DOING BUSINESS REPORT 2010

Published by the World Bank, the 2010 Doing Business Report (DBR 2010) provides quantitative measures of a set of regulations affecting 10 key stages of a business lifecycle. (See Table 1 below, organized in order of performance). Data in the DBR 2010 are current as of June 2009.

How easy is it to do business in Jamaica?

Jamaica ranks 75th out of 183 countries surveyed in the DBR 2010 – slipping eight places when compared to the 67th ranking received in the recalculated figures for 2009. The recalculations are based on changes in methodology and corrections provided by participating countries.

Table 1	2010	2009	Chg	
		(Adjusted)		
Ease of Doing Business	**75**	**67**	**-8**	
Starting a Business	19	12	*-7*	↓
Closing a Business	23	23	*0*	=
Employing Workers	39	37	*-2*	↓
Dealing with Construction Permits	49	48	*-1*	↓
Protecting Investors	73	70	*-3*	↓
Getting Credit	87	84	*-3*	↓
Trading Across Borders	104	102	*-2*	↓
Registering Property	122	129	*7*	↑
Enforcing Contracts	128	126	*-2*	↓
Paying Taxes	174	175	*1*	↑

What's good about doing business in Jamaica?

In DBR 2010, the most substantive improvement for Jamaica came in the area of *Registering Property,* which increased 7 places (from 129th to 122nd) over 2009. While the number of procedures and days remained unchanged at 6 and 55 respectively, the cost to register property (as a percentage of property value) fell from 11% to 9.5% between 2009 and 2010. This reduction is largely the result of a decrease in transfer tax from 6% to 4.5%. That aside, the category is still comfortably placed in the latter half of the rankings and steps should be taken to ensure that movement towards the upper half continues.

Starting and *Closing a Business, Employing Workers* and *Dealing with Construction Permits* continue to be the 4 categories ranked above 50th. However, all except *Closing a Business* (which held firm) registered respective deterioration in performances of -7, -2 and -1, compared to 2009. While there were improvements in the costs associated with *Starting a Business* (7.9 to 5.3 percent income per capita) and *Dealing with Construction Permits* (396.3 to 265.7 percent income per capita), they were not sufficient to offset the inactivity in the other subcategories nor the significant improvements undertaken by other participating countries.

Protecting Investors and *Getting Credit* received fairly respectable ratings of 73rd and 87th, respectively of 183 countries. However, similar to their performance last year, they continued to decline in rankings by -3 places each. Interestingly too, these outcomes are as a result of 'doing nothing' in these areas to improve on the protection of the rights of investors or increasing investors' access to credit.

Areas for Improvement

The last three business indicators, listed in Table 1 above, represent areas for immediate attention insofar as they fall in the latter half of the overall rankings or have not shown significant signs of improvement. With reference to *Trading Across Borders* and *Enforcing Contracts*, both registered a 2-place slide in rankings (from 102nd to 104th and 126th to 128th, respectively) There was a 1-place improvement in *Paying Taxes* (from 175th to 174th). All three outcomes were the result of 'doing nothing' to improve the respective sub-categories.

What can be done to improve Jamaica's ranking?

Jamaica's performance in DBR 2010 was less than impressive, but it need not continue in that vein. Several reforms have been proposed by local government agencies and suggested by the World Bank that, once implemented, should help significantly in improving the ranking in the DBR and, by extension, the country's competitiveness. Table 2 details reforms posited by both parties.

Table 2

Categories	Short-Term Reforms	Medium-Term Reforms	Comments
Starting a Business	1. Consolidate limited liability company establishment forms. 2. Delegate the authority to collect stamp duty to the COJ. 3. Complete the online system for company name-checking.	1. Make online 'One-Stop Shop' registration possible. 2. Facilitate registration with relevant agencies by assigning one company identification number for the company as applicable for all agencies.	A strategic approach for establishing a virtual 'One-Stop Shop' for company registration was outlined in research commissioned by the TGCC. The Cabinet has since approved related policy proposal.
Closing a Business	1. Consider the introduction of prepackaged or other expedited bankruptcy proceedings	1. Effectively regulate insolvency practitioners	The TGCC has developed a TOR to execute research on the short-term reform.
Dealing with Construction Permits	1. Incorporate time limit for the issuance of building permits in the law. 2. Eliminate NEPA's approval requirement for low-risk projects.	1. Consider lowering fees for building permits 2. Investigate shifting responsibility for quality control to private professionals.	
Protecting Investors	1. Mandate disclosure of personal conflicts of interest by company directors and officers. 2. Require disclosure of transactions in annual report. 3. Require shareholder approval of related party transactions. 4. Require a review of transactions by external body. 5. Allow court to void harmful transactions.	1. Allow shareholders to request the appointment of government inspectors. 2. Allow shareholders to have access to internal corporate documents.	
Getting Credit	1. Make collateral registry unified geographically and by asset type. 2. Grant secured creditors the highest priority reasonable in bankruptcy proceedings.	1. Establish a credit information bureau.	The TGCC's policy proposal for the creation of a collateral registry was approved by Cabinet and the Credit Reporting Bill is currently before Parliament

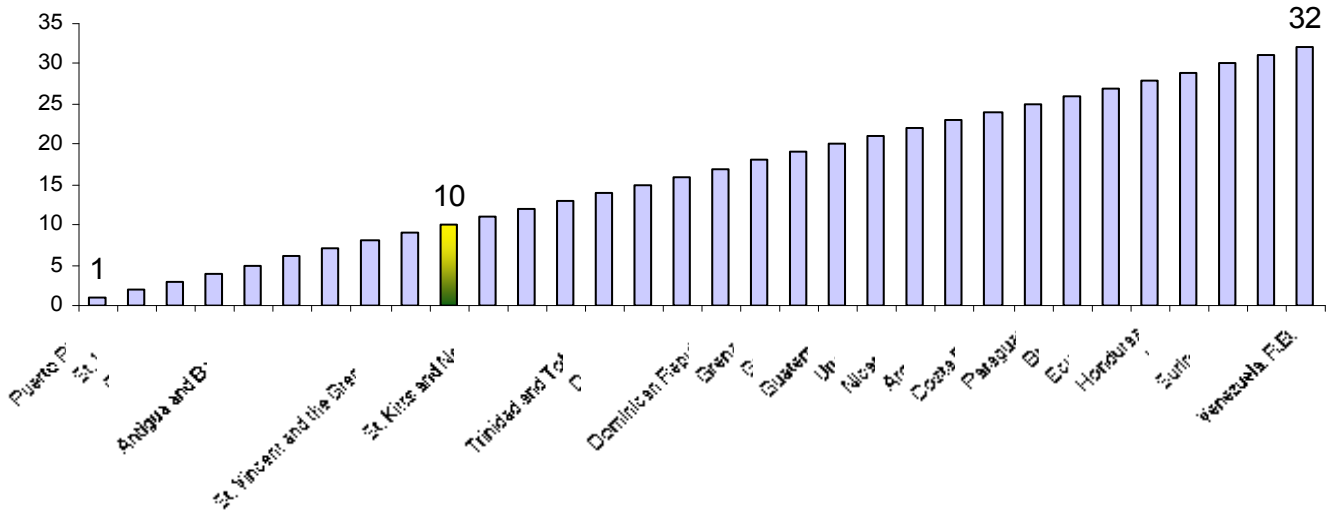
			to be passed.
Trading Across Borders	1. Address high costs of imports and exports. 2. Streamline the document requirements for trading.	1. Measure then reduce delays at Customs	
Registering Property	1. Eliminate the requirement to obtain a certificate of good standing from the COJ. 2. Speed up assessment of transfer tax and stamp duty conducted by NTA	1. Reduce property transfer tax and stamp duty or replace them with fixed fees.	
Enforcing Contracts	1. Reassess the new provisions on mandatory mediation and increase the numbers of mediators. 2. Increase the use of IT in courts.	1. Collect statistics on the performance of the judiciary. 2. Increase availability of masters and expand their range of functions.	
Paying Taxes	1. Consolidate payment and filing of labour-related taxes. 2. Implement electronic filing and payment systems for all corporate, VA and labour-related taxes.	1. Reduce the number of tax filings and consider reducing the number of tax payments for firms that prefer to pay less frequently.	The consolidation of labour-related taxes was promised for July 2009. It should be instituted shortly.

Note: COJ: Companies Office of Jamaica. NEPA: National Environment Protection Agency. NTA: National Tax Authority

Relative to the rest of the Latin American and Caribbean (LAC)…

Relative to the rest of the LAC, Jamaica ranked 10th out of 32 countries for the Ease of Doing Business (See Chart 1). Also worthy of note is that Jamaica holds the 1st and 2nd place rankings for *Closing and Starting a Business*, respectively – in the LAC region.

Chart 1: Ease of Doing Business in the Caribbean 2010



A complete copy of the report is available online at: www.doingbusiness.org/downloads/