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 Deny 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
censorship