

- 1 **Q. Please provide the Economist Intelligence Unit article referenced in footnote 29.**  
2  
3 A. Attachment A is the Economist Intelligence Unit article referenced in footnote 29.

**The Economist Intelligence Unit 2014  
Business Environment Rankings**

# Business Environment Rankings

## Which country is best to do business in?

From The Economist Intelligence Unit



































## Business Environment Rankings

Which country is best to do business in?

For all the talk about the potential of emerging markets, developed economies in North America, Western Europe and Asia remain the best places to do business, according to The Economist Intelligence Unit's latest Business Environment Rankings (BER). Singapore looks set to remain the world's most investor-friendly location in 2014-18, retaining its number-one spot from the 2009-13 period. Switzerland and Hong Kong also defend their second and third place position. The remainder of the top ten is dominated by North America, Scandinavia and other developed Asian economies.

### BER rankings

|  | Score 2009-13 <sup>a</sup> | Global ranking 2009-13 | Score 2014-18 <sup>b</sup> | Global ranking 2014-18 |
|--|----------------------------|------------------------|----------------------------|------------------------|
|  Singapore        | 8.56                       | 1                      | 8.65                       | 1                      |
|  Switzerland      | 8.41                       | 2                      | 8.52                       | 2                      |
|  Hong Kong        | 8.34                       | 3                      | 8.39                       | 3                      |
|  Canada           | 8.15                       | 7                      | 8.30                       | 4                      |
|  Australia        | 8.18                       | 5                      | 8.29                       | 5                      |
|  Sweden           | 8.20                       | 4                      | 8.26                       | 6                      |
|  USA              | 8.02                       | 8                      | 8.25                       | 7                      |
|  New Zealand     | 7.99                       | 11                     | 8.18                       | 8                      |
|  Finland        | 8.16                       | 6                      | 8.18                       | 9                      |
|  Denmark        | 8.01                       | 9                      | 8.16                       | 10                     |
|  Norway         | 7.89                       | 13                     | 8.01                       | 11                     |
|  Germany        | 7.99                       | 10                     | 7.98                       | 12                     |
|  Chile          | 7.81                       | 14                     | 7.89                       | 13                     |
|  Taiwan         | 7.68                       | 16                     | 7.85                       | 14                     |
|  Ireland        | 7.30                       | 20                     | 7.79                       | 15                     |
|  Netherlands    | 7.94                       | 12                     | 7.78                       | 16                     |
|  Belgium        | 7.69                       | 15                     | 7.69                       | 17                     |
|  Austria        | 7.61                       | 17                     | 7.62                       | 18                     |
|  Malaysia       | 7.15                       | 24                     | 7.56                       | 19                     |
|  Israel         | 7.17                       | 23                     | 7.50                       | 20                     |
|  Qatar          | 7.29                       | 21                     | 7.46                       | 21                     |
|  UK             | 7.41                       | 19                     | 7.44                       | 22                     |
|  Estonia        | 7.19                       | 22                     | 7.38                       | 23                     |
|  France         | 7.47                       | 18                     | 7.38                       | 24                     |
|  Spain          | 7.01                       | 26                     | 7.36                       | 25                     |
|  South Korea    | 7.04                       | 25                     | 7.35                       | 26                     |
|  Japan          | 6.98                       | 27                     | 7.33                       | 27                     |
|  Czech Republic | 6.96                       | 28                     | 7.31                       | 28                     |
|  Poland         | 6.87                       | 31                     | 7.29                       | 29                     |
|  UAE            | 6.95                       | 29                     | 7.22                       | 30                     |





































<sup>a, b</sup> = Out of 10



## Business Environment Rankings

Which country is best to do business in?

### BER rankings

|   | Score 2009-13 <sup>a</sup> | Global ranking 2009-13 | Score 2014-18 <sup>b</sup> | Global ranking 2014-18 |    |
|---|----------------------------|------------------------|----------------------------|------------------------|----|
|    | Slovakia                   | 6.94                   | 30                         | 7.20                   | 31 |
|    | Mexico                     | 6.83                   | 32                         | 6.91                   | 32 |
|    | Slovenia                   | 6.62                   | 36                         | 6.84                   | 33 |
|    | Thailand                   | 6.43                   | 38                         | 6.78                   | 34 |
|    | Bahrain                    | 6.80                   | 33                         | 6.76                   | 35 |
|    | Cyprus                     | 6.65                   | 34                         | 6.73                   | 36 |
|    | Hungary                    | 6.63                   | 35                         | 6.63                   | 37 |
|    | Portugal                   | 6.61                   | 37                         | 6.62                   | 38 |
|    | Latvia                     | 6.17                   | 44                         | 6.59                   | 39 |
|    | Costa Rica                 | 6.26                   | 43                         | 6.59                   | 40 |
|    | Saudi Arabia               | 6.14                   | 45                         | 6.58                   | 41 |
|    | Lithuania                  | 6.33                   | 40                         | 6.58                   | 42 |
|    | Brazil                     | 6.33                   | 41                         | 6.57                   | 43 |
|    | Turkey                     | 6.05                   | 48                         | 6.55                   | 44 |
|    | Kuwait                     | 6.35                   | 39                         | 6.55                   | 45 |
|   | Bulgaria                   | 6.05                   | 47                         | 6.48                   | 46 |
|  | Romania                    | 5.80                   | 55                         | 6.47                   | 47 |
|  | Italy                      | 6.28                   | 42                         | 6.44                   | 48 |
|  | Peru                       | 6.09                   | 46                         | 6.40                   | 49 |
|  | China                      | 6.00                   | 49                         | 6.39                   | 50 |
|  | Colombia                   | 5.93                   | 50                         | 6.35                   | 51 |
|  | Croatia                    | 5.86                   | 54                         | 6.33                   | 52 |
|  | Philippines                | 5.88                   | 51                         | 6.28                   | 53 |
|  | South Africa               | 5.87                   | 52                         | 6.23                   | 54 |
|  | Jordan                     | 5.60                   | 57                         | 6.13                   | 55 |
|  | Indonesia                  | 5.52                   | 58                         | 6.09                   | 56 |
|  | India                      | 5.42                   | 61                         | 6.08                   | 57 |
|  | El Salvador                | 5.73                   | 56                         | 5.90                   | 58 |
|  | Vietnam                    | 5.44                   | 60                         | 5.87                   | 59 |
|  | Russia                     | 5.46                   | 59                         | 5.83                   | 60 |
|  | Sri Lanka                  | 5.31                   | 65                         | 5.82                   | 61 |
|  | Greece                     | 5.86                   | 53                         | 5.69                   | 62 |
|  | Dominican Republic         | 5.33                   | 64                         | 5.68                   | 63 |
|  | Kazakhstan                 | 5.05                   | 69                         | 5.67                   | 64 |
|  | Serbia                     | 5.19                   | 66                         | 5.55                   | 65 |
|  | Morocco                    | 5.05                   | 70                         | 5.49                   | 66 |

















<sup>a, b</sup> = Out of 10



## Business Environment Rankings

Which country is best to do business in?

### BER rankings

|   |            | Score 2009-13 <sup>a</sup> | Global ranking 2009-13 | Score 2014-18 <sup>b</sup> | Global ranking 2014-18 |
|---|------------|----------------------------|------------------------|----------------------------|------------------------|
|    | Tunisia    | 5.17                       | 67                     | 5.47                       | 67                     |
|    | Egypt      | 5.40                       | 62                     | 5.38                       | 68                     |
|    | Bangladesh | 4.77                       | 71                     | 5.38                       | 69                     |
|    | Argentina  | 5.40                       | 63                     | 5.35                       | 70                     |
|    | Ecuador    | 5.09                       | 68                     | 5.34                       | 71                     |
|    | Ukraine    | 4.35                       | 77                     | 5.27                       | 72                     |
|    | Azerbaijan | 4.66                       | 73                     | 5.26                       | 73                     |
|    | Pakistan   | 4.76                       | 72                     | 5.11                       | 74                     |
|    | Algeria    | 4.48                       | 75                     | 4.81                       | 75                     |
|    | Nigeria    | 4.47                       | 76                     | 4.66                       | 76                     |
|    | Kenya      | 4.23                       | 78                     | 4.63                       | 77                     |
|    | Cuba       | 4.19                       | 79                     | 4.59                       | 78                     |
|    | Libya      | 4.04                       | 80                     | 4.58                       | 79                     |
|    | Angola     | 3.65                       | 82                     | 4.11                       | 80                     |
|   | Iran       | 3.74                       | 81                     | 3.95                       | 81                     |
|  | Venezuela  | 4.58                       | 74                     | 3.93                       | 82                     |

<sup>a, b</sup> = Out of 10





## Business Environment Rankings

Which country is best to do business in?

# Asia

Asia is a diverse region, and there are large differences between the overall scores and global rankings of its top four countries (Singapore, Hong Kong, Australia and New Zealand) and its poorest performers (Bangladesh and Pakistan, in 69th and 74th place respectively, out of the 82 countries ranked). The gap reflects the widely varying levels of economic development and political stability between these countries, alongside sharp differences in the underlying structure shaping laws and regulations of foreign investment.

Asia's best performers have several factors in common: a favourable policy environment – particularly for finance and foreign investment – with competition policies that encompass international best practice. Especially in East Asia, competition between cities to become hubs for international finance, manufacturing and logistics has driven improvements in the business environment. Despite tensions in some countries over immigration from poorer neighbours, migration of skilled labour within Asia will remain relatively unimpeded and overall labour market conditions will continue to compare extremely favourably to other regions, with companies able to expand or reduce their workforce with ease, as well as benefitting from freedom to set wages and hire foreign nationals.

Infrastructure remains a relative weak point for Asia, with only Singapore ranking among the world's top 10 in this category (compared with other areas of the business environment, faring relatively poorly, in 7th place). Australia, Japan and New Zealand trail in joint 14th place, with Hong Kong coming in at 18th. While some of the region's infrastructure is excellent, particularly in telecoms and air transport, other areas require investment to improve distribution networks and utilities provision, as well as lower office rents.



## Business Environment Rankings

Which country is best to do business in?

# Europe

The impact of the debt crisis on political stability, economic stability and financing availability has meant that EU countries remain some way off the top of the EIU's business environment rankings. That said, most of these countries retain relatively strong investment climates, dominating the rankings between 10th and 30th place. This reflects the high degree of political stability in the region (notwithstanding an increase in social tension in some countries) and the openness of markets to world trade. Average scores for the macroeconomic environment are improving, as fiscal deficits start to narrow and the region's average debt stock looks set to stabilise (at around 92% of GDP in 2015), before declining slowly. However, hefty cuts to public spending in some countries will fuel social tension, causing the score for political stability in the region as a whole to fall.

A long-standing feature of the business environment in many west European countries has been the onerous tax burden (higher than in any other region in the world). Large variations in both direct and indirect tax rates will persist across EU countries. With most countries trying to reduce non-wage labour costs (which have contributed to high levels of unemployment in many economies across the region), a continued trend across much of Europe will be to reduce the burden of social security contributions as well as income and corporation tax, and to pay for these with increases in indirect taxes (including environmental taxes).

Recent years have brought considerable improvement in the east European investment climate. Factors such as a low-cost but qualified labour force, proximity to developed markets and, in some cases, ample natural resource endowments have attracted considerable foreign direct investment (FDI) to the region. However, many east European countries in the region still face fundamental reform challenges. The crisis of 2009 had a longer-lasting negative impact in some areas, with policy deficiencies in some countries exacerbating this vulnerability. While some eastern European countries fare relatively well in our global rankings (Hungary comes in at 37th place), most countries remain in the lower half of the rankings, with Ukraine and Azerbaijan lingering near the bottom of the rankings, at 72nd and 73rd place respectively.





## Business Environment Rankings

Which country is best to do business in?

# The Americas

As the world's largest economy, which is recovering faster than much of the rest of the OECD, the US is set to remain an indispensable business destination. Policies towards private enterprise and competition are open and transparent. Apart from certain security-sensitive sectors, such as energy, foreign investment faces few restrictions. The country's labour market is flexible and the overall standard of infrastructure is solid, although greater investment is needed in some areas, especially roads and bridges. Financial markets have recovered their depth and liquidity, but are undergoing changes driven partly by industry trends and partly by an updating of the regulatory regime.

Despite this, the US shows amongst the greatest mix of scores across the main categories that comprise the business environment rankings. Its overall global position is 7th for the 2014-18 period (up one place from 8th in 2009-13) but the sub-indices vary from an excellent score for market opportunities – where it is ranked the best in the world – to much weaker results on taxes, financing and political stability (its global rankings for these categories stand at 17th, 21st and 25th respectively). Although the US remains an inviting business environment overall, concerns about security risks, strained international relations, the sharp ideological split between the two main political parties (which makes it difficult to pass legislation) and long-standing problems with political lobbying weigh on the country's relative ranking.

Canada improves three places between 2009-13 and 2014-18, to the world's fourth best investment location. It ranks extremely well on market opportunities, owing to high levels of GDP per capita, strong trade flows and a wealth of natural resources, which will continue to be a source of macroeconomic strength. Foreign trade and exchange controls also remain an area of strength, despite some protection in some sectors and incomplete efforts to diversify export markets. Tight regulation and relatively cautious lending policies will maintain the soundness of the banking sector. Tax remains one of Canada's weaker categories, reflecting the complexity of the corporate tax system, which is a mixture of federal and provincial tax regimes, but a lower score in this area will not detract from the overall attractiveness of Canada's business environment.

In Latin America, Chile stands apart as boasting an excellent business environment (in 13th place), on a par with developed economies in North America, Europe and Asia. Chile's major strengths as a foreign investment destination are its longstanding and well-functioning market economy, open foreign investment regime, strong fiscal position, sophisticated capital markets and the world's most extensive network of free-trade agreements (FTAs). Aside from Chile, and to a lesser extent Mexico (32nd place) and Costa Rica (40th place), most Latin American countries fare poorly in the business environment rankings. Argentina (70th), Ecuador (71st), Cuba (78th) and Venezuela (82nd) continue to share a tendency for unpredictable state interventionism that has undermined economic performance and discouraged foreign investment.



## Business Environment Rankings

Which country is best to do business in?

# Middle East and Africa

The Middle East and Africa (MEA) is another region where there are few countries that rank in the top half of The Economist Intelligence Unit's global business environment rankings. Although the overall score for 2014-18 rises by more than the global trend, this masks less stellar performances in a number of influential regional economies. In particular, Egypt, where two presidents have been toppled in three years and the security environment has worsened, has seen a sharp deterioration in its global business environment ranking (down 6 places, to 68th). Similarly, Bahrain's and Algeria's rankings also fail to improve, although in the latter case this largely reflects the government's predilection for import-suppression and aversion to foreign investment. Meanwhile, although Libya's ranking for the forecast period strengthens (one place, to 79th), its improvement is exceptionally modest when placed in the context of the Qadhafi regime and the civil war that came before. Elsewhere, South Africa's ranking slips modestly, reflecting divisions within the ruling African National Congress, high crime rates (especially for violent crime), deep-seated inequality and strikes and rigid labour laws. However, South Africa remains comfortably the best scoring country in SSA.

Overall, The Economist Intelligence Unit continues to place the region bottom or joint bottom in seven of the ten business environment categories. It also has three of the four lowest-ranking countries in the overall rankings: Libya, Iran and Angola. Two other Sub-Saharan countries—Kenya and Nigeria—also rank at the lower end of our rankings, held back by the ongoing problems of corruption, weak infrastructure, deteriorating security and, in the case of Nigeria, the absence of effective government institutions.

The best overall rankings among the 17 MEA countries included in the model are for the member states of the Gulf Co-operation Council (GCC) and Israel. The GCC countries have benefited from high oil prices and an increase in the absorptive capacities of these economies for new investment. Qatar is the highest-ranked country in the region (in 21st place globally), reflecting its continued economic boom, and the forthcoming infra-structure upgrade ahead of the 2022 football World Cup. However, Angola is also in the midst of an oil and gas export boom, driving its relatively strong macroeconomic environment score.



## Business Environment Rankings

Which country is best to do business in?

# Outline of the business environment model

The business rankings model measures the quality or attractiveness of the business environment in the 82 countries covered by The Economist Intelligence Unit's Country Forecast reports. It is designed to reflect the main criteria used by companies to formulate their global business strategies, and is based not only on historical conditions but also on expectations about conditions prevailing over the next five years. This allows the Economist Intelligence Unit to utilise the regularity, depth and detail of its forecasting work to generate a unique set of forward-looking business environment rankings on a regional and global basis.

The business rankings model examines ten separate criteria or categories, covering the political environment, the macroeconomic environment, market opportunities, policy towards free enterprise and competition, policy towards foreign investment, foreign trade and exchange controls, taxes, financing, the labour market and infrastructure. Each category contains a number of indicators that are assessed by the Economist Intelligence Unit for the last five years and the next five years. The number of indicators in each category varies from five (foreign trade and exchange regimes) to 16 (infrastructure), and there are 91 indicators in total. Each of the 91 indicators is scored on a scale from 1 (very bad for business) to 5 (very good for business).

Almost one-half of the indicators are based on quantitative data (eg GDP growth), and are mostly drawn from national and international statistical sources for the historical period (2009-13) and from Economist Intelligence Unit assessments for the forecast period (2014-18). The other indicators are qualitative in nature (eg quality of the financial regulatory system), and are drawn from a range of data sources and business surveys adjusted by the Economist Intelligence Unit, for 2009-13. All forecasts for the qualitative indicators covering 2014-18 are based on Economist Intelligence Unit assessments.



## Business Environment Rankings

Which country is best to do business in?

# Purchasing Country Forecast reports

The business environment rankings form part of The Economist Intelligence Unit's Country Forecast reports.

Country Forecasts focus on how economic and political developments will shape the business environment in 82 of the world's largest economies over the next five years. The reports provide access to a comprehensive set of political, economic, and business environment forecasts that are continuously updated and written from the point of view of foreign investors. Country Forecasts also include long-term forecasts for a range of key indicators, as well as analysis of the trends that influence economic outcomes and business decision making.

A feature of Country Forecasts is a set of business environment rankings that assess the attractiveness of the investment climate across 82 countries, allowing subscribers to make comparisons across countries and over time. Alongside the rankings, our country experts present in-depth analysis on various facets of the business environment, providing insights into key risks and opportunities. Country Forecasts are available for 82 countries, with one main annual report and eleven monthly updates produced each year.

For more information, please go to <http://store.eiu.com> or email us at [eiustore@eiu.com](mailto:eiustore@eiu.com).



# Media Enquiries for the Economist Intelligence Unit

## Europe, Middle East & Africa

### Grayling London

Susie Burnett

+44 (0) 20 7932 1867

+44 (0) 7950 783 428

[ei-international@grayling.com](mailto:ei-international@grayling.com)

## Americas

### Grayling New York

Gina Sorice

Tel: +1 646 284 9414

[ei-international@grayling.com](mailto:ei-international@grayling.com)

## Asia Pacific (excluding China)

### MHP Communications

Rhonda Taylor

Tel: +852 3114 6335

[rhonda.taylor@mhpc.com](mailto:rhonda.taylor@mhpc.com)

## China

### Grayling Shanghai

Harriet Gaywood

Tel: +86 21 5239 7719 / 7729 ext. 101

[ei-international@grayling.com](mailto:ei-international@grayling.com)

While every effort has been taken to verify the accuracy of this information, The Economist Intelligence Unit Ltd. cannot accept any responsibility or liability for reliance by any person on this report or any of the information, opinions or conclusions set out in this report.



**The  
Economist**

Intelligence  
Unit

LONDON

20 Cabot Square

London

E14 4QW

United Kingdom

Tel: (44.20) 7576 8000

Fax: (44.20) 7576 8500

E-mail: london@eiu.com

NEW YORK

750 Third Avenue

5th Floor

New York, NY 10017

United States

Tel: (1.212) 554 0600

Fax: (1.212) 586 1181/2

E-mail: newyork@eiu.com

HONG KONG

6001, Central Plaza

18 Harbour Road

Wanchai

Hong Kong

Tel: (852) 2585 3888

Fax: (852) 2802 7638

E-mail: hongkong@eiu.com

GENEVA

Rue de l'Athénée 32

1206 Geneva

Switzerland

Tel: (41) 22 566 2470

Fax: (41) 22 346 93 47

E-mail: geneva@eiu.com