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TRADE, SERVICES AND DEVELOPMENT
Enhancing productive capacity through services
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Presentation of the background note
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Enhancing productive capacity through services

Creating trade opportunities for Developing Countries

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The Evolution of Services Trade

With the rise of digital technology, there are new ways to trade, creating opportunities never before imagined, especially for developing countries and LDCs.
Productive Capacity

productive resources  entrepreneurial capabilities  production linkages
Services enhancing productive capacity

Services provide productive resources as inputs to other economic sectors and create linkages with production in other sectors.
The nexus between services and other sectors

Services provide the means for different activities to interact.

Services can induce efficiency and effectiveness, and increase productivity and enhance productive and export capacity.
Enabling role of transport services:
The Jamaica Logistics Hub Initiative
Services add value to **output and exports** of all economic sectors measured by **forward and backward linkages**.
Forward linkages

Services account for *59% to the value added* in total output of developing economies and LDCs.

For exports, *developing countries are missing out in ICTs* in total forward linkages.

Backward Linkages

Developing countries lag behind in the value added of services in many sectors, especially in *agriculture* and *energy production*. 
Case studies from the MENA Region

The business services sector plays a major role in the value-added of services content of MENA country exports.
Digitalization helps MSMEs move to high value-added production and reduce their trade costs.
Recommendations for Developing Countries

Policy for development of strategic services sectors to boost value added

Encourage FDI

Creation of production hubs

Financial support geared to MSMEs to boost product capacity in ICT

Capitalize on opportunities for cooperation with international partners
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