



JAPAN – 2023

Key findings

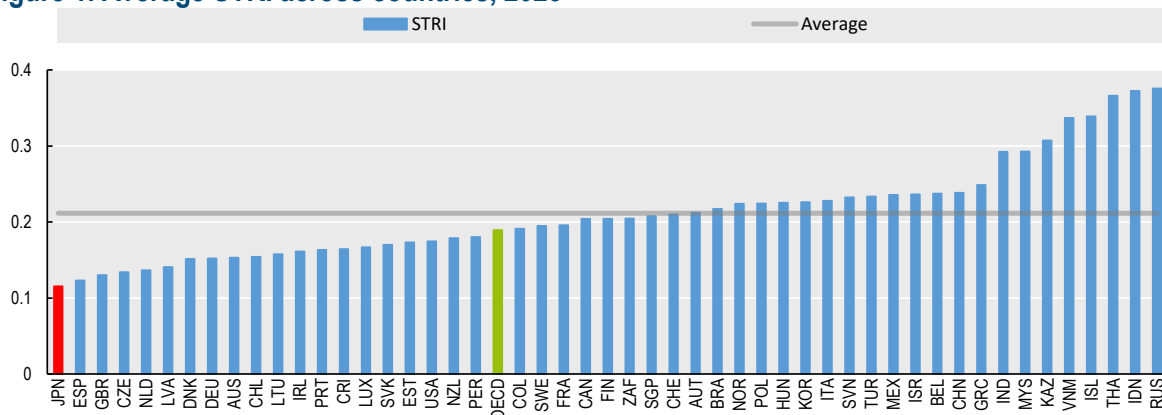
- The 2023 STRI of Japan is the lowest in the country sample, indicating an open regulatory environment for trade in services. The index has remained unchanged compared to 2022.
- Japan’s regulatory environment for services has been relatively stable in recent years, with signs of moderate liberalisation particularly in logistics sectors, some physical infrastructure services, and insurance.
- Engineering is the most open sector in Japan while legal services are the most restricted, relative to the sectoral STRI average.
- Despite the overall favourable environment for services trade, some restrictions related to the temporary movement of services providers remain.

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

Japan has the lowest average STRI across countries in 2023, well below the OECD and sample averages (Figure 1).

Figure 1. Average STRI across countries, 2023ⁱ



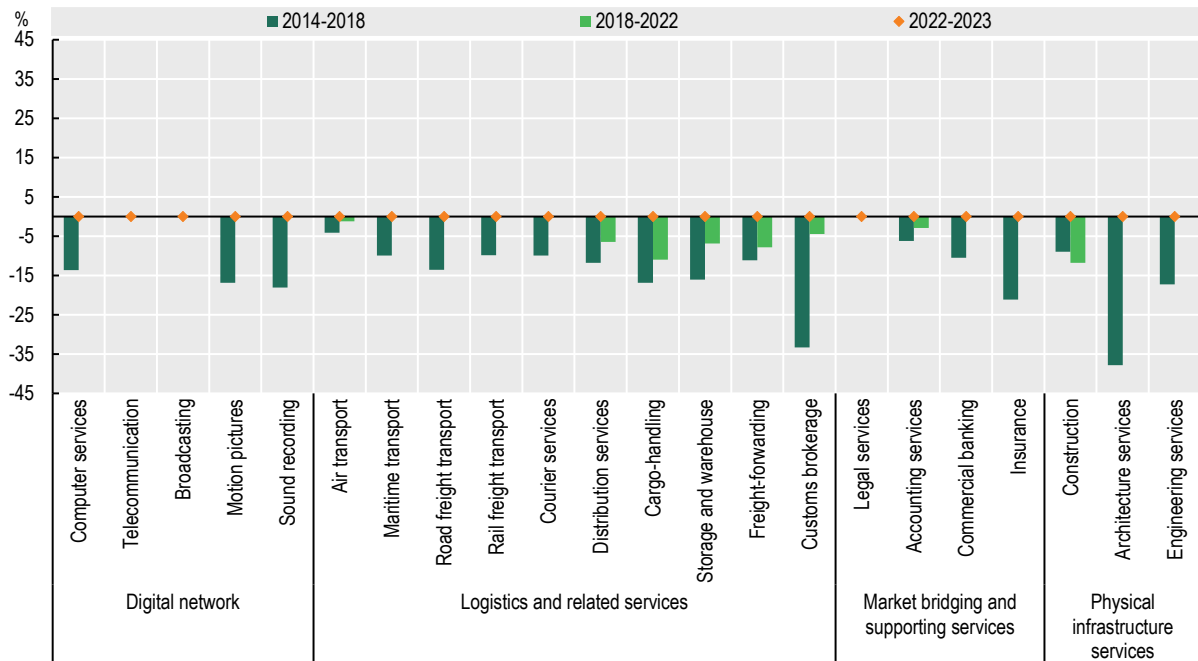
OECD (2023). STRI and TIVA databases.

While the STRI indices for Japan are low, some economy-wide barriers remain, especially ones related to the temporary movement of services providers. Japan requires labour market tests prior to approving contractual services suppliers and intra-corporate transferees.

The regulatory environment for services trade in Japan has experienced moderate changes in some sectors in recent years (Figure 2). Between 2014 and 2022, the STRI scores decreased particularly in logistics sectors, some physical infrastructure services, and insurance, indicating a trend towards a more relaxed regulatory environment for services trade. In 2023, the indices remained unchanged in all sectors compared to 2022.

Figure 2. Evolution of STRI indices by sector in Japan

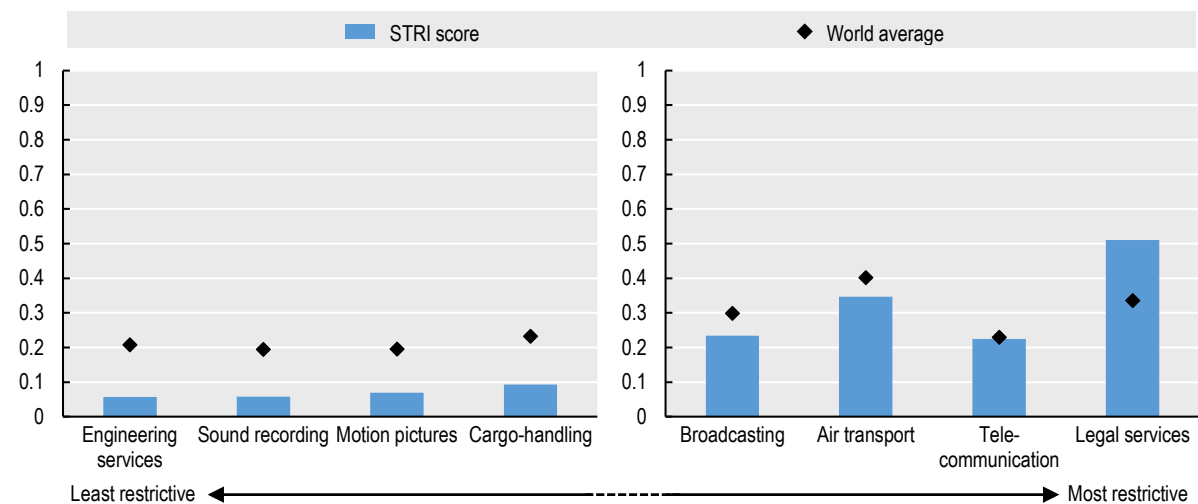
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2022 and 2022-2023



OECD (2023). STRI database.

Figure 3 ranks Japan’s sectors relative to the respective sector’s world average. Engineering services, sound recording, motion pictures and logistics cargo handling are the sectors with the relatively lowest scores. Conversely, broadcasting, air transport, telecommunications and legal services are the sectors with the relatively highest scores.

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



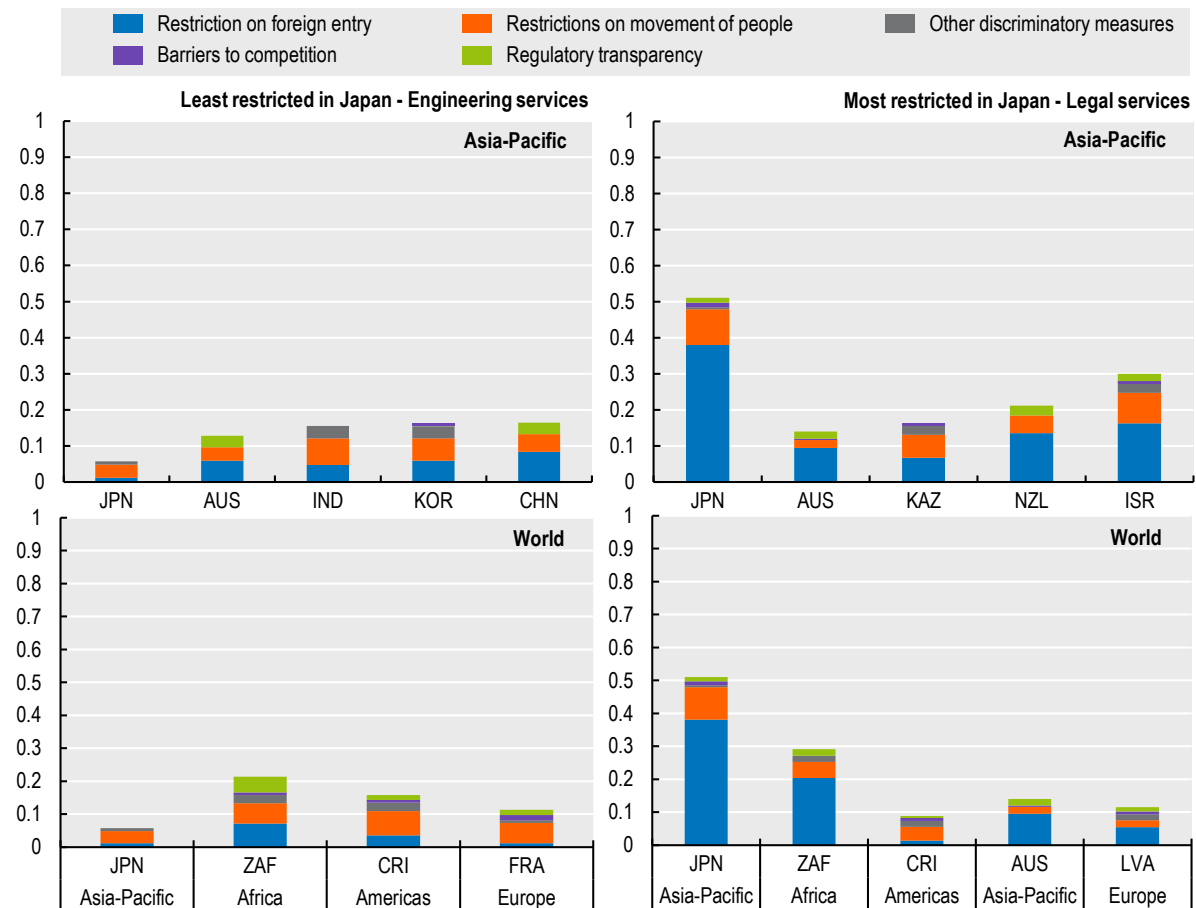
Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

i.e. $(STR I_{country, sector} - STR I_{world average, sector}) / STR I_{world average, sector}$

Source: OECD (2023). STRI database.

Engineering services are the least restricted in Japan compared to the average sectoral STRI across all countries. In fact, the regulatory environment for trade in engineering services is more open in Japan than in any other country in the sample. While the sector is mostly regulated according to best practice, remaining restrictions mainly relate to the movement of people, namely labour market tests for intra-corporate transferees and contractual services suppliers. On the other hand, legal services are the most restricted sector in Japan compared to the average STRI across all countries. In this sector, restrictions on foreign entry are significant compared to best performers. Only licensed lawyers can own equity in law firms. Foreign lawyers may obtain a local licence to practice domestic law provided that they pass local examinations. For domestic law, only sole proprietorship and unlimited liability partnership are allowed as legal forms (Figure 4).

Figure 4. Japan compared to Asia-Pacific and World's best performers



Source: OECD (2023). STRI database.

Recent policy changes

Since June 2021, the Food Sanitation Act provides that hygiene controls for all food business operators must be based on Hazard Analysis and Critical Control Point (HACCP) principles.

In April 2020, as part of the response measures against the COVID-19 pandemic, Japan suspended the validity of existing business visas and halted the issuance of new ones except in limited cases. The restrictions for business travel were lifted with certain conditions in March 2022, and in October 2022 for all types of travel.

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 APEC region: <https://apecservicesindex.org/>
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org

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.