



## **SERVICES TRADE RESTRICTIVENESS INDEX (STRI): OPENING THE WAY FOR SERVICES TRADE LIBERALISATION**

The services sector is essential to our economy and society. Teachers, lawyers, architects and medical staff are all service providers, while businesses use the services of specialists in areas such as transport, information technology and accountancy. Services generate more than two-thirds of gross domestic product (GDP) globally, employ the most workers in major economies and create more new jobs than any other sector.

Through international trade, services can transcend national borders and compete in global markets. Trade in services drives the exchange of ideas, know-how and technology. It helps firms cut costs, increase productivity and boost competitiveness. Consumers benefit from lower costs and greater choice.

However, international trade in services is often restricted by barriers such as domestic regulations. By identifying measures that restrict services trade, governments can rectify this and work towards making services markets more open and therefore more efficient.

### **Why a Services Trade Restrictiveness Index (STRI)?**

If more open and efficient services markets bring obvious advantages, why has progress been so slow in addressing these restrictions? One reason is a lack of systematic information on barriers to trade in services. These barriers are diverse and require detailed, industry-specific knowledge.

The STRI can help identify which policy measures restrict trade. The STRI can also help governments identify best practice and then focus their reform efforts on priority sectors and measures.

In embarking on services negotiations, countries must prepare their requests and offers under the General Agreement on Trade in Services (GATS) of the World Trade Organization (WTO). To do this, they need concrete information on inefficient, trade-restrictive policies in their own country and in their export markets, so as to establish mutually beneficial commitments.

STRI can prepare policy makers for services negotiations by equipping them with measures to forecast impacts and appraise the outcomes of alternative scenarios of reform. To convince domestic stakeholders of the need for reform, it is essential to communicate the benefits of services liberalisation and put in place policies to mitigate the costs.

The STRI project will provide policy makers and negotiators with the information and measurement tools they require to identify barriers, improve domestic policy environment, negotiate international agreements and open up international trade in services.

### **Details of the STRI**

The STRI project has two distinct but complementary instruments: a *services trade regulatory database* and a *services trade restrictiveness index*.

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**Services Trade Regulatory Database:** The STRI database will be a unique resource providing internationally comparable current information on regulatory policies affecting trade in services.

**Examples of measures included in the regulatory database: Telecommunications**

Policy Area	Measure*	Result	Source	Country
Foreign ownership & market entry restrictions	Joint ventures are required	Qualitative information	Link to regulation (law, administrative decision), etc.	Country confirms entry or provides correction
	Screening of investment			
Restrictions on temporary movement of people	Quotas			
	Labour market tests			
Other discriminatory measures	Foreign participation in government procurement			
Barriers to competition	Whether access to networks and interconnection is regulated			
Regulatory transparency	Information on spectrum regulations publically available			

\*Measures shown are examples for illustrative purposes only

Features of the STRI database:

- ✓ Based on regulations on the books, rather than the GATS or RTA commitments
- ✓ Covers all trade-related domestic regulation
- ✓ Documents the source (law, regulation, rule, administrative decision)
- ✓ Each measure is verified with the country, and “peer reviewed” by all other countries
- ✓ Updates and maintains measures current, so that regulatory reforms are reflected
- ✓ Provides explanations and definitions of each measure included in the database

**Services Trade Restrictiveness Index:** The STRI indices translate the qualitative information of the Regulatory Database into quantitative measures using an elaborate scoring and weighting mechanism. Providing a measurement tool for trade in services barriers, the indices capture the essence of restrictiveness at a glance, in order to help policy-makers identify areas of strengths and weaknesses.

Features of the STRI indices:

- ✓ Indices take the value from 0 to 1, where 0 is completely open and 1 is completely closed
- ✓ Indices allow comparison of trade restrictiveness across sectors within and between countries
- ✓ Since the STRI will be institutionalized, and not just a one-time exercise, the indices will also record changes over time, identifying top reformers in terms of sectors and countries

**Planned coverage**

The STRI is being developed for OECD member countries, and for emerging economies that are significant services traders in the global economy. STRI currently covers computer services, telecommunications, construction, professional services (engineering, architecture, legal, accounting), transport (air, maritime, rail, road, courier), distribution and audiovisuals in 34 countries. Ultimately, all economically important services sectors will be incorporated.

**Further information**

The STRI holds periodic meetings to draw on the expertise and experience of other international organisations, governments, the private sector, academics and experts. For documentation from these meetings and other information on the STRI project, please visit our website: [www.oecd.org/trade/stri](http://www.oecd.org/trade/stri).