

Assessing Arab Economic Integration Report Volume II:

Economic And Social Commission For Western Asia



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ESCWA

Transport services in international & Regional Trade negotiations: Identification of regulations

Expert Group Meeting on Transport and Connectivity to GVCs
Tuesday 15th November 2016 , ESCWA, Beirut, Lebanon

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Assessing Arab Economic Integration Report: Outline of the presentation

- 1. The contribution of RIS to fostering Arab economic integration**
- 2. The work done in the first AAEIR**
- 3. What we are planning to do in the second volume**

Assessing Arab Economic Integration Report: RIS mission

A system of indexes and scoreboards and impact analyses are developed with a view to

- inform policymaking and the public debate regarding existing and future opportunities to integrate globally, regional and bilaterally;
- encourage civil society involvement in the making of economic policies;
- improve the quality of the political debate and foster government-citizen interactions through a better understanding of the economic mechanisms at play and by highlighting governments' difficulties and achievements;
- reinforce governments' credibility by substantiating the strength of their vow to improve people's economic prospects through a careful monitoring and evaluation of their policy commitments' implementation and enforcement.

Assessing Arab Economic Integration Report:

Volume 1: Towards the Arab Customs Union

**The first issue of the report
explained the reasons why**

**Intra-Arab integration through trade in goods
remains disappointing**

Assessing Arab Economic Integration Report: Volume 1: Towards the Arab Customs Union

Chapter 1 – Introduction

Chapter 2 – Arab Economic Integration in the Context of an Evolving and Dynamic World

Chapter 3 – The Arab economic integration system of indices: a monitoring and evaluation toolkit

Chapter 4 - Productive capacities and integration

Chapter 5 – Facilitating factors and structural elements for integration

Chapter 6 – From a FTA to the Customs Union: a bumpy pathway for Arab economic prosperity

Chapter 7 – Summary and recommendations

Assessing Arab Economic Integration Report: Volume II: Services Liberalization in the ESCWA region

- World **services trade growth** rates higher than trade in goods
market size / dynamism high although probably under-evaluated for Arab region as data based on TIVA approach not available yet
- Services **resilient** in times of crisis
- In future, services expected to **grow fast** (digital economy, insertion of new countries in GVC)
- Large **positive outcomes expected** from services trade liberalization

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Context: Integration trend

- Integration is increasingly regional / international
- Trend reinforced by international crisis and difficulties to reach agreements at the WTO
- Mega-trade agreements
- Regional integration initiatives key to reach development goals

Push factors

- DCFTA with EU under negotiation (Tunisia, Morocco, etc..)
- Fear of behind left out / EU and in general
- Arab governments incentives: need for economic growth and human development

Options

- Work on WTO commitments
- Become member of the WTO
- TISA membership
- DCFTA with the EU
- Intra-regional agreements
- Unilateral
- Etc...

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Arab countries' reservations on services liberalization

Assessing Arab Economic Integration Report: Background

Pull factors

- Political economy
- Reluctance of the population and need to build a social consensus
- Especially relevant to services liberalization:
 - ✓ Lobbies
 - ✓ Heavy involvement of the State (monopoly, oligopoly, regulations, etc...)

Lack of information

- Arab countries must make credible commitments
- Need tool for monitoring, evaluation and substantiate progresses made
- Scenario and diagnosis capacities
- Negotiation capacities
- Improve policymaking quality and transparency

ESCWA's contribution: Provide innovative tools for

- quantitative monitoring, evaluation and assessment of efforts and successes in regional integration across the Arab region
- Impact analysis
- generate practical and implementable policy recommendations

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Outline of the AAEIR report volume II

Chapter 1: Introduction

Chapter 2: Recent developments in the Intra-regional and global economic integration of Arab countries

- Update of AEISI rankings and scoreboards
- Snapshot of Economic integration progresses since last volume was released

Chapter 3: The missing role of trade in services in Arab countries' economic transformation agendas

- Snapshot Arab countries' performances in services trade
- Review, analysis of existing indicators of services trade restrictiveness
- Shows that narrow scope of Arab's RTAS explains poor economic transformation and integration
- Focus on 2 sectors (finance, transportation)

Assessing Arab Economic Integration Report: Volume II: Services Liberalization in the ESCWA region

Outline of the report

Chapter 4: The economics of services trade

- Highlights role of services in boosting regional integration, economic transformation and economic growth (theoretical and international experiences)
- Demonstrates relevant to Arab countries' development agenda
- Argues that services trade merits special attention as factor facilitating insertion in GVC, anchor to domestic regulatory reforms

Chapter 5: How best can Arab economies benefit from RIAs by extending their scope to services trade?

- The thematic chapter
- Analyses (CGE) economic impact of various scenarios pertaining to the alleviation of a set of barriers to services (transportation/maritime and banking/insurance) trade in the context of specific RIAs under negotiation in the Arab region (DCFTA) for selected countries.

Chapter 6: Conclusion

With policy recommendations for an Arab services trade promotion strategy

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Structure and methodology

Approach

1- Identify regulatory barriers to services trade

- As opposed to an evaluation of the restrictiveness of the barriers done by private firms

2- Develop a matrix of bilateral FDI flows and a matrix of regulatory barriers

3- Carry an econometric analysis to

4- Clarify the linkages between the regulation and countries economic performance through evaluation of their impact

- Available empirical work performs poorly on that aspect key to effective policymaking

5- Work cooperatively with Member Countries to identify scenarios

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Scoping

Services as inputs or catalyst for economic integration and strengthening trade in goods in the Arab region

Services: WTO definition

1. Business
2. Communication
3. Construction
4. Distribution
5. Educational
6. Environmental
7. Financial
8. Health-related and social
9. Tourism and travel-related
10. Recreational, cultural, and sporting
11. Transport
12. Other

Scope of our study: banking and transportation

1. As impact on trade in goods proved crucial
2. Relatively more vulnerable to foreign competition as supplying those services does not require commercial presence abroad, FDI, hire local staff, etc...

As a consequence, liberalizing those services could increase competition significantly in very short run

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In this presentation focus on transportation sector

Trade and transport are inextricably linked,

- key to widen the range of available goods and services and push down their prices,
- effective transportation increases the size of the market available to domestic firms,
- affect production costs and fosters innovation by exposing firms to international competition
- drives countries' competitiveness,
- in particular in a world dominated by value chains,
- and the 'new normal' low world GDP and trade growth.

Transportation is

- Key stepping stone to economic growth and job creation,
- But connecting towns to cities and regions to nations are crucial to inclusive development
- and maximizing gains from human, capital and natural resources.

<http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=1374>

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The specific case of **Maritime transportation**

Around 80 per cent of global trade by volume, and over 70 per cent of global trade by value are carried by sea and are handled by ports worldwide (WTO, 2015)

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Achievements so far

- Services not included in Arab intra-regional RTAs, no strategic plan or vision for Arab countries as a region

- GAFTA:

Executive Program Of the Agreement on Facilitating and Developing Inter-Arab Trade for Establishing Pan-Arab Free Trade Area under article 8 that 'In view of the fact that trade liberalization is linked to and affected by a number of other economic activities, the party-states shall consult over services particularly those associated with trade'

Beirut round

- In September 2003, in Beirut, opening of bilateral and multilateral negotiations.
- During the 26th Arab summit in Sharm el-Sheikh, in March 2015, a resolution was issued requesting the Secretariat General of LAS to invite Arab countries to prioritize sectors that could eventually be liberalized, using the GATS classification.
- Arab countries' final offers are under discussion.

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Liberalization of maritime sector: International efforts

GATT

- Freedom of Transit (GATT Articles V)
- Fees and Formalities connected with Importation and Exportation (GATT Article VIII)
- Publication and Administration of Trade Regulations (GATT Article X).

- **After negotiations resumed:** offers made on several pillars covering maritime shipping, auxiliary and port services
- But the process is complex due to the involvement of various governmental entities,
- Transparency remains an obstacle.

GATS following Uruguay round

- Negotiations could not be completed
- Led to suspension of MFN obligation for the sector and other commitments
- Persisted on an unilateral basis

The WTO does not provide specific provisions on various issues from transparency, to domestic regulation or customs procedures.

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Liberalization of maritime sector: International efforts

Trade facilitation:

Trade Facilitation Agreement and Bali package: set of measures meant to expedite moving goods across borders:

- Best practices used as benchmark
- Hong Kong and China were the first members,
- So far 8 Arab countries are members: Bahrain, Egypt, Jordan, Kuwait, Morocco, Oman, Qatar, Saudi Arabia, Tunisia, The United Arab Emirates

	Bahrain	Egypt	Jordan	Kuwait	Morocco	Oman	Qatar	Saudi Arabia	Tunisia	UAE		China	Hong Kong	Korea	Philippines	Singapore	Thailand
Article 1: Publication and availability of information																	
Publication	X		X		X		X	X	X	X		X	X	X	X	X	X
Information available through the internet	X		X		X	X	X	X	X	X		X	X	X	X	X	X
Enquiry points	X		X		X		X	X	X	X		X	X	X	X	X	X
Notification	X				X	X	X	X	X	X		X	X	X	X	X	X
Article 2: Opportunity for comment, information before entry into force and consultations																	
Opportunity to comment and information before consultations	X				X	X	X	X	X	X		X	X	X	X	X	X
Article 3: Advance rulings																	
Article 4: Procedures for appeal or review	X	X			X	X	X	X	X	X		X	X	X	X	X	X
Article 5: Other measures to enhance impartiality, non discrimination and transparency																	
Notifications for enhanced controls or inspection	X					X	X	X		X		X	X	X			X
Detention	X	X			X	X	X	X	X			X	X	X	X	X	X
Test procedures					X	X	X	X		X		X	X	X	X	X	X
Article 6: Disciplines on fees and charges imposed on or in connection with importation and exportation and penalties																	
General disciplines on fees and charges imposed on or in connection			X		X	X	X	X		X		X	X	X	X	X	X
Specific disciplines on fees and charges for cargo	X			X	X	X	X	X				X	X	X	X	X	X
Penalty disciplines	X	X			X		X	X	X	X		X	X	X	X	X	X
Article 7: Release and clearance of goods																	
Pre-arrival processing				X			X	X	X			X	X	X	X	X	X
Electronic payment					X		X	X		X		X	X	X	X	X	X
Separation of release from final determination	X	X			X	X	X	X	X	X		X	X	X	X	X	X
Risk management				X			X	X	X			X	X	X	X	X	X
Post-clearance audit				X			X	X	X			X	X	X	X	X	X
Establishment and publication of average release times	X				X		X	X				X	X	X	X	X	X
Trade facilitation measures for authorized operators					X		X	X				X	X	X	X	X	X
Expedited Shipments					X		X	X		X		X	X	X	X	X	X
Perishable goods	X			X			X	X				X	X	X	X	X	X
Article 8: Border Agency cooperation																	
Article 9: Movement of goods intended for import or export	X	X			X	X	X	X	X	X		X	X	X	X	X	X
Article 10: Formalities connected with importation, exportation and transit																	
Formalities and document requirements	X		X		X		X	X		X		X	X	X			X
Acceptance of copies			X		X		X	X	X			X	X	X	X	X	X
Use of international standards	X				X	X	X	X		X		X	X	X	X	X	X
Single window			X	X			X	X				X	X	X			X
Pre-shipment inspection	X	X				X	X	X	X	X		X	X	X	X	X	X
Use of customs brokers		X			X	X	X	X	X	X		X	X	X	X	X	X
Common border procedures and uniform documentation requirements		X			X	X	X	X	X	X		X	X	X	X	X	X
Rejected goods	X	X			X	X	X	X	X	X		X	X	X	X	X	X
Temporary admission of goods and inward and outward processing	X	X			X	X	X	X	X	X		X	X	X	X	X	X
Article 11: Freedom of transit																	
Freedom of transit		X			X	X	X	X	X	X		X	X	X	X	X	X
Transit charges, regulations, and formalities					X	X	X	X	X	X		X	X	X	X	X	X
Strengthened non-discrimination					X	X	X	X	X	X		X	X	X	X	X	X
Transit, procedures and controls			X		X		X	X	X	X		X	X	X	X	X	X
Guarantees				X	X	X	X	X	X	X		X	X	X	X	X	X
Cooperation and coordination				X	X		X	X	X	X		X	X	X	X	X	X
Article 12: Customs cooperation																	
Measures promoting compliance and cooperation	X			X	X		X	X	X	X		X	X	X	X	X	X
Exchange of information				X	X		X	X	X	X		X	X	X	X	X	X
Verification	X			X	X		X	X	X	X		X	X	X	X	X	X
Request	X			X	X		X	X	X	X		X	X	X	X	X	X
Protection and confidentiality	X			X	X		X	X	X	X		X	X	X	X	X	X
Provision of information	X			X	X		X	X	X	X		X	X	X	X	X	X
Postponements or refusal of a request	X			X	X		X	X	X	X		X	X	X	X	X	X
Reciprocity	X			X	X		X	X	X	X		X	X	X	X	X	X
Administrative burden	X			X	X		X	X	X	X		X	X	X	X	X	X
Limitations	X			X	X		X	X	X	X		X	X	X	X	X	X
Unauthorized use or disclosure	X			X	X		X	X	X	X		X	X	X	X	X	X
Bilateral and regional agreement	X			X	X		X	X	X	X		X	X	X	X	X	X

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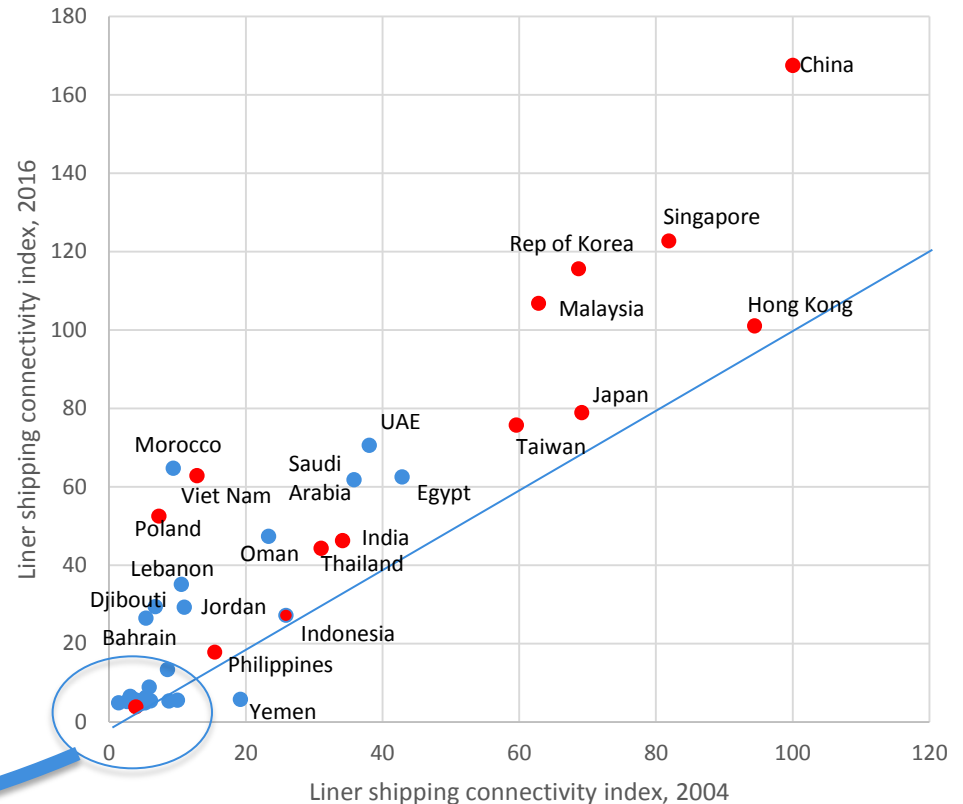
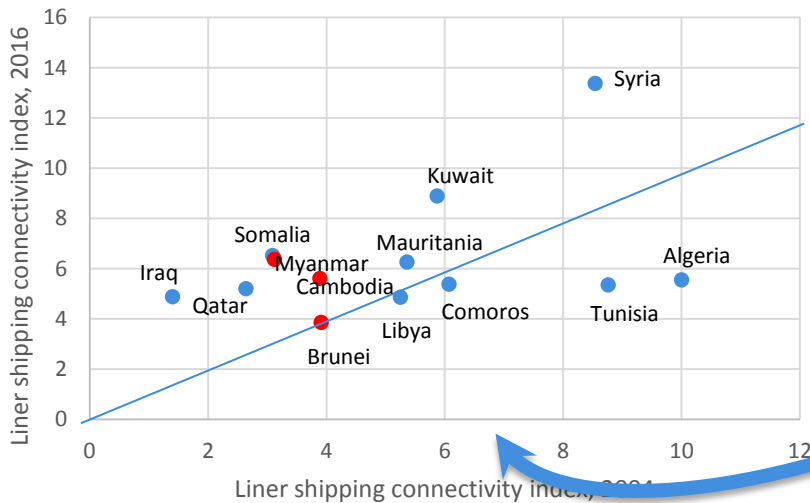
Arab countries' performances

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Maritime sector

Assessment: Liner shipping connectivity index

- The countries in red are ASEAN +3 countries, Poland, India. Those countries show very strong outward orientation compare to Arab countries (in blue).
- Show ASEAN's aggressive strategy to improve their connectivity and strengthen their accessibility to global trade



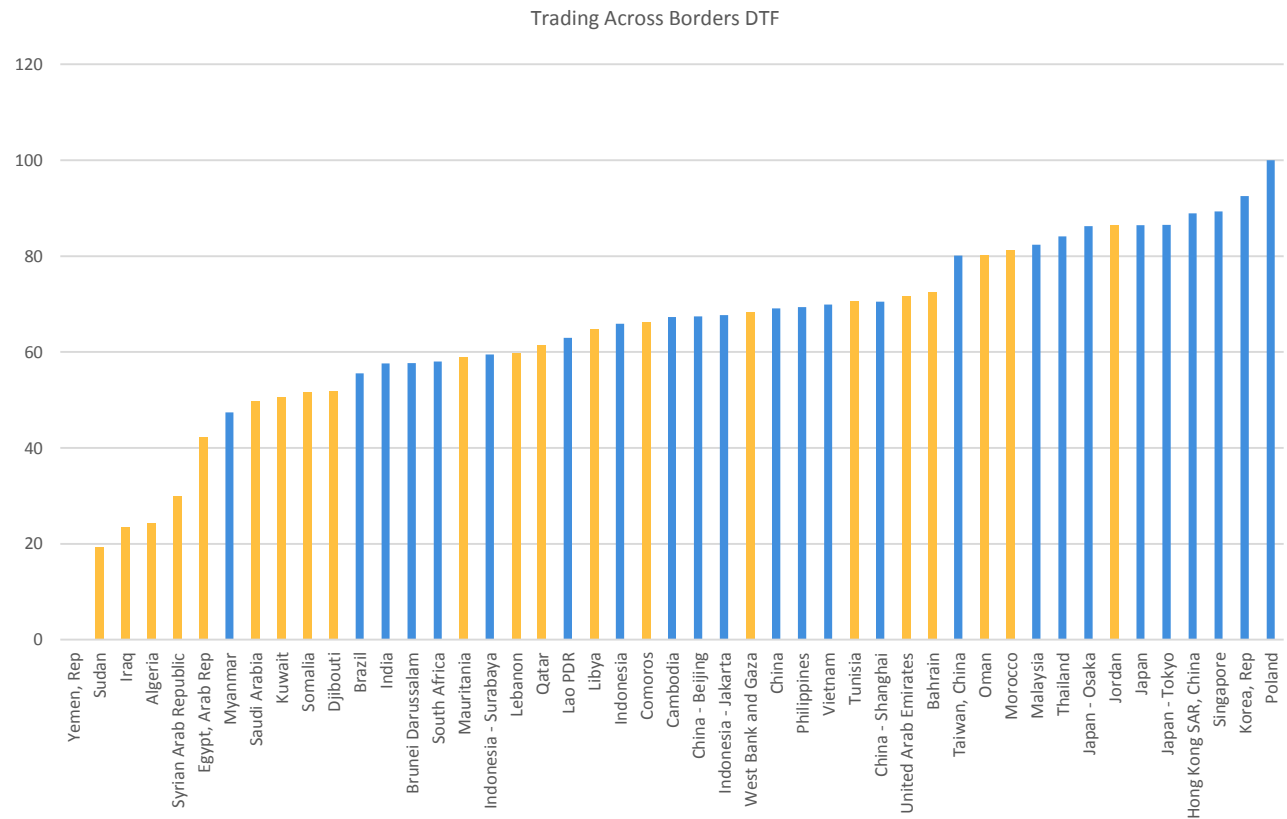
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Maritime sector

Doing Business

- time and cost (tariffs excluded) required to export and import goods.
- three sets of procedures: **documentary compliance, border compliance and domestic transport**
- June 2016.
- A score of 100 means the country is at the frontier, which represents the best performance



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Methodology

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Maritime sector: Identifying the barriers

Scoping:

- **Most prominent restrictions on market access.** Nationality requirements (e.g. for flag, crew, establishment), restrictions on access to and use of port services, compulsory pilotage (permits), restrictions on local representatives, joint venture requirements, licensing regimes, discriminatory measures, etc..
- **Public policy measures beyond the border.** Impediments such as national security measures, complex environmental regulations, discriminatory and/or non discriminatory
- **Other measures.** Competition policy, taxes, and transparency issues.

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Maritime sector: Identifying the barriers

OECD

- Arab countries not covered
- All delivery modes
- Establishment and operations

World Bank

- focuses on mode 3
- discriminatory barriers
- Arab countries covered

Both

- Information collected through questionnaires administered by law firms
- Policy information subjected to government review

OECD coverage

- Freight transportation (no internal, no passengers)
- Rental of vessel with crew
- Maintenance and repair of vessels
- Pushing and towing services
- Supporting services for maritime transport (when multimodal, logistic services not included)

OECD: Five areas of policy measures

- Restrictions on foreign ownership and other market entry conditions
- Regulatory transparency and administrative requirements
- Restrictions on the movement of people
- Barriers to competition and public ownership
- Other discriminatory measures and international standards

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Maritime sector: Identifying the barriers

Experts views

- The discrepancy between a de facto rather liberalized sector and the de jure set of regulations and laws that are often dormant. If not taken into account, the sector's restrictiveness could be overestimated.
- The influence of the collusive practices in the sector (cooperation and potentially anti-competition agreements among carriers, well documented). Restrictiveness could be underestimated if not introduced in the analysis.

Project with ICT

- Understand the regulations' degree of burdensomeness by complementing surveys carried by law firms with surveys of firms might then be a relevant methodology to evaluate restrictiveness.
- Cooperation project ICT that works with WTO on identifying services barriers and an evaluation of the involvement of the private sector
- Better understanding of the most deterrent barriers, in particular regulatory which hasn't been done for Arab countries

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Maritime services trade barriers: Questions for discussion

Which relevant aspects of the sectors' functioning and other barriers to introduce in the analysis?

- What is the extend of **multi modality** of maritime services supply?
- Impact of **digital economy** on capacity to switch across modes of services supply?
- Which other dramatic changes in the **future**?
 - What is the **role of FDI** in the delivery of maritime services?
 - Collateral trade **effects of innocent regulations** (environmental, etc..)
 - Unhealthy **race to the bottom** (taxes cut, etc..)
- **'too little' restrictions**: most methodologies measure 'too much' restrictions but for developing countries sometimes problem is 'too little' (environment, quality of institutional prudential framework, etc..)
- OECD and World Bank use **standardized scenarios and hypotheses** but are they suitable for developing countries? an Arab countries?

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Maritime services trade barriers: Questions for discussion

Which other relevant aspects of the sectors' functioning and other barriers to introduce in the analysis?

THANK YOU

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Identifying & classifying services trade barriers in the Arab region

Technical paper: content and questions for discussion:

Questions for discussion: Readability

Table 2.1 Globalization rankings in 2013 and change compared to 2000

2013											
Singapore	1	Ireland	27	Tunisia	53	Costa Rica	79	Burkina Faso	105	France	131
Lebanon	2	Cambodia	28	Zambia	54	Mauritius	80	Ecuador	106	Tanzania	132
Republic of Moldova	3	Czech Republic	29	Somalia	55	Germany	81	Norway	107	Nigeria	133
Mozambique	4	El Salvador	30	Côte d'Ivoire	56	Kazakhstan	82	Canada	108	United Kingdom	134
Oman	5	GCC	31	Saudi Arabia	57	Romania	83	Spain	109	Burundi	135
Honduras	6	Libya	32	Botswana	58	Iraq	84	South Africa	110	Australia	136
Mauritania	7	Albania	33	Yemen	59	Alghanistan	85	Zimbabwe	111	New Zealand	137
Viet Nam	8	Brunei	34	Guatemala	60	Ghana	86	Rwanda	112	Venezuela	138
Lithuania	9	Qatar	35	Sri Lanka	61	Iceland	87	Laos	113	Greece	139
Malta	10	Bulgaria	36	Morocco	62	Chile	88	Pakistan	114	Japan	140
Mongolia	11	Senegal	37	Bolivia	63	Dominica	89	Algeria	115	Myanmar	141
Hungary	12	Palestine	38	Gabon	64	Benin	90	India	116	United States	142
Slovakia	13	Fiji	39	Namibia	65	Poland	91	Peru	117	Iran	143
Bahrain	14	ASEAN	40	Austria	66	Russian Federation	92	Cyprus	118	Ethiopia	144
Nicaragua	15	Comoros	41	Paraguay	67	Mexico	93	Finland	119	Argentina	145
Kuwait	16	Thailand	42	Dominican Republic	68	Denmark	94	Syrian Arab Republic	120	Brazil	146
Jordan	17	Belarus	43	Philippines	69	Sweden	95	Guinea	121		
Georgia	18	Belgium	44	Korea	70	Portugal	96	Italy	122		
Congo	19	Macedonia	45	Arab Mashreq	71	EU28	97	Indonesia	123		
Jamaica	20	Slovenia	46	Niger	72	Israel	98	Kenya	124		
Estonia	21	Djibouti	47	AMU	73	Arab LDCs	99	Turkey	125		
United Arab Emirates	22	League of Arab States	48	Malawi	74	Congo	100	Uruguay	126		
Malaysia	23	Switzerland	49	Arab non-GCC	75	Croatia	101	Sudan	127		
Togo	24	Ukraine	50	Agadir	76	Egypt	102	Colombia	128		
Bosnia-Herzegovina	25	Latvia	51	Bangladesh	77	Angola	103	China	129		
Netherlands	26	Mali	52	Guinea-Bissau	78	Uganda	104	Cameroon	130		

Table 2.2 Ranking of drivers of globalization by country and region, 2013

	Globalization ranking	2013						Flow intensity (percentage)
		Exports	Imports	FDI outflows	FDI inflows	WR outflows	WR inflows	
Algeria	115	61	87	132	123	132	82	33
Libya	32	26	43	77	121	10	136	59
Mauritania	7	31	25	99	3	8	140	89
Morocco	82	95	48	72	48	121	24	31
Tunisia	53	51	34	107	70	127	31	44
AMU	73	54	59	104	90	54	47	38
Bahrain	14	17	45	14	54	5	140	87
Kuwait	16	13	141	5	109	4	137	87
Oman	5	6	90	23	82	2	131	73
Qatar	25	11	138	9	140	6	106	88
Saudi Arabia	57	36	124	56	113	7	134	52
United Arab Emirates	22	2	14	53	85	139	140	97
GCC	31	12	75	28	99	9	130	88
Egypt	102	131	127	90	76	113	22	21
Iraq	84	27	79	75	96	89	119	54
Jordan	17	87	22	106	25	30	9	40
Lebanon	2	125	41	35	19	3	4	37
Syrian Arab Republic	120	144	133	117	94	48	33	12
Palestine	38	137	29	129	101	117	7	26
Mashreq	71	76	83	78	73	48	27	34
Comoros	41	148	58	141	75	107	2	24
Djibouti	47	142	38	141	4	50	52	30
Somalia	55	86	3	141	12	139	140	36
Sudan	127	128	137	27	22	111	86	19
Yemen	59	91	70	83	138	44	14	32
LDCs	45	118	118	48	44	76	36	24
League of Arab States	48	29	74	45	92	15	85	54
Poland	91	44	95	139	143	84	72	40
Viet Nam	8	5	6	41	27	139	26	89
ASEAN	40	26	37	18	26	77	55	80
China	129	82	125	44	108	124	90	26
India	116	117	113	96	96	82	39	21
Japan	140	126	136	15	137	122	132	14
United States	142	138	142	21	115	86	130	11

Legend: Rank 1-10 (dark blue), Rank 11-25 (medium blue), Rank 26-50 (light blue), >100 percent GDP (orange), 50-99 percent GDP (light orange), <50 percent GDP (pale orange). Source: ESCWA calculations using the AEISI. Note: WR stands for "workers' remittances".

Identifying & classifying services trade barriers in the Arab region

Technical paper: content and questions for discussion:

Questions for discussion: Readability

Table 2.3 Contribution to economic situation by key partner regions and countries, 2013

Libya-EU 28	10.00	Kuwait-Japan	1.84	Oman-RoW	1.02	Qatar-RoW	0.61
Tunisia-EU 28	7.03	Iraq-China	1.84	Syrian Arab Republic-Mashrek	1.02	Djibouti-GCC	0.59
Mauritania-China	5.79	Qatar-India	1.83	Kuwait-ASEAN	1.00	Egypt-Mashrek	0.59
Oman-China	5.69	Palestine-RoW	1.82	Lebanon-GCC	1.00	Iraq-RoW	0.56
Algeria-EU 28	5.05	Yemen-China	1.79	Saudi Arabia-India	0.99	Kuwait-Mashrek	0.55
Bahrain-GCC	4.69	Somalia-LDC	1.76	Yemen-Korea	0.97	Yemen-India	0.52
Qatar-Japan	4.66	Bahrain-EU 28	1.76	Sudan-GCC	0.96	Djibouti-US	0.50
United Arab Emirates-RoW	4.32	Kuwait-US	1.73	Saudi Arabia-ASEAN	0.96	Mauritania-Japan	0.49
Morocco-EU 28	4.29	Jordan-EU 28	1.71	Syrian Arab Republic-EU 28	0.94	Tunisia-US	0.48
Lebanon-EU 28	3.30	Oman-Japan	1.69	Kuwait-EU 28	0.94	Comoros-RoW	0.47
Qatar-Korea	3.26	Sudan-China	1.60	Oman-India	0.93	Syrian Arab Republic-US	0.44

United Arab Emirates-Japan	3.20	Somalia-India	1.59	Djibouti-EU 28	0.92	Bahrain-China	0.44
United Arab Emirates-ASEAN	2.93	Oman-Korea	1.51	Comoros-US	0.90	Somalia-GCC	0.44
Comoros-EU 28	2.86	Qatar-EU 28	1.50	United Arab Emirates-EU 28	0.90	Saudi Arabia-GCC	0.44
United Arab Emirates-India	2.79	Saudi Arabia-China	1.48	Bahrain-India	0.88	Mauritania-US	0.43
Oman-GCC	2.59	Saudi Arabia-US	1.47	United Arab Emirates-China	0.86	Jordan-India	0.40
Kuwait-Korea	2.56	Saudi Arabia-Japan	1.41	Algeria-RoW	0.85	Oman-EU 28	0.39
Lebanon-RoW	2.48	Bahrain-ASEAN	1.38	Libya-China	0.82	Egypt-AMU	0.38
Kuwait-India	2.40	Tunisia-AMU	1.38	Bahrain-US	0.82	Iraq-ASEAN	0.38
Egypt-EU 28	2.39	Kuwait-China	1.31	Yemen-EU 28	0.80	Egypt-RoW	0.38
Jordan-Mashrek	2.36	United Arab Emirates-Korea	1.31	Libya-US	0.80	Somalia-RoW	0.38
Iraq-India	2.26	Oman-ASEAN	1.31	Morocco-US	0.79	Djibouti-LDC	0.38
Mauritania-EU 28	2.22	United Arab Emirates-GCC	1.30	Saudi Arabia-RoW	0.79	Yemen-Japan	0.37
Bahrain-RoW	2.16	Yemen-ASEAN	1.22	United Arab Emirates-Mashrek	0.79	Lebanon-Japan	0.35
Jordan-US	2.11	Mauritania-RoW	1.15	Bahrain-Korea	0.79	Iraq-Japan	0.35
Yemen-GCC	2.08	Egypt-GCC	1.14	Libya-RoW	0.78	Yemen-RoW	0.35
Iraq-US	2.06	Saudi Arabia-EU 28	1.10	Syrian Arab Republic-GCC	0.69	Oman-US	0.33
Morocco-RoW	2.06	Iraq-Korea	1.08	Lebanon-Mashrek	0.69	United Arab Emirates-Turkey	0.33
Qatar-ASEAN	1.99	Qatar-China	1.06	Algeria-US	0.67	Algeria-AMU	0.33
Iraq-EU 28	1.96	Saudi Arabia-Korea	1.06	Bahrain-Japan	0.66	Comoros-Japan	0.32
Lebanon-US	1.90	Tunisia-RoW	1.04	Somalia-China	0.64	Jordan-ASEAN	0.31
Jordan-GCC	1.89	Kuwait-RoW	1.03	Jordan-RoW	0.62	Bahrain-Mashrek	0.31

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Source: ESCWA calculations using the AEISI.
 Note: The country pairs first list the recipient of certain flows, followed by the origin.

Identifying & classifying services trade barriers in the Arab region

Technical paper: content and questions for discussion:

Questions for discussion: Readability

Table 2.4 Intra-Arab bilateral flow intensity ranking, 2013

Ranking	Algeria	Bahrain	Comoros	Djibouti	Egypt	Iraq	Jordan	Kuwait	Lebanon	Libya	Mauritania	Morocco	Oman	Qatar	Saudi Arabia	Somalia	Sudan	Syrian Arab Republic	Tunisia	United Arab Emirates	
Algeria	0	0	0	0	0.4	0	0	0	0	0	0	0.6	0	0	0	0	0	0	0	1.1	0
Bahrain	0.4	0	0	0	0.5	0.1	0.7	1.6	0.1	0.1	0	0.5	1.9	5.5	9.9	0	0.2	0.2	0.1	6.1	0
Comoros	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.2	0	0	0	0	0	0.7
Djibouti	0	0	0	0	0.9	0	0	0	0	0	0	0	0.4	0.1	0.3	0	0	0	0	0	2.4
Egypt	0.2	0.1	0	0	0	0.3	2	1.1	0.3	1.5	0	0.2	0.2	0.4	3.5	0	0.3	0.2	0.1	0.8	0
Iraq	0	0	0	0	0.3	0	0.1	0	0	0	0	0.8	0	0	0	0	0	0.7	0	0	0.1
Jordan	0.6	0.2	0	0	0.6	4.9	0	0.5	0.5	0.2	0	0	0.4	0.5	6.8	0	0.3	0.5	0.1	1.6	0
Kuwait	0	0	0	0	2	0	0.1	0	0.5	0	0	0	0.3	0.1	0.4	0	0.1	0.4	0	0.4	0
Lebanon	0.3	0.1	0	0	0.4	0.9	0.8	0.3	0	0.1	0	0.1	0.1	0.4	2.5	0	0.1	1.3	0	2	0
Libya	0.4	0	0	0	0.3	0	0	0	0.1	0	0	0	0	0	0	0	0	0.6	0.7	0.6	0
Mauritania	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
Morocco	0.3	0	0	0	0.2	0	0.1	0	0.1	0.1	0.2	0	0	0	0.4	0	0	0	0.2	0.1	0
Oman	0.1	0.2	0	0.1	0.3	0.5	0.1	0.5	0	0.2	0	0	0	0.9	2.3	0.3	0	0.1	0	10	0
Qatar	0	0.2	0	0	0.1	0	0	0	0	0	0	0.1	0.2	0	0.1	0	0	0	0	0.5	0
Saudi Arabia	0.1	0.7	0	0	0.4	0	0.6	0.3	0.1	0	0	0.4	0.2	0.4	0	0	0.1	0.5	0	0.7	0
Somalia	0	0	0	0	0.1	0	0	0	0.1	0	0	0	2.3	0	0	0	0	0	0	0	0
Sudan	0	0	0	0	0.1	0	0.1	0	0	0	0	0	0	0	1	0	0	0	0	4.1	0
Syrian Arab Republic	0	0	0	0	0.1	3.8	1.3	1.4	0.2	0.5	0	0	0	0.1	1.5	0	0	0	0	0.7	0
Tunisia	1.3	0	0	0	0.2	0	0.1	0	0	5.4	0.1	0.5	0	0	0.6	0	0	0	0	0.2	0
United Arab Emirates	0.3	0.2	0	0	0.3	2.7	0.3	0.5	0.2	0.1	0	0.1	3.2	1.3	1.6	0.1	0.3	0.7	0.1	0	0
Yemen	0	0.1	0	0.1	0.1	0.1	0.3	0.9	0	0	0	0	0.1	0	7.8	0.3	0.4	0	0	2.2	0
Palestine	0.1	0	0	0	0	0	0.8	0.1	0	0	0	0	0	0.1	0.2	0	0	0	0	0.2	0

Legend: <0.1 (white), 0.1-1 (light blue), 1.4 (medium blue), 4.7 (dark blue), 7-10 (orange)

Source: ESCWA calculations using the AEISI.

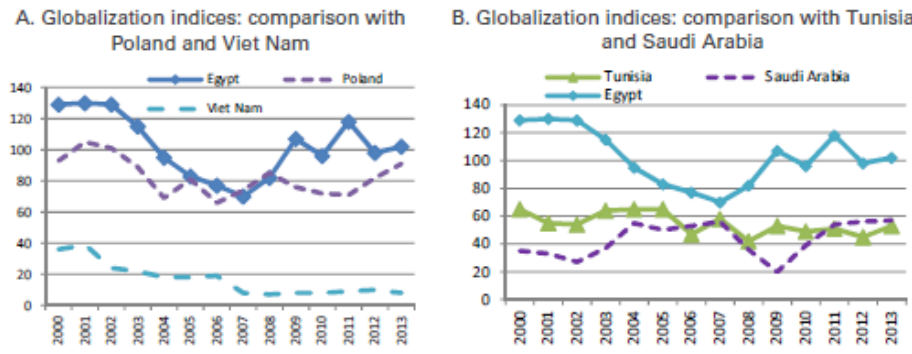
Indicator: intensity of flows (exports, workers' remittances and FDI inflows)
Data: bilateral level
Ranking: z-score are used as a measure of the intensity of countries economic relationships above the average

Identifying & classifying services trade barriers in the Arab region

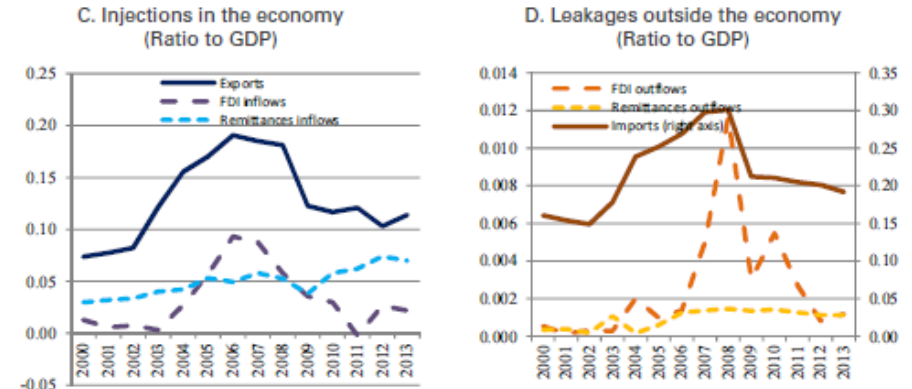
Technical paper: content and questions for discussion:

Questions for discussion: Readability

Figure 2.5. Trends in Egypt: scores and underlying individual indicators, 2000-2013



Note: A lower score reflects an improvement in the country's globalization performances.



Source: ESCWA calculations using the AEISI.

Table 2.5 Egypt: rankings based on intensity indices, selected regions and large emerging countries

2000		2009		2013	
GCC	87	EU 28	31	EU 28	20
Mashreq	114	GCC	79	GCC	58
ASEAN	115	Mashreq	95	Mashreq	99
EU 28	116	RoW	116	UMA	114
United States	117	UMA	117	RoW	116
RoW	149	United States	121	United States	135
UMA	151	India	134	India	151
India	182	China	162	Turkey	165
Japan	183	Turkey	175	China	173
Turkey	189	LDC	199	LDC	182
Republic of Korea	193	Republic of Korea	206	Republic of Korea	198
LDC	200	Japan	207	Japan	200
China	201	ASEAN	208	ASEAN	225

Source: ESCWA calculations using the AEISI.

EGYPT: Summary rankings for profile

Arab Economic Intra-Regional Integration Report: Services Liberalization in the ESCWA region

Questions for discussion: Indicators Selection

Monitoring and Evaluation: Goals

- **identify patterns** in services trade,
- **evaluate and monitor** the role of the service sectors and its contribution to countries' performance integrating **regionally and globally**,
- assess the **effectiveness of services trade promotion strategies** that impact the quantity and number of services traded and the number of trading partners,
- **benchmarking analysis**, in particular with ASEAN and East European countries
- provide insights into the **challenges and opportunities** for services liberalization in Arab countries under various agreements, such as the DCFTA with the EU, the WTO, or the Arab Customs Union.

Selection Criteria

- **comprehensiveness**: different types of barriers identified, all 4 modes
- **data at sectoral level** when possible. Extra effort for the sectors of most importance for Arab economic integration
- Preferably readily available indicators
- STRI modal and sectoral, discriminating/non discriminating. De facto/de jure

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Questions for discussion: Indicators Policies Scoreboard

- Number of days for visa delivery (mode 4, doing business; policy scoreboard)
- Size of the public sector (policy),
 - ESCWA quality of competition law indicators
 - Illustrate differences using value-added approach (Tunisia, Saudi Arabia)
- **Global competition report 2015: Market access (policy scoreboard)**
 - o Intensity of local competition,
 - o Extent of market dominance,
 - o Effectiveness of anti-monopoly policy,
- **Global Competitiveness report 2015: FDI, (policy scoreboard)**
 - o Prevalence of foreign ownership
 - o Business impact of rules on FDI
- **From the Global Trade enabling report, (policy scoreboard)**
 - o Government Online Service Index
 - o Ease of compliance with government regulation
 - o Openness to multilateral trade rules
- **AVEs and STRI (from the World Bank, policy scoreboard)**
 - o Ad valorem equivalents to services barriers at the national and regional levels
 - o national and regional Services trade restrictiveness indexes
 - o modal and sectoral

Identifying & classifying services trade barriers in the Arab region

Technical paper: content and questions for discussion:

Questions for discussion: Indicators Outcomes Scoreboard

Outcomes, Macro

- Services trade level, balance and growth (UNCTAD, BACI),
- Services share of industry value added (UNCTAD, BACI),
- Service share of employment (ILO, KILM),
- Trade in services contribution to GDP (UN statistics Division, UNCTAD or BACI),
- Services share of exports (UNCTAD, BACI),
- Services export and import composition when possible (UNCTAD),
- Tourism (aggregated and bilateral data for Arab countries)

Outcomes, Sectoral

- Contribution of services to VA of exports in goods (TiVA, UNESCWA)
- Imported versus domestic services into VA of exports in goods (TiVA, UNESCWA)
- Trade costs (World Bank, UNESCAP, and UNESCWA)
- Services in intermediate consumption of production sectors (IO tables, ESCWA)
- FDIs inflows in services (TiVA, UNESCWA and other sources)

Identifying & classifying services trade barriers in the Arab region

Technical paper: content and questions for discussion:

Questions for discussion

- What are the **highest quality indicators of services trade barriers** among the ones readily available? What is the **value-added of the most often used** indicators? What are the most **promising initiatives** in this regard?
- Which indexes worth being calculated? And what are the **best methodologies**?
- How to use available info on barriers in an **innovative** way?

- What would be the most relevant indicators/indexes to include in scoreboards?
 - A **narrow set** for effective policy-making
 - that could eventually be monitored on a **quarterly basis**,
 - A **larger set** for a more in depth understanding of the challenges and opportunities

- Which indexes to use or compute for further impact assessment research through modeling exercises using gravity models? and CGEs? Is there any other modeling approach that worth being explored?... (Please notice that the most appropriate modelling approach of this issue will be discussed later during the EGM).

Intra- and Inter-Regional Merchandise trade

2014, billion dollars and percentage

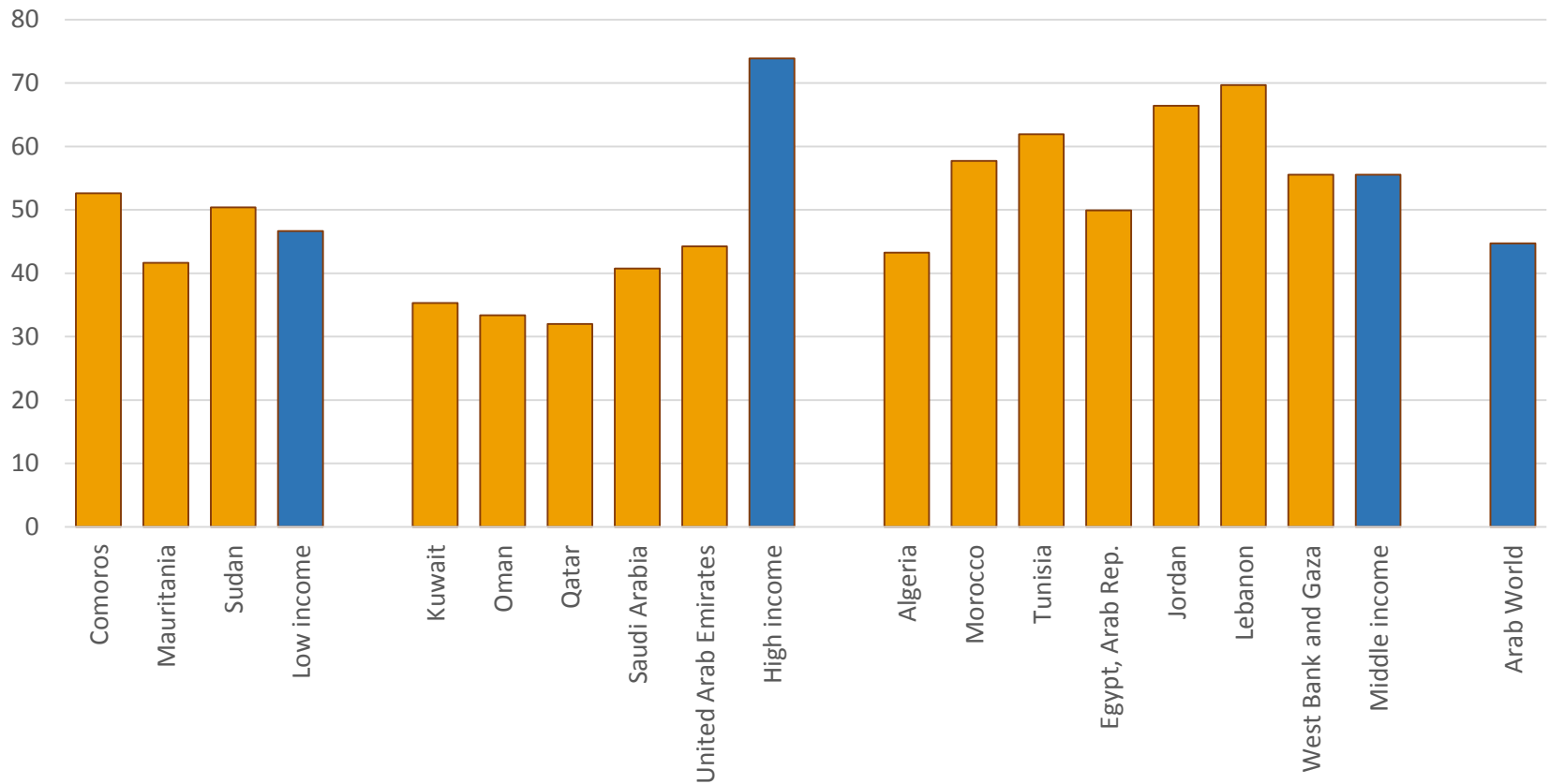
WTO, International Trade Statistics 2015

Origin	Destination							
	North America	South and Central America	Europe	CIS	Africa	Middle East	Asia	World
Value								
World	3195	744	6792	512	639	780	5485	18494
North America	1251	214	379	17	43	79	504	2493
South and Central America	173	179	114	9	18	17	170	695
Europe	540	119	4665	218	221	229	738	6810
Commonwealth of Independent States (CIS)	28	7	385	131	16	22	134	735
Africa	39	29	201	2	98	18	152	555
Middle East	99	11	148	7	36	113	694	1288
Asia	1065	185	900	127	207	302	3093	5917
Share of regional trade flows in each region's total merchandise exports								
World	17.3	4.0	36.7	2.8	3.5	4.2	29.7	100.0
North America	50.2	8.6	15.2	0.7	1.7	3.2	20.2	100.0
South and Central America	24.8	25.8	16.4	1.4	2.5	2.4	24.5	100.0
Europe	7.9	1.7	68.5	3.2	3.3	3.4	10.8	100.0
Commonwealth of Independent States (CIS)	3.9	0.9	52.4	17.8	2.1	3.1	18.2	100.0
Africa	7.0	5.1	36.2	0.4	17.7	3.3	27.3	100.0
Middle East	7.7	0.8	11.5	0.5	2.8	8.8	53.9	100.0
Asia	18.0	3.1	15.2	2.1	3.5	5.1	52.3	100.0

Contribution of Services to GDP

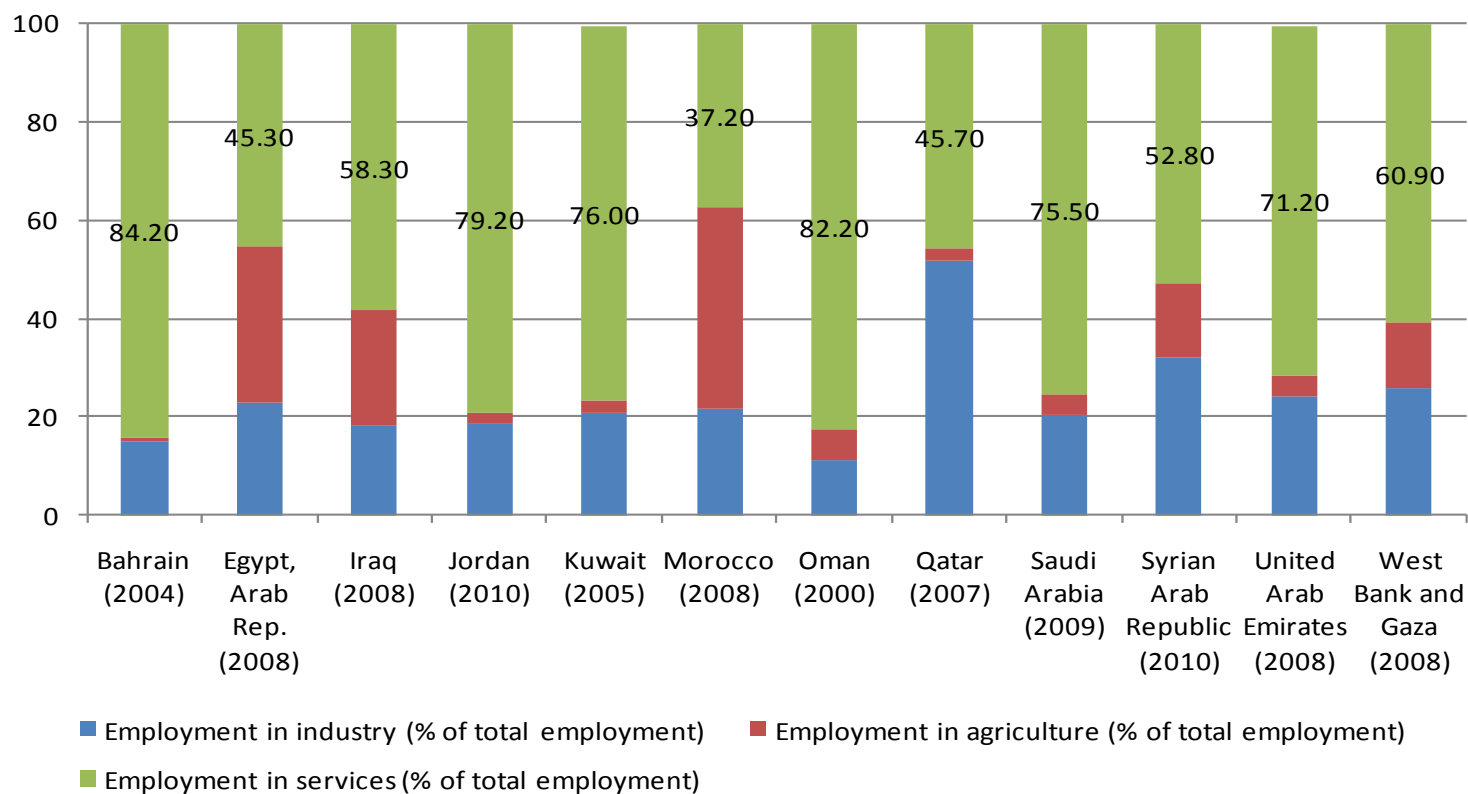
(2014, % GDP, source: WTO)

high but provided mainly by public sector



Employment by sector

in % of total employment, latest year available, source: WDI
no data for Lebanon, Libya, Yemen, Tunisia



Assessing Arab Economic Integration Report: Services Liberalization in the ESCWA region

**Achievements
so far:
commitments
before the
WTO**

Arab Countries	Number of commitment	ASEAN+3 countries	Number of commitment
Bahrain	22	Brunei Darussalam	22
Egypt	44	Cambodia	94
Jordan	110	Indonesia	45
Kuwait	61	Lao	79
Mauritania	3	Malaysia	73
Morocco	45	Myanmar	5
Oman	97	Philippines	51
Qatar	41	Singapore	67
Saudi Arabia	120	Thailand	75
Tunisia	20	Viet Nam	105
United Arab Emirates	46	China	93
Yemen	84	Korea, Republic of	98
Average	58	Japan	112
Average without Saudi Arabia and Jordan	46	Average	71
		Average without Japan	67
Other BRICS		Europe	
Brazil	43	Turkey	77
Russian Federation	122	Poland	61
India	37	European Union	115
South Africa	91		

Assessing Arab Economic Integration Report: Volume II: Services Liberalization in the ESCWA region

Maritime sector

Trade and transport are inextricably linked,

- key to widen the range of available goods and services and push down their prices,
- effective transportation increases the size of the market available to domestic firms,
- affect production costs and fosters innovation by exposing firms to international competition
- drives countries' competitiveness,
- in particular in a world dominated by value chains,
- and the 'new normal' low world GDP and trade growth.

Transportation is

- Key stepping stone to economic growth and job creation,
- But connecting towns to cities and regions to nations are crucial to inclusive development
- and maximizing gains from human, capital and natural resources.

Each dollar spent on strategic economic infrastructure is estimated to increase GDP by 0.05 to 0.25 US

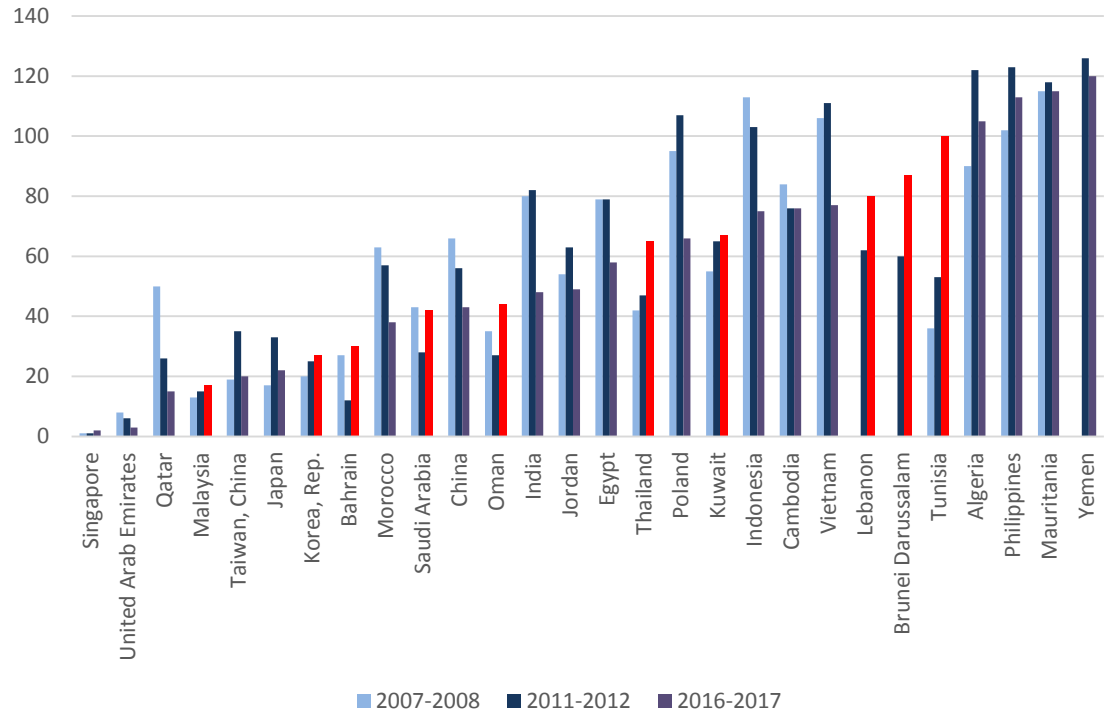
European Investment Bank, (2005). Public Capital and Economic Growth: a Critical Survey, European Investment Bank Papers Volume 10, pp.40-71.

Assessing Arab Economic Integration Report: Volume II: Services Liberalization in the ESCWA region

Maritime sector

Assessment: Practitioners' views (quality)

- Rank 1 to 40, 6 countries out of 9 are ASEAN countries. Among Arab countries, except Morocco, all are high income GCC countries (The UAE, Qatar, Bahrain).
- Most Arab countries are falling behind in the rankings (Bahrain, Saudi Arabia, Oman, Kuwait, Lebanon and Tunisia).
- Among ASEAN countries, only Malaysia, Thailand and Brunei Darussalam didn't improved Substantial improvement for Qatar, Morocco, China, India, Egypt, Poland, Indonesia, Viet Nam.



World Economic Forum, Executive Opinion Survey 2016-2017, Ranking , 138 countries