



Computer and other business services

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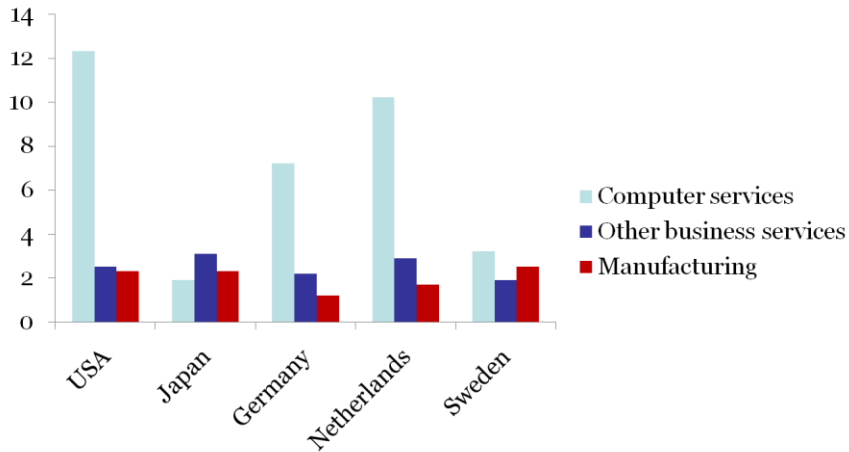
Overview – what do we need to know to develop the STRI?

- Trade and investment patterns - data and driving forces
- Trade barriers
 - Natural
 - Political
 - Entry barriers and barriers to ongoing operations
 - Explicit and implicit
- Lessons for the STRI
- Questions for further discussion



Sector growth 1980-2005

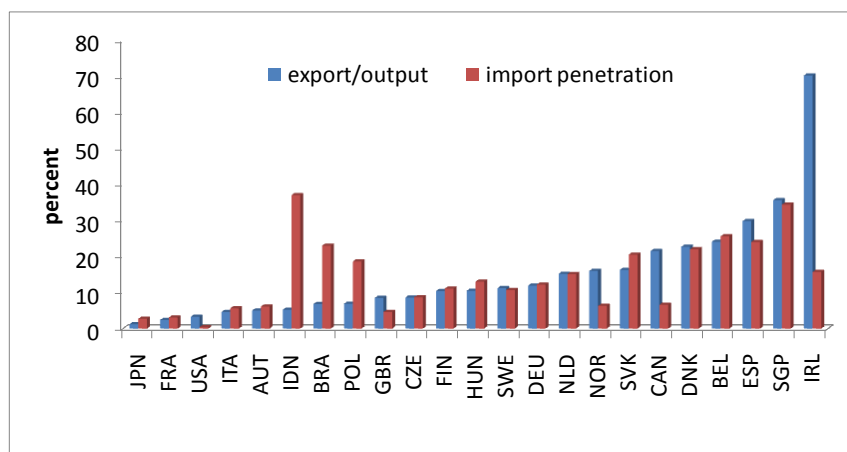
selected countries



Source: EU KLEMS



Openness computer services 2000

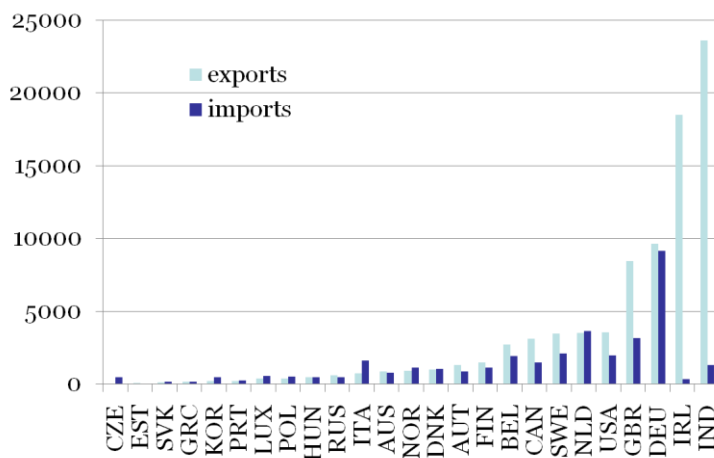


Source: OECD input-output database



Traders in computer services

2005/2006 USD mill.



Source: OECD



Driving forces, computer services

- Technology;
- International production networks;
- Growing complexity;
- Competition – need to cut costs;
 - Manufacturing
 - Services
 - Private
 - Public

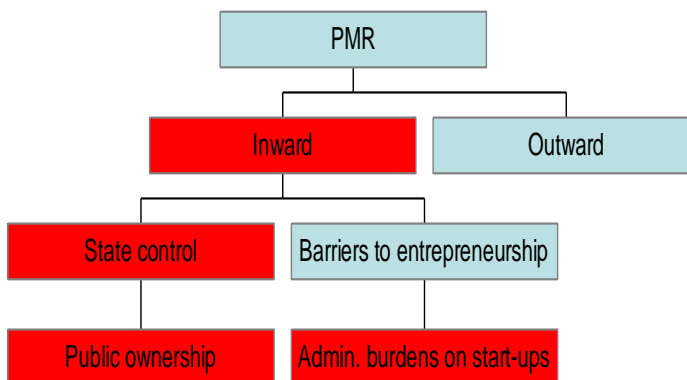


Natural barriers to trade

- Distance matters – and the disadvantage of remoteness is larger the smaller and/or poorer the country;
- Sharing a common language matters;
- Commercial presence appears to become more important over time;
 - Need for more frequent interaction as more complex tasks are outsourced?

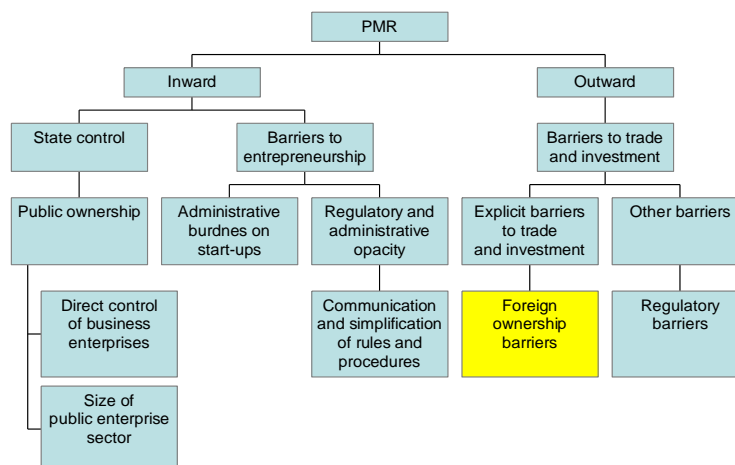


Political barriers to entry (cross-border), computer services





Political barriers to cross-border trade flows, computer services



Lessons for the STRI – computer services

- Overall regulatory regime important for entry, individual policy measures appear to affect trade flows;
- Modes of supply appear to be complementary – one index for the sector (not separate indices by mode);
- Possible implicit restrictions on trade in computer services are:
 - Restrictions on foreign ownership (in all sectors);
 - State control – and lack of access to public procurement;
 - “Red tape” and lack of transparency;
- These are often restrictions on the **users** of computer services;
- If so, computer services can be used as a benchmark free trade sector for the STRI.



Questions for further discussion

- To what extent can computer services be traded cross-border alone?
- What are the major driving forces for trade in computer services?
 - Technology (supply push)?
 - Demand from client (demand pull)?
- How important is scale for entering foreign markets in computer services?
- If you are to name one single regulatory measure that restricts trade in computer services, what would that be?