

What's Special About Trade in Services?

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Thing One

- four modes of service delivery
 - cross border supply
 - consumption abroad
 - movement of natural persons
 - commercial presence

Need to model ownership and location

- r/r to FDI capital? arbitrage? or rents to firm-specific assets?
- conventional data on services trade
- data on activities of offshore affiliates
- behavioural parameters
 - product differentiation at and below firm level

Thing Two

- services trade barriers

Market access

National
treatment

Barriers to
establishment

Barriers to
ongoing
operation

Thing Two

- services trade barriers

	Market access	National treatment
Barriers to establishment	‘Taxes’ on capital	‘Taxes’ on capital
Barriers to ongoing operation	‘Taxes’ on output and exports	‘Taxes’ on output and exports

Policy implications

- intuition from tariff debates off-course
- sectoral interests no longer as central
- incumbents vs new entrants
- second-best policy outcomes
 - sequencing of privatisation vs competition

Measuring services trade barriers

- market access
- national treatment
- domestic regulatory regimes
- heaps more measurement work required
- are restrictions rent-creating or cost-escalating?

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