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**Council for Trade in Services
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COMMUNICATION FROM BARBADOS ON BEHALF OF THE MEMBERS OF THE CARIBBEAN COMMUNITY (CARICOM)

WTO Negotiations on Services

Attached is a joint proposal from the members of the Caribbean Community (CARICOM) Antigua and Barbuda, Barbados, Belize, Commonwealth of Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Republic of Trinidad and Tobago and Suriname. It has been received from the delegation of Barbados with the request that it be circulated to Members of the Council for Trade in Services.

I. CONTEXT

1. Article XIX of the GATS mandates Members to enter into successive rounds of negotiations with a view to achieving progressively higher levels of liberalization. In keeping with this mandate, negotiations started at the beginning of February 2000. Further, the decisions of the Special Session of the Council held on 26 May established a “roadmap”, which provides a timeframe for the completion of this phase of preparations and stocktaking in March 2001.

II. ASSESSMENT

2. Paragraph 3 of Article XIX of the GATS provides that for each round of negotiations, guidelines and procedures shall be established. The same provision also calls upon the Council to carry out an assessment of trade in services in overall terms and on a sectoral basis with reference to the objectives of the GATS, including those set out in paragraph 1 of Article IV.

3. Members agreed in February 2000, that the discussion on the assessment of trade in services should become a standing item on the agenda of the Special Session of the Council for Trade in Services. It was further agreed that the assessment should be regarded as an on-going process, rather than a “one-off” exercise.

4. We consider that a proper assessment is indispensable for the proper conduct of negotiations on further liberalization, and to meet the objectives set out in the Agreement.¹ The assessment carried out by the Council at the five formal meetings in Special Session has not adequately addressed the requirements of Article XIX.

¹Accordingly, we welcome the proposals to this effect put forward by other Members, for example Mauritius on behalf of the African Group (communication from Mauritius on behalf of the African Group, S/CSS/W/7, 4 October 2000).

5. Cognisant of the considerable resource implications of conducting the assessment, CARICOM members urge the Council on Trade in Services to develop appropriate mechanisms aimed at ensuring that such resources are available.

6. It is our view that the assessment should concretely address the effects on world trade in services of the specific commitments adopted by WTO Members in the GATS. We also consider it important that such an assessment should ascertain the extent to which these commitments have contributed to increased participation by developing countries in trade in services; strengthened their domestic services capacity, and improved access to distribution channels and information networks for this group of countries.

III. TECHNICAL REVIEW OF THE GATS

7. CARICOM considers that the revision of the GATS Agreement, where necessary should only focus on ensuring the legal consistency and on improving the clarity of its provisions. We support a technical review of the provisions of the Agreement only where the existing architecture and principles of the GATS Agreement will not be altered and where it will not result in additional obligations for Members.

IV. MODALITIES FOR THE NEGOTIATIONS

8. The negotiations on services should be based on the request and offer approach, which may be supplemented by other approaches as agreed to by WTO Members. These alternative negotiating techniques should not deviate from the positive list approach outlined in Part III of the GATS and must only be used where there is overall consensus among Members. Where alternative methods are used, these modalities must be clearly specified in the negotiating guidelines and procedures to be established before substantive negotiations on specific commitments begin. In developing these guidelines, the interests of all participants should be promoted.

V. TIMING AND SEQUENCING OF NEGOTIATIONS

9. CARICOM is of the view that every effort should be made to expedite the work of the Working Party on GATS Rules and in the Committee on Specific Commitments. Negotiations on specific commitments should be started only when there is a clear perspective of the nature of the final outcome of the work being undertaken in these bodies. We are also of the view that rule-making in domestic regulation should proceed in a parallel process to the negotiations of specific commitments.

VI. SUBSIDIES

10. Article XV of GATS mandates Members to enter into negotiations with a view to developing multilateral disciplines, which would avoid the distortive effects that subsidies in services may have on trade in services.

11. We stress that the negotiation on subsidies in the GATS should take into account the need for appropriate flexibility for developing country Members. Small developing countries require subsidies as a mechanism for encouraging their service providers to participate in international trade in services and for their continued development. Negotiations should therefore allow for the maintenance of existing, and the introduction of new programmes to encourage the development of the domestic services capacity of those economies as provided by Article IV.

VII. SAFEGUARDS

12. We endorse the proposal that safeguard measures be included in the GATS. We attach great importance to emergency safeguards for services as a useful instrument for countering negative effects arising from the liberalization of trade in services. We share the view that multilateral disciplines in this area would encourage the active participation of developing countries.

13. To date, attempts have been made to restrict the applicability of safeguard measures to cross-border trade in services. CARICOM holds strongly to the view that this should be extended to other modes of supply.

VIII. MFN EXEMPTIONS

14. Recognizing the need for greater flexibility for Developing Countries. CARICOM supports the continuance of the arrangements for MFN exemptions including provisions under Article V of the GATS and exemptions with respect to international agreements.

IX. MODE 4 – MOVEMENT OF NATURAL PERSONS UNDER GATS

15. Developing countries have made substantial commitments in respect of many service industries without receiving any meaningful concessions of economic value because the sectors and areas of interest to them have not been sufficiently liberalized by developed countries. Of particular concern to developing countries is the limited progress in liberalizing Mode IV – movement of natural persons.

16. CARICOM Members share the view of other Members that further liberalization of the movement of natural persons is essential for the full implementation of Article IV:1(c) which provides for the liberalization of market access in sectors and modes of supply of interest to developing countries.

X. MUTUAL RECOGNITION AND STANDARDS

17. The practice by some developed country Members of stipulating qualification/certification and/or licensing requirements for certain categories of service providers can, in certain situations, restrict market access for services providers in key sectors in developing countries. In many cases, the requirements exceed those actually needed for the service to be rendered, thereby disqualifying the candidates' professional and educational qualifications.

18. CARICOM proposes that efforts should be made to accelerate the work required under Article VII.

XI. TREATMENT OF SMALL DEVELOPING ECONOMIES

19. As small developing economies, we attach particular importance to paragraphs 2 and 3 of Article XIX and to Article IV, which provide the flexibility and special and differential treatment for developing and least-developed countries.

20. We consider that both the level of development and the size of the economy should be given due weight in negotiations, if small developing economies are to receive adequate benefits from the multilateral trading system for services. We are also of the view that in appropriate circumstances the treatment of small developing economies can be approximated by dealing with proposals in terms of small service providers.

21. In particular periods, small economies may experience economic growth, but their limited physical and human infrastructure present special difficulties that cannot be easily alleviated. Further, the liberalization of trade in services will create very onerous regulatory and other requirements on small developing economies.

22. Accordingly, we stress the need for “special and differential” treatment for developing countries, and in particular small developing economies. We share the view of other Members that the modalities for the negotiations should be so developed as to accommodate gradual liberalization, differing levels of participation in plurilateral and multilateral initiatives, flexible time frames, and the provision of phase-in and transitional periods for developing countries and least-developed countries as appropriate.

23. Such treatment should be based on a careful assessment of the needs of those economies; and of the expected effectiveness of the measures proposed. We underline the need for technical assistance for carrying out such assessments, and for collating statistical information on services trade.
