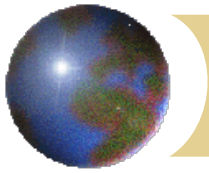


Preparing for Services Negotiations

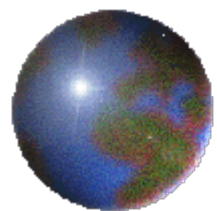
Almaty, May 2012

Mário Marconini

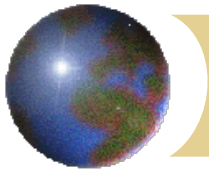


Gathering Knowledge

- ✦ Assess economic and social impacts
- ✦ Identify opportunities and challenges
- ✦ Determine capacity-building needs
- ✦ Mobilize and consult

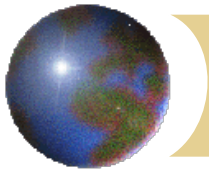


A word on assessments



What national goals?

- ⊕ Overall social and economic growth and development, including poverty reduction
- ⊕ Fulfillment of national policy objectives
 - ⊞ Economic development – where private sector wants to get involved more intensely
 - ⊞ Social development and Poverty Reduction – where government needs to diagnose, monitor and prioritize – private sector more timid



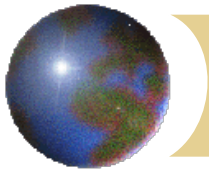
Services: The Basics

⊕ Recognize a few things:

- ⊞ Systemic
- ⊞ Policy Objectives
- ⊞ Human Capital
- ⊞ Technology
- ⊞ FDI

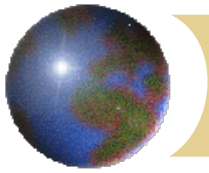
⊕ Goals at two levels:

- ⊞ Economy-wide
- ⊞ Sector-specific



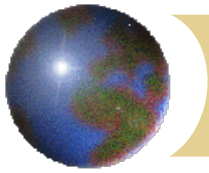
Economy-wide roadmap for services

- ✚ Think services in the whole economy
- ✚ Listing of problems and bottlenecks
- ✚ How much of that is services
- ✚ Get picture of the full productive chain
- ✚ Determine relevance of horizontal vs. sectoral policies



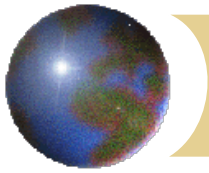
Zooming in on services

- ✦ Prioritize some sectors
- ✦ Determine whether the problem is money or regulation – or both
- ✦ Factor in national policy objectives
- ✦ Set public/private boundaries
- ✦ Set “national” limits – role of foreign expertise, trade and FDI



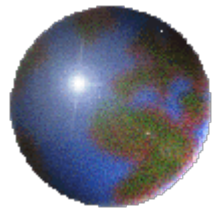
Integration into the world economy

- ⊕ “Import substitution” or export-led growth
- ⊕ Determine the cost of opening up
 - ⊗ Employment
 - ⊗ Restructuring
 - ⊗ Elimination of “national” sectors
 - ⊗ Strategic considerations
- ⊕ Determine the cost of not opening up
 - ⊗ Lack of national capital
 - ⊗ Low and slow investment rates
 - ⊗ Slow on competition
 - ⊗ Slow on competitiveness
 - ⊗ Slow on innovation

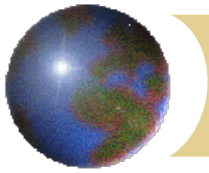


Implications of the National Goals

- ⊕ Policy Mix
- ⊕ Regulatory Framework
- ⊕ Financial Support
- ⊕ Investment Promotion
- ⊕ Public/Private Mix

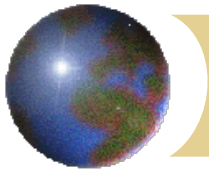


A word on opportunities



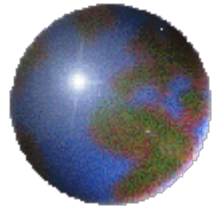
Emerging Exporting Champions

- ⊕ Audiovisual – India, Thailand, Mexico, Brazil
- ⊕ Port Services – 54,3% of container shipping: Singapore, Chinese Taipei, Korea and Hong Kong, China
- ⊕ Construction – 51 out of 150 top companies: China, Turkey, South Korea, Brazil, Chinese Taipei and Lebanon
- ⊕ Health – South Africa, Cuba, Costa Rica and Chile
- ⊕ ICT – India, China, Brazil
- ⊕ South-South – Mexico in L.A., Egypt in Middle-East/Africa, Malaysia in Southeast and South Asia (telecoms), Colombia and Senegal (business)

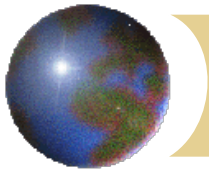


Emerging Exporting Champions

- ⊕ In addition to homework well done:
 - ⊞ A strong domestic market
 - ⊞ Cultural, regional, historical relations
 - ⊞ Platforms for TNC exports
- ⊕ But also, additional difficulties:
 - ⊞ No financing for exporting or business development
 - ⊞ Credibility with foreign suppliers
 - ⊞ Deficient infrastructure
 - ⊞ Distant from formal and informal networks

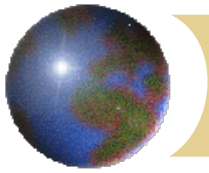


Preparing for Services Negotiations



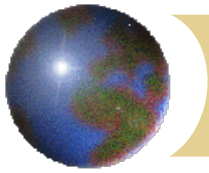
Gathering Knowledge

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- ✚ Mobilize and consult



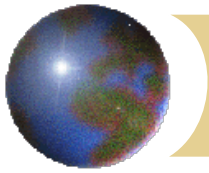
Capacity-Building

- ✚ Trade-Related Technical Assistance
- ✚ Going beyond the GATS and agreements
- ✚ Countries' readiness to:
 - ▣ Liberalize
 - ▣ Develop government-wide negotiating strategies
 - ▣ Assess impacts on gender, poverty alleviation and human health
 - ▣ Assisting domestic suppliers in taking advantage of opportunities
- ✚ Studies and Best Practices



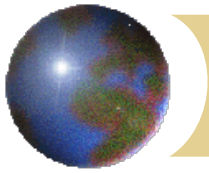
Negotiating without a Proper Services Road Map

- ⊕ Ideally, negotiations *after* development strategies
 - ⊞ Normally, have to react to DC demands
- ⊕ Reason for feeling of unpreparedness
- ⊕ Negotiations can be leading driver of reform
 - ⊞ Regulatory capacity has not materialized
 - ⊞ No previous experience with reform
 - ⊞ Faster than domestic political change
- ⊕ Exercise in adaption and approximation



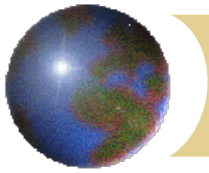
Inter-governmental Coordination and Multi-Stakeholder Consultations

- ⊕ Credible, transparent and efficient coordination process
- ⊕ Government cannot afford to have discordant voices
- ⊕ Primary objective: specific-focus
- ⊕ Secondary objective: consistency and coherence across foreign trade agenda



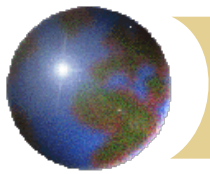
Inter-governmental Coordination and Multi-Stakeholder Consultations

- ⊕ To create a whole range of government positions
- ⊕ To create an information base on measures affecting trade in services
- ⊕ To identify and analyze the effects of specific measures on the achievement of economic or social policy objectives
- ⊕ To avoid duplication in domestic stakeholder and intra-governmental consultations
- ⊕ To contribute to an ongoing assessment of the impact of services-trade liberalization



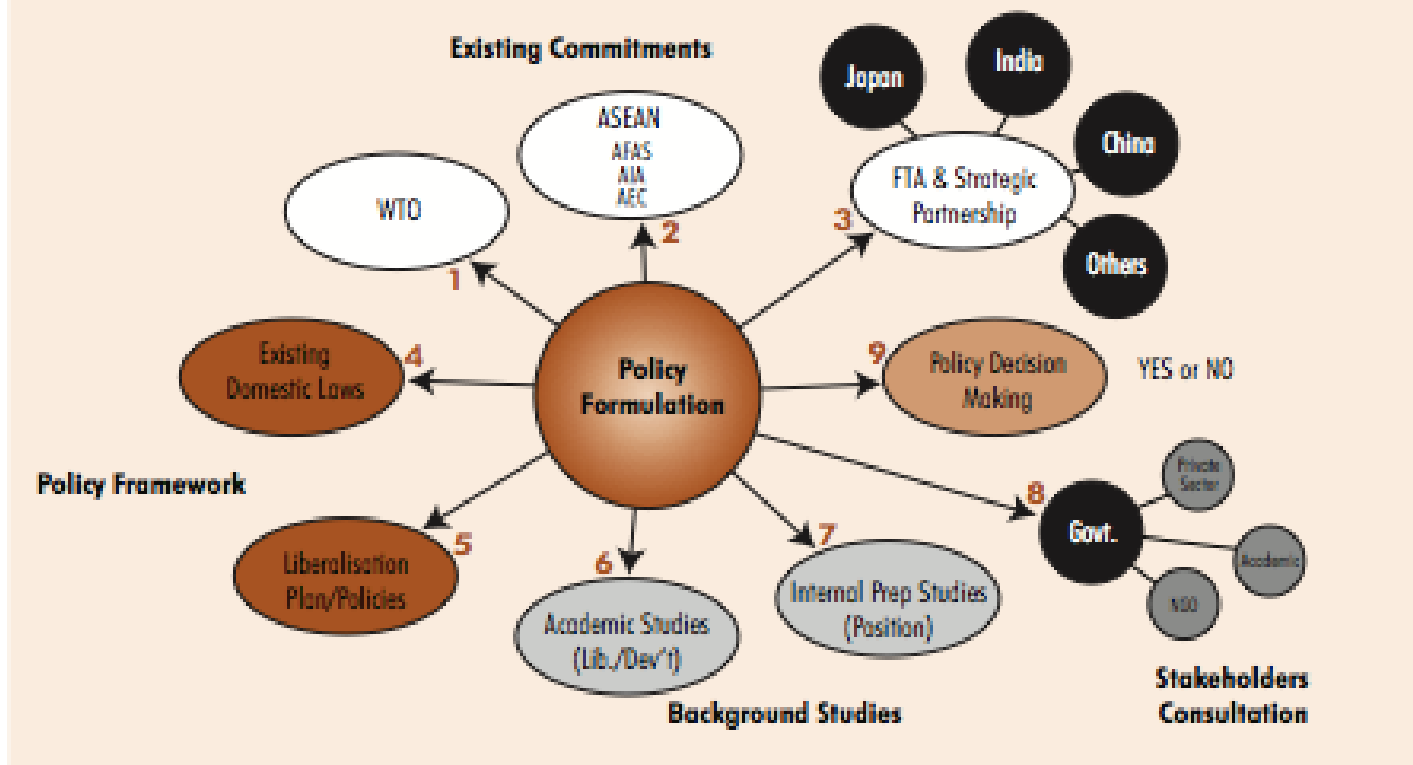
Inter-governmental Coordination and Multi-Stakeholder Consultations

- ⊕ Internal:
 - ⊞ All services
 - ⊞ Clusters of services
 - ⊞ Selected services
 - ⊞ Thematic groups
- ⊕ External:
 - ⊞ Key external stakeholders
 - ⊞ Potentially conflicting interests
 - ⊞ Governments may not like it but important for ratification and implementation
- ⊕ Two-way process:
 - ⊞ Mobilizing export interest against defensive interest

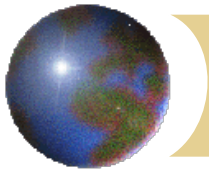


Inter-governmental Coordination and Multi-Stakeholder Consultations

Figure 1. Trade Policy Formulation Checklist in Thailand

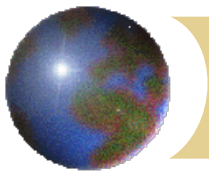


Source: Vankharporn (2008).



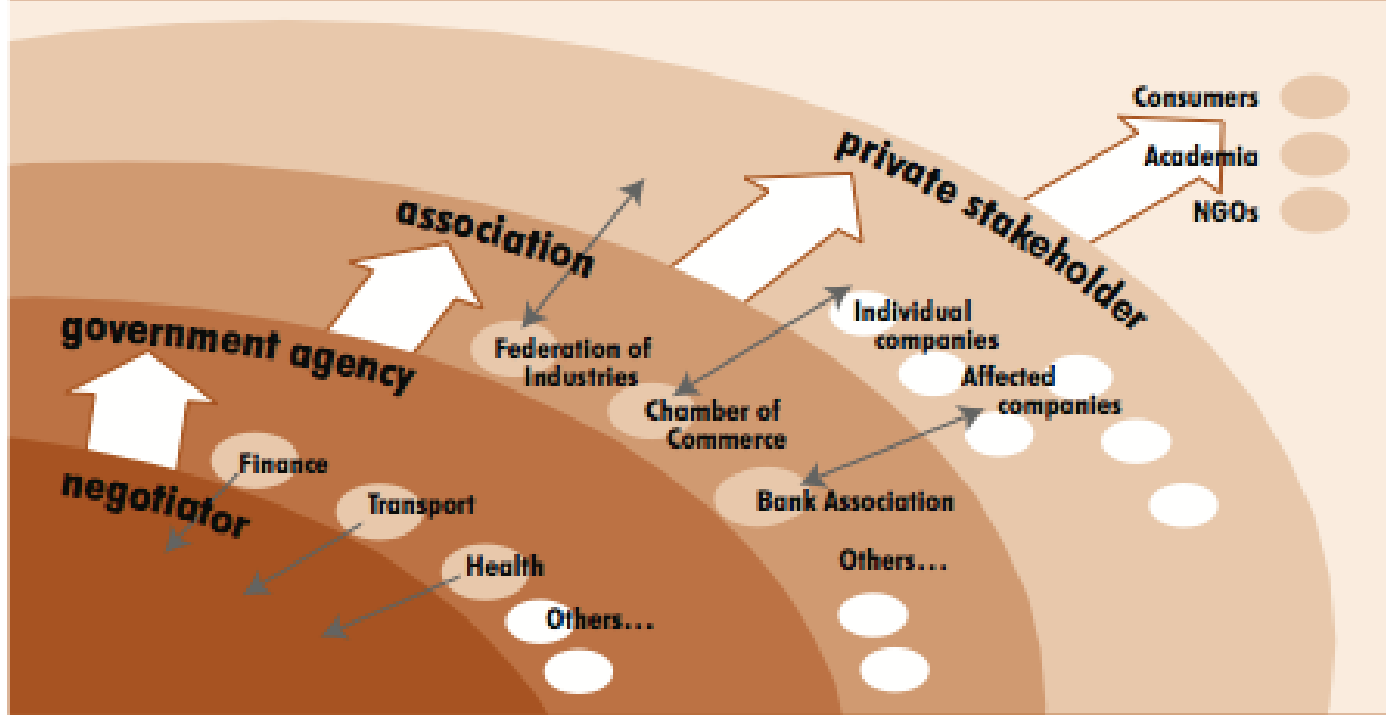
Inter-governmental Coordination and Multi-Stakeholder Consultations

- ⊕ Full range of factors
- ⊕ Consumer and supplier interests
- ⊕ Importers and public-interest groups
- ⊕ National and Sub-national
- ⊕ Horizontal and Sectoral
- ⊕ Business, labor and NGOs
- ⊕ The broader the debate,
 - ⊕ the greater the chance
 - to clarify liberalization and reform issues

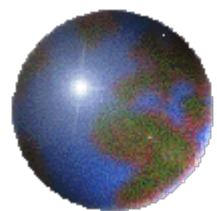


Inter-governmental Coordination and Multi-Stakeholder Consultations

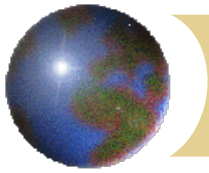
Figure 2. Negotiating Essentials: Inter-agency Coordination and External Stakeholder Consultations



Source: Vankharpin (2008).



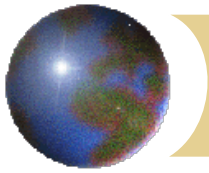
Case Study: Brazil



Brazilian interest and position

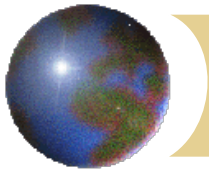
- ✚ A services economy
- ✚ A small foreign services trade
- ✚ A big foreign commercial presence
- ✚ Confusing classifications
- ✚ Full National Treatment
- ✚ Few Exporters
- ✚ Regulation very heterogeneous:

Restrictive regulation	open market	financial
Restrictive regulation	disorganized market	professional
Restrictive regulation	closed market	health and postal
Absent regulation	open market	computer-related, R&D
Liberal regulation	open market	(second-generation): telecoms
Confused regulation	confused market	infrastructure



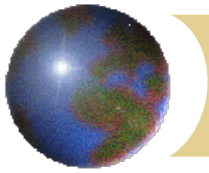
Brazil: The Challenges

- ✦ Regulatory situation in the making;
- ✦ Coherence between commitments and regulatory priorities;
- ✦ Policy Mix;
- ✦ Private sector involvement;
- ✦ Macro cross-sectoral trade-offs;
- ✦ Inadequacy of trade in services statistics.



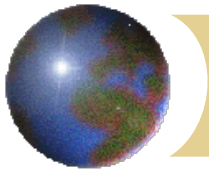
The Brazilian Framework

- ⊕ Still Limited statistics
- ⊕ There is no services-wide policy
 - ⊠ International Negotiations – Foreign Ministry
 - ⊠ Internal Market – Industry Ministry;
 - ⊠ External Market – Export Promotion Agency
 - ⊠ Financial – Finance Ministry
- ⊕ Congress still absent;
- ⊕ Private sector “distantly” interested;
 - ⊠ Sectoral entities exist but hardly participate;
- ⊕ Government often has to decide by itself
 - ⊠ Defensive and tactical stance on services



Private Sector Involvement

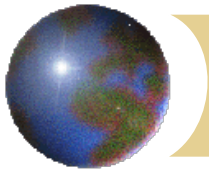
- ✚ Various sectoral entities – no single entity;
- ✚ Lack of interest in the negotiations;
- ✚ Negotiations not enough to mobilize;
- ✚ Brazilian Business Coalition;
 - ▣ Agriculture very vocal – pro-trade;
 - ▣ Industry very vocal – divided, weight of lobbies;
 - ▣ Services – fairly absent but crucial in trade-off



Coalition in the making

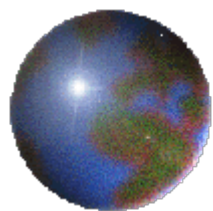


- ⊕ Personalities
- ⊕ Coalescing....
 - ⊞ First Step – Services Dialogue
 - ⊞ Small resources
 - ⊞ Major Institutional Engagement
 - ⊞ 60 activities
 - ⊞ Aim to create
 - A Culture
 - A reliable database
 - A Multi-Sectoral Forum
 - A Position

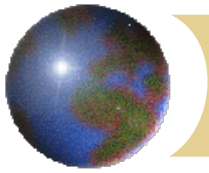


The Ten Commandments

1. Create a “services culture”
2. View services as a global integration issue
3. Map out regulatory situation
4. Establish a typology of situations
5. Define national policy objectives – esp. “development”
6. Establish a plan of action according to policy objectives
7. Take a hard look at internal organization
8. Bring the private sector into the process
9. Understand how to use existing agreements
10. Use trade negotiations as a tool - not the opposite

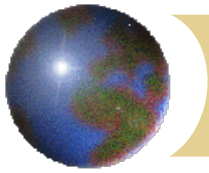


Conducting a Trade-related Regulatory Audit



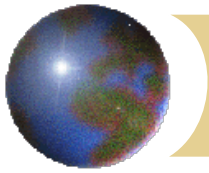
Conducting a Trade-related Regulatory Audit

- ⊕ How regulation is framed
- ⊕ What objectives are pursued
- ⊕ How efficiently
- ⊕ How are domestic requirements rooted in international standards and best practices
- ⊕ How user-friendly are rules and adm. procedures
- ⊕ How trade and investment-friendly are regulatory regimes
- ⊕ Whether objectives can be achieved in least restrictive manner



Conducting a Trade-related Regulatory Audit

- ⊕ whether the existing regulation or regulatory regime is adequate and/or acceptable or whether it needs changing;
- ⊕ whether any needed changes can be contemplated within the time frame of ongoing international negotiations;
- ⊕ whether regulatory changes can be “offered” in international negotiations.



Thank you