Selective comments on

“*Overview of Policy Planning Techniques, Data Constraints and Results to Examine the Benefits of Services Trade and Investment Liberalization*”

(or “Modeling Market Access in Services”)

By Hikari Ishido (Chiba University)

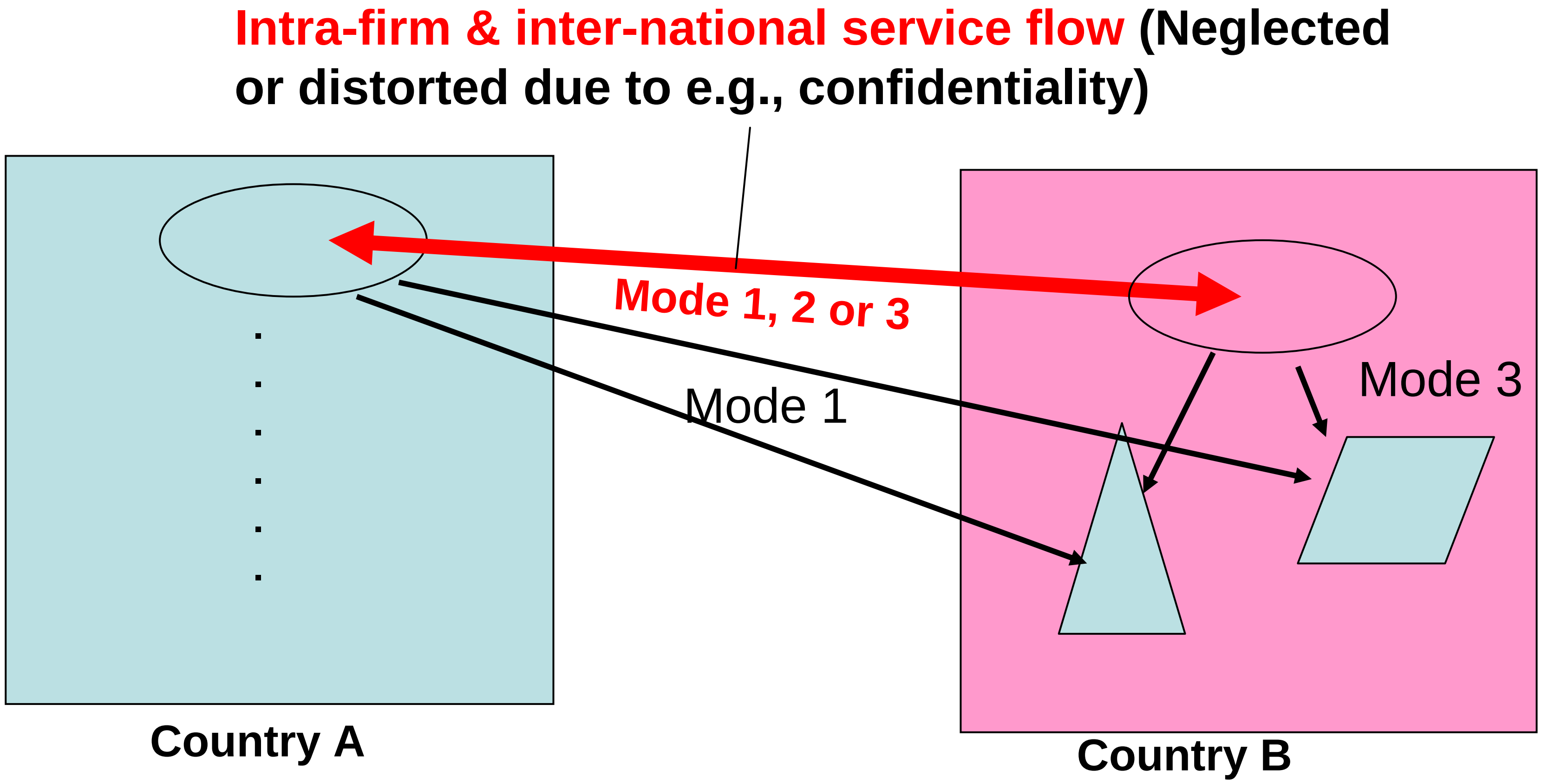
- The paper overall makes a balanced, wide ranging if not all-encompassing of course, evaluation of the limits of and scope for measuring and using service trade data for deriving various policy implications.

- The paper first rightly points out that "there is an overlap of services market access with trade, FDI, and labor migration" (making detailed analysis so hard.)

- “This means that the market access negotiations in services involve a mix of rules on FDI, movement of persons, and cross-border commerce.”

->This is a dismal but right observation in policy making for service trade.

Service Trade's Data Constraints (an illustration)



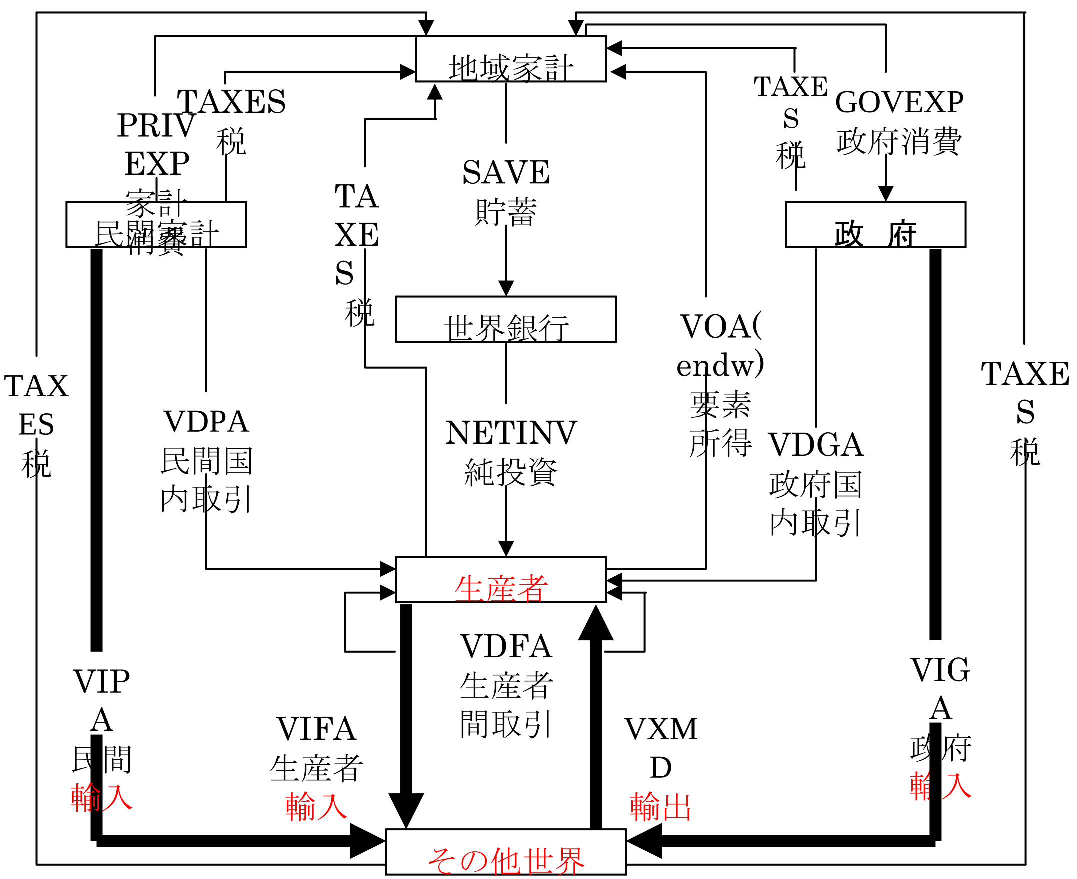
Actual service trade flow might be significantly larger than what official statistics indicates (as we all know).

Services as a “non-tradables” sector

- How services trade differs, in ways that deserve serious thought when modeling market access in a Computable General Equilibrium (CGE) model?

From a PhD thesis on East Asian Community (in Japanese, by a Chinese student)

Macro-framework of a GTAP model



-> General equilibrium style (and sophisticated), but services trade treated as non-tradables

Service trade data much like “Swiss cheese” (i.e., “full of holes”)

A Service Trade Matrix (for APEC members and some EU countries)

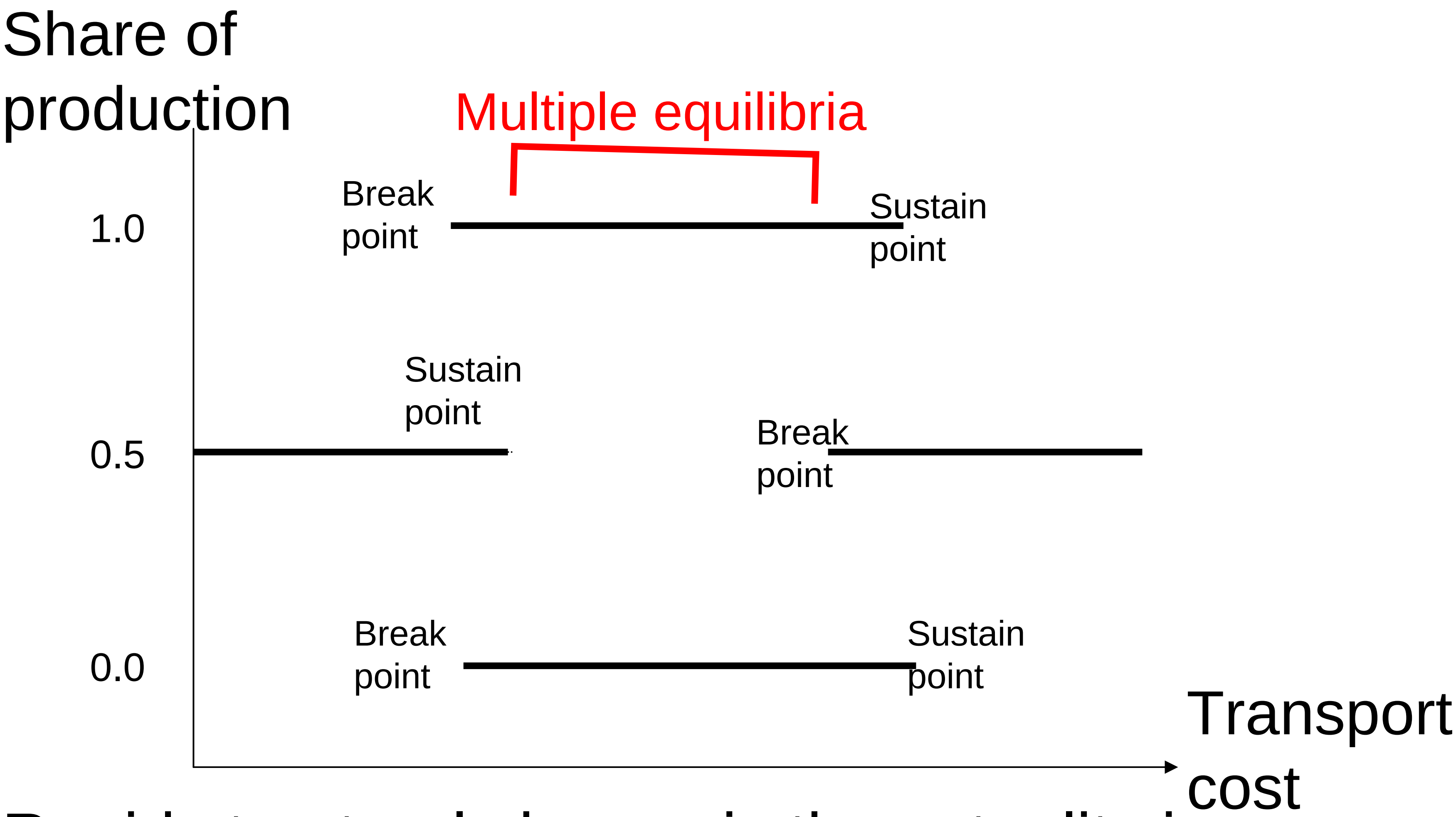
To: From:	AU	BN	CA	CL	CN	HK	ID	JP	KR	MY	MX	NZ	PG	PE	PH
AU	-	48	550	101	3,289	2,219	750	3,763	1,554	1,111	61	2,849	366	30	222
BN	59	-	..	na	na	na	na	na	na	na	na	na	na	na	na
CA	570	na	-	82	997	1,182	148	1,664	729	183	630	101	na	na	170
CL	163	na	59	-	na	..	na	na	na	na	na	na	na	na	na
CN	1,058	na	998	na	-	11,271	na	8,141	8,952	na	na	na	na	na	na
HK	1,459	..	1,888	..	20,698	-	662	5,953	2,247	1,038	85	196	na	na	624
ID	597	na	79	na	na	315	-	1,628	na	na	na	na	na	na	na
JP	1,608	na	1,719	na	8,156	3,498	1,584	-	9,866	335	771	296	na	na	1,390
KR	414	na	344	na	8,974	743	na	7,178	-	na	na	na	na	na	na
MY	851	na	216	na	na	662	na	1,338	na	-	na	na	na	na	na
MX	26	na	1,329	na	na	22	na	412	na	na	-	na	na	na	na
NZ	2,002	na	110	na	na	203	na	533	na	na	na	-	na	na	na
PG	219	na	..	na	na	na	na	na	na	na	na	na	-		na
PE	23	na	..	na	na	na	na	na	na	na	na	na	na	-	na
PH	256	na	274	na	na	404	na	1,744	na	na	na	na	na	na	-
RU (2006 data)	62	0	453	2	381	69	5	473	450	11	12	13	na	2	5
SG	3,939	na	1,050	na	na	2,367	na	8,091	na	na	na	na	na	na	na
TH	1,347	na	163	na	na	1,001	na	2,794	na	na	na	na	na	na	na
TW	189	na	366	na	na	1,653	na	4,159	na	na	na	na	na	na	na
US	6,906	na	47,113	na	14,205	6,236	na	43,041	22,636	na	23,803	na	na	na	na
VN	417	na	48	na	na	143	na	579	na	na	na	na	na	na	na
EU27	8,434	..	14,263	na	24,315	7,236	2,479	33,013	16,944	3,206	6,207	2,628	na	na	1,391
FR	614	26	2,268	951	3,252	481	350	2,992	732	274	1,189	151	0	59	234
GM	1,130	10	2,092	939	4,391	1,313	324	6,911	2,424	619	1,230	412		159	189
IT	540	na	800	na	na	262	na	2,221	na	na	na	na	na	na	na
UK	3,364	na	4,300	na	na	3,166	na	10,994	na	na	na	na	na	na	na
World	38,535	na	82,498	na	na	42,589	na	150,232	83,116	na	22,833	na	na	na	na

A Service Trade matrix (Cont.)

To: From:	RU (2006 data)	SG	TH	TW	US	VN	EU27	FR	GM	IT	UK	World
AU	22	*2,653*	*673*	431	6,181	*326*	8,600	710	*838*	468	3510	*40,199*
BN	0	na	na	na	na	na	na	3	na	0	na	1,316
CA	1,102	*345*	*86*	*374*	25,153	*46*	13,205	2,113	1,641	991	2,683	*64,833*
CL	2	na	na	na	na	na	1,879	441	na	135	na	8,952
CN	157	na	na	na	8,791	na	18,846	3,259	na	1,575	na	na
HK	75	*2,498*	*802*	*4,640*	6,942	*242*	11,134	1,174	2,822	631	*6,657*	*84,698*
ID	5	na	na	na	na	na	1,568	196	na	na	na	na
JP	257	*9,972*	*4,219*	*9,005*	26,204	*459*	18,895	2,199	3,651	1,009	5,400	*129,026*
KR	359	na	na	na	8,894	na	5,421	701	1,662	617	628	*63,349*
MY	28	na	na	na	na	na	2,553	382	na	na	na	na
MX	5	na	na	na	15,795	na	4,521	806	na	439	722	*16,392*
NZ	3	na	na	na	na	na	1,789	73	na	63	892	na
PG	0	na	na	na	na	na	na	1	na	10	na	na
PE	0	na	na	na	na	na	na	253	na	73	na	na
PH	3	na	na	na	na	na	1,476	92	na	52	na	na
RU (2006 data)	-	*77*	*34*	*13*	*2,669*	*110*	na	2,187	*2,328*	*514*	*2,126*	*30,927*
SG	92	-	na	na	4,252	na	9,763	765	2,934	304	na	na
TH	291	na	-	na	na	na	6,743	656	na	489	na	na
TW	2	na	na	-	7,423	na	3,490	315	na	443	na	na
US	2,475	*7,429*	na	*7,786*	-	na	174,802	13,154	28,760	9,724	32,881	*279,407*
VN	52	na	na	na	na	-	na	482	na	44	na	na
EU27	*26,330*	*15,599*	*2,943*	*5,094*	90,445	na	852,107	66,351	151,813	75,567	na	*1,612,439*
FR	1,285	*1,125*	*501*	*200*	15,093	na	*76,875*	-	18,864	11,981	19,509	*145,445*
GM	3,131	*2,144*	*626*	*817*	31,618	*237*	*113,569*	11,768	-	12,133	15,235	*215,985*
IT	821	na	na	na	8,330	na	na	7,489	14,738	-	9,168	na
UK	3,224	na	na	na	44,594	na	na	13,058	23,639	14,862	-	na
World	44,739	na	na	na	378,130	na	1,419,284	130,432	261,281	121,251	201,423	-

->A very high share of “na”
(so this table remains unusable for my research)

"Increasing returns" from spatial economics (with two regions)



Rapid structural change is the actuality in services sector -> a serious limit to CGE

- General equilibrium models are general (i.e., incorporating interactions among sectors), but static in nature.

- Service sector is by nature dynamic or even "unpredictable" (depending on heterogeneous customer needs)

  -> hard to "codify" service trade structure (i.e., both as inputs and outputs) by the CGE

- Again this paper captures wide-ranging limitations but at the same time fruitfulness of our future practically-oriented research into service trade.