OECD Services Trade Restrictiveness Index (STRI)

IRELAND – 2023

Key findings

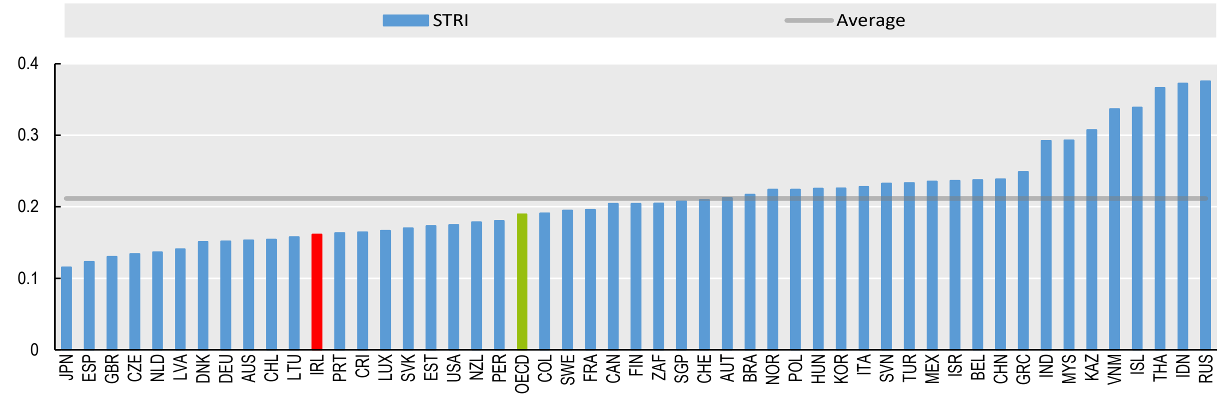
- The 2023 STRI of Ireland is below the OECD average and relatively low compared to all countries in the STRI sample. The index has increased compared to 2022.
- Relevant changes include an increase in the usual processing time for a business visa, from 10 days in 2022 to 15 days in 2023.
- Ireland's regulatory environment for services has been relatively stable in recent years, with moderate increases particularly in sectors related to the digital network.
- Insurance is the most open sector in Ireland while air transport is the most restricted, relative to the sectoral average.

Recommendation

- Trade in services strengthens resilience across supply chains, facilitating environmental sustainability and promoting greater inclusiveness. To ensure the benefits of open markets and a rules-based international trading system, national and multilateral action is needed to lower barriers and reduce trade costs, promote greater regulatory interoperability, and facilitate the digital transformation of economies.

The 2023 STRI of Ireland is below the OECD average, and relatively low compared to other countries in the STRI sample (Figure 1).

Figure 1. Average STRI across countries, 2023[i]



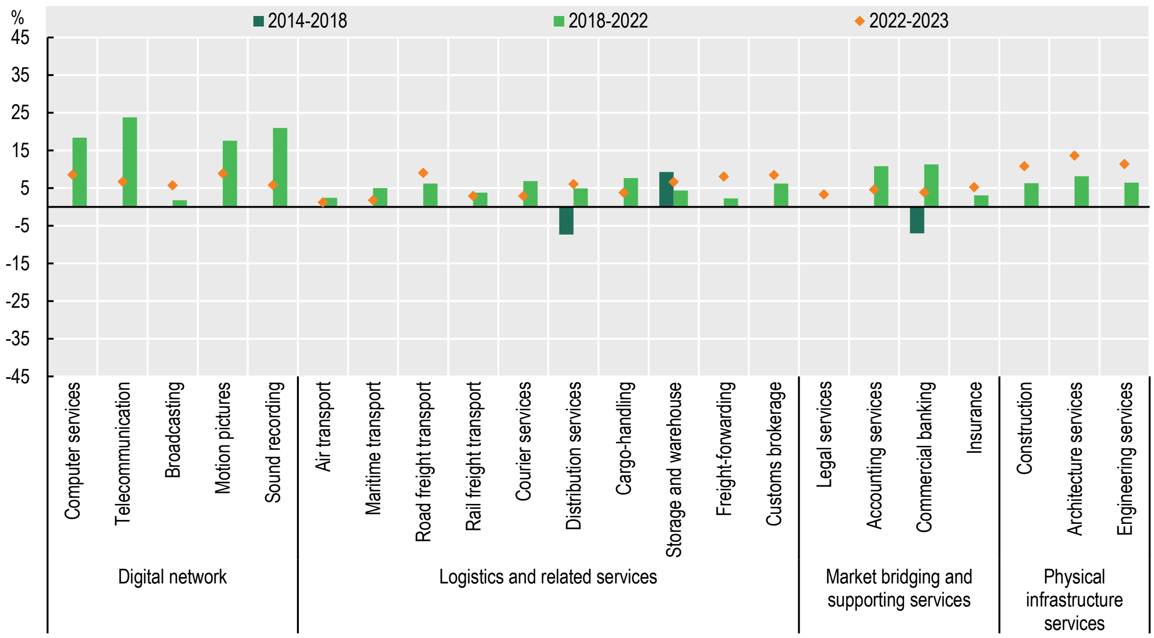
OECD (2023). STRI and TiVA databases.

Ireland's STRI score is largely explained by horizontal regulations that apply across all STRI sectors. Restrictions to the movement of people contribute to the results, due to labour market tests and a relatively short duration of stay for intra-corporate transferees, contractual services suppliers, and independent services suppliers. Other horizontal barriers include a minimum capital requirement for limited liability companies in accordance with Directive (EU) 2017/1132, and a requirement that at least one director must be resident in a European Economic Area (EEA) member state.

Ireland's regulatory environment for service providers has been relatively stable in recent years, although moderate increases were identified during 2018-22, notably in telecommunications, computer services and some audio-visual services sectors (Figure 2a). In 2023, the STRI increased for all sectors due to an increase in the usual processing time for a business visa, affecting the movement of business travellers across services sectors.

Figure 2a. Evolution of STRI indices by sector in Ireland

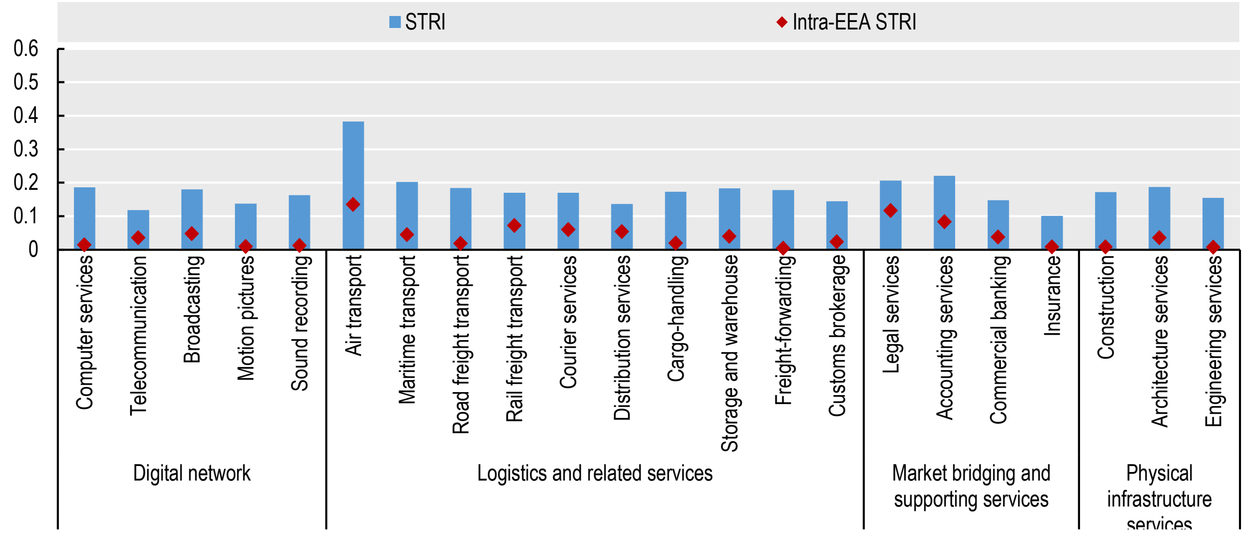
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2022 and 2022-2023



OECD (2023). STRI database.

Services trade barriers are significantly lower within the European Economic Area across all services sectors (Figure 2b). Ireland maintains an open market for services suppliers from other EU Member States.

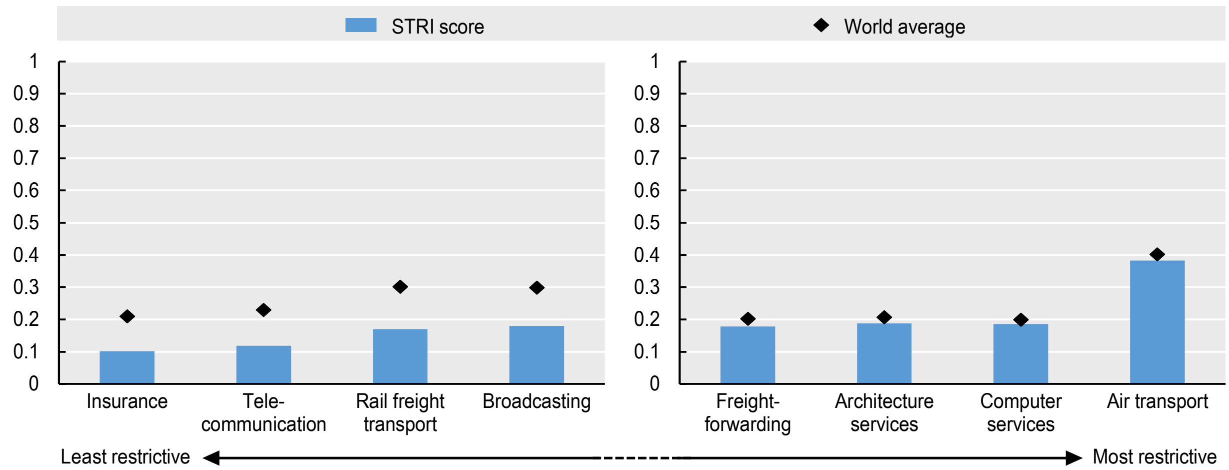
Figure 2b. Regulatory barriers affecting services trade within the European Economic Area (EEA)



Note: The traditional STRI indicates the level of restrictiveness on a most favoured nation (MFN) basis towards third countries, and the intra-EEA STRI indicates the level of restrictiveness towards EEA members. Intra-EEA STRI covers 24 countries (Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden).
Source: OECD (2023). STRI database.

Figure 3 ranks Ireland's sectors relative to the respective sector's world average. Insurance, telecommunications, rail freight transport and broadcasting are the sectors with the relatively lowest scores. Conversely, logistics freight forwarding, architecture, computer services and air transport are the sectors with the relatively highest scores.

Figure 3. Sectoral breakdown - The least and most restricted sectors in Ireland compared to world average

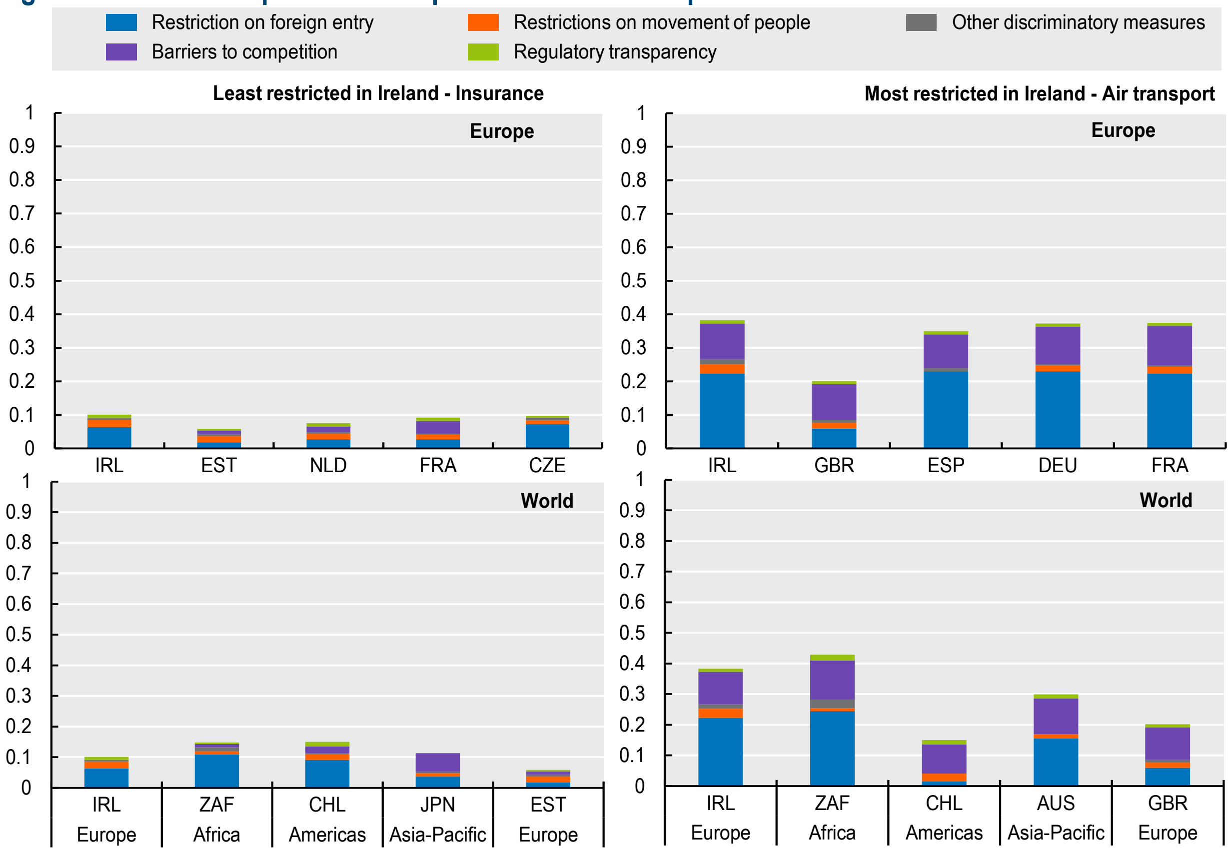


Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference i.e. $(STRI_{country, sector} - STRI_{world average, sector}) / STRI_{world average, sector}$
Source: OECD (2023). STRI database.

Insurance services are the least restricted in Ireland compared to the average STRI across all countries. While the sector is mostly regulated according to best practice, the composition of the indices suggests that restrictions on foreign entry have had an impact compared to best performers in Europe (Figure 4). The measures that contributed to this index include mostly economy-wide measures, such as residency requirements for board members, commercial presence requirements for cross-border services and EU-level restrictions for cross-border data transfer.

On the other hand, air transport is the most restricted services sector in Ireland compared to the average STRI across all countries. Ireland has foreign equity restrictions applying to airlines as a result of a common EU regulation on air services. Pursuant to this regulation, non-EU nationals cannot own more than 49% in local airlines. Lease of foreign aircrafts with crew from outside the EU can be refused on grounds of reciprocity or conditioned on approval granted on the basis of economic needs. The EU-wide exemption of certain airline arrangements from competition law and regulations on airport slot allocation and slot trading further contribute to the score in this sector.

Figure 4. Ireland compared to Europe and World's best performers



Source: OECD (2023). STRI database.

Recent policy changes

In 2023, the usual processing time for a business visa increased from 10 to 15 days, affecting the movement of business travellers across services sectors.

In commercial banking, the Consumer Credit (Amendment) Act 2022 introduced caps on interest rates for high cost credit agreements.

Several recent changes affecting Ireland were due to changes in EU law. In August 2022, Regulation 2022/1031 (EU) entered into force, aiming to regulate access of third-country (non-EU) goods and services to the EU's public procurement and concession markets. At this stage, no implementing act restricting access to the EU procurement market has been adopted by the European Union. The Regulation applies to public procurement and concessions where the EU has not undertaken market access commitments in an international agreement.

In air transport, a series of temporary rules allowing airlines to retain historic slots, despite not using their slots according to the 80/20 grandfathering rule, were in place from 1 March 2020 to 25 March 2023 on grounds of reduced air traffic levels due to the COVID-19 pandemic. As of 26 March 2023, such slot relief rules are no longer in force.

In telecommunications, maximum Union-wide voice termination rates defined by Commission Delegated Regulation (EU) 2021/654 took effect on 1 July 2021. These maximum termination rates do not, however, generally apply to calls originating from countries outside the EU.

From 1 July 2021, the EU abolished the VAT de minimis regime for goods valued under EUR 22. In maritime transport, Commission Regulation (EU) 2020/436 extended the existing block exemption to liner shipping consortia from competition law until April 2024.

More information

» Access all country notes, sector notes, and interactive STRI tools at http://oe.cd/stri

» Read more about Services Trade Policies and the Global Economy

» More information about measuring the regulatory environment for services trade in the Intra-EEA region: oe.cd/intraeeaSTRI

» Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org

[i]Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nation basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2023. The STRI regulatory database covers the 38 OECD Members, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, Singapore, South Africa, Thailand and Viet Nam. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.