



OECD WORKSHOP ON REGULATORY BARRIERS TO COMPETITION IN PROFESSIONAL SERVICES

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The OECD PMR Indicators: A brief overview



PMR Indicators: The objective

To address the need to measure the extent to which a country's laws and regulation **foster productivity-enhancing competition**, in 1998 the OECD developed:

The Product Market Regulation Indicators

The exercise has been repeated every 5 years since.



PMR indicators: The principles

- Product market regulation is essential for well-functioning of a market-based economy.
 - Market integrity as well as health, safety and environmental goals
 - Information asymmetry and public goods
- Regulations create barriers to entry and investment if they
 - Limit the number of suppliers of a specific service or product
 - Limit the ability of suppliers to compete
 - Reduce the incentives of suppliers to compete
 - Limit the choices and information available to customers



PMR Indicators: The uses

The PMR indicators allow policymakers and scholars to:

- measure a country's regulatory stance in an internationally comparable way
- understand where countries stand compared to regulatory best practices
- investigate empirically the relationship between regulatory practices and economic performance



Measuring regulatory barriers to competition

Turning qualitative information into quantitative indicators is needed to better identify areas for reform





Key elements of PMR indicators

The information on laws and regulations is collected through a very large questionnaire

The questionnaire is filled in by ministries and other relevant authorities through a single contact point

Information is collected at federal or national level, but (representative) lower level jurisdictions are involved if matter is regulated by them

Qualitative information are scored and aggregated into quantitative indicators

Indicator values range from (0) to (6): lower values reflect a more competition friendly regulatory regime



Two sets of PMR indicators

This information is summarized in two sets of quantitative indicators:

- the **economy-wide PMR indicator**
organized along a number of horizontal areas
- a group of **sectoral indicators** focusing on:
 - Energy
 - E-Communications (fixed and mobile)
 - Transport
 - Professional services
 - Retail distribution

Structure of the OECD PMR indicators for 2018

Professional Services

Entry regulations

- Quantitative or territorial restrictions
- Exclusive or shared rights
- Title protection
- Years of education and compulsory practice
- Alternative pathways for qualification
- Compulsory membership
- Barriers to foreign entry

Conduct regulations

- Regulation of fees
- Restrictions on marketing and advertising
- Restrictions on legal form
- Restrictions on ownership-type interest
- Voting rights constraints
- Restrictions on inter-professional cooperation

Professions covered

- Lawyers
- Notaries
- Accountants
- Civil engineers
- Architects
- Estate agents



Final remarks

- As quantitative indicators the PMR indicators inevitably only provide an overview of a regulatory framework
- These indicators are useful as a screening tool to identify potential regulatory barriers to competition
- They should be followed by a more detailed analysis of the specific regulatory framework if reforms are envisaged



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