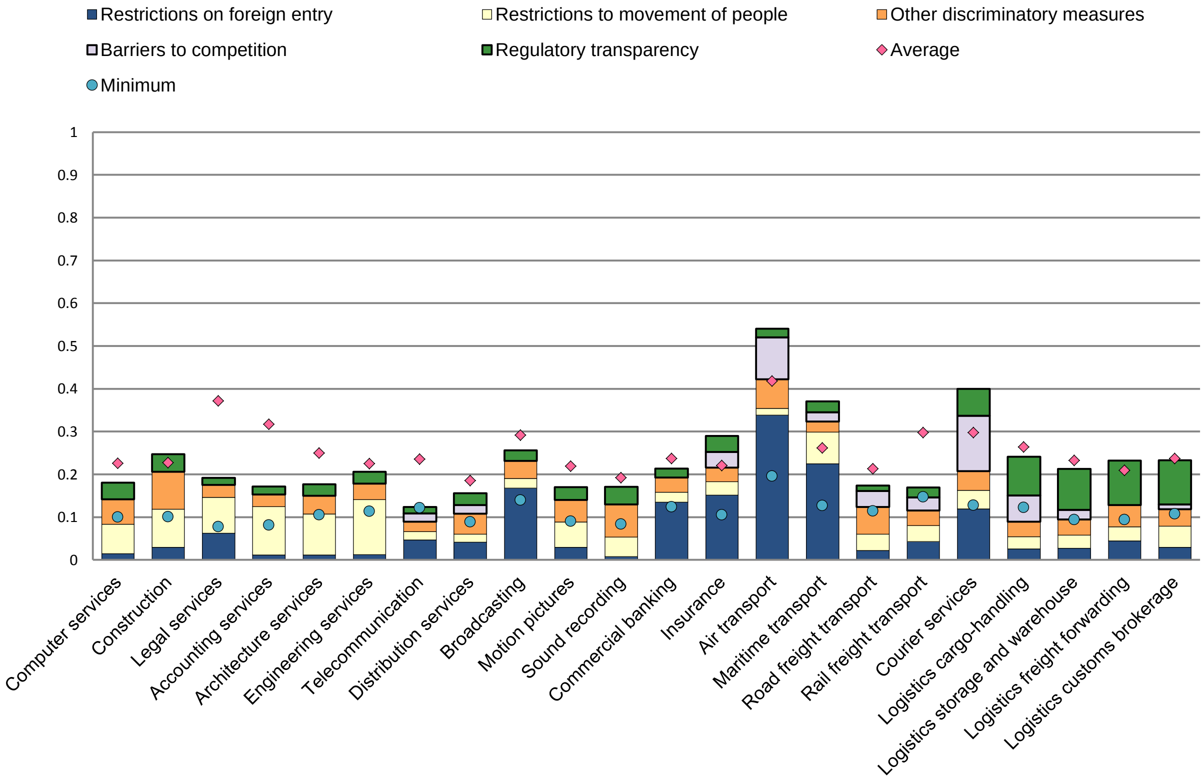
OECD Services Trade Restrictiveness Index (STRI): United States

The United States exported services worth USD 690 billion and services import value was USD 469 billion in 2015. Other business and intellectual property services are the largest services exports of the United States and also its largest service imports categories. The United States' score on the STRI in the 22 sectors is shown below, along with the average and the lowest score among the 44 countries included in the STRI database for each sector.

STRI by sector and policy area



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 contains information on regulation for the 35 OECD Members, Brazil, China, Colombia, Costa Rica India, Indonesia, Lithuania, Russia and South Africa. The STRI database records measures on a Most Favoured Nations basis. Preferential trade agreements are not taken into account. Air transport and road freight cover only commercial establishment (with accompanying movement of people).

Horizontal policy measures

The United States' scores on the STRI are below the average in 16 out of the 22 sectors, a fact explained in large part by the overall business environment. A general regulation that contributes to the STRI score in all sectors is the quota restricting the number of contractual and independent services suppliers who may enter the country annually. Wage parity with local employees is also required. However, the United States has a liberal policy regarding their duration of stay, which can be up to 36 months on the first entry permit. Moreover, the U.S. procurement market is open only to members of the WTO's Government Procurement Agreement and partners in regional trade agreements, with the possibility of granting exceptions for developing countries. Foreign-owned firms are not eligible for several federal R&D subsidy programmes for small businesses. Overall, the United States is one of the countries where the government interferes least with private suppliers through state ownership: aside from the postal operator, no major firm is owned by the federal government or a state government in the sectors included.

The sectors with the relatively lowest STRI scores

Legal services, telecommunication and rail freight transport services are the three sectors with the lowest score relative to the average in the United States. Professional services are regulated at the state level; the STRI considers New York state regulations. Legal practice is open to foreign qualified professionals who pass the local Bar exam. Rail freight has a liberal regime for foreign investment and access rights are granted for international rail transport, though not for domestic legs. Agreements on rates between rail carriers are exempted from antitrust regulation, but are subject to prior approval. In the telecommunications sector, the United States applies best practice pro-competitive regulation. However foreign participation in fixed or mobile telecom operators is limited to 20% directly and can only exceed 25% indirectly upon approval by the Federal Communications Commission.

The sectors with the relatively highest STRI scores

The sectors with the highest STRI scores are air transport, maritime transport and courier services. In air transport services (covers establishment only), foreign participation may not exceed 49% of non-voting equity and 25% of voting equity. The CEO and at least two-thirds of the Board of Directors of an airline established in the country must be US citizens.

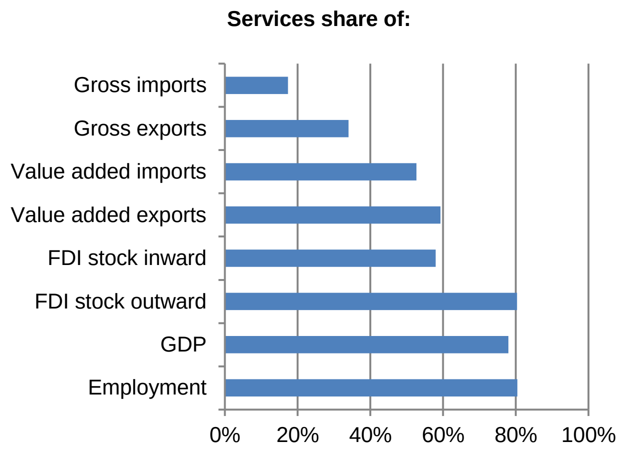
Foreign entry in maritime services is restricted. Companies owning vessels must be incorporated under the laws of the United States; the CEO, the chairman of the Board of Directors and a majority of directors must be U.S. citizens. The cabotage market is not open to foreign firms. Under the Jones Act, merchandise transported by water between U.S. points must be carried by vessels built in the United States, carrying the U.S. flag, owned and manned by U.S. citizens. Another regulation that contributes to the index is the requirement that at least half of government cargo must be carried by U.S.-flagged vessels.

Courier services include letters, parcel and express delivery services. The state-owned United States Postal Services (USPS) has a monopoly on the delivery of first-class and standard mail and access to mailboxes, which closes the letter segment up to 12.5 ounces to private competitors. USPS is also exempted from the application of antitrust laws and from the payment of state sales and property taxes. Parcel delivery and express delivery services are competitive.

Recent policy changes

As of July 2016, foreign banks with USD 50 billion or more in U.S. assets must form a U.S. intermediate holding company (IHC) to act as the parent company of all of the foreign bank's US subsidiaries.

Efficient services sectors matter



Services contribute to 34% of the United States' gross exports, and nearly 60% of its value added exports, indicating that exports of goods rely intensively on services inputs. Cost effective state of the art services are therefore of utmost importance for the competitiveness of the U.S. industrial sector. Services account for almost 80% of GDP and an even higher share of employment in the United States, which implies that earnings and aggregate demand depends crucially on productivity in the services sectors. The United States can further improve productivity in its economy by prioritising reforms that enhance competition in services markets, particularly where a higher STRI is observed.

More information

» Access all of the country notes, sector notes and interactive STRI tools on the OECD website at http://oe.cd/stri
» Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org