



Maritime Freight Transport Services 2021

Key findings

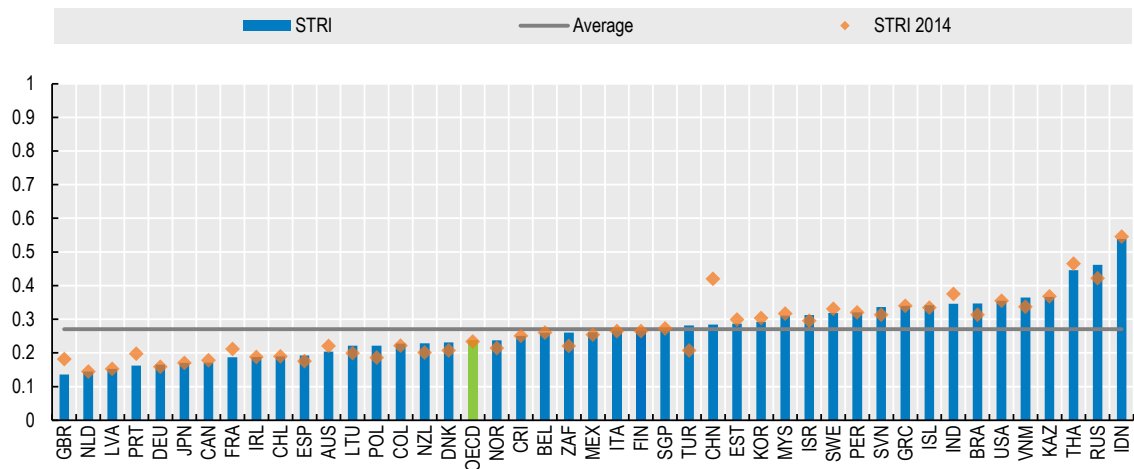
- The average 2021 STRI in the maritime transport sector is 0.27 out of a maximum of 1 (most trade restricted) indicating a relatively high overall level of restrictiveness. However, individual country scores diverge considerably, ranging between 0.14 and 0.56.
- The best performing countries in the sector are the United Kingdom, the Netherlands and Latvia. Most regulatory changes in 2021 were recorded in the United Kingdom, Denmark and Viet Nam.
- Restriction on foreign entry are the main drivers of trade restrictiveness in the sector, with contributions to the total index values of 53% in OECD economies and 63% 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 maritime services between 4% and 14% for the average country included in the STRI database.

Maritime freight transport services cover sea shipping and related port activities (ISIC Rev 4, code 5012). Maritime transport services, as covered by the STRI, refer to seaborne transport of freight and port and auxiliary services necessary to enable maritime transport, such as the access to essential facilities at ports, the provision and use of port services, including marine services, maintenance and repairs services and other activities linked to the ability to organize the ship transport (maritime-related documentation, cargo-handling, etc.). Maritime passenger transport, transport on internal waterways and services necessary to support maritime transport movements (pilotage, towing, tugging, and cargo-handling) are excluded.

The 2021 STRIs in the maritime transport sector range between 0.14 and 0.56, with a sample average of 0.27 (Figure 1). There are 24 countries below and 20 countries above the average. The best performing countries in the sector are the United Kingdom, the Netherlands and Latvia.

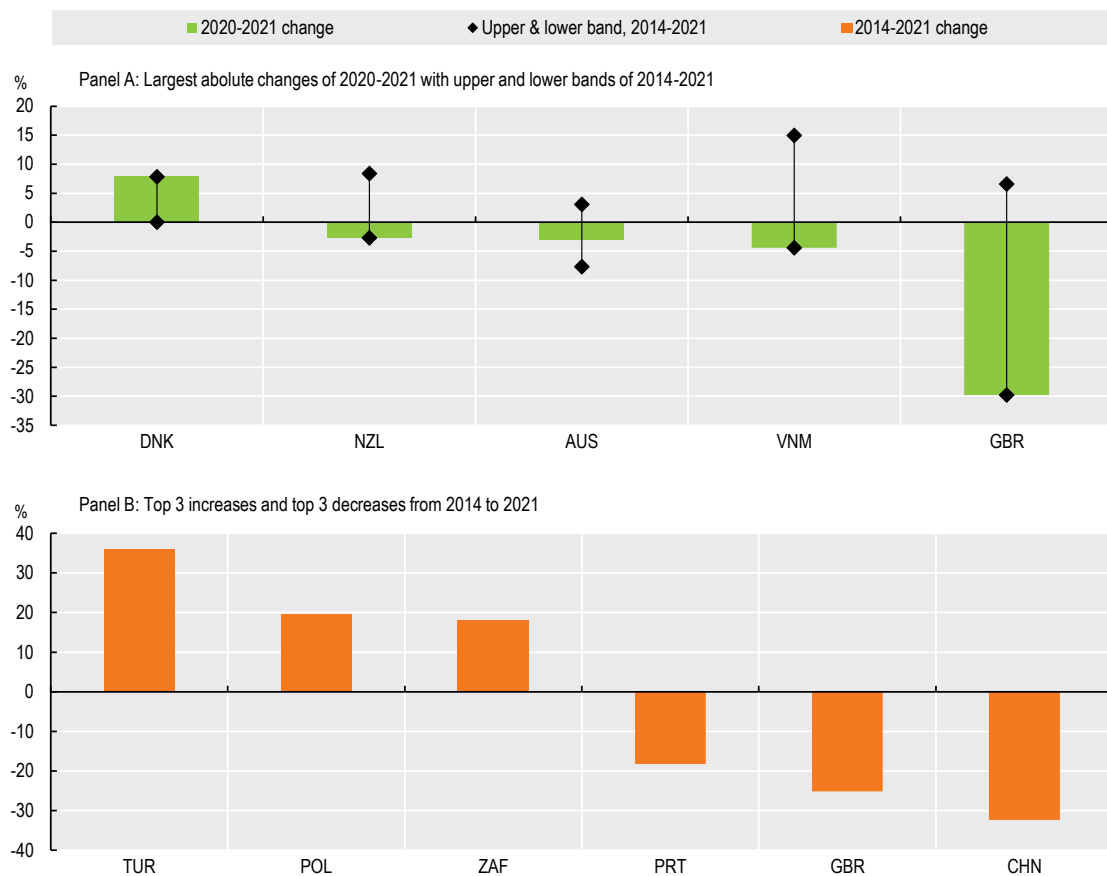
Several countries introduced regulatory changes affecting the STRIs in 2021 and more so since 2014 (Figure 2). In 2021, the STRIs in this sector saw the biggest changes in Denmark (8%), New Zealand (-3%), Australia (-3%), Viet Nam (-4%), and the United Kingdom (-30%). Since 2014, on the one hand, we have observed countries that have had the strongest restrictive trends such as Turkey (36%), Poland (19%) and South Africa (18%). On the other hand, we have strong liberalising trends in Portugal (-18%), the United Kingdom (-25%), and China (-32%).

Figure 1. STRI in maritime transport services, 2021



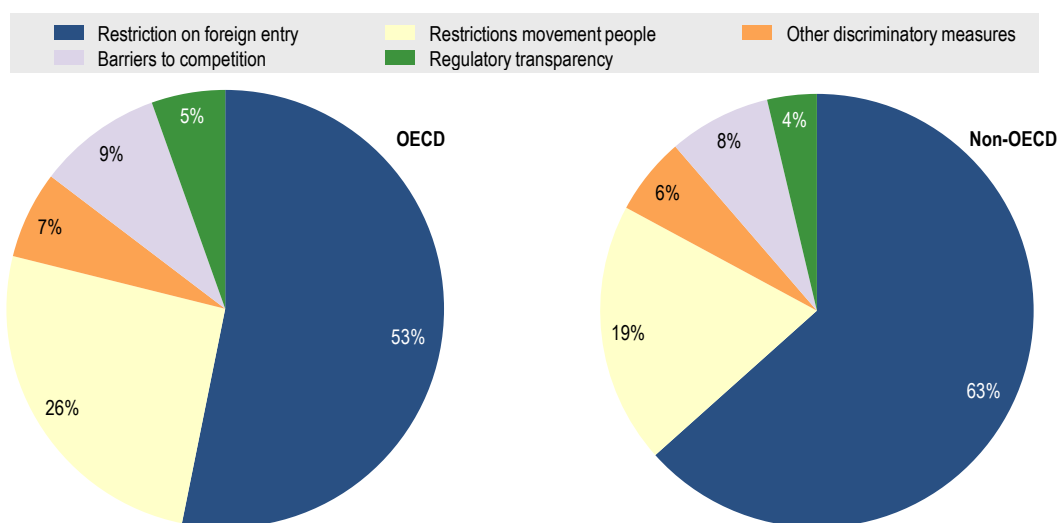
Note: The STRI indices take values between zero and one, one being the most restrictive. The indices are based on laws and regulations in force on 31 October 2021. Maritime freight transport services covers sea shipping and related port activities (ISIC Rev 4, code 5012). The STRI regulatory database covers the 38 OECD countries, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russian Federation, Singapore, South Africa, Thailand, and Viet Nam. Land-locked countries are not included in the STRI country coverage of this sector. 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).

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 maritime transport 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 53% in OECD economies and 63% in non-OECD economies.

Maritime freight transport services are at the heart of international trade and the manufacturing supply chain. It is estimated that more than 80% of merchandise trade by volume and over 70% of global trade by value are carried by sea. The market is also highly concentrated with the top five ship owning countries accounting for nearly a half of world's tonnage fleet in 2021¹. However, of these countries only Singapore is among the top five largest registries, as most ships are registered under a foreign flag. Transport services are not only extensively traded, they are also intermediate services at the core of recent developments in global value chains and just-in-time inventory management, with the related demand for door-to-door services. Reducing unnecessary restrictions and improving productivity in the various sub-sectors can be expected to have significant benefits in downstream industries as well as in the sub-sectors themselves.

Table 1 lists the most common restrictions identified in each policy area. Under restrictions on foreign entry, common impediments relate to restrictions on foreign registration of vessels under national flags, exclusion of foreign-flagged ships from cabotage (including partial exclusion), screening of foreign investments, and residency requirements for board of directors. Other common restrictions include

¹ Review of maritime transport 2021 (UNCTAD, 2021).

statutory monopolies on port services and limits to the proportion of shares that can be acquired by foreign investors in publicly controlled firms.

Under restrictions to the movement of people, the main measures that contribute to the score are short permitted durations of initial stay, labour market tests and lack of processes to recognise qualification obtained abroad.

Other characteristic measures in this sector include obligations to use a local maritime port agent and the exemption of certain types of shipping agreements from national competition laws. Finally, under barriers related to regulatory transparency, cumbersome visa conditions for crew members and procedural hurdles related to business visas are the most common challenges in this sector.

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

Policy area	Measure	Countries having a restrictions ²
Restrictions on foreign entry	Restrictions to own and/or register vessels under national flags	42
	Foreign-flagged ships are partially excluded from cabotage	35
	Screening exists without exclusion of economic interests	29
	Board of directors: at least one must be resident	19
	Performance requirements	18
Restrictions to movement of people	Memo: Licence or authorisation is required to practice	42
	Limitation on duration of stay for contractual services suppliers (months)	34
	Labour market tests: intra-corporate transferees	33
	Limitation on duration of stay for independent services suppliers (months)	32
	Labour market tests: contractual services suppliers	31
Other discriminatory measures	Public procurement: Procurement regulation explicitly prohibits discrimination of foreign suppliers	38
	Foreign suppliers are treated less favourably regarding taxes and eligibility to subsidies	25
	Public procurement: The procurement process affects the conditions of competition in favour of local firms	22
	Public procurement: Explicit preferences for local suppliers	22
	Memo: The procurement process below the value thresholds affects the conditions of competition in favour of local firms	15
Barriers to competition	Obligation to use a local maritime port agent	29
	Certain types of shipping agreements are partially exempt from national competition laws	28
	Minimum capital requirements	26
	National, state or provincial government control at least one major firm in the sector	18
	Shipping agreements are partially exempt from national competition laws upon approval	13
	Range of visa processing time (days)	23

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Policy area	Measure	Countries having a restrictions ²
Regulatory transparency	Number of documents needed to obtain a business visa	21
	Visas on arrival or visa exemption are available for temporary entry/transit of crew	11
	Cost to obtain a business visa (USD)	10
	There is an adequate public comment procedure open to interested persons, including foreign suppliers	9

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.