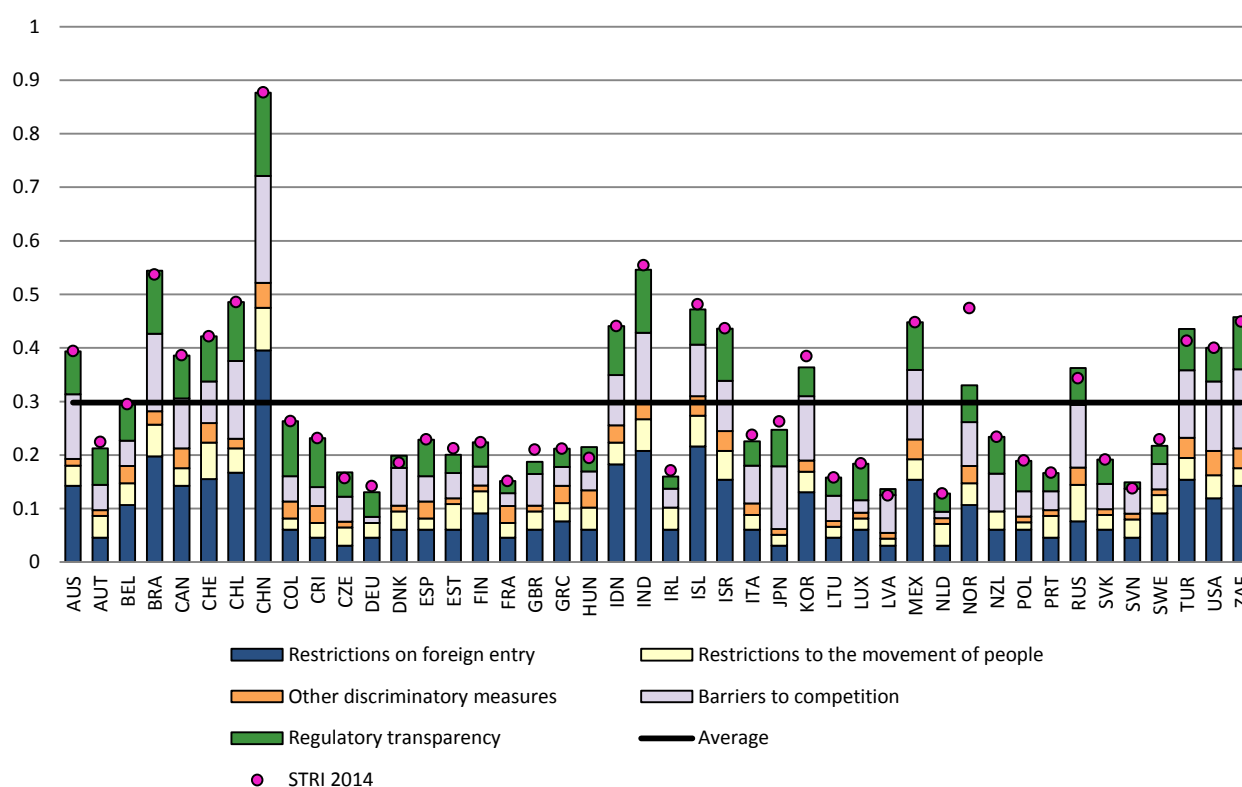


STRI SECTOR BRIEF: POSTAL AND COURIER SERVICES

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 courier services in 2016. Courier services in the STRI cover both postal and courier services.

While courier services have traditionally been important means for communication, the rise of modern information and communication technologies has contributed to a less frequent use of letters between individuals for communication. There is still an important market for business to consumer and business to business letter mail, including hybrid mail, and delivery of printed materials, newspapers and periodicals. The rise of online retail led to an increase in parcel delivery, and the increasing importance of global production networks and just-in-time delivery requires both fast and reliable shipments. Courier services, in particular express delivery services, play a crucial part in modern logistics chains creating strong complementarities and linkages between courier and transport services.

STRI by policy area: Postal and courier 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 overall index for each country by policy area. There is a large variation in the level of restrictiveness across countries ranging from 0.13 to 0.88. The sample average is 0.30 with a distribution somewhat skewed towards the low end with 27 countries below and 17 countries above the sample average.

The measures in the STRI database are organised under five policy categories as indicated in the chart. The results are driven by three policy areas: restrictions on foreign entry, barriers to competition and regulatory transparency. This reflects the characteristics of the sector and the policy environment in which it operates. Postal and courier services rely on network infrastructure and have been opened up to private companies from a statutory postal monopoly in many countries. The customs regime also matters for cross-border postal and courier services.

Restrictions on foreign entry contribute significantly to the results in many countries. In fact these restrictions represent the most significant component of the scores in around three fifth of the covered countries. Fourteen countries require a statutory monopoly for delivery of letters, either for the whole segment of letters or up to certain weights, or express delivery. Only two countries employ foreign equity restriction in this sector, but 22 countries have the limitation of shares that foreign investors can acquire in government-owned enterprises. Ten countries require commercial presence to provide cross-border courier services. Although courier services provision are subject to licensing in 30 countries, only one country employs economic needs test for the licence.

Barriers to competition also have a substantive impact on the score. The market position and scope of the postal services vary across countries; from a statutory monopoly for a broad range of services, to a commercial company competing with other courier services providers. The designated postal operator (DPO) may still have a special status and be subject to regulation. They are often dominant players outside universal services segment as well. The nature of regulation varies from pro-competitive measures aimed at preventing the DPO from abusing a dominant position to protecting the DPO from competition. Preferential tax or subsidy treatment for the DPO, including VAT exemption for universal services are widely observed. Government-owned enterprises retain a prominent role in the courier services sector in most countries. There are 24 countries which establish independent postal regulators from the government. In addition, minimum capital requirement to operate courier services and quotas in the licence to operate cargo-handling services are widely observed.

Sector-specific measures in regulatory transparency include custom procedures and licensing procedures. The majority of countries covered in the analysis have pre-arrival processing and a *de minimis* regime in place, but lengthy customs clearance procedure contribute to the score for 18 countries. With regard to licensing procedures, most countries employ objective criteria for transparent licensing scheme and establish an appeal procedure.

Compared to 2014, denoted by the pink dots in the chart, the STRI is unchanged for 23 countries, 12 have a lower (less restrictive) score, and 9 record a higher value of the STRI (more restrictive) in 2016. The country that reduced the STRI index the most was Norway which eliminated the postal monopoly for letters and significantly liberalised the postal and courier services sector in 2015 and its index went down by 14 basis points. Turkey was the country that raised the index the most, adding two basis points. Turkey adopted a new law on the protection of personal data which imposed new standards on the transfer of personal data abroad.

Improvements in administrative procedures under the regulatory transparency area explain most of the improvement in the STRI index for the other eight countries with a lower index. Three of them have also implemented regulatory reforms affecting courier services. India has eliminated minimum capital requirements; Japan has lifted the requirement that at least one board member in a corporation must be resident; Korea removed the requirement that foreign investors shall transfer stocks to Korean nationals within six months. Most of the increase in the index stems from the introduction of quotas for temporary services suppliers and stricter conditions on the transfer of personal data than recommended in the OECD Guidelines for Protection of Privacy and Transborder Flow of Personal Data quotas for temporary services suppliers.

Transport and courier services are not only extensively traded they are also intermediate services at the core of recent developments in global value chains and just-in-time inventory management, with the related demand for door-to-door services. Reducing unnecessary restrictions and improving productivity in the various sub-sectors can be expected to have significant benefits in downstream industries as well as in the sub-sectors themselves.

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

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.