Business for Development
Implications for Export Strategy-Makers

Services Exports as a Development Option

The Issue: For many developing and transition economies the services sector provides extensive export opportunities, which, if exploited, can provide considerable impetus to the national objectives of employment generation, skills enhancement and poverty reduction.

Consider the following: Services currently account for nearly a quarter of world trade and some predictions expect this share to rise to 50 per cent by 2020. Worldwide, annual growth in the services sector surpasses that of manufacturing and agriculture. Services comprise a significant component of GDP in all developing countries, exceeding 50 per cent in several least developed countries. The service sector, by definition, is a high employer and a catalyst of both skills development and entrepreneurship.

In short, the services sector’s export capacity can provide a major boost to both export performance and the drive towards overall economic development. The experience of several developing countries verifies this conclusion.

But the services sector is largely ignored by national strategy-makers. As a consequence, few developing/transition economies are actively promoting, and supporting, the expansion of the sector’s export capacity.

This represents a critical deficiency in the national approach to export development and international competitiveness.

The Proposition: National strategy-makers must shift the strategic focus to the services sector, and in particular the business and professional services sub-sector.

To accomplish this, strategy-makers and trade support agencies must adopt non-traditional, and what may be considered non-conventional, approaches to capacity development within the sector (i.e. the formation of business alliances, both internationally and locally); market access (with particular reference to acceptance of accreditations); and promotion.

At a minimum, a new mindset within the sector and the trade support network is required.

Focus of the Debate: We propose that the debate focus on the following:

1. Do significant opportunities exist in the international market place for services from developing countries and, if so, do they extend beyond the traditional services of tourism, transportation and financial services?

2. What are the principal elements of a successful services export strategy and what immediate actions can be taken to promote trade in services?

3. How can the developmental and commercial objectives be mutually reinforced within the services sector?