

## OECD Services Trade Restrictiveness Index (STRI)

### ISRAEL – 2020

#### Key findings

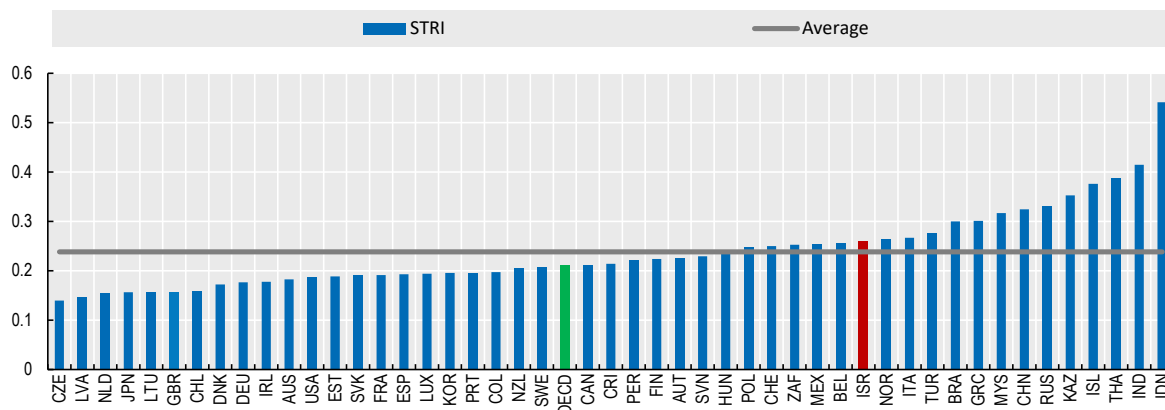
- The 2020 STRI of Israel is relatively high compared to other countries, unchanged compared to 2019.
- Israel's regulatory environment for services has been stable over the past years with relatively few changes affecting services trade. The changes that were implemented were mostly liberalising reforms, particularly in sectors such as telecommunications, financial services and some professional services.
- Road freight transport services is the most open sector in Israel 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 2020 STRI of Israel is relatively high compared to other countries in the STRI sample (Figure 1), and unchanged compared to 2019.

Figure 1. Average STRI across countries, 2020

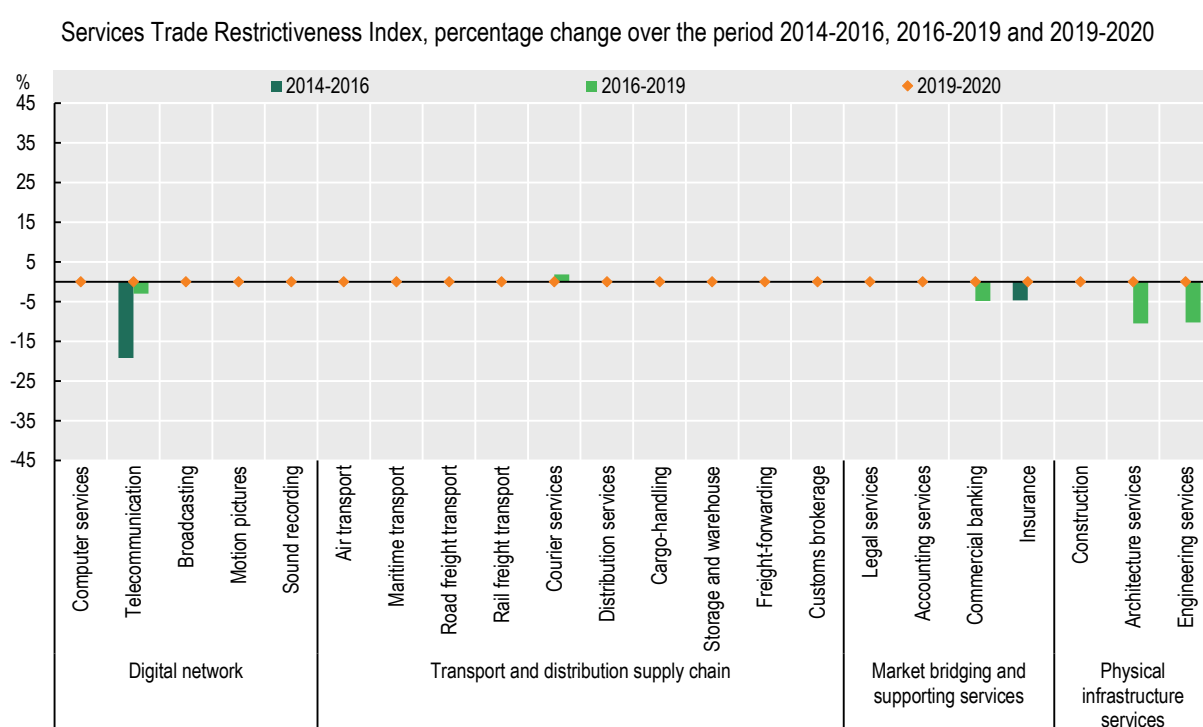


Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nations basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations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

The 2020 index 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.

No significant tightening in the regulatory environment was detected in recent years apart from a minor increase in the STRI for courier services (Figure 2). The extent of liberalisation, however, has been more important, particularly in telecommunications, financial services and some professional services.

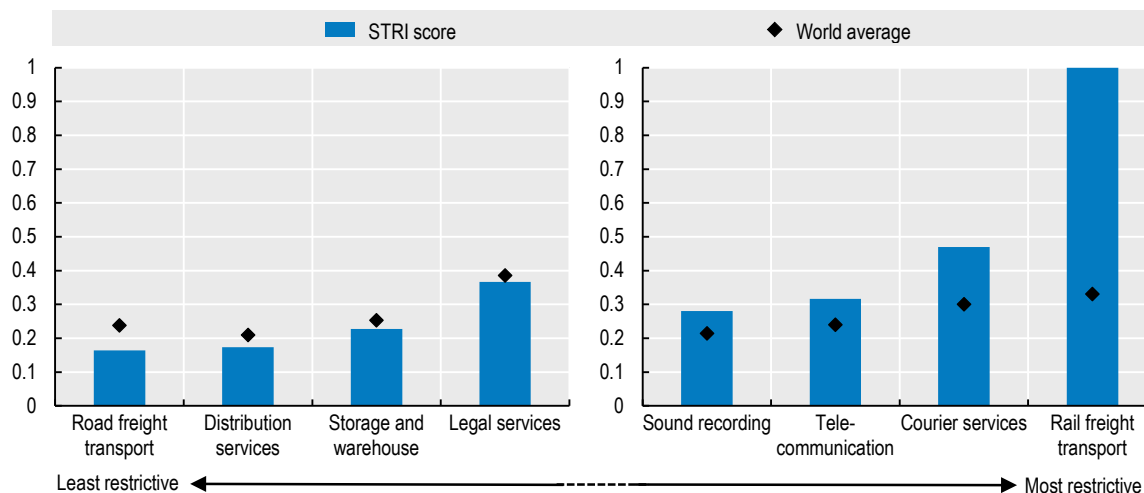
**Figure 2. Evolution of STRI scores by sector in Israel**



Source: OECD STRI database (2020).

Road freight transport, distribution services, logistics storage and warehouse and legal services are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Sound recording, 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**



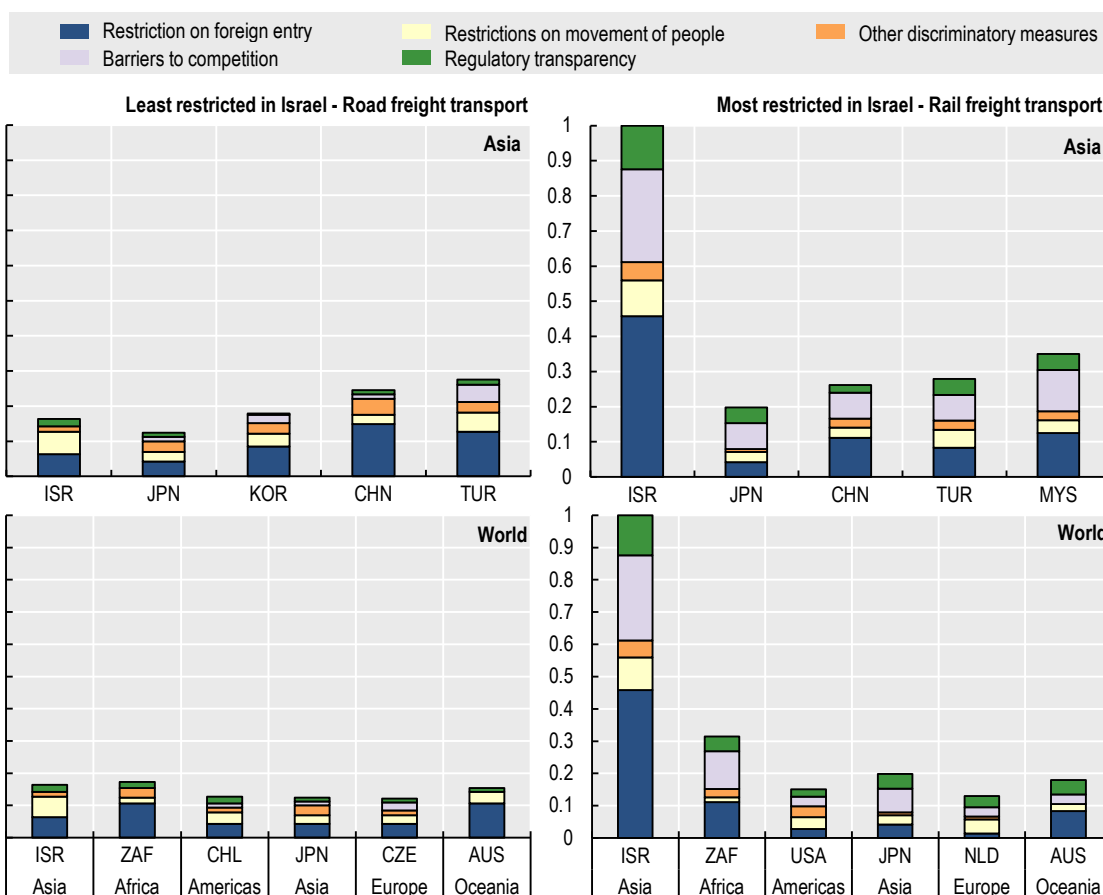
Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

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

Source: OECD STRI database (2020).

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

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

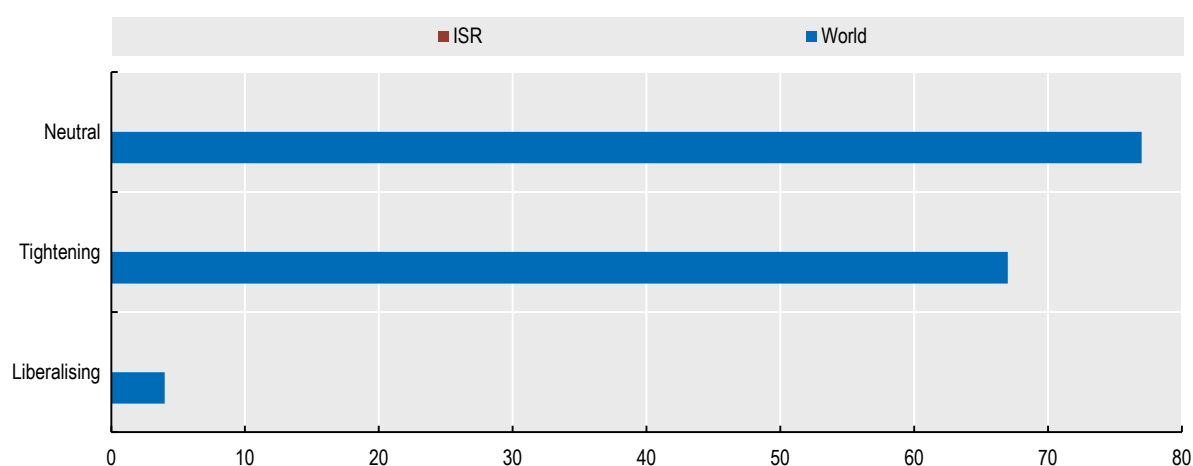


Source: OECD STRI database (2020).

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

While Israel 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. 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 Israel and in the world



Source: OECD STRI database (2020).

### Key reforms

In 2018, a temporary licencing procedure for foreign architects and engineers was put in place. In commercial banking, the residency requirement for two-thirds of board members of banks was lifted in 2017. Reforms in the telecommunications sector made in 2015 and 2017 introduced more pro-competitive regulations, easing the entry and operation of new telecommunications providers.

### 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](mailto:stri.contact@oecd.org)