



LUXEMBOURG – 2022

Key findings

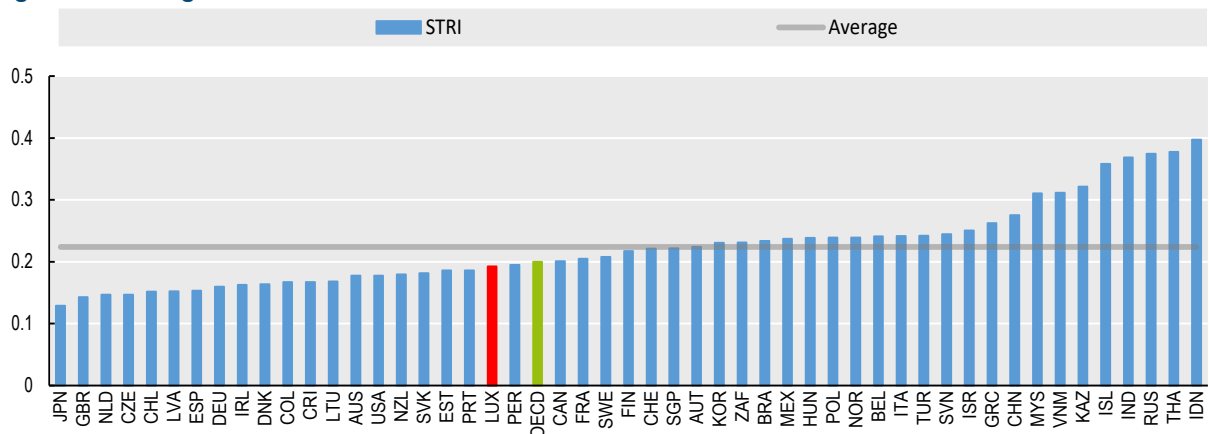
- The 2022 STRI of Luxembourg is below the OECD average and relatively low compared to other countries in the STRI sample.
- Conditions on the entry of natural persons seeking to provide services in the country on a temporary basis as contractual services suppliers remains more cumbersome than international best practice.
- Broadcasting is the most open services sector in Luxembourg while legal services 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.

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

Figure 1. Average STRI across countries, 2022



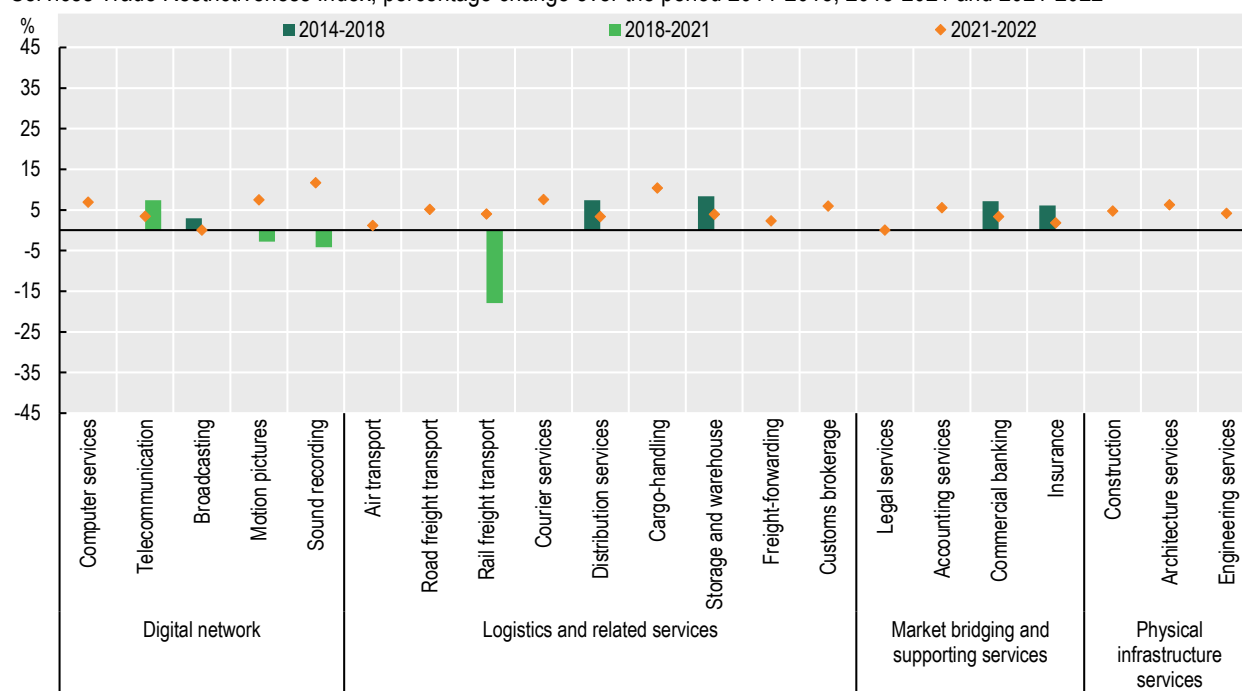
Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nation basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations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

The 2022 STRI can largely be explained by a favourable general regulatory framework. However, some barriers remain. Luxembourg applies labour market tests for natural persons seeking to provide services in the country on a temporary basis as contractual services suppliers, independent services suppliers. Intra-corporate transferees are also subject to such tests. Rights of access to public procurement are limited to regional trade agreement partners and members of the WTO's Government Procurement Agreement. A minimum amount of capital must be deposited in a bank or with a notary in order to register a business. 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, consulting stakeholders during the legislative process is not mandatory and the statutory period to publish final and voted laws prior to entry into force is significantly less than best practice.

There has been little change in the STRI of Luxembourg since 2014, except some liberalising reforms in rail freight transport, motion picture and sound recording, and a moderate tightening of regulation in telecommunications, broadcasting, distribution, storage and warehouse and financial services. 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 Luxembourg

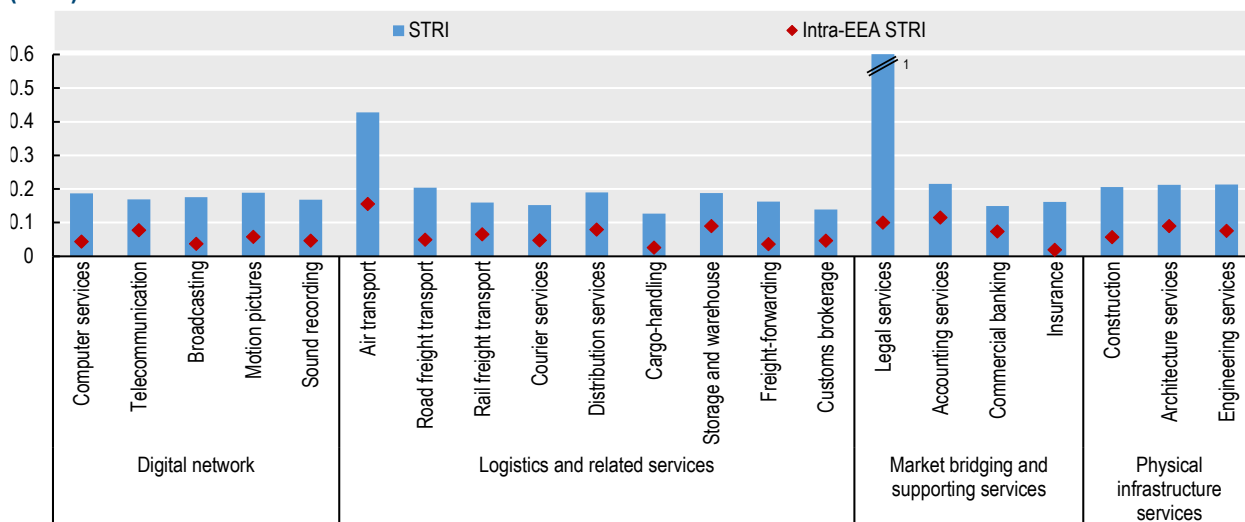
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2021 and 2021-2022



Source: OECD (2022). STRI database.

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

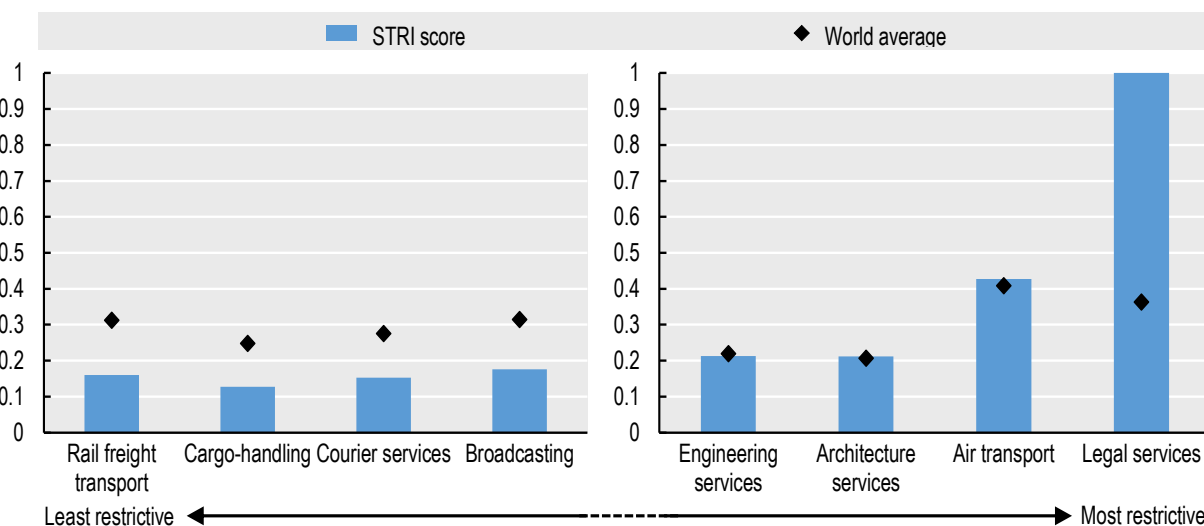
Figure 2b. Regulatory barriers affecting services trade within the European Economic Area (EEA)



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.

Rail freight transport, logistics cargo-handling, courier services and broadcasting are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Conversely, engineering services, architecture services, air transport and legal services are the sectors with the highest score relative to the average STRI across all countries covered by the STRI database.

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

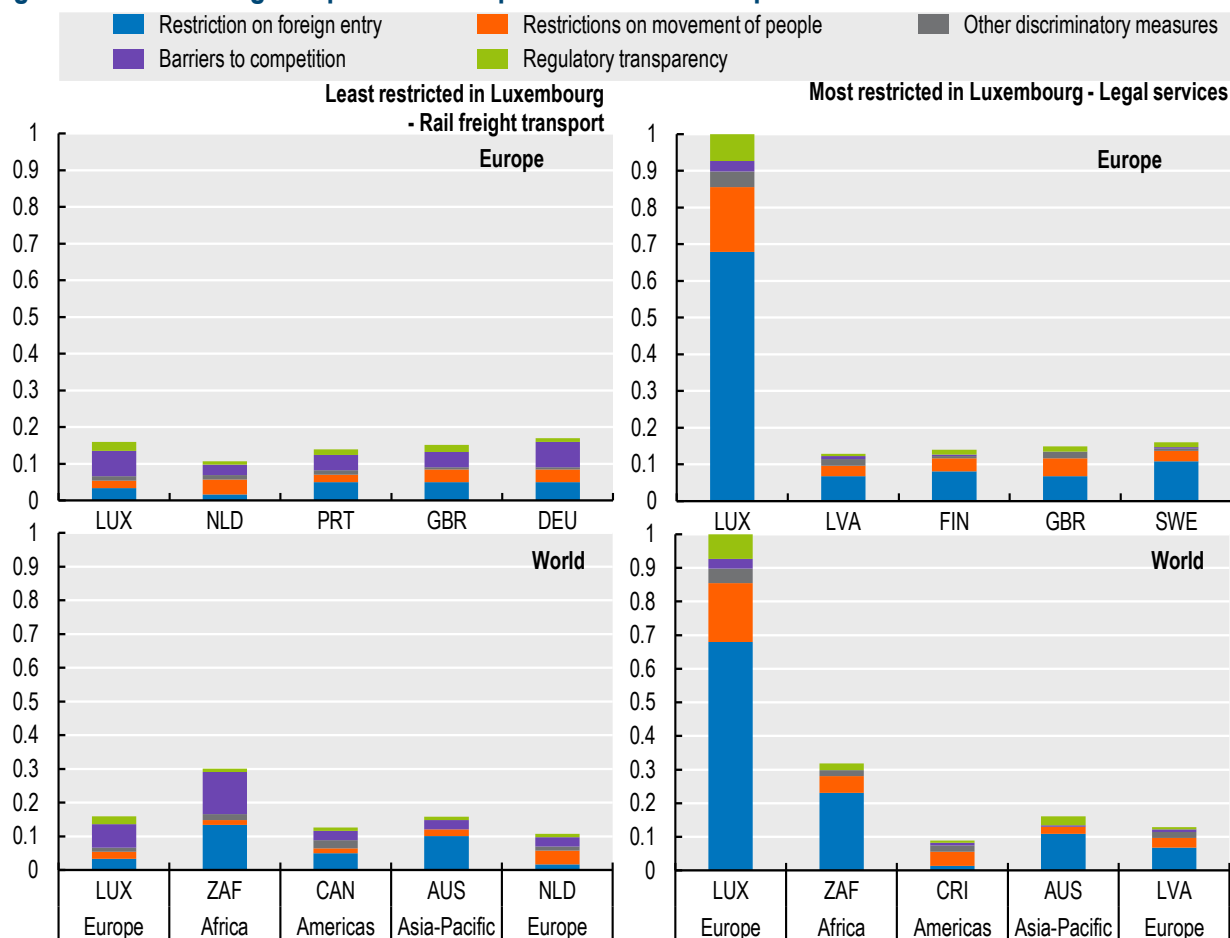


Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference
i.e. $(STR I_{country, sector} - STR I_{world average, sector}) / STR I_{world average, sector}$
Source: OECD (2022). STRI database.

Rail freight transport is the least restricted sector in Luxembourg compared to Europe. The composition of the scores suggests that barriers to competition have had an impact compared to other countries. The measures that contributed to this score include exemption of railway agreements from competition law and the prohibition of transfer or trading of infrastructure capacity. Legal services are the most restricted services sector in Luxembourg. The restriction on foreign entry and to movement of people are significant compared to best performers. Some of the measures that contribute the most to the

score include ban on the acquisition of equity by foreign licensed lawyers and no recognition of qualifications acquired abroad (Figure 4).

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



Source: OECD (2022). STRI database.

Recent policy changes

Recent changes affecting Luxembourg were due to changes in EU law. From 1 July 2021, the EU abolished the VAT de minimis regime for goods valued under 22 EUR. Regulation 2019/452 allows EU Member States to maintain, amend or adopt mechanisms to screen foreign direct investments in their territory on grounds of security or public order. 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

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

