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**FTAA - COMMITTEE OF GOVERNMENT REPRESENTATIVES ON THE PARTICIPATION
 OF CIVIL SOCIETY**

COVER SHEET

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ISSUES ADDRESSED (Check all that apply)

Agriculture		Subsidies, Antidumping and Countervailing Duties	
Competition Policy		Civil Society	
Dispute Settlement		Electronic Commerce	
Government Procurement		Smaller Economies	
Intellectual Property Rights		The FTAA Process	
Investment		Other:	
Market Access			
Services	x		

EXECUTIVE SUMMARY – 2 pages maximum – (see Open Invitation):

AGREED RECOMMENDATIONS

1. Liberalization of services

- a. We reaffirm our full support for the recommendations made at previous ABFs.
- b. All services must be progressively and completely liberalized.
- c. All sectors should be liberalized in a balanced manner.
- d. The agreement must cover all sub-sectors of the services industry.
- e. The FTAA will have to respect the sub-regional agreements already signed in the service sector, since these agreements have a distinct identity and may consist of rights and obligations that are not covered or override those established in the FTAA.
- f. Double taxation must be avoided and taxes should be levied only on the net results of sales and purchases.
- g. The disciplines established by the framework agreement should apply to all segments of the services sector, as well as all modes of providing said services. Thus the FTAA services agreement should not *a priori* exclude any sector, with each country submitting its own list of liberalization offers. This does not imply that all sectors should be immediately liberalized.
- h. The agreement should foresee immediate and unconditional national and MFN treatment to the FTAA member countries.

2. Privatization and regulatory reforms

- a. Liberalize all types of services and labour, to ensure the potential free participation of business in all activities, which would allow them to operate in conditions similar to those in the agricultural and industrial sectors.

3. Equal treatment

- a. The framework of reference for an eventual agreement on services must include the basic principles of free trade such as: national treatment, non-discrimination, most-favoured-nation status, the non-requirement of local presence, and the granting of not-unduly-restrictive licences.

4. Transparency

- a. The liberalization of the services sector must take place in conditions of transparency and certainty.
- b. The laws, rules and procedures that affect trade in services must be quickly published and made available to the public.
- c. Ensure a transparent and timely authorization process, when an authorization is necessary
- b. to provide a service.
- c. Establish contact points in each country with the aim of facilitating the exchange of
- d. information on regulatory aspects of each service sector.
- e. There should be active participation of representatives of the private sector as observers and advisers to the FTAA negotiations.
- f. To ensure that all economies recognize the importance of services trade to regional economic growth and prosperity, when “trade” statistics are cited, the figures given shall include both services and goods trade.

5. Standards and norms

- a. Aim to create, within the services negotiations of the FTAA, a framework of rules and disciplines, that allows the progressive liberalization of trade in services and reduces the obstacles to accessing markets of member countries.
- b. An agreement on trade in services, within the FTAA, must conform to the principles of the WTO, contained in the General Agreement on Trade in Services (GATS), including: transparency, nondiscrimination and gradual liberalization.

6. Dispute resolution process

- a. Develop a uniquely defined dispute resolution process for the FTAA that renders decisions in a commercially relevant time period.

7. Telecommunications

- a. All countries should adhere to the standards established in the WTO Basic Telecommunications Agreement. Countries

should allow their competition agencies to have as great a say as possible to ensure that competition safeguards are met. Telecommunications providers should be regulated by independent regulators, and competition regulators should have a voice in the regulatory process.

- b. Telecommunications services must be opened to competition as soon as possible and no later than 2005, in the case that a gradual opening of particular national markets be adopted.
- c. There should be increased emphasis on enhancing the market accessibility for developing countries to technologies related to encryption and to efficient telecommunication services infrastructure.
- d. We encourage governments to consider establishing definitions of universal service goals that are more flexible and practical, but at the same time, can be broadly defined. These definitions should be adapted to the specific situation of each country.
- e. It is necessary, when establishing an obligation of universal service, that a provider of last resort be identified. This will ensure that even where competition between providers still exists within the obligation of universal service, in cases where no provider is interested, the incumbent provider will have to provide those services. In this case, this provision would demand a subsidy according to the terms expressed in point 7.f of the present recommendations, provided that a system can be put in place in such a way that it does not become a trade barrier.
- f. The calculation of the net cost of the obligation of providing universal service must be made in a transparent and objective manner, in order to insure that if a subsidy is necessary it will not amount to more than the negative difference between revenues and all relevant costs.
- g. The criteria for the granting of licences must be made clear and there must be transparency and an absence of discrimination in the administration of limited resources, such as numbering and the radioelectric spectrum.
- h. As countries liberalize their telecommunications markets, an emphasis should be put on the importance of a robust value-added service sector to stimulate economic growth. In this regard, we encourage governments to implement the CITEL guidelines on value-added services.
- i. In order to guarantee customer choice, governments are encouraged to review issues such as number portability, resale, and allocation of facilities to make competition a viable commercial option, where these policies not only favor competition, but also the development of the local basic infrastructure.

8. Financial Services

- a. Because of the very specific needs of the financial services sub-sector, it would be convenient to incorporate, within the chapter on services, a specific annex on financial services. Comparable and prudential banking supervision norms must be put into effect between all countries of the hemisphere on the basis of the norms of the Basle Committee. The harmonization of supervisory and regulatory process throughout the region should be encouraged in order to facilitate the smooth cross-border flow of financial services.
- b. A resilient infrastructure for a market-oriented financial sector to function effectively through payment and settlement systems should be created.
- c. The work of the Association of Bank Supervisory Agencies in Latin America and the Caribbean should be supported in order to help it harmonize and coordinate regulatory and supervisory rules.
- d. Establish rules for the regular reporting and disclosure of key statistical information.
- e. Clear and easily executed norms must be established for the registration and execution of guarantees.
- f. The regular and systematic analysis of statistical information by in-house experts of the Central Bank or other authorities should be supported and this analysis should be disseminated to hemispheric coordination agencies.
- g. Ensure that all banks and banking groups are subject to full-scale, consolidated supervision by the Central Bank or other banking regulatory agencies.
- h. Governments should not apply local privacy laws extra-territorially as this inhibits the free flow of financial data between international banks and their local subsidiaries.
- i. The potential adoption of safeguards in this chapter, its scope and conditions for its implementation should be studied.

9. Information Technology and Electronic Commerce

- a. Governments in their negotiations should adopt existing international standards.
- b. Electronically transmitted services should be exempt from additional customs duties, and furthermore, there is a need to examine the impact of domestic taxation on electronic commerce.
- c. The FTAA ministers must adopt the principles stated in the World Trade Organization Declaration on Electronic Commerce and establish a permanent moratorium on the imposition of taxes and duties on electronic transmissions.
- d. Policies and mechanisms that guarantee a high level of international cooperation for the investigation of fraud in E-

commerce transactions, the recuperation of losses, and the application of corresponding laws against criminals should be promoted.

e. We would like to express our support for the consultative group on electronic commerce of the FTAA as it represents both government and private sector representatives.

g. Promote policies to ensure equal access to electronic services for women as well as the ability to use them, and recognize that these are necessary for full economic participation in society.

10. Professional Services

a. Criteria for the recognition of titles and licenses for the provision of services must be harmonized.

b. An equivalency measurement should be determined when comparing experience and educational qualifications from country to country.

c. Clear professional qualification requirements and procedures, and technical standards and licensing requirements based upon objective criteria, such as professional competence, must be ensured and should not be considered as a non-tariff barrier to trade.

d. Requirements/criteria for obtaining work permits should be readily available and accessible to all members of the FTAA.

e. Governments need to support and strengthen the role of professional service industry associations in enforcing professional codes of conduct and quality standards for services.

11. Integrated Express Services

a. The FTAA ministers should adopt the customs-related business facilitation measures identified and approved at the July 1999 Trade Negotiations Committee (TNC) meeting in Bolivia, in particular, the measures related to express delivery services: Develop and implement procedures to expedite express shipments taking into account the Cancun Memorandum, while maintaining the appropriate control and customs selection.

12. Transport

a. To enhance efficiency and port (air, land and sea) utilization, governments of the hemisphere should expand port working hours to support operations twenty-four hours a day, seven days a week where economically feasible.

b. Governments of the hemisphere should form working groups of public and private sector representatives to develop internationally accepted standards of operations for regional ports.

c. Since transport is an essential element for free trade in the hemisphere, privatization of port utilities should be strongly encouraged.

d. Reciprocity must be assured among all members of the FTAA.

BUSINESS FACILITATION MEASURES

1. Trade Vice-Ministers in the Trade Negotiations Committee (TNC) have recommended various business facilitation measures, which, if approved, will be the first fruit of the historic trade initiative launched at the Miami Summit in 1994. We urge ministers to endorse the proposed business facilitation measures and to instruct vice-ministers to develop additional business facilitation measures for approval at the next hemispheric trade ministerial.

2. A quick mechanism that allows the temporary entry of business people, under conditions other than those that apply to tourists, must be immediately implemented (exemption of visa requirements, preferential tariffs for entering and exiting a country, etc.).

3. Business travel should be simplified for business people through the provision of special business visas and they should be allowed to travel with their necessary tools of trade and/or samples.

4. To facilitate business travel, hub airports in the region should develop true in-transit facilities rather than basic holding areas.

5. Collaborate on the development of educational seminars on competition and growth in a regulated environment.

AREAS OF DIVERGENCE

1. Some delegates feel that the future of sub-regional groupings should not be a matter for discussions except for the member countries concerned. Others believe that this is a relative matter: sub-regional agreements will have to show a higher level of discipline and liberalization than the FTAA to justify their continued existence.

2. Some delegates believe that the GATS should serve as a model while others would like to see a different approach, more flexible and adapted to the needs of specific sectors within the services industry.

3. Some delegates would like a specific mention in the text of the FTAA that, in cases where national constitutions

conflict with the FTAA, governments will commit to send a bill to their legislative body to make the necessary changes. Others would prefer to avoid any mention of this commitment and let national governments decide the appropriate actions to be taken.

4. Some delegates believe that public comment should be welcome in the rule making processes while others believe that this is not necessary.
5. In regard to financial services, it should be ensured that all existing and potential women business owners, regardless of marital status, are able to establish commercial credit, access export financing, and own property and other assets in their own name.
6. Efforts to achieve trade liberalization for express delivery services should be undertaken on a sector-specific basis.
7. Provision should be made for transparency in rule-making, with opportunity for public comment on proposed rules, and harmonization or mutual recognition of professional standards. Some say public comment is not necessary.
8. To facilitate the rapid growth and innovation in services exports that can fuel regional economic development, first negotiate a general framework agreement within the FTAA and then adopt a negative list approach to sectoral liberalization that covers all modes of supply, while recognizing that the private sector often uses multiple modes, and that restrictions by mode limit competitive choices. Some delegates believe positive list should be adopted instead of negative list.
9. That an "early harvest" objective of the FTAA be to enforce implementation of the WTO Agreement on Basic Telecommunications in countries that signed the Agreement, and to encourage those that did not to reconsider their position. Some delegates believe this point should be eliminated.
10. Telecom regulators and telecommunications operators should be formally involved in the negotiation process since they are the ones who have to implement and enforce many aspects of these agreements.
11. Because telecommunications is the infrastructure for services trade, all businesses (urban and rural) should have cost-efficient access to local private phone service and Internet connectivity by the conclusion of FTAA negotiations in 2005.
12. A dispute settlement mechanism based on the WTO Agreement on telecommunications should be included in a FTAA.
13. Trade in financial services must be liberalized gradually, ensuring the integration of the banking systems of developing countries in the FTAA process. Developing countries must therefore be allowed a longer timetable to adjust to the new norms and rules.
14. Permit banks to choose their own mode of establishment. At present, many governments require that international banks establish in-country subsidiaries that are subject to local capital requirements. This limits the scale of their operations and therefore their profitability.
15. Standards for quality control of services providers must be uniform, and known to the public, in all countries and for all candidates, independent of their origin.
16. We support the liberalization processes of the national and regional policies for air, maritime and land transport, particularly the deregulation of the airline industry and the adoption of open sky agreements. (Some delegates believe that air and land transport should not be included.)

Chair: Armando Castillo, Nicaragua Rapporteur: Pierre Bouchard, Canada
Vice-Chair: Ray Winder, Bahamas Vice-rapporteur: Rubén Kustra, Argentina