

Turkey in Doing Business 2010 Report

Turkey ranked 73^d among 183 countries in the World Bank Group's *Ease of Doing Business* rankings, down from 63^d place last year. The *Doing Business 2010* report highlights Turkey's progress in the "getting credit" reform area, noting that Turkey's private credit bureau now includes private firms in its database.

Past reports have recognized the progress achieved by the Turkish authorities in the areas of: *protecting investors*; *paying taxes*; and *trading across borders*. The 2010 report nevertheless also sheds light on policy areas where reforms in Turkey remain important and where progress has been more limited, particularly when compared with other emerging market economies. Specifically, Turkish businesses continue to face serious constraints in *dealing with construction permits*, *employing workers*, and *closing a business*. For example, it still takes 188 days and 25 procedures to build a warehouse in Istanbul; similarly, redundancy costs remain exceptionally high at the equivalent of 95 weeks of salary; finally, exiting the market takes longer and yields lower recovery rates than in comparator countries.

Experience shows that at times of financial turbulence regulatory reform can be difficult and take time, particularly if legal changes are involved. Some reforms also require difficult political trade-offs that become even more complex in times of raising unemployment and declining growth rates. The Government of Turkey nevertheless remains committed to the process of addressing business environment constraints to firms' growth and job creation. The World Bank is working closely with the Turkish authorities in these areas under Turkey's Country Partnership Strategy with the World Bank.

Doing Business 2010 is the seventh in a series of annual reports issued by the World Bank Group assessing the role of regulatory frameworks in enhancing or constraining business activity. The report highlights the importance of a strong private sector business environment for helping generate economic growth and jobs. The main objectives of *Doing Business* are to provide international benchmarking as a service to policymakers and private sector stakeholders alike, to motivate and inform the design of reforms, contribute to the theory and experts' and practitioners' understanding of private sector development, and to enrich international initiatives on development effectiveness.

The *Doing Business* report provides a quantitative measure of the impact of regulations, based indicators in 10 key areas: starting a business, dealing with construction permits, employing workers, transferring property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, and closing a business. Performance against these indicators serves to rank countries on the basis of the quality of their regulatory environment and to identify top reformers over the last year. This year's report also presents initial findings in 2 new areas: the ease of obtaining an electricity connection and the level of adoption in national legislation of aspects of the International Labor Organization's (ILO) core labor standards.