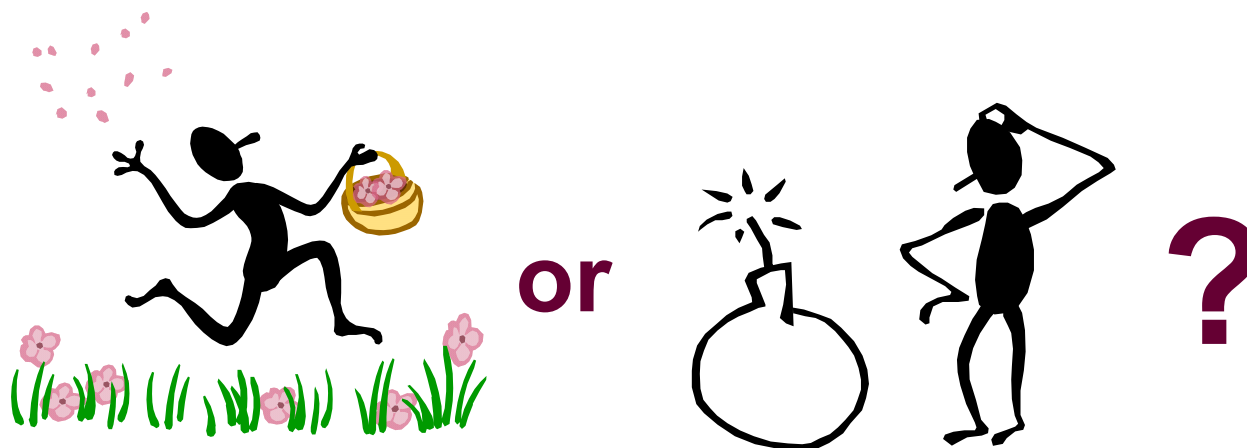




Environmental Services

UNDER THE GATS



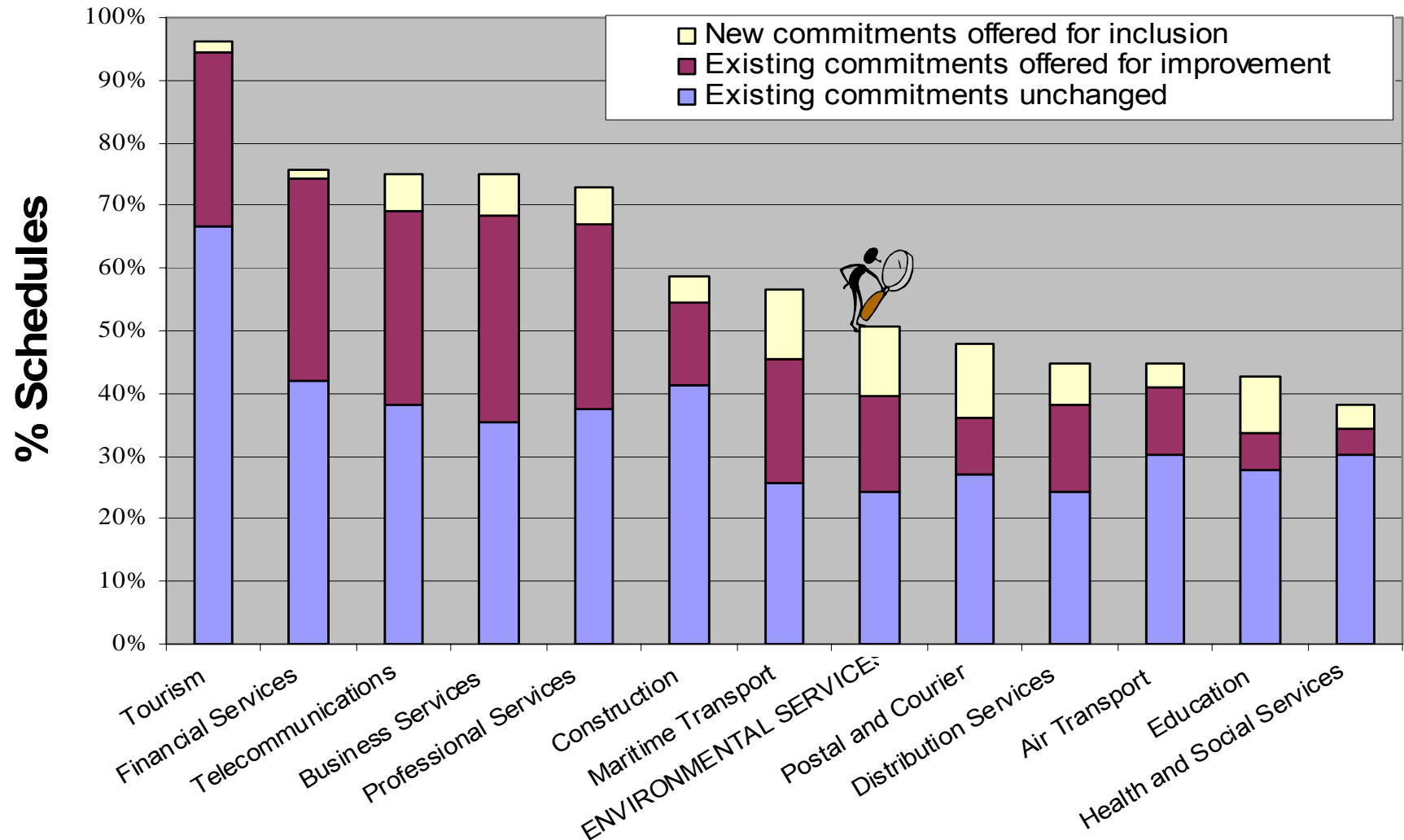
Rudolf Adlung
Trade in Services Division
WTO Secretariat



**Commitments
and offers
under the
GATS**



Sector Pattern of Commitments and Offers

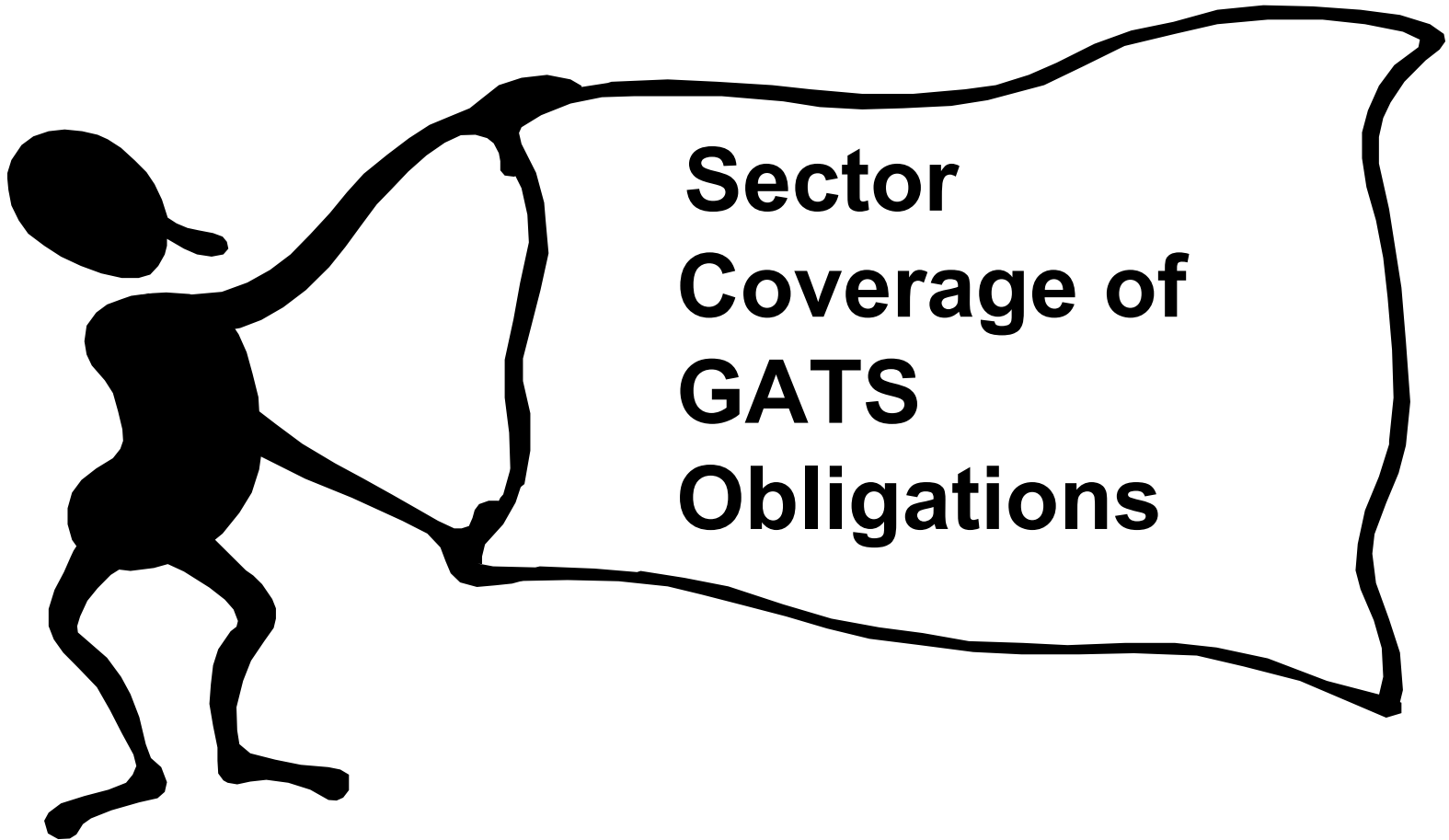


Source: Author's calculations based on Adlung and Roy (2005).



Possible deterrents:

- **Government involvement**
- **Definitional uncertainties and classification problems**
- **Concerns about ‘right to regulate’**
- **Lack of economic interest and/or commercial opportunities**
(compared to telecom, banking, etc.)



**Sector
Coverage of
GATS
Obligations**



Three Possibilities

- **Completely excluded**
 - ▶ **Governmental services (police, military, ...)**
- **Covered – no access commitments**
- **Covered & subject to commitments**
 - ▶ **e.g. EC, US, Japan, Canada, China**



Definition of Governmental Services:

Any service that is supplied

- neither on a commercial basis ...
- ... nor in competition (Article I:3)
 - ▣ commercial = *for profit?*
 - ▣ competition = *Coexistence?*



**What Happens if
a Service is
Covered by the
GATS?**



Two scenarios

- **Sectors without specific commitments**
- **Scheduled sectors**
(Environmental Service: ~ 50% of schedules)



I. No commitments – implications:

(a) Most-favoured-nation (MFN) treatment

(Possibility of departures and exemptions)

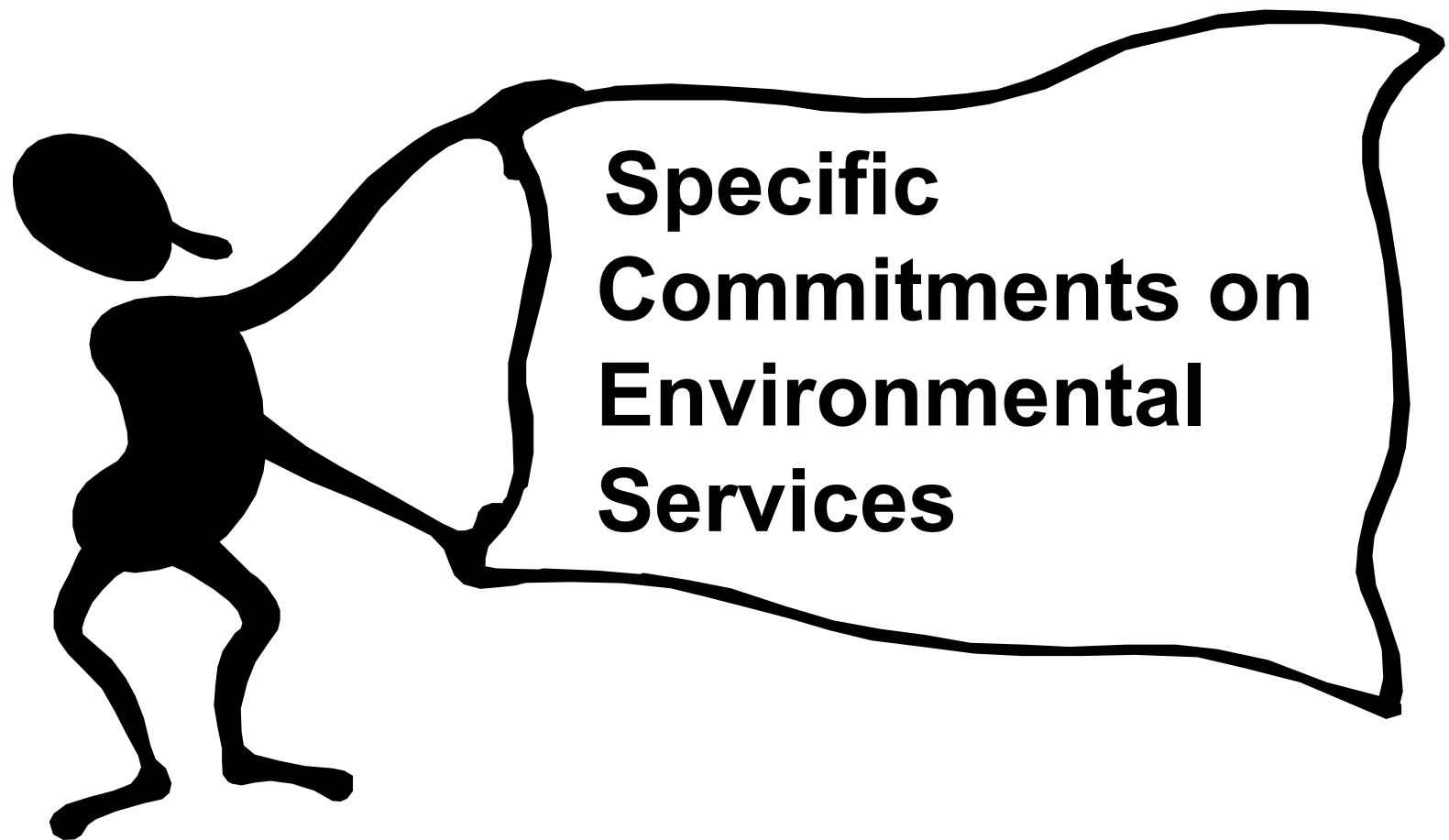
(b) Other ('unconditional') obligations

... but no obligation to grant access!



II. Specific commitments – basic options:

- **Full commitment**
(No limitations on market access and national treatment)
- **Partial commitment**
(E.g. with limitations that protect national suppliers from foreign competition)
- **Exclusion of individual modes**
(No commitment = full policy discretion)



**Specific
Commitments on
Environmental
Services**

Commitments on Environmental Services, based on W/120 (Canada)



Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>6. ENVIRONMENTAL SERVICES</p> <p>A. <u>Sewage services</u> (CPC 9401)</p> <p>B. <u>Refuse disposal services</u> (CPC 9402)</p> <p>C. <u>Sanitation and similar services</u> (CPC 9403)</p> <p>D. <u>Other</u> Cleaning services of exhaust gases (CPC 9404) Noise abatement services (CPC 9405) Nature and landscape protection services (CPC 9406) Other environmental services n.e.c. (CPC 9409)</p>	<p>1) Unbound*</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>1) Unbound*</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section.</p>	



Possible modification of commitments (Australia, revised offer)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>6. ENVIRONMENTAL SERVICES^{3,4}</p> <p>A. Sewage services <u>Wastewater management</u> (CPC 9401)</p> <p><i>This covers removal, treatment, and disposal of household, commercial and industrial sewage and other waste waters including tank emptying and cleaning, monitoring, removal and treatment of solid wastes.</i></p>	<p>1) Unbound*</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>1) Unbound*</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section.</p>	

3 The Australian offer excludes the provision of water for human use, including water collection, purification and distribution through mains.

4 [...]



**What Measures
May Remain
Unaffected by
Commitments?**



Types of government intervention

- **Regulation (non-discriminatory)**
 - Example: Universal Service Obligations
- **Subsidies (non-discriminatory)**
 - Example: Investment grants
- **Government Procurement**



**Two Souls in
Governments'
Breasts:
To Commit or Not to
Commit?**



Pros & cons of undertaking specific commitments in “public/ environmental services”

Pros:

- Mobilize private investors (B2B transactions!)
- Facilitate technology and skills transfer
- Avoid policy reversals and tame vested interests
- Gain commitments in areas of export interest

Cons:

- Unclear or incomplete regulatory framework
- Over-reliance on foreign know-how
- Desire to experiment with policy reforms
- Political sensitivity: Public Services are not negotiable



Environmental Services and the GATS:

THE END?

