

**YEN NGUYEN**

The University of Auckland, New Zealand

## **ASSESS REGULATORY BARRIERS TO TRADE IN SERVICES**

### **Abstract:**

The services sector is a driving force of the world's economy due to its large contribution to the world's GDP and employment. Liberalization of trade in services proliferated since the formation of the GATS in 1995, as the first and largest multilateral trade agreement covering services trade. The ultimate purpose of liberalization is to reduce barriers to trade and then create greater competition, productivity, and social welfare. However, the effectiveness of the GATS in boosting greater reduction of restrictions to trade in services has been criticized. As in the transitional process from a central-planned economy to a market-oriented economy, Vietnam acceded to the WTO in 2007 after a long negotiation process. Despite the criticism on the efficiency of the GATS, this study aims to explore that the GATS is an essential instrument for the domestic regulatory reform of Vietnam, specifically the distribution sector. To achieve this goal, the study proposes an original quantification of restrictions on Vietnam's distribution sector based on the national legislation of Vietnam from 2004 to 2018. The result shows that except for the experimental period before 2007, the restrictiveness index of Vietnam in distribution services has reduced gradually, from 0.52 in 2007 to 0.38 in 2018. However, the sector has remained quite restrictive. The result also indicates that Vietnam has been fulfilling its commitments in the GATS and recently go beyond these commitments to some extent. It is apparent that the GATS is an essential instrument for the domestic regulatory reform of Vietnam's distribution sector.

### **Keywords:**

Regulatory barriers, Restrictiveness index, Liberalization, Distribution services, Vietnam

**JEL Classification:** F68, F13, F15