

## A Short Critique of the Chair's Latest Report on Services Negotiations

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Trade in services is the third important pillar of the Doha Round of negotiations by the WTO (World Trade Organisation) Members. However, negotiations on trade in services have received much less attention in comparison to that on agriculture and industrial goods. There are several reasons for this but the most important is that negotiations under the GATS (the General Agreement on Trade in Services) architecture provide a lot of flexibility to the WTO Members making binding commitments. The process of negotiations based on request-offer mode is often attributed as the main stumbling block hindering effective progress in seeking binding commitments. Nevertheless, many WTO Members having offensive market access interests on services want the same level of ambition and political will as in the case of agriculture and NAMA (non-agricultural market access) modalities.

Since early 2008 the Chairman of the Council for Trade in Services Special Session is bringing updated reports (as against draft texts in case of agriculture and NAMA) based on informal consultations with the WTO Members. The latest one came on 17<sup>th</sup> July 2008. Two previous updates were released on 13<sup>th</sup> February and 26<sup>th</sup> May 2008. The latest report of the Chair is not much different from the previous ones. However, there is some headway as indicated in the report. First is a set of revised timelines, according to which the WTO Members shall submit revised offers by 15<sup>th</sup> October 2008 and the final draft schedules of commitments shall be submitted by 1<sup>st</sup> December 2008.

Secondly, it appears that there is some consensus on granting ‘waiver’ to least developed countries (LDCs) from MFN (most-favoured-nation) obligations. In a proposal dated March 2006, the LDC group called upon developed countries (as well as those developing countries who will declare themselves to be able to do so) to accord ‘non-reciprocal special priority’ to LDCs. This is some sort of a positive discrimination in favour of service providers from LDCs. At the request of the WTO Members, the WTO Secretariat did an analysis of that proposal and finds that such a special measure would be inconsistent with the MFN obligations of the Member countries as WTO rules treat all Members equally. Therefore, the WTO Secretariat’s note said that implementing the proposal would either require all WTO Members to agree to a ‘waiver’ of the MFN obligations or to adopt some sort of amendment of the WTO rules on services.

The Hong Kong Ministerial Declaration of 2005 put forward an aggressive agenda for services trade liberalisation. It includes key provisions like negotiation towards achieving a progressively higher level of liberalisation, intensification of negotiation by expanding sectoral and modal coverage of commitments and improving their quality, and that particular attention needs to be given to sectors and modes of export interests of developing countries. A group of developing countries (Argentina, Brazil, China, India, Indonesia, Morocco, Pakistan, the Philippines, South Africa and Thailand) in its drafting suggestion given to the Chair wanted improved and significant commitments in sectors and modes of interest to developing countries such as temporary movement of workers (Mode 4). This has been reaffirmed in the Chair’s latest report but ‘meaningful market access’ will depend upon the quality of revised offers by the developed countries – sectoral as well as modal.

[<The Chair’s Report, 17 July 2008>](#)