

WTO Rules on RTAs

- GATS V-

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Regional Seminar on RTAs for
Asian Economies
Bangkok 25-27 July 2011



Aims for This Session

- Familiarizing with the WTO rules on RTAs, focusing on trade in services
- Applying such rules in RTA practice



GATS Article V

Economic Integration Agreements

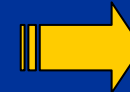
**They are allowed to seek
departures from the MFN principle**



Consistency Criteria

BUT, subject to the fulfilment of certain conditions:

Trade liberalization among the parties should cover a broad range of services activities

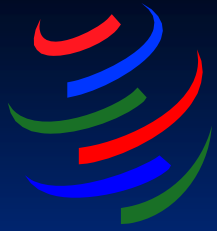


**Internal Requirement
(V:1)**

Non-party WTO Member should not encounter a higher overall level of barriers to its services trade as a result of an RTA



**External Requirement
(V:4)**



Internal Requirement

Have “substantial sectoral coverage”

Number of sectors, volume of trade affected, modes of supply

Not excluding any of the four Modes of supply for the sectors covered

In the sectors covered, substantially all discrimination should be absent

Elimination of existing, prohibition of new or more restrictive, discriminatory measures



External Requirement

No particular guidelines on how to assess whether “the overall level of barriers” has been raised against any non-party Member

If a Member’s WTO specific commitments are made more restrictive, these should be renegotiated (GATS V:5)



Relationship with Services Providers from Third Parties (I)

- GATS Art. V.6
- Service providers from third countries can take advantage of an RTA, subject to such third country's “**substantive business operations**” in the RTA parties



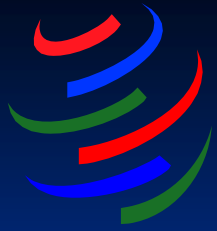
Relationship with Services Providers from Third Parties (II)

However, for an agreement between/among developing countries, some flexibilities for them are provided

Preferences may be granted to the parties' "own" service providers only



Para. 3b



Flexibility regarding the Consistency Criteria

For an agreement between/among developing countries, some flexibilities are provided

The level of development in overall and individual sectors/subsectors



Para. 3a

No particular guidelines on how to assess the level of development



Summary

When entering an RTA, a WTO Member should invoke one of the following provisions, and comply with the relevant conditions therein:

	RTA parties		
	Developed only	Developing only	Developing & developed
Trade in goods	GATT XXIV	GATT XXIV Enabling Clause	GATT XXIV
Trade in services	GATS V	GATS V	GATS V



Ending Quiz

- An RTA between developing countries including goods and services; which legal covers could they take?



Thank you very much!

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