
Promotion of trade in services in developing economy: Challenges and prospects

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Keywords

Promotion of trade, developing economy, service sector, electronic networks,

Abstract

In the past, trade in services was not considered important by international economists. One of the main arguments put forward for ignoring the concept of trade in service was that services were nontradable (B. Hoekman and C.A.P Braga: 2000). Unfortunately, this cannot be said to be true mainly because transportation, travel and communication services have always been considered as economic activities. In the early 1980s, statistics have shown that international service transactions expanded rapidly as new modes of supply became more fruitful in respect of services transmitted over electronic networks. In 1990, global services trade stood at US \$0.8 trillion or 20 percent of global trade in contrast with 17 percent of global trade (WTO 1996). In view of the fact, that services provided via telecommunications networks may not have been properly capture in conventional balance of payments statistics the above amount may have being underestimated. The challenges of promoting Trade in Services in developing countries includes among others the following: (a) Quotas, local content and prohibition policies (b) Price – based instrument (c) Difficulties in obtaining professional licence especially in legal and medical services (d) Government procurement policies and (e) Discriminatory access to distribution networks.

This paper also discussed at length how the above problems can be minimized. An attempt is also made in this paper to highlight the prospects of encouraging the promotion of trade in service. This can be achieved by liberization policies and the prospects include (a) exponential growth in the economy (b) mobility of labour within and outside the economy (c) promotion of regional integration and the expansion of the market. All these issues are fully discussed in this research paper.
