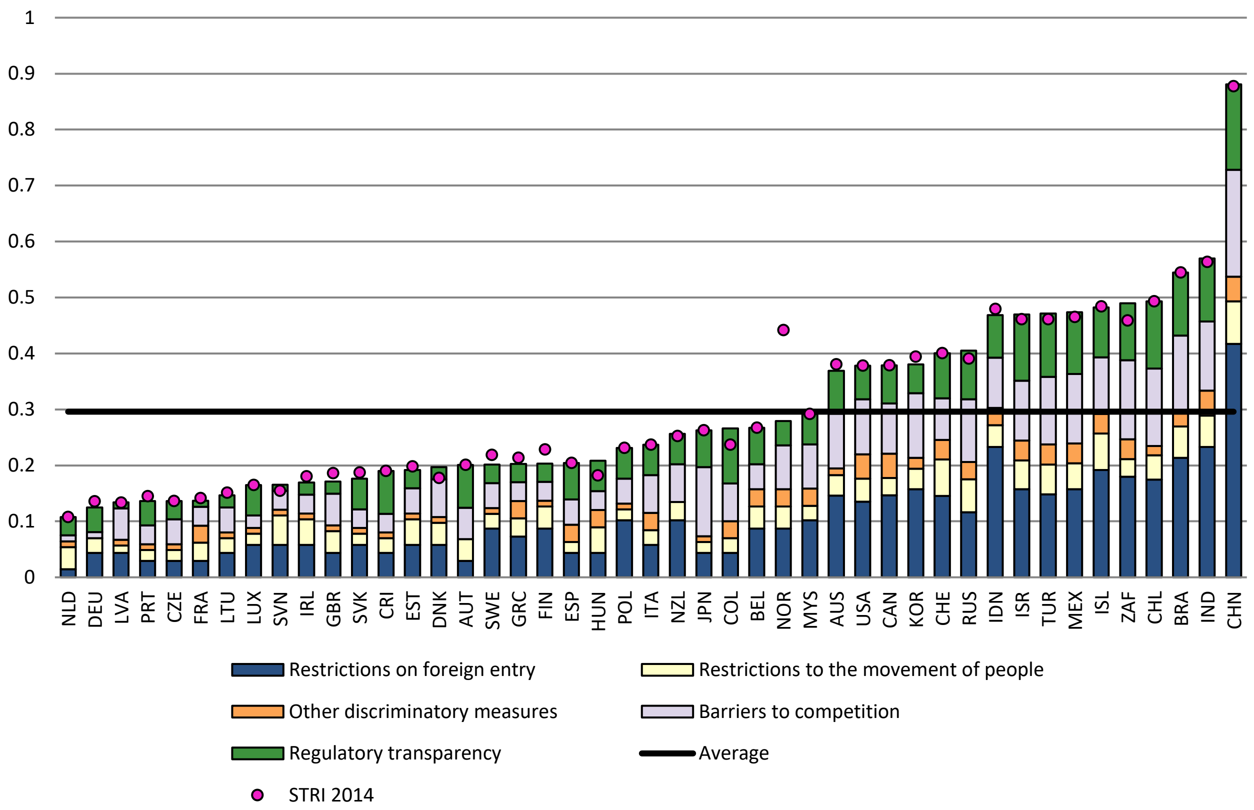
# STRI Sector Brief: Postal and courier services

This note presents the Services Trade Restrictiveness Indices (STRIs) for the 36 OECD countries and Brazil, the People's Republic of China, Colombia, Costa Rica, India, Indonesia, Malaysia, the Russian Federation and South Africa for postal and courier services in 2018.

The sector is defined under ISIC Rev 4 code 53 as postal and courier activities. 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 (2018)




*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 2018 scores in this sector range between 0.11 and 0.88 with an average of 0.30. The distribution of scores is somewhat skewed towards the low end with 29 countries below and 16 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-fifths of the countries covered. 14 countries require a statutory monopoly for delivery of letters, either for the whole segment of letters or up to certain weights, or express delivery. Two countries employ foreign equity restrictions in this sector, but 23 countries limit the shares that foreign investors can acquire in government-owned enterprises. 11 countries require commercial presence to provide cross-border courier services. Although the provision of courier services is subject to licensing in 31 countries, only one country makes licences subject to an economic needs test.

*Barriers to competition* also have a substantive impact on the STRI values. The market position and scope of 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. DPOs are often dominant players beyond the 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 25 countries which establish independent postal regulators from the government. In addition, minimum capital requirements to operate courier services, and quotas on the licencing of 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 procedures contribute to the score for 22 countries. With regard to licensing procedures, most countries employ objective criteria for transparent licensing schemes and have established an appeals procedure.

Compared to 2014, denoted by the pink dots in the chart, the STRI is unchanged for 15 countries, 16 have a lower (less restrictive) score, and 14 record a higher value of the STRI (more restrictive) in 2018. The country that most reduced its STRI index Norway, which in 2016 eliminated the postal monopoly and price regulation for letters and lifted licensing requirements to enter the market.

Improvements in administrative procedures affecting regulatory transparency explain most of the reductions in the STRI index for the other countries. Six countries 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 a resident; Korea removed the requirement that foreign investors shall transfer stocks to Korean nationals within six months; Slovakia introduced a dispute resolution mechanism under the auspices of its regulatory authority; and Indonesia employs the release of goods is possible before determination and payment of duties. Most of the increase in the index stems from tightening of regulations related to the movement of people.

Transport and courier services are extensively traded as intermediate services at the core of global value chains, just-in-time inventory management, and electronic commerce - 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
» Read more about services trade policies and their impacts in this publication: Services Trade Policies and the Global Economy
» 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.*