



WTO Negotiations to Liberalize the Temporary Movement of Natural Persons

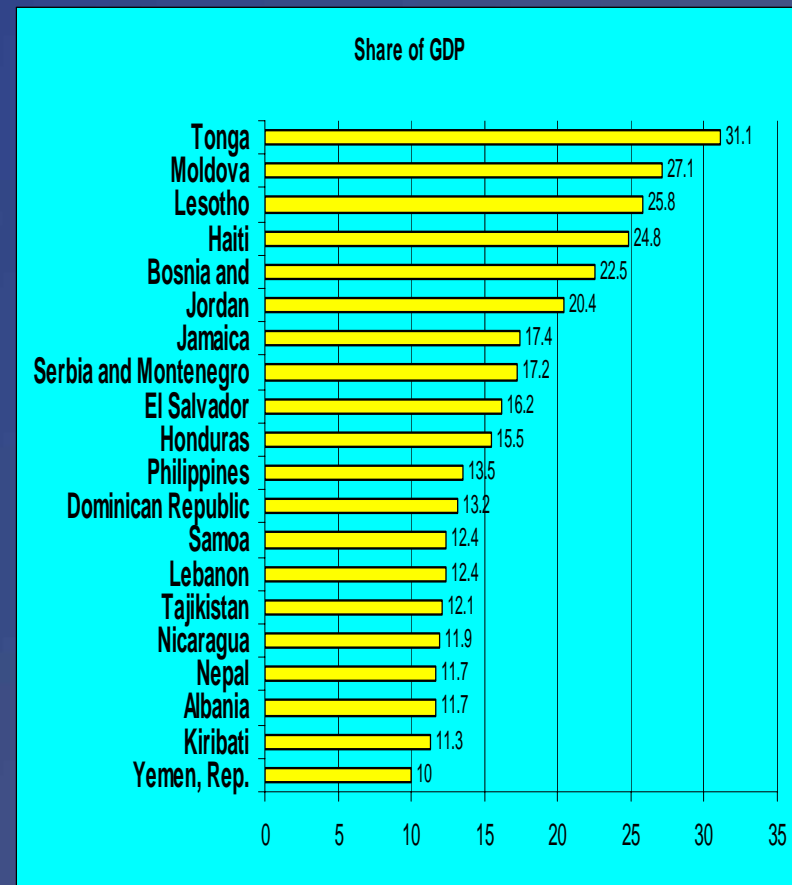


“Mode 4”
A Tool for Furthering the
Benefits of Economic
Migration?



Gains from "Mode 4"

- Welfare gains estimated at \$US 150 to 300 bn.
 - (OECD 3 % of total workforce);
- Actual remittances \$US 170 bn 2005
 - could be about US\$259 bn (if informal flows)
- Chart:
- top 20 remittance-recipient countries, 2004.



"Mode 4" of the GATS

- One of the WTO Agreements: General Agreement on Trade in Services;
- One of its objectives: the progressive liberalization of services trade (through specific commitments sectors/modes);
- One of the 4 "modes" of trading services: the service provider (natural person) moves;





“Mode 4” of the GATS, cont.

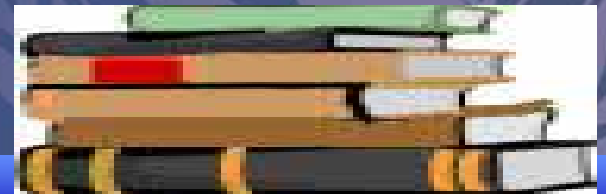
- Annex (to GATS): defines “natural persons” as:
 - *service suppliers* of a Member (self-employed);
 - *employees of a service supplier* (i) as intra-corporate transferees or (ii) employee of a company outside the territory of another Member;
- GATS addresses “temporary movement”:
 - e.g., not access to employment market;
- GATS does not a-priori exclude:
 - any occupation or
 - any skill level;
- Governments free to regulate entry & (temp.) stay
 - provided these measures do not “nullify or impair” the commitments.





Current “Mode 4” Commitments

- Mode 4, least liberal:
 - commitments mainly under the Horizontal Section
- Level of “full bindings” in Mode 4:
 - almost insignificant compared to one out of two entries for Mode 2 being full commitments;
- Categories of persons:
 - ca. 75% pertain to movements linked to Mode 3;
 - for contractual service suppliers: bias in favor of qualified (or skilled) labor.





"Mode 4" Offers

- Request-offer process under GATS
- Ca 50% of 70 offers:
 - M4-related horizontal changes;
- Inclusion of commitments on CSS and/or IPs:
 - BUT professional/educational requirements or sectoral carve-outs limit/bar entry of less-skilled;
- Some ENTs remain undefined;
- Some offers refer to numerical ceilings;
- M3-related movements: privileged access:
 - length (& extension) of stay;
 - no rigid qualification requirements.



“Mode 4” Offers: “Quad”

- Improvements mainly:
 - high-skilled & M3-related;
- IP (independent professionals):
 - limited sectoral application of commitments;
 - qualification requirements more rigid;
 - duration of stay more limited for IPs;
- Initiatives relating to transparency of rules and regulations relating to M4:
 - BUT actual procedures for entry remain burdensome (applications for visa & workpermits);



Assessment of Offers: Some Parameters (Group of 12, 2005)

- Inclusion of more categories, de-linked from M3 & responding to requests;
- Addressing MA & NT limitations:
 - ENTs, quotas, wage parity requirements;
- Transparency of information on immigration laws, single stop window for information;
- Tackling recognition of qualification issues.



Hong Kong Ministerial Declaration

On Mode 4:

- New or improved commitments on existing categories, incl. de-linked from CP;
- Removal or substantial reduction of ENTs;
- Indication of prescribed duration of stay & possibility of renewal;

Concerns about “imbalance”.





Plurilateral Request

- Plurilateral request /offer process;
- Co-sponsors:
 - Argentina, Brazil, Chile, China, Colombia, Dominican Republic, Egypt, Guatemala, India, Mexico, Morocco, Pakistan, Peru, Thailand, Uruguay;
- Contains:
 - definitions for “categories”; MA & other conditions, sub-sectors.





LDC Group Request

Rationale for request:

- few schedules w. commitments on low-skilled;
- hardly any possibility for competence & demonstrated experience to substitute formal qualification requirements;

Request includes: definitions, MA cond., sectors

- focus on MA in four categories:
 - (1) independent professionals;
 - (2) business visitors;
 - (3) contractual service suppliers;
 - (4) others, including installers, servicers, graduate trainees, artists, sportsmen or fashion models.



LDC Mechanism for Special Priority

- Why such a mechanism?
- What is the basis?
 - GATS Article IV: Special priority shall be given to LDCs;
 - HKMD: develop appropriate mechanisms for according special priority to LDCs, incl. to sectors & modes of interest to LDCs;
- How could mechanism look like?



GATS Negotiations on Domestic Regulation



- Why disciplines on domestic regulation?
 - QR particularly relevant for M4 & systematically;
- What is the basis?
 - Article VI:4 mandate that: measure relating to qualification requirements & procedures,....do not constitute unnecessary barriers to trade in services..
- Concern?
 - will WTO constrain (replace) regulations & regulatory frameworks put in place by governments?



Can Mode 4 Further the Benefits of Economic Migration?

Maybe GATS could help, through its very nature of:

- a) covering services activities (significant because of sheer size of sector);
- b) focussing on temporary movement (alleviating immigration related fears & furthering brain circulation rather than brain drain);
- c) covering both categories, those of higher and those of lower skilled individuals;
- d) by placing movement on a multilateral, legal footing.



Thank you for your attention!



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