Lowering trade costs through services domestic regulation reform

Janos Ferencz & Sebastian Benz
OECD Trade in Services Division

21 September 2021
Services are key drivers of the economy

Services value added (% of GDP)

Source: WB WDI
The pandemic effects services trade more than goods trade


What is the OECD STRI?

Regulatory database

Indices
Domestic services regulation in the STRI (examples)

- Public consultation on draft laws
- Procedures and costs to register a business
- Judicial redress (appeal)
- Publication of laws to public

- Transparency on licensing procedures
- Max time for decisions
- Reasons for denial of licenses
- Procedures for recognition of qualifications
Domestic services regulations play a major part in trade openness
Easing regulatory hurdles..

Note: APEC based on 14 APEC economies currently covered in the OECD STRI. G20 based on 17 G20 countries and 19 further EU members currently covered in the OECD STRI. Trade-weighted average of intra-EEA restrictiveness and MFN restrictiveness for EU members. Equal weighting of all G20 members with available data, where the EU average is the simple average of 19 further EU members.
..can reduce costs for services trade

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Potential cost savings in APEC and G20

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Conclusion

- OECD STRI can be used to assess the potential of reform proposal and policy scenarios.
- Domestic Regulation JSI would lead to significant improvements in a wide range of trade-related policy areas.
- This could reduce services trade costs by around 7% on average in the APEC region and 6% for the G20.
- Total trade cost savings are in the range of USD 75 billion for APEC economies and USD 140 billion for the G20.
- Small and medium-sized enterprises (SMEs) will benefit most from more efficient domestic regulations.
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tad.contact@oecd.org

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