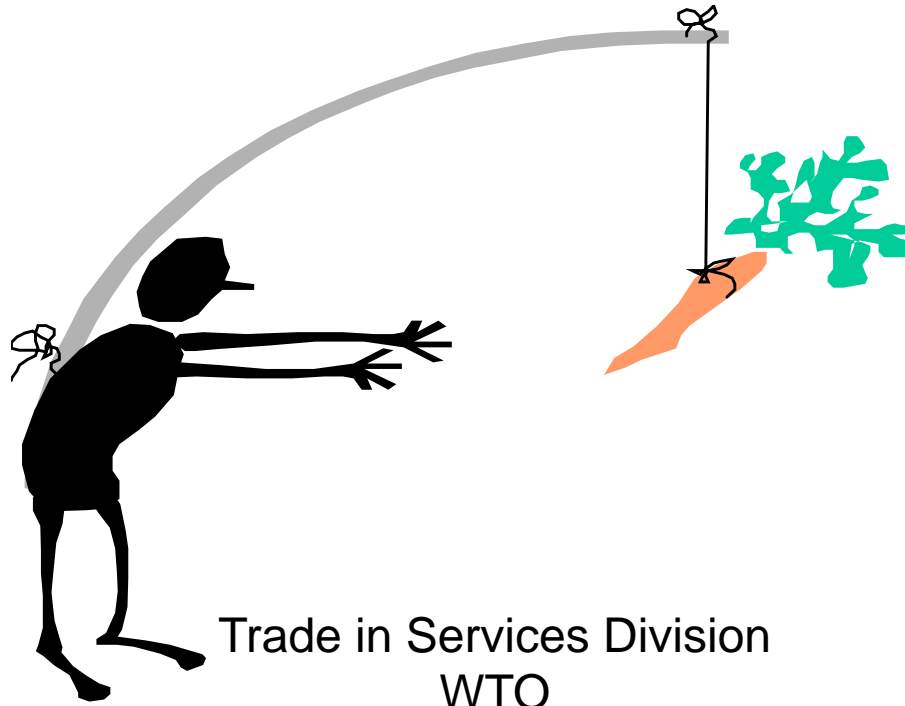
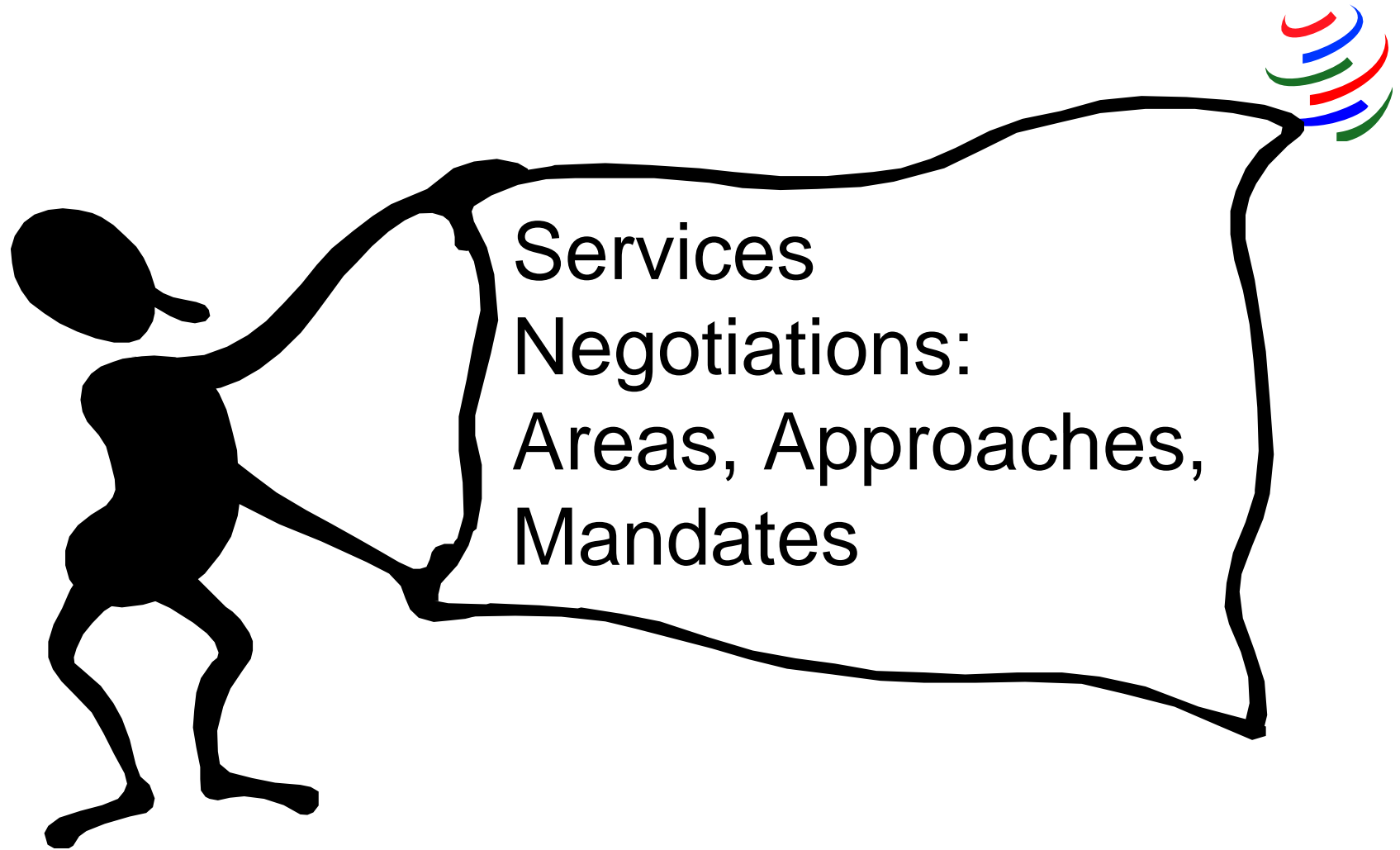


SERVICES NEGOTIATIONS UNDER THE GATS



January 2008







Current Negotiations: three areas ...

- **Commitments (Art. XIX)**
- **MFN Exemptions (Annex on Art. II)**
- **Regulatory Framework
(Art. VI:4, X, XIII, XV)**

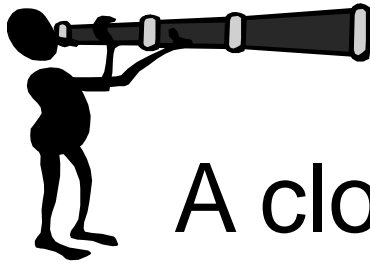


... subject to qualifications

(→ negotiations on commitments and MFN exemptions)

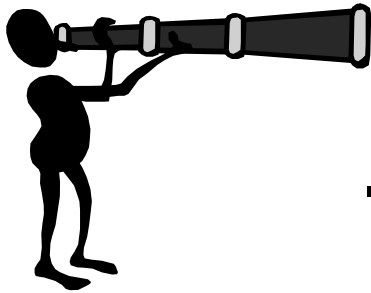
- **No change in existing structure and principles of the GATS ('bottom-up')**
- **Main negotiating method: request and offer**

(Negotiating Guidelines, March 2001)



A closer look at **Article XIX:2** ...

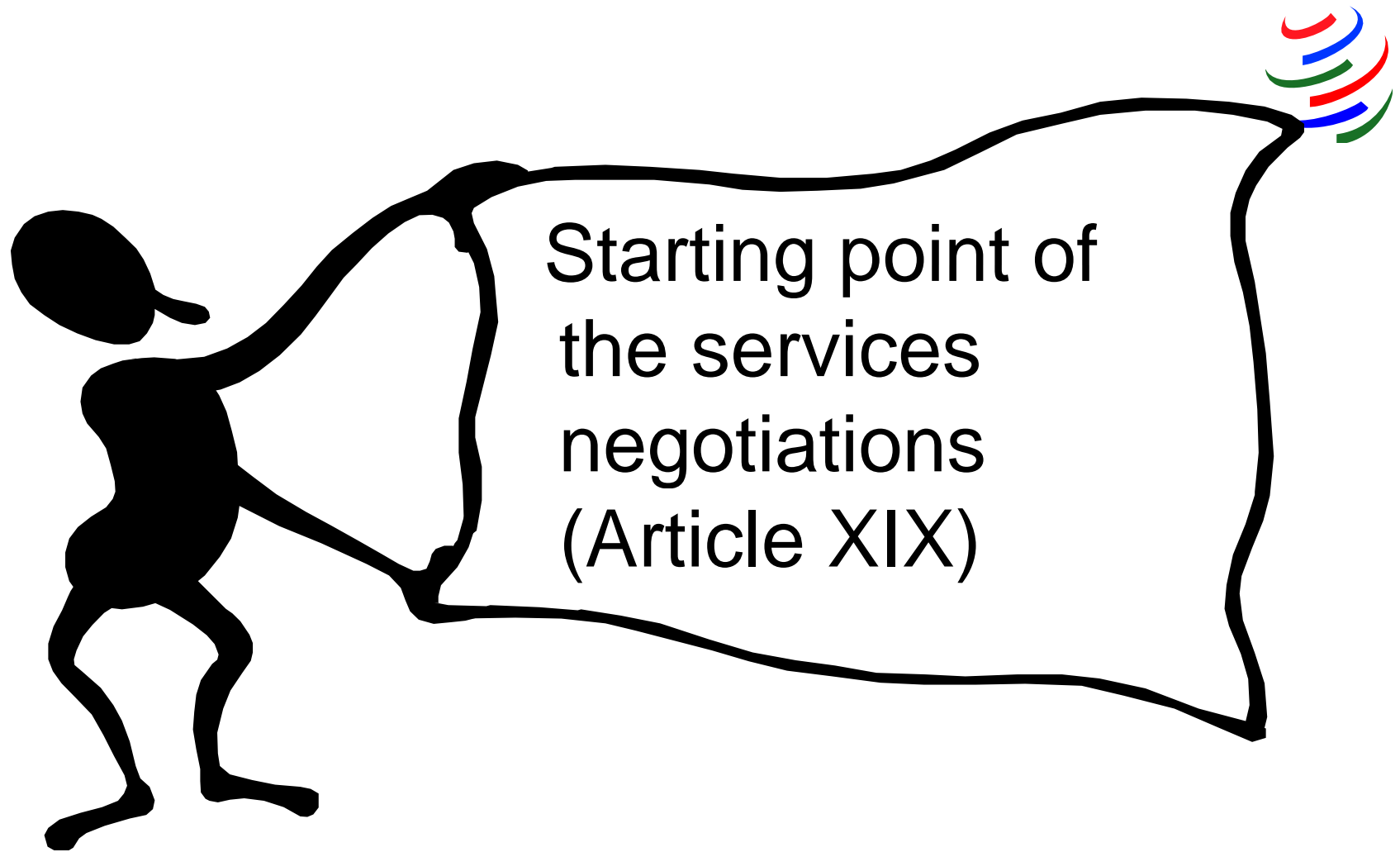
Liberalization shall take place with “**due respect for national policy objectives and the level of development of individual Members**” ... There shall be “**appropriate flexibility**” for individual developing countries for liberalizing fewer sectors and modes, progressively extending access in line with their development situation ... and attaching conditions aimed at achieving the objectives of Article IV.



... and **Article IV:1**

Facilitation of developing countries' participation in world trade “**through negotiated specific commitments**” relating to:

- (a) strengthening of their domestic services capacity, efficiency and competitiveness ...;
- (b) improved access to distribution channels and information networks;
- (c) liberalization of market access in sectors and modes of export interest.



(i) Commitments by country group



Countries	Average number of commitments per Member*	Range (Lowest/highest number of sectors per schedule)
LDCs	24 (32)	1 – 111
Developing**	41 (74)	1 – 123
Developed countries	105 (13)***	86 – 115
Accessions since 1995	102 (20)	37 – 147
ALL MEMBERS	50 (136)***	1 -147

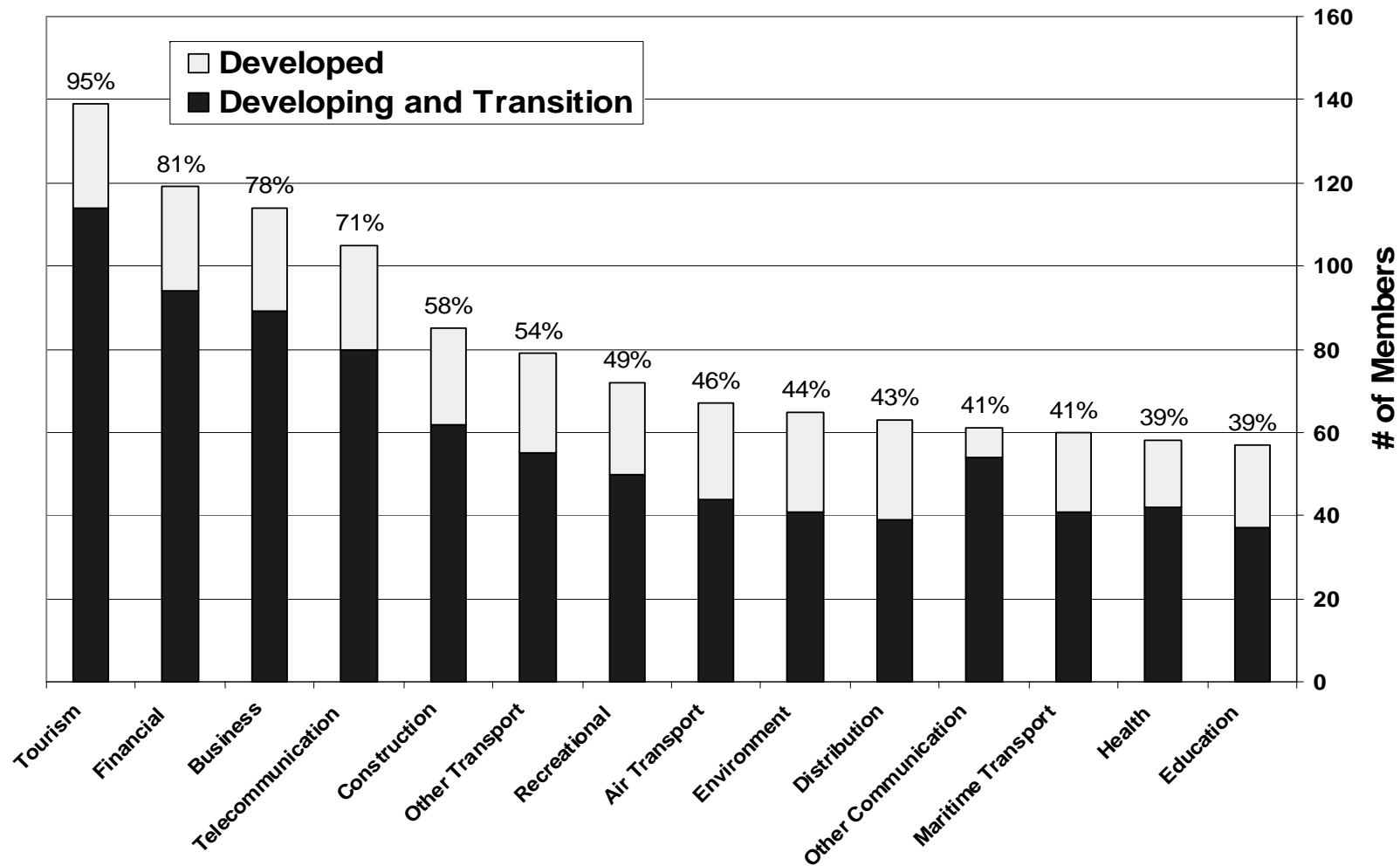
* Number of observations in parenthesis.

** Without transition economies.

*** EC 12 counted as one.

Total number of sectors: ~160

(ii) Sector focus of current schedules (Developed/Developing Country Members)



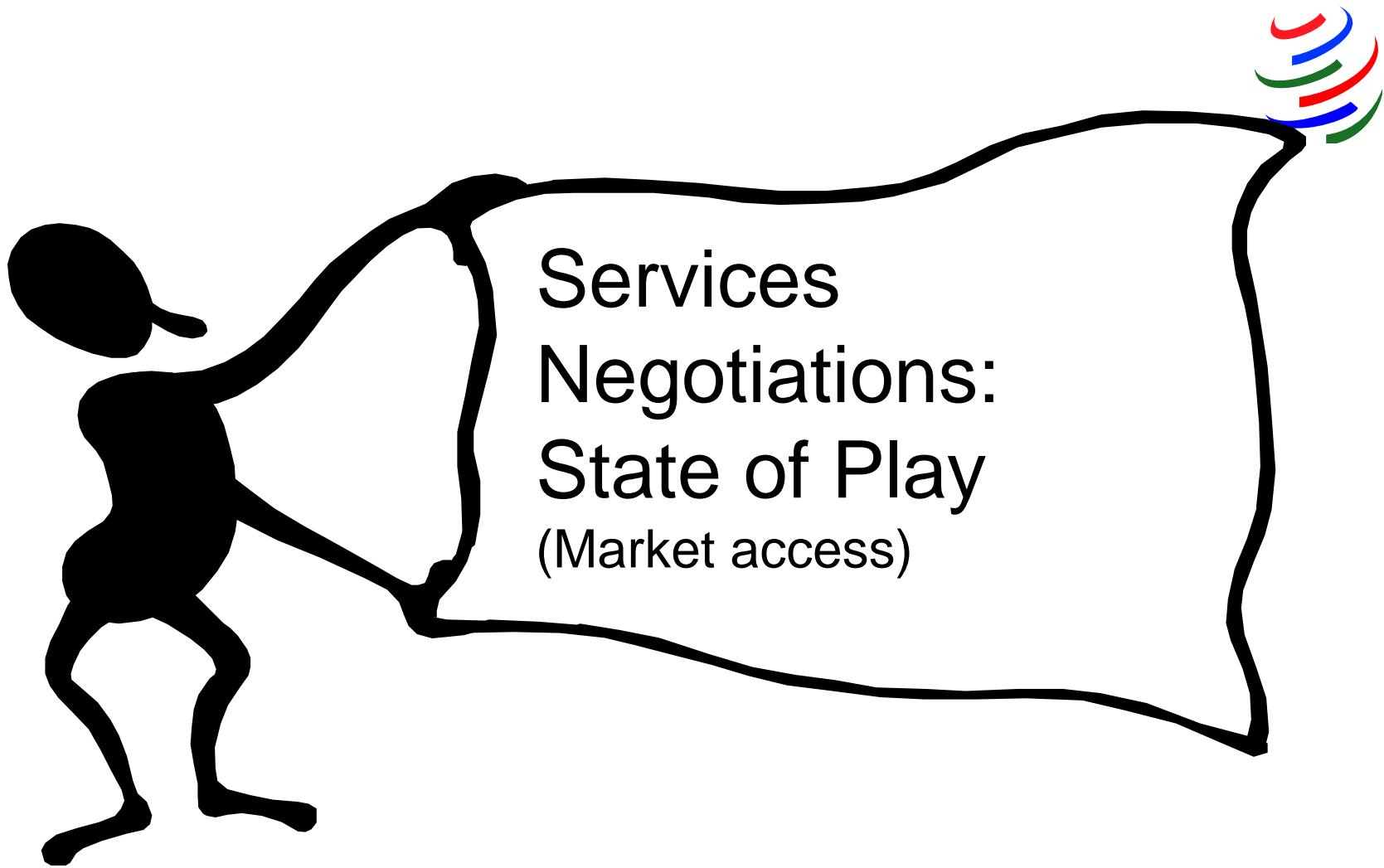


(III) Current access conditions

Actual regimes tend to be far more liberal in many countries than commitments suggest.

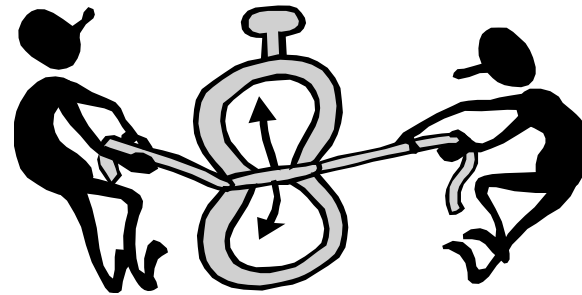
Widening gap between UR schedules and

- schedules of recently acceded countries
- access conditions negotiated under PTAs(?)
- national treatment guarantees under BITs



Services
Negotiations:
State of Play
(Market access)

Timeframe



Initial offers by 31 March 03^a or ASAP^b

Revised offers by May 05^c

Plurilateral requests by 28 Feb 06 or ASAP^b

2nd round of revised offers by 31 July 06^b

Full resumption in February 2007

^a **Doha Declaration** (14 November 2001)

^b **Hong Kong Ministerial Declaration** (18 December 2005) but **suspension of all negotiations on 24 July 2006.**

^c **Doha Work Programme** (General Council, 1 August 2004)



STATE OF PLAY (Sept. 2007)

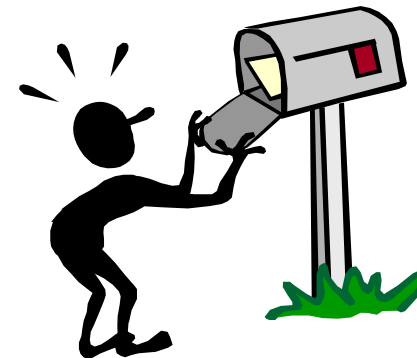
INITIAL OFFERS:

71 Schedules (covering 95 Members*)

REVISED OFFERS:

30 Schedules (covering 54 Members*)

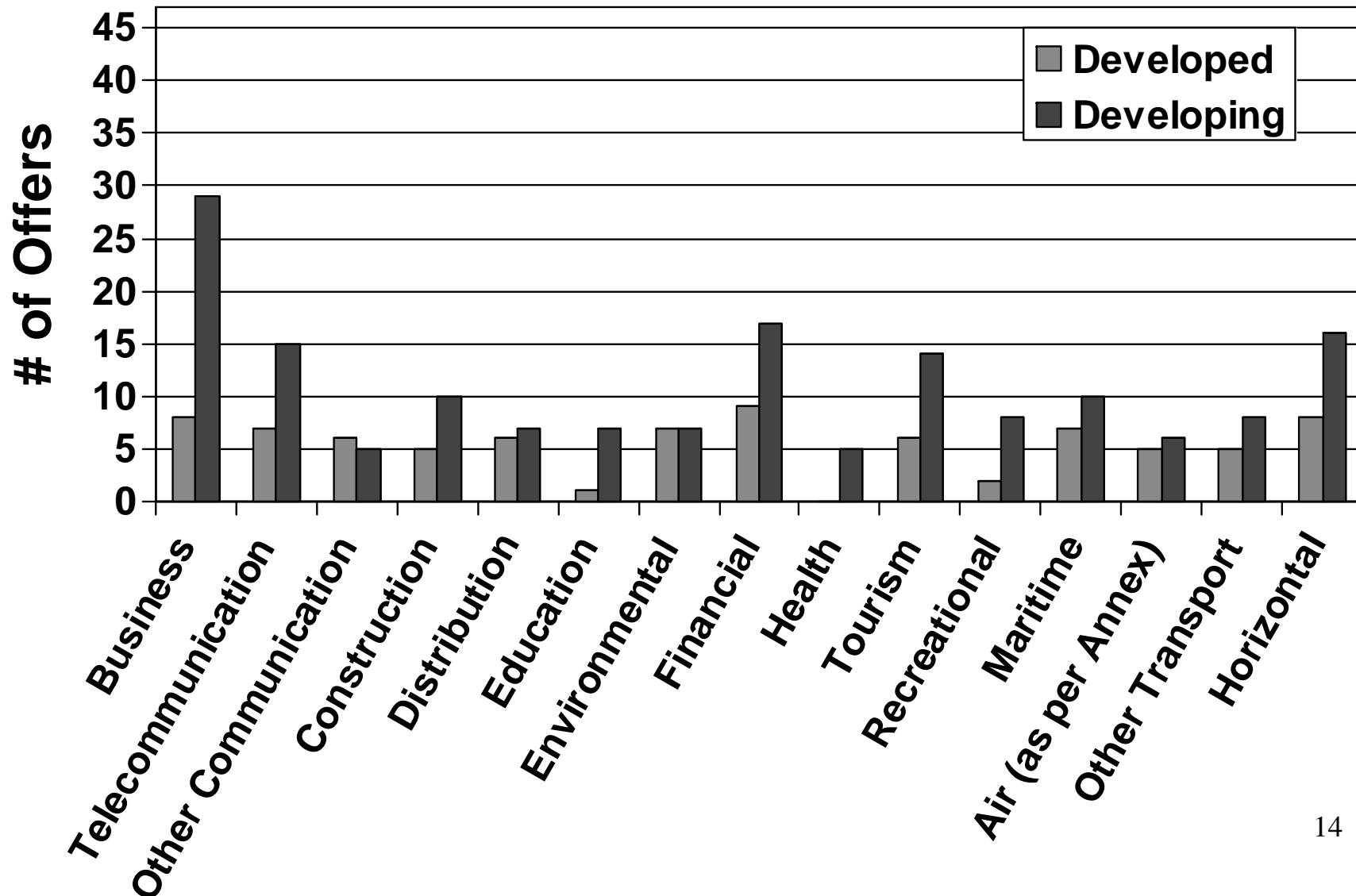
*Counting EC Members (EC 25) individually



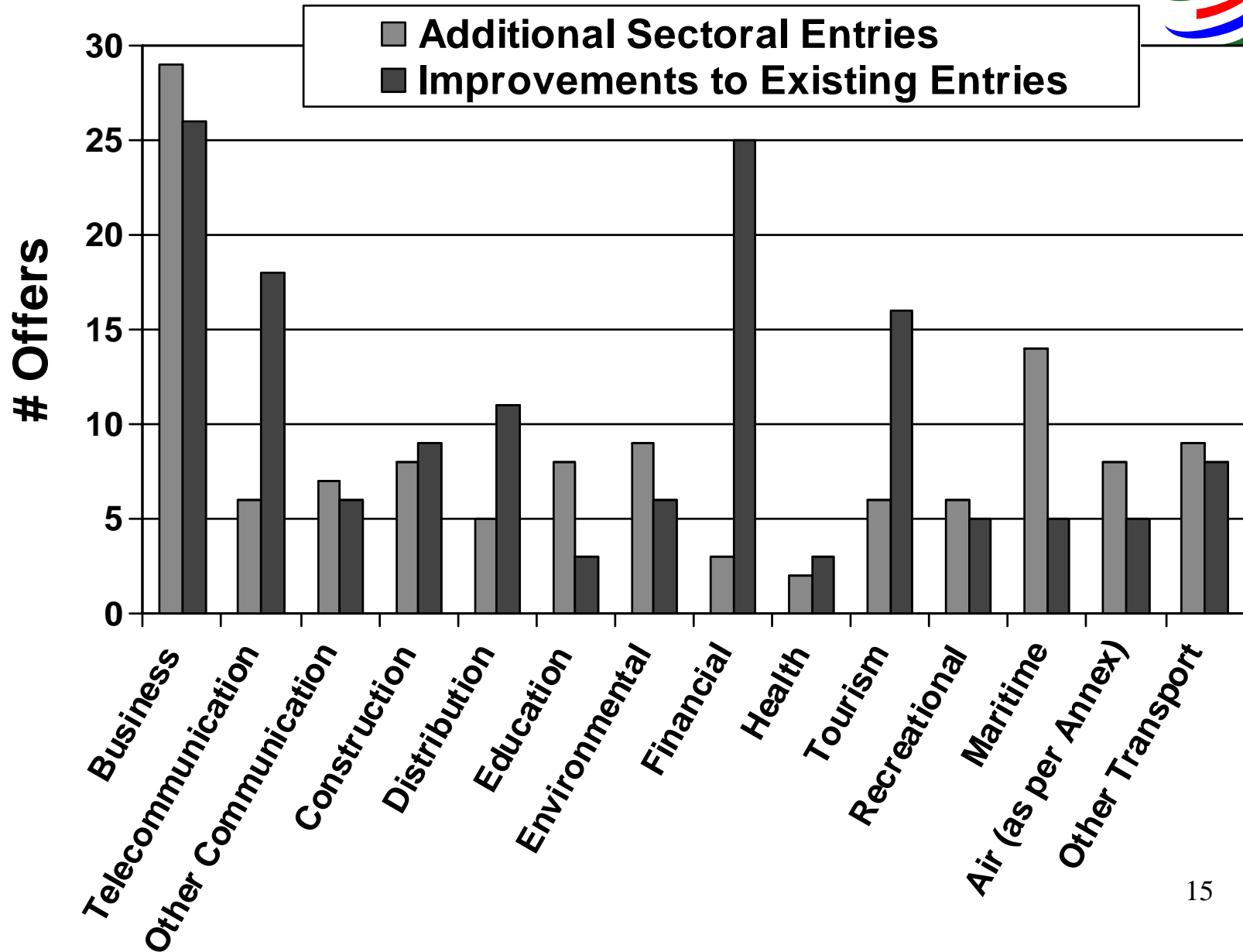
Sectoral Pattern of Offers



(Number of offers with commitments per sector)

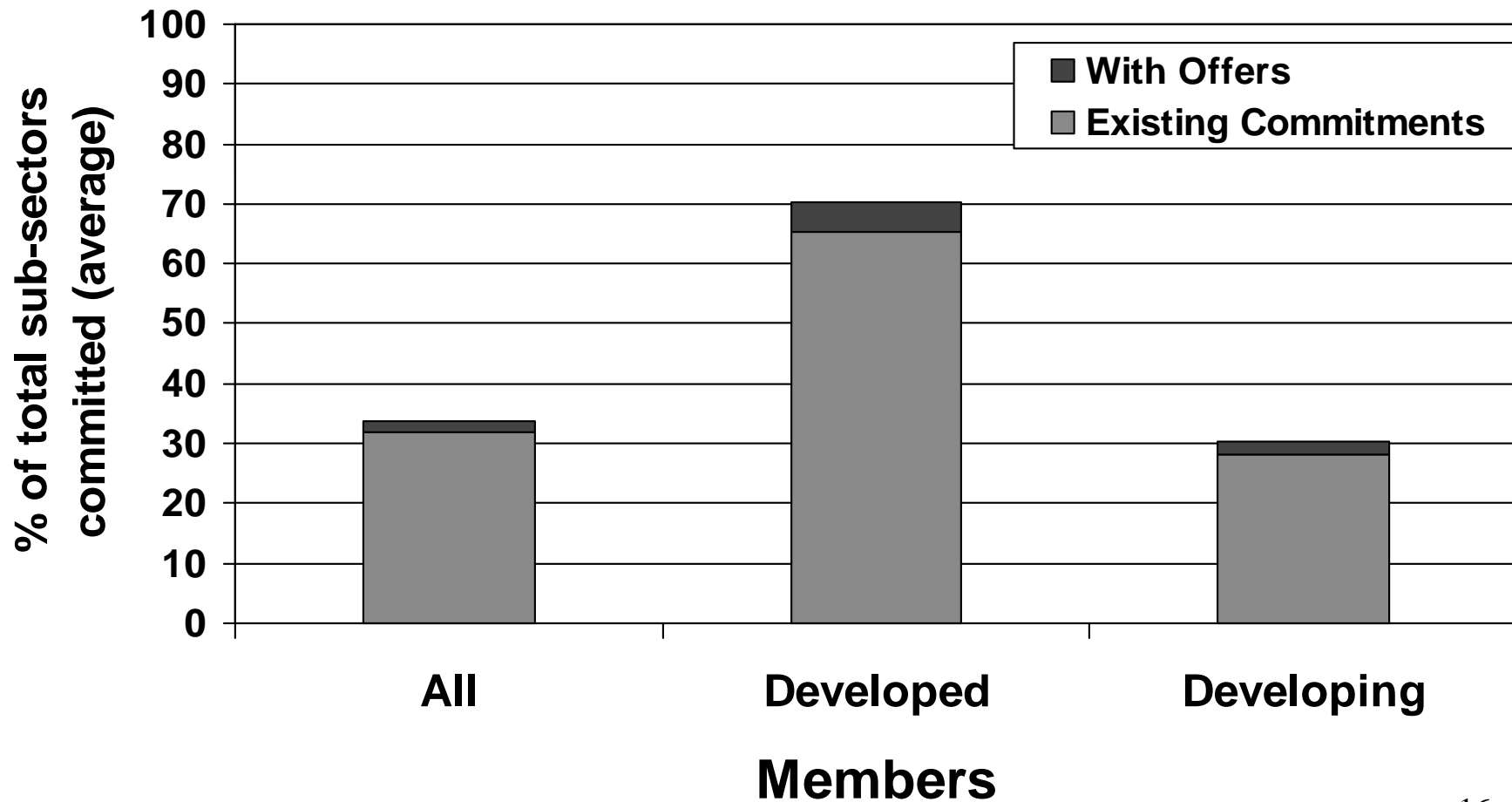


Characteristics of Offers





Sub-Sectors Committed: Before and After Offers (*all Members*)





MFN Exemptions

- **Some 40 exemptions (~ 10 %) offered for withdrawal by 18 Members, incl. EC 25**
(In addition, some 10 exemptions would be modified)
- **Almost half of the changes are offered by EC, Switzerland and Liechtenstein**
(Background: EC accessions and reorganization of preferential relations)



Offers: Low Level of Ambition

“Few, if any, new commercial opportunities would ensue for service suppliers. Most Members feel that the negotiations are not progressing as they should.”[1]

Chair of CTSS, July 2005 (TN/S/20)



Sobering Assessment:

- **Long delays**
(initial target date: March 2003)
 - **Modest achievements**
(number of sectors and substance)
 - **Uneven participation** of developing countries
 - **Little change** in MFN Exemptions
-
- **Little progress** in rules negotiations



Guidance from
Hong Kong
(Specific Commitments &
MFN Exemptions)

Hong Kong Declaration (WT/MIN(05)/DEC)



New Facets:

- **LDCs not expected to undertake new commitments**
- **Plurilateral request-offer negotiations**
- **Implementation of LDC Modalities**
- **Timelines (28 Feb / 31 July / 31 Oct)**
- ***Negotiating objectives (Modes/MFN exemptions/scheduling principles)***



Negotiating Objectives

Modes 1 to 3 (examples)

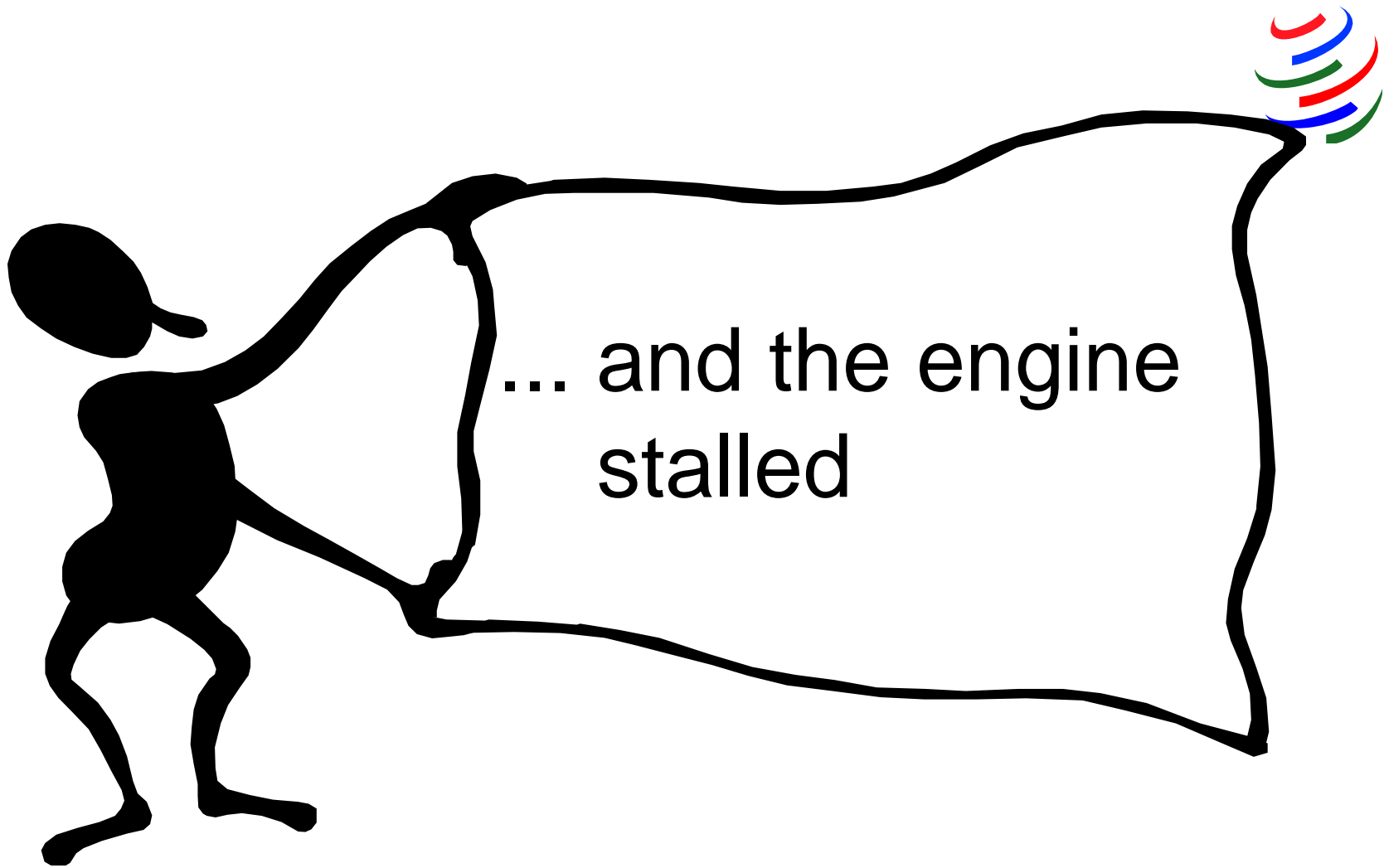
- **No requirement of commercial presence**
(mode 1)
- **Commitments at existing levels of access**
(modes 1 & 2)
- **Removal or substantial reduction of ENTs**
(modes 2 & 3)
- **Enhanced levels of foreign equity, more types of legal entity**
(mode 3)



Negotiating Objectives

Mode 4:

- **Commitments on**
 - **Contractual Service Suppliers & Independent Professionals, delinked from commercial presence**
 - **Intracorporate Transferees & Business Visitors**
- **Removal or substantial reduction of ENTs**
- **Indication of duration of stay and possibility of renewal**





24 JULY 2006

Talks suspended. ‘Today there are only losers.’

“The Doha Development Agenda negotiations are to be suspended because gaps between key players remain too wide. Heads of delegations, speaking in an informal meeting of the Trade Negotiations Committee on 24 July 2006, agreed with WTO Director-General Pascal Lamy that this will be a setback for all Members.”



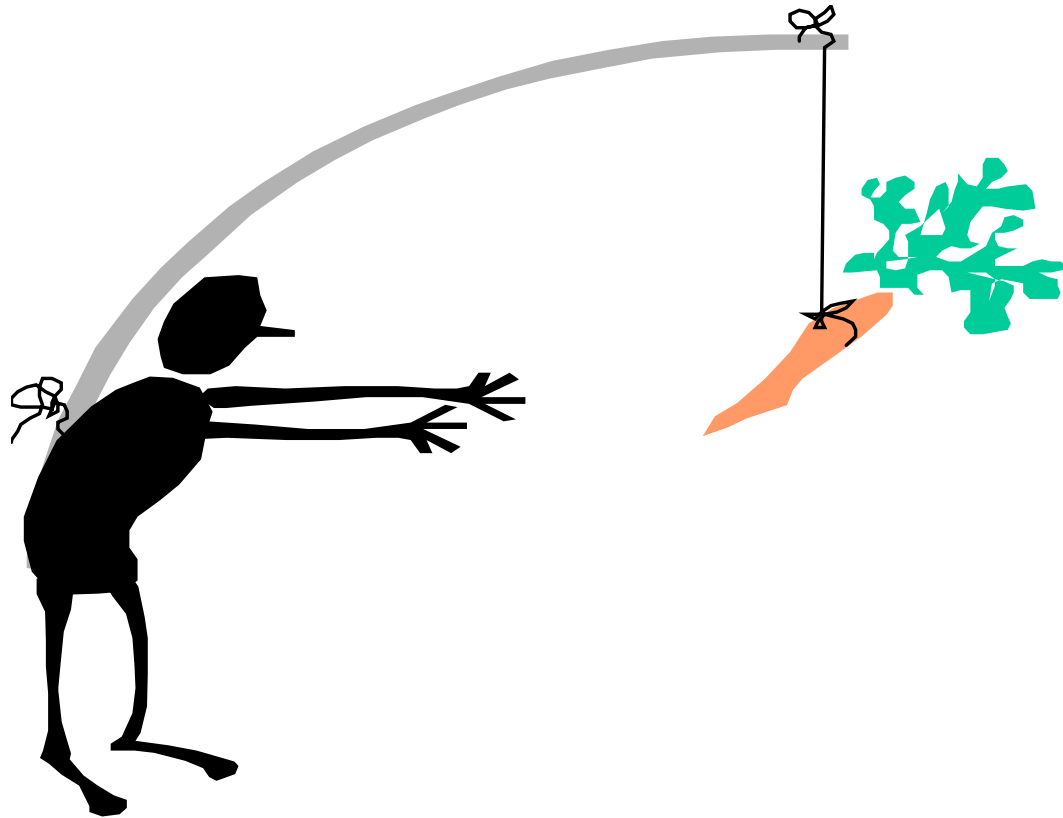
7 February 2007

Lamy: “We have resumed negotiations fully across the board”...“political conditions are now more favourable for the conclusion of the Round than they have been for a long time”... “political leaders around the world clearly want us to get fully back to business, although we in turn need their continuing commitment”.

Still reason for hope?



- **Positive initial impression after HK**
(> experience with 'Plurilaterals', etc.)
- **Experience with previous trade rounds**
- **Too much at stake: no credible alternative to WTO – despite PTAs**
- **Vocal pro-liberalization constituencies in many countries**
(> competitiveness of user industries, threat of industrial relocation)



THE END (?)