

## PANEL III - INTERNATIONAL TRADE IN SERVICES

## INTRODUCTION TO PANEL III

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The decision to include the liberalization of trade in services as part of the Multilateral Trade Negotiations was the result of strong initiatives taken by the United States and other OECD member countries. The implications of systematic global liberalization of trade in services are dramatic in that liberalization of services touches on matters that most states have long considered to be of fundamental national interest. Thus, neither ownership nor regulation of services had been thought to be appropriate for "internationalization" through liberalization along the lines that had been taken by GATT with respect to goods.

Among the problems raised, particularly by developing countries but also by others, is that the "internationalization" of services will necessarily mean loss of national control over service-related investment policies. Other major problems perceived by these countries are that local suppliers of services will be overwhelmed by powerful foreign suppliers, and that the furnishing of most of the important types of services, even more than the supply of manufactured goods, will be in one direction only. These concerns and others like them voiced by developing countries led to the concession by the industrialized countries that negotiations on trade in services in the Uruguay Round should be dealt with separately. This was called the "dual-track" approach. In turn, the concession made by the developing countries was that an agreement on services would be negotiated under the Trade Negotiation Committee, and thus within the GATT umbrella.

The shape of an agreement on services, the sectors to be included, and the basic principles to cover specific agreements on services were left open by the Punta del Este Declaration on trade in services which reads as follows:

Ministers also decide, as part of the Multilateral Trade Negotiations, to launch negotiations on trade in services.

Negotiations in this area shall aim to establish a multilateral framework of principles and rules for trade in services, including elab-

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oration of possible disciplines for individual sectors, with a view to expansion of such trade under conditions of transparency and progressive liberalization and as a means of promoting the development of developing countries. Such framework shall respect the policy objectives of national laws and regulations applying to services and shall take into account the work of relevant international organizations.

GATT procedures and practices shall apply to these negotiations. A Group of Negotiations on Services is established to deal with these matters. Participation in the negotiations under this part of the declaration will be open to the same countries as under Part I. GATT secretariat support will be provided, with technical support from other organizations as decided by the Group of Negotiations on Services.

The Group of Negotiations on Services shall report to the Trade Negotiations Committee.

This panel's task will be to introduce the major issues in the negotiations on liberalizing trade in services, and to debate matters of the structure, sectors and principles of an agreement on the subject. A preliminary question that springs to mind, and one which I hope can be addressed by the panelists, is why the liberalization of trade in services has only now been placed on the agenda of a GATT negotiating round. There is no doubt that the OECD states have long recognized the importance of services in world trade.