Promotion of Services now more important than promotion of Goods?

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Modalities of trade in services (GATS)

- Cross-border (movement of the service)
- Consumption abroad (non-residents)
- Commercial presence (FDI)
- Presence of natural persons (movement of people)
Trade in services increase but goods do it faster

World exports of goods and services

Source: WTO
Different growth by regions

Trade in services in some regions and countries, 1990 & 2004

Increase of trade in added-value services

World exports of services by categories

Source: WTO
Evolution of the trade in services

• 1st. Stage: Services to the trade of goods (transport, financing, insurances, ...)

• 2nd. Stage: Services related to the people mobility (tourism, training, medical, ...)

• 3rd. Stage: Routine labor-based services (accountancy, call-centers, ...)

• 4rd. Stage: Knowledge-based services (design, tele-medical, R+D, cultural, ...)
Economic benefits of exporting services

- Foreign currency entrance
- Increase of competitiveness of local services: added value to the industry, FDI attraction,…
- Employment: importance of SME, low capital demands, …
- Quality of employment: retention of talents
- Clean production
Opportunities of trade in services

- Global outsourcing and Global offshoring (FDI)
- Opportunities for developing countries (less than 25% of trade in services)
- Scale effects:
  - Market niches: tourism, engineering, entertainment
  - Intangible assets: better knowledge of processes, networks, reputation, ...
- Lower costs (ICTs, air transportation, ...)
Competitiveness trends

- Competitiveness based on knowledge, not in labor or technology
- Changes on consumption patterns: proximity to the consumer (ICT)
- Transformation of the services into creative activities or related with innovation (routine services become “commoditized”)
- Industrial companies are transformed into services companies (Mango, Zara, Apple, …)
- “Grey hair” as an input (experience) and as an incentive for innovation (lack of labor)
- Labor more related with the ideas, product development or cultural products
- From the Knowledge economy to the Creativity economy