

Lim calls for liberalisation of trade in services

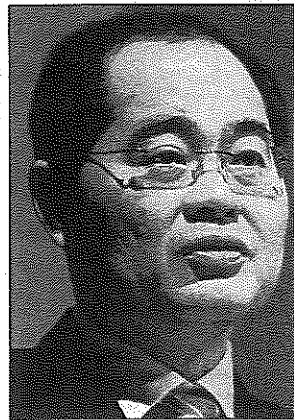
He urges countries to tap on sector's potential as a key source of growth

By LEE U-WEN

TRADE and Industry Minister Lim Hng Kiang has called on countries to tap the vast potential of the services sector as a key source of growth in the coming years.

He urged economies to liberalise their trade in services as doing so would see an increase in the ability of companies to transfer expertise across borders, generate new knowledge and develop new types of service offerings.

Mr Lim made these points at the opening of a two-day regional conference that discussed the challenges facing the 21-nation Asia-Pacific Econom-



Mr Lim: Says growth in the services sector can lead to positive synergies

ic Cooperation (Apec) grouping, of which Singapore is a founding member.

"With globalisation and rapid advances in information and telecommunications technologies, the boundaries of tradability of services are expanding," he

said at the event organised by the Singapore National Committee for Pacific Economic Cooperation.

As a share of Apec's gross domestic product (GDP), the services sector has remained fairly constant over the last decade or so. That sector accounted for 68 per cent of GDP in 2007, up marginally from the 65 per cent recorded in 1995.

The services sector, he noted, also accounted for 61 per cent of total employment in Apec economies in 2007, demonstrating the importance of the sector as a generator for jobs.

"While the services sector has often been thought of as the 'graveyard for productivity', research has demonstrated a link between services trade liberalisation and dynamic productivity gains arising from increased competition and

transfer of technology and know-how," said Mr Lim.

He then cited a June 2010 study by Australia's Centre for International Economics that showed how the global liberalisation of services trade was projected to bring about up to 2.3 per cent of real GDP gains by the year 2025.

Despite its various pluses, Mr Lim had one caveat that services trade liberalisation alone would not be enough to drive economic growth and development.

In order to achieve "robust growth and increased employment" within an economy, it was also necessary to build a balanced and diversified economic structure, said Mr Lim.

"It's crucial for economies to continue growing key economic sectors such as manufacturing even as they ride on the burgeoning growth in the services sector," he explained. "Con-

versely, growth in the services sector can bring about positive synergies in the form of stronger manufacturing growth."

In Singapore's case, Mr Lim shared with his audience how the state's efforts to grow its manufacturing sector had helped position the country as an attractive location for companies to cite their corporate headquarters or conduct design and research activities here.

"This, in turn, is supporting the growth of a range of services sectors, including financial, legal and other professional services," said Mr Lim.

"Increased inter-connectedness and integration of the global economy offer tremendous potential for growth in trade and investment, as long as we can ensure that our markets are open and able to trade freely."