

WTO implements new services rules pact among 72 members

Amiti Sen
New Delhi

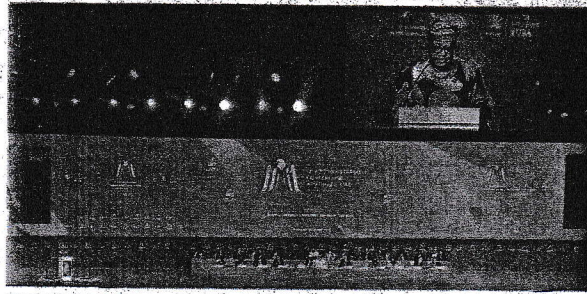
The WTO has formally implemented an agreement on new disciplines on domestic services regulations that benefit all members of the organisation, including non-signatories such as India, who will not have to take on any additional obligations. The agreement was signed by 72 members including the US, the 28-member EU, China and Japan.

The plurilateral pact, which seeks to reduce administrative costs for service providers by easing licencing and qualification requirements, related procedures and technical standards, was announced at the on-going 13th WTO Ministerial Conference in Abu Dhabi on Tuesday.

EASING TRADE

"Initially, India and South Africa were opposed to the pact as it was part of a Joint Statement Initiative between a group of countries, which is against the multilateral framework of the WTO. But last month, the sponsors of the pact sought approval for their proposal at the Working Party on Domestic Regulation for Services at the WTO and submitted that they would take on additional commitments and extend the benefits of their relaxed domestic rules even to the non-signatories. It was made clear that the proposal was not part of JSI," an official told *businessline*.

WTO Director-General Ngozi Okonjo-Iweala said the plurilateral pact was designed to make services trade easier through streamlining and simplifying



BIG STAGE. Ngozi Okonjo-Iweala, Director-General, WTO, addressing the meeting in Abu Dhabi REUTERS

ing procedures and thereby lowering trade costs to the tune of an estimated \$127 billion a year. "Kudos to India, South Africa and the EU for successfully brokering a deal to allow incorporation of this agreement into the WTO rule book," she tweeted.

The 72 countries, who are signatories of the agreement, represent 92 per cent of global services business, said Valdis Dombrovskis, EU Trade Commissioner and Executive Vice-President.

"Authorisation and qualification barriers are identified amongst the top barriers in foreign markets. Regulation related factors account for an estimated 40 per cent cost of trading in services. The agreement will vastly improve how our businesses are treated on the ground," Dombrovskis said at a media briefing in Abu Dhabi.

NEW ADDITIONS

The Indian official explained that the General Agreement on Trade in Services already existed in the WTO of which all members were participants.

"What the signatories of the new rules are doing is that they are modifying the schedule of services that is already there and taking on additional commitments. These additional commit-

ments will be offered to all members of the WTO on an MFN basis which means that all members will benefit from it. So, India, too, will get benefit of those commitments as participants ease their licencing and qualification norms, without committing to anything," the official said.

EXERCISE CAUTION

Some CSOs suggested that members should take care to ensure that procedural rules that relate to amending schedules of commitments do not get abused to circumvent the rules of amendment under the Marrakesh Agreement.

They also warned that the outcome on services should not be allowed to be spun by powerful members to indicate that it somehow opened the door to adoption of the proposed Investment Facilitation for Development pact, which remains illegal.

"We also stress that the potential adoption of the SDR (services pact) is totally different from the adoption of the Investment Facilitation Agreement. That has no mandate in the WTO, and is required explicitly to be adopted by a consensus of the members in plenary," said Deborah James, Coordinator, Our World is Not for Sale network.