

**Excellencies’,**

**Distinguished Delegates**

**Services Experts and participants,**

**Ladies and Gentlemen,**

**Good afternoon**

At the very outset, I wish to sincerely appreciate UK Trade Advocacy Fund, ILEAP, CUTS International Geneva, and CARIS of Sussex University for organizing today’s event. Indeed the event underlines an area of Global Trade that has a critical nexus to growth, development and poverty alleviation. With WTO membership in the midst of Post Bali Work Program negotiations, this is the most apt time for such thought provoking event.

This development focused initiative supported by UK Trade Advocacy Fund and implemented by CUTS, ILEAP and CARIS is an excellent example of collaboration and knowledge management.

Before formally beginning the proceedings, I thank the organizers for inviting me to Chair this event.

**Distinguished audience**

Today, we truly acknowledge the expanding role of the Services sector as the key to economic growth, export competitiveness, and poverty reduction. This “services shift” within the global economy has indeed outperformed the global goods trade – and the rising trend continued unabated during the last three decades. Trade in services represents a huge and game-changing opportunity for developing countries

Services are becoming a dominant driver of economic growth, both in developed and developing countries. However, awareness of the services sector's potential is still at a relatively low level in the developing world. Developing countries are shifting towards services much sooner, than has been the case in the traditional development trajectory.

The services sector accounts for 72 per cent of GDP in high-income countries, 53 per cent in middle-income countries and 46 per cent in low-income countries. According to World Bank studies a stronger correlation exists between services growth and GDP than is the case for manufacturing and agriculture growth and GDP. The potential for services-sector contributions to employment is even more striking. On average, services account for more than 74 per cent of employment in high income countries and more than 86 per cent of female employment.

Trade in services has an important gender dimension, while aggregated developing country employment data is difficult to obtain, World Bank research shows the higher the level of

employment in the services sector, the higher the female participation rate. A strong correlation also exists between services growth and poverty reduction, chiefly because the services sector generally employs more women.

Services can provide an alternative engine of growth, enabling latecomers to development to leapfrog the traditional manufacturing route. Meanwhile, despite strong global growth, services exports continue to make up less than 25% of world exports. The discrepancy between the size of the sector and its importance in exports points to a major untapped potential in services trade. Few developing countries are taking advantage of new opportunities to specialize in the export of services tasks. Businesses and governments in developing countries are often not aware of the opportunities or the factors that impact local competitiveness, or have capacity and resource deficit. Other reasons include the limited availability and quality of data.

Trade in services plays an increasingly important role in global trade. According to a study by the WTO, it accounts for over 70 per cent of the world's GDP, 45 per cent of the world's employment and around 40 per cent of the world's stock of foreign direct investment. However, the participation of LDCs in world trade of commercial services remains marginal – it accounts for about 0.6 per cent of exports and 1.7 per cent of imports of these services.

While the World Bank specifies Services trade to be more than 20% of the global trade (in volume terms) and 50% (in terms of value addition) – yet challenges abound: not only do we face difficulties in recording international services data at a disaggregated level with a view to precisely determine its global magnitude (as in Goods trade). But also problems in assessing relevant indicators and using correct analytic tools.

Having said that, I fully subscribe to the notion that - unless we are able to capture the true range of the services statistics through improved collection methodologies – in all the 4 modes in a holistic fashion; we would never ever attain the 21<sup>st</sup> century service-oriented economic performance. And that is a daunting challenge for us today.

### **Distinguished audience**

Another quick observation... It is an established fact that in the WTO – we have hardly chipped in the deserved level of engagement in the Services domain: only 7% of our negotiating capital, while the rest in NAMA and Agriculture.

And now is the time that we enhance our participation in coming to grips with the services challenge.

Because it holds the key to future success for us – be that for the LDCs, the LICs and the LMICs.

And it is here that the supportive role to enhancing “development of trade in services through instilling the art and craft of services negotiations”, is most praise worthy.

We need it. And so does the global trade. Our people need it. And so do all of us. And while we need it, and you wish to help us. It is the right approach, and right time, and a remarkable blend.

### **Colleagues**

We dearly recognize the acute challenges that our negotiators and policy-makers are faced with while addressing the “servicification of global trade”. And it is imperative that we factor in services as an integral part of our decision-making process during establishment of our National development strategies.

### **Dear participants**

With the mushrooming of Bilateral, Regional, and an ever-increasing web of trade blocs – the mega-regionals- the impact of services trade will increase by phenomenal proportions. And since all existing FTAs and those under consideration, including the future ones – ought to be gravitating with an ever increasing component of the services sector. So should we be ready to identify potential opportunities and challenges that we are likely to encounter.

Our negotiators, ministries, and regulators, businesses, civil society and consumer protection groups–must be ready to face newer challenges, becoming better trained and equipped – enhancing their capacity to negotiate mutually advantageous deals, rather than sailing the uncharted territory – negotiating half-baked deals without a proper services roadmap.

And while we have noted how difficult it has been to negotiate a services deal even for the developed country governments, despite having far greater human, financial, and technologic skills; so where do we stand without the required wherewithal.

Although the promises of Bali are yet to be realized, and one of those being the LDC waiver in Services – we hope that it meets the legitimate expectations of our developing world .

### **Dear Participants**

I reiterate the need that our domestic constituencies learn the essentials of trade in services, in partnership with the initiatives like the CUTS, ILEAP and CARIS Project

**Let me say the TAF initiative is coming to an end at a time when it is most needed, LDCs, LICs and LMICs need such knowledge based technical assistance to complement their efforts to negotiate a better deal for their people in Post Bali negotiations.**

With these few thoughts – I now request the sponsors to share their useful insights on:

In the end I would once again compliment Mr Rashid Kukab, Director CUTS INTERNATIONAL Geneva, Mr David Primark Executive director ILEAP, for providing the leadership to this very useful initiative.

Thank You.