

# **The Contribution of Trade in Services and Trade Policy to Promoting Connectivity**

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# **Contribution of Services Trade and Trade Policy**

## **Outline:**

**I. Economic Importance of Services and Trade**

**II. Relevance of Trade in Services for Connectivity**

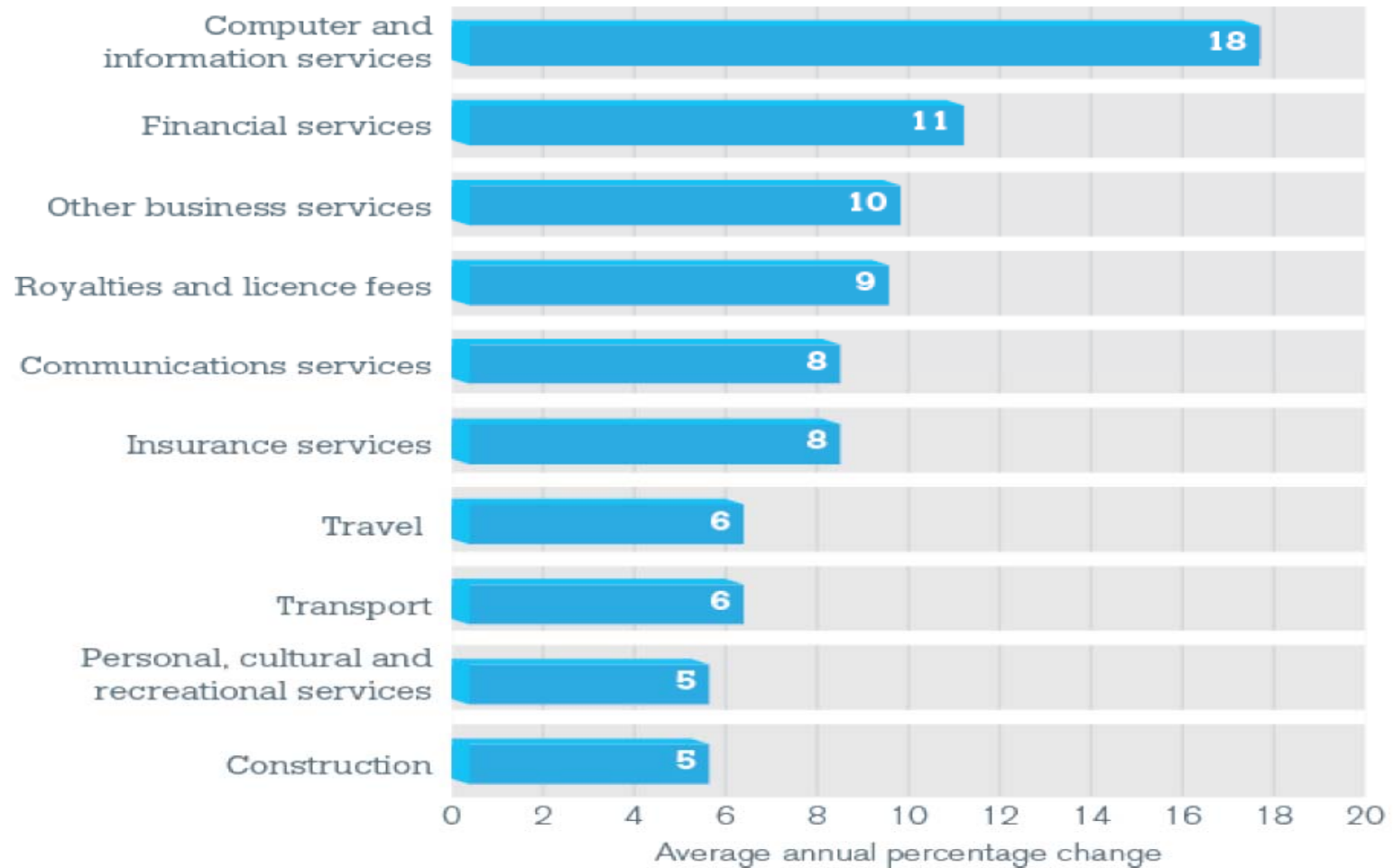
**III. Contribution of Services Trade Policies and AfT**

# I. Economic Importance of Services

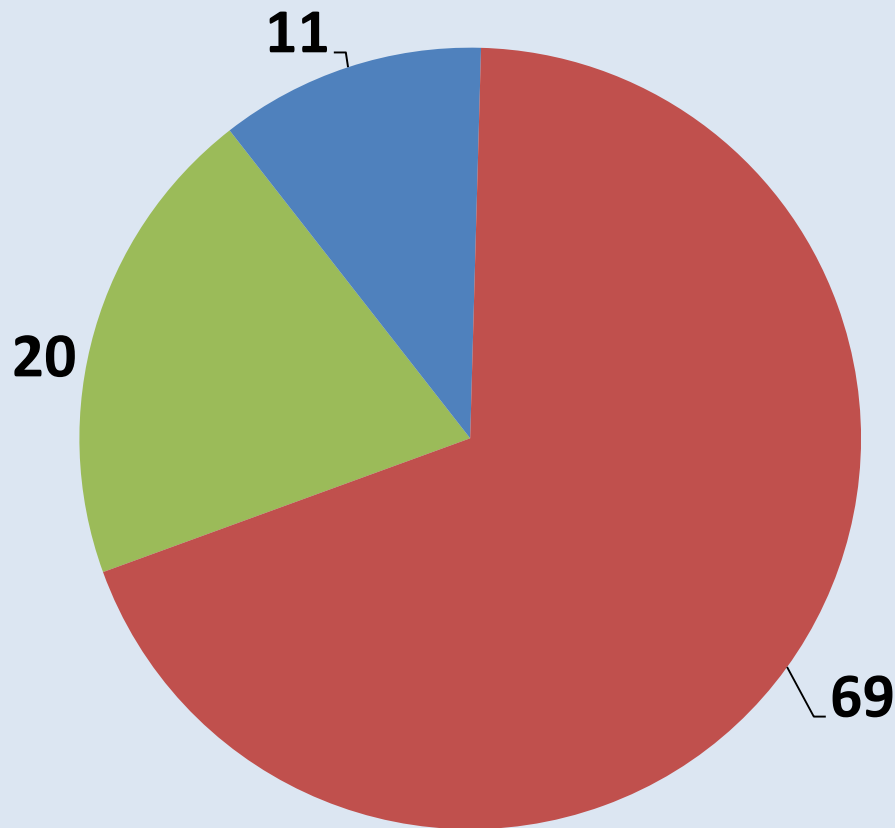
- Trade in services is growing in importance
  - Increasing tradability due to Internet and ICT revolution
  - Increasing participation of developing countries
  - Services embedded in goods exports
  - Accounts for two-thirds of world FDI

# I. Economic Importance of Services

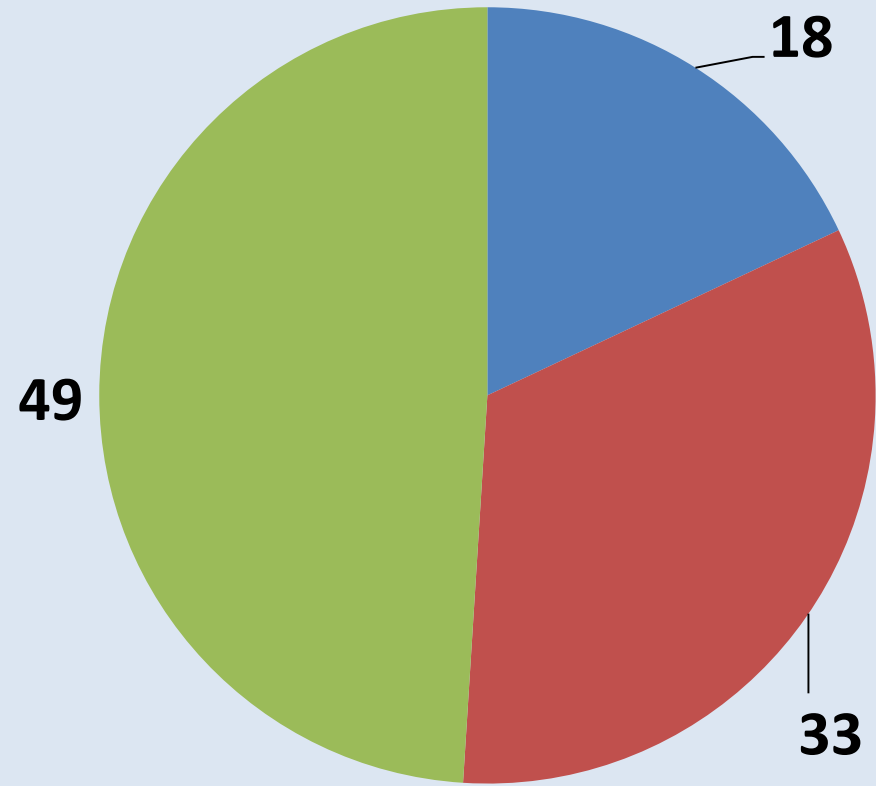
Growth of world exports of commercial services by main sector, 1995-2014



### Structure of world exports in gross terms, 2011



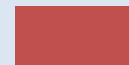
### Structure of world exports in VA terms, 2011



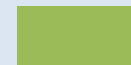
Primary



Manufacturing



Services



Source: OECD.Stat, OECD-WTO Trade in Value Added (TiVA), May 2016.

## II. Relevance of Trade in Services for Connectivity

1) Infrastructure services on which trade in goods depend

- Port services, maritime and road transport, logistics, express delivery, wholesale and retail trade...

2) Role of services in global supply chains and 'servicification of manufacturing'

- + engineering, marketing, R&D services, business services, financial services...

## II. Relevance of Trade in Services for Connectivity

3) Backbone services that enable digital trade and the on-line supply of services

- Telecommunication and financial services

4) Services supplied over digital networks

- From professional services, to computer, audiovisual, education, financial services... etc.

### III. Contribution of Services Trade Policies and AfT

- Services trade costs, and services trade restrictions, are still very high. International bindings remain limited
- Restrictive policies and poor regulatory environments prevent the development of competitive services sectors and connectivity, with impacts on:
  - Goods-related infrastructure services
  - Services in GVCs
  - Digital trade enabling and enabled services



### III. Contribution of Services Trade Policies and AfT

- Trade policy and AfT can contribute by helping create an enabling environment for competitive services markets:
  - a) Enhance openness for services FDI and cross-border trade
  - b) Adapting regulatory regimes
    - To effectively accompany increase of competition, enable digital trade, ease procedural barriers

Thank you

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