APEC’s Ease of Doing Business Interim Assessment
September 2012
Acknowledgments

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As tariffs are falling across the region, it is regulatory and other barriers that increasingly pose the greatest challenge to the business community. Recognizing that reducing these “behind the border” impediments can help business better reap the gains from tariff reductions “at the border,” APEC has been working actively on structural reform since 2004. As part of its ongoing structural reform efforts, APEC launched the Ease of Doing Business (EoDB) initiative in 2009 to improve the business environment and make it easier, faster, and cheaper to do business in the region.

In particular, APEC Ministers Responsible for Trade agreed in July 2009 to focus on five priority areas of Doing Business: (1) Starting a Business, (2) Dealing with Permits, (3) Getting Credit, (4) Trading across Borders, and (5) Enforcing Contracts. APEC Leaders then agreed in November 2009 to set an APEC-wide improvement target of 25 percent by 2015 in these areas, with an interim 5 percent goal by 2011. Since then, numerous capacity building workshops have been conducted on the EoDB’s five priority areas to exchange best practices and experiences among APEC economies. Additional capacity building activities, such as diagnostic studies to develop recommendations for a more favorable business environment, have also taken place under the EoDB work plan.

This year’s APEC Economic Policy Report (AEPR) assesses the progress made by APEC in the aforementioned priority areas. Part I analyzes the overall collective progress by APEC between 2009 and 2011, based on the World Bank’s Doing Business database, which estimated that APEC made collective progress in the EoDB initiative equal to 8.2 percent, exceeding the 2011 interim target of 5 percent. Part II provides a detailed assessment of APEC’s progress in each priority area, identifying which indicators best explain the progress achieved thus far, and illustrating specific examples of effective implementation measures in individual economies that led to improvements in those areas. Part III reviews individual economies’ EoDB activities and achievements in order to provide a comprehensive interim assessment of the APEC’s EoDB initiative.

Considering the current unfavorable global economic situation, this comprehensive assessment of EoDB can be used as an important resource for APEC economies as they look to further reform in areas that will improve the business environment. APEC’s continued efforts to make it cheaper, faster, and easier to do business in the Asia Pacific region may also help businesses manage the current economic downturn and put them in a better position for recovery.

This AEPR has been a collaborative effort of all member economies, the APEC Secretariat, and the Economic Committee Chair’s Office. I would like to extend special thanks to the APEC Policy Support Unit for drafting the first and second chapters, the APEC Technical Assistance and Training Facility for contributing to the third chapter, and member economies for submitting individual reports on their EoDB activities and achievements.

Raymond F. Greene
Chair, APEC Economic Committee
Executive Summary

APEC Leaders in 2009 endorsed the APEC’s Ease of Doing Business (EoDB) initiative, which establishes the goal of 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.

APEC’s EoDB Overall Initiative Performance

Last year, a preliminary assessment based on the World Bank’s Doing Business indicators for the period 2009-2010 indicated that APEC made a promising start by showing a combined improvement equivalent to 2.8 percent in these five priority areas, which was above the 2.5 percent pro rata benchmark toward the 2011 interim target.

This interim assessment covers the period 2009-2011 and takes into account the new dataset released by the World Bank’s Doing Business by end-October 2011. APEC has continued to make collective progress in the EoDB initiative between 2009 and 2011. By using APEC average values and 2009 as the baseline year, the interim assessment shows that the accumulated progress in all areas by the end of 2011 went further in comparison with 2010. APEC’s combined improvement across the five EoDB priority areas between 2009 and 2011 is equal to 8.2 percent, exceeding the 2011 interim target of 5 percent improvement.

Table ES-1

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

<table>
<thead>
<tr>
<th>Improvement</th>
<th>Starting a Business</th>
<th>Dealing with Construction Permits</th>
<th>Getting Credit</th>
<th>Trading Across Borders</th>
<th>Enforcing Contracts</th>
<th>Overall Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009–2010a</td>
<td>7.5</td>
<td>-0.8</td>
<td>5.6</td>
<td>1.8</td>
<td>0.0</td>
<td>2.8</td>
</tr>
<tr>
<td>2009–2011b</td>
<td>18.3</td>
<td>10.3</td>
<td>8.8</td>
<td>3.1</td>
<td>0.7</td>
<td>8.2</td>
</tr>
<tr>
<td>Difference 2010–2011</td>
<td>10.8</td>
<td>11.1</td>
<td>3.2</td>
<td>1.3</td>
<td>0.7</td>
<td>5.4</td>
</tr>
</tbody>
</table>

Notes
- Benchmark 2009–2011 = 5 percent improvement
- Improvements are shown with positive values.

aFigures were taken from APEC’s Ease of Doing Business: Interim Assessment published in October 2011.
bFigures were computed from the Doing Business 2012 dataset released by the World Bank at the end of October 2011.
Source: PSU calculations using data from World Bank, Doing Business 2011 and 2012 and updates to Doing Business Database.

Starting a Business, Dealing with Construction Permits and Getting Credit were the three priority areas, which in average terms, improved the most. Improvement in the Starting a Business
priority area was particularly strong, with remarkable progress across the whole APEC region. A comparison between changes in the average and median values\(^1\) for each of the priority areas between 2009 and 2011 shows that averages improved significantly in the areas of Dealing with Construction Permits and Getting Credit, but median values barely changed. A closer look to the data indicates that most of APEC’s average progress in these two priority areas was explained by improvements in some economies that did not perform well and were located in the bottom half in 2009.

Within APEC, only Starting a Business and Trading Across Borders registered an increase in its median value equal or above the 5 percent improvement benchmark.

### Table ES-2

APEC and Rest of the World (RoW): Collective Progress in Average and Median Values per EoDB Priority Area (2009–2011)

<table>
<thead>
<tr>
<th></th>
<th>Starting a Business</th>
<th>Dealing with Construction Permits</th>
<th>Getting Credit</th>
<th>Trading Across Borders</th>
<th>Enforcing Contracts</th>
<th>Overall Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>APEC</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Values</td>
<td>18.3</td>
<td>10.3</td>
<td>8.8</td>
<td>3.1</td>
<td>0.7</td>
<td>8.2</td>
</tr>
<tr>
<td>Median Values</td>
<td>24.7</td>
<td>-1.0</td>
<td>0.9</td>
<td>5.0</td>
<td>0.0</td>
<td>5.9</td>
</tr>
<tr>
<td><strong>RoW</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Values</td>
<td>14.7</td>
<td>10.3</td>
<td>17.4</td>
<td>0.4</td>
<td>-0.2</td>
<td>8.5</td>
</tr>
<tr>
<td>Median Values</td>
<td>6.5</td>
<td>4.1</td>
<td>13.3</td>
<td>1.0</td>
<td>0.4</td>
<td>5.1</td>
</tr>
</tbody>
</table>

**Notes**

\(^1\) The median is represented by the middle value in any data series, separating the upper half with the lower half of the values. Since APEC has 21 member economies, the APEC median for any EoDB indicator is equivalent to the value registered by the member economy located in the 11th position.
to strengthen their work in other priority areas in order to achieve the ultimate goal of an APEC-wide 25 percent improvement by 2015.

**Highlights by EoDB Priority Area**

**Starting a Business**

Progress in this priority area was remarkable across the whole APEC region, which performed much better in comparison to the rest of the world. For example, between 2009 and 2011, the median time to start a business fell remarkably from 23 to 10 days in APEC (56.5 percent). In addition, the median number of procedures and cost to start a business in APEC also declined faster than in the rest of the world. Another interesting feature is that APEC’s median paid-in minimum capital is zero, which means that more than half of APEC members do not require paid-in minimum capital to start a business.

**Figure ES-1**

*Starting a Business – Median Values for APEC and RoW*

<table>
<thead>
<tr>
<th>Procedures (number)</th>
<th>Time (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>APEC 2009</td>
<td>APEC 2011</td>
</tr>
<tr>
<td>APEC 2009</td>
<td>RoW 2009</td>
</tr>
</tbody>
</table>

**Cost (% of income per capita)**

| APEC 2009 | RoW 2009 | APEC 2011 | RoW 2011 |

**Paid-in Min. Capital (% of income per capita)**

| APEC 2009 | RoW 2009 | APEC 2011 | RoW 2011 |

*Note: Low values indicate better performance.*

*Source: PSU calculations using data from World Bank, Doing Business.*

In recent years, multiple initiatives across APEC to make the process to start a business more efficient are explaining APEC’s improvement in this area. For instance, Hong Kong, China;

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2 The information in this section only highlights some key features in each priority area. In this regard, APEC median values are shown in those areas with the highest growth rates in average values (Starting a Business) and outliers (Dealing with Construction Permits). APEC average values are shown in the rest of the priority areas.
Mexico; Singapore; and Chinese Taipei have reported one-stop shops to facilitate necessary paperwork to start a business. Brunei Darussalam; Chile; Indonesia; Korea and Malaysia also reported the simplification of procedures to start a business.

**Dealing with Construction Permits**

In this area, most of the progress in APEC, during the period 2009-2011, was explained by those economies that did not perform well in 2009. More work needs to be done in this area. For instance, the median number of procedures in APEC (15) remained steady but was slightly larger than that of the rest of the world (14). The median time to obtain a construction permit in APEC also remained steady, even though it took less time compared with the rest of the world. On the opposite, APEC’s median cost as percentage of income per capita is around half the cost experienced by the rest of the world, but increased in 3 percent between 2009 and 2011.

Some recent efforts to improve the application process to get a construction permit were reported by Brunei Darussalam; Hong Kong, China; Japan and Chinese Taipei. These efforts include the introduction of online systems or the re-engineering of the procedures to obtain the approval.

**Figure ES-2**

*Dealing with Construction Permits—Median Values for APEC and RoW*

![Diagram showing median values for APEC and RoW for construction permits over the years 2009 and 2011.](image)

*Note: Lower values indicate better performance.*  
*Source: PSU calculations using data from World Bank, Doing Business.*

**Getting Credit**

Despite APEC’s improvement rates were lower than those for the rest of the world in all getting credit indicators, APEC’s conditions to obtain credit are better than those in the rest of the rest of the world. In this sense, the strength of the legal rights is generally stronger in APEC, which means that collateral and bankruptcy laws in APEC tend to protect more the rights of borrowers and lenders. Similarly, the depth of credit information and percentage of the adult population listed in public or private credit bureaus is usually higher in APEC, which facilitates financial institutions in the decision-making process concerning credit applications.

Within APEC, some economies reported reforms to strengthen their legal rights. For instance, Australia introduced an economy-wide law governing the creation and priority of security interest in personal property. New Zealand is authorizing Court Registrars to register financing change statements for secured property that has been sold by the court.
**Trading Across Borders**

APEC is one of the regions with the best performance in trading across borders. APEC’s performance indicators improved between 2009 and 2011 and fared better than those of the rest of the world. In terms of average number of documents to trade, APEC economies needed one document less to export and import with respect to the rest of the world.

The comparison of the time and cost to trade shows much better APEC’s good performance in this area. In 2011, the average time to export by APEC economies was nine days shorter than that of the rest of the world. Similarly, the average time to import by APEC economies was nearly eleven days shorter than that of the rest of the world. With regards to the cost to trade, the average cost to export a container in APEC was equal to USD 835, which was 44 percent (or USD 651) cheaper than that in the rest of the world. In the same way, the average cost to import in APEC amounted to USD 896, which was 49 percent (or USD 872) cheaper than that in the rest of the world.

The introduction or upgrade of electronic trading platforms, such as single window systems, is one of the reasons making it easier, faster and cheaper for APEC economies to trade across borders. In recent years, Hong Kong, China; Japan; and Singapore reported the improvement of their electronic platform systems; whereas Peru reported the beginning of the operations of its single window system in 2010. Also, programs to assist exporters and importers to facilitate trade by providing financial services may be reducing the cost of trading in some APEC economies. Canada and Russia reported recently the implementation of this type of programs.
Enforcing Contracts

Overall, this is the priority area in which APEC’s performance registered the smallest improvement, as it was the case of the rest of the world. Improving the conditions to enforce contracts through the courts has remained a challenge around the world. Changing long-time habits and procedures in courts has not been an easy task, as juridical systems usually have, by law, certain levels of autonomy to prevent interference from the governments in turn and therefore, several steps of government approval are required to reform juridical instruments. However, as improvements are implemented, the benefit of efficient and transparent courts could facilitate deeper reforms.

APEC has done better than the rest of the world in this area. Nevertheless, most of the progress in this priority area has been marginal. While the average number of procedures and cost to enforce a contract barely changed, it is getting slightly faster to enforce contracts in the APEC region. During the period 2009-2011, the average number of days to enforce a contract declined by 8 days, from 425 to 417 days, which is 218 days faster than the average in the rest of the world.
Some APEC economies reported recent efforts to improve access to justice. Australia, Mexico and Thailand introduced reforms to strengthen protection of consumers and stakeholders, respectively. In addition, Korea and Malaysia introduced electronic systems to submit documents online.

**Individual Economy Reports (IERS)**

For the Individual Economy Reports (IER), APEC economies agreed to look beyond the Ease of Doing Business Indicators and investigate legal and institutional components that are relevant to the five EoDB categories (Starting a Business, Dealing with Permits, Getting Credit, Trading Across Borders, and Enforcing Contracts) but not necessarily directly measured by the World Bank. This deeper look provides more than the indication of underlying health of the business enabling environment that the World Bank does. It allows a more qualitative, though less scientific and consistent, analysis of an economy’s approach to growth and efficiency, in order to identify both best practices and areas for improvements.

The objective of the APEC EoDB Action Plan for 2015 is to make it easier to do business, in part as measured by the World Bank Doing Business (WBDB) survey. It is important, however, to evaluate and improve on the enabling environment more than what is narrowly measured by that survey. Reforms that improve performance only on World Bank indicators may make doing business easier in one sector but more difficult in others. Reforms that target only the indicators may miss opportunities for other reforms that could have further positive impact on growth. Implementing a reform with only rankings and scores in mind misinterprets an important objective of the survey: to provide an indication of the underlying health of the business enabling environment. Reporting on and reforming only performance related to indicators (the tip of the iceberg) without attending to what lies beneath the surface renders the survey less effective as a measurement tool. Doing so will not only improve DB scores, but also have an enduring impact on growth and the business environment.

APEC comprises some of the most dramatic economic and legal diversity in the world. Two major legal traditions (Civil Law and Common law), virtually every income level, three continents, and production capacity for every good and service known to humankind. This
diversity gives APEC tremendous economic energy, but it also means that most of the twenty one economies will have at least slightly, and often significantly, different approaches to their legal and regulatory needs. Nonetheless, as these differences are explored and understood, and as each economy’s best practices and aspirations for reforms are shared, the APEC membership will be in an excellent position to improve not only the EoDB scores, but the more subtle aspects of the business enabling environment.

The economies provided an excellent look into the workings of their legal, regulatory and institutional environments, as well as their priorities for improvements. Below, we outline some of the trends identified in the IERs.

Many APEC member economies are emphasizing increased support to the small and medium enterprise (SME) segment of the economy, particularly in terms of access to finance, advisory services, and incubator programs. This indicates a commitment to creating efficiencies for new entrants into the economy, as well as encouraging formalization of the informal economy. There are also trends in the establishment of one-stop shops for business registration and/or permits, electronic documentation systems eliminating red tape and paperwork, transparent credit reporting systems, single windows for trade across borders, and business advisory services for SMEs and larger entities, both foreign and domestic. These activities tend not only to lead to improvements in the EoDB scores, but ease burdens for businesses more generally if they are equally accessible by all economic actors.

Other important areas of reform involve providing better access to information for businesses, easing financial burdens involved in complying with regulatory requirements, and making credit more accessible through the use of innovative programs and collateralization. As efficient and responsible contracting is a critical business tool, especially in cross border trade, many economies are working on building contracting capacity and providing alternative dispute resolution mechanisms that reduce burdens in cases of breach.

Some specific trends in the five EoDB Action Plan areas are described below.

**Starting a Business**

The Government of Canada has emphasized steps to address the challenges facing small businesses and entrepreneurs by providing them with the regulatory and institutional tools they need to succeed and prosper. The government has implemented plans to reduce taxes and red tape, ensure access to credit, and offer programs and services that help businesses establish themselves, develop, and stay competitive. In the past two years, Brunei Darussalam has reduced both the time and number of steps required to start a business by introducing an electronic name search system, and through the launch of a fast track system for simple business licenses in the municipality of Bandar Seri Begawan. Sole proprietorships are now easier as well, with the introduction of a one-stop shop. Chile has undertaken multiple measures to formalize and strengthen MSMEs. The Small and Medium Enterprise Credit Guarantee Fund of Taiwan (in Chinese Taipei), founded with contributions from the government and financial institutions, provides credit guarantees for SMEs otherwise lacking sufficient collateral to qualify for loans.

Advisory services, largely free of charge, are widely available in many APEC economies—including Australia, Brunei Darussalam, Canada, Chinese Taipei, Hong Kong, Japan, Korea, Malaysia, Mexico, New Zealand, Peru and the United States—for a variety of business types.
For SMEs, Invest **Hong Kong** and the Support and Consultation Centre for SMEs (SUCCESS) under the Trade and Industry Department (TID) provide support for startups. SUCCESS provides small and medium-sized enterprises SMEs, including start-ups with free, reliable and practical information and consultation services. SUCCESS also runs a "Meet the Advisors" Business Advisory Service to arrange consultations with experts from various sectors for practical advice on setting up and running businesses. In addition, SUCCESS implements an SME Mentorship Program for SME entrepreneurs. In **Malaysia** SME Corp. Malaysia provides advisory support to SMEs.

In **Korea**, the Youth Entrepreneurship Program is a start-up accelerator designed to support aspiring entrepreneurs aged 39 and younger who wish to establish technology-intensive new businesses. Specifically, the project offers various support measures throughout the process, from initial planning through commercialization.

For foreign companies, the **Invest Japan Business Support Center** provides information, consultation and other services free of charge, as well as a few paid services. IBSC staff and advisors can provide information about such matters as industrial structures and market shares, Japanese business practices in regard to procurement, product sales, and industrial systems, and advice based on the needs of the foreign company.

### Dealing with Permits

In the area of **construction permits**, economies such as Brunei, China, Chinese Taipei, Hong Kong, Japan, Korea, New Zealand and Singapore have instituted reforms to increase efficiency, such as consolidated procedures and online one-stop shops. **Singapore**’s Construction and Real Estate Network (CORENET) e-submission system is a one-stop, secure e-service through which project-related electronic plans and documents are submitted to regulatory authorities. **Thailand** has a similar project planned for the future. In **Malaysia**, the establishment of One-Stop-Centre (OSC) and Certificate of Completion and Compliance (CCC) System in 2007, facilitate and speed up the approving processes of development right from conversion and subdivision, planning approval, building plan approval and right up to the self-regulation of the issuance of CCC by the professionals.

### Getting Credit

Many APEC economies, including Brunei, Chile, Mexico and others, are open to **non-traditional forms of financing**. For example, in **Mexico**, “any special privilege” (leaving room for further creativity in financing) is mentioned in the list of types of collateral that can be registered in the National Register of Security Interests.

APEC economies’ **credit reporting systems** are regulated by the public sector but several economies have private credit bureaus in addition to, or instead of, public bureaus (these include Chile, HKC, Indonesia, Japan, Malaysia, Singapore and Thailand). Several countries, including Indonesia, have given special attention to improving the quality of their credit reporting systems and the rights of individuals. The Indonesian Government guarantees the right of borrowers to inspect their credit data, resulting in improved data quality. Singapore intends to make consumer credit scores available to all consumers. Australia will reform the credit reporting system to introduce comprehensive credit reporting, and create a new industry-led Credit Reporting Code of Conduct to support the operation of the new system. As part of the reforms, the rights of
individuals will be enhanced, including rights to access and correct their credit reporting information.

**Trading Across Borders**

To increase the efficiency of trade across borders, single windows have been established in **Indonesia, Japan, Korea, New Zealand, Peru** (in progress), **Russia, Singapore, and Thailand**, among others. **Electronic customs forms** are used by **Chinese Taipei, HKC, Indonesia, Japan, Korea, Malaysia, New Zealand, Singapore and Thailand**. Korea’s Customs Service has launched an e-Submission system that streamlines trade procedures and reduces traders’ logistical costs. KRW 30 billion—approximately US$ 26.5 million—in logistics cost savings, including labor, is expected as a result.

To facilitate foreign investment, in 2009 **Australia** streamlined several of its foreign investment screening thresholds and began indexing these thresholds to ensure they keep pace with inflation. At the same time, the screening of privately-owned foreign investors establishing a new business was removed.

**Enforcing Contracts**

Most of the economies have well-established **alternative dispute resolution (ADR) and arbitration institutions**, both public and private. The Arbitration Association of **Brunei Darussalam** (AABD) was formed in 2004, providing advisory and assistance support in the field of arbitration. AABD’s panel of arbitrators is kept to a very high standard, and there is a wide choice of leading international arbitrators including several non-Brunei nationals.
Introduction

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 (APEC 2009).

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.³

APEC Ministers Responsible for Trade agreed in July 2009 to focus on five priority areas of Doing Business: (1) Starting a Business, (2) Dealing with Permits, (3) Getting Credit, (4) Trading Across Borders, and (5) Enforcing Contracts. APEC Leaders then agreed in November 2009 to set an APEC-wide improvement target of 25 percent by 2015 in these areas, with an interim 5 percent improvement target by 2011.

The EoDB initiative also includes capacity-building programs to assist APEC member economies in improving their business environments. EoDB capacity-building activities have proceeded in two phases:

1. Activities to share information and experiences, such as seminars and workshops.
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 initiative, APEC has identified champion economies to lead capacity-building activities in each priority areas as follows:

- Starting a Business: New Zealand and the United States
- Dealing with Permits: Singapore
- Getting Credit: Japan
- Trading Across Borders: Hong Kong, China⁴ and Singapore
- Enforcing Contracts: Korea.

³ See www.doingbusiness.org/about-us
⁴ Hong Kong, China served as champion economy during Phase 1 only.
Targets for 2011 and 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 (APEC 2009).

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, improvements could be substantial (e.g., 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) (APEC 2009).

The results between 2005 and 2009 showed that despite the good progress by APEC, there was room for improvement and therefore, potential for reform. On the basis of those results and the strong commitment to regulatory reform across APEC, APEC Leaders and Ministers endorsed a target equivalent to a 25 percent improvement by 2015 and an interim target of a 5 percent improvement by 2011.

Achieving the target by 2015 will represent substantial gains for businesses, as it could 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 (APEC 2009a).

Interim Assessment Measurement Approach

The report seeks to establish whether APEC has met the interim target of 5 percent improvement by 2011. APEC annual average values are calculated for each subindicator of each EoDB priority area. Averages for 2011 are compared against those for 2009 to assess APEC’s accumulated progress.

For a more accurate assessment, median values are compared against the average values. The inclusion of median values is justified by the fact that the number of data series with extreme values (outliers) for 2011 increased with respect to previous years. See Appendix B for details. Median values are not affected by outliers in the Doing Business database, as opposed to average values, 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 blocs to show how well the region is doing relative to others.
1. APEC’s EODB Initiative Performance

APEC’s performance in the EoDB initiative was measured by comparing the average and median performance on each indicator in the five priority areas between 2009 and 2011. A summary is presented in this section. APEC’s progress measured by average values shows continuous improvement in all priority areas (Table 1-1).

### Table 1-1
**Performance in EoDB Indicators, APEC Average Values, 2009 and 2011 (benchmark of 5 percent improvement)**

<table>
<thead>
<tr>
<th>EODB Area</th>
<th>Improvement Equal to or Above Benchmark</th>
<th>Improvement, but Below Benchmark</th>
<th>No Change</th>
<th>Declining Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting a Business</td>
<td>Procedures (number) Time (days) Cost (% income per capita) Paid-in minimum capital (% of income per capita)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dealing with Construction Permits</td>
<td>Time (days) Cost (% of income per capita)</td>
<td>Procedures (number)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Getting Credit</td>
<td>Depth of Credit Information Index Public registry coverage (% of adults)</td>
<td>Strength of Legal Rights Index Private bureau coverage (% of adults)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading Across Borders</td>
<td>Time to export (days) Time to import (days)</td>
<td>Documents to export (number) Cost to export (US$ per container) Documents to import (number) Cost to import (US$ per container)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enforcing Contracts</td>
<td>Procedures (number) Time (days)</td>
<td>Cost (% of claim)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Some highlights of performance measured by average values are as follows:

- All priority areas showed improvement in most indicators.
- 19 indicators (95 percent) registered improvement.
- 10 indicators (50 percent) improved beyond the 5 percent benchmark.
• Performance declined in only one indicator (5 percent of indicators).
• Most progress was in doing business faster (time). Progress in terms of time has been more evident compared with cost and procedures.

Between 2009 and 2011, progress in all priority areas as measured by average values was continuous. The 5 percent benchmark for 2011 was exceeded in three areas; the average rate of change for Starting a Business was 18.3 percent; Dealing with Construction Permits 10.3 percent; and Getting Credit 8.8 percent.

But measuring progress by median values presents a different picture, as the median value stayed the same in most indicators (Table 1-2).

<table>
<thead>
<tr>
<th>EoDB Area</th>
<th>Improvement Equal to or Above Benchmark</th>
<th>Improvement, But Below Benchmark</th>
<th>No Change</th>
<th>Declining Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting a Business</td>
<td>Procedures (number)</td>
<td></td>
<td>Paid-in minimum capital (% of income per capita)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Time (days)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost (% income per capita)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dealing with Construction Permits</td>
<td>Procedures (number)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Time (days)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Getting Credit</td>
<td>Private bureau coverage (% of adults)</td>
<td>Strength of Legal Rights Index</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Depth of Credit Information Index</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public registry coverage (% of adults)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading Across Borders</td>
<td>Time to export (days)</td>
<td>Documents to export (number)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost to export (US$ per container)</td>
<td>Documents to import (number)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Time to import (days)</td>
<td>Cost to import (US$ per container)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enforcing Contracts</td>
<td>Procedures (number)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Time (days)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost (% of claim)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Some highlights of performance as measured by median values are as follows:
• Two priority areas, Starting a Business and Trading Across Borders, improved in at least half of their indicators.
• 7 indicators (35 percent) registered improvement.
• 6 indicators (30 percent) registered improvement beyond the benchmark.
• 12 indicators (60 percent) did not change.
• Only one indicator (5 percent) showed declining conditions.
Only two priority areas (Starting a Business and Trading Across Borders) achieved the 5 percent benchmark for 2011 based on median values. This means that APEC’s overall progress measured by average values has been uneven, as it is attributable largely to improvement in the performance of economies that were in the bottom half of many of the indicators.

Starting a Business

APEC’s averages in this priority area show that all Starting a Business indicators registered an improvement beyond the benchmark of 5 percent. This resulted in a combined improvement rate of 18.3 percent, second only that of the East Asia & Pacific region. The improvement rate is largely explained by reductions in the time and costs associated with starting a business.

**Figure 1-1**

*Starting a Business: Improvement Rate of Average Values (all components), 2009-2011*

APEC’s combined improvement rate by taking median values was also impressive, as it was equivalent to 24.7 percent, well beyond the 5 percent benchmark. This improvement is mostly explained by the reduction of the median time to start a business, as well as a decrease in the median number of procedures. APEC’s progress has been outstanding when compared with other regions, only Eastern Europe & Central Asia achieved a higher combined rate of 37.5 percent.
Dealing with Construction Permits

APEC’s combined improvement in the averages of the three Dealing with Construction Permits indicators was the second best among all regions (behind Sub-Saharan Africa) and equal to 10.3 percent. This result is mostly explained by the reduction of cost as a percentage of the income per capita, which decreased in 20 percent from 2009 to 2011.

Nevertheless, APEC’s combined performance measured by median values experienced a decline of 1 percent. Besides APEC, the European Union, OECD and South Asia also experience a decline in the performance of their median values. APEC’s decline is explained by one single factor, the increase in the cost as a percentage of income per capita. The median number of procedures and days to obtain a construction permit did not change.

This combined declining performance by the median provides evidence that the great improvement rate of APEC’s average in Dealing with Construction Permits was explained by the presence of outliers in the cost to obtain a construction permit. The 20 percent improvement in the average cost was explained by the significant progress by few APEC economies that experienced very high costs in 2009.
Getting Credit

In terms of Getting Credit, APEC’s rate of improvement measured by its average values reached 8.8 percent, well above the 5 percent benchmark, but beyond the improvement rates registered by other regions such as South Asia, Eastern Europe & Central Asia, Middle East & North Africa, among others. All APEC’s Getting Credit indicators improved, but this result is explained to a great extent by the expansion of public credit registry coverage in the APEC region.
However, the improvement rate measured by the median tells another story, as APEC’s progress was only equal to 0.9 percent, below the 5 percent target. Besides APEC, only Latin America & Caribbean experienced an improvement rate below the target. APEC’s median values only improved in private credit bureau coverage. Other Getting Credit indicators did not experience change in median values.
Trading Across Borders

APEC made progress in Trading Across Borders indicators, especially in reducing the average time to export and import a container. The improvement rate of 3.1 was lower than the 5 percent benchmark rate. However, it is important to highlight the fact that APEC’s progress was second best among all regions, only behind Middle East & North Africa, which did not meet this benchmark as well.

APEC was the only region whose combined improvement rate in Trading Across Borders measured by the median reached the 5 percent benchmark. Again, this improvement is mostly explained by a reduction in the time to export and import, as well as a decrease in the cost to export a container. The improvement rates measured by both the average and median did not differ much, which indicates that progress across APEC economies was more even in this area.

Figure 1-7
Trading Across Borders: Improvement Rate of Average Values (all components), 2009–2011

*Note: Improvements are shown with negative values.*

Figure 1-8
Trading Across Borders: Improvement Rate of Median Values (all components), 2009 –2011

Note: Improvements are shown with negative values.

Enforcing Contracts

Measured in average values, APEC indicators in Enforcing Contracts registered a mixed performance; the number of procedures and days went down, but the cost as a percentage of the claim went up. As such, APEC’s performance of 0.7 percent was far below 5 percent improvement target, but it was the second best among all regions. No region was able to reach this target. Only East Asia & Pacific, South Asia and Middle East & North Africa joined APEC as the regions with combined progress in this priority area. APEC’s indicators in Enforcing Contracts did not register any change in their median between 2009 and 2011. No region was able to experience significant changes. Only East Asia & Pacific and Middle East & North Africa were able to marginally improve by 0.8 percent.

Figure 1-9
Enforcing Contracts: Improvement Rate of Average Values (all components), 2009 –2011
Figure 1-10
Enforcing Contracts: Improvement Rate of Median Values (all components), 2009–2011

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 2009–2011 was equal to 8.2 percent, which is above the benchmark of 5 percent. This suggests that 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.

Table 1-3
APEC Overall Progress at Ease of Doing Business Initiative, 2009–2011 (average values)
Benchmark = 5 percent

<table>
<thead>
<tr>
<th>Region</th>
<th>Starting a Business</th>
<th>Dealing w/Const. Permits</th>
<th>Getting Credit</th>
<th>Trading Across Borders</th>
<th>Enforcing Contracts</th>
<th>Overall Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>APEC</td>
<td>18.3</td>
<td>10.3</td>
<td>8.8</td>
<td>3.1</td>
<td>0.7</td>
<td>8.2</td>
</tr>
<tr>
<td>East Asia &amp; Pacific</td>
<td>25.3</td>
<td>3.0</td>
<td>23.7</td>
<td>1.1</td>
<td>0.8</td>
<td>10.8</td>
</tr>
<tr>
<td>Eastern Europe &amp; Central Asia</td>
<td>18.0</td>
<td>10.3</td>
<td>30.6</td>
<td>0.3</td>
<td>-1.2</td>
<td>11.6</td>
</tr>
<tr>
<td>European Union</td>
<td>10.6</td>
<td>-6.2</td>
<td>16.0</td>
<td>1.9</td>
<td>-0.5</td>
<td>4.4</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>-14.3</td>
<td>3.7</td>
<td>1.5</td>
<td>0.1</td>
<td>0.0</td>
<td>-1.8</td>
</tr>
<tr>
<td>Middle East &amp; North Africa</td>
<td>9.5</td>
<td>2.0</td>
<td>27.5</td>
<td>3.4</td>
<td>0.1</td>
<td>8.5</td>
</tr>
<tr>
<td>OECD</td>
<td>10.0</td>
<td>-0.1</td>
<td>8.1</td>
<td>2.0</td>
<td>-0.3</td>
<td>3.9</td>
</tr>
<tr>
<td>South Asia</td>
<td>17.1</td>
<td>8.1</td>
<td>53.7</td>
<td>-6.5</td>
<td>0.4</td>
<td>14.6</td>
</tr>
<tr>
<td>Sub Saharan Africa</td>
<td>15.7</td>
<td>13.3</td>
<td>24.5</td>
<td>0.5</td>
<td>-0.2</td>
<td>10.8</td>
</tr>
</tbody>
</table>

Note: All components were calculated 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 5.9 percent, above the benchmark of 5 percent. Despite exceeding the target for 2011, this result also shows that progress was uneven across APEC economies and priority areas. Whereas APEC registered a good performance in Starting a Business and Trading Across Borders; this was not the case for the rest of the priority areas.

Table 1-4
APEC Overall Progress at Ease of Doing Business Initiative, 2009–2011 (Median Values)

<table>
<thead>
<tr>
<th>Region</th>
<th>Starting a Business</th>
<th>Dealing w/ Const. Permits</th>
<th>Getting Credit</th>
<th>Trading Across Borders</th>
<th>Enforcing Contracts</th>
<th>Overall Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>APEC</td>
<td>24.7</td>
<td>-1.0</td>
<td>0.9</td>
<td>5.0</td>
<td>0.0</td>
<td>5.9</td>
</tr>
<tr>
<td>East Asia &amp; Pacific</td>
<td>7.1</td>
<td>5.2</td>
<td>16.7</td>
<td>2.5</td>
<td>0.8</td>
<td>6.4</td>
</tr>
<tr>
<td>Eastern Europe &amp; Central Asia</td>
<td>37.5</td>
<td>6.6</td>
<td>144.4</td>
<td>1.9</td>
<td>-1.5</td>
<td>37.8</td>
</tr>
<tr>
<td>European Union</td>
<td>6.7</td>
<td>-1.3</td>
<td>44.1</td>
<td>1.9</td>
<td>0.0</td>
<td>10.3</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>6.0</td>
<td>6.8</td>
<td>1.5</td>
<td>0.1</td>
<td>0.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Middle East &amp; North Africa</td>
<td>5.0</td>
<td>4.7</td>
<td>306.3</td>
<td>0.8</td>
<td>0.8</td>
<td>63.5</td>
</tr>
<tr>
<td>OECD</td>
<td>19.8</td>
<td>-0.8</td>
<td>5.0</td>
<td>1.4</td>
<td>0.3</td>
<td>5.1</td>
</tr>
<tr>
<td>South Asia</td>
<td>6.5</td>
<td>-10.3</td>
<td>10.0</td>
<td>-6.4</td>
<td>0.7</td>
<td>0.1</td>
</tr>
<tr>
<td>Sub Saharan Africa</td>
<td>17.5</td>
<td>12.3</td>
<td>37.5</td>
<td>3.1</td>
<td>-1.1</td>
<td>13.9</td>
</tr>
</tbody>
</table>

Note: Improvements are shown with positive values. Getting credit value for East Asia & Pacific was calculated using the change from 2010-2011.

Good Progress, But More Work Needed

Despite progress in the EoDB initiative achieved between 2009 and 2011, APEC members need to continue their individual and collective efforts to make doing business easier, faster, and cheaper.

APEC’s performance has room for improvement, as it is behind other regions in some areas. For example, in Starting a Business, it took on average 23 days and an average cost equivalent to 7.7 percent of the income per capita to start a business in APEC; while it took nearly 14 days and an average cost of 5 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, one more day than the median time in OECD, and the median cost was equivalent to 6.2 percent of the income per capita, 4 percent higher than the median cost in OECD.

In Dealing with Construction Permits, APEC required on average 18 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 155 days and 57.5 percent of the income per capita, which is behind the median time and cost in East Asia & Pacific (137 days and 48.2 percent of income per capita).

With regard to Getting Credit, the average public credit registry coverage in APEC reached 12.3 percent of the adult population, which was lower than the 15.6 percent achieved by Eastern Europe & Central Asia. The average private credit registry coverage in APEC was higher by reaching 50.5 percent of the adult population. However, it was lower than the level achieved by OECD at 64.9 percent. Similarly, APEC’s median private credit registry coverage was equal to 41.7 percent, which was lower than OECD median equivalent to 89.5 percent.

As for Trading Across Borders, the average time to export and import a container for APEC was around 14 and 15 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 and 13 days, respectively, longer than the median time of 9 and 11 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 2011, compared to previous years. APEC’s average cost was equal to 32 percent of the claim, which was higher than South Asia’s average cost equivalent to the 24.4 percent of the claim. APEC’s median cost to enforce a contract (25.8 percent of claim) was also above South Asia’s median cost (24.4 percent of claim).

APEC economies at all levels of economic development stand to benefit from additional improvements. APEC developing economies made remarkable progress between 2009 and 2011, 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 have room for improvement in specific areas, such as the cost of trading across borders.

APEC’s combined progress of 8.2 percent in the average indicators belonging to the five EoDB priority areas is a good start. However, APEC must intensify its efforts in the entire region, as the collective progress has been uneven across its members. APEC’s combined progress in its median indicators was equal to 5.9 percent, slightly above the 5 percent benchmark improvement. In addition, progress in EoDB priority areas has been disproportionate, as the rate of improvement in the area of Starting a Business reached double-digit percentages whereas APEC’s progress in Enforcing Contracts was barely marginal.
2. Improvements by Priority Area

Starting a Business

APEC continued making progress in all indicators for starting a business. In fact, most of APEC’s progress in the EoDB initiative has been in this area. Between 2009 and 2011, the average number of procedures required to start a business in the 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.

Figure 2-1
Starting a Business—Number of Procedures

Note: Details on the list of economies considered for each economic or geographic group are in Appendix C.
Exhibit 2-1
Simplifying Procedures for Start-ups in Brunei Darussalam, Chile, Indonesia, Korea, and Malaysia

In recent years, Brunei Darussalam has implemented measures to simplify the process to start a business. In 2010, the Registrar of Companies introduced an electronic system for name searches. In April 2011, the Bandar Seri Begawan Municipal Board launched the fast tracking issuance of miscellaneous licenses for simple businesses. In April 2012, the registration of sole proprietorships and simple partnerships was made possible through a one-stop shop. These measures have helped reduce the number of procedures and days to start a business.

In 2011, the Chilean Congress passed Law 20,494, authorizing the issue of temporary or permanent operating licenses, in case specific requirements are met, to new companies immediately upon request. This Law allows entrepreneurs to operate legally immediately after formalizing their activity with the Internal Revenue Service. A notice of the company’s creation is published free online for companies with an initial capital under 5,000 UF (around US$230,000). This reform is reducing the time to start a business from 22 days to 7.

Indonesia has continued to reform and improve its business environment. In May 2011, the Jakarta government endorsed a standard operating procedure for SMEs to obtain a general trading license and business registration certificate simultaneously, eliminating one procedure and two days of effort. Time was shortened in part by focusing on verification of information provided in application forms.

Korea started its Online Home Business Startup System in February 2010, linking the internet registry, local tax network, electronic notary act system, national tax system, financial networks, and major public insurance systems, among others, in one single system.

In 2011, Malaysia introduced the MyCoID (My Company Identity Number) system, which integrates the systems of the Companies Commission, the Inland Revenue Board, the Social Security Organization, and the Employees Provident Fund, among others. The new system allows simultaneous registration with government agencies and eliminates two procedures and two days from incorporation procedures.

Source: Individual Economy Reports.

In the same way, APEC reduced the time it takes to start a new business, reducing the average number of days nearly 20 percent from 29 to 23 days. Despite this improvement, starting a business took on average at least more than a week compared to OECD, the European Union, and Eastern Europe & Central Asia. APEC’s median time to start a business experienced the largest reduction among all regions, going from 23 to 10 days, behind OECD by only one day. These results indicate that many APEC economies have cut the time it takes to start a business, but that it still takes a long time to start a business in some economies.
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 7.7 percent. In 2011, APEC’s average cost was the third lowest among all regions, only behind OECD (4.8 percent) and European Union (5.1 percent). APEC’s average cost was substantially lower than other regions, as it was around 14 to 20 percent points below the average cost incurred in other regions such as South Asia and Middle East & North Africa, among others.

APEC’s median cost of starting a business declined as well from 7.5 to 6.2 percent, placing behind OECD (2.2 percent), European Union (2.7 percent) and Eastern Europe & Central Asia (3.5 percent), but in front of Middle East & North Africa (10.2 percent), East Asia & Pacific (11.2 percent), among others.
It is important to highlight APEC’s progress in this indicator, as greater progress was achieved despite the fact that costs were already low, which made it more challenging to achieve progress, as opposed to regions that were still experiencing higher costs.

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 9.8 percent to 7.7 percent, being the second-best region after Latin America & Caribbean (4.3 percent).

APEC’s median paid-in minimum capital requirement shows an interesting result, as it was equal to zero during the period 2009-2011. This means that more than 50 percent of APEC members did not request any paid-in minimum capital to start a business. A similar situation was registered in East Asia & Pacific, Latin America & Caribbean and South Asia.

Figure 2-4
Starting a Business—Paid-in Minimum Capital (% of income per capita)

In the period 2009-2011, APEC was one of five groups that experienced improvement in the four Starting a Business indicators beyond the 5 percent target. The other groups were East Asia & Pacific, European Union, OECD, and Sub-Saharan Africa.

A comparison of 2009 and 2011 median values shows that only OECD improved in the four indicators. Nevertheless, APEC progress is worth acknowledging as the median number of procedures, days and cost to start a business declined substantially beyond the 5 percent benchmark. The only indicator which did not register any change in its median value was the paid-in minimal capital, as more than half of APEC members did not require anymore a paid-in minimum capital to start a business.
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.
Exhibit 2-2
Recent One-stop Facilities: Hong Kong, China, Mexico, Singapore, and Chinese Taipei

In 2011, the Companies Registry and the Inland Revenue Department in Hong Kong, China, introduced an online one-stop service at the “e-Registry” portal for incorporation of local companies and business registration. Applicants can pay incorporation fees, business registration fees, and levies through the portal. Upon incorporation of a company, the electronic Certificate of Incorporation and Business Registration Certificate are issued immediately.

In 2009, Mexico’s Secretariat of Economy created “Tuempresa.gob.mx” an electronic one-stop facility for starting a business. This site connects 10 federal agencies with 12 federal procedures and two local agencies, as well as more than 3,000 public and commerce notaries, and various public offices in 31 states. The website is expanding to connect local and municipal procedures and further ease the process of starting a business.

In 2009, Singapore established a one-stop-shop hosted by the Accounting and Corporate Regulatory Authority to integrate the services of multiple agencies. Through this site, business can enjoy value-added services such getting the goods and services tax registration with the tax authority, reserving a domain name, activating a customs account, and opening a bank account with a local bank.

Chinese Taipei also set up a one-stop website for company or business startup applications in 2011. Applicants have access to and can apply for all requisite procedures, and pay related fees. The website is being enhanced and will include functions for transmission of capital audit certification; use of electronic signatures; and submission of e-documents to be simultaneously shared with different authorities.

Source: Individual Economy Reports.

Dealing with Construction Permits

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. As opposed to the average values, APEC’s median values in two of the indicators (procedures and time) did not change. Meanwhile, the third indicator (cost) indicated deterioration in its median value.

Between 2009 and 2011, the average number of procedures required to obtain a construction permit in the APEC region went down from 19 to 18 procedures. Despite this improvement, APEC is still behind most of the other regions. For example, it took nearly 14 procedures to obtain a construction permit in Latin America & Caribbean and OECD, and around 15-16 procedures in European Union, South Asia and Middle East & North Africa.

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5 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 obtained in the period 2009-2011.
APEC’s median number of procedures remained at 15, below the European Union, OECD and South Asia with 13 procedures, and Latin America & Caribbean and Sub-Saharan Africa with 14 procedures.

Figure 2-7
Dealing with Construction Permits—Number of Procedures

In terms of the average number of days to obtain a permit within APEC, progress was significant as time was reduced in almost two weeks, from 163 to 150 days, placing only behind Middle East & North Africa with 141 days. Despite requiring a higher average number of procedures, the time to obtain a permit was much faster in APEC compared to the European Union (189 days), Latin America & Caribbean (221 days) and South Asia (222 days), among others.

APEC’s median number of days to obtain a permit remained in 155 days during the whole period 2009-2011. This value was third best, only behind Middle East & North Africa (118 days) and East Asia & Pacific (137 days).

Regarding the cost to obtain a permit as percentage of the income per capita, APEC is the region that experienced the sharpest decline in cost between 2009 and 2011, from 108 percent to 87 percent. APEC’s average cost is now lower than in Latin America & Caribbean (160.3 percent) and East Asia & Pacific (99.1 percent). Only OECD and European Union experienced lower average costs, which were equivalent to 46.6 percent and 67.5 percent, respectively.

However, this progress was not even across APEC, as APEC’s median cost increased slightly from 55.8 percent to 57.5 percent, which was higher than East Asia & Pacific, OECD and European Union’s median costs, which ranged between 48.2 percent and 52.7 percent.
Figure 2-8  
*Dealing with Construction Permits–Number of Days*

![Average and Median Number of Days for different regions over 2009 and 2011](image)


Figure 2-9  
*Dealing with Construction Permits–Cost (% of income per capita)*

![Average and Median Cost for different regions over 2009 and 2011](image)


APEC’s average values in this area show that APEC is one of the regions that registered an improvement in the three indicators and went beyond the 5 percent improvement benchmark in at least two of them, together with Eastern Europe & Central Asia, South Asia, and Sub-Saharan Africa.
On the one hand, APEC’s performance in this area has been encouraging as its members in the bottom half in this priority area were able to improve the conditions to obtain a permit. On the other hand, APEC’s median values show that progress was not proportional across APEC, as APEC economies in the upper half did not register major changes. APEC, European Union and OECD were the only three regions that did not experience improvements in the median of any of the three Dealing with Construction Permits indicators. In fact, APEC’s median cost to obtain a permit increased 3 percent between 2009 and 2011.
Exhibit 2-3  
*Reengineering Procedures, Improving Applications Processes: Brunei Darussalam; Hong Kong, China; Japan; and Chinese Taipei*

In 2011, the Government of Brunei introduced e-DAS, an online system to track planning applications in the Department of Town and Country Planning. Architects and landowners can now check the status of development applications online.

The Buildings Department of Hong Kong, China has improved approval processes by enhancing presubmission enquiry services; convening conferences with building professionals before formal submissions; processing concurrent applications for approval and consent; and implementing fast track processing of proposals for simple alterations and addition works within 30 days.

In Japan, the Ministry of Land, Infrastructure, Transport and Tourism expedited building confirmation by reducing the number of and complexity of application documents/drawings and tightening measures to ensure conformity to regulations.

In Chinese Taipei, Taipei City opened a one-stop center for warehouse building permits in March 2011. This system accepts applications for permits to build factories, warehouses, office buildings under five stories; issues usage permits; maintains a property rights registry; and handles water and power connections.

Source: Individual Economy Reports.

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**Getting Credit**

APEC’s average performance improved in all four indicators included in this priority area. However, changes were explained by only few economies in three out of four indicators, namely strength of legal rights index, depth of credit information index and public registry coverage. This is reflected in the APEC’s median values, which remained steady in these three indicators. Only in the area of private registry coverage, a majority of APEC economies experienced progress, which led to an improvement in its median value.

Between 2009 and 2011, APEC’s average value in the strength of legal rights index barely changed, improving from 6.8 to 6.9 points. This indicator measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders. APEC’s performance in this indicator was better than those of East Asia & Pacific, which scored 6.5 points, and Eastern Europe & Central Asia, with 6.6 points, but was behind the performance achieved by the European Union with 7 points and OECD with 7.2 points.

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6 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 the period 2009-2011 are comparable.
Improvements by Priority Area

Exhibit 2-4  
*Strengthening Legal Rights in the Credit System: Australia and New Zealand*

Australia reformed secured transactions by introducing a single economy-wide law governing the creation and priority of security interests in personal property. This reform reduces uncertainty for those involved in lending arrangements.

In New Zealand, reforms to improve the credit system include changes in the collateral registry system via the Personal Property Securities Amendment Act 2011. These changes will authorize Court Registrars to register financing change statements for secured property that has been sold by the court.

Source: Individual Economy Reports.

APEC’s median value in the strength of legal rights index 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.

Exhibit 2-5  
*Enhancing Objectivity and Fairness of Credit Rating Agencies: Korea*

In 2010, the Korean government, through its Financial Service Commission (FSC), established internal control standards that have guidelines for establishment of a compliance system, management of conflict of interests, enhanced disclosure of credit assessment results, banning of unfair practices, strict management of credit assessment data, stronger code of ethics for staff and executives, among others.

In the second half of 2012, the FSC will further protect investors and ensure stable development of capital markets by implementing measures to upgrade the market for credit rating agencies. These measures include (1) making the abovementioned internal control standards legally mandatory so that financial institutions comply with them; (2) improving unfair practices, ensuring the internal stability of the provision of information by issuers and strengthening the disclosure requirement; and (3) enhancing comparative analysis and disclosure of credit assessment results and introducing a registry system for analysts.

Regarding the depth of credit information index, APEC had the best score among all regions in 2011, with 4.8 points, which was ahead of OECD (4.7 points), Eastern Europe & Central Asia (4.5 points) and European Union (4.5 points), among others. This index measures the depth of the rules affecting the scope, accessibility and quality of credit information available.

APEC’s median score in this indicator was also the best with 5 points, similar to the scores obtained by Eastern Europe & Central Asia, European Union, Latin America & Caribbean and OECD.

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 9.9 percent to 12.3 percent during the period 2009-2011. Only European Union and Eastern Europe & Central Asia registered a higher percentage with 16.8 percent and 15.6 percent, respectively. APEC’s average was higher than those from East Asia & Pacific (10.3 percent) and Latin America & Caribbean (10.1 percent), among others.

The median public credit registry coverage in APEC between 2009 and 2011 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, OECD and South Asia. Eastern Europe & Central Asia was the region that experienced the highest median public registry coverage with 12 percent of the adult population.

**Figure 2-14**

*Getting Credit—Public Credit Registry Coverage (% of adult population)*

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 2011, totaling 50.5 percent, behind OECD with 64.9 percent, but ahead of European Union (50 percent), Latin America & Caribbean (34.2 percent) and Eastern Europe & Central Asia (29.6 percent), among others.

APEC’s median private bureau coverage was the third highest with 41.7 percent, behind OECD (89.5 percent) and European Union (46.8 percent), but ahead of Latin America & Caribbean (31.6 percent) and Eastern Europe & Central Asia (28.8 percent), among others.

As APEC’s average is higher than the median in this indicator, this indicates the fact that the average was pulled up by five APEC members that already had 100 percent of the adult...
population in private credit bureaus and two more members that registered levels slightly above 90 percent.

APEC’s average performance in this priority area was positive as its four indicators showed improvements. In two of these areas, depth of credit information and public registry coverage, progress exceeded the 5 percent improvement target. Nevertheless, other regions such as East Asia & Pacific, Eastern Europe & Central Asia, Middle East & North Africa, South Asia and Sub-Saharan Africa improved above the 5 percent target in three or more indicators.

**Figure 2-15**
Getting Credit—Private Bureau Coverage (% of adult population

**Figure 2-16**
Getting Credit—Change in Average Values, 2009-2011 (%)

*Note: Improvements are shown with positive values.*

Exhibit 2-6
Promoting Credit to SMEs in Chinese Taipei and Malaysia

Chinese Taipei is working to make it easier for SMEs to get credit. The government has been encouraging banks to increase SME loans as a percentage of their total loan portfolios and open an SME consultation service window to make SMEs financing more efficient.

In 2010, the Association of Banks in Malaysia launched PARTNER, which consists of a standard application form and a simplified application process for SME financing. In addition, SMEs facing difficulty in getting credit can obtain advisory services at the SME Association Help Desks, SME special units at financial institutions, SME Advisory Unit at Bank Negara Malaysia and SME Corporation Malaysia (an agency that promotes SME development).

Source: Individual Economy Reports.

APEC’s median values in the Getting Credit indicators did not make much progress, as APEC members in the upper half had already achieved significant standards in this area. Compared with the rest of the regions, APEC was the only one not reaching the 5 percent improvement target.

Figure 2-17
Getting Credit—Change in Median Values, 2009-2011 (%)

Trading Across Borders
APEC registered important progress in the Trading Across Borders priority area. The most significant progress was achieved in terms of the time to trade, which exceeded the 5 percent improvement target. The cost to trade also declined, albeit below the benchmark; while the average number of documents required to trade only experienced a marginal change.
### Exhibit 2-7

*Implementing and Updating Electronic Single Window Platforms for Trade: Hong Kong, China; Japan; Peru; Singapore and Viet Nam*

In Hong Kong, China, through the Government Electronic Trading Services (GETS) system, the government is providing a platform for the trading community to submit certain trade documents electronically. Since 2010, three GETS service providers have been appointed.

Japan’s single window system was updated in 2009 to include procedures under the port authority, and in 2010 to add notification procedures for airplane arrival/departure.

Peru’s Foreign Trade Single Window started in 2010. In Phase 1, it included 82 administrative procedures with 6 government agencies. For Phase 2, it will add 11 agencies and 170 procedures. The single window entitles agencies that issue permits, licenses or other import and export authorizations to share information and save time for customers by allowing electronic payments from a single point.

TradeNet, the single platform for Singapore’s trade and logistics community, was updated in January 2012. The new version adopts the ASEAN harmonized tariff nomenclature 2012, and TradeNet’s rules and processes were further relaxed (e.g., permits can now be cancelled on the same day of approval).

In 2011, Viet Nam’s Prime Minister issued a Decision on the pilot implementation of Viet Nam National Single Window. To ensure its implementation, a National Steering Committee was formed with government officers and representatives from the private sector. The implementation of the project involves the standardization and harmonization of administrative procedures, data and documentary requirements; development of ICT applications, technology, legal framework and operational mechanisms; training and communication with stakeholders; and application of Cost-Benefit Analysis to assess the effectiveness of the single window.

Source: Individual Economy Reports.

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 and five documents to trade, respectively.

The median number of documents required to trade in APEC did not change between 2009 and 2011, as was the case for almost all regions.
Most of APEC’s progress in Trading Across Borders was explained by the reduction in terms of time to trade. APEC is the third fastest region for trading (approximately 14 days to export and 15 days to import), trailing only the OECD and the European Union.

Between 2009 and 2011, APEC was the second-best region to reduce its average time to trade, only behind Middle East & North Africa. On average, the time to export and import from and to APEC is five and eight days respectively faster than that of Middle East & North Africa, but remains four days slower than OECD.
APEC’s median trading time is also the third fastest in the world after OECD and the European Union. It is important to highlight that APEC registered the fastest reduction in the median time to export, as well as the second fastest in the median time to import. APEC’s median time to export and import in 2011 was equivalent to 12 and 13 days respectively, which was more than a week faster than the median time in East Asia & Pacific and roughly twice as fast as those of Sub-Saharan Africa and South Asia.

**Figure 2-20**  
*Trading Across Borders—Number of Days to Export*

**Average**

- APEC
- East Asia & Pacific
- Eastern Europe & Central...
- European Union
- Latin America & Caribbean
- Middle East & North Africa
- OECD
- South Asia
- Sub Saharan Africa

**Median**

- APEC
- East Asia & Pacific
- Eastern Europe & Central...
- European Union
- Latin America & Caribbean
- Middle East & North Africa
- OECD
- South Asia
- Sub Saharan Africa


**Figure 2-21**  
*Trading Across Borders—Number of Days to Import*

**Average**

- APEC
- East Asia & Pacific
- Eastern Europe & Central...
- European Union
- Latin America & Caribbean
- Middle East & North Africa
- OECD
- South Asia
- Sub Saharan Africa

**Median**

- APEC
- East Asia & Pacific
- Eastern Europe & Central...
- European Union
- Latin America & Caribbean
- Middle East & North Africa
- OECD
- South Asia
- Sub Saharan Africa


In terms of the cost to trade, APEC’s average and median costs are the lowest among all regions. In addition, APEC’s average cost to export and import a container went down in 1.4 percent and 2.4 percent, respectively, which was the best performance among all the regions. Except for APEC and OECD, all of the other regions increased their average cost to trade between 2009 and
2011. In 2011, the average costs to export and import a container in APEC were equivalent to US$836 and US$896, respectively; which were around US$200 cheaper than the costs incurred by OECD.

APEC’s median costs to export and import a container were much lower. During the period 2009-2011, APEC median cost to export a container declined in 6.8 percent, totalling US$680. This median cost was US$26 cheaper than that in East Asia & Pacific, which was the second best performing region. APEC’s median cost to import did not change and remained in US$745. Nevertheless, this is still US$17 cheaper than the cost in East Asia & Pacific.

**Figure 2-22**
*Trading Across Borders—Cost to Export (US$ per container)*

**Figure 2-23**
*Trading Across Borders—Cost to Import (US$ per container)*

APEC’s average rate of improvement *vis-à-vis* the benchmark of 5 percent is higher in two out of the six Trading Across Borders’ indicators (time to export and time to import). However, it is worth noting that APEC and Middle East & North Africa were the only regions to achieve the benchmark in two of the Trading Across Borders’ indicators. Furthermore, APEC and OECD were the only regions that showed improvements in all of the six indicators.

**Exhibit 2-8**  
*Programs to Assist Exporters and Importers, the Cases of Canada and Russia*

Export Development Canada (EDC) was created to facilitate trade with Canada by providing financial services to Canadian exporters and foreign buyers. Given that financial products from EDC have helped customers’ export sales, the government extended EDC’s domestic financing and insurance powers to March 2013.

Russia established the Export Credit and Investment Agency in 2011 to support Russian exporters and investors in exporting to new markets, to extend the overseas markets for hi-tech products, and to insure export credits against business and political risks and Russian foreign investments against political risks.

Source: Individual Economy Reports.

By analyzing the median values, APEC’s rate of improvement *vis-à-vis* the benchmark of 5 percent is higher in three out of the six Trading Across Borders’ indicators (time to export, cost to export and time to import). However, the other three indicators did not experience any change. It is worth noting that no other region achieved the benchmark in more than two of the Trading Across Borders indicators.

**Figure 2-24**  
*Trading Across Borders–Change in Average Values, 2009-2011 (%)*

*Note: Improvements are shown with negative values.*  
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.

Exhibit 2-9
Improvement of Legal and Institutional Frameworks: Australia, Mexico, and Thailand

Australia’s Civil Dispute Resolution Act (which commenced in August 2011) encourages people to consider taking genuine steps to resolve disputes before going to court.

In 2009, Mexico reformed the Commercial Code to create a sole security registry known as RUG (Registro Unico de Garantias Mobiliarias). RUG allows financial institutions and creditors to register online collateral property including movable goods, received by debtors. This reform reduces costs and timing for creditor’s recovery.

In Thailand, the Ministerial Regulation on Public Auction undertook a reform to ensure that the method of public auction follows the Thai Civil and Commercial Code, and that rights of stakeholders are sufficiently protected.

Source: Individual Economy Reports.

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 2011, changes in the average number of procedures to enforce contracts were marginal in APEC, as it was the case for all the other regions that experienced any improvement. APEC registered the best improvement equivalent to 0.5 percent and was the third best region with 35 procedures, behind the OECD (31 procedures) and European Union (32 procedures), but above other regions such as Eastern Europe & Central Asia (37 procedures) and Latin America & Caribbean (40 procedures). The median number of procedures in APEC (36 procedures) remained steady, as it was the case for most of the regions.

Figure 2-26
Enforcing Contracts – Number of Procedures

In terms of the average number of days required to enforce contracts, APEC’s performance was the second best with 417 days in 2011. Only Eastern Europe & Central Asia outperformed APEC with 412 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 OECD which registered the lower number of procedures. APEC’s median number of days did not change, as most of the regions, and remained in 415 days; slightly below Eastern Europe & Central Asia (390 days) and OECD (414 days).

In 2010, Malaysia’s judiciary system introduced the e-Court System, which consists of a case management system, queue management system, court recording and transcription system and e-filling system. The e-court system makes judiciary procedures faster and more efficient. For example, it integrates case management with detailed case records, lists and issues a confirmation when cases are ready to be called, and prepares copies case recordings at the end of the day of the proceedings.

Korea enacted the Act on the Application of Electronic Documents in the Civil Cases in 2010. This Act provides a legal basis for substituting e-documents for paper documents and allowing high-tech e-recording. Costs of documentation and circulation and storing of legal documents are expected to be reduced. Korea also launched an electronic case filling system for patent cases. Now, lawsuits on patents can be filled by electronic means in the Patent Court.

Source: Individual Economy Reports.

In terms of the average cost of enforcing contracts as a percentage of the claim, no region registered any improvement between 2009 and 2011. In fact, the average cost to enforce contracts increased marginally in six regions, including APEC. APEC’s average cost was relatively high and equivalent to 32 percent of the claim. Only East Asia & Pacific and Sub-Saharan Africa registered higher costs as percentage of the claim than APEC, with 47.8 percent and 50 percent, respectively.

The median cost as percentage of the claim held steady for most of the regions. APEC’s median cost remained at 25.8 percent during this period and placed below East Asia & Pacific (30.2 percent), Latin America & Caribbean (30.6 percent) and Sub-Saharan Africa (42.1 percent).
No region reached the 5 percent improvement target in any of the Enforcing Contracts’ indicators. Moreover, no region improved in all three Enforcing Contracts’ indicators. APEC together with East Asia & Pacific was able to progress in two out of three indicators, as measured by average values.

The median values of the Enforcing Contract’s indicators showed a similar story with no region reaching the 5 percent improvement. APEC, together with the European Union and Latin America & Caribbean, did not register changes in any of the three Enforcing Contracts indicators.
Figure 2-30
Enforcing Contracts – Change in Median Values, 2009-2011 (%)

Note: Improvements are shown with negative values

3. Summary of Individual Economy Reports

Introduction

APEC comprises some of the most dramatic economic and legal diversity in the world. Two major legal traditions (civil law and common law), virtually every income level, three continents, and production capacity for every good and service known to humankind. This diversity gives APEC tremendous economic energy, but it also means that most of the twenty-one economies will have at least slightly, and often significantly, different approaches to their legal and regulatory needs. Nonetheless, as these differences are explored and understood, and as each economy’s best practices and aspirations for reforms are shared, the APEC membership will be in an excellent position to improve not only the EoDB scores, but the more subtle aspects of the business enabling environment.

The economies provided an excellent look into the workings of their legal, regulatory and institutional environments, as well as their priorities for improvements. Below, we outline some of the trends identified in the Individual Economy Reports (IERs).

Cross-cutting Themes

Some interesting themes are observed cutting across all five categories. Many APEC member economies are emphasizing increased support to the small and medium enterprise (SME) segment of the economy, particularly in terms of access to finance, advisory services, and incubator programs. This indicates a commitment to creating efficiencies for new entrants into the economy, as well as encouraging formalization of the informal economy. There are also trends in the establishment of one-stop shops for business registration and/or permits, electronic documentation systems eliminating red tape and paperwork, transparent credit reporting systems, single windows for trade across borders, and business advisory services for SMEs and larger entities, both foreign and domestic. These activities tend not only to lead to improvements in the EoDB scores, but since they apply to segments of the economy that go beyond what EoDB measures, they also show a commitment to ease burdens for all types of businesses and to help make them more accessible to all economic actors.
Exhibit 3-1
Support to Small and Medium Enterprises

Getting credit

The Small and Medium Enterprise Credit Guarantee Fund of Taiwan (Chinese Taipei), founded with contributions from the government and financial institutions, provides credit guarantees for SMEs otherwise lacking sufficient collateral to qualify for loans.

By end-2011 in Chinese Taipei, 46.90 percent of all loans and 51.46 percent of loans made to private business were made to SMEs, through the Program to Encourage Lending by Domestic Banks to Small and Medium Enterprises.

Chile is in the process of establishing a SME Financing Portal, facilitating the provision of credit and improving lending conditions.

In Australia, the online Business Loan Finder helps small businesses find and compare business loan options available from banks and other lenders, taking into account small business financial needs.

Starting a business

Invest Hong Kong and the Support and Consultation Centre for SMEs (SUCCESS) under the Trade and Industry Department (TID) provide support for startups. SUCCESS provides SMEs, including start-ups with free, reliable and practical information and consultation services.

SME Corp. Malaysia provides advisory support to SMEs.

Canada has implemented plans to reduce taxes and red tape, ensure access to credit, and offer programs and services that help businesses establish themselves, develop, and stay competitive.

Chile has several public institutions dedicated to the informal sector and small businesses, including Technical Cooperation Services (SERCOTEC), the Institute of Agricultural Development (INDAP), the Solidarity and Social Investment Fund (FOSIS), and the Production Development Corporation (CORFO), and has an ambitious regulatory agenda in place to assist Chile's many SMEs.

Other important areas of reform involve providing better access to information for businesses, easing financial burdens involved in complying with regulatory requirements, and making credit more accessible through the increased use of innovative programs and collateralization. Because efficient and responsible contracting is a critical business tool, especially in cross-border trade, many economies are working on building contracting capacity and providing alternative dispute resolution mechanisms that will substantially reduce burdens, both in the private sector and in the judicial system, in cases of breach.

Some trends in the five EoDB Action Plan areas are described in more detail below.

Starting a Business

We all know someone who has started a business. In fact, few among us have never thought of starting one ourselves. But, a new business can be a frightening venture, undertaken by someone who may well know very much about producing a good, or delivering a service, but little about
setting up a business that will both comply with government rules and succeed. Entrepreneurs often have to meet many bureaucratic measures before being legally allowed to start operating as a company. Generally speaking, the more the regulatory environment recognizes that fewer and simpler measures, as well as lower costs, promote investment in new business, the faster an economy comprised of all types of business will grow.

Many economies have streamlined the registration process by eliminating steps, paperwork and fees for a smoother start-up. For example, Viet Nam has made significant improvements in the business registration process with a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Indonesia made starting a business easier by introducing a simplified application process allowing an applicant to simultaneously obtain both a general trading license and a business registration certificate. Peru has eliminated the requirement for micro and small enterprises to deposit start-up capital in a bank before registration, and has also simplified the requirements for operating licenses and created an online one-stop shop for business registration. Mexico’s online one-stop shop tuempresa.gob.mx, launched in August 2009, consolidates federal business registration procedures and state and municipal procedures are being added.

It is clear from the IERs that APEC members are sincerely addressing regulatory barriers to entry and formalization. In some cases, this is limited to those barriers that are specifically measured by the World Bank’s Doing Business survey. But, in most cases, economies are reaching out to all types of businesses and investors, supporting not only the registration and formalization process itself, but providing capacity building assistance to startups so that they may continue to grow.

The Government of Canada, for example, has emphasized steps to address the challenges facing small businesses and entrepreneurs by providing them with the regulatory and institutional tools they need to succeed and prosper. The government has implemented plans to reduce taxes and red tape, ensure access to credit, and offer programs and services that help businesses establish themselves, develop, and stay competitive.

Likewise, in the past two years, Brunei Darussalam has reduced both the time and number of steps required to start a business by introducing an electronic name search system, and through the launch of a fast track system for simple business licenses in the municipality of Bandar Seri Begawan. Sole proprietorships are now easier as well, with the introduction of a one-stop shop. Other economies have introduced one-stop-shops for business registration as well, significantly reducing time and burden for entrepreneurs.

Economies are providing new support structures to the informal (unregistered) and small business communities. Chile, for example, has undertaken multiple measures to formalize and strengthen
MSMEs, including dedicating a number of public sector institutions to the needs of the informal economy.

The Small and Medium Enterprise Credit Guarantee Fund of Taiwan (in Chinese Taipei), founded with contributions from the government and financial institutions, provides credit guarantees for SMEs otherwise lacking sufficient collateral to qualify for loans.

Advisory services, largely free of charge, are widely available in many APEC economies—including Australia; Brunei Darussalam; Canada; Hong Kong, China; Japan; Korea; Malaysia; Mexico; New Zealand; Peru; Chinese Taipei and the United States—for a variety of business types. For example, Invest Hong Kong and the Support and Consultation Centre for SMEs (SUCCESS) under the Trade and Industry Department (TID) provide support for startups. SUCCESS provides small and medium-sized enterprises (SMEs), including start-ups, with free, reliable and practical information and consultation services. SUCCESS also runs a "Meet the Advisors" Business Advisory Service to arrange consultations with experts from various sectors for practical advice on setting up and running businesses. In addition, SUCCESS implements an SME Mentorship Program for SME entrepreneurs. In Malaysia SME Corp. Malaysia provides advisory support to SMEs.

The Youth Entrepreneurship Program in Korea is a start-up accelerator designed to support aspiring entrepreneurs under 40 years of age who wish to establish technology-intensive new businesses. YEP offers various support measures throughout the process, from initial planning through commercialization.

For foreign companies, the Invest Japan Business Support Center provides information, consultation and other services free of charge, as well as a few paid services. IBSC staff and advisors can provide information about such matters as industrial structures and market shares, Japanese business practices in regard to procurement, product sales, and industrial systems, and advice based on the needs of the foreign company.

### Dealing with Permits

Businesses face a complex web of licensing requirements and government regulations in the course of their operations. Regulations governing everything issues such as zoning, construction, safety, environment, and health standards either support or discourage entrepreneurship, business entry, and enterprise formalization. A business that is either starting up or is entering a new service or product line, or is simply expanding and needs to accommodate new facilities, will be faced with permitting requirements. The World Bank EoDB measures only the cost and time involved in obtaining a construction permit for a warehouse. But, construction permitting goes further, covering issues such as the health, safety and environmental impact of a facility.

As with Starting a Business, many APEC economies are developing one-stop-shops to ease the process of applying for a construction permit. Though specialized buildings, and those that will be dedicated to processing with health or environmental implications, may require additional, more complex permitting procedures, most businesses will find their needs accommodated efficiently with a one-stop-shop.

A number of economies, including Brunei Darussalam; China; Hong Kong, China; Japan; Korea; New Zealand; Singapore and Chinese Taipei have instituted reforms to increase efficiency in construction permitting, such as consolidated procedures and online applications. Mexico has
improved construction permitting by merging and streamlining procedures related to zoning and utilities and by consolidating internal administrative procedures. Russia recently implemented a single window for all procedures related to land use. Peru streamlined construction permitting with recent administrative reforms. Viet Nam reduced the cost of registering newly constructed buildings by 50 percent and transferred the authority for registering buildings from local authorities to the Department of National Resources and Environment.

Singapore’s Construction and Real Estate Network (CORENET) e-submission system is a one-stop, secure e-service through which project-related electronic plans and documents are submitted to regulatory authorities. Thailand is in the process of developing a similar system. In Malaysia, the establishment of One-Stop-Centre (OSC) and Certificate of Completion and Compliance (CCC) System in 2007, facilitates and expedites the approving processes of development right from conversion and subdivision, planning approval, building plan approval and the self regulation of the issuance of CCC by the professionals.

For most economies, the construction permitting process involves a mixture of central government, provincial, and municipal authority. A number of economies are using central authority to harmonize rules and build capacity at the provincial and/or municipal levels. Korea’s consolidated procedures include both central government and municipal regulatory procedures, requiring collaboration between the two sources of authority in order to increase efficiency for all. Similarly, Malaysia has, through the Ministry of Federal Territories and Urban Wellbeing to initiate reforms in the permitting process in the capital Kuala Lumpur. Peru will encourage harmonization by implementing a centralized computer system designed to promote application forms generated at the central level. Australia is taking a similar approach to harmonization through the National Partnership Agreement to Deliver a Seamless National Economy, with reforms to streamline processes and reduce the costs associated with obtaining and complying with various permit and assessment requirements across states and territories.

Canada, whose roughly 4,000 municipalities are individually responsible for implementing construction permitting, is developing a comprehensive information service, called BizPal, to help businesses cope with variations in application procedures.

### Construction Permits: Economies with Confirmed One-stop Shops

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<th>Country</th>
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<td>Australia</td>
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<td>Brunei Darussalam</td>
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<td>United States</td>
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<td>Vietnam</td>
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**Getting Credit**

A rich market for credit, including the availability of reasonably priced credit to all segments of the economy, is dependent both on basic credit regulations, aggressive promotion of innovative credit products, and a set of institutions that establish a balance between enforcement of public policy and facilitation of lenders’ objectives. The lower the cost and risk of default to banks, the more they will lend to entrepreneurs, and the more reasonable the costs to the debtors will be.
The global credit trend is toward adding innovative credit practices to the regulatory and institutional landscape. Regulatory and institutional frameworks need to be flexible in order to accommodate the ever changing environment, and must be open to ideas and concerns from both the lending community and the borrowers, as well as those who would borrow but for various obstacles.

A number of APEC economies, including Australia, Brunei Darussalam, Chile, Japan, Mexico, New Zealand, Singapore and Chinese Taipei are particularly flexible with regard to non-traditional financing, allowing most or all of the following forms: franchising, leasing/factoring, future crops, agricultural equipment, accounts receivable and inventory, and have noted increased regulatory and institutional flexibility to accommodate as yet unidentified non-traditional forms of financing.

For example, in Mexico, “any special privilege” (leaving room for further creativity in financing) is mentioned in the list of types of collateral that can be registered in the National Register of Security Interests. Australia allows any personal property to be used as collateral, and the establishment of an electronic system means that even low value collateral can be registered quickly and easily. Mexico also recently improved its secured transactions system by implementing a centralized collateral registry with an electronic database that is accessible online. Similarly, Chile recently strengthened its secured transactions system by implementing a unified collateral registry and a new legal framework for non-possessor security interests.

APEC economies’ credit reporting systems are regulated by the public sector but several economies have private credit bureaus in addition to, or instead of, public bureaus (these include Chile; Hong Kong, China; Indonesia; Japan; Malaysia; Papua New Guinea; Singapore and Thailand). Several economies, including Indonesia, have also paid special attention to improving the quality of their credit reporting systems and the rights of individuals. The Indonesian Government guarantees the right of borrowers to inspect their credit data, resulting in improved data quality. Singapore intends to make consumer credit scores available to all consumers. Viet Nam has improved its credit information system by allowing borrowers to examine their credit report and correct errors. Australia will reform the credit reporting system to introduce comprehensive credit reporting, and create a new industry-led Credit Reporting Code of Conduct to support the operation of the new system. As part of the reforms, the rights of individuals will be enhanced, including rights to access and correct their credit reporting information.

**Trading across Borders**

An economy’s ability to balance the facilitation of cross border trade with enforcement of important public policy in areas such as counterfeiting and illicit trafficking is critical to growth and meaningful participation in the global economy. Excessive regulation, which contributes to more procedures, higher costs, and longer delays, is a bureaucratic tendency that growth-minded governments aggressively target. Institutions, such as ministries of trade, customs authorities, and even indirectly relevant institutions such as ministries of agriculture, all need to work together to reduce unreasonable burden.

Trade efficiency is a high priority for the majority of APEC economies. Most have updated their trade policies in recent years, and virtually all have introduced some aspect of risk management and/or electronic transaction to the trade environment.
To increase the efficiency of trade across borders, single windows have been established in Indonesia, Japan, Korea, New Zealand, Peru (in progress), Russia, Singapore, and Thailand, among others. Electronic customs forms are used by Hong Kong, China; Indonesia; Japan; Korea; Malaysia; New Zealand; Singapore; Chinese Taipei; Thailand and Viet Nam (in progress). Korea’s Customs Service has launched an e-Submission system that streamlines trade procedures and reduces traders’ logistical costs. KRW 30 billion—approximately US$26.5 million—in logistics cost savings, including labor, is expected as a result.

Chile has made trading across borders faster by implementing an online electronic data interchange system for customs operations. Russia reduced the number of documents needed for each export or import transaction and lowered the associated costs. Peru made implemented a new web-based electronic data interchange system, risk-based inspections and payment deferrals. The Philippines has improved its electronic customs systems, adding such functions as electronic payments and online submission of declarations.

Indonesia has enacted reforms that have reduced the time to export through the Tanjung Priok Port, Jakarta, attributed to the continued implementation of the Indonesian National Single Window online system, which allows electronic data interchange between multiple agencies, in ports across Indonesia.

As of August 2011, Viet Nam is in the process of implementing a national single window with a focus on harmonizing administrative procedures, ICT infrastructure, standardizing documentation requirements, legal framework, regulatory capacity and transparency.

Korea has implemented a global Internet-based customs portal linking financial institutions, customs agencies, logistics companies, and 23 government agencies. This international single window, known as UNI-PASS, allows importers and exporters to handle customs declarations and other trade-related requirements remotely. UNI-PASS is one of the world’s few 100 percent electronic clearance portals. Its introduction reduced the average time to export from 11 days to 8, and the average time to import from 10 days to 8.

To facilitate foreign investment, in 2009 Australia streamlined several foreign investment screening thresholds and began indexing the thresholds to ensure they keep pace with inflation. At the same time, the screening of privately owned foreign investors establishing new businesses was removed.

**Enforcing Contracts**

As the distance (physically, culturally, and financially) between market participants increases, so must the Economy’s ability to facilitate and enforce contracts through which parties allocate risk. The contract is at the core of commerce, and an economy that struggles to support contracting at every level of commercial society is typically one that also struggles to grow.

Traditionally, economies and commerce have relied on the courts for resolving contractual disputes. But, a growing number of businesses are agreeing (in their contracts) to resolve any disputes that may arise through arbitration. If there is no agreement to arbitrate, some will choose to resolve disputes through either arbitration or mediation. Some jurisdictions require mediation in the first resort. All of this is designed to reduce costs for both the private and public sectors. There are other advantages as well. Arbitration may allow disputes to remain private, and typically allow parties to choose the rules through which they will resolve a dispute.
Most of the APEC economies have well-established alternative dispute resolution (ADR) and arbitration institutions, both public and private. The Arbitration Association of Brunei Darussalam (AABD) was formed in 2004, providing advisory and assistance support in the field of arbitration. AABD’s panel of arbitrators is kept to a very high standard, and there is a wide choice of leading international arbitrators including several non-Brunei nationals. Contract law and enforcement is typically within the State level authority in the United States. All the states allow freedom of contract and the use of private dispute resolution mechanisms. Likewise, New Zealand allows full freedom of contract, but points out some exceptions that include illegality, incapacity, mistake and a few others.

In Singapore, the Singapore International Arbitration Centre (SIAC) and the Singapore Chamber of Maritime Arbitration (SCMA) provide arbitration services, while the Singapore Mediation Centre provides mediation and other ADR services. In 2010, Singapore established Maxwell Chambers, the world’s first integrated dispute resolution complex housing both best-of-class hearing facilities and top international ADR institutions to further support and promote ADR in Singapore. Singapore also hosts a Permanent Court of Arbitration (PCA) facility, which allows the PCA to offer their expertise in dispute resolution to countries in this region.

An important component of contract enforcement in the globalizing world is the adoption and implementation of treaties, such as the UN Convention on Contracts for the International Sale of Goods (UNCISG) and the UN Convention on Recognition and Enforcement of Foreign Arbitral Awards (New York Convention).

Finally, electronic transactions have become a critical feature of business, both at the consumer level and between merchants. In fact, almost all commercial transactions now have at least one electronic element, such as acceptance by email, or fully automated purchase orders. As with nontraditional financing, economies must be flexible in their regulatory approaches to electronic transactions. Virtually all APEC economies have now developed regulatory approaches to electronic transactions (see below).

- Australia—Electronic Transactions Act
- Brunei Darussalam—Electronic Transactions Act
- Canada—Personal Information Protection and Electronic Documents Act
- Chile—Law 19,799
- China—Electronic Signature Law
- Hong Kong, China—The Electronic Transactions Ordinance
- Indonesia—Law No. 11 Concerning Electronic Information and Transactions
- Japan—Act on Electronic Signatures and Certification Business
- Korea—Law on Electronic Transactions
- Malaysia—Electronic Commerce Act and Digital Signature Act
- Mexico—Federal Code of Commerce
- New Zealand—Electronic Transactions Act
- Papua New Guinea—
- Peru—Law of Digital Certificates and Signatures
- Philippines—Electronic Commerce Act
- Russia—Federal Law of Russian Federation about Electronic Digital Signature
- Singapore—Electronic Transactions Act
- Chinese Taipei—Electronic Signatures Act
- Thailand—Electronic Transaction Act B.E. 2544
- United States—Uniform Electronic Transactions Act
- Viet Nam—Law on Electronic Transactions
References


