

DIFFERENT LIGHT ON THE TRADE-INVESTMENT LINKAGE. TO MAXIMISE THE BENEFITS FROM LIBERALIZING TRADE IN SERVICES WILL REQUIRE REDUCING IMPEDIMENTS TO FOREIGN DIRECT INVESTMENT WHICH, INCREASINGLY, WILL BECOME THE MAJOR VEHICLE FOR THE TRANSFER OF LEADING EDGE TECHNOLOGY AND, EQUALLY IMPORTANT, THE MANAGEMENT ORGANISATIONAL CHANGES NECESSARY TO IMPLEMENT IT.<sup>(5)</sup> IT'S WORTH NOTING THAT THE SAME COUNTRIES WHO OPPOSED INCLUSION OF TRADE IN SERVICES IN THE GATT ROUND FOUGHT STRENUOUSLY AGAINST THE AGENDA ITEM RELATED TO DEVELOPING MULTILATERAL DISCIPLINES GOVERNING TRADE RELATED INVESTMENT MEASURES (TRIMS) SUCH AS DOMESTIC CONTENT SOURCING OR IMPORT RULES, AND VARIOUS OTHER "PERFORMANCE REQUIREMENTS" REGULATED BY HOST COUNTRY GOVERNMENTS. WHILE THE IMPACT TO DATE OF TRIMS AND RELATED INVESTMENT INCENTIVES OR DISINCENTIVES ON EITHER THE LEVEL OR PATTERN OF FDI FLOWS IS DIFFICULT TO ASSESS<sup>(6)</sup> THEY ARE LIKELY TO BECOME INCREASINGLY DISTORTIVE IN THE FUTURE.

FINALLY, AS IS ALWAYS THE CASE IN A TECHNOLOGICAL REVOLUTION -- WHAT SCHUMPETER APTLY CALLED "CREATIVE GALES OF DESTRUCTION" -- INFORMATION TECHNOLOGY CREATES THE POTENTIAL FOR A "QUANTUM LEAP" IN OVERALL PRODUCTIVITY CONTINGENT ON THE PERVASIVE STRUCTURAL CHANGE NECESSARY FOR ITS DIFFUSION THROUGHOUT ALL INDUSTRIES. AGAIN,