

Council for Trade in Services Special Session – Informal Session

22 September 2005

18:00hrs

Statement on the Complementary Approach to GATS negotiations

Delivered by Antigua and Barbuda

This statement is made on behalf of Antigua and Barbuda, Barbados, Jamaica, Dominica, Grenada, St. Kitts and Nevis, and St. Vincent and the Grenadines. This is our preliminary assessment of the proposals on complementary approaches to the GATS negotiations and we reserve the right to return with further comments.

Mr. Chairman,

- 1. Article XIX 2 of the GATS states that, “*the process of liberalisation shall take place with due respect for national policy objectives and the level of development of individual members, both overall and in individual sectors*”. It also states that, “*there shall be appropriate flexibility for these countries for them to open fewer sectors, and fewer transactions and for extending market access in line with their level of development*”. It is left to countries to determine the number and range of offers that they submit to other Members of the WTO.**
- 2. The proposals that have been put forward by a group of developed countries at the recent meeting of the Council for Trade in Services and today by New Zealand, which seeks to provide “*complementary*” approaches to the GATS negotiations undermines the spirit of Article XIX since they aim to undermine the flexibility,**

“individuality” and “policy space” provided in this Article by forcing developing country members, particularly small vulnerable economies, to adopt a pace of liberalisation as defined by targets, that would be inimical to their interests.

- 3. The proposed new approaches would make it impossible for our domestic services suppliers to maintain their domestic markets. Such deep levels of liberalization in more sub-sectors than we would rationally commit to would undermine our own development goals and objectives. As these proposals do not aim to facilitate the process of development for small developing countries, the result would be the “crowding out” of domestic suppliers. This issue is of significance to the countries particularly in light of the fact that 50% of the services firms in the group of countries employ less than five persons.**

- 4. For example, a review of the proposal submitted by the Separate Customs Territory of Taiwan et al, it is suggested that countries make full commitments in infrastructural services. Likewise the proposals put forward by the EC speak to “commitments by a Critical Mass of Members” and in Section B of the Proposal submitted by Japan it refers to “Concrete Targets”. These proposals would suggest that developing countries should make commitments in sectors that the developed countries have a competitive advantage and in which they want greater market access. This goes against Article IV of the GATS.**

- 5. The proposals require that all Members adopt a similar approach. They do not take into account the fact that small vulnerable countries such as those contributing to this statement are unable to undertake the same pace of liberalisation as larger developing**

countries. Again, the principle of special and differential treatment and the “individuality” of the GATS have not been adhered to.

- 6. The application of a formula approach utilised by New Zealand, Japan, The Separate Customs Territory of Taiwan et al and Switzerland in assessing liberalisation should not be applied to services trade since it undermines the flexibility provided for in Article XIX. The value ascribed to commitments made by one country may not be as meaningful to other countries because of different levels of developments and different economies. The use of the term “*commercially meaningful*” used in paragraphs 8 and 11 of the proposal submitted by Korea seems to speak only to the value of the commitment to developing countries to developed country trading partners. The ultimate test must be Member States individual assessment of the offers made by others in light of its national development objectives as envisaged in Article XIX.**
- 7. Paragraph 7 of the EC proposal goes against the flexibility enshrined in Article XIX of the GATS since it seeks to determine countries economic policy and direction by prescribing the sectors in which countries should make offers.**
- 8. Having reviewed the proposals, it is found that they seek to re-interpret the GATS and will have the effect of restricting the flexibilities available to countries (a hallmark of the GATS) whilst seeking to increase market access for developed countries to their markets. The co-sponsors of this statement would therefore be unable to endorse the proposals.**
- 9. It is regrettable that in this a development round, more attention is not being paid to ensuring that developing countries are actually**

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the primary beneficiaries of the services negotiations, and not developed countries who already account for 80% of global services exports.

- 10. We are committed to the success of the services negotiations and look forward to working with all delegations in order to ensure that we arrive at a mutually beneficial result.**

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