



RUSSIAN FEDERATION – 2021

Key findings

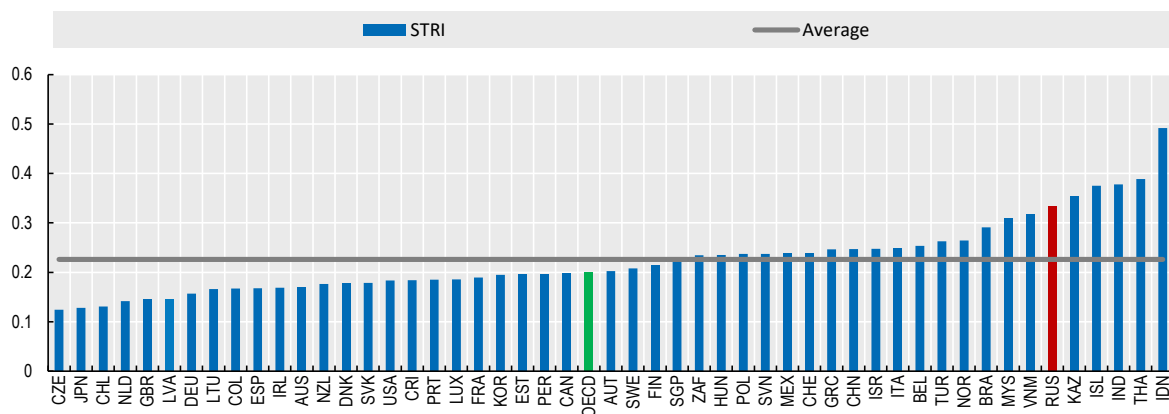
- The 2021 STRI of the Russian Federation is relatively high compared to other countries in the STRI sample, indicating a relatively closed regulatory environment for foreign services suppliers.
- The Russian Federation's regulatory environment for services was relatively stable over the past years.
- Key reforms in 2021 include new requirements introduced in communications and broadcasting services sectors further restricting trade in services in these sectors. At the same time, the Russian Federation has been liberalising insurance services sector: since August 2021 foreign insurance companies are allowed to establish branches in the Russian Federation.

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, the Russian Federation could benefit from more open markets for services trade.

The 2021 STRI of the Russian Federation is relatively high compared to other countries in the STRI sample (Figure 1), with moderate changes compared to 2020.

Figure 1. Average STRI across countries, 2021



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 2021. The STRI regulatory database covers the 38 OECD countries, 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 STRI and TiVA databases (2021).

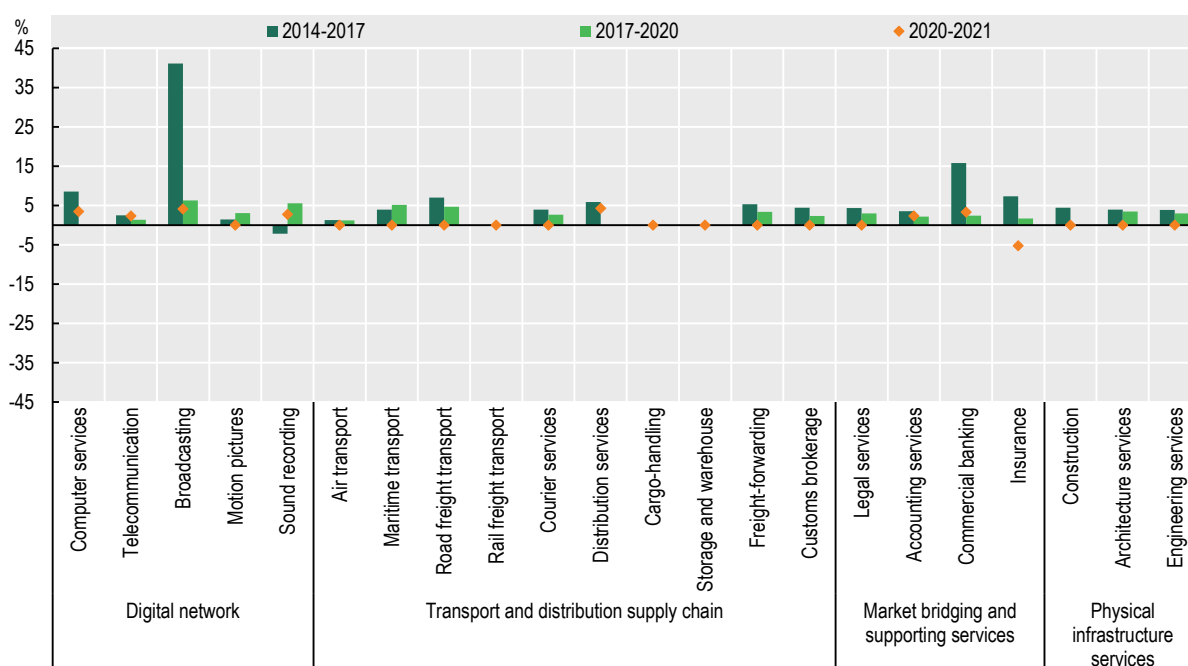
The 2021 STRI can be explained by the restrictions that apply on key strategic services sectors such as rail freight transport services, logistics cargo-handling and storage/warehouse services at transport terminals, airports and ports, where access to the market and operations of foreign services suppliers is subject to substantive limitations.

Moreover, stringent economy-wide regulations include quotas (except intra-corporate transferees, which are exempt from quota requirements) and labour market tests applicable to foreign nationals seeking to provide services on a temporary basis. To obtain a work permit, foreign nationals must prove knowledge of Russian language, history and basic laws. The Russian Federation maintains foreign investment screening mechanisms on the grounds of national security for foreign activities in certain areas. Also, access to public procurement for foreign services suppliers is granted only the basis of reciprocity. Finally, acquisition of land for certain uses by foreigners is restricted.

Over the past years, reforms have mostly created new barriers to trade in services (Figure 2). Some degree of liberalisation was recorded in sectors such as motion pictures and sound recording and quite recently, in the insurance services sector. The latter reflects the fact that since August 2021 foreign insurance companies are allowed to establish branches in the Russian Federation. Most increase in the STRI values was identified in broadcasting services which was mostly due to restrictions on foreign ownership of a mass-media, mass-media's editorial office or a broadcasting organization introduced in 2016.

Figure 2. Evolution of STRI indices by sector in the Russian Federation

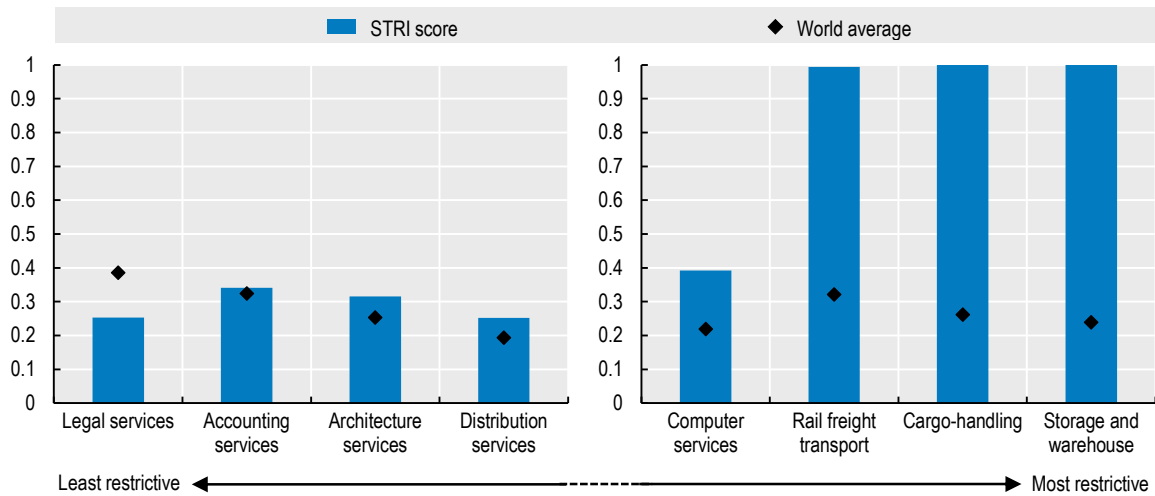
Services Trade Restrictiveness Index, percentage change over the period 2014-2017, 2017-2020 and 2020-2021



Source: OECD STRI database (2021).

Legal services, accounting services, architecture services and distribution services are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Computer services, rail freight transport, logistics cargo-handling and logistics storage are the sectors with the highest score relative to the average STRI across all countries.

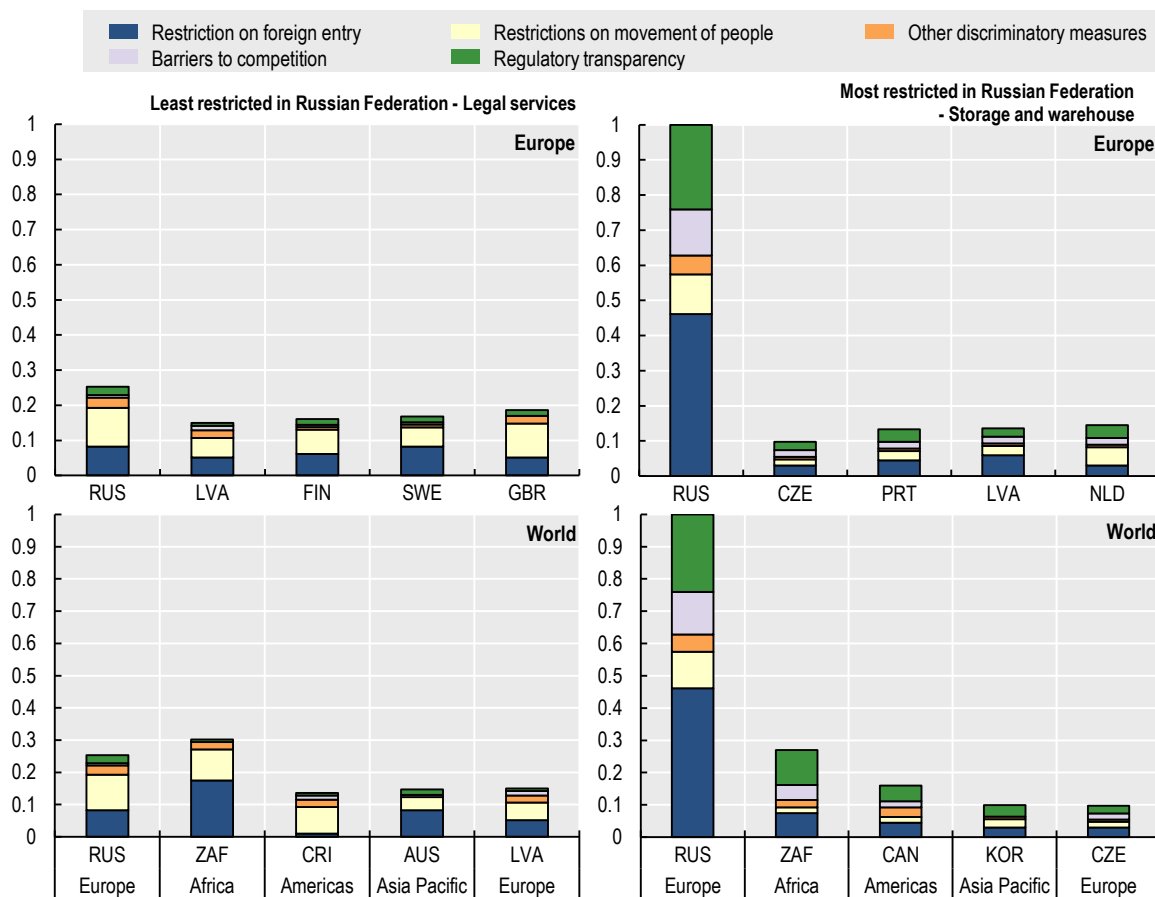
Figure 3. Sectoral breakdown: The least and most restricted sectors in the Russian Federation



Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference
 i.e. $(STRI_{country, sector} - STRI_{world average, sector}) / STRI_{world average, sector}$
 Source: OECD STRI database (2021).

Legal services are the least restricted service sectors in the Russian Federation compared to Europe and the other best performers elsewhere while logistics (storage and warehouse) is the most restricted (Figure 4).

Figure 4. the Russian Federation compared to Europe and World's best performers



Source: OECD STRI database (2021).

Key reforms

Since August 2021 foreign insurance companies are allowed to establish branches in the Russian Federation. To open its branch, foreign re/insurer must ensure the existence of an agreement on information exchange between the authorized regulator of the Russian Federation and the financial supervision body of the foreign re/insurer's State of origin.

As of December 2021, the owners of communication lines crossing the State Border of the Russian Federation can only be Russian legal entities. As of 2021, a telecom operator that provides an access to the Internet is obliged to provide to its subscribers, without charging a fee, access to websites, information systems and computer programs included in the list of domestic socially significant information resources (in particular, to the websites of state agencies). The list of such sites is to be established by the Government of the Russian Federation.

As of 2021, an operator providing cable television broadcasting must provide the state regulator with an access to its communications network for installation of technical means of control that would enable the regulator to verify that the providers of TV channels (TV programs) broadcasted in the communication network of this operator comply with the legislation of the Russian Federation on mass media.

As of 2021, a foreign entity that owns an Internet website accessed during one day by more than five hundred thousand Internet users in the Russian Federation and which is either i) distributing information in the state languages of the Russian Federation; ii) distributing advertising aimed at Russian consumers; iii) processing personal data of Russian users, or iv) receiving funds from Russian legal entities or persons, is subject to Russian regulation. In particular it must incorporate a legal entity or open a branch or representative office in the Russian Federation. In case of non-compliance, the state authorities can ban the distribution of advertising on its Internet website. Other possible sanctions that could be imposed by the regulator include prohibiting the collection and cross-border transfer of personal data and the partial or complete blocking of the Internet resource of the foreign entity.

As of 2021, the Government limited the provision of information on certain Russian entities (such as issuers of securities, credit and insurance organizations, specialized depositories, enterprises of the defence complex, etc.) to audit organizations that are under the direct or indirect control of a foreign citizen or foreign legal entity.

A new 2020 Law on protection and encouragement of investments provides for the possibility to enter into investment agreements with the State or its municipalities to benefit from a preferential regime. Such investment agreements include State's guarantees of protection in the form of a stabilization clause (that could apply to taxation or land use rights), as well as State subsidies in reimbursing costs for development of the investment project's infrastructure (including transport and digital infrastructure). Such investment agreements can only be concluded with a legal entity incorporated in the Russian Federation.

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