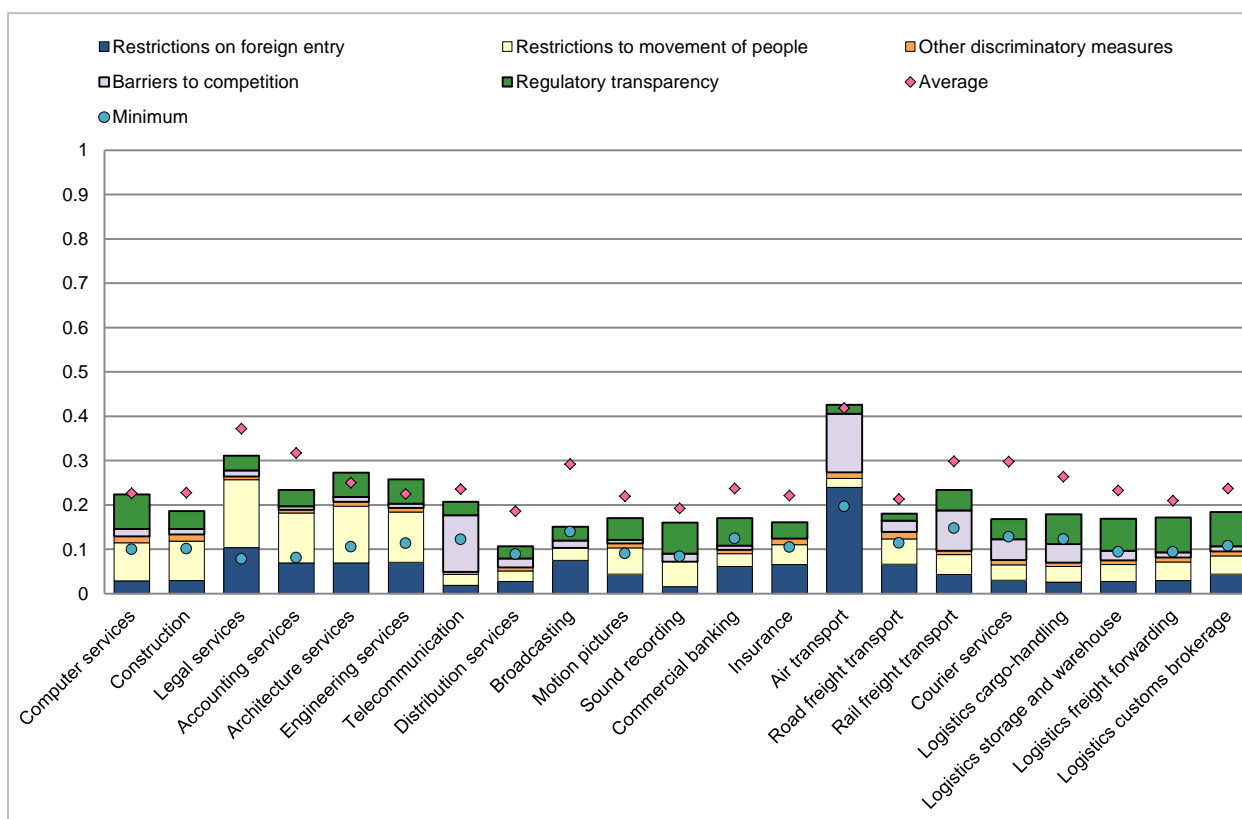


OECD Services Trade Restrictiveness Index (STRI): Czech Republic

The Czech Republic exported services worth USD 23 billion and its services import value was USD 20 billion in 2015. Travel and transport are the Czech Republic's largest services exporting and importing sectors.

The Czech Republic's score on the STRI index in 21 of the 22 sectors is shown below, along with the average and the lowest score among the 44 countries included in the STRI database for each sector. The Czech Republic is not scored on maritime transport since this sector is excluded for landlocked countries.

STRI by sector and policy area



Note: The STRI indices take values between zero and one, one being the most restrictive. They are calculated on the basis of the STRI regulatory database which contains information on regulation for the 35 OECD Members, Brazil, China, Colombia, Costa Rica, India, Indonesia, Lithuania, Russia and South Africa. The STRI database records measures on a Most Favoured Nations basis. Preferential trade agreements are not taken into account. Air transport and road freight cover only commercial establishment (with accompanying movement of people).

Horizontal policy measures

The Czech Republic has a lower score on the STRI than the average in 18 out of 21 sectors. The Czech Republic applies labour market tests for workers seeking to provide services in the country on a temporary basis as contractual services suppliers but as intra-corporate transferees (ICT's) or independent services suppliers. The duration of stay is limited to 24 months for ICT's and contractual services suppliers, and six months for independent services suppliers on their first entry permit. Rights of access to public procurement are limited to regional trade agreement partners and members of the WTO's Government Procurement Agreement. A minimum amount of capital must be deposited in a bank or with a notary in order to register a business. The standards for the cross-border transfer of personal data are set at the EU level. Transfers to non-EEA economies can only take place when these ensure an adequate level of protection that is substantially similar to that

required in the EU or when private data processors, both senders and receivers, establish various safeguards approved by the data protection authorities. Finally, the number of official procedures and the number of days required to register a company are significantly above best practice.

The sectors with the relatively lowest STRI scores

Broadcasting, accounting/auditing services and courier services are the three sectors in the Czech Republic with the lowest score relative to the STRI average. The only sector-specific trade restricting measure in broadcasting services relates to quota applying to broadcast time. Auditing, unlike accounting, is regulated and equity share are limited to 49% for non-licensed individuals or firms. A process of recognition of foreign qualifications is in place and no nationality is required. In courier services, besides the general restrictions, Česká pošta, is fully state-owned.

The sectors with the relatively highest STRI scores

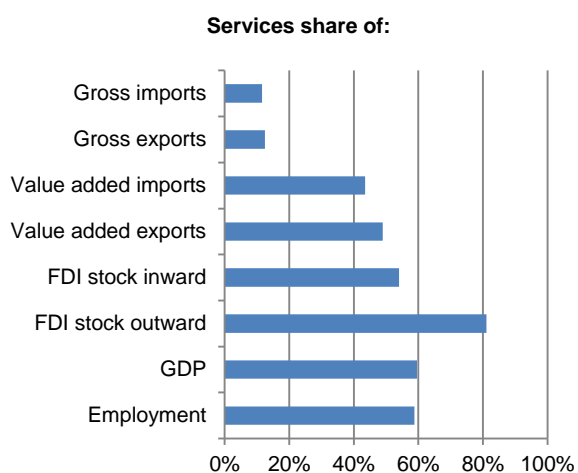
Air transport, architecture and engineering services are the three sectors with the highest score relative to the average in the Czech Republic. In the air transport services sector, the Czech Republic employs foreign equity restrictions as a result of common European Union (EU) regulation on air services. Pursuant to this regulation, non-EU nationals cannot own more than 49% in Czech Republic's airlines. The EU-wide exemption of certain airline arrangements from competition law and regulations on airport slot allocation and slot trading further contribute to the score in this sector. Finally the government holds a majority ownership in a major carrier.

In addition to the horizontal restrictions, foreign architects and engineers have to pass a local exam and no temporary licensing system is in place. For architects, prior or permanent residency is required to obtain a licence to practice.

Recent policy changes

There are no policy changes that affect the score on the STRI during the period 2014-2016.

Efficient services sectors matter



Services account for 12% of gross imports and exports but for more than 40% in value added terms. This indicates that Czech Republic's exports of goods rely intensively on services inputs. Cost effective state of the art services are therefore of utmost importance for the competitiveness of the Czech industrial sector. Open, diversified and competitive services markets contribute to effectiveness and productivity both in the services sectors and in downstream sectors using services inputs. The Czech Republic can further improve the efficiency of its economy by prioritising reforms that enhance competition in services markets, particularly by focusing on the remaining horizontal measures that affect all types of services and by introducing more pro-competitive regulations in the few sectors where a higher STRI is observed.

More information

- » Access all of the country notes, sector notes and interactive STRI tools on the OECD website at <http://oe.cd/stri>
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org