WTO Rules on RTAs

- GATS V -

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Aims for This Session

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

They are allowed to seek departures from the MFN principle
BUT, subject to the fulfilment of certain conditions:

- Trade liberalization among the parties should cover a broad range of services activities
- Non-party WTO Member should not encounter a higher overall level of barriers to its services trade as a result of an RTA
Have "substantial sectoral coverage"

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

In the sectors covered, substantially all discrimination should be absent

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

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

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

No particular guidelines on how to assess whether “the overall level of barriers” has been raised against any non-party Member.
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.
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
For an agreement between/among developing countries, some flexibilities are provided.

The level of development in overall and individual sectors/subsectors are considered. No particular guidelines on how to assess the level of development are provided (Para. 3a).
Summary

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

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<th>RTA parties</th>
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<tr>
<td>Trade in goods</td>
<td>GATT XXIV</td>
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<td>Trade in services</td>
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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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