The Services Waiver for LDCs

Annet Blank Head, LDC Unit Development Division

WTO

The Waiver: An LDC-Only Enabling Clause for Services

- Recalled before December 2011:
 - MFN applies (GATS Art. II)
 - No authorization for preferences for DCs/LDCs (no Enabling Clause → no GSP for services)
- Dec 2011 Waiver now authorizes preferential treatment...
- ...but does not oblige Members to grant preferences
- Covers preferences only for LDC services/service providers
- But for all LDCs, not only WTO Members

Scope: What does the Waiver Cover?

- Automatically covered: Market Access preferences "of the type referred to in GATS Art. XVI" ("Small Window")
- Potentially covered: Other preferences ("Large Window")
 - Regulatory preferences
 - Preferential national treatment
 - Other preferences (e.g. tax exemptions)
 - But: Authorization from CTS required

Market Access Preferences: Examples ("Small Window")

- Allow midwifes from LDCs to provide services (mode 4) under an LDC-only quota
- Allow LDC contractors coming into the country as contractual service providers (mode 4) to use up to 25 qualified building professionals from LDCs, while service suppliers from other countries can only bring in only up to ten of their own staff
- Allow LDC tour operators to maintain a local presence (mode 3) in the form of representative offices while others must establish full branches or subsidiaries

Regulatory and Other Preferences: Examples ("Large Window")

- Recognition of qualifications based on practical experience (e.g. X years of experience) for LDC professionals while requiring formal qualifications (diplomas etc.) for others
- Facilitated licensing procedures for LDC providers (e.g. possibility to submit papers in home language)
- Lower capital requirements for banks from LDCs



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