



TRAINING COURSE ON TRADE IN SERVICES NEGOTIATIONS 31 March-1 April 2016

Session 2: Features of preferential liberalization in services trade (Economic Integration Agreements) Dr. Mia Mikic, Chief, TPAS, TIID, ESCAP mikic@un.org Basic WTO principles (reminder)

MFN (Most Favoured-Nation) Treatment

[TRADE TO BE REGULATED BY CUSTOMS DUTY ONLY]

[DUTIES TO BE BOUND]

NT National Treatment



Non – discriminating clause

All WTO members to be treated at par for:

Export control/policy

Import control/policy

If give any preference to non-WTO member – it should be extended automatically and unconditionally to all members of WTO.

Regional Trade Agreements

Exception to MFN principle GATT: Article XXIV and Enabling Clause GATS: Article V TRIPS: None.

GATT: PTA, FTA, Customs Union

GATS: Economic Integration Agreements

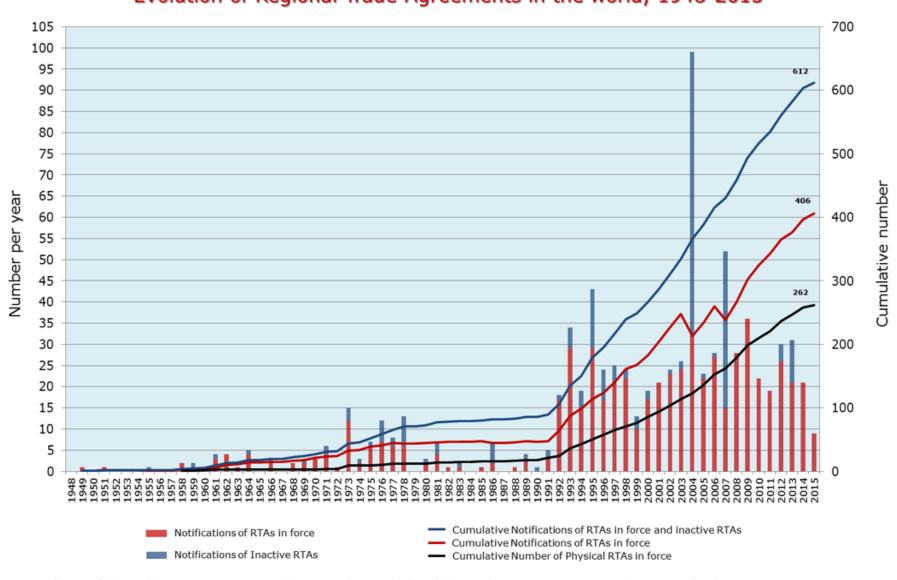
Goods and Services both can be covered under one single agreement in RTAs (CECA, EPA, CEPA etc.)

WTO facts

As of 2015, more than 600 notifications of RTAs (counting goods, services and accessions separately) had been received by the GATT/WTO. Of these, 426 notifications were made under Article XXIV of the GATT 1947 or GATT 1994; 39 under the Enabling Clause; and 147 under Article V of the GATS. Of these 612 RTAs, 406 were in force.

The overall number of RTAs in force has been increasing steadily, a trend likely to be strengthened by the many RTAs currently under negotiations. Of these RTAs, Free Trade Agreements (FTAs) and partial scope agreements account for 90%, while customs unions account for 10%.

In Asia-Pacific there are 155 agreements of which 61 cover Services.



Evolution of Regional Trade Agreements in the world, 1948-2015

Note: Notifications of RTAs: goods, services & accessions to an RTA are counted separately. Physical RTAs: goods, services & accessions to an RTA are counted together. Source: WTO Secretariat. Trade policy for goods vs. trade policy for services

Rules on trade in services differ from those on trade in goods:

Unlike in goods, positive listing of sectors and modes while undertaking commitments.

In goods - control is through border measures (e.g. tariffs), and for services control is through regulations

 no tariffs (remember how services are supplied?)

Memo: Barriers to trade in services

- Restrictions are with the importing country- behind the border barriers, many in form of G regulations (which are often prudent and necessary; examples?)
- •Concern exists when regulations are applied in a discriminatory and unnecessarily restrictive manner that limit market access; many come in form of restricting FDI (mode 3) or temporary movement of providers and consumers of services (modes 4 and 2).
- •Are there restrictions on mode 1?
- •Are there restrictions on evnorts?



