

OECD Services Trade Restrictiveness Index (STRI)

CANADA – 2020

Key findings

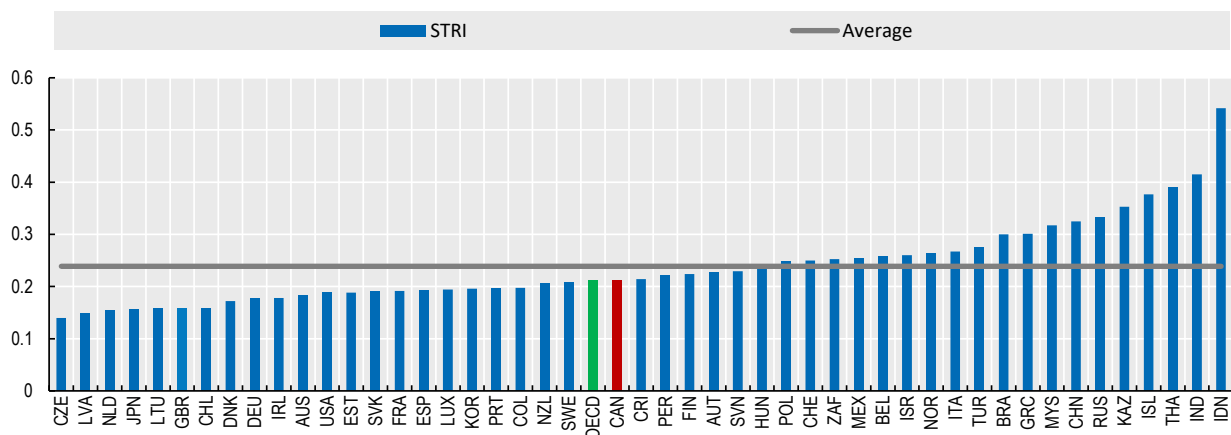
- The 2020 STRI for Canada is close to the OECD average, unchanged from 2019.
- Liberalisation reforms have been implemented in a handful of sectors since 2016, including telecommunications and air transport, but overall there has been little change in regulations since 2014.
- Sectors where barriers are the highest are courier services, broadcasting and telecommunications and distribution, reflecting essentially stringent restrictions to foreign entry, some barriers to competition and low regulatory transparency.

Recommendation

- 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, Canada could benefit from more open markets for services trade.

The 2020 STRI of Canada is close to the OECD average, below the average of the countries in the STRI sample (Figure 1), unchanged from 2019. There has been little change in regulations since 2014 (Figure 2).

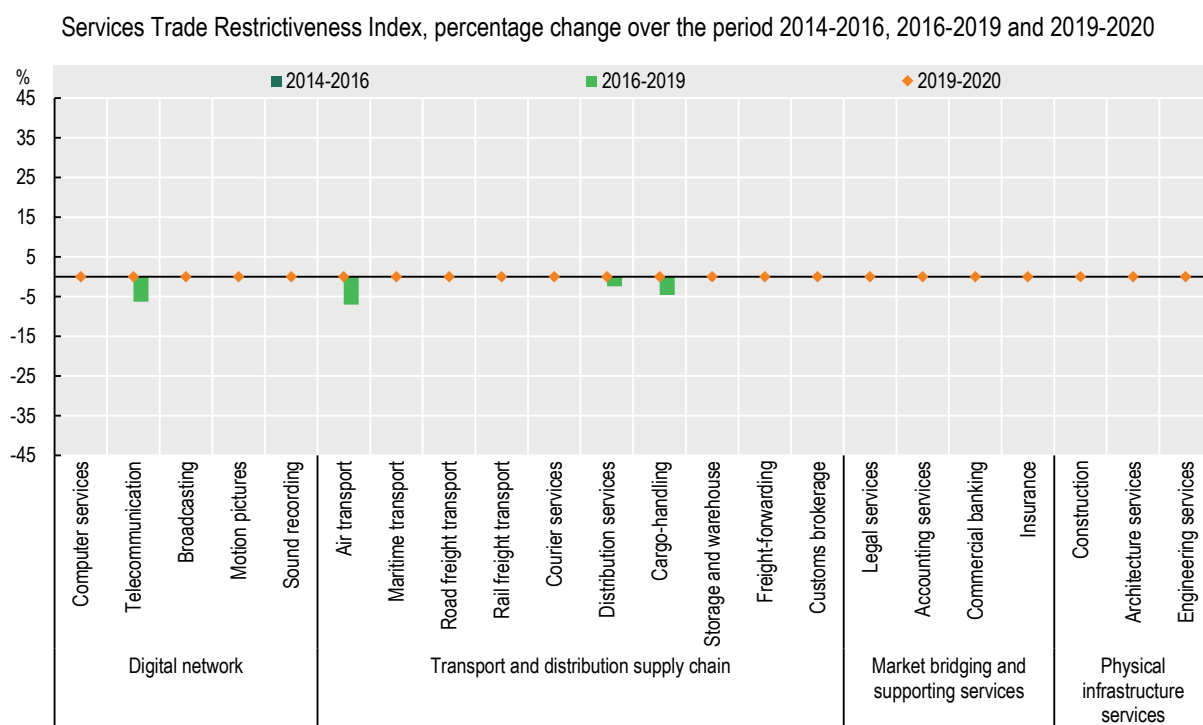
Figure 1. Average STRI across countries, 2020



Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nations basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2020. The STRI regulatory database covers the 37 OECD Members, Brazil, China, Costa Rica, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, South Africa, and Thailand.
Source: OECD STRI and TiVA databases (2020).

The STRI index reflects investments screening, in those sectors to which the Investment Canada Act applies and horizontal measures applying to all sectors, such as labour market tests for workers seeking to provide services in the country on a temporary basis as contractual services suppliers or independent services suppliers. Rights of access to public procurement are limited to regional trade agreement partners and members of the WTO's Government Procurement Agreement. There is at least one major state-owned enterprise in broadcasting, courier services, distribution, maritime transport and motion picture services.

Figure 2. Evolution of STRI scores by sector in Canada

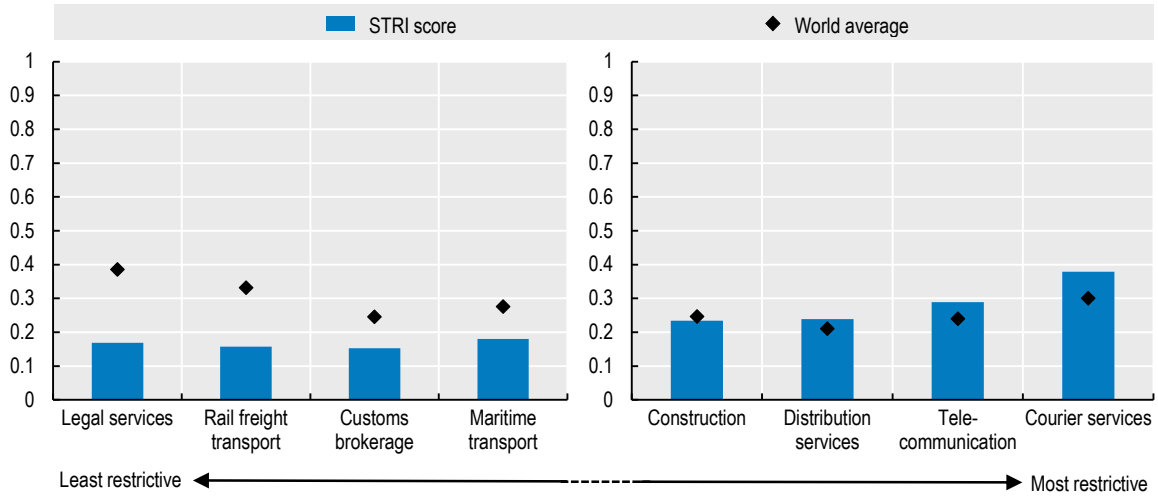


Source: OECD STRI database (2020).

Legal services, rail freight transport, logistics customs brokerage and maritime transport are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Broadcasting, distribution services, telecommunications and courier services are the sectors with the highest score relative to the average STRI across all countries.

The least restrictive sector in Canada compared to regional peers and the other best performers elsewhere are legal services while courier services are the most restricted (Figure 4). Higher foreign entry restrictions and barriers to competition explain restrictiveness in courier services, but the difference with main trading partners is limited.

Figure 3. Sectoral breakdown – The least and most restricted sectors in Canada

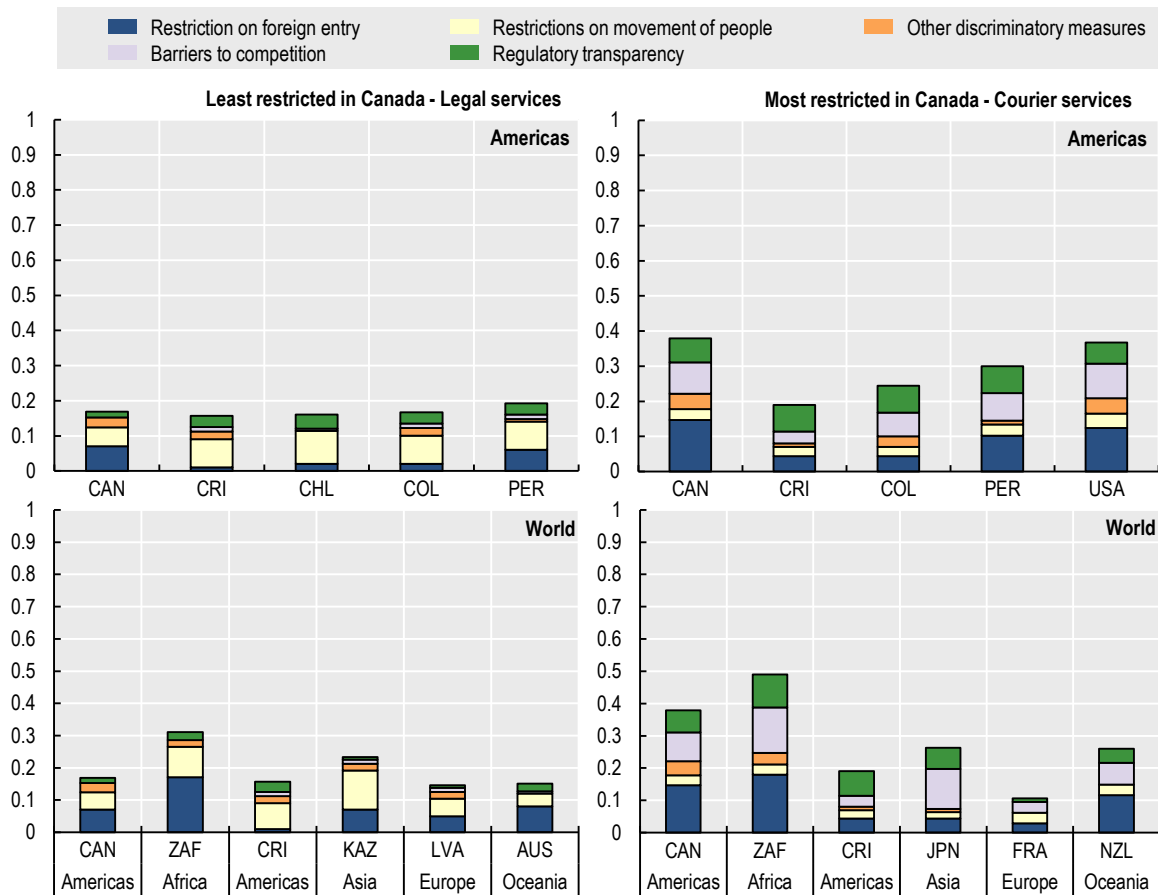


Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

i.e. $(STRI_{country, sector} - STRI_{world average, sector}) / STRI_{world average, sector}$

Source: OECD STRI database (2020).

Figure 4. Canada compared to Americas and World's best performers

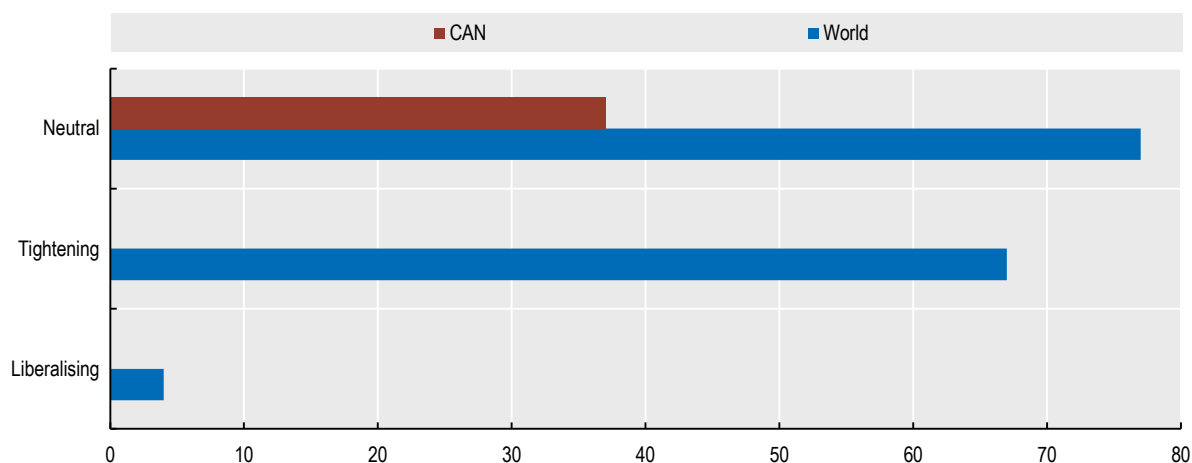


Source: OECD STRI database (2020).

Special focus: Impact of COVID-19-related measures on the stringency of services regulations

While Canada has adopted several measures in response to the COVID-19 crisis, these were either temporary in nature or not directly relevant for the measures considered in the STRI database. A number of measures had a no effect on the STRI scores, including an increase in visa processing time across all the sectors covered by the STRI. Many countries have tightened their regulatory framework following the COVID-19 shock, by tightening their investment screening process or their visas requirements (Figure 5).

Figure 5. COVID-19 related measures in Canada and in the world



Source: OECD STRI database (2020).

Key reforms

As of May 2018, Bill C-49, an amendment to the Canada Transportation Act, eased foreign ownership restrictions by lifting the foreign equity limit in the air transport sector from 25% to 49%. However, the voting share limits in Canadian airlines for individual foreign investors and foreign air carriers collectively remain at 25%. As of 2019, the pre-packaging of products is no longer subject to mandatory nominal quantities in distribution services. Furthermore, contracts for universal services obligations are now assigned on a competitive basis in the telecommunications sector, which reduces barriers to competition. This reform was also implemented in 2019.

More information

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