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**Multi-year Expert Meeting on Trade, Services and Development**  
Eighth session  
Geneva, 23 and 24 September 2020


**Report of the Multi-year Expert Meeting on Trade,  
Services and Development on its eighth session**

Held at the Palais des Nations, Geneva, on 23 and 24 September 2020

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## Introduction

1. The eighth session of the Multi-year Expert Meeting on Trade, Services and Development was held on 23 and 24 September 2020 at the Palais des Nations in Geneva, with physical and remote participation.

### I. Chair's summary

#### A. Opening plenary

2. The Deputy Secretary-General of UNCTAD delivered an opening statement in which she underscored the unprecedented health-related and economic crisis facing the world as a result of the coronavirus disease (COVID-19) pandemic. She emphasized that some services, such as tourism and the aviation industry, had been particularly affected. A recent UNCTAD study had showed that the impact of the pandemic on tourism would cost the world economy at least \$1.2 trillion, or 1.5 per cent of the global gross domestic product. In addition, as services employed a relatively high proportion of women, the crisis had a strong impact on women, requiring gender-specific policies. At the same time, the Deputy Secretary-General stressed that services would play a key role in enhancing economic resilience and recovery in the post-pandemic period. Services, with their linkages to all economic sectors, provided substantial inputs and could be a tool to help transform economies and pursue the Sustainable Development Goals. Some services, such as information and communications technology services, had been relevant during the pandemic, as they had allowed for digital transformation in all sectors, including the services sectors most affected by the pandemic. To enhance the economically enabling role of services, the Deputy Secretary-General noted that it was necessary to put in place a set of inclusive, coherent and responsive policies to help developing countries meet the challenges of sustainable development in the post-pandemic context and achieve structural transformation. Furthermore, she reiterated the importance of multilateral discussions and international cooperation, including South–South dialogues, to assist international negotiations on trade in services. She concluded by outlining the importance of the eighth session of the Multi-year Expert Meeting in giving valuable direction to UNCTAD and member States on the future work of the organization in the lead up to the fifteenth session of the United Nations Conference on Trade and Development (UNCTAD XV) in 2021.

3. The Director of the Division on International Trade and Commodities introduced the background note of the secretariat (TD/B/C.I/MEM.4/23). She stressed that services had an important role to play in achieving many of the Sustainable Development Goals and with regard to socioeconomic recovery following the pandemic. She pointed out the need to ensure a balanced growth strategy, citing the example of the important role of services in modern farming and industrialization. In addition, the Director noted that the potential benefits of services were not automatic and required sound regulatory and institutional frameworks to strengthen services capacity and smart regulations to minimize impacts on trade while ensuring the achievement of policy goals. Finally, she highlighted the need for a coherent and coordinated approach to domestic policymaking, regulation and trade liberalization in order to benefit from any future multilateral agreement on trade in services.

#### B. Leveraging services, including infrastructure services, to achieve the Sustainable Development Goals

(Agenda item 3)

##### Services, resilience to economic shocks and economic recovery

4. The substantial share of services in the economy and value added of trade, together with their structure-changing and diversification-enabling linkages, meant that services affected economic and trade resilience and needed to be part of the policy mix for post-pandemic economic recovery. The first informal session addressed how services could

provide such contributions and the specific challenges that developing countries and the least developed countries faced in taking advantage of the related potential.

5. One panellist detailed the steps taken by the Government of Brazil to identify sector-specific barriers to services trade, including technical discussions with entities responsible for the regulation of sectors in which a reduction of the level of restrictiveness could help raise the overall competitiveness of the national economy, such as banking, maritime transport and professional and postal services. The panellist described the example of the liberalization of the air transport sector in Brazil that, as of June 2019, no longer placed limitations on foreign capital. Finally, he noted that embedded services had an increasing importance and deserved special attention as an escalator of economic development and for trade and economic recovery in the post-pandemic context.

6. Another panellist identified some of the opportunities brought about by the pandemic in reshaping trade in Africa, such as the acceleration of the digitalization of supply chains and the rapid expansion of electronic commerce (e-commerce) platforms. Online platforms such as Rapidos in Senegal had seen a 90 per cent increase in home deliveries. The forthcoming e-trade platform for Africa would provide additional space for trade in goods and services across the continent. In order to ensure the inclusive digitalization of trade, the panellist emphasized the need for sound policies and regulations, including in the areas of taxation and competition; improved legislation; enforcement capacity in government; the promotion of innovation and creativity; and a sound framework for consumer protection. She noted that regulatory cooperation and coordination at the regional level was also essential. The implementation of the services protocol of the African Continental Free Trade Area Agreement could contribute to overcoming pandemic-related challenges and boosting trade in services, including health-related services such as remote diagnostics and medical advice, the use of drones to deliver vital medications in areas where road transport systems might be blocked, infection tracking, recovery monitoring and the establishment of digital supply chains for pharmaceutical companies and distributors. The Digital Transformation Strategy for Africa adopted by the African Union in February 2020 outlined an approach for continental standards and cooperation in digital transformation, highlighting the relevance of services for modern industrialization and the need for aligned services negotiations and regulatory cooperation frameworks.

7. One panellist shared the experience of the Republic of Korea in coping with the pandemic, whereby the Government had aimed to reduce business-related hurdles by supporting online marketing, digitalizing public and trade services, chartering flights for business travellers, deploying freight airplanes for the export of goods and implementing a new deal for industry-wide digitalization. Digitalization had been accelerated and business opportunities had expanded in services sectors such as e-commerce, logistics, health care, education, financial technology and online games. In this context, the panellist stressed the importance of protecting start-ups and small and medium-sized enterprises by, inter alia, protecting their intellectual property rights and promoting market opportunities. Several policy measures were available for enhancing the resilience of the economy, including nurturing innovative start-ups, facilitating the digital transformation of businesses and public organizations and supporting start-ups and small and medium-sized enterprises in connecting to international markets through online platforms. Finally, international cooperation was critical to the removal of trade barriers, through the establishment of e-commerce rules and the streamlining and simplifying of customs clearance procedures.

8. Another panellist underlined that traditional services such as tourism and transport services were shrinking during the pandemic while several modern services were thriving. Information technology-enabled services benefited from several long-term trends accelerated by the pandemic, related to digital transformation led by such services. However, few developing countries had companies that were playing a role in such trends. The panellist stated that challenges facing Latin America and the Caribbean, such as limited access to broadband Internet in rural areas and the dual character of economies (with a few large information technology-intensive companies across all sectors and a majority of small and medium-sized enterprises that rarely used digital tools) made it difficult to bring about digital transformation in the short term. There was a need to improve understanding in both the public and private sectors on the strategic role of services within global value chains,

including the contribution of information technology-enabled services to the competitiveness of all sectors. These issues could be discussed in more detail at the next Global Services Forum, to be held in the context of UNCTAD XV, which would be co-organized with the Latin American Network for Research on Services.

9. In the ensuing discussion, one delegate underlined that developing countries could diversify their economies through services as part of their post-pandemic recovery programmes, citing the major role that services played in the economy of Pakistan, accounting for 54 per cent of national gross domestic product and one third of employment. He commended UNCTAD for examining cross-cutting issues during the sessions of the Multi-year Expert Meeting and by conducting services policy reviews and encouraged UNCTAD to continue providing such assistance to developing countries. A participant from academia noted that services provided critical inputs for agricultural development and thereby to food security during the pandemic and, in this regard, drew attention to issues facing small and medium-sized enterprises in the fresh fruit and vegetable sector such as the lack of access to information technology and cold storage facilities, which could limit their ability to find new markets and to preserve goods for markets. A participant from industry detailed the issues facing horticultural and food exporting industries in Kenya and enquired about whether developed countries could reduce sanitary and phytosanitary standards to help developing countries readdress the downturns associated with the pandemic. Another participant from academia provided examples of some of the efforts under way in some regions, such as the European Union, to reduce customs requirements, and highlighted that sanitary and phytosanitary standards were more difficult to change than procedures.

#### **Services-enabled digitalization: Potential and challenges for development**

10. Services, in particular information and communications technology services, reinforced digitalization, which in turn was instrumental in improving supply capacity and the competitiveness of the economy, including in several services sectors. The pandemic highlighted the differentiated impacts across the services sector; information technology-enabled trade in services, such as financial services, had fared well, while personal services sectors had been significantly disrupted. During the second informal session, panellists shared their insights into and experiences of the appropriate regulatory and institutional frameworks that could enable developing countries to maximize the benefits of information and communications technology services. In addition, they discussed the role of international cooperation in this context.

11. One panellist highlighted the potential productivity dividend of digitalization that awaited many sectors. Sectors with a high level of digitalization displayed the greatest productivity growth and those that displayed more rapid digitalization included those with direct consumer links, faster capital turnover and those that were more global than local. Among the sectors most advanced in digitalization were media and finance; among those lagging behind were pharmaceuticals and subsectors in manufacturing. The panellist stressed that challenges with regard to digitalization included business resilience, inclusiveness, sustainability, advanced information technology infrastructure, human-centric perspectives and circular life cycle management. He noted that the digitalization of trade had not yet been sufficiently addressed under the World Trade Organization while, conversely, trade rules were gradually and partially being introduced in bilateral or regional frameworks.

12. Another panellist detailed how digitalization could be a tool for economic recovery. Information technology-enabled services were embedded in goods and other services and could thereby contribute to the growth of other sectors that had an impact on the whole economy, such as health care, transportation, finance and manufacturing. The share of youth not in employment, education or training in developing countries was high, at close to 45 per cent, and this could be viewed as a significant underutilized resource that could propel information technology-enabled services if the appropriate strategies were put in place. The panellist highlighted that policies that supported the digitalization of small and medium-sized enterprises could lead to recovery in developing economies, as such enterprises in the formal sector contributed to 40 per cent of gross domestic product. She

noted that inclusive digitalization for economic recovery consisted of three pillars, namely, equipping youth to support digitalization and information technology-enabled services; supporting digitalization in small and medium-sized enterprises; and promoting access to the Internet. The panellist provided examples from economies in Central Asia and the Middle East that had aimed to increase private sector digitalization and affordable access to the Internet. The means to achieve this had included cooperation with other countries; digital initiatives such as high technology parks and online marketplaces; and government policies.

13. One panellist emphasized the importance of institutional and regulatory frameworks; coherence between domestic policies and trade policies; and inter-agency cooperation. She noted the need for regulatory impact assessments as recommended in the background note prepared by the UNCTAD secretariat and stressed that connectivity monopolies in some countries could lead to distorted prices, for example in the leasing of telecommunications lines. Finally, she highlighted the importance of the annex on telecommunications of the General Agreement on Trade in Services and the benefits of investment and fair competition.

14. Another panellist focused on the effects of digitalization on financial services. Information and communications technology services could assist financial inclusion policies in creating an enabling environment for cost-effective access to financial services that made full use of appropriate innovative technology. However, it was necessary to consider the challenges posed by digital financial services and to coherently foster financial inclusion, financial stability and financial integrity, while ensuring consumer protection. Finally, digital financial services required proportional regulatory frameworks that achieved legitimate policy goals while maximizing economic opportunities.

15. In the ensuing discussion, one delegate highlighted the importance of services value added in agrifood exports, that is, the production, processing and preservation of food products and beverages, and emphasized that services value added accounted for close to half of global agrifood exports. Services provided important inputs to manufacturing, services and agrifood value chains and thereby constituted important tools for upgrading. He stressed that service providers often had to be present in the area in which a service was supplied and that, according to World Trade Organization data, mode 3 was the dominant mode for trade in services globally. He therefore stressed that quality institutions were important in the decision of enterprises to invest.

### **The role of UNCTAD in leveraging services to help achieve the Sustainable Development Goals**

16. The COVID-19 pandemic served to emphasize the importance of building on services for structural transformation, to enhance supply capacity, diversify and upgrade production and trade and improve competitiveness. The third informal session focused on how UNCTAD could intensify its assistance to developing countries and the least developed countries in their efforts to leverage trade in services to achieve structural transformation and the Sustainable Development Goals.

17. One panellist encouraged UNCTAD to continue its support with regard to the graduation of Angola from the least developed country category, including with regard to the reduction of illicit financial flows and debt. Assistance was required in, among others, promoting structural transformation that led to efficient natural resource use and sustainable growth; identifying policy options for strengthening domestic and international resource mobilization; strengthening linkages between trade and poverty reduction, industrialization and value-added services, including through technological upgrading and innovation; and addressing social inclusion.

18. Another panellist stated that, as in many other developing countries that had embarked on economic diversification, trade in services had gained prominence in the economic development strategy of Morocco in the past two decades. He provided an update of the services policy review conducted since December 2019 by UNCTAD, jointly with the United Nations Development Programme Regional Bureau for Arab States, and highlighted that, following the 11 reviews conducted in several developing countries by

UNCTAD since 2010, Morocco had been the first Arab State to undertake this exercise. He expressed his gratitude to UNCTAD and the United Nations Development Programme for their support for the process and noted that the work methodology of the review had helped Morocco conduct a systematic review of the economic, regulatory, institutional and commercial environments of three key services sectors. The review could help policymakers in Morocco improve institutional frameworks and identify trade policy options to advance national development goals, including with regard to the Sustainable Development Goals. Finally, the review had come at a critical juncture due to the impact of the pandemic on the national economy and the panellist expressed his hope that the second phase of the review could include a review of policies in other key services sectors.

19. One panellist drew attention to the importance of services in achieving many of the Sustainable Development Goals, including with regard to economic growth and employment through increased productivity and the resilience of economies through diversification. She suggested that UNCTAD could play a leading role in the analysis of and advocacy for good quality infrastructure services such as telecommunications, information and communications technology, transport and financial services, as well as related regulatory and institutional frameworks, for example by producing a specific regular publication dedicated to services, to enable developing countries to follow recent trends and respond with appropriate regulations or policies. In addition, UNCTAD could play a leading role in providing technical assistance to developing countries in their responses to changing trends in and forms of trade in services, in particular through the conduct of services policy reviews. For example, in the area of technology and digitalization, new forms of services had emerged and developing countries needed to update their regulatory and policy frameworks to better support these new areas of work creation and economic diversification. Finally, in the area of consensus-building, the panellist suggested that multi-year expert meetings could address current and pertinent topics, including the impact of services in the era of digital transformation.

20. Another panellist described the existing differences whereby firms in developing countries produced services that were typically consumer oriented and of low quality and low technology, while firms in developed countries increasingly occupied the medium and high-end production-oriented services sectors. Sophisticated services had key roles in global value chains and services were the backbone of manufacturing, mining and agriculture. Services such as artificial intelligence, research and development, patents, digital platforms, e-commerce, payment systems, marketing, distribution, advanced logistics, banking and others would become even more relevant in creating good jobs, wealth and prosperity, but were mostly provided by developed economies. The panellist concurred with other panellists that many services offered important income opportunities for women and youth and stressed that UNCTAD should assist discussions on issues such as, among others, research and development and innovation; productive policies; access to technologies and markets; support for start-ups and small and medium-sized enterprises, as well as the internationalization of the latter; workforce training; access to finance; and trade and investment policies. In particular, attention should be given to helping developing countries participate in the services economy and trade and to benefit from their potential for structural transformation and to allow for sustainable and sustained economic growth and employment.

21. In the ensuing discussion, one participant raised the question of how to combine sustainability and sustained economic growth and encouraged UNCTAD to continue to play a role in assisting developing countries in leveraging services to achieve sustainable development objectives. In this regard, one panellist encouraged countries to promote innovation and move from being consumers to producers of services, stating that policy attention should be given to value-added services that fed into production and improved overall competitiveness.

## **II. Organizational matters**

### **A. Election of officers**

(Agenda item 1)

22. The Multi-year Expert Meeting on Trade, Services and Development decided to elect its officers through a silence procedure in accordance with the provisions of General Assembly decision 74/544 of 27 March 2020. As no objections were received by 21 September 2020, the Multi-year Expert Meeting elected Mr. Alfredo Suescum (Panama) as its Chair and Ms. Nicola Hughes (United Kingdom of Great Britain and Northern Ireland) as its Vice-Chair-cum-Rapporteur.

### **B. Adoption of the agenda and organization of work**

(Agenda item 2)

23. The Multi-year Expert Meeting decided to adopt, through a silence procedure in accordance with the provisions of General Assembly decision 74/544 of 27 March 2020, the provisional agenda for the session (TD/B/C.I/MEM.4/22). As no objections were received by 21 September 2020, the agenda was thus as follows:

1. Election of officers;
2. Adoption of the agenda and organization of work;
3. Leveraging services, including infrastructure services, to achieve the Sustainable Development Goals;
4. Adoption of the report of the meeting.

### **C. Outcome of the session**

24. At its opening plenary, on 23 September 2020, the Multi-year Expert Meeting agreed that the Chair should summarize the discussions.

### **D. Adoption of the report of the meeting**

(Agenda item 4)

25. At its closing plenary, on 24 September 2020, the Multi-year Expert Meeting authorized the Vice-Chair-cum-Rapporteur to finalize the report after the conclusion of the session.



## Annex

### Attendance\*

1. Representatives of the following States members of the Conference attended the session:

Angola	Madagascar
Azerbaijan	Mali
Bangladesh	Mauritius
Barbados	Mexico
Belgium	Montenegro
Bolivia (Plurinational State of)	Morocco
Brazil	Myanmar
China	Nicaragua
Colombia	Nigeria
Congo	North Macedonia
Czechia	Pakistan
Côte d'Ivoire	Panama
Democratic Republic of the Congo	Paraguay
Dominican Republic	Philippines
Ecuador	Russian Federation
Egypt	Saudi Arabia
Ethiopia	Senegal
France	South Sudan
Gabon	Spain
Gambia	Sri Lanka
Georgia	State of Palestine
Germany	Sudan
Guatemala	Syrian Arab Republic
Guyana	Togo
Hungary	Turkey
Iran (Islamic Republic of)	United Kingdom of Great Britain and Northern Ireland
Italy	Vanuatu
Kazakhstan	Venezuela (Bolivarian Republic of)
Kuwait	Zimbabwe
Lebanon	
Lesotho	

2. The following intergovernmental organizations were represented at the session:

African Union  
 Commonwealth Secretariat  
 Eurasian Economic Commission  
 European Union  
 Latin American Integration Association  
 Organization for Economic Cooperation and Development  
 Organization of African, Caribbean and Pacific States  
 Organization of Islamic Cooperation  
 South Centre  
 Southern African Customs Union

3. The following United Nations organs, bodies and programmes were represented at the session:

Office of the United Nations High Commissioner for Human Rights

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\* This attendance list contains registered participants. For the list of participants, see TD/B/C.I/MEM.4/INF.8.

4. The following specialized agencies and related organizations were represented at the session:

International Telecommunication Union  
World Trade Organization

5. The following non-governmental organizations were represented at the session:

*General category*

International Network for Standardization of Higher Education Degrees  
LDC Watch  
Organisation Camerounaise de Promotion de la Coopération Économique  
Internationale  
Public Services International  
Union of Arab Banks

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