CONSULTATION DOCUMENT ON THE WTO NEGOTIATIONS UNDER THE GENERAL AGREEMENT ON TRADE IN SERVICES (GATS)

The GENERAL AGREEMENT ON TRADE IN SERVICES (GATS) is the first set of international rules for the international trade in services. India has been a signatory to the Agreement since its entry into force in 1995. GATS set out a framework of legally-binding rules governing the conduct of world trade in services. It is supported by a number of schedules of specific commitments undertaken by individual WTO Members. These commitments bind Members not to introduce more restrictive rules which could have an adverse effect on trade. India made initial commitments at the time of entry of GATS into force.

The commitments that have been scheduled by India so far are available on the Ministry of Commerce’s web site (http://commerce.nic.in/IndiaSchedules.doc)

Importance of the Services Sector

Services account for a large share of production and employment in most economies. Its share of the national GDP is higher in developed countries, where it averages 60-70 percent, while it is lower in developing and least developed countries. In India, the sector accounted for 54.1% of the GDP in 2005-06. The world trade in services amounted to US$ 2.710 trillion in 2006, of which India’s share of export of services was about 2.7%.

Present status of negotiations in services

The mandated negotiations under GATS to work out the rules and framework for further liberalisation of trade in services are underway. The negotiations, which commenced on January 1, 2000, are likely to continue for the next two years. The main objective of the negotiations is to liberalise commitments in all the service sectors and all the modes of supply of services and to improve the multilateral rules for trade in services.

As per the decision taken in the Doha Ministerial Conference, it has been decided that each member country must submit initial requests by June 2002 and initial offers by March 2003. This request-offer process is underway. However, most countries, including India have, interpreted these deadlines as indicative only.

Under successive rounds of negotiations, aimed at progressive liberalisation, Members individually choose the sectors in which binding commitments are to be made, and those in which commitments are not to be made. This is known as a "positive listing", or "bottoms-up", approach. Negotiations proceed on the basis of requests and offers; that is, countries request each other to consider liberalisation in particular sectors, and respond with offers. Agreement to liberalise is not reached until all participating Members – including developing countries – are satisfied with the total package being offered.

The main method of negotiations is the Request and Offer process, under which each country tables its demands from its trading partners and its offers to its trading partners sector-wise. We have submitted ‘requests’ to our trading partners in Computer Related services, Architecture services, Health services, Audio-Visual services,
Tourism services, Maritime services and Financial services. On the other hand, we have received requests from 22 countries and have to finalise our response to these requests through an "initial offer". The initial offer would point towards the direction in which a Member is willing to liberalise. However, the initial offer has no legal status and can be withdrawn or amended at any time if the Member feels that the trading partners’ offers are not satisfactory or adequate.

In formulating the offers, Members are not obliged to respond positively to any particular request. Nor is there any requirement for reciprocity. That is, a request made by India in one area/sector/activity does not impose any obligation to accept a similar request made of it by other countries. Further, the Doha Ministerial Declaration reaffirms the rights of members to regulate and to introduce new regulations on the supply of services.

Focus of consultations:

The focus of this consultation exercise is on the extent to which we can afford to meet the bilateral & plurilateral requests that have been made to us and also to identify the market access barriers that we face and frame requests for liberalisation appropriately. The objective is to give all interested parties in India the opportunity to participate in the formulation of India’s offers in the negotiations.

We would invite suggestions/ contributions, from all interested parties on the requests received by India at the GATS negotiations. We would also invite views on any explicit / implicit barriers being faced by our service providers while accessing markets in other developed and developing countries. We will appreciate if your inputs could be backed up by data/case studies wherever possible.

Please try to send your comments to us at the earliest so that your suggestions are clearly taken into account in the context of the negotiations in Services. Your comments can be sent to the following address :

By post to: —
Joint Secretary (Shri Sudhanshu Pandey)
Trade Policy Division,
Department of Commerce,
Room No. 241, Udyog Bhavan,
New Delhi

By E-Mail to:—
js1-doc@nic.in

Confidentiality:
Your comments will be treated in the strictest confidence, if you so indicate.