

WSC 2001 Breakout Session 1: The GATS negotiating agenda.

10.45 20 September 2001 HKCEC Room 407

Introduction by the Moderator: Julian Arkell

I would like to start with a few words on the wider scene so that we can better appreciate the context of the focus for our session.

Globalisation has been enhanced by technical innovation especially in information and communications technology, by regulatory reforms and by trade liberalisation

Trade liberalisation aims to create win-win situations from comparative advantage and foreign competition. This benefits consumers through greater efficiency, increased quality, reduced prices, and from innovation as a competitive tool spawning new products.

Most OECD countries have had a predominantly services economy for some decades now up to 75% of GDP is generated by services – for our guests here in Hong Kong the figure is over 82%. The proportion in other countries is growing, if from lower levels.

Manufacturing and services are more than ever interdependent, this is also true even for agriculture. The critical services infrastructure of transport, telecoms, financial and business services, determines the overall level of competitiveness of our economies. High quality services are indeed a pre-condition for enhanced economic performance.

It is typical for market developments to run ahead of domestic institutions and even more so at the international level. There are few mechanisms to manage globalisation.

In the trade field the new WTO is a notable exception – its creation was a real breakthrough in multilateral cooperation in the last decade of the last century.

Particularly the GATS is a triumph of trade diplomacy: and it deals not only with cross-border trade issues but also many aspects of inward investment, what it terms supply in the market through commercial presence (though some key elements of bilateral investment treaties are not included), and even covers the movement of workers who supply services abroad. Therefore the matters we will touch upon cover a wide range of policy issues.

But of course, trade liberalisation is a means not an end in itself, though trade can create resources for economic growth and development – a basic aim of the GATS.

The GATS recognises that there are social objectives of greater inherent value including security, human health, consumer and environmental protection and so on.

Due to such aims many services are regulated, some intensely. Others are provided by the state. But a majority of developing countries lack the capacity to create a sound framework of macro-

regulation and insist on high standards. They have a steep uphill task, needing to train individuals who must undergo on-the-job experience before taking on onerous responsibilities. These countries will need much technical assistance.

Whilst the GATS is strong on general principles, though even these have yet to be more fully articulated for implementation, it is perhaps weakest on the interface between much of domestic regulation and the supply of services from within the market. In the jargon: how to ensure that necessary regulations are the least trade-restrictive and least burdensome on entrepreneurs.

The GATS must be made better at locking in best practice liberalisation approaches, for the benefit of the public good, consumers and producers, in all Member nations.

Our speakers, who are official trade negotiators will be touching on subjects under a few broad headings. But do not forget that they are now in negotiating mode for their public utterances, which may involve tactical positioning !

Luckily we also have with us the Director of the WTO Trade in Services Division to help answer questions and enrich the discussion. He can be neutral in his explanations to guide us.

I expect we will be covering the following areas:

- the technical work being done in Geneva on
 - filling the gaps of the GATS framework, and
 - improving the clarity and legal consistency of the existing GATS language
- the negotiating guidelines for the current round of liberalisation negotiations, and the guidelines for scheduling specific commitments
- the issues likely to arise during the request and offer negotiations, which may start next Spring – as reflected in the many proposals tabled and being now studied
- the significance of recent and future accessions to the WTO and the level of their GATS specific commitments. China will likely become a full member early next year, which Mike Moore, the WTO Director General, has characterised as a defining moment in the history of the multilateral trading system. Chinese Taipei will also join then.
- The likely timetable and deadlines

I will be noting the key issues. I have been asked to report at tomorrow's Plenary Session, though in brief.

If you feel that on some issues I can report recommendations, that is in order too. This may also help with the deliberations tomorrow afternoon of those of you who will attend the Global Services Network meeting.

I will now take the speakers in reverse alphabetical order of representation: ie the USA first, followed by the Japan, the EU and Canada.

Each speaker will have 10 minutes to cover his key points, and after that we have about 40 minutes for questions and discussion.

I think you will find it a most interesting session.

wschkinb 20 Sep 01 / JA