
Landlocked or Policy Locked? How
Services Trade Protection Deepens
Economic Isolation (Borchert et al)
Discussion: Brad McDonald, IMF

IMF-WB-WTO Joint Trade Workshop

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Key Points

■ Data

- Authors draw from a new cross-country database on services trade restrictions
- The data are somewhat subjective and indexing is necessarily 'primitive,' as the authors note
- Data for telecoms and air transport perform well in this paper's statistical work

■ Main findings

- For air transport and telecoms, land-locked countries seem to impose more restrictive policies
 - More "ironic" than "surprising," given 2009 "Doing Business" special report on land-locked countries
 - Authors appeal to PE theory to explain
 - But Section 3 could elaborate more on how PE theory links specifically to land-locked countries
 - In telecoms, a higher STRI is associated with higher market concentration
 - ...and with reduced access to telecom services
 - Similarly, a higher STRI is associated with reduced access to air transport services
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Implications

- **The paper adds to a growing literature on the economic importance of services trade policies (e.g., Francois & Hoekman, JEL, 2010)**
 - On this account, it is persuasive.
 - **The authors conclude that without policy reforms, returns to infrastructure investments will be low.**
 - But even under present policies, infrastructure investments can bring about substantial increases in growth rates and poverty reduction.
 - 2 percentage point increase in per capita growth rates for SSA LICs by raising the stock and quality of infrastructure to that of Mauritius (Calderon, 2009)
 - How projects are selected, managed, and financed matters -- as well as policy
 - Might infrastructure investment influence structure or conduct of service industries – and thus performance?
 - **Thoughts on institutional cooperation on services trade?**
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