

# Comments: the new World Bank/WTO Services Trade Policy Database and the updated World Bank Services Trade Restrictions Index

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“The Evolution of Services Trade Policy since the Great Recession,” Borchert et al, 2020

“Applied Services Trade Policy A Guide to the Services Trade Policy Database and the Services Trade Restrictions Index,” Borchert et al 2019

# Points to cover

- Context & Background
- Value added from this (ongoing) exercise
- Worries and suggested next steps

# Context & Background: NTM metrics

- Classification
  - MAST for goods
  - **WB/OECD/WTO initiative for services**
- Dimensions
  - Country/region (mostly MFN)
  - Product-level (different degrees of detail)
  - Time (entry into force/announcement, rarely date of withdrawal)
  - Other, e.g. issuing agency, links, reg. ID
- Type of information
  - Mostly binary character with short description of measure
  - In some cases categorized (e.g. discriminatory or not) and/or ranked (e.g. scale of openness)
  - Summary indicators (particularly in services)

Collection Framework	Goods	Services
Inventories of legislation	<ul style="list-style-type: none"> <li>- NTM TRAINS</li> <li>- OECD PMR Database</li> <li>- WB Investing Across Borders</li> <li>- World Bank TTBD</li> <li>- OECD Export Restrictions</li> <li>- Global Trade Alert</li> </ul>	<ul style="list-style-type: none"> <li>- World Bank STRI Database</li> <li>- OECD STRI Database</li> <li>- OECD PMR Database</li> <li>- <del>WB Investing Across Borders</del></li> <li>- Global Trade Alert</li> </ul>
International agreements	<ul style="list-style-type: none"> <li>- DESTA</li> <li>- UNCTAD BIT Database</li> </ul>	<ul style="list-style-type: none"> <li>- DESTA</li> <li>- GATS commitment schedule</li> <li>- WTO Services RTA Database</li> <li>- UNCTAD BIT Database</li> </ul>
Review of legislation	<ul style="list-style-type: none"> <li>- WTO Trade Policy Review</li> <li>- WTO Monitoring Reports</li> <li>- UNCTAD Investment Policy</li> </ul>	<ul style="list-style-type: none"> <li>- WTO Trade Policy Review</li> <li>- WTO DG Monitoring Reports</li> <li>- UNCTAD Investment Policy</li> </ul>
Notifications	<ul style="list-style-type: none"> <li>- WTO Notifications</li> </ul>	<ul style="list-style-type: none"> <li>- GATS Notifications</li> </ul>
Surveys and complaint portals	<ul style="list-style-type: none"> <li>- ITC NTM Surveys</li> <li>- ITC Trade Obstacle Alert</li> <li>- WTO STC</li> <li>- EU Market Access Database</li> <li>- tradebarriers.org</li> </ul>	
Import refusals	<ul style="list-style-type: none"> <li>- EU RASFF</li> <li>- US FDA OASIS</li> </ul>	
Other sources	<ul style="list-style-type: none"> <li>- USITC CoRe NTM Database</li> </ul>	

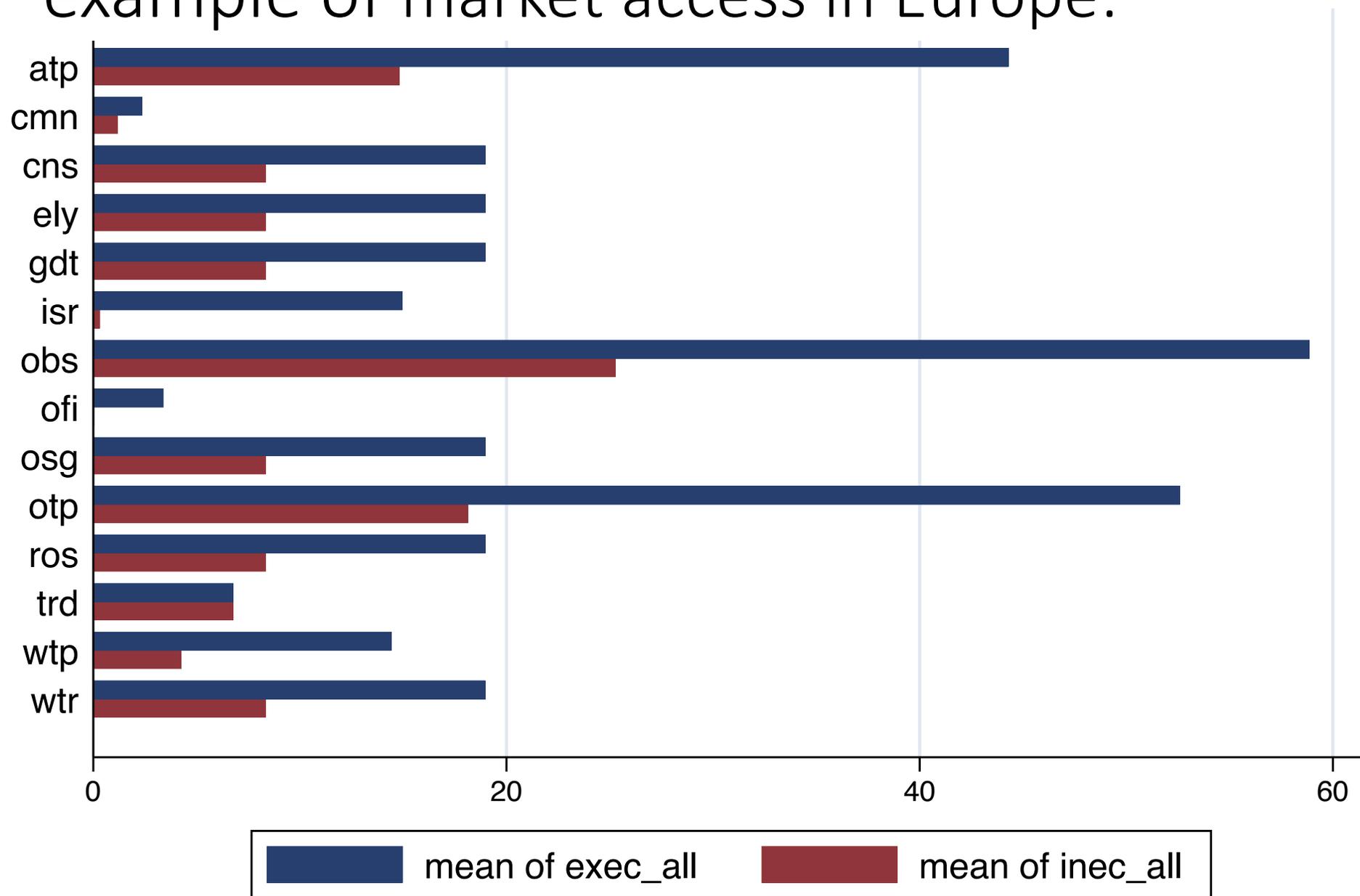
# Value added from this type of exercise

## things we have learned from earlier iteration:

- Most MFN commitments are not really binding
- For the EU MFN commitments vary by Member State
- PTA commitments are often less than GATS
- Even in PTAs commitments can vary by MS
- For key sectors, under MFN, non-EU firms (modes 1 and 3) and professionals (mode 4) are excluded or otherwise restricted in several Member States for accounting, auditing, insurance, or banking
- The Swiss experience with the EU points to better market access than MFN, but worst than the EU itself (more or less halfway)
- In the Swiss case, financial services market access is essentially MFN (so UK will lose market access with a Swiss-type agreement),

# Value added from this type of exercise

## example of market access in Europe:



# Value added from this type of exercise

## Policy changes since the Great Recession

Borchert et al, 2020 (2<sup>nd</sup> paper)

- We are offered evidence of convergence in the telecoms sector between higher and lower income country groupings.
- We also are offered evidence of *tighter application of regulations* (regulatory scrutiny) in services relative to 2007-8.
  - Not clear to me, given that the financial crisis can arguably be pinned on lack of sufficient regulation, that this is a bad thing.
  - Will this hold post 2016, in particular in the US and UK?
- Gravity modeling is used to demonstrate a link between establishment restrictions and cross-border trade flows.
  - Worried a bit about BPM6 definition of trade (ebops 2010 follows BPM6)
  - With ownership based trade data, “cross border” trade may actually be mode 3 trade.
  - Eurostat published 3 overlap years of BPM5 and BPM6. Maybe do a robustness check?

# Next Steps and Some Worries

- More countries: The 2008 database included over 100 countries. From a development perspective, the ones that are not yet included in the new database are important. Related is plans for updating again?
- More data/dissemination integration: I still think we need to see a better integrated OECD/World Bank/WTO presentation of the data. We have cross recognition.
- Time to re-open GATS?: This exercise, when combined with econometrics, ought to feed into revisiting the structure of the GATS. If we knew then what we know now, what should the commitment schedules look like?
- More nuance: We continue to blur trade and investment (also for goods) which makes it harder to link integration policies with domestic issues (jobs) when data on policy and trade mix MNE foreign affiliate operations with actual trade. The BPM6 definitions of trade drive a wedge between market access commitments, national statistics, and BOP statistics. Great for the IMF and the Central Banks, bad for the rest of us.
- Better distinction between explicit market access vs regulatory differences. The earlier WB data was clear on this, the OECD less so (though this has improved).
- Worried about aggregation, for example in cases where one sub-measure may render others moot.

# Last Comments

- This is a valuable and relevant exercise from a policy making perspective
  - With close mapping to actual policies, it is relevant for mapping negotiations against actual policy. (The underlying survey data themselves are a valuable part of the process).
  - For development finance institutions, these data provide a critical input in the process of setting priorities based on empirical evidence
  - In future iterations, could it offer a way forward for re-engineering the design of the GATS to reflect policy and economic structures in the 2020s. (But this requires thought about the project design going forward).