



Contact: Keren Harel-Harari
Keren.Harel@jims-israel.org

2011 International Property Rights Index (IPRI): Israel ranks 38th out of 129 Countries

The [2011 International Property Rights Index \(IPRI\)](#), released by the [Jerusalem Institute for Market Studies \(JIMS\)](#) and the Property Rights Alliance, ranks 129 countries (accounting for 96% of world GDP) according to their protection of both physical and intellectual property rights. The IPRI also measures the significance of these rights for overall economic well-being.

The 2011 IPRI measures three areas in each country: Legal and Political Environment (LP), Physical Property Rights (PPR), and Intellectual Property Rights (IPR). Each country is given a score from 1 to 10 in each area and an overall score. Israel's overall score is 6.3, ranking 38 out of the 129 countries included in the index, behind most of Western Europe and North America but also countries such as Estonia, Cyprus and the United Arab Emirates (UAE). The Scandinavian countries, Sweden and Finland rank 1st, Norway ranks fourth.

Israel did relatively well on the Intellectual Property Rights (IPR) component, scoring 7.0 and ranking 23rd. Israel ranks average in the Legal and Political Environment (LP) component, being placed number 41 with a score of 6.1. The LP index measures judicial independence, confidence in courts, political stability, and corruption, according to data published by the World Bank and the World Economic Forum.

However Israel ranks 75 in the Physical Property Rights (PPR) with a score of 5.9. It is a shameful result for a developed country. The PPR component includes quality of judicial protection of private property, including financial assets, the ease in registering property for a business, and accessibility to a bank loan. In the ease of registering property Israel ranks 115 out 129. Israel's score for access to bank loan is 4.2. Those components are the most critical for sustained economic growth and reduction of inequalities. Opening or expanding a small business is often the way to social ascension and economic independence for even the weakest population. The fact that Israelis have difficulties accessing bank loans, due to the lack of competition in the banking sector, hampers heavily the creation and the growth of small businesses. Today more than 70% of all loans are awarded to 1% of the borrowers.

"It is unfortunate that Israel lacks strong property rights protection because it reduces economic growth," says Corinne Sauer the Executive Director of the Jerusalem Institute for Market Studies. "The IPRI shows a significant and strong correlation between an effective property rights regime and national economic performance. Countries with stronger property rights scores tend to be nations with higher per capita income, and countries with weaker property rights scores tend to be nations with lower per capita income. Nations in the first quintile (top 20%) on the IPRI have an average income per capita of \$38,350, more than 8 times higher than the average income in the bottom quintile of nations."

The relationship between IPRI and GDP per capita shows that a "one point" increase in the IPRI score leads to a \$8,960 increase in GDP per capita. So if Israel were able to increase its score in the IPRI from 6.3 to 6.8 (the score of Cyprus), the average Israeli's annual income would increase by 16,000 NIS.

About the International Property Rights Index

The International Property Rights Index provides the public, researchers, and policymakers from across the globe with a tool for comparative analysis and future research on global property rights. The Index seeks to assist under-performing countries to develop robust economies through an emphasis on sound property law.

For more information, such as a country-by-country analysis, list of global partner organizations, or the report in its entirety, visit www.InternationalPropertyRightsIndex.org.

About the Jerusalem Institute for Market Studies

The Jerusalem Institute for Market Studies (JIMS) is an independent, non-profit economic policy think tank whose mission is to promote social progress in Israel through economic freedom and individual liberty. JIMS' website is www.jims-israel.org