

OECD Services Trade Restrictiveness Index (STRI)

ESTONIA – 2020

Key findings

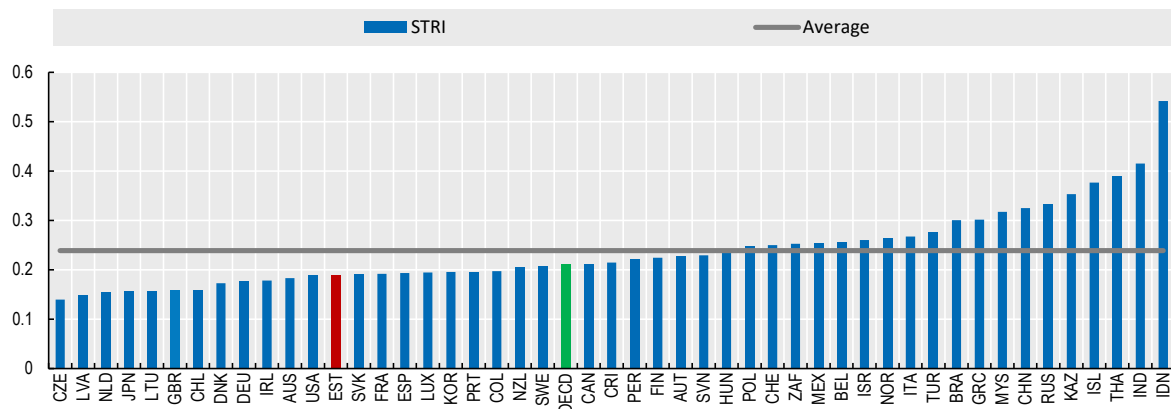
- The 2020 STRI of Estonia is below the OECD average and low compared to other countries in the STRI sample.
- Estonia's regulatory environment for services was unchanged compared to 2019.
- Estonia demonstrated significant progress in liberalising its services industries over the past years by extending allowed duration of stay for different groups of services suppliers.
- Despite progress on trade liberalisation efforts, restrictions remain in professional services in relation to recognition of foreign qualifications and licensing conditions.

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, Estonia could benefit from more open markets for services trade.

The 2020 STRI of Estonia is below the OECD average and relatively low compared to other countries in the STRI sample (Figure 1). The index was unchanged compared to 2019.

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.

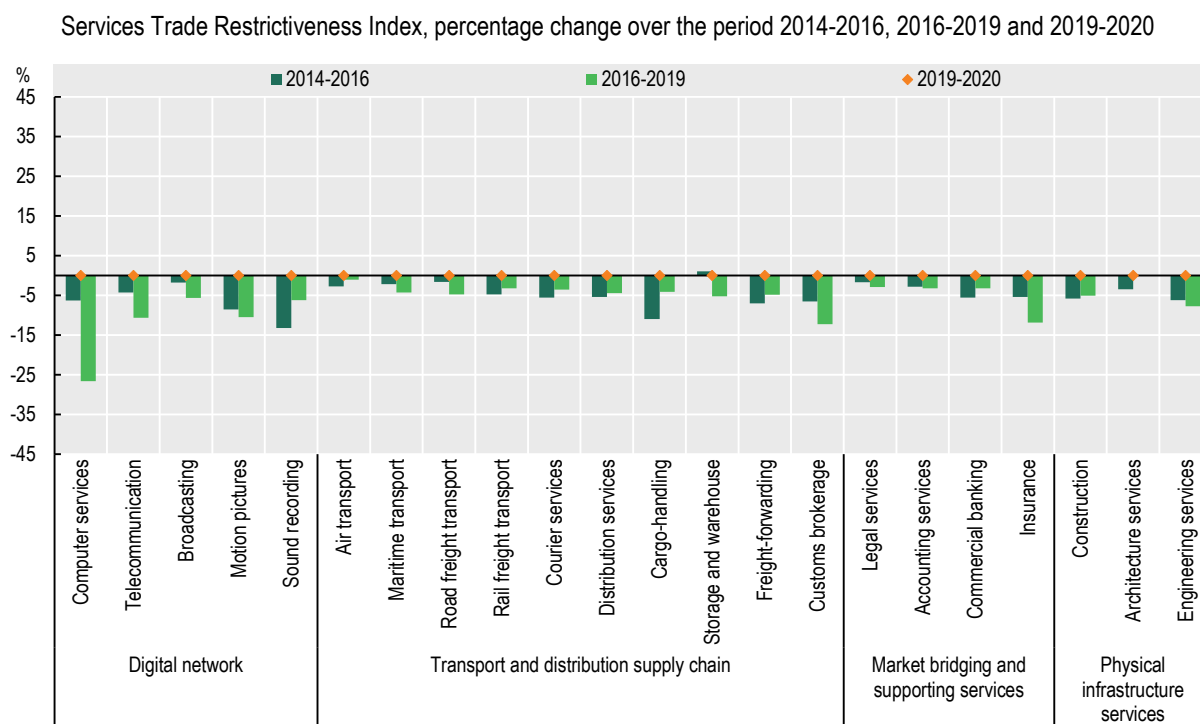
Source: OECD STRI and TiVA databases (2020).

The 2020 index reflects restrictions that apply on key strategic services sectors such as legal services, architecture and maritime transport services. Trade in these sectors is mostly hampered by restrictions on movement of professionals.

Moreover, quotas and labour market tests are applied to workers seeking to provide services in the country on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers. Moreover, non-discriminatory treatment in the public procurement process is only guaranteed to EEA members or parties to the WTO's Government Procurement Agreement. The standards for cross-border transfer of personal data are set at the EU level. Transfers to non-EEA economies can take place when these ensure an adequate level of data protection or, in the absence of this, appropriate safeguards (e.g. binding corporate rules or standard data protection clauses) are in place. Finally, a minimum amount of capital must be deposited in a bank or with a notary in order to register a business and a fiscal representative, who is jointly liable for the Estonian VAT, is required for non-EU companies.

Estonia has also been progressively introducing reforms over the past years, contributing to easing the conditions for trade and investment in several sectors (Figure 2). The highest levels of liberalisation were recorded in computer services, sound recording and logistics customs brokerage. Changes in these sectors are mostly driven by reforms applicable to the whole economy.

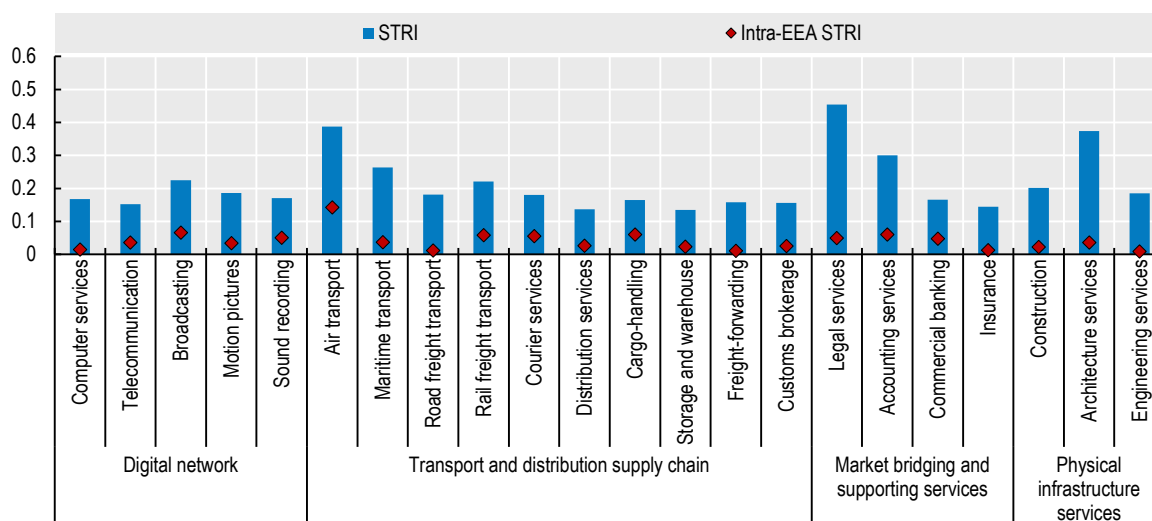
Figure 2. Evolution of STRI scores by sector in Estonia



Source: OECD STRI database (2020).

Services trade regulations are much less stringent within the EU Single Market, especially in road freight transport, logistics freight- forwarding, insurance and engineering services (Figure 2b).

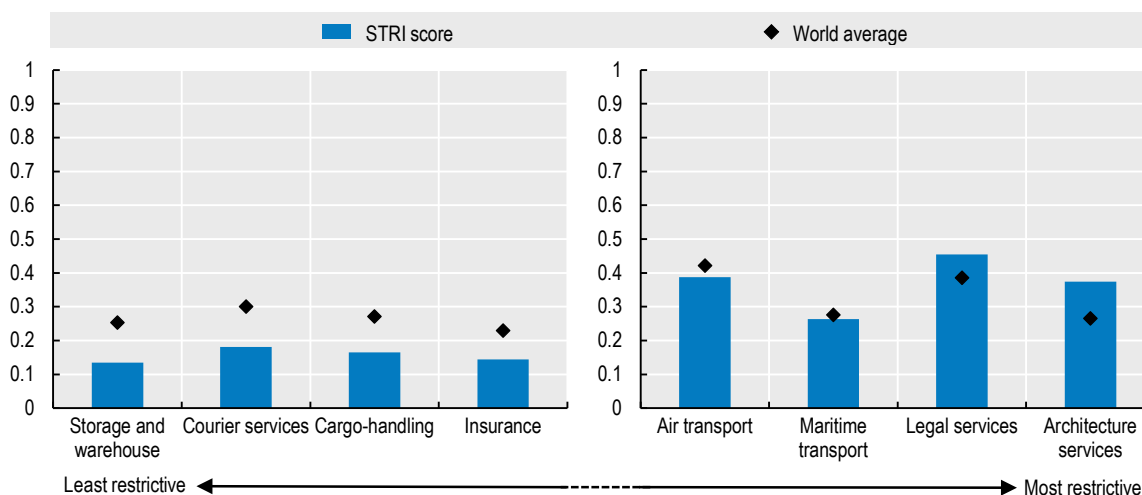
Figure 2b. Regulatory barriers affecting services trade within the European Economic Area (EEA)



Note: The traditional STRI indicates the level of restrictiveness on Most-Favoured Nation basis towards third countries, and the intra-EEA STRI indicates the level of restrictiveness towards EEA members. Intra-EEA STRI covers 24 countries (Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden).
Source: OECD STRI database (2020).

Logistics storage and warehouse, courier services, logistics cargo-handling and insurance are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Air transport, maritime transport, legal services and architecture services are the sectors with the highest score relative to the average STRI across all countries.

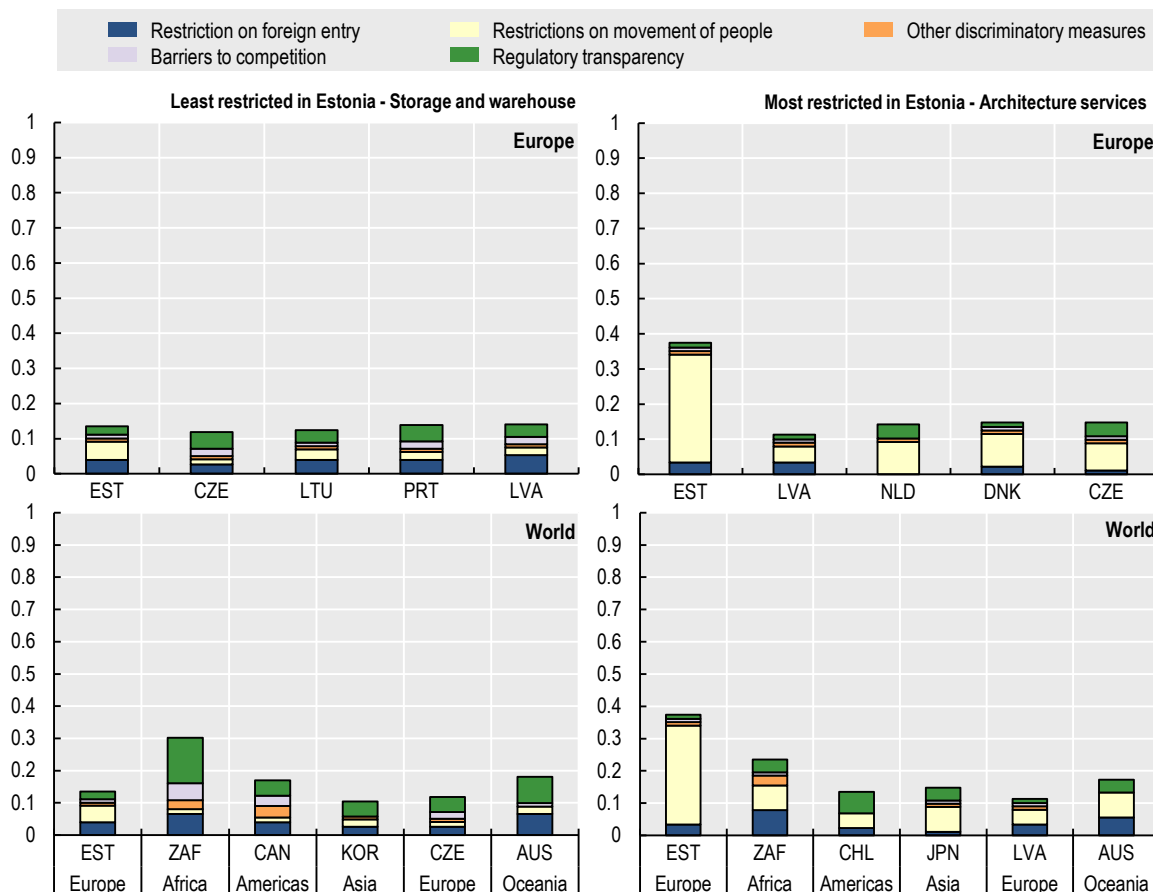
Figure 3. Sectoral breakdown – The least and most restricted sectors in Estonia



Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference
i.e. $(STR I_{country, sector} - STR I_{world\ average, sector}) / STR I_{world\ average, sector}$
Source: OECD STRI database (2020).

Storage and warehouse are the least restricted in Estonia compared to Europe and the other best performers elsewhere while architecture services are the most restricted (Figure 4).

Figure 4. Estonia compared to Europe and World's best performers

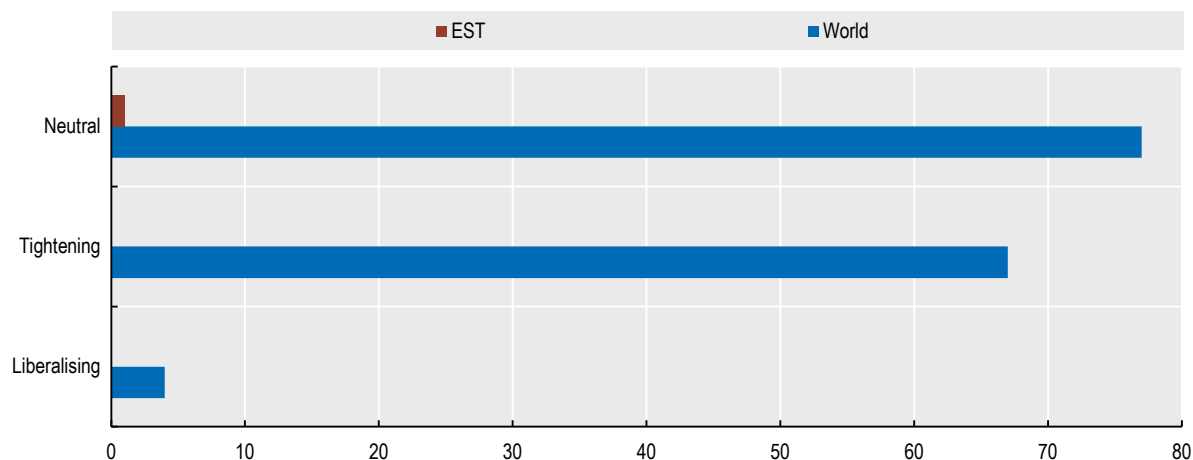


Source: OECD STRI database (2020).

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

While Estonia 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. This includes the extension of partial exemption of certain anti-competitive agreements from competition law in the maritime transport sector, following a 2020 EU regulation. 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 Estonia and in the world



Source: OECD STRI database (2020).

Key reforms

In 2017, the duration of stay for intra-corporate transferees was extended from 24 to 36 months, while in 2018 the duration of stays for independent services suppliers was extended from 24 to 60 months. The new EU General Data Protection Regulation (Regulation No. 2016/679) entered into force on 25 May 2018 providing a comprehensive update on the EU data protection regime.

Recent changes affecting Estonia were due to changes in EU law. Regulation 2019/452 allows EU Member States to maintain, amend or adopt mechanisms to screen foreign direct investments in their territory on grounds of security or public order. It applies from 11 October 2020. In the context of the COVID-19 pandemic, Regulation 2020/459 waived the 80/20 grandfathering rule for airport slot allocations between 1 March 2020 and 27 March 2021. Accordingly, airport coordinators are required to consider slots allocated for this period as having been operated by the air carrier to which they were initially allocated. In maritime transport, Regulation 2020/436 extended the existing block exemption to liner shipping consortia from competition law until April 2024.

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