

OTN TRADE AGREEMENTS 101

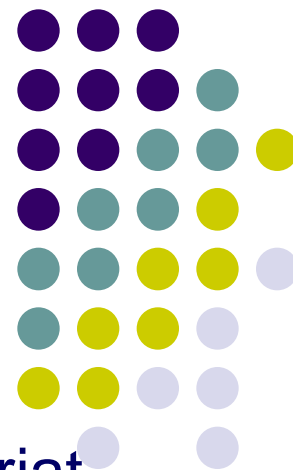
Implications of Trade Agreements for Services Providers

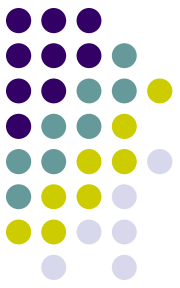
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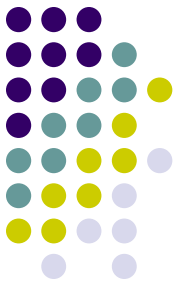




Presentation Outline

- CARICOM Network of Services Trade Agreements
- What is negotiated in an agreement on trade in services ?
- Pros & cons for local services suppliers
- How can Jamaican services suppliers influence negotiations?
- How can Jamaican services suppliers take advantage of trade agreements?
- Checklist- what services suppliers need to know

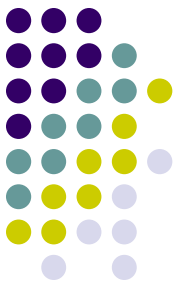
CARICOM Network of Services Trade Agreements



- CARICOM Single Market & Economy
- CARIFORUM-EC EPA
- World Trade Organisation (GATS)

Built in agenda

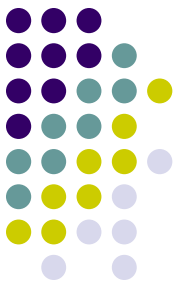
- CARICOM-Costa Rica/ SICA
- CARICOM Cuba
- CARICOM-Dominican Republic FTA



BACKGROUND

- Services classified using internationally agreed systems (UN CPC)
- Approach to listing – positive, negative, hybrid
- Positive list separates four modes of supply of services
 - M1 Cross Border Services
 - M2 Consumption Abroad
 - M3 Commercial Presence/Establishment
 - M4 Movement of Natural Persons
- Commitments on market access & national treatment listed in a schedule
- Provisions on Definitions, Objectives, Scope & Coverage, Exceptions, Regulation, Cooperation, Future Liberalisation, Dispute Settlement
- Agreement can set out a built-in agenda e.g. negotiation of other areas, specific cooperation
- WTO obligations affect the scope of bilateral agreements

What is negotiated in an agreement on trade in services ?



KEY PRINCIPLES

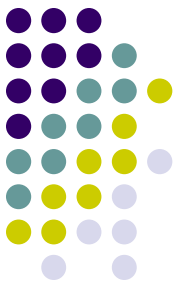
MOST FAVOURED NATIONAL TREATMENT

- Extension of most favourable treatment of services & suppliers of any other Member/ nation to like services & services suppliers of a Member/ the other Party (WTO - automatic, EPA – linked to major trading economy & EC has option)
- Some Members listed MFN exemptions in WTO

BILATERAL ECONOMIC INTEGRATION (GATS Article V)

- Some WTO Members can grant each other better treatment in an economic integration agreement if there is *inter alia*:
 - substantial sectoral coverage, removal of discriminatory measures, standstill
 - notification of agreement and of any changes to WTO schedule to inform other Members with market interests

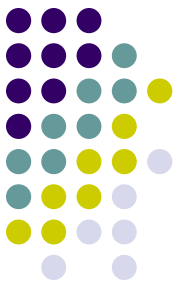
What is negotiated in an agreement on trade in services ?



MARKET ACCESS

- Limitations & conditions agreed & listed in Schedule and granted on MFN basis
- Types of limitations & conditions
 - M1** - requirement for local presence (M3); local mandatory standards on software
 - M2** – no insurance portability for hospital services
 - M3**- numerical quotas, ENTs, residency/ nationality/ legal form/local equity requirement, limits on transaction value, access to infrastructure for services supply
 - M4** – work permits, labour market test, quotas

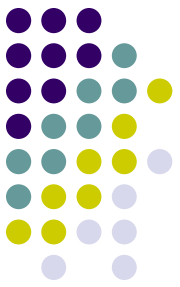
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NATIONAL TREATMENT

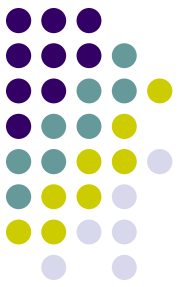
- A Member/Party is obliged to grant treatment no less favourable than that accorded to its own like services & services suppliers (or in like circumstances) in respect of measures affecting the supply of services ... i.e. subject to scheduled limitations & conditions
- Formally identical or formally different treatment should not affect conditions of competition in favour of national services suppliers
- Restrictions and conditions
 - M1 – higher taxes on mail order goods
 - M2 – discriminatory currency controls for visitors
 - M3- joint venture / different capital/ local employment/ firm name requirements
 - M4- nationality/residency/ licensing/ qualifications requirement

Pros & Cons of trade agreements for services suppliers



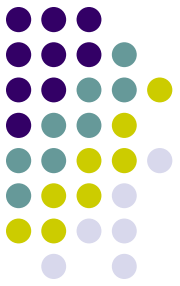
- Legal commitment to allow services supply in mkt, standstill on barriers
- Better access to partner markets than other countries
- 3rd country investment attraction tool
- Investors/personnel allowed for establishment in new mkt
- Transparency of regime in partner mkt (MA/NT granted, notifications, enquiry points)
- Clear basic principles for regulation
- Technical cooperation/assistance
- Consultation & dialogue with other side on related issues
- Other cooperation e.g. advance notice of travel advisories
- Commitments in related areas e.g. IP, Competition, E-commerce, Data Protection
- Settlement relevant disputes
- Regular Review
- Low services supply capacity
- Limited knowledge of markets
- Potential mismatch of services supplied & market access secured
- Increased competition in domestic market
- Inadequate regulation for sectors opened
- Low admin capacity to fulfil obligations

How can services suppliers influence negotiations?

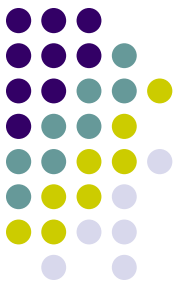


- Form associations at the sector level (nationally and regionally) & take advantage of CSI network
- Conduct research on partner markets & new market prospects
- Develop sector growth strategies
- Determine negotiating position based on sensitivity & need for investment
- Prepare position papers to feed into decision/policy making & improve advocacy
- Participate in Technical Working Groups through regional representative associations

How can services suppliers take advantage of trade agreements?



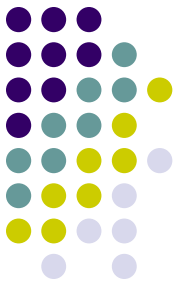
- Know & analyse outcomes in main sector, related sectors & other relevant areas e.g. IP
- Improve knowledge of partner countries & target markets
- Develop strategies for using trade and cooperation commitments in agreements
- Monitor, evaluate, influence & participate in institutions created to implement agreement
- Assess real impact of the agreement regularly



Services Suppliers Need to Know ...

- What services are demanded in partner markets?
- Are these trends expected to change?
- What can/could you supply?
- Are you/could be a competitive supplier?
- What policies, supportive services or infrastructure do you/would you need?
- What are the barriers to services trade in partner markets in sectors of interest ?

USEFUL LINKS



- Office of Trade Negotiations, CARICOM Secretariat - www.crnw.org
- United Nations Central Product Classification (UN CPC) - <http://unstats.un.org>
- Text of Trade Agreements of American States www.sice.oas.org
- WTO Services Gateway - http://www.wto.org/english/tratop_e/serv_e/serv_e.htm
- Canada DFAIT <http://www.dfait-maeci.gc.ca/international/index.aspx>
- Dominican Republic Chamber of Commerce - <http://www.camarasantodomingo.org.do/>
- European Commission - <http://ec.europa.eu/trade/>
- MERCOSUR - <http://www.mercosur.int/msweb/Portal%20Intermediario/>
- United States Trade Representative - www.ustr.gov
- United States International Trade Commission - www.usitc.gov