

**General Council**

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**PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE**

Negotiations on Trade in Services – Negotiating Guidelines

*Communication from Uruguay*

The following communication, dated 5 July 1999, has been received from the Permanent Mission of Uruguay.

**1. Introduction**

1. The Geneva Ministerial Declaration adopted in May 1998 during the Second Ministerial Conference established a work programme under the direction of the General Council, to ensure full and faithful implementation of existing agreements and to prepare for the Third Session of the Ministerial Conference.

2. The General Council's work programme shall encompass, among others, recommendations concerning the negotiations already mandated at Marrakesh (agriculture and services, among others), to ensure that such negotiations begin on schedule.

3. Uruguay attaches importance to the next negotiations on trade in services and expects that in accordance with Article XIX:1 of the General Agreement on Trade in Services (GATS) an overall balance of rights and obligations covering the interests of all Members shall be achieved.

**2. Background**

4. Article XIX:3 of the General Agreement on Trade in Services (GATS) states that:

“For each round, negotiating guidelines and procedures shall be established. For the purpose of establishing such guidelines, the Council for Trade in Services shall carry out an assessment of trade in services in overall terms and on a sectoral basis with reference to the objectives of this Agreement, including those set out in paragraph 1 of Article IV. Negotiating guidelines shall establish modalities for the treatment of liberalization undertaken autonomously by Members since previous negotiations, as well as for the special treatment for least-developed country Members under the provisions of paragraph 3 of Article IV.”

5. The Council for Trade in Services is currently carrying out the issue of the assessment of trade in services. Without prejudice to this work that Uruguay believes is very important, and taking into account the calendar of the work programme agreed by the General Council, Uruguay submits

the following contribution in relation to the preparation of negotiating guidelines for the next negotiations on trade in services.

### **3. Proposal**

6. In the framework of the above, Uruguay submits this contribution in relation to the objectives, principles and the elements that should be included in the negotiating guidelines for the next negotiations on trade in services.

#### **(a) Objectives of the negotiation**

7. The Punta del Este Ministerial Declaration of 1986 – which began the first negotiations on trade in services – stated that “negotiations in this area shall aim to establish a multilateral framework of principles and rules for trade in services, including elaboration of possible disciplines for individual sectors, with a view to expansion of such trade under conditions of transparency and progressive liberalization and as a means of promoting economic growth of all trading partners and the development of developing countries. Such framework shall respect the policy objectives of national laws and regulations applying to services and shall take into account the work of relevant international organizations.”

8. The General Agreement of Trade in Services (GATS) established in its preamble a similar concept to the one included in the Punta del Este Ministerial Declaration.

9. Therefore, Uruguay believes that the objective of the next negotiations in services must continue to be the expansion of trade in services, under conditions of transparency and progressive liberalization, as a means of promoting economic growth of all trading partners and the development of developing countries.

#### **(b) Principles and elements to be included in the negotiating guidelines**

##### **(i) *Progressive liberalization***

10. Part IV of the GATS Agreement is called “Progressive Liberalization”, which is a fundamental principle in the structure and functioning of this Agreement.

11. Article XIX states, among other concepts, that this process of progressive liberalization shall take place with a view to promoting the interests of all participants on a mutually advantageous basis and to securing an overall balance of rights and obligations.

12. In this regard, Uruguay believes it is important to maintain the structure and functioning of the GATS Agreement as it was agreed by Members, and as is currently the case, on the basis of positive lists of specific commitments in sectors and modes of supply negotiated and agreed by the WTO Members.

13. Article XIX:2 of the GATS states that the process of liberalization shall take place with due respect for national policy objectives and the level of development of individual Members, both overall and in individual sectors and there shall be appropriate flexibility for individual developing-country Members.

##### **(ii) *Increasing participation of developing countries***

14. Article IV:1 of the GATS Agreement refers to the increasing participation of developing countries.

15. The strengthening of their domestic services capacity and their efficiency and competitiveness, *inter alia* through access to technology on a commercial basis, the improvement of their access to distribution channels and information networks, and the liberalization of market access in sectors and modes of supply of export interest to developing-country Members, are essential elements of the Agreement.

16. To this effect and with the aim of contributing to the effective application of this Article, Uruguay believes that developed countries should adopt commercially meaningful commitments in areas of interest to developing countries during the next negotiations on trade in services.

17. Moreover, Article XIX:3 of the GATS states that the negotiating guidelines shall establish modalities for the special treatment for least-developed country Members under the provisions of paragraph 3 of Article IV.

(iii) *Autonomous liberalization*

18. Article XIX:3 of the GATS express that “negotiating guidelines shall establish modalities for the treatment of liberalization undertaken autonomously by Members since previous negotiations”.

19. Therefore, in the next negotiations on trade in services the liberalization undertaken autonomously by Members since the end of the Uruguay Round must be taken into account.

20. The following elements should also be included in the negotiating guidelines:

(iv) *Disciplines on domestic regulation*

21. With reference to the development of disciplines on domestic regulation, the current work must continue in accordance with the mandate established in the GATS and in the Decision in document S/L/70 of 28 April 1999.

(v) *GATS rules*

22. In relation to the negotiations on rules established in the GATS, the Working Group shall continue making progress in the negotiations on emergency safeguard measures, subsidies and government procurement in services, taking into account that it is necessary to maintain some balance in the development of rules in the three areas.

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