

COMUNICACION FROM CUBA

Negotiating Proposal for Construction and
Related Engineering Services

The following communication has been received from the delegation of Cuba with the request that it be circulated to the Members of the Council for Trade in Services.

I. INTRODUCTION

1. Cuba submits this negotiating proposal¹ as an initial contribution to the discussion on the construction and related engineering services sector within the framework of the special session of the Services Council.

II. PARTICULAR FEATURES OF THE SECTOR THAT AFFECT THE DEVELOPING COUNTRIES

2. Economic globalization gives rise to major changes in consulting, design and construction activities. With the opening up of the world economy and the digital technology revolution in materials, products and engineering and construction systems, these activities are forming an increasingly strategic sector for the creation of production and service capacities.

3. The developing countries and integration schemes between developing countries must set up and develop their own design and consulting firms and build up their domestic construction capacities in order to be able to compete effectively on their home markets and prepare such firms to tackle other markets.

4. Typical limitations on access to developed country markets include restrictions on the form of commercial presence, where the presence of natural persons is allowed only occasionally in the form of specialists and advisors, making it difficult for developing countries to profit from liberalization in this sector.

5. The result of foreign involvement in design and construction services in developing countries has been penetration by means of financial credits on onerous terms, inadequate technical and technological transfer, assignment of the least professional work to local entities and the undermining of participation in the domestic industry, as well as the mandatory use of foreign supplies and

¹ Cuba reserves the right to amend this proposal, which does not prejudice its final position on sub-sectors or services not included in the analysis, at any time.

technology, technical and architectural conceptions which are not suited to local conditions and the absorption and takeover of small entities.

III. PROPOSAL

A. BASIS FOR THE NEGOTIATING PROPOSAL

6. The liberalization process should foster the increasing participation of developing countries, and should therefore be conditional upon the transfer of technology and know-how in order to enhance the competitiveness of the services in the modes of supply of export interest to them, with a view to strengthening their domestic capacity pursuant to Article IV of the GATS and paragraphs 1, 2, 3 and 5 of the Guidelines and Procedures for the Negotiations on Trade in Services.

7. The negotiations should allow the developing countries to undergo a progressive liberalization process, with due respect for their national policy objectives and level of development as stipulated in Article XIX.2 of the GATS.

8. The negotiations on access to developing country markets should take professional qualifications into consideration as a requirement for recruitment, licensing and the registration of foreign service providers for the purposes of exercising a profession in the host country.

9. The negotiations must abolish developed countries' discriminatory regulations establishing nationality and citizenship registers and introduce possible variations as regards residence for the duration of the provision of the service in those countries.

B. EXPECTED OUTCOME OF THE NEGOTIATIONS

10. Given that the construction and related engineering services sector is crucial to establishing public infrastructure and promoting Cuba's economic growth, it is hoped that the negotiations will achieve the following results:

- (a) Permit the commercial presence and temporary movement of natural persons for the provision of specific services, favouring access to developed country markets under modes 3 and 4, basically in design services, architectural services, engineering services, integrated engineering services, construction and related engineering services, urban planning and landscape architectural services, and other related consulting services;
- (b) Extend and improve developed country commitments in service provider categories involving middle- and lower-level professionals and specialists, including specialists without a qualifications but with recognised skills;
- (c) Abolish restrictions on the movement of natural persons so that formalities for service providers authorised under this mode of supply are handled quickly to ensure that services are provided in a timely manner;
- (d) Secure non-discriminatory commitments conducive to the implementation of Article VII of the GATS to make licensing and the mutual recognition of professional qualifications practicable in developed countries;
- (e) Secure commitments which prevent discriminatory practices with regard to economic needs tests, which hinder the effective implementation of Article IV of the GATS.

IV. CLASSIFICATION ISSUES

11. Members should hold discussions in a context to be determined and within the purview of the existing interrelationship between the construction and related engineering services sector and the professional services sector with regard to architectural services, engineering services, integrated engineering services and urban planning and landscape architectural services, to examine possible definitions which would enable services related to this sector to be more comprehensive and focussed.
