Services Trade Policies and the Global Economy

by

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.
SERVICES TRADE POLICIES AND THE GLOBAL ECONOMY

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Overview

- Why a book?
- Highlights from the book
Why a book

• A tool for disseminating services trade work
  – Accessible to interested readers
  – Position the STRI project in a broader context of recent economic, technology and social development
  – Position the project in the policy debate
• A synthesis of a large amount of work previously presented in
  – 12 OECD Trade Policy Papers
  – A regulatory database covering 44 countries, 22 sectors and three years
  – Country notes, sector notes, contributions to OECD Economic Surveys, country briefs, policy notes
HIGHLIGHTS FROM THE BOOK
Context: a rising share of services everywhere (employment share)

Source: WDI
Context: Goods and services trade complement each other

- As manufacturing production networks become more complex, supporting services become more complex too
- Manufacturing firms are important services traders
- Knowledge-capturing products: a category of its own in SNA
  - Codified and digitised services have similar properties as goods:
    - Storable
    - Repeated use
• Develop a narrative from patterns observed in the data
• Group the sectors with a view to understanding their role in GVCs
• Present the STRIs in new ways – focusing on how regulations matter
STRI developments over time

Cumulative increase and decrease in scores across all countries (2014 to 2016)
Regulatory heterogeneity in services
Impact analysis: trade cost equivalents

(a) On cross-border exports

Additional tariff equivalent STRI, %

(b) On foreign affiliate sales

Additional tariff equivalent STRI, %
Impact analysis: on manufacturing exports

Impact of halving the distance to best practice STRI, average all countries
Main findings

• Open and well-regulated services markets help make globalisation work for all
• Open services markets are the gateway to global value chains
• Services reforms boost SMEs
• Regulatory co-operation reduces trade frictions
• Trade in services depends on the movement of professionals
• Trade in services underpins the digital economy
• Trade-relevant regulations should keep up with the digital economy
Implications for policy making

- Largest gains if domestic regulation regarding competition and transparency is concurrently improved.
- Regulatory co-operation makes doing business easier for exporters.
- Modes of supply are in many cases complementary.
- Opening up services markets would primarily benefit SMEs, which are responsible for the majority of new job creation.
- Services trade costs affect the competitiveness of value chains – and the location of activities along the value chain.
- Digitisation leads to changes in market structure:
  - Transforming some services to knowledge-capturing products
  - Changing the way production is organised.
- Domestic reforms e.g. related to licensing, permits, qualifications, standards, enforcement of competition policy, enforcement of IPR can reduce trade costs significantly.
- Reforming services trade brings benefits for consumers and strengthens domestic productivity and economic performance.
STRI Suite of Tools

- **Regulatory database**
- **Compare countries**
- **Policy simulator**

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**Country and sector notes**

**Research papers**
THANK YOU !!

Contact us
We look forward to hearing from you!

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