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SESSION 3:

**INFRASTRUCTURE SERVICES UNDER
REGIONAL TRADE AGREEMENTS**

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Infrastructure services in LAC trade agreements

(Session 3)

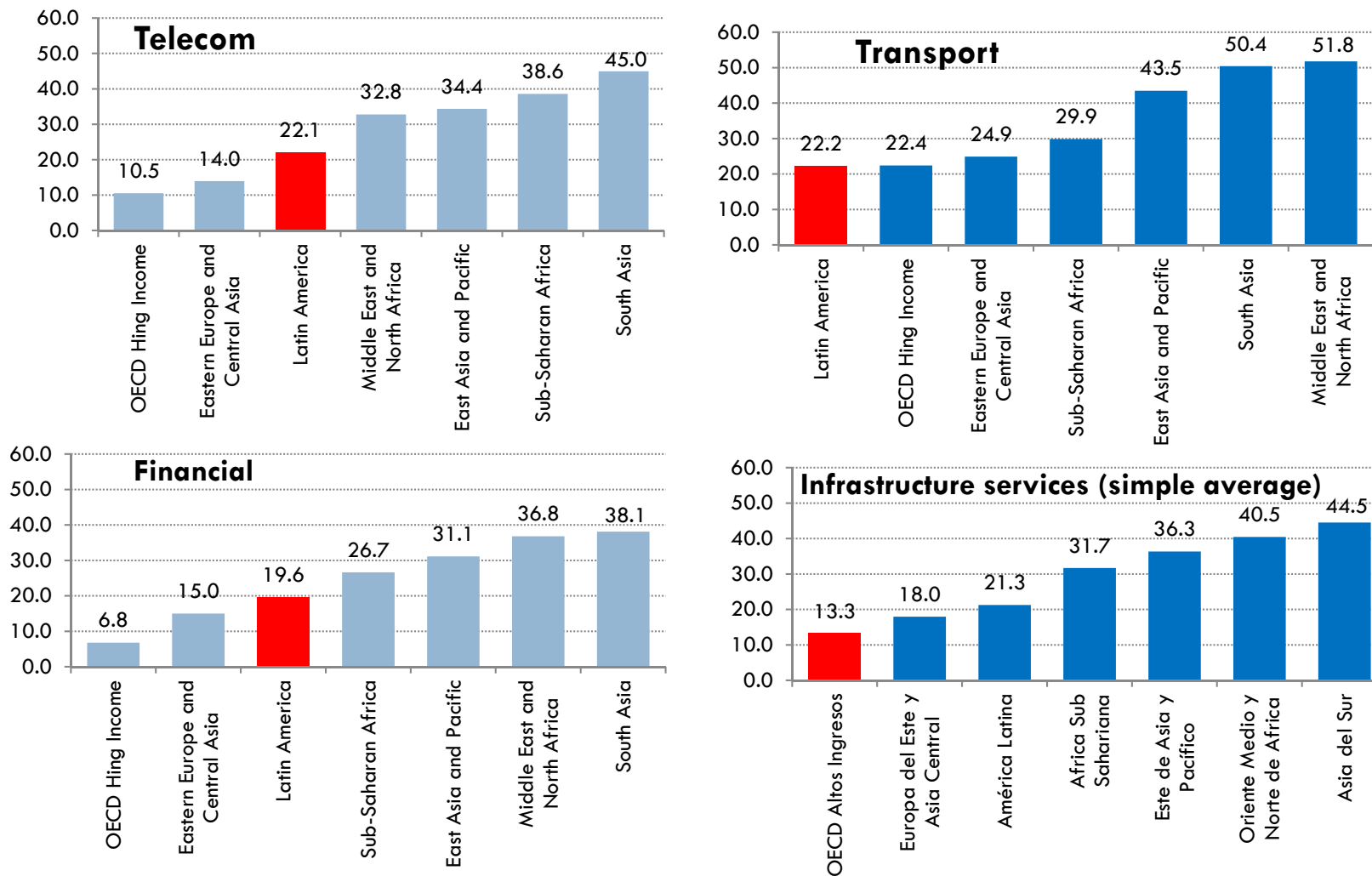
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LAC is among the world's most open regions in infrastructure services

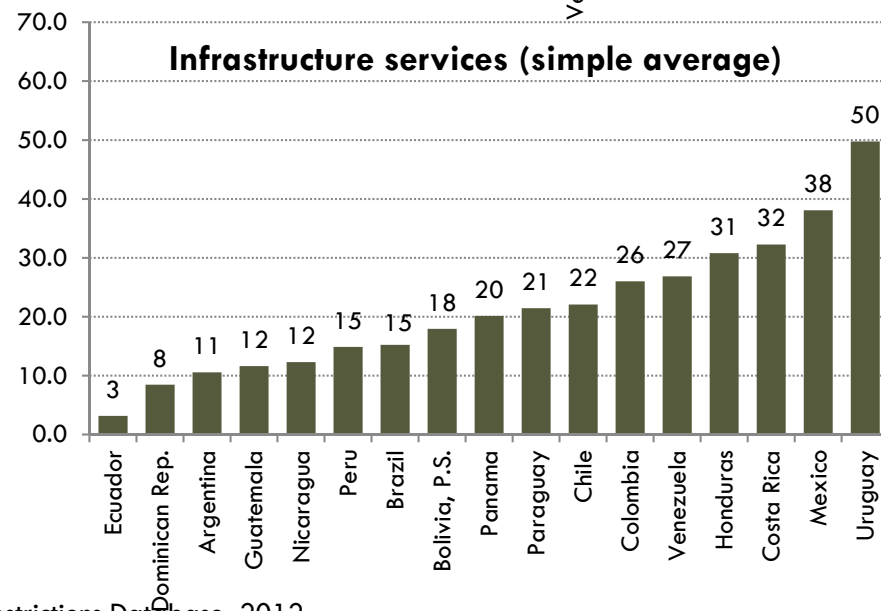
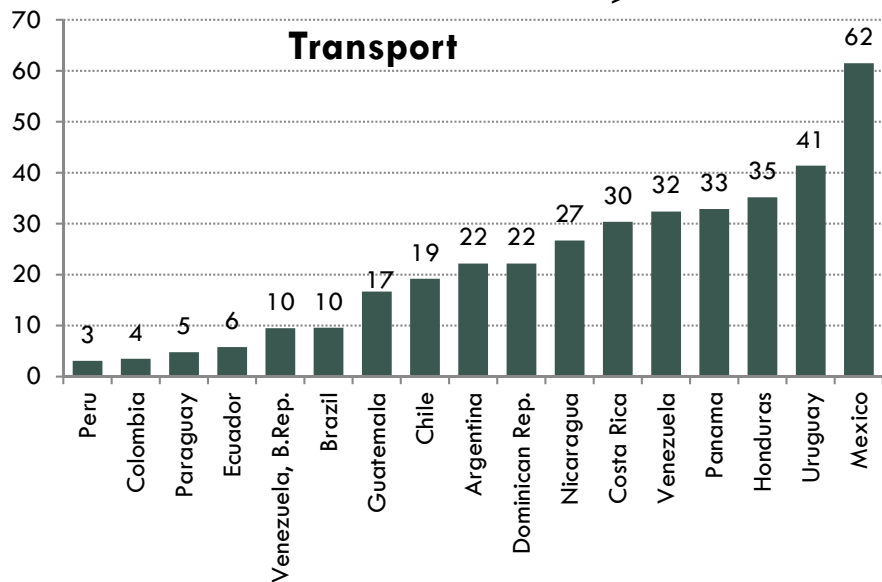
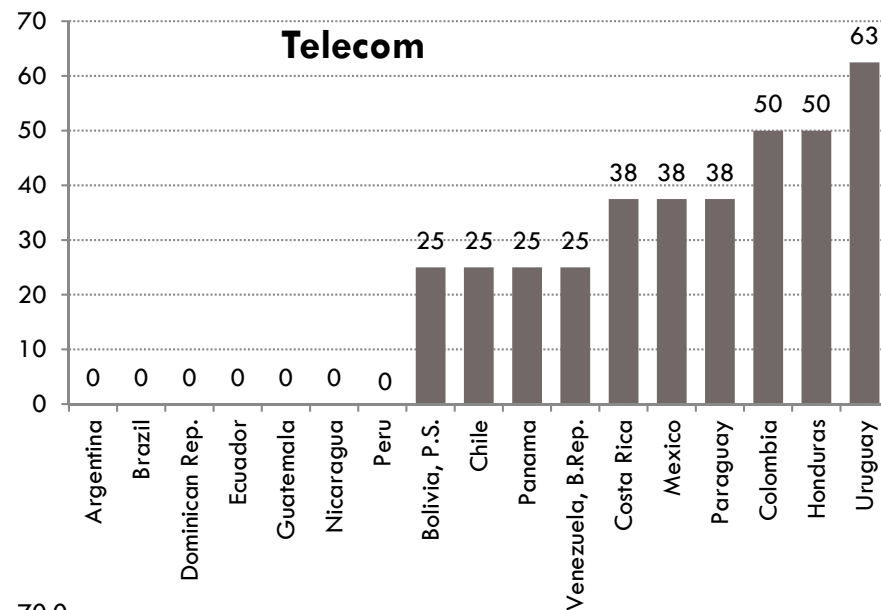
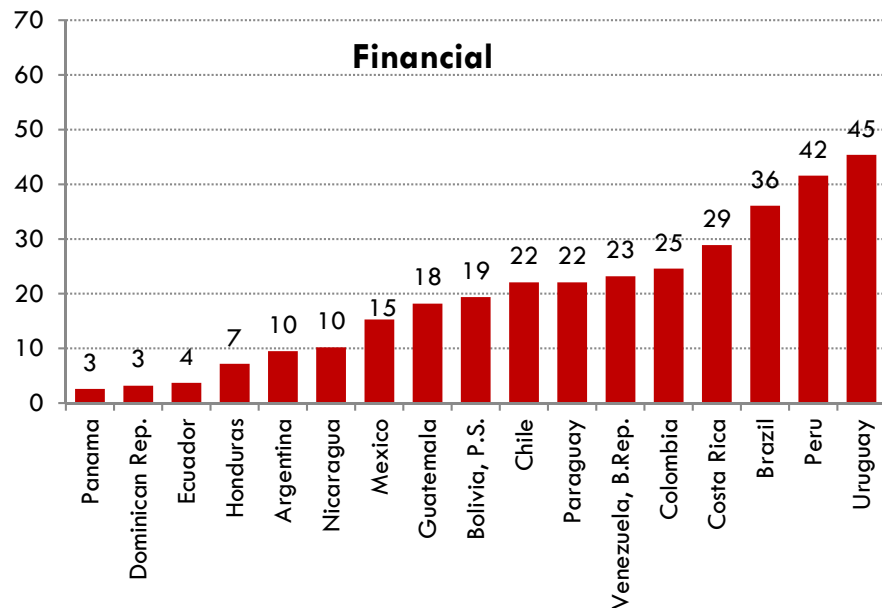
Services Trade Restrictiveness Index (STRI), around 2010



Source: ECLAC, based on Borchet, Gootiiz and Mattoo (2012), Service Trade Restrictions Database, 2012
<http://iresearch.worldbank.org/service/trade/aboutData.htm>

But with a great heterogeneity among countries

Services Trade Restrictiveness Index (STRI), around 2010



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How are trade agreements dealing with infrastructure services in Latin America? (1)

- Trade agreements among LAC countries vary a lot in terms of their coverage of services:
 - Andean Community, CARICOM, Central America-Mexico FTA and Pacific Alliance have liberalized trade in services among their members
 - Pacific Alliance Trade Protocol also includes chapters on financial services, international maritime transport and telecoms
 - Less progress has been made within MERCOSUR
- Therefore, convergence within the region will not be easy

How are trade agreements dealing with infrastructure services in Latin America? (2)

- FTAs with developed countries include chapters on cross-border services and investment, plus (in many cases) specific chapters on telecoms, e-commerce, financial services and trade facilitation
- These chapters provide increased transparency and some liberalization (national treatment, access to networks, etc)
- Air, land and maritime transport are often excluded and are addressed through specific bilateral agreements
- Effect of FTAs on quality & cost of infrastructure services in LAC countries is not always clear, but there are examples:
 - In Costa Rica, liberalization of mobile telecoms and insurance following CAFTA-DR has enhanced its overall competitiveness

How are trade agreements dealing with infrastructure services in Latin America? (3)

- The most recent “mega regional” FTA negotiations place great emphasis on removing barriers to global value chains
- This often means liberalizing infrastructure services
- For example, many TPP chapters relate to IS:
 - Cross-border trade in services
 - Investment
 - Trade facilitation
 - E-commerce
 - Telecoms
 - Intellectual property (ex. management of data flows, location of data servers)
 - Regulatory convergence
 - Competition
 - State-owned enterprises
- There is little information available on what is being negotiated, but there are several concerns among developing countries
- Need to balance possible benefits of reduced prices/better quality of infrastructure services with possible losses of policy space

Some conclusions

- ❑ LAC is relatively open in IS, compared to other developing regions
 - ❑ But LAC countries show large differences in terms of openness
- ❑ There's also great diversity among LAC countries in terms of willingness to open up IS in trade negotiations:
 - ❑ Some progress has been made to liberalize trade in IS in most integration schemes; MERCOSUR is the main relative exception
 - ❑ Chile, Colombia, Costa Rica, Mexico, Panama & Peru are active participants in FTAs including services and in the TISA negotiations
 - ❑ Bolivia, Cuba, Ecuador and the MERCOSUR countries have taken a more defensive stance, for different reasons (ex. possible impact of trade liberalization on universal access to basic services)
- ❑ But trade negotiations are not the only (or the best) way to improve the region's infrastructure services:
 - ❑ A lot can be done through regional cooperation in transport, energy, telecoms and finance



Thank you