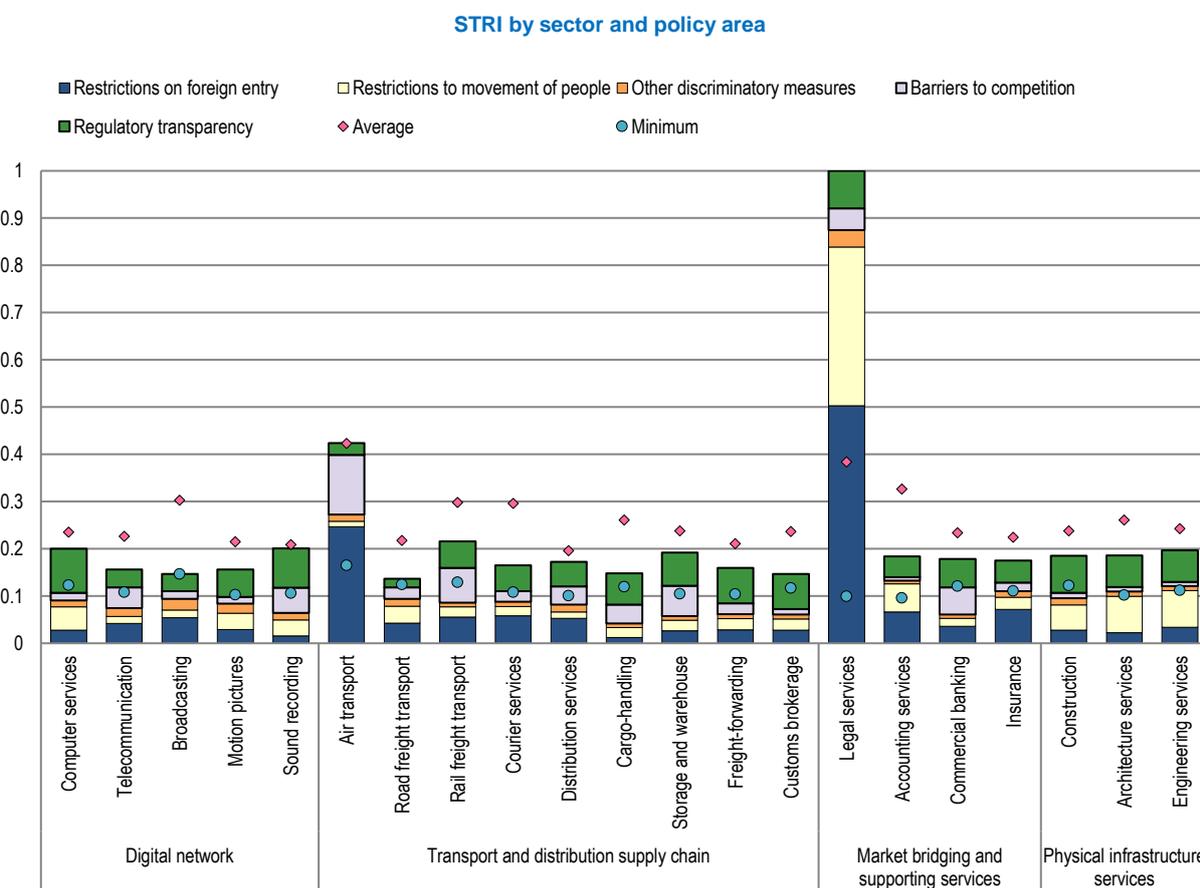


OECD Services Trade Restrictiveness Index (STRI): Luxembourg

Luxembourg exported services worth USD 96 billion and its services import value was USD 72 billion in 2017. Financial services are the largest services exporting and importing sectors. Luxembourg's score on the STRI in the 21 sectors covered by the STRI project is shown below, along with the average and the lowest score among the 45 countries included in the STRI database for each sector.



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

Luxembourg has a lower score on the STRI than the average in 19 out of 21 sectors. This can largely be explained by a favourable general regulatory framework. Luxembourg applies labour market tests for natural persons seeking to provide services in the country on a temporary basis as contractual services suppliers, independent services suppliers. Intra-corporate transferees are not subject to such tests, but for them the duration of stay is limited to 12 months on their first entry permit. Rights of access to public procurement are limited to regional trade agreement partners and members of the WTO's Government Procurement Agreement. A minimum amount of capital must be deposited in a bank or with a notary in order to register a business. 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, consulting stakeholders during the legislative process is not mandatory and the legal obligation to publish final and voted law prior to entry into force (three days) is significantly less than best practice.

The sectors with the relatively lowest STRI scores

Broadcasting, courier services and accounting services are the three sectors with the lowest score relative to the average STRI across all countries. For broadcasting, the sector-specific trade limiting measure relates to advertising, quotas on broadcast time, and subsidies and tax breaks subject to cultural tests. For courier services, P&T Luxembourg, the leading operator of postal and telecommunication services is fully state-owned and not listed. Accounting services cover also auditing. For auditing firms, the majority of directors and managers must be locally-licensed. The process of recognition requires to pass a local exam and to practice locally for three years.

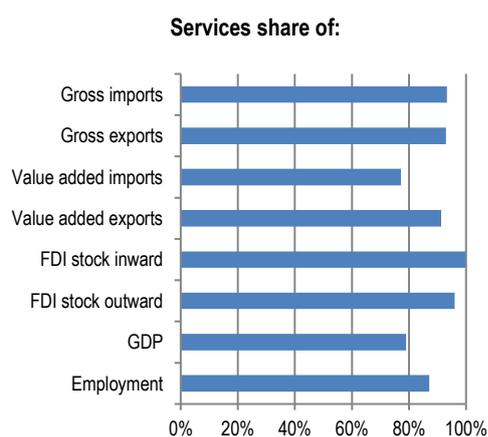
The sectors with the relatively highest STRI scores

Legal services, air transport and sound recording are the three sectors with the highest score relative to the average STRI across all countries. In legal services, there is a general requirement that all the voting rights in law firms must be owned by lawyers licensed in the European Union or in the European Economic Area. Furthermore, only EU nationals may obtain a licence to practice legal services in Luxembourg. Finally, no temporary licensing system is in place, and hence the sector is effectively closed to non-EU lawyers (apart from countries with reciprocal or preferential agreements). This regime applies to both domestic and international law. In the air transport services sector (covering establishment only), Luxembourg has foreign equity restrictions as a result of common European Union (EU) regulation on air services. Pursuant to this regulation, non-EU nationals cannot own more than 49% in local airlines. Lease of foreign aircrafts with crew from outside the EU can be refused on grounds of reciprocity or conditioned on approval granted on the basis of economic needs. An EU-wide exemption of certain airline arrangements from competition law and regulations on airport slot allocation and slot trading further contribute to the score in this sector. For sound recording, besides horizontal measures, copyright fees are regulated and arbitration structures to deal with commercial disagreement between users of rights and collective rights managers do not exist.

Recent policy changes

Since December 2015, the approval for establishing a branch may be refused if reciprocity for Luxembourg companies is not ensured by national law. 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, 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.

Efficient services sectors matter



Services account for more than 90% of gross exports, value added exports and almost 90% for GDP and employment. The share of GDP is slightly lower than of employment in Luxembourg. This indicates that labour productivity is lower in services than in other sectors. In Luxembourg, the difference is largely explained by the importance of highly skilled labour intensive services sectors.

The information and communication technology revolution opens new opportunities for inclusive growth in a services economy like Luxembourg. 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, Luxembourg could benefit from more open markets for services trade.

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