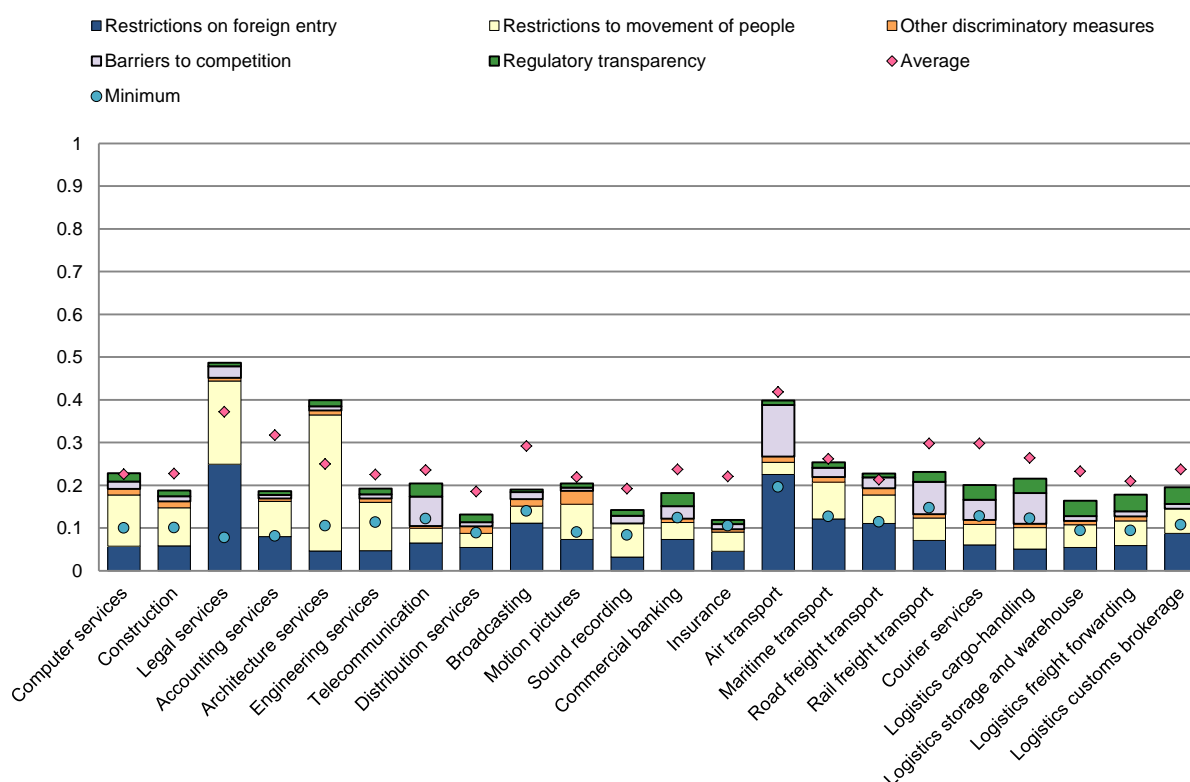


OECD Services Trade Restrictiveness Index (STRI): Estonia

Estonia exported services worth USD 6 billion and its services import value was USD 4 billion in 2015. Transport and travel services are both the largest services exporting sectors and the main categories of services imports. Estonia's score on the STRI in 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.

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

Estonia has a lower score on the STRI than the average in 18 out of 22 sectors. With a few exceptions due to sector-specific impediments, Estonia has a relatively liberal regulatory regime in place for foreign services suppliers wishing to enter the market through commercial presence. Quotas are however applied to workers seeking to provide services in the country on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers. These categories may stay in the country for up to 24 months on their first entry permit. Moreover, non-discriminatory treatment in the public procurement process is only guaranteed to EEA members or parties to the WTO's Government Procurement Agreement. The standards for 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, a minimum amount of capital must be deposited in a bank or with a notary in order to register a business.

The sectors with the relatively lowest STRI scores

Insurance, accounting services and courier services are the three sectors with the lowest score relative to the average in Estonia. A large majority of insurance companies are owned by financial institutions from other EU members. Estonia is also fully open to foreign investment and acquisitions by financial firms from third countries. It is significantly more liberal than most countries regarding the cross-border supply of insurance and reinsurance. Accounting is not a regulated profession except for the auditing segment, where few specific restrictions are in place. In courier services, the designated postal operator is state-owned, but the sector is otherwise subject to the general regulatory framework.

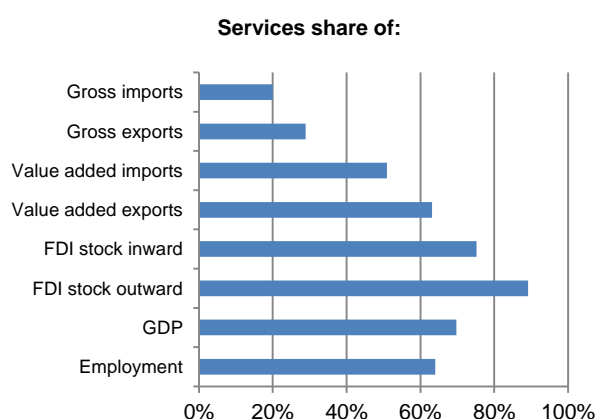
The sectors with the relatively highest STRI scores

Road freight transport, Legal services and Architecture services are the three sectors with the highest score relative to the average in Estonia. Road freight transport is subject to EU regulation that requires EU residence for the manager of a road transport operator and partly exempts road carrier agreements from anti-trust regulation. In the legal sector, the services of legal consultants in international law are not regulated but as in most countries, domestic law practice requires admission to the Bar association. Estonia has no process for the recognition of foreign qualifications in legal services except for EEA states and countries with which Estonia has signed special agreements. Foreign services suppliers are under an obligation to completely re-qualify, acquire practice locally and take up residency in order to practice domestic law. The fact that only lawyers who are fully licensed in an EU Member state may own shares and be partners in law firms constitutes a further impediment. Similarly, architecture is a regulated profession where the recognition of foreign qualifications only applies to EEA countries. Temporary licenses for specific projects are not available.

Recent policy changes

Estonian Air, which was a 97.34% state-owned airline, ceased operations in November 2015.

Efficient services sectors matter



Services account for 30% of Estonia's gross exports, but over 60% of its exports in value added terms, indicating that Estonia'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 Estonian industrial sector. Estonia can further improve the efficiency of its economy by prioritising reforms that enhance competition in services markets.

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