SERVICES WAIVER PREFERENCES – WHAT ARE THEY AND HOW CAN THEY BEST BE USED?

Session 4

FACILITATING THE INCREASING PARTICIPATION OF LEAST-DEVELOPED COUNTRIES IN TRADE IN SERVICES
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markus.jelitto@wto.org
Basic mechanism:

Any Member may grant preferential (better-than-MFN) treatment to any service or service supplier from an LDC Member

- Market Access measures can be notified to the Services Council
- Preferences concerning other measures need to be approved by the Services Council

Key points:

- Waiver permits preference granting Member to depart from its own MFN obligation ... but does not extend a right to the preferential treatment to LDCs
- Any preferences would apply to all LDC Members
- 15 years duration (extended to end of 2030 at MC10)
- Automatic termination for each LDC when graduation becomes effective
Overview of the Notifications

- 24 notifications received, document series S/C/N/*

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General features of the notifications

• **Duration:** All notifications state that the preferences are *intended* to be maintained for the duration of the Waiver, or similar formulations.

• **Format:** All notifications are made in a format similar to a WTO schedule (sector description + treatment for the various modes of supply for Market Access-type measures)

• Some notifications contain GATS and GATS+ treatment without differentiation – difficult to assess the actual preference

• **Non-Market Access measures notified by:**
  – Canada, Norway, Switzerland, South Africa and Iceland’s notifications also contain a National treatment column
  – In addition, India, China, Turkey, and Switzerland have notified other non-Market Access measures.
15 of 24 notifiers improved on their GATS M4 commitments, 6 apply existing M4 commitments to any new sectors included in notification, 2 apply existing M4 commitments to some new sectors, and 1 does not refer to M4
Market Access preferences by Member

- Additional subsectors in LDC Waiver
- Subsectors with improvement over the GATS in at least one mode of supply
Market Access preferences by Sector

- Business: Cross-border supply (M1) - 324, Consumption abroad (M2) - 327, Commercial presence (M3) - 200
- Transport: Cross-border supply (M1) - 55, Consumption abroad (M2) - 57, Commercial presence (M3) - 202
- Communication: Cross-border supply (M1) - 39, Consumption abroad (M2) - 40, Commercial presence (M3) - 38
- Tourism and Travel: Cross-border supply (M1) - 36, Consumption abroad (M2) - 38, Commercial presence (M3) - 32
- Distribution: Cross-border supply (M1) - 27, Consumption abroad (M2) - 25, Commercial presence (M3) - 22
- Financial: Cross-border supply (M1) - 22, Consumption abroad (M2) - 16, Commercial presence (M3) - 8
- Recreational, Cultural and Sporting: Cross-border supply (M1) - 8, Consumption abroad (M2) - 6, Commercial presence (M3) - 6
- Construction and related Engineering: Cross-border supply (M1) - 6, Consumption abroad (M2) - 8, Commercial presence (M3) - 6
- Environmental: Cross-border supply (M1) - 6, Consumption abroad (M2) - 8, Commercial presence (M3) - 6
- Educational: Cross-border supply (M1) - 6, Consumption abroad (M2) - 8, Commercial presence (M3) - 6
- Other: Cross-border supply (M1) - 6, Consumption abroad (M2) - 8, Commercial presence (M3) - 6
- Health related and social: Cross-border supply (M1) - 6, Consumption abroad (M2) - 8, Commercial presence (M3) - 6

Legend:
- Red: Cross-border supply (M1)
- Blue: Consumption abroad (M2)
- Green: Commercial presence (M3)
Business Services – notifications by sector heading

- Other: Cross-border supply (M1) 139, Consumption abroad (M2) 139, Commercial presence (M3) 141
- Professional: Cross-border supply (M1) 72, Consumption abroad (M2) 72, Commercial presence (M3) 72
- Computer and related: Cross-border supply (M1) 56, Consumption abroad (M2) 56, Commercial presence (M3) 56
- Rental/Leasing without Operators: Cross-border supply (M1) 44, Consumption abroad (M2) 44, Commercial presence (M3) 45
- Research and Development: Cross-border supply (M1) 10, Consumption abroad (M2) 10, Commercial presence (M3) 10
- Real Estate: Cross-border supply (M1) 5, Consumption abroad (M2) 5, Commercial presence (M3) 5
Professional Services – notifications by subsector

- Engineering
- Accounting, auditing and bookkeeping
- Architectural
- Urban planning and landscape architecture
- Legal
- Veterinary
- Integrated engineering
- Midwives, nurses, physiotherapists and para-medical personnel
- Medical and dental
- Taxation
Communication Services - notifications by subsector

- **Telecommunication**
  - Cross-border supply (M1): 48
  - Consumption abroad (M2): 48
  - Commercial presence (M3): 48

- **Audiovisual**
  - Cross-border supply (M1): 4
  - Consumption abroad (M2): 4
  - Commercial presence (M3): 6

- **Postal and Courier**
  - Cross-border supply (M1): 3
  - Consumption abroad (M2): 3
  - Commercial presence (M3): 3
Financial Services - notifications by subsector

- Banking and other financial services
  - Cross-border supply (M1): 22
  - Consumption abroad (M2): 22
  - Commercial presence (M3): 22

- All insurance and insurance related
  - Cross-border supply (M1): 10
  - Consumption abroad (M2): 10
  - Commercial presence (M3): 10
Transport Services - notifications by subsector

- Auxiliary to all modes of Transport: 101 (Cross-border supply), 101 (Consumption abroad), 101 (Commercial presence)
- Air Transport: 25 (Cross-border supply), 26 (Commercial presence)
- Road Transport: 24 (Cross-border supply), 25 (Commercial presence)
- Maritime Transport: 20 (Cross-border supply), 20 (Commercial presence)
- Rail Transport: 14 (Cross-border supply), 14 (Commercial presence)
- Internal Waterways Transport: 10 (Cross-border supply), 10 (Commercial presence)
- Pipeline Transport: 5 (Cross-border supply), 5 (Commercial presence)
Other sectors—notifications by subsector
Mode 1-3: General observations

• For Modes 1-3, a total of 70% of notified preferences do not exceed the level of DDA offers, most of them dating from 2005.

• Many Members have indicated that most DDA offers reflect the applied (MFN) regime.

• For notifications going beyond DDA offers, many Members have stated that these reflect measures taken from their preferential agreements with other trading partners.

• These measures could be preferential (although not exclusive for LDC Services and Service suppliers).

• From general assessments of the preference margins of services preferential agreements, many of the measures bound therein reflect the applied (MFN) regime.
Non-Market Access measures notified (and approved by the Council)

• National Treatment measures included in notifications by Canada, Iceland, Norway, South Africa, Switzerland, Thailand.

• Examples of other measures:
  – India: visa fee waiver for business persons from LDCs
  – Switzerland: Contact point for LDC services suppliers
  – Turkey: e-visa application system comprising most LDCs
  – China: pledge to expand authorized destination status to LDCs
Welcome to I-TIP Services is a joint initiative of the World Trade Organization and the World Bank. It is a set of linked databases that provides information on Members’ commitments under the WTO’s General Agreement on Trade in Services (GATS), services commitments in regional trade agreements (RTA), applied measures in services, and services statistics.

GATS

This module contains information on Member’s market access commitments and exemptions to the Most Favored Nation (MFN) obligation. It also includes the preferential market access commitments for least-developed countries granted by WTO Members under the LDC Services Waiver (see list of notifying Members). The latter feature of I-TIP was developed in cooperation with the International Trade Centre (ITC).

Regional Trade Agreements

The RTA module allows to access and search for information on Members’ commitments in regional trade agreements notified under Article V of the GATS. Currently, the database covers a good proportion of services RTAs (see list attached).

Services Trade Policy Database

The Applied Services Trade Policy module provides information jointly compiled by the World Bank and the WTO on services regulatory frameworks. Currently, the database covers 23 service sectors in 68 Members. The information for 25 of those Members was collected in 2015-2017 through a survey conducted by the World Bank and the WTO. The information for the remaining 43 Members was mainly sourced from the OECD STTM Regulatory database (2016 version), thanks to the co-operation of the OECD, which is gratefully acknowledged. Links to other useful sources of information on applied services policies are also provided (e.g. WTO monitoring reports, WTO trade policy reviews).

Statistics

The Services Statistics module accompanies the GATS, RTA and Applied regimes modules by providing relevant trade in services and related statistics.