

SCHEDULE OF COMMITMENTS

The commitments taken by a country, be it under any trade regime are reflected in , what is known as, schedule of commitments.

A. HOW TO READ A SCHEDULE?

A specific commitment in a services schedule is an undertaking to provide market access and national treatment for the service activity in question on the terms and conditions specified in the schedule. When making a commitment a government therefore binds the specified level of market access and national treatment and undertakes not to impose any new measures that would restrict entry into the market or the operation of the service.

Specific commitments thus have an effect similar to a tariff binding they are a guarantee to economic operators in other countries that the conditions of entry and operation in the market will not be changed to their disadvantage. Commitments can only be withdrawn or modified after the agreement of compensatory adjustments with affected countries, and no withdrawals or modifications may be made until three years after entry into force of the Agreement. Such modifications of commitments may not affect the application of most-favoured-nation (MFN) treatment. Commitments can however be added or improved at any time.

The national schedules all conform to a standard format which is intended to facilitate comparative analysis. For each service sector or sub-sector that is offered, the schedule must indicate, with respect to each of the four modes of supply, any limitations on market access or national treatment which are to be maintained. A commitment therefore consists of eight entries which indicate the presence or absence of market access or national treatment limitations with respect to each mode of supply. The first column in the standard format contains the sector or subsector which is the subject of the commitment; the second column contains limitations on market access; the third column contains limitations on national treatment. In the fourth column governments may enter any additional commitments which are not subject to scheduling under market access or national treatment.

In nearly all schedules, commitments are split into two sections:

First, **horizontal commitments** which stipulate limitations that apply to all of the sectors included in the schedule; these often refer to a particular mode of supply, notably commercial presence and the presence of natural persons. Any evaluation of sector-specific commitments must therefore take the horizontal entries into account.

- Applies to trade in services in all scheduled services sectors unless otherwise specified.

- May contain limitations and maintain certain sectors exclusively reserved for local service suppliers.
- Reservations on measures government may take in future to support local service suppliers, especially in new sectors of activities.

Second is the sector or sub-sector specific section of the schedule which contains commitments that apply to trade in services in a particular sector or subsector are listed. Sector or sub-sector column contains a clear definition of the sector, subsector or activity that is the subject of the specific commitment. Members are free, subject to the results of their negotiations with other participants, to identify which sectors, subsectors or activities they will list in their schedules, and it is only to these that the commitments apply.

Market access column: When a Member undertakes a commitment in a sector or subsector it must indicate for each mode of supply what limitations, if any, it maintains on market access. Article XVI:2 of the GATS lists six categories of restriction which may not be adopted or maintained unless they are specified in the schedule. All limitations in schedules therefore fall into one of these categories. They comprise four types of quantitative restriction plus limitations on types of legal entity and on foreign equity participation.

National treatment column : The national treatment obligation under Article XVII of the GATS is to accord to the services and service suppliers of any other Member treatment no less favourable than is accorded to domestic services and service suppliers. A Member wishing to maintain any limitations on national treatment that is any measures which result in less-favourable treatment of foreign services or service suppliers must indicate these limitations in the third column of its schedule.

Market Access	National Treatment
Limitations on number of service suppliers Service transactions Service operations Natural persons Equity participation	Members can provide more favorable treatment to national service suppliers.

Additional commitments column: Entries in this column are not obligatory but a Member may decide in a given sector to make additional commitments relating to measures other than those subject to scheduling under Articles XVI and XVII, for example qualifications, standards and licensing matters. This column is to be used to indicate positive undertakings, not the listing of additional limitations or restrictions

B. HOW COMMITMENTS ARE RECORDED IN SCHEDULES

Where there are no limitations on market access or national treatment in a given sector and mode of supply, the entry reads **NONE**. However, it should be noted that when the term **NONE** is used in the second or sector-specific part of the schedule it means that there are no limitations specific to this sector: it must be borne in mind that, as noted above, there may be relevant horizontal limitations in the first part of the schedule.

All commitments in a schedule are bound unless otherwise specified. In such a case, where a Member wishes to remain free in a given sector and mode of supply to introduce or maintain measures inconsistent with market access or national treatment, the Member has entered in the appropriate space the term **UNBOUND**.

In some situations, a particular mode of supply such as the cross-border supply of bridge-building services may not be technically possible or feasible. In such cases the term **UNBOUND*** has been used, usually in conjunction with an explanatory footnote stating "Unbound due to lack of technical feasibility".

C. MFN EXEMPTION

What are MFN exemptions?

When GATS came into force in 1995, members were allowed a once-only opportunity to take an exemption from the MFN principle of non-discrimination between a member's trading partners. The measure for which the exemption was taken is described in a member's MFN exemption list, indicating to which member the more favourable treatment applies, and specifying its duration. In principle, these exemptions should not last for more than ten years. As mandated by GATS, all these

exemptions are currently being reviewed to examine whether the conditions which created the need for these exemptions in the first place still exist. And in any case, they are part of the current services negotiations.

Taking account of “autonomous” liberalization (Article 19) - Countries that have liberalized on their own initiative since the last multilateral negotiations want that to be taken into account when they negotiate market access in services. The negotiating guidelines and procedures that members agreed in March 2001 for the GATS negotiations also call for criteria for taking this “autonomous” or unilateral liberalization into account. These were agreed on 6 March 2003.

Special treatment for least-developed countries (Article 19) - GATS mandates members to establish how to give special treatment to least-developed countries during the negotiations. (These “modalities” cover both the scope of the special treatment, and the methods to be used.) The least-developed countries began the discussions in March 2002. As a result of subsequent discussions, Members agreed the modalities on 3 September 2003.

Assessment of trade in services (Article 19) - Preparatory work on this subject started in early 1999. GATS mandates that members assess trade in services, including the GATS objective of increasing the developing countries’ participation in services trade. The negotiating guidelines reiterate this, requiring the negotiations to be adjusted in response to the assessment. Members generally acknowledge that the shortage of statistical information and other methodological problems make it impossible to conduct an assessment based on full data. However, they are continuing their discussions with the assistance of

several papers produced by the Secretariat.

Air transport services - At present, most of the air transport sector - traffic rights and services directly related to traffic rights — is excluded from GATS' coverage. However, GATS mandates a review by members of this situation. The purpose of the review, which started in early 2000, is to decide whether additional air transport services should be covered by GATS. The review could develop into a negotiation in its own right, resulting in an amendment of GATS itself by adding new services to its coverage and by adding specific commitments on these new services to national schedules.