Trade & ICT: A Services View

A Presentation by the Ministry of Trade, Industry & Investment

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ECONOMICS OF ICT

• World exports of IT products - US$ 1.4 trillion in 2010.

• ICT trade as 12.5% (2008) of World merchandise trade from 18% (2000)

• Global Forecast (2010-2015) predicts Global cloud computing market to grow from $37.8 billion in 2010 to $121.1 billion in 2015
ICT Services Sector
GATS Classification

GATS – General Agreement on Trade in Services
- Multilateral framework of principles & rules for trade in services

Computer Services a sub-sector of Business and Professional services.

1. BUSINESS SERVICES
   B. Computer and Related Services
      a. Consultancy services related to the installation of computer hardware 841
      b. Software implementation services 842
      c. Data processing services 843
      d. Data base services 844
      e. Other 845+849
Telecommunication services

2. COMMUNICATION SERVICES

C. Telecommunication services
   a. Voice telephone services  7521
   b. Packet-switched data transmission services  7523
   c. Circuit-switched data transmission services  7523
   d. Telex services  7523
   e. Telegraph services  7522
   f. Facsimile services  7521 + 7529
   g. Private leased circuit services  7522 + 7523
   h. Electronic mail  7523
   i. Voice mail  7523
   j. On-line information and data base retrieval  7523
WTO: Computer Services

• Very dynamic area at the WTO

• Friends of Computer Services evolved into a plurilateral negotiating group Friends+ eg Canada, Costa Rica, India

• Develop joint request documents and a list of countries to which these requests will be submitted. Huge multinational service businesses work with each group.

• Ministerial Declaration on Trade in Information Products (ITA) - No CARICOM participants (design or oversight?/policy reluctance?)
Friends of Computer Services

– Computer & Related Services (CRS) as “tool for economic development”

– Statement calls for full liberalization of CRS “by making full market access and national treatment commitments for the sector as a whole (CPC 84)”
Ministerial Declaration - Trade in Information Products (ITA)

- December 1996
- 70 participants - 97% of world trade in IT products
- Duties completely eliminated
- Developing country participants have been granted extended periods for some products
- No CARICOM participants (design or oversight?/policy reluctance?)
How ICTs benefit business

• Extends reach of business services
• Reduces transaction costs

OECD

• *ICT contributes to economic performance through production*...
• *Investment in technology adds to capital stock & raises labour productivity*
• *Use of ICT to enhance efficiency & innovation.*
ICT & Sectoral Development

Use of ICT in consumer services such as

• Tourism (on-line travel)
• Health (telemedicine, electronic records)
• Education (distance learning)
• Financial services (on-line banking) &
• Entertainment (Music/Visual Art/Carnival e.g ICT³M project)
Case: ICT & Creative Industries

• ICT – Enormous potential to revolutionize the production and marketing of goods & services of Creative Economy

• On-line bookings/information accessibility
• On-line art auctions and internet sale of art
• Mobile applications (Music/Ringtones)
• Digitization assures reproduction quality
ICT In Trade Agreements: EPA

• EPA – 2007 CARIFORUM/EU Trade Agreement

• Title II “Investment, Trade in Services and E-commerce”

- Section on Computer Services: Article on Understanding on Computer Services (governs trade liberalisation)

• Chap on E-Commerce - cooperation
ICT In Trade Agreements:
EPA/CARICOM-Canada

Title IV “Trade Related Issues”

Protection of Personal Data:
• Legal regimes & administrative capacity to implement data protection principles & enforcement mechanisms

- Negotiations for CARICOM – Canada Trade & Development Agreement covers ICT (incl Telecommunications) & E-commerce
National Framework on Sustainable Development

Pillar 4 – Information and Communication Technology

Three (3) stages for National Development:

1. Substituting old technology for new

2. Increase in applications facilitated by new technology e.g. TTBizLink

3. Generation of new technology-related businesses and societal change
Policy Framework

• 2nd National ICT Strategy (underway)
• eTecK 15-year Strategic Plan
• Universality Framework for Telecommunication Services in Trinidad and Tobago
# T&T IT-BPO Target Segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>Service Lines</th>
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| Data Processing       | - Data Digitization  
                       | - Graphics Editing  
                       | - Data Mining  
                       | - Web Content Production |
| Hosting               | - Application Services  
                       | - Application Hosting  
                       | - Optical Scanning  
                       | - Computer Time-Sharing |
| Disaster Recovery     | - Online Data Back-up  
                       | - E-mail/Mobile/Data Recovery  
                       | - Emergency Transport Management |
| Systems Design        | - Enterprise Software Solutions  
                       | - Information Management and Business Intelligence Solutions  
                       | - Communications and Media Solutions |
| Animation             | - Pre-production  
                       | - Production |

Source: InvesTT 2011
## Table 8: Domestic Telecommunications Statistics

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<td><strong>General</strong></td>
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<td>Population (millions)</td>
<td>1.3</td>
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<td>GDP per capita (US $)(^{61})</td>
<td>5,950</td>
<td>6,891</td>
<td>7,166</td>
<td>8,246</td>
<td>8,470</td>
<td>11,560</td>
<td>14,576</td>
<td>16,683</td>
<td>21,408</td>
<td>15,067</td>
<td>15,924</td>
<td>17,042</td>
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<td>Telecom revenue (US $ million)</td>
<td>243.5</td>
<td>298.9</td>
<td>326.0</td>
<td>346.3</td>
<td>357.0</td>
<td>379.3</td>
<td>497.9</td>
<td>521.3</td>
<td>775.3</td>
<td>685.2</td>
<td>713.1</td>
<td>737.0</td>
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<tr>
<td>Total telephone subscriptions ('000s)</td>
<td>413.2</td>
<td>453.3</td>
<td>592.2</td>
<td>683.3</td>
<td>849.3</td>
<td>1,246.4</td>
<td>1,844.3</td>
<td>1,817.1</td>
<td>2,120.9</td>
<td>2,150.0</td>
<td>2,815.1</td>
<td>2,117.7</td>
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<tr>
<td>Total telephone penetration</td>
<td>31.9</td>
<td>34.9</td>
<td>45.5</td>
<td>52.4</td>
<td>65.0</td>
<td>95.2</td>
<td>140.8</td>
<td>138.7</td>
<td>163.1</td>
<td>165.3</td>
<td>167.2</td>
<td>160.7</td>
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<tr>
<td>Average revenue per user(^{62}) (ARPU) US $</td>
<td>659.4</td>
<td>550.4</td>
<td>506.8</td>
<td>420.3</td>
<td>304.3</td>
<td>239.5</td>
<td>286.9</td>
<td>365.6</td>
<td>318.7</td>
<td>322.5</td>
<td>348.0</td>
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<td>Fixed Voice subscriptions ('000s)</td>
<td>271.6</td>
<td>293.2</td>
<td>308.3</td>
<td>317.3</td>
<td>318.9</td>
<td>322.3</td>
<td>325.5</td>
<td>307.3</td>
<td>314.8</td>
<td>303.2</td>
<td>293.3</td>
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<tr>
<td>Fixed Voice penetration</td>
<td>21.0</td>
<td>22.6</td>
<td>23.7</td>
<td>24.4</td>
<td>24.4</td>
<td>24.6</td>
<td>24.9</td>
<td>23.5</td>
<td>24.1</td>
<td>23.2</td>
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<td>22.0</td>
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<tr>
<td>Fixed Voice household penetration</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>77.4</td>
<td>71.5</td>
<td>73.3</td>
<td>70.1</td>
<td>67.5</td>
<td>67.1</td>
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<tr>
<td>Average revenue per user (ARPU) US $</td>
<td>349.1</td>
<td>362.1</td>
<td>287.9</td>
<td>254.8</td>
<td>272.1</td>
<td>277.9</td>
<td>422.4</td>
<td>486.5</td>
<td>403.5</td>
<td>411.5</td>
<td>417.3</td>
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<td>Fixed Voice Subscription growth (%)</td>
<td>-2.6</td>
<td>8.0</td>
<td>5.2</td>
<td>2.9</td>
<td>0.5</td>
<td>1.1</td>
<td>1.0</td>
<td>-5.6</td>
<td>2.4</td>
<td>-3.7</td>
<td>-3.3</td>
<td>-0.4</td>
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<tr>
<td><strong>Mobile</strong></td>
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</tr>
<tr>
<td>Mobile subscriptions ('000s)</td>
<td>141.6</td>
<td>160.1</td>
<td>283.9</td>
<td>366.0</td>
<td>530.4</td>
<td>924.1</td>
<td>1,518.8</td>
<td>1,509.8</td>
<td>1,806.1</td>
<td>1,846.3</td>
<td>1,894.2</td>
<td>1,826.2</td>
</tr>
</tbody>
</table>

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\(^{61}\) GDP per capita is recorded at current market prices

\(^{62}\) ARPU is calculated as the total revenues generated from the service divided by the total number of subscriptions to the service