OECD Services Trade Restrictiveness Index (STRI): Estonia 2019

Estonia exported services worth USD 8 billion (0.1% of world services exports) and its services import value was USD 6 billion (0.1% of world services imports) in 2018. Transport and travel services are both the largest services exporting sectors and the main categories of services imports. Estonia’s score on the STRI in the 22 sectors is shown below, along with the average and the lowest score among the 46 countries included in the STRI database for each sector. Estonia has a lower score on the STRI than the average in 19 out of 22 sectors.

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

![STRI by sector and policy area (2019)](image)

*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 establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2019.*

**Horizontal policy measures**

With a few exceptions due to sector-specific impediments, Estonia has a relatively liberal regulatory regime in place for foreign services suppliers wishing to enter the market through commercial presence. Nonetheless, 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.

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

Storage and warehouse services, courier services and distribution services are the three sectors with the lowest score relative to the average STRI across all countries. In storage and warehouse services, the sector is mostly subject to horizontal measures although authorisations for the operation of customs warehouses are subject to a proven economic need. In courier services, the designated postal operator is state-owned, but the sector is otherwise subject to the general regulatory framework. Distribution services are affected only by horizontal restrictions.

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

Legal services, architecture services and maritime transport, are the three sectors with the highest score relative to the average STRI across all countries. In the legal sector, the services of legal consultants in international law are not regulated but, as in most countries, domestic law practice requires admission to the bar association. Estonia has no process for the recognition of foreign qualifications in legal services except for EEA nationals and nationals of third countries with which Estonia has signed preferential agreements. Foreign professionals are under an obligation to completely re-do their qualification and acquire practice locally, and take up residency in order to practice domestic law. The fact that only lawyers who are fully licensed in an EU Member state may own shares and be partners in law firms constitutes a further impediment. Similarly, architecture is a regulated profession where the recognition of foreign qualifications only applies to EEA countries. Temporary licenses for specific architecture projects are not available. In maritime transport, nationality and residency is required to own an Estonian vessel and fly the national flag. Cabotage is reserved only to such vessels. Certain agreements concluded between maritime enterprises are exempt from competition rules.

**Recent policy changes**

In March 2019, EU-wide requirements on accounting separation entered into force for port authorities in receipt of public funds. The new EU General Data Protection Regulation (Regulation 2016/679) entered into force on 25 May 2018 providing a comprehensive update on the EU data protection regime. In 2017, the duration of stay for intra-corporate transferees was extended from 24 to 36 months, while in 2018, the duration of stay for independent services suppliers was extended from 24 to 60 months. As of 2016, revised conditions, including on economic needs, apply for authorisations for the operation of storage facilities for the customs warehousing of goods pursuant to Regulation (EU) No 952/2013.

**Efficient services sectors matter**

Services account for 44% of Estonia’s gross exports, but 62% of its exports in value added terms, indicating that Estonia’s exports of goods rely intensively on services inputs. The information and communication technology revolution opens new opportunities for inclusive growth in a services economy like Estonia. 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.
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