



## UNITED KINGDOM – 2023

### Key findings

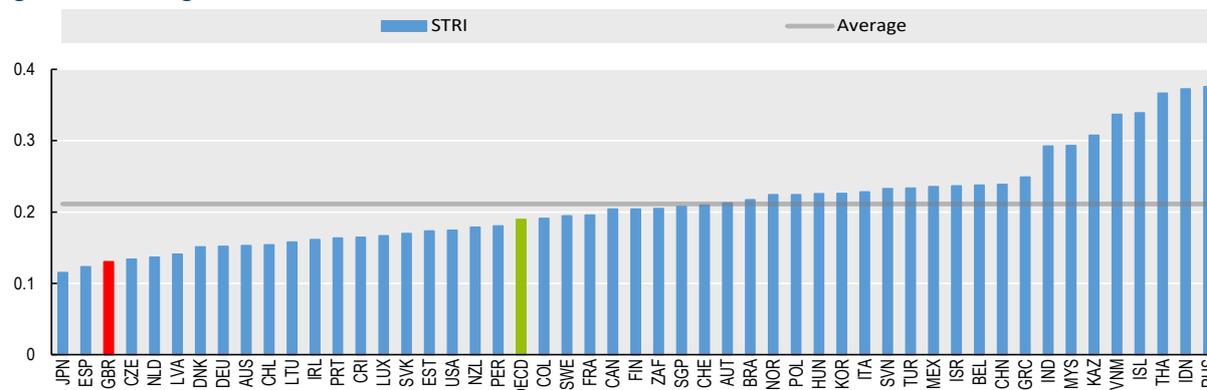
- The 2023 STRI of the United Kingdom is below the OECD average and relatively low compared to all countries in the STRI sample. The index has seen minimal changes compared to 2022.
- The United Kingdom's regulatory environment for services has been relatively stable since 2022, after considerable changes in regulation in the prior years.
- Telecommunications is the most open sector in the United Kingdom while road freight transport is the most restricted, relative to the sectoral average.
- Despite the overall favourable environment for services trade, some restrictions on the movement of people continue to constitute regulatory barriers in most sectors.

### 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.

The 2023 STRI of the United Kingdom (UK) is below the OECD average, and relatively low compared to other countries in the STRI sample (Figure 1).

**Figure 1. Average STRI across countries, 2023<sup>i</sup>**



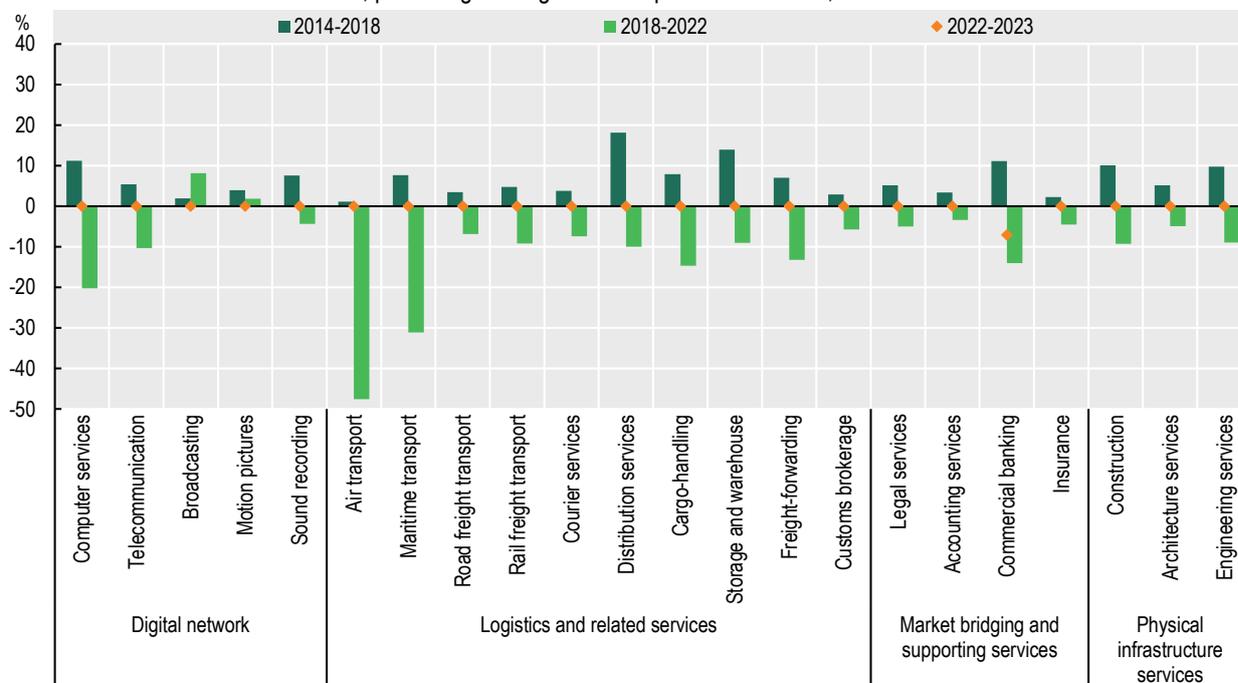
OECD (2023). STRI and TiVA databases.

While regulation is less restrictive in the UK than in many OECD countries in most policy areas, rules related to the movement of people, which affect all sectors, are relatively stringent. There are also some limitations on rights of access to public procurement.

During 2020 and 2021, the STRI values decreased substantially across all sectors, particularly due to new regulations introduced following the end of the transition period for the UK's departure from the European Union (31 December 2020). After this period of considerable change, no significant changes were observed in 2022 and 2023 (Figure 2). The commercial banking sector saw a decrease in its STRI in 2023 because the government's share in NatWest dropped below 50%, as a result of a trading plan which aimed at returning the shares in NatWest back to private ownership.

**Figure 2. Evolution of STRI indices by sector in the United Kingdom**

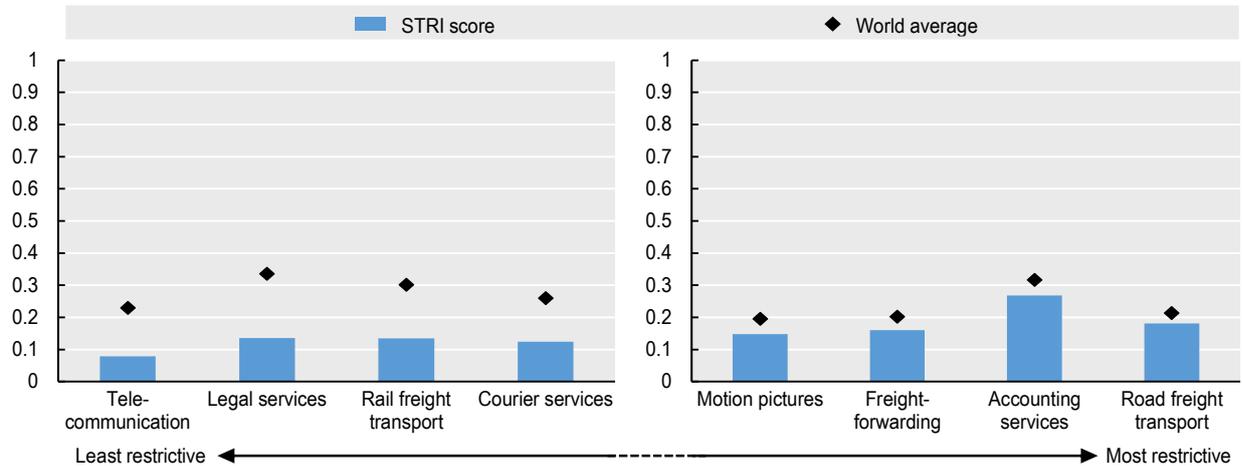
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2022 and 2022-2023



OECD (2023). STRI database.

Figure 3 ranks the United Kingdom's sectors relative to the respective sector's world average. Telecommunications, legal services, rail freight transport and courier services are the sectors with the relatively lowest scores. Conversely, motion pictures, logistics freight forwarding, accounting services and road freight transport are the sectors with the relatively highest scores.

**Figure 3. Sectoral breakdown - The least and most restricted sectors in the United Kingdom 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

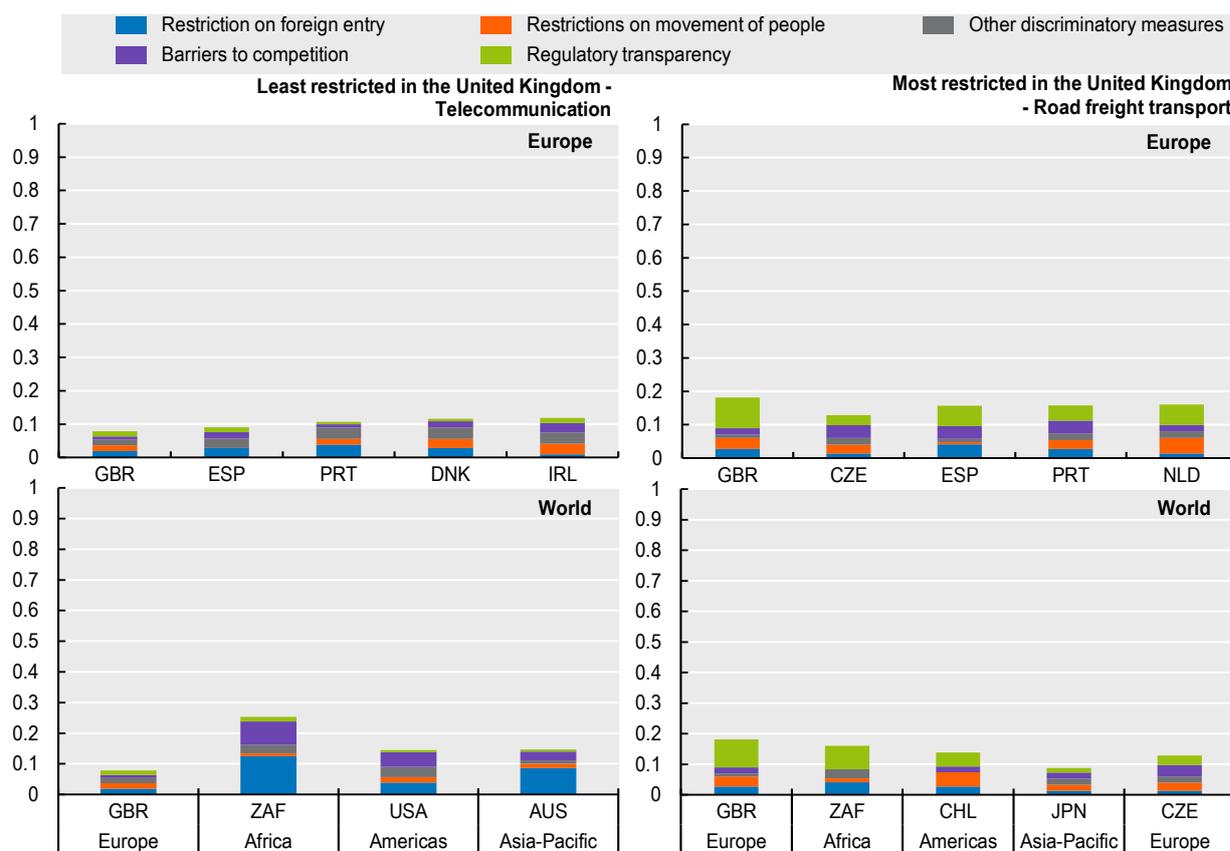
i.e.  $(STRI_{country, sector} - STRI_{world average, sector}) / STRI_{world average, sector}$

Source: OECD (2023). STRI database.

Telecommunications services are the least restricted in the United Kingdom compared to the average STRI across all countries. In this sector, the UK has the least restrictive regulatory environment of all countries covered by the STRI.

On the other hand, road freight transport is the most restricted services sector in the United Kingdom compared to the average STRI across all countries. While barriers to foreign entry are relatively low in this sector, the restrictions on regulatory transparency are significant compared to best performers in Europe. Some of the measures that contribute the most to the index in this area include the lack of visas on arrival or visa exemption for the temporary entry or transit of crew, and lack of multiple entry visas for crew (Figure 4).

Figure 4. the United Kingdom compared to Europe and World's best performers



Source: OECD (2023). STRI database.

## Recent policy changes

In commercial banking, the UK government's share in NatWest dropped below 50% in 2023, as a result of a trading plan which aimed at returning the shares in NatWest back to private ownership.

The United Kingdom left the European Union in January 2020 and entered a transition phase which ended on 31 December 2020. Many new legislations and regulatory amendments were introduced as a result, and some of these have implications for the STRI. A few examples are described below.

Contractual services providers and independent professionals can enter the UK on the T5 (Temporary Worker) International Agreement Worker immigration route which replaced the Tier 5 (Temporary Worker) route as of 1 December 2020. In addition, a new Skilled Worker visa route was introduced to replace the Tier 2 (General) visa route together with a new points-based system. Under this route, previous caps on the maximum number of Tier 2 (General) visas have been suspended and there is no longer a requirement for employers to undertake a Resident Labour Market Test. However, rules on sponsorship control continue and include the need to obtain a sponsorship license and pay the Immigration Skills Charge for the duration of the employment. As of January 2021, this charge must also be paid for EU/EEA nationals applying for a Skilled Worker route. An updated Intra-Company Transfer route was also set up for workers transferred by their employer for skilled positions in the United Kingdom.

A new Financial Services Act 2021 introduced several changes to the UK's regulatory framework. For instance, it changed some aspects of the UK's prudential regulatory regime and implements the Basel III standards.

As of January 2021, the UK abolished the Low Value Consignment Relief, which relieved import VAT

on consignments of goods valued at GBP 15. All imported goods up to GBP 135 will now be subjected to domestic VATs. The threshold for relief from customs duty continues to be GBP 135.

The National Security and Investment Act (NSIA) 2021 entered into force in 2022. The Act establishes new procedures for the screening of investments for the purposes of protecting national security.

## More information

- » Access all country notes, sector notes, and interactive STRI tools at <http://oe.cd/stri>
- » Mourougane, A., S. Benz and F. Gonzales (2021), "Services trade in the United Kingdom and the global economy", *OECD Trade Policy Papers, No. 257*, OECD Publishing, Paris, <https://doi.org/10.1787/b602b468-en>
- » 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](mailto:stri.contact@oecd.org)

<sup>1</sup>Note: 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.