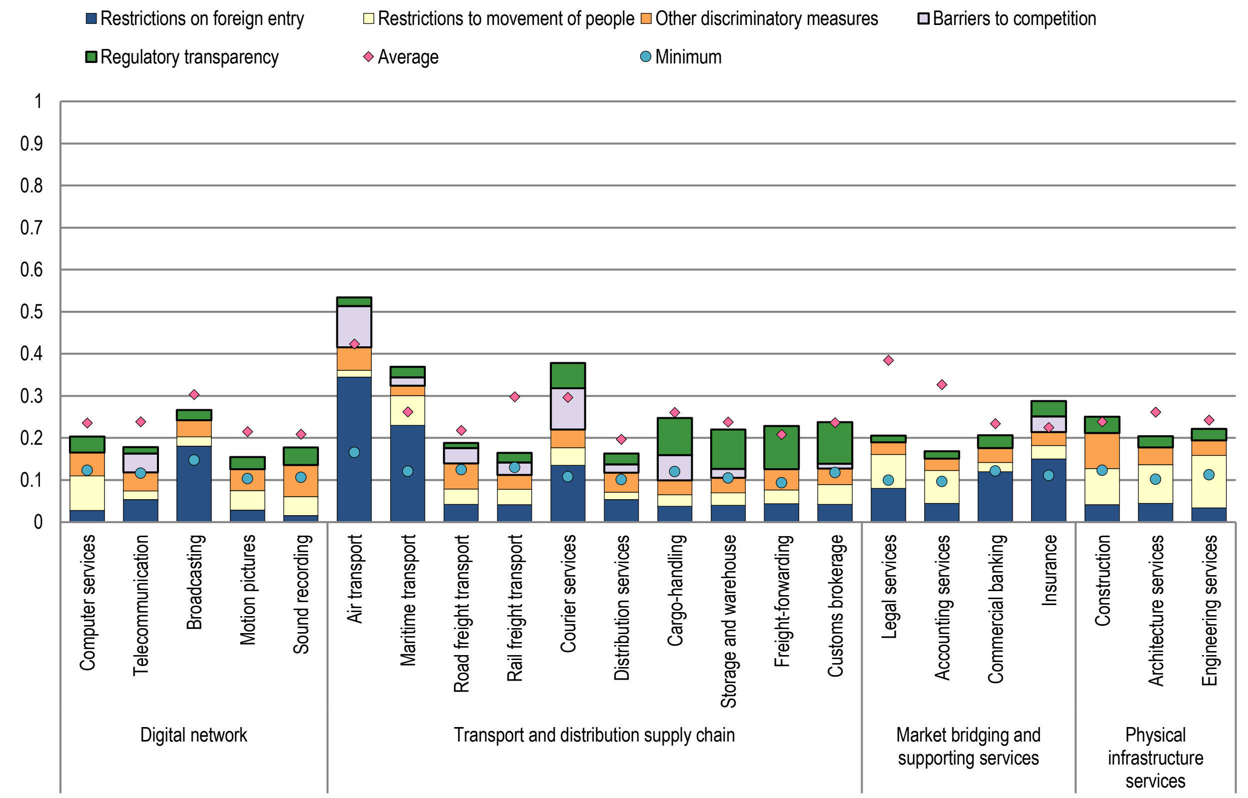
OECD Services Trade Restrictiveness Index (STRI): United States

The United States exported services worth USD 798 billion and services import value was USD 543 billion in 2017. Travel and personal services are the largest services exports of the United States and also its largest service imports categories. The United States' score on the STRI in the 22 sectors is shown below, along with the average and the lowest score among the 45 countries included in the STRI database for each sector.

STRI by sector and policy area



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 and South Africa. 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).

Horizontal policy measures

The United States has a lower score on the STRI than the average in 15 out of the 22 sectors, a fact explained in large part by the overall business environment. A general regulation that contributes to the STRI score in all sectors is the quota restricting the number of contractual and independent services suppliers who may enter the country annually. Wage parity with local employees is also required. However, the United States has a liberal policy regarding their duration of stay, which can be up to 36 months on the first entry permit. Moreover, the U.S. procurement market is open only to members of the WTO's Government Procurement Agreement and partners in regional trade agreements, with the possibility of granting exceptions for developing countries. Overall, the United States is one of the countries where the government interferes least with private suppliers through state ownership: aside from the postal operator, no major firm is owned by the federal government in the sectors included.

The sectors with the relatively lowest STRI scores

Accounting services, legal services, and rail freight transport services are the three sectors with the lowest score relative to the average in the United States. In accounting services, which covers also auditing services, the managers of a professional service corporation must be licensed professionals. Furthermore, foreigners seeking to provide services in either profession must pass a competence exam and fulfil a practice requirement for at least one year. Professional services are regulated at the state level; the STRI considers New York state regulations. Legal practice is open to foreign qualified professionals who pass the local bar exam. Rail freight has a liberal regime for foreign investment and access rights are granted for international rail transport, except for the domestic legs.

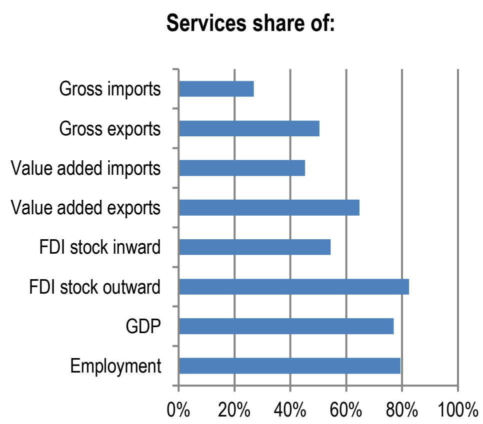
The sectors with the relatively highest STRI scores

Maritime transport, insurance services and courier services are the three sectors with the highest score relative to the average in the United States. In maritime transport, companies owning vessels must be incorporated under the laws of the United States; the CEO, the chairman of the board of directors and a majority of directors must be U.S. citizens. The cabotage market is not open to foreign firms. Under the Jones Act, merchandise transported by water between U.S. points must be carried by vessels built in the United States, carrying the U.S. flag, owned and manned by U.S. citizens. In insurance services, foreign insurers must establish a commercial presence in order to provide services. Foreign insurers authorized to do business in New York state must deposit higher capitals than domestic insurers, and must ensure that a majority of directors are citizens and residents of the U.S., and at least one is a resident of New York state. Mergers with insurance companies outside the U.S. are not possible. In courier services, there is a monopoly for letters weighing less than 12,5 ounces and the major postal services provider in the country is controlled by the government.

Recent policy changes

Since 2016, foreign attorneys can obtain a temporary authorisation to practice law in New York. As of July 2016, foreign banks with USD 50 billion or more in U.S. assets must form a U.S. intermediate holding company (IHC) to act as the parent company of all of the foreign bank's U.S. subsidiaries. Also in 2016, the threshold for *de minimis* regime on customs duties for imported merchandise has been raised to USD 800.

Efficient services sectors matter



Services contribute to 50% of the United States' gross exports, and nearly 65% of its value added exports, indicating that exports of goods rely intensively on services inputs. Services account for almost 77% of GDP and an even higher share of employment in the United States, which implies that earnings and aggregate demand depends crucially on productivity in the services sectors. The information and communication technology revolution opens new opportunities for inclusive growth in a services economy like the United States. 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, the United States 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