

Executive summary

Services are central to growth, productivity, employment and economic diversification, and constitute the largest and most dynamic sector of many economies. They play an indispensable role across value chains and are a major source of export earnings. The ability to trade services – digitally across borders, via commercial presence in other economies or through the movement of people – is a core driver of competitiveness and growth.

Despite the instrumental and cross-cutting role of services, the costs to trade services remain high, and markedly higher than those for trade in goods.

While regulation of services sectors is essential to achieving legitimate public policy objectives (such as consumer protection, financial stability, health, safety and environmental goals), regulatory differences among economies and governance quality significantly constrain trade in services across the four modes of supply. Notably, opaque and inefficient procedures, fragmented information and discretionary practices can reduce contestability in services markets and discourage trade and investment.

Building on the experience of various international economic forums, a group of over 70 WTO members adopted a new set of rules to facilitate services trade by fostering transparency, predictability and efficiency in regulatory frameworks. The 2024 entry into force of the new Disciplines on Services Domestic Regulation (SDR Disciplines) at the WTO underscores the importance of embedding good regulatory practices (GRPs) in services policies to further promote economic growth and development.

Good regulatory practices can drive economic growth and development

Available research converges on two key points. First, the trade costs for services are far higher than for goods. At least one quarter of these costs stem directly from factors related to regulatory and governance quality. Second, adopting a coherent package of GRPs can significantly cut transaction and compliance costs

for businesses, especially for small businesses and women-owned firms.

Research conducted by the WTO Secretariat suggests that full implementation of the SDR Disciplines would reduce services trade costs by 8-14 per cent, with the sharpest average cuts for lower middle-income economies (10 per cent) and upper middle-income economies (14 per cent). These cost savings would deliver a 0.3 per cent rise in global real income (approximately equal to US\$ 301 billion) and a 0.8 per cent expansion of world exports (approximately equal to US\$ 206 billion). Over an implementation period of 10 years, annual trade cost savings would amount to roughly US\$ 127 billion.

Implementing the SDR Disciplines can generate positive effects for all economies: real incomes are projected to rise even for those that are not currently committed to implementing the SDR Disciplines at the WTO as part of their commitments under the General Agreement on Trade in Services (GATS). This is because GRPs are applied on a non-discriminatory basis; therefore, service suppliers will benefit when these rules are implemented in their trading partners' markets. However, given their internal regulatory focus, exports are expected to progressively shift to implementing markets, while remaining stagnant for other economies.

Empirical evidence further reinforces the link between procedural quality and economic performance. Higher levels of GRPs integration in domestic regulatory frameworks are systematically associated with larger shares of services value-added in GDP and a stronger orientation towards services exports.

By promoting competition and innovation among services suppliers, the research shows that GRPs implementation is also positively associated with improved entrepreneurship, deeper participation in global value chains, and lower costs for starting a business. It can also enhance financial inclusion, including by increasing the availability of banking services to individuals in remote or underserved areas and fostering the development of innovative products, such as mobile banking and other digital solutions.

Good regulatory practices can enhance transparency, predictability and efficiency of authorization processes

The quality of authorization systems for service suppliers is critical for trade and investment. Clear, objective and transparent authorization systems, including acknowledgement of application receipt, completeness checks, mechanisms to correct minor deficiencies, as well as the provision of written reasons for decisions, help reduce uncertainty related costs. Predictable and time-bound decisions strengthen accountability and limit the scope for arbitrary or inconsistent treatment.

Transparency underpins understanding, and thus compliance. Consolidated, up-to-date publication of laws and regulations – paired with accessible enquiry points that deliver timely and thorough replies – improves information flows and facilitates the participation of small businesses and new market entrants.

Digitalization enables further streamlining of authorization procedures and multiplies benefits for business. Acceptance of electronic applications and supporting documentation, online payments and real-time status tracking lower transaction costs and widen access to markets, notably for foreign suppliers. Single windows that enable end-to-end filing, data re-use across agencies and two-way messaging avoid unnecessary duplications and improve the user experience.

Stakeholder engagement improves legitimacy and quality of regulatory outcomes. Advance publication of draft laws and regulations with a reasonable opportunity to comment for interested stakeholders fosters legitimacy and acceptance, while at the same time promoting the quality of regulatory outcomes through expert input.

Transparent and reasonable fees lower entry barriers. Existence of a clear legal basis for authorization fees, disclosure of calculation methods and the alignment of fee amounts with processing and supervision costs deter the use of fees as barriers to entry and contribute to a fair and predictable regulatory environment for service suppliers.

Independence and impartiality of decision-making bolster institutional credibility. Insulation from supplier influence, robust conflict-of-interest policies,

objective criteria, transparent appointment rules and regular reporting support institutional integrity and strengthen trust in day-to-day implementation.

Review mechanisms of administrative decisions are central to ensure the consistent and predictable application of regulatory frameworks.

Accessible review routes with clear and transparent timelines and, where appropriate, remedies, ensure suppliers' redress, strengthen accountability and consistency in the application of rules.

Regulatory impact assessment throughout the policy cycle keeps measures balanced, targeted and effective. Defining regulatory problems, assessing regulatory and non-regulatory options using the best available evidence, weighing expected costs and benefits, and consulting stakeholders helps leverage relevant experience and supports continuous improvement.

Standards are becoming increasingly important for services and services trade. With dynamically evolving technologies and market structures, standards can help reduce costs, promote interoperability and signal minimum quality in service delivery. The open and transparent development of standards strengthens their legitimacy, improves domestic uptake, and supports broad adoption across international markets.

Coordination at home and cooperation across borders are essential. Domestic inter-agency coordination facilitates authorization procedures and data-sharing. International regulatory cooperation enables cross-border authentication and solutions for recognition; it also promotes information exchange, use of international instruments and standards, and the participation of foreign stakeholders, thereby supporting dialogue and improvement.

Fourteen good regulatory practices to facilitate trade in services

1. Processing of authorization applications

- Set and publish decision deadlines (including through silent approval mechanism where appropriate).
- Acknowledge receipt and check for completeness.
- Allow applicants to correct minor errors without restarting the process.

- Notify decisions in a timely manner, including reasons for rejection.

2. Electronic submission of applications

- Enable online applications, including uploading required documentation, and digital signatures.
- Provide real-time tracking of application status and notification of decisions.

3. Online publication of information

- Publish information on requirements and procedures, fees, timelines, contact addresses and review procedures – and do so in one consolidated portal online.
- Use plain and concise language and make available summaries or other documents to aid understanding.
- Keep information up to date with change logs/archives.
- Provide information in multiple languages, notably in English.

4. Single window

- Offer one unified portal as an information gateway and entry point for submitting authorization applications.
- Require uploading of documentation once only and enable cross-sharing of information across agencies.
- Include possibility to contact directly responsible agencies for questions and assistance.

5. Authorization fees

- Publish legal basis and calculation method of fees.
- Keep fees reasonable and ensure they do not in themselves restrict supply of services.
- Allow for online payment of fees.

6. Governance of regulators: independence and impartiality and decision-making

- Ensure that authorization decisions are reached and administered independently from suppliers, including through structural separation where necessary.
- Guarantee that application procedures are impartial, adequate and non-obstructive vis-à-vis all applicants, including foreign suppliers and women entrepreneurs.
- Establish functions and structures, appointment rules, conflict-of-interest policies, as well as clear reporting lines for oversight.
- Make agencies' budgets publicly available and allocated in a manner that safeguards operational independence.

7. Stakeholder engagement

- Publish drafts of laws and regulations as early as possible and ensure minimum timeframes to receive comments.
- Explore use of multiple channels (including online) and targeted expert outreach (e.g., SMEs, regions, foreign suppliers).
- Ensure clear report back on how comments were considered.
- Establish a reasonable period of time before entry into force of laws and regulations.

8. Enquiry points

- Make contact details for enquiries easily available and promote coordination among agencies as required.
- Establish clear and reasonable response time standards.
- Ensure that enquiry points are free of charge or limit amount of charges to the approximate costs of the service rendered.

9. Standards in services

- Ensure transparency, objectivity and necessity of standards.
- Use standards that have been developed through open and transparent processes.
- Consider and use relevant international standards; avoid duplication/conflict with work of international standard-setting bodies.

10. Review of administrative decisions

- Offer simple and affordable review routes, including grounds for requests and clear timelines.
- Issue transparent and reasoned decisions.
- Ensure adequate remedies where appropriate.
- Guarantee that reviewers are structurally independent from the original decision-making agency.

11. Assessment of qualifications

- Publish recognition procedures, criteria, documents and reasonable timelines.
- Accept e-submissions and remote invigilation, including at international assessment centres.
- Ensure that eligibility criteria are not more burdensome than necessary, including legitimate and proportionate language requirement.
- Ensure that examinations are held at reasonable and regular intervals with clear registration windows.

- Where appropriate, allow foreign professionals to demonstrate competence through professional experience, references and membership in foreign professional associations.

12. Regulatory impact assessment

- Define the problem and objectives of regulations and compare policy options using the best available evidence.
- Assess costs/benefits and distributional impacts, including by involving stakeholder and expert groups.
- Transparently communicate the outcome of the assessment.
- Plan post-adoption review of regulations with clear indicators and timelines to support continuous learning and adjustment.

13. Domestic inter-agency coordination

- Involve all relevant agencies across all stages of policy cycles, from policy design and drafting to implementation, enforcement and review of regulations.
- Make publicly available procedures and mechanisms for inter-agency coordination.
- Establish dedicated platforms to exchange information, including through a central coordinating body with monitoring and reporting functions.

14. International regulatory cooperation

- Use cooperation channels to share information and learn about emerging best practices, including in specific sectors or emerging regulatory areas.

- Promote cooperation as a tool to facilitate the recognition of professional qualifications and authorizations.
- Leverage cooperation to assess cross-border impacts, consider international instruments, and progressively remove unnecessary regulatory differences (see Box 1).

Learning from experience: case studies provide insights on domestic reform

Effective reform starts with clear legal anchors and empowered regulatory agencies, including a central coordinating body.

Clear legal anchors allow objectives to be turned into enforceable duties and support coordination across agencies, including through a central coordinating body with guidance and monitoring functions. Case studies show that where the lead agency's mandate and powers are explicit, implementation is smoother and more consistent across sectors.

High-level support helps but does not guarantee delivery; sustained results require consistent political backing across election cycles.

Initial political support unblocks reforms, but continuity of direction and stable resources determine whether reforms deepen or stall after the initial launch. The case studies underline the need to preserve momentum across administrations to avoid a slowdown in reform.

Box 1: Diagnostic and Reform Planning Tool: a new instrument for supporting regulatory reforms

The new Diagnostic and Reform Planning Tool supports mapping of domestic regulatory frameworks against core GRPs with a view to examining areas of strengths and weaknesses and identifying priority areas for reform to improve the quality of the business environment.

The Tool builds on the extensive information contained in the WTO-World Bank Services Trade Policy Database (STPD) and expands the scope with more than 130 additional questions on the implementation of core GRPs across 34 services subsectors.

The Tool is designed to also capture *de facto* implementation of GRPs, by examining administrative and procedural practices, even beyond the existence of legal requirements.

A user-friendly visualization board allows users to assess how domestic regulatory frameworks align with the SDR Disciplines across various services subsectors.

Institutions are as important as regulation: strong mandates, clear responsibilities and sustainable resourcing ensure effective, consistent implementation and enforcement of regulatory reforms.

Institutions determine whether rules translate into consistent practice. Where roles and resourcing are well-defined, agencies can assure quality, enforce quality standards and reduce bottlenecks.

Effective inter-agency coordination – both across regulatory agencies and across levels of government – is central to the success of reform.

Domestic inter-agency coordination connects political will with institutional practice, prevents implementation in silos and enables interoperability of systems (including digital systems). When inter-agency coordination functions well, applicants benefit from a single, predictable process rather than a sequence of fragmented steps, and governments can monitor performance, enforce deadlines and share data seamlessly.

Digitalization can only deliver its full benefits when it is paired with process simplification and interoperable systems.

Digitalization is not an end in itself but a tool to further simplify processes and make systems function effectively. Without these objectives, technology risks merely replicating bureaucratic inefficiencies in digital form. Across case studies, reforms that standardized forms and procedures, enabled data sharing and reuse of information among agencies, and connected sectoral and sub-national systems showed reductions in processing times and compliance costs.

Infrastructure is a key enabler; given the strong emphasis on digital tools, reforms need reliable power supply, robust connectivity and functional IT systems to produce tangible results.

Infrastructure is a prerequisite for digital reform to deliver tangible results. Reliable power supply and connectivity ensure that digital platforms function smoothly, data systems remain stable, and users can access services without interruption. The case studies show that reforms must be underpinned by sustained investment in connectivity and key foundations, such as trusted identity and e-signature systems, resilient

hosting and shared services (for example, payments, or logging/analytics).

Continuous agency upskilling is essential to ensure that staff are well equipped to adapt and foster a service-oriented culture that supports the effective implementation of reforms.

Regular upskilling of staff is critical to turn legal reforms and new platforms into a consistent way to improve day-to-day practice. Regular training, peer learning and institutionalized knowledge-sharing mechanisms help build technical and managerial capabilities needed to embed new processes, close implementation gaps and sustain reform performance over time.

User-centred design – including through help desks and unified portals – reduces search and compliance costs, especially for small businesses.

Designing systems based on users' needs helps reduce search and compliance costs – especially for small businesses – by making rules and processes easy to find, understand and complete. Clear guidance, intuitive layouts and integrated assistance tools allow users to complete transactions with fewer errors and less reliance on intermediaries.

Central oversight and regular monitoring and evaluation promote accountability and sustain reform momentum.

A central oversight structure, paired with regular monitoring and evaluation turns legal standards into day-to-day accountability. When performance data are tracked, compared and acted upon, institutions can identify bottlenecks, target support and sustain consistent service delivery across agencies.

Flexibility and progressive adjustment are essential to ensure that reforms meet evolving business needs.

Flexibility and progressive improvement keep reforms aligned with evolving business needs and implementation realities. Across the case studies, durable results depend on built-in impact assessment and review of existing measures, with a view to recalibrating rules, improving quality standards, and making digital systems effective.