OECD Services Trade Restrictiveness Index (STRI)

UNITED KINGDOM – 2020

Key findings

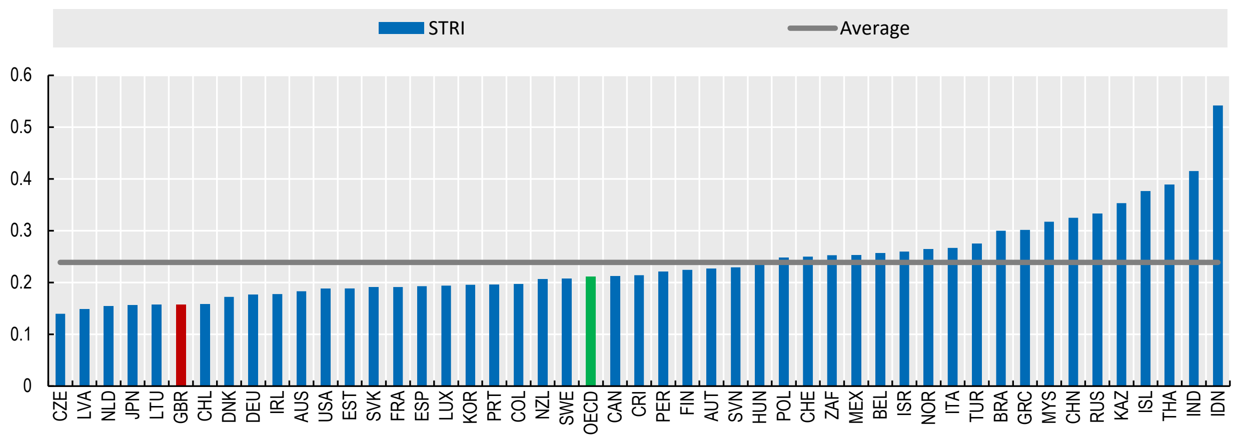
- The 2020 STRI is in the United Kingdom lower than in most countries for which the indicator is available, unchanged from 2019.
- Regulations appear to be less strict in the United Kingdom in most sectors and policy areas than in most OECD countries. However, regulations related to movements of people, which affect all sectors, are relatively stringent, notably labour-market tests requirements and regulations on visa deliverance.

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 United Kingdom could benefit from more open markets for services trade.

The 2020 STRI of United Kingdom is relatively low compared to other countries in the STRI sample, and unchanged compared to 2019 (Figure 1).

Figure 1. Average STRI across countries, 2020



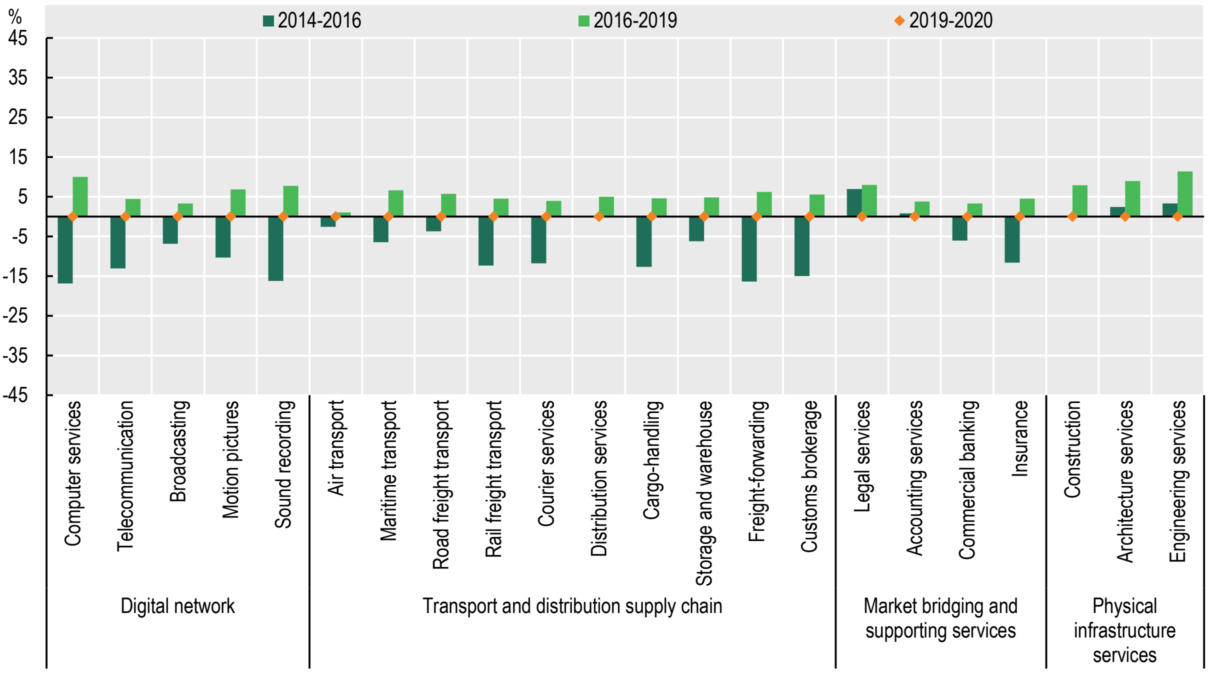
Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nations basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2020. The STRI regulatory database covers the 37 OECD countries, Brazil, China, Costa Rica, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, South Africa, and Thailand.
Source: OECD STRI and TiVA databases (2020).

While regulations are less restrictive in the United Kingdom than in many OECD countries in most policy areas, regulations related to movements of people, which affect all sectors, appear to be relatively stringent, notably policies related to labour-market tests and visa deliverance. There are also some limitations on rights of access to public procurement.

Since 2016, regulations have become more stringent in most sectors, especially computer, architecture and engineering services (Figure 2).

Figure 2. Evolution of STRI scores by sector in United Kingdom

Services Trade Restrictiveness Index, percentage change over the period 2014-2016, 2016-2019 and 2019-2020

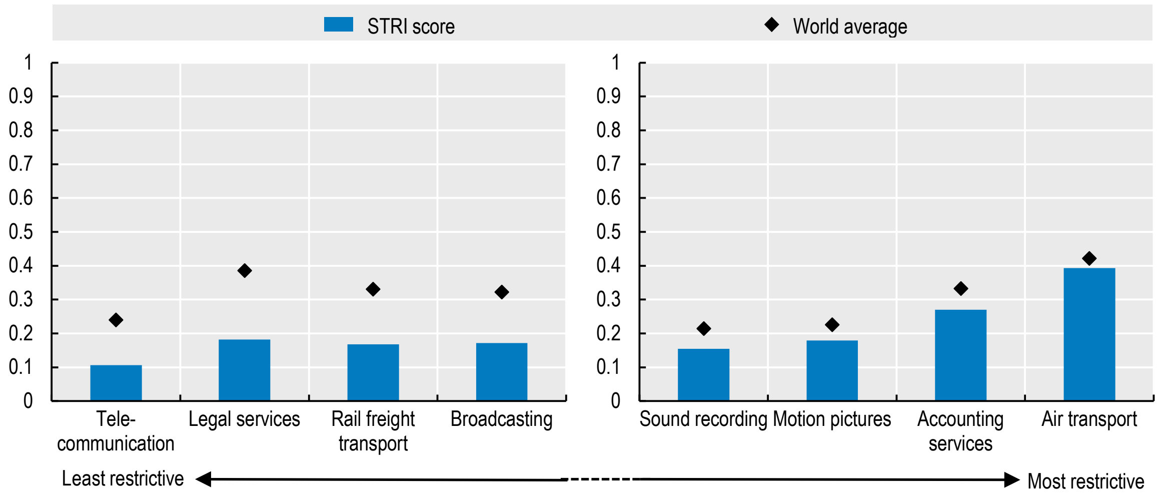


Source: OECD STRI database (2020).

Telecommunications, legal services, rail freight transport and broadcasting are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Sound recording, motion pictures, accounting services and air transport are the sectors with the highest score relative to the average STRI across all countries.

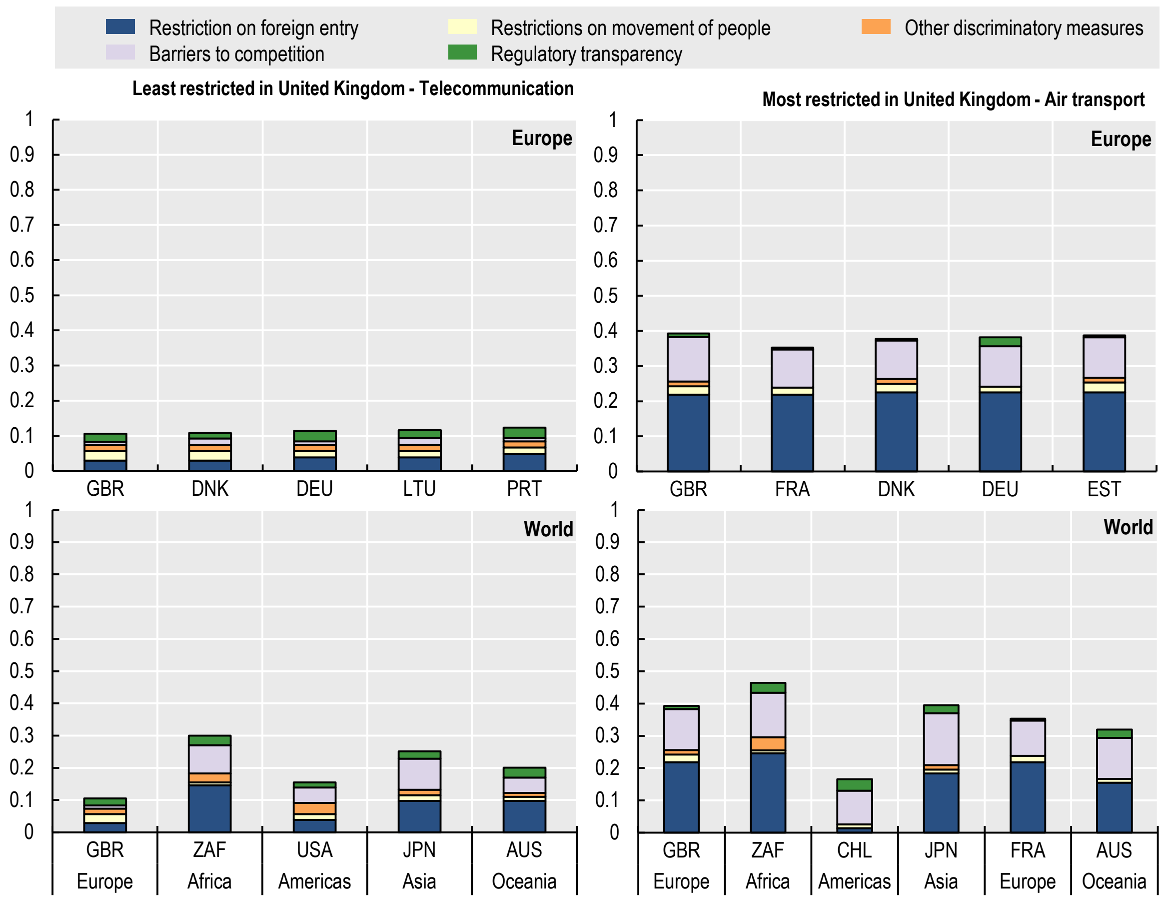
Telecommunications is the least restricted services sector in United Kingdom compared to Europe and the other best performers elsewhere while air transport are the most restricted (Figure 4). In air transport, the United Kingdom has foreign equity restrictions as a result of common EU regulation on air services.

Figure 3. Sectoral breakdown – The least and most restricted sectors in United Kingdom



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 STRI database (2020).

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

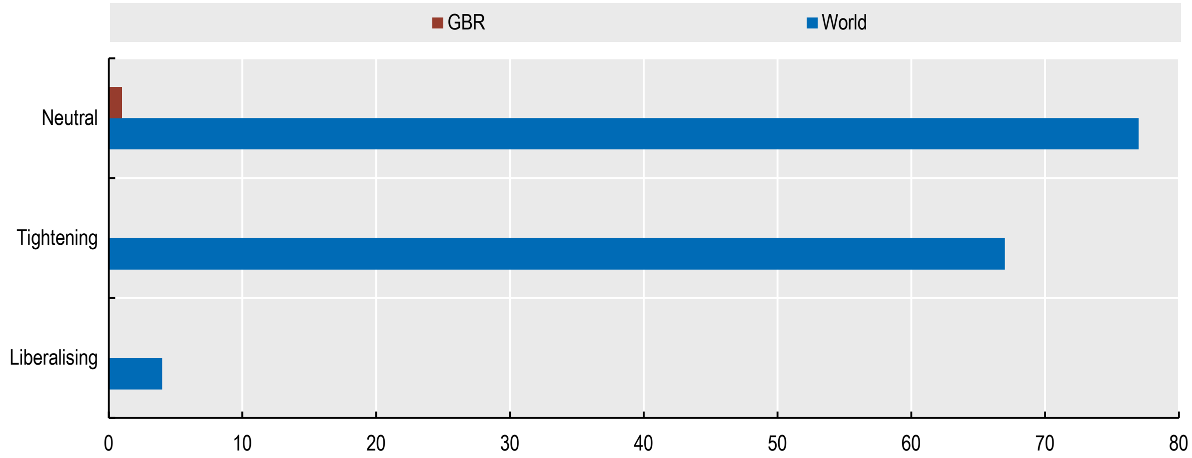


Source: STRI database OECD (2020).

Special focus: Impact of COVID-19-related measures on the stringency of services regulations

Most of the measures introduced this year to respond to the COVID-19 crisis were of temporary nature. The exception is the extension of partial exemption of certain anti-competitive agreements from competition law in the maritime transport sector, following a 2020 EU regulation. This contrasts with a number of countries, which have tightened their investment screening process or their visa requirements (Figure 5).

Figure 5. COVID-19 related measures in United Kingdom and in the world



Source: OECD STRI database (2020).

Key reforms

As of 2017, under the new Immigration Skills Charge Regulations, a sponsor must pay a charge to the Secretary of State in the amount of GBP 1 000 per year each time it assigns a certificate of sponsorship to a non-EEA skilled worker (Tier 2). Small employers pay a lower amount of GBP 364 per year and certain exemptions may be granted. A revised immigration law was voted in 2020 with effect in 2021, and as such has not been incorporated in the current STRI update. The new EU General Data Protection Regulation, (Regulation No. 2016/679), which entered into force on 25 May 2018, provides a comprehensive update on the EU data protection regime.

The United Kingdom left the European Union in January 2020 and entered into a transition phase, during which rules and regulations from the EU Single Market continued to apply.

More information

» Access all country and sector notes, and interactive STRI tools on the OECD website at http://oe.cd/stri

» Read more about services trade policies and their impact in Services Trade Policies and the Global Economy

» Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org