

Services Market Access Commitments in the WTO and Recent PTAs

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**Services Trade and Policy: What does the Data
Show?**

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Purpose

- Assess liberalization commitments in recent PTAs, and compare them with achievements under GATS
 - Presentation based on Marchetti & Roy (2008), “Services Liberalization in the WTO and in PTAs”, in Marchetti & Roy (eds.) **Opening Markets for Trade in Services – Countries and Sectors in Bilateral and WTO Negotiations** (Cambridge University Press, 2008)
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Assessing Commitments in Services PTAs: Methodology (1)

- Analysis of MA and NT commitments by 37 WTO Members (EC as 1) in 40 PTAs. Includes all those signed/entered into force since 2000, + others signed only.

 - As in previous research:
 - Only modes 1 and 3 examined
 - Looking at what goes beyond GATS commitments/offers

 - Starting point: Hoekman methodology...
 - Score of 1 for full commitments
 - Score of 0.5 for “partial” commitments
 - Score of 0 for no commitment
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Assessing Commitments in Services PTAs: Methodology (2)

- ...But the scoring was further modified to take account of improvements from one agreement to the other. Example:

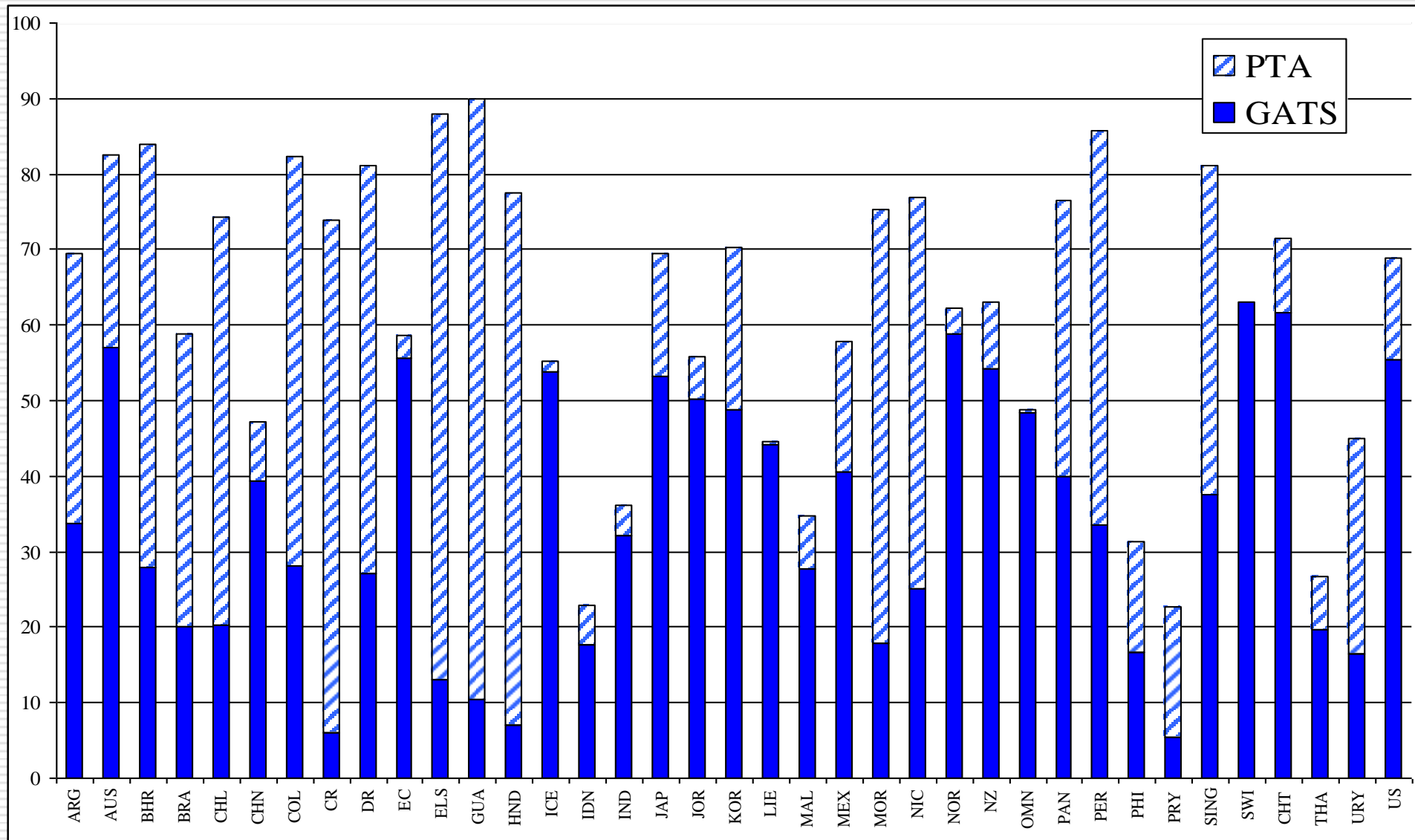
Sector	GATS	PTA with Country A	PTA with Country B	PTA with Country C
Legal Services	No commitment	Better commitment than in GATS, but limitations remain (partial)	Even better commitment than in the PTA with A, but limitations remain (partial)	Even better commitment than in the PTA with B, but limitations remain (partial)
	0	0.75	0.875	0.937
Accountancy Services	No commitment	Full commitment	No commitment	Partial commitment
	0	1	0	0.5
Advertising Services	Partial commitment	No better commitment than in the GATS.	Better commitment than in the GATS, although limitations remain (partial)	Full commitment
	0.5	0.5	0.75	1

Overall Results (average for all Members reviewed)

	GATS	GATS OFFER	PTAS
Total Score	27	34	63
- Mode 1	24	30	59
- Mode 3	30	38	67
- Developed Country Members	M1: 43 M3: 53	M1: 51 M3: 59	M1: 59 M3: 67
- Developing Country Members	M1: 18 M3: 23	M1: 23 M3: 32	M1: 60 M3: 67

Scores by Member (sample)

Note: PTA score is for "best" PTA



Sectoral liberalization in PTAs

SECTORS	GATS	GATS OFFERS	PTAs
Professional	30	39	67
Computer	55	74	93
Postal-Courier	14	20	53
Telecom	51	58	80
Audiovisual	17	20	50
Construction	40	46	75
Distribution	32	41	76
Education	18	25	57
Environmental	20	30	62
Financial	36	40	53
Health	8	11	34
Tourism	51	61	83
Maritime	12	23	57
Rail	14	20	52
Road	16	18	56
Auxiliary Transport	21	24	58

Note: Scores for modes 1 and 3 combined. Scale of 1 to 100. On the basis of best PTAs.

Determinants of PTA Advances

- Analysis of each Members' commitments for each PTA suggests that the following factors are key:
 - Reciprocity
 - Economic importance of trading partners
 - Negotiating modalities
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Are commitments in PTAs reciprocal? The example of Singapore

	Singapore's Commitments	Commitments by Singapore's PTA Partners
United States (05/2003)	76.3	66.6 (+15.1)
Rep. of Korea (08/2005)	71.4	58.4 (+21.7)
Australia (02/2003)	68.9	79.8 (+32.5)
Panama (03/2006)	66.3	72.5 (+39)
EFTA (06/2002)	61	62.5 (+10.3)
Japan (01/2002)	59.4	58.7 (+13.8)
India (05/2005)	55.8	36.2 (+21.6)
New Zealand (11/2000)	55.3	63 (+21.5)
Jordan (05/2004)	42.1	51.2 (+1.7)
ASEAN (12/2006)	42	21.4 (+10.6)

Note: Date represents the date of signature of the PTA. Numbers in parentheses represent the difference between the score for the PTA and the score for that partner's GATS commitments.

Some Key Implications

- Negative Political Economy Implications:
 - PTA providing an incentive to “hold back” in multilateral negotiations?
 - Tough issues do not get solved in PTAs
 - Losing leverage to deal with key issues in Doha?
 - ...and economic consequences
 - But the upside is: potential for significant for Doha Round outcome
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Thank you!
