

# Capacity building for MoT staff in Trade in Services and Non-Tariff Measures

## Workshop No 2 Analysis of Trade in Services

Wednesday, 22<sup>nd</sup> June 2022

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Strategic Analysis For Growth & Development





# MEASURING TRADE IN SERVICES RESTRICTIONS

# Agenda

1

## **Introduction to STRI methodology**

Matteo Fiorini (9:30 – 10:30)

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2

## **Reflection on quality of policy & MTN**

Mia Mikic (11:00 – 11:30)

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3

## **Digital policies**

Matteo Fiorini (11:30 – 12:00)

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2

## Reflection on quality of policy & MTN

Mia Mikic (11:00 – 11:30)

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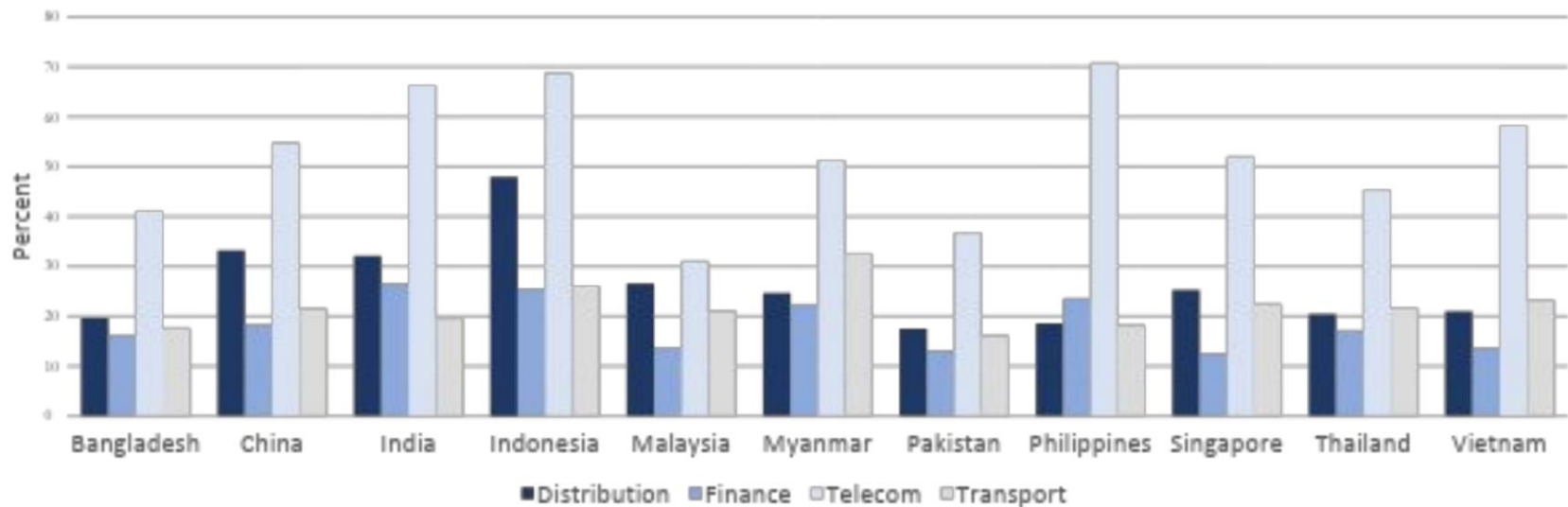
# Time to step away and look at the BIG picture

- Why trade? Sustainable trade?
- What about trade in services?
  - [Originally though different from trade in goods, is this still true?]
  - As final consumption services
  - As inputs into other goods and services
- Post-Covid recovery and sustainable development will depend on trade, especially on trade in services
  - Productivity and efficiency; **TRADE COST (see next slide)**
  - Ability to diversify, absorb and adapt (supply chains)
  - Enhance inclusivity and ensure sustainability (new services)



# Selected services sectors' costs

## Ad Valorem Equivalents of Services Trade Policies



Source: Shepherd, 2021.

Source: [Trade, South Asia, Southeast Asia. Economic Linkages, OneSouthAsia \(worldbank.org\)](https://www.worldbank.org/OneSouthAsia)

# What are countries doing to reduce costs in trade in services

- Identify the source of cost
  - Domestic regulatory barriers (such as restrictive regulatory requirements and procedures for services suppliers)
  - Access to skills and infrastructure
  - There are some natural and/or desirable barriers to stay
- Reduce barriers! How?
  - First and foremost, domestically ( in other words, the largest economic gains come from non-discriminatory policy reforms)
  - Globally (WTO) and regionally (RTAs)

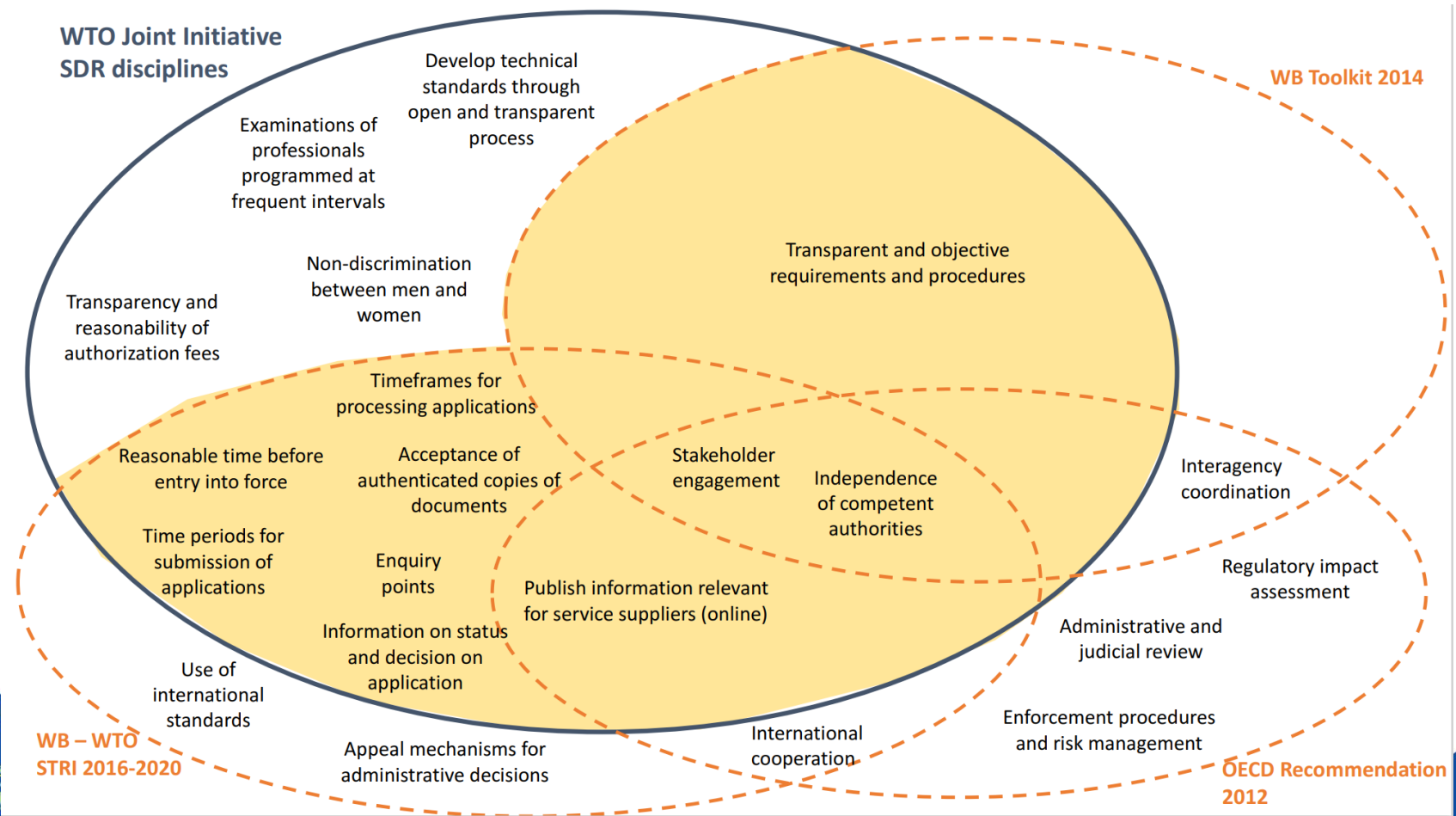
# Initiatives

- At the WTO, JSI on DRS (92.5% services trade)
  - Finalized in Dec 2021, now has 70 signatories, schedules (added to original GATS schedules) done for majority;
  - Moratorium extended – NO duties on electronic ('digital') transmissions until MC13 or 31 March 2024 (whichever earlier)
- RTAs – deep trade agreements undertake to open market access directly in selected services sectors and/or reduce regulatory burden
  - OECD shows that a) RTAs reduce restrictions to services trade by between 10% and 40% compared to the multilateral regime, and b) On average, the RTAs eliminate between 40% and 70% of the “water” in the GATS.



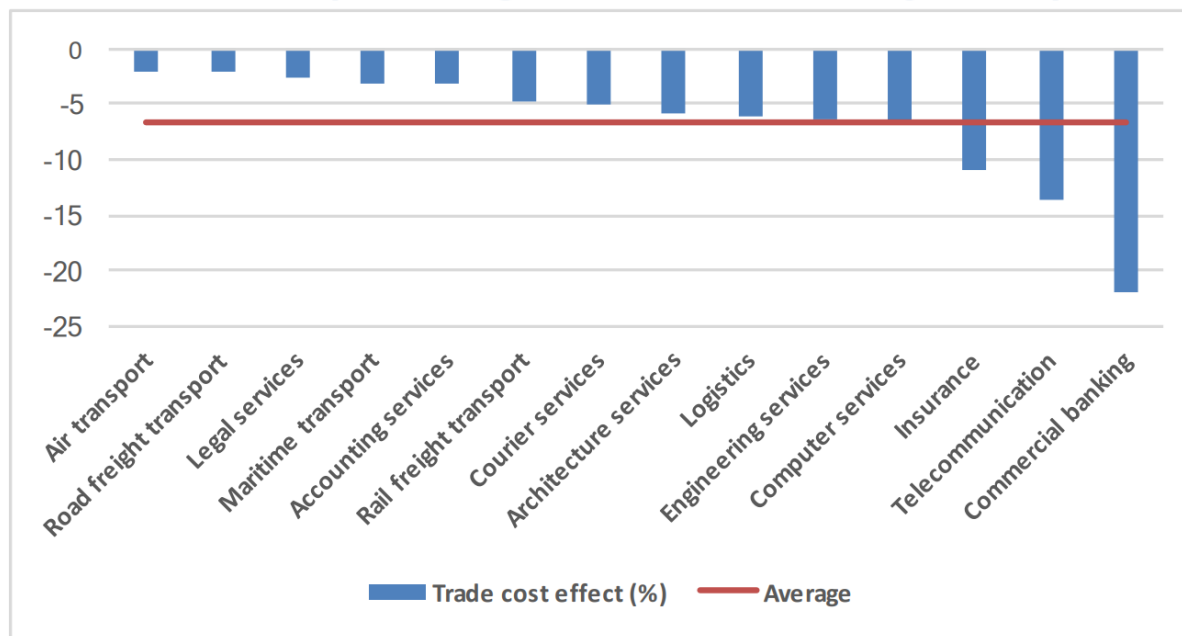
# Cover (comparison of disciplines)\*

\*Source: Jane Drake-Brockman ([ARTNeT webinar](#))



# Impact of DRS

## Potential services trade cost reductions by sector (average 7% over 3-4 years)



### As % of export values

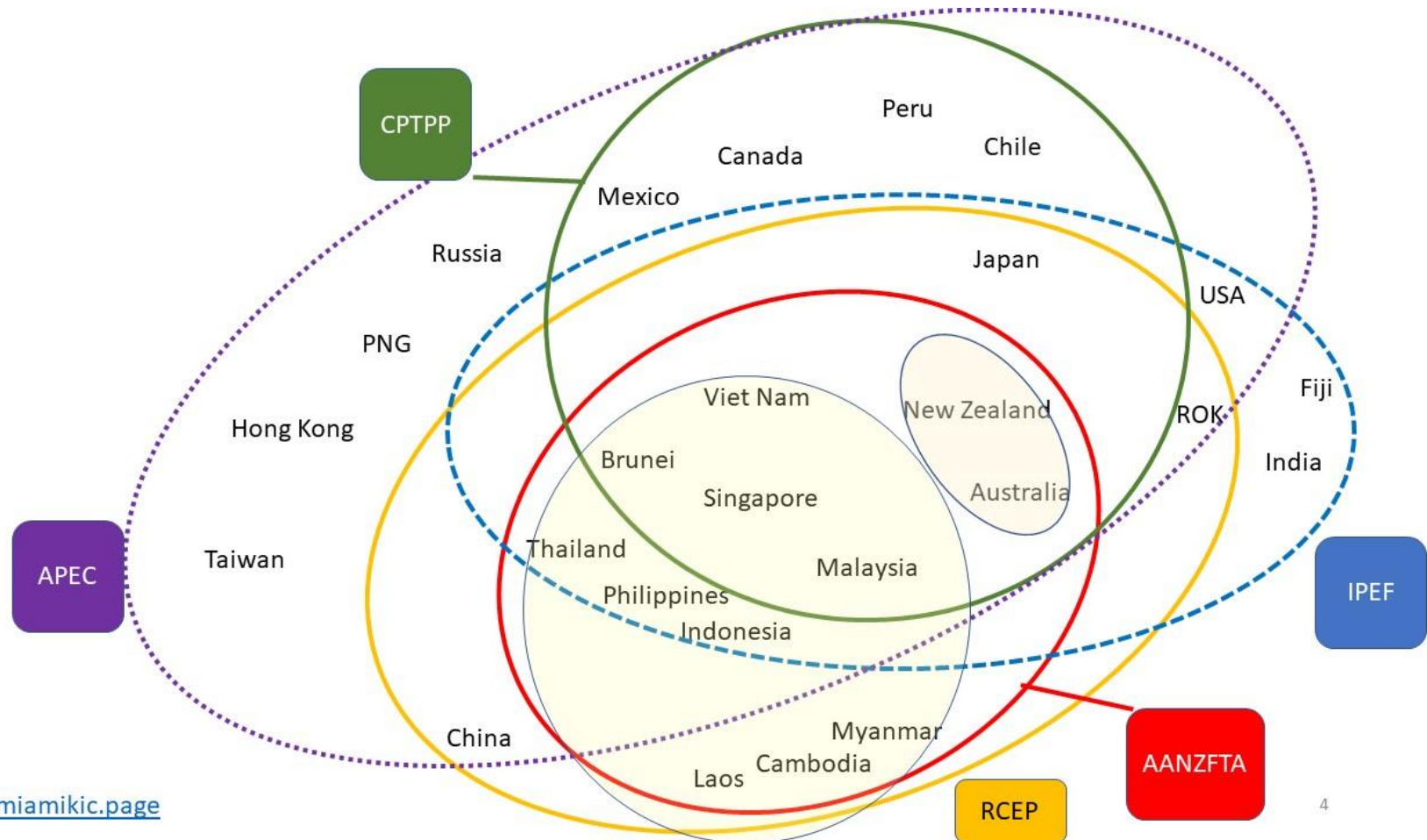
Air transport	-2
Road freight transport	-2
Legal services	-3
Maritime transport	-3
Accounting services	-3
Rail freight transport	-5
Courier services	-5
Architecture services	-6
Logistics	-6
Engineering services	-6
Computer services	-7
Insurance	-11
Telecommunication	-14
Commercial banking	-22

Note: Calculations based on the 14 APEC economies currently covered in the OECD STRI.

Source: Calculations are based on the methodology in Benz & Jaax (2020).

Source: [https://www.wto.org/english/tratop\\_e/serv\\_e/oecd\\_apec.pdf](https://www.wto.org/english/tratop_e/serv_e/oecd_apec.pdf)

# Indonesia's participation







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