

Patrik Ström

Q1.

In the aftermath of the Covid19 pandemic the world has been facing a number of challenges. During the pandemic, the increase of online usage for information sharing and e-commerce was intense. This structural shift was not only facilitated, but more importantly, enforced by the connection to Global Value Chains and Global Production Networks in order to establish an economic resilience in the system. The change enabled an increase of service content in the value chains and to some extent also an increase in the dematerialization of value in the value chains.

A continues issue related to this development is the connection between the conceptualization of service industries, and the possibility to obtain data for policy enhancement. In addition, this issue relates to both advanced and developing countries, where policy is needed to facilitate economic growth and inclusiveness. This has been accentuated by the challenges we have seen for many developing countries at the end of the Covid19 pandemic.

The development has shown the challenge of data within the service industry. For policy makers the most pressing gaps would, in my opinion, be in relation to the increased delivery of various kinds of digital services. There is also connects to the issue of conceptualization. In order to measure in a viable way, we need to have an understanding of how these services develop and how they are attached to the global value chains and production networks. This challenge is in addition highly viable in relation to “The Bridgetown Covenant - From inequality and vulnerability to prosperity for all”. These trade data gaps could be a hurdle for trade policy, but also for polices in relation to regional economic development.

The other area where a lack of trade data is complicated to obtain, is within servitization of the manufacturing industry. This comprises of the value that is being generated at the intersection of manufactured good and advanced services. As multinational enterprises are important for driving international trade this created a problematic gap in the data generation. Another area where data gaps exist is within the complex professional business service industry that in addition consists of a great number of highly specialised services that are needed to facilitate the wider economic chain.

Q2.

I would argue that there are at least three underlying reasons for why data is limited.

1. Complexity in relation to conceptualization and measurement; need to know what and thus how to measure.
2. Increased dematerialization of value-creation throughout industry due to servitization and difficulty of capturing this value in service trade data.
3. Increased role of digital services connected to both B2B and B2C service trade. Structural delivery models are changing.

Various initiatives are currently under way to work with these data gaps. Eurostat is trying to implement a system that would enhance the possibility for measuring trade within digital services. However, even within the coherent structure of the single market, this coordination has proven to be challenging. Earlier studies of the implementation of the EU service directive underscores this complexity in cross border service trade in general.

Important work by UNCTAD, WTO and OECD is also conducted to facilitate updated ways of trying to find ways of closing service trade data gaps. One such example is the ongoing endeavour through “the Working Group on Data for Services Trade and Development Policies”.

Q3.

Existing data can be used to enhance the understanding of service trade, through the established MODE 1-4 framework. Data that exist can be complemented through other sources such as national statistics on e-commerce or foreign direct investment. National Board of trade could also be an important source of data, but in addition also a great assistance in facilitating policy and schemes for service trade. IN the case of Sweden the National Board of trade have very detailed data on specific company level for cross border trade that can be used.

One possibility would also be to look at tax related issues to have some understating of the economic activity. Here countries might have specific data sets that can be used. Other forms of data in relation to internet penetration rates, innovation and entrepreneurial related data could also potentially be used to create a better understanding of how to close data gaps. Data on company registration in specific sectors could also be an indication of where the biggest potential of service-related trade policy could be beneficial for future growth. Other areas to explore can be data on development and connectivity bringing countries closer together and thus enable and facilitate trade. Here various finance schemes can be used for directing policy. In general, various data that exist on increased digitalization in private industry and the public sector in advanced and developing countries could be used to facilitate policy for internationalization.