**CZECH REPUBLIC – 2021**

**Key findings**

- The 2021 STRI of the Czech Republic is the lowest compared to other countries in the STRI sample, indicating an open regulatory environment for trade in services. The Czech Republic is also one of the most open countries for services trade within the EU Single Market. The indicator remained unchanged compared to 2020.
- Conditions on the entry of natural persons seeking to provide services in the country on a temporary basis as contractual services suppliers remains more cumbersome than international best practice.
- Accounting and auditing services is the most open sector in the Czech Republic while air transport is the most restricted.

**Recommendation**

- 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, the Czech Republic could benefit from more open markets for services trade.

The average STRI of the Czech Republic is relatively low compared to other countries in the STRI sample (Figure 1).

**Figure 1. Average STRI across countries, 2021**

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 2021. The STRI regulatory database covers the 38 OECD countries, 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. Source: OECD STRI and TiVA databases (2021).
The Czech Republic applies labour market tests for workers seeking to provide services in the country on a temporary basis as contractual services suppliers but not as intra-corporate transferees or independent services suppliers. The duration of stay is limited to 36 months for intra-corporate transferees, 24 for contractual services suppliers, and 12 months for independent services suppliers 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.

The services regulatory regime of the Czech Republic remained stable between 2018-2020 in all sectors, except in telecommunications. New provisions on screening of foreign investments were introduced in October 2020 by the Act on the Examination of Foreign Investments and affected services sectors such as computer services, telecommunication, broadcasting, road freight transport and rail freight transport. Though this overall tightening, given the small value of the 2020 STRI score, this year’s STRI index remains low (Figure 2).

**Figure 2. Evolution of STRI indices by sector in the Czech Republic**

Services Trade Restrictiveness Index, percentage change over the period 2014-2017, 2017-2020 and 2020-2021

Services trade barriers are significantly lower within the European Economic Area across all services sectors (Figure 2b). The Czech Republic maintains an open market for services suppliers from other EEA Members.
Figure 2b. Regulatory barriers affecting services trade within the European Economic Area (EEA)

Note: The traditional STRI indicates the level of restrictiveness on Most-Favoured Nation basis towards third countries, and the intra-EEA STRI indicates the level of restrictiveness towards EEA members. Intra-EEA STRI covers 24 countries (Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden).
Source: OECD STRI and TiVA databases (2021).

Accounting services, commercial banking, logistics cargo-handling and courier services are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Telecommunications, engineering services, legal services and air transport are the sectors with the highest score relative to the average STRI across all countries.

Figure 3. Sectoral breakdown - The least and most restricted sectors in the Czech Republic

Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference
i.e. \( \frac{(\text{STRI}_{\text{country, sector}} - \text{STRI}_{\text{world average, sector}})}{\text{STRI}_{\text{world average, sector}}} \)
Source: OECD STRI and TiVA databases (2021).
Accounting services are the least restricted in the Czech Republic compared to Europe and the other best performers elsewhere while air transport services are the most restricted (Figure 4).

Figure 4. The Czech Republic compared to Europe and World’s best performers

Key reforms

In February 2021, a new Act on the Examination of Foreign Investments entered into force creating a new screening mechanism of foreign investments based on national security considerations. These new screening provisions apply to sectors such as computer, telecommunication, broadcasting, road freight transport and rail freight transport services.

Other recent changes affecting the Czech Republic were due to changes in EU law. From the 1st of July 2021, the EU abolished the VAT de minimis regime for goods valued under 22 EUR. Regulation 2019/452 allows EU Member States to maintain, amend or adopt mechanisms to screen foreign direct investments in their territory on grounds of security or public order. It applies from 11 October 2020. In the context of the COVID-19 pandemic, Regulation 2020/459 waived the 80/20 grandfathering rule for airport slot allocations between 1 March 2020 and 27 March 2021. Accordingly, airport coordinators are required to consider slots allocated for this period as having been operated by the air carrier to which they were initially allocated. In October 2018, a new law was introduced to strengthen the protection on trade secrets.

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.
More information

» Access all country notes, sector notes, and interactive STRI tools at [http://oe.cd/stri](http://oe.cd/stri)

» Read more about services trade policies and their impacts in [Services Trade Policies and the Global Economy](http://oe.cd/stri)

» Contact the OECD Trade and Agriculture Directorate with your questions at [stri.contact@oecd.org](mailto:stri.contact@oecd.org)