

Policy tool



#4

Services

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Accelerate mitigation efforts, support adaptation and assist disaster recovery by reviewing domestic regulations and restrictions for providers of climate-related services.

#4 Services



What is trade in services?

Ranging from communications to transport, finance, education, tourism and environmental services, the services sector is the backbone of the global economy and one of the most dynamic components of international trade. Technological advances have made it easier to supply services across borders, thereby opening new opportunities to engage in international trade in services for economies and individuals. While increasingly traded in their own right, services also serve as crucial inputs into the production of goods. Policies in relation to services trade also contribute to a wide range of national objectives, including those related to climate change mitigation and adaptation. At the WTO, trade in services is governed by the General Agreement on Trade in Services.

How can services trade help local communities mitigate and adapt to climate change, in particular during climate disasters?

Reviewing domestic regulations and barriers to trade in key climate-related services could be part of an economy's climate change mitigation and adaptation strategies. Many green technologies central to reducing GHG emissions and making economies more resilient to climate change do not involve only goods but also key related services, such as installing, monitoring and maintaining certain climate-related goods ([Swedish National Board of Trade, 2014](#)).⁵

It is also important to consider services restrictions and administrative procedures impacting ancillary services (e.g. electricity grid balance and storage operations) so that climate mitigation and adaptation projects can be properly implemented in a timely and cost-effective way.

Under the WTO General Agreement on Trade in Services, environmental services are one of the least open sectors. Only 59 WTO members have undertaken specific commitments in at least one of the seven environmental services sub-sectors⁶ and several members who did so limited their commitments to consulting and/or advisory services ([WTO, 2022g](#)).

While services markets may be more open than what is currently captured in WTO commitments, there is still considerable scope to further facilitate the provision of services by domestic and foreign suppliers who have environmental and climate expertise.

Barriers to trade in environmental services can take many forms. These include monopolies and exclusive rights for certain services, restrictions on the movement

Examples of climate-related services notified by WTO members and reform experiences shared in Trade Policy Reviews

According to the [WTO EDB](#), since 2009, there have been 12 climate-related notifications made by WTO members to the Council for Trade in Services and 58 climate-related references regarding the services sector in [Trade Policy Reviews](#) of 51 WTO members. These vary widely from preferential market access for climate-related service providers to low-carbon requirements for services and efforts to improve investment and access to technology in key climate-related services sectors (such as tourism, renewable energy generation and advisory services for low-carbon agriculture).

Some recent examples include:

- preferential treatment by at least 30 members to services and service suppliers from LDCs in climate-related sectors;
- sustainable forestry requirements for services providers in Gabon (2017);
- EU rules incentivising cross-border electricity trade, with increasing shares of renewable energy (2020); and
- Guyana's Low Carbon Development Strategy, which includes the expansion of Guyana's fibre optic capability, support for call centres and business process outsourcing, and completion of telecommunications liberalization (2022).

of professionals and various restrictions on businesses, such as restrictions on foreign ownership, on type of legal entity, on the number and location of subsidiaries, and on the number of foreign employees. Furthermore, reform of domestic services regulation, by simplifying and streamlining administrative requirements and procedures, can facilitate access to and investments in these key services.

Similarly, in the area of climate adaptation, international trade can help economies prepare for, cope with and recover from extreme weather events more effectively. Indeed, trade can facilitate the development and deployment of technologies and practices that support climate adaptation, such as climate-resistant crop varieties, early warning systems for extreme weather events and water conservation and storage systems. Trade openness also creates wider access to services that help prepare for climate-related events. In this context, trade in services, such as weather forecasting, insurance, telecommunications, transportation, logistics and health services, can play a key role in the preparation of firms, citizens and governments for climate-related events ([WTO, 2022h](#); [WTO, 2022j](#)).

In the case of disaster relief and health services, trained professionals, such as doctors and rescue personnel, may require special authorizations before beginning work in a disaster zone. Trade measures taken by a disaster-affected economy might include giving consideration, therefore, to how WTO provisions relating to trade in goods and services can facilitate the entry and clearance/authorization of relief items and personnel ([WTO, 2022j](#)).

What could be done to align trade measures for key climate-related services with wider climate action policy plans?

Taking prompt action to review and revise restrictions, where appropriate - including in the form of streamlined domestic regulations - to trade in key services related to climate mitigation and adaptation can support governments' climate action strategies. For example, economies may wish to revise restrictions affecting the temporary movement of certain categories of technical experts, such as climate mitigation and adaptation specialists and agricultural and water technicians, for the purpose of supplying services. They may also wish to ease the establishment of foreign suppliers of air pollution or renewable energy services, simplify administrative requirements or licensing procedures for climate-related services suppliers or facilitate the remote supply of environmental monitoring and climate-smart services, such as air pollution control services.

Similarly, in order to better respond to extreme weather events, administrations could have systems in place to facilitate the movement of goods and services, such as food, healthcare and communication services, that assist the preparation for and recovery from disasters induced by climate change. One way to do this would be to facilitate the recognition of professional qualifications of foreign service providers of relief services and reconstruction, in a manner compatible with WTO rules. Governments could also improve the supply of weather-related services to build their capacity to anticipate extreme weather events.

As governments increasingly adopt services-related trade measures to enhance their climate change mitigation and adaptation strategies, the WTO has a number of bodies, such as the Council for Trade in Services and the Committee on Trade and Environment, where members can share their experiences and learn from each other how to best leverage trade in services in support of climate action. Moreover, the WTO Secretariat can also help provide technical information whenever requested by members, with the aim of identifying specific ways in which trade policies related to services can be leveraged for climate action, including through tailored technical assistance and capacity-building activities.