



TRADE IMPACT  
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Australian Government

Department of Foreign Affairs and Trade



# LDC Services: Geneva Practitioners Seminar Series: “Making Sense of GATS and Applying Good Practices in Services Negotiations”

## Seminar 2: “Key Sectoral Issues and Domestic Regulation”

Name of speaker: John Cooke

Topic or title of presentation: Developments in trade in financial services and impact on LDC growth

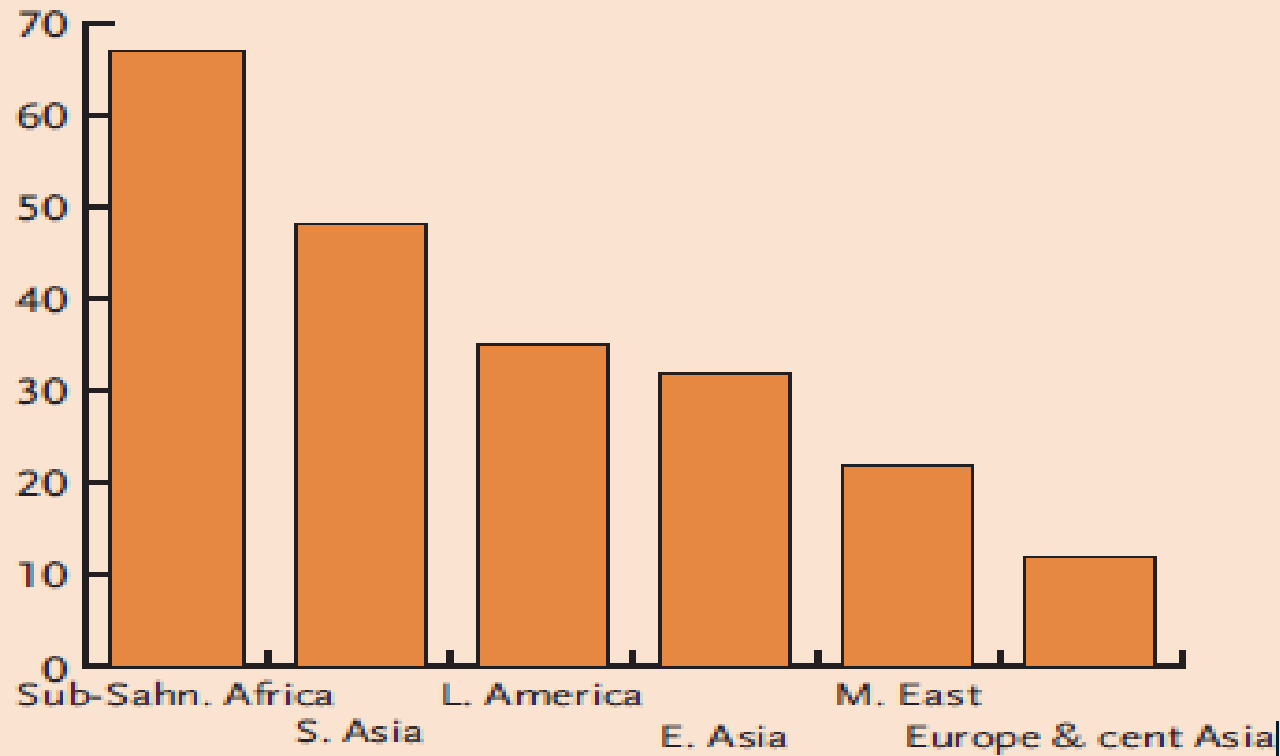
WTO Building, Room B

26 February 2015



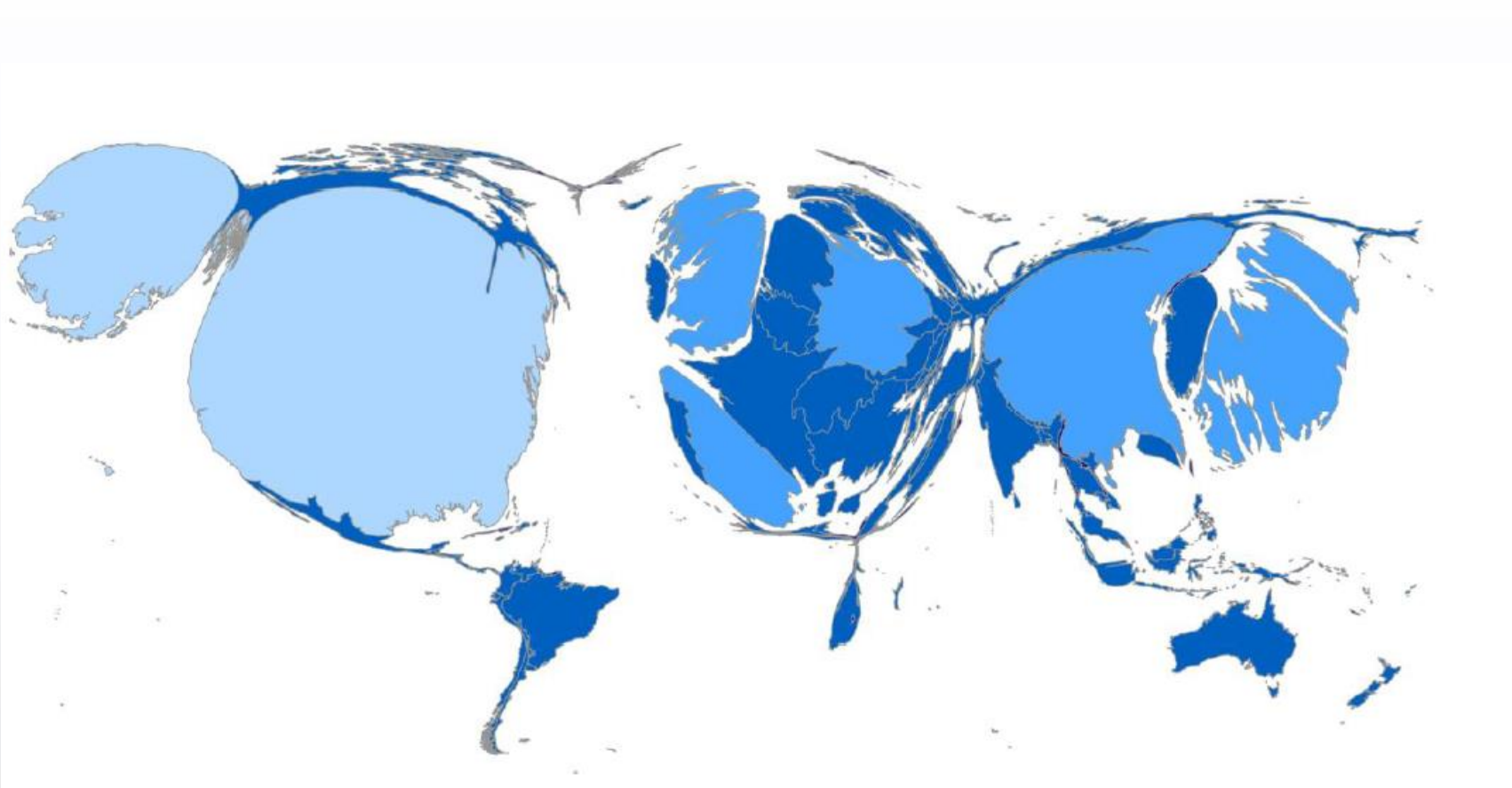
## Inadequacies of financial services are most severe in the poorest economies

% share of firms reporting lack of access to finance as major or severe obstacle to operation & growth of their business

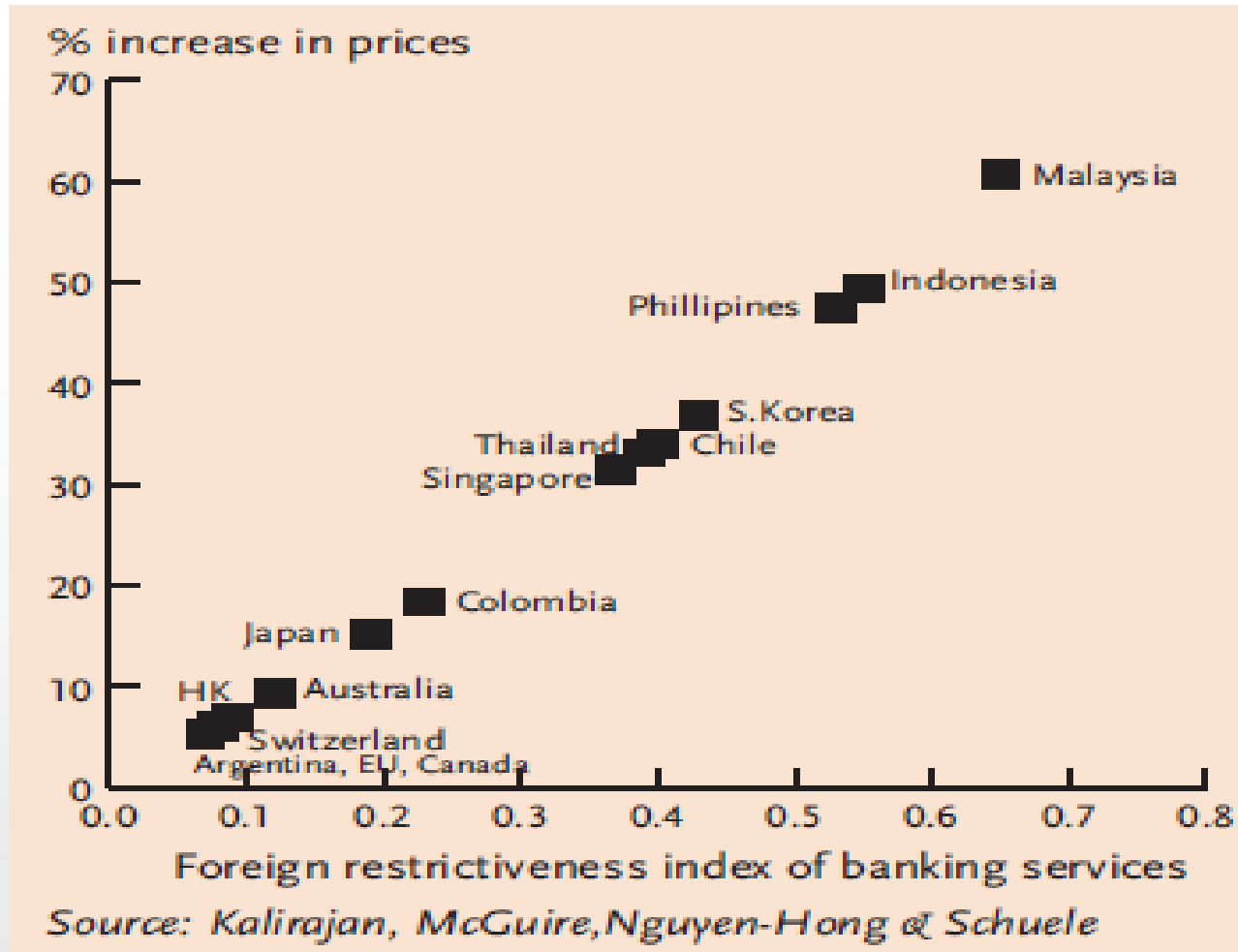


Source: World Development Report 2005

## Continuing unevenness in the size of financial systems in different markets



## Price impact of restrictions on banking services



## Trade-off between financial development and stability: four key requirements

Development objectives	Clear development goals set	94
	Development goals quantified	42
	Tools to achieve goals identified	58
Systemic risk	Risk associated with achieving goals identified	94
	Systemic risk quantified	6
	Tools to manage systemic risk identified	53
Trade-off	Trade-off in development and systemic risk is communicated	11
Implementation plan	Agencies to execute the strategy identified	92
	Agencies to implement development goals assigned	64
	Agencies to manage systemic risk assigned	33

Source: WDR 2014 team based on Maimbo and Melecky 2013 for the WDR 2014.

# Conclusions

Three key policy considerations:

- Primary importance of market-openness - admission of financial services into the economy on a competitive basis remains a prerequisite
- Multilateral negotiating process (current Doha Development Agenda) gives flexible opportunity to engage in liberalisation and to make commitments to do so
- Steady trend towards a world where, for LDC development, trade measures to ensure market access to financial services remain a step that is vitally necessary, but in itself not sufficient.