



Rail Freight Transport Services 2023

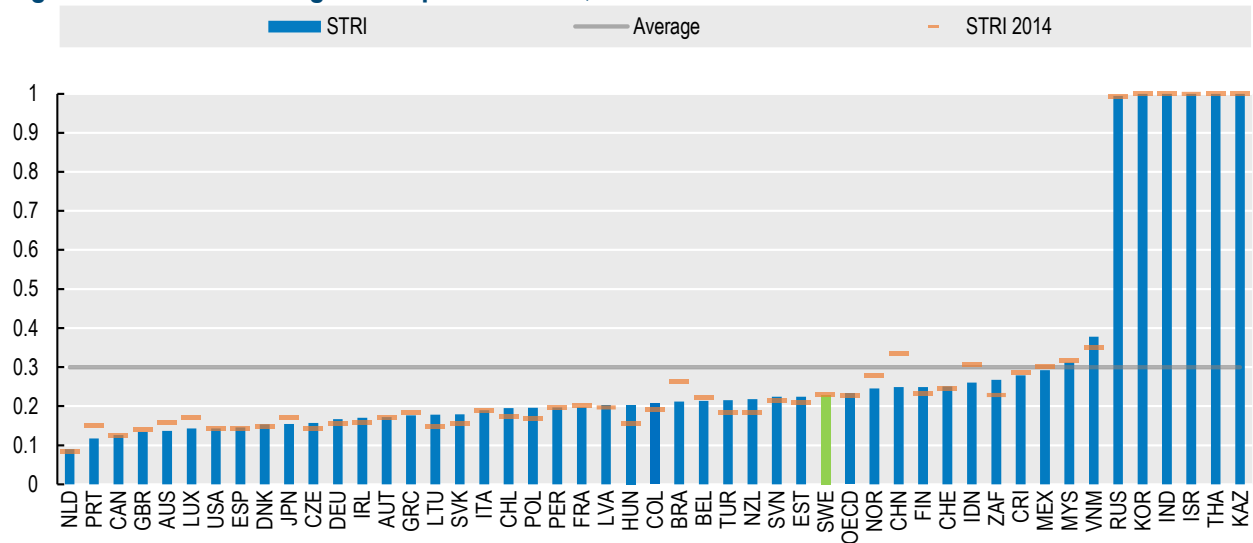
Key findings

- The average 2023 STRI in the rail freight transport sector is 0.30 out of a maximum of 1 (most trade restricted), indicating a relatively high overall level of restrictiveness. However, individual country scores diverge considerably, ranging between 0.09 and 1.00.
- The best performing countries in the sector are the Netherlands, Portugal, and Canada. Most reforms in 2023 were recorded in Spain and China.
- In this sector, barriers related to restrictions on foreign entry are most prominent and amount to 39% of all restrictions in OECD economies and 53% in non-OECD economies.
- OECD estimates suggest that halving the distance to best practice in this sector is associated with a reduction in the costs of cross-border trade in the rail freight transport sector between 5% and 13% for the average country included in the STRI database.

Rail transport is provided over a dedicated network where the market structure may take different forms, the two most common ones being: i) vertically integrated rail services firms owning and managing both the infrastructure and the operation of freight services; and ii) vertically separation between the infrastructure management and the operations. No matter the market structure, there are well-established best practice regulations that also take into account competition from other modes of transport, particularly road transport. Transport and courier services are not only extensively traded they are also intermediate services at the core of recent developments in global value chains and just-in-time inventory management, with the related demand for door-to-door services. Reducing unnecessary restrictions and improving productivity in the various sub-sectors can be expected to have significant benefits in downstream industries as well as in the sub-sectors themselves.

The 2023 STRIs in the rail freight transport sector range between 0.09 and 1.00, with a sample average of 0.30 (Figure 1). There are 40 countries below and 8 countries above the average. The best performing countries in the sector are the Netherlands, Portugal, and Canada.

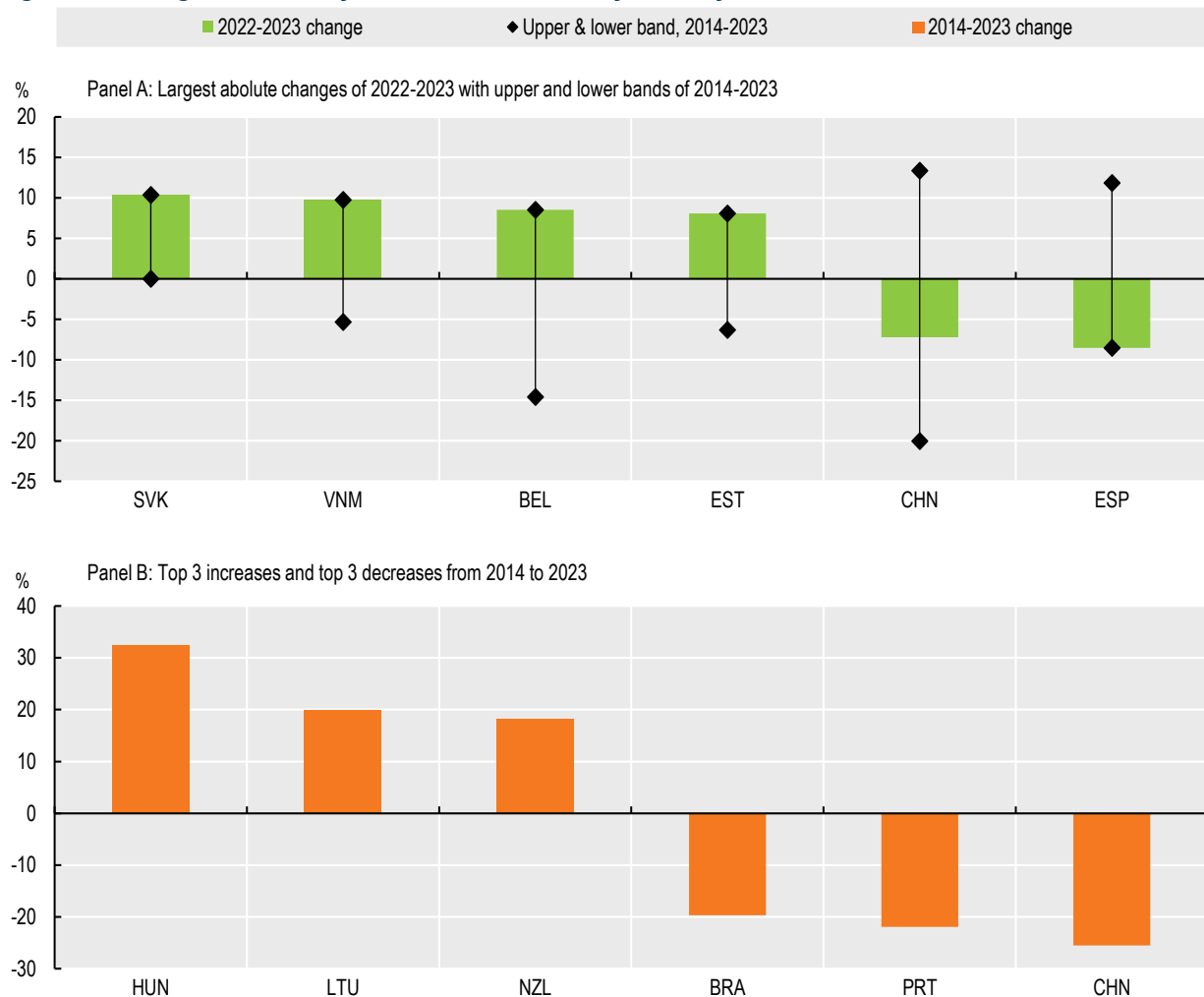
Figure 1. STRI in rail freight transport services, 2023



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 and more so since 2014 (Figure 2). In 2023, the STRIs in this sector saw the biggest changes in the Slovak Republic (10%), Viet Nam (10%), Belgium (9%), Estonia (8%), China (-7%), and Spain (-9%). Since 2014, on the one hand, countries that have had the strongest restrictive trends in the rail freight transport services sector include Hungary (32%), Lithuania (20%), and New Zealand (18%). On the other hand, strong liberalisation has taken place in Brazil (-20%), Portugal (-22%), and China (-26%).

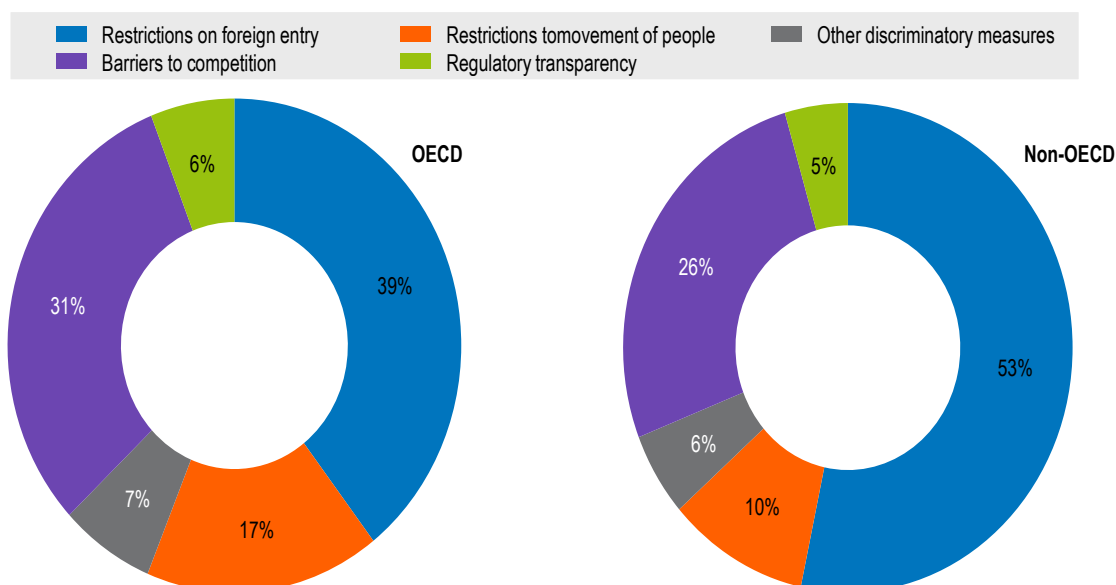
Figure 2. Change in the last year and since 2014, by country

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 39% of all restrictions in OECD economies and 53% in non-OECD economies.

Figure 3. STRI for rail freight transport by policy area in OECD and non-OECD economies, 2023



Source: OECD (2023). STRI database.

In this sector, Kazakhstan, India, Israel, Korea and Thailand are fully closed to foreign firms, with an STRI index of 1.

Table 1 lists the most common restrictions identified for each policy area. Under restrictions to foreign entry, common impediments relate to restrictions on the acquisition and use of land and real estate by foreigners, screening requirements, limitations on international access rights, and statutory monopolies for the provision of rail services.

Regarding barriers to competition, understanding the applicable market structure is necessary to evaluate existing barriers to competition. Measures such as the existence of a dominant rail freight provider, whether this provider is controlled by a national, state or provincial government and whether public providers are exempted from the application of competition law, are important measures to grasp the complexity of barriers to competition in this sector.

Finally, under barriers related to regulatory transparency, non-transparent authorization fees and cumbersome procedures on business visas are the most common challenges in this sector.

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	32
	Screening exists without exclusion of economic interests	31
	There are limits to the proportion of shares that can be acquired by foreign investors in publicly-controlled firms	25
	Access rights for rail transport	20
	Services are reserved for statutory monopoly or granted on an exclusive basis	5
Restrictions to movement of people	Memo: Licence or authorisation is required to practice	44
	Limitation on duration of stay for contractual services suppliers (months)	35
	Labour market tests or similar economic considerations: intra-corporate transferees	35
	Labour market tests or similar economic considerations: contractual services suppliers	35
	Laws or regulations establish a process for recognising qualifications gained abroad	27
Other discriminatory measures	Access to the procurement market is conditional on reciprocity	30
	Public procurement: The procurement process affects the conditions of competition in favour of local firms	23
	Public procurement: Explicit preferences for local suppliers	20
	Memo: The procurement process below the value thresholds affects the conditions of competition in favour of local firms	19
	Interoperability/interlinking is required	8
Barriers to competition	National, state or provincial government control at least one major firm in the sector	38
	Minimum capital requirements	33
	Railway agreements are exempted from national competition laws	31
	Access to bottleneck services is mandated	20
	Publicly-controlled firms are exempted from the application of the general competition law	5
Regulatory transparency	Memo: Licensing and authorization fees are transparent	36
	Range of visa processing time (days)	29
	Number of documents needed to obtain a business visa	28
	There is an adequate public comment procedure open to interested persons, including foreign suppliers	10
	There is a legal obligation to communicate regulations to the public within a reasonable time prior to entry into force	8

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

- » 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](#)
- » Calculation based on: Benz, S. and A. Jaax (2020), "The costs of regulatory barriers to trade in services: New estimates of *ad valorem* tariff equivalents", *OECD Trade Policy Papers*, No. 238, OECD Publishing, Paris, <https://doi.org/10.1787/bae97f98-en>
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org