



Trade and investment in services: charting a way forward

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A negotiating spot check

- Apart from the Article VI:4 mandate, little to report on the rule-making front
- Waiting for revised offers..as liberalisation seems to be the name of the game...the quest is on for a finer balance across the DDA's key elements, with services in a decidedly back seat role to date despite their innate potential
- Not for lack of pedagogy or understanding the key contribution of services to growth and development - the knowledge deficit of the Uruguay Round is significantly less binding today, thanks in part to proliferating PTAs
- Little tangible progress to report on issues of importance to developing countries, be it rules (ESM, subsidy disciplines), modalities (for LDCs or acceding countries) or sectors of priority interest (notably Mode 4)
- Aid for trade in services remains weakly articulated and overly centred on the “*what*” of negotiations...
 - need to shift attention to better situating service sector policies in development strategies, strengthen implementation capacities and address supply-side bottlenecks...
 - ...but Geneva-based organizations may not always be best suited to deliverig such assistance...
 - ...there is a need for greater - and direct - private sector input in TRTA delivery (the CSI and ESF should team up!)

Moving ahead

- Market access negotiations need to be supported by greater regulatory cooperation, notably on prudential and pro-competitive regulation, mutual recognition
- More coherent assistance needs to be delivered to developing countries to build regulatory institutions: “aid for trade in services“
- Closer cooperation is needed between host and source countries in managing services-related labor mobility (as is done every day under bilateral labor agreements)
- Much of the above may entail bilateral and regional responses – PTAs are not inherently inimical to market opening in services: indeed many challenges are neighbourhood ones!

Moving ahead: modal formulas

- Considering a critical mass approach to negotiated formulas:
 - Responding to the outsourcing revolution: no new restrictions on the cross-border supply of an agreed list of business services (Modes 1 and 2)
 - Addressing key development bottlenecks: pre-committing to Mode 3 market opening in key infrastructure sectors - transport, trade facilitation, energy (Mode 3)
 - Addressing development priority number 1: greater Mode 4 commitments with source country obligations, allowing progress to be made further down the skills ladder.

Negotiating differently

- Quest for economies of scale in negotiating: plurilateral/collective requests and critical mass advances whenever feasible
- Building negotiating bridges with the rest of the DDA:
 - Cluster services linked to IT, environmental goods/climate change mitigation, trade facilitation, key service inputs in mining, fisheries, agriculture, energy or in selected industries subject to NAMA discussions (autos, chemicals, textiles and clothing, etc.)

What role can services play in addressing major societal challenges?

- Human capital enhancement $Y = f(K, L)$
- Mitigating climate change, green energies and their financing
- Designing intelligent cities and work places
- Nurturing the revolution in life sciences
- Inventing intelligent forms of mobility (transportation)
- Investing in the digital society – E-commerce, E-governance, E-health

Each one of these meta challenges will require major doses of innovation in product design and delivery platforms, and the efficiency with which services – finance, ICT, business services, architecture, engineering, design, R&D, education – are delivered will be key in addressing these challenges

Responding to these challenges will also create vast new trade and investment opportunities, with or without trade agreements.



Thank you!

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