



## **THE APEC INDEX FOR MEASURING THE REGULATORY ENVIRONMENT FOR SERVICES TRADE IN THE APEC REGION:**

### **SUMMARY FINDINGS FOR 16 APEC ECONOMIES**

The APEC Index for measuring the regulatory environment for services trade in the APEC region comprises regulatory information on trade barriers affecting services and composite indices that quantify this information in a comparable manner. Building on the [OECD Services Trade Restrictiveness Index](#), it also takes into account regional initiatives and APEC specific elements, such as the APEC Business Travel Card, to reflect relevant APEC-wide efforts to liberalise services trade. The pilot phase of the APEC Index, led by Korea, covered four services sectors (computer services, telecommunication services, distribution services and logistics storage and warehousing services) in four economies (Chile, Peru, Chinese Taipei, and Viet Nam). The APEC Group on Services (GOS) endorsed the pilot phase for the APEC Index in September 2020.

With the completion of the pilot phase, APEC GOS members agreed to work towards expanding the coverage to all APEC economies and all 22 services sectors covered in the OECD STRI, following the approach and methodology developed in the pilot phase. Under the leadership of Canada, the GOS Technical Group on measuring the regulatory environment for services in the APEC region met in March and August 2022 to develop a work plan and implement the expansion. Building on the OECD STRI which covers 16 APEC economies for all sectors, the expansion of the APEC Index could be expedited for these economies, and received the endorsement of the APEC GOS in August 2022. Work in the Technical Group continues to cover the remaining APEC economies.

This note provides a summary of the key findings with respect to these 16 economies. The Annex provides further information on the methodological steps carried out to increase the representativeness of APEC in the weighting, following the approach adopted in the pilot phase.

#### **Trade restrictiveness varies considerably across economies and sectors**

The regulatory environment affecting services sectors varies considerably among economies and sectors in the APEC region. Figure 1 shows the average, minimum and maximum values of the APEC Index for each of the 22 services sectors across the 16 economies covered. Bearing in mind that restrictiveness across services sectors should be compared cautiously, on average, air transport, rail freight transport services, and broadcasting services tend to be more restrictive than other services sectors in APEC. These services are among the most restrictive on a global scale, not only in the APEC region.<sup>1</sup>

At the same time, the sectors with lowest average levels of restrictiveness are sound recording services, logistics freight forwarding services, and road freight transport services. However, except in logistics

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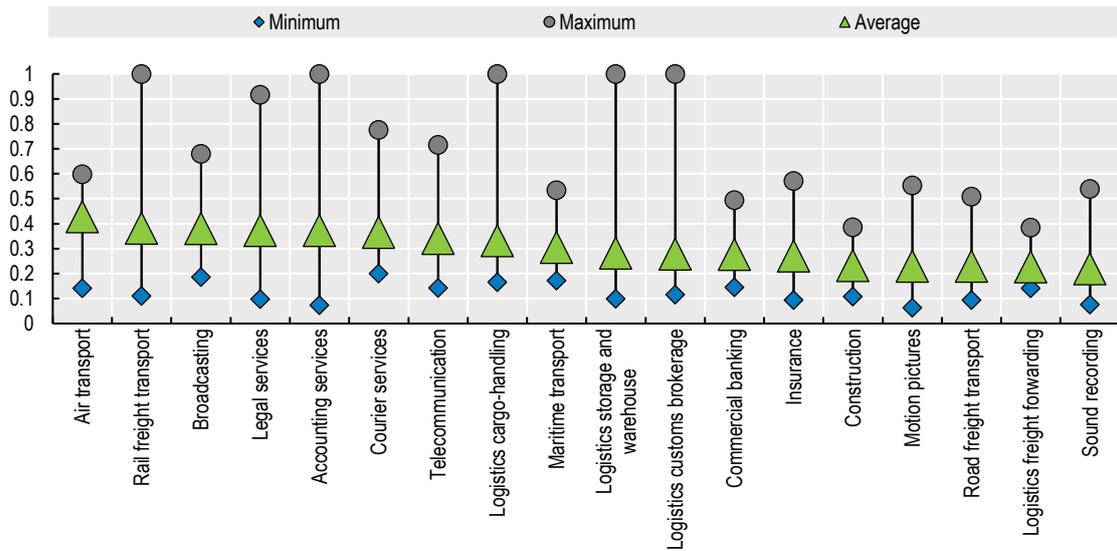
<sup>1</sup> OECD STRI: Policy Trends up to 2022, February 2022, available [here](#).

freight forwarding, there is a considerable gap between the highest and the lowest index value indicating that regulatory differences across economies may pose challenges for cross-border operations in the region.

All economies in the APEC Index have sectors and policy areas where there is scope for reform, whereas at the same time all economies have areas of good performance that could be a model for others.

**Figure 1. APEC Index: sectoral overview**

Average, minimum and maximum APEC Index values across 22 services sectors, 2021



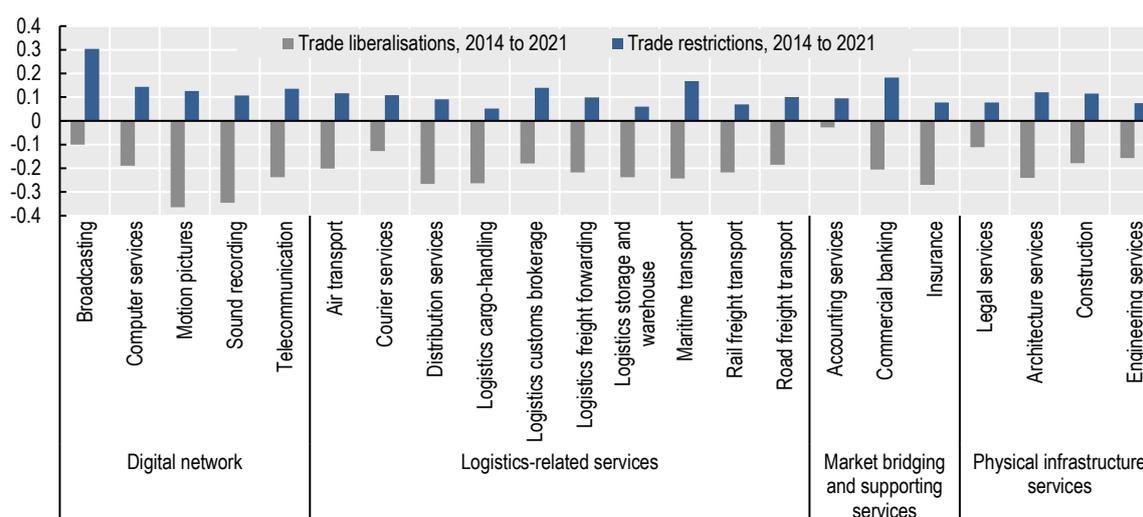
Note: The APEC Index takes values between zero and one, one being the most restrictive. Data for 16 APEC economies.

## The APEC Index demonstrates progressive services trade liberalisation in the region

Regulatory information in the APEC Index includes annual data on policy changes and reforms enabling more detailed insights into regulatory developments over time. Figure 2 demonstrates that APEC economies have undertaken considerable liberalisation across most sectors in recent years, and that the scope of this liberalisation outpaced the extent of trade restrictions between 2014 and 2021.

**Figure 2. Progressive liberalisation in certain sectors**

Changes in the APEC Index per sector, 2014-2021



Note: Sum of all the positive (restrictions) and negatives changes (liberalisation) across all the measures over the period considered.

Sectors that experienced the most reductions in the Index values, indicating liberalisation measures, were some of the audio-visual services (motion pictures and sound recording), some logistics-related services, financial services (insurance and commercial banking) and telecommunications services.

At the same time, most new trade barriers affected broadcasting services, commercial banking, and maritime transport services.

### Leading services reformers across APEC economies

The APEC Index can facilitate the monitoring of policy developments across economies in a systematic and comparable manner, as well as demonstrate economies' policy efforts and regulatory changes.

Table 1 shows the economies with the highest reduction in the Index level between 2014 and 2021 across all sectors. Leading reformers include economies like China that reduced the most in half of all sectors covered. Other lead sectoral reformers include economies such as Viet Nam, Indonesia, Australia, Mexico and Japan. Most reforms are generally related to easing conditions on foreign investment across sectors as has been the case in China, Viet Nam and Indonesia. Sector-specific reforms can also lead to considerable reductions in Index values as has been the case for Australia in some professional services, broadcasting and computer services or for Mexico in telecommunications services. The scale of STRI reductions are particularly significant for economies that start from a relatively high index value and prioritize more comprehensive reforms (e.g., easing conditions on foreign investment).

Table 1. Economies with highest reduction in the APEC Index between 2014-2021, per sector

Sector	Economy with highest reduction	Scale of reduction (2014-2021)
Computer	AUS	-18%
Construction	PRC	-26%
Legal services	AUS	-13%
Accounting and auditing	AUS	-11%
Architecture	PRC	-42%
Engineering	PRC	-38%
Telecommunications	MEX	-28%
Distribution	PRC	-47%
Broadcasting	AUS	-13%
Motion pictures	INA	-45%
Sound recording	INA	-49%
Commercial banking	PRC	-18%
Insurance	PRC	-24%
Air transport	VNM	-11%
Maritime transport	PRC	-33%
Road freight transport	PRC	-26%
Rail freight transport	PRC	-38%
Courier	SGP	-15%
Logistics cargo-handling	PRC	-26%
Logistics storage and warehouse	VNM	-20%
Logistics freight forwarding	PRC	-27%
Logistics customs brokerage	JPN	-25%

## Annex - Increasing the representativeness of APEC experts in the weighting

In line with the approach adopted in the pilot phase of the APEC Index and described in the [report](#) on the Pilot Program for Measuring the Regulatory Environment for Services Trade in the APEC Region, the weights applied to generate the Index are derived from the OECD STRI but complemented with inputs by experts on services from the APEC region. During the pilot phase, inputs were collected through an online survey for the four pilot sectors covered. Applying the same approach, an online survey was conducted in July 2022 to collect inputs on the weights for the other 18 services sectors. A total of 32 responses were received and the distribution of responses are shown in Figure A.1 below.

Figure A.1. Distribution of expert inputs into the weighting scheme

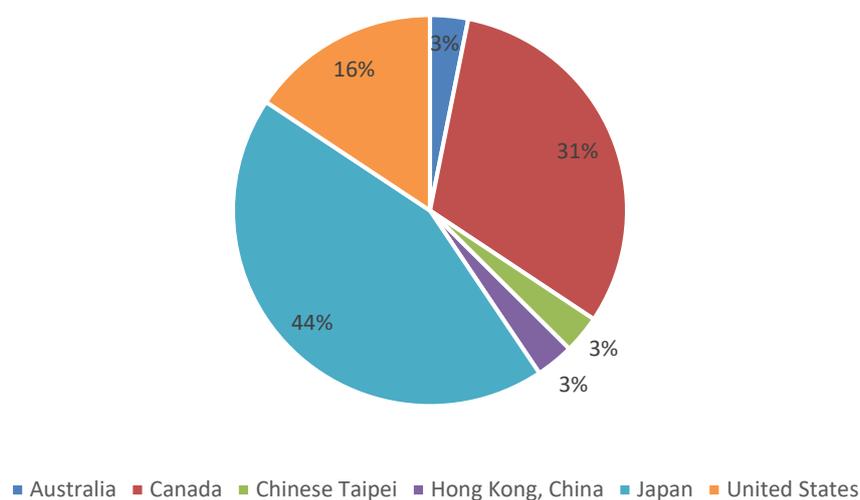


Figure A.2. below presents the final weights used for the pilot APEC Index in each sector. It includes the weights developed in the pilot phase in order to show the weights for all sectors together.

Figure A.2. Weights used for the APEC Index per sector

