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Fourth session
Geneva, 18–20 May 2016

**Report of the Multi-year Expert Meeting on Trade,
Services and Development on its fourth session**

Held at the Palais des Nations, Geneva, on 18–20 May 2016

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Introduction

1. The fourth session of the Multi-year Expert Meeting on Trade, Services and Development was held at the Palais des Nations in Geneva, Switzerland, on 18–20 May 2016. Experts discussed experiences and lessons learned in promoting coherence between policies, regulations and trade liberalization approaches in order to support the services sectors. More than 100 participants were present. These included Geneva-based and capital-based high-level trade policymakers and trade negotiators, ambassadors and senior officials from national regulatory bodies, and representatives of international organizations, the civil society and the private sector. The meeting provided an opportunity to examine practices and experiences in making regulatory and trade agendas mutually supportive in the services sectors.

I. Chair's summary

A. Opening session

2. The Director of the Division on International Trade in Goods and Services, and Commodities delivered the opening statement, highlighting that UNCTAD had developed a toolbox for the services sector that combined research and technical assistance. This included the Multi-Year Expert Meeting on Trade, Services and Development; services policy reviews, country surveys, case studies, dedicated research and analysis, and the Global Services Forum. The fourth session had been convened to examine coherence between national policies and regulations, and trade liberalization approaches in the services sector, and associated institutional frameworks and coordination mechanisms to uphold such policy coherence, drawing from country and regional experiences and lessons learned. The topic was important because there was an intrinsic dichotomy between regulations, largely dominated by domestic public policy priorities. The international trade agenda focused on maximizing gains by reducing trade barriers and costs through liberalization. Ensuring coherence was an essential policy consideration at the national and international levels, which needed to be supported with appropriate institutional frameworks.

3. The Head of the Trade Negotiations and Commercial Diplomacy Branch introduced the background note of the secretariat (TD/B/C.I/MEM.4/11). She noted that services, including infrastructure services, enabled development by providing inputs essential to the efficient functioning of the economy and structural transformation. Services also facilitated upgrading, diversification and competitiveness. The 2030 Agenda for Sustainable Development was therefore a services agenda. Policies, regulations and institutional frameworks played a key role in determining services performance and were a precondition of liberalization. This was particularly important, as services were subject more and more to trade liberalization under multilateral, plurilateral and regional processes, which increasingly addressed regulatory measures. Efforts were increasingly being made to ensure smart regulations and reduce regulatory divergence through regulatory cooperation, but these needed to be best fit to national circumstances and development needs. The adequate content, pace and sequencing of liberalization was necessary so that regulatory and institutional frameworks could be built in advance. She recalled that services policy reviews assisted countries in devising an appropriate policy mix and ensuring coherence to improve services sector regulation and performance, export diversification and structural transformation.

B. Services, development and trade: The regulatory and institutional dimension

(Agenda item 3)

Services economy and trade for development

4. There was broad agreement on the importance of services in the world economy, trade and employment, as the servicification of other economic sectors evolved. Several speakers noted that services played a particularly significant role in global value chains and in international trade, which required inputs from infrastructure services, business and professional services. One panellist said that research conducted by the International Labour Office suggested that the share of global value chain services jobs in total service employment had increased steadily in the past two decades. However, growing services trade did not automatically lead to less working poverty, and the benefits of participation in global value chains were distributed unevenly among sectors and workers with different skills levels. The International Labour Office had called upon countries to implement decent work to make trade, including trade in services, a driver of sustainable development.

5. Several experts said that the traditional statistical methodology, based on the balance of payments, underestimated services exports. While these accounted for 20.6 per cent of total world exports, they stood at 55.9 per cent if measured by trade in value added indicators. Improving data collection in services was thus critical. By introducing the Integrated System of Foreign Service Trade (SISCOSERV) system in 2014, Brazil had made large strides in collecting data on trade in services. Transactions through modes 1, 2 and 3 were mandatory. SISCOSERV helped the Brazilian authorities identify services export potential, supported market intelligence and trade promotion, enabled other public policies in favour of services exports and provided inputs for trade negotiations.

6. Many experts emphasized the importance of sound institutional mechanisms enabling multi-stakeholder consultation and coordination, involving ministries, the private sector, civil society and consumers, to identify issues faced by the services sector and policy solutions in a holistic manner, linking domestic policies and negotiating positions. It should be led at the highest government level to demonstrate political commitment, ensure effectiveness and be embedded in existing agencies to reduce resource requirements. In China, an interministerial conference involving 39 ministries had been held to strengthen coordination. China had also deepened liberalization in several services sectors and developed 14 free trade agreements and 4 pilot free-trade zones, with a view to country expansion. It had introduced the International Fair for Trade in Services and the China (Shanghai) International Technology Fair for businesses and policymakers to build consensus on services trade issues and promote business transactions. In Brazil, the Services Foreign Trade Forum had engaged the private sector to improve the export environment. Both countries had services development plans.

7. One panellist emphasized that international standards such as those developed in the International Organization for Standardization were important for both goods and services. Services standards could be helpful in performance assessment, consumer protection and overall economic growth. They could provide up-to-date knowledge on how to demonstrate quality, reliability, safety and environmental protection. While there was a trade-off between the benefit of being certified and the cost to obtain certification, there were cases demonstrating that the use of international standards had brought substantial economic benefits to producers, including better access to market opportunities.

8. Regarding trade policy trends, one speaker recalled that recent trade liberalization efforts, particularly in developed countries of the European Union, had led to deeper market access commitments. This stemmed from the use of new liberalization approaches, such as

negative listings, and standstill and ratchet clauses for restrictions on existing measures. Trade negotiations were also addressing domestic regulations through horizontal and sectoral regulatory cooperation, including mutual recognition of diplomas and licences in professional services, or the exchange between regulators on methods towards regulatory equivalence. One expert cited the example of the electricity sector to discuss the interface between regulation and trade agreements. The sector was heavily regulated, and unbundling assets was a prerequisite for market openness. Regulations were relaxed, rather than eliminated, for non-bottleneck functions such as generation, while bottleneck facilities such as transmission and distribution continued to be regulated. The central elements of power regulation should remain unchanged in trade agreements, provided they were applied on a non-discriminatory basis.

Domestic regulations and trade liberalization in services

9. Some participants recalled that negotiations aimed at developing disciplines on domestic regulation under the General Agreement on Trade in Services (GATS) were aimed at ensuring that regulatory measures were not imposing unnecessary barriers to trade in services. These negotiations focused on disciplines covering all services sectors, addressing such issues as transparency, licensing, qualification and technical standards. Two major draft texts that had been produced in 2009 and 2011 focused on procedural aspects, rather than substantive regulatory requirements, as many members were reluctant to make regulatory commitments on horizontal disciplines.

10. According to one panellist, developing countries faced duality in regard to domestic regulation in the World Trade Organization (WTO): on the potential impact of disciplines on their own regimes and on commitments required from other markets. Another panellist said that on the whole, members would be keen to resume discussions on domestic regulations following the tenth WTO Ministerial Conference, held in Nairobi in December 2015, and to reach an outcome in the mid-term future. Some countries, India and China for example, had important stakes in services. These countries were not taking the lead in multilateral processes perhaps because they were developing regional alternatives or unilaterally implementing domestic reform. A return to negotiations would require that members define additional elements to include in the domestic regulation agenda. India, for instance, had considered services trade facilitation and transparency elements in regard to the movement of persons.

11. Several panellists noted that current multilateral and regional negotiations were not very effective in binding the applied level of openness in the services sector. According to an expert, this was due to the producer-driven approach of services negotiations, which positioned domestic regulation as a hindrance to market access. But domestic regulation was necessary to address market failures in services, and countries were hesitant to make commitments that could undermine regulatory functions. Conversely, proposals of strengthening regulations could lead to a snag in negotiations, and trade barriers could be linked to regulatory divergence. Regulatory barriers became more predominant as traditional market access barriers diminished, and some developed countries had created these barriers, for example with regulations more onerous than international standards. Consequently, a mechanism to protect consumers from international market failure was necessary to ensure regulatory objectives while removing hesitations for more liberalization. Instead of the producer-based approach, a new consumer-based approach could be advocated, whereby exporters would make regulatory commitments to protect foreign consumers in return for market access commitments by importers.

12. Several experts highlighted the importance of regulatory cooperation, which would strengthen national regulation, diagnosing and remedying regulatory inadequacies. Good regulatory practices would reduce divergence, costs of compliance and uncertainty to

business operators. One expert stated that adequate sequencing of regulatory reform and liberalization were important where regulatory cooperation was a pre-condition for liberalization, and both processes could not be separated in the services sector. Such cooperation needed to be coherent with negotiations and promote the participation of developing countries.

13. One panellist said that regulatory cooperation presumed mutual regulatory trust, and such trust tended to be more easily gained among countries with similar levels of development and regulatory preference. This implied that a developed country's regulatory cooperation ran the risk of excluding developing countries with weaker regulatory capacity and resource constraints to establish good regulatory systems. Another panellist said that developing countries needed to resist regulatory hegemony; they should not adopt developed markets' regulatory frameworks and should selectively make commitments on areas of export interest while retaining appropriate regulation domestically. To address this, mutual recognition without restrictive rules of origin should be privileged. Mutual recognition agreements should be leveraged by using the most favoured nation principle to prevent dilution and extend their benefits to third parties. Where harmonization was chosen, available international standards, such as those of the International Organization for Standardization, should be favoured. In this regard, it was important that developing countries be adequately represented in standard-setting bodies.

14. According to one expert, mega-regional trade agreements focused on regulatory convergence, possibly due to lack of progress within WTO. The Transatlantic Trade and Investment Partnership focused on regulatory cooperation to avoid regulatory divergence and non-tariff barriers. One panellist stated it was a demand-driven process, with inputs from companies in regard to what should be done in terms of regulatory convergence. Another panellist said that the level of ambition of the Trans-Pacific Partnership in domestic regulation was relatively low, possibly because broader country coverage implied weaker substance. There were more stringent GATS-plus obligations governing the licensing and authorization process but weaker GATS-minus disciplines on regulatory substance, and some provisions were crafted in best-endeavour format. The Trade in Services Agreement had a systematic approach, covering all domestic regulation issues and applying to a broad variety of sectors. The Agreement might become a benchmark for further discussions on domestic regulation, either bilateral or multilateral. One panellist noted that approaches based on regional trade agreements might contribute to the fragmentation of international regulatory conditions, increasing the risk of excluding third countries. However the tenth WTO Ministerial Conference had reiterated the centrality and primacy of multilateralism, reaffirming that regional trade agreements should remain complementary and should not be a substitute for the multilateral system.

15. Regional trade agreements also imposed restrictions on domestic regulation. For example, as mentioned by several experts, the Transatlantic Trade and Investment Partnership and the Trade in Service Agreement contained onerous transparency requirements. One panellist said that it could be burdensome for some developing countries if the ability for foreign companies to comment on proposed regulations was locked in a trade agreement, instead of unilaterally. This was compounded when commitments demanded replies in writing or when comments had to be taken into account. Also, the ability to regulate could be restricted by unclear wording on these trade initiatives and by provisions such as not allowing delays for the implementation of licensing and requiring national treatment for new financial services. Restrictions on licensing fees were detrimental to developing countries, as they were used for developmental purposes.

16. Several experts suggested that developing countries should carefully approach negotiations on domestic regulations bearing in mind their development needs and capacity constraints, which should be adequately covered by special and differential treatment. The

group of African, Caribbean and Pacific countries proposed that the trade facilitation template for special and differential treatment be used in domestic regulation. The least developed countries services waiver process could also provide examples of flexibilities. This process built momentum for domestic regulation negotiations, confirming that it was possible to grant preferences without compromising the quality of the service. In South Africa, utmost importance was placed on pacing and sequencing services regulation and liberalization, opening sectors where the regulatory and institutional capacity had been well established. It also focused on strong monitoring and enforcement. The country had provided regulatory cooperation with the Southern African Development Community, encompassing capacity-building and harmonization of banking regulation such as facilitated electronic transfers.

Regulatory frameworks and trade in telecommunications and in information and communications technology services

17. Several participants recognized the fundamental importance of telecommunications and information and communications technology (ICT) services for development. Telecommunications were the backbone of the digital economy and connectivity, and use stimulated growth and innovation. Recent studies revealed that ICT services represented only 3 per cent of the economy but were much more important in terms of what they enabled. Thus, trade policies and regulations for ICT development must consider this enabling value for the whole economy. Particular regulatory challenges facing policymakers and regulators in the sector included transparency, competition, unified licensing and technology-neutral licences, interconnectivity and cross-border information flows. In addition, the ICT sector had been characterized by an increased convergence of telecommunications, computer and broadcast technologies and services, and blurred lines between content and carriage. This had called for participative processes to regulations with inputs required from various sectors. This fast-paced development also blurred traditional definitions of the sector. While some experts considered that the sectoral classification as used in WTO was made obsolete, others suggested that in some cases services were just rebranded and could be covered by existing classification categories such as cloud computing services and e-business.

18. Several panellists stressed that cross-border trade was greatly enhanced by electronic means of delivery. Online activities often had backward and forward linkages that involved all modes of services. E-commerce was crucial for small and medium-sized enterprises, allowing them access to new domestic and international markets and participation in global value chains. These opportunities were increasing with improved ICT connectivity, new e-commerce platforms and payment solutions. But there were still many barriers to e-commerce uptake, including lack of awareness, absence of statistical data and weak regulatory frameworks. Other barriers related to a lack of affordable ICT infrastructure, limited use of the Internet, inadequate online payment facilities, and trade logistics and facilitation. Lack of security and trust in online activities was also important and, in this respect, data protection laws had become particularly important for consumer protection in the digital economy. However, regulators should be mindful that some regulations, for example localization requirements, such as the obligation to place data centres in a particular place, could make some suppliers unwilling to provide the service.

19. One expert found that cross-border commitments were still limited in GATS, and that while regional trade agreements increased binding commitments, controversial regulations, such as commercial presence and localization requirements, still existed. According to the Organization for Economic Cooperation and Development services trade restrictiveness index, there were correlations between low levels of restrictiveness and more usage of fixed broadband and the Internet. Legitimate concerns such as consumer and data protection and privacy should be addressed through international cooperation and

inter-agency processes. The Trade in Services Agreement proposed that data protection issues should be addressed by mutual recognition of consumer protection systems instead of local presence requirements. Another expert said that the regulatory focus was also present in the GATS framework, through the telecommunications reference paper. Several participants raised concerns relating to overly aggressive e-commerce provisions in trade agreements. Policies aimed at supporting small and medium-sized enterprises, such as incentives, would have to comply with national treatment requirement, which was considered a constraint for small countries where foreign suppliers would potentially be more competitive than local players. Yet another expert suggested it might be more important for the economy to ensure access to quality and affordable ICT services.

20. Exchanging country experiences on regulations and trade in the sector, one expert said that the Republic of Korea pursued telecommunications liberalization in WTO, as well as through free trade agreements with GATS-plus commitments. These external commitments spurred domestic regulatory reform that ended government monopoly and promoted gradual market liberalization, foreign investment, competition and cost-based interconnection. The establishment of fixed and mobile broadband markets relied on several success factors. Economies of scale were achieved because more than 50 per cent of households lived in large apartment complexes. Nation-wide demand boosted broadband services. Institutional factors, including a dedicated ministry, were also important and could enable coherence between trade and regulations. Innovation and upgrading were closely linked to trade commitments and active industrial policies. The Government had made ICT promotion policies a top priority, developing a master plan and earmarking the universal fund from the sector in telecommunications infrastructure development.

21. One panellist, speaking of the African experience, confirmed that the digital economy and e-commerce required regulatory and infrastructural enablers. Africa was characterized by regulatory diversity across countries and weak implementation of legal frameworks. Logistic bottlenecks on moving products and the absence of infrastructure for electronic payments were other challenges. In this context, the African Alliance for E-commerce had been formed in 2009 to facilitate transactions, develop information systems standards, promote and mutualize single window platforms, access points and payment platforms, develop business-to-business exchanges and the framework for the development of e-commerce in Africa. These enablers would facilitate the e-commerce value chain, addressing legal, regulatory, standards and technological challenges to integrate providers, transactions, logistics and formalities towards a possible global e-single window for trade.

22. Several participants said that UNCTAD services policy reviews were valuable tools for countries seeking to promote national multi-stakeholder dialogue, identify national strategies for services trade and development, and promote coherence and coordination in policymaking, regulation and institution-building for services. There was a need for an overall services strategy, including a sectoral strategy. One panellist noted that UNCTAD was preparing an aid for eTrade initiative, a platform where the ICT community, the private sector and international organizations could share information on current initiatives to promote coherence and collaborative synergies.

Financial services regulation and liberalization

23. Many experts acknowledged that financial regulations in the post-global crisis context and trade disciplines posed a major challenge for national regulatory and policymakers. One panellist recalled that the GATS preamble recognized the principle of the right to regulate, including the right to introduce new regulations on services to meet national policy objectives, especially of developing countries. The relationship between the GATS and the broader financial regulatory framework allowed for different interventions

with an impact on financial services. The prudential carveout, as recognized under the GATS Annex on Financial Services, allowed measures to protect investors and depositors or to ensure financial integrity and stability. The recent WTO jurisprudence on the Argentina–Financial Services dispute clarified the scope of this discipline. It found that any measures affecting services supply measures – not just those limited to domestic regulation – could fall within the scope of prudential carveout. This implied a relatively broad definition of prudential reasons, giving authorities larger discretion for prudential regulatory measures.

24. Another panellist said that macroprudential policy today encompassed capital controls. Traditionally justified for balance of payments reasons only, capital control was increasingly recognized, including by the International Monetary Fund, as a useful instrument to counter threats to financial stability in the context of post-crisis regulatory frameworks. For example, when capital inflows into banking contributed to a boom in domestic credit and asset prices, a restriction on banks' foreign borrowing could reduce macroprudential risks. Still, with a notable exception for reasons relating to the balance of payments, GATS prohibited restrictions on capital transactions, and the prudential carveout might be inconsistent with capital controls targeting financial stability. As post-crisis regulations became more complex and could discriminate between financial firms and transactions in pursuit of financial stability – for example in special sectoral capital and liquidity requirements under Basel III – strict adherence to national treatment set out in GATS might become difficult.

25. One expert said that financial regulation could be developed through cooperative arrangements or by focusing negotiations on regulatory commitments. Regulatory disciplines in trade agreements could provide greater integration and convergence of standards and improve the business environment. Conversely, such disciplines needed to preserve policy space for legitimate domestic policy measures. In this context, negotiations on a framework agreement on the Continental Free Trade Area were an opportunity to discuss financial regulation, both in its role in trade in financial services and as an enabler of trade in other goods and services. This required involving regulators to raise awareness of negotiators about linkages between regulation and trade, and to allow for discussions to define the necessary policy space for regulation. For that involvement, it was necessary to advocate that trade could bring inclusive benefits, and that trade debates could catalyse institutional coordination, thus contributing to the achievement of financial regulatory goals.

26. According to one panellist, regulations needed to be designed to enable innovation, support digital financial inclusion and achieve stability, integrity and consumer protection goals. To meet these challenges, regulators should be guided by various principles when pursuing competition, level-playing field and know-your-customer objectives: similar regulations for similar functions, risk-based regulations and balance between ex-ante and ex-post regulations. Interoperability should emerge as a market solution but if regulatory intervention was required, it should neither be too late to avoid entrenched monopolies, nor too early to avoid deterrence of innovation and investment. A level playing field was important to ensure that functionally equivalent digital services with similar risk were regulated equally, especially with multiple providers with different models and multiple regulators. Nevertheless, proportional regulation, with stricter rules applied to higher risk, was recommended. Know-your-customer rules facilitated financial inclusion, as credit was easily provided to well-known customers, but if it was onerous, providers would be unwilling to serve poorer customers. This called for an appropriate risk-based approach. Graduated penalties could also be applied, with lower penalties to those complying with due diligence.

27. One expert said that ICT services played a key role in achieving financial inclusion. Two billion people lacked access to a bank account but, of these, 1.6 billion had access to a mobile phone. In this context, the International Telecommunication Union had set up the Focus Group on Digital Financial Services, to which UNCTAD contributed, to provide policy and regulatory recommendations and to promote dialogue between overlapping finance and telecommunications regulators. Consumer protection needed to account for the multiplicity of interactions in the digital financial services value chain, mainly with agents and financial providers. Common consumer protection issues included fraud, transparency with regard to conditions and fees, and lack of adequate dispute resolution and alternative recourse. Other issues were the possibility to address user errors, network downtime and security, and data privacy because data on digital financial services were sought for credit history. The protection of bank trust accounts, where e-money was backed, was also important for consumers to recover money if a bank went bankrupt.

28. Many experts stressed the need to adequately address the trade and development consequences of new financial regulatory efforts. De-risking was a practice whereby financial institutions terminated or restricted business relationships with clients to avoid, rather than manage, risk. One panellist said that decisions by banks to withdraw correspondent banking relationships or services, such as accounts for certain client segments, were based on factors such as regulatory and risk concerns associated with recent financial regulatory reforms to combat money laundering and terrorist financing. Banks also terminated correspondent banking relationships if correspondent banking was not sufficiently profitable to justify high compliance costs, potentially large fines and possible reputational damage. Financial institutions, in fear of being cut off from correspondent relations, compounded the problem by preventively de-risking relations with money transfer organizations. Wholesale, rather than case-by-case, de-risking was not consistent with the advocated risk-based approach. Regulatory and supervisory authorities, working with banks, should actively enforce effective risk management, encourage correspondent banking relationships and prevent trade-distorting effects while implementing anti-money laundering and counter-terrorist financing measures.

29. De-risking had affected most severely those jurisdictions with low volumes of business or those that were perceived as high-risk for money laundering and terrorist financing, and these included the Caribbean region. Particularly affected services were clearing and settlement, cash management services, international wire transfers and trade finance. One panellist confirmed that it was necessary to consider needs from developing countries, as de-risking had economic and social impacts. It affected financial inclusion, reducing the availability of services through correspondent banking, excluding money transfer organizations and interrupting remittance flows, and affecting the ability of financial providers to trade in and beyond financial services. Therefore, those involved in trade needed to contribute to the regulatory debate on de-risking. There was also a cost of doing business and a cost related to the negative perception of investors.

Towards a coherent approach to trade and regulation of services

30. One panellist said that in India there was a cautious, gradualist and learning-by-doing approach to services liberalization that had enabled the country to become a successful exporter of services. Policy space was preserved by first initiating unilateral liberalization, rolling it back at times. Another critical aspect of successful liberalization included instituting appropriate and independent regulatory bodies. The liberalization experience in telecommunications confirmed the importance of sound institutional frameworks, with a clear definition of the regulator's role; it was also important to ensure a level playing field between public and private providers. The reform process allowed for productivity improvements, increased competition and lower prices. Still, regulatory attention was needed for universal access, as the urban-rural divide had increased after

liberalization. In retail, liberalization allowed the connection of rural producers to supply chains.

31. One panellist said that discussions on coherence between policies, regulations and trade negotiations in services were particularly important, as there was high momentum for regional integration and ongoing negotiations on trade in services. African countries could develop coherent national services policies through an iterative process. Sectoral policies had been developed but it was often necessary to mainstream the trade dimension and cross sectoral silos towards national policy for services. UNCTAD services policy reviews could help countries by looking at services in the broad economic sense and matching regulatory and institutional frameworks. With policies defined, regulatory measures should take into account regional integration objectives which, in the East African Community, had led to convergence and the harmonization of regulations. Trade negotiations should then be used to craft regulations coupling market access commitments with policy objectives.

32. A panellist said that the East African Community envisaged the harmonization of domestic regulations across sectors to enhance services trade in the region. In this regard, three mutual recognition agreements on academic and professional qualifications had been signed, and a technical committee had been established to harmonize curricula, examinations, standards and certificates. Marketing the Community as a single tourist destination had increased arrivals but regulatory cooperation was needed to ensure seamless regional transport, telecommunications and financial services for tourists. Future integration in the Community should ensure an open, fair and predictable regulatory environment; it should also establish mechanisms for effective interagency consultation and coordination, make impact assessments of regulatory measures and establish a mechanism for broad consultation. The East African Community needed support from its development partners, including UNCTAD, to develop regulatory and institutional capacity-building at the national and regional levels.

33. One panellist stressed the importance of institutional frameworks to promote regulatory coherence in the European energy market integration process. The Agency for the Cooperation of Energy Regulators assisted national regulators to coordinate across heterogeneous energy systems, thus addressing gaps in the former voluntary approach. The role of national regulators was strengthened through their participation in the Agency's Board of Regulators to provide guidance. The Agency and national regulators were therefore complementary; however, striking the right balance between national and supranational levels remained an area of continuous work.

34. Institutional frameworks were also important to achieve policy coherence in the work of the Economic Community of West African States and the West African Economic and Monetary Union to the regional integration process. The region had opted to promote such coherence by establishing the Joint Technical Secretariat to address overlapping objectives between the regional institutions and to develop an agenda for harmonizing projects and policies. This coordination mechanism was considered essential to the development of an open and competitive regional market and was useful in coordinating economic partnership agreement negotiations with the European Union, allowing the region to speak with one voice. Other coordination mechanisms included high-level and sectoral meetings to ensure complementarities between work programmes, and a platform for legal cooperation. The latter was used to address possible disparities between standards in the two organizations and to prevent such disparities.

35. The importance of an enabling institutional framework was also recognized in Brazil. The Chamber of Foreign Trade was an interministerial body comprised of representatives from the main economic ministries to promote regulatory coherence, including by reviewing coherence of laws with international commitments. The body served as a forum where ministries could reach consensus on international trade issues.

36. In Paraguay, coordination of services policy also relied on an interministerial national services forum. The forum envisaged to analyse services regulations and negotiations and had already achieved progress in national services classification, registration of services providers, and in a methodology to collect data on services trade. UNCTAD services policy reviews had provided guidance for the design and implementation of policy reforms and initiatives in Paraguay in areas such as construction, education, and financial and telecommunication services.

37. Part of ensuring coherence between trade and regulations was about resolving regulatory disputes on international trade, where different systems could be used. Adjudicatory processes were open, transparent and participatory. Cabinet-level decisions were potentially less transparent, while possibly more efficient. Arbitration could be problematic when independent arbitrators rendered decisions on actions of sovereign Governments. For processes mandated by treaty, there was the WTO dispute settlement system. Judicial appeals had a potential problem if judges were biased against foreign investors, or generalist and without sectoral and trade knowledge. When disputes were handled under domestic regulatory frameworks, the system should provide for a transparent adjudicative process. Beyond chances for recourse, parties should have the opportunity to raise possible trade issues, allowing regulators to attempt to reconcile trade and regulatory conflicts. Fairness, public participation and transparency were critical in assuring coherence in resolving regulatory dispute that involved international trade.

C. Conclusions

The way forward

38. Based on the exchange of various country experiences and lessons learned, the Multi-year Expert Meeting suggested a number of recommendations regarding the work of UNCTAD. UNCTAD should consider the following suggestions in view of its upcoming quadrennial conference, UNCTAD XIV, and to enhance the contribution of services to the attainment of the Sustainable Development Goals:

- Strengthen its comprehensive work on services;
- Foster multi-stakeholder dialogue on services towards the identification of best-fit practices, including through the Global Services Forum and in a continuous multi-year expert meeting and standing platform for expert deliberations on services beyond UNCTAD XIV;
- Conduct research and support developing countries in assessing and identifying best-fit national policy, regulatory and institutional frameworks, including in promoting trade, structural transformation, diversification and employment;
- Conduct research and analysis on the role of services in global value chains;
- Carry out services policy reviews for new countries and follow up on action plans and implementation;
- Do analytical work to ensure that trade, services sectors development – particularly infrastructural services – trade in services and trade agreements are coherent with other key policies – including development policies – and the Sustainable Development Goals;
- Strengthen support for developing countries' engagement in multilateral, plurilateral and regional trade negotiations, as well as other cooperative arrangements affecting the services sector, including in ensuring policy space, coherence and adequate sequencing between domestic services policy and regulations, and trade

liberalization approaches, including in the context of mega-regional trade agreements, African regional economic communities and the Continental Free Trade Area;

- Support the least developed countries in expanding, monitoring and benefiting from preferential market access initiatives;
- Contribute to international and national efforts for better collection of statistical data on services;
- Strengthen cooperation on matters standing at the interface of trade, services, telecommunications, ICT, energy, transport and financial services, including cooperation on the digital ecosystem;
- Conduct research on the impact of trade in services and regulatory frameworks on the development potential of the digital economy and ICT-enabled trade;
- Examine the trade-and-development implications of financial regulatory reforms and financial inclusion, including on de-risking of correspondent banks and remittance transfer organizations;
- Study the impact of international standards on services;
- Encourage developing countries to participate in regulatory cooperation and standard-setting bodies with a view to strengthening their services economy and trade.

II. Organizational matters

A. Election of officers

(Agenda item 1)

39. At its opening plenary session, the Multi-year Expert Meeting elected the following officers:

Chair: Mr. Christopher Onyanga Aparr (Uganda)

Vice-Chair-cum Rapporteur: Mr. Marcial Espinola Ramírez

B. Adoption of the agenda and organization of work

(Agenda item 2)

40. At its opening plenary session, on 18 May 2016, the Multi-Year Expert Meeting adopted the provisional agenda for the session (TD/B/C.I/MEM.4/10). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Services, development and trade: The regulatory and institutional dimension
4. Adoption of the report of the meeting

C. Outcome of the session

41. Also at its opening plenary session, the Multi-Year Expert Meeting agreed that the Chair should summarize the discussions.

D. Adoption of the report of the meeting

(Agenda item 4)

42. At its closing plenary session, on 20 May 2016, the Multi-Year Expert Meeting authorized the Vice-Chair-cum-Rapporteur to finalize the report after the conclusion of the meeting.

Annex

Attendance*

1. Representatives of the following States members of UNCTAD attended the expert meeting:

Algeria	Kazakhstan
Bahamas	Kuwait
Brazil	Lithuania
Cameroon	Namibia
Central African Republic	Nicaragua
China	Paraguay
Costa Rica	South Africa
Côte d'Ivoire	Spain
Democratic Republic of the Congo	Sudan
Ecuador	Tunisia
Greece	Turkey
Italy	Uganda
Jamaica	United States of America
	Yemen

2. The following intergovernmental organizations were represented at the session:

European Free Trade Association
 European Union
 Organization for Economic Cooperation and Development
 International Organization of la Francophonie
 Organization of Eastern Caribbean States
 Pacific Islands Forum Secretariat
 South Centre

3. The following United Nations organs, bodies or programmes were represented at the session:

International Trade Centre

4. The following specialized agencies and related organizations were represented at the session:

World Tourism Organization
 World Trade Organization

5. The following non-governmental organization was represented at the session:

General category
 Consumer Unity and Trust Society International

* This attendance list contains registered participants. For the list of participants, see TD/B/C.I/MEM.4/INF.4.

International Network for Standardization of Higher Education Degrees
International Organization for Standardization
Third World Network
Village Suisse ONG
