

## INFORMAL REPORT BY THE WTO SECRETARIAT TO THE AID-FOR-TRADE SESSION OF THE COMMITTEE ON TRADE AND DEVELOPMENT OF 17 OCTOBER 2016

### WORKSHOP ON "PROMOTING CONNECTIVITY – EXPLORING THE SERVICES DIMENSION"

On 17 October 2016, a Workshop on "Promoting Connectivity – Exploring the Services Dimension" was held to explore the role of services in enabling connectivity. The workshop is the second of the thematic events envisaged under the 2016-2017 Aid-for-Trade Work Programme. In his opening remarks, the Chairperson, **H.E. Mr. Christopher Onyanga Aparr, Ambassador of Uganda**, recalled that the theme of the 6<sup>th</sup> Global Review of Aid for Trade was "Promoting Connectivity", and noted that the purpose of this workshop was to explore the role of services in enabling connectivity.

The first session focused on the role that services play in underpinning connectivity, and the factors limiting the growth of services' trade. **Martin Roy, WTO**, presented on the importance of services in trade in goods and promoting connectivity. He noted that trade in services has been expanding with developments in new technologies and that many services have become tradable over digital networks. However, he said that services' trade costs and restrictions are still significant, international commitments remain limited, and restrictive policies and poor regulatory environments prevent the development of competitive services sectors and connectivity. He also pointed out that trade policy and Aid for Trade can help to create an enabling environment for competitive services markets, and contribute to increasing services FDI and cross-border trade.

**Massimo Geloso Grosso, OECD**, focused on logistics and its role in global value chains. He noted that changes in production methods and expansion in global value chains had led to an increase in the outsourcing of logistics services, and discussed the key restrictions in the logistics sector based on the OECD's "Services Trade Restrictiveness Index" (STRI) project, an index that covers some 22 sectors. Initial results from the STRI revealed that the main restrictions were those on foreign entry, barriers to competition and regulatory transparency. Research also shows a correlation between high STRI and longer time and higher costs to import and export. To improve connectivity, he recommended the need to reform traditional market access and national treatment measures, implementation of the TFA and comprehensive sectoral approach to allow for integrated, door-to-door services.

**Marcus Bartley Johns, World Bank Group** focused on the untapped potential of services in Africa. He presented key messages from recent work of the World Bank on "[The Unexplored Potential of Trade in Services in Africa](#)". He highlighted the relevance of connectivity/technology in promoting the WBG's work to fill data gaps, share knowledge and facilitate dialogue, promote transparency and delivery of services. He cited the importance of services for export diversification and the challenge of inappropriate regulation that relegated service sectors to operating in the informal sector. He emphasized that connectivity needed to address old-economy trade barriers. He also demonstrated the importance of services in agricultural value chains. Mr. Bartley Johns called for a focus on filling information gaps to inform policy, and subsequently build knowledge relating to barriers to regional services trade and inform policy reform and implementation.

Comments were made on the importance of addressing infrastructure and basic connectivity as well as the role of Aid for Trade. It was noted that to ensure effectiveness, Aid for Trade had to be addressed comprehensively with infrastructure and regulatory reforms addressed in parallel. Infrastructure investment was a necessary, but not a sufficient condition; aid for trade also needed to work on the regulatory enabling environment, training and skills.

The second session discussed the digital divide and profiled actions to bring companies and people online. The session began with presentations by **Dr. Cosmas Zavazava** and **Dr. Kemal Huseinovic from the ITU**. **Dr. Zavazava** presented general trends and described the evolution of digital communication and future prospects. Key trends include big data, the "internet of everything" and artificial intelligence. By 2050, ITU expected that over 200 billion computers to talk to each other on the web. He demonstrated the benefits of using big data for positive interventions such as climate change monitoring and mitigation, as well as improving health delivery. He illustrated how ITU has utilized big data to address Ebola in Liberia by tracking the movement of persons from Ebola outbreak centres through their mobile phones. Finally, he noted some challenges in big data, including the erosion of individual privacy, data theft and misuse, ambiguity in law, and surveillance. **Dr. Huseinovic** outlined the regulatory approaches to bridging

the digital divide through an examination of the state of ICT markets, and their interplay with regulation. He noted that ICTs have spilled over to all sectors, becoming critical for economic growth and social development. He emphasized the need for cross-sectoral collaboration and dialogue among all actors to bridge the digital divide. Finally, Dr. Huseinovic described some of ITU's activities on digital inclusion, including the m-Powering development initiative.

**H.E. Dr. Syed Tauqir Shah, Ambassador and Permanent Representative to the WTO, Pakistan**, described Pakistan's on-going ICT revolution due to major regulatory changes resulting in substantial increases in FDI to the sector. He described how Pakistan had climbed to eighth amongst developing countries in internet affordability, through regulatory reforms, infrastructure investment, training and skills. He informed that in the next three years, Pakistan will be focusing on implementing a public/private broadband for sustainable development programme where US\$350 million will be spent on ICT infrastructure. The Government of Pakistan is also engaging in South-South cooperation for digital development. He suggested that Aid for Trade could be recalibrated to focus on the digital economy, noting collaboration between the WTO and UNCTAD in the eTrade for All initiative.

**Zoritsa Urosevic, UNWTO** outlined how the internet and travel revolutions had gone hand in hand. She highlighted how today's traveller is digitally smart, with 95% booking trips through the internet and 87% using their smartphones to access travel apps while travelling. She noted the importance of ICT readiness in WEF's Tourism Competitiveness Index. She recommended "travel" facilitation to help buttress tourism competitiveness, in particular, e-visas. She recalled that 2017 will be the International Year of Sustainable Tourism for Development and the UNWTO's intention to collaborate with the WTO during the 6<sup>th</sup> Global Review.

Comments were made on the need to continue to share best practices between developing countries, and for connectivity statistics by region and income-levels, with a particular request being made for LDC-specific statistics. Participants also asked about Aid for Trade and public-private partnerships, and actions being taken to update privacy laws.

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