

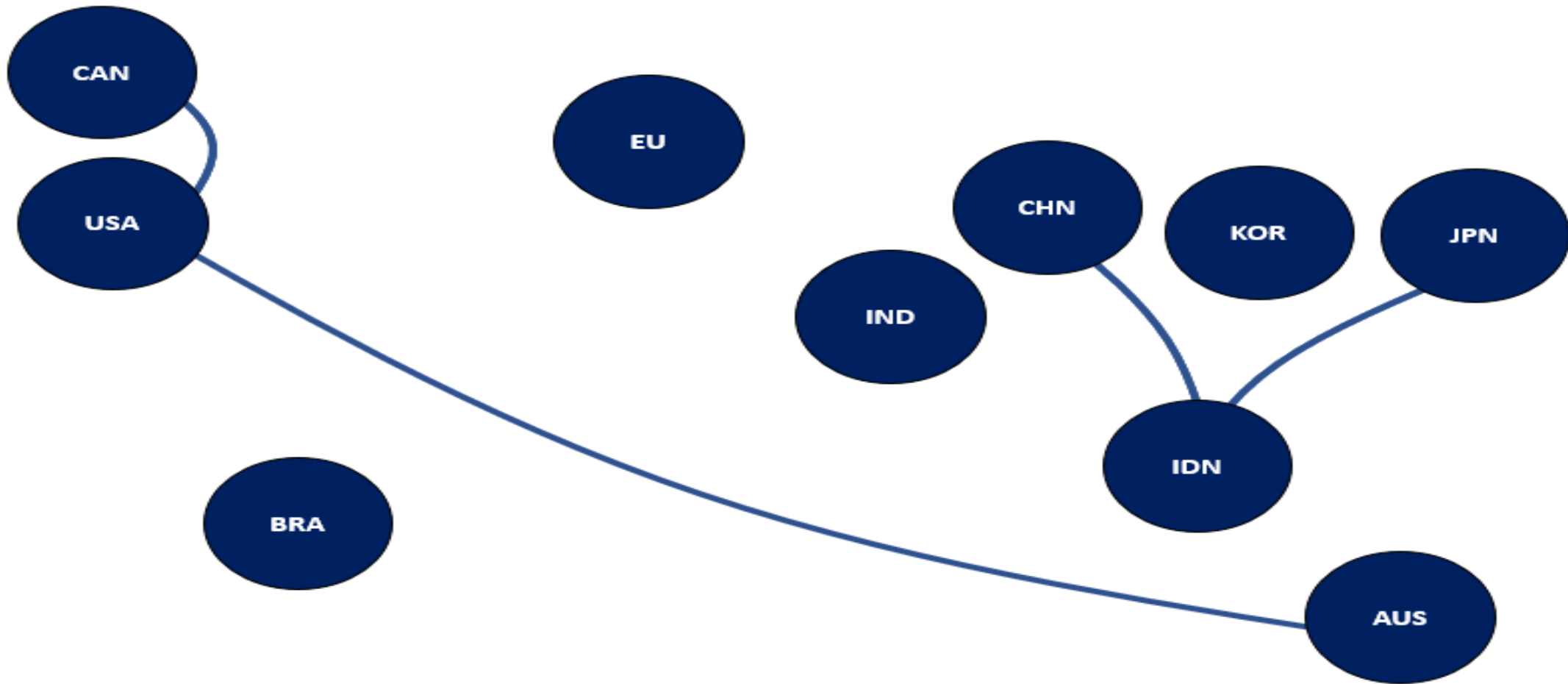


# Session 4: CARTIF Priority Chapters – Trade in Services

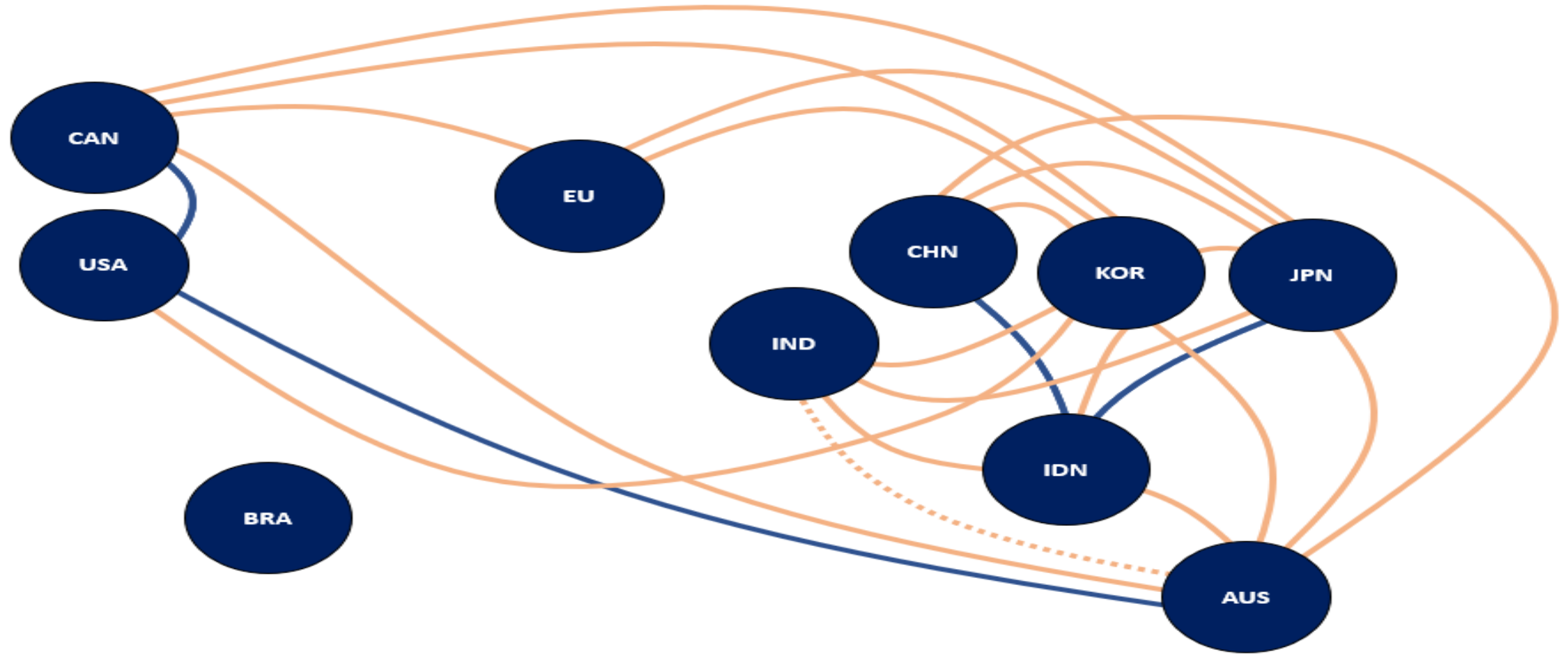
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# Large economies: pre-2010



# Large economies: since 2010



# Motivations for Services RTAs

- Politics; Negotiating Economy
- To reflect new ways of doing business; advancing new rules
- Security of access for services exporters; GATS+ commitments/Reciprocity
- Different liberalization modalities
- Regional integration
- Encourage and consolidate reforms
- Investment signalling; improving business climate
- Part of trade-offs for preferential access in goods or other issues (e.g., development assistance; labour mobility)
- Bandwagon

# Services in RTAs: Scheduling Approaches

	Positive list	Negative list
<b>Sectoral coverage</b>	<b>Bottom-up:</b> Commitments apply only to sectors/sub-sectors in Schedule	<b>Top-down:</b> All sectors/sub-sectors liberalized unless otherwise specified
<b>MA &amp; NT</b> (for negative list, may also include MFN, local presence in lists of non-conforming measures)	All limitations must be listed	Annexes on <b>non-conforming measures:</b> <ul style="list-style-type: none"> <li>- Existing measures (stand-still or <i>status quo</i>) – Annex I</li> <li>- Future measures (sectors, sub-sectors excluded) – Annex II</li> </ul>
<b>Other elements</b>		“Ratchet” mechanism

# GATS+ market access commitments

- Earlier research has established that, overall, RTA commitments tend to go significantly beyond GATS.
- The RTA-GATS gap is increasing further, in view of:
  - New Members engaging in services RTAs (e.g., Turkey and Africa (forthcoming)), even if US is currently staying on the sidelines
  - RTAs linking large economies, making them more likely to commit more
  - Recent movement by key players towards negative listing, which tends to produce more GATS+ commitments
- Services commitments provide the necessary basis for e-commerce, even if addressed in a different chapter

# Implications of MA in Services RTAs

- No loss of revenue as in the case of tariff reductions
- Problems with rules of origin not as complex
- Limited 'new' liberalization resulting from RTAs; key objective is to bind *status quo* and future liberalization
- 'Applied' preferences are not very common, in contrast to goods
- Single regulatory regimes for services may imply *de facto* extensions of preferences to third countries
- But: cases of applied preferences exist and info is lacking

# Some Key Challenges for Services Negotiators

- Surveying one's own existing measures and identifying the 'applied regime' for all modes, sectors, and key obligations.
- Translating the applied (or status quo) regime into scheduling language
- Defining positions: status quo, unbound, status quo (+), or status quo (-)
- Coordination/consultations with all ministries, regulators, and sub-central entities: 'lost in translation'!
- Assess the other side's 'best RTA' commitments