

CONCEPT NOTE

Workshop on Enhancing the Development Potential of Services Trade for Least Developed Countries through Preferential Treatment

26 March 2018, 10 a.m. to 1 p.m.
Room XXVI, Palais des Nations

Background

For least developed countries (LDCs), the services sector is a central component of their development aspirations, accounting for major contributions to output and export value added. The participation of services in direct exports is lower, but the sector remains a key avenue for diversification as direct exports of services have been more dynamic and resilient than exports of goods. In LDCs, the share of services in total exports grew from 11 to 19 per cent between 2008 and 2016. However, the share of LDCs' service exports in global exports still remains less than one per cent.

Preferential treatment for LDCs in trade in services can contribute importantly to their trade policy, allowing for new or reinforced trade opportunities. The importance of "special priority" for LDCs is recognised by the General Agreement on Trade in Services (GATS), including by article IV on the facilitation of the increased participation of developing countries in world trade. The GATS envisaged the liberalization of market access in sectors and modes of supply of export interest to developing countries, and assigned special priority to LDCs in view of their special economic situation and their development and trade needs.

In this context, the waiver of most-favoured nation (MFN) obligation allowing the World Trade Organization (WTO) members to provide preferential treatment to services and services suppliers from LDCs can provide a relevant contribution to increasing their trade in services. Such relevance depends on the additionality of preferences in regard to existing commitments at multilateral, regional and bilateral levels, and in regard to applied regimes. An evaluation of the meaningfulness of preferences also requires country-specific modal and sectoral analyses and thorough services assessments that provide benchmarks of significance and viability in support of preferential treatment initiatives. Most importantly, to take advantage of preferences, LDCs require addressing their domestic capacity constraints, including infrastructures, skills, technology, regulatory and institutional frameworks. Preferential treatment, including through the LDCs services waiver, needs to take this into account and consider preferential regulatory treatment and other measures supporting LDCs domestic capacity.

This workshop on "Enhancing the Development Potential of Services Trade for LDCs through Preferential Treatment" will provide an opportunity for a discussion in the broader context of improving services access to export markets and domestic capacity for LDCs in the context of the WTO Services Waiver.

Key questions of discussion

The workshop will address the following questions:

- To what extent does preferential treatment address challenges of LDCs' services exporters with respect to access to foreign markets and domestic capacity issues in LDCs?
- How such preferences can contribute to LDCs use of services trade as a development strategy?
- What do the LDC service suppliers need to succeed in export priority sectors and modes of supply?
- How such preferences can be better tailored to fulfil export potential and thus contribute to overall development?
- In which way can preferences attend to domestic capacity constraints, including in infrastructure, skills, and technology?

During the workshop the case studies for four LDCs - Cambodia, Nepal, Senegal and Zambia - will be presented. Focusing on sector(s) of particular export interest to the LDC in question, the studies review the implementation of the LDC Services Waiver for these four countries and seek to assess the relevance of the notified preferences, if and to what extent exporters were able to utilize the preferences granted as well as possible gaps and opportunities for better tailoring of the preferences to the needs and capacities of LDCs.