

**UNESCAP-WTO Regional Workshop on Graduation  
for LDCs in Asia**  
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**LDC Graduation and Trade in Services**

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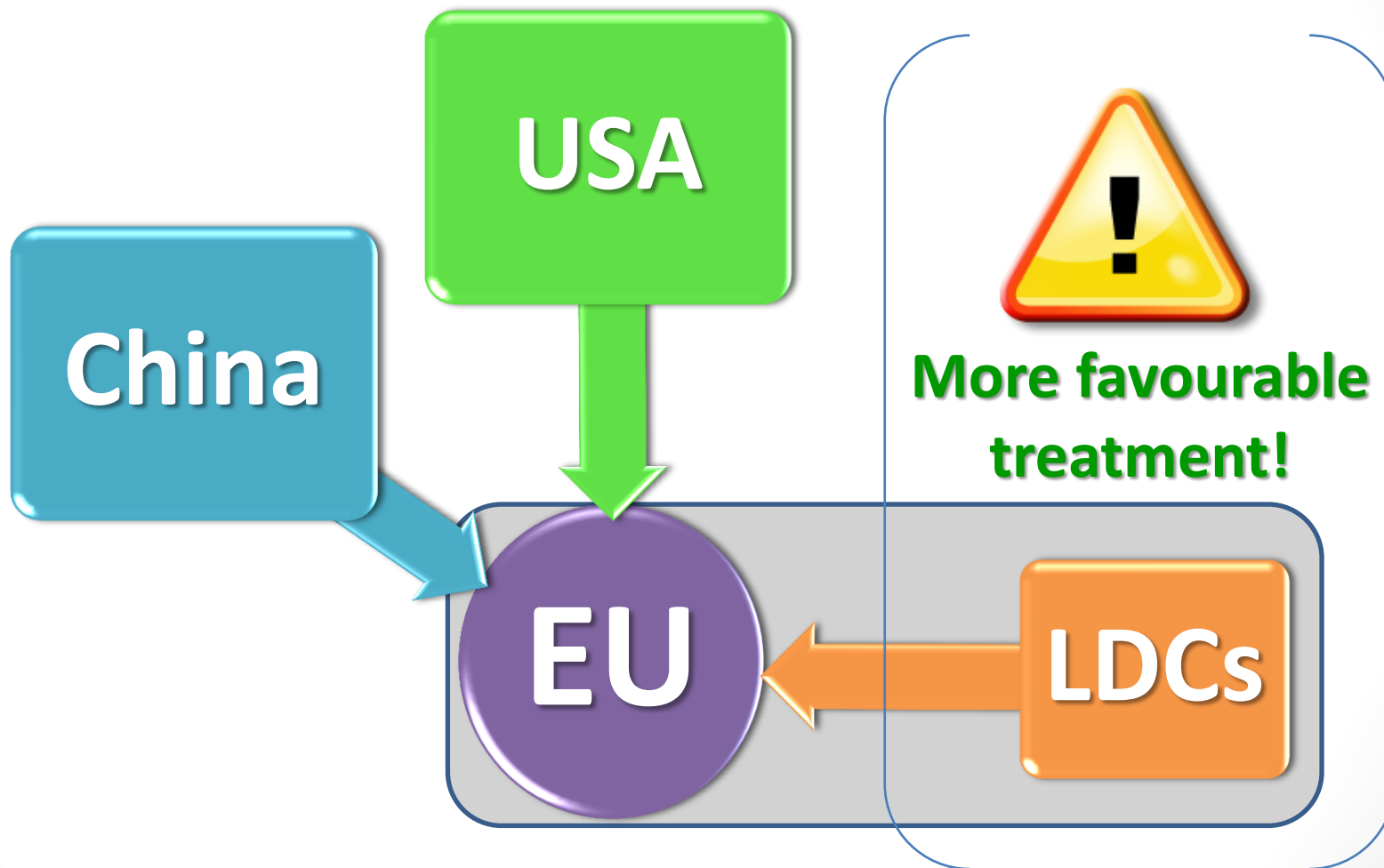


# Background

- LDCs account for 0.7% of world services exports
  - Specialized in tourism and transport; limited supply side capacity in business services
- To increase supply side capacity and exports in services represents a key objective in terms of economic diversification
- Two key questions for graduating LDCs
  - What will be the impact from the loss of services preferences?
  - What are the opportunities in services to offset possible negative impacts in goods exports?



# LDC Services Waiver (2011) – preferential treatment for LDCs



# LDC Services Waiver (WT/L/847, 2011)

- Under the Waiver any Member may grant preferential (better-than-MFN) treatment to any service or service supplier from an LDC Member with respect to
  - market access measures
  - other measures (e.g. Qualification requirements and procedures, Licensing requirements and procedures, Technical standards, measures concerning visas, work and residence permits, fees)
    - Non-market access measures need approval by the Services Council
- Waiver permits preference granting country to “violate” MFN ... but does not extend a right to the preferential treatment to LDCs



# LDC Services Waiver

- Three Ministerial Decisions on the Services Waiver
  - Ministers adopted the Waiver in 2011 (Geneva)
  - Ministerial Decisions in 2013 (Bali) and 2015 (Nairobi) aimed at operationalizing the Waiver
  - The Waiver is valid until 2030
- 24 developed and developing Members have notified preferential treatment in favour of LDCs



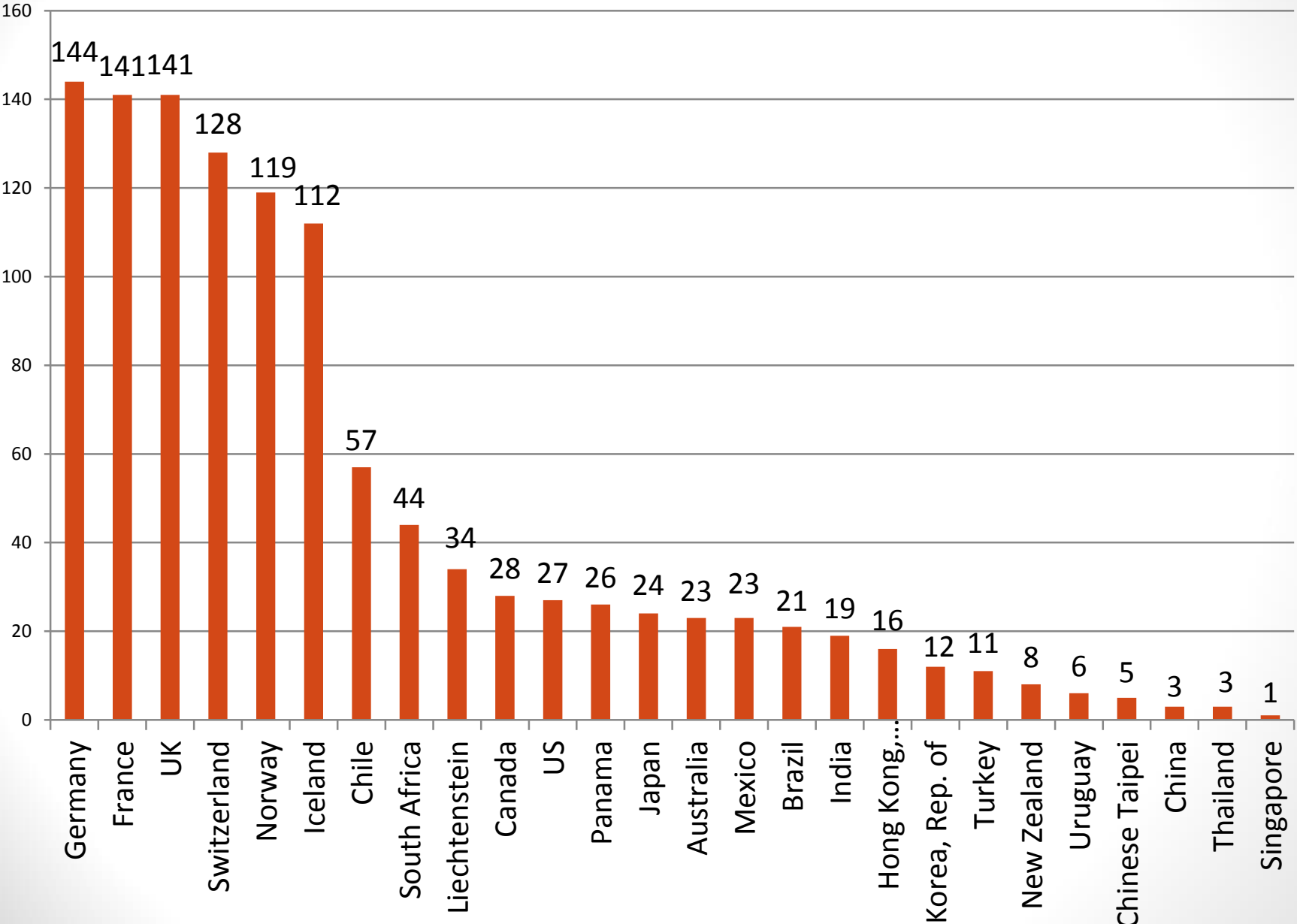
# Notifications pursuant to LDC Services Waiver

- 24 developed and developing Members have submitted notifications

Member	Symbol	Member	Symbol
Australia	S/C/N/805	Mexico	S/C/N/821
Brazil	S/C/N/839	New Zealand	S/C/N/813
Canada	S/C/N/792/Rev.1	Norway	S/C/N/806
Chile	S/C/N/834	Panama	S/C/N/890
China	S/C/N/809	Singapore	S/C/N/812
European Union	S/C/N/840	South Africa	S/C/N/853
Hong Kong, China	S/C/N/810	Switzerland	S/C/N/819
Iceland	S/C/N/835	Chinese Taipei	S/C/N/811
India	S/C/N/833	Thailand	S/C/N/860
Japan	S/C/N/820	Turkey	S/C/N/824/Rev.1
Korea, Rep. of	S/C/N/808	United States	S/C/N/825
Liechtenstein	S/C/N/841	Uruguay	S/C/N/857



# Number of W120 subsectors notified by Members



# Number of “preferences” in an MFN sense may be relatively low

- For Modes 1-3, a total of 70% of notified preferences do not exceed the level of Doha Round (DDA) offers
- By Members own admission, these offers reflect the applied (MFN) regime
- For measures going beyond DDA offers, many Members have stated that these reflect measures taken from their preferential agreements with other trading partners.
- These measures could be preferential (although not exclusive for LDC Services and Service suppliers)
- From general assessments of the preference margins of services preferential agreements, many of the measures bound therein reflect the applied (MFN) regime





# Non-market access measures notified

- Require approval by the Council (approval granted for all relevant measures submitted until beginning of November 2015)
- National treatment measures included in notifications by Canada, Iceland, Norway, South Africa, and Switzerland.
- Other measures:
  - India: visa fee waiver for business persons from LDCs
  - Switzerland: Contact point for LDC services suppliers
  - Turkey: e-visa application system comprising most LDCs
  - China: pledge to expand authorized destination status to LDCs



# Dedicated review of operation of notified preferences under the LDC Services Waiver

- Services Council will hold a dedicated review of the operation of services preferences later in 2019
- Review likely to cover also a discussion on technical assistance and capacity-building measures
  - to orient LDC suppliers towards utilizing preferences granted
  - To promote the increasing participation of LDCs in world services trade



# Post-graduation

- As developing countries, graduated countries will cease to benefit from preferential treatment in services
- As of today, the preferences offered to LDCs in services are rather limited
- Graduation from LDC status is unlikely to cause graduating LDCs a significant loss of services exports
- What about the future? Will preferential treatment improve?
- A graduating LDC could explore with preference-granting Members the option to extend preferences

Thank you!

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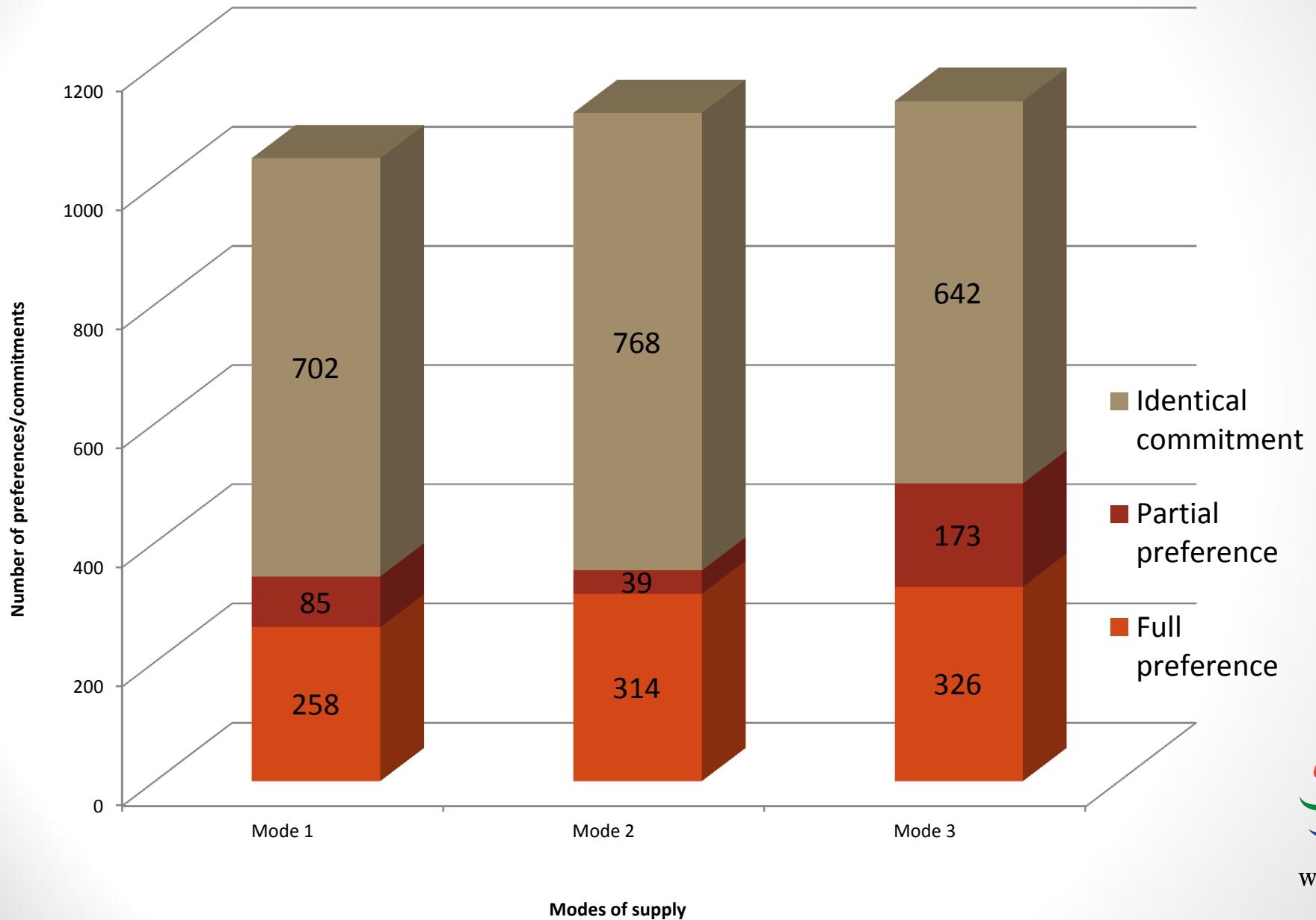
WTO OMC

# General features of the notifications

- **Duration:** All notifications state that the preferences are “intended” to be maintained for the duration of the Waiver, or similar formulations.
- **Format:** All notifications are made in a format similar to a WTO schedule (sector description and treatment for the various modes of supply for Market Access-type measures)
- Many notifications contain GATS and GATS+ treatment without differentiation – difficult to assess the actual preference
- **Non-Market Access measures:**
  - Canada, Norway, Switzerland, South Africa and Iceland’s notifications also contain a National treatment column
  - In addition, India, China, Turkey, and Switzerland have notified other non-Market Access measures.

# Results: preferences\* as compared to GATS commitments

\*a preference is one entry in one sector and one mode



# Mode 4 (details per Member)

Member	Intra-Corporate Transferee	Negotiations of a contract	Contractual service suppliers	Independent professionals	Installers	Interns	Total:
Australia				X			1
Brazil							0
Canada		X			X		2
Chile		X	X				2
China		X					1
European Union	X		X	X	X	X	5
Hong Kong, China							0
India			X	X	X		3
Iceland	X	X	X				3
Japan				X			1
Korea, Rep. of			X		X		2
Liechtenstein							0
Mexico		X			X		2
New Zealand							0
Norway	X		X	X		X	4
Panama							0
Singapore							0
South Africa							0
Switzerland							0
Chinese Taipei			X				1
Thailand	X	X					2
Turkey			X	X	X	X	4
United States							0
Uruguay			X	X			2
<b>Total:</b>							<b>35</b>

