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PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

Negotiations on Trade in Services – Negotiating Guidelines

Communication from Turkey

The following communication, dated 20 July 1999, has been received from the Permanent Mission of Turkey.

1. According to Article XIX.1 of the General Agreement on Trade in Services (GATS), WTO Members shall enter into successive rounds of negotiations with a view to achieving a progressively higher level of liberalization. The next round of negotiations is scheduled to begin no later than 1 January 2000.

2. This paper focuses on some issues which need due consideration before or during the negotiations and contains some suggestions with regard to the preparations of next round of negotiations.

Issues

3. Article XIX.3 of the GATS stipulates that: "For each round, negotiating guidelines and procedures shall be established. For the purpose of establishing such guidelines, the Council for Trade in Services shall carry out an assessment of trade in services in overall terms and on a sectoral basis with reference to the objectives of the Agreement, including those set out in paragraph 1 of Article IV."

4. In line with the above mandate, Turkey attaches great importance to a comprehensive assessment of trade in services within the Council for Trade in Services (CTS) before setting up the negotiating guidelines for the next round of negotiations.

5. With the completion of the information exchange programme in the CTS, the required work on the assessment of services trade has already started in parallel with the discussions on negotiating guidelines.

6. Despite the current work in the CTS, most WTO Members, in particular developing and least-developed countries, still face difficulties in making an overall assessment of trade in services both at the national and multilateral level. In addition to that, other difficulties such as the problem of quantification of services trade and insufficient input from the private sector pose other challenges for a great number of Members in identifying sectors and priorities of particular interest for them.

7. As a result of this situation, the existence of many grey areas in relation to assessment also causes other problems in terms of effective participation to the negotiating guidelines discussions and building up their positive agendas.

8. Turkey believes that until such an assessment is completed in overall terms and sector-wise, the above difficulties would remain a major challenge for most Members.

9. Taking into account the need for a comprehensive assessment of trade in services, Turkey's suggestions regarding the objectives and scope for the next round of services negotiations are listed as follows:

Objectives of the negotiations

10. The existing architecture of the GATS should be preserved and the negotiations should be conducted within this architecture.

11. In order to achieve progressive liberalization in trade in services, the next round of negotiations should cover all sectors and the four modes of supply. In other words, a comprehensive approach would create a positive atmosphere during the negotiations for further liberalization in services.

12. Members should aim at promoting the interests of all participants on a mutually advantageous basis and at securing an overall balance of rights and obligations.

13. Members should also aim at reducing the current imbalances in their schedules of specific commitments regarding the service sectors and the four modes of supply during the forthcoming negotiations.

14. In line with the objectives set in Article IV.1 of the GATS, in order to increase the participation of developing-country Members in world trade, their concerns and interests should be taken into account carefully.

15. Moreover, as referred to in Article XIX.3 of the GATS, negotiating guidelines shall establish modalities for the special treatment of least-developed country Members under the provisions of paragraph 3 of Article IV.

16. Therefore, special attention should be given, in particular by the developed-country Members, to the needs of the least-developed countries in order to enable them to benefit equitably from the further liberalization of trade in services.

Scope of the negotiations

Specific Commitments and MFN exemptions

17. With the aim of further liberalization in services, improvement of market access commitments and reduction or, when necessary, elimination of national-treatment limitations should be the fundamental goals of the next round of negotiations. Additionally, MFN exemptions will have to be reviewed. In this regard, Turkey hopes that Members will exert their best effort to submit offers on all service sectors and the four modes of supply.

Autonomous liberalization

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

19. Since there is no clarity on a definition of “autonomous liberalization” amongst the Member countries, Turkey believes that further clarification and examination of the definition issue is needed before determining the modalities in this regard.

Domestic regulation

20. Regarding the further liberalization of commitments, in terms of market access and national treatment, Turkey believes that building up necessary disciplines for domestic regulations within the content of Article VI.4 of the GATS should be complementary to these efforts. However, while establishing such disciplines, legitimate purposes for the Member countries’ domestic regulations, development concerns and sectoral differences should be taken into account as envisaged in the preamble to the GATS.

GATS rules

21. Negotiations on the question of emergency safeguard measures, subsidies and government procurement should continue with a view to achieving satisfactory results for all Members.

Principles, modalities, time -frame and practical arrangements for the negotiations

22. Services negotiations should be conducted in the most practical and flexible way possible and with the adoption of an open-ended approach. In order to create a transparent atmosphere and to reach fruitful conclusions, the private sector’s involvement in sectoral discussions may be considered positively.

23. The negotiations of specific commitments should be conducted with a request/offer approach. Other approaches such as a horizontal formula approach could also be considered in the course of negotiations.

24. With regard to the horizontal formula approach, there is still a divergence of views on the definition and content of this approach amongst Member countries.

25. While keeping in mind that further discussion is needed on an agreed definition of the horizontal formula, Turkey considers this approach to be a practical tool for establishing transparent and simple schedules for users. In other words, such an approach should not be used as a leverage to impose commitments on Members even in an implicit manner, and it should not prejudice the rights and obligations of Member countries during the negotiations.

26. In parallel with the next trade negotiations round, the forthcoming services negotiations should last three years and their results should be an integral part of a single undertaking.

27. Turkey has a flexible approach regarding the administrative arrangements and organizational modalities. Within the framework of the overall structure to be decided upon for the conduct of the negotiations during the Millennium Round, Turkey feels that it will be appropriate to leave the task of negotiating services to the CTS and its existing subsidiary bodies. If there will be some issues that cannot be dealt with adequately in existing bodies, Members may consider and take the required measures.