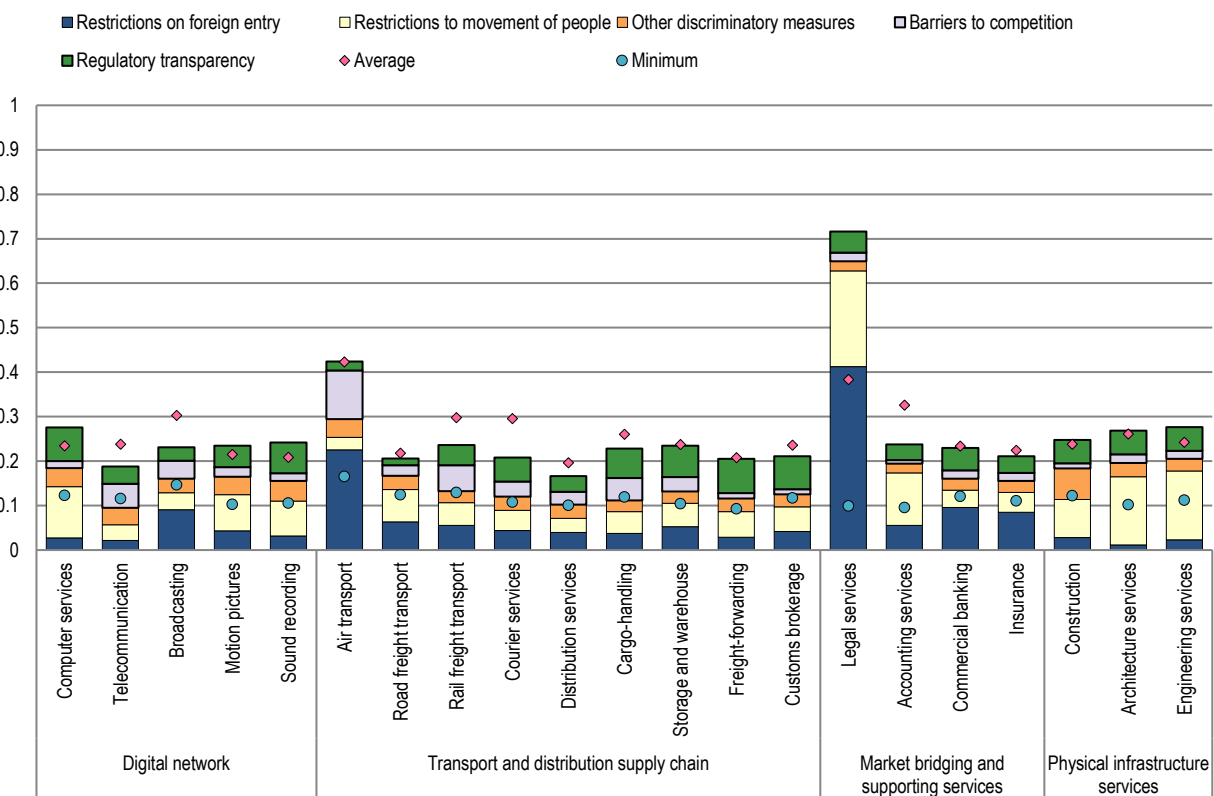


OECD Services Trade Restrictiveness Index (STRI): Hungary

Hungary exported services worth USD 22 billion and its services import value was USD 16 billion in 2017. Transport services are Hungary's largest services export category while professional and management consultancy services attract the largest imports in the economy. Hungary's score on the STRI in 21 sectors is shown below, along with the average and the lowest score among the 45 countries included in the STRI database for each sector.

STRI by sector and policy area



Note: The STRI indices take values between zero and one, one being the most restrictive. They are calculated on the basis of the STRI regulatory database which contains information on regulation for the 36 OECD Members, Brazil, China, Colombia, Costa Rica, India, Indonesia, Malaysia, Russia and South Africa. The STRI database records measures on a Most Favoured Nations basis. Preferential trade agreements are not taken into account. Air transport and road freight cover only commercial establishment (with accompanying movement of people). Maritime transport services are not covered for landlocked countries.

Horizontal policy measures

Hungary has a lower score on the STRI than the average in 13 out of the 21 sectors. This can be explained in large part by general regulations that apply to all sectors in the economy. The number of work permits issued to non-EU nationals seeking to provide services on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers is subject to quotas and labour market testing. Rights of access to public procurement are limited to regional trade agreement partners and members of the WTO's Government Procurement Agreement. The standards for cross-border transfer of personal data are set at the EU level. Transfers to non-EEA economies can take place when these ensure an adequate level of data protection or, in the absence of this, appropriate safeguards (e.g., binding corporate rules or standard data protection clauses) are in place. Finally, a minimum amount of capital must be deposited in a bank or with a notary in order to register a corporation.

The sectors with the relatively lowest STRI scores

Courier services, accounting services, and broadcasting services are the three sectors with the lowest score relative to the average STRI across all countries. In courier services, there are few sector-specific limitations. The Hungarian state maintains control of the designated postal operator which is exempt from tax obligations until 2020. Accounting services cover also auditing, both of which are regulated professions in Hungary. While the regulatory environment is more open than in many other countries, non-EU accountants and auditors remain subject to local examinations and practice requirements before qualifying for a license. A temporary licensing regime is not available either. The sector on broadcasting services is relatively open but sector-specific restrictions include quotas on broadcast time and tax reliefs for the production of television programmes passing a cultural test.

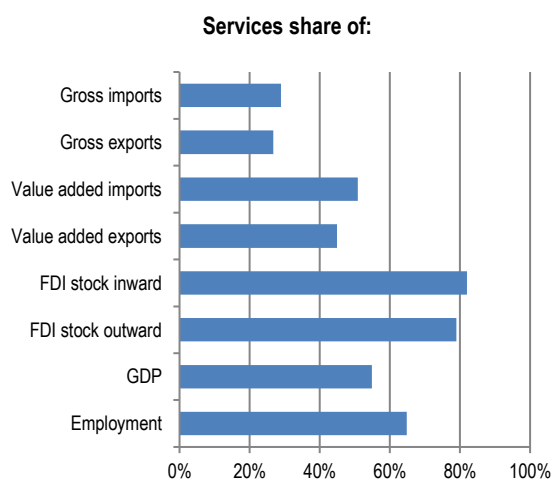
The sectors with the relatively highest STRI scores

Legal services, computer services and sound recording services are the three sectors with the highest score relative to the average STRI across all countries. In legal services only licensed lawyers may own, manage or sit on the board of law firms. To obtain a license to practice, EU or EEA nationality is required. Foreign lawyers are limited to providing legal advice on foreign and international law through associations with a local attorney or law firm, and cannot establish a law firm. In computer services, Hungary's horizontal policy measures contribute to the relatively high score. In sound recording services, in addition to horizontal regulations, quotas establish the minimum share of Hungarian music to be broadcasted in local radios.

Recent policy changes

The new EU General Data Protection Regulation (Regulation 2016/679) entered into force on 25 May 2018 providing a comprehensive update on the EU data protection regime. As of 2016, intra-corporate transferees from third countries can stay in Hungary up to 12 months on their initial permits. Also since 2016, revised conditions, including on economic needs, apply for authorisations for the operation of storage facilities for the customs warehousing of goods pursuant to Regulation (EU) No 952/2013. Since 2015, Hungary applies quotas on work permits for natural persons with non-EU nationalities travelling on a temporary basis to the country. Such work permits are required for services suppliers as well.

Efficient services sectors matter



Services account for 26% of gross exports but for 45% in value added terms. This indicates that Hungary's exports of goods rely intensively on services inputs. Services account for 55% of GDP and 65% of employment, which implies that earnings and aggregate demand depends crucially on productivity in the services sectors. The information and communication technology revolution opens new opportunities for inclusive growth in a services economy like Hungary. Innovation and adoption of technology relies on access to knowledge and to the networks, people, goods and services that carry the knowledge around the world. In this context, Hungary could benefit from more open markets for services trade through the temporary movement of natural persons.

More information

- » Access all of the country notes, sector notes and interactive STRI tools on the OECD website at <http://oe.cd/stri>
- » Read more about services trade policies and their impacts in this publication: [Services Trade Policies and the Global Economy](#)
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org