

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED

MTN.GNS/W/80

24 October 1989

Special Distribution

---

Group of Negotiations on Services

Original: English

COMMUNICATION FROM THE REPUBLIC OF KOREA

Structure of a General Agreement on Trade in Services

The attached communication is circulated at the request of the Delegation of the Republic of Korea to the members of the Group of Negotiations on Services.

Structure of a General Agreement on Trade in Services

I. Introduction

This paper provides an outline of essential elements for the General Agreement. The views of this paper, however, does not constitute Korea's final position, and may be modified or further developed in accordance with the progress of discussions in the GNS.

- The Agreement shall have a framework that encourages progressive liberalization that induces economic growth of all contracting parties while fostering development of developing countries. By assuring balanced benefits for all contracting parties, the Agreement should gain support of the maximum number of participants.
- The Agreement shall cover all commercial services. In order to prevent disputes on coverage of the Agreement, however, there must be a commonly understood universal coverage.

II. Structure of the Agreement

- According to the Ministerial decision of Montreal, the GNS should endeavour for the entry into force of the Agreement by the end of the UR. Since there is less than one year remaining until the end of the UR, the following two-step approach may be adopted.

First, within the time remaining in the UR, participants shall construct the General Agreement and make initial commitments on a few principles and rules such as transparency desiring to achieve the long term aims of the Agreement through concession negotiation.

Second, the concession negotiation on market access and national treatment shall be continued periodically after the UR.

- Single general agreement covering all commercial services shall be adopted and sectoral agreements may be made only in exceptional cases, if necessary.

In sectoral agreements for each major service sector, most developing countries which have difficulties pushing their interests would hesitate to join and, thus, the number of contracting parties will be limited. Such development undermines the Punta del Este mandate to establish a multilateral framework for trade in services and to include as many participants as possible in the agreement.

### III. Contents of the Agreement

#### A. General Comment

- The Agreement should contain the principles and rules included in the Montreal text as well as provisions concerning subsidies and countervailing measures, government procurement, anti-dumping, dispute settlement and obligation of local governments.
- The Agreement may take account of the results of negotiations from other relevant groups of the UR and the related articles of the GATT.

#### B. Contents of Main Principles and Rules

##### (1) Market Access

- The Agreement should contain the mechanism which provides progressive increasing market access to foreign service suppliers according to the results of negotiations. However, as a tariff in the case of trade in goods, the same kind of regulating measures namely the Condition of Market Access are being imposed on foreign services and foreign service providers.
- Conditions of Market Access are imposed on mode of delivery, movement of production factor, or activities on the market. For example, conditions may be on:
  - Establishment and mode of commercial entities such as subsidiaries, branches and offices.
  - Establishment of their own network and the access to domestic network.
  - Number and duration of foreigners employed.
  - Scope and region of business.
  - Establishment of global quota.
- Progressive liberalization of trade in services will be realized by the concession of Conditions of Market Access. Through the subsequent negotiation the number of sectors (subsectors, transactions, activities) conceded will be increased and the Conditions of Market Access which had already been conceded will be eased progressively.

(2) National treatment

- National treatment means treatment of foreign services providers that is no less favourable than that which is accorded to domestic service providers in business activities in terms of laws, regulations and administrative guidelines after the foreign service providers have been permitted to enter under

the market access conditions imposed by the host country.

(3) MFN/non-discrimination

- The benefits of negotiations of Commercial services should immediately be extended to all contracting parties on a non-discriminatory basis.

(4) Transparency

- All laws, rules and administrative guidelines for all commercial services should be made public.
- To facilitate foreign service providers' access to information, each contracting party shall establish an enquiry point.  
Such enquiry point need not to prepare all the information on services in advance, but should sincerely and rapidly provide information upon enquiry.
- Considering the extensiveness and variety of regulations in service trade as well as administrative burdens for interpretation, it would be realistic to limit a country's obligation to notify to only the services conceded.

With regard to specific objectives, procedures and authorities to be notified, it will be useful to examine the Article 10 of the MTN Agreement on Technical Barriers to Trade.

- The agreement shall exclude prior notification, pre-consultation and cross notification because of the problems arising from each contracting party's different legislative procedures.

(5) Increasing participation of developing countries

- The agreement shall include provisions for technology transfer to developing countries and improved method of market access from the developing countries to the developed countries.

C. Application of principles and rules

- Principles and rules except Market Access, National Treatment, should be applied to all commercial services.

Reservation on the principles and rules can be permitted by an agreed procedure.

IV. Concession Negotiation

- Concession means each contracting party's commitment to market access and national treatment for progressive liberalization that would include time-table of market opening.

Concession would be made by sub-sector, by activity and by transaction.

Concession would be made on the conditions of market access in accordance with national policy objectives and level of development of individual contracting party, but the conditions shall be obvious, foreseeable, and shall be gradually eased to expand trade in services.

- Concessions shall be negotiated through bilateral, plurilateral and multilateral requests and offers. Results from the negotiations shall be multilateralized and applied to all contracting parties on an unconditional MFN basis.