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ITC interactive briefing on services

19.03.2013

## Opening Remarks: Patricia Francis

Your Excellencies, Members of the Panel, Ladies and Gentlemen,

Welcome to everyone, especially to those who have travelled to Geneva this week, not only from capitals (and I am delighted there are so many of you in that category here this evening), but in the case of our visiting business representatives, from a variety of commercial centres around the world.

I draw special attention to the fact that we have many more business representatives in the room with us than we had speaking slots available, given the time constraints this evening.

This includes a large contingent from the United States Coalition of Services Industries, who we were delighted to welcome to the ITC building yesterday along with the other members of the Global Services Coalition who are speaking here this evening.

We do intend that this event be interactive, we do not wish to leave anyone out, and we do wish to hear from as many of you as possible so we will leave time available to do so.

So I will be brief.

### Importance of Services

This evening ITC is launching a new seminar series on Services Trade and Development.

### **Why?**

Services are now recognised as a driving force for economic growth, and offering a potential new pathway to sustainable development.

In the OECD economies, services are now driving growth in GDP, employment and productivity as well as dominating inwards and outward investment flows. While data is harder to come by (which is something ITC is aiming to help fix), the story is similar for an increasing number of developing countries.

In sum, the recent empirical evidence, generated for example by the WTO, the OECD, the World Bank, the ILO and the academic fraternity, shows at a global level that

- Services make the strongest contribution to overall economic growth
- Services are well over 50% on average of world GDP,
- Services generate more than 60% of jobs worldwide;
- Services are making the strongest contribution to female employment and contributing importantly to poverty reduction;



When it comes to TRADE, in value-added terms, the new OECD/WTO data released in January shows that services now account for nearly half of world exports and are an integral part of competitive manufacturing and agricultural exports.

What the new data tells us is that exports of services intermediates are very important contributors in global value chains. This is critical for developing countries, where services off-shoring activities have prospered, generating big recent gains in export revenue and employment.

Developing countries' share in world services exports have consequently been growing rapidly. 20 years ago developing countries accounted for only 11% of total world services exports. Today the figure is roughly 30%, with increasing sophistication helping achieve a shift from the traditional transport and tourism sectors to IT and other commercial services. However this is still below their overall share in exports which is around 40%.

And the benefits are not yet evenly spread. Too few developing countries are taking advantage of the new opportunities to specialise in the export of services "tasks". And the growth has not always been rapid enough. There is evidence that, despite the overall growth, global market share may be declining for certain groups of developing countries, such as the African Caribbean Pacific (ACP) group. Reversing such trends requires a dedicated shift of focus.

The services sector clearly now plays too important a role in whole-of economy competitiveness, to be relegated to second place. It has to be front of mind of any modern export promotion effort.

### **ITCs Trade in Services Programme**

This is why the ITC is revitalizing its Trade in Services Programme.

In comparison to the previous programme, which focused largely on awareness raising activities, the new programme plans multiple levels of interventions in line with ITC's methodology in other sectors. We will make a difference at the policy, TSI and enterprise levels by working on services export strategies, building TSI capacity for promotion of services exports and improving SME exporters' capacity in the sector.

ITC's objective is to boost services exports from developing countries to generate impact including job creation, increased income for exporters and their families and empowerment of women and youth. Boosting exports increasingly means accessing services niches in global and regional value chains. This is often a matter of attracting outsourced services activities. It requires a sustained focus on innovation, and on education, in order to climb the services value-added ladder.

ITC's new programme has been built on a carefully researched understanding of how services firms operate, of the factors that affect their competitiveness and the levers relevant to ensuring an enabling business environment for export growth.

The programme will be phased in over a 3 year period; the first year will focus on awareness raising, on supporting services champions and creating opportunities for services coalition building and public/private dialogue. ITC will provide new training modules for trade promotion organisations, because promoting services exports (making the invisible visible) requires different skills, different venues and a whole new tool kit.

Initially ITC will focus on 3 broad clusters of services industries identified in our client review process as most immediately in demand, namely, Tourism (including health and wellness), Transport/Logistics/Distribution and IT and IT-enabled services.

Soft copies are available from our new Trade in Services team who I hope you will all meet this evening.

### **The Plurilateral Dialogue (Negotiations) on Services**

And now, what you've all been waiting for – a central aspect of our seminar topic - the plurilateral dialogue / negotiations on services.

At that very early stage in the process, the positions of governments and business in most countries is just being formed. There is an important level of scepticism among developing countries and also a very uneven knowledge about these discussions / negotiations. Given that, I believe it is an important moment to have this discussion. As you know, ITC's role is to ensure the private sector voice is understood by policy-makers so that we can have the best environment for business to operate in.

It is ITC's intention and my personal hope and expectation is that we will all leave this room with a higher degree of knowledge and understanding of what is going on, and why, and what it might mean-in addition to having a wider discussion on the importance of services and services negotiations more broadly. And we will hear direct from key members of the business community what business sees in this.

With that, it is my pleasure to hand over to our moderator Hamid Mamdouh. As Director of the WTO Trade in Services Division, he is already known to many of you. The Trade in Services Division of the WTO is the part of the Organization responsible for servicing the WTO Council for Trade in Services which oversees the implementation of the GATS. The Division is also responsible for providing legal, policy and technical advice to Member governments of the WTO.

Hamid, I invite you to take over as chair; to set the stage on the issues, to introduce our panel of business speakers as well as our commentators and to moderate the Q& A session.