

Which Regulation?

- GATS
- TRIPS
- TRIMs
- Technical Barriers to Trade
- Information Technology Agreement
- Basic Telecommunications Agreement
- 1998 moratorium on e-commerce
- International Accounting Rate system (ITU)
- Technical Standards

1. 'Globalisation' => Increasing internationalisation

2. Need in OECD to capitalise
more on service industries

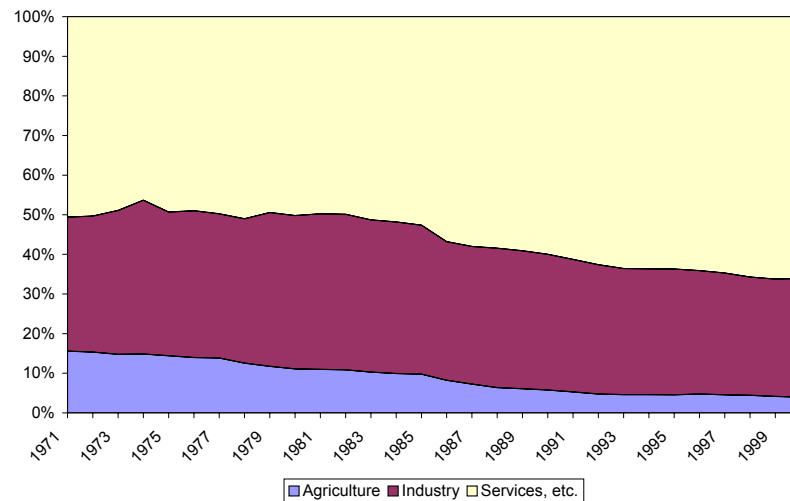
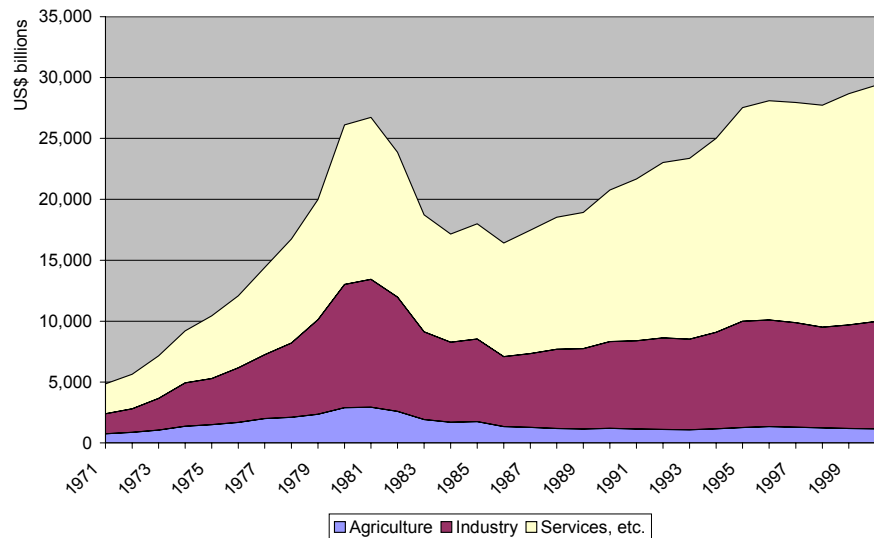
=> Increasing trade surplus
in services

=> Increasing royalties and fees

3. Continued interdependence between
manufacturing and services

=> Increasing FDI in services

Figure 1 World value-added by sector, 1971-2000 (current US\$, value and per cent)



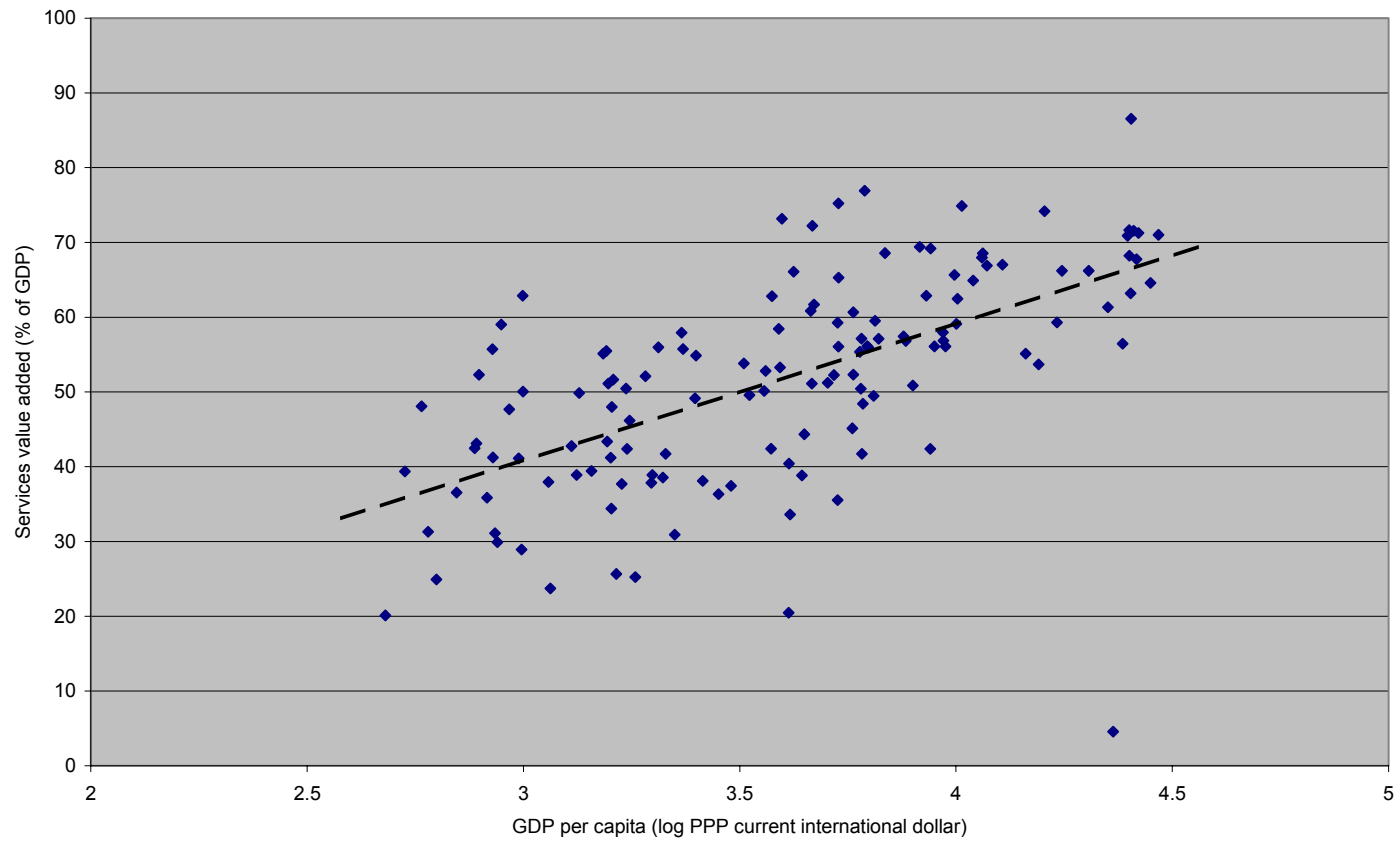
Source: Data from World Development Indicators, World Bank.

Table 1 World employment by sector, 1990-1996 (% of total employment)

	1990	1991	1992	1993	1994	1995	1996
Services	29.3	30.7	31.4	32.4	31.5	34.0	36.8
Industry	20.9	21.9	21.6	22.0	21.5	21.4	22.9
Agriculture	43.2	40.9	40.7	39.4	40.5	38.5	..
Total	93.4	93.6	93.6	93.8	93.6	93.9	..

Source: Data from World Development Indicators, World Bank.

Figure 2 Share of services in total value added by GDP per capita, 2001.



Source: Calculation based on data from World Development Indicators.

Table 2 Value added 2001 in countries and country groups, by sector and gross (per cent and current US\$ billion)

	Agriculture	Industry		Services	Total	Gross value added US\$ billion
		Total industry	Of which manufacturing			
World*	4.0	30.0	20.1	66.1	100.0	29,272
OECD*	1.9	28.4	19.6	69.7	100.0	22,868
European Monetary Union	2.5	29.0	21.0	68.5	100.0	5,438
<i>Low & middle income</i>	<i>12.6</i>	<i>36.7</i>	<i>22.8</i>	<i>50.7</i>	<i>100.0</i>	<i>5,566</i>
East Asia & Pacific	15.1	48.1	32.6	36.7	100.0	1,530
Europe & Central Asia	8.8	34.7	..	56.5	100.0	876
Latin America & Caribbean	7.1	30.6	18.5	62.3	100.0	1,748
Middle East & North Africa	..	..	..	..		..
South Asia	24.9	25.6	15.2	49.6	100.0	567
Sub-Saharan Africa	20.8	29.7	12.1	49.6	100.0	289
LDCs	32.1	25.4	10.6	42.5	100.0	187
United States*	1.6	24.9	17.2	73.5	100.0	9,119
United Kingdom	1.0	27.4	..	71.6	100.0	1,260
Japan*	1.4	31.8	21.6	66.8	100.0	2,008
China	15.2	51.1	35.4	33.6	100.0	1,044
Hong Kong	0.1	13.4	5.2	86.5	100.0	156
Indonesia	17.0	45.6	25.0	37.5	100.0	138
Denmark	2.8	26.2	17.0	71.0	100.0	139

* Year 2000 data. Gross value added 2001 estimated by adjusting value added 2000 with yearly GDP growth rate (World: 1.134; OECD: 0.746; USA: 0.300; Japan: -0.579)

Source: Data from World Development Indicators, World Bank.

Table 3 Index of share of services in total value added, by countries and country groups, 1985-2002
(1985=100)

	1985	1990	1995	1999	2000	2001	2002
World	100.0	114.0	121.1	125.8	125.6	..	..
OECD	100.0	102.8	107.5	111.5	111.7	..	..
European Monetary Union	100.0	103.9	110.2	113.6	113.6	114.0	..
<i>Low & middle income</i>	<i>100.0</i>	<i>104.8</i>	<i>116.9</i>	<i>122.7</i>	<i>121.2</i>	<i>120.5</i>	..
East Asia & Pacific	100.0	109.2	108.7	107.0	106.5	107.3	108.7
Europe & Central Asia	..	..	..	..	..	..	..
Latin America & Caribbean	100.0	116.3	126.9	139.0	137.3	134.8	..
Middle East & North Africa	..	..	..	..	..	..	..
South Asia	100.0	102.7	108.9	116.3	117.7	119.7	123.8
Sub-Saharan Africa	100.0	106.7	115.0	116.6	114.1	113.4	111.3
LDCs*	..	100.0	100.0	97.1	96.3	98.0	..
United States	100.0	104.9	108.0	110.1	110.1	..	..
United Kingdom	100.0	107.7	113.2	120.2	120.2	122.6	..
Japan	100.0	101.5	111.2	115.5	116.2	..	..
China	100.0	109.9	107.6	115.5	116.6	117.9	119.2
Hong Kong	100.0	107.0	120.5	122.7	123.3	124.5	..
Indonesia	100.0	101.3	100.3	90.4	89.5	91.5	93.0
Denmark	100.0	103.3	105.6	107.0	105.0	106.4	..

* Base year 1990.

Source: Calculations based on data from World Development Indicators, World Bank.

Table 4 Net trade in goods and services and net receipt of royalties/fees by countries and regions, 1985-2001 (% of GDP)

	Net trade in goods				Net trade in services				Net receipt of royalties and fees			
	1985-89	1990-99	1999	2001	1985-89	1990-99	1999	2001	1985-89	1990-99	1999	2001
World	0.05%	0.19%	0.03%	-0.13%	-0.08%	0.02%	0.08%	0.04%	0.01%	0.01%	0.00%	-0.01%
OECD	-0.17%	0.21%	-0.35%	-0.78%	0.14%	0.19%	0.20%	0.17%	0.02%	0.02%	0.02%	0.02%
European Monetary Union	1.06%	1.29%	1.56%	1.77%	0.69%	0.19%	-0.04%	-0.09%	-0.11%	-0.15%	-0.21%	-0.23%
<i>Low & middle income</i>												
East Asia & Pacific	-0.39%	2.20%	6.56%	5.15%	-0.44%	-1.02%	-1.19%	-1.40%	-0.02%	-0.07%	-0.12%	-0.21%
Europe & Central Asia			-1.09%	1.31%			1.29%	0.94%		-0.03%	-0.12%	-0.13%
Latin America & Caribbean	0.84%	-0.29%	-0.60%	-0.43%	-0.20%	-0.83%	-0.88%	-1.03%	-0.02%	-0.08%	-0.14%	-0.13%
Middle East & North Africa	-1.48%	1.81%	2.60%	5.66%	-5.91%	-4.27%	-1.59%	-0.78%	-0.01%	-0.05%	-0.08%	-0.08%
South Asia	-3.96%	-3.64%	-4.19%	-2.87%	0.08%	0.07%	0.61%	0.38%	-0.02%	-0.03%	-0.05%	0.00%
Sub-Saharan Africa	4.06%	2.81%	2.16%		-2.82%	-3.50%	-3.25%		-0.06%	-0.05%	-0.06%	-0.05%
LDCs	-3.86%	-4.77%	-4.42%		-2.07%	-2.52%	-1.88%		0.00%	0.01%	0.00%	0.01%
United States	-2.82%	-2.36%	-3.73%	-4.21%	0.21%	0.92%	0.88%	0.66%	0.17%	0.28%	0.26%	0.22%
United Kingdom	-3.44%	-2.16%	-3.04%	-3.38%	1.26%	1.14%	1.31%	1.14%	0.02%	0.05%	0.11%	0.15%
Japan	3.48%	2.69%	2.74%	1.70%	-0.93%	-1.18%	-1.21%	-1.06%		-0.07%	-0.04%	-0.02%
China	-2.30%	2.87%	3.63%	2.93%	0.39%	-0.25%	-0.54%	-0.51%	0.00%		-0.07%	-0.16%
Hong Kong	0.33%	-6.46%	-1.97%	-5.12%	9.41%	8.38%	7.63%	10.51%			-0.13%	
Indonesia	5.83%	5.94%	14.75%	16.07%	-4.12%	-4.09%	-4.98%	-7.35%	0.00%			
Denmark	0.70%	3.89%	3.68%	4.20%	0.78%	1.12%	0.90%	2.12%	0.00%	0.00%		

Source: Calculations based on data from World Development Indicators Online.

Table 5 Inward FDI flows by industry, 2001

	Developed countries		Developing countries	
	US\$ billions	Per cent	US\$ billions	Per cent
Primary sector	55.9	10.2%	13.0	7.7%
Secondary sector	91.4	16.6%	56.0	33.0%
Tertiary sector	357.4	64.9%	99.1	58.4%
Trade	27.1	4.9%	12.9	7.6%
Transport, storage, communications	52.9	9.6%	20.1	11.8%
Finance	111.0	20.2%	28.9	17.0%
Business activities	113.8	20.7%	16.9	10.0%
Private buying and selling of property	0.5	0.1%		
Unspecified	45.3	8.2%	1.7	1.0%
Total	550.5	100.0%	169.8	100.0%

Source: World Investment Report 2003, UNCTAD.

Table 6 FDI outflows by sector for selected OECD countries*, 1985-2001 (% of GDP and % of FDI outflows in all sectors)

	1985		1990		1995		1999		2000		2001	
	% of GDP	% of FDI outflows	% of GDP	% of FDI outflows	% of GDP	% of FDI outflows	% of GDP	% of FDI outflows	% of GDP	% of FDI outflows	% of GDP	% of FDI outflows
Primary sector	0.05%	9.1%	0.07%	5.8%	0.04%	3.0%	0.10%	2.1%	0.24%	4.1%	0.20%	9.5%
Industry	0.19%	34.6%	0.48%	39.7%	0.55%	41.4%	1.75%	37.2%	0.91%	15.6%	0.43%	20.4%
Services	0.31%	56.4%	0.66%	54.6%	0.74%	55.6%	2.85%	60.6%	4.70%	80.3%	1.48%	70.1%
Total	0.55%	100.0%	1.21%	100.0%	1.33%	100.0%	4.70%	100.0%	5.85%	100.0%	2.11%	100.00%

* The countries included are the ten largest OECD economies plus the Scandinavian countries: Canada, Denmark, France, Germany, Italy, Japan, Korea, Netherlands, Norway, Spain, Sweden, United Kingdom, and the United States.

** For the purposes of the simple calculation here, if FDI outflows is missing for a specific country, sector and year, FDI outflows/GDP for all countries for that sector and year is estimated as the share for the remaining countries

Source: Calculations based on data from SourceOECD.

Table 7 FDI outflows in services and industry by country, 1985-2001 (% of GDP)

		1985-89	1990-94	1995-99	2000	2001
Canada	Industry	0.09%	0.12%	0.20%	..	..
	Services	0.51%	0.31%	2.13%	4.34%	3.21%
Denmark	Industry	0.23%	0.57%	0.74%	0.68%	0.93%
	Services	0.59%	0.89%	2.09%	14.27%	4.42%
France	Industry	0.43%	0.51%	0.64%	1.37%	0.86%
	Services	0.47%	0.64%	2.51%	11.67%	5.03%
Germany	Industry	0.37%	0.42%	1.28%	0.98%	-0.04%
	Services	0.27%	0.49%	1.48%	1.52%	2.28%
Italy	Industry	0.06%	0.13%	0.04%	0.32%	0.43%
	Services	0.31%	0.41%	0.45%	0.60%	0.68%
Japan	Industry	0.34%	0.33%	0.50%	0.25%	0.35%
	Services	1.04%	0.75%	0.61%	0.77%	0.42%
Korea	Industry	0.08%	0.23%	0.37%	0.21%	0.32%
	Services	0.03%	0.14%	0.29%	0.53%	0.10%
Netherlands	Industry	1.48%	1.87%	3.10%	6.12%	1.71%
	Services	1.15%	2.12%	4.82%	12.67%	8.18%
Norway	Industry	..	..	0.59%	..	-0.57%
	Services	..	..	1.26%	..	2.05%
Spain	Industry	0.06%	0.08%	0.91%	0.74%	0.99%
	Services	0.25%	0.50%	1.83%	8.91%	3.44%
Sweden	Industry	..	0.93%	2.02%	3.72%	..
	Services	..	1.12%	1.45%	9.58%	..
United Kingdom	Industry	1.81%	0.99%	2.19%	1.59%	0.90%
	Services	1.36%	0.88%	3.39%	14.65%	0.92%
United States	Industry	0.20%	0.28%	0.38%	..	0.36%
	Services	0.30%	0.46%	0.78%	..	0.99%

Note: Period averages are calculated as the simple average of the individual years.

Note: If more than two years are missing in a five-year period, 'not available' is reported in the table, otherwise the average of the remaining years is used.

Source: Calculations based on data from World Development Indicators (GDP) and SourceOECD (FDI in local currency, exchange rates).

Table 8 FDI inwards stocks in services and manufacturing, 1988-99 (growth rate and shares in US\$)

	Growth rate, 1988-99 (per cent change per year)	Share, 1999 (per cent)
World		
Total FDI	12.3	
Manufacturing	12.2	41.6
Services	13.8	50.3
Industrial countries		
Total FDI	9.9	
Manufacturing	9.1	36.4
Services	11.6	55.5
Developing countries		
Total FDI	21.5	
Manufacturing	19.6	54.5
Services	28.2	37.3

Note: Second column data for France are from 1998, and second column data for Japan are from 1994.

Source: Global Economic Prospects 2003, World Bank, in turn based on World Investment Report 2001, UNCTAD.