# International Hellenic University

## School of Humanities
## MA in Black Sea Cultural Studies

# Economy Competitiveness and Entrepreneurial Environment

### Evaluation of the Turkish performance in comparison to the EU-27 and the BS-10

**2010-2011**


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# Abstract

Turkey, often classified as an emerging market economy, is the 16th largest economy in the world and has a rapidly growing private sector, with the state still playing a major role in industry, banking, transport and communications. In this work we examine thoroughly the position of Turkey's competitiveness and business easiness compared to Twenty-seven European Union and Ten Black Sea groups of countries (EU-27 and BS-10). The comparison of the Turkish performance will be examined for the period of the last six years, with special reference in the last two ones, 2010 and 2011.

In order to achieve this purpose, we will focus on two benchmarks, the Global Competitiveness Index (GCI) and the Ease of Doing Business (EDB) Index .The Global Competitiveness Index (GCI) captures many different components, each measuring a different aspect of competitiveness. The Ease of Doing Business (EDB) Index which was setup 9 years ago by the World Bank, it looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.


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# 1. Introduction

In this work we are studying and comparing two world benchmark indices for country performance, namely the Global Competitive Index (GCI) and the Ease of Doing Business (EDB) Index, for Turkey. More specifically, we analyze performance of Turkey and compare it to both the 27 countries of European Union (EU-27) and the 10 countries around Black Sea (BS-10).

According to the World Economic Forum (http://www3.weforum.org), competitiveness is "defined as the set of institutions, policies and factors that determine the level of productivity of a country. The level of productivity, in turn, sets the sustainable level of prosperity that can be earned by an economy. In other words, more competitive economies produce higher levels of income for their citizens."

The productivity level also determines the rates of return obtained by investments (physical, human, and technological) in an economy. Because the rates of return are the fundamental drivers of the economy growth, a more competitive economy is one that is likely to grow faster in the medium and longer term (Dollar, D., et. al., 2005). There are many determinants driving productivity and competitiveness.

The Global Competitiveness Index (GCI) captures many of these determinants by introducing a weighted average of many different components, each measuring a different aspect of competitiveness. These components are grouped into 12 pillars of economic competitiveness since 2007-08 (9 pillars in previous years). The 12 pillars capture a variety of micro-economic and macro-economic factors that affect economic competitiveness. They are classified in three categories: *Basic Requirements* (Institutions, Infrastructure, Macroeconomic Stability, Health and Primary Education), *Efficiency Enhancers* (Higher Education and Training, Goods Market Efficiency, Labour Market Efficiency, Financial Market Sophistication, Technological Readiness, Market Size), and *Innovation and Sophistication Factors* (Business Sophistication, Innovation).

The Global Competitiveness Index is a quantitative tool to help policymakers benchmark and measure the competitiveness of a given country. Each one of the pillars of GCI mentioned above is made up of indicators that come from either "hard data" from major international sources, or "soft data" from the World Economic Forum conducted Executive Opinion Survey. These raw data indicators for a given country are scored on a scale from 1 to 7, where 7 is the best score. The pillars are then given a score by averaging the indicator scores under that pillar. Similarly, the scores of the pillar groups are derived by averaging the scores of the pillars within that group.

Another important Index studied in this work is the Ease of Doing Business (EDB) Index. The Doing Business project initiated 9 years by the World Bank (http://www.worldbank.org). According to the World Bank the EDB "it looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle. Doing Business provides a quantitative measure of regulations for *Starting a Business*, *Dealing with Construction Permits*, *Registering Property*, *Getting Credit*, *Protecting Investors*, *Paying Taxes*, *Trading Across Borders*, *Enforcing Contracts* and *Closing a Business*, as they apply to domestic small and medium-size enterprises. It also looks at regulations on employing workers and recently, as a new measure, on getting electricity."

And the World Bank continues, "A fundamental premise of Doing Business is that economic activity requires good rules. These include rules that establish and clarify property rights and reduce the cost of resolving disputes, rules that increase the predictability of economic interactions and provide contractual partners with core protections against abuse. The main objective of the EDB Index is to push countries to regulations, designed to be efficient in their implementation, accessible to all who need to use them and simple in their implementation." (http://www.data.worldbank.org)

In this work, both of the GCI and EDB Indices are examined for Turkey and are studied in detail in the context of the Turkish economy. Turkey is the 16th largest economy in the world and it is expected to grow further until 2015. It is the largest economy in the process of integration with the European Union (EU). Turkey's performance in the last years seems to follow a path of improvement, although it is far beyond from economies of EU-27 countries. At the same time, it is clear that Turkey outperforms most of the BS-10 countries. In the following Chapters we examine thoroughly the position of Turkey's competitiveness and business easiness compared to these two groups of countries (EU-27 and BS-10).

# 2. Turkey at a glance

### 2. 1. Location and Geography

Turkey is located at a point of strategic importance connecting Asia with Europe, while its southern part approaches the northern part of Africa. There are two main land areas in the country, the European part which includes the major city Istanbul and the Asian part, known as Anatolia where the capital Ankara is located. Many countries have borders with Turkey, namely Greece and Bulgaria to the northwest, Georgia, Armenia, Azerbaijan and Iran to the east and Iraq and Syria to the south. The total area covered by Turkey is about 780.000 square kilometres, while the entire coastline consists of more than 8.000 kilometres (http://en.wikipedia.org/wiki/Economy_of_Turkey).

Population of Turkey is around 72 million people, most of them being Moslems, with an average age of 28, while a multi-party parliamentary democracy exists in the country for the last 65 years. Turkey is a member of NATO since 1952, a part of the EU Customs Union since 1996 and a candidate country to the EU since 1999. Turkey is also one of the founding members of the Black Sea Economic Co-operation region which includes countries from the Balkans to the Caucasus and since 1999 is also part of the Group of Twenty (G-20) world's major economies. The geographic position of the country makes it feasible to play a strategic role in the neighbouring countries, being a contributor to the development of countries of Central Asia and the Caucasus area. Moreover, Turkey comprises an important energy terminal of export of Caspian oil and natural gas (http://www.washington.emb.mfa.gov.tr).

### 2. 2. Overview of Economy

Turkey is often classified (*Merrill Lynch*, *The World Bank*, *The Economist Magazine*) as an emerging market economy. The *World Bank* classifies Turkey as an upper-middle income country in terms of the country's per capita GDP. Because of its geographical location it has played a central role in commercial activities and transfer of goods. The country is among the world's leading producers of agricultural products, textiles, motor vehicles and transportation equipment, construction materials, consumer electronics and home appliances. Turkey exports goods to 155 countries, from cables to cars, while it is Europe's largest supplier of textiles and apparel. In the last decade, the country has made significant improvements in infrastructure and now owns modern telecommunication and transportation networks (http://en.wikipedia.org/wiki/Economy_of_Turkey).

Turkey is the 16th largest economy in the world and it is expected to grow at an average of 5% until 2015 (http://www.columbia.edu/~sss31/Turkiye). It is the largest economy in the process of integration with the European Union (EU). The economy of the country largely relies on foreign capital inflows to finance its current account deficit. Foreign institutional investors dominate the stock market, representing 67% of the market, but their average holding period is under a year. Although Turkey has a vibrant functioning market economy, the equity market is much smaller than in the BRIC (Brazil, Russia, India, and China) countries (Dollar, D., et. al., 2005). The total market capitalization of listed companies in the Istanbul Stock Exchange (ISE) was $234 billion at the end of 2009. This represents 37% of Turkey's GDP with about 300 listed firms. The market is highly concentrated with 16 companies representing 64% of the market and 55% of total trading volume (http://www.columbia.edu/~sss31/Turkiye).

Turkey's domestic savings rates are historically low and directed toward short-term deposits and fixed-income instruments, predominantly government bonds. Banks affiliated with business groups dominate the financial sector and control the top four asset management companies. By the end of 2009, there were 23 asset management firms in Turkey with total assets under management of around $25 billion (http://www.columbia.edu/~sss31/Turkiye).

The (http://www.indexmundi.com) refers: "The economy of the country is increasingly driven by its industry and service sectors, although its traditional agriculture sector accounts for about 30% of employment. An aggressive privatization program has reduced state involvement in basic industry, banking, transport, and communication and a significant number of emerging middle-class entrepreneurs is adding fuel to the economy engine."

“Turkey's traditional textiles and clothing sectors still account for one-third of industrial employment, despite stiff competition in international markets that resulted from the end of the global quota system. Other notable sectors are the automotive, construction and electronics industries, which are rising in importance and have surpassed textiles within Turkey's export mix.”, as the (http://www.forbes.com) cites. Oil pipelines like the Baku-Tbilisi-Ceyhan pipeline, are already functional since 2006, marking a major milestone that will bring up to 1 million barrels per day from the Caspian to the European and World market. Several gas pipelines also are being planned to help move Central Asian gas to Europe via Turkey, which will solve help Turkey's energy dependence over the long term.

### 2. 3. Macroeconomics

Turkey has the 15th largest GDP-PPP and 17th largest Nominal GDP in the world (http://en.wikipedia.org/wiki/Economy_of_Turkey). After the severe financial crisis that Turkey experienced in 2001, Ankara adopted financial and fiscal reforms as part of an International Monetary Fund (IMF) program (http://www.columbia.edu/~sss31/Turkiye). These reforms strengthened the country's economic fundamentals and resulted to a strong growth, averaging more than 6% annually until 2009. In 2009 global economic conditions and tighter fiscal policy slowed growth to 4.7%, reduced inflation to 6.5% (a 34-year low) and cut the public sector debt-to-GDP ratio below 50%.

The share of agriculture in the economy decreases year by year, while that of the service and manufacturing sectors expands. Industries with modern manufacturing structures that adapted to the changes in the world grew rapidly, while traditional, labour-intensive industries contracted. A similar trend is seen in almost all areas of the service sectors. The transformation of the structure of the retail trade from traditional to modern is a striking example of this process. Among other significant examples of the transformation in the services is the rising number of foreign investors in the finance sector and of large scaled companies in the logistics. Moreover, Turkey's well-regulated financial markets and banking system weathered the global financial crisis and GDP rebounded strongly to 7.3% in 2010, as exports returned to normal levels following the recession.

"However, the Turkish economy continues to be burdened by a high current account deficit and remains dependent on often volatile, short-term investment to finance its trade deficit. The stock value of Foreign Direct Investment (FDI) stood at $174 billion at the end of 2010, but inflows have slowed considerably in light of continuing economic turmoil in Europe, the source of much of Turkey's FDI. Further economic and judicial reforms and prospective EU membership are expected to boost Turkey's attractiveness to foreign investors. However, Turkey's relatively high current account deficit, uncertainty related to policy-making and fiscal imbalances leave the economy vulnerable to destabilizing shifts in investor confidence.", according to (http://www.indexmundi.com)

### 2. 4. Effect of the Global Financial Crisis in the Finance of Turkey

As almost every other country, the economy of Turkey has been affected by the global financial crisis. The Finance Ministry announced a budget deficit of $15 billion in the first semester of 2009, which was significantly higher compared to the first semester of 2008. *The Economist* (http://www.economist.com) claims that Turkey managed to reduce the impact of the credit crunch in the country, compared to other emerging economies. Turkish banks proved wealthy as they were not exposed in toxic assets and mortgages.

Moreover, in 2009, the Turkish Government applied a number of economic measures to limit the side effects of the financial crisis in the country, including tax cuts on automobiles, home appliances and housing. The Turkish Stock Market and credit rating agencies had a positive reaction with share prices in Turkey climbing up and international credit rating agencies (i.e. Moody's and Fitch) upgrading Turkey's credit rates (http://en.wikipedia.org/wiki/Economy_of_Turkey).

# 3. Global Competitiveness Index (GCI)

In this Section we describe the structure and objectives of the Global Competitiveness Index (GCI), one of a series of worldwide used indices which lists, compares and ranks a large number of countries, based on their global competitiveness. The GCI attempts to quantify the impact of a number of key factors which compromise conditions for competitiveness. Particular focus is given on the macroeconomic environment, the quality of the country's institutions, and the state of the country's technology and supporting infrastructure.

The *World Economic Forum* defines competitiveness as *the set of institutions, policies, and factors that determine the level of productivity of a country* (http://www3.weforum.org). "The level of productivity, in turn, sets the sustainable level of prosperity that can be achieved by an economy. In other words, more competitive economies produce higher levels of income. From another point of view, the productivity level determines the rates of return obtained by investments (physical, human and technological) in an economy. Because the rates of return are the fundamental drivers of growth, a more competitive economy is likely to grow faster in the medium and longer term."

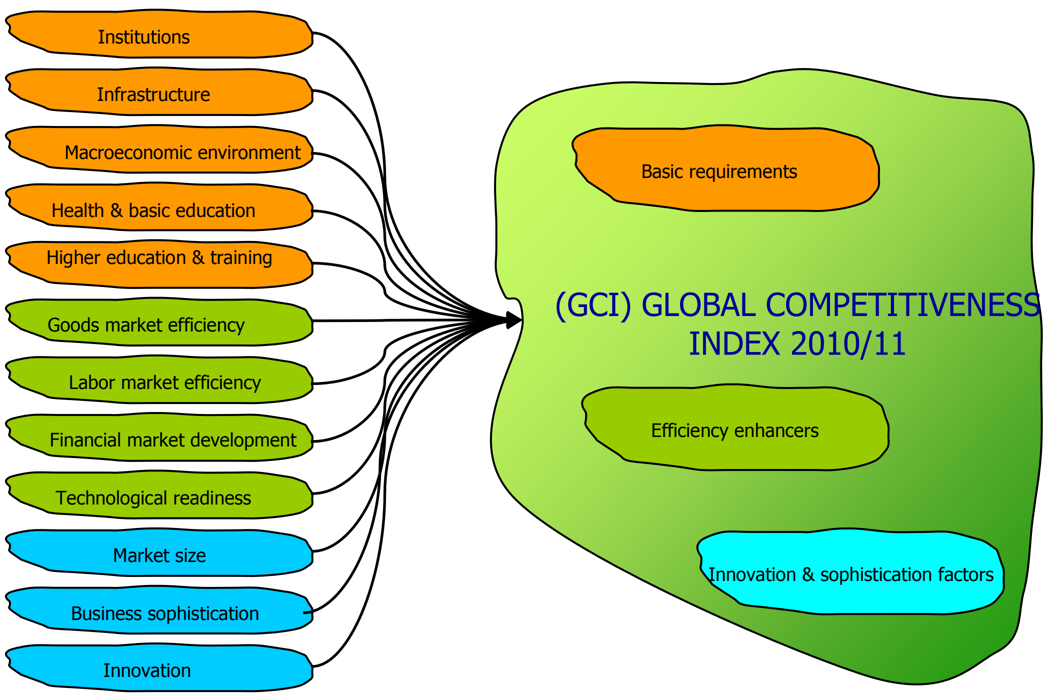
The GCI uses the above definition of World Economic Forum to establish a quantitative tool to help policymakers benchmark and measure the competitiveness of a given country. The GCI captures many competitiveness elements by "weighting" many different individual components, each measuring a different aspect of competitiveness. These components are grouped into 12 pillars of economic competitiveness since Years 2007-08 (9 pillars in previous years). The 12 pillars capture a variety of micro-economic and macro-economic factors that affect economic competitiveness. The index organises the 12 pillars into three main groups:

1. **Basic requirements** (most important for countries at a factor-driven stage of development).
2. **Efficiency enhancers** (most important for countries at the efficiency driven stage).

3. **Innovation and sophistication** factors (most important for countries at the innovation-driven stage).

The rankings are drawn from a combination of publicly available data and the results of the Executive Opinion Survey, an annual survey conducted by the World Economic Forum, together with its network of Partner Institutes (research institutes and business organizations) in all countries covered by the Report. The survey questionnaire captures a broad range of factors that affect the business climate of an economy and are critical determinants of sustained economic growth. These raw data indicators for a given country are scored on a scale of 1 to 7, where 7 is the best score. The pillars are then given a score by averaging the indicator scores under that pillar. Similarly, the scores of the pillar groups are derived by averaging the scores of the pillars within that group. Figure 1 depicts the structure and basic components of the GCI (Papapanagos, H., Laspa, Ch., 2011).

**Figure 1.** ***The Global Competitiveness Index (GCI) Structure***




*Source:* ***(Papapanagos, H., Laspa, Ch., 2011)***

For the estimation of the overall GCI score of each economy, initially, countries are classified according to their economic development by their GDP per capita. According to the stage of economic development of each country, the score in every pillar is adjusted using various factors. Each country gets a score in each pillar, in a scale of 1 (minimum) to 7 (maximum). The 1 reflects the worst performance, while 7 reflects the best performance. The overall GCI score for each country is calculated as the average of the scores in the 12 pillars. This overall score reflects the overall performance of the economy in terms of competitiveness. An economy with an overall GCI score close to 7 means high competitiveness, while a score close to 1 means low competitiveness.

According to the Governance Assessment Portal "although the GCI assesses several aspects related to governance such as public trust in institutions, judicial independence and corruption, these are limited measures of governance. There is also a strong business bias regarding governance related aspects, which is reflected by the questions and respondents of the Executive Opinion Survey. Consequently, the GCI should be used very cautiously as a governance index. One important thing to mention is that GCI ranking is based on relative positioning, thus one country movement on the list is not necessarily due to changes in the country but rather in other countries (i.e. if one country goes up another has to go down)." ( http://gaportal.org )

The GCI Report of 2010 - 2011, features a record number of 139 economies. It contains a detailed profile for each one of the economies, as well as an extensive section of data tables with global rankings covering more than 100 performance indicators.

### 3. 1. Global Competitiveness Index (GCI) in Turkey

Global developments that started in the second half of 2008 have seriously affected private sector in Turkey. After an expansion aided by productivity increases for 27 consecutive quarters between 2001 and 2008, Turkish economy shrank under the impact of the crisis by an annual 6.2% in the fourth quarter of 2008. At the same time, integration of China and India into the global economy and the increasing global competition pressure on Turkish enterprises had a negative impact on Turkey's competitiveness. Particularly with the integration of China and India into the global economy, it no longer seems possible for Turkey to rely any more upon cheap labour. To increase Turkish competitiveness requires the creation of an efficiently functioning market mechanism, an attractive investment environment and institutionalization. Companies have to focus on sustaining themselves through a highly skilled workforce. Furthermore, infrastructure industries should provide qualified and low-priced inputs, while the Turkish industrial strategy should create a roadmap through which these measures can be implemented.

Despite its rapid growth after the crisis of 2001, the Turkish economy falls short of expectations with respect to global competitiveness. According to the GCI Reports of the World Economic Forum for the last two years, Turkey was placed in the 61$^{st}$ position among 133 countries in 2009, while in 2010 the position did not change.

Based on the main results of the Report, Turkey benefits from its relatively large market, which is characterized by intense local competition (15$^{th}$) and from the reasonably sophisticated business practices (52$^{nd}$). The country also benefits from reasonably developed infrastructure (56$^{th}$), particularly roads and air transport infrastructure, although ports and the electricity supply require upgrading. In order to further enhance its competitiveness, Turkey must focus on improving its human resources base through better primary education and better healthcare (72$^{nd}$), addressing the inefficiencies in the labour market (127$^{th}$), and reinforcing the efficiency and transparency of public institutions (90$^{th}$).

In more detail, most important things to comment on, about Turkey's performance on the three GCI sub-indices for Years 2010-11, are (http://www.worldbank.org):

- "Basic Requirements: *Health and Primary Education* with a score of 5.65 is a sector of solid performance, while Macroeconomics with a score of 4.47 holds a good position considering after all the impact of the Global financial crisis on economies of countries.
- Efficiency Enhancers: A significant *Market Size* gives advantage to Turkey's economy and concludes to a score of 5.17, while *Financial Market Sophistication* with a score of 4.23 and *Goods Market Efficiency* with a score of 4.21 are contributing significantly to Turkey's current ranking.

- Innovation and sophistication Factors: Turkey's performance is mainly driven by *Business Sophistication* with a score of 4.16, rather than *Innovation* which scores low (3.10) and influences negatively Turkey's performance at this index."

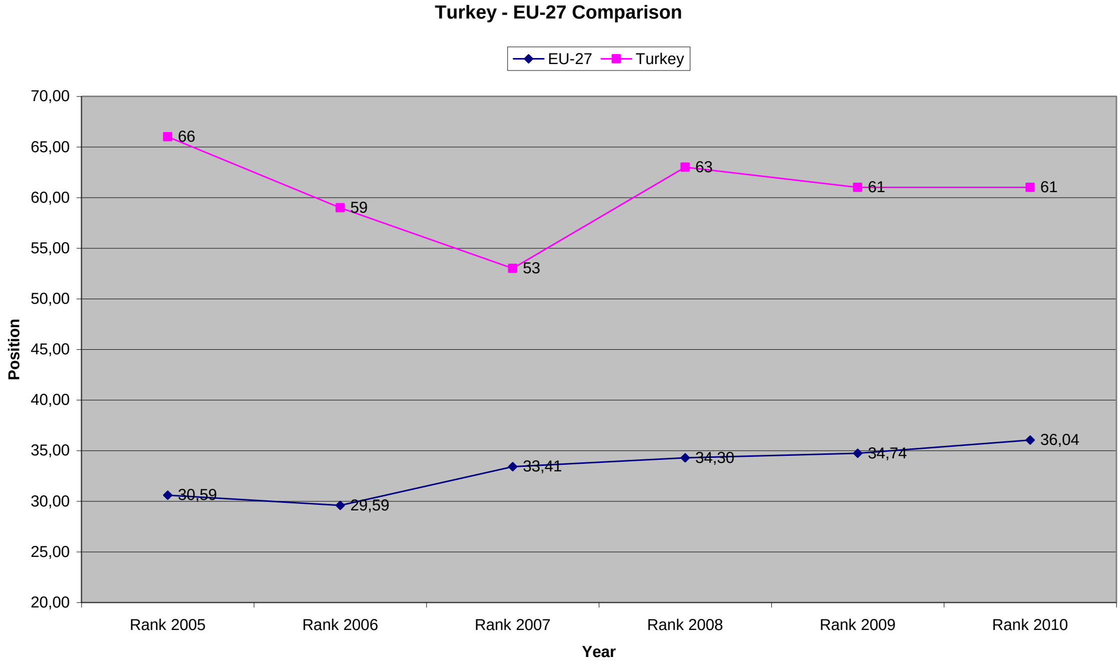
As a general comment we could state that, Turkey's performance in the last years seems to follow a path of improvement, although it is far beyond EU-27 economies. At the same time, it is clear that Turkey outperforms most of the BS-10 countries. In the following two sections we examine thoroughly the position of Turkey's competitiveness compared to these two groups of countries (EU-27 and BS-10).

### 3. 2. Turkey versus EU-27

Based on results presented in the 2010-2011 GCI report (measuring 2010 performance), Turkey holds the 61$^{st}$ position in the GCI ranking with a score of 4.25 and performs worse than the 22 out of the 27 countries of EU-27. Turkey outperforms Bulgaria, Greece, Latvia and Romania, while it has the same score with Slovak Republic. Obviously EU-27 is more competitive than Turkey as most of EU-27 members are among the top 50 performers globally (Παπαπανάγος, Χ., Λασπά, Χ., 2010), mainly due to the market size, the flexible labour markets and a sufficient innovative environment. EU-27 is 9.57% more competitive than Turkey and 14.04% more competitive than BS-10 as a whole (see Tables). Compared to the best, in terms of GCI, EU-27 economy (Sweden), Turkey is 23.56% less competitive, while compared to the worse EU-27 economy (Greece) it is 6.52 % more competitive.

Considering the three main sub-indices, as already mentioned, Turkey performs better in *Basic Requirements* (score 4.49), then in *Efficiency Enhancers* (score 4.18) and last in *Innovation and sophistication Factors* (score 3.63). When compared to the EU-27 average, it appears that Turkey performs 13.66% worse in the *Basic Requirements* sub-index (score 5.25 for EU-27 versus score 4.49 for Turkey), 10.11% worse in the *Efficiency Enhancers* sub-index (score 4.65 for EU-27 versus score 4.18 for Turkey) and 15.58% worse in the *Innovation and Sophistication Factors* sub-index (score 4.30 for EU-27 versus score 3.63 for Turkey). Obviously, the last sub-index is the worse for Turkey in this comparison.

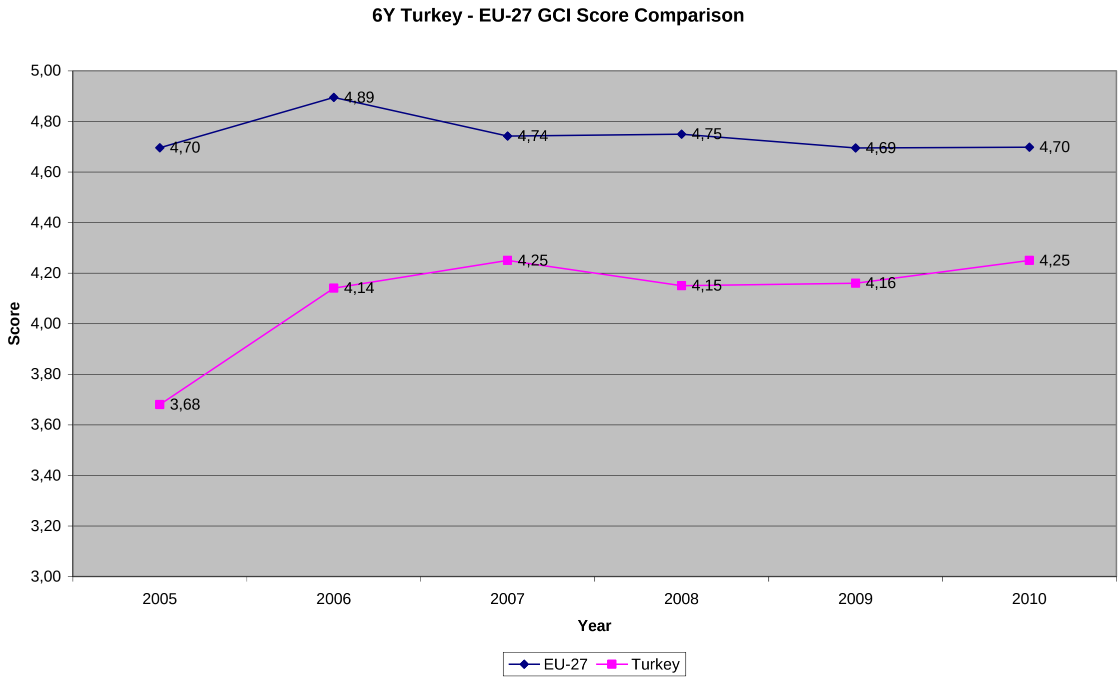
**Figure 2.** ***6-Years GCI Ranking Comparison between Turkey and EU-27***




The chart of Figure 2, presents the GCI rankings of Turkey compared to the EU-27 for the last 6 years (2005-2010). Within these 6 years, Turkey has improved its ranking, gaining 5 positions (from the 66th to the 61st) while, for the same period, EU-27 competitiveness dropped by 5.45 positions. To set it differently, the relative ranking distance between Turkey and EU-27 decreased from 35.41 positions to 24.96 positions. This is a 29.51% improvement for Turkey compared to EU-27. Another thing that comes out of the chart is that, excluding 2008 where Turkey lost 10 positions, all other years Turkey improves the ranking. At the same time, with the exception of 2006, EU-27 continuously worsens its relative position.

The chart of Figure 3 below compares the absolute GCI scores between Turkey and EU27 for the last 5 years. It is evident that, while EU-27 has an almost unchanged score within the last 6 years (minimum 4.60 and maximum 4.89), Turkey has significantly improved its absolute performance (minimum 3.68 and maximum 4.25), with a 15.49% improvement from 2005 to 2010. Its worthwhile to mention improvement of 2006 (from 3.68 to 4.14), a percentage of 12.5% within a year.

**Figure 3.** ***6-Years GCI Score Comparison between Turkey and EU-27***




The chart of Figure 4, presents the GCI scores of Turkey in comparison with the best and worse EU-27 performers (Sweden and Greece respectively) and the EU-27 average for year 2010. While the score of Turkey is 9.57% worse than the EU-27 average, it is mentionable that Turkey's scores 6.52% better than Greece and 23.56% worse than Sweden.

**Figure 4.** ***Best, Worse and Average Country GCI 2010 Score Comparison between Turkey and EU-27***

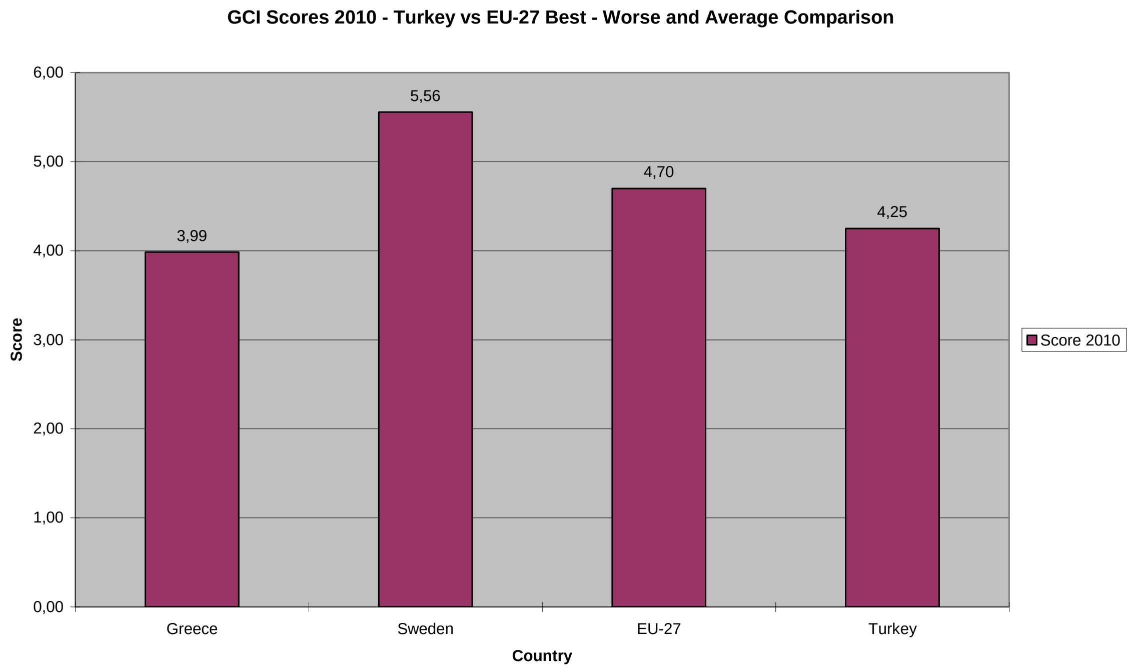
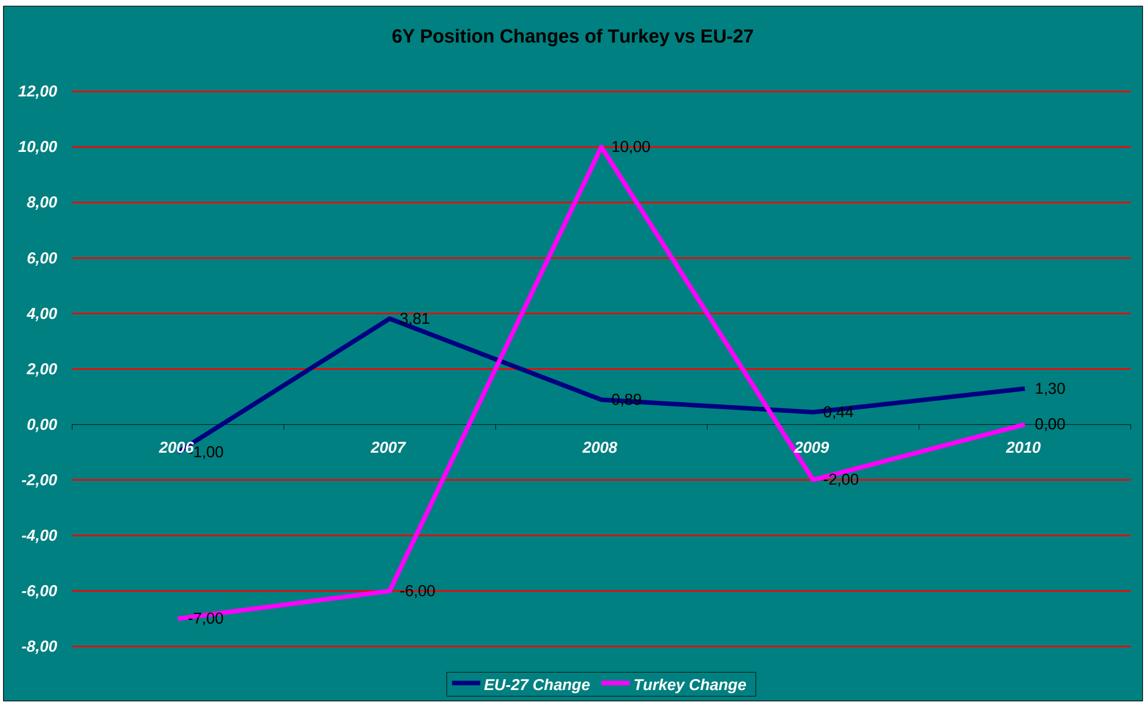



**Figure 5.** ***6-Years GCI Position Change Comparison between Turkey and EU-27***




In the chart of Figure 5 the change of Turkey's position for the last 5 years (2006-2010), compared with the change of EU-27 average position, is presented. It is obvious, that EU-27 is consisted by quite steady, mature economies, which leads to smooth changes from year to year, while Turkey has significantly improved its position, especially in Years 2006 and 2007, but suffered a very sharp decrease of 10 positions in 2008.

Comparison of specific components of each pillar is in tune with the general outcomes of the comparisons conducted and analyzed so far. However, it is worthwhile to mention, looking the Table 3 that, compared to EU-27, the strength of Turkey is its *Market Size*, while the main weaknesses are *Institutions*, *Infrastructures*, *Technological Readiness* and *Innovation*.

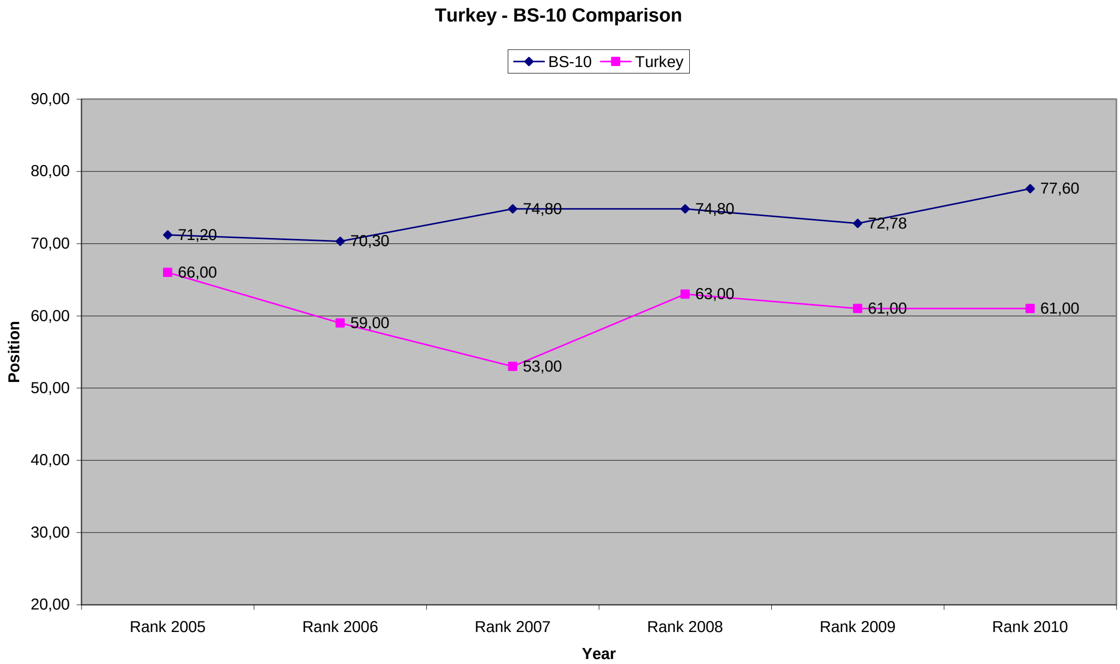
### 3. 3. Turkey versus BS-10

All Black Sea countries are participating to the GCI index since 2005. In previous years, only 6 out of 10 countries were participating in the Index. As it is evident from Table 2, the average GCI score for the BS-10 region is low (4.04) and remains almost unchanged since 2006, which reflects the luck of progress in terms of competitiveness. One of the main reasons for this is that BS-10 countries do not provide an environment conducive to innovation and the market size is considerably small, especially when compared to other large markets like USA and China.

In 2010, Azerbaijan, with a GCI score of 4.29, ranks in the 57$^{th}$ position of the Index and is the most competitive economy in the BS-10 region, while Armenia, with a GCI score of 3.76, conceives the 98$^{th}$ position and is the less competitive economy in the BS-10 region. Turkey is the second best performer of the BS-10 countries, behind Azerbaijan. Based on results presented in the 2010-2011 GCI report (Year 2010), Turkey is 5.20% more competitive than BS-10 as a whole. Compared to the best, in terms of GCI, BS-10 economy (Azerbaijan) Turkey performs 0.93 % worse, while compared to the worse BS-10 economy (Armenia) it is 13.03% better. In more detail, Turkey outperforms Armenia, Bulgaria, Georgia, Greece, Moldova, Romania, Russia and Ukraine while it scores lower than Azerbaijan.

Turkey outperforms the BS-10 average, in all three sub-indices (Basic Requirements, Efficiency Enhancers and Innovation and Sophistication Factors) and is significantly above the average in the third sub-index (Innovation and Sophistication Factors). That is because most BS-10 members have a weak institutional framework with respect to property rights and public institutions and a weak infrastructure lacking significantly in terms of competitiveness. Roads, railways, airports, the supply of electricity and communication networks are insufficiently developed in order to be conducive to entrepreneurship flourishing.

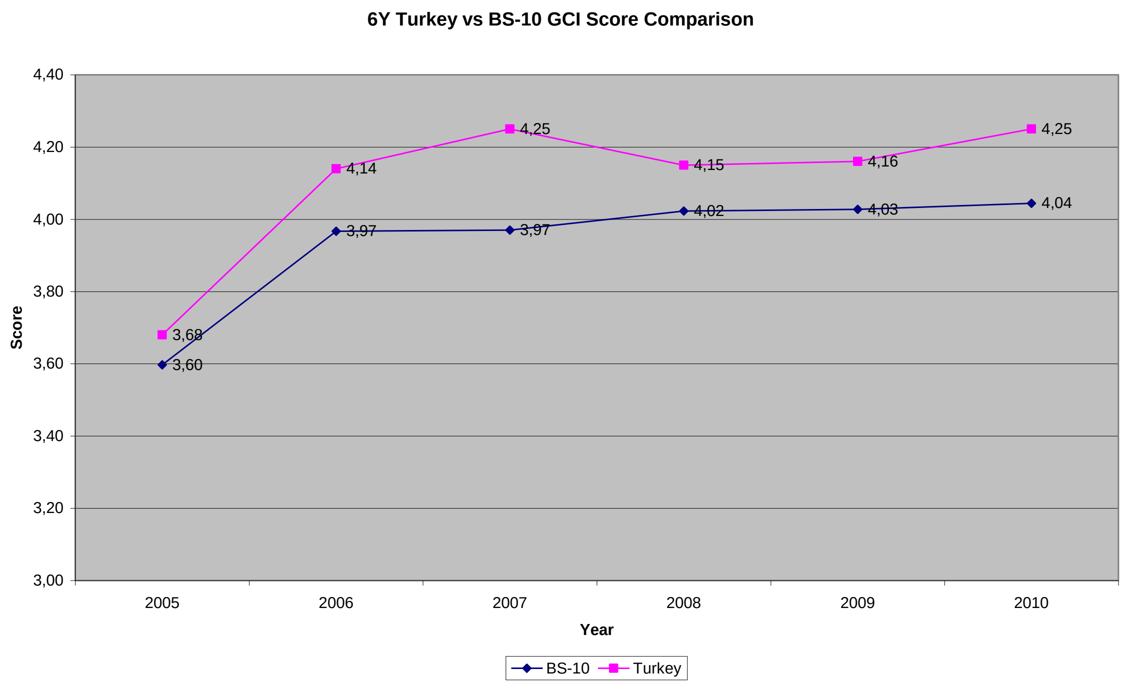
**Figure 6.** ***6-Years GCI Ranking Comparison between Turkey and BS-10***




The chart of Figure 6, presents the GCI rankings of Turkey compared to the BS-10 for the last 6 years (2005-2010). Within these 6 years, Turkey has improved its ranking, gaining 5 positions (from the 66th to the 61st) while, for the same period, BS-10 competitiveness decreased by 6.40 positions. This means that the relative ranking distance between Turkey and BS-10 increased from 5.20 positions to 16.60 positions, which is a 219.23% improvement for Turkey compared to BS-10 as a whole. Another thing that comes out of this chart is that, excluding 2008 where Turkey lost 10 positions, the last 6 years Turkey improved its ranking. At the same time, BS-10 demonstrates quite smooth fluctuations to its relative position from year to year, with the exception of 2010 where the average ranking decreased by 4.82 positions (6.62% decrease).

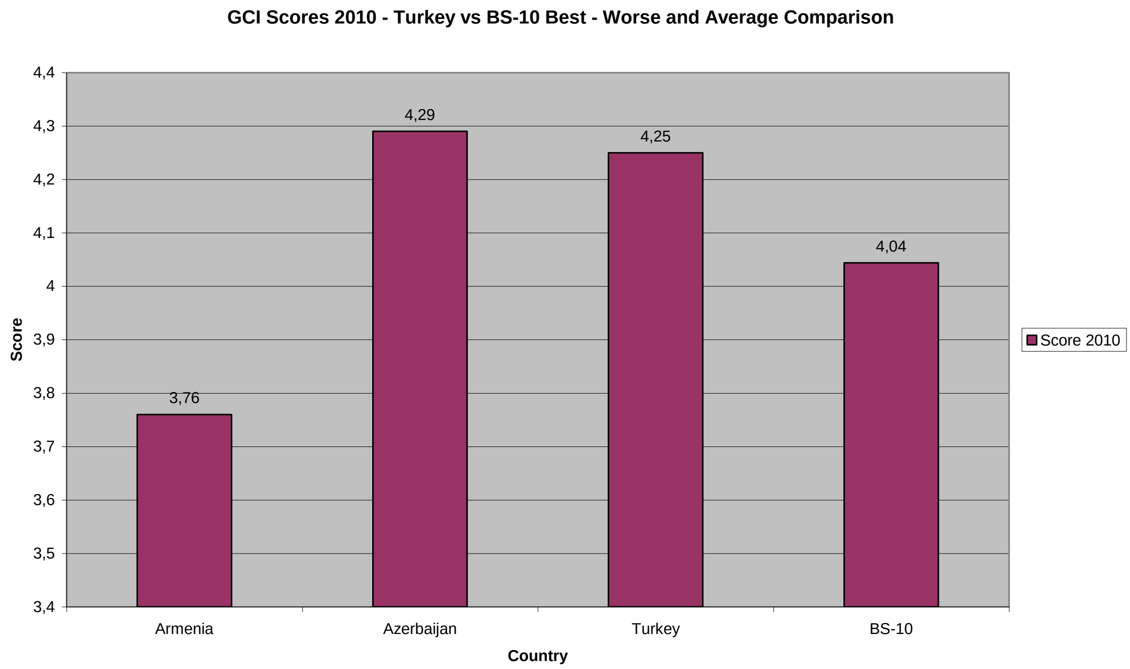
The chart of Figure 7 compares the absolute GCI scores between Turkey and BS-10 for the last 6 years. The behavior of Turkey and BS-10 seems to be similar (we should keep in mid that Turkey is part of BS-10 and influences significantly the average performance). It is evident that, both BS-10 and Turkey have significantly improved their absolute performance. More specifically BS-10 presents a 34.67% improvement from 2005 to 2010 (minimum score 3.00 and maximum score 4.04), while Turkey as well has significantly improved its absolute performance (minimum 3.68 and maximum 4.25), with a 15.49% improvement from 2005 to 2010. As already mentioned before, this improvement is mainly because of Year 2005-06 for both BS-10 and Turkey, i.e. a percentage of 12.5% for Turkey and 32.33% for BS-10 within a year.

**Figure 7.** ***6-Years GCI Score Comparison between Turkey and BS-10***



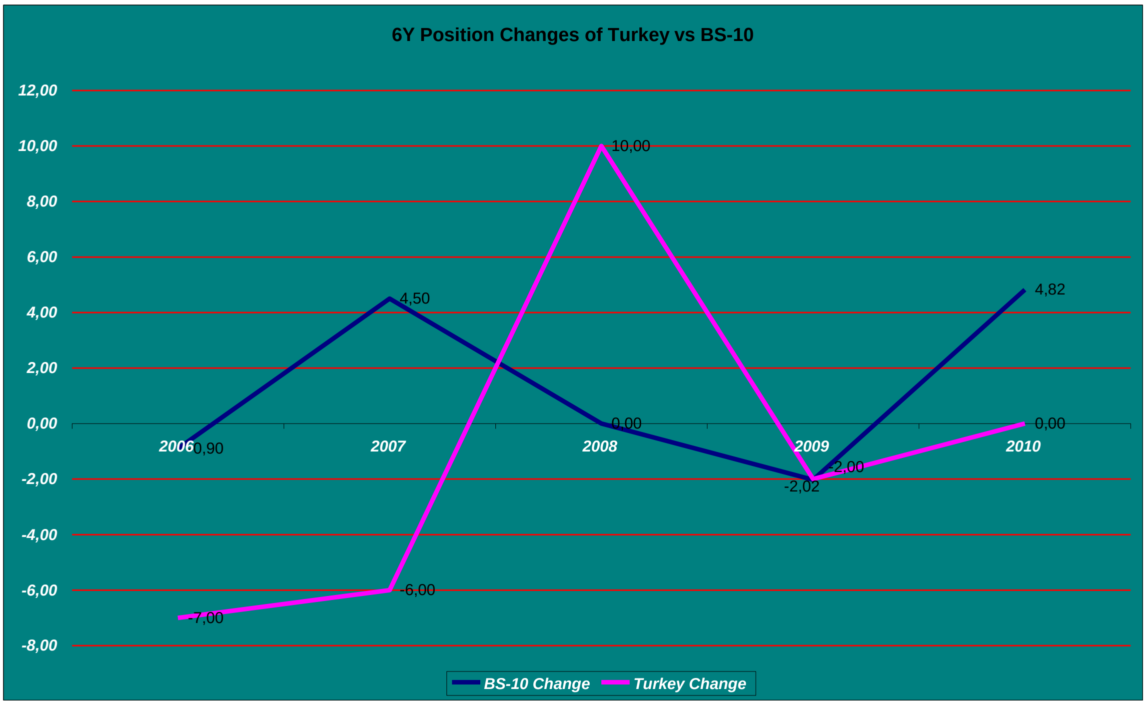

The chart of Figure 8, presents the GCI scores of Turkey in comparison with the best and worse BS-10 performers (Armenia and Azerbaijan respectively) and the BS-10 average for year 2010. While the score of Turkey is 5.20% better than the BS-10 average, it is mentionable that Turkey's score is 13.03% better than Armenia's score and only 0.93% worse than Azerbaijan's score.

**Figure 8.** ***Best, Worse and Average Country GCI 2010 Score Comparison between Turkey and BS-10***




In the chart of Figure 9 below the change of Turkey's position for the last 5 years (2006-2010), compared with the change of BS-10 average position is presented. Turkey has improved its relative competitiveness, especially in Years 2006 and 2007, but suffered a very sharp decrease of 10 positions in 2008. On the other hand BS-10, as a whole, presented significant decreases in Years 2007 and 2010 (4.50 and 4.82 positions respectively).

**Figure 9.** ***6-Years GCI Position Change Comparison between Turkey and BS-10***




Comparison of specific components of each pillar is in tune and leads to equivalent results with the general outcomes coming out from the comparisons conducted and analyzed so far.

# 4. Ease of Doing Business (EDB)

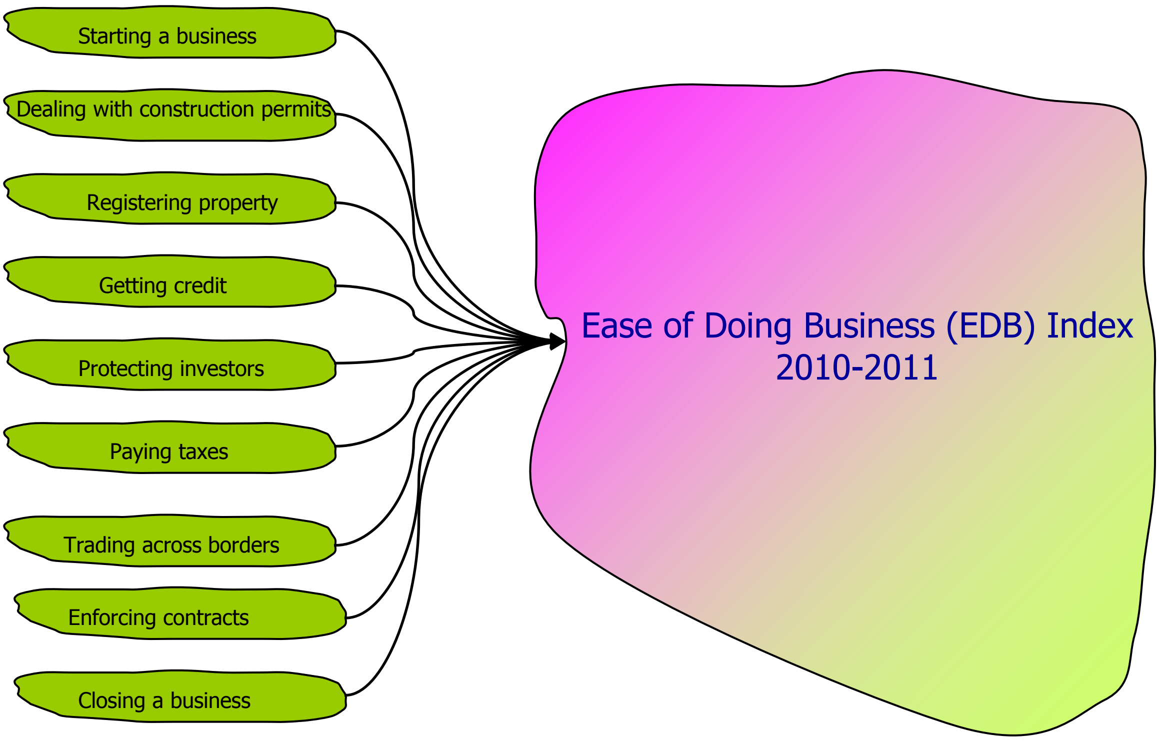
Doing Business report presents quantitative indicators on business regulation and the protection of property rights for 183 economies (http://www.doingbusiness.org). Ranking on the Ease of Doing Business (EDB) is based on indicator sets that measure and benchmark regulations (Papapanagos, H., Laspa, Ch., 2011) affecting 9 areas (see Figure 10) in the life cycle of a business, namely:

1. Starting a business
2. Dealing with construction permits
3. Registering property
4. Getting credit
5. Protecting investors
6. Paying taxes
7. Trading across borders
8. Enforcing contracts
9. Closing a business

These 9 indicators belong in one of the following two main categories:

1. Legal Scoring Indicators, i.e. investor protections and legal rights for borrowers and lenders, to provide a measure of legal provisions in the laws and regulations on the books. Doing Business gives higher scores in some areas for stronger property rights and investor protections, such as stricter disclosure requirements in related-party transactions.
2. Time and Motion Indicators, i.e. starting a business, registering property and dealing with construction permits to measure the efficiency and complexity in achieving a regulatory goal by recording the procedures, time and cost to complete a transaction in accordance with all relevant regulations from the point of view of the entrepreneur.

**Figure 10.** ***The Ease of Doing Business (EDB) Index Structure***




*Source:* ***(Papapanagos, H., Laspa, Ch., 2011)***

The basic objective of EDB is "to supply business leaders and policy makers with a fact base of information on how business regulations and institutions affect economic outcomes such as productivity, investment, informality, corruption, unemployment and poverty. Through indicators benchmarking 183 economies, Doing Business aims to light on how easy or difficult it is for a local entrepreneur to open and run a small to medium-size business, complying with relevant regulations" according to (http://www.doingbusiness.org). It measures and tracks changes in the regulations, applying to domestic, primarily smaller companies through their life cycle, from start-up to closing (Kaplan, D. et. al., 2007). On the other hand, EDB does not consider the costs and benefits of regulation from the perspective of society as a whole. Nor does it measure all aspects of the business environment that matter to firms and investors or affect the competitiveness of an economy (there are other indices like Global Competitive Index, Index of Economic Freedom and Corruption Perception Index that measure country performance on other areas (http://www.transparency.org, http://www.heritage.org).

According to a co-publication report of the World Bank and the International Finance Corporation "a fundamental premise of Doing Business is that economic activity requires good rules that establish and clarify property rights reducing potential costs of resolving disputes and increasing the predictability of economic interactions providing contractual partners with certainty and protection against abuse. Doing Business gives higher scores in some areas for stronger property rights and investor protections, such as stricter disclosure requirements in related-party transactions, but from year 2010-2011 it also looks at regulations on employing workers and getting electricity. In the next section we focus and analyse EDB Index specifically for Turkey."

### 4. 1. Ease of Doing Business (EDB) in Turkey

According to EDB 2011 Report, Turkey gets the 65$^{th}$ position in the EDB Index ranking. During 2010, Turkey's business environment significantly deteriorated. Turkey lost 5 positions in the Global ranking (65$^{th}$ position in 2011, in comparison with the 60$^{th}$ position of 2010).

In the 9 pillars of EDB, as presented in Figure 11, Turkey gets ranks between 26$^{th}$ (*Enforcing contracts*) and 137$^{th}$ (*Dealing with construction permits*). Best performance comes from the sub-indices *Registering property* (38$^{th}$ position) and *Enforcing contracts* (26$^{th}$ position), while worse performance is mainly because of sub-indices *Dealing with construction permits* (137$^{th}$ position) and *Closing a business* (115$^{th}$ position). Figure 11 also depicts other basic measurement elements of the 9 sub-indices of EDB for Turkey, namely *Starting a business* (63$^{rd}$ position), *Getting credit* (72$^{nd}$ position), *Protecting investors* (59$^{th}$ position), *Paying taxes* (75$^{th}$ position) and *Trading across borders* (76$^{th}$ position).

**Figure 11.** ***Ease of Doing Business 2011 Turkey's Rankings***

| | | | | | |
|---|---|---|---|---|---|
| **TURKEY** | | Eastern Europe & Central Asia | | GNI per capita (US$) | 8,730 |
| Ease of doing business (rank) | 65 | Upper middle income | | Population (m) | 74.8 |
| **Starting a business** (rank) | 63 | **Getting credit** (rank) | 72 | **Trading across borders** (rank) | 76 |
| Procedures (number) | 6 | Strength of legal rights index (0-10) | 4 | Documents to export (number) | 7 |
| Time (days) | 6 | Depth of credit information index (0-6) | 5 | Time to export (days) | 14 |
| Cost (% of income per capita) | 17.2 | Public registry coverage (% of adults) | 18.3 | Cost to export (US$ per container) | 990 |
| Minimum capital (% of income per capita) | 9.9 | Private bureau coverage (% of adults) | 42.2 | Documents to import (number) | 8 |
| | | | | Time to import (days) | 15 |
| **Dealing with construction permits** (rank) | 137 | **Protecting investors** (rank) | 59 | Cost to import (US$ per container) | 1,063 |
| Procedures (number) | 25 | Extent of disclosure index (0-10) | 9 | | |
| Time (days) | 188 | Extent of director liability index (0-10) | 4 | **Enforcing contracts** (rank) | 26 |
| Cost (% of income per capita) | 231.4 | Ease of shareholder suits index (0-10) | 4 | Procedures (number) | 35 |
| | | Strength of investor protection index (0-10) | 5.7 | Time (days) | 420 |
| **Registering property** (rank) | 38 | | | Cost (% of claim) | 18.8 |
| Procedures (number) | 6 | **Paying taxes** (rank) | 75 | | |
| Time (days) | 6 | Payments (number per year) | 15 | **Closing a business** (rank) | 115 |
| Cost (% of property value) | 3.0 | Time (hours per year) | 223 | Time (years) | 3.3 |
| | | Total tax rate (% of profit) | 44.5 | Cost (% of estate) | 15 |
| | | | | Recovery rate (cents on the dollar) | 21.1 |

*Source:* ***EDB Report 2011***

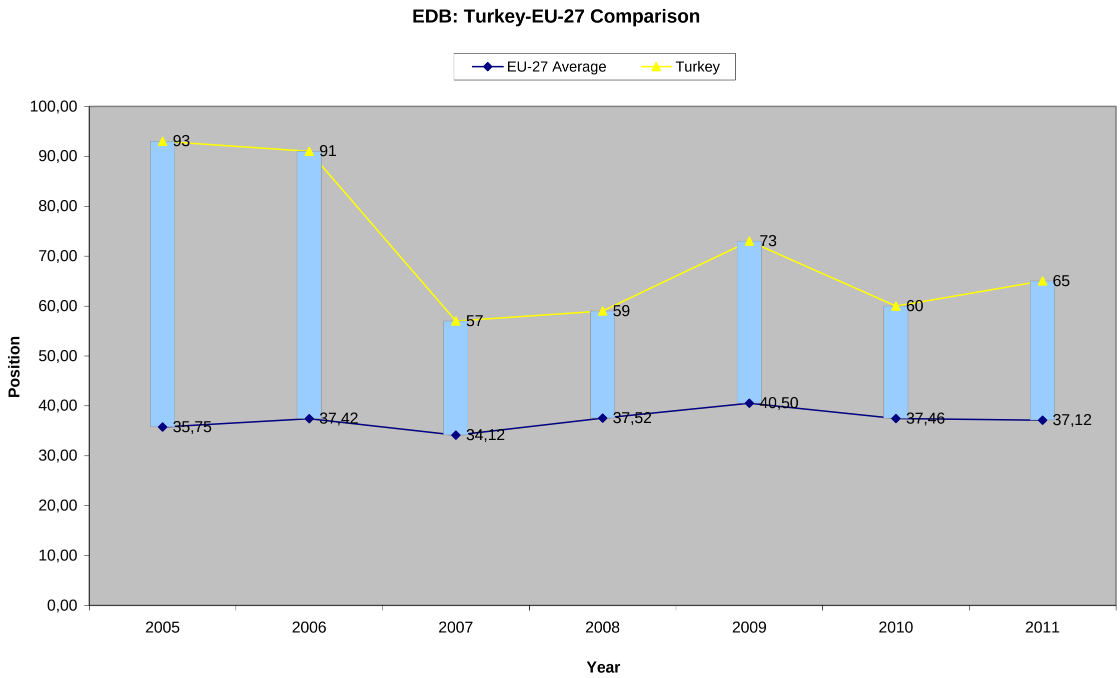
Some other noticeable outcomes from the 2011 EDB Report for Turkey, are issues that the country faces regarding employing working indicators and minimum levels of protection that are not in line with relevant conventions of the International Labour Organization (minimum wage, paid annual leave and the maximum number of working days per week). Moreover, concerns also exist for the woman treatment in Turkey.

In the next two Sections we compare Turkey's performance in terms of EDB with the EU-27 and the BS-10 countries.

### 4. 2. Turkey versus EU-27

In this section we compare and analyze performance of Turkey, in terms of EDB, with EU-27. The chart of Figure 12, presents the EDB rankings of Turkey compared to the EU-27 for the last 7 years (2005-2011). Within these 7 years, Turkey has improved significantly its ranking, gaining 28 positions (from the 93$^{rd}$ to the 65$^{th}$) while, for the same period, EU-27 EBD index remained almost unchanged (declined 1.37 positions). From another point of view, the relative ranking distance between Turkey and EU-27 decreased from 57.25 positions to 27.88 positions, a 51.30% improvement for Turkey. Another thing that comes out of the chart is that, the best year for Turkey was 2007 where Turkey gained 34 positions, while 2009 and 2011 were not good years for Turkey as negative changes of 14 and 5 positions respectively took place. At the same time, EU-27 remained almost unchanged, with a minimum ranking of 34.12 in 2007 and a maximum ranking of 40.50 in 2009.

**Figure 12.** ***7-Years EDB Ranking Comparison between Turkey and EU-27***




The chart of Figure 13, presents the EDB rankings of Turkey in comparison with the best and worse EU-27 performers (United Kingdom and Greece respectively) and the EU-27 average. It is easily observed that for 2011 the ranking of Turkey is 75.11% worse than the EU-27 average. At the same time, it is mentionable that Turkey's ranking is 40.37% better than Greece's rank but 61 ranks worse than United Kingdom's rank.

In the chart of Figure 14 the change of Turkey's position for the last 7 years (2005-20101), compared with the change of EU-27 average position is presented. It is obvious, that EU-27 consists of quite steady, mature economies, which leads to very smooth changes from year to year. On the other hand, Turkey has improved its position, especially in Years 2006-07 and 2008-09, but faced negative challenges Years 2008-09 and 2010-11 with decrease of 14 and 5 rankings respectively.

**Figure 13.** ***Best, Worse and Average Country EDB 2011 Ranking Comparison between Turkey and EU-27***

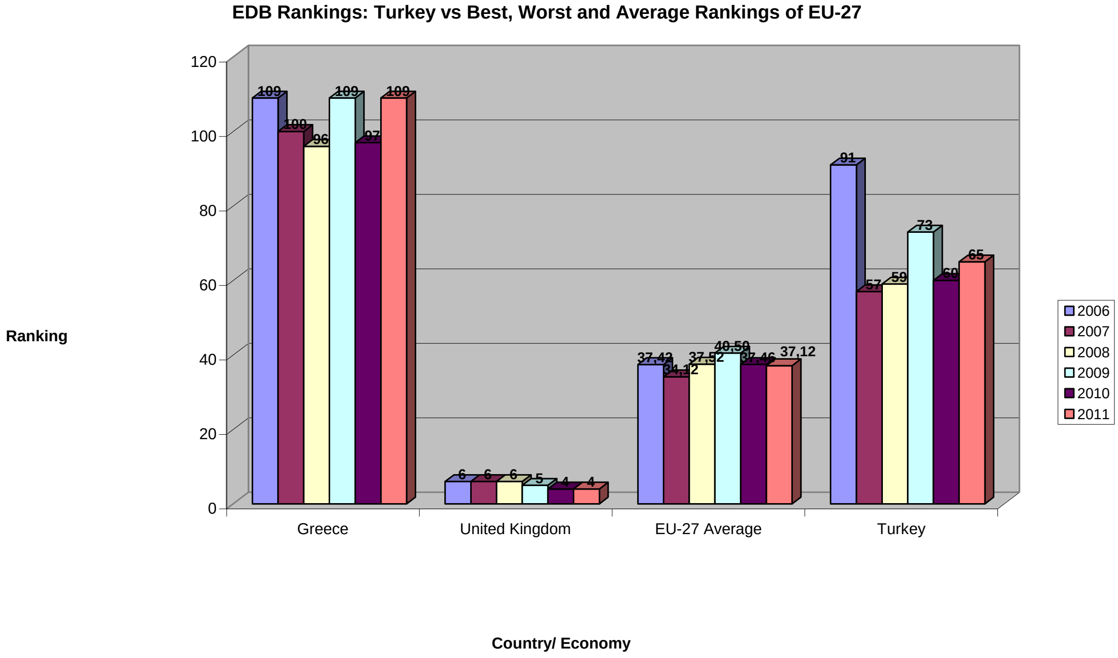
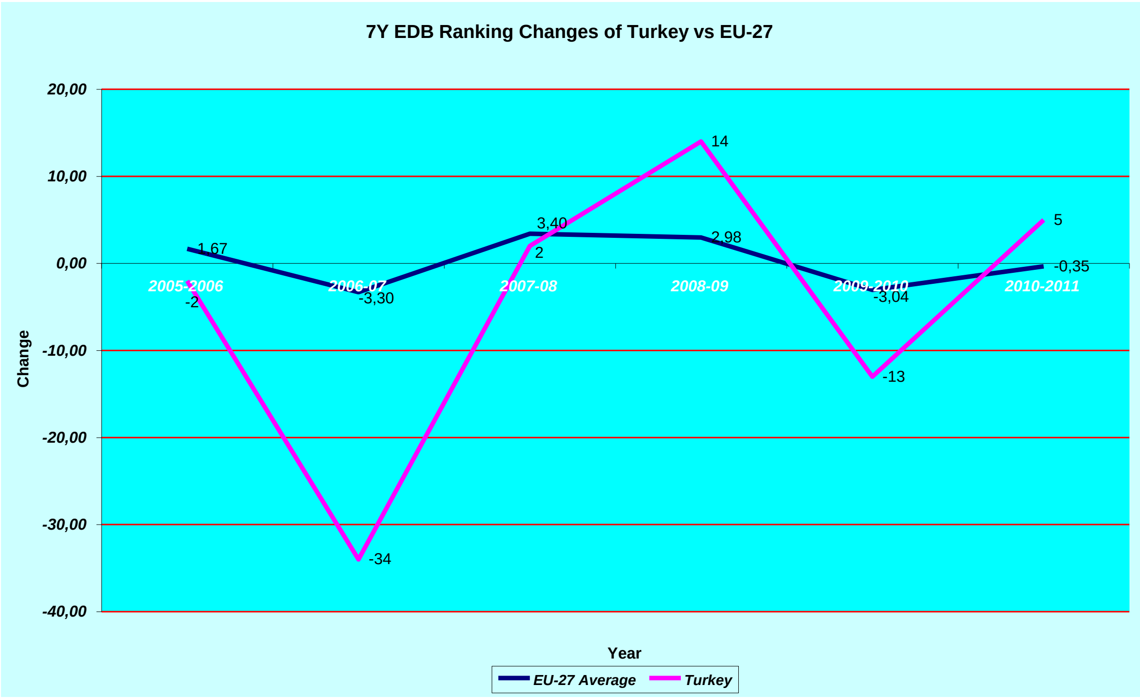
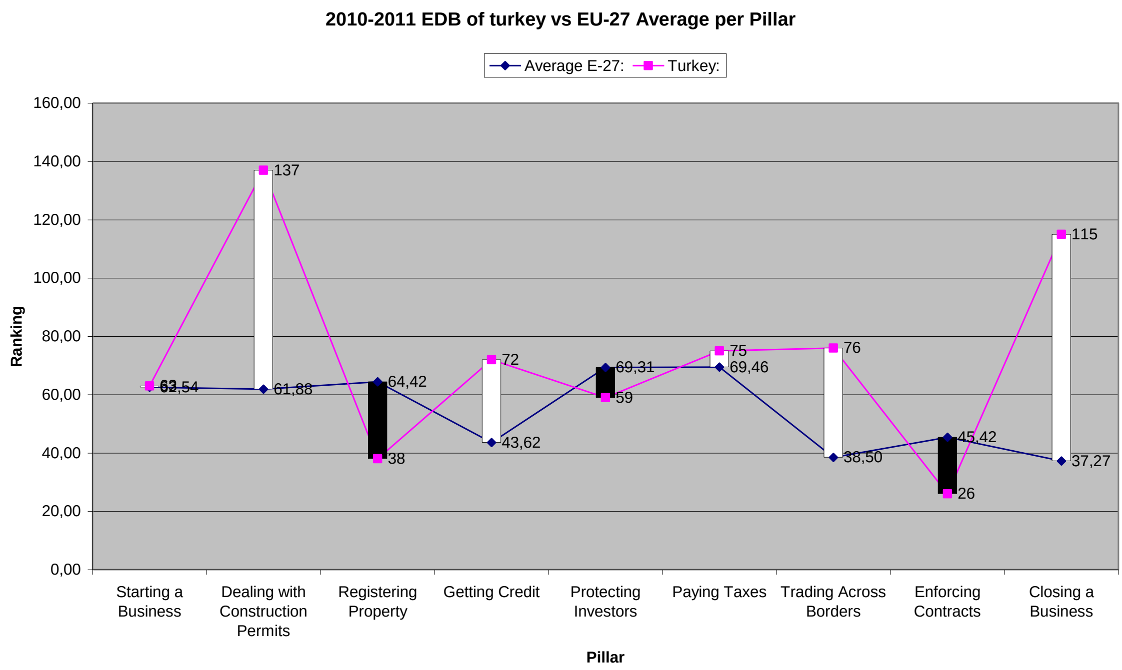



**Figure 14.** ***7-Years EDB Position Change Comparison between Turkey and EU-27***




In Figure 15 we present a comparison between Turkey and EU-27, in terms of EDB 2011, on the 9 individual pillars. It comes out that Turkey performs very weakly in pillars *Dealing with Construction Permits* (75.12 positions behind EU-27) and *Closing a Business* (77.73 positions behind EU-27). Turkey is also significantly behind EU-27 in *Getting Credit* (28.38 positions) and *Trading Across Borders* (37.5 positions). The main areas where Turkey seems to be competitive against EU-27 are *Registering Property* (26.42 positions ahead), *Protecting Investors* (10.31 positions ahead) and *Enforcing Contracts* (19.42 positions ahead). Finally, *Starting a Business* and *Paying Taxes* are pillars where EU-27 and Turkey perform about the same.

**Figure 15.** ***EDB 2011 Ranking Comparison between Turkey and EU-27 per Pillar***

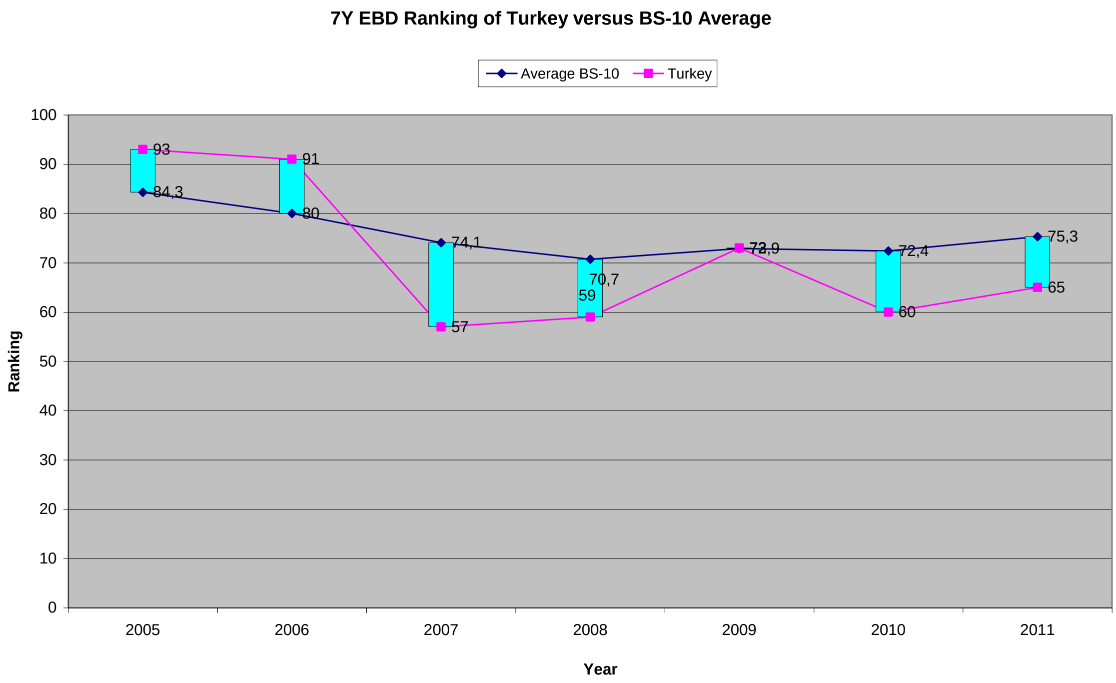



## 4. 3. Turkey versus BS-10

In this section we compare and analyze performance of Turkey, in terms of EDB, with BS-10. Based on the 2011 EDB Report, Georgia, which takes the 12th position in the EDB ranking, is the friendliest country to start an economic activity, not only among BS-10 but among the 183 countries of the world. Ukraine is the worst performer with a rank of 145 out of 183 countries. During last 7 years Greece deteriorated dramatically losing 29 relative positions. Azerbaijan instead, marked an exceptional improvement, gaining 43 relative positions. Finally, Turkey made an impressive improvement of 34 positions in 2006-07, but after that remained quite stable, with a slight decline of 8 positions within the last 5 years.

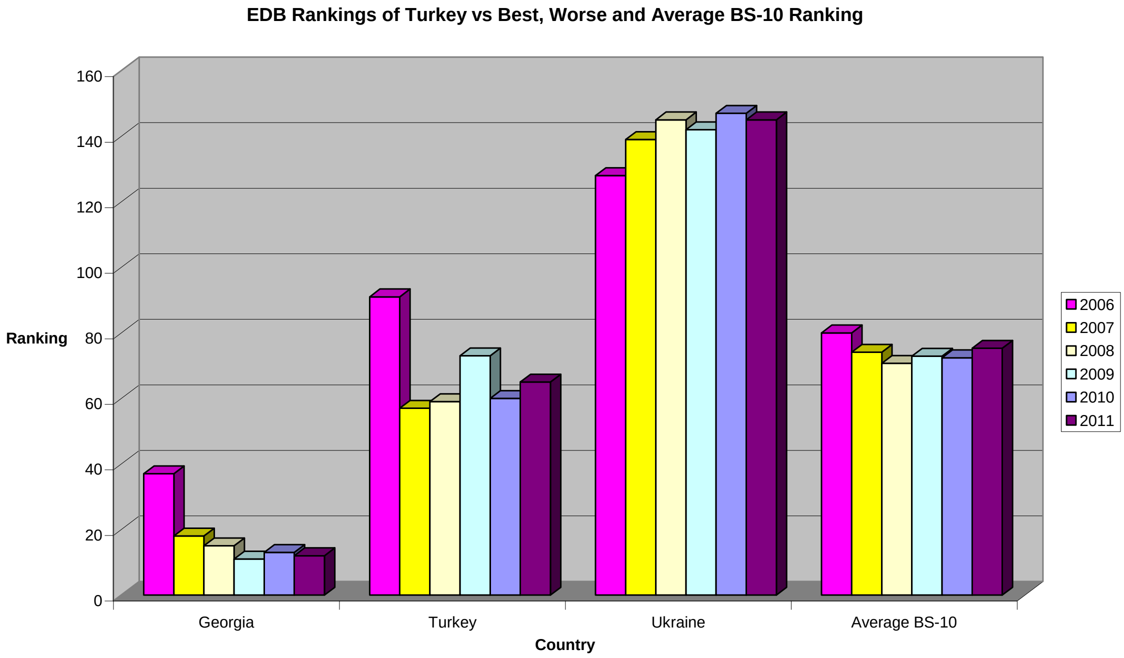
Taxing and bureaucracy are important parameters that have large impact on doing business. In 2010-11 the top personal income tax rate in BS-10 was 40% giving an average of 22.2% (while the average in EU-27 was 38%). The top corporate tax rate in BS-10 was 25% giving an average of 19.2% (while the average in EU-27 was 22.6%). Tax rates are relatively high in relation to neighbourly countries such as Serbia and Montenegro (except of Bulgaria, Georgia and Moldova). This fact does not provide a competitive advantage in FDIs attraction. Though the average tax rates of BS-10 are lower than EU's, paying taxes, dealing with taxes is a bureaucratic task for companies. This is time consuming, requiring spending of 376.4 hours per year while in EU the average time is 221.8 hours and in USA 187 hours.

**Figure 16.** ***7-Years EDB Ranking Comparison between Turkey and BS-10***




The chart of Figure 16, presents the EDB rankings of Turkey compared to the BS-10 for the last 7 years (2005-2011). Within these 7 years, Turkey has improved significantly its ranking, gaining 28 positions (from the 93$^{rd}$ to the 65$^{th}$) while, for the same period, the BS-10 EBD Index improved only by 9 positions. From another point of view, the relative ranking distance between Turkey and BS-10 improved from -8.7 positions (Turkey was worse than BS-10) in 2005 to +9.7 positions (Turkey is better than BS-10) in 2011. Another thing that comes out of this chart is that, the best year for Turkey, in terms of EDB Index, was 2007, when Turkey gained 34 positions, while 2009 and 2011 were bad years for Turkey, as negative changes of 14 and 5 positions respectively took place. At the same time, BS-10 as a whole demonstrated a smoother behaviour, with a best ranking of 70.7 in 2008 and a worse ranking of 84.3 in 2005.

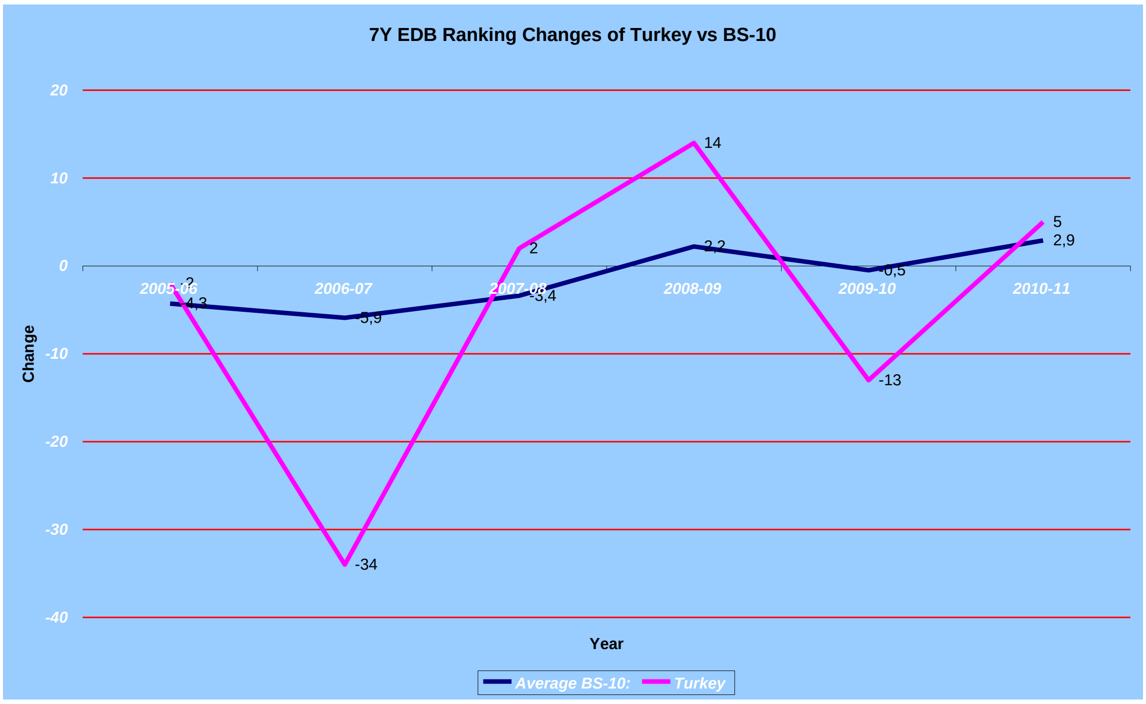
**Figure 17.** ***Best, Worse and Average Country EDB 2011 Ranking Comparison between Turkey and BS-10***




The chart of Figure 17, presents the EDB rankings of Turkey in comparison with the best and worse BS-27 performers (Georgia and Ukraine respectively) and the BS-10 average for the last 6 years (2006-1011). It is easily observed that, e.g. for year 2011, while the ranking of Turkey is comparable (slightly better) to the BS-10 average, at the same time it is significantly worse than Georgia's ranking (53 position behind), and significantly better than Ukraine's ranking (80 positions ahead).

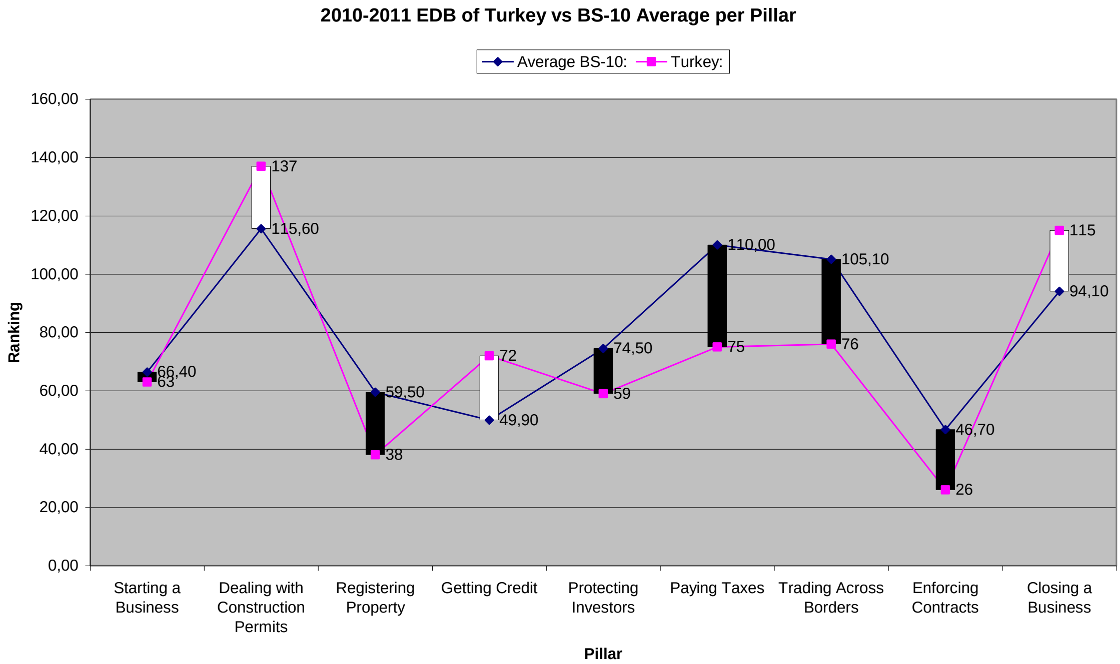
In the chart of Figure 18, the change of Turkey's position for the last 7 years (2005-2011), compared with the change of BS-10 average position is presented. It is obvious, that BS-10, presents very smooth changes from year to year, while Turkey has sharp ups and downs, especially in Years 2006-07 and 2008-09 (positive changes) and in Years 2008-09 and 2010-11 (negative changes).

**Figure 18.** ***7-Years EDB Position Change Comparison between Turkey and BS-10***




In Figure 19 we present a comparison between Turkey and BS-10, in terms of EDB, on the 9 individual pillars. It comes out that Turkey, when compared to BS-10 as a whole, performs worse only in 3 pillars: *Dealing with Construction Permits* (21.40 positions behind BS-10), *Getting Credit* (22.10 positions behind BS-10) and *Closing a Business* (20.90 positions behind BS-10). On the other hand, Turkey is significantly ahead of BS-10 in *Registering Property* (21.50 positions ahead), *Protecting Investors* (15.50 positions ahead), *Paying taxes* (35.00 positions ahead), *Trading Across Borders* (29.10 positions ahead) and *Enforcing Contracts* (20.70 positions ahead). Finally, in *Starting a Business* pillar BS-10 and Turkey perform about the same.

**Figure 19.** ***EDB 2011 Ranking Comparison between Turkey and BS-10 per Pillar***



# 5. Strategy for improving GCI and EDB climate

In this Chapter, we present a point of view on how Turkey's business climate and competitiveness could be improved. The proposed approach takes into account strengths and weaknesses of Turkey, as they are presented and analyzed in Chapters 4 and 5, as well as comparisons that have been presented and highlight advantages and disadvantages of Turkey against EU-27 and BS-10 economies.

First thing to mention is that it comes out directly from Chapters 4 and 5, that Turkey hardly works on a number of identified issues to improve competitiveness and performance as a country. There is already in place a strategy with specific objectives to be achieved in the period 2011-2014 (Ministry of Industry and Trade, 2010) published by the Ministry of Industry and Trade. The main points of this strategy are:

1. "Increased added value of manufacturing. Trends in target markets and the changing patterns of doing business should be taken into account, while productivity in such indispensable parts of the value chain as design, logistics and distribution must be increased, and the private sector must be encouraged to develop specialization in specific areas and improve innovation capacities.
2. An integrated approach that takes into account the service industry in the strategy-building process must be adopted in the design of the industrial policy. This process will encompass industrial policies that cover services. Moreover, a major component will be increasing the productivity in the value chain.
3. The framework used by the European Union in preparing industrial policies makes important contributions to the strategy determination process of Turkey, both in terms of content and methodology. To implement the revised Lisbon Strategy, a horizontal and sectoral policy framework has been established to strengthen the EU manufacturing industry and its structural transformation. Quantitative and qualitative screening was carried out in 27 sectors and problems encountered were evaluated in horizontal areas (knowledge and technology, innovation, finance, regulatory framework, environment-energy, trade).

4. Industrial and regional development policies should aim at increasing productivity and competitiveness of the regions taking into account compliance with EU concerns and industrial strategy goals. Local advantages offered by regions with different levels of development for various sectors will be made more pronounced and efforts will be made to eliminate imbalances among different regions."

It is obvious that the main objective of this strategy must be to achieve continued growth in the Turkish economy, by increasing competitiveness of the private sector. For this, obstacles to competitiveness must be removed within the framework of a certain strategy and prioritization plan. The long-term vision of Turkey's strategy is (Ministry of Industry and Trade, 2010): "Becoming the production base of Eurasia in medium and high-tech products." The overall objective of the Industrial Strategy for Turkey for the period of 2011-2014 is as follows: "Increasing the competitiveness and efficiency of Turkish Industry and expediting the transformation to an industry structure which has more share in world exports, where mainly high-tech products with high added value are produced, which has qualified labour and which at the same time is sensitive to the environment and the society."

Main goals and strategic objectives to achieve the above vision are (1) to increase the weight of mid- and high-tech sectors in production and exports and (2) to facilitate transition to high added value products in low-tech sectors, increasing the weight of companies that can continuously improve their skills. Public organizations must contribute to productivity increase in all sectors. Accordingly, public industry must take over a proactive role in the following horizontal industrial policy areas to assist removing of obstacles to private sector's productivity:

1. <u>"Investment and business environment:</u> It is necessary for Turkey to improve the institutional and legal infrastructure, reducing the bureaucratic barriers at the central government and local administration level, regulatory impact assessment and progress at the area of competition law. Moreover, it is of great importance to overcome the bottlenecks for effective regulation of network industries.

2. International trade and investment: In international trade and investment, policies that will contribute to diversity of trade goods must be implemented. To achieve this objective, an industrial structure that can access global markets in compliance with demand conditions and that works by the principle of production on time is needed. The foreign economic relations structure must be redefined and Foreign Direct Investments (FDI) that provide high added value must be attracted. To achieve this, restructuring is needed to make effective coordination between public and private sectors.
3. Skills and human resources: It is important that industrial policies and human resources policies to be consistent with one another. To achieve this, obstacles to investments and difficulties in labour force market must be removed, supply and demand of qualified workforce should be increased, the general and vocational training system must be reformed, and active workforce policies must be developed.
4. Small and Medium Sized Enterprises (SMEs) Access to Finance: In Turkey, companies need new investments and financing to increase their effectiveness and grow. In order to develop alternative financing options, new financial tools for SMEs must be developed, venture capital encouraged, the credit guarantee system improved, delay penalty subsidies offered and administrative and legal obstacles eliminated.
5. Technological Development of Companies: Innovation and improvement of the technological infrastructure must be the basis for Turkey's competitiveness policies. For this, the importance of the high technology industries and value added traditional industries must be increased. Practically, this requires the development of Research and Development (R&D) and innovation activities. Private sector must also participate in R&D, information and communication technologies must be used more efficiently and industrial and intellectual property rights must be protected more effectively.
6. Infrastructure Sectors and Input Costs: In order to increase competitiveness, the infrastructure of the country must be improved. Energy (electricity) costs must be lowered and supply security ensured. Furthermore, it is important that competitiveness is enhanced in order to improve the quality/cost balance in the telecommunication industry and develop and utilize various transportation modes in the logistics industry.

7. Environment: Increasing environmental awareness around the world requires the production of environmentally-friendly products, use of environmentally-sensitive technologies, and measures intended to decrease industrial pollution. However, it is possible that such measures will have an unfavourable effect on the competitiveness of the industry in the short and medium term. In order to minimize the possibility of such effects being carried over to the long term, environmental regulations must take into account the relative global agreements (e.g. the Kyoto Protocol), as well as EU regulation.
8. Regional Development: In policies that concern only regions, regional targets must be set and the state aid system must be location oriented. In order to implement national policies regionally, the obstacles to business and productivity must be removed (human capital, clustering, university-industry collaboration, etc.) and the governance mechanisms between regional actors must be efficiently used."

To execute the above strategy, the development of implementation, monitoring and coordination mechanisms is critical to be applied by the Turkish Government with the required participation of relevant Organizations and Companies.

# 6. Conclusion

Despite significant government stimulus spending aimed at dampening the recession, growth in global economies remains sluggish as they are mired in persistent unemployment and weak demand. Moreover, recent concerns about the sustainability of sovereign debt in Europe, and the stability and efficient functioning of financial markets more generally, have added to the list of concerns. At the same time, developing economies have for the most part fared comparatively well during the crisis. Indeed, the world increasingly looks to the developing world as the major engine of the global economy. In such a global economic environment, it is more important than ever for countries to put into place the fundamentals underpinning economic growth and development.

"Quantitative data and benchmarking can be useful in stimulating debate about policy, both by exposing potential challenges and weaknesses and by identifying where policy makers might look to learn lessons and good practices. This kind of data also provide a basis for analyzing how different policy approaches and reforms might contribute to desired outcomes such as competitiveness, growth and greater employment and incomes. That's the reason why global benchmark indices like GCI and EDB have become more and more important in recent years." according to the *Investing Across Borders 2010* Survey produced by the World Bank. (http://www.iab.worldbank.org )

In this work we have presented an overview of GCI and EDB and analyzed these indices specifically for Turkey. Special attention has been paid on comparing Turkey's performance with EU-27 and BS-10 countries. The main conclusions than have been reached after this analysis and comparison are the following:

## 6. 1. Global Competitiveness Index

According to the GCI Reports of the World Economic Forum for the last year, Turkey was placed in the 61$^{st}$ position among 133 countries. Turkey benefits from its relatively large market, which is characterized by intense local competition (15$^{th}$) and from the reasonably sophisticated business practices (52$^{nd}$). The country also benefits from reasonably developed infrastructure (56th), particularly roads and air transport infrastructure, although ports and the electricity supply require upgrading. Most important things about Turkey's performance on the three GCI sub-indices are:

- Basic Requirements: *Health and Primary Education* with a score of 5.65 is a sector of solid performance, while *Macroeconomics* with a score of 4.47 holds a good position.
- Efficiency Enhancers: A significant *Market Size* gives advantage to Turkey's economy and concludes to a score of 5.17, while *Financial Market Sophistication* with a score of 4.23 and *Goods Market Efficiency* with a score of 4.21 are contributing significantly to Turkey's current ranking.
- Innovation and sophistication Factors: Turkey's performance is mainly driven by *Business Sophistication* with a score of 4.16, rather than *Innovation* which scores low (3.10) and has a negative impact on Turkey's performance at this index.

Compared with EU-27, Turkey performs worse than 22 out of the 27 countries of EU-27. EU-27 is 9.57% more competitive that Turkey and 14.04% more competitive than BS-10 as a whole. Considering the three main sub-indices, when compared to the EU-27 average, it appears that Turkey performs 13.66% worse in the Basic Requirements sub-index, 10.11% worse in the Efficiency Enhancers sub-index and 15.58% worse in the Innovation and Sophistication Factors sub-index.

Turkey is the second best performer of the BS-10 countries, behind Azerbaijan. Based on results presented in the 2010-2011 GCI report (Year 2010), Turkey is 5.20% more competitive than BS-10 as a whole. Considering the three main sub-indices, when Turkey is compared to the BS-10 average, it appears that Turkey performs better in all of them when compared to the BS-10 average. The relative ranking distance between Turkey and BS-10 increased from 5.20 positions to 16.60 positions within the last 6 years (2005-2010).

However, the behaviour of Turkey and BS-10 seems to be similar. It is evident that, both BS-10 and turkey have significantly improved their absolute performance. More specifically BS-10 presents a 34.67% improvement from 2005 to 2010, while Turkey as well has significantly improved its absolute performance, with a 15.49% improvement from 2005 to 2010.

### 6. 2. Ease of Doing Business

Turkey took the 65th position in the EDB index ranking of EDB 2011 report. In the 9 pillars of EDB, Turkey gets ranks between 26th (*Enforcing contracts*) and 137th (*Dealing with construction permits*). Best performance comes from the sub-indices *Registering property* (38th rank) and *Enforcing contracts* (26th rank), while worse performance is mainly because of sub-indices *Dealing with construction permits* (137th rank) and *Closing a business* (115th rank). Other basic measurement elements of the 9 sub-indices of EDB for Turkey are *Starting a business* (63rd rank), *Getting credit* (72nd rank), *Protecting investors* (59th rank), *Paying taxes* (75th rank) and *Trading across borders* (76th rank).

Based on 2011 EBD Report, during 2010, Turkey's business environment significantly deteriorated. And the country lost 5 positions in the Global ranking (took the 65th position in 2011, in comparison with the 60th position of 2010). On the other hand, within the last 7 years (2005-2011), Turkey has improved significantly its ranking, gaining 28 positions (from the 93rd to the 65th) while, for the same period, EU-27 EBD Index remained almost unchanged (declined 1.37 positions). It is also remarkable that the best year for Turkey was 2007 when Turkey gained 34 positions, while 2009 and 2011 were not good years for Turkey, as negative changes of 14 and 5 positions respectively took place.

Comparing with EU-27, for 2011 the ranking of Turkey is 75.11% worse than the EU-27 average. At the same time Turkey's ranking is 40.37% better than Greece's rank and 61 ranks worse than United Kingdom's rank. EU-27 consists of quite steady, mature economies, which means very smooth changes from year to year, while Turkey has improved its position, especially in Years 2006-07 and 2008-09, but faced negative challenges Years 2008-09 and 2010-11 with decrease of 14 and 5 rankings respectively.

In comparison with EU-27, Turkey performs very weakly in pillars *Dealing with Construction Permits* (75.12 positions behind EU-27) and Closing a Business (77.73

positions behind EU-27). Turkey is also significantly behind EU-27 in *Getting Credit* (28.38 positions) and *Trading Across Borders* (37.5 positions). The main areas where Turkey seems to be competitive against EU-27 are *Registering Property* (26.42 positions ahead), *Protecting Investors* (10.31 positions ahead) and *Enforcing Contracts* (19.42 positions ahead). Finally, *Starting a Business* and *Paying taxes* are pillars where EU-27 and Turkey perform about the same.

Compared to BS-10, it is mentionable that within the last 7 years (2005-2011), Turkey has improved significantly its ranking, gaining 28 positions (from the 93$^{rd}$ to the 65$^{th}$) while, for the same period, the BS-10 EBD index improved only by 9 positions. The relative ranking distance between Turkey and BS-10 increased from -8.7 positions (Turkey was worse than BS-10) in 2005 to +9.7 positions (Turkey was better than BS-10) in 2011. For 2011, the ranking of Turkey is comparable (slightly better) to that of the BS-10 average, but at the same time it is significantly worse than Georgia (53 position behind), and significantly better than Ukraine (80 positions ahead).

Turkey, when compared to BS-10 as a whole, performs worse only in 3 pillars: performs very weakly in pillars *Dealing with Construction Permits* (21.40 positions behind BS-10), *Getting Credit* (22.10 positions behind BS-10) and *Closing a Business* (20.90 positions behind BS-10). Turkey is significantly ahead BS-10 in *Registering Property* (21.50 positions ahead), *Protecting Investors* (15.50 positions ahead), *Paying taxes* (35.00 positions ahead), *Trading Across Borders* (29.10 positions ahead) and *Enforcing Contracts* (20.70 positions ahead). Finally, in *Starting a Business* pillar BS-10 and Turkey perform about the same.

# Tables

**Table 1.** ***2005-2010 GCI Score and Rankings of EU-27***

| | Rank 2005 | Score 2005 | Rank 2006 | Score 2006 | Rank 2007 | Score 2007 | Rank 2008 | Score 2008 | Rank 2009 | Score 2009 | Rank 2010 | Score 2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Austria** | 21 | 4,95 | 17 | 5,32 | 15 | 5,23 | 14 | 5,23 | 17 | 5,13 | 18 | 5,09 |
| **Belgium** | 31 | 4,63 | 20 | 5,27 | 20 | 5,10 | 19 | 5,14 | 18 | 5,09 | 19 | 5,07 |
| **Bulgaria** | 58 | 3,83 | 72 | 3,96 | 79 | 3,93 | 76 | 4,03 | 76 | 4,02 | 71 | 4,13 |
| **Cyprus** | 34 | 4,54 | 46 | 4,36 | 55 | 4,23 | 40 | 4,53 | 34 | 4,57 | 40 | 4,50 |
| **Czech Republic** | 38 | 4,42 | 29 | 4,74 | 33 | 4,58 | 33 | 4,62 | 31 | 4,67 | 36 | 4,57 |
| **Denmark** | 4 | 5,65 | 4 | 5,70 | 3 | 5,55 | 3 | 5,58 | 5 | 5,46 | 9 | 5,32 |
| **Estonia** | 20 | 4,95 | 25 | 5,12 | 27 | 4,74 | 32 | 4,67 | 35 | 4,56 | 33 | 4,61 |
| **Finland** | 1 | 5,94 | 2 | 5,76 | 6 | 5,49 | 6 | 5,50 | 6 | 5,43 | 7 | 5,37 |
| **France** | 30 | 4,78 | 18 | 5,31 | 18 | 5,18 | 16 | 5,22 | 16 | 5,13 | 15 | 5,13 |
| **Germany** | 15 | 5,10 | 8 | 5,58 | 5 | 5,51 | 7 | 5,46 | 7 | 5,37 | 5 | 5,39 |
| **Greece** | 46 | 4,26 | 47 | 4,33 | 65 | 4,08 | 67 | 4,11 | 71 | 4,04 | 83 | 3,99 |
| **Hungary** | 39 | 4,38 | 41 | 4,52 | 47 | 4,35 | 62 | 4,22 | 58 | 4,22 | 52 | 4,33 |
| **Ireland** | 26 | 4,86 | 21 | 5,21 | 22 | 5,03 | 22 | 4,99 | 25 | 4,84 | 29 | 4,74 |
| **Italy** | 47 | 4,21 | 42 | 4,46 | 46 | 4,36 | 49 | 4,35 | 48 | 4,31 | 48 | 4,37 |
| **Latvia** | 44 | 4,29 | 36 | 4,57 | 45 | 4,41 | 54 | 4,26 | 68 | 4,06 | 70 | 4,14 |
| **Lithuania** | 43 | 4,30 | 40 | 4,53 | 38 | 4,49 | 44 | 4,45 | 53 | 4,30 | 47 | 4,38 |
| **Luxembourg** | 25 | 4,90 | 22 | 5,16 | 25 | 4,88 | 25 | 4,85 | 21 | 4,96 | 20 | 5,05 |
| **Malta** | 35 | 4,54 | 39 | 4,54 | 56 | 4,21 | 52 | 4,31 | 52 | 4,30 | 50 | 4,34 |
| **Netherlands** | 11 | 5,21 | 9 | 5,56 | 10 | 5,40 | 8 | 5,41 | 10 | 5,32 | 8 | 5,33 |
| **Poland** | 51 | 4,00 | 48 | 4,30 | 51 | 4,28 | 53 | 4,28 | 46 | 4,33 | 39 | 4,51 |
| **Portugal** | 22 | 4,91 | 34 | 4,60 | 40 | 4,48 | 43 | 4,47 | 43 | 4,40 | 46 | 4,38 |
| **Romania** | 67 | 3,67 | 68 | 4,02 | 74 | 3,97 | 68 | 4,10 | 64 | 4,11 | 67 | 4,16 |
| **Slovak Republic** | 41 | 4,31 | 37 | 4,55 | 41 | 4,45 | 46 | 4,40 | 47 | 4,31 | 60 | 4,25 |
| **Slovenia** | 32 | 4,59 | 33 | 4,64 | 39 | 4,48 | 42 | 4,50 | 37 | 4,55 | 45 | 4,42 |
| **Spain** | 29 | 4,80 | 28 | 4,77 | 29 | 4,66 | 29 | 4,72 | 33 | 4,59 | 42 | 4,49 |
| **Sweden** | 3 | 5,65 | 3 | 5,74 | 4 | 5,54 | 4 | 5,53 | 4 | 5,51 | 2 | 5,56 |
| **United Kingdom** | 13 | 5,11 | 10 | 5,54 | 9 | 5,41 | 12 | 5,30 | 13 | 5,19 | 12 | 5,25 |
| **EU-27** | | **4,70** | | **4,89** | | **4,74** | | **4,75** | | **4,69** | | **4,70** |

*Source:* ***World Economic Forum***

**Table 2.** ***2005-2010 GCI Score and Rankings of BS-10***

| | Rank 2005 | Score 2005 | Rank 2006 | Score 2006 | Rank 2007 | Score 2007 | Rank 2008 | Score 2008 | Rank 2009 | Score 2009 | Rank 2010 | Score 2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Armenia** | 79 | 3,44 | 82 | 3,75 | 93 | 3,76 | 97 | 3,73 | 97 | 3,71 | 98 | 3,76 |
| **Azerbaijan** | 69 | 3,64 | 64 | 4,06 | 66 | 4,07 | 69 | 4,1 | 51 | 4,3 | 57 | 4,29 |
| **Bulgaria** | 58 | 3,83 | 72 | 3,96 | 79 | 3,93 | 76 | 4,03 | 76 | 4,02 | 71 | 4,13 |
| **Georgia** | 86 | 3,25 | 85 | 3,73 | 90 | 3,83 | 90 | 3,86 | 90 | 3,81 | 93 | 3,86 |
| **Greece** | 46 | 4,26 | 47 | 4,33 | 65 | 4,08 | 67 | 4,11 | 71 | 4,04 | 83 | 3,99 |
| **Moldova** | 82 | 3,37 | 86 | 3,71 | 97 | 3,64 | 95 | 3,75 | - | - | 94 | 3,86 |
| **Romania** | 67 | 3,67 | 68 | 4,02 | 74 | 3,97 | 68 | 4,1 | 64 | 4,11 | 67 | 4,16 |
| **Russian Federation** | 75 | 3,53 | 62 | 4,08 | 58 | 4,19 | 51 | 4,31 | 63 | 4,15 | 63 | 4,24 |
| **Turkey** | **66** | **3,68** | **59** | **4,14** | **53** | **4,25** | **63** | **4,15** | **61** | **4,16** | **61** | **4,25** |
| **Ukraine** | 84 | 3,3 | 78 | 3,89 | 73 | 3,98 | 72 | 4,09 | 82 | 3,95 | 89 | 3,9 |
| **BS-10** | | **3,60** | | **3,97** | | **3,97** | | **4,02** | | **4,03** | | **4,04** |

*Source:* ***World Economic Forum***

**Table 3.** *2010 GCI Sub-Indices and Pillars Score and Rankings of EU-27*

| | Sub-Indices | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Basic requirements | | | | | | Innovation and sophistication factors | | | | Efficiency enhancers | | | | | | | |
| | Score | (Rank) | Institutions | Infrastructure | Macroeconomics | Health and primary education | Score | (Rank) | Business sophistication | Innovation | Score | (Rank) | Higher education and training | Goods market efficiency | Labor market efficiency | Financial market sophistication | Technological readiness | Market size |
| **Austria** | 5,67 | (15) | 5,42 | 5,56 | 5,30 | 6,41 | 4,97 | (13) | 5,46 | 4,48 | 4,93 | (19) | 5,38 | 5,00 | 4,75 | 4,74 | 5,09 | 4,59 |
| **Belgium** | 5,45 | (22) | 4,98 | 5,53 | 4,56 | 6,75 | 4,91 | (15) | 5,24 | 4,59 | 5,01 | (17) | 5,71 | 5,08 | 4,64 | 4,64 | 5,22 | 4,77 |
| **Bulgaria** | 4,43 | (72) | 3,29 | 3,57 | 5,00 | 5,85 | 3,22 | (95) | 3,52 | 2,91 | 4,07 | (65) | 4,14 | 4,00 | 4,51 | 3,95 | 4,01 | 3,79 |
| **Cyprus** | 5,28 | (29) | 4,91 | 5,10 | 4,60 | 6,50 | 4,07 | (36) | 4,47 | 3,66 | 4,46 | (36) | 4,91 | 4,97 | 4,64 | 5,01 | 4,40 | 2,82 |
| **Czech Republic** | 4,91 | (44) | 3,86 | 4,78 | 4,90 | 6,10 | 4,19 | (30) | 4,47 | 3,92 | 4,66 | (28) | 5,11 | 4,58 | 4,75 | 4,49 | 4,55 | 4,47 |
| **Denmark** | 5,86 | (7) | 5,84 | 5,69 | 5,56 | 6,36 | 5,15 | (9) | 5,41 | 4,89 | 5,20 | (9) | 5,84 | 5,10 | 5,47 | 4,94 | 5,62 | 4,25 |
| **Estonia** | 5,38 | (25) | 4,91 | 4,94 | 5,40 | 6,26 | 3,90 | (45) | 4,13 | 3,68 | 4,52 | (34) | 5,17 | 4,71 | 4,91 | 4,50 | 4,94 | 2,89 |
| **Finland** | 5,97 | (5) | 5,96 | 5,59 | 5,58 | 6,75 | 5,43 | (6) | 5,29 | 5,56 | 5,09 | (14) | 6,06 | 4,92 | 4,85 | 5,38 | 5,17 | 4,15 |
| **France** | 5,67 | (16) | 5,04 | 6,24 | 4,98 | 6,42 | 4,83 | (16) | 5,18 | 4,48 | 5,09 | (15) | 5,36 | 4,69 | 4,47 | 4,96 | 5,28 | 5,76 |
| **Germany** | 5,89 | (6) | 5,50 | 6,43 | 5,32 | 6,32 | 5,51 | (5) | 5,82 | 5,19 | 5,11 | (13) | 5,33 | 4,97 | 4,40 | 4,62 | 5,36 | 6,01 |
| **Greece** | 4,49 | (67) | 3,67 | 4,57 | 3,61 | 6,13 | 3,41 | (73) | 3,83 | 3,00 | 4,12 | (59) | 4,67 | 3,91 | 3,71 | 3,88 | 4,06 | 4,52 |
| **Hungary** | 4,65 | (59) | 3,76 | 4,36 | 4,59 | 5,87 | 3,71 | (51) | 3,87 | 3,55 | 4,38 | (41) | 4,81 | 4,16 | 4,46 | 4,16 | 4,41 | 4,27 |
| **Ireland** | 5,18 | (35) | 5,14 | 4,80 | 4,26 | 6,51 | 4,55 | (21) | 4,85 | 4,25 | 4,68 | (25) | 5,17 | 4,09 | 4,87 | 3,79 | 4,99 | 4,20 |
| **Italy** | 4,84 | (46) | 3,58 | 4,94 | 4,52 | 6,30 | 4,11 | (32) | 4,81 | 3,40 | 4,33 | (45) | 4,60 | 4,16 | 3,81 | 3,70 | 4,12 | 5,63 |
| **Latvia** | 4,60 | (61) | 3,79 | 4,26 | 4,47 | 5,88 | 3,37 | (77) | 3,73 | 3,02 | 4,08 | (63) | 4,81 | 4,13 | 4,58 | 3,98 | 3,96 | 3,04 |
| **Lithuania** | 4,77 | (52) | 3,99 | 4,56 | 4,56 | 5,95 | 3,79 | (48) | 4,21 | 3,38 | 4,28 | (49) | 5,07 | 4,12 | 4,61 | 3,95 | 4,51 | 3,45 |
| **Luxembourg** | 5,81 | (10) | 5,73 | 5,56 | 5,67 | 6,29 | 4,76 | (19) | 4,98 | 4,53 | 4,92 | (20) | 4,68 | 5,49 | 4,71 | 5,35 | 6,11 | 3,16 |
| **Malta** | 5,08 | (40) | 4,83 | 4,45 | 4,82 | 6,23 | 3,88 | (46) | 4,34 | 3,43 | 4,31 | (47) | 4,79 | 4,58 | 4,10 | 5,22 | 4,85 | 2,31 |
| **Netherlands** | 5,82 | (9) | 5,54 | 5,93 | 5,29 | 6,53 | 5,16 | (8) | 5,55 | 4,77 | 5,24 | (8) | 5,63 | 5,17 | 4,83 | 4,71 | 5,99 | 5,10 |
| **Poland** | 4,69 | (56) | 4,18 | 3,76 | 4,70 | 6,13 | 3,76 | (50) | 4,20 | 3,31 | 4,62 | (30) | 5,00 | 4,38 | 4,58 | 4,66 | 4,02 | 5,08 |
| **Portugal** | 5,01 | (42) | 4,37 | 5,30 | 4,26 | 6,13 | 3,98 | (39) | 4,19 | 3,77 | 4,36 | (43) | 4,76 | 4,32 | 3,85 | 4,26 | 4,63 | 4,34 |
| **Romania** | 4,36 | (77) | 3,74 | 3,44 | 4,50 | 5,77 | 3,24 | (91) | 3,55 | 2,94 | 4,18 | (54) | 4,47 | 4,08 | 4,32 | 4,01 | 3,82 | 4,41 |
| **Slovak Republic** | 4,77 | (53) | 3,60 | 4,19 | 5,20 | 6,07 | 3,54 | (63) | 4,12 | 2,95 | 4,43 | (37) | 4,49 | 4,34 | 4,66 | 4,61 | 4,48 | 3,97 |
| **Slovenia** | 5,18 | (34) | 4,37 | 4,83 | 5,19 | 6,33 | 4,08 | (35) | 4,42 | 3,73 | 4,33 | (46) | 5,27 | 4,52 | 4,26 | 4,02 | 4,45 | 3,45 |
| **Spain** | 5,13 | 38) | 4,25 | 5,67 | 4,60 | 6,01 | 3,96 | (41) | 4,46 | 3,47 | 4,56 | (32) | 4,85 | 4,20 | 3,88 | 4,28 | 4,64 | 5,47 |
| **Sweden** | 5,98 | (4) | 6,12 | 5,67 | 5,61 | 6,41 | 5,67 | (3) | 5,88 | 5,45 | 5,32 | (5) | 5,90 | 5,30 | 4,89 | 5,15 | 6,12 | 4,58 |
| **United Kingdom** | 5,58 | (18) | 5,28 | 5,88 | 4,76 | 6,40 | 4,98 | (12) | 5,32 | 4,65 | 5,28 | (7) | 5,34 | 4,96 | 5,29 | 4,73 | 5,58 | 5,80 |
| **EU-27** | **5,20** | | **4,65** | **5,02** | **4,88** | **6,25** | **4,30** | | **4,64** | **3,96** | **4,65** | | **5,09** | **4,59** | **4,55** | **4,51** | **4,83** | **4,31** |

*Source:* ***World Economic Forum***

**Table 4.** ***2010 GCI Sub-Indices and Pillars Score and Rankings of BS-10***

| | Sub-Indices | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Basic requirements | | | | | | Innovation and sophistication factors | | | | Efficiency enhancers | | | | | | | |
| | Score | (Rank) | Institutions | Infrastructure | Macroeconomics | Health and primary education | Score | (Rank) | Business sophistication | Innovation | Score | (Rank) | Higher education and training | Goods market efficiency | Labor market efficiency | Financial market sophistication | Technological readiness | Market size |
| **Armenia** | 4,14 | (94) | 3,50 | 3,46 | 4,23 | 5,37 | 2,98 | (114) | 3.33 | 2,63 | 3,51 | (106) | 3,66 | 3,72 | 4,61 | 3,60 | 2,96 | 2,50 |
| **Azerbaijan** | 4,67 | (58) | 3,86 | 3,69 | 5,62 | 5,50 | 3,50 | (66) | 3.84 | 3,16 | 3,97 | (75) | 3,96 | 3,92 | 4,82 | 4,12 | 3,55 | 3,46 |
| **Bulgaria** | 4,43 | (72) | 3,29 | 3,57 | 5,00 | 5,85 | 3,22 | (95) | 3,52 | 2,91 | 4,07 | (65) | 4,14 | 4,00 | 4,51 | 3,95 | 4,01 | 3,79 |
| **Georgia** | 4,13 | (95) | 3,87 | 3,75 | 3,26 | 5,64 | 2,90 | (121) | 3,29 | 2,51 | 3,71 | (94) | 3,74 | 4,18 | 4,75 | 3,62 | 3,14 | 2,80 |
| **Greece** | 4,49 | (67) | 3,67 | 4,57 | 3,61 | 6,13 | 3,41 | (73) | 3,83 | 3,00 | 4,12 | (59) | 4,67 | 3,91 | 3,71 | 3,88 | 4,06 | 4,52 |
| **Moldova** | 4,10 | (97) | 3,43 | 3.18 | 4,31 | 5,50 | 2,89 | (123) | 3,28 | 2,49 | 3,59 | (99) | 3,95 | 3,83 | 4,41 | 3,68 | 3,28 | 2,40 |
| **Romania** | 4,36 | (77) | 3,74 | 3,44 | 4,50 | 5,77 | 3,24 | (91) | 3,55 | 2,94 | 4,18 | (54) | 4,47 | 4,08 | 4,32 | 4,01 | 3,82 | 4,41 |
| **Russian Federation** | 4,52 | (65) | 3,22 | 4,46 | 4,49 | 5,92 | 3,36 | (80) | 3,47 | 3,25 | 4,19 | (53) | 4,55 | 3,58 | 4,51 | 3,18 | 3,56 | 5,74 |
| **Turkey** | **4,49** | **(68)** | **3,61** | **4,21** | **4,47** | **5,65** | **3,63** | **(57)** | **4,16** | **3,10** | **4,18** | **(55)** | **4,04** | **4,21** | 3,57 | 4,23 | 3,85 | 5,17 |
| **Ukraine** | 3,92 | (102) | 2,96 | 3,83 | 3,20 | 5,70 | 3,30 | (88) | 3,48 | 3,11 | 3,98 | (72) | 4,61 | 3,53 | 4,54 | 3,31 | 3,37 | 4,53 |
| **BS-10** | **4,33** | | **3,52** | **3,82** | **4,27** | **5,71** | **3,24** | | **3,58** | **2,91** | **3,95** | | **4.18** | **3,90** | **4,38** | **3,76** | 3,56 | 3,93 |

*Source:* ***World Economic Forum***

**Table 5.** ***2005-2011 EDB Rankings of EU-27***

| | Rank 2005 | Rank 2006 | Rank 2007 | Rank 2008 | Rank 2009 | Rank 2010 | Rank 2011 |
|---|---|---|---|---|---|---|---|
| **Austria** | 32 | 30 | 25 | 27 | 28 | 31 | 32 |
| **Belgium** | 18 | 20 | 19 | 19 | 22 | 22 | 25 |
| **Bulgaria** | 62 | 54 | 46 | 45 | 44 | 51 | 51 |
| **Cyprus** | - | - | - | - | 40 | 35 | 37 |
| **Czech Republic** | 41 | 52 | 56 | 75 | 74 | 82 | 63 |
| **Denmark** | 8 | 7 | 5 | 5 | 6 | 6 | 6 |
| **Estonia** | 16 | 17 | 17 | 22 | 24 | 17 | 17 |
| **Finland** | 13 | 14 | 13 | 14 | 16 | 11 | 13 |
| **France** | 44 | 35 | 31 | 31 | 31 | 28 | 26 |
| **Germany** | 19 | 21 | 20 | 25 | 25 | 21 | 22 |
| **Greece** | 80 | 109 | 100 | 96 | 109 | 97 | 109 |
| **Hungary** | 52 | 66 | 45 | 41 | 47 | 52 | 46 |
| **Ireland** | 11 | 10 | 8 | 7 | 7 | 8 | 9 |
| **Italy** | 70 | 82 | 53 | 65 | 78 | 76 | 80 |
| **Latvia** | 26 | 24 | 22 | 29 | 27 | 27 | 24 |
| **Lithuania** | 15 | 16 | 26 | 28 | 26 | 26 | 23 |
| **Luxembourg** | - | - | 42 | 50 | 64 | 42 | 45 |
| **Malta** | - | - | - | - | - | | - |
| **Netherlands** | 24 | 22 | 21 | 26 | 30 | 29 | 30 |
| **Poland** | 54 | 75 | 74 | 76 | 72 | 73 | 70 |
| **Portugal** | 42 | 40 | 37 | 48 | 48 | 33 | 31 |
| **Romania** | 78 | 49 | 48 | 47 | 55 | 54 | 56 |
| **Slovak Republic** | 37 | 36 | 32 | 36 | 42 | 40 | 41 |
| **Slovenia** | 63 | 61 | 55 | 54 | 53 | 43 | 42 |
| **Spain** | 30 | 39 | 38 | 49 | 62 | 48 | 49 |
| **Sweden** | 14 | 13 | 14 | 17 | 18 | 18 | 14 |
| **United Kingdom** | 9 | 6 | 6 | 6 | 5 | 4 | 4 |
| **EU-27** | **35,75** | **37,42** | **34,12** | **37,52** | **40,50** | **37,46** | **37,12** |

*Source:* ***World Bank***

**Table 6.** ***2005-2011 EDB Rankings of BS-10***

| | Rank 2005 | Rank 2006 | Rank 2007 | Rank 2008 | Rank 2009 | Rank 2010 | Rank 2011 |
|---|---|---|---|---|---|---|---|
| **Armenia** | 46 | 34 | 39 | 44 | 43 | 44 | 48 |
| **Azerbaijan** | 98 | 99 | 96 | 33 | 38 | 55 | 54 |
| **Bulgaria** | 62 | 54 | 46 | 45 | 44 | 51 | 51 |
| **Georgia** | 100 | 37 | 18 | 15 | 11 | 13 | 12 |
| **Greece** | 80 | 109 | 100 | 96 | 109 | 97 | 109 |
| **Moldova** | 83 | 103 | 92 | 103 | 94 | 87 | 90 |
| **Romania** | 78 | 49 | 48 | 47 | 55 | 54 | 56 |
| **Russian Federation** | 79 | 96 | 106 | 120 | 120 | 116 | 123 |
| **Turkey** | **93** | **91** | **57** | **59** | **73** | **60** | **65** |
| **Ukraine** | 124 | 128 | 139 | 145 | 142 | 147 | 145 |
| **BS-10** | **84,3** | **80** | **74,1** | **70,7** | **72,9** | **72,4** | **75,3** |

*Source:* ***World Bank***

**Table 7.** ***2011 EDB Indices Rankings of EU-27***

| | Ease of Doing Business Rank | Starting a Business | Dealing with Construction Permits | Registering Property | Getting Credit | Protecting Investors | Paying Taxes | Trading Across Borders | Enforcing Contracts | Closing a Business |
|---|---|---|---|---|---|---|---|---|---|---|
| **Austria** | 32 | 125 | 57 | 33 | 15 | 132 | 104 | 25 | 9 | 20 |
| **Belgium** | 25 | 31 | 41 | 177 | 46 | 16 | 70 | 44 | 21 | 8 |
| **Bulgaria** | 51 | 43 | 119 | 62 | 6 | 44 | 85 | 108 | 87 | 83 |
| **Cyprus** | 37 | 26 | 75 | 66 | 72 | 93 | 32 | 19 | 104 | 22 |
| **Czech Republic** | 63 | 130 | 76 | 47 | 46 | 93 | 128 | 62 | 78 | 32 |
| **Denmark** | 6 | 27 | 10 | 30 | 15 | 28 | 13 | 5 | 30 | 5 |
| **Estonia** | 17 | 37 | 24 | 13 | 32 | 59 | 30 | 4 | 50 | 70 |
| **Finland** | 13 | 32 | 55 | 26 | 32 | 59 | 65 | 6 | 11 | 6 |
| **France** | 26 | 21 | 19 | 142 | 46 | 74 | 55 | 26 | 7 | 44 |
| **Germany** | 22 | 88 | 18 | 67 | 15 | 93 | 88 | 14 | 6 | 35 |
| **Greece** | 109 | 149 | 51 | 153 | 89 | 154 | 74 | 84 | 88 | 49 |
| **Hungary** | 46 | 35 | 86 | 41 | 32 | 120 | 109 | 73 | 22 | 62 |
| **Ireland** | 9 | 11 | 38 | 78 | 15 | 5 | 7 | 23 | 37 | 9 |
| **Italy** | 80 | 68 | 92 | 95 | 89 | 59 | 128 | 59 | 157 | 30 |
| **Latvia** | 24 | 53 | 79 | 57 | 6 | 59 | 59 | 16 | 14 | 80 |
| **Lithuania** | 23 | 87 | 59 | 7 | 46 | 93 | 44 | 31 | 17 | 39 |
| **Malta** | - | - | - | - | - | - | - | - | - | - |
| **Luxembourg** | 45 | 77 | 42 | 129 | 116 | 120 | 15 | 32 | 1 | 45 |
| **Netherlands** | 30 | 71 | 105 | 46 | 46 | 109 | 27 | 13 | 29 | 11 |
| **Poland** | 70 | 113 | 164 | 86 | 15 | 44 | 121 | 49 | 77 | 81 |
| **Portugal** | 31 | 59 | 111 | 31 | 89 | 44 | 73 | 27 | 24 | 21 |
| **Romania** | 56 | 44 | 84 | 92 | 15 | 44 | 151 | 47 | 54 | 102 |
| **Slovak Republic** | 41 | 68 | 56 | 9 | 15 | 109 | 122 | 102 | 71 | 33 |
| **Slovenia** | 42 | 28 | 63 | 97 | 116 | 20 | 80 | 56 | 60 | 38 |
| **Spain** | 49 | 147 | 49 | 54 | 46 | 93 | 71 | 54 | 52 | 19 |
| **Sweden** | 14 | 39 | 20 | 15 | 72 | 28 | 39 | 7 | 52 | 18 |
| **United Kingdom** | 4 | 17 | 16 | 22 | 2 | 10 | 16 | 15 | 23 | 7 |
| **EU-27** | **37,12** | **62,54** | **61,88** | **64,42** | **43,62** | **69,31** | **69,46** | **38,50** | **45,42** | **37,27** |

*Source:* ***World Bank***

**Table 8.** ***2011 EDB Indices Rankings of BS-10***

| | Ease of Doing Business Rank | Starting a Business | Dealing with Construction Permits | Registering Property | Getting Credit | Protecting Investors | Paying Taxes | Trading Across Borders | Enforcing Contracts | Closing a Business |
|---|---|---|---|---|---|---|---|---|---|---|
| **Armenia** | 48 | 22 | 78 | 5 | 46 | 93 | 159 | 82 | 63 | 54 |
| **Azerbaijan** | 54 | 15 | 160 | 10 | 46 | 20 | 103 | 177 | 27 | 88 |
| **Bulgaria** | 51 | 43 | 119 | 62 | 6 | 44 | 85 | 108 | 87 | 83 |
| **Georgia** | 12 | 8 | 7 | 2 | 15 | 20 | 61 | 35 | 41 | 105 |
| **Greece** | 109 | 149 | 51 | 153 | 89 | 154 | 74 | 84 | 88 | 49 |
| **Moldova** | 90 | 94 | 159 | 18 | 89 | 109 | 106 | 141 | 20 | 92 |
| **Romania** | 56 | 44 | 84 | 92 | 15 | 44 | 151 | 47 | 54 | 102 |
| **Russian Federation** | 123 | 108 | 182 | 51 | 89 | 93 | 105 | 162 | 18 | 103 |
| **Turkey** | **65** | **63** | **137** | **38** | **72** | **59** | **75** | **76** | **26** | **115** |
| **Ukraine** | 145 | 118 | 179 | 164 | 32 | 109 | 181 | 139 | 43 | 150 |
| **BS-10:** | **75** | **66** | **116** | **60** | **50** | **75** | **110** | **105** | **47** | **94** |

*Source:* ***World Bank***

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