



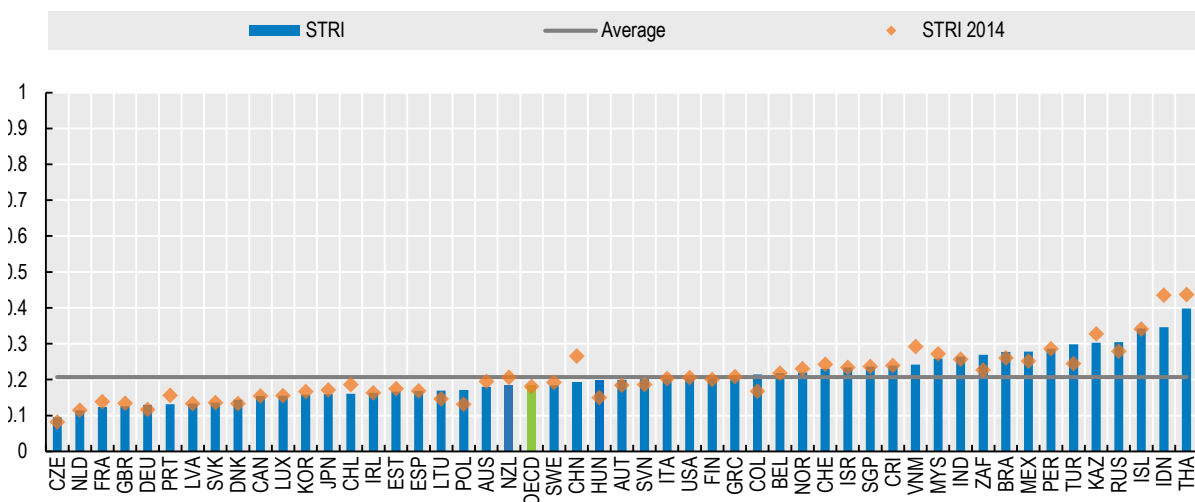
Logistics Freight Forwarding Services 2021

Key findings

- The average 2021 STRI in the logistics freight forwarding sector is 0.21 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 0.09 and 0.41.
- The best performing countries in the sector are the Czech Republic, the Netherlands, and France. Most reforms in 2021 were recorded in the United Kingdom, Australia, and New Zealand.
- Restrictions to foreign entry are the main drivers of trade restrictiveness in the sector, with contributions to the total index values of 32% in OECD economies and 41% 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 freight forwarding services.

Figure 1. STRI in logistics freight forwarding 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.

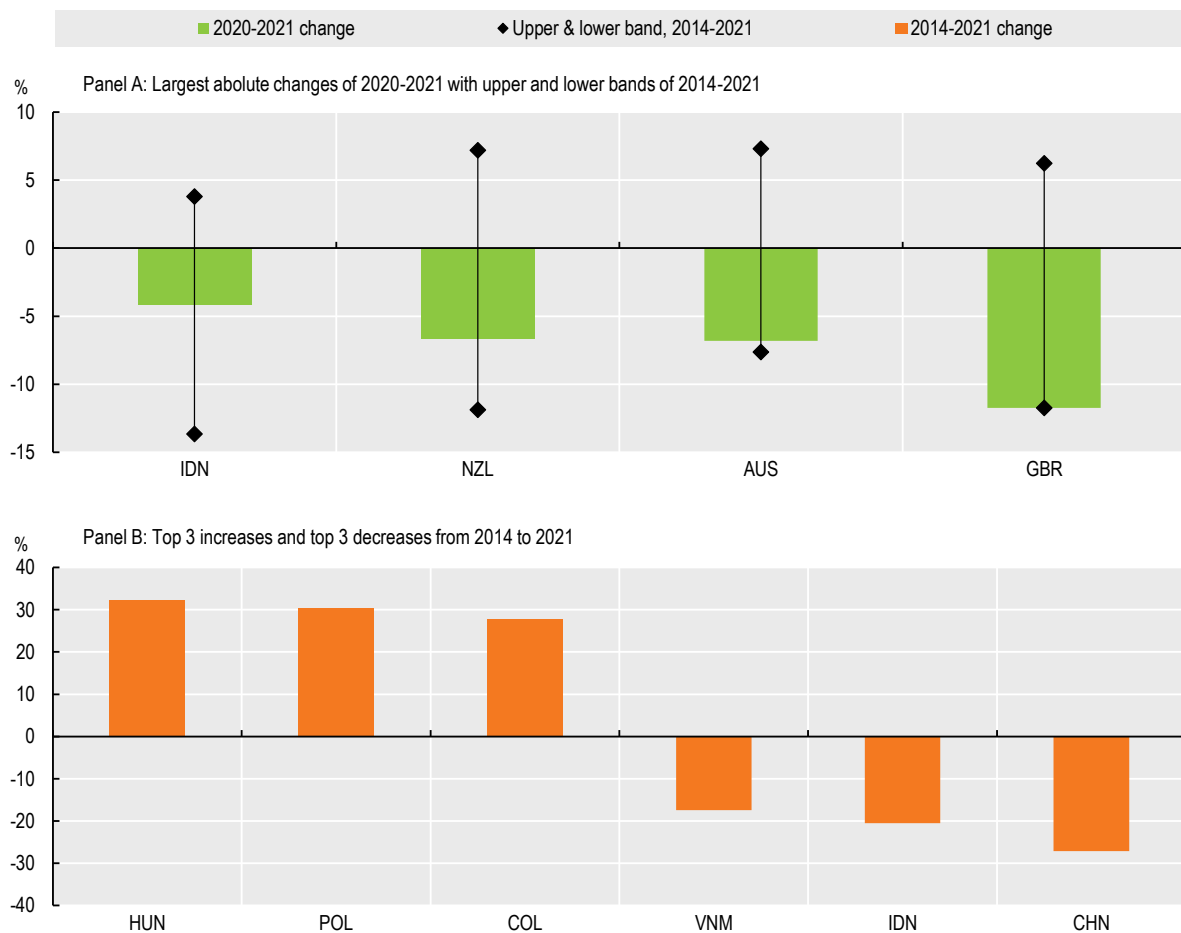
The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: OECD STRI database (2021).

The 2021 STRIs in the logistics freight forwarding sector range between 0.09 and 0.41, with a sample average of 0.21 (Figure 1). There are 29 countries below and 21 countries above the average. The best performing countries in the sector are the Czech Republic, the Netherlands and France.

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 Indonesia (-4%), New Zealand (-7%), Australia (-7%), and the United Kingdom (-12%). Since 2014, on the one hand, we have observed countries that have had the strongest restrictive trends such as Hungary (32%), Poland (30%) and Colombia (28%). On the other hand, we have strong liberalising trends in Vietnam (-17%), Indonesia (-20%) and China (-27%).

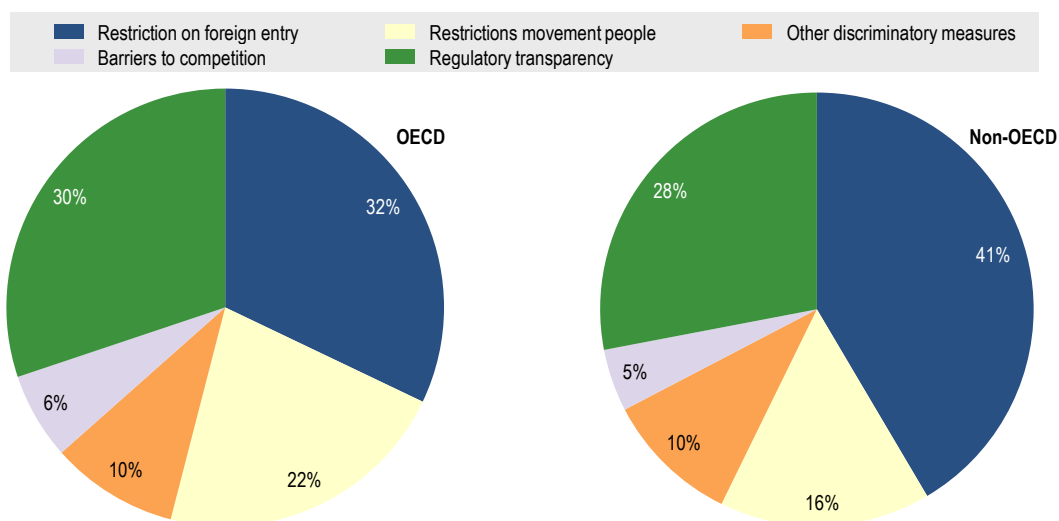
Figure 2. Change since 2014 and change in the last year, by country



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 freight forwarding 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 32 % in OECD economies and 41 % 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 screening of foreign investments as well as commercial and local presence requirements to provide freight forwarding services across borders. A license to enter the market is required in more than half of the countries covered. Restrictions to the movement of people are relatively common across the board and include mostly short permitted durations of initial stay and labour market tests. Under other discriminatory measures, barriers related to accessing public procurement markets for foreign tenderers remain the most common challenge. Under barriers to competition, minimum capital requirement is the most common hurdle in the countries. National, state or provincial government control at least one major firm in 11 countries. Under barriers related to regulatory transparency, cumbersome visa procedures to obtain business visas are the most common challenges in this sector. In addition, individual licensing/registration requirements are imposed on each service of warehousing, freight forwarding and customs brokerage in 28 countries, thereby limiting the flexibility to integrate their activities.

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

Policy area	Measure	Countries having a restriction ¹
Restrictions on foreign entry	Acquisition and use of land and real estate by foreigners is restricted	34
	Memo: Licence/authorisation is required to enter the market	29
	Screening exists without exclusion of economic interests	26
	Local presence is required for cross-border supply	18
	Commercial presence is required in order to provide cross-border services	16
Restrictions to movement of people	Limitation on duration of stay for contractual services suppliers (months)	38
	Labour market tests: intra-corporate transferees	37
	Labour market tests: contractual services suppliers	36
	Other restrictions to movement of people	8
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
	National standards on transport packages deviate from international standards	2
	Other restrictions in other discriminatory measures	2
Barriers to competition	Minimum capital requirements	32
	National, state or provincial government control at least one major firm in the sector	11
	Restrictions on advertising	4
	Prices or fees are regulated	1
	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
	Individual licensing/registration requirements are imposed on warehousing, freight forwarding and customs brokerage services	28
	Range of visa processing time (days)	28
	Number of documents needed to obtain a business visa	26
	A de minimis regime is in place: Import duties	15

Notes

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.