OECD Services Trade Restrictiveness Index (STRI)

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Why is it in new?

- India has approached several developing countries during the World Trade Organization (WTO) talks in New Delhi to try to build consensus around the new method of measuring Services Trade Restrictiveness Index (STRI).

What is this index?

- Launched in 2014, the OECD Services Trade Restrictiveness Index (STRI) is a unique, evidence-based tool that provides information on regulations affecting trade in services in 22 sectors across OECD member countries and non-OECD. These countries and sectors represent over 80% of global trade in services.

Why is India objecting to it?

- India has said that the current method under which the Organisation for Economic Cooperation and Development (OECD) ranks countries based on their services trade policies are biased and counter-intuitive.
- The study commissioned by Commerce Ministry has found a large number of problems associated with OECD index including some significant design issues that render it impractical for use.
- The study has found that the index ranks Indian services sector as one of the most restrictive particularly in policy areas like foreign entry. But the one sector that has seen maximum liberalisation in India since 1991 is Foreign direct investment (FDI).
- Further, manufacturing trade has a well-documented system of classification of commodities through which we

can see how restrictive any country’s policies are. But in services trade there is no way to know whether a country’s policies are restrictive as services trade is usually regulated by domestic regulations and not border tariffs.