

## **WSC Summaries and Conclusions**

### **The GATS Negotiating Agenda Report by Julian Arkell The Geneva Association, European Union**

We recognise the divergent interests of countries across all traded products and services: to achieve success in terms of bound specific commitments for fresh liberalisation, the GATS negotiations must be part of an ambitious round to give politicians room for manoeuvre and mercantilist trade-offs.

The negotiating Guidelines agreed in March 2001 comprise the key elements of the services negotiators' objectives in balanced form. In March 2002 they will review progress made since mandated work began early last year.

Some of the outstanding issues include the following:

- So far no advance has been made on crafting disciplines for subsidies, government procurement and emergency safeguards.
- The commercial presence and movement of persons Modes of Supply render safeguard measures fraught with difficulties, as does the lack of reliable statistics.
- Similarly, complex discussions on the highly sensitive subject of disciplines for domestic regulations have made slow progress on the concepts of necessity, least trade-restrictiveness and burdensomeness – whilst the higher hills of international standards, harmonisation and mutual recognition of laws have yet to be climbed.
- The review of MFN exemptions has revealed that some are designed to last long beyond the 10 year limit.
- Economic needs tests rouse great concern over their lack of objectivity and transparency.
- It is also clear that the bound specific commitments of the Uruguay Round were an incomplete standstill, in the main.
- Some fear that the prudential carve-out of the Financial Services Annex fence the regulators off from pressure for sensible trade friendly reforms.

On the more positive side, the following are some of the progress to look forward to.

- These tough challenges have not soured the atmosphere in Geneva, which is positive, systematic and focussed, and with which experts from capitals are engaged.
- Over 70 country proposals relating to horizontal and sector issues are being reviewed: they reveal how important the scene is for economies at all levels of GDP per head.
- Indeed, unilateral liberalisation has proceeded apace since the Uruguay Round, especially in developing countries keen to attract investment in their services infrastructure: the pre-condition for their sustainable growth and development.
- There is much interest in ensuring that electronic commerce can flourish by pinning down commitments in telecoms, distribution, payment systems and so on.
- Thus there is a dynamic to start the request and offer negotiating phase early next year, when the effort will reach to extending bound liberalisation to more sectors, especially for Modes 1 and 4 which pose greater difficulties, whilst recognising that the developing countries need time to develop their macro-regulatory structure over periods which allow proper sequencing and phasing.
- One trusts that the emerging consensus for an ambitious new round to be launched in Doha will succeed, so that the evident harvest for the win-win of international trade in services can be safely gathered in by the end of 2004: by then a decade after the birth of the WTO and GATS.

We in the private sector strongly support a concerted effort to that end. We want our beloved GATS to grow into strong and well-formed adulthood.