THE WORLD BANK’S SERVICES TRADE RESTRICTIVENESS INDEX (STRI)

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Trade & Competitiveness Global Practice
The World Bank, Washington, DC
The STRI: Overview

- **Country coverage**: 103 countries (81 coastal, 22 landlocked; 78 developing)

- **Sector coverage**:
  1. Telecommunications
  2. Transportation
  3. Financial services
  4. Retail
  5. Professional services

- **Delivery modes covered**:
  - Mode 3 (Commercial presence): All subsectors
  - Mode 1 (Cross-border supply): Financial services, transportation & prof. services
  - Mode 4 (Movement of natural persons): Professional services

- **Policy dimensions covered**:
  - Barriers to foreign entry and ownership
  - Licensing requirements
  - Restrictions on operations
  - Provisions of Bilateral Air Service Agreements
STRI methodology

• Information collected through questionnaires administered by local law firms

• Policy information subjected to government review:

• Constructing an aggregate index of degree of openness within each subsector-mode
  Scoring rules and mapping into 5-point scale: [0, 0.25, 0.50, 0.75, 1.00]
  – 0: Completely open
  – 0.25: Virtually open but with minor restrictions
  – 0.50: Major restrictions
  – 0.75: Virtually closed with limited opportunities to enter and operate
  – 1: Completely closed

Index ranges from 0 (no restrictions) to 100 (no foreign entry allowed).

Levels of analysis: Country, regional, service sector, mode of supply

→ Use STRI as (quasi-)continuous variable to illustrate policy differences
STRI results: Overview

0.0 - 20.0 (37)
20.0 - 40.0 (44)
40.0 - 60.0 (17)
60.0 - 80.0 (4)
80.0 - 100.0 (1)
No data (105)
STRI results for select Asian-Pacific countries
STRI results by region and sector
### Beyond the STRI - Road Transport: Restrictions on Establishment

**Example: Lao PDR, Liberia, Burkina Faso, Tajikistan**

<table>
<thead>
<tr>
<th>Services Auxiliary To All Modes Of Transport</th>
<th>Authority / permit requirements</th>
<th>Burdensome administrative procedures</th>
<th>Discriminatory application</th>
<th>Domestic partner requirement</th>
<th>EVTs</th>
<th>Form of establishment</th>
<th>Licensing (qualifications)</th>
<th>Foreign equity limitations</th>
<th>Joint Venture requirements</th>
<th>Minimum capital requirements</th>
<th>Monopoly / exclusive service suppliers</th>
<th>Nationality (for services supplier)</th>
<th>No licenses or permits being granted</th>
<th>Prohibition</th>
<th>Requirement to subscribe to association</th>
<th>Requirements not publicly disclosed</th>
<th>Residency (for services supplier)</th>
<th>Track record requirements</th>
<th>Unofficial fees</th>
<th>Zoning / Geographical restrictions</th>
<th>Inconsistent regulation</th>
<th>Licensing experience and other conditions</th>
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<tbody>
<tr>
<td>Freight Transportation (Cpc 7123)</td>
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<td>Maintenance And Repair Of Road Transport Equipment (Cpc 6112+8867)</td>
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<td>Passenger Transportation (Cpc 7121+7122)</td>
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<td>Rental Of Commercial Vehicles With Operator (Cpc 7124)</td>
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<td>Supporting Services For Road Transport Services (Cpc 744)</td>
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<td>Cargo-Handling Services (Cpc 741)</td>
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<td>Freight Transport Agency Services (Cpc 748)</td>
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<td>Storage And Warehouse Services (Cpc 742)</td>
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Beyond the STRI: Road Transport: Restrictions on Operations

Road Transport = Among the most protected service industries. Persistent patterns of protection in many countries.

⇒ Detrimental to Trade Facilitation b/c it imposes high costs on connectivity.
For further details on the STRI:

Ingo Borchert, Batshur Gootiiz and Aaditya Mattoo (2014)
Policy Barriers to International Trade in Services: Evidence from a New Database

Ingo Borchert, Batshur Gootiiz and Aaditya Mattoo (2012)
Guide to the services trade restrictions database