

Trade in Services and Investment: The Way Forward



Organised by ESF, ICTSD & ILEAP
14.00-16.00 – 2 December 2009

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Key Questions

- **Current challenges in WTO services negotiations for LDCs and other low-income developing countries?**
- **Does the way forward on services reforms & negotiations lie outside WTO?**
- **How can services negotiations (WTO or otherwise) contribute to delivering meaningful benefits for LDCs and other low-income developing countries?**
- **Way Forward**

Current challenges in WTO services negotiations for low-income DCs/LDCs?

- GATS has little prominence in services discussions in most low-income DCs/LDCs... lack of interest from most stakeholders (public and private)
 - Largely a distant memory of unfulfilled promises
 - Has delivered very little on the ground (e.g. Art IV on enhancing DC/LDC participation, Art XIX on priority for LDC interests)
 - Mode 4 never materialised
 - Appetite to bind (often weak) regulatory environment very low
- “Round for free” → LDCs not expected to make new commitments
- Key issues for low-income DCs/LDCs not believed to be on the table:
 - No movement on mode 4 (little expectation in near future)
 - Tourism market access is non-issue... already have it
 - BUT: *challenge to define offensive interests beyond M4 and tourism*
- In SSA, services negotiations largely driven by regional integration efforts + EPA

Does the way forward on services reforms & negotiations lie outside WTO?

- In a word... 'yes'
 - Services still a very new area for most low-income DCs/LDCs... level of understanding still quite low
 - For policymakers, regulators, negotiators and service providers
 - Significant concerns persist to bind regulations when domestic regulatory environment is often weak (or missing entirely)
 - Relative concern decreases the fewer countries the commitment applies to, especially if at similar levels of development and have greater familiarity...
- Regional integration schemes *can* prove more fertile ground for meaningful reforms and negotiations

How can services negotiations deliver meaningful benefits for LDCs and other low-income DCs?

- **Process is as important as substance**
 - (assuming substance = reforms; if substance = commitments, then process > substance)
- **The process of preparing services negotiations *can* provide an invaluable window for stakeholders to:**
 - Advance discussions on domestic economic & regulatory reforms
 - Identify opportunities and challenges in external markets
 - Examine supply side constraints and prepare a programme to support services development
 - Catalyze a services constituency

Challenges facing services preparations

- **Taking advantage of preparatory process is easier said than done...**
 - Intensive informational requirements
 - Draws on a wide range of diverse skills and sectoral expertise
 - Takes significant time to achieve meaningful results, e.g.:
 - Generate needed information
 - Engage numerous and diverse stakeholders throughout the process, including private sector and civil society
 - Build capacity of those stakeholders to understand information as basis for informed decision-making
 - Planning, coordination and execution can be daunting → requires a holistic approach (and a good plan)
- **Articulating interests takes time and effort...**
 - Ideally founded on national development strategies, (services) export strategies, sectoral strategies & regional integration objectives
 - In reality, most do not exist (or at least not for services)

On substance... addressing key constraints for trade in services

- **For the outcome of services negotiations to deliver meaningful benefits, need to address key constraints:**
 - Lack of services supply capacity
 - Inadequate regulatory frameworks
 - Absence of national services trade policy
 - International trade barriers
- **Targeted trade-related assistance/aid for trade is essential for overcoming these...**
- **Current levels of services support inconsistent with perceived importance of the services sector**

Aid for trade to address key services constraints

- **Enhancing supply capacity**
 - AFT measures to promote economies of scale; dampen information asymmetries; reduce human and financial capital scarcity; improve access to appropriate technologies; enhance reliability of infrastructure; bolster credibility; etc...
- **Improving regulatory frameworks**
 - AFT to undertake regulatory and policy auditing to better understand barriers and how they relate to current policy objectives... basis for regulatory reform
 - Build capacity for enforcement

Aid for trade to address key services constraints

- **Developing national services trade policy**
 - AFT to support the establishing of sectoral policies, supporting services units in Min Trade/Planning, effectively engaging stakeholders (working groups, services coalitions, etc.)... also provides guidance to negotiators
- **Reducing international trade barriers**
 - AFT to build the capacity to identify and negotiate the removal of barriers in key export markets and better identify and understand potential benefits of domestic reforms (via negotiations or unilateral)
 - Requires building capacity to negotiate effectively (i.e. training to ensure ability to critically engage)... not just Geneva or Brussels, but also in capital.

Way Forward on Trade in Services & Investment

- The way forward for low-income DCs/LDCs is not necessarily tied to making binding commitments... even the reforms themselves are only a means (though a significant one), aimed at laying the foundation to building competitiveness, enhancing services supply capacity and ultimately, using services trade to reduce poverty
- For negotiations to support meaningful reforms, must help enable informed decision-making
- Calls for a process involving:
 - Research and analysis
 - Consultations
 - Consensus-building
 - Longer-term training
- Process takes time... unrealistic negotiating deadlines can undermine ability to do the work properly (and erode confidence that the outcome will deliver intended benefits)

Thank you for your attention

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