



**Workshop on
Enhancing the
Development Potential of
Trade in Services for
the Least Developed Countries
through Preferential Treatment**

26 March 2018

Opening remarks

by the Deputy Secretary-General of UNCTAD



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26 March 2018, 10:00h-13:00h, Room XXVI, Palais des Nations

Opening address by the Deputy Secretary-General of UNCTAD

Excellencies, ladies and gentlemen,

I am pleased to welcome you to this Workshop on Enhancing the Development Potential of Services Trade for Least Developed Countries through Preferential Treatment, that is aiming to increase LDCs' participation in the international services trade.

Services are critical for development and for the achievement of sustainable development goals for all countries, and especially for LDCs. Services sector provides essential inputs to all economic sectors, thus acting as an engine for economic growth and structural transformation. Services make important contributions to employment, production and trade, and create opportunities for women, youth and micro, small and medium sized enterprises to connect to international trade and benefit from such participation. Services have become a key sector and avenue for diversification as well.

Services output in LDCs accounted for 47% of their total GDP in 2015. This share has grown at a high rate of 11% annually between 2005 and 2015. Services further account for an increasing part of LDCs' trade, representing 19% of the group's total exports in 2016, up from 11% in 2008. LDCs' services exports have grown at about 10% annually between 2006 and 2016, showing they are much more dynamic than goods exports, which have grown at 4% annually in the same period.

However, the share of LDCs' service exports in global exports still remains less than one per cent. Realizing the potential of services requires best-fit policy, regulatory and institutional frameworks to strengthen services supply capacity and trade. It also needs effective market access in major markets for services exports from LDCs. In this regard, the preferential treatment for LDCs

services trade through the services waiver is an important instrument to reinforce existing trade opportunities and create new ones for services and services suppliers from LDCs.

This waiver from the most-favoured nation obligations - adopted at the WTO Ministerial Conference in 2011 - provides a useful instrument to support increasing LDCs' trade opportunities in services. It allows WTO members to provide preferential treatment to services and services suppliers from LDCs in the form of market access and other measures, such as the granting of national treatment, regulatory measures relating to qualification and licensing requirements and procedures, and measures for the recognition of the qualifications and certifications obtained by services suppliers in the LDCs.

The notifications of preferential treatment to the LDCs from 24 developed and developing Members is a positive development under this waiver.

As we in UNCTAD have learned from preferences provided to trade in goods under the Generalised System of Preferences (GSP), there is need to monitor and assess the effectiveness of preferences granted to LDCs, the utilization of the preferences by enterprises in LDCs, and to consider ways and means of improving the preferences and the supply capacities. Such assessment and reviews would *inter alia* require country-specific modal and sectoral evaluation of the notifications of preferences, and monitoring and assessing their utilization. Most importantly, to take advantage of preferences requires LDCs to address their domestic supply capacity constraints, including infrastructures, skills, technology, and pro-development regulatory and institutional frameworks.

With this in mind, UNCTAD implemented a pilot project on "Capacity building of LDCs in services trade for sustainable development", with financial support from Sweden, and completed four country case studies in respect of the LDC services waiver namely Cambodia, Nepal, Senegal and Zambia. This workshop today will take stock of the main findings of this pilot project and provide an opportunity for a discussion on improving LDCs' domestic supply capacity and services exports by exploiting effectively the opportunities created by the WTO services waiver. We would like to thank Sweden for their generous financial contribution to this pilot project. Our thanks also

go to Bangladesh, the current LDC group coordinator, and the four beneficiary countries under the project – i.e. Cambodia, Nepal, Senegal and Zambia - for their participation in this workshop.

I should also mention that during MC11 at Buenos Aires, Argentina last year, we organized a successful side event on the LDC services waiver with participation of several Ministers from LDCs. It was emphasized that the positive effects of the waiver will ultimately depend on the meaningfulness of the preferences. It is crucial that the waiver provides LDCs with a preferential market access in the sector of interest to an individual country and in the specific mode of services supply. And that thorough country-specific and sector-specific analysis is essential prior to making a choice of preferences to be granted. I hope some of these issues can be taken up further today.

I wish to conclude by saying that with the limited resources we had, we conducted a pilot case study of four LDCs. I wish to request development partners to seriously consider supporting UNCTAD's work on services development so that we can extend the coverage of LDCs case studies to benefit from the services waiver and service development generally. SDG target 17.11 calls for a doubling of the LDCs' share of global exports by 2020. LDCs' share of global merchandise and global services trade presently is insignificant at below the 1% level. Hence, we must all work together to support LDCs in improving their participation in services trade and development through such instruments as the services waiver and broader services supply capacity development. In UNCTAD we have work on services, trade and development and stand ready to continue to support LDCs and developing countries generally in harnessing this sector.

Thank you and best wishes for a fruitful workshop.