

Sector PMR indicators

Frequently asked questions



Frequently Asked questions on the OECD sector PMR indicators

1. What are the PMR Sector indicators and how do they differ from the Economy-wide PMR indicators?

The PMR Sector indicators measure the regulatory barriers to firm entry and competition in various service and network sectors.

The difference between the Economy-wide PMR and the PMR Sector indicators lies in their scope. Although both are built using the same database, the latter use exclusively the information on the sectors assessed, while the former also incorporate information on cross-sector regulatory domains.

2. What areas are covered by the PMR Sector indicators?

The PMR Sector indicators compile information on network sectors – energy, transport, e-communications - and services - professions, retail distribution and retail sales of pharmaceuticals. The full structure of the PMR Sector indicators is available in the Presentation section of the webpage and is available [here](#).

3. How often are the PMR Sector updated?

The PMR Sector indicators are updated every five years since they were created in 1998.

4. Do the PMR Sector indicators capture *de facto* competition?

The PMR indicators capture only *de jure* regulation: they reflect the status of existing laws and regulations. They do not capture the level of enforcement.

5. How is the information used to build the PMR Sector indicators sourced?

The information on laws and regulations for the sectors included in these indicators is collected through a questionnaire and vetted by OECD experts. The questionnaire is filled in by ministries, regulators and other relevant authorities in the countries surveyed.

6. To which jurisdiction(s) do the information used to build the PMR Sector indicators refer?

The information is collected at the national level for unitary states and at federal level for federal states. Yet, there may be sectors or regulatory areas where regulations and policies are set by lower levels of government (e.g. state, regional, or even at the city level). In those cases, the collected information refers to the laws and regulations set at the level that is most relevant in each specific case. To capture this, a specific jurisdiction is selected, which is considered representative. Information on these jurisdictions can be found in the file with the indicator values.

7. How should one interpret the scores of the PMR Sector indicators?

The PMR indicators range from 0 to 6. A lower value represents a more competition friendly regulatory regime.

8. How is the information scored to build the PMR Sector indicators?

The qualitative answers to the questionnaire are coded into scores ranging from 0 to 6 according to a set of criteria (applied to all jurisdictions) that are described in the Economy-wide PMR Schemata. Some questions require the respondent to answer by giving a numerical value. In this case, the possible answers are grouped into classes according to a set of thresholds, and the 0 to 6 scores are applied to these classes. More details on the scoring procedures can be found in the Methodological Note under the Methodology section of the webpage.

9. Where can one find how countries rank in the PMR Sector indicators?

There is no ranking based on the PMR indicators. The indicators are a tool for countries to identify regulatory weaknesses and identify policy options to overcome them by comparing themselves with peer countries and with international best practices. In addition, the PMR indicators cover countries at different stages of economic development and only captures *de jure* regulation, two aspects that make the ranking of countries less useful.

10. Is there a PMR Sector indicator for all network sectors?

Yes. Please note that this is the simple average of: 1) Electricity, 2) Natural Gas, Transport by: 3) Air, 4) Rail, 5) Road, 6) Water, 7) Fixed E-communications and 8) Mobile E-communications. This is done to ensure that all 8 sectors have the same weight. If this overall indicator was calculated as the average of the 3 industries (energy, transport, and ecommunications), the individual transport sectors would be given a lower weight compared to those in the other two industries.

11. For each of the indicators on network sectors the OECD publishes two values -Regulation and Public Ownership – are these two separate sub-indicators?

No. These two values just provide a breakdown of the overall value of the indicator for each network sector in two key elements. This breakdown is provided because the overall value of the sector indicators for network sectors is a combination of information on the state presence in the sector (through the control of firms) and of regulation of entry and conduct. However, since the number of questions covering these two topics are very different and they change across sectors, calculating two sub-indicators would be distortive as they would be very unbalanced. This means that by simply summing these two values one can obtain the overall value of that sectoral indicator, but not by averaging them.

12. Is there a PMR sector indicator for all professional services?

No. The OECD only calculates individual indicators for 6 regulated professions: lawyers, notaries, accountants, architects, engineers and state agents. Since not all professions are present in every country in the dataset, the OECD considers that a single indicator for professions would distort the comparison.

Care should also be taken when comparing the PMR indicators on individual professions across countries, because the activities that a specific profession undertake may vary between countries. The PMR database provides a detailed indication of the activities performed by each profession in each country. In particular, it should be noted that in civil law countries, notaries exercise administrative and judicial tasks by virtue of power delegated by the state; hence, they play a special role in the legal services market in the concerned countries and in this aspect they are different from the other professions included in the OECD's PMR indicator.

13. For each of the indicators on profession services the OECD publishes two values – Entry Regulation and Entry and Conduct Regulation – are these two separate sub-indicators?

Yes. Entry and Conduct Regulation are two sub-indicators whose simple average gives the total value of the sector indicator for each profession. Entry regulation focuses on those conditions that need to be met for someone to be able to start practising that profession, while conduct regulation focuses on the rules that govern what professionals can and cannot do while undertaking that specific profession.

14. Are the PMR Sector indicators comparable across years?

In 2018, the OECD undertook a major review of their content and structure to maintain their relevance in the context of evolving insights from economic theory, modifications in the technological and business environment, and changes in the practice of regulation. In addition, the OECD decided to include in these indicators all the information it collected in the PMR questionnaire for these sectors, while in the past only a subset was used. This was decided to ensure a more complete overview of the regulatory framework for these sectors. Because of these changes, the PMR sector indicators calculated since 2018 are not comparable with previous vintages.

However, only for the PMR Sector indicators for network industries, whose series dates back to 1975, the OECD has continued to produce indicators for the years after 2013. Hence, there exist two sets of PMR Sector indicators for network industries: a time series measure available from 1975 to 2018 based on an “old” methodology, and one that starts in 2018 based on a new methodology. A description of these two sets of indicators and of the methodology used for calculating the time series is available in the ‘Network Sector PMR indicators – Times series’ section of the webpage.

15. Why does the OECD publishes two sets of PMR Sector indicators (OECD and OECD-WBG)?

The OECD PMR indicator dataset includes countries where the OECD is solely responsible for the data collection process. They include OECD members, EU non-OECD member countries and some non-OECD economies.

The OECD-WBG PMR indicators dataset, produced in partnership with the World Bank Group (WBG), include a number of non-OECD countries. The same questionnaire is used. The WBG is responsible for the data collection while the OECD remains responsible for data validation and the calculation of the indicators. The coverage of the OECD-WBG PMR indicators can vary from vintage to vintage.

16. Where can one find more details on how the PMR Sector indicators are built?

The Methodological Note under the Methodology section of the webpage offers a detailed description of the methodology used to build the indicators.