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The WTO Services Negotiations

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**„Moving forward from Cancún“
CAT+E Conference**

**The WTO
Services
Negotiations**



Focus of the presentation

- Structure of the General Agreement on Trade in Services (GATS)
- WTO-Services Negotiations:
State of Play



Services are vital for economic development

- Fastest growing sector of global economy
- Services account for more than 2/3 of the EU's GDP and for more than 60 % of the jobs.
- Liberalization of services in DCs could provide \$ 6 tr. in additional income in DCs by 2015
 - 4 times the gains from goods liberalization (source: "WB's Global Economic Prospects and the DCs 2002")



I. GATS: The Agreement

GATS: A well balanced approach

- Higher level of liberalization through multilateral framework of principles and rules
- Recognition of the right to regulate, and to introduce new regulations in order to meet national policy objectives
- Increasing participation of DCs in trade in services and considering their needs



I. GATS: The Agreement

Scope and coverage of GATS

- All services covered (except governmental services and air traffic rights)
- 12 Sectors (e.g. distribution, environmental services) subdivided into some 160 sub-sectors and activities
- 4 Modes of Supply (crossborder, consumption abroad, commercial presence and presence of natural person)



I. GATS: The Agreement

GATS: High degree of flexibility

- No obligation to open any sector
- Tailored commitments for specific subsectors and specific modes of supply possible
- If commitment is taken: horizontal and sectoral limitations can be reserved (e.g. subsidies)
- Governments maintain the right to regulate (e.g. levels of quality, safety, price)



I. GATS: The Agreement

Thus GATS does NOT aim at:

Threatening
public
services or
public
funding

Privatization

Deregulation



II. GATS-Negotiations

Structure / Timetable

- Negotiations started in 2000
- Request - offer process
- Timeframe in § 15 DDA:
initial requests (6/ 02); initial offers (3/03);
conclusion within timeframe of Doha (1/05)



II. GATS-Negotiations

State of Play

- EU has submitted differentiated request to 109 other WTO-MS tailored to the development status of each WTO-MS.
- 38 requests have been received by EU
- So far 39 WTO-MS have tabled their initial offers (ca. half of them from DCs)



II. GATS-Negotiations

Substantial EU-Offer

- New sectoral commitments (e.g. postal, environmental, legal services)
- Expansion of horizontal commitments for Mode 4 (temporary presence of natural persons)
- No changes in sensitive areas (e.g. public utilities, subsidies, water for human use)



II. GATS-Negotiations

Impact of Cancun on Services

- Part of the „single undertaking“ but no „real Cancun issue“
- References in § 6 Draft Cancun Declaration
- No positive impulse for services negotiations
- Formally: conclusion (1/ 2005) but negotiations affected by Cancun failure



II. GATS-Negotiations

Next steps?

- Needed: general willingness to conclude DDA
- Create clarity on how to proceed:
General Council Meeting in December
- Services: More offers and meaningful improvement of offers needed
- Germany has vital interest in successful continuation of negotiations