



ESTONIA – 2022

Key findings

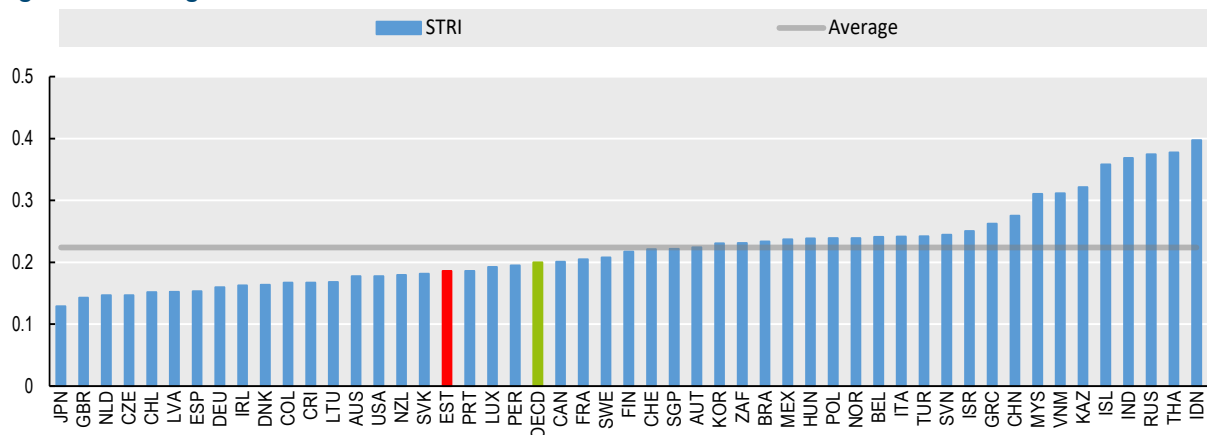
- The 2022 STRI of Estonia is slightly below the OECD average and relatively low compared to the average across all countries in the STRI sample.
- Insurance services is the most open sector, whereas architecture services are the most restrictive.
- Estonia achieved progress in liberalising its regulatory framework for services trade in recent years by lifting restrictions regarding commercial presence and extending the allowed duration of stay for different groups of services suppliers.
- Notwithstanding progress on trade liberalisation efforts, restrictions remain in professional services in relation to recognition of foreign qualifications and licensing conditions.

Recommendation

- Open and well-regulated services markets are essential to facilitate economic recovery, strengthen resilience to future shocks, and promote a more sustainable trading system. To ensure that the benefits of open markets and a rules-based international trading system are preserved, policy makers should focus on minimising barriers that increase trade costs for services providers, weaken the gains from digital transformation and undermine competitiveness.

The 2022 STRI of Estonia is relatively low compared to other countries in the STRI sample (Figure 1).

Figure 1. Average STRI across countries, 2022



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 2022. 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. OECD (2022). STRI and TIVA databases.

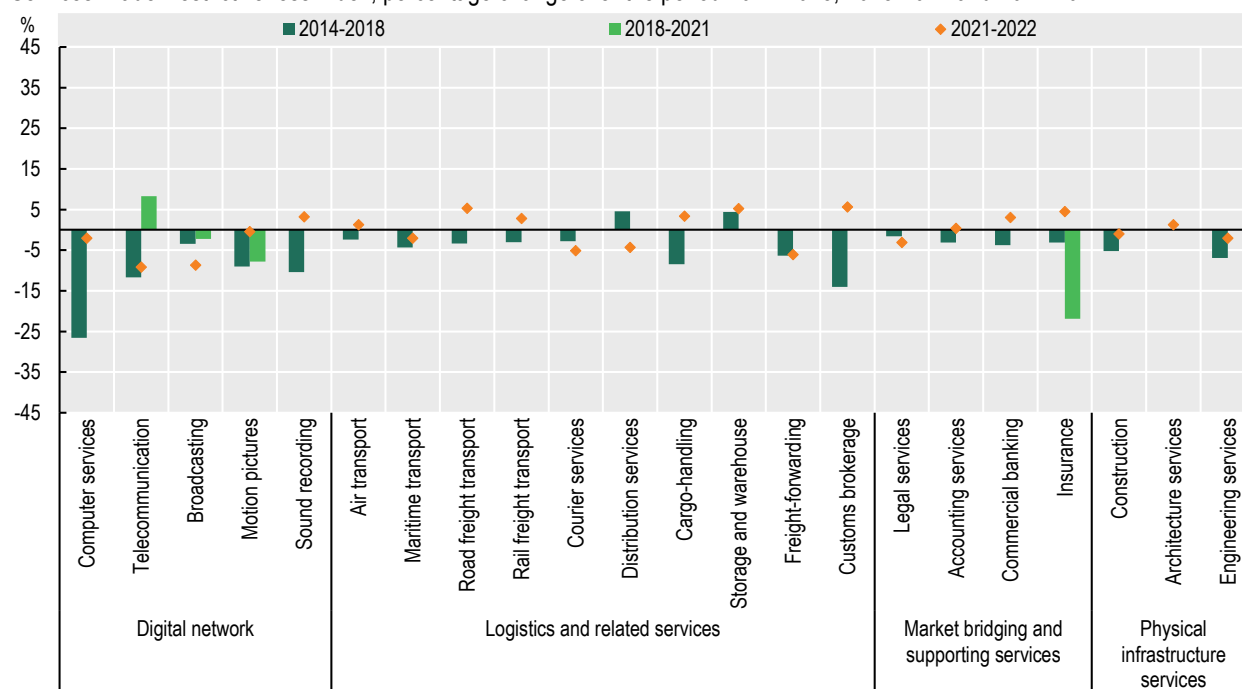
The 2022 index is shaped by restrictions that apply to key services sectors such as legal services, architecture and maritime transport services. Trade in these sectors is primarily hampered by restrictions on the movement of professionals. Quotas and labour market tests are applied to workers seeking to provide services in the country on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers.

Moreover, non-discriminatory treatment in the public procurement process is only guaranteed to EEA members or parties to the WTO's Government Procurement Agreement. 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. Finally, a minimum amount of capital must be deposited in a bank or with a notary in order to register a business and a fiscal representative, who is jointly liable for the Estonian VAT, is required for non-EU companies.

Estonia has also introduced liberalising reforms in recent years, contributing to easing the conditions for trade and investment in several sectors since (Figure 2). Examples of sectors for which steps towards greater regulatory openness were recorded include computer services, broadcasting, freight-forwarding services and engineering services. Recent increases in several sectors primarily reflect new regulation that allows for reciprocity-based restrictions regarding public procurement.

Figure 2. Evolution of STRI indices by sector in Estonia

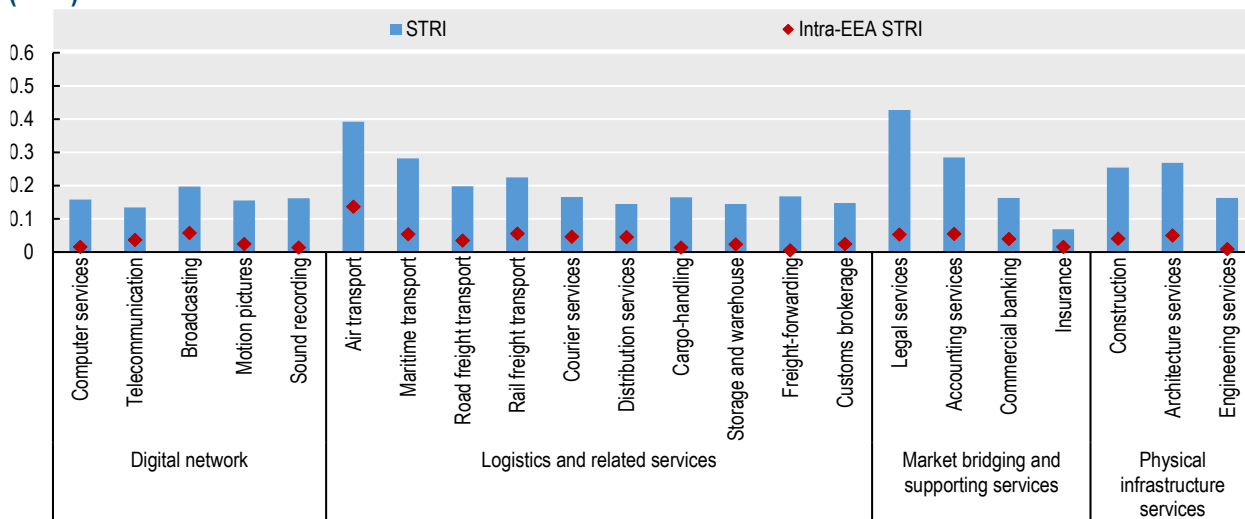
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2021 and 2021-2022



OECD (2022). STRI database.

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

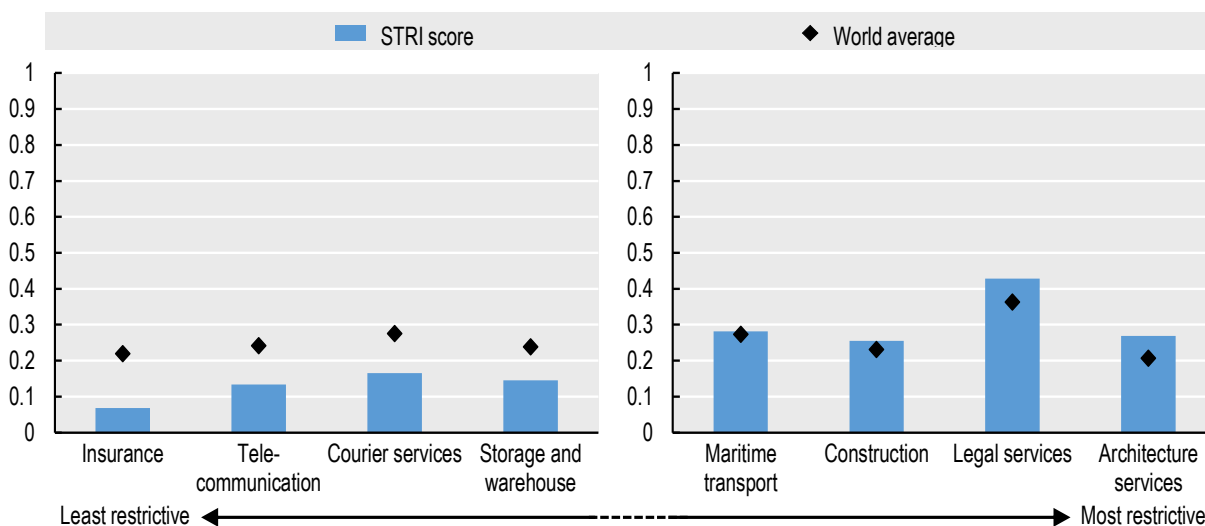
Figure 2b. Regulatory barriers affecting services trade within the European Economic Area (EEA)



Note: The traditional STRI indicates the level of restrictiveness on a Most-Favoured Nation 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 (2022). STRI database.

Insurance, telecommunications, courier services and storage and warehouse services are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Conversely, maritime transport, construction, legal services, and architecture services are the sectors with the highest score relative to the average STRI across all countries.

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

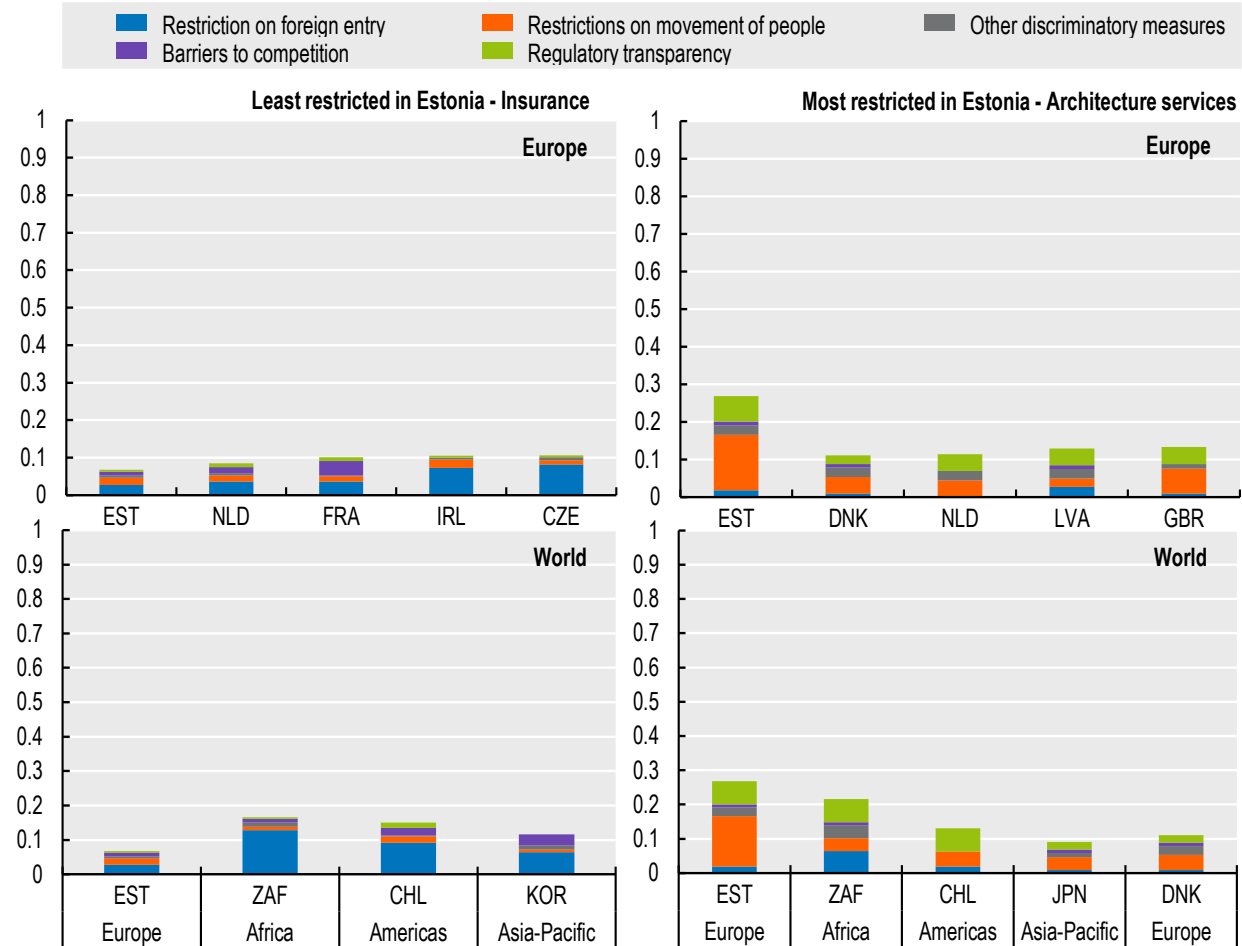


Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference i.e. $(STRI_{country, sector} - STRI_{world average, sector}) / STRI_{world average, sector}$
Source: OECD (2022). STRI database.

Insurance services are the least restricted in Estonia relative to the average STRI across all countries. Compared to other countries, the composition of the scores suggests that restrictions on foreign entry are particularly relevant to the overall score of Estonia in this sector (Figure 4). The measures that contribute to this score include restrictions on the acquisition and use of land by foreigners, regulations concerning cross/border data flows, and a local presence requirement for cross-border supply. Relative to the average STRI score across all countries, architecture services are the most restricted services

sector in Estonia. Compared to the best performers regarding this sector, restrictions on the movement of people are significant in Estonia. Some of the measures that contribute the most to the score include restrictions related to the duration and renewal of licences, visa processing time and a 36-month limitation on the duration of stay for intra-corporate transferees.

Figure 4. Estonia compared to Europe and World's best performers



Source: OECD (2022). STRI database.

Recent policy changes

From 31 December 2021, the commercial presence requirement for cross-border supply of services was abolished in a wide range of sectors. Following an amendment to the Aviation Act, cross-subsidisation regarding cargo-handling services at airports has been prohibited since 18 June 2022.

Several recent changes affecting Estonia were due to changes in EU law. In August 2022, EU Regulation 2022/1031 entered into force aiming to regulate access of third-country (non-EU) goods and services to the EU's public procurement and concession markets. No relevant measure has been adopted by the European Union at this stage. It applies to public procurement and concessions where the EU has not undertaken market access commitments in an international agreement.

In telecommunications, maximum Union-wide voice termination rates defined by Commission Delegated Regulation (EU) 2021/654 became applicable 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 22 EUR. In air transport, EU Regulation 2020/459 waived the 80/20 grandfathering rule for airport slot allocations between 1 March 2020 and 27 March 2021. Accordingly, airport coordinators were required to consider

slots allocated for this period as having been operated by the air carrier to which they were initially allocated. For the slots allocated for the scheduling period from 28 March 2021 until 30 October 2021 air carriers were entitled to the same series of slots for the scheduling period from 27 March 2022 until 29 October 2022.

In maritime transport, Regulation 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 their impacts in [Services Trade Policies and the Global Economy](#)
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org