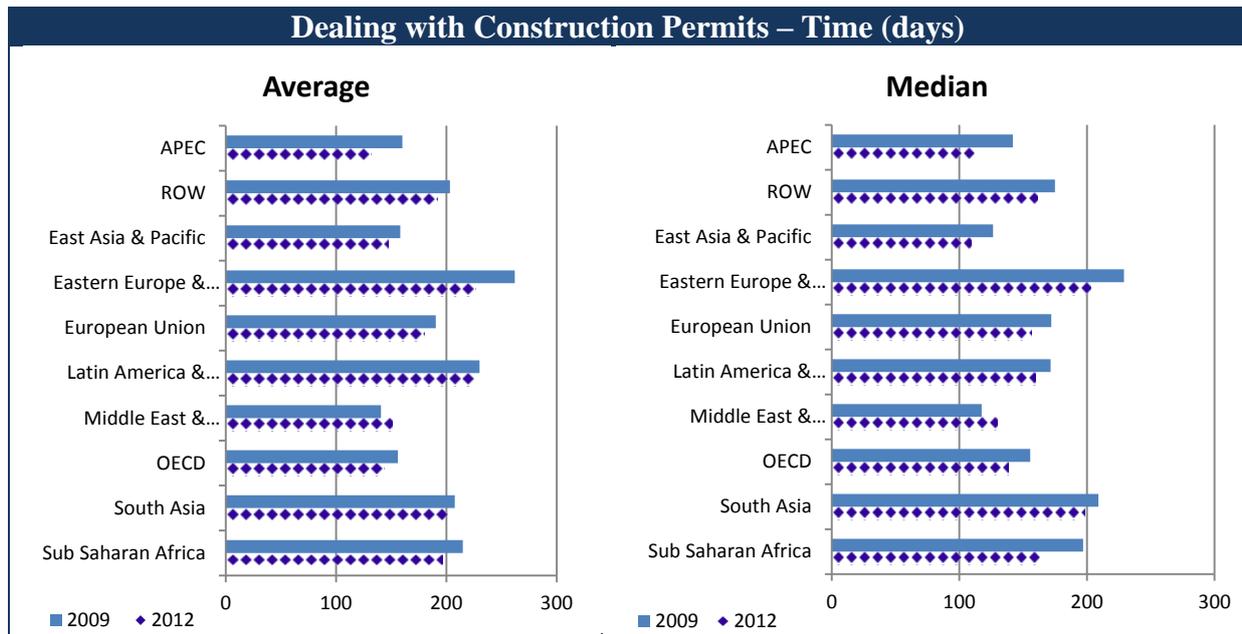


Source: World Bank – Doing Business

In terms of the average number of days to obtain a permit within APEC, progress was significant as time was reduced in four weeks, from 160 to 132 days, and APEC became the region with the fastest time to obtain a construction permit. Despite requiring a higher average number of procedures, the time to obtain a permit was much faster in APEC compared to the OECD (143 days), European Union (180 days), Sub-Saharan Africa (196 days), South Asia (201 days) and Latin America & Caribbean (225 days).

APEC's median number of days to obtain a permit went down from 142 to 112 days, becoming the second best region, only behind East Asia & Pacific with 109 days.

⁸ The indicators in this section consider the data adjustments implemented at the Doing Business 2012. The new Doing Business methodology in this area no longer includes the procedures, time and cost of getting electricity as part of the indicators. Historical data was also adjusted to make it possible to compare the figures across time.



Simplifying the Process to Obtain Construction Permits

Some APEC members have experienced remarkable progress in making it easier, faster and cheaper to get a construction permit.

Brunei Darussalam reported many actions to improve the application process to obtain a construction permit. In this regard, the Authority of Building Construction Industry and the Bandar Seri Begawan Municipal Board improved their operational systems by introducing a risk-based and self-regulatory inspection system, as well as general business procedures. Unnecessary procedures were eliminated to reduce time. Also, reforms involved the issuance of company identification for Qualified Persons (QP) to improve tracking and accountability. In that way, QP only needs to deal with two institutions concerning technical matters to get project clearance, as opposed to going to several agencies as it was the case before the reforms.

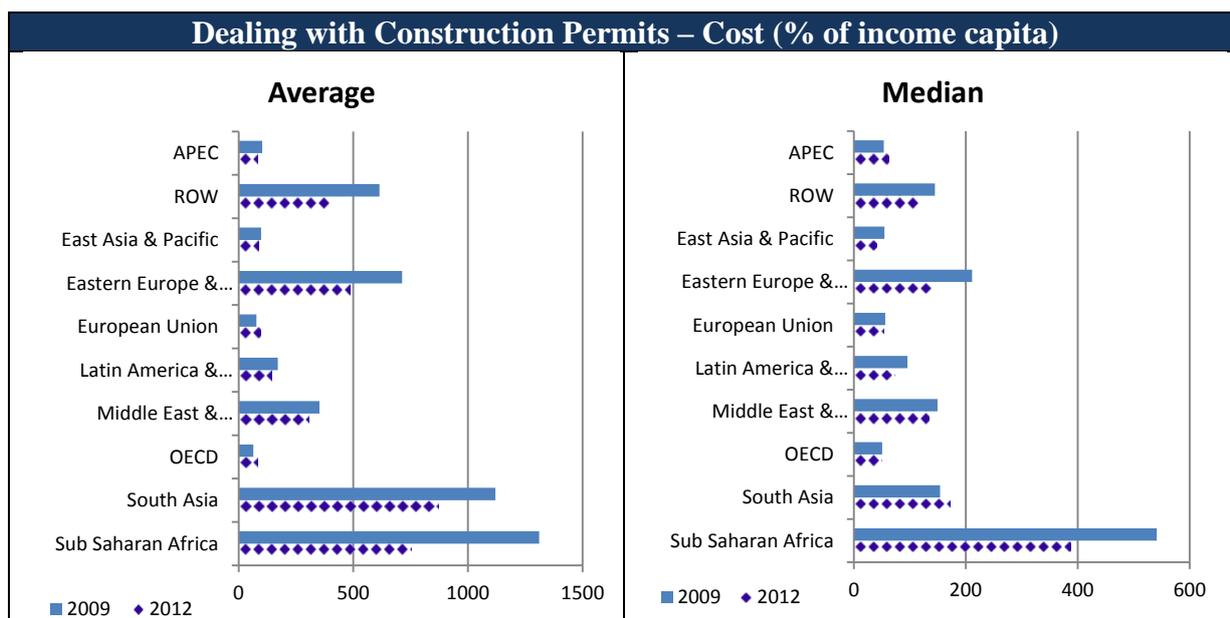
Chinese Taipei introduced a single window for pre-construction and post-construction approvals that have simplified the application process to obtain construction permits. These changes reduced in only one year 14 procedures and shorten the approval process in 31 days.

Sources:

- Kasim, Leo, "Brunei Rises in Business Ease Ranking. Placed 79th". Published by The Brunei Times, 24 October 2012. Available at <http://www.bt.com.bn/print/303080>
- Su, Amy & Shih Hsiu-Chuan, "Business Climate Boosted: Report". Published by Taipei Times, 24 October 2012. Available at <http://www.taipeitimes.com/News/biz/archives/2012/10/24/2003545924>

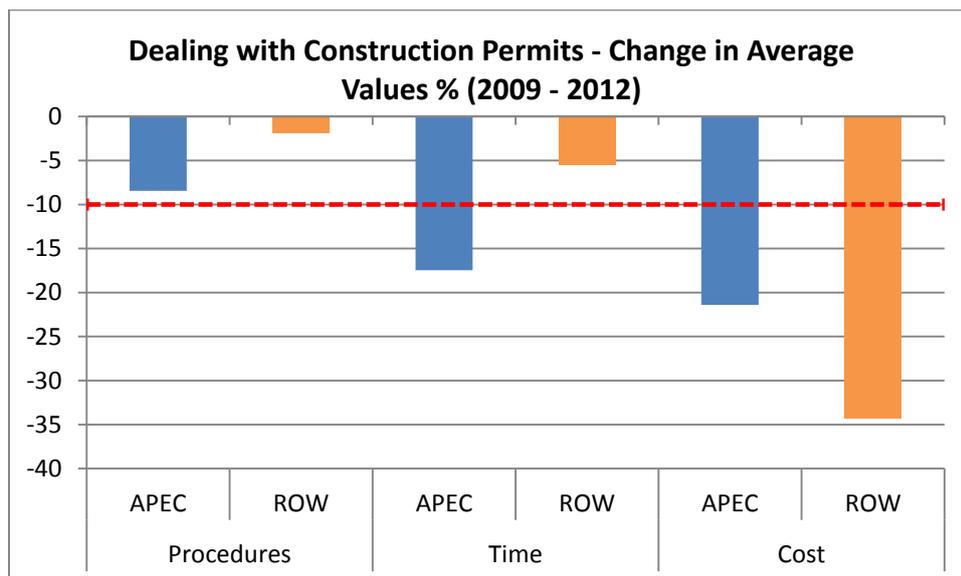
Regarding the cost to obtain a permit as percentage of the income per capita, APEC reduced its cost from 102.7 to 80.7 percent. By the end of 2012, APEC's average cost was the lowest of all regions.

However, APEC's progress was not uniform across its members. During the period 2009-2012, APEC's median cost increased from 53.5 percent to 62.8 percent, explained by the rising relative costs to obtain a construction permit in some high-income APEC economies. By 2012, APEC's median cost was higher than that of East Asia & Pacific, OECD and European Union's median costs. These groupings experienced median costs which ranged between 41.5 percent and 53 percent of their corresponding income per capita.



Source: World Bank – Doing Business

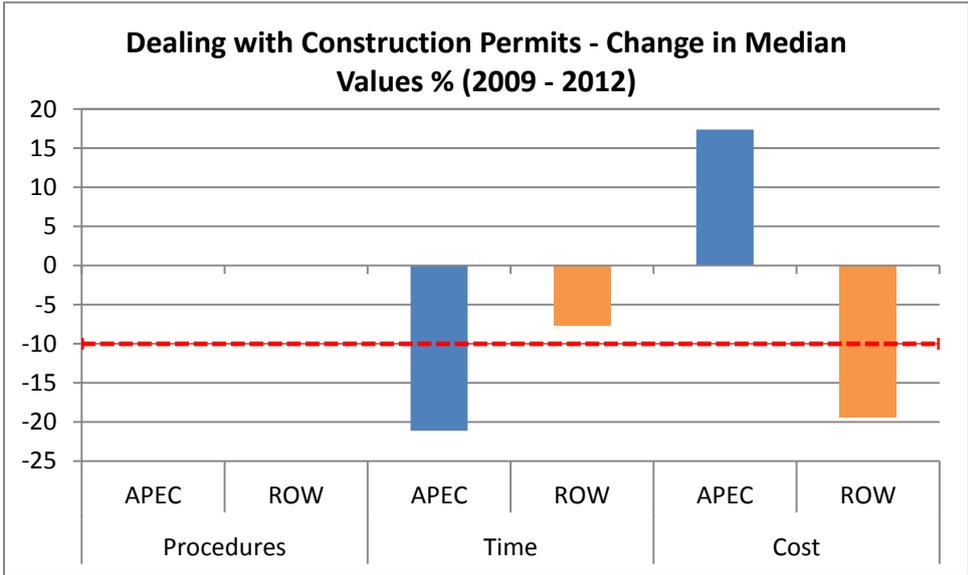
APEC’s average values in this priority area show that APEC improved in its three indicators and went beyond the 10 percent improvement benchmark in at least two of them (time and cost). APEC’s improvement in percent terms regarding the number of procedures was higher than that of the rest of the world. However, the APEC region still requires on average more steps to obtain a construction permit in comparison with the rest of the world.



Source: World Bank – Doing Business.

Note: Improvements are shown with negative values.

The evolution of APEC’s median values showed a mixed performance. On the one hand, APEC’s performance in this area was encouraging as the median time to obtain a construction permit went down in 21.1 percent, outperforming the rest of the world. On the other hand, APEC’s median cost went up in 17.4 percent, moving in the opposite direction to the non-APEC members’ median. This increase in the median cost offset the effect of the fall of the median time to get a construction permit.



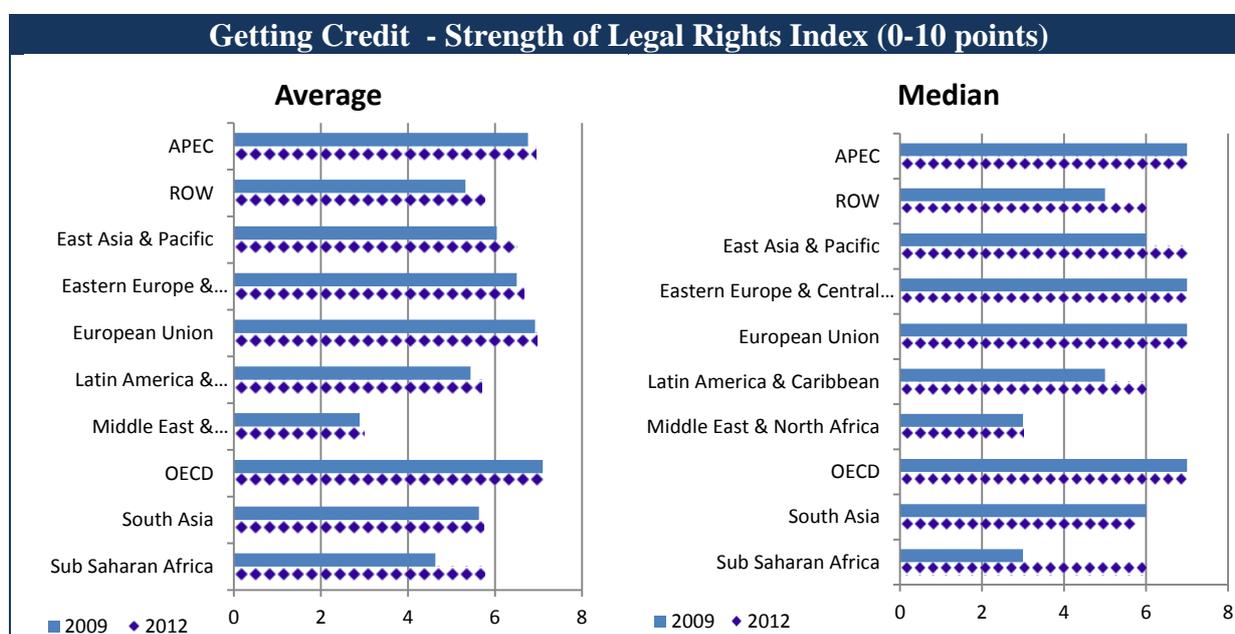
Source: World Bank – Doing Business.
 Note: Improvements are shown with negative values.

C. GETTING CREDIT⁹

APEC's average performance improved in all four indicators included in this priority area. However, changes were mostly explained by two out of four indicators, namely the percentage of the adult population whose credit information is available in private bureaus and public registries.

Between 2009 and 2012, APEC's average value in the strength of legal rights index barely changed, improving from 6.8 to 7 points. This indicator measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders. However, it is important to highlight that APEC's average performance in this indicator was one of the best in the world, only behind the score achieved by the OECD (7.1 points). As can be seen in the next graph, APEC performed better than regions such as East Asia & Pacific, which scored 6.5 points, and Eastern Europe & Central Asia, with 6.7 points, among others.

APEC's median value in the strength of legal rights index remained the same between 2009 and 2012 and was equal to 7 points, the maximum score achieved by any region, together with East Asia & Pacific, Eastern Europe & Central Asia, European Union and OECD.

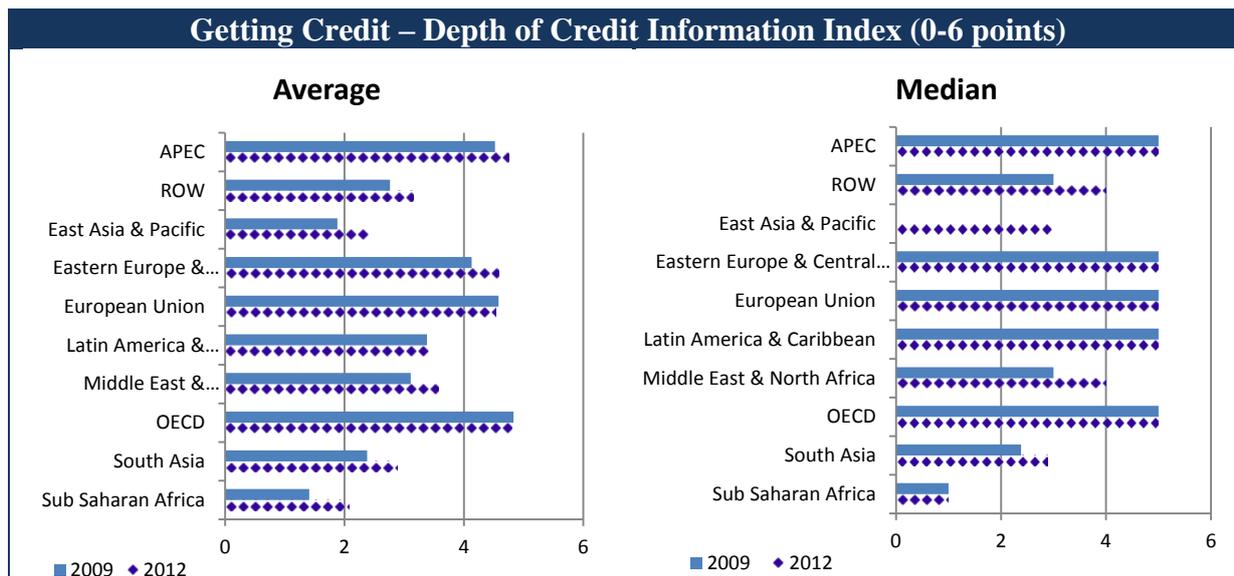


Source: World Bank – Doing Business

Likewise, APEC also did well in the depth of credit information index. This index measures the depth of the rules affecting the scope, accessibility and quality of credit information available. Together with the OECD, APEC's average score was equal to 4.8 points, which was the best score among all regions in 2012. This score is two times higher or more than those obtained by East Asia & Pacific (2.4 points) and Sub-Saharan Africa (2.1 points).

APEC's median score in this indicator remained the same during the period 2009-2012 and was also the best among all regions with 5 points, similar to the scores obtained by Eastern Europe & Central Asia, European Union, Latin America & Caribbean and OECD.

⁹ The Strength of Legal Rights Index includes the adjustments in the calculations of this indicator as explained in the new Doing Business 2012 database. The figures obtained for years 2009 and 2012 are comparable.



Source: World Bank – Doing Business

Improving Credit Information Systems

In recent years, some APEC economies have embarked into reforms to improve credit information systems in order to make it easier for lenders to have more certainty about the borrower's financial capacity and for borrowers to have access to credit.

For example, Australia launched the Personal Property Securities Register (PPSR) on 30 January 2012. One of the features of this system is that it improves the ability of individuals and businesses to use more of their property to secure lending. This reform is introducing a national system in Australia (replacing state and territory government registries) that removes limitations or uncertainty on the use of personal property as security. By using the PPSR, anyone considering buying or leasing an item of personal property can check whether there is a security interest over that property or not.

Papua New Guinea also passed the Personal Property Security Act in March 2012, which is expected to facilitate business development by modernizing business laws and increase access to finance opportunities. Users will be able to register or check collateral online.

New Zealand's Credit Reporting Privacy Code was amended and the changes came into effect on 1 April 2012. The amendments expand the set of information that credit bureaus collect. Before these changes, credit bureaus could only collect negative data such as late payments, defaults and bankruptcies. With these reforms, bureaus are able to collect positive information as well, such as current credit levels and consumer's history on loan repayments. Bureaus can keep the information collected for up to two years.

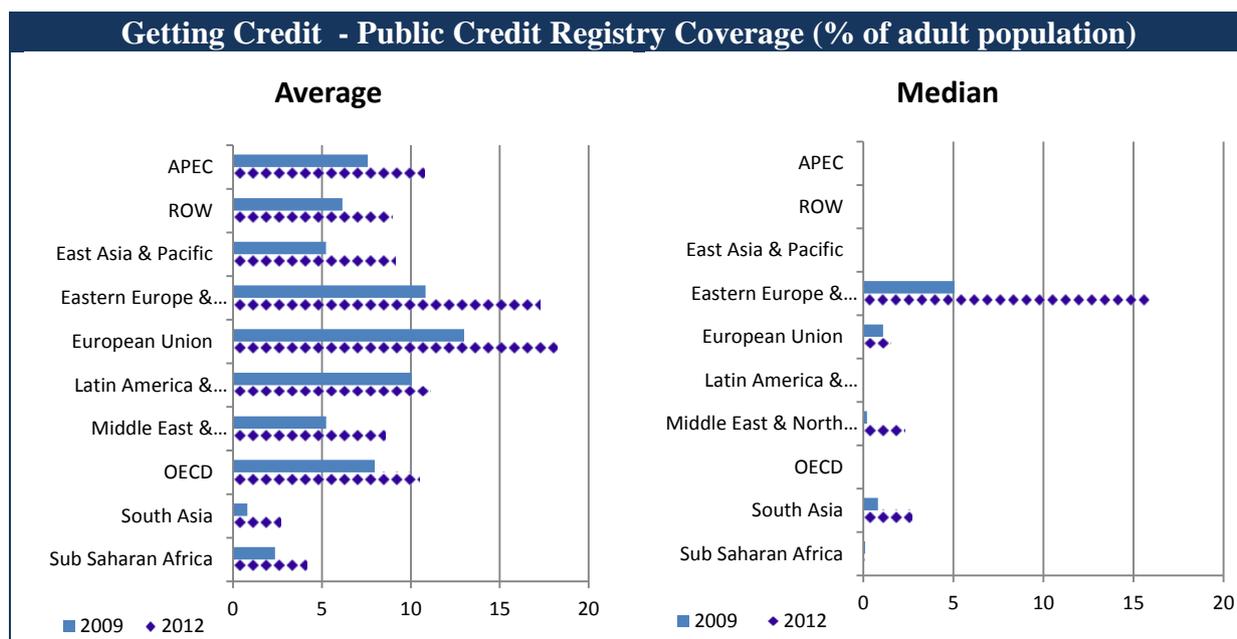
Sources:

- Australian Government, "A New Reform for Australia: Personal Property Securities Road Show". 2011. Available at http://www.ppsr.gov.au/NewsRoom/News/Road_Show_2011/Documents/presentation.pdf
- Asian Development Bank, "ADB Welcomes Passage of Personal Property Securities Act". 12 March 2012. Available at <http://www.adb.org/news/papua-new-guinea/adb-welcomes-passage-personal-property-security-act>
- Gibson, Eloise, "Your Credit History Up for Scrutiny". Published by Fairfax NZ News, 24 March 2012. Available at <http://www.stuff.co.nz/business/money/6629954/Your-credit-history-up-for-scrutiny>
- Adams, Christopher, "Credit Reporting Changes Will 'Boost Activity'". Published by The New Zealand Herald, 16 February 2012. Available at http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10785793

The average public credit registry coverage in APEC, measured by the percentage of adult population listed in a public credit registry with information on repayment history, unpaid debts, or credit outstanding for the past five years, increased from 7.6 percent to 10.8 percent

during the period 2009-2012. Only European Union and Eastern Europe & Central Asia registered a higher percentage with 18.2 percent and 17.3 percent, respectively. APEC's average was higher than those from East Asia & Pacific (9.1 percent) and Middle East & North Africa (8.6 percent), among others.

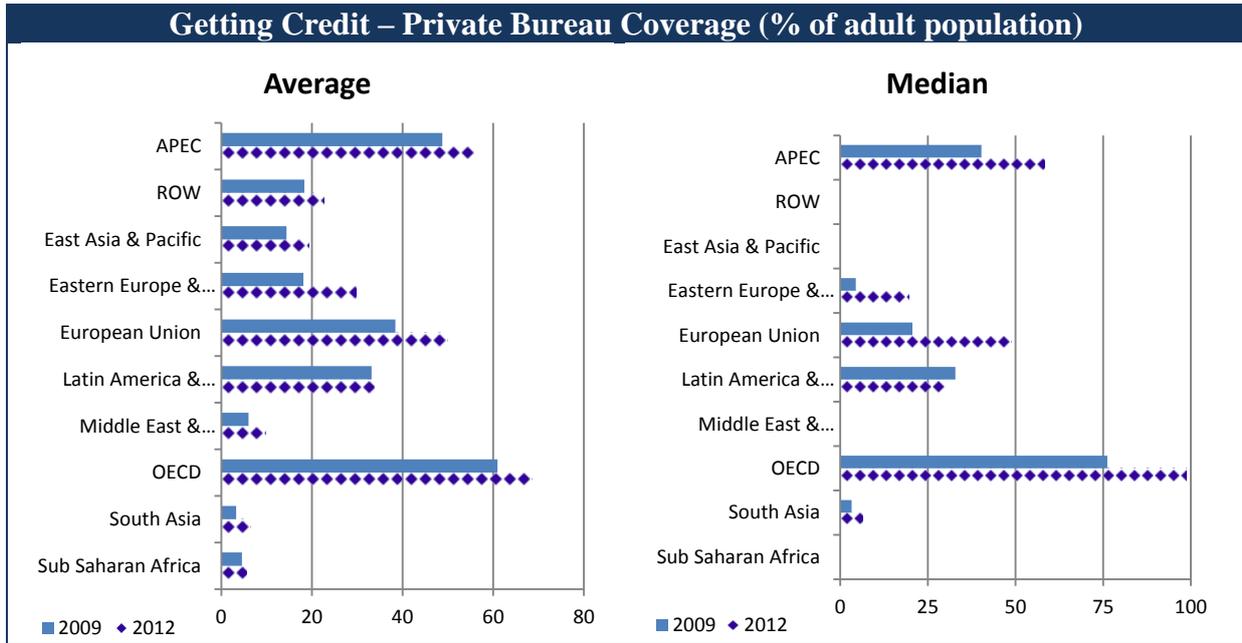
The median public credit registry coverage in APEC between 2009 and 2012 was equal to zero, which means that more than 50 percent of APEC economies do not use public credit bureaus, but private ones to manage credit information. A similar situation occurred in East Asia & Pacific, Latin America & Caribbean and OECD. Eastern Europe & Central Asia was the region that experienced the highest median public registry coverage with 15.9 percent of the adult population.



Source: World Bank – Doing Business

As for the private bureau coverage in APEC, measured by the percentage of the adult population listed in a private credit bureau with information on repayment history, unpaid debts, or credit outstanding from the past five years, the average coverage in APEC was the second best in 2012, totaling 55.7 percent, behind OECD with 68.5 percent, but ahead of European Union (49.8 percent), Latin America & Caribbean (33.8 percent) and Eastern Europe & Central Asia (29.9 percent), among others.

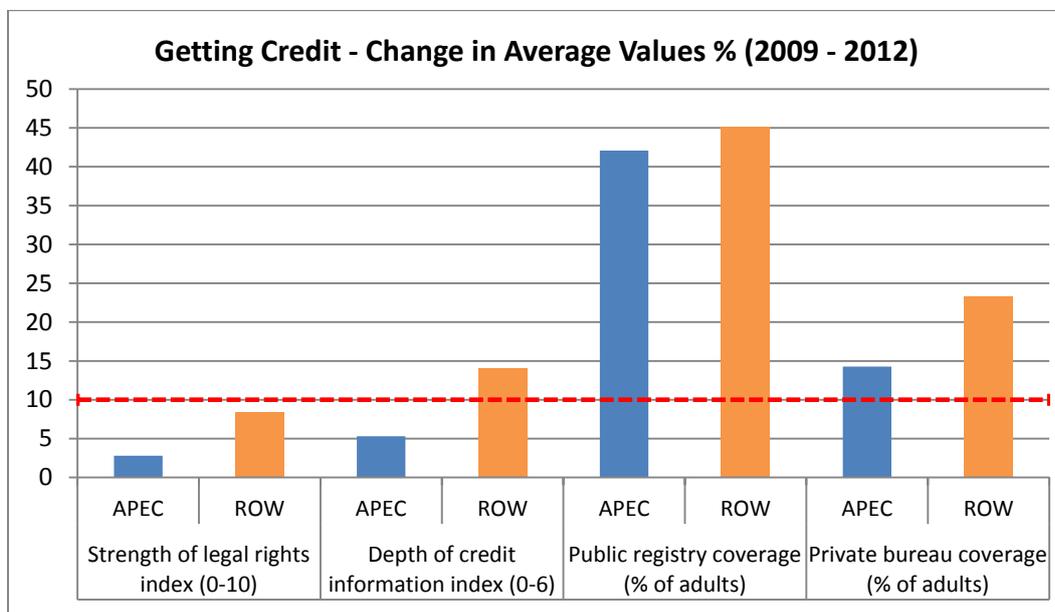
APEC's median private bureau coverage was the second highest as well with 58.3 percent, behind OECD (98.8 percent), but ahead of European Union (48.8), Latin America & Caribbean (29.5 percent) and Eastern Europe & Central Asia (19.5 percent), among others.



Source: World Bank – Doing Business

APEC’s average performance in this priority area was positive as it experienced improvements in its four indicators. In two of these areas, public registry coverage and private bureau coverage, APEC’s progress exceeded the 10 percent pro rata improvement target. The two other indicators remained far from the benchmark of 10 percent, but this is understandable since APEC was already experiencing a strong performance in those indicators when the APEC’s EoDB initiative started in 2009.

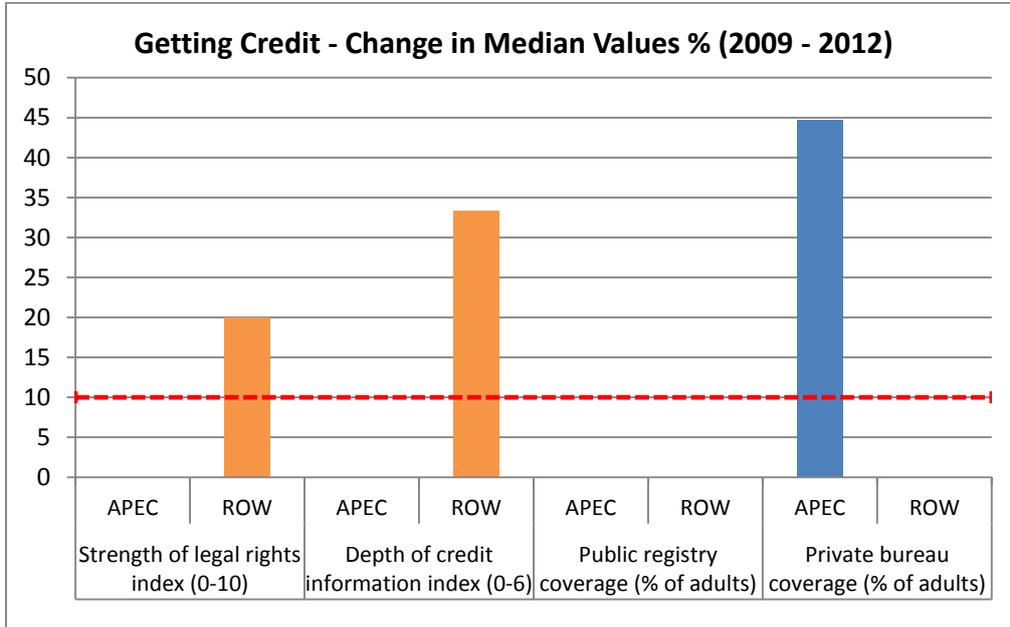
APEC’s combined progress in this priority area, measured in percent terms, was equal to 16.1 percent, behind the progress obtained by the rest of the world (22.8 percent). Nevertheless, APEC’s performance in all its getting credit indicators was far superior to that of the rest of the world, when the EoDB initiative started in 2009. This makes this improvement rate very remarkable.



Source: World Bank – Doing Business

Note: Improvements are shown with positive values

APEC’s median values in the Getting Credit indicators did not make much progress, as most APEC members had already achieved significant credit standards in this area when the EoDB initiative started. Only the median value of the private bureau coverage indicator increased beyond the 10 percent pro rata improvement benchmark.



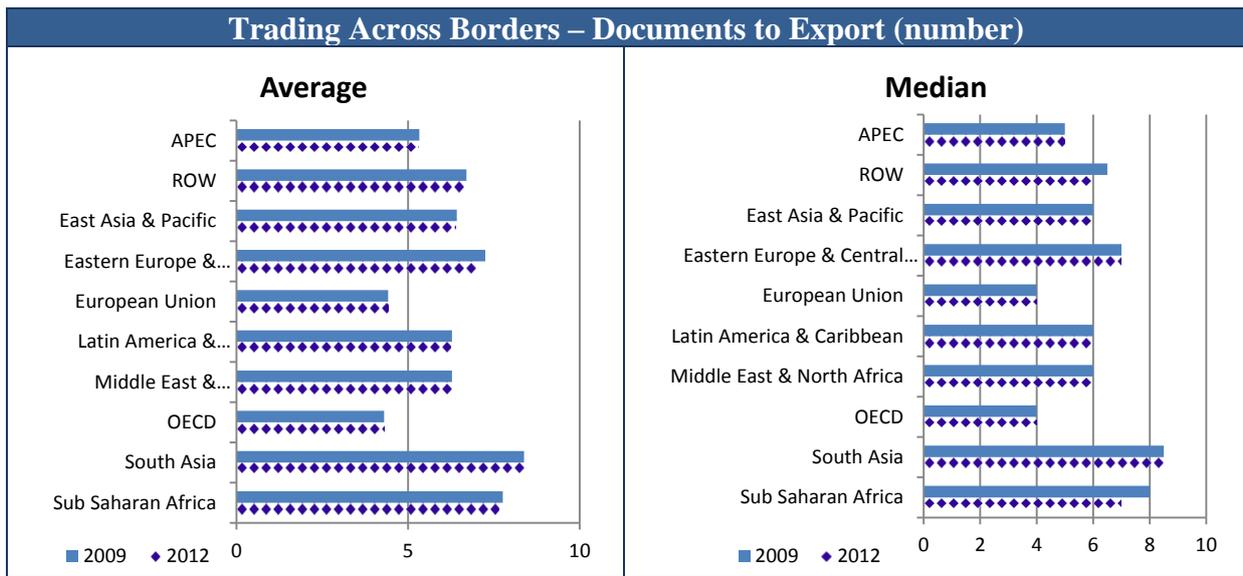
Source: World Bank – Doing Business
 Note: Improvement was shown with positive values.

D. TRADING ACROSS BORDERS

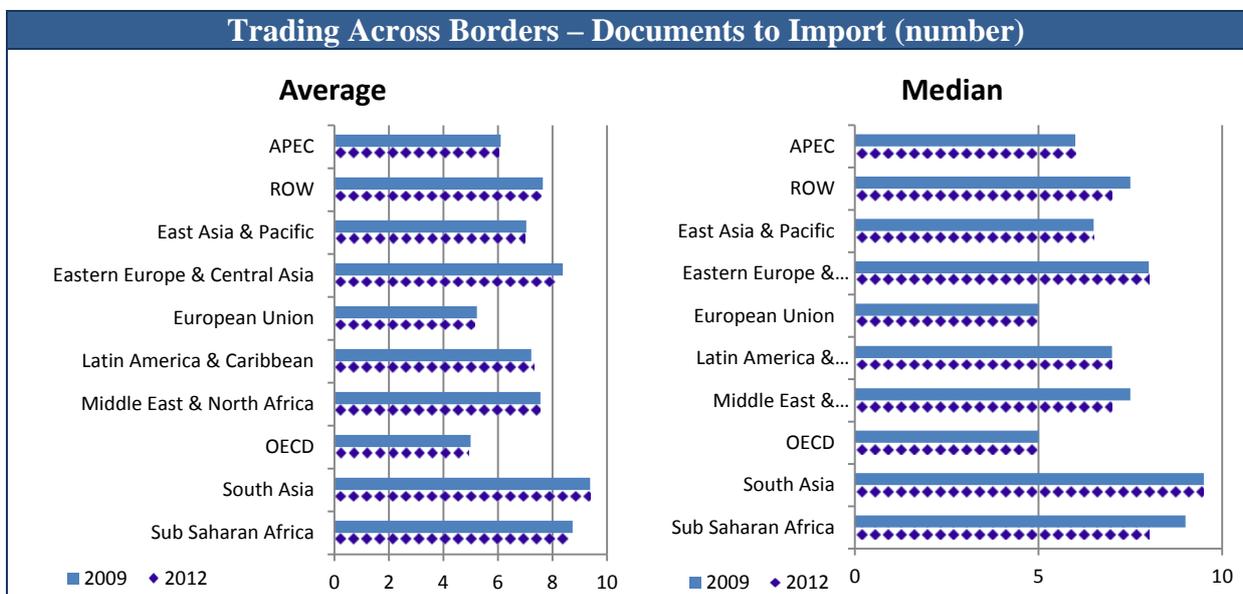
APEC registered mixed progress in the Trading Across Borders priority area. The most significant progress was achieved in terms of the time to trade. However, improvements in time and number of procedures were offset by higher costs to trade.

In terms of the documents required to trade, the average in APEC was around five documents to export and six documents to import. APEC continued to be the third lowest, only behind OECD and the European Union, which required approximately four documents to trade.

The median number of documents required to trade in APEC was equal to five and did not change between 2009 and 2012. This indicator remained steady for all regions, except for Sub Saharan Africa whose median went down from eight to seven documents.



Source: World Bank – Doing Business



Source: World Bank – Doing Business

Most of APEC's progress in Trading Across Borders was explained by faster times to trade. APEC improved its times to export and import in approximately one and two days, respectively, and it is the third-best region in this priority area (approximately 13 days to export and 14 days to import), trailing only the OECD and the European Union. On average, the time to export to and import from APEC is around six and nine days faster than that of Middle East & North Africa, but remains nearly two and four days slower than that of the OECD.

Reducing Times to Export and Import

Despite the fact that the APEC region has been facing increasing costs to export/import in recent years, the APEC region has been able to compensate this problem, in part by reducing the time to export/import. In this sense, some APEC economies have recently reported improvements in the time to trade.

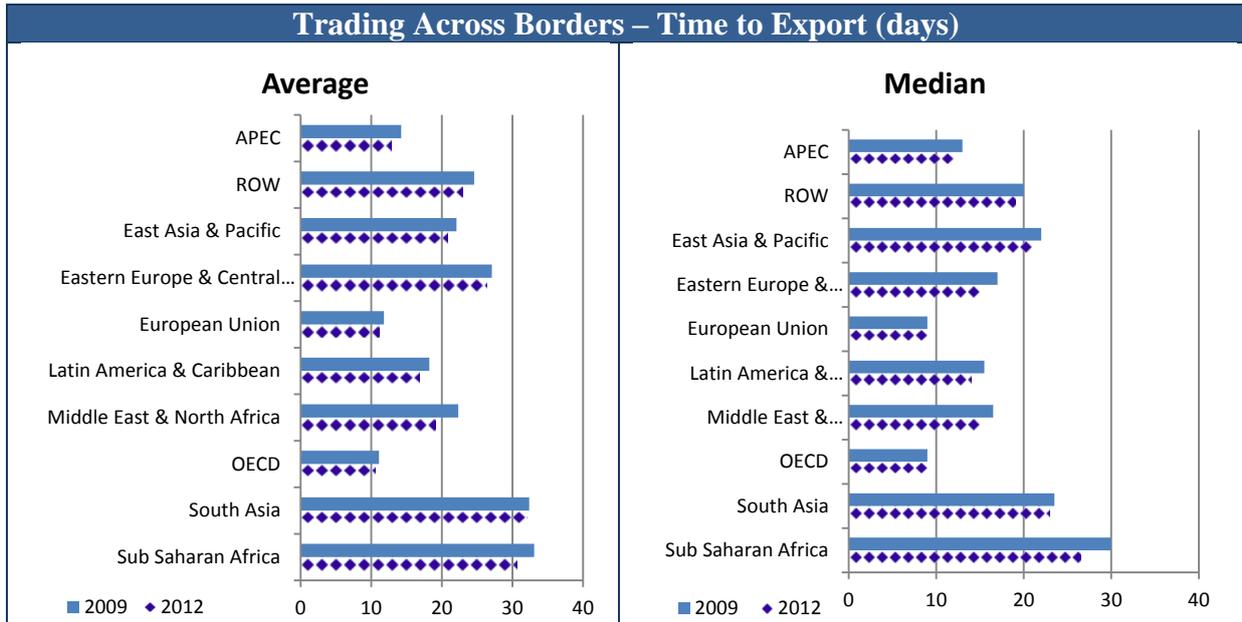
For instance, Chile reduced its time to export from 17 to 15 days and those to import from 15 to 12 days in 2012. Improvements in the system of advance customs clearance implemented by customs agencies have been one of the reasons leading to a lower number of days.

Malaysia also experienced lower times to export (from 13 to 11 days) and import (from 10 to 8 days). Initiatives related to the streamlining and standardizing of export and import processes, such as combining export documents through integrated data management to simplify and expedite exports explained the progress registered by Malaysia in this area.

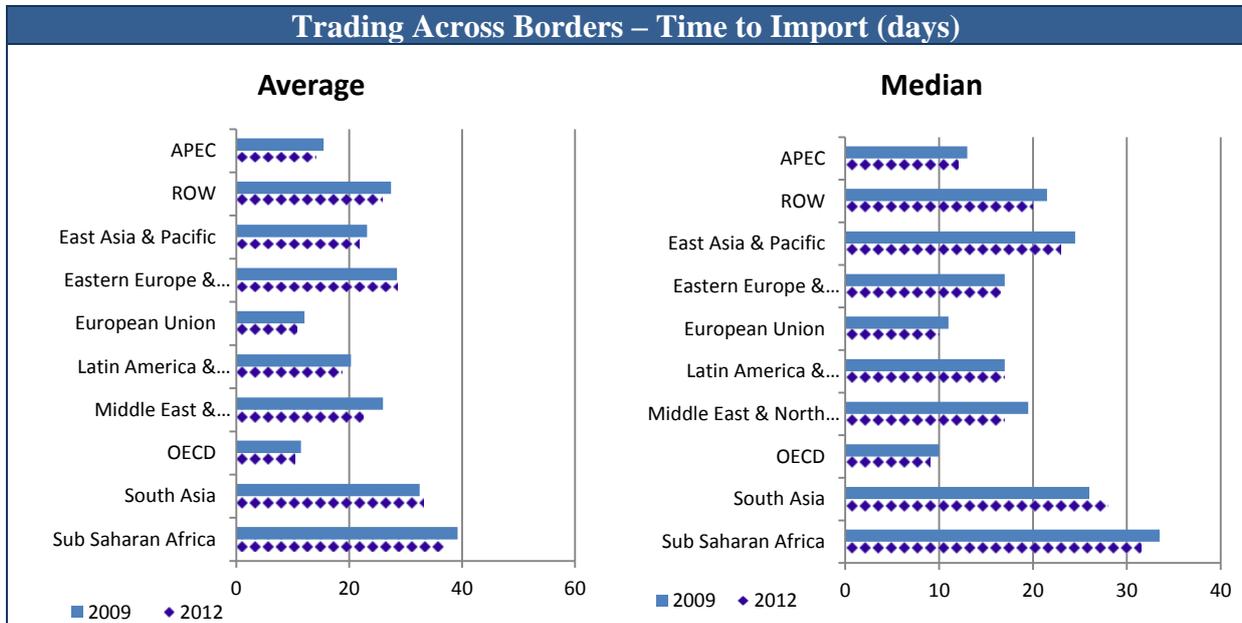
Sources:

- Asociación Nacional de Funcionarios de Aduanas de Chile, "Cámara Aduanera Valoró Mejora en Comercio Exterior Chileno que Destaca Informe Internacional". 26 October 2012. Available at <http://www.anfach.cl/sitio/2012/10/camara-aduanera-valoró-mejora-en-comercio-exterior-chileno-que-destaca-informe-internacional/>
- Ministry of International Trade and Industry, Malaysia, "Media Statement by Dato' Sri Mustapha Mohamed, Minister of Trade and Industry. Malaysia Leaps to 12th Position in World Bank's Doing Business 2013". 23 October 2012. Available at http://www.miti.gov.my/cms/content.jsp?id=com.tms.cms.article.Article_8b2d5681-c0a81573-1eda1eda-93125dd6

APEC's median trading time is also the third fastest in the world after OECD and the European Union. APEC's median time to export and import in 2012 was equivalent to 12 days, which was more than a week faster than the median time in East Asia & Pacific and at least twice as fast as those of Sub-Saharan Africa and South Asia.



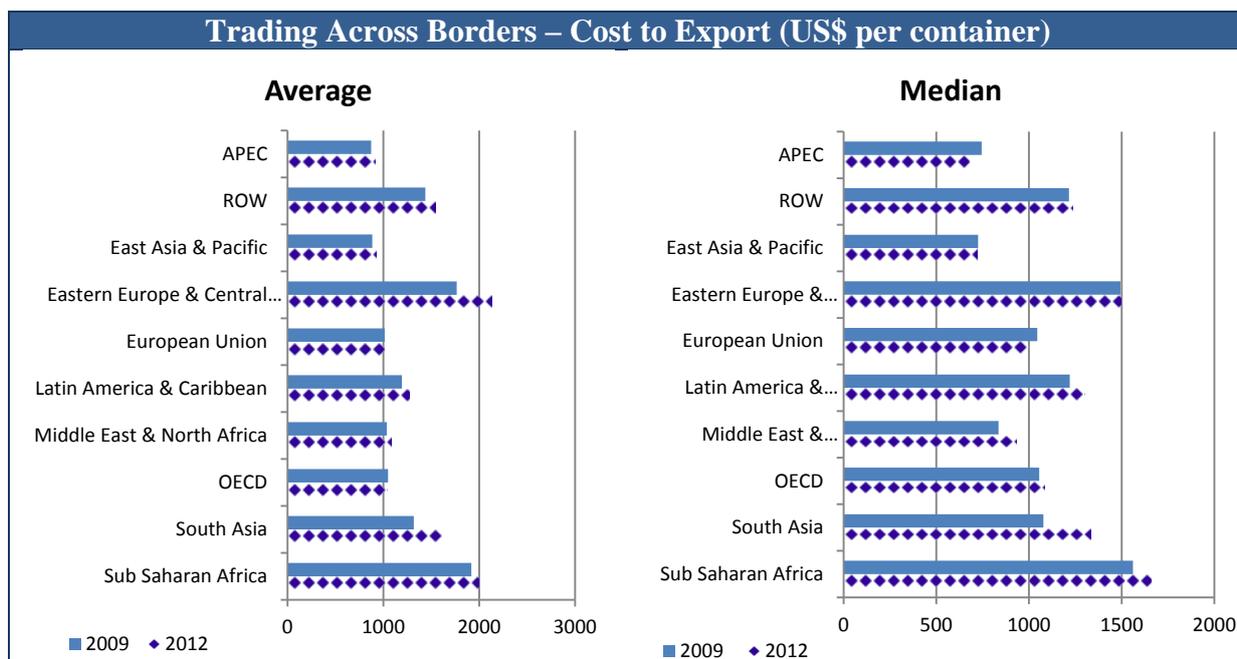
Source: World Bank – Doing Business



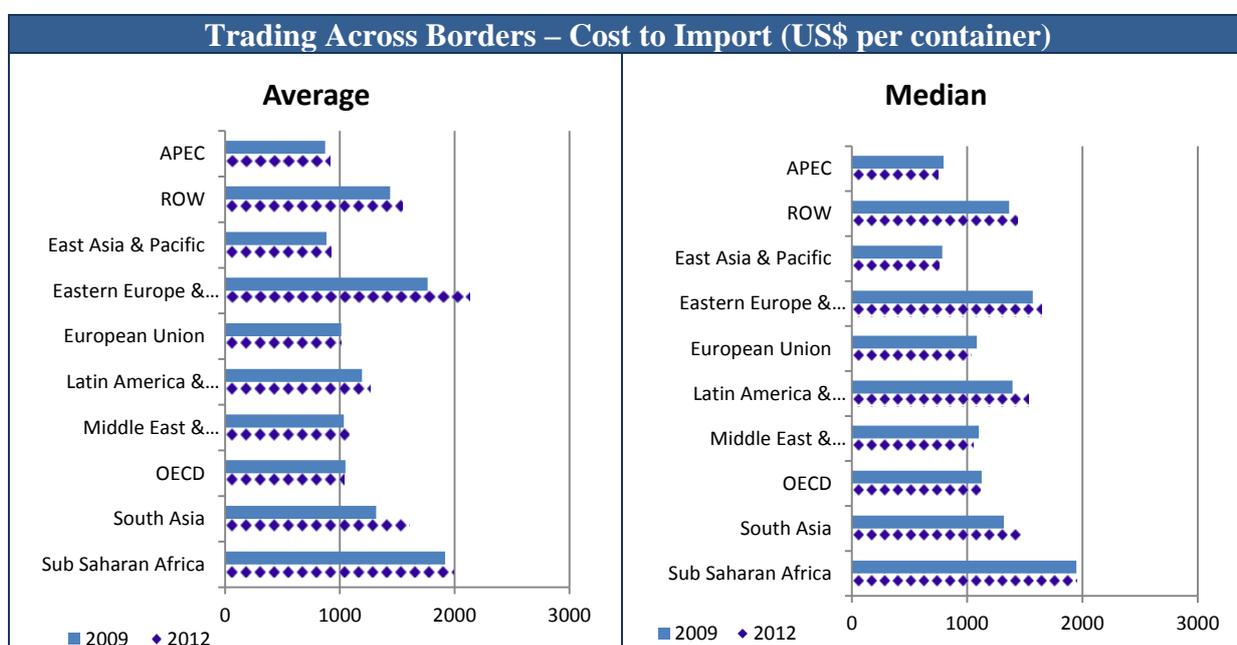
Source: World Bank – Doing Business

In terms of the cost to trade, APEC's average and median costs are the lowest among all regions. However, export costs went up from USD 872 per container in 2009 to USD 910 per container in 2012 and import costs also increased from USD 953 per container in 2009 to USD 973 per container in 2012. Except for the European Union and OECD, all of the other regions raised their average cost to trade between 2009 and 2012.

APEC's median costs to export and import a container were also the lowest among all regions. During the period 2009-2012, as opposed to the average cost, APEC median cost to export a container declined from USD 745 to USD 680. This median cost was USD 40 cheaper than that in East Asia & Pacific, which was the second best performing region. Similarly, APEC's median cost to import decreased from USD 795 to USD 750 and was marginally cheaper than the cost in East Asia & Pacific.

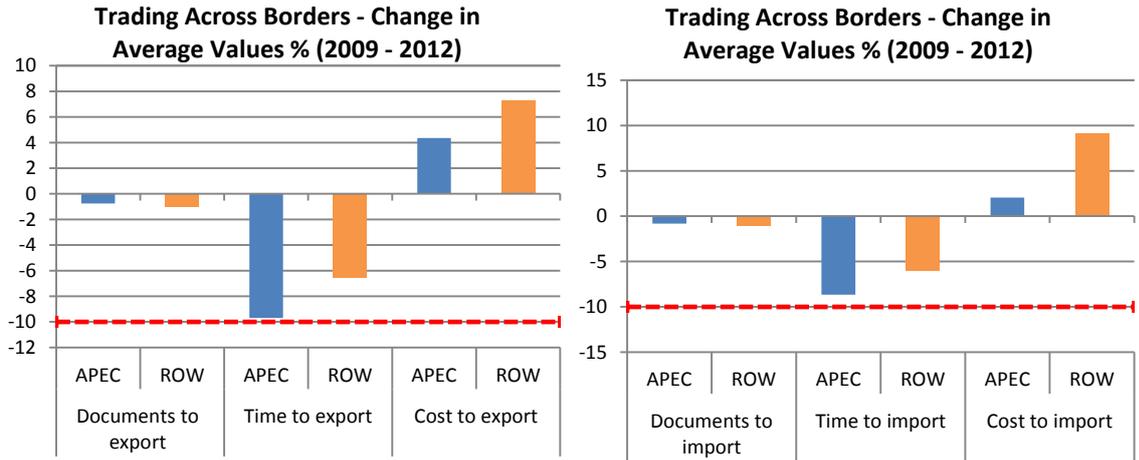


Source: World Bank – Doing Business



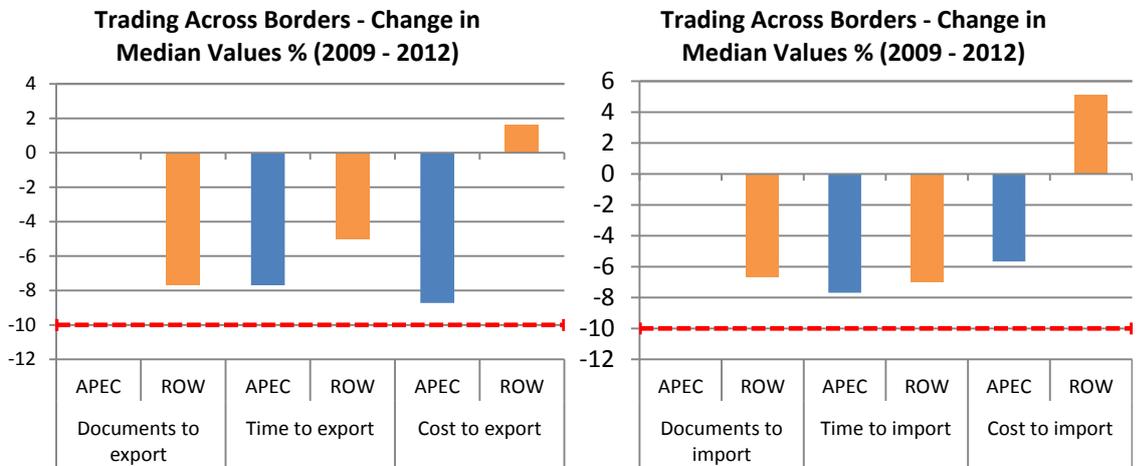
Source: World Bank – Doing Business

APEC's average rate of improvement *vis-à-vis* the pro rata benchmark of 10 percent was not achieved in any of the six Trading Across Border's indicators. Few regions achieved that goal in very few indicators, as it was the case of Middle East & North Africa with regards to the average time to export and import. However, it is important to stress that APEC's evolution in percent terms fared better than the rest of the world in the indicators concerning time and cost.



Source: World Bank – Doing Business
 Note: Improvements are shown with negative values.

By analyzing the median values, APEC's rate of improvement is the second highest among the regions only behind Sub Saharan Africa. However, the APEC's improvement rates are still below the 10 percent pro rata improvement benchmark for all indicators.



Source: World Bank – Doing Business
 Note: Improvements are shown with negative values.

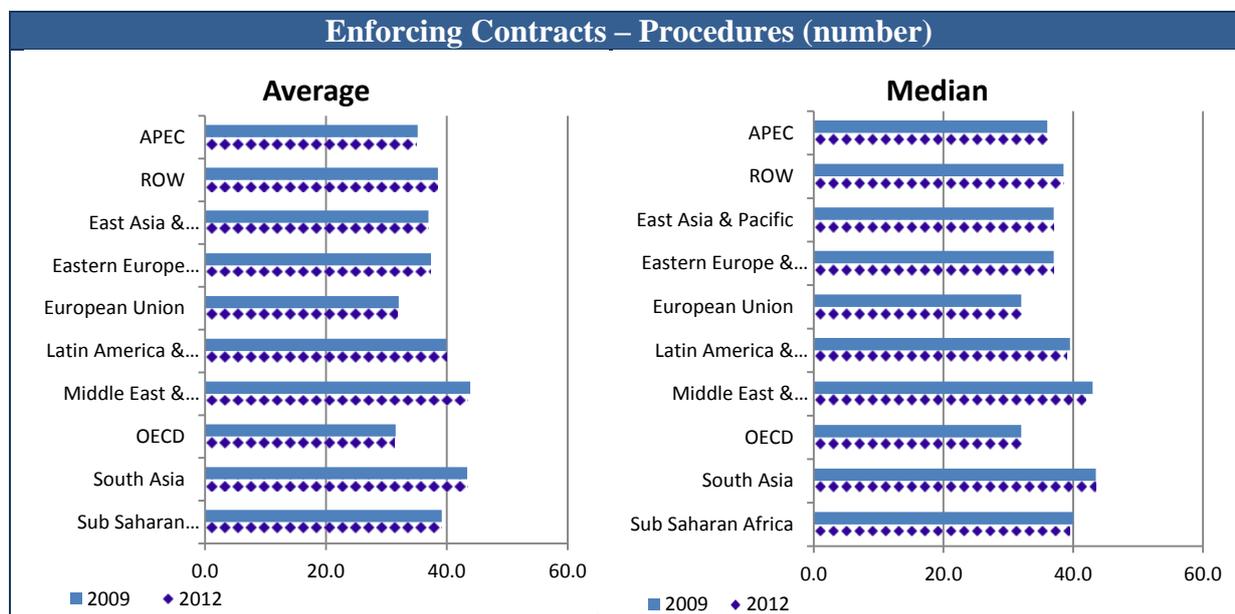
E. ENFORCING CONTRACTS

Overall, this is the priority area in which APEC's performance registered the smallest improvement, as it was the case of most of the other regions. In the case of the APEC region, changes in these indicators were only marginal.

Improving the conditions to enforce contracts through the courts has remained a challenge for most of the regions in this analysis. Changing long-time habits and procedures in courts has not been an easy task, as it sometimes requires several steps of government approval to reform juridical instruments. However, as improvements are implemented, the benefit of efficient and transparent courts could facilitate deeper reforms.

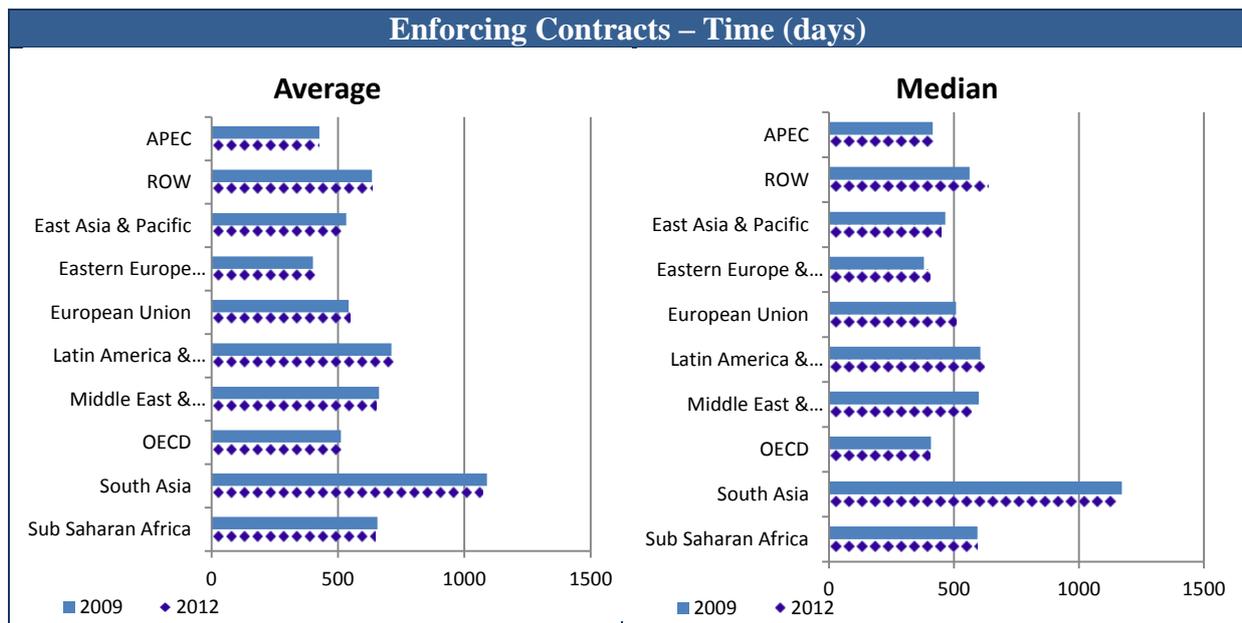
Between 2009 and 2012, changes in the average number of procedures to enforce contracts were very marginal in APEC, as it was the case for all the other regions that experienced any improvement. In terms of procedures, APEC averaged 35 procedures, behind OECD and the European Union with 31 and 32 procedures, but above other regions such as Latin America & Caribbean and South Asia, which averaged 40 and 43 procedures, respectively.

APEC's median number of procedures remained steady with 36, placing again third best after OECD and European Union (both with 32 procedures). Most of the regions did not experience any change in their median values.



Source: World Bank – Doing Business

In terms of the average number of days required to enforce contracts, APEC's performance was the second best with 424 days in 2012. Only Eastern Europe & Central Asia outperformed APEC with 414 days. It is important to stress that enforcing a contract in APEC was on average more than 100 days faster than in the European Union and more than 90 days faster than OECD which registered the two lowest average numbers of procedures. APEC's median number of days did not change, like most of the regions, and remained in 415 days; slightly behind Eastern Europe & Central Asia and OECD with 405 days.



Shorter Time to Enforce Contracts through Courts

Although progress in Enforcing Contracts has been very limited around the world, some APEC members reported improved performances in the number of days to enforce a contract.

In particular, the Doing Business 2013 Report shows that Russia and Thailand were the two APEC economies that advanced in this sub-indicator. According to this report, Russia reduced the time to enforce a contract from 281 to 270 days; whilst Thailand did it from 479 to 440 days.

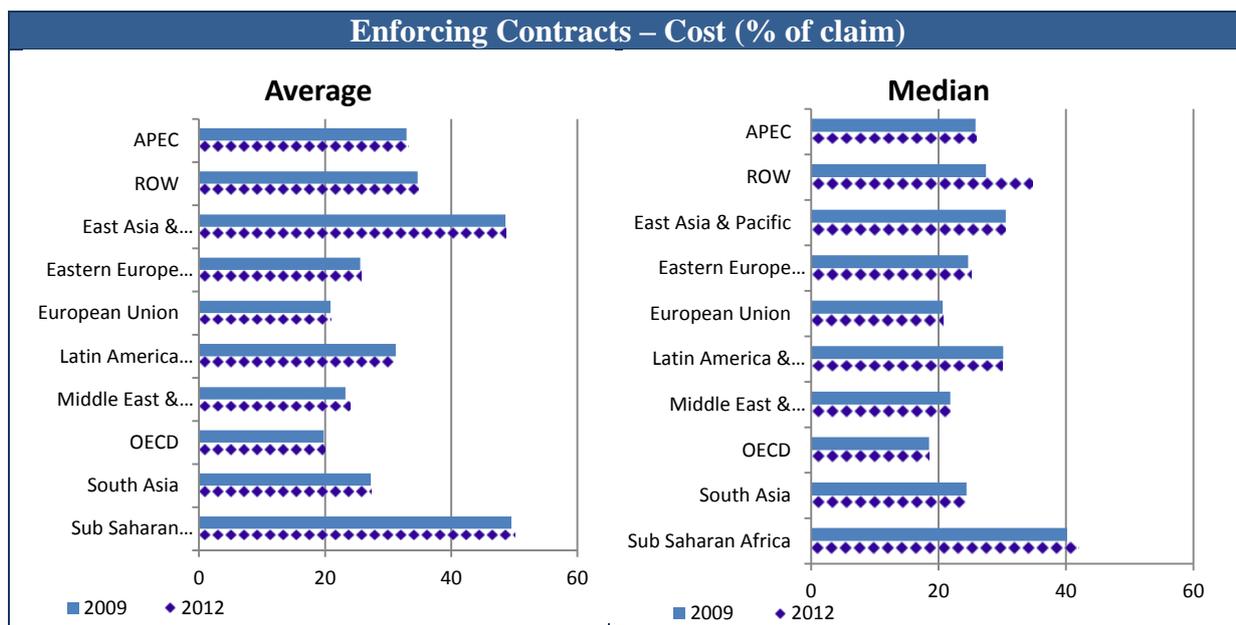
In the case of Russia, one of the possible reasons for this result is the implementation of an electronic case filing system. For Thailand, it is possible that recent improvements concerning the management of civil cases in Thai courts influenced in this result.

Sources:

- World Bank, “Business Reforms for Enforcing Contracts”. Available at <http://www.doingbusiness.org/reforms/overview/topic/enforcing-contracts>
- Park, Sang Kil, Sae Uk Kim and Jihyun Nam, “Facilitating Enforcing Contracts in Thailand”, Seoul: Kim & Chang, October 2012. Available at: http://www.prism.go.kr/homepage/researchCommon/downloadResearchAttachFile.do;jsessionid=CBE18719170AE72EFDC51D096C44532C.node02?work_key=001&file_type=CPR&seq_no=002&research_id=1270000-201200029

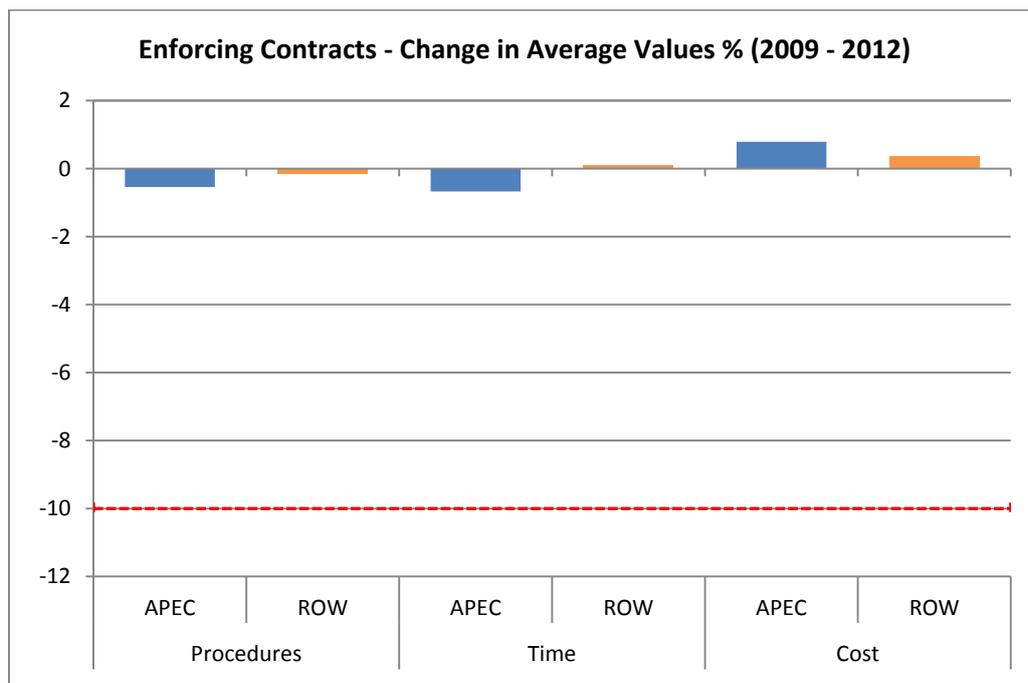
In terms of the average cost of enforcing contracts as a percentage of the claim, only Latin America & Caribbean had a marginal improvement. The average cost to enforce contracts increased marginally in most of the regions, including APEC. In fact, APEC's average cost was relatively high and equivalent to 33 percent of the claim. Only East Asia & Pacific and Sub-Saharan Africa registered higher costs as percentage of the claim than APEC, with 48.6 percent and 50.1 percent, respectively.

The median cost as percentage of the claim held steady for most of the regions. APEC's median cost increased from 25.8 to 26 percent during this period, but fared better than East Asia & Pacific (30.5 percent), Latin America & Caribbean (30.0 percent) and Sub-Saharan Africa (42.0 percent).



Source: World Bank – Doing Business

No region reached the 10 percent improvement target in any of the Enforcing Contracts’ indicators. In fact, no region showed improvement in all three Enforcing Contracts’ indicators at the same time. As measured by the average values, APEC did better than the rest of the world, since it improved in two out of three indicators (procedures and time); whereas the rest of the world only improved in the number of procedures. While APEC’s combined performance of the three Enforcing Contracts indicators improved slightly; the rest of the world moved in the opposite direction.

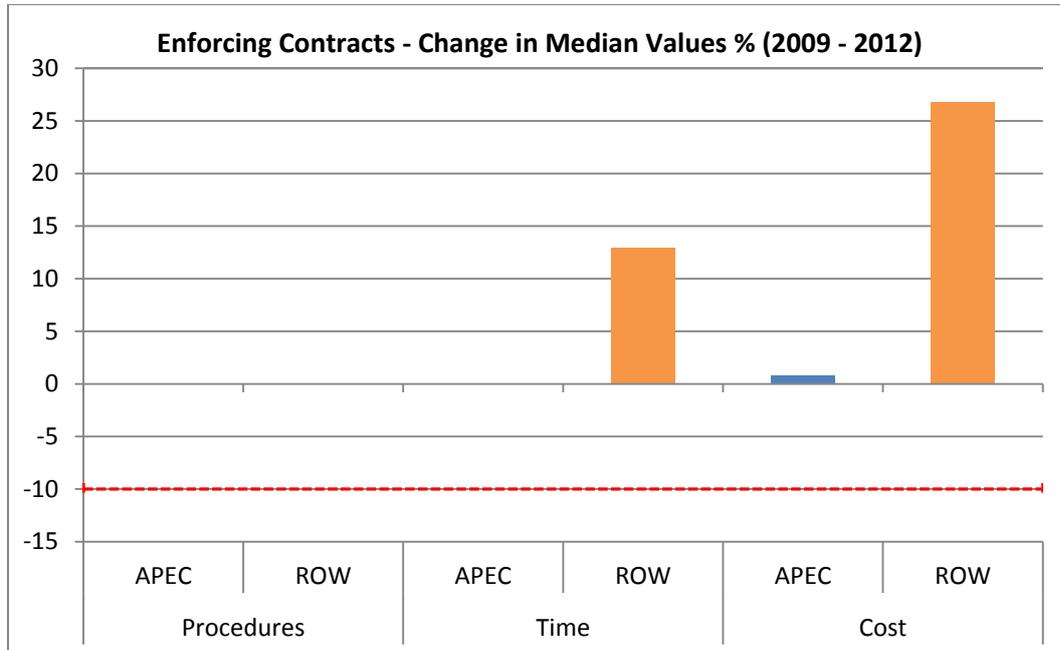


Source: World Bank – Doing Business

Note: Improvements are shown with negative values.

The median values of the Enforcing Contract’s indicators showed a similar story with no region reaching the 10 percent improvement. While APEC’s median performance did not

change in terms of number of procedures and time, it deteriorated slightly in terms of the cost as percentage of the claim to enforce a contract. However, APEC's median values in this priority area did better than those of the rest of the world, which worsened significantly with regards to the time and cost to enforce a contract.



Source: World Bank – Doing Business
 Note: Improvements are shown with negative values.

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APPENDIX 1: METHODOLOGY

A. AVERAGE VALUES

The EoDB initiative requires not only credible targets, but also an assessment of the progress made by the APEC region with a methodology that is easy to understand.

As the target establishes an APEC-wide target of 25 percent improvement by 2015 and 5 percent improvement by 2011, the methodology should measure the evolution of APEC as a whole in the five EoDB priority areas. In this sense, the assessment should compare across time the average values of APEC in the EoDB indicators available from the World Bank Doing Business database.

The indicators divided by priority areas are the following ones:

1. Starting a Business
 - a. Procedures (number)
 - b. Time (days)
 - c. Cost (percentage of income per capita)
 - d. Paid-in Minimum Capital (percentage of income per capita)
2. Dealing with Construction Permits
 - a. Procedures (number)
 - b. Time (days)
 - c. Cost (percentage of income per capita)
3. Getting Credit
 - a. Strength of Legal Right Index (from 0 to 10, being 10 the strongest)
 - b. Depth of Credit Information Index (from 0 to 6, being 6 the deepest)
 - c. Public Registry Coverage (percentage of adults)
 - d. Private Bureau Coverage (percentage of adults)
4. Trading Across Borders
 - a. Documents to Export (number)
 - b. Time to Export (days)
 - c. Cost to Export (USD per container)
 - d. Documents to Import (number)
 - e. Time to Import (days)
 - f. Cost to Import (USD per container)
5. Enforcing Contracts
 - a. Procedures (number)
 - b. Time (days)
 - c. Cost (percentage of claim)

To calculate the APEC average values per year in each of the aforementioned indicators, this study utilizes a simple average across APEC member economies. Simple averages provide a transparent and straightforward method to calculate these values. In addition, they are easy to understand and achievements by all APEC members are treated equally. For example, the calculation of the APEC average number of procedures in the Starting a Business priority area is as follows:

$$\text{APEC avg. procedures}_{2012} = (\# \text{ of procedures in Australia}_{2012} + \# \text{ of procedures in Brunei Darussalam}_{2012} + \dots + \# \text{ of procedures in Viet Nam}_{2012}) / \# \text{ of APEC economies}$$

The APEC-wide annual rate of improvement (or decline) in the period 2009-2012 can be calculated by comparing the average value in 2012 with the value obtained in 2009. Following the example of the number of procedures in the Starting a Business priority area, the APEC-wide rate of improvement in this indicator is equal to:

$$\text{APEC-wide rate of improvement avg. procedures}_{2009-2012} = \left[\frac{(\text{APEC avg. procedures}_{2012})}{(\text{APEC avg. procedures}_{2009})} - 1 \right] \times 100$$

B. MEDIAN VALUES

An analysis of the distribution of the data series by region and indicator shows that outliers (extreme values) were present in many of the data series in this report. A simple way to detect outliers is to find how many data points in each of the series used in this assessment are outside a data range. For example, a distribution is considered normal if around 68 percent of the data points belonging to a particular indicator are located within one standard deviation from the average. A percentage of data points in that range below 68 percent would give an indication of the possible presence of outliers. Same would happen when less than 95 percent of data points belonging to a particular indicator are located out of the range defined by two standard deviations from the average.

The number of series in this study with data points out of the aforementioned ranges is as follows:

	≤ 68 percent of data points within one standard deviation from the average	Percentage of series	≤ 95 percent of data points within 2 standard deviations from the average	Percentage of series
Base Year 2009	41	22.7%	79	43.8%
Year 2012	41	22.7%	60	33.3%

Note: The total number of series in this study for each year is 180.

The possible indication of the presence of outliers was much higher in the base year 2009 than in year 2012. A larger proportion of averages for 2009 may have been influenced by extreme values and given a distorted picture of APEC and any other region's collective performance in particular indicators. In addition, as the number of data series with extreme values in 2009 was larger than in 2012, there is a possibility that the improvement rates in the average of some EoDB indicators for the period 2009-2012 were pulled up by those economies that did register poor performances in 2009 and moved relatively closer to APEC average values by 2012.

This finding in the data set motivated the decision to include median values in this assessment. In this regard, a better picture of APEC's performance in the EoDB priority areas can be obtained by complementing averages with median values for each of the indicators included in the EoDB priority areas.

The median is the middle value in any data series, separating the upper half of the values with the lower half of the values. In other words, in the case of APEC, the median for any EoDB indicator is equivalent to the value registered by the economy located in the 11th position. For example, the following table shows the cost of dealing with construction permits as a percentage of income per capita for each of the 21 APEC members:

APEC: Cost of Dealing with Construction Permits (Year 2009)

Position	% of income per capita
1 st	3.5
2 nd	7.1
3 rd	9.7
4 th	13.2
5 th	16.8
6 th	18.7
7 th	19.3
8 th	19.7
9 th	19.9
10 th	37.3
11 th	53.5
12 th	88.8
13 th	89.3
14 th	91.3
15 th	110.8
16 th	116.5
17 th	135.1
18 th	159.5
19 th	217.6
20 th	354.7
21 st	573.5
Average	102.7
Median	53.5

Source: World Bank – Doing Business

In this example, the average is much higher than the median, as the costs experienced by the APEC economies in the 20th and 21st position pushed up the average value. Only seven APEC members had their average costs of dealing with construction permits higher than APEC's average cost equivalent to 102.7 percent. On the opposite, APEC's median cost was not affected by the extreme values in the 20th and 21st position, as 10 APEC members had their average cost higher than APEC's median cost and other 10 APEC members had their average cost lower than APEC's median cost.

To summarize, the calculation of the APEC median cost of dealing with construction permits is as follows:

APEC median cost of dealing with construction permits₂₀₁₂ = 11th lowest cost by an APEC member of dealing with construction permits in 2012

APEC median cost of dealing with construction permits₂₀₀₉ = 11th lowest cost by an APEC member of dealing with construction permits in 2009

The comparison of APEC median values in different years provides another way to measure improvement (or decline) in APEC's priority areas during the period 2009-2012. Following the example of the APEC median cost in the Dealing with Construction Permits priority area, the APEC-wide rate of improvement is:

$$\text{APEC-wide rate of improvement median cost}_{2009-2012} = \left[\frac{(\text{APEC median cost}_{2012})}{(\text{APEC median cost}_{2009})} - 1 \right] \times 100$$

C. OBTAINING THE APEC-WIDE RATE OF IMPROVEMENT BY PRIORITY AREA AND APEC-WIDE OVERALL IMPROVEMENT

Since all the priority areas are comprised by indicators with different nature and units of measurement (for instance: numbers, days, percentage of income per capita), the estimation of the APEC-wide rate of improvement in any priority area can be obtained by calculating the simple average of the rates of improvement (or decline) in each of the indicators belonging to the particular priority area. This can be calculated by using the rates of improvement (or decline) for either APEC averages or APEC median values.

For example, to obtain the APEC-wide rate of improvement in the Starting a Business priority area in the period 2009-2012, this can be done by using the rates of improvement (or decline) of the averages in each of the four indicators belonging to this priority area:

$$\text{APEC-wide rate of improvement Starting a Business}_{2009-2012} = \frac{(\text{APEC-wide rate of improvement avg. procedures}_{2009-2012} + \text{APEC-wide rate of improvement avg. time}_{2009-2012} + \text{APEC-wide rate of improvement avg. cost}_{2009-2012} + \text{APEC-wide rate of improvement avg. paid-in minimum capital}_{2009-2012})}{\# \text{ of indicators}}$$

By using a simple average, the measurement gives the same importance to each of the indicators comprising any specific priority area.

Similarly, the APEC-wide rate of improvement in the Starting a Business priority area can be obtained by using the rates of improvement (or decline) of APEC median values in each of the four indicators that are part of this priority area:

$$\text{APEC-wide rate of improvement Starting a Business}_{2009-2012} = \frac{(\text{APEC-wide rate of improvement median procedures}_{2009-2012} + \text{APEC-wide rate of improvement median time}_{2009-2012} + \text{APEC-wide rate of improvement median cost}_{2009-2012} + \text{APEC-wide rate of improvement median paid-in minimum capital}_{2009-2012})}{\# \text{ of indicators}}$$

The methodology allows the identification of the priority areas and indicators in which APEC has met or surpassed its aspirational targets and assists APEC in recognizing areas where more work is needed. The calculation of the APEC-wide rate of improvement in any priority area by using separately average and median values also provide an indication whether the progress in the priority areas' indicators is explained for just few APEC members or not.

This methodology also provides a measure of the overall APEC-wide rate of improvement in the whole EoDB initiative. In this regard, this measure can be attained by combining the APEC-wide rates of improvement in the five priority areas:

$$\text{APEC-wide rate of improvement EoDB}_{2009-2012} = (\text{APEC-wide rate of improvement Starting a Business}_{2009-2012} + \text{APEC-wide rate of improvement Dealing with Construction Permits}_{2009-2012} + \text{APEC-wide rate of improvement Getting Credit}_{2009-2012} + \text{APEC-wide rate of improvement Trading Across Borders}_{2009-2012} + \text{APEC-wide rate of improvement Enforcing Contracts}_{2009-2012}) / \# \text{ of priority areas}$$

The APEC-wide rate of improvement in the EoDB initiative can be calculated by using either the rates of improvement concerning APEC averages or those concerning APEC median values.

The intention of the EoDB initiative is to reach an APEC-wide improvement of 25 percent by 2015. Measuring the overall improvement by using a simple average of the rates of improvement (or decline) of the five priority areas, reduces the subjectivity of the assessment by considering all priority areas as equally important.¹⁰

¹⁰ If weighted averages are introduced, the overall results could be skewed toward the priority area assigned with the greater weight. Assigning weights could introduce additional complications, such as the criteria to be used. It is also possible that individual APEC economies differ on the importance to assign to each of the priority areas based on its particular realities.

APPENDIX 2: LIST OF ECONOMIES BY GROUPINGS

APEC (21 economies)

Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; Philippines; Russian Federation; Singapore; Chinese Taipei; Thailand; United States; Viet Nam.

East Asia & Pacific (24 economies)

Brunei Darussalam; Cambodia; China; Fiji; Hong Kong, China; Indonesia; Kiribati; Lao PDR; Malaysia; Marshall Islands; Micronesia, Fed. Sts.; Mongolia; Palau; Papua New Guinea; Philippines; Samoa; Singapore; Solomon Islands; Chinese Taipei; Thailand; Timor-Leste; Tonga; Vanuatu; Viet Nam.

Eastern Europe & Central Asia (25 economies)

Albania; Armenia; Azerbaijan; Belarus; Bosnia and Herzegovina; Bulgaria; Croatia; Cyprus; Estonia; Georgia; Kazakhstan; Kosovo; Kyrgyz Republic; Latvia; Lithuania; Macedonia, FYR; Moldova; Montenegro; Romania; Russian Federation; Serbia; Tajikistan; Turkey; Ukraine; Uzbekistan.

European Union (26 economies)

Austria; Belgium; Bulgaria; Cyprus; Czech Republic; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Ireland; Italy; Latvia; Lithuania; Luxembourg; Netherlands; Poland; Portugal; Romania; Slovakia; Slovenia; Spain; Sweden; United Kingdom.

Latin America & Caribbean (32 economies)

Antigua and Barbuda; Argentina; Bahamas, the; Belize; Bolivia; Brazil; Chile; Colombia; Costa Rica; Dominica; Dominican Republic; Ecuador; El Salvador; Grenada; Guatemala; Guyana; Haiti; Honduras; Jamaica; Mexico; Nicaragua; Panama; Paraguay; Peru; Puerto Rico; St. Kitts and Nevis; St. Lucia; St. Vincent and the Grenadines; Suriname; Trinidad and Tobago; Uruguay; Venezuela.

Middle East & North Africa (18 economies)

Algeria; Bahrain; Djibouti; Egypt; Iran; Iraq; Jordan; Kuwait; Lebanon; Morocco; Oman; Qatar; Saudi Arabia; Syrian Arab Republic; Tunisia; United Arab Emirates; West Bank and Gaza; Yemen Rep.

OECD High Income Members (30 economies)

Australia; Austria; Belgium; Canada; Czech Republic; Denmark; Finland; France; Germany; Greece; Hungary; Iceland; Ireland; Israel; Italy; Japan; Korea, Rep.; Luxembourg; Netherlands; New Zealand; Norway; Poland; Portugal; Slovak Republic; Slovenia; Spain; Sweden; Switzerland; United Kingdom; United States.

South Asia (8 economies)

Afghanistan; Bangladesh; Bhutan; India; Maldives; Nepal; Pakistan; Sri Lanka.

Sub Saharan Africa (46 economies)

Angola; Benin; Botswana; Burkina Faso; Burundi; Cameroon; Cape Verde; Central African Republic; Chad; Comoros; Congo, Dem. Rep.; Congo, Rep.; Côte d'Ivoire; Equatorial Guinea; Eritrea; Ethiopia; Gabon; Gambia, the; Ghana; Guinea; Guinea-Bissau; Kenya; Lesotho; Liberia; Madagascar; Malawi; Mali; Mauritania; Mauritius; Mozambique; Namibia; Niger; Nigeria; Rwanda; São Tomé and Príncipe; Senegal; Seychelles; Sierra Leone; South Africa; Sudan; Swaziland; Tanzania; Togo; Uganda; Zambia; Zimbabwe.