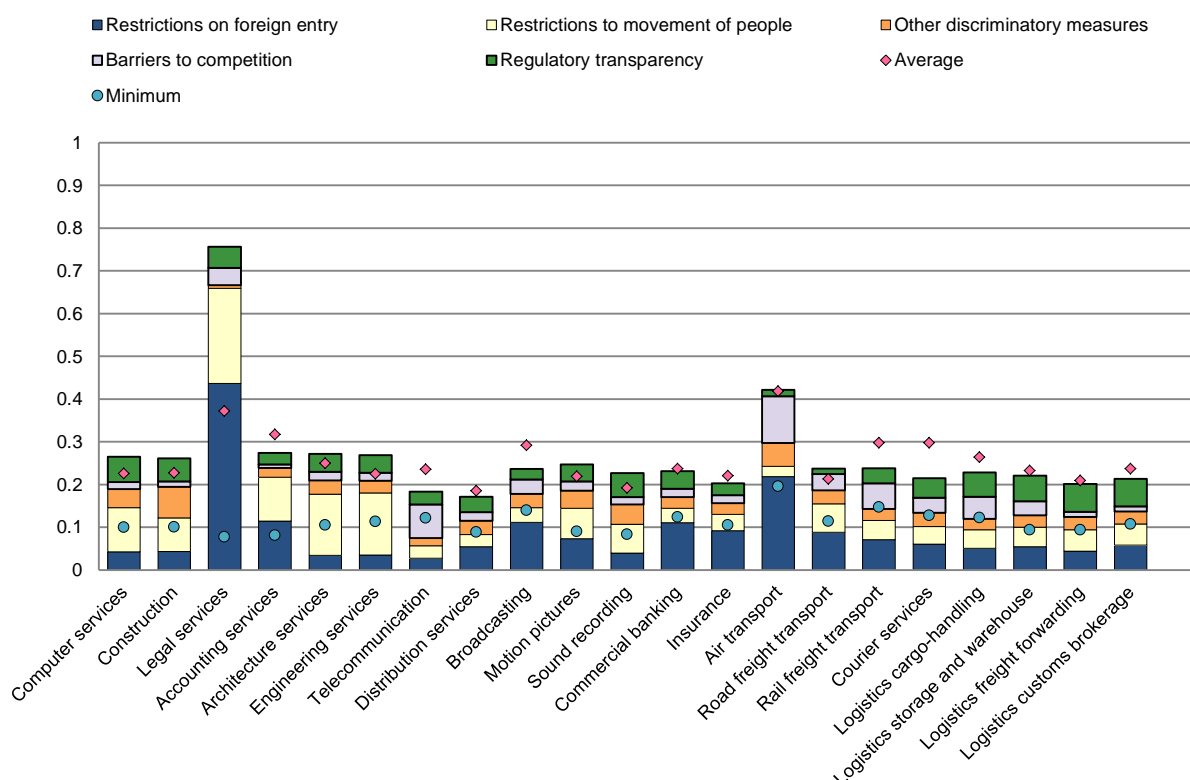


## OECD Services Trade Restrictiveness Index (STRI): Hungary

Hungary exported services worth USD 22 billion and its services import value was USD 16 billion in 2015. Transport services are Hungary's largest services export category while professional and management consultancy services attract the largest imports in the economy.

Hungary's score on the STRI in 21 of the 22 sectors covered by the STRI project is shown below, along with the average and the lowest score among the 44 countries included in the STRI database for each sector. Hungary 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

Hungary has a lower score on the STRI than the average in 12 out of the 21 sectors. This can be explained in large part by general regulations that apply to all sectors in the economy. The number of work permits issued to non-EU nationals seeking to provide services on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers is subject to quotas and labour market testing. Rights of access to public procurement are limited to regional trade agreement partners and members of 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 corporation.

### The sectors with the relatively lowest STRI scores

Courier services, rail freight transport services, and telecommunications services are the three sectors with the lowest score relative to the average. In courier services there are few sector-specific limitations. The Hungarian state maintains control of the designated postal operator which is exempt from tax obligations until 2020. Similarly in rail transport services, the score reflects mainly general regulations. Sector-specific limitations include the exemption of certain technical agreements from competition law and the prohibition of transfer or trading in infrastructure capacity in accordance with EU law. In telecommunications services, next to the economy-wide restrictions, contracts for universal services obligations are not assigned on a competitive basis and regulations on roaming rates apply only for intra-EU communications.

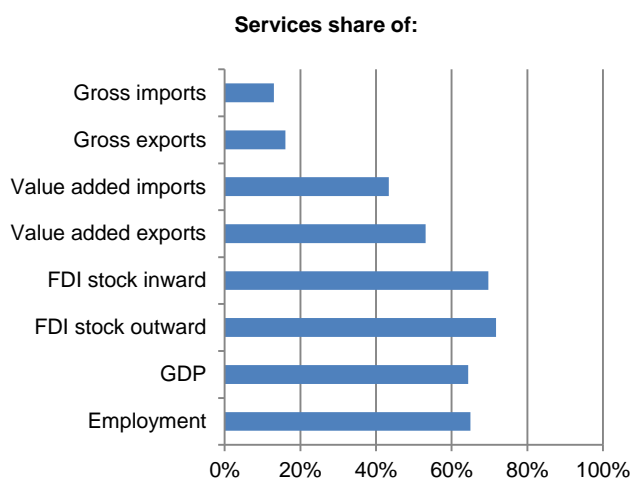
### The sectors with the relatively highest STRI scores

Legal services, engineering services, and sound recording services are the three sectors with the highest score relative to the average. In legal services only licensed lawyers may own, manage or sit on the board of law firms. To obtain a license to practice, nationality of a European Union or European Economic Area member state is required. Foreign lawyers are limited to providing legal advice on foreign and international law through associations with a local attorney or law firm and cannot establish a law firm. In engineering services, non-EU nationals must have a domicile or permanent residency in Hungary in order to obtain a license to practice and temporary licenses are not granted. In sound recording services, Hungary's horizontal regulations contribute to the relatively high score.

### Recent policy changes

Since 2015, Hungary applies quotas on work permits for natural persons with non-EU nationalities travelling on a temporary basis to the country. Such work permits are required for services suppliers as well.

### Efficient services sectors matter



Services account for 16% of gross exports but for 53% in value added terms. This indicates that Hungary'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 Hungarian industrial sector. Open, diversified and competitive services markets improve productivity both in the services sectors in question and downstream industries using services as inputs. Hungary could 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 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](mailto:stri.contact@oecd.org)