



OECD Services Trade Restrictiveness Index (STRI)

Distribution Services 2023

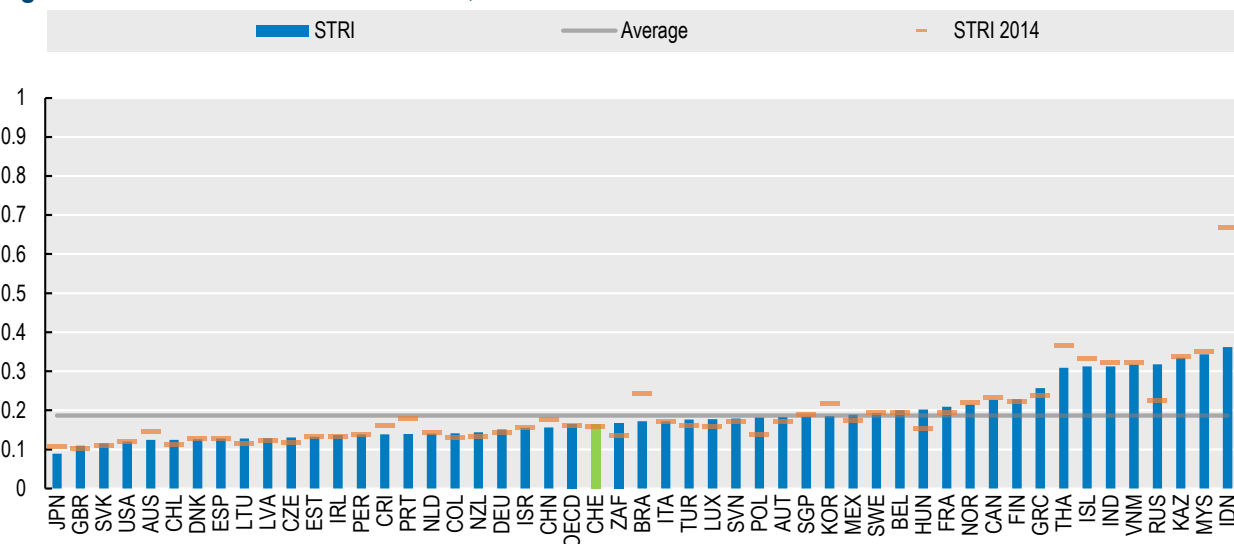
Key findings

- The average 2023 STRI in the distribution services sector is 0.19 out of a maximum of 1 (most trade restricted), indicating a relatively low overall level of restrictiveness. However, individual country scores diverge considerably, ranging between 0.09 and 0.36.
- The best performing countries in the sector are Japan, United Kingdom and the Slovak Republic. Most reforms in 2023 were recorded in China, Korea, Spain, and Costa Rica.
- In this sector, barriers related to restrictions on foreign entry are most prominent and amount to 40% of all restrictions in OECD economies and 54% in non-OECD economies.

The STRI for the distribution services sector covers general wholesale and retail sales of consumer goods (ISIC Rev 4 codes 46 and 47), though specific regulations of speciality distribution sectors, such as pharmaceuticals and motor vehicles, are not considered. The STRI in this sector also covers regulations relating to electronic commerce, given the increasing prevalence of multi-channel retail services as a form of distribution services.

The 2023 STRIs in the distribution services sector range between 0.09 and 0.36, with a sample average of 0.19 (Figure 1). There are 33 countries below and 17 countries above the average. The best performing countries in the sector are Japan, United Kingdom, and the Slovak Republic.

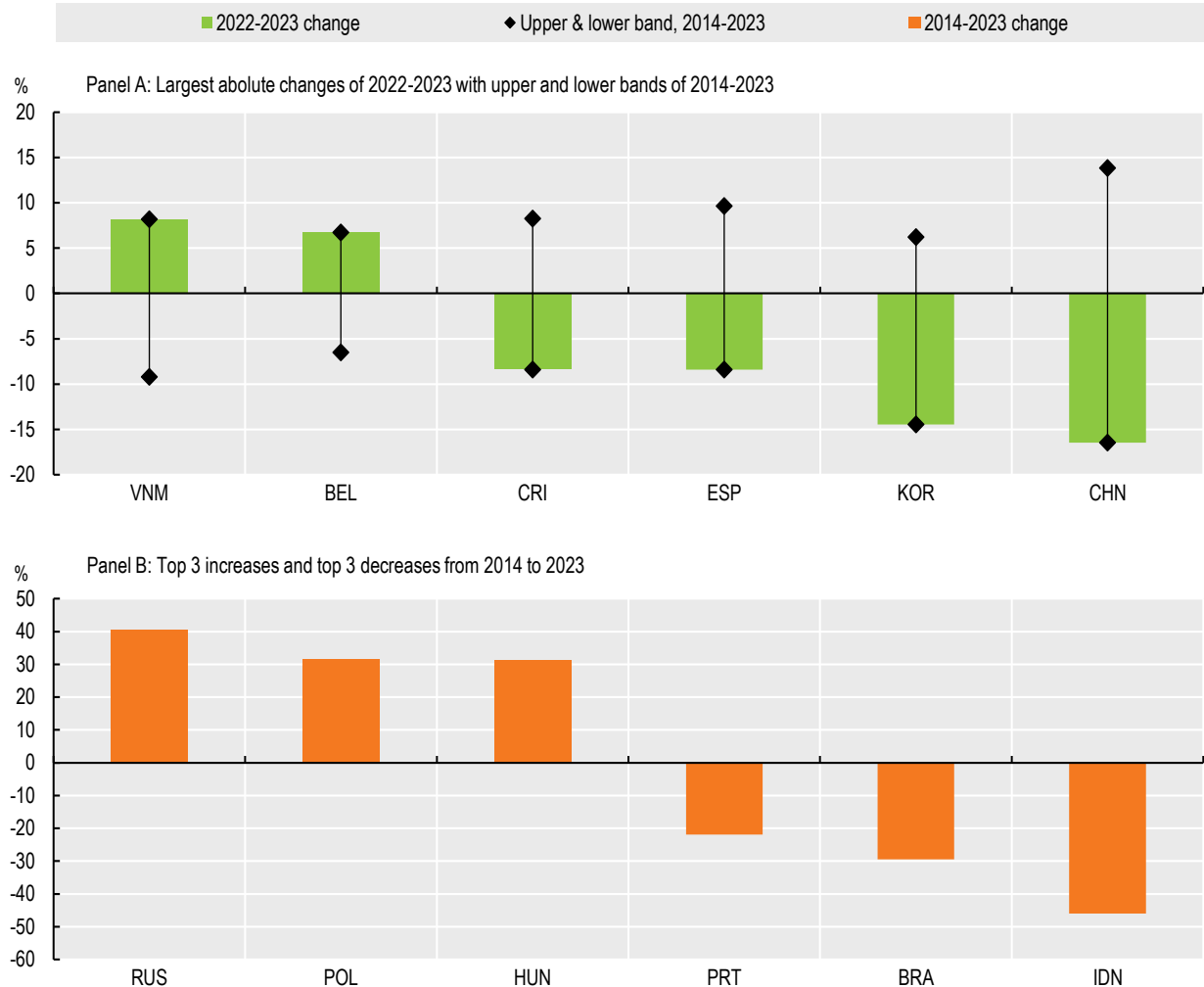
Figure 1. STRI in distribution services, 2023



Note: The STRI indices take values between zero and one, one being the most restrictive. The indices are based on laws and regulations in force on 31 October 2023. The STRI regulatory database covers the 38 OECD countries, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russian Federation, 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. Source: OECD (2023). STRI database.

Several countries introduced regulatory changes affecting the STRIs in 2023 (Figure 2, Panel A) and more so since 2014 (Figure 2, Panel B). In 2023, the STRIs in this sector saw the biggest changes in Viet Nam (8%), Belgium (7%), Costa Rica (-8%), Spain (-8%), Korea (-14%), and China (-16%). Since 2014, on the one hand, countries that have had the strongest restrictive trends in the distribution services sector include the Russian Federation (40%), Poland (31%), and Hungary (31%). On the other hand, strong liberalisation has taken place in Portugal (-22%), Brazil (-29%), and Indonesia (-46%).

Figure 2. Change in the last year and since 2014, by country

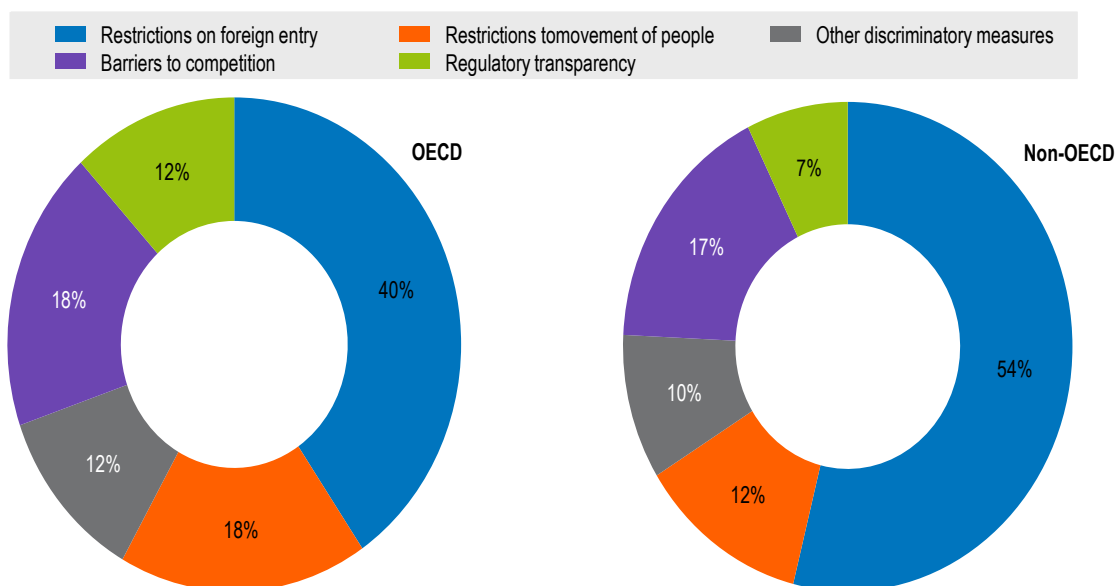


Note: Selection criteria for Panel A were based on largest absolute changes since 2022. Panel B selection is the 3 largest increases, and the 3 largest decreases in the STRI since 2014.

Source: OECD (2023). STRI database.

The measures in the STRI database are organised under five policy areas (Figure 3). Restrictions on foreign entry include barriers related to establishing and operating companies, such as foreign equity limits or requirements on board of directors and cross-border data flows. Restrictions on the movement of people cover barriers that affect the temporary entry of foreign services providers through quotas, labour market tests and short durations of stay. Other discriminatory measures include discrimination of foreign services suppliers as far as taxes, subsidies and public procurement are concerned. Barriers to competition include information on anti-trust policy, government ownership of major firms and the extent to which government-owned enterprises are exempt from competition laws. Regulatory transparency includes information on consultations and dissemination prior to laws and regulations entering into force. It also records information on obtaining a license or a visa. In this sector, barriers related to restrictions on foreign entry are most prominent and amount to 40% of all restrictions in OECD economies and 54% in non-OECD economies.

Figure 3. STRI for distribution services by policy area in OECD and non-OECD economies, 2023



Source: OECD (2023). STRI database.

There are no countries that are fully closed to trade in this sector.

Table 1 lists the most relevant restrictions identified in each policy area. Under restrictions on foreign entry, common impediments relate to acquisition and use of land and real estate, and licence requirements. Screening of foreign investment projects, residency requirements regarding members of the board of directors of distribution firms, and local presence requirements are also widely observed.

Restrictions to the movement of people are relatively common across the board and include short stay permits for contractual service suppliers and labour market tests. Under other discriminatory measures, barriers related to accessing public procurement markets for foreign tenderers remain the most common challenge. In addition, non-resident foreign providers of distribution services do not have access to online tax registration and declaration in 17 countries covered by the STRI database.

Furthermore, barriers to competition also have a substantial impact on the regulatory environment in many countries. Apart from general requirements related to minimum capital for new companies, 21 countries impose an upper limit on shop opening hours and 14 countries employ price regulations on certain products. Under barriers related to regulatory transparency, cumbersome visa conditions and procedural hurdles related to business visas are the most common challenges in this sector. In addition, the public consultation process for new legislative instruments falls short of best practice in 10 countries.

Table 1. Top 5 most relevant measures by policy area, 2023

Policy area	Measure	Countries having a restriction ¹
Restrictions on foreign entry	Acquisition and use of land and real estate by foreigners is restricted	34
	Screening exists without exclusion of economic interests	24
	Memo: Licence/authorisation is required to enter the market (department store)	23
	Local presence is required for cross-border supply	20
	Board of directors: at least one must be resident	16
Restrictions to movement of people	Labour market tests or similar economic considerations: contractual services suppliers	37
	Labour market tests or similar economic considerations: intra-corporate transferees	36
	Limitation on duration of stay for contractual services suppliers	36
	Other restrictions to movement of people	8
Other discriminatory measures	Public procurement: Procurement regulation explicitly prohibits discrimination of foreign suppliers	42
	Access to the procurement market is conditional on reciprocity	29
	Public procurement: The procurement process affects the conditions of competition in favour of local firms	24
	Public procurement: Explicit preferences for local suppliers	21
	Online tax registration and declaration is available to non-resident foreign providers	17
Barriers to competition	Minimum capital requirements	29
	Other restrictions in barriers to competition	25
	Regulation imposes an upper limit on shop opening hours	21
	Prices or fees are regulated	14
	Restrictions on advertising	8
Regulatory transparency	Range of visa processing time (days)	31
	Number of documents needed to obtain a business visa	26
	There is an adequate public comment procedure open to interested persons, including foreign suppliers	9

Note: The count for “memo” type of measures, which are not scored in the STRI, indicates the number of positive answers recorded for that measure across the 50 countries covered. The topmost relevant measures are selected on the basis of the following criteria: (1) most restricted horizontal measures (i.e. same answer across sectors), (2) most restricted sector-specific measures, (3) key measures, or (4) memos affecting the score of other measures through hierarchy rules.

Source: OECD STRI database (2023).

More information

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