

Export of Services

Hype or High Potential? Implications for Strategy-Makers



International Trade Centre

UNCTAD/WTO

**Executive
Forum
2005**

Export of Services

Beyond Selling Promises



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ITC

DEFINITION



What Services:

- ✓ Business Services
- ✓ Construction
- ✓ Education
- ✓ Financial
- ✓ Tourism/Travel
- ✓ Transport
- ✓ Communication
- ✓ Distribution
- ✓ Environment
- ✓ Health/Social
- ✓ Recreation, Cultural, Sporting

How are services traded?

Through four "modes"

1. Cross-border
2. In-country
3. Offices abroad
4. Temporary business travel

TRADE IN COMMERCIAL SERVICES



Trade in Commercial Services increased in 2003

- ❖ **Africa: 22%**
- ❖ **Economies in Transition: 19%**
- ❖ **Developed countries: 16%**
- ❖ **Asian developing: 14%**

ITC Findings

On average, developing countries are exporting 68 different services to an average of 33 export markets.

- ❖ Most common North markets:
U.S., U.K., Canada, Italy, France, Germany

Strategy-makers

- ❖ Fail to develop a suitable service export strategy
- ❖ Do not recognize that many SMEs already export
- ❖ Focus on tourism or traditional services that support goods exports
- ❖ Focus on inward investment, versus exports
- ❖ Focus on the larger firms



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Feedback from e-discussion

**Does the service sector
represent high potential in
the export development goals
of developing and transition
economies....
or is it all “hype”?**

Kenya

*"Yes, indeed there is very high potential - higher than, for example, in manufacturing. There are already an abundance of exportable services. **With better understanding of management, exporting and e-readiness, the service sector will take off.**"*

Nigeria

"High potential in some respects, and hype in others.

*Service providers in some sectors in developing countries are simply not competitive enough to stand a realistic chance of contributing to the country's export development goals. No amount of training or capacity building will make a difference unless the service delivery itself is strong and dynamic enough to be exported. In 10 years, we could still be talking about the potential...**the challenge is to identify sectors with real potential, where achievable goals can be set and met, and to implement programmes towards those goals.**"*

Malawi

*“In theory, **landlocked LDCs stand to benefit significantly** from increased trade in services, as the disadvantages to being landlocked and high transport costs have on trade in goods are not serious impediments to trade in services. However, in the short to medium term, it is highly unlikely that the private sector in LDCs will have the capacity to compete internationally on a meaningful scale in service sectors being discussed in this Forum (financial, environmental and business and professional services).”*



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Mr. Lloyd Downey

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FOCUS OF THE DEBATE:

- ❖ How does the strategy-maker cope with the competing interests of the private sector?
- ❖ Are any of the experiences of developed countries in exporting services applicable to the developing world?
- ❖ What techniques have been successful in raising awareness about the potential and the “reality” of service exports?
- ❖ What is an ideal environment for successful services exporting, and can you export services when you don't have a perfect environment?