



**Asia-Pacific  
Economic Cooperation**

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# **Measuring the Regulatory Environment for Services Trade with the OECD Services Trade Restrictiveness Index**

Submitted by: OECD



**Symposium on Services Trade  
Singapore  
30 May – 1 June 2018**



# MEASURING THE REGULATORY ENVIRONMENT FOR SERVICES TRADE WITH THE OECD SERVICES TRADE RESTRICTIVENESS INDEX (STRI)

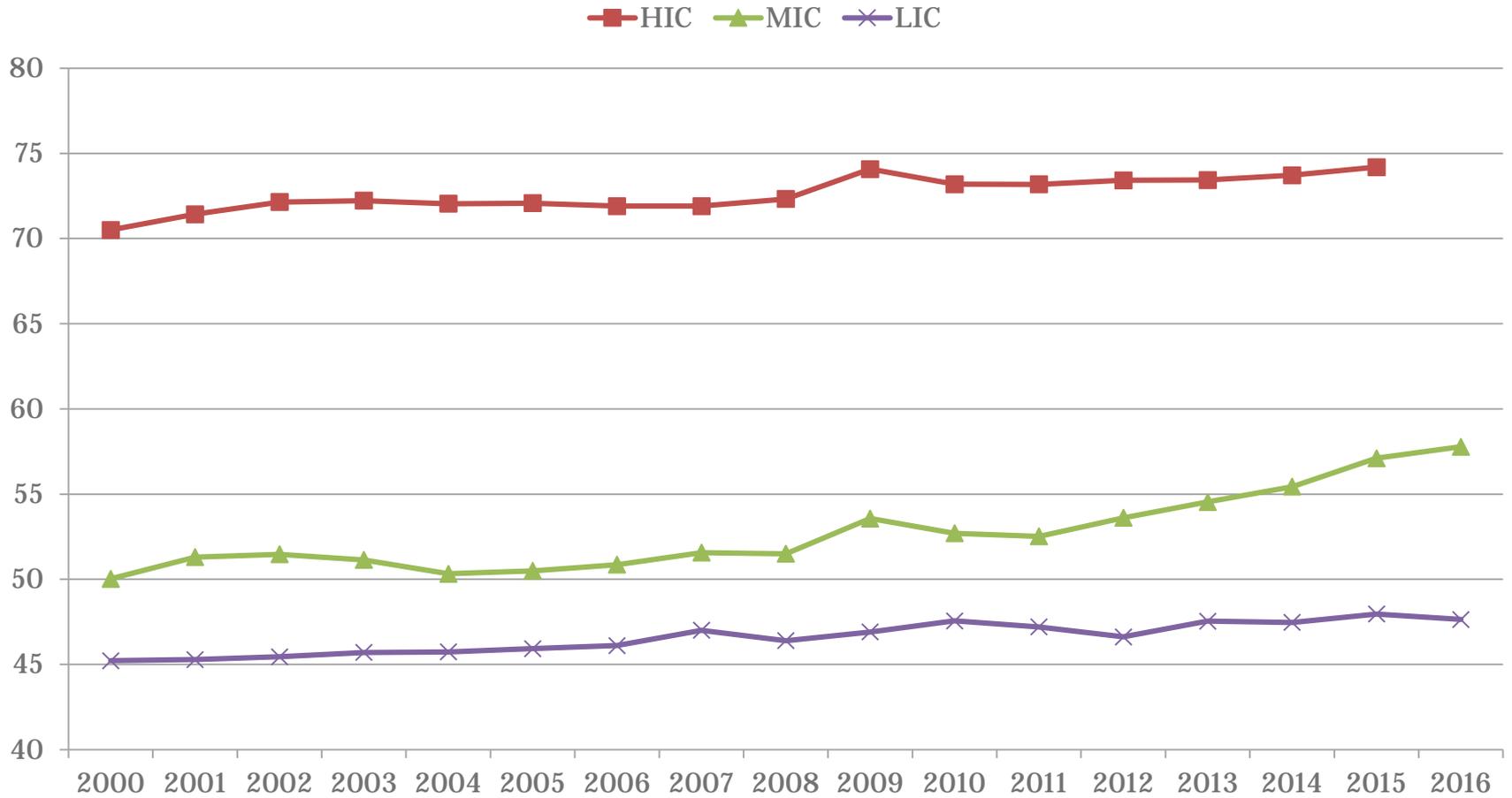
APEC Symposium on Services Trade  
Session 3

30 May 2018, Singapore

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Trade in Services Division  
OECD



# The rise of the services economy



Source: WDI



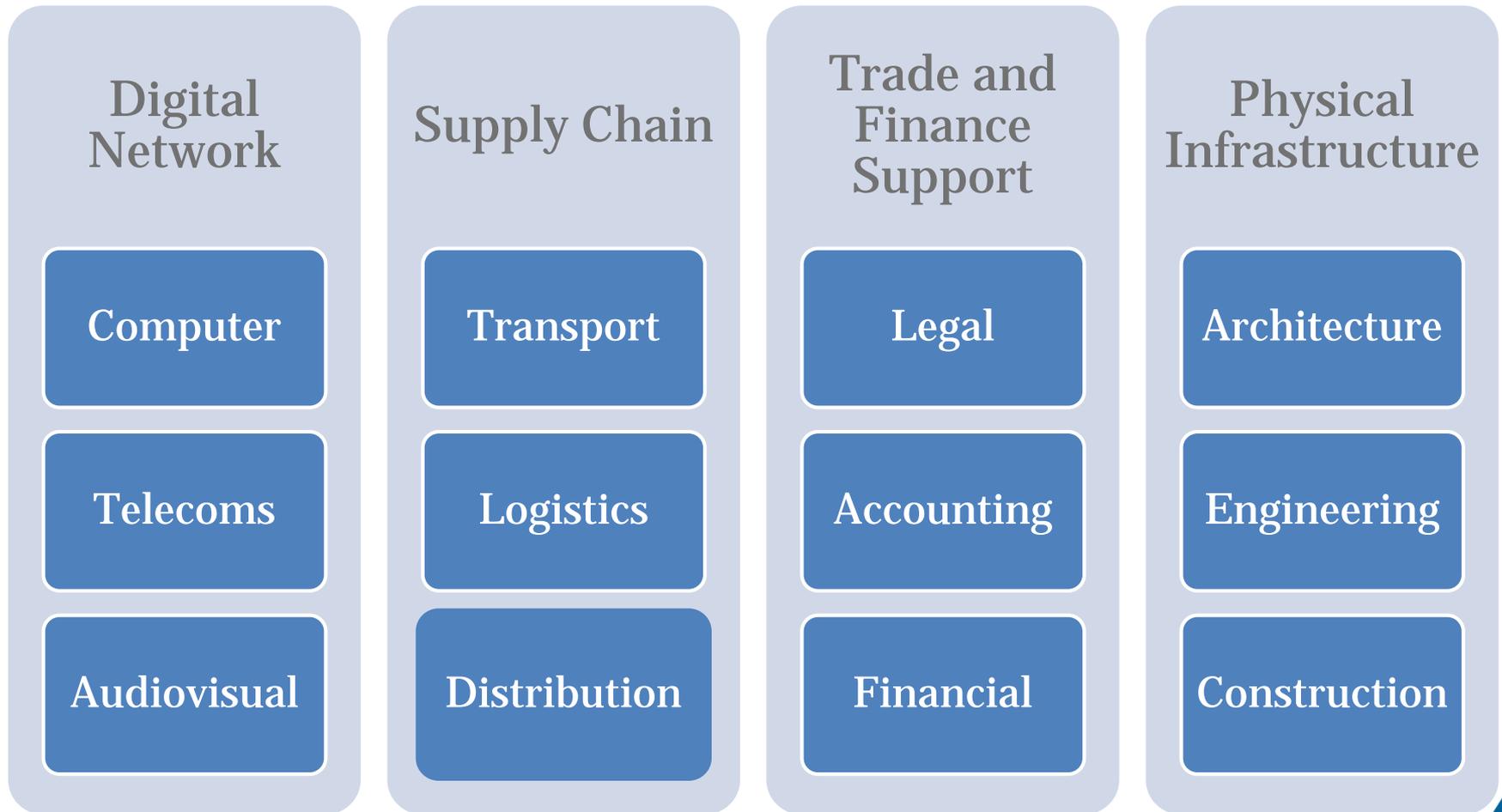
## Background/predecessors

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- Trade policy analysis requires data on trade and trade restrictions
- The Australia Productivity Commission developed trade restrictiveness indices in the late 1990s
- Borchert et al (2014) cross-section covering 103 countries in 2008; partial updates



# OECD STRI sectoral coverage





# The STRI regulatory database

44  
economies

- Standardised set of measures, with links to sources
- 11 APEC economies covered
  - + Malaysia and Thailand

- Covering 80% of global trade
- 88,000 observations per year
- 4 years: 2014-2017
- 2018 update in the pipeline

22 sectors

16,000  
laws

- Three core information captured for each measure:
  1. Answer
  2. Legal source
  3. Comment to clarify answer (if needed)



# Data collection

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## Primary sources

- De jure: laws, regulations, decrees, etc.
- With direct links to the source

## Consistency in interpretation

- Data collected by OECD Secretariat directly
- Guidelines for measures to ensure consistent interpretation of sources

## Verification of data

- Internal review
- Validation by member economies



# The framework

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## Five policy areas

- Restrictions on foreign entry
- Restrictions to movement of people
- Other discriminatory measures
- Barriers to competition
- Regulatory transparency

## Different classifications

- Mode of supply
- Measures related to establishment/operation
- Discriminatory/non-discriminatory

## Consistency across sectors versus capturing sector specificity

- A core set of measures common to all sectors
- Sector-specific measures in e.g. telecommunications, financial services, transport, professional services
- <https://sim.oecd.org/>



# From qualitative data to indicators: scoring and weighting

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## Binary scoring

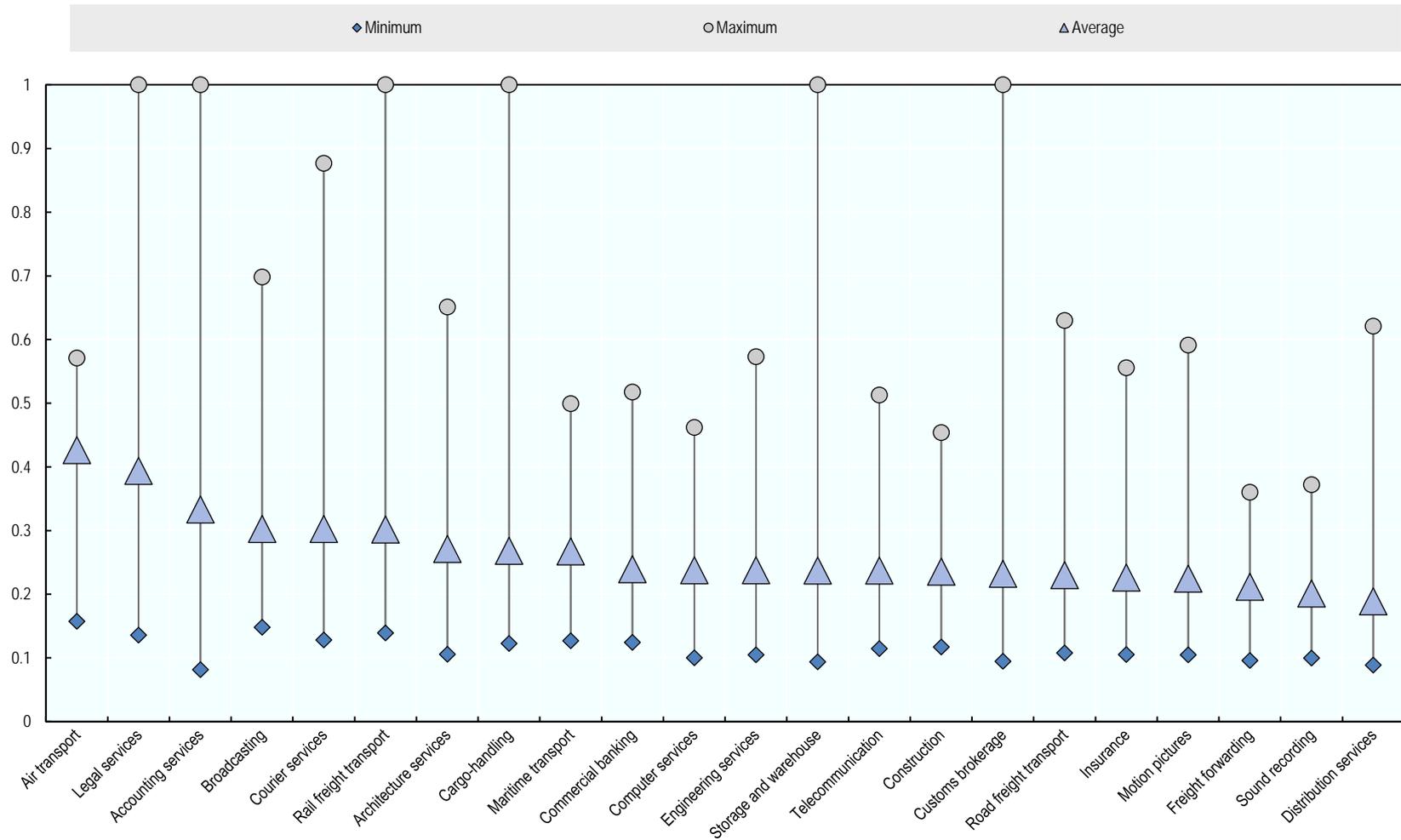
- Benefit: **one-to-one relationship** between qualitative data and indices – replicable
- Break down of complex measures
- Construct hierarchies of measures
- Different market structure and regulatory regimes

## Weighting

- Weights based on expert surveys (30-50 experts per sector)

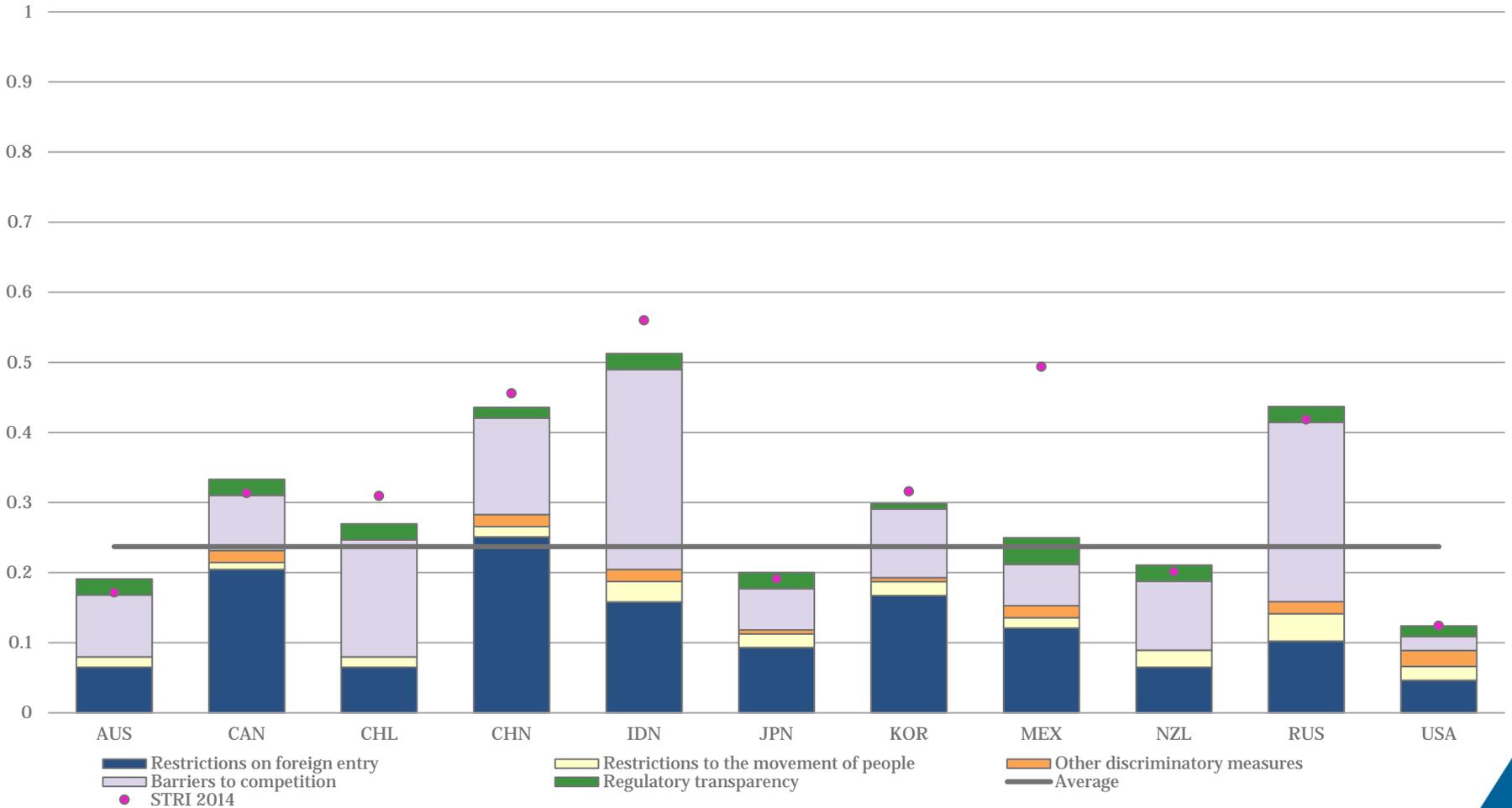


# OECD STRI sector profiles 2017



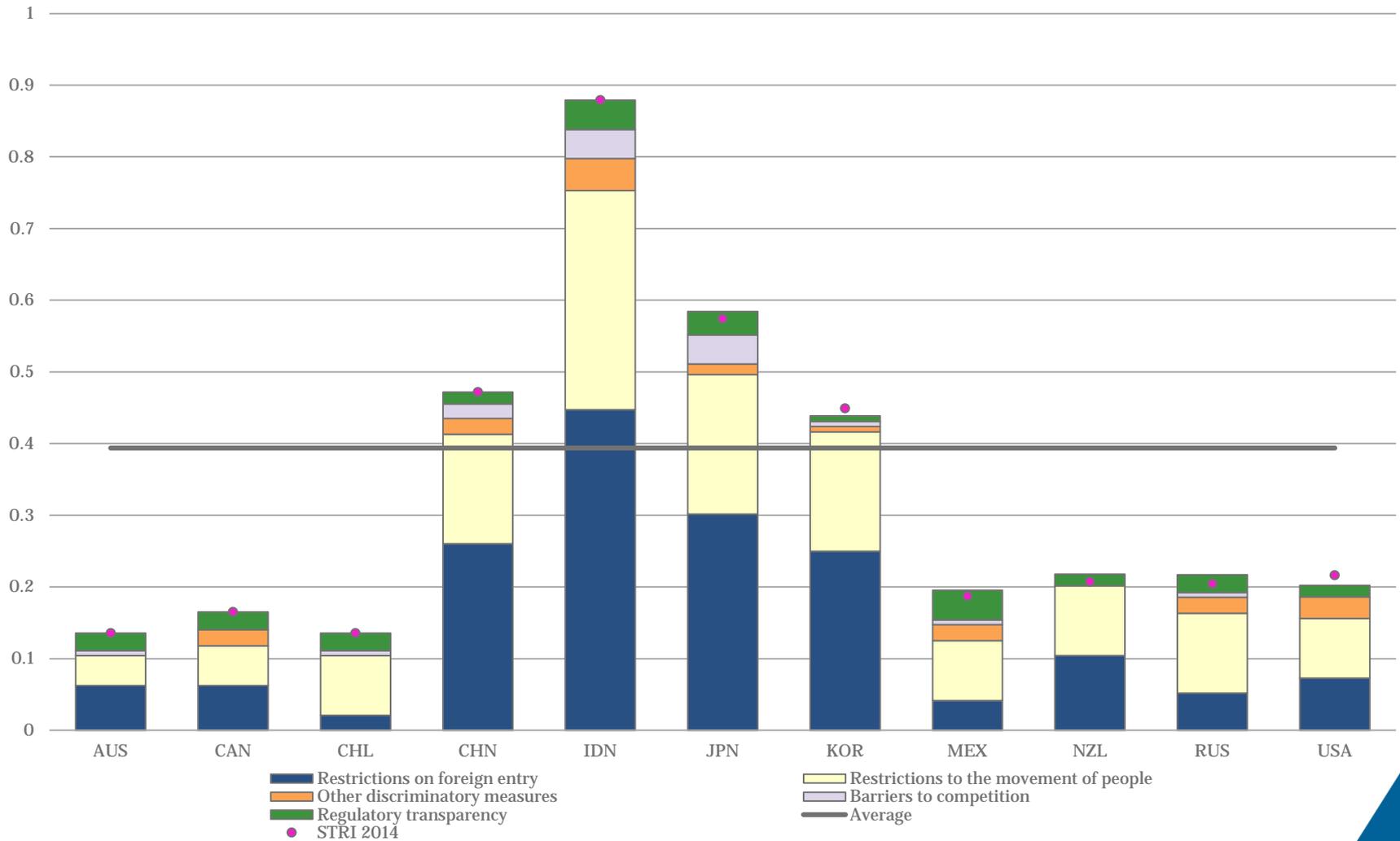


# STRI Telecommunications 2017





# STRI Legal services 2017





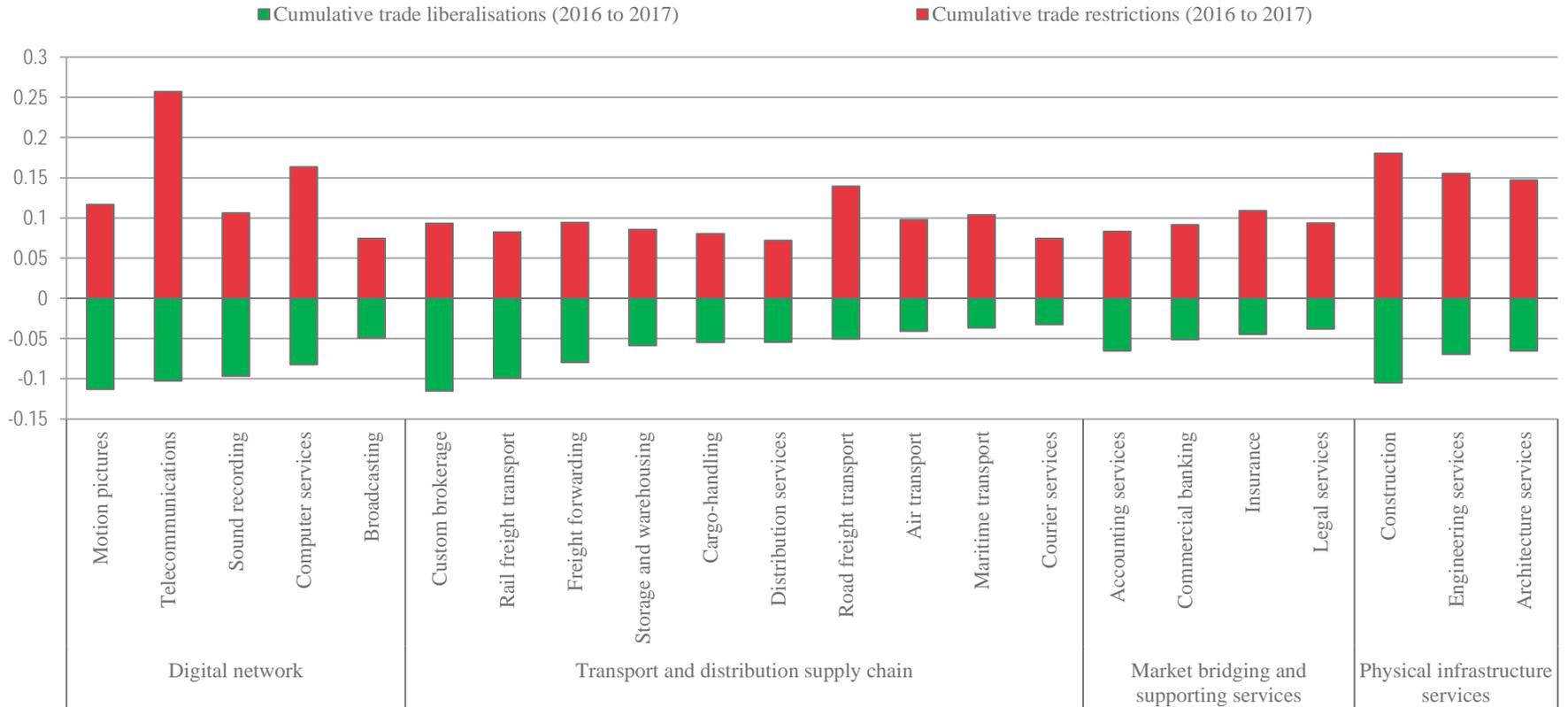
# STRI Annual Updates

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- Keeping the STRI a “living instrument”:
  - Updated database and indices every year
  - Capturing current and emerging barriers to services trade
- Keeping the STRI relevant:
  - Monitoring trade policy developments
  - Providing annual data for research and analysis
- Unique:
  - the STRI is the first of its kind to have comparable data for 4 consecutive years!
  - New data in December 2018.

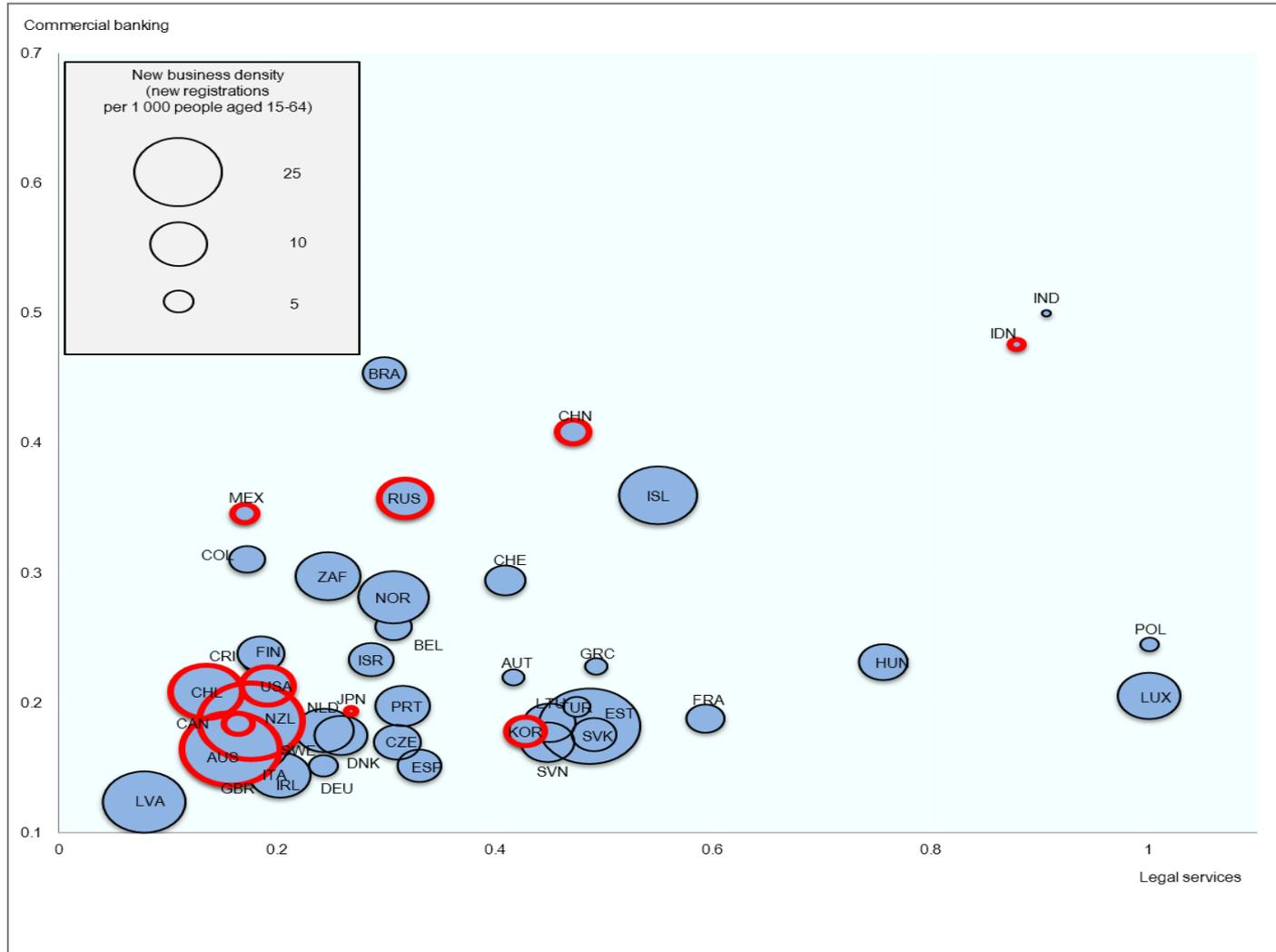


# Monitoring policy changes: 2016 to 2017





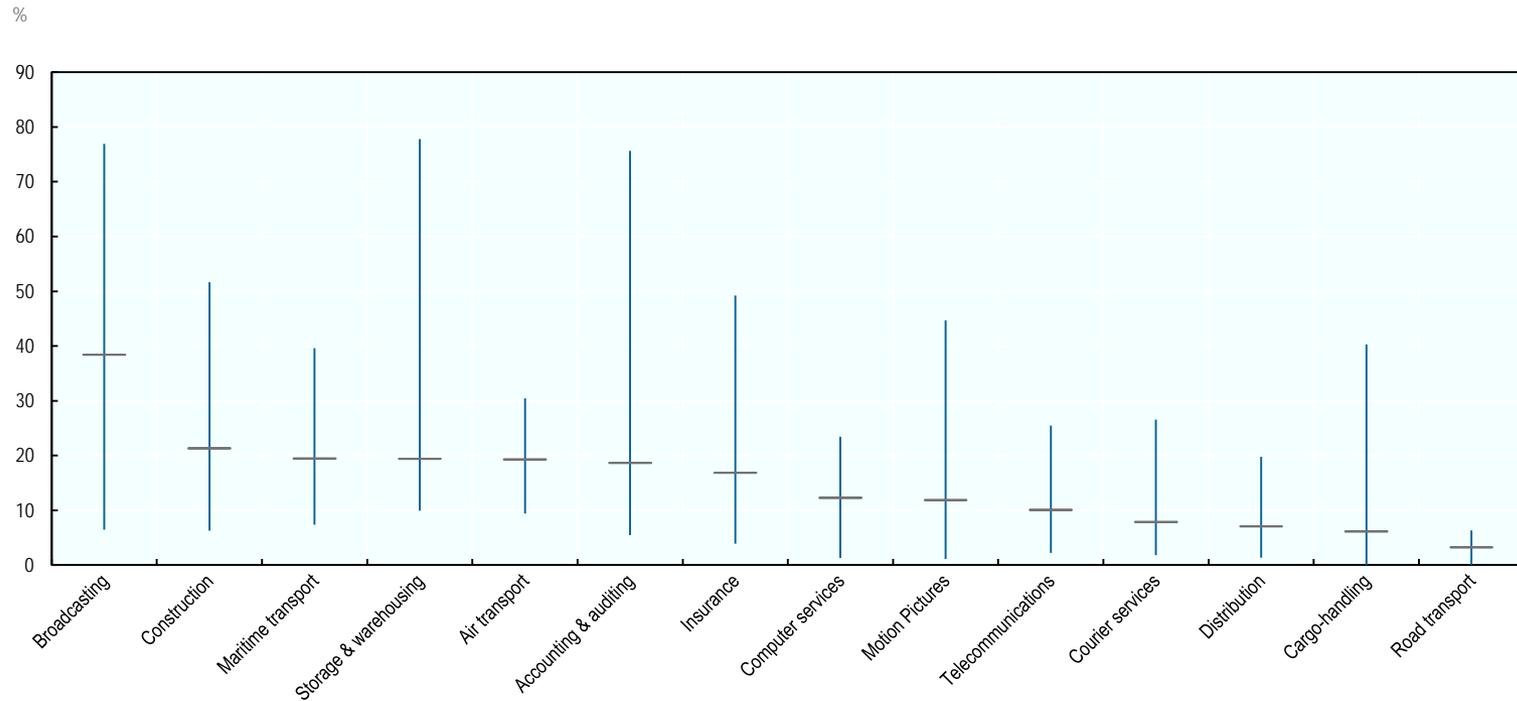
# Services and entrepreneurship





# Services restrictions increase trade costs

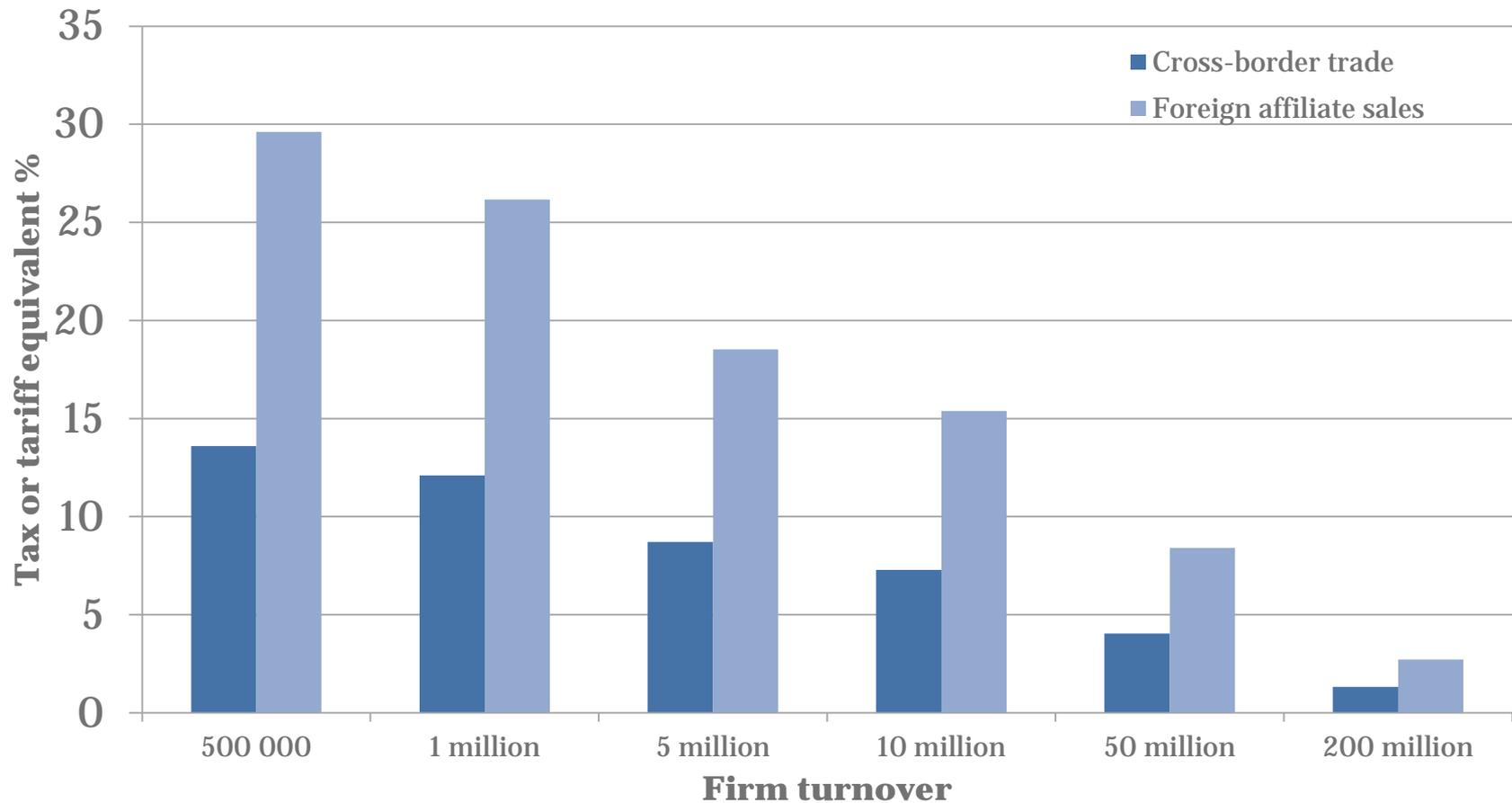
Average estimated tax-equivalent of services trade restrictions, by sector, 2014



Source: OECD (2017), *Services Trade Policies and the Global Economy*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264275232-en>



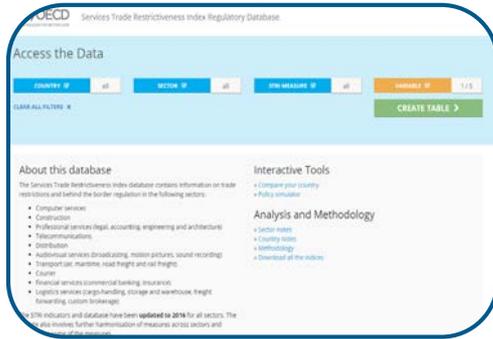
# The burden of services restrictions falls disproportionately on SMEs



Source: Rouzet et al. 2017



# STRI Suite of Tools



[Regulatory database](#)



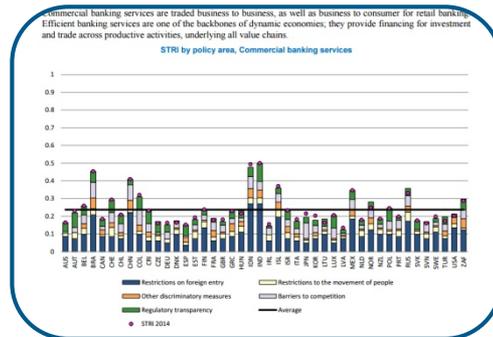
[Compare economies](#)

Import measures	Weight	Score	Values
1. Restrictions on foreign entry	Weight: 0.027%	40	0.104
2. Restrictions on movement of people	Weight: 0.000%	0	0.000
3. Other discriminatory measures	Weight: 0.000%	0	0.000
4. Barriers to competition	Weight: 0.070%	30	0.104
5. Regulatory transparency	Weight: 0.000%	0	0.000

[Policy simulator](#)



[Apple store](#)  
[Google play](#)



[Summary notes](#)

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