



Telecommunications Services 2022

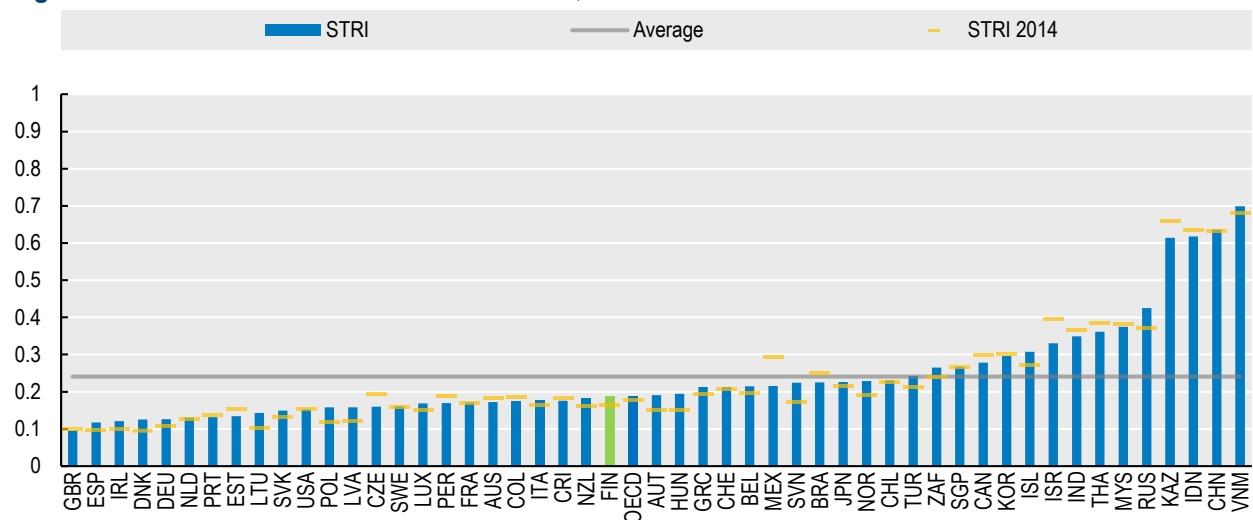
Key findings

- The average 2022 STRI in the telecommunication sector is 0.24 out of a maximum of 1 (most trade restricted), indicating substantial scope for reductions of barriers to services trade. Individual country scores diverge considerably, ranging between 0.10 and 0.70.
- The best performing countries in the sector are the United Kingdom, Spain and Ireland. Most regulatory reforms in 2022 were recorded in Estonia, New Zealand and Japan.
- In non-OECD economies, barriers to competition are the main drivers of trade restrictiveness in this sector that account for 34% of the total index values. In OECD economies, restrictions on foreign entry account for the largest share (36%) of the index values.
- 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 telecommunications services between 5% and 11% for the average country included in the STRI database.

The telecommunication sector comprises wired and wireless telecommunications activities (ISIC Rev 4 code 61). Modern telecommunication network are essential as without them global value chains would be impossible. Furthermore, these services are at the core of our information driven society and provide the network over which other services including computer services, audio-visual services, professional services and many more are traded.

The 2022 STRIs in the telecommunication sector range between 0.1 and 0.70, with a sample average of 0.24 (Figure 1). There are 36 countries below and 14 countries above the average. The best performing countries in the sector are the United Kingdom, Spain and Ireland.

Figure 1. STRI in telecommunication 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 the Russian Federation (10%), Türkiye (-6%), Australia (-8%), Estonia (-9%), New Zealand (-11%), and Japan (-12%). Since 2014, on the one hand, we have observed countries that have had the strongest restrictive trends such as Lithuania (39%), Poland (34%) and Denmark (32%). On the other hand, we have strong liberalising trends in Israel (-17%), the Czech Republic (-17%), and Mexico (-27%).

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

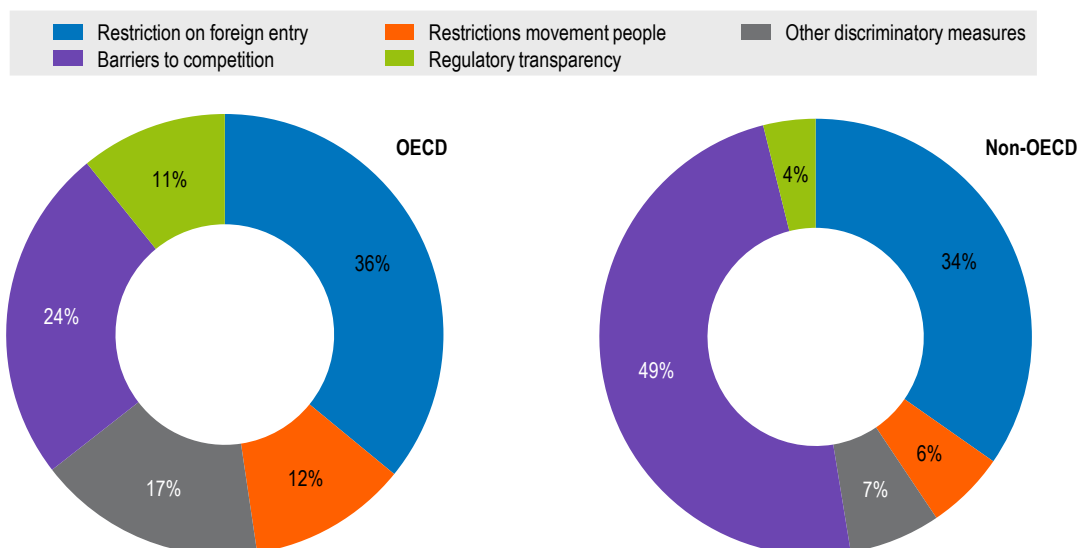


Note: Selection criteria for Panel A was based on largest absolute changes since 2020. Panel B selection is the 3 largest increases, and the 3 largest decreases in the STRI since 2014. Source: OECD (2022). STRI database.

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 in OECD economies and amount to 36% of the index values. Regarding non-OECD economies, barriers to competition are the main driver of trade restrictions and account for 49% of the index values. There are no countries that are fully closed to trade in this sector.

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



Source: OECD (2022). STRI database.

Table 1 lists examples of common restrictions identified in each policy area. Under restrictions on foreign entry, common impediments relate to cross-border data flows, screening of foreign investment projects, as well as the acquisition and use of land and real estate. Similarly, local residence requirements for members of the board of directors are observed in many countries. Foreign equity limits are also present but to a lesser degree. Restrictions to the movement of people are relatively common across the board and include mostly short stay permits for initial and labour market tests.

Regarding barriers to competition, it is important to note that telecommunications is a capital-intensive network industry and access to essential facilities and switching costs may favour incumbent firms. These market imperfections may constitute a substantial entry barrier, even in the absence of explicit foreign entry restrictions. Restrictions on secondary spectrum trading and government ownership of major firms are widely observed in this sector. In 19 countries included in the STRI database, the national regulatory authority is not independent from the government.

With respect to other discriminatory measures, inadequate access to regulated rates and conditions for retail international roaming services as well as barriers related to accessing public procurement markets remain the most common challenges. Under barriers related to regulatory transparency, inadequate access to information on relevant regulations and licensing agreements as well as cumbersome visa conditions are the most common challenges in this sector.

Table 1. Examples of 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
	Screening exists without exclusion of economic interests	35
	Acquisition and use of land and real estate by foreigners is restricted	34
	Board of directors: at least one must be resident	20
Restrictions to movement of people	Labour market tests: intra-corporate transferees	38
	Labour market tests: contractual services suppliers	38
	Limitation on duration of stay for contractual services suppliers (months)	37
	Other restrictions to movement of people	10
Other discriminatory measures	Foreign suppliers have non-discriminatory access to regulated rates and conditions for retail international mobile roaming services	50
	Foreign suppliers have non-discriminatory access to regulated rates and conditions for wholesale international mobile roaming services	49
	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
Barriers to competition	Secondary spectrum trading is allowed	26
	National, state or provincial government control at least one major firm in the sector	26
	"Use it or lose it" applies to spectrum	21
	The government can overrule the decision of the regulator	19
	Decisions by the regulatory body can be appealed	14
Regulatory transparency	Range of visa processing time (days)	28
	Number of documents needed to obtain a business visa	26
	Licensing agreements are publicly available	3

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

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.