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Sixth Session

Presentation

**Follow up to the 9th MYEM on Trade, Services and Development:
Data for services trade and development policies**

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Data for services trade and development policies

Agenda

- 1) Services *policy* data gaps
- 2) Services *trade* data gaps
- 3) Example: trade impact analysis
- 4) Services *firm-level* data gaps

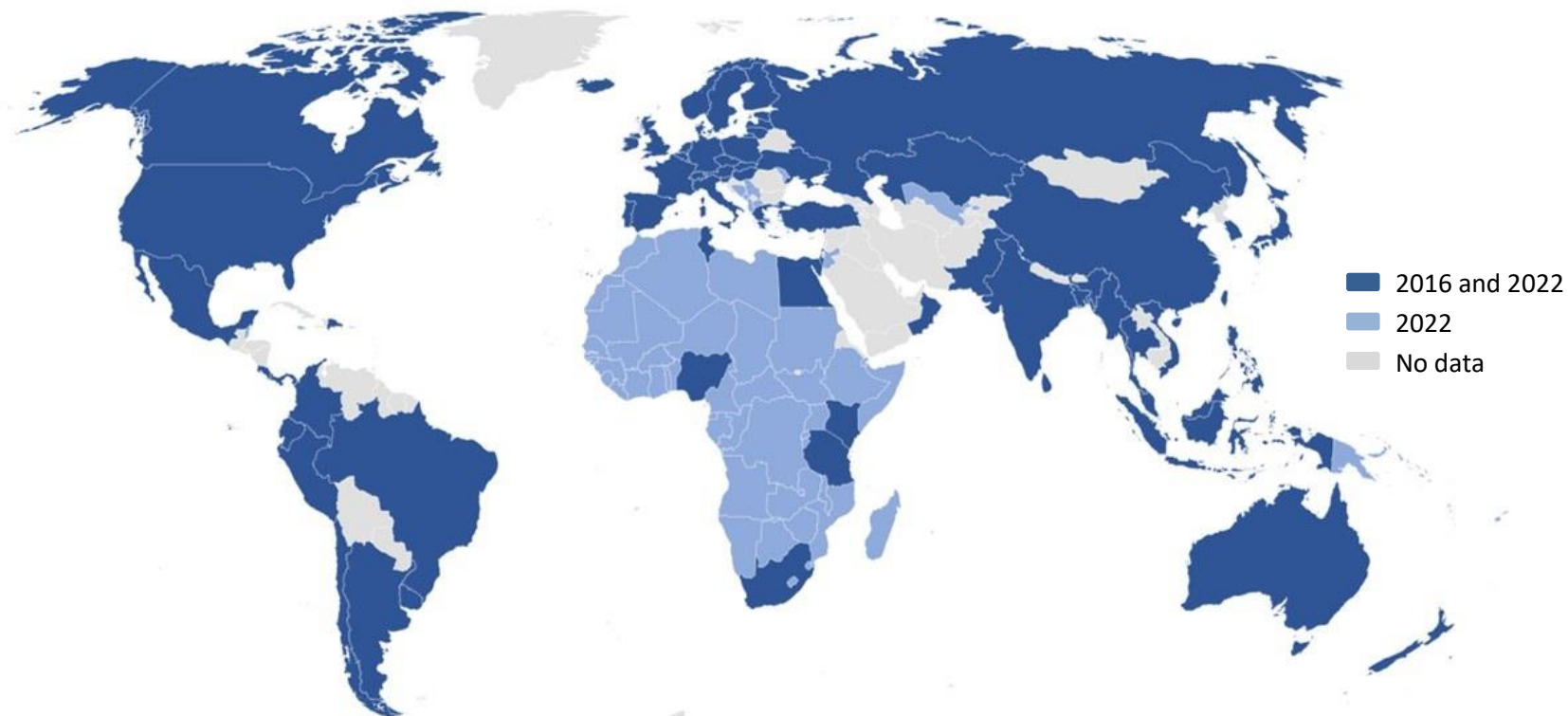
Ingo Borchert

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MYEM “Trade, Services and Development”, 11th session

Geneva, 12 July 2024

WB-WTO Services Trade Policy Database (STPD) and STRI:

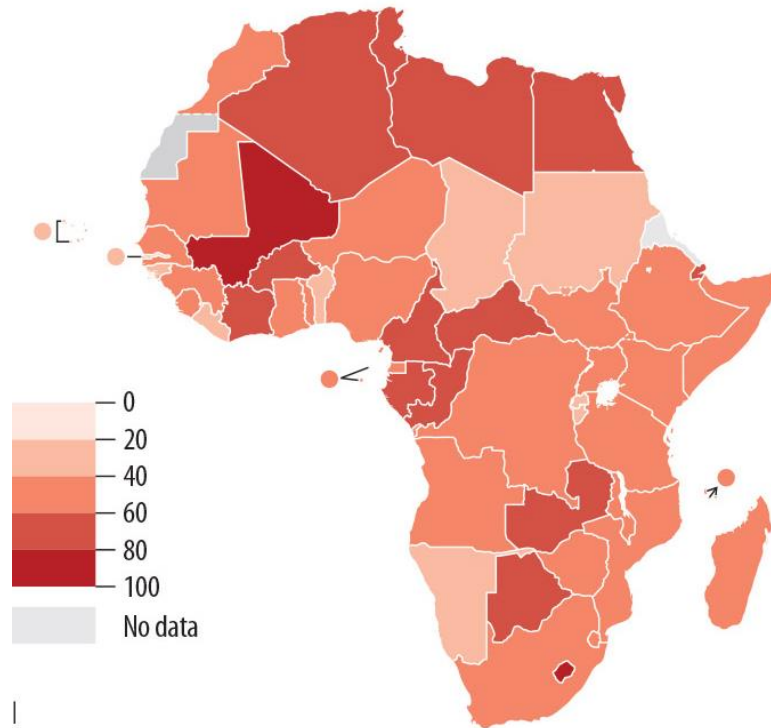


- 134 Economies | 34 Services sectors
- Policy data from surveys by WB/ WTO, and from OECD STRI regulatory database (complemented), thanks to the cooperation of the OECD Secretariat
- <https://itip-services-worldbank.wto.org>

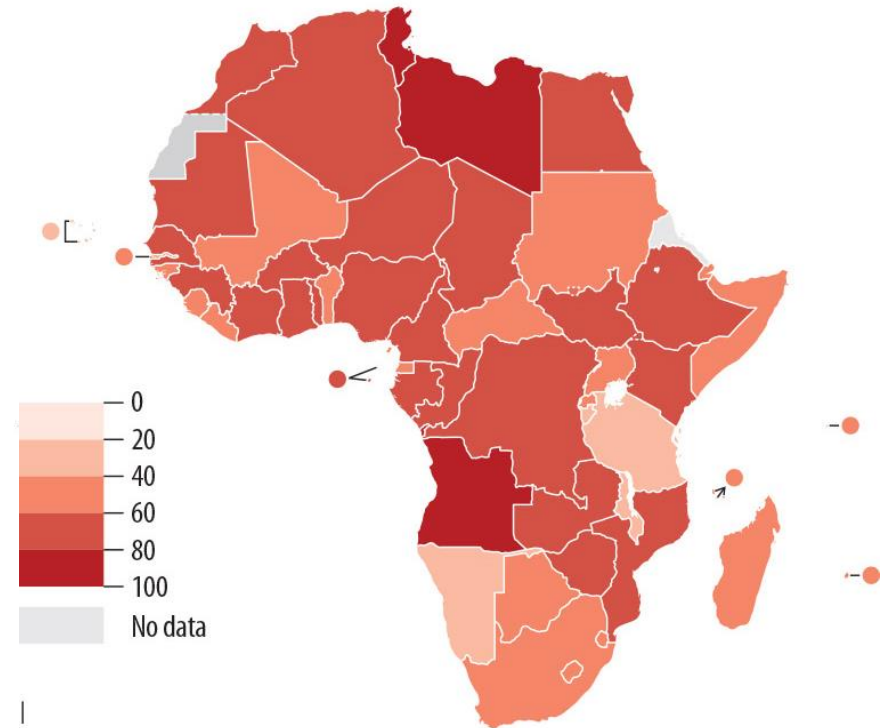
STRI in Africa

Detailed picture of applied services trade policies across African economies
(at the level of sub-sectors and mode of supply)

Transportation



Professional Services



Two data challenges in current services trade statistics

1) Unallocated **services trade** (geographically or sectorally) in international services trade statistics

- ⇒ Plus exclusions of certain service items in ‘Total services’
- ⇒ Plus occasional breaks in time series for some reporters

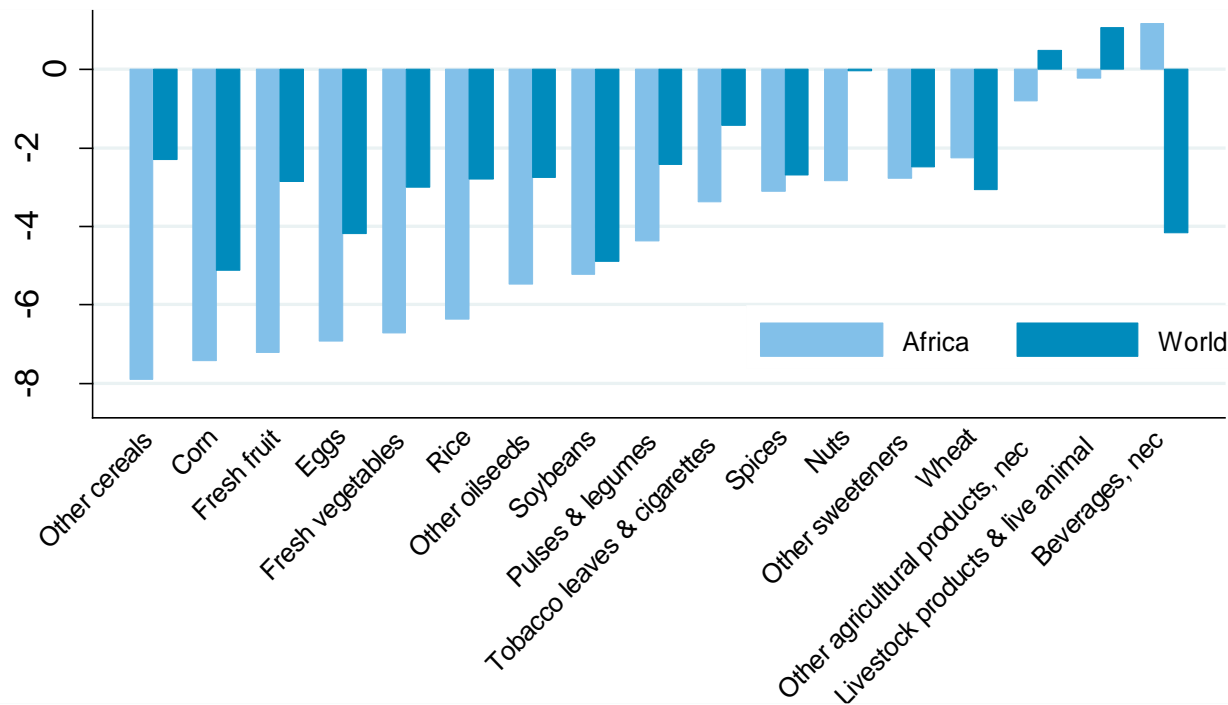
2) International **and domestic** trade in services

- ⇒ Globalisation, border barriers, export success,...
 - all are measured relative to domestic (intra-national) trade
- ⇒ Needed in wide variety of structural gravity models of trade
- ⇒ Sectoral “gross output” statistics (UN SNA) key bottleneck

Impact: Trade Costs in Goods

Research on impact of services trade policies:

- ↪ How do applied **services** policies affect imports of **goods**?
- ↪ **'Border barriers'** within and across Africa
 - ▶ Friction of there being an international border to cross, typically very large
 - ▶ Drivers: Infrastructure, Technology, Institutions, (Services) Trade Policies



Impact: Trade Costs in Goods

How do policies towards foreign services affect imports of goods?

↙ **Agricultural trade: World...**

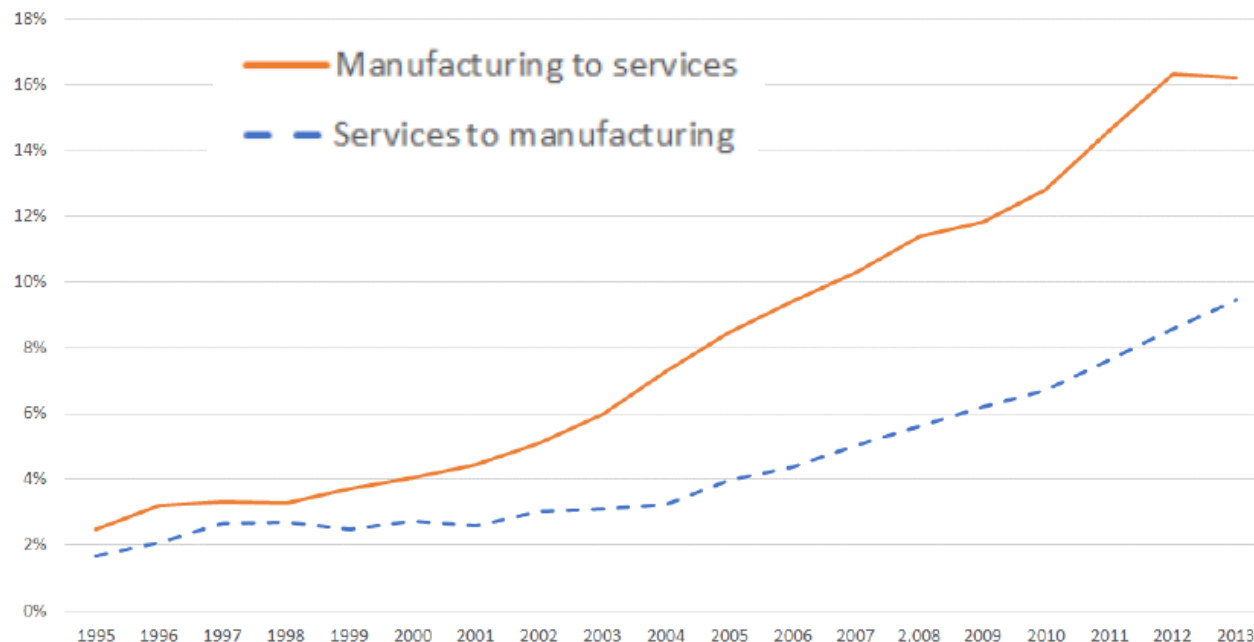
...and intra-Africa

	AGRICULTURE - importer STRI on imports						AGRICULTURE - importer STRI on imports					
	(1)	(2)	3	4	5	6	(1)	(2)	(3)	(4)	(5)	(6)
log Distance	-0.861*** (0.0904)	-0.907*** (0.0876)	-0.883*** (0.0869)	-0.903*** (0.0907)	-0.843*** (0.0829)	-0.824*** (0.0890)	-0.298 (0.202)	-0.245 (0.188)	-0.273 (0.202)	-0.346 (0.212)	-0.293 (0.202)	-0.187 (0.182)
Contiguity	0.482*** (0.185)	0.521*** (0.180)	0.474*** (0.173)	0.494*** (0.182)	0.472*** (0.162)	0.465*** (0.176)	0.691** (0.285)	0.663** (0.265)	0.665** (0.279)	0.672** (0.295)	0.692** (0.286)	0.703*** (0.272)
Common language	0.357*** (0.121)	0.397*** (0.117)	0.357*** (0.113)	0.416*** (0.120)	0.295*** (0.106)	0.489*** (0.118)	0.971*** (0.298)	0.995*** (0.325)	0.952*** (0.303)	0.968*** (0.293)	0.978*** (0.302)	0.976*** (0.303)
FTA WTO (2018)	0.530*** (0.125)	0.467*** (0.119)	0.562*** (0.114)	0.481*** (0.127)	0.417*** (0.106)	0.519*** (0.114)	1.735*** (0.256)	1.900*** (0.266)	1.762*** (0.265)	1.759*** (0.241)	1.692*** (0.244)	1.932*** (0.273)
Common religion	0.818*** (0.141)	0.456* (0.272)	0.538*** (0.162)	0.531*** (0.151)	0.252 (0.168)	0.321* (0.186)	-0.835 (0.571)	-0.419 (0.581)	-0.655 (0.652)	-0.904 (0.578)	-0.733 (0.691)	-0.164 (0.564)
BRDR	-1.756*** (0.228)	4.110 (3.171)	2.215* (1.153)	2.123 (1.658)	7.045*** (1.593)	6.852*** (2.018)	-6.966*** (1.476)	4.820 (4.751)	-4.266 (4.162)	-9.981** (5.040)	-5.750 (4.644)	5.438 (3.604)
BRDR_tariff	-0.348*** (0.0613)	-0.300*** (0.0677)	-0.303*** (0.0659)	-0.322*** (0.0637)	-0.242*** (0.0709)	-0.269*** (0.0686)	-0.00835 (0.476)	0.00876 (0.477)	-0.00970 (0.472)	-0.00906 (0.474)	-0.00922 (0.477)	0.0252 (0.465)
BRDR_Communication:		-1.649* (0.897)						-2.966** (1.237)				
BRDR_Distribution			-1.152*** (0.323)						-0.730 (0.868)			
BRDR_Financial				-1.024** (0.444)						0.772 (1.036)		
BRDR_Professional					-2.338*** (0.413)						-0.278 (0.842)	
BRDR_Transport						-2.421*** (0.568)						-3.115*** (0.946)
Observations	37,468	37,468	37,468	37,468	37,468	37,468	5,874	5,874	5,874	5,874	5,874	5,874

Structural Change

Structural change happens at firm level: micro-data

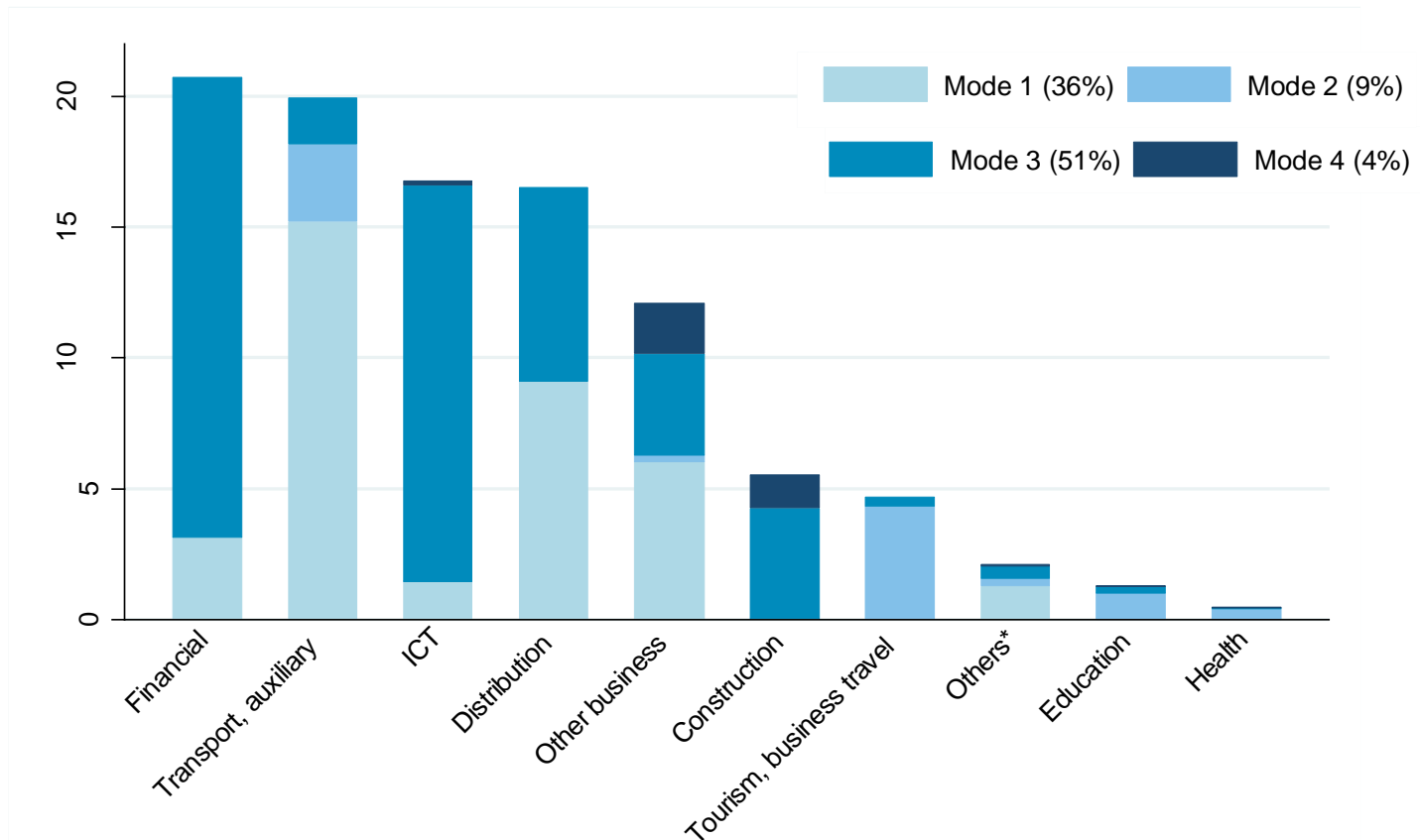
- ▶ High-performance firms branching off into services
- ▶ India: massive rise in share of servitised firms 1994-2013
 - ↔ *low-productivity* firms tend to switch into services
- ↪ Advantageous **structural change** or **premature deindustrialisation**?



Spare slides

Modes of Supply

Shares of total services imports in Africa,
by **sector** and **modes of supply** (2015-2017):



Modes of Supply

Services trade in any given mode of supply is not independent from other modes of supply:

	TRANSPORTATION		INSURANCE		FINANCE		INFO/COMM		PROFESSIONAL	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
[Upper part of Table omitted]										
Border × STRI (Aggr)	-2.5004*** (0.241)		-1.2760*** (0.403)		-1.5515*** (0.556)		-2.9186*** (0.730)		-0.8698*** (0.328)	
Border × STRI (M1)		-0.5914*** (0.180)		-0.0343 (1.075)		-0.7980* (0.448)				-2.0070*** (0.299)
Border × STRI (M3)		-2.3856*** (0.305)		-3.0462*** (0.985)		-1.8873*** (0.404)		-3.1555*** (0.674)		-0.6106** (0.266)
Border × STRI (M4)		1.2521*** (0.256)		1.6810*** (0.558)		0.0490 (0.250)		0.5546** (0.247)		1.0558*** (0.260)
Observations	3113	3113	2396	2396	2445	2445	2827	2827	2852	2852
Log-likelihood	-1157.2972	-1130.1520	-340.5638	-330.3617	-666.7847	-658.0725	-759.1807	-751.0128	-1353.7704	-1329.9582