



INTERNATIONAL MEETING ON SERVICES VALUE-ADDED IN EXPORTS

Services and trade policies for diversification and upgrading

Brasilia, Brazil, 22-23 October 2019

CONCEPT NOTE

OBJECTIVES

The main objective of the international meeting is to reduce the knowledge gap on services' value added in exports to allow for development through evidence-based policymaking, as called for in sustainable development goals (SDGs), particularly trade- and services-related policies. This will be pursued through the exchange of lessons learned and interactive discussions. To this end, experts on trade, industrial and services policies, from several countries, regional and international organizations, private sector and academia will participate in several "services talks", public policy and expert panels.

The meeting will also share and discuss the results of UNCTAD's work in Brazil, with funding from the European Union and in cooperation with the Government of Brazil, as useful lessons for developing countries. This work has included the measurement of services' value-added in exports; the development of a guidebook for developing countries on the methodology to measure services' value-added; and the analysis of trade and services policies to enable its potential.

To highlight how services are at your service, success stories will be presented by private sector representatives on how services value-added is contributing to strengthening agriculture and industrialization strategies and to enhancing the export capacity of all economic sectors. Experts on trade in value-added will address data-related policy and methodological issues. Furthermore, the policy analysis and discussions will take deep dives on information and communication technology (ICT) services and professional services to examine in which way these services play a key role in providing enabling value-added for overall productive and export capacity.

The specific objectives are:

1. Increase participants' understanding on how services' value-added can contribute to economic diversification and upgrading, trade competitiveness and to achieving the goals of the 2030 Agenda;
2. Improve participant's awareness on how to measure services' value-added and in which way UNCTAD's methodology can be used as an evidence-based policymaking tool;
3. Enhance participants' knowledge on trade policies that contribute

to the potential of services' value-added for economic and trade development;

4. Enhance participants' knowledge on services policies that contribute to the potential of services' value-added from professional services;
5. Enhance participants' knowledge on services policies that contribute to the potential of services' value-added from ICT services.

Contributions in this international meeting will enrich the results of the work in Brazil, as appropriate. The main lessons from the work in Brazil and other key lessons from the international meeting will be published as a tool for countries to advance in their efforts to use services' value-added for development.

PARTICIPANTS

Several stakeholders will benefit directly from the meeting. **Policymakers** as the meeting will detail trade, industrial and services-related policy options that build on services value-added as a key tool for economic and trade development;

Trade negotiators since the meeting will also cover trade-related policies and will particularly focus on the impact of services' value-added in exports;

Academics and researchers, including from think tanks and non-governmental organizations, will also be able to draw insights from the methodology for measuring services' value added in exports, and from the analyses of trade and services policies;

Private sector representatives because, with services' value-added, firms may have better chances to take advantage from services inputs, increased efficiency, reduced costs, higher productivity, higher productive and export capacity, and facilitated participation in international trade and in value chains;

Micro, small and medium-sized enterprise representatives as they can benefit from achieving the full potential of services, including servicification and services' value-added in exports;

Workers and workers' associations, since evidence-based policies that take services sector's indirect effects into consideration can enhance the employment effects;

Policymakers working on gender empowerment as they will better understand the positive effects of services sector on gender balance

and female employment in several services sectors;
Public and private stakeholders of professional services as they will benefit from the special policy focus on their sector;
Public and private stakeholders of ICT services since they will benefit from the special policy focus on their sector.

BACKGROUND

Globally, trade in services reached \$5.8 trillion in 2018. This was an all-time best confirming the dynamism of services exports, higher than for goods. In developing economies, services' exports grew 7.6 per cent annually between 2005 and 2018, increasing services' direct contribution to total exports from 14 to 17 per cent. These trends come short of reflecting the full importance of trade in services. There is substantial value-added of services, which is not captured in this data, incorporated in goods exports, from services intermediate inputs and from services bundled with goods.

While services direct exports in 2011 accounted for 14 per cent of total exports in developing economies, services represented a much higher share of the value-added in total exports: 32 per cent. In addition, while directly exported value-added has increased, close to two-thirds of the growth of services value-added in exports is due to an increase in services embodied in exports of all sectors. For a set of selected economies, when considering services activities within manufacturing firms, the contribution of services to overall exports was close to two-thirds. This places trade in services at the same level as services output, jobs and investment. In 2017, services globally achieved 68 per cent of output, 51 per cent of jobs and 50 per cent of foreign direct investment. This prevalence also occurs in developing economies where services were responsible for 56 per cent of output and 46 per cent of jobs.

Through these indirect roles, services can induce efficiency and effectiveness, reduction of productive and trade barriers, and contribute to more productivity, increased productive and export capacity and higher participation in global value chains. This highlights that the services sector is not an alternative to agriculture or industrial development, but rather provides key means to complement and strengthen agriculture and industrialization strategies. This can also induce a structural transformation which may favour sectors which tend to have higher productivity and thereby enhance the abovementioned effects. A stronger services sector, namely through increased services value-added in all economic sectors, can be particularly relevant for gender equality and women's economic empowerment.

Despite the importance of services, many developing countries are yet to fully explore the development potential of services-led economic transformation and growth. The challenge of devising a coherent services and trade policy and regulatory framework is compounded by insufficient data on services' value-added and information on how services value-added in exports is affected or enabled by current trade, industrial and services policies. This meeting will address this knowledge gap.

Find out more on services value-added:

UNCTAD (2017), Services and structural transformation for development: https://unctad.org/en/PublicationsLibrary/ditctncd2017d2_en.pdf;

UNCTAD (2019), Enhancing productive capacity through services: https://unctad.org/meetings/en/SessionalDocuments/c1mem4d20_en.pdf;

Cernat, Lucian (2017), Trade, Technology and Mode 5 Services: What is at Stake for Developing Countries? https://unctad.org/meetings/en/Presentation/c1mem5_2017_108_S2_Cernat.pdf;

Data in this note is retrieved from UNCTADstat, ILOSTAT and World Investment Report 2018.

ORGANIZERS

United Nations Conference on Trade and Development, with funding from the European Union.

Co-organizers: Government of Brazil; European Commission, International Chamber of Commerce (ICC) Brasil.

LOGISTICS

Venue: Esplanada dos Ministérios, Bloco K, Auditório do Subsolo, Brasília, Brazil

Dates: 22 October 2019, Tuesday, 09h-18h / 23 October 2019, Wednesday, 09h-13h

Language: Simultaneous interpretation will be provided in English and Portuguese.

Information page, with programme: <https://unctad.org/en/pages/MeetingDetails.aspx?meetingid=2256>

Registration is free and mandatory: <https://international-meeting-services-value-added-exports.eventbrite.co.uk>

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