

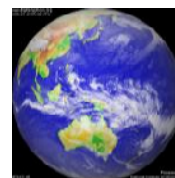
General Agreement on Trade in Services (GATS)
Negotiations in the Doha Round

Mr. Edward Sulikowski

STATE OF PLAY & CHALLENGES AHEAD

GENERAL AGREEMENT ON TRADE IN SERVICES (GATS) NEGOTIATIONS IN THE DOHA ROUND

Edward Sulikowski
Director, Services Trade and Negotiations
Department of Foreign Affairs and Trade
Canberra, Australia



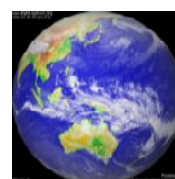
1

Kunming, June 2006

Broader Dynamics of the Round

- WTO created in 1995 – Uruguay Round
- Broader agenda, including agriculture, services and intellectual property
- Membership surge – now 150 Members
- Fundamental change in dynamics of the organisation
- Agriculture is the top priority for most developing country Members
- Progress in services will depend on progress in other areas, especially agriculture

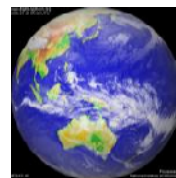
– the “third train in the carriage”



2

Services Negotiations

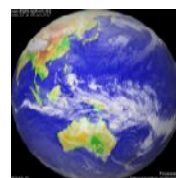
- Market access negotiations carried out through a request/offer process
- GATS commitments generally less than “standstill”
- Services liberalisation traditionally driven by developed countries, but developing country Members have strong offensive interests in Mode 1 (BPO) and Mode 4 (including professional services)
- Ongoing rule-making work on such issues as domestic regulation and safeguards



3

Requests and Offers

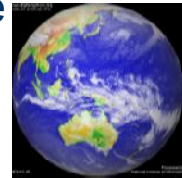
- Liberalisation not formulaic, as in Agriculture and NAMA
- 74 Members have made initial offers, including over 55 developing country Members
- 29 Members have made revised offers
- Quality of offers varies considerably



4

Doha Round: Latest Developments

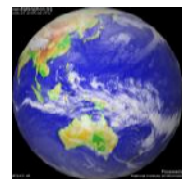
- Critical point in WTO negotiations reached
- Ministers meeting in Geneva this week
- Challenge is to complete the Round in 2006
- Failure of the Round would be a major setback for the WTO system
- Agricultural market access remains the key stumbling block



5

Services: Next Steps

- Ministerial stocktake on 1 July
- Second revised services offers lodged by July 31
- Next round of bilateral market access negotiations scheduled for 10-14 July
- Future engagement in plurilateral negotiations?



6

Major challenges of GATS negotiations

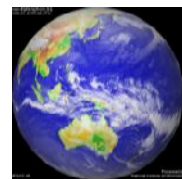
1. Finish the Round
2. Work with a Diverse Membership
3. Reform of GATS Architecture ?
4. Progress in Rules Negotiations
5. Impact of Free Trade Agreements
6. Difficulty of Domestic Consultations



7

Major challenges of GATS negotiations # 1: Finish the Round

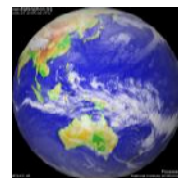
- Speculation that the Round is dead or dying
- Still can do a deal but Members need to act with utmost urgency and resolve
- Historic opportunity to resolve world trade for the better



8

Major challenges of GATS negotiations # 2: Diverse membership

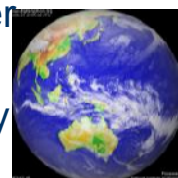
- Size and composition
 - 150 very diverse members
 - Developing, Developed, LDC
 - Resource constraints
- Blocks/alliances in WTO (G6, G20, G33, Cairns Group, ACP Group, LDCs)
- More complex issues



9

Major challenges # 3: GATS Architecture

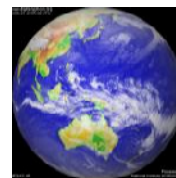
- Services share of global trade increasing rapidly
- Credibility of GATS architecture undermined if we fail to keep pace with these changes
- To date, services offers poor on all counts – participation, coverage and depth of commitments
- 10 years of the GATS is enough time to explore possibilities to undertake broader and deeper commitments in Doha Round
- But still large gap between current regulatory practice and current offers



10

Major challenges # 2: GATS Architecture - Questions

- Can the request-offer negotiations and plurilateral processes deliver commercially meaningful offers?
- Are the negotiations fragmented in the absence of an overall level of ambition, target or reference point?
- Are there better options to the negotiations than leaving the process without structure and guidance?



11

Major challenges # 4: Rules Negotiations

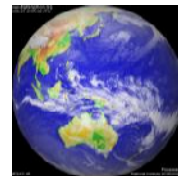
- Focus of this workshop
- More than 10 years of inconclusive negotiation on domestic regulation, ESM, subsidies and government procurement of services
- Slow progress on rules affecting negotiations on market access
- Focus on domestic regulation and emergency safeguard mechanism



12

Major challenges # 5: Free Trade Agreements (FTAs)

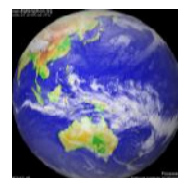
- Negative vs Positive list approach
- Complementary or competing?
- FTAs now cover services
- Why haven't signatories to FTAs taken equivalent commitments in GATS?
- GATS+ nature of bilateral deals: hold back level of GATS commitment in order to bring something to the table?



13

Major challenges # 6: Domestic consultation

- Major resource challenge
 - 160 sub-sectors
 - Domestic regime behind borders
 - Need to undertake extensive domestic consultation
 - Major resource issue for developing countries
 - Brake on pace of negotiations
 - How to solve? How to learn?



14

Conclusions

- An ambitious outcome on services is a critical element of a balanced package in the Doha Round
- Many members have undertaken voluntary liberalisation since the UR that is not reflected in their schedules
- Credibility of GATS will come under greater challenge if commitments do not reflect the pace of global services liberalisation

