

Editorial

THIS ISSUE OF THE Journal is devoted mainly to problems related to services in connection with international trade. Our articles include a contribution by an American expert who has been working in the Office of Service Industries in the International Trade Administration in Washington, a comprehensive review of the topic from the point of view of the developing countries, and others on the specific topics of insurance and banking.

There are a number of barriers of different sorts preventing the free entry and circulation of services in the international field, many of them of a more sensitive kind than those affecting trade in goods, and often regulated by other bodies than departments of trade. If steps were taken for their liberalization, there would undoubtedly be an expansion in their world circulation. Some services are already the subject of multilateral negotiations in OECD, GATT, UNCTAD and the Commission on Transnational Corporations, or else appear in bilateral agreements such as treaties of friendship, commerce and navigation, as well as in the Rome Treaty of the EEC.

The present impulse for liberalization has however been given by the proposals of the United States put forward at the GATT Ministerial Meeting in 1982. Without prejudice to the relevance of GATT in this respect, each member was encouraged to examine its own position in respect of services and to submit a report to the other members. This has already been done by the United States, Canada, Japan, Britain and the EEC, the main lines of some of which are indicated here.

At the annual meeting of the contracting parties in 1984 a further step was taken which will involve the GATT secretariat. It was agreed (still without prejudice to the position of the member countries *vis-à-vis* GATT) that meetings should be held by the contracting parties for the mutual exchange of information on the issue of services and that the secretariat would have the task of compiling an analytical summary of this information, together with information available from other international organizations. The secretariat was also charged with making a classification of the information exchanged which was to be as uniform as possible. The contracting parties are to decide at their next session in late 1985 whether any multilateral action in respect of services is appropriate and desirable.

It will be seen that the proposal of the United States has met with a somewhat guarded response. The pressure put by the U.S. delegation on others has aroused some legitimate fears particularly by developing countries. The latter state, quite accurately, that the subject-matter of the

General Agreement is the international trade in goods, and does not as a rule extend to services. There are therefore no provisions so far agreed to be applied to the liberalization of services. If the United States is looking for principles to be applied by analogy to the rules applicable to goods, namely most-favoured-nation treatment or national treatment, then this might not only infringe the rights of some countries which they regard as sovereign, covering sensitive issues, but it would also tend to undermine the codes of conduct being so laboriously negotiated in the Commission on Transnational Corporations and elsewhere. They also fear that the addition of new tasks in GATT might divert some of the energies of the organization from the more pressing duty to liberalize trade in goods.

It would seem that more work has to be done on research into the nature and effect of the various forms of services, which may well differ from country to country in many instances, before any general decision can be taken which would attract consensus support. We believe that the secretariat of UNCTAD, which has been given a new lease of life by the change in leadership at the top, and is already engaged in studies on this topic, has an important role to play. While the merit of GATT lies in the fact that common rules can be adopted within its framework which are binding, nevertheless other organizations can perhaps offer other approaches. It would appear desirable that more time should be taken before arriving at any programme of liberalization or determining the means to be adopted in its implementation. This will perhaps require co-ordinated action by the international bodies already involved.