

THE EIGHT MOST COMPLEX INTERNATIONAL JURISDICTIONS FOR DOING BUSINESS IN 2014

WRITTEN IN CONJUNCTION WITH TMF GROUP, BASED ON *THE GLOBAL BENCHMARK COMPLEXITY INDEX: INTERNATIONAL ENTITY MANAGEMENT*

Planning to do business overseas? Be forewarned. If your global expansion plans take you to these eight jurisdictions, anticipate spending more time and administrative resources to keep up with corporate subsidiary compliance.

THE GLOBAL BENCHMARK COMPLEXITY INDEX

International expansion expert TMF Group ranked 81 of the top international jurisdictions in order of complexity for complying with local business laws and regulations. Their resulting Global Benchmark Complexity Index identifies key factors that affect compliance, and why these jurisdictions ranked in the top eight most complex international jurisdictions.



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The top three spots all go to jurisdictions in the Americas. The high ranking of these jurisdictions is not unexpected considering the isolated development of their legal systems and arguably the limited investment by the respective governments to modernize.

[Argentina](#) was clearly out in first place, with [Bolivia](#) and [Peru](#) in close contention for the second spot. The complexity of a particular jurisdiction depends upon a number of factors, although the adoption of a civil law-based legal system is a mutual characteristic of both jurisdictions.

[The United Arab Emirates \(UAE\)](#) ranks high at number four, for different factors, many of which originate from the influence of religion. The federal judicial system in the UAE is based upon Sharia law, and although the emirates have a modern persona primarily driven by the cosmopolitan metropolis of Dubai, the administrative nature of corporate compliance is exceptionally challenging, requiring local knowledge and an acute awareness of local custom.

The two highest-ranking Asia Pacific jurisdictions occupy positions five and six. Both [Indonesia](#) and [Thailand](#) have experienced significant economic and political turbulence during modern times and this may explain some of their complexity.

The attempted coups of 1965 in [Indonesia](#) led to the establishment of the military's New Order Administration which was supported by the US Government and encouraged foreign direct investment. However, political and economic instability, social unrest, corruption and terrorism have slowed reform, resulting in a bureaucratic system of administration.

Even though [Thailand](#) recently relaxed a number of its foreign ownership laws pertaining to the ownership of share capital, the jurisdiction has fallen behind its regional competitors in terms of reducing bureaucracy on the one hand and

encouraging business development on the other. These factors, in conjunction with economic and political instability, have created a challenging environment for corporate compliance.

[Poland](#) ranks at number seven and owes much of its ranking to the systems and laws inherited from the Soviet Union. Since the revolutions of 1989 and the subsequent re-establishment of democratic rule, the jurisdiction has undertaken significant reform. However, from a corporate secretarial perspective, much of the complexity still remains.

[China](#) is also rapidly changing and in so doing is taking its place on the world stage. Its multi-provincial legal landscape is one aspect contributing to the challenging environment for multinational companies. Local knowledge and expertise is essential, as is the ability to navigate the provincial patchwork of different local government procedures and legislation

CONCLUSION

As you can see, no single characteristic defines the complexity of a jurisdiction. Factors vary, from whether a jurisdiction relies on civil or common law, to the influence of religion or political instability, to the number of provinces that have different compliance requirements, and more. Internal teams who manage their global corporate compliance and governance must stay alert to a combination of factors that are different for each jurisdiction. Combine these challenges with differences in time zone, language and culture, and it's easy to understand how demanding and nuanced global business compliance is, for all jurisdictions, not only these eight.

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