



# **Negotiations on the liberalisation of trade in services**

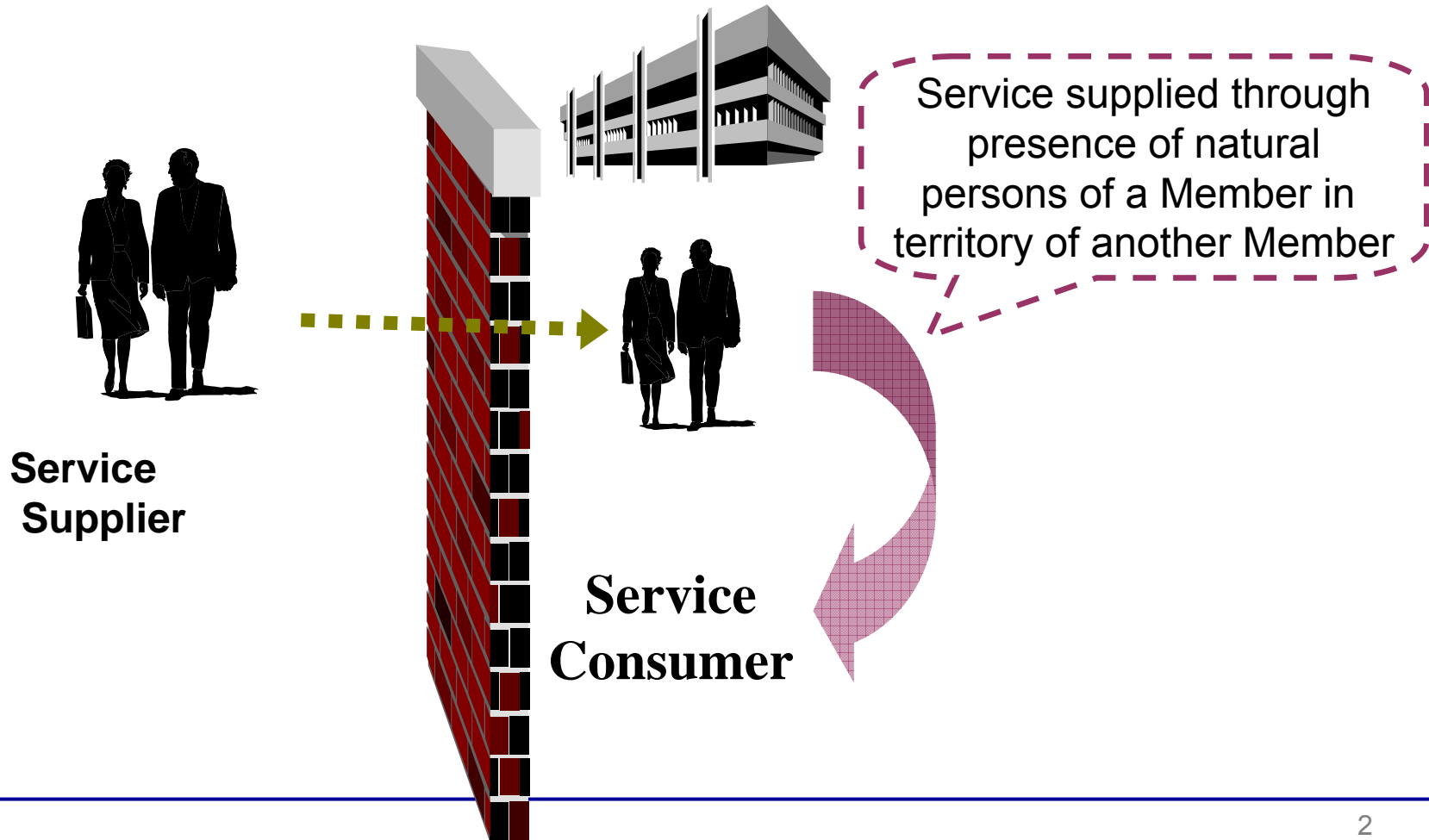
## **What is 'GATS Mode 4' about?**

Christophe Kiener - European Commission, DG Trade  
Brussels, 7 June 2006

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# How to trade in services ?

## Mode 4: Movement of natural persons



## What is Mode 4 ?

- Mode 4 applies only to natural persons supplying services
- Does not cover persons seeking to access the labour market or permanent employment
- Does not apply to measures concerning residence or citizenship
- Covers temporary presence only

## Limitations to Mode 4

- Measures regulating admission and temporary stay of natural persons (e.g. visas) can be applied, as long as their application does not nullify or impair the specific commitments
- Host country regime applies for stay, work and social security measures – including minimum wages & collective wage agreements

## Existing Mode 4 commitments

- **Horizontal**
  - Reflect way migration is dealt with domestically
  - Logic of the positive listing of restrictions has been turned on its head by most Members. Commitments are thus «unbound except...» in mode 4.
- **Less substantive than for other Modes**
  - Negotiators were unfamiliar with the concept
  - Fears of impact on immigration and unemployment
- **Mostly cover “safe” categories**
  - Highly skilled workers transferring within a company
  - Business visitors for stays of less than 90 days
- **Barely touch on actual level of activity**

## Importance of the different Modes

- Lack of data on trade in services ( $\neq$  goods)
- Estimated share of individual modes of supply in world services trade :
  - 25% for Mode 1
  - 15% for Mode 2
  - 60% for Mode 3
  - 2% for Mode 4
- “Mode 3” trade has been the most dynamic component in recent years

## **EU offer on Mode 4 in the WTO**

- EU has one of the best Mode 4 offers
- Effort to harmonise & extension to new Member States
- Four categories now covered:
  - Intra-company transfers of key personnel (ICT)
  - Business visitors (BV)
  - Contractual service suppliers (CSS)
  - Independent Professionals (IP)
- No Economic Needs Test
  - Within a numerical ceiling for CSS & IP

## State of play in WTO negotiations

- Only ~ half of the offers cover Mode 4
- Efforts towards common definitions (EC & India communications)
- ICTs and BVs well committed – with variations (e.g. length of stays)
- Very few offers on categories de-linked from commercial presence (CSS and IP)

## Collective request on Mode 4

- Follow up to Hong Kong Ministerial
- Group of DCs led by India
- Target: 9 industrialised Members
- Focus on categories de-linked from commercial presence (CSS/IP)
- Leaves aside sensitive issue of skill level
- EU offer meets most elements already