KOREA – 2021

Key findings

- The 2021 STRI of Korea is relatively low compared to other countries and lower than the OECD average, indicating an open regulatory environment for trade in services.
- The regulatory environment in Korea is relatively stable with no significant changes detected in 2020-2021.
- Logistics services (storage and warehousing) is the most open services sector in Korea while rail freight transport and accounting services are 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, Korea could benefit from more open markets for services trade.

The 2021 STRI of Korea 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 STRI outcomes are explained by regulations that affect the entire economy. Natural persons seeking to provide services in the country on a temporary basis as contractual services suppliers or independent services suppliers may stay in the country for up to 24 months on their first entry permit, whereas intra-corporate transferees can stay 36 months. Public procurement regulations do not grant national treatment for foreign suppliers on a most-favoured-nation basis.

Changes in the regulatory environment have been moderate over time (Figure 2). Between 2014-2017, Korea introduced reforms that liberalised most services sectors, except road freight transport. Moderate tightening was also observed in air transport between 2017 and 2020. No significant changes were observed in 2020-2021.

**Figure 2. Evolution of STRI indices by sector in Korea**

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

![Graph showing evolution of STRI indices by sector in Korea](source: OECD STRI database (2021)).

Logistics storage, insurance, computer services and sound recording are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Courier services, telecommunications, accounting services and rail freight 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 Korea

Note: Selection was made based on how far the sectors’ score were from the world average score, as a percentage difference, i.e. (STRI\(\text{country, sector} - \text{STRI\text{world average, sector}}\) / STRI\text{world average, sector}.


Logistics storage are the least restricted service sectors in Korea compared to Asia Pacific and the other best performers elsewhere while rail freight transport are the most restricted (Figure 4).

Figure 4. Korea compared to Asia Pacific and World's best performers

Key reforms

No significant changes affecting the STRI were identified in 2020-2021.

More information

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» 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