

PART THREE

*International rules governing
trade in services*

CHAPTER 17

General Agreement on Trade in Services

Summary

Trade in services is growing and currently accounts for over 20% of all international trade. The General Agreement on Trade in Services (GATS), which was negotiated in the Uruguay Round, applies the basic rules for trade in goods to trade in services. However, the rules have been suitably modified to take into account the differences between goods and services and the four modes in which international trade in services takes place.

GATS consists of:

- A framework of general rules and disciplines;*
- Annexes addressing special conditions relating to individual sectors; and*
- Liberalization commitments specific to the service sectors and subsectors listed in each country's schedule.*

The framework of rules requires countries not to discriminate between the service products and service providers of different countries in accordance with the MFN principle. However, it may be possible for a country to maintain for a transition period of 10 years measures that are not consistent with this principle. Under the national treatment principle embodied in the framework, countries should not treat foreign services and service providers less favourably than their own service products and service providers. While the framework does not impose a binding obligation, it requires countries to indicate in their schedules of concessions the sectors in which and the conditions subject to which such national treatment is to be extended.

Among the other important provisions of the framework of rules are those which:

- Require member countries to ensure transparency in the regulations applicable to service industries and activities,*
- Aim at ensuring the increasing participation of developing countries in the trade in services.*

The Agreement visualizes a continuous process of negotiations in WTO for the liberalization of trade in specific sectors. In addition, it provides that a new round of negotiations for the further liberalization of trade in all service sectors should begin in the year 2000.

The term 'services' covers a wide range of economic activities. The WTO Secretariat has divided these divergent activities into the following 12 sectors:

- Business (including professional and computer) services;
- Communication services;

- ❑ Construction and engineering services;
- ❑ Distribution services;
- ❑ Educational services;
- ❑ Environmental services;
- ❑ Financial (insurance and banking) services;
- ❑ Health services;
- ❑ Tourism and travel services;
- ❑ Recreational, cultural and sporting services;
- ❑ Transport services;
- ❑ Other services not included elsewhere.

These 12 sectors have been further divided into 155 subsectors; these are listed in annex I to this chapter.

Modes in which the service trade takes place

Difference between goods and services

How do services differ from goods? One of the main characteristics of services is that they are intangible and invisible; goods by contrast are tangible and visible. Furthermore, services, unlike goods, cannot be stored.²¹ These differences between services and goods were vividly highlighted by *The Economist* when it asserted that “anything sold in trade that could not be dropped on your foot” is a service.²²

Four modes of international service transactions

The different characteristics of goods and services also influence the modes in which international transactions take place. While international trade in goods involves the physical movement of goods from one country to another, only a few service transactions traditionally entailed cross-border movements. Examples of cross-border transactions are services that can be transmitted by telecommunications (e.g. transfer of money through banks) or services embodied in goods (e.g. a consultant’s technical report or software on a diskette).

In the bulk of service transactions, however, the time and place of consumption cannot be separated, and proximity between the service supplier and the consumer is required. Such proximity can be established through a commercial presence in the importing country (for instance by setting up a branch or subsidiary company) or the movement of natural persons for temporary periods (e.g. lawyers or architects moving to another country to provide their services). The nature of a few service transactions requires consumers to move to the country where the services are available (e.g. tourists visiting countries of tourist interest or students going to another country for higher education).

21 The above description is not without limitations. Some services are visible (for example, a consultant’s report on diskette). Some services are stored (for example, the telephone answering system).

22 As quoted in: *Liberalizing International Transactions in Services, A Handbook* (United Nations publication, Sales No. E.94.II.A.11), page 1.

Thus, unlike international transactions in goods which require a physical transit across a country's borders, services are supplied internationally according to one or a combination of four modes of supply, namely:

- ❑ Cross-border movement of service products;
- ❑ Movement of consumers to the country of importation;
- ❑ The establishment of a commercial presence in the country where the service is to be provided; and
- ❑ Temporary movement of natural persons to another country, in order to provide the service there.

While the lack of statistics makes any concrete estimate difficult to make, the total value of services traded through the last two modes is probably much greater than that of the trade taking place through the first two modes. However, the rapid changes in communication technology and the development of electronic commerce are increasingly making it possible for service companies to provide services through cross-border movements without having to establish a commercial presence in the importing countries.

Protection in the service sectors

Another major difference between goods and services lies in the way protection is granted by governments to domestic industries. Industries producing goods are generally protected by the imposition of tariffs or other border measures such as quantitative restrictions. As noted in chapter 2, GATT rules require countries to give such protection through tariffs and discourage them from using quantitative restrictions or other similar restrictive measures. Because of the intangible nature of services and as many service transactions do not involve cross-border movements, protection to service industries cannot be granted through measures applicable at the border. Service industries are protected mainly by national domestic regulations on foreign direct investment and the participation of foreign service suppliers in domestic industries. Such regulations may, for instance, prohibit foreign service suppliers (e.g. banks or insurance companies) from investing in or establishing a branch that is necessary for the supply of services. Regulations may be applied on a discriminatory basis to natural persons providing services, thus treating them less favourably than domestic producers (non-application of the national treatment principle). They may also provide for dissimilar treatment of service suppliers from different countries (non-application of the MFN principle).

The growing importance of international trade in services

Exports of services currently account for about US\$ 1 trillion or 20% of world exports. Although the share of developing countries in total exports of services is relatively small, a few of them are already among the world's 25 leading exporters. The export trade in services is rising in importance not only in the more advanced developing countries, but also in some low-income and least developed countries.

A large number of developing countries are currently heavily dependent on imports of services. The import of services is steadily on the increase as the productivity of industries is today closely linked with the ready availability, at reasonable costs, of financial, computer and information services. Enterprises looking for markets in foreign countries have also to spend far more than they did in the past on market research and development, advertising and after-sales support.

The rapid technological progress that is taking place in communications is making it possible for suppliers, heretofore confined to domestic markets, to

operate internationally. Banks and insurance companies can operate far more quickly and efficiently because of the development of fax, electronic mail and other facilities. Architects can provide their architectural designs and supervise work from thousands of miles away with the aid of up-to-date information technology. Likewise, consulting engineers can transmit computer-aided designs to customers in distant countries. The international trade in services is therefore expected to expand rapidly and, according to some, it may overtake trade in goods within the next 10 years.

General Agreement on Trade in Services

Prior to the Uruguay Round, trade in services was not subject to any discipline at the international level. The General Agreement on Trade in Services (GATS), which was negotiated in the Round, takes a first major step towards bringing the trade gradually under international discipline.

Objectives

GATS, Preamble

The objectives of GATS are similar to those of GATT. It aims at “promoting the economic growth of all trading partners and the development of developing countries” through the expansion of trade in services. It seeks to achieve this by applying to the service trade the rules of GATT, with the modifications necessary to take into account its special features.

Structure

GATS consists of:

- A framework text which sets out the general concepts, principles and rules that apply to measures affecting the trade in services.
- The annexes to the Agreement, which establish principles and rules for specific sectors and complement the text.
- Specific commitments liberalizing trade within the service sectors and subsectors listed in the national schedules of member countries.

Framework text

Scope and main obligation

GATS applies to government measures affecting services provided on a commercial basis. It thus covers both private-sector enterprises and companies owned (or controlled) by governments if they supply services on a commercial basis. Services obtained by government departments and agencies for their own use are excluded from the purview of the Agreement. The Agreement, however, provides that multilateral negotiations should be held to bring under international discipline such purchases, taking into account the relevant provisions of the Agreement on Government Procurement described in chapter 18.

GATS, Article I:3

The term ‘services’ covers any service in any service sector,²³ including their production, distribution, marketing, sales and delivery according to the four modes described earlier in this chapter.

²³ According to the Annex on Air Transport, traffic and related rights are excluded from GATS coverage.

- GATS, Part II The obligations which the framework imposes can be broadly divided into two categories. These are:
- General obligations, which apply to all service sectors,
 - Conditional obligations applicable to sectors covered by commitments specified in the national schedules.

General obligations

Among the important general obligations imposed by the framework text are those relating to:

- GATS, Article III Transparency of regulations;
- GATS, Article VII Mutual recognition of the qualifications required for the supply of services;
- GATS, Articles VIII and IX Rules governing monopolies and exclusive service suppliers, and other business practices restraining competition;
- GATS, Article II The extension of MFN treatment;
- GATS, Article IV Measures to be taken to liberalize trade, including those securing the greater participation of developing countries.

These obligations are discussed below.

GATS, Article III:4 ***Transparency: establishment of enquiry and contact points***

Foreign suppliers often find it difficult to do business with firms in outside countries because of the rules and regulations applicable there. The lack of transparency of such rules poses even more serious problems in the service sectors where domestic regulations are the main means used to protect domestic producers from foreign competition. The Agreement therefore requires each member country to establish one or more enquiry points from which other member countries can obtain information on laws and regulations affecting trade in the service sectors of interest to their industries. In addition, in order to assist service suppliers in developing countries, the Agreement calls on developed country members to establish contact points. To obtain information from enquiry points, service enterprises will have to channel their requests through their national governments; requests for information from contact points can be made direct. A list of enquiry and contact points is given in annex II to this chapter.

GATS, Article IV

The contact points are to be geared to providing information at the business level. In particular, the Agreement requires contact points to provide on request to service suppliers in developing countries information on:

- The availability of service technology;
- Commercial and technical aspects of the supply of services;
- Registering, recognizing and obtaining professional qualifications.

GATS, Article VII

Mutual recognition of qualifications required for the supply of services

Companies or persons providing services have to obtain certificates, licences or other authorization entitling them to do business. Foreign suppliers often find it difficult to obtain such authorization because of differing regulatory requirements on educational qualifications and working experience. To overcome such difficulties, the Agreement urges its member countries to enter into bilateral or plurilateral arrangements for the mutual recognition of the qualifications required for obtaining authorization. It further provides that such mutual recognition systems should be open for accession by other member countries, if they can demonstrate that their domestic standards and requirements are comparable with those of the systems concerned.

GATS, Article VIII:1 and 2

Rules governing monopolies, exclusive service suppliers and other business practices restraining competition

Service industries often exercise monopoly powers in the domestic market; exclusive rights to supply services are sometimes given by governments to a small number of suppliers. In all such cases, members are under obligation to ensure that such suppliers do not abuse their monopoly or exclusive rights or act in a manner inconsistent with their general and specific obligations under the Agreement.

GATS, Article IX

The Agreement further recognizes that service suppliers could adopt practices that may distort competition and thereby restrain trade. Whenever a problem of this nature occurs, the affected member country has a right to request the

GATS, Article XIX

member where the service supplier is situated for consultations with a view to eliminating such practices.

Other obligations of the framework text

A detailed explanation of the rules governing the extension of MFN treatment and those applicable to negotiations on liberalization measures is given further below. At this point it is appropriate to note the remaining important provisions of the framework text and of the annexes.

Conditional obligations and other provisions

As noted earlier, the Agreement imposes, in addition to the general obligations described above,²⁴ certain conditional obligations that aim at ensuring fuller implementation of the commitments assumed by countries. In relation to sectors where specific commitments are undertaken, these include the following obligations:

GATS, Article VI:1

To ensure that all domestic regulations of general application affecting trade in services are administered in a reasonable and objective way;

GATS, Article VI:2

To maintain or institute tribunals or procedures providing for the review of administrative decisions affecting trade in services;

GATS, Article VI:3

To issue to foreign suppliers the authorization required for the provision of services within a reasonable period;

GATS, Articles IX, XII

Not to apply restrictions on international transfers and payments, except when the country is in serious balance-of-payments difficulties.

Other provisions

Box 38 summarizes the remaining provisions.

Annexes to the Agreement

When the Uruguay Round was being concluded, it was thought that it might not be possible to complete the negotiations on trade liberalization in a number of sectors. It was therefore decided to complement the framework text with annexes, which lay down additional rules on sectoral specifications and provide guidelines for the continuation of negotiations on further liberalization. In pursuance of these guidelines, negotiations were held after the conclusion of the Round to improve commitments relating to the movement of natural persons and in such sectors as financial services and telecommunications.

²⁴ The obligations which the rules on monopolies (GATS, Article VIII) and on increasing the participation of developing countries (GATS, Article IV) lay down can be considered conditional obligations even though they are listed under Part II of GATS (*General Obligations and Disciplines*).

Box 38**Other provisions in the GATS framework text**

The remaining provisions in the framework text can be broadly divided into two groups. In the first group are the areas for which the text provides that negotiations should take place. In the second group are provisions granting exceptions to the general rules.

PROVISIONS ON FURTHER NEGOTIATIONS

The framework text provides that member countries should undertake further negotiations to develop rules governing the use of subsidies and the application of safeguard measures to trade in services.

PROVISIONS PROVIDING FOR EXCEPTIONS

Economic integration. *The Agreement permits countries to enter into arrangements for liberalizing trade among a limited number of countries, provided substantial service sectors are covered and the other conditions prescribed are met.*

Balance-of-payments restrictions. *Member countries are permitted to impose restrictions on transfer of payments, even in sectors in which they have undertaken specific commitments, when they are in balance-of-payments difficulties.*

Labour market integration. *The Agreement does not prevent a member country from entering into an arrangement with another country for the full integration of their labour markets by exempting each other's citizens from work permit requirements.*

General and security exceptions. *As with trade in goods, the Agreement does not prevent countries from taking measures which they consider necessary for the protection, inter alia, of public morals; human, animal and plant life; or their essential security interests.*

Rules on liberalization of services

GATS, Article XIX:1

GATS stipulates that negotiations to “achieve a progressively higher level of liberalization ... shall take place ... on a mutually advantageous basis” and aim “at securing an overall balance of rights and obligations” among participating countries.

GATS, Article IV;
Article XIX

Principles governing the participation of developing countries

In the determination of the nature and extent of the commitments that can be assumed by countries, the rules provide that due account should be taken of:

GATS, Article XIX:2

- National objectives, and
- The level of development of individual countries, both overall and in individual sectors.

GATS, Article XIX:2

Toward this end, they provide that developing countries participating in the negotiations should be accorded “appropriate flexibility” to enable them in assuming commitments:

- To open fewer sectors.
- To liberalize fewer transactions.
- To attach such access conditions as are necessary for the attainment of their development objectives. These could include the imposition on foreign suppliers wishing to invest in the service industry of conditions such as the

establishment of a subsidiary (or other types of commercial presence) in the country, setting up a joint venture, or providing the local company access to their technology, information and distribution channels.

GATS, Article IV:3

The rules further require that in negotiations, particular account shall be taken of the “serious difficulty” of least developed countries in accepting “negotiated specific commitments in view of their special economic situation and their development, trade and financial needs.”

In addition to these special provisions for developing countries, the principles and rules governing trade in goods are also applicable, with some modifications, to the exchange of concessions in the trade in services. These include:

- The most-favoured-nation (MFN) principle;
- National treatment principle; and
- Rules governing the binding of negotiated concessions.

MFN treatment

In trade in goods, the MFN principle requires a country to extend any “advantage, favour or privileges” it grants to another country (for instance, in lowering tariffs or in applying the rules and formalities for importation and exportation) to all other member countries. This obligation to extend MFN treatment is unconditional.

GATS, Article II:1; Annex on Article II Exemptions

GATS also imposes an obligation on countries to apply the MFN principle by according to other countries, in respect of the measures covered by the Agreement, “treatment no less favourable than that it accords to like services and service suppliers of any other country.” The obligation to extend such treatment applies on both *de jure* and *de facto* basis. GATS, however, recognizes that not all countries may be able to assume such an obligation immediately. It therefore provides that a country could, if it so wishes, maintain measures that are inconsistent with the rule for a maximum transition period of 10 years.

GATS, Article II:2

GATS, Annex on Article II Exemptions

Box 39 explains the reasons that have prompted some countries to list exemptions. The exemptions are temporary and the need for maintaining them is to be reviewed periodically after five years; they are to be abolished after 10 years (i.e. by 1 January 2005).

National treatment principle

Closely related to the MFN principle is the principle of national treatment. The GATT national treatment rule prohibits member countries from imposing higher internal taxes on, or applying more rigorous domestic regulations to, an imported product than those imposed on a similar domestic product, after the imported product has entered the country on payment of tariffs and other charges payable at the border. The rule is intended to ensure that, in practice, the domestically produced product does not obtain protection higher than that resulting from the levy of tariffs.

GATS, Article XVII

Since countries do not impose tariffs on imports of services, the imposition of the national treatment principle, by requiring countries to apply their national regulations equally to both domestic and foreign suppliers, would have resulted in the sudden loss by domestic service industries of their entire protection. In the event, the GATS rules provide that the extension of the national treatment principle by countries would be based on the outcome of negotiations during which they would indicate the sectors or subsectors in which, and the conditions under which, they would be prepared to extend such treatment to foreign services and suppliers.

Box 39***GATS: exceptions to the MFN rule***

One objective of countries in making exceptions to the MFN principle is to maintain the preferential treatment they extend to some countries in the service sector under regional cooperation or other arrangements. Thus the Nordic countries have excluded from the MFN obligation measures promoting Nordic cooperation. These measures include guarantees and loans to Nordic investment projects and financial assistance to companies of Nordic origin for the utilization of environmental technology. The European Union has, by making an exception to the MFN rule, ensured that the benefits of special arrangements which its member States have with certain countries would not be automatically extended to nationals of other countries. The arrangements provide for the grant of temporary work permits to these countries' nationals on the basis of contracts between a company in an EU State and service providers in these countries in service sectors such as construction, hotels and catering.*

Some countries with liberal import regimes have made exceptions to the MFN rule in such sectors as financial and maritime services. Their aim is to maintain their bargaining leverage when negotiating for liberalization with countries that have more restrictive regimes. In the financial sector, a number of these countries have removed some of these exceptions in the negotiation that took place after the conclusion of the Uruguay Round.

It is important to note that WTO member countries were required to exercise their right to obtain an exemption from the MFN rule before GATS came into force. However, in the sectors on which negotiations continued after the Uruguay Round (e.g. financial services and telecommunications), it was possible for countries to claim an exemption from the MFN principle during the period of negotiations.

** In central, eastern and south-eastern Europe (including the Russian Federation, Ukraine and Georgia) and in the Mediterranean basin.*

Type and nature of commitments

In the trade in services, no tariffs or fiscal duties are applicable when service products or suppliers enter the territory of another country. Protection to a domestic service industry is given through domestic regulations. A country wishing to liberalize has, therefore, to decide which measures to keep in place and which to modify or remove to bring them in conformity with GATS rules. The measures on which such decisions have to be made are those affecting the entry of a service product or service supplier into its market, and those affecting the post-establishment activity of service suppliers. They may include the following:

- Those that restrict the access of foreign service suppliers or products, and
- Those that discriminate between domestic and foreign suppliers or products.

In regard to market access measures which a country entering into negotiated commitments does not want to remove completely, it could stipulate that its commitments are subject to specified conditions. The forms such conditions can take are listed in Article XVI (*see* box 40). No other conditions may be imposed.

Likewise it is possible for a country, while making commitments to extend national treatment, to stipulate that it will continue to maintain certain practices that discriminate between foreign and domestic service suppliers or service products (e.g. higher rates of taxes on premiums collected by foreign insurance companies).

Box 40**Type of conditions that countries may impose when assuming market access commitments***(General Agreement on Trade in Services, Article XVI)*

- ❑ *Limitations on the number of service suppliers (e.g. foreign banks or insurance companies may establish only a specified number of branches or subsidiaries);*
- ❑ *Limitations on the total value of service transactions or assets (e.g. only 10% of the reinsurance value may be placed with foreign companies);*
- ❑ *Limitations on the total number of service operations or the total quantity of service output;*
- ❑ *Limitations on the total number of natural persons that may be employed in a particular sector or that a service supplier may employ (e.g. the majority of the board of directors must be citizens of the country);*
- ❑ *Measures which require specific types of legal entity through which a service can be supplied (e.g. in the banking or insurance business, subsidiaries must be incorporated);*
- ❑ *Limitations on foreign equity participation (e.g. maximum equity participation limited to 49%).*

Nature of the obligations which commitments impose

The commitments assumed by a country are recorded in its GATS schedule of commitments. Each schedule is divided into two parts: horizontal and sectoral. Horizontal commitments apply across the board to all service sectors; sectoral commitments are applicable to a specified service sector or subsector.

Entries in the schedule show the extent of the commitments which the country has agreed to give. These are listed separately for each of the four modes in which the international service trade takes place. The nature of the commitments that can be assumed under each mode are shown in box 41.

Box 41**Nature of the commitments that can be assumed under each of the four modes of the international trade in services**

- ❑ *Full commitment. "None" or "No limitations", which implies that the country does not seek in any way to limit market access or national treatment through measures inconsistent with Articles XVI or XVII.*
- ❑ *Commitment with limitations. The country describes in detail the measures maintained which are inconsistent with the rules on market access or national treatment, and commits itself to take no other inconsistent measures.*
- ❑ *No commitment. "Unbound" indicates that the country remains free to maintain or introduce measures inconsistent with the rules governing market access or national treatment.*
- ❑ *No commitments technically feasible. The country indicates that in the sector in question, a particular mode of supply cannot be used (e.g. cross-border supply of hairdressing services).*

Liberalization commitments under GATS

The sections that follow describe in general the liberalization commitments that have been made during and after the Uruguay Round in the services sector. As has been said earlier, GATS provides for a continuous process of negotiations in WTO for the liberalization of the trade in services. In accordance with these provisions, negotiations for improving the liberalization commitments assumed in the Uruguay Round have been held in certain sectors and areas.

Schedules of commitments

The liberalization commitments assumed by countries are listed in each country's schedule of commitments. The extent and conditions to which and under which the basic principles of GATS (market access, national treatment and MFN treatment) apply to individual service sectors in any country can be assessed only by referring to that country's schedule, the character of the existing regulatory regime and the nature of the limitations, if any, to which the commitments are subject.

The schedules are complex as they cover 12 sectors and 155 subsectors. For each subsector, the commitments are further listed according to the four modes in which the service trade takes place.

As stated earlier, commitments under each mode may be either horizontal (covering the entire range of services) or specific to the sector or activity in question.

Box 42 presents an example of a schedule of horizontal and specific commitments. Where no limitations are indicated against any mode of supply (i.e. the entry 'None' in the schedule), the country enters into a binding commitment not to take any new measures to restrict entry into the market or the operation of the service. Where limitations have been indicated against a particular mode of supply (such as when incorporation of a company is made a condition for carrying out a service activity), the country is obliged not to impose any other limitations that would further restrict the entry of foreign suppliers. Where, however, the entry 'Unbound' appears under either horizontal or specific commitments, the country indicates that at least at that stage it maintains its freedom to modify its regulations and possibly to change the conditions of entry for foreign suppliers.

Horizontal commitments

Almost all limitations under horizontal commitments assumed in negotiations apply to services for which a commercial presence in the importing country is necessary, and to the movement of natural persons.

Broadly speaking, developed countries have not specified many horizontal limitations on the establishment of a commercial presence by foreign suppliers. The creation of a subsidiary company or a branch by a foreign supplier to carry out a service activity or to make an investment in the domestic service industry will therefore continue to be permitted under their existing legislation. These, as a rule, provide for the grant of authorization on liberal terms.

However, in the majority of the Uruguay Round schedules, horizontal commitments relating to the movement of natural persons were largely limited to:

- Intra-company transfers covering essential personnel, i.e. managers and technical staff linked with commercial presence in the host country, and
- Business visitors who are short-term visitors not gainfully employed in the host country.

Box 42
Format and example of a schedule of horizontal and specific commitments

Commitments	Mode of supply	Conditions and limitations on market access	Conditions and qualifications on national treatment
Horizontal commitments (i.e. across all sectors)	Cross-border supply	None	None, other than tax measures that result in difference in treatment of R & D* services.
	Consumption abroad	None	Unbound for subsidies, tax incentives, and tax credits.
	Commercial presence (FDI**)	Maximum foreign equity stake is 49%.	Unbound for subsidies. Under Law <i>x</i> , approval is required for equity stakes over 25% and for new investment exceeding <i>y</i> million.
	Temporary entry of natural persons	Unbound except for the following: intra-corporate transfers of executives and senior managers; specialist personnel for stays of up to one year; specialist personnel subject to economic needs test for stays longer than one year; service sellers (sales people) for stays of up to three months.	Unbound, except for categories of natural persons referred to in the market access column.
Specific commitment:	Cross-border supply	Commercial presence required.	Unbound
Architectural services	Consumption abroad	None	None
	Commercial presence (FDI**)	25% of senior management should be nationals.	Unbound
	Temporary entry of natural persons	Unbound, except as indicated under horizontal commitments.	Unbound, except as indicated under horizontal commitments.
		* R & D: Research and development	** Foreign direct investment

One of the key demands of developing countries was that member countries should assume firm and legally binding commitments to permit independent professionals to work abroad without being required to establish a company or other form of commercial presence. In the Uruguay Round negotiations these demands were met in only a very few instances. As a result of further negotiations held after the conclusion of the Round, six members have improved their commitments. The European Union and its member States have guaranteed to varying degrees opportunities for foreign professionals without commercial presence to perform temporary assignments in 14 Member States (excluding Portugal). The additional commitments of Switzerland and Norway are similar in nature but limited in scope. Canada has added a number of professions to its Uruguay Round commitments on the entry and temporary stay of foreign, contract-based professionals. Australia has introduced some flexibility to its existing offer on business visitors. India has improved some of its earlier commitments.

A number of developing countries have prescribed conditions which require foreign suppliers to establish joint ventures with domestic service industries. These conditions further limit in some cases the share in equity which foreign suppliers can hold. Some of these countries have taken advantage of the provisions of the Agreement on increasing participation of developing countries and have specified that approval of proposals to establish a commercial presence will be granted on the basis of such factors as economic need and the readiness of the foreign supplier to bring in the most up-to-date technology (see box 43 for details).

Box 43

Nature of limitations imposed by developing countries in their horizontal commitments permitting the establishment of a commercial presence

A number of developing countries have taken advantage of the provisions for increasing the participation of developing countries and have specified that permission to establish a commercial presence will be granted on the basis of economic need criteria to strengthen domestic service capacities. The conditions imposed for the attainment of this objective include the following:

- The establishment of commercial presence will be allowed on the basis of a joint venture;*
- The foreign supplier will be permitted to have less than a majority share in the equity of such a joint venture;*
- A specific number of board members must be nationals of the country;*
- The foreign service supplier should use appropriate and advanced technology and managerial experience;*
- It should train and pass on the benefit of technology to local employees;*
- It should employ, wherever possible, domestic subcontractors;*
- It must furnish accurate and prompt reports on its operations, including technological, accounting, economic and administrative data.*

Sectoral commitments

Commitments undertaken by countries in their sectoral schedules complement their horizontal commitments. While developed countries have included in their schedules all service sectors, developing countries have exercised a certain degree of flexibility and have covered a limited number of sectors, taking into account such factors as the stage of their development.

The type of limitation specified in the sectoral schedules relates to the characteristics of the service activity and the modes in which service transactions primarily take place. The paragraphs that follow explain the nature and content of the commitments undertaken and the limitations imposed in six sectors in negotiations during and after the Uruguay Round:

- Financial services;
- Telecommunications services;
- Professional services;
- Construction and related engineering services;
- Health-related and social services; and
- Management consultancy services.

These sectors have been drawn, for the purpose of this Guide, from among the sectors in which developing countries are considered to have a potential for developing an export trade or for benefiting from import liberalization.

Financial services

Financial services fall into two broad categories: insurance and banking, both of which cover a range of activities. Insurance includes both life and non-life insurance, reinsurance, insurance intermediation, and auxiliary insurance services. Banking comprises all the traditional services such as acceptance of deposits, lending of all types, and payment and money transmission services. It also covers trading in foreign exchange, derivatives, securities underwriting, money brokering, asset management, settlement and clearing services, provision and transfer of financial information, and advisory and other auxiliary financial services.

Negotiations in this sector continued after the completion of the Uruguay Round as it was considered that the progress achieved in the Round was far from satisfactory. The renewed negotiations were held in two stages and were completed in December 1997.

In this sector most countries had made since the mid-1980s considerable progress in removing barriers to, or restrictions on, the establishment of branches or other types of commercial presence by foreign institutions or their business operations. Developed countries had taken such liberalization measures under agreements reached under the auspices of the Organisation for Economic Co-operation and Development (OECD). A large number of developing countries, which had been following highly protectionist policies, had also unilaterally begun the process of liberalization through the gradual removal of prohibitions or severe restrictions on the types of business which foreign banks could operate.

The post Uruguay Round negotiations have resulted in further improvements in the liberalization measures taken earlier in the insurance and banking subsectors and consolidation into binding commitments of those already undertaken. These commitments relate to the commercial presence of foreign service suppliers (branches, subsidiaries, agencies, representative offices) and eliminate or relax limitations on:

- Foreign ownership of local financial institutions;
- The juridical form of commercial presence; and
- Expansion of existing operations.

A number of developing countries have ensured that their domestic insurance and banking industries are exposed to foreign competition gradually by imposing limitations on foreign equity participation (not to exceed 49%) and on the number of foreign service suppliers (the number of branches to be established shall not exceed 15 during the specified period).

It is important to note in this context that GATS recognizes that governments find it necessary to exercise considerable regulatory control over the activities of banks, insurance companies and other financial institutions. Its Annex on Financial Services therefore provides that the liberalization commitments undertaken should not prevent them from taking “measures for prudential reasons, including the protection of investors, depositors, policyholders ... or to ensure the integrity and stability of the financial system.” Although the Annex does not give details as to what constitutes prudential measures, licensing requirements intended to ensure business competence and financial integrity, minimum capital requirements and regular accounting requirements would

ordinarily be considered prudential measures. Such measures do not have to be non-discriminatory, but they can be applied on a discriminatory basis if warranted by circumstances.

Telecommunications

Telecommunications play a dual role in the economies of countries: they provide the communication infrastructure, and they act as a channel for trade. In the past, because of its importance to infrastructural development and its strategic and political significance to a number of countries, the industry was developed as a State monopoly. However, the revolutionary technological changes in communications and information technology have made the ability of business enterprises to offer their goods and service products in international markets at competitive prices dependent on the availability of up-to-date and cheaper communication services. The recognition that a well-developed technology sector will improve competitiveness gradually led to the privatization of State monopolies and the removal of restrictions on the entry of foreign suppliers and their products.

Telecommunications services can be broadly divided into two categories: basic telecommunications and value-added services.

Basic telecommunications services cover “any telecommunication transport service”. They include voice telephony, data transmission, telex, telegraph, facsimile, private leased circuit services (i.e. the sale or lease of transmission capacity), and network services (i.e. telecommunications infrastructure which permits telecommunication between and among defined network termination points).

Value-added services are those services through which suppliers ‘add value’ to the customer’s information by enhancing its form or content or by providing for its storage and retrieval. They include: electronic mail; voice mail; on-line information and database retrieval; electronic data interchange; enhanced/value-added facsimile services, including store and forward, store and retrieval; code and protocol conversion; and on-line information and/or data processing (including transaction processing).

Negotiations in this sector continued after the Uruguay Round because of the very limited progress made in the Round in liberalizing trade in basic telecommunications. The renewed negotiations were completed in February 1997. They aimed primarily at liberalizing trade in basic telecommunications, even though a few countries improved the commitments they made in the Uruguay Round on value-added services.

The commitments made cover the entire range of basic telecommunications services. On voice telephone services, countries committed themselves to allowing competition from foreign suppliers in providing local services, domestic long distance services, and international services. About 40% of the governments making offers on public voice telephone services have, however, indicated that these offers would be implemented by the date specified in their schedules. Other service areas in which commitments were made to allow some degree of foreign competition include cellular/mobile telephone operations, leased circuit services (such as mobile data and paging) and mobile satellite services.

An important aspect of the negotiations on the telecommunications sector was the recognition, given the structures of the industry, that even after privatization and liberalization, the monopolistic control which private firms providing basic telecommunication facilities would be able to exercise may not always lead to efficiency and lower costs to the users of the services.

It was therefore necessary for countries taking liberalizing measures to establish regulatory frameworks to ensure that users are able to access basic telecommunication facilities on fair terms. This recognition has resulted in the adoption of a 'reference paper' which lays down the principles and rules to be followed to guarantee that existing firms do not adopt anti-competition practices to prevent the entry of new firms, and charge users and consumers higher prices than are justified by costs. These principles and rules apply to:

- ❑ The establishment of independent regulatory authorities;
- ❑ The adoption of competitive safeguards;
- ❑ Measures to ensure interconnection;
- ❑ Transparent and non-discriminatory licensing practices;
- ❑ Universal service obligations.

Professional services: accountancy services

Professional services cover a wide range of services such as legal, architectural, engineering, medical and accountancy services. The post Uruguay Round negotiations in this sector focused mainly on accountancy services.

Accountancy is important to the production of both physical goods and services. The range of activities undertaken by accountancy firms is wide and expanding. This is due to the fact that the skills developed by accountancy professionals in order to produce, process, analyse and audit financial information can be used for other purposes. As a result, in addition to their traditional role in implementing and enforcing prudential requirements and financial regulatory measures, these firms are increasingly providing taxation and investment services, merger audits, and management consultancy services.

Demand for accountancy services flows from both mandatory requirements under national company laws and clients seeking advice on various issues. Although individuals are also consumers of accountancy services, much of the services are provided to enterprises.

Professional services, including accountancy, are regulated in different ways by different countries (and sometimes even within countries). The regulations cover both the service provider and the service itself. Differences among countries in regulatory measures on professional qualifications, technical standards and licensing, could make it difficult for professionals from one country to supply their services to another country. These considerations resulted in a Ministerial Decision on Professional Services (adopted by the WTO Council for Trade in Services in March 1995) for the commencement of work on the elaboration of disciplines for the trade in professional services. Such disciplines would supplement the specific commitments assumed by countries in the Uruguay Round and ensure that the regulatory measures adopted by countries do not constitute unnecessary barriers to the supply of professional services.

The work resulted in the adoption in 1998 of *Disciplines on Domestic Regulation in the Accountancy Sector* by the Council for Trade in Services. The disciplines include rules in the following areas:

- ❑ *Transparency.* Members should make available, either directly or through enquiry and contact points established by them, the names and addresses of competent authorities responsible for formulating accountancy regulations and for the licensing of professionals or firms.
- ❑ *Licensing requirements and procedures.* "Licensing requirements (i.e. the substantive requirements, other than qualification requirements, to be satisfied in order to obtain or renew an authorization to practice)" and "Licensing procedures (i.e. the procedures to be followed for the submission

and processing of an application for authorization to practise)” “shall be pre-established, publicly available and objective.” Further, “licensing procedures shall not in themselves constitute a restriction on the supply of the service.”

- ❑ *Qualification requirements.* Members should ensure that its competent authorities take account of qualifications acquired in the territory of another Member, on the basis of equivalency of education, experience and/or examination requirements.
- ❑ *Technical standards.* “Members shall ensure that measures relating to technical standards are prepared, adopted and applied only to fulfil legitimate objectives.”

The *Disciplines* are binding on Members which have given commitments in the accountancy sector but will not have immediate legal effect. WTO Members will continue their work on domestic regulation in the context of the Working Party on Professional Services (WPPS). WPPS aims to develop general disciplines for professional services while retaining the possibility to develop additional sectoral disciplines.

Before the end of the forthcoming round of service negotiations, which commence in January 2000, all the disciplines developed by WPPS are to be integrated into GATS and will then become legally binding. The *Disciplines* on the accountancy sector includes a “stand-still provision”, effective immediately, under which all WTO Members, including those without GATS commitments in the accountancy sector, agree, to the fullest extent consistent with their existing legislation, not to take measures which would be inconsistent with the accountancy disciplines.

Construction and related engineering services

This sector covers:

- ❑ General construction work for buildings;
- ❑ General construction work for civil engineering;
- ❑ Installation and assembly work; and
- ❑ Building completion and other work.

The national schedules of 48 countries contain commitments in this sector.

Trade in the sector does not take place through cross-border movements or through the movement of consumers to places abroad. However, suppliers of construction engineering services are required to establish an office in the country where the services are to be provided. The competitiveness of most construction engineering companies in developing countries in regard to work in outside countries is greatly dependent on how far the latter countries permit technicians like masons and plumbers and other workers to stay for temporary periods.

As regards the right to establish a commercial presence in order to engage in construction engineering activities, all developed countries and a large number of developing countries have indicated in their schedules that they impose no limitations. In other words, they will apply to foreign companies the rules applicable to domestic suppliers on the establishment of companies for the conduct of such activities. A few developing countries have, however, indicated that foreign suppliers wishing to engage in the construction business must set up a joint venture with domestic companies providing such services.

The countries which require foreign suppliers to establish joint ventures or some other type of operation involving domestic suppliers include India, Malaysia, Morocco, Pakistan, Thailand and Turkey.

As regards the movement of natural persons, all countries have specified that this mode of providing service is unbound. In other words, the countries have not undertaken any commitment to allow persons below managerial level to enter the country to work on the basis of temporary contracts in the construction industry.

Health-related and social services

Only a limited number of countries have made commitments in this sector. This is partly due to the fact that, in many countries, such services are provided not by the private sector but by government or public hospitals. The sector covers the following:

- ❑ Hospital services,
- ❑ Other human health services, and
- ❑ Social services.

As regards the right of foreigners to establish hospitals, both the European Union and the United States have indicated that such requests will be subject to need-based quantitative limits taking into account such factors as the number of beds in relation to the population of each region. Some developing countries have specified that the establishment of hospitals with foreign participation will be possible only on the basis of joint ventures with local participation.

Most countries have, however, specified that the movement of natural persons to provide such services is unbound. This means that they will continue to apply their existing regulations, which do not generally recognize as equivalent degrees and other professional qualifications obtained in other countries and thus do not permit foreigners holding such qualifications to work in hospitals as doctors, nurses or midwives, or to provide other health or social services.

Management consultancy services

Management consultancy services cover a wide range of activities such as general, financial, production, marketing and human resource consultancy services.

It is possible to provide such services across borders through communications facilities. However, for more effective servicing, a commercial presence in the country where the service is to be provided is essential. Of the 45 countries that have included management consultancy services in their schedules, a large majority have bound the supply of such services without limiting it on a cross-border basis or requiring the establishment of a commercial presence. A few developing countries have, however, not bound the supply of service on a cross-border basis and have indicated that the establishment of a branch or office will be possible only on the basis of joint ventures with local consultancy firms. None of these countries have agreed to bind the supply of services through the movement of natural persons. This means that the existing regulations which prohibit foreign suppliers from providing such services unless they have established a commercial presence in the country will continue to apply.

Business implications

Assessment of benefits

In the Uruguay Round and the negotiations held after it, countries have taken the first steps towards liberalizing the international trade in services. Unlike

trade in goods, it is however not possible to quantify the potential trade effects of liberalization in the sector for two reasons. There is nothing equivalent to customs duties in the service sector. As protection is granted through domestic regulations which discriminate against foreign suppliers, the effect of such measures or their removal cannot easily be quantified.

It is however generally believed that, by and large, most countries have in the negotiations tried to consolidate their earlier liberalization measures by undertaking commitments not to withdraw or modify them. The immediate advantage to exporting service enterprises flows mainly from the security of access to foreign markets these commitments provide.

Benefits for service industries in developing countries

For service industries in developing countries, the main advantage of the liberalization measures taken by these countries – whether unilaterally or in the context of the Uruguay Round – are expected to flow from the efficiency gains from increased competition in their domestic markets. The entry of foreign service providers in service sectors like telecommunications, banking and insurance will force domestic industries in countries where they were highly protected to improve their competitive position by adopting more efficient methods of providing services. The resulting better performance of the service industry will benefit not only the general public but also manufacturing enterprises in their export trade. The ability of such enterprises to compete in foreign markets depends heavily on how efficiently communications, banking and insurance services are available to them.

New opportunities for collaboration with foreign suppliers

The commitments assumed by governments also provide service industries in developing countries a new opportunity to collaborate with foreign service industries and to benefit from their technology. In negotiating collaborative arrangements, the industry can use as bargaining leverage the limitations imposed by their governments in their schedules of commitments. These, *inter alia*, specify that approval will be granted only if foreign service suppliers agree to bring in the most up-to-date technologies and to train local employees in their use.

Benefits of contact points

One of the major handicaps which service industries in developing countries suffer when entering into collaborative arrangements is their lack of knowledge of the commercial and technical aspects of the services and technologies they want to obtain. GATS therefore provides for the establishment by developed countries of contact points from which such information can be obtained by interested service industries in developing countries.

New export opportunities

On the export side, developing countries are generally considered to have a comparative advantage in service sectors that are either labour intensive or require highly skilled technical personnel. The sectors or subsectors in which it may be possible for these countries to develop trade, taking into account the above two factors, are listed below:

- Business services, including management consultancy services, computer services, professional services, rental services;
- Construction and engineering;
- Educational services;

- Environmental services;
- Health services;
- Tourism and travel services; and
- Recreational, cultural and sporting services;

Already some developing countries have become importers or exporters of services that can be provided through the movement of technically qualified natural persons. These services include computer software and health services (nursing).

The link of commitments with domestic legislation

The description earlier in this chapter of commitments in several sectors provides a broad idea of the nature and content of the commitments that countries have assumed in regard to services. However, the commitments relate only to certain aspects of domestic regulations. In order to assess their beneficial impact, it is necessary to examine them against the full background of the domestic regulations and rules applicable to the service sector in the countries making the commitments. In some cases, the commitment may simply reaffirm or bind an existing practice, for instance, of giving approval to the establishment of a branch or a subsidiary company. In other cases, it may amount to accepting a new obligation.

For service suppliers interested in developing trade, the information contained in the national schedules will therefore be of practical value only if they have all the relevant information on the domestic legislation, rules, regulations and practices forming the backdrop to such commitments. To assist service and other industries in obtaining such information, GATS requires member countries to establish enquiry points. These should provide information on the laws and regulations applicable to the service sector.

Increased opportunities for natural persons to provide services

In some sectors, the competitive advantage of a number of developing countries, particularly the more advanced among them, arises from the existence of a vast pool of technically qualified people. Many skills-intensive services are provided through the temporary movement of natural persons to the countries where the service is provided. The horizontal commitments which countries have assumed in recently concluded negotiations on the movement of natural persons will now provide new opportunities for technically and professionally qualified persons to provide such services, without having to establish an office or other form of commercial presence.

Importance of adopting a juridical personality

It is important to note that, in their horizontal and sectoral commitments, a number of countries have indicated the conditions they currently apply when permitting their companies to employ for temporary periods the services of foreign technicians and specialists. While these commitments open up only limited opportunities, knowledge of the conditions imposed should enable foreign companies to take full advantage of them. The commitments often indicate that approval will be granted if the local company enters into a contract with a legally constituted foreign business enterprise to obtain the services of a specialist. It will therefore be desirable for persons interested in providing such services to organize themselves into a company or partnership rather than to act as individuals or loosely formed groups.

Opportunities for the expansion of trade among developing countries

Lastly, the commitments assumed by developing countries have opened up new opportunities for the expansion of South-South trade in services through the establishment of joint ventures and other collaborative arrangements especially on a regional basis. Apart from promoting South-South trade, regional consortia have a larger potential to compete with industrialized countries in bidding for service contracts. Such consortia can offer an impressive range of skills and experience, thus enhancing their image and underlining their competence, particularly in relation to work in their own region.

ANNEX I

WTO classification of service sectors

SECTORS AND SUB-SECTORS	CORRESPONDING CPC ^{a/} Section B
I. BUSINESS SERVICES	
A. Professional services	
a. Legal services	861
b. Accounting, auditing and bookkeeping services	862
c. Taxation services	863
d. Architectural services	8671
e. Engineering services	8672
f. Integrated engineering services	8673
g. Urban planning and landscape architectural services	8674
h. Medical and dental services	9312
i. Veterinary services	932
j. Services provided by midwives, nurses, physiotherapists and paramedical personnel	93191
k. Other	
B. Computer and related services	
a. Consultancy services related to the installation of computer hardware	841
b. Software implementation services	842
c. Data processing services	843
d. Database services	844
e. Other	845+849
C. Research and development services	
a. R & D services on natural sciences	851
b. R & D services on social sciences and humanities	852
c. Interdisciplinary R & D services	853
D. Real estate services	
a. Involving own or leased property	821
b. On a fee or contract basis	822
E. Rental/leasing services without operators	
a. Relating to ships	83103
b. Relating to aircraft	83104
c. Relating to other transport equipment	83101+83102+ 83105
d. Relating to other machinery and equipment	83106-83109
e. Other	832

a/ Central Product Classification (United Nations).

SECTORS AND SUB-SECTORS	CORRESPONDING CPC Section B
F. Other business services	
a. Advertising services	871
b. Market research and public opinion polling services	864
c. Management consulting service	865
d. Services related to management consulting	866
e. Technical testing and analysis services	8676
f. Services incidental to agriculture, hunting and forestry	881
g. Services incidental to fishing	882
h. Services incidental to mining	883+5115
i. Services incidental to manufacturing	884+885 (except for 88442)
j. Services incidental to energy distribution	887
k. Placement and supply services of personnel	872
l. Investigation and security	873
m. Related scientific and technical consulting services	8675
n. Maintenance and repair of equipment (not including maritime vessels, aircraft or other transport equipment)	633+ 8861-8866
o. Building-cleaning services	874
p. Photographic services	875
q. Packaging services	876
r. Printing, publishing	88442
s. Convention services	87909*
t. Other	8790
2. COMMUNICATION SERVICES	
A. Postal services	7511
B. Courier services	7512
C. Telecommunication services	
a. Voice telephone services	7521
b. Packet-switched data transmission services	7523**
c. Circuit-switched data transmission services	7523**
d. Telex services	7523**
e. Telegraph services	7522
f. Facsimile services	7521**+7529**
g. Private leased circuit services	7522**+7523**
h. Electronic mail	7523**
i. Voice mail	7523**
j. On-line information and database retrieval	7523**
k. Electronic data interchange (EDI)	7523**
l. Enhanced/value-added facsimile services including store and forward, store and retrieve	7523**
m. Code and protocol conversion	n.a.
n. On-line information and/or data processing (including transaction processing)	843**
o. Other	
D. Audiovisual services	
a. Motion picture and video tape production and distribution services	9611
b. Motion picture projection service	9612
c. Radio and television services	9613
d. Radio and television transmission services	7524
e. Sound recording	n.a.
f. Other	
E. Other	

SECTORS AND SUB-SECTORS	CORRESPONDING CPC Section B
3. CONSTRUCTION AND RELATED ENGINEERING SERVICES	
A. General construction work for buildings	512
B. General construction work for civil engineering	513
C. Installation and assembly work	514+516
D. Building completion and finishing work	517
E. Other	511+515+518
4. DISTRIBUTION SERVICES	
A. Commission agents' services	621
B. Wholesale trade services	622
C. Retailing services	631+632
	6111+6113+6121
D. Franchising	8929
E. Other	
5. EDUCATIONAL SERVICES	
A. Primary education services	921
B. Secondary education services	922
C. Higher education services	923
D. Adult education	924
E. Other education services	929
6. ENVIRONMENTAL SERVICES	
A. Sewage services	9401
B. Refuse disposal services	9402
C. Sanitation and similar services	9403
D. Other	
7. FINANCIAL SERVICES	
A. All insurance and insurance-related services	812**
a. Life, accident and health insurance services	8121
b. Non-life insurance services	8129
c. Reinsurance and retrocession	81299
d. Services auxiliary to insurance (including broking and agency services)	8140
B. Banking and other financial services (excluding insurance)	
a. Acceptance of deposits and other repayable funds from the public	81115-81119
b. Lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transaction	8113
c. Financial leasing	8112
d. All payment and money transmission services	81339**
e. Guarantees and commitments	81199**
f. Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:	
- money market instruments (cheques, bills, certificates of deposits, etc.)	81339**
- foreign exchange	81333
- derivative products including, but not limited to, futures and options	81339**
- exchange rate and interest rate instruments, including products such as swaps, forward rate agreements, etc.	81339**
- transferable securities	81321*
- other negotiable instruments and financial assets, including bullion	81339**
g. Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of service related to such issues	8132
h. Money broking	81339**
i. Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services	8119+** 81323*

SECTORS AND SUB-SECTORS	CORRESPONDING CPC Section B
j. Settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments	81339** or 81319**
k. Advisory and other auxiliary financial services on all the activities listed in Article 1B of MTN.TNC/W/50, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy	8131 or 8133
l. Provision and transfer of financial information, and financial data processing and related software by providers of other financial services	8131
C. Other	
8. HEALTH-RELATED AND SOCIAL SERVICES (other than those listed under 1.A.h-j.)	
A. Hospital services	9311
B. Other human health services	9319 (other than 93191)
C. Social services	933
D. Other	
9. TOURISM AND TRAVEL-RELATED SERVICES	
A. Hotels and restaurants (including catering)	641-643
B. Travel agencies and tour operators services	7471
C. Tourist guides services	7472
D. Other	
10. RECREATIONAL, CULTURAL AND SPORTING SERVICES (other than audiovisual services)	
A. Entertainment services (including theatre, live bands and circus services)	9619
B. News agency services	962
C. Libraries, archives, museums and other cultural services	963
D. Sporting and other recreational services	964
E. Other	
11. TRANSPORT SERVICES	
A. Maritime transport services	
a. Passenger transportation	7211
b. Freight transportation	7212
c. Rental of vessels with crew	7213
d. Maintenance and repair of vessels	8868**
e. Pushing and towing services	7214
f. Supporting services for maritime transport	745**
B. Internal waterways transport	
a. Passenger transportation	7221
b. Freight transportation	7222
c. Rental of vessels with crew	7223
d. Maintenance and repair of vessels	8868**
e. Pushing and towing services	7224
f. Supporting services for internal waterway transport	745**
C. Air transport services	
a. Passenger transportation	731
b. Freight transportation	732
c. Rental of aircraft with crew	734
d. Maintenance and repair of aircraft	8868**
e. Supporting services for air transport	746
D. Space transport	733

SECTORS AND SUB-SECTORS	CORRESPONDING CPC Section B
E. Rail transport services	
a. Passenger transportation	7111
b. Freight transportation	7112
c. Pushing and towing services	7113
d. Maintenance and repair of rail transport equipment	8868**
e. Supporting services for rail transport services	743
F. Road transport services	
a. Passenger transportation	7121+7122
b. Freight transportation	7123
c. Rental of commercial vehicles with operator	7124
d. Maintenance and repair of road transport equipment	6112+8867
e. Supporting services for road transport services	744
G. Pipeline transport	
a. Transportation of fuels	7131
b. Transportation of other goods	7139
H. Services auxiliary to all modes of transport	
a. Cargo-handling services	741
b. Storage and warehouse services	742
c. Freight transport agency services	748
d. Other	749
I. Other transport services	
12. OTHER SERVICES NOT INCLUDED ELSEWHERE	95+97+98+99

The (*) indicates that the service specified is a component of a more aggregated CPC item specified elsewhere in this classification list.

The (**) indicates that the service specified constitutes only a part of the total range of activities covered by the CPC concordance (e.g. voice mail is only a component of CPC item 7523).

ANNEX II

National enquiry and contact points^{a/}

General Agreement on Trade in Services

AUSTRALIA

The Director
Services Trade Section
Trade Negotiations and Organisations Division
Department of Foreign Affairs and Trade
Parkes ACT 2600
Tel: +(61 6) 261 3156
Fax: +(61 6) 261 3514

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Ministry of Commerce
P.O. Box 5479
Manama
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Fax: (+973) 536 145

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Services Trade Policy Division
Department of Foreign Affairs and International Trade
125 Sussex Drive
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K1A 0G2
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Fax: +(1 613) 944 0058

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Departamento de Servicios e Inversiones
Dirección General de Relaciones Económicas
Internacionales
Avenida Libertador Bernardo O'Higgins 1325

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COLOMBIA

Ministerio de Comercio Exterior
Dirección de Negociaciones
Calle 28, Número 13 A 15, Piso 6
Santafé de Bogotá, D.C.
Tel: +(571) 336 2495
Fax: +(571) 336 2482

CUBA

Ministerio de Justicia
Calle O No. 216 entre 23 y 25, Vedado
Código Postal 10400
La Habana
Tel: +(53 7) 324 536, +(53 7) 322 931
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CZECH REPUBLIC*

Ministry of Industry and Trade
Department of International Trade Organizations
Politických vězňů 20
Praha 1
Tel: +(420 2) 2406 2569
Fax: +(420 2) 2422 1560

DOMINICAN REPUBLIC

Secretariado Técnico de la Presidencia
Ave. México, esq. Dr. Delgado (Palacio Nacional)
Santo Domingo
Tel: +(809) 685 7701, +(809) 682 5430
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EGYPT

The Department of International Economic Organizations
Trade Representation Department (TAMSEEL)
Ministry of Trade and Supply
Cairo
Tel: (+20 2) 346 8830, 347 1890
Fax: (+20 2) 344 4398, 345 1840

ECUADOR

Subsecretaría Económica
Ministerio de Relaciones Exteriores
Avenida 10-de-Agosto y Carrión

^{a/} Unless otherwise stated, the addresses given are enquiry points. An asterisk (*) indicates that the address given is both an enquiry and a contact point.

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Fax: +(593 2) 569 805

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Ministerio de Economía
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Plan Maestro
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FRANCE*

Ministère de l'économie et des finances
Direction des relations économiques extérieures
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Bureau des échanges internationaux de services
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Scharnhorststr. 36
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GREECE*

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Relations
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Commercial Relations
Directorate for External Trade Policy
1 Kornarou Street
10563 Athens
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IRELAND*

Department of Tourism and Trade
WTO Section
Kildare Street
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Fax: +(353 1) 676 6154

ITALY*

Ministero degli Affari Esteri
Dirizione Generale degli Affari Economici
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E-mail: Econ.Quinto@agora.stm.it

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