



Architectural Services 2022

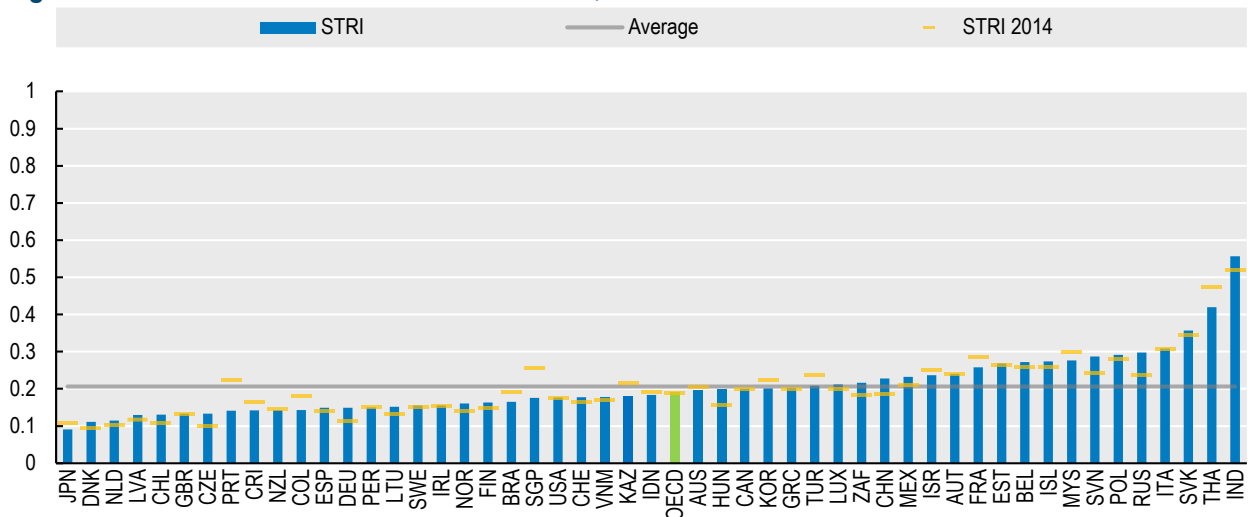
Key findings

- The average 2022 STRI in the architecture services sector is 0.25 out of a maximum of 1 (most trade restricted) indicating a relatively high overall level of restrictiveness. However, individual country scores diverge considerably, ranging between 0.11 and 0.65.
- The best performing countries in the sector are Japan, Denmark, and the Netherlands. Most reforms in 2022 were recorded in Kazakhstan, Viet Nam and Japan.
- Restrictions to the movement of people are the main drivers of trade restrictiveness in the sector, with contributions to the total index values being 32% in OECD economies and 24% in non-OECD economies.
- OECD estimates suggest that halving the distance to best practice in this sector is associated with a reduction in the costs of cross-border trade in architecture services between 3% and 12% for the average country included in the STRI database.

The sector covers architectural services and related technical consultancy (ISIC Rev 4, code 71). These services constitute the backbone of the construction sector, with key roles in building design and urban planning. An important feature is the regulatory complementarity between architecture, engineering and construction services. Architectural and engineering activities are often combined into projects offered by one company and are sometimes subsumed within the building and construction sector.

The 2022 STRIs in the architecture services sector range between 0.11 and 0.58, with a sample average of 0.22 (Figure 1). There are 29 countries below and 21 countries above the average. The best performing countries in the sector are Japan, Denmark, and the Netherlands.

Figure 1. STRI in architecture services 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 2022, the STRIs in this sector saw the biggest changes in Chile (20%), Australia (-19%), New Zealand (-32%), Kazakhstan (-33%), Viet Nam (-34%), and Japan (-50%). Since 2014, on the one hand, we have observed countries that have had the strongest restrictive trends such as the Czech Republic (36%), Germany (31%) and Hungary (27%). On the other hand, we have strong liberalising trends in Colombia (-21%), Singapore (-32%), and Portugal (-37%).

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

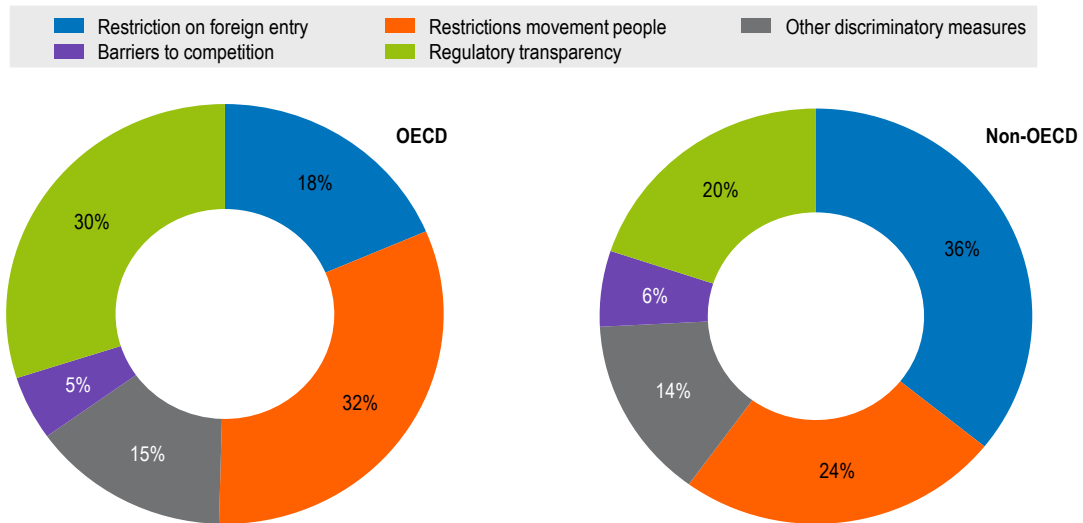


Note: Selection criteria for Panel A was based on largest absolute changes since 2020. Panel B selection is the 3 largest increases, and the 3 largest decreases in the STRI since 2014.

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 this sector, barriers related to restrictions on foreign entry are most prominent and amount to 32% in OECD economies and 24% in non-OECD economies.

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



Source: OECD (2022). STRI database.

There are no countries that are fully closed to trade in this sector.

Examples of restrictions on the movement of people in architectural services include labour market tests for services suppliers coupled with short durations of stay. As a regulated profession in 40 countries, licenses and/or authorizations are required to practice.

Under restrictions on foreign entry, common impediments relate to restrictions to the acquisition and use of land and real estate, screening of investment, local presence requirements for cross-border supply and residency requirements for members of the board of directors. License requirements for management and executive bodies are also common requirements.

Under other discriminatory measures, explicit preference for foreign suppliers or non-prohibition of discrimination of foreign suppliers in public tenders are the most common challenges. Minimum capital to set up an architectural company is required in more than half of the countries in the STRI sample. Fee setting and restrictions on advertisers are also present in nine countries.

Under barriers related to regulatory transparency, cumbersome visa conditions for architects and other related professions 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. Top 5 most relevant measures by policy area, 2022

Policy area	Measure	Countries having a restriction ¹
Restrictions on foreign entry	Acquisition and use of land and real estate by foreigners is restricted	34
	Screening exists without exclusion of economic interests	23
	Local presence is required for cross-border supply	20
	Board of directors: at least one must be resident	20
	Manager must be a licensed professional	17
Restrictions to movement of people	Memo: Licence or authorisation is required to practice	40
	Limitation on duration of stay for contractual services suppliers (months)	39
	Labour market tests or similar economic considerations: intra-corporate transferees and contractual services suppliers	38
	Foreign professionals are required to take a local examination	25
	A temporary licensing system is in place	25
Other discriminatory measures	Public procurement: Procurement regulation explicitly prohibits discrimination of foreign suppliers	42
	Public procurement: The procurement process affects the conditions of competition in favour of local firms	24
	Public procurement: Explicit preferences for local suppliers	21
	Memo: The procurement process below the value thresholds affects the conditions of competition in favour of local firms	19
	Foreign suppliers are treated less favourably regarding taxes and eligibility to subsidies	3
Barriers to competition	Minimum capital requirements	30
	Restrictions on advertising	10
	Fee-setting: recommended minimum and/or maximum fees	9
	Fee-setting: mandatory minimum and/or maximum fees	5
	Other restrictions in barriers to competition	1
Regulatory transparency	Range of visa processing time (days)	29
	Number of documents needed to obtain a business visa	27
	There is an adequate public comment procedure open to interested persons, including foreign suppliers	10
	Cost to obtain a business visa (USD)	8
	There is a legal obligation to communicate regulations to the public within a reasonable time prior to entry into force	8

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](#)
- » Calculations based on: Benz, S. and A. Jaax (2020), "The costs of regulatory barriers to trade in services: New estimates of ad valorem tariff equivalents", OECD Trade Policy Papers, No. 238, OECD Publishing, Paris, <https://doi.org/10.1787/bae97f98-en>.
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org