

# Practicum about Multilateral Negotiations on Liberalizing International Trade in Services

Simulation Exercise

**Designed by Anna Lanoszka \***

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## Introduction

This is an interactive exercise designed to simulate two fundamental stages of the services liberalization process: the preparatory stage and the negotiating stage. The negotiation framework is modeled on the WTO General Agreement on Trade in Services (GATS).

The exercise includes the following four hypothetical countries: **Republic of Corton, Nordicus, Sumeria, and Thyros**. They are Members of the Universal Trade Federation, which is a hypothetical intergovernmental organization. These four countries are assumed to engage in multilateral negotiations aimed at advancing liberalization of international trade in services. All countries are fictitious, and are not intended to resemble real countries.

Each country is represented by a delegation of government officials from different ministries. In addition, the representatives of a number of private sector organizations play a role in the development of national negotiating positions and in assessing the adequacy of negotiating outcomes. These private stakeholders often engage in consultations with the official delegation to ensure national positions reflect underlying national. They can also consult with their counterparts in other countries to gather intelligence and to advance their interests.

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### **1. Background on the WTO General Agreement on Trade in Services**

The General Agreement on Trade in Services (GATS) is one of the key agreements administered by the World Trade Organization. It is designed to “secure progressively higher levels of liberalization of trade in services through successive rounds of negotiations, which should aim at promoting the interests of all Members of the WTO and at achieving an overall balance of rights and obligations” (Article XIX of the GATS).

The articles of the GATS, and a set of Annexes, establish some general rules for government measures that affect trade in services. In addition, national schedules of commitments set out specific commitments by each member country. The schedules are an integral part of the Agreement, as tariff schedules are an integral part of the GATT. While the text of the Agreement applies uniformly to all Members of the WTO the scheduling of commitments is negotiated by each Contracting Party (member countries or customs territories) with every other Contracting Party.

## **The text of the GATS consists of 6 parts:**

- 1) Scope and Definition (Article I)
- 2) General Obligations (Articles II to XV)
- 3) Specific Commitments (Articles XVI to XVIII)
- 4) Progressive Liberalization (Articles XIX to XXI)
- 5) Institutional Provisions (Articles XXII to XXVI)
- 6) Final Provisions (Articles XXVII to XXIX)

The GATS does not define "services" but does define "trade in services". The definition covers not only the cross-border supply of services but also transactions involving the cross-border movement of capital and labor. Paragraph 2 of Article I defines trade in services as the supply of a service through any of four modes of supply:

### **4 modes of supply:**

#### **Cross-border supply**

Cross-border supply is the supply of a service from the territory of one Member into the territory of any other Member. This is the type of transaction analogous to trade in goods. For example: international transport and the supply of a service through telecommunication or mail.

#### **Consumption abroad**

This happens when the consumer moves to the territory of another country and buys services there. For example, tourism or when a German resident crosses the border to deposit money in a Swiss bank. It may also happen when the property of the consumer is sent abroad for servicing, as in the case of ship repair.

#### **Supply through commercial presence**

This involves direct investment in the export market through the establishment of a business there for the purpose of supplying a service. For example, a country allows the establishment of foreign banks or hotels on its territory.

#### **Supply through the presence of natural persons**

Supply through the presence of natural persons. This means the temporary entry of an individual for the purpose of supplying a service. This person could be the service supplier himself or an employee of the service supplier. In both cases, the GATS definition covers only the temporary stay of such persons.

## Obligations under the GATS

Obligations contained in the GATS may be categorized into two groups: General obligations which apply directly and automatically to all Members, regardless of the existence of sectoral commitments; and specific commitments whose scope is limited to the sectors and activities where a Member has decided to assume market access and national treatment obligations.

### (a) General obligations

**MFN Treatment:** Under Article II, Members are expected to give services and service suppliers from each Member country "treatment no less favorable than that accorded to like services and services suppliers of any other Member country". However, Members were allowed to take a one-time exemption for specific services at the time they entered into the GATS. They could also obtain an exemption through the negotiation of a waiver under Article IX of the WTO Agreement. Any such exemption is subject to review and should in principle not last longer than 10 years.

**Transparency:** GATS Members are required, *inter alia*, to publish all measures of general application and establish national enquiry points mandated to respond to other Member's information requests.

### (b) Specific Commitments

**Market Access:** Countries are prohibited from placing any quantitative limitations on services and service suppliers in any sector listed in their national schedule of commitments unless the country lists any nonconforming measure in its schedule. The types of limitations covered by this requirement are enumerated in Article XVI (2). For example, a country is required to list limitations it imposes on the number of services suppliers, service operations or employees in a sector, the value of transactions, the legal form of the service supplier, or the participation of foreign capital.

**National Treatment:** In any sector included in its Schedule of Specific Commitments, a Member is obliged to grant foreign services and service suppliers national treatment unless it lists the nonconforming measure in its national schedule. National treatment is defined as treatment no less favorable than that extended to its own like services and service suppliers. In this context, countries commitment themselves not to adopt any law or other measure that would give its services or services suppliers a competitive advantage through more favorable treatment.

## Schedules of Specific Commitments

Each WTO Member is required to have a Schedule of Specific Commitments in Services. It is a document, which identifies the services sectors and modes of supply subject to Market Access and National Treatment obligations. For each listed sector, and mode of supply within that sector, the schedule either indicates that the country has placed no limitation on its market access or national treatment commitments by entering the word “none”, or that the country is conditioning the commitment by listing conditions or by enumerating nonconforming measures. The schedule also includes horizontal commitments and reservations that apply across all sectors.

The GATS does not impose the obligation to assume market access or national treatment commitments in a particular sector. In scheduling commitments, Members are free to tailor the extent of the commitments they take so as to avoid or modify obligations that they consider too demanding at present.

**Article XVI** sets out six types of government measures that are covered by a market access commitment, unless the government lists an exception. They are:

- limitations on the number of service suppliers;
- limitations on the total value of services transactions or assets;
- limitations on the total number of service operations or the total quantity of service output;
- limitations on the number of persons that may be employed in a particular sector or by a particular supplier;
- measures that restrict or require supply of the service through specific types of legal entity or joint venture;
- and percentage limitations on the participation of foreign capital, or limitations on the total value of foreign investment.

**Article XVII** deals with national treatment. It states that *in the sectors covered by its schedule, and subject to any conditions and qualifications set out in the schedule*, each member shall give foreign services and service suppliers treatment, in measures affecting supply of services, no less favorable than it gives to its own services and suppliers.

Any market access or national treatment obligations inscribed in schedules must be granted unconditionally to all Members, without discrimination. Countries are allowed at the time of accession to list specific exceptions to this requirement. Parties to a Free Trade Agreement are not bound to give Parties that are not signatories of the Free Trade Agreement the same treatment. Also, countries are allowed to negotiate agreements for the mutual recognition of standards, though they have to give the same opportunity to other member countries.

Pursuant to Article XXI, specific commitments may be modified through negotiation after three years.. However, countries that are affected by such modifications can ask the country making the adjustment to make an equivalent commitment in another area.

Services schedules consist of both sectoral and horizontal sections. The **"Horizontal Section"** contains limitations that apply across all sectors included in the schedule. They often refer to a particular mode of supply, notably commercial presence and the presence of natural persons. The **"Sector Specific Section"** contains limitations that apply only to the particular sector, sub-sector or activity to which they refer.

## What has not, or not yet, been covered in the GATS?

Although the scope of the GATS is very wide, dealing with "all measures affecting trade in services", policy measures in some areas are not covered by the GATS disciplines, provided the measures are not used to circumvent their GATS obligations:

- immigration rules; provided they do not contravene commitments on temporary entry under mode 4;
- services supplied under Government Authority;
- fiscal policy and taxation measures (provided the taxes do not discriminate against foreign services or service suppliers.)
- import restrictions on equipment necessary for the supply of a service;
- Restrictions on short term capital movements, or measures that affect property rights (provided they are nondiscriminatory)
- exchange rate management
- privatization of state owned property, though there are disciplines for state-owned trading entities and monopolies.

Other types of government measures have been put into the GATS work program, though detailed rules are yet to be negotiated:

- safeguard measures
- rules for government procurement
- disciplines on subsidies
- disciplines for domestic regulations

## **2. Background on the Negotiating Techniques with Respect to Services**

*Skill set required to become an effective negotiator:*

1. Objective - negotiators must be able to transcend rhetoric and emotion of parties at the table in order to analyze proposals with detachment to assess their strengths and weaknesses.

2. Flexible - negotiators must adapt to new and surprising offers without remained rigid about agendas.

3. Articulate and effective as a listener - negotiators must be verbally astute to communicate thoughts, perspectives and proposals, as well as hearing and understanding concerns.

4. Forceful and persuasive - negotiators must be forceful enough to assert their needs and persuasive enough to have them considered.

5. Imaginative - negotiators must offer fresh ideas and new perspectives.

6. Persevering and Optimistic - negotiators must continue through difficulties, believing that the end result will be worthwhile.

## THE NEGOTIATOR'S ROLE

Effective Negotiator has Power to Influence the Events

Power in Negotiations Comes in the Following Forms:

**1. Constructive Power**

- *Your ability to set the agenda, to listen, and to compromise*

**2. Obstructive Power**

- *Your ability to keep the other party from satisfying her/his needs*

**3. Jumping Power**

- *Your ability to leave a negotiation*

**4. Personal Power**

- *Your ability to utilize your experience, confidence, knowledge and skills that will enable you to succeed*

**5. The Power of Empathy**

- *Your ability to understand and satisfy the interests and needs of your opponents*

**6. The Power of Creativity**

- *Your ability to devise new and surprising Solutions*

**7. The Power to Recognize**

- *Your ability to give your opponent a special recognition*

**8. The Power of Courtesy**

- *Your ability to Apologize, When/If Necessary*

**9. The Power to Form Alliances**

- *Your ability to unify and to unite*

**10. The Power of Completing the Task**

- *Your ability to complete the assigned goal*

# Important Points on International Trade Negotiations in Services

Prof. Geza Feketekuty \*

- The economic benefits that can flow from the liberalization of business services are likely to be particularly significant because business services constitute an increasing proportion of the cost of producing many manufactured goods and other services, and a reduction of these costs will therefore significantly enhance the productivity of national producers.
- Negotiators focusing on trade in services lack the kind of detailed quantitative data available to support negotiations on trade in goods. You cannot see a service crossing the border. Governments are therefore not able to measure the flow of services across the border in the same way that they can measure the flow of individual goods across the border.
- Since detailed data on services trade is generally lacking, and the protective effect of restrictive regulatory measures is difficult to assess, trade negotiators in services must depend on qualitative assessments provided by potential exporters or importers of the services involved. This makes consultations with the affected industries particularly important with respect to negotiations on trade in services.
- The first step in preparing for international negotiations on trade in services is to identify and organize the domestic stakeholders. Starting the preparation of negotiations with the identification and organization of stakeholders makes sense because stakeholders are likely to be in a position to contribute, and in some cases help collect, basic information about the competitive strengths and weaknesses of national service industries, the problems exporters face in penetrating foreign markets, and the regulatory issues that are likely to arise in the course of the negotiations.
- Asking domestic stakeholders to participate in the preparation of the negotiations also makes them feel as full participants in the process, making them loyal supporters of the negotiations as long as they can rationalize it as being consistent with their basic interests. At the very least, stakeholders included in the process will achieve a full understanding of the issues and the rationale for the negotiations, give the negotiators credit for including them in the preparatory process and for factoring their interests into the development of national positions.

\* Prof. Feketekuty was one of the main personalities behind the Tokyo and Uruguay Rounds of Multilateral Trade Negotiations. As Chairman of the OECD Trade Committee in the early 1990's he helped to shape the international agenda for future negotiations in the WTO. His book, *"International Trade in Services: A Blue Print for Negotiation"* played a key role in the negotiation of the General Agreement on Trade in Services.

### 3. Goals and Objectives of the Simulation Exercise

- **Part I – Simulation Scenario**

The aim of the first part of the exercise: Each country-team has to prepare its strategic negotiating position for the upcoming multilateral negotiations.

To conclude the first part of the exercise:

Each negotiating team should prepare the following documents:

- I. One (1) sector-proposal representing its initial offer.
- II. Three (3) individual sector-requests directed to every remaining member-country in the group.

In order to prepare the above documents each country team is expected to:

1. Analyze carefully all services schedules as a framework for negotiations
2. Evaluate its own economic priorities with respect to services sectors
3. Rank the issues in terms of importance to each team.
4. Identify starting offers for each sector in the scenario.
5. Assess the relevant domestic regulations in relation to the proposed offers.
6. Prepare one proposal and distribute it to every negotiating team in the group.
7. Prepare 3 individual requests for every trading partner in the group.

**Important Note:** For the purpose of simplicity, it is assumed that the SERVICES SECTORAL CLASSIFICATION LIST includes only the following 6 services sectors with a limited number of sub-sectors:

### **1. Telecommunication Services**

- Basic: Voice telephone services
- Value-added: Electronic mail
- Value-added: On-line information and/or data processing<sup>1</sup>

### **2. Construction and Related Engineering Services**

- General construction work for buildings
- Building completion and finishing work

### **3. Distribution Services**

- Retailing Services

### **4. Financial Services**

- All Insurance
- Banking - Acceptance of deposits
- Banking - Lending of all types, including *inter alia*, consumer credit, mortgage credit, factoring and financing of commercial transactions

### **5. Tourism and Travel Related Services**

- Hotels and Restaurants
- Travel Agencies and Tour Operators

### **6. Transport Services**

- Maritime International Transport (freight and passengers)
- Road Transport Services (freight and passengers)
- Rail Transport Services (freight and passengers)

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<sup>1</sup> Including transaction processing.

- **Part II – Simulation Scenario**

The aim of the second part of the exercise: Each country-team has to engage in negotiations with its trading partners in order to advance the process of multilateral liberalization of services.

To conclude the second part of the exercise: Each negotiating team should prepare the following documents:

- I. A new/revised services schedule for its country.
- II. A brief note - to be presented at the General Council Meeting, which sets out the country's views on the negotiations. Private stakeholders prepare their own assessments.

In order to prepare the required documents each country team is expected to:

1. Consult with private stakeholders.
2. Engage in the negotiation process.
3. Work as a team but with a designated chairperson.
4. Conclude the negotiations to the best of its abilities.
5. Prepare the revised schedule of commitments.
6. Inform the private stakeholders about the outcome.
7. Private stakeholders should then prepare a brief note assessing the outcome of the negotiations from their point of interest.
8. The government team should prepare a brief note to be presented at the final meeting of the General Council of the Universal Trade Federation that will conclude the exercise.

Private stakeholders are expected to consult with the government in an effort to build national consensus on a negotiating position. They can also consult with their counterparts in other countries to gather intelligence and advance their interests.

## 5. Supplemental Factual Information: Country Descriptions and the Services Schedules

### Republic of CORTON

**Population:** 12 million

**Gross Domestic Product (GDP):** N\$17 billion

**GDP Per Head in 2001:** N\$1416

**GDP per Head in 2001 in purchasing power parity:** 24 (Nordicus = 100)

#### ***Private stakeholders***

- The Corton's Farmers Union
- The Equity Labor Union
- The Young Entrepreneurs Guild

#### **The Economic Outlook:**

The Republic of Corton is a transition economy, which declared its independence only in 1994. Since independence, the Republic of Corton has steadily pursued a policy which seeks to transform its centrally planned economy into a market economy. The national currency, introduced in mid-1995, is freely convertible and its foreign exchange value is highly stable. Prices have been liberalized and inflation has been steadily reduced from an annual rate of 1600 % in 1994 to an annual rate of 19 % in 1999 and 14% in 2000.

The vast majority of State owned commercial assets and enterprises have been privatized and the privatization program is to be completed by the end of 2005. The one notable exception is TELECOMA S.A. (originally scheduled to be privatized in 1999). Import/export restrictions have been eliminated for almost all items. However, government subsidies in all areas of the economy have not been eliminated yet. The foreign investment environment is only partially open. After declining steadily since independence, GNP experienced positive growth in the first quarter of 1999.

Since 1999 the government deficit has deteriorated significantly, external deficits have remained unsustainable high, and although inflation decreased, unemployment increased. In 1998, 1999 and 2000 the number of registered unemployed has been consistently high. In August 2001, the number of unemployed stood at 17.2%. As a result of disappointing tax revenues, and of higher expenditures for infrastructure repairs, public sector wages, interest payments, and social security benefits, the government deficit is estimated to have surged from 3.3% of GDP in 1999 to about 7% in 2001.

## **Corton: Sectoral Developments Including Services**

In 1995, the agricultural sector represented 45 per cent of gross domestic product (GDP) and employed over 50 per cent of the population. The primary crops and agricultural commodities are tobacco, grains, potatoes, cotton, meat and wool. Inefficient transport and distribution, however, do not allow farmers to get their products to market without spoilage. It is also impossible to ensure that auto parts reach the plant in time for efficient production.

The government has been subsidizing farmers through the Farmers Insurance/Credit Unions, which offer low-interest loans and bad-weather insurance protection. Due to the serious budgetary deficits, the government is no longer able to maintain the Farmers Insurance/Credit Unions, which for all practical purposes have been bankrupt for some time now.

After agriculture, heavy industry is the next most important sector accounting for about 25 per cent of GDP in 1997. In 1995, heavy industry (including construction) accounted for 60 per cent of all industrial production, but due to the inefficient and high costs of production many plants and factories closed causing an increase in a number of the unemployed. Overall, these traditional industries have not been creating a sufficient number of jobs. At the same time, the services sector in general is underdeveloped and inefficient.

The telecommunication sector is particularly underdeveloped, since it is still controlled by a state-monopoly for political reasons. The telecommunication sector is currently closed to foreign competition (state-owned Telecoma S.A.). However, the sector is in a troubled state, lacks modern technology, and needs to be modernized. For example, only a limited number of citizens in the urban areas have access to a telephone line and even if they do, the obsolete infrastructure causes many technical problems that prevent effective communication. Due to the serious budgetary problems, it is becoming clear that the government cannot afford to modernize this sector.

The services sector as a whole has a very low level of productivity. Employment in the services sector has been rising, however, because many workers, who left the agricultural sector and could not find jobs in manufacturing, have obtained jobs in a variety of unskilled services jobs. Many other workers have not been able to find any jobs. On the positive side, Corton has benefited from a growing tourism industry. Corton also has many highly educated university graduates. Unfortunately, many have not been able to find jobs in their fields. The lucky ones are working in lower skilled services jobs.

## **Corton: Additional Information**

The services sector is still seriously underdeveloped because of the legacy of the planned economy that prevailed in the Republic of Corton for the past 70 years. That model favored heavy industrialization and agriculture but neglected the development of the services sector.

The Republic of Corton is desperate to develop a number of its services sectors to ensure the efficiency of the traditional industrial and agricultural sectors of the economy and to create new jobs in value added services.

The Republic of Corton is a transition economy. As part of its transition from a state-run economic system to a free market economy the Republic of Corton is trying to establish an efficient regulatory and administrative framework. The government has recently introduced a number of new laws and the trading partners have demanded to see them.

Here are the most important of them:

- The Constitution of the Republic of Corton

### **New Laws and Resolutions:**

- The Civil Code of the Republic of Corton
- Bankruptcy Law of 15 October 1998
- Law No. 1067-XII of 12 December 1995 On Banks and Banking (with amendments No. 1394-XII of 12 January 1998)
- Law No. 67 of 20 April 1998 On Certification of Goods and Services
- Resolution of the Government of the Republic of Corton No. 520 of 2 December 1998 On Adoption of the Regulation on the Procedure of Control of the Goods Imported to the Republic of Corton
- Resolution of the Government No. 676 of 2 April 1996 On Adoption of the List of Goods (Works and Services), Produced On the Territory of the Republic of Corton and Imported to its Territory, Which are Subject to Certification On the Indicators of Safety
- Law No. 1056-XII of 9 June 1996 On Commodity Exchange and Exchange Trade in the Republic of Corton
- Law No. 895-XII of 28 May 1995 On Protection of Consumer Rights
- Law of 6 March 1997 On Concessions and Foreign Concession Enterprises
- Law of 7 February 1995 On Customs Code
- Law of 18 April 1995 on implementation of the Custom Code
- Law No. 683-XII of 20 December 1991 On General Principles of Denationalization, Privatization and Undertakings in the Republic of Corton
- Law No. 1385-XII of 12 January 1994 On Denationalization and Privatization of State Ownership in the Republic of Corton
- Law No. 3416-XII of 17 April 1999 On Protection of the Environment
- Law No. 6-1 of 5 July 1997 On Operations in Foreign Currency
- Law No. 1076 of 16 December 1992 On Free Economic Zones in Corton

- Law No. 943-XII of 2 July 1995 On People's Health Protection
- Law No. 1548-XII of 27 May 1996 On Making, Ratifying, Implementing and Denouncing International Agreements of the Republic of Corton
- Law No. 1478-XII of 14 April 1994 On the Local Taxes and Fees
- Law No. 7 of 2 April 1996 On Providing Unity of Measurements
- Law of 15 December 1996 On Mineral Resources
- Law On the National Bank
- Law No. 1481-XII of 14 April 1995 On Non-Tax Payments
- Law No. 34 of 1 July 1996 On Normative Legal Acts of the Republic of Corton
- Law No. 874-XII of 6 March 1995 On the State Tax Service
- Law No. 1553-XII of 28 May 1996 On the Basic Principles of the Treasury of the Republic of Corton
- Law No. 660-XII of 17 December 1997 On Taxes from Companies
- Law on Procurement of Goods, Works and Services of 13 May 1997
- Law on Subsurface Resources of 2 July 1997
- Law on State Regulations of Foreign Economic Activities of 2 July 1997
- Law on Banks and Banking Activities of 29 July 1997
- Amendments to the Customs Tariff Law of 30 July 1997
- Law No. 1515-XII on Measures Concerning Temporary Entry and Stay
- Civil Code Part II (with section on intellectual property) of 5 January 1999
- Criminal Code (with section on intellectual property) of 1 January 1999
- Law on Copyrights and Neighbouring Rights of 14 January 1999
- Law on Trademarks and Appellation of Places of Origin of 14 January 1999
- Patent Law of 14 January 1999
- Law on Integrated Circuits Topology of 30 March 1999
- Law on Commercial Secrets of 30 March 1999
- Law on Legal Protection of Software for Computers and Databases of 31 March 1999
- **Presidential Decrees**
- Presidential Decree No. 134 of 5 May 1998 On Regulating Currency Transactions
- Presidential Decree No. 280 of 23 September 1998 On Changing the Procedure for Licensing Raw Materials
- Presidential Decree No. 34 On Some Measures for Protection and Development of Private Entrepreneurship of 25 March 1999
- Presidential Decree No. 42 of 27 February 1999 On Taxation in Agriculture
- Instruction On Customs Procedures for Transit Cargo (approved by Order No. 147 of the State Customs Inspection on 23 August 1995)
- Instruction On Application of Personal Examination (approved by Order No. 176-1 of the State Customs Inspection on 17 September 1995)
- Temporary Regulations On Drawing, Submitting and Considering Applications On Official Registration of Software, Databases and Topographies (Main Department of Intellectual Property of the Ministry of Education and Science of 29 August 1996)

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UNIVERSAL TRADE FEDERATION

REPUBLIC of CORTON

Schedule of Specific Commitments on Services

July 1998

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## Republic of CORTON - SCHEDULE OF SPECIFIC COMMITMENTS

Modes of supply:

- (1) Cross-border supply      (2) Consumption supply      (3) Commercial presence      (4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
I. HORIZONTAL COMMITMENTS			
ALL SECTORS INCLUDED IN THIS SCHEDULE	<p>(4) Unbound except for measures concerning temporary entry and stay of nationals of another member of UTF who fall into the categories below (According to Law 1515 on Measures Concerning Temporary Entry and Stay) :</p> <p><u>Services salespersons</u> - persons not based in the territory of the Corton Republic and receiving no remuneration from a source located within the Corton Republic, who are engaged in activities related to representing a services supplier for the purpose of negotiating for the sale of the services of that supplier where:</p> <p>(a) such sales are not directly made to the general public; and</p> <p>(b) the salesperson is not engaged in supplying the service. Entry for persons named in this section is limited to a ninety-day period.</p>	<p>(4) Unbound except for the entry or temporary stay of a natural person who falls in one of the categories included in the market access column.</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
I. HORIZONTAL COMMITMENTS			
<p>ALL SECTORS INCLUDED IN THIS SCHEDULE</p>	<p><u>Intra-corporate transferees</u> - managers, executives and specialists, as defined below, who are employees of firms that provide services within the Corton Republic through a branch, subsidiary, or affiliate established in the Corton Republic and who have been in the prior employ of their firm outside the Corton Republic for the period of not less than one year immediately preceding the date of their application for admission and who are one of the following:</p> <p>(a) <u>Managers</u> - persons within an organization who primarily direct the organization, or its sub-division, supervise and control the work of other supervisory, professional or managerial employees, have the authority to hire and fire or recommend hiring, firing, and exercise discretionary authority over day-to-day operations. Does not include first-line supervisors, unless the employees supervised are professionals, nor does it include employees who primarily perform tasks necessary for the provision of the service.</p>		

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
I. HORIZONTAL COMMITMENTS			
ALL SECTORS INCLUDED IN THIS SCHEDULE	<p>(b) <u>Executives</u> - persons within the organization who primarily direct the management of the organization, establish the goals and policies of the organization, exercise wide latitude in decision-making, and receive only general supervision or direction from higher-level executives, the board of directors, or stockholders of the business. Executives would not directly perform tasks related to the actual provision of a service or services of the organization.</p> <p>(c) <u>Specialists</u> - persons within an organization who possess knowledge at an advanced level of continued expertise and who possess proprietary knowledge of the organization's services, research, techniques, or management. (Specialists may include, but are not limited to, members of licensed professions.)</p> <p>Persons responsible for the setting up of a commercial presence.</p>		

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
I. HORIZONTAL COMMITMENTS			
ALL SECTORS INCLUDED IN THIS SCHEDULE	<p>Persons as employees of an enterprise engaged in substantive business in the Corton Republic without having commercial presence in the Corton Republic who provide a service as a professional of a service sector.</p> <p>Entry for all persons named in this section is limited to a five-year period that may be extended for up to two additional years for a total term not to exceed ten years.</p>		

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. SECTOR-SPECIFIC COMMITMENTS			
<p>2. CONSTRUCTION</p> <p>General construction work for buildings and highways</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound except as indicated under horizontal commitments</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound except as indicated under horizontal commitments</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. SECTOR-SPECIFIC COMMITMENTS			
3. DISTRIBUTION SERVICES  Retailing services	(1) None  (2) None  (3) None  (4) Unbound except as indicated under horizontal commitments	(1) None  (2) None  (3) None  (4) Unbound except as indicated under horizontal commitments	

Modes of supply:

- (1) Cross-border supply      (2) Consumption supply      (3) Commercial presence      (4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. SECTOR-SPECIFIC COMMITMENTS			
<p>4. FINANCIAL SERVICES</p> <p>All Insurance</p>	<p>(1) Unbound, except for insurance of cargo transportation</p> <p>(2) None</p> <p>(3) None, except for foreign ownership in the Republic of Corton's legal entities providing insurance services must not exceed 30%. This restriction will be eliminated by 1 Jan 2003.</p> <p>(4) Unbound except as indicated under horizontal commitments</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) Unbound</p> <p>(4) Unbound except as indicated under horizontal commitments</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II SECTOR-SPECIFIC COMMITMENTS			
5. TOURISM AND TRAVEL RELATED SERVICES  Hotels and Restaurants	(1) None  (2) None  (3) None  (4) Unbound, except as indicated in horizontal section.	(1) None  (2) None  (3) None  (4) Unbound except as indicated in the horizontal section	

Modes of supply:

- (1) Cross-border supply      (2) Consumption supply      (3) Commercial presence      (4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II SECTOR-SPECIFIC COMMITMENTS			
<p>5. TOURISM AND TRAVEL RELATED SERVICES</p> <p>Travel Agencies and Tour Operators</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) Unbound</p> <p>(4) Unbound except as indicated in the horizontal section</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) Unbound</p> <p>(4) Unbound except as indicated in the horizontal section</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II SECTOR-SPECIFIC COMMITMENTS			
6. TRANSPORT SERVICES			
Road Transport Services	(1) None	(1) None	
Freight Transportation	(2) None	(2) None	
	(3) None	(3) None	
	(4) Unbound, except as indicated in horizontal section.	(4) Unbound, except as indicated in horizontal section.	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II SECTOR-SPECIFIC COMMITMENTS			
6. TRANSPORT SERVICES  Road Transport Services  Passengers Transportation	(1) None   (2) None   (3) None   (4) Unbound, except as indicated in horizontal section.	(1) None   (2) None   (3) None   (4) Unbound, except as indicated in horizontal section.	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II SECTOR-SPECIFIC COMMITMENTS			
<p>6. TRANSPORT SERVICES</p> <p>Maritime Transport Services (only rental of vessels with crew)</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound, except as indicated in horizontal section.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound, except as indicated in horizontal section.</p>	

# NORDICUS

**Population: 180 million**

**Gross Domestic Product (GDP): \$3,820 billion**

**GDP Per Head in 2001: \$21,200**

**GDP per Head in 2001 in purchasing power parity: 100 (Nordicus = 100)**

## ***Private stakeholders***

- The Nordicus Construction and Transport Association
- The Banking Sector
- The Association of Engineers and Architects

## **The Economic Outlook:**

Nordicus is a high-income developed country. Its trade and investment regime is amongst the world's most transparent, notwithstanding persistent barriers in many areas, including agriculture and services. Reducing such remaining barriers would further increase the efficiency of its economy, and benefit domestic consumers and taxpayers. It would also lessen distortions in global markets, frictions with trading partners and strengthen the multilateral trading system.

Since 1998 domestic demand has led economic growth, which has risen to an average of 4% a year. Inflation has declined to a historically low level of 1.3% in 2000. Unemployment, however, remains high, at 9.8%. Capitalizing on the economic potential of a quickly changing and competitive international environment is seen as requiring a correspondingly high degree of flexibility in labor, goods and services markets.

Both export and import growth fell sharply in value terms in 1999, compared with 1998, although the slowdown was more marked on the export side. These trends continued in 2001., Export growth is estimated at 5% compared to 11% growth for imports. In addition to stronger internal demand, import growth (in value terms) was affected by the doubling of the price of oil on world markets. Nordicus's longstanding surplus on merchandise trade gave way to a deficit of \$ 22.7 billion in 2001.

## **Nordicus: Sectoral Developments Including Services**

Nordicus's trade policy regime aims to liberalize trade through multilateral and bilateral negotiations. Services are by far the largest contributor to output in the Nordicus economy. Nordicus is committed to continue removing restrictions to competition and trade in the services sector. The pace of liberalization differs significantly among sectors, however.

The services sector in Nordicus includes a vast array of industries: from finance and telecommunications to distribution, health, education, environmental, travel and tourism, construction, law, engineering, architecture and more. These industries provide millions of jobs and account for more than 70% of Nordicus's private-sector economic production. In addition to this productive capacity, services play a subtle but essential role in our industrial economy, to which they directly contribute about 2.1% of GDP in the form of construction, and provide the infrastructure which allows manufacturing industry and farmers to function. Telecommunications, software and public media are essential to the functioning of all modern industries.

Although the services sector in Nordicus is diversified and well developed, it suffers from limited access to foreign markets. At the same time, due to limited liberalization and the persistence of restrictions in certain domestic sectors, the costs of many services are high and their delivery not very efficient.

Restrictions remain in areas such as financial services, distribution, transportation, and construction. In financial services, steps have been taken to improve foreign access but domestic ownership requirements continue to impede market access. Other serious restrictions are maintained in maritime transport, where competition policy concerns led the competition authority to question existing barriers to foreign participation.

Maritime transport continues to rank among the most protected sectors of the Nordicus economy. The Nordicus maritime transport market is generally closed to foreign competition and international cargoes carried by Nordicus-flag vessels benefit from substantial government assistance. The current government supports cabotage laws that reserve domestic routes to Nordicus operators.

The educational sector in Nordicus is one of the best in the world. However, due to the difficult labor market, there are many unemployed professionals, most notably engineers, architects, and economists. Liberalization of professional services on the multilateral level under the transparent framework of GATS would benefit both these professionals, as well as the countries that seek their services.

### **Nordicus: Additional Information**

Nordicus is a parliamentary federal republic that was formed from a confederation of twenty states more than 100 years ago. Nordicus is characterized by a very sophisticated and well-developed regulatory, administrative, and legislative framework that often serves as a model for other countries around the world.

Nordicus has very restrictive laws when it comes to employment of foreign workers. Under the current economic conditions, especially given the high unemployment rate, it will be very difficult to liberalize these laws.

Job creation is Nordicus's most urgent economic policy objective, to be realized through improved competitiveness of Nordican enterprises. Although the jobless rate has been declining slowly since 1997, and dipped into single digits in 1999 for the first time in five years, it is still above the natural rate. High unemployment has led to popular resentment towards the policies of the federal government.

The ruling party, the Liberal Democrats, has been in power for the last eight years and has two years remaining on their current mandate. However, due to the high unemployment rate, unpopular changes in tax laws, and two government scandals, the government is vulnerable and there is a possibility of an early forced election. The opposition is a protectionist party unsympathetic to trade liberalization. Nordican law requires that in the event an election is called, all negotiations with foreign governments must cease pending the outcome of the election.

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UNIVERSAL TRADE FEDERATION

**NORDICUS**

Schedule of Specific Commitments on Services

July 1998

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## NORDICUS - SCHEDULE OF SPECIFIC COMMITMENTS

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. HORIZONTAL COMMITMENTS			
ALL SECTORS INCLUDED IN THIS SCHEDULE	(3) The acquisition of control of a Nordican business by a non-Nordican is subject to approval for all direct acquisitions of Nordican businesses with assets not less than 100,000 Nordican dollars <sup>2</sup> .	(3) A majority of the directors of federally incorporated corporations in Nordicus must be Nordican citizens or persons ordinarily resident in Nordicus.	

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<sup>2</sup> For the purpose of this schedule of commitments, approval is granted by the responsible Minister if he is satisfied that the investment is likely to be of net benefit to Nordicus taking into account any information, undertakings and representations in respect of the application, and the following factors where relevant:

- a) the effect of the investment on the level and nature of economic activity in Nordicus, including, without limiting the generality of the foregoing, the effect on employment, on resource processing, on the utilization of parts, components and services produced in Nordicus and on exports from Nordicus;
- b) the effect of the investment on productivity, industrial efficiency, technological development, product innovation and product variety in Nordicus;
- c) the effect of the investment on competition within any industry or industries in Nordicus;
- d) the contribution of the investment to Nordicus's ability to compete in world markets.

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. HORIZONTAL COMMITMENTS			
ALL SECTORS INCLUDED IN THIS SCHEDULE	(3) In Nordicus services considered as public utilities may be subject to public monopolies or to exclusive rights granted to private operators <sup>3</sup> .	(3) Measures conferring a tax exemption or reduction of tax to, or in respect of services supplied by, a service supplier which is a part of or is directly or indirectly owned by government  Measures related to the supply of services required to be offered to the public generally in the following sub-sectors may result in differential treatment in terms of - benefits: income security or insurance social security or insurance social welfare - or price: public education training health child care	

<sup>3</sup> Public utilities exist in sectors such as construction of public buildings, related scientific and technical consulting services, and transport services and services auxiliary to all modes of transport.

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
III. HORIZONTAL COMMITMENTS			
ALL SECTORS INCLUDED IN THIS SCHEDULE	(3) <u>Real estate purchases:</u>  According to Law No. 1234/92 permission from the Minister of Defense is needed to acquire land in areas near borders.		

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
I. HORIZONTAL COMMITMENTS			
<p>ALL SECTORS INCLUDED IN THIS SCHEDULE</p>	<p>(4) Unbound except for the entry or temporary stay of a natural person who falls in one of the following categories:</p> <p><b>PROFESSIONALS</b>            Natural persons seeking to engage, as part of a services contract granted by a juridical person engaged in substantive business in Nordicus and obtained by a juridical person of another Member, provided that the person possesses the necessary academic credentials and professional qualifications, which have been duly recognized, where appropriate, by the professional association in Nordicus<sup>4</sup>.</p> <p>Temporary entry shall be granted for a single period of the lesser of ninety (90) days or the period necessary to complete the contract. Such entry shall be granted once during a twelve (12) month period. Such persons may be permitted multiple entries within the period of authorized entry. They may not engage in secondary employment while in Nordicus.</p>	<p>(4) Unbound except for the entry or temporary stay of a natural person who falls into the category included in the market access column.</p>	

<sup>4</sup> Nordicus has an association agreement with Sumeria under which professional qualifications are mutually recognized.

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. SECTOR-SPECIFIC COMMITMENTS			
1. Telecommunication Services  Basic: Voice telephone services	(1) None except for public voice telephony and facilities-based services where none as of 1 January 2003.  (2) None  (3) None except for public voice telephony and facilities-based services where none as of 1 January 2003.  (4) Unbound except as indicated in the horizontal section.	(1) None  (2) None  (3) None  (4) Unbound except as indicated in the horizontal section.	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. SECTOR-SPECIFIC COMMITMENTS			
1. Telecommunication Services  Value-added: Electronic mail	(1) None  (2) None  (3) None  (4) Unbound except as indicated in the horizontal section	(1) None  (2) None  (3) None  (4) Unbound except as indicated in the horizontal section	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. SECTOR-SPECIFIC COMMITMENTS			
1. Telecommunication Services  Value-added: On-line information and/or data processing <sup>5</sup>	(1) None  (2) None  (3) None  (4) Unbound except as indicated in the horizontal section	(1) None  (2) None  (3) None  (4) Unbound except as indicated in the horizontal section	

<sup>5</sup> Including transaction processing.

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. SECTOR-SPECIFIC COMMITMENTS			
<p>2. CONSTRUCTION</p> <p>General construction work for buildings and highways</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) Unbound</p> <p>(4) Unbound except as indicated in the horizontal section and subject to the following specific limitations: Nationality condition for managers of construction companies supplying in the public sector.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) Exclusive subsidies are granted to businesses owned by the citizens of Nordicus for maintenance and management of highways.</p> <p>(4) Unbound except as indicated in the horizontal section</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. SECTOR-SPECIFIC COMMITMENTS			
4. DISTRIBUTION SERVICES  Retailing services	(1) Unbound except for mail order: none  (2) None  (3) Economic needs test for department stores <sup>6</sup> .  (4) Unbound, except as indicated in the horizontal section.	(1) Unbound except for mail order: none  (2) None  (3) None  (4) Unbound except as indicated in the horizontal section	

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<sup>6</sup> Where establishment is subject to an economic needs test, the main criteria are: the number of and impact on existing stores, population density, geographic spread, impact on traffic conditions and creation of new employment.

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. SECTOR-SPECIFIC COMMITMENTS			
<p>4. FINANCIAL SERVICES</p> <p>All Insurance</p>	<p>(1) Compulsory air and road transport insurance can be underwritten only by firms established in Nordicus</p> <p>(2) Compulsory air and road transport insurance can be underwritten only by firms established in Nordicus</p> <p>(3) Before establishing a branch or agency in Nordicus to provide insurance services, a foreign insurer must have been authorized to operate in the same classes of insurance in its country of origin for at least 20 years.</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
IV. SECTOR-SPECIFIC COMMITMENTS			
<p>4. FINANCIAL SERVICES</p> <p>Banking - Acceptance of deposits</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None, other than:</p> <p>Banks: Foreign banks must incorporate subsidiaries in Nordicus to undertake the business of banking. No one person (Nordican or foreign) may own more than 10 per cent of any class of shares of a foreign bank in Nordicus.</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None, other than:</p> <p>Banks: Until 30 June 2006, ministerial approval is required for foreign bank subsidiaries to open more than one branch.</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II SECTOR-SPECIFIC COMMITMENTS			
<p>4. FINANCIAL SERVICES</p> <p>Banking – Lending of all types, including <i>inter alia</i>, consumer credit, mortgage credit, factoring and financing of commercial transactions</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None, except: Mortgage brokers: Must incorporate under the laws of Nordicus. Ownership of a corporation by foreign persons must not exceed 10 per cent individually and 25 per cent collectively of the total number of equity shares. Also, must maintain a business office in Nordicus.</p> <p>(4) Unbound, except as indicated in the horizontal section and subject to the following specific limitations: Mortgage brokers: Must be Nordican citizens or permanent residents of Nordicus and ordinarily resident in Nordicus.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II SECTOR-SPECIFIC COMMITMENTS			
<p>5. TOURISM AND TRAVEL RELATED SERVICES</p> <p>Hotels and Restaurants</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) Local economic needs test on opening of new bars, cafés and restaurants; authorization can be denied in order to protect areas of particular historic and artistic interest.</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound except as indicated in the horizontal section</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
<b>II SECTOR-SPECIFIC COMMITMENTS</b>			
<p>5. TOURISM AND TRAVEL RELATED SERVICES</p> <p>Travel Agencies and Tour Operators</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) Foreign services suppliers who meet the following conditions are permitted to provide services in the form of joint venture travel agencies and tour operators in the holiday resorts designated by the Nordican government and in the cities of Caroa, Monoa and Nordicus City:</p> <p>(a) a travel agency and tour operator mainly engaged in travel business;</p> <p>(b) Annual world-wide turnover exceeds Nordican \$ 30 million.</p> <p>(4) Unbound except as indicated in the horizontal section.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound except as indicated in the horizontal section</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II SECTOR-SPECIFIC COMMITMENTS			
<p>6. TRANSPORT SERVICES</p> <p>Road Transport Services</p> <p>Freight Transportation</p>	<p>(1) Unbound</p> <p>(2) None</p> <p>(3) Unbound for transport within Nordicus (cabotage), by a carrier established outside Nordicus.</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	<p>(1) Unbound</p> <p>(2) None</p> <p>(3) Unbound for transport within Nordicus (cabotage), by a carrier established outside Nordicus.</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
<b>II SECTOR-SPECIFIC COMMITMENTS</b>			
<p>6. TRANSPORT SERVICES</p> <p>Road Transport Services</p> <p>Passengers Transportation</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None, other than: Taxis and rental services with drivers: Operating licenses and permission are under the purview of local/provincial authorities. (Criteria related to approval include: examination of the adequacy of current levels of service; market conditions establishing the requirement for expanded service; the effect of new entrants on public convenience, including the continuity and quality of service, and the fitness, willingness and ability of the applicant to provide proper service.)</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	

Modes of supply:

- (1) Cross-border supply      (2) Consumption supply      (3) Commercial presence      (4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II SECTOR-SPECIFIC COMMITMENTS			
<p>6. TRANSPORT SERVICES</p> <p>Maritime Transport Services (only rental of vessels with crew)</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) Unbound</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) Unbound</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	



# SUMERIA

**Population: 45 million**

**Gross Domestic Product (GDP): N\$234 billion**

**GDP Per Head in 2001: N\$5200**

**GDP per Head in 2001 in purchasing power parity: 52 (Nordicus = 100)**

## ***Private stakeholders***

- The SUMERIA DISTRIBUT INC
- The Banking Sector
- The Unity Labor Union of Sumeria

## **The Economic Outlook:**

Sumeria is a medium-income developing country. Sumeria is a constitutional monarchy with a democratic parliamentary system. The elected Prime Minister holds executive power, while the role of the monarch has become principally ceremonial and symbolic. Sumeria is committed to the role of private enterprise as a key element in economic growth, and it seeks an international environment where trade and investment will flourish. However, the government plays a strong and pro-active role in developing and industrializing the economy, and in promoting policy goals of poverty alleviation, social restructuring and a more equitable distribution of income.

Sumeria is a trading nation, with exports and foreign direct investment playing an important role in its economy. The recent slowdown in the Nordicus economy poses major challenges for Sumeria's trade and investment outlook and thus to Sumeria's short- and medium-term economic prospects. Indeed, the Central Bank predicts that growth will fall to between 3% and 4% in 2003, mainly due to the slowdown in exports to Nordicus.

Sumeria has pursued tight macroeconomic policies since mid-1997. The monetary policy of the National Bank of Sumeria has been targeted at fighting inflation through a strict control of the monetary base. The policy has been successful to some extent. The year-on-year rate of consumer price inflation has fallen from 17% in June 1997 to 9% in September 1998. The fall in inflation has allowed a gradual decrease in interest rates in nominal terms.

Achieving fiscal discipline in the public sector was a significant success in 1998. The consolidated general government deficit fell to 4.6% of GDP, compared to the expected 5.9%. However, the authorities have found it increasingly difficult to control the deficit, mainly due to the absence of significant progress in implementing structural reforms: revenues have been much lower than expected (due to lower privatization receipts and accumulated tax arrears of state-owned enterprises).

### **Sumeria: Sectoral Developments Including Services**

The services sector supports many economic activities; however, one can observe an uneven pattern of liberalization in this area. While basic telecommunication, insurance, construction and tourism have been gradually liberalized, value-added telecommunication, banking, distribution, and transportation services are still closed to foreign competition.

According to Draft Law No. 6963-IX the Bank of Sumeria was to grant banking licenses. Because the Law was never ratified, the freeze on issuing new bank licenses continues. The Draft Law No. 6963-IX would require all banks to meet certain prudential requirements. Foreign banks would be able to operate through locally incorporated subsidiaries. However, they would be subject to much higher minimum capital levels. Foreign banks are defined as banks having below 80% Sumerian equity.

According to Law No. 6761-IX of 22 September 1998, foreign insurance companies may enter Sumeria only as subsidiaries, subject to a maximum foreign-equity limit of 10%. Government equity of 30% is required, and Sumerians must own another 60%. The National Insurance Commission regulates the industry. It sets certain prudential and reporting requirements, and must approve all premium increases.

The SUMERIA DISTRIBUT INC is a publicly traded company that has an absolute monopoly over the distribution system in Sumeria. It issues licenses allowing for establishment of the retail stores and franchise networks. SUMERIA DISTRIBUT suffers from inefficiency and lack of transparency. It is also institutionally connected with the transportation companies in Sumeria, which also operate on the basis of an unpredictable licensing system.

State-owned enterprises continue to play an important role in the Sumerian economy, especially in transportation and distribution services. Aside from their own operations, some of these enterprises provide finance not just to each other, but also to private companies. For example, SUMARONAS, the apparently lucrative state-owned automobile and steel company has purchased stakes in financial institutions, in SUMERIA DISTRIBUT and various hotel chains. It should be noted that the actual state of SUMARONAS financial condition is unknown. There are some speculations that the company is not profitable but rather survives thanks to the political pressure.

## **Sumeria: Additional Information**

Sumeria is a rapidly growing developing country that has relied heavily on inward investment and export promotion to achieve high levels of economic growth. Due to its favorable geographical location Sumeria aims at becoming a main provider of ground and maritime transportation services throughout the world.

The Government recently proposed a plan that envisages a further gradual opening of the services sector, which accounts for over half of Sumeria's GDP, but is not yet as open to trade as manufacturing. This is largely because of restrictions on foreign direct investment and the establishment of commercial presence, the main mode of delivery for most services.

Foreign suppliers of services can establish a commercial presence only through joint ventures, in which combined foreign ownership cannot exceed 25%. Insofar as barriers to commercial presence restrict competition in the provision of services, they tend to impair efficiency in the sector, so that the prices paid for these services, by both businesses and households, are higher than would be the case in a more competitive market. The resulting higher costs of doing business could hamper the competitiveness of all firms in Sumeria that require essential services (such as energy, finance/insurance, telecommunications, and transportation) as inputs into their production and delivery of goods and services.

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UNIVERSAL TRADE FEDERATION

**SUMERIA**

Schedule of Specific Commitments on Services

July 1998

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## SUMERIA - SCHEDULE OF SPECIFIC COMMITMENTS

Modes of supply:

- (1) Cross-border supply      (2) Consumption supply      (3) Commercial presence      (4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
III. HORIZONTAL COMMITMENTS			
ALL SECTORS INCLUDED IN THIS SCHEDULE	<p>(3) <b><u>Acquisition, Mergers and Take-overs</u></b></p> <p>The acquisition of assets or interests of Sumerian companies and businesses, mergers or take-overs requires approval of the Minister and apply to the following:</p> <p>a) the acquisition of the voting rights of a Sumerian corporation by any single foreign interest or associated group of 15 per cent or more, or an aggregate foreign interest of 30 per cent or more or exceeding \$5 million in value;</p>	<p>(3) <b><u>Land, Property and Real Estate</u></b></p> <p>Formal Approval by the Minister is required: According to Law 2525</p> <p>Approval may be denied if the acquisition, disposal or dealing of land or any interest in land, property and real estate is undertaken for speculative or non-productive purpose or for purposes which may conflict with the interest of the State.</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
V. HORIZONTAL COMMITMENTS			
<p>ALL SECTORS INCLUDED IN THIS SCHEDULE</p>	<p>(3)</p> <p>b) any proposed acquisition of any assets or interests by any means which will result in ownership or control passing to foreign interest; and</p> <p>c) control of Sumerian corporations through any form of joint-venture agreement, management agreement, technical assistance agreement or other arrangements.</p> <p>Approval is normally granted. However it may be denied in circumstances where the proposed investment conflicts with the interest of the State.</p>	<p>(3)</p> <p><b><u>Incentives/Preferences/Subsidies</u></b></p> <p>These are limited to eligible Sumerian-owned corporations engaged in service sectors promoted by the Government.</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
VI. HORIZONTAL COMMITMENTS			
<p>ALL SECTORS INCLUDED IN THIS SCHEDULE</p>	<p>(4) Unbound except for measures affecting the entry and temporary stay of natural persons defined below:</p> <p>I. <b><u>Intra-corporate Transferees</u></b></p> <p>a) <b>senior managers</b> being persons within an organization having proprietary information of the organization and who exercise wide latitude in decision making relating to the establishment, control and operation of the organization being directly responsible to the CEO and receive only general supervision or direction from the board of directors or partners of the organization; and</p>	<p>4) Unbound except for the categories of natural persons referred to under market access.</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
I. HORIZONTAL COMMITMENTS			
ALL SECTORS INCLUDED IN THIS SCHEDULE	<p>b) two <b>specialists or experts</b> per organization being persons within the organization who possess knowledge at an advanced level of continued expertise and who possess proprietary knowledge of the organization's new service products and technology, research equipment and techniques or management. Additional specialists or experts may be allowed subject to market test and the training of Sumerians through an acceptable training programme in the relevant services sector.</p> <p>Provided that such persons are employees of the foreign service supplier and have been in the employment of that foreign service supplier for a period of not less than one year immediately preceding the date of their application for a work permit and they are to serve in at least a similar capacity.</p>		

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
I. HORIZONTAL COMMITMENTS			
<p>ALL SECTORS INCLUDED IN THIS SCHEDULE</p>	<p><b>II. The others.</b></p> <p>a) specialists or experts being persons who possess knowledge at an advanced level of continued expertise and who possess proprietary knowledge of the company's products and services subject to market test and the employment of Sumerians as counterparts and/or training of Sumerians through acceptable training programmes in the relevant services sector.</p> <p>(b) professionals being persons who possess necessary academic credentials, professional qualifications, experience and/or expertise which have been duly recognized by the professional bodies in Sumeria and registered with those respective professional bodies; and</p>		

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
I. HORIZONTAL COMMITMENTS			
<p>ALL SECTORS INCLUDED IN THIS SCHEDULE</p>	<p>c) <b>business visitors</b> being persons not based within Sumeria, receiving no remuneration from a source located within Sumeria, who have been employed for at least one year by a foreign service supplier, whose entry and temporary stay is for the purposes of negotiating for the sale of services or entering into agreements to sell services for that service supplier and who will not engage in direct sales to the general public.</p> <p>3) Entry and stay of natural persons defined in categories I. a) and b) and II. a) and b) shall not exceed a total of five years. For category II. c), the period of stay shall not exceed a total of 60 days.</p>		

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. SECTOR-SPECIFIC COMMITMENTS			
1. Telecommunication Services  Basic: Voice telephone services	(1) None  (2) None  (3) Only through acquisition of shares of existing licensed public telecommunications operators: - Foreign shareholding of up to 20 per cent in these services is allowed  (4) Unbound except as indicated in the horizontal section.	(2) None  (3) None  (4) None  (5) Unbound except as indicated in the horizontal section.	

Modes of supply:

- (1) Cross-border supply      (2) Consumption supply      (3) Commercial presence      (4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. SECTOR-SPECIFIC COMMITMENTS			
<p>2. CONSTRUCTION</p> <ul style="list-style-type: none"> <li>- General construction work for buildings and highways</li> <li>- Building completion and Finishing work</li> </ul>	<p>(1) Unbound*</p> <p>(2) None</p> <p>(3) Only in the form of joint ventures, with foreign majority ownership permitted. After January 2002 wholly foreign-owned enterprises will be permitted. However, wholly foreign-owned enterprises can only undertake the following three types of construction projects: 1. Construction projects wholly financed by foreign investment and/or grants.</p>	<p>(1) Unbound*</p> <p>(2) None</p> <p>(3) None except for the following:  The existing registered capital requirements for joint venture construction enterprises are different from those of the domestic enterprises.</p>	

\* Unbound due to lack of technical feasibility.

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. SECTOR-SPECIFIC COMMITMENTS			
<p>2. CONSTRUCTION</p> <ul style="list-style-type: none"> <li>- General construction work for buildings and highways</li> <li>- Building completion and Finishing work</li> </ul>	<p>2. Construction projects financed by loans of international financial institutions and awarded through international tendering according to the terms of loans.</p> <p>3. Sumerian invested construction projects which are difficult to be implemented by Sumerian construction enterprises alone can be jointly undertaken by Sumerian and foreign construction enterprises with the approval of provincial government</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	<p>(4) Unbound except as indicated in the horizontal section</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
III. SECTOR-SPECIFIC COMMITMENTS			
<p>4. FINANCIAL SERVICES</p> <p style="text-align: center;">Insurance</p> <p style="text-align: center;">(Non-life, limited to Insurance of freight)</p>	<p>(1) Unbound except in the case of insurance of freight, where there is no requirement that goods in transit to and from Sumeria should be insured with Sumerian insurance companies only.</p> <p>(2) Unbound</p> <p>(3) Unbound, foreign companies may enter Sumeria only as subsidiaries</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) Unbound</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II SECTOR-SPECIFIC COMMITMENTS			
<p>5. TOURISM AND TRAVEL RELATED SERVICES</p> <p>Hotels and Restaurants</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None, other than:</p> <p><u>Sale of liquor in a tavern, restaurant or bar :</u></p> <p>For juridical persons not listed on a Sumerian stock exchange, all shareholders owning 10 per cent or more of voting shares must be Sumerian citizens.</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None, other than:</p> <p><u>Purchase of recreational property:</u></p> <p>Non-residents are required to pay a 40 per cent land transfer tax</p> <p>(4) Unbound except as indicated in the horizontal section</p>	

# THYROS

**Population: 90 million**

**Gross Domestic Product (GDP): N\$32 billion**

**GDP per Head in 2001: N\$355**

**GDP per Head in 2001 in purchasing power parity: 6** (Nordicus = 100)

## ***Private stakeholders***

- The Hotel/Tourism Industry
- The Construction Industry
- The Banking Sector

## **The Economic Outlook:**

Thyros is a low-income developing country. Since the mid-1990's Thyros has pursued extensive reforms in an effort to reverse previous inward-looking policies. Thyros achieved real annual growth rates exceeding 4% during the late 1990s. However, macroeconomic imbalances have again precipitated an economic crisis. This threatens economic growth and could endanger the continuation of trade liberalization and other structural reforms.

Large budget deficits are at the core of Thyros's present economic difficulties. Fiscal deficits escalated sharply during the late 1990s to 11% of GDP. Funded mainly through central bank borrowings, these have severely strained public finances and the banking sector. Faced with the looming economic crisis, the Government began implementing corrective measures in 1999 that caused the budget deficit falling to 5% in 2001.

The current government supports the continuation of economic reforms. There is some evidence of growing political resistance to reforms, since previously protected domestic industries are now facing more competition as a result of reform and liberalization. The services sector plays an increasingly important role. Despite reforms of the system, however, heavy government intervention in all the services sectors is still apparent.

## **Thyros: Sectoral Developments Including Services**

The government of Thyros made a commitment to liberalize its economy and to advance the necessary structural reforms. However, the vital sectors of the economy like telecommunication and financial services are underdeveloped. The overall infrastructure is archaic and in need of modernization.

Thyros's economic performance in recent years has been uneven. Thyros is a net importer of services. However, since 1996 the contribution of services to GDP has been growing. The services sector (including electricity, water, gas), which accounts for about 36% of GDP in 2001, is predominantly characterized by commerce-related activities. The best-developed sectors are construction and maritime transport. Telecommunication, construction, and insurance services are closed to foreign competition.

The Central Bank of Thyros manages the country's monetary and exchange rate policies. It has statutory powers to conduct monetary policy but the final authority for monetary policy ultimately rests with the Government. A principal factor undermining effective monetary management in Thyros has been the lack of Central Bank independence. Foreign financial institutions, licensed and supervised as a bank in their home country are allowed to operate in Thyros only through branches.

Basic telecommunication services are supplied by a statutory monopoly, which has had only limited success in improving telecommunication services, since this state-owned carrier continues to use obsolete technology and it has not met its network expansion or service quality targets. The market for value-added telecom services is closed.

Thyros has a lot to offer as an attractive tourist destination but it lacks basic infrastructure. Unsafe roads and low-standards hotel facilities discourage - tourists from abroad.

## **Thyros: Additional Information**

Thyros returned to parliamentary democracy in 1990. The new Constitution vests executive power with the President and legislative authority with the unicameral Parliament. The President is Head of State. As leader of the Government, he also appoints cabinet ministers.

Thyros does not have a law regulating competition in the services sector.

Foreign direct investment in Thyros is subject to the Thyros Investment Promotion Act. All FDI are subject to this legislation and additional sector-specific regulations apply to foreign investment in certain sectors, such as tourism, banking, insurance, and real estate. The Act applies to foreign investments through acquisitions, mergers, and takeovers, as well as new investments and portfolio investment. Thyros carefully screens foreign investment and an authorization from the Minister of Foreign Trade is required before any foreigner can do business in Thyros.

The Thyros Investment Promotion Act reserves many activities for the citizens of Thyros. These are: management of businesses that employ more than 20 employees, insurance agents, and public construction companies. FDI is also subject to financial requirements. The minimum capital for foreign investors is US\$100,000 in joint ventures, and US\$400,000 for projects wholly owned by foreigners.

Thyros has strict visa requirements and only top executives of the foreign companies can obtain an automatic 3-months renewable visa. The rest of the foreigners, including professionals, have to apply for a special visa permit issued by the Ministry of Foreign Affairs. The application process is lengthy and unpredictable.

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UNIVERSAL TRADE FEDERATION

**THYROS**

Schedule of Specific Commitments on Services

July 1998

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## THYROS - SCHEDULE OF SPECIFIC COMMITMENTS

Modes of supply:

- (1) Cross-border supply      (2) Consumption supply      (3) Commercial presence      (4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
IV. HORIZONTAL COMMITMENTS			
ALL SECTORS INCLUDED IN THIS SCHEDULE	<p>(3) Foreign-owned companies including joint-venture with Thyrosians must satisfy minimum capital outlay and foreign equity requirements as required: wholly-owned company requires a minimum equity capital outlay of US\$ 400,000. Joint-venture company should have a minimum foreign equity capital of at least US\$ 100,000 in cash or kind.</p> <p>(4) Unbound, except for temporary (up to 3 months) entry of top executives.</p>	<p>(3) Special permit and authorization is required for acquisition of land by foreigners.</p> <p>(4) Unbound, except for measures concerning temporary entry of top executives.</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. SECTOR-SPECIFIC COMMITMENTS			
3. DISTRIBUTION SERVICES  Retailing services	(1) None  (2) None.  (3) Unbound  (4) Unbound, except as indicated in horizontal section.	(1) None  (2) None.  (3) Certain tax incentives are available only to companies controlled by the citizens of Thyros.  (4) Unbound, except as indicated in horizontal section.	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
IV. SECTOR-SPECIFIC COMMITMENTS			
<p>4. FINANCIAL SERVICES</p> <p>Banking - Acceptance of deposits</p> <p>Banking – Lending of all types, including <i>inter alia</i>, consumer credit, mortgage credit, factoring and financing of commercial transactions</p>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) i) Only through branch operations of a foreign bank licensed and supervised as a bank in its home country. ii) Not more than five licenses a year (renewable every 3 years) both for new entrants and existing bank</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) Unbound, Foreign banks are required to publish consolidated financial statements of the Thyrosian branches as at 31st March every year.</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. SECTOR-SPECIFIC COMMITMENTS			
5. TOURISM AND TRAVEL RELATED SERVICES  Hotels and Restaurants	(1) None  (2) None  (3) A special permit from the Ministry is required  (4) Unbound, except as indicated in horizontal section.	(1) None  (2) None  (3) None  (4) Unbound, except as indicated in horizontal section.	

Modes of supply:

(1) Cross-border supply

(2) Consumption supply

(3) Commercial presence

(4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments
II. SECTOR-SPECIFIC COMMITMENTS			
<p>6. TRANSPORT SERVICES</p> <p>Rail Transport Services –Freight transportation by rail</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) Only in the form of joint ventures. The Thyrosians shall hold controlling shares or be in a dominant position in the joint ventures. Licenses for the establishments of joint ventures are subject to economic needs test.</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	



## **5. General Instructions on how to Conduct the Simulation**

### ***Learning Objectives***

When the exercise is completed the participants are expected: (1) to perfect their technical skills with respect to reading and modifying the Schedules of Specific Commitments on Services within the framework of the WTO General Agreement of Trade in Services (GATS); (2) to perfect their negotiating skills when it comes to preparing a strategic domestic offer and bargaining over it on the multilateral level.

The exercise is intended to become an engaging and positive educational experience, whose final outcome is always a win-win scenario. Given an unlimited number of possibilities on how the simulation can unfold, the idea is not to force the participants into reaching one best possible arrangement, but rather to give them an opportunity to acquire expertise related to the application of GATS disciplines and learning new bargaining skills.

### ***Length and Number of Participants***

The simulation is designed to run for 2 to 5 days, depending on the familiarity of the participants with the General Agreement on Trade in Services and the desired depth of the simulation experience. The optimum number of the participants is 24 (that is 6 for each country, where on average 3 will represent the government and 3 will represent private stakeholders). However, the simulation is designed to be flexible enough to successfully accommodate between 20 and 28 participants.

### ***Equipment, Materials, and Supplies***

- Preferably two rooms should be made available for this simulation. One room must be sufficiently big to ensure that there is plenty of space for all the participants involved
- Every participant should receive a complete copy of the simulation in the following order: (a) Part 1 should be given at least a day before the simulation is to take place; (b) Part 2 should be given just before the lecture about the negotiating techniques. This lecture follows the completion of the first part of the simulation.

- PowerPoint equipment can greatly enhance the quality of the two lectures
- The participants must have access to at least four PC computers – the electronic versions of the initial schedules must be provided to each team to enable them to make changes and produce the revised schedules at the end of the exercise
- A photocopying machine should be available on site
- Markers, pencils, notebooks, and a writing board to be provided

### ***Role of the Instructor***

The simulation requires an active and vigilant presence of the instructor. S/he is expected to explain the main goal of the simulation, provide an introductory lecture on GATS (the scope of the lecture would depend on the participants' background and level of expertise), serve as an on-site neutral expert, and play a role of a chairperson responsible for moderating potential conflicts and misunderstandings.

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The End.....