

Trade in Services Strategy 2013-2015

Services Sector Export Competitiveness Roadmap

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Executive Summary

ITC is introducing a suite of targeted new initiatives to build developing country export competitiveness in services. The distinctive ITC priority focus is to bring world-class services expertise to the task of building services enterprise competitiveness and concrete export outcomes in ITC beneficiary countries. The initiatives will follow up and reinvigorate the previous ITC programme on Trade in Services and its associated stakeholder contacts. Consistent with the ITC Strategic Plan, the programme's objectives are:

- 1) *Produce and improve access to, and use of, reliable and user-friendly services-related trade intelligence, building awareness around the importance of services as a potential export driver for developing countries, including LDCs;*
- 2) *Build and strengthen trade support institutional capacity to foster an enabling business environment, to benchmark regulatory practices and to promote services exports;*
- 3) *Enhance the export readiness of services SMEs in responding to market opportunities, including in global and regional value chains; and*
- 4) *Achieve, as a cross-cutting objective, a higher level of sustainable and inclusive participation in the regional and international services economy.*

The objectives are translated into a concrete Services offering via a prioritized and sequenced **three-year Trade in Services strategy**, which foresees both **country-based and regional-level projects**. In addition to providing quality informational tools to boost awareness and understanding of services and the specific needs of services exporters, the fundamental orientation of these initiatives is to

- **Activate local industry champions** to organize better for export success, specifically through the **creation of local coalitions of services industries**;
- Mobilize support for the development and implementation of **services industry competitiveness roadmaps** and associated **services export action agendas**;
- Strengthen capacity at enterprise level for **innovation** and **value-add** for export success, including interconnectivity with international **services standards and quality assurance** systems;
- Build capacity in trade promotion organizations by providing **tailored tools and skills** to showcase services expertise on the international market; and
- Facilitate appropriate coordinating mechanisms for **public/private dialogue** across a broad range of government and regulatory agencies in the services sectors.

These Trade in Services initiatives will be realized through the phased introduction of significant new elements which can be variably combined, customized and deployed as a package on a national or regional basis. These elements have been carefully prioritized and will be introduced in a sequenced and cumulative manner to enable targeted enterprise-level capacity building to be fully operational by the third year.

These elements include essential **informational tools** such as Services Economy Snapshots, Business Briefs and Industry Competitiveness Ecosystem Portraits, as well as **training modules** focused on services coalition building, services excellence export promotion, services statistics, value chain analysis, a regulatory best practice self-assessment questionnaire, and innovation for export 'I-cosystems'

New events also figure among the initiatives. Highlights will include a forum on services trade at the WTO Ministerial meeting in Bali in December 2013 and a session on services at the 2013 World Export Development Forum (WEDF) in Johannesburg. Other features include national services days and export promotional 'Services Sans Frontières' business fairs at regional and international level, including a proposed ITC display booth at the world's only existing such fair, the China International Fair for Trade in Services. Various platforms for enhanced public/private exchange on services competitiveness will also be developed.

Initially the strategy will focus on **three loose clusters of services industries, namely Tourism (including Health Tourism and backward linkages into sectors such as Creative and Cultural Services),**

Transport/Logistics/Distribution and IT-enabled Business Services (including ITO/BPO/KPO¹). This initial choice is justified by trends in the global export trade data and is also consistent with results of various demand and needs assessments carried out by ITC.

Other sectors will not be ignored. Sectoral demands will inevitably shift, potentially considerably, as countries become aware of new ITC services offerings. A degree of flexibility will be retained, including allowing for a variety of small pilot projects beyond the initial three identified industry clusters.

Demand for the new ITC services offering is already in evidence. ITC has received informal and formal indications of likely interest in different aspects of the programme from a wide variety of potential beneficiary countries across a large range of services industries.

The Trade in Services Work Plan will be managed by the new **Trade in Services team** and will be accompanied by a dedicated communications effort and new multi-function Trade in **Services Internet sub-site**. The new team will act as the ITC internal services knowledge platform and a catalyst within the organization to create a greater focus on services export results.

All activities will be implemented in close partnership with a wide variety of national, regional and international organizations and business associations, including importantly the WTO Secretariat, the United Nations Conference on Trade and Development (UNCTAD), the World Bank and the Global Services Network. ITC will host an annual inter-agency **Services Experts Roundtable** in Geneva to maintain cooperation and consultation with these and other agencies and think tanks.

¹ Information Technology Outsourcing/Business Process Outsourcing/Knowledge Process Outsourcing

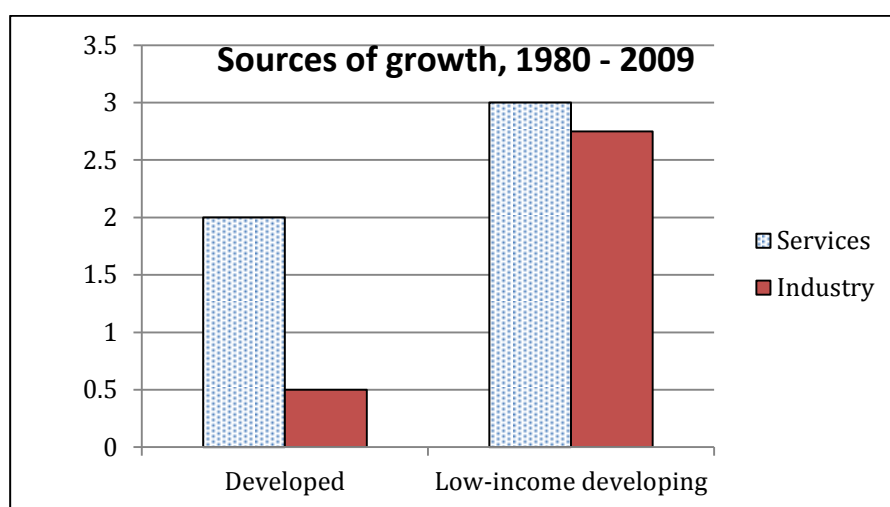
1. ITC History in Promoting Services Exports

Supporting services exports is far from new to ITC. The focus of earlier ITC work involved a technical assistance programme to promote trade in services through assessing capacity, establishing local champions, training local stakeholders and supporting export promotion. ITC has also offered support for GATS negotiations, for tourism promotion, including linkages to cultural and entertainment services and in developing services sector strategies. The new programme therefore continues prior ITC work and adds new depth.

2. Rationale for an ITC Services Export Offering

While global awareness is still at a relatively low level, the services sector is becoming a dominant driver of economic growth, including in developing countries (Figure 1).

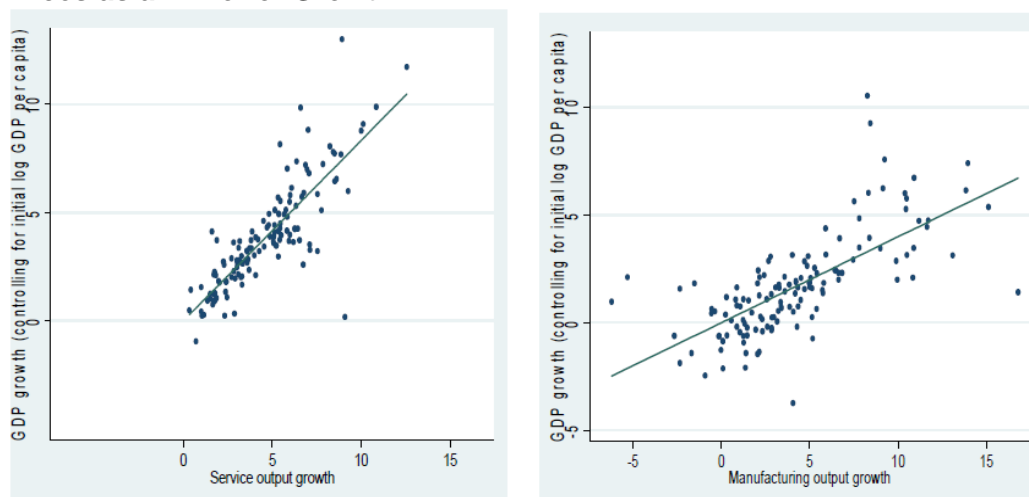
Figure 1: Services as a Source of Growth



Source: Ejaz Ghani, Arti Grover, Homi Kharas 2011, Service with a smile: A new growth engine for poor countries, 4 May 2011 VoxEU.org

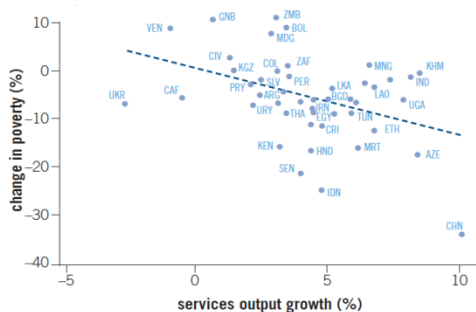
The services sector accounts for 72 per cent of GDP in high-income countries, 53 per cent in middle-income countries and 46 per cent in low-income countries. World Bank evidence (Figure 2) shows that a stronger correlation exists between services growth and GDP than is the case for manufacturing growth and GDP.

Figure 2: Services as a Driver of Growth

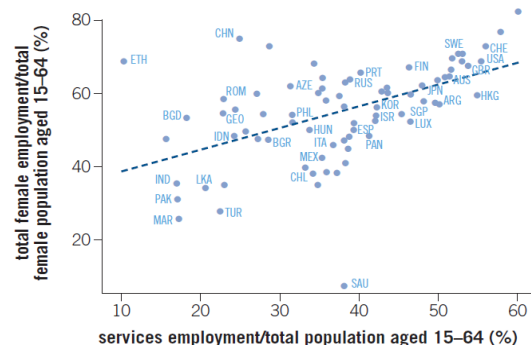


Source: World Bank (2009), The Service Revolution in South Asia, Figure 1.3-4, p. 41

The potential for services-sector contributions to employment is even more striking. On average, services account for more than 74 per cent of employment in high income countries and more than 86 per cent of female employment. While aggregated developing country employment data is difficult to obtain, World Bank research shows the higher the level of employment in the services sector, the higher the female participation rate. A strong correlation also exists between services growth and poverty reduction (Figure 3), chiefly because the services sector generally employs more women (Figure 4).

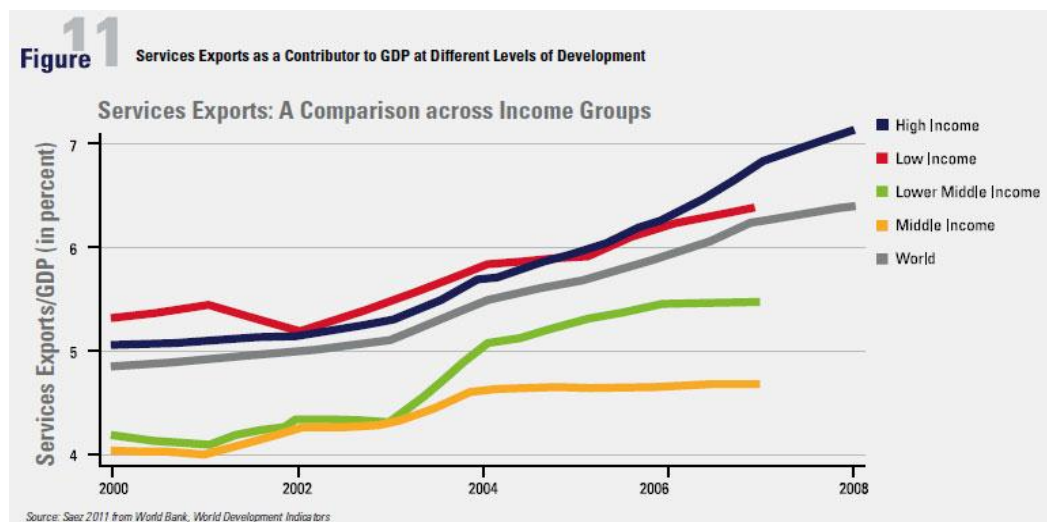
Figure 3: Services and Poverty Reduction

Source: World Bank, World Development Indicators.

Figure 4: Female Participation in Services

Source: Ghani and Kharas 2010.

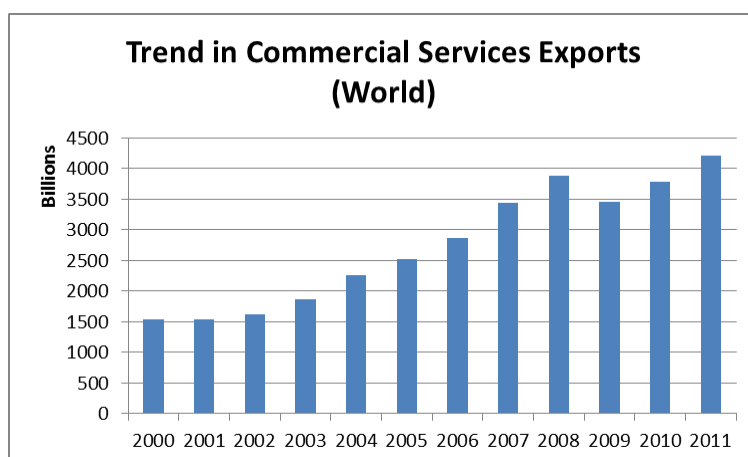
World Bank findings indicate that developing countries are shifting towards services sooner, and at a lower level of per capita income, than has been the case in the traditional development trajectory. This suggests that services could provide an alternative engine of growth, enabling some latecomers to development to leapfrog what has been seen as the traditional route to development through developing manufacturing first. Of particular interest in this regard is that the contribution to growth generated by services exports is especially strong for low-income countries and well above world average (Figure 5).

Figure 5: Growing Contribution of Services Exports to GDP

Source: Saez 2011 from World Bank, World Development Indicators

Source: ADBI and PECC, Services Trade: Approaches for the 21st Century, 2011

Meanwhile, despite strong global growth (Figure 6), services exports, as measured by the balance of payments, continue to make up less than 25 per cent of world exports. The difference between the size of the sector and its importance in exports points to a huge, untapped potential in services trade. Developing countries' share in services exports has doubled over the last two decades; even LDCs now figure among the ranks of the world's services exporters.

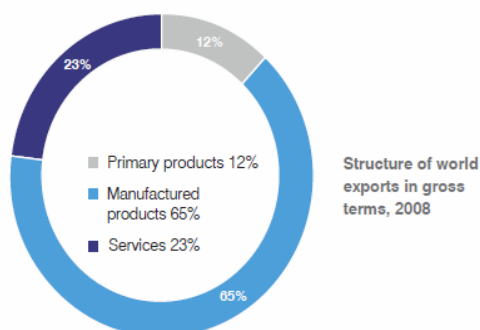
Figure 6: Growth in Commercial Services Exports

Source: World Bank database

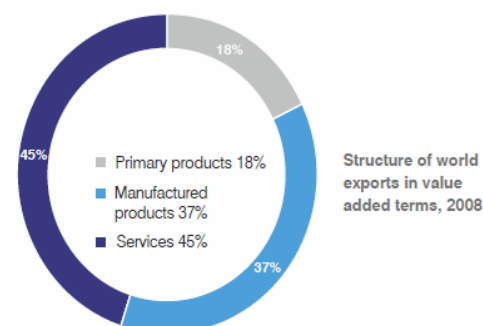
Despite the growth potential, however, developing countries' share in world services exports is still only 30 per cent as too few developing countries are taking advantage of new opportunities to specialize in the export of services tasks. The extent of these opportunities is highlighted by the new WTO/OECD trade in value-added data, which, based on global input/output analysis, shows that when intermediate services tasks are included, services make up nearly half of total global exports (Figure 7).

Figure 7: Services Share in Global exports**Balance of payments data**

shows services exports at 23% of global exports

**WTO/OECD trade in value added data**

shows services approaching half of global exports



Source: Hubert Escaith, WTO, Trade Data Day 16 January 2013

Taking advantage of these opportunities requires a higher degree of awareness, at businesses and government level of the factors that might impact on local competitiveness and of how to influence them. Businesses and governments are also under-equipped with regard to the tools required to nurture and promote services industries on the international market. Assessing the potential of services industries is complicated by the limited availability and quality of data, including official and other reliable trade statistics. All of this matters because the services sector is everywhere dominated by SMEs and it is SMEs which are most likely to benefit from more sustained attention.

It is not surprising, against this background, that partner organizations and beneficiaries are increasingly approaching ITC for assistance on services trade. 2013, moreover, is a year in which services are evidently on the trade policy radar, with 22 countries now committed to formally launching plurilateral negotiations on services in Geneva.

This services strategy is linked directly to the overall ITC strategy and its objectives align directly with the ITC Strategic Plan, which foresees pursuit of Trade in Services as a priority under ITC's sector competitiveness portfolio. Implementation of the Services strategy can be expected to contribute to the realization of the Millennium Development Goals (MDGs), especially MDG 1 ('Achieve full and productive employment and decent work for all, including women and young people'), MDG 3 ('Promote gender equality and empower women'), and MDG 8 ('Develop a global partnership for development').

3. ITC Institutional Comparative Advantage

Although a variety of institutions have begun to engage in activities relevant to services trade, ITC stands out as having a unique mandate to work with the private sector and to assist trade support institutions, including engaging in such tasks as improving the competitive position and export readiness of SMEs.

The deepest recent ITC exposure to services issues has been in the context of support to the private sector during WTO accession negotiations and other bilateral and regional integration agreements. ITC programmatic offerings in business and trade policy, market analysis, export strategy, enterprise competitiveness, trade information and institutional strengthening are also active in a range of service sectors. ITC competencies that concentrate on building business skills for goods are transferable to services industries. Similarly, a wide array of existing ITC publications and training modules already have immediate relevance and can be customized as useful tools for the new Trade in Services strategy. As such, opportunities abound to leverage existing in-house expertise and resources.

The new Services team will build on the underlying fundamentals and act as a change agent to guide a shift across ITC to a more balanced holistic perspective on export development across both goods and services. The team has trade-in-services expertise, services business familiarity, a network of relevant partnerships and an accumulated wealth of valuable material. The new team has international respect and has developed relationships with ITC partner organizations.

4. Understanding Services Competitiveness

In designing this new services offering, close consideration has been given at the sector and enterprise levels to the available evidence regarding what makes competitiveness in services different from that in goods. That is to say, what - if anything - services firms appear to have in common with each other, how services firms behave in the domestic and international market and why and how services firms require separate or distinct policy or institutional attention.

Summarized in Box 1 is a preliminary framework of factors which appear to have a determining role in services competitiveness. The framework draws on recent company-level evidence emerging from services industry coalitions participating in the Global Services Network, detailed business survey results from a 2012 study undertaken by the APEC Business Advisory Council, and empirical results from a variety of developing country services export case studies recently undertaken by the World Bank.

This framework suggests that there are many variables relevant to services competitiveness, and therefore much that businesses and governments can do to enhance the opportunities for broader participation in global and regional services supply chain activity.

Box 1: Framework for International Competitiveness in Services**1. Endowments, especially Human Capital (talent, education, skills, ideas, culture of customer focus)**

- Business stakeholder interviews refer to the importance of vocational training
- Firms refer to the importance of multi- and cross-disciplinary education, including languages
- World Bank work shows tertiary enrolment is significant in affecting services exports

2. Investment in Intangible Assets (corporate IP e.g. copyright, business methodologies, brands)

- Analysis in the OECD economies provides evidence of intangible capital deepening contributing the bulk of recent growth in labour productivity
- Firms refer to the importance of a supportive environment for innovation, including business process innovation

3. Enabling Digital Infrastructure

- World Bank confirms the importance of the quality of the telecommunications network
- Extent of internet penetration -though this is not always critical

4. Quality of Institutions

- World Bank work identifies transparency/degree of corruption/rule of law as being relevant
- World Bank identifies the economic freedom index
- Firms refer to the role played by institutions which undertake independent analysis of the costs and benefits of regulatory regimes

5. Efficiency of Domestic Regulation

- Firms refer to constraints imposed by the complexity of the business environment, constraints in access to finance
- Rigidity or other inefficiencies in employment laws; for services companies, human capital costs are often 70 per cent to 80 per cent of total cost, everything to do with recruiting, training and deploying people is critical
- Firms refer overwhelmingly to the burdensomeness of regulatory compliance costs
- Firms refer to the need for an environment which gives them flexibility to adjust to rapid change

6. Connectedness with the International Market

- Two-way trade and investment openness
- Firms refer to the quality of export promotion efforts and tool kits and opportunities to connect with supply chains
- Firms refer to the need for mutual recognition and interoperability of standards
- Firms are increasingly concerned about seamlessness of regulation across markets

7. Services Business Stakeholder Consultation

- World Bank work suggests that services business groups (such as NASSCOM in India and BPAP in the Philippines) play a positive role
- Firms stress the importance of active public/private stakeholder consultation mechanisms

8. National Strategic Policy Focus

- Firms refer to the need for better services statistics
- Firms refer to the need for inter-agency coordination
- Existence of a vision and roadmap for services
- World Bank work is inconclusive about the role, if any, of specific sub-sectoral targeting

The problem remains, however, that there is relatively little literature and few public policy tools available on how to grow a services industry, or a hub of services excellence; on how to train, attract and retain services skill sets; or on how to facilitate services innovation, collaboration and customer orientation. Advice is rarely forthcoming on which enabling infrastructure to provide or on which regulatory settings might be considered best practice in ensuring interoperability across the value chain.

Some of these issues can be addressed through a reinforced focus in capacity-building programs on services productivity issues. ITC will also act to encourage greater coordination between government agencies involved in services trade-related matters, help to seed services industry coalitions and business associations, and contribute to mechanisms for public/private dialogue on services regulation.

The ITC focus at enterprise capacity level will need, however, to be broader. Services activities are usually less capital intensive than manufacturing and require less physical infrastructure, an advantage for countries with limited physical and financial capital. On the other hand, services are more skills-intensive than the other sectors. For example, knowledge economy infrastructure and an environment that nurtures talent, skills and ideas are important in attracting investment and work onshore.

Services export success is similarly dependent on innovation, so an industry-innovation policy which recognizes services needs (Box 2) is relevant for competitiveness. Services activities tend, in addition, to be project based. That means firms need flexibility to be able to move people and ideas around quickly; virtual teamwork and cross-border collaboration can be important. This highlights the importance for export success of connectivity across the border, requiring policy and institutional focus on telecommunications, aviation, international standards, openness at the border and technical inter-operability.

Box 2: Innovation matters for Services Export Success

Services innovation

- is driven by client relations more than is the case for innovation in goods
- takes place at the point of interaction between services provider and the client
- is people-driven as well as laboratory-driven
- does not necessarily offer economies of scale
- involves a high level of interaction and interdependence between knowledge providers (such as research organizations) and knowledge users (such as service firms)
- does not necessarily take place as a specialized activity located in a separate part of an enterprise but is tangled up with everyday creativity and design
- requires both technological and non-technological inputs, including the social as well as the natural sciences, the creative arts and humanities
- suffers from inadequate access to collaboration opportunities between services providers and the education and R&D community
- is undermined by lack of digital infrastructure, disconnects between national standards, lack of inter-operability and inadequate IP protection

Source: McCredie, Soderbaum, Drake-Brockman, Kelly, "The New Economic Challenge: Responding to the Rise of Services in the Australian economy", Canberra 2010

It must also be recognized that, despite significant levels of concentration for example in services industries with high historical levels of government ownership, the bulk of the services sector everywhere is chiefly made up of SMEs. Increasingly it is SMEs in the services sector which are most engaged in global and regional value chains and business-to-business activities. There is evidence that since 1997 more services SMEs² have been involved in international alliances than manufacturing SMEs. Firm size is not necessarily, therefore, a handicap. Some developing-country

SMEs will be able to achieve commercial presence offshore; some can compete on a fly-in-fly-out basis. Increasingly, most will need to master the art of attracting supply chain tasks onshore and operating via telecommunications links. This generally requires innovation of some kind as well as new promotional and marketing methods.

² OECD data shows that in 2000 there were nearly four times as many services SMEs engaged in international alliances than manufacturing SMEs.

5. Services Export Promotional Needs

New policy approaches to services export promotion will also need to be benchmarked to best practice because they are necessarily different from export promotion for goods. They also require a new toolkit.

In cross-border trade in services, the objective is usually to attract global work on-shore, preferably higher value-added work. The process of attracting global work on-shore into local centres of excellence can seem very different from the process of attracting a foreign buyer for a supply of goods, given the very different manner of offshore delivery. It tends to require that firms or even networked individuals undertake significant business process innovation in order to enter the relevant global supply chains. SMEs in particular need public efforts to facilitate such innovation.

Given the way in which services firms engage internationally, services export promotion also requires a sustained focus on facilitation of movement of people (skill sets) both onshore and offshore and a new focus, not only on attracting foreign direct investment but on facilitating commercial presence/establishment offshore for local services firms, often via joint venture type arrangements. A few agencies in developing economies are making significant progress and have much to share with others and ITC will plan activities specifically designed to facilitate this.

Efforts to facilitate SME entry into regional and global supply chains will continue to prove ineffective unless simultaneous efforts are made to ensure connectivity at the technical level. Without ensuring cross-border connectivity in every sense of the word, small services firms will continue to struggle to move up the value chain and to meet the challenges of the international market. The business reality is that any disconnect between standards generates a chokepoint in the cross-border supply chain. Such chokepoints add to the operating cost of all firms. For SMEs, they often make cross-border business impossible.

This is the essence of the competitiveness challenge ahead. As Box 3 highlights, services exports are different from goods exports and their promotion requires a different approach. The ITC strategy is designed to meet this emerging challenge.

Box 3: Services exporters do international business differently

Characteristics of International Business in Services

1. Situation based: Exporting services involves the performance of solutions to international customer problems. These problems are not static: building services export capacity is about building international relationships, a culture of customer focus and client confidence, as well as developing aptitudes to recognize emerging opportunities and respond rapidly with new solutions
2. Clients not geographies: Services exporters tend to have clients rather than geographic markets; clients often take them into different geographic destinations.
3. Relationships: Clients often require a long term relationship. Services exports cannot be examined on the spot for quality. This lack of tangibility requires that mutual trust be built between buyers and sellers.
4. Project-based: Services exporters tend to be project-based.
5. Innovation-dependent: Each export project tends to require a slightly different services offering. This means services firms can rarely find new export markets without innovating and must promote their capacity to create new services offerings for new international clients.
6. Management of people: Each export project is similarly likely to require a slightly different implementing team of talent and ideas. Therefore, services firms often need to move people around quickly, including across borders.
7. Importance of commercial presence: Services exporters may need, or may be required by the client's regulatory environment, to set up a commercial presence offshore. The process of setting up offshore often looks like investment rather than export and rarely receives proper official export promotion assistance.

6. Enterprise-level Support Needs

The above discussion on the determinants of services competitiveness and the different ways in which services firms conduct international business suggests that, to be effective, the ITC offering at enterprise-level must be customized to take these realities into account. The 'Services Exporter-Value Chain Analysis Training' module will consequently be designed to help potential exporters understand the factors that add to and detract from competitiveness in their sector, determine local shortcomings, and make concerted efforts to improve performance. The targeted training outcomes will include not only firm-specific activity but also concerted industry-wide development of competitiveness action agendas for public/private implementation.

ITC Training at enterprise-level is to be based on and informed by prior industry-specific and country-specific development of Services Ecosystem Portraits, which will help identify for local SMEs any chokepoints in the relevant value chains. They will also point out the most relevant capacity levers that can help them improve operational efficiency and better compete in neighboring, regional and global markets.

The new offering will combine two types of approach. First, a training-of-trainers approach, whereby training will be offered to clusters of potential services exporters and TPOs in order for the TPOs to acquire the necessary knowledge and tools to replicate such trainings and ensure the multiplying effect expected. In addition to the regular ITC offerings (market research and analysis, marketing and branding, access to finance, business plan formulation, managing relationships etc.), the Trade in Services modules will focus on services competitiveness capacity levers, such as human resource expertise and development, reputation, customer-focus, on-line functionality, ISO export standards certification, technology, protection of IP, and innovation. The ITC offering will also cover the need for industry coalition building, the importance of participating in public/private dialogues, the relevance of regulatory efficiency, and methods of trade fair display and promotion. ITC will also focus on helping services enterprises and trade support institutions to identify export market opportunities arising as a consequence of new market access arrangements negotiated in the bilateral, regional and multilateral context. Second, a suite of customized training sessions will be offered to selected companies with a focus on managing and enhancing innovation for export success.

7. Sub-Sector Focus

Several internal reviews were undertaken to identify sectors where ITC should concentrate its expertise. Consistent with these demand and needs assessments, the new Services offering gives initial focus to three loose clusters of services industries: (1) **Tourism (including Health and Well-Being)**, (2) **Transport, Logistics, Distribution and (3) IT-enabled Business Services**.

The initial choice of **Tourism** is justified by revealed developing-country export growth potential (including among LDCs), by strong ongoing demand from client countries for ITC input, and by existing ITC competencies (especially in backward linkages). ITC experience has identified a need not only for a closer focus on in-bound Tourism per se (i.e. travel agencies, tour operators, tour guides, hotels, other accommodation, restaurants and catering) but also for adding other related services export areas - for example, linkages into health and well-being services, personal, cultural and entertainment services, environmental services (refuse disposal, sanitation and water supply) and air transport. The tourist market for creative and cultural services exports is especially important for its impact on women, youth and remote communities.

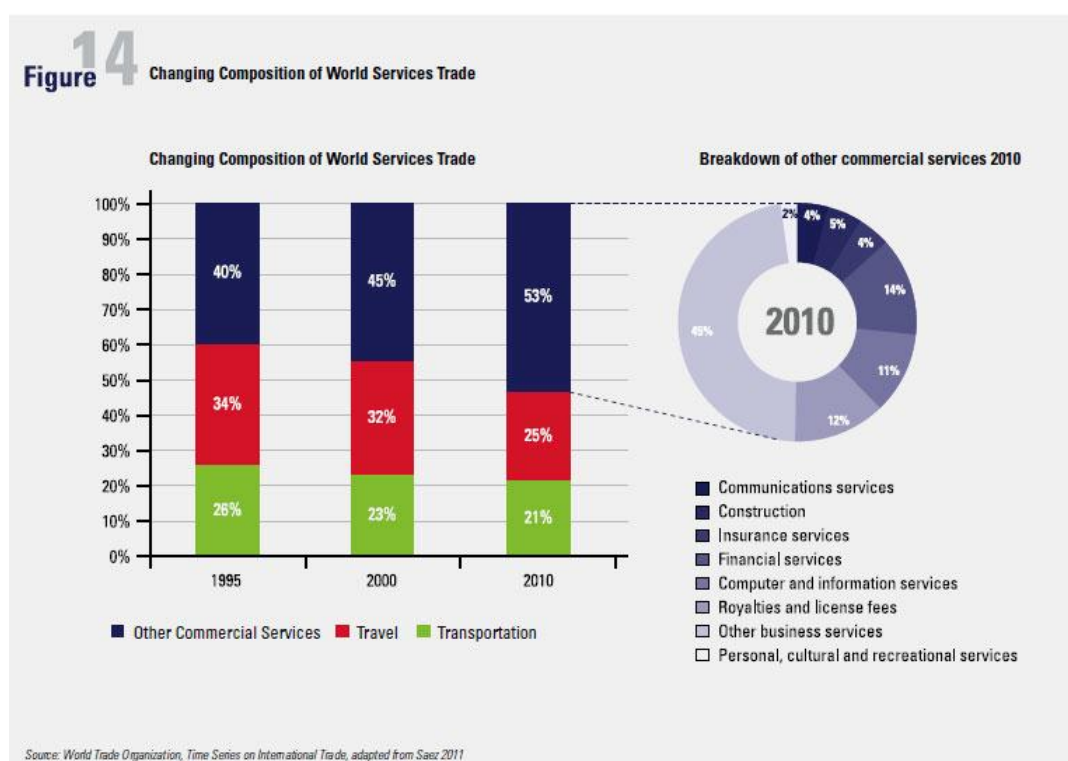
ITC intervention will complement the work of the lead international organization for the tourism industry, the World Tourism Organization (UNWTO). While UNWTO serves as a global forum for discussion of tourism policies and instruments and a practical source of tourism know-how, ITC will work on building small tourism export business success. ITC has already designed an approach to enable poor communities to export products and services, first through the channel of tourism and then directly on international markets. ITC and UNWTO are engaged in a productive dialogue through the Steering Committee on Tourism Development, a mechanism gathering nine UN agencies working on tourism and aiming at delivering more coordinated, effective and efficient technical assistance. This cooperation will be continued and reinforced through the Trade in Services strategy.

The varied set of services associated with **Logistics, from Transport and Freight Forwarding through Distribution and Retail**, has been chosen because it is vital to enabling the efficient operation, economy-

wide, of the traded goods sector and specifically to facilitation of developing country entry into cross-border goods supply chains. Inefficiencies among domestic services providers will not only cut them off from direct services export opportunities but also prejudice the export competitiveness of local goods producers. On average, the value of traded goods embodies as much as 25 per cent services. In the mining and other extractive industries, services typically account for 30 per cent of value-add of the export product. In general, the more elaborately transformed the exported good, the higher the embodied services content. The export-led East Asian growth model has repeatedly demonstrated that efficient provision of services relevant to the export of goods can be critical to developing country goods export outcomes.

The third proposed sectoral focus, on **IT-enabled Business Services** is justified by the accumulating evidence (Figure 8) of the rapidly growing relative importance of this sector vis-à-vis the traditional Tourism and Transport sectors. Intermediate business-to-business trade in so-called “other commercial services”, which are dominated by ICT and business services, is the fastest growing component of world trade today.

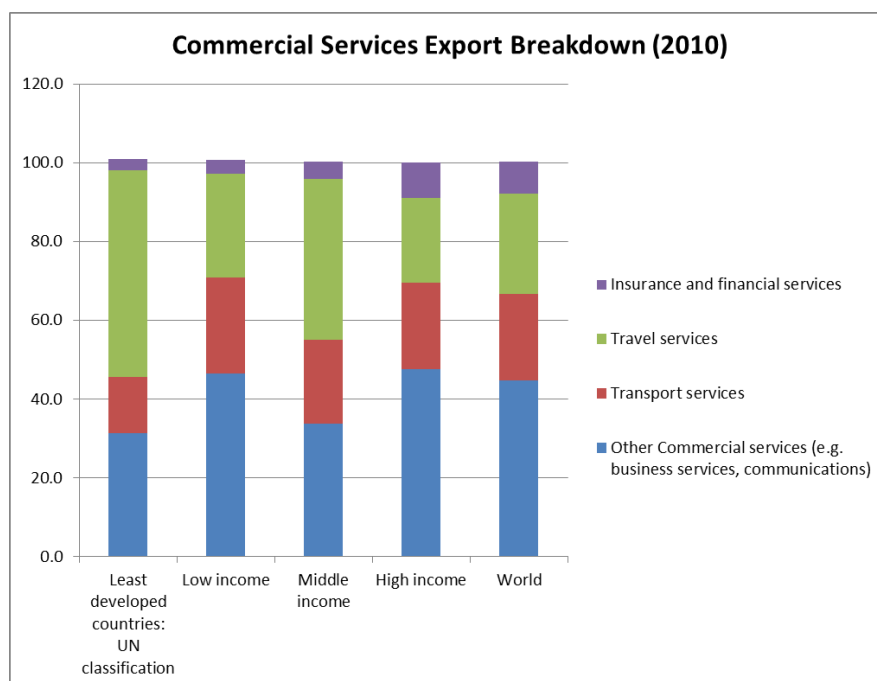
Figure 8: Changing Composition of World Services Trade



Source: ADBI and PECC, *Services Trade: Approaches for the 21st Century*, 2011

We are still only in the initial stage of the digital age, but as Figure 9 shows, developing countries are already participating actively in this 21st century services trade³. In such sectors, physical barriers affecting land-locked countries and island states are less important. Language skills, customer focus, time zones and telecommunications links have become more relevant determinants of competitiveness, offering new opportunities for latecomers to development to leapfrog from primary to tertiary industries. ITC will actively explore the export, employment and development implications of the emerging South Asian “services revolution” growth model across a broad sweep of ITC client countries.

³ Developing countries' share in the world services exports rose from 11 per cent in 1990 to closer to 30 per cent in 2010, with increasing sophistication helping them to shift from the more traditional Transport and Tourism sectors to IT and Other Commercial Services. Services off-shoring activities accounted in 2010 for US\$ 252 billion in export revenues and employed 4 million people globally; UNCTAD's 2012 World Investment Report points out that services-sector FDI reached US\$ 570 billion in 2011.

Figure 9: Services Export Composition by Country Group

Source: World Bank database

The Trade in Services Work Plan will commence in 2013 with a selected number of individual country-based pilot projects designed to test geographic replicability in each of these sectors.

ITC work at the policy and institutional level will require a whole-of-services sector understanding and a necessarily broader coverage of services sectors. It is also anticipated that sectoral demands will shift, potentially considerably, as countries become better aware of the new ITC services offering. The strategy already anticipates demand for small pilot projects beyond the key identified industry clusters, for instance in professional services, education services, financial services (for example Islamic micro-finance and SME services export financing), construction, audio-visual services, and a variety of cultural and entertainment services, including digital content services such as animation. Strong potential demand for the ITC services offering is already in evidence. The Services team has received informal indications of likely interest from clients in all regions and in a variety of sectors.

8. Objectives, Initiatives and Work Plan

Based on the above analysis of the determinants of services competitiveness and taking into account the ITC mandate and core competence as well as the sectoral demand and needs assessments undertaken, ITC has identified a number of priority areas to build on its earlier programme on Trade in Services and deliver world-class expertise to help build services enterprise competitiveness and concrete services export outcomes. The strategy is focused on the following set of objectives, which together are captured under the Building Services Export Excellence rubric:

- (1) Produce and improve access to, and use of, reliable and user-friendly services-related trade intelligence, building awareness around the importance of services as a potential export driver for developing countries, including LDCs.
- (2) Build and strengthen the capacity of trade support institutions to enable an effective policy framework, to benchmark regulatory practices, and to promote services exports.
- (3) Enhance the export readiness of services SMEs in responding to market opportunities, including those in global and regional value chains.
- (4) Achieve a higher level of sustainable and inclusive participation in the regional and international services economy.

The objectives are translated into a concrete Trade in Services offering based on guidance provided by a cross-divisional ITC Working Group of 2011. The initial prioritized and sequenced three-year Trade in Services strategy foresees both country-based and regional projects. Initial attention is necessarily given to the creation, distribution and communication of quality informational tools to boost awareness and understanding of services and the specific needs of services exporters among trade support institutions. Beyond the provision of trade intelligence relevant to services exporters, the fundamental orientation of these initiatives is to:

- Activate local industry champions to organize better for export success through the creation of local coalitions of services industries. The World Bank evidence confirms that such efforts could help to empower competitiveness change agents, not only in business networks but also where necessary at the policy and regulatory level.
- Mobilize support, including technical assistance, for the development and implementation of services industry competitiveness roadmaps and associated services export action agendas.
- Help existing and potential SME exporters find ways to expand services exports. In operational terms, this requires building and nurturing clusters of services expertise and attracting an international clientele. ITC work will be closely informed by business evidence gathered, for example through the various existing coalitions of services industries, of the different ways in which services firms operate, and the ways in which they need to innovate and add value for export purposes.
- Ensure awareness of, and compliance with, international services standards and quality assurance systems to enable international market connectedness.
- Build capacity in trade promotion organizations by providing tailored tools and skills to showcase services expertise on the international market.
- Facilitate appropriate coordinating mechanisms for public/private dialogue across a broad range of government and regulatory agencies in the services sector.

These Trade in Services initiatives will be realized through the phased introduction of significant new elements which can be variably combined, customized and deployed as a package on a country or regional-needs basis. These elements will be introduced in a sequenced and cumulative manner to enable targeted ITC enterprise-level capacity building to be fully operational by the third year. An outline of these elements, which will be implemented in close partnership with a variety of other national, regional and international organizations, is provided in the Attachment.

One aspect involves the phased introduction over three years of a comprehensive set of informational and awareness-raising tools, which is aimed at filling critical gaps in the available business literature. In addition to updating ITC guidebooks and services coalition training modules, highlights include a new services economy snapshot series, a services business brief series, new services export promotion modules, best practice guides to export standards certification and quality assessment, a services ecosystem portrait series, a services regulator self-assessment questionnaire, services exporter-value chain analysis training and innovation for export success training modules.

The work plan also provides for support to forthcoming WTO/UNCTAD/ITC on-line services statistics training and support to establish some missing services export fora. These include national roundtables/coalitions of services industries, national public/private services dialogues; Services sans Frontières business fairs at both regional and international level (including - donor funding support permitting - a proposed ITC display booth at the world's only existing international Fair for Trade in Services, held in Beijing every May) and national services days.

These elements will form the basis for services industry pilot projects tailored to local needs in selected countries commencing in 2013 and ITC regional integration in services projects commencing from 2014 onward. The services offering will provide for national and regional assistance with the preparation and implementation of services competitiveness roadmaps and associated services export industry action agendas. These elements are elaborated in the Attachment.

9. Implementation

The Trade in Services unit will lead the formulation and execution of the overall strategy, grounding the proposed activities in concrete country and regional pilot projects, identifying funding, and providing the institutional face for services to counterparts and beneficiaries. The unit will be the focal point for the development of constructive relationships with relevant organizations, including services industry related standard-setting organizations. It will also enhance relationships with leaders of coalitions of services industries as well as the International Chamber of Commerce (ICC).

The rapidity with which the various elements in the Work Plan can be rolled out and the pace at which country-based pilot projects can commence will naturally depend on mobilization of funding. The strategy is ambitious in its scope. The innovative suite of activities is therefore carefully sequenced to avoid unrealistic expectations for what will be achieved in the first year. The first part of 2013 will need to be focused on in-house work relating to the creation of informational tools and training modules and to the mobilization of additional resources.

One ITC strength is its ability to quickly identify and mobilize sectoral and geographical expertise at the internal (regional offices and technical sections) and external (extensive network of consultants) levels. The Trade in Services team is drawing on its professional network of industry contacts to establish a deep consulting pool of services sector-specific industry experts to facilitate rapid response to country requests for specialized assistance.

Monitoring and evaluation will be undertaken in accordance with standard ITC practices. Periodic reports will be prepared for each specific project managed directly by the Trade in Services unit. An annual consolidated report, including feedback material, will be prepared, highlighting the main achievements of the strategy and recommending adjustments. Results of web analytics monitoring use of the portal will enable some measurement of ITC digital reach and deliver some supplementary feedback from beneficiaries. A mid-term review will be conducted at the end of 2014.

10. Partnerships and Coordination

ITC naturally works most closely and cooperatively with the WTO and UNCTAD. The Trade in Services unit has already established informal working level consultative arrangements. In these new partnerships with WTO and UNCTAD, ITC aims to enrich the outcomes by bringing enterprise level experience to bear. ITC will ensure the outcomes are rolled out in specifically user-friendly ways to services exporters and trade support institutions.

ITC is also actively building informal relationships on services trade issues with, for example, the OECD, the Commonwealth Secretariat, the World Bank, ADB, IADB, UNIDO, ISO and WIPO. ITC is also actively rebuilding relationships with services coalitions to draw on their membership for sector specific advisories. The expectation is that ITC will participate in the Global Services Network and facilitate active participation by developing country private sector representatives in the network. ITC will also strengthen its relationship with the ICC and the B20 as well as national and regional chambers of commerce, think tanks and universities.

Particular attention will be given to identifying opportunities for public/private partnerships. In addition to mobilizing specific services firms and groups of firms for joint projects at country level, ITC proposes to seek memoranda of understanding and other cooperative arrangements with active clusters of business groups at regional level.

To encourage coordination and develop these partnerships, ITC will host an annual Inter-Agency Services Expert Roundtable. The purpose is to broaden the sharing of knowledge on best practice approaches to, and outcomes from, technical assistance and experience with operational tools relevant to promotion of trade in services. The roundtable will help identify opportunities for inter-agency collaboration in project delivery.

Table 1 sets out a general overview of activities for 2013.

Table 1: Overview of Activities for 2013

	Strategic objectives	Activities
Component 1 - Development of services-related trade intelligence resources	Produce and improve access to, and use of, reliable and user-friendly services-related trade intelligence resources	Design and launch the Trade in Services website including production of services snapshots, briefs and eco-system portraits
		Refresh selected handbooks and guides: TPO Guide, Coalition Guide + Handbook on Quality + prepare new publications (Services snapshots, business briefs and eco-system portraits series)
Component 2 - Building and strengthening trade support institution capacity to position and promote export of services	Build and strengthen trade support institution capacity to foster an enabling business environment, to benchmark regulatory practices and to promote services exports	Assist with the creation of coalitions of services industries in selected countries
		Develop TPOs capacities in promoting trade in services
Component 3 - Promotion of Partnerships and Coordination	Increase partnerships and coordination with other TRTA agencies / potential civil society and private-sector partners for more synergies and complementarities	Joint activities (publications, panels) with UNCTAD, WTO and ICTSD
Component 4 - Communication and Events	Beneficiary countries, regional partners, TRTA peers and donors have a good understanding of ITC's activities in promoting services exports which help to influence relationships, partnerships, funding and political good will.	Participation in CIFTIS event in Beijing (with UNCTAD) and a side event during the WTO Ministerial meeting in Bali

ATTACHMENT: Outline of Key Initiatives

1. Informational and Awareness-raising Tools

1.1. Services Economy Snapshot Series

In most developing countries, knowledge and understanding of the local services economy is relatively poor. Official statistical data is in short supply and anecdotal industry experience has not been collected and made visible. Many trade support institutions simply do not know how important the services sector is in terms of national GDP, employment, trade, productivity or poverty reduction. ITC Services Economy Snapshots will be produced by country for all ITC clients by the end of 2015. The Snapshots will be short and focused and delivered not only on-line but also as pocket-sized CEO-style statistical cards.

1.2. Services Business Brief Series

Obtaining relevant industry information is a challenge for SMEs, especially in developing countries. New ITC Business Briefs will provide concise, business friendly, global, regional and local overviews of and case study material on selected services industry sectors focusing initially on tourism (including medical tourism), transport, logistics and distribution and IT-enabled business services.

The Business Brief will illustrate international industry trends and evolving business practices, provide information on industry leaders, insights into regulatory requirements and explain the role of international and regional standard setting and quality assurance bodies as well as relevant local and international business associations. The Business Briefs will be commissioned from industry experts as well as undertaken in-house and will be delivered on the revamped trade in services platform on the ITC website. The initial choice of six Business Briefs over years 1 and 2, depending on budget, reflecting evidence of existing client demand and designed to demonstrate breadth of ITC interest, is expected to cover Audiovisual services, Business- and Knowledge-Process Outsourcing, Tertiary and Adult Education services, Medical Tourism, Construction services and Logistics.

1.3. Business Guides to Export Standards Certification and Recognition

Operating in neighboring or regional markets, let alone the global marketplace, generally requires services providers to meet qualifications, licensing and technical standards and procedures. Depending on the sector, services representatives, whether they be private or public entities, may need to participate in international or regional standards setting bodies. The ITC initiative will support and facilitate sectoral dialogue among licensing bodies and accrediting organizations and their counterparts at the local, regional and multilateral level.

Over time, the initiative will take on more ambitious elements. In addition to producing written guides, covering a variety of key services sectors, the Trade in Services unit will encourage gatherings of licensing bodies and accrediting entities with a view to building mutual confidence and encouraging cross-border regulatory coherence. The idea will be for these entities to compare qualification requirements, technical standards and licensing rules and over time, to exchange experts, compare review processes and the governance of accredited bodies, and to consider the possibility of convergence or mutual recognition of specific rules and regulations. The ITC will encourage regional cooperative efforts to develop common professional and technical examinations to compensate for divergent educational backgrounds and experience.

1.4. Services Export Promotion Modules for TPOs

This will be another critically important area in which ITC aims to distinguish its services offering from any provided by other institutions. Services export promotion is not just a matter of doing for service firms what trade promotion organisations (TPOs) traditionally do for goods firms. Of course, services SMEs do need some of the traditional national promotional services, such as:

- Provision of electronic platforms or forums where services firms can raise export-related issues

- Establishment of one-stop shops or reference centres for export information
- Preparation of services export firm directories
- Media marketing of services firm capabilities in targeted offshore markets
- Provision of newsletters about services firm achievements, business opportunities, trade fairs, new regulations affecting the national/regional business environment
- Organization of incentivizing services award ceremonies for excellence in doing international business
- Organization of services trade missions abroad

The nature of services exports and the variety of export delivery modes means that services firms need additional promotional efforts which take trade promotion organizations beyond their traditional comfort zones, into areas such as the cross-border movement of people, data and ideas as well as capital. New ITC services training modules for TPOs will have to be exactly that - new! The initiative will necessarily start small and develop over time, drawing actively on the expertise of those TPOs which have done most in this area to date.

1.5. Services Ecosystem Portrait Series

ITC has an important role to play in deepening client knowledge of key factors influencing competitiveness in distinct services industries. As a first step, the ITC will deliver a series of concise portraits of particular services industry ecosystems. These portraits will be developed with industry stakeholders in the local market and with the advice of global industry leaders and experts. These portraits will explicitly aim to identify for local SMEs the most relevant capacity levers that can help them improve operational efficiency and better compete in neighboring and regional markets and in the global economy.

The Ecosystem Portrait will succinctly identify for a selected industry:

- The external value chain map of complementary industries that add value upstream or downstream from the core services competence
- The consequent critical inputs to competitiveness and possible chokepoints in a distinct domestic services sector or subsector
- The role of relevant educational and accrediting institutions and how to collaborate with them
- The role of relevant standard-setting and qualification bodies and how to meet their requirements
- The responsibilities of relevant trade-related ministries and consultation and dialogue mechanisms through which to relate to them
- Key infrastructure inputs and associated business and policy considerations

The current plan is to use a combination of in-house and external resources to develop three (3) pilot Services Sector Ecosystem Portraits.

1.6. Services Regulatory Best Practice Self-Assessment Questionnaire

Given the strong international evidence of links between regulatory reform and productivity growth, especially in the services sector, services regulators need technical assistance to expose them to the experience of other countries with respect to regulatory pitfalls and inefficiencies as well as best regional practices.

Regulatory rules and administrative practices have a direct effect on service firms. Regulation can influence the structure and location of firms and how they find markets and serve their clients. Poor regulatory and administrative practices can unnecessarily absorb a firm's productive resources, raise the costs of market entry for new firms, slow the rate of innovation and deter investment.

Typically, however, many government agencies do not have a deep understanding of all the various aspects of the national regulatory frameworks for services because in services the number of affected agencies is much larger than for goods and the consultation process is much more complex. Trade support institutions (TSIs) therefore need coordinating mechanisms through which to communicate and consult

with each other; and work together to ensure whole-of-services policy coherence. International experience has many potential lessons to share, which can be readily shared in a non-threatening format via a self-assessment questionnaire. A key to progress on this will be working with institutions already taking this approach to benchmark appropriate and efficient regulatory practice for services.

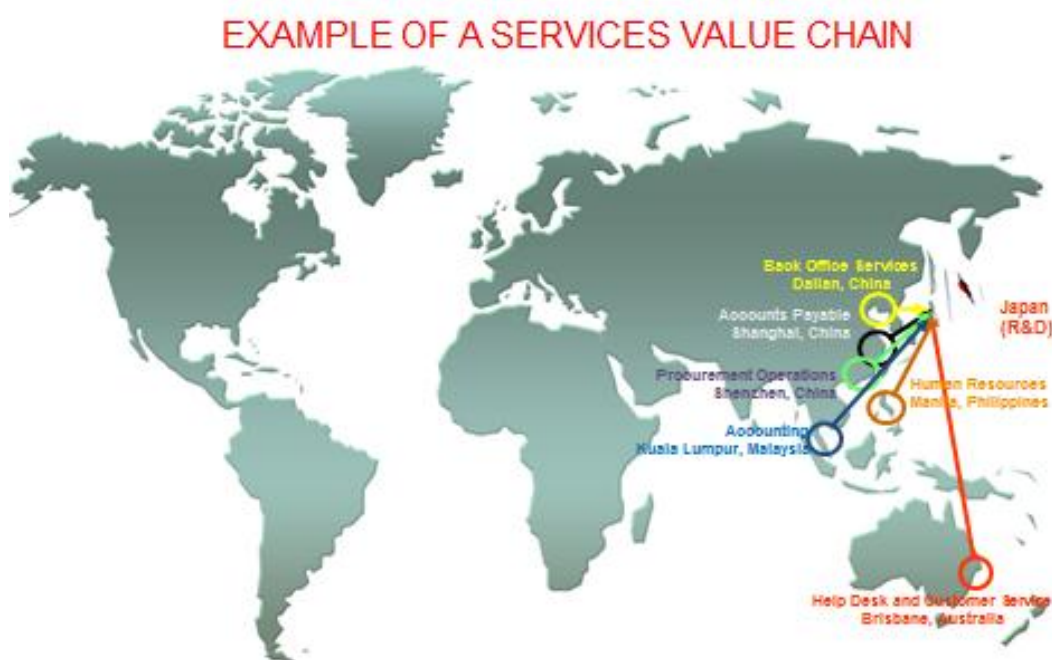
Drawing on pioneering work undertaken in APEC, with OECD input on the services side, the ITC will develop a voluntary self-assessment questionnaire for services regulators. This can largely be done in-house. The idea is to make regulators aware of the manner in which domestic regulations can have unanticipated impacts on domestic competitiveness in services, especially for SME exporters.

This exercise will raise awareness of the importance of transparency in helping businesses to streamline their engagement with the regulatory regime and highlight the domestic need for mechanisms to facilitate inter-agency coordination on services regulatory matters impacting at the firm level.

1.7. Services Exporter-Value Chain Analysis Training

Working through TSIs, ITC will provide assistance to clusters of exporting or potentially exporting firms in priority identified services sub-sectors to help them understand the factors that add to and detract from competitiveness, determine local short-comings, and make concerted efforts to improve performance. Figure 10 is an illustration of an actual regional services value chain in Asia-Pacific, taking as an example the IBM office in Japan; the picture shows clearly that individual geographic locations can specialize in different services tasks within a regional time zone.

Figure 10: Example of a regional services value chain



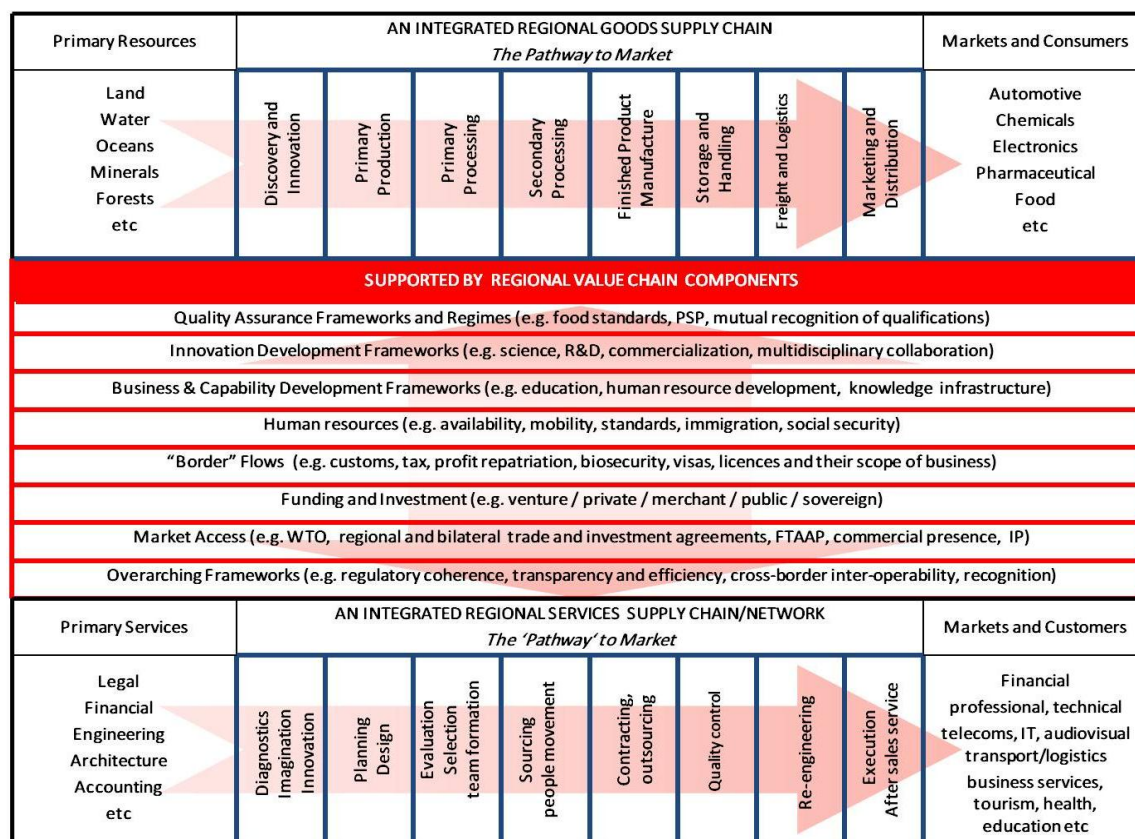
Source: IBM Corporation

In Table 2, the key generic competitive factors affecting access to services business are set out, along with the associated capacity levers. Sector-specific industry experts will be commissioned to refine these according to the sector and provide analysis and assistance to help launch services exporters into global services supply chains.

Figure 11 sets out a draft Integrated Framework Tool for value chain analysis across both goods and services. This tool was developed by the APEC Business Advisory Council (ABAC) and ITC is working with business partners to develop it further.

Table 2: Enterprise Competitive Factors and Capacity Levers

Competitive Factors	Capacity Levers
Expertise	Knowledge base of employees; linkages with academia and accrediting bodies; relationships with neighbouring, regional, international firms; direct training; management of customer relationship to ensure product evolves in the light of customer preferences. Encouragement of professional training, maintenance of professional standards, creating positive professional environment. Employee, cost, and IT management.
Costs	Management of internal resources and employees; access to reliable, low cost, quality inputs.
Technology	Access to high-quality and competitively priced IT services; access to economically priced and quality infrastructure; engagement with industry leaders and associations; attention to online environment as a valuable source of new technology and services.
Relationships	Relationships with diaspora, partnering with leading firms, actively managing positive and consistent relationship with financial institutions; participation in mutual recognition agreements.
Reputation	Strengthening firm governance; introducing management methods to ensure quality of service; training workforce on principles of professionalism; ability to leverage media for business profiles.
Customer Focus	Firmly establishing principles of customer service with employees; actively managing customer relationship before, during and after sales; recognizing and integrating customer feedback where appropriate in business operations.
Online functionality	Establishment of online presence, management and scalability of online transactions, use of online payment systems.
Intellectual Property	Ability to effectively protect corporate intellectual property internally with contracts, knowledge and use of national framework on intellectual property, relationship with Ministry of Economy or Culture to understand administrative process of obtaining intellectual property rights. Functional IP framework to ensure payments associated with copyrights, patents, etc.
Innovation	Consistently upgrading product as market evolves and in response to customer feedback and in anticipation of customer needs investment in staff and research and development, linkages with universities and research institutions, engagement with R&D industry.

Figure 11: Integrated Framework for Goods and Services Value Chains

Source: APEC Business Advisory Council, 2011

1.8. Updated editions of ITC Guidebooks

ITC expertise was previously actively deployed on the issue of trade in services. The last relevant publication was released in 2009 but many older public goods are still available, generally only in hard copy, under different names (guides, handbooks and technical papers) and different newsletter series. With relatively little adjustment, most of this documentation remains relevant and will be instrumental to ITC capacity-building efforts.

All documentation with respect to the building and training of services industries coalitions will take top priority. These materials are in active demand and will be updated and deployed very quickly, no institution other than the ITC having produced any substantive work in this arena to date. Importantly, many publications which are effectively updateable in-house are also amongst the priority publications. A significant number of ITC publications also have the potential to be customized and utilized for the purposes of the new Trade in Services programme.

1.9. Trade in Services Web Sub-Site

The new material will be available on a dedicated ITC portal on Services Exports (www.intracen.org/servicesexports). The digital and hard copy matter identified above will form the initial content, starting in the first half of 2013 with the Services Economy Snapshot series and the refreshment of the existing very useful, if archived, materials on services industry coalition-building and training materials. The sub-site will offer the following functionalities:

- **Information Dissemination/Awareness-raising/Corporate Communication**

The portal will be the face of ITC in terms of its services offering aiming simultaneously to establish its positioning as the primary technical assistance provider within the United Nations system on services exports.

- **Events Hub - webcasts of offline events plus conduct of virtual events**
The portal will also be the first stop for all ITC services events-related information and material. The events hub will provide information about upcoming events, stream/webcast offline events and archive videos/audios and supporting documents/presentations/media releases. The portal will host completely virtual events (webinars) that will also be connected to the portal's communities of practice offer (described below).
- **Knowledge Management Platform**
The portal will collect and collate studies, papers, briefs, position papers, magazine articles, SME diaries and expert interviews (in relevant digital media formats such as text, audio, and video). The portal will aim to disseminate knowledge resources widely and via different devices such as smart phones and tablets apart from the traditional PC interface.
- **Learning and Development Delivery Platform**
The Services training modules will all be web-enabled for delivery through the ITC portal. Proposed content includes web casts of online tutorials, shared learning modules, self-learning courses and online certification possibilities.

2. Support to establish Services Export Forums

2.1. Coalitions of Services Industries

Recent World Bank research shows the existence of services business associations or coalitions of services industries as impacting positively on developing country services export performance. It is therefore imperative that ITC resume its earlier work to act as a catalyst in facilitating services industry dialogues among local and regional entrepreneurs. The objective is to help the business community to help itself by organizing better.

ITC has a ready-made collection of tools designed to help build and strengthen services industry coalitions. These remain relevant today and will be rapidly updated and refreshed for the current market. They include: "Coalition of Service Industries Why and How" and "Principles and Techniques for Effective Coalition Communications (Paper and PowerPoint)". There is already active revealed demand for targeted ITC-led intervention to assist with services industry coalition building in a number of countries in 2013.

One key to success with this initiative will be constructive and cooperative relationship building with local and international industry leaders. ITC will tap into the global services community including the European Services Forum (ESF), Australian Services Roundtable (ASR), U.S. Coalition of Service Industries (USCSI), as well as the ICC to find willing collaborators for pilot projects.

There is more than one model for such coalitions and naturally any member-based organization needs to be tailor made to its membership. In many countries firms come together, especially SMEs, precisely to achieve a common purpose that they cannot attain alone. Typically, firms are looking for increased policy focus on services, a higher degree of export-related business consultation and preferably the development of a national services competitiveness roadmap. This often requires the prior collection of services trade statistics, and in their absence, the collection of business anecdotal evidence. The information gathering process is important, especially in industry sectors which are not mature or not well understood at policy level. Indeed the value of associations or coalitions rests largely in their ability to aggregate, share and analyse industry information among trade stakeholders whether this is policy information, business understanding or market intelligence. ITC is well placed to assist SMEs with such processes, the effectiveness of which often determines subsequent joint business and government steps.

It is important to recognize that business associations of any kind, but especially newly formed ones, need an array of attractive services to offer potential members. In this context, ITC will aim to build the capacity of coalitions of services industries to facilitate their member access to local government procurement opportunities. This is especially important as on a global average over 50 per cent of government procurement is in the services sector. Coalitions of services industries offer a useful platform for sharing information and networking, enabling a variety of services firms from different industry sub-sectors to come together in a bid for a procurement contract.

2.2. National Public/Private Services Dialogues

This initiative is a natural extension of the above described ITC efforts: on one hand to encourage intra-agency whole-of-services coordination at the government agency level; and on the other hand to facilitate the emergence of local services industry champions and organized business groupings for more effective consultation and evidence-based advocacy with government. ITC will focus on facilitating workable institutional mechanisms at both national and regional level.

ITC-facilitated public-private dialogue on services is oriented to improving the business environment for services exports, including enhancing transparency and efficiency at the regulatory level. In countries such as India, Brazil, Egypt and Morocco or to a less extent Kenya, such dialogues have already proved instrumental for the development of services sectors such as the BPO/KPO and Tourism.

In order for services-oriented consultative forums to be effective and sustainable, there need to be common understandings of the needs and the challenges to be overcome and an associated agreed agenda. Recent work by the World Bank, OECD as well as the upcoming ITC work on NTMs in services, to identify and quantify the regulatory barriers to trade in services, provide potential new substance for such dialogue.

To gain the confidence of the business community the dialogue needs to deliver concrete results within realistic timelines. Inclusiveness is important. ITC will ensure women and youth participation, these target groups often being under-represented in both policy-making institutions and within formal and informal business networks, especially outside the capital cities.

2.3. Services Sans Frontiers Business Fairs

The China International Trade in Services Fair (CIFTIS), run by the Beijing Municipal Authority, is the world's largest; indeed it is the only, whole-of-services export networking fair. It is held on a grand scale, exposition-like. It is hence a unique phenomenon, demonstrating in ways which words fail, the innovative non-traditional ways in which services exports can be promoted. The event is still too new perhaps to yet offer a lot to developing country SMEs in terms of likelihood of concrete export deals. But it does provide global networking opportunities, including direct access to a multitude of Chinese services firms. It also offers extensive seminar-style opportunities on a variety of trade in services topics. CIFTIS, no doubt, would be an eye opener to most visiting trade promotion organizations.

The fair cannot yet be described as popular either with the global business community or with the trade promotion organizations. But it is attracting increased attention and is worthy of a study visit in its own right. The Trade in Services unit proposes to gather donor support and a collection of developing country trade promotion organizations to host, in due course, a joint display booth. The booth will showcase to a global audience the emerging methodology of the new ITC services trade promotion module, as well as services exports from partner countries.

ITC also proposes to generate interest in holding mini services export fairs across a wider selection of regional and sub-regional geographic locations. The fairs will provide both policy discussion platforms on the key challenges that affect the growth of services exports and business platforms facilitating networking among services associations and enterprises prospecting for opportunities within their region or further abroad. The fairs will initially be whole-of services based, but with segments focused on the three key sectoral clusters chosen for ITC focus in the first three years of this programme.

The proposed fairs will offer businesses the opportunity to meet foreign industry associations and firm representatives in relevant sectors to determine what capacity and demand for services exists and share information about the opportunities in home countries for potential partnering.

Participation in the fairs will help improve firms with knowledge of other services firms and sector associations and the trends, challenges and prospects they face. The fairs will be opportunities to gather and disseminate export success stories and help beneficiary countries to put into practice their newly learned services export promotional skills, translating ITC training into outcomes on the ground in terms of new commercial transactions.

The proposed fairs will preferably extend to two-day events. The first day will allow for discussion on themes related exporting competitiveness such as business process innovation, availability of talent, interoperability of standards and strategic alliances, perhaps with specific sectoral focus. The second day

will be a networking day with parallel client matchmaking meetings. On-line webinars will be designed to enable broader virtual participation of developing country business groups.

2.4. National Services Days

It is important to build recognition across the community of the often poorly understood role of the services sector in any economy. The notion of a National Services Day is a deliberate opportunity to raise awareness not only in the government sector and the business community but in the public perception at large. It starts with the dissemination at business events, in the education institutions and in the mass media of the prior Services Economy Snapshot created by ITC as well as other user-friendly less technical communications material. Associated events will preferably be performance-based, stressing the need to make the invisible visible. To be successful, this promotional device must be both informative and fun and it must be fully locally owned by the local business community and the trade support institutions.

2.5. Role of Services in Facilitating South-South Trade Flows Forum

The emergence of global and regional value chains in services and the possibility for services activities to be separated into tradeable tasks offers new potential opportunities for developing countries to specialise in individual tasks for which their location is best suited and thereby facilitate entry into the value chain without the necessity of “capturing” the entire set of value chain operations. Unlike the goods sectors, however, very limited literature is available to help understand the functioning of supply chains in services and how SMEs can access them. Trade in services experts are just beginning to discuss this matter. The subject will figure in the discussions of the WTO’s Multi-stakeholder panel on the Future of the WTO and in WTO Ministerial discussion in Bali at the end of 2013. The ITC will partner in a discussion on this topic with relevant think tanks and other authorities in the margins of the WTO Bali Ministerial meeting. Over the three-year lifetime of this strategy ITC will take a leadership role in highlighting in this discussion the importance of services in facilitating South-South trade flows.

2.6. Innovation for Export I-cosystems Module

Given the essential link between innovation and export for services SMEs, ITC will pilot a new technical assistance module ‘Managing Innovation Ecosystems for Service Export Success (I-cosystems)’ for the IT-enabled and high tech services sectors in countries/clusters where certain base conditions exist⁴.

The I-cosystems module will follow the widely accepted dynamic innovation ‘Rain Forest’ approach, defined as ‘a human ecosystem that allows all initiatives to flourish and where social barriers in the market are low allowing individuals to connect and work together, Individuals being the most important components of the innovation ecosystem’. The I-cosystem package will be delivered as part of the ITC services enterprise capacity building programme (with some customized variations as required) and a few sub-modules unique to this package:

Mentor Programme

Practitioners with extensive personal industry experience creating and sustaining start-ups/early stage/growth stage companies will accompany clusters of enterprises over an extended period of time. This will be financed through pro-bono work, profit-sharing and donor/project funding. The ‘Mentor-Mentee’ relationship will result from careful matchmaking based on mutual interest, domain expertise and commercial compatibilities.

Expert/Practitioner Network

This will combine standard networking offering (training and events) with emphasis on cross sector pollination. Successful innovation is essentially a result of interaction and assimilation in approaches and concepts between and across sectors/disciplines.

⁴ These base conditions have to do with the 1. relatively high levels of achievement in maths and science education (especially at tertiary levels) 2. presence of large pool of graduates (high school and upwards) with strong language capabilities 3. presence of a strong Diaspora in key innovation hotspots such as Silicon Valley, Bangalore IT cluster, Ireland hi-tech cluster, Israel hi-tech cluster, 4. basic IP protection legal structure in place. 5. IP outputs record in terms of filed patents, intangible resources, per capita volume of patent applications filed. These base conditions are derived from the Global Innovation Index, an index that compares Innovation in 143 countries annually by WIPO with support from INSEAD.

Higher Institution Partnerships

Here ITC will facilitate formal arrangements to marry research and commercialization processes in a 'idea to market' value chain. These arrangements can take the form of shared ownerships, IP licensing, royalty payments or other legally permissible arrangements in particular countries.

Diaspora Network

World Bank research suggests that Diaspora networks in hi-tech hotspots and the growth of IT-enabled clusters are closely connected. This is an addition to the network management offering, specifically aimed at creating active managed connections between Diaspora networks and start-up communities.

I-cosystems will work with incubator support programmes such as the World Bank sponsored (infodev i-disc network) of 300 incubators in 70 countries to identify ideas/product/services that have strong export success potential, and potential to achieve job creation, youth and female participation and sustainability. In addition to expressed demand, I-cosystems will use the WIPO/INSEAD/CII Global Innovation Index (GII) as a basis for determining the suitability of countries/clusters as candidates for support as a means of leveraging ITC funding with other funding sources. ITC aims to partner with WIPO to include some export specific indicators within the GI and to collaborate on projects. ITC will use the indicators within the GI to inform the impact assessment of the I-cosystems module and refer to changes in the GI in successive years as a measure of ITC achievement.

I-cosystems will draw on a broad base of resources. For methodology, it will draw on existing success and open source content training material such as MIT labs. The programmes will also seek private sponsorships and diaspora funding as well as reduce costs through on-line events. Finally I-cosystems will build in an exit through mainstreaming in national development policies or looking for commercial sustainability. I-cosystems will include a focus on female and young individual participation and source funding specifically focused on these groups.

3. Individual Country-based Services Industry Projects

ITC aims to attract new financing for specific requested project proposals, chiefly but not only in the three key sectoral clusters. The ITC External Relations Office will ensure that donors are fully aware of the new trade in services programme and explore jointly with partner countries the likely potential donors for specific projects on services. All the projects will be based around the above set of new project components. Demand is already emerging.

4. Regional Integration Initiatives

Development of coalitions of services industries will lead naturally to increased momentum for regional and sub-regional services industry get-togethers. This can certainly be expected to be the case wherever governments are negotiating regional integration initiatives that might have a bearing on trade in services, or investment regimes or regional standard setting. In some regions, it will be constructive for ITC to consider the possible formation of new regional services business associations.

Services firms doing business at a regional level are interested in doing business in one national market seamlessly with how they do business in another. This means they are interested in removal of behind-the-border barriers to export trade, including financial transactions and payment mechanisms, which often receive only second order attention by trade negotiators.

Pilot projects are anticipated with the East African Community (EAC), with the Economic Community of West African States, CARICOM and the South Pacific Islands Forum. ITC will similarly contribute to APEC efforts on services integration. The idea is to work in conjunction with trade in services related institutions and established services industry leaders.

One objective is to help generate the business support for a higher degree of regional services regulatory cooperation and coherence, with the aim of growing the regional services economy. Another objective is to follow-up regional services trade and investment negotiations, for example in the context of the EPA between CARICOM and the EU, to help services enterprises identify and take advantage of new services market access openings. A third objective is to partner with business stakeholders (including the EAC

Business Council and the East African Women in Business Platform) to facilitate the creation of regional-level business forums for Services, with practical “antennae” at national level. The idea will be for the business forums for services to contribute to:

- Organizing a regional level Services Day and associated awards
- Organizing Services sans Frontieres business fairs
- Developing a tool kit of regional best practices in services exporting success
- Providing a range of customized services information tools to help give members access to reliable and user-friendly regional and national services trade data and market intelligence
- Developing partnerships, joint ventures, technology access and investment
- Facilitating public/private dialogue on services at regional level.
- Building business capacity for greater advocacy in the context of regional services trade and investment negotiations.
- Championing of national-level coalitions of services industries.