The services sector has emerged as the largest segment of the economy, contributing a growing share to gross domestic product (GDP), trade and employment. The sector accounts for 66 per cent of GDP and 44 per cent of employment worldwide, and trade in services constitutes nearly 20 per cent of world trade of goods and services, with two thirds of global foreign direct investment (FDI) flowing into the sector. Services trade has emerged as a vibrant component of world trade, and developing countries have increased their participation in this trade, expanding their share in world services exports from 23 per cent to 30 per cent between 2000 and 2011. Some of them have indeed seized substantial benefits by exploiting emerging areas of their comparative advantage, such as movement of natural persons and outsourcing of information technology-enabled business services, while others are acquiring important capacity to follow suit. The rising services sector and trade has become a driving force of the world economy, and will likely remain so in the foreseeable future in the twenty-first century.

Opportunities created by the rising services economy are enormous. The development of services contributes significantly to economy-wide growth, as they constitute essential inputs to other products and services. Some services with important social function – health, education, energy, transport and telecommunications – remain indispensable for the achievement of the Millennium Development Goals, and the post-2015 challenge of inclusive and sustainable development. Efficient services are catalytic to the expansion of global value chains. Given its weight in the national economy, the services sector development also contributes to economic rebalancing, restructuring and upgrading. Modern exportable business services (for example, information technology-enabled outsourcing) have emerged as promising tradable services, particularly for developing countries. Given the multifaceted contribution of services to the overall economy, growth and employment, there is a real opportunity for exploring a services-driven growth and development strategy.

While the services sector has matured in developed countries, it is a new frontier for developing countries where the weakness in supply capacity, as well as regulatory and institutional
capacities, have constrained their ability to use the sector’s potential as an effective instrument for inclusive and sustainable development. Positively integrating developing countries into the global services economy and trade in services has therefore assumed a developmental significance.

There remain important challenges to be overcome in this regard. Maximizing positive contributions of services requires, as preconditions, good policies, adequate regulations and strong institutions, together capable of creating an enabling environment for the services economy and trade. At the national level, building productive capabilities and enhancing export competitiveness requires a comprehensive, integrated and coherent strategy. Furthermore, best-fit regulatory and institutional frameworks are critical for a good functioning of services sectors, particularly infrastructure services, as their performance is highly dependent on the quality of regulations.

At the international level, efforts are needed to advance global development-led services trade agenda in the international trading system, so as to unleash the potential of services trade to spur growth and development. In view of the stalemate in multilateral trade negotiations, all forms of cooperation – multilateral, regional and bilateral, as well as North–South, South–South and South–South–North – are being exploited to revitalize international trade cooperation in the realm of services. Adequately designing the content, pace and sequence of the liberalization process, and coordinating this process coherently with the implementation of national policies and regulations, would be fundamental for the creation of an enabling environment for trade in services. Complementary measures such as strengthening regulatory cooperation relating to service trade to create a more facilitative policy environment, as well as promoting innovation and higher value addition in services value chains, would also make an important contribution.

**ISSUES TO BE CONSIDERED**

Bringing together Ministers, high-level policymakers and business leaders, the Forum Summit will:

- Share new visions for harvesting the potential of the global services economy and trade in services for meeting the economic challenges of the twenty-first century;
- Identify ways and means to build services productive capacity in developing countries and enhance their beneficially participation in international trade in services;
- Explore new ideas on creating an enabling environment for the services economy and trade so as to maximize gains for inclusive and sustainable development;
- Share experiences and lessons learned to identify successful and innovative strategies and best-fit policies to maximize the positive contribution of the sector to inclusive and sustainable development;
- Identify innovative approaches to strengthening international cooperation on services, including in bringing forward global services trade agenda for pro-development outcome, and in promoting regulatory cooperation and various forms of partnerships.

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