



APEC Business Advisory Council

**Public-Private Dialogue on Services:
Boosting Services Competitiveness post-pandemic**

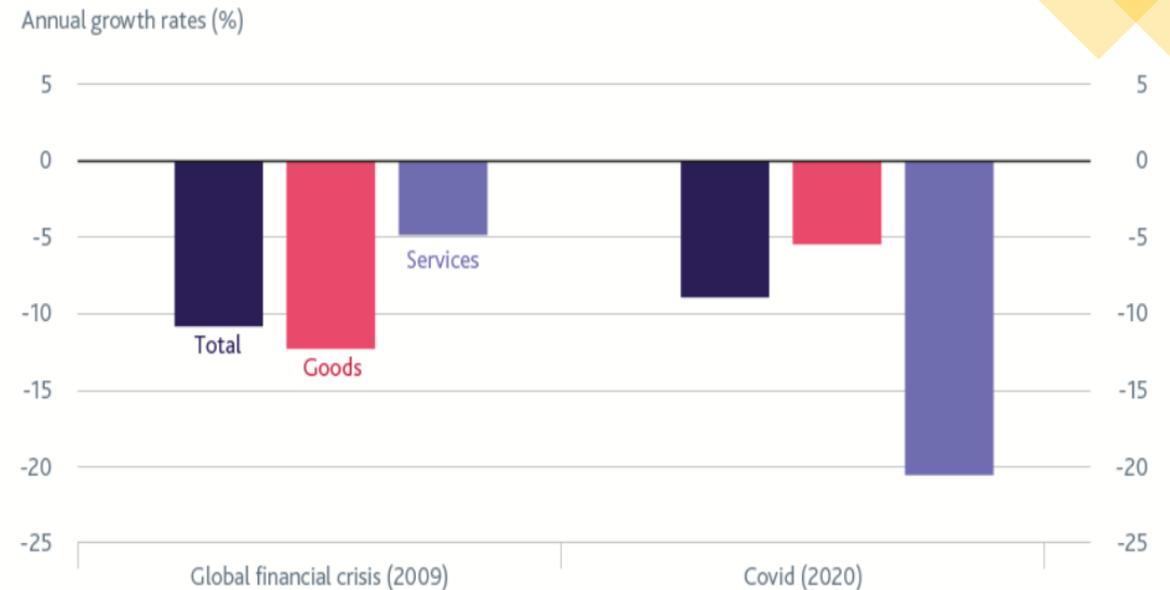
Presentation by Ho Meng Kit

13 October 2021

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Role of services trade during COVID-19

- Services have been the **hardest hit industries** during the COVID-19. According to IMF, **services trade has fallen by more than 20% in 2020**, almost four times the decline in goods trade.
- Goods trade recovered fast as factory shutdowns were limited with increased demand for more durable goods. Domestic and international restrictions have curtailed the service sector. **Travel most affected sector, down 63% globally in 2020 compared to 2019.**

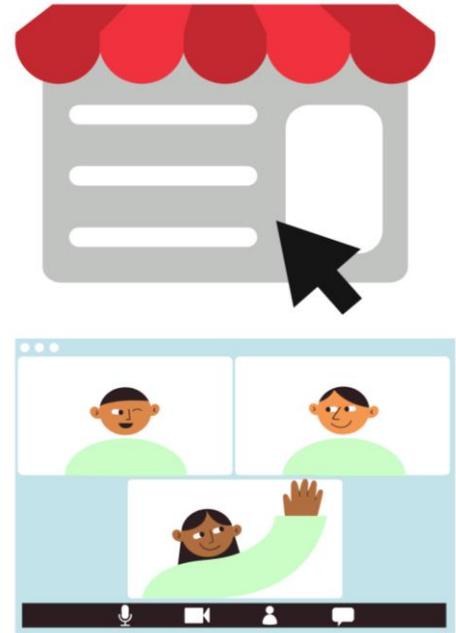


Sources: IMF World Economic Outlook April 2021 and Bank calculations. Data show global trade volumes.

Services are essential tools to combat the COVID-19 pandemic. Logistics, manufacturing and healthcare services play an important role in ensuring access to medical expertise, vaccines, medicines and protective equipment especially for the vulnerable population. Welcome MRT Statement on Essential Services.

Services trade in a post-pandemic world

- In the past years, services trade has been evolving, with the COVID-19 pandemic accelerating this process.
- **Technology and digitalisation** are key for businesses to adapt to restrictions in physical operations and movement of people. Because of this, there has been an **increased demand for digital services** such as telehealth and education e-services.
- **E-commerce platforms** have become important for businesses where many physical stores are forced to close during lockdowns. This kept businesses afloat and allowed customers to purchase goods and services safely and easily.



The COVID-19 pandemic has expanded services trade to include more digital services as digitalisation has evolved services trade on a global scale. APEC should facilitate this by enabling trade for digital and e-commerce related services.

ABAC Recommendations

APEC's progress in the APEC Services Competitiveness Roadmap (ASCR) is mixed. But the ASCR is a worthy framework. Post-pandemic, APEC should refocus their priorities to coordinate their policies and regulatory responses to stay on track in the ASCR. ABAC has provided detailed inputs to GOS. In particular, ABAC calls for:

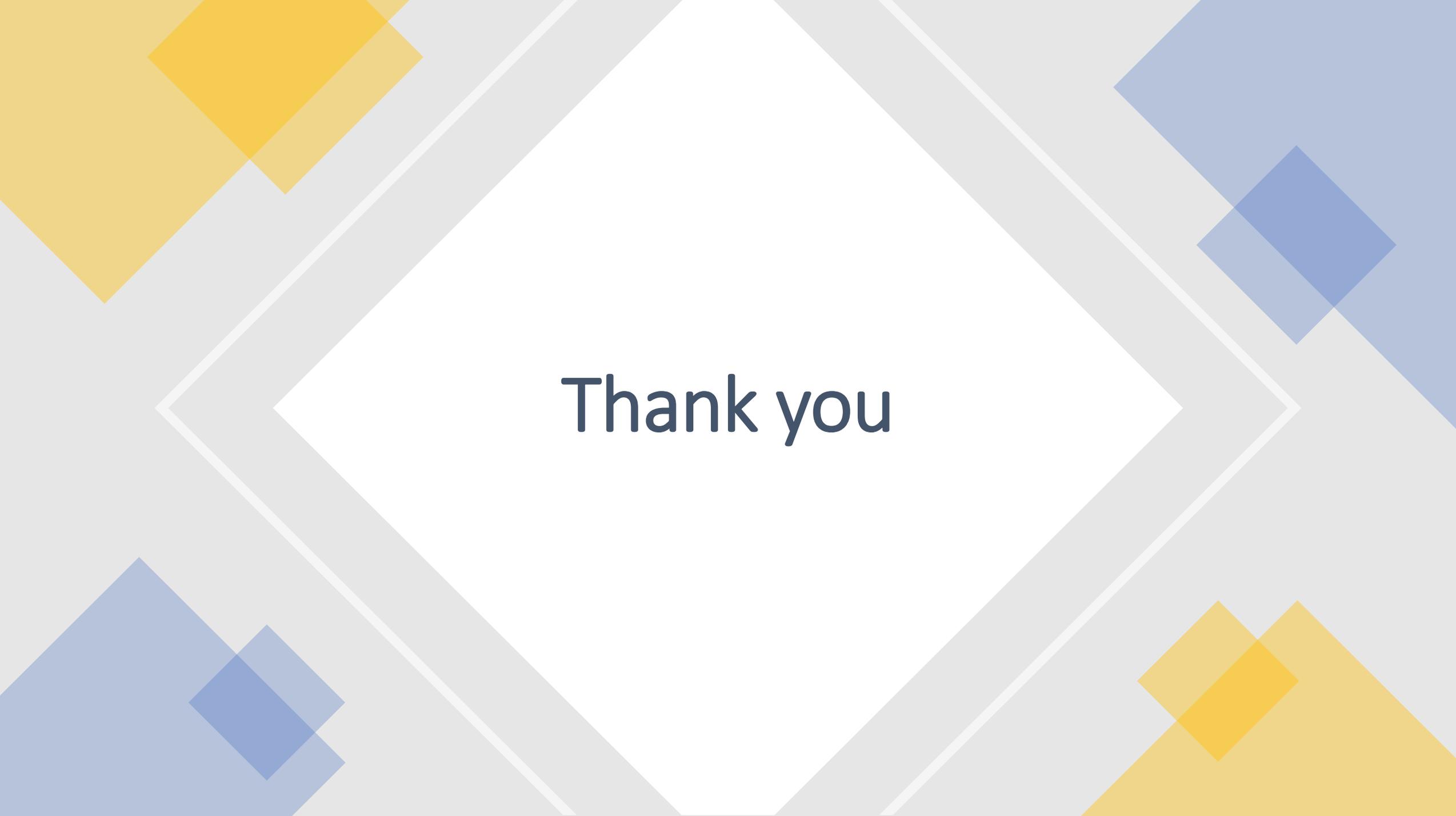
1. Greater focus on regulatory policies and practices: **Structural reforms and behind the border improvements** play a greater role in enabling services export and competitiveness versus trade facilitation for goods.
2. Digital services and e-commerce related services: Concerted action to **facilitate cross-border online delivery of a wider range of digitally-enabled services**. ABAC also calls for concerted action to **open up regional trade in specific services which enable e-commerce for both goods and services**, such as ICT, transport, logistics, e-payments and computer services which are not covered in the existing Roadmap. This can be demonstrated by achieving a high standard conclusion of the WTO Joint Statement Initiative on Trade-Related Aspects of E-Commerce.
3. Tourism: **Rebuild tourism in the region through concerted regional cooperation** to improve resilience rather than **go-it-alone approaches**. Need to coordinate the safe reopening of borders meaningful for all stakeholders.

ABAC Recommendations

4. Health services: Tap on the momentum of domestic health response to the pandemic through concerted APEC action to **support innovation in the provision of regional health services** and facilitate **access to safe and effective telehealth and e-health options**.

5. Increased public-private collaborations: APEC to increase their engagements with businesses through organising:
 - **A public-private dialogue (PPD) to discuss trade facilitation for environment-related services** such as environmental remediation, abatement services and built environment-related services;
 - **A public-private dialogue (PPD) to discuss freeing up trade for mining and technology services** including professional engineering and R&D, which have big growth potential in the region and deserve more regional policy attention; and
 - **An export promotion event for the creative services, audio-visual, multimedia entertainment, gaming and cultural services sector** that encourages business matching during a B2B APEC networking event.

6. More frequent and more transparent monitoring of Roadmap outcomes: APEC to carry out a **dedicated 2-year peer review process to monitor the progress and final review of the services dimensions of each Economy's IAP**. This could simplify and ensure more timely results compared to the traditional peer review processes, include the involvement of both academia and businesses and provide opportunities to celebrate successes.



Thank you