

PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

Services

Communication from Korea

The following communication, dated 12 April 1999, has been received from the Permanent Mission of Korea.

Background

Article XIX of the General Agreement on Trade in Services provides that Members shall enter into the next round of negotiations in the year 2000 with a view to achieving a higher level of liberalization. Korea believes that the next negotiations should proceed in conformity with the underlying principles set out in the preamble to the GATS.

Since the entry into force of the GATS, Members have gained valuable experiences in liberalizing trade in services. In addition to the implementation of the specific commitments under the GATS, Korea has undertaken significant measures to further liberalize and deregulate its service sectors as part of its efforts to reform the regulatory regime of the Korean economy and create a more attractive environment for foreign investments. Based on its experience, Korea wishes to make the following suggestions with regard to the next round of negotiations on services.

Suggestions

1. The next negotiations should cover all service sectors.

The preamble and Article XIX of the GATS establish as central objectives of the next negotiations on services the promotion of the interests of all participating countries on a mutually advantageous basis and the securing of an overall balance of rights and obligations. In order to achieve these goals, it is essential that no service sectors be a priori excluded and that all sectors be covered in the negotiations.

2. The scope of MFN exemptions should be progressively reduced.

Most-favoured-nation (MFN) treatment constitutes one of the most fundamental principles of the multilateral trading system. Although the GATS allows for MFN exemptions under certain conditions, Korea believes that the scope of these exemptions should be progressively narrowed. To this end, Members should establish clearer criteria to review the current MFN exemptions and further extend the applicability of the MFN principle to trade in services.

3. Appropriate recognition should be given to autonomous liberalization measures.

Article XIX:3 of the GATS provides that modalities for the treatment of liberalization measures undertaken autonomously by Members since the previous negotiations should be established when developing guidelines for the next negotiations.

Autonomous liberalization measures should be recognized appropriately in negotiations. It provides countries with a strong incentive to unilaterally initiate liberalization measures which, by implication, also benefit their trading partners. In addition, granting negotiating recognition to autonomous liberalization measures can ensure that much needed policy reforms are not unnecessarily postponed in anticipation of reciprocal trade concessions at some point in the future.

4. The next negotiations should address the challenges of electronic commerce.

The rapid growth of electronic commerce poses many new challenges for the implementation of the GATS. In order to facilitate trade in services accommodating this technological development, the next negotiations should address the possible effects of electronic commerce on trade in services, in particular its effects on the scope of national commitments. Given the complexity of the subject, however, all relevant issues should be carefully examined before establishing disciplines to be applied on electronic commerce.

5. The current works on rule making should be concluded promptly.

In order to provide a more complete framework of rules on trade in services, Members should promptly conclude the works on rule making mandated by the GATS in the areas of safeguard measures, domestic regulations, subsidies and government procurement. At the latest, these negotiations should be completed by the conclusion of the next round.

- Members should also develop common disciplines for domestic regulations as soon as possible, on the basis of the results in the Working Party on Professional Services for the accountancy sector. Establishing such disciplines applicable to all Members undertaking commitments in specific service sectors will represent a significant step forward in facilitating and expanding trade in services.
 - We recognize that developing effective rules on subsidies and government procurement for services is a difficult task. However, Members should continue to seek completing the task as early as possible to eliminate competition-distorting elements and maximize the benefits of liberalizing trade in services.
 - An efficient set of rules on emergency safeguard measures to prevent or remedy serious injury should be established at an early stage of the round so as to facilitate negotiations for further liberalization.
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