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TRADE AND DEVELOPMENT BOARD
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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: ENERGY SERVICES IN INTERNATIONAL
TRADE: DEVELOPMENT IMPLICATIONS**

Draft Recommendations

The Commission takes note of the outcome of the expert meeting, as contained in document TD/B/COM.1/42 - TD/B/COM.1/EM.16/3 and makes the following agreed recommendations:

Recommendations at the national level

1. Governments should consider, as necessary, enacting regulations designed to facilitate the development of energy sources and improve energy distribution. The process of reform of the energy sector at the national level should reflect the level of development of each country, market realities and overall development strategies.

2. In liberalized energy markets, Governments should put in place an appropriate institutional framework with a view to ensuring the achievement of national policy objectives, including universal service obligations, and establishing fair competition conditions. Fair access to the networks for all competitors is a precondition for creating competitive cross-border energy markets.

3. Governments should take measures aimed at creating a favourable environment to attract national and foreign investors, with a view to facilitating wider access to energy for people and industry. In this context, temporary admission of specialized equipment and personnel necessary to provide energy services could also facilitate the supply of such services.

4. Governments should take appropriate measures to increase the competitiveness of energy services suppliers, particularly in developing countries. To this end, they should promote the creation of strategic alliances between national and foreign firms, as well as between large companies and SMEs, and also foster networks of SMEs so that those companies can effectively provide a source of innovation.

5. Governments should evaluate the possibility of making wider use of renewable energies, in particular to address the problem of access to energy in rural areas.

Recommendations to the international community

1. The ongoing WTO negotiations on services provide an opportunity to further liberalize the energy services sector. This could be beneficial to developing countries from two points of view: achieving more reliable and efficient access to energy; and obtaining a greater share of the energy business. However, for these objectives to materialize, negotiations should reflect the development needs of developing countries, including through the effective implementation of the provisions contained in GATS Articles IV and XIX.

2. Cooperation amongst all stakeholders and agencies involved in energy services should be established and/or strengthened, both on a North-South and on a South-South basis.

3. The international community should support efforts of developing countries in implementing measures aimed at creating an environment necessary to improve universal access to energy, including support for reform and institution building.

Recommendations to UNCTAD

In view of the novelty and complexity of the issues related to the energy services sector and its trade and development implications, considering that the Expert Meeting on Energy Services in International Trade proved to be an excellent learning experience for all participants, and recognizing the expertise that the UNCTAD secretariat has developed in the field of energy services, the Commission recommends that UNCTAD continue and deepen its analytical and capacity building work in this area, including by:

- Conducting a compilation and analysis of a list of successful experiences of developed and developing countries in the energy service sector from the investment, technology, enterprise development and other viewpoints. This includes: the role of SMEs in the energy services sector and possible measures to strengthen them and further their market participation; and achieving improved access to energy for people and industry and an effective contribution of the energy sector to development;
- Analysing the main issues as identified in the current GATS negotiations and their possible implications for developing countries, especially as far as the strengthening of developing country domestic capacity in energy services and their increased participation in trade in energy services are concerned. This will also include analysis of export potential and barriers to energy service trade;
- Analysing the main structural characteristics of the energy services markets; key aspects of technological change; and the role of international and national standards and regulations on trade in energy services;
- Analysing and compiling national experiences with structural reform of the energy sector in developing countries, and potential difficulties and opportunities for domestic energy services suppliers resulting from it.

In order to carry out this task in the most efficient way, the UNCTAD secretariat should continue cooperation with WTO and other relevant organizations - such as OPEC, the Energy Charter Secretariat, the UN regional commissions and the regional development banks – and exploit existing complementarity of expertise and mandates.