Services Trade Restrictiveness Index: Telecommunications

Key findings

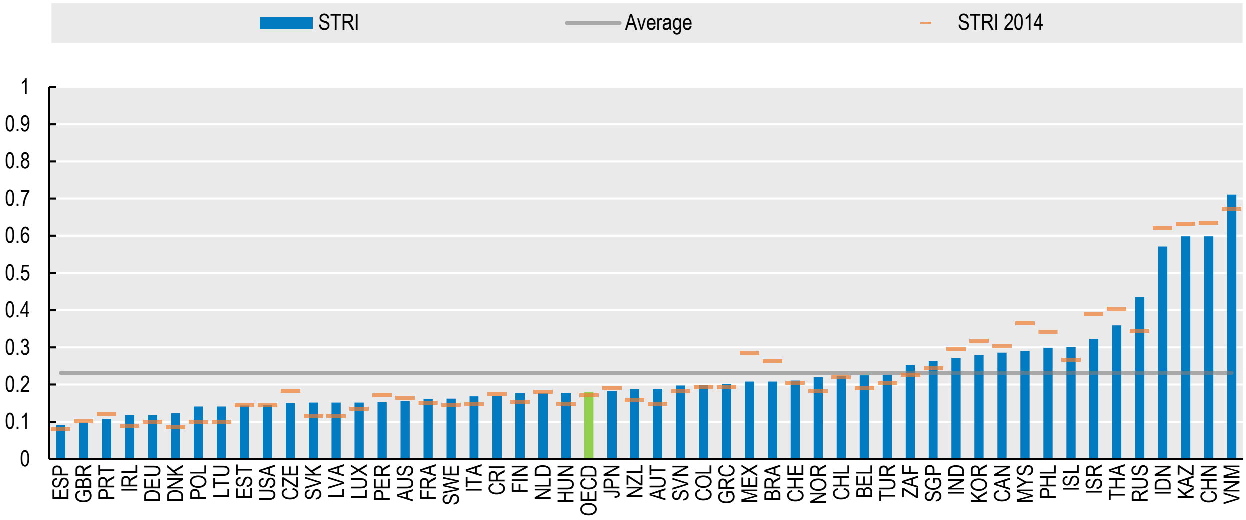
- The average 2024 STRI in the telecommunication sector is 0.23 out of a maximum of 1 (most trade restricted), indicating substantial scope for reductions of barriers to services trade. However, individual country scores diverge considerably, ranging between 0.09 and 0.71.
- The best performing countries in the sector are Spain, the United Kingdom and Portugal. Most reforms in 2024 were recorded in Greece.
- In this sector, barriers related to restrictions on foreign entry and barriers to competition are most prominent. The former constitute 33% of all restrictions in OECD economies, whereas the latter account for 49% 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 telecommunication services between 5% and 10% for the average country included in the STRI database.

The telecommunication sector comprises wired and wireless telecommunications activities (ISIC Rev 4 code 61). Modern telecommunication network are essential as without them global value chains would be impossible. Furthermore, these services are at the core of our information driven society and provide the network over which other services including computer services, audiovisual services, professional services and many more are traded.

The 2024 STRIs in the telecommunication sector range between 0.09 and 0.71, with a sample average of 0.23 (Figure 1). There are 36 countries below and 15 countries above the average. The best performing countries in the sector are Spain, the United Kingdom and Portugal.

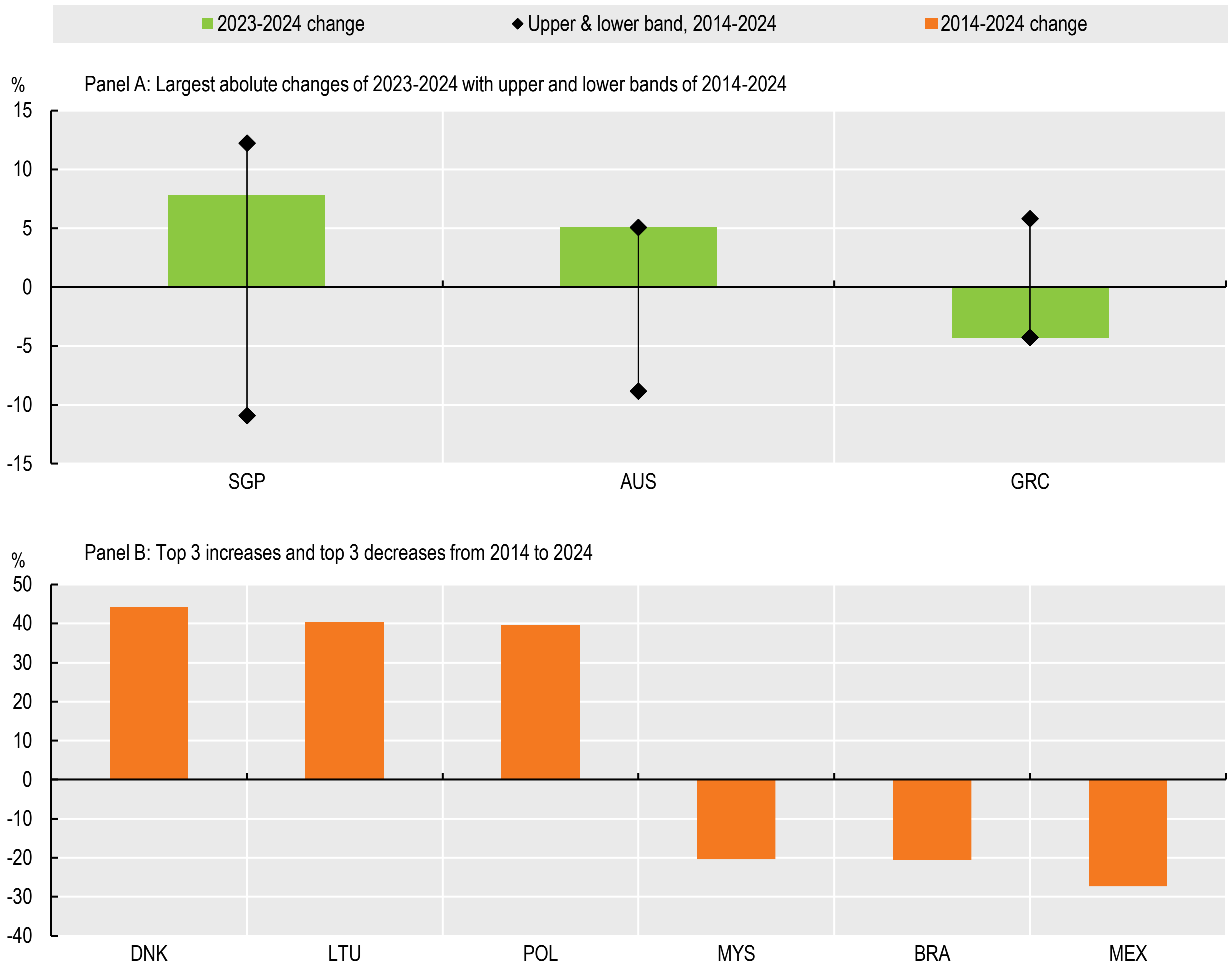
Several countries introduced regulatory changes affecting the STRIs in 2024 and more so since 2014 (Figure 2). In 2024, the STRIs in this sector saw the biggest policy changes in Singapore (+8%), Australia (+5%), and Greece (-4%). Since 2014, on the one hand, countries that have displayed the strongest restrictive trends in the telecommunication services sector include Denmark (+44%), Lithuania (+40%) and Poland (+40%). On the other hand, strong liberalisation has taken place in Mexico (-27%), Brazil (-21%), and Malaysia (-20%).

Figure 1. STRI in telecommunication services, 2024



Source: OECD (2024). STRI database.

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

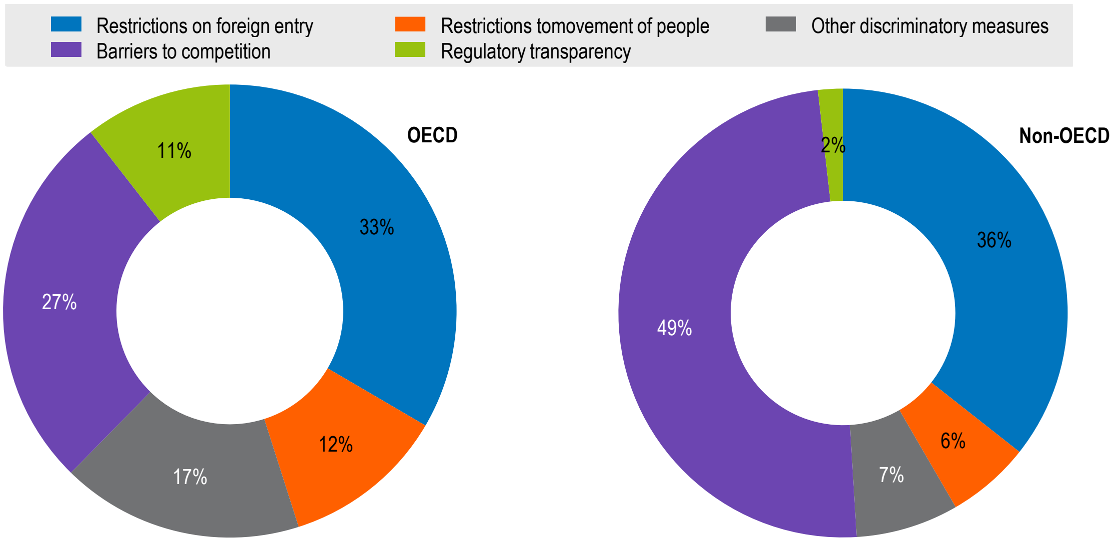


Note: Selection criteria for Panel A was based on largest absolute changes since 2023. Panel B selection shows the three largest increases and the three largest decreases in the STRI since 2014.
Source: OECD (2024). STRI database.

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 telecommunication sector, barriers related to restrictions on foreign entry and barriers to competition are most prominent. While restrictions on foreign entry amount to 33% of all restrictions in OECD economies, barriers to competition are relatively more prominent (49%) in non-OECD economies.

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



Source: OECD (2024). STRI database.

There are no countries that are fully closed to trade in this sector. Table 1 lists the most relevant restrictions identified in each policy area. Under restrictions on foreign entry, common impediments relate to screening of foreign investment projects, as well as the acquisition and use of land and real estate. Similarly, local residence requirements for members of the board of directors are observed in many countries. Foreign equity limits are also present but to a lesser degree. Restrictions to the movement of people are relatively common across the board and include mostly short stay permits for initial and labour market tests.

Regarding barriers to competition, it is important to note that telecommunications is a capital-intensive network industry and access to essential facilities and switching costs may favour incumbent firms. These market imperfections may constitute a substantial entry barrier, even in the absence of explicit foreign entry restrictions. Restrictions on secondary spectrum trading and government ownership of major firms are widely observed in this sector. In 20 countries included in the STRI database, the national regulatory authority is not independent from the government.

With respect to other discriminatory measures, inadequate access to regulated rates and conditions for retail international roaming services, as well as barriers related to accessing public procurement markets, remain the most common challenges. Under barriers related to regulatory transparency, inadequate access to information on relevant regulations and licensing agreements, as well as cumbersome visa conditions, are the most common challenges in this sector.

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

Policy area	Measure	Countries having a restriction[1]
Restrictions on foreign entry	Screening exists without exclusion of economic interests	43
	Acquisition and use of land and real estate by foreigners is restricted	35
	Commercial presence is required in order to provide cross-border services	21
	There are limits to the proportion of shares that can be acquired by foreign investors in publicly-controlled firms	18
Restrictions to movement of people	Labour market tests or similar economic considerations: contractual services suppliers	38
	Labour market tests or similar economic considerations: independent service suppliers	35
Other discriminatory measures	Foreign suppliers have non-discriminatory access to regulated rates and conditions for retail international mobile roaming services	51
	Foreign suppliers have non-discriminatory access to regulated rates and conditions for wholesale international mobile roaming services	50
	Public procurement: Procurement regulation explicitly prohibits discrimination of foreign suppliers	43
	Public procurement: The procurement process affects the conditions of competition in favour of local firms	24
	Public procurement: Explicit preferences for local suppliers	21
Barriers to competition	National, state or provincial government control at least one major firm in the sector	27
	Secondary spectrum trading is allowed	26
	"Use it or lose it" applies to spectrum	22
	The government can overrule the decision of the regulator	20
	Decisions by the regulatory body can be appealed	14
Regulatory transparency	Range of visa processing time (days)	32
	Number of documents needed to obtain a business visa	28
	Licensing agreements are publicly available	3

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