



HUNGARY – 2022

Key findings

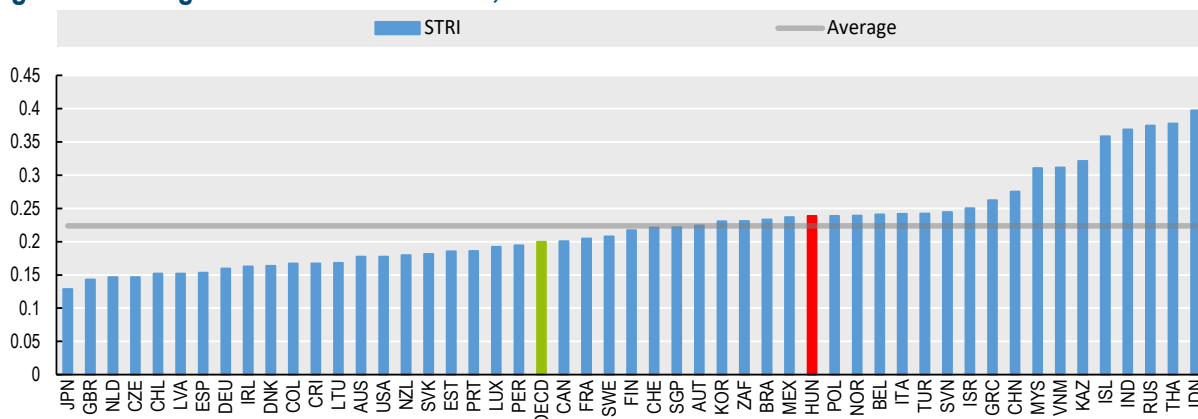
- The 2022 average STRI of Hungary is below the average of all countries covered in the STRI but higher than the OECD average.
- Conditions on the entry of natural persons seeking to provide services in the country on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers are more cumbersome than international best practice.
- Accounting services is the most open sector in Hungary while legal services are the most restricted.

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 Hungary is below the average of all countries covered in the STRI but higher than the OECD average (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.

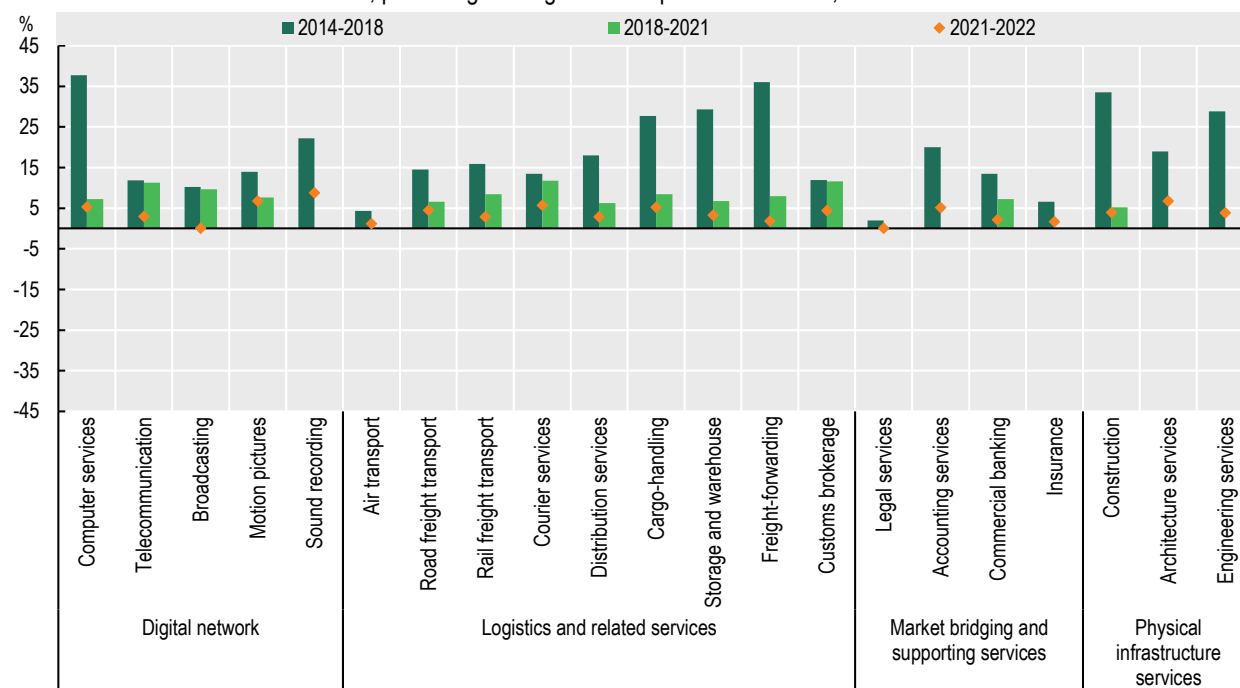
Source: OECD (2022). STRI and TiVA databases.

The indices can be explained in large part by general regulations that apply to all sectors in the economy. The number of work permits issued to non-EU nationals seeking to provide services on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers is subject to quotas and labour market testing. Rights of access to public procurement are limited to regional trade agreement partners and members of 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 corporation.

The regulatory environment for services trade has tightened over the past years mostly due to economy-wide measures on the temporary entry of non-EEA services suppliers as well as conditions affecting non-EEA foreign investments into Hungary. In 2022 the STRI increased for all sectors except broadcasting and legal services due to new EU-wide measures affecting access to procurement markets (Figure 2).

Figure 2. Evolution of STRI indices by sector in Hungary

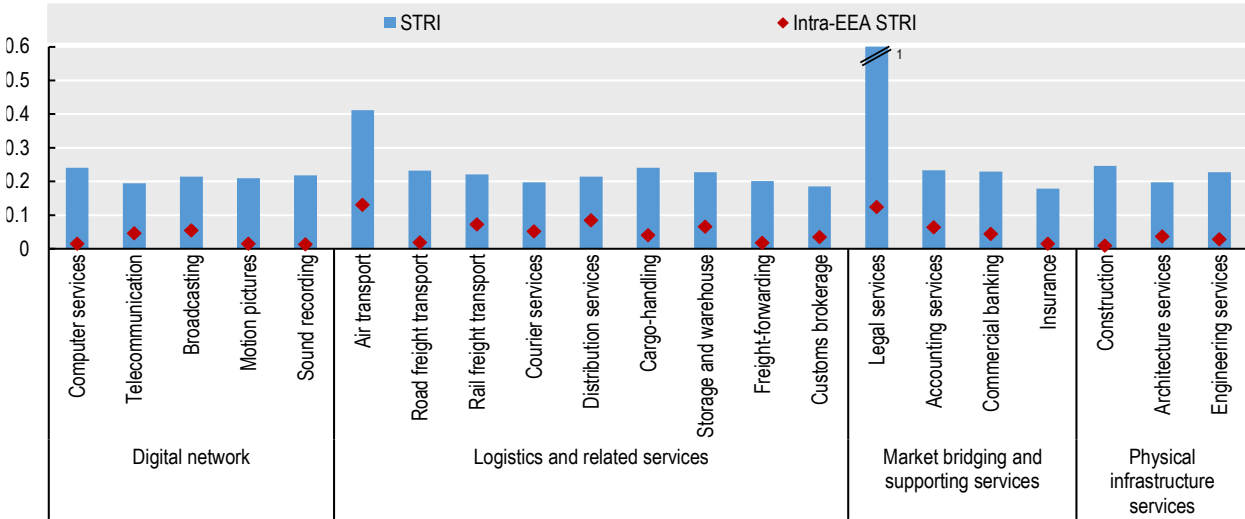
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2021 and 2021-2022



Source: OECD (2022). STRI database.

Services trade barriers are significantly lower within the European Economic Area across all services sectors (Figure 2b). Hungary 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.

Broadcasting, rail freight transport, courier services, and accounting services are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Construction, distribution, computer services, and legal services are the sectors with the highest score relative to the average across all countries covered by the STRI database.

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



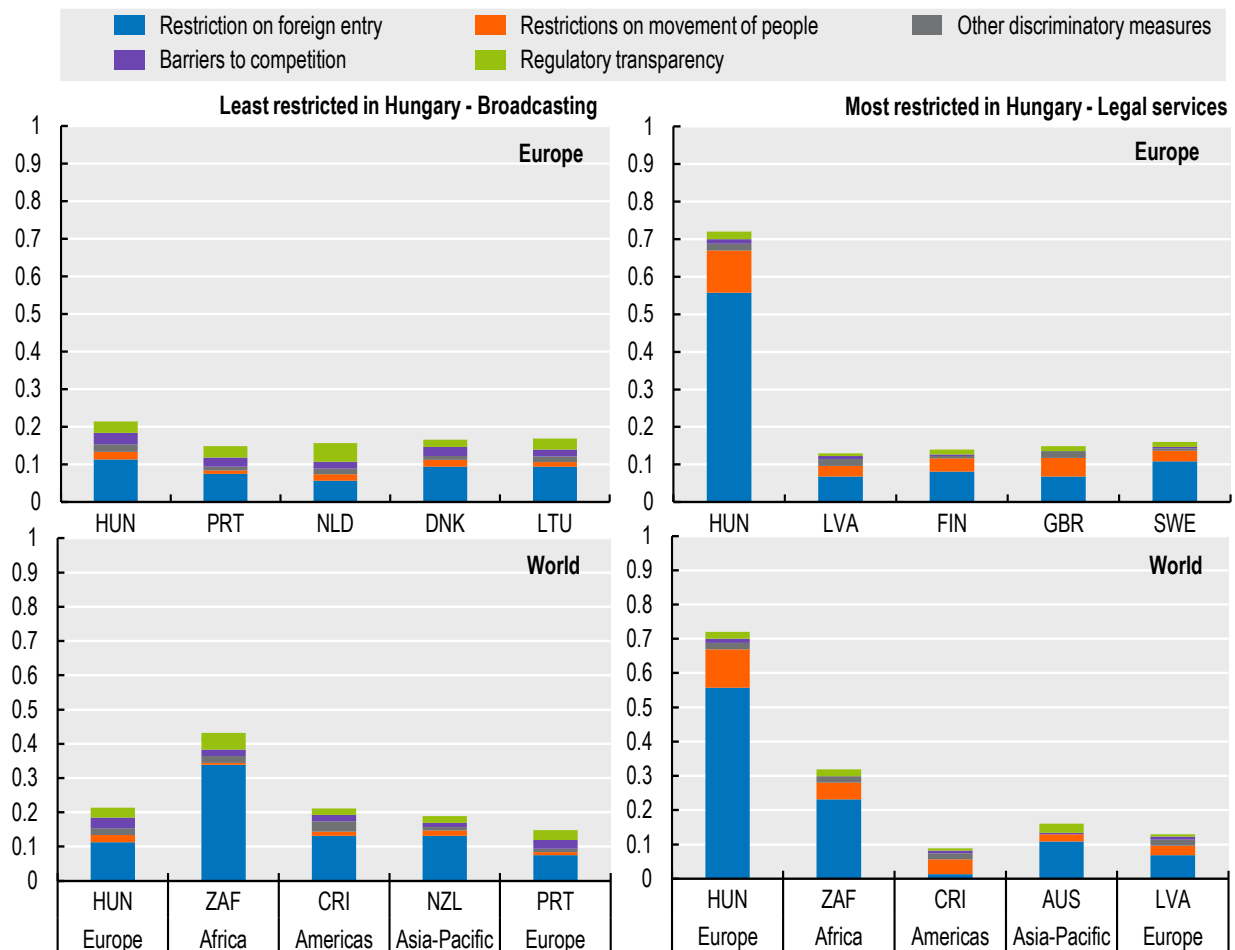
Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

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

Source: OECD (2022). STRI database.

Broadcasting services are the least restricted in Hungary but barriers remain higher than in many other countries in Europe. The composition of the scores indicates that barriers on foreign entry and competition have had most impact. The measures that contributed to this score include quotas for European and Hungarian works on television programmes and on-demand services. Legal services are the most restricted services sector in Hungary. Restrictions on foreign entry are significant compared to best performers in Europe and elsewhere. In legal services only licensed lawyers may own, manage or sit on the board of law firms. To obtain a license to practice, EU or EEA nationality is required. (Figure 4).

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



Source: OECD (2022). STRI database.

Recent policy changes

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 generally do not apply to calls originating from countries outside of the EU.

From the 1st of 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. In December 2021, the Commission adopted an extension to the slot relief rules to cover the 2022 summer scheduling season, running from 28 March 2022 until 29 October 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 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