

OECD Services Trade Restrictiveness Index (STRI)

RUSSIAN FEDERATION – 2020

Key findings

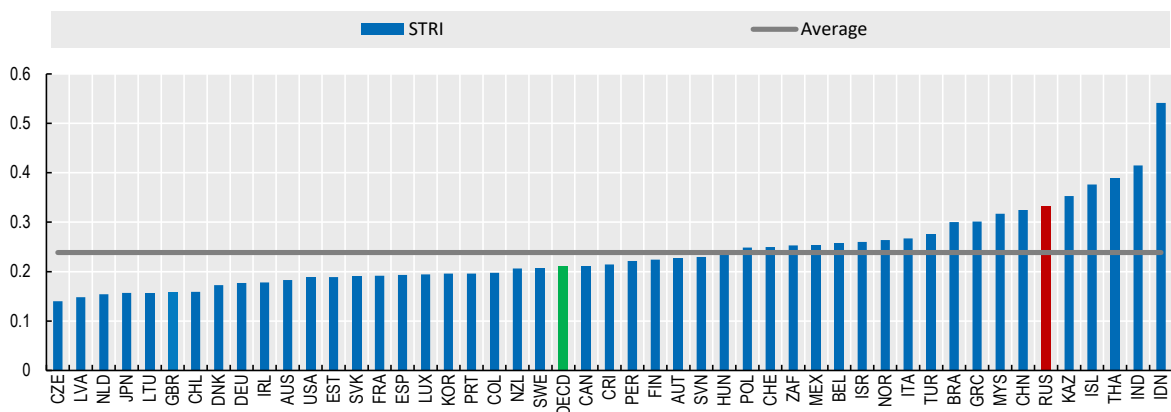
- The 2020 STRI of the Russian Federation is high compared to other countries, indicating relatively closed regulatory environment for foreign services suppliers.
- Key reforms in 2020 include new rules on agreements foreign services suppliers could conclude with protection and encouragement of investments for an investment agreements that a foreign legal entity could conclude with the State or municipality. In addition, new requirements have been introduced in broadcasting services sector in 2020 further restricting trade in services in this sector.

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 Russian Federation could benefit from more open markets for services trade.

The 2020 STRI of the Russian Federation (hereafter “Russia”) is relatively high compared to other countries in the STRI sample (Figure 1) and increased moderately compared to 2019.

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).

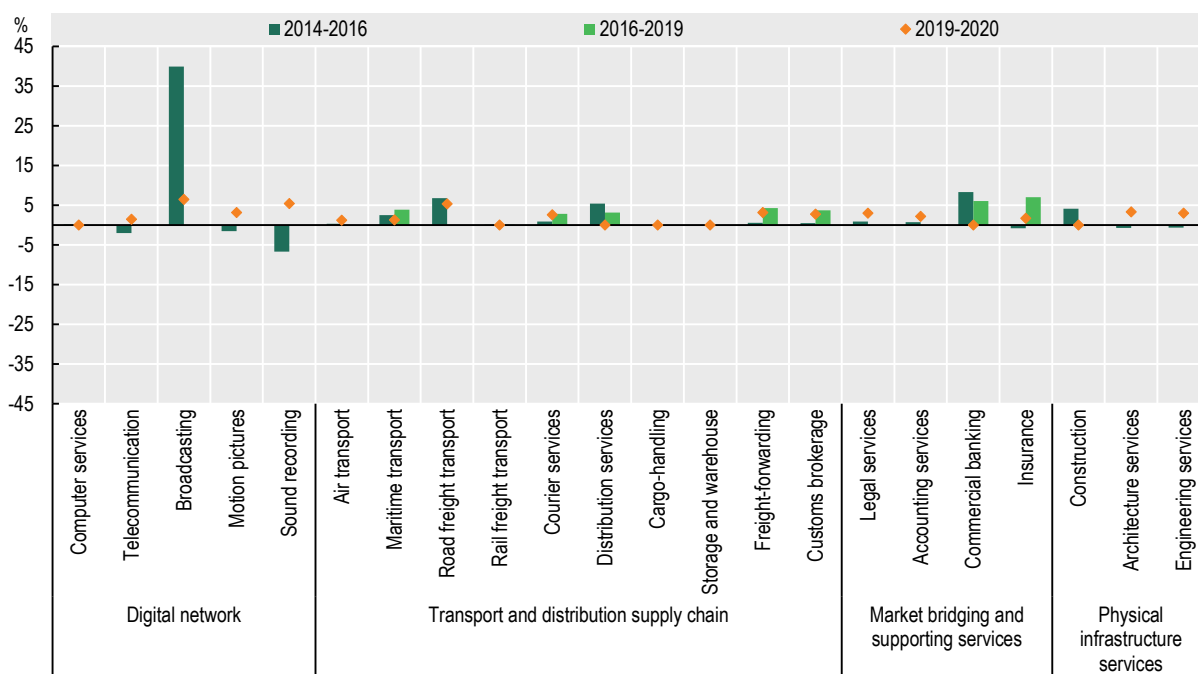
The 2020 STRI is due to restrictions that apply on key strategic services sectors such as rail freight transport services, logistics cargo-handling, and logistics storage and warehouse services, which are completely closed for foreign services suppliers.

Moreover, stringent economy-wide regulations include quotas and labour market testing applicable to foreign nationals seeking to provide services on a temporary basis independent services suppliers. The entry of contractual services suppliers is not allowed in Russia. In order to obtain a work permit, foreign nationals must prove knowledge of Russian language, history and basic laws. Some measures on regulatory transparency are not in line with international best practices. Non-discriminatory access to the public procurement market is only granted to foreigners on the basis of reciprocity. A minimum amount of capital must be deposited in a bank or with a notary in order to register a corporation in Russia.

Over the past years, reforms have mostly created new barrier to trade in services (Figure 2). Some degree of liberalisation was recorded in sectors like motion pictures, sound recording, and telecommunications.

Figure 2. Evolution of STRI scores by sector in the Russian Federation

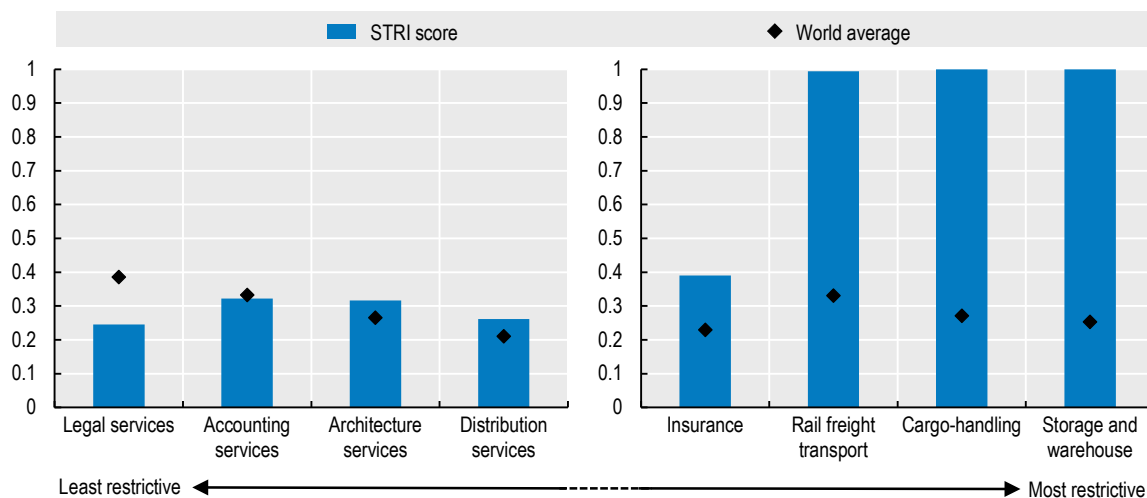
Services Trade Restrictiveness Index, percentage change over the period 2014-2016, 2016-2019 and 2019-2020



Source: OECD STRI database (2020).

Legal services, accounting services, architecture services and distribution services are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Insurance, rail freight transport, logistics cargo-handling and logistics storage and warehouse 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 Russian Federation



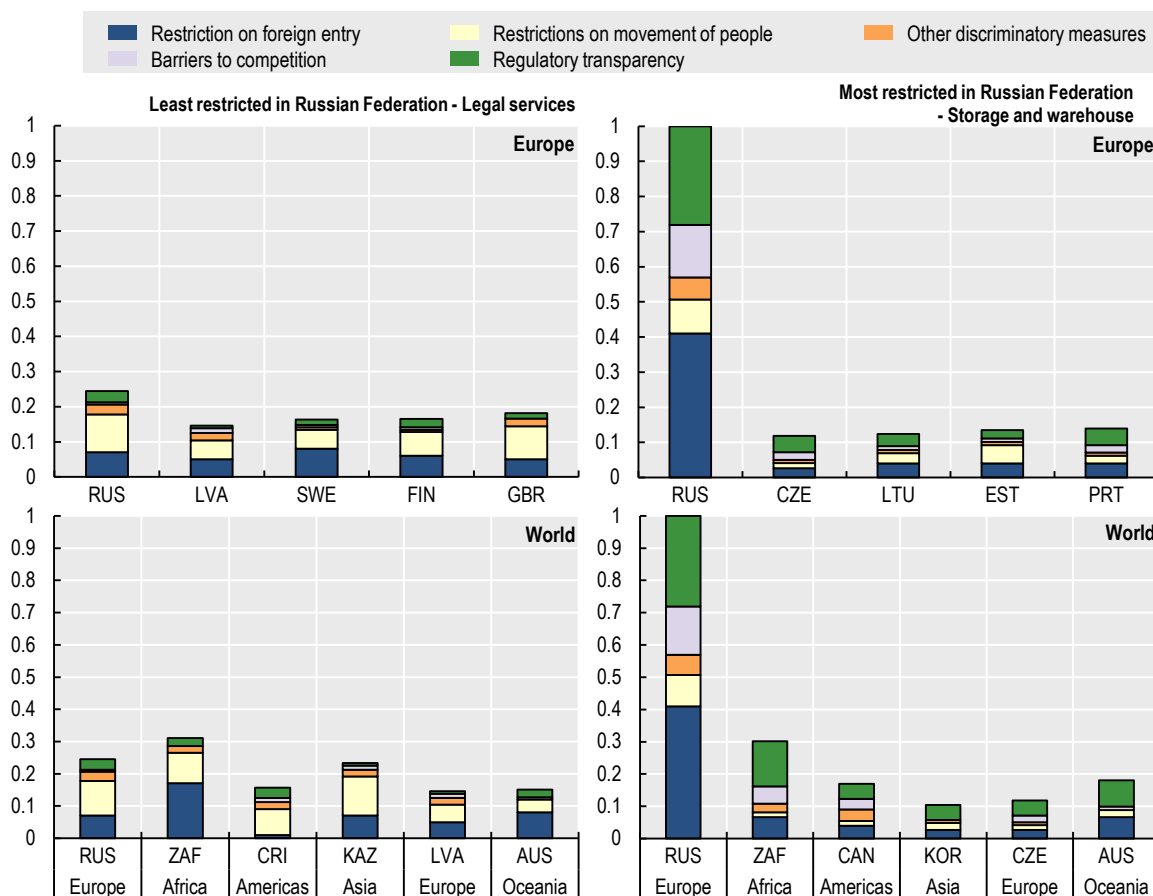
Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

i.e. $(STRI_{country, sector} - STRI_{world average, sector}) / STRI_{world average, sector}$

Source: OECD STRI database (2020).

Legal services are the least restricted services sector in Russia compared to Europe and the other best performers elsewhere while storage and warehouse are the most restricted (Figure 4).

Figure 4. The Russian Federation compared to Europe and World's best performers

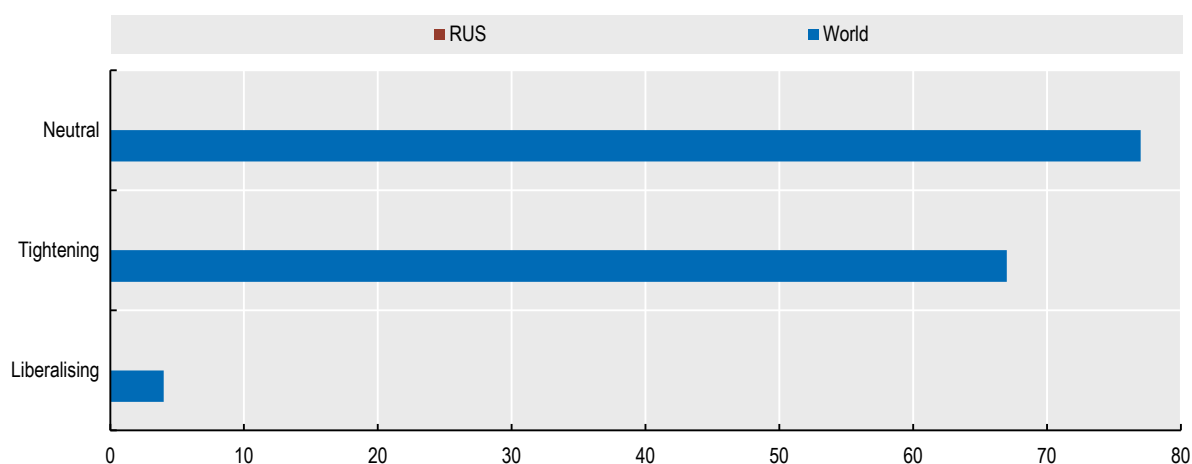


Source: OECD STRI database (2020).

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

While Russia has adopted several measures in response to the COVID-19 crisis, these were either temporary in nature or not directly relevant for the measures considered in the STRI database. Many countries have tightened their regulatory framework following the COVID-19 shock, by tightening their investment screening process or their visas requirements (Figure 5).

Figure 5. COVID-19 related measures in the Russian Federation and in the world



Source: OECD (2020). STRI database.

Key reforms

A new 2020 Law on protection and encouragement of investments provides terms and conditions for an investment agreement that a legal entity incorporated in Russia could conclude with the State or its municipality. Pursuant to amendments introduced in 2020 to the Mass Media Law, foreign legal entity that disseminates information and materials (including via Internet) by audiovisual means while receiving financing from a foreign state, state bodies, international organizations or foreign citizens must be incorporated in Russia, otherwise its transmissions shall be blocked.

As of 2019, Russian credit organisations are eligible for preferential subsidies when providing loans to small and medium-size enterprises. Foreign payment service providers are banned from providing electronic means of payment to resident customers as of 2019. Since 2017, the cross-border transfer of money or funds from Russia is prohibited to countries where Russian payment systems are not recognized. In 2017, certain subsidies granted for the acquisition of rail transport equipment cannot be granted to foreign entities.

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