According to the World Trade Organization, trade in services accounts for roughly 45 per cent of global trade on a value-added basis. Additionally, services today are about two thirds of the global gross domestic product. However, exporting goods requires accessing competitive services that can increase the value added to traded goods. Today services have developed into a catalyst for international trade. Furthermore, in the last two decades the import content of exports has grown from 20 per cent to 40 per cent and today, more than 56 per cent of world imports are intermediate goods and 73 per cent of world services imports are intermediate services. Imports are needed to increase exports.

Source: UNCTAD, 2013.
Production fragmentation has created a new trade paradigm, where intermediate goods and services move from one country to another before becoming part of a final export. Trade today is conducted through global value chains and services have become a keystone for the functioning of global value chains. These chains of related activities result in more added value than the value of the constituent parts and processes taken together.

A number of questions can be asked relating to the services as a catalyst of international trade through global value chains, including:

- What is the relation between services and global value chains as an engine for trade?
- How can the development opportunities and challenges of services through global value chains be addressed?
- How can global value chains increase development opportunities for developing countries?
- What is necessary (nationally, regionally and multilaterally) for developing countries to be active players in global value chains?

Questions also arise in relation to the trade policy implications in respect of services and value added, such as:

- Do the input of services in traded goods represent an opportunity of competitiveness and creating comparative advantage?
- How do services provide an opportunity for value-added creation?
- What are the trade policies that are necessary to maximize the benefits of the services components of trade and to move them into sectors with higher value added?
- What are the domestic factors to ensure that services ensure value added and represent growth and development?
- What is the role of services in industrialization/reindustrialization?

### ISSUES TO BE CONSIDERED

This session will:

- Examine services as an engine for trade in goods;
- Identify how domestic service value added incorporated in exported goods encourages competitiveness and brings comparative advantages to exported goods;
- Identify opportunities for developing countries to move into the service sector maximizing the value added and increasing competitiveness in global trade;
- Share success stories that will illustrate how service strategies can ignite trade in goods.

For more information

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