OECD Services Trade Restrictiveness Index (STRI): Korea 2019

Korea exported services worth USD 99 billion (1.7% of world services exports) and its services imports amounted to USD 129 billion (2.3% of world services imports) in 2018. The largest services exporting sector is maritime freight transport and other business services is the largest importing sector. Korea’s score on the STRI index in the 22 sectors covered by the STRI project is shown below along with the average and the lowest score among the 46 countries included in the STRI database for each sector. Korea has a lower score on the STRI than the average in 14 out of 22 sectors.

STRI by sector and policy area (2019)

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

Horizontal trade restricting regulations are few and relate to movement of people, public procurement and local presence requirements. 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.

The sectors with the relatively lowest STRI scores

Logistics storage and warehouse services, insurance and computer services are the three sectors with the lowest score relative to the average STRI across all countries. The logistics sector is subject to individual licensing for each activity (storage and warehousing, freight forwarding and customs brokerage services). Computer services are not subject to sector-specific regulation either and the score reflects horizontal measures that apply across all sectors. In insurance services, commercial presence is required in order to
provide cross-border service, and Korea Post is a state owned enterprise which is a significant supplier of insurance services. Finally, measures guaranteeing the independence of the supervisory authority are not fully in place.

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

Rail freight transport, accounting services and telecommunications services are the three sectors with the highest score relative to the average STRI across all countries. In rail freight transport, only the government-owned Korail has been licensed to operate rail freight transport services. Accounting services cover also auditing. Accounting and auditing are regulated professions where a local license is required to provide services and to own shares in auditing or accounting firms. To obtain a license, auditors and accountants must have the required qualification from a Korean university. Recognition of foreign qualification is only available on the basis of preferential agreements with the country where the qualification was obtained. There is no temporary licensing in place, which means that the market is effectively closed to third country services providers. In telecommunication services, Korea maintains caps on foreign equity and commercial presence is required to provide cross-border services.

**Recent policy changes**

In 2016, restrictions on internet banking were lifted. Conversely, a requirement that only licensed architects may establish an architectural firm was introduced.

**Efficient services sectors matter**

![Services share of: Gross imports, Gross exports, Value added imports, Value added exports, FDI stock inward, FDI stock outward, GDP, Employment](chart.png)

Services account for almost 17% of Korea’s gross exports, but for 35% of its value added exports, indicating that Korea’s exports of goods rely intensively on services inputs. In Korea’s case, services account for a higher share in employment than in GDP, showing that labour productivity is lower in services than in other sectors. The information and communication technology revolution opens new opportunities for inclusive growth in a services economy like Korea. 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.

**More information**

» Access all of the country notes, sector notes and interactive STRI tools on the OECD website at [http://oe.cd/stri](http://oe.cd/stri)

» Read more about services trade policies and their impacts in this publication: [Services Trade Policies and the Global Economy](http://oe.cd/stri)

» Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org