



MULTI-YEAR EXPERT MEETING ON

Trade, Services and Development

9th session

4–6 July 2022, Hybrid (online and Palais des Nations, Room XVII), 2.30–4.30 p.m. CEST

Session 1. **Services trade, economic diversification and resilience to economic shocks**

Services trade, economic diversification and resilience to economic shocks: Perspectives from CARICOM

Ms. Chantal Ononaiwu, Trade Policy and Legal Specialist, Caribbean Community

*The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.





SERVICES TRADE, ECONOMIC DIVERSIFICATION AND RESILIENCE TO ECONOMIC SHOCKS: PERSPECTIVES FROM CARICOM

Ninth Session of UNCTAD's Multi-Year Expert Meeting on Trade, Services
and Development
4-6 July 2022

POTENTIAL OF SERVICES TRADE FOR ECONOMIC DIVERSIFICATION AND RESILIENCE

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- The direct economic contribution of services to CARICOM countries is significant
 - ▣ Services account for more than 50% of GDP and the labour force in most CARICOM countries
- CARICOM countries generally run a healthy surplus on trade in services
 - ▣ Travel services account for the bulk of CARICOM's services exports; ICT-enabled services account for a considerably smaller share
- The COVID-19 pandemic hit the tourism sector particularly hard and placed a greater focus on online supply of services

POTENTIAL OF SERVICES TRADE FOR ECONOMIC DIVERSIFICATION AND RESILIENCE

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- The role of the services sector in economic development is recognized in the CARICOM Single Market regime
 - Emphasis on promotion of measures to increase the volume, value and range of trade in services within CARICOM and with third states
 - Priority to infrastructural services, capacity-enhancing services, services which enhance competitiveness and knowledge-based services
 - Sustainable tourism development also prioritized

POTENTIAL OF SERVICES TRADE FOR ECONOMIC DIVERSIFICATION AND RESILIENCE

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- The Community is pursuing the development of services sub-sectors that are drivers of growth and transition
 - Tourism, transportation, ICT, postal and courier, financial, professional, education, health and wellness, cultural, entertainment and sporting services
- Strategies and implementation plans for priority sub-sectors set targets for growth in investment, employment, output and exports

POTENTIAL OF SERVICES TRADE FOR ECONOMIC DIVERSIFICATION AND RESILIENCE

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- Regional services sector strategies recognize that services provide inputs to all sectors of the economy
- Services policy reforms and improvements in the range and quality of services can address some of the key challenges to economic development in CARICOM
- Strategies also recognize that services play an important role in global trade beyond being products for export

POTENTIAL OF SERVICES TRADE FOR DIVERSIFICATION AND RESILIENCE

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- Digitalization, which is increasingly central to value creation, must be a key dimension of strategies for development of the services sector in CARICOM
- To attain growth targets for priority sub-sectors that concern digitally deliverable services, CARICOM will need to implement strategies to expand the supply of services through digital networks
- For sectors like tourism, digitalization can grow services trade

POTENTIAL OF SERVICES TRADE FOR DIVERSIFICATION AND RESILIENCE

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- Services trade can also provide access to efficient services that can help other industries (such as energy and mining, agriculture and food processing) improve productivity and competitiveness
 - ▣ Access to certain services will be important to achieving CARICOM's objective of expanding agricultural production to supply most of the food products currently imported and thereby contribute to regional food security

OVERCOMING CHALLENGES TO BENEFIT FROM THE POTENTIAL OF SERVICES TRADE

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- To maximise the potential of services trade for economic diversification and resilience, CARICOM countries will need to address
 - ▣ **infrastructure gaps**, including by upgrading digital infrastructure and improving the affordability of digital connectivity
 - ▣ **skills deficits**, including with respect to digital competencies, through the formal education curriculum and initiatives for continuous updating of skills
 - ▣ **deficiencies in the regulatory framework and enforcement of that framework**
 - ▣ **deficits in disaggregated services data** to meaningfully inform services policy-making

OVERCOMING CHALLENGES TO BENEFIT FROM THE POTENTIAL OF SERVICES TRADE

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- UNCTAD can play a role in conducting research, providing technical assistance and capacity building and facilitating forums (such as the MYEM and Global Services Forum) that allow for the sharing of experiences on services policymaking
 - ▣ The SIDS Ministerial Declaration to UNCTAD XV calls on UNCTAD to strengthen its technical support to the efforts of SIDS to address infrastructure gaps and build more diversified, sustainable and resilient economies

THANK YOU

chantal.ononaiwu@caricom.org