



ISRAEL – 2022¹

Key findings

- The 2022 STRI of Israel is relatively high compared to other countries in the STRI sample but unchanged compared to 2021.
- Israel's regulatory environment for services has been stable over the past years with relatively few changes affecting services trade.
- Distribution services is the most open sector in Israel compared to the sample average while rail freight transport is the most restricted.

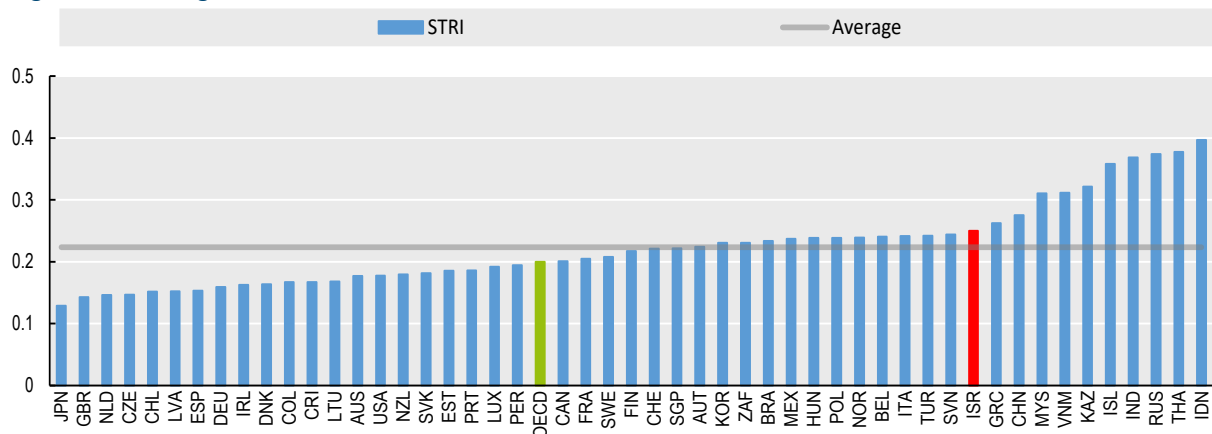
Recommendation

- 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.

¹ 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.

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

Figure 1. Average STRI across countries, 2022



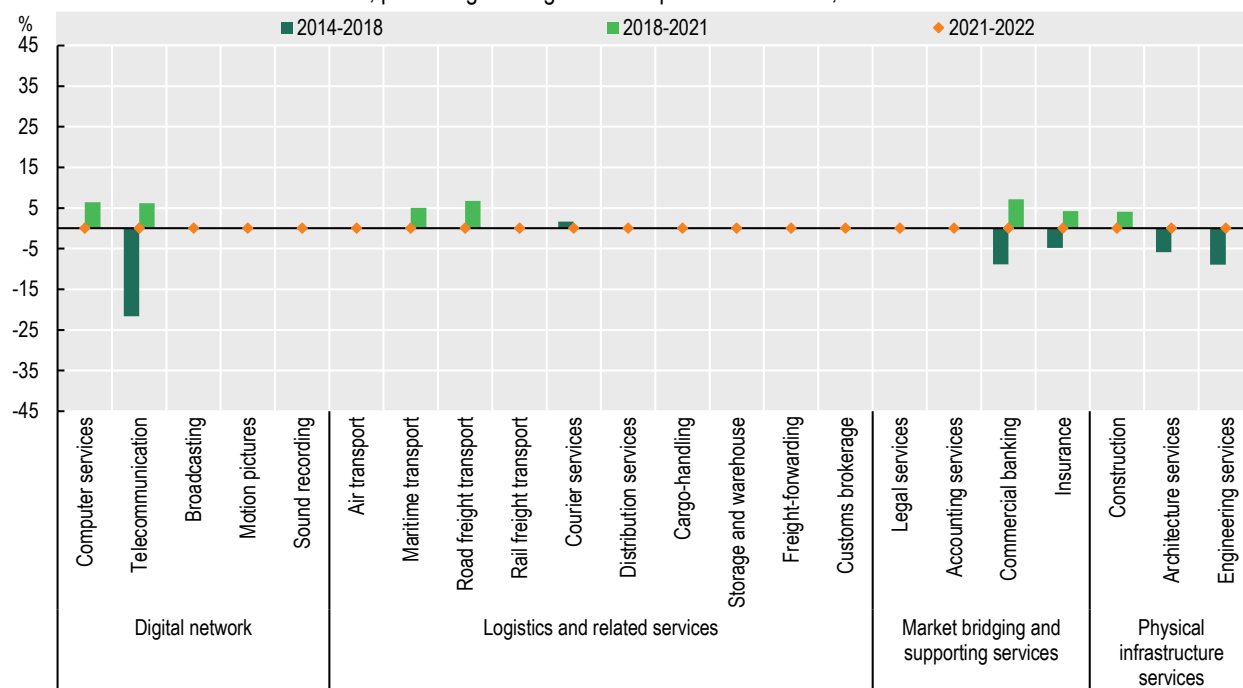
Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nation basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations 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. Source: OECD (2022). STRI and TiVA databases.

The 2022 STRI is partly explained by general regulations applying to all sectors of the economy. The chair of the board of directors of Israeli corporations must be a resident of Israel. Acquisition of land and real estate by foreigners is subject to restrictions and preferences are granted to local suppliers in procurement markets, particularly through the use of offsets. Furthermore, Israel applies labour market tests for natural persons seeking to provide services in the country on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers. These services providers may stay in the country for up to 12 months on their first entry permit. There is also at least one major state-owned enterprise in broadcasting, courier services, insurance, maritime transport, rail freight transport, and logistics cargo-handling.

The regulatory environment for services trade has been relatively stable in Israel over the past years including between 2021 and 2022 (Figure 2).

Figure 2. Evolution of STRI indices by sector in Israel

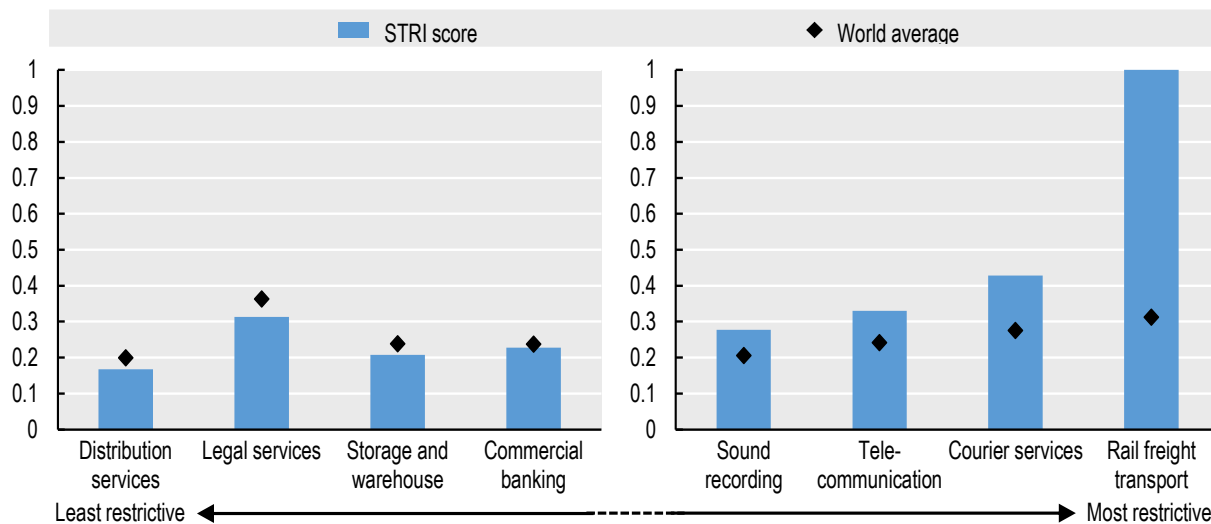
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2021 and 2021-2022



OECD (2022). STRI database.

Distribution services, legal services, logistics storage and warehousing, and motion pictures are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Sound recording, telecommunications, courier services and rail freight transport 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 Israel



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

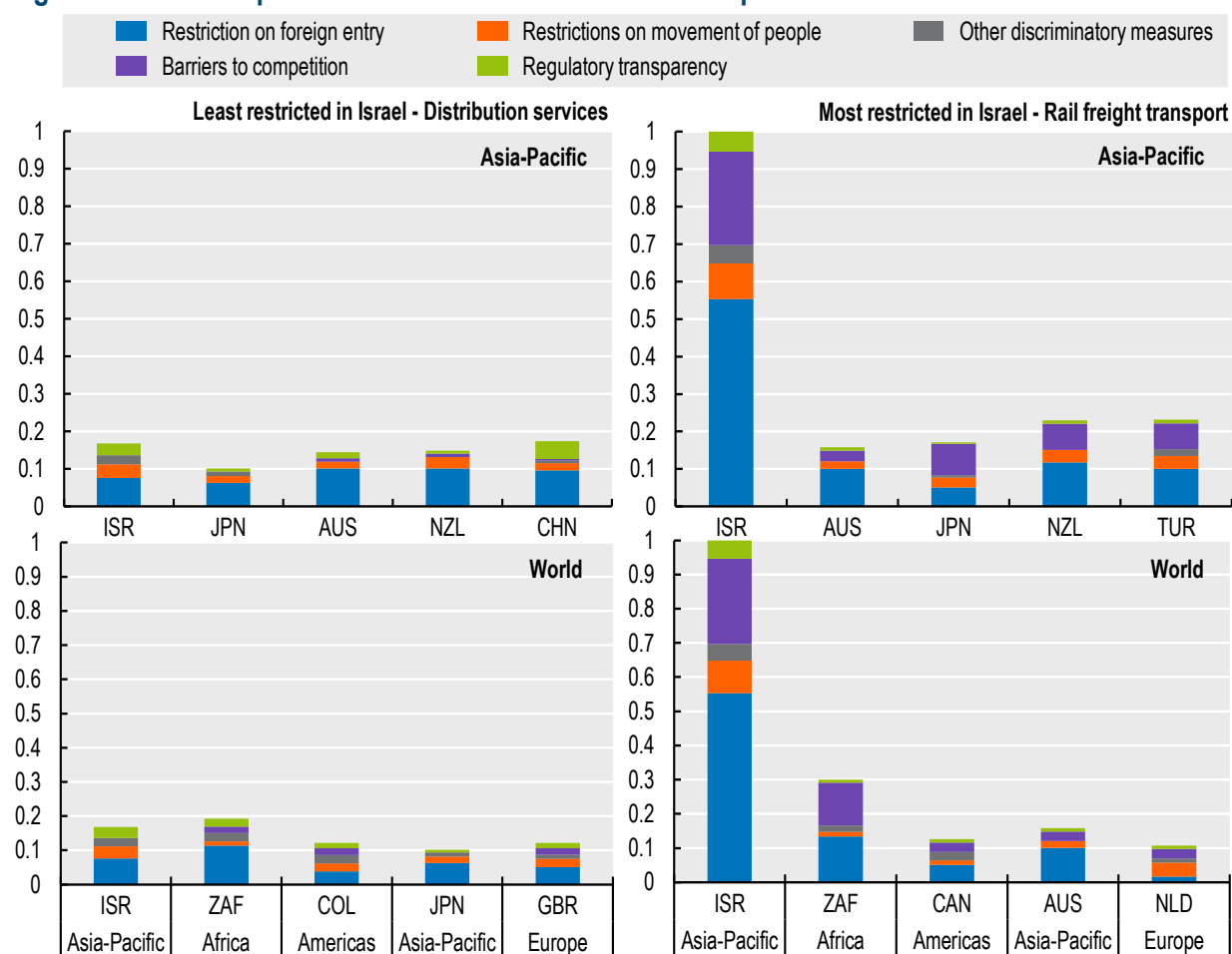
i.e. $(STR I_{country, sector} - STR I_{world average, sector}) / STR I_{world average, sector}$

Source: OECD (2022). STRI database.

Distribution services are the least restricted in Israel. Compared to the Asia-Pacific region it is among one of the least restricted in the region. The composition of the scores indicates that barriers to foreign entry contribute most to the scores. Distribution services are subject to the general regulatory framework, although there are product-specific regulations affecting the distribution of alcohol and tobacco products. Rail freight transport services are the most restricted services sector. Israel has a

statutory state-owned monopoly in rail freight transport. This together with no significant transit rights for foreign suppliers closes the market for international trade and investment in rail freight transport services (Figure 4).

Figure 4. Israel compared to Asia-Pacific and World's best performers



Source: OECD (2022). STRI database.

Recent policy changes

No changes relevant for the STRI database of Israel were recorded between 2020-22.

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