Trade in Services for Development

Trade in services for development
Fostering sustainable growth and economic diversification
Services sector is larger than agriculture and industry combined

Share of global GDP, 2021

67%

HIGH-INCOME ECONOMIES

UPPER MIDDLE-INCOME ECONOMIES

LOWER MIDDLE-INCOME

LOW-INCOME ECONOMIES

Agriculture  Industry  Services

Trade in Services for Development
Trade in Services for Development

World Export of Goods and Commercial Services, 2005-2023

Growth of Digitally Delivered Services Exports, 2005-2023
Growth in Exports of Commercial Services, 2005-2023

- Rest of the World
- Least Developed Countries
- Other Developing Economies
Trade in Services for Development

Growth in digitally delivered services exports, 2015-22

Intra-regional Trade in Digitally Delivered Services, 2019-21

- Europe: 63% (2019), 63% (2020), 62% (2021)
- Asia: 41% (2019), 43% (2020), 43% (2021)
- North America: 16% (2019), 17% (2020), 18% (2021)
- Middle East: 9% (2019), 9% (2020), 8% (2021)
- CIS*: 9% (2019), 9% (2020), 8% (2021)
- South and Central America and Caribbean: 8% (2019), 8% (2020), 8% (2021)
- Africa: 4% (2019), 4% (2020), 3% (2021)

Index 2015=100

Rest of the world

Commonwealth of Independent States*

Growth in digitally delivered services exports, 2015-22
Average annual growth rate of exports in selected services sectors, by groups of economies, 2005-2022
Proportion of jobs linked to cross-border services exports

Average share of goods and services exports of MSMEs, selected economies (2008-2020)
Balance of Payments Statistics severely underestimate world trade in services: services supplied through a commercial presence still dominate.
Trade in Services for Development

Structure of World Trade, in Value Added Terms

Services Value Added in Manufacturing Exports

- OECD
  - 2005: 2% Domestic services-value added, 29% Foreign services value-added
  - 2018: 3% Domestic services-value added, 28% Foreign services value-added

- Non-OECD
  - 2005: 8% Domestic services-value added, 19% Foreign services value-added
  - 2018: 6% Domestic services-value added, 23% Foreign services value-added
Trade policy in services has an important role to play and is key to development strategies.
Trade-facilitating services policies impact physical connectivity and goods trade

- Without efficient services, goods cannot be successfully traded
- Access to high-quality logistics and transport services are positively linked to competitiveness and to improved performance
- Services trade policies impact physical connectivity, as greater services trade restrictiveness in logistics, maritime and road transport result in higher trade costs.
Services trade policies play a critical role in the development of the backbone infrastructure enabling digital trade.
Despite continued efforts at unilateral liberalization in many countries, barriers to trade and investment in services trade remain high in overall terms, albeit with significant variations across sectors, modes of supply, regions and levels of development.