



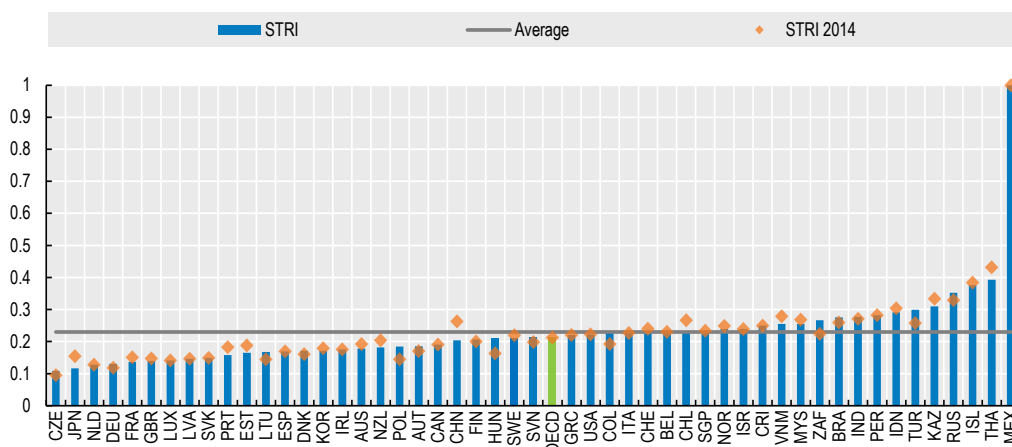
Logistics Customs Brokerage Services 2021

Key findings

- The average 2021 STRI in the customs brokerage services is 0.23 out of a maximum of 1 (most trade restrictive) indicating a relatively low overall level of restrictiveness. However, individual country scores diverge considerably, ranging between 0.11 and 1.
- The best performing countries in the sector are the Czech Republic, Japan and the Netherlands. Most regulatory changes in 2021 were recorded in the United Kingdom, Australia and New Zealand
- Restrictions on foreign entry are the main drivers of trade restrictiveness in the sector, with contributions to the total index values of 37% in OECD economies and 40% in non-OECD economies.
- OECD estimates suggest that on average for all countries halving the distance to best practice in this sector is associated with between 4% and 11% boost in trade in manufactured goods such as motor vehicles, electrical equipment and chemicals.

Logistics services in the STRI are defined as cargo-handling services (ISIC 5224), storage and warehousing services (including customs warehouse services) (ISIC 5210), freight transport agency services and customs brokerage services (ISIC 5229). Since the regulatory framework for these four sub-sectors can be different in many countries, separate indices are developed for each of them. This note presents the STRIs for logistics customs brokerage services.

Figure 1. STRI in logistics customs brokerage services, 2021



Note: The STRI indices take values between zero and one, one being the most restrictive. The indices are based on laws and regulations in force on 31 October 2021. The STRI regulatory database covers the 38 OECD countries, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russian Federation, Singapore, South Africa, Thailand, and Viet Nam.

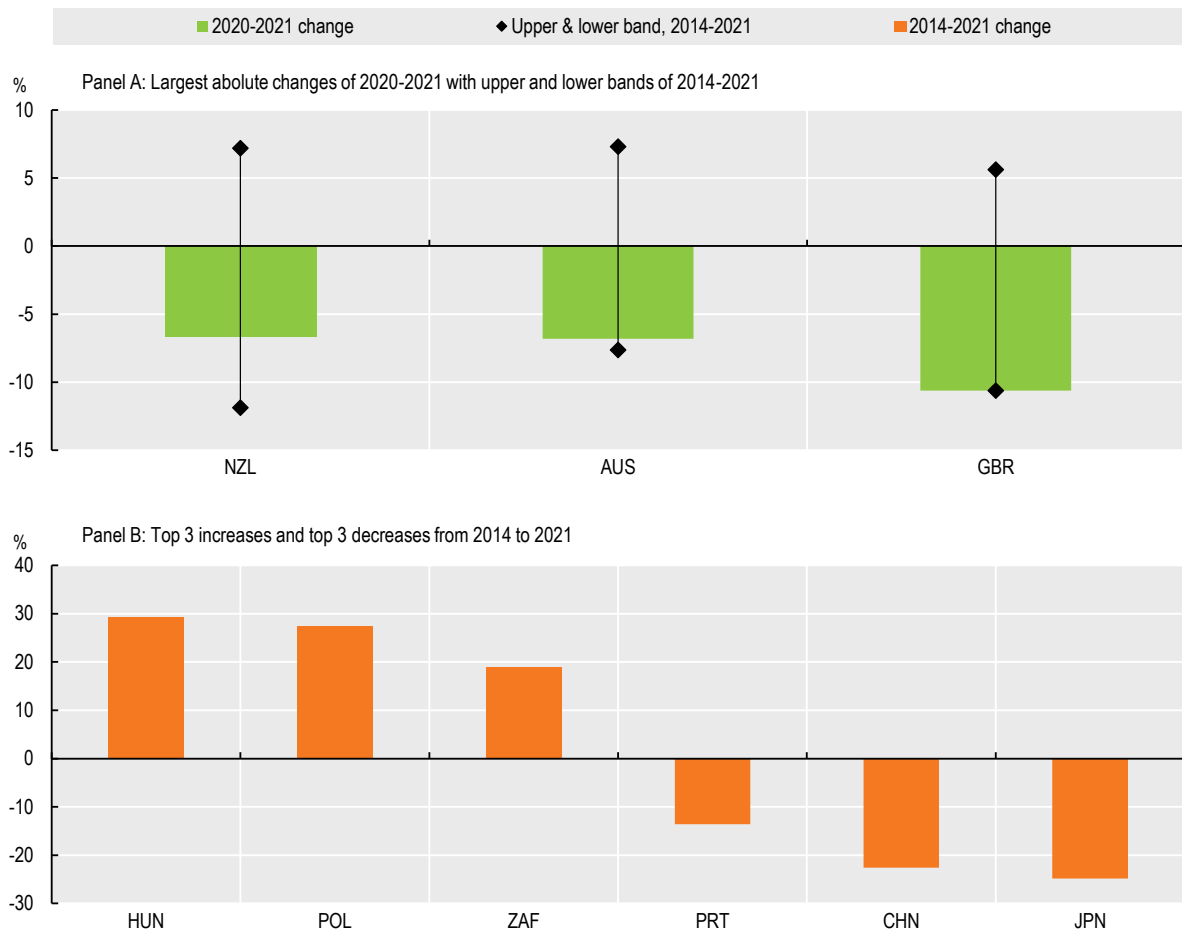
The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: OECD STRI database (2021).

The 2021 STRIs in the logistics customs brokerage sector range between 0.11 and 1, with a sample average of 0.23 (Figure 1). There are 32 countries below and 18 countries above the average. The best performing countries in the sector are the Czech Republic, Japan and Germany.

Several countries introduced regulatory changes affecting the STRIs in 2021 and more so since 2014 (Figure 2). In 2021, the STRIs in this sector saw the biggest changes in Thailand (3%), New Zealand (-7%), Australia (-7%), and the United Kingdom (-11%). Since 2014, on the one hand, we have observed countries that have had the strongest restrictive trends such as Hungary (29%), Poland (27%) and South Africa (19%). On the other hand, we have strong liberalising trends in Portugal (-14%), China (-23%), and Japan (-25%).

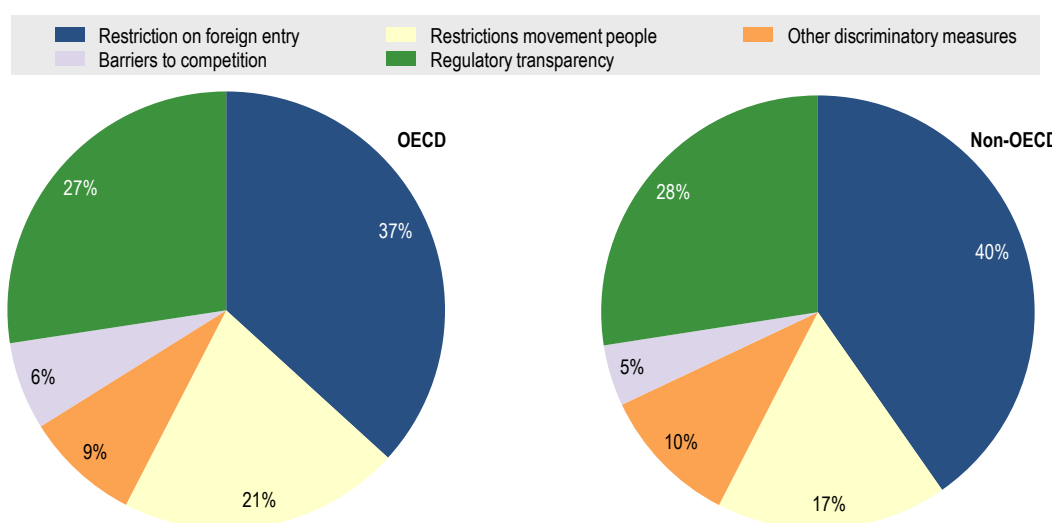
Figure 2. Change since 2014 and change in the last year, by country



Note: Selection criteria for Panel A was based on largest absolute changes since 2020. Panel B selection is the three largest increases, and the three largest decreases in the STRI since 2014.

Source: OECD STRI database (2021).

Figure 3. STRI policy areas for logistics customs brokerage services by OECD and non-OECD economies, 2021



Source: OECD STRI database (2021).

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 this sector, barriers related to restrictions on foreign entry are most prominent and amount to 37% in OECD economies and 40% in non-OECD economies.

Table 1 lists the most common restrictions identified in each policy area. Under restrictions on foreign entry, common impediments relate to commercial or local presence requirements, acquisition and use of land and real estate and screening of foreign investments. A license to provide customs brokerage is needed across most countries. Under restrictions to the movement of people, nine countries grant a license to operate only to nationals, and 12 countries require a residency to practice, both of which hinder the market entry of foreign firms. Besides, short durations of stay and labour market tests apply in many countries covered. Under other discriminatory measures, barriers related to accessing public procurement markets for foreign tenderers remain the most common challenge. Under the barriers to competition, minimal capital requirements are common. Under barriers related to regulatory transparency, cumbersome condition and procedures to obtain visa are the most common challenges. In addition, individual licensing/registration requirements are imposed on warehousing, freight forwarding and customs brokerage services in many countries, thereby limiting the ability to offer the integrated services to meet the demand.

Table 1. Top 5 most relevant measures by policy area, 2021

| Policy area | Measure | Countries having a restriction ¹ |
|------------------------------------|--|---|
| Restrictions on foreign entry | Commercial presence is required in order to provide cross-border services | 36 |
| | Acquisition and use of land and real estate by foreigners is restricted | 34 |
| | Memo: Licence/authorisation is required to enter the market | 33 |
| | Screening exists without exclusion of economic interests | 26 |
| | Local presence is required for cross-border supply | 25 |
| Restrictions to movement of people | Limitation on duration of stay for contractual services suppliers | 38 |
| | Labour market tests: contractual services suppliers | 37 |
| | Memo: Licence or authorisation is required to practice | 28 |
| | Residency is required to practice | 12 |
| | Nationality or citizenship required for Licence to practice | 9 |
| Other discriminatory measures | Public procurement: Procurement regulation explicitly prohibits discrimination of foreign suppliers | 43 |
| | Public procurement: Explicit preferences for local suppliers | 24 |
| | Public procurement: The procurement process affects the conditions of competition in favour of local firms | 24 |
| | Foreign firms are eligible for Authorised Economic Operators Schemes | 4 |
| | Other restrictions in other discriminatory measures | 3 |
| Barriers to competition | Minimum capital requirements | 32 |
| | National, state or provincial government control at least one major firm in the sector | 8 |
| | Restrictions on advertising | 6 |
| | Geographical restrictions | 5 |
| | Publicly-controlled firms are exempted from the application of the general competition law | 1 |
| Regulatory transparency | Visas on arrival or visa exemption are available for temporary entry/transit of crew: truck drivers | 38 |
| | Range of visa processing time | 29 |
| | Individual licensing/registration requirements are imposed on warehousing, freight forwarding and customs brokerage services | 28 |
| | Number of documents needed to obtain a business visa | 26 |
| | Visas on arrival or visa exemption are available for temporary entry/transit of crew: aircrew | 16 |

Note: 1. The count for "memo" type of measures, which are not scored in the STRI, indicate the number of positive answers recorded for that measure across the 50 countries covered. Top most 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 (2021).

More information

- » Access all country notes, sector notes, and interactive STRI tools at <http://oe.cd/stri>.
- » Read more about services trade policies and their impacts in [Services Trade Policies and the Global Economy](#).
- » Benz, S. and A. Jaax (2020), "The costs of regulatory barriers to trade in services: New estimates of *ad valorem* tariff equivalents", *OECD Trade Policy Papers*, No. 238, OECD Publishing, Paris, <https://doi.org/10.1787/bae97f98-en>.
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org.