

## INTERNATIONAL MEETING ON SERVICES VALUE-ADDED IN EXPORTS

Services and trade policies for diversification and upgrading Brasilia, Brazil, 22-23 October 2019

#### SERVICES INPUTS AND MULTILATERAL EFFORTS

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## **Services Inputs and Multilateral Efforts**



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## Services sectors as the engine of economic growth and the 21<sup>st</sup> century globalization



- "Every body is in services": 145 sessions, 2/3 on services and services trade
- 2019 World Trade report on "Future of Trade in Services"
- Services continue to expand: share of GDP, total employment, women participation and MSMES
- Services trade including supplied through commercial presence has reached USD13. 3 trillion in 2017
- Services trade grow faster than trade in goods which is on average 5.4% per year

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 Developing countries also witness growth of 10 percentage points since 2005

## Future trends of services and services trade

- They will be shaped by four major dynamics:
  - Digitization: faster, easier, cheaper and newer
  - Demographic changes: consumption pattern
  - Rising income: demand for more and better services
  - Impact of climate changes: environmental and related services
- These will bring changes in consumption, business models, new markets and maintain growth.
- Trade in services will take up more than 50% of the world trade in 2040



# Services as inputs in global production networks



- The ideas are not new but are more and more recognized and pronounced
- Example:
  - Wine production in Chile of more than 70 services involved

## A few takeaways

- The value added along the chains is a "smiling curve"
- The effectiveness of services is "key"
- Sound policies are conducive to harvesting the potential
- Multilateral efforts prevent policy reversal and governance fragmentation



## Multilateral efforts to reinforce the national efforts

- GATS: a legal framework and a predictable rulebased environment
- Development related provisions in GATS
- Improve schedule of commitments under GATS
- Further liberalization reinforced by domestic regulatory reform



World Trade Organization Organisation Mondiale du Commerce Organización Mundial del Comercio

### GATS

THE GENERAL AGREEMENT ON TRADE IN SERVICES

AND RELATED INSTRUMENTS

April 1994

## What's going on at the WTO

- Trade related Ecommerce, services domestic regulation, investment facilitation, MESMS and Women Empowerment, currently pursued at the WTO
- If delivered will further boost services and services trade and investment
- For services trade related initiatives under discussion, one area of commonality is the focus on the facilitation aspect of trade and investment undertakings

## A Brazilian Perspective: A great potential



Brazil: Trade in services per mode of supply 2005-2017



Brazil: services value added in gross exports of non-services industries

Public admin, education and health; social and personal services

- Other business sector services
  Real estate activities
- Real estate activ
- Financial and insurance activities
- Information and communication
  Accommodation and food services
- Transportation and storage
- Wholesale and retail trade: repair of motor vehicles
- Construction

