



# Product Market Regulation Indicators

**Frequently asked questions PMR sector indicators**

# PMR Sector indicators

Frequently asked questions



# Frequently asked questions on the OECD PMR sector indicators

## 1. What are the PMR sector indicators and how do they differ from the PMR economy-wide indicators?

The PMR sector indicators measure the regulatory barriers to firm entry and competition in various service and network sectors.

The difference between the PMR economy-wide and sector indicators lies in their scope. Although both are built using the same database, the latter use exclusively the information on the sectors assessed while the former also incorporates information on cross-sector regulatory domains.

## 2. What areas are covered by the PMR sector indicators?

The PMR sector indicators focus on network sectors (energy, transport, e-communications) and services sectors (professions, retail distribution, and retail sale of medicines).

## 3. How often are the PMR sector indicators updated?

The PMR economy-wide indicators have been updated every five years since they were created in 1998.

## 4. Do the PMR sector indicators capture *de facto* competition?

The PMR indicators capture only *de jure* regulation: they reflect the status of existing laws and regulations. They do not capture the level of enforcement or competition – i.e. *de facto* situation – in the market.

## 5. What is the source of the information used to build the PMR sector indicators?

The information on laws and regulations is collected through a questionnaire and vetted by OECD experts.

## 6. To which jurisdictions do the information used to build the PMR sector indicators refer?

The information is collected at the national level for unitary states and at the federal level for federal states. Yet, there may be sectors or regulatory areas where regulations and policies are set by lower levels of government (e.g., state, region, or even at the city level). In those cases, the information refers to the laws and regulations set at the level that is most relevant to each specific case. To capture this, a specific jurisdiction is selected, which is considered representative.

For federal states when regulations and policies are set at state level, the information refers to one representative state.

## 7. How can one interpret the scores of the PMR economy-wide indicators?

The qualitative answers to the questionnaire are scored against international best practices. These are outlined in the PMR economy-wide schemata available on the PMR webpage.

A more detailed description of the scoring process can be found in the Methodology Note also available on the PMR webpage.

## 8. Is the information collected to build the PMR economy-wide indicators used in the PMR sector indicators?

The same questionnaire is used to collect the information used to build the sector indicators and the economy-wide one. Only the information relative to individual sectors is used to create the PMR Sector Indicators, while the information on both individual sector and cross-sector regulatory areas is used to build the economy-wide indicator.

The only exception is the information related to Digital Markets, which is used only to build the Digital Markets sector indicator.

Some information that is collected in the questionnaire is not scored and is collected only to vet the scored information.

## 9. Is the information collected to build the PMR sector indicators used in the PMR economy-wide indicator?

The same questionnaire is used to collect the information used to build the sector indicators and the economy-wide one. Only the information relative to individual sectors is used to create the PMR Sector Indicators, while all collected information is used to build the economy-wide indicator.

The only exception is the information related to Digital Markets, which is used only to build the Digital Markets sector indicator.

## 10. What is the Digital Markets sector indicator?

The Digital markets indicator was introduced to ensure that the PMR indicators capture an important part of product market policies that are increasingly relevant for comparing countries on competition and the quality of regulation.

The OECD has decided not include the relevant information in the PMR economy-wide indicator because this area is still a very new regulatory area. While there is a broad agreement on the need for ex-ante regulation, the regulatory approaches introduced or under discussion differ and are yet to be tested. Therefore, this sector indicator may need to be revised before it can reach a stable structure and content. Keeping it as a separate sector indicator ensures that, if this indicator needs to be significantly revised at the time of the next update, these changes will not affect the comparability of the PMR economy-wide indicator over time.

## 11. Is there a PMR sector indicator for all professional services?

No. The OECD only calculates individual indicators for 6 regulated professions: lawyers, notaries, accountants, architects, civil engineers, and real estate agents. Since not all professions are present in every country in the dataset, the OECD considers that a single indicator for all professions would distort the comparison.

Moreover, care should be taken when comparing the PMR indicators on individual professions across countries, because the activities a specific profession undertakes may vary between countries. The PMR database provides a detailed indication of the activities performed by each profession in each country.

It should be noted that in civil law countries, **notaries** exercise administrative and judicial tasks by virtue of power delegated by the state; hence, they play a special role in the legal services market in the

concerned countries. Thus, in this aspect, they are different from the other professions included in the OECD PMR sector indicators.

## 12. For each of the indicators on professional services the OECD publishes two values – Entry Regulation and Conduct Regulation – are these two separate sub-indicators?

No. The overall indicator for each profession is a **weighted average** of these two components. Entry Regulation focuses on those conditions that need to be met for someone to be able to start practicing that profession, while Conduct Regulation focuses on the rules that govern what professionals can and cannot do when practising.

## 13. Are the PMR sector indicators comparable across years?

The PMR economy-wide indicators are comparable for the years 1998, 2003, 2008 and 2013. In 2018, the OECD undertook a major review of their content and structure to maintain their relevance in the context of evolving insights from economic theory, modifications in the technological and business environment, and changes in the practice of regulation. As a result, the PMR values from 2018 and 2023/2024 are not comparable with those from previous vintages.

However, only for the PMR sector indicators for network industries there exist two sets indicators: one simplified set (i.e. based on less information) available from 1975 to 2023, and one richer set that starts in 2018 based.

## 14. Where can one find more details on how the PMR economy-wide indicators are built?

The Methodology Note offers a detailed description of the methodology used to build the indicators.

## 15. Why does the OECD publish two sets of PMR economy-wide indicators (OECD and OECD-WBG)?

The OECD PMR indicator dataset includes countries where the OECD is solely responsible for the data collection process.

The OECD-WBG PMR indicators dataset, produced in partnership with the World Bank Group (WBG), includes a set of non-OECD countries. The WBG is responsible for the data collection while the OECD remains responsible for data validation and calculation of the indicators. The coverage of the OECD-WBG PMR indicators can vary from vintage to vintage.

The same questionnaire and the same methodology are used to build both sets.