OECD Services Trade Restrictiveness Index (STRI)

THE SLOVAK REPUBLIC – 2023

Key findings

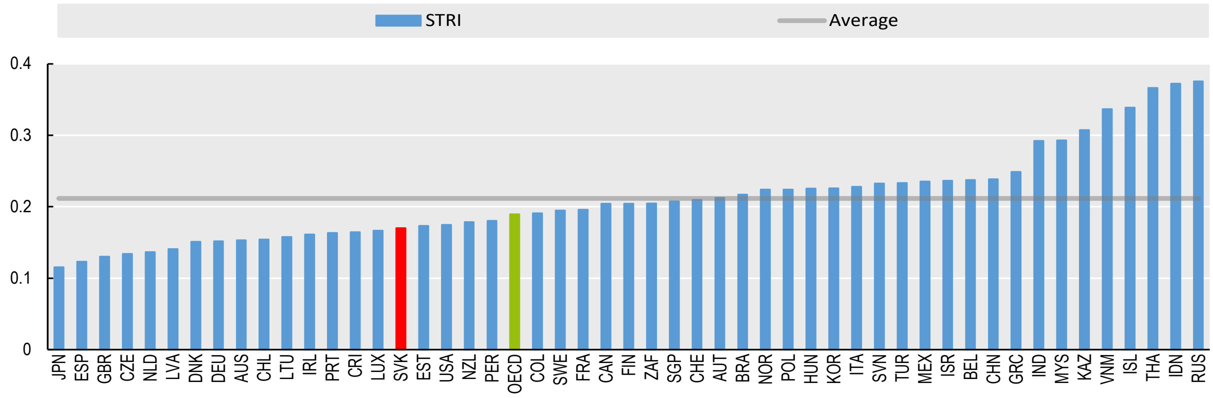
- The 2023 STRI of the Slovak Republic is below the OECD average and relatively low compared to all countries in the STRI sample. The index has increased slightly compared to 2022.
- Conditions on the entry of natural persons seeking to provide services in the country on a temporary basis as contractual services suppliers remain more cumbersome than international best practice.
- Accounting and auditing services is the most open services sector in the Slovak Republic while engineering services 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 the Slovak Republic 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]



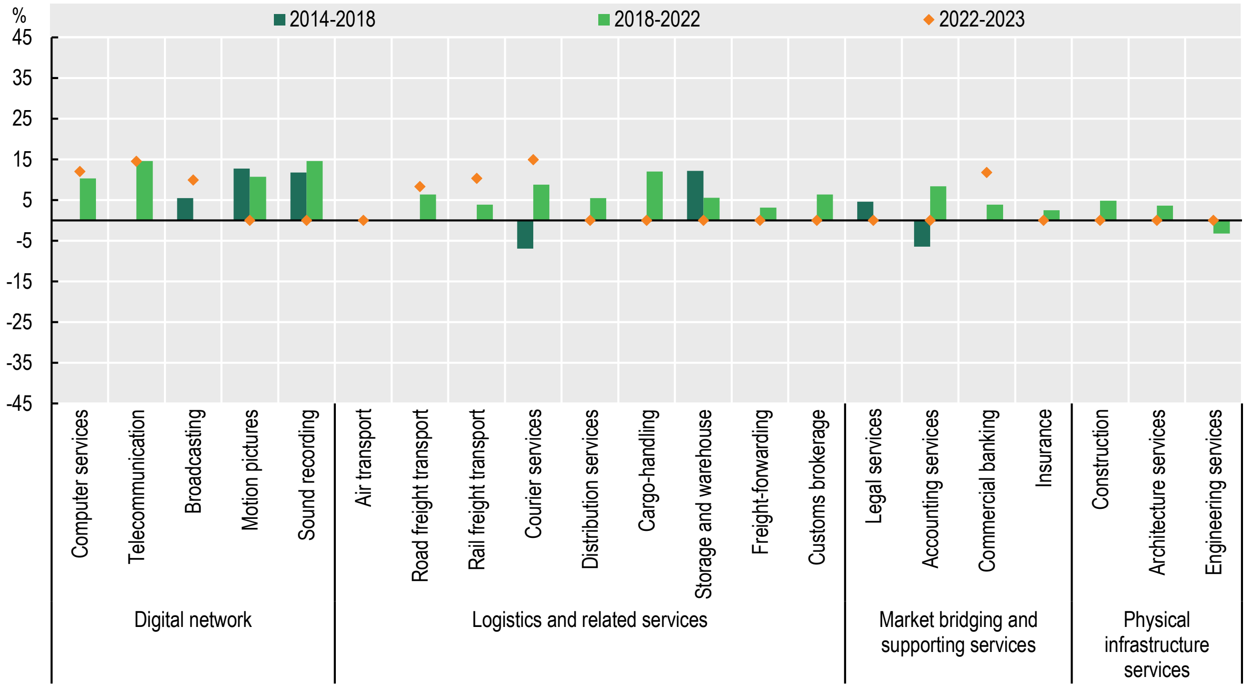
Source: OECD (2023). STRI and TiVA databases.

The Slovak Republic applies labour market tests for workers seeking to provide services in the country on a temporary basis as contractual services suppliers, while the duration of stay is limited to 24 months on their first entry permit. Labour market tests are not applied to intra-corporate transferees or independent services suppliers and these categories of suppliers may stay in the country up to 36 months on their first entry permit. Rights of access to public procurement are limited to regional trade agreement partners and members of the WTO's Government Procurement Agreement. A minimum amount of capital must be deposited in a bank or with a notary in order to register a business. The standards for cross-border transfer of personal data are set at the EU level. Transfers to non-EEA economies can take place when these ensure an adequate level of data protection or, in the absence of this, appropriate safeguards (e.g. binding corporate rules or standard data protection clauses) are in place.

The regulatory environment in the Slovak Republic has been relatively stable in recent years, with few changes that affect services trade (Figure 2). The highest levels of liberalisation were recorded in accounting services and courier services between 2014 and 2018, while in logistics storage and warehousing, motion pictures and sound recording services the regulatory environment became moderately more restrictive before 2018. In March 2023, foreign investment screening was introduced in a set of critical services sectors, such as telecommunications, broadcasting, commercial banking, and rail and road freight transport services, where the index saw a slight increase compared to 2022.

Figure 2. Evolution of STRI indices by sector in the Slovak Republic

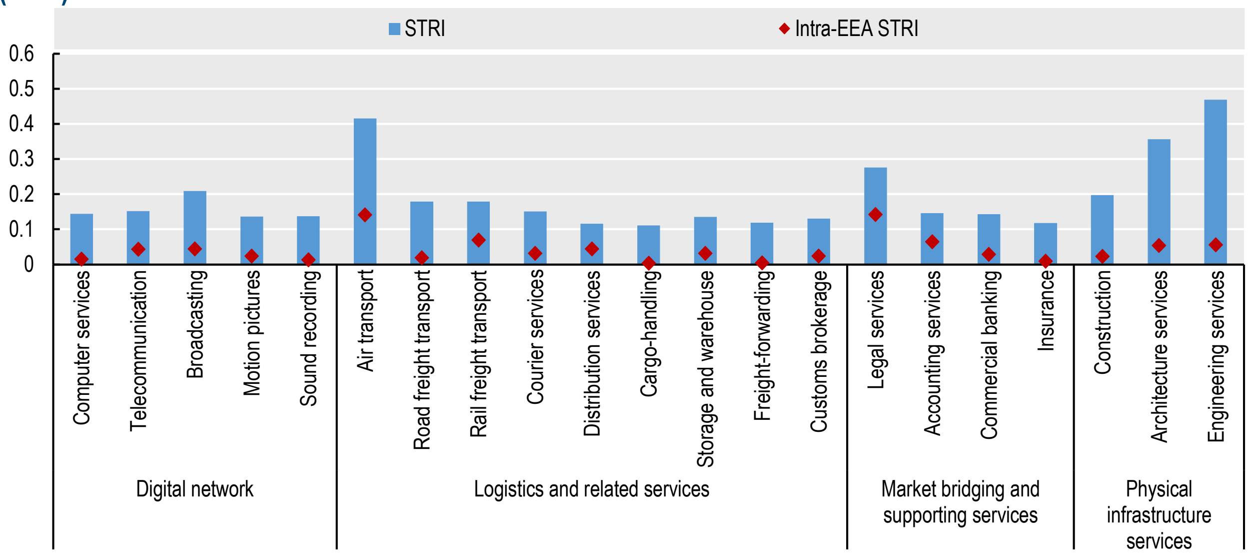
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2022 and 2022-2023



Source: OECD (2023). STRI database.

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

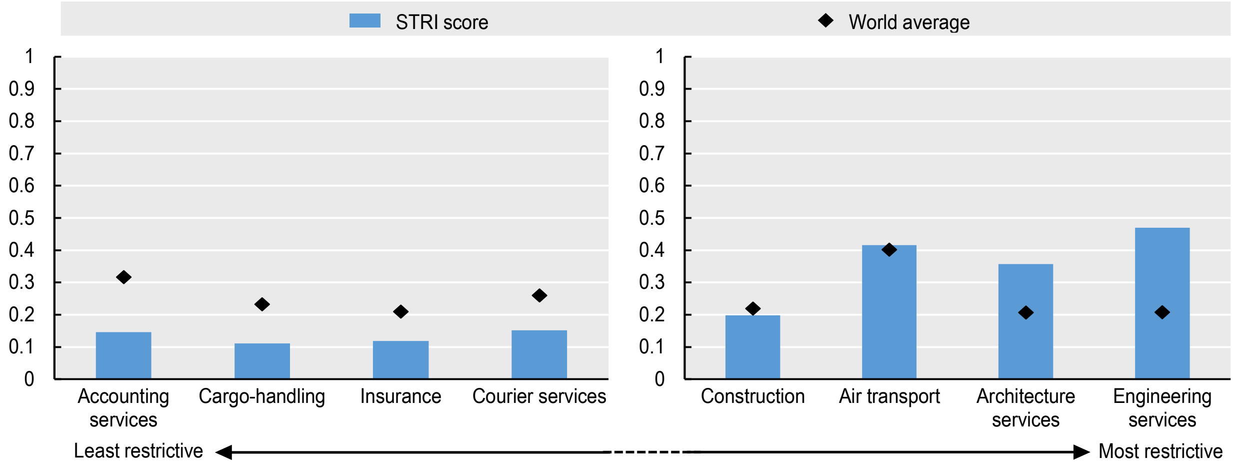
Figure 2b. Regulatory barriers affecting services trade within the European Economic Area (EEA)



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 the Slovak Republic's sectors relative to the respective sector's world average. Accounting services, logistics cargo-handling, insurance and courier services are the sectors with the relatively lowest scores. Conversely, construction, air transport, architecture services and engineering services are the sectors with the relatively highest scores.

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

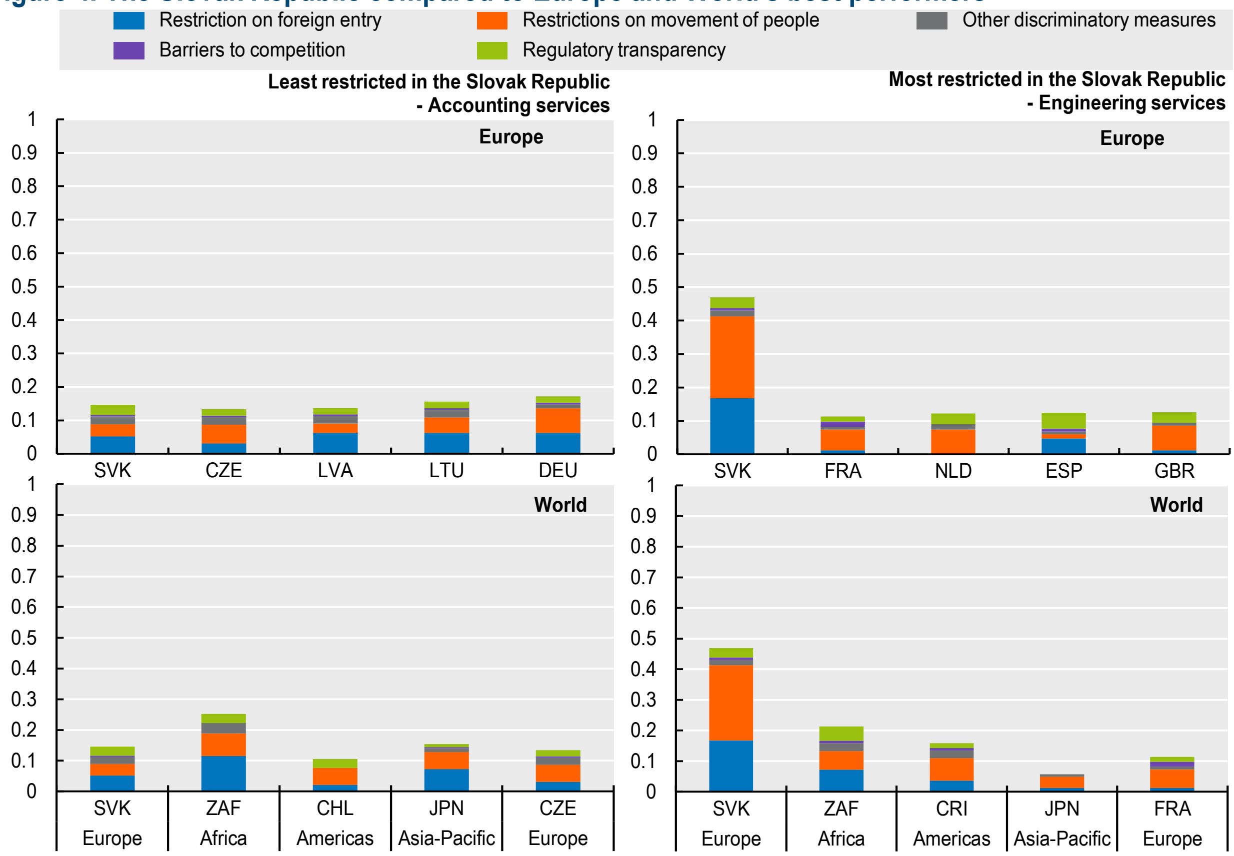


Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference i.e. $(STRI_{country,\ sector} - STRI_{world\ average,\ sector}) / STRI_{world\ average,\ sector}$
Source: OECD (2023). STRI database.

Accounting and auditing services are the least restricted in the Slovak Republic compared to the sectoral average. The composition of the indices suggests that other discriminatory measures and restrictions on foreign entry have had an impact compared to other countries. The measures that contributed to this index include the public procurement regime and licencing requirement for directors.

Engineering services is the most restricted services sector in the Slovak Republic relative to the sectoral average. Restrictions to movement of people are significant compared to best performers. Some of the measures that contribute the most to the score include a nationality requirement to practice as an engineering professional and a lack of process for the recognition of foreign qualifications (Figure 4).

Figure 4. The Slovak Republic compared to Europe and World's best performers



Source: OECD (2023). STRI database.

Recent policy changes

Regulation of the Government of the Slovak Republic establishing critical foreign investments introduced foreign investment screening for a new set of key services sectors in March 2023. Screening applies to certain investments by non-EU investors.

Several recent changes affecting the Slovak Republic 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.