

# WORLD TRADE ORGANIZATION

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General Council

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## PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

### Services

#### *Communication from Brazil*

The following communication, dated 22 September 1999, has been received from the Permanent Mission of Brazil.

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#### **Background**

1. Brazil envisages the mandated services negotiations within the limits of the conceptual and legal structure of the GATS, with the objective of completing gaps in the agreement's regulatory framework<sup>1</sup> proceeding with the progressive liberalization of trade in services<sup>2</sup> and increasing the participation of developing countries on international trade in services,<sup>3</sup> a commitment that must permeate the entire negotiating process and shape its results.

2. There has been little progress in the negotiation on those areas of the GATS legal framework left for the post-Uruguay Round phase. The ensuing legal uncertainty weakens existing commitments and inhibits new offers by developing countries. The upcoming negotiations present an opportunity for the timely conclusion of the many outstanding issues within the General Agreement. Disciplines for emergency safeguards, subsidies, government procurement and domestic regulation must be negotiated with the aim of preserving the principles reflected in the Preamble and Article IV of the Agreement.

3. Progressive liberalization must be based upon specific provisions of the GATS, especially Articles II, IV, XVI, XVII, XVIII, XIX and XX, which constitute the basic framework for liberalizing international trade in services.

4. In view of these considerations, Brazil submits the following proposals to the General Council, reserving its right to further detail them or complement them with new elements in the future.

#### **Proposals**

5. Under the "single undertaking" principle, services negotiations shall be conducted in two well-defined and consecutive phases. During the first phase, Members shall complete the drafting of disciplines for GATS Rules emergency safeguards, subsidies, government procurement and domestic

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<sup>1</sup> GATS, Articles VI, X, XIII and XV.

<sup>2</sup> id., Article XIX.

<sup>3</sup> id., Preamble, Articles IV and XIX.

regulation. Only after this task is finished, shall the second phase – the negotiations for progressive liberalization and new specific commitments – begin.

6. Once the GATS regulatory framework is completed, the negotiation of specific commitments may take place, according to the following principles:

- (a) the respect for the existing architecture of the GATS, including positive lists for the consolidation of sectors and subsectors, the four modes of supply, as well as the scheduling of limitations to market access and national treatment (Articles XVI, XVII, XIX and XX);
- (b) the "request and offer" approach;
- (c) the quest for progressively higher levels of liberalization on a mutually advantageous basis, with the due respect for national policies objectives and the level of development of individual Members (Preamble, Article XIX);
- (d) the recognition of appropriate negotiating flexibility for developing country Members (Article XIX(2)), including the right to condition access to their markets to the fulfilment of the objectives mentioned in Article IV;
- (e) the granting of negotiating credits for autonomous liberalization undertaken by Members, adopting as the basis for the negotiation those commitments made in the Uruguay Round and subsequent mandated sectoral negotiations (Article XIX(3)).

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