



Services Assessment and the Market Access Phase of the WTO Services Negotiations



**Joint Statement
CIEL/WWF International
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1. Introduction

The June 2002 Special Session of the Council for Trade in Services (CTS) will be the starting point of the market access phase of the WTO services negotiations. During this new negotiating stage, WTO members are expected to proceed on a bilateral basis with specific sectoral requests and offers, thus effectively launching a process of progressive and deeper liberalisation of trade in services. As with any negotiation process, it is critical that WTO members, especially developing countries, have the right tools at hand to participate effectively, in an informed manner and according to their own interests and priorities.

This 4th WWF and CIEL statement on services trade assessment recalls that the March 2001 Negotiating Guidelines recognise assessment as a standing agenda item of the CTS, thus rendering assessment a central element of the WTO's multilateral process. Further, this statement contends that assessment is particularly crucial for the forthcoming market access phase. Assessment can be an effective tool to assist trade negotiators in responding to bilateral requests and in ensuring that future commitments in services trade do bring the expected benefits, in economic, developmental and environmental terms. To achieve this goal, it is important that negotiations be adjusted in light of the assessment results, as required by paragraph 14 of the GATS Negotiating Guidelines.

2. Services Assessment: A Reminder of Basic Facts

As outlined in previous statements, an assessment aims to identify the potential economic, developmental and environmental effects of trade and trade liberalisation. It is usually a national exercise, which is comprehensive in scope (i.e. it includes both positive and negative effects, and considers trade implications on the economy, people and the environment). Conducted in the context of a defined set of negotiations, such as WTO GATS negotiations, its ultimate goal is to ensure that further services liberalisation results in net development gains, especially in those sectors that are key for a country's economic and sustainable development.

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Sectoral assessment studies, such as in tourism, transport, construction or energy sectors, are useful because they provide strong fact-based arguments demonstrating the linkages between trade / trade liberalisation and economic and/or sustainability impacts. At the March 2002 WTO symposium on services assessment, participants discussed empirical evidence related to services trade reform, structural change, economic development and efficiency, as well as national experiences of trade in infrastructure services.

Whilst discussions provided valuable information about the general process of services liberalisation, it is deplorable that none of the Symposium's sessions dealt with the sustainability implications of services trade. Clearly, there are many services sectors, such as health, tourism and energy, where trade-related impacts on employment, consumers, or the environment can be significant and potentially erode initial positive economic effects.

The need to carry out specific sectoral, 'on the ground' assessments from a broad sustainability perspective certainly remains. At the same time, there is a collective responsibility of WTO members in the CTS to ensure that negotiations proceed on the basis of such assessment, thereby effectively contributing to the developmental objectives of GATS, and of Article IV in particular.

3. CTS's Collective Responsibility for Assessment

The critical importance of the forthcoming market access phase suggests that an assessment of the impacts of services liberalisation is more than ever relevant and needed. Not only are specific sectoral and national assessments crucial for data collection and gathering of concrete evidence, but ongoing discussion and action at the multilateral level should will also ensure that negotiations are adjusted in light of the results of these assessments.

In this context, responsibility lies with the CTS in ensuring that:

- Negotiations are adjusted in light of the results of assessments;
- Members collectively discuss and review the experiences gained in national or regional services trade assessments;
- Time and space is provided to individual members to review the implications at the domestic level of the different requests they receive;
- Financial and technical resources are made available to help members conduct such assessments.

3.1. Adjusting Negotiations according to Assessment Results

So far, assessment discussion in the CTS suggests a mixed experience with services trade liberalisation.¹ In addition, it is clear that assessment processes require time and can be resource intensive. For these assessments to provide the necessary information to trade negotiators and for individual countries to properly respond to requests, it seems important that WTO members reconsider the proposed time frame for the market access negotiation phase.

Postponing the time-line for submitting offers is necessary (i) to avoid situations where Members are pressured to accepting requests without having fully analysed their potential economic, social or environmental implications at the domestic level; (ii) to allow Members to develop offers taking into consideration the results and lessons learnt from their respective sectoral and national assessments.

A longer and more realistic time frame for negotiations will also provide the necessary time and space for WTO Members to initiate comprehensive assessments, develop an informed position and ensure that possible increased benefits arising from liberalisation do materialise. As a result, the overall negotiating process should be extended beyond 2005, and each phase of the GATS negotiations adjusted in light of the results provided by these assessments.

3.2. Multilateral Talks: Ongoing Discussion and Collective Action Needed

Discussion and action at the multilateral level in the context of the CTS provide an opportunity for members to present the results of their own assessments, exchange information and collectively debate the experiences gained through these assessments. This will not only enable all WTO members to benefit from different individual experiences; it will also greatly contribute to enhancing transparency of the requests being made and thereby strengthen the multilateral process of the services negotiations.

While collective action in the CTS is, and should not be, a substitute for sectoral and national assessments, it is important that in the context of the bilateral request-offer phase, assessment does not fall off the multilateral agenda of services talks.

3.3. Time and Space for 'Requests Assessment'

Individual countries' sectoral requests, which are expected for the June 2002 Special Session, will provide further indication on the direction of GATS liberalisation processes and where much of the negotiating and bargaining activity will take place. They will also point to possible priority sectors for specific 'on the grounds' assessments. In this respect, the objective of a 'requests assessment' is to identify the implications at the domestic level, including on government's policy flexibility, of further opening up key services sectors to international trade. Such information is much needed for the subsequent offer phase, where a country will have to define its own domestic priorities and needs in relation to opening up individual services sectors.

As previously indicated, it is key that each Member has appropriate time, space and resources for conducting its own national assessment of the requests it has been presented with. Members will, at best, only be able to "initiate" such comprehensive assessments in the first stage of the market access phase, i.e. end of the current time-line for submitting offers. To ensure positive outcomes, assessment results obtained at a later stage should be fed back in the GATS negotiating process, thus emphasising the importance of assessment at the multilateral level.

3.4. Technical and Financial Assistance

As already mentioned in earlier WWF/CIEL joint statements on assessment in the context of the Doha mandate on technical assistance and capacity building, a rapidly accessible funding mechanism should be put in place for developing countries willing to conduct an assessment in the field of services trade. This funding mechanism should give special priority to assessments related to requests to developing countries received by from key trading partners.

In addition to financial resources, members in the CTS should establish modalities for regular capacity building, empowerment and training on assessment related activities, as well as for carrying out specific assessments. Given the mandate and work conducted by several intergovernmental and non-governmental organisations in this field, it is essential that such technical assistance be developed and delivered with relevant organisations, such as UNCTAD, UNDP and other organisations with the necessary expertise.

4. Concluding Remarks

Given the complexity and importance of the forthcoming market access phase of the WTO services negotiations, CIEL and WWF urge for the relevance and use of assessment processes, in particular their function to provide much-needed information when a WTO member is faced with market access requests in specific sectors.

In order to be effective and help individual members formulate adequate response to requests received, the results provided by such assessments must be fed back into the negotiating process. As required by the GATS Negotiating Guidelines, '[assessment] shall be an ongoing activity of the Council and negotiations shall be adjusted in the light of the results of the assessment.'

Past and recent assessment discussion in the CTS have emphasised the required time, resources and space for conducting assessments. In light of this, WTO members should agree at the June CTS Special Session to postpone the starting point for initial offers beyond the current March 2003 deadline. In addition, this statement argues that the timeline for general GATS negotiations should also be extended to allow an appropriate review of the economic, environmental and developmental implications of services liberalisation, both on a sectoral and overall basis.

Explicitly extending these negotiating timelines would allow WTO Members, especially developing countries and the least-developed ones, not to be pressured into commitments that do not reflect their own national priorities, and thereby significantly contribute to promoting sustainable development in the context of services trade.

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1. See communication from Cuba, Senegal, Tanzania, Uganda, Zimbabwe and Zambia to the Council for Trade in Services, Special Session, Assessment of Trade in Services, S/CSS/W/132, 6 December 2001; and communication from Cuba, Dominican Republic, Haiti India, Kenya Pakistan, Peru, Uganda, Venezuela and Zimbabwe Council for Trade in Services, Special Session, Assessment of Trade in Services, S/CSS/W/114, 9 October 2001.