Improving Regulatory Frameworks for Trade in Services

Thursday, May 8, 2014
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Tradability of services has drastically evolved – thanks to **technology**, **privatization**, **deregulation** and **market access**.
• Trade and services are:
  ▪ more than 1/5 of global trade flows
  ▪ or 45% of global trade in value added

• The participation of developing countries in services exports has increased: 11% (1990) → 20% (2011)

HOWEVER

• Trade costs of services:
  • are 2-3 times as high as the trade costs of goods
  • remained stable, while trade costs of goods fell about 15% over the last decade
Underlying Rationale For Regulation

- Preventing monopolies in networked-based services
- Addressing externalities and asymmetric information in knowledge
- Striving for universal access to essential services
- Pursue non-economic goals

**UNATTENDED => LOSS IN SOCIAL WELFARE OR MARKET INCENTIVES TO PRODUCE TOO MUCH OR TOO LITTLE OF SOME SERVICES**
Steps To Adopting A Modern Regulatory Framework

1. Evaluate and compare where you stand
2. Study best practices
3. Get help to assess regulation
Evaluate and Compare Where You Stand

Services Trade Restrictions Database (STRI)

- A benchmarking tool:
- Data in the financial, telecom, retail, transportation and professional services sectors

- Enables users to **compare levels of restrictiveness** across countries, regions and sectors

http://iresearch.worldbank.org/servicestrade
2 Study Best Practices

- International Organizations’ and countries’ initiatives to promote common principles of good regulatory practices

- OECD and APEC checklist
Get Help To Assess Regulation

Regulatory Assessment of Services and Investment (RASTI)

A. To map all regulations and their application; and to review institutional governance

B. To perform quantitative analysis of a country’s regulatory regime to assess the benefits and costs

C. To identify alternatives to the existing regulations, taking stock of stakeholder views
REGULATORY ASSESSMENT TOOLKIT

A PRACTICAL METHODOLOGY FOR ASSESSING REGULATION ON TRADE AND INVESTMENT IN SERVICES

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www.worldbank.org/trade/rast