



# World Bank releases «Doing Business 2019»

The World Bank reviews the ease of investment in 190 economies. The European Union, Portugal included, loses ground to emerging economies, but keeps half of the top 40 positions.



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The World Bank's «Doing Business 2019» assesses 190 different economies. The World Bank scores countries in 10 topics of relevance to investors, which include starting a business, protecting creditors in insolvency, obtaining building permits, labour market and judicial system.

In 2019, European countries as a whole fell in the global rankings. The OECD's high income countries improved slightly, while other regions of the world moved at a faster pace.

Still, Europe scores half of the top ten positions. Denmark keeps leading the way in Europe and ranks in 3<sup>rd</sup> place globally, after Singapore and New Zealand, which remain the World's top two economies. Portugal ranks in the 34<sup>th</sup> position, 14<sup>th</sup> of the European Union (EU) 28 countries.

The UK, which is widely recognised for its openness to foreign investment, falls from the 9<sup>th</sup> to the 11<sup>th</sup> place, overtook by Georgia and Norway. The US falls to the 8<sup>th</sup> position, from 6<sup>th</sup> in 2017.

It is worth noting that Georgia, which became independent from the USSR in the 90s, reaches the 6<sup>th</sup> position globally, improving on most topics and standing out in 2<sup>nd</sup> place in the global rankings: Starting a Business and Protection of Minority Investors.

Russia (#31) is now close to the top 30, when in 2011 it occupied the 120<sup>th</sup> position, while China climbs 32 positions from 78<sup>th</sup> place in 2017 to 46<sup>th</sup> in 2018.

Doing Business 2019 shows that Europe and other Western countries are losing ground to emerging countries in the East. Although EU countries still hold most of the top positions, their efforts to attract investors seem to have relinquished.



Portugal shows good results in Starting a Business, Trading Across Borders, Resolving Insolvency and Getting Electricity.

The World Bank estimates that it takes 6,5 days to start a business in Portugal. In Germany, the same process takes 8 days, 10 days in Switzerland, 12,5 days in Spain and Greece, and 21 days in Austria. It should be noted that to start a business in Portugal may take a single day, as all acts for opening the business and the registration and communications to the Finance Department and Social Security are now done officiously in the act of incorporation.

The cost and procedural steps required to start a business in Portugal are in line with the average of the OECD high income countries. Judicial costs in Portugal, 17.2% of claim value, are lower than those of other European countries such as France (17.4%), Italy (23.1%) and the UK (45.7%).

The most negative aspects pointed out by the World Bank are related to the weak degree of protection, guarantees and information system given to creditors, which push Portugal to the 112<sup>th</sup> position, followed only in Europe by Luxembourg and Slovenia.

Portugal stands out positively in respect to the easiness and reliability of its electric grid, scoring the highest grade in the reliability of access to the grid, and also for the strength of the insolvency regime, reaching the 16<sup>th</sup> position and one of the best European scores (14.6 out of 16) in the insolvency regimes. Portugal ranks in the 1<sup>st</sup> position on Trading Across Borders, together with a few other EU countries, because of the easiness of making imports and exports.

Summing up, Portugal fares reasonably within the EU but is losing ground to emerging economies in the East. Portugal, like Europe, needs to boost reforms to make it easier to do business.

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