

Services Trade Restrictiveness Index: Legal services

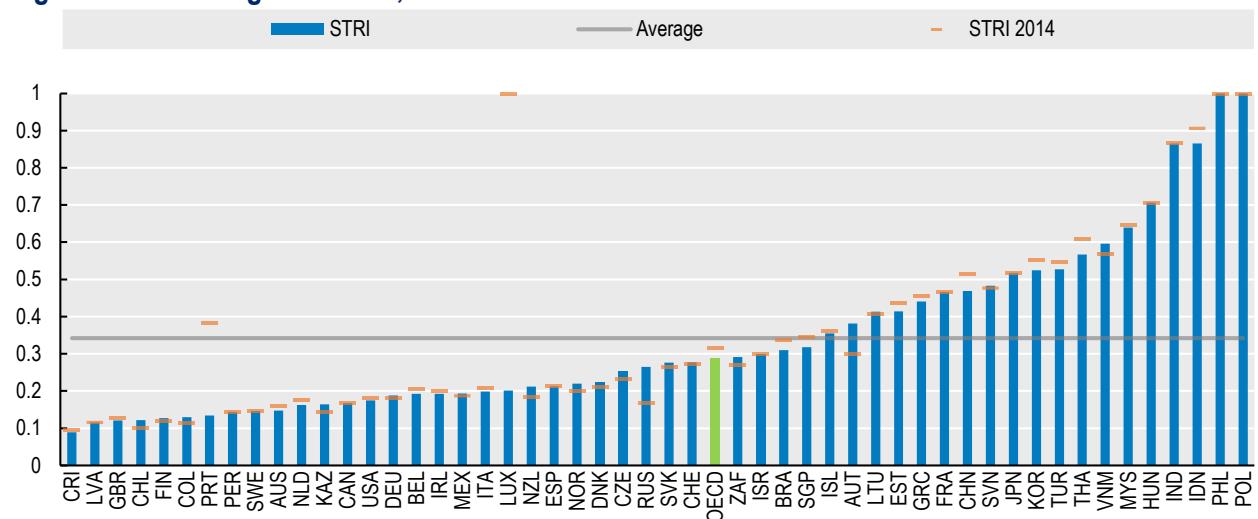
Key findings

- The average 2024 STRI in the legal services sector is 0.34 out of a maximum of 1 (most trade restricted), indicating a relatively high overall level of restrictiveness. However, individual country scores diverge considerably, ranging between 0.09 and 1.00.
- The best performing countries in the sector are Costa Rica, Latvia, and the United Kingdom. Most reforms in 2024 were recorded in Portugal and Greece.
- In this sector, barriers related to restrictions on foreign entry are most prominent and amount to 61% of all restrictions in OECD economies and 70% in non-OECD economies.
- OECD estimates suggest that halving the distance to best practice in this sector is associated with a reduction in the costs of cross-border trade in legal services between 6% and 22% for the average country included in the STRI database.

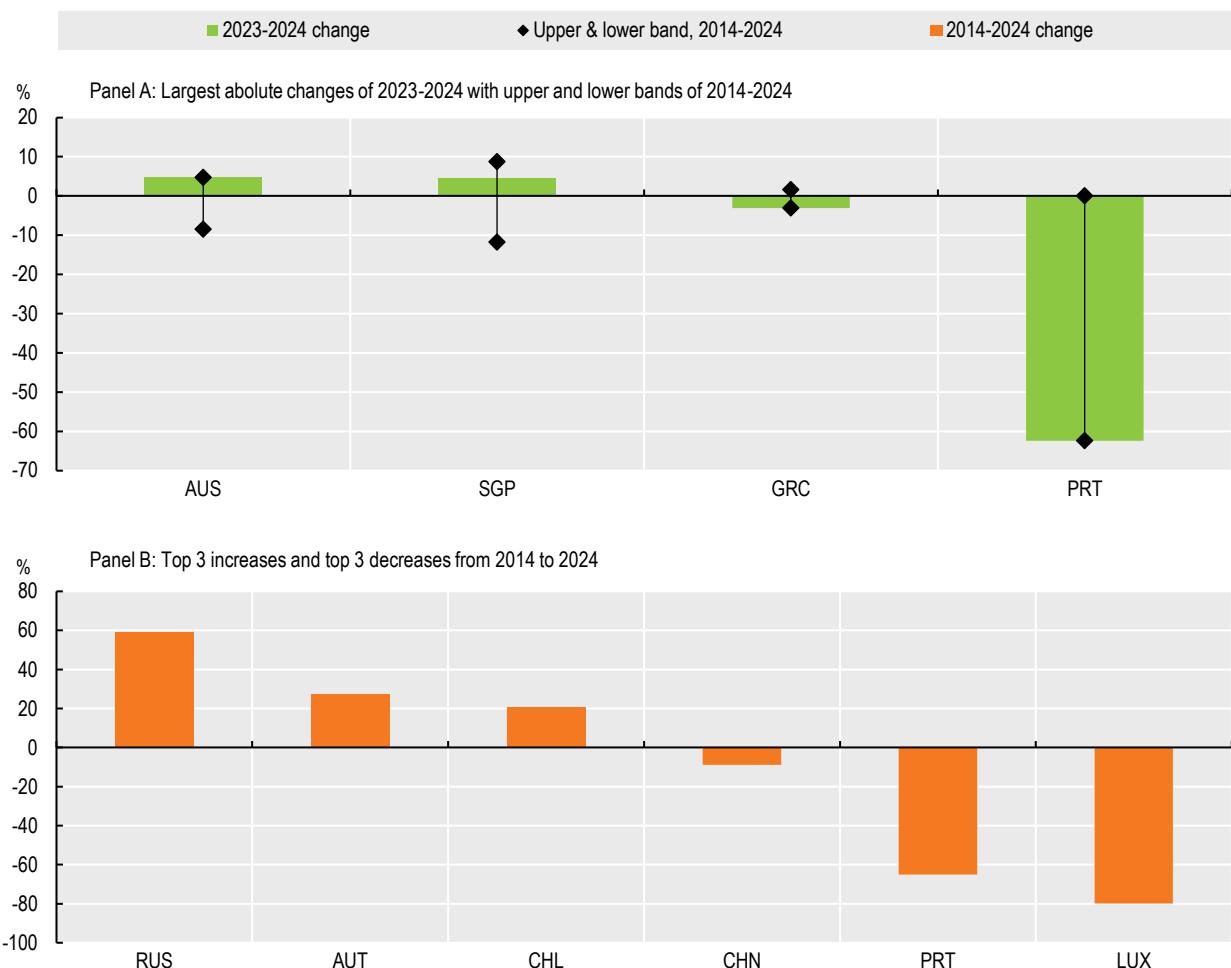
Legal services (ISIC Rev 4, code 691) cover advisory and representation services in domestic and international law, and where relevant measures are entered separately for each of them. International law includes advisory services in home country law, third country law, international law, as well as a right to appear in international commercial arbitration. Domestic law extends to advising and representing clients before a court or judicial body in the law of the host country.

The 2024 STRIs in the legal sector range between 0.09 and 1.00, with a sample average of 0.34 (Figure 1). There are 32 countries below and 19 countries above the average. The best performing countries in the sector are Costa Rica, Latvia and the United Kingdom.

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 (5%), Singapore (4%), Greece (-3%), and Portugal (-62%). Since 2014, on the one hand, countries that have had the strongest restrictive trends in the sector include the Russian Federation (59%), Austria (27%) and Chile (21%). On the other hand, strong liberalisation has taken place in China (-9%), Portugal (-65%), and Luxembourg (-80%).

Figure 1. STRI in legal services, 2024

Source: OECD (2024). STRI database.

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

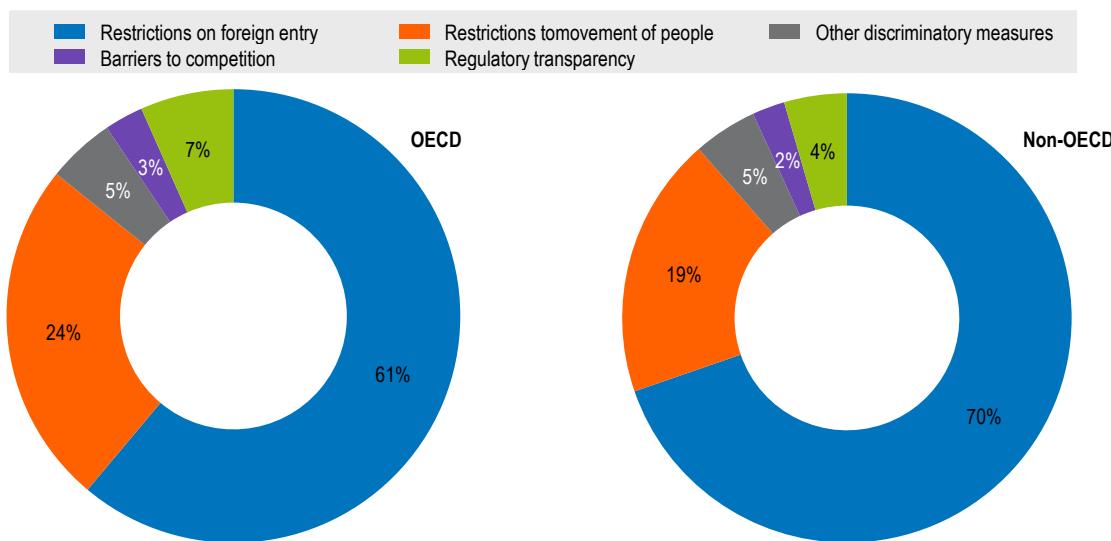
Note: Selection criteria for Panel A was based on largest absolute changes since 2023. Panel B selection shows the three largest increases and the three largest decreases in the STRI since 2014.

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 legal services sector, barriers related to restrictions on foreign entry are most prominent and amount to 61% of all restrictions in OECD economies and 70% in non-OECD economies.

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



Source: OECD (2024). STRI database.

The Philippines and Poland have a maximum STRI score of 1 in this sector.

Table 1 lists the most common restrictions identified in each policy area. Though foreign equity limits are rarely used in legal services, most countries restrict the ownership of law firms to locally qualified lawyers, particularly within domestic law. Ownership restrictions are often coupled with requirements that the majority of the board (or equity partners in the case of partnerships), the manager of law firms be locally qualified, and an affiliate of the foreign law firm be established in the country. Commercial association between lawyers and other professionals (such as accountants) is prohibited in 22 countries.

Under restrictions to the movement of people, the practice of legal services, particularly for domestic law, across borders is significantly affected by licensing and recognition of foreign qualifications procedures. These include nationality and residency requirements to practice domestic law, as well as requirements to pass local examination. Recognising qualifications gained abroad remains cumbersome in 27 countries. The practice of international law or third country law is subject to fewer conditions and generally easier to engage in across most countries.

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 requirements are common as well as restrictions on advertising, which is often subject to specific regulation in this sector. Government recommendations for lawyers' fees exist in 17 countries, while in 11 countries these are regulated.

Under barriers related to regulatory transparency, 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 13 countries and the time prior to the entry into force of new laws is considered short 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	Manager must be a licensed professional	36
	Board of directors: majority must be licensed professionals (domestic law)	37
	Equity restrictions applying to not licensed individuals or firms (domestic law)	33
	Commercial presence is required in order to provide cross-border services	25
	Commercial association is prohibited between lawyers and other professionals	22
Restrictions to movement of people	Memo: Licence or authorisation is required to practice (domestic law)	47
	Foreign professionals are required to take a local examination	42
	Prior or permanent residency is required for licence to practice (domestic law)	35
	Laws or regulations establish a process for recognising qualifications gained abroad (domestic law)	27
	Nationality or citizenship required for licence to practice (domestic law)	18
Other discriminatory measures	Public procurement: Procurement regulation explicitly prohibits discrimination of foreign suppliers	44
	Public procurement: The procurement process affects the conditions of competition in favour of local firms	32
	Public procurement: Explicit preferences for local suppliers	29
	Memo: The procurement process below the value thresholds affects the conditions of competition in favour of local firms	21
	Foreign suppliers are treated less favourably regarding taxes and eligibility to subsidies	8
Barriers to competition	Minimum capital requirements	35
	Restrictions on advertising	29
	Fee-setting: recommended minimum and/or maximum fees	17
	Fee-setting: mandatory minimum and/or maximum fees	11
	Firms have redress when business practices restrict competition in a given market	10
Regulatory transparency	Range of visa processing time	33
	Number of documents needed to obtain a business visa	29
	Cost to obtain a business visa	14
	There is an adequate public comment procedure open to interested persons, including foreign suppliers	13
	There is a legal obligation to communicate regulations to the public within a reasonable time prior to entry into force	9

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](#).
- » Calculation based on: 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.

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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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