Export Potential of Services

Conference on The Economy
Friday 11th October, 2013
Prepared by: Aisha Stewart
“There are few things more important in business than trust. After all if potential customers do not have faith in your service then your business will never get off the ground.”

Richard Branson
Framework

- Key Services Trade Concepts
- Economic Performance of the Services Sector in Trinidad and Tobago
- exporTT Studies on Sectors of Focus
- Credibility – cross cutting issue
- exporTT’s plan
- EDF
Services

• A service is an act or performance one party can offer to another that is essentially intangible.

• Distinctive Characteristics of Services
  ▪ Intangibility
  ▪ Variability
  ▪ Perishability
  ▪ Inseparability
Modes of Service Supply

Mode 1

Mode 2

Mode 3

Mode 4
Services Economic Contribution to Trinidad and Tobago

• Services is a critical component of the local economy.

• Services sector grew in real terms is projected to grow by 2.6%.

• The sector regularly contributes over 50% of the national GDP.

• Key services sectors are financial services, construction services and transport services.
Services Contribution to GDP

Graph showing the contribution of services to GDP from 2009 to 2013.
Government Policy Towards Services

• Successive governments have acknowledged the importance of the services sector
• Consistent policy objectives towards stimulating services export.
• Services form of several of the industries identified by the government for export.
Data Collection Challenges

- No Export Services Data
- Decisions are made in the absence of data
- Limited data available on services sector production BOP5
ExporTT Mandate

• “creating internationally competitive firms in the non-energy manufacturing and services sectors to grow and diversify trade and generate wealth through export led growth”
About exporTT

• Cabinet appointed National Trade Facilitation Organization.
• Expanded portfolio to include trade in services to further stimulate the development of the sector.
• Responsible for improving the competitiveness of service providers
• Boost export growth and diversity of services
Sectors of Interest

• Energy Services
• ICT Services
• Construction Services
• Maritime Services
• Professional Services
• Creative and Cultural Services
• Tourism Services
• Financial Services
Energy Services

- Engineering Services
- Civil and Building Work
- Industrial and Wielding Supplies
- Off field installation services
- ECP Construction Services
- Geological and geophysical services
- Water well drilling
Please rank the following factors according to their impact on your sector's export performance.

- Market access
- Increased labour costs
- Labour supply
- Foreign Competition
- Access to Credit/Financing
- Technical competence of staff
- Certification (PTA, ECITB)
- Foreign Language skills
- Access to new Technology
- VAT on imported vessels
- Shipments and Trade routes

Legend:
- Orange: Very Strong Impact
- Blue: Strong Impact
- Purple: Neutral
- Red: Slight Impact
- Green: No Impact
Please rank your markets of interest

First:
- CARICOM
- Wider Caribbean
- United States
- European Union
- Canada
- Central America
- South America
- Far East
- Middle East
- Africa
- All Other Responses

Second:
- CARICOM
- Wider Caribbean
- United States
- European Union
- Canada
- Central America
- South America
- Far East
- Middle East
- Africa
- All Other Responses

Third:
- CARICOM
- Wider Caribbean
- United States
- European Union
- Canada
- Central America
- South America
- Far East
- Middle East
- Africa
- All Other Responses

Fourth:
- CARICOM
- Wider Caribbean
- United States
- European Union
- Canada
- Central America
- South America
- Far East
- Middle East
- Africa
- All Other Responses

Fifth:
- CARICOM
- Wider Caribbean
- United States
- European Union
- Canada
- Central America
- South America
- Far East
- Middle East
- Africa
- All Other Responses
ICT SECTOR

• Services of interest of the ICT sector are as follows:
ICT Consulting Services
Computer Engineering Services
Software Solutions
Change Management
Please identify the main export and trade facilitation challenges which impact on your ability to export ICT services.

- Internet/Connectivity: 23.3%
- Capacity Building, Training and Education: 26.7%
- Market Intelligence and Research: 60.0%
- International Market Access (technical barriers to trade): 53.3%
- Meeting International Standards: 26.7%
- Financing: 66.7%
- Research and Development: 33.3%
Please rank the following export markets of interest (1 being the highest):

- CARICOM
- Wider Caribbean
- United States
- European Union
- Canada
- Central America
- South America
- Far East (China, India, Singapore,..)
- Middle East
- Africa
- Oceania (Australia, New Zealand, etc)

Ranks:

- Oceania (Australia, New Zealand, etc): 10
- Middle East: 9
- Africa: 8
- Far East (China, India, Singapore,..): 8
- Central America: 6
- South America: 5
- Canada: 4
- United States: 3
- Wider Caribbean: 2
- CARICOM: 1
Construction Services

• Construction Services for export include:
  ❖ Engineering Services
  ❖ Architectural Services
  ❖ Quantity Surveying Services
  ❖ Project Management
  ❖ Project Feasibility
  ❖ General Constructions
Please identify the main export and trade facilitation challenges which impact on your ability to export ICT services.

- Internet/Connectivity: 23.3%
- Capacity Building, Training and Education: 26.7%
- Market Intelligence and Research: 60.0%
- International Market Access (technical barriers to trade): 53.3%
- Meeting International Standards: 26.7%
- Financing: 66.7%
- Research and Development: 33.3%
Maritime Services

- Engaged in mode 2 exports
- Services exported in the maritime services sector include:
  - Ship Agents and Brokerage Services
  - Boat Storage
  - Yacht Management
  - Customs Brokerage
  - Marine Agency and Logistics Services
General Observations

• The services sector surveyed there is a substantial appetite among services providers to export.

• Several companies in the energy services, construction sector and ICT sectors export services.

• Mode 4 is the primary mode of export for energy and construction services providers.
General Observations

• Primary export markets for the companies in the energy sector, ICT sector and construction services is the CARICOM market.

• Lack of access to export financing.
Credibility

• A core issue facing ALL services exporters is the issue of credibility.
• Services are inherently intangible; consumers therefore have to place greater trust in the service provider.
• Customer Empowerment – studies show that 92% of customers trust recommendations from people they know
exporTT’s Plans to Assist Service Providers

• Co-financing facility for services—three levels of export producers are capable of obtaining financing.

• Capacity building programs—divided along two core components international accreditation and training activities in export related skills.
exporTT’s Plans to Assist Service Providers

• Market Survey Missions and contract promotion missions in countries of interest
• Advocacy for clients on trade agreements and barriers to trade
EDF

EXPORT DEVELOPMENT FORUM 2013
29-30 OCTOBER
Hyatt Regency, Trinidad

EXPORT GROWTH
MAXIMIZING T&T'S POTENTIAL

Early Bird Special (Deadline Oct 4th): TT$1050 (US$170) *Day Pass TT$700 (US$110)

www.edfft.com

REGISTER NOW

exportTT
TRINIDAD AND TOBAGO