

Services Trade Restrictiveness Index: Construction

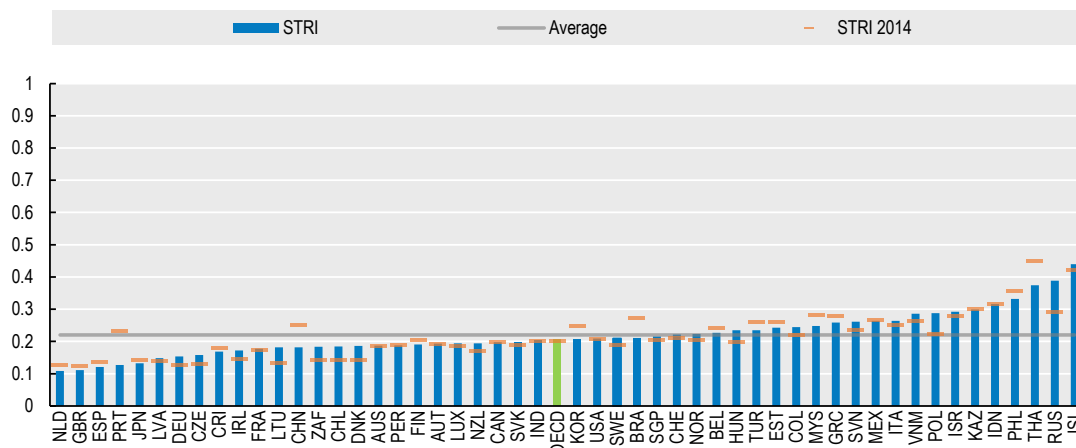
Key findings

- The average 2024 STRI in the construction sector is 0.22 out of a maximum of 1 (most trade restricted), indicating a relatively low overall level of restrictiveness. However, individual country scores diverge considerably, ranging between 0.11 and 0.44.
- The best performing countries in the sector are the Netherlands, the United Kingdom and Spain. Most reforms in 2024 were recorded in Portugal and Greece.
- In this sector, barriers related to restrictions to the movement of people are most prominent and amount to 45% of all restrictions in OECD economies and 37% in non-OECD economies.

The STRI covers construction of buildings (residential and non-residential) as well as construction work for civil engineering (ISIC Rev 4, codes 41-43). Construction services have historically played an important role in the functioning of economies, providing the infrastructure for other industries. These services account for a significant share of gross domestic product (GDP) and employment in most countries. Public works, such as roads and public buildings, account for about half of the market for construction services. Therefore, the STRI for construction services covers detailed information on public procurement procedures.

The 2024 STRIs in the construction sector range between 0.11 and 0.44, with a sample average of 0.22 (Figure 1). There are 30 countries below and 21 countries above the average. The best performing countries in the sector are the Netherlands, the United Kingdom and Spain.

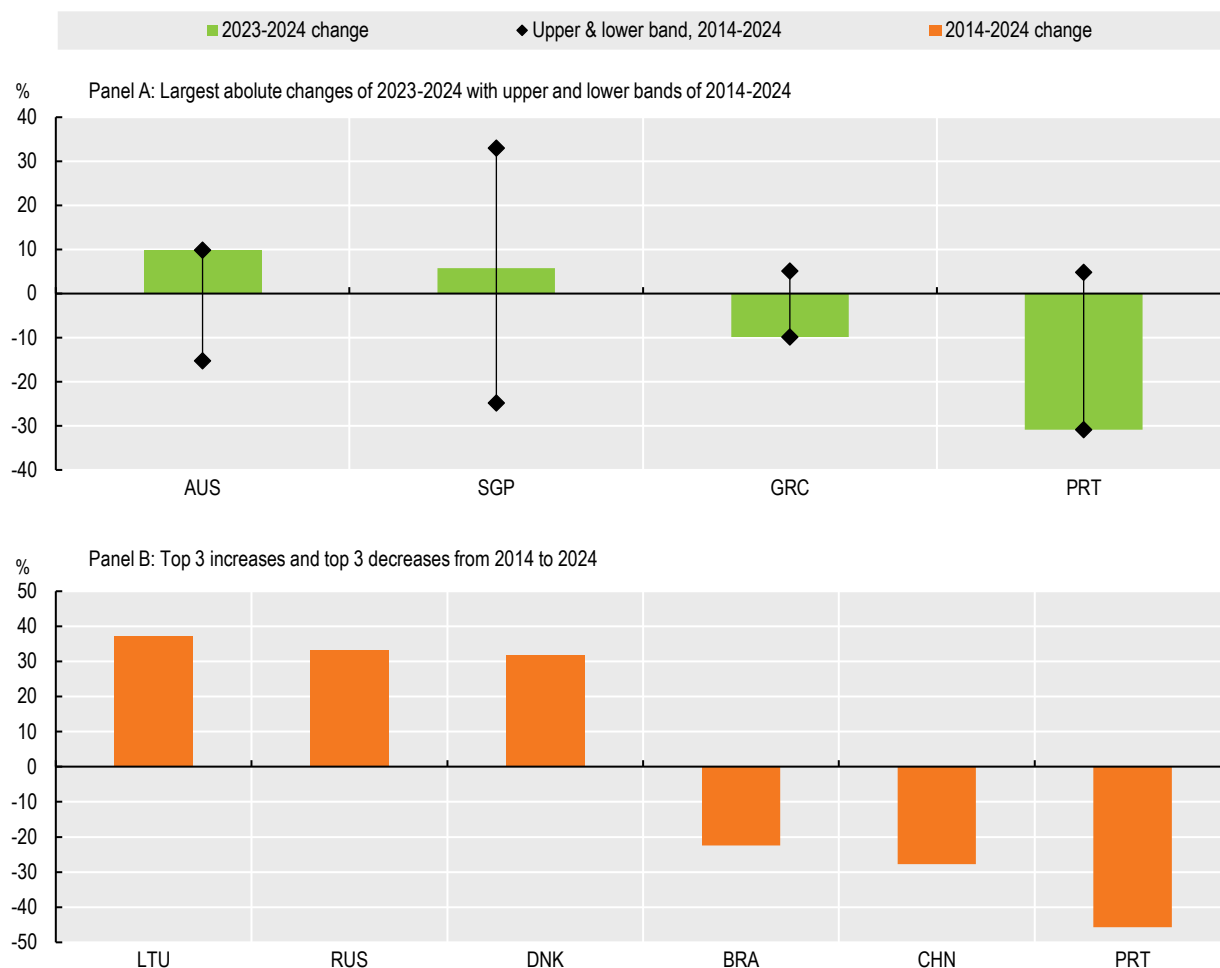
Figure 1. STRI in construction services, 2024



Source: OECD (2024). STRI database.

Several countries introduced regulatory changes affecting the STRIs in 2024 and more so since 2014 (Figure 2). In 2024, the STRIs in this sector saw the biggest policy changes in Australia (10%), Singapore (6%), Greece (-10%), and Portugal (-31%). Since 2014, on the one hand, countries that have had the strongest restrictive trends in the construction services sector include Lithuania (37%), the Russian Federation (33%) and Denmark (32%). On the other hand, strong liberalisation has taken place in Brazil (-22%), China (-28%), and Portugal (-46%).

Figure 2. Change in the last year and since 2014, by country



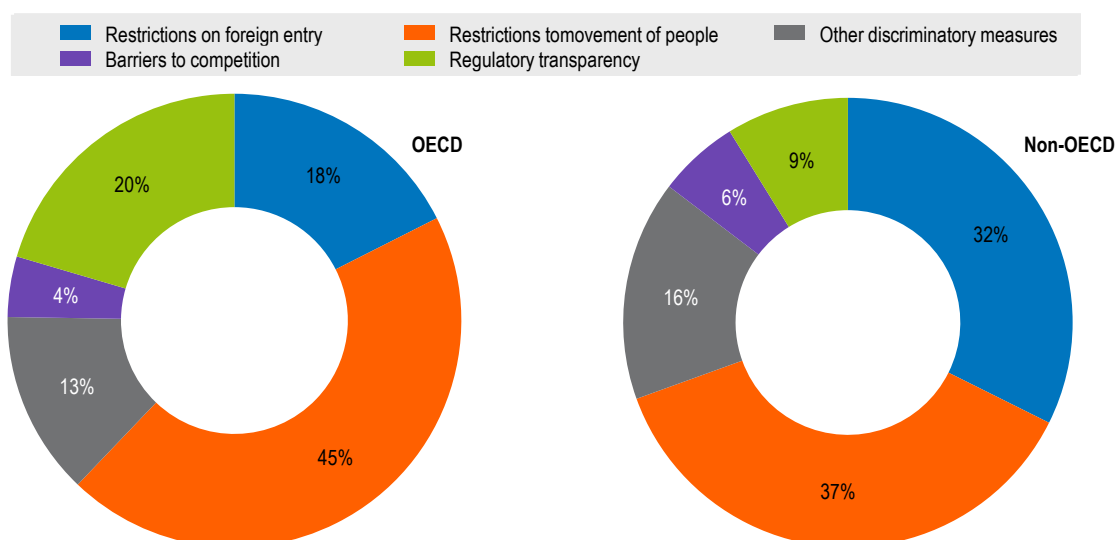
Note: Selection criteria for Panel A was based on largest absolute changes since 2023. Panel B selection show the three largest increases, and the three largest decreases in the STRI since 2014.

Source: OECD (2024). STRI database.

The measures in the STRI database are organised under five policy areas (Figure 3). Restrictions on foreign entry include barriers related to establishing and operating companies such as foreign equity limits or requirements on board of directors and cross-border data flows. Restrictions on the movement of people cover barriers that affect the temporary entry of foreign services providers through quotas, labour market tests and short durations of stay. Other discriminatory measures include discrimination of foreign services suppliers as far as taxes, subsidies and public procurement are concerned. Barriers to competition include information on anti-trust policy, government ownership of major firms and the extent to which government-owned enterprises are exempt from competition laws. Regulatory transparency includes information on consultations and dissemination prior to laws and regulations entering into force. It also records information on obtaining a license or a visa.

In the construction sector, barriers related to restrictions to the movement of people are most prominent and amount to 45% of all restrictions in OECD economies and 37% in non-OECD economies. There are no countries that are fully closed to trade in this sector.

Figure 3. STRI for construction services by policy areas in OECD and non-OECD economies, 2024



Source: OECD (2024). STRI database.

Table 1 lists the most common restrictions identified in each policy area. Under restrictions on foreign entry, common impediments relate to limitations on the acquisition and use of land and real estate by foreigners, screening of foreign investments, local presence requirements and residency requirements for directors of construction companies.

Restrictions to the movement of people are relatively common across the board and include mostly short stay permits and labour market tests. Under other discriminatory measures, barriers related to accessing public procurement markets for foreign tenderers remain the most common challenge.

In barriers to competition, minimum capital for new companies is required in 32 countries. State-owned enterprises still play an important role in 14 countries, while restrictions on advertising and pricing regulation are also present in some countries.

Under barriers related to regulatory transparency, cumbersome visa conditions and procedural hurdles related to business visas are the most common challenges in this sector. In addition, the public consultation process for new legislative instruments falls short of best practice in nine countries.

Table 1. Top 5 most relevant measures by policy area, 2024

Policy area	Measure	Countries having a restriction ¹
Restrictions on foreign entry	Acquisition and use of land and real estate by foreigners is restricted	35
	Screening exists without exclusion of economic interests	29
	Local presence is required for cross-border supply	21
	Board of directors: at least one must be resident	18
	There are limits to the proportion of shares that can be acquired by foreign investors in publicly-controlled firms	7
Restrictions to movement of people	Memo: Licence or authorisation is required to practice	40
	Limitation on duration of stay for contractual services suppliers (months)	35
	Labour market tests or similar economic considerations: intra-corporate transferees/contractual suppliers	35/38
	At least one engineer must be licensed for the issuance of construction permits	32
	Foreign construction engineers are required to take a local examination	25
Other discriminatory measures	Public procurement: Procurement regulation explicitly prohibits discrimination of foreign suppliers	40
	Public procurement: Contract award on the basis of non-objective/discriminatory criteria	23
	Public procurement: Discriminatory qualification processes and procedures	22
	Public procurement: Explicit preferences for local suppliers	21
	Foreign suppliers are treated less favourably regarding taxes and eligibility to subsidies	4
Barriers to competition	Minimum capital requirements	32
	National, state or provincial government control at least one major firm in the sector	14
	Restrictions on advertising	7
	Prices or fees are regulated	3
	Other restrictions in barriers to competition	2
	Publicly-controlled firms are exempted from the application of the general competition law	1
Regulatory transparency	Range of visa processing time (days)	32
	Number of documents needed to obtain a business visa	28
	There is an adequate public comment procedure open to interested persons, including foreign suppliers	9
	Cost to obtain a business visa (USD)	7

Note: The count for “memo” type of measures, which are not scored in the STRI, indicates the number of positive answers recorded for that measure across the 51 countries covered. The topmost relevant measures are selected on the basis of the following criteria: (1) most restricted horizontal measures (i.e. same answer across sectors), (2) most restricted sector-specific measures, (3) key measures or (4) memos affecting the score of other measures through hierarchy rules.

Source: OECD STRI database (2024).

More information

- » Access all country notes, sector notes, and interactive STRI tools at oe.cd/servicestrade.
- » Read more on evidence from ten years of monitoring services trade policies through the STRI in [Revitalising Services Trade for Global Growth](#).
- » Learn more about current services trade issues on the [OECD website](#).
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org.

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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 made public by 31 October 2024 and in force on 31 December 2024. The STRI regulatory database covers the 38 OECD Members, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, the Philippines, the Russian Federation, 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

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