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COMMUNICATION FROM CANADA

Canadian Initial GATS Sectoral/Modal/Horizontal Negotiating Proposals

The attached communication has been received from the delegation of Canada with the request that it be circulated to Members of the Council for Trade in Services.

1. Canada submits this paper, in accordance with the "Roadmap" document agreed upon by the Council for Trade in Services (CTS), Special Session, on May 26, 2000. It proposes principles and objectives for the current General Agreement on Trade in Services (GATS) negotiations, as well as elements for inclusion in the negotiating guidelines and procedures.

I. PRINCIPLES

2. We recognize the increasingly global nature and importance of service industries, and the growing contribution of services exports to the world economy, and specifically to the Canadian economy. This underlines the importance of a successful conclusion to the current services negotiations to increase market access for service providers. Expanded, transparent, and predictable markets benefit countries, businesses - small, medium and large - and consumers. Services particularly contribute to the development of the knowledge-based economy.

3. While recognizing the importance of a liberalized services trade environment, it is an underlying tenet of the GATS, found in both the Preamble and Article XIX of the Agreement, that the process of progressive liberalization shall take place with due respect for national policy objectives. In particular, the GATS emphasizes the right of Members to regulate, and to introduce new regulations, on the supply of services within their territories, in order to meet national policy objectives. These are important principles of the GATS as they ensure that each Members' ability to implement social and cultural policies is maintained.

4. The GATS cannot be interpreted as requiring governments to privatize or to deregulate any services. We recognize the right of individual countries to maintain public services in sectors of their choice: this is not a matter for the GATS negotiations. However, in sectors where countries have chosen to undertake specific commitments under the GATS, the mutually-agreed rules of GATS should apply.

5. Canada also recognizes that the process of progressive liberalization must respect the level of development of individual Members, and facilitate increased participation of developing countries in trade in services. Particular account must be taken of the serious difficulties faced by the least-developed countries. It is in the interest of all Members that developing countries are active participants in, and beneficiaries of, these negotiations.

II. OBJECTIVES

6. Canada reaffirms that the objective of these negotiations is to liberalize trade in services through increased transparency and predictability in services trade regimes and through the provision of effective access to markets while giving due respect to national policy objectives.

7. Specifically, Canada's objectives at this initial stage of the negotiations are:

- (i) To obtain improved access to international markets for Canadian service providers.
- (ii) To consider the particular situation of small- and medium-sized service suppliers, in the negotiations.
- (iii) To preserve the ability of Canada and Canadians to maintain or establish regulations, subsidies, administrative practices or other measures in sectors such as health, public education, and social services.
- (iv) To recognize the importance of the framework of rules in enhancing transparency and predictability for Canadian service exporters: in particular, to continue the work of the "built-in agenda" of the emergency safeguard mechanism, subsidies, government procurement and domestic regulation (as set out in GATS Article VI.4).
- (v) To explore ways to address the interests and concerns of developing countries; in particular, to consider the serious challenges faced by least-developed countries in these negotiations .

8. Canada also believes that a systematic process of identifying and evaluating likely and significant environmental impacts of trade negotiations is essential, and to this end, will undertake domestically an environmental assessment of the GATS in accordance with Canada's "Framework for Conducting Environmental Assessments of Trade Negotiations".

9. Canada will also not make any commitment that restricts our ability to achieve our cultural policy objectives until a new international instrument, designed specifically to safeguard the right of countries to promote and preserve their cultural diversity, can be established.

III. NEGOTIATING GUIDELINES AND PROCEDURES

A. SCOPE

10. The negotiations shall be conducted within the existing architecture of the GATS, which allows each Member to choose - through its specific commitments - which service sectors, which modes of service delivery and to what extent they wish to open to foreign service providers. Canada's choices will be guided by the principles and objectives noted above.

11. The negotiations shall seek to secure an overall balance of rights and obligations over a broad range of sectors.

12. The negotiations shall preserve the right of Members to regulate and to introduce new regulations in order to meet national policy objectives and will not cover those services specifically excluded by the GATS: i.e., services supplied in the exercise of governmental authority, as well as air transport services excluded from the GATS under the Annex on Air Transport Services.

13. Special attention shall be given to sectors and modes of supply of interest to developing countries.

B. REVIEWS

14. Negotiations should take into account the results of ongoing reviews of the “Annex on Air Transport Services” and the “Understanding on Accounting Rates”. As specified in the “Annex on Article II Exemptions”, Most-Favoured Nation (MFN) Exemptions taken by Members shall be subject to negotiation.

C. AUTONOMOUS LIBERALIZATION

15. Recognizing transparency and predictability as two cornerstones of the GATS, Canada believes that it is in the interest of all Members to take note of the autonomous liberalization of other Members and to give credit as appropriate.

D. ASSESSMENT

16. Much assessment work has been completed, but Canada recognizes the value of ongoing assessment of trade in services work.

E. STARTING POINT

17. The starting point for negotiations on liberalization should be the existing level of commitments as contained in the GATS schedules

F. DEVELOPING COUNTRIES

18. Members should consider how to support the negotiating capabilities of developing countries and consideration should be given to providing special treatment for the least developed countries.

G. NEGOTIATING APPROACHES

19. The request-offer approach should form the basis of the negotiations. Horizontal, formula, model schedule or cluster negotiating approaches could be considered as appropriate, as long as they are consistent with the GATS architecture, which allows Members to individually decide which commitments to undertake.

H. TECHNICAL REVIEW

20. Existing provisions of the GATS may be subject to a technical review as agreed, by Members, to improve the clarity and legal consistency of the text. Any technical changes should not alter the structure, meaning or principles of the GATS.

I. ORGANIZATION OF THE NEGOTIATIONS

Members should take practical decisions on the appropriate initial organization required for consideration of the various negotiating proposals, taking into account the diversity of interests, representation from capitals, resource implications, and the limited capacity of smaller missions.
