Structure of a Multilateral Framework for Trade in Services

At the request of the delegations of Brazil, Chile, Colombia, Cuba, Honduras, Jamaica, Nicaragua, Mexico, Peru, Trinidad and Tobago and Uruguay, the following document is distributed to the members of the Group of Negotiations on Services:

1. The following text constitutes a proposal concerning the structure and approach of the Multilateral Framework for Trade in Services, in order to contribute to the discussions in the Group of Negotiations on Services.

2. This proposal contains the provisions in regard to the objectives, principles, rules and disciplines that should constitute the Multilateral Framework.

3. The countries presenting this proposal reserve the right to amend or supplement it in the light of the course and progress of the negotiations.
Structure of a Multilateral Framework for Trade in Services

MULTILATERAL FRAMEWORK FOR TRADE IN SERVICES

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The Parties,

Recognizing the growing importance of trade in services for the growth and development of the world economy,

Recognizing the role of services and the impact of trade in services in the development process,

Recognizing the need for a multilateral framework of principles and rules for trade in services and negotiations thereof, aimed at expansion of such trade under conditions of transparency and progressive liberalization as a means of promoting economic growth of all trading partners and the development of developing countries,

Desiring to facilitate, through the promotion of mutual understanding, consultation and co-operation, the solution of problems relating to international trade in services, in particular concerning access to technology, information, and financial resources,

HAVE AGREED, by this instrument, on the International Framework for Trade in Services (hereafter referred to as "Framework"), which shall operate in accordance with the following principles and provisions:

C H A P T E R  I

PRINCIPLES and COMMITMENTS

Article 1

1. The purpose of the multilateral Framework for Trade in Services is to ensure the expansion of such trade under conditions of transparency and progressive liberalization as a means of promoting economic growth of all trading partners and the development of developing countries.

2. In order to ensure mutual advantages, increased benefits, and the maximum possibilities for the increased participation of developing countries, the Framework shall cover all traded services and be based on the principle of non-discrimination.
3. The basic principles of the Framework are transparency, unconditional most-favored-nation treatment, progressive liberalization and the increasing participation of developing countries in international trade in services.

4. To this end, the Framework establishes rules, modalities and procedures for the negotiation of specific commitments to provide effective access to markets with the aim of reducing the adverse effects of laws, regulations and administrative procedures.

5. Such market access commitments negotiated under the Framework are included in the schedules of concessions contained in Annex IV of the Framework, and they may relate to:

* sectoral coverage;
* modes of delivery;
* bindings of market access levels;
* the application of certain rules and disciplines of the Framework.

6. The policy objectives of national laws and regulations applying to trade in services shall be respected.

7. Full account shall be taken of the development situation and development needs of developing countries Parties to this Framework, in particular:

(a) The principle of relative reciprocity shall apply to negotiations on trade in services and shall be reflected in the market access commitments assumed by developing countries which are not expected nor will be required to make contributions that are inconsistent with their individual development, trade and financial needs and shall obtain concessions with respect to modes of delivery where they enjoy comparative advantage.

(b) Individual developing countries shall have the appropriate flexibility for opening fewer sectors or liberalizing fewer types of transactions, or in progressively extending market access in line with their development situation.

(c) Priority will be given to the liberalization of sectors and modes of delivery of interest to developing countries, and to measures to facilitate the effective access of their exports to services markets.

(d) The measures for autonomous liberalization taken by the developing countries shall be recognized as a contribution to the corresponding negotiations and shall consequently be treated as credits in those negotiations.

(e) In order to strengthen the domestic services capacity, efficiency and competitiveness in developing countries and to increase their participation in world trade and the expansion of their service exports, developing countries shall have the right to provide incentives and take other appropriate measures.
(f) The granting of access by developing countries to their services markets may be subject to requirements that foreign suppliers undertake certain obligations aimed at promoting the supply capacity of developing countries service industries, as specified in Article 13 below.

(g) Provision will be made to facilitate the establishment of preferential trading arrangements among developing countries.

(h) Where appropriate necessary provisions and financial resources shall be made available for technical assistance for developing countries in relation to matters covered by the Framework.

(i) Special consideration shall be given to the strengthening of the domestic services capacity of least developed countries Parties as well as to their difficulties in accepting negotiated commitments. Concrete measures in this respect shall be agreed on by the Parties as a matter of priority.

(j) Developed countries commit themselves to provide, upon specific request, on a bilateral and/or multilateral basis, financial resources to facilitate the development of infrastructure for the services sectors in developing countries;

8. The adverse effects on trade in services of all laws, regulations and administrative guidelines should be reduced as part of the process to provide effective market access and in accordance with the principle of progressive liberalization.

9. Parties commit themselves to implement both at the national and international levels, those multilateral agreements and understandings aimed at securing competitive markets and at curtailing or eliminating anticompetitive behavior by suppliers of services.

10. Factors of production shall be treated symmetrically in the Framework and in market access negotiations, in relation to their commercial effects.

11. Regulatory situation. Parties to the Framework, and in particular developing countries, shall have the right to regulate the provision of services within their territories in order to implement national policy objectives, including the introduction of new regulations consistent with the objectives, principles and disciplines under the Framework. Regulations shall not be applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between Parties.

12. Parties will take into account the work of other relevant international and regional organizations and commit themselves to act within those organizations consistently with and in order to further the objectives of the Framework.
CHAPTER II
DEFINITION AND COVERAGE

Article 2
Definition of International Trade in Services

International trade in services is defined to cover transactions involving:
(a) cross-border movement of the service;
(b) cross-border movement of consumers;
(c) cross-border movement of factors of production under conditions of specificity of purpose, discreteness of transactions and limited duration;

Article 3
Coverage of the Framework

Subject to Article 2, all existing and future internationally traded and tradable services are covered by the Framework.

CHAPTER III
GENERAL RULES AND DISCIPLINES

Article 4
Most-Favored-Nation Treatment

With respect to all rules, formalities and any other requirements in connection with trade in services, any advantage, favor, privilege or immunity granted by any Party to any service or service supplier originating in or destined to any country, shall be extended immediately and unconditionally to the like service or supplier thereof originating in or destined to all other Parties.

Article 5
Free Trade Agreements in Services and Preferential Arrangements among Developing Countries

1. Provided that no new barriers to trade in services are created or existing ones are raised in relation to other Parties, Parties to this Framework may enter into arrangements providing for the free trade of all services.
2. The provisions of this Framework shall not prevent the adoption of preferential agreements on trade in services among developing countries on a regional, subregional or inter-regional basis.

3. Any arrangements entered into by Parties to this Framework under 1 or 2 above, shall be notified and subject to multilateral discipline and surveillance.

Article 6
Transparency

1. Parties shall publish all relevant laws, regulations, administrative guidelines as well as international agreements concerning trade in services. Where this is not practicable, such information shall be made publicly available. This obligation shall also apply to local Government bodies and non-governmental regulatory bodies of the Parties. Publication or public availability shall take place not later than the date of entry into force of the measure concerned.

2. Not later than ..., Parties shall establish national enquiry points to provide information upon request by another Party. Developing countries shall establish such enquiry points as soon as and to the extent that their individual development situation and resources allow. These enquiry points need not be depositories of laws and regulations.

3. Parties shall promote the exchange of information regarding the global activities of service suppliers with a view, inter alia, to obtaining more information with respect to the volume, direction and composition of service trade flows and to ensure that the objectives of the Framework are accomplished.

4. Parties shall have the right, including as a condition of market access, to require the submission of information by all suppliers of a specific service to or in their markets.

5. For the purposes of paragraphs 3 and 4, information of a confidential nature or provided on a confidential basis shall be treated as such.

Article 7
Regulation of Competition

1. Parties shall adopt and enforce such laws and regulations as may be necessary to prevent service suppliers of any origin from engaging in unfair trade, creating market distortions, acquiring undue market domination or otherwise obstructing competition, or frustrating the attainment of the objectives of the Framework, and to provide effective remedies, provided that such laws and regulations do not constitute arbitrary or unjustifiable barriers to trade.
2. Parties shall notify the laws and regulations covered by paragraph 1 of this Article, and conduct multilateral periodic reviews thereof.

3. Parties shall develop: (i) international standards and disciplines for the control of anticompetitive service suppliers' behavior; and (ii) endeavor to agree upon multilateral disciplines and enforcement mechanisms in respect of these standards.

**Article 8**

**General Exceptions**

1. Nothing in this Framework shall be construed to prevent the adoption or enforcement by any Party of measures consistent with international law, that are:

   (a) Necessary to protect public morals, cultural and social values, public order, safety or health;
   (b) Necessary to protect national security;
   (c) Relate to environment.

2. Such measures shall not be used as a means to circumvent the objectives, principles and disciplines of this Framework nor as disguised restrictions on international trade in services.

3. Such measures shall be notified and subject to multilateral surveillance.

4. Nothing in the Framework shall affect obligations under existing international agreements in the field of trade in services. Parties shall notify those agreements to which they are signatories and a list of such agreements shall be drawn up. Parties also agree to cooperate to the effect that any changes or amendments made to such agreements shall be consistent with the objectives, principles and rules of the Framework.

**Article 9**

**Technical Cooperation**

1. For the purposes of Articles...of this Framework technical assistance shall be provided for developing countries Parties by the International Administrative Entity of the Framework, established in Chapter VI of this Framework (hereafter referred to as "Entity") and/or by developed countries. In particular developed countries shall:

   (a) Establish enquiry points, to provide exporters from developing countries with commercial information;

   (b) Establish contact points to assist developing country exporters with questions relating to registration, recognition of professional qualification, completion or obtaining such qualifications in cases of lack thereof;
(c) Establish contact points to provide the developing countries with information on the availability of services technology and respond to requests for such information;

(d) Promote the exchange of information regarding research on the service economy and trade in services, as well as the applications of such research;

(e) Provide the developing countries with technical assistance for the improvement of their statistics on trade in services.

Article 10
Export Subsidies

1. As of the entry into force of this Framework, developed countries shall not grant any new subsidy or other form of assistance to exports of services or to suppliers thereof, nor shall they increase the incidence or scope of those already in existence. Within ... years; such subsidies or other forms of assistance to experts shall be dismantled and finally removed altogether.

2. Developing countries Parties to the Framework may subsidize exports of services in a manner consistent with their development needs and consistent with the objectives and principles of the Framework.

3. The Parties shall notify programmes of subsidies or other forms of assistance that affect trade in services, directly or indirectly, and shall establish the appropriate multilateral surveillance mechanisms.

Article 11
Statistics, Nomenclature and Origin

1. Within three years of the entry into force of the Framework, Parties agree to:

(a) develop a common statistical base on trade in services, for which purpose they commit themselves to furnish all the necessary data and seek the cooperation of other relevant international and regional organizations;

(b) develop and adopt a comprehensive nomenclature of services sectors and sub-sectoral activities to which the framework applies. Pending the elaboration of the nomenclature an illustrative list of service activities and descriptions thereof is contained in Annex I of the Framework; and

(c) develop criteria concerning the origin of traded services to be applied in the context of this Framework.
CHAPTER IV
MODALITIES FOR NEGOTIATIONS AND MARKET ACCESS COMMITMENTS

Article 12
Schedules of Concessions

1. Parties undertake to enter into negotiations relating to specific market access commitments on international trade in services as defined in Article 2.

2. Such commitments will be inscribed in individual country schedules which will form an integral part of this Framework. Foreign services or suppliers thereof shall receive a treatment no less favorable than that provided for in the respective national schedule.

3. The commitments may relate to sectoral coverage, modes of delivery, levels of protection, or the gradual application of disciplines and rules specified under this Chapter.

4. Where more than one mode of delivery is available as a result of the negotiations, the foreign supplier shall be free to choose his preferred mode of delivery subject to the conditions of entry and operation embodied in the negotiated commitments.

Article 13
National treatment

1. Subject to the conditions of market access, national treatment means that services exports and/or exporters of any Party are accorded in the market of any other Party, in respect of all laws, regulations and administrative practices, treatment equivalent to that accorded to the like domestic services or suppliers thereof in the same market.

2. When necessary, the treatment a Party accords to service providers of another Party may be different from the treatment accorded to national providers, as long as the treatment is equivalent in effect to the treatment accorded by the Party to domestic providers.

3. Government procurement and domestic subsidies affecting services or suppliers thereof for which a Party has undertaken a market access commitment may be excepted from national treatment. However, in the case of developed countries they shall bind the levels of protection granted through these instruments.
4. Within the scope of their market access commitments, developing countries may except from the national treatment:

- export subsidies;
- obligations on foreign suppliers aimed at developing the domestic supply capacity and the international competitiveness of their suppliers, such as measures relating to the requirements of investment, domestic financing of the trade balance, as well as training; transfer of technology; export development and promotion; the improvement of access to distribution channels and information networks in developed countries. In the relevant cases equivalent charges may be applied.

Article 14
Safeguards

1. Safeguard measures consisting in the total or partial suspension of a market access commitment, may be imposed on a non-discriminatory basis and only for the time necessary to:

(a) address balance of payments problems in which case no compensation will be required nor will retaliation be authorized; or

(b) to avoid or remedy unforeseen injury arising from increased supply of services resulting from liberalization commitments, in which cases compensation will be provided or retaliation authorized.

2. Such actions shall be subject to an agreed multilateral procedure established by the Entity, involving requirements such as transparency, consultation, notification and surveillance.

Article 15
Initial commitments and Future Negotiations

1. Upon entry into force of the Framework, Parties shall enter into multilateral negotiations aimed at establishing a list of initial market access commitments. Initial commitments may differ depending on the development situation of individual Parties.

As their first commitment to liberalization, the developed country Parties shall bind the existing measures affecting trade in services, which should be specified in their respective national schedules.

In the course of negotiations the sectors and modes of delivery of services of interest to developing countries shall be given priority.
2. Not later than three years from the date of entry into force of the Framework, Parties shall evaluate the benefits accruing to them from trade liberalization under and participation in the Framework. On the basis of such evaluation, Parties will undertake negotiations in pursuance of the progressive liberalization commitment. The evaluation will be done on the basis of the work undertaken with regard to statistics, nomenclature and rules of origin as provided for in Article 11.

3. Rules, modalities and procedures (e.g. further negotiating rounds, and periodic reviews) shall be established by the Entity.

Article 16
Standards for Licensing and Certification

In order to ensure a balance of interests in specific sectors, Parties may negotiate, subject to provisions to be prescribed within the Framework, protocols open to all Parties providing for harmonization and/or mutual recognition of regulations, standards and qualifications with respect to specified services, taking into account the development situation of individual Parties.

Article 17
Sectoral annotations

Sectoral annotations, where considered necessary to interpret or better apply the provisions of the Framework to specific sectors, may be multilaterally agreed and will form an integral part of the Framework, provided that such annotations are consistent with the objectives, principles and rules of the Framework.

Article 18
Modification and withdrawal of concessions

1. Any Party may, after a period of three years from the day the concession was extended, notify the Entity of its intention to modify or withdraw any concession included in its national schedule.

2. The Party intending to withdraw or modify a concession shall enter into consultation and/or negotiations, with a view to reaching agreement on any necessary and appropriate compensation, with Parties with which such concession was initially negotiated and with any other Parties that have a principal or substantial supplying interest as may be determined by the Entity.
3. Should no agreement be reached between the Parties concerned within six months of the receipt of notification and should the notifying Party proceed with its modification or withdrawal of such concessions, the affected Parties as determined by the Entity may withdraw or modify equivalent concessions in their appropriate schedules. Any such modification or withdrawal should be notified to the Entity.

Article 19
Withholding or withdrawal of concessions

A Party shall at any time be free to withhold or to withdraw in whole or in part any item in its schedule of concessions in respect of which it determines that it was initially negotiated with a State which has not become, or has ceased to be, a Party in this Framework. A Party taking such action shall notify the Council and, upon request, consult with Parties that have a substantial interest in the service sector concerned.

CHAPTER V
CONSULTATIONS AND SETTLEMENT OF DISPUTES

Article 20
Consultations

1. Each Party shall accord sympathetic consideration to, and shall afford adequate opportunity for, consultations regarding such representations as may be made by another Party with respect to any matter affecting the operation of this Framework.

2. The Council may, at the request of a Party, consult with any Party in respect of any matter for which it has not been possible to find a satisfactory solution through such consultation under paragraph 1 above.

Article 21
Nullification or Impairment

1. If any Party benefitting from negotiated access concessions under Chapter IV of the Framework considers that a Party has altered the value of a concession embodied in its schedule or that any benefit accruing to it directly or indirectly under this Framework is being nullified or impaired as the result of the failure of another Party to carry out any of its obligations under this Framework or as the result of any other circumstance relevant to the operation of this Framework, it shall make a written representation and may request consultations.
2. Dispute Settlement. Language will take into account the negotiations of the Uruguay Round Negotiating Group on Dispute Settlement and adapt it to the Framework.

CHAPTER VI

INTERNATIONAL ADMINISTRATIVE ENTITY OF THE FRAMEWORK

Article 22
Membership, Structure and Functions

1. The members of the Entity shall be those States which have fulfilled the requirements of Articles ....

2. The Entity shall perform such functions as may be necessary to facilitate the operation and further the objectives of this Framework. The Entity shall be responsible for reviewing the application of this Framework and the instruments adopted therein, monitoring the implementation of the results of the negotiations, carrying out consultations, making recommendations and taking decisions as required, and, in general, undertaking whatever measures may be required to ensure the adequate implementation of the objectives and the provisions of this Framework.

3. The Entity shall have a Council, and such other organs as may be required. There shall also be an Executive Director and Staff.

Article 23
The Council

1. The Council shall consist of all the Parties to the Framework.

2. Each Party shall have one representative in the Council and may appoint alternates and advisers to its representative.

3. The Council may establish such subsidiary organs as may be necessary for the effective discharge of its functions;

4. The Council shall review disputes and make recommendation thereon in accordance with Article 21 of this Framework;

5. The Council may adopt appropriate regulations and rules as may be necessary for the implementation of this Framework.
6. The Council shall endeavour to ensure that all its decisions are taken by consensus.

7. Notwithstanding any measures that may be taken in compliance with paragraph 6 of this Article, a proposal or motion before the Council shall be voted on if a representative so requests.

8. (a) Each Party shall have one vote in the Council.

   (b) Decisions shall be taken by two-thirds majority on matters of substance and a simple majority on matters of procedure.


10. The Council shall adopt financial rules and regulations.

Article 24
Co-operation with International Organizations

The Council shall make whatever arrangements are appropriate for consultation or co-operation with the United Nations and its organs, including the United Nations Conference on Trade and Development (UNCTAD), and the specialized agencies of the United Nations with responsibility for particular services sectors such as the International Telecommunications Union, the International Civil Aviation Organization, as well as the General Agreement on Tariffs and Trade (GATT) and intergovernmental, subregional, regional and interregional bodies concerned with services.

CHAPTER VII
FINAL PROVISIONS

Article 25
Implementation

Each participant shall take such legislative or other measures as may be necessary to implement this Framework and the instruments adopted therein.

Article 26
Depositary

The Secretary-General of the United Nations is hereby designated as the depositary of this Framework.
Article 27
Signature

This Framework shall be open for signature at .... in ..... from ..... until the date of its entry into force in accordance with Article 29.

Article 28
Definitive signature, ratification, acceptance or approval

1. Any State which has fulfilled the requirements of the Articles ...

(a) At the time of signing this Framework, declare that by such signature it expresses its consent to be bound by this Framework (definitive signature); or

(b) After signing this Framework, ratify, accept or approve it by the deposit of an instrument to that effect with the depositary.

2. Nevertheless, any State may be considered a member of the Entity if it has signed the Framework in accordance with Article 27, but has been unable to fulfil the requirements of paragraph 1 of this Article, provided it notifies the depositary accordingly within sixty days from the entry into force of the Framework or the signature, and within the two years following that date it definitively signs the Framework or deposits the corresponding instrument with the depositary.

Article 29
Entry into force

1. This Framework shall enter into force on the thirtieth day after ...

States have deposited their instruments of definitive signature, ratification, acceptance or approval in accordance with Article 29, paragraphs (a) and (b).

2. For any State which deposits an instrument of ratification, acceptance, approval or accession or a notification of provisional application after the conditions for entry into force of this Framework have been met, it shall enter into force for that State on the thirtieth day after such deposit or notification.

3. Upon entry into force of this Framework the Council shall set a final date for the deposit of instruments of ratification, acceptance, or approval by States referred to in Article 25. This date shall not be later than three years following the date of entry into force of this Framework.
Article 30
Accession

Six months after this Framework enters into force in accordance with its provisions, it shall be open to accession by other States which shall have complied with the conditions provided for in this Framework. To this end the following procedures shall apply:

(a) The applicant shall notify its intention of accession to the Council;

(b) The Council shall circulate the notification among the Parties;

(c) The applicant shall submit an offer list to the Parties and any Party may table a request list to the applicant;

(d) Once the procedures under (a), (b) and (c) above have been completed, the applicant shall enter into negotiations with the interested Parties with a view to reaching agreement on its list of concessions;

(e) Application for accession from a developing country shall be considered taking into account the provisions of Article 1.7.

Article 31
Amendments

1. Any Party may propose an amendment to this Framework. The Council shall consider and recommend the amendment for adoption by the Parties. An amendment shall become effective 30 days after the date on which two-thirds of the Parties have notified the depositary of their acceptance.

2. Notwithstanding the provisions of paragraph 1 of this Article, any amendment to paragraph 1 of this Article shall enter into force after its acceptance by all Parties.

Article 32
Withdrawal

1. Any Party may withdraw from this Framework at any time after its entry into force. Such withdrawal shall be effective six months from the day on which written notice thereof is received by the depositary. That Party shall simultaneously inform the Council of the action it has taken.
2. The rights and obligations of a Party which has withdrawn from this Framework shall cease to apply as of that date. After that date, the Parties and the withdrawing Party shall jointly decide whether to withdraw in whole or in part the concessions received by the latter from the former and vice versa.

Article 33
Non-application

1. The Framework shall not apply as between Parties if they have not entered into direct negotiations with each other and if either of them, at the time either accepts this Framework, does not consent to such application.

2. The Council may review the operation of this Article in particular cases at the request of any Party and make appropriate recommendations.

Article 34
Annexes

1. The annexes form an integral part of this Framework and a reference to this Framework or to one of its chapters includes a reference to the annexes relating thereto.

2. The annexes to this Framework shall be:

   Annex I - Illustrative List of Sectors
   Annex II - Additional Measures in Favor of Least Developed Countries
   Annex III - Schedules of Concessions
   Annex IV - Sectoral Annotations.

DONE at Geneva on the , one thousand nine hundred and , the texts of this Framework in the English, French and Spanish languages being equally authentic.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto, have signed this Framework on the dates indicated.