

WORLD TRADE ORGANIZATION

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General Council

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PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

Proposals Regarding the GATS Agreement (Paragraph 9(a)(ii) of the Geneva Ministerial Declaration)

Communication from Venezuela

The following communication, dated 26 July 1999, has been received from the Permanent Mission of Venezuela.

Present situation

1. The negotiation of the General Agreement on Trade in Services (GATS) during the Uruguay Round left many issues unresolved. Before turning to the effects and results of the Agreement proper, it should be pointed out that a good proportion of the outstanding issues have not been settled in the last four years and therefore should become part of the next round of negotiations on services. However, this does not mean that these outstanding tasks should be, *a priori*, part of a general negotiation exercise. Venezuela considers that they should be viewed as part of an independent process, the achievement of whose objectives should be a prerequisite to a wider opening up of trade in services. Examples of issues still waiting to be settled include those concerning the development of disciplines on safeguards, government procurement and subsidies, as well as those relating to Article VI.

Only if these outstanding issues are resolved, shall we be able to fulfil the aims of Article XIX of the GATS Agreement, since new market access and national treatment commitments will be worth little or nothing if incentive policies continue to be supported through subsidies, if barriers to access are maintained, if licences and other non-transparent requirements continue to be imposed and if gaps in the international rules which discourage a more proactive attitude to liberalization processes are allowed to remain.

2. Four years after the entry into force of the GATS Agreement, Venezuela considers that the results of the Uruguay Round and the subsequent negotiations have produced an imbalance in substantive commitments as between the developing and the developed countries. Evidence of this is provided by the basic telecommunications services and financial services negotiations to which many developing countries have made a far-reaching and significant contribution, while their liberalizing efforts have been greater than those of some of their trading partners with stronger economies.

Possible content of some negotiating guidelines for the year 2000

According to Article XIX of the GATS Agreement, the new negotiations to be entered into by the year 2000 should be approached with appropriate flexibility, thereby enabling developing

countries to open fewer sectors, liberalize fewer types of transactions and progressively extend market access in line with their development situation, and should promote the interests of all participants.

The article also calls for negotiating guidelines and procedures to be established. In this connection, Venezuela proposes that the subject be approached in accordance with the following plan:

(a) Definition of objectives:

- Solve the outstanding problems and issues of the Uruguay Round as a preliminary to the negotiation of specific commitments.
- Achieve a better balance in the content of the commitments: a greater export capacity should correspond to greater opening and more substantive commitments.
- Facilitate the integration of the developing countries in international trade in services through the full application of Article IV of the GATS Agreement.

(b) Definition of principles:

- Respect for the existing architecture of the GATS Agreement and maintenance of the positive list system in the negotiations.
- Respect for the policy objectives and level of development of Member countries, as well as appropriate flexibility in accordance with Article XIX.2.
- Broad negotiations which include all sectors and all modes of delivery.

(c) Body of the negotiations:

- Outstanding questions: Fulfilment of the mandates relating to the outstanding issues of the Uruguay Round.
- Market access: In accordance with the provisions of Articles XIX and IV, Venezuela has a strong interest in substantive commitments that give market access to services relating to trade in energy, especially oil-industry and related services.
- New issues:
 - Development of multilateral competition rules.
 - Development of Article IV to make it effective and operational through suitable mechanisms.

(d) Logistical aspects:

- Everything possible should be done to avoid the proliferation of working groups: the negotiations should be conducted, as far as possible, within the Council for Trade in Services and the existing subsidiary bodies.

- Parallel meetings should be avoided so as to enable the smaller delegations to participate fully.
