

Doing Business At a Glance



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The Philippines was recently tagged as a slow reformer by the World Bank after its ranking worsened from 130th to 133rd in 2007 in their latest business climate report Doing Business 2008.

Table 1. Ease of Doing Business in Selected Countries, 2006-2007

Country	2007 Ranking	2006 Ranking
Singapore	1	1
New Zealand	2	2
United States	3	3
Hong Kong, China	4	4
Denmark	5	5
United Kingdom	6	6
Canada	7	7
Ireland	8	8
Australia	9	9
Iceland	10	11
Japan	12	12
Switzerland	16	15
Korea	30	27
Taiwan, China	50	47
Kazakhstan	71	71
China	83	92
Bangladesh	107	102
India	120	132
Indonesia	123	133
Philippines	133	130
Iran	135	131
Iraq	141	137
Central African Republic	177	174
Congo, Dem. Rep.	178	178

Source: *Doing Business 2008-World Bank*



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Doing Business 2008 is the fifth in a series of annual reports of the World Bank-International Finance Corporation (WB-IFC) which compares business regulations in 178 countries. Regulatory elements include: 1) ease of starting a business; 2) dealing with licenses; 3) employing workers; 4) registering property; 5) getting credit; 6) protecting investors; 7) paying taxes; 8) trading across borders; 9) enforcing contracts; and 10) closing a business.

- In the overall ranking, Singapore edged out New Zealand from the top spot while the United States (US) came in third. Asian countries Hong Kong, Japan and Thailand made it in the top twenty. The Organisation of Economic Cooperation and Development (OECD) remains the most business-friendly region followed by Eastern Europe and the former Soviet Union which surpassed East Asia in the ease of doing business.
- Compared with other Asian countries, the Philippines' ranking got even lower to 133rd from 130th in 2007. Only Cambodia (145th) and Laos (164th) fared worse than the Philippines. A big improvement was registered by Indonesia which used to trail the Philippines when it rose to 123rd in 2007 from last year's 135th place. Other Southeast Asian economies like Thailand (15th) and Malaysia (24th) also fared well while Vietnam and Bangladesh managed to get higher ranking than the Philippines.
- The country also slipped 9 places from 135 in 2006 to 144 this year when it comes to starting a business. While the number of steps entrepreneurs had to go through to start a business in the Philippines has been reduced from 15 steps in 2006 to 11 steps in 2007, the number of days it takes them has become longer, from 48 days to 58 days. This is significantly longer when compared to its ASEAN neighbors. In Malaysia and Thailand, for instance, investors only need 24 to 33 days on the average to put up a business.
- Registering property and trading across borders were also perceived to have become more difficult, as the country dropped five places to 86 and 57, respectively, compared to last year's ranking. In terms of getting credit, the country dropped three notches lower while the country's ranking in relation to employing workers remained at 122. In the area of tax payments, the Philippines slightly improved from 129 to 126.
- Enforcing contracts in the Philippines remained difficult. While the cost of enforcing a contract has been reduced by almost half, from 50.7% of claims in 2006 to 26% in 2007, the number of days and the number of procedures involved increased significantly, from 360 days and 35 procedures to 842 days and 37 procedures, respectively.

Table 2. Doing Business 2008, ASEAN Countries

INDICATOR	Country (2007 Ranking)							Philippines		
	CAM	IND	LAO	MAL	SIN	THA	VIE	2007	2006	Change in rank
OVERALL RANKING	145	123	164	24	1	15	91	133	130	-3
Starting a business	162	168	78	74	9	36	97	144	135	-9
<i>procedures (number of steps)</i>	10	12	8	9	5	8	11	15	11	-4
<i>time (number of days)</i>	86	105	103	24	5	33	50	58	48	-10
<i>cost (% of GNI per capita)</i>	190.3	80	16.5	18.1	0.8	5.6	20	26.8	24.4	-2.4
<i>minimum capital (% of GNI per capita)</i>	50.8	38.4	0	0	0	0	0	6.9	9.5	2.6
Dealing with licenses	144	99	111	105	5	12	63	77	75	-2
<i>procedures (number of steps)</i>	23	19	24	25	11	11	13	21	23	2
<i>time (number of days)</i>	709	196	172	285	102	156	194	177	197	20
<i>cost (% of income/capita)</i>	74.3	286.8	202.4	10	22.9	10.7	374	75.9	121	45.1
Employing workers	133	153	82	43	1	49	84	122	122	0
<i>difficulty of hiring index (0-100)</i>	44	72	11	0	0	33	0	56	56	0
<i>rigidity of hours index (0-100)</i>	60	0	40	0	0	20	40	20	40	20
<i>difficulty of firing index (0-100)</i>	30	60	60	30	0	0	40	30	40	10
<i>rigidity of employment index (0-100)</i>	45	44	37	10	0	18	27	35	45	10
<i>nonwage labor costs (% of salary)</i>	0	10	5	15	13	6	17	7	9	2
<i>firing costs (weeks of salary)</i>	39	108	19	75	4	54	87	91	90	-1
Paying taxes	21	110	114	56	2	89	128	126	129	3
<i>payments (number of steps)</i>	27	51	34	35	5	35	32	47	47	0
<i>time (hours)</i>	137	266	672	166	49	264	1050	195	195	0
<i>total tax rate (% of profit)</i>	22.6	37.3	35.5	36	23.2	37.7	41.1	52.8	46.4	-6.4
Enforcing contracts	134	141	111	63	4	26	40	113	113	0
<i>number of procedures</i>	44	39	42	30	22	35	34	37	35	-2
<i>duration (number of days)</i>	401	570	443	600	120	479	295	842	360	-482
<i>cost (% of claim)</i>	102.7	122.7	31.6	27.5	17.8	14.3	31	26	50.7	24.7
Closing a business	178	136	178	54	2	44	121	147	147	0
<i>time (number of years)</i>	no practice	5.5	no practice	2.3	0.8	2.7	5	5.7	6	0.3
<i>cost (% income per capita)</i>	no practice	18	no practice	15	1	36	15	38	38	0
<i>recovery rate (cents on dollars)</i>	0	12.6	0	38.3	91.3	41.8	18	4.2	4.1	-0.1
Registering Property	98	121	149	67	13	20	38	86	81	-5
Getting Credit	177	68	170	3	7	36	48	97	94	-3
Protecting Investors	64	51	176	4	2	33	165	141	141	0
Trading Across Borders	139	41	178	21	1	50	63	57	52	-5

Note: a. Doing Business 2007 rankings for fiscal 2006 are being recalculated to reflect changes to the methodology and the addition of three new countries.

b. CAM-Cambodia IND-Indonesia LAO- Lao People's Democratic Republic MAL-Malaysia SIN-Singapore
THA-Thailand VIE-Vietnam

Source: Doing Business 2008, -World Bank