

OECD Services Trade Restrictiveness Index (STRI)

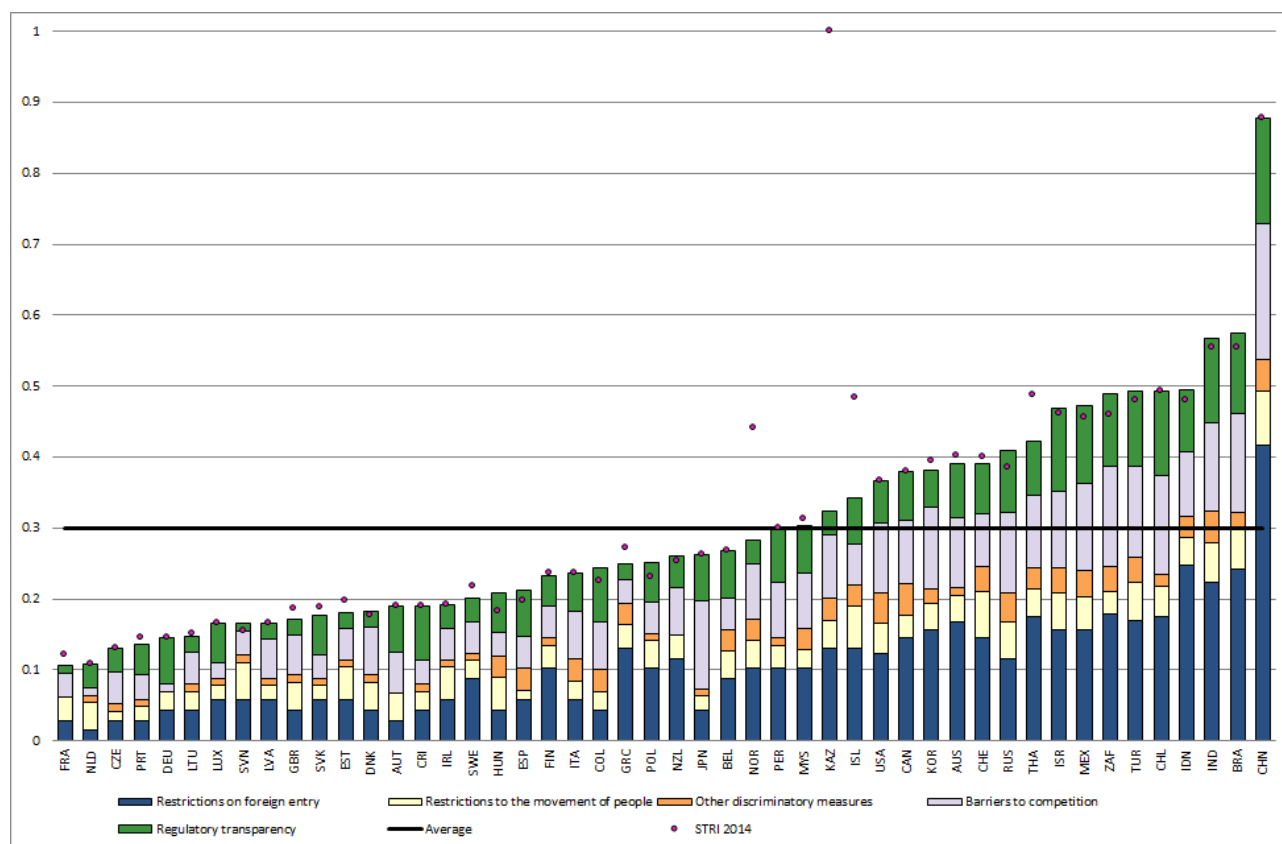
STRI SECTOR BRIEF: POSTAL AND COURIER SERVICES

2020

This note presents the Services Trade Restrictiveness Indices (STRI) for the 37 OECD countries and Brazil, the People’s Republic of China, Costa Rica, India, Kazakhstan, Indonesia, Malaysia, Peru, the Russian Federation, South Africa and Thailand for postal and courier services in 2020.

The sector is defined under ISIC Rev 4 code 53 as postal and courier activities. While digitization has contributed to reducing the traditional letter mails, the rise of e-commerce increases the demand for parcels, express deliveries. The services and market of this sector have been evolving as our lives change. As the supply chain connects intensely, timely, precise, and reliable delivery services become critical. The more open market of the postal and courier services sectors benefits us as a consumer and a business player.

STRI by policy area: Postal and courier services (2020)



Note: The STRI indices take values between zero and one, one being the most restrictive. They are calculated on the basis of the STRI regulatory database which records measures on a Most Favoured Nations basis. Preferential trade agreements are not taken into account. The indices are based on laws and regulations in force on 31 October 2020.

The 2020 scores in this sector range between 0.11 and 0.88 with an average of 0.30. 29 countries are below the average, and 19 countries are above the average.

The measures in the STRI database are organized under five policy categories as indicated in the chart. The results are driven by three policy areas: *restrictions on foreign entry*, *barriers to competition*, and *regulatory transparency*.

Restrictions on foreign entry have a substantial impact on the countries covered by the STRI. This policy area gets more significant in the score, proportionally as the country ranks as more restrictive in the sector. Notably, limitations on foreign investment contribute to the scores significantly. China, the most restricted country in this sub-sector, prohibits foreign equity participation and Indonesia limits it up to 49 %, while other countries have no limitation. In addition, 24 countries limit the proportion of shares acquired by foreign investors in publicly-controlled firms including DPOs. As our society goes digital, information or other assets for business expect to move smoothly. One-third of countries require residency as for managers or board members and 21 countries require the local presence. Besides, the limitation on data transfer such as a locally stored requirement scores the stringent in 12 countries.

Barriers to competition contribute to the score in all countries. As a characteristic of this sector, the market situation varies across countries; from a statutory monopoly for a broad range of services to a commercial company competing with other courier services providers. As to postal services, most of the countries stipulate the designated postal operator (DPO) to provide universal service in their laws and regulations, which can benefit DPO in the market. Practically, the DPOs in 22 countries obtain preferential tax or subsidy treatment. However, most of the countries address the issue, such as 36 countries requiring an accounting separation between universal services and other services, and 37 countries ensure access to postal networks on a non-discrimination basis. Furthermore, 19 countries secure the use of auxiliary transport services such as cargo-handling to enhance the ability of foreign operators. Still, 45 countries control at least one major firm including the DPO in this sector, however, only 5 countries exempt them from the application of the general competition law.

Regulatory transparency also adds more stringent to the countries. This policy includes administrative procedures, such as customs clearance, obtaining a visa, or a license to operate, which are keys to trade in postal and courier services. Most of the countries have smooth customs clearance schemes such as pre-arrival processing and a *de minimis* regime in place, but still lengthy and complicated customs procedures are widely observed, for example, 23 countries count as restrictive for the time of customs clearance, and 28 countries count as restrictive for take to obtain a business visa. As to the process of a license, most countries have objective criteria and establish an appeals procedure to ensure transparency.

Compared to 2014, denoted by the pink dots in the chart, the STRI is unchanged in 15 countries, 17 countries have a lower (less restrictive) score, and 16 countries record a higher value of the STRI (more restrictive) in 2020. The country, who has reduced the score the most its STRI indices is Kazakhstan, which eliminated any share of monopoly from the market in 2017.

The examples of the major shifts in each country as follows: Iceland removed the license requirement to operate, ended a state monopoly on a letter sector; Norway eliminated any share of monopoly from the market in 2016 Newzealand introduced the screening mechanism for foreign investment; Spain broadened the scope of screening foreign investment; Poland introduced quotas for foreign service providers of a temporary basis.

More information

» Access all of the country notes, sector notes and interactive STRI tools on the OECD website at <http://oe.cd/stri> »
Read more about services trade policies and their impacts in this publication: [Services Trade Policies and the Global Economy](#)

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

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