

## Appendix D

### ILLUSTRATIVE LIST - BARRIERS TO SERVICES TRADE

In the late 1970's an industry work group at the U.S. Chamber of Commerce catalogued barriers to trade in services and grouped these by sequence of steps involved in entering a new market. These steps are (1) obtaining market access; (2) organizing to do business and obtaining the inputs needed to operate; (3) marketing and selling; and (4) regulatory practice.

#### 1. Practices Denying Access to Market

- nationalization or domestication of a market
- prohibition upon across-the-border provision of a service
- prohibition upon setting up a foreign owned establishment
- market need tests
- refusal to issue licenses, permits, or required government clearance
- indefinite delay in needed regulatory approval

#### 2. Practices Which Restrict Business Organization

- limitations upon form of business organization, board and management structure.
- forced local equity participation
- limits or restrictions upon foreign capital
- denial of access to foreign exchange to service firms and/or client
- unreasonable or discriminatory foreign exchange controls and procedures
- government credits, financing, other incentives denied to foreign firms
- tax discrimination, rebate systems, and border taxes on foreign services
- restrictions on importing equipment or materials needed to provide a service
- forced lease, rather than purchase, of land and equipment by foreign service companies
- limits on foreign enterprises' and/or local clients choice of sources for services
- denial/discrimination/delay in allocation of necessary government services or facilities
- inadequate trademark, patent or copyright protection
- delays in registry processes, also restrictions on name or trademark use
- forced disclosure of trade secrets or other confidential information
- discriminatory employment quotas or bans based upon nationality,

- race or religion
- difficulty in obtaining visas or residency permits for service/management professionals
- nonrecognition of professional licenses

### 3. Practices Restricting Marketing and Selling

- limitations upon marketing techniques
- imposition of quotas on the level of sales or market share
- cabotage
- restrictions on contractual freedom, exclusivity rights
- controls on prices or charges for services
- restrictions on amounts payable for technology, fees, profits, royalties, commissions
- restrictions on advertising or other communication
- requirement limiting client choice of service firms
- obligatory or forced use of national firms for service procurement
- requiring service transaction be placed with a local firm or government facility
- selling below cost by state enterprise service companies
- government procurement rules limiting procurement to local firms
- discriminatory contract awarding, absence of government procurement rules.

### 4. Government Regulatory Practice

- discriminatory technical regulations, standards, certification systems
- unreasonable requests for information
- policies and regulations not set out in writing
- absence of information on local policies and procedures
- problems in gaining access to local officials
- inadequate means to file disputes or resolve problems
- inadequate contract enforcement
- difficult access to local courts, procedures biased against foreign service firms
- information controls
- ensorship