OECD Services Trade Restrictiveness Index (STRI): New Zealand 2019

New Zealand exported services worth USD 167 billion (0.3% of world services exports) and its services imports amounted to USD 14 billion (0.3% of world services imports) in 2018. The largest services exporting sectors are travel and personal services. New Zealand’s score on the STRI index in the 22 sectors covered by the STRI project is shown below along with the average and the lowest score among the 46 countries included in the STRI database for each sector. New Zealand has a lower score on the STRI than the average in all but one sector.

**STRI by sector and policy area (2019)**

![STRI by sector and policy area graph](chart.png)

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 36 OECD Members, Brazil, China, Colombia, Costa Rica, India, Indonesia, Malaysia, Russia, South Africa, and Thailand. 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 establishments (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2019.

**Horizontal policy measures**

The results can be explained by an overall favourable regulatory framework. The duration of stay for natural persons seeking to provide services in the country on a temporary basis as contractual or independent services suppliers is 12 months and 24 months respectively. Intra-corporate transferees are exempted from this limitation. The legislation requires consent by the government to foreigners' purchase of certain types of real estate. Finally, the time for processing a business visa is significantly longer than the best practice.

**The sectors with the relatively lowest STRI scores**

Legal services, accounting services, and insurance services are the three sectors with the lowest score relative to the average STRI across all countries. In legal services, in order to practice domestic law, a license is required.
Only licensed professionals may own, manage or sit on the board of domestic law firms, and commercial associations with other professionals are not permitted. The accounting sector also covers auditing services. In auditing services, foreigners are required to form a partnership with local professionals. Foreign professionals seeking to offer services must undertake a local examination and complete certain practice programmes before they are allowed to operate. In addition, licensed professionals must sit on the board of auditing firms. Where the licensed insurer is a branch of an overseas insurance company, the New Zealand chief executive officer should be ordinarily resident in New Zealand. There are no processes established for the recognition of qualifications as insurance broker.

**The sectors with the relatively highest STRI scores**

Logistics cargo-handling, freight forwarding, and storage and warehouse services are the three sectors with the highest score relative to the average STRI across all countries. In the case of cargo-handling services, barriers to competition explain a higher than average value. For example, the cross-subsidisation of activities is not prohibited and the vertical separation of accounts not required, while at the same time several of the main companies involved in the sector are publicly owned. More generally, contracts for service provision are not awarded through competitive biddings. In freight forwarding and storage and warehouse, the score is driven to a large part by limitations on administrative procedures related to customs and visas for transport crew.

**Recent policy changes**

The Trade Single Window (TSW) has been deployed in April 2017, including the introduction of a system for pre-arrival processing of shipments. A temporary ban on the parallel importation of films, for commercial sale for a period of five months from the film’s international release, ended on 31 October 2016.

**Efficient services sectors matter**

Services account for 40% of New Zealand’s gross exports, but 56% of value-added exports. Services account for 73% of employment, showing that labour productivity is lower in services than in other sectors. The information and communication technology revolution opens new opportunities for inclusive growth in a services economy like New Zealand. Innovation and adoption of technology relies on access to knowledge and to the networks, people, goods and services that carry the knowledge around the world. In this context, New Zealand could benefit from more open markets for services trade.

**More information**

» Access all of the country notes, sector notes and interactive STRI tools on the OECD website at [http://oe.cd/stri](http://oe.cd/stri)
» Read more about services trade policies and their impacts in this publication: [Services Trade Policies and the Global Economy](http://oe.cd/stri)
» Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org