



# SERVICES TRADE LIBERALISATION IN THE EU SINGLE MARKET

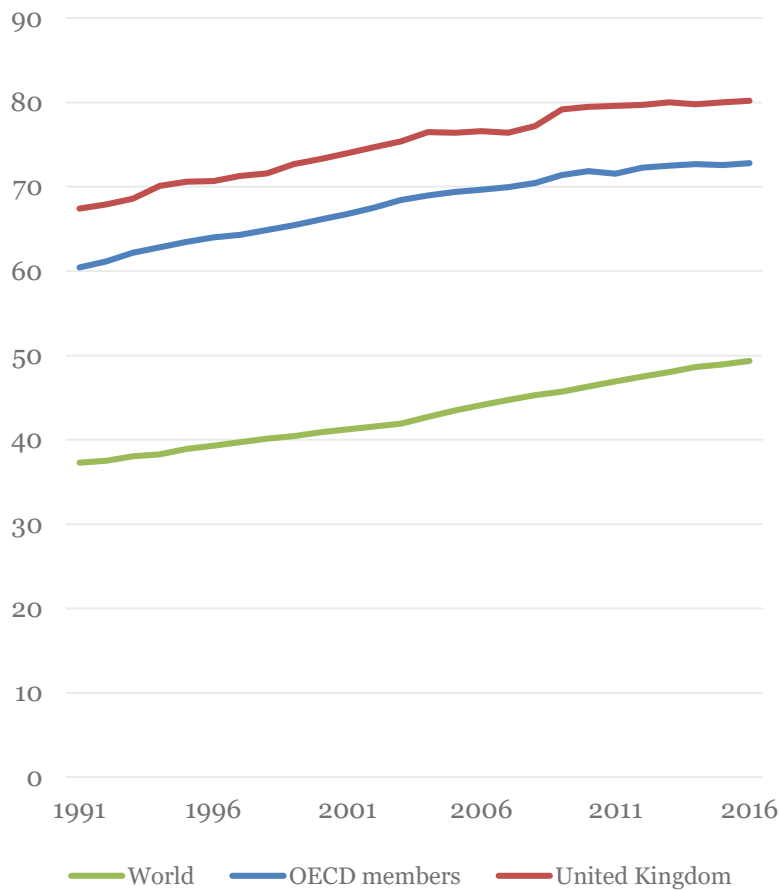
Sebastian Benz

Conference on “The Economic Impacts of Brexit in Europe”  
Brussels, February 22, 2019

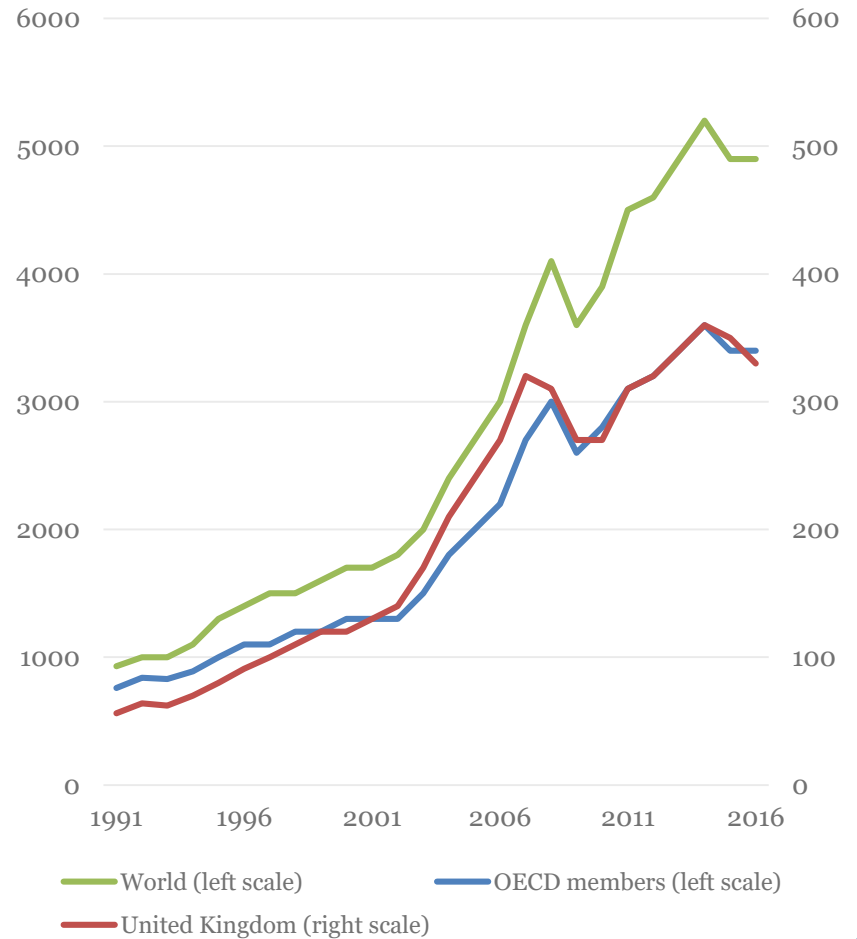


# High economic importance of services

## Employment in services



## Services exports in bio. USD

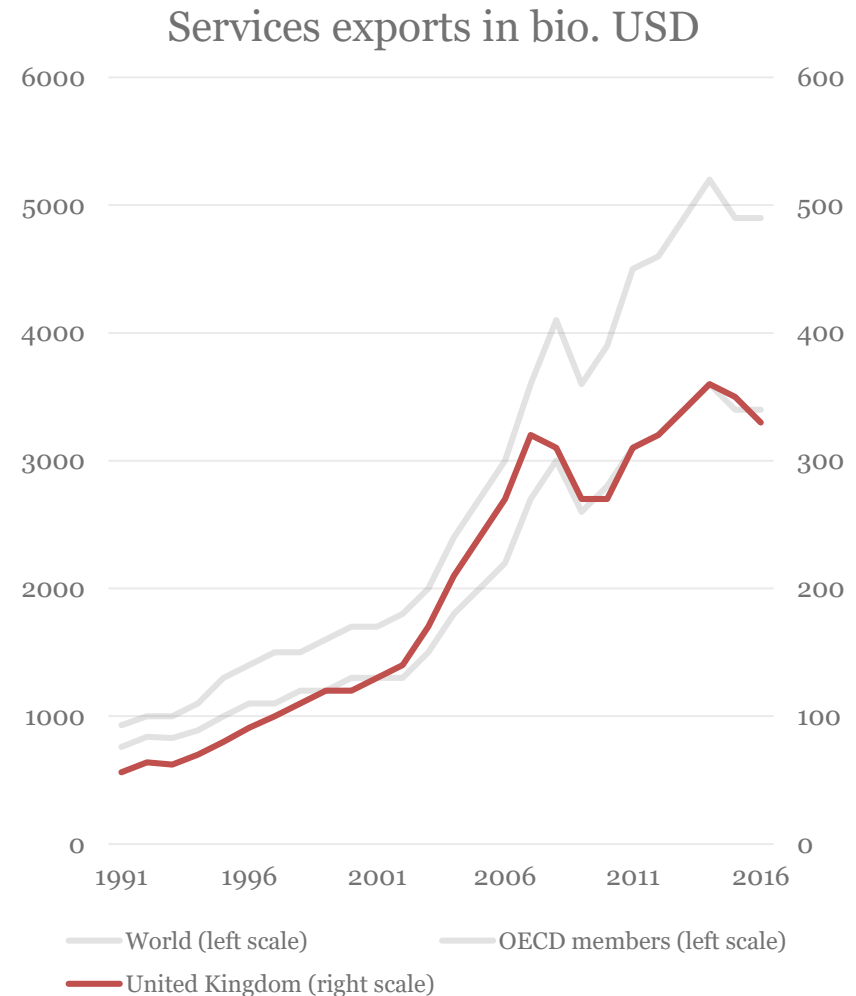




# High economic importance of services

## United Kingdom 2016:

- Services exports: 330 bio. USD (cross-border only)
- Goods exports: 400 bio. USD
  - 34% services value added in manufacturing exports
- Mode 3 services exports: 670 bio. USD





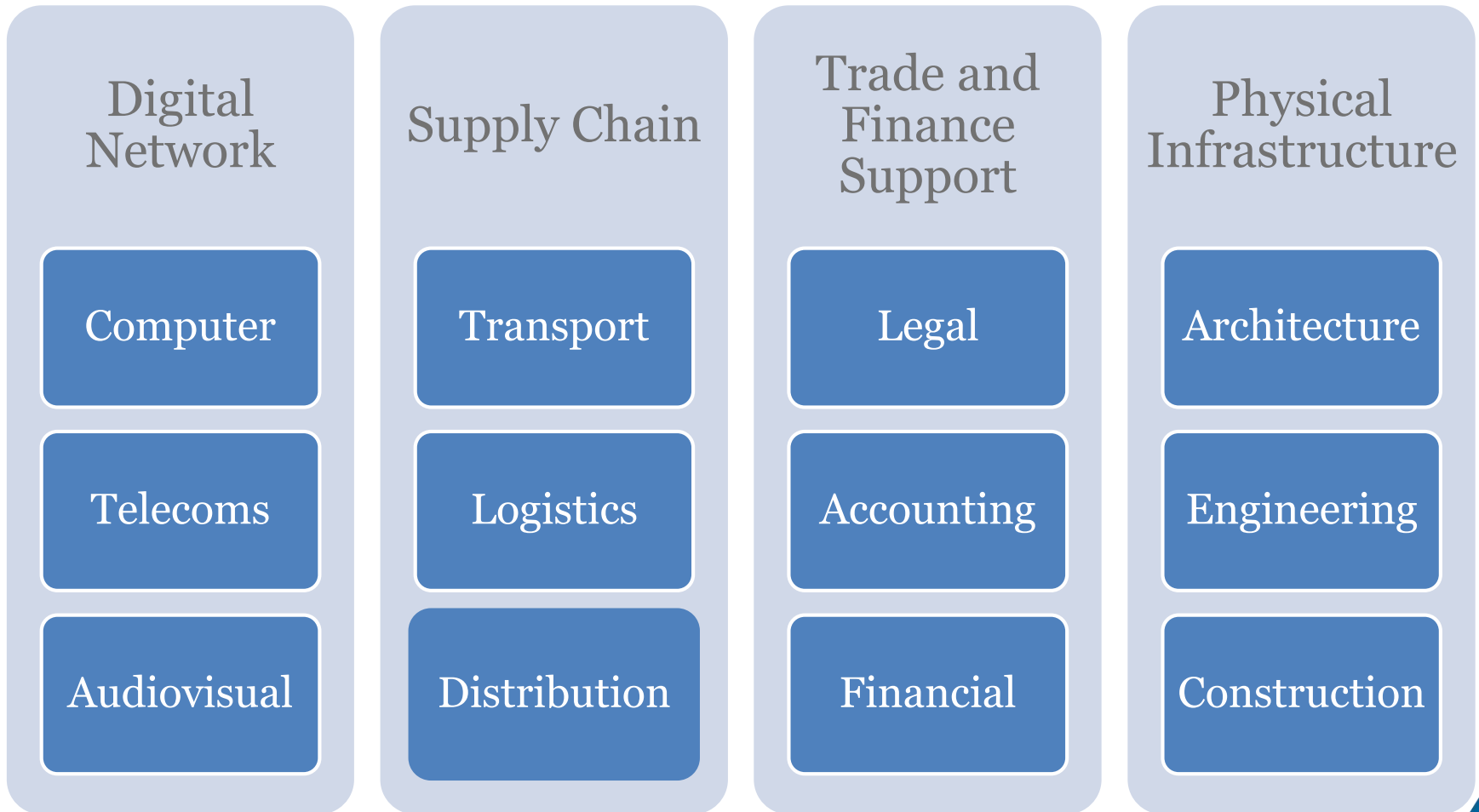
# OECD Services Trade Restrictiveness Index (STRI)

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- Database of **services trade restrictions**
- 45 economies, 22 sectors, 5 years:
  - 36 OECD Members, Colombia, Costa Rica, Brazil, China (PRC), India, Indonesia, Malaysia, South Africa, Russia
- **Standardised set of measures:** between 61 (computer services) and 143 (insurance) per sector: 88000 observations per year
- **Five policy areas:**
  1. Restrictions on foreign entry
  2. Restrictions to the movement of people
  3. Other discriminatory measures
  4. Barriers to competition
  5. Regulatory transparency



# STRI sectoral coverage





# STRI is a composite index

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- Takes values between **0 (open)** and **1 (closed)**
- **Codified algorithm** applied to the information in the regulatory database
  - Binary scores
  - Break complex or continuous measures into several thresholds
  - Nested layers/hierarchies of measures
  - Regulatory packages when measures are complementary
  - Memos: included in database but no score attached
- **STRI annual updates**: Monitoring trade policy and providing annual data for research and analysis



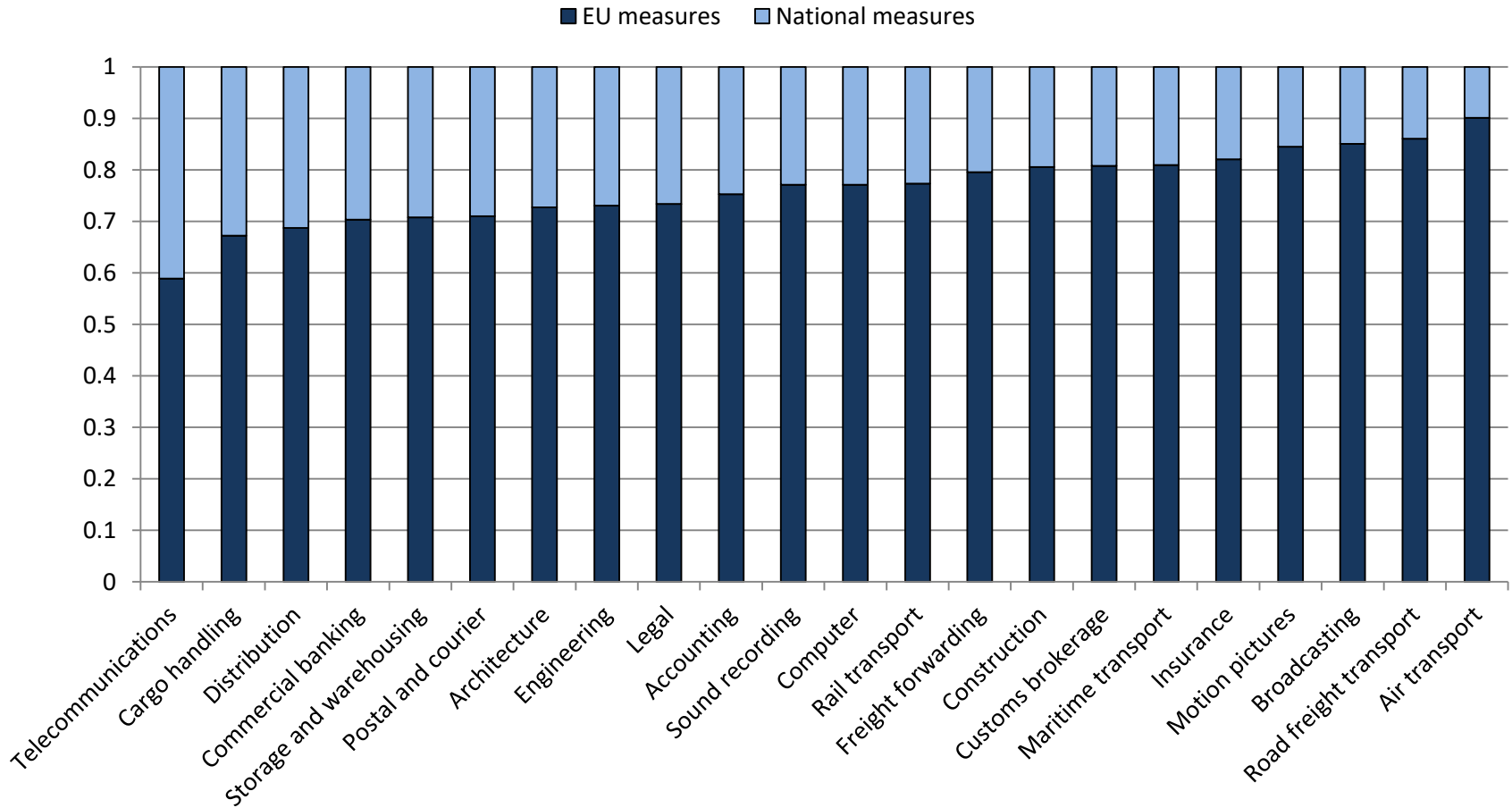
## STRI methodology

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- Traditionally: data collected on most favored nation (**MFN**) basis
  - Rules applying to WTO members
  - No information on bilateral trade restrictiveness
- January 2019: new **intra-EEA STRI**
  - Services trade barriers within EU Single Market
  - Coverage of EU law and national legislation
  - Different levels of restrictiveness across EEA member countries



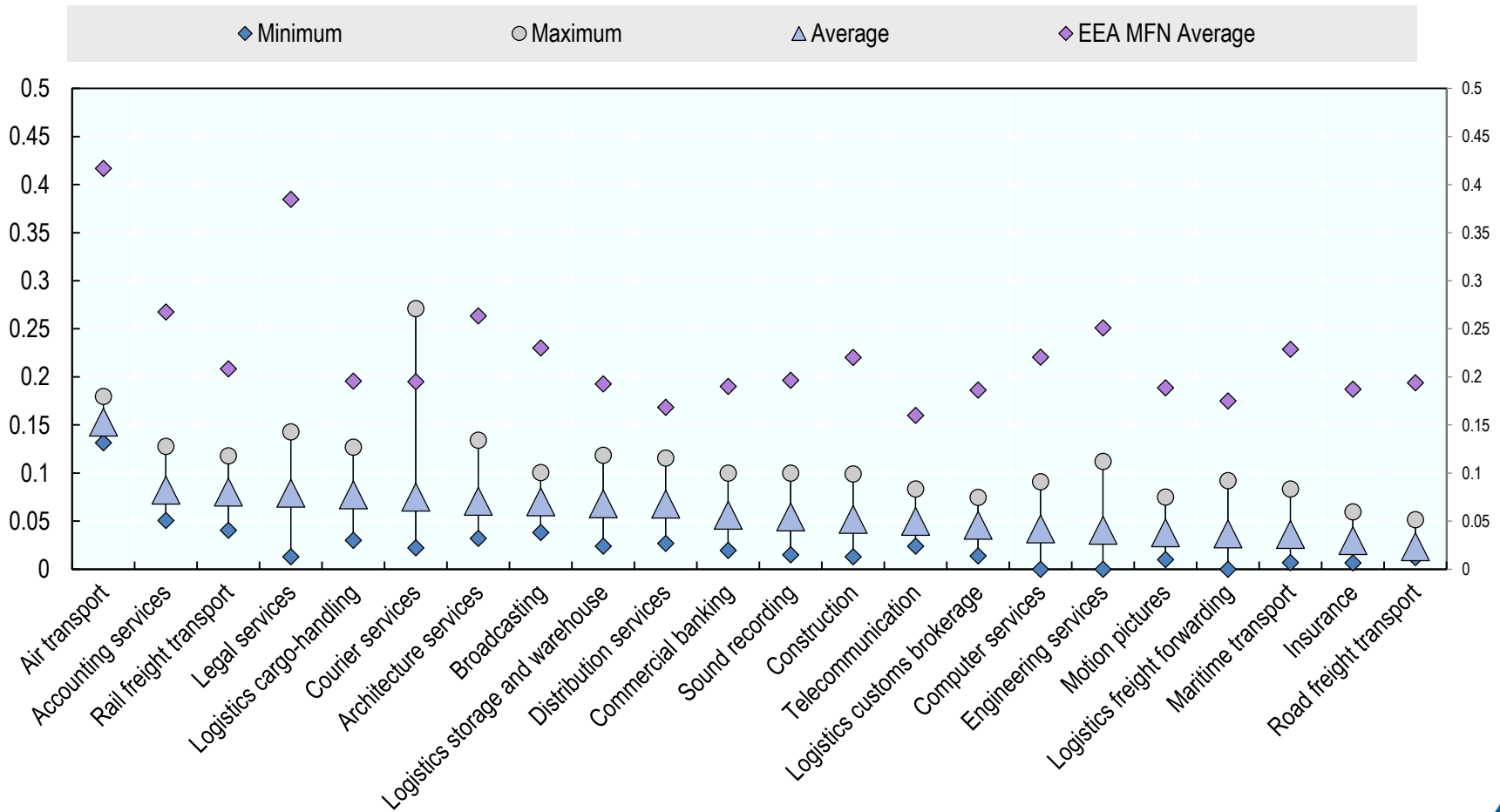
# Importance of EU legislation





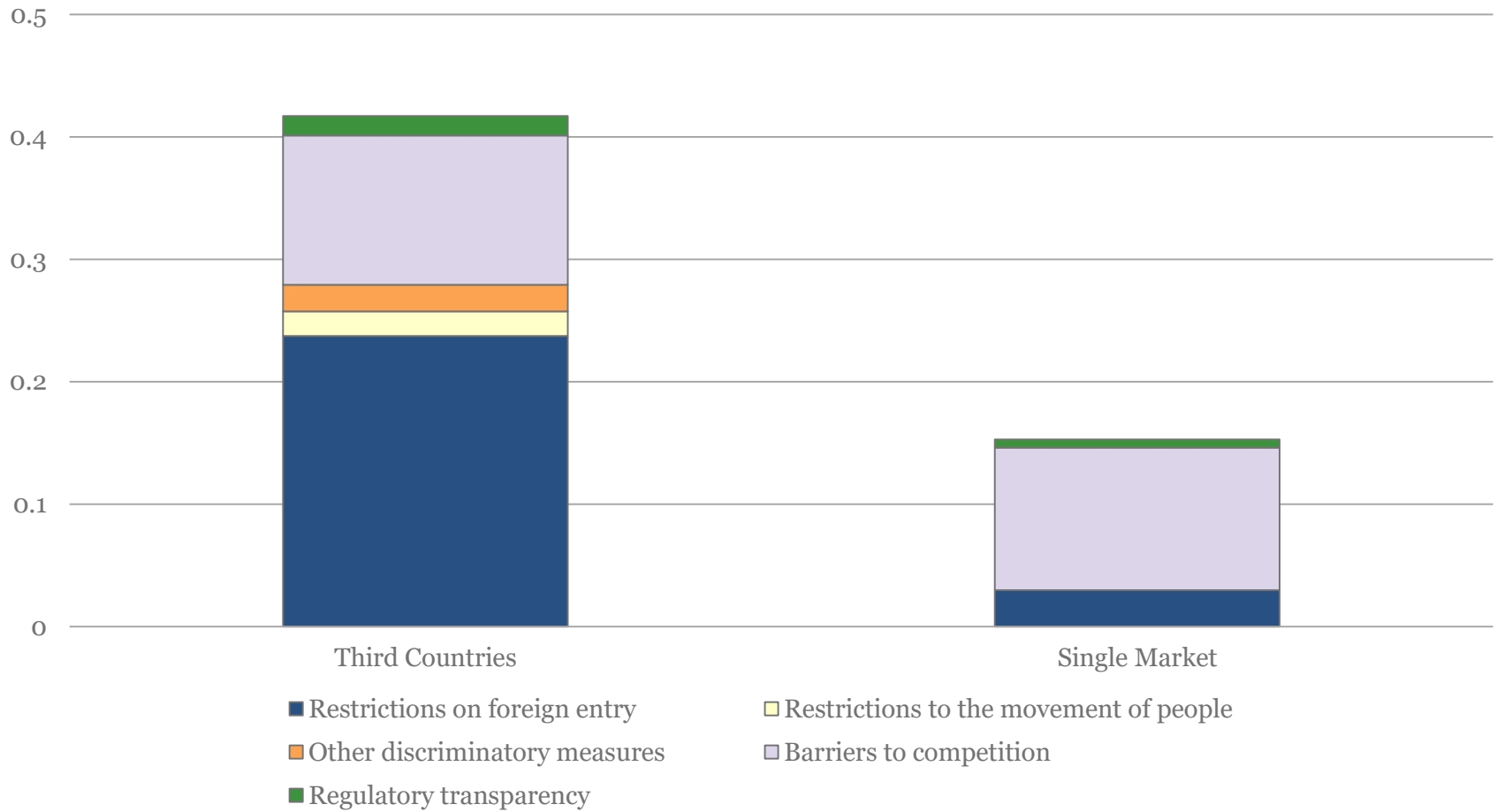


# Intra-EEA STRI sector profiles 2018



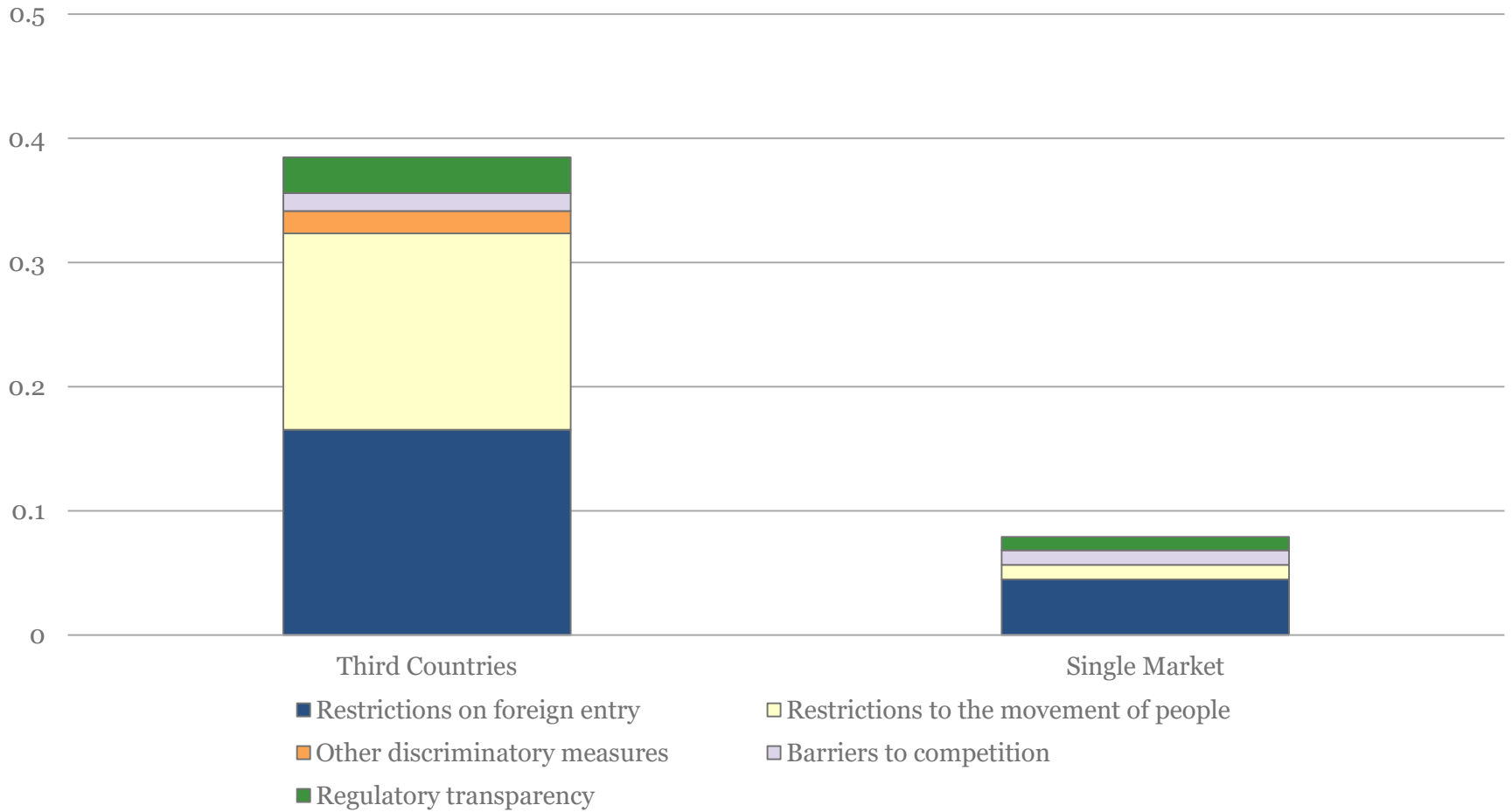


# Air transport



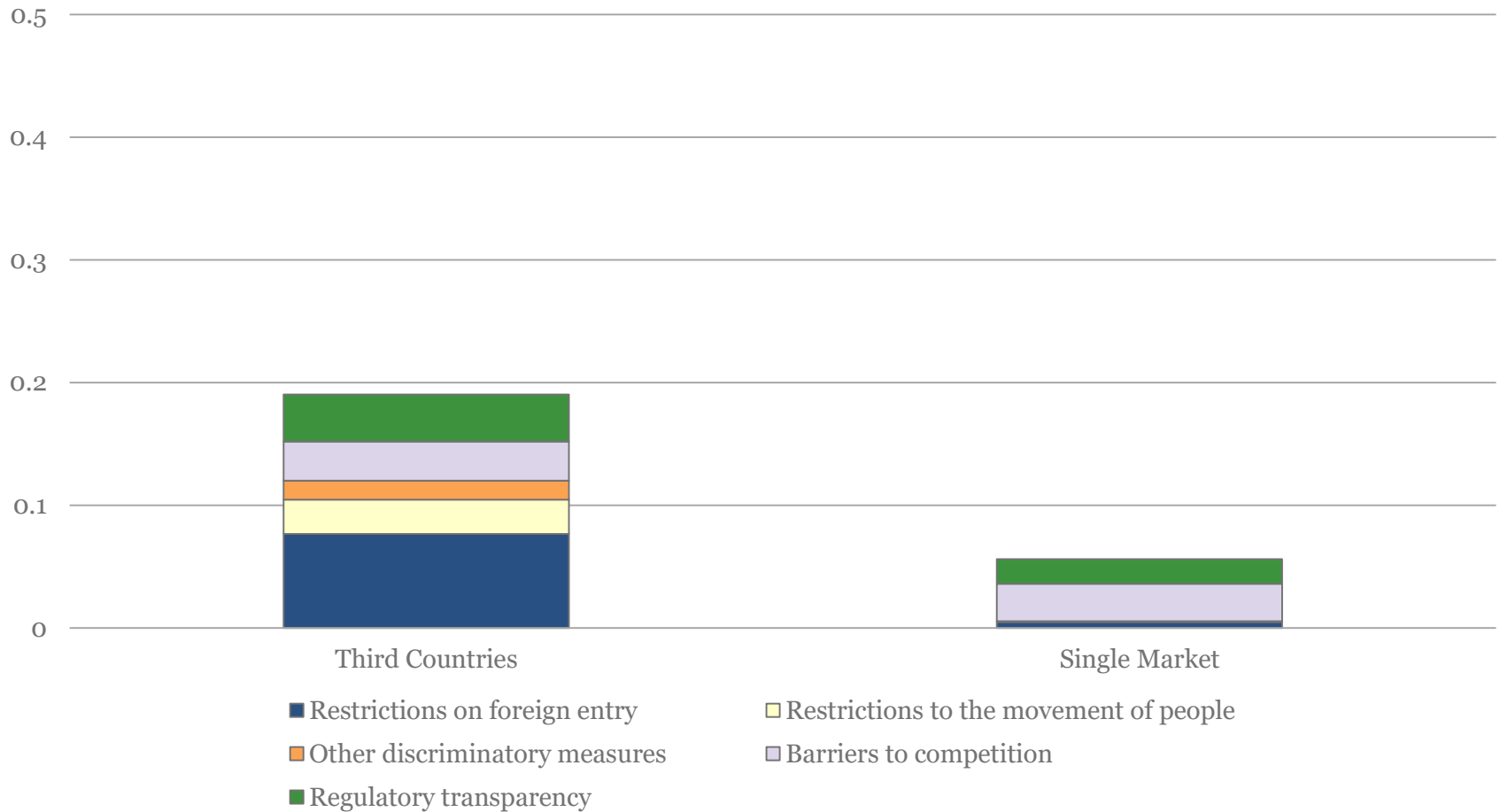


# Legal services



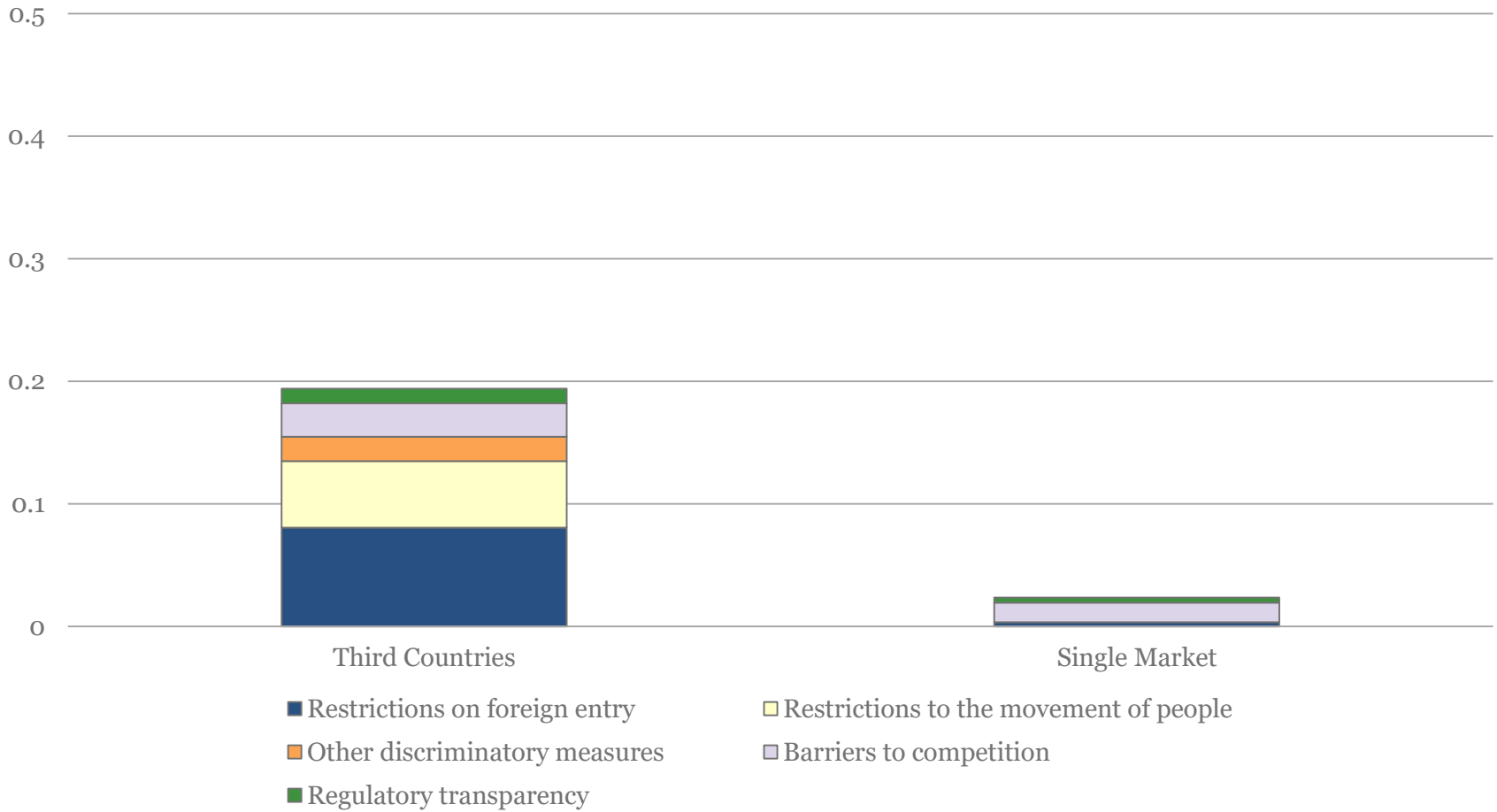


# Commercial banking





# Road freight transport





# Findings

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- **Single Market achievements:**
  - Internal restrictions vs. third country restrictions: differ by a **factor of four** on average
  - Largest absolute difference in legal services, air transport and accounting; smallest in distribution
- **BUT: Services trade barriers remain in all sectors**
- **Regulatory harmonisation** within Single Market:
  - Regulatory heterogeneity drops by factor of four.
  - Harmonisation most advanced in road freight transport and air transport



## Contact us

We look forward to hearing from you!



Access all of the information from the Trade & Agriculture Directorate at:

[www.oecd.org/tad](http://www.oecd.org/tad)



You can reach us via e-mail by sending your message to the following address:

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