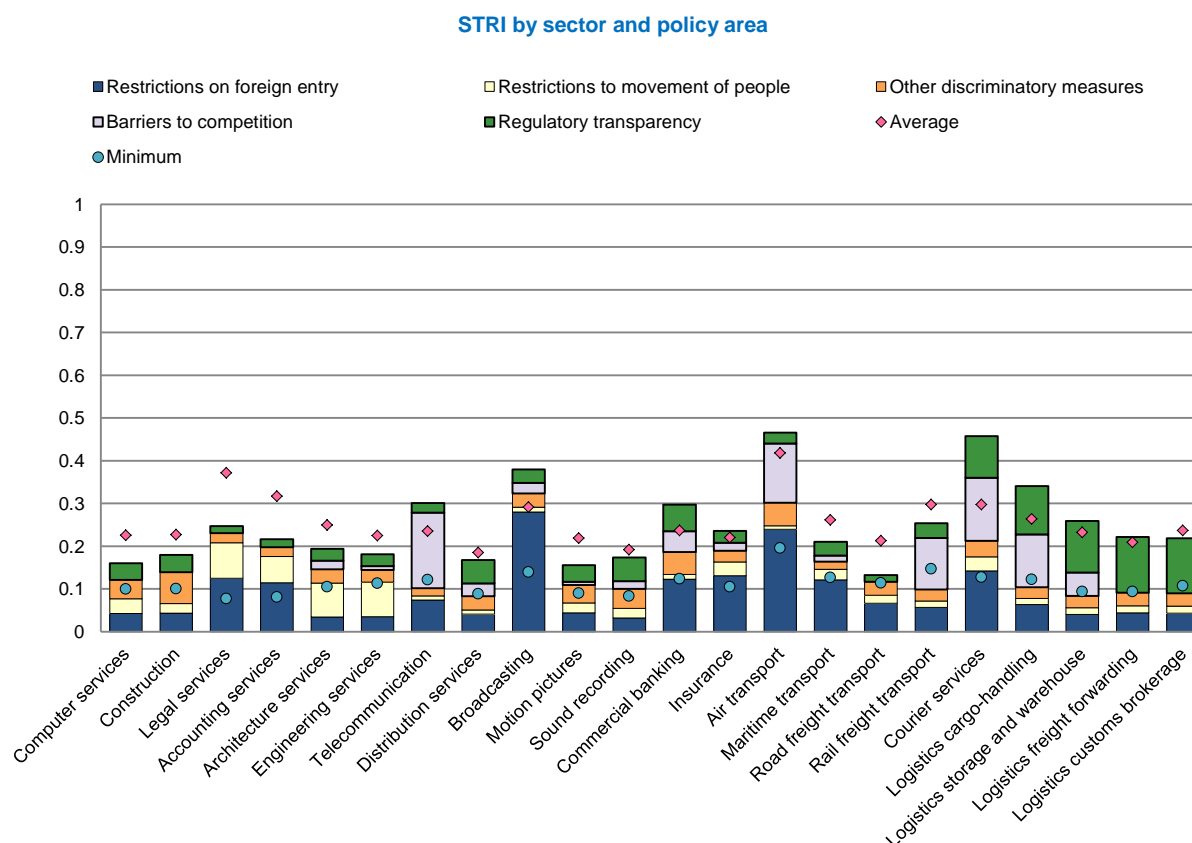


## OECD Services Trade Restrictiveness Index (STRI): South Africa

South Africa exported services worth USD 14.6 billion and its services imports amounted to USD 15.1 billion in 2015. Travel services are South Africa's largest services exports and the largest services imports category is transportation services.

South Africa'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.



*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

South Africa has a lower score on the STRI than the average in 13 out of 22 sectors. South Africa applies labour market tests for natural persons seeking to provide services in the country on a temporary basis as contractual services suppliers or independent providers. Foreign investors who wish to start up the operation in South Africa are required to undertake that 60% of total employment is secured for local employees. Any transfer of capital, investments and other transfer of securities needs to be reported and approved by the treasury. Local presence is required if a foreign company operates in South Africa. Procedures to register a company are significantly more numerous and longer than best practice. Finally, preferential treatment of local suppliers under the procurement act contributes to the STRI in all sectors. The objective of this policy is to promote entrepreneurship and support small and medium sized enterprises, as part of the Black Economic Empowerment policy framework.

### The sectors with the relatively lowest STRI scores

Road freight transport, legal and accounting services are the three sectors with the lowest score relative to the average in South Africa. The score for road freight transport services mainly attribute to horizontal regulations. South Africa has no visa facilitation schemes including multiple entry visa and visa exemption for truck drivers. Legal services is among the most restricted sectors in the STRI database, and South Africa's unregulated profession of practice of international law partly explains the relatively low score in these sectors. The major sector-specific regulations in legal services include citizenship or permanent residency requirement to practice, requirement to take a local examination to obtain a licence and prohibition of corporation and partnership for domestic law. In South Africa, accountants and auditors are both regulated professions. Residency is required for a licence. No temporary licensing system is in place.

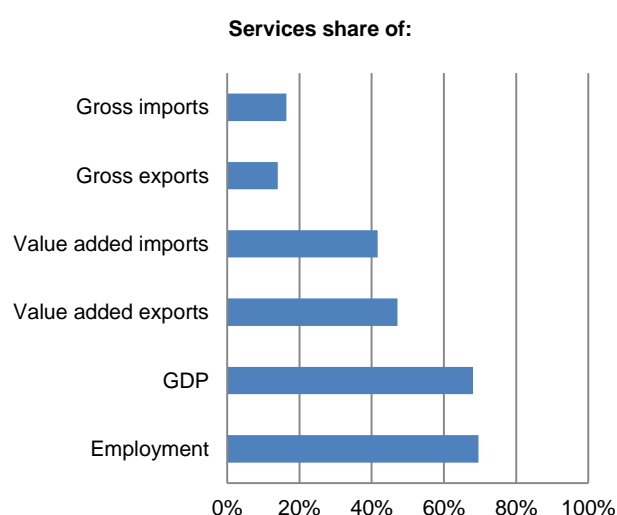
### The sectors with the relatively highest STRI scores

Logistics cargo-handling, broadcasting and courier services are the three sectors with the highest score relative to the average in South Africa. In Logistics cargo-handling, South Africa limits the shares of publicly-controlled enterprise that foreign providers can acquire. Some pro-competitive regulations are missing, including measures to prevent cross subsidisation between the airport or port management body and its related cargo-handling operator. Lengthy customs procedures and lack of visa facilitation measures also contribute to the score. In broadcasting services, South Africa employs foreign equity restrictions to no more than 20%. There is a minimum local content requirement for public broadcasters, specified by categories of programs and with specific requirements during prime time with an average of 65%. The local content quotas are 45% for private commercial broadcasting. In courier services South Africa has a publicly-controlled statutory monopoly for delivery of all letters, printed matters, small parcels and other postal articles up to one kilogram. This operator is exempted from the general competition law. Finally, the government may grant an annual subsidy to the public-controlled designated postal operator.

### Recent policy changes

South Africa has eliminated quotas for contractual services suppliers and independent services suppliers and also repealed labour market tests for intra-corporate transferees in 2014.

### Efficient services sectors matter



Services account for 14% of South Africa's gross exports, but 47% of its exports in value added terms, indicating that South Africa'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 South African industrial sector. The contribution of services to exports is, however, lower than the average of the countries included. The STRI can be used to explore to what extent existing regulations explain this relatively low share and to identify best practice regulation that can help improve overall productivity and competitiveness. Services account for around two-thirds of GDP and employment, which implies that earnings and aggregate demand depends crucially on productivity in the services sectors.

### 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)