Services Policies and their Contribution to Trade and Development

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I. Increasing importance of services for economic development and trade

Source: OECD-WTO
I. Increasing importance of services for economic development and trade

Q: Which Sustainable Development Goals (SDGs) do you think growth in services trade may help?
II. How Services Promote Integration into the Trading System

1. By providing infrastructure services on which goods trade relies

2. By facilitating supply chains and entering trade as value added embodied in goods

Q: Does your national development strategy link growth in services capacity and trade to growth in industrial capacity and manufacturing exports?
II. How Services Promote Integration into the Trading System

3) By providing the backbone that enables the purchase of goods online and the online supply of services

Q: What are the main issues that enterprises and consumers in your countries have in accessing and using Internet services?
II. How Services Promote Integration into the Trading System

4) By enhancing export diversification through cross-border electronic supply.

*Growth of World Exports of Commercial Services, by subsector, 1995-2014*
III. Contribution of Services (Trade) Policies

• Services policies can limit/promote the development of dynamic services sectors, with impacts on:
  – Physical connectivity

*Services trade barriers and time to export and import* (Nordås and Rouzet 2016)
III. Contribution of Services (Trade) Policies

• Services policies can limit/promote the development of dynamic services sectors, with impacts on:
  – GVCs and exports of manufactured products
    • Services trade openness positively affects the productivity of manufacturing industries and manufactured exports
III. Contribution of Services (Trade) Policies

• Services policies can limit/promote the development of dynamic services sectors, with impacts on:

  — The development of digital infrastructure

• Openness, competition, and adequate regulatory frameworks more affordable and better quality telecommunication services

• UN (2013): countries with competitive markets had mobile broadband penetration rates 26.5% higher
IV. AfT and Services Policies

- AfT may contribute by supporting efforts to create enabling environments for dynamic services markets
IV. AfT and Services Policies

• Such enabling environments can serve as a catalyst for attracting additional financing

• UNCTAD: private sector contribution indispensable to meeting SDG-implied demands

  — In ICT sectors, the value of private participation in public infrastructure has overshadowed ODA (100 >) over 2004-2015
Key Messages

• A number of developing countries continue to face difficulties in connecting to the global economy through trade and see their potential benefits reduced as a result.

• Services (trade) policies can play a fundamental role in promoting connection to the trading system and reducing economic isolation.

• AfT can provide useful support.
Thank you

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