

Foreword

Services have emerged as the driving force that is shaping the economic landscape of countries at all levels of development. They account for the largest share of global economic activity by generating more than two-thirds of GDP, employ the most workers, and are the source of most new job creation, especially for female and young workers. At the same time, services trade has turned into a key element in growth strategies, becoming the most dynamic component of global trade in recent times, and creating higher value-added jobs.

The COVID-19 pandemic accelerated the growth of digitally delivered services, while travel services were hit hard. Modern services such as information and communications technology and business services now represent a greater share of exports in developing economies, helping these countries capture an increasing share of world exports in these dynamic sectors.

Services trade offers significant and multifaceted development impact. Services offer a direct route for developing economies to diversify their exports away from a limited range of products and commodities. Services-led export diversification can also boost resilience by reducing exposure to commodity price volatility.

Improved access to high-quality modern services is also critical to the operation of cross-border production networks and fundamental to economy-wide productivity gains. The trade facilitating role that

services play as intermediate inputs is a key determinant of improved export performance of other sectors such as manufacturing and agriculture.

Moreover, high-value services and services exports are creating new well-paid jobs for young people and professionals in developing economies. Services trade is associated with inclusive growth, given its positive impacts on the employment prospects of women workers, the youth and entrepreneurs as well as on micro, small and medium-sized enterprises.

Advancing the United Nations Sustainable Development Goals requires effective access to a host of services, ranging from health and education to finance, transport and logistics services. Policy measures governing trade and investment in telecommunications and computer services are key determinants of enhanced digital connectivity, while trade in environmental services strengthens efforts to combat climate change and improve environmental stewardship.

Services represent the future of trade. Developing economies have already made important inroads in leveraging services trade, but much remains to be done to fully realize the sector's development promise. There is a need to re-ignite international cooperation in the services sector. Such efforts need to expand trade and investment, reduce trade costs, bring about greater transparency and predictability on trade policy regimes and, ultimately, increase the participation of developing

economies in policy deliberations and negotiations on services trade. Further, data must be able to move more freely and securely across borders to support digital trade and realize the growth potential for inclusion and jobs.

Deepened international cooperation on services trade requires more Aid for Trade, as domestic reforms and international negotiations in sectors

subject to considerable regulatory scrutiny are still challenging for many developing economies. A “Trade in Services for Development” initiative could support deeper international cooperation by mobilizing resources for technical assistance and capacity building. The WTO Secretariat and the World Bank Group stand ready to help governments realize the full development potential of trade in services.



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