



KOREA – 2022

Key findings

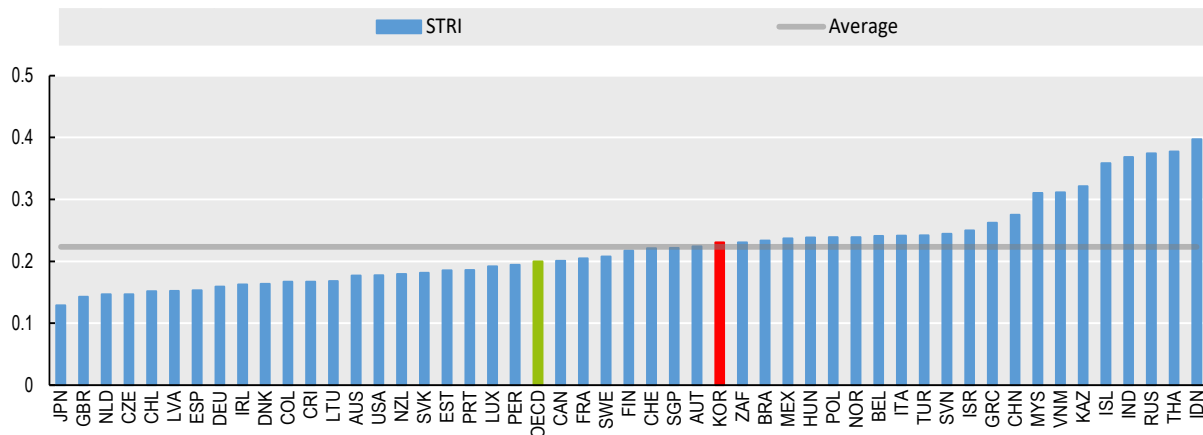
- The 2022 STRI of Korea is relatively low compared to other countries and lower than the OECD average, indicating an open regulatory environment for trade in services.
- The regulatory environment in Korea is relatively stable with no significant changes detected in 2021-2022.
- Logistics services storage and warehousing is the most open services sector in Korea while rail freight transport and accounting 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 Korea is relatively high compared to other countries in the STRI sample (Figure 1).

Figure 1. Average STRI across countries, 2022

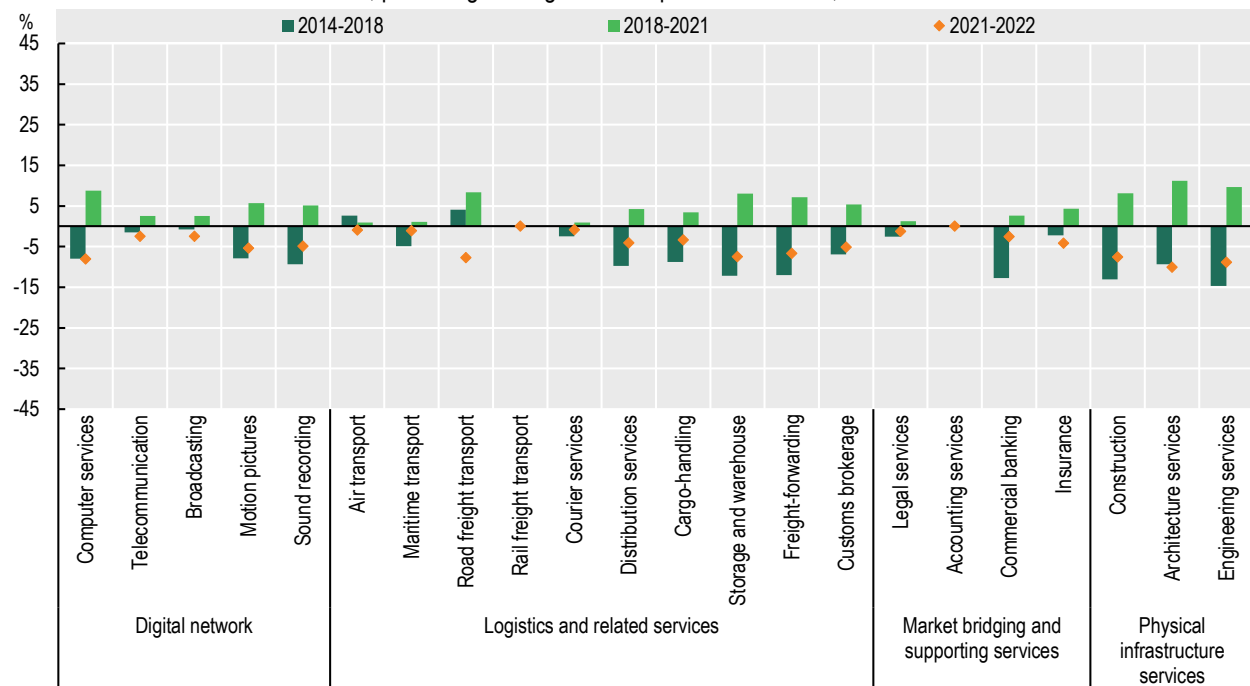


Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nation basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations 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. 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 STRI outcomes are explained in part by regulations that affect the entire economy. Natural persons seeking to provide services in the country on a temporary basis as contractual services suppliers or independent services suppliers may stay in the country for up to 24 months on their first entry permit, whereas intra-corporate transferees can stay 36 months. Public procurement regulations do not grant national treatment for foreign suppliers on a most-favoured-nation basis.

Figure 2. Evolution of STRI indices by sector in Korea

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

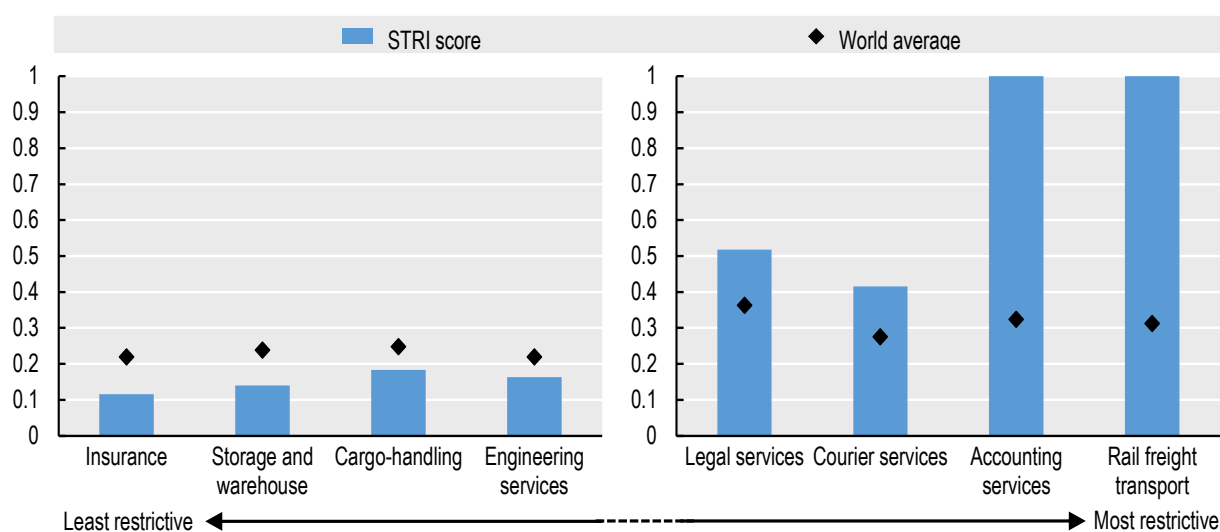


Source: OECD (2022). STRI database.

Changes in the regulatory environment have been moderate over time (Figure 2). Between 2014-2018, Korea introduced reforms that liberalised most services sectors, except road freight transport. Moderate tightening was also observed in air transport between 2018 and 2021, due to the requirement for a majority of board members to be nationals passed in 2018. No significant policy changes were observed in 2021-2022.

Insurance, logistics storage and warehousing, logistics cargo-handling and engineering services are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Legal services, courier services, accounting 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 Korea



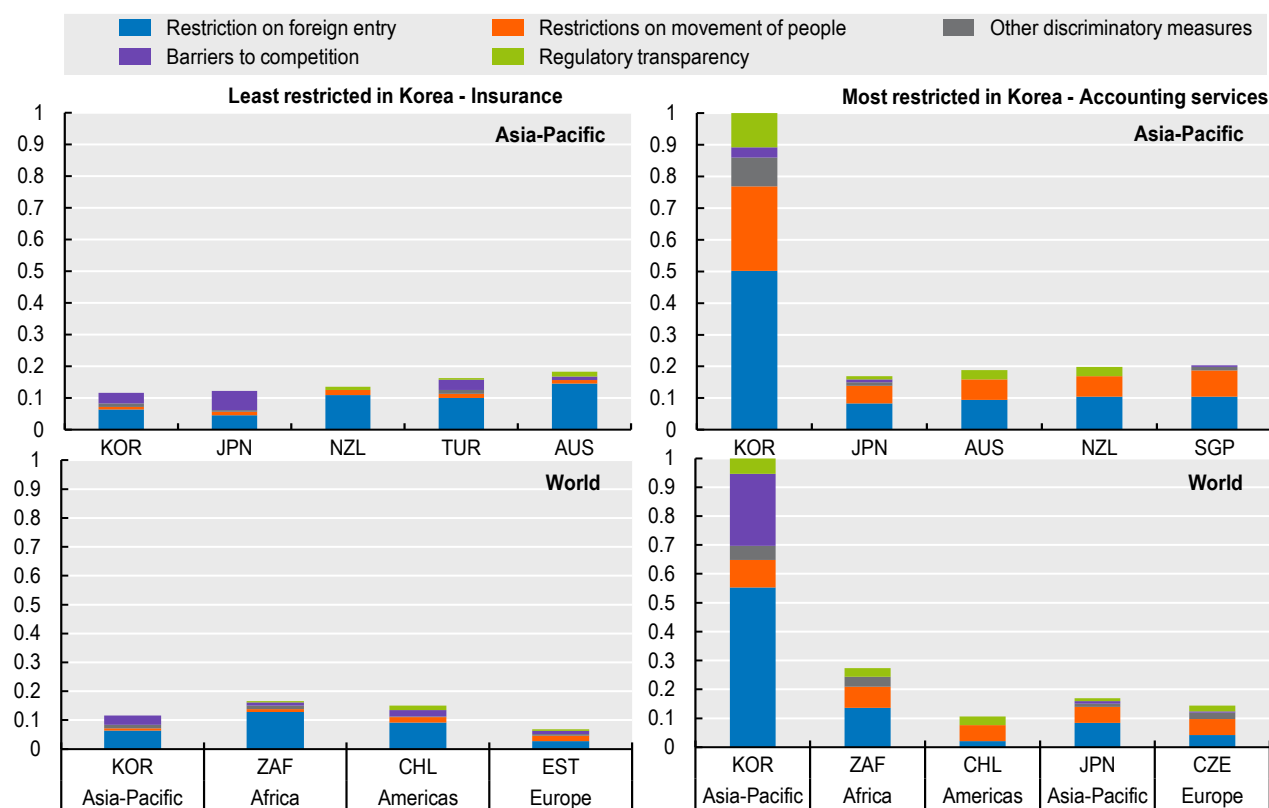
Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

i.e. $(\text{STRI}_{\text{country, sector}} - \text{STRI}_{\text{world average, sector}}) / \text{STRI}_{\text{world average, sector}}$

Source: OECD (2022). STRI database.

Insurance is the least restricted in Korea compared to the Asia-Pacific region. The composition of the scores suggest that greater regulatory transparency has had an impact compared to other countries. The measures that contributed to this score include the requirement of local and commercial presence for cross-border supply. Two services sectors in Korea are completely closed and are therefore the most restrictive: rail freight transport and accounting. In rail transport, the restriction on foreign entry and barriers to competition are significant compared to best performers. Only the government-owned Korail has been licensed to operate rail freight transport services. In accounting services – which covers also auditing – it is restrictions on foreign entry and movement of persons that are comparatively most significant (Figure 4). Accounting and auditing are regulated professions where a local license is required to provide services and to own shares in auditing or accounting firms. To obtain a license, auditors and accountants must have the required qualification from a Korean university. Recognition of foreign qualification is only available on the basis of preferential agreements with the country where the qualification was obtained. There is no temporary licensing in place, which means that the market is effectively closed to third country services providers.

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



Source: OECD (2022). STRI database.

Recent policy changes

In April 2020, Korea suspended visa-free entry as well as the validity of previously issued visas, including business visas. Applicants needed to re-apply. Business visas remained in principle available but only once the applicant demonstrated an urgent purpose for travel and only for single entry. All restrictions were lifted in June 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
- » More information about measuring the regulatory environment for services trade in the APEC region: <https://apecservicesindex.org/>