

Foreword

Services play an important role in the development of many economies of the Asia-Pacific region. It is not only service sectors that are large employers in many countries; many services are critical inputs in local production and trade. Therefore the efficiency of service sectors contributes significantly to the productivity of other economic activities across all major sectors of agriculture, industry and the service sector itself. Policies that have an impact on the efficiency of the service sector in developing countries are among of the most important policies determining the competitiveness of traded products and services, and the economy in general.

Although the share of Asia-Pacific as a whole in global exports and imports of commercial services rose to almost 30 per cent in 2012, trade in services is still relatively less important than exports of merchandise. Compared to global figure where the services account for slightly more than 25 per cent of total exports, this share for Asia-Pacific only amounted to 20 per cent in 2012. As demonstrated by the effects of the persistent global economic downturn since 2008, merchandise trade is much more susceptible to contraction of growth and demand than services trade. Thus, creating larger services trade potential is an important developmental goal of developing economies in the Asian and Pacific region.

Services entered multilateral trade rules through the negotiation of the Uruguay Round of GATT, and were supposed to be deepened and enhanced with the establishment of the World Trade Organization and the continued evolution of the General Agreement on Trade in Services. However the stalled Doha Development Agenda negotiations affected services in the same way as other areas under the multilateral regime (in fact, no progress has been made since 1995). However, given the importance of services for production and trade, the policymakers then changed tracks and started to place the services trade liberalization into the preferential trade agreements. As a result, building capacity to conduct the preferential services trade negotiations became an urgent priority for many developing economies in the region. Building this capacity is even more complex than in case of general trade policy formulation and negotiations due to the high heterogeneity of services activities and the many actors involved in provision and consumption of services.

ESCAP has developed a reputed evidence-based trade policymaking capacity development programme, and since 2000 more than 3,000 government officials have undergone the training in different trade-related areas. Thus, the ESCAP secretariat in partnership with the secretariat and members of Asia-Pacific Research and Training Network on Trade (ARTNeT) was able to put in place a series of workshops covering different components of the preferential negotiations for services trade. What resulted from those training sessions and work with government officials, the private sector, analysts and other stakeholders, was that the success of negotiations, the implementation of the modalities and development impacts depended crucially on the preparation of negotiations as well as the process of continuous consultation and coordination prior, during and after conducting negotiations. The importance of this fact impressed governments so much that they demanded a guidebook to lead them through that complex process; this handbook has been prepared in response to that request.

This handbook was prepared by Pierre Sauvé (ARTNeT advisor on trade in services and investment) and Simon Lacey, both of whom have designed and delivered workshops and worked closely with selected governments to provide tailored advice on services negotiations.

The handbook is a practical introduction to preparing to negotiate preferential trade agreements. It is aimed particularly at those who may not have extensive negotiating experience, and it seeks to explain the main steps needed to arrive at an agreement, make it enter into force and monitor its implementation. One special value of this handbook is in its coverage of the preparatory

stages for negotiations. Moreover, given the lack of resources and capacity in most developing (and especially least developed) countries to address these concerns, this handbook offers ideas and presents the experiences of other countries (often those that are well versed and successful in this area) as well as opportunities arising from utilization of Aid for Trade in this context.

The handbook is one of a series of publications that have been issued by ESCAP to be used as guides and manuals in policymaking. It is hoped that this latest handbook, as the other similar publications, will become a lasting reference and inspiration-builder for policymakers in the region.

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