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TRADE AND DEVELOPMENT BOARD

Commission on Trade in Goods  
and Services, and Commodities

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Agenda item 4

**ANALYSIS OF WAYS TO ENHANCE THE CONTRIBUTION OF SPECIFIC  
SERVICES SECTORS TO THE DEVELOPMENT PERSPECTIVES OF  
DEVELOPING COUNTRIES: NATIONAL EXPERIENCES WITH  
REGULATIONS AND LIBERALIZATION: EXAMPLES IN THE  
CONSTRUCTION SERVICES SECTOR AND ITS CONTRIBUTION  
TO THE DEVELOPMENT OF DEVELOPING COUNTRIES**

Draft agreed recommendations

1. The Commission recognizes that the outcome of the Expert Meeting reflected the technical views of experts which could be useful in supporting developing countries in the process of regulatory adjustment and progressive liberalization in the construction services sector with a view to achieving economic development objectives.
2. The Commission underlined the importance of the current GATS negotiations in addressing problems faced by developing country construction and engineering firms in competing in the world markets. Problems identified by experts included restrictions on temporary movement of personnel, discriminatory and non-transparent licensing and standards and anti-competitive practices, discriminatory government procurement practices, non-recognition of professional qualifications, problems of access to networks for the supply of construction services, subsidies, tied aid and discriminatory tax policies. The problems facing developing countries should be addressed, including through the effective implementation of GATS Article IV.

3. The construction services sector is a fundamental economic activity which permeates all sectors of the economy: it is an instrument for employment creation and a tool for upgrading welfare; it has a major role to play in providing basic and safe infrastructure achieving social and economic development objectives in developing countries; and local firms and professionals should be fully involved in this process.

### **Recommendations to Governments**

4. Considering the important role of the construction services sector in the developing countries, there is a need for development of their comparative and competitive strength in their architectural, engineering, design and construction sectors through, *inter alia*, appropriate regulatory frameworks, human resources development, and research and development policies. Appropriate measures should also be taken for local firms and professionals to be fully involved in this process.

5. Consideration should be given to the promotion of regional and subregional trade and cooperation among developing countries in the construction services sector.

6. Governments should design policies consistent with the commitments in trade and investment agreements encouraging the transfer of technology to domestic firms through various forms and adopt export promotion policies aimed at the specific needs of the construction services sector.

### **Recommendations to the international community**

7. International funding agencies and bilateral donors are invited to address as a matter of priority the measures that impede the ability of local firms, in particular SMEs, to participate in their projects. They are also invited to take positive measures to actively promote the participation of developing country firms in the design and execution of construction projects, including of criteria in international tendering which would favour a commitment to transfer of technology and voluntary association agreements between foreign and domestic firms in developing countries aimed at promoting learning-by-doing processes.

8. International funding agencies and other international organizations are invited to provide technical assistance aimed at stimulating the growth in developing countries of their architectural, engineering, design and construction firms, as well as their technological capabilities.

### **Recommendations to UNCTAD**

9. UNCTAD should promote establishment of linkages among all the stakeholders in the international market for construction services through continued dialogue between the relevant professional associations, multilateral financial institutions and bilateral and regional funding agencies, and development agencies from developed countries.

10. UNCTAD should work with the United Nations Commission on International Trade Law (UNCITRAL) to assess the feasibility of drafting a model law/model laws which would support the development and efficient functioning of domestic construction services sectors.

11. UNCTAD should include legislation and regulations affecting trade in construction services in its Measures Affecting Service Trade (MAST) information database and disseminate the information through the Internet.

12. UNCTAD should also make available statistics through the Internet on trade in construction services and related sectors so as to help negotiators of developing countries to make an assessment of trade in services and use its results in negotiations.

13. UNCTAD should continue supporting the participation of the developing countries in the area of multilateral trade negotiations on trade in services by assisting them to identify and address barriers to their exports of construction services. UNCTAD should further provide the analytical background to developing countries to assess the negotiating proposals presented to the WTO process on the liberalization of services.

14. Through the CAPAS programme, UNCTAD should assist African countries in identifying the scope and likely impact of further liberalization in this sector and the potential for increase of trade among developing countries taking into account their GATS commitments and their development objectives.