



JAPAN – 2022

Key findings

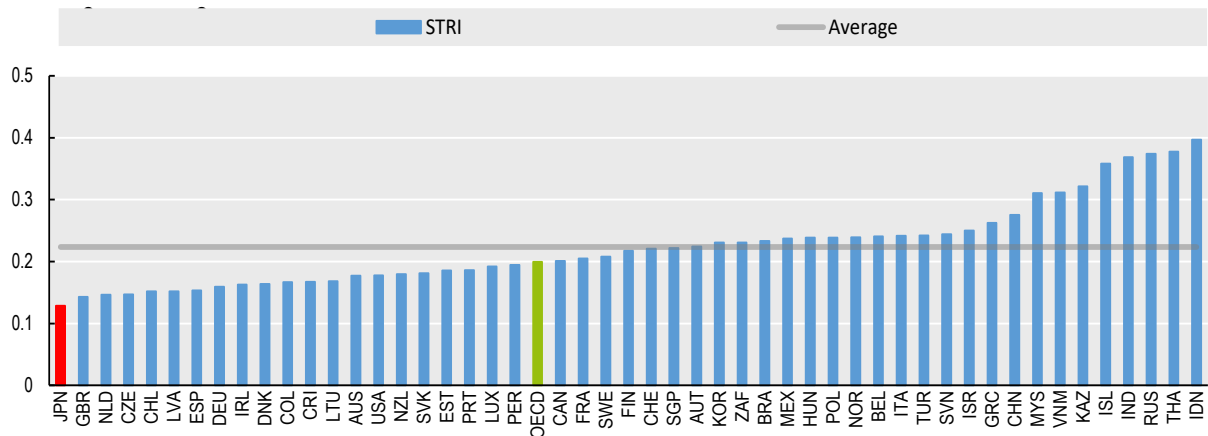
- The 2022 STRI of Japan is the lowest in the country sample, indicating an open regulatory environment for trade in services.
- Japan's regulations affecting services have seen moderate changes over the past years with some liberalisations in 2022 as part of easing business travel after the pandemic.
- Engineering, sound recording and motion pictures services are the most open sector in Japan while air transport, telecommunications and legal services are the most restricted sector.

Recommendation

- Innovation and adoption of technology relies on access to knowledge and to the networks, people, goods and services that carry the knowledge around the world. In this context, Japan could benefit from more open markets for services trade.

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

Figure 1. Average STRI across countries, 2022



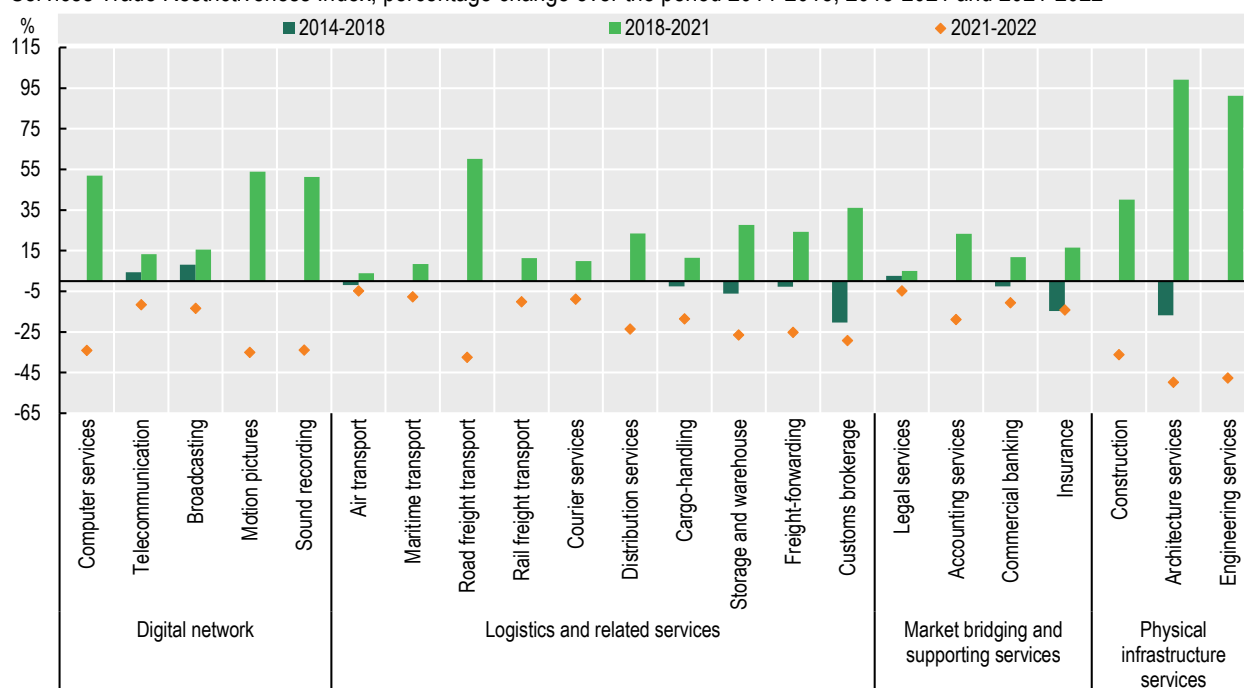
Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nation basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations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

While the STRI results are very low, some economy-wide barriers remain, especially those related to the temporary movement of services providers. Japan requires labour market tests prior to approving contractual services suppliers and intra-corporate transferees.

The regulatory environment for services trade in Japan has experienced moderate changes in some sectors (Figure 2). Between 2014-2018, the STRI scores decreased in some logistics sectors and physical infrastructure services, indicating a trend towards a more relaxed regulatory environment. After 2020, the scores increased in some sectors mostly due to the long term suspension of business travel during the pandemic that affected all services but particularly those that rely on interpersonal exchanges such as professional services. Most of these measures were reversed in 2022.

Figure 2. Evolution of STRI indices by sector in Japan

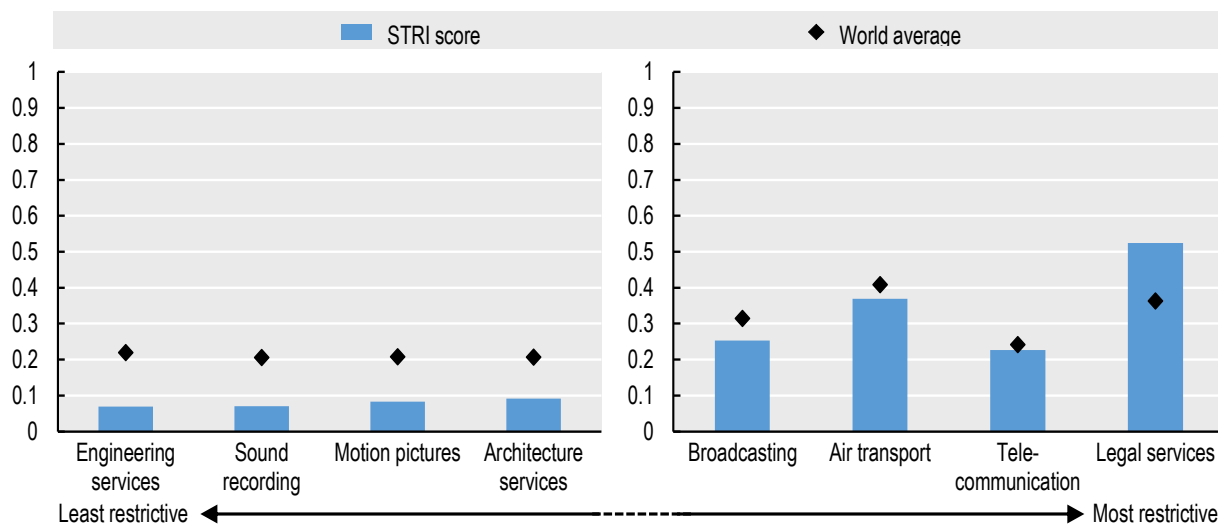
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2021 and 2021-2022



Source: OECD (2022). STRI database.

Engineering services, sound recording, motion pictures, and architecture services are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Broadcasting, air transport, telecommunications and legal 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 Japan



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

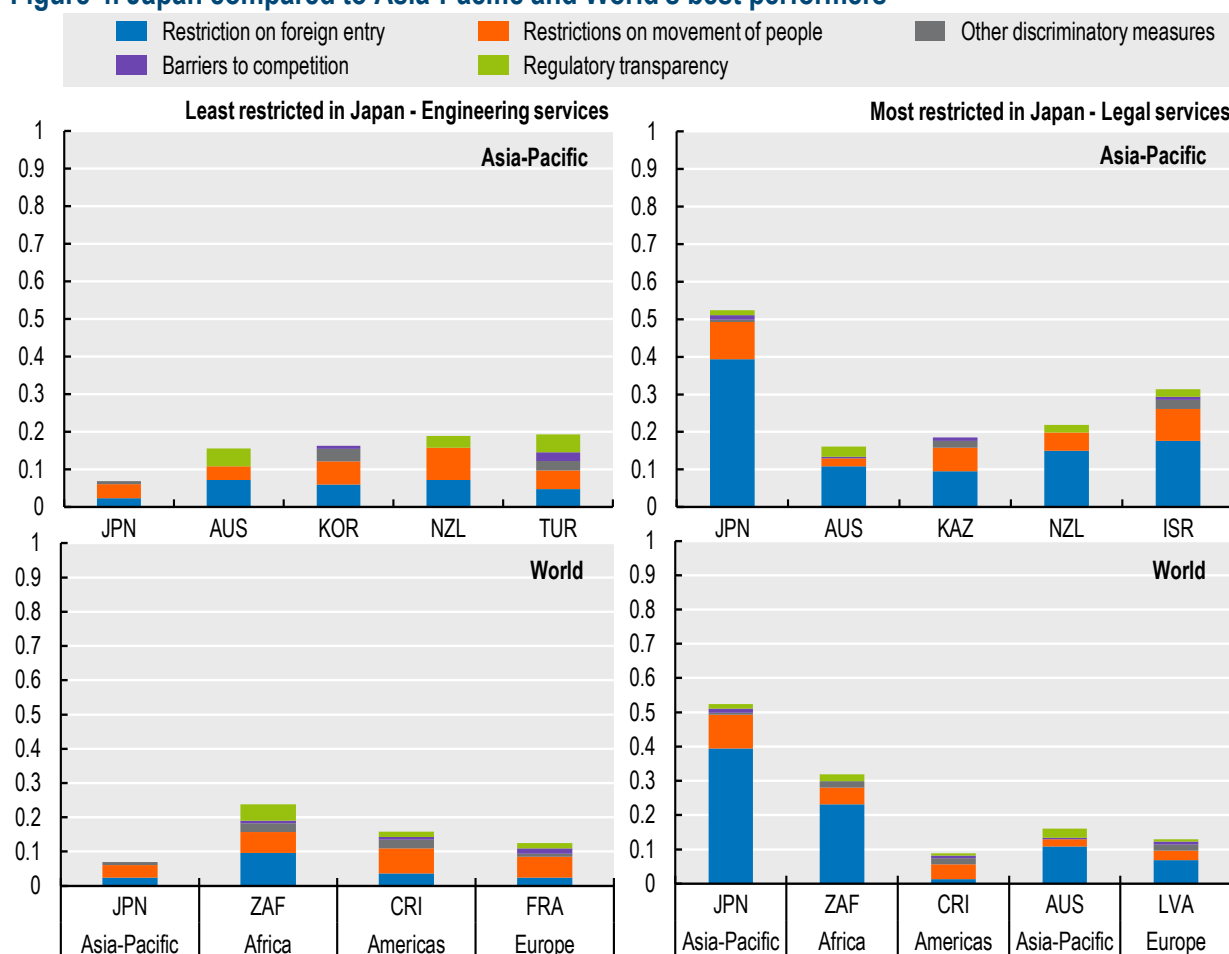
i.e. $(STR I_{country, sector} - STR I_{world average, sector}) / STR I_{world average, sector}$

Source: OECD (2022). STRI database.

Engineering services are the least restricted in Japan compared to the Asia-Pacific region. The composition of the scores indicates that restrictions on movement of people have had an impact compared to other countries. The measures that contributed to this score include labour market tests or similar economic considerations. Legal services are the most restricted services sector in Japan. Restrictions on foreign entry are significant compared to best performers. Only licensed lawyers can

own equity in law firms. Foreign lawyers may obtain a local licence to practice domestic law provided that they pass local examinations. For domestic law, only sole proprietorship and unlimited liability partnership are allowed as legal forms (Figure 4).

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



Source: OECD (2022). STRI database.

Recent policy changes

Since June 2021, the Food Sanitation Act provides that hygiene controls for all food business operators must be based on Hazard Analysis and Critical Control Point (HACCP) principles. In April 2020, as part of the response measures against the COVID-19 pandemic, Japan suspended the validity of existing business visas and halted the issuance of new ones except in limited cases. The restrictions for business travel were lifted with certain condition in March 2022 and in October 2022 for all types of travels.

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
- » More information about measuring the regulatory environment for services trade in the APEC region: <https://apecservicesindex.org/>

