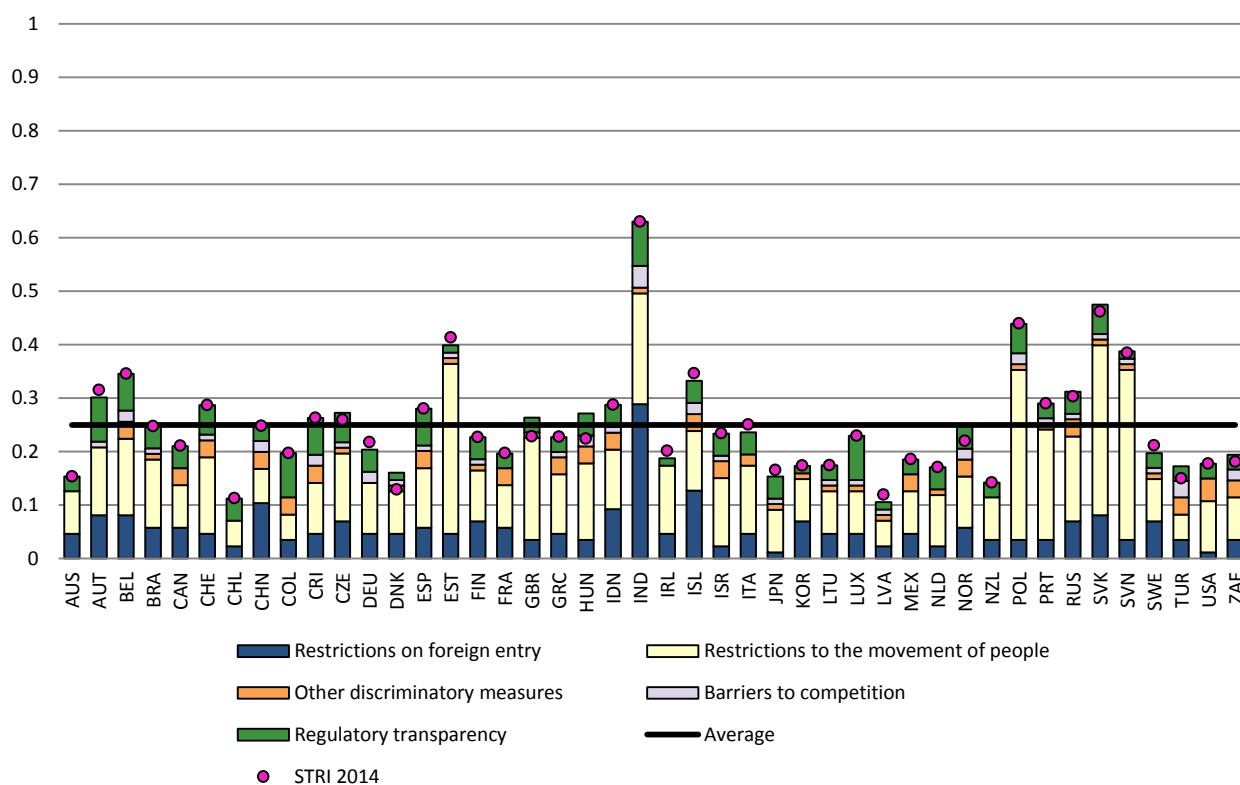


STRI Sector Brief: Architecture services

This note presents the Services Trade Restrictiveness Indices (STRIs) for the 35 OECD countries and Brazil, the People's Republic of China, Colombia, Costa Rica, India, Indonesia, Lithuania, the Russian Federation and South Africa for architecture services in 2016.

The definition of architecture services covers several related activities, such as advisory and pre-design architectural services, architectural design, contract administration services, and urban planning and landscape architecture services. These services constitute the backbone of the construction sector, with key roles in building design and urban planning. An important feature is the regulatory complementarity between architecture, engineering and construction services. Often, architectural and engineering activities are combined into projects offered by one company, and are sometimes subsumed in the building and construction sector.

STRI by policy area: architecture services (2016)



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 records measures on a Most Favoured Nations basis. Preferential trade agreements are not taken into account.

The chart depicts the index for each country. The 2016 STRI scores for architecture services range between 0.11 and 0.63, with an average of 0.25. The distribution according to restrictiveness is skewed towards the low end, as there are 27 countries below and 17 countries above the average. These services are less restrictively regulated on average than other accredited professional services, notably legal and accounting services.

The measures in the STRI database are organised under five policy areas as indicated in the chart. In architecture services, the results are driven primarily by *Restrictions on the movement of people*. This reflects the characteristics of these services, particularly the fact that they are skilled labour intensive. *Restrictions on foreign entry* have a large impact on a few countries, while the effects of the other categories of measures, albeit more limited, is pretty evenly distributed across countries.

Architects are affected by economy-wide limitations on natural persons wishing to provide services on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers. Eight countries have quotas on one or more of these three categories, 37 countries apply economic needs tests to stays that last longer than 3-6 months and the duration of stay is limited to less than three years in 34 countries. In addition, architects are subject to issues related to licensing requirements. These include nationality and residency requirements to practice, as well as lack of recognition of foreign qualifications. Eight countries in the sample do not require a license to practice architecture. This does not necessarily mean that there is less government control during the process of designing and constructing a building or infrastructure projects. Regulation may in some countries be entailed in building codes, technical standards and the enforcement of these.

As regards *Restrictions on foreign entry*, several countries limit the ownership of architectural firms to locally-qualified architects. Ownership restrictions are often coupled with requirements that the majority of the board (or equity partners in the case of partnerships) and the manager of architectural firms must be locally qualified. Another impediment relates to restrictions on acquiring land and real estate. These may be particularly pernicious for architectural services in light of the complementarities with the building industry.

Traditional sector-specific restrictions under *Barriers to competition* remain in place in several countries, particularly on fee-setting and advertising. Impediments to public procurement can play a significant role for architectural services, in light of the link with construction, and make up most of the contribution of *Other discriminatory measures*. Finally, the score for *Regulatory transparency* is largely attributed to the time, cost and procedures required for establishing a company.

Compared to 2014, denoted by the pink dots in the chart, the STRI index is unchanged for 25 countries, 9 have a lower (less restrictive) score, and 10 record a higher value of the STRI index (more restrictive) in 2016. Improvements in administrative procedures under the regulatory transparency area explain most of the changes in the STRI index for the countries with a lower index. Some countries have also implemented regulatory reforms affecting architecture services. Indonesia has eased foreign equity limits and currently allows majority foreign equity in the sector; and Japan has lifted the requirement that at least one board member in a corporation must be resident. Most of the increase in the index stems from the introduction of quotas and labour market tests and shortening the duration of stay for temporary services suppliers.

Architecture is a knowledge intensive business service and many activities in the sector have been digitised in recent years. To realise the new opportunities for trade and exchange of ideas and knowledge that technology has opened, countries could consider modernising regulations and ease the entry barriers to the profession.

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

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