

OECD Services Trade Restrictiveness Index (STRI)

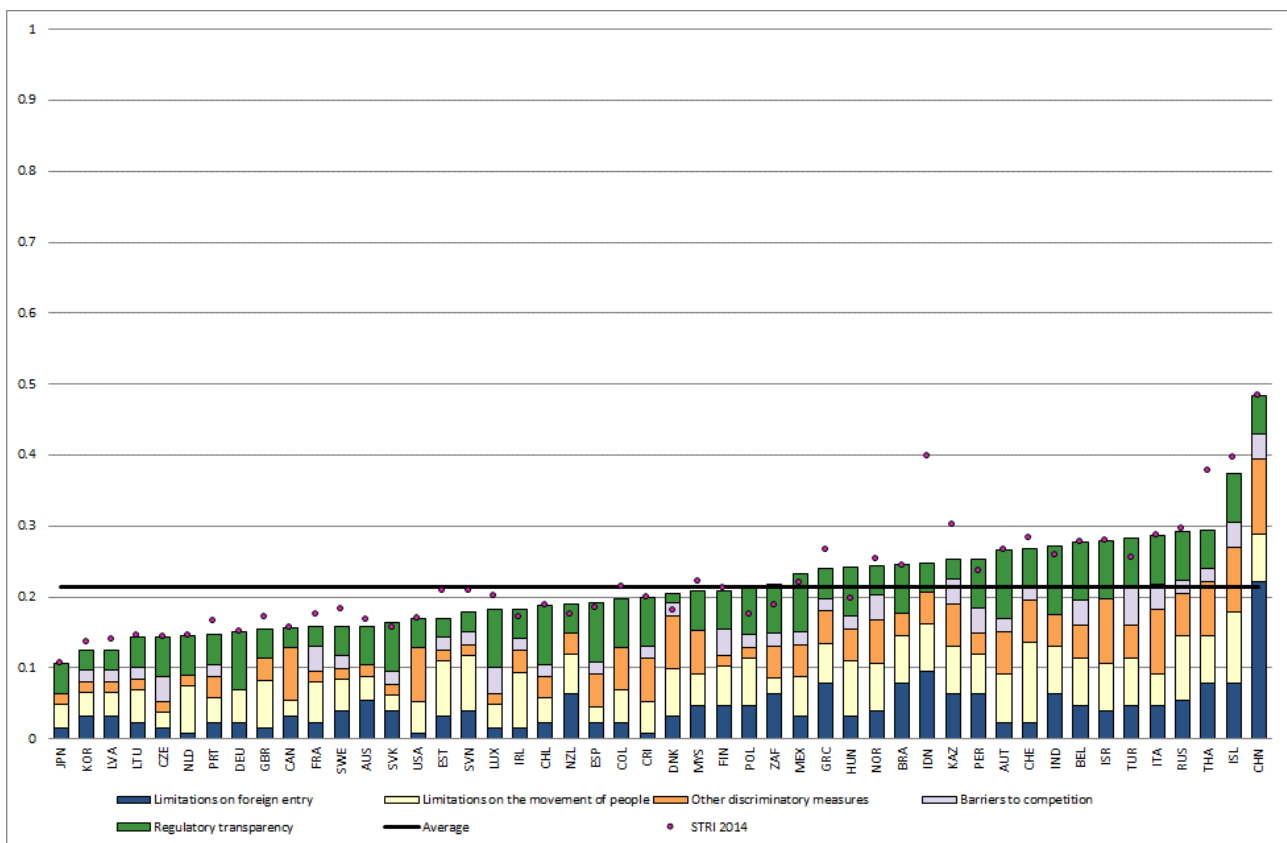
STRI SECTOR BRIEF: SOUND RECORDING SERVICES

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 sound recording services in 2020.

The sector covers sound recording and music publishing activities (ISIC Rev 4, code 592). The sector has been subject to rapid digitisation with music streaming becoming an important basis for monetising the migration of physical records to digital platforms.

STRI by policy area: Audio-visual services, sound recording (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 the sound recording sector range between 0.11 and 0.49 with an average of 0.21. There are 27 countries below and 21 countries above the average. The measures in the STRI database are organised under five policy areas as indicated in the chart.

Sound recording is a global industry in which transactions are mainly related to the right or permit to use or listen to music. The sector-specific measures therefore aim at capturing the implementation of international treaties on the protection of copyrights and related economic rights in a non-discriminatory manner. Most countries have incorporated the copyright treaties in their legislation, although five countries protect the economic rights of foreign right holders on a reciprocal basis only (recorded under *Other discriminatory measures*). In four countries in the database, royalties and license fees are collected through a single authorised body that has a monopoly on representing rights holders.

Music is a cultural expression subject to a range of promotional and protective measures that are relevant for international trade. Sixteen countries reserve a quota for local music on television or radio broadcast time. Seven countries have a quota for local music for on-demand services such as streaming. Eight countries use subsidies to promote local music in a manner that excludes legal entities with foreign ownership from eligibility; and five countries condition public support for film or television programming on local music content.

The music industry is also subject to the general regulatory environment. Under *limitations on foreign entry*, five countries have limitations on foreign branches, six countries require that at least half the board of directors must be residents and nine countries require that foreign investors bring net economic benefits to the host country as a condition for investing. Six countries have limitations on cross-border mergers and acquisitions, while three countries control foreign capital flows in some shape or form. Finally, 41 countries have stricter conditions on the transfer of personal data than recommended in the OECD Guidelines for Protection of Privacy and Transborder Flow of Personal Data. These measures are all recorded under the *restrictions on foreign entry* policy area.

All the countries in the STRI database have *limitations on the movement on natural persons* providing services on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers. Ten countries impose quotas on one or more of these three categories, 36 countries apply economic needs tests to stays that last longer than 3-6 months and the duration of stay is limited to less than three years in 29 countries.

The *regulatory transparency* policy area covers the implementation of copyright and related economic rights. Two countries do not have legislation in place supporting copyright enforcement of digital content and three countries do not have provisional enforcement procedures in place. The other measures under this policy area build on information from administrative laws and regulations, information from the migration authorities on requirements for obtaining a business visa and the World Bank Doing Business Survey. The latter records time, cost and number of procedures required for establishing a company. These measures are benchmarked against a global threshold set at the 40 best performing countries. There are 21 countries included in the STRI database that are not among the 40 best performing countries on one or more of these measures. The score in the regulatory transparency area is largely attributed to this. In addition lengthy, costly and complex regulatory procedures related to obtaining a business visa contribute to the index for 28 countries.

Compared to 2014, denoted by the pink dots in the chart, the STRI index is unchanged for 13 countries, 22 have a lower (less restrictive) score, and 13 record a higher value of the STRI index (more restrictive) in 2020. The country that reduced the STRI index the most was Indonesia which removed foreign equity limitation in the sector in 2016. Horizontal measures explain the change in the STRI index for the other countries. Most of the increase in the index stems from tightening of the regulation of movement of people and measures under regulatory transparency.

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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