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**DRAFT REPORT OF THE STANDING COMMITTEE ON DEVELOPING SERVICE SECTORS:
FOSTERING COMPETITIVE SERVICES SECTORS IN DEVELOPING COUNTRIES**

Held at the Palais des Nations, Geneva,
from 26 to 30 October 1992

Rapporteur: Mrs. E. Gonzalez Marrero (Cuba)

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Chapter I

ESTABLISHMENT OF THE WORK PROGRAMME OF THE STANDING COMMITTEE

(agenda item 3)

(continued)

25. For its consideration of this item, the Standing Committee had before it the following documentation:

"Issues for consideration in the establishment of the work programme: note by the UNCTAD secretariat" (TD/B/CN.1/2).

26. The representative of the Organisation for Economic Cooperation and Development (OECD) outlined the OECD activities on services and the related working methods. These activities were described as following two separate but complementary tracks: those conducted by specialized sectoral committees such as the Financial Markets Committee, the Maritime Transport Committee, the Committee for Information, Computer and Communications Policy; and those related to the OECD liberalization instruments, namely the Liberalization Codes and the National Treatment Instrument. These cooperative efforts could range from the simple exchange of information, preparation of analytical studies and/or publications, to formal notification and transparency requirements, policy reviews and the elaboration of policy recommendations. Sectoral committees offered a privileged forum for regular exchange of views on developments in services sectors – be it at the policy or industry level, the airing of issues of concern, the undertaking of comprehensive analytical studies or the organization of special events, notably with representatives from non-member countries and the private sector. The liberalization instruments, which fell under the responsibility of the Committee on Capital Movements and Invisibles Transactions, added an important dimension to this sectoral work by subjecting member countries to the discipline of legally binding obligations and elaborated review procedures. The enlargement of the services provisions in the last decade had relied extensively on the expertise of the sectoral committees. A document covering the terms of reference of these OECD committees and recent OECD publications on services was made available to the meeting.

27. The representative of the General Agreement on Tariffs and Trade (GATT) said that the objective of the General Agreement on Trade in Services was: to establish a multilateral framework of principles and rules for trade in services; to provide for expansion of trade in services under conditions of transparency and progressive liberalization; to promote the economic growth of all trading partners and the development of developing countries. One aspect was to increase the participation of developing countries in world trade. This was to be facilitated, among other means, through the negotiation of specific obligations with respect to the provision of market access and national treatment for foreign service suppliers while providing for the strengthening of the efficiency and competitiveness of the domestic services capacity of developing countries. Filling the many information gaps relating to services trade in a comprehensive and coordinated manner would make a positive contribution to meeting the objective of the progressive liberalization of trade in services, thereby promoting the economic growth of all trading partners and the development of developing countries. This need had become clear in recent weeks when members of the Services Division of the GATT secretariat visited 25 developing countries, with a further seven missions anticipated in the immediate future, to provide assistance in the technical preparation and revision of offers.

28. The representative of the International Monetary Fund (IMF) said that in the area of statistics, the Fund, by virtue of its mandate, had a particular interest in shaping the methodology and collection of balance of payments statistics. In this work, the Fund had been concerned with striking a balance between the needs of both data compilers and users and had sought to achieve a high degree of compatibility with similar statistical efforts in other international organizations. In the Balance of Payments Manual (5th edition), particular attention had been devoted to broadening coverage of those transactions expected to increase in importance, an aspect directly relevant to services statistics, where considerably greater disaggregation was being included, particularly in the areas of communication, information, and financial services. It also related to the statistical requirements for multilateral negotiations. A clear-cut distinction had been made between international transactions in services and in income. Previously, labour and property income had been grouped together with services other than shipping,

travel and transportation, while investment income was covered separately. In the revised treatment, compensation of employees and investment income were covered as a separate major current account component so as to harmonize with the income concept of the System of National Accounts (SNA). This also strengthened the links between the balance of payments income and capital accounts, of particular interest in the analysis of delivery of services. The increasing demand for more detailed and more accurate statistics on international services transactions reflected the growing importance of the services sector in many economies. Not surprisingly, the services sector also figured importantly in the Fund's policy advice, particularly so with respect to the financial sector, where both the need for institution building, deregulation and prudential considerations figured prominently. This was also relevant to the need to promote transparency in respect to both policy formulation and implementation. The points made on policy advice had also been reflected in the growing emphasis on the service sectors in the Fund's technical assistance work, particularly in strengthening of statistical services and in institution building, especially with regard to the banking system.

29. The representative of the International Chamber of Commerce (ICC) – which, as the spokesman of the international business community, had actively participated in UNCTAD VIII – welcomed the Cartagena Commitment's call for closer involvement of the private sector in the work of UNCTAD. ICC's cooperation with UNCTAD, including in the area of services, had preceded Cartagena by many years, and the increasing recognition by UNCTAD of the constructive role of the private sector in the development process was encouraging. The ICC, with membership in 110 countries, most of them developing, aimed to foster economic growth of all, through a wide range of activities. ICC fully supported the Uruguay Round including the liberalization of world trade in services in the benefits of which all must share; and UNCTAD could and should help in ensuring this. In this context, areas if study had been set out in TD/B/CN.4/2, such as the development of human resources, the need of developing countries to benefit more fully from information on services, and the examination of legislation and regulation governing production and trade in services. Attention was drawn to the practical activities by ICC and to the work of ICC's specialized commissions,

for example on: financial services; banking; insurance; computing, telecommunications and information policies; marketing, advertising and distribution; air transport; and sea transport. These commissions were in active contact with UNCTAD and other competent international organizations. It would thus seem that there was considerable scope for exploring possible areas of cooperation. Once member Governments of UNCTAD had decided on the work programme, ICC would be quite willing to explore areas where it could usefully and appropriately be of help to the extent resources were available.