



**OECD EXPERTS MEETING ON BUSINESS SERVICES
TOWARDS A SERVICES TRADE RESTRICTIVENESS INDEX (STRI)**

PARIS, 24 JUNE 2008

OECD Conference Centre room CC13

Background

Trade in services is expanding at about the same pace as trade in goods, and services trade liberalisation is being negotiated both in the WTO/GATS framework and in regional trade agreements. The nature and magnitude of barriers to trade in goods are reasonably well understood, at least traditional barriers such as tariffs and quotas. Services trade barriers, in contrast, are more difficult to identify, let alone quantify, for several reasons. First, services do not cross a border in the same way as goods and thus are not subject to customs inspection, tariffs and other trade costs related to border crossing. Second, it is often the services provider or the consumer that cross the border rather than the service, and trade barriers are typically behind the border. Third, for most services there is no such thing as a world market price to which local prices can be compared in order to infer trade costs.

A prerequisite for effective negotiations on liberalization of services trade is a good understanding of the driving forces and barriers to trade in services. The Trade and Agriculture Directorate of the OECD has launched a project that aims at quantifying barriers to trade in services by developing services trade restrictiveness indices (STRI).

Three pilot sectors; telecommunication, business services and construction have been chosen. Business services consist of the following sectors (EBOPS classification):

262	Computer and information services
263	Computer services
264	Information services
266	Royalties and license fees ¹
268	Other business services
275	Legal services
276	Accounting services
280	Architectural, engineering and other technical services.

A host of restrictions on market access, national treatment and other regulatory measures affect the cost of foreign services suppliers to enter and service a foreign market. The STRI project aims at aggregating such restrictions into one index for each sector and mode of supply. In order to do so, it is necessary to assign scores and weights for each individual measure. Scores and weights can in principle be assigned either by using statistical methods or expert judgements. Both methods have strengths and weaknesses and it is therefore envisaged that both methodologies will be used in order to develop scores, weights and do sensitivity analysis.

¹ Royalties and license fees are included in trade data for business services for some countries. The project will, however, not develop indices for this subsector.

Purpose of meeting

The key purpose of the services expert meeting is to provide the expert judgement needed for the weights and scores for the STRI on business services. Thus, it will bring together experts from the business sector, regulators, policy makers and analysts in order to identify and rank the most important barriers to trade in business services. Regulatory measures affecting professional services are typically of a different nature from those relating to other business services categories. The meeting will therefore distinguish between professional services on the one hand and other business services on the other. Participants are expected to fill in a short questionnaire on business services regulation before attending the meeting, which was posted on the CTI forum and sent to external participants on 1 May.

Organisation of the meeting

The meeting will be organised in two parts. The morning session will comprise two sessions, one for the professional services and one for other business services where presenters will cover the questions listed below. Presenters will be external experts and the Secretariat.

The afternoon session will be organised as group sessions where each group will be asked to rank possible barriers to trade in services (which will include an "other- please specify") from a list provided by the Secretariat. There will be groups for the professional services and for other business services. Each group will have a chair who will report to the final plenary session. Delegates should name designated experts and note their expertise in good time so as to allow the Secretariat to organise the group sessions. The emphasis should be on experts in professional services as these services involve a wide range of sector-specific regulation.

Questions to be covered during the morning sessions:

- What are the most important driving forces for trade in this service sector?
- What is the preferred mode of supply to foreign markets (commercial presence/FDI, cross-border supply or supply by natural persons)?
- Does the preferred mode of supply differ between markets? If so, why?
- Are modes of supply linked in a way that supply in one mode is impossible without the other? For instance does cross-border supply have to be supported by visits of natural persons?
- In what sense, if any, are foreign suppliers at a disadvantage to local suppliers?
- What are the most important policy barriers to providing services in foreign markets?

In addition to the list of questions on regulatory measures to be ranked by experts, background material for the meeting will include studies prepared by the Secretariat and analytical work on the subject undertaken by sectoral experts from their recent research.

Draft Agenda and Timing

TUESDAY 24 JUNE 2008	
10.00-10.30	<p>Introduction</p> <p><i>Welcome Remarks by the Chair</i> Simon Evenett, Professor, University of St Gallen</p> <p><i>Setting the scene</i> Presentation by the OECD Secretariat</p>
10.30-11.45	<p>Session I: Professional services</p> <p><i>Keynote speech</i> Iain Paterson, Economist, Institute for Advanced Studies, Vienna</p> <p>Presentation of OECD study on professional services Massimo Geloso Grosso, Trade Policy Analyst, OECD Trade and Agriculture Directorate</p> <p><i>Discussants</i> Dale Honeck Trade in Services Division, WTO Secretariat Alison Hook, International Law Society of England and Wales Alain Sagne, Secretary General, Architects' Council of Europe</p> <p><i>Discussion</i></p>
11.45-12.15	Coffee break
12.15-13.30	<p>Session II: Computer and information services</p> <p><i>Keynote speech</i> Karolina Ekholm, Professor, Stockholm University</p> <p><i>Presentation of OECD/Petersen Institute study on computer and information services</i> Jacob Kirkegaard, Research Associate, Peterson Institute Hildegunn Kyvik Nordås, Senior Trade Policy Analyst, OECD Trade and Agriculture Directorate</p> <p><i>Discussants</i> Norman Rose, Chair, European Business Services Roundtable Lee Tuthill, Trade in Services Division, WTO Secretariat</p> <p><i>Discussion</i></p>
13.30-15.00	Lunch
15.00- 17.00	<p>Session III: Group session</p> <p><i>Ranking the trade restrictiveness of regulatory measures</i></p> <ul style="list-style-type: none"> — Horizontal measures — Sector-specific measures (professional services)
17.00-17.15	Coffee break
17.15-18.00	<p>Session IV: Plenary session</p> <p>The groups will report their results</p> <p>Summary</p>
18.00	Close of the meeting