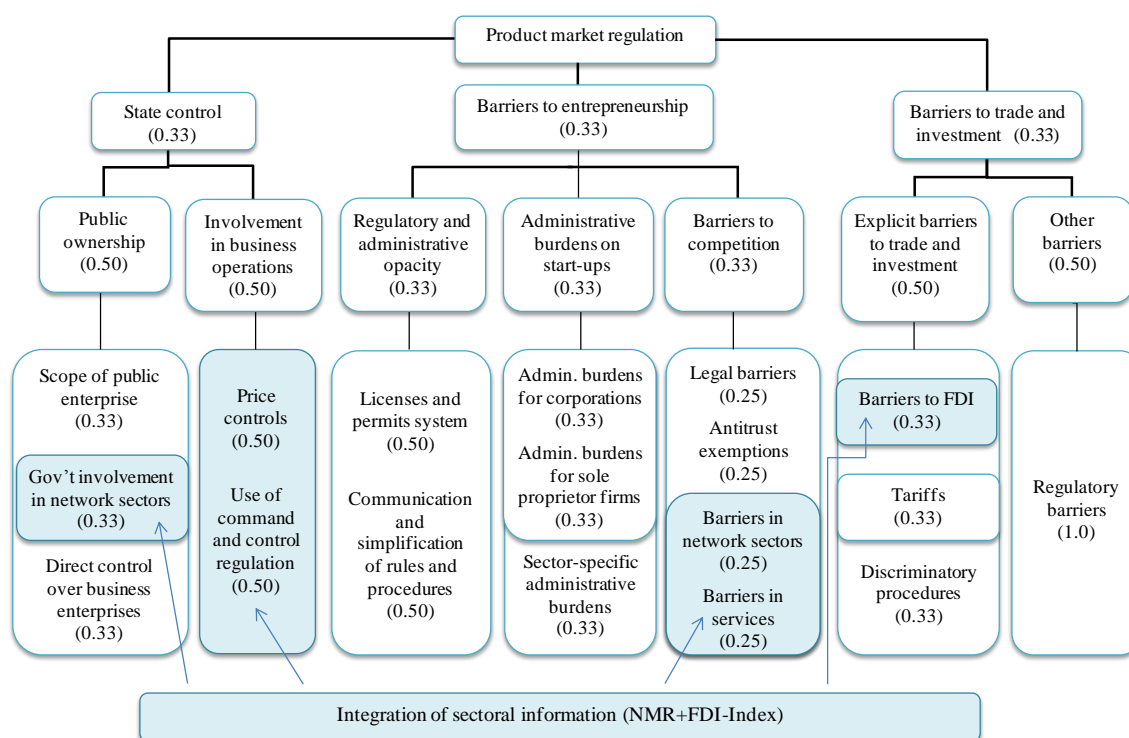


SCHEMATA FOR THE "INTEGRATED PMR INDICATOR" 2008

This document describes the schemata with which the 18 low-level indicators of the updated and substantially revised **2008 OECD Indicator of Product Market Regulation (PMR)** are computed.¹ This "integrated PMR indicator" replaces the "old" economy-wide PMR indicator.² It integrates the indicators of regulation in non-manufacturing sectors (NMR) and the OECD FDI Regulatory Restrictiveness Index and covers thus to a much larger extent than in the past information on sector-specific regulation.³ The tree structure below shows the individual low-level indicators and highlights the places where the sector-specific information has been integrated.

The tree structure of the "integrated PMR indicator"



1. This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.
2. See for more information on the overall system of OECD Indicators of Product Market Regulation the PMR Homepage: <http://www.oecd.org/eco/pmr>. More detail on the integrated indicator can be found in Wölfl et al. (2009). The previous version of the PMR indicator is described in Conway et al. (2005).
3. For more information on the indicators of regulation in non-manufacturing sectors (NMR) see Conway and Nicoletti (2006). For more information on the FDI restrictiveness indicator see Kalinova *et al.* (2010).

1. State Control

Scope of public enterprises: measures the pervasiveness of state-ownership across business sectors as the proportion of sectors in which the state controls at least one firm

Table 1. **Integrated PMR indicator, low-level indicator: Scope of public enterprise sector**

| National, state or provincial government controls at least one firm in: | | | Coding of answers | |
|---|--|--|-------------------|----|
| ISIC (Rev. 3.1) code | Sector | Weight (a _i) | Yes | No |
| 16 | Manufacture of tobacco products | 1 | 6 | 0 |
| 232 | Manufacture of refined petroleum products | 1 | 6 | 0 |
| 27 | Manufacture of basic metals | 1 | 6 | 0 |
| 28, 29 | Manufacture of fabricated metal products, machinery and equipment | 1 | 6 | 0 |
| 4010 | Electricity: electricity generation/import or electricity transmission or electricity distribution or electricity supply | 1 | 6 | 0 |
| 4020 | Gas: gas production/import or gas transmission or gas distribution or gas supply | 1 | 6 | 0 |
| 4100 | Collection, purification and distribution of water | 1 | 6 | 0 |
| 50, 51 | Wholesale trade, incl. motor vehicles | 1 | 6 | 0 |
| 55 | Restaurant and hotels | 1 | 6 | 0 |
| 601, 6303 | Railways: Passenger transport via railways, Freight transport via railways, Operation of railroad infrastructure | 1 | 6 | 0 |
| 6021 | Other urban, suburban and interurban passenger transport | 1 | 6 | 0 |
| 6021 | Other scheduled passenger land transport | 1 | 6 | 0 |
| 6023 | Freight transport by road | 1 | 6 | 0 |
| 6303 | Operation of road infrastructure | 1 | 6 | 0 |
| 61 | Water transport | 1 | 6 | 0 |
| 6303 | Operation of water transport infrastructure | 1 | 6 | 0 |
| 62 | Air transport | 1 | 6 | 0 |
| 6303 | Operation of air transport infrastructure | 1 | 6 | 0 |
| 642 | Telecommunication: fixed line services, mobile services, internet services. | 1 | 6 | 0 |
| 6519, 659, 671 | Financial institutions | 1 | 6 | 0 |
| 66, 672 | Insurance | 1 | 6 | 0 |
| 74 | Other business activity | 1 | 6 | 0 |
| 851 | Human health activities | 1 | 6 | 0 |
| 9211, 9212 | Motion picture distribution and projection | 1 | 6 | 0 |
| Country score (0-6) | | $(\sum_i a_i \text{ answer}_i) / \sum_i a_i$ | | |

Note: The indicator is computed only if at least 20 data points are available.

Network industries:

Electricity: a YES is recorded if national, state or provincial government controls at least one firm in any of the following sectors: electricity generation/import, electricity transmission, electricity distribution/supply.

Gas: a YES is recorded if national, state or provincial government controls at least one firm in any of the following sectors: gas production/import, gas transmission, gas distribution/supply.

Railways: a YES is recorded if national, state or provincial government controls at least one firm in any of the following sectors: passenger transport via railways, freight transport via railways, operation of railroad infrastructure.

Telecommunication: a YES is recorded if national, state or provincial government controls at least one firm in any of the following sectors: fixed line services, mobile services, internet services.

Government involvement in network sectors: measures the extent of public ownership in the energy, communications and transport sectors.

Table 2. **Integrated PMR indicator, low-level indicator: Government involvement in network sector**

| | <i>Industry weight (b_j)</i> | <i>Question weight (c_k)</i> | Coding of answers | | | | | |
|--|--|---|---|--|---|----------------------|-------------|--|
| Gas industry | 1/6 | | | | | | | |
| What percentage of shares in the largest firm in the gas production/import sector are owned by government? | | 1/3 | None 0 | Between 0 and 100 % 3 | 100% 6 | | | |
| What percentage of shares in the largest firm in the gas transmission sector are owned by government? | | 1/3 | 0 | 3 | 6 | | | |
| What percentage of shares in the largest firm in the gas distribution sector are owned by government? | | 1/3 | 0 | 3 | 6 | | | |
| Electricity industry | 1/6 | | | | | | | |
| What is the ownership structure of the largest companies in the generation, transmission, distribution, and supply segments of the electricity industry? | | 1 | Private 0 | Mostly Private 1.5 | Mixed 3 | Mostly Public 4.5 | Public 6 | |
| Rail transport | 1/6 | | | | | | | |
| What percentage of shares in the largest firm in operation of infrastructure sector is owned by government? | | 1/3 | No public ownership 0 | Between 0 and 100 % 3 | 100% 6 | | | |
| What percentage of shares in the largest firm in passenger transport sector is owned by government? | | 1/3 | 0 | 3 | 6 | | | |
| What percentage of shares in the largest firm in freight transport sector is owned by government? | | 1/3 | 0 | 3 | 6 | | | |
| Air transport | 1/6 | | | | | | | |
| What percentage of shares in the largest carrier (domestic and international traffic combined) are owned by national, state or provincial authorities? | | 1 | % of shares owned by government / 100 * 6 | | | | | |
| Postal services | 1/6 | | | | | | | |
| What percentage of shares in the largest firm in the sector: "basic letter services" are owned by the government? | | 1/3 | None 0 | Between 0 and 100 % 3 | 100% 6 | | | |
| What percentage of shares in the largest firm in the sector: "basic parcel services" are owned by the government? | | 1/3 | 0 | 3 | 6 | | | |
| What is the extent of public ownership in the courier (activities other than national post) sector? | | 1/3 | No Govt involvement in sector 0 | Govt. controls at least 1 firm, but other firms operate as well 3 | Govt controls all dominant firms in sector 6 | | | |
| Telecommunication ¹ | 1/6 | | | | | | | |
| What percentage of shares in the PTO are owned by government? | | 1-w ^m | % government ownership / 100 * 6 | | | | | |
| What percentage of shares in the largest firm in the mobile telecommunications sector are owned by government? | | w ^m | % government ownership / 100 * 6 | | | | | |
| Country scores (0-6) | | $\sum_j b_j \sum_k c_k \text{ answer}_{jk}$ | | | | | | |

1 "PTO" stands for "Public telecommunications operator". The weight w^m is the 1998 and 2003 OECD-wide revenue share from mobile telephony in total revenue from trunk, international, and mobile.

Direct control over business enterprises: measures the existence of government special voting rights in privately-owned firms, constraints on the sale of state-owned equity stakes, and the extent to which legislative bodies control the strategic choices of public enterprises.

Table 3. Integrated PMR indicator, low-level indicator: Direct control over business enterprises

| | Question weight | Sub-question weight | Coding of answers | |
|---|---|---------------------|-------------------|----|
| | b_i | a_i | Yes | No |
| General constraints | | | | |
| There are any legal or constitutional constraints to the sale of the stakes held by government in publicly-controlled firms | $0.3 \cdot s_i$ | | 6 | 0 |
| Strategic choices of any publicly-controlled firms have to be reviewed and/or cleared in advance by national, state, or provincial legislatures | $0.2 \cdot s_i$ | | 6 | 0 |
| Golden shares | | | | |
| National, state or provincial governments have special voting rights (e.g. golden shares) in any firms within the business sector | 0.25 | | 6 | 0 |
| Extent of the special voting rights | | | | |
| These special rights can be exercised in: | 0.25 | | | |
| - merger with or acquisition by another company | | 1/4 | 6 | 0 |
| - change in controlling coalition | | 1/4 | 6 | 0 |
| - choice of management | | 1/4 | 6 | 0 |
| - strategic management decisions | | 1/4 | 6 | 0 |
| Country scores (0-6) | $\sum_{i=1}^3 b_i \cdot answer_i + b_4 \cdot \sum_i a_i \cdot answer_i$ | | | |

Note: s_i : % of business sectors in which the state controls at least one firm.

Missing data point rules:

- if the circumstances under which a special voting right can be exercised are not known only the existence of the special voting right is taken into account to compute the golden share element.
- if no data are available concerning the strategic choices only the data concerning the legal and constitutional constraints are taken into account with a weight of 50%

Price controls: reflects the extent of price controls in competitive sectors, such as air travel, retail trade, road freight, professional services, and mobile communications.

Table 4. **Integrated PMR indicator, low-level indicator: Price controls**

| | Industry weight (b_j) | Question weight (c_k) | Coding of answers | | | | | | |
|--|---|------------------------------|--------------------|---|--|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| | | | Yes | | | No | | | |
| Air travel | 1/5 | | | | | | | | |
| Prices of domestic air fares are regulated | | 1/2 | 6 | | | 0 | | | |
| Number of 5 or 4 busiest international routes subject to price regulation (n) | | 1/2 | (n/5)*6 or (n/4)*6 | | | | | | |
| Road freight | 1/5 | | | | | | | | |
| Retail prices of road freight services are regulated in any way by the government | | 1/3 | 6 | | | 0 | | | |
| Government provides pricing guidelines to road freight companies | | 1/3 | 6 | | | 0 | | | |
| Professional bodies or representatives of trade and commercial interests are involved in specifying or enforcing pricing guidelines or regulations | | 1/3 | 6 | | | 0 | | | |
| Retail distribution | 1/5 | | | | | | | | |
| Retail prices of the following products are subject to price controls: | | | | | | | | | |
| - Retail prices of certain staples (e.g. milk and bread) | | 1/6 | 6 | | | 0 | | | |
| - Retail prices of gasoline | | 1/6 | 6 | | | 0 | | | |
| - Retail prices of tobacco | | 1/6 | 6 | | | 0 | | | |
| - Retail prices of alcohol | | 1/6 | 6 | | | 0 | | | |
| - Retail prices of pharmaceuticals | | 1/6 | 6 | | | 0 | | | |
| - Retail prices of other product | | 1/6 | 6 | | | 0 | | | |
| Telecommunication | 1/5 | | | | | | | | |
| Retail prices of digital mobile service in telecommunications are regulated | | 1 | 6 | | | 0 | | | |
| Professional services ¹ | 1/5 | | | | | | | | |
| <i>Regulations on prices and fees:</i> Are the fees or prices that a profession charges regulated in any way (by government or self-regulated)? | | | no regulation | non-binding recommended prices on some services | non-binding recommended prices on all services | maximum prices on some services | maximum prices on all services | minimum prices on some services | minimum prices on all services |
| | | | 0 | 1 | 2 | 3 | 4 | 5 | 6 |
| Country scores (0-6) | $\sum_j b_j \sum_k c_k \text{ answer}_{jk}$ | | | | | | | | |

1. Average of available professional services.

Note: Missing data point:

- in the case of missing data in the sub-element of air travel or road freight a simple average of the available data points is used.
- in the case of missing data in the types of retail price controls, a simple average of the available data points is used.
- the overall indicator is a simple average of the available sub-elements (air travel, road freight, retail trade, telecommunication, professional services).

Use of command and control regulation: indicates the extent to which government uses coercive (as opposed to incentive-based) regulation in general and in specific service sectors.

Table 5. Integrated PMR indicator, low-level indicator: Use of command and control regulation

| | Topic weight (a) | Industry weight (b) | Question weight (c) | Coding of answers | | | |
|--|---|---------------------|---------------------|------------------------------|---------------------------------|--|-----------------------------|
| | | | | Yes | No | | |
| General information | 1/2 | | | | | | |
| Regulators are required to assess alternative policy instruments (regulatory and non-regulatory) before adopting new regulation | | | 1/2 | 0 | 6 | | |
| Guidance has been issued on using alternatives to traditional regulation | | | 1/2 | 0 | 6 | | |
| Sector-specific information | 1/2 | | | | | | |
| Road freight | | 1/5 | | | | | |
| Regulations prevent or constrain backhauling (picking up freight on the return leg) | | | 1/4 | 6 | 0 | | |
| Regulations prevent or constrain private carriage (transport only for own account) | | | 1/4 | 6 | 0 | | |
| Regulations prevent or constrain contract carriage (contractual relation between an otherwise independent hauler and one shipper) | | | 1/4 | 6 | 0 | | |
| Regulations prevent or constrain intermodal operations (operating or ownership links between firms in different transportation sectors) | | | 1/4 | 6 | 0 | | |
| Retail distribution | | 1/5 | | | | | |
| Shop opening hours are regulated | | | 2/3 | 6 | 0 | | |
| Government regulations on shop opening hours apply at national level | | | 1/3 | 6 | 0 | | |
| Air travel | | 1/5 | | | | | |
| Carriers operating on domestic routes are subject to universal service requirements (e.g. obligation to serve specified customers or areas) | | | 1 | 6 | 0 | | |
| Railways | | 1/5 | | | | | |
| Companies operating the infrastructure or providing railway services are subject to universal service requirements (e.g. obligation to serve specified customers or areas) | | | 1 | 6 | 0 | | |
| Professional services ¹ | | 1/5 | | | | | |
| <i>Regulations on advertising: Is advertising and marketing by the profession regulated in any way?</i> | | | 1/3 | no specific regulations 0 | advertising is regulated 3 | advertising is prohibited 6 | |
| <i>Regulation on form of business: Is the legal form of business restricted to a particular type?</i> | | | 1/3 | no restrictions 0 | some incorporation allowed 2 | incorporation forbidden 5 | sole practitioner only 6 |
| <i>Inter-professional cooperation: Is cooperation between professionals restricted?</i> | | | 1/3 | all forms allowed 0 | generally allowed 3 | allowed with comparable professions 4.5 | generally forbidden 6 |
| Country scores (0-6) | $\sum_i a_i \sum_j b_j \sum_k c_k \text{ answer}_{ijk}$ | | | | | | |

1. Average of indicators for individual professional services (accounting, legal, architecture, engineering).

Note: In case of missing data points, the sector-specific element is a simple average of the available sectoral sub-elements.

2. Barriers to Entrepreneurship

Licenses and permits systems: reflects the use of ‘one-stop shops’ and ‘silence is consent’ rules for getting information on and issuing licenses and permits.

Table 6. **Integrated PMR indicator, low-level indicator: Licenses and permits system**

| | <i>Question weight</i> <i>(c_k)</i> | Coding of answers | |
|--|--|--------------------------|-----------|
| | | Yes | No |
| The 'silence is consent' rule (i.e. that licenses are issued automatically if the competent licensing office has not acted by the end of the statutory response period) is used at all | 1/3 | 0 | 6 |
| There are single contact points (“one-stop shops”) for getting information on notifications and licenses | 1/3 | 0 | 6 |
| There are single contact points (“one-stop shops”) for issuing or accepting on notifications and licenses | 1/3 | 0 | 6 |
| Country scores (0-6) | $\sum_k c_k \text{ answer}_{jk}$ | | |

Note: Missing data points: if at least two of the three data points are available, the indicator is calculated as a simple average of the available data points.

Communication and simplification of rules and procedures: reflects aspects of government's communication strategy and efforts to reduce and simplify the administrative burden of interacting with government.

Table 7. **Integrated PMR indicator, low-level indicator: Communication and simplification of rules and procedures**

| | Theme weight (b_j) | Question weight (c_k) | Coding of answers | |
|---|---|------------------------------|--------------------------|-------------------------------|
| | | | Yes | No |
| Communication¹ | 1/2 | | | |
| There are systematic procedures for making regulations known and accessible to affected parties | | 2/12 | 0 | 6 |
| There is a general policy requiring "plain language" drafting of regulation | | 1/12 | 0 | 6 |
| There are inquiry points where affected or interested foreign parties can get information on the operation and enforcement of regulations | | 3/12 | 0 | 6 |
| Affected parties have the right to appeal against adverse enforcement decisions in individual cases | | 4/12 | Yes or in all cases 0 | In some cases 3 No 6 |
| Government policy imposes specific requirements in relation to transparency/freedom of information government wide | | 2/12 | Yes 0 | No 3 6 |
| Simplification² | 1/2*W | | | |
| National government (all ministries and agencies) keeps a complete count of the number of permits and licenses required | | 1/3 | 0 | 6 |
| There is an explicit program to reduce the administrative burdens imposed by government on enterprises and/or citizens | | 1/3 | 0 | 6 |
| There is a program underway to review and reduce the number of licenses and permits required by the national government | | 1/3 | 0 | 6 |
| Country scores (0-6) | $\sum b_j \sum c_k \text{ answer}_{jk}$ | | | |

Note: $W = W_i / \text{Max } W_{98}$; W_i is a simple average of the indicator scores of administrative burdens on corporations, administrative burdens on sole proprietor firms, sector-specific administrative burdens, and communication.

Missing data point:

- for the simplification element: if at least two of the three data points are available, a simple average of the available data is used,
- for the communication element: if at least four data points are available, a weighted average of the available data is used.

Administrative burdens for corporations: measures the extent of administrative burdens on the creation of corporations.

Table 8. Integrated PMR indicator, low-level indicator: Administrative burdens for corporations

| | Weight (c_k) | Coding of answers | | | | | | |
|---|---------------------|-------------------|--------|--------|--------|--------|--------|-------|
| | | 0 | 1 | 2 | 3 | 4 | 5 | 6 |
| Number of mandatory procedures required to register a public limited company (pre-registration+registration) | 1/4 | <=4 | <=7 | <=12 | <=18 | <=23 | <=29 | >29 |
| Number of public and private bodies to contact to register a public limited company (pre-registration+registration) | 1/4 | <=1 | <=3 | <=5 | <=7 | <=9 | <=11 | >11 |
| Number of working days required to complete all mandatory procedures for registering a public limited company (pre-registration+registration) | 1/4 | <=16 | <=33 | <=49 | <=66 | <=82 | <=98 | >98 |
| Total cost (US\$) of registering a public limited company (pre-registration+registration) | 1/4 | <=550 | <=1150 | <=1700 | <=2800 | <=5600 | <=8500 | >8500 |

Country scores (0-6)

$$\sum_k c_k \text{ answer}_k$$

Note: Total cost of registering a public limited company are adjusted for PPPs.

Missing data: If no more than 1 element is missing the indicator is calculated as a simple average of the available data.

Administrative burdens for sole proprietors: measures the extent of administrative burdens on the creation of sole proprietor firms.

Table 9. Integrated PMR indicator, low-level indicator: Administrative burdens for sole proprietor firms

| | Weight (c_k) | Coding of answers | | | | | | |
|--|---------------------|-------------------|------|------|------|------|--------|-------|
| | | 0 | 1 | 2 | 3 | 4 | 5 | 6 |
| Number of mandatory procedures required to register a sole proprietor firms (pre-registration+registration) | 1/4 | <=1 | <=3 | <=4 | <=7 | <=10 | <=13 | >13 |
| Number of public and private bodies to contact to register a sole proprietor firms (pre-registration+registration) | 1/4 | <=1 | <=3 | <=5 | <=8 | <=10 | <=12 | >12 |
| Number of working days required to complete all mandatory procedures for registering sole proprietor firms (pre-registration+registration) | 1/4 | <=7 | <=14 | <=29 | <=43 | <=58 | <=72 | >72 |
| Total cost (US\$) of registering a sole proprietor firms (pre-registration+registration) | 1/4 | 0 | <110 | <350 | <550 | <850 | <=1150 | >1150 |

Country score (0-6)

$$\sum_k c_k \text{ answer}_k$$

Note: Total cost of registering a sole proprietor firm are adjusted for PPPs.

Missing data: If no more than 1 element is missing the indicator is calculated as a simple average of the available data.

Sector-specific administrative burdens: reflects administrative burdens in the road transport and retail distribution sectors.

Table 10. Integrated PMR indicator, low-level indicator: Sector-specific administrative burdens

| | Industry weight (b_j) $1/2 * W_i^{(1)}$ | Question weight (c_k) | Coding of answers | | | | | | | | |
|---|--|-----------------------------------|---|--|-----|-----------|-----------|----|--|--|--|
| Road freight | | | | | | | | | | | |
| In order to establish a national road freight business, operators need to obtain a license (other than a driving license) or permit from the government or a regulatory agency | | | Yes | No | No | No | No | No | | | |
| In order to establish a national road freight business, operators need to notify any level of government or a regulatory agency and wait for approval before they can start operation | | 1/3 | No | Yes | No | No | No | No | | | |
| Registration in transport register is required in order to establish a new business in the road freight sector | | | No | No | Yes | No | No | No | | | |
| In order to operate a national road freight business, operators need to notify any level of government or a regulatory agency | | | No | No | No | Yes | No | No | | | |
| | | | 4 | 3 | 2 | 1 | 0 | | | | |
| | | | | Yes | | No | | | | | |
| There are criteria other than technical and financial fitness and compliance with public safety requirements considered in decisions on entry of new operators | | 1/3 | | 1 | | 0 | | | | | |
| These entry regulations apply also if a firm wants to transport only for its own account | | 1/3 | | 1 | | 0 | | | | | |
| | | | Always required | Depends on type of good sold or size of outlets | | | No | | | | |
| Retail distribution | $1/2 * W_i^{(1)}$ | | | | | | | | | | |
| Registration in commercial register is needed to start up a commercial activity for selling <u>food</u> products | | 1/8 | 6 | | 3 | | 0 | | | | |
| Registration in commercial register is needed to start up a commercial activity for selling <u>clothing</u> products | | 1/8 | 6 | | 3 | | 0 | | | | |
| Notification to authorities is needed to start up a commercial activity for selling <u>food</u> products | | 1/8 | 6 | | 3 | | 0 | | | | |
| Notification to authorities is needed to start up a commercial activity for selling <u>clothing</u> products | | 1/8 | 6 | | 3 | | 0 | | | | |
| Licenses or permits are needed to engage in commercial activity (not related to outlet sitting) for selling <u>food</u> products | | 1/8 | 6 | | 3 | | 0 | | | | |
| Licenses or permits are needed to engage in commercial activity (not related to outlet sitting) for selling <u>clothing</u> products | | 1/8 | 6 | | 3 | | 0 | | | | |
| Licenses or permits are needed for outlet sitting (in addition to compliance with general urban planning provisions) for selling <u>food</u> products | | 1/8 | 6 | | 3 | | 0 | | | | |
| Licenses or permits are needed for outlet sitting (in addition to compliance with general urban planning provisions) for selling <u>clothing</u> products | | 1/8 | 6 | | 3 | | 0 | | | | |
| Country scores (0-6) | | | $\sum_j b_j \sum_k c_k \text{ answer}_{jk}$ | | | | | | | | |
| <i>Note:</i> Normalized value of the indicator of general administrative burdens on startups $W_i = w_i / \text{Max } w_{98}$ | | | | | | | | | | | |
| Missing data point: | | | | | | | | | | | |
| - for the retail distribution sub-element, a simple average of the available data points is used, | | | | | | | | | | | |
| - if only one of the two sub-element (road freight, retail distribution) is available the overall indicator is still computed with the only available sub-element | | | | | | | | | | | |

Legal barriers: measures the pervasiveness of barriers to entry across business sectors as the proportion of sectors in which there are explicit legal limitations on the number of competitors.

Table 11. **Integrated PMR indicator, low-level indicator: Legal barriers to entry**

| National, state or provincial laws or other regulations restrict the number of competitors allowed to operate a business in at least some markets in: | | | Coding of answers | |
|---|--|--------------------------|--|----|
| ISIC (rev. 3.1) code | Sector | Weight (a _i) | Yes | No |
| 16 | Manufacture of tobacco products | 1 | 6 | 0 |
| 232 | Manufacture of refined petroleum products | 1 | 6 | 0 |
| 27 | Manufacture of basic metals | 1 | 6 | 0 |
| 28, 29 | Manufacture of fabricated metal products, machinery and equipment | 1 | 6 | 0 |
| 4010 | Electricity: electricity generation/import or electricity supply | 1 | 6 | 0 |
| 4020 | Gas: gas production/import or gas supply | 1 | 6 | 0 |
| 4100 | Collection, purification and distribution of water | 1 | 6 | 0 |
| 50, 51 | Wholesale trade, incl. motor vehicles | 1 | 6 | 0 |
| 55 | Restaurant and hotels | 1 | 6 | 0 |
| 601, 6303 | Railways: Passenger transport via railways, Freight transport via railways, Operation of railroad infrastructure | 1 | 6 | 0 |
| 6021 | Other urban, suburban and interurban passenger transport | 1 | 6 | 0 |
| 6023 | Freight transport by road | 1 | 6 | 0 |
| 6303 | Operation of road infrastructure | 1 | 6 | 0 |
| 61 | Water transport | 1 | 6 | 0 |
| 6303 | Operation of water transport infrastructure | 1 | 6 | 0 |
| 62 | Air transport | 1 | 6 | 0 |
| 6303 | Operation of air transport infrastructure | 1 | 6 | 0 |
| 642 | Telecommunication: fixed-line network, fixed-line services, mobile services, internet services | 1 | 6 | 0 |
| 6519, 659, 671 | Financial institutions | 1 | 6 | 0 |
| 66, 672 | Insurance | 1 | 6 | 0 |
| 74 | Other business activity | 1 | 6 | 0 |
| 851 | Human health activities | 1 | 6 | 0 |
| 9211, 9212 | Motion picture distribution and projection | 1 | 6 | 0 |
| Country scores (0-6) | | | $(\sum_i a_i \text{ answer}_i) / \sum_i a_i$ | |

Note: The indicator is calculated if at least 20 data points are available.

Network industries:

Electricity: a YES is recorded if legal barriers restrict entry in any of the following sectors: electricity generation, electricity import, electricity supply.

Gas: a YES is recorded if legal barriers restrict entry in any of the following sectors: gas production, gas import, gas supply

Railways: a YES is recorded if legal barriers restrict entry in any of the following sectors: passenger transport via railways, freight transport via railways, operation of railroad infrastructure

Telecommunication: a YES is recorded if legal barriers restrict entry in any of the following sectors: fixed line services, mobile services, internet services.

Antitrust exemptions: measures the scope of exemptions to competition law for public enterprises.

Table 12. **Integrated PMR indicator, low-level indicator:**
Antitrust exemptions for public enterprises or state-mandated actions

| | Question weight (C_k) | Coding of answers | |
|---|---|--------------------------|-----------|
| | | Yes | No |
| Is there rule or principle providing for exclusion or exemption from liability under the general competition law for conduct that is required or authorized by other government authority (in addition to exclusions that might apply to complete sectors)? | ¼*W _i | 6 | 0 |
| Publicly-controlled firms or undertakings are subject to an exclusion or exemption from competition law such as horizontal cartels | ¼*W _i | 6 | 0 |
| Publicly-controlled firms or undertakings are subject to an exclusion or exemption from competition law such as vertical restraints or to abuse of dominance | ¼*W _i | 6 | 0 |
| Publicly-controlled firms or undertakings are subject to an exclusion or exemption from competition law such as mergers | ¼*W _i | 6 | 0 |
| Country scores (0-6) | $W_i * \sum_k C_k \text{ answer}_k / W_{98}^{\max}$ | | |

Note: W_i = Scope of public enterprise sector
 Missing data point: in case of missing data points, a simple average of the available data points is used.

Barriers to entry in network sectors: measures various kinds of entry barriers in network sectors, as well as the degree of vertical integration in energy, rail transport and telecommunication sector.

Table 13. **Integrated PMR indicator, low-level indicator: Barriers in network sectors**

| | <i>Theme weight (a_i)</i> | <i>Question weight (c_k)</i> | Coding of answers | | | | | |
|--|-------------------------------------|--|---|--|--------------------------|--|---------------------|----------------|
| Entry regulation in network sector ¹ | 1/2 | | | | | | | |
| <i>Gas industry</i> | | | | | | | | |
| How are the terms and conditions of third party access (TPA) to the gas transmission grid determined? | | 1/3 | Regulated TPA 0 | Negotiated TPA 3 | | No TPA 6 | | |
| What percentage of the retail market is open to consumer choice? | | 1/3 | (1-% of market open to choice/100)*6 | | | | | |
| Is entry restricted in the gas production/import sector ? | | 1/3 | No, free entry in all markets 0 | Yes, in some markets 3 | | Yes, in all markets 6 | | |
| <i>Electricity industry</i> | | | | | | | | |
| How are the terms and conditions of third party access (TPA) to the electricity transmission grid determined? | | 1/3 | Regulated TPA 0 | Negotiated TPA 3 | | No TPA 6 | | |
| Is there a liberalised wholesale market for electricity (a wholesale pool)? | | 1/3 | yes 0 | | | no 6 | | |
| What is the minimum consumption threshold that consumers must exceed in order to be able to choose their electricity supplier (GWh/year) ? | | 1/3 | No 0 | <250 1 | Between 250 and 500 2 | Between 500 and 1000 3 | More than 1000 4 | No choice 6 |
| <i>Rail transport</i> | | | | | | | | |
| What are the legal conditions of entry into the passenger transport rail market? | | 1/2 | Free entry (upon paying access fees) 0 | Entry franchised to several firms 3 | | Entry franchised to a single firm or regulated according to EU 1991 directive 6 | | |
| What are the legal conditions of entry into the freight transport rail market? | | 1/2 | 0 | 3 | | 6 | | |
| <i>Air transport ²</i> | | | | | | | | |
| Does your country have an open skies agreement with the United States? | | 1/2*W | Yes 0 | | | No 6 | | |
| Is your country participating in a regional agreement? | | 1/2*W | 0 | | | 6 | | |
| Is the domestic aviation market in your country fully liberalised? That is, there are no restrictions on the number of (domestic) airlines that are allowed to operate on domestic routes? | | (1-W) | 0 | | | 6 | | |
| <i>Road freight</i> | | | | | | | | |
| Does the regulator, through licenses or otherwise, have any power to limit industry capacity? | | 2/5 | Yes 6 | | | No 0 | | |
| Are professional bodies or representatives of trade and commercial interests involved in specifying or enforcing entry regulations? | | 3/5 | 6 | | | 0 | | |

Table 13 cont'd. **Integrated PMR indicator, low-level indicator: Barriers in network sectors**

| Postal services | | No, free entry in all markets | Yes, in some markets | Yes, in all markets | |
|---|-------------------------------|-------------------------------|-------------------------------|----------------------|----|
| Is entry restricted in the national post - basic letter services sector ? | 1/3 | 0 | 3 | 6 | |
| Is entry restricted in the national post - basic parcel services sector ? | 1/3 | 0 | 3 | 6 | |
| Is entry restricted in the courier activities (other than national post) sector ? | 1/3 | no 0 | | yes 6 | |
| Telecommunications ³ | | Free entry | Franchised to 2 or more firms | Franchised to 1 firm | |
| What are the legal conditions of entry into the trunk telephony market? | $1/4 * w^t * (1 - w^m)$ | 0 | 3 | 6 | |
| What are the legal conditions of entry into the international market? | $1/4 * (1 - w^t) * (1 - w^m)$ | 0 | 3 | 6 | |
| What are the legal conditions of entry into the mobile market? | $1/2 * w^m$ | 0 | 3 | 6 | |
| Vertical integration in infrastructure sector ⁴ | | | | | |
| Gas industry | | Ownership separation | Legal/Accounting separation | Integrated | |
| What is the degree of vertical separation between gas production/import and the other segments of the industry? | 1/2 | 0 | 3 | 6 | |
| What is the degree of vertical separation between gas supply and the other segments of the industry? | 3/10 | 0 | 3 | 6 | |
| Is gas distribution vertically separate from gas transmission? | 1/5 | 0 | | 6 | |
| Electricity industry | | Separate Companies | Accounting separation | Integrated | |
| What is the degree of vertical separation between the transmission and generation segments of the electricity industry? | 1/2 | 0 | 3 | 6 | |
| What is the overall degree of vertical integration in the electricity industry? | 1/2 | Unbundled 0 | Mixed 3 | Integrated 6 | |
| Rail transport | | Ownership | Legal | Accounting | No |
| What is the degree of separation between the operation of infrastructure and the provision of railway services (the actual transport of passengers or freight)? | 1 | 0 | 3 | 4.5 | 6 |

Country scores (0-6)

$$\sum_i a_i \sum_j b_j \sum_k C_k \text{ answer}_{ijk}$$

Note:

1. The overall indicator is a simple average of the available sectoral sub-elements.
2. The weight W is the average share of international traffic in total traffic (measured in '000 rpk's) in the OECD.
3. The weight w^m is the 1998, 2003 OECD-wide revenue share from mobile telephony in total revenue from trunk, international, and mobile telephony. The weight w^t is the 1998/2003 OECD-wide revenue share of trunk in total revenue from trunk and international telephony.
4. The overall indicator is a simple average of the available sectoral sub-elements.

Barriers to entry in services: measures barriers to entry in retail trade and professional services.

Table 14. **Integrated PMR indicator, low-level indicator: Barriers in services**

| | <i>Weight by sector (a_i)</i> | <i>Weight by theme (b_j)</i> | <i>Question weight (c_k)</i> | Coding of answers | | | | | | | |
|---|---|--|--|--|---|---|---|--|-----------------------------|---|--|
| Professional services | 1/2 | | | | | | | | | | |
| Licensing: | | 1/2 | | | | | | | | | |
| How many services does the profession have an exclusive or shared exclusive right to provide? | | | 1 | 0 | 1 | 2 | 3 | >3 | | | |
| | | | | 0 | 1.5 | 3 | 4.5 | 6 | | | |
| Education requirements (only applies if Licensing not 0): | | 1/2 | | | | | | | | | |
| What is the duration of special education/university/or other higher degree? | | | 1/3 | equals number of years of education (max of 6) | | | | | | | |
| What is the duration of compulsory practise necessary to become a full member of the profession? | | | 1/3 | equals number of years of compulsory practise (max of 6) | | | | | | | |
| Are there professional exams that must be passed to become a full member of the profession? | | | 1/3 | no | | | | | yes | | |
| | | | | 0 | | | | | 6 | | |
| Retail trade | 1/2 | | | | | | | | | | |
| Licences or permits needed to engage in commercial activity | | 1/3 | | | | | | | | | |
| If licences or permits are required for selling food (type 2) are they product specific? | | | 1/2 | no or not required | | | | | yes | | |
| | | | | 0 | | | | | 6 | | |
| If licences or permits are required for selling food (type 2) do they relate to a certain type of activity? | | | 1/2 | 0 | | | | | 6 | | |
| Specific regulation of large outlet | | 1/3 | | | | | | | | | |
| What is the threshold surface limit at which regulation of large outlets applies? | | | 1 | No specific regulation for large outlets | between 5000m ² and 3000m ² | between 2000m ² and 3000m ² | between 1000m ² and 2000m ² | between 500m ² and 1000m ² | less than 500m ² | | |
| | | | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | |
| Protection of existing firms | | 1/3 | | | | | | | | | |
| Are professional bodies or representatives of trade and commercial interests involved in Type 2, Type 3 or Type 4 licensing decisions? | | | 1/2 | no | | | | | yes | | |
| | | | | 0 | | | | | 6 | | |
| Are there products that can only be sold in outlets operating under a local or national legal monopoly (franchise)? | | | 1/2 | 0 | | | | | 6 | | |
| Country scores (0-6) | | | | $\sum_i a_i \sum_j b_j \sum_k c_k \text{answ}_{ijk}$ | | | | | | | |
| <p>Note: The overall indicator is a simple average of the available sub-elements (professional services, retail trade)</p> <p>Type 1: Registration in commercial register or notification to authorities.</p> <p>Type 2: Licences or permits needed to engage in commercial activity.</p> <p>Type 3: Licences or permits needed for outlet siting.</p> <p>Type 4: Compliance with regulation especially designed for large outlets.</p> | | | | | | | | | | | |

3. Barriers to Trade and Investment

Barriers to foreign direct investment (FDI): measures general and sector-specific restrictions on foreign acquisition of equity in public and private firms, obligatory screening procedures and operational controls for affiliates of foreign firms (e.g. nationality requirement for key personnel).

Table 15. **Integrated PMR indicator, low-level indicator: Barriers to FDI**

| | Weights by theme | Question Weights | Coding of answers | |
|--|---|---------------------|---|----|
| | (b _j) | (c _k) | Yes | No |
| General barriers | 1/2 | | | |
| There are statutory or other legal limits to the number or proportion of shares that can be acquired by foreign investors in publicly-controlled firms | | 2/3*w _i | 6 | 0 |
| Special government rights can be exercised in the case of acquisition of equity by foreign investors | | 1/3 | 6 | 0 |
| Sector-specific barriers | 1/2 | | | |
| | | | FDI indicator values¹ * 6 | |
| Country scores (0-6) | $\sum_j b_j \sum_k c_k \text{ answer}_{jk}$ | | | |

Notes: w_i: % of business sectors in which the state controls at least one firm.
1. Values of total FDI restrictiveness index (Kalinova *et al.*, 2010).

Tariffs: reflects the simple average of effectively applied tariffs.

Table 16. **Integrated PMR indicator, low-level indicator: Tariff trade barriers**

| Average tariff | Coding of answers | | | | | | |
|-----------------------------|-------------------|------|------|-------|-------|-------|------|
| | <=3% | <=6% | <=9% | <=12% | <=15% | <=18% | >18% |
| Country scores (0-6) | 0 | 1 | 2 | 3 | 4 | 5 | 6 |

Source: The World Trade Organization's (WTO) Integrated Data Base (IDB)

Discriminatory procedures: reflects the extent of discrimination against foreign firms at the procedural level.

Table 17. Integrated PMR indicator, low-level indicator: Discriminatory procedures

| | <i>Weights by theme</i> | | <i>Coding of answers</i> | | | | | | | | | | | | | | | |
|--|---|---|---|-------------|-------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|----------|
| | <i>(b_j)</i> | <i>Question weights (c_k)</i> | <i>Yes</i> | | | | | | | <i>No</i> | | | | | | | | |
| General discrimination | 2/3 | | | | | | | | | | | | | | | | | |
| Country has any specific provisions which require or encourage explicit recognition of the national treatment principle when applying regulations, so as to guarantee non-discrimination between foreign and domestic firms, goods or services | | 1/2 | 0 | | | | | | | 6 | | | | | | | | |
| When appeal procedures relating to regulatory decisions are available in domestic regulatory systems, they are open to affected or interested foreign parties as well | | 1/3 | 0 | | | | | | | 6 | | | | | | | | |
| There are specific provisions which require that regulations, prior to entry into force, be published or otherwise communicated to the public in a manner accessible at the international level | | 1/6 | 0 | | | | | | | 6 | | | | | | | | |
| Competition discrimination | 1/3 | | 0-6 Scale for competition discrimination | | | | | | | | | | | | | | | |
| When business practices are perceived to restrict competition foreign firms can have redress through competition agencies | | | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes | No | No | Yes | No | No | No | No | |
| When business practices are perceived to restrict competition foreign firms can have redress through trade policy bodies | | | Yes | Yes | No | No | Yes | Yes | No | Yes | No | Yes | No | No | Yes | No | Yes | No |
| When business practices are perceived to restrict competition and hence prevent effective access of foreign firms (foreign owned or controlled) to such markets, foreign firms can have redress through regulatory authorities involved | | | Yes | No | Yes | No | Yes | Yes | Yes | No | Yes | No | No | No | No | Yes | Yes | No |
| When business practices are perceived to restrict competition foreign firms can have redress through private rights of action | | | Yes | Yes | Yes | Yes | No | Yes | No | No | Yes | Yes | No | Yes | No | No | No | No |
| | | | 0 | 0.75 | 0.75 | 1.5 | 2.625 | 2.625 | 3.375 | 3.375 | 3.375 | 3.375 | 4.125 | 4.125 | 5.25 | 5.25 | 5.25 | 6 |
| Country scores (0-6) | $\sum_j b_j \sum_k c_k \text{ answer}_{jk}$ | | | | | | | | | | | | | | | | | |

Regulatory barriers: reflects other non-tariff barriers to trade, such as mutual recognition agreements or international harmonisation.

Table 18. **Integrated PMR indicator, low-level indicator: Regulatory barriers**

| | Question weights (c_k) | Coding of answers | |
|---|-------------------------------|----------------------------------|----|
| | | Yes | No |
| The country has engaged in Mutual Recognition Agreements (MRAs) in at least a sector with any other country | 2/5 | 0 | 6 |
| There are specific provisions which require or encourage regulators to consider recognizing the equivalence of regulatory measures or the result of conformity assessment performed in other countries, wherever possible and appropriate | 4/15 | 0 | 6 |
| There are specific provisions which require or encourage regulators to use internationally harmonized standards and certification procedures wherever possible and appropriate | 2/9 | 0 | 6 |
| There are any specific provisions which require or encourage regulatory administrative procedures to avoid unnecessary trade restrictiveness | 1/9 | 0 | 6 |
| Country scores (0-6) | | $\sum_k c_k \text{ answer}_{jk}$ | |

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