

**PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE**

Objectives for GATS 2000 Negotiations

*Communication from Australia, Chile and New Zealand*

The following communication, dated 7 June 1999, has been received from the Permanent Mission of Australia.

1. The Governments of Australia, Chile and New Zealand are convinced that substantial preparatory work needs to be undertaken now to ensure that the resumed services negotiations fully meet the interests of WTO Members and the needs of the global economy. Australia previously submitted views on preparations for the forthcoming services negotiations (WT/GC/W/116 of 20 November 1998). This proposal, endorsed by the Governments of Chile, New Zealand and Australia, follows on from that paper and sets the scene for additional, more detailed proposals on specific issues.

**Proposal**

2. The services negotiations should improve market access significantly for developed and developing countries. To do so, the negotiations should achieve higher levels of liberalization in all services sectors, including air and maritime transport; simplification of schedules and greater transparency in commitments; limitation of the scope and number of MFN exemptions; and the development of binding rules on domestic regulation.

**Background**

3. The General Agreement on Trade in Services (GATS) provided an essential first step towards integrating services trade within the WTO's overall framework of trade rules and to opening up trade in services across the board. The final form of the GATS left work to be done in specific sectors (telecommunications, financial services, maritime and air services), in completion of the structure of GATS rules (in regard to emergency safeguards, subsidies, government procurement and domestic regulation), in negotiating ways to apply in practice the rules already in the GATS, and – most importantly – in expanding market access.

4. In the judgement of Australia, Chile and New Zealand, the focus of the next services round must be on expansion of market access and removing discriminatory barriers. The key objective must be to fulfil the mandate set out in Article XIX of the GATS, to achieve "a progressively higher level of liberalization" in services trade. The negotiations should be conducted "with a view to promoting the interests of all participants on a mutually advantageous basis and to securing an overall balance of rights and obligations".

5. The scope of the negotiations should be comprehensive, with no sector excluded as a matter of principle. Comprehensive negotiations offer the best prospect for broad liberalization and also give Members an opportunity to reach the critical mass and make the trade-offs required to achieve substantial results.

6. As a corollary, all four modes of supply should be thoroughly examined with a view to improving and expanding liberalization commitments. In addition, scheduled commitments may need to be expanded in certain sectors to reflect technological advances. The impact of the development of electronic commerce is particularly relevant in this context.

7. The services negotiations should be conducted in the most effective, practical way possible, be that through model schedules, standardized minimum liberalization commitments, request-offer or other suitable means, including a mixture of approaches if considered appropriate.

8. In our judgement, expansion of market access will also require reviewing operational provisions of the GATS, e.g., Articles VI (domestic regulation), VII (recognition) and IX (business practices), to ensure that they effectively underpin and facilitate market opening. For example, transforming into binding principles the principles listed in Article VI.4 would in itself bring domestic regulation within the GATS legal framework. One area of special interest could be a standardized minimum commitment to not apply trade-restrictive nationality or permanent residency requirements as a condition for meeting qualification and licensing requirements for service providers, except in exceptional cases. There may also be a need to review Articles XVI (market access) and XVII (national treatment) to ensure that commitments made under them are up to date and have clear commercial significance.

9. Mindful of the particular interests and needs of developing countries, the negotiations should be undertaken in such a way as to encourage their full participation, including more balanced commitments in all modes of supply.

10. In making commitments, full attention should be given to the principle of transparency (including through the implementation of Article III) and to making the GATS more user-friendly and more accessible to business.

11. In expansion of trade liberalizing measures, due care should be taken to limit as far as possible the scope and the duration of MFN exemptions. Countries should work steadily towards full elimination of MFN exemptions within the period specified in the GATS.

12. The services negotiations should conclude within three years in order to focus negotiators' work and to gain maximum benefit from liberalization measures agreed in negotiations. The result should be an integral part of a single undertaking concluded at the end of the next trade negotiations round.

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