



KOREA – 2023

Key findings

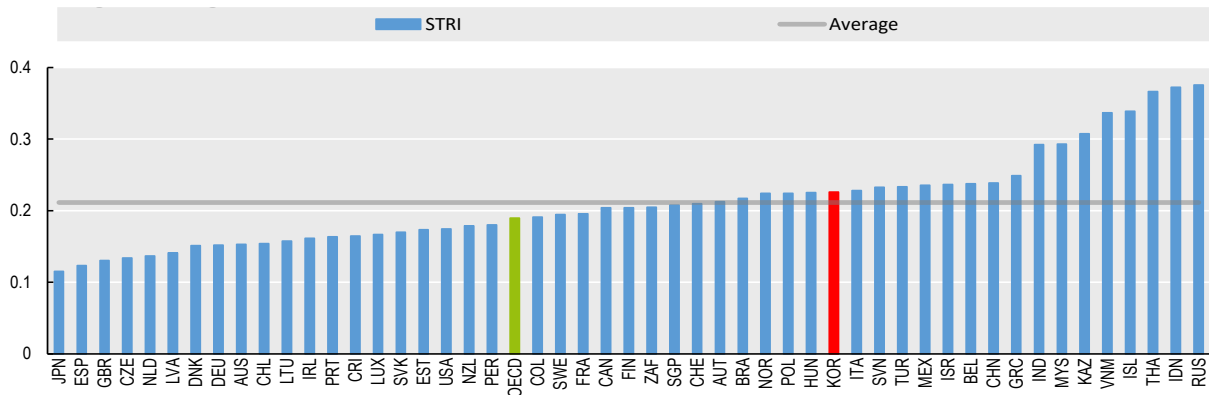
- The 2023 STRI of Korea is above the OECD average and relatively high compared to all countries in the STRI sample. The index has decreased compared to 2022.
- Relevant reforms in 2023 include changes to rules on cross-border transfer of personal data as a result of amendments to the Personal Information Protection Act that took effect in September 2023.
- Korea's regulatory environment for services has been relatively dynamic, with numerous changes in recent years, including restrictions in and the subsequent liberalisation of visa regulations as part of pandemic travel restrictions.
- Insurance is the most open sector in Korea while rail freight transport and accounting services are the most restricted, compared 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 Korea is above the OECD average, and relatively high compared to other countries in the STRI sample (Figure 1).

Figure 1. Average STRI across countries, 2023ⁱ



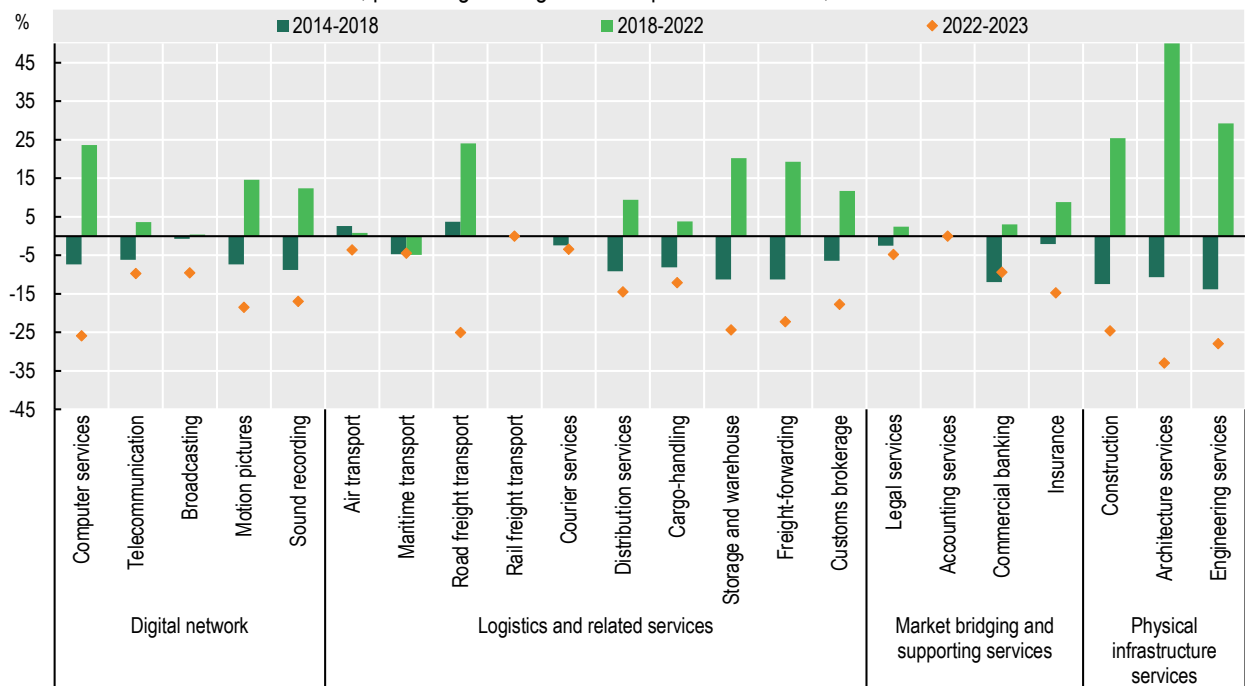
OECD (2023). STRI and TIVA databases.

The STRI outcomes are explained in part by regulations applying horizontally across the different sectors of the economy. Natural persons seeking to provide services in Korea on a temporary basis as contractual services suppliers may stay in the country for up to 24 months on their first entry permit, whereas intra-corporate transferees or independent service suppliers can stay 36 months. Public procurement regulations do not grant national treatment to foreign suppliers on a most favoured nation (MFN) basis.

In 2023, Korea implemented changes to its Personal Information Protection Act. The amendments included new requirements for transferring sensitive information outside the country, allowing cross-border transfer of personal data to countries with substantially similar privacy protection laws or on the grounds of pre-authorised safeguards, and strengthening data protection safeguards that data controllers must adhere to. As this measure applies across the economy, it has led to changes in the STRI of most sectors (Figure 2).

Figure 2. Evolution of STRI indices by sector in Korea

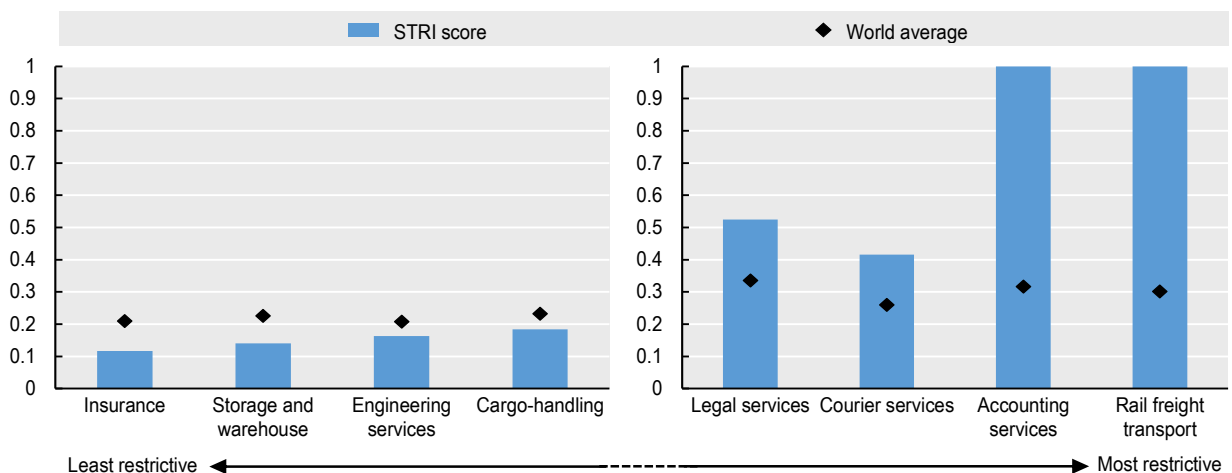
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2022 and 2022-2023



OECD (2023). STRI database.

Figure 3 ranks Korea’s sectors relative to the respective sector’s world average. Insurance, logistics storage, engineering services and logistics cargo-handling are the sectors with the relatively lowest scores. Conversely, legal services, courier services, accounting services and rail freight transport are the sectors with the relatively highest scores.

Figure 3. Sectoral breakdown - The least and most restricted sectors in Korea 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

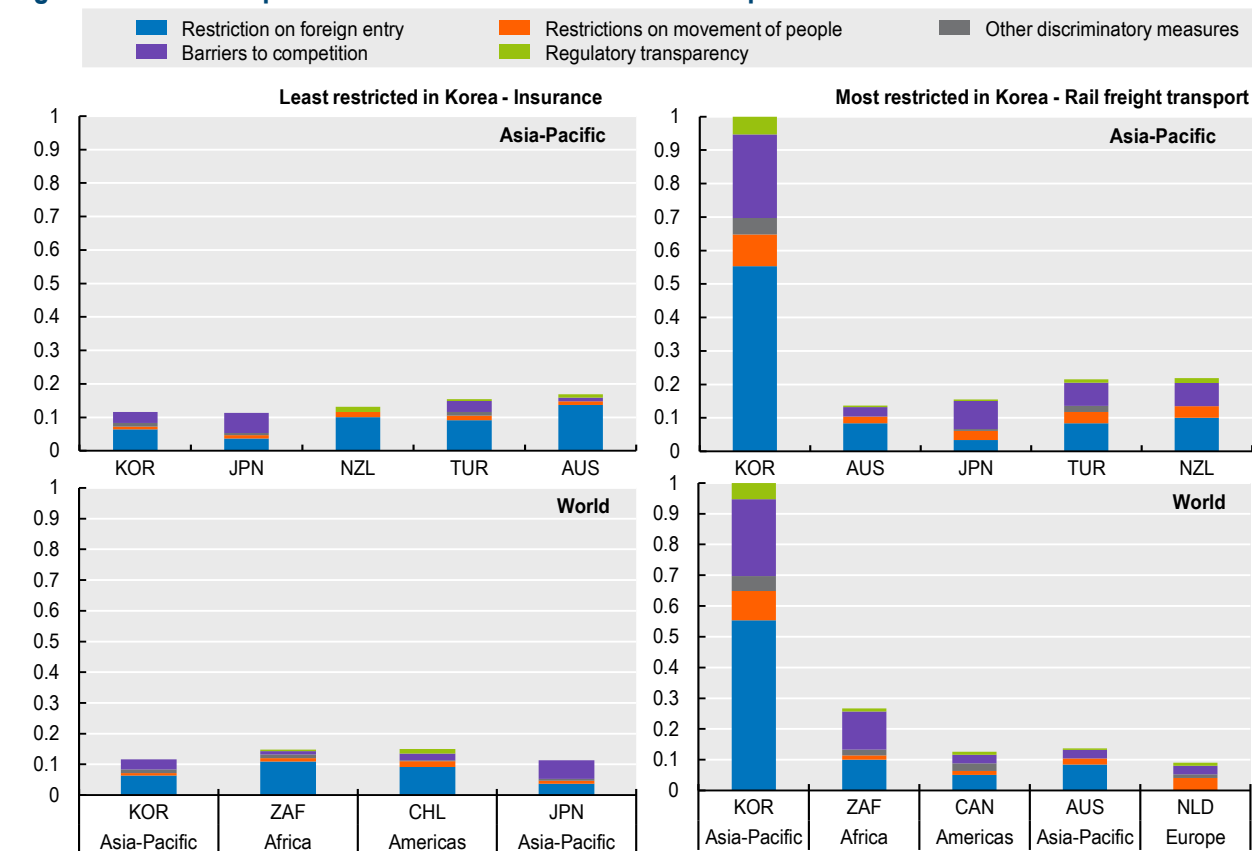
i.e. $(STR I_{country, sector} - STR I_{world average, sector}) / STR I_{world average, sector}$

Source: OECD (2023). STRI database.

Insurance services are the least restricted in Korea compared to the average STRI across all countries. This is due to very few restrictions related to the movement of people, regulatory transparency, and other discriminatory measures. On the other hand, rail freight transport is the most restricted services sector in Korea compared to the average STRI across all countries. This is due to the de facto monopoly of government owned Korail, which does not have a statutory monopoly but has been the only allowed

operator. The dominance of a single firm in the market results in an automatic STRI index of 1 (Figure 4).

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



Source: OECD (2023). STRI database.

Recent policy changes

In 2023, amendments to the Personal Information Protection Act (PIPA) were enacted, which in most respects come into effect in September 2023. The amended PIPA permits overseas transfers when the overseas recipient to whom the data is transferred has obtained a data protection certification by the Korean data protection authority, the Personal Information Protection Commission (PIPC), and has taken necessary data protection measures. Transfer to a country deemed by the PIPC to satisfy PIPA levels of data protection is also allowed.

In April 2020, Korea suspended visa-free entry as well as the validity of previously issued visas, including business visas. Business visas remained in principle available but only once the applicant demonstrated an urgent purpose for travel and only for single entry. All restrictions were lifted in June 2022.

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

¹Note: 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.