



**GATEWAY to Trade**  
Trinidad & Tobago

# SUPPORTING SERVICES EXPORTS

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# GATEWAY to Trade Observations

Strengthening Services for the Future

✓ **Requires collaboration between government, private sector, and business support organizations**

*Some challenges:*

- Business & Professional: Market access / development financing
- Energy Services: Market intelligence / regional hub / CSME
- ICT Services: Higher education support / up-skilling
- MICE Tourism Services: Infrastructure / digital divide

✓ **Among the pilot programme services firms:**

- Millions of \$USD in 2019 sales
- Over 90% are exporting / approx. 30% sales are exports
- > 20 different foreign national/regional markets
- In Phase 3 alone (22 companies) = 1,400 jobs

✓ **Trinidad & Tobago can leverage global success**

- Even natural resource-rich economies are forced to innovate to compete – see Canada
- STEM, “Orange Economy”, credentialed services, tourism: TT has the ingredients; all that’s needed is a long game.

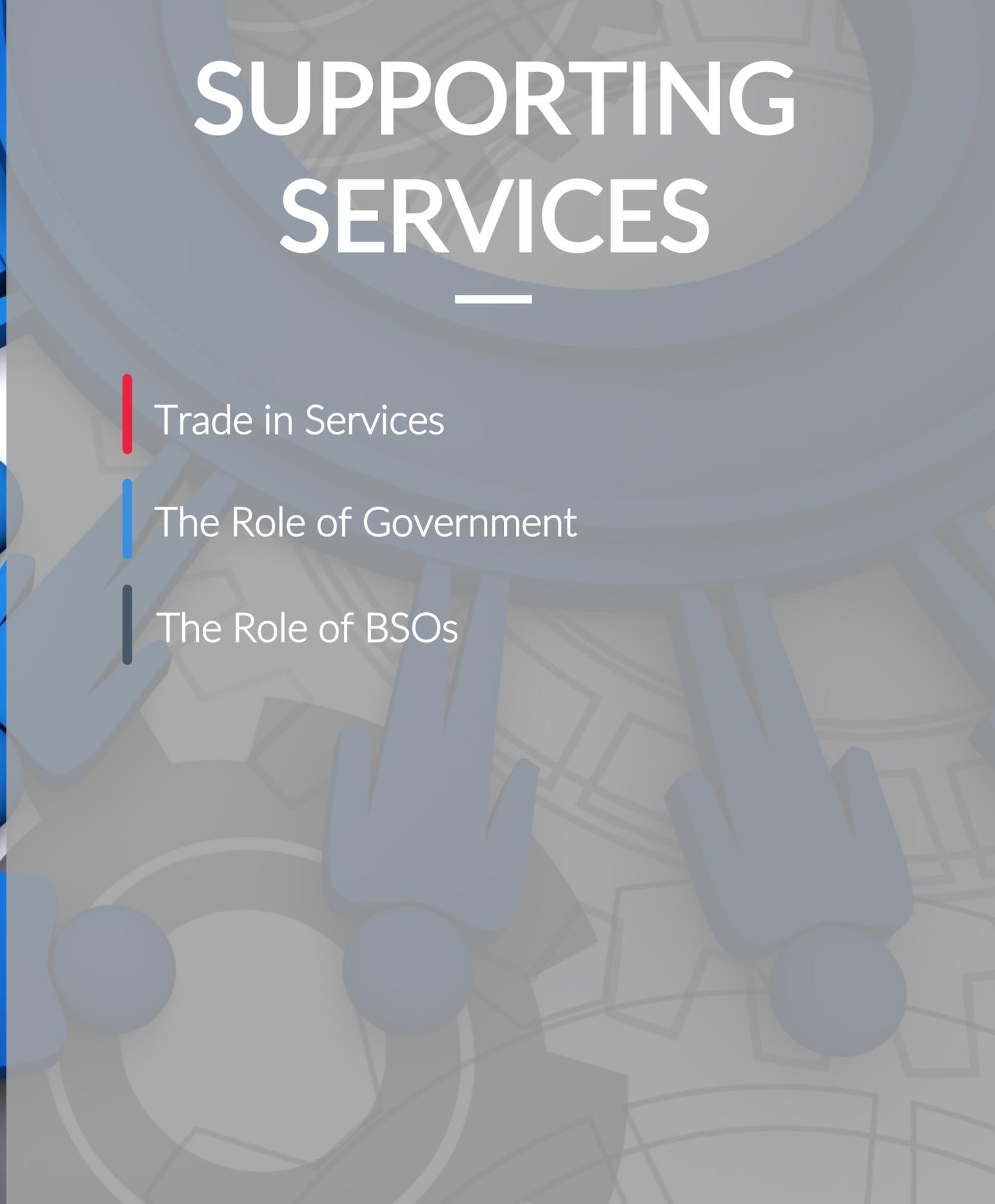




# SUPPORTING SERVICES

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-  Trade in Services
-  The Role of Government
-  The Role of BSOs





## Quote

“

The important role that trade in services plays in economic growth and development is increasingly evidenced by its contribution to export diversification, the role of services as inputs to the production of goods [Mode 5], and the importance of service sectors as a destination for foreign direct investment.

”

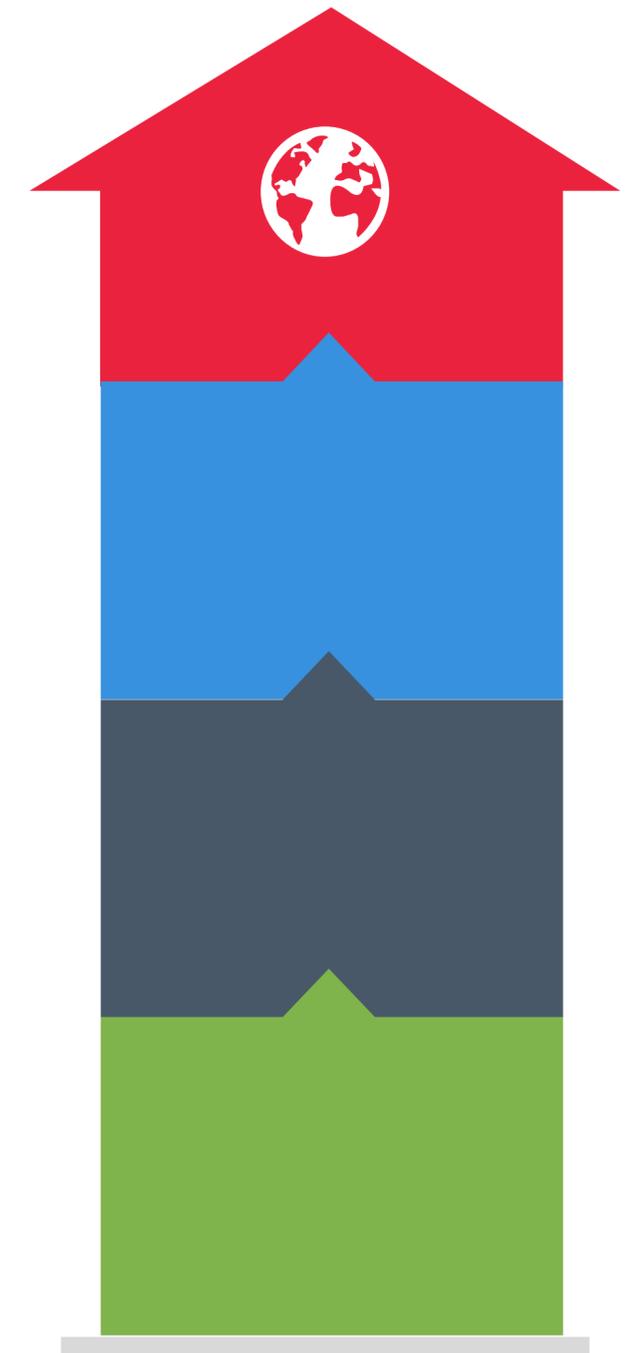
~ “Aid for Trade at a Glance 2017: Promoting Trade, Inclusiveness and Connectivity for Sustainable Development”, OECD, WTO 2017

# The Growth of the Services Sector

## The growth engine

Over the past century, the services sector has grown to play an increasingly important role in global business.

- ✓ Largest sector of economic activity and growth – services account for 70% of global GDP in terms of value-added
- ✓ Services represent approximately 1/5 of global trade in terms of balance of payments, but nearly 1/2 of global trade in terms of value added
- ✓ Almost 50% of the global population is employed in the services sector
- ✓ Services account for 65% of global foreign direct investment



# Benefits of Exporting Services

For service companies and country

## Benefits of Exporting for your Company

- ✓ Increased sales/profit
- ✓ The opportunity to specialize as a result of increased market size
- ✓ Enhanced credibility, innovation and competitiveness through global exposure
- ✓ Mitigated risks of doing business in only one country
- ✓ Expanded networks
- ✓ Tax/export incentives
- ✓ Access new opportunities and intelligence

## Benefits of Exporting for your Country

- ✓ Increased foreign exchange
- ✓ Participation of SMEs
- ✓ More domestic availability of services
- ✓ Lessened impact of economic downturns and seasonality
- ✓ Reduced brain-drain
- ✓ Investment attraction
- ✓ More jobs

# Constraints Affecting Services Firms

Exporting services challenges for Trinidad and Tobago businesses

Management	Financing	Service Offerings	Marketing
<ul style="list-style-type: none"><li>• Primarily MSMEs</li><li>• No clear objectives</li><li>• Short-term thinking</li><li>• No business/export plans</li><li>• Insular thinking</li></ul>	<ul style="list-style-type: none"><li>• High cost of travel</li><li>• Tenuous cash flow position</li><li>• Worries re. getting paid</li><li>• Difficulty in accessing financing (no tangible assets)</li></ul>	<ul style="list-style-type: none"><li>• Different quality standards</li><li>• Differentiation / innovation required</li><li>• World-class branding required</li><li>• No measures in place to protect IP</li><li>• Not internationally competitive</li></ul>	<ul style="list-style-type: none"><li>• No knowledge of marketing 'invisibles'</li><li>• Technical skills but limited marketing skills</li><li>• No strategic networks in place</li><li>• Difficulty in establishing credibility</li><li>• Limited knowledge re. establishing partnerships</li><li>• Limited access to market information and intelligence</li><li>• Process for developing service contracts is long</li></ul>
Mindset	Human Resources		
<ul style="list-style-type: none"><li>• Lack of confidence</li><li>• Complacency</li><li>• Lack of motivation</li><li>• No sense of urgency</li><li>• Weak prioritization</li><li>• Weak time management</li></ul>	<ul style="list-style-type: none"><li>• No recognition of professional credentials</li><li>• Limited productivity</li><li>• Difficult to mobilize personnel</li><li>• Weak project management skills</li></ul>		

# Supporting Services is Challenging

And different

## The services sector is:

- ✓ Fragmented (not only within the private sector)
- ✓ Disorganized
- ✓ Complex
- ✓ Not well-understood
- ✓ Largely 'invisible'

*RESULT?* Limited support: Governments tend to focus support on the traditional manufacturing, agricultural, and energy (if present) sectors. This results in limited support for the services sector, including an underdeveloped policy framework, lack of tailored incentives and limited export promotion support.



Example:



Team Canada Inc • Équipe Canada inc

# Successful Services Exporting

## Factors supporting services

Research by the World Bank in several developing countries regarding successful services exporting has revealed the following:

- ✓ Services performance critically depends on human capital, the quality of telecommunications networks, and institutions for cross-border services
- ✓ Success in manufacturing is not a pre-condition for success in services
- ✓ The importance of conducive domestic trade and investment policies and labour mobility in services
- ✓ The usefulness of targeted policies (special economic zones, general incentives and export promotion)
- ✓ The importance of complementarities among services activities (clusters) and among different 'modes' of supply

# THE ROLE OF GOVERNMENT

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# Enabling Factors for Services Competitiveness

## Supporting Services

- ✓ Human capital
- ✓ Investment in intangible assets
- ✓ Enabling digital infrastructure
- ✓ Quality institutions and efficient domestic regulation
- ✓ Connectedness with international markets
- ✓ Deliberate national policy focus
- ✓ Services business stakeholder consultation



# Strategies for Government for Supporting Services Sector Development & Exporting

Including, but not limited to...

1. ICT Infrastructure
2. Development of Online Business
3. Access to Education & Specialized Training
4. Research & Analysis
5. Focal Point & Consultation
6. Strategy
7. Negotiating Market Access
8. Coalition of Service Industries
9. Raising Awareness
10. Enabling Environment
11. Incentive Regimes
12. Export Promotion
13. Investment Promotion

# ICT Infrastructure

## Access to the Internet

Service exporters require fast, reliable and cost-effective internet.

- ✓ Mode 1 services exports are dependent on the internet, as is export marketing and communications
- ✓ Internet access in rural areas supports services delivery and exports
- ✓ IT parks support technology-based entrepreneurship and exports in high-value sectors, as well as innovation



# Access to Education & Specialized Training

## Building skills

There is a strong correlation between the level of tertiary education enrolment and services exports in developing countries.

### **Governments should:**

- ✓ Review and modernize curriculum at secondary and vocational levels
- ✓ Ensure that tertiary level training requirements are inline with international standards
- ✓ Support ongoing training in new/niche/priority areas with export potential and ensure that the training is ongoing/incremental to allow for movement up the value chain



# Research & Analysis

Support with data

Governments should develop systems to collect and analyse data on the services sector and services exports and distribute the findings.

- ✓ Assess the state of the national services sector identifying the strengths and needs
- ✓ Collect both qualitative and quantitative data - information can be collected via surveys in collaboration with TTCSI, services associations, chambers of commerce, and other business associations
- ✓ Identify priority sub-sectors and develop relevant strategic interventions to support these



# Focal Point & Consultation

## Public-private sector dialogue

While the services sector is fragmented, a coordinated approach is required for its development. A task force can support public-private, cross-public and cross-private sector dialogue.

- ✔ Establish a services sector task force comprised of representatives from the government, trade support organizations, and priority services sectors
- ✔ The role of the task force would be to provide guidance to the government with respect to policy making, legislative and regulatory changes, human resource development, financing, standards, competitiveness and export development
- ✔ Organize national consultations on a regular basis



# Strategy

## Public-private sector dialogue

Services strategies are more effective when they are integrated into key national strategies.

- ✓ Mainstream service sector development in national development plans, investment regimes and trade development
- ✓ Seek technical assistance to support the development and implementation of services strategies
- ✓ Ensure that the organization(s) responsible for the implementation of the strategy has the resources necessary to do so



# THE ROLE OF INTERMEDIARIES

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# Strategies for BSOs for Supporting Services Sector Development & Exporting

Including, but not limited to...

1. Structure & Support
2. Research & Analysis
3. Raising Awareness
4. Enhancing Competitiveness
5. Lobbying & Advocacy
6. Building Networks
7. Export Promotion
8. Celebrate Success



# DISCUSSION

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# Services Export Promotion Main Constraints & Challenges

Some key topics...

- A need to create an ongoing dialogue among Trinidad and Tobago's relevant ministries and state agencies that includes the private sector > necessary for needs assessment, policy development, and grassroots support.
- The quality of the services trade support provided by trade and investment support institutions (TTCSI's recent initiatives, like GoGlobalTT Services, have begun to enhance this, for example.)
- Alignment and coordination of the different authorities and institutions involved in trade policies and export development, including the level and quality of supports nationwide for "intangibles" (Team Canada Inc example.)
- Continued protection of intellectual property rights and a level regional playing field that prevents unnecessary hurdles to growth.
- A heightened culture of innovation that encourages the development of new, high value-added sectors.

# Building Networks

## Building services

- ✓ What factors have contributed to the success of TT's Energy Services or Carnival sector?
- ✓ How can this success be translated to other services sectors?
- ✓ Border-out market access and market intelligence are critical...how can this be improved?
- ✓ How should government agencies and business associations promote trade in services?
- ✓ What work has been done to measure TT's brand perception in major markets, and are strategies to be developed to enhance this?
- ✓ What foreign partnerships does TT have in place to encourage bilateral trade in services relationships?
- ✓ How can TT's services dialogue be improved in the future?