



# Trade in Services: a way forward

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# Outline

- Background
- State of play
- Options



# Materials

- Rudolf Adlung, 'Services negotiations in the Doha Round: lost in flexibility?'. *Journal of International Economic Law*, 2006 (doi:10.1093/jiel/jl027).

# Background

- Wide coverage (types of business, forms of policy)
- But with flexibility in commitments, eg
  - MFN exemptions
  - Variations between sectors
  - National treatment wrt regulation is negotiable, quantitative restrictions not ruled out

# State of play

- Significant gains from services reform, according to quantitative work, but
- ‘most commitments have been confined to locking in status quo access conditions, or even less, at the time of the negotiations’
  - With the exception of recent accession countries
- Even in new Round, ‘few...new commercial opportunities’ have been tabled
- Contributors: complexity, novelty plus lack of institutional support and coordination problems,

# State of play (cont.)

## ■ Sectors

- Commitments dominated by producer services
  - Health and education received few commitments

## ■ Modes

- mode 2 (consumption abroad) is the most liberal,
- mode 1 and 3 is mixed (commitments made but with qualifications), and
- mode 4 commitments are limited.

## ■ Continuing negotiations on rules [regulation, safeguards, procurement, subsidies]

- Inappropriate application of regulation can offset commitments on MA and NT

# Further work

- Benefits of reform
- Regional agreements
- Aspects of the GATS



# Benefits of reform/regional agreements

- Value of further work on gains from reform
  - Sectoral case studies to illustrate eg transport/logistics/distribution
  - Gains from MA versus NT
- Check coverage of services in FTAs and scope for combinations



# Proposals

- Architecture of the GATS
- Resolve technical issues
- Transparency and standstill
- Model schedules (clusters)
- Targets eg minimum sectoral coverage
- Plurilateral work

# Architecture

- Negative list instead of positive list
- Proposals for restructuring
  - split out modes of supply,
  - form one whole investment agreement,
  - combined modes 1 and 2 and commitment to a negative list on those modes,
  - new mode 4 agreement
    - Biases in modes of supply?
    - business interests and welfare effects
- Extent of liberalisation under +ve vs -ve lists.
- Determinants of choice of mode of supply and degree of substitutability, implications of different routes of and rates of reform.

# Technical issues

- Definitions of modes
- Definition of MFN
  - In presence of 'quota' regimes or changes in regulations
- NT vs MA
  - MA list includes some discriminatory items
- Work on specifications of modes 1 and 2 (or combine and go to a negative list)
- *See below on other items*

# Transparency and standstill

- At least bind existing policy – that and the associated transparency are argued to be a significant result
- Work on policy inventories and analysis of impacts, including of various degrees of partial reform

# Model schedules

- Contributes to scheduling precision
  - And overcomes some problems in the GATS sectoral classification
  - Avoids risks of 'over-commitment'
  - Contributes to consistency
- Develop schedules for priority sectors
  - Linked to work on policy inventories

# Targets

- Cover 'core' sectors or cover a proportion of all sectors/modes of supply
  - More efficient negotiations
- Costs and benefits of formula approaches, including its impact on 'flexibility'

# Plurilateral work

- Like minded countries move faster on common commitments
  - MA/NT
  - Rules
- Experience of application of existing 'club' provisions on recognition
- Theoretical work on club constitutions
- Case by case work on options for rules