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

Held at the Palais des Nations, Geneva, from 4 to 6 July 2022



Introduction

1. The ninth session of the Multi-year Expert Meeting on Trade, Services and Development was held from 4 to 6 July 2022 at the Palais des Nations in Geneva, with physical and remote participation.

I. Chair's summary

A. Opening plenary

2. The Secretary-General of UNCTAD delivered an opening statement, in which she underlined that the Multi-year Expert Meeting on Trade, Services and Development was a privileged platform to address the role of trade in services in economic diversification. Addressing this issue was important, given the current cascading crises worldwide, namely, the pandemic, climate change and the war in Ukraine. As underlined in the Bridgetown Covenant, building resilience to economic challenges involved transforming economies to make them more diversified. Trade in services played a key role in economic diversification. By providing inputs for a wide range of activities in all economic sectors, services could influence the productivity and competitiveness of the whole economy and support the transformation to a more diversified and resilient economy. The ongoing digitalization of services could contribute to such a transformation. To seize this opportunity, the Secretary-General stated that countries should invest in digital infrastructure and close the connectivity gaps within and between countries. Digital infrastructure depended on other inputs, some of which came from abroad; in 2018, foreign inputs had accounted for 22 per cent of the value of information and communications technology (ICT) services received from upstream sectors in member countries of the Organisation for Economic Co-operation and Development (OECD). This served to highlight the need for coherence between trade policies affecting the provision of foreign inputs and industrial policies shaping the provision of domestic digital services. Increasing digitalization might indicate the need to fine-tune existing trade rules on how services were provided and for a coherent balance between trade and regulatory objectives. Finally, the Secretary-General stated that trade disciplines at the bilateral, regional and multilateral levels could facilitate the movement of people, information and technology, and that sound regulatory frameworks should promote an efficient, inclusive and universal access to services.

3. The Officer-in-Charge of the Division on International Trade and Commodities introduced the background note of the secretariat (TD/B/C.I/MEM.4/26). She provided details on previous sessions of the Multi-year Expert Meeting and the mandate on trade in services first given at the thirteenth session of the United Nations Conference on Trade and Development. At the present and subsequent sessions, experts were invited to share good business practices that could contribute to attaining the 2030 Agenda for Sustainable Development. Member States, in the Bridgetown Covenant, had stated that transforming economies through diversification was one of the four major transformations needed to move to a more resilient, digital and inclusive world of shared prosperity. The Multi-year Expert Meeting would build on key findings from its previous sessions, build on lessons learned during the sessions of the Global Services Forum and draw on insights from UNCTAD technical assistance activities, considering how the capacities built contributed to economic diversification in developing countries. The Officer-in-Charge advised that between sessions, UNCTAD could engage with experts through sessions of the trade policy dialogue or an informal working group on services data. The present session would focus on digitally deliverable services and different regional experiences with regard to the role of trade in services in economic diversification and resilience.

4. The keynote speaker focused on linkages between trade in services and economic diversification, detailing recent research on structural transformation in Africa that covered 13 countries and accounted for 31.1 and 44.1 per cent of the population and gross domestic product (GDP) of Africa, respectively. He noted that sustainable development and growth largely depended on innovation and productivity in services. In addition, digitalization and

technological change were making services more tradable and a means of achieving a less carbon-intensive economy. The research had uncovered a positive correlation between productivity and services intensity; showed a shift towards intangibles with regard to structural transformation at the occupational level; and highlighted that trade in services was growing faster than trade in merchandise. The speaker noted that the development of services sectors provided benefits but also created risks, citing the example of Rwanda in this regard, where job losses due to the pandemic amounted to 72 per cent in the sector. Services were also fragile; one of the lessons learned from the pandemic, to avoid negative impacts from economic shocks, was that countries should not overspecialize in certain services. Much of trade in services was through mode 2 (consumption abroad), in the form of tourism or business travel. However, digitalization was leading to diversification and a shift from mode 4 (presence of natural persons) to mode 1 (cross-border supply). In addition, while technology facilitated the cross-border provision of services without the need to travel, digitally deliverable services trade was heavily dependent on access to and the cost of related infrastructure. In this regard, the speaker cited the example of the trend of outsourcing tasks through digital labour platforms in various countries. The speaker stressed the importance of national policies and regulations, as well as data collection, to better analyse trade in services and inform policymaking. Supporting such trade required reforms comprising a mix of liberalization and regulatory reform. He highlighted the need for analyses of the interaction between services trade policies, digital regulation and economic governance variables. One requirement in this regard was up-to-date data on services and digital policies. There was also a benefit in examining case studies and value chain analyses that unpacked the policy sources of trade costs. Finally, the speaker suggested considering alternative mechanisms for sectoral or mode-specific international cooperation on digital regulation within, or as a complement to, trade agreements.

B. The evolving landscape of digital trade in services

(Agenda item 3)

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

5. In the first informal session, one panellist focused on trade in digitally deliverable services in Asia and the Pacific, detailing the wide variety of related sectors. Trade in such services had been more resilient during the pandemic and had accelerated in the region, with the share of the region in global trade in such services increasing in 2005–2020 from 17 to 24 per cent. In the same period, the share of Latin America had remained at 2 per cent and that of Africa had increased from 1 to 2 per cent. High-income economies tended to have greater shares of exports of such services. There was potential for economies in Asia to expand such exports as a development strategy, yet low levels of productivity and competitiveness with high regulatory barriers remained persistent challenges in the region. The drivers of digitally deliverable services trade included human capital, digital connectivity and investment. In addition, the panellist advocated trade liberalization and domestic deregulation as enablers, to advance such trade. Such policies could reduce international and intra-State trade costs and have spillover effects through global value chain linkages in sectors such as manufacturing and agriculture. However, data-related policies, such as on localization, could have a negative impact on trade in such services. The proportion of data localization measures applied by economies in Asia was greater than in other regions. With regard to policy, the panellist stressed the importance of investment in human capital, digital capacity, ICT infrastructure and connectivity. There was also a need for a balanced approach to free data flows, to enhance trade in digitally deliverable services while recognizing data protection and privacy concerns. International cooperation was key for transparent, fair and harmonized regulations, taxation and liberalization, through regional trade agreements and the Digital Economy Partnership Agreement. There were different possible impacts and trade-offs, such as with regard to skilled versus unskilled workers and urban versus rural areas. Finally, the panellist stated that Governments had a crucial role to play in fostering the competitiveness of digital services across society and addressing the digital divide and distributional impacts of policies supporting digital services.

6. Another panellist addressed the importance of diversification in Africa and the role of trade in services as an enabler of economic diversification and resilience to economic shocks. Diversification was important due to links with the domestic economy and in attaining higher levels of productivity. Its lack implied vulnerability to external shocks, and diversification was key to managing volatility and providing a stable path for equitable growth and development. Services acted as an enabler of diversification by, globally, generating over two thirds of economic output and two thirds of foreign direct investment and by providing most jobs. Services were increasingly exported by manufacturing firms as a strategy for adding value and creating long-term customer relationships. Services trade policies stimulated diversification because, as inputs, services facilitated the exports of new or upgraded products and expansion into new markets. The sector also contributed to employment, creating more jobs, at earlier stages of development, and services were even more important for women's employment. With regard to a common concern, the panellist noted that growth in services did not necessarily imply a shrinking manufacturing sector. Services promoted trade integration by providing the basic infrastructure on which trade in goods relied. Services, and trade in services, were also key enablers of global and regional value chains, as services provided the "glue" connecting the fragmented and dispersed production stages of value chains and they were central to digital trade not only because they provided the enabling infrastructure, but also because a broad range could now be supplied online. The development of productive capacities in services was an essential means of both improving and diversifying the production of goods and services through the linkage of services to value chains. Finally, the panellist noted that the development of infrastructure services would also facilitate the exchange of goods and services at the national, regional and international levels. Services were essential in supporting the integration of microenterprises and small and medium-sized enterprises (MSMEs) into regional and continental value chains, to boost exports in Africa. This was a crucial element of structural transformation on the continent.

7. One panellist detailed the experience of services trade in the Caribbean. She noted that services accounted for more than half of GDP and the labour force in member countries of the Caribbean Community. The single-market regime recognized the contribution of services sectors to economic development and prioritized infrastructure services, particularly those enhancing competitiveness, as well as sustainable tourism development and the diversification of tourism and its linkages with other sectors. The pandemic had negatively affected tourism and shifted focus to the online supply of services. Regional services sector strategies also recognized the importance of infrastructure services, which provided inputs to all sectors. The panellist stated that digitalization, which was central to value creation, should be a key dimension of strategies for the development of the services sector in member countries. With regard to digitally deliverable services, member countries needed to implement strategies for expanding the supply of services through digital networks. Services trade could provide access to efficient services that could help other industries improve productivity and competitiveness, and access to certain services might facilitate the achievement in member countries of the regional food security objective. To maximize the potential of services trade for economic diversification and resilience, the Community needed to address infrastructure gaps, deficiencies in the regulatory framework and enforcement and deficits in skills and disaggregated services data, to enable informed services-related policymaking. At the international level, UNCTAD could play a role by conducting research, providing technical assistance and facilitating forums such as the Multi-year Expert Meeting and the Global Services Forum, to allow for the sharing of experiences in services-related policymaking. Finally, she recalled that the Ministerial declaration of the group of small island developing States to the fifteenth session of the United Nations Conference on Trade and Development had called on UNCTAD to strengthen technical support in addressing infrastructure gaps and building more diversified, sustainable and resilient economies.

8. A representative of the secretariat addressed the importance of and challenges, tools and resources related to statistics on international trade in services. Services were important, yet continued to be undermeasured, and the importance of research and analysis was recognized, but such activities required data. Quantifying services was challenging, as they were intangible and difficult to define and there were also challenges related to data

compilation, which required collaboration between different agencies. Collaboration among national statistical offices, central banks and international organizations was essential. The representative highlighted ongoing online UNCTAD courses on the compilation and dissemination of data on trade in services, and underlined the need for a platform of stakeholders, in the form of an informal working group on services data, to discuss needs and gaps and identify funding and support for developing countries.

9. In the ensuing discussion, a few delegates, stating that the share of trade in services was growing, cited recent research showing that policies on trade in services were more restraining than tariffs; and noted that digitalization, which was leading to changes in modes of services delivery, presented opportunities to gain from trade in services. In this regard, one delegate expressed appreciation for UNCTAD support for ICT services in the Dominican Republic.

10. Another delegate referred to World Trade Organization (WTO) outcomes, noting that the declaration on the conclusion of negotiations on services domestic regulation (December 2021) did not call into question the right of regulators to impose regulations if needed. The domestic regulation of services needed to consider quality, transparency and stakeholder engagement, and the delegate stated that regulatory frameworks were important and could lead to a reduction in trade costs, referring to a trade policy brief by OECD and WTO showing the trade-related gains among member States that had implemented the declaration, compared with those that had not, and the spillover impact of the implementation of good regulatory practices that enhanced trade in services. In this regard, the representative of an intergovernmental organization reiterated the importance of improving international cooperation and that more efforts were needed; and stressed the importance of trade liberalization and domestic deregulation in the sector, as well as the need for investment in ICT, to make services more accessible to and affordable by all.

11. One delegate referred to the objective in the Programme of Action for the Least Developed Countries for the Decade 2011–2020 of doubling exports from these countries, which had not been attained with regard to trade in services. The sector was one of the main contributors to GDP in these countries and an export-led growth model, as adopted in most of the countries, remained vulnerable to economic shocks. Countries dependent on tourism had been negatively affected during the pandemic, for example, Cambodia; and challenges needed to be addressed, to increase diversification and build resilience. The delegate emphasized the need for the meaningful operationalization of special and differential treatment provisions, as well as the importance of extending support for least developed country market access, to expand services exports. UNCTAD could support the least developed countries in developing statistics, to formulate appropriate policy responses.

12. The representative of an intergovernmental organization stressed that tourism had been the sector most negatively impacted by the pandemic, which presented difficulties in developing countries and for women, youth and small businesses, and it had not yet recovered; international travel remained at around 61 per cent below pre-pandemic levels. The representative suggested several measures for addressing current challenges, including with regard to the war in Ukraine, which had triggered an economic shock, disrupting tourism.

13. A few representatives of intergovernmental organizations underscored the importance of services in all sectors, particularly in improving productivity and competitiveness, and of data in informing services-related policymaking; and highlighted that economies in Africa relied on the services sector for more opportunities among all actors and to enhance diversification at the national and regional levels.

14. The keynote speaker reiterated the importance of domestic regulation, policies and good regulatory practices in fostering services trade. In addition, he stressed the need to identify priorities from the point of view of firms in sectors in which there were significant potential opportunities. In principle, digital technologies could be used to improve services exports; it was important for national experts to consider policies and practices in other countries to elaborate a way forward.

2. The potential for diversification towards and through digitally deliverable services

15. In his introduction, the Vice-Chair highlighted takeaways from the first informal session. First, progress in harnessing digitalization for trade in services remained uneven across regions and more needed to be done to support the participation of MSMEs. Some countries in Asia had expanded the scope of trade in services but faced barriers related to trade restrictiveness, and countries in Africa and the Caribbean faced barriers related to infrastructure and digital competency. The potential of digitalization remained largely unfulfilled, in particular with regard to MSMEs, among which women-led MSMEs formed the majority. Second, policy coherence was critical, to harness the potential of services in transforming economies. There was a need to address unnecessary barriers and to support digitalization through foreign input. UNCTAD could support member States with regard to data in support of policy-oriented research. Third, participants had welcomed the proposal to establish an informal working group on data. Better use of existing data could inform services trade policy, and a working group could contribute in this regard. Fourth, participants had confirmed the usefulness of forums such as the Multi-year Expert Meeting in sharing good regulatory practices and domestic policies and understanding impacts on firm performance, and had highlighted the need to learn from countries that had successfully harnessed opportunities in digitalization.

16. One panellist highlighted that 50 per cent of traded services were digitally enabled, compared with 15 per cent of traded goods. UNCTAD had estimated that 16 per cent of digitally deliverable services were from the least developed countries, and the panellist stated that trade in such services offered countries scope for economic diversification. Such services included many types of activities, such as small-value services (e.g. online media), and the bundling of services with goods was growing, blurring the line between goods, services and previously non-tradable services. Inherent and acquired competencies were both drivers of digital services trade; an ecosystem approach was therefore needed to develop capacity for digital services exports. In this regard, four key interdependent pillars were digital infrastructure and readiness, human capital, an innovation ecosystem and the regulatory and business environment. Imports of digital services and goods were important in enabling capacity and competitiveness in both the domestic market and in exports. Countries were at different stages of regulatory capacity and preparedness, and faced the issue of balancing commercial interests with public policy considerations and digital platform regulation. In this context, transparency in regulations and an open trade and investment regime, among others, were important parts of the regulatory environment. The panellist also noted that a higher number of digital trade restrictions corresponded with a lower level of growth in digital services exports. Yet countries were increasingly imposing restrictions, and growing regulatory divergence across countries could thwart such trade in future. The panellist emphasized the need for partnership between Governments and industry, to keep pace with evolving technologies and to weigh the benefits and drawbacks of restrictions. Regional integration and cooperation could enable greater regulatory convergence in digital trade.

17. Another panellist, detailing recent trends, emphasized that services played an important role in growth and structural transformation. In addition, by making services more tradable, digitalization increased the salience of mode 1. Yet there was a gap between high- and low-income economies in digitally deliverable services trade; Africa, Latin America and Oceania were lagging in this regard. Among developing countries, China and India had the greatest share of digitally deliverable services exports. Digital divides prevented low-income countries from participating in such trade. With regard to transformative impacts on modes of supply, the panellist noted that digital platforms and artificial intelligence, among others, had significantly changed such modes and that the digital transformation was also changing online education and health services, among others. There were opportunities for the least developed countries through digitally deliverable services; such services could contribute to increased productivity, employment, innovation and social benefits, as well as indirect spillovers in the manufacturing sector. However, to promote such services, the least developed countries needed to overcome challenges related to the digital divide, the lack of skills and infrastructure, regulatory and institutional issues in labour markets and the relatively rapid growth of productivity in progressive digital services that might lead to increasing relative costs for analog services.

The panellist cited mandatory localization requirements; market entry restrictions; consumer rights protection, including restrictions on the cross-border movement of data; intellectual property protection; and content inspection as legal and institutional measures relevant to digital services trade. Finally, the panellist highlighted approaches and areas countries could consider in formulating policies targeting digitally deliverable services, namely, whole-of-government policymaking, building trust and confidence and promoting entrepreneurship and multi-stakeholder collaborations; digital competency through public-private partnerships; and international dialogue on trade rules.

18. One panellist stated that digitalization was a key driver of economic diversification as it represented a new means of delivery, altered the tradability of services, created new information industries, bundled goods and services and contributed to emerging technologies that changed how enterprises traded. The OECD digital services trade restrictiveness index showed that differences across countries and regions were broad, with space for decreases. Barriers to digital trade were high in some countries in Africa, Asia and Latin America. In this regard, countries with fewer restrictions tended to have greater shares of digitally deliverable services in total services trade. The panellist emphasized that informed policy discussions relied on good measurement tools. In addition, closer cooperation, both regional and international, was key to building an enabling regulatory environment.

19. In the ensuing discussion, one expert noted that in Latin America and the Caribbean, services exports were concentrated in tourism; digitally deliverable services represented less than one quarter of regional services exports. This was due not only to comparative advantages in tourism but also other ecosystem factors that hindered the production and export of digitally deliverable services. The main constraints were a slow digital transformation among MSMEs and the lack of human capital and affordable Internet access, as well as a heterogeneous, complex regulatory landscape. Countries could promote a more harmonized legal framework and put in place better long-term public-private cooperation schemes to identify bottlenecks, opportunities and practical policy interventions. The expert highlighted examples from Costa Rica and Uruguay as good practices.

20. Another expert, noting that economic diversification in services sectors occurred both vertically and horizontally, cited a recent study on MSMEs in Indonesia showing that the adoption of digital technologies increased the ability to develop more rapidly; improve efficiency; reach a wider market, including for exports; and tap into online marketing, financing, logistics and storage applications. Potential barriers were in digital infrastructure; digital literacy and skills; and data governance policies. Overall, digital transformation was key to economic recovery and developing services sectors.

21. One expert discussed knowledge and digital services in natural resources industries. Services were a major driver of global value chains and services trade was growing due to outsourcing, servicification and ICTs. With regard to natural resources, services contributed to value creation. Knowledge-based services were embedded in natural resource services and supported production. In this regard, the Global Value Chains Centre had established an upgrading model for resource-rich countries, proposing three stages of development with regard to knowledge-based services, namely, importing, developing locally and exporting. For example, Australia, Norway and the United States of America, had advanced from being resource-rich countries to exporting knowledge-based services; and Chile and South Africa were beginning to export services and served as good examples of how developing countries could capture greater value from natural resources industries.

22. A few participants from academia discussed how industry 4.0 technologies were disrupting many services industries, and highlighted the importance of digitally deliverable services in economic diversification and resilience in Latin America and the Caribbean. Following the pandemic, given disruptions in transport and logistics, discussions had focused on the resilience of global value chains. In the region, services had shown greater resilience than manufacturing. To allow services to operate during crises, the main barriers to overcome were in investment in regional infrastructure and regulatory flexibility. For example, Costa Rica had become a regional hub for high-value business services by attracting ICT and business support firms, through a skilled workforce, lower infrastructure

costs and a favourable geopolitical setting; and Saint Lucia had transitioned from agriculture to tourism services that largely relied on foreign capital and services imports, and now aimed to shift to higher-order services and reduce dependency on tourism. In addition, the recent economic partnership agreement between Japan and the European Union encouraged parties to facilitate digitalization and the green economy in emerging markets through regional or global value chains and production networks.

23. In this regard, one expert highlighted that in the Caribbean, services were leading economies and were critical to objectives of diversification, job creation and poverty reduction, among others. The pandemic had exposed the vulnerability in relying on tourism, but also served to accelerate digital transformation, which could open doors for MSMEs in the region to participate in global trade, as it eliminated geographical barriers. Some countries had diversified economies through ICT-enabled services; to achieve this, ICTs needed to work in tandem with an enabling environment for economic growth.

24. One delegate noted the legal implications of the digitalization of services and changes in modes of supply, citing examples of the regulation and limitation of professional services in the fields of medicine and education, and suggested that UNCTAD could compile good examples of regulatory practices in digitally deliverable services.

25. One expert stated that international principles and multilateral policies were needed to enable the development of services exports and eliminate trade barriers; and that national policies should enable the building of digital capacity and the development of infrastructure and transparent regulatory frameworks. For example, in Mexico, rules on the national regulation of services were being included in trade agreements, and a regional project was ongoing on expanding knowledge-based services by identifying regulatory barriers to trade and investment and providing support in implementing policies aimed at reducing such barriers.

26. The secretariat recalled that there were regional variations in the trade of digitally deliverable services and highlighted the tenth edition of *Assessing Regional Integration in Africa*, focused on liberalization and integration under the African Continental Free Trade Area. The Free Trade Area served to provide momentum for regulatory cooperation among countries, to help increase services trade, as services were the backbone of efficient regional value chains. In addition, the secretariat highlighted two UNCTAD publications stating that general principles on services trade were important but should not become a barrier for developing countries in joining international trade; and noted that UNCTAD was preparing a compilation of best practices regarding digitally deliverable services.¹

27. The panellists discussed best practices in designing national regulatory frameworks, to allow developing countries to more effectively harness digitally deliverable services. The first panellist stated that there could be broad principles on issues such as sensitive information; interoperability, cooperation and common guidelines were needed; and, in developing regulatory frameworks, public–private partnerships were important, as was the involvement of large private sector actors. The second panellist stated that consensus had not yet been reached on issues such as data ownership and confidentiality, and that countries needed platforms such as at UNCTAD to reach consensus on universal issues, while gaps in digital infrastructure and skills, as well as capacity in regulation and data analysis, needed to be recognized; regulations should not become trade barriers for developing countries. The third panellist recalled the level of heterogeneity in regulatory frameworks across countries and stated that cooperation among Governments could be key in finding global solutions, given common ground existing in areas such as electronic transactions and signatures, which could be built on, to ensure more interoperable regulations in areas of divergence. In her concluding remarks, the first panellist agreed that standards and quality should be regulated, stating that, in providing services online, mutual recognition, quality and consumer protection, among others, were important. Other policy areas Governments could consider included taxation and the regulation of services data. Further research was needed on integrating MSMEs into markets and bundling goods and

¹ See <https://unctad.org/webflyer/digital-economy-report-2021> and <https://unctad.org/webflyer/what-stake-developing-countries-trade-negotiations-e-commerce>.

services trade. The second panellist stated that qualifications and quality certificates for providers of digitally deliverable services were essential in both health and education; countries should not compromise quality while making services more affordable and accessible. The third panellist stated that certificates and licencing were mechanisms with which to protect consumers and that practices already existed in many sectors in this regard, while temporary licencing mechanisms might also provide solutions; and reiterated the need for better and closer cooperation between countries.

3. Pursuing the potential for diversification: Trade and cooperation frameworks for digitally deliverable services

28. In her introduction, the Chair highlighted takeaways from the second informal session. First, there was a need to harness the potential of digitalization through policies to improve digital infrastructure and skills, data governance and the digital transformation of MSMEs, as well as supporting regulatory frameworks. The coherence of policies covering multiple enabling sectors for services was crucial. Second, regulatory capacity in online transactions was important; digitalization made it more difficult to capture, characterize, measure and regulate cross-border supply. Further research was needed to better understand the bundling of goods and services. In addition, partnership between Governments and industry was essential in keeping pace with the rapidly evolving digital landscape. In this regard, UNCTAD had been asked to compile examples of good regulatory practices in digitally deliverable services. Third, key in promoting such services was better and closer cooperation at the regional and international levels, and it was important to have a set of agreed general principles on critical issues such as data flows at the global level. The harmonization of regulations could facilitate trade in such services, provided it did not become a barrier for entry by developing countries.

29. One panellist detailed perspectives from Asia. Digital trade, including of services, made up a growing share of overall trade flows in the region, and Governments were increasingly using trade agreements as a mechanism to address new issues. Past commitments under WTO had not captured many digital services, with often limited commitments on cross-border supply and without rules governing data or a wide range of digital trade-related issues. In this context, many countries in Asia had formed bilateral and regional arrangements to cover digital trade and services. Digital trade was a cross-cutting topic affecting a broad range of disciplines; there was a need to address them in a coherent manner. Recent regional agreements all addressed the digital economy in various provisions, with different scheduling approaches in countries. For example, under the Regional Comprehensive Economic Partnership, there was a commitment to using a “negative listing” approach, whereby all services sectors would be liberalized unless reservations were made, and there were prohibitions on performance requirements for services. However useful, such approaches only applied to members of the Partnership. Digital trade did not have geographical boundaries; therefore, with regard to future challenges, a global agreement would be the best solution.

30. Another panellist discussed developments in the Caribbean, where the creative industries sector was at the forefront of digitalization. Such industries had been negatively affected during the pandemic due to reduced mobility, as the provision of services relied on the movement of persons through mode 2 or 4. However, the pandemic had served to show the importance of mode 1, as the increase in global platform use was linked to creative content. Such platformization addressed the high level of demand for creative content supplied in a cross-border manner. In parallel, the fastest growing component of trade in services was intellectual property rights. However, current trade agreements, based on a goods-based economy, were not suited to facilitating growth in creative industries and digitalization and were unable to facilitate cultural and creative services trade in an era witnessing a shift from trade in physical goods to digitally deliverable services. The participation of developing countries, including those in the Caribbean, in trade in services remained low or was declining, suggesting that the prospects for leveraging the growth of creative industries as a means of diversification had not yet materialized. There was a need to embed intellectual property, a key driver of the digital creative economy, in trade agreements and to address barriers affecting market access and the penetration of

digital services, as well as to build supply-side capacity by upgrading entrepreneurial skills, market incubators and visa schemes for increased artist mobility.

31. One panellist stated that digital services trade was growing in relevance among Governments, institutions and businesses, as well as in daily life. Digitally deliverable services were an increasingly important part of consumer baskets and the pandemic had served as an accelerating factor in their rapid development. The prominence of such services had become a feature of globalization as they were not limited by geographical boundaries. However, data flows were not always well captured under electronic commerce (e-commerce) and earlier generations of free trade agreements. The panellist emphasized the need to go beyond the concept of e-commerce and broaden its scope and definition to cover the overall digital economy and reflect the social and economic aspects of digitally deliverable services. In Latin America, for example, 73 per cent of trade in such services took place in the informal sector. The pandemic had served to reveal the digital divide within and between countries in the region in terms of access to such services. In addition to the high costs of building national-level infrastructure for such services, the cost to low-income communities of accessing such services determined whether they could benefit from the digital economy. At the international level, digitally deliverable services, including digital payments, were concentrated in a few developed and emerging countries. The digital divide was also seen between platform developers and users, with significant social and economic development implications in developing countries. Finally, the panellist stressed intellectual property rights, competition and data protection as areas of concern, stating that new-generation free trade agreements should pay greater attention to developing country needs, to promote an inclusive and profitable digital economy for all.

32. In the ensuing discussion, one expert detailed the situation in Cambodia, which, since acceding to WTO in 2004, had been one of the most liberal trade in services regimes. The services sector was a major contributor to GDP, indicating its critical role in economic development. However, the pandemic had served to show that the export-led growth model was vulnerable to shocks due to limited diversification and the dependence of services exports on the tourism sector. The expert detailed four key issues in increasing the contribution of services trade to economic diversification and greater resilience in the least developed countries, namely, addressing challenges in supply-side constraints; operationalizing the services waiver and special and differential treatment provisions for the least developed countries and the provision of technical assistance and capacity-building in this regard; supporting the least developed countries in addressing challenges related to services trade statistics, critical to the formulation of appropriate policy responses; and preparing for the digital transformation of the services sector in the least developed countries. Supporting these countries in digitalization would allow them to improve services supply and diversify economies towards building economic resilience.

33. Another expert noted that in recent years, due to technological transformations, there had been rapid growth and innovation in digitally deliverable services. During the pandemic, trade in such services had become important in reorganizing global production factors and reshaping the global economic structure by eliminating physical boundaries. UNCTAD research showed how global digitally deliverable services trade was growing. In addition, as at June 2020, 89 bilateral and regional trade agreements worldwide contained rules on digital trade or e-commerce, involving more than 70 countries and regions. The expert noted that, in China, a series of practical measures had been adopted to promote the development of digital services trade, including, among others, the promulgation of laws on cybersecurity, data security and intellectual property rights; the adoption of policy arrangements for the development of digital trade; and participation in the formulation of international rules. At the multilateral level, China had participated in discussions on e-commerce at WTO and at the regional level, certain free trade agreements included stand-alone chapters on e-commerce. In addition, improved statistical methods were being explored, to promote research on the definition of digital trade concepts and the classification of categories. The development of digitally deliverable services during the pandemic had enhanced economic resilience and improved people's well-being yet the significant digital divide needed to be recognized. The international community had not yet formulated a global governance system and the fragmentation of digital services trade regulations had hindered the full realization of digital dividends. China aimed to promote

the inclusive development of digitally deliverable services and share development experiences in digital services trade with other developing countries through information exchanges and capacity-building.

34. One expert discussed the diverse digital economy landscape in Africa, in terms of infrastructure, regulation and market development. The digital divide featured a significant gender gap, including in financial inclusion and Internet access. The Digital Transformation Strategy for Africa (2020–2030) of the African Union aimed at promoting intra-African integration in digital trade, to achieve wider participation by enterprises in national, regional and international e-commerce. This strategy could serve as a building block under the African Continental Free Trade Area, along with similar initiatives at the level of regional economic communities, such as the digital free trade area implemented under the Common Market for Eastern and Southern Africa, involving e-regulations, e-logistics and e-trade, and the e-commerce strategy adopted by the Southern African Development Community. Negotiations were ongoing under the Free Trade Area on digital trade, including with regard to digital governance. The connections between trade in services and other areas were important; services such as communications played an important facilitation role with regard to trade in goods. Finally, the expert noted that negotiations were also ongoing on a protocol on women and young traders, providing an opportunity to address particular challenges faced by women and youth in digital trade across the continent and to address overall gender equality.

II. Organizational matters

A. Election of officers

(Agenda item 1)

35. At its opening plenary meeting, on 4 July 2022, the Multi-year Expert Meeting on Trade, Services and Development elected Ms. Lucy Kiruthu (Kenya) as its Chair and Mr. Sung-hwan Lee (Republic of Korea) as its Vice-Chair-cum-Rapporteur.

B. Adoption of the agenda and organization of work

(Agenda item 2)

36. Also at its opening plenary meeting, the Multi-year Expert Meeting on Trade, Services and Development adopted the provisional agenda, as contained in document TD/B/C.I/MEM.4/25. The agenda was thus as follows:

1. Election of officers.
2. Adoption of the agenda and organization of work.
3. The evolving landscape of digital trade in services.
4. Adoption of the report of the meeting.

C. Outcome of the session

37. At its closing plenary, on 6 July 2022, the Multi-year Expert Meeting on Trade, Services and Development agreed that the Chair should summarize the discussions.

D. Adoption of the report of the meeting

(Agenda item 4)

38. Also at its closing plenary meeting, 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:

Algeria	Nauru
Argentina	Nepal
Barbados	Nicaragua
Belgium	Niger
Bolivia (Plurinational State of)	Panama
Brazil	Paraguay
Cambodia	Peru
China	Republic of Korea
Colombia	Russian Federation
Congo	Saudi Arabia
Costa Rica	Seychelles
Czechia	Sierra Leone
Djibouti	South Africa
Dominican Republic	Spain
Ecuador	Sri Lanka
Egypt	State of Palestine
El Salvador	Trinidad and Tobago
Ethiopia	Tunisia
Guatemala	Uganda
India	United Kingdom of Great Britain and Northern Ireland
Iran (Islamic Republic of)	United Republic of Tanzania
Jamaica	Uruguay
Japan	Uzbekistan
Kenya	Venezuela (Bolivarian Republic of)
Madagascar	Viet Nam
Malaysia	Yemen
Mauritius	Zambia
Mexico	Zimbabwe
Morocco	

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

African Union
Caribbean Community
Common Fund for Commodities
European Union
Latin American Integration Association
League of Arab States
Organisation for Economic Co-operation and Development
Organization of American States
Organization of Islamic Cooperation
Permanent Secretariat of the General Treaty of Central American Economic Integration

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

Economic and Social Commission for Asia and the Pacific
Economic and Social Commission for Western Asia

* This attendance list contains registered participants. For the list of participants, see TD/B/C.I/MEM.4/INF.9.

Economic Commission for Africa
Economic Commission for Latin America and the Caribbean
World Tourism Organization

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

General category

Consumer Unity and Trust Society International
International Network for Standardization of Higher Education Degrees
