



OECD SERVICES TRADE RESTRICTIVENESS INDEX

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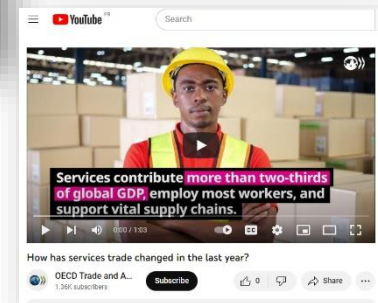
Outline

- Introduction to the Services Trade Restrictiveness Index (STRI)
- Focus on air transport
- Q & A



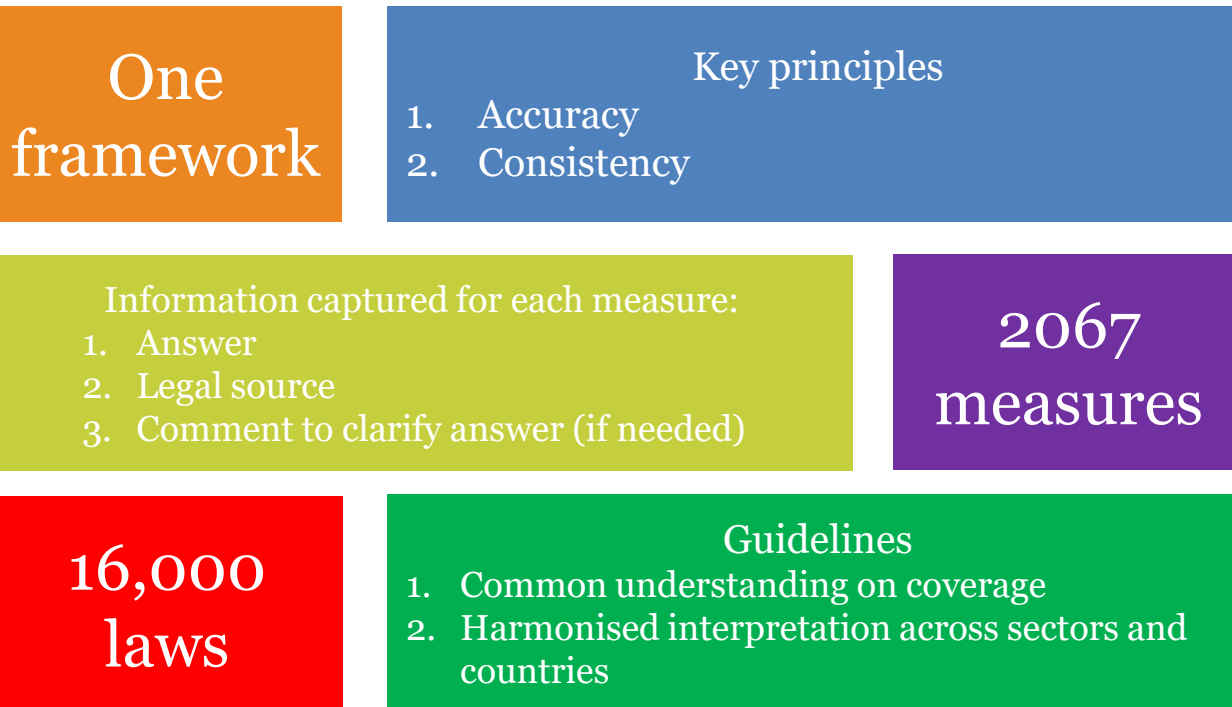
The OECD Services Trade Restrictiveness Index (STRI)

- Database of [services trade restrictions](#)
- 50 economies, 22 sectors, annual data between 2014 and 2022;
- **Standardised set of measures:** between 72 (computer services) and 161 (air transport) per sector.
 - 100 000+ observations per year
- Links to sources - more than 16000 laws and regulations
- Composite indices varying between 0 (most open for trade) and 1 (most restrictive)
- Annual updates
- Interactive online tools, such as the [Policy Simulator](#)



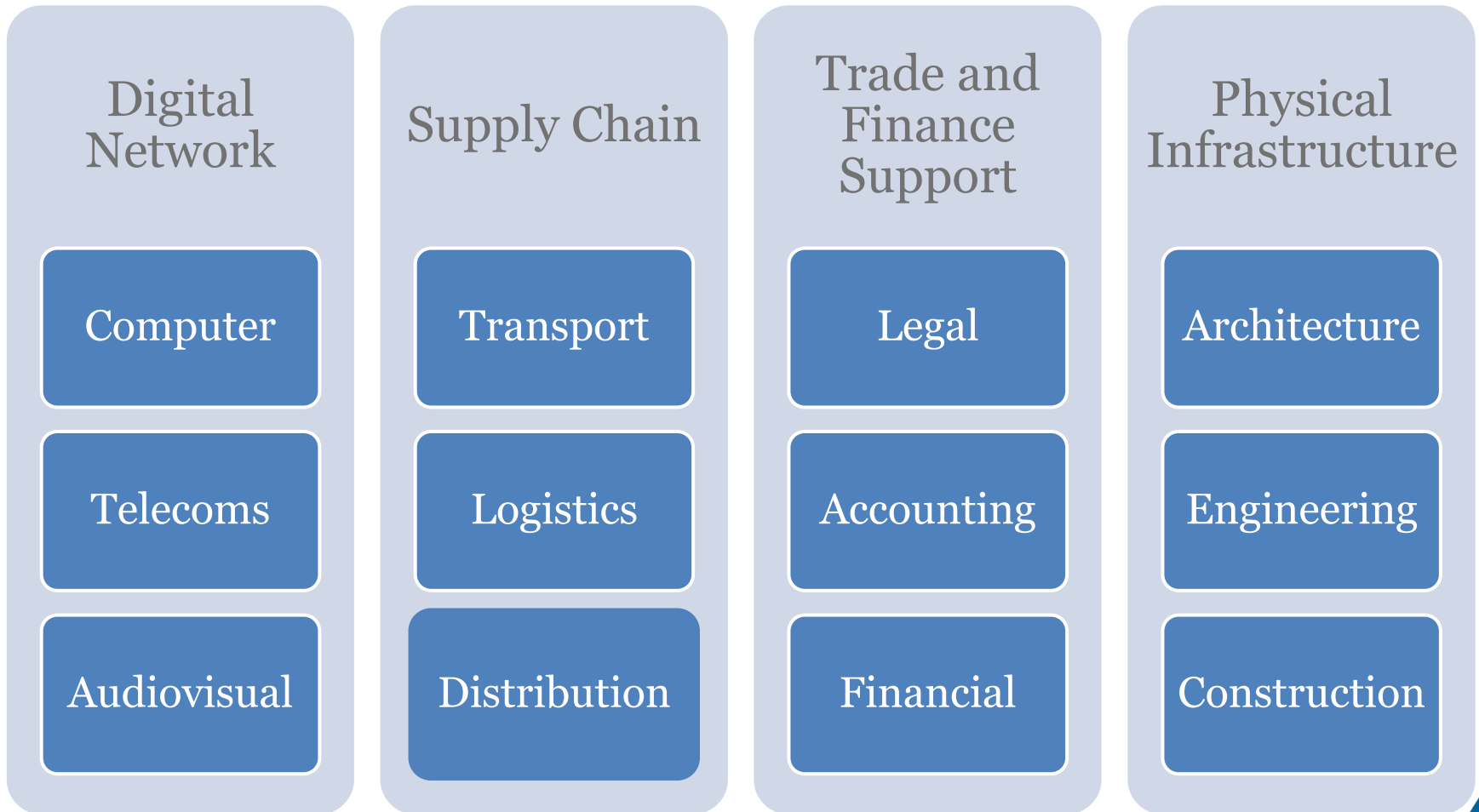


STRI update : guiding principles





STRI sectoral coverage





STRI methodology

- Information on **de jure** regulation
 - Restrictive procedures or lack of enforcement are not taken into account
- Data collected on most favored nation (**MFN**) basis
 - Rules applying to WTO members
 - No information on bilateral trade restrictiveness



5 Policy areas of the STRI database

Example of measures

Restrictions on foreign entry

1.1.x.	Equity restrictions
1.2.x	Restrictions on legal form
1.4.x	Board of directors and managers
1.5.x	FDI screening
1.7.x - 1.10.x	Other investment barriers
1.12.x	Performance requirements
1.16.x	Commercial/local presence requirement
1.20.x	Cross-border data flows

Other discriminatory measures

3.1.x	Taxes
3.2.x	Public procurement
3.3.x	Standards

Barriers to competition

4.1.x - 4.2.x	Appeal and redress
4.5.x	Fee-setting
4.6.x	Capital requirements
4.7.x	Advertising

Restrictions to movement of people

2.1.x	Quotas
2.2.x	Labour market tests
2.3.x	Duration of stay
2.4.x - 2.5.x	Nationality/residency for professional license
2.6.x - 2.8.x	Recognition of foreign qualifications

Regulatory transparency

5.1.x - 5.2.x	Communication of legislative process
5.3.x	Business visa restrictions



Main elements of the database

- Answer
 - Mostly just a simple “yes” or “no”
 - Numerical answers (e.g., foreign equity)
 - “na” for non-applicable – very limited cases
- Source
 - Official legal instrument or sector regulation
 - Common elements
 - Title in English; title in original language; details about legal instrument; link to official source
- Comment
 - Short, relevant for the measure, if needed to clarify the answer



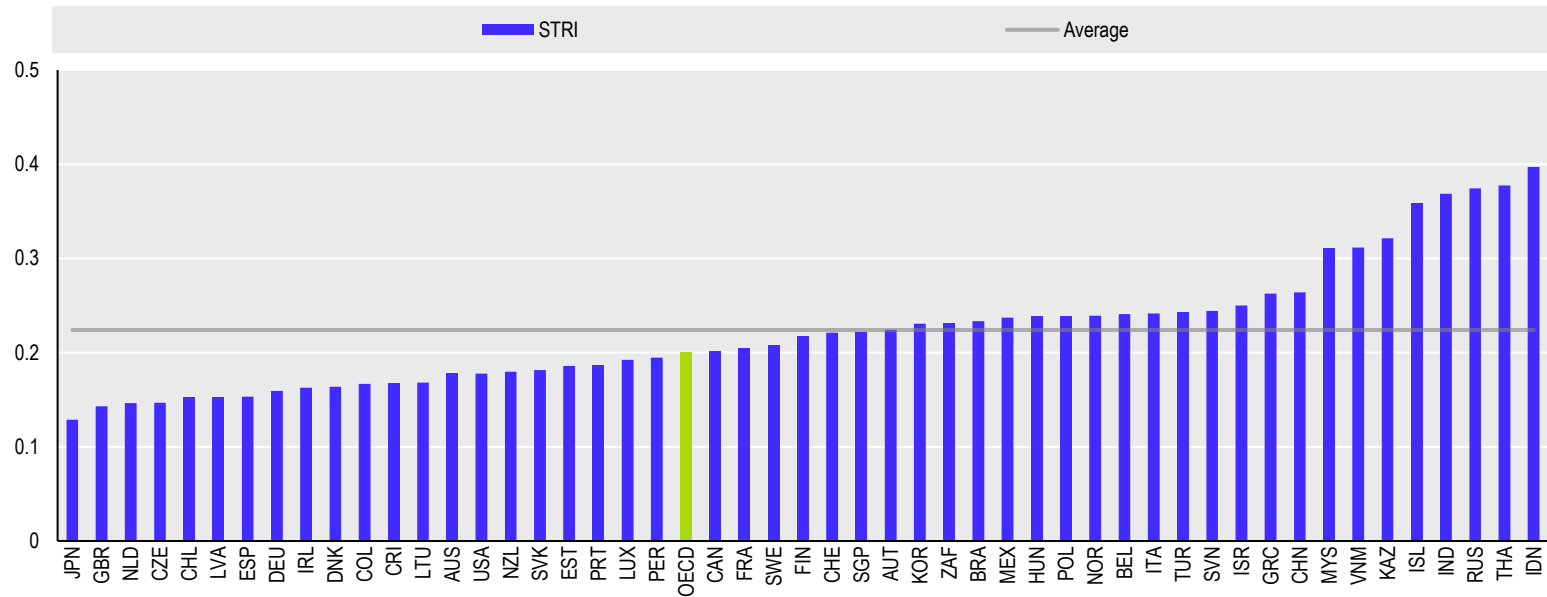
STRI composite indices

- Assigning numbers to qualitative information
 - Binary scores (0 and 1)
 - Refinements:
 - Break complex or continuous measures into several thresholds
 - Construct hierarchies of measures/regulatory packages
 - Different market structure and regulatory regimes
- A snapshot of trade restrictiveness at a particular point in time



Services trade barriers remain high in 2022

Average STRI across countries, 2022

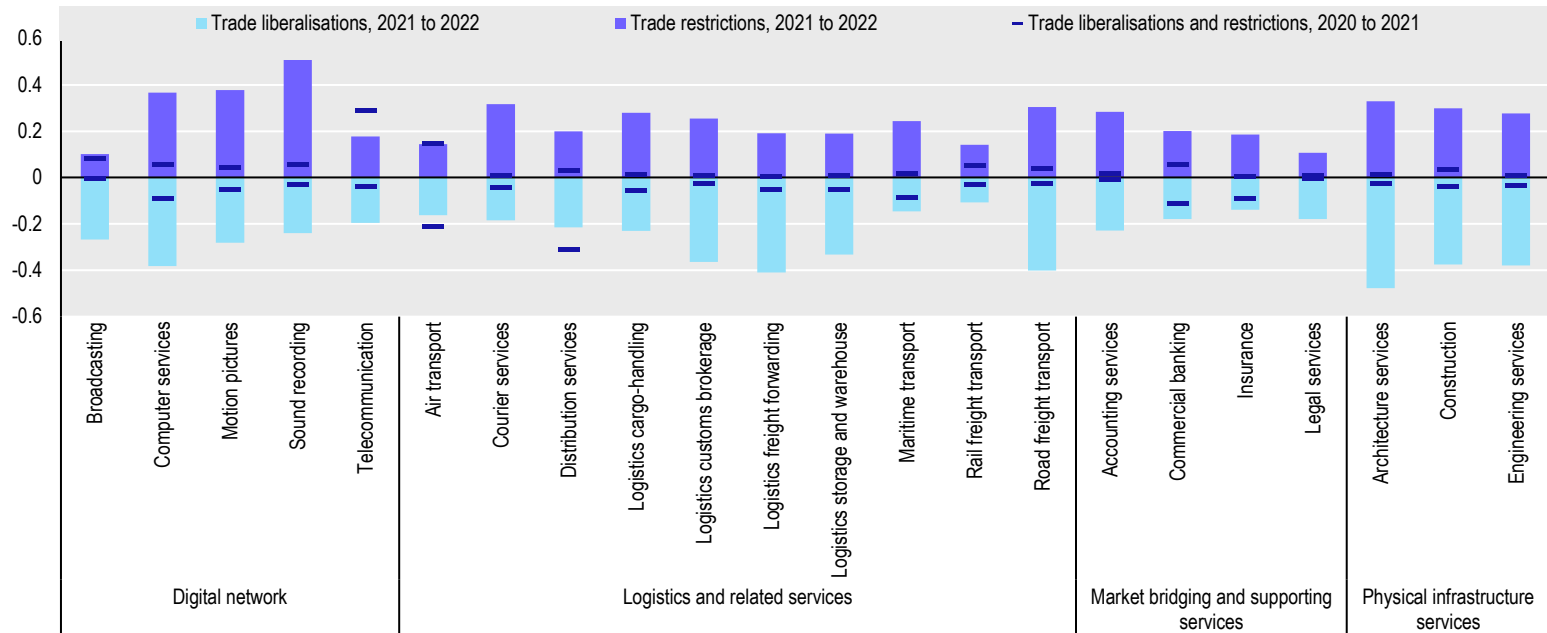


Source: OECD STRI: Trends up to 2023



Dynamic global regulations for services trade in 2022

Changes in the STRIs per sector, 2021-2022

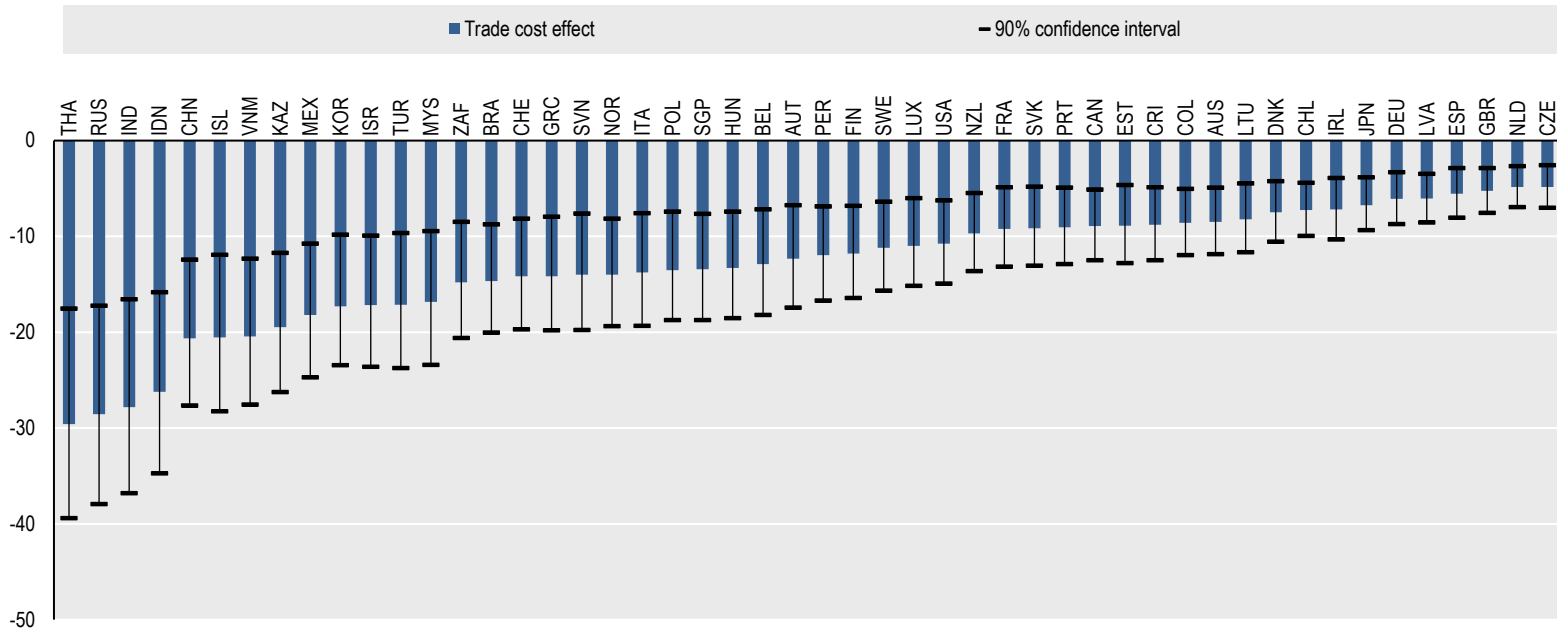


Note: Sum of all the positive (restrictions) and negatives changes (liberalisation) across all the measures over the period considered.

Source: OECD STRI: Trends up to 2023



Fewer barriers means lower trade costs for firms



Source: OECD STRI: Trends up to 2023. Calculations based on methodology in (Benz and Jaax, 2020).



STRI application

- **Monitoring developments**
 - Liberalisation of sector-specific measures
 - More restriction in horizontally applicable measures
- **Using STRI in analytical work**
 - Regulatory Heterogeneity Indicator
 - Estimation of tax equivalent of trade restrictions
 - Estimation of additional tariff equivalent for SMEs
- **Country studies (India, Brazil, Australia, Korea)**
 - Analysis of economic performance
 - Assessment of services barriers
 - Liaison with different regulators and ministries



STRI Suite of Tools

Access the Data

Country ID: all | Sector ID: all | STR Measure ID: all | Annular ID: 1/5

CREATE TABLE

About this database

Interactive Tools

- Computer services
- Construction
- Professional services (legal, accounting, engineering and architecture)
- Telecommunications
- Distribution
- Audiovisual services (broadcasting, motion pictures, sound recording)
- Transport (air, maritime, road freight and rail freight)
- Travel
- Financial services (commercial banking, insurance)
- Logistics services (cargo handling, storage and warehouse, freight forwarding, custom brokerage)

Analysis and Methodology

- Compare your country
- Policy simulator
- Sector notes
- Country notes
- Methodology
- Download all the indices

Regulatory database

Compare your country

service Trade Restrictiveness Index

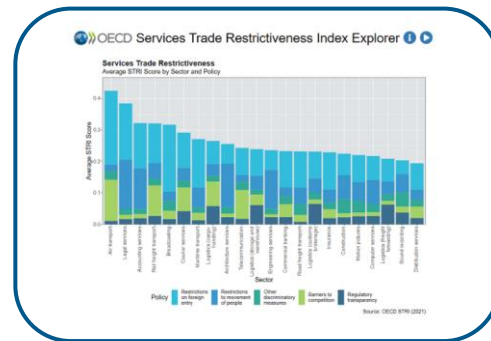
Share of services in total exports (at value-added terms)

Compare countries

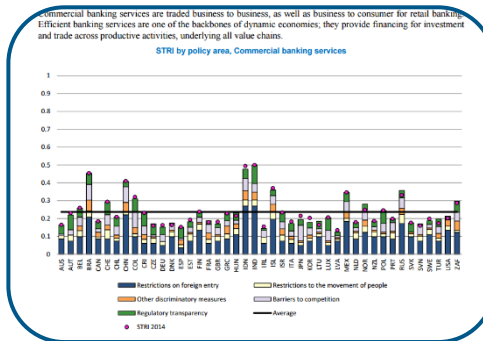
transport for Norway compared to Choose a country

Restrictions on foreign entry	Restrictions on movement of people	Other discriminatory measures	Barriers to competition	Regulatory transparency
Weight: 0.027%	Weight: 0.049%	Weight: 0.001%	Weight: 0.278%	Weight: 0.644%
40	3	0	20	0
0.304	0.013	0.003	0.024	0

Policy simulator



STRI explorer



Country and sector notes

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Research papers



AIR TRANSPORT



Characteristics of the sector

- Important in its own right and an intermediate service for other kinds of trade
- One of the services sectors with the most sector-specific regulations
 - International market access is determined by bilateral and plurilateral agreements
 - Air carriers are also constrained by a range of domestic regulations



Definition and scope

- The STRI covers both **passenger** and **freight & domestic and international traffic**
 - Charter services are excluded
- The scope of the STRI at present is limited to **commercial establishment** and **accompanying movement of people**
- Cross-border trade (bilateral and plurilateral agreements) is not included at present



Sector-specific measures (1)

- Restrictions on foreign entry:
 - Ownership limitations for airlines
 - Regulation on control and board members of airlines
 - Licensing/permits are subject to quotas or economic needs tests (domestic/international traffic – cargo/passenger)
 - Lease of foreign aircrafts without crew (dry lease/wet lease) is prohibited
 - Lease of foreign aircrafts without crew (dry lease/wet lease) is permitted subject to prior authorization



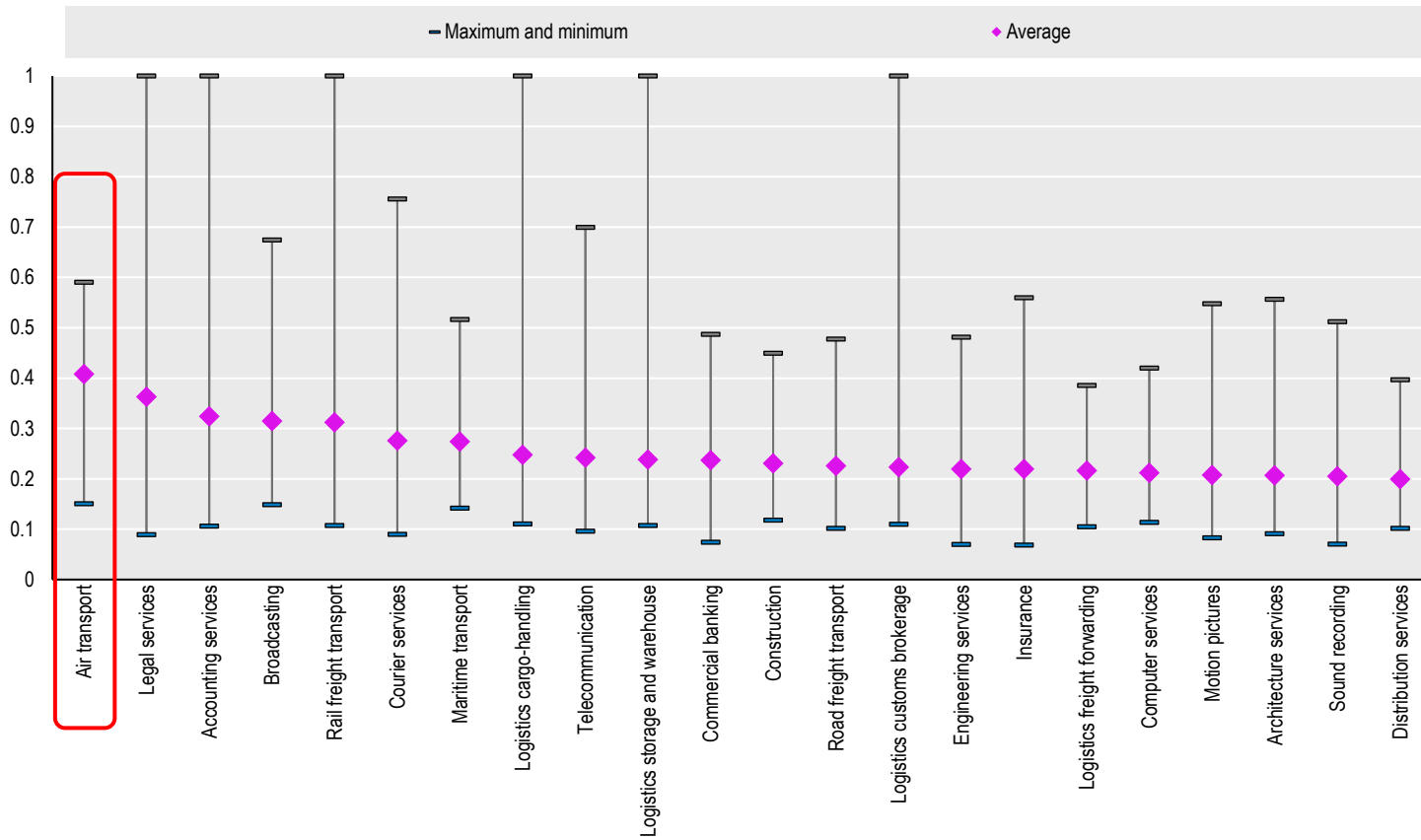
Sector-specific measures (2)

- Barriers to competition (specific to the sector):
 - Government ownership of flag carriers
 - Access to landing and take-off slots at main airports
 - Commercial exchange of slots
 - Schedule for airport uses
 - Exemption of air carrier alliances from competition law
 - Allocation of universal services obligations
 - Price regulation for domestic routes
 - Open skies policies
- Regulatory transparency
 - Visa obligations for the flight crew
 - Transparent conditions on obtaining a license for air transport companies



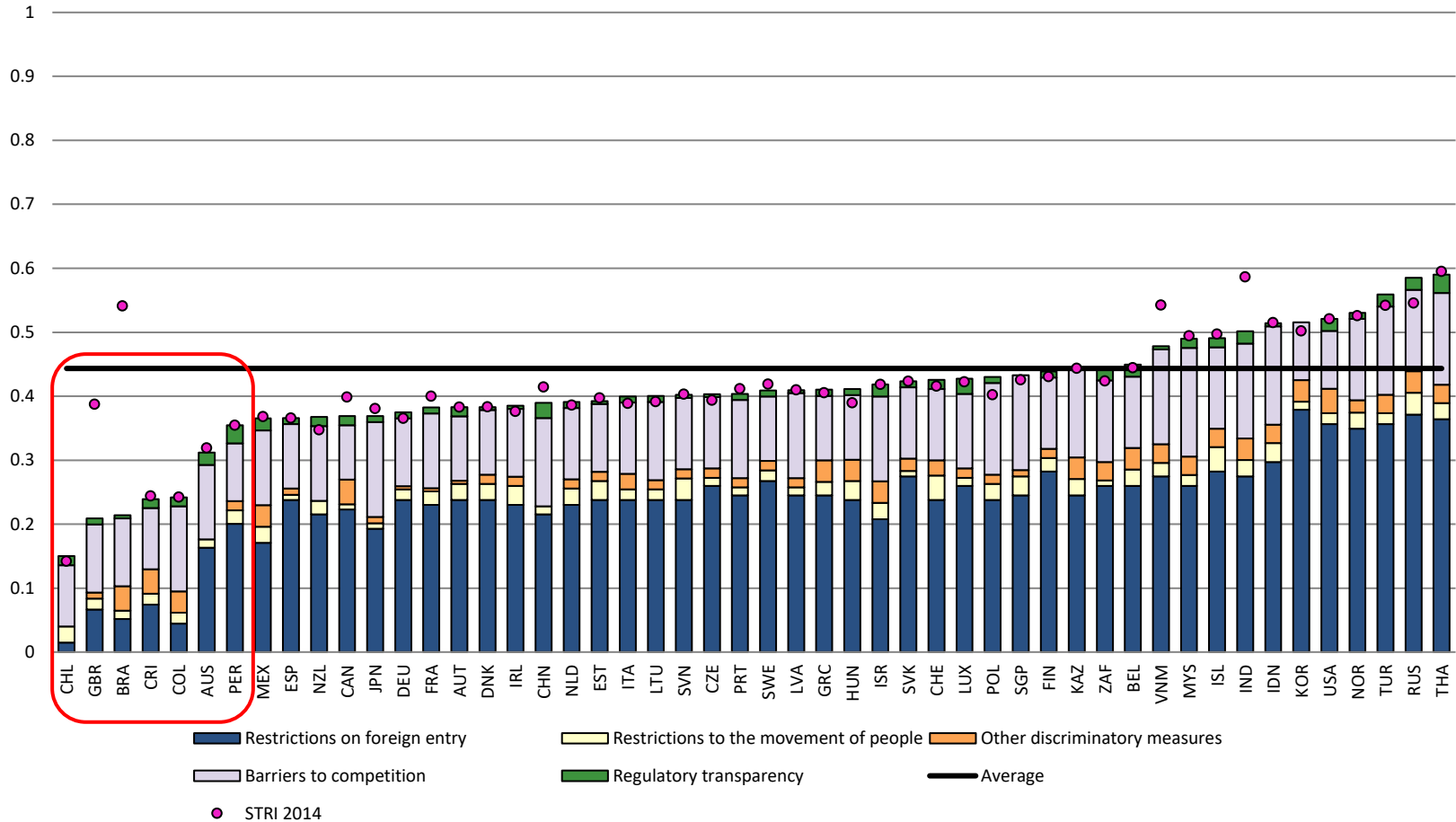
Air transport: restrictive and relatively homogeneous across countries

STRI average, minimum and maximum scores by sector (2022)





OECD STRI Air transport services (2022)



Source: OECD STRI: Trends up to 2023. Calculations based on methodology in (Benz and Jaax, 2020).



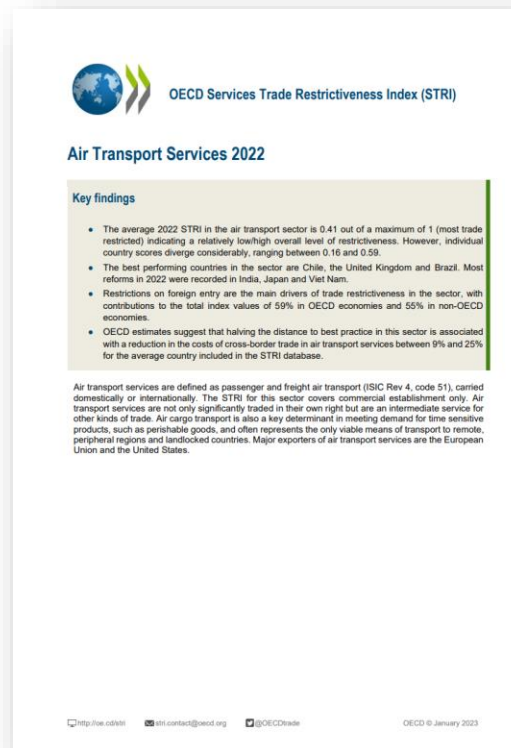
Other trends

- Progressive changes in business models (e.g., greater shifts towards low cost carriers) changes also competition dynamics in markets
- State ownership still predominant often with more lenient rules on competition
- Changing consumer behaviour driven by digitalisation
- Digitalisation also incentivizes competition (e.g., more transparency on route choices and prices)
- Changing concerns for aviation industry (e.g., growing concern about regulatory fragmentation on policies such as privacy and data protection)



For more information

- OECD note on restrictiveness in Air Transport Services for 2022 ([here](#))
- OECD brief on policy trends and developments for services up to 2023 ([here](#))





Contact us

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