

UNCTAD Multi-year Expert Meeting on  
**TRADE, SERVICES AND DEVELOPMENT**  
Enhancing productive capacity through services  
Geneva, 1–2 May 2019

**What determines productive capacity and export in developing countries:  
the services linkage**

by

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UNITED NATIONS  
**UNCTAD**

The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

# UNCTAD Multi-year Experts Meeting on Trade, Services and Development

Geneva, Palais des Nations, 1 May 2019

**«What determines productive  
capacity and export in developing  
countries: the services linkage»**

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Question raised:

«How do services enhance a country's productive capacity in terms of productive resources and production linkages?»

(para 58 of doc TD/B/C.I/MEM.4/20)

«What determines the productive capacity of a country?»

# “Productive capacity”

Definition: “the productive resources (1), entrepreneurial capabilities (2) and production linkages (3) which together determine the capacity of a country to produce goods and services and enable it to grow and develop.”

(UNCTAD, *The Least Developed Countries Report, 2006: Productive Capacities*, p. 61)



First caveat:

Studies, findings, etc based mainly on developed countries do not necessarily reflect the specificities of Least Developed Countries and other Developing Countries

Second caveat: difference goods productive capacity vs services productive capacity

Switzerland has no mines, but the major global mining company

Switzerland has no sea shore, but a major shipping company

Other success stories: *Aramex* (Jordan/UAE), *Mercadolibre* (ARG), *Lion Air* (ID), *Safaricom* (Kenya)

*Aramex:*

Founded 1982 in Jordan, headquarters then moved to Dubai.

«We have successfully introduced market leading express delivery and logistics services to the Middle East and other emerging economies. As a leading global provider of comprehensive logistics and transportation solutions, our breadth of services include express courier delivery, freight forwarding, logistics, supply chain management, e-commerce and record management services.” (source: *Aramex* web-site)

«Instead of investing heavily in infrastructure, we acquire or partner with domestic-focused logistics companies that have strong local networks, knowledge and transportation solutions already in place for efficient and effective last-mile delivery.” (source: *Aramex* website)

- 2018 acquisition of the KSA-based *Saudi TAL for Commerce and Contract Company Ltd.*
- In 2011, *Aramex* acquired *OneWorld Courier* and *In-Time Couriers*, two Kenyan courier firms and *Berco Express*, a South African logistics firm.





**More productive  
capacity**



**more exports of  
goods and services**

**More productive  
capacity**

**+**



**more exports of  
goods and services**

**Supportive  
trading  
environment  
(competitiveness)**

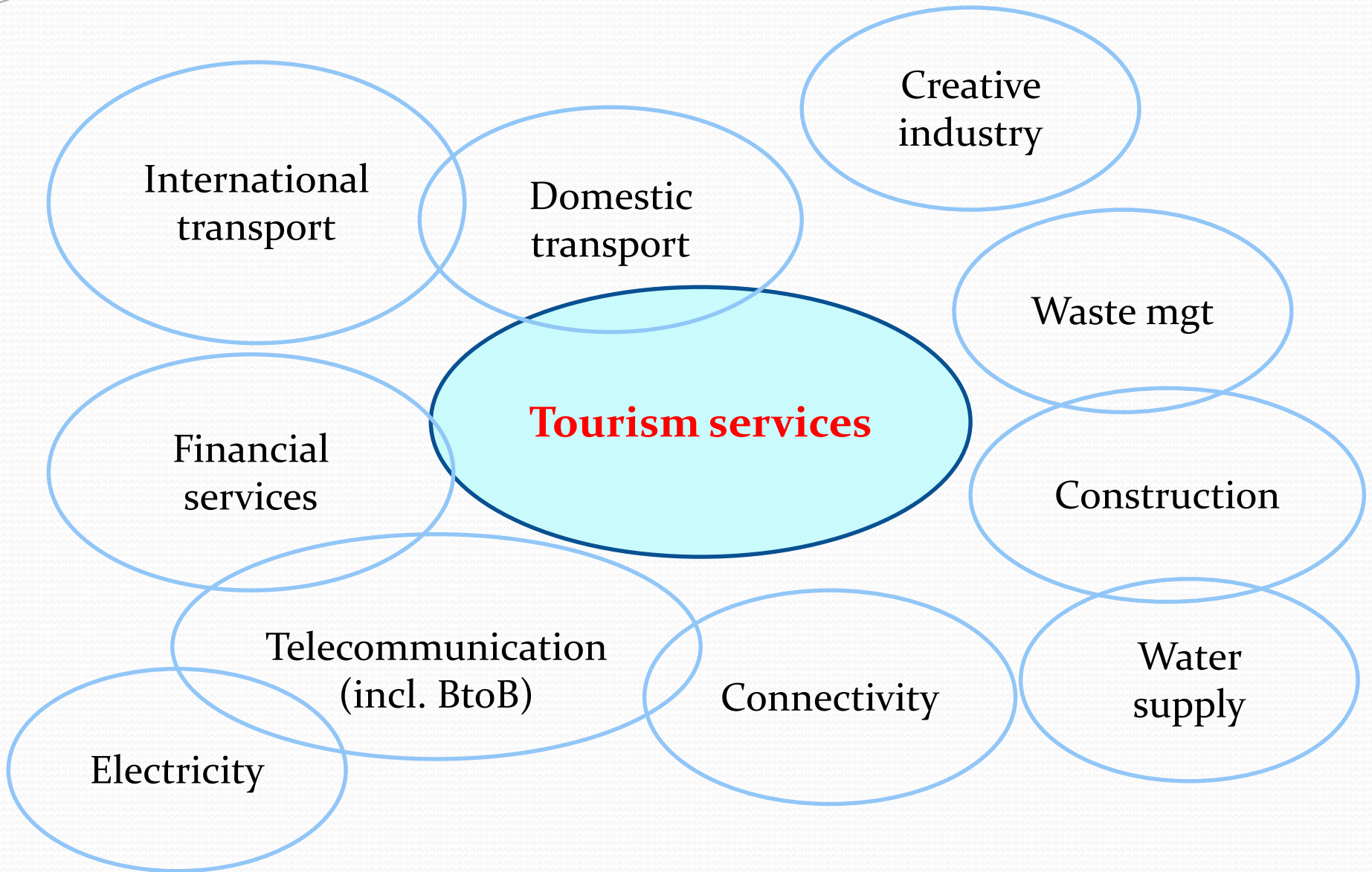
## Typical services inputs in the Value Chain:

- Air transport
- Sea cargo
- Inland transport
- Energy
- Telecommunication and Internet access (connectivity)
- Utilities
- Education, training and skills (e.g. management training, trade skills, technology fluency), in particular for SMEs



## Typical export sectors of Least Developed Countries (goods and services):

- Extractive industry
- Agriculture
- Tourism



International transport

Domestic transport

Creative industry

Waste mgt

**Tourism services**

Construction


Financial services

Water supply

Telecommunication (incl. BtoB)

Connectivity

Electricity



«it remains crucial to increase supply capacity in services themselves to allow countries to benefit from their enabling potential.»

(para 35 of doc TD/B/C.I/MEM.4/20)

«**Infrastructure** is a prerequisite for transport services, which **facilitate trade.**»

(para 45 of doc TD/B/C.I/MEM.4/20)

«Least developed countries are particularly lagging behind when it comes to benefiting from the potential of information and telecommunications services to enable international trade.»

(para 30 of doc TD/B/C.I/MEM.4/20)



# WEF Global Enabling Trade Index (ETI)

(<https://www.weforum.org/reports>)

## ETI Country profiles

([http://reports.weforum.org/global-enabling-trade-report-2016/economy-profiles/.](http://reports.weforum.org/global-enabling-trade-report-2016/economy-profiles/))



Four overall key subindexes (A to D) containing 7 pillars:

- A. Market access
- B. Border administration
- C. Transport and ICT infrastructure
- D. Operating environment

## Subindex A: Market access

- Pillar 1: Domestic market access
- Pillar 2: Foreign market access

## Subindex B: Border administration

- Pillar 3: Efficiency and transparency of border administration

## Subindex C: Infrastructure

- Pillar 4: Availability and quality of transport infrastructure
- Pillar 5: Availability and quality of transport services
- Pillar 6: Availability and use of ICTs

## Subindex D: Operating environment

- Pillar 7: Operating environment

## Subindex C: Infrastructure

### Pillar 4: Availability and quality of transport infrastructure

- 4.01 Available airline seat kilometers millions
- 4.02 Quality of air transport infrastructure
- 4.03 Quality of railroad infrastructure
- 4.04 Liner Shipping Connectivity Index 0–157.1 (best)
- 4.05 Quality of port infrastructure
- 4.06 Road quality index
- 4.07 Quality of roads

## Subindex C: Infrastructure

### Pillar 5: Availability and quality of transport services

- 5.01 Ease and affordability of shipment 1–5 (best)
- 5.02 Logistics competence [*seamless logistics chain*] 1–5 (best)
- 5.03 Tracking and tracing ability 1–5 (best)
- 5.04 Timeliness of shipments to destination 1–5 (best)
- 5.05 Postal service efficiency
- 5.06 Efficiency of transport mode change [*transshipment*]

## Subindex C: Infrastructure

### Pillar 6: Availability and use of ICTs

- 6.01 Mobile-cellular telephone subscriptions /100 pop.
- 6.02 Internet users % pop.
- 6.03 Fixed-broadband Internet subscriptions /100 pop.
- 6.04 Mobile-broadband subscriptions /100 pop.
- 6.05 ICT use for biz-to-biz transactions
- 6.06 Internet use for biz-to-consumer transactions
- 6.07 Government Online Service Index 0–1 (best)

# Senegal 2016:

Global Enabling Trade Report 2016 X +



reports.weforum.org/global-enabling-trade-report-2016/economy-profiles/#economy=SEN

130 %



## The Global Enabling Trade Report 2016 > Economy profiles

■ Senegal ■ Sub-Saharan Africa

Index Component	Value	Rank/136	Trend	Dist. from best
<b>Enabling Trade Index 1-7 (best)</b>	4.0	96		
<b>Subindex A: Market access 1-7 (best)</b>	4.6	72		
<b>Pillar 1: Domestic market access 1-7 (best)</b>	3.8	118		
<b>Pillar 2: Foreign market access 1-7 (best)</b>	5.4	11		
<b>Subindex B: Border administration 1-7 (best)</b>	3.9	106		
<b>Pillar 3: Efficiency and transparency of border administration 1-7 (best)</b>	3.9	106		
<b>Subindex C: Infrastructure 1-7 (best)</b>	3.2	104		
<b>Pillar 4: Availability and quality of transport infrastructure 1-7 (best)</b>	3.0	91		
<b>Pillar 5: Availability and quality of transport services 1-7 (best)</b>	3.3	115		
<b>Pillar 6: Availability and use of ICTs 1-7 (best)</b>	3.3	106		

# Senegal 2016:

Global Enabling Trade Report 2016 X +



reports.weforum.org/global-enabling-trade-report-2016/economy-profiles/#economy=SEN

90%

The Global Enabling Trade Report 2016 > Economy profiles

	<b>Pillar 3: Efficiency and transparency of border administration</b> 1-7 (best)	3.9	100	
	<b>Subindex C: Infrastructure</b> 1-7 (best)	3.2	104	
	<b>Pillar 4: Availability and quality of transport infrastructure</b> 1-7 (best)	3.0	91	
	Availability and quality of air transport infrastructure 1-7 (best)	2.6	88	
	Availability and quality of railroad infrastructure 1-7 (best)	2.2	85	
	Availability and quality of port infrastructure 1-7 (best)	3.1	83	
	Availability and quality of road infrastructure 1-7 (best)	4.2	80	
	<b>Pillar 5: Availability and quality of transport services</b> 1-7 (best)	3.3	115	
	Ease and affordability of shipment 1-5 (best)	2.2	126	
	Logistics competence 1-5 (best)	2.4	107	
	Tracking and tracing ability 1-5 (best)	2.2	122	
	Timeliness of shipments to destination 1-5 (best)	2.6	123	
	Postal service efficiency 1-7 (best)	3.8	96	
	Efficiency of transport mode change 1-7 (best)	4.0	62	
	<b>Pillar 6: Availability and use of ICTs</b> 1-7 (best)	3.3	106	
	Mobile-cellular telephone subscriptions /100 pop.	99.9	96	
	Internet users % pop.	21.7	106	
	Fixed-broadband Internet subscriptions /100 pop.	0.7	110	
	Mobile-broadband subscriptions /100 pop.	26.4	101	
	ICT use for biz-to-biz transactions 1-7 (best)	4.6	72	
	Internet use for biz-to-consumer transactions 1-7 (best)	4.6	68	
	Government Online Service Index 0-1 (best)	0.38	102	





# Cambodia 2015:

Global Enabling Trade Report 2016 X +

reports.weforum.org/global-enabling-trade-report-2016/economy-profiles/#economy=KHM

130%

The Global Enabling Trade Report 2016 > Economy profiles

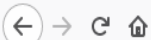
facilitation: 132 hours are needed for documentary compliance when both importing and when it comes to enforcing contracts (134th) and protecting property (118th).

Index Component	Value	Rank/136	Trend	Dist. from best
<b>Enabling Trade Index 1-7 (best)</b>	4.0	98		
<b>Subindex A: Market access 1-7 (best)</b>	5.0	23		
<b>Pillar 1: Domestic market access 1-7 (best)</b>	4.2	107		
<b>Pillar 2: Foreign market access 1-7 (best)</b>	5.9	5		
<b>Subindex B: Border administration 1-7 (best)</b>	3.6	116		
<b>Pillar 3: Efficiency and transparency of border administration 1-7 (best)</b>	3.6	116		
<b>Subindex C: Infrastructure 1-7 (best)</b>	3.2	106		
<b>Pillar 4: Availability and quality of transport infrastructure 1-7 (best)</b>	2.6	113		
<b>Pillar 5: Availability and quality of transport services 1-7 (best)</b>	3.7	87		
<b>Pillar 6: Availability and use of ICTs 1-7 (best)</b>	3.3	105		
<b>Subindex D: Operating environment 1-7 (best)</b>	4.0	94		

IUG MIT administr... Nouveau Docum... Global Enabling T... 14:50 09.03.2019

# Cambodia 2015:

Global Enabling Trade Report 2016 X +



reports.weforum.org/global-enabling-trade-report-2016/economy-profiles/#economy=KHM

90%



The Global Enabling Trade Report 2016 > Economy profiles

Indicator	Score	Rank	Change
<b>Pillar 3: Efficiency and transparency of border administration 1-7 (best)</b>	3.0	110	↔
Subindex C: Infrastructure 1-7 (best)	3.2	106	↔
<b>Pillar 4: Availability and quality of transport infrastructure 1-7 (best)</b>	2.6	113	↔
Availability and quality of air transport infrastructure 1-7 (best)	2.5	99	↓
Availability and quality of railroad infrastructure 1-7 (best)	1.6	98	↓
Availability and quality of port infrastructure 1-7 (best)	2.5	100	↓
Availability and quality of road infrastructure 1-7 (best)	3.6	101	↓
<b>Pillar 5: Availability and quality of transport services 1-7 (best)</b>	3.7	87	↔
Ease and affordability of shipment 1-5 (best)	3.1	52	↔
Logistics competence 1-5 (best)	2.6	87	↔
Tracking and tracing ability 1-5 (best)	2.7	81	↔
Timeliness of shipments to destination 1-5 (best)	3.3	73	↔
Postal service efficiency 1-7 (best)	3.2	118	↔
Efficiency of transport mode change 1-7 (best)	3.5	97	↔
<b>Pillar 6: Availability and use of ICTs 1-7 (best)</b>	3.3	105	↔
Mobile-cellular telephone subscriptions /100 pop.	133.0	35	↔
Internet users % pop.	19.0	114	↔
Fixed-broadband Internet subscriptions /100 pop.	0.5	113	↔
Mobile-broadband subscriptions /100 pop.	42.8	76	↔
ICT use for biz-to-biz transactions 1-7 (best)	4.5	75	↔
Internet use for biz-to-consumer transactions 1-7 (best)	4.3	75	↔
Government Online Service Index 0-1 (best)	0.05	134	↔

## Recommendations (1):

1. Identify key economic activities of your economy
2. Identify major services linkages (inputs) for such activities
3. Check whether such services are available to all producers (esp. SMEs) in adequate quantity, diversity, quality (skills) and affordability, incl. issues of seasonality (e.g. tourism)
4. Find and implement policy actions to improve supply (quantity, quality etc) (avoid bottlenecks), incl. with international organizations

## Recommendations (2):

«Policy action» shall consider in particular:

- improve education in targeted skills (e.g. creative skills, management skills) as well as general;
- institutions-building: skills of the regulators;
- the regional dimension (regional markets, regional cooperation).



Thanks for your attention