

The Role of Infrastructure-Related Services in Developing APEC Economies: A Review

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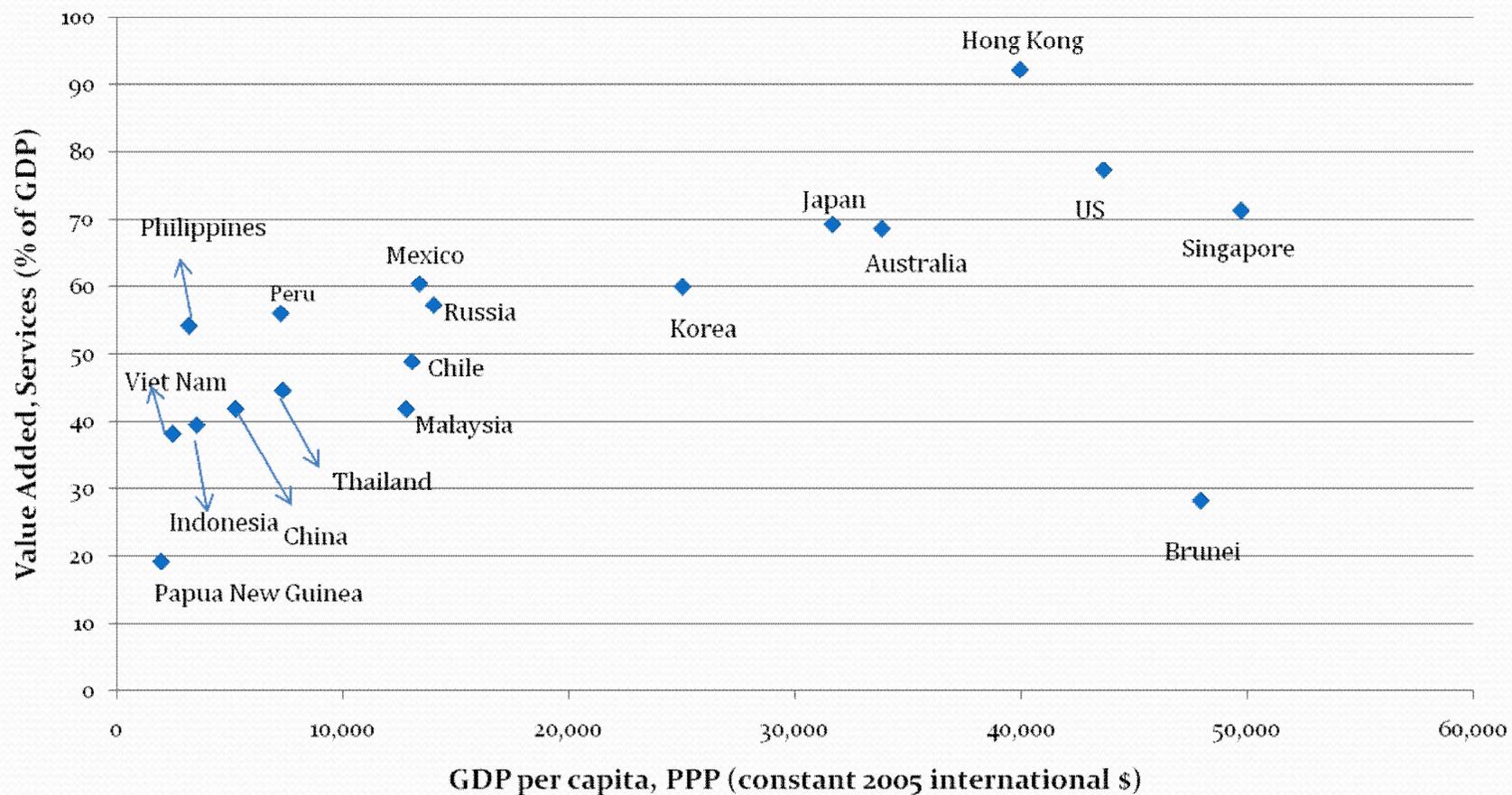
The study

- It is at the early stage
- The objective: to dissect the gains from services liberalization with special focus on infrastructure-related services.
- Case study: transportation-related services in Indonesia (possibility)

Services liberalization and economic development

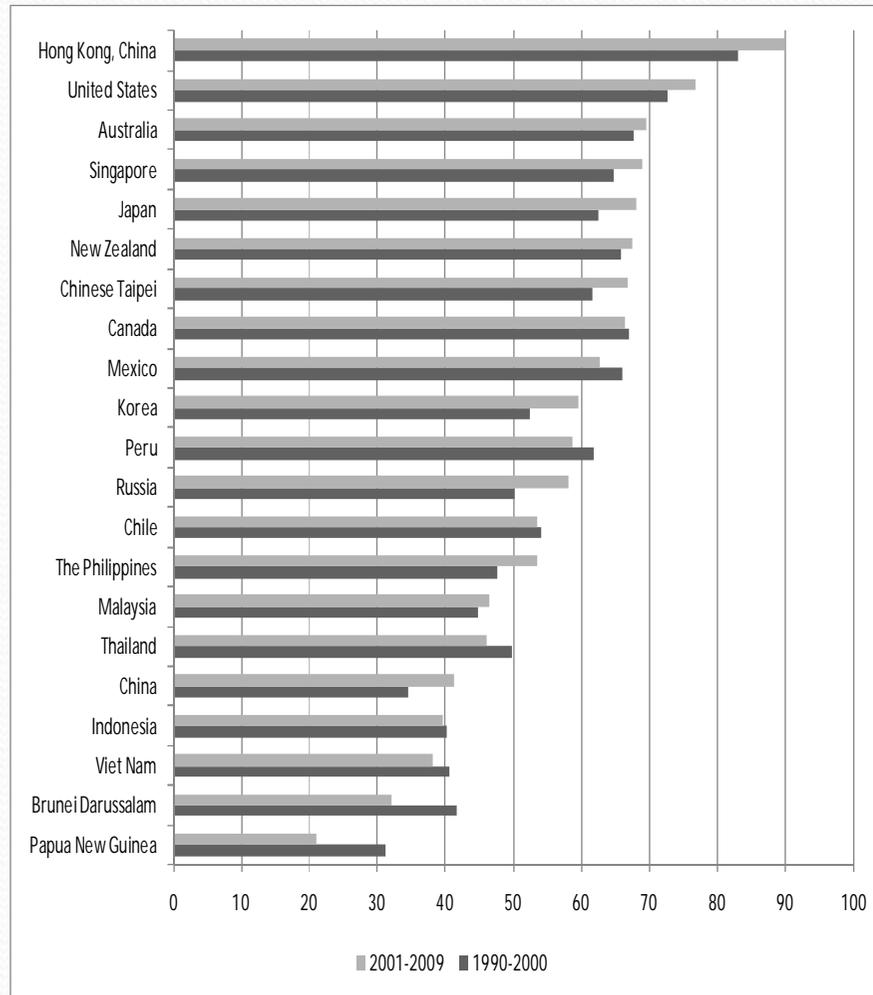
- Three possible ways services liberalization can affect economic development:
 - It can stimulate trades in goods as well as in services
 - E.g., more efficient transport services reduce trade costs
 - It can stimulate foreign direct investment
 - Many services trades require FDI e.g., telecommunications and producer services.
 - It can promote production network and outsourcing

Services Sector Contribution vs Income (2007)

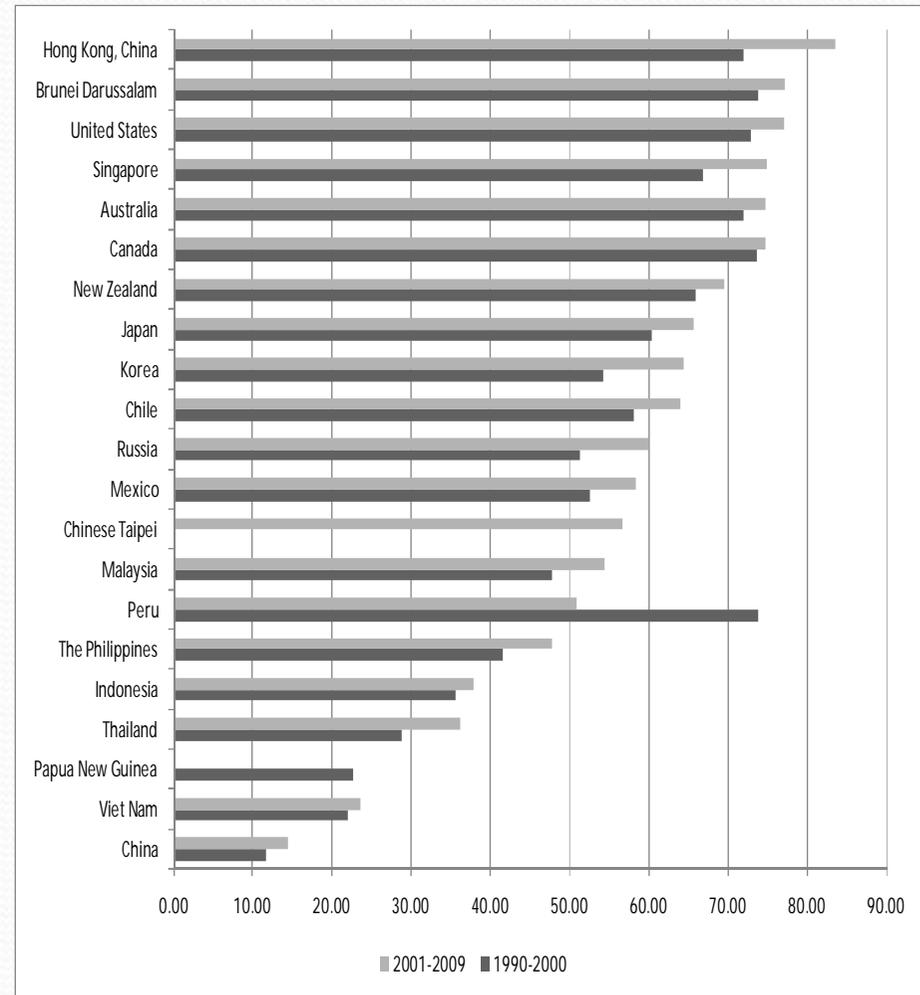


Source: World Development Indicators

The Share of Services in Total Value Added, Averaged in 1990-2000 and 2001-2009

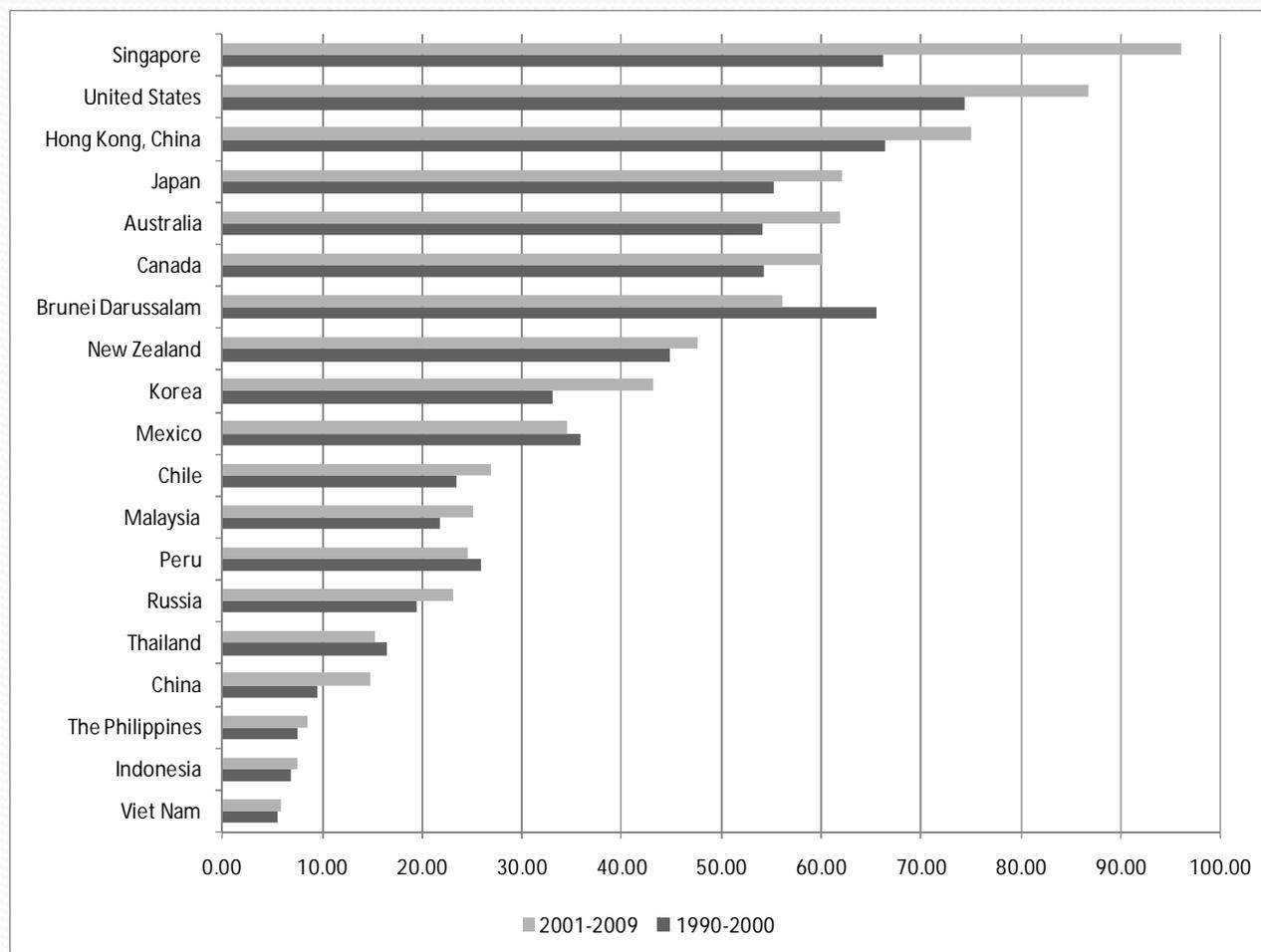


The Share of Services Employment in Total Employment, Averaged in 1990-2000 and 2001-2009



Source: World Development Indicators

Labor Productivity in Services (thousands PPP USD/employee)



Economy	Growth (1990-2007)
Australia	1.60
Brunei Darussalam	n.a.
Canada	(5.56)
Chile	2.57
China	(5.56)
Hong Kong, China	2.34
Indonesia	0.94
Japan	1.60
Korea	3.50
Malaysia	2.43
Mexico	n.a.
New Zealand	(5.56)
Papua New Guinea	n.a.
Peru	n.a.
The Philippines	1.60
Russia	2.00
Singapore	7.46
Chinese Taipei	n.a.
Thailand	(0.04)
United States	1.80
Viet Nam	n.a.

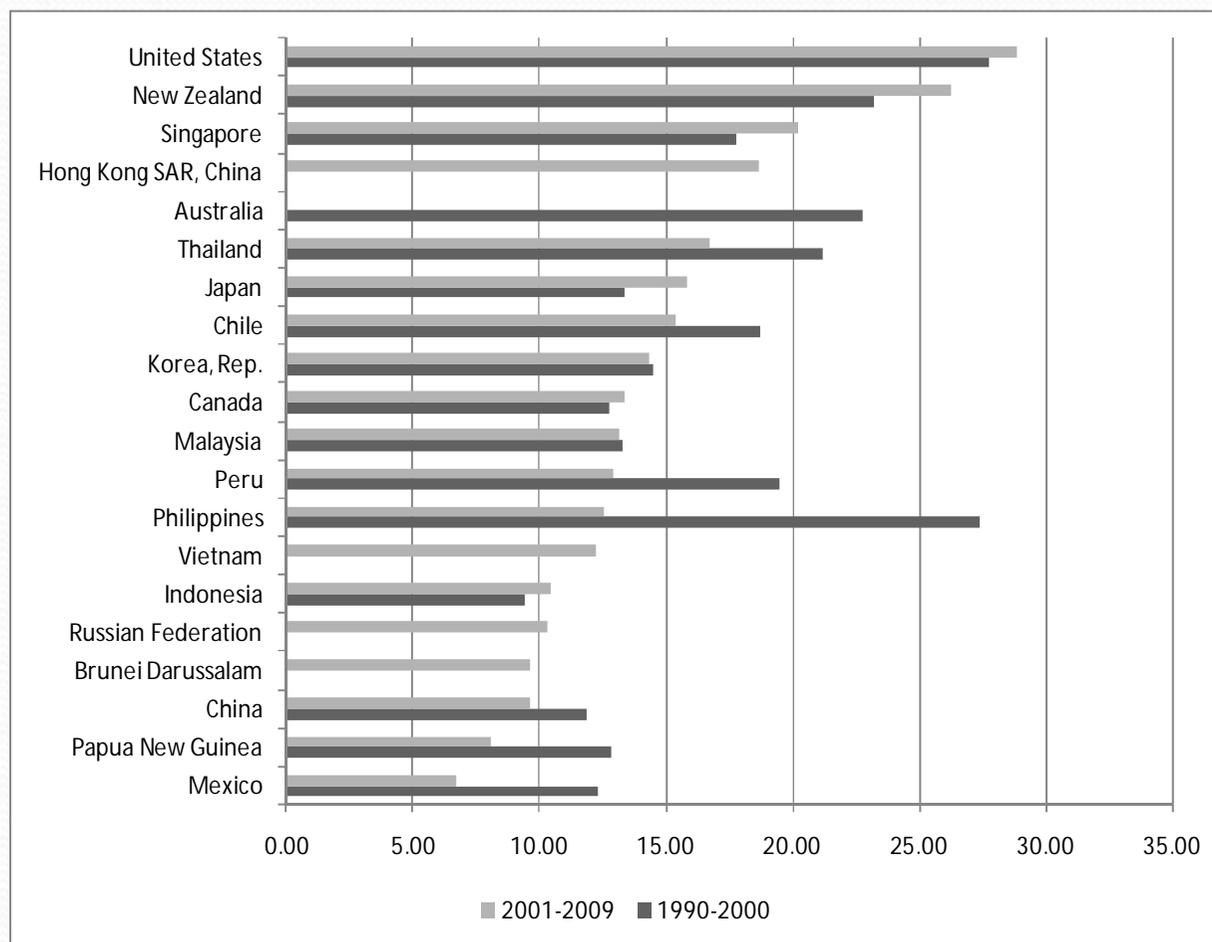
Source: World Development Indicators and ILO Statistics

Services Trade Balance (in million USD)

Country Name	Average 1990-2000	Average 2001-2009
Australia	(1,022.5)	355.2
Brunei Darussalam	n.a.	(519.0)
Canada	(7,397.7)	(11,876.1)
Chile	(283.2)	(788.4)
China	(1,958.1)	(10,925.2)
Hong Kong SAR, China	3,295.2	30,424.9
Indonesia	(6,964.7)	(11,069.6)
Japan	(49,525.6)	(29,166.0)
Korea, Rep.	(2,219.2)	(12,644.5)
Malaysia	(2,510.7)	(1,343.4)
Mexico	(1,945.8)	(6,010.3)
New Zealand	(482.6)	376.9
Papua New Guinea	(398.2)	(1,081.3)
Peru	(594.7)	(1,047.2)
Philippines	936.3	(475.8)
Russian Federation	(3,910.0)	(14,788.8)
Singapore	4,886.4	2,659.0
Thailand	(1,312.9)	(5,905.0)
United States	65,503.9	81,051.6
Vietnam	(210.1)	(703.8)

Source: World Development Indicators and ILO Statistics

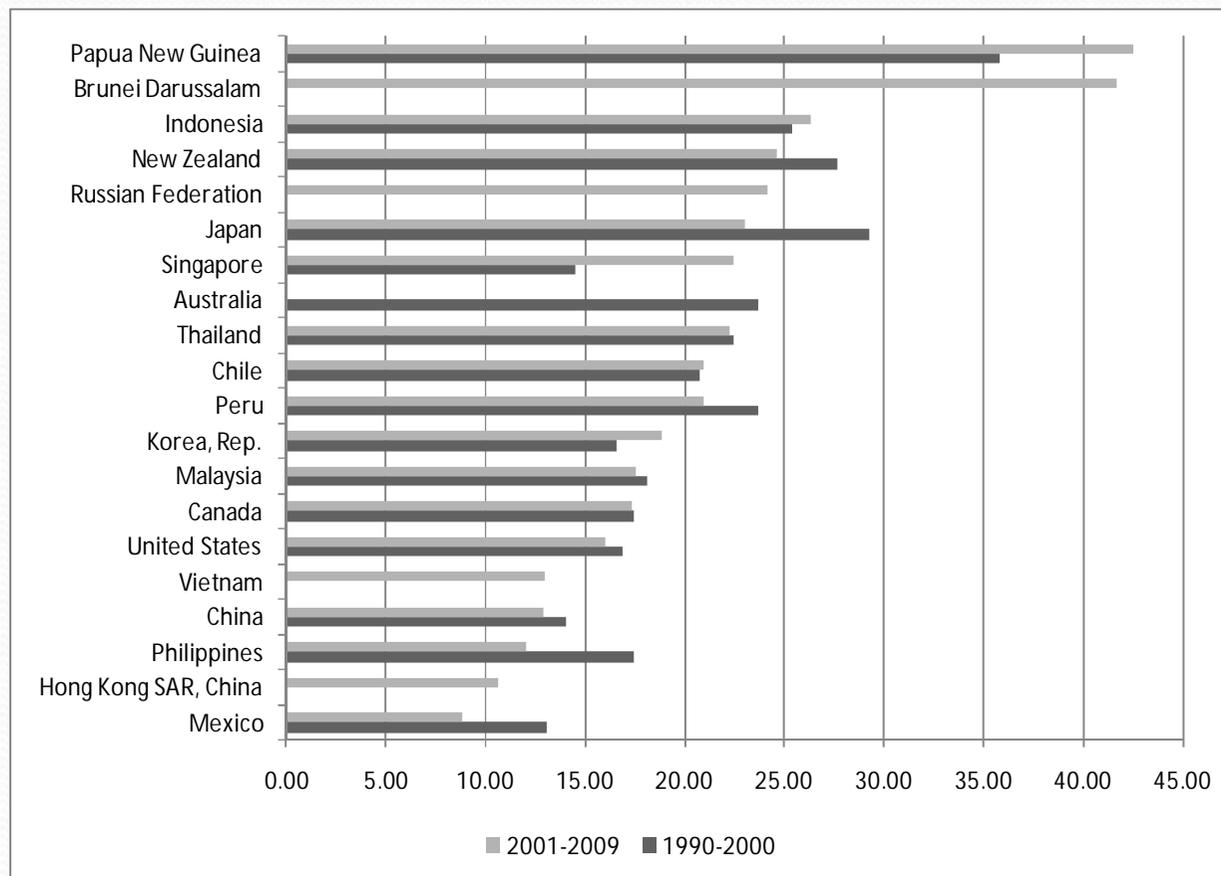
Share of Services Export (% of total export)



Country Name	Growth (1990-2007)
Australia	0.45
Brunei Darussalam	n.a.
Canada	0.13
Chile	(1.98)
China	(0.60)
Hong Kong SAR, China	n.a.
Indonesia	0.70
Japan	1.40
Korea, Rep.	0.50
Malaysia	1.18
Mexico	(3.52)
New Zealand	1.12
Papua New Guinea	(2.98)
Peru	(2.64)
Philippines	(2.33)
Russian Federation	n.a.
Singapore	0.85
Thailand	(1.33)
United States	0.41
Vietnam	n.a.

Source: World Development Indicators

Share of Services Import (% of total import)



Country Name	Growth (1990-2007)
Australia	(1.29)
Brunei Darussalam	n.a.
Canada	(0.41)
Chile	(1.04)
China	1.94
Hong Kong SAR, China	n.a.
Indonesia	0.05
Japan	(1.48)
Korea, Rep.	2.37
Malaysia	(0.04)
Mexico	(3.36)
New Zealand	(0.86)
Papua New Guinea	3.29
Peru	(2.02)
Philippines	(0.49)
Russian Federation	n.a.
Singapore	3.86
Thailand	1.89
United States	(1.00)
Vietnam	n.a.

Source: World Development Indicators

Logistics Performance Index

Country	LPI	Customs	Infrastructure	International shipments	Logistics competence	Tracking & tracing	Timeliness
Singapore	4.09	4.02	4.22	3.86	4.12	4.15	4.23
Japan	3.97	3.79	4.19	3.55	4.00	4.13	4.26
Hong Kong, China	3.88	3.83	4.00	3.67	3.83	3.94	4.04
Canada	3.87	3.71	4.03	3.24	3.99	4.01	4.41
United States	3.86	3.68	4.15	3.21	3.92	4.17	4.19
Australia	3.84	3.68	3.78	3.78	3.77	3.87	4.16
Taiwan	3.71	3.35	3.62	3.64	3.65	4.04	3.95
New Zealand	3.65	3.64	3.54	3.36	3.54	3.67	4.17
Korea, Rep.	3.64	3.33	3.62	3.47	3.64	3.83	3.97
China	3.49	3.16	3.54	3.31	3.49	3.55	3.91
Malaysia	3.44	3.11	3.50	3.50	3.34	3.32	3.86
Thailand	3.29	3.02	3.16	3.27	3.16	3.41	3.73
Philippines	3.14	2.67	2.57	3.40	2.95	3.29	3.83
Chile	3.09	2.93	2.86	2.74	2.94	3.33	3.80
Mexico	3.05	2.55	2.95	2.83	3.04	3.28	3.66
Vietnam	2.96	2.68	2.56	3.04	2.89	3.10	3.44
Peru	2.80	2.50	2.66	2.75	2.61	2.89	3.38
Indonesia	2.76	2.43	2.54	2.82	2.47	2.77	3.46
Russian Federation	2.61	2.15	2.38	2.72	2.51	2.60	3.23
Papua New Guinea	2.41	2.02	1.91	2.55	2.20	2.43	3.24

Source: The World Bank, accessed on May 4, 2011

Enabling Trade Index 2010: Transport and communication infrastructure

	Transport and communications infrastructure	Availability and quality of transport infrastructure	Availability and quality of transport services	Availability and use of ICTs
Australia	5.24	5.10	5.34	5.29
Brunei Darussalam	n.a.	n.a.	n.a.	n.a.
Canada	5.24	5.48	4.66	5.57
Chile	4.13	4.81	3.80	3.78
China	4.13	4.30	5.00	3.09
Hong Kong SAR, China	5.79	6.02	5.40	5.95
Indonesia	3.28	3.74	3.59	2.52
Japan	5.45	5.52	5.77	5.05
Korea, Rep.	5.37	5.37	4.93	5.80
Malaysia	4.95	5.88	5.03	3.94
Mexico	3.68	4.20	3.70	3.15
New Zealand	4.88	5.35	4.20	5.07
Papua New Guinea	n.a.	n.a.	n.a.	n.a.
Peru	3.16	3.41	3.19	2.87
Russian Federation	4.00	4.53	3.62	3.86
Singapore	5.74	6.04	5.81	5.35
Thailand	4.19	4.98	4.62	2.98
Philippines	3.31	3.09	4.23	2.61
United States	5.49	5.90	5.03	5.55
Vietnam	3.62	3.21	4.40	3.27

Source: The Global Enabling Trade Report 2010

Services Providers from APEC Developing Economies in Selected Industries

Port and Related, and Shipping Services			
Company name	Country base	Operating Areas	Activities
Hutchison Port Holdings (HPH)	Hong Kong	Asia, the Middle East, Africa, Europe and the Americas	A multinational conglomerate with businesses spanning 41 countries. Port and related services are but one of 5 core businesses of the company
PSA Corporation of Singapore	Singapore	Belgium, Brunei, China, India, Italy, Korea, Portugal, and Yemen	Provides every shipper with a choice of 200 shipping lines with connections to 6000 ports in 123 countries
International Container Terminal Services Inc. of the Philippines	The Philippines	Asia, the Middle East and the Americas	The management, operation and development of container ports and terminals worldwide.
Beijing Long Distance E-commerce Co., Ltd.	China	Global	The scope of the company's service scope is very wide and includes: import & export, booking shipping space, applying to customs, checking up, professional packing, free storage, insurance, certificates of antiquity, loading and unloading of container and freight consultation.
Marindolestari Guna	Indonesia	Indonesia, Singapore and Malaysia	A marine-cargo-transportation company; It specializes in the transportation of aggregates, asphalt, coal, heavy equipment and logs

Source: Nielson and Taglioni, 2004

Services Providers from APEC Developing Economies in Selected Industries

Telecommunication Services			
Company name	Country base	Operating Areas	Activities
Subsidiaries of Telekom Malaysia	Malaysia	Bangladesh, Cambodia and Sri Lanka, the Republic of Guinea, Malawi, Ghana, South Africa, Thailand and Cambodia	Mobile telecommunications services; telecommunications and related services; and telecommunication and broadcasting services
Hutchison Telecommunications	Hong Kong	Europe, Australia, New Zealand, Israel, India, Thailand, Malaysia, Sri Lanka, Paraguay, Argentina and Ghana.	Operates a wide range of integrated telecommunications services worldwide and is one of the world's major providers of mobile communications.
The Asia Satellite Telecommunications Company Limited	Hong Kong	All continents except Africa	A medium sized producer of satellite transponder capacity for broadcasting and telecommunications.
ENTEL	Chile	Latin American countries and in the US	Provides international and domestic long distance calls; and the company is holder of wireless licences.

Source: Nielson and Taglioni, 2004

Issues going forward

- Developing countries concerns:
 - Some people seems to believe that developed countries have overwhelming comparative advantage in services trade vis-à-vis developing countries
 - That is developing countries stand to lose from services liberalization
 - There is also a concern about cost of adjustment from opening up the services sector
- Resistance to liberalization is stronger in sectors with strong labor unions and/or professional associations
- It is also stronger against M&A than against greenfield investment
- The question is : how to assuage developing countries concerns?