

OECD Services Trade Restrictiveness Index (STRI)

KOREA – 2020

Key findings

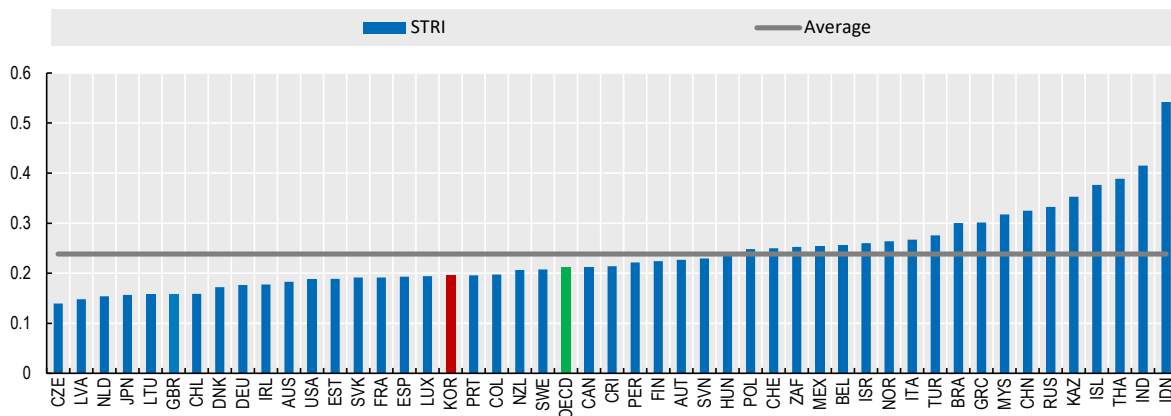
- The 2020 STRI of Korea is relatively low compared to other countries and lower than the OECD average, indicating an open regulatory environment for trade in services. The indices have remained unchanged compared to 2019.
- Changes in the regulatory environment have been moderate between 2014 and 2018. No significant changes were detected in 2019-2020.
- Logistics services (storage and warehousing) is the most open services sector in Korea 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, Korea could benefit from more open markets for services trade.

The 2020 STRI of Korea is relatively low compared to other countries in the STRI sample, and unchanged compared to 2019 (Figure 1).

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.

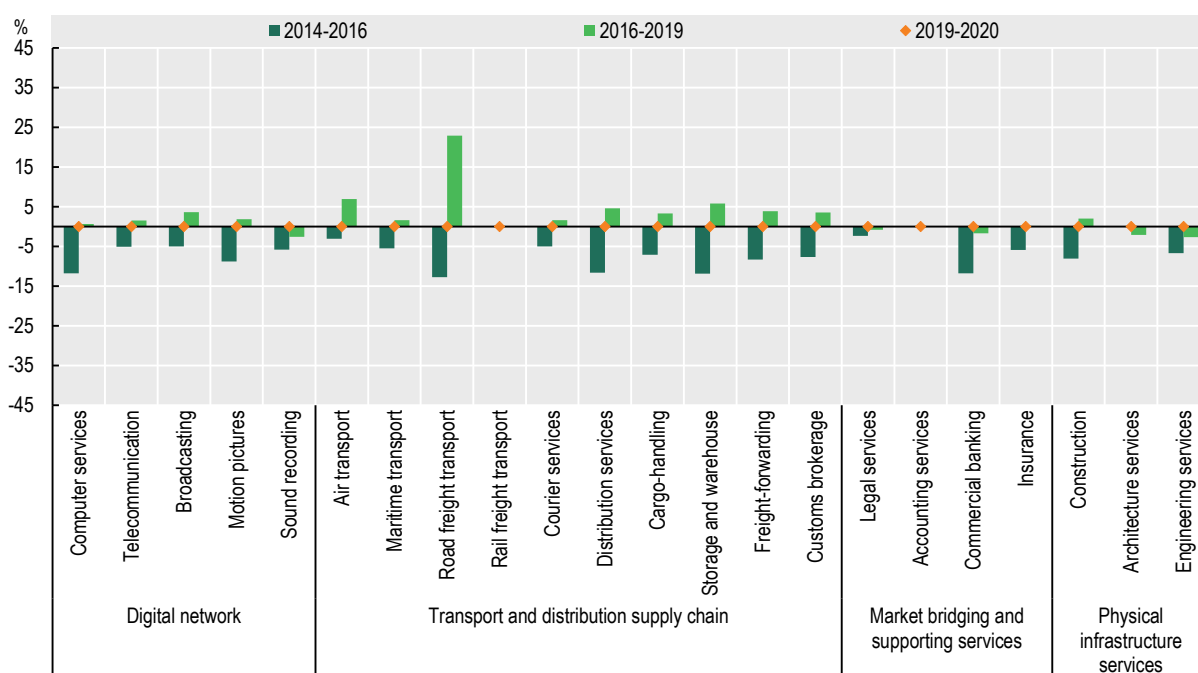
Source: OECD STRI and TIVA databases (2020).

The 2020 index is explained by regulations that affect the entire economy. Natural persons seeking to provide services in the country on a temporary basis as contractual services suppliers or independent services suppliers may stay in the country for up to 24 months on their first entry permit, whereas intra-corporate transferees can stay 36 months. Public procurement regulations do not grant national treatment for foreign suppliers on a most-favoured-nation basis. Finally, Korea has relatively costly procedures to register companies.

Changes in the regulatory environment have been moderate over time (Figure 2). Between 2014-2016, Korea introduced reforms that liberalised most services sectors, while in 2016-2019, regulations have been tightened in some sectors, especially in road freight transport. No significant changes were observed in 2019-2020.

Figure 2. Evolution of STRI scores by sector in Korea

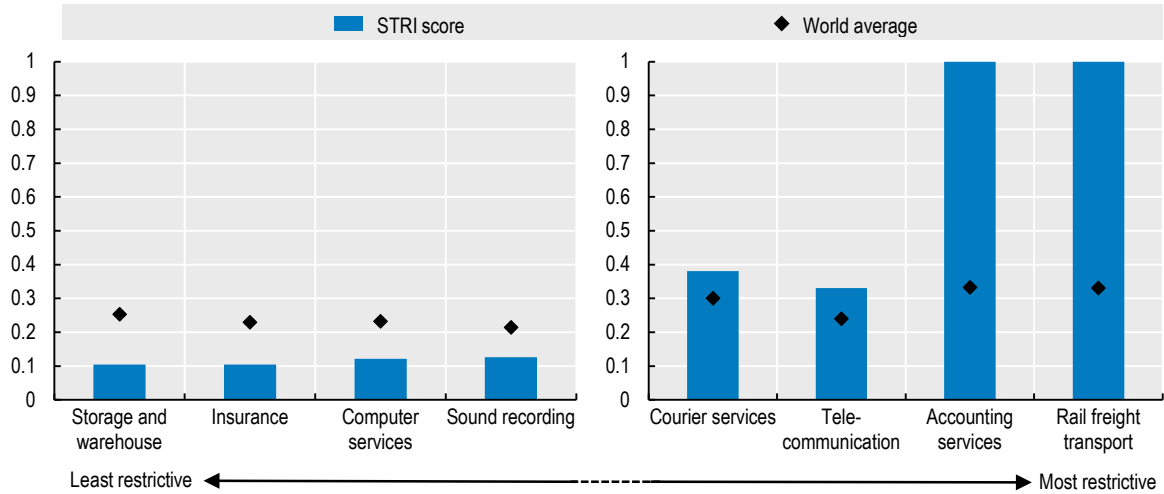
Services Trade Restrictiveness Index, percentage change over the period 2014-2016, 2016-2019 and 2019-2020



Source: OECD STRI database (2020).

Logistics storage and warehouse, insurance, computer services and sound recording are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Courier services, telecommunications, accounting 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 Korea



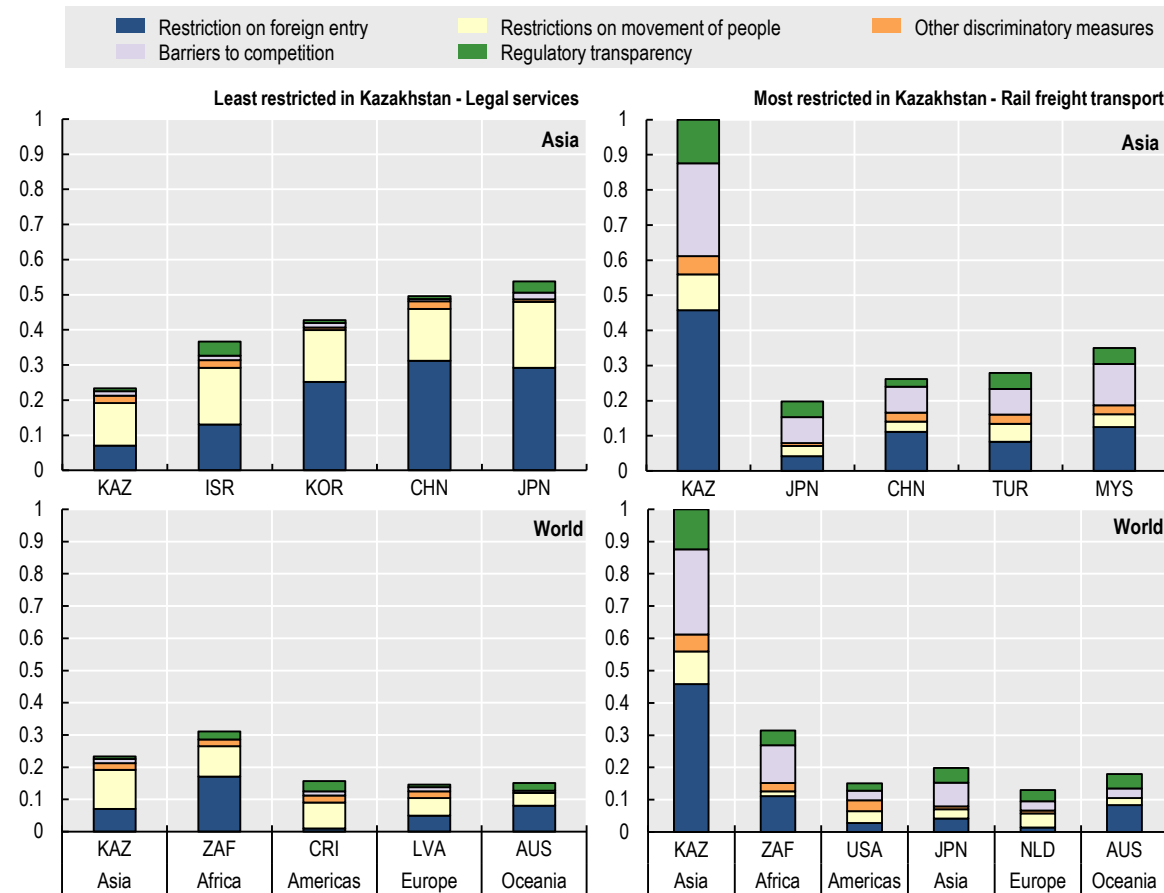
Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

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

Source: OECD STRI database (2020).

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

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

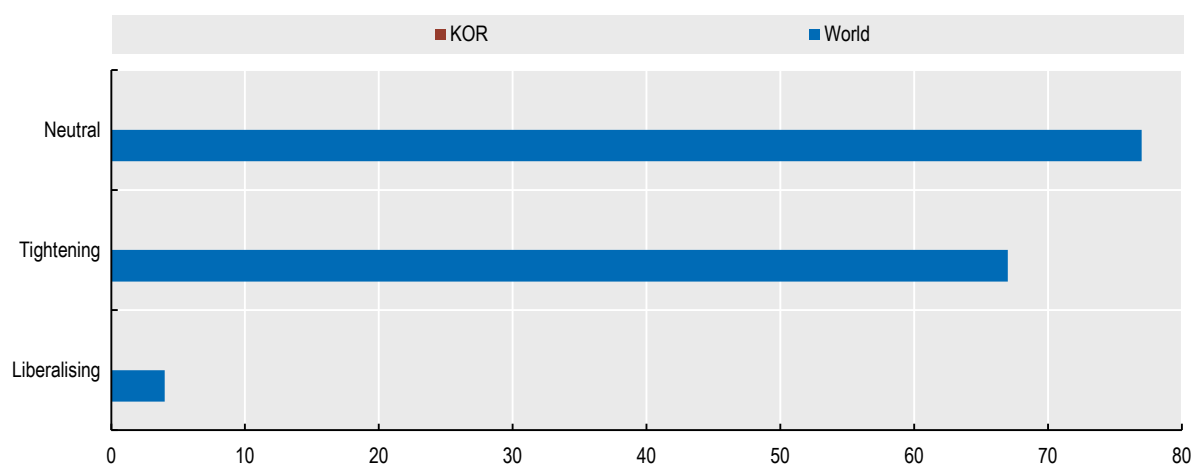


Source: OECD STRI database (2020).

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

While Korea 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 Korea and in the world



Source: OECD STRI database (2020).

Key reforms

No significant reforms were captured in 2018-2020. In 2017, the number of licenses for road transport operators were regulated. In the same year, new requirements were also introduced on the acquisition of land and real estate by foreigners.

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