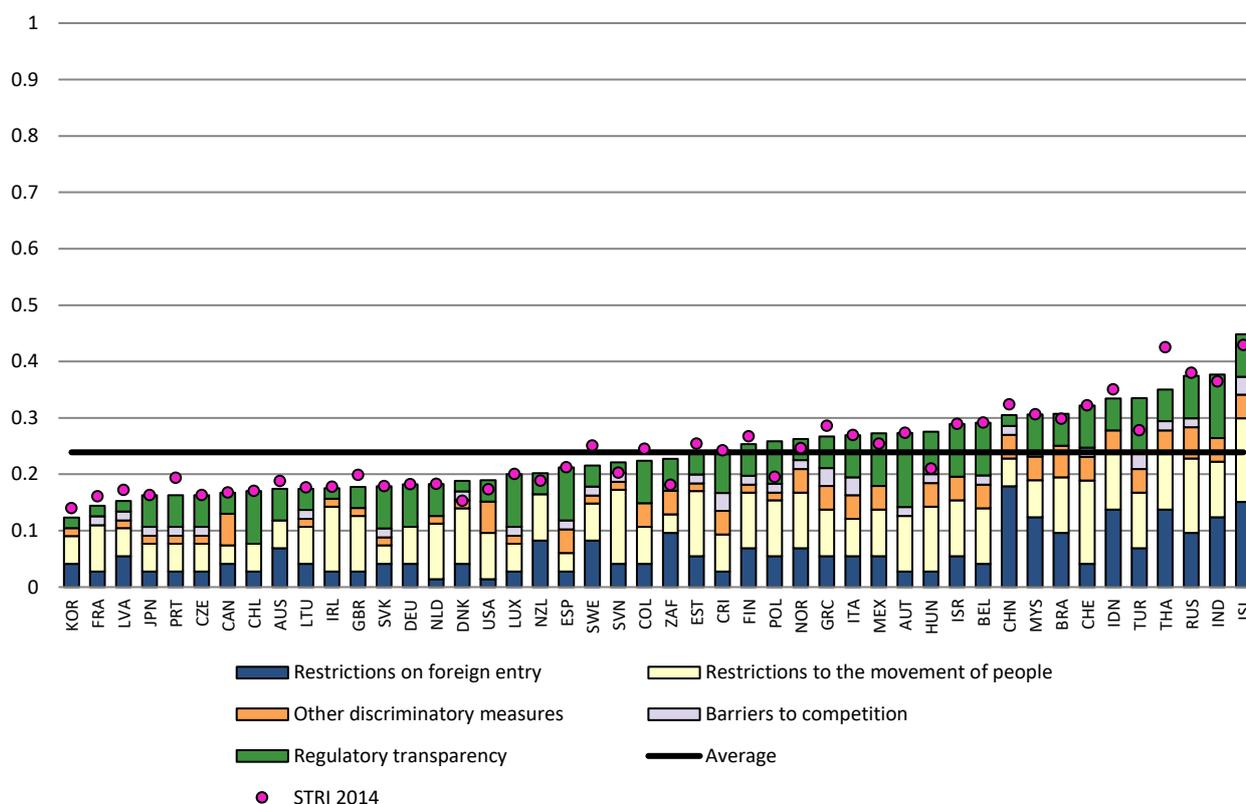


## STRI Sector Brief: Computer services

This note presents the Services Trade Restrictiveness Indices (STRIs) for the 36 OECD countries and Brazil, the People’s Republic of China, Colombia, Costa Rica, India, Indonesia, Malaysia, the Russian Federation, South Africa and Thailand for computer services in 2019.

Computer services are defined as computer programming, consultancy and related activities and information service activities (ISIC 62 and 63). Major exporters are the European Union, India and the United States. Computer services are mainly traded business to business.

### STRI by policy area: Computer services (2019)



*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 records measures on a Most Favoured Nations basis. Preferential trade agreements are not taken into account. The indices are based on laws and regulations in force on 31 October 2019.

The 2019 scores in the computer services sector range between 0.12 and 0.45 with an average of 0.24. There are 25 countries below and 21 countries above the average.

The measures in the STRI database are organised under five policy areas as indicated in the chart. The regulatory profile differs considerably across countries. Only one of the 46 countries has foreign equity restrictions in this sector, covering parts of the activities classified under computer services, but six countries have limitations on foreign branches, five countries require that at least half the board of directors must be residents and seven countries require that foreign investors bring net economic benefits to the host country as a condition for investing. Five countries have limitations on cross-border mergers and acquisitions, while four countries control foreign capital flows in some shape or form. Finally, 38 countries have stricter conditions on the transfer of personal data than recommended in the OECD Guidelines for Protection of Privacy and Transborder Flow of Personal Data. These

measures are all recorded under the *restrictions on foreign entry* policy area. Computer services can easily be traded across borders through electronic networks. However, cross-border trade needs to be supported by visits to the premises of the customer, both through business travel for technical support and for longer visits to work with clients, for instance on organisational reforms to maximise the benefit of new software.

*Restrictions on the movement of people* account for one-third of the total scores in computer services. The skilled labour intensity of the sector together with the complementarity between cross-border trade and movement of natural persons explains why restrictions on movement of people feature prominently in the STRI for computer services. In fact, all the countries in the database limit market access for natural persons providing services on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers. 12 countries impose quotas on one or more of these three categories, 35 countries apply economic needs tests to stays that last longer than 3-6 months and the duration of stay is limited to less than three years in 37 countries.

*Other discriminatory measures* contain regulation related to taxes, subsidies and public procurement. Three countries report areas where national treatment is not fully granted regarding taxes or subsidies, while 23 countries have preferential measures for local suppliers or limit non-discriminatory access to public procurement to free trade agreement or WTO government procurement agreement (GPA) partners.

*Barriers to competition* do not appear widespread or particularly pernicious in computer services. Five countries record state owned enterprises among the major services suppliers in the sector, and the most common measure under this policy area is minimum capital requirements found in 25 countries.

The *regulatory transparency* policy area builds on information from administrative laws and regulations, information from the migration authorities on requirements for obtaining a business visa and the World Bank Doing Business Survey. The latter records time, cost and number of procedures required for establishing a company. These measures are benchmarked against a global threshold set at the 40 best performing countries. There are 21 countries included in the STRI database that are not among the 40 best performing countries on one or more of these measures. The score in the regulatory transparency area is largely attributed to this. In addition lengthy, costly and complex regulatory procedures related to obtaining a business visa contribute to the index for 28 countries.

Compared to 2014, denoted by the pink dots in the chart, the STRI index is unchanged for 16 countries, 17 have a lower (less restrictive) score, and 13 record a higher value of the STRI index (more restrictive) in 2019. The country that reduced the STRI index the most was Thailand where the index went down by seven basis points, while Hungary was the country that raised the index the most, adding seven basis points. Improvements in administrative procedures under the regulatory transparency area explain a large part of the improvement in the STRI index for the 17 countries with a lower index. In addition, Australia introduced a new visa scheme permitting longer duration of stays than under the previous scheme for all three categories of persons covered by the STRI; Colombia also extended the permitted duration of stay for independent services suppliers but shortened it for intra-corporate transferees. Several countries across the EU have also adopted new conditions affecting intra-corporate transferees' duration of initial stays, limiting the stay to a period between one and three years. In a number of countries, the conditions affecting the entry of contractual and services suppliers have been tightened through stricter quotas and labour market conditions. Poland introduced in 2019 quotas for foreigners entering the country on a temporary basis to provide services as intra-corporate transferees, contractual services suppliers or independent services suppliers. Some countries started applying stricter conditions on screening of certain foreign investments while others have introduced limitations on cross-border data transfers.

### 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](mailto:stri.contact@oecd.org).