



OECD Services Trade Restrictiveness Index (STRI)

ISRAEL – 2021

Key findings

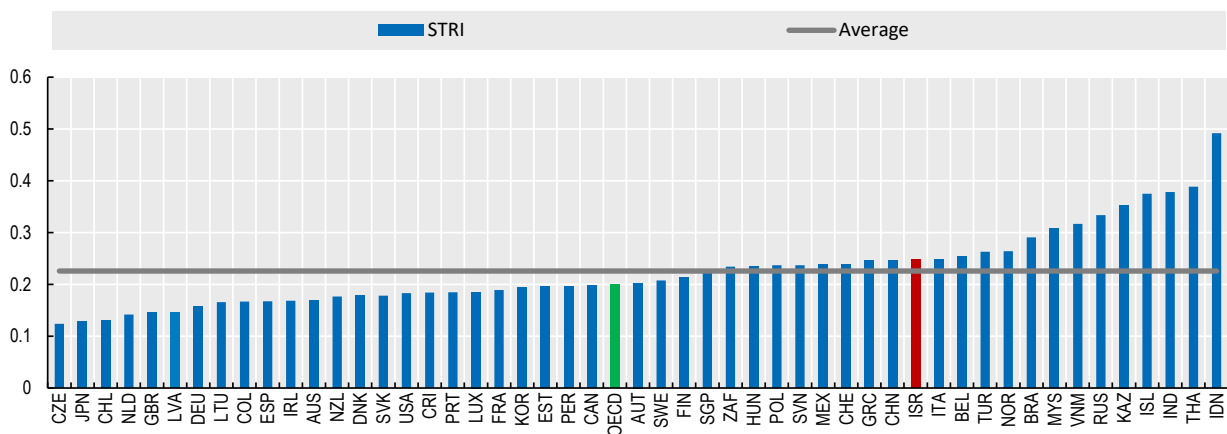
- The 2021 STRI of Israel is relatively high compared to other countries in the STRI sample but unchanged compared to 2020.
- Israel's regulatory environment for services has been stable over the past years with relatively few changes affecting services trade.
- Distribution services is the most open sector in Israel compared to the sample average while rail freight transport is the most restricted.

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

The 2021 STRI of Israel is relatively high compared to other countries in the STRI sample (Figure 1).

Figure 1. Average STRI across countries, 2021



Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nation 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 2021. The STRI regulatory database covers the 38 OECD countries, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, Singapore, South Africa, Thailand and Viet Nam.

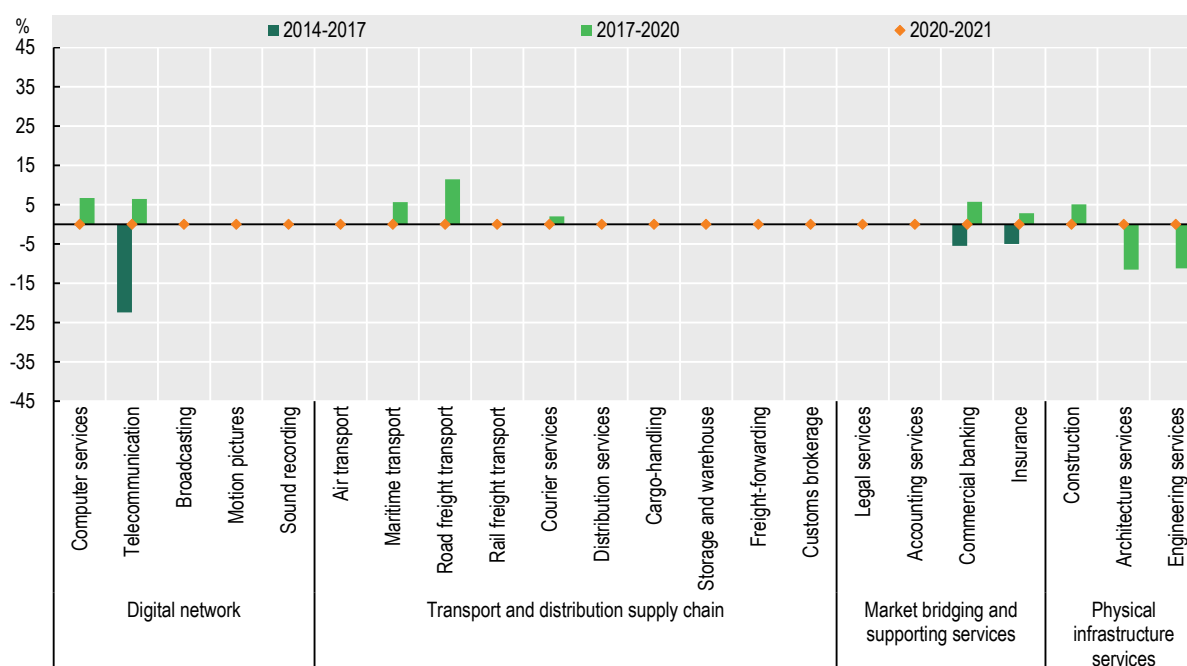
The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law. Source: OECD STRI and TIVA databases (2021).

The 2021 STRI is partly explained by general regulations applying to all sectors of the economy. The chair of the board of directors of Israeli corporations must be a resident of Israel. Acquisition of land and real estate by foreigners is subject to restrictions and preferences are granted to local suppliers in procurement markets, particularly through the use of offsets. Furthermore, Israel applies labour market tests for natural persons seeking to provide services in the country on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers. These services providers may stay in the country for up to 12 months on their first entry permit. There is also at least one major state-owned enterprise in broadcasting, courier services, insurance, maritime transport, rail freight transport, and logistics cargo-handling.

The regulatory environment for services trade has been relatively stable in Israel over the past years (Figure 2). Moderate increases in the index have been identified for instance in some transport sectors, computer services, telecommunications, and financial services. The extent of liberalisation, however, has been more important, particularly in telecommunications, financial services and some professional services.

Figure 2. Evolution of STRI indices by sector in Israel

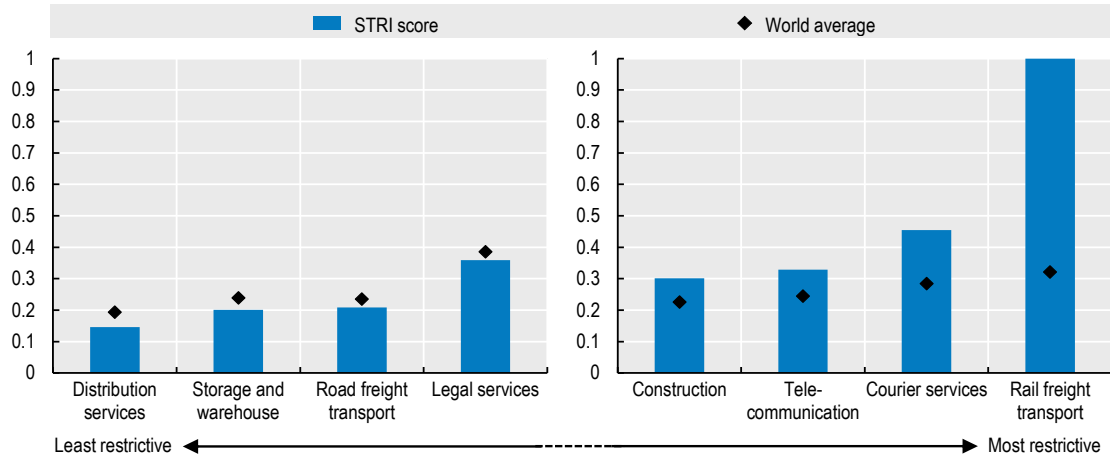
Services Trade Restrictiveness Index, percentage change over the period 2014-2017, 2017-2020 and 2020-2021



Source: OECD STRI database (2021).

Distribution services, road freight transport, logistics storage and legal services are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Construction, telecommunications, courier services and rail freight transport are the sectors with the highest score relative to the average STRI across all countries.

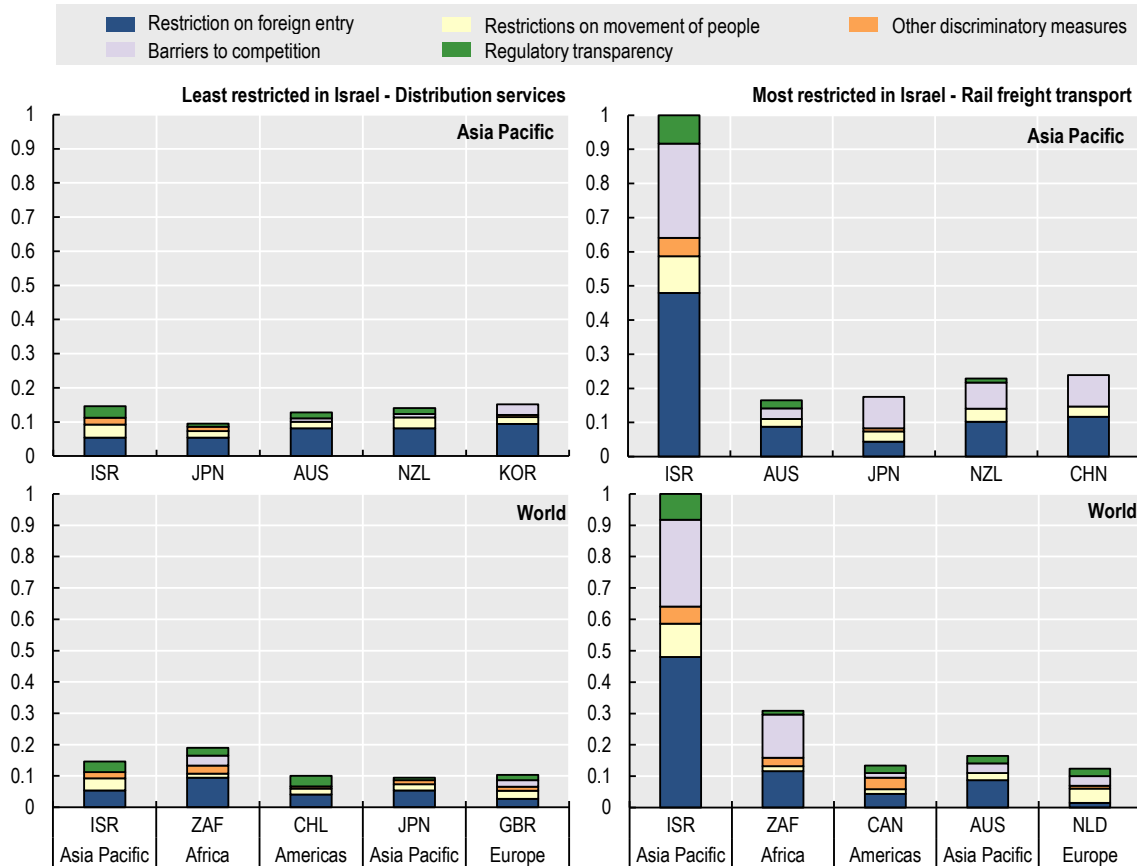
Figure 3. Sectoral breakdown: The least and most restricted sectors in Israel



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 (2021).

Distribution services are the least restricted service sectors in Israel compared to Asia Pacific and the other best performers elsewhere while rail freight transport are the most restricted (Figure 4).

Figure 4. Israel compared to Asia Pacific and World's best performers



Source: OECD STRI database (2021).

Key reforms

In 2019, Israel established an advisory committee to assess the national security implications of foreign investment in certain sectors such as finance, communications, infrastructures, transportation, and energy.

Furthermore, in 2018, conditions affecting foreign ownership of terrestrial broadcasting companies were eased by raising foreign equity limits to 74% from 49%. Also in 2018, a temporary licencing procedure for foreign architects and engineers was put in place.

More information

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