

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Group of Negotiations on Services

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COMMUNICATION FROM SWEDEN ON BEHALF OF
THE NORDIC COUNTRIES

The following communication has been received from the delegation of Sweden on behalf of the Nordic countries, with the request that it be circulated to the members of the Group of Negotiations on Services.

Objectives, Principles and Organization for Negotiations on
Trade in Services According to the Ministerial Declaration

"Part II - Negotiations on Trade in Services

"Ministers also decided, as part of the Multilateral Trade Negotiations, to launch negotiations on trade in services.

"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.

"GATT procedures and practices shall apply to these negotiations. A Group on Negotiations on Services is established to deal with these matters.

"Participation in the negotiations under this Part of the Declaration will be open to the same countries as under Part I. GATT secretariat support will be provided, with technical support from other organizations as decided by the Group of Negotiations on Services.

"The Group of Negotiations on Services shall report to the Trade Negotiations Committee."

In order to implement the Programme for the Initial Phase of Negotiations and to reach the Negotiating Objectives, it is desirable in a first stage to deal in concrete terms with the major issues involved and how they interact. To this end it is necessary to improve information about how services actually are traded, identify the main concepts that would constitute a multilateral framework, elucidate factors and barriers with an impact on trade, and analyse potential gains for growth and development derived from freer trade in services.

Since the issues involved are interrelated it is necessary to start work in different areas and, as parallel work progresses, check ideas and concepts in one area against possible solutions in another. For instance, a multilateral framework cannot be developed without at least an implicit idea of which sectors various delegations are interested in being covered. Neither is it possible to agree a priori on sectors without a notion of what rules and disciplines should apply.

Initial phase

It is therefore proposed that negotiations will start in different areas in order to arrive at an overall understanding of the issues involved and their possible inter-relationship. During this phase particular attention will be devoted to:

- identification of the basic concepts for a multilateral framework of principles and rules for the expansion and progressive liberalization of trade in services;
- an inventory of various practices and measures including perceived barriers to trade;
- coverage;
- development aspects;
- international disciplines and arrangements regulating different service sectors and an analysis as to their relevance for trade;
- statistical issues.

Concepts

In view of the Ministerial Declaration, negotiations will evolve around this issue.

A point of departure for the elaboration of a multilateral framework should be to study the applicability of certain principles to trade in services. Some of the existing trade principles may, with some adjustments, fit the special characteristics at hand, while at the same time, new ideas and concepts would have to be brought to bear on the issue.

The work on the framework will have to be left in a provisional state. With the principal concepts of this framework clearly identified and analysed in the early stages of the discussion, it should be understood that they are likely to be elaborated and modified as work progresses in other areas.

Inventory

An inventory of various practices and measures including perceived barriers that would lead to increased transparency and serve the purpose of conveying a better understanding of the transmission of services between seller and buyer as well as of the problems encountered in that process. This understanding is of importance when discussing concepts of relevance to

the multilateral framework. The inventory should be based on information provided by member countries and could also include a process of cross notification.

As work on the inventory list progresses, a more precise picture should emerge of:

- the problems that should be addressed;
- the possible coverage of a multilateral framework;
- what tradeable services are in practice (e.g. definitions).

In addition, the inventory would complement the analysis of two pertinent questions, namely:

- (a) the motives and policy objectives behind regulations and measures having trade inhibiting effects;
- (b) the impact of such regulations and measures on trade and economic development.

Point (a) would focus on the occurrence of national regulations and their purposes, taking into account the respect for policy objectives of national laws and regulations. It would probably also be useful for participants to take a fresh look at the motives for regulations in order to see if they are still relevant, considering potential gains from liberalization.

Point (b) would try to consider to what extent various regulations and measures constitute an impediment to trade and economic development. This analytical phase would help to shed further light on the constraints faced by existing trade patterns. It would also set out the elements of a multilateral framework in a proper trade context. The interaction of this phase with the parallel work on concepts would, thus, be of particular importance since it would contribute to the identification and definition of concepts and their practical significance to trade in services.

Information on trade in services

It would be useful to deepen understanding of:

- the ways in which different services are traded;
- the volume and flows of different traded services.

Development aspects

- development aspects in the framework;
- services important to development and expansion of trade;
- transfer of technology.

Existing international regulation of service sectors

It would be useful for participants to obtain information about existing international regulations for different service sectors. Since the objectives of these regulations are normally not trade related it would be necessary to analyse their relevance for negotiations on trade in services.

In order to present the issues as concretely as possible, an illustrative list of sectors that are likely to be covered by a multilateral framework should be drawn up in the initial phase. However, this list should in no way prejudge a final agreement on what sectors would be amenable to multilateral disciplines.