Primer on the
General Agreement on Trade in Services

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Primer on the General Agreement on Trade in Services (GATS)

I. Introduction

The World Trade Organization’s (WTO) General Agreement on Trade in Services (GATS) will have crucial implications for the daily lives and living environment of people all over the world. The GATS and the negotiations under it cannot be considered in isolation from the rest of the WTO system, especially since the GATS 2000 negotiations will be part and parcel of the “single undertaking” negotiations under the negotiating agenda established by the WTO in the Doha Ministerial Declaration.

Friends of the Earth International (FOEI), a federation of 70 independent national environmental and social justice organizations present in over 70 countries all over the world, is campaigning to ensure that the lives of local communities and their natural environments are protected from the adverse impacts of trade and economic globalization represented by the GATS. For example, implementation by countries of their GATS commitments in the energy, water, or environmental services sectors could make it more expensive for poor local communities to enjoy such essential services, or for the government to regulate private sector service providers so as to provide low-cost access to such services for the poor.

This primer is intended to provide readers with a comprehensive but basic understanding of the GATS and how it relates to environmental and social concerns. It is presented in a “FAQ” (Frequently Asked Questions) format in the hope that it will be more easily readable for the general public. The primer first looks at the concepts and obligations that make up the GATS, and then looks at the possible implications of the GATS on the environment and local communities.

These FAQs are as follows:

1. What is the GATS?
2. How did the GATS come about?
3. What is the status of the GATS 2000 negotiations?
4. What are considered as "services" under the GATS?
5. What are the economic activities covered by the GATS as trade in services?
6. What are the major obligations that WTO Members take on under the GATS?
   A. General Obligations
   B. Specific Obligations
7. Are there any exceptions to these GATS obligations?
8. Are public services protected or exempted under the GATS?
9. How do the GATS obligations affect the ability of WTO Members to regulate services domestically?
10. How do these obligations affect local communities and the services that they need?
11. Are there any environmental implications or impacts of GATS that need to be addressed?
12. What are some examples of the environmental impacts of the GATS?
   - Energy Services
   - Environmental Services
   - Water
   - Tourism Services
   - Transport
13. What does "progressive liberalization" of services under the GATS mean?
14. Are WTO Members required to undertake an assessment of the GATS prior to further negotiations?
15. How many services sectors are covered by the GATS 2000 negotiations?
16. Who are the major players in the WTO in the GATS negotiations?
17. Who is pushing for liberalization under the GATS?

II. Some FAQs about GATS

1. What is the GATS?

The GATS is an international trade agreement – a treaty – within the World Trade Organization (WTO) system that establishes the multilateral trade rules governing cross-border trade in services. All WTO Members must comply with provisions of the GATS. Failure to do so may render them open to binding and economically enforceable dispute settlement proceedings in the WTO.

The GATS requires WTO Members to once more negotiate with each other with the objective of achieving further “progressive liberalization” of trade in services. WTO Members are expected to make requests or offer GATS commitments to their trading partners that would allow or make it easier for services and service providers to go from one country to another.

2. How did the GATS come about?

The GATS was negotiated during the 1986-1994 Uruguay Round of trade negotiations. Developed countries wanted to have an international regulatory framework similar to the GATT (with respect to trade in goods) that would regulate trade in services – especially banking, telecommunications, and financial services. On the other hand, many developing countries pushed for the inclusion of rules that would ensure labor mobility for their citizens into developed country markets. These twin pressures resulted in the current GATS, which took effect on 1 January 1995 at the same time as all the other WTO agreements and rules. The GATS requires WTO Members to embark on additional negotiations to further liberalize trade in services. The latest round of GATS negotiations was launched in 2000, and is called the “GATS 2000” negotiations.
3. What is the status of the GATS 2000 negotiations?

The GATS 2000 negotiations have advanced farther ahead than the other mandated negotiations in the WTO – i.e. agriculture or trade and environment. The negotiating guidelines were agreed to in March 2001. On 30 June 2002, WTO Members started submitting their initial negotiating requests to other WTO Members on a bilateral basis. WTO Members are expected to respond to these initial requests and submit their initial offers by 31 March 2003.

The GATS negotiations, together with the other mandated negotiations under the WTO’s “Doha Development Agenda” – so-called because the negotiating work program for the WTO was agreed to in Doha, Qatar, in November 2001 – are expected to be finished on 1 January 2005.

As part of the “single undertaking” package under the Doha Work Program, the GATS 2000 negotiations will not be done in isolation from the rest of the mandated negotiations. This means that the GATS 2000 negotiations will also be subject to the overall political objective of the Doha Work Program – i.e. further trade liberalization.

4. What are considered as "services" under the GATS?

The GATS definition of “services” state that it “includes any service in any sector except services supplied in the exercise of governmental authority” (GATS Art. I:3(b)). This means that all services sectors are initially covered except those sectors that are supplied “neither on a commercial basis, nor in competition with one or more service suppliers.”

5. What are the economic activities covered by the GATS as trade in services?

The GATS identifies four “modes of supply” of a service for which specific commitments may be taken:

- **Mode 1** – “cross-border supply of services” in which the service is supplied from the territory of one Member into the territory of another Member – such as, a Mexican electric utility company provides electricity (networked energy) services to a neighboring town in California;

- **Mode 2** – “consumption abroad” or cross-border consumption of services in which the service is supplied in the territory of one Member to a service consumer coming from another Member – such as, an Argentinean goes to the United States and makes use of the services of a US hotel or US bank while there;

- **Mode 3** – the establishment of “commercial presence” in which the services is supplied by setting up a business or professional establishment, such as a subsidiary corporation or a branch or representative office, in the territory of
one Member by a service supplier of another Member – such as, Shell decides to invest in an oil refinery project in Nigeria and does so by creating Shell Nigeria as a separate subsidiary corporation under Nigerian law to take control of the project; or US bank Citibank decides to take advantage of new laws liberalizing the financial and banking sector in the Philippines by setting up a branch office there; and

- **Mode 4** – “movement of natural persons” involves a “natural person” – a human being – from one Member going to the territory of another WTO Member to provide a service there for short-term, non-immigrant, business-related purposes – such as, a corporation based in the United States sends a manager to a branch office in Qatar to manage its operations for three years, or an information technology professional from India is hired by a German firm to work in Germany for five years.

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6. **What are the major obligations that WTO Members take on under the GATS?**

The major obligations that WTO Members take on under the GATS can be classified into two major categories:

**A. General Obligations**

General obligations are those that apply to all services sectors, whether or not the country has made any specific commitments in those sectors. In the GATS, these include obligations relating to:

- **Most-favoured-nation (MFN) treatment** applies to all services, except the one-time, temporary exemptions – Basically, what this obligation means is that WTO Members must give the same regulatory treatment to the services and services providers of all other WTO Members equally and without any discrimination. For example, any regulation that South Africa imposes on foreign services and service providers entering the country must be applied equally to all other WTO Members. South Africa cannot give an exemption from the regulation to, for example, favor the United States or South Africa’s African neighbors, because to do so would be a violation of its MFN obligation.

- **Transparency** in regulations, inquiry points – This means that WTO Members are required to publicly publish, as well as inform the WTO Council for Trade in Services about, any laws, rules, or regulations – or changes to these laws, rules or regulations – that would affect its trade in services. WTO members are also required to set up or identify a specific government agency or officer in its government bureaucracy responsible for informing other WTO Members about any changes to its country’s GATS-related laws, rules, or regulations.

- **Regulations** have to be objective, reasonable, and impartially administered – This means that any regulations that WTO Members will impose on the provision of services and the operations of service providers – especially those that will apply to foreign ones – must be based on objective and transparent criteria; there must be a “reasonable” or logical basis for the regulation; and the regulation must be applied equally to all persons that are covered within its scope.

- **Administrative review and appeals** procedures – This means that WTO Members are required to establish or maintain a governmental mechanism – whether through the use of the courts, an existing administrative agency, or an independent arbitration body – to which complaints about the impact of
governmental regulations on trade in services can be brought and subjected to independent review. WTO Members must also put in place an appeals process for these complaints.

- **Disciplines on the operation of monopolies and exclusive suppliers** – This means that WTO Members are required to make sure that governmental monopolies that supply services, such as the postal agency or the public health agency, do not act in a way that would violate the country's GATS MFN or specific market access and national treatment obligations. For example, a WTO Member gave its national electric power company the sole – i.e. monopoly – right to provide electricity to the communities and industries in a particular region. Under the GATS, if the national electric power company finds that it cannot adequately provide electricity services such that it will need additional electricity providers in its monopoly area, the national electric power company would not be allowed to offer services provision contracts only to energy companies from, for example, the United States and not from other WTO Members. To do so would violate MFN, hence the national electric power company must allow energy companies from all other WTO Members to bid freely for those services contracts that it wishes to offer. If the WTO Member has a specific commitment to allow foreign energy companies to enter and provide energy services to other parts of the country outside the national electric power company's monopoly area, the company must not enter those other parts of the country to provide its own services there in a way that would prohibit foreign companies from coming in and providing their own services.

### B. Specific Obligations

Specific obligations are those that apply only to the services sectors in which a country has listed down commitments in its Schedule of Specific Commitments. These include the obligations of:

- **Market access** – this applies in areas where commitments are made, but subject to any specific limitations or conditions listed in the commitments schedule. For example, limitations may be imposed on the number of services suppliers, service operations or employees in the sector; the value of transactions; the legal form of the service supplier; or the participation of foreign capital.

- **National treatment** – this applies in the areas where commitments are made. This obligation ensures that the Member concerned does not operate discriminatory measures benefiting domestic services or service suppliers. The key requirement is not to modify, in law or in fact, the conditions of competition in favour of the Member's own service industry. Again, the extension of national treatment in any particular sector may be made subject to conditions and qualifications.

Specific obligations can be applied horizontally across all services sectors or across all modes of supply for a particular services sector; or “vertically” – that is, they are only applicable to one services sector or to a specific mode of supply.

### 7. Are there any exceptions to these GATS obligations?

The GATS allows Members in some instances to impose laws, rules or regulations that effectively violate their GATS obligations. For example:
• **Art. XII** allows Members to impose temporary, i.e. time-bound and circumscribed, restrictions on trade in services in order to safeguard their balance-of-payments.

• **Art. XIV** provides cover, among others, for measures necessary to:
  a. protect public morals or maintain public order;
  b. protect human, animal or plant life or health; or
  c. secure compliance with laws or regulations not inconsistent with the Agreement including, among others, measures necessary to prevent deceptive or fraudulent practices.

However, GATS Art. XIV does not contain an exception similar to the GATT Art. XX(g) exception, which could allow a country to impose laws, rule, or regulations that violate its GATS obligations in order to conserve the country’s natural resources in conjunction with domestic measures to restrict domestic production or consumption of such natural resources.

• **Art. XIVbis** covers measures intended to protect military or essential security interests of the Member.

However, any law, rule, or regulation imposed under the “exceptions” provisions – especially for Art. XIV and Art. XIVbis – above has to comply with the following requirements:

• it must not arbitrarily or unjustifiably discriminate between services from other WTO Members – i.e. the discrimination must have some reasonable or objective basis;
• it must not be a disguised restriction on trade in services – i.e. it is not an import or export restriction in disguise; and
• the “necessity” test in Art. XIV requires that only governments can impose only those laws, rules, or regulations that are the least trade-restrictive or least inconsistent with existing GATS obligations.

### 8. Are public services protected or exempted under the GATS?

Article I(3)(b) of the GATS excludes “services supplied in the exercise of governmental authority”. These are services that, according to Art. I(3)(c) are supplied neither on a commercial basis nor in competition with other suppliers. Cases in point are social security schemes and any other public service, such as health or education, which are provided at non-market conditions.

However, the wording of this exclusion is ambiguous and unclear as to its exact extent. For example, if the private sector provides to the public, at commercial rates, a service that the public can also obtain from a government agency at non-commercial rates – i.e. communications or education services – would the government then be deemed to be in competition with the private sector?
If it is deemed to be in competition with the private sector (other suppliers) vis-à-vis that service, can the government-provided service then still be considered as a “service supplied in the exercise of governmental authority”? Art. I(3)(c) seems to imply that the moment a competitive situation exists between governmental and private suppliers of a service, the government-supplied service can no longer be deemed to be a service “supplied in the exercise of governmental authority” and hence, it can no longer be excluded from the application of GATS disciplines and obligations.

This means that the government, with respect to that government-supplied service, must then comply with its GATS obligations such as MFN and national treatment. This would increase the pressure on the government to privatize and liberalize such government-supplied service since it can no longer provide subsidies or other preferential treatment to the government agency supplying the service. If it does so, it must also provide the same treatment to foreign services providers under its MFN and national treatment obligations – that is, it should allow foreign services providers to also enjoy access to the same subsidies and other benefits that domestic service providers would enjoy.

9. How do the GATS obligations affect the ability of WTO Members to regulate services domestically?

GATS recognizes the right of Members to regulate in the public interest, subject to the rule that services regulations are administered in a reasonable, objective and impartial manner and do not constitute unnecessary barriers to trade. These criteria effectively places limits on the scope and extent of governmental regulatory action with respect to trade in services.

The GATS does not define what would be a reasonable, objective, or impartial manner of formulation and implementing domestic regulation, and neither does it define what would constitute an unnecessary barrier to trade. In effect, this means that all domestic regulations, either proposed ones or existing ones, imposed by governments – from the national down to the local governmental levels – could potentially become the subject of a WTO dispute settlement case.

For example, other Members might see that regulation as “affecting trade in services” and might not agree that the regulation meets the criteria for it to be valid under the GATS. The threat of being brought to the WTO dispute settlement process, with the possibility of losing the case and then being made to pay compensation or suffer trade sanctions, often can create a “chilling effect” in terms of how governments will undertake domestic regulation.

10. How do these obligations affect local communities and the services that they need?
Services trade liberalization, unless carefully calibrated and regulated for the benefit of the poor and based on their own needs, can adversely impact on communities in several ways, including:

- Loss, or higher costs, of access to essential public services such as water supply and sewerage;
- Higher public transportation service charges;
- Increased social and environmental impacts as a result of increased mass tourism;
- The use of local environments to provide waste disposal site services; or
- Loss of regulatory capability to address adverse social and environmental impacts of the entry of foreign service providers.

11. Are there any environmental implications or impacts of GATS that need to be addressed?

Like the General Agreement on Tariffs and Trade (GATT), the WTO predecessor agreement which addresses trade in goods, the GATS incorporate a provision that is intended to provide an exception to GATS rules for environmental and health purposes. In theory, the aim of such an exception is to ensure that extremely important public policy goals are not reversed by specific commitment or general obligation commitments. Unfortunately, however, the GATS environment exception fails to ensure that this aim will be achieved.

The GATS exception for environmental and human health purposes is a narrowly constructed one, found in Article XIV(b):

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where like conditions prevail, or a disguised restriction on trade in services, nothing in this Agreement shall be construed to prevent the adoption or enforcement by any Member of measures:

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(b) necessary to protect human, animal or plant life or health.

The article in the GATS that includes this exception is structured after the exceptions article in the 1994 GATT. However, the GATS completely lacks any provision analogous to another provision in the GATT, Article XX(g), which provides an exception for the adoption of measures “relating to the conservation of exhaustible natural resources … made effective in conjunction with restrictions on domestic production or consumption.”

This absence is notable for two central reasons. First, it means that the GATS exceptions only address environmental protections when human, plant, or animal life or health is at risk, but not when a non-living natural resource is endangered. For example, measures to address beach or land erosion would not fall under the GATS exception. Second, and perhaps more important, the absence of Article
XX(g) is notable because its particular language – “relating to . . . conservation” – is open to broader and more environmentally sensitive interpretation than is the case with the environmental exception currently in the GATS.

The only environmental exception that remains in the GATS, Article XIV(b), has been interpreted in an extremely narrow fashion. The article requires that a measure to protect human, animal or plant life or health be “necessary,” a standard that has been interpreted in quite strict ways by WTO bodies. The 1990 GATT Panel Report in the Thai Cigarettes case defined the term “necessary” in the GATT as meaning that the government must be sure that there is no other reasonable regulatory alternative that is less restrictive of trade. The approach taken by this pre-WTO GATT panel has been generally adopted by the WTO Appellate Body, and it is logical to assume that the jurisprudence that has evolved around GATT Article XX(b) would also be applied in most cases by the WTO Appellate Body to disputes involving the application of the similar GATS language.

In other words, the present language leaves environmental protection without a clear exception in the GATS. As with the domestic regulation “necessity” requirement, governments are not permitted simply to adopt reasonable laws and regulations. Instead, they must identify all conceivable alternatives and their impact on foreign service operators before choosing the measure that will impair the foreign service operators least. Such a regulatory hurdle will likely place a chill on future efforts to protect the environment and may lead to environmental laws and regulations being overturned by WTO bodies.

12. What are some examples of the environmental impacts of the GATS?

WTO members, through the Special Session of the WTO Council on Trade in Services, are currently engaged in submitting proposals for liberalization in a number of key environmentally-relevant sectors, including energy services, environmental services (including water), tourism services, and transport services.

**Energy Services**

The environmental impacts of the sector are likely to be wide-ranging – including the substantial impacts of oil exploration and extraction, pipeline construction and transport, fuel refining operations, and electrical power generation. The expansion of energy service operations will worsen these impacts, and GATS rules will make it increasingly difficult to adopt and enforce environmental and natural resource protections. In addition, energy service expansion involving fossil fuels will clearly increase the use of those fuels and hence contribute to the worsening climate crisis.

Liberalized market access commitments and the extension of market treatment will restrict the domestic regulatory action that governments can take regarding foreign energy corporations. If extraction and extraction-related services are in
fact included in the energy sector classification, GATS disciplines could restrict
governments’ ability to regulate, including the use of quantitative restrictions on
exploration, construction of extraction facilities, and drilling for fuels. The GATS
disciplines already apply to the transport of fuels through pipelines, but only three
countries have made specific commitments in this sector. If additional countries
make specific commitments in this sector during the current negotiations,
however, the ability of countries to regulate petroleum pipelines, including their
length and volume of fuel transported, could be greatly reduced.

Application of the GATS in the electricity distribution sector could have
environmental impacts as countries become less able to regulate their electricity
systems. For instance, a country could be required to open its market to cross-
border electricity produced in a manner that causes environmental damage,
including transboundary environmental impacts in the country importing the
electricity. The potential inclusion of nuclear energy in particular raises many
environmental concerns.

The GATS will also make it extremely difficult, if not entirely impossible, for
governments such as California’s to reregulate its electricity or natural gas
distribution sectors after a failed deregulation scheme. The lack of any clear
carve-out for government services in the GATS means that, even in a situation
where an electricity or gas deregulation scheme has proven to be
environmentally harmful, a government would face significant challenges in
implementing a reregulation plan once any foreign service operators had entered
the market.

**Environmental Services**

Environmental services has been described as a potential win-win opportunity for
both trade expansion and environmental protection. The dominant services in
this sector remain end-of-pipe operations. The likely outcome of expanded
commitments thus is most likely to lead to expansion of multinational operations
in such environmentally harmful activities as waste incineration. Such
commitments may also lessen the ability of the host country to develop its own
technologies in ways that benefit the country’s environment.

**Water**

Water supply is rapidly becoming a privatized sector, with large multinational
companies increasingly collecting, extracting and distributing bulk and retail
water. Given increasing water scarcity in many countries, both in developing and
developed countries, the inclusion of water collection in particular raises troubling
concerns.

Market access commitments, which prohibit quantitative restrictions, could limit
the right to governments to restrict the quantities of water collected from lakes,
rivers and groundwater sources by private service operators. The resulting
increased pressure on water sources could lead to sustained environmental
damage. In addition, the lack of clarity surrounding the GATS rules on public
provision of services means that local governments may be required to open
their water collection and distribution systems to private firms. For instance, if
some localities within a country have privatized their water services systems, other localities may be required to permit private water operators to enter their local market. Given the restraints that market access commitments could pose for effective regulation of water extraction, increased private service provision could pose significant environmental problems.

Tourism Services

Tourism, when defined broadly to include travel services and passenger transportation, is regarded as the world’s largest and fastest growing industry and, in addition then, the world’s largest service sector. The sector’s effects on the environment are also substantial. Tourism often has destructive effects on biodiversity and pristine environments, and can result in the misuse of natural resources such as coastal areas, freshwater, forests, and coral reefs. In a number of geographic areas, hotel and resort developed have harmed coastal areas and forests; tourism development has resulted in serious water shortages; forests have been depleted; and coral reefs have been damaged by sewage, sedimentation, divers, snorklers, and boats. The expansion of tourism services without increased attention to sustainable development and environmental protection will exacerbate these trends. Moreover, the GATS rules could impede efforts to protect natural resources from tourism development.

The adoption of broad market access commitments across many tourism related sectors could prohibit countries from adopting environmental measures in sensitive areas. For instance, limitations on the number of tourist excursions or the number of boats allowed in a sensitive zone could be found GATS illegal. In addition, disciplines on domestic regulation could impede the increasing efforts to develop certification and licensing programs for eco-tourism. Adopting national treatment commitments could also make it difficult to pursue many eco-tourism policies, such as those that mandate local community participation in projects.

Transport

International transport – including land, air, and maritime transport – is among the world’s largest service sectors. The environmental impact of transport due to pollutant emissions is substantial. For example, maritime transport is the means for transporting 95% of the world’s traded goods and causes as much as one-sixth of global carbon, nitrogen and sulfur emissions from petroleum sources. Liberalizing transport services, particularly in conjunction with increased trade flows in goods, will lead to increases in transport operations and resulting negative environmental impacts. At the same, GATS rules may increasingly constrain efforts to ensure environmental protection in transport sectors.

Market access commitments in maritime transport could force unlimited access to ports for ships, possibly resulting in environmental damage due to increased coastal pollution and port dredging. In addition, such market access obligations will likely increase the overall level of global shipping emissions. National treatment obligations could require countries to provide access to cross-border road transport even when such access opens the border to vehicles that produce greater emissions than vehicles following domestic requirements.
13. What does "progressive liberalization" of services under the GATS mean?

The phrase “progressive liberalization” in GATS Art. XIX:1 and 2 basically means that WTO Members are expected to periodically undertake negotiations aimed at further liberalizing and opening up their respective domestic markets to the services and services suppliers of other WTO Members. The on-going GATS 2000 negotiations are the first in what could be a long series of GATS liberalization negotiations stretching into the future.

14. Are WTO Members required to undertake an assessment of the GATS prior to further negotiations?

Yes, GATS Art. XIX:3 requires the WTO Council for Trade in Services, prior to establishing the negotiating guidelines for the next round of GATS negotiations, to “carry out an assessment of trade in services in overall terms and on a sectoral basis with reference to the objectives of” the GATS. The issue of assessment has become a very contentious issue in the WTO, with some developed countries and the WTO Secretariat insisting that various national and WTO Secretariat studies about the GATS already constituted the assessment process and the majority of other WTO Members insisting that assessment still needs to take place before actual GATS 2000 negotiations start.

The value of GATS assessment is that it can be used as a tool to identify the adverse social, economic and environmental impacts of the implementation of GATS obligations from 1995 to the present. The conclusions of an assessment of the GATS’ impacts should be used as the basis, by governments, for determining whether further GATS liberalization would be in their people’s interests or not.

15. How many services sectors are covered by the GATS 2000 negotiations?

All services sectors are covered by the GATS 2000 negotiations. This means that WTO Members, at their discretion, may make requests or offers and enter into negotiations with other WTO Members regarding any services sector that they so choose. The only sectors that may be excluded are those in which the services “are supplied in the exercise of governmental authority.”

16. Who are the major players in the WTO in the GATS negotiations?

For the most part, developed countries – such as the United States, the European Union member states, Japan, and other industrialized countries – are the ones pushing hard for further and faster GATS liberalization. The EU’s leaked draft GATS requests, posted on [www.gatswatch.org](http://www.gatswatch.org), can give the reader a good idea of the extent of services liberalization that the European Commission is looking for. Developing countries, for the most part, have been hesitant about
embarking on further GATS liberalization, arguing that they have yet to see the full benefits that were promised in the past from GATS liberalization.

17. Who is pushing for liberalization under the GATS?

Services industries in both the European Union and the United States have also been actively lobbying and pushing for further GATS liberalization. Their major lobby groups include the European Services Forum and the US Coalition of Services Industries.

An in-depth look at how these two major services industry lobby groups were able to shape and influence the GATS can be found in the Transnational Institute’s publication: “Behind GATS 2000: Corporate Power at Work,” which can be downloaded from [http://www.tni.org/reports/wto/wto4.pdf](http://www.tni.org/reports/wto/wto4.pdf).

18. Where can more information about the GATS be found?

More information about the GATS can be found on the GATSWatch website at [www.gatswatch.org](http://www.gatswatch.org). The WTO website ([www.wto.org](http://www.wto.org)) also contains official WTO information about the GATS, including the legal texts of the agreement and other legal instruments.

III. Conclusions

The GATS negotiations will take place within a very tight and compressed timeframe. It is therefore urgent that local communities and civil society, organized, become well-versed in trade policy and its impacts on their lives, and work as soon as possible within the timeframe necessary to influence and shape national negotiating positions vis-à-vis the various negotiating areas. This is even more important considering that the WTO as well as most, if not all, of its Members currently do not have in place any institutional mechanisms that would allow for effective participation of both NGOs and local community organizations.

With respect to the GATS 2000 negotiations, local communities and their organizations should immediately focus their advocacy efforts on ensuring that their government does not “offer” up for GATS liberalization those services sectors that are crucial to community viability and survival such as essential public services (i.e. education, health, water supply and distribution, environmental protection and preservation, natural resource management, etc.).

Advocacy efforts should also focus on convincing governments to undertake social and environmental impact assessment studies regarding community-sensitive services sectors prior to finalizing their respective negotiating “offers.” Local communities should stress that governments should continue to retain full regulatory flexibility over the provision of essential community services, as well
as services sectors that can impact on community livelihood such as natural resource extraction and management services.

In short, advocacy efforts should push governments to ensure that the GATS must address environmental and social concerns by: (i) halting on-going negotiations until comprehensive environmental and social assessment of GATS impacts has been done; (ii) excluding from GATS coverage publicly provided services and natural resource services; (iii) excluding investment policies from GATS coverage to ensure that GATS does not become the venue for an investment agreement in the WTO; (iv) including clear exceptions for public interest policies in the GATS; and (v) excluding any necessity test from the GATS.

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