Services play a growing role in modern economies. The sector now accounts for two thirds of the world output. Employment directly in the sector has grown to represent 44 per cent of total employment (2011 figures, see figure 1), up from a share of 39 per cent in 2000. An efficient and productive services industry contributes significantly to productivity growth and is crucial for the overall competitiveness of an economy, including in manufacturing and agriculture. Furthermore, the services content of manufacturing has been steadily increasing and many manufacturing companies outsource services activities.

In recent years, more jobs have been created in services than in any other sector and the companies in the services sector are expected to be key drivers to reduce unemployment from its record levels. In 2013, more than 200 million people worldwide are expected to be unemployed and youth unemployment is particularly high in some countries, reaching levels of over 50 per cent. Due to the sectoral and geographical distribution of certain services sectors such as tourism, employment gains will be most significant in reducing poverty in developing countries and providing employment opportunities for women. Trade plays a prominent part in strategies to promote job creation.

Figure 1. Share of services sector in gross domestic product, employment and total exports, 2011 (per cent)
Trade in services is becoming increasingly important. Although its share in total trade is considerably smaller than its share in gross domestic product (GDP) (19 per cent compared to 66.3 per cent, figure 1), services trade has increased substantially over recent years and is expected to outperform growth rates in merchandise trade as well as GDP growth. During the last three decades, services trade grew 8.5 per cent annually, higher than goods trade (7.8 per cent), to reach a share of 19 per cent of total world trade. A contributing factor is the increased tradability of services due to technological progress. Many services activities are outsourced and offshored contributing to international services trade. Travel, transportation and business services are the three major services sectors.

Furthermore, services are also increasingly indirectly traded as inputs used in the production of goods. This is confirmed by new approaches to measure trade taking into account the value added (rather than gross exports; an OECD–World Trade Organization initiative). The services share in trade in value added is much higher than gross trade, namely 45 per cent of world value added trade. Consequently, more services companies and employees are engaged in trade than previously thought.

Services trade is offering an opportunity for developing countries to generate good and highly productive jobs. However, so far few developing countries have managed to become a global supplier in services; China and India are the leading services exporters among developing countries, followed by Singapore and Hong Kong (China). In fact, just ten developing countries produced almost 70 per cent of the developing countries’ services exports in 2011, which corresponds to 20 per cent of the global total in services. Most developing countries have a large trade deficit in services trade and their share in world trade has been decreasing since the late 1990s. Figure 2 shows developing country services exports by category for the years 2000 and 2011.

**Figure 2. Share of developing countries in world services exports by category, 2000 and 2011 (per cent)**

The session is jointly organized by UNCTAD and the OECD and involves high level government, international organization and private sector representatives.

The session will:
- assess the potential to create employment in services; and
- aims to identify policies that are supportive for job creation in services:
  - policies at the national level to build productive capabilities and enhance export competitiveness that require a comprehensive, integrated and coherent strategy such as skill, infrastructure and institutional development;
  - potential opportunities for efforts and cooperation, such as improved market access through regional and multilateral trade agreements to create an enabling environment for job creation.

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