

# Restrictions on Post-Sales and Distribution Services

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# Four questions

- When do restrictions on post-sales and distribution services matter for goods trade?
- What measures should be covered?
- How should the measures be classified?
- What do we know about the measures?

# When do restrictions on post-sales and distribution services matter for goods trade?

		Optimal scale of distribution services	
		Small	Large
Vertical integration improves efficiency	No	Liberalization of services is not necessary Pro-competitive regulation is not necessary	Liberalization of services is not sufficient Pro-competitive regulation is necessary
	Yes	Liberalization of services is necessary Pro-competitive regulation is not sufficient	Liberalization of services is necessary Pro-competitive regulation enhances competition but may hurt efficiency

Source: Mattoo (1998), Dealing with Monopolies and State Enterprises: WTO Rules for Goods and Services, Chapter 3 in Bernard Hoekman and Petros Mavroidis (eds.), Trade Liberalization and Property Ownership: State Trading in the 21st Century, University of Michigan Press.

# Existing UNCTAD NTM Classification

- J. DISTRIBUTIONS RESTRICTIONS
  - J1 Geographical restriction
  - J2 Restriction on resellers
- K. RESTRICTIONS ON POST-SALES SERVICES

(See also H. MEASURES AFFECTING COMPETITION

- H1 State-trading enterprises, for importing; other selective import channels
- H2 Compulsory use of national services)

# World Bank-WTO Classification of Measures Affecting Services Trade

- Conditions on market entry
- Conditions on operations
- Barriers to competition
- Regulatory transparency
- Miscellaneous measures

# Conditions on market entry

- Sector openness
- Form of entry
- Quantitative and administrative restrictions
- Licensing of firms (market access related issues)

# Conditions on operations

- Restriction of Provision of Service
- Restriction on Service Provider
- International standards
- Government procurement
- Other measures

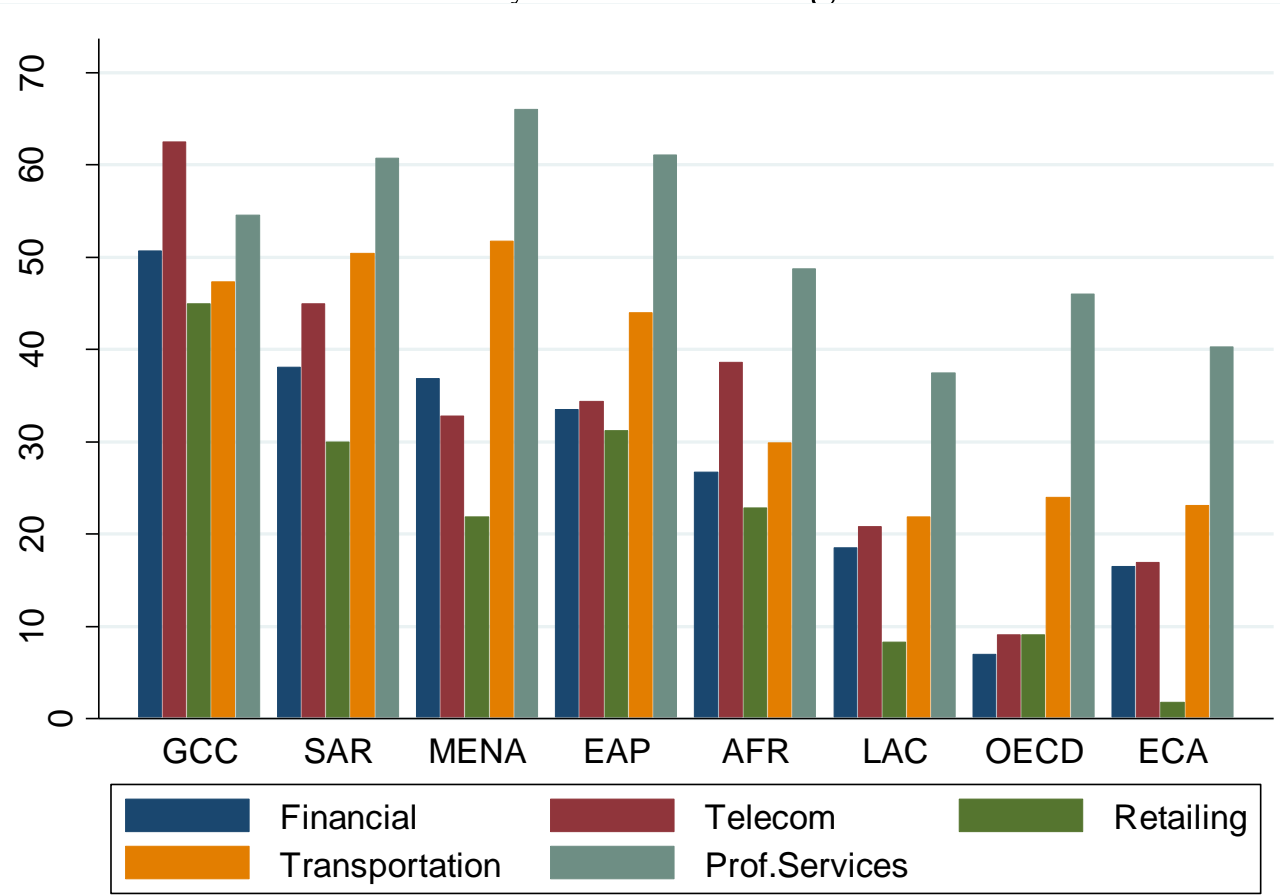
# Barriers to competition

- Conditions on conduct of domestic/incumbent firms
- Conditions on conduct of foreign providers
- Governmental rights/prerogatives
- Public ownership
- Other measures affecting competition



# Protection persists in retail services – but average levels of protection are lower than in other services

STRI by sector and region:

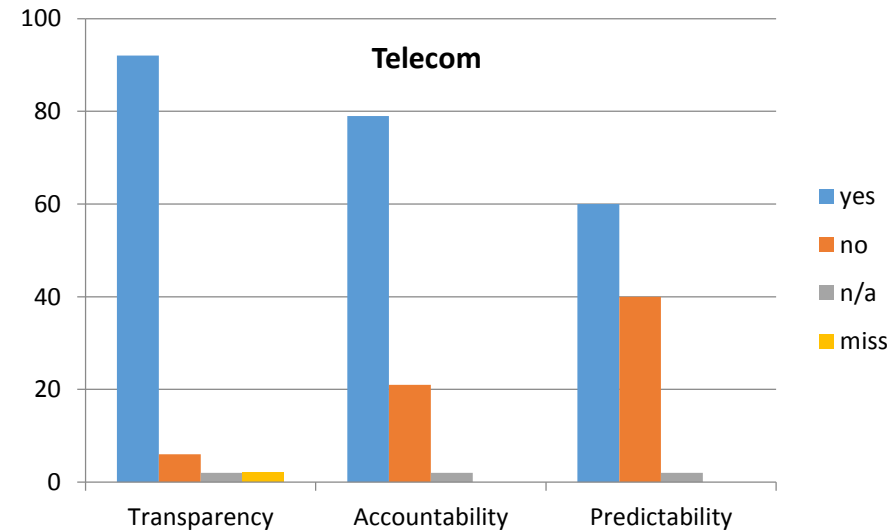
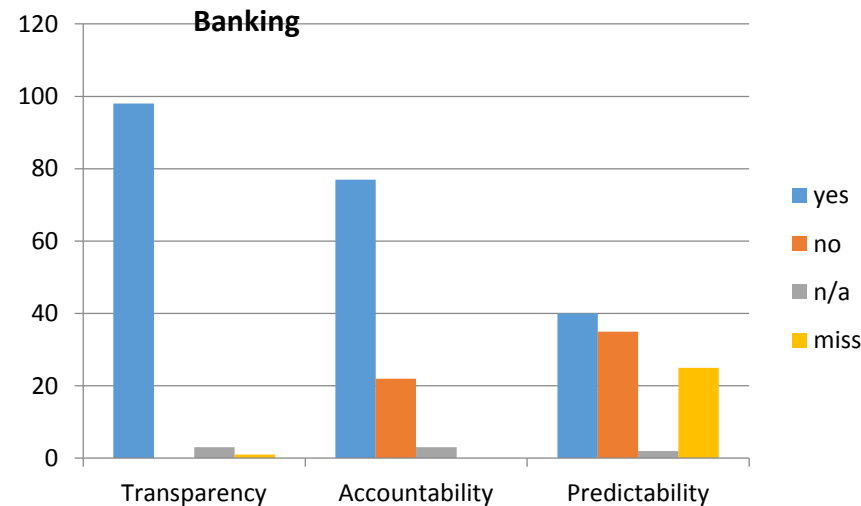


Note: 103 countries included.

# Protection in services often takes a subtle form: Licenses are almost always required and almost never automatic

## Transparency, accountability and predictability

Criteria are usually public, reasons for denial are often provided, but fulfilment of publicly stated criteria does not automatically lead to a license being issued



Source: World Bank Services Trade Restrictions Database

# Three dimensions of licensing

- Law, regulation, rule
- Administrative decision
- Procedures