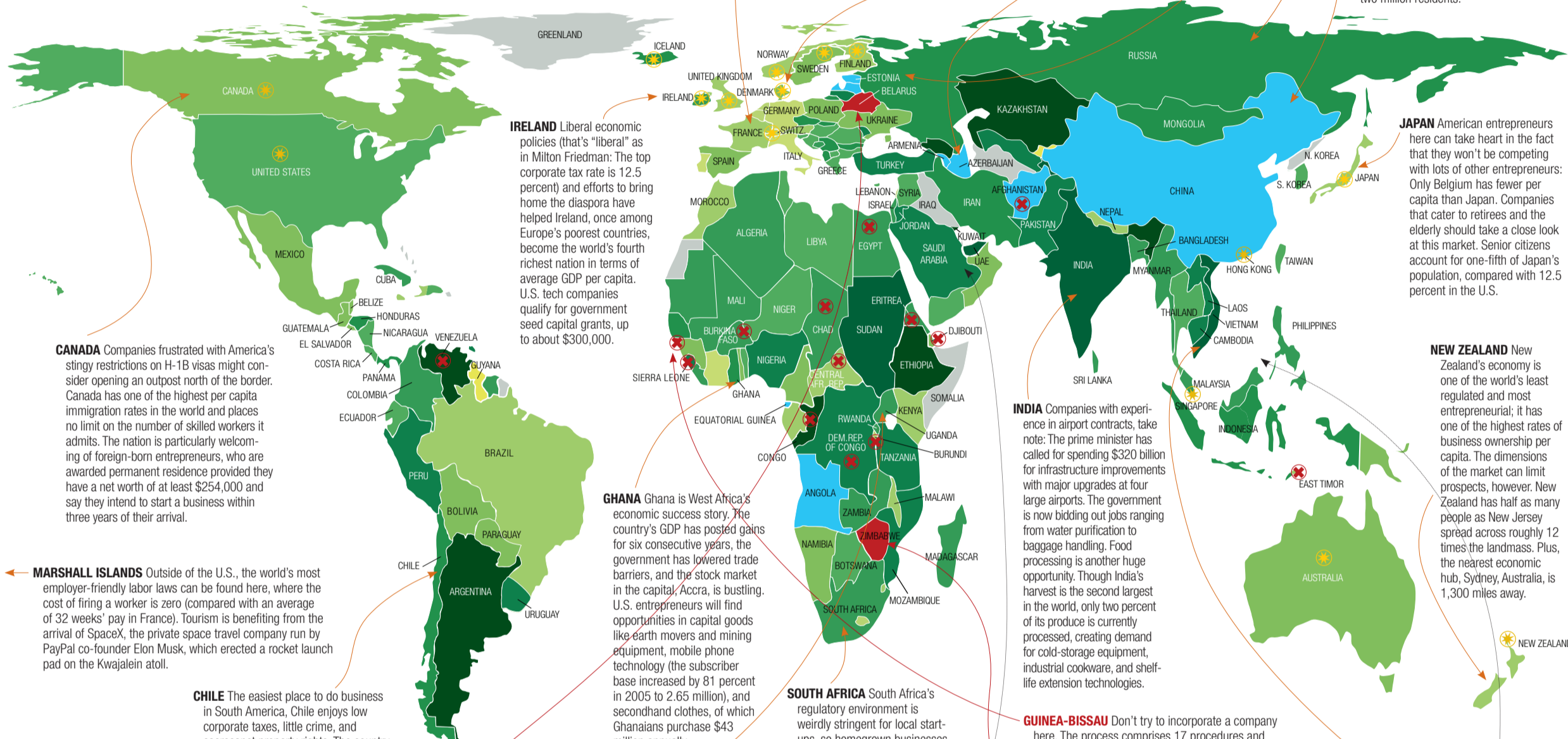


WHERE OPPORTUNITY KNOCKS

Where can you find annual GDP growth of 26 percent? A flat tax? A plan to give U.S. companies a 10-year tax holiday? Read on.

BY MAX CHAFKIN AND NITASHA TIKU



ESTONIA The so-called Baltic Tiger, Estonia boasts strong GDP growth (10 percent in 2005), more computers per capita than any other country on earth, few barriers to trade, and a flat tax system that would make Steve Forbes proud.

RUSSIA Moscow has a love-hate relationship with free enterprise. Though some entrepreneurs have made a killing here since the collapse of communism, the country has restricted foreign investment in recent years. Only \$14.6 billion came into Russia in 2005, putting this huge oil-rich country on par with Sweden. Even so, the economy is growing at 6 percent a year, creating an attractive market for American exporters in industries as diverse as fashion and agriculture.

FRANCE Doing business in France is a bit like ordering dinner from a Parisian waiter: You are treated rudely, subjected to an absurd set of customs, and yet, somehow, it's worth it. Despite some of the developed world's strictest regulations—a statutory 35-hour workweek and corporate tax rates as high as 34 percent—France still drew \$64 billion in foreign investment in 2005, or only \$8 billion less than mainland China. Whether the government should do more for businesses is at the center of a long-running and bitter national debate that will be reignited in this month's first-round presidential election.

DENMARK Despite income tax rates of up to 60 percent, the Nordic countries have lots to recommend them to entrepreneurs, such as access to the 490 million people in the European Union. In the region, Denmark's private sector enjoys the least red tape; it takes only five days to register a business, and something like at-will employment prevails.

AZERBAIJAN With vast oil and natural gas reserves, Azerbaijan's economy is growing at the world's fastest pace (26 percent), although it's woefully undiversified. That's actually good news for private companies, says an embassy official in Washington. Oil contracts go to big multinationals anyway, he explains, while the non-oil sector, which is growing at a rate of 15 percent per year, remains wide open. He recommends American companies look at tourism, chemicals, carpet weaving, and (yum!) marmalade.

CHINA In addition to sourcing components and manufactured goods in China, U.S. companies are eagerly looking to the country as a consumer market poised to explode. Most foreign companies approach this colossus by dipping their toes in Hong Kong, Shanghai, and Beijing. But keep in mind that 37 of the nation's second- and third-tier cities, which you've probably never heard of, have more than two million residents.

IRELAND Liberal economic policies (that's "liberal" as in Milton Friedman: The top corporate tax rate is 12.5 percent) and efforts to bring home the diaspora have helped Ireland, once among Europe's poorest countries, become the world's fourth richest nation in terms of average GDP per capita. U.S. tech companies qualify for government seed capital grants, up to about \$300,000.

CANADA Companies frustrated with America's stingy restrictions on H-1B visas might consider opening an outpost north of the border. Canada has one of the highest per capita immigration rates in the world and places no limit on the number of skilled workers it admits. The nation is particularly welcoming of foreign-born entrepreneurs, who are awarded permanent residence provided they have a net worth of at least \$254,000 and say they intend to start a business within three years of their arrival.

JAPAN American entrepreneurs here can take heart in the fact that they won't be competing with lots of other entrepreneurs: Only Belgium has fewer per capita than Japan. Companies that cater to retirees and the elderly should take a close look at this market. Senior citizens account for one-fifth of Japan's population, compared with 12.5 percent in the U.S.

NEW ZEALAND New Zealand's economy is one of the world's least regulated and most entrepreneurial; it has one of the highest rates of business ownership per capita. The dimensions of the market can limit prospects, however. New Zealand has half as many people as New Jersey spread across roughly 12 times the landmass. Plus, the nearest economic hub, Sydney, Australia, is 1,300 miles away.

MARSHALL ISLANDS Outside of the U.S., the world's most employer-friendly labor laws can be found here, where the cost of firing a worker is zero (compared with an average of 32 weeks' pay in France). Tourism is benefiting from the arrival of SpaceX, the private space travel company run by PayPal co-founder Elon Musk, which erected a rocket launch pad on the Kwajalein atoll.

CHILE The easiest place to do business in South America, Chile enjoys low corporate taxes, little crime, and sacrosanct property rights. The country is well-suited to offer a stable regional home base to U.S. companies, from which they can begin to tap the booming (but more erratic) economies of Argentina and Brazil.

BELARUS Taxes here are a nightmare. The World Bank estimates that the average midsize company will make 125 separate tax payments each year and will spend 1,188 hours on tax preparation (roughly half a year's worth of eight-hour workdays).

GHANA Ghana is West Africa's economic success story. The country's GDP has posted gains for six consecutive years, the government has lowered trade barriers, and the stock market in the capital, Accra, is bustling. U.S. entrepreneurs will find opportunities in capital goods like earth movers and mining equipment, mobile phone technology (the subscriber base increased by 81 percent in 2005 to 2.65 million), and secondhand clothes, of which Ghanaians purchase \$43 million annually.

UGANDA Thanks to corruption, weak property rights, and widespread smuggling along the border with the Democratic Republic of the Congo, "business in Uganda is always a combination of illegal and legal activities," says Thomas Walter, a professor at the Makerere University Business School in Kampala, the capital city. U.S. companies, he says, enjoy greater government support than Ugandan-owned enterprises. Today, foreign companies are allowed to deduct 25 percent of start-up costs from taxes, and a 10-year 100 percent exemption from corporate taxes is in the works.

INDIA Companies with experience in airport contracts, take note: The prime minister has called for spending \$320 billion for infrastructure improvements with major upgrades at four large airports. The government is now bidding out jobs ranging from water purification to baggage handling. Food processing is another huge opportunity. Though India's harvest is the second largest in the world, only two percent of its produce is currently processed, creating demand for cold-storage equipment, industrial cookware, and shelf-life extension technologies.

GUINEA-BISSAU Don't try to incorporate a company here. The process comprises 17 procedures and takes on average 233 days to complete. A single notary handles all registrations by hand.

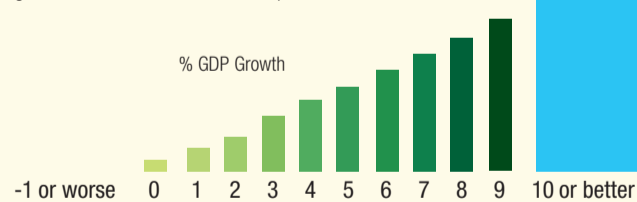
ZIMBABWE In 2005, Zimbabwe's GDP fell by 7.1 percent, the biggest drop in the world. Ruler Robert Mugabe's policies inspired an *Atlantic Monthly* article entitled "How to Kill a Country." The nation ranks dead last in the World Economic Forum's competitiveness indices for property rights, credit rating, inflation, phone infrastructure, and recession expectations.

VIETNAM Vietnam's recent entry into the World Trade Organization and a youthful population (40 million people under the age of 25) have economists comparing this ostensibly communist nation to Taiwan circa 1970. Intel recently set up a billion-dollar factory in Ho Chi Minh City. Its presence should give rise to a network of local suppliers, which will themselves begin purchasing goods and services. Thanks to a recent accord, Americans are granted the status of favored trading partners.

SOUTH AFRICA South Africa's regulatory environment is weirdly stringent for local start-ups, so homegrown businesses in only a few sectors, such as technology and retail, have been able to gain traction. The country is kinder to foreign companies, offering them tax breaks and R&D grants.

HOW TO READ THIS MAP

Where the growth is: The rate of growth for a country's gross domestic product, according to World Bank data, is represented by its color on the map. Blue countries experienced the fastest GDP growth. A company can make money in a bad economy, of course, but generally companies stand a better chance to prosper in growing economies. (Taiwan's GDP figure for 2005 comes from its government, not the World Bank.)



- 1 or worse** (Yellow bar)
 - 0** (Light green bar)
 - 1** (Light green bar)
 - 2** (Light green bar)
 - 3** (Light green bar)
 - 4** (Light green bar)
 - 5** (Light green bar)
 - 6** (Light green bar)
 - 7** (Light green bar)
 - 8** (Light green bar)
 - 9** (Light green bar)
 - 10 or better** (Blue bar)
- No data available:** For some places—such as colonies, closed societies, countries at war, and places with especially unstable governments—the World Bank has not published GDP growth rates.
- The worst of the worst:** Here are three countries where you must proceed very carefully.
- Ease of doing business:** Each year, the World Bank rates countries based on how easy it is for companies to conduct business there.
- Best countries** (Sun icon) **Worst countries** (Bomb icon)

A note on sources: The world presents more opportunities than we could possibly fit on a single map. To narrow it down, we consulted a variety of sources including the most current research from the World Bank, the World Economic Forum in Davos, the Global Entrepreneurship Monitor consortium, and the Heritage Foundation's Index of Economic Freedom. We also interviewed academics, government officials, business consultants, and business owners based around the world.

A note on this map: All maps are flawed. That's because it is impossible to create a rectangular map of a round earth without some distortions. The familiar Mercator map has been criticized for its Eurocentricity, for example. For this exercise, we were principally inspired by the Hobo-Dyer projection map. This map was conceived in part to address the fact that mapmaking is not entirely objective, and that preconceived notions of the world must be reconsidered constantly. Our thanks to Bob Abrams and Howard Bronstein of ODT in Amherst, Massachusetts, for their help. For more information, go to odtmaps.com.



ISRAEL Faced with rising labor and raw materials costs in the early 1990s, Israel bet on high tech, building state-run business incubators and offering to match venture capital investment dollar for dollar. Fifteen years later, the incubators have been privatized and Israel ranks second to the U.S. in VC funding. As a result, the country produces a constant stream of IT and biotech companies, most of them eagerly looking for distribution partners in the U.S., says Tom Glaser, of the American-Israel Chamber of Commerce.

EGYPT AND JORDAN These countries have partnered with the U.S. and Israel to set up "qualified industrial zones" in border towns. Manufacturers there can hire lower-wage Egyptian and Jordanian workers and then export goods to the U.S. and Europe under the auspices of Israel's free-trade agreements.

UNITED ARAB EMIRATES The UAE is spending billions of dollars a year on infrastructure, real estate, and hospitality projects to draw foreign investment to the Persian Gulf. Though virtually no taxes are collected here, foreigners are prohibited from owning land or businesses except in so-called free zones. Most of these are in glittery Dubai, although Abu Dhabi and the other emirates are now establishing comparable areas.

MALAYSIA Already the U.S.'s 10th-largest trading partner, Malaysia boasts democracy, modern infrastructure, and a multilingual labor force. The high-tech and telecom sectors are strong, and business process outsourcing and financial services are on the rise. The government can be bureaucratic but it is generally welcoming of American entrepreneurs. Competition among Malaysia's 13 states brings further incentives. The state of Johor, for example, is looking to one-up the state of Penang by slashing the time it takes to incorporate a business venture to a mere 24 hours.

SINGAPORE Singapore has arguably the world's freest economy. Government grants and minimal taxes have attracted a legion of nationality-agnostic entrepreneurs to this tiny city-state. Even that notorious chewing-gum ban has been revised.

INDONESIA This archipelago has had the hardest time recovering from the economic flu of 1998, and crime, corruption, and terrorism have scared off foreign investment. Still, Indonesia's burgeoning middle class (25 million strong) craves American-style consumer goods ranging from cosmetics to kitchen equipment, says Chris Feddersen, an official at ASEAN, the regional trade organization.

