



Distribution Services 2022

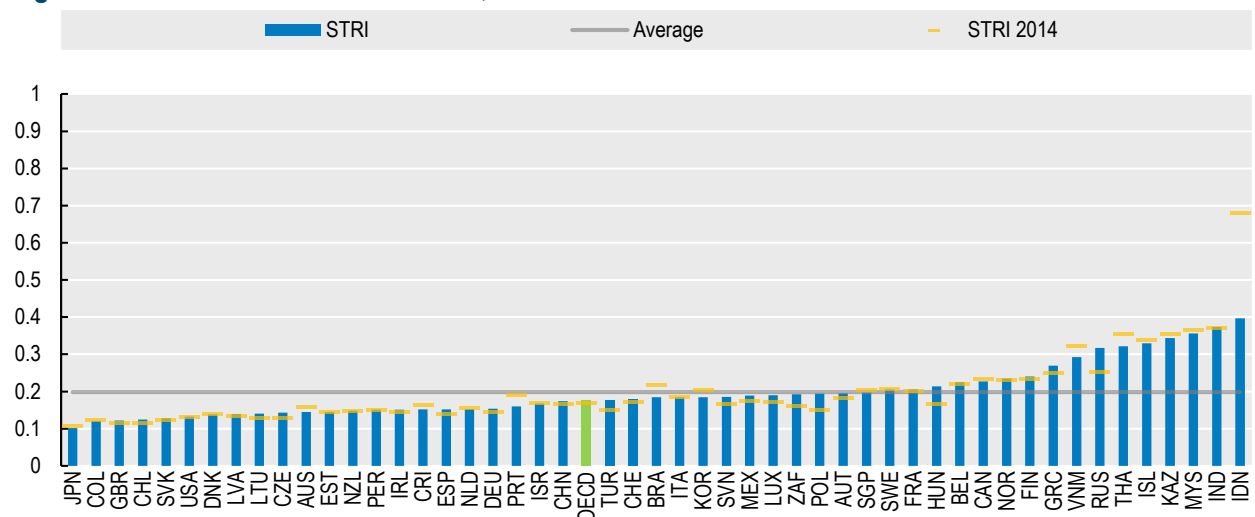
Key findings

- The average 2022 STRI in the distribution services sector is 0.20 out of a maximum of 1 (most trade restricted) indicating a relatively low/high overall level of restrictiveness. However, individual country scores diverge considerably, ranging between 0.10 and 0.40.
- The best performing countries in the sector are Japan, Colombia, and the United Kingdom. Most regulatory reforms in 2022 were recorded in Japan, New Zealand and Türkiye.
- Restrictions on foreign entry are the main drivers of trade restrictiveness in the sector, with contributions to the total index values of 45% in OECD economies and 55% in non-OECD economies.

The STRI for the distribution services sector covers general wholesale and retail sales of consumer goods (ISIC Rev 4 codes 46 and 47), though specific regulations of speciality distribution sectors such as pharmaceuticals and motor vehicles are not considered. The STRI in this sector also covers regulations relating to electronic commerce, given the increasing prevalence of multi-channel retail services as a form of distribution services.

The 2022 STRIs in the distribution services sector range between 0.10 and 0.40, with a sample average of 0.20 (Figure 1). There are 34 countries below and 16 countries above the average. The best performing countries in the sector are Japan, Colombia and the United Kingdom.

Figure 1. STRI in distribution services, 2022

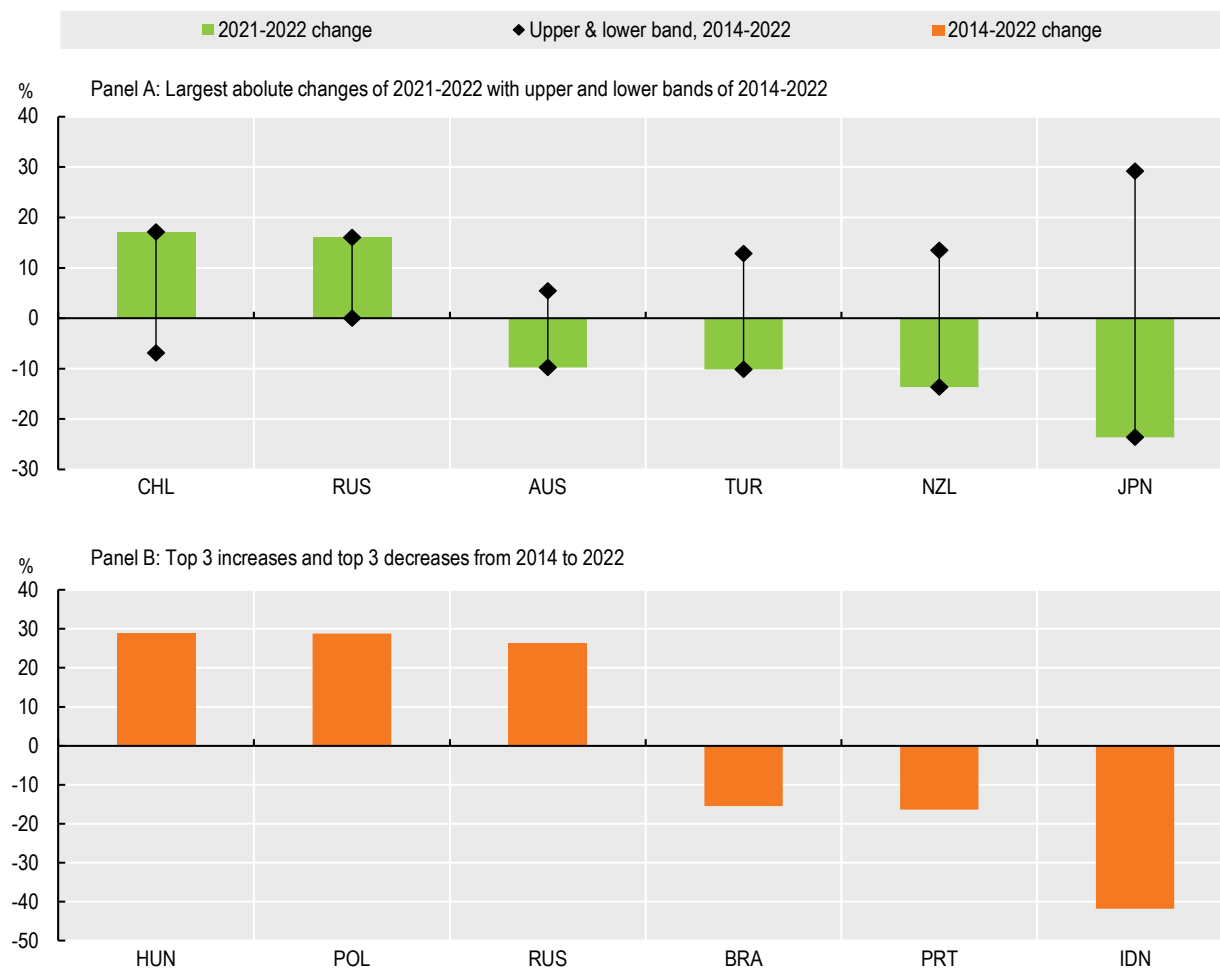


Note: The STRI indices take values between zero and one, one being the most restrictive. The indices are based on laws and regulations in force on 31 October 2022. The STRI regulatory database covers the 38 OECD countries, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russian Federation, 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 database.

Several countries introduced regulatory changes affecting the STRIs in 2022 and more so since 2014 (Figure 2). In 2021, the STRIs in this sector saw the biggest changes in Chile (17%), the Russian Federation (16%), Australia (-10%), Turkey (-10%), New Zealand (-14%), and Japan (-24%). Since 2014, on the one hand, we have observed countries that have had the strongest restrictive trends such as Hungary (29%), Poland (29%) and the Russian Federation (26%). On the other hand, we have strong liberalising trends in Brazil (-16%), Portugal (-16%), and Indonesia (-42%).

Figure 2. Change since 2014 and change in the last year, by country



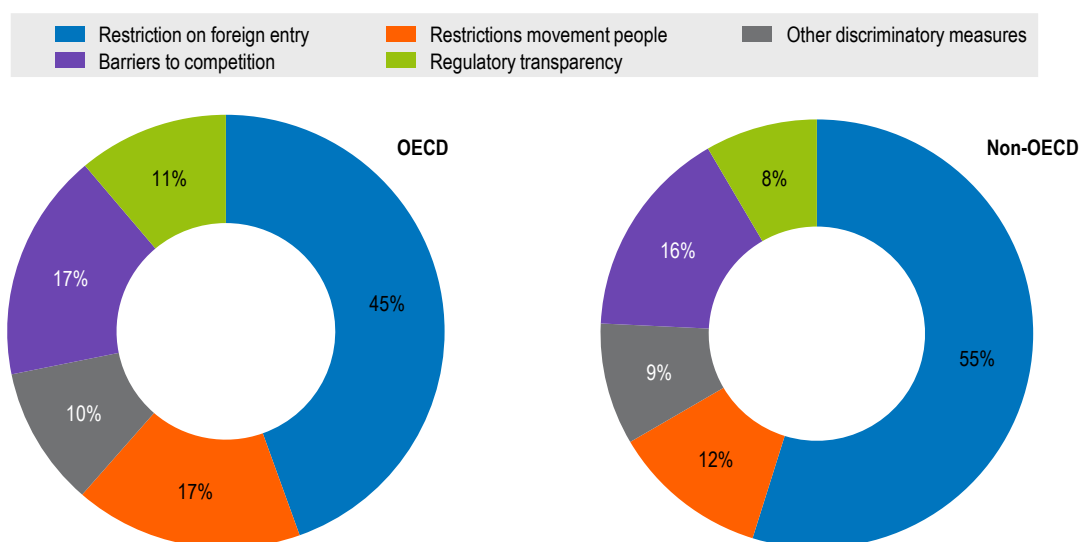
Note: Selection criteria for Panel A was based on largest absolute changes since 2020. Panel B selection is the 3 largest increases, and the 3 largest decreases in the STRI since 2014.

Source: OECD (2022). STRI database.

The measures in the STRI database are organised under five policy areas (Figure 3). Restrictions on foreign entry include barriers related to establishing and operating companies such as foreign equity limits or requirements on board of directors and cross-border data flows. Restrictions on the movement of people cover barriers that affect the temporary entry of foreign services providers through quotas, labour market tests and short durations of stay. Other discriminatory measures include discrimination of foreign services suppliers as far as taxes, subsidies and public procurement are concerned. Barriers to competition include information on anti-trust policy, government ownership of major firms and the extent to which government-owned enterprises are exempt from competition laws. Regulatory transparency includes information on consultations and dissemination prior to laws and regulations entering into force. It also records information on obtaining a license or a visa. In the case of distribution services, barriers related to restrictions on foreign entry are most prominent and amount to 45% in

OECD economies and 55% in non-OECD economies. There are no countries that are fully closed to trade in this sector.

Figure 3. STRI for distribution services with policies areas in OECD and non-OECD economies, 2022



Source: OECD (2022). STRI database.

Table 1 lists the most common restrictions identified in each policy area. Under restrictions on foreign entry, common impediments relate to cross-border data flows, acquisition and use of land and real estate, and licence requirements. Screening of foreign investment projects as well as residency requirements regarding members of the board of directors of distribution firms are also widely observed.

Restrictions to the movement of people are relatively common across the board and include short stay permits for contractual service suppliers and labour market tests. Under other discriminatory measures, barriers related to accessing public procurement markets for foreign tenderers remain the most common challenge. In addition, non-resident foreign providers of distribution services do not have access to online tax registration and declaration in 17 countries covered by the STRI database.

Furthermore, barriers to competition also have a substantial impact on the regulatory environment in many countries. Apart from general requirements related to minimum capital for new companies, 21 countries impose an upper limit on shop opening hours and 13 countries employ price regulations on certain products. Under barriers related to regulatory transparency, cumbersome visa conditions and procedural hurdles related to business visas are the most common challenges in this sector. In addition, the public consultation process for new legislative instruments falls short of best practice in 10 countries.

Table 1. Examples of most relevant measures by policy area, 2022

Policy area	Measure	Countries having a restriction ¹
Restrictions on foreign entry	Cross-border data flows: cross-border transfer of personal data is possible to countries with substantially similar privacy protection laws	42
	Product-specific barriers exist in the absence of a statutory monopoly on the product (alcohol)	42
	Acquisition and use of land and real estate by foreigners is restricted	34
	Screening exists without exclusion of economic interests	24
	Memo: Licence/authorisation is required to enter the market (department store)	23
	Board of directors: at least one must be resident	16
Restrictions to movement of people	Labour market tests: contractual services suppliers	37
	Labour market tests: intra-corporate transferees	37
	Limitation on duration of stay for contractual services suppliers	37
	Other restrictions to movement of people	9
Other discriminatory measures	Public procurement: Procurement regulation explicitly prohibits discrimination of foreign suppliers	42
	Access to the procurement market is conditional on reciprocity	29
	Public procurement: The procurement process affects the conditions of competition in favour of local firms	24
	Public procurement: Explicit preferences for local suppliers	21
	Online tax registration and declaration is available to non-resident foreign providers	17
Barriers to competition	Minimum capital requirements	28
	Other restrictions in barriers to competition	24
	Regulation imposes an upper limit on shop opening hours	21
	Prices or fees are regulated	13
	Restrictions on advertising	8
Regulatory transparency	Range of visa processing time (days)	28
	Number of documents needed to obtain a business visa	26
	There is an adequate public comment procedure open to interested persons, including foreign suppliers	10

Note: The count for “memo” type of measures, which are not scored in the STRI, indicate the number of positive answers recorded for that measure across the 50 countries covered. Top most relevant measures are selected on the basis of the following criteria: (1) most restricted horizontal measures (i.e. same answer across sectors), (2) most restricted sector-specific measures, (3) key measures or (4) memos affecting the score of other measures through hierarchy rules.

Source: OECD STRI database (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.