

# Economic Freedom of the Arab World

**2011**  
Annual Report



**Salem Ben Nasser Al Ismaily,  
Miguel Cervantes,  
& Fred McMahon**

Liberty Movement **FÜR DIE FREIHEIT**  
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 **INTERNATIONAL  
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# **Economic Freedom of the Arab World**

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Salem Ben Nasser Al Ismaily,  
Miguel Cervantes & Fred McMahon

Friedrich Naumann Foundation for Liberty  
International Research Foundation of Oman

Fraser Institute

2011

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Date of issue: October 2011

Cover design by Bill Ray



Publisher: Al-Mahrosa for Publishing, Press Services, and Information

Address: Block 7399, Street 28 branching from Street 9, Mukkattam, Cairo, Egypt

E-mail: mahrosa@mahrosa.com

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### Cite this publication

Authors: Salem Ben Nasser Al Ismaily, Miguel Cervantes, and Fred McMahon

Title: *Economic Freedom of the Arab World: 2011 Annual Report*

Publisher: Fraser Institute

Date of publication: 2011

Digital copy available from <<http://www.freetheworld.com>> and <<http://www.fraserinstitute.org>>.

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### Cataloguing Information

Ben Nasser Al Ismaily, Salem, 1958–

Economic freedom of the Arab world: 2011 annual report / Salem Ben Nasser Al Ismaily, Miguel Cervantes, and Fred McMahon

ISBN 978-0-88975-253-5 (2011 edition)

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## Acknowledgments

The authors would like to acknowledge Michael Walker, President of the Fraser Institute Foundation, James Gwartney of Florida State University, and Robert Lawson of Auburn University for their invaluable ideas and assistance. We would also like to thank Ronald Meindarus, director of the Cairo office of the Friedrich Naumann Foundation for Liberty, for his support.

We also thank the Friedrich Naumann Foundation for Liberty, Cairo, Egypt, and Canada's Aurea Foundation for supporting this project; and the Canadian embassies and trade commissioners in the Middle East and Africa for the valuable information that they provided; the bureau of E&Y Libya, Deloitte UAE for their help; and Bankscope for giving us access to their database.

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## Introduction

This is the eighth report on economic freedom in the Arab world. The first was published in the *Arab World Competitiveness Report 2005* (Lopez-Claros and Schwab, 2005). The second and subsequent editions were published by the International Research Foundation (IRF) of Oman and the Fraser Institute. In 2008, the Friedrich Naumann Foundation for Liberty, Cairo office, also became a co-publisher.

The index in this edition adds data for 2009, the most recent year for which data are available. As well, the scores for previous years have been recalculated using revised data from the World Bank for its *Doing Business* and *World Development Indicators* databases. *Economic Freedom of the Arab World* is modeled on the annual reports in the series, *Economic Freedom of the World* (Gwartney and Lawson, 2004–2009; Gwartney, Hall, and Lawson, 2010; Gwartney, Lawson, and Hall, 2011).<sup>1</sup>

The classical definition of economic freedom is:

Individuals have economic freedom when (a) property they acquire without the use of force, fraud, or theft is protected from physical invasions by others and (b) they are free to use, exchange, or give their property as long as their actions do not violate the identical rights of others. Thus, an index of economic freedom should measure the extent to which rightly acquired property is protected and individuals are engaged in voluntary transactions. (Gwartney, Lawson, and Block, 1996: 12)

The mechanics of economic freedom are easy to understand. Any transaction freely entered into must benefit both parties. Any transaction that does not benefit both parties would be rejected by the party that would come up short. This has consequences throughout the economy. Consumers who are free to choose will only be attracted by superior quality and price. A producer must constantly improve the price and quality of existing products or invent new

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1 In 1984, Michael Walker, who was then Executive Director of the Fraser Institute, in conjunction with Milton and Rose Friedman, started the Economic Freedom project to enhance understanding of the connection between economic freedom and political and civil freedoms, and their collective role in influencing economic performance. The research phase of the project involved about 60 of the world's top scholars including three Nobel Laureates. The Economic Freedom Network now has member institutes in 85 nations and territories, including Oman, Jordan, and Gaza.

products. Without this, customers will not freely enter into transactions with the producer. Many billions of mutually beneficial transactions occur every day, powering the dynamic that spurs increased productivity and prosperity throughout the economy.

Economic freedom has been shown in top-level, peer-reviewed research to promote prosperity, economic growth, and other positive outcomes, discussed later in this report. It is also highly consistent with Arab and Muslim culture and tradition. For much of the past millennium, it is likely that the Muslim world has enjoyed the greatest level of economic freedom, in general, and trade openness, in particular, in the world (Hourani, 1992). It is only over the past few centuries that this lead has slipped away.

## Regulation and prosperity in the Arab world

Recent events in the Arab world have highlighted in the most dramatic way the desire for, and benefits of, economic freedom in the region. A policeman in Sidi Bouzid, Tunisia, denied a street vendor the right to sell his wares—in other words, denied him his economic freedom. In protest, the vendor, Muhammad Bouazizi, set himself on fire. His death sparked protests and revolts around the Arab world. This lack of economic freedom, depriving the region of much of the drive and ingenuity of individuals and families, is the key reason that much of the region lags in building prosperity and many are excluded from economic opportunity that could lift them out of poverty and relieve inequality in the region.

In the following pages, we will discuss the research that shows how economic freedom builds prosperity and also look in depth at the regulatory situation in the region, where regulations are so often and, as in the case at Sidi Bouzid, so tragically used to deny individuals the ability to pursue the economic activities of their choice. First, we will provide an overview of the region's economic situation in light both of the recent political turmoil and the fragile global financial situation.

Despite its relatively mild effect on national economies in the region, the global economic crisis has highlighted some economic vulnerability in the Arab world. Almost all countries are highly dependent on commodity prices, for example, as exporters of hydrocarbon products or importers of agricultural goods. In some countries, the financial crisis has exposed the fact that financial markets were poorly regulated while, in some economies, markets for labor and goods do not have the flexibility to adapt quickly to new situations. For greater resilience to these types of global shocks, it is necessary, first, to reduce vulnerability so that domestic economies are less affected by adverse global developments and, second, to strengthen the ability of these economies to cope with economic crises once they happen.

Just prior to the recent political turmoil, the Middle East and North Africa (MENA) was on a path of economic recovery as the global economy rebounded. The World Bank's projections, undertaken in last quarter of 2010, for the MENA region foresaw a relatively robust performance for the period 2011 to 2012. MENA was projected to grow at 4.2% and Tunisia and Egypt, just to single out the two countries that saw their political leaders toppled, were projected to grow at 5% and 6%, respectively (World Bank, 2011, March 14). These rates are higher by about one percentage point than the growth rates observed in 2010.

The Arab world has had moderate levels of growth in the last two decades but this growth has not been equitable: witness the high levels of poverty and inequality, high levels of unemployment, and uneven rates of regional development. Of course, some countries do better than others in this regard. Nevertheless, recent protests and demonstrations have shown that the tolerance for low levels of prosperity and inequality is low and brittle. The economies of the Arab World will need to address many challenges to put economic development on a more sustainable path and to realize the Arab world's full potential for economic growth. Such challenges include: slow progress in economic diversification and job creation, social inequalities, and persistent insecurity about the price of food.

People's satisfaction with their standard of living has deteriorated in most Arab countries in recent years, especially in Egypt, Libya, Bahrain, and other countries, as shown by recent civil disobedience. As a result of their dissatisfaction, incidents of unrest were recorded in the many of the Arab countries. Relative to their national per-capita income, Lebanon, Libya, and Bahrain have particularly high level of civil unrest, suggesting that factors aside from income also play an important role in people's dissatisfaction.

Food security has deteriorated in most Arab countries (Minot et al., 2010), which is consistent with observed high inflation of food prices. The proportion of people without enough money to buy food increased or remained unchanged in all but one of 12 countries of the Arab World. Egypt and Sudan saw particularly large increases. The direction of the change in perceived food security is mostly consistent with the perceived downward changes in living standards, with at least two notable exceptions: Iraq and Tunisia. Although more Iraqis and Tunisians reported being satisfied with their standard of living, more people in those countries lacked money to buy enough food in 2010 than in the previous year. One likely explanation may be that the dissatisfaction among the poor (for whom food security is a major concern) grew more than it did among the rest of the population.

For the countries currently being affected by the unrest, namely, Tunisia, Egypt, Yemen, Libya and Bahrain, slippages in economic growth, fiscal revenues and tourism, and receipts from foreign direct investment (FDI) are now inevitable. Since events are still unfolding, it would be premature to project with any precision the economic outlook for 2011 or 2012. However, there are a few trends that capture well the impact of the economic disruptions and swift policy responses announced. Fiscal and external pressures are likely to be high. To preempt public protests and under pressure from unions, most governments have announced generous wage increases, enhanced subsidies, generated more public-sector jobs, and are in process of preparing a range of development programs to generate additional employment and address poverty concerns. Some preliminary estimates suggest that cost of these concessions could be anywhere around \$500 million or so for vulnerable economies like Yemen, \$5 billion in Kuwait, and \$1 billion a year for the next ten years for Oman and Bahrain (Economist Intelligence Unit, 2011). While this spending is affordable for oil-exporting countries benefiting from high oil prices, such expenses are likely to cause significant slippages in fiscal deficits as a result of the added burden of financing high oil bills. On the external front, the slowdown in FDI is quite significant for a number of countries and, in some instances, outflows have resulted in a drawdown of

reserves for the time being. Inflationary pressure will rise depending on trends in international fuel and food prices. This will impose strain on the poor. Evidence in the region already indicates that number of people living under the poverty line is highly sensitive to price increases (Bibi and Nabli, 2009).

Tourism is another sector that will be affected adversely. First, tourism was an important part of GDP for most MENA countries: for example, 13% of GDP in Egypt and 16% in Tunisia in 2010. Second, tourism has been for some time central for employment generation for these two countries, responsible for 11% of total employment in Egypt and 15% in Tunisia in 2010. Third, the sector is also a main provider of hard currency revenues; for Egypt, these were estimated at over \$14 billion in 2010, close to 30% of all exports (World Bank, 2011a). Any prolonged instability can carry serious adverse short-run effects for this key economic sector as tourists can easily switch to alternative holiday destinations.

Another area of concern is the volatility in stock prices in the region, a phenomenon that has increased significantly all around the world as the effect of higher oil prices out-weighed positive news about the recovery in the United States. For instance, in the Arab World, the stock exchange in Egypt was closed for significant period of time after the falling 16%. In Tunisia, trading was suspended twice and the overall drop was 11%. In Saudi Arabia, the stock market fell by nearly 20% (Reuters & Foreign Staff, 2011, January 31; Shahine, Alaa, and Mahmoud Kassem, 2011, March 6).

The generation of employment will have to be a large part of any future growth strategy as not only is average unemployment high but it is especially severe among youth and women. To address this daunting challenge would require labor-market policies that foster job mobility, a revision of social security systems (including tax wedges, social contributions, and pensions), and liberalization of professions. Emphasis will likely shift from protecting jobs to protecting workers' income with more social support, unemployment insurance, and active measures to assist workers during periods of transition, though such measures can reduce economic freedom and create problems of their own. More importantly, policy should focus on reducing barriers to creating employment. High labor taxes (social contributions) and rigid labor regulation are among the top reasons that firms in countries like Tunisia, Egypt, Lebanon, and Syria do not expand employment.

Weak corporate governance has continued to be one of the development challenges for the Arab world. It is to be hoped that greater accountability and transparency will lead to reducing barriers to entry, fostering competition and anti-trust policies, and increasing economic freedom.

## Regulation and economic freedom in the Arab World

Economic freedom is greatly hindered by sets of regulations affecting stages of the business cycle like starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, and closing a business. These procedures are broadly examined and evaluated by the *Doing Business 2011: Making a Difference for Entrepreneurs* (World Bank, 2011b), an important source of data



for the Fraser Institute's report, *Economic Freedom of the World*. Among the nations of the world examined, Singapore came first in the ranking and, among Arab countries, the best was Saudi Arabia, in 11<sup>th</sup> position, followed by Bahrain at 28<sup>th</sup> for the year 2010. Iraq was at the bottom of the Arab countries with a rank of 166<sup>th</sup> and Mauritania was close to Iraq, ranked at 165<sup>th</sup>. The United Arab Emirates (UAE), Qatar, Tunisia, Oman, and Kuwait were ranked between 40<sup>th</sup> and 74<sup>th</sup>, whereas all other Arab countries had a percentile of 50% or less. These countries included Egypt, Yemen, Jordan, Lebanon, Morocco, Palestine, Algeria, Syria, Sudan, Djibouti, Comoros, Mauritania and Iraq.

### Starting a business

Examining in more detail *Doing Business 2011*, the ranking of Starting a Business is based on four sub-indicators. These are the number of procedures to legally start and operate a company; the time required to complete the procedures; the cost required to complete the procedures (as a percentage of income per capita); and the paid-in minimum capital (as a percentage of income per capita).

The World Bank's *Doing Business* ranking has categorized countries of the world into six regions. Among these regions, the Organisation for Economic Co-operation and Development (OECD) has the least number of procedures at 5.6 whereas in the Arab World the average number of procedures is 8.5. As far as number of days is concerned, the average for the Arab countries is 21.6 days; this is better than Common Market for Eastern & Southern Africa (COMESA) at 34.9 days; East Asia & Pacific (EAP) at 39 days; and Latin America at 43.6 days

New Zealand is best for the first sub-indicator, with just one procedure whereas the Arab regional average is 8.5 procedures. Among the Arab countries, Saudi Arabia tops the list with only four procedures, followed by Lebanon and Oman with five procedures. Egypt, Morocco, and Yemen with six procedures come next. Algeria has the greatest number of procedures among the Arab countries with 14 procedures and Kuwait is close behind with 13 procedures. In seven countries—Mauritania, Sudan, Tunisia, Comoros, Djibouti, Iraq, and Palestine—the number of procedures varied from nine to eleven and fell below the regional average. In Bahrain, Syria, Jordan, Qatar, and UAE, on the other hand, the number of procedures were 7 or 8 and were moderately better than the regional average.

Measuring the time to start a business, New Zealand is again best, requiring just one day to complete the process, whereas the Arab regional average is 21.6 days. Among the Arab countries Saudi Arabia tops the list with five days, followed by Egypt at seven days and Bahrain and Lebanon, where it takes nine days to complete all the procedures. In Iraq, the number of days required to get approvals is greatest among the Arab countries at 77 days and Palestine is the next worst with 49 days. Among the 20 Arab countries, in nine countries—Tunisia, Morocco, Oman, Qatar, Yemen, Jordan, Syria, UAE, and Mauritania—the number of days for getting approvals varied between 11 and 19 and are below the regional average. On the other hand, Algeria and Comoros with 24 days and Kuwait, Sudan, and Djibouti with 35 to 37 days are above the regional average of 21.6 days.

For the cost to start a business (percentage of income per capita), Denmark is the most effective in this sub-indicator, with zero cost. Among the



Arab countries, the cost to start business is least in Bahrain at 0.8%; followed by Kuwait at 1.3%; Oman at 3.3%, and Tunisia at 5.0%. Among the Arab countries, the cost to start a business is greatest in Comoros at 176.5% of the per-capita income followed by Djibouti at 169.9% and Iraq at 107.8%. The Arab regional average is 46.2%. The cost in Lebanon, Yemen, and Palestine are higher than the regional average, ranging from 75% to 93.7%; whereas in the other ten countries—Egypt, UAE, Saudi Arabia, Qatar, Algeria, Morocco, Mauritania, Sudan, Syria, and Jordan—the cost of starting the business varies between 6.3% and 44.6% of per-capita income and is lower than the regional average.

The last sub-indicator in this stage of the business cycle is paid-in minimum capital (as a percentage of income per capita) to start a business. Six Arab countries, namely Egypt, Saudi Arabia, Sudan, Tunisia, UAE, and Yemen are best among the world in this sub-indicator, having zero minimum capital requirements. The average for the Arab World is 126.5% of per-capita income and Morocco, Jordan, Algeria, Lebanon, Iraq, Qatar, and Kuwait have minimum capital requirements less than the regional average. In these countries, it ranges from 11.2% to 82.7%. On the other hand, Palestine with 211.3%; Comoros with 245.5%, Bahrain with 273.4%; Oman 288.4%; Syria with 355.15%, Mauritania with 412.1%, and Djibouti with 434.1% have very high minimum capital requirements.

### **Dealing with construction permits**

The second stage of the business cycle measured by the World Bank is dealing with construction permits. The ranking is based on three sub-indicators: the number of procedures required to legally build a warehouse; the number of days required to complete the procedures; and the cost required to complete the procedures.

In countries of the Arab world, the average time required to complete the procedures is 152.4 days, the best among the various regions. The countries of the OECD are next best at 166.3 days. However, the cost of getting approvals in the Arab region is 385.8% of per-capita income, placing it in fourth position among various regions. The OECD has the least cost at 62.1%, followed by EAP at 168.7%, and Latin America at 243.4%

The number of procedures to gain a construction permit is least in Denmark with just six procedures. Among Arab countries, Saudi Arabia is the best with 12 procedures, followed by Bahrain at 13; Iraq, 14; and Oman and Yemen, 15. The number of procedures among Arab countries is greatest in Syria at 26. Egypt, Kuwait, and Mauritania are close to Syria, each with 25 procedures. The regional average is 19.1 procedures and the number of procedures in Djibouti, UAE, Comoros, Jordan, Morocco, Qatar, and Sudan are in the range of 16 to 19, lower than the regional average. However, the number of procedures in Tunisia, Lebanon, and Palestine ranges between 20 and 22, above the regional average.

If the time required to complete the procedures is compared, Singapore stands first with 25 days. Among the Arab countries, Bahrain comes first with 43 days, followed by UAE with 64 days and Qatar with 76 days. Among the Arab countries, the greatest number of days is in Sudan, 271 days; Algeria is close by with 240 days. The number of days in six Arab countries, namely Jordan, Saudi Arabia, Tunisia, Kuwait, Yemen, and Syria, is between 87 and 128 days; this is

better than the Arab regional average of 152.5 days. In 11 countries of the Arab world, however, the number of days required is more than the regional average. These countries are Morocco, Comoros, Djibouti, Oman, Palestine, Mauritania, Iraq, Egypt, Lebanon, Algeria and Sudan, where the number of days to complete the procedures ranges between 163 and 271.

As far as the cost of dealing with construction permits is concerned, Qatar tops the global list with just 0.8% of per-capita income. The Arab regional average is 385.8% and in seven countries the cost for getting all approvals is more than the regional average. These countries are Mauritania, Iraq, Syria, Jordan, Tunisia, Palestine, and Djibouti, where the cost ranges from 463.2% to 1,862.8% of per-capita income. However, in the other 12 Arab countries—UAE, Saudi Arabia, Algeria, Comoros, Bahrain, Oman, Yemen, Kuwait, Sudan, Morocco, Lebanon and Egypt—the cost of getting approvals ranges between 35.8% to 293.7%, well below the regional average.

### **Registering property**

The World Bank has analyzed three sub-indicators of Registering property: the number of procedures required to legally transfer title on immovable property; the time required to complete the procedures; and the cost required to complete the procedures.

When compared with other regions, the average number of days required in Arab region at 31.6 days is the best. In other regions, it varies between 32.7 days and 82.6 days. However, as far as the cost of registration is concerned, Arab region is the second highest at 6.1% of the property value. The highest is the COMESA region with 6.8% of the property value. The number of procedures to legally transfer title in various regions ranges from 4.7 to 6.9 procedures; in the Arab region, it is 5.7

Arab countries have only a limited number of procedures for registering a property. UAE and Norway are the best in the world with just one procedure. Bahrain, Oman, and Saudi Arabia come second with just two procedures. Among the Arab countries, Algeria has 11 and Qatar has 10 procedures. The regional average is 5.7 procedures. Sudan, Yemen, Djibouti, Egypt, Jordan, Palestine, Kuwait, Lebanon, and Morocco have six to eight procedures, more than the regional average. However, Mauritania, Syria, and Tunisia have only four procedures and Comoros and Iraq have five procedures, better than the regional average.

In the case of time for registration, two Arab countries, UAE and Saudi Arabia take the top slot along with New Zealand with just two days. Among the Arab countries, the number of days is greatest in Egypt at 72 days. The regional average is 31.6 days and in nine Arab countries—Sudan, Oman, Qatar, Syria, Yemen, Jordan, Comoros, Lebanon, and Bahrain—the number of days required is less than the regional average, ranging between nine and 31 days. However, in another nine Arab countries—Tunisia, Djibouti, Algeria, Morocco, Palestine, Mauritania, Iraq, Kuwait, and Egypt—the number of days required to get all approvals is more than the regional average, ranging between 39 and 72 days.

Saudi Arabia tops the list throughout the world for the lowest cost for registration. As a matter of fact, there is zero cost in Saudi Arabia. In Qatar, Kuwait, Palestine, and Egypt the cost is also very low, less than 0.8% of the property value. Among the Arab countries, the cost is very high in Syria at 27.9% followed by

Comoros at 20.8%. The regional average is 6.1%. The cost in Tunisia, Iraq, Algeria, Jordan, and Djibouti is greater than the regional average and ranges between 6.1% and 13%, whereas in UAE, Bahrain, Oman, Sudan, Yemen, Morocco, Mauritania, and Lebanon the cost ranges from 2% to 5.8%.

### Getting credit

Getting credit is an important component of the business cycle and the World Bank's analysis of this is based on the Strength of Legal Rights index and the Depth of Credit Information index. A weighting of 62.5% is given to the Strength of Legal Rights index. In this sub-factor, the protection of borrowers and lenders rights through collateral laws and protection of secured credits rights through the bankruptcy laws are assessed and a score on a scale of 10 to zero is assigned.

Globally Singapore scores the perfect mark of 10. The Arab countries score generally below average. The average for the Arab region is 3.1, where as all other regions have higher scores ranging between 4.4 and 6.9. Among the Arab countries, Saudi Arabia and Sudan have the best score at 5; followed by Bahrain, Jordan, Kuwait, Oman, and UAE at 4. Palestine has the worst score, zero, and Syria and Djibouti are close to that, receiving a score of 1. Yemen's score is 2 and the other nine countries—Algeria, Comoros, Egypt, Iraq, Lebanon, Mauritania, Morocco, Qatar, and Tunisia—received a score of 3. They are .

The other sub-indicator used for comparison is the Depth of Credit Information index, based on the public or private registry coverage (percentage of adults). The best score is 6 and the lowest is zero. The United Kingdom tops the list along with two Arab countries, Egypt and Saudi Arabia. The second slot, a 5-point score, was obtained by six countries globally, of which four are from Arab region: Lebanon, UAE, Tunisia, and Morocco. Comoros, Iraq, and Sudan received a score of zero, and Djibouti and Mauritania ascore of one. Bahrain and Kuwait have a score of 4, Palestine, 3, and the other six countries—Syria, Oman, Jordan, Yemen, Algeria, and Qatar—, a score of 2.

Among the regions, Latin America has the best score on the Credit Information index at 5.3, followed by OECD at 4.7. The Arab region averages at 2.9, better than EAP at 2.1 and COMESA at 1.9

### Trading across borders

In this globalized world, trading across borders is increasingly important for the business to succeed. Excessive documentation, burdensome customs procedures, inefficient port operations, and inadequate infrastructure lead to extra cost and delays for the exporters and importers. *Doing Business* indicators for Trade across borders take into account the number of documents required, and the costs and time associated with the procedures for import as well as export of standard products.

France, where just two documents are required, has the best result for the number of documents required for imports and exports. The number of days required to complete the documents for export is least in Denmark at five days and, in the case of imports, is least in Singapore at just four days. The cost of import is lowest in Singapore at US\$439 per container and cost of export is least in Malaysia at US\$450 per container.

Among Arab countries, the number of documents required varies from four in Tunisia and UAE to 11 in Mauritania. In Bahrain, Djibouti, Lebanon, Qatar, and Saudi Arabia, five documents have to be processed; whereas in Yemen, Egypt, Sudan, and Palestine the six documents are required, below the regional average of 6.8. In Jordan, Morocco, Algeria, Kuwait, Syria, Oman, Comoros, Iraq, and Mauritania, the number of documents required ranges from 7 to 11.

As far as time required in completing the export procedures is concerned, among Arab countries UAE stands first with seven days; time is very long in Iraq at 80 days. The regional average is 22.2 days and 13 countries require fewer days than the regional average: UAE, Bahrain, Egypt, Saudi Arabia, Tunisia, Jordan, Morocco, Oman, Syria, Algeria, Kuwait, Djibouti, and Qatar. In Palestine, Lebanon, Yemen, Comoros, Sudan, Mauritania, and Iraq, time ranges from 23 to 80 days, above the regional average.

The cost to export is least in UAE at US\$521 per container and greatest in Iraq at US\$3550. In UAE, Saudi Arabia, Egypt, Morocco, Qatar, Oman, Tunisia, Jordan, Djibouti, and Bahrain, the cost ranges between US\$521 and US\$955 per container. In Sudan, the cost is US\$2,050 per container and in Lebanon, Kuwait, Comoros, Yemen, Syria, Algeria, Palestine, and Mauritania, it ranges from US\$1,000 to US\$1,520. The regional average is US\$1,121.7

The situation is similar if we compare the cost to import among the Arab countries. The cost is lowest in UAE at US\$542 per container and highest in Iraq at US\$3,650 per container. In Qatar, Saudi Arabia, Egypt, Tunisia, Oman, Djibouti, and Bahrain, the cost to import ranges between US\$657 and US\$995. In Sudan, the cost is US\$2,900 per container and in Morocco, Comoros, Lebanon, Kuwait, Palestine, Jordan, Algeria, Yemen, Mauritania, and Syria it ranges between US\$1,000 and US\$1,625

The number of documents required for imports is five in Djibouti, Saudi Arabia, and UAE; six in Bahrain, Egypt, Sudan, and Palestine; seven in Jordan, Lebanon, Qatar, and Tunisia; nine in Algeria, Oman, Syria, and Yemen and 10 in Comoros, Iraq, Kuwait, and Morocco. It is 11 in Mauritania and the regional average is 7.7.

Among the Arab countries, the number of days required to clear all the import documents is least in UAE, 7 days; this is followed by Egypt at 12 days and Bahrain at 15 days. It ranges between 17 and 25 in Morocco, Oman, Saudi Arabia, Tunisia, Djibouti, Jordan, Kuwait, Qatar, Comoros, Syria, Algeria, and Yemen. In Lebanon, Palestine, Mauritania and Sudan, it ranges from 35 to 46 days and is above the regional average of 25.7 days. It is greatest in Iraq at 83 days.

Among the various regions, the average number of documents required for export varies between 4.4 in the OECD and 7.2 in COMESA. In the Arab region, it is 6.8. Similarly, the time required is maximum in COMESA at 32.4 days and minimum in OECD region at 10.9 days. In the Arab region, the average is 22.2 days. The cost is also highest in COMESA at US\$1,915.3 per container, whereas in the Arab region it is US\$1,121.7. It is least in the EAP region at US\$889.8 per container.

The position is similar in the case of imports also. The number of documents at 4.9 and number of days at 11.4 is least in the OECD and highest in COMESA, where an average of 8.2 documents and 38.3 days is required. The

average for the Arab region is moderate at 7.7 documents and 25.6 days. As far as the cost of import is concerned, the regional averages vary from US\$934.7 in EAP to US\$2,457.5 in COMESA as against the average for the Arab region of US\$1,293.6

### **Enforcing contracts**

An efficient and well-defined system for enforcing contracts is important for the growth of businesses. In such an environment, businesses will have greater access to credit and be more likely to engage with new borrowers and customers. This analysis looks into three sub-indicators in enforcing contracts by resolving a commercial dispute through the courts: the number of procedures; the time; and the cost (% of claim).

When various regions are compared, the average number of procedures is greatest in the Arab region at 44.6. The least number of procedures, 31.2, is in the OECD. The number of days to resolve a commercial dispute ranges from 402.2 days in ECA to 711.6 days in Latin America. The average for the Arab region is 656.7 days. The cost as a percentage of the claim is least in the OECD at 19.2%, followed by ECA at 26.7%, and the Arab region at 27%. It is greatest cost is found in COMESA, at 52.5 %

Ireland has the fewest procedures to enforce a contract through a court processing: 20. Among the Arab countries, the lowest number is 36 in Yemen and highest, 55, is in Syria. The number of procedures falls between 36 and 44 in Yemen, Lebanon, Jordan, Tunisia, Djibouti, Egypt, Morocco, Comoros, Qatar, Saudi Arabia, and Palestine and between 46 and 53 in Algeria, Mauritania, Bahrain, UAE, Kuwait, Iraq, Oman, and Sudan. The regional average is 44.7

In Singapore, it takes only 150 days to enforce a contract whereas the lowest number of days required in the Arab region is found in Mauritania at 370 days. In Comoros, Iraq, Yemen, UAE, Palestine, Tunisia, Kuwait, Qatar, Oman, Morocco, Algeria, Bahrain, and Saudi Arabia it ranges from 506 days to 635 days, below the regional average of 656.7 days. In Jordan, Lebanon, Sudan, Syria, Egypt, and Djibouti, it varies between 689 and 1,225 days, above the regional average.

For the cost of enforcing the contract, Bhutan is best at 0.1% of the claim. In Arab countries, the lowest cost is in Oman at 13.5% and the highest in Comoros at 89.4% of the claim. It ranges from 14.7% to 26.2% in Bahrain, Yemen, Kuwait, Sudan, Palestine, Qatar, Tunisia, Algeria, Mauritania, Morocco, Egypt, and UAE. They have a cost lower than the regional average of 27%. In other countries like Saudi Arabia, Iraq, Syria, Lebanon, Jordan, and Djibouti the cost ranges between 27.5% and 34%.

### **Closing a business**

The last part of the business cycle comprises the procedures and systems related to closing a business. A robust bankruptcy system functions as a filter, ensuring the survival of economically efficient companies and reallocating the resources of inefficient ones. Fast and cheap insolvency proceedings result in a speedy return to normal operations and increased returns to creditors. This process is assessed based on the time required to recover debt; the cost (% of estate) required to recover debt; and the recovery rate for the creditors (cents on the dollar).



Ireland has the shortest period required for completing the insolvency process, 0.4 years. Among Arab countries, the shortest time is in Tunisia, where it is 1.3 years. The time ranges from 1.5 years to three years in Saudi Arabia, Morocco, Algeria, Bahrain, Qatar, and Yemen, below the regional average of 3.6 years. In Lebanon, Oman, Syria, Egypt, Kuwait, Jordan, Djibouti, UAE, and Mauritania, the time to recover a debt ranges between four and eight years. In Comoros, Iraq, Sudan, and Palestine, there are no such practices

Singapore has the greatest recovery rate of 92.7 cents on the dollar. In the Arab region, the recovery rate is greatest in Bahrain at 64.2 cents on the dollar. Recovery falls between 26.9 cents and 53 cents in Qatar, Tunisia, Algeria, Morocco, Kuwait, Saudi Arabia, Oman, Yemen, Syria, and Jordan. These countries have a better recovery rate than the regional average of 25.8 cents on the dollar. There is zero recovery in Comoros, Iraq, Sudan, and Palestine. In Lebanon, Egypt, Mauritania, Djibouti, and UAE, recovery ranges between 10.3% and 19.8%, below the regional average.

As far as cost of insolvency is concerned, Kuwait is at the top of the table along with Singapore with a cost of just 1% of the estate. It is between 4% and 10% of the estate in Oman, Algeria, Tunisia, Yemen, Jordan, Mauritania, Syria, and Bahrain. The regional average is 13.6%. In Djibouti, Morocco, Egypt, Lebanon, Qatar, Saudi Arabia, and UAE, it varies between 18% and 30%; in Comoros, Iraq, Sudan, and Palestine, there are no insolvency practices

Arab countries, when compared with averages in other regions, have a poor score on time required to recover the debt: 3.6 years compared to between 1.7 and 3.3 years. In recovery rate, the Arab region is ranked at fifth among the six regions at 25.8 cents on the dollar. The best result is that of the OECD at 69.1 cents on the dollar. However, for the cost of closing indicator, the Arab region is in the mid-range at 13.6% of estate, while other regions range from 9.1% to 23.2%.

### Changes from 2006 to 2011

The World Bank also assessed the distribution of cumulative changes across the nine indicators between *Doing Business 2006* and *Doing Business 2011*. The DB Change Score ranges from -0.1 to 0.54. For this analysis, Bahrain and Qatar do not feature as they were included in the *Doing Business* report after 2005 and hence five years of data are not available. This analysis shows that Saudi Arabia has the highest DB Change Score of 0.26 among the Arab countries followed by Egypt at 0.21 and Syria at 0.17. In Comoros, there was no change. For 14 Arab countries—Yemen, Tunisia, Mauritania, Morocco, Sudan, Algeria, Jordan, Palestine, Iraq, Oman, Djibouti, Lebanon, and Kuwait—the DB Change Score ranges between 0.12 and 0.02.

Many positive initiatives have been taken up by the Arab countries to improve the business environment. *Doing Business 2011* of the World Bank takes into consideration all these aspects as well as some of the negative factors. For example, Bahrain made registering the property more burdensome by increasing the fees at the Survey and Land Registration Bureau. However, it made it easier to trade by building a modern port, improving the electronic data-interchange system, and introducing risk-based inspections. Egypt reduced the cost to start a business and made trading easier by introducing an electronic system for

submitting export and import documents. Jordan improved the credit information system by setting up a regulatory framework for establishing a private credit bureau as well as lowered the threshold for loans to be reported to the public credit registry. Jordan also abolished certain taxes and made it possible to file income and sales tax returns electronically.

Lebanon increased the cost of starting a business but improved its credit information system by allowing banks online access to the public credit registry's reports. Morocco strengthened investor protections by requiring greater disclosures in companies' annual reports. Qatar made starting a business more difficult by adding a procedure to register for taxes and obtain a company seal. Saudi Arabia made dealing with construction permits easier for the second year in a row by introducing a new streamlined process. An amendment to Saudi Arabia's commercial lien law enhanced access to credit by making secured lending more flexible and allowing settlement out of court in case of default. Saudi Arabia also reduced the time required to import by launching a new container terminal at the Jeddah Islamic Port. It speeded up the insolvency process by providing earlier access to amicable settlements and putting time limits on the settlements to encourage creditors to participate

Syria made it easier to start a business by reducing the minimum capital requirements for limited liability companies by two thirds. It also decentralized approval of the company memorandum. It enhanced access to credit by eliminating the minimum threshold for loans included in the database, which expanded the coverage of individuals and firms to 2.8% of the adult population. Tunisia introduced the use of an electronic system for payment of corporate income tax and value-added tax. It also upgraded its electronic data-interchange system for imports and exports, speeding up the assembly of import documents.

UAE enhanced access to credit by setting up a legal framework for private credit bureaus and requiring that financial institutions share credit information. UAE also streamlined document preparation and reduced the time to trade with the launch of Dubai Custom's comprehensive new customs system, Mirsal 2. Palestine made starting a business more difficult by increasing the lawyer's fees that must be paid for incorporation. However, it established more efficient processes in customs that made trading easier

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## Research on economic freedom

Increases in economic freedom that are, in effect, a return to the classical Arab model of free trade and open markets would help meet the challenges discussed above and generate the economic dynamism needed to create the jobs and prosperity that the region requires for a successful future. The era of government-directed economies, import substitution, and other uses of government power (largely based on Western socialist models) to direct the economy did not produce the results needed for regional prosperity and advancement.

A large body of empirical research has found that economic freedom is key to increasing prosperity, particularly among the emerging nations. Fact-based studies in top academic journals have shown that economic freedom promotes growth, prosperity, and other positive outcomes.<sup>1</sup> The relationship of economic freedom to prosperity is unsurprising. Individuals and families are best able to look after themselves when free to do so, without external constraints.

Moreover, economic freedom has intrinsic value and is inextricably linked to all other freedoms. Individuals and families should have the inherent right to make their own economic decisions. When they do, that economic freedom liberates them from government dependence and opens the door to other freedoms.

Economic freedom creates positive social and economic dynamics. In economically free nations, people succeed by creating goods or services that others want to buy. In other words, people get ahead by creating benefits for other people. Where economic freedom does not exist, economies grow slowly, if at all, and people gain by rent-seeking and limiting the possibilities of others. In the case of economic freedom, the biggest gains are achieved by people who increase the size of the pie for everyone; without economic freedom, the biggest gains are by those who cut a bigger slice of the pie for themselves to the disadvantage of others. This is a key reason that economic freedom has been shown to promote democracy and other freedoms (Griswold, 2004). A society where individuals gain by promoting the well-being of other individuals (by efficiently creating goods and services people want) differs dramatically from one where, in the absence of economic freedom, rent seeking—cutting a bigger slice of the pie for oneself—and hoarding power to the disadvantage of others is the path to

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1 For a sample of literature on economic freedom, see the web site, <<http://www.freetheworld.com>>. For a summary of literature on economic freedom and economic prosperity, see Berggren, 2003; Doucouliagos and Ulubasoglu, 2006; and Gwartney, Lawson, and Hall, 2011: 1–4.

increased wealth and power. In the first, positive social and economic dynamics lead to a stable, peaceful, civil society marked by freedom; in the second, negative dynamics create incentives to reduce freedoms.

Since the publication of the first edition of the *Economic Freedom of the World* in 1996 and, more recently, national and regional indexes like this one, there have been about 350 scholarly and policy articles that have used the economic freedom indexes to explore the relationship between economic freedom and other socioeconomic outcomes. Here, we will focus briefly on the relationship of economic freedom to economic growth and prosperity.

Intuitively, one would expect that economic freedom would have a positive impact on economic growth because economic freedom creates a climate that allows individuals and business to allocate their resources to the highest end use. However, the question is ultimately an empirical one. One of the first studies, Easton and Walker (1997) found that changes in economic freedom have a significant impact on the steady-state level of income even after the level of technology, the level of education of the work-force, and the level of investment are taken into account. De Haan and Sturm (2000) show empirically that positive (negative) changes in economic freedom lead to positive (negative) changes in economic growth rates. Using the economic freedom index published in Gwartney, Lawson, and Block (1996) and per-capita GDP data for 80 countries, their results indicate that, after educational level, investment, and population growth have been taken into account, changes in economic freedom have a significant impact on economic growth.

Gwartney and Lawson (2004) examined the impact of economic freedom on economic growth but with a specific focus on investment and productivity. They found that economic freedom strongly promotes investment. Nations with a score below 5 for economic freedom (on a scale from zero to 10, where a higher value indicates a higher level of economic freedom) attracted US\$845 in investment per worker over the period from 1980 to 2000 and only US\$68 per worker in foreign direct investment. Nations with an economic freedom score above 7 attracted US\$10,871 in investment per worker, including US\$3,117 of foreign direct investment. Moreover, investment is more productive in economically free nations. Holding constant factors thought to affect growth and productivity, such as initial per-capita GDP, tropical location, coastal location, change in human investment, and public investment, Gwartney and Lawson found that an increase of one percentage point in the ratio of private investment to GDP leads to increases in the growth rate of per-capita GDP by 0.33 percentage point in an economically free country. The same increase in private investment in a less economically free country increases the growth rate of per-capita GDP by 0.19 percentage point. In other words, investment in economically free nations (with a score above 7) had a positive impact on growth that was 70% greater than investment in nations with poor levels of economic freedom (score below 5). Using the same regression model, Gwartney and Lawson also calculated the impact of economic freedom on overall growth through both direct and indirect effects. They found that, if a nation increased its economic freedom by one unit (on a scale from zero to 10) in the 1980s, it would have seen increased growth of 1.9 percentage points a year over the period from 1980 to 2000. Because of the

high rates of growth associated with economic freedom, they also found that over the long term economic freedom explains over two thirds of the cross-country variation in GDP.

Increases in economic freedom also reduce poverty (Norton and Gwartney, 2008). Specifically, the weighted \$1-per-day poverty rate was 29.7% in 2004 for countries with EFW ratings of less than 5 but only 7.7% for countries with EFW ratings between 6 and 7; the \$2-per-day poverty rate declines from 51.5% to 46.2% to 38.9% as one moves from the least-free to the most-free economies. Moreover, a one-unit increase in the EFW rating between 1980 and 1995 was associated with a 5.21 percentage-point reduction in the \$1-per-day poverty rate and a 5.22 percentage-point reduction in the \$2-per-day poverty rate. Norton and Gwartney also examined the relationship between economic freedom and other measures of well-being. In the most unfree economies, 72.6% of the population has access to safe water compared to nearly 100% in the most free economies. Life expectancy of people in the mostly free group is over 20 years greater than it is for those in mostly unfree economies. Mostly free economies have more than twice as many physicians per 1,000 population than mostly unfree economies. For every 1,000 births, 64 more babies survive in mostly free economies per year than in the mostly unfree countries. For every thousand children under age of five, 109 more children survive in mostly free countries each year than in those countries that are mostly unfree.

# The index of Economic Freedom in the Arab World

## The structure of the index

The index published in *Economic Freedom of the World: 2011 Annual Report* (Gwartney, Lawson, and Hall, 2011) uses 42 components in five areas. Because underlying data for some of the components used in the world index were not broadly available for the Arab world, they were replaced by similar components with broader coverage of the Arab world. The index published in *Economic Freedom of the Arab World: 2011 Annual Report* includes the same five areas as *Economic Freedom of the World* but has 39 components. The score for each of the five areas is derived by averaging the components within that area. The most recent data available for this report are from 2009.

The five areas, described in more detail below, are

Area 1: Size of Government: Expenditures, Taxes and Enterprises;

Area 2: Commercial and Economic Law and Security of Property Rights;

Area 3: Access to Sound Money;

Area 4: Freedom to Trade Internationally;

Area 5: Regulation of Credit, Labor, and Business.

The overall rating was computed by averaging the scores of the five areas. Each component was normalized on a scale of zero to 10. The Appendix: Explanatory Notes and Data Sources (pg. 60) describes the procedures by which scores between zero and 10 were derived for each category as well as details about sources and methodology.

For consistency, the minimums and maximums used in last year's report are also used in this year's report. Global rather than regional minimums and maximums were used because of the small variability in some of the components among Arab countries and in order to place the Arab nations in a broader context. Thus, a high score indicates that a nation is doing well, not only in comparison with its immediate regional neighbors but also in comparison with nations around the world whose economic practices encourage economic freedom.

The index published in *Economic Freedom of the Arab World* includes data for the 22 nations of the League of Arab States. Eleven of these nations also appear in *Economic Freedom of the World* and the relative rankings of these nations in both indexes are very similar, despite the slightly different menu of components used in the index published in *Economic Freedom of the Arab World*. An overall

score was computed for 16 of the nations included in *Economic Freedom of the Arab World*; an overall score could not be computed for the remaining jurisdictions because of a lack of data.

The index published in *Economic Freedom of the Arab World* is compiled only from third-party data: in order to ensure objectivity, none of the sponsoring institutions provides any original data. As well, the formulas used in the calculations have remained the same for each year of the report. Thus, the authors of the report are unable to influence the standings of the nations in the report. Moreover, any outside observer would be able to replicate the index in full, producing identical results.

## A review of the results

As noted above, to increase coverage of the Arab world, *Economic Freedom of the Arab World* uses a menu of variables somewhat different from that used in *Economic Freedom of the World*. The indexes are highly consistent with one another. Of course, even hard economic data, such as the data on government expenditure used in the index, are constantly revised, while other data streams are based on surveys. The scores in this index should be treated as highly precise, though not exact, estimates. Thus, there are small differences between the two indexes.

Changes in economic freedom come slowly as policies and attitudes change and develop. Nonetheless, it is encouraging that levels of economic freedom have remained constant over a difficult period. The years from 2002 to 2009 reflected by survey data have seen great political stress in the region such as the continuing fallout of the Iraq war, instability in Palestine, troubles in Lebanon, and other factors. Yet, economic freedom in the region has remained relatively constant. More recently, widespread demonstrations, new governments, and reforms in many nations will lead to many changes. If these changes lead to increased economic freedom, then the research cited above indicates it help create many of the things sought by the demonstrators, more civil and political freedoms generally, prosperity, and democracy.

As *Economic Freedom of the Arab World* evolves, it will offer a key insight on where progress is being made and, because of the extensive descriptive capacity of its 39 components, will provide a detailed prescription indicating where policy improvements are required.

## The rankings

Bahrain holds the top spot this year with a score of 8.0, Lebanon follows with 7.7, and Kuwait and the United Arab Emirates are tied with 7.6. The Gulf States have achieved the highest level of economic freedom in the Arab world on average. Contrary to what one might think, this is not made easier by wealth from oil production and export, which presents a great temptation for governments to overspend and crowd out private-sector economic activity and weaken free markets so that economic power remains concentrated in the hands of those who control the oil revenues. Because of the oil wealth, governments have the means

to protect their positions, even if economic activity outside the oil sector is weak. Despite this, the Gulf States have worked to open their economies internally and externally to world trade and this is a credit to governance in the region.

Algeria is last with score of 5.5, with Syria just ahead at 5.9, and Mauritania at 6.0. Interestingly, Tunisia, where the Arab Spring was sparked, also has low economic freedom: it stands in the fourth lowest spot with a score of 6.5.

## Individual areas

Following is a description of the variables used to measure economic freedom, explanations of why they are relevant, and the scores for each of the Arab nations where data are available.<sup>1</sup>

### Area 1: Size of Government: Expenditures, Taxes and Enterprises

The four components of Area 1 indicate the extent to which countries rely on individual choice and markets rather than the political process to allocate resources and goods and services. When government spending increases relative to spending by individuals, households, and businesses, government decision-making is substituted for personal choice and thus economic freedom is reduced. The first two components address this issue: Government consumption as a share of total consumption (1A) and Transfers and subsidies as a share of GDP (1B). Government consumption (1A) refers to the extent to which the government itself provides goods and services. If government employees build a road, it is included as government consumption; if the construction is contracted to a private company, it is no longer included in government consumption though it is categorized as government spending. Competitive contracting builds efficiency and lessens the politicization of the economy, if the contracting is done impartially. Transfers and subsidies (1B) weaken markets by rewarding political power and position rather than the ability to produce goods and services the world wants and will pay for.

The third component (1C) measures the extent to which countries use private enterprise and free markets rather than government enterprises to produce goods and services. The fourth component (1D) is based on the top marginal income-tax rate and the income threshold at which it applies. High marginal tax rates that apply at relatively low income levels increasingly deny individuals the fruits of their labor.

Table 2 shows the results for Area 1: Size of Government. Lebanon is the best performer, followed by Comoros and Egypt. Oman is the worst performer, followed by Algeria and Jordan.

### Area 2: Commercial and Economic Law and Security of Property Rights

Security of persons, contracts, and rightfully acquired property are central elements of both economic freedom and a civil society. Indeed, the legal system is the most important internal function of government. Security of property rights, protected by the rule of law, is essential to economic freedom. Freedom to exchange, for

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1 This description closely follows Gwartney and Lawson, 2006: 10–12.



example, is meaningless if individuals do not have secure rights to property, including the fruits of their labor. Failure of a country's legal system to provide for the security of property rights, enforcement of contracts, and the mutually agreeable settlement of disputes will undermine the operation of a market-exchange system.

As is appropriate for an assessment of economic freedom, the index focuses on economic and commercial law. However, the first two components in this area—2A, Military interference in the rule of law and the political process and 2B, Integrity of the legal system—are measures of whether or not the rule of law is applied impartially and consistently, which is also essential for effective economic and commercial law. Component 2C, Regulatory restrictions on the sale of real property, provides information on how easy it is to establish property rights and 2D, Legal enforcement of contracts, indicates whether agreements freely entered into are effectively protected by the rule of law. Both 2C and 2D are composites of other sub-components that measure the number of procedures, delays in judgments, and costs. Procedures that are too numerous, time-consuming, or costly lead to deterioration of the legal system's ability to protect freely made agreements.

Table 3 shows the results for this area. On average, the Gulf States are the leaders here. The top three jurisdictions are Saudi Arabia, Oman, and Kuwait. The weakest performers are Somalia, Sudan, and Iraq.

### **Area 3: Access to Sound Money**

Money is essential to exchange. An absence of sound money undermines gains from trade and erodes the value of property held in monetary instruments. Sound money is essential to protect property rights and, thus, economic freedom. When governments print money to finance their expenditures, they are in effect expropriating the property and violating the economic freedom of their citizens. This (measured in component 3A) leads to inflation. High and volatile rates of inflation (components 3B and 3C) distort relative prices, alter the fundamental terms of long-term contracts, and make it virtually impossible for individuals and businesses to plan sensibly for the future. Component 3D is designed to measure the ease with which other currencies can be used via domestic and foreign bank accounts: that is, can one freely exchange and obtain differing currencies?

Table 4 shows the results for this area. The leaders in this area are Kuwait, Lebanon, with Bahrain and the Palestinian Territories<sup>2</sup> tied for third. Iraq, Libya, and Mauritania are at the bottom of the rankings.

### **Area 4: Freedom to Trade Internationally**

In a world of high technology and low costs for communication and transportation, freedom of exchange across national boundaries is a key ingredient of economic freedom. The components in this area are designed to measure a wide variety of restraints that affect international exchange: these include tariffs (4A and its sub-components), exchange rate distortions (4B), and exchange rate and capital controls (4C). Individuals in the Arab world should have the right to buy and sell freely: Arab consumers should be able to buy the products they want from each other and from everyone in the world and Arab producers should be

2 This includes data for the West Bank and Gaza.

able to sell within the Arab world and to the world market. Table 5 shows the results for this area. The leaders are Yemen, Bahrain, and Iraq. Somalia, Tunisia, and Syria are at the bottom of the ranks.

### **Area 5: Regulation of Credit, Labor, and Business**

When regulations restrict entry into markets and interfere with the freedom to engage in voluntary exchange, they reduce economic freedom. Regulatory restraints that limit the freedom of exchange in credit, labor, and product markets are included in the index. Red tape can strangle business expansion, entrepreneurship, and job creation.

The first component (5A) reflects conditions in the domestic credit market. Individuals should be able to make their own decisions in credit markets and deal with institutions they choose freely. The components are designed to measure whether government allows free markets to determine credit or whether this is politically determined and whether credit is available in a timely, cost-efficient manner to credit-worthy individuals and businesses that freely seek it. The top three in this category are Lebanon, followed by Bahrain and Saudi Arabia. The lowest scorers are Libya, Syria, and Algeria.

Many types of labor-market regulation (5B) infringe upon the economic freedom of employees and employers. Individuals should be able to work for whom they wish and employers should be able to hire whom they wish. Variables include difficulty in hiring, rigidity in hours, dismissal regulations and costs, and conscription. Bahrain is the leader in labor-market freedom followed by Oman and Kuwait. Egypt, Sudan, and Algeria had the lowest scores.

Like the regulation of the credit markets and labor markets, the regulation of business activities (5C) inhibits economic freedom. Individuals should be able to open the business they wish when they wish and close it when they choose. The regulation-of-business sub-components are designed to identify the extent to which regulatory restraints and bureaucratic procedures limit establishing a business (5Ci) and closing it (5Cii). Bahrain comes in first, followed by Tunisia and Saudi Arabia. The worst performer is Iraq, with Comoros and the Palestinian Territories tied for second worst.

In regulation overall, the Gulf States along with Lebanon on average have the best scores. The leaders are Bahrain in first, followed by Saudi Arabia and Oman. The lowest scorers are Sudan followed by Egypt, Syria, and Iraq in a tie for second lowest.

## **Conclusion**

The Arab world has considerable diversity in economic freedom, with some nations having high levels of economic freedom by world standards and others relatively low levels. Unfortunately, those nations with low levels deprive their citizens of the well-known benefits of economic freedom. Economic freedom in the region has remained stable over the period of the index. This is a considerable achievement given the challenges the region has faced in recent years. The future holds many puzzles given the many significant changes now underway.



## Data tables

The index published in *Economic Freedom of the Arab World* includes data for the 22 nations of the League of Arab States. Eleven of these nations also appear in *Economic Freedom of the World* and the relative rankings of these nations in both indexes are very similar, despite the slightly different menu of components used in the index published in *Economic Freedom of the Arab World*. An overall score was computed for 16 of the nations included in *Economic Freedom of the Arab World*; an overall score could not be computed for the remaining jurisdictions because of a lack of data.

For all countries, we present scores for each of the five areas analyzed as well as scores for each component, where data were available. All the scores in the index are values out of 10: 10 is the highest possible score and zero (0) is the lowest. A higher score indicates a greater degree of economic freedom.

A more complete description of each component, including the methodology used to calculate the scores, can be found in the Appendix: Explanatory Notes and Data Sources (pg. 60).

### Data available to Researchers

The full data-set, including all of the scores published in this report as well as data on which these scores were based, can be freely downloaded at <<http://www.freetheworld.com>>. If you have any difficulties retrieving the data, please feel free to contact us via e-mail: <[freetheworld@fraserinstitute.org](mailto:freetheworld@fraserinstitute.org)>.

**Table 1: Overall Economic Freedom Scores and Ranks**

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon	Libya	Mauritania
<b>2009</b>											
Score	5.5	8	6.8	6.6	6.8		7.4	7.6	7.7		6
Rank	16	1	9	11	9		6	3	2		14
<b>2008</b>											
Score	5.4	8	6.9	6.5	6.8		7.5	7.8	7.6		6.4
Rank	16	1	9	11	10		4	2	3		13
<b>2007</b>											
Score	5.5	8			7		7.6	7.8	7.7		6.4
Rank	15	1			10		5	2	3		12
<b>2006</b>											
Score	5.6	8.0			6.8		7.6	7.9	7.5		6.2
Rank	14	1			10		4	2	6		13
<b>2005</b>											
Score	5.3	8			6.7		7.7	7.8	7.6		6.6
Rank	15	2			10		4	3	5		11
<b>2004</b>											
Score	5.2	7.9			6.5		7.6	7.9	7.7		6.5
Rank	15	2			11		6	2	5		11
<b>2003</b>											
Score	4.9	8.0			6.3		7.6	7.9	7.7		6.5
Rank	15	1			13		6	3	5		10
<b>2002</b>											
Score	4.9	8.1			6.3		7.6	7.9	7.7		6.6
Rank	15	1			12		6	3	5		10

Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories	Yemen, Republic
6.6 11	7.2 8	7.5 5	7.4 6			5.9 15	6.5 13	7.6 3		
6.5 11	7.4 6	7.5 4	7.3 7			5.7 15	6.3 14	7.3 7		
6.6 11	7.7 3	7.6 5	7.4 7			5.9 14	6.4 12	7.3 8		7.3 8
6.5 11	7.6 4	7.8 3	7.4 7			5.5 15	6.3 12	7.4 7		7.3 9
6.6 11	7.5 6	8.1 1	7.4 7			5.6 14	6.4 13	7.4 7		7.3 9
6.6 10	7.8 4	8.1 1	7.3 7			5.6 14	6.4 13	7.3 7		7.2 9
6.4 11	7.8 4	8.0 1	7.3 7			5.0 14	6.4 11	7.3 7		7.2 9
6.4 11	7.8 4	8.0 2	7.3 7			5.4 14	6.3 12	7.3 7		7.2 9

**Table 2: Area 1. Size of Government: Expenditures, Taxes, and Enterprises**

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon
<b>2009</b>									
A. General government consumption spending	2.5	2.8	8.1	2.6	7.9		5.3	2.4	7.6
B. Transfers and subsidies as a percentage of GDP	7.0	9.1			6.5		7.8	1.5	7.2
C. Government enterprises and investment	0.0	4.0			2.0		0.0	7.0	
D. Top marginal tax rate	7.0	10.0	8.0	8.0	10.0	10.0	7.0	10.0	10.0
<b>Area 1 Score</b>	<b>4.1</b>	<b>6.5</b>	<b>8.0</b>	<b>5.3</b>	<b>6.6</b>		<b>5.0</b>	<b>5.2</b>	<b>8.3</b>
<b>Area 1 Rank</b>	<b>16</b>	<b>4</b>	<b>2</b>	<b>12</b>	<b>3</b>		<b>15</b>	<b>13</b>	<b>1</b>
<b>2008</b>									
A. General government consumption spending	2.4	2.8	8.8	2.6	7.9		5.2	2.4	7.6
B. Transfers and subsidies as a percentage of GDP	7.1	9.1			6.4		7.4	8.3	7.1
C. Government enterprises and investment	0.0	4.0			4.0		6.0	7.0	
D. Top marginal tax rate	7.0	10.0	8.0	8.0	10.0	10.0	7.0	10.0	10.0
<b>Area 1 Score</b>	<b>4.1</b>	<b>6.5</b>	<b>8.4</b>	<b>5.3</b>	<b>7.1</b>		<b>6.4</b>	<b>6.9</b>	<b>8.2</b>
<b>Area 1 Rank</b>	<b>17</b>	<b>7</b>	<b>1</b>	<b>14</b>	<b>4</b>		<b>8</b>	<b>5</b>	<b>2</b>
<b>2007</b>									
A. General government consumption spending	4.0	3.1	8.7	2.6	7.8		5.5	2.3	7.5
B. Transfers and subsidies as a percentage of GDP	7.5	9.6			7.0		7.8	6.8	7.6
C. Government enterprises and investment	0.0	4.0			4.0		6.0	7.0	
D. Top marginal tax rate		10.0			10.0		7.0	10.0	10.0
<b>Area 1 Score</b>	<b>3.8</b>	<b>6.7</b>			<b>7.2</b>		<b>6.6</b>	<b>6.5</b>	<b>8.4</b>
<b>Area 1 Rank</b>	<b>15</b>	<b>3</b>			<b>2</b>		<b>4</b>	<b>6</b>	<b>1</b>
<b>2006</b>									
A. General government consumption spending	4.1	3.4	8.6	2.4	7.4		5.4	2.1	7.2
B. Transfers and subsidies as a percentage of GDP	7.5	9.5			6.3		7.5	8.6	7.4
C. Government enterprises and investment	0.0	4.0			2.0		6.0	7.0	
D. Top marginal tax rate		10.0			10.0		7.0	10.0	10.0
<b>Area 1 Score</b>	<b>3.9</b>	<b>6.7</b>			<b>6.4</b>		<b>6.5</b>	<b>6.9</b>	<b>8.2</b>
<b>Area 1 Rank</b>	<b>15</b>	<b>4</b>			<b>7</b>		<b>6</b>	<b>2</b>	<b>1</b>

\* Includes data for the West Bank and Gaza.

Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories*	Yemen, Rep.
2.7	4.5	4.7	1.7	0.0	0.2		6.9	6.8	6.7	6.4		
		8.1		9.0					7.1			
	8.0	8.0	0.0					2.0	2.0	2.0		
10.0	5.0	4.0	10.0	10.0	10.0	7.0		9.0	7.0	10.0	10.0	7.0
6.4	5.8	6.2	3.9	6.3	5.1			5.9	5.7	6.1		
5	10	7	17	6	14			9	11	8		
2.7	4.5	5.1	1.7	0.0	0.0		5.7	6.8	6.2	6.4	4.3	
		7.2	9.4	9.2					6.8			
	8.0	10.0	0.0					2.0	2.0	2.0		
	5.0	4.0	10.0	10.0	10.0	7.0		10.0	7.0	10.0	10.0	7.0
	5.8	6.6	5.3	6.4	5.0			6.3	5.5	6.1	7.2	
	12	6	14	8	16			10	13	11	3	
2.5	4.5	4.8	1.5	0.0	0.0		6.2	7.4	6.3	6.4	4.3	5.6
		7.8	9.4	9.3					7.2			
	8.0	10.0	0.0					2.0	2.0	2.0		
	5.0	4.0	10.0	10.0	10.0	7.0		8.0	7.0	10.0	10.0	7.0
	5.8	6.6	5.2	6.4	5.0			5.8	5.6	6.1		6.3
	10	4	13	7	14			10	12	9		8
2.7	4.6	4.6	0.6	1.6	0.0		6.0	7.0	6.2	6.4	4.3	5.6
		8.1	9.4	9.2					7.4			
	7.0	10.0	0.0					0.0	2.0	2.0		
	5.0	4.0	10.0	10.0	10.0			8.0	7.0	10.0	10.0	7.0
	5.5	6.7	5.0	6.9	5.0			5.0	5.6	6.1		6.3
	11	4	12	2	12			12	10	9		8

Table 2, continued: Area 1. Size of Government: Expenditures, Taxes, and Enterprises

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon
<b>2005</b>									
A. General government consumption spending	4.2	2.9	8.3	3.0	7.3		6.4	2.1	7.3
B. Transfers and subsidies as a percentage of GDP		9.5			8.1		6.4	7.9	7.8
C. Government enterprises and investment	2.0	4.0			0.0		7.0	7.0	
D. Top marginal tax rate		10.0			8.0		7.0	10.0	10.0
<b>Area 1 Score</b>	<b>3.1</b>	<b>6.6</b>			<b>5.9</b>		<b>6.7</b>	<b>6.8</b>	<b>8.4</b>
<b>Area 1 Rank</b>	<b>15</b>	<b>5</b>			<b>10</b>		<b>4</b>	<b>3</b>	<b>1</b>
<b>2004</b>									
A. General government consumption spending	4.0	2.9	7.9	2.8	7.3		5.7	1.6	7.3
B. Transfers and subsidies as a percentage of GDP		9.5			8.3		8.6	8.0	8.3
C. Government enterprises and investment	2.0	4.0			0.0		2.0	7.0	
D. Top marginal tax rate		10.0			7.0		7.0	10.0	10.0
<b>Area 1 Score</b>	<b>3.0</b>	<b>6.6</b>			<b>5.6</b>		<b>5.8</b>	<b>6.6</b>	<b>8.6</b>
<b>Area 1 Rank</b>	<b>15</b>	<b>3</b>			<b>10</b>		<b>8</b>	<b>3</b>	<b>1</b>
<b>2003</b>									
A. General government consumption spending	3.9	3.0	7.7	2.6	7.4		5.0	1.5	6.9
B. Transfers and subsidies as a percentage of GDP		8.9			8.4		9.2	7.8	8.4
C. Government enterprises and investment	2.0	4.0			0.0		2.0	7.0	
D. Top marginal tax rate		10.0			7.0		7.0	10.0	10.0
<b>Area 1 Score</b>	<b>2.9</b>	<b>6.5</b>			<b>5.7</b>		<b>5.8</b>	<b>6.6</b>	<b>8.5</b>
<b>Area 1 Rank</b>	<b>15</b>	<b>3</b>			<b>8</b>		<b>7</b>	<b>2</b>	<b>1</b>
<b>2002</b>									
A. General government consumption spending	4.1	3.3	6.9	3.0	7.5		5.1	1.8	6.7
B. Transfers and subsidies as a percentage of GDP		9.8			8.4		9.3	6.9	8.7
C. Government enterprises and investment	2.0	4.0			0.0		2.0	7.0	
D. Top marginal tax rate		10.0			7.0		7.0	10.0	10.0
<b>Area 1 Score</b>	<b>3.1</b>	<b>6.8</b>			<b>5.7</b>		<b>5.9</b>	<b>6.4</b>	<b>8.5</b>
<b>Area 1 Rank</b>	<b>15</b>	<b>2</b>			<b>9</b>		<b>8</b>	<b>3</b>	<b>1</b>

Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories*	Yemen, Rep.
2.5	6.0	4.4	0.3	4.2	0.0		5.9	6.7	6.0	6.2	4.3	5.6
		8.1	9.4	9.2					7.5			
	8.0	10.0	0.0					2.0	2.0	2.0		
	5.0	4.0	10.0	10.0	10.0			8.0	7.0	10.0	10.0	7.0
	<b>6.3</b>	<b>6.6</b>	<b>4.9</b>	<b>7.8</b>	<b>5.0</b>			<b>5.6</b>	<b>5.6</b>	<b>6.1</b>		<b>6.3</b>
	<b>7</b>	<b>5</b>	<b>14</b>	<b>2</b>	<b>13</b>			<b>11</b>	<b>11</b>	<b>9</b>		<b>7</b>
3.8	5.5	4.5	0.6	3.0	0.0		7.5	6.0	6.0	5.8	4.6	5.6
		7.7	9.4	9.2					7.6			
	8.0	10.0	0.0					2.0	2.0	0.0		
	5.0	4.0	10.0	10.0	10.0			8.0	7.0	10.0	10.0	7.0
	<b>6.2</b>	<b>6.6</b>	<b>5.0</b>	<b>7.4</b>	<b>5.0</b>			<b>5.3</b>	<b>5.7</b>	<b>5.3</b>		<b>6.3</b>
	<b>7</b>	<b>3</b>	<b>13</b>	<b>2</b>	<b>13</b>			<b>11</b>	<b>9</b>	<b>11</b>		<b>6</b>
3.9	3.3	4.7	0.7	0.0	0.0		8.0	6.4	5.9	5.1	5.1	5.6
		8.0	9.4	9.2					7.6			
	8.0	8.0	0.0					0.0	2.0	0.0		
	5.0	4.0	10.0	10.0	10.0			8.0	7.0	10.0	10.0	7.0
	<b>5.4</b>	<b>6.2</b>	<b>5.0</b>	<b>6.4</b>	<b>5.0</b>			<b>4.8</b>	<b>5.6</b>	<b>5.0</b>		<b>6.3</b>
	<b>10</b>	<b>6</b>	<b>11</b>	<b>4</b>	<b>11</b>			<b>14</b>	<b>9</b>	<b>11</b>		<b>5</b>
5.1	5.3	4.7	0.0	0.0	0.0		8.3	6.7	5.8	5.1	4.8	5.7
		7.7	9.4	9.2					7.6			
	8.0	8.0	0.0					0.0	2.0	0.0		
	5.0	4.0	10.0	10.0	10.0			8.0	7.0	10.0	10.0	7.0
	<b>6.1</b>	<b>6.1</b>	<b>4.9</b>	<b>6.4</b>	<b>5.0</b>			<b>4.9</b>	<b>5.6</b>	<b>5.0</b>		<b>6.3</b>
	<b>6</b>	<b>6</b>	<b>13</b>	<b>3</b>	<b>11</b>			<b>13</b>	<b>10</b>	<b>11</b>		<b>5</b>

**Table 3: Area 2. Commercial and Economic Law and Security of Property Rights**

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon
<b>2009</b>									
A. Military interference in rule of law and political process	5.0	5.0	7.5	5.8	5.0	0.0	8.3	8.3	3.3
B. Integrity of the legal system	5.0	8.3	5.0	4.2	5.8	2.5	6.7	8.3	6.7
C. Regulatory restrictions on the sale of real property	7.4	9.6	7.0	7.4	8.7	8.3	8.1	8.6	8.1
<i>i. Number of procedures</i>	5.0	9.5	8.0	7.0	7.0	8.0	7.0	6.5	6.5
<i>ii. Time (days)</i>	9.5	9.7	9.8	9.6	9.3	9.5	9.8	9.4	9.7
<i>iii. Cost (% of property value)</i>	7.7	9.7	3.2	5.7	9.7	7.5	7.6	9.9	8.1
D. Legal enforcement of contracts	6.0	6.0	5.6	4.8	5.4	5.9	6.4	5.9	6.4
<i>i. Number of procedures</i>	2.7	2.3	3.4	4.1	3.9	1.6	4.5	1.8	4.8
<i>ii. Time (days)</i>	6.1	6.1	7.1	1.7	3.3	7.0	5.7	6.6	5.5
<i>iii. Cost (% of debt)</i>	9.3	9.6	6.2	8.7	9.1	9.0	8.8	9.4	8.9
<b>Area 2 Score</b>	<b>5.9</b>	<b>7.2</b>	<b>6.3</b>	<b>5.6</b>	<b>6.2</b>	<b>4.2</b>	<b>7.4</b>	<b>7.8</b>	<b>6.1</b>
<b>Area 2 Rank</b>	<b>15</b>	<b>9</b>	<b>12</b>	<b>18</b>	<b>13</b>	<b>21</b>	<b>7</b>	<b>3</b>	<b>14</b>
<b>2008</b>									
A. Military interference in rule of law and political process	5.0	5.0			5.0	0.0	8.3	8.3	3.3
B. Integrity of the legal system	5.0	8.3			5.8	2.5	6.7	8.3	6.7
C. Regulatory restrictions on the sale of real property	6.8	9.6	7.0	7.4	8.7	8.6	7.7	8.6	8.1
<i>i. Number of procedures</i>	3.5	9.5	8.0	7.0	7.0	8.0	6.5	6.5	6.5
<i>ii. Time (days)</i>	9.5	9.7	9.8	9.6	9.3	9.9	9.8	9.4	9.7
<i>iii. Cost (% of property value)</i>	7.6	9.7	3.2	5.7	9.7	7.9	6.7	9.9	8.1
D. Legal enforcement of contracts	6.0	6.0	5.6	4.8	5.3	5.8	6.3	6.0	6.4
<i>i. Number of procedures</i>	2.5	2.3	3.4	4.1	3.6	1.6	4.3	1.8	4.8
<i>ii. Time (days)</i>	6.1	6.1	7.1	1.7	3.3	7.0	5.7	6.6	5.5
<i>iii. Cost (% of debt)</i>	9.3	9.6	6.2	8.7	9.1	8.8	8.8	9.6	8.9
<b>Area 2 Score</b>	<b>5.7</b>	<b>7.2</b>	<b>6.3</b>	<b>6.1</b>	<b>6.2</b>	<b>4.2</b>	<b>7.2</b>	<b>7.8</b>	<b>6.1</b>
<b>Area 2 Rank</b>	<b>18</b>	<b>10</b>	<b>13</b>	<b>15</b>	<b>14</b>	<b>21</b>	<b>10</b>	<b>3</b>	<b>15</b>
<b>2007</b>									
A. Military interference in rule of law and political process	5.0	5.0			5.0	0.0	8.3	8.3	3.3
B. Integrity of the legal system	5.0	8.3			5.8	2.5	6.7	8.3	6.7
C. Regulatory restrictions on the sale of real property	6.8	9.6	7.0	7.4	8.2	8.6	7.7	8.6	8.1
<i>i. Number of procedures</i>	3.5	9.5	8.0	7.0	7.0	8.0	6.5	6.5	6.5
<i>ii. Time (days)</i>	9.5	9.7	9.8	9.6	8.0	9.9	9.8	9.4	9.7
<i>iii. Cost (% of property value)</i>	7.6	9.7	3.2	5.7	9.7	8.0	6.7	9.9	8.1
D. Legal enforcement of contracts	6.0	6.0	5.6	4.8	5.3	5.8	6.3	6.0	6.4
<i>i. Number of procedures</i>	2.5	2.3	3.4	4.1	3.6	1.6	4.3	1.8	4.8
<i>ii. Time (days)</i>	6.1	6.1	7.1	1.7	3.3	7.0	5.7	6.6	5.5
<i>iii. Cost (% of debt)</i>	9.3	9.6	6.2	8.7	9.1	8.8	8.8	9.6	8.9
<b>Area 2 Score</b>	<b>5.7</b>	<b>7.2</b>	<b>6.3</b>	<b>6.1</b>	<b>6.1</b>		<b>7.2</b>	<b>7.8</b>	<b>6.1</b>
<b>Area 2 Rank</b>	<b>17</b>	<b>9</b>	<b>12</b>	<b>13</b>	<b>13</b>		<b>9</b>	<b>3</b>	<b>13</b>

\* Includes data for the West Bank and Gaza.



Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories*	Yemen, Rep.
5.0	3.3	6.7	8.3	6.7	8.3	1.7	0.0	3.3	6.7	8.3	5.8	6.7
6.7	3.3	8.3	8.3	8.3	8.3	0.8	4.2	8.3	8.3	6.7	5.8	3.3
	8.8	8.1	9.5	8.4	9.8		8.8	6.4	8.7	9.8	8.8	8.7
	8.5	6.5	9.5	5.5	9.5		7.5	8.5	8.5	10.0	7.0	7.5
	9.5	9.5	9.8	9.8	10.0		9.9	9.8	9.6	10.0	9.5	9.8
	8.3	8.4	9.0	9.9	10.0		9.0	0.8	8.0	9.4	9.8	8.8
	6.7	6.5	5.9	6.4	6.2		5.1	4.7	6.7	6.0	6.3	7.2
	2.7	4.1	1.6	3.4	3.4		1.1	0.7	4.3	2.0	3.2	5.0
	8.1	6.3	6.4	6.6	6.1		4.8	4.3	6.6	6.8	6.4	7.0
	9.2	9.1	9.6	9.3	9.0		9.4	8.9	9.3	9.1	9.3	9.5
<b>5.8</b>	<b>5.5</b>	<b>7.4</b>	<b>8.0</b>	<b>7.5</b>	<b>8.2</b>	<b>1.3</b>	<b>4.5</b>	<b>5.7</b>	<b>7.6</b>	<b>7.7</b>	<b>6.7</b>	<b>6.5</b>
<b>16</b>	<b>19</b>	<b>7</b>	<b>2</b>	<b>6</b>	<b>1</b>	<b>22</b>	<b>20</b>	<b>17</b>	<b>5</b>	<b>4</b>	<b>10</b>	<b>11</b>
5.0		6.7	8.3	6.7	8.3	1.7	0.0	3.3	6.7	8.3		6.7
6.7		8.3	8.3	8.3	8.3	0.8	4.2	8.3	8.3	6.7		3.3
	8.8	8.1	9.5	8.4	9.8		8.8	6.4	8.7	9.4	8.7	8.7
	8.5	6.5	9.5	5.5	9.5		7.5	8.5	8.5	9.0	7.0	7.5
	9.5	9.5	9.8	9.8	10.0		9.9	9.8	9.6	9.9	9.4	9.8
	8.3	8.4	9.0	9.9	10.0		9.0	0.8	8.0	9.4	9.7	8.8
	6.7	6.5	5.9	6.4	6.1		5.1	4.7	6.7	5.7	6.0	7.1
	2.7	4.1	1.6	3.4	3.2		1.1	0.7	4.3	1.8	3.2	4.8
	8.1	6.3	6.4	6.6	6.1		4.8	4.3	6.6	6.3	5.6	7.0
	9.2	9.1	9.6	9.3	9.0		9.4	8.9	9.3	9.1	9.3	9.5
<b>5.8</b>	<b>7.7</b>	<b>7.4</b>	<b>8.0</b>	<b>7.5</b>	<b>8.2</b>	<b>1.3</b>	<b>4.5</b>	<b>5.7</b>	<b>7.6</b>	<b>7.5</b>	<b>7.4</b>	<b>6.4</b>
<b>17</b>	<b>4</b>	<b>8</b>	<b>2</b>	<b>6</b>	<b>1</b>	<b>22</b>	<b>20</b>	<b>18</b>	<b>5</b>	<b>6</b>	<b>8</b>	<b>12</b>
5.0		6.7	8.3	6.7	8.3	1.7	0.0	3.3	6.7	8.3		6.7
6.7		8.3	8.3	8.3	8.3	0.8	4.2	8.3	8.3	6.7		3.3
	8.8	8.1	9.5	8.4	9.5		8.8	6.3	8.7	9.4	8.6	8.7
	8.5	6.5	9.5	5.5	8.5		7.5	8.5	8.5	9.0	7.0	7.5
	9.5	9.5	9.8	9.8	10.0		9.9	9.7	9.6	9.9	9.3	9.8
	8.3	8.4	9.0	9.9	10.0		9.0	0.8	8.0	9.4	9.6	8.7
	6.6	6.5	5.9	6.4	6.1		5.1	4.7	6.7	5.7	6.0	7.1
	2.7	4.1	1.6	3.4	3.2		1.1	0.7	4.3	1.8	3.2	4.8
	7.8	6.3	6.4	6.6	6.1		4.8	4.3	6.6	6.3	5.6	7.0
	9.2	9.1	9.6	9.3	9.0		9.4	8.9	9.3	9.1	9.3	9.5
<b>5.8</b>	<b>7.7</b>	<b>7.4</b>	<b>8.0</b>	<b>7.5</b>	<b>8.1</b>	<b>1.3</b>	<b>4.5</b>	<b>5.7</b>	<b>7.6</b>	<b>7.5</b>		<b>6.4</b>
<b>16</b>	<b>4</b>	<b>8</b>	<b>2</b>	<b>6</b>	<b>1</b>	<b>20</b>	<b>19</b>	<b>17</b>	<b>5</b>	<b>6</b>		<b>11</b>

Table 3, continued: Area 2. Commercial and Economic Law and Security of Property Rights

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon
<b>2006</b>									
A. Military interference in rule of law and political process	5.0	5.0			5.0	0.0	8.3	8.3	3.3
B. Integrity of the legal system	5.0	8.3			6.7	2.5	6.7	8.3	6.7
C. Regulatory restrictions on the sale of real property	6.8	9.6	7.0	7.4	7.6	8.6	7.7	8.6	8.1
<i>i. Number of procedures</i>	3.5		8.0	7.0	7.0	8.0	6.5	6.5	6.5
<i>ii. Time (days)</i>	9.5		9.8	9.5	8.0	9.9	9.8	9.4	9.7
<i>iii. Cost (% of property value)</i>	7.6		3.2	5.6	7.9	7.9	6.7	9.9	8.1
D. Legal enforcement of contracts	6.0	6.0	5.6	4.8	5.3	5.8	6.3	6.0	6.4
<i>i. Number of procedures</i>	2.5		3.4	4.1	3.6	1.6	4.3	1.8	4.8
<i>ii. Time (days)</i>	6.1		7.1	1.7	3.3	7.0	5.7	6.6	5.5
<i>iii. Cost (% of debt)</i>	9.3		6.2	8.7	9.1	8.8	8.8	9.6	8.9
<b>Area 2 Score</b>	<b>5.7</b>	<b>7.2</b>	<b>6.3</b>	<b>6.1</b>	<b>6.2</b>		<b>7.2</b>	<b>7.8</b>	<b>6.1</b>
<b>Area 2 Rank</b>	<b>17</b>	<b>9</b>	<b>12</b>	<b>14</b>	<b>13</b>		<b>9</b>	<b>3</b>	<b>14</b>
<b>2005</b>									
A. Military interference in rule of law and political process	5.0	5.0			5.0	0.0	8.3	8.3	3.3
B. Integrity of the legal system	5.0	8.3			6.7	2.5	6.7	8.3	6.7
C. Regulatory restrictions on the sale of real property	6.8	9.6	7.0	7.4	7.6	8.6	7.7	8.5	8.1
<i>i. Number of procedures</i>	3.5				7.0	8.0	6.5	6.5	6.5
<i>ii. Time (days)</i>	9.5				8.0	9.9	9.8	9.2	9.7
<i>iii. Cost (% of property value)</i>	7.6				7.8	7.8	6.7	9.8	8.1
D. Legal enforcement of contracts	6.0	6.0	5.6	4.8	5.3	5.8	6.3	6.0	6.4
<i>i. Number of procedures</i>	2.5				3.6	1.6	4.3	1.8	4.8
<i>ii. Time (days)</i>	6.1				3.3	7.0	5.7	6.6	5.5
<i>iii. Cost (% of debt)</i>	9.3				9.1	8.8	8.8	9.6	8.9
<b>Area 2 Score</b>	<b>5.7</b>	<b>7.2</b>	<b>6.3</b>	<b>6.1</b>	<b>6.2</b>		<b>7.2</b>	<b>7.8</b>	<b>6.1</b>
<b>Area 2 Rank</b>	<b>17</b>	<b>9</b>	<b>12</b>	<b>14</b>	<b>13</b>		<b>9</b>	<b>3</b>	<b>14</b>
<b>2004</b>									
A. Military interference in rule of law and political process	5.0	5.0			5.0	0.0	8.3	8.3	3.3
B. Integrity of the legal system	5.0	8.3			6.7	2.5	6.7	8.3	6.7
C. Regulatory restrictions on the sale of real property	6.8	9.6	7.0	7.4	7.6	8.6	7.7	8.5	8.1
<i>i. Number of procedures</i>	3.5				7.0		6.5	6.5	6.5
<i>ii. Time (days)</i>	9.5				8.0		9.8	9.2	9.7
<i>iii. Cost (% of property value)</i>	7.6				7.8		6.7	9.8	8.1
D. Legal enforcement of contracts	6.0	6.0	5.6	4.8	5.3	5.8	6.3	6.0	6.4
<i>i. Number of procedures</i>	2.5				3.6		4.3	1.8	4.8
<i>ii. Time (days)</i>	6.1				3.3		5.7	6.6	5.5
<i>iii. Cost (% of debt)</i>	9.3				9.1		8.8	9.6	8.9
<b>Area 2 Score</b>	<b>5.7</b>	<b>7.2</b>	<b>6.3</b>	<b>6.1</b>	<b>6.2</b>		<b>7.2</b>	<b>7.8</b>	<b>6.1</b>
<b>Area 2 Rank</b>	<b>17</b>	<b>9</b>	<b>12</b>	<b>14</b>	<b>13</b>		<b>9</b>	<b>3</b>	<b>14</b>

Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories*	Yemen, Rep.
5.0		6.7	8.3	6.7	8.3	1.7	0.0	3.3	6.7	8.3		6.7
6.7		8.3	8.3	8.3	8.3	0.8	4.2	8.3	8.3	6.7		3.3
	8.8	8.7	9.5	8.4	9.5		8.8	6.4	8.7	9.4	8.6	8.7
	8.5	8.0	9.5		8.5		7.5	8.5	8.5	9.0	7.0	7.5
	9.5	9.5	9.8		10.0		9.9	9.7	9.5	9.9	9.3	9.8
	8.3	8.6	9.0		10.0		8.9	0.8	8.0	9.4	9.6	8.7
	6.5	6.5	5.9	6.4	6.1		5.1	4.7	6.7	5.7	6.0	7.1
	2.5	4.1	1.6		3.2		1.1	0.7	4.3	1.8	3.2	4.8
	7.8	6.3	6.4		6.1		4.8	4.3	6.6	6.3	5.6	7.0
	9.2	9.1	9.6		9.0		9.4	8.9	9.3	9.1	9.3	9.5
<b>5.8</b>	<b>7.6</b>	<b>7.5</b>	<b>8.0</b>	<b>7.5</b>	<b>8.1</b>	<b>1.3</b>	<b>4.5</b>	<b>5.7</b>	<b>7.6</b>	<b>7.5</b>		<b>6.4</b>
<b>16</b>	<b>4</b>	<b>6</b>	<b>2</b>	<b>6</b>	<b>1</b>	<b>20</b>	<b>19</b>	<b>17</b>	<b>4</b>	<b>6</b>		<b>11</b>
5.0		6.7	8.3	6.7	8.3	1.7	0.0	3.3	6.7	8.3		6.7
6.7		8.3	8.3	8.3	8.3	0.8	4.2	8.3	8.3	6.7		3.3
	8.6	8.4	9.5	8.4	9.5		8.8	6.1	8.7	9.4	8.6	8.7
	8.5	8.0	9.5		8.5		7.5	8.5	8.5	9.0	7.0	7.5
	9.5	9.5	9.8		10.0		9.9	9.7	9.5	9.9	9.3	9.8
	7.8	7.7	9.0		10.0		8.8	0.0	8.0	9.4	9.6	8.7
	6.5	6.5	5.9	6.4	6.1		5.0	4.7	6.7	5.7	6.0	7.1
	2.5	4.1	1.6		3.2		0.9	0.7	4.3	1.8	3.2	4.8
	7.8	6.3	6.4		6.1		4.8	4.3	6.6	6.3	5.6	7.0
	9.2	9.1	9.6		9.0		9.4	8.9	9.3	9.1	9.3	9.5
<b>5.8</b>	<b>7.6</b>	<b>7.5</b>	<b>8.0</b>	<b>7.5</b>	<b>8.1</b>	<b>1.3</b>	<b>4.5</b>	<b>5.6</b>	<b>7.6</b>	<b>7.5</b>		<b>6.4</b>
<b>16</b>	<b>4</b>	<b>6</b>	<b>2</b>	<b>6</b>	<b>1</b>	<b>20</b>	<b>19</b>	<b>18</b>	<b>4</b>	<b>6</b>		<b>11</b>
5.0		6.7	8.3	6.7	8.3	1.7	0.0	3.3	6.7	8.3		6.7
6.7		8.3	8.3	8.3	8.3	0.8	4.2	8.3	8.3	6.7		3.3
	8.6	8.5	9.5	8.4	9.5		8.8	6.1	8.7	9.4	8.6	8.7
	8.5	8.0	9.5		8.5			8.5	8.5	9.0		7.5
	9.5	9.5	9.8		10.0			9.7	9.5	9.9		9.8
	7.8	7.9	9.0		10.0			0.0	8.0	9.3		8.7
	6.5	6.5	5.9	6.4	6.1		5.0	4.7	6.7	5.7	6.0	7.1
	2.5	4.1	1.6		3.2			0.7	4.3	1.8		4.8
	7.8	6.3	6.4		6.1			4.3	6.6	6.3		7.0
	9.2	9.1	9.6		9.0			8.9	9.3	9.1		9.5
<b>5.8</b>	<b>7.6</b>	<b>7.5</b>	<b>8.0</b>	<b>7.5</b>	<b>8.1</b>	<b>1.3</b>	<b>4.5</b>	<b>5.6</b>	<b>7.6</b>	<b>7.5</b>		<b>6.4</b>
<b>16</b>	<b>4</b>	<b>6</b>	<b>2</b>	<b>6</b>	<b>1</b>	<b>20</b>	<b>19</b>	<b>18</b>	<b>4</b>	<b>6</b>		<b>11</b>

Table 3, continued: Area 2. Commercial and Economic Law and Security of Property Rights

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon
<b>2003</b>									
A. Military interference in rule of law and political process	0.0	5.0			5.0	0.0	8.3	8.3	3.3
B. Integrity of the legal system	3.3	8.3			6.7	3.3	6.7	8.3	6.7
C. Regulatory restrictions on the sale of real property	6.8	9.6	7.0	7.4	7.6	8.6	7.7	8.5	8.1
<i>i. Number of procedures</i>									
<i>ii. Time (days)</i>									
<i>iii. Cost (% of property value)</i>									
D. Legal enforcement of contracts	6.0	6.0	5.6	4.8	5.3	5.8	6.3	6.0	6.4
<i>i. Number of procedures</i>	2.5				3.6		4.3	1.8	4.8
<i>ii. Time (days)</i>	6.1				3.3		5.7	6.6	5.5
<i>iii. Cost (% of debt)</i>	9.3				9.1		8.8	9.6	8.9
<b>Area 2 Score</b>	<b>4.0</b>	<b>7.2</b>	<b>6.3</b>	<b>6.1</b>	<b>6.2</b>		<b>7.2</b>	<b>7.8</b>	<b>6.1</b>
<b>Area 2 Rank</b>	<b>19</b>	<b>9</b>	<b>12</b>	<b>14</b>	<b>13</b>		<b>9</b>	<b>3</b>	<b>14</b>
<b>2002</b>									
A. Military interference in rule of law and political process	0.0	5.0			5.0	0.0	8.3	8.3	3.3
B. Integrity of the legal system	3.3	8.3			6.7	3.3	6.7	8.3	6.7
C. Regulatory restrictions on the sale of real property	6.8	9.6	7.0	7.4	7.6	8.6	7.7	8.5	8.1
<i>i. Number of procedures</i>									
<i>ii. Time (days)</i>									
<i>iii. Cost (% of property value)</i>									
D. Legal enforcement of contracts	6.0	6.0	5.6	4.8	5.3	5.8	6.3	6.0	6.4
<i>i. Number of procedures</i>									
<i>ii. Time (days)</i>									
<i>iii. Cost (% of debt)</i>									
<b>Area 2 Score</b>	<b>4.0</b>	<b>7.2</b>	<b>6.3</b>	<b>6.1</b>	<b>6.2</b>		<b>7.2</b>	<b>7.8</b>	<b>6.1</b>
<b>Area 2 Rank</b>	<b>19</b>	<b>9</b>	<b>12</b>	<b>14</b>	<b>13</b>		<b>9</b>	<b>4</b>	<b>14</b>

Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories*	Yemen, Rep.
5.0		6.7	8.3	6.7	8.3	1.7	0.0	3.3	6.7	8.3		6.7
6.7		8.3	8.3	8.3	8.3	3.3	5.0	8.3	8.3	6.7		3.3
	8.6	8.5	9.5	8.4	9.5		8.8	6.1	8.7	9.4	8.6	8.7
	6.5	6.5	5.9	6.4	6.1		5.0	4.7	6.7	5.7	6.0	7.1
	2.5	4.1	1.6		3.2			0.7	4.3	1.8		4.8
	7.8	6.3	6.4		6.1			4.3	6.6	6.3		7.0
	9.2	9.1	9.6		9.0			8.9	9.3	9.1		9.5
5.8	7.6	7.5	8.0	7.5	8.1	2.5	4.7	5.6	7.6	7.5		6.4
16	4	6	2	6	1	20	18	17	4	6		11
5.0		6.7	8.3	6.7	8.3	1.7	0.0	3.3	6.7	8.3		6.7
6.7		10.0	8.3	8.3	8.3	3.3	5.0	8.3	8.3	6.7		3.3
	8.6	8.5	9.5	8.4	9.5		8.8	6.1	8.7	9.4	8.6	8.7
	6.5	6.5	5.9	6.4	6.1		5.0	4.7	6.7	5.7	6.0	7.1
5.8	7.6	7.9	8.0	7.5	8.1	2.5	4.7	5.6	7.6	7.5		6.4
16	5	3	2	7	1	20	18	17	5	7		11

**Table 4: Area 3. Access to Sound Money**

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon
<b>2009</b>									
A. Money growth	6.8	7.2	8.4	7.3	7.6		8.4	9.1	8.9
B. Standard deviation of inflation	9.4	9.8	9.5	8.4	8.0	0.5	7.7	8.8	8.2
C. Inflation: Most recent year	8.9	9.4	9.0	9.7	7.6	9.4	9.9	9.2	9.8
D. Freedom to own foreign currency bank accounts	0	10	0	10	10	5	10	10	10
<b>Area 3 Score</b>	<b>6.3</b>	<b>9.1</b>	<b>6.7</b>	<b>8.8</b>	<b>8.3</b>	<b>5</b>	<b>9</b>	<b>9.3</b>	<b>9.2</b>
<b>Area 3 Rank</b>	<b>18</b>	<b>3</b>	<b>16</b>	<b>6</b>	<b>10</b>	<b>21</b>	<b>5</b>	<b>1</b>	<b>2</b>
<b>2008</b>									
A. Money growth	5.6	7.5	8.8	7.8	7.7		8.4	8.5	9.0
B. Standard deviation of inflation	9.6	9.7	9.5	8.5	8.0	1.6	8.1	8.6	8.3
C. Inflation: Most recent year	9.1	9.3	8.7	7.6	6.3	9.5	7.0	7.9	7.8
D. Freedom to own foreign currency bank accounts	0	10	0	10	10	5	10	10	10
<b>Area 3 Score</b>	<b>6.1</b>	<b>9.1</b>	<b>6.7</b>	<b>8.5</b>	<b>8</b>	<b>5.4</b>	<b>8.4</b>	<b>8.8</b>	<b>8.8</b>
<b>Area 3 Rank</b>	<b>17</b>	<b>1</b>	<b>14</b>	<b>5</b>	<b>9</b>	<b>20</b>	<b>6</b>	<b>2</b>	<b>2</b>
<b>2007</b>									
A. Money growth	5.8	7.2	9.2	7.8	7.2		7.9	7.8	9.2
B. Standard deviation of inflation	9.7	9.8	9.7	9.6	8.8	3.5	9.3	9.2	9.0
C. Inflation: Most recent year	9.3	9.3	9.1	9.0	8.1	3.8	8.9	8.9	9.2
D. Freedom to own foreign currency bank accounts	0	10	0	10	10	5	10	10	10
<b>Area 3 Score</b>	<b>6.2</b>	<b>9.1</b>	<b>7</b>	<b>9.1</b>	<b>8.5</b>		<b>9</b>	<b>9</b>	<b>9.4</b>
<b>Area 3 Rank</b>	<b>17</b>	<b>2</b>	<b>12</b>	<b>2</b>	<b>9</b>		<b>6</b>	<b>6</b>	<b>1</b>
<b>2006</b>									
A. Money growth	6.6	7.4	9.4	7.4	7.6		7.7	7.8	9.0
B. Standard deviation of inflation	9.7	9.5	9.8	9.5	8.7	3.0	9.3	9.4	9.1
C. Inflation: Most recent year	9.5	9.6	9.3	9.3	8.5	0.0	8.7	9.4	8.9
D. Freedom to own foreign currency bank accounts	0.0	10.0	0.0	10.0	10.0	5.0	10.0	10.0	10.0
<b>Area 3 Score</b>	<b>6.4</b>	<b>9.1</b>	<b>7.1</b>	<b>9.1</b>	<b>8.7</b>		<b>8.9</b>	<b>9.1</b>	<b>9.2</b>
<b>Area 3 Rank</b>	<b>15</b>	<b>4</b>	<b>12</b>	<b>4</b>	<b>9</b>		<b>7</b>	<b>4</b>	<b>3</b>

\* Includes data for the West Bank and Gaza.

Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories*	Yemen, Rep.
4.7		8.4	5.7	6.2	7.7		6.5	9.2	8.3	6.5		7.9
8.5	8.6	9.5	8.4	6.8	8.6		8.8	7.9	9.5	8.3	8.8	7.8
9.5	9.6	9.8	9.2	9.0	9.0		7.8	9.4	9.2	9.7	9.4	9.3
0	0	0	10	10	10	10	5	0	0	10		10
5.7	6	6.9	8.3	8	8.8		7	6.6	6.8	8.6	9.1	8.7
20	19	14	10	12	6		13	17	15	9	3	8
4.6	8.2	8.1	5.8	5.5	7.9		5.9	9.2	8.5	5.3	8.3	7.9
8.1	9.0	9.5	8.2	8.6	8.4		8.9	8.1	9.5	8.8	8.8	8.4
7.9	8.5	9.3	7.6	7.0	8.0		7.1	6.9	9.0	7.5	8.0	6.2
0	0	0	10	10	10	10	0	0	0	10		10
5.2	6.4	6.7	7.9	7.8	8.6		5.5	6	6.8	7.9	8.4	8.1
21	16	14	10	12	4		19	18	13	10	6	8
6.5	8.2	8.0	8.3		7.9		5.5	9.3	8.8	4.9	8.3	7.8
8.1	8.8	9.6	9.1	8.2	9.4		9.8	9.0	9.6	8.7	9.8	9.3
8.7	8.5	9.6	8.8	7.2	9.2		8.4	9.2	9.4	7.8	9.4	8.4
0	0	0	10	10	10	0	0	0	0	10		10
5.8	6.4	6.8	9.1	8.5	9.1		5.9	6.9	6.9	7.9		8.9
19	16	15	2	9	2		18	13	13	11		8
6.5	8.2	8.3	8.3		8.3		4.7	8.3	9.3	6.2	8.3	8.0
8.1	8.6	9.6	9.4	8.1	9.7		9.8	8.5	9.6	9.0	9.6	9.7
9.7	8.8	9.3	9.4	7.6	9.6		8.6	8.0	9.1	8.1	9.2	7.8
0.0	0.0	0.0	10.0	10.0	10.0	0.0	0.0	0.0	0.0	10.0		10.0
6.1	6.4	6.8	9.3	8.6	9.4		5.8	6.2	7.0	8.3		8.9
18	15	14	2	10	1		19	17	13	11		7

Table 4, continued: Area 3. Access to Sound Money

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon
<b>2005</b>									
A. Money growth	7.5	7.2	8.2	7.9	8.0		7.9	6.8	9.6
B. Standard deviation of inflation	9.5	9.3	9.6	9.5	8.6	3.0	9.6	9.5	9.1
C. Inflation: Most recent year	9.7	9.5	9.4	9.4	9.0	2.6	9.3	9.2	9.9
D. Freedom to own foreign currency bank accounts	0.0	10.0	0.0	10.0	10.0	5.0	10.0	10.0	10.0
<b>Area 3 Score</b>	<b>6.7</b>	<b>9.0</b>	<b>6.8</b>	<b>9.2</b>	<b>8.9</b>		<b>9.2</b>	<b>8.9</b>	<b>9.6</b>
<b>Area 3 Rank</b>	<b>17</b>	<b>6</b>	<b>16</b>	<b>3</b>	<b>8</b>		<b>3</b>	<b>8</b>	<b>1</b>
<b>2004</b>									
A. Money growth	7.0	7.9	7.1	8.1	8.5		8.4	7.1	9.4
B. Standard deviation of inflation	9.4	9.4	9.6	9.5	8.5	3.0	9.6	9.7	9.1
C. Inflation: Most recent year	9.3	9.5	9.1	9.4	7.7	8.4	9.3	9.8	9.7
D. Freedom to own foreign currency bank accounts	0.0	10.0	0.0	10.0	10.0	5.0	10.0	10.0	10.0
<b>Area 3 Score</b>	<b>6.4</b>	<b>9.2</b>	<b>6.4</b>	<b>9.3</b>	<b>8.7</b>		<b>9.3</b>	<b>9.2</b>	<b>9.5</b>
<b>Area 3 Rank</b>	<b>16</b>	<b>6</b>	<b>16</b>	<b>4</b>	<b>9</b>		<b>4</b>	<b>6</b>	<b>1</b>
<b>2003</b>									
A. Money growth	7.8	7.3	6.1	8.3	8.9		8.4	7.0	9.3
B. Standard deviation of inflation	9.4	9.5	9.2	9.5	9.7	3.0	9.8	9.6	9.1
C. Inflation: Most recent year	9.5	9.7	9.3	9.6	9.1	2.8	9.7	9.8	9.7
D. Freedom to own foreign currency bank accounts	0.0	10.0	0.0	10.0	10.0	0.0	10.0	10.0	10.0
<b>Area 3 Score</b>	<b>6.7</b>	<b>9.1</b>	<b>6.1</b>	<b>9.4</b>	<b>9.4</b>		<b>9.5</b>	<b>9.1</b>	<b>9.5</b>
<b>Area 3 Rank</b>	<b>16</b>	<b>8</b>	<b>17</b>	<b>6</b>	<b>6</b>		<b>3</b>	<b>8</b>	<b>3</b>
<b>2002</b>									
A. Money growth	7.3	8.3	6.2	9.3	9.0		9.4	8.8	9.5
B. Standard deviation of inflation	9.2	9.8	9.2	9.5	9.8	3.0	9.6	9.5	9.1
C. Inflation: Most recent year	9.7	9.9	9.3	9.9	9.5	6.1	9.6	9.8	9.6
D. Freedom to own foreign currency bank accounts	0.0	10.0	0.0	10.0	10.0	0.0	10.0	10.0	10.0
<b>Area 3 Score</b>	<b>6.6</b>	<b>9.5</b>	<b>6.2</b>	<b>9.7</b>	<b>9.5</b>		<b>9.7</b>	<b>9.5</b>	<b>9.6</b>
<b>Area 3 Rank</b>	<b>16</b>	<b>7</b>	<b>18</b>	<b>2</b>	<b>7</b>		<b>2</b>	<b>7</b>	<b>5</b>



Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories*	Yemen, Rep.
6.5	8.2	9.5	7.5		8.3		5.5	7.4	9.5	6.1	8.3	8.5
7.9	8.5	9.7	9.6	8.5	9.7		9.4	8.9	9.7	9.0	9.3	9.7
9.5	7.6	9.8	9.6	8.2	9.9		8.3	8.6	9.6	8.8	9.3	7.6
0.0	5.0	0.0	10.0	10.0	10.0	0.0	5.0	0.0	0.0	10.0		10.0
6.0	7.3	7.2	9.2	8.9	9.5		7.0	6.2	7.2	8.5		9.0
19	12	13	3	8	2		15	18	13	11		6
6.5	8.2	9.5	8.2		8.3		5.2	7.4	9.6	6.8	7.9	8.4
8.5	8.9	9.7	9.6	9.0	9.7		9.4	8.5	9.8	9.0	9.2	8.7
9.6	7.9	9.7	9.8	8.6	9.9		8.3	9.1	9.3	9.0	9.4	7.5
0.0	5.0	0.0	10.0	10.0	10.0	0.0	5.0	0.0	0.0	10.0		10.0
6.1	7.5	7.2	9.4	9.2	9.5		7.0	6.2	7.2	8.7		8.6
19	12	13	3	6	1		15	18	13	9		11
6.5	8.2	9.6	8.7		8.5		5.3	6.9	9.3	7.9	7.9	8.2
7.9	9.7	9.6	9.6	9.7	9.6		8.3	8.3	9.9	9.0	9.2	8.7
9.6	9.0	9.8	10.0	9.5	9.9		8.5	8.8	9.5	9.4	9.1	7.8
0.0	5.0	0.0	10.0	10.0	10.0	0.0	5.0	0.0	0.0	10.0		10.0
6.0	8.0	7.2	9.6	9.7	9.5		6.8	6.0	7.2	9.1		8.7
18	12	13	2	1	3		15	18	13	8		11
6.5	8.5	9.5	9.3		8.8		5.3	7.5	9.2	8.2	7.9	8.5
7.5	9.2	9.6	9.6	9.6	9.7		7.8	8.9	9.8	9.0	9.1	8.6
8.0	9.2	9.4	9.9	10.0	10.0		8.3	10.0	9.5	9.4	8.9	7.6
0.0	5.0	0.0	10.0	10.0	10.0	0.0	5.0	5.0	0.0	10.0		10.0
5.5	8.0	7.1	9.7	9.9	9.6		6.6	7.8	7.1	9.2		8.7
19	12	14	2	1	5		16	13	14	10		11

**Table 5: Area 4. Freedom to Trade Internationally**

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon
<b>2009</b>									
A. Taxes on international trade	7.1	8.3	7.7	5.3	5.3		6.8	8.9	8.7
<i>i. Revenue from trade taxes (% of trade sector)</i>	8.6	9.5			8.4		9.0	9.6	8.6
<i>ii. Mean tariff rate</i>	6.7	9.1	7.7	4.0	7.5		7.9	9.2	8.9
<i>iii. Standard deviation of tariff rates</i>	5.8	6.3	7.6	6.6	0.0		3.6	7.9	
B. Black-market exchange rates	8.4	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Capital controls	0.8	6.9	2.5	3.8	4.6	6.2	6.9	4.2	1.5
<b>Area 4 Score</b>	<b>5.4</b>	<b>8.4</b>	<b>6.7</b>	<b>6.4</b>	<b>6.6</b>	<b>8.1</b>	<b>7.9</b>	<b>7.7</b>	<b>6.8</b>
<b>Area 4 Rank</b>	<b>18</b>	<b>2</b>	<b>11</b>	<b>14</b>	<b>12</b>	<b>3</b>	<b>5</b>	<b>7</b>	<b>10</b>
<b>2008</b>									
A. Taxes on international trade	7.0	8.3		4.0	4.9		7.0	8.9	8.8
<i>i. Revenue from trade taxes (% of trade sector)</i>	8.5	9.5			8.5		9.1	9.6	8.7
<i>ii. Mean tariff rate</i>	6.8	9.2	7.7	4.0	6.2		7.9	9.1	8.9
<i>iii. Standard deviation of tariff rates</i>	5.8	6.1			0.0		4.2	7.9	
B. Black-market exchange rates	7.5	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Capital controls	0.8	6.9	2.5	5.4	6.2	6.9	6.9	4.2	1.5
<b>Area 4 Score</b>	<b>5.1</b>	<b>8.4</b>	<b>6.3</b>	<b>6.4</b>	<b>7</b>		<b>8</b>	<b>7.7</b>	<b>6.8</b>
<b>Area 4 Rank</b>	<b>17</b>	<b>2</b>	<b>14</b>	<b>12</b>	<b>8</b>		<b>4</b>	<b>7</b>	<b>11</b>
<b>2007</b>									
A. Taxes on international trade	7.1	8.7		4.0	4.9		6.8	9.3	8.7
<i>i. Revenue from trade taxes (% of trade sector)</i>	8.7	9.5			8.6		8.6	9.6	8.6
<i>ii. Mean tariff rate</i>	6.8	9.2		4.0	6.2		7.9	9.1	8.9
<i>iii. Standard deviation of tariff rates</i>	5.8	7.3			0.0		4.0	9.2	
B. Black-market exchange rates	8.2	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Capital controls	2.3	6.2	1.8	5.4	6.7	7.7	6.9	4.6	1.5
<b>Area 4 Score</b>	<b>5.9</b>	<b>8.3</b>	<b>5.9</b>	<b>6.4</b>	<b>7.2</b>		<b>7.9</b>	<b>8.0</b>	<b>6.8</b>
<b>Area 4 Rank</b>	<b>16</b>	<b>3</b>	<b>16</b>	<b>14</b>	<b>9</b>		<b>7</b>	<b>5</b>	<b>11</b>
<b>2006</b>									
A. Taxes on international trade	7.1	8.7		4.0	4.8		6.7	8.9	8.7
<i>i. Revenue from trade taxes (% of trade sector)</i>	8.7	9.6			8.3		8.4	9.6	8.6
<i>ii. Mean tariff rate</i>	6.8	9.1		4.0	6.2		7.8	9.1	8.8
<i>iii. Standard deviation of tariff rates</i>	5.8	7.3			0.0		3.9	7.9	
B. Black-market exchange rates	9.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Capital controls	2.3	6.2	1.0	5.4	6.7	7.7	6.9	4.6	1.5
<b>Area 4 Score</b>	<b>6.2</b>	<b>8.3</b>	<b>5.5</b>	<b>6.4</b>	<b>7.2</b>		<b>7.9</b>	<b>7.8</b>	<b>6.7</b>
<b>Area 4 Rank</b>	<b>16</b>	<b>3</b>	<b>17</b>	<b>14</b>	<b>9</b>		<b>5</b>	<b>7</b>	<b>11</b>

Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories	Yemen, Rep.
10.0	7.3	5.8	7.3	8.3	8.1		5.3	5.1	5.9	8.1		8.4
		8.0		9.3					8.9			
10.0	7.5	7.7	9.2	9.1	9.2		7.1	7.1	5.4	9.2		8.7
	7.2	1.8	5.4	6.5	7.0		3.5	3.2	3.4	7.0		8.1
10.0	10.0	10.0	10.0	10.0	10.0	0.0	10.0	10.0	8.6	10.0		10.0
1.5	1.0	0.8	5.8	5.4	1.5	10.0	3.1	0.8	0.8	5.8		7.7
<b>7.2</b>	<b>6.1</b>	<b>5.5</b>	<b>7.7</b>	<b>7.9</b>	<b>6.5</b>	<b>5</b>	<b>6.1</b>	<b>5.3</b>	<b>5.1</b>	<b>8</b>		<b>8.7</b>
<b>9</b>	<b>15</b>	<b>17</b>	<b>7</b>	<b>5</b>	<b>13</b>	<b>21</b>	<b>15</b>	<b>19</b>	<b>20</b>	<b>4</b>		<b>1</b>
10.0	7.3	5.8	7.2	9.3	9.2		6.6	4.5	5.9	7.8		8.7
		8.4		9.3					9.0			
10.0	7.5	7.3	9.2	9.2	9.2		6.6	7.1	5.4	9.2		8.7
	7.2	1.7	5.1					1.9	3.4	6.4		
10.0	10.0	10.0	10.0	10.0	10.0	0.0	10.0	10.0	8.2	10.0		10.0
1.0	1.0	0.0	6.7	5.4	1.5	8.9	2.5	0.8	0.8	5.8		7.5
<b>7</b>	<b>6.1</b>	<b>5.3</b>	<b>7.9</b>	<b>8.2</b>	<b>6.9</b>	<b>4.4</b>	<b>6.4</b>	<b>5.1</b>	<b>4.9</b>	<b>7.9</b>		<b>8.7</b>
<b>8</b>	<b>15</b>	<b>16</b>	<b>5</b>	<b>3</b>	<b>10</b>	<b>20</b>	<b>12</b>	<b>17</b>	<b>19</b>	<b>5</b>		<b>1</b>
10.0	7.3	5.5	7.6	9.1	9.2		6.6	4.5	4.8	8.0		8.7
		8.0		9.0					8.9			
10.0	7.5	7.3	9.2	9.2	9.2		6.6	7.1	5.4	9.2		8.7
	7.2	1.1	5.9					1.9	0.0	6.8		
10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.5	10.0		10.0
3.1	1.5	0.8	6.9	6.2	1.5	3.1	3.1	1.7	0.8	6.2		7.7
<b>7.7</b>	<b>6.3</b>	<b>5.4</b>	<b>8.2</b>	<b>8.4</b>	<b>6.9</b>	<b>6.5</b>	<b>6.6</b>	<b>5.4</b>	<b>5.0</b>	<b>8.0</b>		<b>8.8</b>
<b>8</b>	<b>15</b>	<b>18</b>	<b>4</b>	<b>2</b>	<b>10</b>	<b>13</b>	<b>12</b>	<b>18</b>	<b>20</b>	<b>5</b>		<b>1</b>
10.0	7.4	5.1	6.8	9.2	9.2		6.6	4.5	4.7	8.3		8.7
		7.8		9.2					8.8			
10.0	7.7	6.9	9.2	9.2	9.2		6.6	7.1	5.4	9.1		8.7
	7.1	0.6	4.4					1.9	0.0	7.6		
10.0	10.0	8.7	10.0	10.0	10.0	10.0	10.0	9.5	9.2	10.0		10.0
3.1	1.5	0.8	6.9	6.2	1.5	3.1	3.1	1.7	0.8	6.2		7.7
<b>7.7</b>	<b>6.3</b>	<b>4.9</b>	<b>7.9</b>	<b>8.4</b>	<b>6.9</b>	<b>6.5</b>	<b>6.6</b>	<b>5.2</b>	<b>4.9</b>	<b>8.2</b>		<b>8.8</b>
<b>8</b>	<b>15</b>	<b>19</b>	<b>5</b>	<b>2</b>	<b>10</b>	<b>13</b>	<b>12</b>	<b>18</b>	<b>19</b>	<b>4</b>		<b>1</b>

Table 5, continued: Area 4. Freedom to Trade Internationally

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon
<b>2005</b>									
A. Taxes on international trade	6.3	8.7		3.8	4.9		6.5	8.8	8.5
<i>i. Revenue from trade taxes (% of trade sector)</i>		9.6			8.5		8.2	9.5	8.5
<i>ii. Mean tariff rate</i>	6.8	9.1		3.8	6.2		7.5	9.1	8.6
<i>iii. Standard deviation of tariff rates</i>	5.8	7.3			0.0		3.9	7.9	
B. Black-market exchange rates	8.1	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Capital controls	0.9	6.2	3.1	5.4	6.2	0.0	7.7	4.6	1.5
<b>Area 4 Score</b>	<b>5.1</b>	<b>8.3</b>	<b>6.5</b>	<b>6.4</b>	<b>7.0</b>		<b>8.1</b>	<b>7.8</b>	<b>6.7</b>
<b>Area 4 Rank</b>	<b>17</b>	<b>3</b>	<b>11</b>	<b>12</b>	<b>8</b>		<b>5</b>	<b>6</b>	<b>10</b>
<b>2004</b>									
A. Taxes on international trade	5.4	8.6		3.8	4.7		6.3	8.9	8.4
<i>i. Revenue from trade taxes (% of trade sector)</i>		9.5			7.8		8.1	9.4	8.3
<i>ii. Mean tariff rate</i>	6.4	9.1		3.8	6.2		7.1	9.3	8.6
<i>iii. Standard deviation of tariff rates</i>	4.3	7.3			0.0		3.8	7.9	
B. Black-market exchange rates	8.1	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
C. Capital controls	0.8	5.4	3.1	5.4	5.4	0.0	7.7	4.6	2.3
<b>Area 4 Score</b>	<b>4.8</b>	<b>8.0</b>	<b>6.5</b>	<b>6.4</b>	<b>6.7</b>		<b>8.0</b>	<b>7.8</b>	<b>6.9</b>
<b>Area 4 Rank</b>	<b>20</b>	<b>5</b>	<b>11</b>	<b>12</b>	<b>10</b>		<b>5</b>	<b>7</b>	<b>9</b>
<b>2003</b>									
A. Taxes on international trade	5.4	8.6		3.8	4.5		6.3	8.9	8.3
<i>i. Revenue from trade taxes (% of trade sector)</i>		9.4			7.2		8.0	9.5	8.1
<i>ii. Mean tariff rate</i>	6.4	9.1		3.8	6.2		7.1	9.3	8.6
<i>iii. Standard deviation of tariff rates</i>	4.3	7.3			0.0		3.8	7.9	
B. Black-market exchange rates	8.1	10.0	10.0	10.0	5.5	10.0	10.0	10.0	10.0
C. Capital controls	0.8	6.9	3.1	5.4	5.4	0.9	7.7	4.6	3.8
<b>Area 4 Score</b>	<b>4.7</b>	<b>8.5</b>	<b>6.5</b>	<b>6.4</b>	<b>5.1</b>		<b>8.0</b>	<b>7.8</b>	<b>7.4</b>
<b>Area 4 Rank</b>	<b>17</b>	<b>2</b>	<b>10</b>	<b>11</b>	<b>14</b>		<b>6</b>	<b>7</b>	<b>8</b>
<b>2002</b>									
A. Taxes on international trade	5.4	8.6		3.8	4.4		6.2	8.9	7.9
<i>i. Revenue from trade taxes (% of trade sector)</i>		9.3			6.9		7.8	9.4	7.3
<i>ii. Mean tariff rate</i>	6.4	9.1		3.8	6.2		7.1	9.3	8.6
<i>iii. Standard deviation of tariff rates</i>	4.3	7.3			0.0		3.8	7.9	
B. Black-market exchange rates	8.1	10.0	10.0	10.0	5.5	10.0	10.0	10.0	10.0
C. Capital controls	0.8	6.9	3.1	5.4	5.4	0.9	7.7	4.6	3.8
<b>Area 4 Score</b>	<b>4.7</b>	<b>8.5</b>	<b>6.5</b>	<b>6.4</b>	<b>5.1</b>		<b>8.0</b>	<b>7.8</b>	<b>7.3</b>
<b>Area 4 Rank</b>	<b>17</b>	<b>2</b>	<b>10</b>	<b>11</b>	<b>14</b>		<b>6</b>	<b>7</b>	<b>8</b>

Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories	Yemen, Rep.
6.0	7.4	4.7	6.8	9.2	9.2		5.8	4.5	5.3	8.3		8.7
		7.5		9.3					8.7			
6.0	7.7	6.1	9.2	9.2	9.2		5.8	7.1	7.3	9.0		8.7
	7.1	0.6	4.4					1.9	0.0	7.6		
10.0	10.0	9.6	10.0	10.0	10.0	10.0	10.0	10.0	9.3	10.0		10.0
0.0	0.8	0.8	6.7	7.7	1.5	0.0	1.8	1.0	0.8	6.2		7.7
<b>5.3</b>	<b>6.1</b>	<b>5.0</b>	<b>7.8</b>	<b>9.0</b>	<b>6.9</b>	<b>5.0</b>	<b>5.9</b>	<b>5.2</b>	<b>5.1</b>	<b>8.2</b>		<b>8.8</b>
<b>15</b>	<b>13</b>	<b>19</b>	<b>6</b>	<b>1</b>	<b>9</b>	<b>19</b>	<b>14</b>	<b>16</b>	<b>17</b>	<b>4</b>		<b>2</b>
6.0	7.4	4.4	8.9	9.2	8.7		5.8	4.5	6.1	8.3		8.7
		7.1		9.2					8.5			
6.0	7.7	4.3	8.4	9.2	8.7		5.8	7.1	4.9	9.0		8.7
	7.1	1.8	9.5					1.9	5.0	7.6		
10.0	10.0	9.6	10.0	10.0	10.0	10.0	10.0	10.0	9.3	10.0		10.0
0.0	0.8	0.8	6.7	7.7	2.3	0.0	1.8	1.0	0.8	6.2		6.9
<b>5.3</b>	<b>6.1</b>	<b>4.9</b>	<b>8.5</b>	<b>9.0</b>	<b>7.0</b>	<b>5.0</b>	<b>5.9</b>	<b>5.2</b>	<b>5.4</b>	<b>8.2</b>		<b>8.5</b>
<b>16</b>	<b>13</b>	<b>19</b>	<b>2</b>	<b>1</b>	<b>8</b>	<b>18</b>	<b>14</b>	<b>17</b>	<b>15</b>	<b>4</b>		<b>2</b>
6.0	7.4	4.4	8.9	9.2	8.7		5.8	4.5	6.1	8.3		8.7
		7.0		9.2					8.4			
6.0	7.7	4.3	8.4	9.2	8.7		5.8	7.1	4.9	9.0		8.7
	7.1	1.8	9.5					1.9	5.0	7.6		
5.8	10.0	7.9	10.0	10.0	10.0	10.0	10.0	5.3	7.8	10.0		10.0
0.0	0.8	1.5	6.7	7.7	2.3	0.0	1.8	0.0	0.8	6.2		6.9
<b>3.9</b>	<b>6.1</b>	<b>4.6</b>	<b>8.5</b>	<b>9.0</b>	<b>7.0</b>	<b>5.0</b>	<b>5.9</b>	<b>3.3</b>	<b>4.9</b>	<b>8.2</b>		<b>8.5</b>
<b>19</b>	<b>12</b>	<b>18</b>	<b>2</b>	<b>1</b>	<b>9</b>	<b>15</b>	<b>13</b>	<b>20</b>	<b>16</b>	<b>5</b>		<b>2</b>
6.0	7.4	4.2	8.9	9.2	8.7		5.8	4.5	6.0	8.3		8.7
		6.6		9.2					8.1			
6.0	7.7	4.3	8.4	9.2	8.7		5.8	7.1	4.9	9.0		8.7
	7.1	1.8	9.5					1.9	5.0	7.6		
5.8	10.0	7.9	10.0	10.0	10.0	10.0	10.0	5.3	7.8	10.0		10.0
0.0	0.8	1.5	6.7	7.7	2.3	0.0	1.8	0.0	0.8	6.2		6.9
<b>3.9</b>	<b>6.1</b>	<b>4.6</b>	<b>8.5</b>	<b>9.0</b>	<b>7.0</b>	<b>5.0</b>	<b>5.9</b>	<b>3.3</b>	<b>4.9</b>	<b>8.2</b>		<b>8.5</b>
<b>19</b>	<b>12</b>	<b>18</b>	<b>2</b>	<b>1</b>	<b>9</b>	<b>15</b>	<b>13</b>	<b>20</b>	<b>16</b>	<b>5</b>		<b>2</b>

**Table 6: Area 5. Regulation of Credit, Labor, and Business**

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon
<b>2009</b>									
<b>A. Credit Market Regulations</b>	5.3	8.3	6.2	6.8	6.1	5.5	6.7	7.1	8.7
<i>i. Ownership of banks</i>	0.0	10.0	8.0	10.0	2.0	5.0	10.0	10.0	10.0
<i>ii. Foreign bank competition</i>	8.0	8.0			6.0		3.0	3.0	9.0
<i>iii. Interest rate controls/negative real interest rates</i>	10.0	10.0	9.0	9.0	10.0	10.0	10.0	10.0	10.0
<i>iv. Getting Credit</i>	3.2	5.3	1.5	1.3	6.5	1.5	3.7	5.3	5.7
a. Legal Rights Index	3.0	4.0	3.0	1.0	3.0	3.0	4.0	4.0	3.0
b. Credit Information Index	3.3	6.7	0.0	1.7	10.0	0.0	3.3	6.7	8.3
<b>B. Labour Market Regulations</b>	5.3	9.6	8.3	7.7	4.8	8.9	8.9	9.0	8.3
<i>i. Rigidity of Employment Index</i>	5.9	9.0	6.0	5.4	7.3	7.6	7.6	10.0	7.5
a. Difficulty of Hiring Index	5.6	10.0	6.1	3.3	10.0	6.7	8.9	10.0	5.6
b. Rigidity of Hours Index	6.0	10.0	6.0	6.0	8.0	8.0	10.0	10.0	10.0
c. Difficulty of Firing Index	6.0	7.0	6.0	7.0	4.0	8.0	4.0	10.0	7.0
<i>ii. Mandated cost of hiring (% of salary)</i>	4.9		10.0	7.1	5.5	7.8	8.0	8.0	6.0
<i>iii. Mandated cost of worker dismissal (weeks of wages)</i>	9.5	9.9	7.2	8.4	6.3	10.0	9.9	7.8	9.5
<i>iv. Conscription</i>	1.0	10.0	10.0	10.0	0.0	10.0	10.0	10.0	10.0
<b>C. Business Regulations</b>	7.5	8.5	3.9	6.1	7.2	3.8	7.4	7.3	7.2
<i>i. Starting a business</i>	7.9	9.1	7.7	7.4	9.3	7.5	8.8	7.9	9.2
a. Number of procedures	2.9	7.1	4.7	4.7	7.6	4.7	6.5	3.5	8.2
b. Duration (days)	8.9	9.7	8.9	8.3	9.8	6.3	9.5	8.4	9.7
c. Cost (% of income per capita)	9.9	10.0	7.8	7.7	9.8	9.1	9.4	10.0	9.1
d. Minimum capital (% of income per capita)	9.9	9.6	9.5	9.0	10.0	9.9	10.0	9.9	9.9
<i>ii. Closing a business</i>	7.2	7.8	0.0	4.9	5.0	0.0	5.9	6.6	5.2
a. Time (years)	7.8	7.8		5.2	6.1		5.9	6.1	6.3
b. Cost (% of estate)	9.2	8.9		7.7	7.2		8.9	10.0	7.2
c. Recovery rate (cents on the dollar)	4.5	6.8	0.0	1.7	1.8	0.0	2.9	3.7	2.1
<b>Area 5 Score</b>	<b>6.1</b>	<b>8.8</b>	<b>6.1</b>	<b>6.9</b>	<b>6.0</b>	<b>6.0</b>	<b>7.6</b>	<b>7.8</b>	<b>8.0</b>
<b>Area 5 Rank</b>	<b>15</b>	<b>1</b>	<b>15</b>	<b>10</b>	<b>17</b>	<b>17</b>	<b>7</b>	<b>5</b>	<b>4</b>

\* Includes data for the West Bank and Gaza.

Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories*	Yemen, Rep.
5.0	7.1	6.7	7.4	6.1	8.1		5.9	5.2	7.2	7.3	7.5	5.9
0.0	10.0	8.0	10.0	5.0	8.0		8.0	5.0	5.0	5.0	10.0	5.0
		3.0	6.0		8.0		3.0		8.0	8.0		
10.0	9.0	10.0	10.0	10.0	10.0		10.0	10.0	10.0	10.0	10.0	10.0
	2.3	5.7	3.7	3.2	6.5		2.5	0.5	5.7	6.2	2.5	2.7
	3.0	3.0	4.0	3.0	3.0		5.0	1.0	3.0	4.0	0.0	2.0
	1.7	8.3	3.3	3.3	10.0		0.0	0.0	8.3	8.3	5.0	3.3
	5.6	5.8	9.2	8.9	8.6		5.0	5.7	6.1	8.7	8.6	6.4
	6.1	4.0	8.7	8.7	8.7		6.4	8.0	6.0	9.3	6.9	7.6
	4.4	1.1	10.0	10.0	10.0		6.1	8.9	7.2	10.0	6.7	7.8
	8.0	6.0	6.0	8.0	6.0		8.0	10.0	8.7	8.0	6.0	8.0
	6.0	5.0	10.0	8.0	10.0		5.0	5.0	2.0	10.0	8.0	7.0
	7.1	6.7	8.2		8.0		6.9	6.9	6.0	7.6	10.0	8.4
	9.1	7.6	9.9	8.1	7.8		6.7	7.8	9.5	7.7	7.5	9.5
1.0	0.0	5.0	10.0	10.0	10.0	10.0	0.0	0.0	3.0	10.0	10.0	0.0
	6.2	8.0	7.9	8.1	8.2		4.1	7.3	8.3	6.5	3.9	7.8
	8.4	9.2	9.3	9.3	9.6		8.3	8.5	8.7	8.9	7.8	9.0
	5.9	7.6	8.2	7.6	8.8		5.3	7.1	5.3	6.5	4.7	7.6
	9.2	9.5	9.5	9.8	9.9		8.3	9.4	9.6	9.4	7.7	9.5
	9.6	9.8	10.0	9.9	9.9		9.6	9.7	9.9	9.9	9.3	9.0
	9.1	10.0	9.5	9.9	10.0		10.0	8.0	10.0	10.0	9.6	10.0
	3.9	6.7	6.6	6.8	6.7		0.0	6.1	8.0	4.1	0.0	6.5
	2.1	8.5	6.3	7.6	8.9			6.1	9.1	5.1		7.3
	8.9	7.7	9.7	7.2	7.2			8.9	9.2	6.1		9.1
	0.7	3.8	3.8	5.7	4.1		0.0	3.2	5.6	1.1	0.0	3.1
	<b>6.3</b>	<b>6.8</b>	<b>8.2</b>	<b>7.7</b>	<b>8.3</b>		<b>5.0</b>	<b>6.0</b>	<b>7.2</b>	<b>7.5</b>	<b>6.7</b>	<b>6.7</b>
	<b>14</b>	<b>11</b>	<b>3</b>	<b>6</b>	<b>2</b>		<b>20</b>	<b>17</b>	<b>9</b>	<b>8</b>	<b>12</b>	<b>12</b>

Table 6, continued: Area 5. Regulation of Credit, Labor, and Business

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon
<b>2008</b>									
<b>A. Credit Market Regulations</b>	5.3	8.3	5.8	5.2	5.7	5.3	6.4	7.1	8.7
<i>i. Ownership of banks</i>	0.0	10.0			2.0		10.0	10.0	10.0
<i>ii. Foreign bank competition</i>	8.0	8.0			6.0		3.0	3.0	9.0
<i>iii. Interest rate controls/negative real interest rates</i>	10.0	10.0	10.0	9.0	9.0	9.0	9.0	10.0	10.0
<i>iv. Getting Credit</i>	3.2	5.3	1.5	1.3	5.7	1.5	3.7	5.3	5.7
a. Legal Rights Index	3.0	4.0	3.0	1.0	3.0	3.0	4.0	4.0	3.0
b. Credit Information Index	3.3	6.7	0.0	1.7	8.3	0.0	3.3	6.7	8.3
<b>B. Labour Market Regulations</b>	5.2	9.2	7.5	7.7	4.8	8.5	8.7	8.6	8.3
<i>i. Rigidity of Employment Index</i>	5.2	7.7	5.4	5.4	7.3	6.2	7.0	8.7	7.5
a. Difficulty of Hiring Index	5.6	10.0	6.1	3.3	10.0	6.7	8.9	10.0	5.6
b. Rigidity of Hours Index	4.0	8.0	4.0	6.0	8.0	4.0	8.0	6.0	10.0
c. Difficulty of Firing Index	6.0	5.0	6.0	7.0	4.0	8.0	4.0	10.0	7.0
<i>ii. Mandated cost of hiring (% of salary)</i>	4.9		10.0	7.1	5.5	7.8	8.0	8.0	6.0
<i>iii. Mandated cost of worker dismissal (weeks of wages)</i>	9.5	9.9	7.2	8.4	6.3	10.0	9.9	7.8	9.5
<i>iv. Conscription</i>	1.0	10.0		10.0	0.0	10.0	10.0	10.0	10.0
<b>C. Business Regulations</b>	7.5	8.4	7.7	6.1	7.2	7.3	7.2	7.3	7.2
<i>i. Starting a business</i>	7.9	9.1	7.7	7.4	9.3	7.3	8.5	7.9	9.2
a. Number of procedures	2.9	7.1	4.7	4.7	7.6	4.7	5.3	3.5	8.2
b. Duration (days)	8.9	9.7	9.0	8.3	9.8	6.3	9.4	8.4	9.6
c. Cost (% of income per capita)	9.9	10.0	7.7	7.6	9.8	8.2	9.3	10.0	9.0
d. Minimum capital (% of income per capita)	9.9	9.6	9.5	9.0	10.0	9.9	10.0	9.8	9.9
<i>ii. Closing a business</i>	7.2	7.8		4.9	5.0		5.9	6.6	5.2
a. Time (years)	7.8	7.8		5.2	6.0		5.9	6.0	6.3
b. Cost (% of estate)	9.2	8.8		7.7	7.2		8.9	10.0	7.2
c. Recovery rate (cents on the dollar)	4.5	6.8	0.0	1.7	1.8	0.0	2.9	3.7	2.1
<b>Area 5 Score</b>	<b>6.0</b>	<b>8.7</b>	<b>7.0</b>	<b>6.3</b>	<b>5.9</b>	<b>7.0</b>	<b>7.5</b>	<b>7.7</b>	<b>8.0</b>
<b>Area 5 Rank</b>	<b>16</b>	<b>1</b>	<b>10</b>	<b>15</b>	<b>17</b>	<b>10</b>	<b>6</b>	<b>5</b>	<b>3</b>



Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories*	Yemen, Rep.
	5.7	6.0	7.2	5.7	7.7		4.5	4.8	6.2	6.4	5.8	5.5
		8.0	10.0	5.0	8.0		8.0		5.0	5.0		
		3.0	6.0		8.0		3.0		8.0	8.0		
10.0	9.0	10.0	9.0	9.0				9.0			9.0	10.0
	2.3	3.2	3.7	3.2	7.0		2.5	0.5	5.7	6.2	2.5	1.0
	3.0	3.0	4.0	3.0	4.0		5.0	1.0	3.0	4.0	0.0	2.0
	1.7	3.3	3.3	3.3	10.0		0.0	0.0	8.3	8.3	5.0	0.0
	5.4	5.8	8.9	8.5	8.6		5.0	5.3	5.9	8.5	8.6	6.1
	5.5	3.7	7.6	7.3	8.7		6.4	6.6	5.1	8.7	6.9	6.7
	4.4	0.0	6.7	10.0	10.0		6.1	8.9	7.2	10.0	6.7	10.0
	6.0	6.0	6.0	4.0	6.0		8.0	6.0	6.0	6.0	6.0	4.0
	6.0	5.0	10.0	8.0	10.0		5.0	5.0	2.0	10.0	8.0	6.0
	7.1	6.7	8.2		8.0		6.9	6.9	6.0	7.6	10.0	8.4
	9.1	7.6	9.9	8.1	7.8		6.7	7.8	9.5	7.7	7.5	9.5
1.0	0.0	5.0	10.0	10.0	10.0	10.0	0.0	0.0	3.0	10.0	10.0	0.0
	6.2	8.0	7.7	8.0	7.9		8.2	6.4	8.3	6.4	7.9	7.7
	8.5	9.2	8.9	9.3	9.1		8.2	6.7	8.7	8.7	7.9	8.8
	5.9	7.6	7.1	7.6	7.1		5.3	6.5	5.3	6.5	4.7	7.1
	9.2	9.5	9.4	9.8	9.5		8.2	9.3	9.6	9.3	7.7	9.5
	9.6	9.9	10.0	9.9	9.8		9.4	9.8	9.9	9.8	9.2	8.9
	9.2	9.9	9.1	9.9	10.0		10.0	1.5	10.0	9.4	9.9	10.0
	3.9	6.7	6.5	6.8	6.7			6.1	8.0	4.1		6.5
	2.1	8.5	6.3	7.5	8.9			6.1	9.1	5.1		7.3
	8.9	7.7	9.6	7.2	7.2			8.9	9.2	6.1		9.1
	0.7	3.8	3.8	5.7	4.0		0.0	3.2	5.6	1.1		3.1
	<b>5.8</b>	<b>6.6</b>	<b>7.9</b>	<b>7.4</b>	<b>8.1</b>		<b>5.9</b>	<b>5.5</b>	<b>6.8</b>	<b>7.1</b>	<b>7.4</b>	<b>6.4</b>
	<b>19</b>	<b>13</b>	<b>4</b>	<b>7</b>	<b>2</b>		<b>17</b>	<b>20</b>	<b>12</b>	<b>9</b>	<b>7</b>	<b>14</b>

Table 6, continued: Area 5. Regulation of Credit, Labor, and Business

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon
<b>2007</b>									
<b>A. Credit Market Regulations</b>	5.3	8.3		5.2	5.7	3.8	6.7	7.1	8.7
<i>i. Ownership of banks</i>	0.0	10.0			2.0		10.0	10.0	10.0
<i>ii. Foreign bank competition</i>	8.0	8.0			6.0		3.0	3.0	9.0
<i>iii. Interest rate controls/negative real interest rates</i>	10.0	10.0		9.0	10.0	6.0	10.0	10.0	10.0
<i>iv. Getting Credit</i>	3.2	5.3	1.5	1.3	4.8	1.5	3.7	5.3	5.7
a. Legal Rights Index	3.0	4.0	3.0	1.0	3.0	3.0	4.0	4.0	3.0
b. Credit Information Index	3.3	6.7	0.0	1.7	6.7	0.0	3.3	6.7	8.3
<b>B. Labour Market Regulations</b>	5.2	9.2	7.5	7.7	4.8	8.5	8.7	8.6	8.3
<i>i. Rigidity of Employment Index</i>	5.2	7.7	5.4	5.4	7.3	6.2	7.0	8.7	7.5
a. Difficulty of Hiring Index	5.6	10.0	6.1	3.3	10.0	6.7	8.9	10.0	5.6
b. Rigidity of Hours Index	4.0	8.0	4.0	6.0	8.0	4.0	8.0	6.0	10.0
c. Difficulty of Firing Index	6.0	5.0	6.0	7.0	4.0	8.0	4.0	10.0	7.0
<i>ii. Mandated cost of hiring (% of salary)</i>	4.9		10.0	7.1	5.5	7.8	8.0	8.0	6.0
<i>iii. Mandated cost of worker dismissal (weeks of wages)</i>	9.5	9.9	7.2	8.4	6.3	10.0	9.9	7.8	9.5
<i>iv. Conscription</i>	1.0	10.0		10.0	0.0	10.0	10.0	10.0	10.0
<b>C. Business Regulations</b>	7.5	8.4	7.7	6.1	7.0	7.4	7.0	7.2	6.9
<i>i. Starting a business</i>	7.9	9.1	7.7	7.4	9.1	7.4	8.1	7.9	8.6
a. Number of procedures	2.9	7.1	4.7	4.7	7.1	4.7	5.3	3.5	7.6
b. Duration (days)	8.9	9.7	9.0	8.3	9.7	6.3	9.4	8.4	7.8
c. Cost (% of income per capita)	9.8	10.0	7.7	7.5	9.7	8.9	9.2	10.0	8.9
d. Minimum capital (% of income per capita)	9.9	9.5	9.5	9.0	10.0	9.9	8.4	9.8	9.9
<i>ii. Closing a business</i>	7.2	7.8		4.9	5.0		6.0	6.6	5.2
a. Time (years)	7.8	7.8	..	5.2	6.0		5.9	6.0	6.3
b. Cost (% of estate)	9.2	8.8	..	7.7	7.2		8.9	10.0	7.2
c. Recovery rate (cents on the dollar)	4.5	6.8	0.0	1.7	1.8	0.0	3.0	3.6	2.1
<b>Area 5 Score</b>	<b>6.0</b>	<b>8.7</b>	<b>7.6</b>	<b>6.3</b>	<b>5.8</b>		<b>7.5</b>	<b>7.7</b>	<b>7.9</b>
<b>Area 5 Rank</b>	<b>13</b>	<b>1</b>	<b>6</b>	<b>12</b>	<b>16</b>		<b>7</b>	<b>5</b>	<b>2</b>

Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories*	Yemen, Rep.
	5.7	5.8	7.4	5.7	7.7		4.5	5.3	5.7	5.6	6.3	5.5
		8.0	10.0	5.0	8.0		8.0		5.0	5.0		
		3.0	6.0		8.0		3.0		8.0	8.0		
10.0	9.0	10.0	10.0	9.0				10.0			10.0	10.0
	2.3	2.3	3.7	3.2	7.0		2.5	0.5	4.0	3.7	2.5	1.0
	3.0	3.0	4.0	3.0	4.0		5.0	1.0	3.0	4.0	0.0	2.0
	1.7	1.7	3.3	3.3	10.0		0.0	0.0	5.0	3.3	5.0	0.0
	5.4	5.8	8.9	8.5	8.6		5.0	5.2	5.9	8.5	8.6	6.1
	5.5	3.7	7.6	7.3	8.7		6.4	6.3	5.1	8.7	6.9	6.7
	4.4	0.0	6.7	10.0	10.0		6.1	7.8	7.2	10.0	6.7	10.0
	6.0	6.0	6.0	4.0	6.0		8.0	6.0	6.0	6.0	6.0	4.0
	6.0	5.0	10.0	8.0	10.0		5.0	5.0	2.0	10.0	8.0	6.0
	7.1	6.7	8.2		8.0		6.9	6.9	6.0	7.6	10.0	8.4
	9.1	7.6	9.9	8.1	7.8		6.7	7.8	9.5	7.7	7.5	9.5
1.0	0.0	5.0	10.0	10.0	10.0	10.0	0.0	0.0	3.0	10.0	10.0	0.0
	5.7	8.0	7.3	8.0	7.5		8.2	6.0	8.3	6.4	7.1	6.4
	7.5	9.2	8.1	9.3	9.0		8.2	5.9	8.7	8.7	7.1	6.3
	4.7	7.6	5.3	7.6	7.1		5.3	3.5	5.3	6.5	4.1	4.1
	6.9	9.5	8.4	9.8	9.4		8.2	8.0	9.6	9.3	5.5	7.0
	9.3	9.9	9.9	9.9	9.6		9.3	9.3	9.9	9.7	8.8	7.9
	9.0	9.9	8.9	9.8	10.0		10.0	2.8	10.0	9.4	9.9	6.1
	4.0	6.7	6.6	6.8	6.0			6.1	7.9	4.1		6.5
	2.1	8.5	6.3	7.5	7.5			6.1	9.1	5.1		7.3
	8.9	7.7	9.6	7.2	7.2			8.9	9.2	6.1		9.1
	0.8	3.8	3.8	5.7	3.2		0.0	3.3	5.6	1.1	0.0	3.1
	<b>5.6</b>	<b>6.5</b>	<b>7.9</b>	<b>7.4</b>	<b>7.9</b>		<b>5.9</b>	<b>5.5</b>	<b>6.6</b>	<b>6.8</b>		<b>6.0</b>
	<b>17</b>	<b>11</b>	<b>2</b>	<b>8</b>	<b>2</b>		<b>15</b>	<b>18</b>	<b>10</b>	<b>9</b>		<b>13</b>

Table 6, continued: Area 5. Regulation of Credit, Labor, and Business

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon
<b>2006</b>									
<b>A. Credit Market Regulations</b>	5.3	8.3		5.2	5.3	4.3	6.7	6.9	8.7
<i>i. Ownership of banks</i>	0.0	10.0			2.0		10.0	10.0	10.0
<i>ii. Foreign bank competition</i>	8.0	8.0			6.0		3.0	3.0	9.0
<i>iii. Interest rate controls/negative real interest rates</i>	10.0	10.0		9.0	10.0	7.0	10.0	10.0	10.0
<i>iv. Getting Credit</i>	3.2	5.3	1.5	1.3	3.2	1.5	3.7	4.5	5.7
a. Legal Rights Index	3.0	..	3.0	1.0	3.0	3.0	4.0	4.0	3.0
b. Credit Information Index	3.3	..	0.0	1.7	3.3	0.0	3.3	5.0	8.3
<b>B. Labour Market Regulations</b>	5.2	9.2	7.5	7.7	4.8	8.5	8.7	8.6	6.5
<i>i. Rigidity of Employment Index</i>	5.2	7.7	5.4	5.4	7.3	6.2	7.0	8.7	7.5
a. Difficulty of Hiring Index	5.6	10.0	6.1	3.3	10.0	6.7	8.9	10.0	5.6
b. Rigidity of Hours Index	4.0	8.0	4.0	6.0	8.0	4.0	8.0	6.0	10.0
c. Difficulty of Firing Index	6.0	5.0	6.0	7.0	4.0	8.0	4.0	10.0	7.0
<i>ii. Mandated cost of hiring (% of salary)</i>	4.9		10.0	7.1	5.5	7.8	8.0	8.0	6.0
<i>iii. Mandated cost of worker dismissal (weeks of wages)</i>	9.5	9.9	7.2	8.4	6.3	10.0	9.9	7.8	9.5
<i>iv. Conscription</i>	1.0	10.0		10.0	0.0	10.0	10.0	10.0	3.0
<b>C. Business Regulations</b>	7.5	8.4	7.7	6.1	6.5	7.5	6.9	7.3	6.9
<i>i. Starting a business</i>	7.9	9.1	7.7	7.3	8.1	7.5	7.8	7.9	8.6
a. Number of procedures	2.9		4.7	4.7	5.3	4.7	4.7	3.5	7.6
b. Duration (days)	8.9		9.0	8.3	9.2	6.3	9.2	8.4	7.8
c. Cost (% of income per capita)	9.8		7.7	7.3	9.2	9.2	9.1	10.0	8.9
d. Minimum capital (% of income per capita)	9.9		9.4	8.9	8.6	9.9	8.3	9.8	9.9
<i>ii. Closing a business</i>	7.2	7.8		4.9	5.0		6.0	6.6	5.2
a. Time (years)	7.8			5.2	6.0		5.9	6.0	6.3
b. Cost (% of estate)	9.2			7.7	7.2		8.9	10.0	7.2
c. Recovery rate (cents on the dollar)	4.5			1.7	1.8		3.0	3.7	2.1
<b>Area 5 Score</b>	<b>6.0</b>	<b>8.7</b>	<b>7.6</b>	<b>6.3</b>	<b>5.5</b>		<b>7.4</b>	<b>7.6</b>	<b>7.3</b>
<b>Area 5 Rank</b>	<b>13</b>	<b>1</b>	<b>3</b>	<b>12</b>	<b>17</b>		<b>7</b>	<b>3</b>	<b>8</b>

Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories*	Yemen, Rep.
	5.2	5.8	7.4	6.1	7.4		4.5	5.3	5.4	5.6	5.8	5.5
		8.0	10.0	5.0	8.0		8.0		5.0	5.0		
		3.0	6.0		8.0		3.0		8.0	8.0		
10.0	8.0	10.0	10.0	10.0				10.0			10.0	10.0
	2.3	2.3	3.7	3.2	6.2		2.5	0.5	3.2	3.7	1.7	1.0
	3.0	3.0	4.0	..	4.0		5.0	1.0	3.0	4.0	0.0	2.0
	1.7	1.7	3.3		8.3		0.0	0.0	3.3	3.3	3.3	0.0
	5.3	5.8	8.9	8.5	8.8		5.0	5.4	5.9	8.5	8.6	6.1
	5.1	3.7	7.6	7.3	9.3		6.4	7.0	5.1	8.7	6.9	6.7
	3.3	0.0	6.7	10.0	10.0		6.1	10.0	7.2	10.0	6.7	10.0
	6.0	6.0	6.0	4.0	8.0		8.0	6.0	6.0	6.0	6.0	4.0
	6.0	5.0	10.0	8.0	10.0		5.0	5.0	2.0	10.0	8.0	6.0
	7.1	6.7	8.2		8.0		6.9	6.9	6.0	7.6	10.0	8.4
	9.1	7.6	9.9	8.1	7.8		6.7	7.8	9.5	7.7	7.5	9.5
1.0	0.0	5.0	10.0	10.0	10.0	10.0	0.0	0.0	3.0	10.0	10.0	0.0
	5.5	8.0	7.3	8.0	6.6		8.2	6.0	8.3	6.4	7.0	6.2
	7.0	9.2	8.1	9.3	7.2		8.2	5.9	8.7	8.7	7.0	5.8
	4.7	7.6	5.3		3.5		5.3	4.1	5.3	6.5	4.1	4.1
	6.0	9.5	8.4		8.2		8.2	8.0	9.6	9.3	5.5	7.0
	8.5	9.8	9.9		9.3		9.3	9.7	9.9	9.7	8.7	7.3
	8.8	9.9	8.9		7.9		10.0	1.7	9.9	9.3	9.9	5.0
	4.0	6.7	6.6	6.8	5.9			6.1	7.9	4.1		6.5
	2.1	8.5	6.3		7.5			6.1	9.1	5.1		7.3
	8.9	7.7	9.6		7.2			8.9	9.2	6.1		9.1
	0.8	3.8	3.8		2.9			3.2	5.5	1.1		3.1
	<b>5.3</b>	<b>6.5</b>	<b>7.9</b>	<b>7.5</b>	<b>7.6</b>		<b>5.9</b>	<b>5.6</b>	<b>6.5</b>	<b>6.8</b>		<b>5.9</b>
	<b>18</b>	<b>10</b>	<b>2</b>	<b>6</b>	<b>3</b>		<b>14</b>	<b>16</b>	<b>10</b>	<b>9</b>		<b>14</b>

Table 6, continued: Area 5. Regulation of Credit, Labor, and Business

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon
<b>2005</b>									
<b>A. Credit Market Regulations</b>	5.1	8.3		5.2	5.3	4.3	6.7	6.9	8.5
<i>i. Ownership of banks</i>	0.0	10.0			2.0		10.0	10.0	10.0
<i>ii. Foreign bank competition</i>	8.0	8.0			6.0		3.0	3.0	9.0
<i>iii. Interest rate controls/negative real interest rates</i>	10.0	10.0		9.0	10.0	7.0	10.0	10.0	10.0
<i>iv. Getting Credit</i>	2.3	5.3	1.5	1.3	3.2	1.5	3.7	4.5	4.8
a. Legal Rights Index	3.0	..	3.0	1.0	3.0	3.0	4.0	4.0	3.0
b. Credit Information Index	1.7				3.3	0.0	3.3	5.0	6.7
<b>B. Labour Market Regulations</b>	5.2	9.2	7.5	8.2	4.8	8.5	8.7	8.6	6.5
<i>i. Rigidity of Employment Index</i>	5.2	7.7	5.4	7.1	7.3	6.2	7.0	8.7	7.5
a. Difficulty of Hiring Index	5.6	10.0	6.1	8.3	10.0	6.7	8.9	10.0	5.6
b. Rigidity of Hours Index	4.0	8.0	4.0	6.0	8.0	4.0	8.0	6.0	10.0
c. Difficulty of Firing Index	6.0	5.0	6.0	7.0	4.0	8.0	4.0	10.0	7.0
<i>ii. Mandated cost of hiring (% of salary)</i>	4.9		10.0	7.1	5.5	7.8	8.0	8.0	6.0
<i>iii. Mandated cost of worker dismissal (weeks of wages)</i>	9.5	9.9	7.2	8.4	6.3	10.0	9.9	7.8	9.5
<i>iv. Conscription</i>	1.0	10.0		10.0	0.0	10.0	10.0	10.0	3.0
<b>C. Business Regulations</b>	7.5	8.4	7.7	6.1	6.4	7.6	6.8	7.3	6.8
<i>i. Starting a business</i>	7.9	9.1	7.7	7.3	7.9	7.6	7.7	7.9	8.5
a. Number of procedures	2.9				5.3	4.7	4.7	3.5	7.6
b. Duration (days)	8.9				9.0	6.3	9.2	8.4	7.8
c. Cost (% of income per capita)	9.9				8.7	9.5	9.0	10.0	8.7
d. Minimum capital (% of income per capita)	9.9				8.6	9.9	8.0	9.7	9.9
<i>ii. Closing a business</i>	7.2	7.8		4.9	5.0		6.0	6.7	5.2
a. Time (years)	7.8			5.2	6.0		5.9	6.0	6.3
b. Cost (% of estate)	9.2			7.7	7.2		8.9	10.0	7.2
c. Recovery rate (cents on the dollar)	4.5			1.7	1.7		3.0	4.1	2.0
<b>Area 5 Score</b>	<b>5.9</b>	<b>8.7</b>	<b>7.6</b>	<b>6.5</b>	<b>5.5</b>		<b>7.4</b>	<b>7.6</b>	<b>7.3</b>
<b>Area 5 Rank</b>	<b>13</b>	<b>1</b>	<b>2</b>	<b>10</b>	<b>16</b>		<b>7</b>	<b>2</b>	<b>8</b>

Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories*	Yemen, Rep.
	5.7	5.8	6.7	6.1	7.4		4.5	5.3	5.4	5.6	5.8	5.5
		8.0	10.0	5.0	8.0		8.0		5.0	5.0		
		3.0	3.0		8.0		3.0		8.0	8.0		
10.0	9.0	10.0	10.0	10.0				10.0			10.0	10.0
	2.3	2.3	3.7	3.2	6.2		2.5	0.5	3.2	3.7	1.7	1.0
	3.0	3.0	4.0	..	4.0		5.0	1.0	3.0	4.0	0.0	2.0
	1.7	1.7	3.3		8.3		0.0	0.0	3.3	3.3		0.0
	5.3	5.8	8.8	8.5	8.8		5.0	5.3	5.9	8.5	8.6	6.1
	5.1	3.7	7.2	7.3	9.3		6.4	6.6	5.1	8.7	6.9	6.7
	3.3	0.0	5.6	10.0	10.0		6.1	8.9	7.2	10.0	6.7	10.0
	6.0	6.0	6.0	4.0	8.0		8.0	6.0	6.0	6.0	6.0	4.0
	6.0	5.0	10.0	8.0	10.0		5.0	5.0	2.0	10.0	8.0	6.0
	7.1	6.7	8.2		8.0		6.9	6.9	6.0	7.6	10.0	8.4
	9.1	7.6	9.9	8.1	7.8		6.7	7.8	9.5	7.7	7.5	9.5
1.0	0.0	5.0	10.0	10.0	10.0	10.0	0.0	0.0	3.0	10.0	10.0	0.0
	5.4	7.8	7.3	8.0	6.4		8.2	5.7	8.3	6.4	6.7	6.1
	6.8	8.9	8.1	9.3	6.8		8.2	5.4	8.7	8.6	6.7	5.7
	4.7	7.6	5.3		3.5		5.3	4.1	5.3	6.5	4.1	4.1
	6.0	9.5	8.4		6.9		8.2	8.0	9.6	9.3	5.5	7.0
	8.3	9.8	9.9		9.2		9.2	9.6	9.9	9.6	9.0	7.1
	8.3	8.6	8.7		7.6		10.0	0.0	9.9	9.2	8.3	4.7
	4.0	6.7	6.5	6.8	5.9			6.0	7.9	4.2		6.5
	2.1	8.5	6.3		7.5			6.1	9.1	5.1		7.3
	8.9	7.7	9.6		7.2			8.9	9.2	6.1		9.1
	0.8	3.8	3.7		3.1			3.1	5.6	1.3		3.0
	<b>5.5</b>	<b>6.5</b>	<b>7.6</b>	<b>7.5</b>	<b>7.5</b>		<b>5.9</b>	<b>5.4</b>	<b>6.5</b>	<b>6.8</b>		<b>5.9</b>
	<b>16</b>	<b>10</b>	<b>2</b>	<b>5</b>	<b>5</b>		<b>13</b>	<b>18</b>	<b>10</b>	<b>9</b>		<b>13</b>

Table 6, continued: Area 5. Regulation of Credit, Labor, and Business

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon
<b>2004</b>									
<b>A. Credit Market Regulations</b>	5.1	8.1		5.2	4.5	5.8	6.9	8.1	8.2
<i>i. Ownership of banks</i>	0.0	10.0			2.0		10.0	10.0	10.0
<i>ii. Foreign bank competition</i>	8.0	7.0			3.0		4.0	8.0	8.0
<i>iii. Interest rate controls/negative real interest rates</i>	10.0	10.0		9.0	10.0	10.0	10.0	10.0	10.0
<i>iv. Getting Credit</i>	2.3	5.3	1.5	1.3	3.2	1.5	3.7	4.5	4.8
a. Legal Rights Index	3.0	..	3.0	1.0	3.0	3.0	4.0	4.0	3.0
b. Credit Information Index	1.7				3.3		3.3	5.0	6.7
<b>B. Labour Market Regulations</b>	5.1	9.2	7.5	8.2	4.8	6.0	8.7	8.6	6.5
<i>i. Rigidity of Employment Index</i>	4.8	7.7	5.4	7.1	7.3	6.2	7.0	8.7	7.5
a. Difficulty of Hiring Index	4.4	10.0	6.1	8.3	10.0	6.7	8.9	10.0	5.6
b. Rigidity of Hours Index	4.0	8.0	4.0	6.0	8.0	4.0	8.0	6.0	10.0
c. Difficulty of Firing Index	6.0	5.0	6.0	7.0	4.0	8.0	4.0	10.0	7.0
<i>ii. Mandated cost of hiring (% of salary)</i>	4.9		10.0	7.1	5.5	7.8	8.0	8.0	6.0
<i>iii. Mandated cost of worker dismissal (weeks of wages)</i>	9.5	9.9	7.2	8.4	6.3	10.0	9.9	7.8	9.5
<i>iv. Conscription</i>	1.0	10.0		10.0	0.0	0.0	10.0	10.0	3.0
<b>C. Business Regulations</b>	7.5	8.4	7.7	6.1	6.2	7.6	6.7	7.3	6.8
<i>i. Starting a business</i>	7.9	9.1	7.7	7.3	7.4	7.6	7.5	7.9	8.4
a. Number of procedures	2.9				3.5		4.7	3.5	7.6
b. Duration (days)	8.9				8.3		8.7	8.4	7.8
c. Cost (% of income per capita)	9.8				9.2		8.8	10.0	8.5
d. Minimum capital (% of income per capita)	9.9				8.4		7.8	9.7	9.8
<i>ii. Closing a business</i>	7.2	7.8		4.9	5.0		5.9	6.7	5.1
a. Time (years)	7.8			5.2	6.0		5.9	6.0	6.3
b. Cost (% of estate)	9.2			7.7	7.2		8.9	10.0	7.2
c. Recovery rate (cents on the dollar)	4.5			1.7	1.7		2.8	4.2	1.8
<b>Area 5 Score</b>	<b>5.9</b>	<b>8.6</b>	<b>7.6</b>	<b>6.5</b>	<b>5.2</b>		<b>7.4</b>	<b>8.0</b>	<b>7.2</b>
<b>Area 5 Rank</b>	<b>15</b>	<b>1</b>	<b>4</b>	<b>11</b>	<b>18</b>		<b>6</b>	<b>2</b>	<b>7</b>



Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories*	Yemen, Rep.
	5.7	6.3	7.9	6.1	6.0		4.5	5.3	5.4	5.6	5.8	6.3
		5.0	10.0	5.0	8.0		8.0		5.0	5.0		
		8.0	8.0		8.0		3.0		8.0	8.0		
10.0	9.0	10.0	10.0	10.0				10.0			10.0	10.0
	2.3	2.3	3.7	3.2	2.0		2.5	0.5	3.2	3.7	1.7	2.7
	3.0	3.0	4.0	..	4.0		5.0	1.0	3.0	4.0	0.0	2.0
	1.7	1.7	3.3		0.0			0.0	3.3	3.3		3.3
	4.8	6.1	8.8	8.5	8.8		5.3	5.4	5.9	8.5	8.6	6.1
	3.0	4.0	7.2	7.3	9.3		6.4	7.0	5.1	8.7	6.9	6.7
	1.1	0.0	5.6	10.0	10.0		6.1	10.0	7.2	10.0	6.7	10.0
	4.0	6.0	6.0	4.0	8.0		8.0	6.0	6.0	6.0	6.0	4.0
	4.0	6.0	10.0	8.0	10.0		5.0	5.0	2.0	10.0	8.0	6.0
	7.1	6.7	8.2		8.0		6.9	6.9	6.0	7.6	10.0	8.4
	9.1	8.5	9.9	8.1	7.8		6.7	7.8	9.5	7.7	7.5	9.5
1.0	0.0	5.0	10.0	10.0	10.0	10.0	1.0	0.0	3.0	10.0	10.0	0.0
	5.6	7.8	7.3	8.0	6.1		8.2	5.7	7.3	6.2	6.7	5.8
	6.8	8.9	8.1	9.3	6.6		8.2	5.4	8.5	8.6	6.7	6.2
	4.7	7.6	5.3		3.5			4.1	5.3	6.5		4.1
	6.0	9.5	8.4		6.6			8.0	9.6	9.3		7.0
	8.3	9.8	9.9		9.2			9.6	9.9	9.6		6.8
	8.3	8.6	8.7		7.0			0.1	9.4	9.2		6.9
	4.3	6.7	6.5	6.8	5.7			6.0	6.1	3.8		5.5
	2.1	8.5	6.3		7.5			6.1	9.1	5.1		7.3
	8.9	7.7	9.6		7.2			8.9	9.2	6.1		9.1
	1.8	3.7	3.7		2.3			3.1	0.0	0.0		0.0
	<b>5.3</b>	<b>6.7</b>	<b>8.0</b>	<b>7.5</b>	<b>7.0</b>		<b>6.0</b>	<b>5.5</b>	<b>6.2</b>	<b>6.8</b>		<b>6.1</b>
	<b>17</b>	<b>10</b>	<b>2</b>	<b>5</b>	<b>8</b>		<b>14</b>	<b>16</b>	<b>12</b>	<b>9</b>		<b>13</b>

Table 6, continued: Area 5. Regulation of Credit, Labor, and Business

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon
<b>2003</b>									
<b>A. Credit Market Regulations</b>	5.1	8.1		5.2	4.5	5.8	6.9	8.1	8.2
<i>i. Ownership of banks</i>	0.0	10.0			2.0		10.0	10.0	10.0
<i>ii. Foreign bank competition</i>	8.0	7.0			3.0		4.0	8.0	8.0
<i>iii. Interest rate controls/negative real interest rates</i>	10.0	10.0		9.0	10.0	10.0	10.0	10.0	10.0
<i>iv. Getting Credit</i>	2.3	5.3	1.5	1.3	3.2	1.5	3.7	4.5	4.8
a. Legal Rights Index									
b. Credit Information Index									
<b>B. Labour Market Regulations</b>	5.1	9.2	7.5	8.2	4.8	6.0	8.7	8.6	6.5
<i>i. Rigidity of Employment Index</i>	4.8	7.7	5.4	7.1	7.3	6.2	7.0	8.7	7.5
a. Difficulty of Hiring Index	4.4	10.0	6.1	8.3	10.0	6.7	8.9	10.0	5.6
b. Rigidity of Hours Index	4.0	8.0	4.0	6.0	8.0	4.0	8.0	6.0	10.0
c. Difficulty of Firing Index	6.0	5.0	6.0	7.0	4.0	8.0	4.0	10.0	7.0
<i>ii. Mandated cost of hiring (% of salary)</i>	4.9		10.0	7.1	5.5	7.8	8.0	8.0	6.0
<i>iii. Mandated cost of worker dismissal (weeks of wages)</i>	9.5	9.9	7.2	8.4	6.6	10.0	9.9	7.8	9.5
<i>iv. Conscriptio</i>	1.0	10.0		10.0	0.0	0.0	10.0	10.0	3.0
<b>C. Business Regulations</b>	7.5	8.4	7.7	6.1	6.2	7.6	6.1	7.3	6.7
<i>i. Starting a business</i>	7.9	9.1	7.7	7.3	7.3	7.6	6.4	7.9	8.4
a. Number of procedures	2.9				3.5		2.9	3.5	7.6
b. Duration (days)	8.9				8.3		6.1	8.4	7.8
c. Cost (% of income per capita)	9.8				9.2		8.8	10.0	8.4
d. Minimum capital (% of income per capita)	9.9				8.3		7.7	9.7	9.8
<i>ii. Closing a business</i>	7.2	7.8		4.9	5.0		5.9	6.7	5.1
a. Time (years)	7.8			5.2	6.0		5.9	6.0	6.3
b. Cost (% of estate)	9.2			7.7	7.2		8.9	10.0	7.2
c. Recovery rate (cents on the dollar)	4.5			1.7	1.7		2.9	4.1	1.7
<b>Area 5 Score</b>	<b>5.9</b>	<b>8.6</b>	<b>7.6</b>	<b>6.5</b>	<b>5.2</b>		<b>7.3</b>	<b>8.0</b>	<b>7.2</b>
<b>Area 5 Rank</b>	<b>15</b>	<b>1</b>	<b>4</b>	<b>10</b>	<b>18</b>		<b>6</b>	<b>2</b>	<b>7</b>

Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories*	Yemen, Rep.
	5.7	6.1	7.9	6.1	6.0		4.5	5.3	5.4	5.6	5.8	6.3
		5.0	10.0	5.0	8.0		8.0		5.0	5.0		
		8.0	8.0		8.0		3.0		8.0	8.0		
10.0	9.0	9.0	10.0	10.0				10.0			10.0	10.0
	2.3	2.3	3.7	3.2	2.0		2.5	0.5	3.2	3.7	1.7	2.7
	4.8	6.1	8.8	8.5	8.8		5.3	5.4	5.9	8.5	8.6	6.1
	3.0	4.0	7.2	7.3	9.3		6.4	7.0	5.1	8.7	6.9	6.7
	1.1	0.0	5.6	10.0	10.0		6.1	10.0	7.2	10.0	6.7	10.0
	4.0	6.0	6.0	4.0	8.0		8.0	6.0	6.0	6.0	6.0	4.0
	4.0	6.0	10.0	8.0	10.0		5.0	5.0	2.0	10.0	8.0	6.0
	7.1	6.7	8.2		8.0		6.9	6.9	6.0	7.6	10.0	8.4
	9.1	8.5	9.9	8.1	7.8		6.7	7.8	9.5	7.7	7.5	9.5
1.0	0.0	5.0	10.0	10.0	10.0	10.0	1.0	0.0	3.0	10.0	10.0	0.0
	5.4	7.2	7.3	8.0	6.2		8.2	5.7	8.2	6.4	6.7	6.3
	6.8	7.8	8.1	9.3	6.6		8.2	5.4	8.5	8.6	6.7	6.0
	4.7	4.7	5.3		3.5			4.1	5.3	6.5		4.1
	6.0	8.3	8.4		6.6			8.0	9.6	9.3		6.5
	8.3	9.7	9.9		9.2			9.6	9.9	9.6		6.9
	8.3	8.5	8.7		7.0			0.0	9.3	9.1		6.6
	4.0	6.7	6.5	6.8	5.9			6.0	7.9	4.1		6.5
	2.1	8.5	6.3		7.5			6.1	9.1	5.1		7.3
	8.9	7.7	9.6		7.2			8.9	9.2	6.1		9.1
	0.8	3.7	3.6		3.1			3.1	5.5	1.1		3.1
	<b>5.3</b>	<b>6.5</b>	<b>8.0</b>	<b>7.5</b>	<b>7.0</b>		<b>6.0</b>	<b>5.5</b>	<b>6.5</b>	<b>6.8</b>		<b>6.2</b>
	<b>17</b>	<b>10</b>	<b>2</b>	<b>5</b>	<b>8</b>		<b>14</b>	<b>16</b>	<b>10</b>	<b>9</b>		<b>13</b>

Table 6, continued: Area 5. Regulation of Credit, Labor, and Business

	Algeria	Bahrain	Comoros	Djibouti	Egypt, Arab Rep.	Iraq	Jordan	Kuwait	Lebanon
<b>2002</b>									
<b>A. Credit Market Regulations</b>	5.1	8.1		5.2	4.5	5.8	6.9	8.1	8.2
<i>i. Ownership of banks</i>	0.0	10.0			2.0		10.0	10.0	10.0
<i>ii. Foreign bank competition</i>	8.0	7.0			3.0		4.0	8.0	8.0
<i>iii. Interest rate controls/negative real interest rates</i>	10.0	10.0		9.0	10.0	10.0	10.0	10.0	10.0
<i>iv. Getting Credit</i>	2.3	5.3	1.5	1.3	3.2	1.5	3.7	4.5	4.8
a. Legal Rights Index									
b. Credit Information Index									
<b>B. Labour Market Regulations</b>	5.1	9.2	7.5	8.2	4.8	6.0	8.7	8.6	6.5
<i>i. Rigidity of Employment Index</i>	4.8	7.7	5.4	7.1	7.3	6.2	7.0	8.7	7.5
a. Difficulty of Hiring Index									
b. Rigidity of Hours Index									
c. Difficulty of Firing Index									
<i>ii. Mandated cost of hiring (% of salary)</i>	4.9		10.0	7.1	5.5	7.8	8.0	8.0	6.0
<i>iii. Mandated cost of worker dismissal (weeks of wages)</i>	9.5	9.9	7.2	8.4	6.6	10.0	9.9	7.8	9.5
<i>iv. Conscription</i>	1.0	10.0		10.0	0.0	0.0	10.0	10.0	3.0
<b>C. Business Regulations</b>	7.5	8.4	7.7	6.1	6.2	7.6	6.1	7.3	6.7
<i>i. Starting a business</i>	7.9	9.1	7.7	7.3	7.3	7.6	6.4	7.9	8.4
a. Number of procedures									
b. Duration (days)									
c. Cost (% of income per capita)									
d. Minimum capital (% of income per capita)									
<i>ii. Closing a business</i>	7.2	7.8		4.9	5.0		5.9	6.7	5.1
a. Time (years)									
b. Cost (% of estate)									
c. Recovery rate (cents on the dollar)									
<b>Area 5 Score</b>	<b>5.9</b>	<b>8.6</b>	<b>7.6</b>	<b>6.5</b>	<b>5.2</b>		<b>7.3</b>	<b>8.0</b>	<b>7.2</b>
<b>Area 5 Rank</b>	<b>15</b>	<b>1</b>	<b>4</b>	<b>10</b>	<b>18</b>		<b>6</b>	<b>2</b>	<b>7</b>

Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	Palestinian Territories*	Yemen, Rep.
	5.7	6.1	7.9	6.1	6.0		4.5	5.3	5.4	5.6	5.8	6.3
		5.0	10.0	5.0	8.0		8.0		5.0	5.0		
		8.0	8.0		8.0		3.0		8.0	8.0		
10.0	9.0	9.0	10.0	10.0				10.0			10.0	10.0
	2.3	2.3	3.7	3.2	2.0		2.5	0.5	3.2	3.7	1.7	2.7
	4.8	6.1	8.8	8.5	8.8		5.3	5.4	5.9	8.5	8.6	6.1
	3.0	4.0	7.2	7.3	9.3		6.4	7.0	5.1	8.7	6.9	6.7
	7.1	6.7	8.2		8.0		6.9	6.9	6.0	7.6	10.0	8.4
	9.1	8.5	9.9	8.1	7.8		6.7	7.8	9.5	7.7	7.5	9.5
1.0	0.0	5.0	10.0	10.0	10.0	10.0	1.0	0.0	3.0	10.0	10.0	0.0
	5.4	7.2	7.3	8.0	6.2		8.2	5.7	8.2	6.4	6.7	6.3
	6.8	7.8	8.1	9.3	6.6		8.2	5.4	8.5	8.6	6.7	6.0
	4.0	6.7	6.5	6.8	5.9			6.0	7.9	4.1		6.5
	<b>5.3</b>	<b>6.5</b>	<b>8.0</b>	<b>7.5</b>	<b>7.0</b>		<b>6.0</b>	<b>5.5</b>	<b>6.5</b>	<b>6.8</b>		<b>6.2</b>
	<b>17</b>	<b>10</b>	<b>2</b>	<b>5</b>	<b>8</b>		<b>14</b>	<b>16</b>	<b>10</b>	<b>9</b>		<b>13</b>

## Appendix: Explanatory notes and data sources

The index published in *Economic Freedom of the Arab World* was derived from 39 distinct pieces of data (“components”). The overall rating was computed by averaging the five areas and area scores were derived by averaging the components within each area. Economic freedom is measured on a scale from zero to 10 where a higher value indicates a greater degree of economic freedom.

Note that the minimums and maximums used to compute the individual scores were taken from *Economic Freedom of the World* instead of the 22 countries included in the index. For those variables not used in the EFW report, minimums and maximums were derived from the 141 countries included in the EFW report. We used “global” instead of regional minimums and maximums because of the small variability in some of the components among the Arab countries.

### Area 1 Size of Government: Expenditures, Taxes, and Enterprises

#### A General government consumption spending as a percentage of total consumption

This component measures general government final consumption expenditure as a percentage of final consumption expenditure (formerly known as total consumption). The rating for this component was derived using the following formula:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  is the country’s actual government consumption as a proportion of final consumption, while  $V_{\max}$  and  $V_{\min}$  were the maximum and minimum values set to 40% and 6%, respectively. The 1990 data in *Economic Freedom of the World* were used to derive maximum and minimum value for this component. Nations with higher government expenditure relative to final consumption receive lower scores.

**Source** World Bank (2011), *World Development Indicators 2009* (on-line).

#### B Transfers and subsidies as a percentage of GDP

This component measures government subsidies and other transfers as a percentage of GDP. The rating for this component was derived using the following formula:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  is the country’s ratio of transfers and subsidies to GDP, while  $V_{\max}$  and  $V_{\min}$  were the maximum and minimum set to 37.2% and 0.5%, respectively. The 1990 data in the *Economic*

*Freedom of the World* were used to derive maximum and minimum value for this component. Countries with higher government subsidies and other transfers relative to GDP receive lower scores.

**Source** World Bank (2011), *World Development Indicators 2009* (on-line).

### C Government enterprises and investment

The rating for this component was computed using (a) government investment as a share of total investment and (b) the number, composition, and share of output generated by State-Operated Enterprises (SOEs). Nations with lower government investment as proportion of total investment and fewer SOEs receive higher scores.

**Source** Gwartney, Lawson, and Hall (2011).

### D Top marginal tax rate

This component measures the highest marginal income-tax rate (individual rate) and the threshold at which this rate applies. Countries with higher marginal income-tax rates that take effect at lower income thresholds received lower ratings based on the matrix found below.

Top Marginal Tax Rate	Income Threshold at Which the Top Marginal Rate Applies (1982–1984 US\$)			
	< \$25,000	\$25,000 – \$50,000	\$50,000 – \$150,000	> \$150,000
< 20%	10	10	10	10
21% – 25%	9	9	10	10
26% – 30%	8	8	9	9
31% – 35%	7	7	8	9
36% – 40%	5	6	7	8
41% – 45%	4	5	6	7
46% – 50%	3	4	5	5
51% – 55%	2	3	4	4
56% – 60%	1	2	3	3
61% – 65%	0	1	2	2
66% – 70%	0	0	1	1
> 70%	0	0	0	0

**Sources** Canadian Trade Commissioner, Syria (2010); Champagne-Ardenne Export (2010); Comores, Direction générale des impôts (2005); Dahalane (2003); Deloitte (2007, 2009, 2010); Djibouti, Ministère de Finances (2010); Ernst & Young (2003, 2009, 2010); KPMG (2010); Mauritanie, Ministère de Finances (2005); PricewaterhouseCoopers (2010); World Bank (various years, 2005–2010), *World Development Indicators*.

## Area 2 Commercial and Economic Law and Security of Property Rights

### A Military interference in rule of law and the political process

This component is based on the Political Risk Component G (Military in Politics) from the *International Country Risk Guide* (ICRG), which measures the extent to which the military is involved in politics: “Since the military is not elected, involvement, even at a peripheral level, diminishes democratic accountability. Military involvement might stem from an external or internal threat, be symptomatic of underlying difficulties, or be a full-scale military takeover. Over the long term, a system of military government will almost certainly diminish effective governmental functioning, become corrupt, and create an uneasy environment for foreign businesses.” The *International Country Risk Guide* measures military involvement on a scale from zero to 6 where a higher value indicates a lower potential risk. These values were then transformed into a zero-to-10 scale.

**Sources** PRS Group (1979–2004, 2006, 2007, 2008, 2009).

### B Integrity of the legal system

This component is based on the Political Risk Component I (Law and Order) from the *International Country Risk Guide*. Component I is based on “[t]wo measures comprising one risk component. Each sub-component equals half of the total. The ‘law’ sub-component assesses the strength and impartiality of the legal system, and the ‘order’ sub-component assesses popular observance of the law.” The *International Country Risk Guide* measures law and order on a scale from zero to six, where a higher value indicates a lower potential risk. These values were then transformed into a zero-to-ten scale.

**Sources** PRS Group (1979–2004, 2006, 2007, 2008, 2009).

### C Regulatory restrictions on the sale of real property

This component is based on the World Bank’s *Doing Business* dataset and it measures the steps, time, and cost involved in registering property. The World Bank uses “a standardized case of an entrepreneur who wants to purchase land and a building in the largest business city—already registered and free of title dispute.” The cost includes such items “as fees, transfer taxes, stamp duties, and any other payment to the property registry, notaries, public agencies or lawyers. The cost is expressed as a percentage of the property value, assuming a property value of 50 times income per capita.”

The rating for this component was derived using the following formula:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the steps, time, and cost as a percentage of property value.  $V_{\max}$  was set to 21.0 procedures, 956 days, and 30.4% and  $V_{\min}$  to 1.0 procedure, 1.0 day, and 0.1%. Nations with values that fall below  $V_{\min}$  received a score of 10 whereas those nations that have values above  $V_{\max}$  received a score of zero.



- i number of procedures
- ii time (days)
- iii cost (% of property value)

**Sources** World Bank (various years, 2004–2010), *Doing Business* database.

#### **D Legal enforcement of contracts**

This component is based on the World Bank's *Doing Business* dataset. The component measures "the efficiency of contract enforcement by following the evolution of a sale of goods dispute and tracking the time, cost, and number of procedures involved from the moment the plaintiff files the lawsuit until actual payment." The rating for this component was derived using the following formula:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the procedures, time, and cost as a percentage of debt.  $V_{\max}$  was set to 58.0 procedures, 1,459.0 days, and 227.3% and  $V_{\min}$  to 14.0 procedures, 109.0 days, and 5.5%. Nations with values that fall below  $V_{\min}$  received a score of 10 whereas those nations which have values above  $V_{\max}$  received a score of zero.

- i number of procedures
- ii time (days)
- iii cost (% of debt)

**Sources** World Bank (various years, 2004–2010), *Doing Business* database.

### **Area 3 Access to Sound Money**

#### **A Money growth**

The M1 money supply figures were used to measure the growth rate of the money supply. This component measures the growth of the money supply in the last five years minus the annual growth of real GDP in the last 10 years. The rating for this component was derived using the following formula:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the average annual growth rate of the money supply during the last five years adjusted for the growth of real GDP during the previous 10 years. The values for  $V_{\min}$  and  $V_{\max}$  were set at zero and 50%, respectively. If money growth equals the long-term growth of real output (i.e., growth of real GDP in the last 10 years), then a nation gets a rating of 10. If the growth of money supply is greater than the long-run growth in real output, a nation gets a score less than 10. Nations with a value greater than 50% receive a rating of zero.

**Source** World Bank (2011), *World Development Indicators 2009* (on-line).

#### **B Standard deviation of inflation**

The Consumer Price Index (CPI) was used as the measure of inflation for this component. The following formula was used to determine the zero-to-10 scale rating for each country:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents

the country's standard deviation of the annual rate of inflation during the last five years. The values for  $V_{\min}$  and  $V_{\max}$  were set at zero and 25%, respectively. If there is no variation in inflation rate over the past five years, a nation gets a score of 10. The higher the variability of inflation, the lower the rating a nation receives. Those nations that have a standard deviation greater than 25% get a score of zero.

**Sources** World Bank (2011), *World Development Indicators 2009* (on-line); International Monetary Fund (Sept. 2006, 2008, 2009, 2010, 2011), *Regional Economic Outlook: Middle East and Central Asia*; Banque de France (2011); Economic Research Service, USDA (2011).

### C Inflation: Most recent year

The Consumer Price Index (CPI) was used as the measure of inflation for this component. The zero-to-10 country ratings were derived by the following formula:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the rate of inflation during the most recent year. The values for  $V_{\min}$  and  $V_{\max}$  were set at zero and 50%, respectively. The lower the rate of inflation, the higher the rating. Those nations that have an inflation rate higher than 50% get a score of zero.

**Sources** World Bank (2011), *World Development Indicators 2009* (on-line); International Monetary Fund (Sept. 2006, 2008, 2009, 2010, 2011), *Regional Economic Outlook: Middle East and Central Asia*; Banque de France (2011); Economic Research Service, USDA (2011).

### D Freedom to own foreign-currency bank accounts

If foreign bank accounts are allowed both domestically and abroad without any restrictions, a nation gets a score of 10. If foreign bank accounts are allowed domestically but not abroad, or vice versa, a nation gets a rating of 5.

**Sources** International Monetary Fund (2004 to 2010), *Exchange Arrangements and Exchange Restrictions*.

## Area 4 Freedom to Trade Internationally

### A Taxes on international trade

#### i Revenue from trade taxes (% of trade sector)

This sub-component measures taxes on international trade as a percentage of imports and exports. The zero-to-10 country ratings were derived by the following formula:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the revenue derived from taxes on international trade as a share of imports and exports. The values for  $V_{\min}$  and  $V_{\max}$  were set at zero and 15%, respectively. The greater the taxes on international trade as a share of exports and imports, the lower the score. Nations that have a value greater than 15% get a rating of zero.

**Source** World Bank (2011), *World Development Indicators 2009* (on-line).

## ii Mean tariff rate

This sub-component measures the unweighted average of tariff rates. The zero-to-10 country ratings were derived by the following formula:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the country's mean tariff rate. The values for  $V_{\min}$  and  $V_{\max}$  were set at zero and 50%, respectively. A higher mean tariff rate results in a lower rating. Nations with a mean tariff rate of over 50% get a score of zero.

**Source** World Bank (various years, 2005–2010), *World Development Indicators*; World Trade Organization (2010).

## iii Standard deviation of tariff rates

This sub-component measures the standard deviation of tariff rates. The zero-to-10 country ratings were derived by the following formula:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the standard deviation of the country's tariff rates. The values for  $V_{\min}$  and  $V_{\max}$  were set at zero and 25%, respectively. Countries with greater variation in their tariff rates get lower ratings. Nations with standard deviation of over 25% get a score of zero.

**Source** Gwartney, Hall, and Lawson (2011); World Trade Organization (2010).

## B Black-market exchange rates

This component measures the difference between the official rate and parallel black-market exchange rate. The zero-to-10 country ratings were derived by the following formula:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  is the country's black-market premium on the exchange rate. The values for  $V_{\min}$  and  $V_{\max}$  were set at zero and 50%, respectively. If there is no black-market exchange rate, a nation gets a score of 10. The greater the difference between the two rates, the lower the rating. Nations with a value greater than 50% get a score of zero.

**Sources** Monetary Research (2003, 2005/06, 2006/07, 2007/08, 2009).

## C Capital controls

This component measures restrictions on capital transactions, looking at 13 types of international capital controls reported by the International Monetary Fund. The zero-to-10 country ratings were derived by computing the number of controls not levied as a percentage of the total number of controls, and then multiplying the result by 10.

**Sources** International Monetary Fund (2004–2010), *Annual Report on Exchange Arrangements and Exchange Restrictions*.

## Area 5 Regulation of Credit, Labor, and Business

### A Credit market regulations

#### i Ownership of banks

The rating for this sub-component is based on the percentage of bank deposits held in privately owned banks. When private deposits were between 95% and 100%, nations received a score of 10. When private deposits totaled between 75% and 95%, countries received a score of 8. When private deposits were between 40% and 75%, nations received a score of 5. When private deposits were between 10% and 40%, nations received a score of 2. Nations received a rating of zero if private deposits were less than 10% of total bank deposits.

**Sources** Bankscope (2011); Banque centrale de Comores (2011); Banque centrale de Djibouti (2011); Banque centrale de La Mauritanie (2011); World Bank Group (2003, 2007).

#### ii Foreign bank competition

This sub-component is based on two variables: percentage of banking assets held by foreign-owned banks and the number of applications for commercial banking licenses from foreign entities denied as a percentage of the total number of applications for commercial banking licenses received from foreign entities. If a country approved all or most applications for licenses from foreign banks and foreign banks held a large share of the banking sector's assets, then the country received a higher rating, according to table below.

		Foreign Bank License Denial Rate (Denials/Applications)		
		0%	0%–49%	50%–100%
Foreign bank assets as a share of total banking sector assets	80%–100%	10	8	5
	40%–79%	9	7	4
	0%–39%	8	6	3

**Sources** World Bank Group (2003, 2007).

#### iii Interest rate controls/negative real interest rates

This sub-component is based on two variables: real interest rate (i.e., lending interest rate minus inflation as measured by the Consumer Price Index) and the difference between the lending and deposit interest rates. When the real interest rate was positive and interest rates were determined primarily by market forces (i.e., the lending interest rate is less than 8% higher than the deposit interest rate), countries were given a rating of 10. When the real rates were sometimes slightly negative (less than 5%) and the differential between the deposit and lending rates was 8% or more, countries received a rating of 8. When the real lending interest rate was persistently negative by a single-digit amount and the differential between the lending and deposit interest rate was 16% or higher, nations received a score of 6. When the real rates were often negative by 10% or more

and the lending and deposit interest rates differ by 24% or more, countries were assigned a rating of 4. When the real lending rate was persistently negative by a double-digit amount and the difference between the lending and deposit rate was 32% or more, countries received a rating of 2. A zero rating was assigned when the deposit and lending rates differ by 36% or more and real lending rates were persistently negative by double-digit amounts or hyperinflation had virtually eliminated the credit market.

**Sources** International Monetary Fund (2011b), *International Financial Statistics*; Saudi Arabian Monetary Agency (2010); World Bank (various years, 2005–2010); Economist Intelligence Unit (2011).

#### iv Getting credit

The following two sub-components are based on the Legal Rights Index and the Credit Information Index from the World Bank's *Doing Business* dataset.

##### a *Legal Rights Index*

The "legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. The index includes 7 aspects related to legal rights in collateral law and 3 aspects in bankruptcy law." A score of 1 is assigned for each aspect of the index. "The index ranges from 0 to 10, with higher scores indicating that collateral and bankruptcy laws are better designed to expand access to credit."

##### b *Credit Information Index*

The "credit information index measures rules affecting the scope, accessibility and quality of credit information available through either public or private credit registries." A score of 1 is assigned for each of the six aspects of the index. "The index ranges from 0 to 6, with higher values indicating the availability of more credit information, from either a public registry or a private bureau, to facilitate lending decisions." The values from zero to 6 were then transformed into a zero-to-10 scale.

**Source** World Bank (2004 to 2010), *Doing Business* database, <<http://www.doingbusiness.org>>, as of August 19, 2011.

## B Labor market regulations

### i Rigidity of employment index

#### a *Difficulty of hiring index*

"The difficulty of hiring index measures (i) whether term contracts can be used only for temporary tasks; (ii) the maximum cumulative duration of term contracts; and (iii) the ratio of the minimum wage for a trainee or first-time employee to the average value added per worker." The index is measured on a scale from 0 to 100 (where higher values indicate more rigid regulation), which was transformed into a zero-to-10 scale, where a higher value indicates more flexible regulation.

*b Rigidity of hours index*

“The rigidity of hours index has 5 components: (i) whether night work is unrestricted; (ii) whether weekend work is unrestricted; (iii) whether the workweek can consist of 5.5 days; (iv) whether the workweek can extend to 50 hours or more (including overtime) for 2 months a year; and (v) whether paid annual vacation is 21 working days or fewer.” For each of these questions, the answer “no” indicates more rigid regulation. The index is measured on a scale from 0 and 100 (where higher values indicate more rigid regulation), which was then transformed into a zero-to-10 scale, where a higher value indicates more flexible regulation.

*c Difficulty of firing index*

“The difficulty of firing index has 8 components: (i) whether redundancy is disallowed as a basis for terminating workers; (ii) whether the employer needs to notify a third party (such as a government agency) to terminate one redundant worker; (iii) whether the employer needs to notify a third party to terminate a group of 25 redundant workers; (iv) whether the employer needs approval from a third party to terminate one redundant worker; (v) whether the employer needs approval from a third party to terminate a group of 25 redundant workers; (vi) whether the law requires the employer to consider reassignment or retraining options before redundancy termination; (vii) whether priority rules apply for redundancies; and (viii) whether priority rules apply for reemployment.” The index is measured on a scale from 0 to 100 (where higher values indicate more rigid regulation), which was transformed into a zero-to-10 scale, where a higher value indicates more flexible regulation.

**Source** World Bank (2004 to 2010), *Doing Business* database, <<http://www.doingbusiness.org>>, as of August 19, 2011.

ii Mandated cost of hiring (% of salary)

This sub-component measures the non-wage cost of hiring an employee as a percentage of salary. It includes social-security payments (including retirement funds; sickness, maternity, and health insurance; workplace injury; family allowance; and other obligatory contributions) and payroll taxes. The lower the non-wage cost, the higher the rating. The rating for this component was equal to:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the non-wage cost of hiring an employee.  $V_{\max}$  and  $V_{\min}$  were set to 55.2% and 0.0%, respectively. Nations with values that fall below  $V_{\min}$  received a score of 10 whereas those nations that have values above  $V_{\max}$  received a score of zero.

**Source** World Bank (2004 to 2010), *Doing Business* database, <<http://www.doingbusiness.org>>, as of August 19, 2011.

iii Mandated cost of worker dismissal (weeks of wages)

This sub-component measures “the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of wages.” The rating for this component was equal to:



$(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the cost of firing an employee.  $V_{\max}$  and  $V_{\min}$  were set to 359.7 weeks and 0.0 weeks, respectively. Nations with values that fall below  $V_{\min}$  received a score of 10 whereas those nations that have values above  $V_{\max}$  received a score of zero.

**Source** World Bank (2004 to 2010), *Doing Business* database, <<http://www.doingbusiness.org>>, as of August 19, 2011.

#### iv Conscription

This sub-component measures the duration of military conscription. Nations without military conscription received a rating of 10. If the duration of conscription was six months or less, nations were given a score of 5. When the length of the conscription was more than 6 months but not more than 18 months, countries were given a rating of 3. If the duration of conscription was more than 12 months but not more than 18 months, countries were given a score of 1. Nations with military conscription of over 18 months were given a score of zero.

**Source** Coalition to Stop the Use of Child Soldiers (2008); International Institute for Strategic Studies (2007, 2009, 2010).

## C Business regulations

### i Starting a business

This sub-component measures how easy it is to start a business. It looks at the number of procedures, the time it takes to go through these procedures, the costs of starting a business such as fees, and minimum capital requirement needed to formally start a business. The rating for this component was equal to:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the number of procedures, time (in days), cost as a percentage of income per capita and minimum capital requirement as a percentage of income per capita.  $V_{\max}$  was set to 19.0 procedures, 203.0 days, 835.4%, 5,111.9%; and  $V_{\min}$  to 2.0 procedures, 2.0 days, 0.0%, 0.0%. Nations with values that fall below  $V_{\min}$  received a score of 10 whereas those nations that have values above  $V_{\max}$  received a score of zero.

a number of procedures

b duration (days)

c cost (% of income per capita)

d minimum capital (% of income per capita)

**Source** World Bank (2004 to 2010), *Doing Business* database, <<http://www.doingbusiness.org>>, as of August 19, 2011.

### ii Closing a business

This sub-component measures the time and costs (as a percent of the estate) of closing a business as well as the recovery rate (cents on the dollar). The time

and cost rating was equal to:  $(V_{\max} - V_i) / (V_{\max} - V_{\min})$  multiplied by 10. For the recovery rate, the following formula was used:  $(V_i - V_{\min}) / (V_{\max} - V_{\min})$  multiplied by 10.  $V_i$  represents the time, cost, and the recovery rate.  $V_{\max}$  was set to 10.0 years, 76.0%, 92.6%; and  $V_{\min}$  to 0.4 years, 1.0%, 0.0%.

- a time (years)
- b cost (% of estate)
- c recovery rate (cents on the dollar)

**Source** World Bank (2004 to 2010), *Doing Business* database, <<http://www.doingbusiness.org>>, as of August 19, 2011.



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