Key findings

- The 2021 STRI of Italy is above the OECD average and high compared to all countries in the STRI sample. The indices have increased slightly compared to 2020.
- Screening mechanisms are now applicable to foreign direct investment in activities deemed to be of strategic importance including construction, engineering and audio-visual services.
- Italy’s regulatory environment for services was relatively stable over the past years.
- Telecommunications and distribution services are the most open sectors in Italy, whereas professional services including accounting and engineering are the most restricted.

Recommendations

- 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, Italy could benefit from more open markets for services trade.
- Despite the overall favourable environment for services trade, there is space for removing restrictions to the movement of people in professional services. Those barriers are higher relative to regional peers.

The 2021 STRI of Italy is relatively high 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).
Horizontal and sector-specific measures explain the STRI score. Italy applies quotas and labour market tests for workers seeking to provide services in the country on a temporary basis as independent services suppliers and duration of stay is limited. Rights under the Public Contract Law are limited to partners in regional trade agreements and members of the WTO’s Government Procurement Agreement. There is at least one major state-owned enterprise in broadcasting, commercial banking, computer services, construction, courier services, logistics cargo-handling at rail facilities, motion pictures, rail freight transport, and sound recording.

There has been little change in regulations in the past few years (Figure 2). One exception is commercial banking where restrictions on foreign branches and public control of a major firm in the sector were introduced in 2017 and commercial presence requirements were enacted in 2019.

The tightening of the STRI for audio-visual services and construction observed in 2021 reflects the implementation of screening mechanisms on foreign direct investment in those sectors.

Figure 2. Evolution of STRI indices by sector in Italy
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). Italy 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 database (2021).

Telecommunications, rail freight transport, legal services and courier services are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Sound recording, accounting services, architecture services and engineering 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 Italy

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 (2021).

Telecommunications are the least restricted service sectors in Italy compared to Europe and the other best performers elsewhere while engineering services are the most restricted (Figure 4). In that sector, Italy applies more stringent regulations on movement of people than in regional peers.
Figure 4. Italy compared to Europe and World’s best performers

Key reforms

Recent changes were due to changes in EU law. 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. Within this framework and according to the Presidential Decree 23 December 2020, n. 179, foreign direct investment in Italy in construction, engineering and audio-visual services can be subject to screening mechanisms due to strategic importance and national security considerations.

Moreover, from the 1st of July 2021, the EU abolished the VAT de minimis regime for goods valued under 22 EUR. The STRI database reflects this reform though policy changes under distribution, courier and logistics services.

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 maritime transport, Regulation 2020/436 extended the existing block exemption to liner shipping consortia from competition law until April 2024.

The STRI also reflects the recent policy changes that affected the commercial banking sector in Italy. In 2017 Italy adopted a modification to the Consolidated Law on Banking introducing restrictions on branches of non-EU foreign banks. Moreover, since September of the same year, the Ministry of Economics and Finance acquired control of a major firm in the sector. Finally, since 2019, Italy requires commercial presence for non-EU foreign banks within the framework of the EU Directive 2013/36/EU.

More information

» Access all country notes, sector notes, and interactive STRI tools at 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