



ISRAEL – 2023¹

Key findings

- The 2023 STRI of Israel is above the OECD average and relatively high compared to other countries in the STRI sample but unchanged compared to 2022.
- Israel's regulatory environment for services has been stable over the past years with relatively few changes affecting services trade.
- Distribution services is the most open sector in Israel compared to the sample average while rail freight transport is the most restricted.

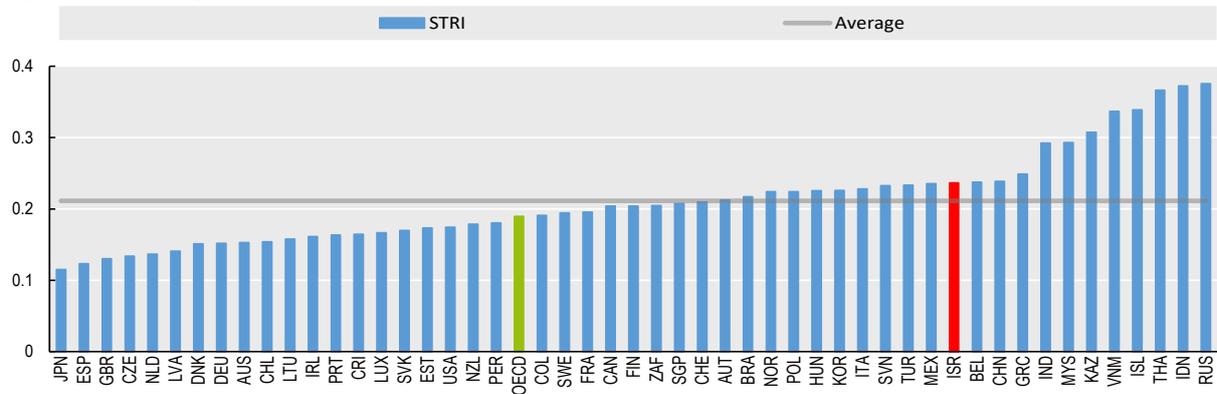
Recommendation

- Trade in services strengthens resilience across supply chains, facilitating environmental sustainability and promoting greater inclusiveness. To ensure the benefits of open markets and a rules-based international trading system, national and multilateral action is needed to lower barriers and reduce trade costs, promote greater regulatory interoperability, and facilitate the digital transformation of economies

¹ 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.

The 2023 STRI of Israel is above the OECD average, and relatively high compared to other countries in the STRI sample (Figure 1).

Figure 1. Average STRI across countries, 2023ⁱ



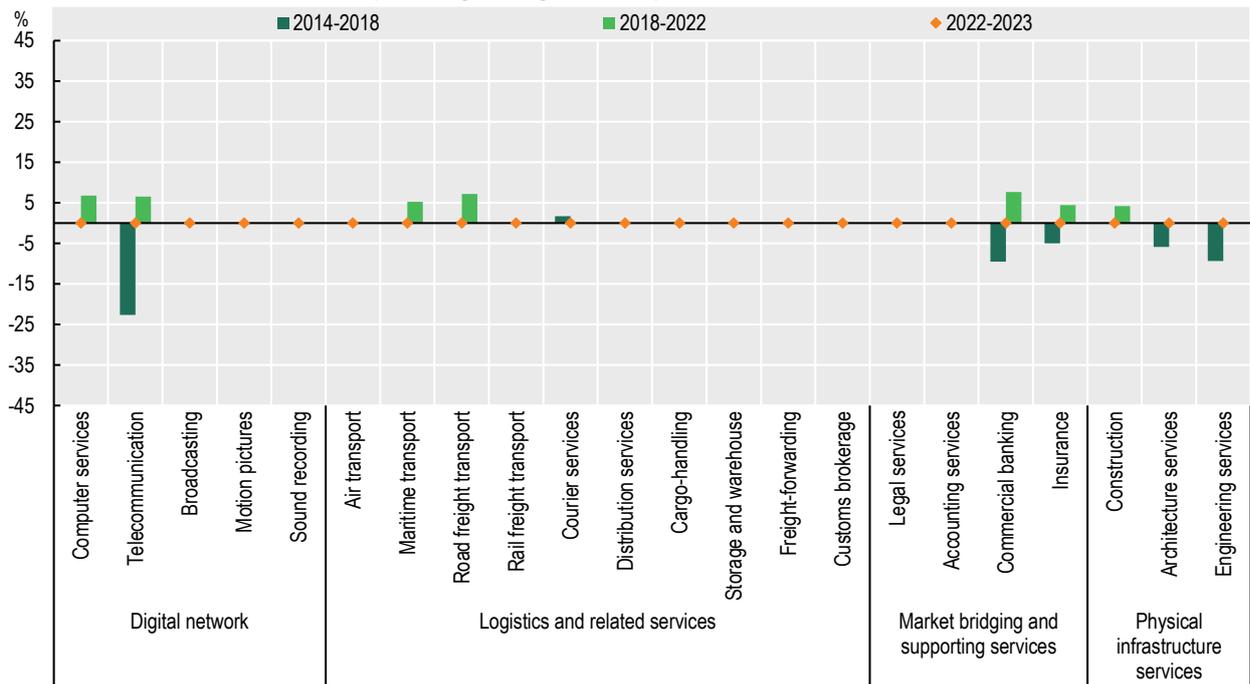
OECD (2023). STRI and TiVA databases.

The index is partly explained by general regulations applying to all sectors of the economy. The chair of the board of directors of Israeli corporations must be a resident of Israel. Acquisition of land and real estate by foreigners is subject to restrictions and preferences are granted to local suppliers in procurement markets, particularly through the use of offsets. Furthermore, Israel applies labour market tests for natural persons seeking to provide services in the country on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers. These services providers may stay in the country for up to 12 months on their first entry permit. There is also at least one major state-owned enterprise in broadcasting, courier services, insurance, maritime transport, rail freight transport, and logistics cargo-handling.

The regulatory environment for services trade has been relatively stable in Israel over the past years (Figure 2).

Figure 2. Evolution of STRI indices by sector in Israel

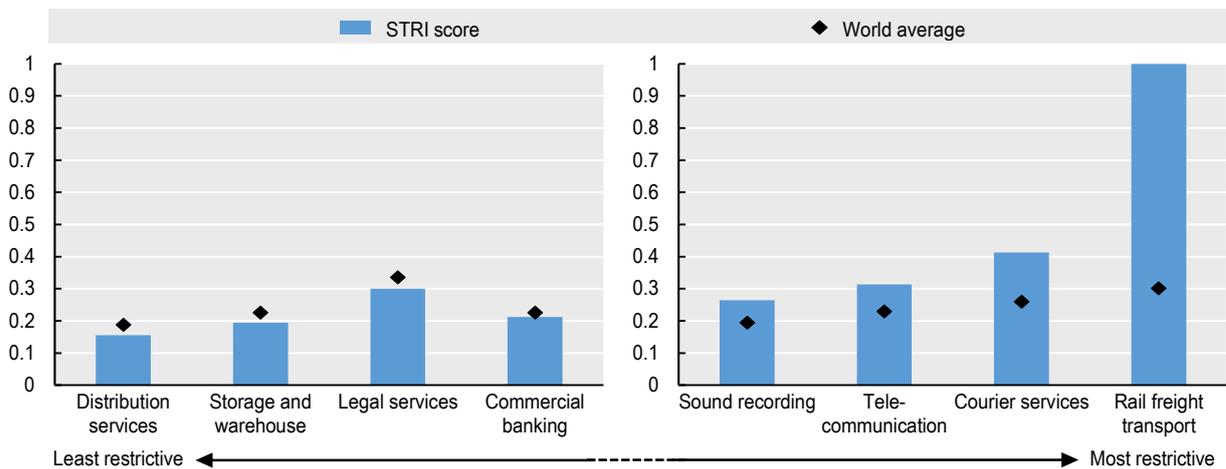
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2022 and 2022-2023



OECD (2023). STRI database.

Figure 3 ranks Israel's sectors relative to the respective sector's world average. Distribution services, logistics storage, legal services, and commercial banking are the sectors with the relatively lowest score. Conversely, sound recording, telecommunications, courier services and rail freight transport are the sectors with the relatively highest score.

Figure 3. Sectoral breakdown - The least and most restricted sectors in Israel compared to world average



Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

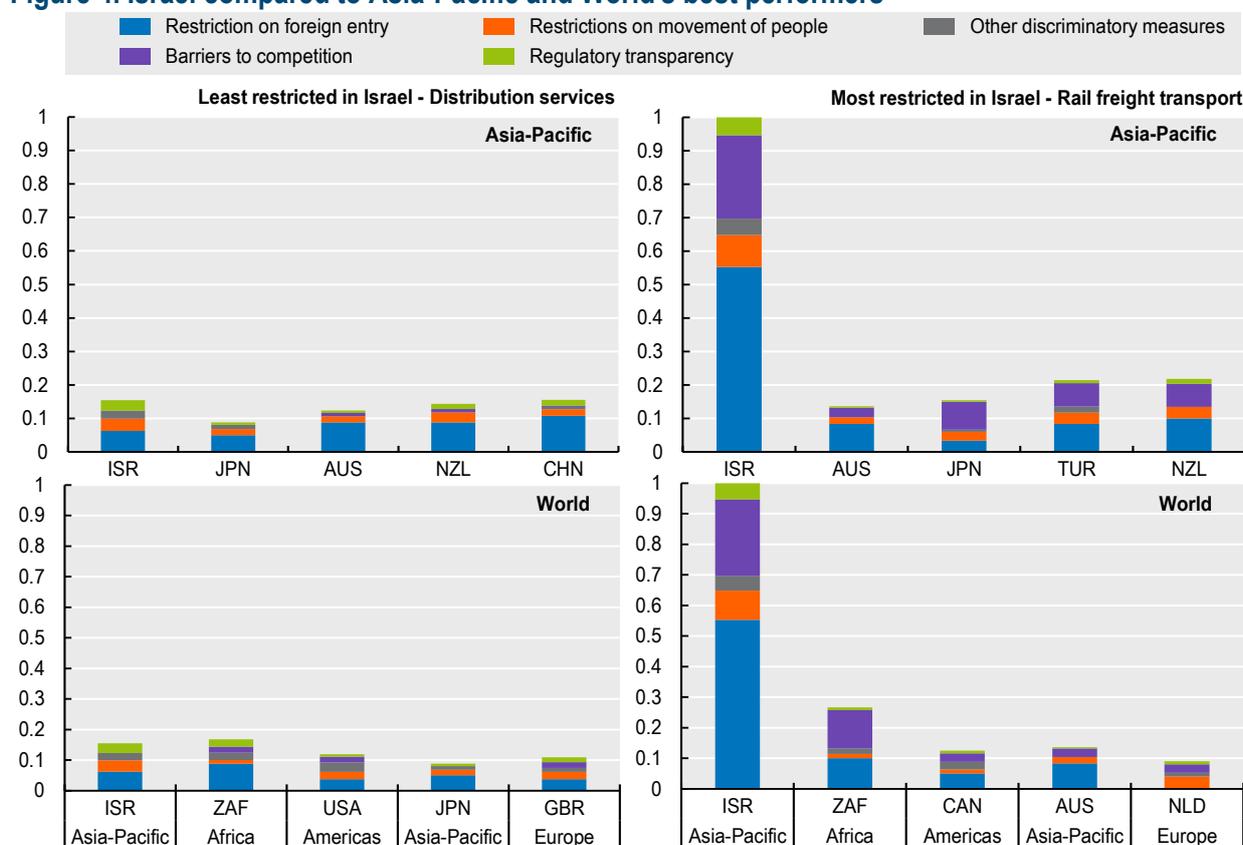
i.e. $(STR I_{country, sector} - STR I_{world average, sector}) / STR I_{world average, sector}$

Source: OECD (2023). STRI database.

Distribution services are the least restricted in Israel. Compared to the Asia-Pacific region, it is among one of the least restricted in the region. The composition of the scores indicates that barriers to foreign entry contribute most to the scores. Distribution services are subject to the general regulatory framework, although there are product-specific regulations affecting the distribution of alcohol and tobacco products. Rail freight transport services are the most restricted services sector. Israel has a

statutory state-owned monopoly in rail freight transport. This together with no significant transit rights for foreign suppliers closes the market for international trade and investment in rail freight transport services (Figure 4).

Figure 4. Israel compared to Asia-Pacific and World's best performers



Source: OECD (2023). STRI database.

Recent policy changes

In September 2022, the Ministerial Committee for Privatization Matters decided to privatize the Israel Postal Company Ltd. the shares of which have been entirely owned by the Government. The process of selling the Government's shares has progressed in 2023 with a deadline for receiving private investment bids by September 2023. At the same time, new guidelines were introduced for setting prices for postal services.

More information

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

¹Note: 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 in force on 31 October 2023. The STRI regulatory database covers the 38

OECD Members, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, 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.