Services and Development

Christopher Findlay
Faculty of the Professions
University of Adelaide
Topics

• A high performing service sector is the ‘good oil’ of the economy
  – connectivity
  – inclusion
  – capacity
  – productivity
• Services themselves often big users of other services
  – illustration in tourism
• The services ‘supply chain’
  – opens new business opportunities
• Challenges
Services and connectivity

- Air transport
- Logistics competence
- Telecommunications

Services and inclusion

- Banking
- Electricity coverage
High service shares of employment are associated with high female participation rates

Source: Ghani and Kharas 2010.
Services and capacity

- Education and skills
Services and productivity

- Service sector grows with rising income levels
  - ‘buy-in’ rather than make
    - households and businesses
- And can contribute to productivity growth!
- It is part of and a driver of a ‘new way of working (not business as usual)’

http://www.gotranslogistics.com
http://www.gotranslogistics.com/?page_id=27
Services using other services

- Tourism – air transport and airports
Services and development

The supply chain offers new opportunities

- Ability to trade services across borders has increased
  - technological change & changes in FDI rules
- There are new models in services for international business
  - supply chains matter like they do in goods
    - outsourcing
    - ‘network’ structures
      - all ‘modes of supply’ used at the same time
Pathways

- Competition (can) work
  - Value of open skies for tourism
  - What about airports?
- Value of access to international providers
  - Ideas, capital, competition
- Openness, investment and jobs
  - Establishment leads to employment and a new supply chain
  - Plus spillovers to local firms