Key findings

- The 2021 average STRI of Hungary is relatively high compared to the OECD average but unchanged compared to the 2020 STRI scores.
- Conditions on the entry of natural persons seeking to provide services in the country on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers are more cumbersome than international best practice.
- Accounting services is the most open sector in Hungary while legal services 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, Hungary could benefit from more open markets for services trade.

The 2021 average STRI of Hungary is relatively high compared to the OECD average (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 indices can be explained in large part by general regulations that apply to all sectors in the economy. The number of work permits issued to non-EU nationals seeking to provide services on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers is subject to quotas and labour market testing. Rights of access to public procurement are limited to regional trade agreement partners and members of the WTO’s Government Procurement Agreement. 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. Finally, a minimum amount of capital must be deposited in a bank or with a notary in order to register a corporation.

The regulatory environment for services trade has tightened over the past years mostly due to economy-wide measures on the temporary entry of non-EEA services suppliers as well as conditions affecting non-EEA foreign investments into Hungary (Figure 2). The indicator remained unchanged for 2021.

Figure 2. Evolution of STRI indices by sector in Hungary
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). Hungary 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).

Accounting services, courier services, rail freight transport and broadcasting services are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Sound recording, engineering services, computer services and legal services 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 Hungary

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

**Figure 4. Hungary compared to Europe and World's best performers**


**Key reforms**

In the context of the COVID-19 pandemic, Hungary introduced a temporary foreign investment screening mechanism to protect public security, public order and health. This applies in certain sectors included in Government Decree 289/2020. The applicability of the temporary screening mechanism was extended until 31 December 2021.

On 1 January 2019, the Law on the Control of the Foreign Investments Offending the National Security of Hungary entered into force. The Law establishes a verification procedure of investors’ conformity with national security interests (pre-screening procedure) for specific activities.

Other recent changes resulted from changes in EU law. From the 1st of July 2021, the EU abolished the VAT de minimis regime for goods valued under 22 EUR. In air transport, EU 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. For the slots allocated for the scheduling period from 28 March 2021 until 30 October 2021 air carriers are entitled to the same series of slots for the scheduling period from 27 March 2022 until 29 October 2022.
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

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