



**DISCUSSION PAPER**  
**MARCH 2013**  
**BELIZE COALITION OF SERVICE PROVIDERS**  
**RESEARCH DESK**

---

**A REVIEW OF BELIZE'S SERVICES SECTOR**

**I. INTRODUCTION**

Globally, the service component of a country's output has taken more significance as the production and trade of goods becomes more competitive. Services in developing countries have not received as much focus as goods despite the fact that the services sector is often very large in most of these countries. This is perhaps true because often times a provider may not be aware he is providing a service or exporting a service. It is therefore important to analyze the service industry from a capacity viewpoint as well as from output.

The service sector consists of activities where people offer their knowledge and time to improve efficiency and productivity or performance. In general this service sector is based on the production of services instead of end products or goods. Services also include the provision of services to other businesses as well as final consumers. The focus in the services sector can be described as emphasizing the interactions with people and serving customers relative to the transformation to physical goods.

A service is considered as an intangible product and a service provider is one who engages in the transfer of this intangible product as an economic activity. A service is consumed at the point of sale, for ex: the postal service delivering mail, the use of someone's expertise or experience, or a person visiting a doctor. Services exist in many forms and several internationally recognized sectors have been developed. These sectors are generally classified by leading organizations such as the World Trade Organization and the United Nations under the following twelve major headings:

1. **Business services:** includes
  - PROFESSIONAL
    - Accounting
    - Advertising
    - Legal
    - Management consulting services
    - Architecture
    - Engineer
    - Medical/nurses and dental
  - COMPUTER & RELATED SERVICES

Companies which generate, process, and export electronic commerce activities such as e-mail, funds transfer and data interchange  
Data processing and network services  
Electronic information services  
Professional computer services

#### REAL ESTATE

**2. Communication services:** includes

TELECOMMUNICATIONS

POSTAL AND COURIER

Audio-visual and other related services

**3. Construction and engineer related services.**

**4. Distribution services:** includes

Wholesale, retail trading

*(These wholesalers and retailers are entities that purchase and resell goods with no or only minimal processing (in the form of cleaning, packaging and so forth). They supply a service to producers and consumers of goods by storing, displaying and delivering a selection of goods in convenient locations, thus making them easy to buy.)*

**5. Educational services:**

This sector considers technical and management training and English training.

Also considers some components of culture such as the study of archeology and environmental sustainability

**6. Environmental services:** includes

Services such as sewage treatment services

Tank emptying and cleaning,

Hazardous and non-hazardous waste collection services, and other environmental services.

**7. Financial services:**

This sector covers banking (regular bank services as well as trust, brokerage, asset management) and insurance services (underwriting, risk management)

**8. Health-related and social services:** includes

Support services such as midwives, paramedical, ambulance, physiotherapy, laboratory and social work.

**9. Tourism and travel-related services:** This is one of the most diverse sectors and includes

Services in transportation,

Lodging/hotels and restaurants/travel agencies and tour guides

Food and beverage service

Recreation

Purchase of incidentals consumed while in transit, and traveling on commercial airlines.

**10. Recreational, cultural, and sporting services:** This sector is multi-sectoral and includes

Services and associated fees related to the production of motion pictures (on film or videotape), radio and television programs (live or on tape) and musical recordings  
News agencies services  
Other personal, recreational and cultural includes museums, libraries, archives and other cultural, sporting and other recreational activities  
Services of performing musicians  
Services of authors, composers, sculptors and other artists, except performing artists  
Performing arts and event promotion and organization services  
Museum and preservation services  
Services by athletes, support services for athletes  
Gambling and betting services

**11. Transport services.** Includes

Air, sea, and road

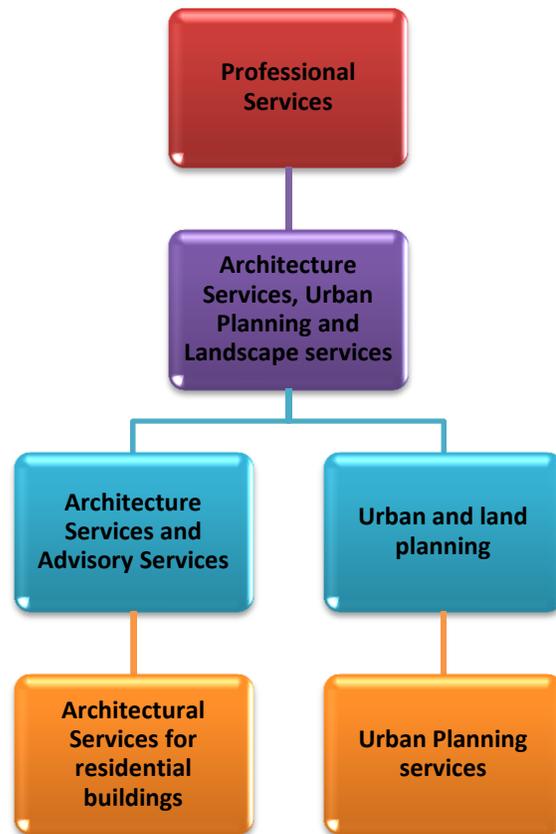
Support services in ports, airports, and truck terminals

*(As a service, transport, is crucial to the international trade in goods moving all manufactured, mining, and agriculture products to market as well as transporting business and leisure travelers around the world.)*

**12. Other services not included elsewhere.**

Generally these services are produced and classified according to the sectors as noted above. These sectors can be further disaggregated into sub-sectors to allow for specific recording of details of the service provided, for example under legal services a sub category could be legal services for criminal law or another sub-category could be legal services for corporate law. The following chart shows the disaggregation for Architecture.

Chart 1



**A. How are services exported?**

In a given economy, services that are produced can be consumed domestically or by residents while a portion of the services produced is exported or consumed by non-residents. The exported amounts are recorded as part of trade in services.

In order for a service provider to export his service he must understand how the service can be supplied and what are the requirements to supply this service to a particular market. The World Trade Organization (WTO) has identified four modes of how services are exported. The four modes are as follows:

**Mode 1: Cross Border Supply**

In this mode, the service crosses the border as the service is supplied by the service provider from his country of residence and consumed by the buyer in his country of residence. Technology has allowed for this mode of transportation to develop rapidly. It is also becoming important for countries who negotiate trade agreements to recognize that technology has made services through this mode more accessible and as such a clear understanding of how domestic markets can be captured by competition has to be developed. Initially, it was believed that the physical boundaries and geographical distances (spatial aspects) of trade meant that countries could negotiate trade agreements liberally under this mode. However, it is important to note that the opportunity to provide a service is enhanced because of the internet as it reduces the need for establishing a presence abroad or deal with market constraints such as small population as is the case of Belize.

Belizean service provider  Consumer in a foreign market (Venezuela)  
 For example: University of Belize provides distance learning to a Venezuelan.



Other areas under Mode 1 include the sectors of:

Service Area	Type of Service
Professional - Business Management consulting	Reports, business plans, financial advice
Professional - Architecture and Engineering Consulting	Feasibility Studies, drawings
Transportation – most areas	Courier Services
Communications / IT	Call centers
Financial services	Banking and insurance
Part of personal cultural and recreational	

**Mode 2: Consumption abroad**

In this mode, the consumer of the service crosses the border to purchase the service. The service provider exports his service without actually leaving his country as the consumer has travelled to his country for the service. For Belize, in general, it is felt opportunities may exist more in Mode 2 category.

Belizean service provider  Consumer in a foreign market (Venezuela)  
 For example: Beyonce travels to Belize Resort to enjoy the amenities



Other areas under Mode 2 include the sectors of:

Service Area	Type of Service
Tourism and tourist related activities	Tour operators, hotels and hospitality industry
Some Education and training	Students who attend University or attend training workshops
Legal	Client travels to Belize to meet with lawyer to find out about legal processes
Health	Patient comes to Belize for medical treatment

**Mode 3: Commercial Presence**

In this mode, a local company establishes an office or branch in another country to sell its service. Some considerations for an exporter are the host country's laws and regulations which would influence the ability to establish in that country. Some barriers include residency requirements, standards such as qualifications, partnership or joint ventures.

Belizean service provider  establishes presence in a foreign market (Brazil)  
 For example: Castillo Engineering sets up an office in Brazil to manage local infrastructure projects.

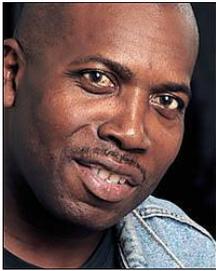
Other areas under Mode 3 include the sectors of:

Service Area	Type of Service
Financial services	Banking and Insurance
Professional services - Construction	Construction services
Information technology	Office to serve local clients
Distribution	Shipping and warehousing
Tourism	Hotels setting up chains in countries

**Mode 4: Movement of natural persons**

In this mode, the service provider temporarily travels from his country to another country to provide the service. Similar to mode 3 there are challenges in this mode as market access is often linked to the host country's issues pertaining to local labour and employment.

Belizean service provider  ravel to a foreign market (Mexico)  
For example: A musician travels to Mexico to perform.



Other areas under Mode 4 include the sectors of:

<b>Service Area</b>	<b>Type of Service</b>
Personal cultural and recreational	Dance, music, actors, producers, coaches
Professional services - Construction	Architects, Consultants
Education	Trainers and Speakers