

## **Trade in Services Statistics in the Greater Caribbean: Addressing the Challenge, Reaping the Benefits**



Gone are the days when “Sugarcane was King, and ‘White Gold’ was the currency of power;” when there was still worship at the “Church of Banana.” The Greater Caribbean Region has experienced periods of economic transition, and today we are still transitioning, as States develop and consolidate new industries and there exists continual diversification of economies.

International trade in services is rapidly becoming a dominant driver of economic growth, both in developed and developing countries. The United Nations Conference on Trade and Development (UNCTAD) highlights that “while trade in goods are relatively well developed around common concepts and methodologies, this is not the case of trade in services. Services represent a key component of the economic activity in every country and a fast growing component of international trade.” Trade in services refers to the sale and delivery of an intangible product, called a service, between a producer and consumer. Trade in services takes place between a producer and consumer that are, in legal terms, based in different countries, or economies.

The World Trade Organization (WTO) notes that “ranging from architecture to voice-mail telecommunications and to space transport, services are the largest and most dynamic component of both developed and developing country economies. Important in their own right, they also serve as crucial inputs into the production of most goods.”

The services sector plays an integral role in economic development. From the important social role health and education services play in affecting the quality of life and skills of the labour force, to the basic infrastructure created by construction and telecommunication services essential to all businesses, to the role financial and transportation services play in supporting the traditional manufacturing and agricultural sectors, to the value professional services impart in enhancing the competitiveness of any business – the services sector can be viewed as the cornerstone of all economic activity. The sector incorporates industries such as financial services, creative industries, health and wellness, professional services, information communication and technology (ICT),

education and also tourism.

Trading in services offers significant opportunities both in terms of increased exports and imports, aimed together at enhancing competitiveness, stimulating economic development and ultimately, improving welfare and reducing poverty.

In relation to imports, the potential competition-driven benefits of expanding the range of services available to consumers, decreasing costs and increasing quality, including through the attraction of Foreign Direct Investment (FDI), is an often identified benefit from greater services imports.

On the export side of trade in services, apart from the obvious benefit of generating income/foreign exchange, there are many other benefits to developing an internationally competitive services export sector. These are but are not exclusive to the potential for micro services companies to develop and trade successfully – a particularly important consideration in developing countries, where firms tend to be smaller and more capital scarce; the establishment of new businesses, the development of specialty services, employment opportunities and potentially reduce the ‘brain drain’ that is often associated with developing country service professionals.

However, awareness of the services sector's potential is still at a relatively low level. Developing countries are shifting towards services much sooner, than has been the case in the traditional development trajectory. Services can provide an alternative engine of growth, enabling latecomers to development to leapfrog the traditional manufacturing route. Meanwhile, despite strong global growth, services exports continue to make up less than 25% of world exports. The discrepancy between the size of the sector and its importance in exports points to a major untapped potential in services trade. Too few developing countries are taking advantage of new opportunities to specialize in the export of services tasks. Businesses and governments are often not aware of the opportunities or the factors that impact local competitiveness. The reasons that account for this lack of awareness amongst others include the limited availability and quality of data.

International trade-in-services statistics are an increasingly important part of global commerce. Unlike merchandise trade statistics, which have long established data collection systems, trade-in-services, owing to their complexity, do not enjoy the same comprehensive coverage.

But with the growing importance of services generally, and trade-in-services in particular, for economies and societies all around the world, policy makers, trade negotiators and economists are demanding better data availability, enhanced quality and improved international comparability. “Trade in services statistics are a key tool in trade negotiations as countries have to understand and precisely assess their offensive and defensive interests. Such statistics are also crucial ingredients in the modeling of the potential impact of specific trade arrangements on the domestic economy.” (UNCTAD, 2016)

The challenge of data and statistics availability has long impacted the Region. At the level of the Caribbean Community (CARICOM) there have been efforts to address this impediment through “Strengthening the capacity of National Authorities and Regional Organisations in respect of Services Statistics.” The project report noted that, “Member States, the private sector and regional organizations must have the appropriate statistical data to make informed decisions. National Statistics Offices (NSOs), Central Banks, and other organizations involved in services statistics do not have the capacity or capability to produce the range and breadth of statistics required.”

The need for technical assistance and capacity building in the area of trade in services statistics is still relevant and crucial for member states of the Greater Caribbean. Hoekman and Stern 1991 point out that, "Developing countries will obviously face greater constraints, of both a technical and financial nature in attempting to improve their statistics." Given such a situation there have been several demands for technical assistance in the compilation of trade-in-services statistics and in addressing directly the aims of Goal 17 of Agenda 2030 for Sustainable Development - Strengthen the means of implementation and revitalize the global partnership for sustainable development. The Association of Caribbean States along with International partners have sought to answer the call of our Member States and support the development of Trade in Services and Trade in services statistics in the Region.

The distance-learning course on Trade in Service Statistics organized by Association of Caribbean States (ACS), the Secretariat for Central American Economic Integration (SIECA) and UNCTAD from 1st March to 10th April 2016, responds to these demands and requests. It has been developed jointly by UNCTAD, the World Trade Organization and the UN Statistics Division and has also benefited from the close collaboration of the Inter-Agency Task Force on 'Statistics of International Trade.

More than 230 participants from 27 countries are participating in the distance learning that aims to raise awareness of Trade in Services' Statistics and its concepts, enhance statisticians' ability to do their work, and to help them better understand the Manual on Statistics of International Trade in Services (MSITS 2010).

The Primary Target are Compilers and producers of data (Statistics on International trade in services, Balance of Payments (BoP); Business statistics, - and Secondary Target: Data users: Ministries (Tourism, Trade, Economy, Finance); Other industry players (economists, lawyers, etc.).

The course will be conducted through TrainForTrade's distance training platform. In this platform participants will have access to manuals, to multimedia presentations, to module exams, opinion surveys and forums created for each module for discussions with the instructor and other participants. At the end of the course, participants that have successfully approved the 6 modules and have participated in the forums will receive UNCTAD's certificate.

As the Region continues to diversify, service sector development is crucial to the sustainable economic development of the Greater Caribbean. Traditional focus has shifted, and service industries now find themselves at the core of economic activity for many ACS Member States. The demand for available, relevant and quality data and statistics has increased as countries of the Greater Caribbean are progressively recognizing that accurate and extensive statistical data on the services sector is key to successful growth and greater economic opportunities. Therefore technical assistance and capacity building in this area of trade in services statistics are welcomed and the knowledge shared will redound benefits to individual states and the Region collectively.

Alberto Duran is the Director of Trade Development and External Economic Relations and Kariyma Baltimore is the Advisor of Trade Development and External Economic Relations of the Association of Caribbean States. Any comments or feedback should be submitted to [feedback@acs-aec.org](mailto:feedback@acs-aec.org)