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WAYS AND MEANS FOR IMPROVING THE OPPORTUNITIES FOR THE EXPANSION OF EXPORTS OF GOODS AND SERVICES FROM DEVELOPING COUNTRIES

Report by the UNCTAD secretariat

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INTRODUCTION

1. This report has been prepared to assist the Commission on Trade in Goods and Services and Commodities in its consideration of item 4 of the provisional agenda for its second session (17-21 November 1997). The approach adopted is to present a brief analysis of a series of factors which may serve to restrict opportunities for the expansion of exports of goods and services from developing countries and suggest action to be taken by the Commission, including technical analysis by experts to ease existing barriers and constraints. After an analysis of dynamic markets and export sectors in chapter I, problem areas are examined in chapters II and III. Possible action is suggested in chapter IV.

Chapter I

DYNAMIC MARKETS AND EXPORT SECTORS

2. After dynamic expansion during the period 1985-1990, the growth of world trade in goods slowed down somewhat during the first half of the 1990s, due mainly to a deceleration of imports into Western Europe and, to a lesser extent, Japan. In 1996, world exports of goods reached $5,100 billion. The share of developing countries rose from 24 per cent in 1990 to 27 per cent in 1995.

3. Current trends and patterns in international trade can provide some indication of where new trading opportunities in terms of markets and products might emerge for developing countries at various levels of development. Overall, the markets of developed countries remain the largest outlet for exports from the developing economies. In 1995, some 60 per cent of developing-country exports found buyers in developed countries. At the regional level, however, it was developing Asia which represented the most important market for the developing economies, bigger even than the markets of Japan, the United States or the European Union, each of which in comparison purchased fewer goods in developing countries in 1995. However, the bulk of imports of developing Asia from developing countries came from the region itself. For Latin America as a region (though not for all countries), the United States remains by far the largest market, while the European Union continues to be the major outlet for Africa.

4. The markets of developing countries overall have been more dynamic than those of the developed economies. In 1990-1995, total imports of developing countries grew by over 12 per cent, while those of developed countries expanded by slightly less than 6 per cent. South-South trade was also significantly more dynamic than North-South trade in 1990-1995. Exports among developing countries expanded during this period at almost twice the pace of those from the South to the North and doubled in value. At the same time, developing-country exports to the North grew faster than intra-developed country trade. Thus, the developing countries as a group gained market shares in both the North and the South.

5. As in developing Asia, intra-regional in Latin America expanded dynamically in 1990-1995, though it remains much smaller in value terms. By contrast, Africa's intra-regional trade collapsed in the first half of the 1990s, declining at a rate of 9 per cent. At the inter-regional level, developing Asia still recorded relatively strong growth of exports to major developed-country markets, although this growth was not as dynamic as in 1985-1990. Exports from Latin America to the United States picked up considerably in the first half of the 1990s, but lost momentum in the markets of the European Union and Japan. A new encouraging feature is the strong growth recorded in trade between developing Asia and Latin America in 1990-1995. There are also signs that trade between Africa and Latin America is again expanding after its marked decline in 1985-1990. On the other hand, Africa's export expansion came to a halt in all major developed-country markets.

6. Considerable differences in market chances persist between developing countries at various stages of development and income and with different export

structures and supply capacities. The risk of marginalization remains real for many LDCs and other low-income developing countries. In 1995, low-income developing countries (including low-income LDCs, but without China and India) had a market share of barely 1.5 per cent in world trade, and that share had declined slightly as compared to the beginning of the 1990s. Middle-income developing countries fared somewhat better in comparison, with a market share of 5.4 per cent in 1995, although in their case as well the share was slightly smaller than at the start of the decade. By contrast, higher-income developing countries had a distinctly larger market share of more than 15 per cent in 1995. Still, the increase they achieved over the first half of the 1990s was relatively small. The winners in the run for new market opportunities have been the major exporters of manufactures (including China and India) among the developing countries. Their market share in global trade in manufactures amounted to 21.3 per cent in 1995, as compared to 15.2 per cent at the start of 1990.

7. On the other hand, all of these country groups recorded dynamic export performances in a greater number of sectors in 1990-1995. These sectors, which are identified in table 1, can provide some guidance to industries in developing countries in their strategic approaches towards the expansion of export and supply capabilities and the diversification of their production and export structures. The table indicates for each country group the sectors in which a dynamic export performance was achieved in 1990-1995. Within each country group, the growth rate for each sector is given a ranking. The most dynamic sector is ranked as number (1). The table reflects the move from essentially labour- and resource-intensive products (e.g. clothing, footwear, cork and wood manufactures, furniture, forestry products, fishery products, agricultural raw materials, cereals and cereal preparations) into more skill- and technology-intensive output (e.g. electrical machinery and apparatus, telecommunications equipment, non-electrical machinery, automotive products, other transport equipment, power generating machinery, office machines, scientific and controlling instruments) and the increasing diversification of product composition as developing countries advance along the path of economic development.

8. The risk that markets will become rapidly saturated as a result of more and more countries concentrating their export drives on the same sectors is not borne out by experience. As individual developing countries progressively move into higher-value-added goods, they vacate sectors for those which follow on the path of development. Moreover, the export industries in table 1 constitute rather broad production sectors. Intra-industry specialization, product differentiation and differing consumer tastes can help significantly to accommodate export expansion.

9. The above analysis shows a wide range of dynamic sectors, the growing market potential in developing countries and the continuing importance of developed-country markets. However, taking full advantage of export opportunities continues to be hampered by market access barriers and supply-side constraints.

Table 1
Dynamic export sectors[1] of developing countries and territories in world trade, 1990-1995

Sectors	Major exporters of manufactures[2]			Higher-income developing countries[3]			Middle-income developing countries[4]			Low-income developing countries[5] (excl. China, India)			LDCs		
	Growth rate[6]	Market share 1995[7]	Change in market share[8]	Growth rate[6]	Market share 1995[7]	Change in market share[8]	Growth rate[6]	Market share 1995[7]	Change in market share[8]	Growth rate[6]	Market share 1995[7]	Change in market share[8]	Growth rate[6]	Market share 1995[7]	Change in market share[8]
Valves and tubes	30.9(1)	35.9	8.0	30.7(1)	33.4	7.3	28.2(3)	4.3	0.6	33.2(4)	0.0	0.0	32.0(2)	0.0	0.0
Office machines	27.1(2)	35.4	15.5	23.6(2)	28.2	10.0	38.9(1)	4.2	2.7	30.0(5)	0.0	0.0			
Plastics	24.0(3)	14.5	6.7	20.7(3)	14.5	5.6	17.8(13)	1.9	0.6				14.9(9)	0.0	0.0
Power generating machinery	21.9(4)	12.6	6.1	17.4(6)	8.5	3.2	20.0(9)	1.8	0.8						
Organic chemicals	21.8(5)	11.0	4.3	17.2(7)	10.6	2.8	24.2(5)	1.8	0.8	15.5(9)	0.1	0.0	20.5(7)	0.0	0.0
Scientific and controlling instruments	21.5(6)	9.9	4.1	18.2(5)	7.8	2.6	27.7(4)	1.5	0.8						
Electrical machinery and apparatus	20.8(7)	26.3	8.4	16.6(9)	17.8	3.3	22.4(7)	3.3	1.2						
Sanitary and building fixtures	18.2(8)	31.4	10.9				18.4(11)	3.8	1.3	12.5(14)	0.1	0.0			
Paper and paperboard	18.1(9)	7.9	2.9	14.1(14)	6.1	1.5	21.8(8)	2.0	0.9						
Furniture	17.5(10)	24.2	9.3	10.6(20)	12.8	2.1	13.1(18)	7.1	1.8	46.6(3)	0.5	0.4	22.4(4)	0.0	0.0
Pharmaceuticals	17.4(11)	4.4	0.7	15.5(11)	2.4	0.2	11.0(23)	1.2	-0.1				10.8(13)	0.0	0.0
Fixed vegetable oils	17.4(12)	39.2	7.3	16.7(8)	37.3	6.0	19.0(10)	15.8	3.8						
Other chemicals	17.3(13)	9.2	3.1	18.3(4)	7.5	2.7							11.5(11)	0.1	0.0
Telecommunications equipment	16.1(14)	38.8	7.1	12.3(16)	25.7	1.0	28.6(2)	3.8	1.9	15.2(11)	0.0	0.0			
Other non-electrical machinery	15.7(15)	9.0	3.0	14.3(12)	7.5	2.1	18.2(12)	0.9	0.4	13.9(12)	0.0	0.0			
Automotive products	15.1(16)	6.6	2.1	15.9(10)	6.7	2.3	10.9(25)	0.6	0.1						
Leather, dressed furskins	14.8(17)	34.4	8.6	14.2(13)	27.5	6.3									
Rubber manufactures	14.4(18)	14.1	3.7	11.3(17)	10.6	1.6	15.8(15)	3.5	1.1	20.9(7)	0.3	0.1			
Manufactures of metals, n.e.s.	14.2(19)	20.6	5.6	10.6(19)	13.4	1.9	11.9(21)	2.2	0.4						
Meat and meat preparation	13.9(20)	11.5	4.0												
Inorganic chemicals	13.7(21)	11.6	3.7				10.9(24)	4.5	1.0						
Other transport equipment	13.4(22)	9.3	3.5												
Iron and steel	13.4(23)	16.2	3.8												

Sectors	Major exporters of manufactures[2]			Higher-income developing countries[3]			Middle-income developing countries[4]			Low-income developing countries[5] (excl. China, India)			LDCs		
	Growth rate[6]	Market share 1995[7]	Change in market share[8]	Growth rate[6]	Market share 1995[7]	Change in market share[8]	Growth rate[6]	Market share 1995[7]	Change in market share[8]	Growth rate[6]	Market share 1995[7]	Change in market share[8]	Growth rate[6]	Market share 1995[7]	Change in market share[8]
Miscellaneous articles	13.0(24)	31.6	7.3				12.9(19)	3.4	0.8	15.4(10)	0.3	0.1			
Photographic apparatus	12.9(25)	23.4	5.4				22.4(6)	2.7	1.3	16.1(8)	0.0	0.0	20.1(8)	0.0	0.0
Travel goods, handbags, etc.	12.4(26)	66.7	4.9				14.3(16)	5.4	0.8	52.1(2)	1.5	1.2			
Footwear	10.9(27)	58.2	8.5				16.4(14)	10.4	3.4	75.4(1)	1.8	1.6	50.6(1)	0.1	0.1
Cork and wood manufactures (excl. furniture)	10.5(28)	35.8	3.2	10.8(18)	13.9	1.4				13.4(13)	1.4	0.3	22.9(3)	0.2	0.1
Non-metallic mineral manufactures	10.3(29)	17.8	3.8							10.4(16)	3.6	0.8	10.6(14)	2.3	0.5
Ores and non-ferrous metals	10.2(30)	13.6	2.6												
Cereals and cereals preparations				13.1(15)	7.3	2.0							22.4(6)	0.3	0.2
Forestry products							13.4(17)	4.6	1.2				11.2(12)	1.5	0.3
Agricultural raw materials							12.3(20)	12.0	3.3						
Fishery products							11.6(22)	20.9	4.0	12.1(15)	5.8	1.2	12.5(10)	2.6	0.6
Textiles							10.3(26)	6.6	1.4						
Coffee, tea, cocoa, spices							10.3(27)	23.8	1.9						
Clothing							10.2(28)	16.6	1.8	23.5(6)	5.4	2.7	22.4(5)	2.0	0.9
Memo: Total Goods	13.6	19.5	5.0	9.4	15.2	1.5	5.2	5.4	-0.5	4.5	1.4	-0.2	3.5	0.5	-0.1
Memo item High-growth export sectors in world trade: Valves and tubes (24.5%); pharmaceuticals (13.7%); office machines (13.3%); fixed vegetable oils (12.7%); electrical machinery and apparatus (11.8%); telecommunications equipment (11.4%); travel goods, handbags, etc. (10.7%); organic chemicals (10.1%); plastics (9.6%); scientific and controlling instruments (9.1%); sanitary and building fixtures (8.6%).															
Memo item High-growth import sectors in developed-country markets: valves and tubes (21%); pharmaceuticals (14.5%); office machines (11.8%); fixed vegetable oils (9.9%); coffee, tea, cocoa, spices (9.3%); travel goods, handbags, etc. (9.3%); electrical machinery and apparatus (9.0%); telecommunications equipment (8.5%); organic chemicals (8.3%).															

Source: UNCTAD secretariat.

1/ Export sectors with average annual growth rates of 10% and above in 1990-1995.
2/ Hong Kong, China, Republic of Korea, Taiwan Province of China, Singapore, Mexico, Malaysia, Thailand, Indonesia, Brazil, India, Turkey.
3/ GNP per capita US$ 3,036 and more.
4/ GNP per capita between US$ 766 and US$ 3,035.
5/ GNP per capita US$ 765 or less.
6/ Average annual growth rates 1990-1995 (ranking in brackets).
7/ In per cent.
8/ In percentage points.

Chapter II

TRADE IN GOODS: BARRIERS AND CONSTRAINTS

A. Market access conditions

10. The identification of market barriers requires, in particular, information on: (i) MFN tariff rates, peak rates, tariff escalation, unbound rates and tariff quotas; (ii) product coverage and tariff rates of preferential trade arrangements and the limitations on preferential treatment under such regimes; and (iii) non-tariff measures (e.g. quotas; anti-dumping, countervailing and safeguard measures; rules of origin; technical, sanitary and phytosanitary regulations; subsidies; environmental measures; government procurement regulations). Substantial information is provided by UNCTAD's Trade Analysis and Information System (TRAINS) (see annex).

11. Regarding tariff barriers, a number of products of export interest to developing countries remain subject to peak rates and tariff escalation in various markets (see box on peak tariffs). Moreoever, new special safeguard measures under the Agreement on Agriculture in the form of additional tariffs, which can be imposed in certain cases of low import prices or surges in import volumes, are being used by some importing countries almost automatically, irrespective of whether imports really hurt domestic producers. These safeguards have been used in the case of imports of oranges, other major fruit and vegetables, groundnuts, rice, cotton, beef and sugar, as well as some other products.

12. Quantitative restrictions continue to limit exports from developing countries in the textiles and clothing sector. The integration of these products into the GATT, to be accomplished in four stages over the ten-year period 1995-2005, is heavily "end-loaded". Integration has begun with the least sensitive products. No quotas were removed in the markets of the European Union, the United States, Canada and Norway during the first stage of implementation, with one exception only in Canada (i.e. quotas on work gloves). During the second stage, starting on 1 January 1998, products which have been subject to quotas will be included, but will represent only marginal shares of imports into major markets. In terms of 1990 imports, these products accounted in the case of Canada, the European Union and the United States for shares of 0.7 per cent, 3.2 per cent and 1.3 per cent respectively.

13. The early period of implementation of the Agreement on Textiles and Clothing (ATC) saw an intensive use of the transitional safeguard mechanism which permits importing countries to impose new restrictions on textiles and clothing products not yet integrated into the GATT. However, recent WTO panel and appellate body reports on disputes involving transitional safeguards have insisted on full compliance of such safeguard actions with the strict criteria laid down in the ATC[1] and, furthermore, recalled that the ATC, unlike the MFA, is an integral part of the WTO system, particularly as it relates to dispute settlements.

14. The use of contingency protection measures, particularly anti-dumping measures, is increasing in developed and some developing countries. In 1995-1996, 147 anti-dumping actions were initiated by a number of developed countries and nearly 600 definitive anti-dumping duties were in force in these countries at the end of 1996. The sectors targeted by new proceedings in 1995-1996 were food items, chemical products, iron and steel, non-ferrous metals, machinery and transport equipment, textiles and clothing, and other manufactured goods. Anti-dumping proceedings have been criticized on grounds of inadequate examinations as to whether imported and domestic products fall, in fact, within the same quality segment, lax determinations of causality between dumping and injury, neglect of consumer interests and the legal possibility to file new complaints whenever earlier complaints regarding the same import product have been unsuccessful.

POST-URUGUAY-ROUND TARIFF PEAKS

Even after the implementation of all Uruguay Round tariff concessions, a large number of peak tariffs remain in application in major developed and developing countries.

About one-tenth of all tariffs of developed countries exceed 12 per cent ad valorem. In major developing countries, tariffs above 12 per cent are more frequent than in major developed countries, but these peak tariffs largely remain within a range of 12 to 30 per cent and exceed rates of 100 per cent only exceptionally. In some important developed-country markets, there are still numerous products with tariffs above 30 per cent and even with rates of several hundred per cent. However, there are significant disparities between developing countries. While many of them now have a low dispersion of tariffs with maximum levels of 20 per cent or less, there remain a number of countries with high average tariff levels and important tariff dispersion.

More than half of the peak tariffs of developed countries are in the agricultural, fishery and food industry sectors. A large number of these tariffs have resulted from tariffication in the agricultural sector, exceeding 30 per cent or even 100 per cent in many cases and 300 per cent for certain products (notably meat, cereals, sugar, certain fruit and vegetables, dairy products, tobacco products). On the other hand, the peak tariffs on numerous fishery and food-industry products do not, by and large, exceed 30 per cent.

Tariff quotas have been opened in the agricultural sector at lower or even zero duties, but these quotas rarely create substantial trading opportunities for new exporters, as expansions of quotas over the implementation period are small and current access quotas have often been allocated to traditional suppliers. Moreover, the administration of tariff quotas in many cases lacks transparency.

In the industrial sector, most peak tariffs are concentrated in the leather, footwear, clothing and textiles sectors (and within textiles mainly cotton, wool and synthetic fibre products). Peak tariffs are normally within the 12 to 30 per cent range and only exceptionally reach levels as high as 320 per cent (e.g. leather shoes). Numerous peak tariffs are also applied for a wide range of other industrial products, though the picture varies among countries (e.g. plywood, ceramic and glassware, bicycles, trucks, buses, shipping vessels and other transport equipment, consumer electronics and watches). Thus, even in the industrial sector, peak tariffs remain a significant market barrier for exports from developing countries.

Preferential tariff rates offered under the GSP reduce the incidence of MFN peak tariffs for developing countries, in particular for LDCs, which enjoy special treatment (often in the form of duty-free access) provided, of course, the products affected by peak tariffs are covered under the GSP. In the agricultural sector, most of the products for which tariffication has resulted in tariff peaks are not covered by major GSP schemes. In cases where GSP and tariff quotas apply, exports may only benefit from GSP treatment to the extent that they can be accommodated within tariff quotas. As regards industrial products, major developing-country suppliers increasingly lose GSP cover for "peak-tariff" products as a result of country-product and full country graduations.

MARKET LIBERALIZATION IN DEVELOPING COUNTRIES AND SOUTH-SOUTH TRADE

Access barriers to many developing-country markets have been reduced, in part significantly, since the mid-1980s as a result of unilateral trade liberalization, reduction commitments made in the Uruguay Round and the Global System of Trade Preferences (GSTP). In addition, new or revived regional trade agreements among developing countries have opened up new market opportunities in South-South trade on preferential conditions for the members of these arrangements. Trade liberalization by developing countries has narrowed the gap between their MFN tariff levels and those of developed countries, although levels generally remain higher in the developing economies, where tariffs are still relatively important as sources of revenue and tools of development policies. In 1995, the weighted average MFN tariff of the largest developing-country importers in Asia, Latin America and Africa stood at 11.2 per cent, while it amounted to 4.5 per cent in the Quad countries.

Integration groupings among developing countries increasingly aim at the formation of customs unions and common markets, rather than free trade areas, and extend to the liberalization of trade in services, investment and factor movements and the pursuance of other economic, monetary and political objectives, besides removing barriers to trade in goods, including sensitive products. An outward-oriented approach of such integration groupings, where internal liberalization is accompanied by reductions of trade barriers vis-à-vis third-country trading partners, will help non-members to benefit from the growth dynamics of these groupings. Moreover, the gradual expansion of subregional groupings into wider formations at the regional level could also increase considerably market opportunities in South-South trade.

At the interregional level, the GSTP provides for preferential market access among developing countries. To date 43 countries have acceded to the System, among them major developing-country importers. Recently, three more countries (Colombia, Morocco, Myanmar) have joined and another eight countries and MERCOSUR have applied for membership. In their schedules of concessions many of the members grant more favourable access conditions to LDCs on a non-reciprocal basis.

The agreement establishing the GSTP explicitly foresees that the system “will be improved and extended in successive stages, with periodic reviews”. Besides extensions of product coverage, across-the-board tariff cuts and reductions of non-tariff barriers, which are not, at present, covered by the GSTP, are important areas for future negotiations. Consideration may also be given to exploiting the trade and development potential of GSTP through cooperation among developing countries in the areas of trade in services, investment and joint ventures.

15. In the area of government procurement, discrimination against foreign suppliers and non-transparent procedures can thwart market opportunities. Furthermore, market barriers resulting from environmental standards and technical, sanitary and phytosanitary regulations affect export sectors of export interest to developing countries. For example, in the fisheries sector, import prohibitions by developed countries have in some cases been justified for purposes of environmental protection. In the same sector, new quality inspection schemes have been, or will be, introduced in major import markets. In exporting countries, compliance with the new systems requires the establishment of comprehensive control systems and special training of personnel at the enterprise level. Exports of leather and leather products by developing countries where traditional processing techniques are still used, especially by small and medium-scale enterprises, are particularly affected by measures related to environmental protection and public health. In the petroleum sector, problems of market access are in many cases caused by the complexity of technical regulations and standards and increasingly by environmental regulations. Moreover, importing countries may

not comply with the principle of national treatment when technical standards are applied. In some markets, the trade-distorting effects of subsidies to domestic industries also act as access barriers in the energy sector. Sanitary and phytosanitary regulations in major developed countries prevent the importation of such products as beef, chicken and other meat products, groundnuts and many food industry products from several developing countries with export potential.

16. In addition, rules of origin can have distorting impacts on international trade and thereby affect market opportunities. The Uruguay Round Agreement on Rules of Origin bans such practices for non-preferential origin rules, but a comparable multilateral discipline is missing for preferential rules. Some countries have applied special rules of origin for the implementation of anti-circumvention measures which aimed to prevent alleged evasions of anti-dumping duties; the result is the extension of anti-dumping duties to third countries without separate investigations of dumping and injury. GSP benefits are in many cases also affected by rules of origin. In the United States, new non-preferential rules of origin for textiles which entered into force on 1 July 1996 could affect textile quota utilization by developing countries.

17. On the other hand, non-reciprocal preferential trade arrangements (e.g. GSP, the Caribbean Basin Initiative (CBI), the Canadian Programs for Commonwealth Caribbean Trade Investment and Industrial Cooperation (CARIBCAN), the Lomé Convention) facilitate market access for beneficiary developing countries. Some preference-giving countries, including Canada, Norway and Switzerland, have moved ahead with extensions in the coverage of agricultural and food-industry products under their respective GSP schemes. Under the GSP scheme of Japan, GSP rates on various agricultural and fishery products have been reduced to maintain the preferential margin following the MFN tariff cuts of the Uruguay Round MFN tariff reductions. Some schemes, including those of Switzerland and the European Union, have added donor country content provisions to their rules of origin.

18. Moreover, a number of initiatives have been undertaken by some developed countries to strengthen GSP benefits in favour of LDCs. For example, the United States has recently designated an additional 1,783 products for duty-free treatment under the GSP programme if produced in, and imported from, LDCs. The European Union will grant the special preferential treatment enjoyed by LDCs which are members of the Lomé Convention to all other LDCs by 1 January 1998.

19. Still, in the case of some schemes, products of particular export interest to developing countries (e.g. textiles, clothing, footwear, watches, and certain electronic, steel and glass products) are either not covered or enjoy less favourable treatment than other less sensitive products. In the agricultural sector, product coverage remains far from comprehensive under many schemes. Ceilings are also applied on GSP benefits. Moreover, there is seemingly a trend towards expanding the application of product-country graduations as well as full country graduations. In addition, GSP benefits are increasingly made dependent on compliance with social, humanitarian or environmental conditions and standards which are not directly related to trade.

20. Besides the "traditional" non-reciprocal trade regimes, a new generation of preferential agreements and integration groupings which are based on the principle of full reciprocity in market opening has become a major feature of the multilateral trading system. Developing countries (and economies in transition) which are partners in preferential arrangements such as NAFTA, the proposed Free Trade Area of the Americas (FTAA), the Europe Agreements and the Euro-Mediterranean Association Agreements will gain new promising market opportunities, but will have to open their markets as well, though they may be offered longer phase-in periods for liberalizing their own trade barriers. There are risks of trade and investment diversion, or worse, of marginalization, for those developing countries outside such arrangements. Smaller developing countries may face a predicament as they may have serious problems in accepting full reciprocity due to their low levels of development, weak production bases and lack of international competitiveness.[2]

B. Supply-side constraints and policy options

21. With the conclusion of the Uruguay Round, the issue of the compatibility of policies to develop competitive supply capabilities and expand exports with multilateral rules and disciplines has assumed a new dimension. The developing countries have accepted the new multilateral rules essentially in the same manner as the developed countries, although with longer transition periods for their implementation and more favourable thresholds for undertaking certain commitments.

22. For many developing countries, in particular LDCs and other structurally weak and vulnerable economies, supply-side constraints continue to limit their capabilities to take full advantage of new trading opportunities, become more attractive locations for foreign investment and integrate themselves into regional and global production networks of transnational enterprises. Major impediments on the supply side are production and export structures that concentrate on only a few products, poor endowment with financial and human capital, weak technological capacity, inadequate legal and regulatory frameworks, and bottlenecks in physical infrastructure. Some of these can only be overcome in the long term.

23. Governments of developing countries have sought to promote industrial development and export expansion not only through macro-economic policies aimed at providing favourable framework conditions, but also through policy measures at the microeconomic level intended to reduce supply-side impediments by accelerating the dynamic process of accumulation of physical capital, skills and technology. Where developing countries have been watchful of the cost of incentives and applied them within an outward-oriented approach, microeconomic measures addressing specific supply constraints have helped build supply capabilities which the private sector could not have accomplished as rapidly by itself.

24. The new multilateral framework conditions force developing countries to rethink their development strategies and industrial and export policies. The developing countries will be obliged to shift to a much greater extent to more general and broad-based policies which remain in conformity with the Uruguay Round Agreements. Thus, the strengthening of supply capabilities will have to be achieved much more through economy-wide approaches towards promoting savings and investment, research and technological development, a high level of educational attainment and professional training, the commercial banking sector, small- and medium-scale enterprises, regional development and the building of a modern physical infrastructure. Trade policy reforms and trade liberalization have to be further pursued to help improve resource allocation and competitiveness, although they would need to be linked more effectively to policies which help reduce the social cost of the reform process and provide a safety net to vulnerable groups. By contrast, many targeted policy measures will cease to be available to policy-makers. Measures such as investment and export subsidies for specific industries or enterprises, domestic content rules and export balancing provisions will have to be phased out, and the setting of conditions for fostering the transfer and application of patented technologies will become much more stringent.

25. The development implications of the new circumscriptions are likely to vary depending on a country's stage of development. The shift towards more broad-based policies can be expected to be a manageable task for industrially more advanced developing countries. The latter will in any case need to phase in such policy reorientation and in some cases have done so already. The increasing complexity of their economies, production structures and technology requirements will oblige Governments to confine their role more and more to putting in place favourable framework conditions and cross-sectoral strategies. On the other hand, such a policy shift may prove to be much more difficult for relatively less advanced developing countries which, after all, still account for the large majority of developing economies. Their comparatively lower level of development may require more targeted government policies to overcome supply-side

constraints, promote new industries and strengthen export capabilities.

26. The Uruguay Round Agreements could be seen as “offsetting” to some extent increases in trade policy disciplines by opening up new market opportunities and strengthening the dispute settlement mechanism, thereby enhancing the possibilities of developing countries to defend their trading interests. Moreover, the general flexibility provided in the Uruguay Round Agreements leaves some scope for more targeted policies such as certain “non-actionable” subsidies and “Green Box” agricultural policies.

Chapter III

TRADE IN SERVICES

27. World exports of services[3] amounted to $1,200 billion in 1996, about one-fifth of total trade. They have grown dynamically, at a rate of nearly 12 per cent per annum during the period 1985-1995. The developing countries have a share of 23 per cent in world services exports. While as a group they have remained net importers, their travel balance has shown a surplus owing to the development of tourism. Workers' remittances have also contributed to reducing their deficit in services trade.

28. The most important markets for services are the major developed countries, in particular the United States, Germany, Japan, France and Italy. The developed countries as a group are net importers of tourism and transport services. Developing Asia has been the most dynamic market for services among the developing regions. Market access conditions for services are changing in many regions as a result of the expansion of free trade agreements and economic integration groupings allowing for a freer movement of services and services providers.

29. UNCTAD IX adopted the approach of holding expert meetings to benefit from a higher level of technical expertise. An examination of the health services sector by an Expert Meeting held in June 1997 in Geneva indicated a number of challenges and opportunities for developing economies in increasing their supply capacities and expanding their trade in this sector.[4] Some of these challenges and opportunities might be characteristic of other services sectors as well.

A. Market access issues

30. Attempts to assess the market access conditions for services based on an analysis of GATS commitments in terms of sectors covered and qualifications made are likely to provide only limited guidance to developing-country policy-makers. Assessments based on interviews with the private sector might provide more profound insights, but services enterprises in developing countries do not usually have the direct experience in foreign countries necessary to evaluate the impact of trade barriers and identify new market opportunities. To assist developing countries in this respect, UNCTAD was requested to establish a data base on laws and regulations affecting trade in services (MAST) (see annex).

31. Constraints on the temporary movement of persons across borders have proven to be important barriers to trade in many services sectors. A case in point is the health services sector where the movement of persons, both as suppliers and consumers, is of particular importance as a mode of supply due in large part to the labour-intensive nature of these services.

32. The globalization of production has prompted a global search for expertise and created pressures for the liberalization of regulations which restrict the temporary movement of skilled persons, both within the international operational network of TNCs and for specific projects of limited duration. So far attempts to facilitate the movement of persons have concentrated on limited groups of services providers, such as business visitors, intra-corporate transferees and specialty personnel. There has been little action to reduce the scope of economic needs tests. Developing countries have expressed disappointment over the results

of the post-Uruguay Round negotiations on the movement of natural persons, as very few countries have made sectoral or occupation-specific commitments.

33. Still, some of the new commitments on the movement of natural persons are sector-specific, enabling developing countries to identify export opportunities more accurately and giving such new opportunities more security and stability. Examples of such commitments include that of the European Community and its Member States with regard to market access and national treatment for professionals engaged in the supply of specific service activities on a temporary basis as employees of a foreign juridical person having obtained a service contract for a period not exceeding three months. The service activities in the EC Schedule of Commitments include engineering services; integrated engineering services; computer and related services; technical testing and analysis services; construction services, site investigation work; architectural services, urban planning and landscape architectural services; management and consulting services; advertising; research and development services; accounting services and entertainment services. A commitment by Switzerland includes market access for professionals engaged in engineering services, consultancy services related to installation of computer hardware, and software implementation services.

34. Some action could be undertaken multilaterally to facilitate the movement of persons belonging to groups of occupations which are covered by GATS commitments. Thus, visa regimes could be streamlined and made more effective. This would involve: the simplification of administrative procedures, including the reduction of time taken for issuing a visa; issuing multiple-entry visas on a wider basis; extending the length of the visa validity and the permitted period of stay; adoption of transparent criteria for issuing visas; and streamlining border processing. Moreover, a number of actions could be considered to achieve maximum use of horizontal commitments and obtain improvements in future negotiations with respect to the movement of persons. For the three categories of services providers under horizontal commitments, i.e. business visitors, intra-corporate transferees and professionals on a service contract, a general business visa could be issued to the employer or business contact based on the country’s horizontal GATS commitments. Another option would be a sector- or occupation-specific visa issued to an individual. Such a visa would identify a holder as a beneficiary of the provisions in the GATS schedules of sectoral commitments. Thus, the creation of specific service-trade-related and internationally recognized visas could provide a longer-term solution to facilitate and enhance international trade in services through the movement of natural persons.

35. Wherever possible, full advantage should be taken of possibilities offered by new technologies. The introduction on a multilateral basis of a universal electronic card[5] as a means of visa-free travel for selected categories of professional or business people would limit the abuse of visa regimes and facilitate trade-related movements of persons.

36. Furthermore, new technologies increasingly offer more effective ways of obtaining information on business opportunities and help lower associated costs in terms of money and time. The development of new markets for services was stimulated in particular by the synergy between the telecommunication and traditional services sectors. However, not every services sector was affected by new communication technology to the same extent. Among those that benefited most were: tourism services, with new hotel and travel reservation systems, including the provision of various tourism-related information; financial services, in particular banking services; distribution services, with retailing services as the main beneficaries; educational services, including the development of distance learning; health services, where the development of telemedicine is the most striking example; trade logistics in general; and business services, including professional services, with a new spectrum of opportunities provided for advertising services. A number of developing countries have been exporting services, particularly “off-shore office services”, through telecommunications networks.

B. Electronic trade

37. The advent of the Internet provides new opportunities for the expansion of trade in both goods and services. The value of electronic trade can be expected to increase significantly over the years to come. Smaller businessess may have the most to gain from electronic trade, as it gives them easy and rapid access to a wide range of potential customers far beyond what was previously possible. Provision of adequate access to the information infrastructure will be of particular importance for many developing countries. UNCTAD is contributing to facilitating the efforts of developing countries in this respect through the establishment of its Global Trade Point Network (GTPNet), which includes the Electronic Trading Opportunities (ETOs) system.[6]

38. Proposals have been made by some Governments for the creation of a "global free trade zone" on Internet.[7] Governments are also attempting to adapt legal and regulatory frameworks to address and deal with issues arising from such trade. Major issues pertain to taxation and tax evasion, patent and copyright protection, data protection, the use of encryptic technology to ensure transaction security and right of privacy, consumer protection, and the development of logistics for payment and the delivery of goods and services. The issue of multilateral rules for electronic trade has also been raised.

39. Specific to trade in services is the phenomenon that new technologies seem to complement, or replace, other modes of supply of services, increasing the relative importance of cross-border trade. Thus, telemedicine is providing the means of supplying health services through the "cross-border mode". Even the limited application of telemedicine to date has increased awareness of its potential benefits in terms of cost savings for service providers and consumers and increased accessibility of health services, including specialized care. However, the analysis of trade in health services through telemedicine by the Expert Meeting referred to above has made it evident that a range of issues need to be resolved before telemedicine can be provided on a broader basis. They include issues of standards and compatibility, technical requirements, health insurance coverage, recognition of qualifications and validity of licenses, as well as ethical issues concerning the patient's privacy and confidentiality of information and legal liability issues.

40. Developing countries, like other countries, have to seize the opportunities which electronic commerce offers. The potential favourable impact on trade expansion and diversification, the importance of constraints on the market access and supply sides, and the potential risks associated with such commerce would be major areas for analysis.

C. Supply-side constraints and policies

41. Governments can play an effective role in stimulating market competition and new business strategies, promoting exports in their services industries and assisting services producer associations in disseminating information nationally about world markets, standards and other countries' experiences. Important tasks are the implementation of judicious liberalization strategies, the removal of constraints that put services suppliers at a disadvantage vis-à-vis potential competitors, and the revision of laws and regulations in line with the necessities of export promotion. Tax policies may need to be reformed to promote those services industries that exhibit export potential and could contribute most to overall socio-economic growth in the long run. Attracting foreign partners through joint enterprises or cross-licensing could be a way of learning from "best practices".

42. A key issue concerns the strategic approach towards the liberalization of services sectors so as to maximize the impact of liberalization on supply capacity, export expansion and economic development. The Expert Meeting on health services referred to above noted that opening up domestic markets to foreign commercial presence in this sector could have the salutary effect of reducing costs and lightening the burden on the public sector, provided an appropriate

regulatory framework was developed. If not, market access liberalization might exacerbate the duality of the health system, further depriving poorer people of access to adequate medical care. The ultimate impact also depended on various other parameters in the domestic economy, such as the degree of endowment with medical practitioners. The differing impact of liberalization depending upon specific national characteristics, capacities and regulatory structures would seem to be a feature of other services sectors as well. As regards financial services, there has been some concern about potential adverse implications for financial stability as a result of a liberalization of this sector. Its liberalization calls for the concomitant build-up of prudential regulatory and supervisory infrastructures and institutions, as well as the implementation of appropriate macroeconomic policies to ensure stability and efficiency.

43. The inability to take greater advantage of new market opportunities in services sectors where developing countries may have a comparative advantage sometimes reflects difficulties of Governments in reconciling trade and social objectives. For instance, in the view of the Expert Meeting on health services, the increasing cost-consciousness of public health systems and the growing role of the private sector in many countries provides new opportunities for trade. On the other hand, Governments have shown concern that trade in health services might eventually erode the coverage and quality of health care for their own people. One can detect similar concerns in other sectors, such as the perceived conflict between trade and cultural identity, notably in the audiovisual sector.

44. Particular importance needs to be attached to the achievement and maintenance of quality and safety in services. Moreover, in many services sectors of developing countries, there is also a need to improve reputations and perceptions of quality and security, which are especially relevant to the movement of consumers. As a service cannot be experienced and tested before it is consumed, the reputation of the supplier has a relatively greater significance than in the case of goods. The dissemination in foreign markets of information on the quality and variety of services provided in the country would help create a positive image of the services exporters abroad. In the health services sector, the perception of insecurity is, in fact, the main barrier to the movement of consumers.

D. Statistical constraints

45. There is consensus among trade negotiators and the academic community on the inadequacy and deficiencies of the current statistical framework for trade in services. The main problem as it stands now relates to the definition of trade in services. The definition as embodied in the GATS and the classifications of services used by negotiators (i.e. the sectoral classification of GATS and the Central Product Classification) do not tally with current statistical practices in respect of trade in services. Significant improvements of statistics on trade in services are a crucial factor in increasing the capacity of countries to assess their export performances, evaluate the benefits of liberalization and identify new market opportunities. Thus, appropriate concepts, definitions and classifications are needed as prerequisites for comparable statistics on trade in services disaggregated by sector, origin, destination and mode of supply.

Chapter IV

SCOPE FOR FUTURE INITIATIVE

46. The analysis in chapters I and II has highlighted once again that the expansion and diversification of exports from developing countries continues to be hampered by both market access barriers and supply-side constraints. Improving their export performances requires remedial action on both fronts.

A. Improving market access

47. The agenda "built-in" to the multilateral trade agreements provides a number of opportunities to enhance the export opportunities of developing

countries through negotiated improvements in market access conditions. On this agenda figures, first of all, the firm commitment to continue the reform process in agriculture by the year 2000. The second firm commitment provides for the holding of a multilateral round on trade in services, to begin no later than 1 January 2000 within the framework of GATS, aimed at achieving a progressively higher level of liberalization.

48. Apart from these specific commitments to negotiate, the built-in agenda provides for reviews and other actions which again could give developing countries the possibility to press for action that would enhance their export opportunities. Thus, there is provision for a revision of the Agreement on Technical Barriers to Trade after three years of application, i.e. before the end of 1997, with a view to recommending an adjustment of rights and obligations where necessary to ensure mutual economic advantage and balance of rights and obligations. In that context, developing countries have pointed to difficulties arising from the lack of definition of an international standardizing body and the multiplicity of procedures for certification.

49. In the area of services, in addition to the scheduled round of negotiations, the GATS Working Party on Professional Services was instructed by Ministers at Singapore to continue to develop multilateral disciplines and guidelines. Furthermore, the Annex on Air Transport Services provides for a review before the end of 1999 with a view to considering the possible further application of the GATS to this sector.

50. In addition, there is a series of annual reviews of the operation of many of the multilateral trade agreements, e.g. the Anti-Dumping Agreement, which provide an opportunity to address access problems which have arisen in the implementation of these agreements. Moreover, the Uruguay Round Decision on Anti-Circumvention recognized the desirability of uniform rules on anti-dumping circumvention measures, and a number of pertinent issues, including the question of what precisely constitutes circumvention, are under consideration in the Committee on Anti-Dumping Practices.

51. Substantial reductions of peak tariffs and tariff escalation in sectors of export interest to developing countries, as identified in chapters I and II, would go a long way in expanding exports from many of these economies in line with their comparative advantage in international trade. Achieving greater transparency in the administration of tariff quotas and more significant expansions of these quotas would further support exports. In the textiles and clothing sectors, efforts may aim to speed up the reintegration of sensitive products which are still subject to quotas into the GATT, besides reducing peak tariffs. The application of contingency measures and other non-tariff measures in strict compliance with the objectives which they are meant to achieve would also promote trade guided by the competitive strength of countries.

52. Besides market access improvements negotiated under the WTO "built-in" agenda, preference-giving developed countries may consider initiatives to improve preferential non-reciprocal trade regimes such as the GSP, the CBI, CARIBCAN or the Lomé Convention. Product coverage may under some schemes be extended to capture a greater number of "sensitive" products. Efforts may also be made to reverse the trend of linking non-reciprocal trade preferences to conditions and circumstances which are unrelated to trade. Overly restrictive rules of origins may be relaxed and origin cumulation permitted on a larger scale.

53. Furthermore, the trend towards reciprocity in the new generation of preferential trade arrangements and economic integration groupings may have longer-term implications for the scope and application of the traditional non-reciprocal trade regimes like the GSP or the Lomé Convention. The trend may imply that non-reciprocal trade preferences will increasingly be focused on LDCs and other structurally weak and vulnerable economies, while more and more developing countries will cease to be beneficiaries as and when the economic disparity between them and the developed countries narrows. Such graduation needs to be guided by economic reality and objective criteria to avoid premature withdrawals

of trade benefits. On the other hand, greater focus of non-reciprocal trade preferences on LDCs and other structurally weak and vulnerable economies may aim to further strengthen such preferences in the spirit of the Marrakesh Ministerial Decision on Measures in Favour of LDCs and the Singapore Ministerial Declaration.

B. Initiatives on the supply side

54. In the years to come, the negotiation of reductions of access barriers in foreign markets will, on the part of developing countries, increasingly require concessions providing freer access to their own markets. As experience indicates, gradual liberalization, judiciously applied, has a healthy impact on competitiveness and resource allocation. Rapid across-the-board liberalization, on the other hand, can lead to an irreversible loss of capital and the disappearance of accumulated skills. It may even hold back the development of new, more complex activities. The developing countries face the difficult challenge of conducting liberalization strategies which promote economic efficiency while containing, where necessary, potential adverse social implications through appropriate social policies.

55. Moreover, prospects of increased competition for particular production sectors will oblige developing countries to strengthen their policies in support of supply capability building. The task which is crucial in this context will be the identification of options for supply-side policies that take due account of new constraints on policy formulation within the multilateral framework conditions of the Uruguay Round Agreements.

C. Preparing for negotiations

56. In preparing for trade negotiations, advanced industrialized countries mobilize considerable resources to identify negotiating objectives, to analyze the positions of their trading partners and to form national consensus. This process draws heavily on the experience of the private sector and is tailored to the needs of industry. In addition, studies are undertaken by Governments, or subcontracted to specialized research institutions, to examine the strategic aspects of new issues for negotiation or new approaches to negotiation. The findings are often examined in study groups to test ideas. Furthermore, the OECD provides a forum for the refinement and coordination of developed country positions, supported by studies by the OECD secretariat.

57. Developing countries again find themselves at a considerable disadvantage. Most of their Governments lack sufficient resources for the collection of comprehensive information and the conduct of in-depth examinations of issues and strategic approaches. In the same vein, the capability of the private sector to provide precise information as well as analytical inputs is limited in developing countries. As most enterprises are not extensively involved in global operations, the private sector frequently lacks well informed perceptions of both market access conditions and its own relative competitive strength in international trade. This is particularly true in the area of services.

58. Developing countries have to examine a broad range of complex issues in preparing for trade negotiations in both the short and the longer term. For instance, they need to: (i) identify barriers to their trade in goods and services in sectors of particular export interest to them (including cases where restrictions in one sector inhibit market opportunities in some other sector[8]); (ii) determine targets and negotiating approaches for the liberalization of the barriers identified, including peak tariffs; and (iii) elaborate concrete proposals to rein in the protectionist use of contingency measures and other non-tariff measures such as technical barriers, sanitary and phytosanitary regulations, rules of origin or environmental prescriptions. For preferential rules of origin, this objective might be pursued through the development of a set of multilaterally applicable criteria and principles.

59. Furthermore, the examination of a number of supply-side aspects will help strengthen negotiating positions and "back-up" policies at home. To this end,

developing countries may need to: (i) evaluate the extent of liberalization they themselves want to offer in the negotiating process (in the sector where they seek better market access or in some other sectors); (ii) assess the economic impact of liberalizing particular sectors on efficiency and competitiveness; and (iii) design supply-side policies which are appropriately tailored to different supply constraints and developmental levels in conformity with multilateral rules.

60. More specifically, in the financial services sector, multilateral liberalization may, on the part of developing countries, call for a careful analysis of the pace and sequencing of reductions of access barriers to their domestic markets in line with individual development needs. Binding commitments with regard to cross-border trade and commercial presence may need to follow measures to strengthen domestic services sectors and establish appropriate regulatory frameworks. In the area of government procurement, developing countries face, in particular, the tasks of identifying barriers to trade in major markets in sectors of export interest, developing approaches for their liberalization and proposing ways to enhance transparency without creating undue administrative burdens for themselves.

61. In addition, an analysis of the impact of new technologies on both market opportunities and the competitiveness of supply capabilities in services sectors might help assess the scope for improving export performances in these sectors. The findings might provide further guidance for liberalization approaches and supply-side policies.

62. Some of the issues set out above might be suitable areas for expert analysis. The Commission might wish to consider the convening of expert meetings in 1998 with appropriate private sector participation.

Endnotes

1. See the disputes involving United States safeguard actions on imports of cotton and man-made fibres from Costa Rica (WTO documents WT/DS24/R of 8 November 1996 and WT/DS24/AB/R of 10, February 1997) and woven wool shirts and blouses from India (WTO documents WT/DS33/R of 6 January 1997 and WT/DS33/AB/R of 25 April 1997).

2. It was in response to this predicament that in 1997 the US administration proposed to provide on a non-reciprocal basis "NAFTA parity" to Caribbean countries hurt by the loss of trade because of NAFTA.

3. Defined as commercial services, i.e. total services minus government services n.i.e.. Source: IMF, Balance of Payments Statistics Yearbook, 1996, Part 2, and WTO data tapes.

4. Report of the Expert Meeting on Strengthening the Capacity and Expanding Exports of Developing Countries in the Services Sector: Health Services (TD/B/COM.1/7-TD/B/COM.1/EM.1/3).

5. An APEC Business Travel Card was introduced on a trial basis between three APEC members in 1997.

6. See also "Telecommunications, business facilitation and trade efficiency: some major implications of the Global Information Infrastructure (GII) for trade and development", issue paper prepared by the UNCTAD secretariat, TD/B/COM.3/EM.3/2.

7. See the statement of President Clinton on 1 July 1997 on a US Government plan for promoting electronic trade; and the Declaration of the European Ministerial Conference on Global Information Networks, Bonn, 6-8 July 1997.

8. For instance, restrictions in the health insurance sector in the form of geographical limitations inhibit the movement of consumers of health services across borders and thus frustrate trade in the health sector.

Annex

UNCTAD's ELECTRONIC TOOLS FOR TRADE ANALYSIS AND NEGOTIATIONS

A. Trade Analysis and Information System (TRAINS)

1. TRAINS, and its corresponding dissemination tool, the TRAINS CD-ROM, is the most extensive database on trade information ever developed. It can be compared to a specialized library with books on trade-related topics (i.e. tariff schedules; para-tariff measures; non-tariff measures; import statistics).[a] The global aim of TRAINS is to increase transparency in international trading conditions. More specifically, it is intended for use by policy-makers and economic operators engaged in exporting. It is also a powerful tool for trade negotiations and general research on international trade. TRAINS enables the user to carry out searching and sorting of data, as well as to do comparative data analysis. The software allows for a cross-country comparison of basic indicators on the import regime, such as tariff averages and the incidences of non-tariff measures. Likewise, it allows the same cross-country comparison to be made for the corresponding import values, in principle from 1990 to the most recent year available. Five basic operations can be distinguished: (i) selection of products; (ii) selection of markets; (iii) analysis of information on import regimes at the basic HS level (over the selected markets for one selected product; over the selected markets for any aggregate of products; over the selected products for one chosen market); (iv) analysis of imports by origin (over many markets for one chosen product; for all products from a selected supplier; to show potential trade between two countries selected as supplier and as market respectively; through a network of trade flows); and (v) displaying information at the national tariff line level (for product descriptions; on tariff and para-tariff measures; on non-tariff measures). For dissemination purposes, the secretariat has invited the member States to designate TRAINS Focal Points. The further development of the TRAINS software is being carried out in collaboration with international and regional organizations and regional integration groupings (including the World Bank). The database is being extended with information on bilateral preferential tariffs and rules of origin for the most important trade agreements in the western hemisphere. Through collaboration with the OECD, the quality of the information on OECD countries in the database has been improved.[b]

B. Database on Measures Affecting Service Trade (MAST)

2. The UNCTAD secretariat was requested to develop a computerized database for compiling and disseminating information on measures, including laws and regulations, that affect the access of services and service suppliers, especially from developing countries, to world markets. Major work on MAST at present is being carried out in the context of regional cooperation and integration efforts. Future work will be focused almost exclusively on national sources. The focus of the UNCTAD database is on making information accessible to a variety of users, especially from developing countries: Governments, regional organizations, academics and service exporters. MAST may contribute to increased transparency in the trade regime for services. The information could be used by individual countries as a tool to facilitate the negotiating process at the bilateral, regional or multilateral level. For developing countries which are formulating new regulatory regimes in their services sectors, MAST can be a source of information on how other countries have regulated similar sectors. MAST can also be a useful tool for collecting information in the context of accession of new countries to the WTO and for contracting parties who wish to make further commitments in the service sector.

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[a] UNCTAD developed TRAINS following Board decision 354(XXXIV).

[b] See OECD, Indicators of Tariff and Non-Tariff Trade Barriers, Paris, 1996, and its corresponding CD-ROM, produced jointly by OECD and UNCTAD.